



Unified Strategic Workforce Development Plan

Economic and Workforce Analysis 2024-2027

IN FULFILLMENT OF THE REQUIREMENTS OF THE
WORKFORCE INNOVATION AND OPPORTUNITY ACT
PUBLIC LAW 113-128

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Labor Market Conditions in California

Labor market conditions in California Have Returned to Normal Following the Severe Disruptions Caused by the COVID-19 Pandemic

- With a real Gross Domestic Product of nearly \$3.2 trillion in 2022, a labor market with 19.4 million participants, and a nonfarm economy with 18.1 million jobs in September 2023, California has the largest economy of any state in the nation.
- Although the COVID-19 pandemic severely disrupted California’s economy and labor markets in early 2020, it was an external shock to the system whose impacts were short-lived. The state’s economy and labor markets rebounded quickly following the easing and eventual lifting of public health restrictions on economic activity. California recovered its pandemic-related job losses in June 2022 and unemployment fell to a record low level around the same time. As of September 2023, California’s labor markets had returned to the full-employment conditions that existed prior to the pandemic.
- California’s labor market continues to experience a demographic transformation as the predominantly White baby boomer generation has aged and begun retiring from the labor force in large numbers, leaving the more racially and ethnically diverse millennial generation to take their place.

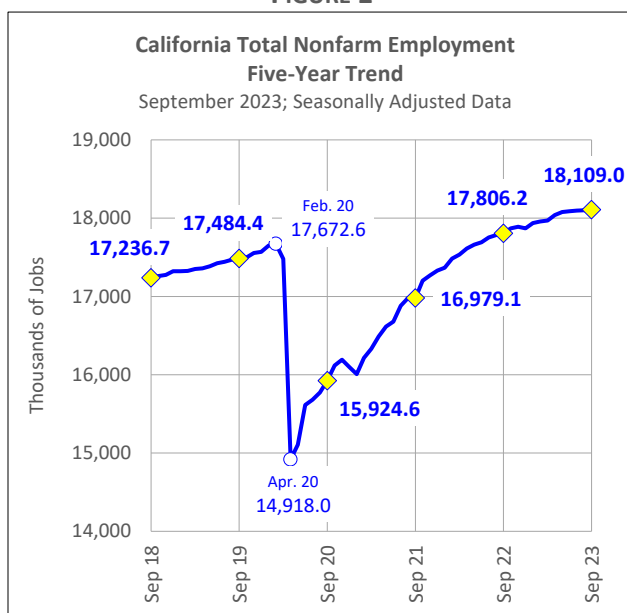
The Pandemic-Induced Business Cycle

Total Nonfarm Jobs

- In February 2020, the month prior to the COVID-19 pandemic outbreak, California’s employment expansion turned 10 years old.¹ This was the state’s longest employment expansion in the post-World War II era of record-keeping, eclipsing the 113-month expansion that lasted from July 1960 through December 1969.
- The COVID-19 pandemic outbreak and, more particularly, the partial shutdown of the economy and other associated public health measures implemented to mitigate its spread, abruptly ended the February 2010-February 2020 expansion. California lost 2,754,600 nonfarm jobs over just a two-month period from February 2020 through April 2020, which was a 15.6 percent decrease. This job loss was unprecedented in its depth, magnitude, and short duration.
- Following the lifting of the pandemic-induced shutdown of the economy and the subsequent easing of pandemic public health restrictions, California’s labor market and economy embarked upon a robust recovery and expansion. The state fully recovered its pandemic-induced job loss in June 2022. In September 2023, the ongoing expansion turned 41 months old. All told, the state added 3,191,000 nonfarm jobs from April 2020 through September 2023.

¹ Whereas U.S. economic business cycles are officially arbitrated and dated by the National Bureau of Economic Research (NBER) based on a basket of economic indicators, no such dating of business cycles occurs at the state level. This document uses peaks and troughs in total nonfarm employment to identify California recessions and employment expansions.

FIGURE 1



Source: Employment Development Department

- California’s pace of job growth has slowed markedly over the course its 41-month expansion. The state’s year-over nonfarm job gains peaked in April 2021, the first full year of recovery, at 1,570,400 nonfarm jobs and slowed thereafter to 1,054,500 jobs in September 2021, 827,100 jobs in September 2022, and just 302,800 jobs in September 2023.
- In percentage terms, the state’s pace of year-over job growth peaked at 10.5 percent in April 2021. It slowed to 6.6 and 4.9 percent in September 2021 and September 2022, respectively. In September 2023, California had a year-over gain of just 1.7 percent.
- Although at first glance this steadily slowing pace of job growth might suggest that California’s jobs market is headed in the wrong direction, this is not the case. The slowing pace of jobs growth instead reflects the diminishing impacts of the COVID-19 pandemic over time and jobs market conditions that have returned to normal. California’s 1.7 percent pace of year-over nonfarm job growth in September 2023 was comparable to the latter stages of pre-pandemic expansion. The state’s year-over percent job gains were 2.1, 1.9, and 1.4 percent in September 2017, September 2018, and September 2019, respectively. The state’s pace of year-over job growth ranged between 1.4 percent and 1.6 percent over the entire course of 2019 before rebounding to 1.9 and 2.0 percent in January 2020 and February 2020, respectively.

Industry Sector Jobs

- California’s job losses during the two-month pandemic-induced recession were deep and widespread across major industry sectors, but deepest in the leisure and hospitality sector, which lost nearly one million, or half, of its jobs and in the other services sector, which lost a third of its jobs. All told, nine of California’s 11 major industry sectors incurred a job loss of more than 9.0 percent over the two-month period from February 2020 through April 2020.

TABLE 1

California Nonfarm Jobs by Industry Sector During the Pandemic-Induced Business
September 2023; Seasonally Adjusted Data; Thousands of Jobs

	February 2020	April 2020	September 2023	Recession (Feb. 20-Apr. 20)		Expansion (Apr. 20-Sep. 23)	
				Numbe	Percen	Numbe	Percen
				r	t	r	t
Total Nonfarm Jobs	17,672.6	14,918.0	18,109.0	2,754.6	-15.6%	3,191.0	21.4%
Mining and Logging	22.6	20.4	19.9	-2.2	-9.7%	-0.5	-2.5%
Construction	911.7	741.9	933.8	-169.8	-18.6%	191.9	25.9%
Manufacturing	1,330.7	1,207.4	1,332.9	-123.3	-9.3%	125.5	10.4%
Trade, Transportation, and Utilities	3,050.9	2,618.3	3,148.9	-432.6	-14.2%	530.6	20.3%
Information	582.7	510.0	571.0	-72.7	-12.5%	61.0	12.0%
Financial Activities	851.7	799.4	846.6	-52.3	-6.1%	47.2	5.9%
Professional and Business Services	2,774.7	2,466.6	2,884.5	-308.1	-11.1%	417.9	16.9%
Educational and Health Services	2,874.7	2,572.5	3,129.7	-302.2	-10.5%	557.2	21.7%
Leisure and Hospitality	2,057.6	1,062.0	2,066.1	-995.6	-48.4%	1,004.1	94.5%
Other Services	593.5	393.7	589.7	-199.8	-33.7%	196.0	49.8%
Government	2,621.8	2,525.8	2,585.9	-96.0	-3.7%	60.1	2.4%

Source: Employment Development Department

- The state’s job gains during the subsequent 41-month recovery and expansion from April 2020 through September 2023 were widely distributed across most sectors, with every sector except the tiny mining and logging sector adding jobs over the period. The fastest job growth during the recovery and expansion was in the hard-hit leisure and hospitality and other services sectors.
- As of September 2023, seven of California’s 11 major industry sectors had fully recovered their pandemic-induced job losses and then some. The information sector, which fully recovered its losses in October 2021, incurred a non-pandemic- related net job loss thereafter.² Other services (98.1 percent of lost jobs recovered) had all but achieved full recovery, and financial activities (90.2 percent recovery) were well on their way to doing so.
- Although government had recovered less than two-thirds (62.6 percent) of its February 2020-April 2020 job loss as of September 2023, its recovery share was deceptively low

² Information’s net job loss from October 2021 through September 2023 in part reflected the impacts of a strike called by the Writers Guild of America on May 2, 2023 and joined by the SAG-AFTRA actors union on July 14, 2023 that hampered production in California’s motion pictures and sound recording industry. Striking workers turn up as job losses in the jobs data and then as job gains when they return to work after the strike has been settled. Both strikes were ongoing at the time September 2023 job estimates were made.

because its pandemic-induced job losses extended beyond April 2020 through June 2020. As of September 2023, government had recovered 82.3 percent of the 202,900 jobs it lost from February 2020 through June 2020. Alone among sectors, the tiny mining and logging sector had yet to begin its recovery, experiencing a net job loss over the course of the April 2020-September 2023 expansion.

Regional Jobs (Metropolitan Areas)

- A precise documentation of the pandemic-induced business cycle in California regions (Regional Planning Units) is not possible because regional jobs data are not seasonally adjusted. The only way to filter out and fix seasonality in not seasonally adjusted data is to compare like months of the calendar year. To do otherwise risks assigning economic significance to recurring seasonal employment patterns. However, seasonally adjusted total nonfarm employment data are available for California’s 29 largest Metropolitan Divisions (MDs) and Metropolitan Statistical Areas (MSAs). These metropolitan areas substitute for Regional Planning Units in the following analysis.
- California’s job losses during the two-month, pandemic-induced recession were deep and widespread across all areas and regions of the state. In number, they ranged from a low of 3,000 jobs in Hanford-Corcoran MSA, one of the state’s smallest metropolitan areas, to a high of 796,000 jobs in Los Angeles-Long Beach-Glendale MD, the state’s largest. In percentage terms, job losses ranged from 7.3 percent in Hanford-Corcoran MSA to 24.2 percent in Napa MSA. All told, 27 of the 29 seasonally adjusted areas incurred a nonfarm job loss of more 10.0 percent over the two-month period from February 2020 through April 2020.
- California’s job gains over the course of the April 2020-September 2023 expansion were also widely distributed across metropolitan areas throughout the state. Every one of the 29 seasonally adjusted areas had positive job growth over the course of the expansion. All told, 24 of California’s 29 seasonally adjusted areas had achieved full recovery of their pandemic-induced job losses as of September 2023. This total includes Merced MSA, which fully recovered its pandemic-induced job losses in June 2022. Its low 53.4 percent job loss recovery in September 2023 instead reflects three consecutive job losses in the months of July through September 2023 that totaled 7,100 jobs.
- Of the five California areas that had yet to fully recover, three had recovered over 90.0 percent of their pandemic-induced job losses: Vallejo-Fairfield MSA (97.2 percent), Napa MSA (91.2 percent), and Santa Cruz-Watsonville MSA (91.1 percent). The remaining two areas—San Rafael MD (86.2 percent) and Chico MSA (82.7 percent)—had recovered more than 80.0 percent of their job losses.

TABLE 2

Changes in Total Nonfarm Jobs in Seasonally Adjusted California Metropolitan Areas During the Pandemic-Induced Recession (February-April 2020) and Recovery and Expansion (April 2020-September 2023)

	<u>The Recession</u>	<u>The Recovery (September 2023)</u>	
	Job Change: Feb.-Apr. 2020	Job Change: Apr. 2020-Sept. 2023	Share of Jobs Lost Recovered
The state's largest areas are bolded.			

California	-2,754,600	3,191,000	115.8%
Stockton-Lodi MSA	-28,700	53,900	187.8%
Yuba City MSA	-4,900	8,900	181.6%
Visalia-Porterville MSA	-14,100	23,600	167.4%
Hanford-Corcoran MSA	-3,000	4,900	163.3%
El Centro MSA	-5,600	8,400	150.0%
Fresno MSA	-45,400	65,500	144.3%
Riverside-San Bernardino-Ontario MSA	-224,100	317,700	141.8%
Sacramento--Roseville--Arden-Arcade MSA	-141,400	198,400	140.3%
Madera MSA	-5,000	6,900	138.0%
Bakersfield MSA	-32,600	43,800	134.4%
San Diego-Carlsbad MSA	-258,300	308,700	119.5%
Modesto MSA	-22,200	26,500	119.4%
Salinas MSA	-28,600	32,900	115.0%
San Jose-Sunnyvale-Santa Clara MSA	-155,700	177,300	113.9%
Anaheim-Santa Ana-Irvine MD	-277,000	313,400	113.1%
Santa Maria-Santa Barbara MSA	-33,600	36,200	107.7%
San Luis Obispo-Paso Robles-Arroyo Grande MSA	-24,500	26,000	106.1%
Oxnard-Thousand Oaks-Ventura MSA	-51,200	53,900	105.3%
Redding MSA	-8,000	8,400	105.0%
Oakland-Hayward-Berkeley MD	-197,800	203,000	102.6%
Santa Rosa MSA	-39,300	40,100	102.0%
Los Angeles-Long Beach-Glendale MD	-796,000	811,700	102.0%
San Francisco-Redwood City-So. San Francisco MD	-187,700	188,800	100.6%
Vallejo-Fairfield MSA	-21,600	21,000	97.2%
Napa MSA	-18,200	16,600	91.2%
Santa Cruz-Watsonville MSA	-21,300	19,400	91.1%
San Rafael MD	-25,300	21,800	86.2%
Chico MSA	-13,900	11,500	82.7%
Merced MSA	-5,800	3,100	53.4%

Note: 100 percent denotes full recovery.

Source: Employment Development Department.

Impacts of the COVID-19 Pandemic on California's Labor Markets

- As disruptive as the COVID-19 pandemic was to California's labor market, its overall impacts do not appear to have been long-lasting as seen in the widespread recovery of the jobs lost during the pandemic-induced recession across most sectors and areas of the state. The partial shutdown of the economy soon after the pandemic outbreak induced a temporary shift in consumer spending away from services to durable goods and in-home entertainment options, but consumer spending patterns shifted back towards services after the pandemic-related public health restrictions were eased and lifted. For example, travel and tourism in California and the nation ground to a near halt during the pandemic-induced recession but, fueled by pent up demand, rebounded robustly over the course of recovery and expansion.
- The consensus among many economists is that although the pandemic did not change labor markets in any fundamental sense, it did accelerate existing trends within the labor market.
- Perhaps most notably, the pandemic abruptly increased the frequency and incidence of

remote work. This in turn weakened the bond between where people live and where they work, inducing many remote workers to leave the central city for more suburban and exurban areas or even out-of-state. Although there has been a subsequent push by many employers to have their employees return to the office, remote work and hybrid remote/office work arrangements look as if they are here to stay at levels far higher than they were prior to the pandemic.

- The pandemic also appears to have induced a sudden and lasting spike in online shopping and doorstep delivery of purchased goods at the expense of the more traditional brick and mortar model, leading to a consolidation of wholesale and retail trade functions. To illustrate, the transportation, warehousing, and utilities subsector had achieved 375.4 percent recovery of its job losses during the pandemic-induced recession. Expressed differently, it added 3.75 times more jobs during the April 2020-September 2023 expansion than it lost during the February 2020-April 2020 recession. In contrast, retail trade had broken even with a 101.0 percent recovery of its pandemic-induced job losses, and wholesale trade lagged well behind having recovered a little more than half (53.2 percent) of its pandemic-induced job losses.
- The pandemic also appears to have accelerated retirements among aging Baby Boomers, and especially those age 65 and over who were among the most vulnerable and susceptible population subgroups to the COVID-19 virus.
- Perhaps the most lasting impacts of the COVID-19 pandemic continue to be felt in the urban core of large California cities such as San Francisco, Los Angeles, and Sacramento, where the expansion of remote and hybrid work arrangements has led to high vacancy rates in office towers and buildings. And the reduced foot traffic of office workers has resulted in the closure of many businesses whose business model was built on catering to them.

Labor Market Trends Over the Last Five Years and the Last Year

Total Nonfarm and Industry Sector Jobs

- Although California’s labor market had for the most part recovered from the external shock of the COVID-19 pandemic and returned to a pre-pandemic normal as of September 2023, disruptive effects of the pandemic continued to dominate recent history. This analysis uses five-year and year-over comparisons to filter out these effects and to identify prevailing trends within the labor market.
- Total nonfarm employment in California grew by 872,300 jobs, or 5.1 percent, over the five-year period from September 2018 through September 2023 despite the dampening effects of the intervening pandemic-induced recession and recovery. This translates to an average growth rate of 174,500 jobs, or 1.0 percent, per year.

TABLE 3

Changes in California Total Nonfarm and Industry Sector Jobs Over the Last Five Years and Last Year
September 2023; Seasonally Adjusted Data; Thousands of Jobs

	September 2018	September 2022	September 2023	Five-Year Change			Year-Over Change	
				Number	Percent	Per Year (Percent)	Number	Percent
Total Nonfarm Jobs	17,236.7	17,806.2	18,109.0	569.5	3.3%	0.7%	302.8	1.7%
Mining and Logging	22.9	19.8	19.9	-3.1	-13.5%	-2.7%	0.1	0.5%
Construction	869.0	919.7	933.8	50.7	5.8%	1.2%	14.1	1.5%
Manufacturing	1,330.1	1,345.5	1,332.9	15.4	1.2%	0.2%	-12.6	-0.9%
Durable Goods	850.6	873.4	870.6	22.8	2.7%	0.5%	-2.8	-0.3%
Nondurable Goods	479.5	472.1	462.3	-7.4	-1.5%	-0.3%	-9.8	-2.1%
Trade, Transportation & Utilities	3,041.2	3,152.2	3,148.9	111.0	3.6%	0.7%	-3.3	-0.1%
Wholesale Trade	700.6	671.9	653.9	-28.7	-4.1%	-0.8%	-18.0	-2.7%
Retail Trade	1,664.3	1,624.5	1,631.2	-39.8	-2.4%	-0.5%	6.7	0.4%
Transportation, Warehousing & Utilities	676.3	855.8	863.8	179.5	26.5%	5.3%	8.0	0.9%
Information	551.5	614.2	571.0	62.7	11.4%	2.3%	-43.2	-7.0%
Financial Activities	837.0	840.1	846.6	3.1	0.4%	0.1%	6.5	0.8%
Finance & Insurance	541.5	533.9	537.3	-7.6	-1.4%	-0.3%	3.4	0.6%
Real Estate & Rental & Leasing	295.5	306.2	309.3	10.7	3.6%	0.7%	3.1	1.0%
Professional & Business Svcs.	2,695.9	2,897.1	2,884.5	201.2	7.5%	1.5%	-12.6	-0.4%
Professional, Scientific & Technical Svcs.	1,296.4	1,449.7	1,470.2	153.3	11.8%	2.4%	20.5	1.4%
Management of Companies & Enterprises	258.1	250.2	251.5	-7.9	-3.1%	-0.6%	1.3	0.5%
Administrative & Support & Waste Svcs.	1,141.4	1,197.2	1,162.8	55.8	4.9%	1.0%	-34.4	-2.9%
Educational & Health Svcs.	2,736.8	2,959.3	3,129.7	222.5	8.1%	1.6%	170.4	5.8%
Educational Svcs.	373.9	387.3	407.6	13.4	3.6%	0.7%	20.3	5.2%
Health Care & Social Assistance	2,362.9	2,572.0	2,722.1	209.1	8.8%	1.8%	150.1	5.8%
Leisure & Hospitality	2,001.0	1,956.5	2,066.1	-44.5	-2.2%	-0.4%	109.6	5.6%
Arts, Entertainment & Recreation	317.8	316.6	346.1	-1.2	-0.4%	-0.1%	29.5	9.3%
Accommodation & Food Svcs.	1,683.2	1,639.9	1,720.0	-43.3	-2.6%	-0.5%	80.1	4.9%
Other Services	571.2	568.2	589.7	-3.0	-0.5%	-0.1%	21.5	3.8%
Government	2,580.1	2,533.6	2,585.9	-46.5	-1.8%	-0.4%	52.3	2.1%
Federal Government	246.4	246.1	250.0	-0.3	-0.1%	0.0%	3.9	1.6%
State Government	535.2	537.5	548.2	2.3	0.4%	0.1%	10.7	2.0%
Local Government	1,798.5	1,750.0	1,787.7	-48.5	-2.7%	-0.5%	37.7	2.2%

Source: Employment Development Department

- Private education and health services (392,900) added more than twice as many jobs as any other sector from September 2018 through September 2023. This sector alone accounted for close to half (45.0 percent) of the state’s overall net five-year nonfarm job gain. The sector’s five-year job gains were heavily concentrated in its health care and social assistance subsector, which added 359,200 jobs and on its own accounted for more than two-fifths (41.2 percent) of the state’s overall net five-year job gain.
- Two additional industry sectors added more than 100,000 jobs over the September 2018-September 2023 period: professional and business services (188,600) and trade, transportation, and utilities (107,700). Professional and business services’ five-year job gain was heavily concentrated in its professional, scientific, and technical services subsector which added 173,800 jobs. All of the trade, transportation, and utilities sector’s job gains came from its transportation, warehousing, and utilities subsector, which added 187,500 jobs. Wholesale and retail trade both had net job losses.
- As a group, the private education and health services; professional and business services; and trade, transportation, and utilities sectors added a combined 689,200 jobs from September 2018 through September 2023 and accounted for nearly four-fifths (79.0 percent) of the state’s overall net gain of 872,300 nonfarm jobs over the period. Narrowing things down still further, just three subsectors—health care and social assistance; transportation, warehousing, and utilities; and professional, scientific, and technical services—combined to add 720,500 jobs, accounting for 82.6 percent of the state’s overall net job gain. These same three subsectors accounted for a little over one-quarter (27.9 percent) of all total nonfarm jobs in September 2023.
- Two additional California industry sectors—leisure and hospitality (65,100) and construction (64,800)—added more than 60,000 jobs from September 2018 through September 2023. Information (19,500) and other services (18,500) were the only other California industry sectors that added 18,500 jobs or more.
- Financial activities (9,600), government (5,800), and manufacturing (2,800) were the remaining sectors that had net five-year job gains. Within manufacturing, the durable goods manufacturing subsector, which in California is oriented towards advanced manufacturing, added 20,000 over the five-year period. Within financial activities, the real estate and rental and leasing subsector added 13,800 jobs.
- The private education and health services sector also grew at the fastest pace among sectors from September 2018 through September 2023. Its 2.9 percent rate of annual job growth was more than three times greater than the 1.0 percent rate per year of the overall nonfarm economy. Construction (1.5 percent per year) and professional and business services (1.4 percent per year) were the only other sectors that grew at a faster rate than the overall economy.
- Fueled by the spike in demand for durable goods and the surge in online shopping during the pandemic, transportation, warehousing, and utilities (5.5 percent per year) grew at far and away the fastest pace of any sector or subsector over the September 2018-September 2023 period. This subsector encapsulates trade and logistics industries. Health care and social assistance (3.0 percent per year) and the high technology oriented professional, scientific, and technical services (2.7 percent per year) were the next fastest growing subsectors. Private educational services (1.8 percent per year) and

arts, entertainment, and recreation (1.8 percent per year) were the only other subsectors that grew at a faster rate than the overall economy.

