

4. Labor Market

Labor market conditions are an important indicator of an area’s economic well-being. Of particular importance is the relationship among all of these factors: labor force, employment, unemployment, and monthly employment. While alone, one of these factors might project an incomplete image of the economy’s performance, taken together they provide a comprehensive assessment of the health of the labor market and the associated well-being of affected residents. Other measures typically used to evaluate economic well-being include income (section five) and jobs (section six).

Labor market information can be used to draw conclusions about the availability of jobs, the social climate, and the standard of living in the area.

The following is a brief summary of the statistical relationship between each of the indicators discussed in this section:

□ **Labor force** is equal to employment plus unemployment.

□ **Employment** refers to people working at least one hour per week.

□ **Unemployment** refers to people working less than one hour per week, but actively seeking work during that week.

□ **Unemployment rate** is equal to unemployment divided by labor force.

The U.S. Department of Labor, Bureau of Labor Statistics uses the twelfth of each month to determine a person’s employment status. This date was originally chosen because at one time, there were no holidays in the week that included the twelfth. Although that may not be true now, mid-month time periods are less volatile in the overall business climate.

The average unemployment rate in El Dorado County from 1990 to 2007 was 5.6 percent. Tracking monthly unemployment trends during that time revealed seasonal changes in the level of employment. In El Dorado County there have been, on average, significant declines in unemployment (increases in employment) from August through October. During this period, unemployment dropped, on average, from 5.6 percent to 5 percent, before it began to rise again. This may be largely driven by seasonal tourism and recreation-related jobs in the area. In 2006, there were approximately 10,170 travel-generated jobs in the area (11 percent of total employment), and it is a common trend for some of these jobs to disappear as the peak travel seasons of spring and summer begin to slow. The unemployment rate is likely stabilized by the large amount of winter recreation in the area. However, to assume that all of the gains during these periods were exclusive to recreation and tourism would be inaccurate. As people begin receiving income, they typically spend it on unrelated goods and services within their communities. As the demand increases for these goods and services, employment levels are expected to rise to meet the demand. In addition, timber and agriculture-related jobs are other factors relevant to employment trends.

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Labor Force

Overview

The labor force is the number of people living in the specified area who are willing and able to work. It is the sum of employment (persons currently working) and unemployment (persons actively seeking work). Therefore, changes in both employment and unemployment affect the labor force. The labor force is estimated monthly by the California Employment Development Department. Annual data is the average of the twelve months of the year.

An increasing labor force indicates a growing economy only if it is the result of increasing employment. If the labor force is growing due primarily to increasing unemployment, then population growth may be occurring in excess of the ability of the economy to provide jobs for new workforce entrants.

El Dorado County

In 2007, 95,100 residents, or 53 percent of El Dorado County's population, were members of the labor force, compared to 47 percent in California. The labor force has increased steadily over the last twenty years, with a 4 percent growth in 2007. This steady increase indicates a thriving economy and a perpetual increase in available employment and business growth.

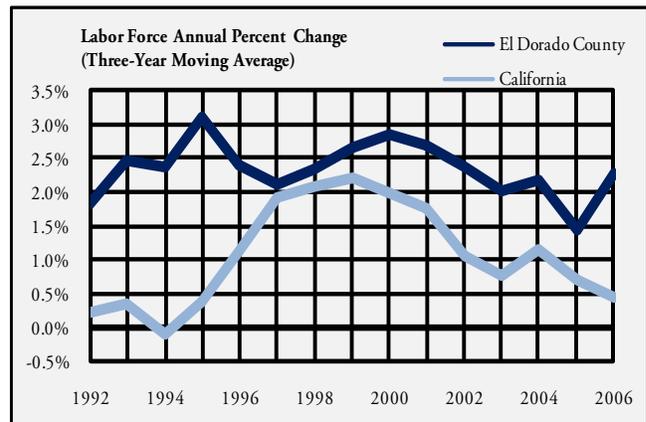
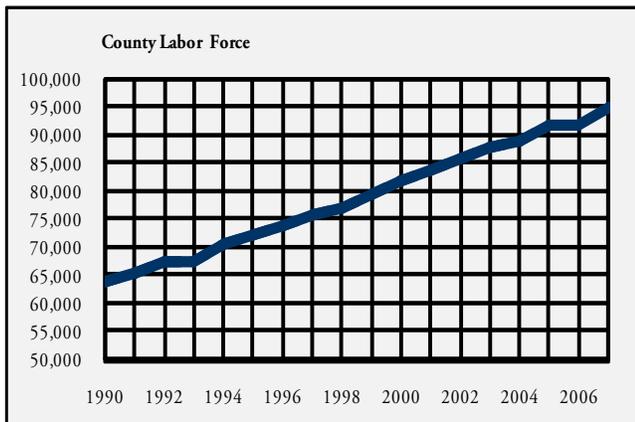
Total Labor Force, Cities and County

