

A Labor Day Briefing
for **California**

September 2017



**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 4, 2017.

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

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Highlights for 2017

California's unemployment rate is hovering at a historically low level.

- California's unemployment rate fell from a record high of 12.2 percent at the height of the most recent recession to a low of 4.8 percent in July 2017.
- Between the start of California's economic expansion in February 2010 and through the most recent data of July 2017, the number of unemployed persons had declined from 2.2 million to 925,000. This equates to a 58.3 percent drop in the number of unemployed persons over this period of time.

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

- California was home to one out of every nine jobs in the nation in July 2017.
- Between July 2016 and July 2017, the number of nonfarm payroll jobs increased by 1.7 percent, a rate higher than that of the nation on the whole (1.5 percent).
- California's economy has experienced nearly continuous job growth over the past 89 months (February 2010-July 2017), creating 2.6 million jobs over that period.
- A majority of these new jobs derived from the state's professional and business services (516,100); educational and health services (508,700); leisure and hospitality (467,600); and trade, transportation, and utilities (405,200) industry sectors.

Job projections in California

- California is expected to generate a combined total of approximately 1.6 million job openings during the 2016-2018 projection period (April 2016 to June 2018), including new jobs and replacement needs. The projected growth will be led by employment opportunities in the educational and health services, professional and business services, and leisure and hospitality industry sectors.

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California's Labor Market Has Achieved Full Employment

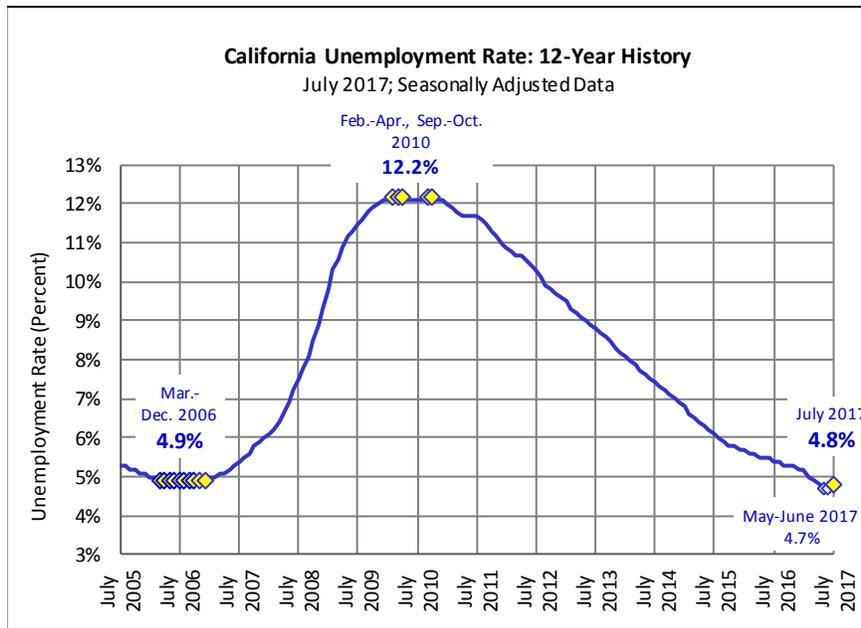
With the state unemployment rate hovering at a historic low and nonfarm job gains totaling 2.6 million over the course of the ongoing 89-month economic expansion, the California Employment Development Department (EDD) is pleased to announce on this Labor Day in 2017 that California's labor market has achieved full employment. This is a term used by economists to describe an economy operating at full capacity and a healthy labor market in which total labor supply and demand are in balance.

UNEMPLOYMENT

Unemployment in California is at or very near a historic low.

- After tying its record low of 4.7 percent in May and June in an official data series dating back to the beginning of 1976, California's unemployment rate ticked up slightly to 4.8 percent in July 2017.¹ Demonstrating the length and strength of the current expansion, California's unemployment rate has fallen from a record high of 12.2 percent at the height of the recession in 2010 to a record-tying low in 2017. Even after the small July 2017 increase, California's unemployment rate remained lower than it was at any point since entering the recession.

Figure 1



Source: Employment Development Department

- The number of unemployed Californians stood at 925,000 persons in July 2017 and even dipped below 900,000 persons in May. In sharp contrast, the number of unemployed Californians climbed as high as 2,231,000 persons during the recession. From the high point in October 2010 through July 2017, the number of unemployed Californians fell by 1.3 million people.

