

California Employment Report

For September 2018

Highlights for policy makers:

- [Unemployment Rate Level at 4.1%; Total Employment Up 34,600](#)
- [Labor Force Participation Rate Level at 62.0%](#)
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Unemployment Rate Level at 4.1%; Total Employment up 34,600

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

Seasonally Adjusted	California		US	
	Sep 2018	Change from Aug 2018	Sep 2018	Change from Aug 2018
Unemployment Rate	4.1%	-0.1	3.7%	-0.2
Labor Force	19,385,400	0.2%	161,926,000	0.1%
Participation Rate	62.0%	0.1	62.7%	0.0
Employment	18,582,400	0.2%	155,962,000	0.3%
Unemployment	803,000	0.0%	5,964,000	-4.3%

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

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

Not Seasonally Adjusted	California		US	
	Sep 2018	Change from Sep 2017	Sep 2018	Change from Sep 2017
Unemployment Rate	3.9%	-0.4	3.6%	-0.5
Labor Force	19,552,500	0.5%	161,958,000	0.6%
Participation Rate	62.5%	-0.2	62.7%	-0.3
Employment	18,783,600	0.9%	156,191,000	1.1%

Unemployment	768,900	-8.6%	5,766,000	-12.1%
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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 34,600 from August, while the number of unemployed fell 300. The labor force grew by 34,300.

California's seasonally adjusted unemployment rate improved to 4.1%, the lowest level in the current data series that began in 1976. California tied with Illinois, New York, Pennsylvania, and Wyoming for the 15th highest unemployment rate among the states. The unadjusted rate dropped from 4.3% in September 2017 to 3.9%.

Total US employment saw a seasonally adjusted gain of 420,000 from August, while the number of unemployed dropped by 270,000 and the total labor force grew by 150,000. The national unemployment rate improved to 3.7%.

Labor Force Participation Rate Level at 62.0%

California's participation rate (seasonally adjusted) in September notched up to 62.0%, while the US rate remained level at 62.7%.

California's labor force remained essentially unchanged, growing only 4,800 over the year ending September 2018, or 0.0% growth. The US as a whole grew 0.8 million - a 0.5% 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	September 2018
Total	67.2%	62.2%
16-19	46.8%	27.2%
20-24	76.4%	65.4%
25-54	82.1%	80.3%
55-64	66.3%	63.8%

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 Remains at 5th

Change in Employment, September 2017 – September 2018

Rank	Number of Employed		Percentage Change		Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	
1	TX	251,500	MA	4.5%	MA	28.2
2	MA	157,700	NV	2.8%	NV	16.7
3	FL	148,800	NM	2.6%	CO	15.5
4	GA	106,000	DE	2.5%	DE	14.6
5	CA	81,100	CO	2.3%	NM	14.2
6	IN	71,400	IN	2.2%	IN	13.8
7	CO	68,500	GA	2.2%	GA	13.2
8	VA	62,400	NH	1.9%	NH	12.8
9	NC	60,600	TX	1.9%	TX	11.8
10	AZ	48,600	OK	1.9%	ID	11.7
11	NY	45,800	ID	1.9%	DC	11.4
12	MN	43,200	DC	1.7%	OK	11.2
13	NV	39,400	AL	1.7%	RI	10.1
14	AL	34,900	RI	1.6%	MN	9.9
15	IL	34,200	AZ	1.5%	VA	9.4
16	OK	33,500	FL	1.5%	AL	9.1
17	WA	31,800	VA	1.5%	AZ	8.9
18	MI	29,900	MN	1.5%	FL	8.7
19	TN	25,800	NC	1.3%	UT	8.1
20	MO	25,500	UT	1.2%	NC	7.5
21	PA	23,600	IA	1.1%	IA	7.4
22	NM	23,000	KY	1.0%	NE	6.7
23	KY	20,200	NE	1.0%	SD	6.7
24	WI	18,600	SD	1.0%	KY	5.8
25	IA	18,200	MS	0.9%	WA	5.4
26	UT	18,200	WA	0.9%	MO	5.3
27	ID	15,300	MO	0.9%	TN	4.9
28	NH	14,100	TN	0.8%	MS	4.8
29	DE	11,200	ME	0.7%	VT	4.7
30	MS	10,900	VT	0.7%	ME	4.4
31	NE	9,900	MI	0.6%	WI	4.0

