

The September Jobs Report—A Surge of Labor Force Growth

The most impressive result from the September jobs report is not the continuing job gains (+30,000 last month), which are good news, but the surge in residents returning to and entering the workforce. In the past 12 months 379,500 residents entered or returned to the workforce. That is larger than the entire increase in state population during this period and signifies that the job gains are allowing some people who left the workforce to return.

California Workforce Trends

	Sept 15	Sept 16	Change Sept 15-Sept 16
Labor Force	18,969,400	19,348,900	379,500
Employment	17,834,600	18,278,500	443,900
Unemployment	1,134,800	1,070,400	-64,400
Unemployment Rate	6.0%	5.5%	-0.5%

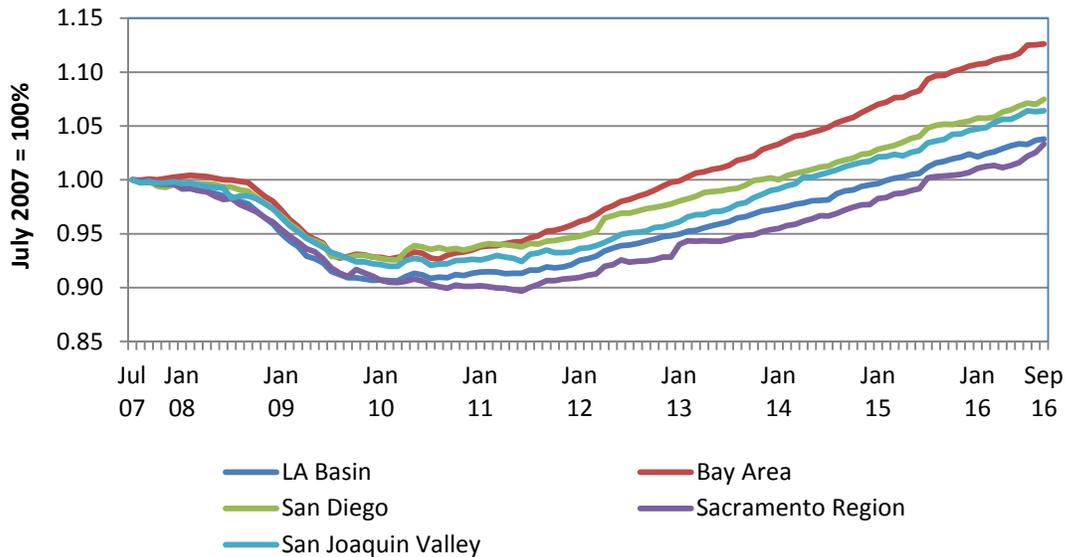
Source: California Employment Development Department

The recovery is not only bringing residents back into the workforce, it is reaching areas of the state previously left behind. All major regions are now solidly above pre-recession peaks as shown below.

Strong job gains over the past two years were seen in:

- San Joaquin Valley counties--Fresno County (+7.3%), Stanislaus County (+6.0%), San Joaquin County (+6.5%), and Madera County (+6.5%)
- Southern California areas—Orange County (+6.3%), Riverside and San Bernardino counties (+6.9%), San Diego County (+5.5%) while the state's largest county Los Angeles posted a 4.0% gain.
- The Sacramento metro area has finally returned to solid job growth with a two-year gain of 6.4%
- Bay Area gains remain strong-- +5.8% in the Oakland metro area, +7.3% in the San Francisco metro area and +7.4% in the San Jose metro area.

Job Trends: A Regional Perspective



Does Being a Welcoming Community Matter to Job Growth

California has been a leader in welcoming immigrants and people without regard to religious or sexual preferences and has provided welcoming locations for millennials. I think this has been a positive for job growth as well as positive social implications.

Looking to the Future

The recovery has increased longstanding challenges with regard to housing and transportation investments and policies. 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.

Increasing housing supply and working on the affordability crisis are simultaneously economic competitiveness and social justice issues.

There are important connections that will influence our progress on addressing housing supply and affordability. Supply and affordability in the right locations simultaneously address economic, equity and environmental concerns about housing and can bring these constituencies together in common cause.

Residents across the state will vote soon on ballot measures that address some of the state's housing and transportation challenges.

Job growth will begin to slow as baby boomers retire in greater numbers. The first wave turned 70 this year. While older workers are working longer than before, most still retire by age 70. 2016 will have the largest annual job growth rate expected ever again.

The focus of workforce activities should now shift to where the majority of job openings will be and that is to replace retiring workers. Nowhere is this more apparent than in manufacturing where job growth may be very low but the need for skilled workers high as boomers retire. Construction is another area with high levels of skilled worker retirements.

In terms of workforce, poverty and the increasing number of low wage jobs, research done by CCSCE and others is crystal clear. A three-pronged approach is required:

--Education and training informed by continuous employer input

--Strong economic growth without which progress is virtually impossible

--And policies to support the millions of workers who will spend long periods of time in low wage jobs no matter how successful the first two priorities are

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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