- Mining and logging (3,000) was the only California industry sector that lost jobs over the September 2018-September 2023 period. All told, six California industry subsectors had net job losses over the period, the largest of which were in wholesale trade (46,700) and retail trade (33,100). These net job losses likely reflected restructuring that accompanied the expanded market share of online shopping and home goods delivery that occurred during the pandemic. Nondurable goods manufacturing (17,200), local government (10,800), management of companies and enterprises (6,600), and finance and insurance (4,200) were the other subsectors that had net job losses over the September 2018-September 2023 period.
- California added 302,800 nonfarm jobs and grew at 1.7 percent pace over the year ending in September 2023. Seven of California's eleven major industry sectors added jobs over the year and four lost jobs.
- California's job growth over the last year was very top heavy, with gains in just three sectors—private educational and health services (170,400), leisure and hospitality (109,600), and government (52,300)—totaling a combined 332,300 jobs. The other sectors that added jobs over the year were other services (21,500), construction (14,100), financial activities (6,500), and mining and logging (100).
- Health care and social assistance (150,100) had the largest year-over job gain among industry subsectors, followed by accommodation and food services (80,100). Four additional subsectors added more than 20,000 jobs: local government (37,700); arts, entertainment, and recreation (29,500); professional, scientific, and technical services (20,500); and private educational services (20,300).
- Arts, entertainment, and recreation (9.3 percent) had the fastest pace of year-over job growth among subsectors, followed by health care and social assistance (5.8 percent), private educational services (5.2 percent), and accommodation and food services (4.9 percent). Local government (2.2 percent) and state government (2.0 percent) were the other subsectors that grew at a faster pace than the overall nonfarm economy.
- Although the transportation, warehousing, and utilities subsector grew at a 0.9 percent year-over pace, this was considerably slower than its five-year, 5.5 percent per year, pace of job growth. The year-over pace of job growth in the professional, scientific, and technical services subsector (1.4 percent) was more than a full percentage point off its five-year annual average pace of growth (2.7 percent).
- Private educational and health services (5.8 percent) had the fastest pace of over the year job growth among the sectors, followed closely by leisure and hospitality (5.6 percent). Other services (3.8 percent) and government (2.1 percent) added jobs at a faster rate than the overall nonfarm economy, while the pace of job growth lagged in construction (1.5 percent), financial activities (0.8 percent), and mining and logging (0.5 percent).
- Information (43,200; 7.0 percent) had the largest year-over job loss of any sector in September 2023. At least part of this loss reflected temporary strike-related job losses in motion picture and video production that would show up as job gains after the strikes were settled and production returned to normal. However, information's technology-

centric industries also struggled over the last year and combined to suffer a small year-over job loss.

- Professional and business services and manufacturing both had year-over job losses of 12,600 jobs in September 2023. Professional and business services' job loss was concentrated in the administrative and support and waste remediation services subsector, which lost 34,400 jobs. Its professional, scientific, and technical services and management of companies and enterprises subsectors both had year-over job gains. Manufacturing's year-over job loss reflected losses of 9,800 and 2,800 jobs in nondurable manufacturing and durable goods manufacturing, respectively.
- Trade, transportation, and utilities (3,300) was the remaining industry sector that lost jobs over the last year. These losses were concentrated in its wholesale trade subsector, which lost 18,000 jobs. In contrast, trade, warehousing, and utilities; and retail trade had year-over gains of 8,000 and 6,700 jobs, respectively.
- In conclusion, health care, high technology and information services, trade and logistics, construction, and, more belatedly, leisure and hospitality industries have been the drivers of California's job growth in recent years. Apart from mining and logging and perhaps wholesale trade there were few signs of overt weakness in any of California's sectors and subsectors as of September 2023. However, the year-over jobs data should remind readers that employment in California's high growth technology sector can be quite cyclical as it often rides waves of innovation, the next of which would appear to be artificial intelligence generation.

Regional Jobs (Regional Planning Units)

- In support of the Workforce Innovation and Opportunity Act (WIOA), California is divided into 15 Regional Planning Units (RPUs), or regions, for the purposes of regional economic analysis.³
- California's regions vary greatly in size. Total nonfarm employment in Los Angeles Basin Region, the state's largest, totaled 4.6 million nonfarm jobs in September 2023. Seven additional regions—Bay-Peninsula, Orange, Inland Empire, Southern Border, San Joaquin Valley, East Bay, and Capital—had between 1.1 and 2.4 million nonfarm jobs. Employment in five regions—North Bay, South Central Coast, Ventura, North Central Coast, North State—totaled between 200,000 and 600,000 nonfarm jobs. In contrast, the state's two smallest regions—North Coast and Middle Sierra—each had fewer than 52,000 nonfarm jobs.

Regional Farm Jobs

- Although the focus of this regional analysis will be on the nonfarm economy⁴, agriculture plays a disproportionately large role in several California regions. All told,

³ Additional RPU information can be found here: <https://www.labormarketinfo.edd.ca.gov>

⁴ There are several reasons why industry analyses tend to focus on the nonfarm economy, not least of which is that agricultural establishments are not part of the monthly survey of establishments on which monthly job estimates are based. As such, the number of farm jobs is estimated separately from nonfarm jobs using a different methodology. Moreover, crop production workers tend to be highly mobile because employment tends to be very seasonal, varying with on the crop production cycle. Periods of peak demand for labor of often short duration are often followed by sharp drops in demand. This further complicates the estimation process.

California had 476,300 farm jobs in September 2023. Farm jobs accounted for 2.6 percent of total, all industry jobs. September is typically a month of peak demand for farm labor.

- San Joaquin Valley (230,100) had the largest number of farm jobs of any regional planning unit in September 2023, followed by North Central Coast (91,900) and South Central Coast (41,600). Two additional RPUs had more than 20,000 farm jobs: Ventura (26,500) and Capital (20,300). North Bay (19,000) and Southern Border (18,300) were the only other RPUs with more than 15,000 farm jobs.
- Farm jobs play a disproportionately large role in the total employment of some RPUs. In September 2023, they accounted for 26.6 percent of total employment in North Central Coast, 13.6 percent of all jobs in San Joaquin Valley, and 11.4 percent of all jobs in South Central Coast. Ventura (7.7 percent), North State (4.0 percent), and North Bay (3.1 percent) were the only other regions with a higher share of farm jobs than the state’s 2.6 percent share. Farm jobs made up less than 2.0 percent of total employment in every other RPU.

Regional Total Nonfarm Employment

- California’s nonfarm job gains over the five-year period from September 2018 through September 2023 were well distributed across most California regions but tended to be concentrated in the largest regions of the state. Thirteen of California’s 15 regions experienced positive job growth over this period despite the intervening disruptions of the pandemic. The two regions that lost jobs over this five-year period—North State (2,000) and North Bay (200)—incurred small net job losses only.
- Inland Empire RPU (171,900) added the most jobs of any region over the five-year period. Three additional regions added more than 100,000 jobs: Los Angeles Basin (126,900), San Joaquin Valley (118,400), and Bay-Peninsula (107,100). Three regions added more than 50,000 jobs: Capital (96,100), Southern Border (93,900), and Orange (67,700). East Bay (19,800), South Central Coast (16,300), and Ventura (11,500) regions added more than 10,000 jobs.

TABLE 4

Five-Year and Year-Over Changes in Total Nonfarm Jobs in California Regional Planning Units (RPUs)
September 2023: Not Seasonally Adjusted Data

	September 2018	September 2022	September 2023	Five-Year Change (Sept. 18-Sept. 23)		Year-Over Change (Sept. 22-Sept. 23)	
				Number	Percent	Number	Percent
CALIFORNIA	17,198,800	17,742,900	18,079,500	880,700	5.1%	336,600	1.9%
<u>LARGEST RPUs</u>							
Los Angeles Basin	4,515,200	4,546,300	4,642,100	126,900	2.8%	95,800	2.1%
Bay-Peninsula	2,276,600	2,348,400	2,383,700	107,100	4.7%	35,300	1.5%
Orange	1,650,900	1,671,100	1,718,600	67,700	4.1%	47,500	2.8%
Inland Empire	1,504,800	1,652,300	1,676,700	171,900	11.4%	24,400	1.5%
Southern Border	1,531,500	1,595,500	1,625,400	93,900	6.1%	29,900	1.9%

San Joaquin Valley	1,344,700	1,445,800	1,463,100	118,400	8.8%	17,300	1.2%
East Bay	1,180,700	1,178,700	1,200,500	19,800	1.7%	21,800	1.8%
Capital	1,064,200	1,133,100	1,160,300	96,100	9.0%	27,200	2.4%
<u>MID-SIZED RPUs</u>							
North Bay	591,100	577,000	590,900	-200	0.0%	13,900	2.4%
South Central Coast	305,800	312,200	322,100	16,300	5.3%	9,900	3.2%
Ventura	307,700	310,200	319,200	11,500	3.7%	9,000	2.9%
North Central Coast	246,300	245,300	253,100	6,800	2.8%	7,800	3.2%
North State	244,300	242,200	242,300	-2,000	-0.8%	100	0.0%
<u>SMALLEST RPUs</u>							
North Coast	51,300	49,700	51,500	200	0.4%	1,800	3.6%
Middle Sierra	45,700	45,700	47,400	1,700	3.7%	1,700	3.7%

Source: Employment Development Department

- In percentage terms, Inland Empire RPU grew at the fastest pace among regions from September 2018 through September 2023. Its 2.3 percent per year rate of nonfarm job growth was over twice the 1.0 percent per year rate in California as a whole. San Joaquin Valley and Capital were the next fastest growing regions, both adding jobs at a 1.8 percent per year pace. Southern Border (1.2 percent per year) and South Central Coast (1.1 percent per year) were the only other regions that had faster nonfarm job growth than the state as a whole.
- Each of the state's 15 Regional Planning Units added nonfarm jobs over the year ending in September 2023. In number, regional year-over nonfarm job gains ranged from a low of 100 jobs in North State to a high of 95,800 in Los Angeles Basin. Not surprisingly, job gains were correlated with a region's size, with the state's largest having the largest year-over gains.
- The locus of job growth appeared to have shifted away from the state's largest regions towards its mid-sized and smallest regions over the year ending in September 2023, with the exception of North State. The state's two smallest regions—Middle Sierra (3.7 percent) and North Coast (3.6 percent)—had the fastest pace of year-over nonfarm job growth among regions. The next three fastest growing regions were mid-sized regions: South Central Coast (3.2 percent), North Central Coast (3.2 percent), and Ventura (2.9 percent). In addition, North Bay's 2.4 percent rate of year-over nonfarm job growth was stronger than the state's not seasonally adjusted growth rate of 1.9 percent.
- Each of the state's eight largest regions had year-over job gains of more than 1.0 percent in September 2023. Orange (2.8 percent) had the fastest rate of year-over job growth amongst the state's largest regions. The pace of job growth bettered or equaled that of the state in three additional large regions: Capital (2.4 percent), Los Angeles Basin (2.1 percent), and Southern Border (1.9 percent).
- The state's four largest regions whose year-over job growth in September 2023 lagged that of the state were: East Bay (1.8 percent), Bay-Peninsula (1.5 percent), Inland Empire (1.5 percent), and San Joaquin Valley (1.2 percent). The pace of year-over job growth in East Bay and Bay-Peninsula was stronger than the five-year average. In

contrast, the pace of year-over job growth in Inland Empire and San Joaquin Valley was below the five-year average.

- A detailed discussion of the industry growth patterns in California's 15 Regional Planning Units is beyond the scope of this analysis. Five-year and year-over regional job growth patterns are instead summarized in Table 5. The industries with the largest gains in number provided the most opportunities for employment. The industries with the largest percentage job gains were the growth industries in each region's economy.

TABLE 5
Five-Year and Year-Over Changes in Total Nonfarm and Industry Sector Jobs in California Regions
September 2023; Not Seasonally Adjusted Data

Regional Planning Unit (RPU)	September 2018	September 2022	September 2023	Five-Year Change		Year-Over Change	
				Number	Percent	Number	Percent
<u>Los Angeles Basin RPU</u>							
Total Nonfarm Jobs	4,515,200	4,546,300	4,642,100	126,900	2.8%	95,800	2.1%
Mining and Logging	2,000	1,600	1,600	-400	-20.0%	0	0.0%
Construction	148,100	152,300	153,600	5,500	3.7%	1,300	0.9%
Manufacturing	342,200	321,800	319,000	-23,200	-6.8%	-2,800	-0.9%
Trade, Transportation, and Utilities	846,800	834,300	844,000	-2,800	-0.3%	9,700	1.2%
Information	215,100	233,700	203,900	-11,200	-5.2%	-29,800	-12.8%
Financial Activities	222,600	214,400	218,300	-4,300	-1.9%	3,900	1.8%
Professional and Business Svcs.	638,500	673,200	678,400	39,900	6.2%	5,200	0.8%
Educational and Health Services	817,200	877,200	939,600	122,400	15.0%	62,400	7.1%
Leisure and Hospitality	538,500	519,700	554,700	16,200	3.0%	35,000	6.7%
Other Services	158,600	154,700	159,700	1,100	0.7%	5,000	3.2%
Government	585,600	563,400	569,300	-16,300	-2.8%	5,900	1.0%
<u>Bay-Peninsula RPU</u>							
Total Nonfarm Jobs	2,276,600	2,348,400	2,383,700	107,100	4.7%	35,300	1.5%
Mining and Logging	300	300	300	0	0.0%	0	0.0%
Construction	94,100	96,100	95,400	1,300	1.4%	-700	-0.7%
Manufacturing	213,300	221,500	218,300	5,000	2.3%	-3,200	-1.4%
Trade, Transportation, and Utilities	286,600	256,600	259,100	-27,500	-9.6%	2,500	1.0%
Information	181,400	231,100	228,600	47,200	26.0%	-2,500	-1.1%
Financial Activities	120,400	124,500	124,100	3,700	3.1%	-400	-0.3%
Professional and Business Services	523,600	568,800	564,800	41,200	7.9%	-4,000	-0.7%
Educational and Health Services	310,900	336,500	357,700	46,800	15.1%	21,200	6.3%
Leisure and Hospitality	250,600	220,100	237,000	-13,600	-5.4%	16,900	7.7%
Other Services	70,200	63,500	65,000	-5,200	-7.4%	1,500	2.4%
Government	225,200	229,400	233,400	8,200	3.6%	4,000	1.7%
<u>Orange County RPU</u>							
Total Nonfarm Jobs	1,650,900	1,671,100	1,718,600	67,700	4.1%	47,500	2.8%
Mining and Logging	500	300	300	-200	-40.0%	0	0.0%
Construction	108,400	107,000	109,000	600	0.6%	2,000	1.9%
Manufacturing	160,700	156,000	157,000	-3,700	-2.3%	1,000	0.6%
Trade, Transportation, and Utilities	259,500	255,600	263,200	3,700	1.4%	7,600	3.0%
Information	26,600	24,500	24,700	-1,900	-7.1%	200	0.8%
Financial Activities	117,400	111,000	111,300	-6,100	-5.2%	300	0.3%
Professional and Business Services	318,400	332,700	341,200	22,800	7.2%	8,500	2.6%
Educational and Health Services	226,000	250,400	262,300	36,300	16.1%	11,900	4.8%
Leisure and Hospitality	224,200	221,500	233,600	9,400	4.2%	12,100	5.5%
Other Services	51,600	53,600	54,800	3,200	6.2%	1,200	2.2%
Government	157,600	158,500	161,200	3,600	2.3%	2,700	1.7%
<u>Inland Empire RPU</u>							
Total Nonfarm	1,504,800	1,652,300	1,676,700	171,900	11.4%	24,400	1.5%
Mining and Logging	1,200	1,600	1,600	400	33.3%	0	0.0%
Construction	107,900	116,200	122,200	14,300	13.3%	6,000	5.2%
Manufacturing	100,600	99,200	97,200	-3,400	-3.4%	-2,000	-2.0%
Trade, Transportation, and Utilities	379,900	458,300	453,000	73,100	19.2%	-5,300	-1.2%
Information	11,300	10,100	9,700	-1,600	-14.2%	-400	-4.0%
Financial Activities	44,300	45,900	45,100	800	1.8%	-800	-1.7%
Professional and Business Services	153,100	178,500	181,900	28,800	18.8%	3,400	1.9%
Educational and Health Services	240,800	268,300	281,100	40,300	16.7%	12,800	4.8%
Leisure and Hospitality	168,500	177,500	179,000	10,500	6.2%	1,500	0.8%
Other Services	45,400	48,000	49,700	4,300	9.5%	1,700	3.5%
Government	251,800	248,700	256,200	4,400	1.7%	7,500	3.0%

Regional Planning Unit (RPU)	September 2018	September 2022	September 2023	Five-Year Change		Year-Over Change	
				Number	Percent	Number	Percent
<u>Southern Border RPU</u>							
Total Nonfarm Jobs	1,531,500	1,595,500	1,625,400	93,900	6.1%	29,900	1.9%
Mining and Logging	400	400	400	0	0.0%	0	0.0%
Construction	86,300	89,900	91,600	5,300	6.1%	1,700	1.9%
Manufacturing	114,200	119,900	119,500	5,300	4.6%	-400	-0.3%
Trade, Transportation, and Utilities	234,600	233,600	235,400	800	0.3%	1,800	0.8%
Information	23,800	22,000	21,500	-2,300	-9.7%	-500	-2.3%
Financial Activities	76,700	76,900	79,200	2,500	3.3%	2,300	3.0%
Professional and Business Services	252,500	289,300	284,900	32,400	12.8%	-4,400	-1.5%
Educational and Health Services	217,500	240,300	250,100	32,600	15.0%	9,800	4.1%
Leisure and Hospitality	206,200	202,200	213,900	7,700	3.7%	11,700	5.8%
Other Services	56,500	56,400	60,800	4,300	7.6%	4,400	7.8%
Government	262,800	264,600	268,100	5,300	2.0%	3,500	1.3%
<u>San Joaquin Valley RPU</u>							
Total Nonfarm Jobs	1,344,700	1,445,800	1,463,100	118,400	8.8%	17,300	1.2%
Mining and Logging	9,900	8,300	8,000	-1,900	-19.2%	-300	-3.6%
Construction	72,300	81,000	79,700	7,400	10.2%	-1,300	-1.6%
Manufacturing	121,100	124,300	121,900	800	0.7%	-2,400	-1.9%
Trade, Transportation, and Utilities	283,900	324,700	323,000	39,100	13.8%	-1,700	-0.5%
Information	9,700	8,100	8,100	-1,600	-16.5%	0	0.0%
Financial Activities	43,100	41,000	41,200	-1,900	-4.4%	200	0.5%
Professional and Business Services	115,200	122,900	121,600	6,400	5.6%	-1,300	-1.1%
Educational and Health Services	222,300	249,500	259,400	37,100	16.7%	9,900	4.0%
Leisure and Hospitality	132,600	146,200	154,300	21,700	16.4%	8,100	5.5%
Other Services	40,800	44,300	45,600	4,800	11.8%	1,300	2.9%
Government	293,800	295,600	300,200	6,400	2.2%	4,600	1.6%
<u>East Bay RPU</u>							
Total Nonfarm Jobs	1,180,700	1,178,700	1,200,500	19,800	1.7%	21,800	1.8%
Mining and Logging	200	200	200	0	0.0%	0	0.0%
Construction	75,900	76,300	82,100	6,200	8.2%	5,800	7.6%
Manufacturing	101,400	112,900	113,900	12,500	12.3%	1,000	0.9%
Trade, Transportation, and Utilities	203,200	201,400	202,800	-400	-0.2%	1,400	0.7%
Information	27,300	24,800	23,600	-3,700	-13.6%	-1,200	-4.8%
Financial Activities	54,900	51,300	52,500	-2,400	-4.4%	1,200	2.3%
Professional and Business Services	191,700	194,700	189,500	-2,200	-1.1%	-5,200	-2.7%
Educational and Health Services	193,600	206,500	215,400	21,800	11.3%	8,900	4.3%
Leisure and Hospitality	119,400	110,500	116,300	-3,100	-2.6%	5,800	5.2%
Other Services	40,600	39,400	41,600	1,000	2.5%	2,200	5.6%
Government	172,500	160,700	162,600	-9,900	-5.7%	1,900	1.2%
<u>Capital RPU</u>							
Total Nonfarm Jobs	1,064,200	1,133,100	1,160,300	96,100	9.0%	27,200	2.4%
Mining and Logging	500	600	600	100	20.0%	0	0.0%
Construction	71,600	82,500	83,400	11,800	16.5%	900	1.1%
Manufacturing	41,600	45,700	45,500	3,900	9.4%	-200	-0.4%
Trade, Transportation, and Utilities	172,100	182,400	183,600	11,500	6.7%	1,200	0.7%
Information	12,400	10,700	10,300	-2,100	-16.9%	-400	-3.7%
Financial Activities	55,100	53,100	51,700	-3,400	-6.2%	-1,400	-2.6%
Professional and Business Services	141,400	153,600	154,600	13,200	9.3%	1,000	0.7%
Educational and Health Services	170,100	187,100	200,600	30,500	17.9%	13,500	7.2%
Leisure and Hospitality	111,900	116,200	120,200	8,300	7.4%	4,000	3.4%
Other Services	35,600	37,400	39,800	4,200	11.8%	2,400	6.4%
Government	250,900	262,900	269,200	18,300	7.3%	6,300	2.4%

