

California Employment Report

For February 2019

Unemployment Level at 4.2%; Employment Up 18,000

EDD reported total employment (seasonally adjusted; February preliminary) was up 18,000 from January, while the number of unemployed rose 6,500. Unemployment rate stayed at 4.2%. The unadjusted rate was down 0.2 point from the year earlier to 4.4%.

California had the 11th highest unemployment rate.

Total US employment saw a seasonally adjusted gain of 255,000, with the number of unemployed dropping 300,000. The unemployment rate dropped to 3.8%.

Seasonally Adjusted	California		US	
	Feb 2019	Change from Jan 2019	Feb 2019	Change from Jan 2019
Unemployment Rate	4.2%	0.0	3.8%	-0.2
Labor Force	19,582,200	0.1%	163,184,000	0.0%
Participation Rate	62.8%	0.1	63.2%	0.0
Employment	18,758,000	0.1%	156,949,000	0.2%
Unemployment	824,200	0.8%	6,235,000	-4.6%

Not Seasonally Adjusted	California		US	
	Feb 2019	Change from Feb 2018	Feb 2019	Change from Feb 2018
Unemployment Rate	4.4%	-0.2	4.1%	-0.3
Labor Force	19,592,700	1.3%	162,793,000	0.8%
Participation Rate	62.8%	0.4	63.0%	0.1
Employment	18,725,100	1.5%	156,167,000	1.1%
Unemployment	867,600	-2.2%	6,625,000	-6.6%

Figure Sources: California Employment Development Department; US Bureau of Labor Statistics

Labor Force Participation Rate Rises to 62.8%

California's seasonally adjusted labor force participation rate continued rising to 62.8% with modest gains in the number of workers reentering the workforce. Nationally, the participation rate was unchanged. Although the gap has narrowed, the state continues to experience lower than average participation rates in spite of having a relatively younger population than the rest of the US.

For the 12 months ending February 2019, the seasonally adjusted data shows the California labor force grew 1.6% compared to the rest of the US at 0.7%.

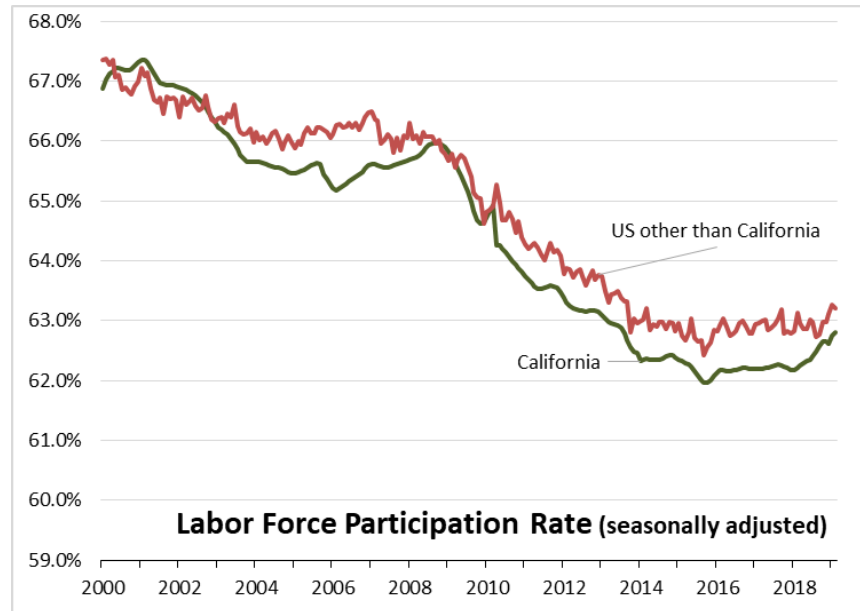


Figure Source: California Employment Development Department; US Bureau of Labor Statistics

Labor Force by Age

Labor force participation by age (12-month running average) grew for the prime working age groups, while declining for youth, older workers, and seniors. The continued low rates for youth and young adults in particular have implications for life-time earnings potential due to the delay in acquiring essential workplace skills.

