

## Unemployment Dips to 4.1%; Employment Down 24,600

EDD reported total employment (seasonally adjusted; July preliminary) was down 24,600 from the revised June numbers, while the number of unemployed dropped 10,500. Unemployment rate improved to 4.1%. The unadjusted rate was down 0.1 point from the year earlier to 4.1%.

California had the 13<sup>th</sup> highest unemployment rate.

Total US employment saw a seasonally adjusted gain of 283,000, with the number of unemployed rising 88,000 as the national labor grew. The unemployment rate was level at 3.7%.

Seasonally Adjusted	California		US	
	Jul 2019	Change from Jun 2019	Jul 2019	Change from Jun 2019
Unemployment Rate	4.1%	-0.1	3.7%	0.0
Labor Force	19,387,100	-0.2%	163,351,000	0.2%
Participation Rate	62.0%	-0.2	63.0%	0.1
Employment	18,583,300	-0.1%	157,288,000	0.2%
Unemployment	803,800	-1.3%	6,063,000	1.5%

Not Seasonally Adjusted	California		US	
	Jul 2019	Change from Jul 2018	Jul 2019	Change from Jul 2018
Unemployment Rate	4.4%	-0.1	4.0%	-0.1
Labor Force	19,453,600	-0.2%	164,941,000	0.7%
Participation Rate	62.2%	-0.6	63.6%	0.1
Employment	18,589,100	-0.2%	158,385,000	0.9%
Unemployment	864,500	-1.4%	6,556,000	-2.6%

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

## Labor Force Participation Rate Drops to 62.0%

California's seasonally adjusted labor force participation rate continued a 4-month contraction to 62.0%. Nationally, the participation rate edged up to 63.0%. With the gap again expanding, 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 July 2019, the seasonally adjusted data shows the California labor force grew by only 700 workers (0.0% growth) compared to the rest of the US at 1.14 million (0.8%).

The continuing stall out in labor force growth has significant implications for the California economy. The increasing difficulty of finding qualified workers, and in some cases any workers, puts California businesses at a competition disadvantage to other states where the expansion continues to draw workers into the labor force. At the same time, this situation produces caseload demands on state and

local welfare and other social assistance budgets well above where they should be given the current circumstances of the recovery.

