



# CALIFORNIA ECONOMIC SNAPSHOT



**Jacqueline Martinez Juarez**  
Economic & Planning Systems  
UC Davis  
Center for Regional Change

## HIGHLIGHTS

With an increase to Oregon's job growth rate in the previous quarter, the West Coast states continue to show the highest concentration of states with significant job growth

California saw positive job growth rates across all industries sectors in the fourth quarter,

36 California markets had employment at or near full employment levels.

The California Economic Snapshot is produced quarterly by **Economic & Planning Systems, Inc. (EPS)** through a research partnership with the California Academy for Economic Development (CAED), a foundation managed by the California Association for Local Economic Development (CALED). EPS is a full-service economics consulting firm with expertise in economic development and revitalization, real estate economics, fiscal and economic impact analysis, public finance, land use and transportation, and housing policy. To learn more about EPS, visit [www.epsys.com](http://www.epsys.com).

## Rural California Infrastructure: A Call to Action

Since the 19<sup>th</sup> century, urbanization in America has spread rapidly, creating major changes within the structure of cities. These changes consisted of improvements to transportation, housing, infrastructure, water quality, air quality, and access to healthy foods. Although these improvements were occurring within urban cities, the unincorporated communities, primarily low-income, were not experiencing similar improvements. Historically, many of these communities in rural counties have not benefitted to the same degree as cities from planning and capital funding efforts, which has contributed to lagging investment within low-income unincorporated communities throughout America and within the San Joaquin Valley.

The San Joaquin Valley, located within the Central Valley, is a mixture of urban and rural communities. Approximately 300 miles long stretching from Bakersfield up to Stockton, it is the primary agricultural source for several food products in the United States, such as olives, grapes, stone fruits, nuts, berries, etc. Farming in the San Joaquin Valley is the main economic driver providing roughly one-fifth of the regional GDP and employment.

The San Joaquin Valley is one of the most agriculturally rich regions in America, but it is also home to some of the poorest communities. Eight of the counties within the San Joaquin Valley are considered among the top nine agricultural producers in the state, but seven of these same counties are also in the top 10 for the highest child poverty rates. Individuals residing within the low-income unincorporated communities often encounter issues related to public services access. The challenge of inaccessibility to clean, safe, and affordable water is a prime example explored in this article.

Recent insights developed by the UC Davis Center for Regional Change (CRC) have illuminated the gravity of the situation. Often, many San Joaquin Valley communities must bear the consequences of unsafe water, such

as the detrimental impacts to their health, the high cost to purchase unsafe water, and the additional purchase of bottled water to drink and cook. There are over 64,000 individuals, predominantly Latinx, who may be exposed to unsafe drinking water. Often, water systems serving such communities are small, underperforming, and fragmented, which contributes to uneven and inequitable access.

Currently, 66% of the individuals within a low-income unincorporated community in the region live within close proximity to a water system that provides or could provide water. Multiple factors contribute to the inequitable access to safe water, including the cost to improve the existing infrastructure. This has led researchers to identify the closest water systems that residents could be connected to.

Water is a basic human right. There are funding opportunities that allow communities to address the issues of contamination, but given the limited funds, it is often difficult to address the needs of all disadvantaged communities. With the passage of Senate Bill 200, Safe and Affordable Drinking Water Fund, providing funding to address the water issues in disadvantaged communities throughout California may be improved. SB 200 provides a long-term policy framework and funding source, which will allocate approximately \$130 million annually beginning in 2020–2030. The allocation of these funds will allow communities the opportunity to address this pressing need that otherwise may not have been possible. However, the CRC data summarized above indicates that strategic efforts to link communities immediately proximate to municipal systems may be a cost-effective starting point.

In this era of scarce local resources, it is imperative the funding assistance from state and federal sources is improved. To the extent that strategic investment can improve the quality of life for California's most vulnerable populations, rural California's socio-economic indicators and economic productivity may be substantially improved.

