

California Employment Report

For October 2018

Highlights for policy makers:

- [Unemployment Rate Level at 4.1%; Total Employment Up 54,600](#)
- [Labor Force Participation Rate Level Up to 62.1%](#)
- State Employment Growth Rankings—California 4th Highest
- [Nonfarm Jobs Up 36,400](#)
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- [Two-Tier Economy Persists—Central Valley Unemployment More than Twice as High as Bay Area](#)
- **Bay Area Provided 37.9% of Net Employment Growth Since Recession**
- [6 California MSAs in the 10 Worst Unemployment Rates Nationally](#)

Unemployment Rate Level at 4.1%; Total Employment up 54,600

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

Seasonally Adjusted	California		US	
	Oct 2018	Change from Sep 2018	Oct 2018	Change from Sep 2018
Unemployment Rate	4.1%	0.0	3.7%	0.0
Labor Force	19,441,000	0.3%	162,637,000	0.4%
Participation Rate	62.1%	0.2	62.9%	0.2
Employment	18,636,700	0.3%	156,562,000	0.4%
Unemployment	804,300	0.2%	6,075,000	1.9%

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

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

Not Seasonally Adjusted	California		US	
	Oct 2018	Change from Oct 2017	Oct 2018	Change from Oct 2017
Unemployment Rate	4.0%	-0.2	3.5%	-0.4
Labor Force	19,627,400	1.3%	162,723,000	1.4%
Participation Rate	62.7%	0.3	62.9%	0.2

Employment	18,846,900	1.6%	156,952,000	1.8%
Unemployment	780,500	-4.4%	5,771,000	-7.5%

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 54,600 from September, while the number of unemployed rose 1,600. The labor force grew by 56,200.

California's seasonally adjusted unemployment rate stayed at 4.1%, the lowest level in the current data series that began in 1976. California tied with Alabama, Maryland, New Jersey, Pennsylvania, and Wyoming for the 14th highest unemployment rate among the states. The unadjusted rate dipped from 4.2% in October 2017 to 4.0%.

Total US employment saw a seasonally adjusted gain of 600,000 from September, while the number of unemployed grew by 110,000 and the total labor force by 711,000. The national unemployment rate improved to 3.7%.

Labor Force Participation Rate Level Up to 62.1%

California's participation rate (seasonally adjusted) in October edged up to 62.1%, while the US rate rose to 62.9%.

California's labor force finally showed slight growth, up 48,800 over the year ending October 2018, or 0.2% growth. The US as a whole grew by 2.3 million - a 1.4% 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	October 2018
Total	67.2%	62.2%
16-19	46.8%	27.1%
20-24	76.4%	65.5%
25-54	82.1%	80.3%

55-64	66.3%	63.9%
Prior Min		
65+	12.1%	19.5%

Source: Current Population Survey microdata; EDD
Note: All entries from 12-month moving average

State Employment Growth Rankings—California 4th Highest

Change in Employment, October 2017 – October 2018

Rank	Number of Employed		Percentage Change		Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	
1	TX	259,400	MA	4.8%	MA	30.3
2	MA	169,600	NV	3.1%	NV	18.1
3	FL	157,100	NM	2.8%	NM	14.9
4	CA	110,400	DE	2.5%	DE	14.6
5	GA	101,100	IN	2.3%	CO	14.5
6	NY	88,700	CO	2.2%	IN	14.4
7	IN	75,000	NH	2.1%	NH	13.9
8	CO	64,200	GA	2.1%	GA	12.6
9	VA	64,100	TX	2.0%	TX	12.1
10	NC	63,800	AL	1.9%	OK	10.9
11	AZ	59,300	AZ	1.9%	AZ	10.8
12	PA	45,300	OK	1.9%	ID	10.6
13	NV	42,900	ID	1.7%	AL	10.5
14	AL	40,400	RI	1.6%	RI	10.0
15	WA	39,800	FL	1.6%	VA	9.7
16	MN	39,600	VA	1.5%	FL	9.2
17	IL	35,700	NC	1.3%	MN	9.0
18	MO	33,000	MN	1.3%	IA	8.7
19	OK	32,700	IA	1.3%	DC	8.4
20	MI	30,100	DC	1.3%	NE	8.1
21	NM	24,200	NE	1.2%	NC	7.9
22	IA	21,300	MO	1.1%	MO	6.9
23	TN	19,700	WA	1.1%	SD	6.8
24	KY	19,600	SD	1.0%	WA	6.8
25	NH	15,300	KY	1.0%	KY	5.6
26	ID	13,900	NY	1.0%	NY	5.6
27	NE	11,900	MS	0.8%	UT	4.8
28	DE	11,200	PA	0.7%	KS	4.5

