ECONOMIC PROFILE: CENTRAL SIERRA 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 Central Sierra 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.

CENTRAL SIERRA REGION

ECONOMIC PROFILE

October 2008

THE CENTRAL SIERRA REGION includes seven counties, as defined by the California Economic Strategy Panel (Panel): Alpine, Amador, Calaveras, Inyo, Mariposa, Mono and Tuolumne.

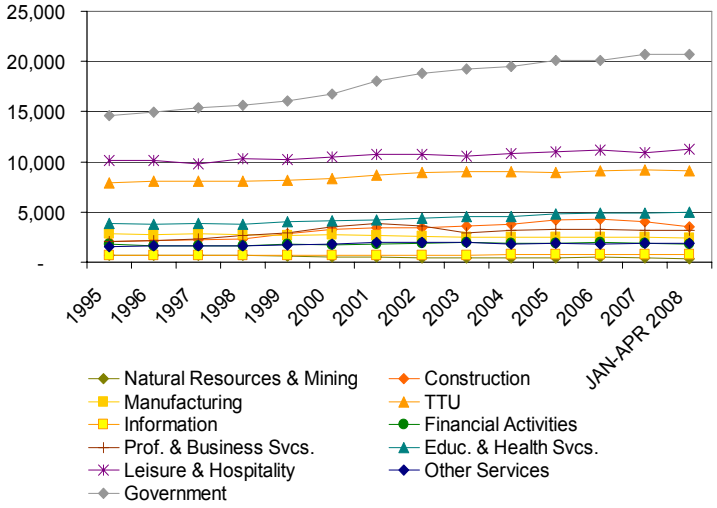
The Central Sierra Region was the state's smallest region in 2006, with just 0.5% of its population and 0.4% of its jobs. Within the region's counties, the preliminary unemployment rate for August 2008 ranged from 6.4% in Mariposa County to 10.4% in Alpine County. The region experienced job growth of 5.9% from 2001 to 2006, with population growth of 5.0% and Per Capita Personal Income growth of 25.3%.

From 2001 to 2006, All Government added the most jobs, up 2,100 jobs, followed by Construction, up over 800 jobs. Next, Health Care & Social Assistance added over 600 jobs, and Accommodation & Food Services added almost 400 jobs. Transportation & Warehousing reported the fastest growth, up 29.2%. Of the ten largest industry sectors, only Manufacturing, Administrative & Waste Services, and Other Services reported losses.

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

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

NONFARM EMPLOYMENT 1995-2008[1]



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 Central Sierra Region, a look at 2007 Nonfarm employment data shows that the region continued to report job growth into 2007, with Nonfarm employment growing by 0.8% from 2006 to 2007, led by growth in Other Services.

At the same time, seven super sectors reported losses, with the greatest percentage of losses reported in Financial Activities, followed by Information and Construction. These sectors had all reported strong growth from 2001 to 2006. The Financial Activities and Construction job losses were most likely due to the impact of housing downturn.

The overall year-over changes were negative from April 2007 to April 2008, with the greatest negative change reported by Construction. Still, positive year-over changes were reported by several sectors.

The following table summarizes private industry 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.

CENTRAL SIERRA	2001-2006*	2006-2007	Apr07-Apr08
Total Nonfarm	**5.2%**	**0.8%**	**-0.3%**
Natural Resources & Mining	-4.5%	-7.0%	2.6%
Construction	23.1%	-7.0%	-11.9%
Manufacturing	-7.9%	-0.3%	0.0%
Trade, Transportation, & Utilities	3.7%	1.7%	1.2%
Information	8.6%	-7.2%	-2.5%
Financial Activities	13.8%	-11.2%	-4.7%
Professional & Business Svcs	-13.7%	-3.8%	1.9%
Educational & Health Services	15.6%	0.6%	4.8%
Leisure & Hospitality	1.6%	-4.8%	-6.4%
Other Services	-30.9%	31.2%	8.0%
Government	11.7%	2.8%	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 level[2], 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)	5.9%
Establishment Growth (2001-2006)	10.0%
GDP Growth[3] (2001-2006)	*Not Available**
Average Wage (2006, Private Industry)	$ 28,363
Wage Growth (2001-2006)	24.3%
Firms with < 100 employees (2006)	99.5%
Firms with < 50 employees (2006)	98.1%
Self-employed, not incorporated (2006)	*Not Available**

