

California Employment Report

Highlights for policy makers:

- Unemployment Rate Level at 4.2%; Total Employment Loses 7,000
- Labor Force Participation Rate Level Dips to 62.0%
- State Employment Growth Rankings—California Still at #2
- Nonfarm Jobs Up 5,500
- 4 Industries below 2007 Pre-Recession Job Levels
- Job Gains by Wage Level
- Two-Tier Economy Persists—Central Valley Unemployment Nearly Three Times as High as Bay Area
- Bay Area Provided 39.5% of Net Employment Growth Since Recession
- 8 California MSAs in the 10 Worst Unemployment Rates Nationally

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Unemployment Rate Level at 4.2%; Total Employment Loses 7,000

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

Seasonally Adjusted	California		US	
	May 2018	Change from Apr 2018	May 2018	Change from Apr 2018
Unemployment Rate	4.2%	0.0	3.8%	-0.1
Labor Force	19,344,100	-0.1%	161,539,000	0.0%
Participation Rate	62.0%	-0.1	62.7%	-0.1
Employment	18,536,000	0.0%	155,474,000	0.2%
Unemployment	808,100	-0.9%	6,065,000	-4.4%

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

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

Not Seasonally Adjusted	California		US	
	May 2018	Change from May 2017	May 2018	Change from May 2017
Unemployment Rate	3.7%	-0.7	3.6%	-0.5

Not Seasonally Adjusted	California		US	
Labor Force	19,266,000	0.3%	161,765,000	1.1%
Participation Rate	61.7%	-0.4	62.8%	0.0
Employment	18,554,500	1.0%	156,009,000	1.7%
Unemployment	711,500	-16.0%	5,756,000	-12.4%

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 edged down 7,000 from April, while the number of unemployed dropped by 7,400. The labor force eased by 14,400. 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 ease downwards for the third month in a row. California tied with Georgia for the 20th highest unemployment rate among the states. The unadjusted rate dropped from 4.4% in May 2017 to 3.7%. Contraction in the labor force was a key element in reaching the May low. Total US employment saw a seasonally adjusted gain of 293,000 from April, while the number of unemployed dropped by 281,000. The national unemployment rate dipped to 3.8%, matching the record low in the current data series from April 2000. The national labor force remained essentially level with a gain of 12,000.

Labor Force Participation Rate Dips to 62.0%

California's participation rate (seasonally adjusted) in May dipped 0.1 to 62.0%, while the US rate dipped by the same amount to 62.7%. The California rate is now only 0.1 percentage points above the revised series low from 2015. Looking at the underlying unadjusted data for California, the May 2018 labor force is only 0.3% above the level in May 2017, with a total net gain of 52,700 over the year. In contrast, the US numbers show a significant rise in labor force entrants by 1,786,000 (1.1%), with the gains in employment (2,602,000) strongly outpacing the drop in unemployment (816,000). 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 a continued decline in the youth participation rate. 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	May 2018
<i>Total</i>	67.2%	62.2%
16-19	46.8%	27.1%
20-24	76.4%	65.9%
25-54	82.1%	80.0%
55-64	66.3%	63.8%
	Prior Min	
65+	12.1%	19.6%

