

[Having trouble viewing this email? Click here](#)
[Para leer este boletín en español, haga clic aquí.](#)

EDC

ECONOMIC
DEVELOPMENT
COLLABORATIVE

THE LATEST ECONOMIC 411

BY BRUCE STENSLIE, EDC PRESIDENT/CEO

See the Updated Information in Red Below.

Labor Market Report for October 2022

The California Labor Market Information Division (LMID) released its October 2022 report on Friday, showing no change in the Ventura County unemployment rate, still at a very low 3.3%. For the larger context, that keeps us ahead of the state, at 3.8%, and puts us ahead of the U.S. as a whole, which is at 3.4%.

For other good news, Ventura County gained 4,100 industry jobs in October, now at 337,900, just 1,600 jobs shy of our pre-pandemic level (or shy by less than one half of one percent). Further, our job gains in October were nicely widespread. All but three of the major sectors gained jobs, and those that didn't have gains—Mining, Information, and Retail—all remained even month-over-month. For the official October data, click [here](#).

Challenges in Unraveling Labor Market Data: Some months, the story behind the data appears straightforward. Other months, it can be confounding. October is one of those confounding months. What's odd in the October data is that even though employers reported the gain of 4,100 jobs, the data shows no increase in the total labor force and actually also shows a drop by 300 in the total number of County residents reporting employment. On the surface that makes no sense. With 4,100 industry jobs added, you'd think we'd also have more workers reported as employed, but we didn't.

While it may be tricky to reconcile, we'd like to take this month's report to address a couple of points that may help explain these apparent inconsistencies in the data.

1. First, it's important to recall there is a huge difference between labor force and industry data.

a. Labor force data—that is, the counting and reporting of how many workers there are in the region, both employed and unemployed—is calculated on a monthly “household survey.” Literally, it's a phone survey. A sampling of residents is called, asked, are you working? If yes, you're employed and part of the labor force. If no, you're officially unemployed. Unless, however, in response a follow-up question to your also reply “and I'm not looking for work,” then you're not considered unemployed, rather, you're wholly “out of the labor force,” not counted at all in the calculation for the unemployment rate.

Currently we show 414,000 workers in the Ventura County labor force, still down 9,200 workers since October 2019, prior to pandemic. It's the loss or absence of these workers that substantially contributes to our very low unemployment rate (for a hypothetical comparison, were we to add those 9,200 workers back to the labor force, as unemployed, our unemployment rate would be up from 3.3% to

5.7%).

In any case, the important point is that while we've recovered all but 1,600 of our jobs lost during the pandemic, we're still down by 9,200 workers, making this—for those still working or looking for work—a favorable market for workers.

b. Industry data—that is, payroll jobs reported by businesses—by contrast, is calculated by what employers report to the state, for payroll taxes and related information. There were 337,900 payroll jobs reported by Ventura County employers in October, as compared to the 400,100 residents identified as employed (plus an official number of 13,800 unemployed). Note the large difference between industry jobs and employed workers, with 76,100 more workers than jobs. What that means is we have 76,100 resident workers, some share of whom are working out of the county—so not reported on some business payroll—and some share self-employed, also not reported on a business payroll. What adds to the complexity is that industry data also includes jobs held by workers that don't live in the county.

We raise all this, again, because it might help explain how our employers added jobs without any increase or change in our labor force. First, it could be that our businesses hired a share of their new workers from non-County residents, drawing them, for example, from Los Angeles or Santa Barbara. Not likely a huge share, but still, if so, these workers don't register on our County's labor force. For another, it could be that Ventura County resident workers formerly working outside the county took jobs back in County, or, for another variable, some share of the "self-employed" may have moved on to a business payroll. Their reported labor force and employment status didn't change, but the location or type of employment did, adding to local "industry jobs." Finally on this point, it could also be that the two separate methods of calculation, for labor force and industry data, are just a bit out of synch in timing, contributing to the anomaly (that is, of adding jobs with no improvement in the unemployment rate and no change in the labor force).

