

# A Labor Day Briefing for California

September 2015



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

This briefing highlights California's labor markets as the nation commemorates Labor Day on September 7, 2015.

The report presents significant labor market trends and current statistics relating to the California economy.

David Lanier, Secretary  
*Labor and Workforce Development Agency*

Patrick Henning Jr., Director  
*Employment Development Department*

Dennis Petrie, Deputy Director  
*Workforce Services Branch*

Spencer Wong, Chief  
*Labor Market Information Division*

# A Labor Day Briefing for California

## *Highlights for 2015*

### **California's unemployment rate has fallen to its lowest level in more than seven years and it is nearing pre-recession levels.**

- California's labor markets are in the best shape they have been in for a long time, after four years of uninterrupted job growth and five years of steadily falling unemployment.
- California's July 2015 unemployment rate has fallen to within 1.3 percentage points of its pre-recession low.
- Unemployment in California has decreased even as its labor force has grown.
- The state gained 80,600 jobs in July 2015, extending its streak of consecutive monthly job gains to 49 months.
- Over-the-year, California leads the nation in job growth, adding 494,200 jobs during the 12-month period ending in July 2015.
- July 2015 marked the 34th consecutive month in which California has sustained year-over job gains of more than 400,000 jobs.
- California's job growth has been broad-based throughout the economy, with 10 of California's 11 major industry sectors posting year-over job gains in July 2015.
- In July 2015, the professional and business services industry sector had the largest year-over job gain, with nearly three-fifths of this gain occurring in the high-skill and high-wage professional, scientific, and technical services subsector.
- Over the 2014-2016 projection period, the pace of job growth in each of the state's industry sectors are projected to grow at rates ranging from 0.2 to 9.3 percent, over the two-year projection period.
- California's total nonfarm payrolls are projected to increase by 4.5 percent by the second quarter of 2016, reaching nearly 17.9 million jobs.
- California is expected to generate a combined total of approximately 1.6 million job openings during the 2014-2016 projection period.

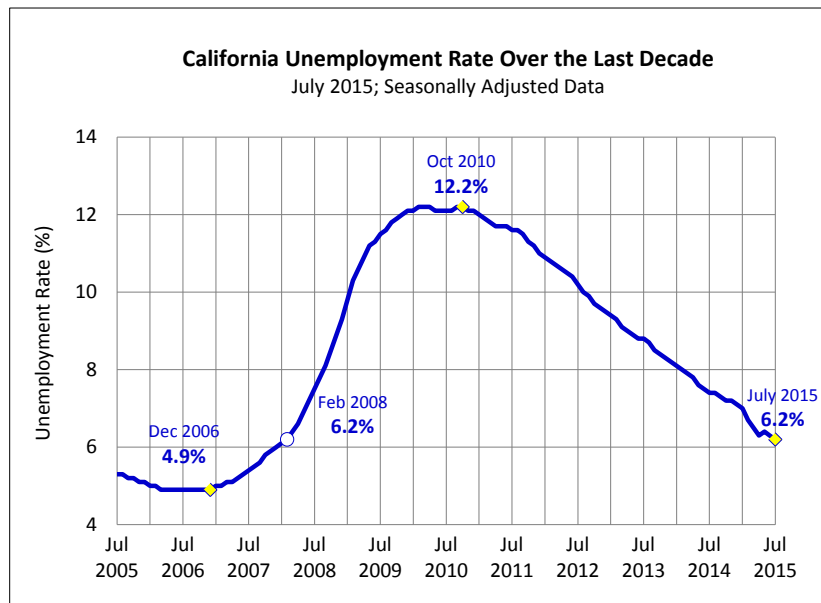
## California's Economy Is Expanding and Reaching New Heights

As the nation celebrates Labor Day 2015, the Employment Development Department (EDD) announces that after four years of uninterrupted job growth and five years of steadily falling unemployment, California's labor markets are in the best shape they have been in for years. Moreover, labor market conditions throughout the state should continue to improve over the next year as the economic expansion continues.

