

# *A Labor Day Briefing for California*

## **September 2010**

State of California  
Labor and Workforce Development Agency  
Employment Development Department  
Labor Market Information Division

This *Briefing* was prepared to report on California's labor markets as the nation commemorates Labor Day, September 6. This report presents significant labor market trends and topical statistics relating to the California economy.

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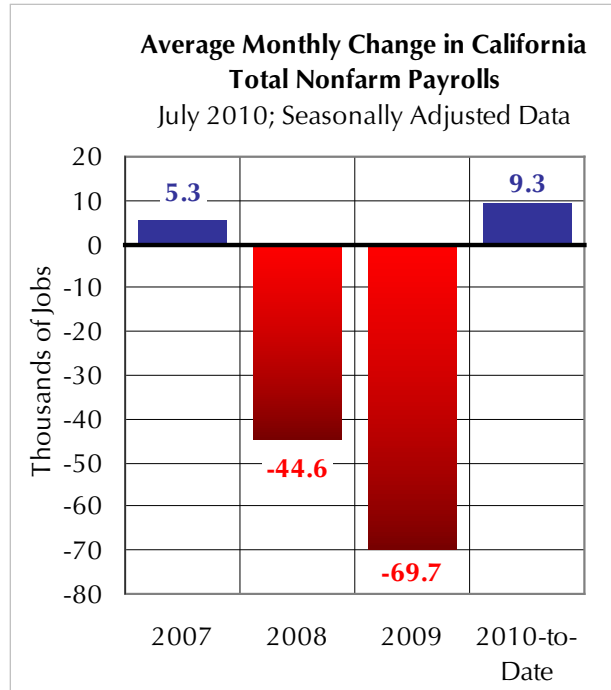
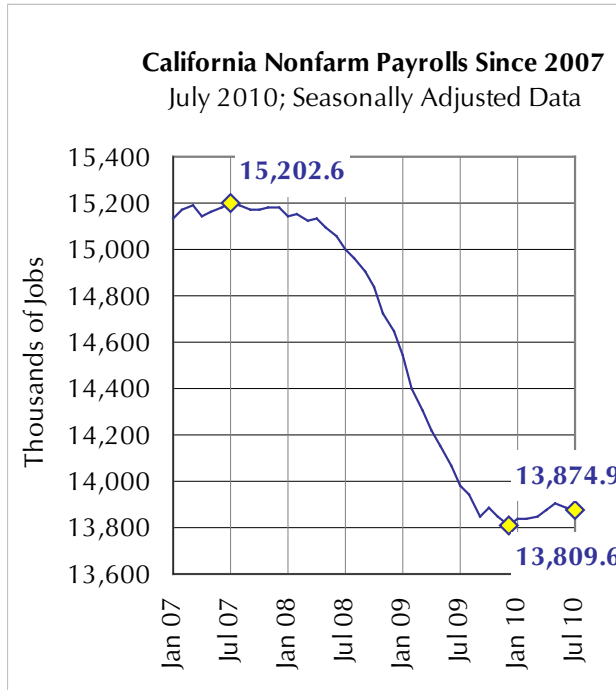
## California's Economy Is Recovering from the Long and Painful Recession...

After experiencing record high unemployment and severe job losses at levels not experienced since the Great Depression, California's economy is now recovering. As of July 2010, job growth has returned to most industry sectors and most areas of the State, and unemployment has begun inching downward. However, the recovery has yet to generate sufficient job and income growth to propel economic growth forward rapidly, raising the prospect that it may take many months for unemployment and nonfarm employment to return to their pre-recession levels.

### NONFARM PAYROLL JOBS

- Thus far in 2010, California has experienced a noticeable improvement in its jobs situation. The California economy added 65,300 nonfarm jobs during the first seven months of 2010, for an average gain of 9,300 jobs per month. In sharp contrast, the State lost an average of 69,700 jobs per month in 2009 and 44,600 jobs per month in 2008. The state gained an average of only 5,300 jobs per month in 2007.

