

A Labor Day Briefing for California

September 2009

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

This *Briefing* was prepared to report on California's labor markets as the nation commemorates Labor Day, September 7. This report presents significant labor market trends and topical statistics relating to the California economy.

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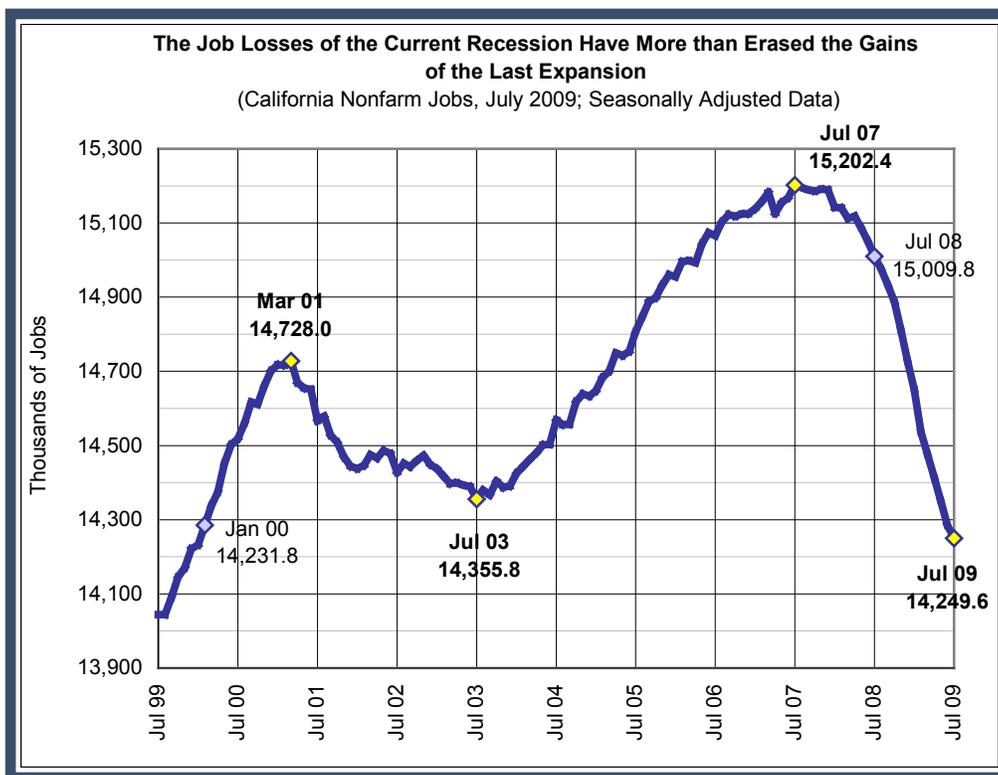
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The California and National Economies Are Emerging from the Worst Economic Recession in Decades

In December 2007, the U.S. economy officially entered into recession. The recession began in the housing sector, spread into the financial and consumer sectors, and then into the global economy. By July 2009, nearly all industry sectors and regions of the U.S. economy had experienced deep job losses and unemployment stood at its highest level in over 25 years. California experienced a deeper job loss and a steeper rise in unemployment than the nation as a whole, reflecting its greater economic exposure to the bursting of the housing bubble and its ramifications.

- From their peak in July 2007 through July 2009, California nonfarm payrolls fell by 952,800 jobs (6.3 percent). This percentage job loss was the largest of any recession California has experienced since 1945. California's recession-to-date job losses have more than erased the 854,600 jobs that the State gained during the July 2003 – July 2007 expansion.