### About the University of California, Davis Center for Regional Change:

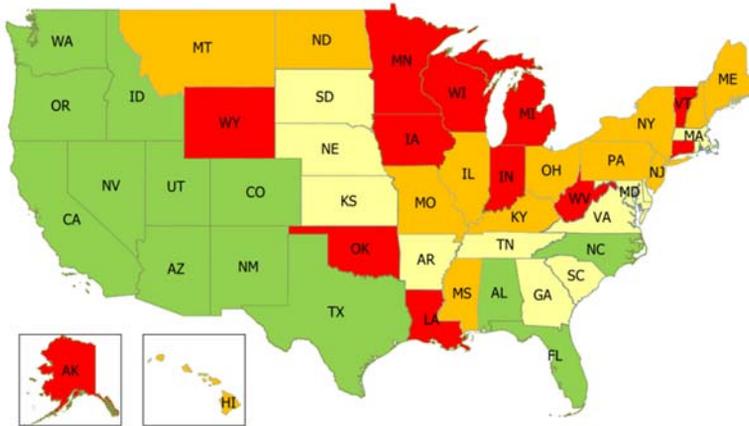
The CRC is a catalyst for innovative, collaborative, and action-oriented research. It brings together faculty and students from different disciplines, and builds bridges between university, policy, advocacy, business, philanthropy and other sectors. The CRC's goal is to support the building of healthy, equitable, prosperous, and sustainable regions in California and beyond.

For more information, contact CRC at [rcinfo@ucdavis.edu](mailto:rcinfo@ucdavis.edu)





## Annual Nonfarm Job Growth Rate By State



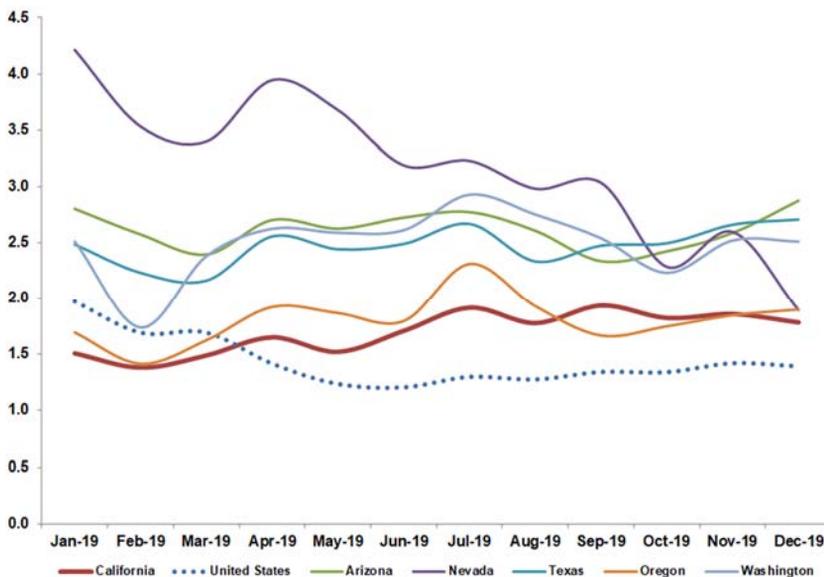
Upper	Upper-Middle	Lower-Middle	Lower
Utah 3.3%	Rhode Island 1.7%	New York 1.1%	Mississippi 0.5%
Arizona 2.9%	Tennessee 1.6%	Maine 1.0%	Michigan 0.5%
Idaho 2.9%	Nebraska 1.6%	Montana 1.0%	Louisiana 0.4%
Texas 2.7%	Georgia 1.5%	New Jersey 0.9%	Wisconsin 0.4%
Washington 2.5%	Kansas 1.5%	Hawaii 0.8%	Connecticut 0.2%
Florida 2.4%	Arkansas 1.5%	New Hampshire 0.8%	Minnesota 0.1%
Alabama 2.2%	South Carolina 1.4%	Illinois 0.7%	Indiana 0.1%
Colorado 2.0%	District of Columbia 1.3%	Missouri 0.6%	Alaska -0.1%
North Carolina 2.0%	Delaware 1.3%	Kentucky 0.6%	Iowa -0.1%
Oregon 1.9%	Maryland 1.2%	North Dakota 0.6%	Oklahoma -0.3%
Nevada 1.9%	Massachusetts 1.2%	Ohio 0.5%	Vermont -0.4%
<b>California 1.8%</b>	Virginia 1.1%	Pennsylvania 0.5%	West Virginia -0.5%
New Mexico 1.7%	South Dakota 1.1%	Wyoming -1.2%	