29	UT	10,900	UT	0.7%	PA	4.4
30	WI	10,700	KS	0.7%	MS	4.0
31	KS	9,900	MI	0.6%	MI	3.8
32	SC	9,600	TN	0.6%	TN	3.7
33	MS	9,200	CA	0.6%	CA	3.6
34	RI	8,600	IL	0.6%	IL	3.5
35	NJ	7,700	ME	0.5%	ME	3.1
36	DC	4,800	VT	0.4%	VT	2.9
37	SD	4,500	SC	0.4%	SC	2.4
38	MD	3,500	HI	0.4%	WI	2.3
39	ME	3,400	WI	0.3%	HI	2.2
40	CT	3,300	CT	0.2%	CT	1.1
	US	2,071,000	US	1.3%	US	8.1

Source: US Bureau of Labor Statistics, Seasonally Adjusted

Between October 2017 and October 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 110,400 (seasonally adjusted), or 5.3% of the total net employment gains in this period for the US. Based on the total numbers, California notched up to 4th place behind Texas, Massachusetts, and Florida. Measured by percentage change in employment over the year, California rose to 33rd highest. Adjusted for working age population, California was 33rd as well.

Nonfarm Jobs Up 36,400

EDD reported that between September and October 2018, seasonally adjusted nonfarm wage and salary jobs grew by 36,400. September's gains were revised to 10,500 from the previously reported 13,200.

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 October 2017 saw the largest increases in higher wage Professional, Scientific & Technical Services (52,900), middle class wage Administrative & Support & Waste Services (46,100), and Government (41,900). Declines were in Other Services (-4,400), Wholesale Trade (-2,900), and Retail Trade (-2,300).

Not Seasonally Adjusted Payroll Jobs	Oct 2018	Sep 2018	Change Oct 2018 - Sep 2018	Change Oct 2018 - Oct 2017
Total Farm	463,600	476,700	-13,100	3,800
Mining and Logging	22,900	22,700	200	0
Construction	869,400	873,800	-4,400	29,700
Manufacturing	1,321,100	1,326,400	-5,300	3,900
Wholesale Trade	723,300	726,900	-3,600	-2,900

Retail Trade	1,698,200	1,688,300	9,900	-2,300
Utilities	58,300	58,200	100	400
Transportation & Warehousing	601,900	597,000	4,900	21,700
Information	548,300	541,200	7,100	8,300
Finance & Insurance	548,700	547,000	1,700	1,100
Real Estate & Rental & Leasing	288,100	288,300	-200	3,300
Professional, Scientific & Technical Services	1,289,300	1,268,400	20,900	52,900
Management of Companies & Enterprises	234,700	233,900	800	1,500
Administrative & Support & Waste Services	1,168,400	1,154,800	13,600	46,100
Educational Services	381,300	363,900	17,400	5,300
Health Care	1,541,700	1,534,600	7,100	28,800
Social Assistance	823,900	820,900	3,000	33,800
Arts, Entertainment & Recreation	305,800	311,300	-5,500	1,600
Accommodation	235,400	235,300	100	7,600
Food Services	1,467,600	1,470,300	-2,700	37,400
Other Services	565,400	563,200	2,200	-4,400
Government	2,630,500	2,561,500	69,000	41,900
Total Nonfarm	17,324,200	17,187,900	136,300	315,700
Total Wage and Salary	17,787,800	17,664,600	123,200	319,500

Source: California Employment Development Department

At a 308,700 increase, California rose to 2nd highest measured by seasonally adjusted nonfarm jobs among the states from October 2017 to October 2018, behind Texas at 384,400. By percentage growth in jobs, California fell to 17th highest at 1.8%, just above the US average. By population adjusted jobs growth, California dropped to 22nd highest.

