

# Wages rising in central San Joaquin Valley but still trail state, U.S. income averages

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The central San Joaquin Valley's employment and economic picture has a bright outlook as 2016 dawns, as the number of jobs is expected to continue rebounding from the depths of the recession.

Recently released figures from the [U.S. Bureau of Economic Analysis](#) for 2014 show that while the number of jobs in the region dipped during the recession, total employment over the past 10 years grew – faster in some counties than the entire state. And wages went up with them, although per-job wages and [per capita income](#) in the Valley continue to lag well behind state and national averages.

In Fresno County, some industries exhibited considerable, even remarkable, job expansion, while some others shrank. On the paycheck side, the average annual wages, salaries and benefits per job in Fresno County rose from \$43,679 in 2005 to \$52,715 in 2014 – an increase of more than 17 percent for the decade. Those increases, however, were not evenly distributed among all industry sectors.

The statewide average compensation per job in 2014 was \$59,406, and the federal average was \$63,729. (2014 is the most recent year reported by the bureau).

The growth in wages and benefits pales in comparison, however, to the rise throughout the four-county region in the amount of total personal income that comes not from people working at jobs, but from government programs such as Social Security, veterans or medical benefits or unemployment insurance.

## Industry jobs and pay

Between 2005 and 2014, private-sector health care/social assistance posted the greatest job growth of any major employment segment in Fresno County. The industry had about 40,400 employees in 2005; a decade later, it had ballooned by more than one-third, to more than 61,000 workers.

The federal figures make no distinction between full- and part-time work, but the amount of wages and benefits provided for all employees in that industry rose by nearly 42 percent, to nearly \$3 billion over the 10-year span. In 2005, the average annual compensation per job was \$42,640; in 2014, the average annual compensation was \$48,468.

The second-largest private-sector industry employer, retail trade, was nearly flat in the number of jobs over the decade, growing less than 2 percent to an annual average about 45,800 in 2014. Wages and benefits also saw little growth on a per-job basis, reaching an average of \$28,086 per year in 2014.

Construction, manufacturing and agriculture were major employment industries in which the number of jobs shrank – and the average wage per job rose – in Fresno County between 2005 and 2014:

- The number of construction jobs fell from nearly 28,000 in 2005, near the peak of the housing boom, to fewer than 17,000 in 2011 before a slight rebound to about 18,600 workers in 2014 – a net decline of more than 42 percent for the decade. The average annual wage per job rose during the same period, however, from about \$39,200 in 2005 to more than \$44,000 in 2014.
- Manufacturing jobs fell by about 12 percent during the 10-year span, from 28,552 positions in 2005 to 25,483 in

2014. During the same period, the average annual compensation per job climbed by about 11 percent, from \$39,234 to \$44,124 per year.

- Farm employment dipped from an average of more than 22,000 in 2005 to about 20,200 in 2014, a net loss of about 9.2 percent. But the average compensation per job climbed from about \$21,112 per year in 2005 to \$26,276 in 2014, a gain of almost 20 percent.

The highest average wages paid by any private-sector industry in Fresno County were in utilities, where the average compensation per employee came to nearly \$150,000 in 2014 – almost 35 percent more than it was in 2005. But the industry is only a modest employer in the county, growing from 1,494 workers in 2005 to 2,218 employees in 2014, a gain of almost 33 percent.

Among government agencies, state offices in Fresno County saw their payrolls grow by almost 19 percent from 2005 to 2014, while federal and local government agencies were flat by comparison. The average wage per job, however, uniformly rose over the decade.

For local government agencies such as Fresno County, cities, school districts and special districts, compensation grew by 18.5 percent to more than \$75,300 per year. The average pay for federal employees here reached \$85,100, an increase of almost 24 percent. For state agencies, employees in Fresno County saw their average compensation jump by almost 18.5 percent to \$90,160 in 2014.

## **Incomes lag state, nation**

In addition to providing an estimate of per-job wages, the federal estimates also serve up a look at per capita income – a calculation of the total collective income from all sources in a county, divided by the population, to show the average for every man, woman and child.

Those figures continue to show how far the Valley lags behind state and national averages.

In Fresno County, for example, the calculation means taking the total estimated 2014 income of more than \$34.5 billion and dividing it by the population of about 967,000 and coming up with a per capita income of \$35,785, the highest among the central San Joaquin region. And while that is about \$7,700 more per person than in 2005, it's about 28 percent less than California's per capita income of almost \$50,000, and 22 percent lower than the nationwide average of about \$46,000.

The estimates speak to the region's chronic history of higher unemployment and poverty, as well as lower wages, and reflect a greater reliance by residents on government aid programs to try to make ends meet.

