

# California Employment Report

## For July 2018

Highlights for policy makers:

- [Unemployment Rate Level at 4.2%; Total Employment Up 13,500](#)
- [Labor Force Participation Rate Level at 61.9%](#)
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## Unemployment Rate Level at 4.2%; Total Employment up 13,500

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

Seasonally Adjusted	California		US	
	Jul 2018	Change from Jun 2018	Jul 2018	Change from Jun 2018
Unemployment Rate	4.2%	0.0	3.9%	-0.1
Labor Force	19,348,000	0.0%	162,245,000	0.1%
Participation Rate	61.9%	0.0	62.9%	0.0
Employment	18,540,600	0.1%	155,965,000	0.3%
Unemployment	807,400	-0.8%	6,280,000	-4.3%

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

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

Not Seasonally Adjusted	California		US	
	Jul 2018	Change from Jul 2017	Jul 2018	Change from Jul 2017
Unemployment Rate	4.4%	-0.7	4.1%	-0.5
Labor Force	19,469,500	0.3%	163,734,000	1.1%
Participation Rate	62.3%	-0.3	63.5%	0.0
Employment	18,613,000	1.1%	157,004,000	1.6%
Unemployment	856,500	-14.0%	6,730,000	-9.6%

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 13,500 from June, while the number of unemployed fell 6,800. The labor force notched up by 6,700.

California's seasonally adjusted unemployment rate remained at 4.2%, the lowest level in the current data series that began in 1976, as the labor force continued to move downwards for the fourth month in a row. California tied with Illinois, New Jersey, and Pennsylvania for the 16th highest unemployment rate among the states. The unadjusted rate dropped from 5.1% in July 2017 to 4.4%.

Total US employment saw a seasonally adjusted gain of 389,000 from June, while the number of unemployed dropped by 284,000 as the total labor force grew by 105,000. The national unemployment rate dipped to 3.9%.

## Labor Force Participation Rate Level at 61.9%

California's participation rate (seasonally adjusted) in July remained at 61.9%, while the US rate stayed at 62.9%. The California rate matched the revised series low reached previously in 2015.

California's labor force grew only 16,922 over the year ending July 2018, or 0.1% growth. The US as a whole grew 1.8 million - a 1.1% 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	July 2018
Total	67.2%	62.2%
16-19	46.8%	27.2%
20-24	76.4%	65.9%
25-54	82.1%	80.3%
55-64	66.3%	63.5%
	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 Drops to 5th

### Change in Employment, July 2017 – July 2018

Rank	Number of Employed		Percentage Change		Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	
1	TX	295,200	MA	3.5%	MA	22.4
2	FL	160,100	CO	2.9%	CO	19.2
3	MA	124,900	NV	2.7%	DC	16.7
4	GA	121,300	NM	2.6%	NV	16.2
5	CA	120,600	DC	2.5%	ID	15.3
6	CO	84,400	GA	2.5%	GA	15.1
7	NC	70,100	ID	2.5%	DE	14.5
8	VA	66,700	DE	2.4%	NM	14.1
9	AZ	60,900	TX	2.3%	UT	14.0
10	IN	58,200	UT	2.1%	TX	13.9
11	MN	56,200	AZ	1.9%	MN	12.9
12	IL	49,100	OK	1.9%	OK	11.3
13	TN	46,700	MN	1.9%	IN	11.2
14	NV	38,000	IN	1.8%	AZ	11.1
15	OH	37,600	FL	1.6%	VA	10.1
16	WI	36,800	VA	1.6%	NH	10.0
17	MI	34,800	RI	1.6%	RI	9.7
18	WA	34,300	NH	1.5%	FL	9.4
19	OK	33,900	TN	1.5%	VT	9.3
20	UT	31,500	NC	1.5%	TN	8.8
21	AL	28,100	VT	1.4%	NC	8.7
22	LA	27,800	LA	1.4%	WI	8.0
23	NM	22,800	AL	1.4%	LA	7.7
24	KY	22,500	WI	1.2%	AL	7.3
25	ID	19,900	KY	1.1%	SD	7.1
26	MO	16,200	SD	1.1%	KY	6.5
27	IA	13,100	ME	1.0%	ME	6.4
28	OR	11,700	WA	1.0%	WA	5.9
29	SC	11,300	IA	0.8%	IA	5.3
30	DE	11,100	NE	0.8%	NE	5.3
31	NH	11,000	IL	0.8%	IL	4.9
32	DC	9,500	MS	0.8%	MI	4.4
33	MS	9,200	MI	0.7%	HI	4.3
34	RI	8,400	HI	0.7%	OH	4.1