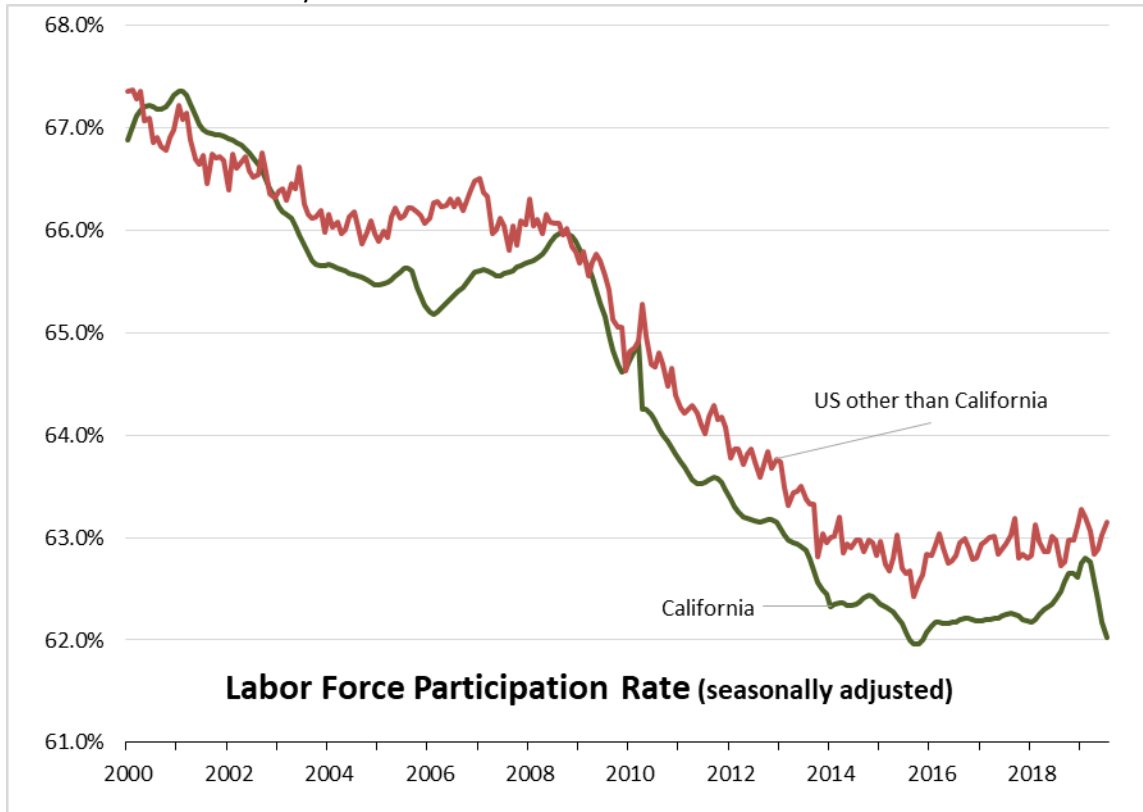


Figure Source: California Employment Development Department; US Bureau of Labor Statistics

### Employment Growth Ranking—California Plumets to 43<sup>rd</sup>

In another sign of the economy's slowing, the total number of persons employed (seasonally adjusted) over the 12 months ending in July shrank by 600. California plummeted to 43<sup>rd</sup> place with Texas leading with an additional 227,700 persons employed over this period, and Florida in second place with a gain of 139,000.

Based on percentage growth, California had a 0.0% contraction in employment, below the average for the rest of the US at 1.0%. Ranked among the states, California's growth rate dropped to 42<sup>nd</sup> place, while Tennessee led at 3.2%.

	Employment Change	Percentage Change
California	-600	0.0%
State Rank	43	42
US other than CA	1,324,583	1.0%

Figure Source: US Bureau of Labor Statistics

### Nonfarm Jobs Up 19,600 for Month; California Remains Ranked #2 for 12-month Gain

Nonfarm jobs (seasonally adjusted) were up 19,600 as June’s gains were revised to 41,300 from the previously reported 46,200.

For the 12 months ending July, total jobs growth was 311,800, keeping the state in 2<sup>nd</sup> place behind Texas which gained 323,300 jobs in this period, with Florida in third at 227,200.

Adjusting for population size, California came in at 13<sup>th</sup> among the states, with a 12-month jobs growth rate of 1.8%

	Job Change	Percentage Change
California	311,800	1.8%
State Rank	2	13
US other than CA	1,934,200	1.5%

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 Social Assistance (\$19.8k average annual wages), Government (\$70.1k), and Professional, Scientific & Technical Services (\$122.5k).

Declines were in Retail Trade (\$36.7k), Wholesale Trade (\$78.3k), and Finance & Insurance (\$128.1k).

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)	Jul 2019	12-month change
<b>Total Farm</b>	476.7	3.6
Mining & Logging	23.4	-0.1
Construction	916.5	37.8
Manufacturing	1,349.6	11.1
Wholesale Trade	699.0	-2.9
Retail Trade	1,664.7	-11.3
Utilities	57.3	0.5
Transportation & Warehousing	620.5	14.6
Information	555.5	17.9
Finance & Insurance	543.7	-0.7
Real Estate & Rental & Leasing	299.2	2.6
Professional, Scientific & Technical Services	1,330.4	42.5
Management of Companies & Enterprises	257.4	2.3
Administrative & Support & Waste Services	1,161.3	34.4
Educational Services	359.4	18.4
Health Care	1,573.9	30.5
Social Assistance	850.0	43.6
Arts, Entertainment & Recreation	333.5	1.8
Accommodation	244.8	8.6
Food Services	1,485.9	31.7
Other Services	580.1	2.5
Government	2,472.8	42.6
<b>Total Nonfarm</b>	<b>17,378.9</b>	<b>328.4</b>
<b>Total Wage &amp; Salary</b>	<b>17,855.6</b>	<b>332.0</b>

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, Mining & Logging, and Utilities—continues to lag. After stronger gains during the recovery, both Wholesale and Retail Trade have continued to show weakness, reflecting competitive pressures from nontraditional channels at the same time these industries have been weakened by state policies resulting in rising operating costs. Finance & Insurance also remains in the negative column as companies have moved back office and other operations out of the state.

While still 3,300 below the 2007 peak and 49,800 below the all-time peak in 2006, Construction is the primary blue collar industry gaining ground in the past year as activity has picked up in all areas except

Residential Building Construction, which remains 26,000 below the 2007 level and 33,000 below the 2006 peak.

