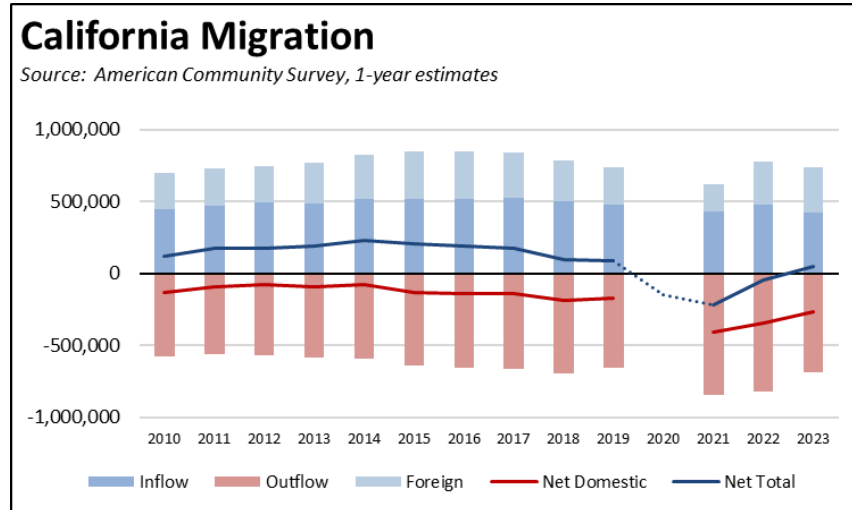


California Continues to Lose Population to Other States

The Census Bureau’s recent [state migration](#) numbers from the American Community Survey, 1-year estimates again show more people moved (690,127) from California than came here (422,075) from other states in 2023. The domestic inflow was the lowest in the data series (since 2010), while the outflow was comparable to the level in 2018.



The net domestic outflow was counterbalanced for the first time in 4 years by an uptick in the level of foreign in-migration. In total, net migration for the state was positive due to this factor, but low at only 45,508. The data, however, is not able to track the number of persons moving from California to other nations. Note that in the chart, the ACS data for 2020 is not statistically significant for this indicator. The point shown for Net Total Migration is taken from the Department of Finance estimates.

California Gains 14,700 Nonfarm Jobs—4th Highest Among the States

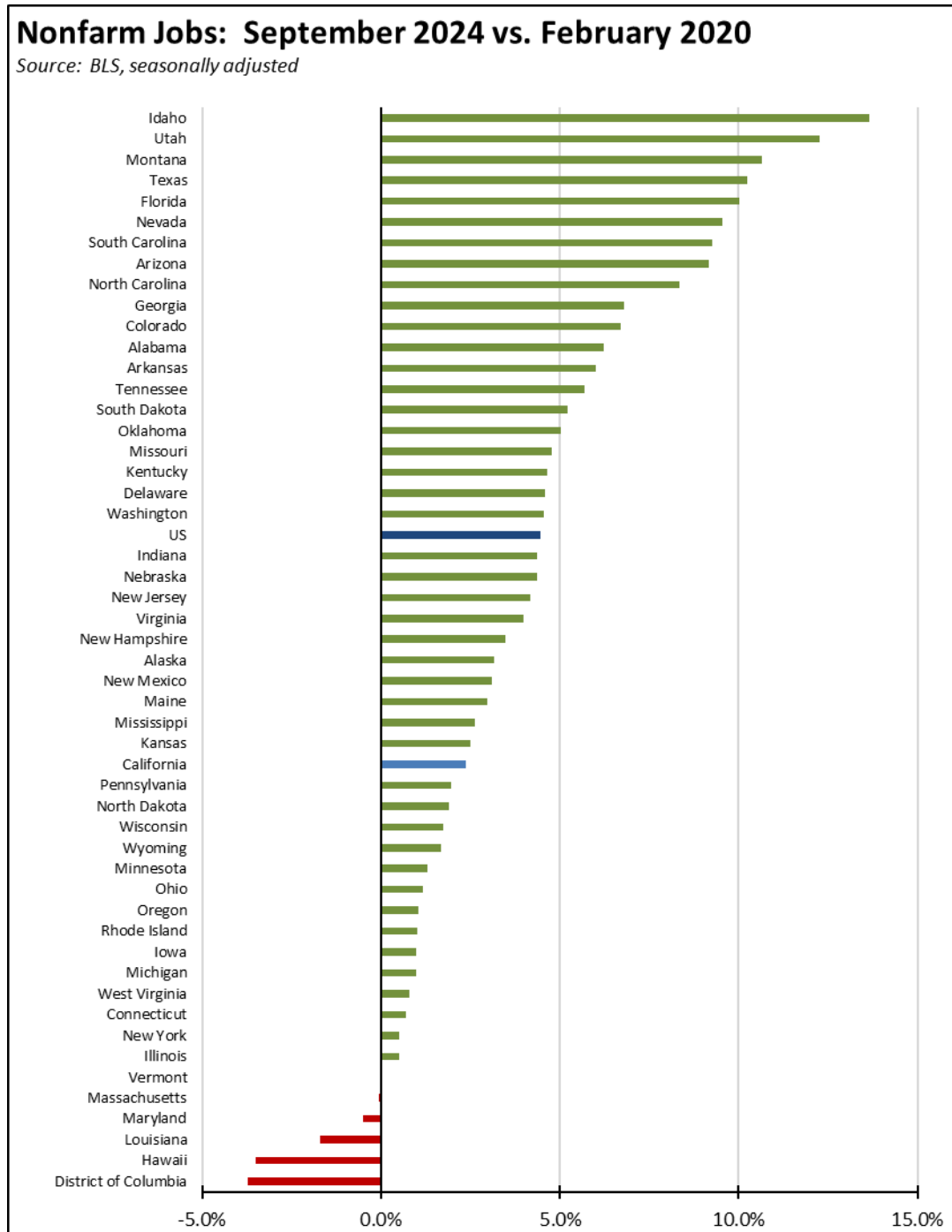
California gained 14,700 nonfarm jobs in September, the 4th highest gain among the states. Nationally, jobs growth was led by Texas (29,200), New Jersey (19,200), and Florida (17,000).

