

*A Labor Day Briefing
for* **California**

September 2016



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 5, 2016.

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
EDD Workforce Services Branch

Spencer Wong, Chief
EDD Labor Market Information Division

A Labor Day Briefing for California

Highlights for 2016

California's unemployment rate decreasing steadily over last 6 years.

- California's unemployment rate fell to a nine-year low of 5.2 percent in May 2016, before rising to 5.5 in July 2016. This was 0.6 percentage point lower than it was in July 2015.
- The number of unemployed Californians fell below one million in May 2016 for the first time since August 2007, but has gone back over one million due to an early summer surge of Californians into the labor market.

California continues to help lead job growth in the U.S.

- California contributed one out of every six jobs that the nation gained over the February 2010-to-July 2016 expansion period.
- With seasonally adjusted nonfarm payrolls totaling nearly 16.5 million jobs, California was home to one out of every nine of the nation's jobs in July 2016.
- California has experienced five years of nearly continuous job growth. The state's 36,400-job gain in July 2016 was its 60th monthly job gain in the last 61 months.
- California gained 374,600 total nonfarm jobs over the 12-month period ending in July 2016. This was the largest year-over job gain of any state in the nation.
- The largest year-over job gains were in educational and health services (87,000), professional and business services (77,800), and leisure and hospitality (65,900).
- Ten of California's 11 major industry sectors contributed to the 2.3 million jobs California gained over the course of the February 2010-to-July 2016 expansion period.

The professional and business services sector is projected to fuel job growth.

- California is expected to generate a total of approximately 1.8 million job openings during the 2015-2017 projection period. The total job openings include new jobs and openings due to replacement needs, led by employment opportunities in the professional and business services, educational and health services, and leisure and hospitality industry sectors.

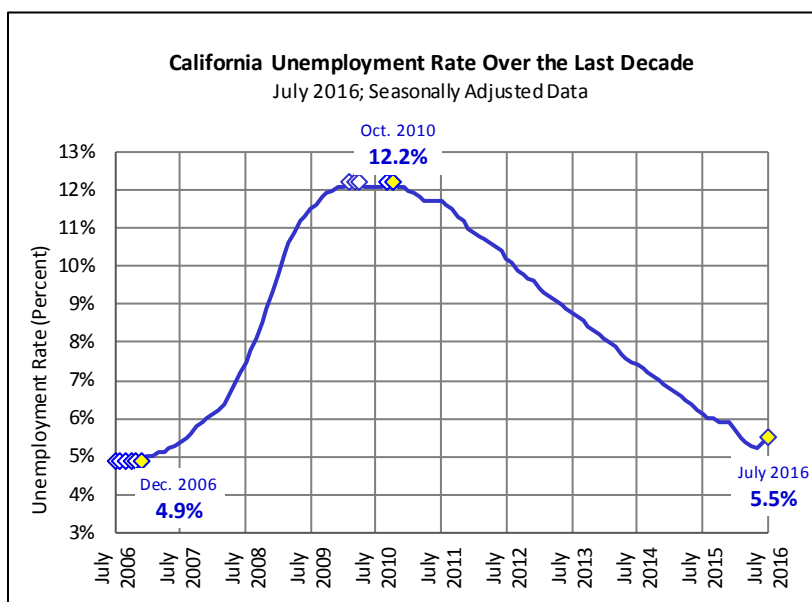
California's Economy Is Strong and Growing

With a population of 39 million people, a labor force of 19.2 million people, and 16.5 million nonfarm payroll jobs in July 2016, California has the largest economy of any state in the nation. It also has one of the nation's best performing economies. As the nation celebrates Labor Day 2016, the Employment Development Department (EDD) announces that labor market conditions in the state are the strongest they have been in the last decade.