## Change in Number of Jobs, Jul 2019 vs. Jul 2007, with Annual Average Wage

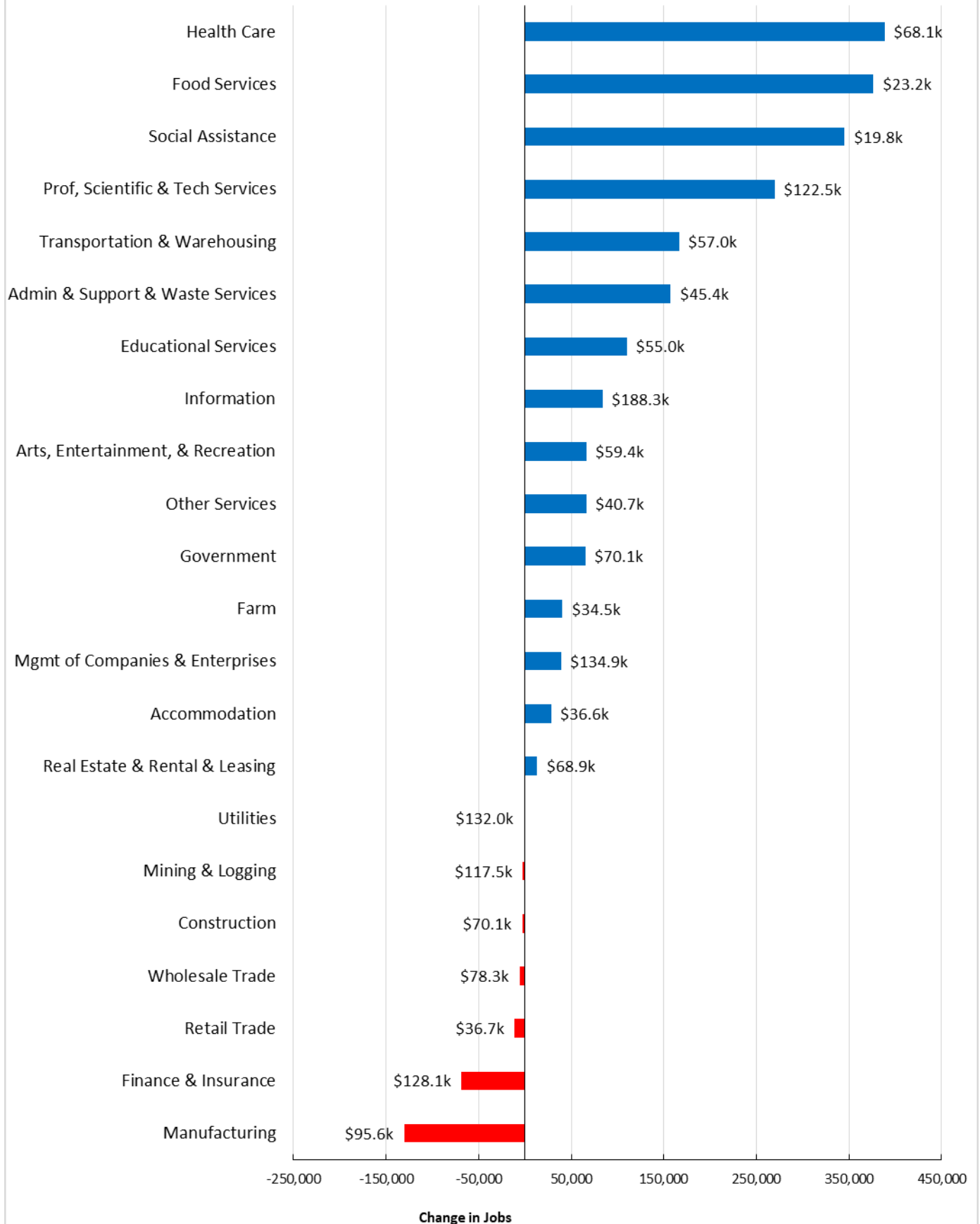


Figure Source: California Employment Development Department

### Unemployment Rates by Region

California	4.4
Bay Area	2.9
Orange County	3.2
Sacramento	4.0
Central Sierra	4.1
San Diego/Imperial	4.3
Central Coast	4.3
Inland Empire	4.6
Los Angeles	4.9
Upstate California	5.4
Central Valley	7.6

