

A Labor Day Briefing for California

September 2014

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 1. This report presents significant labor market trends and topical statistics relating to the California economy.

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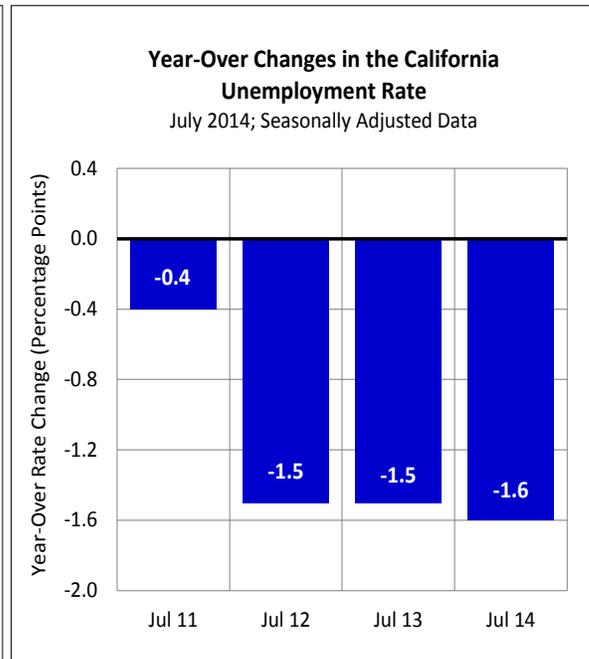
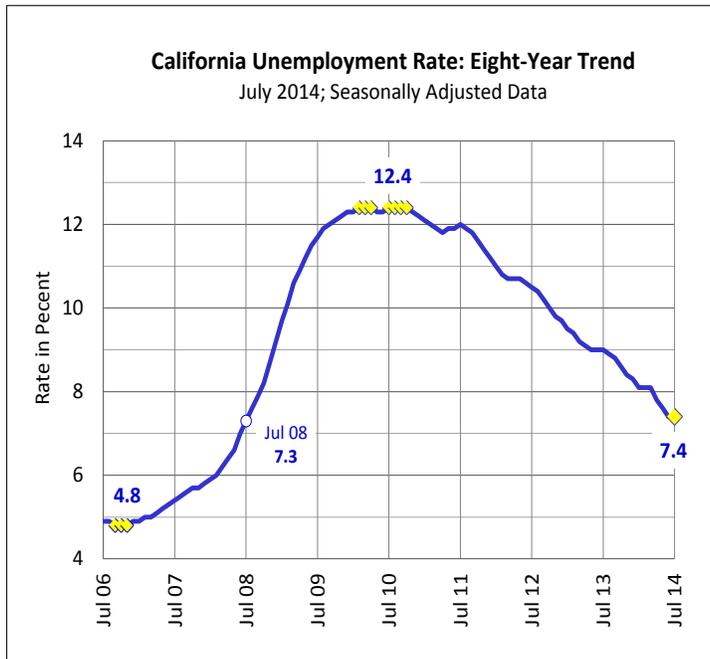
California's Economy Has Recovered the Jobs It Lost During the Recession and Is Now Expanding

As Labor Day 2014 dawns, California's Employment Development Department (EDD)¹ reports that labor markets in the state are stronger than they have been in years. Unemployment has fallen to a six-year low. Four and a half years of steady job growth has enabled the state to recover all of the jobs it lost during the recession and attain new heights. The growth has been broad-based across industry sectors and regions of the state. Having come a long way from the depths of the recession, California's economy is once again heading in the right direction.

UNEMPLOYMENT

- There is a strong trend of falling unemployment in California. The state's seasonally adjusted unemployment rate stood at 7.4 percent in July 2014, which was the lowest it has been since it was 7.3 percent six years ago in July 2008.² Although still higher than it was entering the recession, California's July 2014 unemployment rate was 5.0 percentage points lower than it was when it was at its peak of 12.4 percent four years ago. Unemployment in California has fallen at a sustained and steady pace over the last three years. California's unemployment rate fell by 1.6 percentage points over the year ending July 2014. This was on par with the 1.5 percentage point year-over rate decreases the state experienced in both July 2012 and July 2013.

Unemployment in California has fallen to a six-year low and is falling at a steady pace.



¹ Unless otherwise noted, all of the data and charts discussed in this report were created by EDD.

