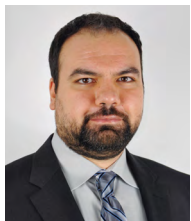




Central California's Labor Markets

AUTHORS



Ahmad Borazan, PhD
Assistant Professor
Department of Economics
California State University, Fresno



Qin Fan, PhD
Assistant Professor
Department of Economics
California State University, Fresno

KEY POINTS

- Since 2013, labor force growth in Fresno County has recovered from a period of declining growth. The county's growth was similar to California's labor force growth from 2013 to 2016, and for the recent period reflects a slight downward trend.
- The unemployment rate in the Central Valley began declining in 2012 with some counties' rates reaching historically low records in 2018.
- While the region boasts significantly higher shares of employment in the natural resources and mining sector (which includes agriculture), the region is well behind the state and nation in the professional and business services sector.
- For the six counties studied, poverty rates are higher than both the state and national averages, and all six have lower shares of college graduates.

From August 2017 to August 2018, unemployment fell by one percentage point or more in all six counties.

Labor Force Participation, Employment, and Unemployment

Employment data for 2017 for six of the Central Valley's counties are shown in Table 1. County population figures are included for perspective. The counties of Fresno, Kern, and Tulare make up 80% of the six-county region, with Fresno County representing just over one-third of the total population. The total number employed in the six-county region in 2017 was 1.2 million, with those unemployed reaching 116,000.

After experiencing negative growth from August 2011 to August 2013, labor force growth in Fresno County recovered and turned positive in August 2014. (See Figure 1.) Fresno County's growth closely followed California's labor force growth from 2013 to 2016, and growth rates for both Fresno County and the State turned slightly negative in the recent period, August 2017-August 2018.

Labor Force Growth

Figure 2 presents labor force growth rates for the six counties, California, and the U.S. Labor force growth rates in Tulare and Merced counties were higher than both the state and national averages. Fresno County, with lower growth than the U.S., slightly outpaced California's labor force growth for the period. Three counties – Madera, Kern, and Kings – were below both state and national growth rates.

Table 1
Labor Force Participation, Employment, and Unemployment
by County for 2017 (in Thousands)

County	Labor Force	Employed	Unemployed	County Population	Percentage of Six-County Total Population
Fresno	450	412	38	989	34%
Kern	385	350	35	893	31%
Tulare	205	184	21	464	16%
Merced	116	105	11	273	9%
Madera	61	56	5	157	5%
Kings	58	53	5	150	5%
Total	1,275	1,160	115	2,926	100%

Data Source: Bureau of Labor Statistics, U.S. Census

Figure 1
Labor Force Annual Percent Change

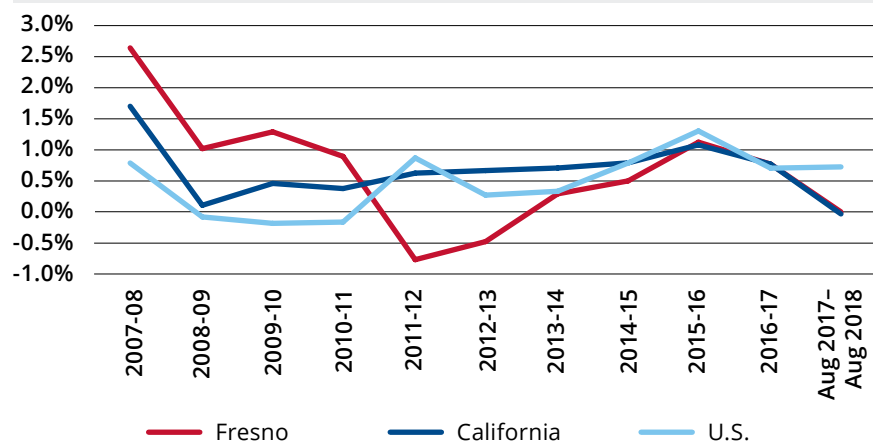
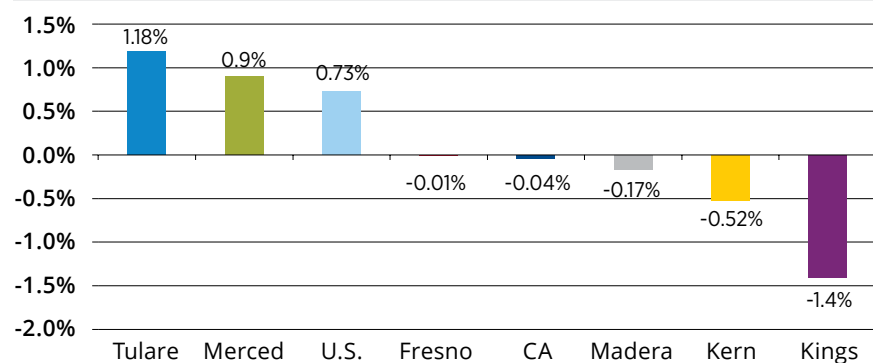


