

IEEP and Lowe Institute ECONOMIC ANALYSIS

The April 2026 Employment Report

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by

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INLAND EMPIRE

Labor market data release for the previous month (April 2026) for California and its 29 Metropolitan Statistical Areas (MSAs) is typically made available by the Economic Development Department (EDD) around the middle of the following month. The data was published today and here we will summarize the major findings for the Inland Empire (Riverside-San Bernardino-Ontario MSA) and California. National data has been available at the Bureau of Labor Statistics website since May 8.

To get a more objective picture of the labor market, meaning data that reveals potential cyclical fluctuations (booms, recessions), you need to remove regularly occurring seasonal movement from the data. The EDD does this for the state data but not for the Inland Empire. At times looking at the “raw” data can be misleading for a variety of reasons (Christmas holidays, post-holiday period, end of school year, summer data for Coachella Valley, Kaiser Permanente strike, etc.) and we therefore use standard statistical methods to remove seasonal components for the Inland Empire data.

The headline news for the Inland Empire is that the (non-seasonally adjusted or “raw data”) unemployment rate is down from 5.1 percent in March to 4.9 percent in April. Looking at the year-to-year change, we see that the Inland Empire’s unemployment rate has slightly decreased by 0.1 percentage points from 5.0 percent in April 2025. Once we remove the regularly occurring seasonal pattern (“seasonal adjustment”) from the data, the analysis is less positive: the seasonally adjusted unemployment rate for the Inland Empire increased from 5.2 percent in March to 5.4 percent in April. Hence there is no marginal improvement visible currently (see Figure 1 below).

The Inland Empire is in an unusual situation for another reason: there are a relatively large number of commuters into the coastal regions. Hence data from employment within the region

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(measured by the establishment survey or Current Employment Statistics - CES) will differ significantly from data related to residents (measured by the household survey or Current Population Survey - CPS).

Changes in the unemployment rate are the result of relative movements of the growth rate of the labor force and employment. The unemployment rate will increase if the labor force grows faster than employment, or, as is currently the case, if employment shrinks faster than the labor force. Ideally, we would want to see the economy generating more employment while the labor force increases, but this is not the case for the Inland Empire currently. Incidentally, the shrinking labor force and the employment reduction are also visible in the raw data, although there, the reduction in employment is not as large as the reduction in the labor force. Whether the shrinking of the labor force is due to immigration policies or other factors that cause the population to decrease needs to be investigated further.

The table below lists the seasonally adjusted data both for the CPS and the CES. Overall there is a significant decline in employment at the aggregate level, both in the month-to-month numbers (-13,000) and the year-to-year figures (-30,000). Total Nonfarm employment decreased by slightly less than -850 relative to April 2025 and decreased by slightly more than -1,050 when compared to March 2026. It therefore seems that commuters were more affected than workers within our region.

Underlying these aggregate numbers are significantly different movements by the various economic sectors. Note that there was an overall decline in the annual numbers of -850 positions while the **Health sector gained 20,150 jobs over the year**, which was the largest by far and represented a roughly 6 percent growth. This implies that all other sectors combined lost jobs. While the Health sector continued to gain 552 jobs over the last month, the month-to-month growth is declining. If it was not for the largest employer in the Inland Empire still adding jobs, employment in the region would experience a large decline. The two other large employers in the Inland Empire, Government and Logistics, are not running on all cylinders.

You can see from Figure 1 that the raw (non-seasonally adjusted - orange) unemployment rate is more volatile than the seasonally adjusted rate. It also moves back to the underlying trend after temporary diverging due to the regularly occurring swings related to the time of the year. Regardless, there has been a trend increase since the middle of 2022 in both rates. Table 1 shows the underlying data after seasonal adjustment.