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Ernie Goss, a research economist at Fresno State's Craig School of Business

In Fresno, Kings, Madera and Tulare counties, checks for Social Security, unemployment insurance, and veterans and medical benefits amounted to just over \$8 billion in 2005. By 2014, the tally had ballooned by more than 76 percent to over \$14 billion. That was nearly 25 percent of all of the total income realized by residents in the region.

By contrast, such payouts statewide grew at a much slower pace over the 10-year period and in 2014 represented just 12.4 percent of the total income of California residents.

## **Heading into 2016**

One factor likely to have an effect on the wage and income figures in Fresno County and throughout California in the new year is an increase in the state's minimum wage that took effect Friday. The law now requires minimum pay of \$10 per hour, up from the \$9 minimum wage that dates to mid-2014. Those effects are likely to be seen in job

categories with some of the lowest wages in the region, including retail, restaurants, hotels/motels and farm work.

Overall, however, economists have said they expect economic expansion to continue this year.

\$52,715

Average wage paid to a worker in Fresno County in 2014

Nonfarm employment could grow by as much as 2.3 percent in 2016 in the Fresno region, according to a forecast issued last fall by Jeff Michael, an economist with the [Center for Business and Policy Research](#) at Stockton's University of the Pacific.

"Leading employment growth in 2016 is expected to be seen in construction and mining, at 11.4 percent growth, and education and health services at 4.2 percent growth," Michael said. "Employment is expected to increase in all sectors with the exception of the federal government sector, which will suffer job losses."

He added that the unemployment rate is likely to fall to an annual average of 9.4 percent by the end of this year and continue to fall to 8.5 percent by 2019. That's a far cry from the peak unemployment rate of 16.7 percent reported in 2010, during the worst of the recession.

As at least a partial result of those employment gains, Michael is forecasting that real personal income in Fresno County will grow by 3.4 percent in 2016, with an additional 3.5 percent gain in 2017.

Ernie Goss, a research economist at Fresno State's Craig School of Business, also predicted last month that job growth in the Valley will keep making year-over-year gains. Goss' monthly [San Joaquin Valley Business Conditions Index](#) is based on a survey of company purchasing executives in the four-county area.

Inflation, however, could start taking a bite out of earnings after having been relatively flat for the past year, he added, in the wake of the Federal Reserve Board's decision in mid-December to raise the interest rates charged to banks to borrow money.

"I'm getting a little concerned about inflation, although we're not tracking much of it now," Goss said in December. "But that could change very quickly."

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Average annual wages, benefits, by industry

A look at average annual compensation per job in Fresno County in 2014.

<b>PRIVATE SECTOR</b>	<b>No. of jobs in 2005</b>	<b>No. of jobs in 2014</b>	<b>Avg. compensation per job, 2014</b>
Utilities	1,494	2,218	\$149,563
Information	5,363	4,748	\$85,592
Company/enterprise mgmt	3,115	2,323	\$82,694
Wholesale trade	15,013	16,717	\$62,886
Mining	349	748	\$61,122
Manufacturing	28,552	25,483	\$53,506
Health care/social assistance	40,390	61,063	\$48,468

Construction	27,850	19,570	\$44,468
Finance/insurance	16,907	18,631	\$41,600
Professional/scientific/professional services	18,447	18,844	\$39,430
Transportation/warehousing	12,390	15,670	\$35,901
Forestry/fishing/related activities	28,589	33,105	\$31,555
Retail trade	45,078	45,806	\$28,086
Educational services	4,829	6,101	\$27,039
Administrative/management services	21,122	26,931	\$23,989
Other services	24,336	27,832	\$22,917
Accommodations and food services	24,985	29,473	\$19,648
Arts, entertainment, recreation	5,208	6,069	\$15,112
Real estate and rental / leasing	16,182	19,484	\$10,753
<b>PUBLIC SECTOR</b>			
California state government agencies	8,512	10,489	\$90,160
Federal (civilian) government agencies	9,767	9,875	\$85,108
Local government agencies	46,487	45,765	\$75,305
Military	1,495	1,617	\$35,566
<b>TOTAL WAGE/SALARY EMPLOYMENT</b> (all industries)	352,198	375,077	\$52,715
<b>PROPRIETORS INCOME</b>	<b>Number in 2005</b>	<b>Number in 2014</b>	<b>Avg. proprietor income, 2014</b>
<b>Farm proprietors</b>	4,999	4,619	\$223,409
<b>Nonfarm proprietors</b>	71,319	89,108	\$40,821

Average compensation per job includes wages and supplemental benefits, but not employer contributions for pension or insurance funds or for Social Security. Figures do not distinguish between full-time and part-time positions.

Number of jobs reflects employees working for wages and salaries; business and farm proprietors are reported separately.

Source: U.S. Bureau of Economic Analysis