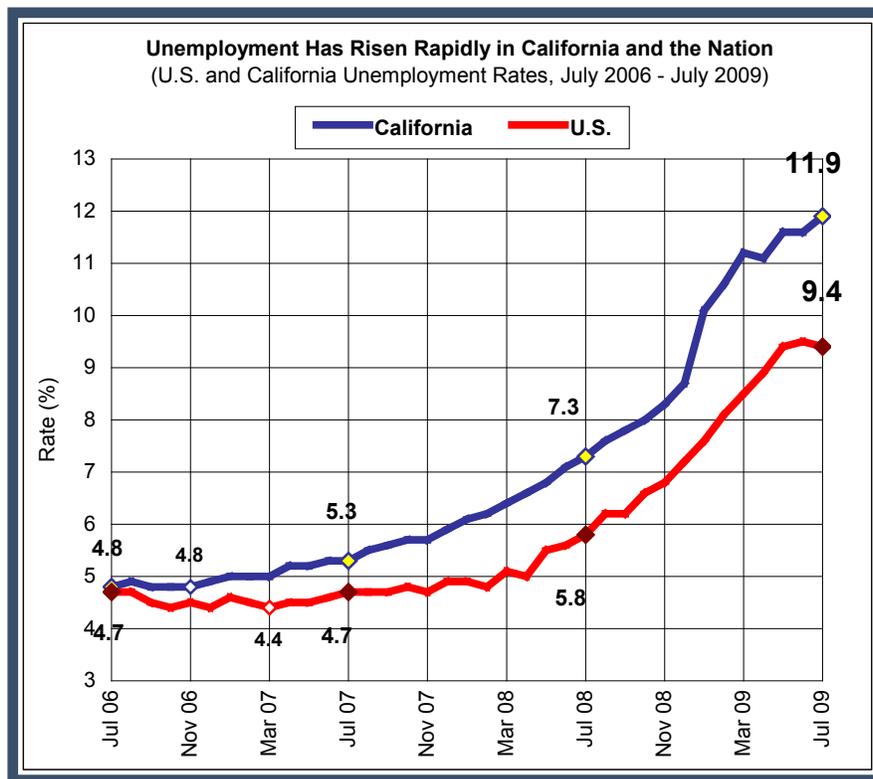


- Most of California's job losses occurred during the last year. In July 2009, the State's year-over nonfarm job losses totaled 760,200 (5.1 percent), accounting for four-fifths of the recession's total job losses.
- Recent data suggest that California's job losses have moderated. During the months of November 2008 through February 2009, California lost an average of 87,500 jobs a month, with a peak loss of 114,000 jobs in February. During the months of March through June 2009, California lost an average of 62,800 jobs a month. In July 2009, California lost 35,800 jobs, which was the State's smallest loss since August 2008.
- U.S. nonfarm payrolls peaked later than in California. From December 2007 through July 2009, the U.S. lost nearly 6.7 million jobs (4.8 percent). This was the largest percentage job loss of any U.S. economic recession since 1948-49.

- Most of the nation's job losses also occurred during the last year. From December 2007 through July 2008, the U.S. nonfarm payrolls lost 924,000 jobs. However, the nation's nonfarm job losses totaled over 5.7 million (4.2 percent) over the year ending in July 2009.
- In recent months, the nation has experienced a more distinct trend of moderating job losses than has California. Although the U.S. lost 247,000 jobs in July 2009, this was its smallest loss since August 2008. More importantly, national job losses had diminished in four of the last five months.

Unemployment in California Has Risen to Record High Levels

- In July 2009, California's unemployment rate rose to 11.9 percent. This was the highest unemployment rate on record in a series dating back to January 1976. Prior to March 2009, the highest unemployment rate on record was 11.0 percent, which occurred several times in late 1982 and early 1983.
- California's July unemployment rate was 4.6 percentage points higher than one year ago and 7.1 percentage points higher than its November 2006 trough.
- The pace at which unemployment is rising in California appears to have moderated in recent months. Whereas California's unemployment rate rose by 3.9 percentage points during the months of August 2008 through March 2009, it rose by just 0.9 percentage point during the months of April through July.