Source: CA Employment Development Department, December 2019; U.S. Bureau of Labor Statistics; EPS

## Highlights

- California remained to the upper-tier with an increase of Nonfarm payroll jobs by 1.8 percent in the 12 months ending December 2019, ranking 12th among all states.
- The west coast region continues to have the highest concentration of upper tier states with Oregon rising to join the other west coast states in the upper tier.
- Utah replaced Nevada as the state with the highest job growth rate at 3.3 percent, rising slightly from last quarter.
- Job growth rates decreased from last quarter in more than half of the states with 34 states realizing a decrease in job growth rates from the previous quarter.

## State Annual Nonfarm Job Growth Rate



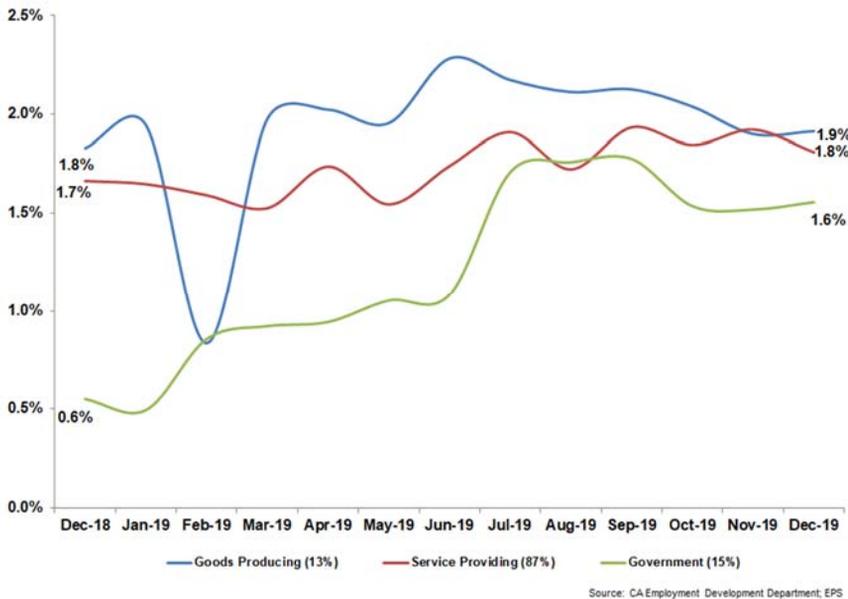
Source: CA Employment Development Department, U.S. Bureau of Labor Statistics; EPS

## Highlights

- California's annual job growth remained consistent with levels seen in the last quarter, ending above the national average.
- Job growth rates for the United States remained consistent with the previous quarter ending below the individual states.
- Nevada experienced a sharp decline in job growth rates after a slight spike in October, falling out of the top position experienced in the past three quarters.
- Arizona experienced a steady increase in job growth rates in the last two quarters, ending highest among the individual states.



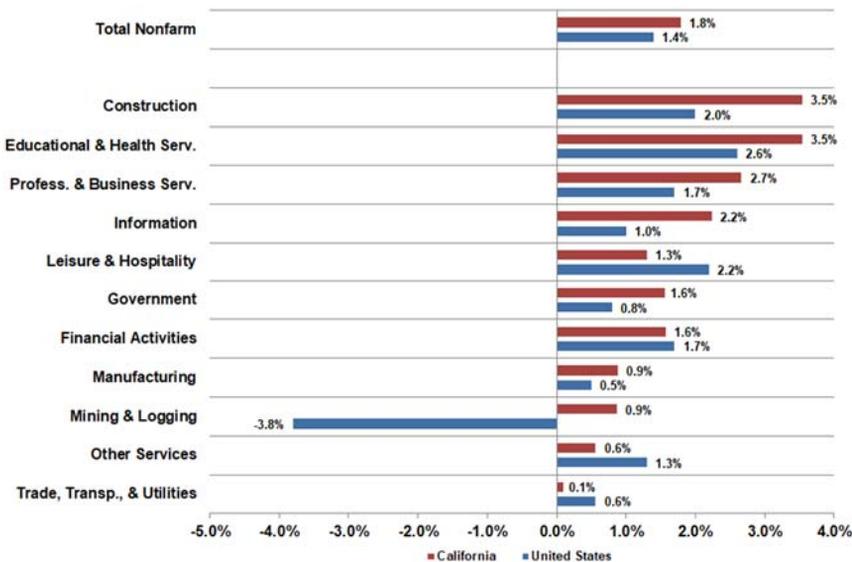
## California Annual Industry Segment Job Growth Rate