### UNEMPLOYMENT

- Unemployment in California has fallen to its lowest level in more than seven years and is nearing pre-recession levels. California's seasonally adjusted unemployment rate ticked down to 6.2 in July 2015. The last time the unemployment rate reached this level was in February 2008.
- California's unemployment rate fell by 1.2 percentage points over the year ending in July 2015. This tied Georgia as the third largest year-over rate decrease among the 50 states and the District of Columbia. Rhode Island (1.8 percentage point) and Michigan (1.7 percentage point) were the only states to have larger year-over rate decreases. After decreasing 6.0 percentage points from its most recent peak of 12.2 percent in October 2010, California's July 2015 rate has fallen to within 1.3 percentage points of its pre-recession low.

**Unemployment in California is lower than it has been in more than seven years.**



Source: Employment Development Department

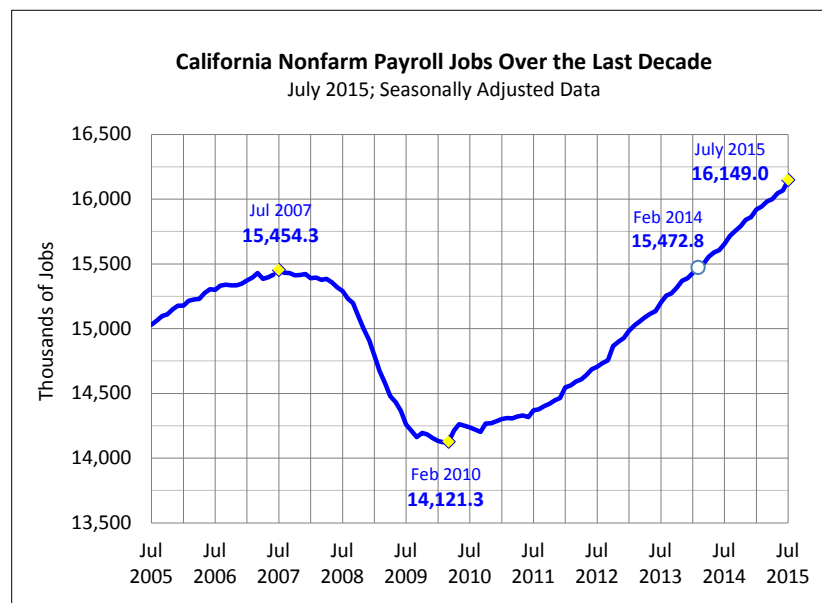
- The number of unemployed Californians nudged below 1.2 million in July 2015. Civilian unemployment in the state has declined in 56 of the last 57 months, falling by more than one million persons since October 2010.

- California has the largest labor market in the nation, with a labor force of more than 19 million people in June 2015. Unemployment in California has decreased even as its labor force has grown. The state's labor force grew by 266,000 persons (1.4 percent) over the last year and by 704,000 persons over the last five years. Falling unemployment in the context of a growing labor force is an indicator of a healthy labor market. In addition to creating employment opportunities for the unemployed, the economy has grown fast enough to provide employment opportunities to Californians entering and re-entering the labor market.

## NONFARM PAYROLL JOBS

- With nonfarm payrolls totaling nearly 16.1 million jobs in July 2015, California has the largest job market of any state in the nation. Texas ranked a distant second, with 11.8 million nonfarm jobs.
- California is in the midst of a sustained stretch of strong job growth. The state gained 80,600 jobs in July 2015, extending its streak of consecutive monthly job gains to 49 months. The state's large job gains in July amounted to more than double the next highest state of Texas which gained 31,400 over the month. Florida experienced growth of 30,500 jobs for the third highest in the nation. Furthermore, California's 80,600 job gain represented 37.5 percent of the nation's 215,000 jobs gained in July.