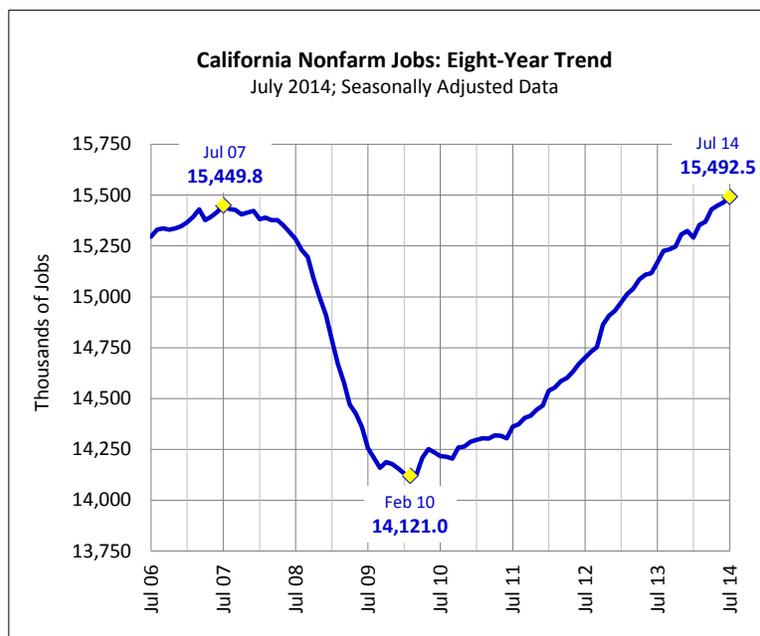
² Seasonal adjustment refers to the process by which normal patterns of employment that occur each and every calendar year are statistically modeled and removed from a data series, thus enabling comparisons across any time period. Any changes observed in seasonally adjusted labor market data are presumed to reflect conditions within the economy.

- Although nearly 1.4 million Californians were unemployed in July 2014, this was also a six-year low. There were 306,000 fewer unemployed Californians in July 2014 than there were in July 2013 and 905,000 fewer than there were at the recessionary peak in September and October 2010.

NONFARM PAYROLL JOBS

- California gained 27,700 nonfarm jobs in July 2014, boosting the state's total nonfarm payroll employment to nearly 15.5 million. The state has gained jobs in 36 of the last 37 months. California gained 323,600 nonfarm jobs over the year ending in July 2014, including 168,900 jobs during the first seven months of 2014. The state's 2.1 percent year-over job gain in July was stronger than the nation's 1.9 percent gain.

California has experienced 53 months of sustained job growth, more than recovering the deep job losses it suffered during the recession.



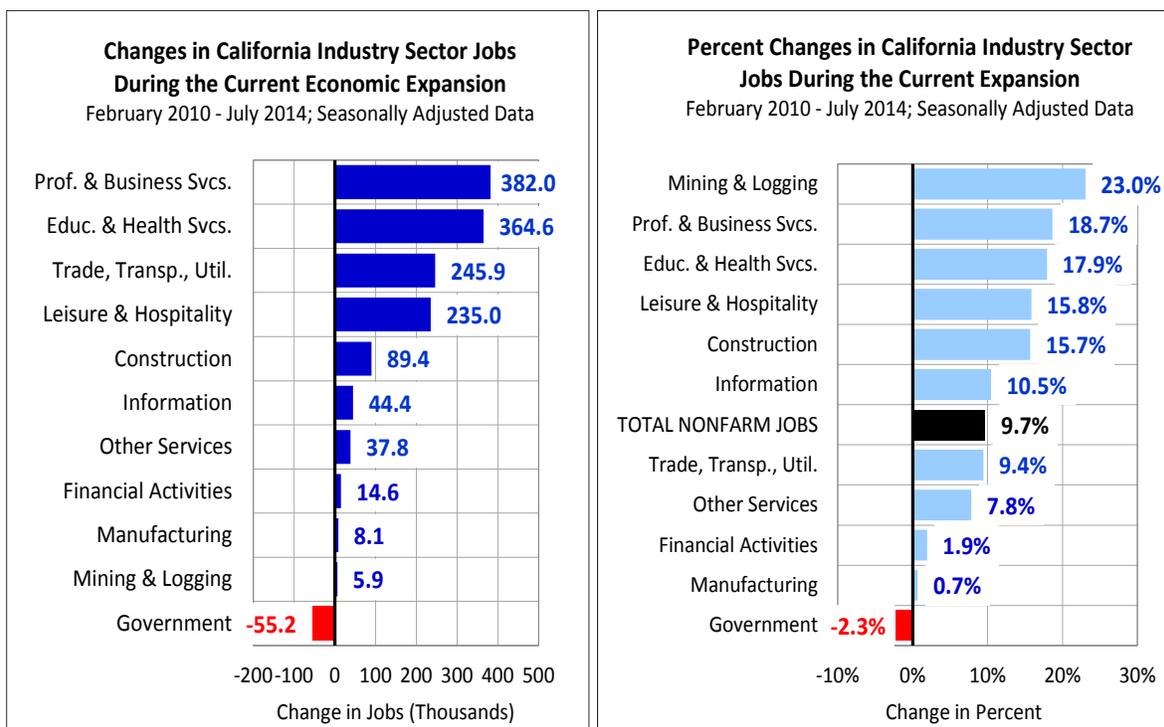
- California has experienced nearly four and a half years of sustained employment growth, gaining a total of 1,371,500 jobs from the recessionary low in February 2010 through July 2014. In June 2014, California fully recovered the 1,328,800 jobs it lost during the recession from July 2007 through February 2010, ending a nearly seven-year cycle of recessionary job losses and recovery. It took 52 months for the state to recover the staggering job losses it incurred over a period of just 31 months. Total nonfarm employment in California is now expanding to new heights. In July 2014, the state had 42,700 more nonfarm payroll jobs than it had at its pre-recession peak in July 2007.
- California's private sector has experienced stronger job growth than the economy as a whole. Earlier this year in February, the state fully recovered the nearly 1.3 million private nonfarm jobs it lost during the recession from July 2007 through February 2010. A 21,700-job gain in July 2014 boosted the private sector's total nonfarm job gains since February 2010 to 1,426,700. In July 2014,

California private nonfarm payrolls rose to an all-time high and topped the pre-recession peak in July 2007 by 157,300 jobs.