32	RI	8,700	WI	0.6%	MI	3.8
33	SC	7,000	HI	0.6%	HI	3.5
34	DC	6,500	IL	0.6%	IL	3.4
35	KS	6,400	NY	0.5%	KS	2.9
36	OH	6,100	KS	0.4%	NY	2.9
37	ME	4,900	CA	0.4%	CA	2.6
38	SD	4,400	PA	0.4%	PA	2.3
39	HI	3,800	SC	0.3%	SC	1.8
40	LA	3,200	LA	0.2%	LA	0.9
	US	2,071,000	US	1.3%	US	8.1

Source: US Bureau of Labor Statistics, Seasonally Adjusted

Between September 2017 and September 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 81,100 (seasonally adjusted), or 3.9% of the total net employment gains in this period for the US. Based on the total numbers, California remained in 5th place behind Texas, Massachusetts, Florida, and Georgia. Measured by percentage change in employment over the year, California fell to 37th highest. Adjusted for working age population, California was 37th as well.

Nonfarm Jobs Up 13,200

EDD reported that between August and September 2018, seasonally adjusted nonfarm wage and salary jobs grew by 13,200. August's results were revised to a 42,600 gain from the previously reported 44,800.

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 September 2017 saw the largest increases in lower wage Food Services (43,800), higher wage Professional, Scientific & Technical Services (39,200), and Government (38,100). Declines were in Other Services (-3,900) and Mining & Logging (-300).

Not Seasonally Adjusted Payroll Jobs	Sep 2018	Aug 2018	Change Sep 2018 - Aug 2018	Change Sep 2018 - Sep 2017
Total Farm	484,300	481,700	2,600	8,600
Mining and Logging	22,700	22,600	100	-300
Construction	872,900	879,000	-6,100	35,100
Manufacturing	1,326,400	1,332,600	-6,200	200
Wholesale Trade	727,800	727,400	400	2,300
Retail Trade	1,688,500	1,694,700	-6,200	8,600
Utilities	58,100	58,100	0	100
Transportation & Warehousing	595,600	594,500	1,100	20,900
Information	542,500	546,500	-4,000	8,900
Finance & Insurance	545,800	551,300	-5,500	0

Real Estate & Rental & Leasing	288,100	288,200	-100	3,200
Professional, Scientific & Technical Services	1,267,900	1,274,400	-6,500	39,300
Management of Companies & Enterprises	234,700	235,300	-600	3,600
Administrative & Support & Waste Services	1,161,300	1,146,100	15,200	37,100
Educational Services	366,300	354,800	11,500	9,600
Health Care	1,531,300	1,535,000	-3,700	24,700
Social Assistance	818,900	815,300	3,600	37,400
Arts, Entertainment & Recreation	320,900	324,000	-3,100	16,200
Accommodation	237,000	237,100	-100	9,100
Food Services	1,465,700	1,472,000	-6,300	43,800
Other Services	560,400	564,300	-3,900	-6,500
Government	2,556,500	2,475,300	81,200	38,100
Total Nonfarm	17,189,300	17,128,500	60,800	331,400
Total Wage and Salary	17,673,600	17,610,200	63,400	340,000

Source: California Employment Development Department

At a 339,600 increase, California dropped to 3rd highest measured by seasonally adjusted nonfarm jobs among the states from September 2017 to September 2018, behind Florida at 407,300 and Texas at 406,400. By percentage growth in jobs, California fell to 16th highest at 2.0%, but still above the US average. By population adjusted jobs growth, California dropped to 20th highest.

