Storm Causes 25K in Lost Jobs

Houston shed nearly 25,000 jobs in the aftermath of Hurricane Harvey, which slammed into the Gulf Coast at the end of August and unleashed floodwaters that shut own, damaged or destroyed thousands of businesses and homes across the region, the U.S. Labor Department reported. Economists expect that most of the September job losses will be temporary as businesses complete repairs and reopen, and disaster aid from the federal government and insurance companies pour into the region to finance rebuilding.

Bill Gilmer, director of the Institute of Regional Forecasting at the University of Houston, said he expects job growth to rebound and the Houston area to recover all the jobs lost in the storm by January. It's difficult to gauge how Harvey affected employment in the different industries that make up the Houston economy because the Labor Department does not adjust sector data at the metropolitan level for seasonal variations. That means it's unclear whether jobs were lost or gained in different sectors because of the storm or seasonal changes in employment. Overall metropolitan employment figures are seasonally adjusted. But state statistics, which are seasonally adjusted, show where Harvey hit the hardest. Restaurants and hotels absorbed the biggest blow from the record-setting storm, cutting 23,400 jobs statewide last month. Retailers shed 6,500 positions.

Until Harvey, the local economy was on a fairly stead path to recovery. In August, Houston was adding jobs at an annualized rate of 1.6 percent, a gain of 46,600 jobs over the previous 12 months, according to the Labor Department. But that growth rate fell by a percentage point in September, to just 0.6 percent. "We took a beating on our growth," said Ron Borski, an economist with Gulf Coast Workforce Solutions.

Typically, disasters have two phases, said Gilmer. At first, people stay home. They don't go out to eat, which hurts restaurants; they cancel medical appointments, which hurts the healthcare sector; and they work from home, so janitorial services at their offices are reduced. In the second phase, however, Houston should see a mini-economic boom as the cleanup continues and rebuilding takes off, Gilmer said. Retail sales will jump as consumers buy carpet and wallboard, and construction jobs will increase as companies are hired to rebuild the thousands of flooded homes in Houston. The state, meanwhile, added 4,100 construction jobs in September. Waste management and remediation companies – plenty busy as business and home owners cleared debris from flooded properties – added 5,500 jobs.

Overall, the state lost a net 7,300 jobs in September, but the unemployment rate slipped to 4 percent from 4.2 percent in August. The U.S. jobless rate was 4.2 percent in September. In Houston, the unemployment rate was 5.2 percent, down from 5.7 percent in September 2016.

2017 Houston Top Workplaces

More than 84,000 Houston-area employees put fingers to keyboards to weigh in on how they feel about their jobs for this year's Top Workplaces section in the Houston Chronicle. They rated their companies in areas such as potential for advancement, flexibility of work schedules, pay and benefits, and leadership. The organizations on the list include public and private entities and nonprofit groups. The rankings include top 30 large companies with 500 employees or more in the region; top 50 midsize companies with 150-499 employees; and top 70 small companies with 50-149 employees.

Houstonians' perceptions and attitudes about their jobs slipped in 2017 across a majority of factors. Local employees felt better about getting formal training this year than last. They also scored their workplaces slightly higher on benefits, but it was still one of 24 factors where Houston fell short of the nation's positivity score in 2017. Some of the biggest gaps in the scores relate to the office environment/negativity in the workplace, communication with leaders and confidence in leadership.

The statements on the employee survey were divided into the following themes: Connection, Alignment, Effectiveness, The Basics, Leader, and My Manager. The overall score of importance is listed beside each theme.

Connection – 80% - feel genuinely appreciated at the company
Alignment – 77% - believe this company is going in the right direction
Effectiveness – 75% - feels company encourages different points of view
The Basics – 72% - feels job has met or exceeded expectations
Leader - 66% - confidence in the leader of this company
My Manager - 65% - feels manager cares about employees' concerns

The winner of each category is listed below along with the feedback on the survey from their employees.

- Top Large Company - Insperity focuses on work-life balance, starts each new employee with 19 days of paid time off each year, gives employees 12 hours of paid time off each quarter to do volunteer work of their choosing, and is a generally nice place to work.

- Top Midsize Company - Camden put a bunch of empty apartment units aside for displaced workers to move into free of charge after Hurricane Harvey hit. Employees say they feel valued and people are friendly, they get opportunities to grow professionally, and the environment feels like a family. Benefits include tuition reimbursement and a scholarship program for children of the employees. A vacation program allows them to book furnished apartments at Camden properties around the country for a $25 cleaning fee.

- Top Small Company – Medology gives employees an 8 percent pay bump if they tattoo the company name on themselves. Team atmosphere is fostered through the twice-a-week group lunches, and every employee is expected to attend at least one conference a year on the company's dime to bring back new ideas.

