

California Employment Report

For August 2018

Highlights for policy makers:

- Unemployment Rate Level at 4.2%; Total Employment Up 7,300
- Labor Force Participation Rate Level at 61.9%
- State Employment Growth Rankings—California Remains at 5th
- Nonfarm Jobs Up 44,800
- Four Industries Still below 2007 Pre-Recession Job Levels
- Job Gains by Wage Level
- Two-Tier Economy Persists—Central Valley Unemployment More than Twice as High as Bay Area
- Bay Area Provided 40.4% of Net Employment Growth Since Recession
- Seven California MSAs in the 10 Worst Unemployment Rates Nationally

Unemployment Rate Level at 4.2%; Total Employment up 7,300

The Labor Force data for August 2018 (seasonally adjusted; California preliminary) is shown below, along with the change from the prior month:

Seasonally Adjusted	California		US	
	Aug 2018	Change from Jul 2018	Aug 2018	Change from Jul 2018
Unemployment Rate	4.2%	0.0	3.9%	0.0
Labor Force	19,351,000	0.0%	161,776,000	-0.3%
Participation Rate	61.9%	0.0	62.7%	-0.2
Employment	18,547,900	0.0%	155,542,000	-0.3%
Unemployment	803,100	-0.6%	6,234,000	-0.7%

Source: California Employment Development Department; US Bureau of Labor Statistics

The related not seasonally adjusted numbers (California preliminary), with the change from August 2017:

Not Seasonally Adjusted	California		US	
	Aug 2018	Change from Aug 2017	Aug 2018	Change from Aug 2017
Unemployment Rate	4.3%	-0.6	3.9%	-0.6
Labor Force	19,368,100	0.0%	161,909,000	0.7%
Participation Rate	61.9%	-0.6	62.7%	-0.3
Employment	18,542,500	0.7%	155,539,000	1.3%
Unemployment	825,600	-13.9%	6,370,000	-12.6%

Source: California Employment Development Department; US Bureau of Labor Statistics

California Employment Development Department's (EDD) latest data shows on a seasonally adjusted basis, total employment rose 7,300 from July, while the number of unemployed fell 4,400. The labor force notched up by 2,900.

California's seasonally adjusted unemployment rate remained at 4.2%, the lowest level in the current data series that began in 1976. California tied with Maryland and New Jersey for the 13th highest unemployment rate among the states. The unadjusted rate dropped from 4.9% in August 2017 to 4.3%.

Total US employment saw a seasonally adjusted loss of 423,000 from July, while the number of unemployed dropped by 46,000 and the total labor force dipped by 469,000. The national unemployment rate remained level at 3.9%.

Labor Force Participation Rate Level at 61.9%

California's participation rate (seasonally adjusted) in August remained at 61.9%, while the US rate dipped to 62.7%. The California rate continued to match the revised series low reached previously in 2015.

California's labor force was essentially unchanged, dipping 8,400 over the year ending August 2018, or 0.1% growth. The US as a whole grew 1.0 million - a 0.7% expansion. While workers elsewhere continue to return to the workforce, California's continued low rate has implications for future growth in the state, including the ability to sustain jobs expansion as fewer workers are available and continued effects on state and local budgets for higher social program spending compared to other states.

Considered by age, the prime working age groups in California (age 25-54 and 55-64) remain somewhat below their previous highs since 2000, with youth employment remaining below levels from a year ago. These trends in particular have long-term implications for income distributions in the state, as most studies indicate that work skills developed through early employment are correlated with long-term earnings potential. In contrast to the younger groups, persons 65 and older show a higher labor force participation rate compared to the prior low at the beginning of this period.

Labor Force Participation Rate by Age (12-month moving average)

	Prior Max	August 2018
Total	67.2%	62.2%
16-19	46.8%	27.3%
20-24	76.4%	65.6%
25-54	82.1%	80.3%
55-64	66.3%	63.7%
	Prior Min	
65+	12.1%	19.7%