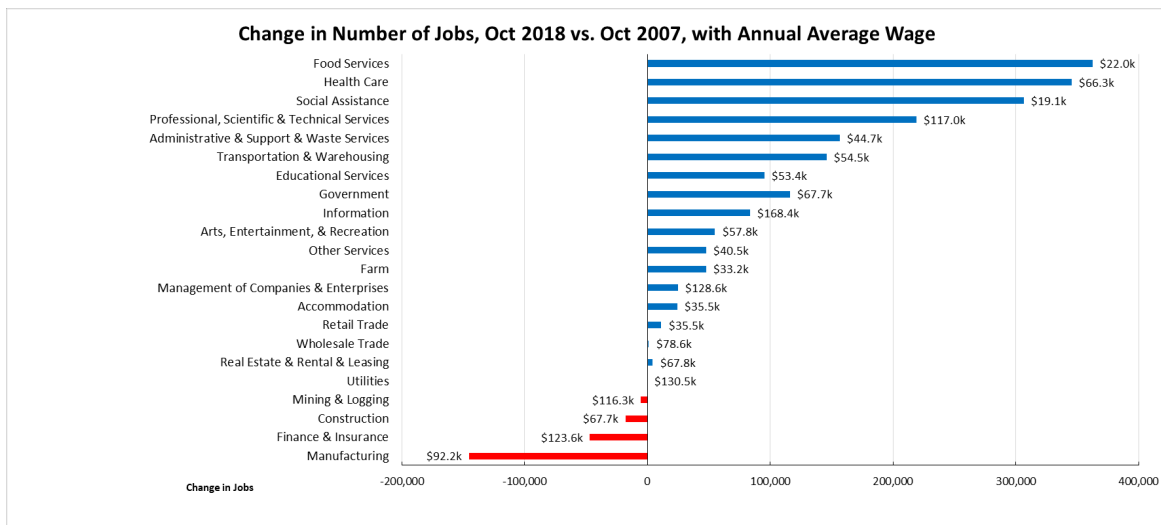
Change in Nonfarm Jobs (seasonally adjusted), October 2017 – October 2018

Rank	Number of Jobs		Employment Growth (%)		Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)	
1	TX	384,800	NV	3.4%	UT	21.5
2	CA	308,700	UT	3.3%	NV	19.4
3	FL	232,600	WA	3.3%	WA	18.7
4	NY	122,800	TX	3.1%	TX	18.0
5	OH	115,400	AZ	3.1%	CO	16.3
6	WA	109,600	FL	2.7%	AZ	15.8
7	NC	103,500	CO	2.7%	OR	13.9
8	GA	93,600	NM	2.7%	NH	13.9
9	PA	92,300	OR	2.5%	NM	13.7

10	AZ	86,700	NC	2.3%	FL	13.6
11	CO	72,000	NH	2.3%	WY	13.4
12	VA	71,400	WY	2.1%	NC	12.8
13	NJ	68,500	ID	2.1%	OH	12.5
14	MA	64,400	GA	2.1%	ID	11.7
15	MI	61,800	OH	2.1%	GA	11.6
16	TN	59,300	TN	2.0%	MA	11.5
17	IL	59,300	CA	1.8%	TN	11.2
18	UT	48,600	VA	1.8%	SD	11.0
19	OR	46,500	SC	1.8%	NE	11.0
20	NV	45,800	MA	1.8%	VA	10.8
21	MO	44,600	SD	1.7%	HI	9.9
22	MD	38,500	HI	1.7%	CA	9.9
23	SC	37,800	AL	1.7%	NJ	9.6
24	MN	35,600	NJ	1.7%	SC	9.5
25	AL	33,600	NE	1.6%	MO	9.3
	US	2,516,000	US	1.7%	US	9.9

Source: US Bureau of Labor Statistics

4 Industries Still below 2007 Pre-Recession Job Levels



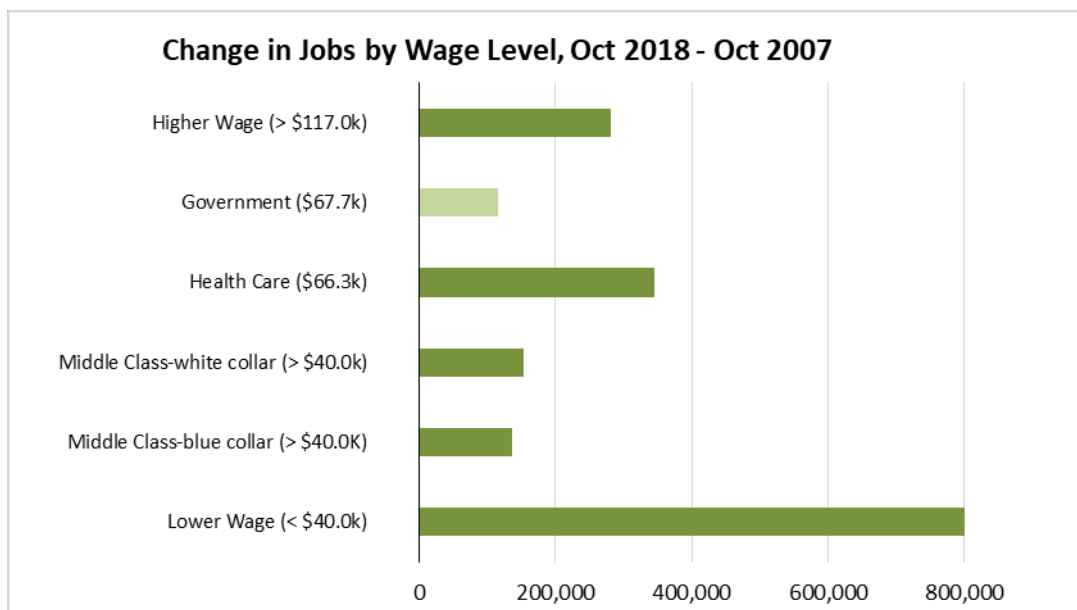
Source: California Employment Development Department, not seasonally adjusted;
wages are running 4 quarter average from QCEW wage data

