

Career Technical Education Funding Report by Chamber Area

2007-2008



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Center for Education Policy and Law

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2007-08 Career-Technical Education Statewide Funding

PROGRAM	Number of Programs (where applicable)	2007-08 FUNDING LEVEL
<i>California Department of Education</i>		
Regional Occupation Centers/Programs (ROCPs)	74	\$445,508,984
CTE Equipment & Supplies ¹		\$37,500,000
Career Partnership Academies*	285	\$21,855,300
CDE Apprenticeships RSI*	200	\$14,069,623
WorkAbility I*	284	\$10,122,685
Agricultural Vocational Education*		\$5,127,793
<i>California Community College Chancellor's Office</i>		
CTE Pathways Initiative*		\$24,059,924
CCCCO Related & Supplemental Instruction (RSI)*		\$15,229,000
Middle College High School*	13	\$1,778,000
<i>Other California and Federal Programs</i>		
Perkins IV-IC		\$42,647,803
Perkins 131 Regular & Consortium		\$49,928,817
Perkins 132 Regular & Consortium		\$141,573,080
Perkins Tech-Prep		\$8,354,632
Workforce Investment Act: Title II*		\$68,330,293
CalWORKS*		\$9,429,925
TOTAL		\$768,100,087

- Denotes those programs where applications for funding must be made whereas the other programs are primarily formula funded to school districts, county offices of education, community colleges, and other CTE service providers.

For an interactive map, please visit
<http://www.sdcoe.net/rop/cte/FundingMap.htm>

¹ 2006-07 Final Appropriation

California Industry Projections 2007 – 2009

Total employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm Employment, and Nonfarm Wage and Salary Employment in California is expected to have nominal growth at 0.3 percent annually between 2007 and 2009. Total Nonfarm employment in 2009 is anticipated to reach approximately 15.3 million with a net increase of 104,600 new jobs.

About 75 percent of new Nonfarm Wage and Salary jobs are forecasted to occur in Professional and Business Services (68,600), Education and Health Services (58,800), and Leisure and Hospitality (37,700). Growth in these sectors will offset the forecasted job loss in Construction (-53,200), Financial Activities (-28,900), Manufacturing (-26,000), and Retail Trade (-5,400).

Professional and Business Services is projected to be the fastest growing major industry sector with an annual growth rate of 1.5 percent. Within this sector, the greatest concentration of job gain is likely to occur in Computer Systems Design and Related Services (17,300), Management, Scientific, and Technical Consulting Services (17,100), and Employment Services (12,000).

Construction will record the most job losses over the projected period, declining by -2.9 percent annually. About 70 percent of the decline in this sector is concentrated in Specialty Trade Contractors (-37,000). The projected decline in this industry is due to the effects of the subprime mortgage crisis with increases in foreclosures, growing housing inventories, and large reductions in new home construction.

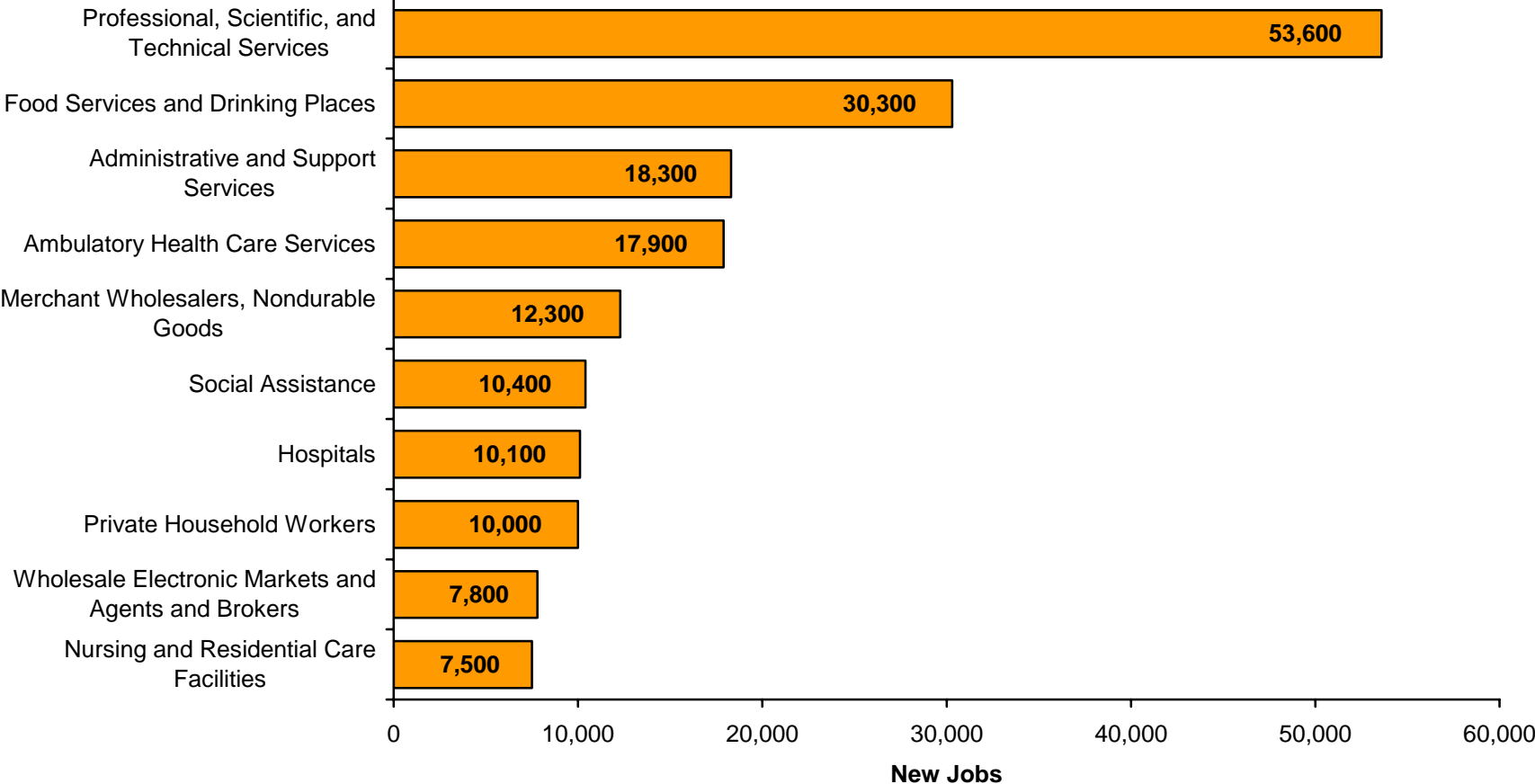
The Employment Development Department's Labor Market Information Division (LMID) developed these employment projections for the third quarter of 2007 to the third quarter of 2009. Because we used the third quarter (July – September) to make our employment estimates, seasonal industries, such as farming, may be slightly higher or lower than annual average employment estimates for the same industries published elsewhere.

The complete [2007-2009 Industry Employment Projections](#) are available online.

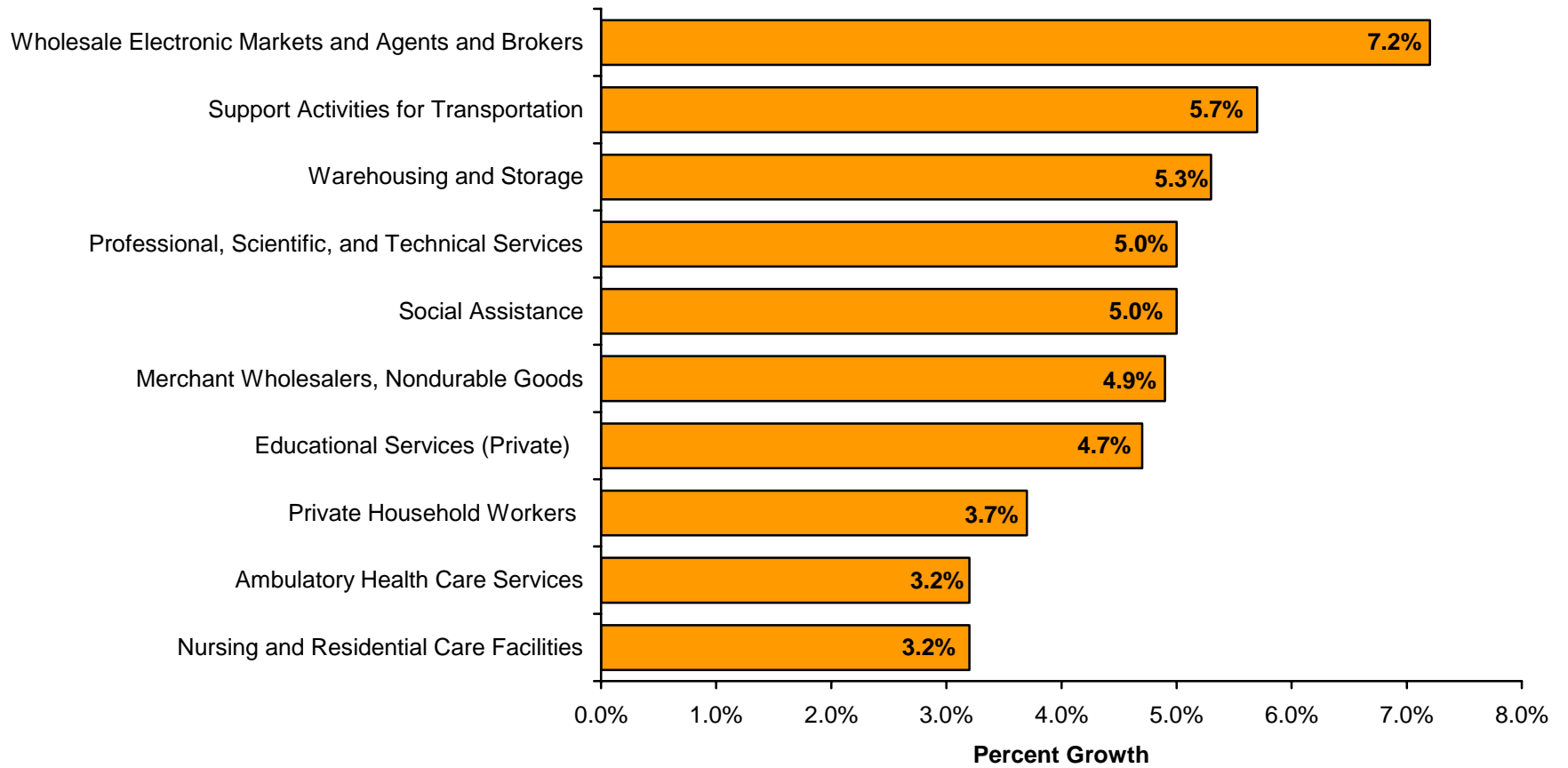
Produced by:

Employment Development Department
Labor Market Information Division
Phone: (916) 262-2162

**California
Top Ten Growth Industries
2007-2009**



**California
Top Ten Fastest Growing Industries
2007 - 2009**



Industries with employment below 50,000 are excluded.

Black Chamber of Commerce of Orange County

PROGRAM	Orange County²
Regional Occupation Centers/Programs (ROCPs)	\$33,376,881
Career Partnership Academies	\$1,215,000
CDE Apprenticeships RSI	\$739,195
Workability I	\$1,210,831
Agricultural Vocational Education	\$100,796
CTE Pathways Initiative	\$1,209,100
Middle College High School	\$254,000
Perkins IV-IC	\$3,528,566
Perkins 131 Regular & Consortium	\$3,181,544
Perkins 132 Regular & Consortium	\$1,254,492
Perkins Tech-Prep	\$689,832
Workforce Investment Act: Title II	\$7,501,447
CalWORKS	\$266,336
TOTAL	\$54,528,020

- Orange County is home to 15 funded Career Partnership Academies.
- Two Middle College High School programs operate in Orange County-based community colleges—Orange Coast College and Santa Ana College

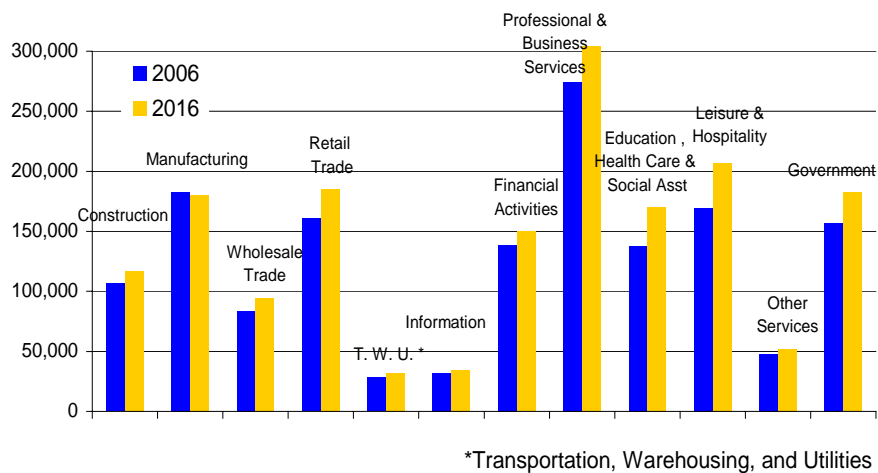
² Includes all unified and high school districts in Orange County, Orange County Office of Education, Coast Community College District, North Orange County Community College District, Rancho Santiago Community College District, South Orange County Community College District

2006 – 2016 Orange County Projection Highlights

Industry projections forecast total employment to reach almost 1.9 million in Orange County by 2016. Total employment includes Self-Employment, Unpaid Family Workers, Private Household workers, Farm, and Nonfarm employment. This increase represents a gain of 224,600 jobs for a growth rate of just over 1.3 percent annually. This rate is slightly below the growth rate for California as a whole which is estimated at about 1.5 percent annually for the same forecast period.

Orange County constitutes about 10 percent of California’s total nonfarm employment and will contribute about 9 percent of the state’s new nonfarm jobs during this period. Professional and Business Services, Leisure and Hospitality, and Education, Health Care and Social Assistance industry sectors will generate over half of these new jobs. Government and Retail Trade will add a combined total of nearly 50,000 new jobs.

2006-2016 Industry Sector Employment Levels



The single fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Education, Health Care and Social Assistance with a rate of just over 2.3 percent per year. Average annual growth rates in Leisure and Hospitality (2.2 percent), Professional and Business Services (1.9 percent), Government (1.6 percent), and Retail Trade (1.5 percent) will exceed the 1.4 percent annual growth rate for nonfarm employment in the county.

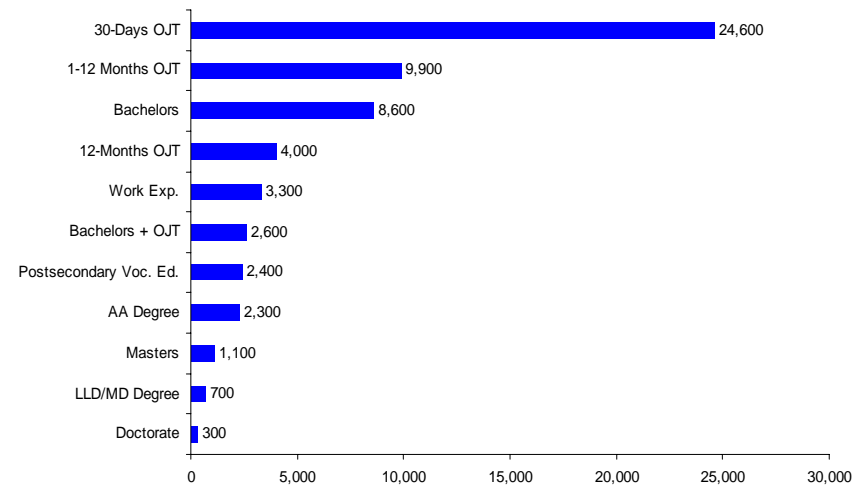
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 224,600 new jobs from industry growth,
- About 373,500 job openings from Net Replacements,
- A combined total of nearly 598,100 job openings.

The 50 occupations with the most job openings are forecasted to generate about 322,000 total job openings, which is about 54 percent of all job openings in Orange County. The top three occupations are Retail Salespersons, Waiters and Waitresses, and Cashiers. These occupations pay \$8.00-\$10.00 per hour and require short-term on-the-job training. Occupations requiring short to moderate on-the-job training make up 72 percent of the list. Higher-skilled occupations, requiring an associate degree or higher, include Lawyers, General and Operations Managers, Secondary School Teachers, Registered Nurses, and Computer Software Engineers.

The 50 fastest growing occupations anticipate an annual growth rate of 2.5 percent or higher. As a result of the fast growing education and science sectors, over half of these occupations require a Bachelor’s degree or higher. Occupations in the Education, Computer, and Healthcare fields also pay higher wages. The fastest growing occupations in these categories are Network Systems and Data Communications Analysts, Computer Software Engineers, Veterinarians, Medical Scientists, Dental Hygienists, Physical Therapists, and Teachers.

Average Annual Total Job Openings by Education and Training Level



Greater Eureka Chamber of Commerce

PROGRAM	Eureka³
Regional Occupation Centers/Programs (ROCPs)	\$2,580,366
Career Partnership Academies	\$0
CDE Apprenticeships RSI	\$0
Workability I	\$0
Agricultural Vocational Education	\$6,938
CTE Pathways Initiative	\$0
Middle College High School	\$0
Perkins IV-IC	\$193,416
Perkins Tech-Prep	\$76,648
Perkins 131 Regular & Consortium	\$62,574
Perkins 132 Regular & Consortium	\$74,010
Workforce Investment Act: Title II	\$47,449
CalWORKS	\$38,849
TOTAL	\$3,080,250

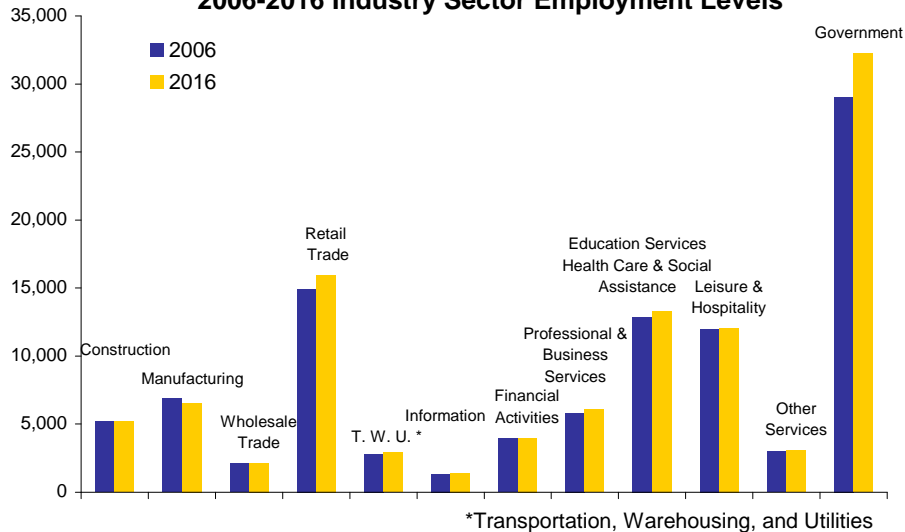
³ Includes Eureka City Unified School District, Humboldt County Office of Education, and Redwoods Community College District

2006 – 2016 Del Norte, Humboldt, Lake and Mendocino Counties Projection Highlights

Total employment is expected to reach 125,120 in the four county area by 2016. Total employment includes Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm employment. This increase represents a gain of 5,410 jobs for an average annual growth rate of about 0.5 percent. This rate is significantly below the 1.5 percent growth rate for California during the same forecast period.

The largest amount of job growth is expected to occur in the Government sector with the addition of almost 3,200 jobs, with most occurring in the Local Government segment. Retail trade will provide the second largest amount of job growth with the addition of over 1,000 new jobs. Significant employment increases are expected in Education Services, Health Care and Social Assistance (420) and Professional and Business Services (250). The other major industry sectors are expected to make marginal employment gains except for Manufacturing which is forecast to decline by 370 jobs during the outlook period.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector is Government with an average annual growth rate of just over 1 percent per year. Average annual growth rates in Retail Trade (0.7 percent) and Transportation, Warehousing and Utilities (0.5) will equal or exceed the 0.5 percent annual growth rate for total nonfarm employment in the county.

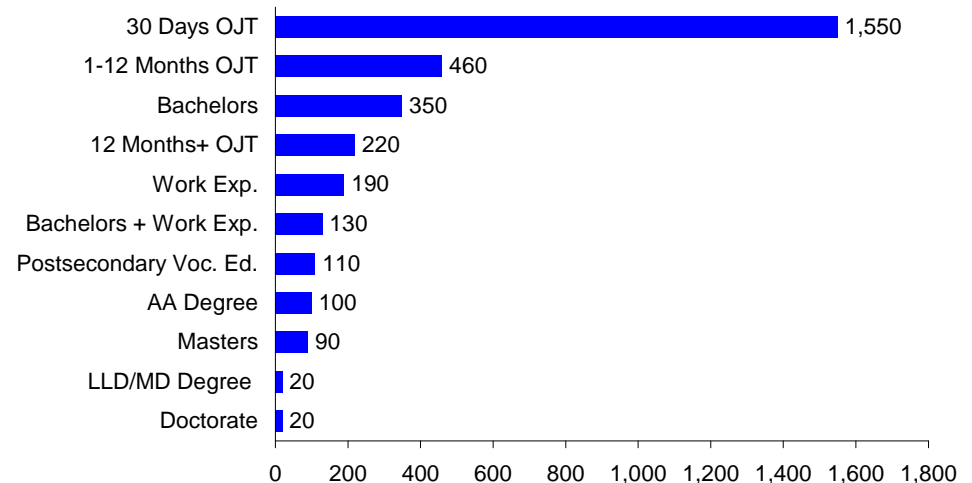
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 5,410 new jobs from industry growth,
- About 27,120 job openings from Net Replacements,
- A combined total of nearly 32,530 job openings.

The 50 occupations with the most job openings are forecasted to generate about 19,980 total job openings, which is about 61 percent of all job openings in the region. The top three occupations are Cashiers, Retail Salespersons, and Waiters and Waitresses. These occupations pay \$8.47-\$9.87 per hour and require short-term on-the-job training. Occupations requiring short to moderate on-the-job training make up 70 percent of the list. Higher skilled occupations, requiring an associate degree or higher, include Registered Nurses, General Managers, Accountants, and Elementary and Secondary School Teachers.

The 50 fastest growing occupations anticipate a growth rate of 7.7 percent or higher. About a third of these occupations require a bachelor's degree or higher. Higher skilled occupations requiring a bachelor's degree or higher, such as Pharmacists and Environmental Scientists, pay median annual wages of \$122,000 and \$70,000, respectively. Police Officers, which require long-term on-the-job-training, pay median annual wages of \$72,000.

Average Annual Job Openings by Education and Training Level



Los Angeles Area Chamber of Commerce

PROGRAM	Los Angeles⁴
Regional Occupation Centers/Programs (ROCPs)	\$92,366,657
Career Partnership Academies	\$2,478,300
CDE Apprenticeships RSI	\$4,504,989
Workability I	\$757,118
Agricultural Vocational Education	\$73,680
CTE Pathways Initiative	\$615,597
Middle College High School	\$127,000
Perkins IV-IC	\$4,108,638
Perkins 131 Regular & Consortium	\$9,238,735
Perkins 132 Regular & Consortium	\$2,294,920
Perkins Tech-Prep	\$689,832
Workforce Investment Act: Title II	\$15,228,323
CalWORKS	\$1,765,740
TOTAL	\$134,249,529

- Los Angeles Unified School District receives funding for 31 Career Partnership Academies across the district
- Los Angeles Harbor College is site to a Middle College High School program
- LAUSD receives more than \$3.2 million in CDE-funded required supplemental instruction with the LA County Office of Education receiving another \$1.2 million

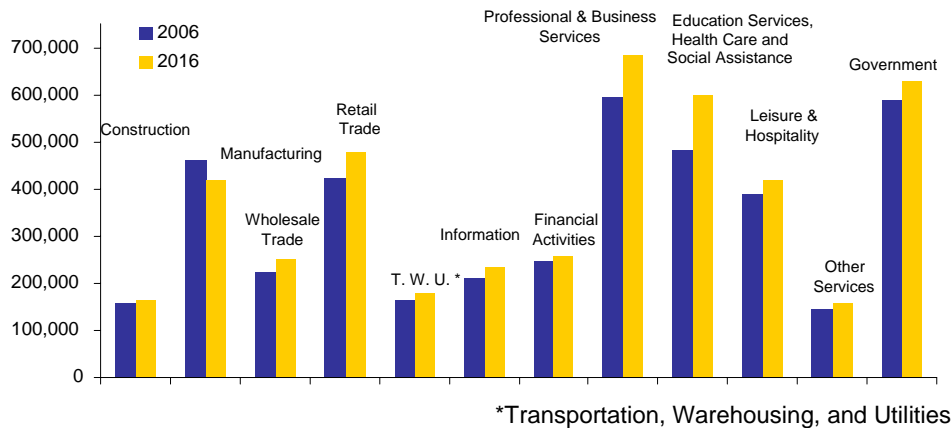
⁴ Includes Los Angeles Unified School District, Los Angeles County Office of Education, and Los Angeles Community College District

2006 – 2016 Los Angeles County Projection Highlights

Total Industry Employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm Employment will reach over 5 million in Los Angeles County between 2006 and 2016. This increase represents a gain of 437,400 jobs for an annual growth rate of nearly 1 percent. This rate is slower than the 1.5 percent annual growth projected for California during the same forecast period.

Los Angeles County constitutes about 27 percent of California's total nonfarm employment and will contribute nearly 17 percent of the state's new nonfarm jobs by 2016. Three out of four new jobs are expected to occur in the following industry sectors: Education Services, Health Care and Social Assistance (116,300), Professional and Business Services (90,200), Retail Trade (54,000), and Government (40,100). However, Manufacturing is expected to decline by 41,500 jobs during the same period.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Education Services, Health Care and Social Assistance, which is expected to grow at approximately 2.4 percent per year. Other major industry sectors such as Professional and Business Services (1.5 percent), Retail Trade (1.3 percent) and Wholesale Trade (1.2 percent) will also exceed Los Angeles County's annual growth rate for nonfarm employment.

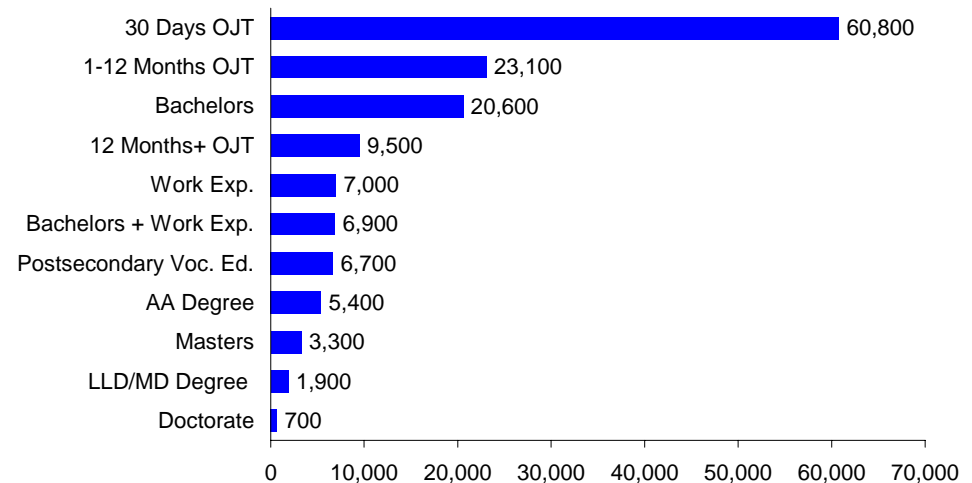
Occupational projections for the period 2006 to 2016 forecast:

- About 437,400 new jobs from industry growth,
- Approximately 1 million job openings from Net Replacements,
- A combined total of nearly 1.5 million job openings.

The 50 occupations with the most job openings are forecasted to generate 815,000 total job openings, which is about 56 percent of all job openings in Los Angeles County. The top three occupations are Retail Salespersons, Personal and Home Care Aides, and Cashiers. These occupations pay from about \$9 to \$10 per hour and require short-term on-the-job training. Occupations requiring short to moderate on-the-job training make up 68 percent of the list. Higher-skilled occupations requiring an associate degree or higher include Registered Nurses, Multi-Media Artists, and Producers and Directors.

The 50 fastest growing occupations anticipate a growth rate of 23 percent or higher for the forecast period. Over half of the occupations require a bachelor's degree or higher such as Computer Software Engineers and Network System Analysts. Healthcare occupations requiring a master's degree or higher include Physical Therapists, Veterinarians, Anesthesiologists, and Pharmacists. These occupations pay median annual wages ranging from \$76,777 to \$116,935.

Average Annual Job Openings by Education and Training Level



Natomas Chamber of Commerce

PROGRAM	Natomas⁵
Regional Occupation Centers/Programs (ROCPs)	\$15,336,305
Career Partnership Academies	\$0
CDE Apprenticeships RSI	\$0
Workability I	\$0
Agricultural Vocational Education	\$0
CTE Pathways Initiative	\$1,890,123
Middle College High School	\$0
Perkins IV-IC	\$3,100,603
Perkins 131 Regular & Consortium	\$25,109
Perkins 132 Regular & Consortium	\$0
Perkins Tech-Prep	\$306,592
Workforce Investment Act: Title II	\$0
CalWORKS	\$0
TOTAL	\$20,658,732

- Natomas Unified School District lies just north of Sacramento City Unified School District and is served by the Sacramento County Office of Education and the Los Rios Community College District

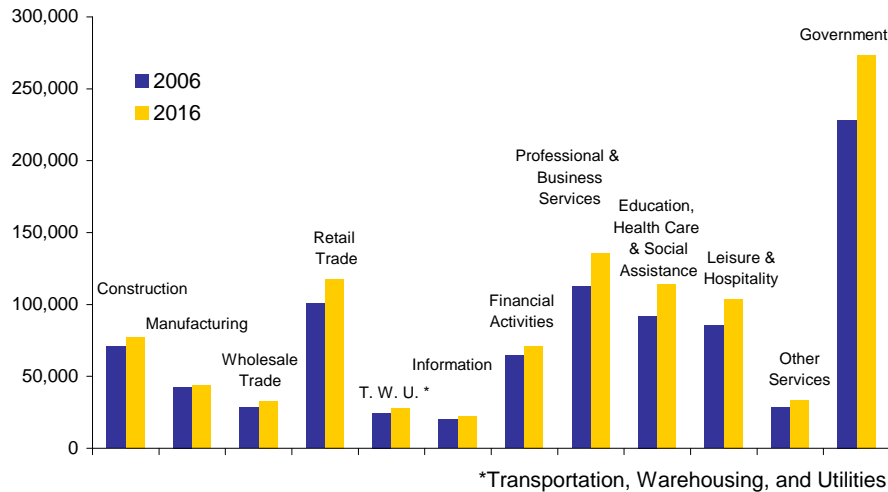
⁵ Includes Natomas Unified School District, Sacramento County Office of Education, and Los Rios Community College District

2006 – 2016 El Dorado, Placer, Sacramento and Yolo Counties Projection Highlights

Total employment is forecast to reach 1.17 million by 2016 in the four county area of El Dorado, Placer, Sacramento and Yolo counties. Total employment includes Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm employment. This increase represents a gain of 169,800 jobs for a growth rate of almost 1.7 percent annually, slightly higher than the 1.5 percent growth rate projected for California during the same forecast period.

Total nonfarm employment in the area represents about 6 percent of all nonfarm employment in California and will contribute about 7 percent of new nonfarm jobs for the state during this outlook period. The largest gain is expected to occur in the Government sector with the addition of over 45,000 jobs. Significant job gains are also expected in the following industry sectors: Professional and Business Services (23,300), Education, Health Care and Social Assistance (22,000), Leisure and Hospitality (18,700), and Retail Trade (17,000).

2006-2016 Industry Sector Employment Levels



The single fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Education and Health Services with a growth rate of almost 2.4 percent per year. Average annual growth rates in Leisure and Hospitality (2.2 percent), Professional and Business Services (2.1 percent), Government (2 percent), and Other Services (1.8 percent) will exceed the 1.7 percent annual growth rate for all nonfarm employment in the county.

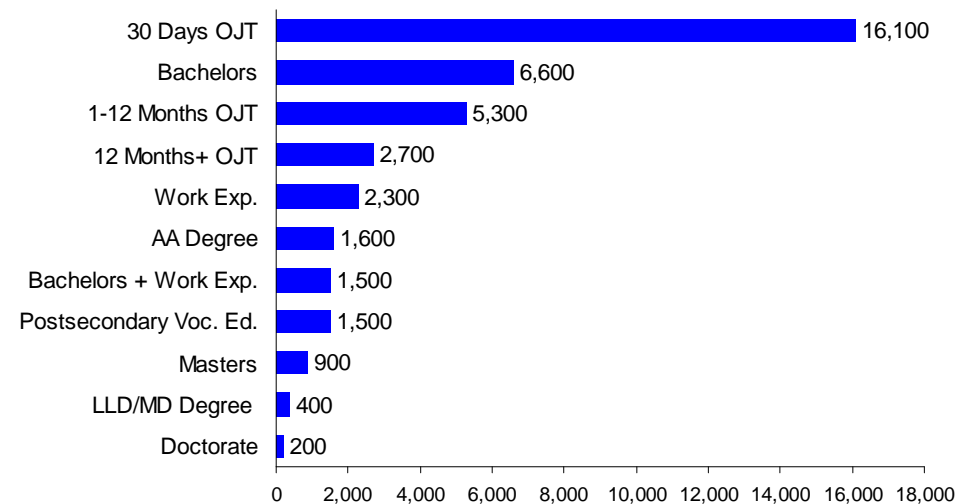
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 169,800 new jobs from industry growth,
- About 221,700 job openings from Net Replacements,
- A combined total of nearly 391,500 job openings.

The 50 occupations with the most job openings are forecasted to generate about 212,400 total job openings, which is about 54 percent of all job openings in Sacramento County. The top three occupations are Retail Salespersons, Cashiers, and General Office Clerks. These occupations pay \$9.95-\$14.16 per hour and require short-term on-the-job training. Occupations requiring short to moderate on-the-job training make up 64 percent of the list. Higher-skilled occupations, requiring an associate degree or higher, include Registered Nurses, Elementary and Secondary School Teachers, Computer Systems Analysts, Computer Software Engineers, and Civil Engineers.

The 50 fastest growing occupations anticipate a growth rate of 27 percent or higher during the forecast period. Over half of these occupations require a bachelor's degree or higher. On this list occupations in the Health and Education fields pay higher wages. Occupations in high wage categories are Post-Secondary Health Teachers, Education Administrators, and Pharmacists. Their median annual wages range from \$93,349 to \$119,560.

Average Annual Job Openings by Education and Training Level



Oxnard Chamber of Commerce

PROGRAM	Oxnard⁶
Regional Occupation Centers/Programs (ROCPs)	\$5,027,986
Career Partnership Academies	\$0
CDE Apprenticeships RSI	\$486,499
Workability I	\$361,328
Agricultural Vocational Education	\$25,176
CTE Pathways Initiative	\$369,700
Middle College High School	\$127,000
Perkins IV-IC	\$584,770
Perkins 131 Regular & Consortium	\$395,470
Perkins 132 Regular & Consortium	\$0
Perkins Tech-Prep	\$229,944
Workforce Investment Act: Title II	\$0
CalWORKS	\$53,828
TOTAL	\$7,661,701

- Moorpark College is site of the Middle College High School Program in Ventura County.
- CDE-funded required supplemental instruction for apprenticeships is provided to the Ventura County Office of Education

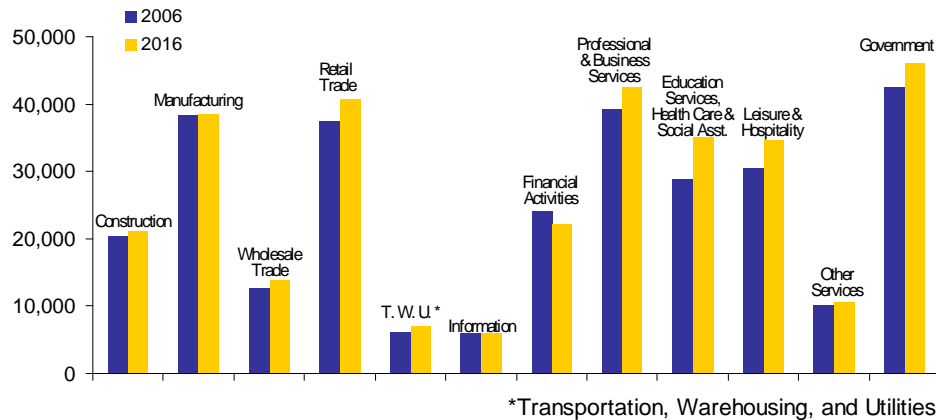
⁶ Includes Oxnard Union High School District, Ventura County Office of Education, and Ventura County Community College District

2006 – 2016 Ventura County Projection Highlights

Total Industry Employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm employment in Ventura County, is expected to reach 375,200 by 2016. This increase represents a gain of 25,200 jobs. The county's annual growth rate of 0.7 percent is approximately half of California's annual growth rate which is projected at 1.5 percent for the same forecast period.

The largest number of new jobs will be in Education Services, Health Care and Social Assistance (6,300), Leisure and Hospitality (4,200), and Government (3,500). These industry sectors will account for 64 percent of all job growth in nonfarm employment.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector is Education Services, Health Care and Social Assistance with an annual average growth rate of almost 2.2 percent per year. Other major industry sectors with significant growth rates are Transportation, Warehousing, and Utilities (1.5 percent), Leisure and Hospitality (1.4 percent), and Wholesale Trade (1.0 percent).

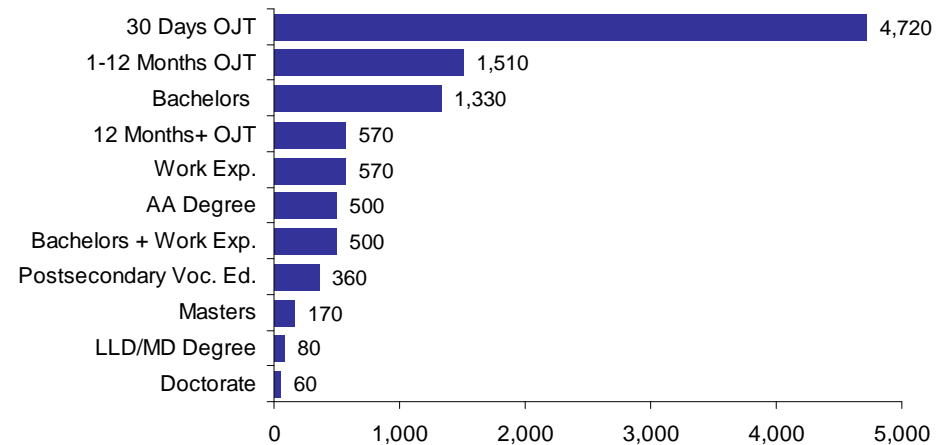
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 25,200 new jobs from industry growth,
- About 78,500 job openings from Net Replacements,
- A combined total of nearly 103,700 job openings.