INDUSTRY SECTOR JOBS

- All industry sectors in California's private sector have experienced job growth since the beginning of the employment expansion in February 2010. The largest job gains were in the professional and business services and educational and health services sectors, which gained 382,000 and 364,600 jobs, respectively from February 2010 through July 2014. Despite comprising less than one-third of total nonfarm payroll employment in California in July, these two sectors combined accounted for over half (54.4 percent) of the state's nearly 1.4 million-job gain since February 2010. Trade, transportation, and utilities (245,900 jobs) and leisure and hospitality (235,000 jobs) were the other California industry sectors that have gained over 200,000 jobs since February 2010. Combined, these two sectors accounted for more than one-third (35.0 percent) of California's total job gain since February 2010. Even though government was the only California industry sector that has experienced a net job loss (55,200) since February 2010, it gained 18,300 jobs over the last year.

The professional and business services and educational and health services sectors have led California's jobs recovery, but all private industry sectors have contributed to its success.

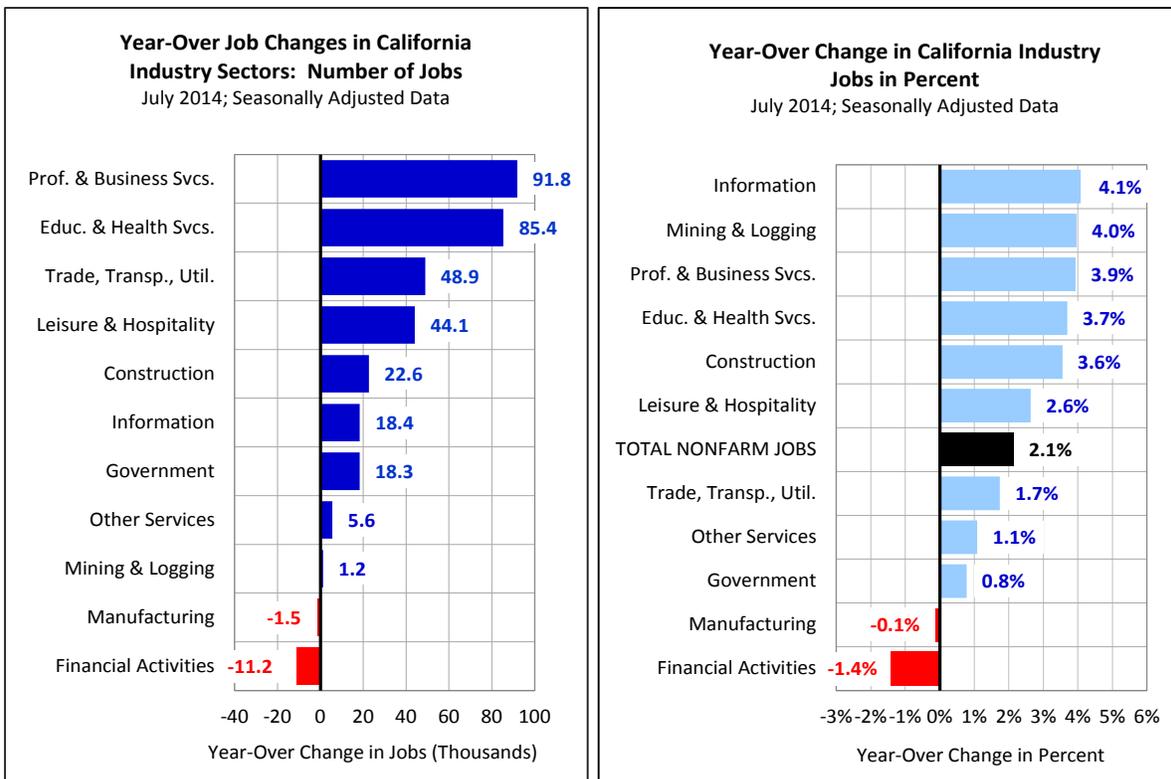


- Mining and logging, professional and business services, educational and health services, leisure and hospitality, and a rebounding construction sector have been the drivers of California's jobs expansion. Each of these sectors experienced much stronger percentage job gains than the overall economy's 9.7 percent gain from February 2010 through July 2014. In addition, trade, transportation, and utilities and information grew at roughly the same pace as the overall economy. In contrast, financial activities, manufacturing, government, and, to a lesser extent, other services experienced weaker job growth than the overall economy since February 2010. Combined, these

four sectors accounted for less than one-third (31.8 percent) of total nonfarm employment in California in July 2014.

- California continued to experience broad-based job growth across most industry sectors over the last year, with 9 of California's 11 major industry sectors posting year-over job gains in July 2014. The largest year-over job gains were in the professional and business services (91,800) and educational and health services (85,400) sectors. Two additional industry sectors--trade, transportation, and utilities (48,900) and leisure and hospitality (44,100)—gained more than 40,000 jobs each over the last year. Three more sectors gained over 15,000 jobs over the last year: construction (22,600), information (18,400), and government (18,300). In contrast, financial activities (11,200) and manufacturing (1,500) lost jobs over the last year.

California's government sector, which had been a drag on the overall economy, gained jobs over the last year.

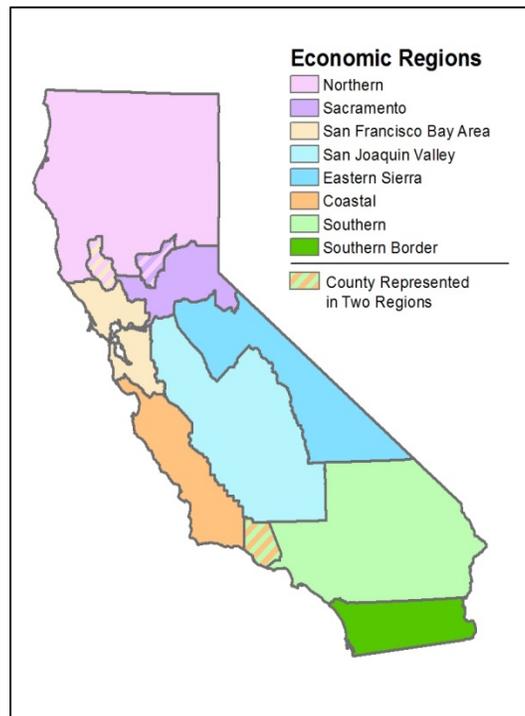


- Six California industry sectors had stronger job growth than the overall economy over the last year. While information (4.1 percent) had the largest year-over job gain in percent, the payrolls of four additional industry sectors grew by more than 3.5 percent: mining and logging (4.0 percent), professional and business services (3.9 percent), educational and health services (3.7 percent), and construction (3.6 percent). Leisure and hospitality (2.6 percent) was the remaining California industry sector that had a stronger year-over job gain than the overall economy over the year ending in July 2014.

REGIONAL JOB TRENDS

- The EDD has identified eight distinct economic regions within California, which are shown in the chart below.³ Unlike the data analyzed previously in this briefing, seasonally adjusted data are not available for the economic regions. As such, this regional analysis relies on July-to-July comparisons to filter seasonality from the data. A July 2010 versus July 2014 comparison best approximates California's February 2010 through July 2014 employment expansion.