### Job Growth has returned to California...

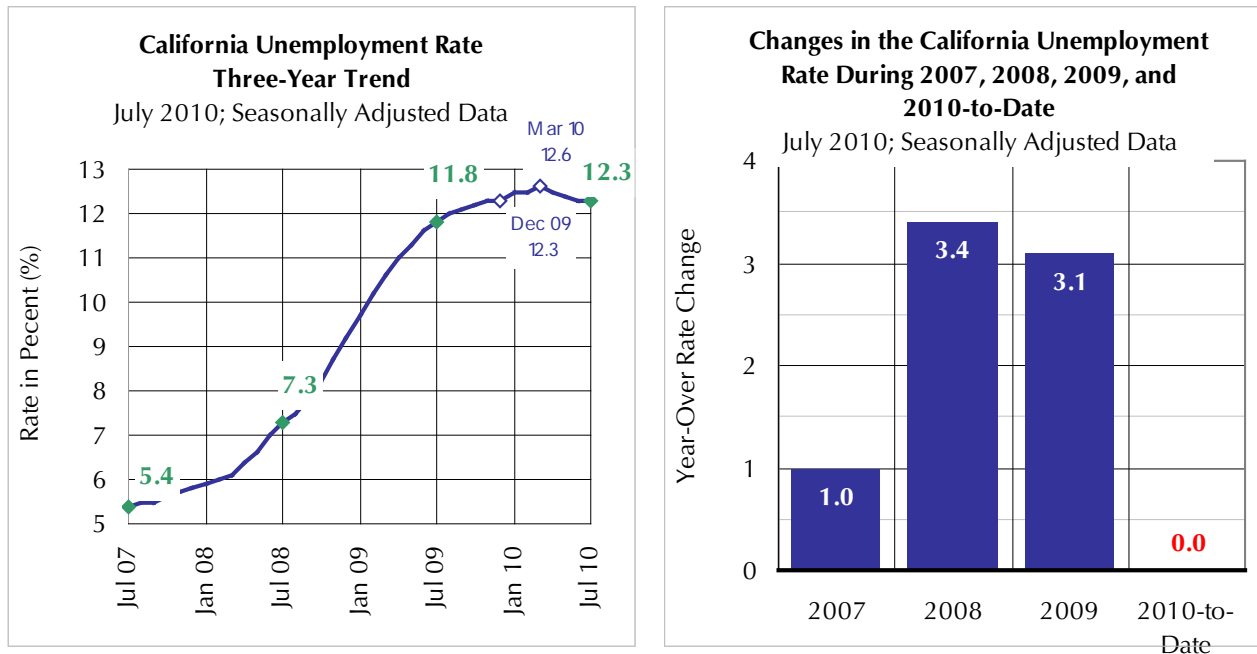


- Private nonfarm payrolls (this excludes government employment) in California grew in six of the first seven months of 2010. The 13,700-job gain in July 2010 was the State's second largest in the last three years. Since January 2010, private nonfarm employment has grown a total of 69,800, or an average monthly increase of 10,000 jobs. In contrast, during the period August 2008 through December 2009, the State lost an average of 67,900 private jobs per month, with losses over the period totaling over 1.1 million jobs.
- Although job growth has returned to California, the after effects of the recession still weigh on the economy. There were 1,327,700 fewer nonfarm jobs in California in July 2010 than at their pre-recession peak in July 2007.

## UNEMPLOYMENT

- California's seasonally adjusted unemployment rate was 12.3 percent in July 2010. After peaking at a record high of 12.6 percent in March 2010, California's unemployment rate has fallen in three of the four months. Prior to this downward trend, the State experienced nearly three years of uninterrupted rate increases, and had not experienced a single rate decrease since September 2006.

Unemployment has begun falling in California, but remains high...

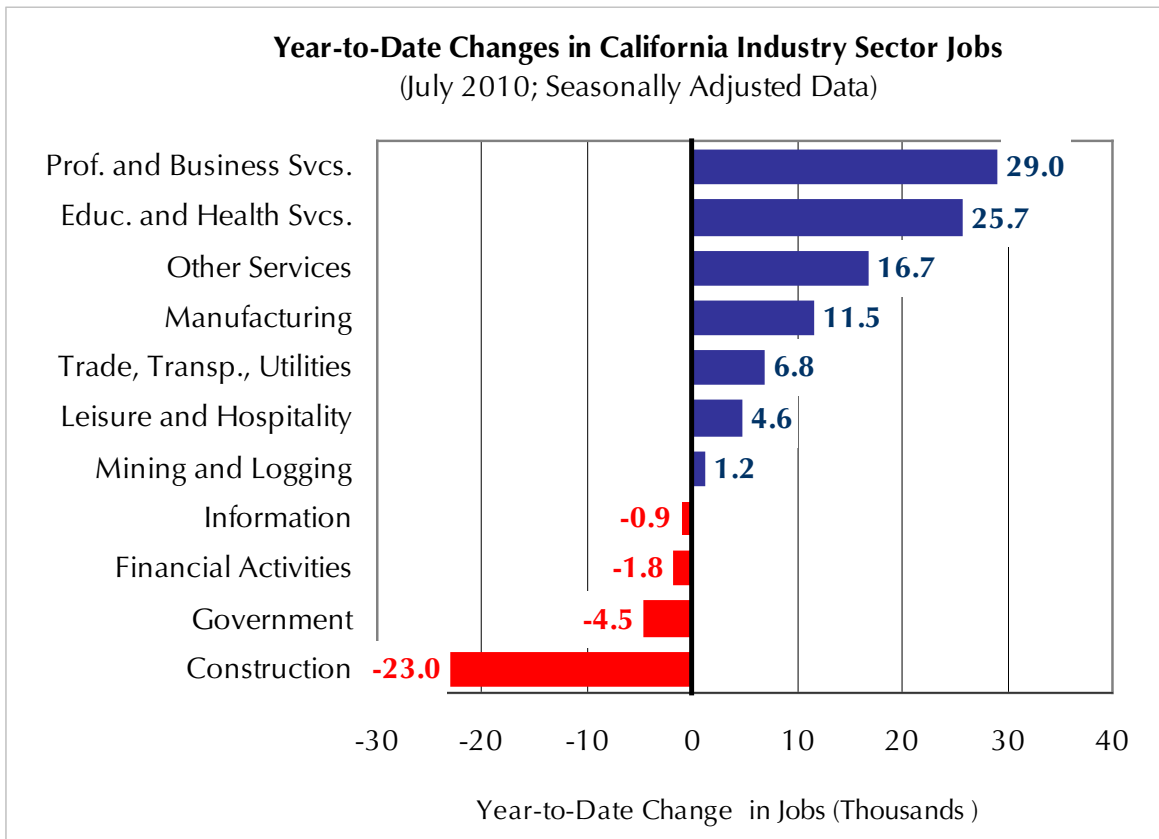


- Over the first seven months of 2010, the California unemployment rate was unchanged. In contrast, the rate rose by 3.1 and 3.4 percentage points over the course of 2009 and 2008, respectively, and by a full percentage point in 2007. However, these data also underscore how severe the recent recession was. Even though the rate has stabilized and begun falling, the July 2010 unemployment rate was 7.5 percentage points higher than its pre-recession low of 4.8 percent in September – December 2006.
- Although there were 2,251,000 unemployed Californians in July 2010, their number had fallen by 56,000 since March 2010. Over the first seven months of 2010, unemployment increased by 17,000 persons, or by an average of a little over 2,000 persons per month. This was a significant improvement over prior years, when unemployment increased by an average of 46,000 and 53,000 persons per month in 2009 and 2008, respectively. However, there were nearly 1.4 million more unemployed Californians in July 2010 than at their pre-recession low in October 2006.
- The number of employed Californians rose by 150,000 over the first seven months of 2010, and the labor force grew by 167,000. The fact that unemployment remained stable even as the labor force grew suggests that California's labor market was regaining some of the vibrancy it lost during the recession.

