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Labor Market Report for September 2021

The California Labor Market Information Division (LMID) released its September 2021 report earlier today, showing extraordinary progress in our unemployment rate, dropping from 6.2% in August to 5.3% in September.

What's odd though, is we had very little gain in our industry employment, up month-over-month by only a net 1,200 jobs. Usually when we see a big improvement in the unemployment rate without a corresponding increase in industry employment—that is, payroll jobs created by employers that are paying into the unemployment and social security systems—it's because we had a bunch of workers drop out of the labor market entirely. When workers drop out, neither working nor looking for work, they're not considered "unemployed" so that contributes an artificial improvement to our unemployment rate. But this month we actually had a small increase in our total labor force, by 900 workers, so that doesn't help explain the improvement.

Given that background, there are only two conclusions we can draw from this oddity. One, that we had a whole lot of workers gain jobs through self-employment. Or two, there's just a glitch in the data, maybe a correction to earlier months or just a one-month anomaly. Or of course some combination of the two, plus the decent, though not impressive gain of 1,200 industry jobs in September.

That all noted, while our unemployment rate at 5.3% for September looks really good, our total job count remains dramatically lower than pre-pandemic levels, down by 17,300 industry jobs since February 2020. Until we restore those jobs, and then some, we shouldn't be too pleased at all by improvements in the unemployment rate.

For the month's data, go here; for more on taking apart the detail, read on below.

Industry Employment: As noted above, we had only a modest gain of a net 1,200 jobs in September, 200 in Farm and 1,000 in all other industries combined. The 200 jobs in Farm keeps us at exactly the same level we had one year ago, at 24,100. Our total of 298,100 jobs in Nonfarm has us down 11,900 jobs from September 2020.

- Construction dropped 700 jobs in September, now up only 100 jobs year-over-year. The job loss here is a bit odd, hard to explain like a lot of this month's data, no obvious large declines in projects we're aware of.
- Manufacturing gained 100 jobs, up 1,200 from one year ago to 26,700, a still robust figure relative to other regions in California and the nation, and a diverse mix of wages and occupations, from production to clean rooms to back office.

- The Trade sectors gained a net of only 100 jobs in September, none in either Wholesale or Transportation & Utilities, and all 100 in Retail. With just 100 jobs in Retail, the sector remains mostly stagnant, picking up just up 200 jobs from a year ago and still down 2,600 jobs from pre-pandemic levels. With the continuing shift toward on-line purchasing we don't expect those jobs to fully come back.
- Financial Activities lost 600 jobs, now showing down 100 from one year ago. Until this month's decline the sector had been on a fairly continuous improvement. Staying with our theme this month, this appears to be a statistical quirk, hard to explain.
- Professional and Business Services gained 200 jobs, but for a positive spin, the sector is up 2,200 jobs year-over-year. This is the sector likely least impacted by pandemic, characterized by functions that remained critical and/or sustainable and by office settings that were either able to accommodate social distancing or remote work.
- Private Education and Health Services gained 900 jobs in September, reversing a recent trend of jobs losses. The good news is the sector is up 1,300 jobs year-over-year, but still struggling with the disruptions of pandemic and health impacts.
- Leisure & Hospitality slowed in September, dropping 700 jobs, after several months of strong and consistent gains. The sector is still up by 1,900 year-over-year, but likely slowed at least in part owing to a shortage of workers willing to take the jobs, not for a lack of job openings.
- Other Services lost 100 jobs in September, after fairly steady prior month gains, now up 500 year-over-year but still down 1,800 from pre-pandemic levels. As noted in prior months, this sector was particularly hard hit by pandemic, with the jobs generally requiring close person-to-person contact.
- Local Government Education had, finally, a strong month, up 1,400 jobs, with schools on a faster track to reopening. But there's still a long way to go here, as we're down a full 2,300 jobs since February 2020.

Unemployment Rate in the Statewide Context: Looking at statewide standing, Ventura County stayed steady at 23rd among California's 58 counties. For a broader scale comparison, our 5.3% unemployment keeps us ahead of California, at 6.4%, though behind the U.S. as a whole, at 4.6%. Though as noted above, unemployment rates are just becoming a less and less telling indicator about regional economic condition (though still, it is a measure applied consistently across the states and local areas, so useful as a comparative).

- Looking at our neighboring counties, Santa Barbara County fell a few slots to 12th, now at 4.7%, and San Luis Obispo gained a slot to 8th, at 4.6%. Los Angeles improved by two slots to 53rd at 8.2% and Kern remained at 56th, at 8.7%.
- For the top placements, Marin remains number 1 and improved from 4.4% to 3.6%, San Mateo is 2nd at 3.8%, Santa Clara 3rd at 3.9%, followed by San Francisco in 4th at 4.1%. Placer and Sierra Counties are tied for 5th at 4.3%, Sonoma is in 7th at 4.5%, and Napa, San Luis Obispo and Nevada counties are tied for 8th at 4.6%.

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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