The previously reported job gains in August were revised to a 1,200 nonfarm jobs loss, putting California into the 42nd highest position among the states.

Looking at the longer term trend, California continued to show the 3rd highest net gain with 420,700 nonfarm jobs since the pre-pandemic peak in February 2020, behind Texas with more than triple the gains (1.3 million) and Florida (910,000) and just ahead of much smaller North Carolina (388,000).

	Nonfarm Job Gains, Feb 2020 - Sep 2024	
Texas	1,326,800	
Florida	910,000	
California	420,700	
North Carolina	388,000	
Georgia	317,300	

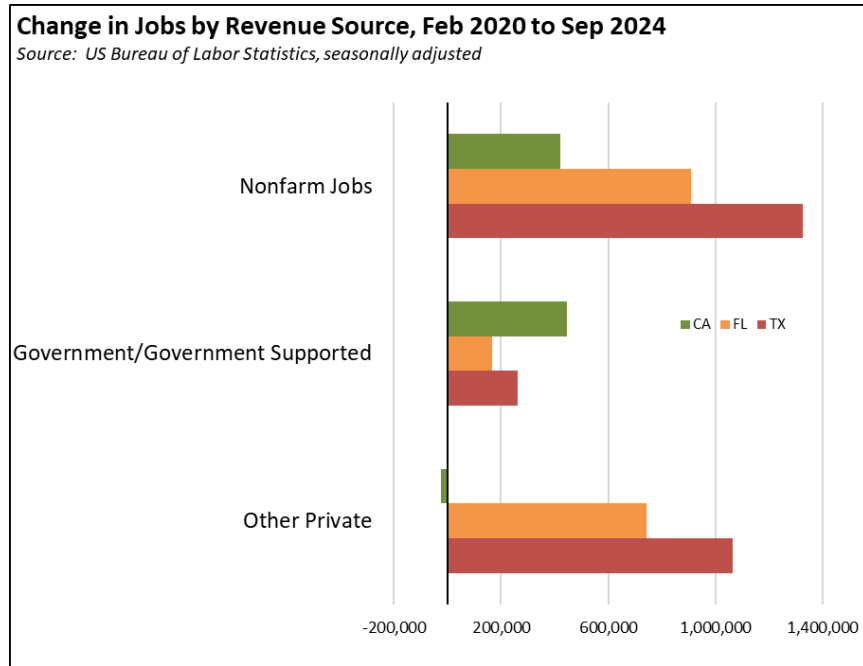
Adjusting for population size, California’s overall job performance since February 2020 notched down to 31st highest among the states.