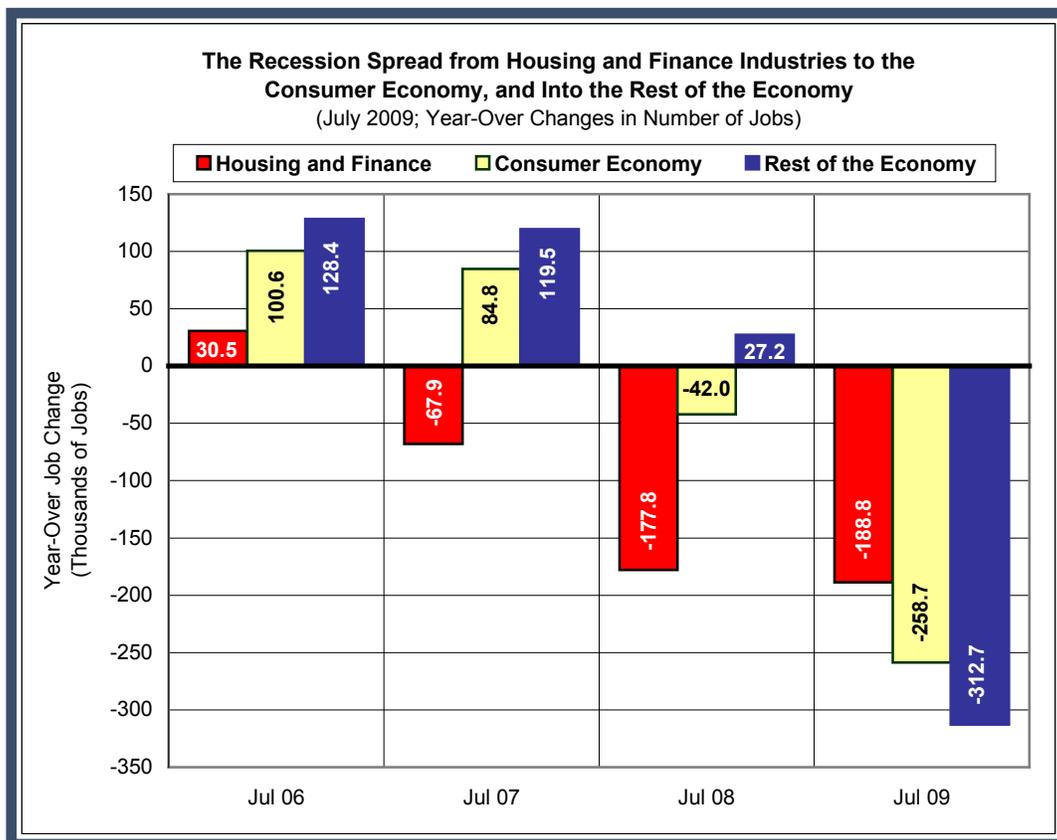


- The nation has also experienced a rapid increase in unemployment during the current recession, and particularly over the last year. The U.S. unemployment rate stood at 9.4 percent in July 2009. Although this was a slight improvement from June, the U.S. unemployment rate continued to hover at its highest level in nearly 26 years in July 2009.

- There were nearly 2.2 million unemployed Californians in July 2009, an increase of 840,000 (62.4 percent) from July 2008. From its recent trough in November 2006 through July 2009, the number of unemployed Californians increased by over 1.3 million (154.9 percent).
- Nationwide, there were nearly 14.5 million unemployed persons in July 2009. This was an increase of nearly 5.6 million (62.3 percent) from June 2008 and over 7.7 million (114.7 percent) from the March 2007 trough.
- The number of employed Californians fell by 798,000 (4.7 percent) over the year ending in July 2009. The number of employed Americans fell by nearly 5.6 million (3.8 percent) over the same period. This was the largest year-over employment drop on record in both California and the nation.