Regional Planning Unit (RPU)	September 2018	September 2022	September 2023	Five-Year Change		Year-Over Change	
				Number	Percent	Number	Percent
<u>North Bay RPU</u>							
Total Nonfarm Jobs	591,140	576,980	590,930	-210	0.0%	13,950	2.4%
Mining and Logging	1,300	1,050	1,050	-250	-19.2%	0	0.0%
Construction	42,520	43,720	44,380	1,860	4.4%	660	1.5%
Manufacturing	57,570	58,500	57,480	-90	-0.2%	-1,020	-1.7%
Trade, Transportation, and Utilities	102,270	98,530	98,020	-4,250	-4.2%	-510	-0.5%
Information	7,020	6,900	6,700	-320	-4.6%	-200	-2.9%
Financial Activities	23,040	21,320	21,110	-1,930	-8.4%	-210	-1.0%
Professional and Business Services	61,740	63,480	63,150	1,410	2.3%	-330	-0.5%
Educational and Health Services	104,100	105,040	110,370	6,270	6.0%	5,330	5.1%
Leisure and Hospitality	77,930	74,140	81,020	3,090	4.0%	6,880	9.3%
Other Services	20,670	20,190	21,280	610	3.0%	1,090	5.4%
Government	93,000	84,130	86,390	-6,610	-7.1%	2,260	2.7%
<u>South Central Coast RPU</u>							
Total Nonfarm Jobs	305,800	312,200	322,100	16,300	5.3%	9,900	3.2%
Mining and Logging	1,000	600	600	-400	-40.0%	0	0.0%
Construction	17,100	19,000	18,700	1,600	9.4%	-300	-1.6%
Manufacturing	21,200	20,800	21,100	-100	-0.5%	300	1.4%
Trade, Transportation, and Utilities	48,200	47,200	48,200	0	0.0%	1,000	2.1%
Information	5,200	5,800	5,600	400	7.7%	-200	-3.4%
Financial Activities	10,600	11,000	10,900	300	2.8%	-100	-0.9%
Professional and Business Services	39,300	46,000	45,900	6,600	16.8%	-100	-0.2%
Educational and Health Services	45,000	47,000	49,700	4,700	10.4%	2,700	5.7%
Leisure and Hospitality	47,900	48,300	53,000	5,100	10.6%	4,700	9.7%
Other Services	10,200	10,200	10,500	300	2.9%	300	2.9%
Government	60,100	56,300	57,900	-2,200	-3.7%	1,600	2.8%
<u>Ventura RPU</u>							
Total Nonfarm Jobs	307,700	310,200	319,200	11,500	3.7%	9,000	2.9%
Mining and Logging	900	1,000	1,000	100	11.1%	0	0.0%
Construction	17,200	17,800	18,100	900	5.2%	300	1.7%
Manufacturing	26,500	27,200	27,300	800	3.0%	100	0.4%
Trade, Transportation, and Utilities	57,200	57,000	57,500	300	0.5%	500	0.9%
Information	5,300	3,900	3,800	-1,500	-28.3%	-100	-2.6%
Financial Activities	16,200	14,600	15,800	-400	-2.5%	1,200	8.2%
Professional and Business Services	42,900	43,800	43,300	400	0.9%	-500	-1.1%
Educational and Health Services	47,900	52,400	55,000	7,100	14.8%	2,600	5.0%
Leisure and Hospitality	37,800	37,300	40,100	2,300	6.1%	2,800	7.5%
Other Services	9,600	9,600	9,900	300	3.1%	300	3.1%
Government	46,200	45,600	47,400	1,200	2.6%	1,800	3.9%
<u>North Central Coast RPU</u>							
Total Nonfarm Jobs	246,300	245,300	253,100	6,800	2.8%	7,800	3.2%
Mining and Logging	200	300	300	100	50.0%	0	0.0%
Construction	11,000	12,300	12,100	1,100	10.0%	-200	-1.6%
Manufacturing	12,500	13,500	13,300	800	6.4%	-200	-1.5%
Trade, Transportation, and Utilities	43,600	42,000	42,500	-1,100	-2.5%	500	1.2%
Information	1,600	1,500	1,300	-300	-18.8%	-200	-13.3%
Financial Activities	8,100	7,500	7,500	-600	-7.4%	0	0.0%
Professional and Business Services	25,200	26,600	27,200	2,000	7.9%	600	2.3%
Educational and Health Services	37,800	39,100	41,900	4,100	10.8%	2,800	7.2%
Leisure and Hospitality	40,600	39,000	41,600	1,000	2.5%	2,600	6.7%
Other Services	10,300	10,700	11,000	700	6.8%	300	2.8%
Government	55,400	52,800	54,400	-1,000	-1.8%	1,600	3.0%

Regional Planning Unit (RPU)	September 2018	September 2022	September 2023	Five-Year Change		Year-Over Change	
				Number	Percent	Number	Percent
North State RPU							
Total Nonfarm Jobs	244,260	242,150	242,310	-1,950	-0.8%	160	0.1%
Mining and Logging	750	720	730	-20	-2.7%	10	1.4%
Construction	13,920	15,090	15,150	1,230	8.8%	60	0.4%
Manufacturing	12,460	12,450	12,760	300	2.4%	310	2.5%
Trade, Transportation, and Utilities	42,280	42,790	42,750	470	1.1%	-40	-0.1%
Information	2,160	1,790	1,710	-450	-20.8%	-80	-4.5%
Financial Activities	8,430	7,990	7,740	-690	-8.2%	-250	-3.1%
Professional and Business Services	16,920	16,150	15,560	-1,360	-8.0%	-590	-3.7%
Educational and Health Services	49,340	49,670	50,810	1,470	3.0%	1,140	2.3%
Leisure and Hospitality	27,500	26,440	27,830	330	1.2%	1,390	5.3%
Other Services	10,380	10,020	10,210	-170	-1.6%	190	1.9%
Government	59,920	58,770	56,820	-3,100	-5.2%	-1,950	-3.3%
North Coast RPU							
Total Nonfarm Jobs	51,300	49,700	51,500	200	0.4%	1,800	3.6%
Mining and Logging	500	400	400	-100	-20.0%	0	0.0%
Construction	2,300	2,600	2,700	400	17.4%	100	3.8%
Manufacturing	2,200	2,400	2,500	300	13.6%	100	4.2%
Trade, Transportation, and Utilities	9,600	8,900	9,000	-600	-6.3%	100	1.1%
Information	400	300	300	-100	-25.0%	0	0.0%
Financial Activities	1,800	1,800	1,800	0	0.0%	0	0.0%
Professional and Business Services	3,500	2,900	2,800	-700	-20.0%	-100	-3.4%
Educational and Health Services	8,900	8,600	8,600	-300	-3.4%	0	0.0%
Leisure and Hospitality	5,900	5,500	6,000	100	1.7%	500	9.1%
Other Services	2,000	2,100	2,200	200	10.0%	100	4.8%
Government	14,200	14,300	15,100	900	6.3%	800	5.6%
Middle Sierra RPU							
Total Nonfarm Jobs	45,670	45,690	47,360	1,690	3.7%	1,670	3.7%
Mining and Logging	400	510	540	140	35.0%	30	5.9%
Construction	2,500	2,630	2,780	280	11.2%	150	5.7%
Manufacturing	2,090	2,030	2,170	80	3.8%	140	6.9%
Trade, Transportation, and Utilities	6,590	6,930	7,060	470	7.1%	130	1.9%
Information	250	190	180	-70	-28.0%	-10	-5.3%
Financial Activities	1,000	880	870	-130	-13.0%	-10	-1.1%
Professional and Business Services	2,290	2,470	2,460	170	7.4%	-10	-0.4%
Educational and Health Services	6,350	6,250	6,250	-100	-1.6%	0	0.0%
Leisure and Hospitality	7,140	7,410	7,880	740	10.4%	470	6.3%
Other Services	1,480	1,500	1,510	30	2.0%	10	0.7%
Government	15,430	14,780	15,540	110	0.7%	760	5.1%

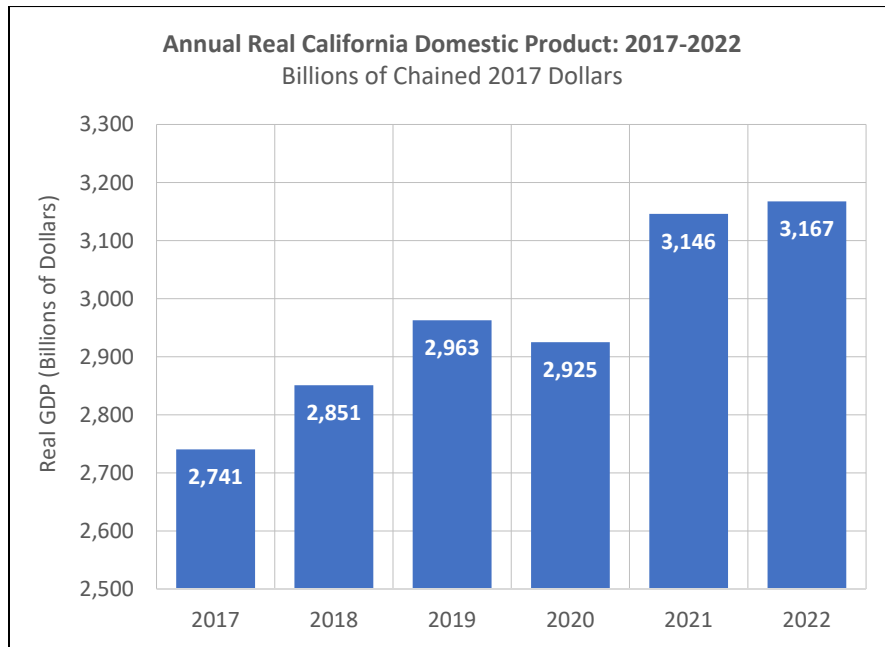
Source: Employment Development Department

California Gross Domestic Product

- According to the U.S. Bureau of Economic Analysis (BEA), California's real Gross Domestic Product (GDP), as measured in chained 2017 dollars, totaled nearly \$3.2 trillion in 2022.⁵ California had the largest economy of any state in the country. Texas's \$2.4 trillion real GDP ranked second among states. California alone accounted for nearly one-seventh (14.5 percent) of the U.S. GDP, which totaled \$21.8 trillion in 2022.

⁵ The BEA was undertaking an extensive revision and updating of state-level quarterly real GDP data at the time this report was written. Only annual real GDP by state data from 2017 through 2022 were available.

FIGURE 2



Source: U.S. Bureau of Economic Analysis; Employment Development Department

- Financial activities contributed the most to California’s real GDP in 2022, with an 18.2 percent share of total GDP. The real estate and rental and leasing subsector alone accounted for 13.6 percent of total GDP. Professional and business services’ share of total GDP was 16.0 percent, with the professional, scientific, and technical services subsector alone contributing a 10.9 percent share to total GDP. Trade, transportation, and utilities (13.9 percent); information (13.2 percent); manufacturing (11.0 percent); and government (10.4 percent) were the other major industry sectors that contributed more than 10 percent shares to California’s total real GDP in 2022.
- The high technology-oriented information sector, professional, scientific, and technical services subsector, and durable goods manufacturing sector combined contributed nearly one-third (31.2 percent) to California’s total real GDP in 2022. Health care and social assistance contributed 6.6 percent, retail trade contributed 5.0 percent, and leisure and hospitality contributed 4.1 percent to total GDP in 2022.
- California’s annual real GDP grew by \$427 billion, or 15.6 percent, over the five-year period from 2017 through 2022. This translates to average growth of 3.1 percent per year. Real GDP fell by \$38 billion, or 1.3 percent in 2020 due to the pandemic, but rebounded strongly in 2021. The pace of real GDP growth slowed in 2022, increasing by \$21 billion dollars, or 0.7 percent, over the year.
- Information (10.7 percent per year) was the fastest growing component of total real GDP from 2017 through 2022, followed by professional and business services (7.5 percent per year). Within professional and business services, the professional, scientific, and technical services subsector grew 8.3 percent per year, the management of companies and enterprises subsector grew by 8.2 percent per year, and the administrative and support and waste remediation services subsector grew at 4.9 percent per year.

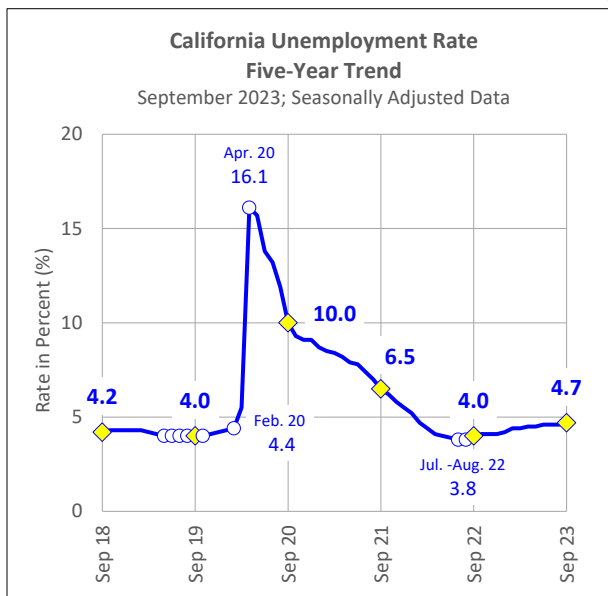
- Manufacturing (3.7 percent per year) and private educational and health services (3.5 percent) were the only other industry sector components of GDP that grew at a faster rate than total GDP from 2017 through 2022. Within manufacturing, durable goods manufacturing (5.6 percent annual growth) grew at a faster rate than nondurable goods manufacturing (1.1 percent annual growth). Within private educational and health services, health care and social assistance (3.8 percent annual growth) grew at a faster rate than private educational services (1.7 percent annual growth).
- Only a handful of other industry subsectors grew at a faster rate than total GDP from 2017 through 2022. They were transportation and warehousing (5.2 percent annual growth); real estate and rental and leasing (3.2 percent per year); and arts, entertainment, and recreation (also 3.2 percent).
- This report will not discuss the slowdown in real GDP growth from 2021 to 2022 in any detail because the year-over industry change data still reflected the differing growth patterns of recovering industries from the pandemic-induced recession.

Unemployment in California

Statewide

- California’s unemployment rate bottomed out at 4.0 percent from May 2019 through October 2019 during the long February 2010-February 2020 expansion. At the time, this was a record low unemployment rate in the official data series that extends back to the beginning of 1976. Although the unemployment rate had inched up to 4.4 percent by February 2020, it was still in historically low territory.

FIGURE 3



Source: Employment Development Department

- The pandemic outbreak changed everything abruptly. Over just a two-month period from February 2020 through April 2020, California’s unemployment rate shot up 11.7 percentage points to 16.1 percent. This was a record high, shattering the previous record of 12.6 percent that occurred early in 2010 during the Great Recession. The

magnitude and suddenness of the pandemic-induced increase in the unemployment rate was unprecedented.

- The number of unemployed Californians bottomed out at 769,000 in July 2019 during the February 2010-February 2020 expansion but crept upwards to 861,000 in February 2020. Unemployment shot up following the pandemic outbreak, increasing by 2,158,000 persons, or nearly threefold, over just a two-month period. In April 2020, 3,019,000 million Californians were unemployed. This was a record number, exceeding the previous record of 2,286,000 that was established in October 2010 during the Great Recession by 733,000 persons.
- Unemployment fell rapidly and steadily following the lifting of the pandemic-induced shut-down and easing of pandemic restrictions. By March 2022, the unemployment rate had returned to its pre-pandemic level in February 2020 and it continued to fall thereafter, bottoming out at 3.8 percent in July and August 2022. This established a new record low unemployment rate in California.
- Correspondingly, the number of unemployed Californians fell rapidly during the recovery period from the pandemic-induced recession. In March 2022, the number of unemployed Californians was below the pre-pandemic level in February 2020. Unemployment bottomed out at 724,000 persons in August 2022. This was a nearly 34-year low.
- California could not sustain such a low level of unemployment. In September 2023, California's unemployment rate stood at 4.7 percent. While still low by historical standards, this was 0.9 percentage point above its record low in July 2022. There were 914,000 unemployed Californians in September 2023, or 190,000 more than there were in August 2022. Although it may be tempting to interpret this recent trend of increasing unemployment in California as a signal that the labor market is weakening and at risk of a downturn, this is not necessarily the case.
- The trend of rising unemployment in California since August 2022 instead appears to reflect an overly tight labor market and overheating economy that is adjusting to a more sustainable footing.⁶ This claim is corroborated by data from the U.S. Bureau of Labor Statistics' Jobs Openings and Labor Turnover Survey (JOLTS).⁷ Labor supply and demand were in balance in California's labor market in the months leading up to the pandemic-induced recession, as indicated by an unemployed persons per job openings ratio of around 1.0. In February 2020, there were 1.1 unemployed Californians for every job vacancy. The ratio spiked to 6.4 unemployed Californians per job opening in April 2020 due to the disruptive effects of the pandemic, then fell sharply over the course of California's recovery. By September 2020 there were 2.8 unemployed Californians per job opening. By September 2021, the ratio had fallen to 1.1, or back to where it was prior to the pandemic in February 2020. However, it continued to fall thereafter, and

⁶ A tight labor market is one in which job vacancies and openings exceed the number of available workers to fill them. An overheating economy is one that has reached the limits of its capacity and can't meet aggregate demand for goods and services by consumers. Both are contributing factors to inflation.

⁷ The JOLTS program produces monthly state and national data on job openings, hires, and separation, and can be obtained from the U.S. Bureau of Labor Statistics website at www.bls.gov. The most recent California data available were from August 2023 when this report was written.

bottomed out at 0.5 in July 2022.

- Expressed differently, there were two job openings for every unemployed Californian in July 2022, which was the same month that the state’s unemployment rate fell to a its record low of 3.8 percent. California’s labor market had become too tight, and unemployment began to rise.
- California’s unemployed persons to job opening ratio had returned to 1.0 by March 2023. The ratio dipped to 0.8 in April, and returned to 1.0 in May and June 2023, and dipped to 0.9 in July and August. Correspondingly, the state’s unemployment rate rose from 3.8 percent in July and August 2023 to 4.4 percent in March 2023, 4.6 percent June 2023, and stood at 4.7 percent in September 2023. Unemployment may have risen, but labor supply and demand in California’s labor market were much better balanced.

Regional Unemployment Rates

- The only way to filter out seasonality from California’s not seasonally adjusted regional unemployment data is to compare like months of the calendar year. As such, the data are difficult to parse to the timing of the pandemic-induced business cycle. Nevertheless, they show that regional unemployment rates spiked across California regions during the pandemic-induced recession but fell rapidly and steadily during the recovery. The unemployment trends in California regions over the course of the pandemic-induced business cycle mirrored those of the state. This analysis compares September 2023 regional unemployment rates to those prior to the pandemic in September 2019.

TABLE 6
Four-Year and Year-Over Unemployment Rate Changes in California Regional Planning Units (RPUs)
 September 2023; Not Seasonally Adjusted Data

Regional Planning Unit (RPU)	September 2019	September 2022	September 2023	<u>Sept. 2019-Sept. 2022 Change</u>	<u>Year-Over Change</u> (Sept. 22-Sept. 23)
CALIFORNIA	3.7%	3.7%	4.9%	0.0%	1.2%
<u>LARGEST RPUs</u>					
Los Angeles Basin	4.4%	4.3%	5.8%	-0.1%	1.5%
Bay-Peninsula	2.1%	2.3%	3.1%	0.2%	0.8%
Orange	2.6%	2.8%	3.7%	0.2%	0.9%
Inland Empire	3.8%	3.8%	5.0%	0.0%	1.2%
Southern Border	3.8%	3.7%	4.8%	-0.1%	1.1%
San Joaquin Valley	5.8%	5.4%	7.0%	-0.4%	1.6%
East Bay	2.7%	3.0%	4.0%	0.3%	1.0%
Capital	3.4%	3.4%	4.5%	0.0%	1.1%
<u>MID-SIZED RPUs</u>					
North Bay	2.6%	3.0%	3.9%	0.4%	0.9%
South Central Coast	2.8%	2.8%	3.6%	0.0%	0.8%
Ventura	3.4%	3.4%	4.5%	0.0%	1.1%
North Central Coast	3.6%	3.6%	4.5%	0.0%	0.9%

North State	3.9%	3.8%	5.0%	-0.1%	1.2%
<u>SMALLEST RPUs</u>					
North Coast	3.0%	3.5%	4.5%	0.5%	1.0%
Middle Sierra	3.3%	3.6%	4.5%	0.3%	0.9%

Source: Employment Development Department

- In September 2019, several months prior to the pandemic, California’s not seasonally adjusted unemployment rate was 3.7 percent, the lowest of any September going back to 1990. Regional unemployment rates were at historical lows, ranging from a low of 2.1 percent in Bay-Peninsula to a high of 5.8 percent in San Joaquin Valley. Every region of the state had what was then a record low for the month of September in 2019. All told, five of California’s 15 regions had unemployment rates below 3.0 percent, eight had rates of 3.0 percent or more but less than 4.0 percent, and only two had rates above 4.0 percent.
- Unemployment rates rose dramatically across regions during the pandemic-induced recession. With the caveat that unadjusted April data are not directly comparable to unadjusted September data due to seasonal considerations, at the peak of the pandemic-induced recession in April 2020, California’s not seasonally adjusted unemployment stood at 15.8 percent. Regional unemployment rates ranged from a low of 12.6 percent in Bay-Peninsula to a high of 18.8 percent in North Central Coast. Ten of California’s 15 regions had unemployment rates of 15 percent or more.
- As in the state, regional unemployment rates fell sharply and steadily over the course of the recovery and expansion. In September 2022, California’s not seasonally adjusted unemployment rate was 3.7 percent, the same as it was in September 2019. Regional unemployment rates ranged from a low of 2.3 percent in Bay-Peninsula to a high of 5.4 percent in San Joaquin Valley. Four regions had lower unemployment rates in September 2022 than in September 2019. The unemployment rates in five other regions equaled those of September 2019. Although six regions had higher unemployment rates in September 2022 than in September 2019, the difference between rates was 0.3 percentage point or less in four regions. North Bay and North Coast had the largest differences of .04 and 0.5 percentage point, respectively.
- California’s not seasonally adjusted unemployment rate was 4.9 percent in September 2023. This was 1.2 percentage points higher than it was in September 2022. Regional unemployment rates ranged from a low of 3.1 percent in Bay Peninsula to a high of 7.0 percent in San Joaquin Valley in September 2023. Unemployment rose across regions over the year ending in September 2023. San Joaquin Valley (1.6 percentage points) and Los Angeles Basin (1.5 percentage points) had the largest year-over rate increases and Bay-Peninsula and South Central Coast (both 0.8 percentage point) had the smallest. The year-over rate increases in the state’s 11 other regions ranged from 0.9 to 1.2 percentage points.

Unemployment Rates of Demographic Groups in California

- According to the Bureau of Labor Statistics, labor market differences among racial and ethnic groups are associated with many factors, not all of which are measurable. These

factors include variations in educational attainment across the groups; the occupations and industries in which the groups work; the geographic areas of the country in which the groups are concentrated, including whether they tend to reside in urban or rural settings; and the degree of discrimination encountered in the workplace.

- The unemployment rates of demographic groups are calculated differently from the official unemployment rate in that they are derived solely from the U.S. Census Bureau’s Current Population Survey (CPS) data and calculated on a 12-month average basis to minimize the statistical variability associated with California’s comparatively small CPS sample size.
- It should be noted that 12-month average CPS data from September 2023 reflect a tight labor market that had only just returned to a full employment equilibrium.⁸ As such, the differences in the unemployment rates of demographic groups may not appear to be terribly large, but they do contain meaning. The observed differences in rates would be expected to widen in times of economic stress.