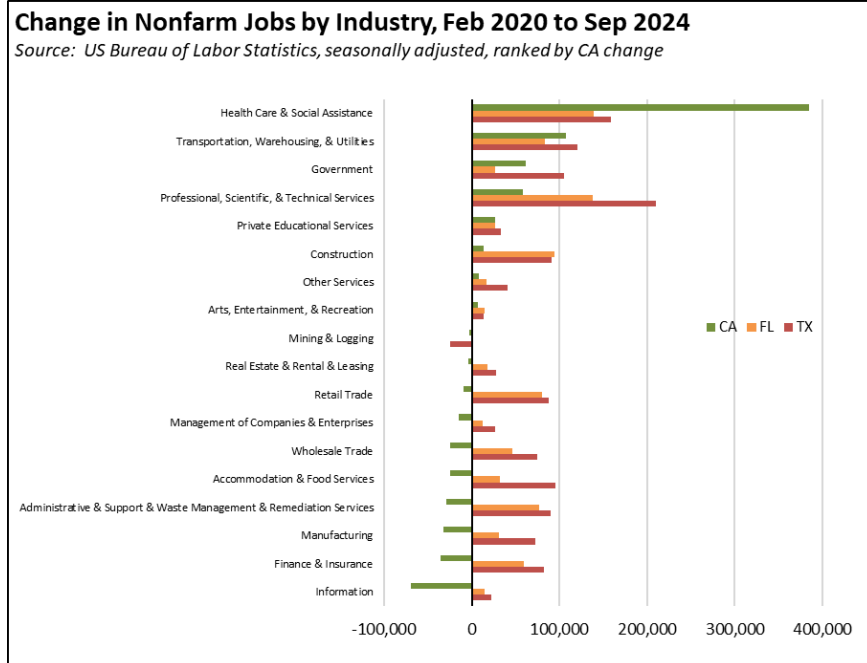
The Type of Jobs Growth Still Matters

The seasonally adjusted series shows September gains in 12 industries led by Health Care & Social Assistance (8,900), Government (3,800), and Retail Trade (1,200). Losses were in the other 6 industries, led by Arts, Entertainment & Recreation (-3,700), Information (-2,400), and Other Services (-800).

This dominance by government and government supported (Health Care & Social Assistance) jobs has been the case since the pandemic. California has experienced job growth primarily as the result of buying it using state, local, and federal tax dollars. The two job leaders—Texas and Florida—in contrast have experienced jobs growth as their private sectors have expanded.

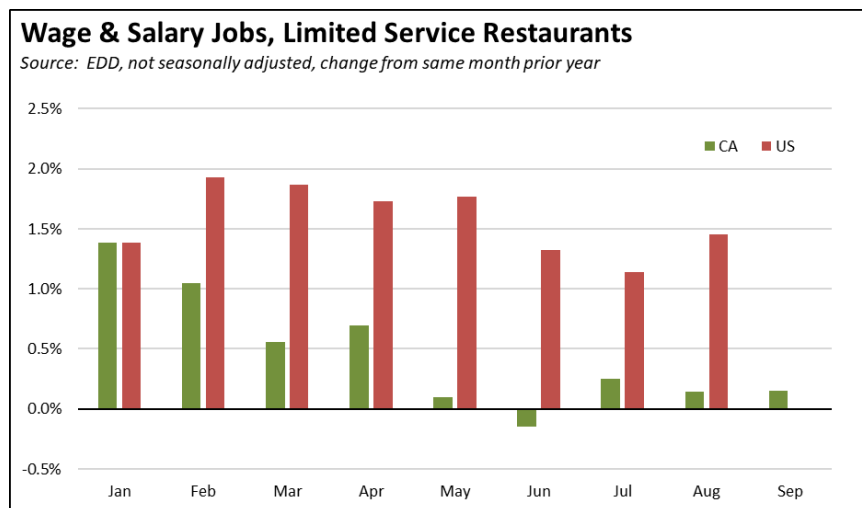


Within California, elements of the private sector have grown, notably Transportation, Warehousing & Utilities, but this growth is now at risk of being choked off due to expanding state and local regulations. These gains also have been outweighed by net losses in other industries. Instead, growth in such key California strengths as Manufacturing, Construction, Accommodation & Food Services, Information, Finance & Insurance, and Professional, Scientific, & Technical Services has shifted to other states. Texas and Florida have grown the private sector needed to support their additional government and government-supported jobs. California instead now has a jobs model dependent on continued access to public dollars. Putting Health Care & Social Assistance to one side, the number of other private sector jobs in California is now lower than before the pandemic.



Fast Food Restaurants

A case in point is the continuing disputes over the effect of the recent fast food minimum wage hike. In the latest data using the not seasonally adjusted data and comparing the same months in 2023 and 2024, the number of jobs in Limited Service Restaurants grew by only 1,100 in both August and September. In contrast, the US numbers show a gain of 69,000 in August (September not yet available), indicating the extent to which the increased California labor costs have affected growth in this industry.



