

## 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.

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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 2008, 92,400 residents, or 51 percent of El Dorado County’s population, were members of the labor force, compared to 49 percent in California. The labor force has increased steadily over the last twenty years, with a 1 percent growth in 2008. This steady increase indicates a thriving economy and a perpetual increase in available employment and business growth.

The city of South Lake Tahoe boasted the strongest labor force in El Dorado County, with 15,400 members

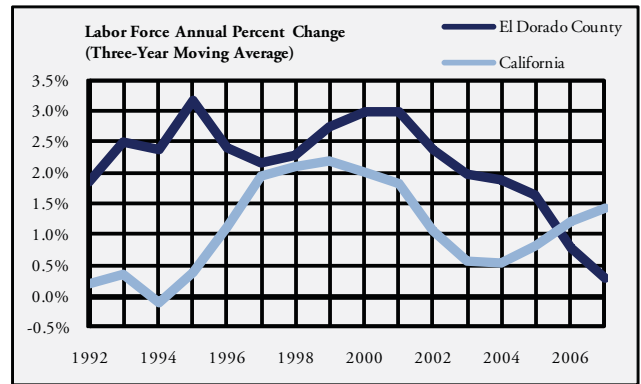
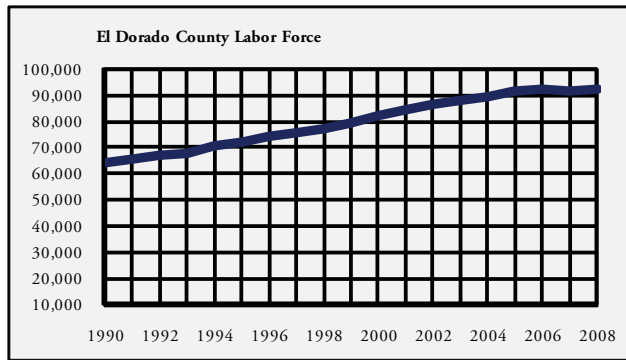
Total Labor Force, Cities and County

Year	Placerville	South Lake Tahoe	El Dorado County	Annual percent change
1990	3,700	10,500	63,900	n/a
1991	3,800	10,900	65,500	2.5%
1992	4,000	11,300	67,300	2.7%
1993	4,000	11,300	67,500	0.3%
1994	4,100	11,700	70,500	4.4%
1995	4,200	12,000	72,200	2.4%
1996	4,300	12,300	74,100	2.6%
1997	4,400	12,500	75,700	2.2%
1998	4,500	12,700	77,000	1.7%
1999	4,600	13,000	79,300	3.0%
2000*	4,700	13,500	82,100	3.5%
2001	4,900	13,800	84,100	2.4%
2002	5,000	14,300	86,600	3.0%
2003	5,100	14,600	88,100	1.7%
2004	5,200	14,700	89,200	1.2%
2005	5,300	15,100	91,600	2.7%
2006	5,400	15,300	92,500	1.0%
2007	5,300	15,100	91,300	-1.3%
2008	5,400	15,400	92,400	1.2%

Source: California Employment Development Department

\* Note: Data for 2000 not comparable to 1999

in 2008 and a 47 percent growth between 1990 and 2007. During the same time, the city of Placerville also saw a 46 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.

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 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

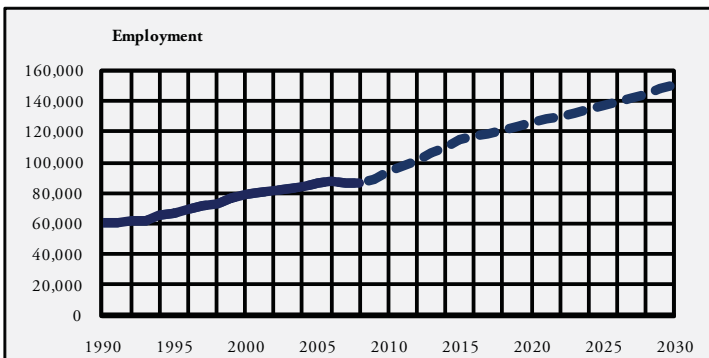
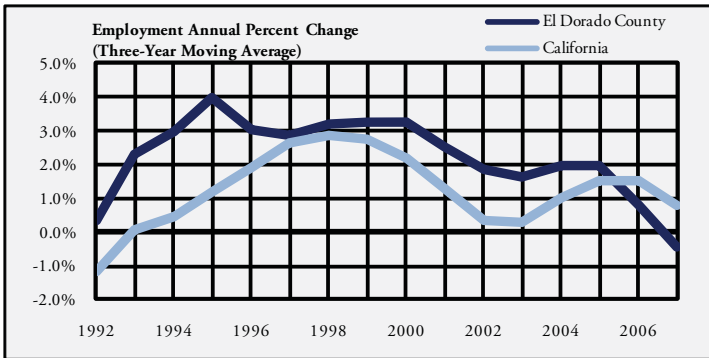
As of 2008, 85,900 members, or 93 percent of El Dorado County’s labor force, were employed, a 1 percent decrease from the preceding year. 93 percent of California’s total labor force was also employed in the same year. Total employment had been experiencing steady growth since 1990 but experienced its first declines in 2007 and 2008.