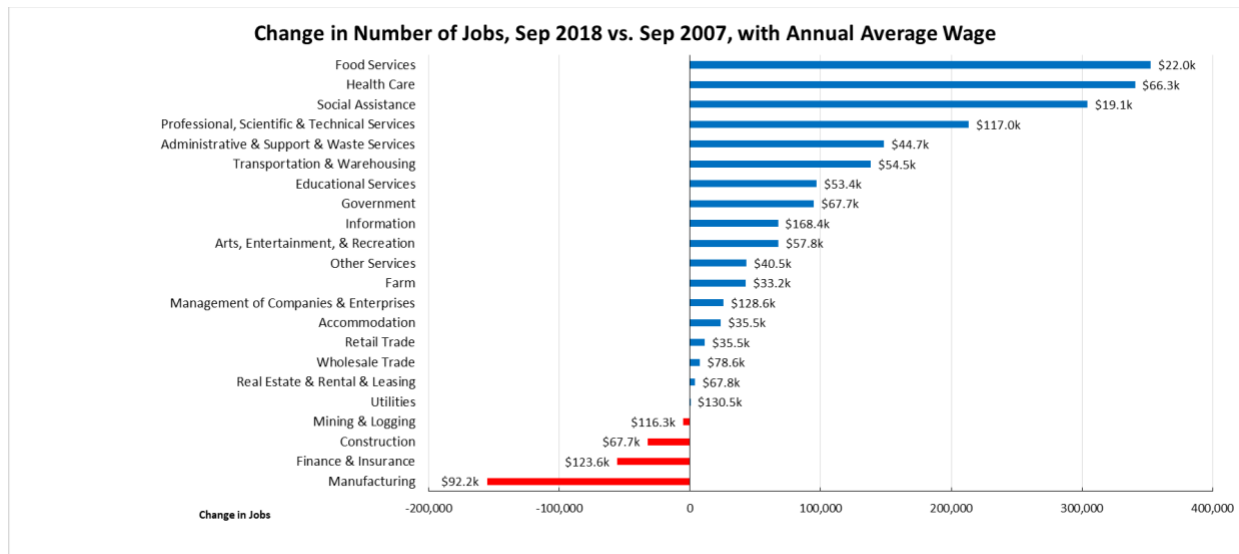
Change in Nonfarm Jobs (seasonally adjusted), September 2017 – September 2018

Rank	Number of Jobs		Employment Growth (%)		Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)
1	FL	407,300	FL	4.8%	FL 23.9
2	TX	406,400	UT	3.6%	UT 23.2
3	CA	339,600	TX	3.3%	TX 19.0
4	GA	111,100	NV	3.2%	NV 18.4
5	WA	105,200	WA	3.2%	WA 18.0
6	OH	104,600	AZ	2.9%	CO 17.5
7	NY	95,300	CO	2.9%	AZ 14.8
8	NC	82,300	ID	2.7%	ID 14.7
9	AZ	81,400	NM	2.6%	WY 14.1
10	PA	78,700	GA	2.5%	DC 14.0
11	CO	77,200	OR	2.3%	GA 13.8
12	VA	68,400	WY	2.2%	NH 13.5
13	TN	63,900	NH	2.2%	NM 13.1
14	MA	63,400	TN	2.1%	OR 12.9

15	MI	63,300	OK	2.0%	TN	12.1
16	NJ	58,000	CA	2.0%	NE	11.9
17	UT	52,400	OH	1.9%	OH	11.4
18	IL	50,300	NC	1.9%	MA	11.3
19	NV	43,500	HI	1.8%	OK	11.3
20	OR	43,200	MS	1.8%	CA	10.9
21	WI	41,700	DE	1.8%	HI	10.6
22	MO	39,300	MA	1.8%	DE	10.4
23	MN	38,200	VA	1.7%	VA	10.3
24	OK	34,000	NE	1.7%	NC	10.2
25	IN	28,000	MT	1.6%	SD	9.4
	US	2,537,000	US	1.7%	US	9.9