## INDUSTRY SECTOR JOBS

- The improvement in nonfarm job growth in 2010-to-date has been broad-based across most industry sectors. Seven of California's 11 major industry sectors gained jobs over the first seven months of 2010. In contrast, all sectors with the exception of Educational and Health Services experienced job losses over the course of 2009. In the four industry sectors that lost jobs 2010-to-date, the pace of job losses was substantially lower than during 2009.

Most industry sectors have gained jobs so far in 2010...



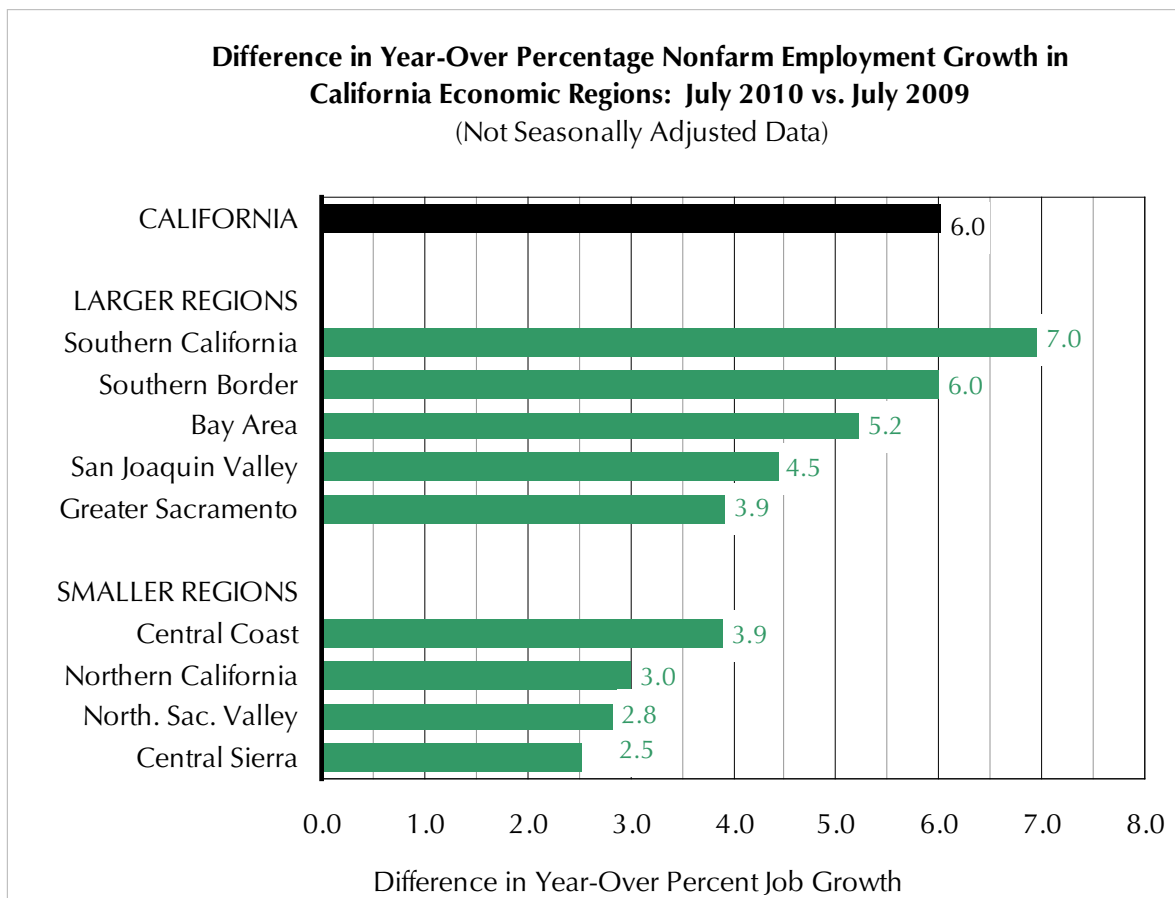
- The largest 2010-to-date job gain was in Professional and Business (29,000). Much of this gain was in employment services. Increased hiring by temporary help establishments is generally considered to foreshadow future hiring of permanent workers in other sectors. The high wage Professional, Scientific, and Technical Services sector added 4,100 jobs over the first seven months of 2010, after losing 62,200 jobs over the course of 2009.
- Educational and Health Services gained 25,700 jobs in 2010-to-date. Driven by demographic factors such as the aging of the baby boomers, this sector experienced job growth even at the height of the recession, and is expected to continue to grow in the future.
- Manufacturing experienced a remarkable turnaround in jobs in 2010-to-date. The sector gained 11,500 jobs over the first seven months of 2010, or an average of 1,600 jobs per month. In contrast, Manufacturing lost an average of 12,200 jobs per month in 2009 and 6,000 jobs per month in 2008. The turnaround in manufacturing jobs reflects stronger consumer demand and strong exports from California. Durable goods manufacturing, in particular, received a strong boost from international trade.
- The consumer-oriented Trade, Transportation, and Utilities (TTU); and Leisure and Hospitality sectors gained 6,800 and 4,600 jobs, respectively, over the first seven months of 2010. Although the gains were quite small, they represent a significant turnaround from years past. From December 2007 to December 2009, the TTU sector lost a total of 344,000 jobs and the Leisure and Hospitality sector lost 98,300. The two industry subsectors most directly linked to consumer spending, retail trade, and accommodation and food services, added a combined 29,100 jobs over the first seven months of 2010 after losing 280,500 jobs from December 2007 through December 2009.