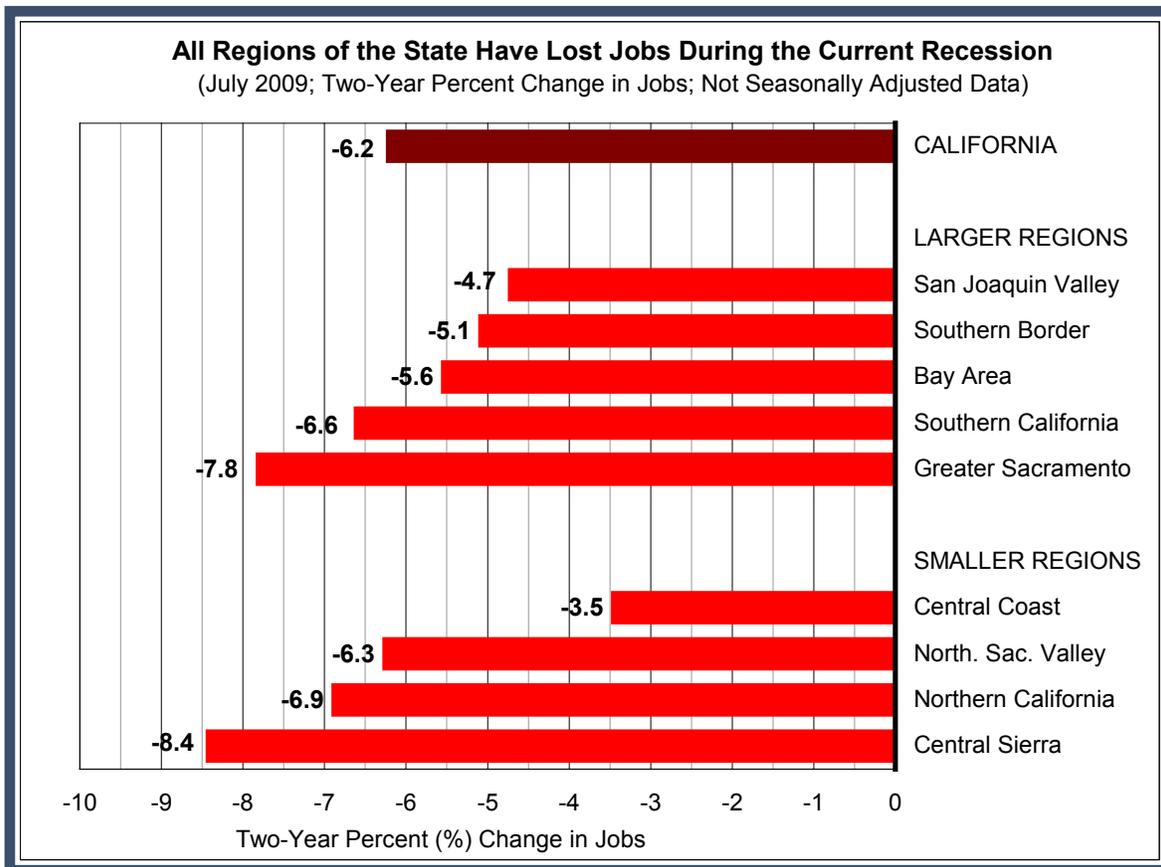
The Evolution of the Recession

The evolution of California's current recession is seen in the following figure, which compares the year-over July job changes in key segments of the California economy over the last four years. The construction and financial activities sectors comprise the housing and finance sector; leisure and hospitality and trade, transportation, and utilities comprise the consumer economy; and all other industry sectors comprise the rest of the economy.



- The California economy gained 259,500 jobs (1.8 percent) over the year ending in July 2006. The consumer economy and rest of the economy gained a combined 229,000 jobs. Housing and finance grew by 30,500 jobs despite sustaining job losses over the March – July period.

