

A Labor Day Briefing
for **California**

September 2018



**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 3, 2018.

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

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A Labor Day Briefing for California

Highlights for 2018

California's long employment expansion continues, pushing unemployment to a historic low.

- California's seasonally adjusted unemployment rate stood at 4.2 percent for the fourth consecutive month in July 2018.
- Since peaking at over 2.2 million persons in October 2010, California civilian unemployment has fallen sharply and continuously since.

California has enjoyed broad-based industry sector job growth over the course of its employment expansion, including the last year.

- Ten of California's 11 major industry sectors contributed to California's economy with nearly a three million job gain from February 2010 through July 2018.
- Three California industry sectors added more than 500,000 jobs from the February 2010 through July 2018 period: educational and health services (609,100), professional and business services (590,700), and leisure and hospitality (525,800).
- Although every California major industry sector but mining and logging has contributed jobs to California's employment expansion, some have grown at a faster pace than others, including educational services (private), health care and social assistance, along with construction, and leisure and hospitality sectors.

Job projections in California.

- California's total employment is projected to increase by 3.4 percent between April 2017 and June 2019, reaching nearly 19.1 million jobs. The occupational groups with the most growth are construction and extraction (65,900), food preparation and serving related (63,300), and personal care and service (55,300) occupations.

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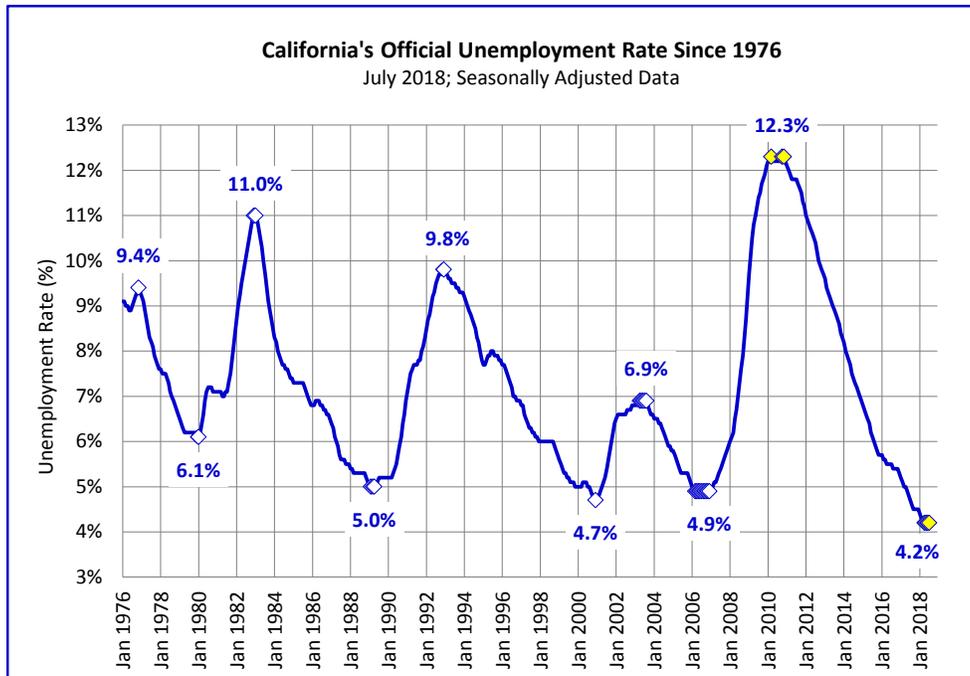
California's Employment Continues, Unemployment at a Historic Low

As the nation commemorates this Labor Day in 2018, the California Employment Development Department (EDD) is pleased to report that conditions in California's labor market remain very strong. Not only has the California economy added nearly 3.0 million nonfarm jobs over the course of its ongoing 101-month employment expansion, but the unemployment rate has fallen to a record low.

UNEMPLOYMENT

California's seasonally adjusted unemployment rate stood at 4.2 percent for the fourth consecutive month in July 2018. This is the lowest unemployment rate the state has recorded in the official data series that dates back to the beginning of 1976, and 0.5 percent lower than the previous low of 4.7 percent in December 2000. Over the course of the ongoing expansion, California's unemployment rate has fallen from a record high of 12.3 percent that occurred in several months in 2010 when the state was grappling with the full effects of the Great Recession, to its current and unprecedented low of 4.2 percent.

