

A Labor Day Briefing for California

September 2011

State of California
Labor and Workforce Development Agency
Employment Development Department
Labor Market Information Division

This *Briefing* was prepared to report on California's labor markets as the nation commemorates Labor Day, September 5. This report presents significant labor market trends and topical statistics relating to the California economy.

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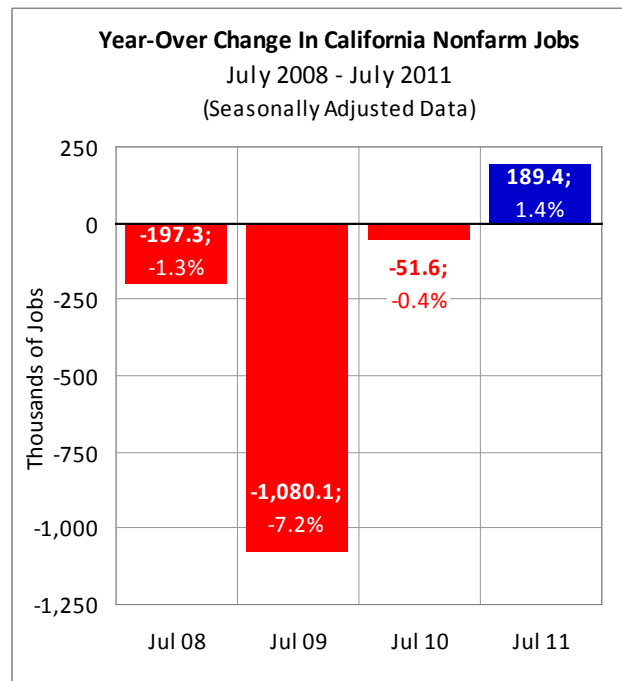
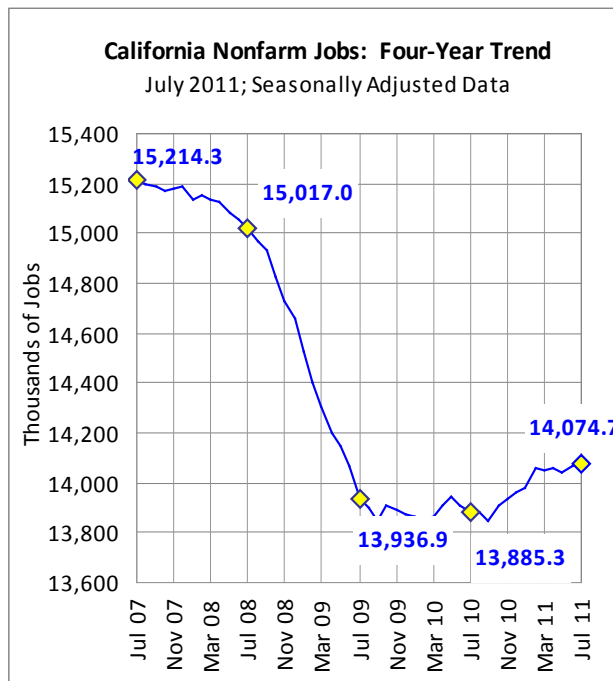
California's Employment Situation Continues to Improve, but the Road to Recovery Remains Long...

July 2011 marked the fourth year of California's current business cycle. The steep job losses of the worst recession in decades ended in September 2009, and nonfarm employment has been expanding ever since. Unemployment has begun to trend downward from its record heights in recent months. Job growth has returned to the private sector and most areas of the State. Yet, even though California's employment situation in July 2011 has improved significantly since the end of the recent recession, unemployment remained high and the economy had recovered only a fraction of the jobs that were lost during the recession.

NONFARM PAYROLL JOBS

- California nonfarm payrolls grew by 189,400 jobs over the year ending in July 2011. This was the State's strongest year-over job growth of any July since 2006 and a sharp improvement from July 2010 and July 2009, when the State experienced year-over losses of 51,600 jobs and 1,080,100 jobs, respectively.

Job Growth has returned to California...