UNEMPLOYMENT

- California's unemployment rate has decreased steadily over the last six years, and fell to a nine-year low of 5.2 percent in May 2016. California's rate subsequently rose in each of the next two months to 5.5 percent in July 2016. These increases, which were the only unemployment rate increases the state has experienced since September 2010, did not appear to signal that labor force conditions in the state were weakening. Instead, they reflected a larger than normal surge of Californians entering the labor market in search of summer employment opportunities, that was too large for even California's growing economy to absorb fully.¹ In effect, the unemployment rate rose in June and July because the strong economy attracted a large number of workers into the labor market who had previously been sitting on the sidelines (many of whom were teenagers). California's trend of falling unemployment is expected to resume in the coming back-to-school months when a larger than usual pool of seasonal workers complete their summer term of employment.

Unemployment in California has fallen to a nine-year low.



Source: Employment Development Department

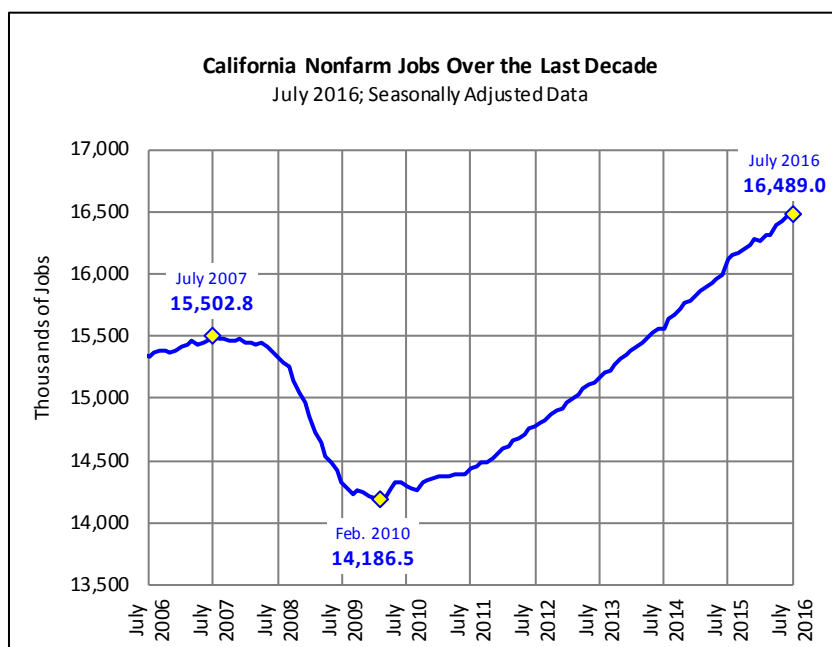
¹ California's labor force typically swells in June and July as the school year ends and summer activities begin. Even though this seasonal swell is statistically filtered out of seasonally adjusted data, California's labor force grew by 85,000 persons in the months of June and July 2016, which was the largest two-month increase in labor force the state has experienced since February and March 2000, a period of more than 16 years. However, civilian employment rose by just 32,000 persons in the months of June and July 2016, resulting in a 53,000-person increase in unemployment and a 0.3 percentage point unemployment rate increase over the two months.

- California's unemployment rate fell by 0.6 percentage point over the 12-month period ending in July 2016. The level of decline in the rate tied California with Delaware, Oregon, and Virginia for the 10th largest year-over unemployment rate decrease among the 50 states and the District of Columbia.
- In October 2010, during the Great Recession, California had the nation's second highest unemployment rate, hitting a record high of 12.2 percent. However, the unemployment rate has improved nearly continuously since then, and in July 2016 was 6.7 percentage points lower than it was at its 12.2 percent peak. Only Michigan and Nevada, whose unemployment rates each fell by 7.2 percentage points, experienced larger unemployment rate decreases than California over the October 2010-July 2016 period. California's rate had improved so much by July 2016 that it was within 0.6 percentage point of the most recent pre-recession low of 4.9 percent in December 2006.
- The number of unemployed Californians fell below one million in May 2016 for the first time since August 2007, before the early summer surge of people into the labor force pushed the number back over one million. There were 1,048,000 unemployed Californians in July 2016. This was nearly 1.2 million persons less than in October 2010, when the number of unemployed Californians peaked at over 2.2 million. In fact, the number of unemployed Californians in July 2016 was just 189,000 persons above the pre-recession low of 859,000 persons in September 2006.

