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Labor Market Report for May 2021

The California Labor Market Information Division (LMID) released its May 2021 report on June 18, 2021, showing another small but steady improvement in Ventura County's unemployment rate, from 6.1% in April to 5.8% in May.

That improvement aside, the monthly data for Ventura County is a bit of a surprise. For example, we don't see any sizable gain by workers returning to the labor force or by any sizable increase in payroll jobs. For some comparison, last month, in April, we gained a net of 7,000 industry jobs, while in May our net was only 500.

For an optimistic view, it may be that the recovery is more robust than the data shows. As noted in prior months reports, we're in uncharted territory for how both our actual labor markets and data collection systems might perform as we wind down from pandemic. Still, for the current data, go here.

The Labor Force and Unemployment: Looking at the condition of our workforce, we currently have 23,800 workers officially unemployed, as compared to 12,800 pre-pandemic, but also, since pre-pandemic, another 14,300 more individuals dropped entirely out of the labor force. What's concerning is that we only added 1,200 workers to the labor force in May and only 2,900 in the last year. What recovery we do have isn't currently pulling workers back into jobs. While there's a lot of speculation about why, the most current information indicates that about half of the drop outs remaining have flat out retired and aren't coming back. While all of the larger economic projections indicate a robust recovery over the next year, one element that might slow it—or likely at least to drive up prices—will be both a labor and skills shortage. Employers will continue to struggle to hire and will have to pay more. Workers with marketable skills will be in enormous demand.

More on Industry Employment: The most unusual and concerning part of the

May report is the paltry increase in industry employment, by only a net 500 jobs, 200 in Farm and 300 in the total of Nonfarm employment. And if you focus only on private sector employment, stunningly we actually dropped 200 jobs in May. For the ups and downs:

- As noted, Farm gained 200 jobs in May, though it's down 1,000 year-over-year.
- Construction is up 200 but down 300 year-over-year and still down 500 from pre-pandemic levels. We're seeing some building but not nearly enough in the housing market in particular.
- Manufacturing stayed even at 26,100 jobs, but happily up 1,600 year-over-year and just 200 shy of our pre-pandemic level two years ago.
- Retail Trade dropped 300 in May, and though the sector has added a lot of jobs since it's low point a year ago, the longer-term trend is clearly down. Consider that the sector has shed 3,300 jobs since its pre-pandemic level and, what's worse, the losses are concentrated in the smaller firms, as the big boxes and grocery stores remained open and retained jobs through COVID-19.
- Wholesale Trade also dropped 200 jobs in May, but still 500 jobs short of its pre-pandemic level.
- Finance Activities gained 200 and is up 100 year-over-year. This is one of just a few sectors that didn't see deep losses early in the pandemic.
- Professional & Business Services is up 100 on the month and 1,600 year-over-year. Along with Financial Activities, this sector was largely able to work right through COVID-19 by remote arrangements and social distancing in the offices.
- Private Education and Health Services. This is our really odd item for May. The sector shows a loss of 900 in May, maybe a quirk in the data. On the year, it's up 3,100 and it's also down just 500 jobs since pre-pandemic. It's been a rocky ride for the sector, on the front lines of COVID-19, essential in response to pandemic but slowed for many other medical services.
- Leisure & Hospitality. Overall, this is the region's and nation's most disrupted sector. A couple of things here. One, with recovery on its way, it's surprising that the sector added only 500 jobs in May. Overall, the sector is up 8,300 year-over-year, but is still down a stunning 7,300 jobs since its pre-pandemic level. With the economy re-opened this week, there will be an even greater number of job openings, but applicants remain few.
- Other Services added 100, up 1,200 year-over-year, but still also down 1,500 from pre-pandemic levels.
- Government is up 500 in May, all of it in Education, but is only up 300 from a year ago. Now that we're in summer, the re-opening of the economy won't result in a lot of growth in this sector over the next couple of months, though we're encouraged that come September we'll see some real recovery.

Unemployment Rate in the Statewide Context: Looking at statewide standing, Ventura County fell three slots in May, now at 18th among California's 58 counties. While we like to share this comparative, we should emphasize it's pretty volatile. Two months ago, we were at 11th. A year ago, May 2020, we were at 24th. We bounce around a lot (though at least in some measure because we're using data unadjusted for seasonality).

- Ventura County's 5.8% places us ahead of California's unadjusted rate of 7.5% and just trailing the national unadjusted rate of 5.5%.
- Looking at our neighboring counties, Santa Barbara County gained a slot, into 10th, now at 5.4%; San Luis Obispo dropped one slot to 7th at 5.2%, Los Angeles gained a slot to 54th, tied with Kern (which fell one slot) at 10.1%. While San Luis Obispo has long held its position in the top 10, Santa Barbara's rise over the last several months is notable and impressive, particularly considering its dependence on travel, tourism and hospitality.
- For the balance of the top ten, the top three remain Bay Area counties—

Marin #1 at 4.3%, San Mateo #2 at 4.6% and Santa Clara #3 at 4.7%. That noted, we're also seeing the re-emergence of a pattern from earlier in the pandemic, which had several of the state's less populated counties—presumably more isolated from COVID-19—pop into the top slots. This month we see tiny Sierra County in 4th at 4.8%, Lassen tied for 8th at 5.3% and Calaveras tied for 10th at 5.4%.

- Recovering though still lagging pre-pandemic levels—presumably owing to their concentrations in travel and tourism—perennial low unemployment counties Orange and San Diego are in 20th and 27th, respectively, at 5.9% ad 6.4%.
- In short, COVID-19 has shaken up a lot of the state's historical patterns. It's not entirely certain when or even if we'll see the old order return post pandemic.

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.

Questions, comments, please let us know, bruce@edcollaborative.com.