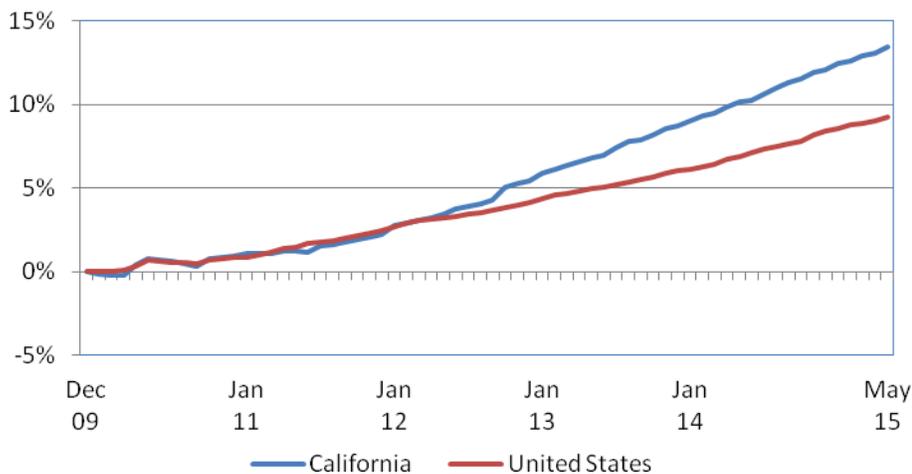


## The May Job Report—California Adds Jobs, Brings People Back into the Workforce and Outpaces Most States

California added 54,200 jobs in May and a total of 465,700 (+3.0%) for the past 12 months. Since the recession ended, California job levels have grown by 13.4% (1.9 million) compared to the nation’s 9.2% job recovery.

### Job Growth Dec 2009--May 2015



The strong jobs recovery has brought people back into the workforce while simultaneously reducing the number of unemployed residents. Some of the 268,000 workers who entered the labor force last year are new but many are returning to the workforce. At the same time the number of people in the workforce but unemployed fell by 220,000.

#### California Workforce Trends

|                    | May 14     | May 15     | Change   |
|--------------------|------------|------------|----------|
| Labor Force        | 18,758,000 | 19,026,000 | 268,000  |
| Employed Residents | 17,326,000 | 17,813,000 | 487,000  |
| Unemployment       | 1,432,000  | 1,212,000  | -220,000 |
| UE Rate            | 7.6%       | 6.4%       | -1.2%    |

Source; California Employment Development Department

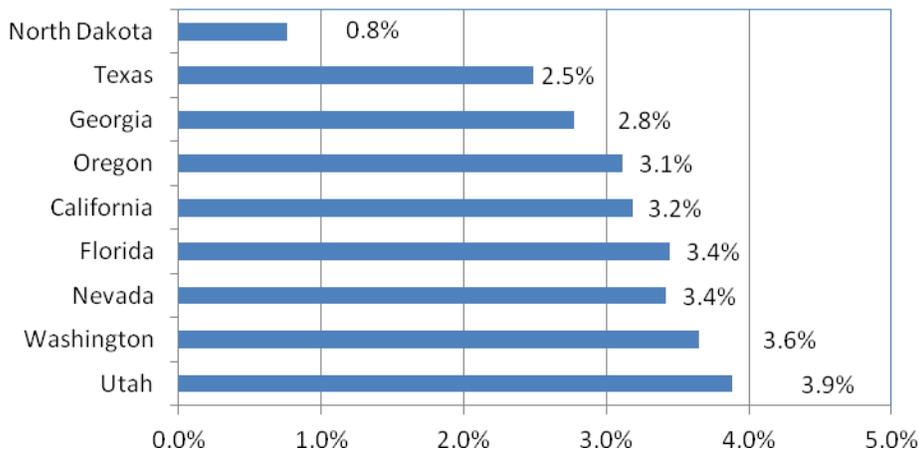
In the five years ending in May 2015, California has added 1.9 million jobs, which reduced the number of unemployed workers by 1 million and allowing the labor force to grow.