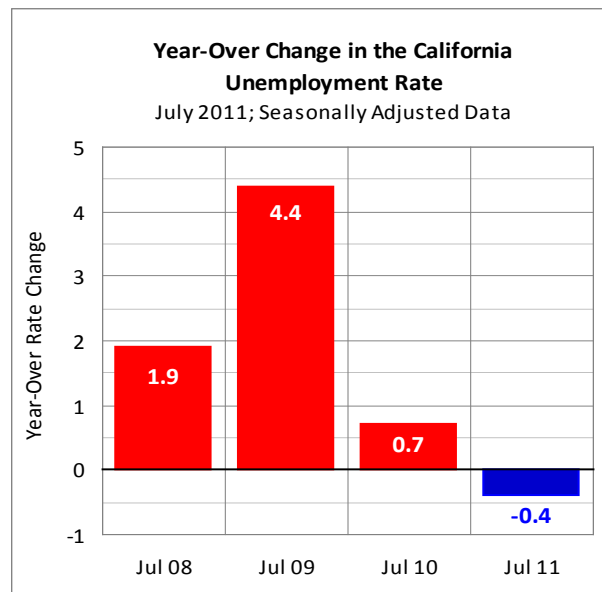
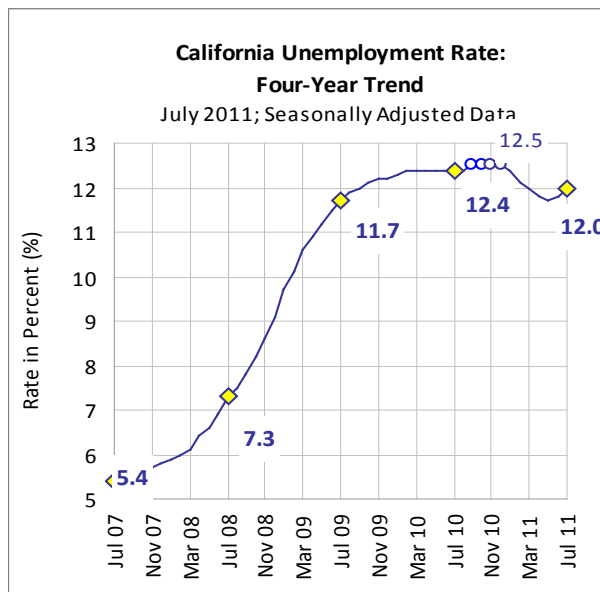
- California gained 116,000 nonfarm jobs over the first seven months of 2011, for an average gain of 16,600 jobs per month. This was a substantial improvement from 2010, when the State gained an average of 6,900 jobs per month. In sharp contrast, the State experienced average losses of 64,900 and 44,700 jobs per month in 2009 and 2008, respectively, when the economy was in recession.
- Job growth in California has outpaced the nation's in recent months. Whereas California total nonfarm employment grew by 1.4 percent over the year ending in July 2011, it grew 1.0 percent nationally. Over the first seven months of 2011, California nonfarm payrolls grew by 0.8 percent. Nationally, they grew 0.7 percent.

- Job growth in California's private sector has been even stronger. California gained 222,400 private nonfarm jobs over the year ending in July 2011, including 133,300 in the first seven months of 2011. California's private sector job growth has also outpaced the nation's on both a year-over and 2011-to-date basis.
- From their low in September 2009 through July 2011, California gained 223,600 nonfarm jobs. Since hitting bottom in February 2010 through July 2011, California's private sector gained 277,000 nonfarm jobs.
- Although job growth has returned to California, the State has a long way to go before it recovers all the jobs it lost during the recession. In July 2011, total nonfarm employment remained over 1.1 million jobs below its pre-recession peak. Private sector employment was 1.0 million jobs below its pre-recession peak.

