



THE LATEST ECONOMIC 411

BY BRUCE STENSLIE, EDC PRESIDENT/CEO

Labor Market Report for March 2020

The California Labor Market Information Division released its March 2020 report on Friday, just beginning to show the effects of COVID-19. For understanding the report, it's important to understand that most of its data was collected early in the month, prior to the release of the County's first restrictions on business on March 17 and its implementation of the broader Stay Well at Home Order on March 20. If our February report was best considered as the baseline against which to measure our decline and recovery through the COVID-19 experience, the March report might best be considered as a preliminary indicator of what's to come, but mostly irrelevant for shedding light on the actual impacts.

The March Labor Market report does show our Ventura County unemployment rate ticking up from 3.7% in February to 4.6% in March. But consider that in just the three weeks from March 17 through April 3, Ventura County residents registered some 44,000 new unemployment insurance claims. Meanwhile, the March data reported on Friday shows only some 3,700 newly unemployed residents. To put these numbers in some context, we might further consider that that enormous number of unemployment claims at the end of March—some 44,000—is nearly thirty times more claims than for comparable three-week periods in the prior months.

Or put more simply, the March data bears no resemblance to our current circumstance. That noted, for the March data, go to [www.labormarketinfo.edd.ca.gov/file/lfmonth/vent\\$pds.pdf](http://www.labormarketinfo.edd.ca.gov/file/lfmonth/vent$pds.pdf).

Setting a Framework for Understanding the COVID-19 Labor Market

Crisis: Rather than comment on the detail of the March data, our comments here are intended more to shed light on the actual impacts on workers and business by the COVID-19 crisis. To do that, we look first at the industry sectors and occupations most severely impacted, then re-introduce some analytic tools from the US Bureau of Labor Statistics that might help us understand the diversity of ways workers may experience this downturn.

The most severely impacted: At the risk of failing to recognize the breadth of impacts, our focus here is on the sectors and occupations that are most severely impacted.

What we know is that our current economic crisis is most immediately and visibly in the consumer dependent sectors: Retail, Arts & Entertainment, Food & Accommodation and Other Services.

· Retail in Ventura County is some 37,200 jobs, already in decline over the last couple of years as consumer behavior moves to on-line purchasing. We estimate that as many as 75% of the workers in this sector are either temporarily laid off or have had severe reductions in hours. Already among the lowest wage jobs by sector, workers in Retail have little job security, few benefits and

little in reserve.

- Arts & Entertainment is a relatively small 5,700 jobs. Think movie theatres and performing arts, museums, bowling alleys and spectator sports. Just about none of the workers in this sector have been on the job the last four weeks, since March 20. While there is a diversity of occupations in this sector, just as in retail, a significant share are marginally attached, again with relatively low wages, few benefits and little in reserve.

- Food & Accommodation together form a single data set for Ventura County, some 32,100 jobs, more than 26,000 in Food Services, that is, restaurants and bars and catering. We estimate that at least half of the 26,000 Food Services workers are laid off or furloughed. For the Accommodation sector (overnight lodging), based on national surveys we know that approximately half the workforce has been laid off, with another significant share absorbing reduced work hours. Just as for the sectors above, there is a wide diversity of jobs in Food & Accommodation, but many of the service jobs are low wage and dependent on work for tips. Workers in this sector often work multiple jobs, resulting in a lot of part-time work and few benefits.

- Other Services is some 9,600 jobs. This is a very diverse sector, though including a concentration of personal services occupations and non-profits. Again, it is a sector characterized by lower wages, few benefits, little in reserve. A reasonable guess might be that some half of these workers are laid off or have reduced work hours.

Taken together these sectors represent approximately 27% of the County's payrolls and approximately 13% of the region's GDP. What's common across them all is their contribution to regional quality of life and experience. What's also common to them all is the workers are among our most vulnerable and they are first and most severely impacted.

Alternative Measures of Labor Underutilization: Among the least known and most under-appreciated reports from the US Bureau of Labor Statistics is the "Alternative Measures of Labor Underutilization." What it measures is not just the official number of unemployed, but also includes other categories of workers referenced above, its purpose being to get to the total "underutilization of labor".

For a nice display of what is just beginning to happen in labor markets with COVID-19, go to www.bls.gov/charts/employment-situation/alternative-measures-of-labor-underutilization.htm.

Following are shorthand definitions of what's displayed *nationally* for March 2020 (the April data, which will provide a more complete picture of our downturn, will be available the first week of May; this data is not regularly published for local areas):

- Official Unemployment: 4.0%, includes workers identified by a household survey, answering that "no, I am not working," and "yes, I am looking for work." (Remember, if a person answers the 2nd question, "no I'm not looking for work," the person is considered out of the labor force and not unemployed.)

- Discouraged Workers: 0.2%, includes workers who indicate in more detailed follow-up questions to the survey that they're not looking for work because they perceive and experience that the market is so bad, with so few prospects, that they're not bothering to look. This number is currently small but grows larger as jobs and job opportunity becomes more constrained.

- Marginally Attached: 0.6%, similar to discouraged workers, but a broader category of the unemployed/not in the labor force, including those that have worked in the last year, are willing and able to work, but simply are currently not looking.

- Employed Part-time for Economic Reasons: 2.3%. For the purpose our discussion today, this is the category that is growing exponentially with the broad application of stay at home orders. As we note above, for example, for the Food & Accommodation sector, there are thousands of workers that may not show up in the official unemployment rate, because they are still working part-time, *but are involuntarily part-time and have reduced hours*.

What that all adds up for March 2020 is that while the official unemployment

rate is 4.0%, the rate of labor *under-utilization* is 7.1% (4.0 + 0.2 + 0.6 + 2.3). *What we imagine for April is a very high unemployment rate, but even that high official rate will miss an enormous number of the involuntary part-time. That 2.3% rate for involuntary part-time for March will likely grow to more than 10%.*

Summary: As noted in our report last month, it remains too early to know how long the stay at home orders and stifled consumer spending may last. What is more certain, however, is we are already in a recession and it's likely to last more than a year while consumer behavior re-gains confidence. For more on resources and information to help businesses navigate these difficult times, we maintain and update daily a comprehensive set of COVID-19 Business Resources at <https://edcollaborative.com/covid19/>.

Finally, what we learned through the Thomas and Hill/Woolsey incidents, is that our businesses and workers are dependably committed to and adept at adapting to disruption and fortified by the spirit of resilience. We will all get through this, stronger than ever.

Questions, comments, please let us know.

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