	Prior Max	Feb 2019
Total	67.2%	62.4%
16-19	46.8%	26.8%
20-24	76.4%	66.0%
25-54	82.1%	80.7%
55-64	66.3%	64.1%
	Prior Min	Feb 2019
65+	12.1%	19.7%

Figure Source: California Employment Development Department

Employment Growth Ranking—California Remains 1st

Over the 12 months ending in February, the total number of persons employed (seasonally adjusted) grew by 318,000. California remained in 1st place ahead of Texas, which saw an additional 254,000 persons employed over this period.

Based on percentage growth, California had a 1.7% expansion in employment, above the average for the rest of the US at 1.0%. Ranked among the states, California dipped to 11th place, while Arizona continued to lead at 3.4%.

	Employment Change	Percentage Change
California	318,000	1.7%
<i>State Rank</i>	<i>1</i>	<i>11</i>
US	1,284,000	1.1%

Figure Source: US Bureau of Labor Statistics

Nonfarm Jobs Up 14,600 for Month; California Remains Ranked #2 for 12-month Gain

Nonfarm jobs (seasonally adjusted) were up 14,600 from January. January's gains were revised to 5,900 from the previously reported 3,000.

For the 12 months ending February, total jobs growth was 222,500, keeping the state in 2nd place behind Texas which gained 268,800 jobs in this period, with Florida in a close third at 211,900.

On a percentage basis, California dipped to 19th among the states, with a 12-month jobs growth rate of 1.3% vs. the US average of 1.7%.

	Job Change	Percentage Change
California	222,500	1.3%
<i>State Rank</i>	<i>2</i>	<i>19</i>
US	2,509,000	1.7%

Figure Sources: California Employment Development Department; US Bureau of Labor Statistics

Jobs Change by Industry

In the unadjusted numbers that allow a more detailed look at industry shifts, hiring saw increases in all but 4 industries over the year.

Gains in payroll jobs were led by Professional, Scientific & Technical Services (\$120.4k average annual wages), Health Care (\$67.3k), and Administrative & Support & Waste Services (\$44.9k).

Declines were led by Finance & Insurance (\$127.0k), Retail Trade (\$36.0k), and Wholesale Trade (\$78.7k).

All wage data is from the most current 4-quarter average from the Quarterly Census of Employment & Wages.

Not Seasonally Adjusted Payroll Jobs (1,000)	Feb 2019	12-month change
Total Farm	369.2	4.8
Mining & Logging	22.3	0.3
Construction	843.2	6.1
Manufacturing	1,319.6	10.6
Wholesale Trade	694.3	-2.5
Retail Trade	1,666.2	-4.3
Utilities	57.1	-0.1
Transportation & Warehousing	606.6	20.3
Information	550.2	3.5
Finance & Insurance	540.0	-5.5
Real Estate & Rental & Leasing	290.2	1.3
Professional, Scientific & Technical Service	1,312.5	45.7
Management of Companies & Enterprises	253.2	0.7
Administrative & Support & Waste Services	1,126.3	25.7
Educational Services	391.3	6.9
Health Care	1,563.8	35.9
Social Assistance	821.9	22.8
Arts, Entertainment & Recreation	310.1	7.6
Accommodation	232.4	7.3
Food Services	1,440.6	23.7
Other Services	566.5	1.0
Government	2,625.0	18.3
Total Nonfarm	17,233.3	225.3
Total Wage & Salary	17,602.5	230.1

Figure Source: California Employment Development Department

Structural Shifts in State's Economy

Comparing current job numbers to the pre-recession levels in 2007 illustrates the structural shift in the state's economy, with the primary jobs growth occurring in the higher and lower wage industries.

Jobs growth within the traditional middle class wage—especially blue collar industries such as Manufacturing, Construction, and Mining & Logging—continues to lag with the heavily blue collar Utilities beginning to show shrinkage as well. Finance & Insurance also continues to lose ground. Of these, Construction has gained in the past year as activity has picked up. While improving, construction jobs remain 76,600 below the 2007 peak and 123,100 (13%) below the pre-recession high in 2006.