¹ The only other time California's unemployment rate fell as low as 4.7 percent was in November and December 2000.

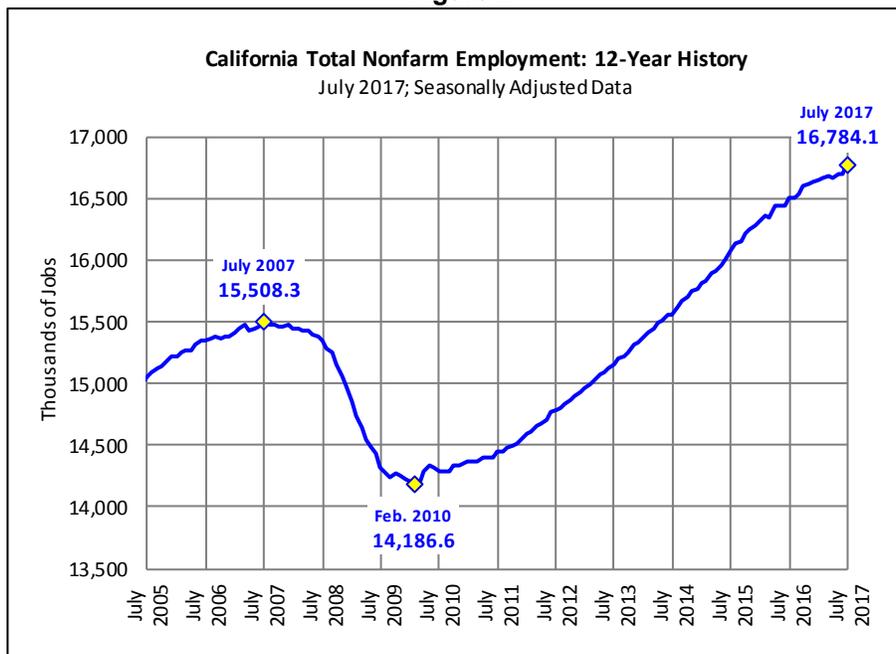
- Despite there being a much larger population of working-age Californians in July 2017 than there was when unemployment reached its pre-recession low in September 2006, just 66,000 more Californians were unemployed in July 2017 than in September 2006.
- While full employment does not imply that all workers have found the type of work or hours they want, it does imply that, for all intents and purposes, anyone with basic skills who wants to work should be able to find opportunities to do so in the current labor market. In other words, labor market conditions in California this Labor Day are more favorable than they have been for more than a decade for people entering or re-entering the labor market, and for workers who are employed but who wish to pursue a different career path.

NONFARM PAYROLL JOBS (SEASONALLY ADJUSTED)

With a strong July job gain, California's economy has created 2.6 million new nonfarm jobs since early 2010.

- After being bottled up in previous months, job growth in California roared back to life in July 2017 with an 82,600 job gain. This gain boosted total nonfarm employment in the state to nearly 16.8 million jobs, which was far and away the most jobs of any state in the nation. One out of every nine of the nation's jobs was located in California in July 2017.

Figure 2



- California has experienced seven-and-a-half years (89 months) of nearly continuous job growth. From the recessionary low in February 2010 through July 2017, the California economy created 2.6 million new jobs. The national economy, whose current employment expansion began at the same time as California's, created 16.9 million new jobs over this same period. California contributed one out of every 6.5 jobs of the nation's job gain.

- California gained 276,300 total nonfarm jobs over the 12-month period ending in July 2017, and grew at a 1.7 percent rate over the period. This was a faster rate of year-over job growth than in the nation as a whole, which had a 1.5 percent year-over job gain in July.
- While California continued to enjoy solid year-over growth in July 2017, its pace of job growth was slower than in previous years. Over the five-year period from July 2011 through July 2016, California gained an average of 411,500 jobs per year and grew at an average annual pace of 2.8 percent. However, the slowdown in job growth over the last year is consistent with an economy operating at full employment.

