



March 2018 Labor Market Report - Workforce Solutions Lower Rio

The Texas Workforce Commission (TWC) released the March 2018 Labor Market and Employment reports. The seasonally adjusted national unemployment rate was unchanged at 4.1%, and Texas held steady at 4.0%.

Statewide Overview for March: Texas had a net gain of 32,000 nonagricultural jobs in March and has added a total of 294,100 in the past year (seasonally adjusted). This represents a 2.4% annual employment growth rate.

Goods-Producing employment increased by 10,600 jobs in March, and a total of 80,600 jobs were added in the past twelve months. The Construction sector led with a gain of 34,000 jobs in the past year. Energy added another 27,800, and Manufacturing added 18,800 jobs in the previous twelve-month period. The Goods-Producing sector has seen a 4.6% growth rate over the past twelve months.

The Service sectors in total gained 21,400 jobs in March and a total of 213,500 jobs in the past year. The Trade, Transportation & Utilities sector led in March with an estimated 7,500 employees added, followed by Professional & Business Services with 6,200.

Regional Unemployment Recap: The March data shows the unemployment rates generally decreasing across our region at the county level. We continue to see significantly lower unemployment rates than reported one year ago.

Counties:

- Hidalgo County decreased by .2%, to 6.9%
- Cameron County decreased by .2 %, to 6.5%
- Starr County decreased by .6%, to 10.8%
- Willacy County decreased by .2%, to 11.1%
- Webb County increased by .1% to 4.0% in March

Cities: The cities showed relatively flat changes overall, with some increasing slightly and other showing slight decreases in March:

- Edinburg had the lowest unemployment rate in the RGV with 4.7%, a decrease of .2%.
- McAllen was the second-lowest, at 5.0%, an increase of .1%
- Mission and Harlingen were tied for third, at 6.1%.
- Laredo again had the lowest rate in our border region at 4.0%, an increase of .1%

Hidalgo, Cameron, and Webb County MSA Regional Employment Change Estimates for March 2018:

Employment Sectors	McAllen MSA	Brownsville MSA	Laredo MSA	Total Region
Healthcare & Private Education	-300	0	-300	-600
Leisure & Hospitality	600	600	100	1,300
Government (Public Ed, Law Enforcement)	100	200	100	400
Business & Professional Services	200	-200	0	0
Mining & Construction	0	0	0	0
Trade, Transportation, Utilities	200	300	0	500
Manufacturing	-100	100	0	0
Information	-100	0	0	-100
Financial Activities	0	100	0	100
Other Services	0	0	0	0
Total All Non-Agriculture Sectors:	600	1,100	-100	1,600

The primary contributor to the employment gains in our region was the Leisure & Hospitality sector. The Trade sector had the next largest increase, with an estimated gain of 700 jobs.

POPULATION GROWTH DEMOGRAPHICS

I have mentioned to some of you that I had a concern that our region’s population growth rate has been decelerating noticeably. I pulled data from EMSI to look at the 2001-2008 period and the 2008-2018 period, which includes the recession and recovery periods.

The graph below shows the population growth rates for our two MSAs and for the total RGV, City of McAllen, Texas, and the U.S.A.

Our region is following the same slowing population growth trend as the rest of the country, except that we still have higher-than-average rates. I have often attributed the booming economy here to our rapid population growth- especially in the service sectors like Retail, Healthcare, Public Education, and Law Enforcement. I have heard recently of some school districts struggling with student population declines, and we have seen our Retail employment (and at times-sales) decline, which directly impacts most RGV communities’ revenue streams.

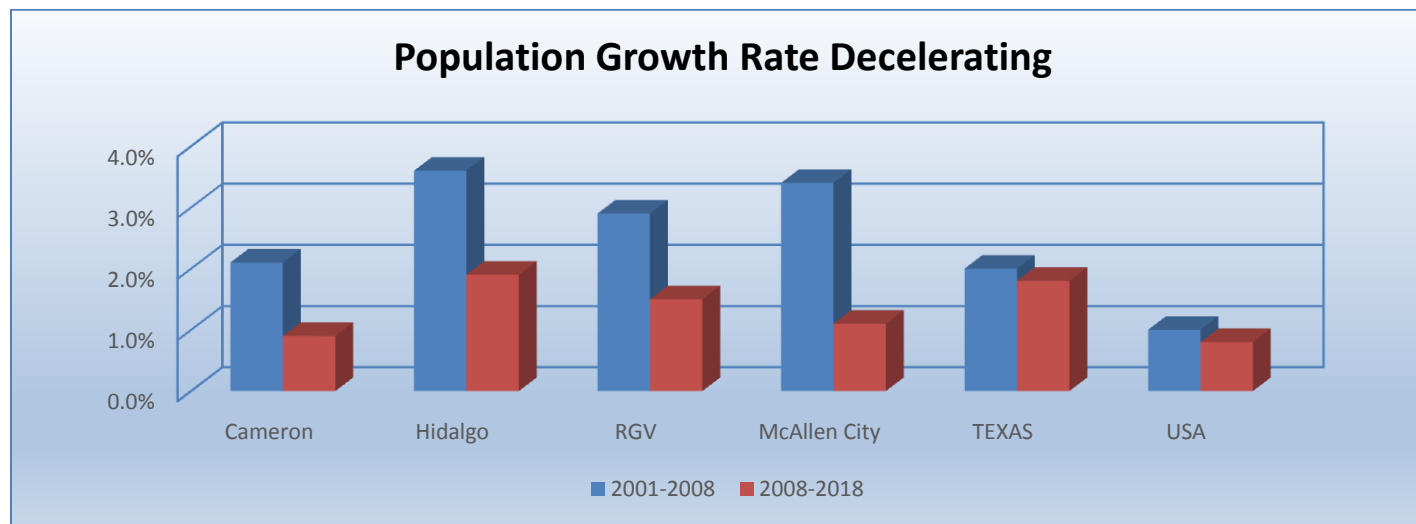
Remember that population growth comes from birth rates, immigration to the U.S.A., and internal migration- like from California to Texas. This will require close monitoring- our economic development strategies must consider the availability of a suitable workforce in order to be achievable and continue to attract quality businesses.

Our region and the rest of the nation is approaching full employment. Wages are finally starting to rise, reflecting the tightening labor market. Residents of other states now have more opportunities there without migrating to our region. This is not as simple as our immigration issue from south of the border. It is typical during a recession to see adults hold off on marriage and childbirth, and our

millennials are in no hurry anyway to move out of their parents' home and start families. I have also read the birthrate in Mexico has dropped significantly as well.

This sounds like an opportunity to retool our strategies and upgrade the quality of the jobs in the region as a component of economic development. There may be a growing need to address the long-standing skills mismatch that we see across the U.S.A.

Nationally, we are creating around 200,000 jobs per month and the labor force is only adding 100,000 per month based on a CNBC report I read. Another trend is the move to work as contract workers for temporary gigs for a company, then to move on elsewhere. It can be a challenge to capture the full picture of employment when the number of self-employed "LLC" businesses grows, as they do not necessarily pay for workers' comp and get picked up in the employment data from the state and feds.



Change %/Year	Cameron	Hidalgo	RGV	McAllen City	TEXAS	USA
2001-2008	2.1%	3.6%	2.9%	3.4%	2.0%	1.0%
2008-2018	0.9%	1.9%	1.5%	1.1%	1.8%	0.8%

As always, thanks again for your support and participation!

Texas Labor Market Review from TWC:

http://www.tracer2.com/admin/uploadedPublications/2138_TLMR-Current_Edition.pdf