In the city of South Lake Tahoe, 13,900 members of the labor force were employed as of 2008, the highest number in any city in El Dorado County. This total is followed by 4,900 employed residents in the city of Placerville.

**Total Employment by Cities, County**

Year	Placerville	South Lake Tahoe	El Dorado County	Annual percent change
1990	3,400	9,900	61,000	n/a
1991	3,500	9,900	61,100	0.2%
1992	3,500	10,000	61,500	0.7%
1993	3,500	10,000	61,600	0.2%
1994	3,700	10,600	65,400	6.2%
1995	3,800	10,900	67,200	2.8%
1996	3,900	11,200	69,300	3.1%
1997	4,000	11,600	71,500	3.2%
1998	4,100	11,800	73,100	2.2%
1999	4,300	12,300	76,200	4.2%
2000	4,400	12,700	78,700	3.3%
2001	4,500	13,000	80,500	2.3%
2002	4,600	13,300	82,100	2.0%
2003	4,700	13,500	83,200	1.3%
2004	4,800	13,700	84,500	1.6%
2005	4,900	14,100	87,100	3.1%
2006	5,000	14,300	88,200	1.3%
2007	4,900	14,000	86,600	- 1.8%
2008	4,900	13,900	85,900	- 0.8%
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 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 2008, 6,400 members of El Dorado County’s labor force were unemployed, making up 7 percent of the labor force. El Dorado County’s unemployment rate

Total Unemployment by City or Town		
Year	Placerville	South Lake Tahoe
1990	300	700
1991	400	1,000
1992	500	1,300
1993	500	1,300
1994	400	1,200
1995	400	1,100
1996	400	1,100
1997	400	1,000
1998	300	900
1999	300	700
2000	300	800
2001	300	800
2002	400	1,000
2003	400	1,100
2004	400	1,100
2005	400	1,000
2006	400	1,000
2007	400	1,100
2008	600	1,500

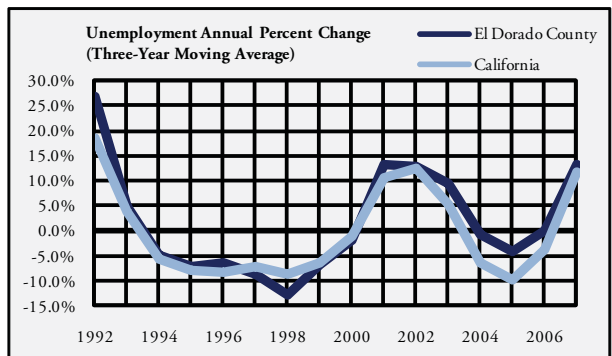
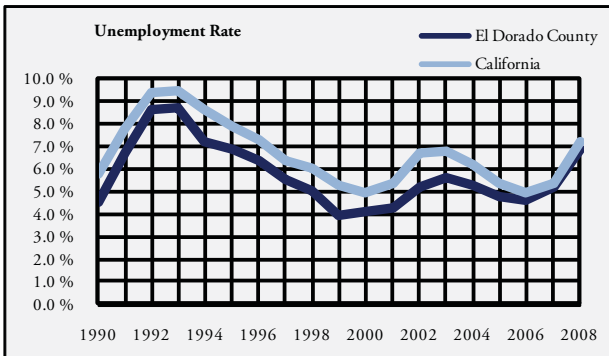
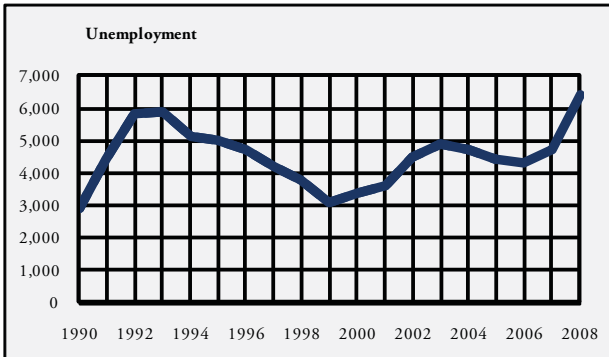
Source: California Employment Development Department

