

October 2015

The September Jobs Report—Slower Job Growth, Unemployment Drops

California added 8,200 in September and a total of 443,200 (+2.8%) for the past 12 months. Since the recession ended, California job levels have grown by 14.4% (2.0 million) compared to the nation's 9.8% job recovery.

While job growth was disappointing in September, the state unemployment rate dropped to 5.9%, the first time below 6% since November 2007 and the number of unemployed residents declined to 1,121,000 the lowest since January 2008 and less than half of the recession high of 12.2%. Unemployment declines were widespread across the state.

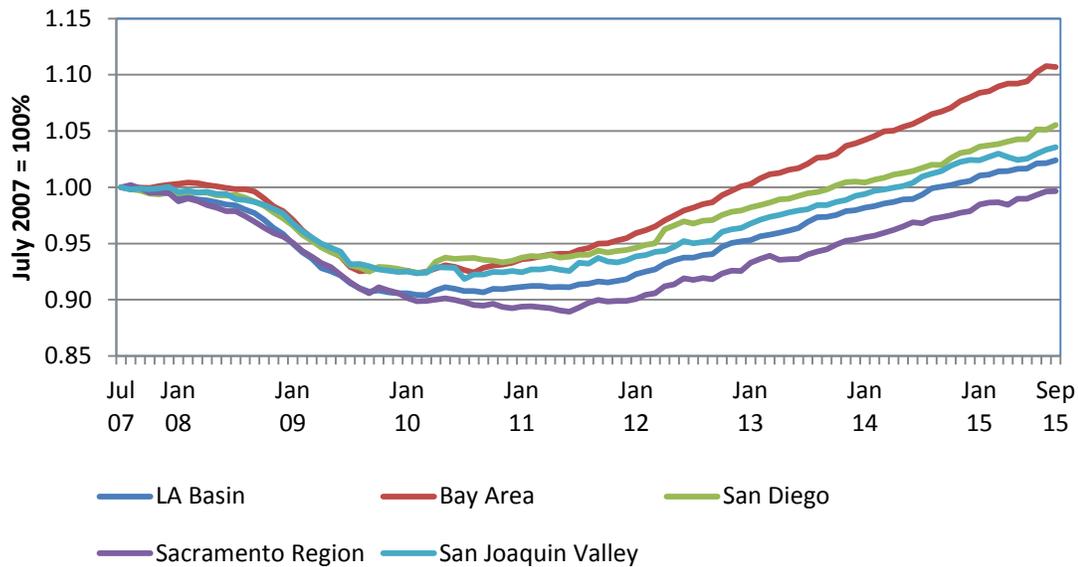
In the ongoing Texas/California debate the state's 12 month growth rate of 2.8% remains above the growth in Texas (1.9%) as Texas is now experiencing declines in high paying mining (-28,300) and manufacturing (-29,400) jobs during the past year while their unemployment rate (low at 4.2%) inched up in September.

The Bay Area, the state's leading job growth center, lost jobs on a seasonally adjusted measure between August and September 2015 while all other major regions posted small job gains.

All regions of the state except the Sacramento region, which will be there soon, have regained all the jobs lost during the recovery and moved into positive territory. Bay Area job levels are now 10.4% above pre-recession peaks and San Diego County has a 5.5% gain. Southern California job levels are 2.4% above pre-recession levels and rising at close to 200,000 jobs a year. The San Joaquin Valley, despite the drought, has also surpassed pre-recession job levels by 3.6%.

Some counties are not at what are normally considered full employment rates or lower including San Francisco (3.2%), San Mateo (3.0%), Santa Clara (3.7%), Orange (4.0%), San Diego (4.6%), Placer (4.4%) and Sonoma (3.8%). Unemployment rates have dropped to near 6% in Los Angeles, Riverside and San Bernardino counties, hard hit initially by the recession.

Job Trends: A Regional Perspective



The industry pattern of state job growth was not great in August or September but remains positive for future growth. Construction was the state’s fastest growing sector for the past 12 months with a 6.4% year 12 month increase. Next was Professional and Business Services with a 5.3% increase. Government jobs are growing again (+1.6%) as teachers and police are being rehired from the growing local revenues. Leisure and Hospitality jobs were up 4.3% for the year.

These trends indicate that middle and high wage jobs are now fully benefiting from the recovery. Policies that promote housing and infrastructure investment will further strengthen the long sought after recovery in middle wage jobs.

More local areas are benefiting from the continuing job growth. The Sacramento region is plus 24,200 jobs for a 2.6% gain in the past 12 months. Orange County has added 44,900 for a 3.0% 12 month gain. San Diego County has added 46,900 jobs for a 3.4% gain. The Inland Empire added 36,300 jobs for a 2.8% increase—all areas well above the 2.0% national job gain.

Many challenges remain. The state faces a housing shortage and rent and home price increases that far outpace income growth. There are signs of increased plans to build new housing but they are still below the level needed to match current population growth much less to reduce the existing shortages.

While recent growth has added to middle and high wage jobs, jobs in low wage sectors continue to grow and real wages are below 2007 levels in many occupations.

Infrastructure needs in transportation, water and other areas remain far above current funding levels. Additional housing and infrastructure construction are the most immediate and effective ways to increase middle wage jobs.

State and local revenues are growing and this year's state budget allocated substantial additional funding for education. Still, 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.

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