INDUSTRY SECTOR JOBS (SEASONALLY ADJUSTED)

- With the exception of the tiny mining and logging sector, all major California industry sectors contributed jobs to California's 2.6 million job gain over the course of the February 2010 to July 2017 expansion. The industry sectors that gained the most jobs over this period were professional and business services (516,100); educational and health services (508,700); leisure and hospitality (467,600); and trade, transportation, and utilities (405,200). Three additional industry sectors contributed more than 100,000 jobs to the state's employment expansion: construction (263,300), government (124,000), and information (103,400).
- The fastest growing industries on a percentage basis since the start of the expansion have been construction, which had a 46.7 percent job increase, followed by leisure and hospitality (31.6 percent), professional and business services (25.3 percent), information (24.3 percent), and educational and health services (24.1 percent).
- Over the last year, California has continued to enjoy broad-based industry job growth with nine sectors gaining jobs and only two losing jobs. But the job-growth leaders have changed somewhat since the early part of the expansion. Educational and health services (72,900) gained the most jobs of any sector over the last year, followed by leisure and hospitality (52,600), construction (51,000), and government (48,900) jobs. In contrast, manufacturing lost 14,100 jobs over the last year and mining and logging lost 1,400 jobs.
- As befits a full employment economy which must expand in part by adding capacity, construction was the fastest growing industry on a percentage basis over the last year. Its 6.6 percent year-over job gain was more than twice that of other services (3.2 percent), which was the state's second fastest growing industry. Educational and health services (2.9 percent), leisure and hospitality (2.8 percent), and government (1.9 percent) were the other industry sectors which bettered the overall economy's 1.7 percent rate of year-over job growth.
- As is typical in a full employment economy, California's pace of job growth slowed over the last year. While two California industry sectors, government and other services, grew at a faster pace than they did in prior years, construction grew at a comparable pace, and eight California industry sectors grew at a slower pace.
- The fact that most industry sectors grew at a slower pace over the last year than they did in prior years is consistent with a full employment economy. In contrast, a slowdown isolated in one or two industry sectors would have signaled developing weakness within the economy.

Figure 3

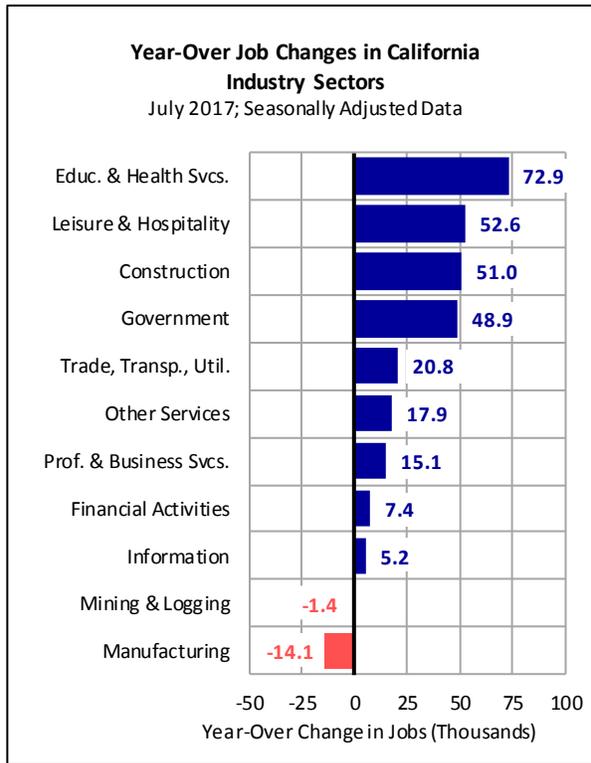
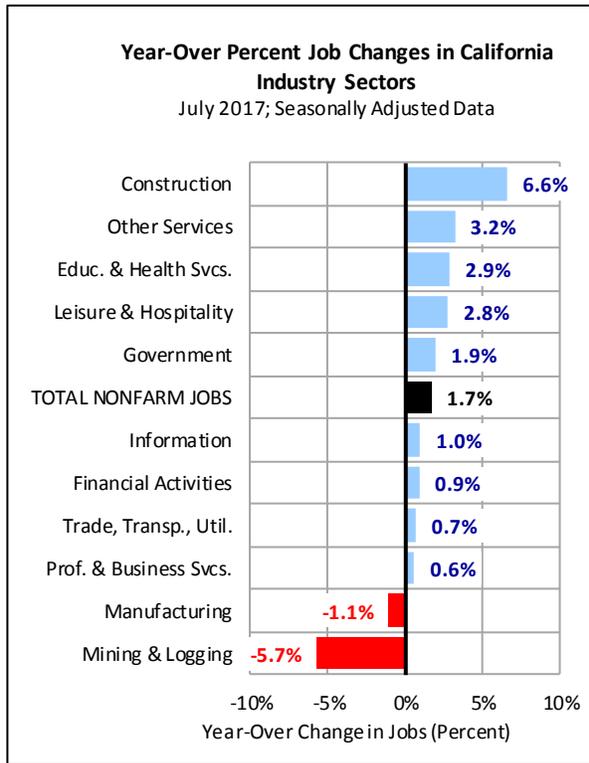