35	NE	7,800	OH	0.7%	MS	4.0
36	ME	7,100	CA	0.7%	CA	3.9
37	VT	4,800	OR	0.6%	OR	3.5
38	HI	4,700	MO	0.6%	MO	3.4
39	SD	4,700	WV	0.5%	SC	2.9
40	WV	3,900	SC	0.5%	WV	2.7
	US	2,454,000	US	1.6%	US	9.6

Source: US Bureau of Labor Statistics, Seasonally Adjusted

Between July 2017 and July 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 120,600 (seasonally adjusted), or 4.9% of the total net employment gains in this period for the US. Based on the total numbers, California dropped to 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 dropped to 36<sup>th</sup> highest. Adjusted for working age population, California dropped to 36<sup>th</sup> as well.

## Nonfarm Jobs Up 46,700

EDD reported that between June and July 2018, seasonally adjusted nonfarm wage and salary jobs grew by 46,700. June's results were revised to a 21,500 gain from the previously reported 800.

In the not seasonally adjusted nonfarm numbers that allow a more detailed look at industry shifts, hiring saw increases in all but 3 industries over the year. The change in total payroll jobs from July 2017 saw the largest increases in Food Services (46,700), Construction (37,500), and Government (32,700). Declines were in Real Estate & Rental & Leasing (-1,400), Mining & Logging (-400), and Utilities (-100).

Not Seasonally Adjusted Payroll Jobs	Jul 2018	Jun 2018	Change Jul 2018 - Jun 2018	Change Jul 2018 - Jul 2017
Total Farm	479,000	490,600	-11,600	3,500
Mining and Logging	22,700	22,200	500	-400
Construction	867,300	863,500	3,800	37,500
Manufacturing	1,329,900	1,319,700	10,200	6,800
Wholesale Trade	728,200	724,300	3,900	1,400
Retail Trade	1,689,200	1,680,400	8,800	11,600
Utilities	58,100	58,100	0	-100
Transportation & Warehousing	589,600	584,500	5,100	26,300
Information	544,100	537,300	6,800	17,400
Finance & Insurance	548,800	545,800	3,000	100
Real Estate & Rental & Leasing	286,500	287,500	-1,000	-1,400
Professional, Scientific & Technical Services	1,270,800	1,268,900	1,900	30,800

Management of Companies & Enterprises	235,900	234,800	1,100	3,300
Administrative & Support & Waste Services	1,135,000	1,127,600	7,400	29,200
Educational Services	355,100	369,200	-14,100	22,000
Health Care	1,531,400	1,525,800	5,600	29,100
Social Assistance	796,600	804,400	-7,800	23,900
Arts, Entertainment & Recreation	329,700	321,300	8,400	6,700
Accommodation	238,200	239,100	-900	5,800
Food Services	1,477,800	1,465,500	12,300	46,700
Other Services	567,700	570,200	-2,500	1,900
Government	2,450,000	2,627,900	-177,900	32,700
<b>Total Nonfarm</b>	<b>17,052,600</b>	<b>17,178,000</b>	<b>-125,400</b>	<b>331,300</b>
<b>Total Wage and Salary</b>	<b>17,531,600</b>	<b>17,668,600</b>	<b>-137,000</b>	<b>334,800</b>

Source: California Employment Development Department

At a 332,700 increase, California remained at 2<sup>nd</sup> highest measured by seasonally adjusted nonfarm jobs among the states from July 2017 to July 2018, behind Texas at 377,100. By percentage growth in jobs, California rose to 11<sup>th</sup> highest at 2.0%, above the US average. By population adjusted jobs growth, California rose to 17<sup>th</sup> highest.

