



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

The Texas Workforce Commission (TWC) released the October 2017 Labor Market and Employment reports. The seasonally adjusted national unemployment rate decreased by .1%, to 4.1%, and Texas decreased by .1%, to 3.9%.

**Statewide Overview for October:** Texas had a net gain of 71,500 Nonagricultural jobs in October, and has added a total of 316,100 in the past year (seasonally adjusted). Goods-Producing employment increased by 6,800 jobs, with gains of 3,200 in Mining & Logging, 4,500 in Construction, and a loss of 900 in Manufacturing

The Service sectors in total gained 64,700 jobs. The Leisure & Hospitality sector led with an estimated 34,700 jobs added in October. The Service-Providing sector gained an estimated total of 226,700 jobs in the past year.

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

### Counties:

- Hidalgo County decreased by 1.2%, to 5.7%
- Cameron County decreased by .9%, to 5.5%
- Starr County decreased by 1.4%, to 8.3%
- Willacy County decreased by 1.1%, to 8.5%
- Webb County decreased by .4, to 3.2%

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

- McAllen had the lowest unemployment rate in the RGV at 4.2%, a decrease of .6% from September
- Edinburg was the second-lowest at 4.7%, a decrease of .8%
- Harlingen was next at 5.3%, a decrease of .6%
- Laredo again had the lowest rate in our border region at 3.2%, a decrease of .4%

**With the back-to-back significant reductions in the unemployment rates in our region's cities in September and October, we are now approaching some of the lowest unemployment rates we have seen going all the way back to 2000!** I have not been able to readily find data prior to 2000, but I believe our region's unemployment rates were historically much higher in the years prior to 2000. **Based on that assumption, in the period of mid-2007 to mid-2008 (just prior to the recent recession), our area's unemployment rates had reached the lowest ever recorded, and we are approaching those same levels presently.**

### Examples:

- The city of Brownsville’s current 5.5% unemployment rate has tied its lowest rate since 2000. The 5.5% rate was reported in both May 2007 and April 2008
- The October 2017 rate of 4.2% for the city of McAllen is their second-lowest since 2000, approaching their low of 4.0% in April 2008.
- San Juan’s rate this month of 5.8% is the 3<sup>rd</sup> lowest recorded for them. Their low was 5.6%, reported in May 2007.
- Many other communities here are also fairly close to their historical lows, approaching their levels last seen in the 2007-early 2008 period.

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

The Government sector led the job creation gains in our region in October, with an estimated 3,200 jobs added. Over the past twelve months, this sector has added 1,600 new jobs. The Healthcare sector has added 2,700 jobs during the past year, and Professional and Business Services has added 1,400. The total number of non-farm jobs added in all sectors combined over the previous twelve months is 7,600 for the combined McAllen, Brownsville, and Laredo MSAs.

As the unemployment rate continues to shrink and the labor market tightens, it becomes harder for companies to fill openings, and more “market power” shifts to the individual job seeker. Wage rates typically rise in this environment, as competition for scarce labor forces companies to increase wages and benefits to remain competitive. On the economic development side, it becomes more difficult to recruit new business, as the available “unemployed” workforce shrinks.

One workforce development strategy that comes to the forefront when the labor market gets tight is the retraining of unemployed individuals who lack the skill sets to find employment in the jobs that are available. This could be individuals who have been laid off in sectors that are shedding jobs, or even college graduates whose degrees do not provide knowledge, skills and abilities needed by the current job market.

We are entering now into the world we were last in during 2006-2008, when business was growing and the unemployment rates were low. Our business partners may see increasing recruitment and retention challenges. The business community may also find that in a tight labor market, more of the responsibility will fall on them to provide more on the job training to less-experienced job seekers in order to meet their future talent needs. The workforce and economic development communities will also need to carefully evaluate our strategies to respond to the changing job market and demographics.

As always, thanks again for your support and participation!

### **Texas Labor Market Review from TWC:**

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