** Data not available for any of the counties.*

WORKFORCE

Unemployment Rate (2006)	5.5%
Population Growth (2001-2006)	5.0%
Per Capita Income (2006)	$ 31,226
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	*Not Available**
Families Living in Poverty (2006)	*Not Available**

** Data not available for any of the counties.*

QUALITY OF PLACE

Air Quality Index (2006 Median AQI[4])*	15 to 47
Average Commute Time (2006)	*Not Available***
Housing Opportunity Index[5] (2007)	*Not Available***

** Data not available for Alpine County.*
*** Data not available for any of the counties.*

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

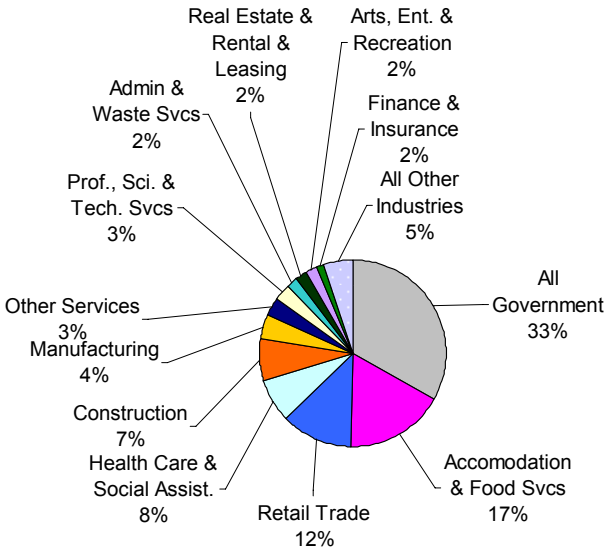
[2] The North American Industry Classification System (NAICS), 6-digit level.

[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)

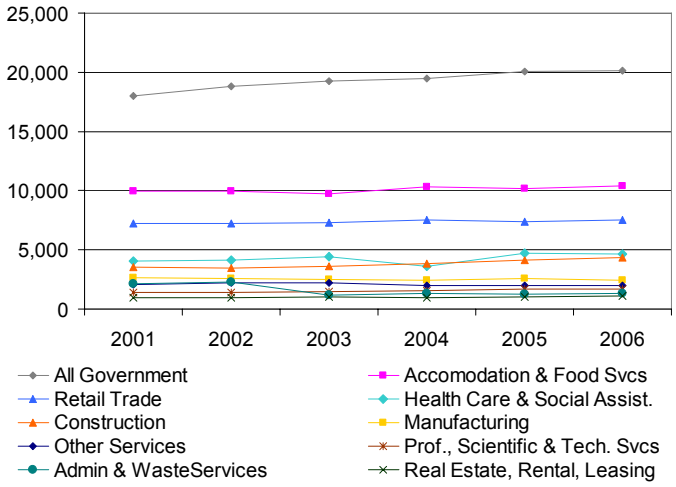
1.	San Joaquin Valley Region	9.9%
2.	Greater Sacramento Region	9.4%
3.	Southern Border Region	7.7%
4.	Southern California Region	6.5%
5.	No. Sacramento Valley Region	6.4%
	California as-a-whole	*6.1%*
6.	**Central Sierra Region**	**5.9%**
7.	Central Coast Region	3.6%
8.	Northern California Region	1.3%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