NONFARM PAYROLL JOBS (SEASONALLY ADJUSTED)

- With seasonally adjusted nonfarm payrolls totaling nearly 16.5 million jobs, California was home to one out of every nine of the nation's jobs in July 2016. Texas (12.0 million) had the second largest number of jobs among states followed by New York (9.4 million) and Florida (8.4 million).

California has experienced nearly five years of continuous job growth.



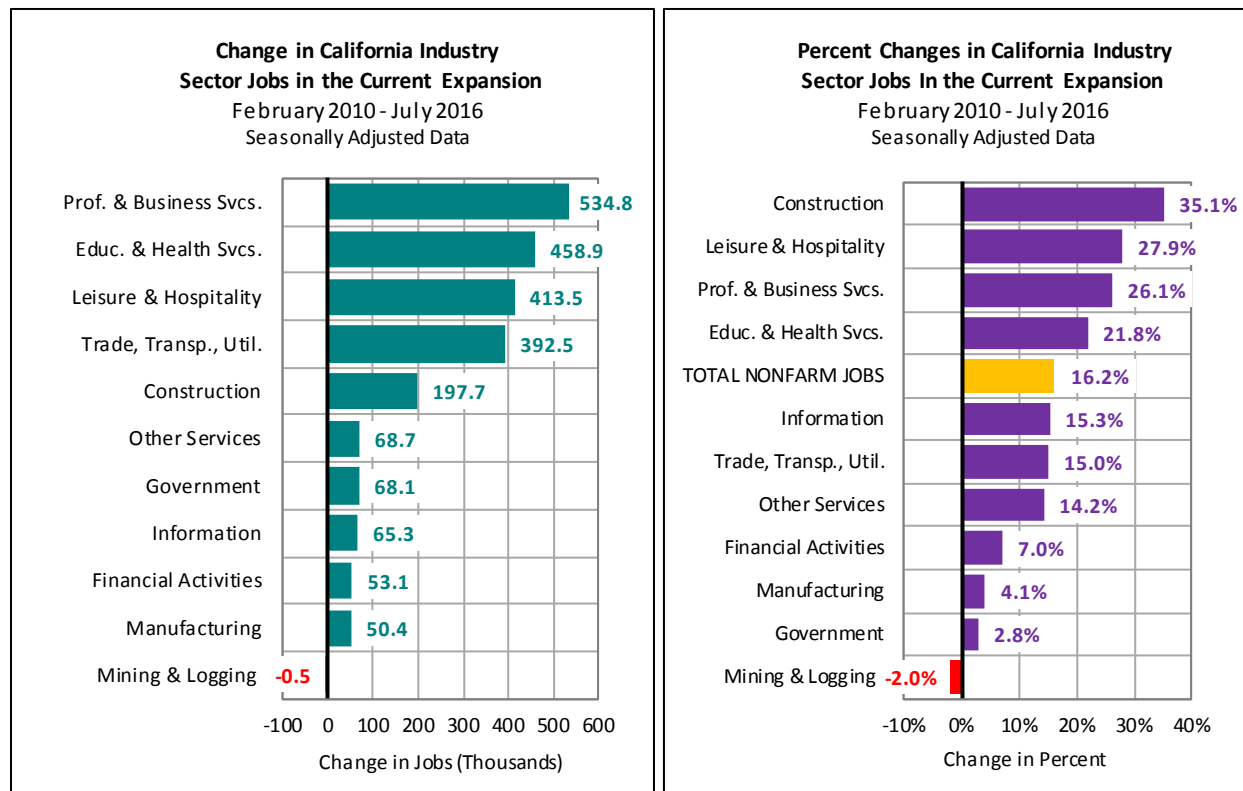
Source: Employment Development Department