Source: Current Population Survey microdata; EDD

Note: All entries from 12-month moving average

State Employment Growth Rankings—California Still at #2

Change in Employment, May 2017 - May 2018

Rank	Number of Employed		Percentage Change		Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	
1	TX	308,700	ID	2.9%	CO	19.0
2	CA	199,900	CO	2.9%	ID	18.1
3	FL	158,900	NV	2.6%	UT	16.4
4	GA	123,000	GA	2.6%	NV	15.6
5	CO	83,400	AZ	2.4%	GA	15.2
6	MA	81,000	UT	2.4%	TX	14.5
7	AZ	76,800	TX	2.4%	MA	14.1
8	NC	64,900	MA	2.3%	DC	13.3
9	TN	59,100	NM	2.3%	AZ	12.5
10	VA	55,600	LA	2.2%	MN	11.8
11	MN	54,900	DC	2.2%	LA	11.4
12	WA	47,800	TN	1.7%	NM	10.4
13	OH	47,200	MN	1.7%	TN	10.3
14	IL	46,400	DE	1.8%	DE	10.3
15	LA	44,500	OK	1.7%	VT	9.8
16	WI	42,700	FL	1.6%	OK	9.7
17	IN	38,000	VT	1.6%	FL	9.6
18	UT	36,800	WI	1.4%	WI	9.3
19	NV	36,300	NC	1.4%	VA	8.7
20	OK	29,800	WA	1.4%	WA	8.2
21	MI	28,100	VA	1.3%	NC	8.1
22	OR	26,500	OR	1.3%	OR	7.9
23	KY	26,500	KY	1.3%	IN	7.9
24	ID	23,500	IN	1.2%	SD	7.2
25	AL	21,300	RI	1.1%	KY	7.0

26	NM	19,600	CA	1.1%	RI	7.0	
Rank	SC	Number of Employed 13,800	SD	Percentage Change 1.1%	CA	Population Adjusted (employment growth per 1,000 civilian noninstitutional population)	7.0
28	DE	8,200	AL	1.0%	NH	7.0	
29	DC	8,100	ME	1.0%	ME	7.0	
30	NH	6,800	NH	0.9%	AL	0.0	
	US	2,582,000	US	1.7%	US	10.1	

Source: US Bureau of Labor Statistics, Seasonally Adjusted

Between May 2017 and May 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 199,900 (seasonally adjusted), or 7.7% of the total net employment gains in this period for the US. Based on the total numbers, California remained in 2nd place behind Texas (which has a civilian working age population only 69% as large as California's) but ahead of Florida's (55% as large) gains at 158,900. Measured by percentage change in employment over the year, California dropped to 26th highest. Adjusted for working age population, California dropped to 27th.

Nonfarm Jobs Up 5,500

EDD reported that between April and May 2018, seasonally adjusted nonfarm wage and salary jobs rose 5,500. April's results were revised to a 25,600 gain from the previously reported 39,300. In the not seasonally adjusted nonfarm numbers, hiring saw increases in all but 6 industries over the year. The change in total payroll jobs from May 2017 saw the largest increases in Construction (51,200), Social Assistance (39,500), and Professional, Scientific & Technical Services (34,200). Declines were in Other Services (-2,100), Wholesale Trade (-2,100), and Finance & Insurance (-2,000).

Not Seasonally Adjusted Payroll Jobs	May 2018	Apr 2018	Change May 2018 - Apr 2018	Change May 2018 - May 2017
Total Farm	479,500	433,700	45,800	1,700
Mining and Logging	21,900	21,600	300	100
Construction	856,000	855,600	400	51,200
Manufacturing	1,318,000	1,312,900	5,100	10,300
Wholesale Trade	721,700	724,200	-2,500	-2,100
Retail Trade	1,680,700	1,679,400	1,300	10,500
Utilities	58,000	58,100	-100	-700
Transportation & Warehousing	579,800	576,500	3,300	20,800
Information	538,200	537,100	1,100	18,900
Finance & Insurance	546,000	547,500	-1,500	-2,000
Real Estate & Rental & Leasing	287,400	286,400	1,000	4,700
Professional, Scientific & Technical Services	1,254,700	1,257,600	-2,900	34,200
Management of Companies & Enterprises	233,000	232,300	700	1000
Administrative & Support & Waste Services	1,120,200	1,110,700	9,500	21,800
Educational Services	378,100	384,200	-6,100	6,700
Health Care	1,519,700	1,522,400	-2,700	23,300