For the raw data, go to (<https://labormarketinfo.edd.ca.gov/data/employment-by-industry.html>)

Figure 1: Unemployment Rate, Inland Empire, Jan 2010 - April 2026, NSA (orange) and SA (blue)



Table 1: Labor Market Data, SA, Inland Empire, April 2026²

Data Seasonally Adjusted						
	Apr 25	Feb 26	Mar 26	Apr 26	Percent Change	
					Month	Year
Civilian Labor Force (1)	2,243,600	2,239,800	2,228,700	2,222,620	-0.3%	-0.9%
Civilian Employment	2,132,400	2,120,700	2,115,800	2,102,684	-0.6%	-1.4%
Civilian Unemployment	111,200	119,100	112,900	119,936		
Civilian Unemployment Rate	5.0%	5.3%	5.1%	5.4%		
(CA Unemployment Rate)	5.1%	5.5%	5.2%	5.0%		
(U.S. Unemployment Rate)	3.9%	4.7%	4.3%	4.0%		
Total Nonfarm	1,718,963	1,716,415	1,719,196	1,718,124	-0.1%	0.0%
Mining and Logging	1,607	1,599	1,602	1,708	6.6%	6.3%
Construction	112,523	106,950	107,662	107,961	0.3%	-4.1%
Manufacturing	95,942	92,798	92,128	91,956	-0.2%	-4.2%
Durable Goods	57,081	55,059	54,723	54,590	-0.2%	-4.4%
Non-Durable Goods	38,861	37,747	37,417	37,368	-0.1%	-3.8%
Logistics	267,749	267,981	267,691	267,893	0.1%	0.1%
Retail Trade	181,767	181,131	181,205	181,795	0.3%	0.0%
Utilities	5,643	5,589	5,539	5,540	0.0%	-1.8%
Information	12,170	11,807	11,832	11,772	-0.5%	-3.3%
Financial Activities	43,760	42,495	42,369	41,954	-1.0%	-4.1%
Professional and Business Services	159,669	154,628	153,946	153,973	0.0%	-3.6%
Private Education and Health Services	334,996	349,211	354,582	355,134	0.2%	6.0%
Leisure and Hospitality	186,480	186,529	185,463	185,395	0.0%	-0.6%
Other Services	51,125	51,728	51,726	51,196	-1.0%	0.1%
Government	266,333	262,841	262,941	262,819	0.0%	-1.3%
Federal Government	20,679	18,446	18,424	18,276	-0.8%	-11.6%
State Government	29,293	28,089	28,122	28,002	-0.4%	-4.4%
Local Government	216,271	216,140	216,187	216,414	0.1%	0.1%

² We stress here that **Table 1** contains the seasonally adjusted data (for the raw, non-seasonally adjusted data, go to the EDD website listed above).

Table 1 indicates that, compared with April 2025, the Inland Empire has lost roughly 800 non-farm jobs. The single largest sectoral gain (+20,100 increase) was in the Health sector, and it stands in contrast to the declines in several other sectors. Notably, the largest decline comes from Construction (-4,600), Manufacturing (-4,000), as well as Government (-3,500).

Here is the summary of the winners and losers using seasonally adjusted data from the previous month (March 2026), as well as from one year ago (April 2025).

- **Retail Trade** gained 590 positions, making it the biggest winner, followed by **Private Education and Health Services** as the runner-up with 550 gains; increases elsewhere, if at all, were minimal.
- The largest declines are seen in **Other Services (-530)** and **Financial Activities (-420)**. The decline in Federal and State Government are outweighed by the gains in Local Government.
- For **year-to-year growth** (relative to March 2025), the sector with the largest employment gain was **Private Education and Health Services (+20,100)**, **primarily Health**. Similar growth is not seen in any other sectors, which saw a combined decline of approximately -29,000 jobs. The biggest loser was Manufacturing (-4,600) followed by Construction (-3,500) and Government (-3,500).

General Outlook: Riverside-San Bernardino-Ontario MSA

The Inland Empire seems to have come to a crucial point: the three engines of growth, Health plus Government (heavily downward revised numbers in Local Government or Public Education) plus Logistics (“freight recession”), have lost steam. There is only one locomotive still pulling the train: Health. We have put all our eggs in one basket, and what served us well in the past, is now turning into a problem due to the lack of diversification. This was pointed out as early as 2016 by Representative Norma Torres. Over 50 percent of the overall employment share is concentrated in the three sectors.

We are facing problems like what we saw in the past when we relied heavily on military expenditures (pre 1990 and peace dividend subsequently) and the housing market (pre 2006 and burst of housing bubble in 2008). Decision makers in the Inland Empire must become aware of the danger and adopt policies to counter a potential repeat of previously observed adjustments.