- As has been the case since the start of the recession, Construction was the largest drag on overall job growth in California over the first seven months of 2010, losing 23,000 jobs. From their peak in February 2006 through July 2010, construction payrolls fell by 402,800 jobs, a decline of nearly 43 percent. However, the California Construction industry eked out a gain of 1,400 jobs in July 2010, and its average job loss of 3,300 per month in 2010-to-date was a vast improvement over the average monthly loss of 11,900 jobs the sector incurred from December 2007 through December 2009. Similarly, although the real estate-oriented Financial Activities sector lost an average of 300 jobs per month over the first seven months of 2010, this was a significant improvement over its average loss of 4,000 per month from December 2007 through December 2009. Together, these trends indicate that the California's housing and real estate crisis may have finally hit bottom.
- Although Government's 4,500-job loss over the first seven months of 2010 was an improvement over the losses it occurred in 2009, government payrolls in July 2010 continued to be temporarily boosted by 2010 U.S. Census jobs, the remainder of which were expected to disappear in August. Job losses in State and local government totaled a combined 15,500 jobs over the first seven months of 2010, and totaled 77,200 jobs from June 2008 through July 2010. Additional job losses are anticipated in coming months as cuts to the current fiscal year's State and local government budgets are implemented.

### REGIONAL AND AREA JOBS

- All regions of the State experienced an improved jobs situation over the year ending in July 2010 in comparison to the year ending in July 2009. However, each of [California's nine economic regions](#) showed a year-over job loss in July 2010. This was largely because year-over comparisons of not seasonally adjusted data imperfectly reflected the job growth in the State that occurred during the first seven months of 2010.

All regions of California experienced an improved jobs situation over the last year...



- The greatest improvement in jobs occurred in Southern California, followed by Southern Border, and the Bay Area. California's smaller regions experienced less of an improvement.
- More detailed seasonally adjusted nonfarm jobs data for California's 28 Metropolitan Statistical Areas (MSAs) and Metropolitan Divisions (MDs) showed that nine areas gained jobs during the first seven months of 2010, two had no change in jobs, and 17 lost jobs. However, in comparison to 2009, the jobs situation had improved in 23 of the 28 areas in 2010-to-date, stayed the same in four areas, and worsened in only one area.
- The largest 2010-to-date job gains were in Santa Ana-Anaheim-Irvine MD (22,600), San Diego-Carlsbad-San Marcos MSA (10,400), Los Angeles-Long Beach-Glendale MD (7,900), and San Jose-Sunnyvale-Santa Clara (6,500). The largest job year-to-date job losses were in Oakland-Fremont-Hayward MD (10,000), Riverside-San Bernardino-Ontario MSA (9,200), San Francisco-San Mateo-Redwood City MD (5,700), and Fresno (4,100).
- In general, job growth thus far in 2010 has been strongest in coastal urban areas of southern California and in Silicon Valley, in part due to the export-orientation of their economies. Job growth has lagged in the Bay Area apart from Silicon Valley, and in the interior regions of the State in which housing plays a large role in the local economy.

## ***A slow but gradually strengthening recovery is predicted for the State...***

There is a noticeable improvement in California's labor market during the first seven months of 2010. This improvement is broad-based across most industry sectors and all regions of the State. However, only a small fraction of the jobs lost during the recession have been recovered, and unemployment, although inching downward, remains at high levels. Still early in its recovery, the economy has yet to generate the level of job growth needed to drive unemployment downward. The consensus among California forecasters is that the economy will continue its slow but steady expansion and gradually strengthen over time, but unevenly.

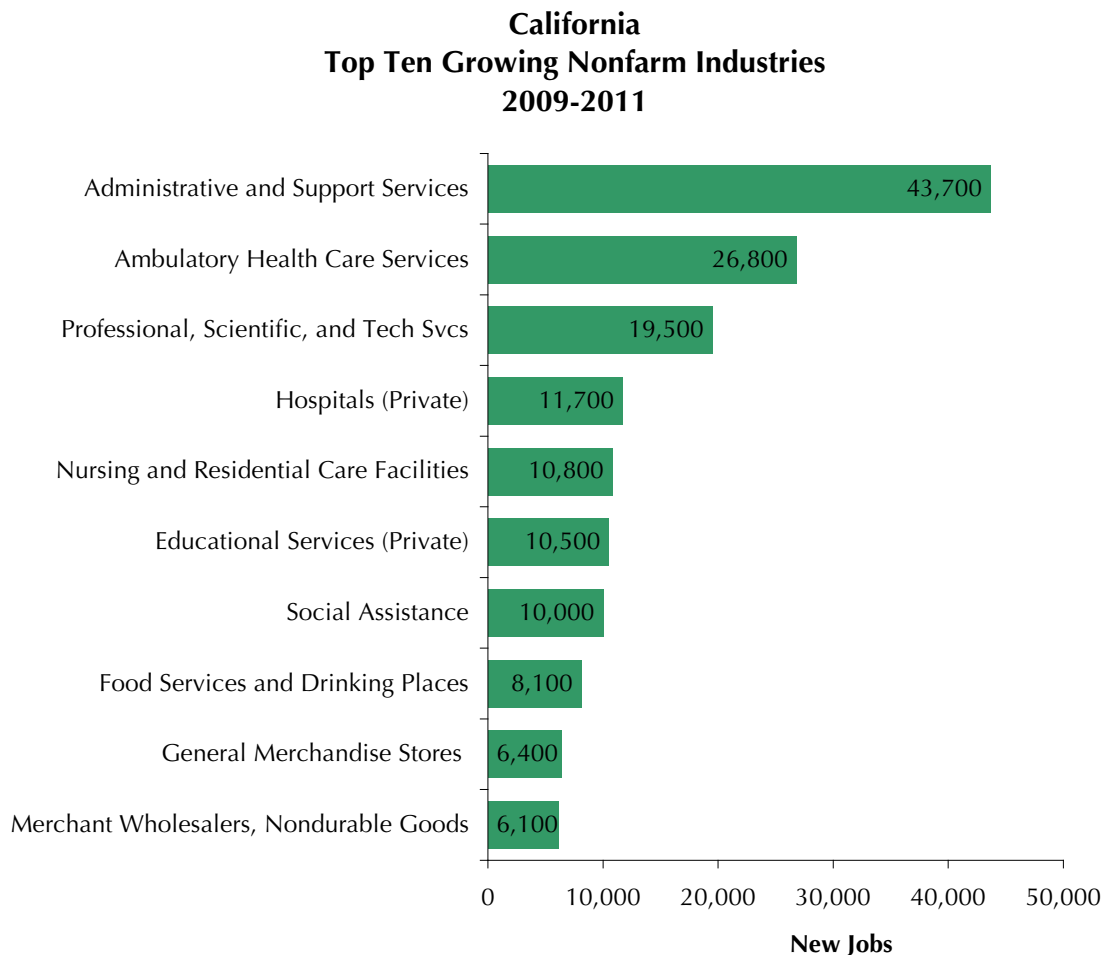
- Although California consumers have resumed spending, they are doing so modestly—and not at levels which typically generate a rapid recovery. Forecasters predict this behavior will continue as indebted consumers pay off their debts and boost their savings.
- Housing and real estate continues to be a drag on the overall economy during the first seven months of 2010. However, it appears that the State's housing market has at last stabilized. While housing is not expected to weigh down the economy going forward, it is not expected to make much of a contribution to growth either.
- Looming State and local government budget cuts are expected to have a dampening effect on the State's overall economic growth.