UNEMPLOYMENT

- California's seasonally adjusted unemployment rate increased to 12.0 percent in July 2011. Although still high, unemployment in California has started to fall. The July 2011 rate was 0.4 percentage point lower than one year ago, and 0.5 percentage point lower than its peak of 12.5 percent posted each month from September 2010 through December 2010.
- The unemployment rate ticked up in June and July 2011. It had fallen in each of the five months prior to June. The State last experienced five consecutive monthly unemployment rate decreases from January through May 2005.
- There were 2,167,000 unemployed Californians in June 2011. Unemployment has begun to trend downward, slowly and somewhat unevenly. The number of unemployed Californians fell by 85,000 over the year ending in July 2011, and by 106,000 over the first seven months of 2011. Despite this improvement, 1.3 million more Californians were unemployed in July 2011 than in October 2006, which was the pre-recession low.

Unemployment has started to fall in California, but remains high...



- Although there was some improvement in California’s unemployment situation over the last year, the economic recovery had yet to generate sufficient employment growth to make much of a dent in unemployment. For unemployment to fall more rapidly, the California economy will not only have to re-employ unemployed Californians, but it will also have to generate enough jobs to accommodate Californians entering and re-entering the labor force. While job growth has returned to California, unemployment will likely remain high for months to come unless the pace of job growth strengthens.

