

How the Workforce Has Changed

Houston has grown older, smarter and more diverse over time, but the region still lags its peers in several metrics such as health insurance coverage and families living in poverty. That's what the most recent American Community Survey tells us about metro Houston. The American Community Survey (ACS) is the U.S. Census Bureau's annual snapshot of the nation's economic, demographic, housing and social characteristics.

Houston remains the nation's most diverse metro area. No individual race or ethnic group represents a majority of the region's population. Metro Houston has the nation's fourth largest Hispanic (2,490,600 residents), seventh largest Asian (511,867), seventh largest black (1,144,051) and 12th largest Anglo (2,497,108) populations. Hispanics will soon be the largest racial/ethnic group in Houston. Individuals born outside the U.S. represent a larger share of the region's population than they did 10 years ago. Since 2006, Houston has added nearly 400,000 foreign-born residents and they account for a third of the region's population growth since 2006.

Houston's population has grown older. In 2006, the region's median age was 32.9 years. In 2016, the median was 34.2. The median age for the U.S. is 37.9 years. Houston still has one of the youngest populations among the major metros. The region's median age (34.4) ranks second only to Salt Lake, UT (32.6). Riverside, CA and Austin, TX, both at 34.4, are tied for third. Houston's size (6.8 million residents) assures it will have a large millennial population since the region has 1.65 million residents between the ages of 18 and 34.

Houstonians have become better educated over the years. Nearly one in three adults (32.0 percent) holds a bachelor's degree or higher. Ten years ago, only one in five (27.1 percent) did. Much of the improvement can be attributed to an increasing number of women graduating college. In 2006, only 25.3 percent of adult women in Houston held a college degree. In 2016, 31.8 percent did.

Like the U.S., Houston's labor force participation rate has declined. The rate stood at 66.5 percent in 2016, down from 68.2 in 2006. That compares with a drop from 65.0 percent to 63.1 percent for the U.S. over the same period. Economists offer various reasons for the decline: the loss of manufacturing jobs eliminating opportunities for the less-educated; the premature retirements of those who lost their jobs in the Great Recession; the unwillingness of some to work at low-paying jobs; Baby Boomer retirements; the expansion of disability programs; and an increase in college enrollments.

According to the ACS, Houston's unemployment rate averaged 6.4 percent in 2016. This differs from what the U.S. Bureau of Labor Statistics reported, which never rose above 5.8 percent last year. When BLS issues its benchmark revisions in March of next year, Houston may learn that fewer jobs were created than initially reported.

Local incomes have grown, but not much. Median household income for Houston was \$61,708 in 2016 and the median household income for Houston was \$59,792 in 2006, adjusted for inflation. That's a 3.2 percent real increase over 10 years. Houston has lost ground in the war on poverty. Nearly one in eight (12.0 percent) Houston families lives in poverty, up from 11.6 percent in 2006.

More Houstonians carry health insurance now. When the Bureau first asked about coverage in the 2013 (prior to passage of the Affordable Care Act), only 77.2 percent of the metro population had insurance. In 2016, 82.8 percent had health insurance. Houston, however, does not compare well against its peers. Houston's rate of coverage is the lowest of the nation's 50 largest metros. Their average is 92.0 percent.

Harvey Update

As of early October, the Greater Houston Partnership has confirmed the following damage estimates.

- Moody's Analytics estimates Harvey's losses for the U.S. at \$97 billion, a revision from the previously reported \$108 billion. The new estimate includes \$87 billion in property losses and \$10 billion in lost economic output.
- FEMA reports that 538 business in the metro area suffered major damage.
- 586,862 individuals or households in metro Houston had registered for FEMA's Individual and Households Program (IHP) and \$584.7 million in assistance was approved.
- Hurricane Harvey damaged or destroyed 97,212 single-family homes in metro Houston.
- 66,605 housing units were "affected," meaning the home sustained some damage, but is habitable without repairs.
- Sixty-six percent of the impacted homes are in Harris County.
- 15,662 apartment units in 215 properties, about 2.4 percent of Houston inventory, were damaged due to high water.
- The Houston region may lose approximately 300,000 vehicles with a total value of \$2.4 billion.
- Fifty-seven of the region's 1,200 office buildings sustained damage, representing 15.5 million square feet, or less than 7.0 percent of inventory. Most damage was isolated and ranged from roof leaks to flooded lobbies, basements and garages.
- Various sources have placed the death toll from Harvey at 82 as of early October, with 36 casualties occurring in Harris County.
- The Federal Reserve Bank of Dallas forecasts the Houston and Beaumont metros combined will lose 42,000 to 74,000 jobs in September.
- Most of the losses will be recouped in October as employees displaced by Harvey return to work and hiring for repair and reconstruction begins. By November, the region's employment should surpass pre-Harvey employment levels.

