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April 19, 2019, Labor Market Report for March 2019

The California Labor Market Information Division released its March 2019 report earlier today, showing no month to month change in our unemployment rate, holding steady at 4.0%. We remain ahead of California's unadjusted rate, at 4.6%, but have fallen just behind the U.S. at 3.9%.

What's a more interesting observation, however, is that we're now seeing what may emerge as a troubling trend, with a current quarter's unemployment rate running higher than the prior year. We have that now—4.1% on the current quarter vs 4.0% a year ago—for what may be the first time since 2010. To be clear, it's not yet a real trend, but we know the recovery won't last forever.

For more on our labor force and industry sector changes, see our comments below. For the current data, go to www.labormarketinfo.edd.ca.gov/file/lfmonth/vent$pds.pdf.

Labor Force: Counterbalancing our satisfaction over a still strong and competitive 4.0% unemployment rate, we remain concerned over our weak labor force participation. Labor force participation is a measure of the total human capital participating in the economy, employed and unemployed, contributing to production and earning incomes, or at least seeking to.

What's concerning is that at a current level of 429,000, we're actually down from a decade ago, at 432,200 in 2009. For a bit more context, our labor force was considerably higher five years ago, in March 2014, at 436,100. Our labor force topped out, early in the recovery from recession, in 2012, with fully 10,000 more workers in the economy, at 439,300.

This now long-standing decline in labor force is tied to another major concern, that is, our flat or nearly flat growth in GDP over the last four or five years. Even though, in theory, we secure more productivity from each worker through advances in technology and efficiency, it's difficult for an economy to grow at the same time as its labor force is stagnant or shrinking.

This all begs the question, what are the causes for the decline? While not easy to define precisely, the causes include:

- weakness in job creation and retention, especially for high wage occupations, creating little motivation for marginal workers to get off the sidelines, seek employment;
- working age individuals and families leaving the region, owing to the high cost of housing and shortage of high wage jobs;
- an aging population, with fewer young workers available to replace retirees.
- a cultural and political climate hostile to immigration, so fewer new workers arriving to replace the retirees and out-migration of workers.

None of these factors are unique to Ventura County, but our high prevalence of each places us at a particularly high risk for continued economic stagnation.

Industry Sector Growth and Decline:

On the surface, March looks like a fairly strong month for industry sector employment, up by 3,200 jobs, but a closer looks shows that just about all of it, 2,900 jobs, was in the Farm sector.

Even with that enormous growth, it's apparently mostly seasonal, as we're up only 1,000 jobs in Farm, year-over-year. Still, it's good to see an up month for the agriculture sector.
The remaining net gain of only 300 Nonfarm jobs in March is comprised of a fairly unremarkable mix:

- For good news, Construction was up 300 jobs in March, 1,000 year-over-year, for a total of 17,000.
- On the downside, though not surprising, Retail shed another 200 jobs, now down 700 year-over-year.
- Our only other notable gain was 200 Government jobs, comprised of an even mix between state and local employment.

Unemployment Rate in the Statewide Context: Continuing a trend from last month, we improved our position in the ranking among California's 58 counties, now in 14th place, just ahead of our 15th position in February.

Looking at our surrounding counties, Santa Barbara is 25th at 4.9%, San Luis Obispo is 6th at 3.3%, Kern is 49th at 10.3%, Los Angeles is 19th at 4.4%, and Orange is 5th at 3.2%.

The top performing counties remain primarily in the Bay Area, with San Mateo continuing in first at 2.4%, San Francisco in 2nd at 2.6%, Marin 3rd at 2.7%, and Santa Clara 4th at 2.9%. Alameda, Sonoma, Napa and Contra Costa round out the top 10.

In summary, Ventura County continues to hold a relatively strong position in the region, with a low 4.0% unemployment rate, though concerns remain over our weak labor force participation and productivity.

This month's detail on unemployment rates statewide can be viewed at www.labormarketinfo.edd.ca.gov/file/lfmonth/1903pcou.pdf or go to www.labormarketinfo.edd.ca.gov/file/lfmonth/lf_geomaps_color.pdf for the mapping tool.

Questions, comments, please let us know.

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