The strong job growth in California and other Pacific States puts a new and correct perspective on what matters for job growth. California posted the fifth highest state job growth rate for the past 12 months. Two other Pacific Coast states, Oregon and Washington, were in the top six states.

The two states with the largest percentage stake in oil and gas, North Dakota and Texas, have moved down the list as oil prices and drilling have turned down. The other two states besides California hit hard by the foreclosure crisis, Nevada and Florida are among the growth leaders. The list contains states with conservative voter majorities such as Utah but also states with liberal residents such as California, Oregon and Washington.

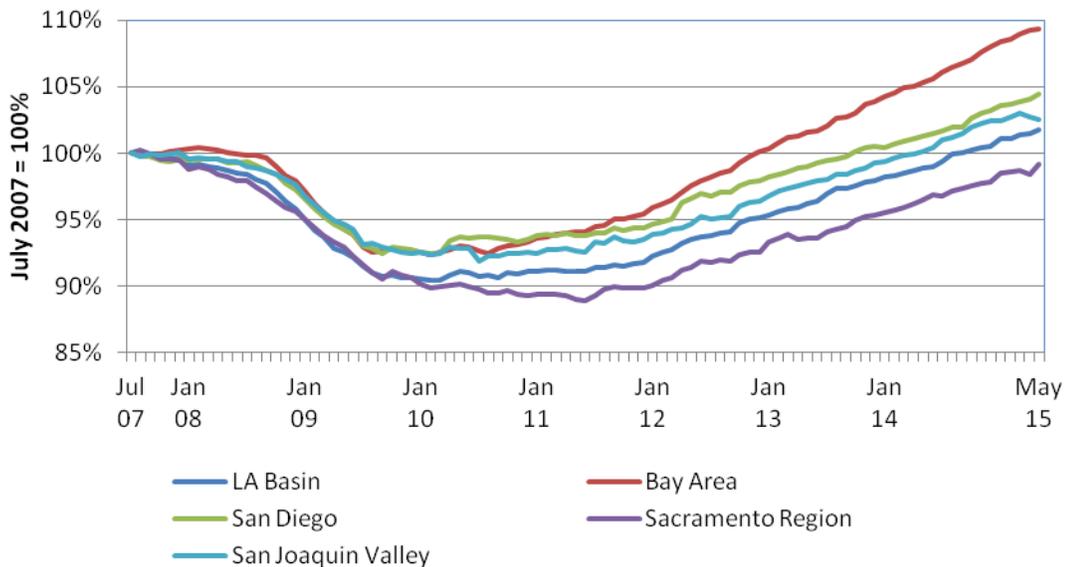
In the end, it is industry trends more than politics that determine relative growth rates. Texas is experiencing slower growth as a key industry retreats at least temporarily, while California surges on tech, trade and tourism even though the state approved a large temporary tax increase and began auctions for emission permits just over two years ago.

## Job Growth May 2014--May 2015



All regions of the state except the Sacramento region have regained all the jobs lost during the recovery and moved into positive territory. Bay Area job levels are now 9.3% above pre-recession peaks and San Diego County has a 4.5% gain. Southern California job levels are 1.8% above pre-recession levels and rising at more than 200,000 jobs a year. The San Joaquin Valley, despite the drought, has also surpassed pre-recession job levels.

## Job Trends: A Regional Perspective



The pattern of job growth remains positive for future growth. Construction was the state's fastest growing sector for the past 12 months with 6.9% increase followed by Professional and Business Services with a 5.2% increase. Government jobs are growing again as teachers and police are being rehired from the growing local revenues.

Many challenges remain. The state faces a housing shortage and rent and home price increases that far outpace income growth. While recent growth has added to middle and high wage jobs, jobs in low wage sectors continue to grow as resident and leaders struggle to find ways to reduce poverty and expand opportunity.

Infrastructure needs in transportation, water and other areas remain far above current funding levels. The growth of retirement benefits for public employees remains a challenge for finding shared responsibility solutions.

The future of California depends on our children, their education and opportunities. The state budget has made progress in funding education with an emphasis on at risk students and the state is exploring ways to reduce the cost of higher education. But these children's success will determine our future and we need to keep them uppermost in our minds.

Stephen Levy  
Director  
650-814-8553