Year	South Lake Tahoe			Annual percent change
	Placerville	Tahoe	El Dorado County	
1990	3,710	13,280	63,900	n/a
1991	3,840	13,700	65,500	2.5%
1992	3,990	14,190	67,300	2.7%
1993	4,000	14,240	67,500	0.3%
1994	4,180	14,910	70,500	4.4%
1995	4,260	15,210	72,200	2.4%
1996	4,340	15,490	74,000	2.5%
1997	4,440	15,870	75,700	2.3%
1998	4,500	16,070	76,900	1.6%
1999	4,610	16,510	79,300	3.1%
2000	4,700	13,500	81,900	3.3%
2001	4,800	13,800	83,700	2.2%
2002	5,000	14,200	85,900	2.6%
2003	5,100	14,600	87,900	2.3%
2004	5,200	14,700	88,900	1.1%
2005	5,300	15,100	91,700	3.1%
2006	5,300	15,100	91,800	0.1%
2007	5,500	15,700	95,100	3.6%

Source: California Employment Development Department

Note: The labor force for cities is charted only for the incorporated area, and does not include surrounding unincorporated areas.

The city of South Lake Tahoe boasted the strongest labor force in El Dorado County, with 15,700 members in 2007 and a 15 percent growth between 1990 and 2007. During the same time, the city of Placerville also saw a 33 percent increase in the labor force.



Total Employment

Overview

The California Employment Development Department (EDD) defines employment as the number of residents who are employed, regardless of whether they work in the county or city of residence: “Civilian employment includes all individuals who worked at least one hour for a wage or salary, were self employed, or were working at least fifteen unpaid hours in a family business or on a family farm during the week including the twelfth of the month. Those who were on vacation, other kinds of leave, or involved in a labor dispute, were also counted as employed.”

Employment is the largest component of the labor force, representing people who live in the area and have a job. The California Employment Development Department defines employment as a count of workers at their place of residence, regardless of where they work. Jobs by industry, discussed in section four, is a measure of employment at the place of work.

Increasing employment indicates an increase in economic activity within the area, either by increasing local jobs or increasing the number of workers in residence. Workers spend a large portion of their income at their place of residence (the percentage of which typically depends on the availability and relative price of retail goods in the community), making employment by place of residence an economic indicator that is typically evaluated alongside the count of jobs by place of work.

El Dorado County

As of 2007, 90,400 members, or 95 percent of El Dorado County’s labor force, were employed, a 2 percent increase from the preceding year. In comparison, 95 percent of California’s total labor force was employed in the same year. Total employment has experienced steady growth the past fifteen years, and this steady growth indicates an increase in spending power for the average worker in El Dorado County and ultimately means greater

