

- **CALIFORNIA WILL PROVIDE 20 MILLION JOBS BY 2025.**

Between 2005 and 2025, employment of wage and salary workers in California is expected to grow by 36%. Employment is expected to grow by 31% in the San Francisco Bay Area (to 4.2 million jobs) and by 32% in the San Diego region (to 1.8 million jobs). Employment is expected to grow more slowly in the Los Angeles region (by 21%, to 7 million jobs) but more rapidly in the Sacramento region (by 43%, to 1.3 million jobs) and the San Joaquin Valley (by 38%, to 1.8 million jobs).

- **EMPLOYMENT WILL SHIFT FROM MANUFACTURING TO SERVICE-RELATED INDUSTRIES.**

The services industry (including personal business and health, legal, and educational services) represented 37% of the economy in 2005, and the share is expected to increase to 40% by 2025. The share of employment in manufacturing is expected to decline from 11% to 8%. Government employment will decline slightly from 17% to 16%, trade will grow from 16% to 17%, and the share of employment in the information, transportation, and utilities industries will remain at 7%.

- **CALIFORNIA'S FUTURE ECONOMY IS LIKELY TO PROVE LESS TAXING ON INFRASTRUCTURE.**

Relative to manufacturing, the large and fast-growing service-related industries are less intensive users of physical infrastructure, including water, motor, and railroad transportation and electrical and gas services. The industrial shift will likely ease some of the infrastructure challenges created by growth in the population and economy.

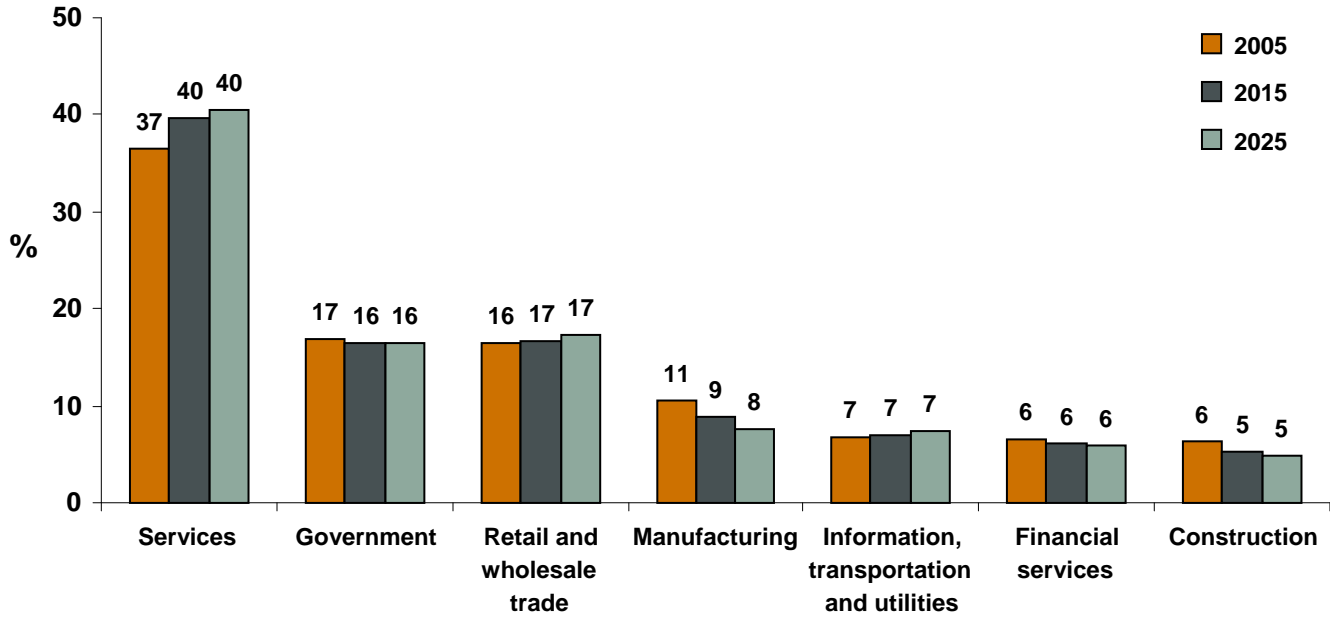
- **EDUCATION NEEDS OF THE WORKFORCE WILL RISE SUBSTANTIALLY.**

The shift toward service-related industries from manufacturing will increase demand for college-educated workers. More than 40% of workers in the fast-growing services industry have a college degree, compared to only 28% of workers in the manufacturing sector. And the share of workers with a college degree has increased in most major industries over the past decade. If these trends continue, employment projections suggest that the share of workers with a college degree will need to increase from 30% in 2000 to 39% in 2020.