Source: Current Population Survey microdata; EDD

Note: All entries from 12-month moving average

State Employment Growth Rankings—California Remains at 5th

Change in Employment, August 2017 – August 2018

Rank	Number of Employed		Percentage Change		Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	
1	TX	274,500	MA	4.0%	MA	25.4
2	FL	148,900	NV	2.7%	CO	17.2
3	MA	141,800	NM	2.6%	NV	16.1
4	GA	115,000	CO	2.6%	DE	14.7
5	CA	85,200	DE	2.5%	DC	14.6
6	CO	75,800	GA	2.4%	GA	14.3
7	NC	67,100	DC	2.2%	NM	14.0
8	IN	66,900	ID	2.1%	ID	13.3
9	VA	65,000	TX	2.1%	IN	12.9
10	MN	49,800	IN	2.1%	TX	12.9
11	AZ	49,200	OK	1.9%	NH	11.5
12	IL	41,400	NH	1.7%	OK	11.4
13	NV	37,900	MN	1.7%	MN	11.4
14	TN	37,300	RI	1.7%	UT	11.3
15	OK	34,200	UT	1.7%	RI	10.3
16	AL	32,100	VA	1.6%	VA	9.8
17	WA	31,400	AZ	1.6%	AZ	9.0
18	MI	31,000	AL	1.5%	FL	8.8
19	WI	28,100	FL	1.5%	AL	8.4
20	UT	25,400	NC	1.4%	NC	8.3
21	NM	22,700	TN	1.2%	VT	7.2
22	KY	21,000	VT	1.1%	TN	7.1
23	MO	20,100	KY	1.1%	SD	6.8
24	OH	19,200	SD	1.0%	IA	6.4
25	ID	17,400	IA	1.0%	WI	6.1
26	IA	15,800	ME	1.0%	KY	6.0
27	LA	15,800	MS	0.9%	ME	5.9
28	NH	12,700	WI	0.9%	NE	5.7
29	NY	12,700	WA	0.9%	WA	5.4
30	DE	11,300	NE	0.9%	MS	4.9
31	MS	11,200	LA	0.8%	LA	4.4
32	SC	9,300	MO	0.7%	MO	4.2
33	RI	8,900	HI	0.7%	IL	4.1
34	NE	8,400	IL	0.7%	HI	4.1
35	DC	8,300	MI	0.7%	MI	3.9

36	PA	7,100	CA	0.5%	CA	2.7
37	ME	6,500	SC	0.4%	SC	2.4
38	OR	4,600	OH	0.3%	OH	2.1
39	HI	4,500	WV	0.3%	KS	1.6
40	SD	4,500	KS	0.3%	WV	1.5
	US	2,071,000	US	1.3%	US	8.1

Source: US Bureau of Labor Statistics, Seasonally Adjusted

Between August 2017 and August 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 85,200 (seasonally adjusted), or 4.1% of the total net employment gains in this period for the US. Based on the total numbers, California remained in 5th place behind Texas (which has a civilian working age population only 69% as large as California's), Florida (55% as large), Massachusetts, and Georgia. Measured by percentage change in employment over the year, California stayed 36th highest. Adjusted for working age population, California was 36th as well.

Nonfarm Jobs Up 44,800

EDD reported that between July and August 2018, seasonally adjusted nonfarm wage and salary jobs grew by 44,800. July's results were revised to a 34,400 gain from the previously reported 46,700.

In the not seasonally adjusted nonfarm numbers that allow a more detailed look at industry shifts, hiring saw increases in all but 5 industries over the year. The change in total payroll jobs from August 2017 saw the largest increases in lower wage Social Assistance (41,300), lower wage Food Services (41,100), and middle class wage Construction (41,000). Declines were led by Other Services (-600), Mining & Logging (-400), and Wholesale Trade (-200).

Not Seasonally Adjusted Payroll Jobs	Aug 2018	Jul 2018	Change Aug 2018 - Jul 2018	Change Aug 2018 - Aug 2017
Total Farm	481,700	479,000	2,700	5,300
Mining and Logging	22,600	22,700	-100	-400
Construction	877,100	865,700	11,400	41,000
Manufacturing	1,335,500	1,327,700	7,800	5,700
Wholesale Trade	727,100	724,900	2,200	-200
Retail Trade	1,693,200	1,689,500	3,700	8,500
Utilities	58,100	58,100	0	-100
Transportation & Warehousing	593,400	587,400	6,000	21,300
Information	546,500	543,200	3,300	15,100
Finance & Insurance	551,100	549,500	1,600	2,500
Real Estate & Rental & Leasing	288,200	286,500	1,700	1,500
Professional, Scientific & Technical Services	1,274,900	1,271,100	3,800	33,800
Management of Companies & Enterprises	235,400	236,300	-900	3,500
Administrative & Support & Waste Services	1,144,900	1,132,100	12,800	29,100
Educational Services	352,700	356,400	-3,700	15,100
Health Care	1,534,300	1,528,500	5,800	28,100
Social Assistance	818,600	797,600	21,000	41,300