Figure 4



Source: Employment Development Department

- While California’s dynamic high technology and social media sector (professional and business services, information, and manufacturing) initially drove the state’s recovery from recession and during most of the expansion, it could no longer sustain its blistering pace of job growth over the last year. Still it continued to grow and contribute jobs to California’s economy.

REGIONAL TRENDS (NOT SEASONALLY ADJUSTED DATA)

Unemployment rates were at a 10-year July low in every region of California.

- For regional economic analysis purposes, the EDD divides California into 14 regions, which are shown in the map below. The regional definitions are the same as those used by the state workforce development system for strategic planning purposes. The regions vary greatly in size. The state's largest region, Los Angeles Basin, had a labor force of 5.2 million people in July 2017. The state's smallest region, Humboldt, had a labor force that totaled just 61,000 people.

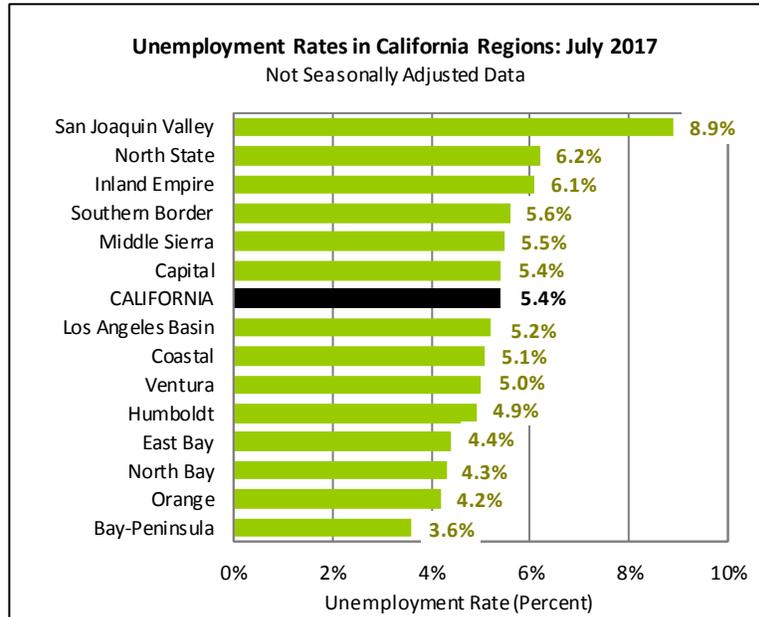
Figure 5



Source: Employment Development Department

- Unemployment rates in California's 14 regions ranged from a high of 8.9 percent in San Joaquin Valley to a low of 3.6 percent in Bay-Peninsula in July 2017. In every region of the state, unemployment rates in July 2017 were the lowest they have been in the month of July for the last 10 years. The July 2017 unemployment rates in Bay-Peninsula, East Bay, North Bay, and North State were the lowest of any July since either 2000 or 2001, or the latter stages of California's 1993-2001 economic expansion. Los Angeles Basin and Humboldt had their lowest July unemployment rates on record in a data series extending back to the beginning of 1990.