Figure 2
Labor Force Growth by County • August 2017-August 2018



Figures 1 & 2 • Data Source: Bureau of Labor Statistics

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Employment Growth

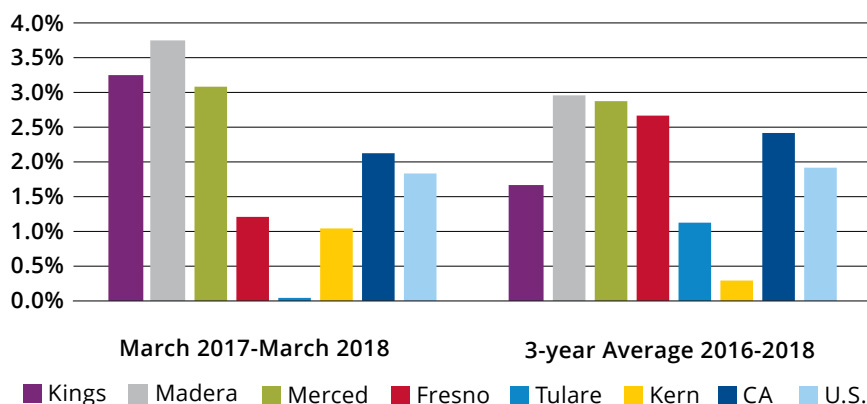
Figure 3 provides a picture of growth in employment for both the recent period and the three-year period. Employment in Central California grew, with Fresno, Merced, and Madera outpacing the U.S. and California growth rates from March 2016 to March 2018. For the recent year, March 2017-March 2018, Merced, Madera and Kings counties achieved impressive employment growth, a good bit above both the U.S. and California.

Two counties stand out in terms of employment growth over both the three-year period and the one-year period – Merced and Madera counties. Enrollment and employment at the University of California, Merced, have increased continuously since the university's inception in 2005. UC Merced

was recognized by the *Chronicle of Higher Education* as the fastest-growing university in the nation in 2017,¹ and for the last academic year, granted 1,418 degrees, over three times the number granted in 2010-11. The University generates a monthly payroll of \$16.5 million (salary and benefits), and is one of the county's largest non-agricultural related employers.²

Valley Children's Healthcare contributes to employment growth in Madera County and is one of the county's largest employers, with more than 650 physicians and 3,400 staff delivering health care to over 1.3 million children.³ The inflow of skilled labor working in this sector could stimulate higher demand in non-traded industries such as local service sectors, possibly generating multiplier effects in additional employment growth.

Figure 3
Employment Growth Percent Change



Data Source: Bureau of Labor Statistics

Table 2
Unemployment by County

County	August 2017	August 2018	Change
Fresno	7.7%	6.6%	-1.1%
Kern	8.6%	7.3%	-1.3%
Tulare	10.0%	8.7%	-1.3%
Merced	8.2%	7.0%	-1.2%
Madera	7.3%	6.2%	-1.1%
Kings	7.7%	6.7%	-1.0%
California	4.6%	4.2%	-0.4%
U.S.	4.2%	3.7%	-0.5%

Data Source: Bureau of Labor Statistics

Unemployment

Table 2 provides unemployment data for the six counties. From August 2017 to August 2018, the reduction in unemployment rates in all six counties outpaced the national and state levels. Since 2013, unemployment rates have been declining in the Central Valley. In September 2018, Fresno achieved a record low unemployment rate, and in other counties – except for Tulare – unemployment rates also reached historic lows. That said, unemployment rates in the six counties are still well above national and state levels, with unemployment in Tulare and Kern counties running at more than twice the national unemployment rate.