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

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	-21.7%
Mining (NAICS 21)	19.2%
Utilities (NAICS 22)	-17.3%
Construction (NAICS 23)	**23.1%**
Manufacturing (NAICS 31-33)	**-7.9%**
Wholesale Trade (NAICS 42)	-9.8%
Retail Trade (NAICS 44-45)	**4.5%**
Transportation & Warehousing (NAICS 48-49)	29.2%
Information (NAICS 51)	8.6%
Finance & Insurance (NAICS 52)	7.4%
Real Estate & Rental & Leasing	**20.1%**
Prof., Scientific & Technical Services (NAICS 54)	**26.4%**
Mngmt of Companies & Enterprises (NAICS 55)	-17.5%
Administrative & Waste Services (NAICS 56)	**-39.0%**
Educational Services (NAICS 61)	8.9%
Health Care & Social Assistance (NAICS 62)	**15.9%**
Arts, Entertainment & Recreation (NAICS 71)	-16.6%
Accommodation & Food Services (NAICS 72)	**3.9%**
Other Services (except Public Admin) (NAICS 81)	**-5.3%**
All Government[6]	**11.7%**

[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.

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



"TOP FIVE" SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Accommodation (NAICS 721)
Food Services & Drinking Places (NAICS 722)
Specialty Trade Contractors (NAICS 238)
Ambulatory Health Care Services (NAICS 621)
Food & Beverage Stores (NAICS 445)

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

(With at least 0.03% of total employment)

Monetary Authorities - Central Bank (NAICS 521)
Scenic & Sightseeing Transportation (NAICS 487)
Internet & Data Processing Services (NAICS 518)
Air Transportation (NAICS 481)
Support Activities for Transportation (NAICS 488)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) *(With at least 0.03% of total employment)*

Monetary Authorities–Central Bank (NAICS 521), 15.2 LQ
Forestry & Logging (NAICS 113), 13.2 LQ
Mining (except Oil & Gas) (NAICS 212), 11.9 LQ
Accommodation (NAICS 721), 6.9 LQ
Wood Product Manufacturing (NAICS 321), 3.4 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) *(With at least 0.03% of total employment)*

Utilities (NAICS 221)
Telecommunications (NAICS 517)
Securities & Other Investments & Services (NAICS 523)
Mining (except Oil & Gas) (NAICS 212)
Air Transportation (NAICS 481)

The average annual wages range from $49.9K to $73.6K.

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 only such information.

The ten largest industries based on employment size:

Hotels & Motels (NAICS 721110)
Full-Service Restaurants (NAICS 722110)
Supermarkets & Other Grocery Stores (NAICS 445110)
Limited-Service Restaurants (NAICS 722211)
New Single-Family Housing Construction (NAICS 236115)
General Medical & Surgical Hospitals (NAICS 622110)
Discount Department Stores (NAICS 452112)
Offices of Physicians (except Mental Health) (NAICS 621111)
Gasoline Stations with Convenience Stores (NAICS 447110)
Private Households (NAICS 814110)

The ten fastest growing:

(With at least 0.01% of total employment)

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)
Baked Goods Stores (NAICS 445291)
Recyclable Material Merchant Wholesalers (NAICS 423930)
Educational Support Services (NAICS 611710)
Plastics Material & Resin Mfg (NAICS 325211)
Commercial Photography (NAICS 541922)

The ten with the strongest competitive advantage:

(With at least 0.01% of total employment)

Explosives Mfg (NAICS 325920)
Other Crushed & Broken Stone Mining & Quarrying (NAICS 212319)
All Other Traveler Accommodation (NAICS 721199)
Other Fuel Dealers (NAICS 454319)
Liquefied Petroleum Gas (Bottled) Dealers (NAICS 454312)
Skiing Facilities (NAICS 713920)
Logging (NAICS 113310)
Monetary Authorities - Central Bank (NAICS 521110)
Recreational Vehicle Parks & Campgrounds (NAICS 721211)
Recreational & Vacation Camps (except Campgrounds) (NAICS 721214)

AT THE MOST DETAILED INDUSTRY LEVEL
(Continued)

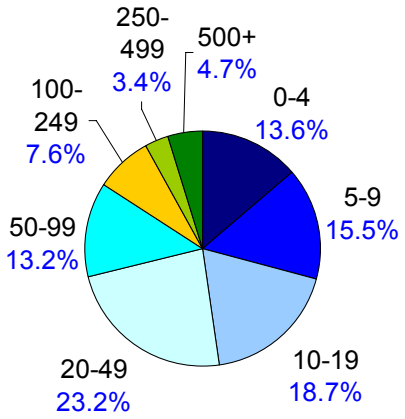
The ten highest paying industries:
(With at least 0.01% of total employment)