Mixed Employment Signals

The Houston-The Woodlands-Sugar Land metro area lost 3,900 jobs in August, according to the Texas Workforce Commission (TWC). The loss came as a bit of surprise. Only four

times in the past 25 years has the region logged job losses in August, and those losses coincided with overall weakness in the economy. The August employment data were gathered prior to Hurricane Harvey, so the numbers don't reflect the impact of the storm. Most likely the August data suggest that despite robust 12-month job growth, Houston is still recovering from the downturn in energy.

Houston created 53,500 jobs in the 12 months ending August 2017. However, the details are a bit perplexing. The overall manufacturing sector added 12,800 jobs despite machine manufacturing losing 4,700. Of the 15,500 jobs gained in professional services, 13,000 were in employment services (i.e., contract workers). Nearly 60 percent of the job growth in health care is occurring outside of hospitals.

Houston's August unemployment rate was 5.2 percent, up from 4.9 percent in July but down from 5.7 percent in August 2016. Texas' unemployment rate was 4.5 percent in August, up from 4.3 percent in July but down from 4.9 percent in July 2016. The U.S. rate was 4.5 percent in August, down from 4.6 percent in July and 5.0 percent in August 2016. The rates are not seasonally adjusted.

Nation Still near Record for Job Openings

U.S. employers are advertising near record levels of job openings, though the total slipped in August from July. Job openings fell 0.9 percent in August to just under 6.1 million from 6.14 million in the previous month. July's figure was revised slightly lower but is still the largest number of available jobs since records began in December 2000. Job openings have risen as the number of unemployed has fallen to the lowest in a decade. The unemployment rate, currently 4.2 percent, has hit a 16-year low. That has left businesses struggling to fill open positions. Even so, average wage growth has been sluggish, suggesting that companies aren't offering sufficiently healthy pay to entice workers already employed to switch jobs.

U.S. Payrolls Shrink for First Time in Seven Years

Hurricanes Harvey and Irma walloped the labor market last month, causing the nation to lose jobs for the first time in seven years. Total nonfarm employment declined by a net 33,000 jobs in September compared with an upwardly revised gain of 169,000 the previous month. The Labor Department said 1.5 million workers – the most in 20 years – were not at their jobs during the survey week last month because of bad weather. Restaurants and bars took the biggest hit. Total employment in September declined by 10,000 “as many workers were off payrolls due to the recent hurricanes”. Analysts had expected the major hurricanes that devastated large parts of Texas and Florida would significantly reduce job growth in September, but the decline was much bigger than expected. Economists expect the job market to rebound from the hurricane damage in coming months as workers get back to their jobs and rebuilding begins.

Best Companies for Women

Working Mother Magazine released its annual list in September of the top companies for female representation, benefits, parental leave, childcare and flextime. Compared to the 2016 list, the average number of weeks of fully paid maternity leave at top companies grew from 9 to 10 weeks. All 100 of the listed companies offer paid maternity leave, compared to 30 percent of companies nationwide, per a new release. Meanwhile, the top 100 companies average about 6 weeks of paid leave for employees who adopt. About 99 percent of the 100 companies offer elder care referral service and 94 percent offer legal assistance and services. Bank of America offers 16 weeks of paid leave and 10 weeks of unpaid leave to new mothers and fathers. Meanwhile, Deloitte, the No. 2 company on the list, also offers 16 weeks of paid parental leave, as well as \$25,000 reimbursement for expenses related to adoption or surrogacy.

Companies with a Houston Presence:

- Bank of America
- Deloitte
- Ernst & Young
- IBM
- Johnson & Johnson
- McKinsey & Co.
- Prudential Financial
- PricewaterhouseCoopers LLP
- Unilever
- Zoetis

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