The 50 occupations with the most job openings are forecasted to generate about 61,100 total job openings, which is about 59 percent of all job openings in Ventura County. The top three occupations with the most job openings are Farmworkers and Laborers, Retail Salespersons, and Cashiers. These occupations pay around \$9-\$10 per hour and require short-term on-the-job training. Higher-skilled occupations, requiring an associate degree or higher, include General and Operations Managers, Teachers, Registered Nurses, Accountants and Auditors, and Farm, Ranch, and Other Agricultural Managers.

The 50 fastest growing occupations anticipate an annual growth rate of 1.5 percent or higher. Half of the fastest growing occupations are found in Education, Office and Administrative, and Health related fields. Occupations range from Door-To-Door Sales Workers that require short-term on-the-job training and earn \$8 per hour to Pharmacists that require a first professional degree and pay median wages of \$56 per hour.

Average Annual Job Openings by Education and Training Level



Sacramento Metro Chamber of Commerce

PROGRAM	Sacramento⁷
Regional Occupation Centers/Programs (ROCPs)	\$15,336,305
Career Partnership Academies	\$1,377,000
CDE Apprenticeships RSI	\$1,026,098
Workability I	\$750,723
Agricultural Vocational Education	\$372,412
CTE Pathways Initiative	\$1,890,123
Middle College High School	\$0
Perkins IV-IC	\$3,100,603
Perkins 131 Regular & Consortium	\$1,603,918
Perkins 132 Regular & Consortium	\$509,606
Perkins Tech-Prep	\$306,592
Workforce Investment Act: Title II	\$6,538,203
CalWORKS	\$685,025
TOTAL	\$33,496,608

- Sacramento City Unified School District hosts six funded Career Partnership Academies; Elk Grove Unified School District hosts five CPAs; Grant Joint Union High School District hosts three CPAs; and San Juan Unified School District hosts three CPAs

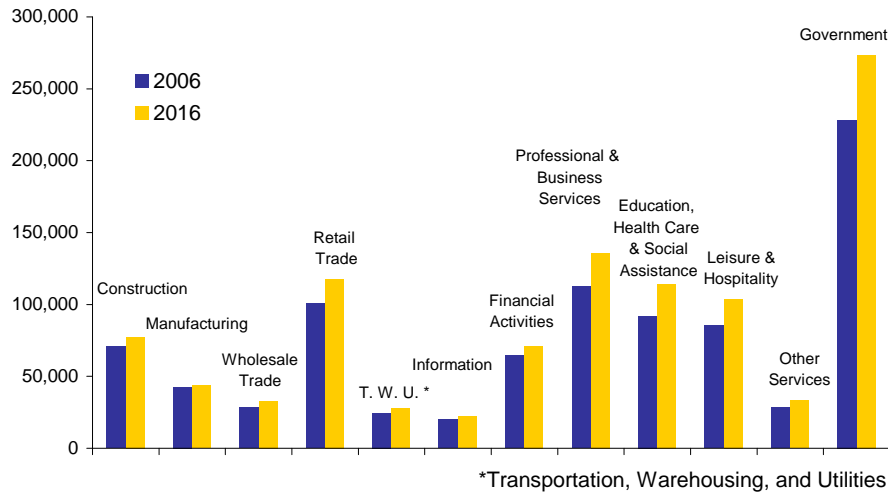
⁷ Includes Sacramento City Unified School District, Elk Grove Unified School District, Grant Joint Union High School District, San Juan Unified School District, River Delta Unified School District, Sacramento County Office of Education, and Los Rios Community College District

2006 – 2016 El Dorado, Placer, Sacramento and Yolo Counties Projection Highlights

Total employment is forecast to reach 1.17 million by 2016 in the four county area of El Dorado, Placer, Sacramento and Yolo counties. Total employment includes Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm employment. This increase represents a gain of 169,800 jobs for a growth rate of almost 1.7 percent annually, slightly higher than the 1.5 percent growth rate projected for California during the same forecast period.

Total nonfarm employment in the area represents about 6 percent of all nonfarm employment in California and will contribute about 7 percent of new nonfarm jobs for the state during this outlook period. The largest gain is expected to occur in the Government sector with the addition of over 45,000 jobs. Significant job gains are also expected in the following industry sectors: Professional and Business Services (23,300), Education, Health Care and Social Assistance (22,000), Leisure and Hospitality (18,700), and Retail Trade (17,000).

2006-2016 Industry Sector Employment Levels



The single fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Education and Health Services with a growth rate of almost 2.4 percent per year. Average annual growth rates in Leisure and Hospitality (2.2 percent), Professional and Business Services (2.1 percent), Government (2 percent), and Other Services (1.8 percent) will exceed the 1.7 percent annual growth rate for all nonfarm employment in the county.

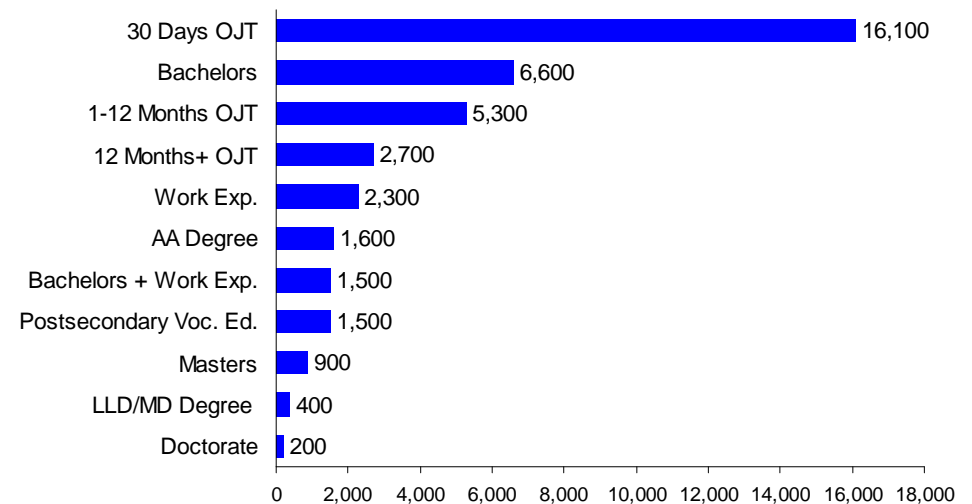
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 169,800 new jobs from industry growth,
- About 221,700 job openings from Net Replacements,
- A combined total of nearly 391,500 job openings.

The 50 occupations with the most job openings are forecasted to generate about 212,400 total job openings, which is about 54 percent of all job openings in Sacramento County. The top three occupations are Retail Salespersons, Cashiers, and General Office Clerks. These occupations pay \$9.95-\$14.16 per hour and require short-term on-the-job training. Occupations requiring short to moderate on-the-job training make up 64 percent of the list. Higher-skilled occupations, requiring an associate degree or higher, include Registered Nurses, Elementary and Secondary School Teachers, Computer Systems Analysts, Computer Software Engineers, and Civil Engineers.

The 50 fastest growing occupations anticipate a growth rate of 27 percent or higher during the forecast period. Over half of these occupations require a bachelor's degree or higher. On this list occupations in the Health and Education fields pay higher wages. Occupations in high wage categories are Post-Secondary Health Teachers, Education Administrators, and Pharmacists. Their median annual wages range from \$93,349 to \$119,560.

Average Annual Job Openings by Education and Training Level



San Diego East County Chamber of Commerce

PROGRAM	East San Diego County⁸
Regional Occupation Centers/Programs (ROCPs)	\$39,109,794
Career Partnership Academies	\$81,000
CDE Apprenticeships RSI	\$275,532
Workability I	\$0
Agricultural Vocational Education	\$50,768
CTE Pathways Initiative	\$369,700
Middle College High School	\$127,000
Perkins IV-IC	\$738,032
Perkins 131 Regular & Consortium	\$472,137
Perkins 132 Regular & Consortium	\$169,039
Perkins Tech-Prep	\$153,296
Workforce Investment Act: Title II	\$140,398
CalWORKS	\$140,889
TOTAL	\$41,827,585

- Mt. Miguel High School hosts the “Academy of Hospitality and Tourism Management” Career Partnership Academy
- Grossmont College is the site of a Middle College High School program

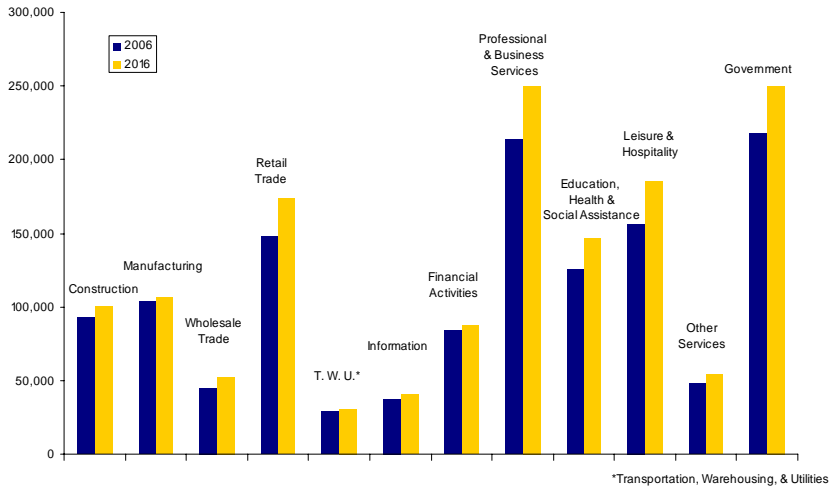
⁸ Includes Grossmont Union High School District, San Diego County Office of Education, and Grossmont-Cuyamaca Community College District

2006 – 2016 San Diego County Projection Highlights

Industry projections of total employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm and Nonfarm employment in San Diego County will reach just over 1.6 million between 2006 and 2016. This increase represents a gain of just under 189,000 jobs for a growth rate of 1.3 percent annually. This rate is slightly below the growth rate for California as a whole, which is estimated at 1.5 percent annually for the same time period.

San Diego constitutes about 8.6 percent of California’s total nonfarm employment and will contribute about 7.7 percent of the state’s nonfarm employment growth during this period. Almost 74 percent of the new jobs will occur in these four industry sectors: Professional and Business Services, Trade, Transportation and Utilities, Government, and Leisure and Hospitality.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Leisure and Hospitality which is expected to grow at 1.8 percent per year. Average annual growth rates in Professional and Business Services (1.7 percent), Educational Services, Health Care and Social Assistance (1.7 percent), Retail Trade (1.7 percent), Wholesale Trade (1.6 percent), and Government (1.5 percent) will exceed the 1.4 percent annual growth rate for all nonfarm employment in the county.

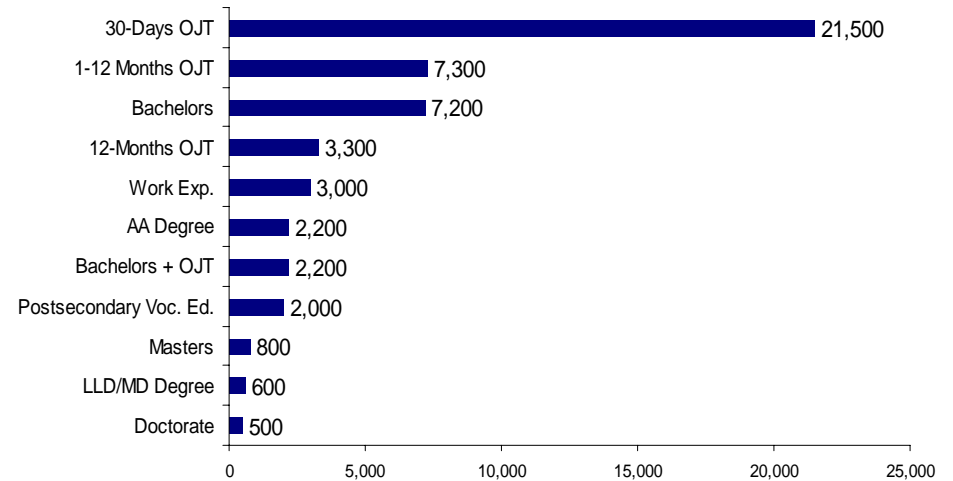
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 188,900 new jobs from industry growth,
- About 325,200 job openings from Net Replacements,
- A combined total of just over 514,100 job openings.

The 50 occupations with the most job openings are forecasted to generate over 285,900 total job openings, which is about 56 percent of all job openings in San Diego County during the 2006-2016 period. The top three occupations are Retail Salespersons, Waiters and Waitresses, and Cashiers which pay from \$8 to \$10 per hour. Higher-skilled occupations, requiring an associate degree or higher, make up 17 percent of this list. These include Registered Nurses, General and Operations Managers, Elementary and Secondary School Teachers, Accountants and Auditors, Computer Software Engineers, Applications, and Lawyers among others. These jobs usually pay \$21.50 per hour or higher.

The 50 fastest growing occupations are all expected to grow at an annual growth rate of 2.2 percent or higher. As a result of the fast growing education and science sectors, over half of these occupations require a bachelor’s degree or higher. The fastest growing occupations include Network Systems and Data Communications Analysts, Computer software Engineers, Applications, Veterinary Technologists and Technicians, and Veterinarians.

Average Annual Total Job Openings by Education and Training Level



San Diego Regional Chamber of Commerce

PROGRAM	San Diego County⁹
Regional Occupation Centers/Programs (ROCPs)	\$39,109,794
Career Partnership Academies	\$891,000
CDE Apprenticeships RSI	\$32,414
Workability I	\$886,593
Agricultural Vocational Education	\$347,792
CTE Pathways Initiative	\$1,325,025
Middle College High School	\$127,000
Perkins IV-IC	\$3,660,287
Perkins 131 Regular & Consortium	\$2,782,364
Perkins 132 Regular & Consortium	\$1,048,597
Perkins Tech-Prep	\$459,888
Workforce Investment Act: Title II	\$3,229,143
CalWORKS	\$358,825
TOTAL	\$54,258,722

- Eleven funded Career Partnership Academies exist in San Diego County with San Diego Unified School District home to two programs; Sweetwater Unified School District hosts seven CPAs; Fallbrook Union and Oceanside Unified each host one
- San Diego City College hosts the area's Middle College High School program

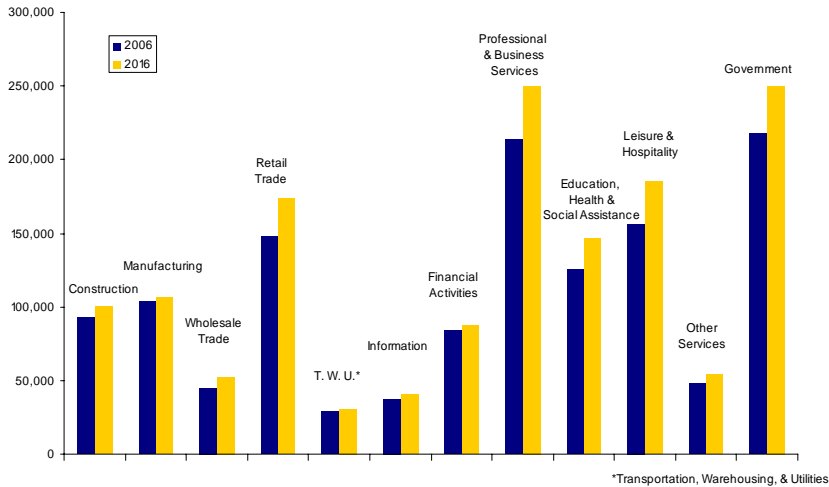
⁹ Includes all school districts in San Diego County except Grossmont Union High School District and includes San Diego County Office of Education, San Diego Community College District, Southwestern Community College District, Palomar Community College District, and MiraCosta Community College District

2006 – 2016 San Diego County Projection Highlights

Industry projections of total employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm and Nonfarm employment in San Diego County will reach just over 1.6 million between 2006 and 2016. This increase represents a gain of just under 189,000 jobs for a growth rate of 1.3 percent annually. This rate is slightly below the growth rate for California as a whole, which is estimated at 1.5 percent annually for the same time period.

San Diego constitutes about 8.6 percent of California's total nonfarm employment and will contribute about 7.7 percent of the state's nonfarm employment growth during this period. Almost 74 percent of the new jobs will occur in these four industry sectors: Professional and Business Services, Trade, Transportation and Utilities, Government, and Leisure and Hospitality.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Leisure and Hospitality which is expected to grow at 1.8 percent per year. Average annual growth rates in Professional and Business Services (1.7 percent), Educational Services, Health Care and Social Assistance (1.7 percent), Retail Trade (1.7 percent), Wholesale Trade (1.6 percent), and Government (1.5 percent) will exceed the 1.4 percent annual growth rate for all nonfarm employment in the county.

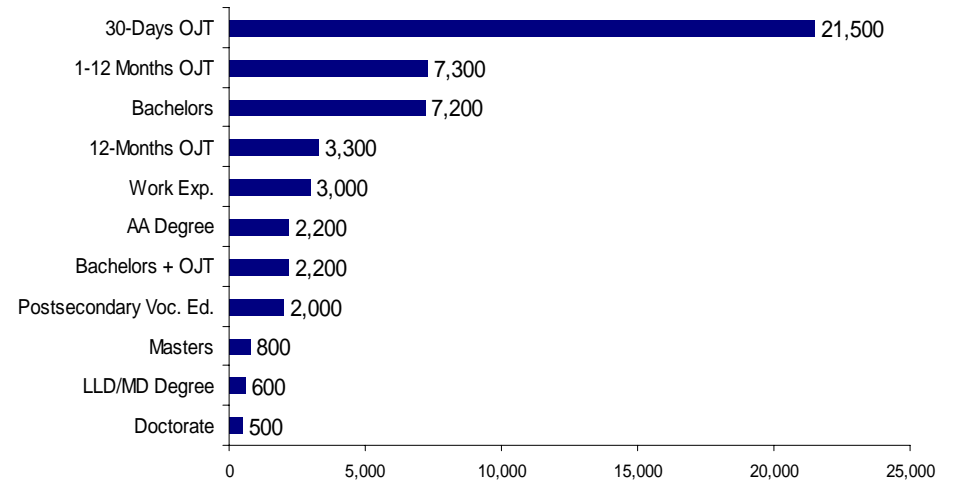
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 188,900 new jobs from industry growth,
- About 325,200 job openings from Net Replacements,
- A combined total of just over 514,100 job openings.

The 50 occupations with the most job openings are forecasted to generate over 285,900 total job openings, which is about 56 percent of all job openings in San Diego County during the 2006-2016 period. The top three occupations are Retail Salespersons, Waiters and Waitresses, and Cashiers which pay from \$8 to \$10 per hour. Higher-skilled occupations, requiring an associate degree or higher, make up 17 percent of this list. These include Registered Nurses, General and Operations Managers, Elementary and Secondary School Teachers, Accountants and Auditors, Computer Software Engineers, Applications, and Lawyers among others. These jobs usually pay \$21.50 per hour or higher.

The 50 fastest growing occupations are all expected to grow at an annual growth rate of 2.2 percent or higher. As a result of the fast growing education and science sectors, over half of these occupations require a bachelor's degree or higher. The fastest growing occupations include Network Systems and Data Communications Analysts, Computer software Engineers, Applications, Veterinary Technologists and Technicians, and Veterinarians.

Average Annual Total Job Openings by Education and Training Level



San Francisco Chamber of Commerce

PROGRAM	San Francisco¹⁰
Regional Occupation Centers/Programs (ROCPs)	\$1,498,101
Career Partnership Academies	\$162,000
CDE Apprenticeships RSI	\$0
Workability I	\$0
Agricultural Vocational Education	\$0
CTE Pathways Initiative	\$369,700
Middle College High School	\$0
Perkins IV-IC	\$1,416,319
Perkins 131 Regular & Consortium	\$512,872
Perkins 132 Regular & Consortium	\$0
Perkins Tech-Prep	\$76,648
Workforce Investment Act: Title II	\$1,360,919
CalWORKS	\$0
TOTAL	\$5,396,559

- The Communication Arts Academy at Balboa High School and Business and Computers Academy at George Washington High School are the district's two Career Partnership Academies

¹⁰ Includes San Francisco Unified School District, San Francisco County Office of Education, and San Francisco Community College District

2006-2016 San Francisco, San Mateo, and Marin Counties Projection Highlights

Industry projections for San Francisco, San Mateo, and Marin counties combined forecast total employment to grow at 0.8 percent annually from 2006 to 2016, slower than the 1.5 percent annual growth projected for California during the same forecast period. Total employment, consisting of Self-Employment, Unpaid Family Workers, Private Household Workers, Farm Employment, and Nonfarm Wage and Salary Employment will increase to approximately 1.2 million by 2016, with the addition 82,900 new jobs.

Nonfarm Wage and Salary Employment comprises 88 percent of total employment and two out of three new jobs are expected to occur in Professional and Business Services (27,100), Leisure and Hospitality (15,300), and Education Services, Health Care and Social Assistance (6,100).

Occupational projections for the period 2006 to 2016 forecast:

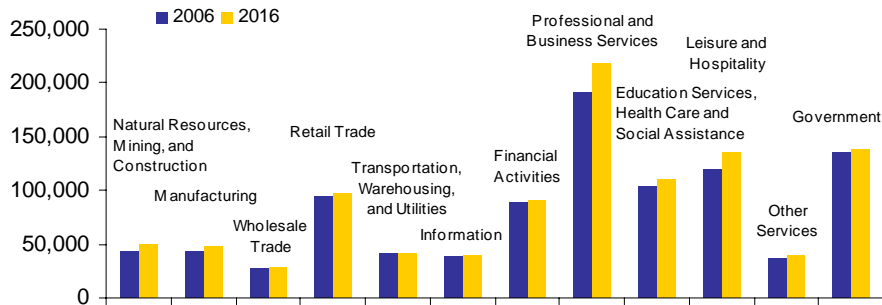
- Approximately 83,000 new jobs from industry growth,
- An estimated 243,000 job openings from Net Replacements,
- A combined total of about 326,000 job openings.

The 50 occupations with the most job openings will generate 55 percent of the total job openings in the San Francisco metropolitan area during the 2006-2016 period. These occupations are expected to create approximately 177,600 job openings. Among the 50 occupations with the most openings are entry level jobs such as Retail Salespersons, Waiters and Waitresses, and Cashiers along with higher skilled and higher paying jobs such as Computer Software Engineers, General Managers, Accountants, and Registered Nurses.

The 50 fastest growing occupations are expected to grow at an annual rate of 1.5 percent or more. Half of these occupations require a bachelor's degree or higher with median annual salaries ranging from \$32,846 to \$122,493. Biomedical engineers are expected to have the fastest annual growth at 6 percent, requiring a bachelor's degree and having a median annual salary of \$100,219. Roofers and Tile and Marble Setters, requiring only on-the-job training, are also among the fastest growing occupations with median hourly wages of \$26.32 and \$23.95 respectively.

The chart below displays average annual job openings from growth and replacements in the San Francisco metropolitan area.

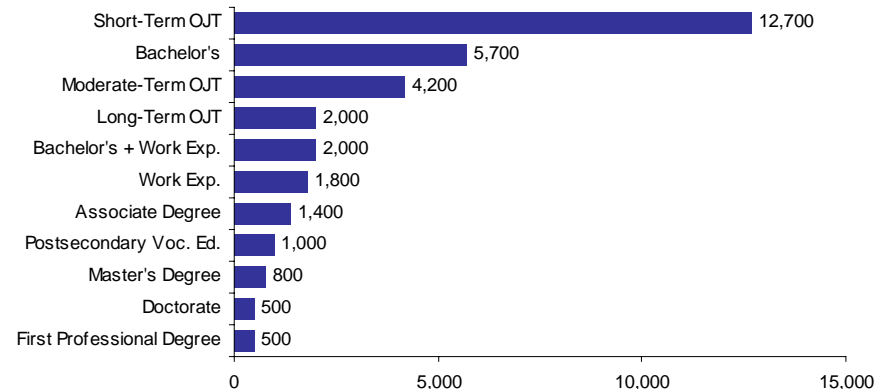
2006-2016 Industry Sector Employment Levels



Professional and Business Services is expected to be the fastest growing major industry sector in the forecast period with an anticipated annual growth rate of 1.4 percent. Within this sector, Computer Systems Design and Related Services will lead the job growth adding 8,400 jobs.

Chemical Manufacturing is also projected to have strong growth, estimated to increase by 5.5 percent annually and add 4,800 jobs by 2016.

Average Annual Job Openings by Education and Training Level



San Jose Silicon Valley Chamber of Commerce

PROGRAM	San Jose¹¹
Regional Occupation Centers/Programs (ROCPs)	\$2,505,809
Career Partnership Academies	\$0
CDE Apprenticeships RSI	\$336,024
Workability I	\$299,753
Agricultural Vocational Education	\$0
CTE Pathways Initiative	\$1,119,659
Middle College High School	\$0
Perkins IV-IC	\$754,342
Perkins 131 Regular & Consortium	\$251,017
Perkins 132 Regular & Consortium	\$13,846
Perkins Tech-Prep	\$306,592
Workforce Investment Act: Title II	\$0
CalWORKS	\$122,954
TOTAL	\$5,709,996

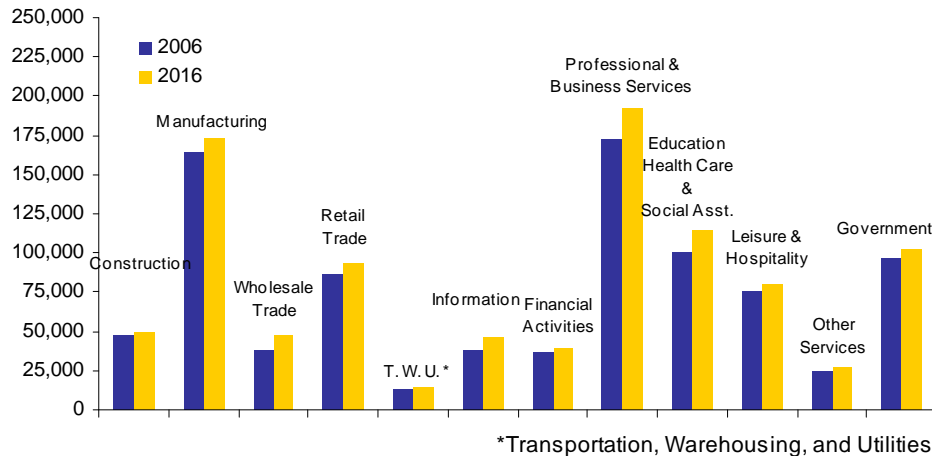
¹¹ Includes San Jose Unified School District, Santa Clara County Office of Education, San Jose-Evergreen Community College District, and West Valley-Mission Community College District

2006 – 2016 Santa Clara and San Benito Counties Projections Highlights

Total Industry Employment, including Self-Employment, Unpaid Family Workers, Private Household Workers, Farm, and Nonfarm employment in Santa Clara and San Benito counties is expected to reach nearly 1.1 million between 2006 and 2016. This increase represents a gain of 93,900 jobs for an annual growth rate of almost one percent.

Santa Clara and San Benito counties constitute about 6 percent of California's total nonfarm employment and will contribute nearly 4 percent of the state's new nonfarm jobs during this period. The Professional and Business Services, Education Services, Health Care and Social Assistance, Manufacturing, Wholesale Trade, Information, and Retail Trade industry sectors will generate 78 percent or 68,800 of new jobs by 2016.

2006-2016 Industry Sector Employment Levels



The fastest growing nonfarm industry sector, based on the annual average percentage growth rate, is Wholesale Trade with a rate of 2.3 percent per year, followed by Information with a rate slightly over 2 percent. The Education Services, Health Care and Social Assistance (1.4 percent), and Professional and Business Services (1.2 percent) sectors will also exceed the annual growth rate for nonfarm employment in Santa Clara and San Benito counties.

Visit our Web site www.labormarketinfo.edd.ca.gov or contact the local labor market consultant at (408) 558-0689.

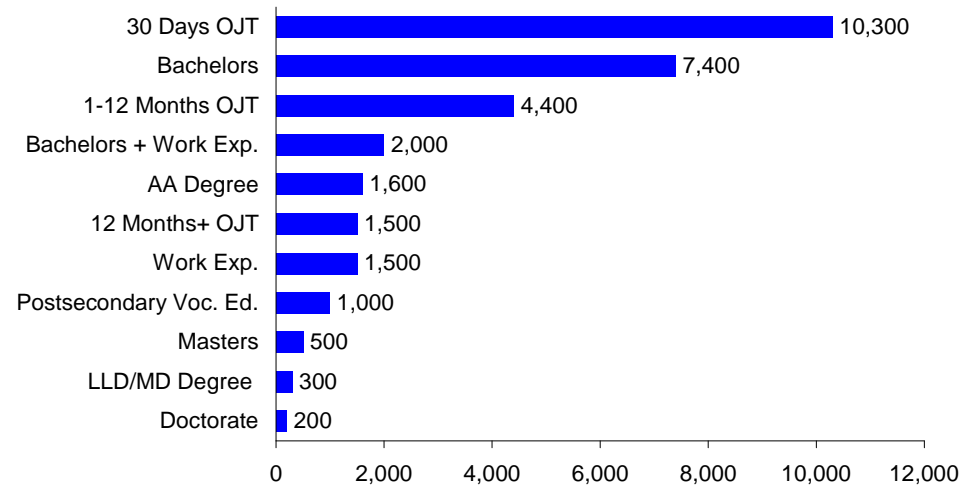
Occupational projections for the period 2006 to 2016 forecast:

- Approximately 93,900 new jobs from industry growth,
- About 214,000 job openings from Net Replacements,
- A combined total of nearly 307,900 job openings.

The 50 occupations with the most job openings are forecasted to generate about 167,100 total job openings, which is about 54 percent of all job openings. Included in the top three occupations are Computer Engineers which require a bachelor's degree and pay about \$52 per hour. The other two occupations are Retail Salespersons and Waiters and Waitresses; they require short-term on-the-job training and pay from about \$9 to \$11 per hour. Higher-skilled occupations, requiring an associate degree or higher, include Computer Software Engineers, Computer Hardware Engineers, Computer Systems Analysts, and Network Systems Analysts.

The 50 fastest growing occupations anticipate a growth rate of 15 percent or higher during the forecast period. Occupations in the computer field require a bachelor's degree or higher and pay hourly wages ranging from about \$39 to \$62. The occupations in high wage categories are Research Computer Scientists, Pharmacists, Computer Software Engineers, and Biomedical Engineers.

Average Annual Job Openings by Education and Training Level





CALIFORNIA ECONOMIC PROFILE: A STATEWIDE OVERVIEW & REGIONAL ANALYSES



Prepared for the



OCTOBER 2008



Secretary Victoria L. Bradshaw – Chair
The Honorable Juan Arambula, California State Assembly
Joseph Fernandez, Active Motif, Inc.
Barry Hibbard, Tejon Ranch Company
Pius Lee, California Realty & Land, Inc.
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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of California, with regional comparisons, from 2001 to 2006, and includes snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The nine regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

CALIFORNIA

ECONOMIC PROFILE

California



October 2008

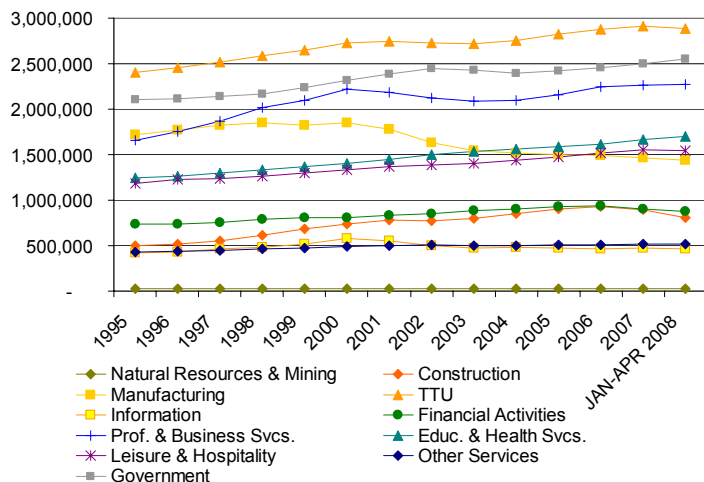
CALIFORNIA is an economy of nine diverse regions. Each region has different characteristics, industries, infrastructures and workforces. To better understand both the regional economies as well as California's statewide strengths, this profile offers a statewide overview and comparative analysis of the nine regions.

California is the largest state in the nation, based on population and employment, with 12.1% of the nation's population and 11.6% of its jobs (2006).

The state experienced overall job growth of 6.1% from 2001 to 2006, despite the 2001 recession and the recent housing downturn. While jobs grew by 6.1%, the state's Gross Domestic Product (GDP) grew by 33.9% (2001 to 2006) and Per Capita Personal Income grew by 20.5%. According to the federal Bureau of Economic Analysis, at the same time, the national GDP grew by 30.4%.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows growth in Nonfarm employment in 2007, and also from April 2007 to April 2008. Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008¹



Overall, Nonfarm jobs grew by 1.7% in 2007, and slight growth of 0.3% was seen from April 2007 to April 2008.

From 2006 to 2007, seven of the eleven super sectors reported job growth, while three reported losses. Growth was led by Other Services (excluding Private Households), followed by Educational & Health Services and Leisure & Hospitality. At the same time, losses occurred in three super-sectors, led by losses in Construction and Financial Activities. Both include many housing-related industries, and the losses likely reflect the impact of the housing downturn. Losses continued for the Manufacturing sector, although slowing in some regions.

The following table summarizes private sector Nonfarm employment changes from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

CALIFORNIA STATEWIDE	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	4.3%	1.7%	0.3%
Natural Resources & Mining	1.3%	-1.1%	2.0%
Construction	21.9%	-4.1%	-9.1%
Manufacturing	-15.3%	-2.2%	-1.3%
Trade, Transportation, & Utilities	7.6%	1.9%	0.2%
Information	-6.9%	0.5%	0.1%
Financial Activities	14.3%	-2.9%	-3.8%
Professional & Business Svcs	6.0%	1.9%	1.6%
Educational & Health Services	12.5%	5.6%	3.4%
Leisure & Hospitality	12.3%	2.5%	1.3%
Other Services	-22.9%	15.9%	1.8%
Government	4.2%	2.0%	1.9%

REGIONAL COMPARISONS

JOB GROWTH	2001-2006*	2006-2007	Apr07-Apr08
No. California	-0.6%	0.3%	1.0%
No. Sacramento Valley	4.8%	0.9%	1.4%
Greater Sacramento	8.0%	4.8%	0.0%
Bay Area	-6.9%	2.0%	0.8%
Central Coast	1.3%	1.4%	0.4%
San Joaquin Valley	9.5%	2.4%	0.9%
Central Sierra	5.2%	0.8%	-0.3%
So. California	4.6%	1.1%	-0.6%
So. Border	6.7%	1.4%	0.2%

* The 2001-2006 data uses the CREE data source, with the exception of the Northern California Region where the CES was used. For the CREE data, the Farm and Private Households data have been removed, in order to be comparable to the 2007 data, taken from the CES program.

A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.

STATEWIDE

For California, a look at 2007 Nonfarm employment data shows that job growth continued in 2007 and into 2008.

¹ The January to April 2008 data represents a four-month average.

A SNAPSHOT OF 2007 & 2008

(Continued)

The San Joaquin Valley Region reported the fastest growth in Total Nonfarm jobs from 2001 to 2006 (9.5%), followed by the Greater Sacramento Region (8.0%). This was reversed for 2006 to 2007, with Greater Sacramento Region reporting the fastest growth (4.8%), followed by the San Joaquin Valley Region (2.4%).

The job losses seen in the Bay Area and Northern California Regions from 2001 to 2006 appear to have turned around, with growth reported in 2007. A comparison of April 2007 to April 2008 suggests that this may continue for both of these regions and five others, while job losses were reported for the Central Sierra and Southern California Regions. (The annualized data may indicate otherwise.)

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level², allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	6.1%
Establishment Growth (2001-2006)	27.5%
GDP Growth ³ (2001-2006)	33.9%
Average Wage (2006, Private Industry)	\$ 47,826
Wage Growth (2001-2006)	17.5%
Firms with < 100 employees (2006)	98.3%
Firms with < 50 employees (2006)	96.1%
Self-employed, not incorporated (2006)	9.0%

WORKFORCE

Unemployment Rate (2006)	4.9%
Population Growth (2001-2006)	5.0%
Per Capita Income (2006)	\$ 39,626
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	29%
Families Living in Poverty (2006)	9.7%

² The North American Industry Classification System (NAICS), 6-digit level.

³ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

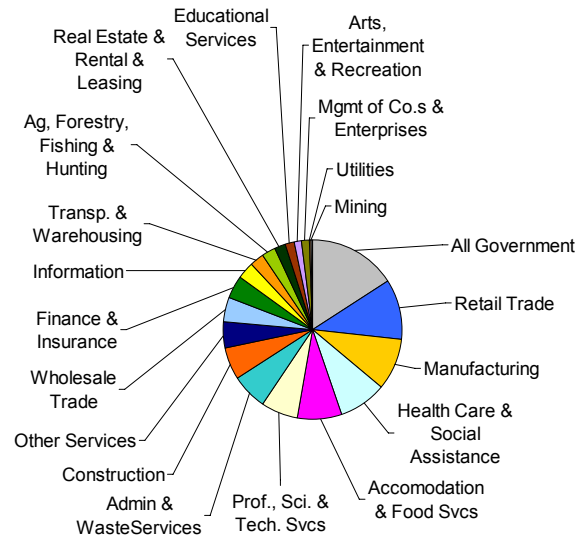
QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁴)*	10 to 84
Average Commute Time (2006)	26.8 min.
Housing Opportunity Index ⁵ (2007)*	4.9% to 36.8%

* Data not available for all counties.

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a statewide value cannot be calculated.

INDUSTRY COMPOSITION 2006



JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-0.5%
Mining (NAICS 21)	4.8%
Utilities (NAICS 22)	4.5%
Construction (NAICS 23)	21.9%
Manufacturing (NAICS 31-33)	-15.3%
Wholesale Trade (NAICS 42)	13.2%
Retail Trade (NAICS 44-45)	8.4%
Transportation & Warehousing (NAICS 48-49)	-2.9%
Information (NAICS 51)	-6.9%
Finance & Insurance (NAICS 52)	16.0%
Real Estate & Rental & Leasing	10.7%
Prof., Scientific & Technical Services (NAICS 54)	10.0%
Mngmt of Companies & Enterprises (NAICS 55)	-26.0%
Administrative & Waste Services (NAICS 56)	12.4%
Educational Services (NAICS 61)	19.5%
Health Care & Social Assistance (NAICS 62)	11.2%
Arts, Entertainment & Recreation (NAICS 71)	9.8%
Accommodation & Food Services (NAICS 72)	12.8%
Other Services (except Public Admin) (NAICS 81)	22.0%
All Government	

⁴ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁵ 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

CALIFORNIA'S LEADING INDUSTRY SUB-SECTORS

TOP TEN LARGEST (BY 2006 EMPLOYMENT)

- Food Services & Drinking Places (NAICS 722)
- Professional, Scientific & Technical Services (NAICS 541)
- Administrative & Support Services (NAICS 561)
- Specialty Trade Contractors (NAICS 238)
- Ambulatory Health Care Services (NAICS 621)
- Hospitals (NAICS 622)
- Merchant Wholesalers, Durable Goods (NAICS 423)
- Food & Beverage Stores (NAICS 445)
- Credit Intermediation & Related Activities (NAICS 522)
- Computer & Electronic Product Manufacturing (Mfg) (NAICS 334)

TOP TEN FASTEST GROWING ('01-'06)

(With at least 0.005% of total employment)

- Wholesale Electronic Markets, Agents, Brokers (NAICS 491)
- Private Households (NAICS 814)
- Other Information Services (NAICS 519)
- Funds, Trusts & Other Financial Vehicles (NAICS 525)
- Construction of Buildings (NAICS 236)
- Credit Intermediation & Related Activities (NAICS 522)
- General Merchandise Stores (NAICS 452)
- Beverage & Tobacco Product Manufacturing (NAICS 312)
- Specialty Trade Contractors (NAICS 238)
- Motion Picture & Sound Recording Industries (NAICS 512)

TOP TEN IN COMPETITIVE ADVANTAGE* (2006)

(With at least 0.005% of total employment)

- Support Activities for Ag & Forestry (NAICS 115), 4.6 LQ
- Private Households (NAICS 814), 4.2 LQ
- Motion Picture & Sound Recording (NAICS 512), 3.5 LQ
- Apparel Manufacturing (NAICS 315), 2.8 LQ
- Crop Production (NAICS 111), 2.7 LQ
- Computer & Electronic Product Mfg (NAICS 334), 2.1 LQ
- Beverage (& Tobacco Product) Mfg (NAICS 312), 1.9 LQ
- Internet Publishing & Broadcasting (NAICS 516), 1.7 LQ
- Performing Arts, Spectator Sports (NAICS 711), 1.4 LQ
- Electronics & Appliance Stores (NAICS 443), 1.3 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the state than found nationally.

