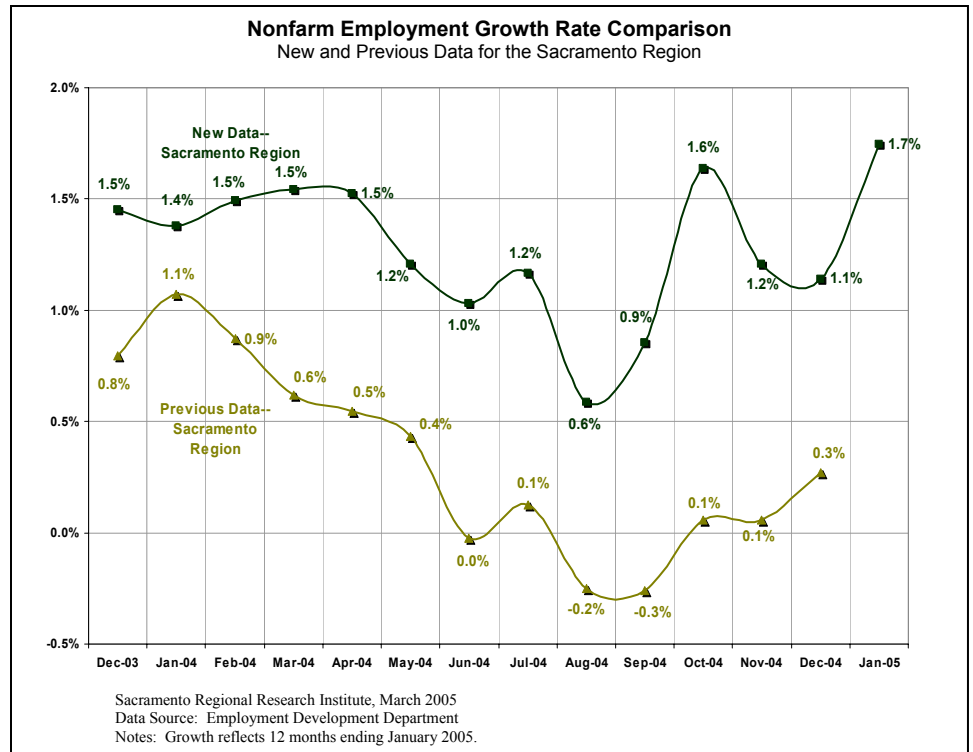


**EMPLOYMENT DATA REVISIONS FOR THE SACRAMENTO REGION AND THE BAY AREA**

*The Employment Development Department's revised data paints a much more positive picture for the Sacramento Region's economy showing that the Region's economy is actually changing more rapidly than the monthly data estimates have been capturing.*

Every year the Employment Development Department (EDD) benchmarks their employment data to reflect more precise information derived from detailed tax and payroll records. On a monthly basis, EDD generates employment estimates based on a sample of employers. When new tax and payroll information becomes available, the estimates are revised to provide a more accurate accounting of employment by industry. In addition to the benchmark, this year EDD also revised the data to reflect changes in the definition of the state's economic areas and adjustments in the methodology used to collect and categorize data.

The new data presents a notably different economic trend in the six-county Sacramento Region over the past year, reflecting a considerable upward revision in EDD's employment data. While the year-over-year Nonfarm employment growth rates demonstrate a similar pattern (decreasing growth rates through September, with increasing job growth after), the levels of the growth rates are noticeably higher based on the revised data. The new data shows that the Region experienced job growth between 0.6 and 1.6 percent for the months between December 2003 and 2004, while the previous data demonstrated growth rates between -0.3 and 1.1 percent over this same time period. Another important difference is that, according to the revised data, the Sacramento Region ended 2004 with job growth levels similar to the beginning of the year, while the old data shows employment growth at lower levels at the end of 2004.



Employment Gains and Losses			
Sacramento Region Major Sectors			
Sector	Annual Average 2003-2004		
	Previous Data	New Data	Difference
Total Nonfarm	2,558	10,867	8,308
Private Sector	6,992	15,742	8,750
Public Sector	-4,433	-4,875	-442
Edu. & Health Svcs.	950	3,600	2,650
Leisure & Hospitality	-308	2,067	2,375
Trade, Trans., & Util.	933	3,108	2,175
Financial Activities	-167	850	1,017
Other Services	-408	308	717
Manufacturing	50	733	683
Information	-1,025	-825	200
Nat. Res. & Mining	25	8	-17
Construction	4,458	4,033	-425
Government	-4,433	-4,875	-442
Prof. & Business Svcs.	2,483	1,858	-625

Sacramento Regional Research Institute, March 2005  
 Data Source: Employment Development Department.

The Region has shown much more robust growth in the more accurate revised data compared to what the data estimates illustrated throughout the year. Previous benchmarks have also led to an upward revision in the Sacramento Region's employment data, demonstrating that changes in the economic conditions are not being caught in the monthly data estimates.