### Highlights

- Job growth in California's Service-Providing sectors, comprising 87 percent of Nonfarm jobs, decreased slightly throughout the quarter ending slightly just below the Good-Producing sectors.
- Goods-Producing sectors remained relatively steady throughout the quarter ending with job growth rates slightly below the previous quarter.
- Job growth in Government sectors remained steady throughout the quarter after experiencing a sharp decline in job growth in the last quarter ending below the other sectors.

## California & United States Annual Major Sector Job Growth Rate

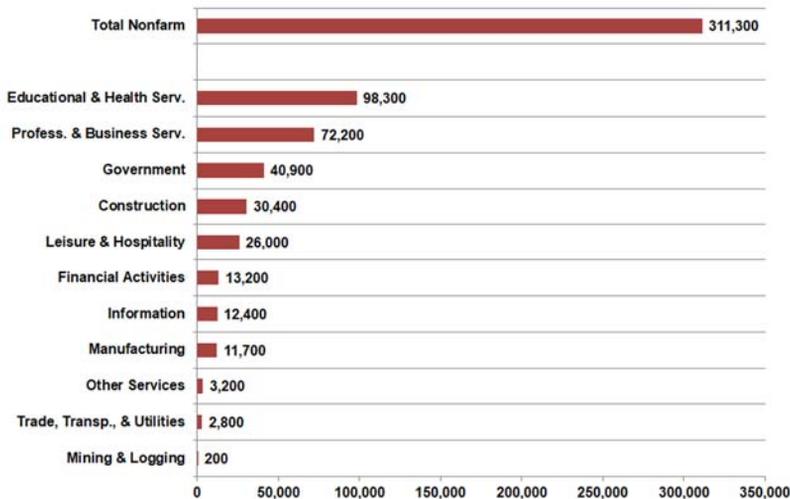


### Highlights

- California's annual job growth rate outpaced the nation in seven of the 11 major sectors and in total Nonfarm job growth. Positive job growth was experienced in all sectors.
- The most robust state job growth rates occurred in Construction, Educational and Health Services, and Professional and Business Services.
- While the Mining and Logging sector experienced negative job growth rates nationwide, California experienced growth in the Mining and Logging sector.



## California Absolute Annual Job Gains and Losses

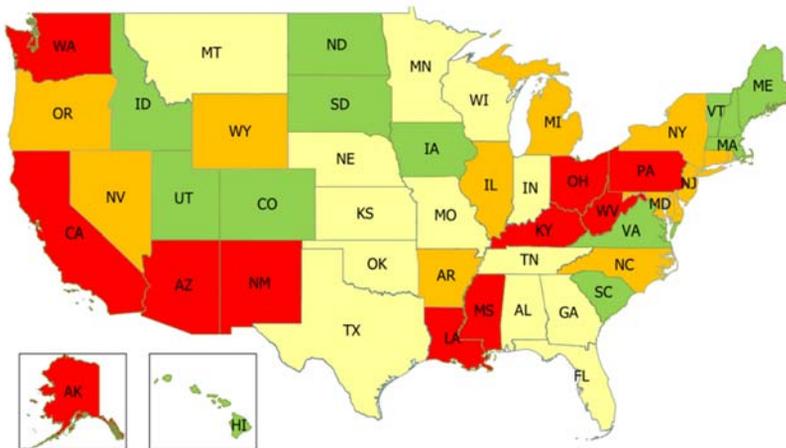


Source: CA Employment Development Department, December 2019; EPS

### Highlights

- Just over 311,000 Nonfarm jobs were added in California in the 12 months prior to December 2019.
- California's absolute job gains were strongest in Educational and Health Services, led by growth in employment in colleges and professional schools and social assistance occupations.
- California experienced positive job growth across all sectors as the Other Services sector reverses the negative growth seen in the previous quarter.