California's Eight Economic Regions

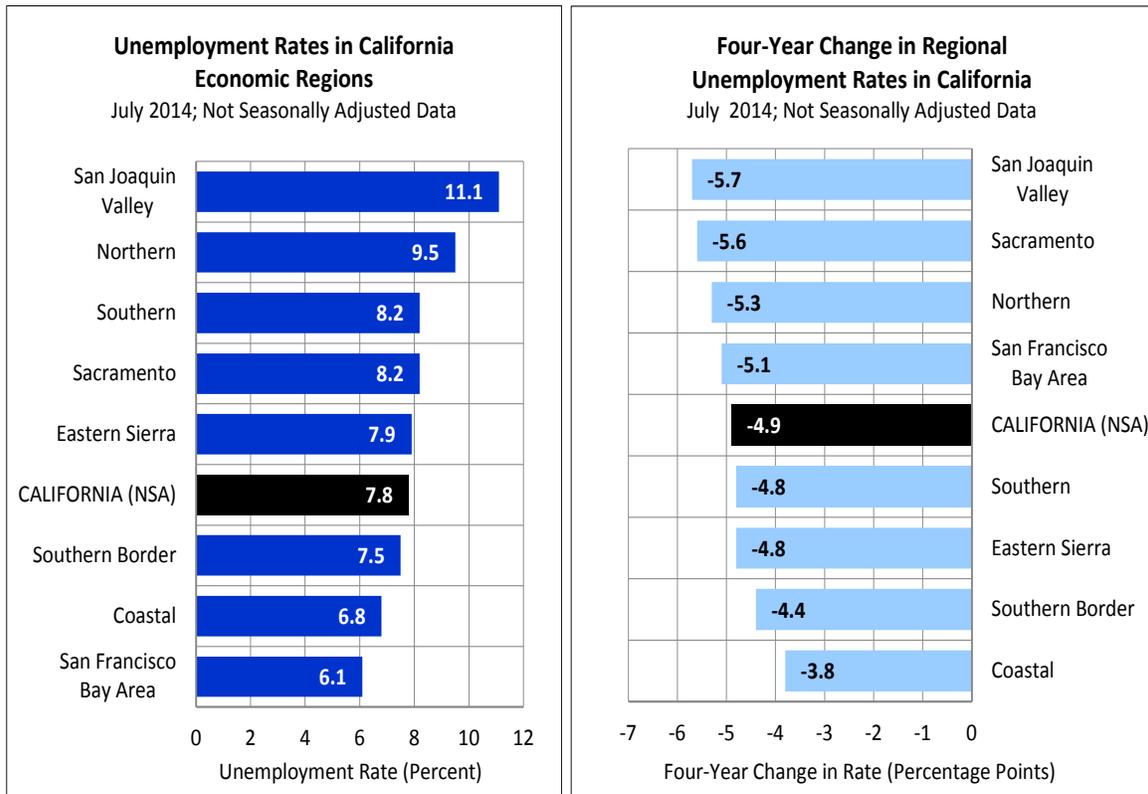


- In July 2014, San Francisco Bay Area had the lowest regional unemployment rate (6.1 percent), followed by Coastal (6.8 percent) and Southern Border (7.5 percent) regions. San Joaquin Valley (11.1 percent) and Northern (9.5 percent) had the highest rates.
- All regions of California experienced large drops in their unemployment rates from July 2010 through July 2014. San Joaquin Valley experienced the largest four-year rate decrease (5.7 percentage points) of any region, followed by Sacramento (5.6 percentage points). The Northern

³ [Detailed descriptions of these regions](#) are available on the EDD website. For the purposes of this analysis, the following counties which have strong economic relationships in more than one region have been assigned to a single region to avoid double counting. Ventura County is included in Coastal Region, Sutter and Yuba Counties are included in Northern Region, and Lake County is included in the San Francisco Bay Area Region. In addition, San Benito County has been included in San Francisco Bay Area since its nonfarm jobs are estimated as part of the Bay Area's San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.

(5.3 percentage points) and San Francisco Bay Area (5.1 percentage points) Regions also experienced larger four-year rate decreases than the state's unadjusted rate decrease of 4.9 percentage points.⁴ While Coastal Region (3.8 percentage points) experienced the smallest four-year unemployment rate decrease of any California region, its July 2014 unemployment rate was the second lowest of California's eight regions.

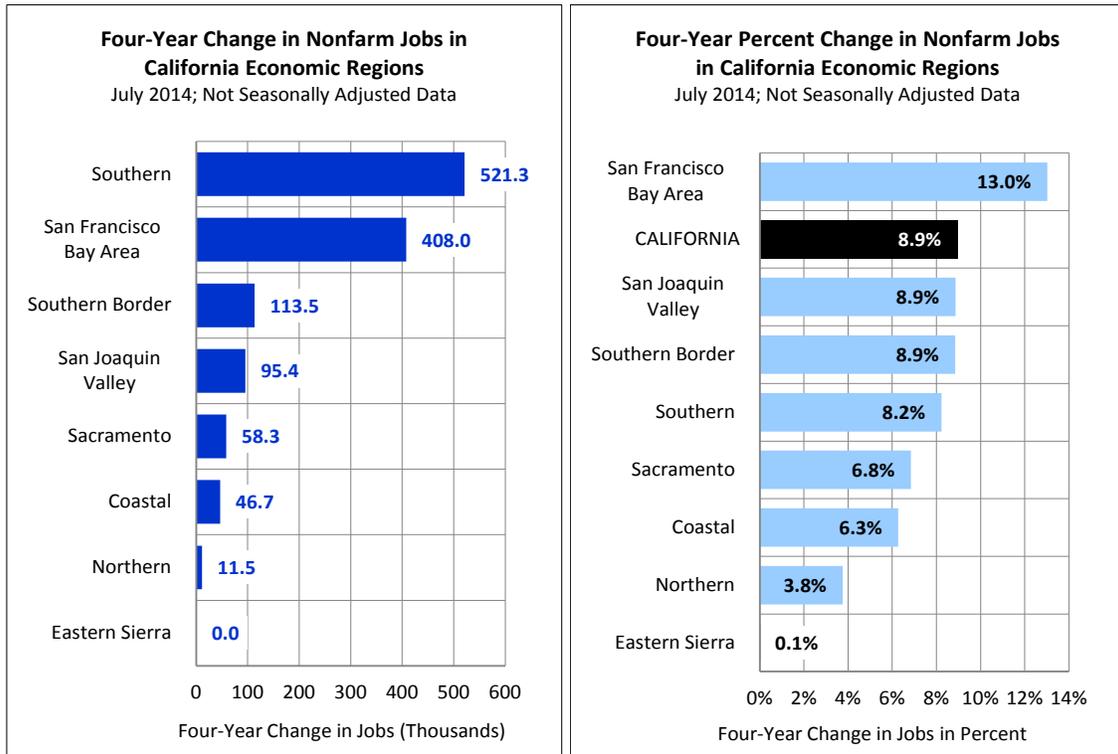
Regional unemployment rates are falling across California.



- The vigorous trend of falling regional unemployment rates continued over the year ending in July 2014, with all regions experiencing substantial rate decreases. Southern Region (1.8 percentage points) had the largest rate decrease and Coastal (1.2 percentage points) had the smallest.
- Every region of California experienced nonfarm job gains over the four-year period from July 2010 through July 2014. Not surprisingly given their large size, Southern (521,300) and San Francisco Bay Area (408,000) experienced the largest job gains, accounting for nearly three-quarters (73.6 percent) of the state's overall four-year job gain.

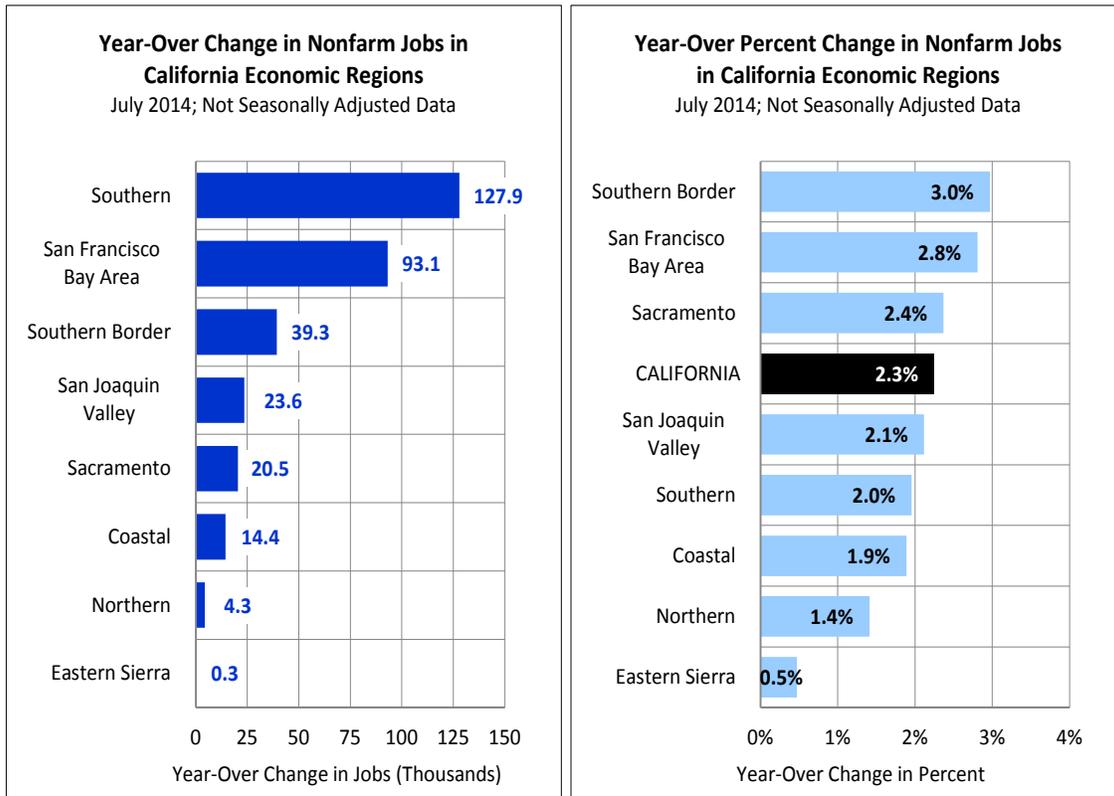
⁴ Because the unemployment rates of economic regions are not seasonally adjusted, they cannot be directly compared to California's seasonally adjusted unemployment rate which was discussed previously. They must instead be compared to California's not seasonally adjusted rate.

Buoyed by its high technology and information industries, the San Francisco Bay Area Region has led California's economic expansion.



- Propelled by a strong recovery in its dynamic high technology and information industries, which include social media establishments, nonfarm payrolls in San Francisco Bay Area grew by 13.0 percent over the four-year period ending in July 2014. This was far and away the largest four-year job gain of any of California's economic regions. Moreover, the Bay Area was the only region to better the state's overall 8.9 percent job gain over the last four years. San Joaquin Valley and Southern Border were the only other regions that could match it. The weakest four-year job gains were in the Northern and Eastern Sierra Regions, which are California's most sparsely populated regions and which lack an industry sector to drive regional employment rapidly forward. However, all regions of the state have contributed to California's jobs recovery.
- Whereas much of California's job growth has been concentrated in the San Francisco Bay Area, particularly early in the recovery, job growth has been more balanced across regions over the last year. Southern Border (3.0 percent) enjoyed the state's strongest year-over job gain in July 2014, followed by San Francisco Bay Area (2.8 percent). Sacramento Region, which lagged behind the state's overall recovery over the last four years, had the third largest year-over job gain of any California region and San Joaquin Valley ranked fourth. Although Southern Region's 2.0 percent year-over gain was weaker than the state's 2.3 percent year-over gain, it added 127,900 jobs over the period, the most of any region. Although Northern and Eastern Sierra both gained jobs over the year, they continued to grow at a slower rate than California's other economic regions.