Using the seasonally adjusted series from the St. Louis Federal Reserve that accounts for the highly seasonal nature of this industry, jobs were down by 4,400 since their recent high in January. This data series indicates jobs in this industry have shown virtually no change since May.

The monthly estimates consequently show an effect on Limited Service jobs but one that depends on which series is used, ranging from a loss of jobs (seasonally adjusted) to essentially freezing additional jobs growth

(not seasonally adjusted). Both outcomes counter the narrative being conveyed by supporters of the labor cost increase, and is likely the reason why recent [analyses](#) by various union-oriented research groups have ignored the official data and instead have turned to other data sources in an attempt to prove their case.

Both series, however, are based on surveys and modeling and are subject to adjustment in the annual data updates at the beginning of next year. In contrast, the Quarterly Census of Employment & Wages (QCEW) provides a full accounting of these jobs. The next update is scheduled for early December. In our previous comparison of the numbers, the most recent QCEW data for January-March suggested the monthly estimates are about 10,000 higher than the actual number of jobs. The next release for April-June will provide additional insight on this issue as well as the actual results coming immediately after imposition of the higher labor costs.

California Fast Food Prices Highest in Nation

While a time series is not yet available, a snapshot of fast food prices after the mandated rise in labor costs is provided through the [Fast Food Index](#). The data is obtained by accessing each chain's mobile ordering app at each location in a state. The resulting database covers from 936 to 18,850 separate locations for 8 different chains. All data is from the beginning of October.

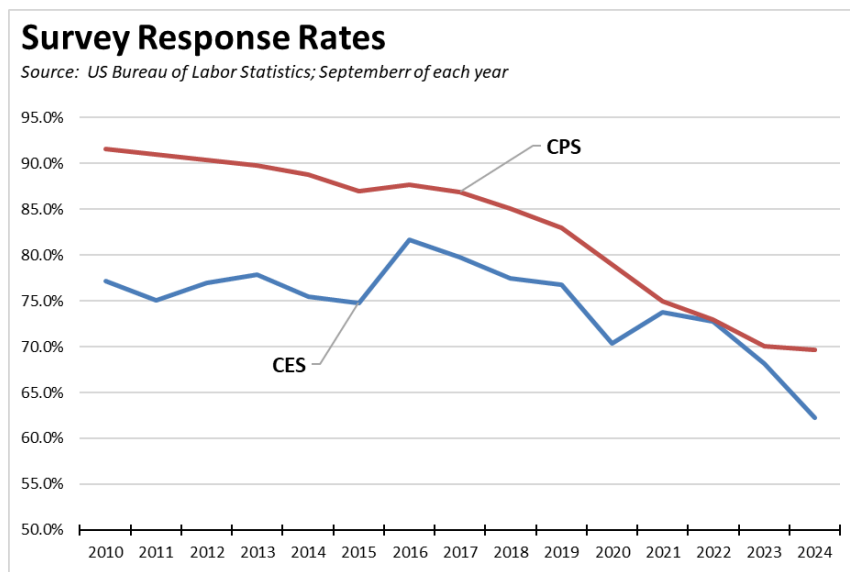
As shown in the summary results, California ranks among the top 5 most costly states for each of the items being tracked, with an overall average ranking of 3.0 putting it as the most costly state. The results translate into Californians paying 7% to 23% more per item than the US average, with an overall average cost premium of 15% or \$9.25 if buying one of each item.

Top 5 States by Cost: Fast Food Index					
Source: https://fastfoodindex.walzr.com/					
Burger King: Whopper		Chick-Fil-A: Chicken Sandwich		Chipotle: Chicken Burrito	
US	\$6.24	US	\$5.28	US	\$9.40
Hawaii	\$9.39	Hawaii	\$6.80	New York	\$10.56
Oregon	\$7.83	California	\$6.52	California	\$10.27
Washington	\$7.79	New York	\$6.41	DC	\$9.93
California	\$7.59	DC	\$6.06	Connecticut	\$9.88
New Jersey	\$7.14	Washington	\$6.03	Vermont	\$9.88
Dominos: 14" Cheese Pizza		McDonalds: Big Mac		Olive Garden: 6 Breadsticks	
US	\$14.66	US	\$5.47	US	\$4.62
Hawaii	\$20.92	Massachusetts	\$6.54	Alaska	\$5.29
California	\$17.35	Arizona	\$6.52	California	\$5.00
Washington	\$16.48	DC	\$6.42	Oregon	\$4.99
Oregon	\$16.08	California	\$6.40	Washington	\$4.99
Colorado	\$15.94	Connecticut	\$6.35	Nevada	\$4.97
Subway: 12" Black Forest Ham		Taco Bell: Crunchy Taco		Most Costly by Average Rank	
US	\$9.24	US	\$1.90		