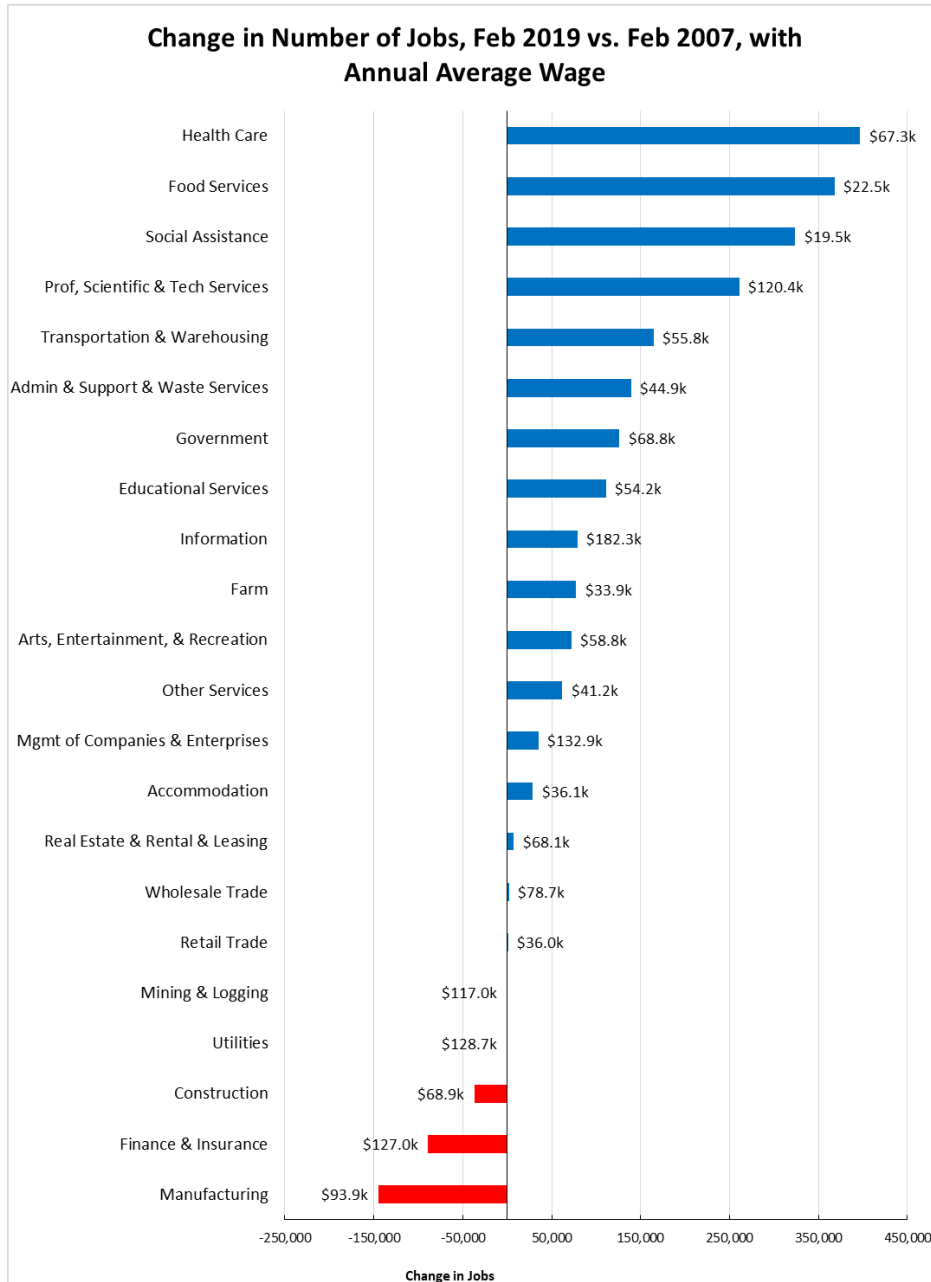


Figure Source: California Employment Development Department

Unemployment Rates by Region

California	3.9
Bay Area	2.5
Orange County	2.8
Sacramento	3.5
San Diego/Imperial	3.8
Central Sierra	3.9
Inland Empire	3.9
Central Coast	4.1
Los Angeles	4.5
Upstate California	4.8
Central Valley	6.6