- Over the year-ending in July 2007, the California economy gained 136,400 jobs (0.9 percent). Whereas the consumer economy and rest of the economy gained a combined total 204,300 jobs, the housing and finance sector lost 67,900 jobs.
- Over the next year, troubles in the housing and finance sector deepened. In July 2008, year-over job losses in housing and finance mushroomed to 177,800 jobs. Falling home equity, mortgage rate resets, and a surge in home foreclosures forced California consumers to cut back sharply on spending, resulting in a year-over loss of 42,000 jobs in the consumer economy. Year-over job growth in the rest of the economy slowed to 27,200 jobs in July 2008, due to reduced consumer demand for goods and services.
- Over the year ending in July 2009, the tentacles of the recession extended into most sectors of the economy. The housing sector continued its deep adjustment, resulting in a crisis in the U.S. and global financial system. Indebted American consumers continued to cut spending to more sustainable levels. By July 2009, year-over losses in California's housing and finance sector totaled 188,800 jobs. Year-over job losses in the consumer economy deepened to 258,700. The remainder of the economy lost a total of 312,700 jobs.
- At the industry level, ten of California's major industries experienced year-over job losses in July 2009. Year-over job losses in trade, transportation totaled nearly 200,000. Three additional sectors experienced year-over losses of more than 120,000 jobs: construction, professional and business services, and manufacturing. In addition, year-over job losses in leisure and hospitality exceeded 60,000.
- Although educational and health services (17,900) continued to show a year-over job gain in July 2009, it lost 6,500 jobs over the first seven months of 2009.
- However, two of California's eleven major industry sectors gained jobs in July 2009, and four additional sectors showed more moderate job losses, on average, than over the four prior months.
- No region of the State has been spared by the current recession. Over the last two years, each of California's nine economic regions experienced a job loss of between 3.5 and 8.4 percent. Whereas Central Sierra (8.4 percent) experienced the largest two-year job loss, Central Coast (3.5 percent) experienced the mildest loss.
- Greater Sacramento (7.8 percent) experienced the largest two-year percentage job loss of any of the State's five largest regions, which comprise about 95 percent of total California nonfarm employment, followed by Southern California (6.6 percent). As befits their disproportionately large size, Southern California (475,200) experienced the largest job loss in number, followed by the Bay Area (190,600).
- Generally speaking, job losses over the last two years have been more moderate in the regional economies in which agriculture plays a comparatively influential role than in the State's large urban or tourism-dependent regional economies.



While the Worst of the Recession Appears to be Over, Only Gradual Improvement is Predicted for the State's Labor Market

As of Labor Day 2009, there was a growing consensus among economists that the worst economic recession of the last six decades was nearing a conclusion and the economy poised to enter a period of recovery.

- After shrinking at an annualized pace of 5.4 and 6.4 in the fourth quarter of 2008 and first quarter of 2009, respectively, U.S. Gross Domestic Product (GDP) shrank by only 1.0 percent in the second quarter of 2009. Many economists predicted positive GDP growth in the third quarter.
- Led by Asian countries, the global economy showed signs of recovering.
- National and State housing markets showed signs of revival.
- Consumer spending and retail sales showed signs of stabilizing.
- Job losses and unemployment increases have moderated in recent months both nationally and in California. Both of these indicators tend to lag the overall economy, suggesting improvement in economic conditions is already underway.

Despite these encouraging signs, the U.S. economy was not expected to gather sufficient strength to effect a significant improvement in labor conditions for several months. Although California's economic recovery was expected to lag the nation's by several months due to the depths of its recession and the related budget difficulties of the State and local governments, the State's longer term prospects for economic growth looked strong.

California Jobs in a Challenging Economy

During these tough economic times, good jobs still exist for those workers with the right training and skills. The following table lists occupations identified by the California Employment Development Department (EDD) as examples of recession-resistant jobs in California. These occupations were selected based on jobs with the most online job postings, projected job openings (Statewide short-term projections 2008-2010), and annual earnings. The online job postings were extracted from WANTED Analytics 2.0, Help Wanted Online (HWOL), which compiles, analyzes, and categorizes job listings from many online job boards, including CalJOBSSM. WANTED Analytics 2.0 does not typically capture jobs filled primarily through union halls, so trades occupations are not reflected. Top occupations are separated into three categories based on required training and education - some require only a short training period, while others require two to four years of college.