Hawaii	\$11.24	New York	\$2.18	California	3.0
Washington	\$10.99	Connecticut	\$2.07	Hawaii	5.7
California	\$10.90	Massachusetts	\$2.07	Washington	7.8
Alaska	\$10.77	DC	\$2.07	Alaska	8.3
New Jersey	\$10.74	California	\$2.03	New York	8.5

Economic Survey Response Levels Decline

An additional issue with the current surveys used to produce the monthly estimates is that fewer businesses and people are responding. The monthly estimates come from two surveys. The establishment survey (CES) is used to develop the monthly wage and salary job estimates. The household survey (CPS) is used to craft the labor force estimates. Both saw a sharp drop in response rates during the pandemic, but both also have experienced a longer trend eroding their overall response rates. Looking at the September results over the years, the most recent CES survey response rate of 62.2% (first preliminary release) was the lowest since 2002. The CPS response rate of 69.7% was the lowest since at least 1994. Both response rates, however, still produce statistically significant results, but results that may face higher revisions during the annual adjustments especially at the sub-industry level. The annual revisions that bring the monthly estimates in line with the actual job counts from the QCEW data consequently have become more important.



Bay Area Leads in Jobs Growth—Los Angeles Shows a Loss

The Bay Area counties led nonfarm jobs growth in September, with a combined total of 6,700 (seasonally adjusted), while the Los Angeles region counties lost 1,600. The Bay Area, Los Angeles, and Central Coast continued to perform below pre-pandemic levels.

Nonfarm Jobs by Region

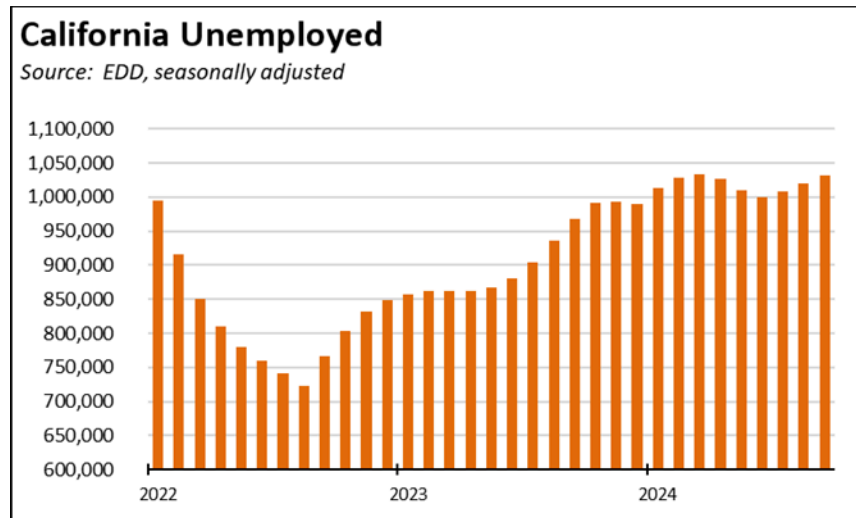
Source: EDD, seasonally adjusted

	Change from August 2024	Change from February 2020
Bay Area	6,700	-46,300

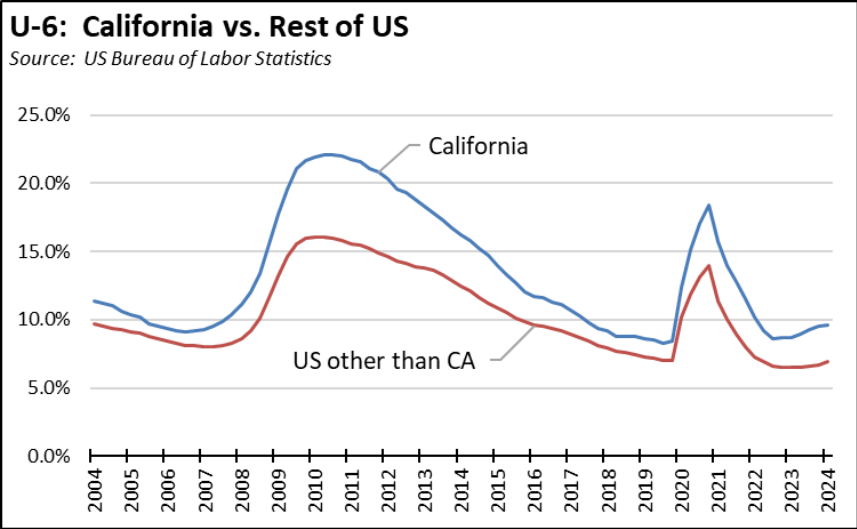
San Diego	4,500	54,100
Inland Empire	3,300	123,900
Central Valley	1,700	112,000
Sacramento	1,200	63,200
Central Coast	700	-6,600
Orange County	100	22,600
Los Angeles	-1,600	-42,300