### California is sustaining a consistently strong pace of job growth.



- California gained 494,200 total nonfarm jobs over the year ending in July 2015, more than any state in the nation. Florida and Texas ranked second and third, with gains totaling 271,500 and 260,500 nonfarm jobs, respectively. California nonfarm payrolls grew by 3.2 percent over the year ending in July 2015 bettering the nation's 2.1 percent gain. In fact, California's pace of year-over job growth ranked sixth among all states in July 2015.
- California has experienced consistently strong job growth over much of the current expansion. July 2015 marked the 34<sup>th</sup> consecutive month in which California has sustained year-over job gains of more than 400,000 jobs and year-over increases of 2.9 percent or

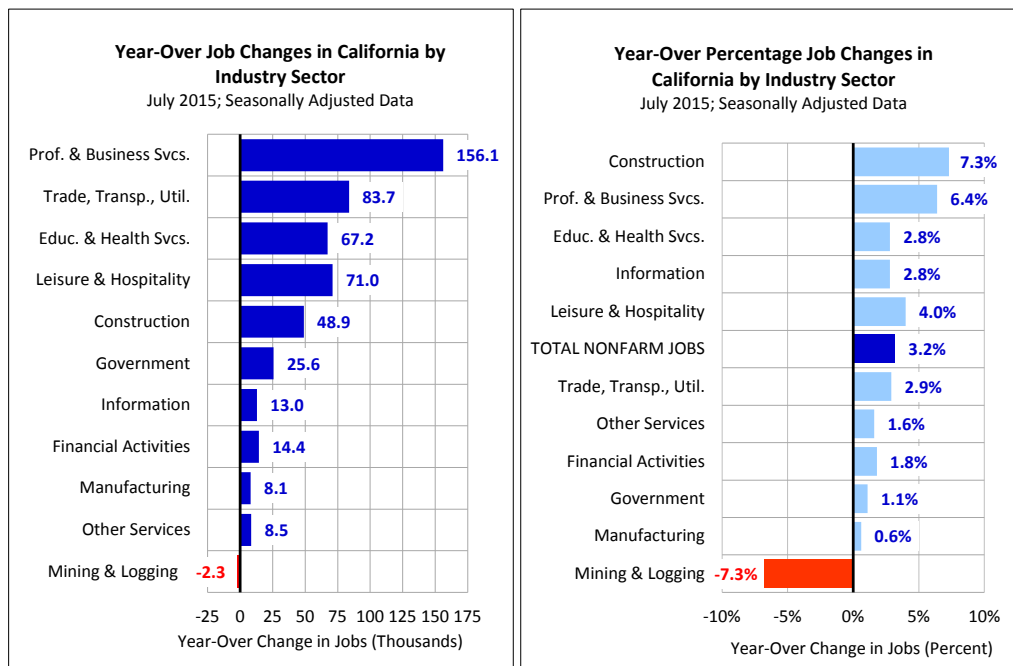
more. The last time California was able to sustain a rate of 2.9 percent rate of year-over job growth for such a long period was from April 1997 through April 2001, when it did so for 46 out of 47 months.

- California gained 2,027,700 nonfarm jobs from the recessionary low point in February 2010 through July 2015, a gain of 14.4 percent. This was the largest job gain in number of any state over this period. Job gains for this period reflect, in part, the boom in oil production that occurred prior to the oil price slump of the last year.
- In February 2014, California recovered the 1,333,000 nonfarm jobs it lost during the July 2007-February 2010 recession. In July 2015, total nonfarm payrolls in the state exceeded the pre-recession peak of 15,454,300 jobs in July 2007 by 694,700 jobs.