Employment by Sector

Table 3 shows shares of employment for the six counties as well as for the state and the nation. Agriculture is an important part of the Central Valley's economy and is included in the natural resources and mining sector. As the data indicate, the six-county region has significantly higher shares of employment than either the state or nation in this sector. The Central Valley is home to large food and beverage processing companies such as E & J Gallo Winery in Merced County, Central Valley Meat Company in Kings County, and Land O'Lakes and Ruiz Foods in Tulare County.

The greatest negative gap between the state and nation and the six counties is in the share of employment in the professional and business services sector. The six-county average is 9%, representing only about half that of the state and nation.

The shares of employment for both the information and financial sectors are lower than the state and nation. The presence of technology centers in the Bay Area skews the state's share higher than the nation and the six-county area.

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A sector with some counties' employment shares notably above state and national levels is education and health care, though the average of the six counties and the state and nation are equal. Fresno County's medical centers and Valley Children's Hospital in Madera are among those contributing to higher shares for their counties.

With respect to construction, manufacturing, and trade, the six-county average is very similar to the state and the nation.

Table 3
Distribution of Employment Across Industrial Sectors • March 2018

County or Region	Natural Resources, & Mining (Including Agriculture)	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services
Fresno	12%	6%	8%	21%	1%	5%	10%	22%	11%	4%
Kern	21%	6%	6%	22%	1%	3%	11%	15%	11%	3%
Tulare	24%	5%	11%	22%	1%	3%	9%	12%	9%	3%
Merced	20%	4%	15%	22%	0%	3%	7%	16%	9%	2%
Madera	30%	5%	8%	15%	1%	2%	6%	22%	9%	2%
Kings	20%	3%	14%	21%	1%	3%	4%	21%	11%	2%
Six-County Average	19%	6%	9%	21%	1%	4%	9%	18%	10%	3%
CA	2%	6%	9%	20%	4%	6%	18%	18%	13%	5%
U.S.	1%	6%	10%	22%	2%	7%	17%	18%	13%	4%

Data Source: Bureau of Labor Statistics

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Employment Growth by Sector – Previous Three Years

Table 4 provides data regarding employment growth in different sectors over the three-year period from 2016 to 2018. With the exception of the information sector, growth in the six counties is similar to the state and nation.

Employment in the natural resources and mining sector, which includes agriculture, contracted in three of the counties at a slightly faster pace than the state or nation. Fresno County's decline in employment share was the greatest, at 4%. Madera and Merced counties increased employment in this sector, with Madera County experiencing 6%

growth in the sector vs. -2% growth for the six-county average, the state and the nation.

The largest difference in growth among the six counties and the state and nation is in the information sector, with the state's employment growing by 3% and the six counties' shrinking by 4%. In addition to having a smaller share of employment in the information sector itself (Table 3), the six counties are also experiencing a significantly negative growth pattern in employment. These data indicate California's success in the technology sector has not reached the Central Valley, and that the gap in sector employment between the valley and the state is becoming greater.

The largest difference in growth among the six counties and the state and nation is in the information sector.

Table 4
Employment Growth by Sector by County • March 2016-March 2018

County or Region	Natural Resources, & Mining (Including Agriculture)	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services
Fresno	-4%	8%	1%	2%	-3%	3%	0%	5%	3%	1%
Kern	-2%	-3%	-2%	2%	-6%	-4%	1%	4%	2%	-1%
Tulare	-3%	9%	3%	1%	-3%	0%	5%	5%	1%	1%
Merced	1%	9%	1%	4%	-3%	6%	6%	3%	2%	0%
Madera	6%	11%	-3%	3%	-6%	-4%	-6%	4%	5%	-4%
Kings	-3%	2%	2%	6%	-7%	-1%	-4%	2%	3%	3%
Six-County Average	-2%	5%	0%	2%	-4%	0%	1%	4%	2%	0%
CA	-2%	6%	1%	1%	3%	2%	2%	4%	3%	1%
U.S.	-2%	5%	1%	1%	1%	2%	2%	3%	3%	1%

Data Source: Bureau of Labor Statistics



Poverty, Income, and Education

California's Central Valley suffers from high rates of poverty, with the highest rates in Fresno, Tulare, and Kern counties. Poverty rates in the region are dramatically higher than those of California and the U.S.; in the case of Fresno County, the poverty rate is 10 percentage points greater. (See Figure 4.)