Arts, Entertainment & Recreation	325,200	329,000	-3,800	4,800
Accommodation	238,900	239,300	-400	5,800
Food Services	1,471,000	1,477,300	-6,300	41,100
Other Services	564,900	566,200	-1,300	-600
Government	2,473,400	2,449,600	23,800	36,100
Total Nonfarm	17,127,000	17,038,600	88,400	333,000
Total Wage and Salary	17,608,700	17,517,600	91,100	338,300

Source: California Employment Development Department

At a 348,900 increase, California remained at 2nd highest measured by seasonally adjusted nonfarm jobs among the states from August 2017 to August 2018, behind Texas at 394,500. By percentage growth in jobs, California dipped to 13th highest at 2.1%, but still above the US average. By population adjusted jobs growth, California rose to 15th highest.

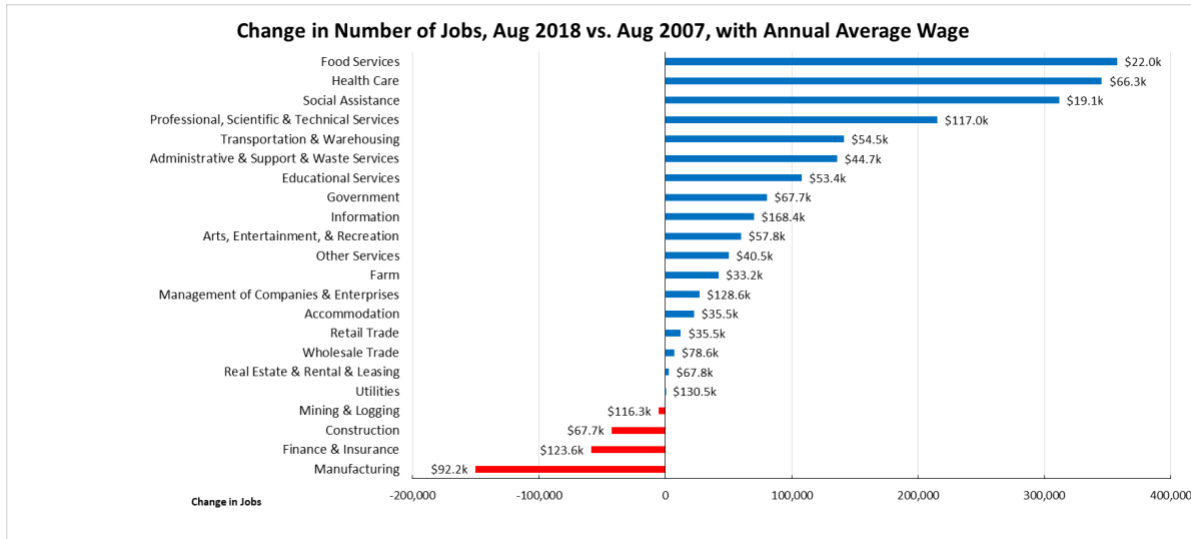
Change in Nonfarm Jobs (seasonally adjusted), August 2017 – August 2018

Rank	Number of Jobs		Employment Growth (%)		Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)	
1	TX	394,500	UT	3.5%	UT	23.0
2	CA	348,900	NV	3.3%	NV	19.0
3	FL	220,200	WA	3.3%	WA	18.6
4	WA	108,800	TX	3.2%	TX	18.5
5	NC	102,800	ID	3.1%	ID	16.8
6	OH	90,200	AZ	2.9%	CO	16.4
7	NY	90,200	HI	2.7%	HI	16.2
8	GA	88,900	CO	2.7%	AZ	14.6
9	AZ	79,700	FL	2.6%	WY	14.5
10	CO	72,200	OR	2.4%	OR	13.3
11	MA	68,100	NC	2.3%	FL	13.0
12	PA	65,400	WY	2.3%	NC	12.8
13	NJ	61,500	CA	2.1%	MA	12.2
14	MI	56,300	GA	2.0%	KS	12.0
15	TN	56,000	OK	2.0%	CA	11.2
16	VA	54,800	NM	2.0%	GA	11.1
17	UT	51,900	SC	1.9%	OK	11.0
18	IL	47,500	KS	1.9%	NH	10.8
19	NV	44,800	MA	1.9%	TN	10.6
20	OR	44,500	TN	1.9%	SC	10.3
21	MN	44,400	NH	1.8%	DC	10.2
22	WI	44,200	OH	1.6%	MN	10.2
23	SC	40,600	MS	1.6%	NM	10.1