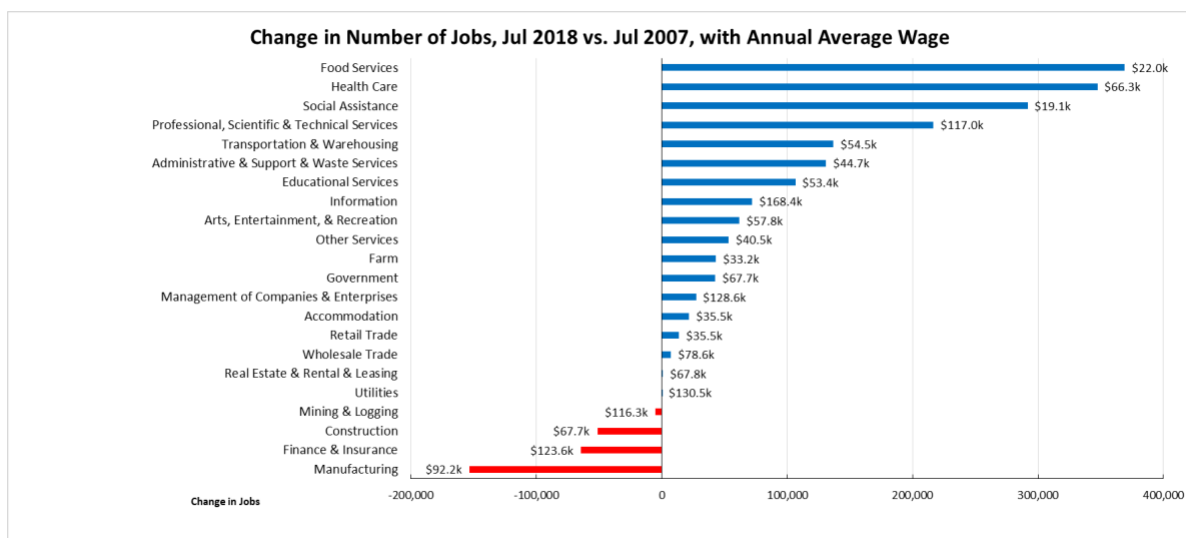
#### Change in Nonfarm Jobs (seasonally adjusted), July 2017 – July 2018

Rank	Number of Jobs		Employment Growth (%)		Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)	
1	TX	377,100	UT	3.5%	UT	22.7
2	CA	332,700	NV	3.4%	NV	19.6
3	FL	210,600	ID	3.4%	ID	18.6
4	NY	117,000	TX	3.1%	TX	17.7
5	NC	106,900	WA	3.1%	CO	17.7
6	WA	102,500	CO	2.9%	WA	17.6
7	GA	83,200	OR	2.5%	OR	14.3
8	OH	82,200	FL	2.5%	NC	13.3
9	CO	77,700	NC	2.4%	DC	12.8
10	NJ	75,500	AZ	2.2%	FL	12.4
11	PA	71,900	CA	2.0%	WY	12.3
12	MA	66,800	WY	2.0%	MA	12.0
13	MI	66,300	HI	1.9%	NE	11.9
14	IL	65,700	NH	1.9%	NH	11.6
15	VA	62,600	TN	1.9%	HI	11.6
16	AZ	61,100	GA	1.9%	AZ	11.2
17	TN	56,300	RI	1.9%	CA	10.7
18	UT	51,100	MA	1.8%	RI	10.7

19	OR	47,700	NJ	1.8%	TN	10.7
20	NV	46,000	OK	1.8%	KS	10.5
21	MN	43,100	NE	1.7%	NJ	10.5
22	WI	38,800	KS	1.7%	GA	10.4
23	SC	34,800	SC	1.7%	MN	9.9
24	MO	34,700	NM	1.6%	OK	9.8
25	OK	29,500	VA	1.6%	VA	9.5
	US	2,400,000	US	1.6%	US	9.4