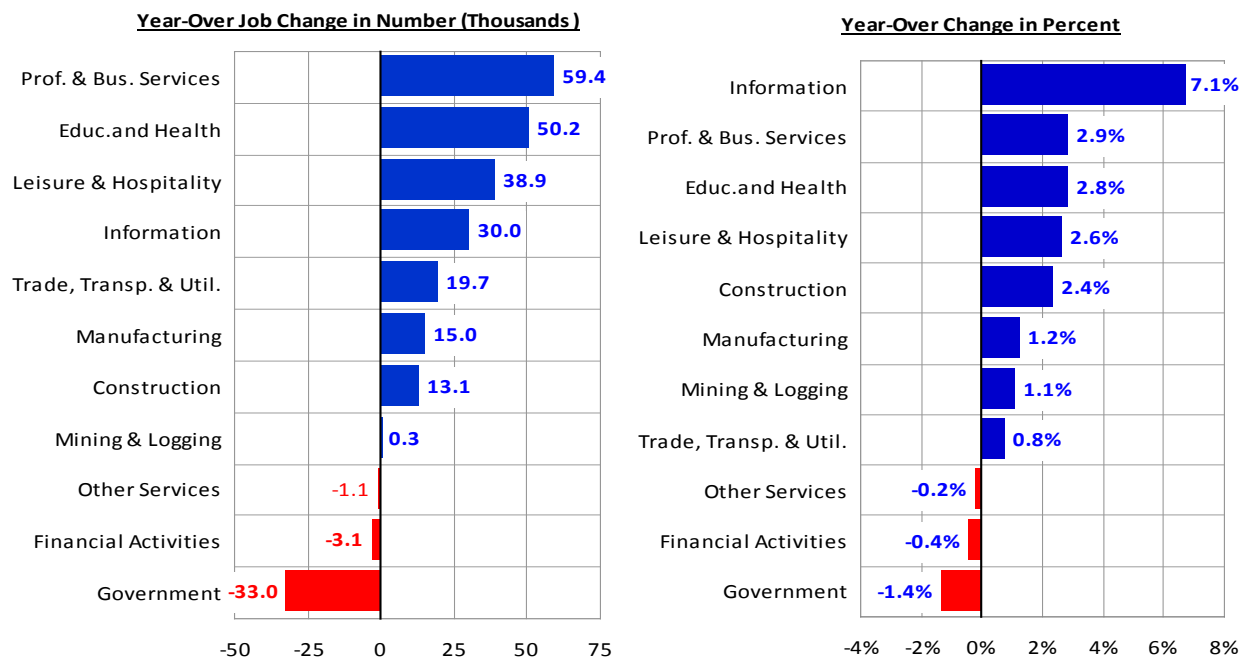
INDUSTRY SECTOR JOBS

- The improvement in nonfarm job growth in California over the last year has been broad-based across most industry sectors. Eight of California’s 11 major industry sectors gained jobs over the year ending in July 2011. In contrast, only five California sectors experienced year-over job gains in July 2010 and only one had a year-over job gain in July 2009. The budget-strapped Government sector recorded the largest job losses that were significantly higher than the other two sectors that lost jobs over the last year.
- California’s Professional and Business Services sector gained 59,400 jobs over the year ending in July 2011, the most of any industry sector. Most of this gain was in the high-wage Professional, Scientific, and Technical Services subsector, which gained 35,500 jobs. From its trough in September 2009 through July 2011, California’s Professional and Business Services sector gained 118,000 jobs, 65,000 of which were in the Professional, Scientific, and Technical Services.
- Year-over gains in California’s Educational and Health Services sector totaled 50,200 jobs in July 2011. This was the sector’s largest year-over job gain of any July since 2007. In July 2011, year-over gains in the Health Care and Social Assistance and Educational Services sectors totaled 34,600 and 15,600 jobs, respectively.

Job growth has been broad-based across most California industry sectors, but Government has been a drag on the economy...

Year-Over Change in California Industry Sector Jobs, July 2011

(July 2011; Seasonally Adjusted Data)



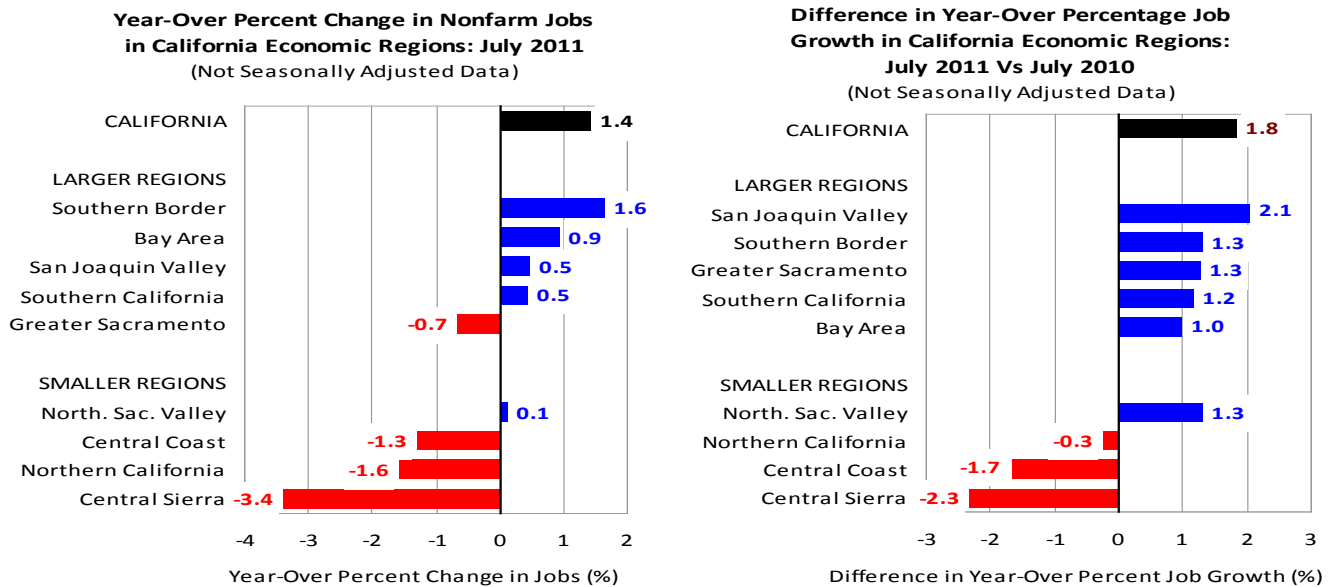
- Year-over gains in California's Leisure and Hospitality sector totaled 38,900 in July 2011. In contrast, the sector experienced year-over job losses totaling 1,800 and 85,700 in July 2010 and July 2009, respectively. The lion's share of the sector's July 2011 year-over gain was in Accommodation and Food Services, which gained 31,900 jobs.
- Year-over gains in California's Information sector totaled 30,000 jobs in July 2011. The sector's 7.1 percent year-over job gain was the fastest of any California industry sector. Moreover, Information's year-over gain in July 2011 was the sector's strongest since July 2000 in both number and percent. In sharp contrast, California's Information sector recorded year-over losses totaling 11,700 and 41,200 jobs in July 2010 and July 2009, respectively. Most of the Information sector's job gains over the last year were in the Motion Pictures and Video Industries subsector.
