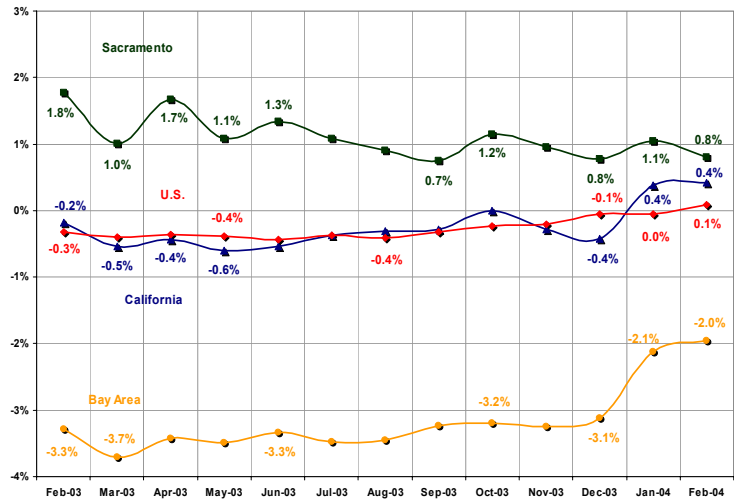


## EMPLOYMENT GROWTH IN SACRAMENTO, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Sacramento's year-over-year employment growth rate has been floating around one percent since the summer months of 2003, and demonstrated 0.8 percent growth in February 2004. Over the past year, the Sacramento Region's employment growth rates have been higher than California, the United States, and the Bay Area.

While Sacramento has not experienced negative employment growth over the past year, California and the United States have both only recently pulled out of a series of negative employment growth rates reaching February 2004 levels of 0.4 and 0.1 percent, respectively. California saw zero percent employment growth in October 2003, but dropped back to negative growth until stabilizing with positive growth rates in January and February 2004. The United States has experienced fairly steady employment growth rates which have slowly climbed to slightly positive levels over the past two months. Although the Bay Area's year-over-year employment growth rates continue to post at significantly negative levels, over the past two months they have reached points of about negative two percent—some of the highest rates seen in the last few years.

**Employment Growth Rate Comparison**  
Sacramento, Bay Area, California, and U.S.



Sacramento Regional Research Institute, March 2004  
Data Source: Employment Development Department  
Note: Bay Area includes Oakland, San Jose, and San Francisco PMSAs. Growth reflects 12 months ending February 2004.

### Employment Gains and Losses February 2004 Selected Major Sectors

Sector	February 2004		
	Sacramento	California	Bay Area
Construction	3,300	27,900	-1,700
Edu. & Health Svcs.	2,600	38,100	5,500
Prof. & Business Svcs.	2,200	52,400	-8,400
Trade, Trans., & Util.	1,800	17,600	-11,200
Financial Activities	1,100	22,100	-1,200
Leisure & Hospitality	200	19,600	1,400
Information	-800	-17,800	-7,800
Manufacturing	-1,500	-47,200	-15,300
Government	-3,000	-49,300	-15,100

Sacramento Regional Research Institute, March 2004  
Data Source: Employment Development Department  
Note: Growth reflects 12 months ending February 2004.

The Construction, Educational & Health Services, and Professional & Business Services sectors saw the greatest year-over-year job gains in Sacramento. The Construction sector added 3,300 jobs primarily focused in specialty trade contractor activities. The Educational & Health Services sector gained jobs in most of the major activities with an overall increase of 2,600 jobs. Administrative and support activities posted the greatest job gains in the Professional & Business Services sector that saw growth of 2,200 jobs. The largest year-over-year employment losses in Sacramento continue to be concentrated in the Government sector (with a decrease of 3,000 jobs) with losses focused in state government activities.