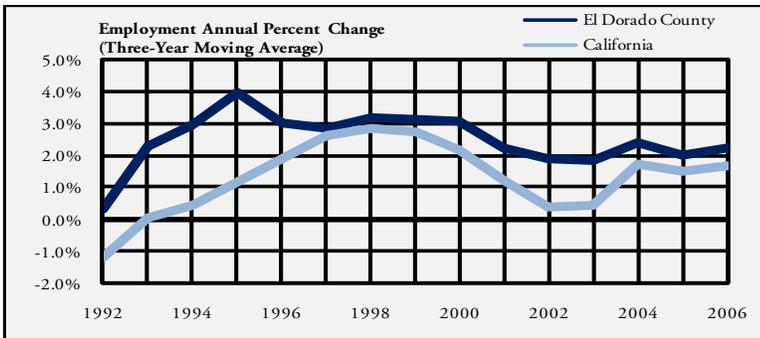
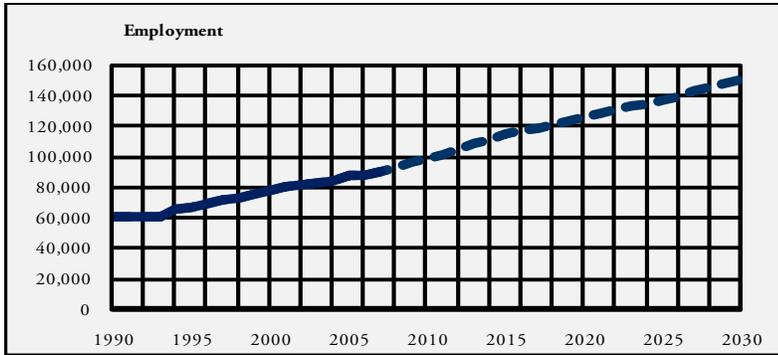
economic strength for the county in the years to come.

In the city of South Lake Tahoe, 14,600 members of the labor force were employed as of 2007, the highest number in any city in El Dorado County. This total is followed by 5,100 employed residents in the city of Placerville.

Total Employment by Cities, County

Year	South Lake		El Dorado County	Annual percent change
	Placerville	Tahoe		
1990	3,460	12,460	61,000	n/a
1991	3,460	12,460	61,100	0.2%
1992	3,490	12,560	61,500	0.7%
1993	3,490	12,540	61,600	0.2%
1994	3,720	13,370	65,400	6.2%
1995	3,800	13,670	67,200	2.8%
1996	3,920	14,090	69,300	3.1%
1997	4,060	14,600	71,500	3.2%
1998	4,130	14,860	73,100	2.2%
1999	4,300	15,490	76,200	4.2%
2000	4,400	12,700	78,500	3.0%
2001	4,500	13,000	80,100	2.0%
2002	4,600	13,200	81,500	1.7%
2003	4,700	13,500	83,100	2.0%
2004	4,800	13,700	84,600	1.8%
2005	4,900	14,200	87,600	3.5%
2006	5,000	14,300	88,300	0.8%
2007	5,100	14,600	90,400	2.4%
2015(p)	n/a	n/a	114,885	n/a
2030(p)	n/a	n/a	150,342	n/a

Source: California Employment Development Department; Projections: Woods & Poole Economics



Unemployment

Overview

Unemployment is the estimated number of people who are actively seeking work and are not working at least one hour per week for pay and who are not self-employed. As with employment, it is estimated at the place of residence. Annual average unemployment is the average of twelve monthly unemployment estimates developed by the California Employment Development Department (EDD).

Unemployment is not a simple count of people who are receiving unemployment insurance payments, although the EDD uses unemployment insurance recipients to help produce its estimates. Not everyone who the EDD considers to be unemployed, including those whose employment is terminated due to poor performance, is eligible for these benefits. Unemployment includes workers who have been laid off and are waiting to be called back to work, though

Total Unemployment by City or Town

Year	South Lake	
	Placerville	Tahoe
1990	240	800
1991	370	1,210
1992	490	1,600
1993	500	1,630
1994	430	1,420
1995	430	1,400
1996	390	1,290
1997	350	1,150
1998	330	1,070
1999	260	860
2000	300	800
2001	300	800
2002	400	1,000
2003	400	1,100
2004	400	1,000
2005	400	900
2006	300	800
2007	400	1,100

Source: California Employment Development Department

it does not include people who are in prisons, mental hospitals, nursing homes, or those under the age of sixteen, regardless of whether they are seeking work or not.