24	MO	35,300	MN	1.5%	OH	9.8
25	OK	33,100	WI	1.5%	NE	9.7
	US	2,330,000	US	1.6%	US	9.1

Source: US Bureau of Labor Statistics

Four Industries Still below 2007 Pre-Recession Job Levels



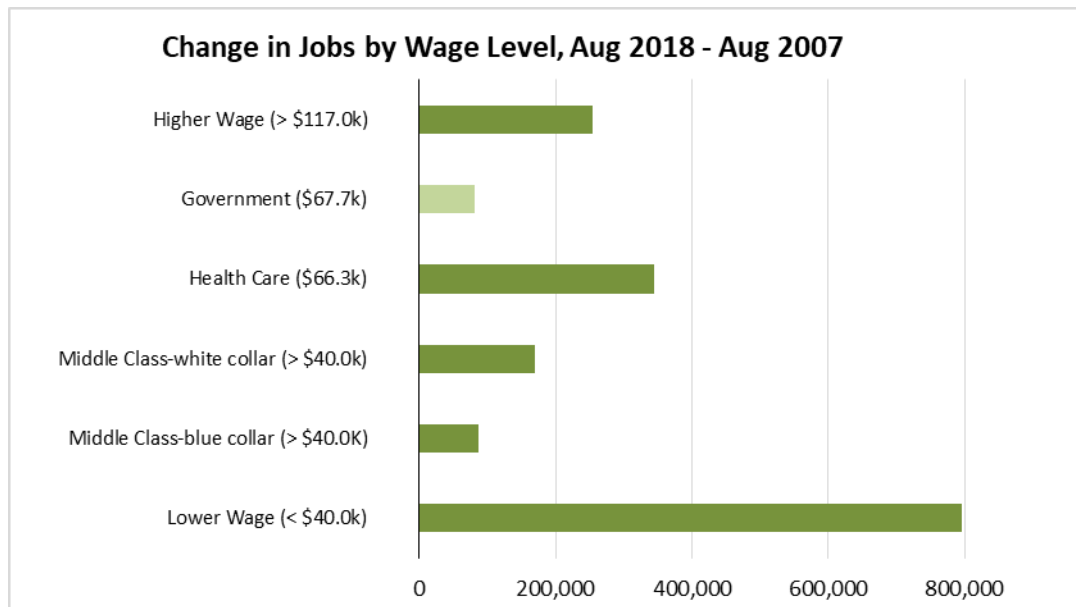
Source: California Employment Development Department, not seasonally adjusted; wages are running 4 quarter average from QCEW wage data

Comparing the number of jobs by industry in August 2018 (not seasonally adjusted), 4 industries had employment below the 2007 pre-recession levels. The highest gain industries were led by lower wage Food Services, Health Care (with a relatively higher mix of lower and higher wage occupations), lower wage Social Assistance, and higher wage Professional, Scientific & Technical Services. Of the lagging industries, three—Manufacturing, Mining & Logging, and Construction—are blue collar middle class wage industries, while the higher wage Finance & Insurance also remained in the minus column. Construction continues to improve but still remains 42,700 below the 2007 level, and 89,200 (9.2%) below the previous high in 2006.

In addition, higher wage Utilities and middle class wage Real Estate, Rental, & Leasing continue near their 2007 levels, with a combined total of only 2,900 jobs in the plus column. In spite of trade jitters, blue collar-middle class wage Transportation & Warehousing continued growing.

Job Gains by Wage Level

The following chart illustrates the trend for total wage and salary jobs by general wage level, according to the industry wage classification used previously in other Center [analyses](#) of this issue. As indicated, nearly half (46%) of net jobs growth since the recession has been in the lower wage industries. For the 12 months ending August 2018, lower wage industries accounted for under a third (30%) of new jobs, while middle class-blue collar jobs produced over a quarter (28%) as Construction levels remained higher compared to prior years.