Figure 6



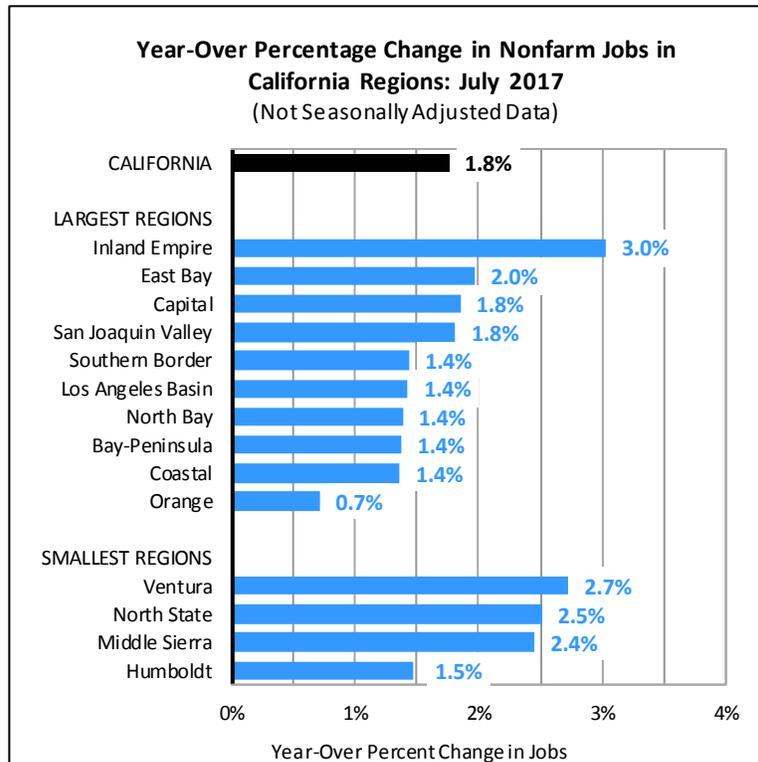
Source: Employment Development Department

The Bay-Peninsula, home to the Silicon Valley, leads all regions with the fastest job growth of the expansion.

- The Bay-Peninsula Region, which is the home of Silicon Valley, has experienced the fastest job growth of any region in the state over the course of the current expansion, highlighting the crucial role the high technology and social media sector plays in the state’s economy. From July 2010 through July 2017, the period of time that best approximates the length of the current expansion when using not seasonally adjusted data, total nonfarm employment in the region grew by 27.6 percent, or 475,800 jobs.²
- Inland Empire (25.5 percent) had the second largest percentage job gain over this period, and East Bay (20.7 percent) had the third largest gain. These were the only California regions that experienced faster job growth than the economy-wide average of 17.5 percent over the seven years ending in July 2017.
- Although Los Angeles Basin added more jobs (520,100) than any other region of the state over this seven-year period, its 13.4 percent gain lagged behind that of the state as a whole. The state’s four smallest regions – North State, Ventura, Middle Sierra, and Humboldt – had the weakest job growth among all regions over the seven-year period, although each added jobs over the period.
- The pattern of regional job growth changed over the 12 months ending in July 2017. Although every region of the state experienced job growth over the last year, Inland Empire (3.0 percent) had the strongest growth of any region, followed by Ventura (2.7 percent), North State (2.5 percent), and Middle Sierra (2.4 percent). Bay-Peninsula’s 1.4 percent year-over job gain ranked just ninth among regions. Orange (0.7 percent) had the weakest gain of any region.

² The only way to control for recurring seasonal employment patterns when analyzing not seasonally adjusted data is to compare like months of the year. After seasonality has been removed from the data series via the seasonal adjustment process, any two months of the calendar year can be compared.

Figure 7



Source: Employment Development Department

- While job growth slowed during the last year in regions that achieved or that are approaching full employment, it strengthened in those regions that have had slower job growth than other regions over the course of the entire expansion. Every region of the state was enjoying the fruits of California's strong economy in July 2017.

OUTLOOK

- Seven-and-a-half years into the current economic expansion, California continues to experience broad-based industry and regional job growth. However, the pace of job growth slowed over the last year as the economy as a whole achieved full employment. There are no hard and fast rules as to how long an economy can remain at full employment other than it can do so until the economy falls out of balance, which is a process that can take many months. Fortunately, no such imbalance appears to be developing in either the California or national economies. Barring unforeseen events or an unexpected shock, California's economy and labor markets should continue to grow at a moderate pace over the next year.

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.

[Industry Employment Projections 2016-2018](#)

The EDD projects a statewide total employment increase of 707,400 jobs by June 2018, which includes new jobs created and replacement jobs. Nine of the state's 11 industry sectors are projected to grow between 2.6 and 7.3 percent. Fifty-six percent of the total projected nonfarm job growth is in three industry sectors: educational and health services; professional and business services; and leisure and hospitality.

