



## September 2017 Labor Market Report - Workforce Solutions Lower Rio

The Texas Workforce Commission (TWC) released the September 2017 Labor Market and Employment reports. The seasonally adjusted national unemployment rate decreased by .2%, to 4.2%, and Texas decreased by .3%, to 4.0%.

**Statewide Overview for September:** Texas had a net loss of 7,300 Nonagricultural jobs in September, but has added a total of 256,100 in the past year (seasonally adjusted). Goods-Producing employment increased by 9,200 jobs, with gains of 200 in Manufacturing, 4,900 in Mining & Logging, and 4,100 in Construction.

The Service sectors in total lost 16,500 jobs. The Leisure & Hospitality sector lost an estimated 21,300 jobs in September. This is a normal seasonal occurrence, which explains why the seasonally adjusted unemployment rate actually decreased in September. The Service-Providing sector gained an estimated total of 170,400 jobs in the past year.

**Regional Unemployment Recap:** The September data shows the unemployment rates decreasing dramatically across the region.

### Counties:

- Hidalgo County decreased by 1.1%, to 6.9%
- Cameron County decreased by .9%, to 6.4%
- Starr County decreased by 1.4%, to 9.7%
- Willacy County decreased by 1.6%, to 9.6%
- Webb County decreased by .7, to 3.6%

**Cities:** The cities in the region all showed significant decreases in their unemployment rates in September:

- McAllen had the lowest unemployment rate in the RGV at 4.8%, a decrease of .7% from August
- Edinburg was the second-lowest at 5.5%, a decrease of .7%
- Harlingen was next at 5.9%, a decrease of .8
- Laredo again had the lowest rate in our border region at 3.6%, a decrease of .7%

The unemployment rate estimates have fluctuated significantly over the past several months, but we need to remember that at the county and city level, TWC reports only non-seasonally adjusted data. For that reason, along with the smaller sample sizes involved, we often see more pronounced variations in the monthly employment numbers than reported at the state and federal levels. For that reason, I recommend focusing on the trends rather than a particular month's data point when looking at our cities and counties.

**Hidalgo, Cameron, and Webb County MSA Regional Employment Change Estimates for September 2017:**

<b>Employment Sectors</b>	<b>McAllen MSA</b>	<b>Brownsville MSA</b>	<b>Laredo MSA</b>	<b>Total Region</b>
Healthcare & Private Education	<b>-1000</b>	100	100	<b>-800</b>
Leisure & Hospitality	-400	-400	0	<b>-800</b>
<b>Government (Public Ed, Law Enforcement)</b>	<b>2100</b>	<b>700</b>	<b>400</b>	<b>3200</b>
Business & Professional Services	100	-100	0	0
Mining & Construction	0	0	0	0
Trade, Transportation, Utilities	200	-200	0	0
Manufacturing	0	0	0	0
Information	0	0	0	0
Financial Activities	-100	-100	0	-200
Other Services	-200	-100	-100	-400
<b>Total All Non-Agriculture Sectors:</b>	<b>700</b>	<b>-100</b>	<b>400</b>	<b>1000</b>

Across our region, the Government sector added an estimated total of 3,200 new jobs in September. This sector now has added an estimated 1,000 jobs over the past year, an increase of 0.9%.

The Leisure & Hospitality sector had an estimated net job loss of 800 regionally in September, reflecting the end of the summer vacation season. However, this sector has added 1,900 jobs over the previous twelve months, a 3.7% increase.

The Trade sector had an estimated decrease of 300 jobs in the past year, a 0.2% decrease in total employment.

The Education and Health Services sector experienced a net gain of 1,100 jobs over the past year, an increase of 0.8%.

The four sectors referenced above have historically been the main contributors to our job growth, and represent over 80% of all jobs in the region.

**Below is a recap of the historical estimated job growth in Hidalgo County in these four sectors:**

**Annual Job Number Growth by Sector – September Year-Over-Year Comparison (Hidalgo County only)**

Sector	Sept. 2013	Sept. 2014	Sept. 2015	Sept. 2016	Sept. 2017
<b>Health Services &amp; Private Education</b>	200	2,900	6,600	4,900	1,600
<b>Trade, Transportation, Utilities</b>	1,700	1,100	200	900	-400
<b>Government</b>	100	600	800	400	600
<b>Leisure &amp; Hospitality</b>	300	300	1,000	900	700
<b>Total Job Creation:</b>	<b>2,800</b>	<b>5,400</b>	<b>8,000</b>	<b>8,200</b>	<b>3,000</b>

*Source: TWC>Tracer 2>Economic Profiles*

The above data indicates that we are experiencing a trend of decreasing job growth in the Trade Sector, which primarily consists of Retail Trade. The Healthcare sector was rebounding in 2014 from cuts in State and Federal reimbursement rates, but it appears we are again seeing decelerating job growth in that sector since the 2015 peak.

Government employment, driven primarily by public Education and then Law Enforcement, has held steady. The Leisure & Hospitality sector is continuing to show job growth, but the reduction in Mexico tourism over the past year is a good reason to keep an eye on this sector going forward.

My long-term concern is that if we see continued deceleration in new job growth, we could see unemployment rates begin to trend upward once again in the region. Keep in mind that from 2010-2016, we have seen steadily decreasing unemployment rates, and we were absorbing not just population growth but also putting unemployed people back to work. We may not need to maintain the same pace of new job creation we saw for the past six years to absorb the new entrants into our workforce going forward. That will depend on net migration, high school and college graduation rates, and overall population growth rates.

**Texas Labor Market Review from TWC:**

[http://www.tracer2.com/admin/uploadedPublications/2138\\_TLMR-Current\\_Edition.pdf](http://www.tracer2.com/admin/uploadedPublications/2138_TLMR-Current_Edition.pdf)