## INDUSTRY SECTOR JOBS

- California's nonfarm job growth has been broad-based throughout the economy, with 10 of California's 11 major industry sectors posting year-over job gains in July 2015. As has been true throughout California's recovery and expansion, the largest year-over job gain occurred in the professional and business services industry sector (156,100 jobs), with nearly three-fifths (89,900 jobs) of this gain occurring in the high-skill and high-wage professional, scientific, and technical services subsector. Three additional industry sectors gained more than 50,000 jobs over the last year: trade, transportation, and utilities (83,700 jobs); leisure and hospitality (71,000 jobs); and educational and health services (67,200 jobs). Construction (48,900 jobs), government (25,600 jobs), financial activities (14,400 jobs), and information (13,000 jobs) were the remaining industry sectors that gained more than 10,000 jobs over the last year. Reflecting the effects of lower oil prices, mining and logging was the only industry sector that lost jobs over the year, dropping 2,300 jobs.

### California's job growth is broad-based across the economy.



Source: Employment Development Department

- In percentage terms, construction (7.3 percent) and professional and business services (6.4 percent), and leisure and hospitality (4.0 percent) sectors were the drivers of California's nonfarm job growth over the last year, with all of these sectors experiencing job gains that were much larger than the overall economy's 3.2 percent year-over gain. The trade, transportation, and utilities (2.9 percent), educational and health services (2.8 percent), and information (2.8 percent) sectors had year-over percentage gains that were just below the statewide pace (3.2 percent).

## REGIONAL JOB TRENDS

- The EDD has identified eight distinct regional [economic markets](#) within California, which are shown in the map below.<sup>1</sup>

### California's Economic Markets



- In July 2015, the Southern Economic Market, which includes the Los Angeles Basin, was California's largest region with nonfarm payrolls totaling 7.4 million jobs. The high technology-oriented San Francisco Bay Area Economic Market was the state's second largest region with 3.7 million nonfarm jobs. Nonfarm payrolls totaled over 1.4 million jobs in the Southern Border, in which metropolitan San Diego is the economic nexus, and more than 1.2 million jobs in the San Joaquin Valley. Nonfarm payrolls in the more government-oriented Sacramento Economic Market totaled just below 1.0 million jobs. As a group, these five economic markets accounted for about 92 percent of all California nonfarm jobs in July 2015. In contrast, California's three remaining economic markets were much smaller in size, ranging from the Coastal Market's 522,100 nonfarm jobs to Eastern Sierra's 57,700.

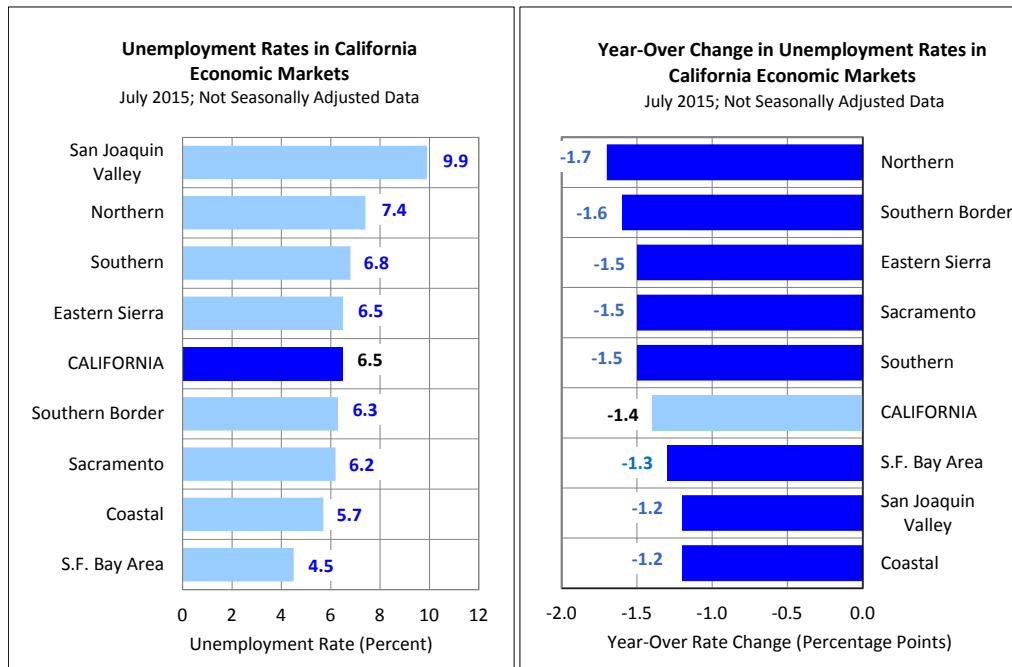
- In July 2015, the economic market with the lowest unemployment rate was the San Francisco Bay Area at 4.5 percent, followed by Coastal at 5.7 percent.<sup>2</sup> In contrast, the San Joaquin Valley and Northern Economic Markets had the highest unemployment rates at 9.9 and 7.4 percent, respectively. The unemployment rates of the remaining four markets

