



ECONOMIC  
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# THE LATEST ECONOMIC 411

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## Labor Market Report for January 2021

The California Labor Market Information Division (LMID) released its January 2021 report earlier today, delayed by about a month from the usual release date, accommodating the annual recalibration, helping to assure the monthly data aligns with continuing changes in the economy and labor markets.

The report shows no change from December in the unemployment rate, still at 7.4%, though a steep loss in payroll jobs month-over-month, down a total of 7,900. With that kind of job loss you'd expect the unemployment rate to increase, but the data shows it didn't. Part of the explanation for no change in the rate is that we had some 2,600 workers drop out of the labor force entirely, reported as neither employed nor unemployed, the result being an artificial lowering of the unemployment rate. We suspect the rest of the explanation is somewhere buried in the annual data recalibration. For the detail, check out LMID's December report [here](#).

**Overall Losses in Payroll Employment:** Looking in more detail at the job losses, what we see is a broad mix, without a single major industry sector adding payroll employment in January.

For this month there are two clear causes for the loss, and perhaps a third. One and most obvious is the annual layoff of holiday hires. As expected, Retail was the biggest loser, except for Leisure & Hospitality (more on that below), dropping 1,700 jobs from December to January. That's a little smaller annual decline than most years, but about what we'd expect given that there were also fewer holiday hires than most years.

The second cause is of course the continuing impact of COVID-19. Nothing really new here, rather just the continuing ripple effect of a slowdown in commerce and spending of all kinds.

The third, less certain, may be embedded in the annual data recalibration. Or put another way, the job losses may not have really all been from December to January, rather just showing up now after a larger accumulation of losses over the year that did not get captured in the regular monthly reports.

Whatever the case, the pain for workers, family and community is real, as we're down a net 29,200 jobs year-over-year, down 9.9% in private sector employment and down 12.6% in local education, a stunning loss of income and productive activity. For an upside, however, a lot of that loss has been offset by federal, state and local aid that has kept money in the system, helping more businesses stay open than would otherwise be expected and families in their homes.

**Broad Losses by Industry:** As noted above, not a single major industry sector in Ventura County gained jobs in January.

- Farm declined by 300 jobs in January, but encouragingly is up 300 year-over-year.
- Construction dropped 400 jobs in January, likely in this case mostly seasonal, but is also down 600 jobs year-over-year.
- Manufacturing dropped 100 jobs, but, more worrisome, is down 1,300 year-over-year, a 4.9% drop. We're optimistic that the decline is COVID-19 related, not further structural loss, and we remain encouraged by the rapidly growing and diversifying biotech sector in the Conejo Valley.
- Financial Activities dropped 200 jobs in January, down only 400 on the year or -2.5%, the strongest performing of all the major sectors except for Farm.
- Professional & Business Services lost 800 jobs, down by 1,400 on the year, but as a very large sector—a total of 42,700 jobs—is down only 3.2% on the year. As we know, these are mostly office jobs, the kind that are conducive to converting to remote work and social distancing.
- Private Education & Health Services lost 1,200 jobs on the month and is now down 3,000 year-over year. This may be our single greatest concern, partly because for the last 20 or so years Health Services has been our strongest driver of growth, but also because we're in a health care crisis.
- Leisure & Hospitality lost another 2,200 jobs and is down a stunning 13,200 on the year or 34.8%. As we edge closer to the Red Tier, we'll see a bit of a bump up in employment, but the recovery will be very slow still.
- Other Services (salons, gyms, etc.) dropped another 500 jobs in January, 3,300 on the year or 23%. This group will also benefit from the imminent move back into the Red Tier, but similar to Leisure & Hospitality, the recovery will be slow.
- Government—the combination of federal, state and local—dropped 500 jobs in January and is down 3,300 year-over-year. Some 2,700 of the year-over-year losses are in local education, so we'll see some of these coming back over the next month or two, but not fully recovered.

**Unemployment Rate in the Statewide Context:** Looking at statewide standing, Ventura County gained one slot in September, now at 17<sup>th</sup> among California's 58 counties.

- Ventura County's 7.4% places us ahead of California's unadjusted rate of 9.2% though we remain behind the national unadjusted rate of 6.8%. While Ventura

County was unchanged, December to January, the state and federal rates both increased marginally.

· Looking at our neighboring counties, Santa Barbara County fell back a slot to 21<sup>st</sup>, now at 7.7%; San Luis Obispo gained a spot, now at 6<sup>th</sup> and stable at 6.7%; Los Angeles fell eight slots to 56<sup>th</sup> at 12.7%; and Kern improved three slots to 50<sup>th</sup>, at 10.8%.

· The Bay Area is now back to a pattern of holding most of the top five slots, with Marin in 1<sup>st</sup> at 5.4%, Santa Clara and San Mateo tied for 2<sup>nd</sup> at 5.7%, Placer in 4<sup>th</sup> at 6.0% (Placer being an exception), and San Francisco 5<sup>th</sup>, 6.3%. The rest of the top ten, however, are more remote, a pandemic era pattern that has shown how in many instances smaller communities are able better to manage the impacts. These include San Luis Obispo tied with Nevada County for 6<sup>th</sup> at 6.7%, and tiny Alpine, Lassen, Inyo all tied for 8<sup>th</sup>, at 6.9%.

Unemployment rates by county are variously displayed in the state's [mapping resources](#). For the table display on January unemployment rates for all counties, go [here](#).

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