Figure 1



Source: Employment Development Department

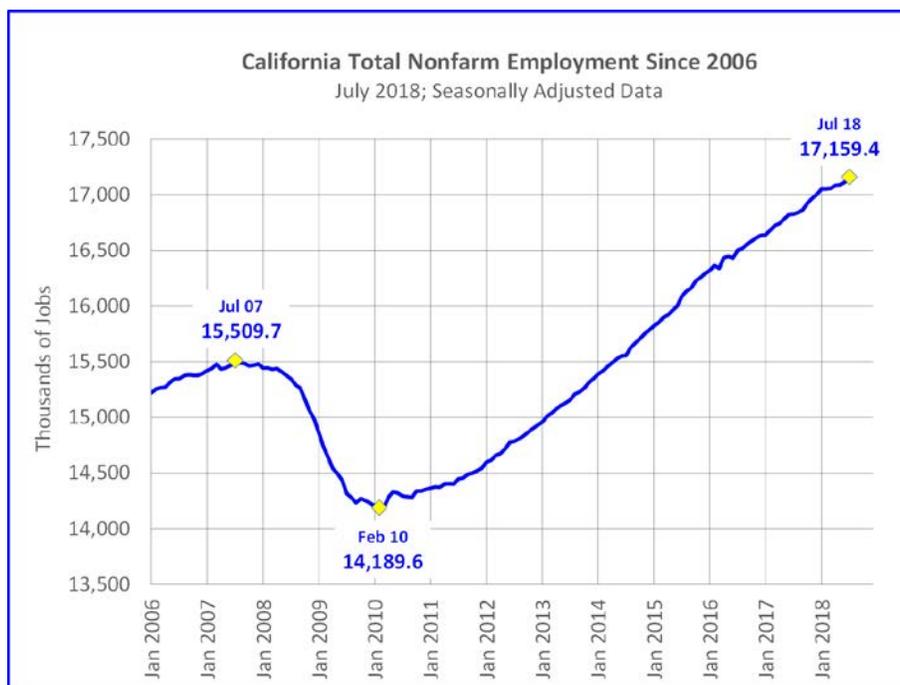
California civilian unemployment has fallen sharply and continuously since peaking at over 2.2 million persons in October 2010. There were 807,000 unemployed Californians in July 2018, which was the lowest number of unemployed the state has had since April 1990. The trend of falling unemployment in California shows no signs of abating. Year-over, the number of unemployed Californians fell by 104,000 persons, or 11.4 percent, in July 2018.

TOTAL NONFARM EMPLOYMENT (SEASONALLY ADJUSTED)

California's economy has added nearly three million nonfarm jobs over the last eight-and-a-half years.

- Job growth in California continued to chug along in July 2018, as it has almost continuously for the last eight-and-a-half years. The state added 46,700 jobs in July 2018, boosting total nonfarm employment in California to nearly 17.2 million jobs. This was the state's 25th consecutive month of job growth and its 83rd job gain in the last 85 months.

Figure 2



Source: Employment Development Department

- California's employment expansion turned 101 months old (one month shy of eight-and-a-half years) in July 2018. California's economy has grown by 2,969,800 nonfarm jobs, or by 20.9 percent, since hitting rock bottom in February 2010. The state has gained more than twice as many jobs in the current expansion than it lost during the Great Recession.
- California's dynamic job growth over the last eight-and-a-half years has been a key contributor to economic growth of the nation. The nation's employment expansion also began in February 2010 and its job gains during the expansion totaled 19.4 million nonfarm jobs in July 2018. California contributed one out of every 6.5 jobs to this gain. California has added more jobs than any state in the nation over the last 101 months. Its 20.9 percent job gain over this period improved the nation's 15.0 percent gain over the same period and ranked 8th highest among the 50 states.
- Over the year, California added 332,700 nonfarm jobs in July 2018, an increase of 2.0 percent. This was the 74th time in the last 75 months that California has sustained a year-over job gains of more than 300,000 jobs. As has consistently been the case over most of the last six-and-a-half years, California's pace of year-over job growth in July 2018 was stronger than the nation as a whole, which grew by 1.6 percent.