- Boosted by exports, California's Manufacturing sector gained 15,000 jobs over the 12-month period ending July 2011. This was Manufacturing's largest year-over gain during any July since 2000 in both number and percent, and its first year-over gain in any July since 2004. More than four-fifths of Manufacturing's job gains over the last year were in Durable Goods Manufacturing.
- Even California's beleaguered Construction sector gained 13,100 jobs over the 12-month period ending July 2011. The sector had experienced steep year-over job losses during each of the previous four years, losing 384,800 jobs from July 2006 through July 2010. Year-over job growth in the California Construction industry suggests that conditions in the State's housing markets may at last be stabilizing, and Construction may be able to contribute at least some jobs to California's recovery moving forward.
- The Trade, Transportation, and Utilities and Mining and Logging sectors were the remaining California industry sectors with year-over job gains in July 2011. Although the Trade, Transportation, and Utilities sector recorded its strongest year-over job growth of any July since 2007, Retail Trade recorded a year-over loss of 4,900 jobs in July 2011. Although California consumers have resumed spending, they are doing so only modestly, dampening overall job growth in the current recovery.
- Year-over job losses in the Financial Activities and Other Services sectors totaled 3,100 and 1,100 jobs, respectively, in July 2011. Despite the continuing year-over job losses in Financial Activities, its employment situation is gradually improving. From July 2007 through July 2010, the sector lost 167,300 jobs, or an average of 41,800 jobs each year.
- California's Government sector was the biggest drag on overall job growth over the last year, as the State and local governments continued to grapple with the budgetary aftermath of the recession. Year-over losses in the sector totaled 33,000 jobs in July 2011. Although 18,800 of these jobs were in Federal Government, temporary U.S. census hiring in 2010 skews this total. Year-over losses in State and Local Government totaled 3,500 and 10,700 jobs, respectively, in July 2011. From July 2009 through July 2011, job losses in California's Government sector totaled 138,600 jobs. The lion's share of these losses was in Local Government which lost 128,100 jobs over the period. Whereas State Government losses totaled 15,800 jobs over the last three years, Federal Government payrolls actually grew by 5,300 jobs.