Unemployment Remains Above 1 Million

California’s unemployment rate in September was unchanged at 5.3%, but again tied with Illinois for the 2nd highest among the states. Nevada led with 5.6%, while DC came in higher than the states at 5.7%. California unemployment has been above the 1 million mark every month so far in 2024, nearing levels previously seen in December 2021. Overall, the number of unemployed in September was 22.6% higher than in December 2018. In that same period of time, employment dipped 1.9% even though the potential labor pool represented by Civilian Population (civilian populations age 16 and over) grew by 6.5%.



The monthly unemployment number, however, is calculated based only on persons working or actively looking for work. The broader U-6 unemployment covers this universe but also includes persons who are marginally attached to the labor force and persons working part time for economic reasons (e.g., full time work is not available). Under this broader measure, California’s unemployment rate was 9.6% in the 2nd Quarter, the highest of any state and 36% higher than the 6.9% rate for all the other states and DC. California’s U-6 rate remains above the pre-pandemic levels in 2019 and has been rising faster than the rate for the rest of the country.



Unemployment Rate by Legislative District

Estimated unemployment rate for the 10 highest and 10 lowest legislative districts:

Lowest	CD11 Pelosi (D)	3.6	SD40 Jones (R)	3.7	AD23 Berman (D)	3.2
	CD40 Kim (R)	3.6	SD38 Blakespear (D)	3.7	AD76 Maienschein (D)	3.3
	CD50 Peters (D)	3.7	SD02 McGuire (D)	4.2	AD19 Ting (D)	3.3
	CD15 Mullin (D)	3.7	SD10 Wahab (D)	4.3	AD26 Low (D)	3.5
	CD16 Eshoo (D)	3.7	SD34 Umberg (D)	4.4	AD21 Papan (D)	3.6
	CD47 Porter (D)	4.0	SD36 Nguyen (R)	4.4	AD72 Dixon (R)	3.6
	CD49 Levin (D)	4.0	SD06 Niello (R)	4.6	AD16 Bauer-Kahan (D)	3.7
	CD17 Khanna (D)	4.0	SD32 Seyarto (R)	4.8	AD77 Boerner Horvath (D)	3.8
	CD02 Huffman (D)	4.0	SD08 Ashby (D)	4.9	AD68 Valencia (D)	3.9
	CD03 Kiley (R)	4.1	SD30 Archuleta (D)	4.9	AD17 Haney (D)	3.9
Highest	CD24 Carbajal (D)	6.4	SD22 Rubio (D)	5.1	AD52 Carrillo (D)	6.8
	CD46 Correa (D)	6.6	SD24 Allen (D)	5.4	AD44 Friedman (D)	7.0
	CD14 Swalwell (D)	6.6	SD04 Alvarado-Gil (D)	5.4	AD65 Gipson (D)	7.1
	CD19 Panetta (D)	6.8	SD12 Grove (R)	5.8	AD39 Carrillo (D)	7.2
	CD48 Issa (R)	7.0	SD20 Menjivar (D)	6.2	AD27 Soria (D)	7.9
	CD51 Jacobs (D)	7.2	SD26 Durazo (D)	6.5	AD31 Arambula (D)	8.3
	CD45 Steel (R)	7.8	SD28 Smallwood-Cuevas (D)	6.8	AD57 Jones-Sawyer (D)	8.4
	CD38 Sánchez (D)	8.2	SD14 Caballero (D)	8.2	AD35 Bains (D)	8.4
	CD04 Thompson (D)	9.2	SD18 Padilla (D)	8.8	AD33 Mathis (R)	9.6
	CD35 Torres (D)	9.6	SD16 Hurtado (D)	9.2	AD36 Garcia (D)	11.7