Comparing the number of jobs by industry in October 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 slowing,

Construction was still higher than in recent years but still remains 50,400 below the 2007 level, and 96,400 (10.0%) below the previous high in 2006.

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 (44%) of net jobs growth since the recession has been in the lower wage industries. For the 12 months ending October 2018, lower wage industries accounted for under a quarter (24%) of new jobs, while middle class-blue collar jobs produced over a quarter (31%) as Construction levels remained higher compared to recent 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 2.6% in the Bay Area to more than twice as large at 6.3% in the Central Valley.

Not Seasonally Adjusted	Unemployment Rate (%) October 2018
California	4.0
Bay Area	2.6
Orange County	2.9
Sacramento	3.5

Central Coast	3.6
Central Sierra	3.9
San Diego/Imperial	4.0
Inland Empire	4.1
Upstate California	4.5
Los Angeles	4.6
Central Valley	6.3

By Legislative District:

Lowest 10
Unemployment

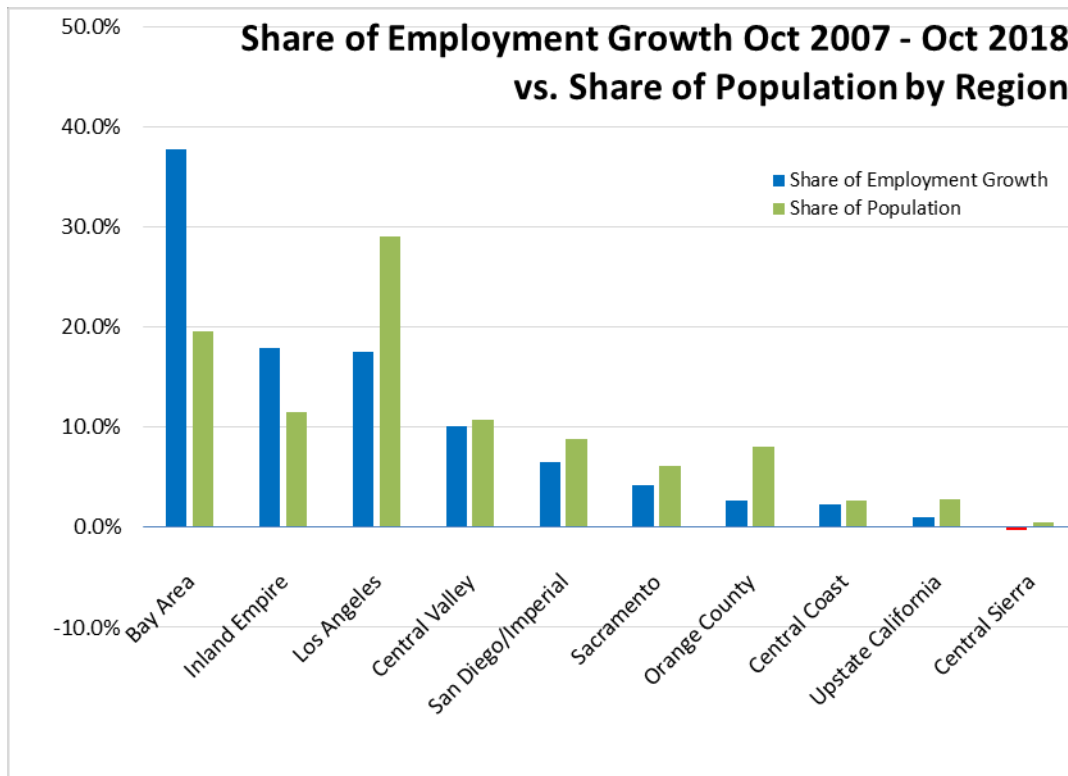
Rates:	CD18 (Eshoo-D)	1.9	SD13 (Hill-D)	2.0	AD16 (Baker-R)	1.9
	CD12 (Pelosi-D)	2.1	SD11 (Wiener-D)	2.3	AD22 (Mullin-D)	1.9
	CD17 (Khanna-D)	2.3	SD39 (Atkins-D)	2.5	AD24 (Berman-D)	2.0
	CD52 (Peters-D)	2.4	SD36 (Bates-R)	2.5	AD28 (Low-D)	2.1
	CD14 (Speier-D)	2.4	SD37 (Moorlach-R)	2.6	AD17 (Chiu-D)	2.3
	CD15 (Swalwell-D)	2.5	SD10 (Wieckowski-D)	2.6	AD77 (Maienschein-R)	2.4
	CD45 (Walters-R)	2.5	SD15 (Beall-D)	2.6	AD25 (Chu-D)	2.4
	CD49 (Issa-R)	2.5	SD07 (Glazer-D)	2.7	AD19 (Ting-D)	2.4
	CD48 (Rohrabacher-R)	2.7	SD02 (McGuire-D)	2.9	AD73 (Brough-R)	2.4
	CD02 (Huffman-D)	2.7	SD34 (Nguyen-R)	3.1	AD78 (Gloria-D)	2.4