TOP TEN WITH HIGHEST AVERAGE WAGE (2006)

(With at least 0.005% of total employment)

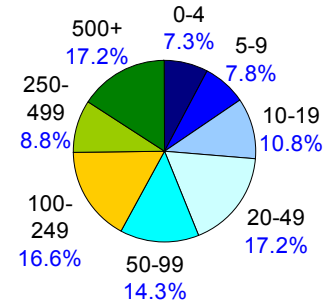
- Securities, Commodity Contracts & Other Inv. (NAICS 523)
- Oil & Gas Extraction (NAICS 211)
- Lessors of Nonfinancial Intangible Assets (except Copyrighted Works) (NAICS 533)
- Internet Service Providers, Web Search Portals & Data Processing Svcs (NAICS 518)
- Petroleum & Coal Products Mfg (NAICS 324)
- Performing Arts, Spectator Sports (NAICS 711)
- Computer & Electronic Product Mfg (NAICS 334)
- Funds, Trusts & Other Financial Vehicles (NAICS 525)
- Utilities (NAICS 221)
- Pipeline Transportation (NAICS 486)

The average annual wages range from \$91.7K to \$186.9K.

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

Statewide, firms with fewer than 100 employees made up 98.3% of all businesses and provided 57.9% of all jobs in 2006. Firms with 500 or more employees made up 0.2% of all businesses, and provided 16.0% of all jobs.

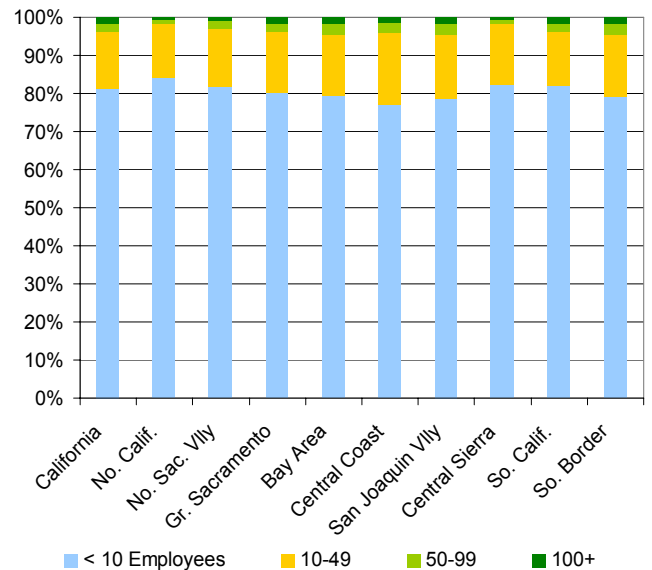
DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	24.6%	34.5%
5-9	9.5%	9.6%
10-19	8.5%	8.3%
20-49	6.1%	6.6%
50-99	2.5%	2.8%
100-249	6.1%	5.6%
250-499	1.2%	1.1%
500-999	9.4%	8.1%
1,000+	5.2%	4.7%

2006 DISTRIBUTION OF FIRMS BY SIZE CATEGORY BY REGION



REGIONAL JOB GROWTH 2001-2006

RANKING

- 1. San Joaquin Valley Region 9.9%
- 2. Greater Sacramento Region 9.4%
- 3. Southern Border Region 7.7%
- 4. Southern California Region 6.5%
- 5. No. Sacramento Valley Region 6.4%
- California as-a-whole 6.1%**
- 6. Central Sierra Region 5.9%
- 7. Central Coast Region 3.6%
- 8. Northern California Region 1.3%
- 9. Bay Area Region -5.8%

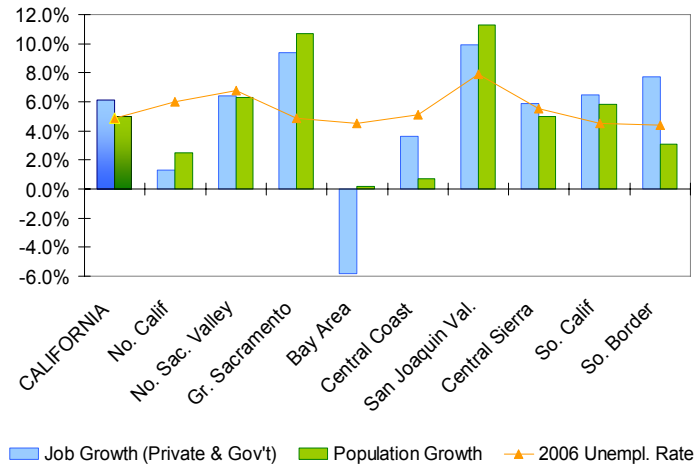
The San Joaquin Valley Region ranked first in growth, from 2001 to 2006, with the Greater Sacramento Region a close second. Previously, from 2001 to 2005, the Greater Sacramento Region had ranked first, ahead of the San Joaquin Valley Region.

TOP FIVE FASTEST GROWING MAJOR SECTORS, STATEWIDE AND BY REGION (2001-2006)

The following table compares the top five fastest growing industry sectors in each region (2001-2006), at the major sector level (NAICS 2-digit level).

TOP FIVE FASTEST GROWING MAJOR INDUSTRY SECTORS 2001-2006	California	No. California	No. Sac. Vly	Gr. Sacramento	Bay Area	Central Coast	San Joaquin Vly	Central Sierra	So. California	So. Border
Ag. Forestry, Fish., Hunt.						3				
Mining							5			
Utilities		1				5			5	
Construction	2	2	2			1	1	3	1	4
Manufacturing										
Wholesale Trade	5		3				5			
Retail Trade										
Transp. & Warehousing								1		
Information										
Finance & Insurance	4		4	2					3	
Real Estate				4				4		
Prof., Sci. & Tech. Svcs		4	1			2	2	2		
Mgmt Co.s & Enterprises										
Admin & Waste Svcs							4			
Educational Services	3	3		1	1		3		4	1
Health Care, Soc.Assist.				5	3					
Arts, Entertainmt & Rec.		5			5	4				2
Accomm. & Food Svcs			5		4				5	
Other Services	1			3	2				2	3
All Government										

2001-2006 JOB & POPULATION GROWTH & 2006 UNEMPLOYMENT



LARGEST INDUSTRIES BY REGION (2006)

The following table compares the top five industries in each region, based on 2006 employment size, using the most detailed industry classifications (NAICS 6-digit level). These industries provided the most jobs in each region.

While each region is unique in its industry composition and strengths, the regions also share similarities, as illustrated by the large numbers of jobs provided by several of the service industries.

TOP FIVE LARGEST INDUSTRIES BY REGION (2006)	No. California	No. Sac. Vly	Gr. Sacramento	Bay Area	Central Coast	San Joaquin Vly	Central Sierra	So. California	So. Border
Farm Labor Contractors & Crew Leaders (115115)					1	1			
Other Veg.&Melon Farming (except Potato) (111219)					4				
New Single-Family Housing Constr. (236115)							5		
Supermarkets & Other Grocery Stores (445110)	2	4	4	4			3		
R&D in Physical, Eng. & Life Sciences (541710)									5
Temporary Help Services (561320)			5	5		5		2	3
Offices of Physicians (621111)		5							
General Medical & Surg. Hospitals (622110)	3	1	2	2		3		4	
Hotels (except Casino Hotels) & Motels (721110)	5				3		1		4
Full-Service Restaurants (722110)	1	2	1	1	2	4	2	1	1
Limited-Svc Restaurants (722211)	4	3	3	3	5	2	4	3	2
Private Households (814110)								5	

FASTEST GROWING INDUSTRIES BY REGION (2001-2006)

To compare the top five fastest growing industries in each region, the compiled list would be too large to illustrate effectively using a matrix, as only five industries were in the top five for two or more regions. Instead, the following lists show the findings by region for comparison. These use the most detailed industry classifications (NAICS 6-digit level)⁶.

Change can take place quickly at this most detailed level. While it is important not to base policy or program administration decisions solely on such information, the following observations may provide some insight into the regional economies during that period.

NORTHERN CALIFORNIA

Exam Preparation & Tutoring (NAICS 611691)
 Postal Service (NAICS 491110)
 Residential Siding Contractors (NAICS 238171)
 Professional Employer Organizations (NAICS 561330)
 Wine & Distilled Alcoholic Beverage Wholesalers (NAICS 424820)

NORTHERN SACRAMENTO VALLEY

Custom Architectural Woodwork & Millwork Mfg (NAICS 337212)
 Payroll Services (NAICS 541214)
 Resident. Other Building Equipment Contractors (NAICS 238291)
 Human Resources & Executive Search Svcs (NAICS 541612)
 Electronic Shopping (NAICS 454111)

GREATER SACRAMENTO

Other Financial Vehicles (NAICS 525990)
 Postal Service (NAICS 491110)
 Asphalt Shingle & Coating Materials Mfg (NAICS 324122)
 Hardware Mfg (NAICS 332510)
 Mineral Wool Mfg (NAICS 327993)

BAY AREA

Heavy Duty Truck Mfg (NAICS 336120)
 Truck Trailer Mfg (NAICS 336212)
 Fats & Oils Refining & Blending (NAICS 311225)
 Monetary Authorities - Central Bank (NAICS 521110)
 Nonwoven Fabric Mills (NAICS 313230)

CENTRAL COAST

Synthetic Rubber Mfg (NAICS 325212)
 Offices of Bank Holding Companies (NAICS 551111)
 Other Electric Power Generation (NAICS 221119)
 Title Abstract & Settlement Offices (NAICS 541191)
 Asphalt Paving Mixture & Block Mfg (NAICS 324121)

California Economic Strategy Panel Regions



SAN JOAQUIN VALLEY

Zoos & Botanical Gardens (NAICS 712130)
 Sewage Treatment Facilities (NAICS 221320)
 All Other Information Services (NAICS 519190)
 Perishable Prepared Food Mfg (NAICS 311991)
 Mfg Instruments & Products for Measuring, Displaying & Controlling Industrial Process Variables (NAICS 334513)

CENTRAL SIERRA

Monetary Authorities - Central Bank (NAICS 521110)
 Other Commercial & Industrial Machinery & Equipment Rental & Leasing (NAICS 532490)
 Construction Sand & Gravel Mining (NAICS 212321)
 Computer Facilities Management Services (NAICS 541513)
 All Other Miscellaneous Mfg (NAICS 339999)

SOUTHERN CALIFORNIA

Guided Missile & Space Vehicle Propulsion Mfg (NAICS 336120)
 Other Financial Vehicles (NAICS 525990)
 Other Scientific & Technical Consulting Svcs (NAICS 541690)
 Offices of Bank Holding Companies (NAICS 551111)
 Hydroelectric Power Generation (NAICS 221111)

SOUTHERN BORDER

Casino Hotels (NAICS 721120)
 Health & Welfare Funds (NAICS 525120)
 Hydroelectric Power Generation (NAICS 221111)
 Office Furniture (except Wood) Mfg (NAICS 337214)
 Industrial Gas Mfg (NAICS 325120)

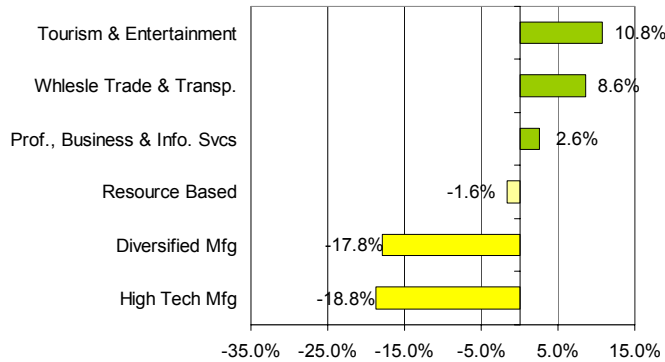
⁶ To be listed, the industries must provide at least 0.005% of the region's jobs; for the Central Sierra Region, they must provide at least 0.03%, as 0.005% only represents about 3 jobs in this region.

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

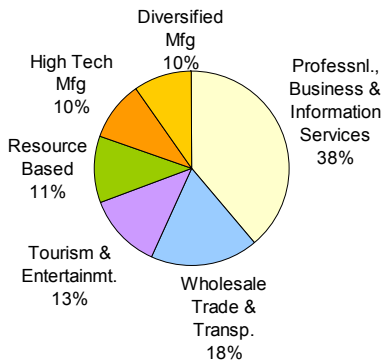
CALIFORNIA STATEWIDE

ECONOMIC BASE EMPLOYMENT GROWTH 2001-2006



In 2006, the state's traditional economic base provided 26.8% of all jobs in the region. Overall, the traditional base reported job losses of 1.0% from 2001 to 2006, led by losses in High Tech Manufacturing and Diversified Manufacturing; Resource Based industries also reported losses. At the same time, the other three of the sectors reported growth.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



Professional, Business & Information Services reported job growth, led by growth in Management, Scientific & Technical Consulting Services and Employment Services.

Wholesale Trade & Transportation reported overall growth, led by Wholesale Electronic Markets & Agents & Brokers and Merchant Wholesalers, Nondurable Goods.

Tourism & Entertainment reported strong job growth during this period, led by growth in Motion Picture & Video Industries.

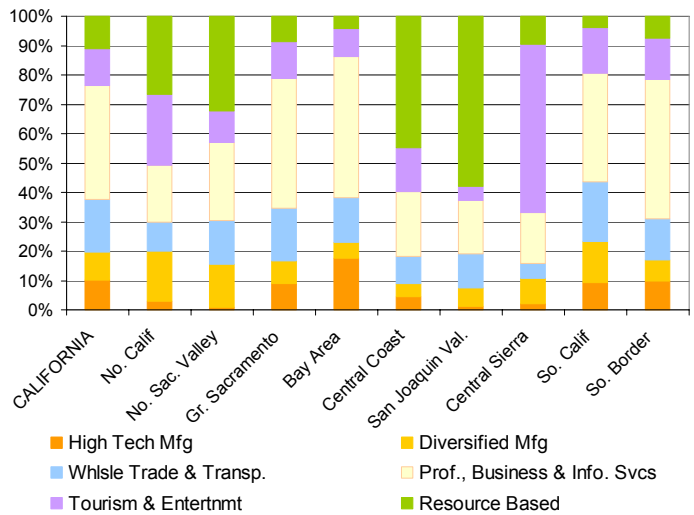
The Resource Based sector reported modest losses, led by losses in the Fruit & Vegetable Preserving & Specialty Food Mfg industry.

Within High Tech Manufacturing, all but one sub-sector reported losses, with losses greatest in Semiconductor & Other Electronic Component Mfg and Computer & Peripheral Equipment Mfg; this included heavy losses (largest number of jobs lost) in the Bay Area Region.

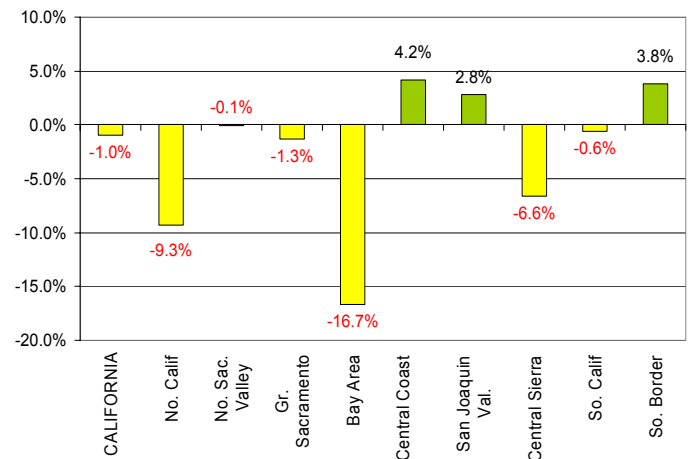
Within Diversified Manufacturing, losses were reported in all sub-sectors, and were greatest in Apparel Mfg, with the heaviest losses in Southern California.

REGIONAL COMPARISONS

Each region's traditional economic base is unique, as illustrated by the following graph:



Another way to see the regional differences is to compare economic base job growth from 2001 to 2006:



**KEY INDUSTRY SECTORS AND CLUSTERS
IN THE EXPANDED ECONOMIC BASE**

MANUFACTURING

The Manufacturing sector provided 9.6% of the state's jobs in 2006, or 1,496,500 jobs. The sector reported overall job losses of 15.1% from 2001 to 2006, down 269,400 jobs. At the same time, the state's manufacturing GDP grew by 2.8% from 2001 to 2006. The CES employment data suggests continued job losses in 2007 and into 2008.

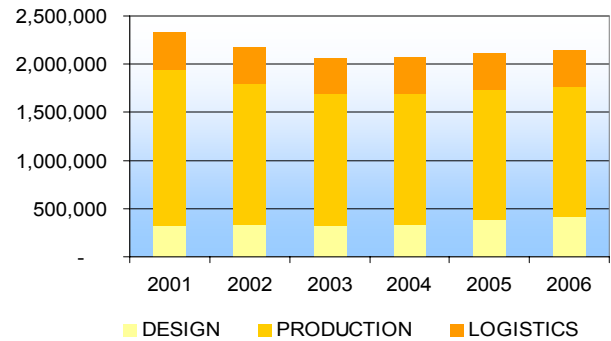
While Manufacturing as a whole reported losses from 2001 to 2006, some of its industries reported growth. At the industry group level (the 4-digit NAICS level), the ten fastest growing Manufacturing industries (with at least 0.002% of all jobs) included Iron & Steel Mills & Ferroalloy Manufacturing (Mfg); Beverage Mfg; Other Food Mfg; Motor Vehicle Body & Trailer Mfg; Cement & Concrete Product Mfg; Pharmaceutical & Medicine Mfg; Ship & Boat Building; Motor Vehicle Mfg; Pesticide, Fertilizer & Other Ag Chemical Mfg; and, Dairy Product Mfg.

The ten largest industry groups (4-digit NAICS level) included Semiconductor & Other Electronic Component Mfg; Navigational, Measuring, Electromedical & Control Instruments Mfg; Aerospace Product & Parts Mfg; Cut & Sew Apparel Mfg; Printing & Related Support Activities; Computer & Peripheral Equipment Mfg; Plastics Product Mfg; Medical Equipment & Supplies Mfg; Pharmaceutical & Medicine Mfg; and, Beverage Mfg.

Looking at the Manufacturing Value Chain industry cluster, overall the cluster experienced job losses of 7.9% from 2001 to 2006. Both Production and Logistics reported

losses, down 16.5% (265,800 jobs) and 3.0% (12,000 jobs) respectively, while Design grew by 29.4% (94,400 jobs).

Manufacturing Value Chain employment 2001-2006:



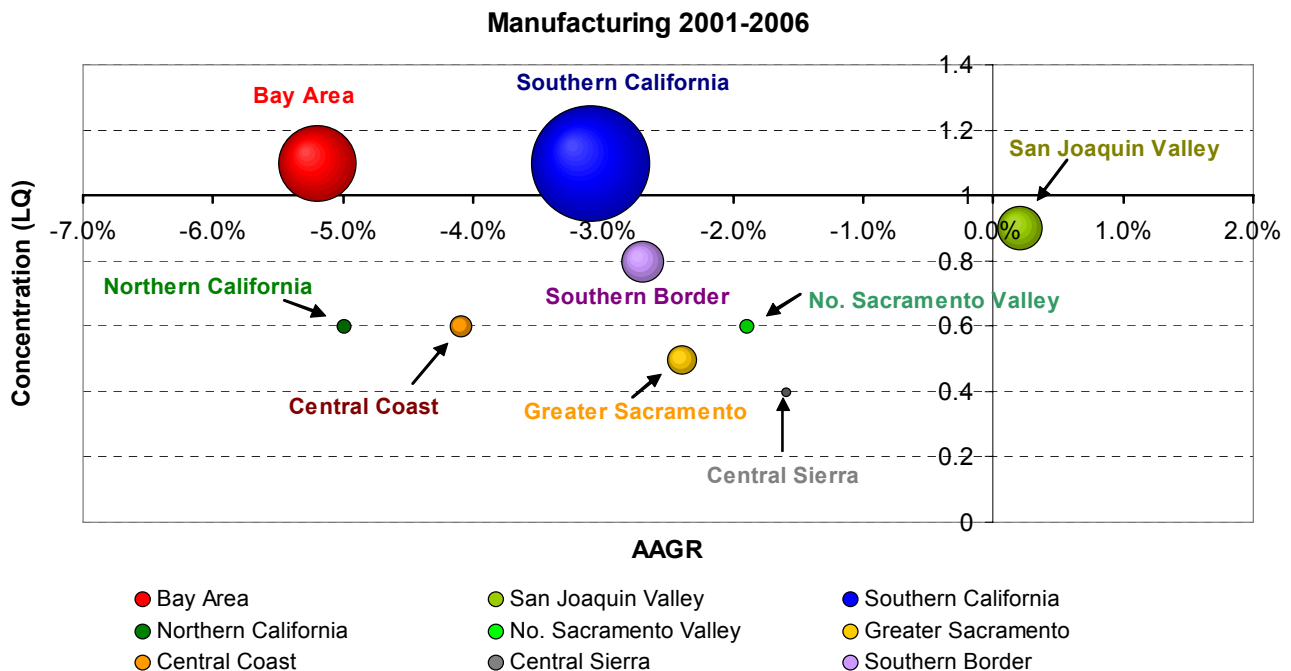
REGIONAL COMPARISON

Percentage of region's jobs provided by Manufacturing:

Northern California	6.0%
No. Sacramento Valley	6.0%
Greater Sacramento	5.1%
Bay Area	10.6%
Central Coast	5.6%
San Joaquin Valley	8.4%
Central Sierra	4.0%
Southern California	11.0%
Southern Border	7.8%

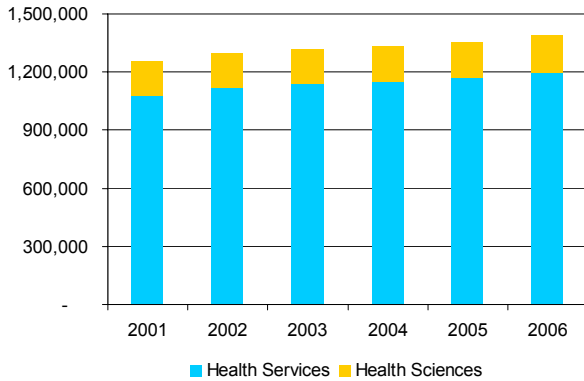
Southern California had the greatest percentage of jobs provided by Manufacturing, followed by the Bay Area.

The following bubble chart shows the Manufacturing industry's 2006 employment, concentration (LQ), and average annual job growth rate from 2001 to 2006, by region. (See last page for instructions on interpreting bubble charts.)



HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 8.9% of all jobs in the state in 2006. From 2001 to 2006, the cluster grew by 10.3%, or 129,900 jobs. The state had a slightly lower concentration of Health Sciences & Services jobs (0.8 LQ) than found at the national level.



Health Sciences

Health Sciences reported job growth of 6.9% from 2001 to 2006, led by Scientific Research & Development Services, up over 9,300 jobs or 10.3%. Pharmaceutical & Medicine Manufacturing also added jobs during this period, up 5,500 jobs or 14.3%. Only Medical Equipment & Supplies Manufacturing reported job losses, down about 2,500 jobs or 4.9%.

Health Services

Health Services, which includes the health care industries, experienced job growth of 10.9%, up almost 117,500 jobs from 2001 to 2006. General Medical & Surgical Hospitals added the most jobs, up 45,700 jobs, and Home Health Care Services reported the fastest job growth, up 56.3%. At the same time, Residential Mental Health & Substance Abuse Facilities reported the greatest number and percentage of jobs lost, down 10,100 jobs, or 18.1%, followed by losses in Vocational Rehabilitation Services, down 3,400 jobs or 9.1%.

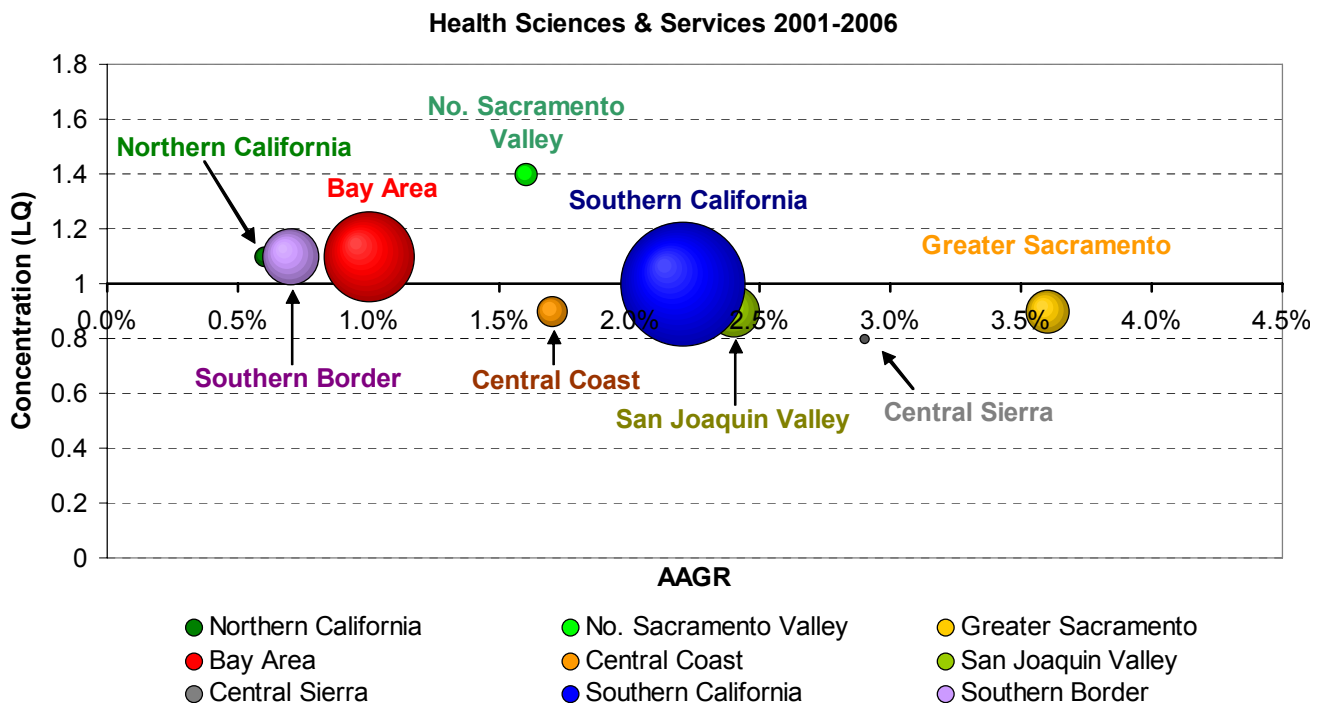
REGIONAL COMPARISON

Percentage of region's jobs provided by the Health Sciences & Services industry cluster:

Northern California	9.4%
No. Sacramento Valley	12.1%
Greater Sacramento	8.2%
Bay Area	9.9%
Central Coast	8.1%
San Joaquin Valley	8.2%
Central Sierra	7.1%
Southern California	8.8%
Southern Border	9.4%

The Northern Sacramento Valley Region had the greatest percentage of its jobs provided by Health Sciences & Services, followed by the Bay Area Region.

The following bubble chart shows the Health Sciences & Services cluster 2006 employment, concentration (LQ), and average annual job growth rate (AAGR) from 2001 to 2006, by region.

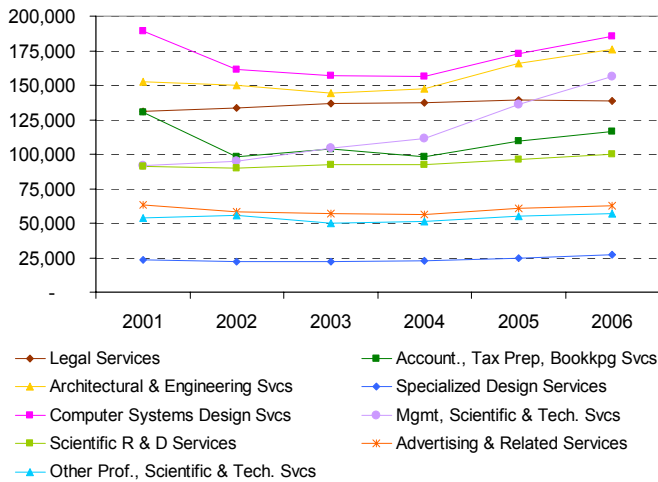


PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector includes industries that support innovation, which is important for economic prosperity. This sector provided 6.5% of the state's jobs in 2006, and grew by 3.6%, or over 92,600 jobs, from 2001 to 2006. The state had a slightly higher concentration of Professional, Scientific & Technical Services jobs (1.2 LQ) than found nationally.

Most industry groups within the sector reported job growth during this period. Management, Scientific, & Technical Consulting Services reported the greatest number and percentage of job growth, up over 64,300 jobs or 70.1% (led by growth in Other Scientific & Technical Consulting Services).

Industry group job growth, 2001-2006:



At the same time, the Accounting, Tax Preparation, Bookkeeping & Payroll Services industry group reported the greatest losses, down almost 14,000 jobs or 10.7%.

At the most detailed industry level (6-digit NAICS level), the largest industries were Offices of Lawyers (128,100 jobs), Engineering Services (109,300 jobs) and Custom Computer Programming Services (108,900 jobs). The Other Scientific & Technical Consulting Services industry reported the greatest number and percentage of jobs added from 2001 to 2006, up 42,100 jobs or 338.5%, while Payroll Services experienced the greatest losses, down 21,900 jobs or 44%.

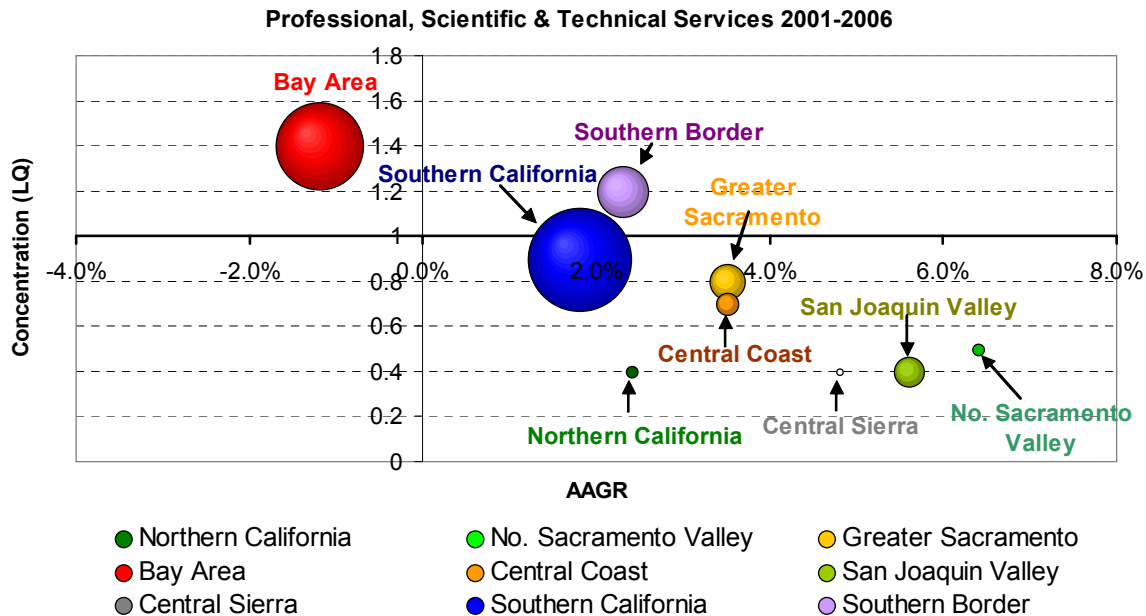
REGIONAL COMPARISON

Percentage of region's jobs provided by the Professional, Scientific & Technical Services sector:

Northern California	2.6%
No. Sacramento Valley	3.4%
Greater Sacramento	5.1%
Bay Area	9.3%
Central Coast	4.5%
San Joaquin Valley	2.7%
Central Sierra	2.8%
Southern California	5.9%
Southern Border	8.1%

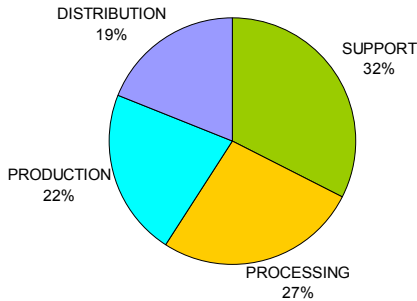
The Bay Area Region had the greatest percentage of its jobs provided by the Professional, Scientific & Technical Services sector, followed by the Southern Border Region.

The following bubble chart shows the Professional, Scientific & Technical Services sector 2006 employment, concentration (LQ), and average annual job growth rate (AAGR) from 2001 to 2006, by region.



THE FOOD CHAIN

The Food Chain cluster includes industries involved in the production and delivery of agricultural products & services. These industries are grouped into four components; Production, Support, Processing and Distribution. The Food Chain cluster provided 4.9% of the state's jobs in 2006, or over 70,800 jobs. Most of the jobs within the Food Chain cluster were in Support (32%) and Processing (27%).



From 2001 to 2006, the Food Chain cluster experienced job growth of 1.8%, up 13,700 jobs. Two of the four components reported growth; Support reported the greatest percentage and number of jobs added, up over 21,700 jobs or 9.7%; most of which were added in Support Activities for Crop Production. Distribution reported growth of over 4,900 jobs, up 3.6%, led by growth in Grocery & Related Product Wholesalers.

During this period, Production reported the greatest losses, down 12,500 jobs or 7%, led by losses in All Other Miscellaneous Crop Farming. Still, other

Production industries reported growth, with the most jobs added by Cattle Ranching & Farming. Processing also reported losses, down about 500 jobs (0.2%); the greatest losses were reported by Fruit & Vegetable Preserving & Specialty Food Manufacturing. At the same time, within Processing, some industries reported strong growth, led by Wineries.

California had a higher concentration of Food Chain jobs (1.4 LQ) than found at the national level, led by Production (2.4 LQ) and Support (1.9 LQ).

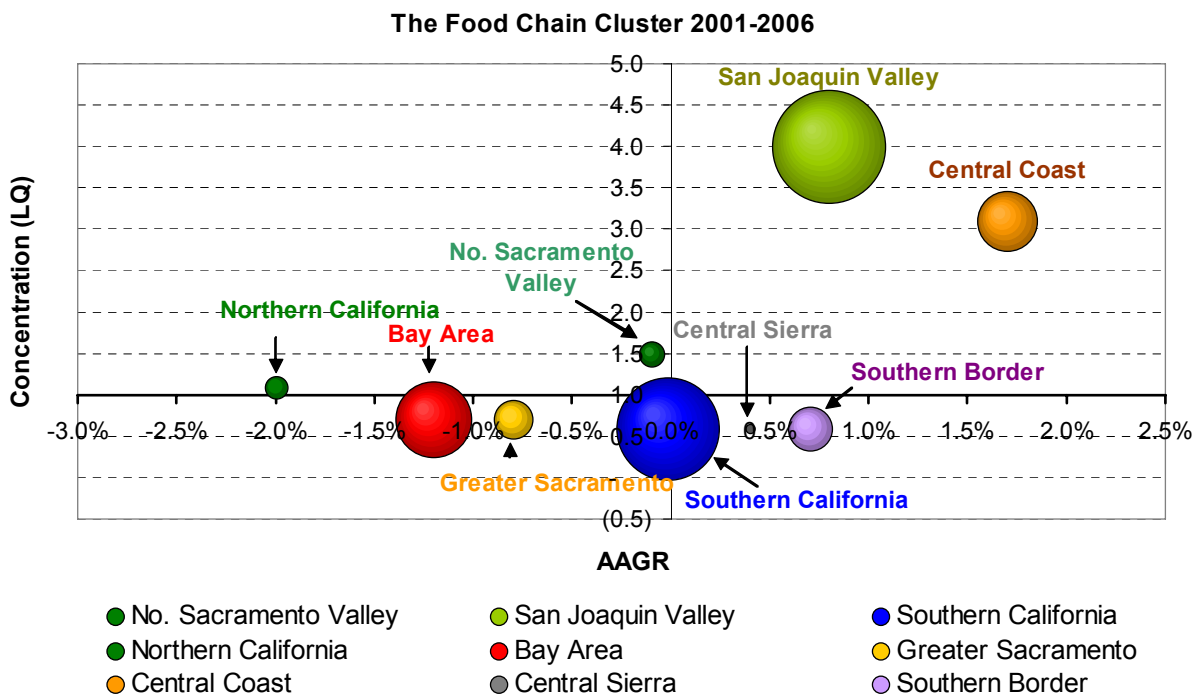
REGIONAL COMPARISON

Percentage of region's jobs provided by the Food Chain cluster:

Northern California	5.1%
No. Sacramento Valley	7.3%
Greater Sacramento	3.3%
Bay Area	3.3%
Central Coast	15.2%
San Joaquin Valley	19.5%
Central Sierra	2.7%
Southern California	2.9%
Southern Border	2.9%

The San Joaquin Valley Region had the greatest percentage of its jobs provided by the Food Chain cluster, followed by the Central Coast Region.

The following bubble chart shows the Food Chain cluster 2006 employment, concentration (LQ), and average annual job growth rate (AAGR) from 2001 to 2006, by region.

