October 2021

WORKFORCE REVIEW

A monthly review of labor market information for Silicon Valley

# How California Lost a Million Jobs and Gained $342 Billion

*The West Coast has seen the biggest increases in GDP and income over the course of the pandemic, even amid major employment declines.*

From the end of 2019 to the middle of 2021 — the duration (so far) of the pandemic, more or less — the U.S. economy grew at an annualized pace of 0.6%. That masks some pretty big regional divergences, though.

Four of the five worst-performing states, with real gross domestic product shrinking at an annual pace of 2.5% or more, have economies dependent on fossil fuels, the prices of which collapsed early in the pandemic. (The other is tourism-dependent Hawaii.) The recent rise in oil and gas prices will probably boost their third-quarter GDP numbers, which will be released by the Commerce Department's Bureau of Economic Analysis on Oct. 28 for the nation and Dec. 23 for the states, although probably not by enough to make up for all the lost ground.

The fossil-fuel connection also helps explain why the Texas economy grew less than one-third as fast as California's, a turn of events not really in keeping with prevailing narratives of shifting economic fortunes during the pandemic. It doesn't explain why California's growth handily outpaced Florida's, though, or why Washington grew fastest of all.

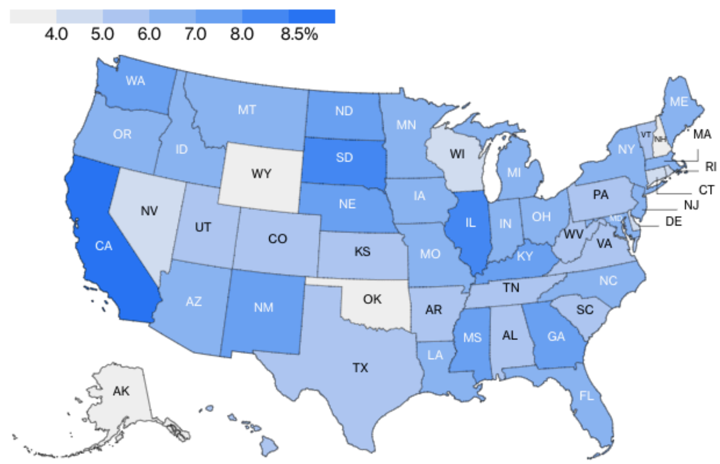
Overall, the U.S. economy's center of gravity shifted westward during the pandemic. The Northeast's economy remained smaller in the second quarter than it was before Covid hit, and the Great Lakes region's barely grew, while growth in the Southeast only modestly outpaced the national average. Meanwhile, every region west of the Mississippi except the hydrocarbon-rich Southwest (Texas is the country's No. 1 oil producer, New Mexico No. 2 and Oklahoma No. 5) grew at more than twice the national pace.

The simplest explanation for all of this is that the West is where the tech industry is concentrated, and tech companies had a great pandemic. The increase in real GDP produced by the Far West's information sector, which includes software, gaming and most internet enterprises, was greater than the region's overall GDP gain (offsetting big losses in arts and entertainment, accommodation and food services, and transportation and warehousing). In the Rocky Mountain region, information and finance together led the way. In the Plains states, agriculture accounted for most of the GDP increase. While the percentage gains were similar, in dollar terms the Far West's real GDP increase was more than twice that of the Rocky Mountain and Plains states combined.

The BEA also produces estimates of personal income and per-capita personal income. These don't display quite as pronounced a westward tilt over the course of the pandemic, but they do show a gusher of money pouring into California, with an annualized increase of 8.9% in per-capita income since the end of 2019. (Unlike the GDP data this is not adjusted for inflation; the BEA only releases current-dollar quarterly state personal income numbers, and I took that as a sign that I probably shouldn't try to adjust the numbers myself.)

Overall personal income in California was $342 billion higher in the second quarter of this year than in the fourth quarter of 2019. That

**Where People Got Richer During the Pandemic**
Annualized change in per-capita personal income,* Q4 2019 to Q2 2021




Source: U.S. Bureau of Economic Analysis
*Not adjusted for inflation

represented nearly 18% of the nationwide increase, flowing into a state with 12% of the country's population. A lot of that money surely went to one part of the state in particular — the tech-centric San Jose-San Francisco area, which already had the highest per-capita personal income of any combined statistical area in the U.S. in 2019 (the 2020 sub-state numbers aren't out yet, and there is no quarterly data). But that's been enough to boost the state as a whole up the per-capita income ranks, from 13th a decade ago to sixth in the second quarter of this year, behind the District of Columbia, Massachusetts, Connecticut, New York and New Jersey.

Interestingly, all those places except Connecticut also saw healthy growth in per-capita personal income over the course of the pandemic despite weak GDP performance. State GDP estimates are meant to measure where economic activity happens; the personal income numbers reflect where the people benefiting from that economic activity live. They do not include capital gains, so the riches that the past year's boom in internet-related initial public offerings showered upon venture capitalists, company founders and early employees don't show up directly — meaning that California's personal income numbers may sharply underrepresent how much richer the state has gotten. But personal income does factor in dividends, interest, rent and proprietors' income, so the surprisingly quick financial recovery from the pandemic boosted incomes in places where asset owners congregate. Rich places, that is.