Nevertheless, there are bright spots in the economic outlook.

- State exports are expected to remain strong despite the financial crisis in Europe, providing a boost to manufacturing and the high-technology and information sectors.
- California is well positioned to lead the country in developing new green and alternative energy technologies.

## Short-Term Industry Forecast 2009-2011

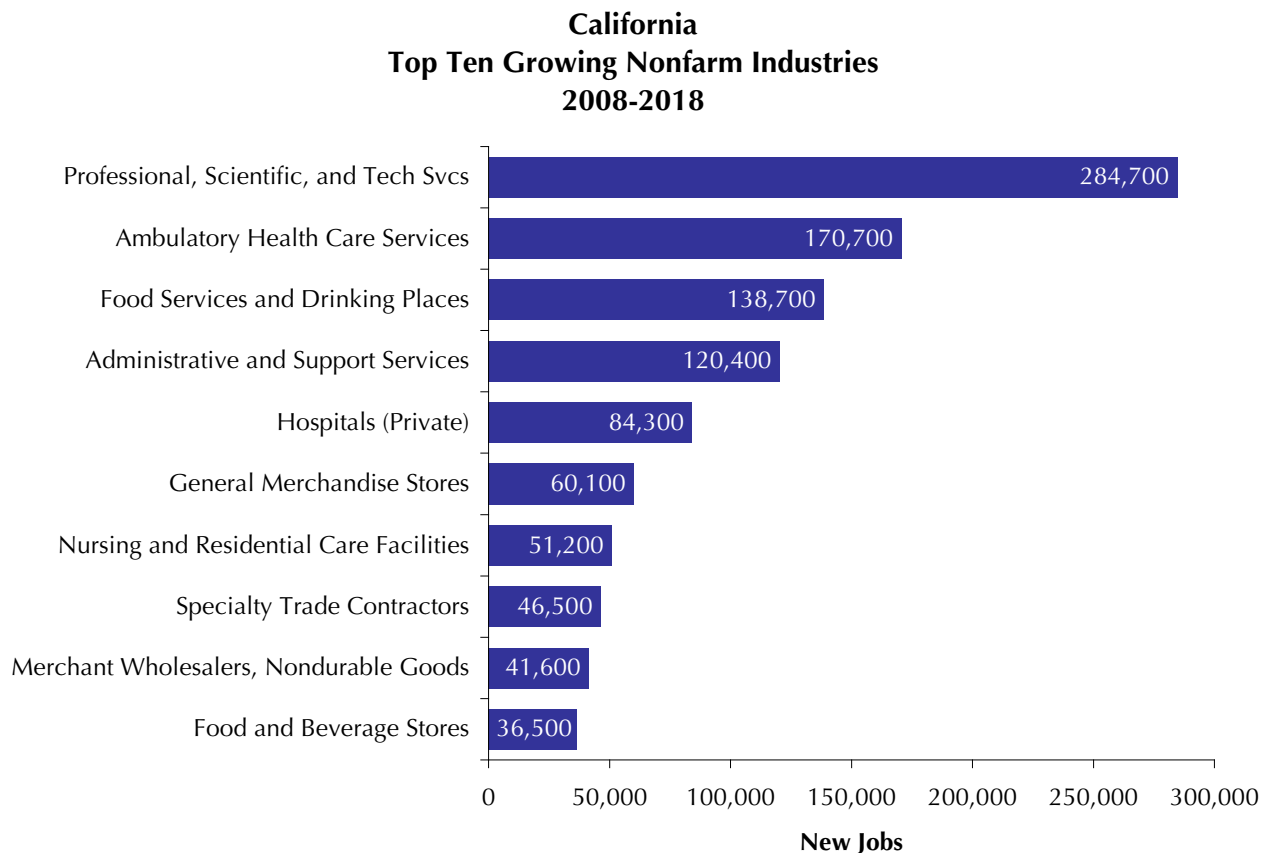
- The Employment Development Department (EDD) projects nonfarm employment to increase by 120,200 jobs by the third quarter of 2011, an increase of 0.9 percent. Almost all of the job gain is forecasted to occur in two sectors: Education Services, Health Care, and Social Assistance (69,800) and Professional and Business Services (57,800).
- Within the Education Services, Health Care, and Social Assistance sector, the greatest increase in jobs will likely occur in Ambulatory Health Care Services (26,800) and Hospitals, Private (11,700). Professional and Business Services should see its largest gains in Administrative Support (43,700) and Professional, Scientific, and Technical Services (19,500).
- The top growth industries for the 2009-2011 short-term projections are listed below. The complete California [2009-2011 Industry Employment Projections](#) are available online.