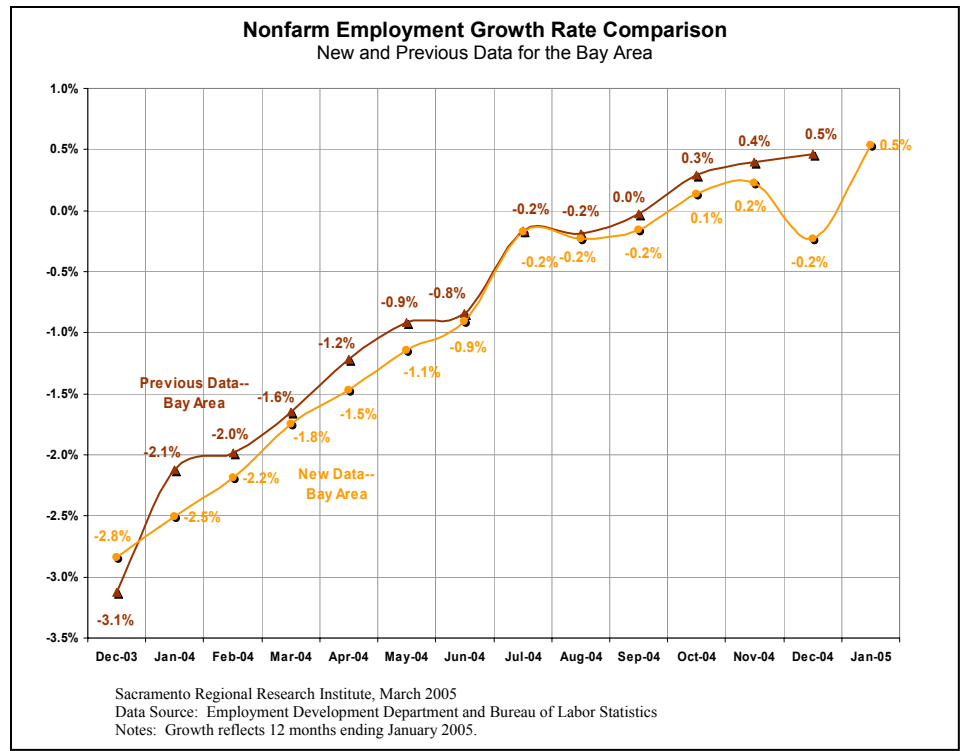
*The Region's upward revision was primarily driven by changes in the Educational & Health Services, Leisure & Hospitality, and Trade Transportation & Utilities sectors.*

The revised data also shows a considerable upward revision in the Region's private sector job growth. While the public sector still demonstrates relatively large year-over-year job losses, many of the other sectors show substantially higher job growth than what was reflected in the previous data. With the revision a few sectors shifted from year-over-year job losses to employment gains including Leisure & Hospitality, Financial Activities, and Other Services. More importantly, the Educational & Health Services, Leisure & Hospitality, and Trade, Transportation, & Utilities sectors all saw increases in

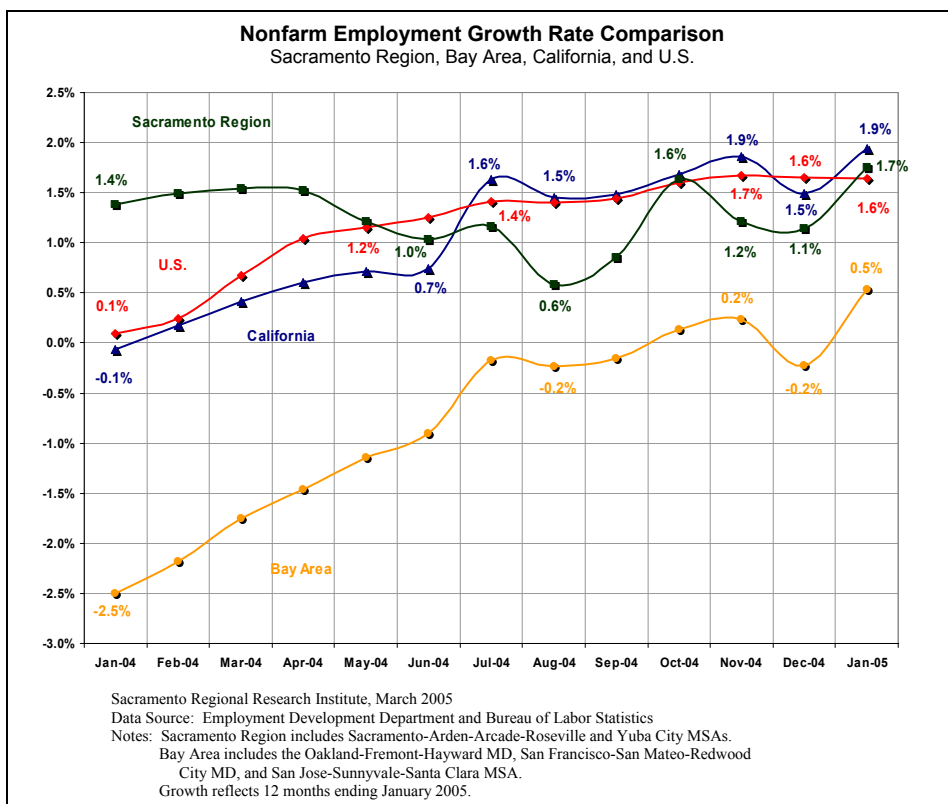
their annual average employment gains of over 2,000 jobs. Revisions in these three sectors appear to have had the greatest impact on the overall shift in the Sacramento Region's employment trends, suggesting that these sectors have been more dynamic than the previous estimates revealed.