Not Seasonally Adjusted Payroll Jobs	May 2018	Apr 2018	Change May 2018 - Apr 2018	Change May 2018 - May 2017
Social Assistance	811,300	808,100	3,200	39,500
Arts, Entertainment & Recreation	316,000	310,400	5,600	4,700
Accommodation	230,100	229,000	1,100	4,700
Food Services	1,463,800	1,447,700	16,100	32,900
Other Services	565,400	562,300	3,100	-2,100
Government	2,630,900	2,618,600	12,300	31,200
Total Nonfarm	17,130,900	17,082,600	48,300	309,600
Total Wage and Salary	17,610,400	17,516,300	94,100	311,300

Source: California Employment Development Department

At a 306,000 increase, California dropped to 2nd highest measured by seasonally adjusted nonfarm jobs among the states from May 2017 to May 2018, behind Texas at 352,100. By percentage growth in jobs, California dropped to 14th highest at 1.8%, still above the US average of 1.6%. By population adjusted jobs growth, California dropped to 18th highest.

Change in Nonfarm Jobs (seasonally adjusted), May 2017 - May 2018

Rank	Number of Jobs	Employment Growth (%)	Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)c
1	TX 352,100	UT 3.4%	UT 22.2
2	CA 306,000	ID 3.1%	ID 16.8
3	FL 180,200	WA 2.9%	CO 16.6
4	NY 108,400	WA 2.9%	CO 16.6
5	NC 99,600	NV 2.8%	WA 16.5
6	WA 95,800	CO 2.7%	NV 16.0
7	PA 78,200	AZ 2.5%	DC 15.3
8	GA 76,700	WV 2.3%	AZ 12.8
9	OH 76,200	NC 2.3%	OR 11.7
10	CO 72,800	OR 2.3%	NC 12.4
11	AZ 69,900	FL 2.1%	NH 11.7
12	IL 60,200	NH 1.9%	WV 11.7
13	MI 57,800	SC 1.8%	FL 10.7
14	NJ 57,200	CA 1.8%	HI 10.3
15	MA 56,100	TN 1.8%	KS 10.2
16	TN 53,400	HI 1.7%	TN 10.1

Rank	Number of Jobs		Employment Growth (%)		Population Adjusted (jobs growth per 1,000 civilian noninstitutional population)c	
17	VA	53,000	GA	1.7%	MA	10.1
18	UT	49,800	KS	1.6%	CA	9.9
19	OR	42,200	NM	1.6%	SC	9.7
20	SC	38,400	MA	1.6%	GA	9.6
21	NV	37,400	OK	1.5%	SD	9.3
22	MO	34,300	RI	1.5%	NE	9.2
23	IN	33,100	SD	1.4%	RI	8.7
24	MN	30,000	NJ	1.4%	OK	8.4
25	OK	25,300	MS	1.4%	OH	8.3
	<i>US</i>	<i>2,363,000</i>	<i>US</i>	<i>1.6%</i>	<i>US</i>	<i>9.3</i>

Source: US Bureau of Labor Statistics

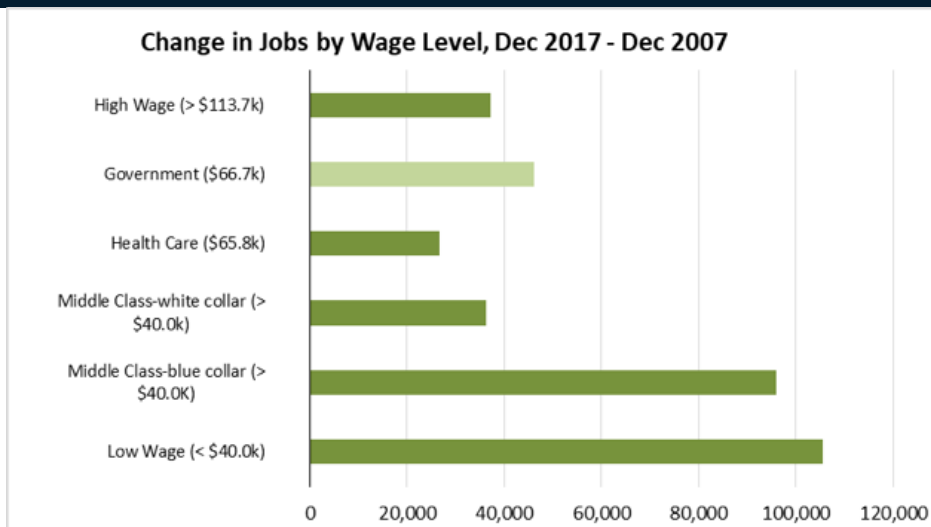
4 Industries below 2007 Pre-Recession Job Levels