Source: US Bureau of Labor Statistics

4 Industries Still below 2007 Pre-Recession Job Levels

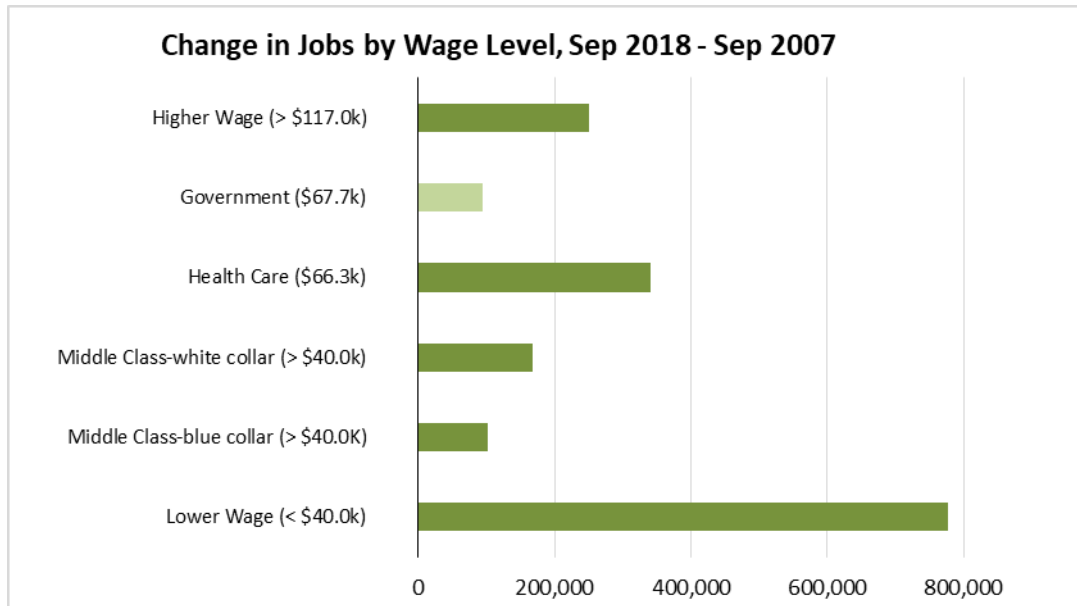


Source: California Employment Development Department, not seasonally adjusted;
wages are running 4 quarter average from QCEW wage data

Comparing the number of jobs by industry in September 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 46,900 below the 2007 level, and 93,400 (9.7%) 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 (45%) of net jobs growth since the recession has been in the lower wage industries. For the 12 months ending September 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 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 6.0% in the Central Valley.

Not Seasonally Adjusted	Unemployment Rate (%) September 2018
California	3.9
Bay Area	2.6
Orange County	2.8
Sacramento	3.4
Central Coast	3.5
Central Sierra	3.6
San Diego/Imperial	3.9
Inland Empire	4.1
Upstate California	4.3
Los Angeles	4.7
Central Valley	6.0

By Legislative District:

Lowest 10
Unemploy-
ment

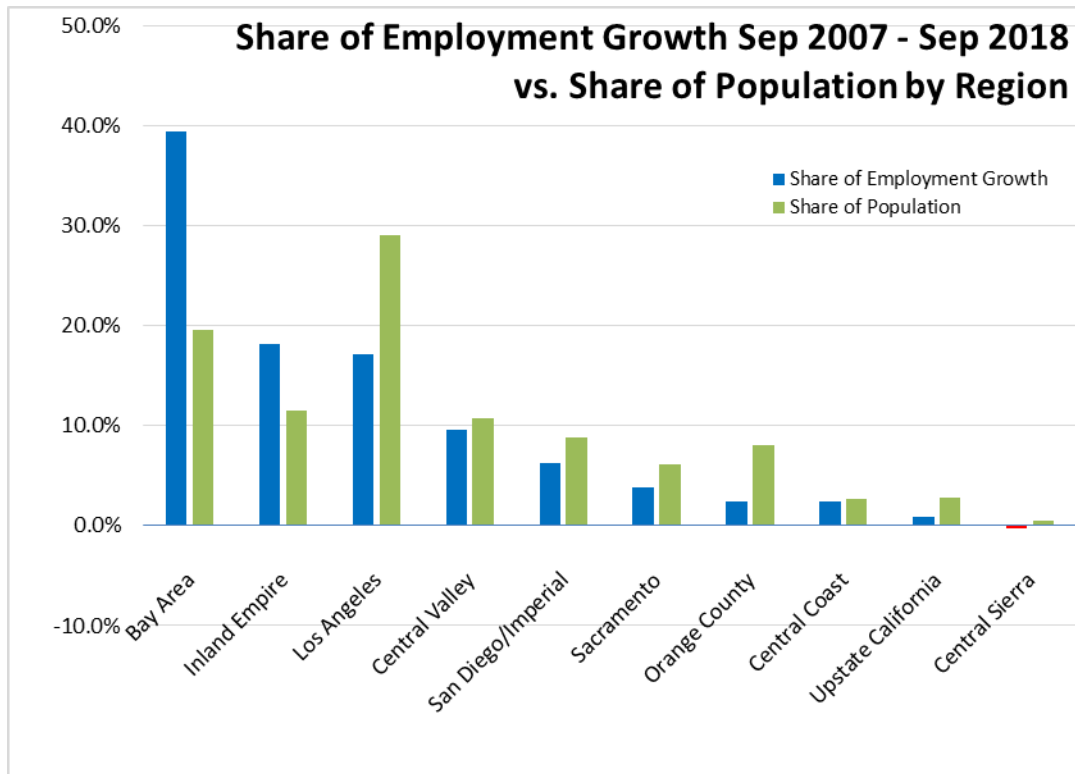
Rates:	CD18 (Eshoo-D)	2.1	SD13 (Hill-D)	2.1	AD16 (Baker-R)	2.0
	CD12 (Pelosi-D)	2.3	SD11 (Wiener-D)	2.5	AD22 (Mullin-D)	2.0
	CD52 (Peters-D)	2.5	SD39 (Atkins-D)	2.7	AD24 (Berman-D)	2.2
	CD17 (Khanna-D)	2.5	SD36 (Bates-R)	2.7	AD28 (Low-D)	2.3
	CD14 (Speier-D)	2.5	SD37 (Moorlach-R)	2.8	AD17 (Chiu-D)	2.4
	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)	2.6
	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	CD34 (Gomez-D)	5.6	SD21 (Wilk-R)	5.5	AD13 (Eggman-D)	6.0
	CD29 (Cárdenas-D)	5.8	SD18 (Hertzberg-D)	5.6	AD51 (Carrillo-D)	6.2
	CD43 (Waters-D)	5.8	SD33 (Lara-D)	5.8	AD36 (Lackey-R)	6.4
	CD40 (Roybal-Allard-D)	5.8	SD24 (de León-D)	5.8	AD59 (Jones-Sawyer-D)	6.6
	CD23 (McCarthy-R)	6.3	SD30 (Mitchell-D)	6.0	AD21 (Gray-D)	7.1
	CD22 (Nunes-R)	6.5	SD12 (Cannella-R)	6.0	AD64 (Gipson-D)	7.2
	CD44 (Barragán-D)	7.0	SD16 (Fuller-R)	6.2	AD31 (Arambula-D)	7.7
	CD16 (Costa-D)	7.2	SD35 (Bradford-D)	6.3	AD26 (Mathis-R)	8.4
	CD21 (Valadao-R)	8.3	SD40 (Hueso-D)	7.7	AD32 (Salas-D)	8.7
	CD51 (Vargas-D)	9.1	SD14 (Vidak-R)	9.1	AD56 (Garcia-D)	10.8