*The revised data produced minimal changes in the Bay Area's job growth picture.*

Unlike the Sacramento Region, the Bay Area's revised data shows a similar economic picture over the past year. Both sets of data show that job growth in the Bay Area was increasing, but still negative, until October 2004. After this point, the previous data demonstrated positive employment growth for the Bay Area; however, the revised data shows a drop back into negative year-over-year employment growth in December 2004. With the changes in the economic area definitions, SRRRI's aggregated Bay Area also picked up an additional county, San Benito; however, even though the previous data did not include this county, the economic trends remained relatively similar due to its relatively small size and similar economic conditions.



**EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES**



*The revised data shows that job growth in the Sacramento Region has seen a recent upsurge, reaching its highest point over the past year in January 2005.*

According to the new data, between January 2004 and 2005, the six-county Sacramento Region experienced a Nonfarm employment growth rate of 1.7 percent, demonstrating a gain of 15,400 jobs. This relatively strong level marks the Region's highest job growth over the past year. The January 2005 growth rate falls slightly below the state and just above the nation, but is significantly higher than the Bay Area.

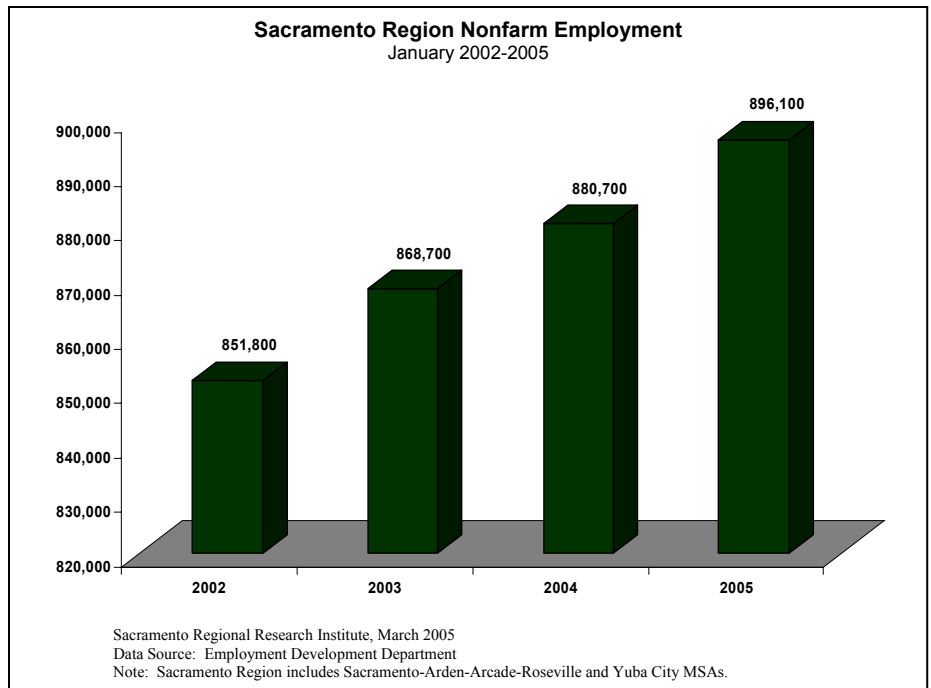
At the beginning of 2004, the Sacramento Region's job growth was fairly stable, posting growth rates above both California and the United States. As the state and nation began to experience accelerating economic recovery in late 2004, the Region's job growth dipped. While the Sacramento Region did not experience negative job growth, it demonstrated a

countercyclical pattern compared to the state and the nation, showing signs of a slight economic downturn as California and the United States were seeing increasing growth rates. By the end of 2004 and the beginning of 2005, the Region's job growth increased to levels similar to those seen at the beginning of 2004.

Job growth in the Bay Area turned positive at the latter end of 2004, posting positive year-over-year job growth rates in all but one month between October 2004 and January 2005. The Bay Area began 2005 with a gain of 14,800 jobs, reflecting a 0.5 percent employment growth rate, which is a level considerably higher than the January 2004 rate of -2.5 percent.

Since July 2004, the state's job growth has been floating slightly above 1.5 percent. Over the past few months, California has experienced some of its largest growth rates over the past year—in January 2005 job growth reached 1.9 percent, showing a statewide gain of over 276,000 jobs.

While steadily increasing throughout the year, the nation's employment growth rates have flattened out over the past few months, averaging about 1.6 percent since October 2004.



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