The unemployment rate is the percent of the labor force that is unemployed. It is often used as a primary measure of economic health, although by itself, changes in the unemployment rate may misrepresent economic performance. For example, take the

case of rising employment with a simultaneous rise in unemployment (a common situation in Northern California in the early 2000s). This situation typically produces an increase in the unemployment rate, even when the employment situation is improving. Therefore, employment growth or labor force growth combined with employment growth, are better measures of economic performance.

Still, the unemployment rate is a valuable community indicator. Sustained high unemployment rates typically indicate the presence of societal issues within the community, although what is considered “high” may vary from one community to the next. For communities with a high unemployment rate, social issues may vary as well. See the social indicators sections, nine through twelve, to find connections between the unemployment rate and social issues.

Another important issue exposed by unemployment statistics is the number of potentially qualified workers available in the community. As unemployment falls, employers start having a difficult time attracting qualified employees at their offered rates of pay. High-skill workers are typically affected first, such as those in management, technical, and professional occupations, with moderate-skill workers being affected as the unemployment rate continues to fall. Results typically include higher average pay, in combination with out migration of some firms in search of the employees they can no longer find locally. The lowest unemployment rate calculated over the past ten years, or the lowest unemployment number, can be used to estimate the level at which employers have difficulty finding qualified employees. At the national level the lowest sustainable unemployment rate is called the full-employment unemployment rate, and at that rate, the remaining unemployment is not due to a lack of jobs, but rather structural, frictional, and seasonal factors.

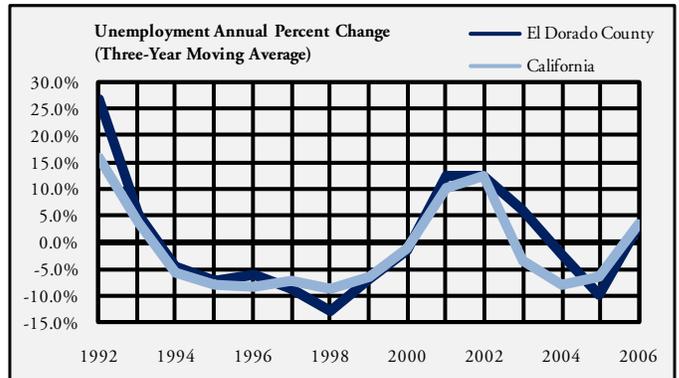
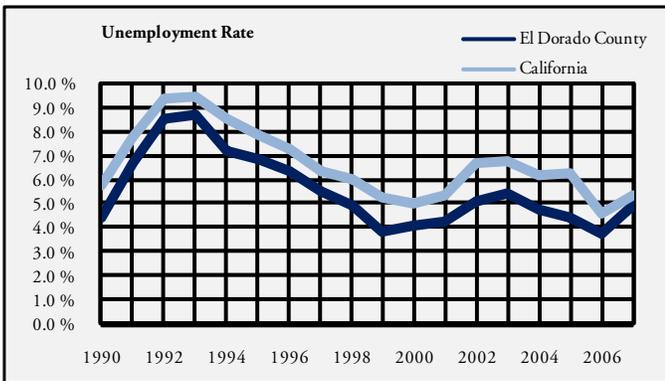
El Dorado County

In 2007, 4,700 members of El Dorado County’s labor force were unemployed, making up 5 percent of the labor force. El Dorado County’s unemployment rate has been consistently lower than the California average since 1990. For example, when statewide unemployment swelled to 9.5 percent in 1993, El Dorado County’s unemployment rate was at 8.7 percent. This number steadily decreased through 2001 before beginning to rise again until 2004. In 2007, the county unemployment rate reached its highest figure since 2003.