Other Activities Related to Real Estate (NAICS 531390), $92.8K
Marketing Consulting Services (NAICS 541613), $92.4K
Natural Gas Distribution (NAICS 221210), $88K
Offices of Real Estate Appraisers (NAICS 531320), $80K
Investment Banking & Securities (NAICS 523110), $79.3K
Business to Business Electronic Markets (NAICS 425110), $77.3K
Telecommunications Resellers (NAICS 517310), $74.7K
Software Publishers (NAICS 511210), $73.4K
Satellite Telecommunications (NAICS 517410), $65.9K
Custom Computer Programming Svcs (NAICS 541511), $63.7K

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

In 2006, firms with fewer than 100 employees made up 99.5% of all businesses in the region and provided 84.2% of all jobs in the region. Firms with 500 or more employees made up 0.04% of all businesses, and provided 4.7% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



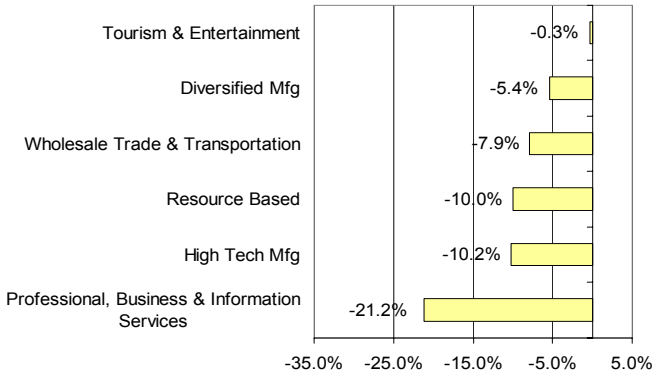
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	12.9%	12.5%
5-9	1.1%	0.9%
10-19	10.5%	9.4%
20-49	0.4%	0.3%
50-99	15.5%	14.5%
100-249	-14.1%	-11.5%
250-499	-33.5%	-42.9%
500-999	confidential	confidential
1,000+	confidential	confidential

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.

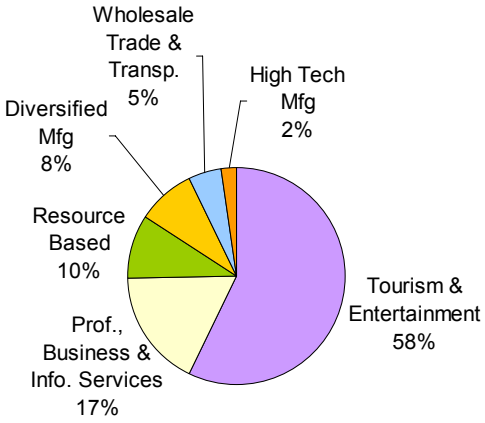
EMPLOYMENT GROWTH 2001-2006



In 2006, the region's traditional economic base provided over 18.6% of all jobs in the region. All of these economic base sectors reported losses from 2001 to 2006. The greatest number and percentage of jobs lost was reported by Professional, Business & Information Services, down over 500 jobs or 21.2%, led by losses in Employment Services. The next greatest losses were reported by the Resource Based industries, down 120 jobs (10.0%), with losses focused in Farm and Logging.

Still, some industries within these sectors reported job growth during this period. Across all sectors, the most growth was reported by Accommodation, up 230 jobs, followed by Computer Systems Design & Related Services, up 110 jobs. The fastest growth was reported by Internet Service Providers & Web Search Portals (726.7%), followed by Software Publishers (183.3%).

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)

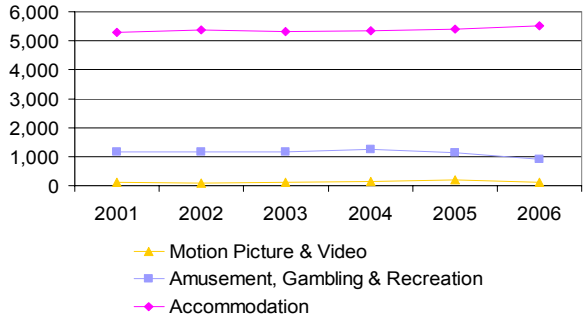


KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. This sector provided 10.6% of the region's jobs in 2006 (over 6,500 jobs), although reporting job losses of 0.3% (about 20 jobs) from 2001 to 2006.