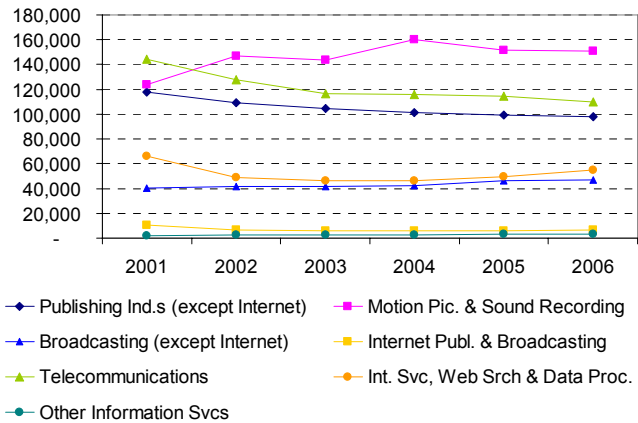


INFORMATION

The Information sector provided 3.0% of the state's jobs in 2006. California had a higher concentration of jobs in this sector (1.3 LQ) than found nationally. The largest sub-sector was Motion Picture & Sound Recording, followed by Telecommunications.

Overall, the sector experienced job losses from 2001 to 2006, down over 35,000 jobs or 6.9%. This was one of the sectors hardest hit during the recession in 2001, with losses concentrated in the Bay Area Region.

Sub-sector job growth 2001-2006:



The largest sub-sector was Motion Picture & Sound Recording, followed by Telecommunications. Four of the seven sub-sectors reported job losses from 2001 to

2006, led by Telecommunications, down 34,500 jobs, and Publishing (except Internet), down 19,800 jobs. At the same time, three sub-sectors reported growth, led by Motion Picture & Sound Recording (up 27,000 jobs).

At the industry group level (4-digit NAICS), the highest concentrations were found in Satellite Telecommunications (5.5 LQ); Motion Picture & Video Industries (3.6 LQ); Telecommunications Resellers (3.3 LQ); and, Internet Service Providers & Web Search Portals (2.4 LQ).

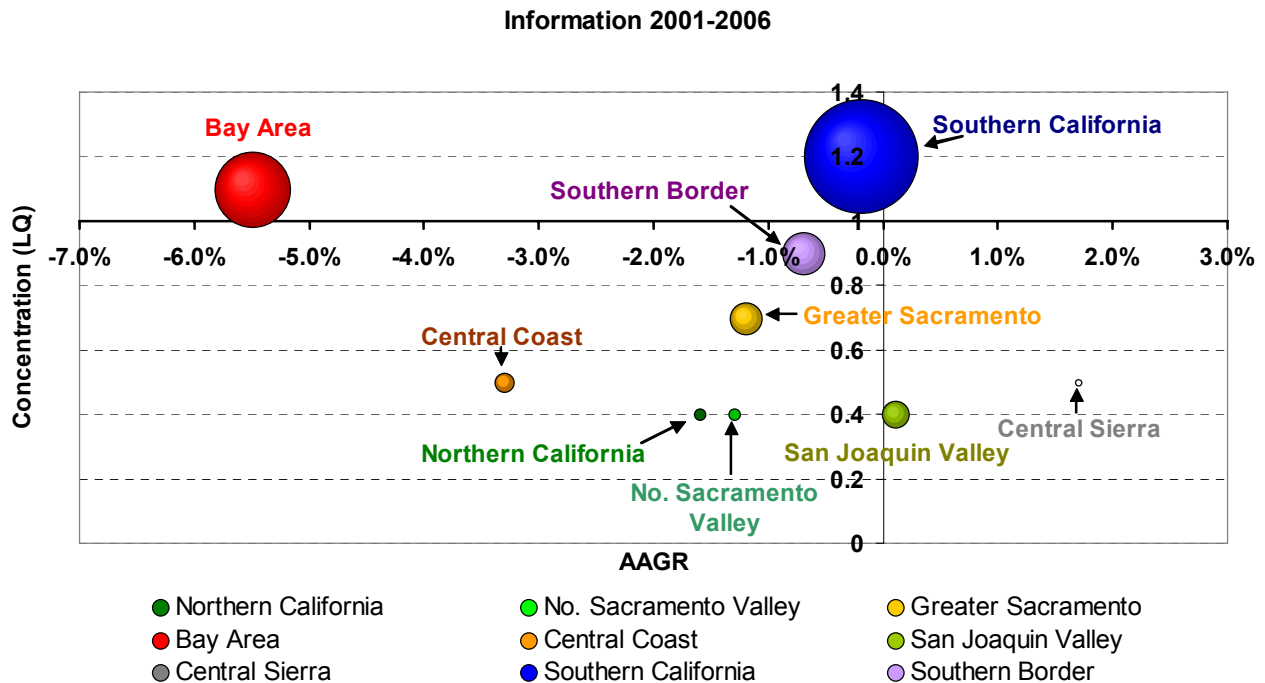
REGIONAL COMPARISON

Percentage of region's jobs provided by the Information sector:

Northern California	1.3%
No. Sacramento Valley	1.3%
Greater Sacramento	2.1%
Bay Area	3.3%
Central Coast	1.6%
San Joaquin Valley	1.2%
Central Sierra	1.4%
Southern California	3.6%
Southern Border	2.7%

The Southern California Region had the greatest percentage of its jobs provided by the Information sector, followed by the Bay Area Region.

The following bubble chart shows the Information sector 2006 employment, concentration (LQ), and average annual job growth rate (AAGR) from 2001 to 2006, by region.

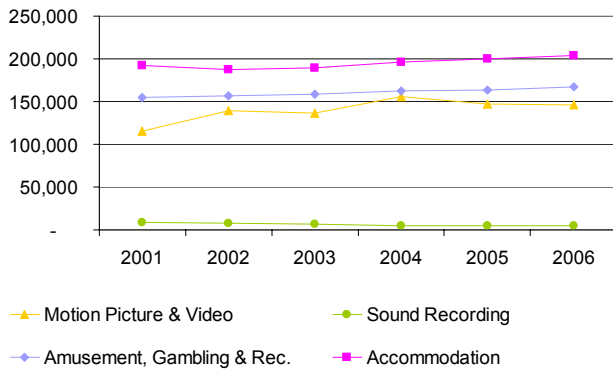


TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. This sector provided 3.3% of the state's jobs in 2006, or 521,700 jobs, and experienced job growth of 10.8% (50,900 jobs) from 2001 to 2006.

The largest sub-sector was Accommodation, with over 203,800 jobs, followed by Amusement, Gambling & Recreation (167,100 jobs).

Sub-sector job growth from 2001 to 2006:



Three of the four sub-sectors reported growth from 2001 to 2006. Motion Picture & Video Industries added 30,500 jobs (26.5%), led by Motion Picture & Video

Production; Amusement, Gambling & Recreation added 11,400 jobs (8.1%), led by Fitness & Recreational Sports Centers; and, Accommodation added 11,400 jobs (5.9%), led by Hotels & Motels.

At the same time, the smallest sub-sector, Sound Recording Industries, reported the loss of 3,600 jobs (down 42.4%), led by losses in Sound Recording Studios.

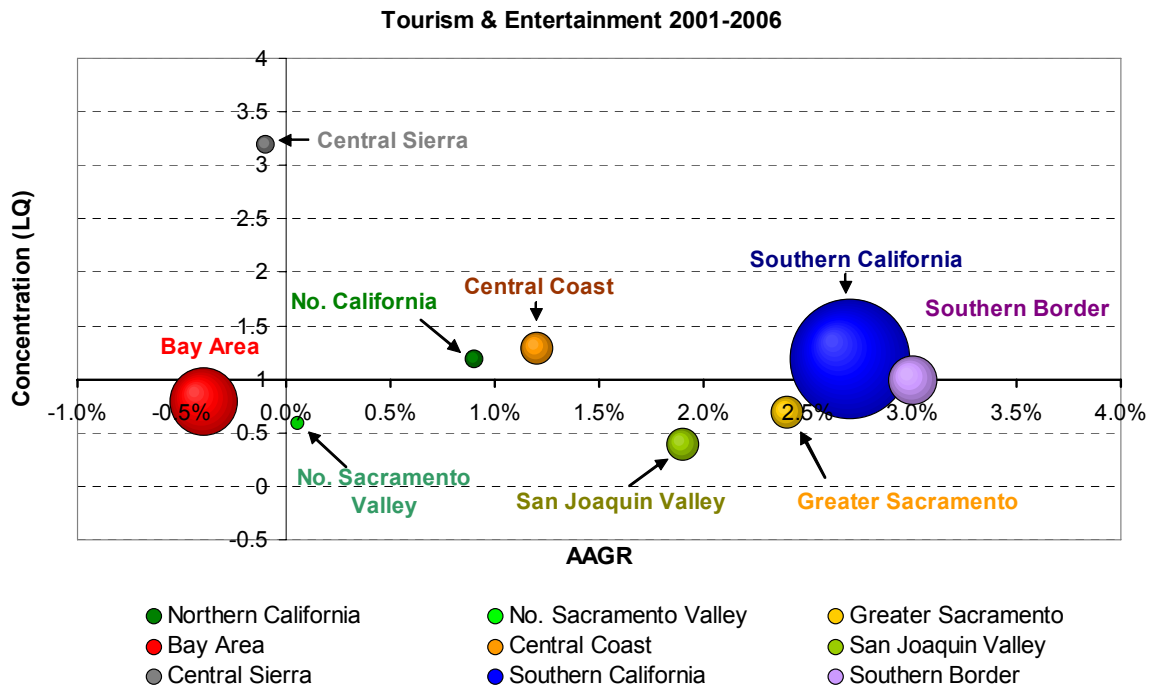
REGIONAL COMPARISON

Percentage of region's jobs provided by the Tourism & Entertainment sector:

Northern California	4.1%
No. Sacramento Valley	1.9%
Greater Sacramento	2.2%
Bay Area	2.7%
Central Coast	4.5%
San Joaquin Valley	1.3%
Central Sierra	10.6%
Southern California	4.1%
Southern Border	3.5%

The Central Sierra Region had the greatest percentage of its jobs provided by the Tourism & Entertainment sector, followed by the Central Coast Region.

The following bubble chart shows the Tourism & Entertainment sector 2006 employment, concentration (LQ), and average annual job growth rate (AAGR) from 2001 to 2006, by region.



ALL GOVERNMENT

The main source of data for this analysis is the Current Employment Statistics program. By also using the Bureau of Labor Statistics' Quarterly Census of Employment & Wages (QCEW) online data, information on the breakdown of government employment by industry sector is available and presented in this analysis, although this level of detail is only available at the statewide level.

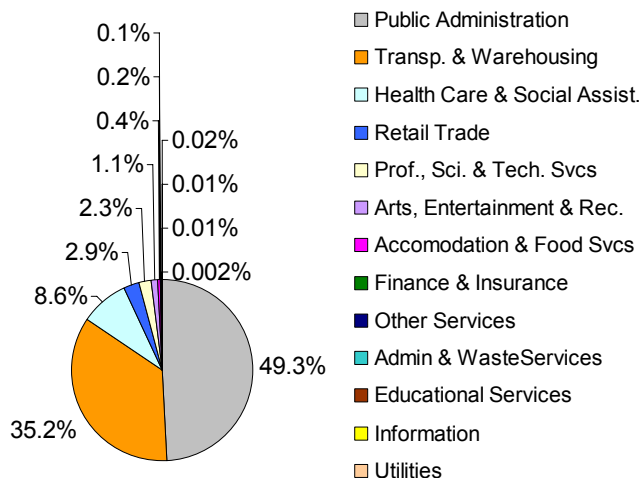
All Government includes federal, state and local government jobs; including jobs in public education, defense (reported at the federal level), law enforcement, firefighting and public services, as well as jobs in the legislative and judicial branches.

This sector provided 15.7% of the state's jobs in 2006; Federal Government provides 1.6% of all jobs, State Government provides 3% (with 1.4% in education) and Local Government provides 11% (with 6% in education). (Some employment was suppressed due to confidentiality, such as some Defense jobs.) All Government provides the most jobs of any sector for the state as a whole and in all nine regions.

All Government reported overall job growth of 4.2% (97,780 jobs) from 2001 to 2006, while the population grew by 5.0% and the number of businesses grew by 27.5%. During this period, Federal Government jobs reported losses of 0.9%, while State Government reported 3.3% growth and Local Government reported 4.8% growth.

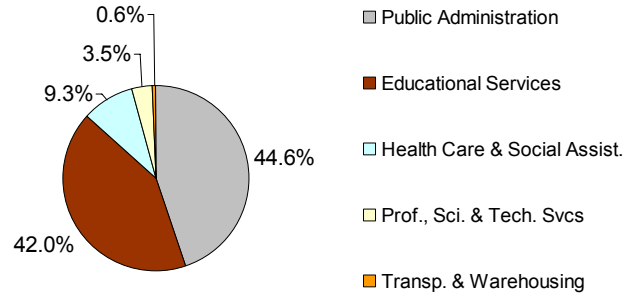
All Government is often treated as an "industry sector," including in most of this report, but in reality, government jobs exist in most of the major industry sectors. Another data source, the Bureau of Labor Statistics' QCEW online data, provides the following distribution of federal, state and local government jobs across all industry sectors.

FEDERAL GOVERNMENT JOB DISTRIBUTION BY MAJOR INDUSTRY SECTOR (2006)



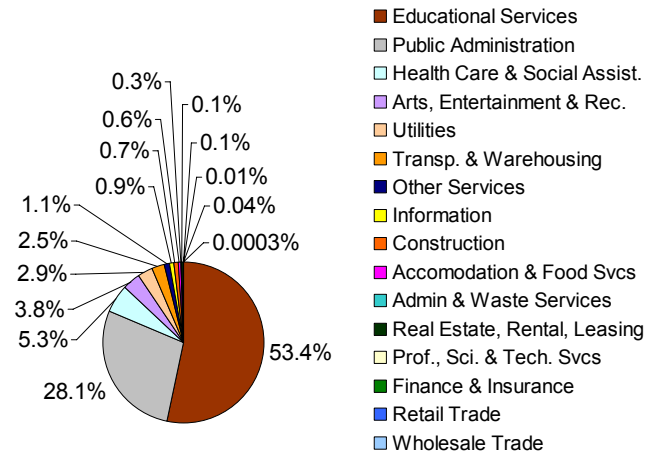
Most of California's Federal Government jobs were found in Public Administration (led by National security & international affairs and Justice, public order & safety), followed by Transportation & Warehousing and Health Care & Social Assistance.

STATE GOVERNMENT JOB DISTRIBUTION BY MAJOR INDUSTRY SECTOR (2006)



Most of California's State Government jobs were found in Public Administration (led by Justice, public order & safety), followed by Educational Services and Health Care & Social Assistance.

LOCAL GOVERNMENT JOB DISTRIBUTION BY MAJOR INDUSTRY SECTOR (2006)



Most of California's Local Government jobs were found in Educational Services, followed by Public Administration; Health Care & Social Assistance; Arts, Entertainment & Recreation; Utilities; and, Transportation & Warehousing.

REGIONAL COMPARISON

Percentage of region's jobs provided by All Government:

Northern California	28.5%	San Joaquin Valley	19.5%
No. Sacramento Vly	21.8%	Central Sierra	32.7%
Greater Sacramento	25.1%	Southern California	13.8%
Bay Area	14.5%	Southern Border	17.1%
Central Coast	19.1%		

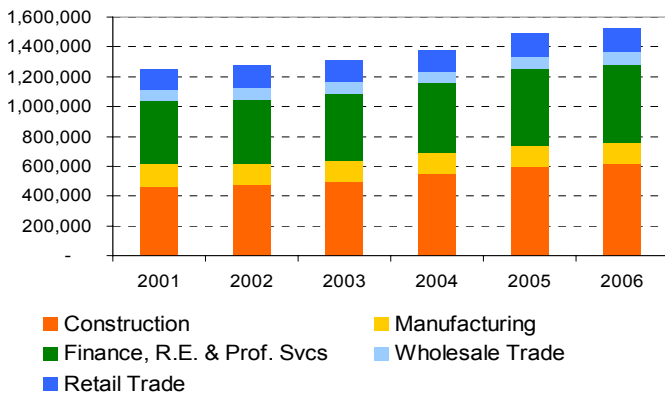
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁷; and, related wholesale and retail trade. As defined, this cluster provided 9.8% of the state's jobs in 2006, with over 1,523,900 jobs.

Overall, Housing experienced job growth of 22.0% from 2001 to 2006. Within the cluster, Construction reported growth of 33.4% (up 154,700 jobs); Manufacturing reported 11.0% job losses (down 17,100 jobs); Finance, Real Estate & Professional Services reported 26.1% growth (up 108,500 jobs); Wholesale Trade grew by 17.5% (up 13,300 jobs); and, Retail Trade grew by 11.0% (up 15,200 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	2.1%	4.7%	10.4%	9.3%	3.4%
Housing-related Manufacturing	-7.0%	-4.6%	0.1%	0.9%	-0.6%
Finance, RE & Prof. Svcs	4.2%	5.4%	3.0%	9.1%	2.0%
Housing-related Wholesale Trade	-1.0%	0.6%	2.8%	9.2%	5.1%
Housing-related Retail Trade	3.9%	1.3%	0.5%	3.5%	1.3%
Housing Cluster	1.7%	3.3%	5.2%	7.8%	2.4%

Employment change from 2001 to 2006:



REGIONAL COMPARISONS

The Housing cluster experienced different rates of job growth annually in each region; growth started and peaked in different years, and some regions began to show the effects of the housing downturn, in terms of job losses, sooner than others. The following table shows the year-over employment change by region for the

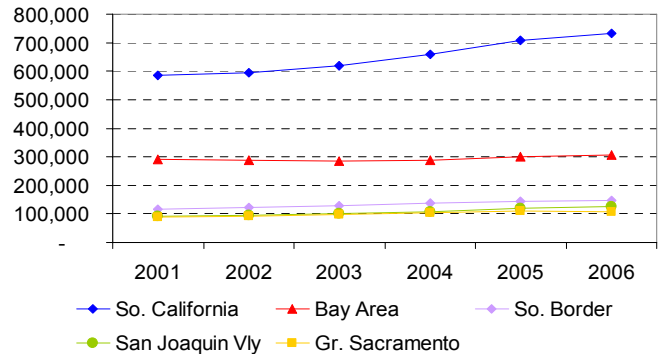
Housing cluster as a whole (the peak growth year for each region is highlighted in green; years with job losses are shown highlighted in yellow with red text):

Housing Cluster Yr-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
No. California	-1.4%	-1.6%	2.5%	3.7%	2.2%
No. Sac. Valley	4.0%	4.3%	4.7%	6.3%	-0.9%
Gr. Sacramento	4.9%	7.1%	5.9%	5.7%	-1.8%
Bay Area	-1.0%	-0.5%	1.0%	4.5%	1.5%
Central Coast	2.6%	1.5%	3.9%	4.6%	2.1%
San Joaquin Vly	2.8%	5.5%	7.8%	9.2%	5.5%
Central Sierra	-0.4%	7.2%	4.6%	3.7%	5.8%
So. California	1.9%	3.8%	6.5%	7.2%	3.6%
So. Border	4.0%	5.7%	7.1%	4.9%	0.6%
Statewide	1.7%	3.3%	5.2%	7.8%	2.4%

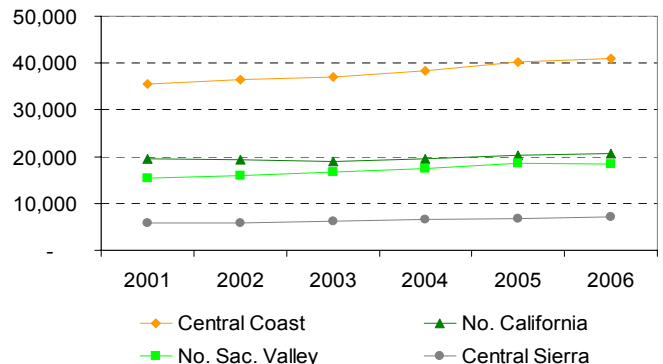
By 2007, all regions were showing job losses in Housing related super-sectors, as reported by the Current Employment Statistics program. These losses were seen in either or both Construction and Financial Activities. Only the Greater Sacramento Region reported growth in Construction in 2007, although at the same time, that region reported losses in Financial Activities.

The following graphs show overall Housing cluster employment change from 2001 to 2006 by region. Two graphs were used to make employment change in the smaller regions more visible.

Housing Cluster 2001-2006
The Five Larger Regions



Housing Cluster 2001-2006
The Four Smaller Regions



⁷A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

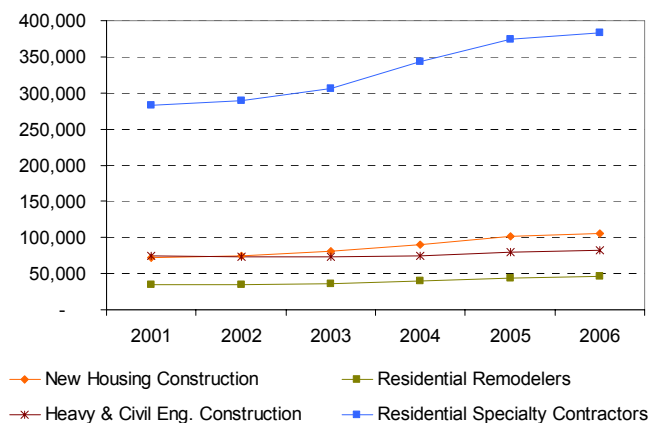
HOUSING

(Continued)

Housing Construction

Within Construction, New Housing Construction grew by 46.5% from 2001 to 2006, up 33,500 jobs; Residential Remodelers grew by 32.7%, up 11,500 jobs; Housing-related Heavy & Civil Engineering Construction reported growth of 11.6%, up 8,600 jobs; and, Residential Specialty Trade Contractors reported growth of 35.8%, up 101,200 jobs.

Statewide Housing-related Construction 2001 to 2006:



Regional Comparison

Housing-related Construction job growth, 2001 to 2006:

No. California	26.2%
No. Sacramento Valley	43.8%
Greater Sacramento	21.4%
Bay Area	12.1%
Central Coast	26.8%
San Joaquin Valley	52.7%
Central Sierra	24.9%
So. California	45.9%
So. Border	26.9%

The San Joaquin Valley Region reported the fastest growth in Housing-related Construction jobs, followed by the Southern California Region.

Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 11.0%, down 17,100 jobs, from 2001 to 2006. At the most detailed industry level (6-digit NAICS level), the largest industry was All Other Plastics Product Manufacturing (Mfg), followed by Ready-Mix Concrete Mfg and Metal Window & Door Mfg.

Job losses during this period were led by losses in the largest industry, All Other Plastics Product Mfg, down 9,900 jobs, followed by losses in Sawmills, down 2,300

jobs. At the same time, a number of industries reported job growth, led by growth in Ready-Mix Concrete Mfg (up 1,800 jobs), and Plastics Plumbing Fixture Mfg (up 900 jobs). Concrete Block & Brick Mfg reported the fastest growth, up 54.2%.

From 2001 to 2006, five of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
326199	All Other Plastics Product Mfg	-32.7%
327320	Ready-Mix Concrete Mfg	18.1%
332321	Metal Window & Door Mfg	0.1%
332722	Bolt, Nut, Screw, Rivet & Wshr Mfg	-1.7%
327390	Other Concrete Product Mfg	4.3%
321113	Sawmills	-29.5%
321918	Other Millwork (including Flooring)	-12.8%
321911	Wood Window & Door Mfg	-6.1%
326191	Plastics Plumbing Fixture Mfg	23.3%
325510	Paint & Coating Mfg	17.0%

Regional Comparison

Housing-related Manufacturing job growth, 2001 to 2006:

No. California	-31.5%
No. Sacramento Valley	-21.3%
Greater Sacramento	9.3%
Bay Area	-18.3%
Central Coast	-13.8%
San Joaquin Valley	-1.1%
Central Sierra	-7.6%
So. California	-12.3%
So. Border	3.4%

Only the Greater Sacramento and Southern Border Regions reported growth. Losses were greatest in the Northern California Region.

Housing-related Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 26.1%, from 2001 to 2006. Finance & Insurance reported growth of 36.4%; Real Estate reported growth of 23.3%; and, Professional Services reported growth of 19.1%. Within these sectors, the largest industry was Engineering Services, with 109,300 jobs in 2006, followed by Real Estate Credit, with 60,800 jobs.

From 2001 to 2006, Real Estate Credit added the most jobs, up 21,900 jobs, and Mortgage & Nonmortgage

HOUSING

(Continued)

Loan Brokers reported the fastest growth, up 144.5%. Most industries reported growth; however, four reported losses, led by losses in Lessors of Residential Buildings & Dwellings, down 2,200 jobs.

Regional Comparison

Combined Finance & Insurance, Real Estate and Professional Services job growth from 2001 to 2006:

No. California	16.3%
No. Sacramento Valley	18.2%
Greater Sacramento	36.1%
Bay Area	5.2%
Central Coast	10.4%
San Joaquin Valley	32.5%
Central Sierra	33.3%
So. California	31.2%
So. Border	31.6%

The Greater Sacramento Region reported the fastest growth in Housing-related Construction jobs, followed by the Central Sierra Region.

Housing-related Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 17.5% from 2001 to 2006, up almost 13,300 jobs. The largest industry was Electrical Apparatus, Equipment & Supplies Wholesalers (16,900 jobs), followed by Lumber, Plywood, Millwork & Wood Panel Wholesalers (12,800 jobs). All industries reported

growth. Lumber, Plywood, Millwork & Wood Panel Wholesalers added the most jobs, up 2,700 jobs, and Other Construction Material Wholesalers reported the fastest growth, up 78.1%.

Overall, the Housing-related Retail Trade industries experienced job growth of 11.0% from 2001 to 2006, up over 15,200 jobs. The largest industry was Home Centers, with over 72,700 jobs. This industry added the most jobs from 2001 to 2006, up 18,800 jobs or 34.9%, which was also the fastest growth reported. A few industries reported losses, led by losses in Household Appliance Stores, down 6,800 jobs or 56.0%.

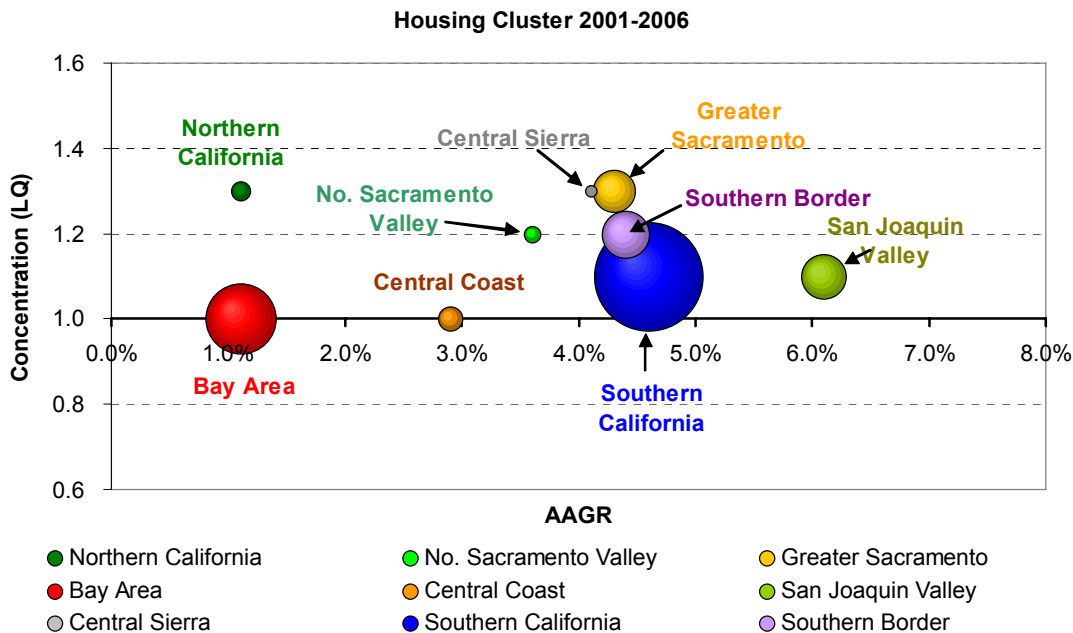
Regional Comparison

Housing-related Wholesale & Retail Trade job growth, 2001 to 2006:

	Wholesale Trade	Retail Trade
No. California	35.0%	20.8%
No. Sacramento Valley	44.9%	26.9%
Greater Sacramento	16.8%	11.9%
Bay Area	4.9%	-0.7%
Central Coast	19.2%	1.2%
San Joaquin Valley	18.3%	24.1%
Central Sierra	18.3%	22.0%
So. California	14.7%	13.1%
So. Border	7.6%	10.0%

The Northern Sacramento Valley Region reported the fastest growth in Housing-related Wholesale Trade and Retail Trade jobs.

The following bubble chart shows the Housing cluster 2006 employment, concentration (LQ), and average annual job growth rate from 2001 to 2006, by region.



ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

– Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

INTERPRETING A BUBBLE CHART

Bubble size: The size of the bubble represents the employment size of the industry in the region (number of jobs). **Horizontal placement of bubble:** The position from left to right indicates the employment change – to the left of zero means job losses, and to the right means job growth. This net change, the average annual growth rate (AAGR), is graphed as a percentage. **Vertical placement of bubble:** The the higher the bubble, the greater the concentration. A value greater than 1.0 means the region has a higher concentration of jobs in that industry than found nationally. **Bubble color:** Each color represents a particular region.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.





ECONOMIC PROFILE: NORTHERN CALIFORNIA REGION



OCTOBER 2008



Secretary Victoria L. Bradshaw – Chair
The Honorable Juan Arambula, California State Assembly
Joseph Fernandez, Active Motif, Inc.
Barry Hibbard, Tejon Ranch Company
Pius Lee, California Realty & Land, Inc.
Larry Mankin, Santa Clarita Valley Chamber of Commerce
Jerold Neuman, Allen, Matkins, Leck, Gamble & Mallory LLP
Tim Rios, Wells Fargo Bank
Tommy Ross, Southern California Edison
Malaki Seku-Amen, UNITY Media
Scott Syphax, Nehemiah Corporation
Danny Wan, Port of Oakland
Pablo Wong, Fidelity National Title Group

Edward Kawahara, Ph.D., Principal Consultant

Principal Researcher & Author

Janet Maglinte

Acknowledgements

The Panel acknowledges the contributions of the Labor Market Information Division of the California Employment Development Department and, notably, John Milat, Mary Rippey, Paul Wessen and Spencer Wong.

PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Northern California Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

NORTHERN CALIFORNIA REGION

ECONOMIC PROFILE



October 2008

THE NORTHERN CALIFORNIA REGION

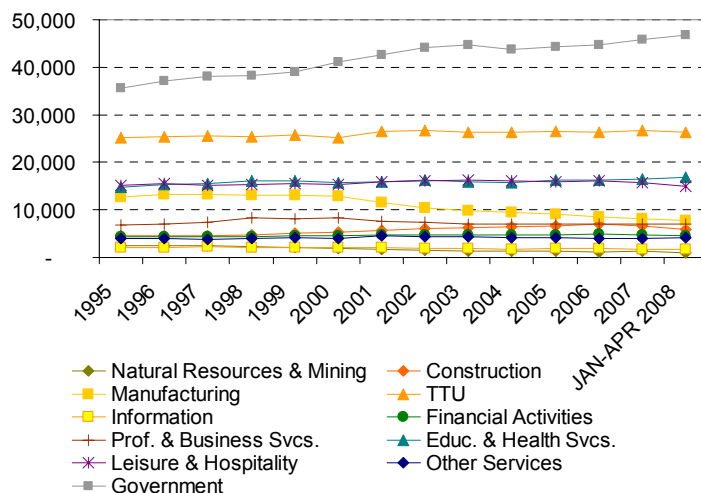
includes eleven counties, as defined by the California Economic Strategy Panel (Panel): Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Sierra, Siskiyou and Trinity.

The Northern California Region is the state's third smallest region, with 1.5% of its population (2006), and is the second smallest based on employment, with 1.1% of its jobs (2006). This region is geographically large, but much of the land is public or tribal land. Within the region's eleven counties, the preliminary unemployment rate for August 2008 ranged from 6.5% in Mendocino County to 10.3% in Trinity County. The region experienced overall job growth of 1.3% from 2001 to 2006, fluctuating somewhat from year to year. While jobs grew by 1.3%, the region's population grew by 2.5% and its Per Capita Personal Income grew by 21.7%.

Across all sectors, the greatest number of new jobs was added by All Government, up 2,200 jobs¹, followed by Construction, up 2,000 jobs. The greatest percentage of growth was reported in Utilities, up 44.6%, followed by Construction, up 22.7%. Employment in the housing-related industries was not yet reflecting the impact of the recent housing downturn.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows slight growth in Nonfarm employment in 2007, and positive year-over change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008²

A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.

For the Northern California Region, a look at 2007 data shows that the region experienced slight growth in Nonfarm jobs in 2007, after slight losses from 2001 to 2006. The year-over employment change was also positive from April 2007 to April 2008.

Overall, Nonfarm employment grew by 0.3% from 2006 to 2007. During this period, the strongest growth was reported in Natural Resources & Mining, followed by Government. These sectors also reported positive year-over change from April 2007 to April 2008. The greatest losses were reported in Construction, Manufacturing, Information and Financial Activities. A comparison of April 2007 with April 2008 suggests that losses continued in these four sectors.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

NORTHERN CALIFORNIA	2001-2006*	2006-2007**	Apr07-Apr08
Total Nonfarm	-0.6%	0.3%	1.0%
Natural Resources & Mining	-25.3%	3.3%	15.2%
Construction	22.7%	-5.2%	-8.5%
Manufacturing	-22.5%	-4.0%	-4.6%
Trade, Transportation, & Utilities	-0.1%	1.2%	1.0%
Information	-7.7%	-3.8%	-0.6%
Financial Activities	3.8%	-2.8%	-7.3%
Professional & Business Svcs	-2.2%	0.1%	0.4%
Educational & Health Services	5.3%	0.8%	2.9%
Leisure & Hospitality	4.1%	-1.4%	1.3%
Other Services	-42.5%	-0.5%	3.0%
Government	4.6%	2.2%	3.0%

* The 2001-2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.

** The 2006-2007 comparison uses CES data, due to significant differences between the 2006 CREE and CES data, most likely because the CREE includes confidential data and more data may be revealed in the smaller, rural regions.

¹ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

² The January to April 2008 data represents a four-month average.

NORTHERN CALIFORNIA REGION

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level³, allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	1.3%
Establishment Growth (2001-2006)	4.7%
GDP Growth ⁴ (2001-2006)	<i>Not Available</i>
Average Wage (2006, Private Industry)	\$ 28,946
Wage Growth (2001-2006)	21.5%
Firms with < 100 employees (2006)	99.4%
Firms with < 50 employees (2006)	98.0%
Self-employed, not incorporated (2006*)	15.9%

* Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.

WORKFORCE

Unemployment Rate (2006)	6.0%
Population Growth (2001-2006)	2.5%
Per Capita Income (2006)	\$ 30,466
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	16.6% to 29.1%
Families Living in Poverty (2006)*	9%

* Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.

QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁵)*	13 to 48
Average Commute Time (2006)	17.4 to 24.8 min.
Housing Opportunity Index ⁶ (2007)*	<i>Not Available</i>

* Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

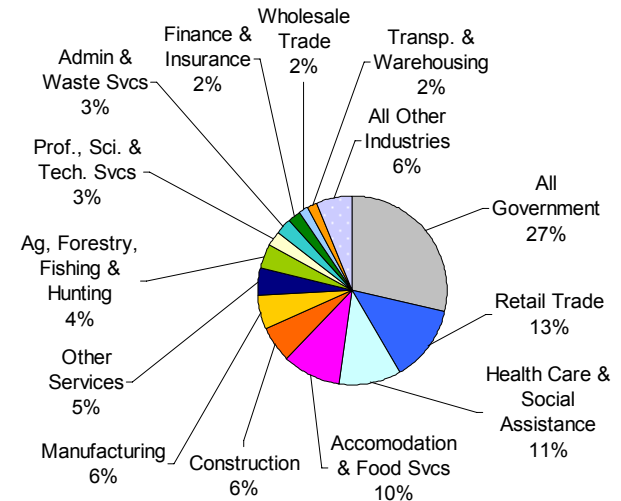
³ The North American Industry Classification System (NAICS), 6-digit level.

⁴ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

⁵ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁶ 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

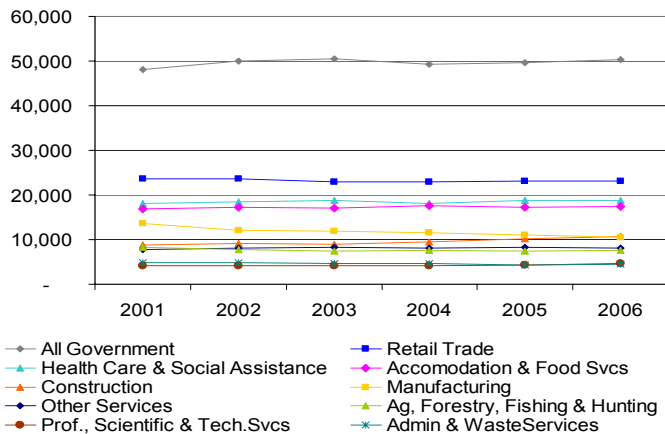
1. San Joaquin Valley Region	9.9%
2. Greater Sacramento Region	9.4%
3. Southern Border Region	7.7%
4. Southern California Region	6.5%
5. No. Sacramento Valley Region	6.4%
<i>California as-a-whole</i>	<i>6.1%</i>
6. Central Sierra Region	5.9%
7. Central Coast Region	3.6%
8. Northern California Region	1.3%
9. Bay Area Region	-5.8%

JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-8.6%
Mining (NAICS 21)	-0.8%
Utilities (NAICS 22)	44.6%
Construction (NAICS 23)	22.7%
Manufacturing (NAICS 31-33)	-22.5%
Wholesale Trade (NAICS 42)	-0.2%
Retail Trade (NAICS 44-45)	-1.6%
Transportation & Warehousing (NAICS 48-49)	-0.8%
Information (NAICS 51)	-7.7%
Finance & Insurance (NAICS 52)	2.4%
Real Estate & Rental & Leasing	6.1%
Prof., Scientific & Technical Services (NAICS 54)	12.5%
Mngmt of Companies & Enterprises (NAICS 55)	-39.7%
Administrative & Waste Services (NAICS 56)	-4.2%
Educational Services (NAICS 61)	22.5%
Health Care & Social Assistance (NAICS 62)	4.5%
Arts, Entertainment & Recreation (NAICS 71)	6.1%
Accommodation & Food Services (NAICS 72)	3.8%
Other Services (except Public Admin) (NAICS 81)	4.8%
All Government⁷	4.6%

⁷ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



“TOP FIVE” SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Food Services & Drinking Places (NAICS 722)
 Ambulatory Health Care Services (NAICS 621)
 Food & Beverage Stores (NAICS 445)
 Specialty Trade Contractors (NAICS 238)
 Hospitals (NAICS 622)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06) (With at least 0.005% of total employment)

Postal Service (NAICS 491)
 Internet Publishing & Broadcasting (NAICS 516)
 Pipeline Transportation (NAICS 486)
 Funds, Trusts & Other Financial Vehicles (NAICS 525)
 Support Activities for Mining (NAICS 213)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) (With at least 0.005% of total employment)

Forestry & Logging (NAICS 113), 41.6 LQ
 Fishing, Hunting & Trapping (NAICS 114), 27.2 LQ
 Wood Product Mfg (NAICS 321), 9.7 LQ
 Postal Service (NAICS 491), 3.6 LQ
 Beverage Mfg (NAICS 312), 2.6 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006) (With at least 0.005% of total employment)

Utilities (NAICS 221)
 Securities & Other Investments & Services (NAICS 523)
 Computer & Electronic Product Mfg (NAICS 334)
 Telecommunications (NAICS 517)
 Heavy & Civil Engineering Construction (NAICS 237)

The average annual wages range from \$55.9K to \$80.4K.

AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
 Supermarkets & Other Grocery Stores (NAICS 445110)
 General Medical & Surgical Hospitals (NAICS 622110)
 Limited-Service Restaurants (NAICS 722211)
 Hotels & Motels (NAICS 721110)
 Private Households (NAICS 814110)
 Offices of Physicians (NAICS 621111)
 New Single-Family Housing Construction (NAICS 236115)
 Sawmills (NAICS 321113)
 Discount Department Stores (NAICS 452112)

The ten fastest growing: (With at least 0.005% of total employment)

Exam Preparation & Tutoring (NAICS 611691)
 Postal Service (NAICS 491110)
 Residential Siding Contractors (NAICS 238171)
 Professional Employer Organizations (NAICS 561330)
 Wine & Distilled Alcoholic Beverage Wholesalers (NAICS 424820)
 Cellular & Other Wireless Telecomm. (NAICS 517212)
 All Other Misc. Schools & Instruction (NAICS 611699)
 Other Scientific & Technical Consulting (NAICS 541690)
 All Other Business Support Services (NAICS 561499)
 Electric Power Distribution (NAICS 221122)

The ten with the strongest competitive advantage: (With at least 0.005% of total employment)

Heating Oil Dealers (NAICS 454311)
 Logging (NAICS 113310)
 Sawmills (NAICS 321113)
 Shellfish Fishing (NAICS 114112)
 Timber Tract Operations (NAICS 113110)
 Support Activities for Forestry (NAICS 115310)
 Finfish Fishing (NAICS 114111)
 Reconstituted Wood Product Mfg (NAICS 321219)
 Electric Power Distribution (NAICS 221122)
 Potato Farming (NAICS 111211)

NORTHERN CALIFORNIA REGION

AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

The ten highest paying industries:

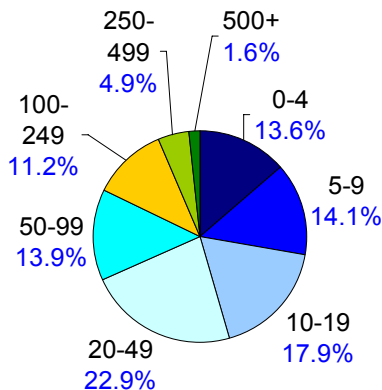
(With at least 0.005% of total employment)

- Software Publishers (NAICS 5211210), \$106.7K
- Investmt Banking & Securities Dealing (NAICS 523110), \$99.8K
- Natural Gas Distribution (NAICS 221210), \$90.4K
- Construction & Mining Equipmt Whlslrs (NAICS 423810), \$87.8K
- Other Electric Power Generation (NAICS 221119), \$86.4K
- Electric Power Distribution (NAICS 221122), \$82.5K
- Securities Brokerage (NAICS 523120), \$80.3K
- Radio & TV Broadcasting & Wireless Comm. Equipment Mfg (NAICS 334220), \$79.9K
- Land Subdivision (NAICS 237210), \$76K
- Computer Systems Design Services (NAICS 541512), \$74K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 99.4% of all businesses in the region and provided 82.3% of all jobs in the region. Firms with 500 or more employees made up 0.02% of all businesses, and provided 1.6% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



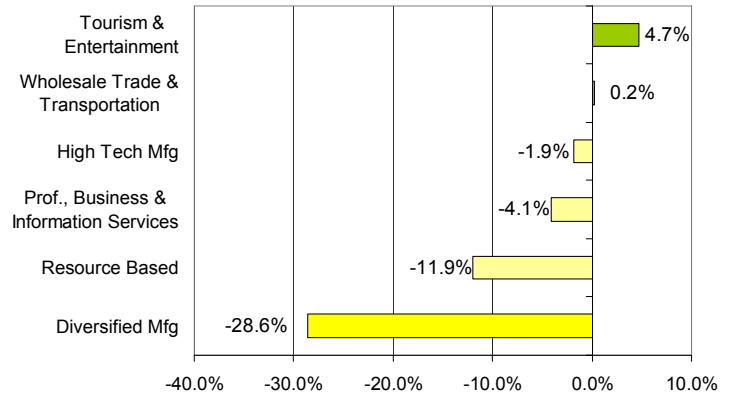
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	2.4%	4.0%
5-9	2.8%	2.6%
10-19	4.9%	4.2%
20-49	0.0%	-1.3%
50-99	-7.9%	-9.5%
100-249	-7.1%	-5.6%
250-499	17.6%	20.0%
500-999	3.0%	0.0%
1,000+	-100.0%	-100.0%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

EMPLOYMENT GROWTH 2001-2006

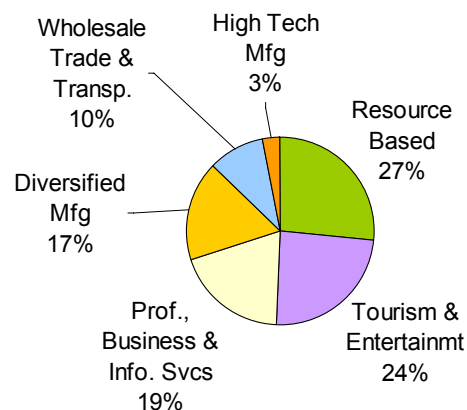


In 2006, the region's traditional economic base provided 17.2% of all jobs in the region. These base industries reported overall job losses of 9.3% from 2001 to 2006. The most jobs were found in Resource Based industries, followed by Tourism & Entertainment and Professional, Business & Information Services.

Four of the six base sectors reported losses during this period; only Tourism & Entertainment (up over 300 jobs, or 4.7%) and Wholesale Trade & Transportation (up less than 10 jobs, or 0.2%) reported growth.

The greatest number of jobs lost was reported by Diversified Manufacturing, down almost 2,100 jobs; this was also the greatest percentage of losses, at 28.6%. Next highest, Resource Based industries lost 1,100 jobs, or 11.9%.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

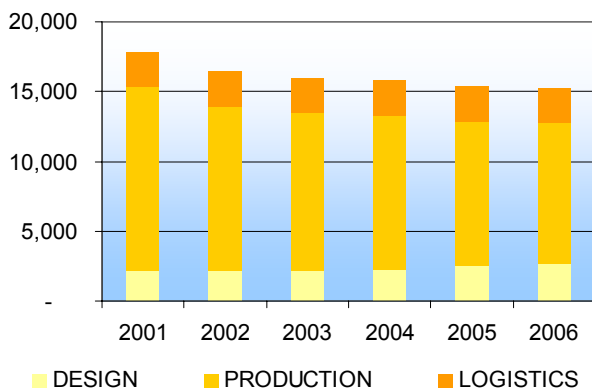
The Manufacturing sector provided 6.0% of the region's jobs, with almost 10,600 jobs in 2006. The sector reported overall job losses of 19.6% from 2001 to 2006, down almost 3,100 jobs. Preliminary data for 2007 suggests continued job losses from 2006 to 2007, and also from April 2007 to April 2008.

While Manufacturing as a whole suffered losses from 2001 to 2006, some industries (although small) reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries included Chocolate & Confectionery Manufacturing (Mfg); Non-upholstered Wood Household Furniture Mfg; Digital Printing; Aircraft Engine & Engine Parts Mfg; Audio & Video Equipment Mfg; Motorcycle, Bicycle & Parts Mfg; Prefabricated Metal Building & Component Mfg; Perishable Prepared Food Mfg; Fertilizer (Mixing Only) Mfg; and, Coffee & Tea Mfg.

The largest industries (at the 6-digit NAICS level) included Sawmills; Wineries; Radio, TV Broadcasting & Wireless Communications Equipment Mfg; Softwood Veneer & Plywood Mfg; Other Metal Valve & Pipe Fitting Mfg; Other Millwork (including Flooring); Metal Stamping; Ice Cream & Frozen Dessert Mfg; Ready-Mix Concrete Mfg; and, Reconstituted Wood Product Mfg.

Looking at the Manufacturing Value Chain industry cluster, both Design and Logistics reported growth from 2001 to 2006. Design reported job growth of 22.2%, up almost 500 jobs, and Logistics reported job growth of 1.5%, up about 40 jobs. At the same time, Production jobs declined by 23.6% or over 3,100 jobs; losses were greatest in Sawmills & Wood Preservation, down almost 1,500 jobs.

Manufacturing Value Chain employment change 2001-2006:



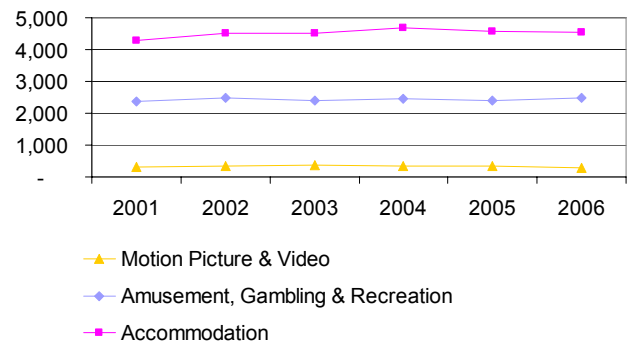
Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. This sector provided 4.1% of the region's jobs in 2006, or over 7,300 jobs. The sector reported job growth of 4.7% (330 jobs) from 2001 to 2006.

The largest sub-sector was Accommodation, with almost 4,600 jobs. Accommodation reported growth of 6.0% or 260 jobs from 2001 to 2006. Amusement, Gambling & Recreation reported growth of 4.6% or about 110 jobs. At the same time, the two smallest sub-sectors reported losses; Motion Picture & Video Industries reported losses of 7.5%, and Sound Recording Industries reported losses of 45.2%.

The following graph shows employment change from 2001 to 2006 for the sub-sectors:



Across all sub-sectors and at the most detailed industry level (6-digit NAICS level), the five largest industries were Hotels (except Casino Hotels) & Motels (3,680 jobs), Fitness & Recreational Sports Centers (1,150 jobs), Golf Courses & Country Clubs (650 jobs), RV (Recreational Vehicle) Parks & Campgrounds (290 jobs), and Skiing Facilities (280 jobs).

The ten fastest growing industries (6-digit NAICS level) included Promoters of Performing Arts, Sports & Similar Events without Facilities; Independent Artists, Writers & Performers; Bowling Centers; Other Gambling Industries; Other Spectator Sports; Nature Parks & Other Similar Institutions; Casino Hotels; Golf Courses & Country Clubs; Marinas; and, Zoos & Botanical Gardens. Four of these five have fewer than 20 employees.

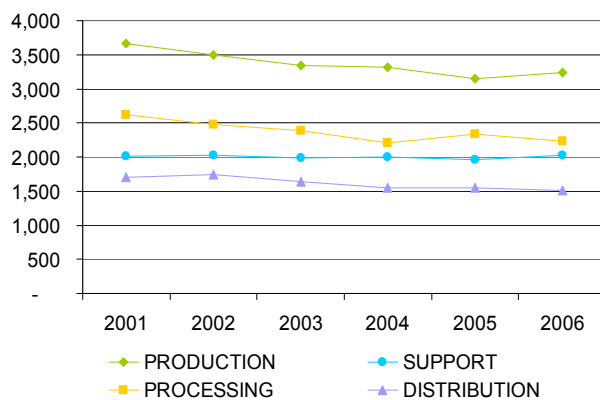
At the same time, two industries reported 100% job losses; Rooming & Boarding Houses, and Teleproduction & Other Postproduction Services. The other industries with high losses included Casinos (except Casino Hotels); Motion Picture & Video Production; Other Sound Recording Industries; Musical Groups & Artists; Historical Sites; and, Skiing Facilities. With the exception of Skiing Facilities, these were all very small industries with fewer than 20 jobs in 2006.

THE FOOD CHAIN

The Food Chain cluster differs from the Agriculture, Forestry, Fishing & Hunting sector in that it includes industries involved in the production and delivery of agricultural products & services. The Food Chain cluster provided 5.1% of all jobs in the region in 2006. The cluster industries are grouped into four components; Production, Support, Processing and Distribution. Production provided 35% of the cluster's jobs; Processing provided 25%; Support provided 23%; and, Distribution provided 17% of the cluster's jobs.

From 2001 to 2006, the Food Chain cluster experienced overall job losses of 9.7%, down almost 1,000 jobs. Three of the four components reported losses; only Support reported job growth, adding 30 jobs.

Employment change by cluster component:



Production reported the greatest losses, down over 400 jobs; led by losses in All Other Miscellaneous Crop Farming (down 230 jobs) and Fruit & Tree Nut Farming (down 120 jobs).

Processing lost almost 400 jobs, led by losses in Seafood Product Preparation & Packaging (down about 250 jobs) and Wineries (down 120 jobs). Still, some industries reported growth; Dairy Product Manufacturing added the most jobs, up 140 jobs, followed by Other Food Manufacturing, up 50 jobs.

Also during this period, Distribution lost 200 jobs, led by losses in Specialty Food Stores (down 140 jobs).

FORESTRY AND FISHING

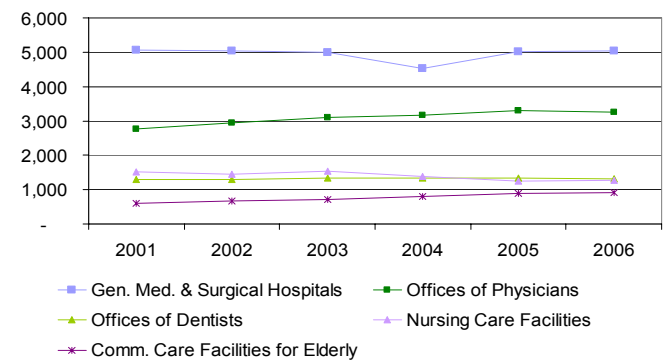
A part of the larger Agriculture, Forestry, Fishing & Hunting sector, several Forestry and Fishing industries were highly concentrated in the Northern California region. The highest concentrations were found in Logging (48.6 LQ); Shellfish Fishing (35.9 LQ); Timber Tract Operations (35.7 LQ); Support Activities for Forestry (31.2 LQ); and Finfish Fishing (26.3 LQ).

HEALTH SERVICES

Health Services, which includes the health care industries, provided 9.3% of all jobs in the region in 2006, and experienced job growth of 3.2%, up over 500 jobs from 2001 to 2006. Within Health Services, the largest industry was General Medical & Surgical Hospitals. The region had a higher concentration of Health Services jobs (1.2 LQ) than found statewide.

From 2001 to 2006, Offices of Physicians added the most jobs, up almost 500 jobs, while Community Care Facilities for the Elderly reported the fastest growth, up 51.8%. At the same time, Nursing Care Facilities reported the greatest number of jobs lost, down 250 jobs, and Medical & Diagnostic Laboratories reported the greatest percentage of losses, down 45.9%.

Employment change for the five largest Health Services industries (based on 2006 employment size):



PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector is important for supporting entrepreneurship and innovation, and is therefore included briefly in this analysis. This sector provided 2.6% of the region's jobs in 2006 and experienced job growth of 4.4% from 2001 to 2006. The largest industry group was Architectural & Engineering Services, followed by Management, Scientific & Technical Consulting Services.

Most industries within the sector reported job growth during this period. Computer Systems Design & Related Services reported the fastest growth, up 33.1% (80 jobs), followed by Architectural & Engineering Services, up 28.8% (250 jobs). Only two industries reported losses; Scientific Research & Development Services, down almost 70 jobs (33.8%), and Legal Services, down 50 jobs (7.4%).

At the most detailed industry level (6-digit NAICS), the largest industries were Engineering Services (640 jobs); Offices of Lawyers (600 jobs); and, Veterinary Services (580 jobs). Of these, Engineering and Veterinary Services both reported growth from 2001 to 2006.

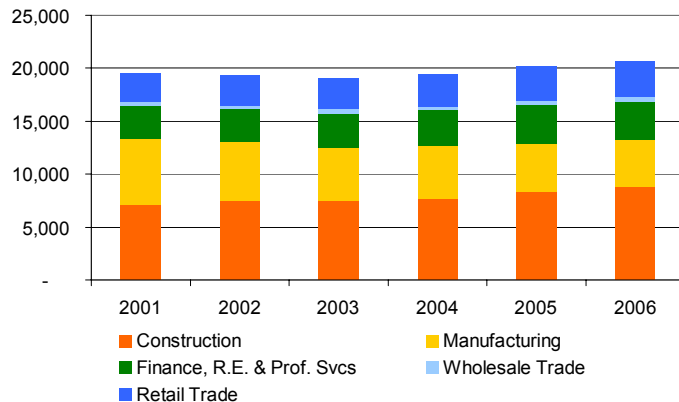
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁸; and, related wholesale and retail trade. As defined, this cluster provided 11.7% of the region's jobs, with almost 20,700 jobs in 2006.

Overall, Housing experienced job growth of 5.4% from 2001 to 2006. Within the cluster, Construction grew by 26.2%, up almost 8,900 jobs; Manufacturing reported losses of 31.5% (down 2,000 jobs); Finance, Real Estate & Professional Services reported 16.3% growth (up 500 jobs); Wholesale Trade grew by 35.0% (up over 100 jobs); and, Retail Trade grew by 20.8% (up almost 600 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	7.4%	-1.7%	3.3%	8.3%	7.0%
Housing-related Manufacturing	-12.6%	-7.1%	-2.5%	-7.7%	-6.4%
Finance, RE & Prof. Svcs	-1.9%	5.2%	4.5%	6.3%	1.5%
Housing-related Wholesale Trade	-0.9%	10.2%	-13.4%	36.8%	4.3%
Housing-related Retail Trade	2.1%	0.8%	9.5%	4.6%	2.4%
Housing Cluster	-1.4%	-1.6%	2.5%	3.7%	2.2%

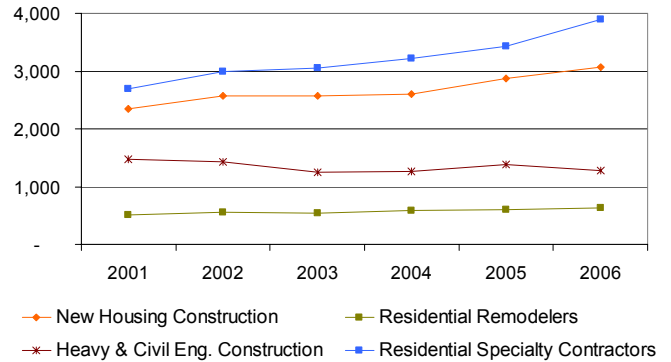
Employment change from 2001 to 2006:



Construction

Within Construction, New Housing Construction grew by 30.5% from 2001 to 2006, up 700 jobs; Residential Remodelers grew by 22.2%, up 100 jobs; Housing-related Heavy & Civil Engineering Construction reported losses of 12.4%, down 200 jobs; and, Residential Specialty Trade Contractors reported growth of 44.2%, up 1,200 jobs.

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 31.5%, or 2,000 jobs, from 2001 to 2006. This was led by losses in Sawmills, down 1,500 jobs, and Cut Stock, Resawing Lumber & Planing, down almost 200 jobs. During this period, several very small industries reported 100.0% losses, including Metal Window & Door Manufacturing (Mfg) and Hardwood Veneer & Plywood Mfg. At the same time, some industries reported growth, led by Other Millwork (including Flooring), up about 50 jobs, or 25.7%, and Other Fabricated Wire Product Mfg, up about 10 jobs, or 14.8%.

During this time, five of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
321113	Sawmills	-34.4%
321212	Softwood Veneer & Plywood Mfg	-9.1%
321918	Other Millwork (including Flooring)	25.7%
327320	Ready-Mix Concrete Mfg	3.1%
321219	Reconstituted Wood Product Mfg	-33.6%
321912	Cut Stock, Resawing Lumber, Planing	-52.5%
321214	Truss Mfg	-28.0%
332618	Other Fabricated Wire Product Mfg	14.8%
327123	Other Structural Clay Product Mfg	34.4%
333120	Construction Machinery Mfg	24.0%

Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 16.3% from 2001 to 2006, with growth highest from 2004 to 2005.

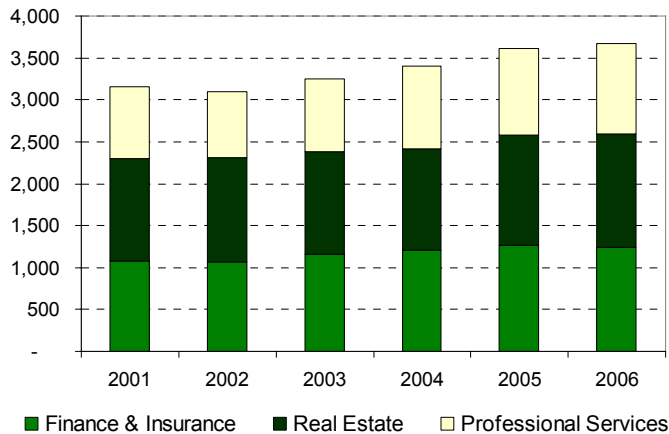
Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
	-1.9%	5.2%	4.5%	6.3%	1.5%

⁸A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

HOUSING

(Continued)

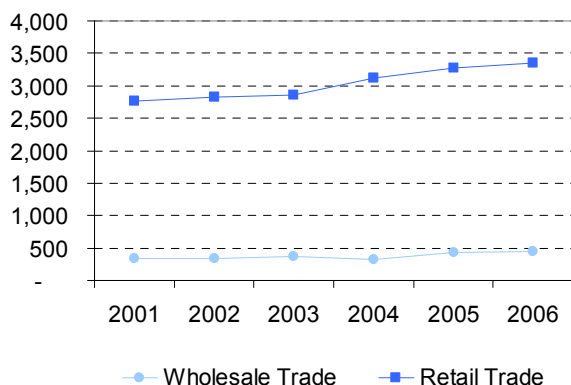
Employment growth from 2001 to 2006:



Within these sectors, the largest industries were Engineering Services and Offices of Real Estate Agents & Brokers, with about 640 jobs each in 2006. From 2001 to 2006, Engineering Services added the most jobs, up 150 jobs, followed by Offices of Real Estate Agents & Brokers, up 120 jobs; Offices of Real Estate Appraisers reported the fastest growth, up 340.3%. At the same time, Lessors of Residential Buildings & Dwellings reported the most jobs lost, down 100 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 35.0% from 2001 to 2006, up about 120 jobs. The largest industry was Lumber, Plywood, Millwork & Wood Panel Wholesalers, with 200 jobs. Plumbing & Heating Equipment & Supplies Wholesalers added the most jobs, up 50 jobs.



Overall, the Housing-related Retail Trade industries experienced job growth of 20.8% from 2001 to 2006, up almost 600 jobs. The largest industry was Home Centers, with over 1,200 jobs. This industry added the most jobs from 2001 to 2006, up 300 jobs, while Nursery, Garden Center & Farm Supply Stores reported the fastest growth, up 84.8%.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

– Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

NORTHERN CALIFORNIA REGION

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.





ECONOMIC PROFILE: BAY AREA REGION



Prepared for the



OCTOBER 2008



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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Bay Area Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

BAY AREA REGION

ECONOMIC PROFILE

October 2008



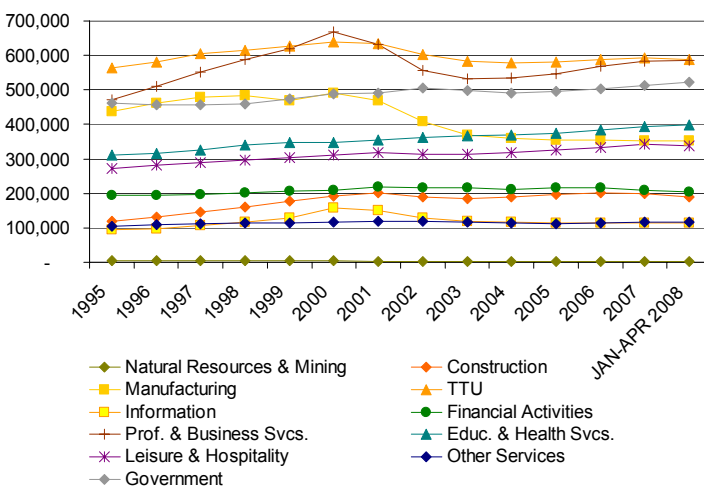
THE BAY AREA REGION includes eleven counties, as defined by the California Economic Strategy Panel (Panel): Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma.

The Bay Area Region is the state's second largest region, with 19.8% of its population and 22.0% of its jobs (2006). The region was the hardest hit by the 2001 recession, and is still regaining those jobs lost while experiencing the impact of the housing downturn. Within the region's eleven counties, the preliminary unemployment rate for August 2008 ranged from 4.9% in Marin County to 7.9% in San Benito County. Still, the region has reported job growth since 2005, and its Gross Domestic Product (GDP) increased from 2001 to 2006, up 33.4%.

Overall, the region's greatest job losses occurred from 2001 to 2002, losing 4.9% of its jobs. Manufacturing reported the greatest number of jobs lost that year, followed by Professional, Scientific & Technical Services and Information. This was followed by losses again in 2003 (down 3.0%) and in 2004 (down 0.5%). Then, starting in 2005, employment began to grow, up 0.7% in 2005 and another 1.9% in 2006. Professional, Scientific & Technical Services led job growth both years.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows growth in Nonfarm employment in 2007, and positive year-over change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008¹**A SNAPSHOT OF 2007 & 2008**

This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.

For the Bay Area Region, a look at 2007 and early 2008 Nonfarm employment data shows that the region continued to recover jobs lost during and after the 2001 recession. Overall, Nonfarm employment grew by 2.0% from 2006 to 2007, and growth was positive for most sectors when comparing April 2007 to April 2008.

From 2006 to 2007, the strongest growth was reported by Other Services (this does not include Private Households), up 13.4%, followed by Educational & Health Services, up 5.4%, and Natural Resources & Mining (not including Farm jobs), up 5.1%. Other growing super-sectors included Professional & Business Services; Leisure & Hospitality; Government; and, Trade, Transportation & Utilities. Only four super sectors reported losses from 2006 to 2007; Financial Activities, Manufacturing, Construction and Information. Of these, Manufacturing and Information show positive year-over change from April 2007 to April 2008.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

BAY AREA	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	-6.9%	2.0%	0.8%
Natural Resources & Mining	-41.2%	5.1%	8.7%
Construction	1.2%	-0.6%	-3.1%
Manufacturing	-23.3%	-2.3%	0.8%
Trade, Transportation, & Utilities	-7.5%	1.7%	0.2%
Information	-24.7%	-0.1%	1.2%
Financial Activities	0.1%	-3.4%	-3.6%
Professional & Business Svcs	-10.4%	3.3%	1.9%
Educational & Health Services	6.7%	5.4%	1.8%
Leisure & Hospitality	4.7%	2.8%	1.2%
Other Services	-24.6%	13.4%	2.2%
Government	1.1%	2.8%	2.2%

* The 2001 through 2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.

¹ The January to April 2008 data represents a four-month average.

BAY AREA REGION

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level², allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	-5.8%
Establishment Growth (2001-2006)	10.6%
GDP Growth ³ (2001-2006)	33.4%
Average Wage (2006, Private Industry)	\$ 63,182
Wage Growth (2001-2006)	15.3%
Firms with < 100 employees (2006)	98.2%
Firms with < 50 employees (2006)	95.7%
Self-employed, not incorporated (2006*)	9.4%

* Data for San Benito County was not available.

WORKFORCE

Unemployment Rate (2006)	4.5%
Population Growth (2001-2006)	0.2%
Per Capita Income (2006)	\$ 54,234
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	22.5% to 52.2%
Families Living in Poverty (2006)*	6.5%

* Data for San Benito County was not available.

QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁴)	25 to 39
Average Commute Time (2006)	23.7 to 31.9 min.
Housing Opportunity Index ⁵ (2006)*	4.9% to 20.4%

* Data not available for one or more counties.

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

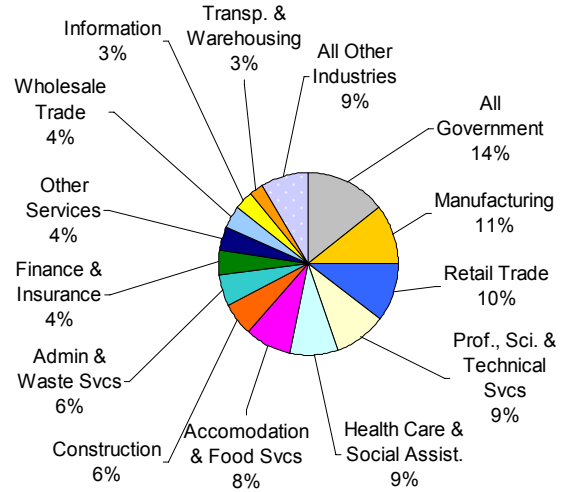
² The North American Industry Classification System (NAICS), 6-digit level.

³ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

⁴ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁵ Percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

1. San Joaquin Valley Region	9.9%
2. Greater Sacramento Region	9.4%
3. Southern Border Region	7.7%
4. Southern California Region	6.5%
5. No. Sacramento Valley Region	6.4%
<i>California as-a-whole</i>	<i>6.1%</i>
6. Central Sierra Region	5.9%
7. Central Coast Region	3.6%
8. Northern California Region	1.3%
9. Bay Area Region	-5.8%

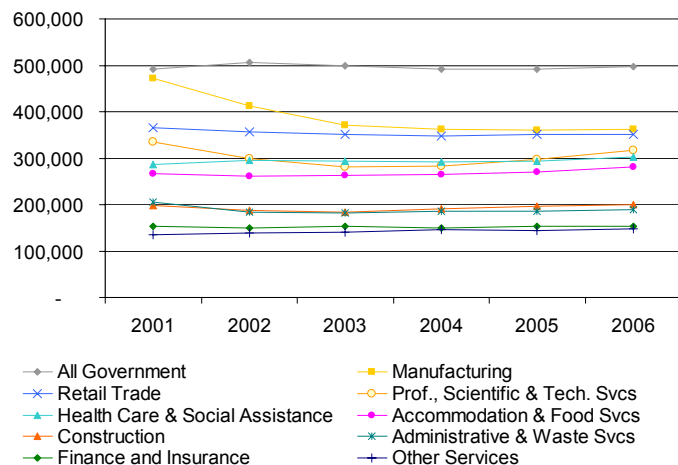
JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-17.1%
Mining (NAICS 21)	-41.6%
Utilities (NAICS 22)	-17.6%
Construction (NAICS 23)	1.2%
Manufacturing (NAICS 31-33)	-23.3%
Wholesale Trade (NAICS 42)	-7.9%
Retail Trade (NAICS 44-45)	-3.8%
Transportation & Warehousing (NAICS 48-49)	-18.1%
Information (NAICS 51)	-24.7%
Finance & Insurance (NAICS 52)	1.0%
Real Estate & Rental & Leasing	-1.8%
Prof., Scientific & Technical Services (NAICS 54)	-5.6%
Mngmt of Companies & Enterprises (NAICS 55)	-34.9%
Administrative & Waste Services (NAICS 56)	-7.5%
Educational Services (NAICS 61)	12.9%
Health Care & Social Assistance (NAICS 62)	5.4%
Arts, Entertainment & Recreation (NAICS 71)	3.5%
Accommodation & Food Services (NAICS 72)	4.9%
Other Services (except Public Admin) (NAICS 81)	8.6%
All Government⁶	1.1%

⁶ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

BAY AREA REGION

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



“TOP FIVE” SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Professional, Scientific & Technical Services (NAICS 541)
 Food Services & Drinking Places (NAICS 722)
 Administrative & Support Services (NAICS 561)
 Computer & Electronic Product Mfg (NAICS 334)
 Specialty Trade Contractors (NAICS 238)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06)

(With at least 0.005% of total employment)

Rail Transportation (NAICS 482)
 Monetary Authorities - Central Bank (NAICS 521)
 Postal Service (NAICS 491)
 Other Information Services (NAICS 519)
 Private Households (NAICS 814)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) (With at least 0.005% of total employment)

Internet & Data Processing Services (NAICS 518), 2.4 LQ
 Petroleum & Coal Products Mfg (NAICS 324), 2.3 LQ
 Computer & Electronic Product Mfg (NAICS 334), 2.1 LQ
 Beverage Mfg (NAICS 312), 2.0 LQ
 Air Transportation (NAICS 481), 1.8 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006)

Securities & Other Investments & Services (NAICS 523)
 Lessors of Nonfinancial Intangible Assets (NAICS 533)
 Internet & Data Processing Services (NAICS 518)
 Oil & Gas Extraction (NAICS 211)
 Funds, Trusts & Other Financial Vehicles (NAICS 525)

The average annual wages range from \$155K to \$248K.

AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
 General Medical & Surgical Hospitals (NAICS 622110)
 Limited-Service Restaurants (NAICS 722211)
 Supermarkets & Other Grocery Stores (NAICS 445110)
 Temporary Help Services (NAICS 561320)
 Corp., Subsidiary & Regional Managing Ofcs (NAICS 551114)
 Custom Computer Programming Services (NAICS 541511)
 Hotels & Motels (NAICS 721110)
 Private Households (NAICS 814110)
 R&D in Physical, Engineering & Life Sciences (NAICS 541710)

The ten fastest growing (with at least 0.005% of total employment):

Heavy Duty Truck Mfg (NAICS 336120)
 Truck Trailer Mfg (NAICS 336212)
 Fats & Oils Refining & Blending (NAICS 311225)
 Monetary Authorities - Central Bank (NAICS 521110)
 Nonwoven Fabric Mills (NAICS 313230)
 Cane Sugar Refining (NAICS 311312)
 Breakfast Cereal Mfg (NAICS 311230)
 Postal Service (NAICS 491110)
 Other Communication & Energy Wire Mfg (NAICS 335929)
 HMO Medical Centers (NAICS 621491)

The ten with the strongest competitive advantage:

Semiconductor Machinery Mfg (NAICS 333295)
 Electronic Computer Mfg (NAICS 334111)
 Electron Tube Mfg (NAICS 334411)
 Telephone Apparatus Mfg (NAICS 334210)
 Lab Apparatus & Furniture Mfg (NAICS 339111)
 Computer Storage Device Mfg (NAICS 334112)
 Fiber Optic Cable Mfg (NAICS 335921)
 Instrument Mfg for Measuring & Testing Electr. (NAICS 334515)
 Analytical Lab Instrument Mfg (NAICS 334516)
 Optical Instrument & Lens Mfg (NAICS 333314)

BAY AREA REGION

AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

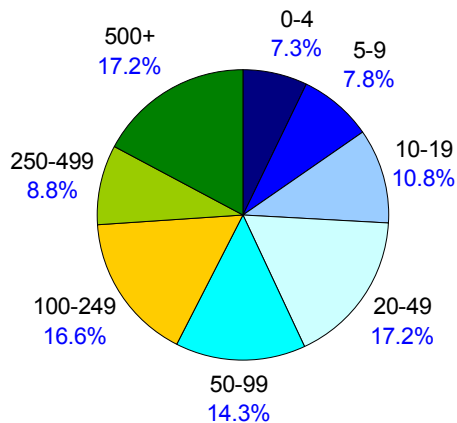
The ten highest paying industries:

- Trust, Fiduciary & Custody Activities (NAICS 523991), \$393K
- Portfolio Management (NAICS 523920), \$340.1K
- Web Search Portals (NAICS 518112), \$310K
- Miscellaneous Intermediation (NAICS 523910), \$294.4K
- Investment Banking & Securities (NAICS 523110), \$283.4K
- Sports Teams & Clubs (NAICS 711211), \$255.2K
- Motion Picture & Video Production (NAICS 512110), \$234.5K
- Real Estate Investment Trusts (NAICS 525930), \$231.4K
- Open-End Investment Funds (NAICS 525910), \$226.4K
- Lessors of Nonfinancl. Intangible Assets (NAICS 533110), \$205.5K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (PRIVATE INDUSTRY)

In 2006, firms with fewer than 100 employees made up 98.2% of all businesses in the region and provided 57.4% of all jobs in the region. Firms with 500 or more employees made up 0.2% of all businesses, and provided 17.2% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



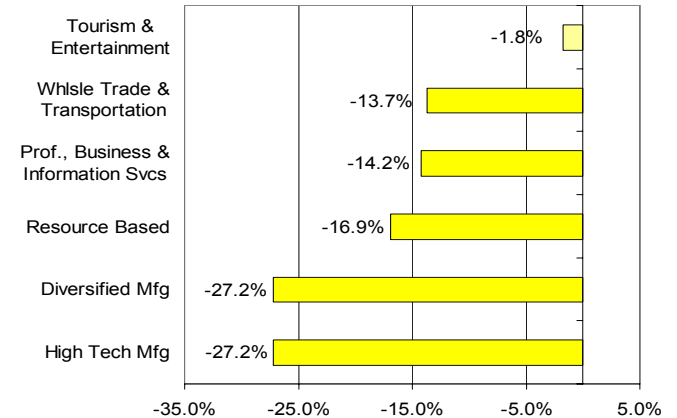
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	11.3%	16.6%
5-9	2.3%	2.4%
10-19	0.5%	0.5%
20-49	-4.2%	-3.7%
50-99	-6.8%	-6.1%
100-249	-7.2%	-8.1%
250-499	-10.1%	-9.3%
500-999	-15.6%	-18.1%
1,000+	-8.1%	-5.2%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

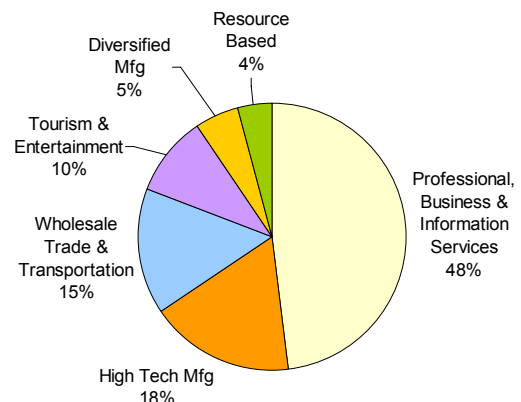
EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided 28.4% of all jobs in the region. All economic base sectors reported losses from 2001 to 2006. The greatest percentage of job loss was reported by the Diversified and High Tech Manufacturing industries, each down 27.2%, while the greatest number of jobs lost was reported by Professional, Business & Information Services, down almost 77,600 jobs.

Still, a few industries within these sectors reported job growth during this period. Of these, those with the most jobs gained were Management, Scientific, & Technical Consulting Services, up almost 9,300 jobs; and, Wholesale Electronic Markets & Agents & Brokers, up over 2,400 jobs.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

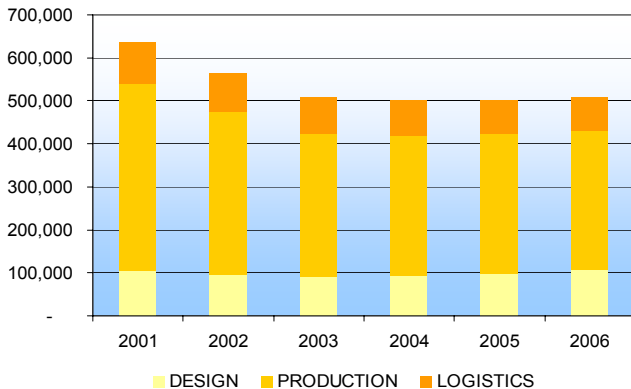
The Manufacturing sector provided 10.6% of the region's jobs in 2006. The sector reported overall job losses of 23.6% from 2001 to 2006, down 109,900 jobs. At the same time, the region's manufacturing GDP increased 5.9%. Data for 2007 suggests continued job losses from 2006 to 2007, while the year-over change for the month of April (2007 to 2008) shows a slight gain.