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 May 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 63,800 below the 2007 peak, and 110,300 (11%) 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 (47%) of net jobs growth since the recession has been in the lower wage industries. For the 12 months ending May 2018, lower wage industries accounted for about a quarter (24%) of new jobs, while middle class-blue collar jobs produced just over a quarter (27%) as Construction levels remain above prior years.



Source: Analysis of California Employment Development Department data, not seasonally adjusted

Two-Tier Economy Persists—Central Valley Unemployment Nearly Three Times 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 2.4% in the Bay Area to nearly three times as large at 6.9% in the Central Valley.

Not Seasonally Adjusted	Unemployment Rate (%) April 2018
California	3.7
Bay Area	2.4
Orange County	2.6
Sacramento	3.3
San Diego/Imperial	3.4
Inland Empire	3.7
Central Sierra	3.8
Los Angeles	3.9
Central Coast	4.3
Upstate California	4.7
Central Valley	6.9

By Legislative District:

Lowest 10 Unemployment Rates					
CD18 (Eshoo-D)	1.8	SD13 (Hill-D)	1.8	AD16 (Baker-R)	1.7
CD12 (Pelosi-D)	2.0	SD11 (Wener-D)	2.2	AD22 (Mullin-D)	1.7
CD52 (Peters-D)	2.1	SD39 (Atkins-D)	2.2	AD24 (Berman-D)	1.9

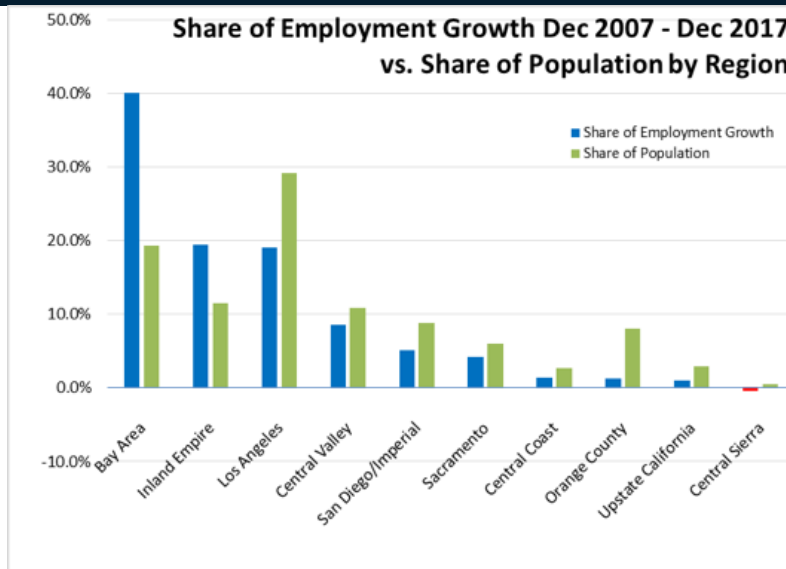
Lowest 10 Unemployment Rates					
CD17 (Khanna-D)	2.1	SD36 (Bates-R)	2.3	AD28 (Low-D)	1.9
CD14 (Speier-D)	2.1	SD37 (Moorlach-R)	2.3	AD17 (Chiu-D)	2.1
CD45 (Walters-R)	2.2	SD10 (Wieckowski-D)	2.4	AD77 (Maienschein-R)	2.1
CD49 (Issa-R)	2.2	SD07 (Glazer-D)	2.4	AD73 (Brough-R)	2.1
CD15 (Swalwell-D)	2.2	SD15 (Beall-D)	2.4	AD78 (Gloria-D)	2.1
CD48 (Rohrabacher-R)	2.4	SD34 (McGuire-D)	2.7	AD19 (Ting-D)	2.2
CD02 (Huffman-D)	2.5	SD38 (Nguyen-R)	2.8	AD25 (Chu-D)	2.2

