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January 24, 2020, Labor Market Report for December 2019

The California Labor Market Information Division released its December 2019 report earlier today, with no change to our unemployment rate, holding steady from November to December at 3.4% and moderately improved from one year ago, then at 3.7%.

Notwithstanding the low unemployment rate, there's little to cheer about. We dropped a net 1,100 jobs in December—down 900 in Farm, presumably seasonal—and a net of 200 lost in all other sectors combined.

More worrisome is our continuing decline in the labor force—that is the total of all workers employed and unemployed but looking for work. The labor force was down by 900 in December, to 424,000, fully 3,800 below our level one year ago and down 6,000 from a decade ago. What that means, of course, is that a smaller share of the county's population is finding economic opportunity through work, whether self-employed or employed by others.

For more commentary on the several causes of the decline in our labor force, see our prior month's report. For more on our month-over-month changes by industry sector, see below. For the current data, go to [www.labormarketinfo.edd.ca.gov/file/lfmonth/vent\\$pds.pdf](http://www.labormarketinfo.edd.ca.gov/file/lfmonth/vent$pds.pdf).

Industry Employment: As noted above, Ventura County lost 1,100 jobs in December, a mix of 900 in Farm and 200 in the Nonfarm sectors. For a bit of good news, our **Goods Producing sectors**—Mining and Logging, Construction, Manufacturing—are on net showing some strong positive movement, notwithstanding a relatively weak December. Year-over-year, this grouping is up 3.4% in job creation, as compared to 0.1% in all other Nonfarm Service Providing sectors combined. For the month, however, Durable Goods was down 0.2%, as compared to 0% change in the Service Providing sectors.

Within Goods Producing are the following:

- Mining and Logging is down month-over-month by 100, to 800 jobs, the weakest performing sector in this grouping. That noted, the losses may be seasonal and temporary, as the sector has been bouncing back and forth between 800 and 900 for about three years.
- Construction is down 100 in December, almost certainly seasonal, but up 1,000 year-over-year, or by 5.9%, our fastest growing sector, at 17,900 jobs. As reported in prior months, however, this surge in jobs still hasn't yet caught us up to our pre-recession high for December employment, at 19,800 in 2005.
- Manufacturing was unchanged on the month but up 600 jobs year-over-year, to 27,000, or by an increase of 2.3%.

What's important about this movement in the Goods Producing sectors is that many of these jobs, particularly in manufacturing, are high wage. Further, jobs in these sectors drive higher multiplier effects, that is, each dollar earned in Goods Producing drives more income and activity to the region through export trade and more spending both business-to-business and by workers and their families in

household consumption.

Looking more closely at the month's changes in the **Service Providing sectors** there are several uninspiring data points:

- Retail Trade up 300, a slow showing for holiday hiring, and down 1,100 year-over-year, at 40,300. As previously noted, the decline in Retail is a national trend, unlikely to reverse. While the old pattern of continuous growth is long gone (to on-line purchasing), a remaining question is how far will Retail fall before it finds a new equilibrium.
- Financial Activities down 300 in December and up only 100 jobs year-over-year, at 16,600.
- Professional and Business Services up by 100 in December, but flat year-over-year at 43,200.
- Private Educational & Health Services up 400 in December and up 800 year-over-year, to 49,500. The good news is this sector continues to grow. The less good news is our year-over-year growth in Ventura County at 1.6% is starting to lag behind the national trend at about 2.6%.
- Leisure and Hospitality down 200 in December and up only 200 year-over-year, at 37,700. There remains room for this sector to grow, though it tends to create lower paying jobs.
- Government down 500 in December, up 100 year-over-year, to 47,800. What's interesting this month is the mix of changes within the Government subsectors. Usually our movement in this sector is concentrated in local government education. This month, however, we saw a drop of 100 jobs in State Government (not education) and a drop of 100 in City employment, all on top of 300 jobs lost in local government education. The decline in education jobs is likely seasonal. We'll keep an eye on the other Government sectors going forward.

The upshot for the Service providing sectors is we're showing very little positive movement outside Health Services, raising the troublesome question of just where we might find new job growth in the coming year and years. Our overall job creation rate remains disturbingly low, at 0.6%, placing us in the bottom quartile of California counties.

Unemployment Rate in the Statewide Context: Looking at the total 58 counties in California, we improved by one slot in December, to 20th, now a four month trend of positive movement, from a recent low of 27th in September. Still, 20th is far behind our typical ranking just a few years ago, more regularly in the mid-teens.

Ventura County's 3.4% keeps us ahead of California's unadjusted rate of 3.7% but pulls us even to the national rate, unadjusted, also at 3.4%. The point remains, however, that we're not driving a low unemployment rate by employing more people, rather by having fewer people working or actively looking for work.

Looking regionally, Santa Barbara County is at 3.6%, San Luis Obispo 2.5%, Los Angeles 4.0%, Orange 2.4% and Kern is at 7.2%. San Mateo continues to lead the state at 1.8%, San Francisco and Marin right behind at 1.9%, with the balance of the Bay Area all in the top ten and no higher than 2.6%.

Unemployment rates by county are nicely and variously displayed in the state's mapping tool at www.labormarketinfo.edd.ca.gov/data/interactive-labor-market-data-tools.html. For the table display on December unemployment rates, go <https://www.labormarketinfo.edd.ca.gov/file/lfmonth/1912pcou.pdf>

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