Highest 10
Unemployment

Rates	CD34 (Gomez-D)	5.1	SD21 (Wilk-R)	5.1	AD13 (Eggman-D)	5.7
	CD29 (Cárdenas-D)	5.3	SD18 (Hertzberg-D)	5.1	AD51 (Carrillo-D)	5.7
	CD40 (Roybal-Allard-D)	5.3	SD33 (Lara-D)	5.3	AD36 (Lackey-R)	5.9
					AD59 (Jones-Sawyer-D)	6.1
	CD43 (Waters-D)	5.4	SD24 (de León-D)	5.3	AD21 (Gray-D)	6.5
	CD23 (McCarthy-R)	5.8	SD30 (Mitchell-D)	5.5	AD64 (Gipson-D)	6.7
	CD22 (Nunes-R)	6.3	SD12 (Cannella-R)	5.7	AD31 (Arambula-D)	7.5
	CD44 (Barragán-D)	6.5	SD16 (Fuller-R)	5.8	AD32 (Salas-D)	8.0
	CD16 (Costa-D)	6.8	SD35 (Bradford-D)	5.8	AD26 (Mathis-R)	8.1
	CD21 (Valadao-R)	7.8	SD40 (Hueso-D)	7.3	AD56 (Garcia-D)	10.1
	CD51 (Vargas-D)	8.6	SD14 (Vidak-R)	8.7		

Bay Area Provided 37.9% of Net Employment Growth Since Recession

Containing 19.6% of the state’s population, the Bay Area was responsible for 37.9% of the net growth in employment since the pre-recession peaks in 2007. Inland Empire continued to gain employment share, remaining in second place with 17.9%. Los Angeles Region, containing 29.1% of the population, accounted for the third largest share at 17.6%.



6 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, 6 are in California. Of the 20 worst, 8 are in California.

Metropolitan area	September 2018 rate	Rank
El Centro, CA Metropolitan Statistical Area	19.3	388
Yuma, AZ Metropolitan Statistical Area	19.1	387
Visalia-Porterville, CA Metropolitan Statistical Area	7.9	386
Bakersfield, CA Metropolitan Statistical Area	6.6	385
McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	6.2	384
Hanford-Corcoran, CA Metropolitan Statistical Area	6	382
Vineland-Bridgeton, NJ Metropolitan Statistical Area	6	382

Beaumont-Port Arthur, TX Metropolitan Statistical Area	5.9	379
Fresno, CA Metropolitan Statistical Area	5.9	379
Merced, CA Metropolitan Statistical Area	5.9	379
Lake Havasu City-Kingman, AZ Metropolitan Statistical Area	5.8	377
Sierra Vista-Douglas, AZ Metropolitan Statistical Area	5.8	377
Brownsville-Harlingen, TX Metropolitan Statistical Area	5.7	376
Alexandria, LA Metropolitan Statistical Area	5.5	373
Hammond, LA Metropolitan Statistical Area	5.5	373
Yuba City, CA Metropolitan Statistical Area	5.5	373
Madera, CA Metropolitan Statistical Area	5.4	371
Monroe, LA Metropolitan Statistical Area	5.4	371
Shreveport-Bossier City, LA Metropolitan Statistical Area	5.3	367
Weirton-Steubenville, WV-OH Metropolitan Statistical Area	5.3	367