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Beacon Economics Employment Report

September 17, 2010

A partnership of the EVC and Beacon Economics

California Employment Takes A Big Hit In August... But Is It Really A Trend?

Reason For Concern:

Private sector employment in California fell by nearly 27,000 positions between July and August 2010, erasing over half of the non-governmental jobs that had been created since the beginning of the year. California had been on a positive employment trend this year, despite the decline associated with the ending of the 2010 Census. Census collection efforts had temporarily boosted government employment, but when those temporary Census jobs ended, overall employment contracted. Unlike the Census related decline, which was expected, this month's significant drop in private employment is reason for concern. However, Beacon Economics also believes that it is likely a reflection of the slow down in economic activity that occurred in the second quarter of this year, rather than the start of a new trend. Additionally, it should be noted that there is a known bias in these numbers as they tend to overstate declines at the end of a recession and understate them at the beginning. We believe there will likely be an upward revision in these numbers by the start of 2011.

Unemployment Rate in State Rises Slightly:

Consistent with the employment loss in the state, the unemployment rate rose by one-tenth of one percentage point to reach 12.4%. The labor force, the portion of the population that is actively in the workforce or looking for work, had been growing for the first five months of 2010 but went into a declining trend after May. This coincides with the end of the temporary Census jobs. It's likely that much of the labor force decline, and the residential employment loss of 49,000 positions over the month, were connected to the end of the 2010 Census.

Nation's Labor Markets Relatively Stable:

Looking across California, job losses were spread out fairly evenly, although the Central Coast came through relatively unscathed (only Santa Cruz lost 300 positions). The largest employment contractions were in Los Angeles (down 11,700), San Diego (down 4,800), Sacramento (down 2,900), and Bakersfield (down 2,200).

[CLICK HERE](#) to go to [The Beacon Employment Report](#) web page with regional and industry breakdowns in all 50 states.

Beacon Economics' interactive monthly employment report processes data from the Bureau of Labor Statistics and data generated and released by the California Employment Development Department (EDD) on the third Friday of every month. Beacon Economics reproduces EDDs data by major MSA in California on a seasonally adjusted basis to facilitate month-to-month comparisons.

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