County Unemployment

Year	County Unemployment	Annual percent change	Unemployment Rate
1990	2,900	n/a	4.5%
1991	4,400	51.7%	6.7%
1992	5,800	31.8%	8.6%
1993	5,900	1.7%	8.7%
1994	5,100	-13.6%	7.2%
1995	5,000	-2.0%	6.9%
1996	4,700	-6.0%	6.4%
1997	4,200	-10.6%	5.5%
1998	3,800	-9.5%	5.0%
1999	3,100	-18.4%	3.9%
2000	3,400	9.7%	4.2%
2001	3,600	5.9%	4.3%
2002	4,400	22.2%	5.2%
2003	4,800	9.1%	5.5%
2004	4,300	-10.4%	4.8%
2005	4,100	-4.7%	4.5%
2006	3,500	-14.6%	3.8%
2007	4,700	34.3%	5.0%

Source: California Employment Development Department



Average Monthly Labor Statistics

Overview

The California Employment Development Department estimates labor market data (labor force, employment, unemployment, and the unemployment rate) for each month. The department uses the week including the twelfth of each month to determine a person's employment status. Mid-month time periods are less sensitive to changes in the overall business climate and are more representative of average conditions. For specific definitions of each measure, see the previous three indicators in this section.

Average monthly labor statistics are used to evaluate seasonal trends in employment. Areas dependent on agriculture, forestry, or seasonal recreation tend to experience fluctuations in employment over the course of the year that cannot be observed when using the annual average as a measure. The difference in employment in the low and high months can be used to evaluate the degree to which an economy is dependent upon seasonal employment. Many seasonal employees locate temporarily (at winter ski resorts or farms) and leave during the off-season, but some remain year-round and are unemployed during the months of lower employment.

Average Monthly Labor Statistics, 2007

Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	95,300	90,300	5,000	5.2%
Feb	95,000	90,000	5,000	5.3%
Mar	95,800	91,000	4,800	5.0%
Apr	95,000	90,500	4,500	4.7%
May	95,200	90,600	4,600	4.8%
Jun	95,200	90,600	4,600	4.8%
Jul	96,100	91,300	4,800	5.0%
Aug	95,400	90,600	4,800	5.0%
Sep	95,100	90,400	4,700	4.9%
Oct	94,800	90,000	4,800	5.1%
Nov	95,300	90,200	5,100	5.4%
Dec	95,600	90,000	5,600	5.9%

Source: California Employment Development Department

Average Monthly Labor Statistics, 1990-07

Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	78,872	73,867	5,000	6.3%
Feb	78,950	74,017	4,922	6.2%
Mar	79,089	74,239	4,867	6.2%
Apr	78,606	74,144	4,472	5.7%
May	78,639	74,194	4,461	5.7%
Jun	78,983	74,600	4,367	5.5%
Jul	79,494	75,189	4,300	5.4%
Aug	79,400	75,406	4,000	5.0%
Sep	78,806	74,867	3,933	5.0%
Oct	79,256	75,222	4,044	5.1%
Nov	79,656	75,306	4,339	5.4%
Dec	79,933	75,589	4,356	5.4%

Source: California Employment Development Department

El Dorado County

Between 1990 and 2007, unemployment was lowest in August through October. The highest unemployment rates occurred in January through March, peaking in January at 6.3 percent and decreasing throughout the year.

In all cases, the average monthly unemployment rate for El Dorado County was lower than the statewide average.



California Average Monthly Labor Statistics, 2007

Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	18,036,100	17,077,100	959,000	5.3%
Feb	18,041,100	17,097,100	944,000	5.2%
Mar	18,105,100	17,187,600	917,500	5.1%
Apr	18,058,000	17,149,200	908,800	5.0%
May	18,095,500	17,216,800	878,700	4.9%
Jun	18,216,300	17,268,500	947,800	5.2%
Jul	18,343,500	17,328,700	1,014,800	5.5%
Aug	18,330,900	17,337,000	993,900	5.4%
Sep	18,297,300	17,310,500	986,800	5.4%
Oct	18,268,300	17,286,600	981,700	5.4%
Nov	18,374,200	17,353,500	1,020,700	5.6%
Dec	18,394,100	17,314,600	1,079,500	5.9%

Source: California Employment Development Department