- California has experienced five years of nearly continuous job growth. The state's 36,400-job increase in July 2016 was its 60th monthly job gain in the last 61 months. The state added 2.1 million nonfarm jobs over this 61-month period, which was far more than any other state in the nation. Texas (1.5 million) and Florida (1.1 million) were the only other states to gain more than one million jobs over the same period. California's 14.6 percent job gain over the 61 months from June 2011 through July 2016 was fifth largest among the 50 states.
- California gained 374,600 total nonfarm jobs over the 12-month period ending in July 2016. This was the largest year-over job gain of any state in the nation. Florida was a distant second with a year-over gain of 250,200 jobs, followed by Texas (173,000). California nonfarm jobs grew by 2.3 percent over the 12-month period ending in July 2016. This bettered the nation's 1.7 percent year-over job growth rate by 0.6 percentage points and tied with for the 11th fastest rate of job growth among the states.
- The pace of job growth in California has picked up in recent months. California gained 218,900 jobs over the six months ending in July 2016. This accounted for three-fifths of the state's year-over job gains in July 2016. California's six-month job gain nearly equaled the combined gains of the two states with the next largest six-month gains, Florida (123,500) and New York (99,600). California's 1.3 percent job gain over the six-month period ending in July 2016 tied for fifth highest among states.
- California's total nonfarm jobs bottomed out during the recession in February 2010, but have been increasing since. As of July 2016, the state had gained 2,302,500 nonfarm jobs over the course of the 77-month expansion, for an increase of 16.2 percent. U.S. nonfarm jobs also hit their low point in February 2010, and the nation's jobs have increased by 11.3 percent, or 14.7 million jobs from this trough through July 2016. California contributed one out of every six jobs that the nation gained over the February 2010-to-July 2016 expansion period.

INDUSTRY SECTOR JOBS (SEASONALLY ADJUSTED)

- Nearly all of California's 11 major industry sectors contributed to California's job growth over the course of the February 2010-to-July 2016 expansion period, the exception being the tiny mining and logging sector. The plunge in oil prices in recent years negatively affected employment in the mining and logging sector. The industry sectors that gained the most jobs over this period were professional and business services (534,800), which has a high concentration of high-tech, high-wage jobs; educational and health services (458,900); leisure and hospitality (413,500); and trade, transportation, and utilities (392,500). These four sectors combined to contribute nearly four-fifths (78.1 percent) of the 2.3 million jobs that California has gained during the current expansion. Construction has also made an important contribution to California's job growth during the expansion, adding 197,700 jobs. The sector's 35.1 percent job gain from February 2010 through July 2016 was the largest of any sector.

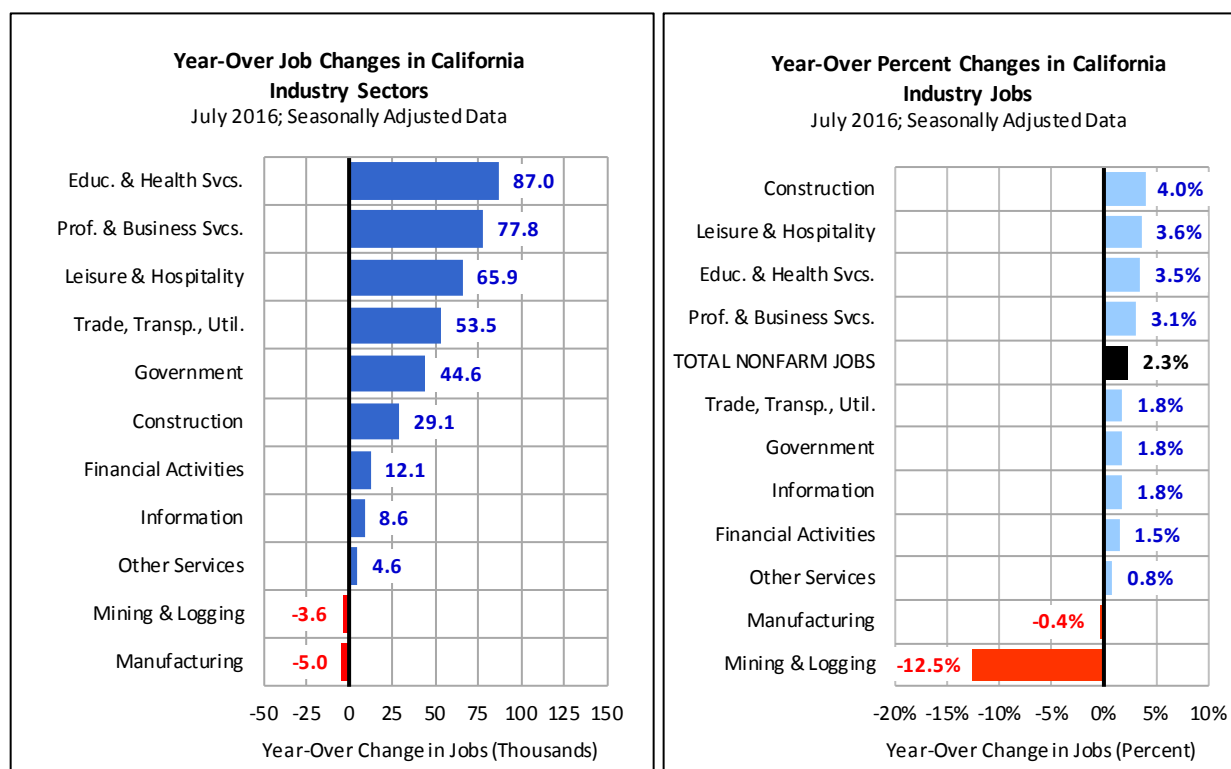
California's job growth has been broad-based across the economy in the current expansion.