CaliFormer Businesses

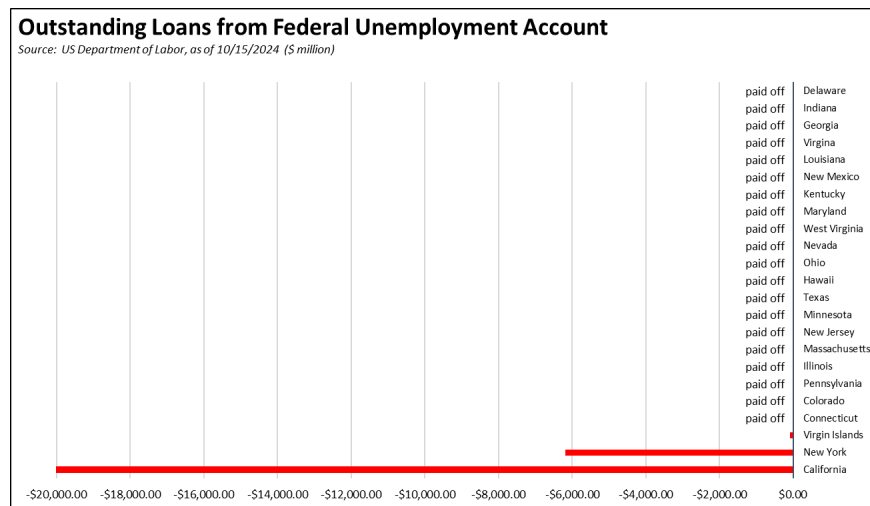
Additional CaliFormer companies identified since our last report are shown below. The listed companies include those that have announced: (1) moving their headquarters or full operations out of state, (2) moving business units out of state (generally back office operations where the employees do not have to be in a more costly California location to do their jobs), (3) California companies that expanding out of state rather than locate those facilities here, and (4) companies turning to permanent telework options, leaving it to their employees to decide where to work and live. The list is not exhaustive but is drawn from a monthly search of sources in key cities.

Companies	From	To	Reason	Source	
Cuberg	San Leandro	Sweden	Battery R&D move	https://pv-magazine-usa.com/2024/08/21/northvolt-closes-cubergs-ops-shifts-lithium-metal-battery-rd-to-sweden/	2024
ECL	Mountain View	Texas	\$8 billion data center	https://finance.yahoo.com/news/ecl-announces-world-first-1-173000542.html	2024
Forest River	Hemet, Rialto	Indiana	Manufacturing move	https://rvbusiness.com/forest-river-closes-california-manufacturing-operations/	2024
Home Depot	Riverside	various	Warehouse closure	https://www.wsj.com/articles/home-depot-is-dropping-warehouses-in-a-shifting-retail-market-4f8e581a?page=1	2024
Houweling Camarillo, Inc.	Camarillo	Arizona	Ag production move	https://www.pacbiztimes.com/2024/10/02/houwelings-takes-final-step-out-of-ventura-county/	2024
Meta	Menlo Park	Indiana	\$800 million data center	https://www.iedc.in.gov/events/news/details/2024/01/25/gov-holcomb-announces-meta-to-build-an-800m-data-center-campus-in-indiana	2024
Phillips 66	Los Angeles	undetermined	Refinery closure	https://www.politico.com/news/2024/10/16/phillips-66-california-refinery-closure-00184058	2024
Sierra Pacific Windows	Anderson	Alabama	Manufacturing expansion	https://www.ledger-enquirer.com/news/business/article275594766.html	2024
Simplilearn	San Francisco	Texas	HQ move	https://finance.yahoo.com/news/simplilearn-relocates-headquarters-texas-tap-113000180.html	2024
Southwire	Livermore, Rancho Cucamonga, Santa Fe Springs	various	Distribution center closures	https://tedmag.com/southwire-to-close-three-distribution-facilities/	2024

Terraline	Fremont	Arizona	Engineering HQ move	https://businessfacilities.com/two-new-arizona-company-facilities-will-create-90-jobs/	2024
Toyota	Los Angeles	Texas	Manufacturing expansion	https://pressroom.toyota.com/toyota-texas-to-expand-and-add-more-than-400-new-jobs/	2024
ViBo Health	Los Angeles	Nevada	Expansion	https://www.linkedin.com/pulse/california-health-tech-startup-chooses-albuquerque-why-newman-xirpe	2024
Voyage Foods	Oakland	Ohio	Manufacturing expansion	https://www.bizjournals.com/cincinnati/inno/stories/news/2024/10/23/voyage-foods-new-manufacturing-plant-ohio-mason.html	2024