Source: EDD Labor Market Information Division (LMID)  
Short-term Employment Projections 2009-2011

## Long-Term Industry Forecast 2008-2018

- The EDD expects nonfarm employment to increase by about 1.5 million jobs by 2018, a growth rate of 1 percent annually. About 73 percent of nonfarm job growth is forecasted to occur in three sectors: Education Services, Health Care, and Social Assistance (421,700), Professional and Business Services (381,900), and Trade, Transportation and Utilities (297,000).
- The Education Services, Health Care, and Social Assistance sector is projected to grow at a rate of 2.4 percent annually. Ambulatory Health Care Services (170,700) and Hospitals, Private (84,300) are expected to show the largest increases in employment within the sector.
- Professional and Business Services, with a projected annual growth rate of 1.7 percent, should see its largest job gains in Professional, Scientific, and Technical Services (284,700) and Administrative and Support Services (120,400). The Computer Systems Design and Related Services subsector (87,600) is likely to account for 23 percent of all job growth in Professional and Business Services.
- Trade, Transportation, and Utilities is expected to grow at a rate of 1 percent. General Merchandise Stores (60,100) and Merchant Wholesalers, Nondurable Goods (41,600) are forecasted to lead the sector in job gains.
- The top growth industries for the 2008-2018 long-term projections are listed below. The complete California [2008-2018 Industry Employment Projections](#) are available online.



Source: EDD Labor Market Information Division (data are based on 3-digit NAICS industry codes)  
Long-Term Employment Projections 2008-2018



## California Jobs Recovery Begins...

Several industry sectors show growth as California's economy begins to recover. These include Education Services, Health Care, and Social Assistance; Professional, Scientific, and Technical Services; and Manufacturing. As industries grow, they create demand for jobs. The following table lists examples of occupations in these industries for workers with the right training and skills. Occupations were selected based on jobs with the most online job postings, projected job openings (California short-term projections 2009-2011), and annual earnings. The online job postings were extracted from The Conference Board Help Wanted OnLine™ (HWOL) data series, which compiles, analyzes, and categorizes job listings from many online job boards. Jobs filled primarily through union halls are typically not advertised, so trades occupations are not reflected. Occupations are separated into three categories based on required training and education - some require only a short training period, while others require two to four years of college.

### Jobs by Training/Education in California

Occupation	New Job Ads in Last 90 days ending August 18, 2010 <sup>1</sup>	Projected 2009-2011 Job Openings <sup>2</sup>	2010 Median Annual Wage <sup>3</sup>
<b>REQUIRES UP TO ONE YEAR OF TRAINING</b>			
Executive Secretaries	6,030	6,940	\$46,187
Customer Service Representatives	5,807	17,440	\$35,453
Sales Representatives, Wholesale and Manufacturing, Technical	3,243	2,990	\$78,896
Medical Assistants	2,013	5,010	\$29,962
<b>REQUIRES TWO YEARS OF TRAINING, EDUCATION, OR LONG-TERM WORK EXPERIENCE</b>			
Registered Nurses	20,110	17,490	\$83,653
Computer Specialists (Includes Web Developers)	19,894	21,920	\$78,765
Computer Support Specialists	4,422	3,770	\$50,214
Office Support Supervisors	3,835	8,280	\$53,119
<b>REQUIRES A BACHELOR'S DEGREE OR HIGHER</b>			
Computer Software Engineers, Applications	12,241	3,550	\$101,414
Computer Systems Analysts	9,342	2,720	\$82,515
Physical Therapists	7,611	1,060	\$82,255
Industrial Engineers	4,538	1,450	\$84,899
Medical Scientists	2,566	2,400	\$80,928

Sources: *The Conference Board Help Wanted OnLine™ (HWOL) data series*

<sup>1</sup> The data from The Conference Board Help Wanted OnLine™ (HWOL) data series reflects California occupations with the highest number of online job postings for full-time jobs excluding third party postings, bulk advertisers, and anonymous advertisers.

<sup>2</sup> For the 2009-2011 period, California's two-year occupational projections are based on employment from the third quarter of 2009 and project to the third quarter of 2011. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force all together. Many jobs are a result of replacements, not growth within an occupation.

<sup>3</sup> EDD/LMID Occupational Employment Statistics; 2010 Wages reflect California median wage. Median is the point at which half of the workers earn more and half earn less.

Additionally, the sprouting green economy is creating further job opportunities in established industries including Manufacturing, Construction, and Utilities. More detail on green jobs is provided in the section below, which reports on findings of EDD's California Green Economy Survey.

## *California's Emerging Green Economy*

While the green economy continues to evolve, there is strong interest in learning more about industry and occupational changes. As a result, in early 2008 the California EDD's Labor Market Information Division (LMID) began to study California's green economy. In order to best estimate the number of green jobs and green business practices, EDD surveyed private and public-sector employers representing all industries, firm sizes, and counties in the State.

The California Green Economy Survey, completed early this year, estimated the number of green jobs, broken out by LMID's working definition of green, which is described around the acronym [GREEN](#):

Green jobs produce ("supply") goods or services that result in:

- **G**enerating and storing renewable energy
- **R**ecycling existing materials
- **E**nergy efficient product manufacturing, distribution, construction, installation, and maintenance
- **E**ducation, compliance and awareness
- **N**atural and sustainable product manufacturing

The results indicate that green employment in the production of green goods and services accounted for an estimated 3.4 percent of California's total wage and salary employment for the survey time period, with nearly 433,000 individuals performing green work at least part time. Among California businesses, an estimated 7.9 percent have workers producing green products or supplying green services.

Employers in all 20 major industry sectors, as defined by the North American Industry Classification System (NAICS), reported at least some green jobs. Manufacturing; Construction; and Professional, Scientific, and Technical Services sectors reported having the greatest number of green jobs. Figure 1 presents a graphic view of the top five green employment industry sectors.