Source: Analysis of California Employment Development Department data, not seasonally adjusted

Two-Tier Economy Persists—Central Valley Unemployment More than Twice as High as Bay Area

The level of unemployment rates (all data is not seasonally adjusted) continues to vary widely across the state, ranging from 2.9% in the Bay Area to more than twice as large at 6.7% in the Central Valley.

Not Seasonally Adjusted	Unemployment Rate (%) August 2018
<i>California</i>	4.3
Bay Area	2.8
Orange County	3.1
Sacramento	3.8
Central Coast	3.9
Central Sierra	4.0
San Diego/Imperial	4.2
Inland Empire	4.5
Upstate California	4.8
Los Angeles	4.9
Central Valley	6.7

By Legislative District:

Lowest 10 Unemploy- ment

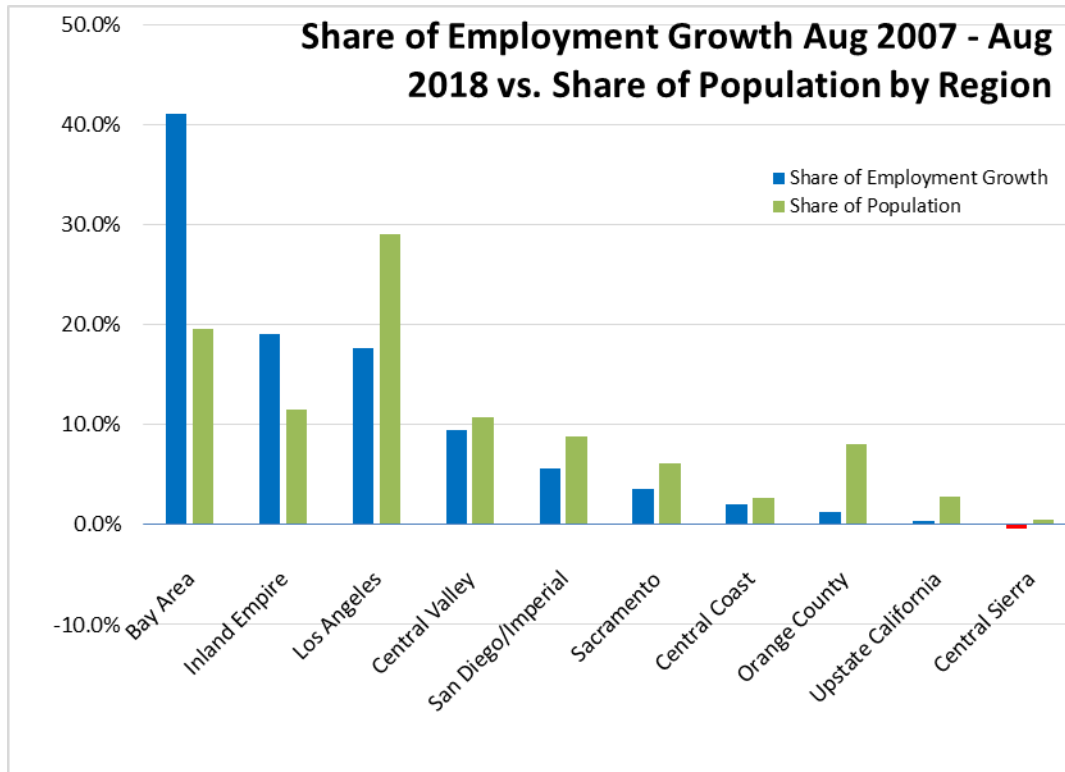
Rates:	CD18 (Eshoo-D)	2.1	SD13 (Hill-D)	2.1	AD16 (Baker-R)	2.0
	CD12 (Pelosi-D)	2.2	SD11 (Wiener-D)	2.5	AD22 (Mullin-D)	2.0
	CD52 (Peters-D)	2.5	SD39 (Atkins-D)	2.7	AD24 (Berman-D)	2.2
	CD17 (Khanna-D)	2.5	SD36 (Bates-R)	2.7	AD28 (Low-D)	2.3
	CD14 (Speier-D)	2.5	SD37 (Moorlach-R)	2.8	AD17 (Chiu-D)	2.4
	CD15 (Swalwell-D)	2.6	SD10 (Wieckowski-D)	2.8	AD77 (Maienschein-R)	2.5
	CD45 (Walters-R)	2.7	SD07 (Glazer-D)	2.8	AD25 (Chu-D)	2.5
	CD49 (Issa-R)	2.7	SD15 (Beall-D)	2.8	AD19 (Ting-D)	2.5
	CD48 (Rohrabacher-R)	2.9	SD02 (McGuire-D)	3.0	AD73 (Brough-R)	2.6
	CD02 (Huffman-D)	2.9	SD38 (Anderson-R)	3.3	AD78 (Gloria-D)	2.6

