

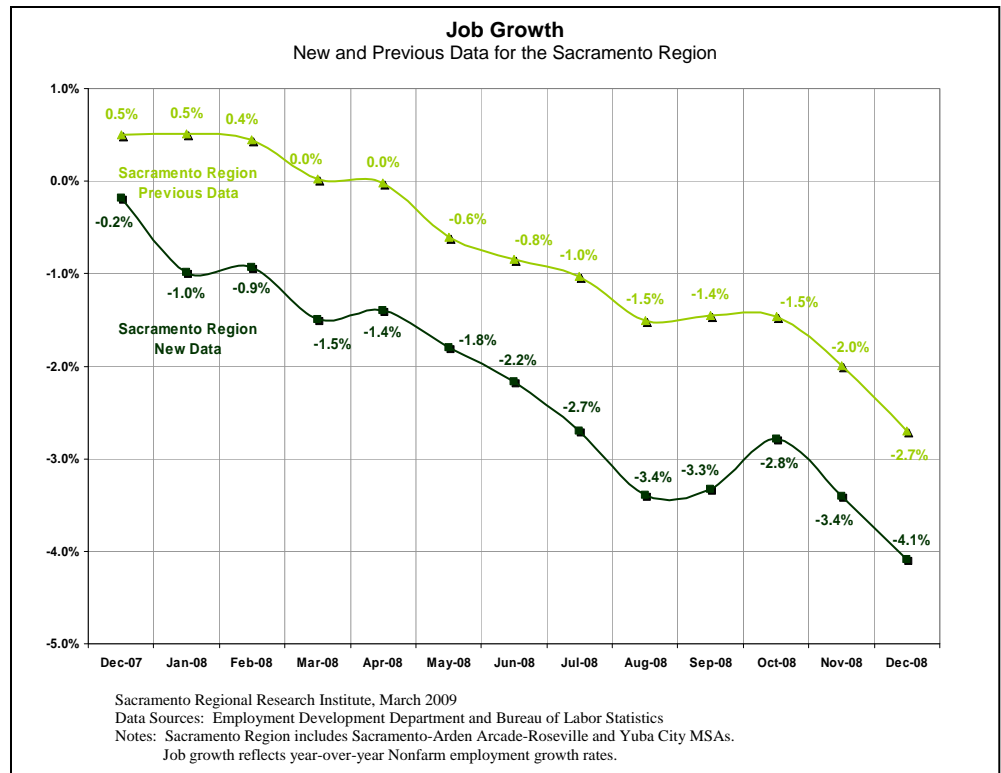
EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Revised employment data paints a much more depressing picture of the Sacramento Region's economy in 2008.

The six-county Sacramento Region's economy is in much worse shape than what the Employment Development Department's (EDD) monthly payroll job estimates were showing. For the third straight year, EDD's benchmark revision process resulted in a downward revision for the Region – this year, the shift was drastically larger than previous years.¹ Based on this pattern of behavior, it is evident that EDD's ongoing survey and estimation methods are having a difficult time keeping up with the dynamic changes in the Region's economy.

The new data show that the Sacramento Region posted significantly lower year-over-year employment growth rates throughout 2008 compared to the previous estimates. While the general job growth pattern remained similar, the average monthly difference between the benchmark and previous data was -1.5 percent, meaning that, on average, at any point in the year, the Region was actually shedding over 14,000 more jobs on an annual basis than what was being reported.

Rather than dropping from positive job growth of 0.5 percent at the beginning of the year to -2.7 percent by the end of 2008, the revised data show the Region falling from -1.0 percent to -4.1 percent job growth in 2008. Benchmarked information also demonstrates that the Region hit negative territory much earlier than previous estimates illustrated – October 2007 was the infamous date (a couple months before the nation officially entered into recession) instead of May 2008.



Major Sector Employment Gains and Losses			
New and Previous Data for the Sacramento Region			
Annual Average 2007-2008			
Sector	Previous Data	New Data	Difference
Total Nonfarm	-8,425	-22,450	-14,025
Private Sector	-10,658	-25,217	-14,558
Public Sector	2,233	2,767	533
Leisure & Hospitality	-1,608	-750	858
Government	2,233	2,767	533
Edu. & Health Svcs.	2,975	3,075	100
Nat. Res. & Mining	83	100	17
Other Services	333	150	-183
Manufacturing	-1,700	-2,025	-325
Information	-525	-942	-417
Financial Activities	-2,175	-4,483	-2,308
Trade, Trans., & Util.	-3,342	-6,658	-3,317
Prof. & Business Svcs.	1,083	-2,492	-3,575
Construction	-5,783	-11,192	-5,408

