

## California Unemployment Claims Stay High While California employers continue to add new jobs

While California employers continue to add new jobs at a record-breaking pace, applications for state unemployment claims remain stubbornly high, a sign the highly contagious delta variant could be giving people pause about returning to work.

California has averaged more than 111,000 new jobs a month since February, recovering about 58% of the 2.7 million jobs lost in March and April of 2020 after Gov. Gavin Newsom issued the nation's first statewide stay-at-home order because of the coronavirus. That includes 114,400 jobs added in July, according to a report the Employment Development Department released Friday.

But the number of residents applying for unemployment benefits has increased four weeks in a row. While California workers make up 11.7% of the nation's workforce, last week the state accounted for 21.4% of all unemployment benefits. More than 3 million people in the state are still receiving some form of unemployment benefits.

"It hasn't gone down significantly for a couple of months, even as we have created these jobs," said Michael Bernick, an attorney with the Duane Morris law firm and the former director of the California Employment Development Department. "It is a real concern, and it suggests still a large number of Californians are on unemployment insurance and not in jobs."

Other experts say the labor market needs to be understood in terms of the pandemic, which is constantly changing as more people get vaccines and new variants emerge that pose new challenges.

"People are behaving differently based on new information, and that's going to affect the labor market," said Sylvia Allegretto, a labor economist and co-chair of the Center on Wage and Employment Dynamics at the University of California-Berkeley.

California's unemployment rate stayed at 7.6% in July, the second highest in the nation tied with New Mexico and New York. But the rate likely did not change because another 56,600 people joined the workforce in July, a good sign meaning more people are looking for work.

Allegretto said the rate of people quitting their jobs is higher, which you normally don't see in a recession.

"Because so many jobs are coming online at once, a lot of people are quitting jobs they had to say, 'Hey, I can find a better deal,'" Allegretto said. "I'm not surprised by any of this, and I don't think

anything is too worrisome at this point, when you put it into context with what's happening."

Up to 2 million people could lose their unemployment benefits next month when extended federal benefits are set to expire. President Joe Biden on Thursday said some states could use federal coronavirus relief money to extend benefits on their own.

Newsom, the Democratic governor who is facing a recall election next month caused in part by anger over his pandemic policies, said California added more new jobs than any other state in July. Newsom lifted nearly all of the restrictions on businesses in July, back when cases were low as more people were getting vaccinated.

But since then, California has seen an eleven-fold increase in new cases caused by the delta variant, a more contagious and dangerous version of the virus. Newsom has ordered the state's 2.2 million health care workers to be vaccinated and has said all teachers and state workers must either get the vaccine or submit to weekly testing. He also said people will have to show either proof of vaccination or a negative coronavirus test to enter an indoor event of 1,000 people or more starting on Sept. 20.

"We'll continue to lead with the science and data, prioritizing vaccinations and supporting those workers and small businesses hit hardest by this pandemic, to create the conditions for a robust economic recovery," Newsom said.

Nine of California's 11 industry sectors added jobs in July, with 49% of new jobs coming from hotels and restaurants. Another 31% came from education and health services, mostly from schools that opened summer classes to help students catch up from a year of learning at home.

Manufacturing had the biggest loss, down 4,500 jobs from a large drop in transportation equipment manufacturing, according to a news release from the Employment Development Department.

Sung Won Sohn, a professor of finance and economics at Loyola Marymount University, said the July jobs report shows the labor market is "humming."

"But since then, the delta (variant) has become a big issue and that could become a significant headwind for California's economy," he said. "I think some of the people are hesitant to go back to work as long as the virus is reviving again."

Region	July 2020	June 2021	July 2021	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	9.4%	5.2%	5.0%	- 0.2	- 4.4
San Francisco MD	10.3%	5.3%	5.0%	- 0.3	- 5.3
California	13.6%	8.0%	7.9%	- 0.1	- 5.7
United States	10.5%	6.1%	5.7%	- 0.4	- 4.8

Sector — July 2021	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
<b>Total Nonfarm</b>	<b>1,099,200</b>	<b>1,095,400</b>	<b>2,185,600</b>	<b>+ 0.3%</b>	<b>+ 4.7%</b>
Construction	50,000	43,200	93,200	+ 0.3%	- 1.9%
Manufacturing	171,500	36,900	208,400	+ 0.2%	+ 1.3%
Retail Trade	72,700	68,900	141,600	+ 0.1%	+ 3.7%
Information	110,600	111,300	221,900	+ 1.2%	+ 4.2%
Professional & Business Services	243,900	291,300	535,200	+ 1.0%	+ 4.6%
Educational Services	39,100	27,300	66,400	- 3.6%	- 0.4%
Health Care & Social Assistance	134,400	117,300	251,700	+ 0.4%	+ 6.0%
Leisure & Hospitality	75,300	101,500	176,800	+ 4.6%	+ 30.7%
Government	85,700	117,700	203,400	- 4.9%	- 2.6%

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

Jurisdiction	Labor Force			Unemployment			Unemployment Rate		
	July 2020	July 2021	Percentage Change	July 2020	July 2021	Percentage Change	July 2020	July 2021	Percentage Point Change
• San Mateo County	428,600	441,100	+ 2.9%	40,200	21,200	- 47.3%	9.4%	4.8%	- 4.6
• Santa Clara County	1,017,500	1,027,700	+ 1.0%	94,800	50,600	- 46.6%	9.3%	4.9%	- 4.4
Cupertino	27,600	28,500	+ 3.3%	1,800	1,100	- 38.9%	6.5%	3.8%	- 2.7
Los Altos	13,600	14,200	+ 4.4%	700	500	- 28.6%	5.2%	3.7%	- 1.5
Milpitas	44,200	44,400	+ 0.5%	4,500	2,300	- 48.9%	10.1%	5.2%	- 4.9
Mountain View	49,100	50,800	+ 3.5%	2,500	1,500	- 40.0%	5.2%	3.0%	- 2.2
Palo Alto	32,800	34,000	+ 3.7%	1,700	1,100	- 35.3%	5.2%	3.1%	- 2.1
Santa Clara	69,300	70,600	+ 1.9%	5,500	3,000	- 45.5%	7.9%	4.3%	- 3.6
Sunnyvale	83,200	85,400	+ 2.6%	5,600	3,300	- 41.1%	6.7%	3.8%	- 2.9
NOVAworks Region	748,400	769,000	+ 2.8%	62,500	34,000	- 45.6%	8.4%	4.4%	- 4.0

Note: NOVAworks Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County

Source: California Employment Development Department, LMID

July 2021 Layoff Events			WARN SUMMARY	
Company	Location	# Affected	Events YTD <sup>†</sup> :	4
Kaiser Foundation Hospitals	Santa Clara	10	Individuals Affected YTD:	488
Loon	Mountain View	151	Individuals Previous YTD <sup>‡</sup> :	3,737
The RealReal	Brisbane	327		
<b>Total</b>		<b>488</b>		

\* **WARN: Worker Adjustment and Retraining Notification**  
 (notice of mass layoff or closure)  
<sup>†</sup> **YTD: Year to Date**  
 (Program year: July 1–Present)  
<sup>‡</sup> **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