Source: Employment Development Department

- More recently, 9 out of California's 11 major industry sectors gained jobs over the 12-month period ending in July 2016. The largest year-over job gains were in educational and health services (87,000), professional and business services (77,800), and leisure and hospitality (65,900). Over three-fifths of the overall jobs that California gained over the last year were in one of these three sectors. Three additional industry sectors added more than 25,000 jobs over the last year: trade, transportation, and utilities (53,500); government (44,600); and construction (29,100). In contrast, manufacturing (-5,000) and mining and logging (-3,600) experienced small year-over job losses over the last year.
- In terms of percentage growth, four industry sectors grew at a faster rate than the overall economy and drove California's job growth over the 12-month period ending in July 2016. They were the industry sectors that have been the drivers of the expansion: construction (4.0 percent), leisure and hospitality (3.6 percent), educational and health services (3.5 percent), and professional and business services (3.1 percent). Four additional industry sectors grew at a respectable pace of more than 1.5 percent or more over the last year, but failed to match the overall economy's 2.3 percent job gain: trade, transportation, and utilities (1.8 percent); government (1.8 percent); information (1.8 percent); and financial activities (1.5 percent). Government emerged as an increasingly important contributor to California's job growth during the last year.

Three-fifths of the jobs created in California over the last year were in the educational and health services, professional and business services, and leisure and hospitality sectors.



Source: Employment Development Department

REGIONAL JOB TRENDS

- The EDD has identified eight distinct economic markets within California for the purposes of regional economic analysis, which are shown in the map below.² It is important to note that unlike the data discussed up to this point, the data in this section are not seasonally adjusted.³
- The Southern Market, which incorporates the Los Angeles Basin, was California's largest economic region in July 2016 with nearly 7.6 million nonfarm jobs. Almost half (46.1 percent) of all of California's jobs were located in this one market.
- The technology-oriented San Francisco Bay Area Market was the state's second largest region with 3.8 million jobs, and accounted for nearly one-quarter (23.4 percent) of the state's jobs.
- Three additional economic markets had more than one million jobs in July 2016: the Southern Border Market (1.5 million), which includes metropolitan San Diego; the more agriculturally-oriented San

² San Benito County is included in San Francisco Bay Area Economic Market instead of Coastal because its jobs are estimated and reported as part of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area.

³ 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 from not seasonally adjusted data. A July 2010 through July 2016 comparison best approximates the economic expansion.

Joaquin Valley Market (1.2 million); and the more government-oriented Sacramento Market (1.0 million).