The largest sub-sector is Accommodation, with over 5,500 jobs. Accommodation reported growth of 4.4% or 230 jobs from 2001 to 2006. At the same time, Amusement, Gambling & Recreation reported the greatest losses, down 21.2% or about 250 jobs. Motion Picture & Video Industries reported job losses of 6.3% (less than 10 jobs). The following graph shows employment change from 2001 to 2006 for these 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 (5,050 jobs), Golf Courses & Country Clubs (260 jobs), Fitness & Recreational Sports Centers (260 jobs), Skiing Facilities (200 jobs), and RV (Recreational Vehicle) Parks & Campgrounds (160 jobs).

The five fastest growing industries (6-digit NAICS level) included Zoos & Botanical Gardens; Museums; Recreational & Vacation Camps (except Campgrounds); Independent Artists, Writers & Performers; and, Motion Picture & Video Production. Four of these five have 15 or fewer employees.

WINERIES & GRAPE VINEYARDS

Not included in the definition of Tourism & Entertainment, but still impacting tourism, the Wineries industry was the largest Manufacturing industry in the Central Sierra Region in 2006, providing about 330 jobs, with employment growing by 14.1% from 2001 to 2006.

The related industry of Grape Vineyards reported about 110 jobs in 2006, about the same as in 2001, after growing to almost 150 jobs in 2005. The Grape Vineyards industry was the second largest industry in the Agriculture, Forestry, Fishing & Hunting sector, after Logging.

HEALTH SCIENCES & SERVICES

The Health Sciences & Services industry cluster provided 7.1% of all jobs in the region in 2006 and reported growth of 15.5%; however, all but 25 of these jobs were in Health Services.

Health Sciences

Only two Health Sciences industries reported employment in 2006; Medical Equipment & Supplies Manufacturing and Scientific Research & Development Services. These were very small industries and reported losses of 56.0% and 50.0%, respectively. There were no jobs reported in Pharmaceutical & Medicine Manufacturing in 2006.

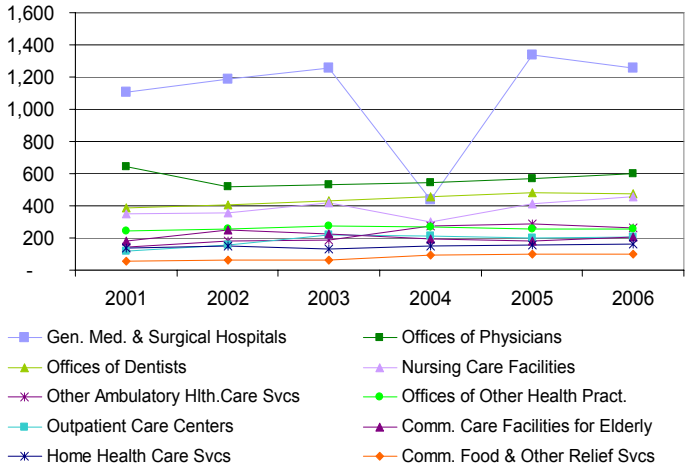
Health Services

Health Services provided 7.1% of all jobs in the region in 2006, or over 4,300 jobs, and experienced job growth of 16.7%, up 620 jobs from 2001 to 2006. Within Health Services, the largest industry is General Medical & Surgical Hospitals (about 1,250 jobs), followed by Offices of Physicians (600 jobs), Offices of Dentists (almost 500 jobs), and Nursing Care Facilities (about 450 jobs).

The region had a slightly lower concentration of Health Services jobs (0.9 LQ) than found at the statewide level; however, there were higher concentrations in several industries, led by Other Ambulatory Health Care Services (3.1 LQ) and Community Food & Housing & Emergency & Other Relief Services (1.7 LQ).

From 2001 to 2006, General Medical & Surgical Hospitals added the most jobs, up about 150 jobs, while the small industry of Medical & Diagnostic Laboratories reported the fastest growth, up 212.5%. At the same time, Offices of Physicians reported the greatest number of jobs lost, down 50 jobs, and Other Residential Care Facilities reported the greatest percentage of losses, down 19.3%.

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



MANUFACTURING

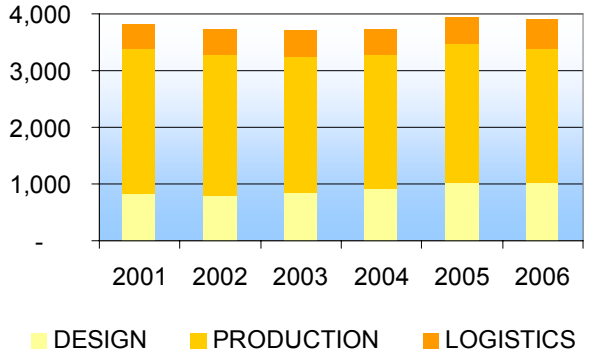
The Manufacturing sector provided 4.0% of the region's jobs in 2006. The sector reported overall job losses of 3.7% from 2001 to 2006, down over 200 jobs. Preliminary data for 2007 suggests continued job losses from 2006 to 2007of 0.3%, and the year-over change for the month of April (2007 to 2008) shows no change.

While Manufacturing as a whole suffered 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 industries included All Other Miscellaneous Manufacturing (Mfg); Plastics Material & Resin Mfg; Household Furniture (except Wood & Metal) Mfg; Telephone Apparatus Mfg; Fabricated Structural Metal Mfg; Semiconductor & Related Device Mfg; Showcase, Partition, Shelving & Locker Mfg; Concrete Pipe Mfg; Electroplating, Plating, Polishing, Anodizing & Coloring; and, Mining Machinery & Equipment Mfg.

At the 6-digit NAICS level, over half of the largest industries must be concealed due to confidentiality. Those that may be reported included Wineries; Explosives Mfg; Machine Shops; Instruments & Related Products Mfg for Measuring, Displaying; Radio & Television Broadcasting & Wireless Communications Equipment Mfg; Wood Kitchen Cabinet & Countertop Mfg; Ready-Mix Concrete Mfg; All Other Miscellaneous Mfg; Commercial Screen Printing; and, Industrial Mold Mfg.

Looking at the Manufacturing Value Chain industry cluster, both Design and Logistics reported growth from 2001 to 2006. Design grew by 25.1%, or 200 jobs, led by Architectural, Engineering & Related Services. Logistics grew by 24.7%, or 100 jobs, led by Support Activities for Road Transportation. At the same time, Production reported job losses of 8.2%, down over 200 jobs, led by losses in Other General Purpose Machinery Mfg and Converted Paper Product Mfg.

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.

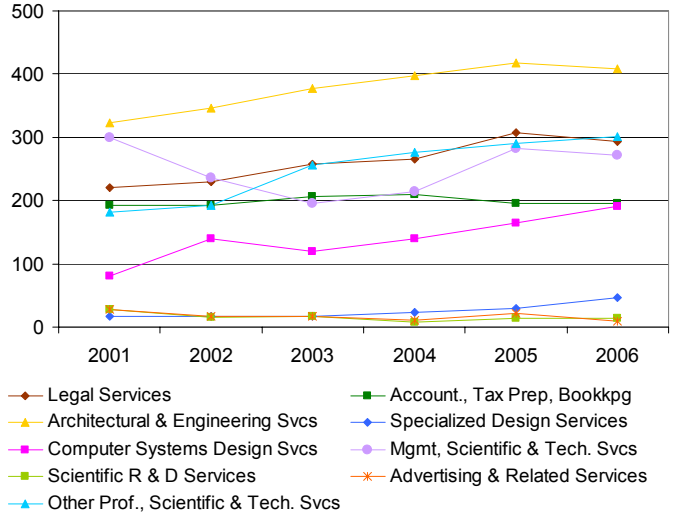
PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector is important for supporting entrepreneurship and innovation, which are key components of growing rural economies. The Professional, Scientific & Technical Services sector provided 2.8% of the region's jobs in 2006. The sector reported overall job growth of 25.9%, or about 360 jobs, from 2001 to 2006.

The largest industry group (4-digit NAICS level) is Architectural, Engineering & Related Services, with about 400 jobs, followed by Other Professional, Scientific & Technical Services (300 jobs) and Legal Services (almost 300 jobs). At the most detailed industry level (6-digit NAICS level), the largest industry is Veterinary Services (250 jobs), followed by Engineering Services (190 jobs) and Offices of Lawyers (170 jobs).

From 2001 to 2006, Veterinary Services reported the greatest number of jobs added, up 90 jobs (58.0%), and Computer Facilities Management Services reported the fastest growth, up 5,708.3% (almost 60 jobs).

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



During this period, Management, Scientific & Technical Services & Related Services reported the most jobs lost, down about 30 jobs. Advertising & Related Services reported the greatest percentage of jobs lost, down 64.3%.

While the region had a lower overall concentration of Professional, Scientific & Technical Services jobs (0.4 LQ) compared to the statewide level, some industries reported higher concentrations. At the most detailed industry level, the highest included Computer Facilities Management Services (5.3 LQ), Surveying & Mapping (except Geophysical) Services (4.7 LQ), Title Abstract & Settlement Offices (4.5 LQ), and Commercial Photography (3.7 LQ). High concentrations can indicate competitive advantages.

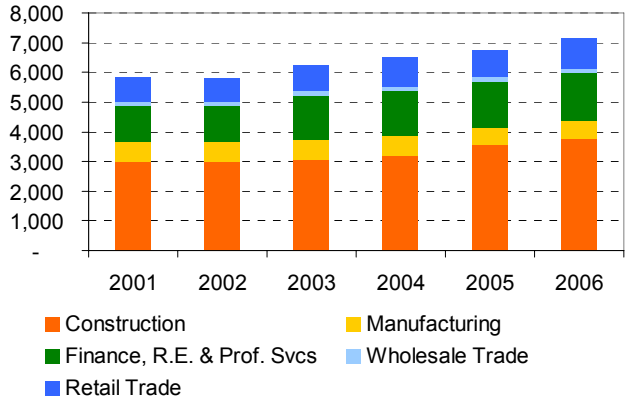
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction, manufacturing of construction materials, and real estate financing, sales, leasing and management[7]. As defined, this cluster provided 11.6% of the region's jobs in 2006, with over 7,100 jobs.

Overall, Housing experienced job growth of 22.5% from 2001 to 2006. Within the cluster, Construction grew by 24.9%, up 750 jobs; Manufacturing reported losses of 7.6% (down 50 jobs); Finance, Real Estate & Professional Services reported 33.3% growth (up 400 jobs); Wholesale Trade grew by 0.3% (up about 30 jobs); and, Retail Trade grew by 4.1% (up 180 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	-0.7%	2.5%	4.7%	10.3%	6.2%
Housing-related Manufacturing	3.1%	-0.3%	-1.3%	-9.5%	0.7%
Finance, RE & Prof. Svcs	0.7%	22.2%	1.9%	2.7%	3.6%
Housing-related Wholesale Trade	5.4%	-1.3%	1.3%	7.7%	4.1%
Housing-related Retail Trade	-4.8%	10.0%	13.9%	-8.3%	11.5%
Housing Cluster	-0.4%	7.2%	4.6%	3.7%	5.8%

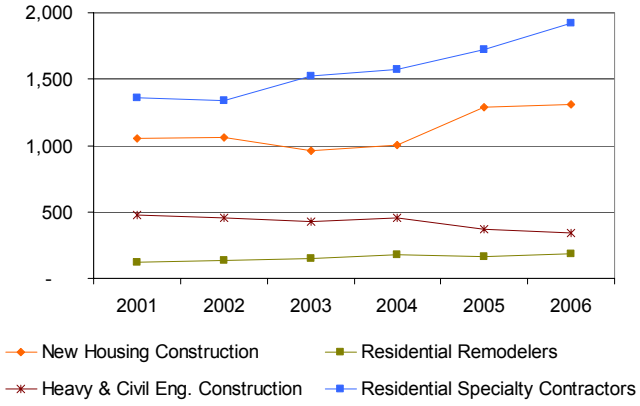
Employment change from 2001 to 2006:



Construction

Within Construction, New Housing Construction grew by 24.6% from 2001 to 2006, up 270 jobs; Residential Remodelers grew by 56.9%, up 70 jobs; Housing-related Heavy & Civil Engineering Construction reported losses of 28.9%, or 140 jobs; and, Residential Specialty Trade Contractors reported growth of 41.4%, up 560 jobs. From year-to-year, growth fluctuated for some of these industries.

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 7.6%, or 50 jobs, from 2001 to 2006. For this region, almost all Housing-related Manufacturing employment data is considered confidential at the detailed industry level used for this analysis.

Only thirteen of the 49 housing-related Manufacturing industries reported employment for 2006. Of those thirteen, eight reported job losses and six reported growth. Due to confidentiality, the exact percentages are not shown in the table below (listed by NAICS code).

NAICS	Industry	Change '01-'06
321113	Sawmills	Loss
321214	Truss Mfg	Growth
321219	Reconstituted Wood Product Mfg	Loss
321911	Wood Window & Door Mfg	Loss
321912	Cut Stock, Resawing Lumber, Planing	Loss
325510	Paint & Coating Mfg	Growth
326199	All Other Plastics Product Mfg	Loss
327122	Ceramic Wall & Floor Tile Mfg	Loss
327320	Ready-Mix Concrete Mfg	Growth
327332	Concrete Pipe Mfg	Growth
331111	Iron and Steel Mills	Loss
332323	Ornamntl. & Architect. Metal Work Mfg	Growth
332996	Fabricated Pipe & Pipe Fitting Mfg	Growth

Finance & Insurance, Real Estate and Professional Services

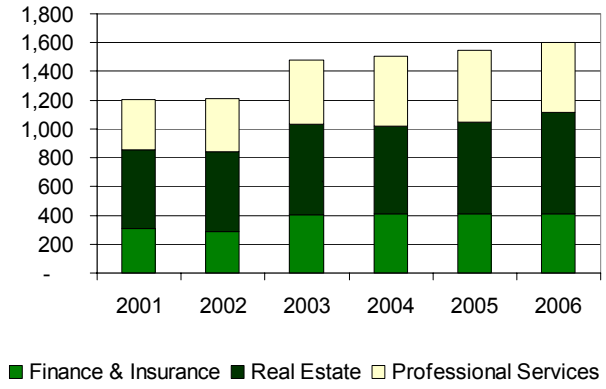
Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 33.3% from 2001 to 2006, with growth highest from 2002 to 2003.

	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Year-over Change	0.7%	22.2%	1.9%	2.7%	3.6%

[7]A 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 industry is Offices of Real Estate Agents & Brokers, with 280 jobs in 2006, followed by Residential Property Managers (250 jobs) and Engineering Services (190 jobs). From 2001 to 2006, Residential Property Managers added the most jobs, up 125 jobs (up 100.3%), and Monetary Authorities - Central Bank reported the fastest growth, up 8,800.0% (almost 90 jobs). At the same time, Other Activities Related to Real Estate reported the most jobs lost, down about 40 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 18.3% from 2001 to 2006, up almost 30 jobs. The largest industry is Brick, Stone & Related Construction Material Wholesalers, with over 80 jobs. Brick, Stone & Related Construction Material Wholesalers added the most jobs during this period, up 20 jobs, and Lumber, Plywood, Millwork & Wood Panel Wholesalers reported the fastest growth, up 1,175.0%.

Overall, the Housing-related Retail Trade industries experienced job growth of 22% from 2001 to 2006, up 180 jobs. The largest industry is Home Centers, with 490 jobs. This industry also added the most jobs from 2001 to 2006, up almost 140 jobs (38%). A very small industry, Paint & Wallpaper Stores reported the fastest growth, up 1,400.0% (14 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/.

CALIFORNIA ECONOMIC STRATEGY PANEL