- Although California's pace of year-over job growth in July 2018 was off the pace of earlier stages of the expansion when year-over job growth peaked at 3.4 percent in July 2015, this would be expected in an economy that is operating at full capacity and has record low unemployment. Even though the pace of nonfarm job growth has moderated in recent years, California's 2.0 percent year-over job gain in July 2018 ranked 11th highest among the 50 states. Texas, whose economy received a large boost from its energy sector, was the only state that had a larger year-over job gain than California in July 2018.

INDUSTRY SECTOR TRENDS (SEASONALLY ADJUSTED)

California has enjoyed broad-based industry sector job growth over the course of its employment expansion, including the last year.

- California's job gains over the course of the employment expansion have been broad-based across industry sectors. Ten of California's 11 major industry sectors contributed jobs to California's economy with nearly a three million job gain from February 2010 through July 2018. Only the tiny mining and logging sector incurred a small job loss over this period.¹
- Three California industry sectors added more than 500,000 jobs from February 2010 through July 2018 period: educational and health services (609,100), professional and business services (590,700), and leisure and hospitality (525,800). Trade, transportation, and utilities was close behind, adding 476,300 jobs. Job gains in these four sectors combined totaled 2,201,900 jobs from February 2010 through July 2018, accounting for nearly three-quarters (74.1 percent) of the state's total job gain over the same period. Construction (287,700), government (146,800), and information (114,000) were the other industry sectors that contributed more than 100,000 jobs to California's employment expansion.
- Although every California major industry sector except mining and logging has contributed jobs to California's employment expansion, some have grown at a faster pace than others. On a percentage basis, the fastest growing industry sectors since the start of the expansion have been construction, with a 51.1 percent increase in the number of jobs, followed by leisure and hospitality (35.5 percent), educational and health services (28.9 percent), professional and business (28.9 percent), and information (26.5 percent). These five industries may be considered to be the leaders of the state's employment expansion since employment in each of them grew at a faster rate than the overall economy's 20.9 percent rate from February 2010 through July 2018. As a group, they encompass the full spectrum of skill and pay levels in the economy.
- California has continued to experience job growth across industry sectors over the last year, with 10 of the 11 major industry sectors posting year-over job gains in July 2018. Once again, the mining and logging sector was the only industry sector that had a small job loss, totaling just 300 jobs. Educational and health services (74,100) had the largest year-over job gain of any sector in July 2018, followed by professional and business services (60,200) and leisure and hospitality (58,000). Three additional industry sectors had year-over job gains of more than 30,000 jobs: trade, transportation, and utilities (43,500); construction (38,500);

¹ Mining and logging payrolls totaled just 22,000 jobs in July 2018. Information was the state's second smallest sector with 544,000 jobs. In contrast, employment in California's trade, transportation, and utilities sector surpassed three million jobs and employment in educational and health services, professional and business services, government, and leisure and hospitality surpassed two million jobs.

and government (33,300). Information (15,300), manufacturing (7,900), financial activities (1,700), and other services (500) were the remaining industry sectors with year-over job gains.