Source: US Bureau of Labor Statistics

## 4 Industries Still below 2007 Pre-Recession Job Levels



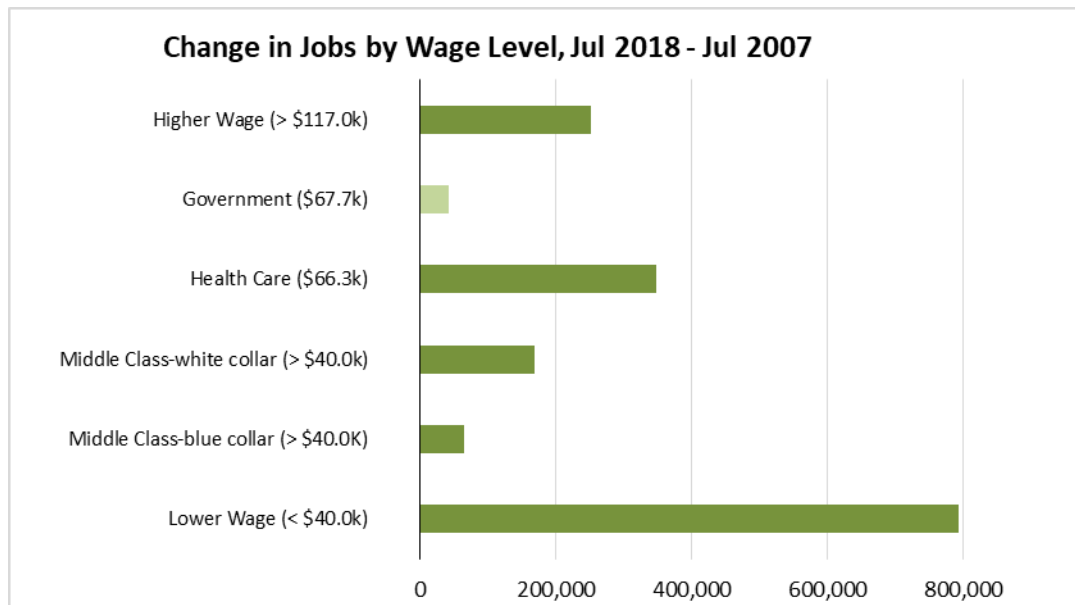
Source: California Employment Development Department, not seasonally adjusted;  
wages are running 4 quarter average from QCEW wage data

Comparing the number of jobs by industry in July 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 has overall improved but still remains 52,500 below the 2007 level, and 99,000 (10.2%) below the previous high in 2006.

In addition, higher wage Utilities and middle class wage Real Estate, Rental, & Leasing edged closer to their 2007 levels, with a combined total of only 700 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 (48%) of net jobs growth since the recession has been in the lower wage industries. For the 12 months ending July 2018, lower wage industries accounted for over a quarter (28%) of new jobs, while middle class-blue collar jobs produced over a quarter (30%) 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 7.4% in the Central Valley.

Not Seasonally Adjusted	Unemployment Rate (%) July 2018
California	4.4
Bay Area	2.9
Orange County	3.2
Sacramento	3.9
Central Sierra	4.1
San Diego/Imperial	4.2
Central Coast	4.2
Inland Empire	4.6

Los Angeles	4.9
Upstate California	5.3
Central Valley	7.4

#### By Legislative District:

##### Lowest 10 Unemploy- ment

Rates:	CD18 (Eshoo-D)	2.2	SD13 (Hill-D)	2.1	AD16 (Baker-R)	2.1
	CD12 (Pelosi-D)	2.3	SD11 (Wiener-D)	2.5	AD22 (Mullin-D)	2.1
	CD52 (Peters-D)	2.6	SD39 (Atkins-D)	2.8	AD24 (Berman-D)	2.2
	CD17 (Khanna-D)	2.6	SD36 (Bates-R)	2.8	AD28 (Low-D)	2.3
	CD14 (Speier-D)	2.6	SD37 (Moorlach-R)	2.9	AD17 (Chiu-D)	2.4
	CD45 (Walters-R)	2.7	SD10 (Wieckowski-D)	2.9	AD77 (Maienschein-R)	2.6
	CD15 (Swalwell-D)	2.7	SD07 (Glazer-D)	2.9	AD25 (Chu-D)	2.6
	CD49 (Issa-R)	2.8	SD15 (Beall-D)	2.9	AD73 (Brough-R)	2.6
	CD48 (Rohrabacher-R)	3.0	SD02 (McGuire-D)	3.2	AD19 (Ting-D)	2.6
	CD02 (Huffman-D)	3.0	SD34 (Nguyen-R)	3.4	AD78 (Gloria-D)	2.7