Figure Source: California Employment Development Department

Unemployment Rates by Legislative District

CD12 (Pelosi-D)	2.3	SD13 (Hill-D)	2.1	AD22 (Mullin-D)	2.0
CD18 (Eshoo-D)	2.4	SD11 (Wiener-D)	2.5	AD16 (Bauer-Kahan-D)	2.1
CD17 (Khanna-D)	2.5	SD36 (Bates-R)	2.7	AD24 (Berman-D)	2.2
CD14 (Speier-D)	2.5	SD37 (Moorlach-R)	2.7	AD28 (Low-D)	2.4
CD15 (Swalwell-D)	2.6	SD39 (Atkins-D)	2.8	AD17 (Chiu-D)	2.4
CD52 (Peters-D)	2.7	SD10 (Wieckowski-D)	2.8	AD25 (Chu-D)	2.5
CD49 (Levin-D)	2.7	SD15 (Beall-D)	2.9	AD19 (Ting-D)	2.6
CD45 (Porter-D)	2.8	SD07 (Glazer-D)	3.0	AD78 (Gloria-D)	2.6
CD48 (Rouda-D)	2.8	SD34 (Umberg-D)	3.3	AD73 (Brough-R)	2.7
CD27 (Chu-D)	3.0	SD38 (Jones-R)	3.4	AD74 (Petrie-Norris-D)	2.7
CD03 (Garamendi-D)	6.1	SD30 (Mitchell-D)	5.0	AD30 (Rivas-D)	7.5
CD01 (LaMalfa-R)	6.2	SD35 (Bradford-D)	5.2	AD23 (Patterson-R)	7.5
CD09 (McNerney-D)	6.4	SD17 (Monning-D)	5.5	AD34 (Fong-R)	7.6
CD10 (Harder-D)	6.8	SD04 (Nielsen-R)	5.9	AD03 (Gallagher-R)	7.6
CD23 (McCarthy-R)	8.2	SD05 (Galgiani-D)	6.8	AD13 (Eggman-D)	7.7
CD51 (Vargas-D)	8.3	SD08 (Borgeas-R)	7.0	AD56 (Garcia-D)	9.3
CD22 (Nunes-R)	8.6	SD40 (Hueso-D)	7.1	AD21 (Gray-D)	9.8
CD20 (Panetta-D)	8.7	SD16 (Grove-R)	7.8	AD31 (Arambula-D)	10.8
CD16 (Costa-D)	10.5	SD12 (M. Caballero-D)	9.6	AD26 (Mathis-R)	11.0
CD21 (Cox-D)	11.0	SD14 (Hurtado-D)	12.2	AD32 (Salas-D)	11.2

Employment Growth by Region

Containing 19.6% of the state's population, the Bay Area has accounted for 38.2% of net employment growth compared to pre-recession levels. Los Angeles Region, with 29.1% of the population, accounted for only 17.8% of net employment gains.

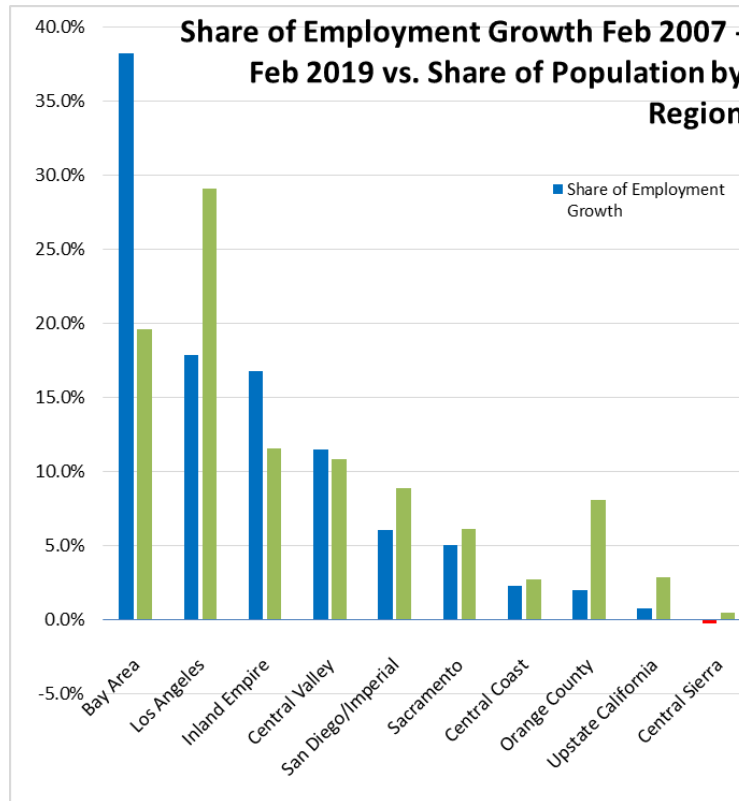


Figure Sources: California Employment Development Department; Department of Finance