<sup>1</sup> Although San Benito County is part of the Coastal Economic Market, for the purposes of this report it is included in San Francisco Bay Area Economic Market because its jobs are estimated and reported as part of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.

<sup>2</sup> Because regional economic market unemployment and jobs data are not seasonally adjusted, the California data reported in this section are also not seasonally adjusted. Same month comparisons are the most effective way to filter out normal and recurring seasonal patterns of employment when analyzing not seasonally adjusted data.

clustered in the 6.2 to 6.8 percent range. The San Francisco Bay Area's July 2015 unemployment rate was its lowest July unemployment rate since 2000.

**Unemployment is falling everywhere in the state.**

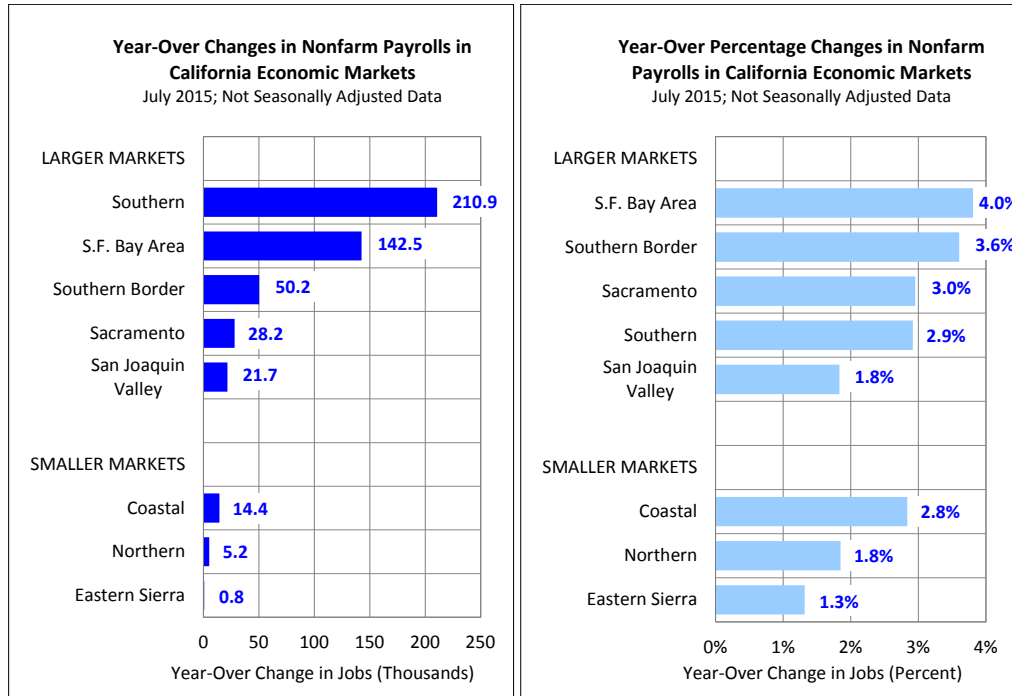


Source: Employment Development Department

- Not seasonally adjusted unemployment rates fell in all California economic markets over the year ending in July 2015. The Northern Economic Market's 1.7 percentage point year-over decline was the largest among the state's economic markets, followed by rate decreases in the Southern Border, Eastern Sierra, Sacramento, and Southern economic markets, each of which experienced a decrease of at least 1.5 percentage point. The San Francisco Bay Area (1.3 percentage point), San Joaquin Valley (1.2 percentage point), and Coastal (1.2 percentage point) economic markets did not quite match the state's 1.4 percentage point decrease in the not seasonally adjusted unemployment rate over the last year.
- Nonfarm payrolls grew in each of California's eight economic markets over the last year. The largest year-over job gain was in the Southern Economic Market (210,900), followed by San Francisco Bay Area (142,500). Four additional economic markets gained more than 10,000 jobs over the year: Southern Border (50,200), Sacramento (28,200), San Joaquin Valley (21,700), and Coastal (14,400) markets.
- As has been the case throughout California's current economic expansion, the San Francisco Bay Area Economic Market experienced the fastest rate of nonfarm job growth over the last year, with a year-over job gain of 4.0 percent. The Southern Border had the second fastest rate of year-over job growth at 3.6 percent, followed by Sacramento (3.0 percent). The slowest year-over job growth occurred in the Northern (1.8 percent), San Joaquin Valley (1.8 percent), and Eastern Sierra (1.3 percent) economic markets.



**All of the state's economic markets are expanding, with the San Francisco Bay Area Market growing the fastest.**



Source: Employment Development Department

- Driven by its high technology and information services industries, including social media, total nonfarm payrolls in San Francisco Bay Area grew by 18.9 percent (592,200 jobs) over the five years ending in July 2015, growing at an average pace of 3.5 percent per year. The Southern (12.4 percent) and Southern Border (12.4 percent) economic markets were tied for the second largest five-year job gains, in terms of percentage growth. Both of these economic markets grew at an average pace of at least 2.4 percent per year, over the five-year period.