Recession-Resistant Jobs in California

Occupation	New Job Ads in Last 90 days ending August 31, 2009 ¹	Projected 2008-2010 Job Openings ²	2009 Median Annual Wage ³
<i>Opportunities requiring up to one year of training</i>			
Executive Secretaries	6,916	6,240	\$44,803
Customer Service Representatives	6,193	11,040	\$34,674
Sales Representatives, Wholesale and Manufacturing, Except Technical	5,685	6,100	\$54,766
Truck Drivers, Heavy	1,245	4,800	\$40,726
<i>Opportunities requiring two years of training, education, or long-term work experience</i>			
Registered Nurses	31,348	15,580	\$82,534
Computer Specialists (Includes Web Developers)	9,952	1,600	\$78,832
Computer Support Specialists	4,728	3,800	\$49,067
Licensed Vocational Nurses	3,581	3,840	\$48,381
<i>Opportunities requiring a bachelor's degree or higher</i>			
Computer Software Engineers, Applications	12,310	3,020	\$97,365
Physical Therapists	11,354	860	\$81,578
Computer Systems Analysts	9,435	2,800	\$79,789
Sales Managers	8,767	2,420	\$102,939

Sources: WANTED Technologies; Employment Development Department, Labor Market Information Division

¹ The data from *WANTED Analytics 2.0* reflects California occupations with the highest number of online job postings for full-time jobs excluding anonymous advertisers.

² For the 2008-2010 period, California's two-year occupational projections are based on employment from the third quarter of 2008 and project to the third quarter of 2010. These numbers reflect the sum of new jobs and replacements, when employees permanently leave their occupations or the labor force all together. Many jobs are a result of replacements, not growth within an occupation.

³ EDD/LMID Occupational Employment Statistics; 2009 Wages reflect California median wage. Median is the point at which half of the workers earn more and half earn less.

An additional bright spot in this economy is that the educational and health services industry sector is growing because these occupations are population-driven. The top 50 occupations as seen in the WANTED Analytics 2.0 online job postings show many opportunities available in these industries for the following occupations:

- Licensed Vocational Nurses
- Medical and Health Services Managers
- Medical Assistants
- Medical Scientists
- Occupational Therapist Assistants
- Occupational Therapists
- Pharmacists
- Physical Therapist Assistants
- Physical Therapists
- Registered Nurses
- Speech-Language Pathologists

Skills Workers Need

Despite economic changes, the foundation skills needed by most occupations in the 2009 growth industries, such as health care and social assistance, and educational services, include:

- Active listening – Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times.
- Coordination – Adjusting actions in relation to others' actions.
- Critical thinking – Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions, or approaches to problems.
- Instructing – Teaching others how to do something.
- Learning strategies - Selecting and using training/instructional methods and procedures appropriate for the situation when learning or teaching new things.

These are but a few of the many skills linked to occupations at O*NET, <http://online.onetcenter.org>, the Department of Labor tool that identifies skills and related occupations. Understanding one's skills is the foundation of a successful job hunt or career change. When jobs in an occupation disappear, transferable skills point the way to other career opportunities.

Understanding California's Green Economy

Four areas of the green economy are expected to experience job growth and savings through American Recovery and Reinvestment Act of 2009 (Recovery Act) funding: smart grid transmission and research, renewable energy, energy efficiency, and weatherization. There are reskilling opportunities for people who are interested in moving into green jobs with minimal retraining required. Construction Managers and Management Analysts may choose to pursue jobs as Energy Auditors, while Carpenters, Construction Trades Helpers, and Glaziers can train to become Insulation and Weatherization Workers. Electricians, Heating and Air Conditioning Technicians/Installers, and Sheet Metal Workers can prepare to become Solar Panel Installers and Technicians. For more information on California's green economy, go to www.labormarketinfo.edd.ca.gov/?pageid=1032.

The Labor Market Information Division (LMID) is surveying California's employers to identify green jobs in California. The survey results will assist workforce and economic developers, educators, job seekers, and business owners. The data will also help trainers and educators understand green jobs or emerging green jobs to develop appropriate training programs. If interested in completing the survey, please go to the LMID Web site at www.labormarketinfo.edd.ca.gov/?pageid=1036.