Figure Source: California Employment Development Department

### Unemployment Rates by Legislative District

Lowest	CD12 (Pelosi-D)	2.3	SD13 (Hill-D)	2.2	AD22 (Mullin-D)	2.1
	CD18 (Eshoo-D)	2.3	SD11 (Wiener-D)	2.5	AD16 (Bauer-Kahan-D)	2.1
	CD14 (Speier-D)	2.5	SD36 (Bates-R)	2.8	AD24 (Berman-D)	2.3
	CD17 (Khanna-D)	2.6	SD37 (Moorlach-R)	2.9	AD17 (Chiu-D)	2.4
	CD15 (Swalwell-D)	2.7	SD39 (Atkins-D)	2.9	AD28 (Low-D)	2.5
	CD52 (Peters-D)	2.8	SD10 (Wieckowski-D)	2.9	AD25 (Chu-D)	2.6
	CD49 (Levin-D)	2.8	SD15 (Beall-D)	3.0	AD19 (Ting-D)	2.6
	CD45 (Porter-D)	2.9	SD07 (Glazer-D)	3.1	AD78 (Gloria-D)	2.7
	CD48 (Rouda-D)	2.9	SD02 (McGuire-D)	3.3	AD73 (Brough-R)	2.8
	CD02 (Huffman-D)	3.2	SD38 (Jones-R)	3.4	AD74 (Petrie-Norris-D)	2.8
Highest	CD43 (Waters-D)	5.8	SD21 (Wilk-R)	5.6	AD36 (Lackey-R)	6.4
	CD40 (Roybal-Allard-D)	5.8	SD32 (vacant)	5.7	AD59 (Jones-Sawyer-D)	6.7
	CD09 (McNerney-D)	5.9	SD08 (Borgeas-R)	5.8	AD34 (Fong-R)	6.8
	CD10 (Harder-D)	6.1	SD30 (Mitchell-D)	5.9	AD64 (Gipson-D)	6.9
	CD44 (Barragan-D)	6.9	SD35 (Bradford-D)	6.2	AD13 (Eggman-D)	6.9
	CD22 (Nunes-R)	7.2	SD05 (Galgiani-D)	6.2	AD21 (Gray-D)	8.1
	CD23 (McCarthy-R)	7.4	SD12 (M. Caballero-D)	6.9	AD31 (Arambula-D)	8.8
	CD16 (Costa-D)	8.5	SD16 (Grove-R)	7.1	AD26 (Mathis-R)	9.7
	CD51 (Vargas-D)	9.0	SD40 (Hueso-D)	7.7	AD32 (Salas-D)	9.8
	CD21 (Cox-D)	9.5	SD14 (Hurtado-D)	10.5	AD56 (Garcia-D)	10.6

### Employment Growth by Region

Containing 19.6% of the state’s population, the Bay Area has accounted for 41.9% of net employment growth compared to pre-recession levels. Los Angeles Region, with 29.0% of the population, accounted for only 15.7% of net employment gains, while Inland Empire continues to rank the second highest.