Figure 3

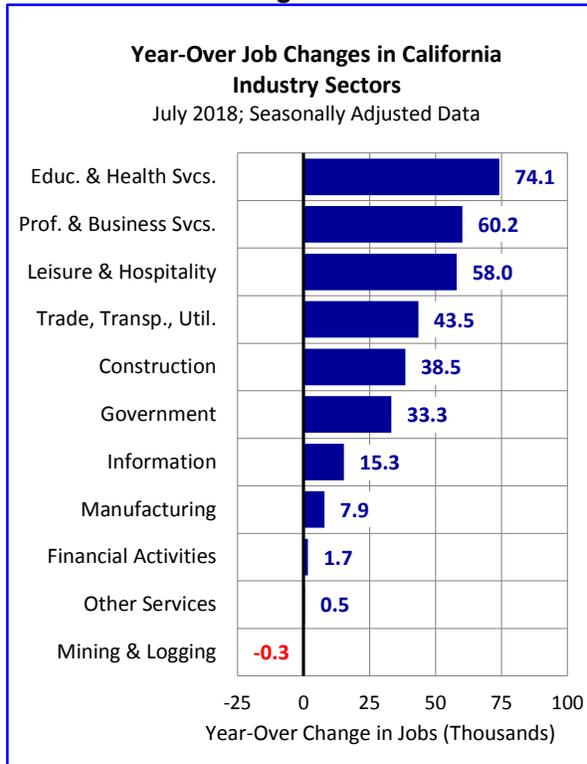
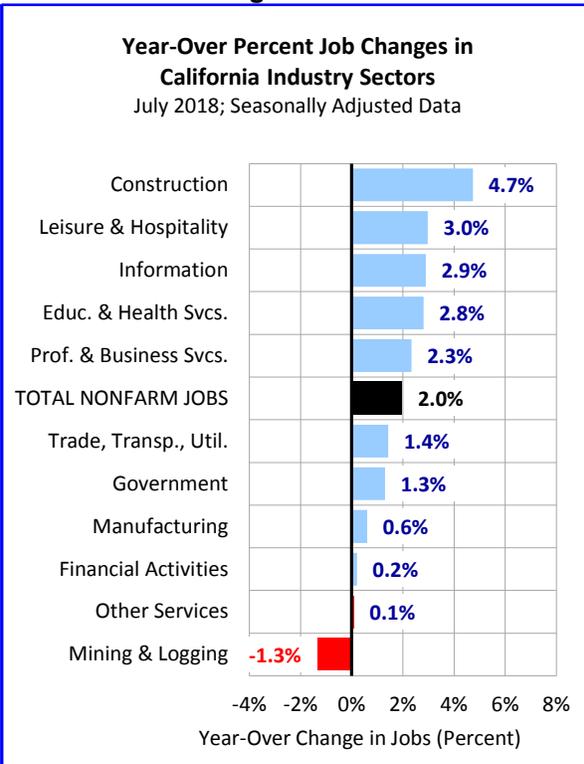


Figure 4



Source: Employment Development Department

- The same five industry sectors that led California’s job growth over the eight-and-a-half year employment expansion led California’s job growth over the last year. On a percentage basis, construction (4.7 percent) had the largest year-over job gain of any sector in July 2018, followed by leisure and hospitality (3.0 percent), information (2.9 percent), educational and health services (2.8 percent), and professional and business services (2.3 percent). Each of these five industry sectors grew at a faster rate than the overall economy rate of 2.0 percent over the last year.
- While California’s pace of year-over nonfarm job growth was more moderate than it was at earlier stages of the ongoing expansion, job growth in the state continued to be broad-based across industry sectors over the 12-months ending in July 2018, with little sign of weakness or developing weakness in any segment of the economy. There continues to be abundant employment opportunities in today’s labor market.

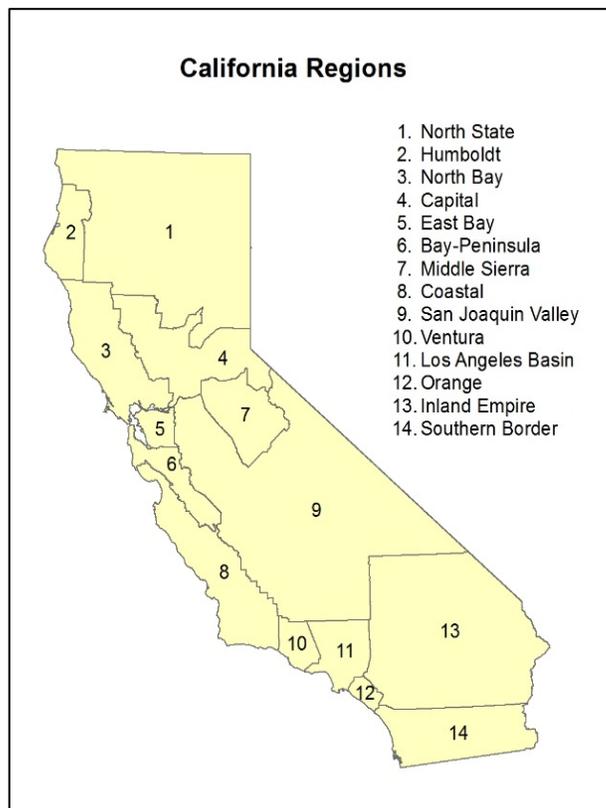
REGIONAL TRENDS (NOT SEASONALLY ADJUSTED DATA)

Regional unemployment rates in July 2018 were lower than they have been in any July since 1990 in every region except Orange County.