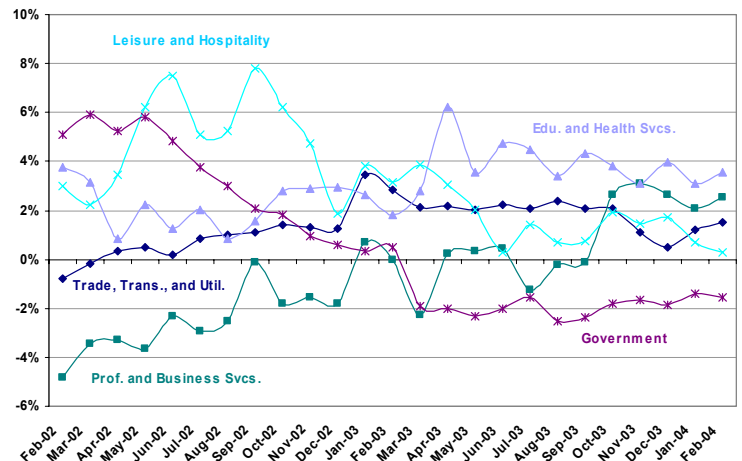
California's greatest employment gains were in the Professional & Business Services and Educational & Health Services sectors with increases focused in the administrative, support, and health services activities. Out of all the major industry sectors, the Bay Area saw employment gains only in Educational & Health Services and Leisure & Hospitality. Like Sacramento, the largest job losses for the state and the Bay Area were in the Manufacturing and Government sectors.

### EMPLOYMENT GROWTH IN SACRAMENTO'S MAJOR SECTORS

The graph to the right shows the year-over-year employment growth rates for selected major industry sectors in Sacramento over the past two years. These five sectors make up over 73 percent of Sacramento's total employment. The information shows that most sectors have seen positive employment growth rates over the past five months, with the exception of the Government sector, which has continuously posted negative growth rates since March 2003. Only two sectors have not seen negative employment growth rates over the past two years—Educational & Health Services and Leisure & Hospitality.

In general, the Educational & Health Services sector has been the strongest sector in Sacramento over the past 24 months with growth rates averaging around three percent and showing an overall increasing trend. Two other sectors have demonstrated a general increasing employment growth rate trend despite beginning the 24 month period at negative rates—Trade, Transportation, & Utilities and Professional & Business Services. Although Leisure & Hospitality has illustrated a decreasing employment growth rate trend, it has still been a strong sector for Sacramento with growth rates averaging about three percent during the past two years. While Government was a strong area of Sacramento's economy for 2002, it has been a drain on the overall economy for most of 2003 and the beginning of 2004.

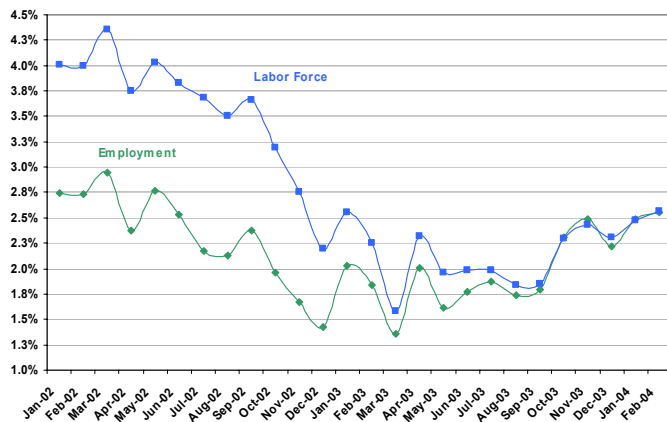
**Employment Growth Rates**  
Sacramento Selected Major Sectors



Sacramento Regional Research Institute, March 2004  
Data Source: Employment Development Department  
Note: Growth reflects 24 months ending February 2004.