TABLE 7

Unemployment Rates by Demographic Group in California: September 2023
(Unemployed As a Percent of the Labor Force; 12-Month Average of Current Population Survey Data)

Demographic Group	Rate	Demographic Group	Rate
All Groups, Age 16 and Over	4.5%		
<u>Gender</u>		<u>Ethnicity</u>	
Male	4.8%	Latino/Hispanic	4.7%
Female	4.1%	Non-Hispanic	4.4%
<u>Age</u>		<u>National Origin</u>	
16-24	9.5%	Native-Born	4.8%
16-19	14.2%	Foreign-Born	4.0%
20-24	8.1%	Foreign Born, Naturalized U.S. Citizen	3.1%
25-34	5.0%	Foreign Born, Not a U.S. Citizen	4.8%
35-44	3.8%		
45-54	3.0%	<u>Educational Attainment (Age 25 and Over)</u>	
55-64	3.1%	Did Not Complete High School	5.7%
65 and older	3.7%	High School Diploma or Equivalent	4.6%
65-74	3.8%	Some College, No Degree	3.7%
75 and older	3.3%	Associate’s Degree	4.2%
<u>Race</u>		Bachelor’s Degree	3.3%
White	4.3%	Master’s, Ph.D., Professional Degree	2.7%
African American	6.8%	<u>Disability</u>	
Asian	3.9%	Has a Disability	10.4%

⁸ A 12-month average for the month of September roughly equates to the month of March, which is the mid-point of the averaging period.

American Indian, Native Alaskan, Hawaiian, Pacific Islander	5.8%	Doesn't Have a Disability	4.3%
More than One Race	7.1%	<u>Served in Armed Forces</u> (Age 18 and Older)	
		Yes	10.4%
		No	4.3%

Source: U.S. Census Bureau; Employment Development Department

- According to these 12-month average CPS data, younger workers tended to have substantially higher unemployment rates than older workers. The 14.2 percent unemployment rate among teens aged 16 to 19 years old was the largest among age cohorts, followed by the 8.1. percent unemployment rate among younger workers between the ages of 20 and 24 years old. In contrast, the 3.0 percent unemployment rate for Californians among adults aged 45 to 54 years old was the smallest among age cohorts, followed by the 3.1 percent unemployment rate for Californians among adults aged 55 to 64 years old.
- The 4.8 percent unemployment rate among native-born workers was higher than the 4.0 percent unemployment rate of foreign-born workers. However, foreign-born workers who were not U.S. citizens also experienced a 4.8 percent unemployment rate compared to the 3.1 percent unemployment rate among foreign-born workers who were naturalized U.S. citizens.
- The 7.1 percent unemployment rate among workers of more than one race and 6.8 percent unemployment rate of African American workers tended to be highest among race cohorts. In contrast, the 3.9 percent unemployment rate of Asian workers and 4.3 percent unemployment rate of White workers were the smallest among race cohorts.
- Unemployment rates by educational attainment generally followed the trend of lower unemployment rates paired with the highest level of educational attainment and vice versa. The 5.7 percent unemployment rate of workers who did not complete high school was highest compared to the 2.7 percent unemployment rate of workers with a Master's, Ph.D., or Professional Degree as lowest.
- The 10.4 percent unemployment rate among Californians with disabilities was more than double the 4.3 percent unemployment rate of Californians without a disability.
- The 3.0 percent unemployment rate among California's veterans was lower than the 4.4 percent unemployment rate of Californians who did not serve in the armed forces.

Labor Underutilization in California

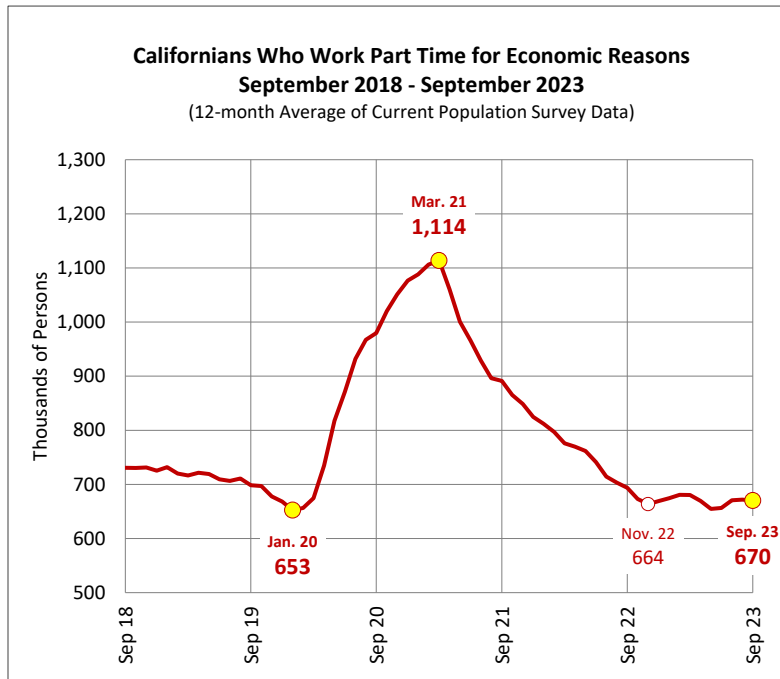
Californians Who Work Part-Time for Economic Reasons

- The unemployment rate, while a valuable and widely understood barometer of labor market conditions, is narrowly defined. According to the U.S. Bureau of Labor Statistics (BLS), an unemployed person is someone who did not work at least one hour for pay but actively sought work in the four-week period leading up to the household survey reference week. If an individual is neither employed nor unemployed, by definition he or she is considered to be not in the labor force. As such, the unemployment rate does not capture underemployment within the labor market. Nor does it track individuals who are marginally attached to the labor market. These are individuals who want to

work and are available to work and have sought work in the past year, but had not actively sought work in the last four weeks.

- The concept of underemployment has several aspects. Generally speaking, underemployment refers to workers who work part-time hours but desire to work full-time hours or more hours than they are currently working; workers who are working on a temporary basis but desire permanent employment; and workers doing work for which they are overqualified in terms of education, skills, and experience and who desire work which better matches their qualifications. Unfortunately, it is only possible to track the hours-worked aspect of underemployment over time using established labor market information tools, namely the Current Population Survey of households.
- The BLS defines workers who work part-time for economic reasons, or involuntary part-time employment, as those workers who work part-time but desire full-time work. Working 35 hours or more per week is the threshold for full-time work. Working less than 35 hours per week is the threshold for part-time work. Those who work part-time for economic reasons include workers who usually work full-time but have had their hours slashed to part-time status by their employers, and workers who desire and are available to work full-time work but have had to settle for part-time work because that was the best employment option they could find.
- According to 12-month average data from the Current Population Survey, the number of Californians who worked part-time for economic reasons reached a low of 653,000 persons prior to the pandemic-induced recession in January 2020. They accounted for 3.5 percent of all working Californians. Persons who desired full-time work but had to settle for part-time hours made up three-quarters (75.5 percent) of all the workers who worked part-time for economic reasons and full-time workers who had their hours cut by their employer made up the remaining quarter.
- As is typical when the economy struggles, the number of Californians who worked part-time for economic reasons rose steeply because of the pandemic. Their number rose to a peak at 1,114,000 persons in March 2021, which represented a 461,000-person (70.7 percent) increase since January 2020. The character of involuntary part-time employment also changed. In March 2021, a little less than half (46.6 percent) of Californians who worked part-time for economic reasons were full-time workers who had had their hours cut by their employers and a little over half were workers who desired full-time work but had to settle for part-time hours.
- The number of Californians who worked part-time for economic reasons fell rapidly and steadily over the course of the recovery and expansion from the pandemic-induced recession. Their number had essentially returned to pre-pandemic levels by the end of 2022. In November 2022, 664,000 Californians worked part-time for economic reasons and they made up 3.6 percent of all employed Californians. The shares of workers who couldn't find full-time work and had to settle for part-time hours and full-time workers who had their hours cut by their employers were 71.5 and 28.5 percent, respectively.

FIGURE 4



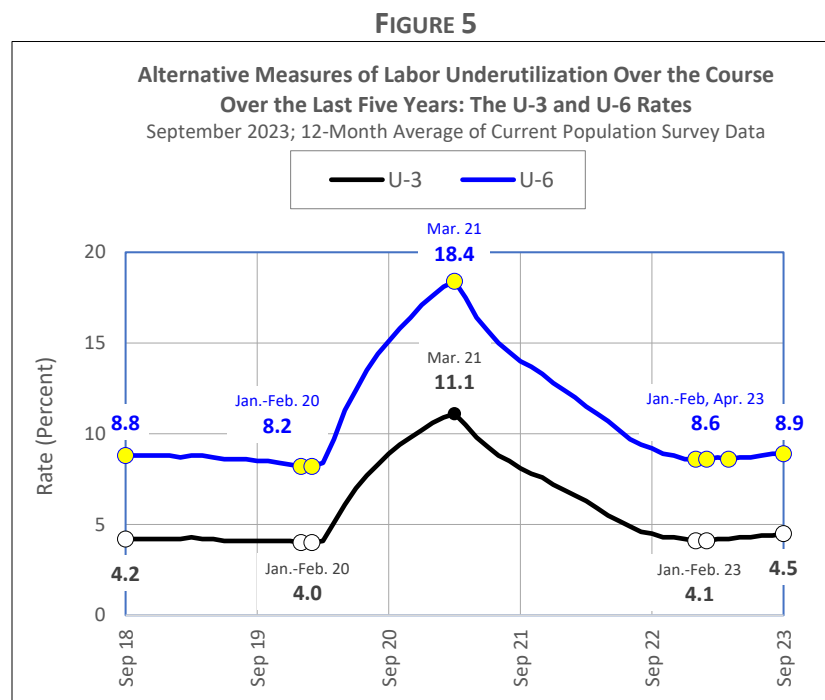
Source: U.S. Census Bureau; Employment Development Department

- The number of Californians working part-time for economic reasons has remained quite stable in the recovered, full employment economy, increasing by just 6,000 persons (0.9 percent). The share of all employed Californians who worked part-time for economic reasons remained at 3.6 percent in September 2023, unchanged from November 2022. The shares of workers of couldn't find full-time work and had to settle for part-time hours and full-time workers who had their hours cut by their employers were 72.3 and 27.7 percent, respectively, in September 2023.

The U-6 and U-3 Measures of Labor Underutilization

- Acknowledging that the traditional definition of unemployment is limited in that it does not measure underemployment or track marginally attached workers to the labor force, the U.S. Bureau of Labor Statistics (BLS) has devised six alternative measures of labor underutilization, some that are more restrictive than the unemployment rate and some that are more inclusive and broadly defined. The U-3 measure, or official unemployment, is defined as the total number of unemployed—those not working but who actively sought work in the previous four-week period—as a percent of the civilian labor force (employed and unemployed persons).
- The U-6 rate is the broadest measure of labor utilization. It is calculated as the number of unemployed, plus the total number of persons who are employed part-time for economic reasons, plus all persons marginally attached to the labor force as a percent of the labor force, expanded to include all persons marginally attached to the labor force. Persons who are marginally attached to the labor force are those who currently are neither working nor looking for work but want to work, are available for a job, and have looked for work sometime in the last year.

- According to 12-month average Current Population Survey data, the U-3 rate, which corresponds to the official unemployment rate definition, in California was stable at a low level of 4.2 percent or less in the latter stages of the February 2010-February 2020 economic expansion. It bottomed out at 4.0 percent in January and February 2020. The pandemic abruptly caused a steep rise in unemployment. The U-3 rate peaked at 11.1 percent in March 2021. This was lower than the 12.2 percent peak of the Great Recession in December 2010, but 12-month averaging explains why. Whereas the Great Recession resulted in an economic downturn that lasted 31 months, the pandemic-induced recession was an external shock to the labor market of very short duration. As severe as the pandemic-induced spike in unemployment was, it lasted only two months, so its impacts are blunted by 12-month averaging.



Source: U.S. Census Bureau; Employment Development Department

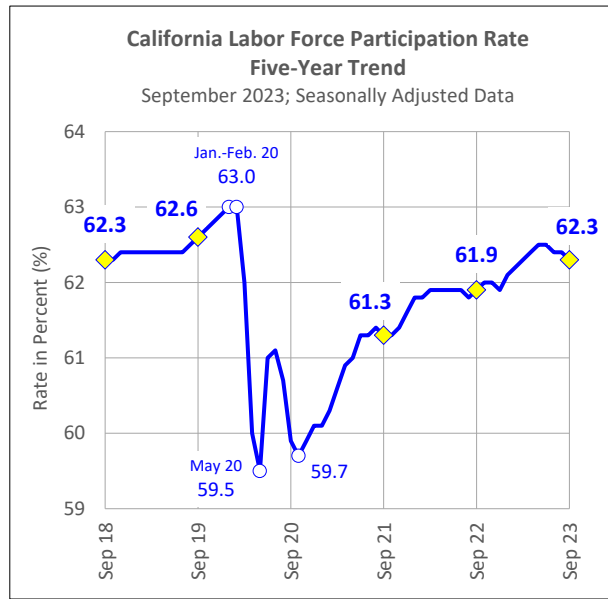
- The 12-month average U-3 rate fell rapidly over the course of the recovery from the pandemic-induced recession. In January and February 2023, it bottomed out at 4.1 percent, which was just 0.1 percentage above the pre-pandemic low. The U-3 rate had inched up to 4.5 percent by September 2023.
- The U-6 rate, which is always higher than the U-3 rate because it is more inclusive and broadly defined than the U-3, was consistently below 9.0 percent in the latter stages of the February 2010-February 2020 expansion and reached a low of 8.2 percent in January and February 2020. It spiked abruptly during the pandemic-induced recession and peaked at 18.4 percent in March 2021. This was also lower than the 21.1 percent peak the U-6 rate reached during the Great Recession in September, October, and December 2010, but 12-month averaging again blunts the effects that the pandemic had on the U-6 rate.

- The U-6 rate fell rapidly over the course of the recovery from the pandemic-induced recession to a low of 8.6 percent in January, February, and April 2023. Although this was 0.4 percentage point higher than the pre-pandemic low, it was a level that was consistent with the that of the pre-pandemic expansion. The U-6 inched up to 8.9 percent as of September 2023.
- The comparison of the U-3 and U-6 rates indicates that the two measures of labor underutilization tend to move together with the business cycle, rising when the economy is weak or an event such as the pandemic disrupts the labor market and falling when it is expanding and strong. As such, the official unemployment rate is an effective barometer of labor market conditions. However, it is limited in the sense that it does not capture the full effects of the business cycle on labor utilization. When the unemployment rate rises, underemployment rises with it, and increasing numbers of marginally attached workers exit the labor force. When the unemployment rate falls, underemployment falls with it and marginally attached workers are drawn back into the labor force.

Labor Force Participation in California

- The labor force participation rate (LFPR) is calculated as the number of persons in the labor force (those who are employed or unemployed but actively seeking work) divided by the working age population.
- Labor force participation in California was remarkably stable in the latter stages of the February 2010-February 2020 expansion, varying between 62.3 and 62.4 percent over a 17-month period that began in March 2018 and lasting through July 2019. The LFPR began inching up thereafter to a high of 63.0 percent just prior to the pandemic outbreak in January and February 2020.
- Labor force participation plummeted during the pandemic-induced recession, falling by 3.5 percentage points to a low of 59.5 percent in May 2020. This was California's lowest LFPR on record in an official data series dating back to the beginning of 1976.

FIGURE 6



Source: Employment Development Department

- Following an unusual spike and fall in the labor force participation rate following the end of the pandemic-induced recession, during which the participation rate reached as high as 61.1 in July 2020 only to fall back to 59.7 percent in October 2020, labor force participation rebounded over the course of the recovery and expansion. It reached as high as 62.5 percent in May and June 2023, before falling back to 62.3 percent by September 2023. Although the LFPR had yet to get back to its pre-pandemic high of 63.0 as of September 2023, it had returned to levels that were consistent with the pre-pandemic labor market.

Demographic Characteristics of Labor Force Participation

- Traditionally, labor force participation has tended to increase during times of economic expansion as increasing employment opportunities draw more people into the labor force and decrease during recessions as individuals with limited employment opportunities exit the labor force.
- Multiple factors influence an individual's decision to participate in the labor force or not, most notably perceptions of how likely it is that one will find employment, school attendance, having a disability, having to care for house or family (children or elders), personal choice, and being retired. However, demographics, and particularly retirements among the large and aging baby boomer population, have exerted a key influence on overall labor force participation in recent years and will continue to do so over the years to come.

TABLE 8
Unemployment Rates by Demographic Group in California: September 2023
(Persons in the Labor Force as a Percent of the Working Age Population;
12-Month Average of Current Population Survey Data)

Demographic Group	Rate	Demographic Group	Rate
All Groups, Age 16 and Over	62.3%		
<u>Gender</u>		<u>Ethnicity</u>	
Male	69.0%	Latino/Hispanic	65.7%
Female	55.6%	Non-Hispanic	60.2%
<u>Age</u>		<u>National Origin</u>	
16-24	49.0%	Native-Born	61.6%
16-19	26.6%	Foreign-Born	63.6%
20-24	66.4%	Foreign Born, Naturalized U.S. Citizen	59.7%
25-34	82.1%	Foreign Born, Not a U.S. Citizen	68.2%
35-44	81.9%		
45-54	80.1%	<u>Educational Attainment (Age 25 and Over)</u>	
55-64	65.1%	Did Not Complete High School	50.8%
65 and older	19.2%	High School Diploma or Equivalent	60.3%
65-74	27.9%	Some College, No Degree	60.5%
75 and Older	7.6%	Associate's Degree	63.3%
		Bachelor's Degree	71.9%
<u>Race</u>		Master's, Ph.D., Professional Degree	73.9%
White	62.6%		
African American	57.7%	<u>Disability</u>	
Asian	62.6%	Has a Disability	21.6%
American Indian, Native Alaskan, Hawaiian, Pacific Islander	60.3%	Doesn't Have a Disability	66.9%
More than One Race	64.1%		
		<u>Served in Armed Forces (Age 18 and Older)</u>	
		Yes	44.0%
		No	64.8%

Source: U.S. Census Bureau; Employment Development Department

- Based on the 12-month average of Current Population Survey data from September 2023, men had a higher labor force participation rate than women, 69.0 percent to 55.6 percent.
- Labor force participation among prime working age cohorts, or Californians aged 25 through 54, were consistently higher than those of other demographic groups. The 25 to 34, 35 to 44, and 45 to 54 age cohorts all had LFPRs above 80.1 percent. These LFPRs are not out of the ordinary because economists generally find that workers within the prime working age cohorts represent the core of a state's workforce and includes its most economically productive demographic.
- Labor force participation among younger workers contrasts the trends seen amongst those of prime working age. The LFPRs of younger workers between the ages of 16 and 24 did not exceed 49.0 percent. The LFPRs for workers between the ages of 20 and 24

were close to the mid 60's but were not at rates comparable to that of prime working age workers.

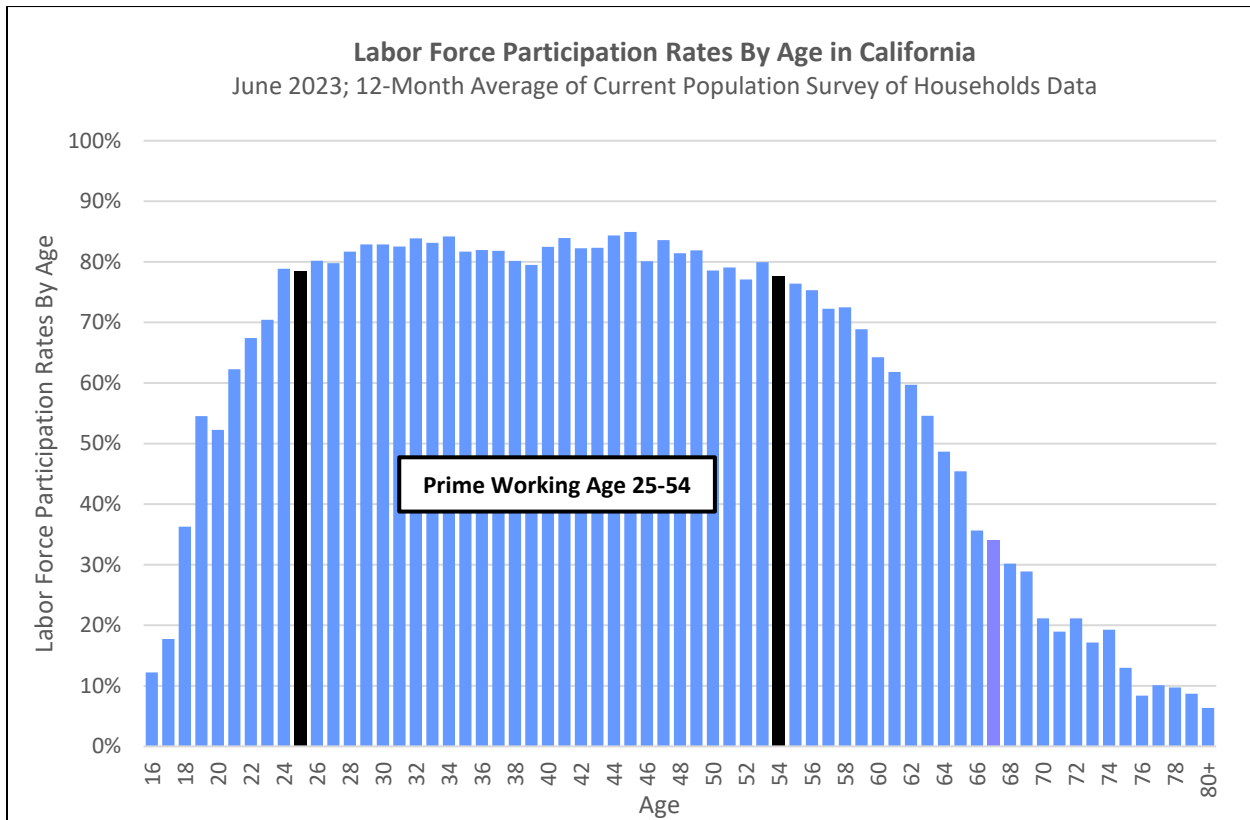
- Labor force participation drops off dramatically as people leave the workforce for a variety of reasons that include age and retirements. Nearly one out of every five (19.2 percent) Californians aged 65 and over participated in the civilian labor force. Workers aged 75 and over participated in the labor force at a rate of 7.6 percent, the lowest rate among age cohorts.
- Foreign-born Californians (63.6 percent) had a slightly higher rate of labor force participation than native-born Californians (61.6 percent). Among foreign-born workers, those that were not U.S. citizens (68.2 percent) had a LFPR 8.5 percentage points higher than foreign-born workers who were naturalized U.S. citizens (59.7 percent).
- Among the state's racial and ethnic groups, Hispanics (65.7 percent) had the highest LFPR, followed by workers of more than one race (64.1 percent), Whites (62.6 percent), Asian (also 62.6 percent), American Indian/Alaskan Natives (60.3 percent), and African Americans (57.7 percent).
- The U.S. Census Bureau's Current Population Survey data suggests that less educated groups participated in the labor force at a lower rate than groups with more education. Workers who did not complete high school participated in the labor force at a rate of 50.8 percent compared to workers with a Master's, Ph.D., or Professional Degree who participated at a rate of 73.9 percent.
- Approximately one out of every five (21.6 percent) Californians with a disability participated in the civilian labor force. In addition, their LFPR remained at least 45.3 percentage points lower than that of persons who did not have a disability. The older age profile of Californians with a disability in comparison to those without a disability affects these results.
- The LFPR among California veterans (44.0 percent) was approximately 20 percentage points lower than the LFPR of non-veterans (64.8 percent). The older age profile of veterans in comparison to nonveterans affects these results.