2. Secondly, there is an important concept we rarely mention, called "churn." Think of it this way. Each month, we report the net change in labor force and industry employment. While, for example, industry employment might gain 4,100 jobs (as in October), what that likely masks is that employers, in total, may have had a total of some 20,000 separations and a similar number of new hires. For the example of a 4,100 job gain, there may have been 20,000 separations, but 24,100 hires, for a net gain of 4,100. The 4,100 new jobs seem like a nice large number, but it's really nothing compared to the overall activity in workers changing jobs, employers recruiting and hiring.

Workers and employers have both been very busy over the last year. "Churn" is that tumultuous, vibrant movement that isn't captured in the net change. What we hear from employers and the press currently is all about the "great resignation." But that's not just about workers quitting, it's really about them moving around, sampling for opportunities better suited to their new post-pandemic sensibilities. (For a sampling of literature on this volume of turnover, [click here.](#))

We raise all that here for same point as in item #1 above, that is, it may help explain how we had a gain of 4,100 jobs with no change in the labor force or unemployment rate.

In summary, we optimistically see the current data as a bit of normalizing in the relationship between workers and employers. The data may be telling us that workers are settling down a bit, more willing to accept employment offers outside the home. On the upside, that may mean they're finding what they're looking for, with employers offering better pay and benefits or just getting better at making quality job offers and work environments. But we also know it's a complicated labor market. For some workers, they may just be more eager for any paycheck, not finding anything better, or it may mean they're simply less constrained by COVID—perhaps less anxious about close human contact, or more free to work with kids back in school or in child care.

While that's a lot of policy-wonk detail, our point is to say that reading the surface level data on labor markets misses a lot of what workers and employers are actually experiencing on a month-to-month basis, especially in the wake of the enormous economic disruption caused by COVID-19.

Industry Highlights: As noted above, just about every major industry sector showed gains in October. The major winners include the following:

- Construction and Manufacturing both gained jobs, 200 and 100, respectively, and both showing some very positive health, both up 400 over pre-pandemic levels.
- Professional & Business Services gained 1,000 jobs in October, up 2,000 year-over-year and up 600 jobs since prior to pandemic.
- Private Education & Health Services gained 500 jobs in September, now on a four-month run up of some 2,200 jobs, and up 1,500 since prior to pandemic. While that's all very positive, the sector is still reeling from the disruption, and we hear from health care professionals that recruiting skilled workers to meet demand for services continues to be a stress point.
- Public Sector Education was for the second month in a row responsible for the month's greatest gains, up 1,200 jobs in October, though the sector hasn't quite fully recovered to pre-pandemic levels, down 300 still from October 2019.

Unemployment Rate in the Statewide Context: Holding at 3.3% was good enough for Ventura County to move up three slots, to 20th, among California's 58 counties.

Looking at our neighboring counties, Santa Barbara remained in 10th, at 2.8%. San Luis Obispo held on to 5th at 2.5%. Los Angeles improved by two slots, to 42nd, still at 4.5%, and Kern remained in 55th, at 6.3%.

Looking at the top rankings in the state, per usual, the Bay Area holding down the top slots: San Mateo 1st at 2.0%, San Francisco 2nd at 2.1%, Santa Clara and Marin tied for 3rd at 2.2%, San Luis Obispo in 5th at 2.5%, Sonoma and Placer tied for 6th at 2.6%, Napa and Sierra tied for 8th at 2.7%, and Santa Barbara, Orange and El Dorado all tied for 10th at 2.8%.

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

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

[Visit Our Website](#)



Was this email forwarded to you? Sign Up for Our Newsletter!
[CLICK HERE](#)

EDC SBDC | 4001 Mission Oaks Blvd., Suite A-1, Camarillo, CA 93012

[Unsubscribe](#) kelly@edcollaborative.com

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by info@edcollaborative.com