- The statewide and regional unemployment and job data show that California's economy has so far been able to withstand and overcome any adverse employment effects from its historic drought. By all accounts, these effects have tended to be localized and borne primarily by farms and farming communities in parts of the Central Valley that have limited groundwater or access to alternative water supplies. California's strong nonfarm economy has helped cushion the drought's effect on the state's overall economy.

\* \* \*

## California Short-Term Industry and Occupational Employment Projections

The EDD produces employment projections that provide an estimate of 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 short-term employment projections.

### Short-Term Industry Employment Projections 2014-2016

The EDD projects a total nonfarm job gain of 732,300 by the second quarter of 2016. All industry sectors are projected to grow between 0.2 and 9.3 percent over the two-year projection period. Combined, nearly two-thirds (63.0 percent) of all projected nonfarm job growth is projected to occur in the professional and business services (27.0 percent); educational services (private), health care, and social assistance (21.0 percent); and leisure and hospitality (15.0 percent) industry sectors.

- The professional and business services industry sector is expected to add the largest number of new jobs from 2014 to 2016, adding 201,000 jobs over the two-year projection period. Forty-five 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 59,600 and 31,600 new jobs, respectively. Computer systems design and related services is also expected to experience strong growth within this industry sector adding 19,600 jobs.
- The educational services (private), health care, and social assistance sector is projected to add 150,500 jobs with a growth rate of 6.3 percent over the two-year projection period. The individual and family services sector is projected to lead job gains by adding 73,300 jobs while growing at an annual rate of 6.8 percent during the period.
- The leisure and hospitality sector is expected to add 109,600 jobs through the projection period. This industry sector is expected to experience a boost due to increases in discretionary consumer spending. Seventy-three percent of the sector's job growth is projected to occur in restaurants and other eating places.

### Short-Term Occupational Employment Projections 2014-2016

California's total employment is projected to increase by 4.5 percent between the second quarter of 2014 and the second quarter of 2016, reaching nearly 17.9 million jobs in the second quarter of 2016. The occupational groups with the most projected growth are food preparation and serving related (87,400), personal care and service (86,500), and office and administrative support (84,300) occupations.