Out of the Ashes - Niche Jobs during a Recession

The current recession brings an increased demand for certain jobs. The high foreclosure rate combined with declining home values and low interest rates in California means that jobs for Real Estate Sales Agents and Loan Officers are on the upswing again. These occupations are included in the top 100 online job postings and could provide rehire opportunities as the economy recovers.

In addition, there is a demand for clean-out services that contract with banks to get foreclosed homes market-ready. Clean-out businesses provide a variety of services including assessing the amount of cleanup required, collecting and hauling debris, changing locks to secure property, and performing general home repairs. Often, an assessor estimates the amount of work to be accomplished and a crew completes the cleanup.

Instead of buying new cars and other amenities, many people are opting to repair their existing vehicles, appliances, and other products. This creates a demand in the repair professions such as HVAC Technicians and Automotive Service Technicians and Mechanics, as well as supervisors for these workers.

More detailed information about these and other occupations are found in the California Occupational Guides. Timely information such as local employment outlook, wages, and training programs appear in two report levels: a summary and detailed report. Go to www.labormarketinfo.edd.ca.gov/occguides to get started and explore some of the occupations listed above.

Toolbox for Job Seekers

Job Finding Tools	<p><i>California One-Stop Career Centers</i> provide free tools and resources for job seekers. Most centers offer:</p> <ul style="list-style-type: none"> • Career specialists to assist job seekers with assessments to identify and match their skills to occupations and make career decisions. • Free access to phones, fax, and the Internet. • A place where job seekers can browse occupations and explore careers, create and post their résumés, and access <i>CalJOBSSM</i> and <i>JobCentral</i> to find current job listings. <i>CalJOBSSM</i> is California’s Internet job listing system available at www.caljobs.ca.gov. • Job search and résumé-writing workshops. • Community resources and referrals for training and other services. <p>To find the nearest <i>One-Stop Career Center</i>, go to www.servicelocator.org.</p> <p>Many EDD locations host Experience Unlimited (EU) job clubs for professionals, managerial, and technical job seekers. The EUs provide networking opportunities as well as workshops on job search strategies, résumés, and interview techniques. Find EU job club locations at www.edd.ca.gov/Jobs and Training/Experience Unlimited Local Information.htm.</p> <p>Direct application to employers remains one of the most effective job search methods. To search for employers by occupation, go to: www.labormarketinfo.edd.ca.gov/aspdotnet/databrowsing/EmpGeog.aspx?menuChoice=emp&searchType=Occupation</p> <p>California is expected to receive \$535.6 million from the Recovery Act for training and employment services. An estimated 396,000 jobs are expected to be preserved or created over the next two years with a priority in targeted industries such as health care, transportation, energy efficiency, and energy generation.</p> <p>Displaced construction workers and at-risk youths can get additional help through EDD’s Construction Talent Transfer program and Governor Schwarzenegger’s California Gang Reduction Intervention and Prevention (CalGRIP).</p> <p>Governor Schwarzenegger launched the California’s Green Corps to build up communities and the State’s green workforce. The California Green Corps will place at-risk 16-24 year olds into jobs in California’s emerging green economy.</p>
Career Exploration Tools	<p><i>California Occupational Guides</i>, in a new, interactive format, is California’s long-recognized source for career information designed to assist individuals in making career decisions. Each <i>Guide</i> includes local and statewide information about training, current wages and job prospects, skills requirements, and day-to-day tasks. Go to www.labormarketinfo.edd.ca.gov/occguides to get started.</p> <p>Also check out www.worksmart.ca.gov, a job-readiness program that can help job seekers build the applied skills employers say candidates lack.</p> <p><i>California’s Reality Check</i> provides calculators to determine real-life scenario costs of housing, transportation, and clothes for students and job seekers to determine their job world readiness. Go to www.californiarealitycheck.com.</p>
Training Tools	<p>Training opportunities are available through the <i>One-Stop Career Centers</i>. For information on what kind of training is needed or where to get training, go to www.edd.ca.gov and click on Find a Job or Find Training.</p> <p>Job seekers may access the Department of Industrial Relations Web site to search for apprenticeship programs by individual counties and occupations at www.dir.ca.gov.</p>