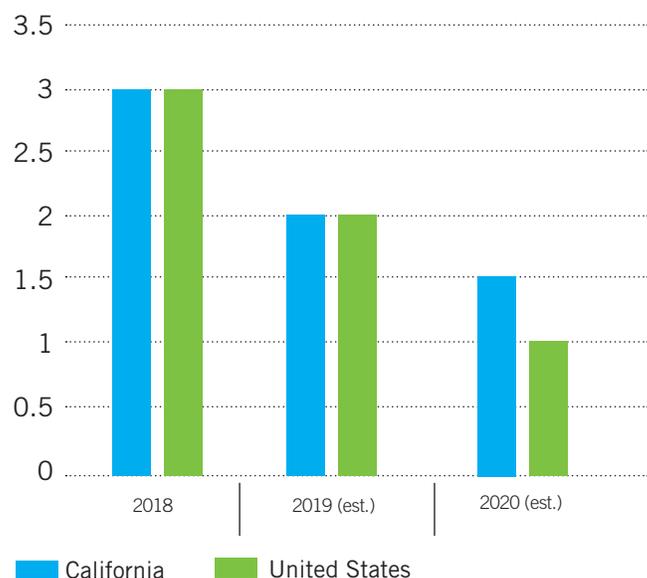




Southern California Employment Trends Report

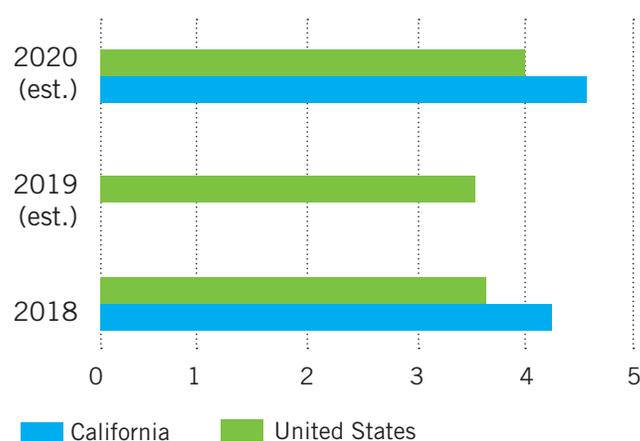
SOUTHERN CALIFORNIA

Projected GDP for 2019 and 2020



Gross Domestic Product is projected to decline in both California and the U.S. over the next two years. (Sources: UCLA Anderson School of Management's 2019 Economic Forecast and Chapman University Economic Forecast by the A. Gary Anderson Center for Economic Research)

Projected Unemployment Rate for 2019 and 2020



National and state unemployment rates are projected to increase by 2020. Projections for California in 2019 were not provided. (Source: UCLA Anderson School of Management's 2019 Economic Forecast)

2019 Economic Outlook Hints at Slowdown in the Next 24 Months; How Employers Should Prepare

Early December saw a few dozen state and national reports containing mixed outlooks on prospects for the next year. A common theme that emerged is a potential economic slowdown in 2019 and a further tightening in 2020.

The UCLA Anderson School of Management's [2019 Economic Forecast](#) predicts the U.S. economy will downshift from the 3 percent growth in real gross domestic product (GDP) this year to 2 percent in 2019 and 1 percent in 2020.

Along with the lowered GDP, the outlook reports that job growth is likely to drop from the 190,000 average monthly gain this year to 160,000 per month next year, then 40,000 a month in 2020.

With job growth decreasing and a possible slowdown, there are things that employers can do to prepare for a shift in the labor market.

It's important to remember that -- if a slowdown occurs -- employers should honor any commitments, past and future, that were made to employees such as incremental pay increases, bonus plan eligibility, or eligibility for other benefits (e.g., tuition reimbursement). It may be tempting to revise or reverse these offerings to reduce operating expenses. However, the long-term impact could be crippling to employee morale and your workforce.

Employers who scaled back hiring during the 2009 downturn experienced a huge spike in turnover and a significant jump in hiring, recruiting and retention costs when the economy rebounded. Many of them even offered above-market payrates or other benefits and perks to keep employees, but their efforts fell flat. Worse, departing employees spread word about the company's untrustworthiness, causing a negative brand impact in the community for years.

An economic slowdown may give employers an upper hand. If it does, hiring managers need to be prepared to negotiate with candidates who are used to being in a position of power during the interview and job-offer process. That reality will require patience as candidates adjust to new expectations for compensation and benefits.

The next two years may or may not see the national economy slowing. And how it may affect Southern California's economy and job market remains to be seen. Forward-thinking employers should prepare now for the possible effects that a downturn may have on their workforce and determine how they can financially support their current compensation and benefits programs.