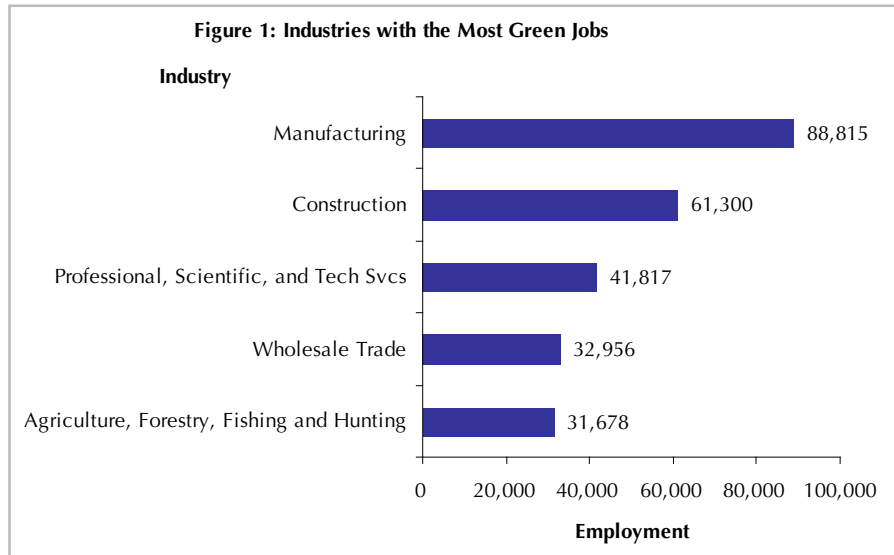
Of the survey's five GREEN categories, the energy efficient product manufacturing category includes manufactured goods, as well as servicing and installing those goods. The natural and sustainable product manufacturing category includes sustainable agriculture.

Construction is one of the top green industries in part because of the infusion of the American Recovery and Reinvestment Act of 2009 (ARRA) funds toward infrastructure and energy efficiency activities. Many workers in Construction are including more green and energy efficient tools and materials in their work, as well as learning about new practices that conserve materials and reduce use of toxic materials. The new California Green Building Code will go into effect January 1st, 2011 and construction businesses and workers will need to adapt to the new regulations, increasing the demand for green construction workers.

Much of the Professional, Scientific, and Technical Services employment is found in the Education, compliance and awareness area of the GREEN definition, but this employment spans many industries and reflects both consulting services as well as temporary help services.

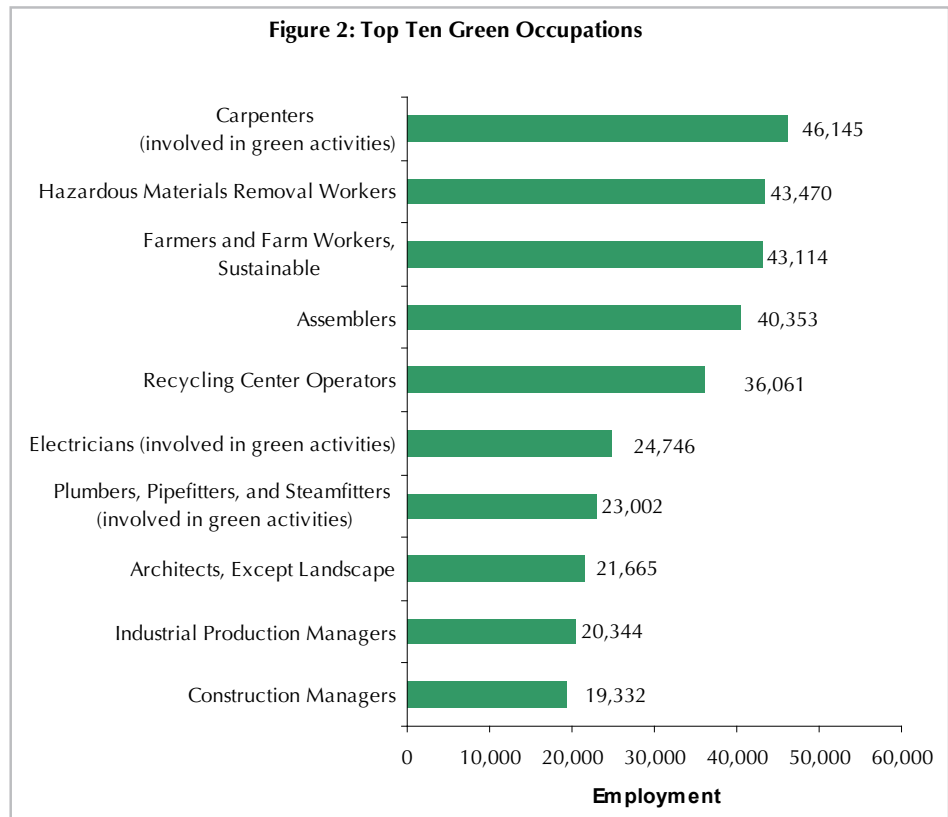
The survey asked businesses how they trained existing green workers, and about sustainable business practices they may have adopted. Most employers reported their workers were trained on the job.

About two-thirds of surveyed businesses reported they have adopted at least one sustainable business practice, typically recycling, but also using recycled materials, and energy conservation. A few businesses reported other sustainable business practices, such as water conservation, use of alternative fuel vehicles and other practices. Businesses that adopt sustainable practices increase the demand for green products and services, thus creating the demand for more green jobs.



The final section in California’s Green Economy Survey asked firms to report workers in selected emerging green occupations. This question was intended to provide a sense of which occupations are touched by the movement toward environmental sustainability, and to provide information that would help focus further research into occupational skills needed to support the green economy.

In some cases, we have learned that green employment falls within standard occupations, where workers learn about new materials or practices. In other cases, we are identifying new and emerging occupations. Figure 2 presents a graphic view of the top ten green occupations reported by employers in the green economy survey. Many of the top occupations (7 out of 10) are in the Construction and Manufacturing industries, and include Carpenters; Assemblers; Electricians; Plumbers, Pipefitters, and Steamfitters; Architects; Industrial Production Managers; and Construction Managers.



Included in the table below is information on projected job openings (California short-term projections 2009-2011) and annual earnings for the top ten occupations businesses reported on California's green economy survey. Please note that the projections and wage data represent the occupation across all industries, not restricted to green activities.