While Manufacturing as a whole suffered significant losses from 2001 to 2006, some of its industries reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries included Heavy Duty Truck Manufacturing (Mfg); Truck Trailer Mfg; Fats & Oils Refining & Blending; Nonwoven Fabric Mills; Cane Sugar Refining; Breakfast Cereal Mfg; Other Communication & Energy Wire Mfg; Synthetic Rubber Mfg; Copper Wire Drawing; and, Laboratory Apparatus & Furniture Mfg.

The largest industries (at the 6-digit NAICS level) included Semiconductor & Related Device Mfg; Electronic Computer Manufacturing; Wineries; Pharmaceutical Preparation Mfg; Instrument Mfg for Measuring & Testing Electricity & Electronics; Bare Printed Circuit Board Mfg; Machine Shops; Surgical & Medical Instrument Mfg; Other Electronic Component Mfg; and, Semiconductor Machinery Mfg.

Looking at the Manufacturing Value Chain industry cluster, both Production and Logistics reported losses from 2001 to 2006. Production lost 25.6% of its jobs, down 111,300 jobs, and Logistics lost 19.0%, down 18,500 jobs. At the same time, Design reported job growth of 1.7%, up 1,800 jobs.

Manufacturing Value Chain employment 2001-2006:

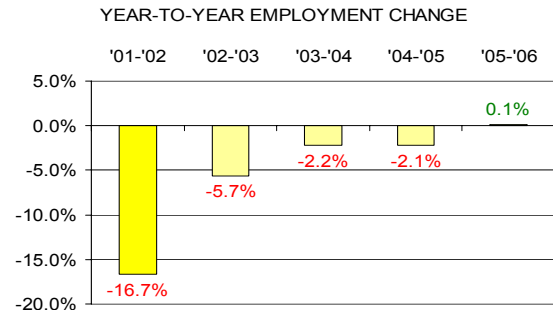


Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

INFORMATION

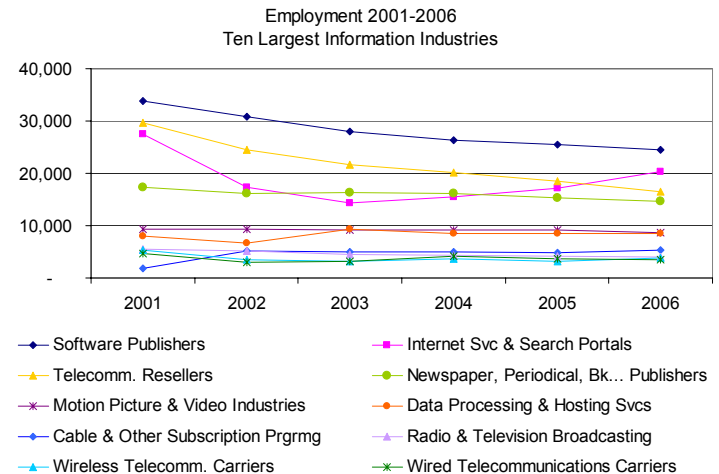
The Information sector provided 3.3% of all jobs in the region in 2006. The region had a higher concentration of jobs in this sector than found statewide. At the industry group level (4-digit NAICS), the highest concentrations were found in Internet Service Providers & Web Search Portals (2.7 LQ); Software Publishers (2.7 LQ); and, Data Processing, Hosting & Related Services (1.9 LQ).

Overall, the sector experienced job losses from 2001 to 2006, down over 37,500 jobs or 24.8%. This was one of the sectors hardest hit during the recession in 2001. Jobs declined sharply from 2001 to 2002, down 16.7% in that one year alone. Jobs continued to decline through 2005, with very slight growth in 2006. Preliminary data suggests slight losses from 2006 to 2007, while the year-over change for the month of April (2007 to 2008) shows a slight gain.



Most industries within the sector reported overall job losses from 2001 to 2006, led by Telecommunications Resellers, down over 13,100 jobs. Next, Software Publishers lost over 9,200 jobs, and Internet Service Providers & Web Search Portals lost almost 7,300 jobs. The greatest percentage of losses was reported by Sound Recording Industries, down 71.4%.

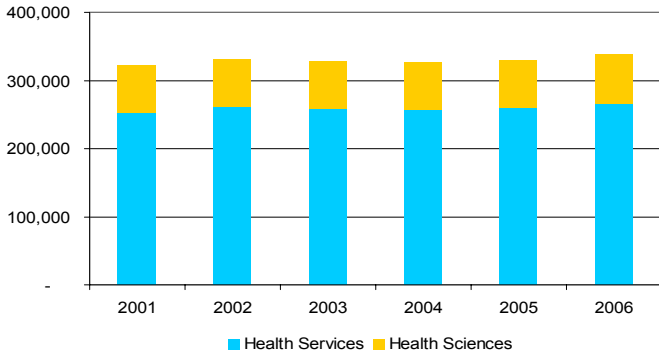
At the same time, three industries reported job growth. The greatest number and percentage of job growth was reported by Cable & Other Subscription Programming, up 3,500 jobs or 187.5%. The others reporting growth were Data Processing, Hosting & Related Services (up almost 600 jobs); and, Other Information Services (up over 300 jobs).



BAY AREA REGION

HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 9.9% of all jobs in the region in 2006. From 2001 to 2006, the cluster grew by 5.3%, or almost 17,100 jobs. The region had a higher concentration of Health Sciences & Services jobs (1.1 LQ) than found at the statewide level (1.0 LQ).



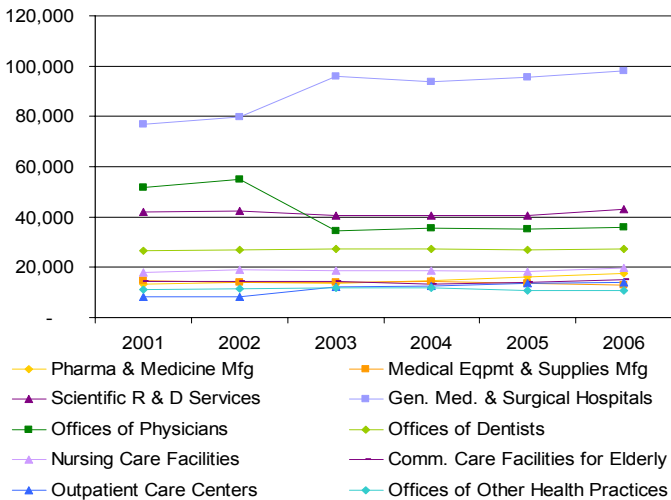
Health Sciences

Health Sciences experienced job growth of 4.4% from 2001 to 2006, up over 3,100 jobs. Within Health Sciences, Pharmaceutical & Medicine Manufacturing grew by 30.0%. Scientific Research & Development also reported growth during this period, up 2.2%, while Medical Equipment & Supplies Manufacturing reported losses of 12.6%.

Health Services

Health Services, which includes the health care industries, experienced job growth of 5.5%, up over 13,900 jobs from 2001 to 2006. Within Health Services, Outpatient Care Centers reported the greatest percentage of growth, up 72.0%, and General Medical & Surgical Hospitals added the most jobs, up 21,200 jobs. At the same time, Offices of Physicians reported the greatest number and percentage of jobs lost, down over 15,800 jobs, or 30.6%.

The following graph shows employment change for the three Health Sciences industries and the top seven Health Services industries (based on 2006 employment).



PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

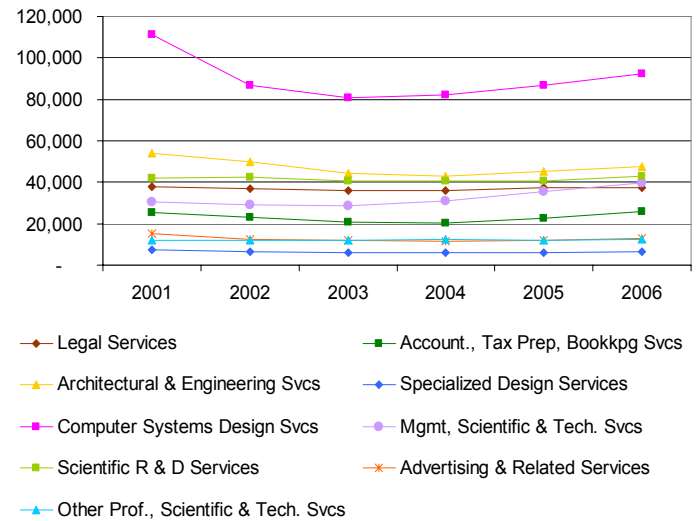
The Professional, Scientific & Technical Services sector provided 9.3% of the region's jobs in 2006. The sector reported overall job losses of 11.3%, or about 19,000 jobs, from 2001 to 2006. Jobs declined from 2001 through 2004, then began to grow in 2005 and 2006.

The region had a higher concentration of Professional, Scientific & Technical Services jobs (1.4 LQ) than found statewide. Within the sector, at the industry group level, Computer Systems Design & Related Services had the highest concentration (2.3 LQ).

Some industries within the sector reported job growth during this period. Management, Scientific, & Technical Consulting Services reported the greatest number and percentage of job growth, up almost 9,300 jobs or 30.3%.

The other growing industries included Scientific Research & Development Services (up over 900 jobs); Accounting, Tax Preparation, Bookkeeping & Payroll Services (up 500 jobs); and, Other Professional, Scientific & Technical Services (up 300 jobs).

The following graph shows employment change from 2001 to 2006 for all industry groups in the sector.



Computer Systems Design & Related Services experienced the greatest number and percentage of jobs lost from 2001 to 2006, down almost 19,000 jobs or 17.1%.

Other industries reporting losses included Architectural & Engineering Services (down almost 6,700 jobs); Advertising Services (down 2,600 jobs); Specialized Design Services (down 1,100 jobs); and, Legal Services (down almost 600 jobs).

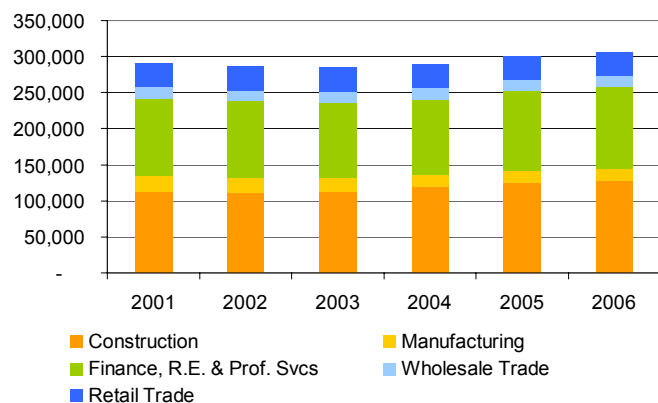
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁷; and, related wholesale and retail trade. As defined, this cluster provided 8.9% of the region's jobs in 2006, with almost 306,400 jobs.

Overall, Housing experienced job growth of 5.5% from 2001 to 2006. Within the cluster, Construction grew by 12.1%, or 13,700 jobs; Manufacturing reported losses of 18.3% (down over 3,900 jobs); Finance, Real Estate & Professional Services reported 5.2% growth (up over 5,600 jobs); Wholesale Trade grew by 4.9% (up almost 800 jobs); and, Retail Trade reported slight losses of 0.7% (down over 200 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	-1.0%	0.9%	5.0%	4.8%	1.9%
Housing-related Manufacturing	-9.9%	-5.0%	-1.0%	-0.7%	-2.8%
Finance, RE & Prof. Svcs	-0.7%	-1.4%	-1.1%	5.8%	2.7%
Housing-related Wholesale Trade	-3.5%	1.4%	0.2%	6.3%	0.8%
Housing-related Retail Trade	4.3%	-0.7%	-4.2%	1.4%	-1.4%
Housing Cluster	-1.0%	-0.5%	1.0%	4.5%	1.5%

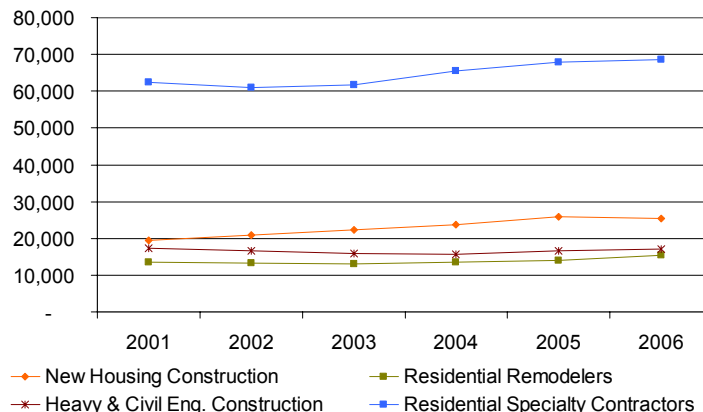
Employment change from 2001 to 2006 for the Housing cluster components:



Construction

Within Construction, New Housing Construction grew by 30.5% from 2001 to 2006, up almost 6,000 jobs; Residential Remodelers grew by 13.0%; Housing-related Heavy & Civil Engineering Construction reported slight losses of 1.0%; and, Residential Specialty Trade Contractors reported growth of 9.9%.

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 18.3% from 2001 to 2006. Losses were led by All Other Plastics Product Manufacturing (Mfg), down over 2,000 jobs. Three industries reported 100.0% losses, including Plastics Pipe & Pipe Fitting Mfg, Copper Rolling, Drawing & Extruding, and Household Laundry Equipment Mfg. At the same time, some industries reported growth, with Copper Wire Drawing reporting the greatest number and percentage of jobs gained, up 513.8% (350 jobs).

Employment change from 2001 to 2006 for the ten largest Housing-related Manufacturing industries:

NAICS	Industry	Change '01-'06
326199	All Other Plastics Product Mfg	-44.2%
327390	Other Concrete Product Mfg	12.6%
327320	Ready-Mix Concrete Mfg	-10.1%
332321	Metal Window & Door Mfg	-1.4%
331221	Rolled Steel Shape Mfg	-14.8%
332323	Ornamental & Architect. Metal Mfg	-30.3%
325510	Paint and Coating Mfg	3.7%
321911	Wood Window & Door Mfg	-15.2%
327211	Flat Glass Mfg	161.2%
327331	Concrete Block & Brick Mfg	76.7%

Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 18.2% from 2001 to 2006, although growth fluctuated year to year.

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
	-0.7%	-1.4%	-1.1%	5.8%	2.7%

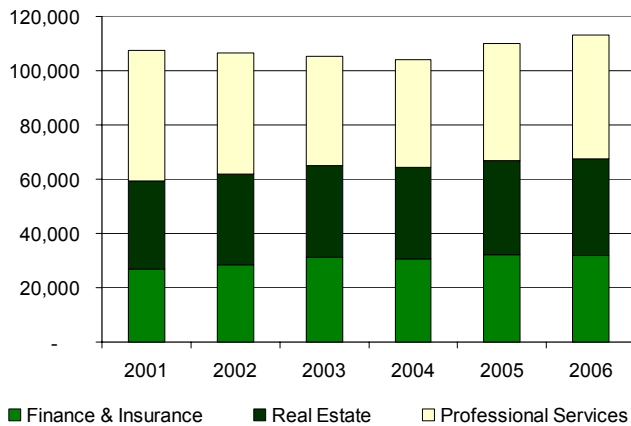
⁷A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

BAY AREA REGION

HOUSING

(Continued)

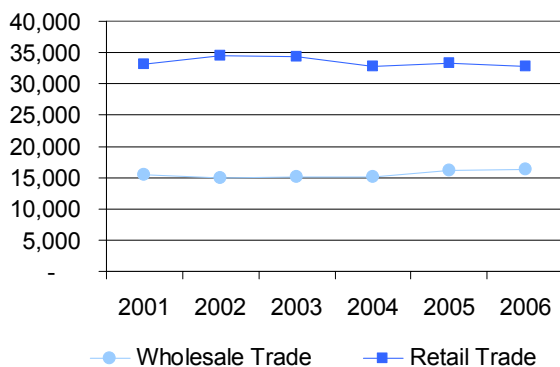
The following graph shows employment change from 2001 to 2006 for each component:



Within these sectors, the largest industry was Engineering Services, with almost 28,900 jobs in 2006; however, this industry reported the greatest losses, down 2,900 jobs during this period. From 2001 to 2006, Offices of Real Estate Agents & Brokers added the most jobs, up almost 3,200 jobs, and Monetary Authorities - Central Bank reported the fastest growth, up 1673.6%, although a small industry with only about 100 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 4.9% from 2001 to 2006, up almost 800 jobs. The largest industry was Electrical Apparatus, Equipment & Supplies Wholesalers, with 3,800 jobs. Lumber, Plywood, Millwork & Wood Panel Wholesalers added the most jobs, up almost 1,000 jobs, and Electrical Appliance, Television & Radio Set Wholesalers reported the fastest growth, up 70.6%.



Overall, the Housing-related Retail Trade industries experienced job losses of 0.7% from 2001 to 2006, down over 200 jobs. The largest industry was Home Centers, with almost 14,600 jobs. This industry added the most jobs from 2001 to 2006, up almost 2,000 jobs, while Household Appliance Stores reported losses of 1,800 jobs.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

— Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.





ECONOMIC PROFILE: GREATER SACRAMENTO REGION



Prepared for the



OCTOBER 2008



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The Honorable Juan Arambula, California State Assembly
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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Greater Sacramento Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

GREATER SACRAMENTO REGION

ECONOMIC PROFILE



October 2008

THE GREATER SACRAMENTO REGION

includes six counties, as defined by the California Economic Strategy Panel (Panel): El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba.

The Greater Sacramento Region is the state's fifth largest region, with 6.1% of its population and 6.2% of its jobs (2006). Within the region's six counties, the preliminary unemployment rate for August 2008 ranged from 6.8% in both El Dorado and Yuba Counties, to 12.2% in Sutter County. From 2001 to 2006, while jobs grew by 9.4%, the region's Gross Domestic Product (GDP) grew by 91.2% and Per Capita Personal Income grew by 20.0%.

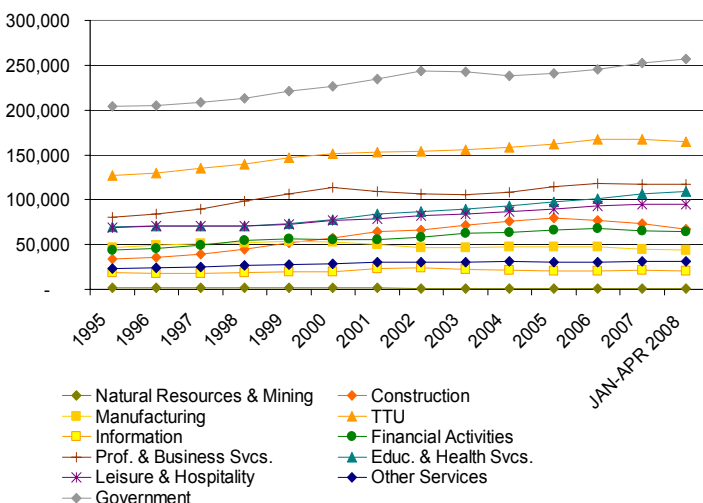
The region experienced growth each year from 2001 to 2006. Growth was led by Health Care & Social Assistance (13,900 jobs), followed by Accommodation & Food Services (10,900 jobs), Construction (10,400 jobs) and Finance & Insurance (10,100 jobs). The fastest growth was reported by Educational Services (42.5%).

During this period, several sectors reported job losses. Losses were greatest in Manufacturing, down 6,300 jobs, followed by Management of Companies & Enterprises (down 5,000 jobs), Agriculture, Forestry, Fishing & Hunting (down 1,500 jobs), and Information (down 1,200 jobs).

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows growth in Nonfarm employment in 2007, and no net year-over change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008¹



A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates for 2007 and 2008 from the Current Employment Statistics (CES) program; these data are official estimates, which may be revised when the annual data are finalized. The CES program is a different data source than that used for the rest of the report.

For the Greater Sacramento Region, a look at 2007 Nonfarm employment data shows that the region continued to enjoy job growth into 2007. Overall, Nonfarm jobs grew by 4.8% from 2006 to 2007.

From 2006 to 2007, nine of the eleven super sectors reported job growth. The fastest job growth was reported by Natural Resources & Mining, followed by Other Services and Education & Health Services. Also, job losses previously seen in the Information sector turned around, with growth of 2.9% from 2006 to 2007.

At the same time, Manufacturing and Financial Activities showed losses, and growth slowed in Construction, likely the impact of the housing downturn. A comparison of April 2007 with April 2008 shows declines in three more sectors.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

GREATER SACRAMENTO	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	8.0%	4.8%	0.0%
Natural Resources & Mining	-20.8%	37.2%	9.1%
Construction	16.7%	1.1%	-7.2%
Manufacturing	-11.5%	-7.6%	-3.3%
Trade, Transportation, & Utilities	9.8%	3.9%	-1.4%
Information	-5.6%	2.9%	-0.5%
Financial Activities	24.2%	-2.4%	-2.6%
Professional & Business Svcs	4.2%	7.3%	0.9%
Educational & Health Services	22.4%	10.5%	2.8%
Leisure & Hospitality	16.4%	6.5%	0.2%
Other Services	-20.8%	22.6%	2.9%
Government	4.9%	5.1%	2.1%

* The 2001 through 2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.

¹ The January to April 2008 data represents a four-month average.

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level², allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	9.4%
Establishment Growth (2001-2006)	28.8%
GDP Growth ³ (2001-2006)	91.2%
Average Wage (2006, Private Industry)	\$ 40,887
Wage Growth (2001-2006)	19.9%
Firms with < 100 employees (2006)	98.3%
Firms with < 50 employees (2006)	96.1%
Self-employed, not incorporated (2006)	8.6%

WORKFORCE

Unemployment Rate (2006)	4.9%
Population Growth (2001-2006)	10.7%
Per Capita Income (2006)	\$ 36,307
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	12.4% to 37.7%
Families Living in Poverty (2006)	7.6%

QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁴)*	36 to 54
Average Commute Time (2006)	20.1 to 30.3 min.
Housing Opportunity Index ⁵ (2007)*	17.5% to 27.2%

* Data not available for one or more counties.

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

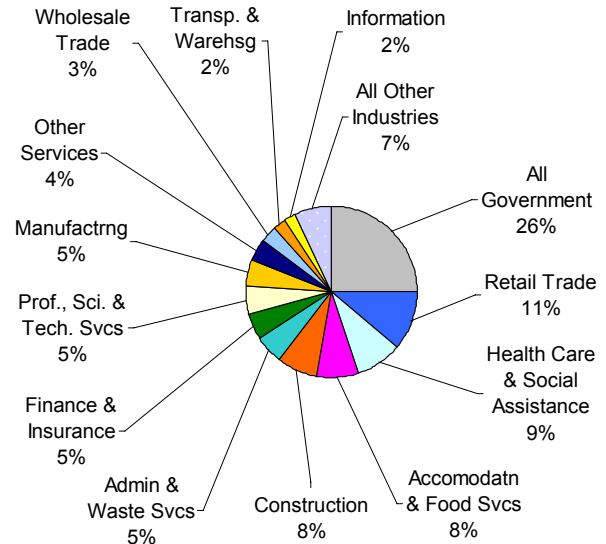
² The North American Industry Classification System (NAICS), 6-digit level.

³ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

⁴ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁵ 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

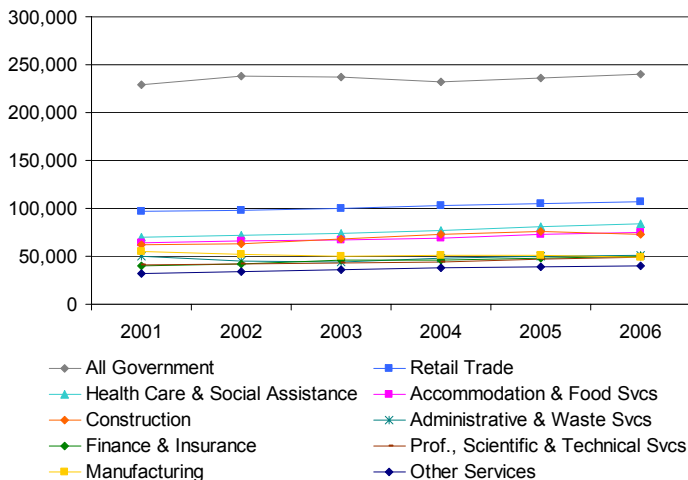
1. San Joaquin Valley Region	9.9%
2. Greater Sacramento Region	9.4%
3. Southern Border Region	7.7%
4. Southern California Region	6.5%
5. No. Sacramento Valley Region	6.4%
<i>California as-a-whole</i>	<i>6.1%</i>
6. Central Sierra Region	5.9%
7. Central Coast Region	3.6%
8. Northern California Region	1.3%
9. Bay Area Region	-5.8%

JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-10.9%
Mining (NAICS 21)	-6.0%
Utilities (NAICS 22)	15.5%
Construction (NAICS 23)	16.7%
Manufacturing (NAICS 31-33)	-11.5%
Wholesale Trade (NAICS 42)	10.1%
Retail Trade (NAICS 44-45)	10.8%
Transportation & Warehousing (NAICS 48-49)	4.1%
Information (NAICS 51)	-5.6%
Finance & Insurance (NAICS 52)	25.5%
Real Estate & Rental & Leasing	20.7%
Prof., Scientific & Technical Services (NAICS 54)	18.8%
Mngmt of Companies & Enterprises (NAICS 55)	-36.1%
Administrative & Waste Services (NAICS 56)	3.2%
Educational Services (NAICS 61)	42.5%
Health Care & Social Assistance (NAICS 62)	19.9%
Arts, Entertainment & Recreation (NAICS 71)	13.4%
Accommodation & Food Services (NAICS 72)	17.0%
Other Services (except Public Admin) (NAICS 81)	23.8%
All Government⁶	4.9%

⁶ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



“TOP FIVE” SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Food Services & Drinking Places (NAICS 722)
Specialty Trade Contractors (NAICS 238)
Professional, Scientific & Technical Services (NAICS 541)
Administrative & Support Services (NAICS 561)
Ambulatory Health Care Services (NAICS 621)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06) (With at least 0.005% of total employment)

Postal Service (NAICS 491)
Water Transportation (NAICS 483)
Petroleum & Coal Products Manufacturing (NAICS 324)
Private Households (NAICS 814)
Museums, Historical Sites & Similar Inst. (NAICS 712)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) (With at least 0.005% of total employment)

Funds, Trusts & Other Financial Vehicles (NAICS 525), 2.6 LQ
Wood Product Mfg (NAICS 321), 2.0 LQ
Insurance Carriers & Related Activities (NAICS 524), 1.7 LQ
Telecommunications (NAICS 517), 1.6 LQ
Warehousing & Storage (NAICS 493), 1.4 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006)

Computer & Electronic Product Mfg (NAICS 334)
Utilities (NAICS 221)
Securities, Commodity Contracts & Other Inv. (NAICS 523)
Pipeline Transportation (NAICS 486)
Mining (except Oil & Gas) (NAICS 212)

The average annual wages range from \$71K to \$112K.

AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
General Medical & Surgical Hospitals (NAICS 622110)
Limited-Service Restaurants (NAICS 722211)
Supermarkets & Other Grocery Stores (NAICS 445110)
Temporary Help Services (NAICS 561320)
Private Households (NAICS 814110)
Discount Department Stores (NAICS 452112)
Offices of Physicians (except Mental Health) (NAICS 621111)
New Car Dealers (NAICS 441110)
Corporate, Subsidiary & Regional Managing Ofcs (NAICS 551114)

The ten fastest growing (with at least 0.005% of total employment):

Other Financial Vehicles (NAICS 525990)
Postal Service (NAICS 491110)
Asphalt Shingle & Coating Materials Mfg (NAICS 324122)
Hardware Mfg (NAICS 332510)
Mineral Wool Mfg (NAICS 327993)
Iron & Steel Mills (NAICS 331111)
Real Estate Investment Trusts (NAICS 525930)
All Other Nonmetallic Mineral Product Mfg (NAICS 327999)
Title Abstract & Settlement Offices (NAICS 541191)
Financial Transactions Processing, Reserve, & Clearinghouse Activities (NAICS 522320)

The ten with the strongest competitive advantage:

Railroad Rolling Stock Manufacturing (NAICS 336510)
Skiing Facilities (NAICS 713920)
Other Structural Clay Product Mfg (NAICS 327123)
Reconstituted Wood Product Mfg (NAICS 321219)
Rice Milling (NAICS 311212)
Rice Farming (NAICS 111160)
Electric Power Distribution (NAICS 221122)
Residential Siding Contractors (NAICS 238171)
Electric Bulk Power Transmission & Control (NAICS 221121)
Switchgear & Switchboard Apparatus Mfg (NAICS 335313)

GREATER SACRAMENTO REGION

AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

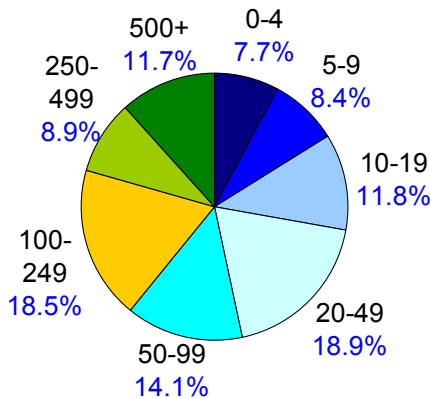
The ten highest paying industries:

Electronic Computer Mfg (NAICS 334111), \$264.6K
 Sports Teams & Clubs (NAICS 711211), \$148.9K
 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures (NAICS 711410), \$141.6K
 Computer Terminal Mfg (NAICS 334113), \$120.1K
 Electric Power Distribution (NAICS 221122), \$113K
 Other Computer Related Services (NAICS 541519), \$106.4K
 Public Relations Agencies (NAICS 541820), \$100.5K
 Semiconductor & Relat. Device Mfg (NAICS 334413), \$100.14K
 Lessors of Nonresidential Buildings (NAICS 531120), \$100K
 Securities Brokerage (NAICS 523120), \$98.8K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 98.3% of all businesses in the region and provided 60.8% of all jobs in the region. Firms with 500 or more employees made up 0.1% of all businesses, and provided 11.7% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



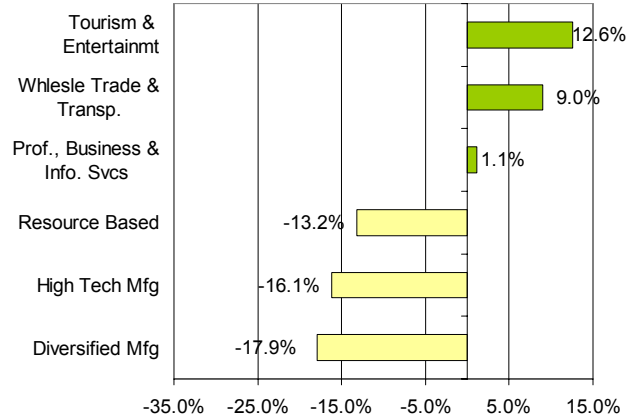
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	24.4%	37.8%
5-9	12.4%	12.0%
10-19	12.8%	13.0%
20-49	10.2%	10.9%
50-99	2.7%	2.9%
100-249	20.0%	18.3%
250-499	10.6%	6.9%
500-999	1.0%	5.7%
1,000+	-3.6%	18.5%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

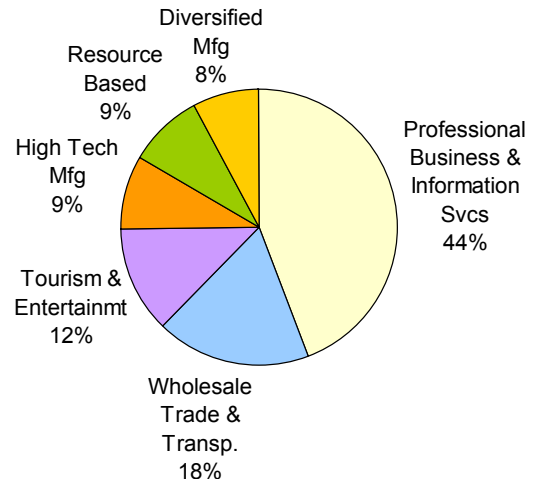
EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided 17.6% of all jobs in the region. Overall, the traditional base reported job losses of 1.3% from 2001 to 2006, due to losses in Diversified Manufacturing, High Tech Manufacturing and the Resource Based sector. The number of jobs lost was high for each of these, with the Manufacturing sectors down 2,900 jobs each, and Resource Based down 2,250 jobs.

Three of the sectors reported job growth during this period. The greatest percentage of job growth was reported by Tourism & Entertainment, up 12.6% (an increase of 2,350 jobs), while the greatest number of jobs added was reported by Wholesale Trade & Transportation, up 2,500 jobs.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

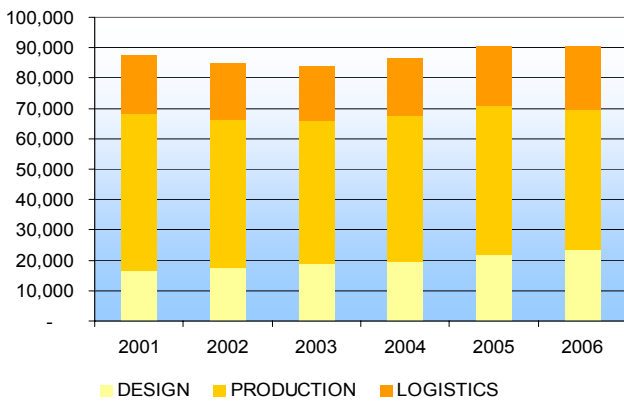
The Manufacturing sector provided 5.1% of the region's jobs in 2006, with over 48,900 jobs. The sector reported overall job losses of 11.5% from 2001 to 2006, down over 6,300 jobs. Job growth fluctuated, declining in 2002 and 2003, growing slightly in 2004 and 2005, and then declining again in 2006. At the same time, the region's manufacturing GDP grew by 11.4%. Preliminary employment data for 2007 suggests continued job losses from 2006 to 2007, and again in the year-over change for the month of April (2007 to 2008).

While Manufacturing as a whole reported losses from 2001 to 2006, some of its industries reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries (regardless of size) included Asphalt Shingle & Coating Materials Mfg; Hardware Mfg; Mineral Wool Mfg; Iron & Steel Mills; All Other Misc. Nonmetallic Mineral Product Mfg; Commercial, Industrial & Institutional Electric Lighting Fixture Mfg; Metal Household Furniture Mfg; Pharmaceutical Preparation Mfg; Fertilizer (Mixing Only) Mfg; and, Welding & Soldering Equipment Mfg.

The largest industries (at the 6-digit NAICS level) included Semiconductor & Related Device Mfg; Computer Terminal Mfg; Soft Drink Mfg; Wood Kitchen Cabinet & Countertop Mfg; Commercial Lithographic Printing; Electronic Computer Mfg; Ready-Mix Concrete Mfg; Commercial Bakeries; Machine Shops; and, Other Millwork.

Looking at the Manufacturing Value Chain industry cluster, overall the cluster grew by 3.1% from 2001 to 2006. Both Design and Logistics experienced job growth, up 39.7% (6,600 jobs) and 7.3% (1,400 jobs) respectively, while Production reported losses of 10.3%, down 5,300 jobs.

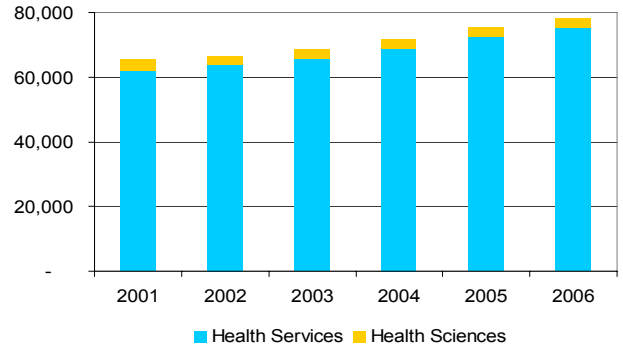
Manufacturing Value Chain employment change 2001-2006:



Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 8.2% of all jobs in the region in 2006. From 2001 to 2006, the cluster grew by 19.5%, or 12,800 jobs. The region had a slightly lower concentration of Health Sciences & Services jobs (0.9 LQ) than found at the statewide level (1.0 LQ).



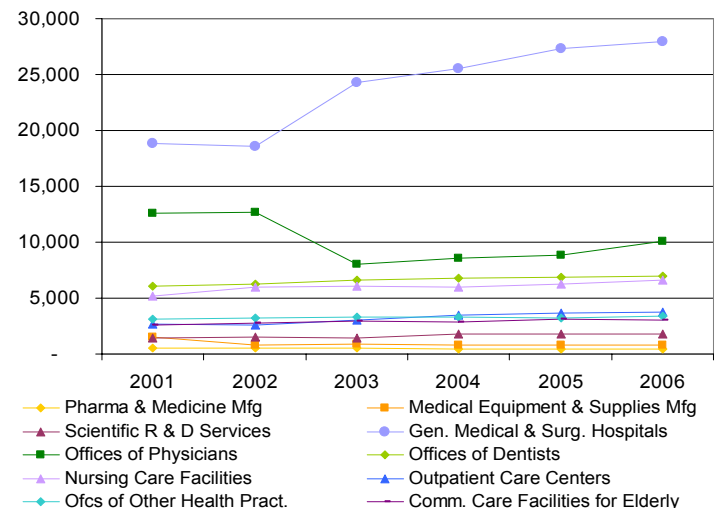
Health Sciences

Health Sciences reported job losses of 13.9% from 2001 to 2006, led by Medical Equipment & Supplies Manufacturing, down over 700 jobs or 46.6%; most losses were from 2001 to 2002. Pharmaceutical & Medicine Manufacturing jobs fell by 27.8% from 2001 to 2006, while Scientific Research & Development reported growth of 27.3%.

Health Services

Health Services, which includes the health care industries, experienced job growth of 21.4%, up almost 13,300 jobs from 2001 to 2006. General Medical & Surgical Hospitals added the most jobs, up 9,100 jobs, and Medical & Diagnostic Labs reported the greatest percentage of job growth, up 336.6%. Offices of Physicians reported the greatest number and percentage of jobs lost, down 2,500 jobs, or 19.5%

The following graph shows employment change for the three Health Sciences industries and the seven largest Health Services industries (based on 2006 employment).



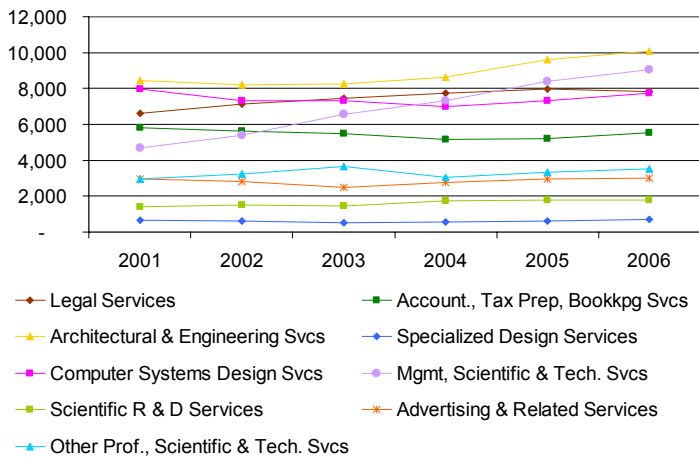
PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector includes industries that support innovation, which is important for economic prosperity. This sector provided 5.1% of the region's jobs in 2006, and grew by 13.6%, or almost 7,900 jobs, from 2001 to 2006. The region had a slightly lower concentration of Professional, Scientific & Technical Services jobs (0.8 LQ) than found statewide.

Most industry groups within the sector reported job growth during this period. Management, Scientific, & Technical Consulting Services reported the greatest number and percentage of job growth, up almost 4,400 jobs or 94.1%. Within this industry group, growth was led by Other Scientific & Technical Consulting Services, up almost 2,100 jobs or 452.7%; this was followed by Environmental Consulting Services in number of jobs added (up 700 jobs), and Marketing Consulting Services in rate of growth (up 268.5%).

Next in number of jobs added, Architectural & Engineering Services grew by 1,650 jobs, and Legal Services grew by 1,200 jobs. Scientific Research & Development Services reported the second fastest rate of growth, up 27.3%, followed by Architectural & Engineering Services at 18.6%.

The following graph shows employment change from 2001 to 2006 for all industry groups in the sector.



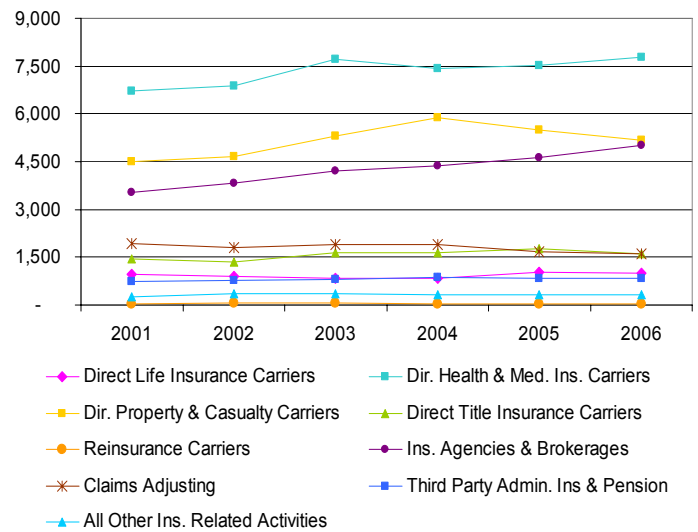
During this period, only two industry groups reported losses; Accounting, Tax Preparation & Bookkeeping Services lost almost 300 jobs, down 4.8%, and Computer Systems Design & Related Services lost over 200 jobs, down 2.9%.

INSURANCE

The Insurance industry, a part of the Finance & Insurance sector⁷, provided 2.5% of the region's jobs in 2006 and experienced job growth of 16.7% from 2001 to 2006, adding almost 3,400 jobs. The average annual wage of \$62,451 was much higher than the region's overall average of \$40,887.

Within Insurance, job growth was led by Insurance Agencies & Brokerages, up 1,500 jobs from 2001 to 2006, followed by Direct Health & Medical Insurance Carriers (up 1,050 jobs). The fastest growth rate was reported by Other Direct Insurance Carriers, up 367.0%; a small industry, employment data was suppressed. Next, Insurance Agencies & Brokerages grew by 42.4%.

Employment growth by industry:



The only Insurance industries reporting job losses were Claims Adjusting, down over 300 jobs or 17.3%, and Reinsurance Carriers, down fewer than 10 jobs or 17.1% (this was a very small industry).

In 2006, the Greater Sacramento Region reported a competitive advantage in this industry, with a higher concentration of these jobs than found statewide or in the other regions.

At the most detailed industry classification level (the 6-digit NAICS level), the industries with greatest competitive advantage included Claims Adjusting (3.3 LQ), Direct Health & Medical Insurance Carriers (2.9 LQ), Other Direct Insurance Carriers (2.4 LQ), and Direct Property & Casualty Insurance Carriers (2.0 LQ).

These higher concentrations also suggest that the businesses were providing products and services beyond the regional boundary.

⁷ Many of the Finance industries in the Finance & Insurance sector are a part of the Housing cluster analysis that follows; therefore, Finance was not included here.

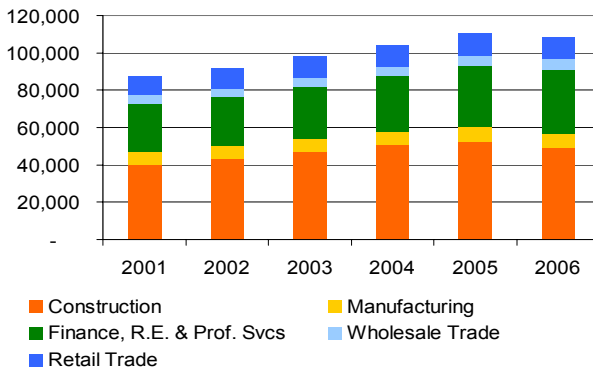
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁸; and, related wholesale and retail trade. As defined, this cluster provided 11.3% of the region's jobs in 2006, with over 108,200 jobs.

Overall, Housing experienced job growth of 23.4% from 2001 to 2006. Within the cluster, Construction grew by 21.4%, up almost 8,700 jobs; Manufacturing reported growth of 9.3% (up over 600 jobs); Finance, Real Estate & Professional Services reported 36.1% growth (up 9,200 jobs); Wholesale Trade grew by 16.8% (up almost 800 jobs); and, Retail Trade grew by 11.9% (up 1,200 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	6.9%	8.3%	8.1%	3.4%	-6.1%
Housing-related Manufacturing	1.5%	-0.2%	7.7%	8.8%	-8.0%
Finance, RE & Prof. Svcs	3.2%	7.4%	4.1%	11.6%	5.6%
Housing-related Wholesale Trade	2.0%	3.7%	8.6%	-1.6%	3.3%
Housing-related Retail Trade	5.2%	7.7%	-1.2%	1.8%	-1.9%
Housing Cluster	4.9%	7.1%	5.9%	5.7%	-1.8%

Employment change from 2001 to 2006:

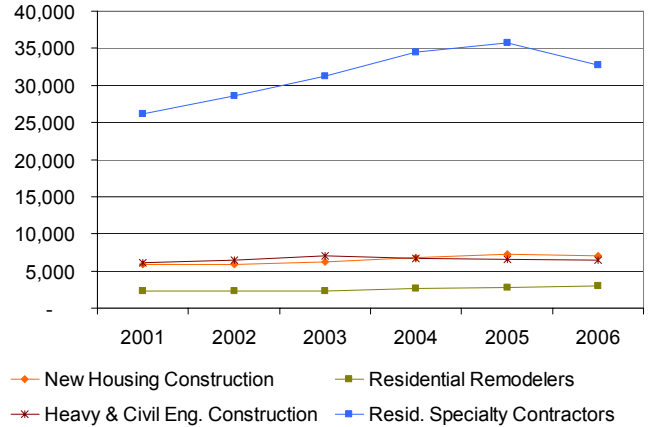


Construction

Within Construction, New Housing Construction grew by 18.7% from 2001 to 2006, up 1,100 jobs; Residential Remodelers grew by 31%, up 700 jobs; Housing-related Heavy & Civil Engineering Construction reported growth of 5.4%, up 300 jobs; and, Residential Specialty Trade Contractors reported growth of 25.0%, up 6,500 jobs. From year-to-year, growth fluctuated for some of these industries.

⁸A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job growth of 9.3%, or over 600 jobs, from 2001 to 2006. This was led by growth in Ready-Mix Concrete Manufacturing (Mfg), up almost 400 jobs; this was also the largest of these industries. Asphalt Shingle & Coating Materials Mfg reported the fastest growth, up 3456.3%. At the same time, three very small industries reported 100.0% losses, including Softwood Veneer & Plywood Mfg, Ceramic Wall & Floor Tile Mfg and Electric Housewares & Household Fan Mfg.

During this time, six of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
327320	Ready-Mix Concrete Mfg	58.8%
321918	Other Millwork (including Flooring)	-16.5%
321911	Wood Window & Door Mfg	15.4%
321113	Sawmills	12.9%
332321	Metal Window & Door Mfg	-10.0%
321214	Truss Mfg	-10.0%
327123	Other Structural Clay Product Mfg	13.4%
321219	Reconstituted Wood Product Mfg	-5.9%
327390	Other Concrete Product Mfg	6.8%
321912	Cut Stock, Resaw Lumber & Planing	20.6%

Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 36.1% from 2001 to 2006, with growth highest from 2004 to 2005.

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
	3.2%	7.4%	4.1%	11.6%	5.6%

HOUSING

(Continued)

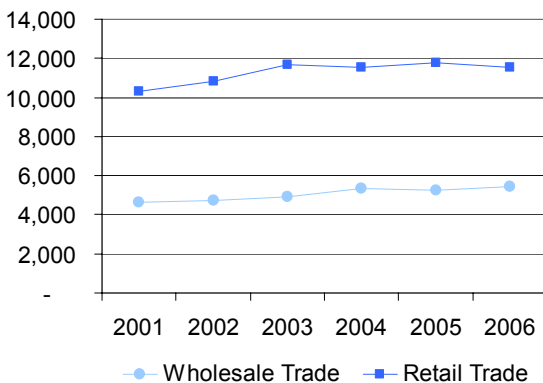
Employment growth from 2001 to 2006:



Within these sectors, the largest industry was Engineering Services, with about 6,400 jobs in 2006. From 2001 to 2006, Mortgage & Nonmortgage Loan Brokers added the most jobs, up 3,500 jobs, and Title Abstract & Settlement Offices reported the fastest growth, up 802.2%. At the same time, Credit Unions reported the most jobs lost, down about 400 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 16.8% from 2001 to 2006, up almost 800 jobs. The largest industry was Lumber, Plywood, Millwork & Wood Panel Wholesalers, with over 1,300 jobs. Brick, Stone & Related Construction Material Wholesalers added the most jobs, up almost 300 jobs, and Plumbing & Heating Equipment & Supplies Wholesalers reported the fastest growth, up 170.7%.



Overall, the Housing-related Retail Trade industries experienced job growth of 11.9% from 2001 to 2006, up over 1,200 jobs. The largest industry was Home Centers, with almost 5,300 jobs. This industry also added the most jobs from 2001 to 2006, up almost 1,400 jobs. A smaller industry, Paint & Wallpaper Stores reported the fastest growth, up 40.4%.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

– Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.





ECONOMIC PROFILE: SOUTHERN CALIFORNIA REGION



Prepared for the



OCTOBER 2008



Secretary Victoria L. Bradshaw – Chair
The Honorable Juan Arambula, California State Assembly
Joseph Fernandez, Active Motif, Inc.
Barry Hibbard, Tejon Ranch Company
Pius Lee, California Realty & Land, Inc.
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The Panel acknowledges the contributions of the Labor Market Information Division of the California Employment Development Department and, notably, John Milat, Mary Rippey, Paul Wessen and Spencer Wong.

PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Southern California Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

SOUTHERN CALIFORNIA REGION

ECONOMIC PROFILE



October 2008

THE SOUTHERN CALIFORNIA REGION

includes five counties, as defined by the California Economic Strategy Panel (Panel): Los Angeles, Orange, Riverside, San Bernardino and Ventura.

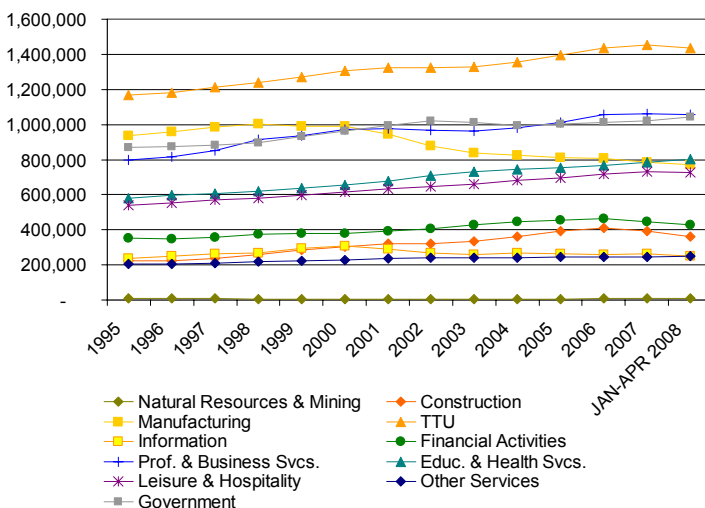
The Southern California Region is the state's largest region, with 48.7% of its population and 46.9% of its jobs (2006). Within the region's five counties, the preliminary unemployment rate for August 2008 ranged from 5.8% in Orange County to 9.7% in Riverside County. The region experienced job growth of 6.5% from 2001 to 2006, adding 446,600 jobs. While jobs grew by 6.5%, the region's Gross Domestic Product (GDP) grew by 51.2% and Per Capita Personal Income grew by 22.1%.

Growth was led by Construction during this period, both in number and percentage of jobs added, up 90,900 jobs or 36.3%. Construction employment increased each year through 2006. Next in number of jobs added were Retail Trade, Accommodation & Food Services, Health Care & Social Assistance, and Other Services.

At the same time, several of the major sectors reported losses. Losses were led by Manufacturing, down 138,700 jobs from 2001 to 2006, although losses had slowed since 2003. Still, while Manufacturing employment declined by 14.5% from 2001 to 2006, its GDP grew by 12.2%.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows overall growth in Nonfarm employment in 2007, but slight negative change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008¹

A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates for 2007 and 2008 from the Current Employment Statistics (CES) program; these data are official estimates, which may be revised when the annual data are finalized. The CES program is a different data source than that used for the rest of the report.

For the Southern California Region, a look at recent preliminary data shows that the region continued to grow jobs into 2007, but this was reversing in early 2008.

Overall, Nonfarm employment grew by 1.1% from 2006 to 2007, with eight super sectors reporting growth and three reporting losses. Other Services reported the fastest growth, followed by Natural Resources & Mining (excluding Farm jobs) and Education & Health Services.

Of interest, losses were reported by Construction, Financial Activities and Manufacturing in 2007, and this continued into early 2008. This represents a reversal for Construction and Financial Activities from the growth in prior years, and is most likely due to the housing downturn. For Manufacturing, the losses reported in 2007 represented the greatest year-over decrease since 2003. These losses continued into early 2008.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007 and from April 2007 to April 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

SOUTHERN CALIFORNIA	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	4.6%	1.1%	-0.6%
Natural Resources & Mining	9.5%	5.5%	1.4%
Construction	28.3%	-4.7%	-8.1%
Manufacturing	-14.7%	-2.7%	-2.1%
Trade, Transportation, & Utilities	8.4%	2.0%	-0.3%
Information	-0.9%	0.5%	-2.1%
Financial Activities	17.2%	-3.3%	-6.0%
Professional & Business Svcs	6.1%	0.6%	0.2%
Educational & Health Services	13.6%	4.7%	2.7%
Leisure & Hospitality	13.4%	2.3%	0.5%
Other Services	-24.5%	16.0%	1.3%
Government	1.7%	1.1%	1.6%

* The 2001 through 2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.

¹ The January to April 2008 data represents a four-month average.

SOUTHERN CALIFORNIA REGION

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level², allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	6.5%
Establishment Growth (2001-2006)	27.2%
GDP Growth ³ (2001-2006)	51.2%
Average Wage (2006, Private Industry)	\$ 45,638
Wage Growth (2001-2006)	18.8%
Firms with < 100 employees (2006)	98.3%
Firms with < 50 employees (2006)	96.1%
Self-employed, not incorporated (2006)	9.0%

WORKFORCE

Unemployment Rate (2006)	4.5%
Population Growth (2001-2006)	5.8%
Per Capita Income (2006)	\$ 37,306
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	17.4% to 34.8%
Families Living in Poverty (2006)	10.5%

QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁴)	43 to 72
Average Commute Time (2006)	25.8 to 31.4 min.
Housing Opportunity Index ⁵ (2007)	6.2% to 13.5%

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

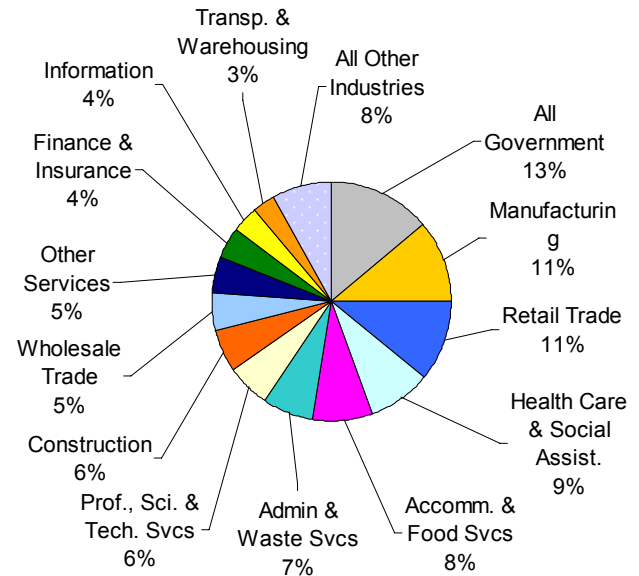
² The North American Industry Classification System (NAICS), 6-digit level.

³ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

⁴ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁵ 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

1. San Joaquin Valley Region	9.9%
2. Greater Sacramento Region	9.4%
3. Southern Border Region	7.7%
4. Southern California Region	6.5%
5. No. Sacramento Valley Region	6.4%
<i>California as-a-whole</i>	<i>6.1%</i>
6. Central Sierra Region	5.9%
7. Central Coast Region	3.6%
8. Northern California Region	1.3%
9. Bay Area Region	-5.8%

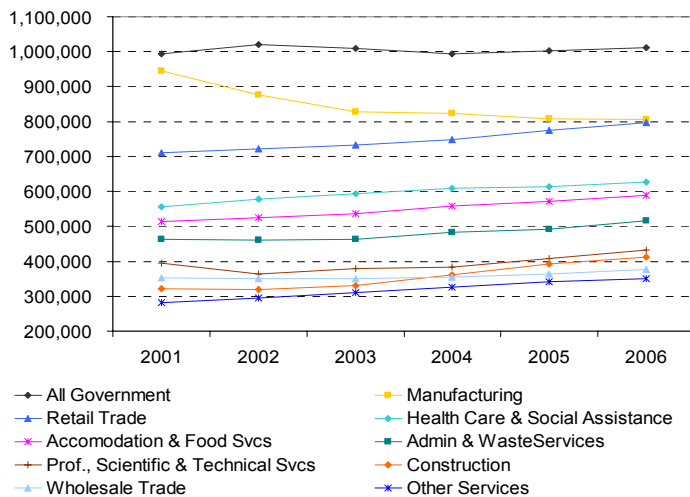
JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-3.3%
Mining (NAICS 21)	8.6%
Utilities (NAICS 22)	10.0%
Construction (NAICS 23)	28.3%
Manufacturing (NAICS 31-33)	-14.7%
Wholesale Trade (NAICS 42)	6.6%
Retail Trade (NAICS 44-45)	12.0%
Transportation & Warehousing (NAICS 48-49)	-0.1%
Information (NAICS 51)	-0.9%
Finance & Insurance (NAICS 52)	18.6%
Real Estate & Rental & Leasing	14.1%
Prof., Scientific & Technical Services (NAICS 54)	9.4%
Mngmt of Companies & Enterprises (NAICS 55)	-21.2%
Administrative & Waste Services (NAICS 56)	11.3%
Educational Services (NAICS 61)	17.5%
Health Care & Social Assistance (NAICS 62)	12.8%
Arts, Entertainment & Recreation (NAICS 71)	6.1%
Accommodation & Food Services (NAICS 72)	15.0%
Other Services (except Public Admin) (NAICS 81)	24.3%
All Government⁶	1.7%

⁶ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

SOUTHERN CALIFORNIA REGION

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



"TOP FIVE" SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Food Services & Drinking Places (NAICS 722)
 Administrative & Support Services (NAICS 561)
 Professional, Scientific & Technical Services (NAICS 541)
 Specialty Trade Contractors (NAICS 238)
 Ambulatory Health Care Services (NAICS 621)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06) (With at least 0.005% of total employment)

Private Households (NAICS 814)
 Funds, Trusts & Other Financial Vehicles (NAICS 525)
 Wholesale Electronic Markets, Agents, Brokers (NAICS 425)
 Support Activities for Mining (NAICS 213)
 Other Information Services (NAICS 519)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) (With at least 0.005% of total employment)

Textile Mills (NAICS 313), 1.9 LQ
 Apparel Manufacturing (NAICS 315), 1.9 LQ
 Motion Picture & Sound Recording (NAICS 512), 1.9 LQ
 Leather & Allied Product Mfg (NAICS 316), 1.7 LQ
 Monetary Authorities - Central Bank (NAICS 521), 1.7 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006)

Securities & Other Investments & Services (NAICS 523)
 Oil & Gas Extraction (NAICS 211)
 Performing Arts, Spectator Sports & Related (NAICS 711)
 Pipeline Transportation (NAICS 486)
 Petroleum & Coal Products Mfg (NAICS 324)

The average annual wages range from \$98.9K to \$177.2K.

AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
 Temporary Help Services (NAICS 561320)
 Limited-Service Restaurants (NAICS 722211)
 General Medical & Surgical Hospitals (NAICS 622110)
 Private Households (NAICS 814110)
 Supermarkets & Other Grocery Stores (NAICS 445110)
 Offices of Physicians (NAICS 621111)
 Motion Picture & Video Production (NAICS 512110)
 Corp., Subsidiary & Regional Managing Ofcs (NAICS 551114)
 Hotels & Motels (NAICS 721110)

The ten fastest growing (with at least 0.005% of total employment):

Guided Missile & Space Vehicle Propulsion Mfg (NAICS 336120)
 Other Financial Vehicles (NAICS 525990)
 Other Scientific & Technical Consulting Svcs (NAICS 541690)
 Offices of Bank Holding Companies (NAICS 551111)
 Hydroelectric Power Generation (NAICS 221111)
 Residential Other Bldg Equipmt Contractors (NAICS 238291)
 Other Depository Credit Intermediation (NAICS 522190)
 Other Specialized Design Services (NAICS 541490)
 All Other Basic Organic Chemical Mfg (NAICS 325199)
 Prefabricated Wood Building Mfg (NAICS 321992)

The ten with the strongest competitive advantage:

Sanitary Paper Product Mfg (NAICS 322291)
 Motor Home Mfg (NAICS 336213)
 Rubber & Plastics Footwear Mfg (NAICS 316211)
 Blankbook, Looseleaf Binders & Devices Mfg (NAICS 323118)
 Household Cooking Appliance Mfg (NAICS 335221)
 Other Knit Fabric & Lace Mills (NAICS 313249)
 Fluid Power Valve & Hose Fitting Mfg (NAICS 332912)
 Light Truck & Utility Vehicle Mfg (NAICS 336112)
 Abrasive Product Mfg (NAICS 327910)
 Women's Footwear (except Athletic) Mfg (NAICS 316214)

SOUTHERN CALIFORNIA REGION

AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

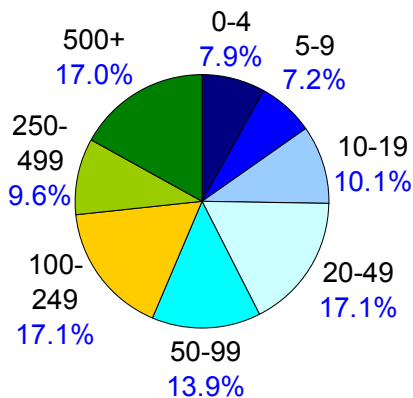
The ten highest paying industries:

Independent Artists, Writers & Performers (NAICS 711510), \$251K
 Portfolio Management (NAICS 523920), \$220.4K
 Investment Banking & Securities (NAICS 523110), \$199.5K
 Offices of Bank Holding Companies (NAICS 551111), \$180K
 Securities Brokerage (NAICS 523120), \$172.8K
 Investment Advice (NAICS 523930), \$171.3K
 Crude Petroleum & Nat. Gas Extrctn (NAICS 211111), \$162.2K
 Offices of Other Holding Companies (NAICS 551112), \$151.6K
 Sports Teams & Clubs (NAICS 711211), \$150K
 Musical Groups & Artists (NAICS 711130), \$149.5K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 98.3% of all businesses in the region and provided 55.8% of all jobs in the region. Firms with 500 or more employees made up 0.2% of all businesses, and provided 17.0% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



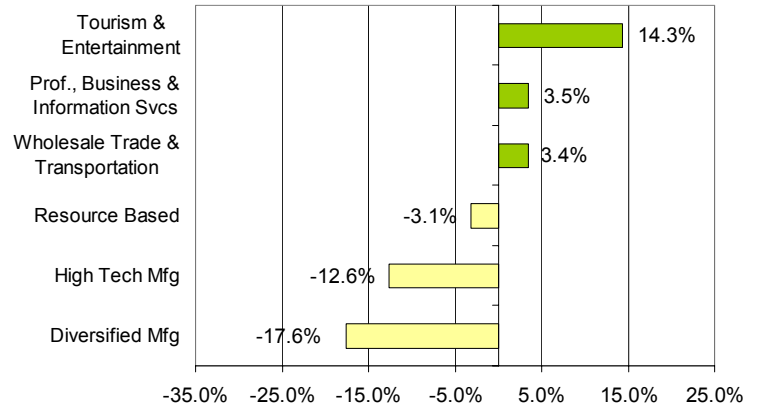
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	26.1%	35.7%
5-9	9.6%	9.8%
10-19	9.1%	8.8%
20-49	6.3%	7.0%
50-99	2.9%	3.1%
100-249	6.8%	6.3%
250-499	-0.1%	-0.2%
500-999	15.6%	15.8%
1,000+	7.6%	1.1%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

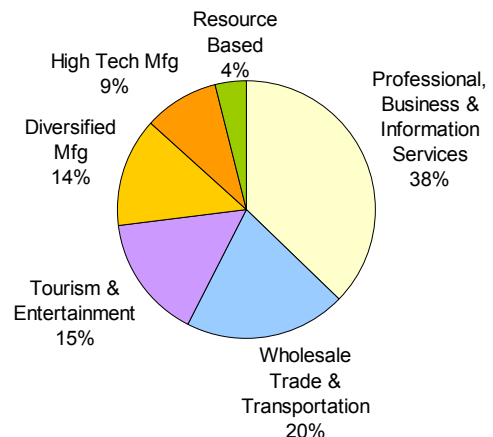
EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided 26.8% of all jobs in the region. The traditional base reported job losses of 0.6% from 2001 to 2006, down 11,500 jobs. Losses were led by Diversified Manufacturing, down 57,600 jobs or 17.6%; and, High Tech Manufacturing, down 26,600 jobs or 12.6%. Within these sectors, only Pharmaceutical & Medicine Manufacturing and Navigational, Measuring, Electromedical & Control Instruments Manufacturing reported growth.

The greatest number and percentage of job growth was reported by Tourism & Entertainment, up almost 37,600 jobs or 14.3%. Second, Professional, Business & Information Services grew by 24,500 jobs or 3.5%.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

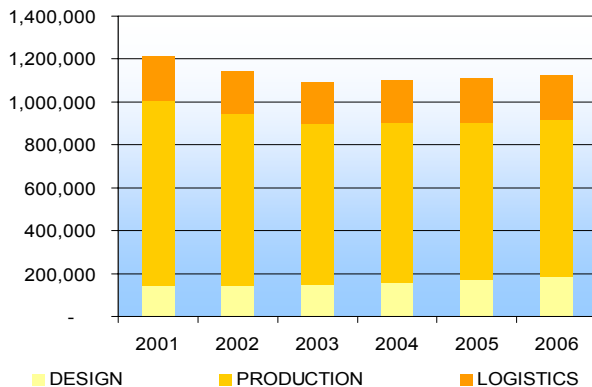
The Manufacturing sector provided 11.0% of the region's jobs in 2006. The sector reported overall job losses of 14.5% from 2001 to 2006, down almost 138,700 jobs. Most losses occurred from 2001 to 2003; from 2005 to 2006, the sector reported losses of just 0.2%. At the same time, the region's manufacturing GDP grew by 12.2%. Preliminary data for 2007 suggests continued job losses from 2006 to 2007 (2.7%), and into early 2008.

While Manufacturing as a whole experienced job losses from 2001 to 2006, some industries reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries included Chocolate & Confectionery Mfg; Guided Missile & Space Vehicle Propulsion Unit Mfg; Household Vacuum Cleaner Mfg; All Other Basic Organic Chemical Mfg; Prefabricated Wood Building Mfg; Nitrogenous Fertilizer Mfg; Clay Refractory Mfg; Stationery, Tablet & Related Product Mfg; Men's & Boys' Cut & Sew Underwear & Nightwear Mfg; and, Rolling Mill Machinery & Equipment Mfg.

The largest industries (at the 6-digit NAICS level) included Women's, Girls' & Infants' Cut & Sew Apparel; Search, Detection, Navigation, Guidance, Aeronautical & Nautical System Mfg; Aircraft Mfg; Other Aircraft Parts & Auxiliary Equipment Mfg; Pharma. Prep. Mfg; Machine Shops; All Other Plastics Product Mfg; Commercial Lithographic Printing; Semiconductor & Related Device Mfg; and, Women's & Girls' Cut & Sew Other Outerwear Mfg.

Looking at the Manufacturing Value Chain industry cluster, both Production and Logistics reported losses from 2001 to 2006. Production lost 15.6% of its jobs, down 134,700 jobs, and Logistics lost 0.3%, down 500 jobs. At the same time, Design reported job growth of 32.4%, up over 45,900 jobs.

Manufacturing Value Chain employment change 2001-2006:



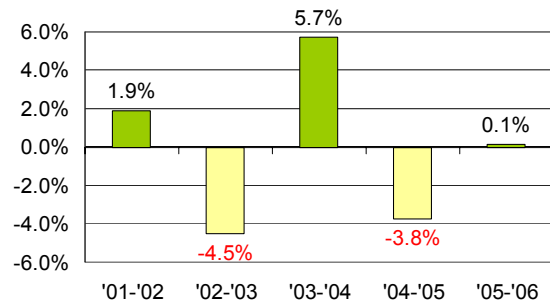
Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

INFORMATION

The Information sector provided 3.6% of all jobs in the region in 2006. The region had a higher concentration of jobs in this sector (1.2 LQ) than found statewide. At the industry group level (4-digit NAICS), the highest concentrations were found in Motion Picture & Video Industries (1.9 LQ); Satellite Telecommunications (1.8 LQ); Cable & Other Program Distribution (1.8 LQ); and, Sound Recording Industries (1.7 LQ).

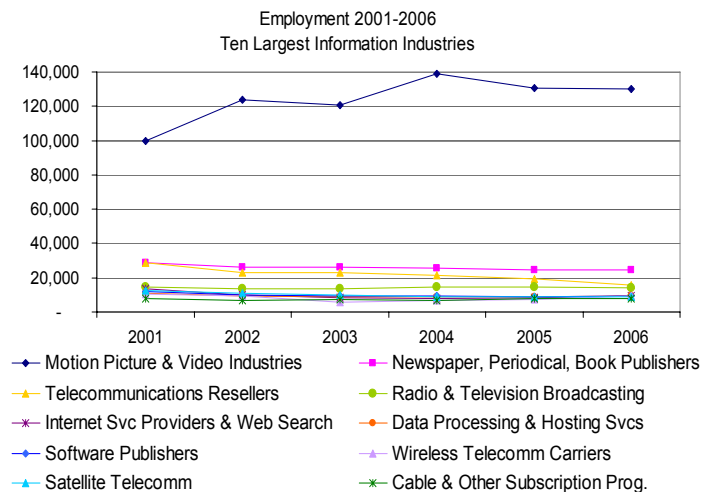
Overall, the sector experienced modest job losses from 2001 to 2006, down over 2,200 jobs or 1.0%. Job growth fluctuated each year, with the highest number of jobs reported in 2004 and the lowest reported in 2003.

YEAR-TO-YEAR EMPLOYMENT CHANGE



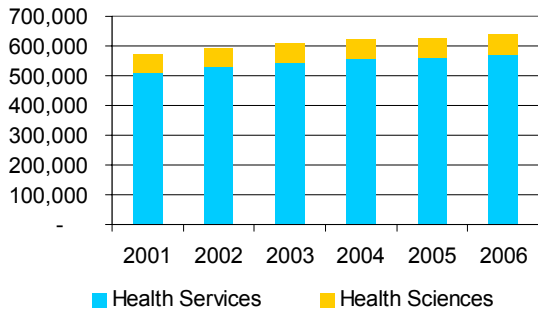
Most industries within the sector reported overall job losses from 2001 to 2006, led by Telecommunications Resellers, down over 12,700 jobs or 44.7%. This was also the greatest percentage of jobs lost. Next in number of jobs lost, Newspaper, Periodical, Book & Directory Publishers lost almost 4,200 jobs, and Internet Service Providers & Web Search Portals lost almost 4,100 jobs.

At the same time, some industries reported job growth. The greatest number of jobs added was reported by Motion Picture & Video Industries, up 30,200 jobs (up 30.2%); the greatest percentage (fastest) growth was reported by Other Information Services, up over 500 jobs or 38.4%. The others reporting growth included Cable & Other Subscription Programming (up 500 jobs); and, Wired Telecommunications Carriers (up about 25 jobs).



HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 8.8% of all jobs in the region in 2006. From 2001 to 2006, the cluster grew by 11.6%, up over 66,600 jobs. The region had an equal concentration of Health Sciences & Services jobs to that found at the statewide level (1.0 LQ).



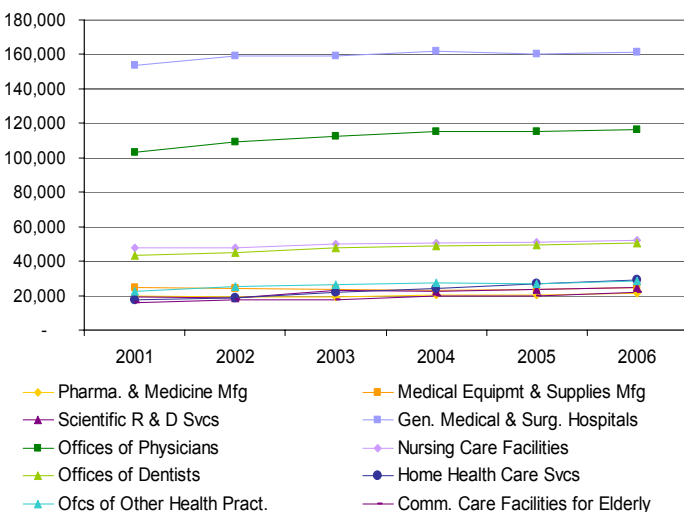
Health Sciences

Health Sciences experienced job growth of 10.8% from 2001 to 2006, up almost 6,900 jobs. Within Health Sciences, Scientific Research & Development grew by 5,300 jobs, or 27.8%. Pharmaceutical & Medicine Manufacturing also reported growth during this period, up 8.8%, while Medical Equipment & Supplies Manufacturing reported slight losses of 0.7%.

Health Services

Health Services, which includes the health care industries, experienced job growth of 11.7% from 2001 to 2006, up 59,800 jobs. Within Health Services, Home Health Care reported the greatest percentage of growth, up 67.9% (11,800 jobs), and Offices of Physicians added the most jobs, up 13,200 jobs. At the same time, Residential Mental Health & Substance Abuse Facilities reported the greatest number and percentage of jobs lost, down 15,800 jobs, or 30.6%. The region had a high concentration of Psychiatric & Substance Abuse Hospitals (1.7 LQ) and Medical & Diagnostic Labs (1.4 LQ).

The following graph shows employment change for the three Health Sciences industries and the top seven Health Services industries (based on 2006 employment size).



PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

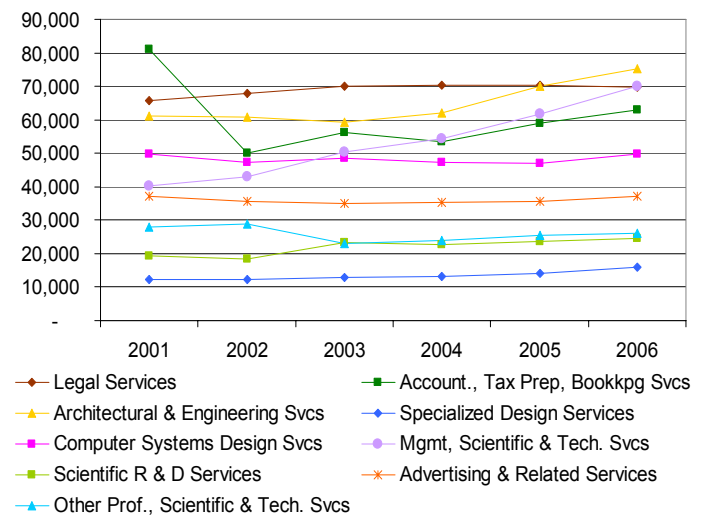
The Professional, Scientific & Technical Services sector provided 5.9% of the region's jobs in 2006. The sector reported overall job growth of 9.4%, or 37,100 jobs, from 2001 to 2006. Jobs declined from 2001 to 2002, then grew each year in 2003 through 2006.

Overall, the region had a lower concentration of Professional, Scientific & Technical Services jobs (0.9 LQ) than found statewide; however, several industry groups with the sector have higher levels, led by Advertising & Related Services (1.3 LQ) and Specialized Design Services (1.3 LQ).

Within the sector, Management, Scientific & Technical Consulting Services reported the greatest number and percentage of job growth, up almost 29,800 jobs or 73.9%. This was followed by Architectural & Engineering Services, up 14,100 jobs (23.1%) and Scientific Research & Development, up 3,800 jobs (27.8%).

The other growing industries included Legal Services (up 3,900 jobs); Specialized Design Services (up 3,800 jobs); Advertising & Related Services (up about 40 jobs); and, Computer Systems Design Services (also up about 40 jobs).

The following graph shows employment change from 2001 to 2006 for all industry groups in the sector.



Two industry groups in the sector reported job losses from 2001 to 2006. The greatest number and percentage of jobs lost was experienced by Accounting, Tax Preparation & Bookkeeping Services, down 18,100 jobs or 22.4%. Other Professional, Scientific & Technical Services also reported losses, down almost 1,800 jobs or 6.3%.

SOUTHERN CALIFORNIA REGION

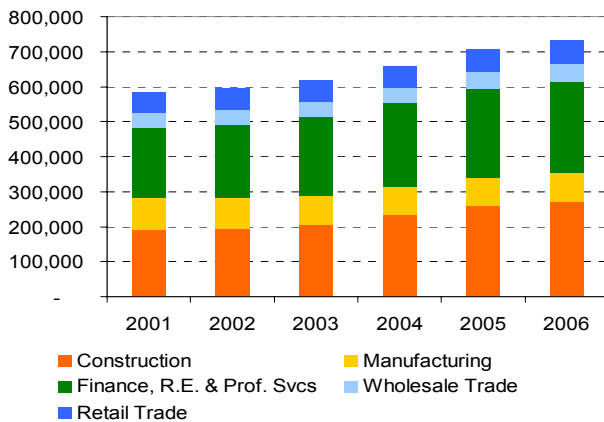
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁷; and related wholesale and retail trade. As defined, this cluster provided 10.0% of the region's jobs in 2006, with about 732,100 jobs.

