



## October 2018 Labor Market Report - Workforce Solutions Lower Rio

The Texas Workforce Commission (TWC) released the October 2018 Labor Market and Employment reports. The seasonally adjusted national unemployment rate was unchanged at 3.7%, and Texas decreased by .1% to 3.7%.

**Statewide Overview for October:** Texas had a net gain of 32,300 nonagricultural jobs in October, and has added 384,800 in the past year (seasonally adjusted). This represents a 3.1% annual employment growth rate.

Goods-Producing employment increased by 5,300 jobs in October, and a total of 119,000 jobs were added in the past twelve months. The Energy (Mining) sector led this month, with a gain of 4,300 jobs. The Goods-Producing sector has seen a 6.6% growth rate over the past twelve months.

The Service sectors in total gained 27,000 jobs in September and a total of 265,800 jobs in the past year. This sector is growing at a 2.5% annual rate. The Trade sector led in October, with an estimated 8,900 employees added.

**Regional Unemployment Recap:** The October data shows the unemployment rates decreasing significantly across our region at the county and city levels. **We continue to see significantly lower unemployment rates than reported one year ago, and several counties along with the city of Brownsville set new record lows.**

### Counties:

- Hidalgo County decreased by .7%, to 5.7%
- Cameron County decreased by .5 %, to 5.2%
- Starr County decreased by .7%, to 7.9%
- Willacy County decreased by 1.1% to 8.4%
- Webb County decreased by .1% to 3.5%

### Cities:

The cities all decreased in October as well:

- McAllen had the lowest unemployment rate in the RGV with 4.1%, a decrease of .4%
- Edinburg was second at 4.2%, a decrease of .5%.
- Mission was third at 5.0%, a decrease of .7%.
- Brownsville was fourth at 5.1%, a decrease of .5%
- Laredo again had the lowest rate in our border region, at 3.4%, a decrease of .2%.

## Historical Record Low Unemployment Rate Information for Cities and Counties in RGV Region

### Lowest Unemployment Rates Reported for RGV Cities (2005-2018)

Year	Month	City	Lowest Unemployment Rate	Oct. 2018 Rate
2008	Apr	Brownsville	5.4	*5.1
2008	Apr	Edinburg	4.0	4.2
2007	Apr	Harlingen	4.5	5.3
2008	Apr	Mc Allen	3.9	4.1
2017	Oct/Dec	Laredo	3.4	*3.4
2007	May	Mission	4.9	5.0
2008	Apr	Pharr	4.6	5.9
2007	Mar/Oct	San Benito	4.9	5.9
2007	May/Oct	San Juan	5.6	6.1
2007	May	Weslaco	5.2	5.7

### Record Low Unemployment Rates by County (1990-2018)

Year	Month	County	Lowest Unemployment Rate	Oct. 2018 Rate
2007	Oct	Cameron	5.3	*5.2
2007	Oct	Hidalgo	5.6	*5.5
2007	Oct	Starr	8.2	*7.9
2007	Oct	Willacy	7.0	8.4
2017	Oct/Dec	Webb	3.4	3.5

Cameron, Hidalgo, and Starr Counties all marked their lowest unemployment rates since at least 1990. While data was not readily available for previous years, it is likely that these are the historical lowest rates recorded for these counties.

**The City of Brownsville, at 5.1%, has notched their best rate since at least 2005, beating their previous low of 5.4% in April 2008.**

Laredo tied their lowest unemployment rate from October & December 2017, at 3.4%.

**Our currently available data goes back to 2005 on the cities, but it is likely the rates in the tables above are the all-time lows, given the historically high unemployment rates in the RGV.**

**\*It is important to note why our cities have generally not yet bested their previous lows, even while our counties are doing so:**

The federal government made a change to their methodology on reporting unemployment claims in December 2016 that generally increased unemployment rates at the city level. TWC had advised me they began using more accurate location processes, which had the effect of shifting more of the civilian labor force to the cities, which were previously reported in the county numbers only. Since county level data includes all cities in the county, these changes did not significantly affect county or state unemployment rates. However, it caused a general increase in the reported unemployment rates in many cities here and elsewhere. I reported this change in my January 2017 report, after we noted a significant spike in unemployment rates in December 2016 for area cities.

The Texas Workforce Commission retroactively adjusted the 2016 Texas monthly city unemployment rates to aid comparisons from 2017 to 2016, but they did not make adjustments prior to 2016. As a result, it is more difficult now for our cities to attain the record low unemployment numbers we saw in 2007-2008. Looking back at the original published unemployment rates for October 2016 and the adjusted numbers now being used, our RGV cities' estimated unemployment rates increased anywhere from .7% to 2.0% after the new methodology was adopted.

Considering the impact of the above changes in data reporting, I think it is safe to say our region is now experiencing the lowest unemployment levels we have seen since at least 1990, and possibly the best we have ever experienced.

My conversations with the business community validate that recruiting and retaining employees is becoming a significant challenge for many. We are seeing wage rates rise and an increase in "churn" as many employees look for better opportunities and are more willing to risk changing employers. It will be increasingly important for businesses to review their compensation structure, policies, and working conditions to improve employee retention in today's labor market.

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

<b>Employment Sectors</b>	<b>McAllen MSA</b>	<b>Brownsville MSA</b>	<b>Laredo MSA</b>	<b>Total Region</b>
Healthcare & Private Education	-1,000	-200		<b>-1,200</b>
Leisure & Hospitality	-100	-400		-500
<b>Government (Public Ed, Law Enforcement)</b>	<b>2,000</b>	<b>700</b>	<b>200</b>	<b>2,900</b>
Professional & Business Services	200	100	200	500
Mining & Construction	100		-100	
Trade, Transportation, Utilities	400	-100	100	400
Manufacturing	200	100		300
Information				
Financial Activities				
Other Services	200		100	300
<b>Total All Non-Agriculture Sectors:</b>				
<b>Annual Job Growth Rate:</b>	<b>2,000</b>	<b>200</b>	<b>500</b>	<b>2,700</b>

The primary contributor to the employment gains in our region was the Government sector, with an estimated 2,900 new jobs. This is likely capturing the return to work of the rest of the public education support staff who were laid off during the summer months. Historically, we see significant declines in the unemployment rates in September and October, following the seasonal increases during the summer months.

As always, thanks again for your support and participation!

**Texas Labor Market Review from TWC:**

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