

Appendix 4

California Economy by Industry Sector

Chart 1 shows the financial value of different private industry sectors. In 2013, the most recent data available on industry GDP, the finance and insurance sector made the largest economic contribution to the state's overall GDP. Business establishments in this sector are involved in raising funds, pooling risk, and facilitating financial transactions including real estate.

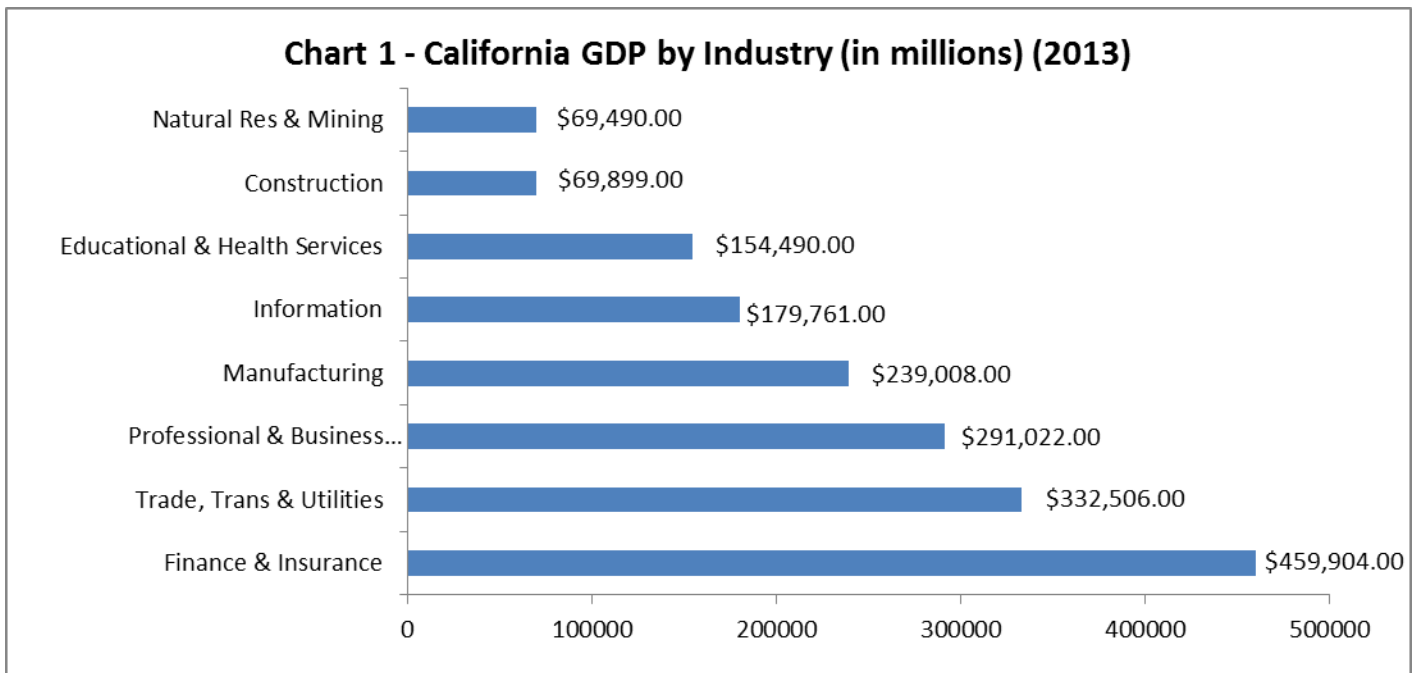
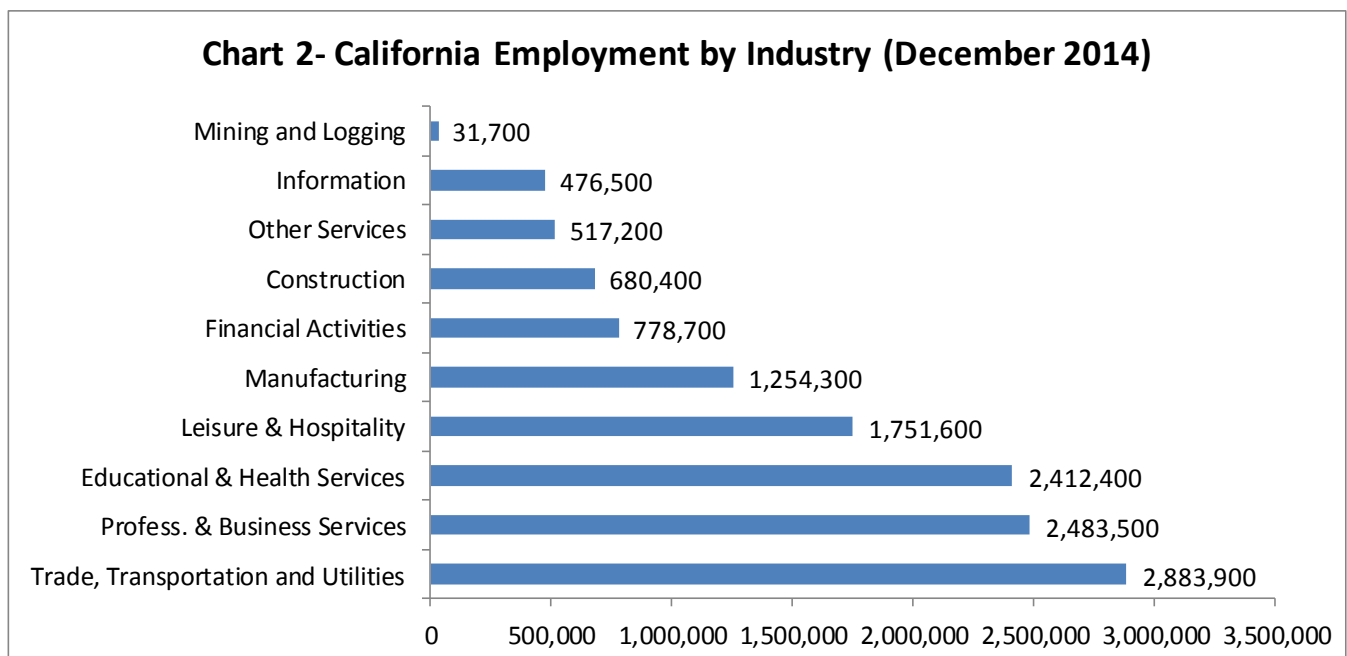


Chart 2 displays California's largest private industry sectors based on reported jobs in December 2014. As the two charts illustrate, the ranking of high economic value and high employment sectors are



similar, but not identical. The trade, transportation, and utility sector employs the largest number of people (ranked 2nd in GDP), followed by the professional and business services sector (3rd in GDP) and educational and health services sector (6th in GDP).

There are other ways to look at the California economy including, but not limited to, the value of wages paid, comparative future job or economic growth, impact on the environment, relevance to global trade and foreign investment, and industry sectors that serve as workforce entry points for youth, workers with limited skills, and immigrants.

In difficult economic times and when tracking economic capacity for growth, policy makers often closely track unemployment rates. In the recession, the state unemployment rate hit a high of 12.4% in February of 2010, which was only the second time since the 1970s that the state rate was above 10%. In December 2014, the most recent studies available, the state reported a seasonally adjusted rate of 7.0% as compared to the U.S. rate of 5.6%.

The lowest unemployment rate among California counties in December 2014 was 3.4% in Marin. Sixteen other counties had rates below 6.0% in December. The highest unemployment rate for the month was 21.0% in Imperial County. The comparable California rate (not seasonally adjusted) was 6.7%. Thirty-eight counties recorded a decrease in their unemployment rate between November and December 2014. Over the year, the unemployment rate decreased in all of the 58 counties.

As the December 2014 numbers show, many areas of the state have recovered from the recession and are experiencing new economic growth. Other areas of the state, however, including counties with substantial inland areas, continue to report unemployment numbers significantly above the state average. Developing policies to address the needs of underperforming and expanding economies can be challenging and require different economic approaches and metrics for measuring success. Supporting business development and job growth for all areas of the state are two of the primary policy issues JEDE Committee Members try to address in overseeing the implementation of state programs and review of legislation.

Agriculture – A Cross Cutting Sector

Another key economic driver in California is the agriculture sector, with 2013 production valued at \$46.7 billion, accounting for 17.3% of total U.S. agricultural output. In 2013, agriculture employed an estimated 348,900 people in the state. California is the country's largest agricultural producer and exporter, and a global leader in specialty crops. Agricultural products were one of California's top 5 exports in 2013, totaling \$13.7 billion in exports, a \$1.8 billion (15%) increase from the previous year.

Agriculture's contribution to the overall state economy is also reflected in the private industry sectors graphed in **Charts 1 and 2** including manufacturing and professional and business services. One estimate, by researchers at Butte Community College, is that California's agriculture value chain contributes nearly \$300 billion annually to the economy and accounts for nearly 2.5 million jobs across 800 different job titles.