Overall, Housing experienced job growth of 25.2% from 2001 to 2006. Within the cluster, Construction grew by 43.2%, up 82,200 jobs; Manufacturing reported losses of 12.3% (down 80,400 jobs); Finance, Real Estate & Professional Services reported 31.2% growth (up 62,200 jobs); Wholesale Trade grew by 14.7% (up over 6,400 jobs); and, Retail Trade grew by 13.1% (up 7,700 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	2.3%	6.2%	12.8%	10.3%	5.9%
Housing-related Manufacturing	-7.4%	-5.4%	-0.7%	-0.5%	1.3%
Finance, RE & Prof. Svcs	5.8%	7.4%	5.2%	8.2%	1.5%
Housing-related Wholesale Trade	-0.2%	-0.7%	2.7%	5.6%	6.8%
Housing-related Retail Trade	3.6%	0.2%	2.0%	3.3%	3.4%
Housing Cluster	1.9%	3.8%	6.5%	7.2%	3.6%

Employment change from 2001 to 2006:

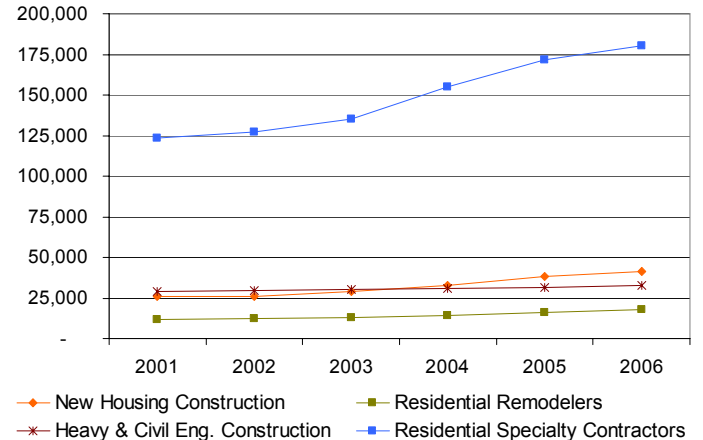


Construction

Within Construction, New Housing Construction grew by 62% from 2001 to 2006, up 15,900 jobs; Residential Remodelers grew by 49.4% (up 5,900 jobs); Housing-related Heavy & Civil Engineering Construction reported job growth of 13.0% (up 3,800 jobs); and, Residential Specialty Trade Contractors reported growth of 45.9% (up over 56,600 jobs).

⁷A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 4.7% from 2001 to 2006. The losses occurred from 2001 to 2003, down 5.2% in 2002 and down 3.8% in 2003. After these losses, the industries reported job growth in 2004 (up 1.5%), in 2005 (up 1.1%), and again in 2006 (up 1.7%). It appears that the housing downturn may not have impacted overall job growth yet in these industries, suggesting the impact of the housing downturn was felt later in the Southern California Region than in some other regions.

During this time, five of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
326199	All Other Plastics Product Mfg	-30.6%
332722	Bolt, Nut, Screw, Rivet, Washer Mfg	-2.4%
332321	Metal Window & Door Mfg	0.6%
327320	Ready-Mix Concrete Mfg	14.4%
326191	Plastics Plumbing Fixture Mfg	32.9%
332510	Hardware Mfg	-31.5%
327390	Other Concrete Product Mfg	-6.2%
325510	Paint & Coating Mfg	2.2%
321918	Other Millwork (including Flooring)	-15.0%
331111	Iron & Steel Mills	17.7%

Finance & Insurance, Real Estate and Professional Services

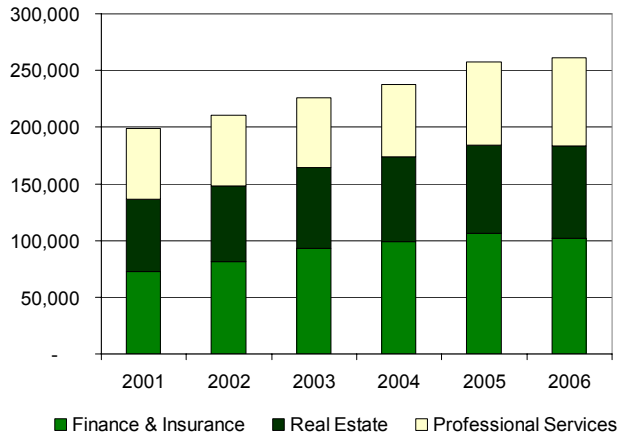
Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 31.2% from 2001 to 2006, with growth strongest from 2004 to 2005.

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
	5.8%	7.4%	5.2%	8.2%	1.5%

HOUSING

(Continued)

Employment growth from 2001 to 2006:



Within these sectors, the largest industry is Engineering Services, with about 46,600 jobs in 2006, followed by Real Estate Credit, with 40,400 jobs. From 2001 to 2006, Real Estate Credit added the most jobs, up 15,300 jobs, and Mortgage & Nonmortgage Loan Brokers reported the fastest growth, up 132.5%. At the same time, several industries reported job losses, with Lessors of Residential Buildings & Dwellings reporting the most jobs lost, down over 1,300 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 14.7% from 2001 to 2006, up over 6,400 jobs. The largest industry is Electrical Apparatus, Equipment & Supplies Wholesalers, with almost 9,500 jobs. Brick, Stone & Related Construction Material Wholesalers added the most jobs, up 2,000 jobs, and Other Construction Material Wholesalers reported the fastest growth, up 93.7%.



Overall, the Housing-related Retail Trade industries experienced job growth of 13.1% from 2001 to 2006, up 7,700 jobs. The largest industry is Home Centers, with almost 33,700 jobs. This industry also added the most jobs from 2001 to 2006, up over 9,200 jobs, or 37.6%, which is also the fastest growth reported.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

– Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOUTHERN CALIFORNIA REGION

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.





ECONOMIC PROFILE: SOUTHERN BORDER REGION



Prepared for the



OCTOBER 2008



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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Southern Border Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

SOUTHERN BORDER REGION

ECONOMIC PROFILE



October 2008

THE SOUTHERN BORDER REGION includes two counties, as defined by the California Economic Strategy Panel (Panel): Imperial and San Diego.

The Southern Border Region is the state's fourth largest region based on 2006 population and third largest based on 2006 employment, with 8.6% of its population and 8.8% of its jobs. Within the region, the preliminary unemployment rate for August 2008 was 6.4% in San Diego County and 24.7% in Imperial County. Imperial County reported the highest unemployment rate of all 58 counties.

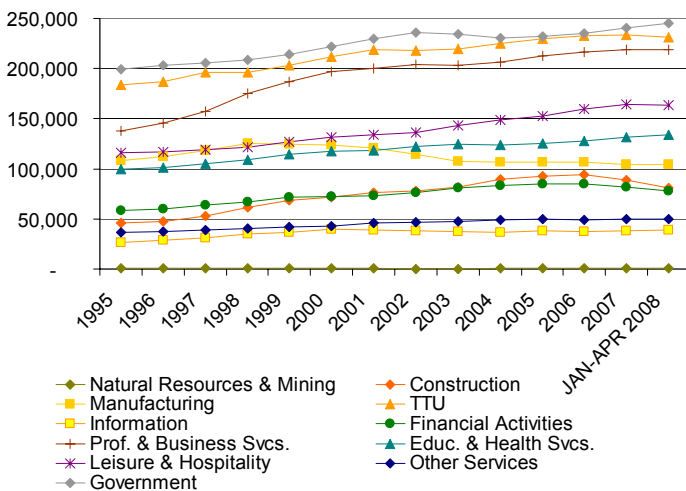
From 2001 to 2006, the region experienced job growth of 7.7% from 2001 to 2006, while the region's Gross Domestic Product (GDP) grew by 68.2% and Per Capita Personal Income grew by 26.2% (2001 to 2006).

During this period, Accommodation & Food Services added the most jobs, followed by Construction, Retail trade and Professional, Scientific & Technical Services. The fastest growth was reported by Educational Services (30.9%). At the same time, five of the twenty major sectors reported job losses, led by losses in Manufacturing.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows overall growth in Nonfarm employment in 2007, and positive year-over change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008¹



A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.

For the Southern Border Region, a look at 2007 employment data shows job growth continued in 2007. Overall, Nonfarm employment grew by 1.4% from 2006 to 2007, and the year-over changes from April 2007 to April 2008 showed slight growth.

From 2006 to 2007, seven super sectors reported growth, while four reported losses. Growth was strongest in Other Services, followed by Educational & Health Services and Leisure & Hospitality. At the same time, Natural Resources & Mining (this does not include Farm employment), Construction, Manufacturing and Financial Activities all reported losses.

The job decline in Manufacturing appeared to slow in 2007. The previous growth in Construction and Financial Activities appeared to reverse in 2007, likely reflecting the impact of the recent housing downturn.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

SOUTHERN BORDER	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	6.7%	1.4%	0.2%
Natural Resources & Mining	15.8%	-13.6%	0.0%
Construction	23.1%	-5.3%	-9.3%
Manufacturing	-12.7%	-1.6%	0.1%
Trade, Transp. & Utilities	8.1%	0.9%	-0.04%
Information	-3.4%	2.1%	2.4%
Financial Activities	16.2%	-4.4%	-6.5%
Professional & Business Svcs	9.2%	1.4%	0.8%
Educational & Health Services	8.5%	4.3%	2.3%
Leisure & Hospitality	17.7%	4.0%	2.9%
Other Services	-7.5%	14.3%	3.5%
Government	2.3%	2.2%	1.7%

* The 2001 through 2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.

¹ The January to April 2008 data represents a four-month average.

SOUTHERN BORDER REGION

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level², allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	7.7%
Establishment Growth (2001-2006)	24.4%
GDP Growth ³ (2001-2006)	68.2%
Average Wage (2006, Private Industry)	\$ 44,368
Wage Growth (2001-2006)	19.3%
Firms with < 100 employees (2006)	98.1%
Firms with < 50 employees (2006)	95.7%
Self-employed, not incorporated (2006)	8.4%

WORKFORCE

Unemployment Rate (2006)*	4.4%
Population Growth (2001-2006)	3.1%
Per Capita Income (2006)	\$ 41,784
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	10.6% to 33.3%
Families Living in Poverty (2006)	8.5%

* Imperial County, 15.3%; San Diego County, 4.0%.

QUALITY OF PLACE

Air Quality Index (2006 Median AQI ⁴)	49 to 57
Average Commute Time (2006)	16.8 to 24.9 min.
Housing Opportunity Index ⁵ (2007)	14.3% to 15.5%

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

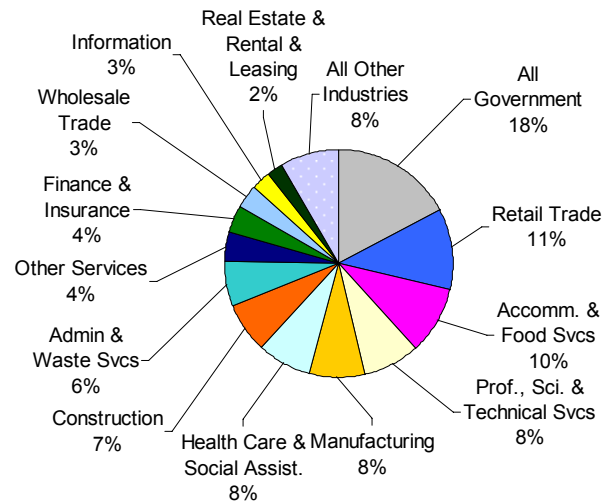
² The North American Industry Classification System (NAICS), 6-digit level.

³ GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.

⁴ An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous*).

⁵ 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

1. San Joaquin Valley Region	9.9%
2. Greater Sacramento Region	9.4%
3. Southern Border Region	7.7%
4. Southern California Region	6.5%
5. No. Sacramento Valley Region	6.4%
<i>California as-a-whole</i>	<i>6.1%</i>
6. Central Sierra Region	5.9%
7. Central Coast Region	3.6%
8. Northern California Region	1.3%
9. Bay Area Region	-5.8%

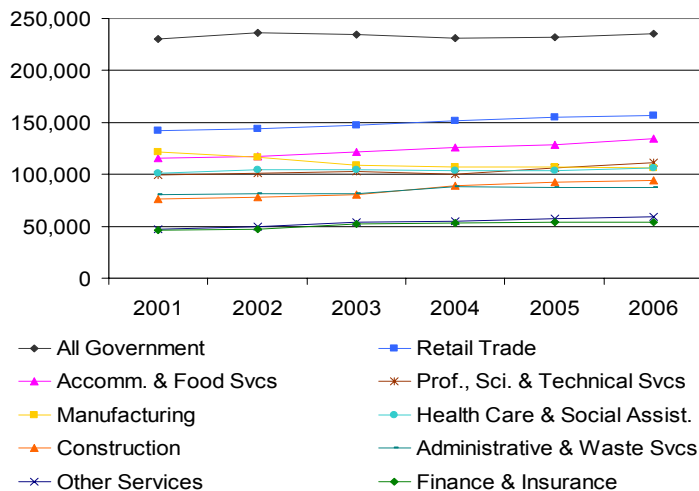
JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 (NAICS 2-DIGIT) (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-1.4%
Mining (NAICS 21)	15.8%
Utilities (NAICS 22)	22.7%
Construction (NAICS 23)	23.1%
Manufacturing (NAICS 31-33)	-12.7%
Wholesale Trade (NAICS 42)	13.1%
Retail Trade (NAICS 44-45)	10.2%
Transportation & Warehousing (NAICS 48-49)	-14.1%
Information (NAICS 51)	-3.4%
Finance & Insurance (NAICS 52)	18.6%
Real Estate & Rental & Leasing	12.4%
Prof., Scientific & Technical Services (NAICS 54)	12.1%
Mngmt of Companies & Enterprises (NAICS 55)	-5.4%
Administrative & Waste Services (NAICS 56)	8.9%
Educational Services (NAICS 61)	30.9%
Health Care & Social Assistance (NAICS 62)	5.1%
Arts, Entertainment & Recreation (NAICS 71)	28.7%
Accommodation & Food Services (NAICS 72)	16.0%
Other Services (except Public Admin) (NAICS 81)	24.1%
All Government⁶	2.3%

⁶ All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

SOUTHERN BORDER REGION

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



“TOP FIVE” SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Professional, Scientific & Technical Services (NAICS 541)
 Food Services & Drinking Places (NAICS 722)
 Administrative & Support Services (NAICS 561)
 Specialty Trade Contractors (NAICS 238)
 Ambulatory Health Care Services (NAICS 621)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06)

(With at least 0.005% of total employment)

Internet Publishing & Broadcasting (NAICS 516)
 Funds, Trusts & Other Financial Vehicles (NAICS 525)
 Wholesale Electronic Markets, Agents, Brokers (NAICS 425)
 Private Households (NAICS 814)
 Amusement, Gambling & Recreation (NAICS 713)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) (With at least 0.005% of total employment)

Scenic & Sightseeing Transportation (NAICS 487), 2.9 LQ
 Museums, Historical Sites & Similar (NAICS 712), 2.6 LQ
 Telecommunications (NAICS 517), 1.7 LQ
 Accommodation (NAICS 721), 1.6 LQ
 Internet Publishing & Broadcasting (NAICS 516), 1.5 LQ

* Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006) (With at least 0.005% of total employment)

Telecommunications (NAICS 517)
 Securities & Other Investments & Services (NAICS 523)
 Internet Publishing & Broadcasting (NAICS 516)
 Computer & Electronic Product Mfg (NAICS 334)
 Utilities (NAICS 221)

The average annual wages range from \$84.7K to \$139.5K.

AT THE MOST DETAILED INDUSTRY LEVEL (NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely on such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
 Limited-Service Restaurants (NAICS 722211)
 Temporary Help Services (NAICS 561320)
 Hotels (except Casino Hotels) & Motels (NAICS 721110)
 R&D in Physical, Engineering & Life Sciences (NAICS 541710)
 Supermarkets & Other Grocery Stores (NAICS 445110)
 General Medical & Surgical Hospitals (NAICS 622110)
 Offices of Physicians (except Mental Health) (NAICS 621111)
 Corp., Subsidiary & Regional Managing Ofcs (NAICS 551114)
 Engineering Services (NAICS 541330)

The ten fastest growing (with at least 0.005% of total employment):

Casino Hotels (NAICS 721120)
 Health & Welfare Funds (NAICS 525120)
 Hydroelectric Power Generation (NAICS 221111)
 Office Furniture (except Wood) Mfg (NAICS 337214)
 Industrial Gas Mfg (NAICS 325120)
 Residential Siding Contractors (NAICS 238171)
 All Other Basic Organic Chemical Mfg (NAICS 325199)
 Other Financial Vehicles (NAICS 525990)
 Jewelers' Material & Lapidary Work Mfg (NAICS 339913)
 All Other Grain Farming (NAICS 111199)

The ten with the strongest competitive advantage: (With at least 0.005% of total employment)

Petrochemical Mfg (NAICS 325110)
 Ship Building & Repairing (NAICS 336611)
 Sugar Beet Farming (NAICS 111991)
 Casino Hotels (NAICS 721120)
 In-Vitro Diagnostic Substance Mfg (NAICS 325413)
 Zoos & Botanical Gardens (NAICS 712130)
 Other Support Activities for Water Transp. (NAICS 488390)
 Other Metalworking Machinery Mfg (NAICS 333518)
 Specialty Hospitals (NAICS 622310)
 Motor Vehicle Steering & Suspension Mfg (NAICS 336330)

SOUTHERN BORDER REGION

AT THE MOST DETAILED INDUSTRY LEVEL

(Continued)

The ten highest paying industries:

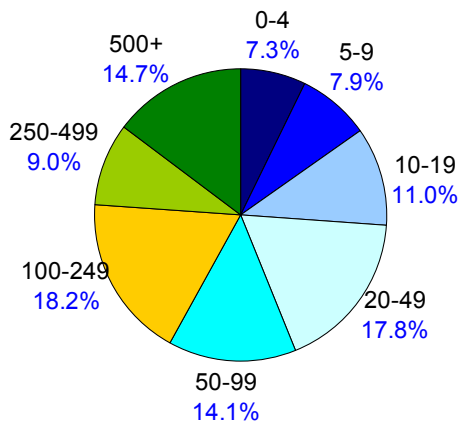
(With at least 0.005% of total employment)

- Sports Teams & Clubs (NAICS 711211), \$221.4K
- Cellular & Other Wireless Telecomm (NAICS 517212), \$194.8K
- New Housing Operative Builders (NAICS 236117), \$168.2K
- Offices of Other Holding Companies (NAICS 551112), \$147.5K
- Miscellaneous Intermediation (NAICS 523910), \$138.5K
- Investment Banking & Securities (NAICS 523110), \$129.7K
- Portfolio Management (NAICS 523920), \$120.7K
- Photogr. Equipmt & Supplies Whslrs (NAICS 423410), \$120K
- Surface Active Agent Mfg (NAICS 325613), \$112.3K
- Other Computer Peripheral Equipmt Mfg (NAICS 334119), \$110.5K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 98.1% of all businesses in the region and provided 58.0% of all jobs in the region. Firms with 500 or more employees made up 0.2% of all businesses, and provided 14.7% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



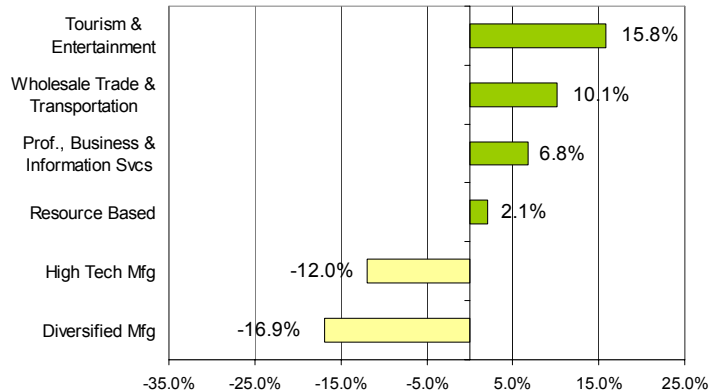
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	23.7%	32.9%
5-9	10.6%	10.9%
10-19	9.0%	9.1%
20-49	9.0%	9.9%
50-99	3.6%	3.4%
100-249	7.3%	7.9%
250-499	1.9%	3.0%
500-999	13.8%	12.0%
1,000+	21.9%	27.3%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

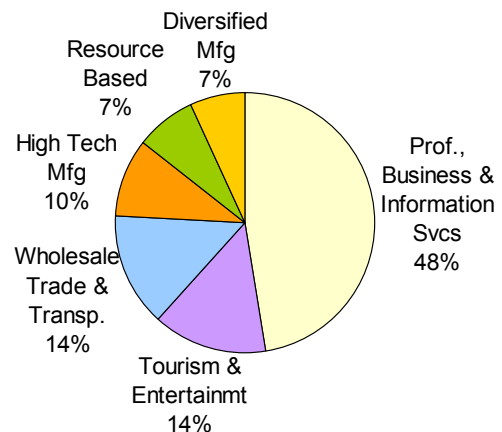
EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided 24.5% of all jobs in the region. Four of the six sectors reported job growth from 2001 to 2006. The sector with the most jobs gained was Professional, Business & Information Services, up 10,200 jobs (6.8%), and the fastest growth (greatest percentage of growth) was reported by Tourism & Entertainment, up 15.8%.

During this period, both Diversified and High Tech Manufacturing experienced job losses of 16.9% (4,800 jobs) and 12.0% (4,500 jobs) respectively. At the same time, two industries in these sectors reported job growth; Navigational, Measuring, Electromedical & Control Instruments Manufacturing added over 2,000 jobs (32.5%), and Chemical Manufacturing (not including Pharma & Medicine) added over 300 jobs (17.5%).

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

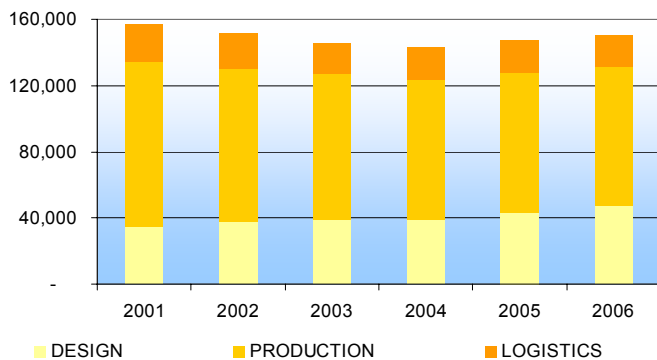
The Manufacturing sector provided 7.8% of the region's jobs in 2006. The sector reported overall job losses of 12.5% from 2001 to 2006, down almost 15,600 jobs. At the same time, the region's manufacturing GDP grew by 13.5%. Preliminary data for 2007 showed slowing job losses from 2006 to 2007, while the year-over change for the month of April (2007 to 2008) showed a slight gain.

While Manufacturing as a whole suffered significant losses from 2001 to 2006, some of its industries reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries (providing at least 0.005% of the region's jobs) included Office Furniture (except Wood) Mfg; Industrial Gas Mfg; All Other Basic Organic Chemical Mfg; Jewelers' Material & Lapidary Work Mfg; Electron Tube Mfg; Coffee & Tea Mfg; Farm Machinery & Equipment Mfg; Fruit & Vegetable Canning; Paint & Coating Mfg; and, Perishable Prepared Food Mfg.

The largest industries (at the 6-digit NAICS level) included Ship Building & Repairing; Search, Detection, Navigation, Guidance, Aeronautical & Nautical Systems Mfg; Other Aircraft Parts & Auxil. Equipment Mfg; Radio & Television Broadcasting & Wireless Communications Equipment Mfg; Audio & Video Equipment Mfg; Semiconductor & Related Device Mfg; Sporting & Athletic Goods Mfg; In-Vitro Diagnostic Substance Mfg; Other Computer Peripheral Equipment Mfg; and, Machine Shops.

Looking at the Manufacturing Value Chain industry cluster, both Production and Logistics reported losses from 2001 to 2006. Production lost 14.9% of its jobs, down 14,800 jobs, and Logistics lost 16.5%, down 3,800 jobs. At the same time, Design reported job growth of 34.0%, up 12,000 jobs.

Manufacturing Value Chain employment change 2001-2006:

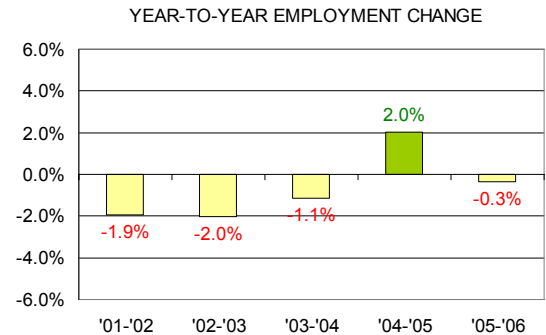


Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

INFORMATION

The Information sector provided 2.7% of all jobs in the region in 2006. Telecommunications and Publishing (except Internet) were the largest sub-sectors. The region had a slightly lower concentration of jobs in Information than found statewide; however, some sub-sectors had higher concentrations, including Telecommunications (1.7 LQ) and Internet Publishing & Broadcasting (1.5 LQ).

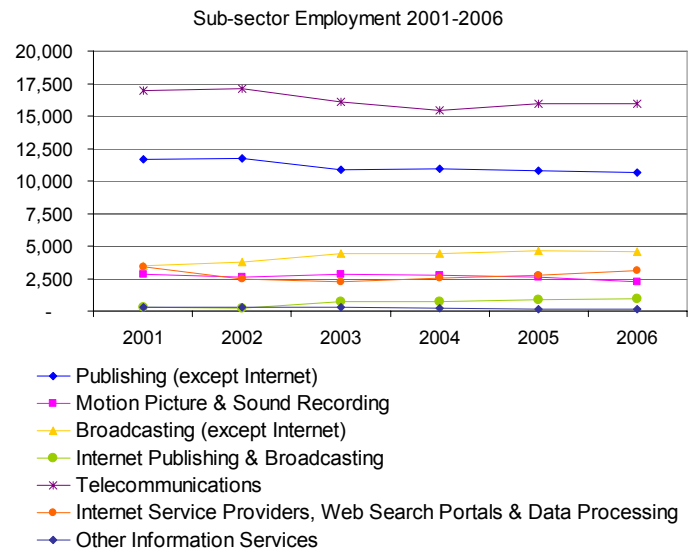
Overall, the sector experienced job losses from 2001 to 2006, down 1,300 jobs or 3.4%. Jobs declined each year, with the exception of 2005, when there was a 2.0% increase.



Since 2006, the most current data suggests that job losses may be reversing, with preliminary data showing 2.1% growth from 2006 to 2007, and the year-over change for the month of April (2007 to 2008) also showing growth.

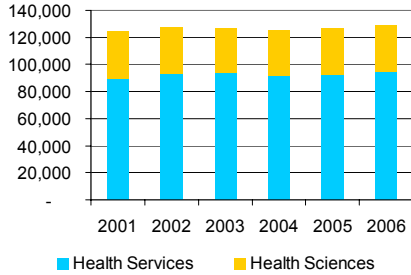
Most sub-sectors reported job losses from 2001 to 2006. The two largest sub-sectors reported the greatest number of jobs lost; these were Publishing (except Internet), led by losses in Software Publishers, and Telecommunications, led by losses in Telecommunications Resellers. Both sub-sectors lost just over 1,000 jobs.

At the same time, two sub-sectors reported growth; Broadcasting (except Internet) grew by 1,100 jobs (led by Cable & Other Subscription Programming); and, Internet Publishing & Broadcasting grew by 600 jobs.



HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 9.4% of all jobs in the region in 2006. From 2001 to 2006, the cluster grew by 3.7%, or over 4,500 jobs. The region had a slightly higher concentration of Health Sciences & Services jobs (1.1 LQ) than the statewide level (1.0 LQ).



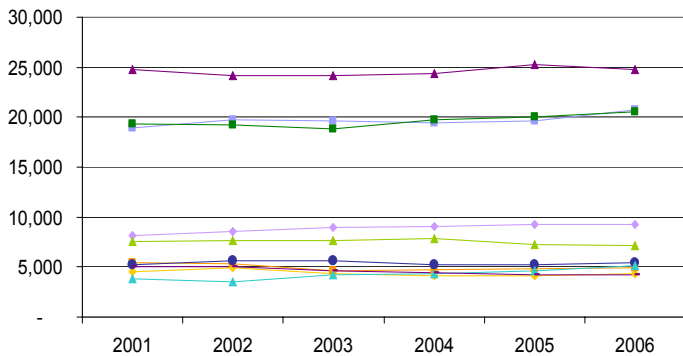
Health Sciences

Health Sciences experienced job losses of 1.8%, or over 600 jobs, from 2001 to 2006. Still, the region had a higher concentration of these jobs (2.0 LQ) than found statewide. Within Health Sciences, only Scientific Research & Development reported growth, up just over 20 jobs or 0.1%. Medical Equipment & Supplies Manufacturing reported losses of 9.0%, down almost 500 jobs, and Pharmaceutical & Medicine Manufacturing declined by 3.8%, down almost 200 jobs.

Health Services

Health Services, which includes the health care industries, grew by almost 5,200 jobs or 5.8% from 2001 to 2006. Community Care Facilities for the Elderly reported the fastest growth, up 32.0%, and Offices of Physicians added the most jobs, up almost 1,900 jobs. At the same time, Psychiatric & Substance Abuse Hospitals reported the greatest percentage of losses, down 50.8%, and Residential Mental Health & Substance Abuse Facilities reported the greatest number of jobs lost, down 800 jobs.

The following graph shows employment change for the three Health Sciences industries and the top seven Health Services industries (based on 2006 employment size).



- ◆ Pharmaceutical & Medicine Mfg
- ◆ Scientific R & D Services
- ◆ Gen. Medical & Surgical Hospitals
- ◆ Nursing Care Facilities
- ◆ Comm. Care Facilities for the Elderly
- ◆ Medical Equipment & Supplies Mfg
- ◆ Offices of Physicians
- ◆ Offices of Dentists
- ◆ Offices of Other Health Practitioners
- ◆ Res. Mntl Health & Subst. Abuse Facil.

PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector provided 8.1% of the region's jobs in 2006. Most jobs were in Scientific Research & Development Services (24,800 jobs) and Architectural & Engineering Services (23,900 jobs). The sector reported overall job growth of 12.1%, or about 12,000 jobs, from 2001 to 2006.

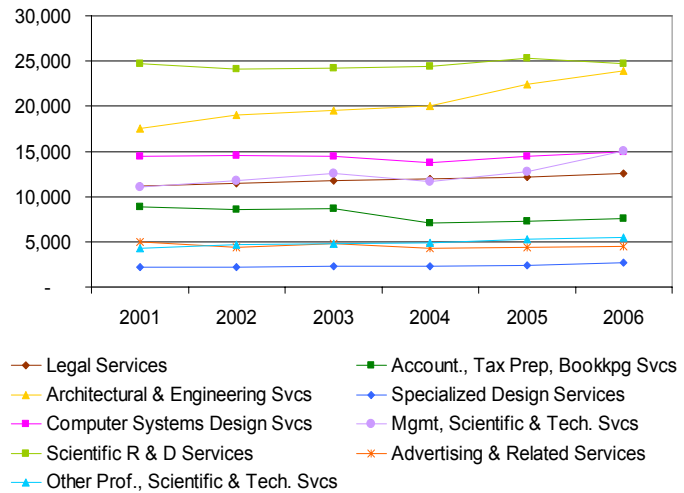
The region had a higher concentration of Professional, Scientific & Technical Services jobs (1.2 LQ) than found statewide. Within the sector, at the industry group level, Scientific Research & Development Services had the highest concentration (2.8 LQ).

Seven of the sector's nine industries reported job growth during this period, led by Architectural & Engineering Services, up 6,400 jobs or 36.6%, and Management, Scientific, & Technical Consulting Services, up almost 4,000 jobs or 35.9%.

Next, Legal Services added 1,400 jobs, up 12.5%; and, Other Professional, Scientific & Technical Services added almost 1,200 jobs, up 26.9%. The largest industry, Scientific Research & Development Services, experienced almost no net growth during this time, up just 0.1%.

Other industries reporting growth included Computer Systems Design Services, adding over 500 jobs, and Specialized Design Services, adding 400 jobs.

The following graph shows employment change from 2001 to 2006 for all industry groups in the sector.



Only Accounting, Tax Preparation, Bookkeeping & Payroll Services (down 1,400 jobs or 15.3%) and Advertising & Related Services (down 500 jobs or 10.4%) reported losses.

SOUTHERN BORDER REGION

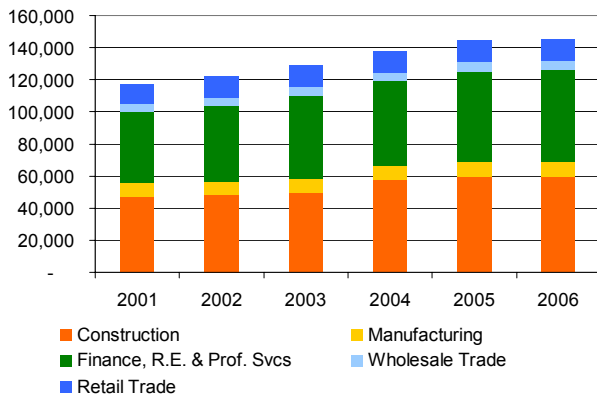
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management⁷; and, related wholesale and retail trade. As defined, this cluster provided 10.6% of the region's jobs in 2006, with almost 145,700 jobs.

Overall, Housing experienced job growth of 24.2% from 2001 to 2006. Within the cluster, Construction grew by 26.9%, up almost 12,700 jobs; Manufacturing reported growth of 3.4% (up almost 300 jobs); Finance, Real Estate & Professional Services reported 31.6% growth (up 13,800 jobs); Wholesale Trade grew by 7.6% (up 400 jobs); and, Retail Trade grew by 10.0% (up 1,250 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	2.4%	3.2%	15.7%	4.0%	-0.1%
Housing-related Manufacturing	-2.9%	2.1%	-1.8%	2.3%	3.7%
Finance, RE & Prof. Svcs	7.3%	10.2%	2.7%	7.1%	1.2%
Housing-related Wholesale Trade	-0.8%	3.4%	3.9%	-0.1%	1.2%
Housing-related Retail Trade	5.4%	2.4%	-1.0%	3.7%	-0.7%
Housing Cluster	4.0%	5.7%	7.1%	4.9%	0.6%

Employment change from 2001 to 2006:

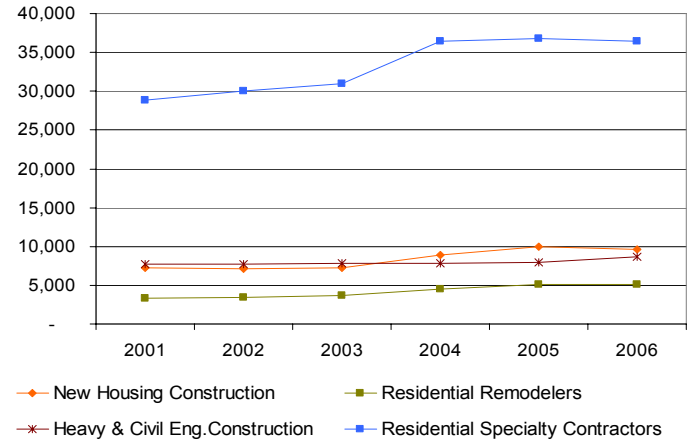


Construction

Within Residential Construction, New Housing Construction grew by 32.9% from 2001 to 2006, up about 2,400 jobs; Residential Remodelers grew by 51.6%, up over 1,700 jobs; Housing-related Heavy & Civil Engineering Construction grew by 12.9%, up 1,000 jobs; and, Residential Specialty Trade Contractors reported growth of 26.2%, up almost 7,600 jobs.

⁷A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job growth of 3.4%, or about 300 jobs, from 2001 to 2006. This was led by growth in Ready-Mix Concrete Manufacturing (Mfg), up over 300 jobs; this is also the largest of these industries. A very small industry with only about 30 jobs, Sawmills reported the fastest growth, up 2,950.0%. At the same time, some industries reported losses, with the most jobs lost by All Other Plastics Product Mfg, down over 500 jobs.

During this time, eight of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
327320	Ready-Mix Concrete Mfg	27.1%
326199	All Other Plastics Product Mfg	-27.6%
326191	Plastics Plumbing Fixture Mfg	12.1%
327991	Cut Stone & Stone Product Mfg	82.6%
332321	Metal Window & Door Mfg	21.4%
327420	Gypsum Product Mfg	9.6%
332510	Hardware Mfg	11.9%
325510	Paint & Coating Mfg	471.2%
321912	Cut Stock, Resaw Lumber & Planing	39.5%
332323	Ornamntl& Architech.Metal Work Mfg	-15.1%

Finance & Insurance, Real Estate and Professional Services

Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 31.6% from 2001 to 2006, with growth highest from 2002 to 2003.

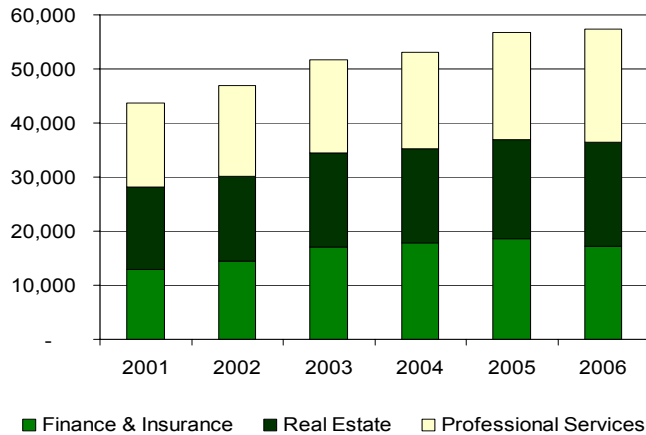
Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Year-over Change	7.3%	10.2%	2.7%	7.1%	1.2%

SOUTHERN BORDER REGION

HOUSING

(Continued)

Employment growth from 2001 to 2006:



Within these sectors, the largest industry is Engineering Services, with about 15,000 jobs in 2006. From 2001 to 2006, Engineering Services added the most jobs, up 3,800 jobs, and Credit Card Issuing reported the fastest growth, up 234.2%. Only one industry, Drafting Services, reported job losses, down about 10 jobs or 10.7%.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 7.6% from 2001 to 2006, up 400 jobs. The largest industry is Plumbing & Heating Equipment & Supplies Wholesalers, with almost 1,100 jobs. This industry added the most jobs, up 360 jobs, and Construction & Mining Machinery & Equipment Wholesalers reported the fastest growth, up 60.9%. At the same time, Electrical Apparatus, Equipment & Supplies Wholesalers reported the greatest losses, down 27.3% or almost 400 jobs.



Overall, the Housing-related Retail Trade industries experienced job growth of 10% from 2001 to 2006, up over 1,200 jobs. The largest industry is Home Centers, with almost 6,400 jobs. This industry added the most jobs from 2001 to 2006, and reported the fastest growth, up 1,500 jobs or 31.0%.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy."

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

— Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOUTHERN BORDER REGION

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, [The 2008 California Economic Profiles - Introduction & Methodology](#), provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.