Highest 10 Unemployment Rates					
CD40 (Roybal-Allard-D)	4.6	SD33 (Lara-D)	4.6	AD03 (Gallagher-R)	5.3
CD09 (McNerney-D)	4.9	SD24 (de León-D)	4.6	AD64 (Gipson-D)	5.8
CD20 (Panetta-D)	4.9	SD30 (Mitchell-D)	4.8	AD13 (Eggman-D)	5.8
CD10 (Denham-R)	5.5	SD35 (Bradford-D)	5.0	AD23 (Patterson-R)	5.9
CD44 (Barragán-D)	5.6	SD05 (Galgiani-D)	5.3	AD34 (Fong-R)	6.1
CD23 (McCarthy-R)	6.5	SD08 (Berryhill-R)	5.5	AD21 (Gray-D)	7.8
CD22 (Nunes-R)	6.7	SD40 (Hueso-D)	6.2	AD31 (Arambula-D)	8.1
CD51 (Vargas-D)	7.3	SD16 (Fuller-R)	6.3	AD26 (Mathis-R)	8.2
CD16 (Costa-D)	7.3	SD12 (Cannella-R)	6.7	AD56 (Garcia-D)	8.3
CD21 (Valadao-R)	8.8	SD14 (Vidak-R)	9.4	AD32 (Salas-D)	9.2

Bay Area Provided 39.5% of Net Employment Growth Since Recession

Containing 19.4% 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 29.2% of the population, accounted for the second largest share at 20.3%. Inland Empire is the only other region—at a growing margin—continuing to show employment gains above

their population share.



8 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, 8 are in California. Of the 20 worst, 10 are in California.

Metropolitan Area	March 2018 Rate	Rank
Brownsville-Harlingen, TX Metropolitan Statistical Area	6.2	368
Longview, WA Metropolitan Statistical Area	6.2	368
Modesto, CA Metropolitan Statistical Area	6.4	371
Yakima, WA Metropolitan Statistical Area	6.4	371
McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	6.5	373
Vineland-Bridgeton, NJ Metropolitan Statistical Area	6.6	374
Watertown-Fort Drum, NY Metropolitan Statistical Area	6.6	374
Salinas, CA Metropolitan Statistical Area	6.7	376
Anchorage, AK Metropolitan Statistical Area	6.9	377
Fairbanks, AK Metropolitan Statistical Area	6.9	377
Madera, CA Metropolitan Statistical Area	7.3	379
Yuba City, CA Metropolitan Statistical Area	7.3	379
Fresno, CA Metropolitan Statistical Area	7.5	381
Hanford-Corcoran, CA Metropolitan Statistical Area	8.0	382
Bakersfield, CA Metropolitan Statistical Area	8.3	383
Merced, CA Metropolitan Statistical Area	8.7	384
Visalia-Porterville, CA Metropolitan Statistical Area	9.2	385

Metropolitan Area	March 2018 Rate	Rank
Ocean City, NJ Metropolitan Statistical Area	10.1	386
El Centro, CA Metropolitan Statistical Area	14.4	387
Yuma, AZ Metropolitan Statistical Area	15.7	388

Note: All data sources, methodologies, and historical data series available at CenterforJobs.org/ca.

Methodology and Sources