20 MSAs with the Worst Unemployment Rates

Of the 20 Metropolitan Statistical Areas (MSAs) with the worst unemployment rates in January 2018, 11 are in California, including El Centro MSA (Imperial County) with the highest unemployment rate in the country.

MSA	Unemp.	Rank
El Centro, CA MSA	18.5%	1
Visalia-Porterville, CA MSA	11.3%	4
Merced, CA MSA	10.3%	5
Salinas, CA MSA	10.0%	6
Hanford-Corcoran, CA MSA	9.8%	7
Bakersfield, CA MSA	9.1%	9
Yuba City, CA MSA	9.0%	10
Fresno, CA MSA	8.9%	11
Madera, CA MSA	8.6%	12
Modesto, CA MSA	7.4%	16
Stockton-Lodi, CA MSA	7.2%	19

Figure Source: US Bureau of Labor Statistics, January 2018 data

Chart of the Month: Manufacturing Employment

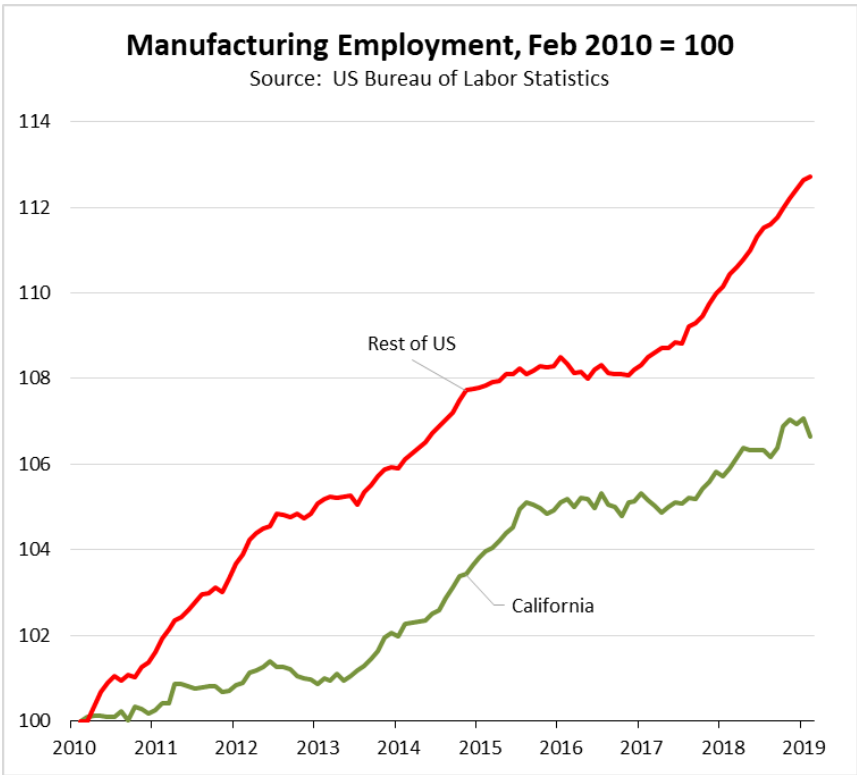
While reduced in size as a result of offshoring, company migration to other states, and growing use of automation, manufacturing remains a critical element in the California economy. As a very high wage, blue collar industry, manufacturing remains an important economic mobility path especially for workers with lower educational attainment. The most recent Quarterly Workforce Indicator data shows that 41% of the 2017 employment in this industry comprised workers with a high school or less than high school education, with workers at this educational level earning an average of \$58,500.