Bay Area Provided 39.5% of Net Employment Growth Since Recession

Containing 19.6% of the state’s population, the Bay Area was responsible for 39.5% of the net growth in employment since the pre-recession peaks in 2007. Los Angeles Region, containing 29.1% of the population, accounted for the third largest share at 17.2%. Inland Empire is the only other region—at a growing margin—continuing to show employment gains above their population share. Based on the preliminary September numbers, Inland Empire continues to eclipse Los Angeles Region for employment growth compared to before the recession.



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, 9 are in California.

Metropolitan area	August 2018 rate	Rank
Yuma, AZ Metropolitan Statistical Area	22.0	388
El Centro, CA Metropolitan Statistical Area	20.3	387
Visalia-Porterville, CA Metropolitan Statistical Area	8.7	386
Bakersfield, CA Metropolitan Statistical Area	7.3	385
Merced, CA Metropolitan Statistical Area	7.0	384
Hanford-Corcoran, CA Metropolitan Statistical Area	6.7	383
Vineland-Bridgeton, NJ Metropolitan Statistical Area	6.6	380
McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	6.6	380
Fresno, CA Metropolitan Statistical Area	6.6	380
Beaumont-Port Arthur, TX Metropolitan Statistical Area	6.3	379

Madera, CA Metropolitan Statistical Area	6.2	377
Brownsville-Harlingen, TX Metropolitan Statistical Area	6.2	377
Hammond, LA Metropolitan Statistical Area	6.1	375
Alexandria, LA Metropolitan Statistical Area	6.1	375
Sierra Vista-Douglas, AZ Metropolitan Statistical Area	6.0	373
Lake Havasu City-Kingman, AZ Metropolitan Statistical Area	6.0	373
Yuba City, CA Metropolitan Statistical Area	5.9	368
Shreveport-Bossier City, LA Metropolitan Statistical Area	5.9	368
Monroe, LA Metropolitan Statistical Area	5.9	368
Modesto, CA Metropolitan Statistical Area	5.9	368