Baby Boomers Are Aging Out of the Labor Market

- Traditionally, overall labor force participation tended to increase during times of economic expansion as increasing employment opportunities drew more people into the labor force and decrease during recessions as individuals with limited employment opportunities exited the labor force. However, overall labor force participation has behaved differently over the course of the last two decades.
- During California's February 2010 – February 2020 economic expansion, the state's longest of the post-World War II era, California's LFPR continued to decrease long after the turnaround in overall economy and fell to what was then a record low of 62.0 in August through November 2015. The peak LFPR of 63.0 percent at the tail end of the decade-long expansion in January and February 2020 was 4.2 percentage points lower than the 67.2 percent rate at the end of California's May 1993-January 2001 expansion. Moreover, California's 62.3 percent LFPR in September 2023 remained 0.7 percent lower than it was entering the pandemic in February 2020 despite tight labor market conditions that pushed the unemployment rate to a record low 13 months previously.

- Labor force participation in California has been trending downwards for more than two decades because of the sheer numbers of the large Baby Boomer generation who are aging out of the labor market.
- Figure 7 shows the labor force participations rates (LFPRs) of working age Californians age 16 and over based on available 12-month average Current Population data from June 2023. Although actual participation rates vary from month-to-month and year-to-year, they tend not to vary by much. The basic structure and contours of labor force participation by age has remained constant over time. Teens (age 16 to 19) have low labor force participation rates overall, but their participation rises rapidly around the time most complete high school. Labor force participation remains comparatively low for youths age 20 to 24 overall but continues to rise as they get older. By age 25, after most individuals have completed schooling and have begun their careers and forming households, labor force participation typically nears 80 percent and remains at or near that level through age 54. For this reason, the years 25 through 54 are typically referred to as prime working. Participation begins to tail off around age 55, but particularly for those in their 60s. The labor force participation rates of Californians over the age of 75 were consistently at around 10 percent or below in June 2023. This general pattern of labor participation serves as a template of the work like cycle.
- It is possible to correlate comparatively steep drops in labor participation amongst those 55 and older to retirement income eligibility requirements. At age 59 1/2, individuals become eligible to receive penalty-free disbursements from their individual retirement accounts. At age 62, individuals become eligible to receive discounted social security. Depending on year of birth, full social security benefits become available at age 65 to 67, and benefits max out at age 70.

FIGURE 7



Source: U.S. Census Bureau; Employment Development Department

- Using the labor force participation by age template as a backdrop, Baby Boomers refer to the large generation of individuals who were born in the years immediately following World War II from 1946 through 1964. In 2000, when labor force participation was at or near its peak in California, Baby Boomers were age 36 to 54, or in their prime working age years. According to population by age estimates from the California Department of Finance, they numbered nearly 9.4 million and comprised over one-third (36.3 percent) of working age Californians.
- By 2010, Baby Boomers numbered 9,320,000 and they comprised 30.7 percent of California’s working age population. They were 46 to 64 years old, with the oldest of them advancing into their retirement years but most still of an age when labor force participation remains high. The June 2023 CPS data show that the LFPRs of those age 46 to 64 typically fall from around 80 percent to below 50 percent.
- By 2020, Baby Boomers numbered 8,032,000. Although their population had declined over the decade, they still comprised one-quarter (25.6 percent) of California’s working age population. However, they were 56 to 74 years old, with most passing through the ages in which labor force participation tends to drop steeply. In June 2023, the LFPRs of those age 56 and 74 fell from 75.3 and 19.3 percent, respectively. By 2023, Baby Boomers were between the ages 59 to 77, with even more of them entering the lowest participation years of the typical work life cycle. In June 2023, the LFPRs of those age 59 and 77 fell from 68.9 to 10.1 percent, respectively.

- The California Department of Finance projects that the Baby Boom generation will number 6,592,000 in 2030 and they will comprise one-fifth (20.4 percent) of California’s working age population. However, they will be between the ages of 66 and 84 when, according to the June 2023 CPS data, LFPRs by age fall from 35.6 percent to below 5 percent.
- A CPS-based analysis of the labor force participation trends of youth (16 to 24), prime working age Californians (25 to 54), and aging Baby Boomers from June 2019, or before the pandemic, through June 2023, or after the full recover), revealed that labor force participation rate amongst youths ticked up from 49.6 percent to 49.7 percent over the period. The LFPR of prime working Californians increased by even more over the period, from 80.9 percent to 81.5 percent. The LFPR of those not captured in this categorization also rose. In sharp contrast, the LFPR of the aging Baby Boomer generation fell from 49.8 percent in June 2019 to 39.1 percent in June 2023, a decrease of 10.7 percentage points.
- In number, the Baby Boomer population fell by 694,000 over the four-year period from June 2019 through June 2023 through attrition and, perhaps, an out-migration of fixed income retirees moving to places with a lower cost of living than California’s. Even more Baby Boomers (1,106,000) left the labor force over this four-year period, suggesting that retirements among Baby Boomers increased by 412,000. Although the pandemic may have boosted this number, Baby Boomers are naturally aging out of the labor market.

Demand and Growth Industries

- Demand industries within the economy are identifiable by determining which industries added the most jobs over a specified time period. However, it is inherently difficult to identify emerging industries under the existing North American Industry Classification System (NAICS). Essentially an industry must already have emerged to receive its own unique NAICS classification. As a result of this limitation, this section identifies the 40 fastest growing industries in California over the five-year period. This list includes those California industries that added more than 6,600 jobs and those industries that grew by 12.2 percent or more. A five-year comparison was chosen to filter out pandemic-induced effects—namely the job losses associated with the shutdown and job growth rates of many industries during the recovery.

TABLE 9

California's Fastest Growing Industries Over the Last Five Years

September 2018-September 2023; Not Seasonally Adjusted Data

<u>Industries That Added the Most Jobs</u> (Five-Year Change in Number)	<u>Jobs Gained</u>	<u>Industries That Grew the fastest</u> (Five-Year Change in Percent)	<u>Percent Change</u>
Total Nonfarm Jobs	880,700	Total Nonfarm Jobs	5.1%
Individual and Family Services	191,900	Motor Vehicle Manufacturing	82.2%
Warehousing and Storage	108,900	Warehousing and Storage	72.3%
Limited-Service Restaurants	68,400	Computing Infrastructure, Data Processing, Web Hosting, and Related Svcs.	53.3%
Scientific Research and Development Services	51,900	Facilities Support Services	48.7%
Couriers and Messengers	44,900	Couriers and Messengers	48.4%
Outpatient Care Centers	34,800	Independent Artists, Writers, and Performers	45.1%
Building Equipment Contractors	31,700	Community Food and Housing, Emergency, and Other Relief Svcs.	43.8%
Accounting, Tax Preparation, and Bookkeeping Svcs.	31,100	Scientific Research and Development Services	36.5%
Management, Scientific, and Technical Consulting Svcs.	30,700	Performing Arts Companies	32.9%
Services to Buildings and Dwellings	28,400	Other Private School and Instruction	31.1%
Offices of Other Health Practitioners	27,600	Individual and Family Services	28.4%
Offices of Physicians	26,600	Offices of Other Health Practitioners	27.9%
State Government Excluding Education	26,100	Home Health Care Services	26.2%
Computing Infrastructure, Data Processing, Web Hosting, and Related Svcs.	25,900	Software Publishers	26.2%
Home Health Care Services	24,000	Social Advocacy Organizations	25.9%
Software Publishers	23,700	Accounting, Tax Preparation, and Bookkeeping Svcs.	25.1%
Architectural, Engineering, and Related Service	22,200	Medical and Diagnostic Laboratories	24.5%
Other Private School and Instruction	21,500	Support Activities for Road Transportation	20.1%
Computer Systems Design and Related Services	20,800	Other Heavy and Civil Engineering Construction	20.0%
Investigation and Security Services	18,300	General Freight Trucking	19.5%
General Freight Trucking	17,600	Specialty (ex. Psychiatric and Substance Abuse) Hospitals	17.6%
Warehouse Clubs, Supercenters, and Other General Merchandise Retailers	16,600	Other Professional, Scientific, and Technical Svcs.	17.6%
Motor Vehicle Manufacturing	16,200	Navigational, Measuring, Electromedical, and Control Instruments Mfg.	17.5%
Navigational, Measuring, Electromedical, and Control Instruments Mfg.	15,100	Residential Intellectual and Dev. Disability, Mental Health, and Substance Abuse Facilities	17.1%
Grocery and Convenience Retailers	14,200	Electronic Computer Manufacturing	16.9%
Other Professional, Scientific, and Technical Svcs.	13,300	Media Streaming Distribution Svcs., Social Networks, and Other Media Networks and Content Providers.	16.4%
Personal Care Services	12,800	Outpatient Care Centers	16.1%
Media Streaming Distribution Svcs., Social Networks, and Other Media networks and Content Providers	11,200	Management, Scientific, and Technical Consulting Svcs.	15.1%
Electronic Computer Manufacturing	11,100	Other Ambulatory Health Care Services	15.1%
Residential Intellectual and Dev. Disability, Mental Health, and Substance Abuse Facilities	9,400	Personal Care Services	15.0%
Community Food and Housing, Emergency, and Other Relief Svcs.	9,200	Amusement Parks and Arcades	15.0%

Medical and Diagnostic Laboratories	8,900	Offices of Real Estate Agents and Brokers	15.0%
Legal Services	8,700	Specialized Design Services	14.8%
General Medical and Surgical Hospitals	8,600	Freight Transportation Arrangement	14.4%
Residential Building Construction	7,800	Natural Gas Distribution	14.2%
Offices of Real Estate Agents and Brokers	7,600	Grantmaking and Giving Services	13.3%
Amusement Parks and Arcades	7,400	Building Equipment Contractors	13.2%
Social Advocacy Organizations	7,000	Lessors of Nonfinancial Intangible Assets	13.0%
Other Specialty Trade Contractors	6,900	Industrial Machinery Manufacturing	12.5%
Nonresidential Building Construction	6,600	Architectural, Engineering, and Related Services	12.2%

Source: Employment Development Department

- The three industries that added the most jobs over the September 2018-September 2023 period were: individual and family services, which includes in-home health supportive services jobs, warehousing and storage, and limited-service restaurants. These industries are characterized by comparatively low skill and low wage jobs. Although warehousing and storage, and individual and family services were among California's fastest growing industries over the September 2018-September 2023 period, limited-service restaurants were not, but their 10.0 percent job gain was nevertheless about double that of overall total nonfarm employment.
- Nine of the 40 California industries that added the most jobs from September 2018-September 2023 period were in the high-technology-oriented information sector, and professional, scientific, and technical services and durable goods manufacturing sector. These tend to be high-skill and high-paying jobs. Eleven industries in these technology-centric sectors were among California's 40 fastest growing industries, including motor vehicle manufacturing, and more particularly, zero emission vehicle manufacturing, which was the fastest growing of all California industries.
- Seven of 40 California industries that added the most jobs over the last five years were health care industries and three additional ones were social assistance industries. Seven health care industries and three social assistance industries were also among California's fastest growing.
- Four of California's fastest growing industries over the last five years had a trade and logistics orientation. Although only two such industries were among the industries that added the most jobs, one of them was warehousing and storage, which added the second largest number of jobs over the five-year period.
- Looking forward, industries in health care and social assistance, one of California's long-term growth sectors, should continue to grow as the population ages. Elder care such as In-home health care services, nursing, and assisted living should be in high demand as the large Baby Boomer generation ages into their advanced years.
- Employment in California's high technology industries should continue to grow, particularly as the next wave of artificial intelligence-oriented innovation becomes well-established. Strong defense spending and the nation's emerging industrial policy, including the CHIPS and Science Act of 2022 should provide a further boost to California's high technology and advanced manufacturing sector.
- California's international trade and logistics industries should continue to provide employment opportunities provided American consumers continue to spend since most imported goods from Asia flow through Californian ports. The shift to online shopping

and home delivery should further boost employment in this segment of the economy, even if the shift has prompted restructuring within the wholesale trade subsector.

- Conditions appear to be ripe for employment in California’s construction industry to expand. Not only does California have a long-term structural deficit in its housing stock, but the state has aggressively implemented a package of measures and initiatives to streamline and incentivize the construction of affordable housing units, including accessory dwelling units, or ADUs. Funds from the federal Infrastructure Investment and Jobs Act that was passed in November 2021, continued spending on high-speed rail, and the conversion of office space left vacant by the expansion of remote work to more mixed uses should further boost the demand for construction jobs in California in the years to come.
- Although impossible to quantify under the existing industry job classification systems, California’s ambitious environmental goals and initiatives, as well as those contained in the federal Inflation Reduction Act of 2022, should continue to spur the development and application of carbon-neutral and environmentally sensitive technologies. “Green” jobs, for lack of a better term, should be an important source of employment growth in California over the years to come.
- Finally, California’s travel and tourism industry was virtually shut down in the initial stages of the pandemic but came roaring back to life over the course of the recovery and expansion. Domestic travel in and to California led this recovery. International travel, particularly from China but from all of Asia more generally, has been slower to recover. Although pent up demand for domestic travel may subside some, international travel to California should continue to rebound over the next few years, suggesting that California’s job growth in leisure and hospitality should remain strong over the next few years.

Union Affiliation by Industry and Occupation

- According to 12-month average data from the U.S. Census Bureau’s Current Population Survey (CPS) of households, 2.5 million California workers were members of a union in September 2023. They comprised 15.4 percent of California’s nearly 16.3 million wage and salary workers. In contrast, monthly CPS data from September 2023 show that 10.5 percent of wage and salary workers nationally were members of a union..⁹

TABLE 10

Union Membership by Major Industry Sector in California: September 2023

(12-Month Average Current Population Survey; Percent of Workers in Sector Who Were Members of a Union)

<u>Industry Sector</u>	<u>Share (%) of Workers</u>
------------------------	-----------------------------

⁹ The nation’s Current Population Survey is large enough to enable statistically valid single month estimates, but California’s is not. Twelve-month averaging is necessary to make California’s CPS-based estimates statistically robust.

Total, All Industries	15.4%
Government, Total	50.4%
Local Government	56.4%
State Government	47.5%
Federal Government	31.6%
Private Sector, All Sectors	9.1%
Educational and Health Services	17.0%
Transportation and Utilities	16.9%
Construction	16.4%
Information	10.8%
Agriculture, Forestry, Fishing, and Hunting	9.2%
Wholesale and Retail Trade	7.0%
Leisure and Hospitality	6.0%
Manufacturing	5.3%
Other Services	4.0%
Professional and Business Services	3.7%
Financial Activities	2.9%
Mining ¹	--

1) California's mining sector is too small to meet minimum reporting standards.
Source: U.S. Census Bureau; Employment Development Department

- Close to half (45.9 percent) of all union members in California worked in the public sector in September 2023. Government also had the highest rate of union affiliation, with half (50.4 percent) of all government workers being members of a union. Local government workers (56.4 percent) had the highest share of union membership, followed by state government workers (47.5 percent), and federal workers (31.6 percent).
- In contrast, just one out of every 11 (9.1 percent) wage and salary workers in California's private sector was a member of a union. Educational and health services (17.0 percent) was the major industry sector with the highest share of union members in its workforce, followed closely by transportation and utilities (16.9 percent), and construction (16.4 percent). Information (10.8 percent) was the only other California industry sector whose workforce had a union membership share above 10.4 percent. Professional and business services (3.7 percent) and financial activities (2.9 percent) were the sectors with the lowest share of union members in their workforce.
- An analysis of 12-month average California CPS data in September 2023 revealed that the highest rate of union membership at the occupational group level was in healthcare practitioner and technical occupations (26.0 percent). Education, training, and library occupations (18.7 percent); construction and extraction occupations (18.7 percent); and arts, design, entertainment, sports, and media occupations (18.5 percent) also had comparatively high rates of union membership.
- Six additional occupational groups had workforces with more than 10.0 percent union membership: installation, maintenance, and repair occupations (14.4 percent); farming, fishing, and forestry occupations (14.0 percent); transportation and material moving occupations (13.0 percent); protective services (12.5 percent); community and social

services occupations (11.7 percent); and building and grounds cleaning and maintenance occupations (10.5 percent).

- At the opposite end of the spectrum, computer and mathematical science occupations (2.5 percent), business and financial operations occupations (1.6 percent), and personal care and services occupations (1.4 percent) had the lowest union membership.
- A detailed comparison of the earnings of union and non-union members in major California industry sectors is beyond the scope of this report. That said, the BLS estimated that at the national level, the median weekly earnings of full-time wage and salary union members was \$1,216 in 2022, compared to \$1,029 for non-union members. The median weekly earnings of union members were \$187, or 18.2 percent, higher than those of nonunion workers.¹⁰

Future Job Growth Projections

Industry Employment Projections

Information about future labor market trends is critical for developing programs that help meet employers' needs and help residents secure a job, obtain a better job, and create an upward career pathway. The Department of Labor's (DOL) Bureau of Labor Statistics (BLS) provides national industry and occupational employment projections. The Employment Development Department's Labor Market Information Division (LMID) translates the national employment projections into state and metropolitan area projections.

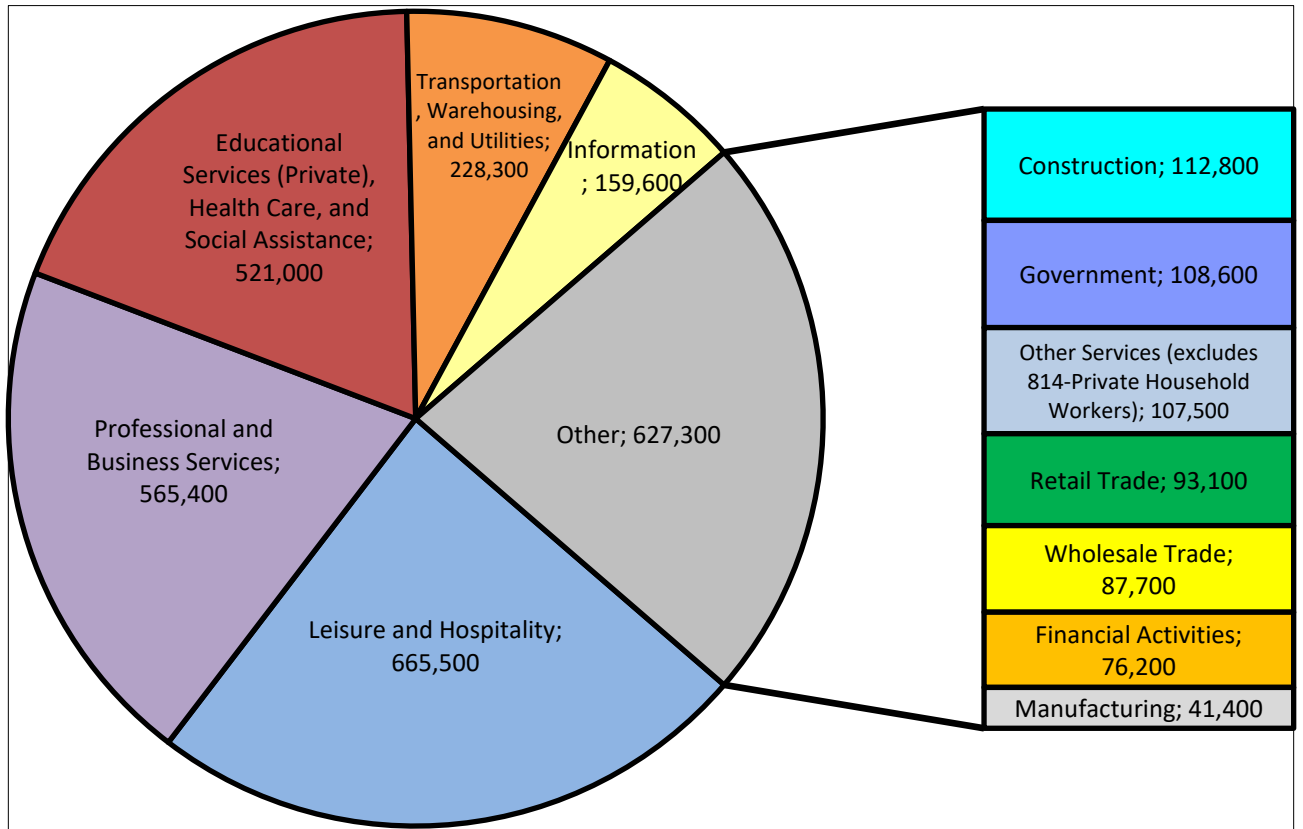
- The 2020-2030 employment projections are expected to grow significantly faster than previous projection periods due to the COVID-19 pandemic. This expectation is primarily informed by the low base-year employment for 2020 that was the result of the COVID-19 response effort and the subsequent recovery from the pandemic-induced 2020 recession. As such, the projected growth reflects pandemic recovery plus normal growth, making for larger-than-normal total gains.
- Total industry employment in California, which includes self-employment, private household workers, farm employment, and nonfarm employment, is expected to reach 20,629,600 jobs by 2030, an increase of 16.0 percent during the 10-year projection period. Total nonfarm employment is projected to grow by 2,763,600 jobs during this period. Sixty-three percent of projected nonfarm growth is concentrated in three sectors: leisure and hospitality; professional and business services; and educational services (private), health care, and social assistance.
- Leisure and hospitality is projected to have the largest job growth for the 2020-2030 projection period with 665,500 jobs, which account for 24.1 percent of the projected nonfarm employment growth (see Figure 8). The following subsectors within the leisure and hospitality industry sector are projected to have the largest job gains:
 - Food services and drinking places (475,500)
 - Amusement, gambling, and recreation industries (96,800)
 - Accommodation (56,400)

¹⁰ A more detailed breakdown of median weekly earnings of full-time wage and salary workers by union affiliation in the United States in 2019 by industry and occupation may be found here: <https://www.bls.gov/news.release/pdf/union2.pdf>.