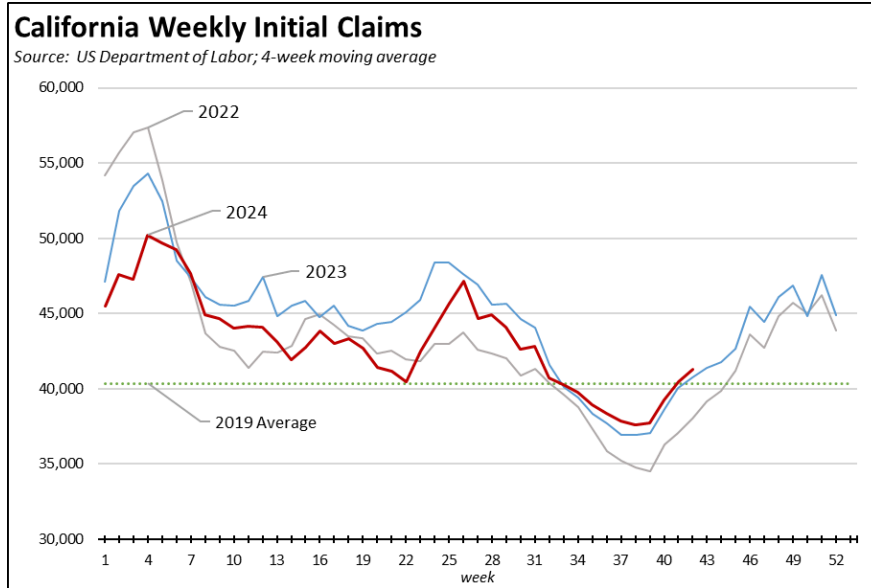
State UI Fund Debt Remains Above \$20 Billion

The state’s continuing failure to address its burgeoning Unemployment Insurance debt saw the level growing to \$20.4 billion in mid-October. All other states other than New York have paid off their pandemic period debt, in large part using the federal funds provided for that purpose. California instead chose to use those funds on other expenditures.

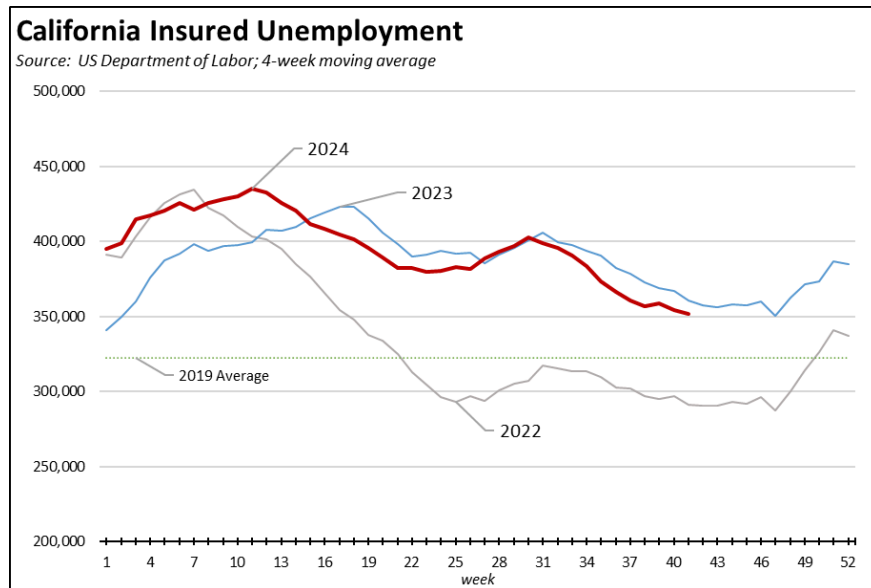


The growing size of this debt is not just due to the state’s fiscal management practices. California also remains one of the most generous programs in the country, accounting for an average to date in 2024 of 19.9% of all state unemployment insurance payments while containing only 11.4% of nonfarm jobs. The state’s persistent unemployment level above 1 million reflects policies that continue to lean towards benefit payments rather than expansion of earned income opportunities.

Measured on a 4-week moving average basis for the week ended October 19, the number of initial claims continues to moderate from the sharp rise that began at the beginning of June. The overall trend continues to track just marginally above the results from 2023 during the same period.



The number of workers receiving unemployment—as measured by insured unemployed (a proxy for continuing claims)—is now tracking somewhat below the 2023 trend, but remains substantially elevated above the levels in 2022.



Reflecting California’s outsized share of total benefit payments, insured unemployment was 21.3% of the national total (4-week moving average), while initial claims were 19.5% of the total.

California Share of Unemployment Insurance Claims

Source: US Department of Labor, 4-week moving average

