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Labor Market Report for April 2022

The California Labor Market Information Division (LMID) released its April 2022 report on Friday, showing an extraordinary improvement in the unemployment rate, down all the way from an already unprecedented low of 3.5% in March to 3.0% in April. Though rather than being encouraged by that data, we're more convinced than ever that the unemployment rate in the COVID recovery era is all but meaningless as an indicator of our regional economic condition.

For the April data, click here. For our commentary on it all, or on why we've mostly given up on the unemployment rate as a measure of recovery, please read on.

More Again on the Unemployment Rate and Labor Force: Last month we commented that our concern for our local labor market might best be illustrated by a single data comparative. That is, in February 2020, just before COVID-19's arrival, we had 410,900 employed workers in Ventura County. In March 2022, we had only 400,300 employed workers, or a loss of 10,600 workers.

Now compounding our concern is that while our unemployment rate just improved from 3.5% to 3.0%, according to the official April data we just had a decline of 3,500 employed workers. In other words, our unemployment rate didn't improve because more people got jobs, rather because a quirk or correction in the data confirmed that we actually have fewer employed workers this month than last and a stunning continuing decline in the labor force.

More specifically on the labor force data, it shows that *we had a whopping 5,500 workers drop out of the labor force in April*. These are former resident workers, who are now not only not working but have also entirely quit looking for work. As they're no longer working—possibly retired, staying home to care for vulnerable family members or for lack of childcare, maybe holding out for better pay and conditions or seeking a career change, gone back to school or maybe just moved out of the area—they're not considered unemployed, they're just not counted at all. What it does mean though, is that while our unemployment rate has improved, our countywide economic productivity and family earnings have not, as we have fewer employed workers and fewer folks even actively looking for work.

While it's good to see the very low unemployment rate—in fact, we've never been as low as 3.0% going all the way back to 1990, and you can just about count on one hand the number of months since 1990 that we ever fell below 4.0%—it masks the reality that we have 13,800 fewer employed workers today than we did just prior to the pandemic. And as we also have an abundance of job openings throughout the County, and in all kinds of occupations and industries, "unemployment" and the unemployment rate just aren't the best indicators of the region's economic health and productivity. Rather, as an alternative, we should be looking more closely at the total labor force, the number of employed workers and new job creation. And what that tells us is that we have fewer folks working and fewer even looking for work at all. We take up the question of job creation in the following . . .

Industry Jobs/Job Creation: The other less than inspiring news in the April data is our unimpressive non-farm job creation. Though we were up by a net 2,600 jobs, 2,000 of those were concentrated in the Farm sector, with only 600 across all other sectors.

Looking at overall job recovery since prior to the pandemic, we're still down 10,300 non-farm jobs, or down by 3.3%. While we are beating the state in the unemployment rate—we're at 3.0%, the state at 3.8%—we trail the statewide performance in job recovery. The state has recovered all but 1.4% of its pre-pandemic non-farm jobs, compared to our gap of 3.3% (or to put a raw number on it, we're still off by 10,300 jobs). While the gap between our rate of job recovery and the state's as a whole is not huge, it looms larger in significance as it reveals just how misleading is the unemployment rate. Or for another way of looking at it, would we rather recover more jobs or have an artificially low unemployment rate? We think we'd far prefer the jobs, more people employed, though of course presuming we'd be restoring jobs paying quality wages and benefits.

The industry employment gains and losses included the following:

- As noted just above, Farm gained 2,000 jobs in April, now at 27,100, up 700 from a year ago and within 1,000 jobs of our pre-pandemic levels, or down by about 3.5% since prior to COVID.

- Construction gained 100 jobs, up to 17,300. This sector remained relatively strong throughout the pandemic and is now just ahead of its pre-pandemic levels. That noted, prior to the Great Recession, and looking back to 2006, we had some 21,400 workers in Construction, so given our shortage of housing (as well as of road building and other infrastructure investment) there's plenty of room for growth in the Construction sector and occupations.

- Manufacturing gained 100 jobs, to 26,400, up 100 from one year ago though still down 400 from prior to COVID.

- Retail Trade dropped 400 jobs again in April, to 35,700, down 300 from one year ago and down 1,700 from prior to COVID. This is a continuing trend for Retail, given the movement from bricks and mortar to on-line sales, exacerbated of course by COVID.

- Financial Activities was unchanged in April, at 15,400, though is down 300 year-over-year and still down 600 from prior to COVID.

- Professional & Business Services added 300 jobs, to 43,900, up by 400 jobs year-over-year though down by 700 since the onset of COVID.

- After gaining 1,600 jobs through February and March, Private Education & Health Services slowed and lost 200 jobs in April, now at 50,000, up by 600 year-over year but still off by 1,300 jobs from prior to COVID.

- Leisure & Hospitality added 500 jobs, to 36,800, up a stunning 5,100 year-over-year but still down 1,800 jobs since before COVID, many open for recruitment but unfilled.

- Other Services was unchanged in April, still at 9,300, up a respectable 500 year-over-year, though also still down 800 since the start of the pandemic.

- Local Public Education was unchanged in April, at 20,060, up 1,200 year-over-year, yet remains down 1,300 from prior to COVID. The gains for this sector have just about completely flattened out over recent months, suggesting that the pandemic's impacts to the sector may not be temporary, but longer lasting.

Unemployment Rate in the Statewide Context: As noted above, Ventura County's 3.0% unemployment rate puts us ahead of California's 3.8% and ahead of the U.S as a whole, at 3.3%. For our statewide standing among California's 58 counties, we dropped back by one slot, from 14th in March to 15th in April.

- Looking at our neighboring counties, Santa Barbara County improved again by several slots to 10th, now at 2.8%. San Luis Obispo remained in 5th, at 2.4%. Los Angeles fell back seven slots, to 42nd, at 4.7%, and Kern fell one slot to 54th, at 6.8%.

- The top ten had just about no change, with San Mateo remaining 1st at 1.9%, Marin and Santa Clara tied for 2nd at 2.1%, San Francisco 4th at 2.2%, and San Luis Obispo and Placer tied for 5th at 2.4%. Completing the top ten are Sonoma 7th at 2.6%, Orange and Napa tied for 8th at 2.7%, and Alameda, El Dorado and Santa Barbara tied for 10th, at 2.8%.

Unemployment rates by county are variously displayed in the state's mapping resources. For the table display on April unemployment rates for all counties, go here.

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