- The largest number of new jobs is expected in the educational and health services industry sector, with a gain of 134,000 jobs and a growth rate of 5.3 percent. Within this sector, the ambulatory health care services subsector is projected to post the largest gains with 50,000 jobs.
- The professional and business services industry sector is projected to gain 123,400 jobs with a growth rate of 4.8 percent. Recording the biggest gains will be the administrative and support services subsector, which is projected to add 48,400 jobs.
- The leisure and hospitality industry sector is expected to add 111,500 jobs with a growth rate of 5.8 percent. Seventy-five percent of the industry's job growth is projected to be in the food services and drinking places subsector – a gain of 83,100 jobs.

[Occupational Employment Projections 2016-2018](#)

California's total employment is projected to increase by 3.9 percent between the second quarter of 2016 and the second quarter of 2018, reaching nearly 18.8 million jobs. The occupational groups with the most growth are food preparation and serving related (86,100), office and administrative support (74,800), and sales and related (50,500) occupations.

In addition to job growth, workers will be needed to replace those who have left the labor force or who have changed jobs. California is expected to generate a combined total of more than 1.6 million job openings, with replacements (54.0 percent) comprising a little more than half of this total.

The top 50 occupations with the most job openings are expected to generate 835,400 total jobs, accounting for 53 percent of all openings in California. Of these occupations, 31 have more openings due to replacement needs than job growth. The 50 fastest-growing occupations are expected to add jobs at a rate of 6.0 percent or higher, compared to the expected overall 3.9 percent growth rate for California. These occupations are projected to generate 145,900 new jobs, which accounts for 21 percent of job growth.

The [2016-2018 California industry and occupational employment projections](#) are available online.

California Jobs in Demand

The following table lists examples of occupations utilized by various industries where job demand is expected to grow. Occupations were selected based on jobs with the most projected job openings (California short-term occupational projections 2016-2018), annual earnings, and online job advertisements. 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 more. The online job advertisements were extracted from The Conference Board Help Wanted OnLine™ data series, which compiles, analyzes, and categorizes job advertisements from numerous online job boards, including [CalJOBSSM](#), California’s online job listing system.

Figure 8

Occupation	Projected 2016-2018 Job Openings ³	2017 Median Annual Wage ⁴	Job Ads in Last 120 Days ending August 8, 2017 ⁵
REQUIRES A BACHELOR’S DEGREE OR HIGHER			
Registered Nurses	26,000	\$101,730	27,762
Accountants and Auditors	16,000	\$75,685	15,983
Elementary School Teachers, Except Special Education	14,100	\$75,067	4,370
Software Developers, Applications	14,100	\$119,714	25,612
Management Analysts	8,900	\$83,716	10,406
REQUIRES SOME COLLEGE, POSTSECONDARY NON-DEGREE AWARD, OR ASSOCIATE’S DEGREE			
Teacher Assistants	14,100	\$31,949	5,798
Heavy and Tractor-Trailer Truck Drivers	11,300	\$44,445	21,307
Medical Assistants	9,000	\$35,581	5,353
Nursing Assistants	8,400	\$31,102	2,547
Automotive Service Technicians and Mechanics	8,000	\$44,241	6,167
REQUIRES A HIGH SCHOOL DIPLOMA OR EQUIVALENT OR LESS			
Office Clerks, General	26,000	\$33,502	8,682
Customer Service Representatives	17,800	\$37,893	17,369
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	12,600	\$40,303	10,284
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	11,200	\$55,990	7,601
Shipping, Receiving, and Traffic Clerks	6,700	\$31,960	2,488

³ For the 2016-2018 period, California’s two-year occupational projections are based on employment from the second quarter of 2016 (April) and project to the second quarter of 2018 (June). 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.

⁴ EDD/LMID Occupational Employment Statistics; 2017 Wages reflect California median annual wage. Median is the point at which half of workers earn more and half earn less. The wages are from the 2017 first quarter and do not include self-employed or unpaid family workers.

⁵ The data from The Conference Board Help Wanted OnLine™ data series reflects California occupations with the highest number of online job advertisements in the 120-day period ending August 8, 2017.

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](#).

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