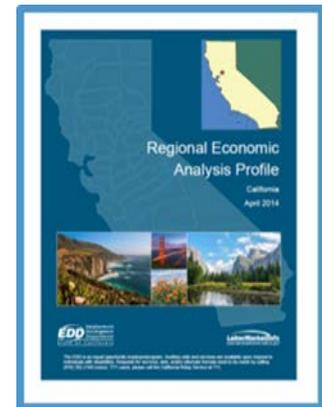
Job growth in inland regions of California strengthened over the last year.



California's more balanced regional job growth and its broad-based job growth across most industry sectors, including government, over the last year bode well for the future. With nothing visible on the horizon that might derail these trends, California's labor markets are expected to continue to strengthen at a steady pace over the year to come.

* * *

In response to the need for regional analysis, the EDD has also created the [Regional Economic Analysis \(REA\) Profiles](#), which is a new product that provides customized Labor Market Information (LMI) to support planning efforts and promote partnerships. The *Profiles* were developed to assist customers such as the California Workforce Investment Board, the Local Workforce Investment Boards (LWIBs), America's Job Center of CaliforniaSM (AJCC), and educational and training partners in making informed decisions when investing resources.



The *REA Profiles* highlight eight primary economic regions, as referenced in the analysis above, and 21 sub-regional economies, which were established based on commute patterns and industry sector analyses.

More information on regional analysis can be found on EDD's Labor Market Information Web Page at www.labormarketinfo.edd.ca.gov.

Short-Term Industry and Occupational Employment Forecasts 2013-2015

The EDD produces employment projections that estimate the changes in industry and occupational employment over time resulting from industry growth, technological change, and other factors. Statewide short-term (two-year) projections are revised annually. The following is a recap of the most recently published data.

Short-Term Industry Employment Forecast 2013-2015

The EDD projects a total nonfarm job gain of 667,000 by the second quarter of 2015. The only major nonfarm industry sector projected to decline during the two-year projections period is manufacturing, with a 300-job loss; all other sectors are projected to grow between 0.8 and 9.2 percent. Sixty-three percent of all projected nonfarm job growth is in professional and business services; educational services, health care, and social assistance; and leisure and hospitality.

- The largest number of new jobs is expected in the professional and business services industry sector, with a gain of 160,800 jobs. Forty-four percent of the growth is expected to be concentrated in the employment services subsector and the management, scientific, and technical consulting services subsector, which are projected to generate 38,300 and 32,300 jobs, respectively. Computer systems design and related services is also expected to experience strong growth within this industry sector.
- The educational services, health care, and social assistance sector is projected to add 130,800 jobs with a growth rate of 5.7 percent over the two-year projection period. Individual and family services are projected to lead job gains by adding 43,500 jobs while growing at an annual rate of 4.5 percent.

- The leisure and hospitality sector is expected to add 125,600 jobs through the projection period. This industry sector is expected to experience a boost due to the economic recovery and increases in discretionary spending. Seventy-five percent of the sector's job growth is projected to be in full-service restaurants and limited-service eating places.

Short-Term Occupational Employment Forecast 2013-2015

California's employment is projected to increase by 4.3 percent between the second quarter of 2013 and the second quarter of 2015, reaching nearly 17.3 million jobs in the second quarter of 2015. The occupational groups with the most growth are food preparation and serving related (101,000), office and administrative support (82,000), and personal care and service (62,000) occupations.

In addition to job growth, workers will be needed to replace those who have left the labor force or have changed jobs. Approximately six of every 10 occupations are expected to have more job openings resulting from replacement needs than from new job growth.

For the 2013-2015 projections period, California is expected to generate a combined total of more than 1.5 million job openings:

- 730,500 new jobs from industry growth
- 775,600 jobs due to replacement needs

The top 50 occupations with the most job openings are expected to generate 827,000 total jobs, accounting for 55 percent of all openings in California. Of these occupations, 26 have more openings due to replacement needs than job growth. Food preparation and serving related occupations make up more than 20 percent of the occupations on this list.

The 50 fastest-growing occupations are expected to add jobs at a rate of 6.7 percent or higher, compared to the expected overall 4.3 percent growth rate for California. These occupations are predicted to generate approximately 220,000 new jobs, which accounts for 30 percent of all new jobs. Construction related occupations dominate the top 10 fastest growing occupations.

The complete [2013-2015 California industry and occupational projections](#) are available online.

California Jobs in Demand

Most industry sectors are projected to grow as California's economic recovery continues. Among these industries, the Professional and Business Services, and Education and Health Services sectors are projected to have the most growth. As industries strengthen, 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 advertisements, projected job openings (California short-term occupational projections 2013-2015), and annual earnings. The online job advertisements were extracted from The Conference Board Help Wanted OnLine™ (HWOL) data series, which compiles, analyzes, and categorizes job advertisements from numerous online job boards, including CalJOBSSM (www.caljobs.ca.gov), California's Internet job listing system. Occupations are separated into three categories based on educational level—some require a high school diploma or less, while others require two to four years of college or higher.