CALIFORNIA

The California labor market picture suggests that the economy is not changing much, in essence moving sideways. **The unemployment rate remained at 5.3 percent from a month ago and is therefore a full percentage point above the national average (4.3 percent)**. California also has had one of the highest state unemployment rates, only relinquishing the “lead” a month ago to Delaware. Unfortunately, Delaware caught up with our state this month, and we are back up front. The two states share the “lead” with Nevada. When we go by most populous states, Texas has a 4.3 percent unemployment rate, Florida is at 4.8 percent, and New York comes in at 4.6 percent.

Underlying the change in the unemployment rate is the growth rate of the labor force and the growth rate of employment. The unemployment rate can fall even in the face of shrinking employment if the labor force shrinks by the same percentage amount. Ideally you want to see positive employment growth coinciding with a growing labor force. **Unfortunately, the only reason for the unemployment rate to remain the same from a month ago is that the labor force fell by roughly the same amount (-50,100) as employment shrunk (-42,500). This is not a healthy combination.** Non-farm employment also fell, but by a smaller amount (-3,200). The jobless boom (“ghost economy”) therefore continues.

When we compare California’s unemployment rate to the previous economic peak (February 2020), then we see an increase of 1.8 percentage points (from 3.5 percent to 5.3 percent). That difference is alarming.

Nonfarm employment in California, as measured by the CES, on the other hand, decreased by (-3,200) in April. The Health (and Private Education) sector added 11,500 jobs, meaning that all other sectors combined saw a loss of almost -15,000 positions. The biggest losers were Information (-7,400), Professional and Business Services (-5,900), and Finance (-3,300). Artificial Intelligence continues to see sectors decline where we would expect to see a significant impact. The Logistics sector saw a small increase of 600 jobs.

While California experienced a month-to-month decrease in Nonfarm jobs, the U.S. saw an increase of 115,000. Even considering the differences in population size, California is moving in the opposite direction from the nation.

The decline in Nonfarm employment from the establishment survey is much smaller than the employment decline in the household survey numbers. This can be explained through a variety of factors: the household survey is smaller and relies on subjective answers to the question whether an individual was “searching” for a job, while the establishment survey looks at employment records. Furthermore, people may hold more than one job or may be self-employed. Still, the difference from the two surveys of the current magnitude is disturbing and the EDD has been unable to explain it.

For those who want to find a more detailed analysis of the California labor market, go to:

<https://labormarketinfo.edd.ca.gov/data/employment-by-industry.html>

and

<https://labormarketinfo.edd.ca.gov/data/california-labor-market-dashboard.html>

From a longer run perspective, it is useful to look at year-to-year changes in employment instead of changes from March 2026 to April 2026. The picture is alarming: While our state gained 101,500 Nonfarm jobs, 151,300 were created by a single sector (Health and Private Education).

The other sectors combined lost roughly 50,000 positions. Of these, Government shed (-35,700), Manufacturing (-17,000), Information (-15,600). At the same time, California has seen higher growth rates in real GDP than the nation. Hence the “ghost economy” or jobless boom, persists.

OUTLOOK

Artificial Intelligence currently has two effects on the California economy: output grows at a healthy rate while employment shrinks. Hence, we see large productivity increases coinciding with employment losses in many sectors. This forecast assumes that there will be no further additional increases in energy prices with Brent Oil remaining roughly at \$100 a barrel for the near future, before declining subsequently. While Kevin Warsh has replaced Jerome Powell as the Chairman of the Federal Reserve, we do not expect the central bank to lower interest rates for quite some time given the increased inflation rates resulting from the Middle East conflict and the coinciding gasoline and diesel prices. Our forecast is consistent with that of financial markets which place an 80 percent probability on no-rate cuts for the rest of the year. We cannot expect additional stimulus from monetary policy, which means that most likely construction, automobile sales, and durable consumption expenditures will not grow significantly.

If the Health sector stops expanding employment in the state due to changes in national policies, then we are facing an employment recession in the very near future. There is some hope for the state to make up for some of the losses from the national level due to larger than expected tax collection (stock market booming). While there is also the possibility of additional income from the Billionaires tax, note that the IEEP has taken a stance against that ballot initiative.