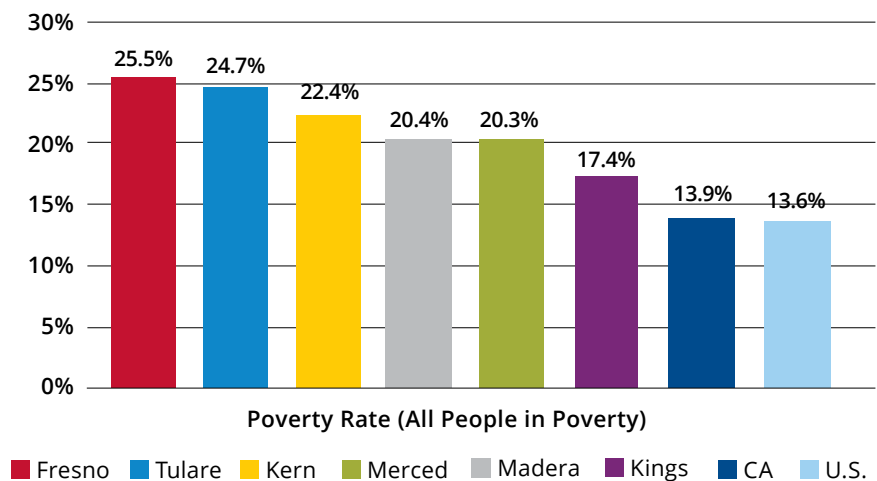
Figure 5 shows the distribution of households by income brackets for the six-county area (a weighted average), California, and the U.S.

As the data indicate, poverty manifests itself in the share of households earning less than \$50K (about 50% of all households in the six-county area), compared to the nation (42%) and the state (36%). The rate of poverty may be partially explained by the lack of high paying jobs and by underemployment in the region.

ABOUT HALF OF HOUSEHOLDS in the six counties EARN LESS THAN \$50K, WHILE JUST OVER 1/3 OF CALIFORNIA HOUSEHOLDS EARN LESS THAN THAT AMOUNT.

