

A sunny outlook for jobs in the Golden State

The economic news for California lately has been worrying. Turmoil in the markets of China, one of the state's largest trading partners. A punishing drought that has left a half-million acres of farmland fallow this year. A "business climate" that perpetually ranks near the bottom in national surveys.

But a recent series of economic forecasts paints a different picture. The economy and job market are growing faster in California than the U.S. overall, those reports say, and that trend is expected to continue over the next few years.

Recent high-profile obstacles to economic growth — whether real or perceived — pale in comparison to the state's position as a magnet for well-educated entrepreneurs, a hub for trade with the Pacific Rim and the center of the technology boom.

Christopher Thornberg, founding partner of Beacon Economics in Los Angeles, offers a simpler explanation.

"The answer is: People want to live here," he said. "It's amazing what you can get away with on that."

The state's unique climate and geographical delights continue to attract wealthy visitors and immigrants from around the globe.

The Great Recession sent California's unemployment rate higher than in all but two states, Michigan and Nevada. But its recovery was swift. Economists' recent projections call for job and GDP growth that will consistently outpace the U.S. through at least 2017, bringing California's unemployment rate well below its long-run average.

A recent economic forecast from UCLA projects that California's unemployment rate will fall to 4.8% by 2017, down from a high of more than 12% in 2010.

California's regulatory environment often stirs the ire of the business community, causing the state to land at or near the bottom of many "business-friendly" rankings. Chief Executive magazine has perennially put California at No. 50, calling it a "deeply troubled state" where businesses are "so highly regulated that most cannot afford to do business."

Former Texas Gov. Rick Perry made a hobby of flying to California to woo businesses to his state. Last year he showed up in Sacramento driving a Tesla Model S as part of an ultimately failed bid to persuade the maker of electric cars to build a battery factory in the Lone Star state. (The factory went to Nevada, which offered the Palo Alto automaker a lavish incentive package.)

But for the last three years, California has added jobs at a rate faster than all but five other states — and since last year it has significantly outpaced Texas.

U.S. Census migration data show that, despite higher personal and corporate income taxes in California, more people making \$200,000 or more are moving to California than are leaving.

All economies have their ups and downs, and forecasting can be an imprecise science. Economists also point to long-term structural challenges that remain: the state's unfunded pension liabilities and a chronic under-supply of housing that makes many California real estate markets among the most expensive in the nation.

The rosy outlook doesn't mean that California's high regulatory costs have no effect on business decisions in the state. Many point to California's much slower job growth in manufacturing — an energy-intensive industry that must comply with strict environmental regulations — as evidence that the state's business climate is pushing some firms out.

But economists who have reviewed such rankings say there is rarely a direct correlation between a state's "business climate" — typically defined as the level of corporate taxes and regulatory costs — and its broader economic performance. A study from the Public Policy Institute of California in 2011 found that the factors most influencing a state's economic performance are largely "beyond the reach of public policy."

Much more important, according to the study, are factors that favor California: weather, geography and a diverse mix of industries.

Not surprisingly, economic growth has been swiftest in Silicon Valley, San Francisco and San Diego — hubs for innovation in the technology, software and life sciences industries.

The San Francisco Bay Area was the first region in California to begin picking up steam after the Great Recession. The growth of tech jobs there and in parts of Southern California spawned additional demand for workers in the professional and technical services sector — lawyers, accountants, consultants and architects needed to support new business activity.

Article continues at <http://lat.ms/1j9A4QL>

UNEMPLOYMENT

Region	September 2014	August 2015	September 2015	Percentage Point Change	
				1 month	12 months
San José MSA	5.0 %	4.1 %	3.7 %	- 0.3	- 1.3
San Francisco MD	4.1 %	3.4 %	3.1 %	- 0.3	- 1.0
California	7.0 %	6.1 %	5.5 %	- 0.6	- 1.5
United States	5.7 %	5.2 %	4.9 %	- 0.3	- 0.8

INDUSTRY EMPLOYMENT

Sector	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,061,000	1,067,600	2,131,500	0.0 %	+ 4.7 %
Construction	45,500	39,000	84,600	- 0.6 %	+ 8.6 %
Manufacturing	165,200	36,900	203,400	- 0.7 %	+ 2.3 %
Retail Trade	85,400	83,700	169,200	+ 0.2 %	+ 2.0 %
Information	77,600	58,500	136,700	- 0.6 %	+ 10.4 %
Professional & Business Services	225,100	272,100	499,300	- 0.6 %	+ 9.3 %
Educational Services	42,000	27,600	69,600	0.0 %	+ 3.0 %
Health Care & Social Assistance	113,800	105,700	219,500	- 0.2 %	+ 3.4 %
Leisure & Hospitality	94,100	137,200	231,300	- 2.6 %	+ 2.1 %
Government	94,600	123,600	218,200	+ 4.3 %	+ 2.2 %

NOTE: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

	Labor Force			Unemployment			Unemployment Rate		
	September 2014	September 2015	Change	September 2014	September 2015	Change	September 2014	September 2015	Change
United States	155,903,000	156,607,000	+ 0.5 %	8,962,000	7,628,000	- 14.9 %	5.7 %	4.9 %	- 0.8
California	18,855,100	18,946,000	+ 0.5 %	1,322,800	1,034,200	- 21.8 %	7.0 %	5.5 %	- 1.5
San Diego, CA	1,542,300	1,564,600	+ 1.4 %	94,200	72,300	- 23.2 %	6.1 %	4.6 %	- 1.5
San Francisco, CA	971,000	1,000,800	+ 3.1 %	39,400	30,900	- 21.6 %	4.1 %	3.1 %	- 1.0
San José, CA	1,029,700	1,060,800	+ 3.0 %	51,400	39,400	- 23.3 %	5.0 %	3.7 %	- 1.3
Austin, TX	1,054,750	1,053,059	- 0.2 %	43,082	34,421	- 20.1 %	4.1 %	3.3 %	- 0.8
Boston, MA	2,608,518	2,598,921	- 0.4 %	136,224	107,534	- 21.1 %	5.2 %	4.1 %	- 1.1
Portland, OR	1,204,400	1,213,400	+ 0.7 %	71,200	63,300	- 11.1 %	6.4 %	5.6 %	- 0.8
Seattle, WA	1,554,414	1,576,758	+ 1.4 %	72,272	61,984	- 14.2 %	4.6 %	3.9 %	- 0.7
NOVA Workforce Area	748,100	771,500	+ 3.1 %	30,200	23,200	- 23.2 %	4.0 %	3.0 %	- 1.0

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

September 2015 Events

Company	Location	# Affected	Company	Location	# Affected
Alexza Pharmaceuticals	Mountain View	28	IAP Worldwide Services	Mountain View	67
Bay Bread	So. San Francisco	121	KLA-Tencor	Milpitas	213
BBG Wireless USA	Santa Clara	38	Lockheed Martin	Multiple cities	45
Bosch Healthcare Systems	Palo Alto	55	Company confidential	Palo Alto	90
Total					657

WARN SUMMARY

Events YTD [†] :	23
Individuals Affected YTD:	1,343
Individuals Previous YTD [‡] :	923

* **WARN: Worker Adjustment and Retraining Notification**
 (notice of mass layoff or closure)
[†] **YTD: Year to Date**
 (Program year: July 1–June 30)
[‡] **Previous YTD:** No data available for San Mateo County, FY2014/15

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database