### Green Jobs by Training/Education in California

Occupation	Projected 2009-2011 Job Openings <sup>1</sup>	2010 Median Annual Wage <sup>2</sup>
<b>REQUIRES UP TO ONE YEAR OF TRAINING</b>		
Assemblers (Team Assemblers) <sup>3</sup>	5,100	\$24,871
Recycling Center Operators (Refuse and Recyclable Material Collectors) <sup>3</sup>	1,410	\$40,350
Hazardous Materials Removal Workers	260	\$41,311
<b>REQUIRES TWO YEARS OF TRAINING, EDUCATION, OR LONG-TERM WORK EXPERIENCE</b>		
Electricians	2,450	\$54,571
Carpenters	2,210	\$52,383
Plumbers, Pipefitters, and Steamfitters	1,470	\$51,762
Farmers, Sustainable (Farmers and Ranchers) <sup>3</sup>	1,080	\$88,967
<b>REQUIRES A BACHELOR'S DEGREE OR HIGHER</b>		
Industrial Production Managers	1,210	\$91,818
Construction Managers	530	\$105,344
Architects, Except Landscape and Naval	410	\$81,939

For more information about California's green economy, go to EDD's LMI Web page "Understanding the Green Economy" at [www.labormarketinfo.edd.ca.gov/?pageid=1032](http://www.labormarketinfo.edd.ca.gov/?pageid=1032).

<sup>1</sup> For the 2009-2011 period, California's two-year occupational projections are based on employment from the third quarter of 2009 and project to the third quarter of 2011. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force all together. Many jobs are a result of replacements, not growth within an occupation.

<sup>2</sup> EDD/LMID Occupational Employment Statistics; 2010 Wages reflect California median wage. Median is the point at which half of the workers earn more and half earn less.

<sup>3</sup> Due to the absence of standard classifications for the three denoted occupations, the labor market information for Assemblers, Recycling Center Operators, and Sustainable Farmers pertain to Team Assemblers (SOC 51-2092), Refuse and Recyclable Material Collectors (SOC 53-7081), and Farmers and Ranchers (SOC 11-9012), respectively.

If job seekers are interested in exploring opportunities in any of the areas discussed, below are some useful resources to make job searches easier. Assistance can be found through local One-Stop Career Centers, which offer both job seekers and employers free employment services.

<h2>Toolbox for Job Seekers</h2>	
<b>Job Finding Tools</b>	<ul style="list-style-type: none"> <li>◆ <i>California One-Stop Career Centers</i> provide free tools and resources for job seekers. Most centers offer:               <ul style="list-style-type: none"> <li>• Career specialists to assist job seekers with assessments to identify and match their skills to occupations and make career decisions.</li> <li>• Free access to phones, fax, and the Internet.</li> <li>• Places where job seekers can browse occupations and explore careers, create and post their résumés, and access CalJOBS<sup>SM</sup> and JobCentral to find current job listings. CalJOBS<sup>SM</sup> is California’s Internet job listing system available at <a href="http://www.caljobs.ca.gov">www.caljobs.ca.gov</a>.</li> <li>• Job search and résumé-writing workshops.</li> <li>• Community resources and referrals for training and other services.</li> </ul> <p style="margin-left: 20px;">To find the nearest One-Stop Career Center, go to <a href="http://www.servicelocator.org">www.servicelocator.org</a>.</p> </li> <li>◆ Many EDD locations host Experience Unlimited (EU) job clubs for professionals, managerial, and technical job seekers. The EUs provide networking opportunities as well as workshops on job search strategies, résumés, and interview techniques. Find EU job club locations at <a href="http://www.edd.ca.gov/Jobs_and_Training/Experience_Unlimited_Local_Information.htm">www.edd.ca.gov/Jobs_and_Training/Experience_Unlimited_Local_Information.htm</a>.</li> <li>◆ Direct application to employers remains one of the most effective job search methods. To search for employers by occupation, go to: <a href="http://www.labormarketinfo.edd.ca.gov/aspdotnet/databrowsing/EmpGeog.aspx?menuChoice=emp&amp;searchType=Occupation">www.labormarketinfo.edd.ca.gov/aspdotnet/databrowsing/EmpGeog.aspx?menuChoice=emp&amp;searchType=Occupation</a></li> <li>◆ Veterans and service members from California’s National Guard and Army Reserve units can get additional help through EDD’s <a href="#">Transition Assistance Program (TAP)</a> and Governor Schwarzenegger’s California’s Operation Welcome Home <a href="#">CALVET CORPS</a> program.</li> <li>◆ California has received \$4.2 million in federal stimulus funds to help unemployed workers with disabilities overcome obstacles necessary to get back to work. Learn more at: <a href="http://www.edd.ca.gov/About_EDD/pdf/nwsrel10-26.pdf">www.edd.ca.gov/About_EDD/pdf/nwsrel10-26.pdf</a></li> </ul>
<b>Career Exploration Tools</b>	<ul style="list-style-type: none"> <li>◆ <i>California Occupational Guides</i>, in an easy-to-use, interactive format, is California’s long-recognized source for career information designed to assist individuals in making career decisions. Each <i>Guide</i> includes local and/or statewide information about training, current wages and job prospects, skills requirements, and day-to-day tasks. Go to <a href="http://www.labormarketinfo.edd.ca.gov/occguides">www.labormarketinfo.edd.ca.gov/occguides</a> to get started.</li> <li>◆ Also check out <a href="http://www.worksmart.ca.gov">www.worksmart.ca.gov</a>, a job-readiness program that can help job seekers build the applied skills employers say candidates lack.</li> </ul>
<b>Training Tools</b>	<ul style="list-style-type: none"> <li>◆ Training opportunities are available through the One-Stop Career Centers. For information on what kind of training is needed or where to get training, go to <a href="http://www.edd.ca.gov">www.edd.ca.gov</a> and click on Find a Job or Find Training.</li> <li>◆ Job seekers may access the Department of Industrial Relations Web site to search for apprenticeship programs by individual counties and occupations at <a href="http://www.dir.ca.gov">www.dir.ca.gov</a>.</li> </ul>