REGIONAL AND AREA JOBS

- The employment situation in most regions of the State brightened over the last year. Five of the State's nine economic regions experienced year-over job gains in July 2011, including four of the State's largest regions. In contrast, only two of the State's nine economic regions recorded year-over job gains in July 2010, including just one of the State's largest regions.
- The Southern Border region experienced the largest year-over percentage job gain in July 2011, led by strong job growth in the regional Educational and Health Services, Professional and Business Services, and Leisure and Hospitality sectors. One of only two California regions to experience year-over job gains in July 2010, the pace of job growth in Southern Border accelerated over the last 12 months.

The employment situation brightened in most of California's regions over the last year...

Regional Job Growth Trends in California, July 2011

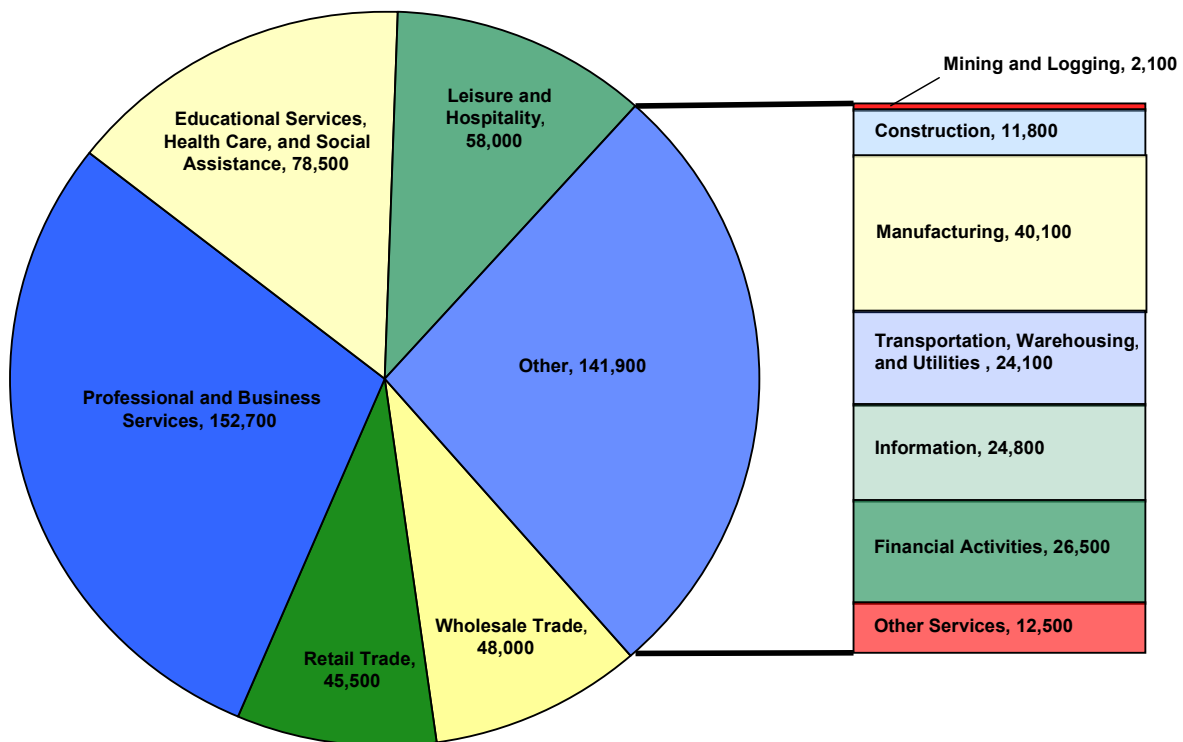


- The Bay Area recorded the second largest year-over percentage job gain of any region in July 2011, led by strong growth in Information, Educational and Health Services, Professional and Business Services, and Manufacturing. The region's job growth was centered in the heart of the Silicon Valley, in the San Jose and Santa Cruz areas.
- Nonfarm payrolls in the Southern California Region grew by 0.5 percent over the year ending in July 2011, led by growth in the Information, Educational and Health Services, and Leisure and Hospitality sectors. The strongest year-over job growth occurred in Orange County, followed by Los Angeles County. The Inland Empire, which was the fastest growing area of the State prior to the recession, was the only area in Southern California to experience a year-over jobs decline in July 2011. However, job losses in the area appear to be diminishing.
- The San Joaquin Valley Region also experienced a 0.5 percent year-over gain in nonfarm jobs in July 2011, in part because of job growth in its energy economy. The region also experienced the largest improvement in its employment situation over the course of 2010, compared to the other regions. However, regional construction jobs fell by 4.3 percent over the last year, suggesting that lingering problems in the San Joaquin Valley's overbuilt housing markets continue to hold the regional economy back.
- The Greater Sacramento Region was the only one of the State's larger regions to experience a year-over job loss in July 2011. Only three industry sectors in the region experienced year-over job growth, led by Leisure and Hospitality and Educational and Health Services. In many respects, the July 2011 employment situation in Greater Sacramento magnified the weaker areas of the California economy, with deep year-over job losses in Government employment, continuing job losses in the housing-oriented Construction and Financial Activities sectors, and decreasing retail trade jobs. Nevertheless, the region's July 2011 employment situation was brighter than it was in July 2010.
- Although three of the State's smaller regions experienced year-over job losses in July 2011, the losses in Central Sierra and Northern California regions likely reflected a later than usual end to the skiing and winter sports season. The year-over job loss in the Central Coast region was mainly due to large Government job losses.

Short-Term Industry Forecast 2010-2012

- The Employment Development Department (EDD) projects job gains of more than 486,000 between the third quarter of 2010 and the third quarter of 2012. The only major nonfarm industry sector projected to decline during the two-year projections period is Government; all other sectors are projected to grow between 2.0 and 7.5 percent.
- Nearly 60 percent of all nonfarm job growth is projected to occur in the Professional and Business Services, Educational Services, Health Care, and Social Assistance, and Leisure and Hospitality sectors.