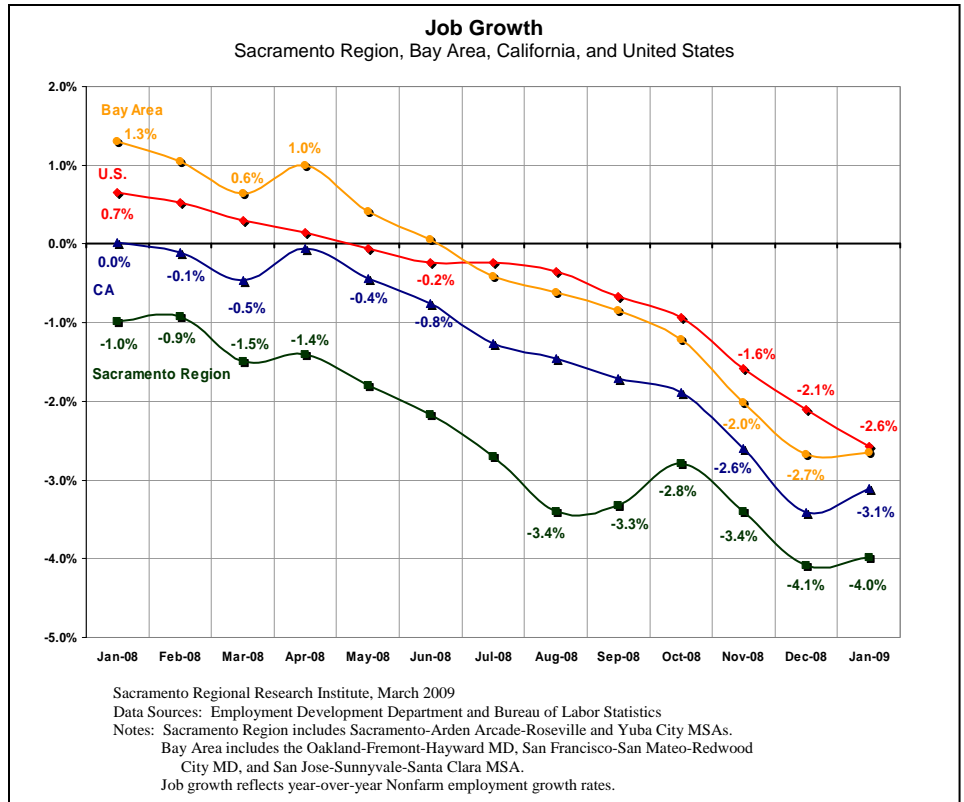
Sacramento Regional Research Institute, March 2009
 Data Source: Employment Development Department

A comparison of the benchmarked and previous data illustrates that the Sacramento Region lost over 14,000 more jobs on an annual average basis between 2007 and 2008 – the actual losses were tremendously lower with a 22,450-job decline in place of 8,425. This dramatic shift is primarily a result of significant downward revisions in the Financial Activities; Trade, Transportation, & Utilities; Professional & Business Services; and Construction sectors (these four sectors combined lost nearly 15,000 more jobs than previously stated). For the second year in a row, the Professional & Business Services benchmark revision moved the sector from positive to negative job growth. Only two sectors experienced a notable upward revision, Leisure & Hospitality and Government. Overall, the benchmark process added insult to injury for the Region's economy in general and the several sectors that were already thought to be in a very weak position (Construction, Financial Activities, and Trade, Transportation, & Utilities).

¹ Every year, EDD (the state department responsible for providing official estimates of industry employment) benchmarks its 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 and nationally-mandated statistical models. When new tax and payroll information becomes available, the estimates are revised to provide a more accurate accounting of employment by industry.

Job growth in the Sacramento Region is hovering around very weak levels.

The new data show that the Sacramento Region is experiencing terribly low job growth. During the 12 months ending January 2009, the Region lost 4.0 percent, or 36,900, of its payroll jobs (the lowest job growth in recent history). Sacramento remains well below the statewide and national averages and ranks as one of the weakest regions in the state. The Region's diminishing job growth over the past year is attributable to slowing growth in most of its major sectors with Trade, Transportation, & Utilities; Professional & Business Services; and Leisure & Hospitality showing the most pronounced slides. It is interesting to note that two sectors have been demonstrating improvements in their job growth – losses in the Construction sector have become less severe and job growth is strengthening slightly in the Educational & Health Services sector.



The Bay Area, state, and nation have all seen job growth deteriorate since the beginning of 2008. The Bay Area and nation dropped from a position of positive growth to worrisome levels of job declines. Both areas posted -2.6 percent job growth in January 2009 with respective annual job losses of 77,600 and nearly 3.5 million. The state has been in negative territory for the past 12 months, dropping to -3.1 percent job growth in January 2009 with a decline of 464,500 jobs. The Bay Area and state received notable downward revisions with the EDD benchmark process, but both were pretty minimal compared to the shift in Sacramento.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
January 2008-2009			
Sector	Sacramento Region	California	Bay Area
Total Nonfarm	-36,900	-464,500	-77,600
Private Sector	-37,600	-467,200	-73,400
Public Sector	700	2,700	-4,200
Edu. & Health Svcs.	4,300	41,700	4,500
Government	700	2,700	-4,200
Nat. Res. & Mining	200	700	0
Other Services	0	-2,200	-500
Information	-1,600	-18,900	-1,600
Manufacturing	-2,000	-78,300	-8,500
Financial Activities	-4,600	-43,500	-11,000
Leisure & Hospitality	-6,000	-26,400	-300
Prof. & Business Svcs.	-6,400	-64,600	-12,600
Construction	-8,700	-121,600	-18,400
Trade, Trans., & Util.	-12,800	-154,100	-25,000

Sacramento Regional Research Institute, March 2009
 Data Source: Employment Development Department

Seven of the Sacramento Region's major sectors are shedding jobs on an annual basis. The two weakest sectors, Construction and Trade, Transportation, & Utilities, produced a combined loss of 21,500 jobs between January 2008 and 2009. Both the Leisure & Hospitality and Professional & Business Services sectors posted losses of 6,000 plus jobs in the past year. Educational & Health Services remains the Region's strongest sector, contributing 4,300 jobs to the economy in the last 12 months. Mainly as a result of gains in state education and hiring in Indian casinos, Sacramento's Government sector also saw a net employment increase. Three of the 11 major sectors at the statewide level are adding jobs on an annual basis while only one sector in the Bay Area posted job gains. The most dramatic losses in these two areas were also in the Construction and Trade, Transportation, & Utilities sectors.

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