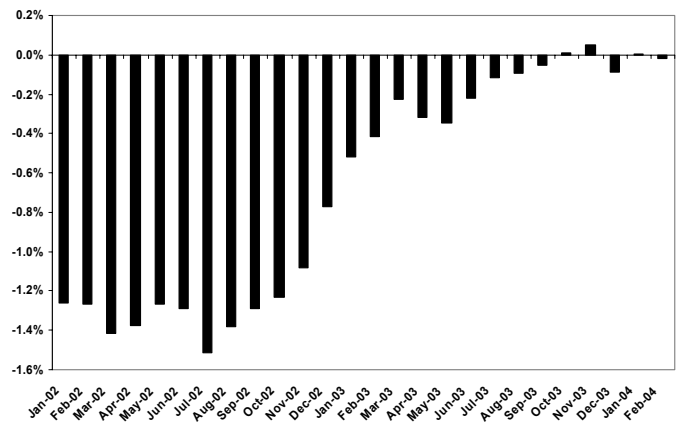
**SACRAMENTO'S LABOR FORCE**

**Growth Rate Comparison**  
Sacramento Labor Force and Employment



Sacramento Regional Research Institute, March 2004  
Data Source: Employment Development Department  
Note: Growth reflects 24 months ending February 2004.

**Difference in Employment and Labor Force Growth Rates**  
Sacramento Labor Force and Employment



Sacramento Regional Research Institute, March 2004  
Data Source: Employment Development Department  
Note: Growth reflects 24 months ending February 2004.

Economic theory suggests that as long as the year-over-year growth rate in the number of persons employed is larger than the growth rate in the civilian labor force, then the region is in good economic health. The two graphs above track Sacramento's civilian labor force data over the past two years. It is important to note that this information is taken from separate set of data than the industry data analyzed earlier in this document, and may show slightly different trends.

In general, following the economic theory, Sacramento has not been in good economic health for most of the past 24 months—the civilian labor force has been growing at larger rates than the number of persons employed. In other words, the number of employable people has been growing faster than the number of employment opportunities. There were relatively large differences in these two rates for most of 2002, with differences decreasing throughout 2003. Sacramento has demonstrated better economic health since the end of 2003 with the two growth rates showing convergence. There were only three months over the past two years where the growth rate in the number employed was greater than the growth in the civilian labor force—October 2003, November 2003, and January 2004.

**INDUSTRIES MAKING THE HIGHEST USE OF OCCUPATIONS REQUIRING FOUR-YEAR DEGREES OR GREATER**

The listing to the right shows the industries that make the highest use of occupations requiring a Bachelor's Degree or greater. This information was produced from the findings of a study that SRRRI recently conducted for Placer County's Office of Economic Development. The listing illustrates three important deductions. First, in terms of a potential educational-industry linkage, this information may help guide the focus of some higher education and training programs in the Sacramento Region to address the needs of the industries that most heavily rely on a higher-educated workforce. Second, these 15 industries may benefit the most from increases in higher education infrastructure in the region. Third, with increases in higher education infrastructure in the region, business attraction activities aimed at these industries may see positive impacts.

In addition to these 15 industries, many public sector activities also rely on a higher-educated workforce. The occupational patterns of State, Local, and Federal Government employers as well as Elementary and Secondary Schools reflect a dependence on occupations that require a Bachelor's Degree or greater. While economic development and business attraction activities are not typically focused on these public sector activities, the existing higher education infrastructure clearly helps meet the workforce requirements of these sectors, and any increases in infrastructure may also benefit these public activities.

**Industries Making the Highest Use of a Higher-Educated Workforce**

1. Accounting, Auditing, and Bookkeeping
2. Colleges and Universities
3. Commercial Banks
4. Computer and Data Processing Services
5. Computer and Office Equipment
6. Electronic Components and Accessories
7. Engineering and Architectural Services
8. Hospitals
9. Insurance Agents, Brokers, and Services
10. Legal Services
11. Management and Public Relations
12. Mortgage Bankers and Brokers
13. Offices and Clinics of Medical Doctors
14. Personnel Supply Services
15. Real Estate Agents and Managers