Which growing industry sectors are gaining the most jobs?



Source: EDD Labor Market Information Division (LMID)
Short-term Employment Projections 2010-2012

- The Professional and Business Services industry sector is projected to experience the largest job growth, with a gain of more than 152,000 jobs. The Employment Services subsector, which includes employment placement agencies and temporary help services, accounts for 31 percent of all projected job growth in the Professional and Business Services sector. The Computer Systems Design, and Management, Scientific, and Technical Consulting Services subsectors are also expected to experience strong job growth within this industry sector.
- Job gains totaling 78,500 are projected across all subsectors within the Educational Services, Health Care, and Social Assistance industry sector. This industry sector was seemingly unaffected by the recent economic downturn, experiencing job growth at a rate of 1.5 percent annually for the two years prior to the third quarter of 2010. Due to demographic factors, job growth is projected to continue at an annual rate of 2.2 percent. Unlike the State Education and Local Education sectors, which are forecasted to shed jobs, the Private Education Services industry is expected to gain 11,700 jobs.
- The complete California [2010-2012 Industry Employment Projections](#) are available online.

California Jobs Recovery Moves Forward...

Several industry sectors are projected to grow as California's economy continues to recover. Among those industries, the Professional and Business Services; Educational Services, Health Care, and Social Assistance; and Information sectors are projected to have the most growth. As industries strengthen during the economic recovery, demand for new workers will increase. The following table lists examples of occupations utilized by these industries where job demand is expected to grow. Occupations were selected based on jobs with the most online job postings, projected job openings (California short-term projections 2010-2012), and annual earnings. The online job postings were extracted from The Conference Board Help Wanted OnLine™ (HWOL) data series, which compiles, analyzes, and categorizes job listings from many online job boards. Jobs filled primarily through union halls are typically not advertised, so job vacancies for many of the trade occupations are not reflected. Occupations are separated into three categories based on required training and education—some require only a short training period, while others require two to four years of college.

Jobs by Training/Education in California

Occupation	New Job Ads in Last 90 days ending August 23, 2011 ¹	Projected 2010-2012 Job Openings ²	2011 Median Annual Wage ³
REQUIRES UP TO ONE YEAR OF TRAINING			
Executive Secretaries	6,030	13,500	\$48,067
Customer Service Representatives	4,626	23,410	\$36,040
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific	4,154	13,700	\$56,673
Medical Assistants	1,021	6,770	\$30,457
REQUIRES TWO YEARS OF TRAINING, EDUCATION, OR LONG-TERM WORK EXPERIENCE			
Computer Specialists (Includes Web Developers)	20,907	2,330	\$83,489
Registered Nurses	15,792	17,310	\$86,547
Computer Support Specialists	4,749	5,980	\$53,029
Office Support Supervisors	4,154	13,530	\$54,388
REQUIRES A BACHELOR'S DEGREE OR HIGHER			
Computer Software Engineers, Applications	13,326	8,600	\$102,269
Marketing Managers	9,581	3,370	\$132,875
Computer Systems Analysts	9,514	4,660	\$81,145
Accountants and Auditors	7,371	11,080	\$68,694

Sources: *The Conference Board Help Wanted OnLine™ (HWOL) data series*

¹ The data from The Conference Board Help Wanted OnLine™ (HWOL) data series reflects California occupations with the highest number of online job postings for full-time jobs excluding third party postings, bulk advertisers, and anonymous advertisers.

² For the 2010-2012 period, California's two-year occupational projections are based on employment from the third quarter of 2010 and project to the third quarter of 2012. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force all together. Many jobs are a result of replacements, not growth within an occupation.

³ EDD/LMID Occupational Employment Statistics; 2011 Wages reflect California median wage. Median is the point at which half of the workers earn more and half earn less. The Wages are from the 2011 first quarter and do not include self-employed or unpaid family workers.