

November 2015

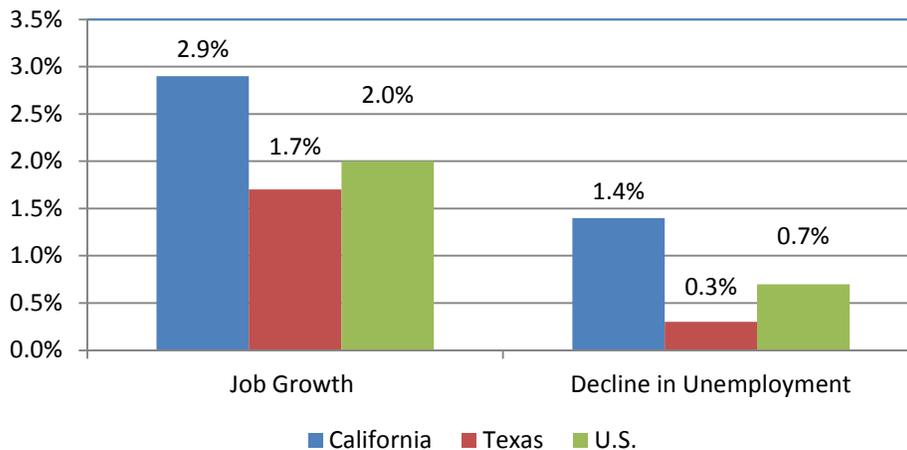
## The October Jobs Report—A Good Month for California

California added 41,200 jobs in October and a total of 463,000 (+2.9%) for the past 12 months compared to the nation's 2.0% growth rate. Since the recession ended, California job levels have grown by 14.5% compared to the nation's 10.0% job increase.

October's job growth plus the upward revision of 13,000 jobs for September contributed to a decline in the state unemployment rate 5.8%, the lowest since September 2007 and the number of unemployed residents declined to 1,094,700 the lowest since December 2007. Both the unemployment rate and number of unemployed are less than half of the recession highs.

In the ongoing Texas/California debate the state's 12 month growth rate of 2.9% remains above the growth in Texas (1.7%) as Texas is now experiencing declines in high paying mining (-32,900) and manufacturing (-35,400) jobs during the past year while their unemployment rate (low at 4.4%) inched up in October. Texas now has a lower job growth rate than the nation validating that industry composition and growth is the dominant factor in overall job gains. Not only has California outpaced Texas and the nation in job growth but also has a much larger decline in the unemployment rate though there is more to be done.

### Change in Past 12 Months



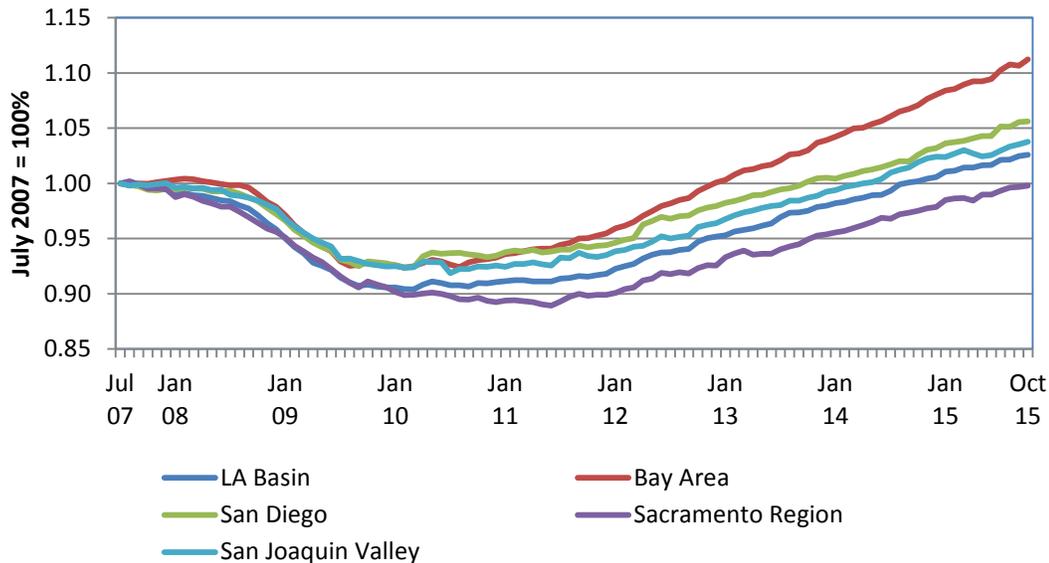
The Bay Area, the state's leading job growth center, added 19,600 jobs on a seasonally adjusted measure between September and October 2015 or almost half of the statewide gains.

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 11.2% above pre-recession peaks and San Diego County has a 5.6% gain. Southern California job levels are 2.6% 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 3.8%.

Some counties are now at what are normally considered full employment rates or lower including San Francisco (3.4%), San Mateo (3.2%), Santa Clara (3.9%), Orange (4.3%), San Diego (5.0%), Placer (4.8%) and Sonoma (4.2%). 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 good in October with strong gains in Construction and Professional Services. Construction was the state’s fastest growing sector for the past 12 months with a 7.3% year 12 month increase. Next was Professional and Business Services with a 5.3% increase. Government jobs are growing again (+1.5%) as teachers and police are being rehired from the growing local revenues. Leisure and Hospitality jobs were up 4.7% 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 22,000 jobs for a 2.3% gain in the past 12 months and is now only 3,900 jobs from the pre recession peak. Orange County has added 41,000 for a 2.7% 12 month gain. San Diego County has added 40,200 jobs for a 2.9% gain. The Inland Empire added 43,320 jobs for a 3.3% 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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