In addition to job opportunities related to growth, workers will be needed to replace workers who are projected to leave the labor force or change jobs. Fifty-one percent of occupations are expected to have more job openings resulting from replacement needs than from new job growth.

Over the 2014-2016 projection period, California is expected to generate a combined total of approximately 1.6 million job openings: 789,500 new jobs from industry growth; and 800,900 jobs due to replacement needs.

The top 50 occupations with the most projected job openings are expected to generate 866,700 total jobs, accounting for 54.0 percent of all openings in California from 2014 to 2016. Of these occupations, 27 have more openings due to replacement needs than new jobs. Food preparation and serving related occupations make up more than 22.0 percent of the occupations on this list.

The 50 fastest-growing occupations are expected to add jobs at a rate of 7.1 percent or higher, compared to the expected overall 4.5 percent growth rate for California over the two-year projection period. These occupations are projected to generate 245,800 new jobs, accounting for 32.0 percent of all new jobs. Construction related occupations dominate the top 10 fastest growing occupations.

The complete [2014-2016 California industry and occupational projections](#) are available online.

## California Jobs in Demand

Several 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 2014-2016), and annual earnings. The source of the online job advertisements is The Conference Board's Help Wanted OnLine™ (HWOL) data series, which compiles, analyzes, and categorizes job advertisements from numerous online job boards, including CalJOBS<sup>SM</sup> (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 <sup>3</sup>	Projected 2014-2016 Job Openings <sup>4</sup>	2015 Median Annual Wage <sup>5</sup>
<b>REQUIRES A BACHELOR'S DEGREE OR HIGHER<sup>6</sup></b>			
Software Developers, Applications	27,593	12,680	\$117,205
Accountants and Auditors	19,336	16,560	\$72,205
Network and Computer Systems Administrators	14,594	3,820	\$86,715
Computer Systems Analysts	13,950	6,700	\$90,730
Medical and Health Services Managers	9,384	2,560	\$118,036
<b>REQUIRES SOME COLLEGE, POSTSECONDARY NON-DEGREE AWARD, OR ASSOCIATE'S DEGREE</b>			
Registered Nurses	33,429	17,680	\$97,818
Web Developers	18,941	3,120	\$76,433
Computer User Support Specialists	15,520	6,340	\$56,579
Medical Assistants	6,690	7,140	\$34,089
Teacher Assistants	6,188	8,620	\$30,358
<b>REQUIRES A HIGH SCHOOL DIPLOMA OR EQUIVALENT OR LESS</b>			
Executive Secretaries and Executive Administrative Assistants	23,383	5,680	\$59,123
Bookkeeping, Accounting, and Auditing Clerks	17,499	11,940	\$41,810
Office Clerks, General	12,935	27,820	\$31,662
Social and Human Service Assistants	11,627	5,320	\$33,968
Medical Secretaries	11,512	5,900	\$36,675

<sup>3</sup> The data from The Conference Board Help Wanted OnLine™ (HWOL) data series reflects California occupations with the highest number of online job advertisements in 120-day period ending August 5, 2015.

<sup>4</sup> For the 2014-2016 period, California's two-year occupational projections are based on employment from the second quarter of 2014 and project to the second quarter of 2016. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force altogether.

<sup>5</sup> EDD/LMID Occupational Employment Statistics; 2015 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 2015 first quarter and do not include self-employed or unpaid family workers.

<sup>6</sup> All of the education levels cited derived from the Bureau of Labor Statistics Education and Training Classification System.

## Toolbox for Job Seekers

For a collection of resources to assist job seekers with job search, career exploration, and training needs, visit the [Toolbox for Job Seekers](#).

## Glossary of Terms

For definitions of terms used in this Briefing, as well as other terms commonly used in connection with employment and labor market information, visit the [Glossary of Terms](#).

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the authorization of the copyright owner.