- The leisure and hospitality industry sector is also expected to be the fastest growing industry sector with a projected growth rate of 44.8 percent (see Figure 9). This industry suffered significant job losses due to the COVID-19 pandemic. Projected growth is attributable to the industry returning to pre-pandemic employment levels.
- The top 25 industry groups that are expected to generate the most employment are projected to gain 1,742,200 jobs during the 2020-2030 projection period (see Table 11).
- Eight of the top 25 industry groups projected to generate the most employment are within the professional and business services sector. They are expected to generate 479,200 jobs during the 10-year projection period.
- The restaurants and other eating places industry is expected to gain the largest number of jobs with a projected employment growth of 430,100 jobs during the 10-year projection period.
- The projected top 25 fastest growing industry groups are estimated to grow by a combined 1,337,600 jobs during the 2020-2030 projection period (see Table 12).
- Nine of the top 25 projected fastest growing industry groups are within the leisure and hospitality sector.
- During this 10-year period, the top 25 industry groups with the largest percentage growth are expected to range from 130.0 percent for amusement parks and arcades to 28.7 percent for scientific research and development services.

FIGURE 8

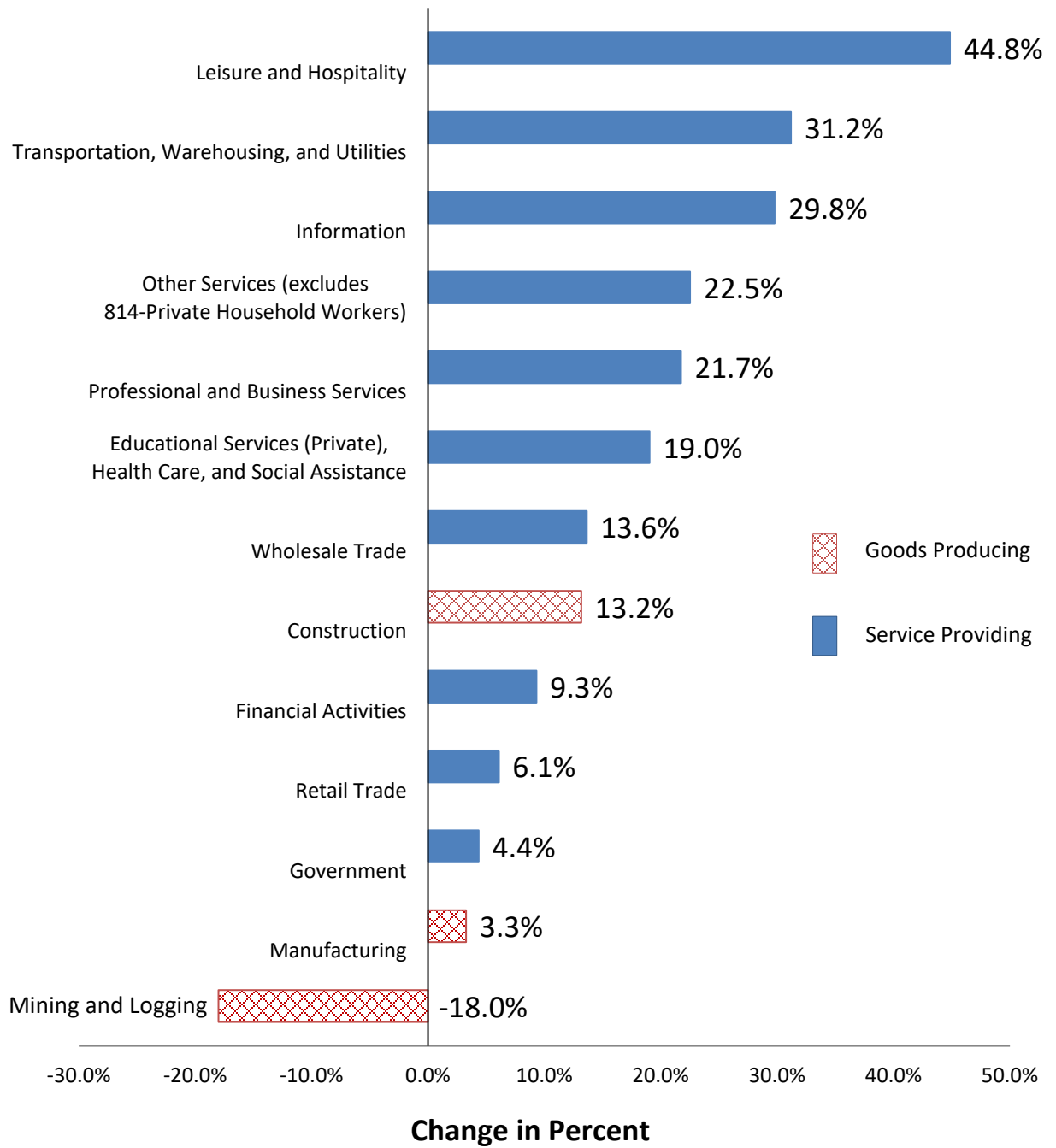
Projected Job Growth by Nonfarm Industry Sector Between 2020-2030



Source: Employment Development Department

FIGURE 9

Projected Employment Percent Change by Nonfarm Industry Sectors Between 2020-2030



Source: Employment Development Department

TABLE 11
California Nonfarm Industry Groups with the Largest Projected Job Growth (2020-2030)

Industry Title	Projected 2020-2030 Job Growth
Restaurants and Other Eating Places	430,100
Individual and Family Services	194,700
Employment Services	149,400
Computer Systems Design and Related Services	110,800
Warehousing and Storage	105,600
Other Information Services	72,000
Other Amusement and Recreation Industries	59,300
Management, Scientific, and Technical Consulting Services	50,200
Scientific Research and Development Services	45,700
Outpatient Care Centers	44,000
Personal Care Services	42,700
Grocery Stores	39,700
Software Publishers	37,400
General Freight Trucking	36,100
Building Equipment Contractors	34,500
Services to Buildings and Dwellings	33,300
Architectural, Engineering, and Related Services	32,800
Investigation and Security Services	31,100
Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	29,600
Amusement Parks and Arcades	29,500
Motion Picture and Video Industries	29,400
Home Health Care Services	27,300
Management of Companies and Enterprises	25,900
Data Processing, Hosting, and Related Services	25,800
Special Food Services	25,300
Total	1,742,200

Source: Employment Development Department

TABLE 12
California Nonfarm Industry Groups with the Fastest Projected Job Growth (2020-2030)

Industry Title	Projected 2020-2030 Job Growth (Percent)	Projected 2020- 2030 Job Growth
Amusement Parks and Arcades	130.0%	29,500
Drinking Places (Alcoholic Beverages)	116.3%	20,000
Gambling Industries	97.6%	8,000
Personal Care Services	75.7%	42,700
Spectator Sports	65.7%	7,100
Performing Arts Companies	64.6%	6,200
Other Amusement and Recreation Industries	58.4%	59,300
Special Food Services	56.7%	25,300
Other Information Services	55.7%	72,000
Warehousing and Storage	54.3%	105,600
Motor Vehicle Manufacturing	50.8%	9,100
Electronic Shopping and Mail-Order Houses	47.6%	23,900
Data Processing, Hosting, and Related Services	47.0%	25,800
Other Personal Services	44.9%	16,600
Restaurants and Other Eating Places	40.6%	430,100
Other Schools and Instruction	39.9%	24,200
General Freight Trucking	38.0%	36,100
Software Publishers	36.0%	37,400
Museums, Historical Sites, and Similar Institutions	35.8%	5,700
Civic and Social Organizations	35.5%	10,300
Employment Services	34.7%	149,400
Computer Systems Design and Related Services	32.7%	110,800
Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	30.5%	29,600
Community Food and Housing, and Emergency and Other Relief Services	30.1%	7,200
Scientific Research and Development Services	28.7%	45,700
Total	-	1,337,600

Source: Employment Development Department

Middle-Skill Occupations Employment Projections

- Middle-skilled occupations are those that require more than a high school education but less than a four-year degree. The top 25 middle-skilled occupations (see Table 13) are expected to generate 1,672,670 total job openings during the 2020-2030 period. These openings include approximately 614,890 due to those exiting the labor force, 840,780 transferring to a different occupation, and 217,000 due to job growth.
- Heavy and tractor-trailer truck drivers top the list with 280,150 total projected job openings during the 2020-2030 period.
- Nine of the top 25 occupations are in a health care-related field and are expected to generate 512,260 total job openings during the ten-year period.
- Median annual wages range from \$31,598 for manicurists and pedicurists to \$103,019 for dental hygienists.
- Sixteen out of the top 25 middle-skill occupations are at or above the median hourly and median annual wage for all occupations in California. The median hourly wage for all occupations in California was \$23.97 and the median annual wage for all occupations in California was \$49,858 for the first quarter of 2022.

TABLE 13

California’s Top 25 Middle-Skilled Occupations with the Most Job Openings (2020-2030)

For the table below, middle-skilled occupations are defined as occupations that require some college, a postsecondary non-degree award, or an associate’s degree as defined by education levels provided by the BLS.

SOC Code*	Occupational Title	Exits [1]	Transfers [2]	Numeric Change [3]	Total Projected Job Openings [4]	Median Hourly Wages [5]	Median Annual Wages [5]
53-3032	Heavy and Tractor-Trailer Truck Drivers	87,180	144,370	48,600	280,150	\$24.76	\$51,496
43-3031	Bookkeeping, Accounting, and Auditing Clerks	110,380	96,180	8,100	214,660	\$23.99	\$49,900
25-9045	Teaching Assistants, Except Postsecondary	64,260	67,130	12,700	144,090	N/A	\$38,642
31-9092	Medical Assistants	42,870	78,090	19,000	139,960	\$19.88	\$41,342
31-1131	Nursing Assistants	66,370	58,700	12,700	137,770	\$19.19	\$39,924
25-2011	Preschool Teachers, Except Special Education	25,910	36,870	12,600	75,380	\$18.47	\$38,415
29-2061	Licensed Practical and Licensed Vocational Nurses	26,280	32,530	11,100	69,910	\$30.69	\$63,817
49-3023	Automotive Service Technicians and Mechanics	20,240	46,210	2,600	69,050	\$25.21	\$52,428
39-5092	Manicurists and Pedicurists	22,300	23,200	22,900	68,400	\$15.19	\$31,598
31-9091	Dental Assistants	21,750	33,560	9,100	64,410	\$24.16	\$50,254
15-1232	Computer User Support Specialists	13,400	37,760	9,500	60,660	\$31.31	\$65,122
39-5012	Hairdressers, Hairstylists, and Cosmetologists	17,560	18,420	13,500	49,480	\$15.53	\$32,312
23-2011	Paralegals and Legal Assistants	14,940	26,060	5,500	46,500	\$31.57	\$65,651
49-9021	Heating, Air Conditioning, and Refrigeration Mechanics and Installers	9,550	25,410	4,800	39,760	\$29.69	\$61,738
31-9011	Massage Therapists	10,170	9,060	7,600	26,830	\$24.39	\$50,734
33-2011	Firefighters	6,110	14,310	1,100	21,520	\$39.80	\$82,769
49-2022	Telecommunications Equipment Installers and Repairers, Except Line Installers	6,460	14,230	700	21,390	\$30.80	\$64,073
29-1292	Dental Hygienists	8,950	6,250	4,900	20,100	\$49.53	\$103,019
43-4151	Order Clerks	8,510	12,580	-1,800	19,290	\$19.23	\$39,980
29-2040	Emergency Medical Technicians and Paramedics	4,480	11,180	3,300	18,960	N/A	N/A
17-3023	Electrical and Electronics Engineering Technicians	5,860	11,980	1,100	18,940	\$36.79	\$76,529
31-9097	Phlebotomists	5,910	10,010	2,900	18,820	\$24.14	\$50,190
17-3011	Architectural and Civil Drafters	4,660	9,640	1,800	16,100	\$30.79	\$64,045
29-2034	Radiologic Technologists	5,240	8,260	2,000	15,500	\$47.80	\$99,414
43-4161	Human Resources Assistants, Except Payroll and Timekeeping	5,550	8,790	700	15,040	\$23.79	\$49,504
-	Total	614,890	840,780	217,000	1,672,670	-	-

Source: Employment Development Department

Notes:

Excludes “All Other” categories. These are residual codes that do not represent a detailed occupation.

*The Standard Occupational Classification (SOC) system is used by government agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.

[1] Exits are the projected number of workers leaving an occupation and exiting the labor force entirely. Labor force exits are more common at older ages as workers retire, but can occur at any age. Labor force exits are not necessarily permanent exits from the labor force; for example, some workers exit the labor force to pursue additional education with the intention of returning to the labor force. They do represent permanent separations from an occupation.

[2] Transfers are the projected number of workers leaving an occupation and transferring to a different occupation. Transfers represent permanent separations from an occupation, not temporary movements where the worker is expected to return to the same occupation in the future.

[3] Numeric change measures the projected number of job gains or losses in an occupation for the projection period.

[4] Total job openings are the sum of exits, transfers, and numeric change.

[5] Median hourly and annual wages are the estimated 50th percentile of the distribution of wages; 50 percent of workers in an occupation earn wages below, and 50 percent earn wages above the median wage. The wages are from 2022 first quarter and do not include self-employed or unpaid family workers. An estimate could not be provided for wages listed as N/A.

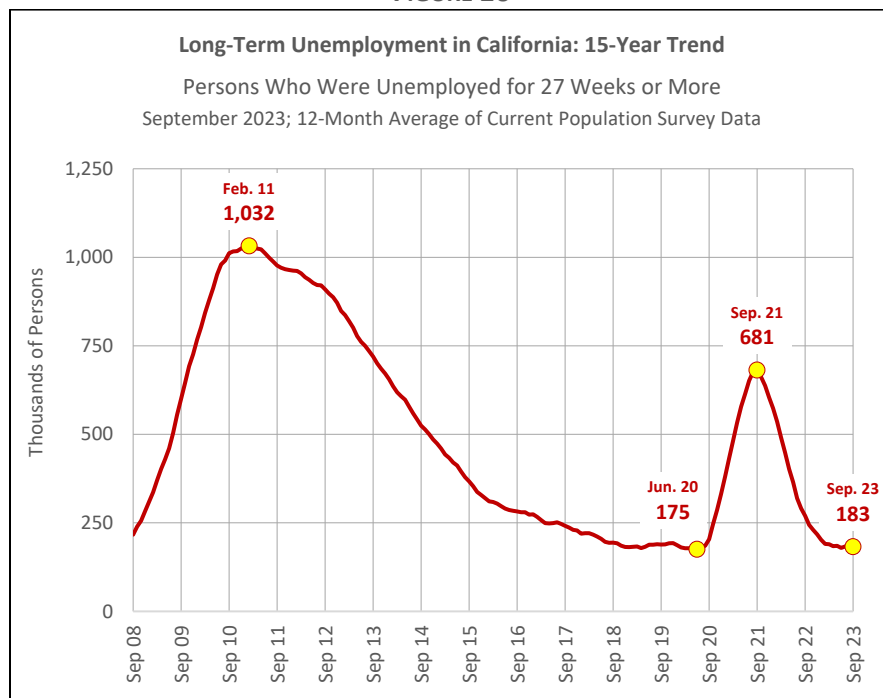
Economic Inequality

Previous sections of this report have discussed differing patterns of unemployment and labor force participation amongst demographic groups in California. This section discusses additional aspects of economic inequality.

Long-Term Unemployment

- Long-term unemployment is defined as any duration of unemployment that lasts 27 months or more. According to 12-month average CPS data which lag monthly estimates, there were 860,000 unemployed Californians in September 2023, just over one-fifth (21.3 percent) of whom had been unemployed long-term.

FIGURE 10



Source: U.S. Census Bureau; Employment Department

- The incidence of long-term unemployment is closely associated with the business cycle, rising steeply during economic downturns, and falling during expansions as slack is winnowed from the labor market. The longer an economic downturn lasts or weakness in the economy persists, the more of a problem long-term unemployment becomes.
- Prior to the pandemic, the number of long-term unemployed bottomed out at 175,000 persons in June 2020 during California’s February 2010–February 2020 expansion. Their number shot up during the pandemic, increasing nearly fourfold to a peak of 681,000 persons in September 2021, then fell steadily and rapidly over the course of California’s recovery and expansion. The number of long-term unemployed in California was just 12,000 persons higher than the pre-pandemic low.
- As large as the pandemic-induced increase in long-term unemployment was, it paled in comparison to the increase during the Great Recession, when long-term unemployment peaked at 1,032,000 in February 2011 and it took five years or more to get back to pre-recession. The key difference between these two business cycles was that the pandemic was an external shock to the labor market. Its disruptive effects on the labor market were severe, but short-lived in duration. In contrast, the imbalances that caused the Great Recession came from within the economy itself and it took much longer for the labor market to heal and recover. Accordingly, long-term unemployment was much more of a problem during the Great Recession.
- One final thing to note is that long-term unemployment as a share of total unemployment also rises and falls with the state of the economy. When long-term unemployment peaked in February 2011, close to half (46.7 percent) of all unemployed Californians had been unemployed for 27 weeks or more. Similarly, the long-term unemployed comprised 44.5 percent of all unemployed persons during the September 2021 peak. In contrast, the share of long-term unemployment as a percent of total unemployment was just 13.1 percent in June 2020 and 21.3 percent--and falling-- in September 2023.
- Unfortunately, the comparatively small sample size of the Current Population Survey precludes a detailed analysis of the characteristics of long-term unemployed Californians in September 2023. However, past research by EDD suggests that younger workers and less well-educated workers appear to have comprised a disproportionately high share of total long-term unemployment. This makes intuitive sense. Employers are typically reluctant to let go of their more experienced, educated, and skilled employees in times economic stress, doing so only if they have no other choice. This same pool of workers is typically the first to be rehired when the economy rebounds. In contrast, inexperienced workers and those with undifferentiated or low skill sets as a group are typically the first to be let go during an economic downturn and the last to be rehired when the economy improves.

Industry Wages

- Average monthly employment and average weekly pay data for California industries for the first quarter of 2019 are available from the Quarterly Census of Employment and Wages (QCEW). This section compares average weekly pay in major industry sectors and subsectors, or two-digit NAICS industries. The health care and social assistance

subsector has been further subdivided into health care and social assistance components because of their large discrepancy in pay. High, middle, and low paying jobs are loosely defined with respect to the average weekly pay total for all industries and what seem to be natural break points in the data. Subsector data are provided because major industry sectors such as professional and business services and educational and health services have jobs in a mix of pay ranges.

- Information (\$4,604 weekly; \$239,408 yearly) had the highest average pay among major industry sectors in California in the first quarter of 2023, followed by financial activities (\$3,326 weekly; \$172,952 yearly), mining and logging (\$2,459 weekly; \$127,872 yearly); professional and business services (\$2,373 weekly; \$123,396 yearly), and manufacturing (\$2,361 weekly; \$122,772 yearly).

TABLE 14

Average Weekly and Annual Pay in California Industry Sectors and Subsectors: First Quarter of 2023

(Quarterly Census of Employment and Wages Data)

Major Industry Sector	Average Weekly Pay	Annual Equivalent	Industry Subsectors	Average Weekly Pay	Annual Equivalent
Total, all industries	\$1,737	\$90,324	<u>Highest Pay</u>		
<u>Highest Pay</u>			Finance and Insurance	\$4,237	\$220,324
Information	\$4,604	\$239,408	Utilities	\$4,119	\$214,188
Financial Activities	\$3,326	\$172,952	Management of Companies and Enterprises	\$3,604	\$187,408
Mining and Logging	\$2,459	\$127,872	Professional, Scientific, Technical Svcs.	\$3,066	\$159,432
Professional and Business Services	\$2,373	\$123,396	Durable Goods Manufacturing	\$2,740	\$142,493
Manufacturing	\$2,361	\$122,772	<u>Middle Pay</u>		
<u>Middle Pay</u>			State Government	\$2,084	\$108,368
Government	\$1,726	\$89,728	Wholesale Trade	\$2,027	\$105,404
Construction	\$1,599	\$83,148	Federal Government	\$1,950	\$101,400
Trade, Transportation, and Utilities	\$1,336	\$69,472	Real Estate and Rental and Leasing	\$1,763	\$91,676
Education and Health Services	\$1,206	\$62,712	Nondurable Goods Manufacturing	\$1,642	\$85,385
<u>Lowest Pay</u>			Local Government	\$1,595	\$82,940
Other Services	\$1,025	\$53,300	Health Care	\$1,568	\$81,557
Agriculture, Forestry, Fishing & Hunting	\$789	\$41,014	Transportation and Warehousing	\$1,368	\$71,136
Leisure and Hospitality	\$723	\$37,596	Educational Services	\$1,230	\$63,960
			Administrative, Support, Waste Svcs.	\$1,229	\$63,908
			Arts, Entertainment, and Recreation	\$1,201	\$62,452
			<u>Lowest Pay</u>		
			Retail Trade	\$924	\$48,048
			Accommodation and Food Services	\$631	\$32,812
			Social Assistance	\$534	\$27,768

Source: Employment Development Department

- Within the professional and business services sector, the management of companies and enterprises and professional, scientific, and technical services subsectors were among California’s highest paying sectors and subsectors. However, its administrative and support and waste services subsector was among California’s middle paying sectors and subsectors, with average that was only two-fifths that of professional, scientific, and technical services. This subsector accounted for two-fifths (40.3 percent) of all professional and business services jobs.
- Within the financial activities sector, the finance and insurance subsector was one of California’s two highest paying sectors and subsectors, but the real estate and rental and leasing sector was among the middle-paying industry sectors and subsectors.
- Similarly, within manufacturing, the durable goods manufacturing subsector was among California’s higher paying sectors and subsectors, but average pay in nondurable goods manufacturing was in about \$1,000 per week lessor (\$57,000 less on a yearly basis).
- The government and construction sectors along with the trade, transportation, and utilities sector and the educational and health services sector were classified as middle pay range industry sectors. However, there were differences in pay in some subsectors.