Occupation	Job Ads in Last 120 Days ending August 4, 2014 ⁵	Projected 2013-2015 Job Openings ⁶	2014 Median Annual Wage ⁷
REQUIRES A BACHELOR'S DEGREE OR HIGHER			
Software Developers, Applications	28,707	9,460	\$109,134
Marketing Managers	21,656	2,980	\$143,928
Accountants and Auditors	19,749	18,980	\$71,112
Network and Computer Systems Administrators	14,791	3,160	\$83,396
REQUIRES SOME COLLEGE, POSTSECONDARY NON-DEGREE AWARD, OR ASSOCIATE'S DEGREE			
Registered Nurses	32,682	18,400	\$95,415
Web Developers	21,527	2,220	\$72,874
Computer User Support Specialists	14,278	5,880	\$54,582
Medical Assistants	5,792	8,140	\$32,940
REQUIRES A HIGH SCHOOL DIPLOMA OR EQUIVALENT OR LESS			
Customer Service Representatives	23,691	20,620	\$36,949
Executive Secretaries and Executive Administrative Assistants	21,921	5,800	\$57,190
Bookkeeping, Accounting, and Auditing Clerks	15,730	12,620	\$40,938
Maintenance and Repair Workers, General	11,978	8,040	\$39,277

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

⁵ The data from The Conference Board Help Wanted OnLine™ (HWOL) data series reflects California occupations with the highest number of online job advertisements.

⁶ For the 2013-2015 period, California's two-year occupational projections are based on employment from the second quarter of 2013 and project to the second quarter of 2015. 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.

⁷ EDD/LMID Occupational Employment Statistics; 2014 Wages reflect California median wage. Median is the point at which half of workers earn more and half earn less. The wages are from the 2014 first quarter and do not include self-employed or unpaid family workers.

Toolbox for Job Seekers

The table below offers tools and resources for California's job seekers to assist in their job search, career exploration, and training needs.

Toolbox for Job Seekers	
Job Finding Tools	<ul style="list-style-type: none"> ➤ <i>America's Job Center of California</i>SM provides no-cost tools and resources for job seekers. Most Centers offer: <ul style="list-style-type: none"> • Career specialists to assist job seekers with assessments to identify and match skills to occupations and make career decisions. • No-cost access to phones, fax machines, and the Internet. • Computers for job seekers to browse occupations, explore careers, create and post résumés, and access a wide variety of job listings in the newly enhanced CalJOBSSM (www.caljobs.ca.gov) and the National Labor Exchange, US.jobs (us.jobs). • Job search and résumé-writing workshops in addition to other services. <p>To find the nearest <i>America's Job Center of California</i>SM, go to www.americasjobcenter.ca.gov.</p> ➤ To search for employers by occupation, go to www.labormarketinfo.edd.ca.gov/aspdotnet/databrowsing/EmpGeog.aspx?menuChoice=emp&searchType=Occupation. ➤ To see monthly reports of job demand and summaries on current job listings for California and local areas go to: www.labormarketinfo.edd.ca.gov/HWOL/Help_Wanted_Online_(HWOL)_Data_Series.html.
Career Exploration Tools	<ul style="list-style-type: none"> ➤ <i>California Occupational Guides</i> are long-recognized resources designed to assist individuals in making career decisions. Each <i>Guide</i> includes local and/or statewide information about training, current wages and job prospects, skills requirements, and day-to-day tasks. Available at www.labormarketinfo.edd.ca.gov/ocguides. ➤ <i>mySkills myFuture</i> helps laid-off workers and other job seekers explore new occupations, identify occupations with skills and knowledge similar to their current or previous jobs, review matches, learn about local training programs, and apply for jobs. Available at www.myskillsmyfuture.org. ➤ <i>WorkSmart</i> is designed to offer entry-level job seekers and workforce re-entrants "soft" skills and occupational information to assist them in obtaining employment. Available at www.worksmart.ca.gov. ➤ The Military Occupation Code (MOC) to Standard Occupational Classification (SOC) crosswalk helps returning service men and women find civilian occupations that have similar skills requirements. Available at www.onetonline.org/crosswalk/MOC. ➤ <i>My Next Move</i> is an interactive tool for job seekers and students to learn more about their career options. The site has tasks, skills, salary information, and more for over 900 different occupations. Available at www.mynextmove.org. ➤ California Career Resource Network provides resources for individuals interested in developing and exploring career self-management skills necessary in today's world of work. Available at www.californiacareers.info.
Training Tools	<ul style="list-style-type: none"> ➤ Training opportunities are available through <i>America's Job Center of California</i>SM. For information on what type of training is needed or where to get training, go to www.edd.ca.gov and select the "Jobs & Training" tab. ➤ Job seekers may access the California Department of Industrial Relations website to search for apprenticeship programs by individual counties and occupations at www.dir.ca.gov/das.