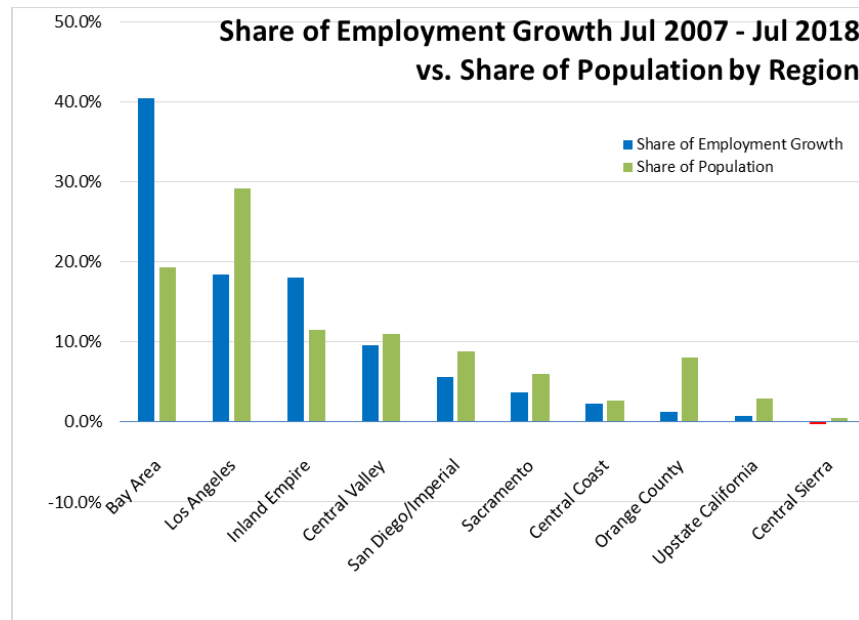
##### Highest 10 Unemploy- ment

Rates	CD29 (Cárdenas-D)	5.7	SD33 (Lara-D)	5.7	AD36 (Lackey-R)	6.4
	CD43 (Waters-D)	5.8	SD24 (de León-D)	5.7	AD34 (Fong-R)	6.4
	CD40 (Roybal-Allard-D)	5.8	SD08 (Berryhill-R)	5.8	AD59 (Jones-Sawyer-D)	6.6
	CD10 (Denham-R)	6.1	SD30 (Mitchell-D)	5.9	AD13 (Eggman-D)	6.6
	CD44 (Barragán-D)	7.0	SD05 (Galgiani-D)	5.9	AD64 (Gipson-D)	7.2
	CD23 (McCarthy-R)	7.1	SD35 (Bradford-D)	6.2	AD21 (Gray-D)	8.2
	CD22 (Nunes-R)	7.2	SD16 (Fuller-R)	6.9	AD31 (Arambula-D)	8.5
	CD16 (Costa-D)	8.2	SD12 (Cannella-R)	6.9	AD26 (Mathis-R)	9.0
	CD51 (Vargas-D)	8.9	SD40 (Hueso-D)	7.5	AD32 (Salas-D)	9.8
	CD21 (Valadao-R)	9.3	SD14 (Vidak-R)	10.1	AD56 (Garcia-D)	10.2

## Bay Area Provided 40.4% of Net Employment Growth Since Recession

Containing 19.4% of the state's population, the Bay Area was responsible for 40.4% 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 second largest share at 18.5%. Inland Empire is the only other region—at a growing margin—continuing to show employment gains above their population share.





## Nine 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, 9 are in California. Of the 20 worst, 10 are in California.

Metropolitan area	June 2018 rate	Rank
Rocky Mount, NC Metropolitan Statistical Area	6.3	368
Vineland-Bridgeton, NJ Metropolitan Statistical Area	6.3	368
Beaumont-Port Arthur, TX Metropolitan Statistical Area	6.4	371
Stockton-Lodi, CA Metropolitan Statistical Area	6.4	371
Alexandria, LA Metropolitan Statistical Area	6.5	373
Shreveport-Bossier City, LA Metropolitan Statistical Area	6.5	373
Weirton-Steubenville, WV-OH Metropolitan Statistical Area	6.7	375
Hammond, LA Metropolitan Statistical Area	6.8	376
Brownsville-Harlingen, TX Metropolitan Statistical Area	6.9	377
McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	7.2	378
Modesto, CA Metropolitan Statistical Area	7.2	378
Yuba City, CA Metropolitan Statistical Area	7.3	380
Madera, CA Metropolitan Statistical Area	7.4	381
Fresno, CA Metropolitan Statistical Area	7.6	382
Hanford-Corcoran, CA Metropolitan Statistical Area	8.2	383
Merced, CA Metropolitan Statistical Area	8.6	384

Bakersfield, CA Metropolitan Statistical Area	8.7	385
Visalia-Porterville, CA Metropolitan Statistical Area	9.6	386
El Centro, CA Metropolitan Statistical Area	18.0	387
Yuma, AZ Metropolitan Statistical Area	19.1	388