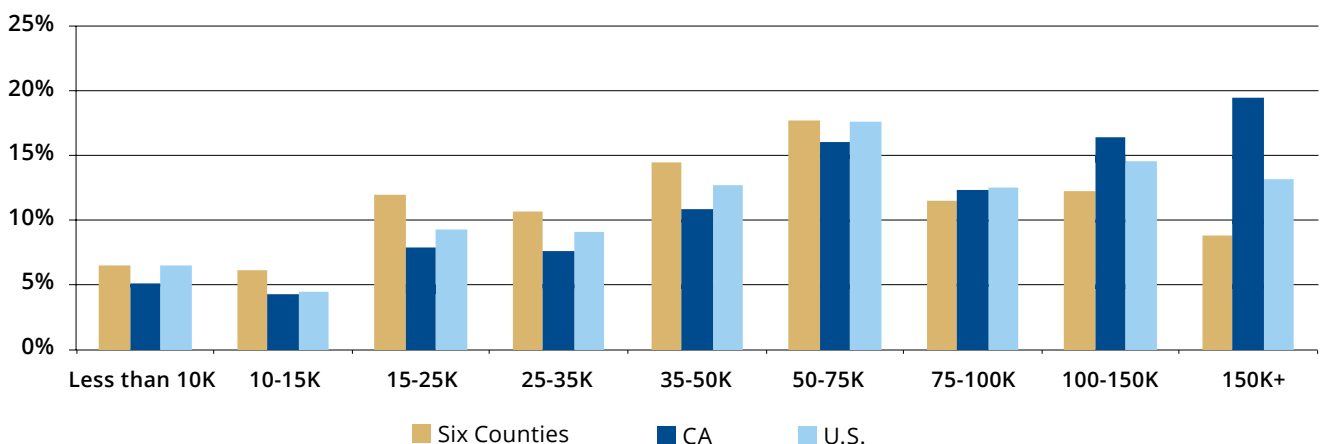


Figure 4
Poverty Rate by County • 2016



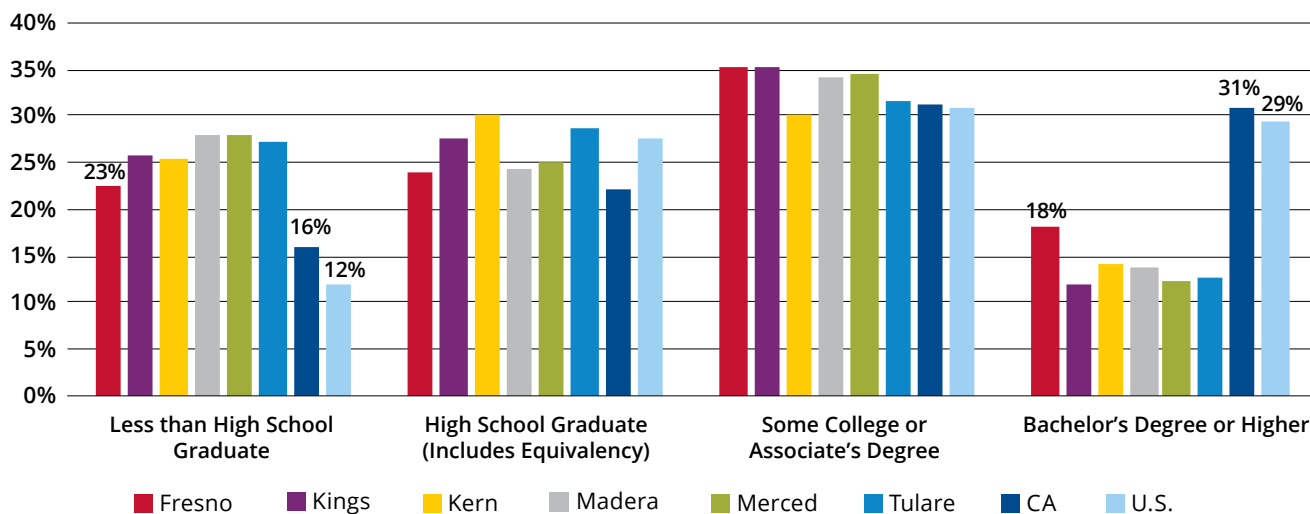
Data Source: U.S. Department of Agriculture

Figure 5
Household Income Distribution in 2017 • Percent of Households by Income Group



Data Source: U.S. Census

Figure 6
Educational Attainment by County • 2017



Data Source: U.S. Census

All counties in the six-county region have **SIGNIFICANTLY LOW SHARES OF COLLEGE GRADUATES** compared to state and national levels.



Relative to educational attainment, all counties in the six-county region have significantly low shares of college graduates compared to state and national levels. As Figure 6 shows, the share of those without a high school diploma is well above the national and state levels. Data for the six counties reflect the well-established correlations between education and earnings and between education and employment.

Enhancing education and occupational training services could potentially address the challenges of high poverty and unemployment in the Central Valley by attracting labor-intensive jobs and businesses to the region. In addition, improving the quality of living and job opportunities, especially in high value-added sectors, could attract and retain skilled workers and thus boost income growth and employment. Growth in major sectors could further generate additional employment growth in local services, thus multiplying the employment in the region. Potential opportunities for spatial, network, and economic integration with other metropolitan areas in Northern and Southern California could also boost employment growth, bringing higher-value jobs to the area.

Endnotes

- 1 <https://www.ucmerced.edu/fast-facts>
- 2 <https://news.ucmerced.edu/news/2017/record-breaking-class-pushes-uc-merced-enrollment-near-8000>
- 3 <https://www.valleychildrens.org/about-us/about-us>