- Within the trade, transportation, and utilities sector, utilities ranked amongst the highest average pay among sectors and subsectors. Wholesale trade and transportation and warehousing fell in the middle pay range, with average pay in wholesale above the average for all industries and the average pay in transportation and warehousing falling below. In contrast, the retail trade subsector was among California’s lowest pay sectors and subsectors.
- Within the educational and health services sector, health care fell within the middle average pay range sectors and educational services fell towards the lower end of middle pay subsectors. Social assistance had the lowest pay of any sector or subsector.
- The other services sector, agriculture, forestry, fishing, and hunting sector and the leisure and hospitality sector all had the lowest average weekly pay among California sectors in the first quarter of 2023.
- According to first quarter of 2023 employment totals from the Quarterly Census of Employment and Wages (QCEW), 3.7 million of California’s 17.7 million jobs were in high paying industry sectors and subsectors. These high paying sectors accounted for just over one-fifth (21.0 percent) of all California’s jobs.
- Four-fifths (79.0 percent) of California’s jobs were in middle pay and lowest pay sectors and subsectors. Half (50.7 percent) of California’s jobs were in middle average pay sectors and subsectors as defined in this report. Nearly three out of 10 (28.2 percent) of California’s jobs were in the lowest paying industry sectors and subsectors. These shares are sensitive to how industry pay categories are defined. If the lowest paying category was expanded to include subsectors with average pay weekly pay of less than \$1,250 per week, or \$65,000 yearly, the middle pay and lowest paying industry shares of all California’s jobs would be roughly equal—41.0 percent in middle pay sectors and subsectors and 38.1 percent in the lowest paying ones.

Wages and Employment by Major Occupational Group

- Occupational wage and employment estimates for California are calculated from an annual survey of approximately 34,000 California employers under the auspices of the Occupational Employment and Wage Statistics (OEWS) program. The most recent wage estimates are for the first quarter of 2023. The most recent occupational employment estimates are for May 2022.
- According to the OEWS, the median hourly wage for all occupations in California was \$24.73 in the first quarter of 2023. The mean annual wage for all occupations was \$75,737. Table 15 shows wage and employment estimates for 22 occupational groups in California. The occupational groups have been sorted into highest-paying, mid-range paying, and lowest-paying categories by what seem to be natural break points in the data for the purposes of this analysis.

TABLE 15

Wages and Employment by Occupational Group in California
 Wage Data for First Quarter 2023; Employment Estimates for May 2022
 (Occupational Employment and Wage Statistics (OEWS) Survey Results)

Occupational Title	50th Percentile (Median) Hourly Wage	Mean Annual Wage	May 2022 Employment Estimate
Total, All Occupations	\$24.73	\$75,737	17,635,840
<u>Highest Paying Occupational Groups</u>			
Legal Occupations	\$63.21	\$159,826	146,600
Management Occupations	\$63.90	\$158,200	1,273,760
Computer and Mathematical Occupations	\$64.25	\$149,192	695,480
Healthcare Practitioners and Technical Occupations	\$52.77	\$123,989	931,030
Architecture and Engineering Occupations	\$51.73	\$120,718	328,510
Arts, Design, Entertainment, Sports, and Media Occupations	\$38.35	\$111,455	381,100
Life, Physical, and Social Science Occupations	\$44.09	\$100,946	197,570
Business and Financial Operations Occupations	\$39.64	\$96,080	1,190,630
Educational Instruction and Library Occupations	\$31.51	\$78,796	1,002,210
Construction and Extraction Occupations	\$30.75	\$71,940	684,310
Community and Social Service Occupations	\$29.09	\$67,966	329,680
Protective Service Occupations	\$23.54	\$67,719	419,640
Installation, Maintenance, and Repair Occupations	\$29.50	\$65,466	538,900
Sales and Related Occupations	\$19.04	\$60,038	1,450,450
Office and Administrative Support Occupations	\$23.58	\$53,889	1,996,330
Production Occupations	\$21.20	\$50,720	822,790
Transportation and Material Moving Occupations	\$20.05	\$48,783	1,537,150
Personal Care and Service Occupations	\$17.57	\$43,982	341,300
Building and Grounds Cleaning and Maintenance Occupations	\$18.82	\$43,836	498,480
Healthcare Support Occupations	\$16.86	\$39,467	1,147,130
Food Preparation and Serving Related Occupations	\$17.39	\$38,903	1,499,090
Farming, Fishing, and Forestry Occupations	\$16.65	\$37,928	223,670

Source: Employment Development Department

- Median hourly wages in California’s eight highest paying occupational groups ranged from a low of \$38.35 in arts, design, entertainment, sports, and media occupations to a high of \$64.25 in computer and mathematical occupations. Employment in these eight occupational groups totaled 5.1 million jobs in May 2022, accounting for nearly three out of every 10 (29.1 percent) of all California’s jobs.
- Five occupational groups had median hourly wages of more than \$50. Employment in these occupational groups totaled nearly 3.4 million. As a group, these occupations accounted for nearly one-fifth (19.1 percent) of California jobs.
- Median hourly wages in California’s eight mid-range paying occupational groups ranged from a low of \$20.05 in transportation and material moving occupations to a high of \$31.51 in educational instruction and library occupations. Employment in these eight occupational groups totaled 7.3 million jobs, accounting for a little more than two-fifths (41.6 percent) of all California jobs. California’s mid-range paying occupational groups can be further subdivided into those with wages above the statewide median of \$24.73. Employment in the four middle pay occupational groups with wages above the statewide median totaled and the four with wages below it totaled nearly 2.6 and 4.8 million jobs, respectively. In May 2022. In other words, overall employment within the

occupational groups defined as having mid-range pay tended to skew lower than higher.

- Each of California's six lowest paying occupational groups had median hourly wages below \$20.00 in the first quarter of 2023, ranging from a low of \$16.65 in farming, fishing, and forestry occupations to a high of \$19.04 in sales and related industries. Employment in these lowest paying occupational groups totaled nearly 5.2 million jobs in May 2022. They accounted for nearly three out of every 10 (29.3 percent) of all California jobs were in these lowest paying occupations.
- Seven occupational groups had mean annual wages above \$100,000 in the first quarter of 2023. Employment in these occupations totaled nearly 4.0 million jobs in May 2022, accounting for 22.4 percent of all California's jobs. Mean annual wages in two occupational groups fell in the \$75,000 to 100,000 range. Employment in these two occupational groups totaled nearly 2.2 million, making up 12.4 percent of all jobs. Seven occupational groups had mean annual wages in the \$50,000 to \$75,000 range. Employment in these occupational groups totaled over 6.2 million, accounting for 35.4 percent of all jobs. Six occupational groups had mean annual wages below \$50,000. Employment in these occupations totaled 5.2 million, accounting 29.8 percent of all jobs. All told, occupations that paid less than \$75,000 accounted for nearly two-thirds (65.2 percent) of California's jobs in May 2022.

Differences in the Employment Patterns of Men and Women

- According to 12-month average Current Population Survey data from September 2023, women were most underrepresented in construction (10.6 percent), followed by mining (15.4 percent), utilities (20.8 percent), transportation and warehousing (25.1 percent), and durable goods manufacturing (27.0 percent). These industries possess a disproportionately male workforce and generally fall in the high-to-middle pay range.
- Women were most overrepresented in private households (90.0 percent), followed by health care and social assistance (74.2 percent), and educational services (66.9 percent). These industries possessed a disproportionately female workforce and generally fall in the middle-to-low pay range.
- Women were most underrepresented in installation, maintenance, and repair occupations (3.0 percent), followed by construction and extraction occupations (3.4 percent), protective service occupations (16.8 percent), architecture and engineering occupations (21.2 percent), and transportation and material moving occupations (21.5 percent). These occupational groups possessed a disproportionately male workforce and tended to fall in the middle pay range. The only exception was architecture and engineering occupations, which fell in the high pay range.
- Women were most overrepresented in health care support occupations (78.3 percent), personal care and service occupations (74.1 percent), healthcare practitioner and technical occupations (69.9 percent), education, training, and library occupations (69.3 percent), and community and social service occupations (69.0 percent). These occupational groups possess a disproportionately female workforce and span across the high, middle, and low pay ranges.

Educational Attainment and the Labor Market

- Educational attainment plays a key role in determining labor market outcomes. Unemployment rates tend to be strongly correlated with educational attainment. As a rule, groups with lower educational attainment are more susceptible to unemployment than are more highly educated groups. Unemployment rates tend to be progressively higher the lower one's educational attainment, and progressively lower the higher one's educational attainment. Those with lower educational attainment tend to cluster in low-wage and low-skill industry sectors and more highly educated persons cluster in higher paying and high-skill industries and occupations.
- Based on the 12-month average of Current Population Survey data ending September 2023 for Californians aged 25 and older¹¹, the range between the educational attainment groups with the highest and lowest unemployment rates was 3.0 percentage points. Unemployment was highest among those Californians age 25 and older who had not completed high school (5.7 percent) and lowest among those who held an advanced degree (2.7 percent).

Industry Employment

- About one-third (32.7 percent) of working Californians over the age of 25 had either not completed high school or had a high school diploma only. These workers were clustered in six industry sectors. Construction (13.5 percent) employed the largest share of workers with a high school diploma or less, followed by retail trade (12.9 percent), accommodation and food services (12.4 percent), transportation and warehousing (8.5 percent), management, administrative and waste management services (8.4 percent), and health care and social assistance (7.7 percent). As a group, these six industry sectors employed 63.5 percent of all workers who had a high school diploma or less.
- Construction was the most concentrated industry for working Californians over the age of 25 who did not complete high school (17.1 percent). Retail trade was the top industry for those who either possessed a high school diploma (14.3 percent) or attended some college (13.6 percent). Among those with an associate degree, most worked in the health care and social assistance sector (20.2 percent) while professional and technical services was the most concentrated industry for working Californians with either a bachelor's degree (17.3 percent) or advanced degree (23.5 percent).
- Top industries for working Californians over the age of 25 who did not complete high school included construction (17.1 percent), accommodation and food services (14.7 percent), and management, administrative and waste management services (12.2 percent). These industries fell within the middle-to-low average weekly pay ranges.
- Top industries for working Californians over the age of 25 who possessed a high school diploma only included retail trade (14.3 percent), construction (12.0 percent), and accommodation and food services (11.5 percent). These industries fell within the middle-to-low average weekly pay ranges.
- Top industries for working Californians over the age of 25 who attended some college

¹¹ Persons under the age of 25 are excluded from the analysis to filter those who are still attending school from the analysis.

included retail trade (13.6 percent), health care and social assistance (11.9 percent), and accommodation and food services (9.1 percent). These industries fell within the middle-to-low average weekly pay ranges.

- Top industries for working Californians over the age of 25 who possessed an associate degree included health care and social assistance (20.2 percent), retail trade (9.8 percent), and public administration (7.2 percent). These industries fell within the middle-to-low average weekly pay ranges.
- Top industries for working Californians over the age of 25 who owned a bachelor's degree included professional and technical services (17.3 percent), health care and social assistance (13.7 percent), and educational services (9.0 percent). These industries fell within the high-to-middle average weekly pay ranges.
- Top industries for working Californians over the age of 25 who attained an advanced degree included professional and technical services (23.5 percent), educational services (19.8 percent), and health care and social Assistance (18.0 percent). These industries also fell within the high-to-middle average weekly pay ranges.
- Top industries with high concentrations of California workers with bachelor's and advanced degrees included professional and technical services (78.0 percent), information (73.0percent), educational services (67.6 percent), finance and insurance (59.9 percent), and public administration (54.0 percent). These industries mostly fell within the high average weekly pay ranges.
- Top industries with high concentrations of California workers with a high school diploma or less included agricultural, forestry, fishing, and hunting (71.9 percent), private households (61.9 percent), construction (60.7 percent), accommodation and food services (58.9 percent), and management, administrative and waste management services (58.4 percent). These industries fell within the middle-to-low average weekly pay ranges.

Occupational Employment

- Top occupational groups for working Californians over the age of 25 who did not complete high school included building and grounds cleaning and maintenance occupations (14.9 percent), construction and extraction occupations (14.6 percent), and transportation and material moving occupations (12.4 percent). These occupational groups fell within the middle-to-low median hourly pay ranges.
- Top occupational groups for working Californians over the age of 25 who possessed a high school diploma only included transportation and material moving occupations (12.5 percent), sales and related occupations (10.5 percent), and office and administrative support occupations (10.2 percent). These occupational groups also fell within the middle-to-low median hourly pay ranges.
- Top occupational groups for working Californians over the age of 25 who attended some college included office and administrative support functions (13.9 percent), sales and related occupations (12.4 percent), and management occupations (10.0 percent). These occupational groups ranged from highest paying by median hourly wage (management occupations) to mid-range paying (office and administrative support functions occupations) to lowest paying (sales and related occupations).

- Top occupational groups for working Californians over the age of 25 who possessed an associate degree included office and administrative support functions (12.6 percent), sales and related occupations (10.1 percent), and healthcare practitioner and technical occupations (9.9 percent). These occupational groups ranged from highest paying by median hourly wage (healthcare practitioner and technical occupations) to mid-range paying (office and administrative support functions occupations) to lowest paying (sales and related occupations).
- Top occupational groups for working Californians over the age of 25 who owned a bachelor's degree included management occupations (16.2 percent), business and financial operations occupations (10.8 percent), and sales and related occupations (9.3 percent). Management occupations and business and financial operations occupations were both among the highest paying by median hourly wage occupational groups while sales and related occupations were among the lowest paying occupational groups.
- Top occupational groups for working Californians over the age of 25 who attained an advanced degree included management occupations (16.6 percent), healthcare practitioner and technical occupations (12.7 percent), and education, training, and library occupations (12.6 percent). These occupational groups fell within the high-to-middle median hourly wage pay ranges.
- Top occupational groups with high concentrations of California workers with bachelor's and advanced degrees included life, physical, and social service occupations (82.6 percent), business and financial operations occupations (75.3 percent), computer and mathematical science occupations (74.6 percent), architecture and engineering occupations (74.3 percent), and education, training, and library occupations (70.2 percent). Most of these occupational groups were among the highest median hourly pay range.
- Top occupational groups with high concentrations of California workers with a high school diploma or less included building and grounds cleaning and maintenance occupations (74.9 percent), farming, fishing, and forestry occupations (73.3 percent), construction and extraction occupations (71.9 percent), transportation and material moving occupations (60.7 percent), and production occupations (54.2 percent). These occupational groups fell within the middle-to-low median hourly pay ranges.

Regional Inequalities: Coastal and Inland Areas of California

- California's labor market is characterized by regional inequalities, and more particularly, between coastal and inland areas of the state. Coastal areas are narrowly defined as those California counties that border the Pacific Ocean or San Francisco Bay, and inland areas include those counties that do not. As such, coastal areas include large metropolitan areas such as San Diego, Los Angeles, San Jose, San Francisco, and Oakland. The Sacramento and Inland Empire metropolitan areas are included among inland areas even though their economies are interconnected with and share many of the same characteristics of the large, urban coastal areas of the state.
- According to annual average data from the Quarterly Census of Employment and Wages (QCEW), employment in coastal areas totaled 12.6 million jobs in the first quarter of 2023. More than seven out of 10 (72.8 percent) of California's nearly 17.3 million wage

and salary jobs were in coastal areas of the state.¹² In contrast, employment in inland areas totaled 4.7 million jobs--2.7 million of which were in either the Riverside-San Bernardino or Sacramento metropolitan areas.

- Inland areas experienced faster job growth than coastal areas from the first quarter of 2018 through the first quarter of 2023. Whereas wage and salary jobs in inland areas grew by 8.1 percent (1.9 percent per year) over this five-year period, they grew by just 1.9 percent (0.4 percent per year) in coastal areas. Inland areas excluding the Riverside-San Bernardino and Sacramento metropolitan areas grew at a slightly slower rate of 5.8 percent (1.2 percent per year). However, coastal areas grew at a slightly faster pace than inland areas on a year over basis in the first quarter of 2023 (1.0 percent to 0.6 percent). Inland areas excluding the Riverside-San Bernardino or Sacramento metropolitan areas had only a 0.1 percent year-over increase in jobs.
- Annual average pay levels were much higher in coastal areas than inland areas of the state in the third quarter of 2023. Average annual pay in coastal areas was \$98,900, compared to \$61,300 in inland areas. The pay discrepancy was even wider in inland areas if the Riverside-San Bernardino and Sacramento metropolitan areas are omitted from inland areas. Average annual pay in inland areas excluding these two areas was just \$56,100 in 2018. That said, the cost of living, and more particularly housing and lodging, tend to be much higher in coastal areas than inland areas of the state.
- Wages and salaries grew at a slightly faster rate in coastal areas than inland areas from the first quarter of 2018 through the first quarter of 2023. Average annual pay increased by \$20,000, or 28.5 percent (5.7 percent per year) in coastal areas over this five-year period, compared to \$12,900, or 26.6 percent (5.3 percent pr year), in all inland areas.¹³ Excluding the Sacramento and Riverside-San Bernardino metropolitan areas from inland areas had little effect on the inland area wage growth rate.

Comparative Unemployment by Industry Sector and Occupation

- According to 12-month average data from the U.S. Census Bureau's Current Population Survey, California's unemployment rate was 4.5 percent in September 2023. There was not a large spread in unemployment rates by major industry due to tight labor market conditions, which favors workers. Unemployment rates by industry sector ranged from a low of 2.6 percent in private educational and health services to a high of 6.8 percent in agriculture, fishing, and hunting, a difference of 4.2 percentage points. Employment in the tiny mining and logging sector did not meet minimum reporting standards.
- All told, four industry sectors had unemployment rates above the statewide rate of 4.5 percent: agriculture, forestry, fishing, and hunting (6.8 percent); construction (5.2 percent); trade, transportation, and utilities (5.1 percent); and leisure and hospitality (4.8 percent).
- Two sectors had unemployment rates below 3.0 percent in September 2023: private educational and health services (2.6 percent) and public administration, or government

¹² The total number of wage and salary jobs in California in this section reflects the sum of all 58 counties.

¹³ It should be noted that California's minimum wage increased from \$11.00 an hour in January 2018 to \$15.50 an hour in January 2023, an increase of 41.0 percent.

(2.8 percent). Four additional sectors had unemployment rates between 3.0 and 4.0 percent: financial activities (3.4 percent), other services (3.6 percent), manufacturing (3.6 percent), and professional and business services (3.9 percent).

- Although the seasonal nature of the crop production cycle was a contributing factor to the agricultural sector's high unemployment rate, the other three sectors with comparatively high unemployment rates may be characterized as demand-sensitive sectors that are vulnerable to changes in consumer spending. These sectors also tend to have a disproportionately large share of low paying jobs filled by workers with comparatively low or undifferentiated skills, construction excepted. In contrast, the industry sectors with lower unemployment rates tend to be higher paying sectors that require specialized and skilled workers, other services excepted.
- Unemployment rates in major occupational groups ranged from a low of 2.9 percent in installation, maintenance, and repair occupations to a high of 8.1 percent in transportation and material moving occupations in September 2023, a spread of 5.2 percentage points.
- Six of the 10 major occupational groups had unemployment of 4.0 percent or less: sales and related occupations (4.0 percent); production occupations (3.8 percent); construction and extraction occupations (3.6 percent); management, business, and financial occupations (3.1 percent); professional and related occupations (3.0 percent); and installation, maintenance, and repair occupations (2.9 percent). In contrast, four occupational groups had unemployment rates over 4.5 percent: service occupations (4.6 percent), farming, fishing, and hunting occupations (4.9 percent), office and administrative support occupations (5.9 percent), and transportation and material moving occupations (8.1 percent).
- Although the spreads in industry sector and major occupational group unemployment rates were not particularly large in the tight labor market in September, they do matter. History has shown that the observed differences in September 2023 would be expected to widen in times of economic stress, with the rates in the industry sectors and occupational groups with higher unemployment rates rising higher and more rapidly. Workers with undifferentiated skills tend to be the last to be hired during an economic expansion and the first to be let go during a downturn. As such, low-income groups tend to be most vulnerable within the labor force. In contrast, the unemployment rates in industry sectors and occupational groups that rely on professional and skilled workers, tend to rise more slowly and to a lesser degree in times of economic stress, as employers try their best to retain workers with specialized skill sets and abilities.

Demographics of Educational Attainment

- According to 12-month Current Population Survey data from 2023, two-fifths (40.3 percent) of all Californians age 25 and older had a bachelor's degree or higher. More than one out of six (15.4 percent) had a master's, Ph.D., or professional degree. One out of 11 (9.1 percent) had earned an associate degree. In numerical terms, nearly 10.7 million California's had earned a bachelor's degree or higher, 4.1 million of whom had an advanced degree, and nearly 2.4 million had earned an associate degree.
- In contrast, nearly quarter (23.4 percent) of Californians age 25 and older had earned a

high school diploma only and one in eight (12.1 percent) never graduated high school. All told, 9.4 million (35.5 percent) Californians age 25 and older had either ended their education with high school or had not completed it.

- Those who attend attended some college, but hadn't earned a degree totaled 4.0 million, comprising 15.2 percent of Californians over the age of 25.
- Among racial and ethnic groups, educational attainment patterns varied considerably. Asians tended to have the highest educational attainment among California racial and ethnic groups. Three-fifths (60.1 percent) had a bachelor's degree or higher. One-quarter (25.2 percent) had earned and an advanced or professional degree.
- Hispanics tended to have the lowest educational attainment levels among California's racial and ethnic groups in September 2023. Three-fifths (59.2 percent) of California Hispanics age 25 and older had either not graduated high school or had only a high school diploma. Over one-quarter (26.5 percent) had not completed high school. In contrast, less than one-fifth (17.2 percent) of California's Hispanics had earned a bachelor's degree or higher. This was less than half the share of the total 25 and older population.