Highest 10 Unemploy- ment

Rates	CD10 (Denham-R)	5.5	SD18 (Hertzberg-D)	5.5	AD13 (Eggman-D)	6.1
	CD29 (Cárdenas-D)	5.7	SD05 (Galgiani-D)	5.5	AD51 (Carrillo-D)	6.2
	CD43 (Waters-D)	5.8	SD33 (Lara-D)	5.7	AD36 (Lackey-R)	6.3
	CD40 (Roybal-Allard-D)	5.8	SD24 (de León-D)	5.7	AD59 (Jones-Sawyer-D)	6.6
	CD23 (McCarthy-R)	6.4	SD30 (Mitchell-D)	5.9	AD64 (Gipson-D)	7.2
	CD22 (Nunes-R)	6.6	SD12 (Cannella-R)	6.1	AD21 (Gray-D)	7.2
	CD44 (Barragán-D)	7.0	SD35 (Bradford-D)	6.2	AD31 (Arambula-D)	7.8
	CD16 (Costa-D)	7.3	SD16 (Fuller-R)	6.3	AD26 (Mathis-R)	8.4
	CD21 (Valadao-R)	8.4	SD40 (Hueso-D)	7.7	AD32 (Salas-D)	8.7
	CD51 (Vargas-D)	9.1	SD14 (Vidak-R)	9.1	AD56 (Garcia-D)	10.7

Bay Area Provided 41.1% of Net Employment Growth Since Recession

Containing 19.6% of the state's population, the Bay Area was responsible for 41.1% of the net growth in employment since the pre-recession peaks in 2007. Los Angeles Region, containing 29.2% of the population, accounted for the third largest share at 17.6%. Inland Empire is the only other region—at a growing margin—continuing to show employment gains above their population share. Based on the preliminary August numbers, Inland Empire has now eclipsed Los Angeles Region for employment growth compared to before the recession.



Seven California MSAs in the 10 Worst Unemployment Rates Nationally

According to BLS data, of the 10 Metropolitan Statistical Areas (MSAs) with the worst unemployment rates nationally, 7 are in California. Of the 20 worst, 9 are in California.

Metropolitan area	July 2018 rate	Rank
Cumberland, MD-WV Metropolitan Statistical Area	6.2	369
Flint, MI Metropolitan Statistical Area	6.2	369
Shreveport-Bossier City, LA Metropolitan Statistical Area	6.2	369
Alexandria, LA Metropolitan Statistical Area	6.3	372
Beaumont-Port Arthur, TX Metropolitan Statistical Area	6.3	372
Weirton-Steubenville, WV-OH Metropolitan Statistical Area	6.5	374
Brownsville-Harlingen, TX Metropolitan Statistical Area	6.6	375
Hammond, LA Metropolitan Statistical Area	6.6	375
Yuba City, CA Metropolitan Statistical Area	6.6	375
Modesto, CA Metropolitan Statistical Area	6.7	378
McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	6.9	379

Madera, CA Metropolitan Statistical Area	7.0	380
Vineland-Bridgeton, NJ Metropolitan Statistical Area	7.0	380
Fresno, CA Metropolitan Statistical Area	7.2	382
Hanford-Corcoran, CA Metropolitan Statistical Area	7.5	383
Merced, CA Metropolitan Statistical Area	8.1	384
Bakersfield, CA Metropolitan Statistical Area	8.2	385
Visalia-Porterville, CA Metropolitan Statistical Area	9.3	386
El Centro, CA Metropolitan Statistical Area	19.3	387
Yuma, AZ Metropolitan Statistical Area	20.9	388