Manufacturing also remains the industry with the highest multiplier effects within the state economy. The most recent (2017) RIMS multipliers from US Bureau of Economic Analysis for California show the type II final demand output multipliers (direct, indirect, and induced effects) for durables manufacturing as the highest and nondurables manufacturing as the 2nd highest among the 21 industries modeled. The multipliers for manufacturing are over 2.3 times as high as for Professional, Scientific & Technical Services and more than 1.8 times as high as for Information—the two industries accounting for the overwhelming portion of high wage jobs growth in the state.

Manufacturing also remains a gateway job for immigrants seeking a middle class wage within the California economy. An analysis of the most recent 2017 public use microdata for the American Community Survey indicates that 44% of those working within manufacturing were naturalized citizens or not a citizen.

After reaching a low in February 2010, manufacturing employment (seasonally adjusted) has since begun to rebound, with accelerating growth beginning in 2016 as a result of reshoring and expansion of

existing manufacturing. However, employment growth has been about half as strong in California compared to the rest of the country, as illustrated in the following chart that indexes manufacturing employment to the February 2010 lows.



California still retains the largest manufacturing center in the US, Los Angeles-Long Beach-Anaheim MSA, with 503,500 manufacturing jobs in 2018 (not seasonally adjusted annual average). San Jose-Sunnyvale-Santa Clara MSA comes in as the 10th largest manufacturing center, with 172,300 jobs.

Largest Manufacturing Centers, 2018

Source: US Bureau of Labor Statistics

MSA	Mfg Jobs (1000)
Los Angeles-Long Beach-Anaheim, CA	503.5
Chicago-Naperville-Elgin, IL-IN-WI	421.4
New York-Newark-Jersey City, NY-NJ-PA	361.9
Dallas-Fort Worth-Arlington, TX	278.4
Detroit-Warren-Dearborn, MI	260.4
Houston-The Woodlands-Sugar Land, TX	229.0
Minneapolis-St. Paul-Bloomington, MN-WI	198.9
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	181.5
Seattle-Tacoma-Bellevue, WA	179.2
San Jose-Sunnyvale-Santa Clara, CA	172.3

Los Angeles, however, also ranks number 1 as showing the greatest manufacturing losses coming out of the recent recession, along with the attendant reductions in higher wage opportunities for lower educational attainment workers and the state's immigrant population.

Change in Manufacturing Jobs, 2007-2018

Source: US Bureau of Labor Statistics

MSA	Mfg Jobs (1,000)
Los Angeles-Long Beach-Anaheim, CA	-132.4
New York-Newark-Jersey City, NY-NJ-PA	-98.5
Chicago-Naperville-Elgin, IL-IN-WI	-62.2
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	-40.0
Dallas-Fort Worth-Arlington, TX	-20.0
Cleveland-Elyria, OH	-19.5
St. Louis, MO-IL	-18.7
Rochester, NY	-17.7
Riverside-San Bernardino-Ontario, CA	-17.4
Baltimore-Columbia-Towson, MD	-15.8

Rather than the traditional Southern California base, the only state MSA to make it into the Top 10 by jobs growth since the rebound began in February 2010 is San Francisco-Oakland-Hayward, driven primarily by Tesla and related suppliers, R&D manufacturing related to Silicon Valley companies, and to a lesser degree food products.

Growth in Manufacturing Jobs, 2010-2018

Source: US Bureau of Labor Statistics

MSA	Mfg Jobs (1,000)
Detroit-Warren-Dearborn, MI	81.9
Grand Rapids-Wyoming, MI	33.9
San Francisco-Oakland-Hayward, CA	28.2
Atlanta-Sandy Springs-Roswell, GA	27.7
Elkhart-Goshen, IN	27.1
Dallas-Fort Worth-Arlington, TX	24.0
Minneapolis-St. Paul-Bloomington, MN-WI	22.3
Louisville/Jefferson County, KY-IN	21.9
Nashville-Davidson--Murfreesboro--Franklin, TN	20.8
Portland-Vancouver-Hillsboro, OR-WA	20.4

Data Note

All labor force and jobs data above reflects the annual revisions to the historical data by EDD and BLS. The Center's data series have been updated as well. In general, the revisions affect data beginning in 2014 for the US, states, and counties, although in some cases the revisions extend back to 1990. All Legislative District labor force, poverty, income, and population estimates have been updated using the county revisions along with the most recent census share factors from the 2013-2017 American Community Survey.