- Together, the five largest economic markets accounted for more than 9 out of every 10 (92.3 percent) nonfarm jobs in the state in July 2016. California's three remaining economic markets were much smaller in size. Coastal was the largest of these three markets with 534,000 jobs, followed by Northern (292,700), and Eastern Sierra (59,600).

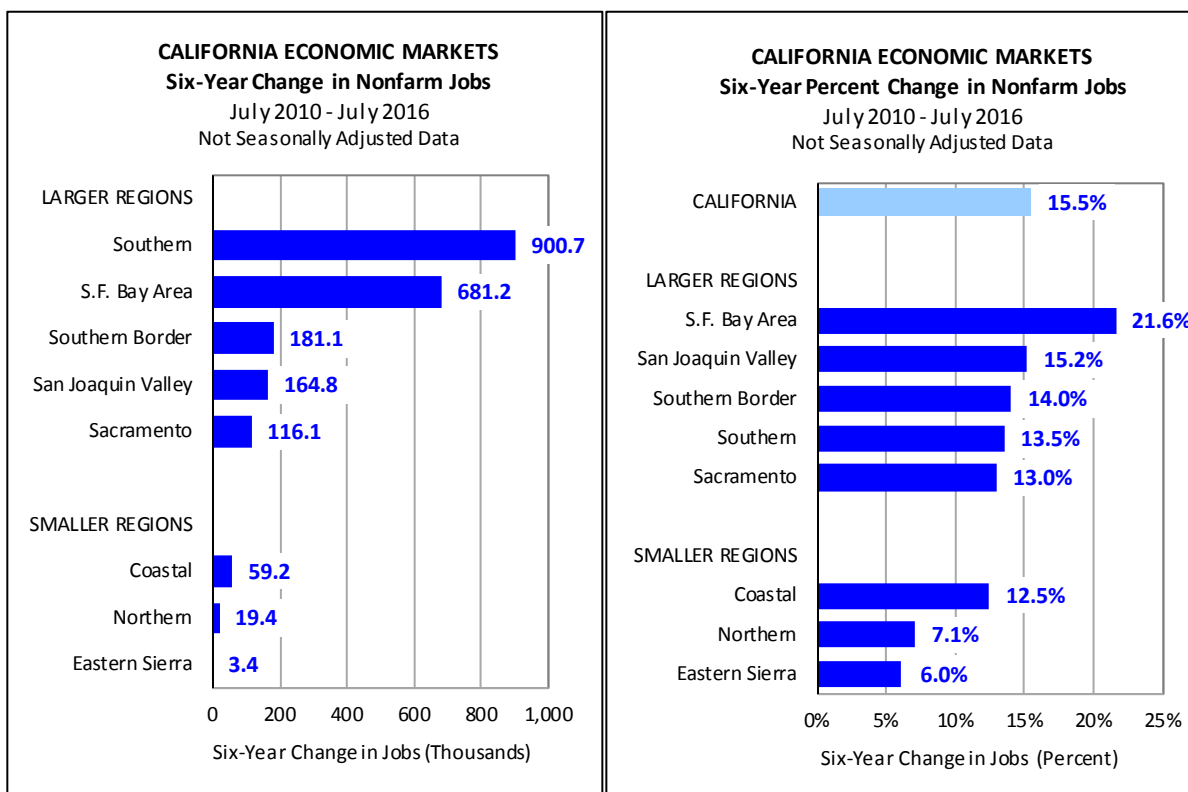
California's Eight Economic Markets



- In July 2016, unemployment rates in California's economic markets ranged from a low of 4.3 percent in the San Francisco Bay Area Market to a high of 9.7 percent in the San Joaquin Valley Market. Unemployment rates have fallen sharply in each of California's eight economic markets over the course of the expansion. The largest unemployment rate decreases from July 2010 through July 2016 occurred in the largest and smallest markets: Southern (-7.2 percentage points) and Eastern Sierra (-7.0 percentage points). The Coastal Market (-4.9 percentage points) had the smallest six-year unemployment rate decrease. The unemployment rate fell by 5.9 percentage points or more in each of California's remaining five markets.
- Although unemployment rates in every California economic market fell over the 12-month period ending in July 2016, the greatest improvement occurred in the Southern Economic Market, whose unemployment rate fell by 1.2 percentage points from 6.8 percent in July 2015, to 5.6 percent in July 2016. The unemployment rate in the Northern, Eastern Sierra, and Southern Border Economic markets each declined by 0.4 percentage point over the year. The San Francisco Bay Area, Sacramento, and San Joaquin Valley markets each experienced year-over rate decreases of 0.3 percentage point, while Coastal (0.2 percentage point) had the smallest year-over rate decrease among markets.

- All of California's eight economic markets experienced job growth from July 2010 through July 2016, but the gains were heavily concentrated in the state's two largest markets: the Southern (900,700) and San Francisco Bay Area (681,200) markets. Gains in the state's six remaining economic markets ranged from a high of 181,100 jobs in Southern Border to just 3,400 jobs in Eastern Sierra.

All of the state's economic markets are expanding, but the fastest growth is occurring in the high technology-oriented San Francisco Bay Area Economic Market.



Source: Employment Development Department

- Although each of California's economic markets added jobs over the course of the expansion, the high technology-oriented San Francisco Bay Area Market has been the driver of the expansion. Not seasonally adjusted, California total nonfarm jobs increased by 15.5 percent, from July 2010 through July 2016. Nonfarm jobs in the San Francisco Bay Area Market grew by 21.6 percent over the same period. In terms of jobs, the Bay Area was the only economic market that grew faster than the state's overall economy over the last six years. In contrast, the slowest job growth occurred in California's most sparsely populated and rural economic markets: Northern (7.1 percent) and Eastern Sierra (6.0 percent). The rate of job growth was solid, if not spectacular, in the state's remaining five markets, with July 2010 through July 2016 job gains ranging from 13.0 percent in Sacramento to 15.2 percent in San Joaquin Valley.