## State Annual Average Unemployment Rate



### Highlights

- California is one of 31 states that experienced a decrease in annual unemployment rates from the previous quarter ending at 4.1 percent, falling to the lower tier.
- All but three states have experienced unemployment at or below 5 percent, putting nearly all states at full employment levels, consistent with the previous quarter.
- Just over 24 percent of unemployed Californians have been out of work for more than 27 weeks, a figure is higher than the national average of 21 percent.
- California's "real" unemployment, accounting for underemployed and marginally attached workers, was 8.5 percent, higher than the national average of 7.3 percent.

Upper		Upper-Middle		Lower-Middle		Lower	
Vermont	2.2%	Nebraska	3.0%	New Jersey	3.6%	<b>California</b>	<b>4.1%</b>
North Dakota	2.4%	Wisconsin	3.1%	Delaware	3.6%	Pennsylvania	4.1%
New Hampshire	2.5%	Alabama	3.1%	Rhode Island	3.6%	Ohio	4.1%
Iowa	2.5%	Florida	3.2%	Arkansas	3.6%	Kentucky	4.2%
Utah	2.6%	Kansas	3.3%	Maryland	3.6%	Washington	4.5%
Hawaii	2.7%	Missouri	3.3%	Wyoming	3.6%	Louisiana	4.6%
Virginia	2.8%	Oklahoma	3.3%	Connecticut	3.7%	Arizona	4.8%
Colorado	2.8%	Minnesota	3.3%	North Carolina	3.9%	New Mexico	4.9%
Massachusetts	2.9%	Tennessee	3.3%	Nevada	3.9%	West Virginia	4.9%
Idaho	2.9%	Indiana	3.4%	Oregon	4.0%	Mississippi	5.3%
South Carolina	2.9%	Texas	3.5%	New York	4.0%	District of Columbia	5.5%
South Dakota	3.0%	Montana	3.5%	Illinois	4.0%	Alaska	6.3%
Maine	3.0%	Georgia	3.5%	Michigan	4.0%		

Source: CA Employment Development Department, December 2019; U.S. Bureau of Labor Statistics; EPS



## Annual Nonfarm Job Growth Rate for Metropolitan and Non-Metropolitan Areas



Upper		Upper-Middle	
Sierra County	11.5%	Hanford MSA	2.4%
Yuba City MSA	4.4%	Del Norte County	2.4%
Amador County	3.8%	Mono County	2.4%
Glenn County	3.7%	Calaveras County	2.3%
Tuolumne County	3.4%	Madera MSA	2.3%
Merced MSA	3.3%	<b>San Diego MSA</b>	<b>2.3%</b>
Salinas MSA	3.2%	Tehama County	2.3%
<b>San Jose MSA</b>	<b>2.9%</b>	Trinity County	2.2%
Inyo County	2.7%	Plumas County	2.1%
Lake County	2.6%	<b>Riverside MSA</b>	<b>2.0%</b>
<b>San Francisco MSA</b>	<b>2.6%</b>	Santa Rosa MSA	2.0%
Siskiyou County	2.5%	Fresno MSA	1.9%

