What is the natural unemployment rate?


<table>
<thead>
<tr>
<th>Series Id:</th>
<th>LNS14000000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonally Adjusted</td>
<td></td>
</tr>
<tr>
<td>Series title:</td>
<td>(Seas) Unemployment Rate</td>
</tr>
<tr>
<td>Labor force status:</td>
<td>Unemployment rate</td>
</tr>
<tr>
<td>Type of data:</td>
<td>Percent or rate</td>
</tr>
<tr>
<td>Age:</td>
<td>16 years and over</td>
</tr>
</tbody>
</table>

![Graph showing monthly unemployment rates from 1948 to 2011](graph.png)
Has the Beveridge Curve shifted?

Signs that structural unemployment has gone up
California perspective confirms both the mobility and skills arguments

- Relationship between domestic migration and unemployment rate has shifted
  - In previous downturns, California has experienced massive net out-migration
  - In this downturn, out-migration has been modest

- PPIC projections suggest a growing mismatch between jobs and educational attainment
California and US unemployment rates

Percent Unemployed

- U.S.
- California
California Faces a Skills Gap

If current trends continue:

• California’s economy will demand more highly educated workers
  – By 2025, 41% of jobs will require a bachelor’s degree

• Population will not supply enough college graduates to meet projected needs
  – By 2025, 35% of California adults will have a bachelor’s degree

• Shortfall of 1 million college graduates
College Wage Premium Has Increased Since 1980

Percentage Difference in Average Hourly Wage, Worker with a Bachelor’s Degree Relative to Worker with a High School Diploma

- **CA US CA US**
- **1980**
- **1990**
- **2000**
- **2006**

<table>
<thead>
<tr>
<th>Year</th>
<th>CA Men</th>
<th>US Men</th>
<th>CA Women</th>
<th>US Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Role of community colleges in addressing workforce skills

• Vast majority of college students are in public community colleges (64% of enrollment in CA)
• But completion rates (certificates, degrees, transfers) are very low
• Reforms are necessary
  – More effective use of data
  – Funding
  – Advising
  – Links with employers and four year colleges
  – Consumer (student) information
One example of what works:
Early college commitment programs

Sweetwater Union:
Share of high school graduates enrolling in a four-year college

15.8%
One example of what works:
Early college commitment programs

Sweetwater Union:
Share of high school graduates enrolling in a four-year college

Compact for Success