- Job growth in California's economic markets became more dispersed over the 12-month period ending in July 2016 than it was previously. Not seasonally adjusted, California total nonfarm jobs grew by 2.4 percent over the year. The fastest rate of growth occurred in the San Joaquin Valley Market (3.0 percent). The San Francisco Bay Area Market (2.8 percent) was the only other economic market that grew faster than the overall pace of growth by the state's workforce. The slowest rate of year-over job growth was in the Northern Economic Market (1.5 percent). Year-over

job growth in California's five remaining economic markets clustered in the 2.0 to 2.1 percent range. Notably, the gap in year-over job growth between the fastest and slowest growing economic markets, San Joaquin Valley and Northern, narrowed to 1.5 percentage point in July 2016. One year previously in July 2015, San Francisco Bay Area (4.3 percent) had the fastest rate of year-over job growth and Northern (2.1 percent) had the slowest, a gap of 2.2 percentage points.

Regional Planning Units (2016)

- The State's overall economy consists of a collection of regional economies, each having their own characteristics. Since 2013, the EDD has used labor data to identify eight distinct regional Economic Markets based on the prevalent industries, population, and commute patterns. Labor information about these markets is included in this Briefing.
- In support of the 2014 Workforce Innovation and Opportunity Act, California is transitioning from the 8 regional Economic Markets into 14 Regional Planning Units. This further breakdown of local data will help government work with employers to identify specific workforce needs in each region, and how job seekers can best obtain the skills they need and businesses obtain the skilled employees they need to succeed.
- As a result, the EDD is providing information about top in-demand middle-skill occupations in these new 14 regions to highlight the opportunities that are developing in each area.
- These 14 top in-demand job lists by region are found on the [EDD's Labor Day feature](#) web page.

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 that result 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 2015-2017

The EDD projects a statewide total nonfarm job gain of 935,900 by the second quarter of 2017. Twelve of 13 industry sectors are projected to grow between 1.4 and 14.8 percent over the two-year projection period. More than half (57 percent) of all projected nonfarm job growth is in the professional and business services; educational services (private), health care, and social assistance; and leisure and hospitality industry sectors.