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 2008, the county unemployment rate reached its highest figure since 1995.

**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%	4.1%
2001	3,600	5.9%	4.3%
2002	4,500	25.0%	5.2%
2003	4,900	8.9%	5.6%
2004	4,700	- 4.1%	5.3%
2005	4,400	- 6.4%	4.8%
2006	4,300	- 2.3%	4.6%
2007	4,700	9.3%	5.2%
2008	6,400	36.2%	6.9%

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.

El Dorado County Average Monthly Labor Statistics, 2008

Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	92,300	86,200	6,100	6.6%
Feb	91,900	86,000	5,900	6.4%
Mar	92,200	86,200	6,000	6.6%
Apr	91,800	86,200	5,600	6.1%
May	92,100	86,100	6,000	6.5%
Jun	92,300	86,100	6,200	6.7%
Jul	92,700	86,500	6,200	6.7%
Aug	92,500	86,100	6,400	6.9%
Sep	92,000	85,700	6,300	6.9%
Oct	92,700	86,000	6,700	7.3%
Nov	92,800	85,400	7,400	8.0%
Dec	93,000	85,000	8,000	8.6%

Source: California Employment Development Department

El Dorado County Average Monthly Labor Statistics, 1990-08

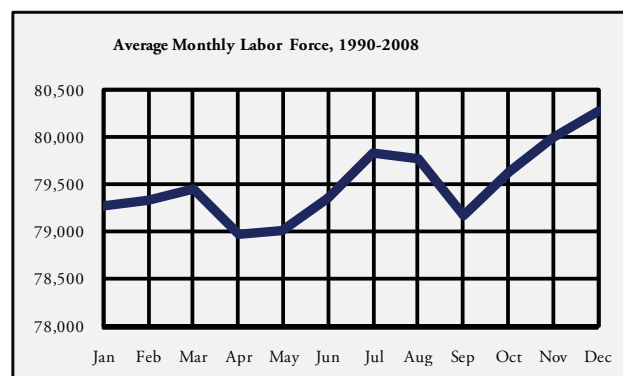
Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	79,268	74,205	5,047	6.1%
Feb	79,332	74,363	4,968	6.0%
Mar	79,447	74,542	4,921	6.0%
Apr	78,968	74,442	4,532	5.5%
May	79,016	74,500	4,526	5.5%
Jun	79,353	74,884	4,447	5.4%
Jul	79,832	75,442	4,384	5.3%
Aug	79,768	75,668	4,116	4.9%
Sep	79,174	75,132	4,047	4.9%
Oct	79,626	75,468	4,174	5.0%
Nov	80,000	75,516	4,484	5.4%
Dec	80,279	75,758	4,537	5.4%

Source: California Employment Development Department

### El Dorado County

Between 1990 and 2008, unemployment was lowest in August through October. The highest unemployment rates occurred in January through March, peaking in January at 6.1 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, 2008

Month	Labor force	Empl.	Unempl.	Unempl. Rate
Jan	18,199,900	17,038,200	1,161,700	6.4%
Feb	18,180,900	17,050,400	1,130,600	6.2%
Mar	18,244,800	17,066,400	1,178,400	6.5%
Apr	18,225,800	17,124,800	1,101,000	6.0%
May	18,305,300	17,119,300	1,185,900	6.5%
Jun	18,397,400	17,114,300	1,283,100	7.0%
Jul	18,522,800	17,116,500	1,406,300	7.6%
Aug	18,526,900	17,095,500	1,431,500	7.7%
Sep	18,467,000	17,067,600	1,399,400	7.6%
Oct	18,564,400	17,091,900	1,472,500	7.9%
Nov	18,515,700	16,967,900	1,547,800	8.4%
Dec	18,551,100	16,862,100	1,689,000	9.1%

Source: California Employment Development Department