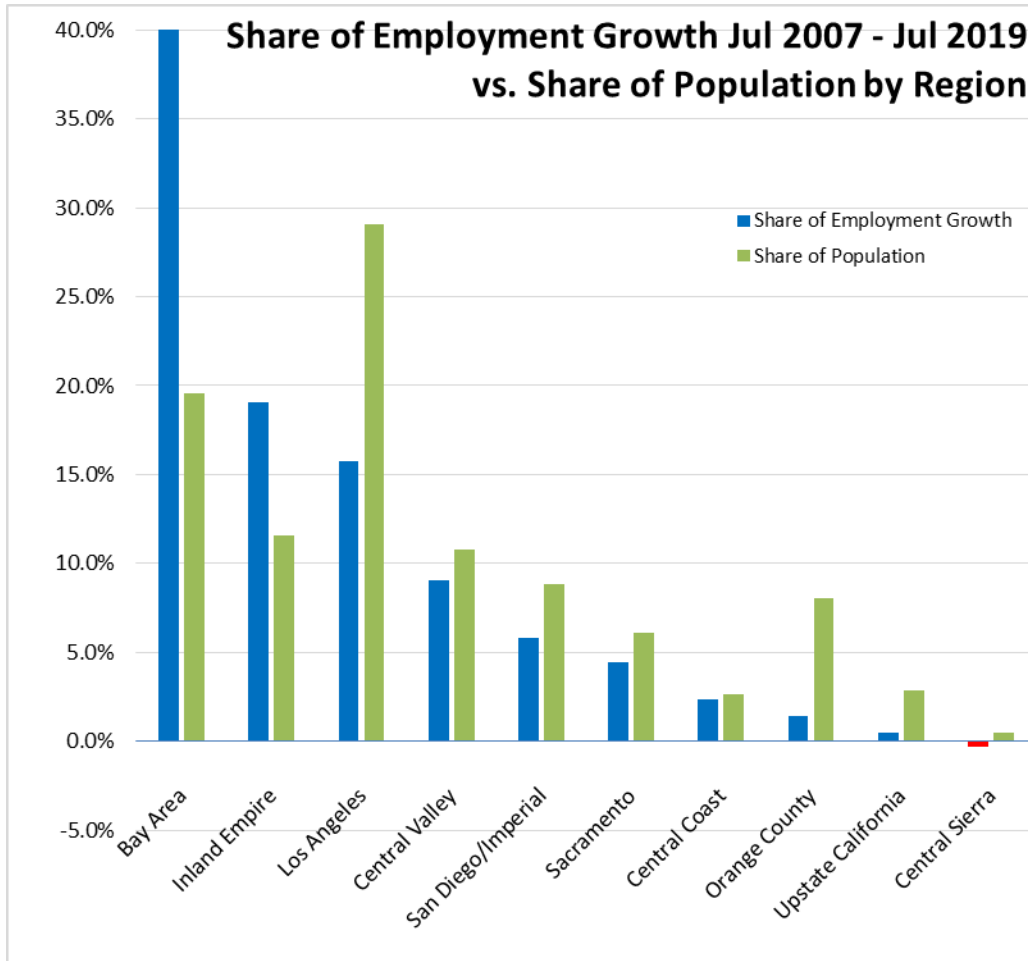


Figure Sources: California Employment Development Department; Department of Finance

### MSAs with the Worst Unemployment Rates

Of the 20 Metropolitan Statistical Areas (MSAs) with the worst unemployment rates in June 2018, 9 are in California, including El Centro MSA (Imperial County) with the second highest unemployment rate in the country and Visalia-Porterville MSA with the third worst.



MSA	Unemp.	Rank
El Centro MSA	18.6%	388
Visalia-Porterville MSA	9.1%	387
Merced MSA	8.1%	386
Bakersfield MSA	8.0%	385
Hanford-Corcoran MSA	7.9%	384
Fresno MSA	7.1%	383
Madera MSA	7.0%	382
Yuba City MSA	6.7%	380
Modesto MSA	6.5%	379

*Figure Source: US Bureau of Labor Statistics,  
June 2018 data*

### Chart of the Month: Self Employed

As a means to fulfill the dream of “becoming one’s own boss,” self-employment can be a path to upward mobility, a way to gain more flexibility in working hours and conditions, or as an alternative when other employment alternatives are limited by availability, commuting distances, or skills requirements. Self-employment also is an indicator of overall entrepreneurial activity within the economy.

The chart below compares the self-employment rate for California to the rest of the US. The self-employed data is taken from the Current Population Survey as a 12-month moving average and expressed as a percentage of total civilian population (age 16 and over).

The data contains the following components:

- The data is only for self-employed as the main job. In addition, a number of workers also engage in self-employment as a second job, either for income purposes or as a step towards leaving wage and salary employment and becoming self-employed full time.
- The data contains two levels of self-employed. The unincorporated are the component generally treated as the self-employed within the labor force numbers. Incorporated are those self-employed who have formed a corporation for tax or liability purposes. These generally have higher incomes, are treated as wage and salary workers in the other employment data series (as they generally take a wage or salary from their corporation), and often have other paid workers.

Measured by incorporated self-employed—a source of future economic expansion as small firms grow—California shows no major difference from the other states in spite of its reputation as an entrepreneurial leader. By numbers, however, California’s performance does not stack up as well. Although increasing over the past 12 months, the number of incorporated

self-employed remains 5.3% below the recent high reached in 2017. Incorporated self-employed elsewhere in the US continued to grow in this period by a total of 8.5%.

The number of unincorporated self-employed is relatively much higher in California, producing the higher total rates for the state compared to the rest of the US. The total numbers, however, in both cases are well below the peaks reached prior to the recession, with California 10.4% below the peak reached in 2007 and the rest of the US 10.5% below the peak in 2005.