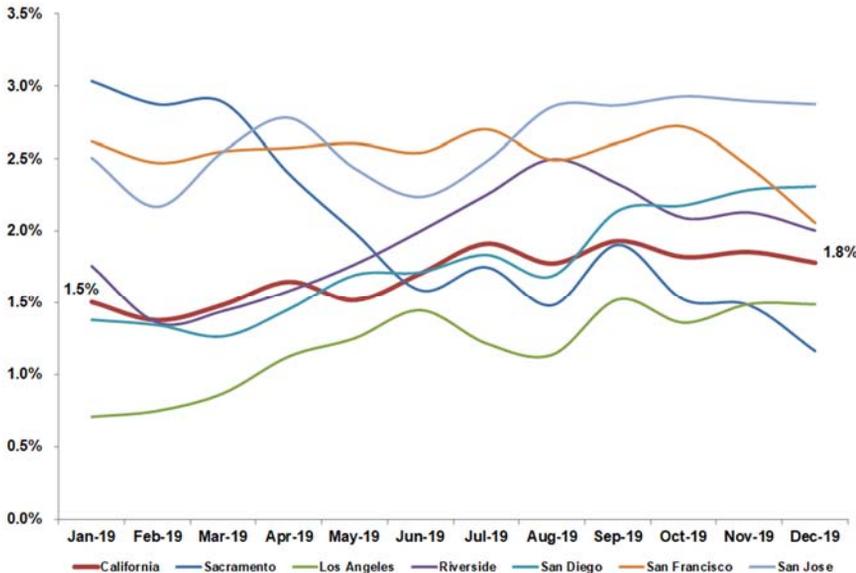
Lower-Middle		Lower	
Humboldt County	1.7%	Santa Cruz MSA	1.2%
San Luis Obispo MSA	1.7%	Mendocino County	1.1%
Modesto MSA	1.6%	Nevada County	1.1%
El Centro MSA	1.5%	Modoc County	0.9%
Redding MSA	1.5%	<b>Los Angeles MSA</b>	<b>0.9%</b>
Colusa County	1.4%	Mariposa County	0.8%
Visalia MSA	1.4%	Lassen County	0.7%
Napa MSA	1.4%	Stockton MSA	0.6%
Bakersfield MSA	1.4%	Oxnard MSA	0.5%
Santa Maria MSA	1.3%	Vallejo MSA	-0.1%
Chico MSA	1.2%	Alpine County	-7.5%
<b>Sacramento MSA</b>	<b>1.2%</b>		

Source: CA Employment Development Department, December 2019; EPS

### Highlights

- Job growth rates in the Sacramento metro fell by 1.0 percent, dropping the metro to the lower middle tier.
- Job growth rates in the San Jose metro remained consistent with the previous quarter, ending in the upper tier and highest among the 6 largest metros.
- The San Francisco metro rose to the upper tier. The metro accounts for 10 percent of the state's absolute job growth alone and 40 percent when combined with the Los Angeles metro, slightly below levels seen in the prior quarter.

## California Large MSA Annual Nonfarm Job Growth Rate



Source: CA Employment Development Department; EPS

### Highlights

- The Sacramento metro fell throughout the quarter ending with the lowest job growth rate among the major metros, falling below the Los Angeles metro.
- Job growth rates in the San Francisco metro fell throughout the quarter ending third below the San Jose and San Diego metros.
- San Jose job growth rates remained steady throughout the quarter, continuing to experience the highest job growth rate among the major metros.
- Job growth rates in the San Diego metros rose in the past quarter, ending at levels above those experienced in the previous quarter.

## Annual Average Unemployment Rate for Metropolitan and Non-Metropolitan Areas



Upper		Upper-Middle	
San Jose MSA	2.3%	Inyo County	3.5%
Santa Rosa MSA	2.4%	Mono County	3.5%
Napa MSA	2.5%	Amador County	3.6%
San Luis Obispo MSA	2.5%	<b>Riverside MSA</b>	<b>3.6%</b>
<b>San Francisco MSA</b>	<b>2.6%</b>	Calaveras County	3.6%
<b>San Diego MSA</b>	<b>2.9%</b>	Mendocino County	3.7%
<b>Sacramento MSA</b>	<b>3.2%</b>	<b>Los Angeles MSA</b>	<b>4.0%</b>
Santa Maria MSA	3.2%	Santa Cruz MSA	4.1%
Nevada County	3.2%	Redding MSA	4.1%
Oxnard MSA	3.3%	Tuolumne County	4.3%
Vallejo MSA	3.4%	Chico MSA	4.3%
Humboldt County	3.4%	Yassen County	4.3%

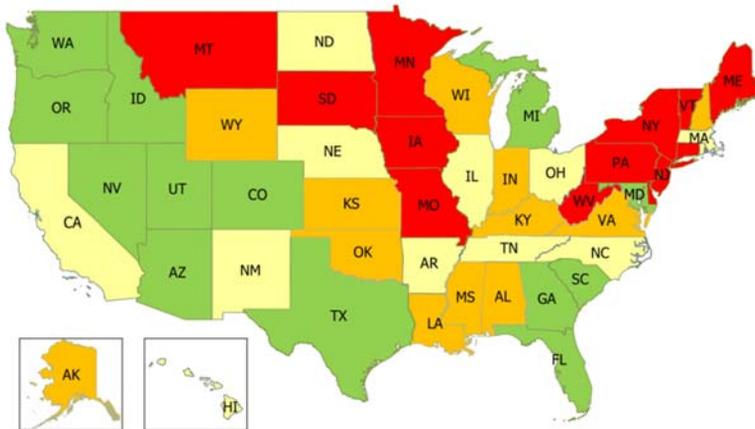
Lower-Middle		Lower	
Mariposa County	4.3%	Siskiyou County	6.0%
Lake County	4.8%	Yuba City MSA	6.1%
Sierra County	5.1%	Madera MSA	6.1%
Salinas MSA	5.1%	Fresno MSA	6.4%
Trinity County	5.2%	Modoc County	6.5%
Alpine County	5.2%	Bakersfield MSA	6.8%
Stockton MSA	5.3%	Hanford MSA	6.9%
Tehama County	5.3%	Plumas County	7.0%
Modesto MSA	5.4%	Merced MSA	7.0%
Del Norte County	5.5%	Visalia MSA	8.4%
Glenn County	5.9%	Colusa County	11.6%
		El Centro MSA	17.9%

Source: CA Employment Development Department, December 2019; EPS

### Highlights

- 36 markets had unemployment rates at or below 6 percent, placing more than half of all California markets near full employment levels, consistent with the previous quarter.
- San Francisco and San Jose markets continue to experience low unemployment rates and most of the Bay Area metros and counties remain in the upper tier.
- Unemployment rates have remained steady throughout the quarter with most markets ending within 0.2 percent of levels seen in the previous quarter, with the only exception being Colusa County, consistent with trends seen in the previous quarter.

## State Leading Index



Upper		Upper-Middle		Lower-Middle		Lower	
Nevada	3.0%	North Carolina	1.7%	Virginia	1.2%	Minnesota	0.6%
Arizona	2.8%	New Mexico	1.7%	Indiana	1.2%	South Dakota	0.5%
Utah	2.7%	North Dakota	1.6%	New Hampshire	1.1%	New York	0.4%
Washington	2.4%	Illinois	1.5%	Alabama	1.0%	Connecticut	0.3%
Oregon	2.2%	Hawaii	1.5%	Kansas	0.9%	New Jersey	0.1%
Florida	2.2%	Nebraska	1.5%	Kentucky	0.9%	Montana	0.0%
Maryland	2.2%	<b>California</b>	<b>1.5%</b>	Wisconsin	0.8%	Vermont	0.0%
Idaho	2.1%	Massachusetts	1.4%	Wyoming	0.8%	Delaware	-0.1%
South Carolina	2.1%	Arkansas	1.4%	Mississippi	0.7%	Maine	-0.4%
Texas	1.9%	Rhode Island	1.3%	Louisiana	0.7%	Iowa	-0.4%
Georgia	1.9%	Tennessee	1.3%	Alaska	0.6%	Missouri	-0.6%
Michigan	1.9%	Ohio	1.3%	Oklahoma	0.6%	Pennsylvania	-1.4%
Colorado	1.8%					West Virginia	-1.7%

Source: Federal Reserve Bank of St. Louis, December 2019; EPS.

### Highlights

- The State Leading Index indicator predicts the six-month growth rate of the Coincident Index for each state, combining several indicators of current conditions.
- California's leading index fell to the upper-middle tier, ranked 20th in December 2019. Despite ongoing recessionary concerns, leading indicators show potential for improving economic conditions.

### Economic trends to follow:

- Despite low wage raises, the job market continued to expand throughout Q4.
- Housing starts surged 16.9% in December, the highest one month increase experienced in 13 years.