TABLE 16

Demographics of Educational Attainment

	All Educational Attainment Groups Number	Did Not Complete High School Number	High School Diploma, No College Number	H.S. Graduate, Some College Number	Associate Degree Number	Bachelor's Degree or Higher Number
All Demographic Groups	26,515,000	3,204,000	6,210,000	4,036,000	2,386,000	10,679,000
	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>	<u>Share (%) of Demographic Group</u>
All Demographic Groups	--	12.1%	23.4%	15.2%	9.0%	40.3%
Male	--	12.1%	24.7%	15.6%	8.2%	39.4%
Female	--	12.1%	22.2%	14.9%	9.7%	41.1%
White only	--	13.8%	25.0%	16.0%	8.9%	36.2%
African American only	--	8.4%	22.1%	21.0%	12.4%	36.2%
Asian only	--	6.8%	17.4%	8.7%	6.9%	60.1%
American Indian, Alaskan Native, Hawaiian, Pacific Islander	--	12.8%	27.6%	19.1%	14.9%	25.7%
More than One Race	--	11.5%	21.7%	21.8%	12.3%	32.7%
Hispanic/Latino	--	26.5%	32.7%	32.2%	8.1%	17.2%
Non-Hispanic	--	4.4%	18.5%	2.0%	9.5%	52.6%
Native-Born	--	4.8%	22.5%	19.0%	10.5%	43.3%
Foreign-Born	--	25.0%	25.0%	8.7%	6.4%	35.0%
<u>CPS Data from October 2019</u>						
Mexico	--	54.0%	27.3%	7.9%	3.9%	7.0%
Central America/Caribbean	--	39.0%	28.3%	11.8%	7.0%	13.9%
Rest of the World	--	8.7%	17.8%	10.2%	8.1%	55.2%

Source: Employment Development Department

- The shares of Black and White Californians who had a bachelor’s degree or higher were identical at 36.2 percent, but their shares were slightly lower than that of the total 25 and older population. A higher share of Blacks (12.4 percent) had earned an associate degree than Whites (8.9 percent).
- In terms of national origin, native-born Californians tended to have higher educational attainment levels than the foreign-born. Two-fifths (43.3 percent) of native-born Californians held a bachelor’s degree or higher and 10.5 percent held an associate degree. All told, more than half (53.8 percent) of native-born Californians held an associate degree or higher. Only 27.3 percent had only a high school diploma or had not completed high school, the overwhelming majority of whom were high school graduates.
- In sharp contrast, half (50.0 percent) of foreign-born Californians had either never completed high school or only attained a high school diploma, with the shares equally divided between the two categories. At the same time, 35.0 percent of foreign-born Californians age 25 and over had earned a bachelor’s degree or higher.
- A more detailed analysis of CPS educational attainment and national origin data from September 2023 revealed that the educational attainment of immigrants to California from Mexico and Central America tended to be much lower than that of immigrants from elsewhere. Four-fifths (79.4 percent) of the foreign-born Californians age 25 and older of Mexican origin had either a high school diploma or had not completed high school. Close to half (45.9 percent) had not completed high school. Seven out of every ten (70.4 percent) of the immigrants to California from other Central American countries had a high school diploma or less. In sharp contrast, nearly three-fifths (58.2 percent) of immigrants to California from overseas (Asia, Europe, and Africa) over the age of 25 had a bachelor’s degree or higher. Over one-quarter (25.9) of overseas immigrants had an advanced or professional degree compared to 15.6 percent of all native-born Californians.
- California has a very divergent foreign immigration between those groups who arrive by land and those who arrive from overseas. This helps explain the educational attainment gap between Californian Asians and Hispanics age 25 and older.

Workforce Analysis: Demographics and Target Populations

This section provides an overview of California’s population, and more particularly its working age population, and the target populations that the WIOA is intended to serve.

Total Population

- According to public use data from the U.S. Census Bureau’s 2022 American Community Survey (ACS)¹⁴, California’s population was 39,029,000 in 2022. Men (50.1 percent) made up a slight majority of the total population. Women (49.9 percent) were a slight minority. There were slightly more men than women across age cohorts through age 54,

¹⁴ The American Community Survey’s larger sample size makes it better suited to total population studies than the Current Population Survey.

after which women began outnumbering men due to their longer life expectancy. Women made up 53.1 percent of the 10.8 million Californians who were 55 or older in 2022. Their share among Californians age 55 to 64 was 50.2 percent, 53.0 percent among those age 65 to 74, and 58.3 percent among those age 75 and older.

TABLE 17
Demographic Characteristics of Californians by Age in 2022

	All Ages	0 to 15	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 and Older
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Number</u>
All Demographic Groups	39,029,000	7,473,000	4,678,000	5,733,000	5,426,000	4,871,000	4,683,000	3,581,000	2,585,000
Male	19,539,000	3,824,000	2,412,000	2,955,000	2,793,000	2,465,000	2,331,000	1,682,000	1,077,000
Female	19,491,000	3,650,000	2,266,000	2,778,000	2,633,000	2,406,000	2,352,000	1,899,000	1,508,000
Native-Born	28,614,000	7,151,000	4,123,000	4,444,000	3,446,000	2,661,000	2,791,000	2,300,000	1,698,000
Foreign-Born	10,415,000	322,000	555,000	1,289,000	1,980,000	2,210,000	1,892,000	1,281,000	887,000
Naturalized Citizen	5,662,000	73,000	159,000	426,000	860,000	1,202,000	1,259,000	964,000	717,000
Not a Citizen	4,754,000	249,000	395,000	863,000	1,120,000	1,007,000	632,000	317,000	170,000
White only	15,188,000	2,255,000	1,517,000	2,018,000	2,004,000	1,834,000	2,147,000	1,899,000	1,514,000
African American only	2,128,000	382,000	253,000	349,000	287,000	268,000	279,000	188,000	123,000
Asian only	6,044,000	946,000	608,000	919,000	934,000	856,000	743,000	602,000	435,000
American Indian, Alaskan Native, Hawaiian, Pacific Islander	673,000	133,000	93,000	113,000	97,000	92,000	70,000	50,000	24,000
Some Other Race Alone ¹	7,576,000	1,728,000	1,127,000	1,256,000	1,122,000	966,000	745,000	414,000	218,000
More than One Race	7,421,000	2,030,000	1,080,000	1,077,000	982,000	855,000	698,000	427,000	271,000
Hispanic/Latino	15,734,000	3,875,000	2,383,000	2,507,000	2,218,000	1,923,000	1,476,000	853,000	500,000
Non-Hispanic	23,296,000	3,598,000	2,295,000	3,226,000	3,208,000	2,948,000	3,207,000	2,728,000	2,085,000

Population Shares of Demographic Groups in California by Age in 2022

	All Ages	0 to 15	16 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 and Older
	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>	<u>Age Cohort Share (%)</u>
All Demographic Groups	--	--	--	--	--	--	--	--	--
Male	50.1%	51.2%	51.6%	51.5%	51.5%	50.6%	49.8%	47.0%	41.7%
Female	49.9%	48.8%	48.4%	48.5%	48.5%	49.4%	50.2%	53.0%	58.3%
Native-Born	73.3%	95.7%	88.1%	77.5%	63.5%	54.6%	59.6%	64.2%	65.7%
Foreign-Born	26.7%	4.3%	11.9%	22.5%	36.5%	45.4%	40.4%	35.8%	34.3%
Naturalized Citizen	14.5%	1.0%	3.4%	7.4%	15.8%	24.7%	26.9%	26.9%	27.8%
Not a Citizen	12.2%	3.3%	8.5%	15.1%	20.6%	20.7%	13.5%	8.9%	6.6%
White only	38.9%	30.2%	32.4%	35.2%	36.9%	37.6%	45.9%	53.0%	58.6%
African American only	5.5%	5.1%	5.4%	6.1%	5.3%	5.5%	6.0%	5.3%	4.8%
Asian only	15.5%	12.7%	13.0%	16.0%	17.2%	17.6%	15.9%	16.8%	16.8%
American Indian, Alaskan Native, Hawaiian, Pacific Islander	1.7%	1.8%	2.0%	2.0%	1.8%	1.9%	1.5%	1.4%	0.9%
Some Other Race Alone ¹	19.4%	23.1%	24.1%	21.9%	20.7%	19.8%	15.9%	11.6%	8.4%
More than One Race	19.0%	27.2%	23.1%	18.8%	18.1%	17.6%	14.9%	11.9%	10.5%
Hispanic/Latino	40.3%	51.8%	50.9%	43.7%	40.9%	39.5%	31.5%	23.8%	19.3%
Non-Hispanic	59.7%	48.2%	49.1%	56.3%	59.1%	60.5%	68.5%	76.2%	80.7%

1) There tends to a blurring of the U.S. Census Bureau's race and ethnicity distinctions made in the eyes of the public. The Bureau reports that Hispanic/Latinos make up the overwhelming majority of respondents who say they are some other race alone.

Source: U.S. Census Bureau, 2022 American Community Survey Public Use Data; Employment Development Department

- Whites formed a plurality among California racial groups in 2022. People who identified as white only numbered 15,188,000 in 2022, accounting for 38.9 percent of the total population. California's White population tended to be older, with 36.6 percent being age 55 or older. The total population persons age 55 and older 27.8 percent.
- The large number of people who identify as some other race only reflects a quirk in the way the U.S. Census Bureau classifies individuals by race. The Bureau classifies Hispanics as an ethnic group instead of a racial group and considers ethnicity and race not to be mutually exclusive. As such one can be Hispanic ethnically and White or Black simultaneously and the Census has different variables to reflect this. However, this ethnicity and race distinction appears to be blurred among ACS respondents. The Census Bureau reports that the vast majority of respondents who identify as some other race were Hispanics/Latinos. This same blurring of race and ethnicity may also inflate the two or more race count.
- Hispanics/Latinos comprised California's largest ethnic or racial group in 2022. They numbered 15,734,000 and comprised two-fifths (40.3 percent) of California's total population. California's Hispanic population tended to be younger, with two-fifths (39.8 percent) of all Hispanics being under the age of 25. This compares to a 31.1 percent share in the total population and a 24.8 percent share among Whites.
- California's foreign-born population stood at 10.4 million in 2022, comprising 26.7 percent of the total population. Over half (54.4 percent) of foreign-born Californians were naturalized U.S citizens. Noncitizens made up 45.6 percent of foreign-born Californians. Over half (52.6) of foreign-born Californians were of prime working age (25 to 54). Foreign-born noncitizens clustered in the prime working age cohort. Over three-fifths (62.9 percent) of foreign-born noncitizens were of prime working age and less than one-quarter (23.5 percent) were age 55 and older. Naturalized U.S. citizens tended to be older, with over half (51.9 percent) being age 55 and older and 43.9 percent being of prime working age. California's foreign-born population were decidedly not children. Fewer than one out of every 20 (4.3 percent) was under the age of 16.
- Comparing California's 35 and under population with the 55 and older population shows that the state continues to experience a profound demographic transformation. Men comprised a slight majority of Californians under age 35, but women comprised a larger majority of those 55 and over. Hispanics made up about half (49.0 percent) of Californians under the age of 35 but only around one-quarter (26.1 percent) of those age 55 and over. Less than one-third (32.4 percent) of Californians under the age of 35 were white, compared to over half (51.2 percent) of those age 55 and older. Similarly, a much greater proportion of Californians under the age of 35 identified as some other race (23.0 percent) or more than one race (23.4 percent) than did those age 55 and older (12.7 and 12.9 percent, respectively). The share of African Americans was about the same in the under 35 age cohort (5.5 percent) and 55 and older cohort (5.4 percent), and the share of Asians was slightly lower (13.8 vs 16.4 percent).

Target Populations

Veterans

- According to the U.S. Department of Veterans Affairs (VA), a veteran is defined as a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.
- There were 1.2 million veterans in California in September 2023 and this total accounted for 7.5 percent of the nation's veteran population (18.0 million). Just over 90 percent (91.5 percent) or 1.1 million of the state's veterans were men and 8.5 percent or 104,700 were women.
- In September 2023, 64.0 percent of veterans residing in the state of California were 55 years and older. One out of every five (23.8 percent) veterans were between the ages of 35 and 54 years of age. At 12.2 percent, veterans between the ages of 18 and 34 years old represented the smallest share of the state's veteran population.
- In terms of the time period of service, the largest share of the state's veterans (28.8 percent) served during the Vietnam Era (August 1964 to 1975). One out of every four of the state's veterans (26.4 percent) served from September 2001 to present. Veterans that served between May 1975 and July 1990 accounted for 19.8 percent or 267,300 of the Golden State's veterans.
- Research conducted by the VA found that veterans bring a host of qualities and traits that employers find highly valuable. These qualities and traits include, but are not limited to: trust, self-motivation, confidence, being mission-driven, high work ethic, loyalty, respect, ability to improvise, discipline, teamwork, and the ability to lead.
- In terms of the civilian labor force, 602,500 veterans were employed members of the state's workforce. The largest concentrations of employed veterans were in the following industries: public administration (98,300); private educational and health services (94,400); wholesale and retail trade (72,400); professional and business services (72,300); and manufacturing (56,500).
- In September 2023, 24.0 percent or 144,600 veterans were employed in a professional and related occupation in California and these types of jobs require advanced levels of higher education and training. Large concentrations of employed veterans held jobs in the following areas as well: management, business, and financial (136,600); service occupations (77,900); sales and related (54,600); and transportation and material moving (50,300).

Foreign-Born Workers

- The U.S. Census Bureau uses the term foreign-born to refer to anyone who is not a U.S. citizen at birth. This includes naturalized U.S. citizens, lawful permanent residents (immigrants), temporary migrants (such as foreign students), humanitarian migrants (such as refugees), and unauthorized migrants.
- In September 2023, California's civilian labor force was made up of 6.2 million employed and 258,800 unemployed foreign-born persons. In addition, the unemployment rate and

labor force participation rate for foreign-born workers were 4.0 percent and 61.8 percent, respectively.

- In September 2023, the largest number of foreign-born workers, 704,800, were employed within the state's health care and social assistance industry sector. This industry sector is comprised of establishments that specialize in providing services that range from ambulatory health care to community food and housing. It is worth noting that over 600,000 foreign-born workers were employed in both the professional and technical services (677,800) and construction (609,900) industry sectors as well. In addition, over 8.0 percent of the state's foreign-born workers were employed in either the retail trade (8.5 percent) or accommodation and food services (8.1 percent) industries.
- In September 2023, over 1.6 million of the state's foreign-born workforce were employed in either a management (618,700); construction and extraction (517,000); or transportation and material moving (516,900) occupation. Among the state's foreign-born workforce more than 400,000 were employed in each of the following occupations: office and administrative support (461,300); building and grounds cleaning and maintenance (443,300); or sales and related (442,500) occupation. The fewest numbers of foreign-born workers were employed in community and social service (59,400); protective service (48,600); or legal (27,000) occupations.

Californians with Disabilities

- The U.S. Department of Housing and Urban Development defines a person with a disability as any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such an impairment. Examples of major life activities include walking, talking, seeing, breathing, performing manual tasks, or caring for oneself.
- In September 2023, there were 3.2 million persons with a disability in the Golden State. Persons with disabilities made up 3.5 percent or 678,800 members of the state's civilian labor force, which was comprised of 19.2 million persons. The civilian labor force for persons with disabilities was made up of 608,300 employed and 70,500 unemployed persons during that period of time. The unemployment rate and labor force participation rate for this segment of the California labor force were 10.4 percent and 21.6 percent, respectively.
- For persons with disabilities, the largest number of employed persons worked within the health care and social assistance (89,700) industry. Over 50,000 persons with disabilities were employed in each of these industries in September 2023: educational services (66,700), retail trade (65,700), and construction (52,500). In addition, over 30,000 persons with disabilities held jobs in the following industries: public administration (39,600), durable goods manufacturing (38,600), accommodation and food services (37,100), and transportation and warehousing (30,700) industries.
- In terms of occupations, the jobs most often held by employed persons with disabilities were in office and administrative support (84,700); management (81,000); transportation and material moving (45,400); and sales and related (45,300) in September 2023. Also, employed persons with disabilities held over 20,000 jobs within

the healthcare support (28,400); building and grounds cleaning and maintenance (26,200); food preparation and serving related (25,100); healthcare practitioner and technical (23,500); and production (20,200) fields.

- In September 2023, 31.0 percent or 190,100 employed persons with a disability had attained a bachelor's degree or higher. A breakout of this collective level of educational attainment of employed persons with a disability is as follows: bachelor's degree (113,800), master's degree (52,100), doctorate degree (14,600), and professional degree (9,600). One out of every five persons with a disability (22.6 percent) held a high school diploma or general education diploma. In addition, 56,100 employed persons with a disability had not completed high school.

Youth Employment Trends

- According to the U.S. Census Bureau, in September 2023, younger workers (persons between the ages of 16 and 24) accounted for 11.6 percent or 2.2 million members of the state's civilian labor force (19.2 million persons). Eleven percent of the total number of employed persons (18.4 million) within the Golden State were younger workers. In addition, one out of every four unemployed Californians (24.7 percent) were younger workers. As of September 2023, the unemployment rate and labor force participation rate for younger workers stood at 9.5 percent and 49.0 percent, respectively.
- Generally speaking, younger workers tended to be employed in industries where entry-level employment did not require a postsecondary education or advanced technical training and/or skills. For example, over 15.0 percent of younger workers held jobs in either the accommodation and food services (19.8 percent) or retail trade (16.6 percent) industries in September 2023. The types of jobs within these industries can range from retail salesperson to restaurant cook.
- In September 2023, the types of jobs held most often by California's younger workforce were within the food preparation and serving related occupations. The types of jobs are comprised of, but not limited to: dishwashers; fast food and counter workers; hosts; and waiters. Over 200,000 younger workers were employed in each of the following occupations: sales and related (292,100), office and administrative support (219,100), and transportation and material moving (215,100) jobs as well.

In-Migration Trends

- Migration is defined as the movement of people from one location to another permanent place of residence. The reasons why people migrate are due to push and pull factors. Push factors such as retirement, movement of a business, or lack of work often drive people from their current place of residence. A healthy economy and a pleasant climate are examples of pull factors that attract people to new locations.
- According to the latest figures from the U.S. Census Bureau's American Community Survey, 817,700 people migrated out of California in 2022 and 475,800 people migrated in from another state. Between 2019 and 2022, the number of people migrating out of the state increased from 653,600 to 817,700; a net increase of 164,100. Over this two-

year period, migration into the Golden State decreased from 480,200 in 2019 to 475,800 in 2022; a net change of 4,400 persons.

- In 2022, Californians that moved out of the state tended to gravitate towards the states of Texas (102,400), Arizona (74,200), Florida (50,700), Washington (50,000), and Nevada (48,800). Roughly four out of every ten (39.9 percent) Californians that migrated out of the state migrated to one of these five states.
- California attracted 475,800 residents from across the country in 2022 and these residents previously resided in the states of: Texas (42,300), Washington (31,900), New York (31,300), Florida (28,600), and Nevada (22,200). Three out of every ten (32.8 percent) Californians that migrated into California that year came from one of these five states.

Justice-Involved Individuals Trends

- According to the Department of Health and Human Services, over 600,000 ex-offenders are released from state and federal prisons each year and return to their respective communities. According to Brookings Institution research, half of the formerly incarcerated are unable to find stable employment within their first year of return to society.
- The Center for American Progress research suggests that despite the willingness of justice-involved individuals to achieve their positive goals in society, they face obstacles including, but not limited to, the following: difficulties accessing safe and stable housing; completing education or training; finding quality economic opportunities in their communities; and gaining access to the health care, childcare, and transportation that would enable them to work.
- Barriers to employment are any of the job candidates' attributes (e.g., skills, experience, and work history) that may hinder their chances for acquiring gainful employment. According to the Center for Progress, ex-offenders are challenged by barriers such as: lack of proper identification; financial instability; lack of education, training, and work experience; and legal roadblocks that limit their access to certain occupations.
- However, according to the Brookings Institution, research has demonstrated that health, housing, skill development, mentorship, social networks, and the collaborative efforts of public and private organizations collectively improve the reentry experience, improving the chances of acquiring stable employment.
- California's Department of Corrections and Rehabilitation (CDCR) data on parolees provides insight into the number of persons being released from confinement in state prison. This information helps to gauge the number of ex-offenders that may have sought entry into the state's labor force within a given year. According to the latest data from CDCR, from September 2022 to September 2023, the total active parolee population decreased from 40,965 to 35,813; a net decrease of 5,152 parolees.
- In terms of demographics, 34.7 percent of parolees (12,427) in California were between the ages of 18 and 34, 53.1 percent (19,017) were between the ages of 35 and 59, and 12.2 percent (4,369) were 60 years and older in September 2023.
- In September 2023, the counties that had the largest concentrations of the state's

parolees were as follows: Los Angeles (10,973), Sacramento (3,030), San Bernardino (2,611), Riverside (2,386), and San Diego (1,915).

Homelessness

- The U.S. Department of Housing and Urban Development (HUD) defines a homeless person as one who lacks a fixed, regular, and adequate nighttime residence. HUD estimated that in 2022 there were 582,500 people experiencing homelessness in the United States, and 59.9 percent (348,600) of them were sheltered and 40.1 percent (233,800) were unsheltered. Between 2020 and 2022, the number of people experiencing homelessness in the nation rose from 580,500 to 582,500; a net increase of 2,000 people. The age cohorts of the nation's homeless people in 2022 are as follows: over the age of 24 (444,000), under the age of 18 (98,200), and between the ages of 18 and 24 (40,200).
- According to HUD, in 2022, there were 171,500 homeless people in California, and among this total 115,500 were unsheltered and 56,000 were sheltered. In 2022, California accounted for 49.3 percent of the unsheltered people in the nation. Between 2020 and 2022, the number of homeless people in California increased by 6.2 percent or 10,000 people. Over 80 percent of people experiencing homelessness in Imperial County (87.5 percent) and El Dorado County (85.7 percent) were unsheltered in 2022.
- HUD research suggests that the state of California accounted for 16 percent of people in families with children experiencing homelessness in the United States in 2022. Seventeen percent of people experiencing homelessness as part of a family were unsheltered (4,300 people). California accounted for 32 percent of all veterans experiencing homelessness in the U.S. and more than half of all unsheltered veterans (7,400). However, between 2020 and 2022 the state experienced a net decrease of 1,000 homeless veterans.
- According to HUD, forty-five percent of individuals with chronic patterns of homelessness in the United States were in California (57,800). California accounted for 56 percent of all unsheltered individuals with chronic patterns of homelessness in the United States (44,100) in 2022. Between 2020 and 2022, the state's number of chronically homeless individuals increased by 9,000.

Skill Gaps

While state level labor market data can provide helpful insight into employer needs and potential workforce skill gaps at a macro level, due to the sheer complexity of California's economy, skills gap assessments are most accurate and reflective of the diversity of the state when conducted at the regional level.

For this reason, Local Workforce Boards are required to engage with other core program partners and employers within their RPU's to conduct a regional analysis of economic conditions as a part of the WIOA Regional Planning process. This analysis must include, but is not limited to, the following:

- An analysis of the regional workforce which includes current labor force employment and unemployment data
- Information on labor market trends
- Educational and skill levels of the workforce, including individuals with barriers to employment

California believes that conducting these assessments as part of a meaningful regional planning effort drives regional sector career pathways that are comprised of the following components: multiple on-ramps to enter and exit with industry recognized credentials; active participation by employers for training and placement; innovations in program content and delivery for upskilling; and integrated support services, including academic and safety-net resources.