U.S. Jobs Rebound, Wages Stand Still

The U.S. economy rebounded from recent hurricanes, sending the jobless rate down to a 17-year low in October and driving up the pace of hiring. While that is good news, it could pose a challenge for policy makers: the risk of the economy or financial markets overheating as labor becomes more scarce, stocks march to routine record highs and stimulative tax cuts potentially kick in during the coming months. The Federal Reserve is widely expected to raise short-term interest rates at its final meeting of the year in December. The Labor Department reported that the unemployment rate fell 0.1 percentage point to 4.1% in October, its lowest level since December 2000, the height of a technology bubble. The unemployment rate, which changed little over the course of 2016, has barreled down from 4.8% at the start of this year. It is a sign that new hires are rapidly becoming harder to find, a challenge aggravated by the aging workforce and retirement of many workers. Nonfarm payroll rose a seasonally adjusted 261,000 in October. September's payroll data was revised to show employers actually created 18,000 new jobs that month, extending the economy's streak of job gains to a record 85 straight months. Hurricane Harvey battered Texas in late August and Irma hit Florida in early September, denting economy activity but not discernibly altering the underlying pace. For two months straight, the jobless rate has been below 4.3%. The job market is tightening more rapidly than officials expected. It is also well under the 4.6% jobless rate that officials see as the marker for a labor market running at full steam, a level known as "full employment".

The wage backdrop is a puzzle. In theory, a tightening labor market should lead to wage increases and potentially even inflation. That isn't happening now. Worker wages actually declined 1 cent to $26.53 an hour in October after increasing by 12 cents the prior month. Those figures may have been affected by the hurricanes, as restaurants and bars added many low-wage workers back to their payrolls, dragging down average earnings overall. But the longer-run trend is anemic. From a year earlier, wages increased 2.4% in October, the weakest pace of growth since February last year.

Shortage of Labor in the Oil Patch

Three years ago, when crude prices still floated above $100 a barrel and the nation's oil fields were booming, Clint Concord, Sr. Operations at Byrd Oilfield Service, could hire 20 new workers a day in the West Texas oil patch to meet the constant demand from his production company clients. But today, with the Permian Basin booming again, Concord said he's lucky to find one qualified candidate every two days to keep up with the work. Concord estimates his company is losing $7,000 a day because it still doesn't have enough truck drivers to deliver equipment to its crews. "Some people got smart and got out of the oil field," Concord said. "They're finding other career paths because they can't handle the inconsistency of it." The oil bust that wiped out scores of companies and tens of thousands of jobs is still weighing on the industry more than 18 months after prices hit bottom in early 2016, its brutal memories contributing to a labor shortage that is slowing the energy recovery. From small companies like Byrd to global giants like Halliburton, the oil field services companies that drill, frack, and haul equipment, supplies and wastewater are finding far fewer people willing to work for a boom-and-bust industry.

The shortages are frustrating oil producers and disappointing investors and analysts who had expected the surge in drilling activity that has followed rising oil prices to yield more crude and more profits. Oil executives, meanwhile, have deeper fears that the difficulty hiring is a harbinger of long-term consequences that could hobble the industry for years – or decades – to come. The precedent is the epic 1980s oil bust, which drove a generation away from the oil industry, leaving a workforce gap that companies are struggling to fill. In recent years, companies have grappled with the challenge of replacing retiring workers in their 60s with a new generation of largely under 35, without midcareer employees to aid the transition. Halliburton and its oil field services rivals Schlumberger and Baker Hughes cut more than 100,000 jobs worldwide between them as oil prices fell in 2015 and early 2016.

Since the middle of last year, as crude prices and drilling activity recovered, oil producers and service companies have hired around 30,000 workers in Texas – roughly one in every three jobs. Drilling has surged in the Permian Basin this year, but the shortage of workers for 50-person fracking crews has led oil companies to leave hundreds of wells untapped for months in West Texas. The number of dormant wells in the Permian Basin has climbed from 1,310 in June 2016 to more than 2,400 last month. Analysts blame a lack of available labor and fracking equipment in West Texas, where the bulk of the oil industry's nascent recovery has occurred this year. To lure workers from out of state, Halliburton and its rivals are raising wages, offering housing allowances and providing temporary homes, known as man camps. All of this, however, is increasing labor costs that will soon eat into companies' bottom lines, ultimately slowing investment and further weigh on the recovery, analysts said. CUDD Energy Services, a hydraulic fracturing firm, took several months to fully staff its fracking crews after idling about half of the pressure pumping equipment used in hydraulic fracturing during the oil downturn. Next month, the shortage of drivers could worsen. The Department of Transportation will begin requiring truckers to use electronic logs to keep track of the time they spend on the road and idled – a rule that will make it harder for truckers to work beyond certain driving time limits.

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal