

California unemployment rate falls to 5.4% in February

March 26 2022, by Adam Beam



Prospective employers and job seekers interact during during a job fair on Sept. 22, 2021, in the West Hollywood section of Los Angeles. California's unemployment rate has fallen to 5.4% after employers added a surprising 138,100 jobs in February 2022. Credit: AP Photo/Marcio Jose Sanchez, File

California's economy roared to life in February as employers added a

surprising 138,100 new jobs, accounting for more than 20% of all employment gains nationally.

"It's a staggering jump," said Michael Bernick, a former director of the state Employment Development Department who is now an attorney with the firm Duane Morris. "Virtually all sectors are showing gains."

Ten of the state's 11 industry sectors added jobs in February. The leisure and hospitality sector had the biggest jump, adding 30,400 jobs. Most of that happened in Los Angeles County, which is heading into its first somewhat normal tourism season since 2019. The county, which has an outsized number of service industry jobs, accounted for 44% of all job gains in the state.

California—the nation's most populous state with nearly 40 million residents—was the first to issue a statewide stay-at-home order at the start of the coronavirus pandemic. The state lost just over 2.7 million jobs in March and April of 2020 as its [unemployment rate](#) peaked at 16.1%.

The new data made public Friday by the California Employment Development Department showed that the state has now regained 87.2% of the jobs that were lost.

California's unemployment rate fell to 5.4% from 5.7% in January, giving the state the third highest rate in the country behind New Mexico and the District of Columbia. Nationally, the unemployment rate is 3.8%.

The state has added jobs in 12 out of the last 13 months, averaging about 101,700 new jobs per month. California ranks third in the nation for the fastest job growth, behind Nevada and Hawaii.

"These latest numbers show that California is continuing to drive our nation's job growth," Democratic Gov. Gavin Newsom said.



A hiring sign is shown at a booth for Jameson's Irish Pub during a job fair on Sept. 22, 2021, in the West Hollywood section of Los Angeles. California's unemployment rate has fallen to 5.4% after employers added a surprising 138,100 jobs in February. Credit: AP Photo/Marcio Jose Sanchez, File

Despite the employment gains, California has had fewer people willing to return to work, resulting in labor shortages across multiple industries.

The shortage has driven up wages amid desperation by employers to hire more people to keep up with demand as pandemic restrictions are lifted

and the economy returns to normal. The [wage increases](#) have been tempered by soaring inflation, which makes everything more expensive.

Friday's report showed signs of the labor shortage easing as more people return to the labor force.

California's labor participation rate—the percentage of people of working age who either have a job or are looking for one—rose to 61.6% in February, the highest since November of 2020, according to Sung Won Sohn, a professor of economics at Loyola Marymount University.

"California's economy is humming," he said. "It's encouraging that we are seeing both employment as well as [labor force](#) moving in the right direction."

The new state employment data is based on a survey taken the week of Feb. 12, which was before Russia invaded Ukraine, which sent gas prices soaring. Since then, gas prices have hit record highs in California and the statewide average on Friday for a gallon of regular gas was \$5.90.

It's not clear how energy prices could impact California's employment in the future. More people than ever are working from home because of the pandemic, meaning fewer commutes.

"Certainly this remote work is here to stay. That is the single most important structural change," Bernick said.

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