*— Article continues at link below*

**Source:** ***BloombergOpinion*** (10/11/2021)
https://bloom.bg/3C7zjR1

NOVAworks

# OCTOBER 2021

NATIONAL Focus

## UNEMPLOYMENT

| Region | September 2020 | August 2021 | September 2021 | Percentage Point Change 1 month | Percentage Point Change 12 months |
|---|---|---|---|---|---|
| San José–Sunnyvale MSA | 7.5% | 4.8% | 4.0% | – 0.8 | – 3.5 |
| San Francisco MD | 8.4% | 4.8% | 4.0% | – 0.8 | – 4.4 |
| California | 10.5% | 7.5% | 6.4% | – 1.1 | – 4.1 |
| United States | 7.7% | 5.3% | 4.6% | – 0.7 | – 3.1 |

## INDUSTRY EMPLOYMENT

| Sector — September 2021 | San Jose MSA | San Francisco MD | Combined Region | Percentage Change *(Combined Region)* 1 month | Percentage Change *(Combined Region)* 12 months |
|---|---|---|---|---|---|
| **Total Nonfarm** | **1,104,100** | **1,104,100** | **2,208,200** | **+ 0.5%** | **+ 5.5%** |
| Construction | 51,000 | 43,000 | 94,000 | + 1.1% | – 1.5% |
| Manufacturing | 174,100 | 37,400 | 211,500 | + 0.5% | + 3.2% |
| Retail Trade | 72,600 | 69,300 | 141,900 | + 0.7% | + 2.8% |
| Information | 110,300 | 110,700 | 221,000 | – 0.6% | + 3.9% |
| Professional & Business Services | 246,000 | 295,800 | 541,800 | + 0.7% | + 6.8% |
| Educational Services | 39,400 | 28,900 | 68,300 | + 1.8% | + 0.9% |
| Health Care & Social Assistance | 133,900 | 113,300 | 247,200 | – 0.5% | + 3.4% |
| Leisure & Hospitality | 79,400 | 106,700 | 186,100 | + 2.3% | + 39.7% |
| Government | 89,300 | 122,200 | 211,500 | + 2.3% | – 2.7% |

**Note:** San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

**Source:** California Employment Development Department, LMID

## LABOR FORCE & ANNUAL CHANGE

### Labor Force by Metropolitan Statistical Area *(U.S. High-Tech Regions)*

| | LABOR FORCE | | | UNEMPLOYMENT | | | UNEMPLOYMENT RATE | | |
|---|---|---|---|---|---|---|---|---|---|
| | September 2020 | September 2021 | *Change* | September 2020 | September 2021 | *Change* | September 2020 | September 2021 | *Change* |
| **United States** | **160,078,000** | **161,354,000** | **+ 0.8%** | **12,535,000** | **7,674,000** | **– 38.8%** | **7.8%** | **4.8%** | **– 3.0** |
| Austin, TX | 1,245,731 | 1,306,235 | + 4.9% | 77,019 | 45,968 | – 40.3% | 6.2% | 3.5% | – 2.7 |
| Boston, MA | 2,705,012 | 2,750,661 | + 1.7% | 233,468 | 132,339 | – 43.3% | 8.6% | 4.8% | – 3.8 |
| New York City, NY | 3,965,000 | 3,951,700 | – 0.3% | 581,300 | 352,700 | – 39.3% | 14.7% | 8.9% | – 5.8 |
| Seattle, WA | 1,733,100 | 1,757,000 | + 1.4% | 126,200 | 85,200 | – 32.5% | 7.3% | 4.8% | – 2.5 |
| California | 18,494,400 | 19,041,600 | + 3.0% | 1,933,100 | 1,216,600 | – 37.1% | 10.5% | 6.4% | – 4.1 |
| San Diego | 1,512,100 | 1,534,700 | + 1.5% | 145,200 | 86,100 | – 40.7% | 9.6% | 5.6% | – 4.0 |
| San Francisco | 962,900 | 998,200 | + 3.7% | 80,600 | 39,900 | – 50.5% | 8.4% | 4.0% | – 4.4 |
| San José | 1,030,700 | 1,058,700 | + 2.7% | 76,800 | 42,200 | – 45.1% | 7.5% | 4.0% | – 3.5 |
| *NOVAworks Region* | *737,100* | *767,900* | *+ 4.2%* | *49,600* | *27,200* | *– 45.2%* | *6.7%* | *3.5%* | *– 3.2* |

**Note:** Totals may not add correctly due to rounding

**Source:** California Employment Development Department, LMID

## REGIONAL LAYOFF ACTIVITY

### September 2021 Layoff Events

| Company | Location | # Affected |
|---|---|---|
| Bristol-Meyers Squibb and MyoKardia | Brisbane | 22 |
| Morrison Management Specialists | San Mateo | 84 |
| | **Total** | **106** |

### WARN SUMMARY

| | |
|---|---|
| Events YTD†: | 8 |
| Individuals Affected YTD : | 594 |
| Individuals Previous YTD ‡: | 7,040 |

* **WARN:** Worker Adjustment and Retraining Notification *(notice of mass layoff or closure)*

† **YTD:** Year to Date *(Program year: July 1–June 30)*

‡ **Previous YTD:** *(Same date range as YTD, one year prior)*

**Note:** Layoff data are preliminary and should be considered an estimate of monthly regional activity

**Source:** California EDD, CalJOBS: WARN data