



THE LATEST ECONOMIC 411

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See Updated Sub Headers Below.

Labor Market Report for October 2021

The California Labor Market Information Division (LMID) released its October 2021 report last Friday, revealing a strong improvement in our unemployment rate, dropping from 5.3% in September to 5.0% in October. Employment gains, however, were concentrated in only five industry sectors, Local Government Education, up by 1,000 jobs, Leisure & Hospitality up by 600 jobs, Retail Trade up by 400 jobs, Private Education & Health Services up by 300 and Transportation and Warehousing up by 100. Each of those gains had been expected, and all, except Transportation & Warehousing, are only still just eating into the losses suffered through COVID-19. While those gains are all positive, what's not so positive is our continuing lackluster labor market participation and our lack of new hiring in two other sectors especially hard hit by pandemic, Construction and Other Services. We'll unpack more on the trends for recovery below. For the monthly detail, the LMID release is [here](#).

Labor Market & Unemployment Rate: As noted in prior month's reports, we're increasingly inclined to see the unemployment rate as a meaningful indicator of our economic and workforce condition. While the rate remains useful as a base of comparison to other regions, it fails to reflect the enormous number of workers that have dropped out of the labor force. Since two years ago, October 2019, we're down 9,700 workers—neither working nor looking for work—many retired, many held back at home with child and elder care, others holding out for better pay and working conditions and some just waiting out COVID. Were we to add those 9,700 back into the labor force, our unemployment rate would be 7.2%, significantly higher than the better-looking 5.0%. This loss of 9,700 workers compounds our last decade's slow growth in workers, undermining our region's overall productivity and wealth creation.

Industry Jobs: Another more meaningful indicator than the number of unemployed and the unemployment rate is our overall industry employment. Looking only at the number of unemployed, the data actually looks encouraging. According to the labor force data, we have only 5,800 more unemployed workers in October 2021 than we did in October 2019. That doesn't seem so bad. But looking at industry jobs, we see we're still down 14,200 since two years ago. And of that number, only 1,200 are Government jobs, and Farm is up by 400 jobs over that two years, *meaning the private sector nonfarm sectors taken together are still off by more than 13,000 jobs, or by a full 5%.*

Looking a bit closer at several sectors we can pinpoint where those losses are concentrated.

- Construction was unchanged this last month, also unchanged year-over-year, but down a full 1,000 jobs since October 2019.
- Manufacturing was also unchanged in October, and while up 1,300 year-over-year that only recovered the jobs lost early in the pandemic and puts us back even with the 26,700 jobs we had in October 2019.
- Retail Trade added 400 jobs in October, putting it up 700 year-over-year, but still off a whopping 3,400 jobs since October 2019.
- Financial Activities was unchanged in October, unchanged year-over-

year and down only 200 over the two years. Of all the major sectors, this one has remained as one of our two most stable (along with Professional & Business Services), relatively able to manage COVID by social distancing and remote work.

- Professional and Business Services lost 200 jobs in October, but is up a strong 1,700 year-over-year. While similar to Financial Activities in its trend line for staving off the impacts of COVID, the sector is still off by 500 jobs since October 2019.
- Private Education and Health Services gained 300 jobs in October, a two month mini-trend of gains after a couple of months of losses. The sector is up 1,500 jobs year-over-year, but still down 600 over the prior two years.
- Leisure & Hospitality gained 600 jobs in October, is up an impressive 4,200 year-over-year, but still down a stunning 5,600 jobs since October 2019. When we read stories about jobs going wanting, it's this sector that we're mostly talking about. Part of the problem remains a slow recovery for travel and tourism, but it's also true that workers are demonstrating by their behavior some reluctance to come back to these jobs, holding out for higher pay in other sectors.
- Other Services had no change in October, is up 500 year-over-year but still down 1,400 on the two-year period. That number isn't huge, but as a percentage it's 14.2% (calculated on a base of 9,800 jobs in October 2019), so represents some real misery yet for workers in that sector, especially hard to navigate social distancing.
- Local Government Education had a strong month, up 1,000 in October (following a strong 1,400 gain in September) with schools continuing to get back on track. Still, though up 1,600 jobs year-over-year, the sector is off by 1,500 since October 2019.

Unemployment Rate in the Statewide Context: Looking at statewide standing, Ventura County gained a couple of slots, to 21st, among California's 58 counties. For a broader scale comparison, our 5.0% unemployment keeps us ahead of California, at 6.1%, though behind the U.S. as a whole, at 4.3%. We all moved together this past month, with all three groupings—Ventura County, California, and the U.S.—each improving by 0.3% in October.

- Looking at our neighboring counties, Santa Barbara County gained two slots to fit in at 10th in a tie with several other counties, at 4.5%, and San Luis Obispo gained a slot to 7th, at 4.3%. Los Angeles improved by a slot to 52nd at 7.8% and Kern also gained a slot to 55th, at 8.3%.
- While Ventura County's placement at 21st and 5.0% significantly trails Santa Barbara and San Luis Obispo, we sit squarely between two of our other Southern California peer coastal counties, Orange in 16th at 4.7% and San Diego in 25th at 5.3%.
- The composition of the top ten counties was unchanged, though a few traded places. The Bay Area is re-asserting its dominance, holding the top four slots, Marin holding on to number 1 at 3.4%, San Mateo 2nd at 3.6%, Santa Clara 3rd at 3.7%, followed by San Francisco in 4th at 3.9%. Rounding out the top ten are Placer in 5th at 4.1%, Lassen 6th at 5.0%, Sierra, Sonoma and San Luis Obispo tied for 7th at 4.3%, and Nevada, Santa Barbara and Napa counties tied for 10th at 4.5%.

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

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

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