- The largest number of new jobs is expected in the professional and business services industry sector, with a gain of 220,700 jobs. Forty-two percent of the growth is expected to be concentrated in the employment services subsector and the computer systems design and related services subsector, which are projected to generate 57,300 and 36,400 jobs, respectively. Management, scientific, and technical consulting services is also expected to experience strong growth within this industry sector, adding 33,400 jobs.
- The educational services (private), health care, and social assistance sector is projected to add 184,900 jobs with a growth rate of 7.4 percent over the two-year projection period. Individual and family services is projected to lead job gains by adding 50,000 jobs while growing at an annual rate of 8.7 percent.
- The leisure and hospitality sector is expected to add 129,400 jobs through the projection period. This industry sector is expected to experience a boost due to increases in discretionary spending. Eighty-five percent of the sector's job growth is projected to be in limited-service eating places and full-service restaurants.

Short-Term Occupational Employment Projections 2015-2017

California's total employment is projected to increase by 5.7 percent between the second quarter of 2015 and the second quarter of 2017, reaching more than 18.7 million jobs in the second quarter of 2017. The occupational groups with the most growth are food preparation and serving related (116,000), office and administrative support (111,800), and construction and extraction (91,400).

In addition to job growth, workers will be needed to replace those who have left the labor force or have changed jobs. Job vacancies due to turnover will account for 44.7 percent of all job openings projected for this two-year period.

For the 2015-2017 projection period, California is expected to generate a combined total of approximately 1.84 million job openings:

- 1,017,600 new jobs from industry growth
- 821,980 jobs due to replacement needs

The top 50 occupations with the most job openings are expected to generate 969,480 total jobs, accounting for 53 percent of all openings in California. Of these occupations, 33 have more openings due to job growth than replacement needs. Food preparation and serving-related occupations make up 22 percent of the occupations on this list.

The 50 fastest-growing occupations are expected to add jobs at a rate of 8.7 percent or higher, compared to the expected overall 5.7 percent growth rate for California. These occupations are predicted to generate 260,100 new jobs, which accounts for 26 percent of all new jobs. Construction related occupations dominate the top 10 fastest growing occupations.

The complete [2015-2017 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 2015-2017), 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 3, 2016 ⁴	Projected 2015-2017 Job Openings ⁵	2016 Median Annual Wage ⁶
REQUIRES A BACHELOR'S DEGREE OR HIGHER			
Registered Nurses	39,418	25,980	\$101,855
Accountants and Auditors	16,263	20,420	\$74,745
Software Developers, Applications	25,027	17,100	\$121,475
Management Analysts	9,100	11,660	\$85,644
Software Developers, Systems Software	3,474	9,640	\$125,949
REQUIRES SOME COLLEGE, POSTSECONDARY NON-DEGREE AWARD, OR ASSOCIATE'S DEGREE			
Teacher Assistants	6,023	11,900	\$31,064
Medical Assistants	6,135	11,800	\$34,518
Bookkeeping, Accounting, and Auditing Clerks	15,048	9,720	\$43,615
Licensed Practical and Licensed Vocational Nurses	7,872	7,300	\$52,743
Computer User Support Specialists	13,122	7,040	\$58,557
REQUIRES A HIGH SCHOOL DIPLOMA OR EQUIVALENT OR LESS			
Office Clerks, General	10,585	34,720	\$33,586
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	10,984	16,960	\$39,235
Medical Secretaries	10,212	7,800	\$38,150
Billing and Posting Clerks	1,466	6,160	\$38,243
Social and Human Service Assistants	10,062	4,860	\$36,593

⁴ The data from The Conference Board Help Wanted OnLine™ (HWOL) data series reflects California occupations with the highest number of online job advertisements in the 120-day period ending August 3, 2016.

⁵ For the 2015-2017 period, California's two-year occupational projections are based on employment from the second quarter of 2015 and project to the second quarter of 2017. 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.

⁶ EDD/LMID Occupational Employment Statistics; 2016 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 2016 first quarter and do not include self-employed or unpaid family workers.

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.