MEDIA ADVISORY

University of California, Berkeley

For immediate release

New Study: Post-Great-Recession, California's Labor Market is Slowly Recovering, Study Finds

By Jacqueline Sullivan
jsullivan@berkeley.edu, (510) 604-2289

May 17, 2016

As we approach the seventh official year of recovery, several sectors of California's labor market still have not regained the jobs lost during the Great Recession according to research by the Center on Wage and Employment Dynamics at UC Berkeley.

The report includes a focus on the severity of job losses in the U.S. and in California as well as other labor market measures. It is clear from the report that job losses were catastrophic. Over the Great Recession, 15 percent of all jobs shed in the nation were in California—which amounted to a loss of 1.3 million jobs.

The unemployment rate in California was in double-digits for an unprecedented forty-three consecutive months (February 2009 to August 2012)—attesting to the severity of the crash and the impact of the housing bust in California. These rates have declined significantly to 4.9 percent and 5.5 percent in February 2016 for the U.S. and California, respectively.

The researcher found that at its worst point in California, construction jobs were down 37 percent and while that number has improved, construction jobs are still 10.8 percent below their pre-recession numbers.

The jobs coming on board are not the same as those that were lost over the downturn—showing the persistent shift from manufacturing to a service based economy.

"The good news is that beginning in October 2010, the U.S. has experienced 65 consecutive months of job gains with a monthly average of 203,000. Consistent positive gains in California started in July 2011 and continued until a blip in January 2016—monthly gains have averaged just fewer than 35,000 statewide," said Sylvia Allegretto, co-chair of the Center on Wage and Employment Dynamics and author of the report.

“The downside is that many labor market indicators, while improving, have yet to get back to pre-recession levels,” according to Allegretto.

Additional key findings in the report include:

- The level of government jobs in California recently surpassed that of the peak attained *two* cycles ago (2003) and has yet to surpass the peak level reached in 2008. There is a nearly 233,000 gap in the expected government workforce.
- Between 2007 and 2011, California’s employment rate (EPOPs) dropped by 6.0 percentage-points which is an enormous decline. If the employment rate in 2015 was at its 2007 rate, California would have an additional 1.2 million workers.
- Owing to the Great Recession, incomes from 2006 to 2011 declined for typical households in California—a slide of 13.5% from $64,956 to $56,177 (2014$). The setback regressed incomes back to mid-1990s levels. In 2014, the income for typical households in California was $60,487—still 6.9% below the 2006 level.

“In 2011 it was impossible to imagine how long it would take to regain all the jobs that vanished. Well, we now have the answer—the destruction and recovery took well over six years,” said Allegretto.

CONTACT

Sylvia Allegretto, allegretto@berkeley.edu, (510) 643-7080