- The EDD divides California into 14 regions for the purposes of regional economic analysis, which are shown in the map below. These regional definitions are the same as those used by the state workforce development system in strategic planning. California’s regions vary

greatly in size. The state's largest region, Los Angeles Basin, had a labor force of 5.2 million persons in July 2018, and seven additional regions had labor forces that were more than one million persons in size. In contrast, Middle Sierra and Humboldt, the state's smallest regions, each had a labor force of less than 70,000 persons.

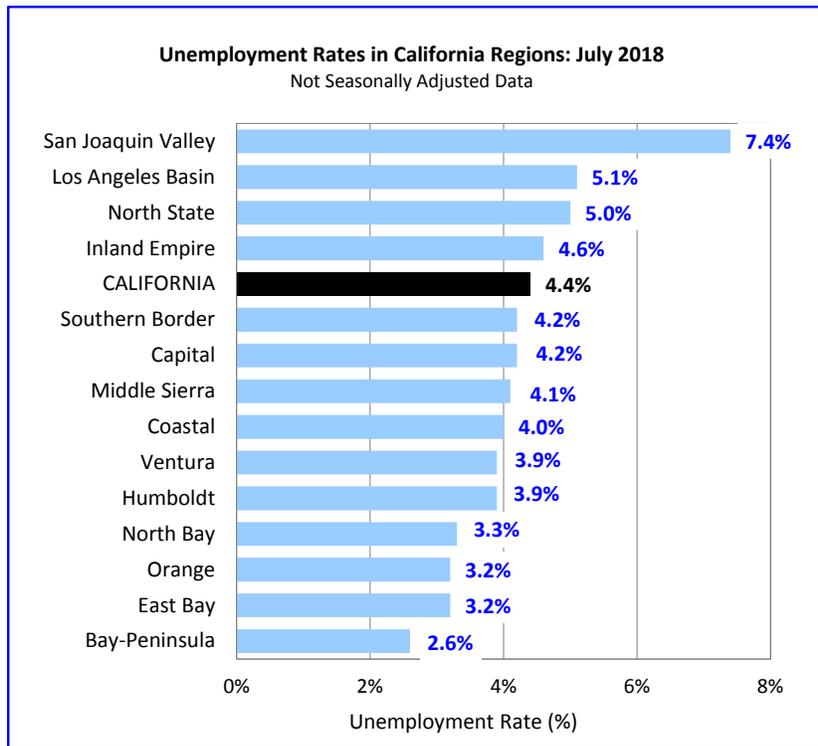
Figure 5



Source: Employment Development Department

- Unemployment rates in California's 14 regions ranged from a low of 2.6 percent in the Bay-Peninsula to a high of 7.4 percent in San Joaquin Valley in July 2018. Six California regions, Bay-Peninsula included, had unemployment rates below 4.0 percent.
- The unemployment rate in each of the state's 14 regions fell over the 12 months ending in July 2018. Inland Empire (1.1 percentage points) had the largest year-over unemployment rate decrease among regions in July 2018, followed by San Joaquin Valley and Middle Sierra, which both had a year-over rate decrease of 1.0 percentage point.
- Labor market conditions have improved to such a large degree across California regions over the course of the current expansion that every region, except Orange, recorded its lowest July unemployment rate on record in July 2018, in a data series that extends back to January 1990. Even Orange's 3.2 percent unemployment rate was the lowest it has had in any July since 1999.

Figure 6

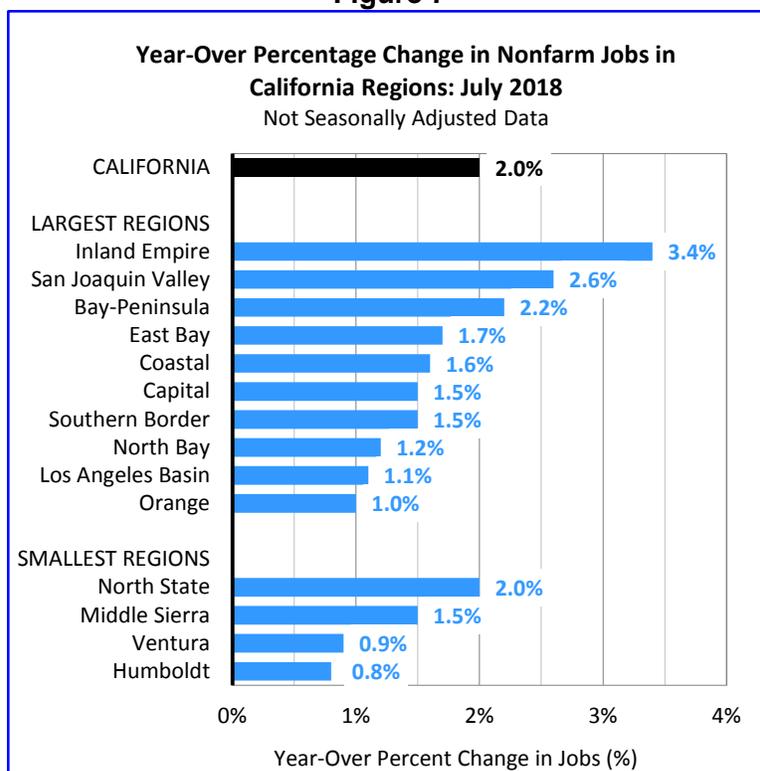


Source: Employment Development Department

California’s job gains have been well distributed across regions over the course of the expansion and the last year.

- When analyzing not seasonally adjusted data, the only way to control for normal and recurring seasonal patterns of employment is to compare like months of the calendar year. For example, comparing July 2018 versus July 2010 is the best way to capture regional nonfarm employment trends over the course of the ongoing employment expansion.
- Total nonfarm employment grew in every California region from July 2010 through July 2018. Job gains over the course of California’s employment expansion have been well distributed across regions. Los Angeles Basin (564,400) had the largest eight-year job gain of any California region, followed closely by Bay-Peninsula (544,100), which is the region that is synonymous with the Silicon Valley. Five additional large regions added more than 150,000 nonfarm jobs from July 2010 through July 2018: Inland Empire (349,700), Orange (260,300), Southern Border (234,100), San Joaquin Valley (215,800), East Bay (215,800), and Capital (165,100).
- In percentage terms, Bay-Peninsula (31.5 percent) had the largest eight-year job gain of any California region, followed closely by Inland Empire (30.9 percent). East Bay (22.4 percent) had the third largest eight-year job increase among regions. These three regions were the only regions that experienced faster job growth than California’s not seasonally adjusted 20.2 percent increase from July 2010 through July 2018. However, the eight-year increase in five additional regions fell within 2.0 percentage points of the state’s eight year-gain. These regions were: San Joaquin Valley (19.6 percent), Orange (19.1 percent), Capital (18.8 percent), North Bay (18.7 percent), and Southern Border (18.2 percent). Nonfarm payrolls in the state’s largest region, Los Angeles Basin, grew by 14.5 percent over the same eight-year period.

Figure 7



Source: Employment Development Department

- Year-over, each of California's 14 regions continued to experience job growth in July 2018. Bay-Peninsula (49,600) had the largest year-over job gain of any region, followed closely by Los Angeles Basin (48,600), and Inland Empire (48,300). Five additional regions had year-over gains of more than 15,000 jobs: San Joaquin Valley (33,800), Southern Border (22,100), East Bay (19,300), Orange (16,000), and Capital (15,400).
- The locus of regional job growth appears to have shifted somewhat from the large coastal regions of the state to more inland and rural areas over the last year, even as the urban coastal regions continued to experience moderate job growth. In percentage terms, Inland Empire (3.4 percent) had the largest year-over job gain of any region in July 2018, followed by San Joaquin Valley (2.6 percent), Bay-Peninsula (2.2 percent), and North State (2.0 percent). East Bay (1.7 percent), Coastal (1.6 percent), Capital (1.5 percent), Southern Border (1.5 percent), and Middle Sierra (1.5 percent) were the other regions of the state that had year-over job gains of 1.5 percent or more in July 2018.

OUTLOOK

At 101 months in duration, California's current employment expansion is already the state's second longest since 1945, trailing only the 113-month long expansion that occurred from July 1960 through December 1969. This raises doubts among some economists about how long the current expansion can continue. Some observers of the labor market point to record low unemployment rates and worry that labor shortages are developing and will intensify in key industry sectors of the economy which will eventually snuff out the expansion. Still other economic observers worry that the high cost of housing and lodging in some areas of California, and particularly the state's large, coastal, urban centers, could snuff out economic growth in some regions of the state.

Although this is a long employment expansion by historical standards, economic factors, and not history, determine how long an expansion might last. Moreover, the broad-based nature of job growth in California across industry sectors and regions over the last year would tend to allay concerns that either labor shortages or high housing costs will derail the expansion any time soon. Barring unexpected events or shocks to the economy, California's employment expansion should continue over the next year, if perhaps, at a somewhat more moderate pace.

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 past industry trends, 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 2017-2019

The EDD projects a statewide total employment increase of 626,700 jobs by the second quarter of 2019. The top 5 fastest growing industry sectors are projected to grow between 4.0 and 10.4 percent. Fifty percent of the total projected nonfarm job growth is in three industry sectors: educational services (private), health care, and social assistance; construction; and leisure and hospitality.

- The largest number of new jobs is expected in the educational services (private), health care, and social assistance sector, with a gain of 121,900 jobs and a growth rate of 4.7 percent. Within this sector, social assistance is projected to post the largest gains with 43,100 jobs.
- The construction industry sector is projected to gain 84,400 jobs with a growth rate of 10.4 percent. Recording the biggest gains will be the specialty trade contractors subsector, which is projected to add 64,900 jobs.
- The leisure and hospitality industry sector is expected to add 78,700 jobs with a growth rate of 4.0 percent. Seventy-six percent of the industry's job growth is projected to be in the food services and drinking places subsector – a gain of 59,900 jobs.

OCCUPATIONAL EMPLOYMENT PROJECTIONS 2017-2019

California's total employment is projected to increase by 3.4 percent between the second quarter of 2017 and the second quarter of 2019, reaching nearly 19.1 million jobs. The occupational groups with the most growth are construction and extraction (65,900), food preparation and serving related (63,300), and personal care and service (55,300) occupations.

In addition to job growth, workers will be needed to replace those who have exited the labor force or who have transferred to a different occupation:

- Exits are the projected number of workers leaving an occupation and exiting the labor force entirely.
- Transfers are the projected number of workers leaving an occupation and transferring to a different occupation.

California is expected to generate a combined total of more than 4.7 million job openings, with exits and transfers comprising 87 percent of this total. The top 10 occupations with the most job openings are expected to generate more than 1.2 million total job openings, accounting for 25 percent of all openings in California. Six of the top 10 occupations have more openings due to transfers than exits.

The top 10 fastest growing occupations are expected to add jobs at a rate of 9.4 percent or higher, compared to the expected overall 3.4 percent growth rate for California. Construction and extraction occupations make up 8 of the top 10 occupations on the list.

The [2017-2019 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 2017-2019), 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 higher. 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 labor exchange system.

Figure 8

Occupation	Projected 2017-2019 Job Openings ²	2018 Median Annual Wage ³	Job Ads in Last 120 Days ending August 15, 2018 ⁴
REQUIRES A BACHELOR'S DEGREE OR HIGHER			
General and Operations Managers	54,060	\$113,686	6,398
Registered Nurses	42,520	\$102,288	23,167
Accountants and Auditors	33,600	\$76,678	15,518
Substitute Teachers	32,160	\$40,040	600
Software Developers, Applications	29,460	\$123,085	30,027
REQUIRES SOME COLLEGE, POSTSECONDARY NON-DEGREE AWARD, OR ASSOCIATE'S DEGREE			
Bookkeeping, Accounting, and Auditing Clerks	48,760	\$46,103	14,036
Teacher Assistants	40,480	\$34,181	6,077
Heavy and Tractor-Trailer Truck Drivers	37,120	\$45,420	22,569
Nursing Assistants	28,980	\$31,753	2,719
Medical Assistants	23,520	\$35,642	4,556
REQUIRES A HIGH SCHOOL DIPLOMA OR EQUIVALENT OR LESS			
Personal Care Aides	210,220	\$25,026	5,816
Combined Food Preparation and Serving Workers, Including Fast Food	164,600	\$24,193	11,121
Cashiers	154,940	\$24,287	4,320
Retail Salespersons	124,440	\$25,599	17,971
Waiters and Waitresses	121,760	\$25,818	6,780

² For the 2017-2019 period, California's two-year occupational projections are based on employment from the second quarter of 2017 and project to the second quarter of 2019. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force all together. Many jobs are a result of replacements, not growth within an occupation.

³ EDD/LMID Occupational Employment Statistics; 2018 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 2018 first quarter and do not include self-employed or unpaid family workers.

⁴ 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 15, 2018.

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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