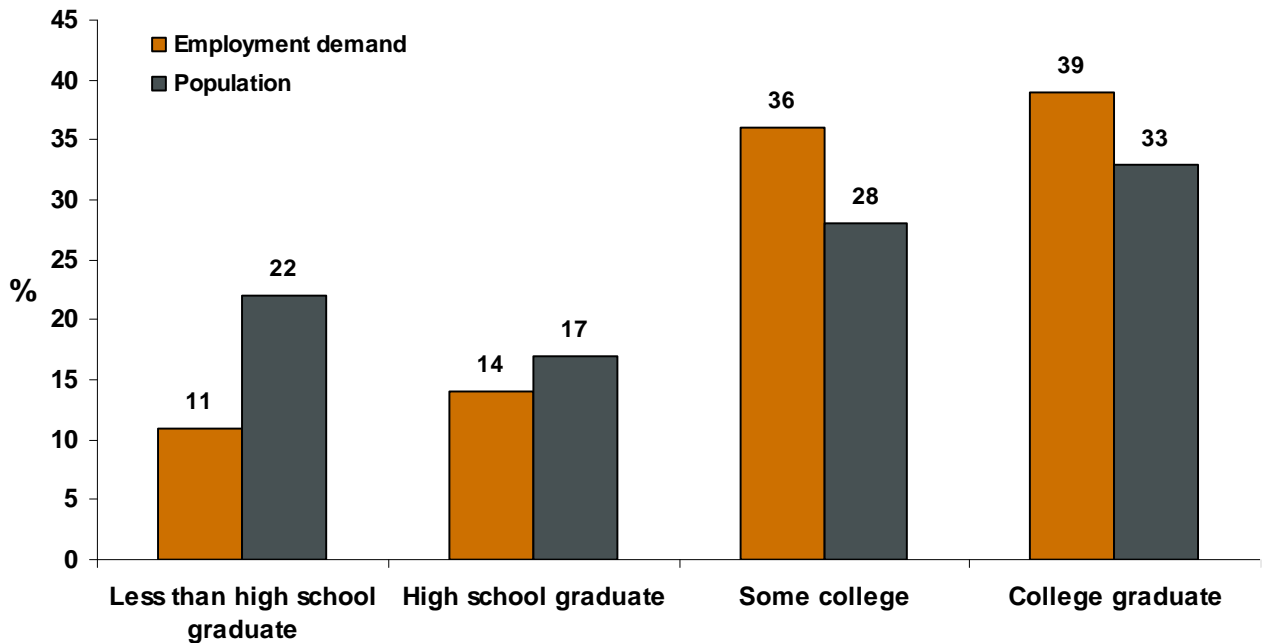
- **EDUCATION NEEDS OF THE WORKFORCE EXCEED PROJECTED EDUCATIONAL ATTAINMENT.**

Educational attainment has improved and is expected to continue to improve for all major racial and ethnic groups in California. The state also attracts educated workers from other countries. If these trends continue at the same levels of the past decade, the share of the population with a bachelor's degree will increase from 28% in 2000 to 33% in 2020 – a percentage that nonetheless still falls short of the projected employment demand for college of 39% in 2020.

Projected Changes in Employment Share by Industry, 2005 to 2025



Education Projections for 2020: Employment Demand and Population



Note: Employment projections are from the California Department of Transportation (2005). This series was chosen due to consistency across regions and sectors and availability for 2025. For further analysis and alternative projections, see David Neumark, *California's Economic Future and Infrastructure Challenges*, PPIC (2005).

Contacts: [Debbie Reed](#), [Hans Johnson](#)