U.S. Employment Status

In March only a handful of COVID cases had been reported. Since that time, infections and deaths have skyrocketed. The much-anticipated second wave has arrived. The world now averages 475,000 new cases per day; the U.S., 80,000; Texas, 6,600; and Harris County, 600. Johns Hopkins University tracks new COVID-19 cases in the 20 most-infected countries. As of November 1, infections were up in 18 of those 20. The spike is especially sharp in Europe. Belgium, France, Germany, Greece, Spain and the United Kingdom. Those countries have again implemented lockdowns to contain the spread. U.S. officials, however, remain reluctant to impose similar restrictions. They worry about damage to the economy and a revolt from consumers suffering from COVID fatigue. The nation has created 11.4 million jobs since May, recouping over half of March and April's losses. But growth is already slowing. Employers added only 661,000 workers in September, less than half the 1.5 million added in August. The nation remains 10.7 million shy of its February level. The recent spike in COVID cases and the expiration of the federal stimulus packages will further slow job gains. U.S. unemployment peaked at 14.7 percent in April and has steadily improved, decreasing to 7.9 percent in September. But the headline number belies what's actually happening in the labor market. Since February, 4.4 million Americans have dropped out of the labor force and are no longer counted as unemployed. Factor them back in and the unemployment rate jumps to 10.3 percent. The labor force participation rate among women has fallen as well, with 2.6 million fewer in the workforce today compared to before the pandemic. The burdens of child rearing still falls heavily on mothers, and many women have dropped out to provide full-time childcare, either to supervise their children attending school virtually or because the pandemic has forced thousands of daycare centers to close. Unemployment claims are trending down, a sign that layoffs have abated. Workers filed 751,000 initial benefits claims in the week ending October 29. That's well below the peak of 6.9 million in early April but above the January-February average of 190,000. The number of workers collecting unemployment benefits remains extremely high.

October Job Cuts Report

October marked the lowest number of layoffs in seven months, as U.S.-based employers announced plans to cut 80,666 jobs from their payrolls, according to a report released Thursday by global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc. October's total is 32% lower than the 118,804 cuts announced in September. It is 60% higher than the 50,275 cuts in the same month last year. October's total is the lowest since February, when 56,605 cuts were announced. So far this year, 2,162,928 job cuts have been announced, 320% higher than the 515,144 cuts announced through October last year. It is the highest annual total on record. "The bulk of the announcements this year are indeed in industries directly impacted by shutdown orders and consumers' wariness to spend money in such places, like restaurants, hotels, bars, and brick-and-mortar retail. We've now seen tens of thousands of cuts in industries outside Entertainment and Retail, indicating the impact is spreading," said Andrew Challenger, Senior Vice President of Challenger, Gray & Christmas, Inc. "The lower numbers certainly indicate some companies impacted by shutdown orders were able to reopen and stave off cutting jobs. However, as case counts rise and more jurisdictions impose stricter enforcement, and stimulus money dries up with no coming legislation, uncertainty is likely guiding many company decisions on retaining workers," he added.

The majority of cuts continue to come from Entertainment/Leisure companies, which announced 14,876 cuts last month. This is the lowest monthly total since 1,344 cuts were announced in the sector in February. Through October, Entertainment/Leisure companies have announced 845,954 cuts, up 6,773% from the 12,308 announced in the same period last year. Energy companies followed in October with 11,787 cuts, bringing the year-to-date total to 47,736, more than double the 23,778 cuts announced in the sector last year. It is the highest year-to-date total for the industry since 2016, when 103,147 cuts were announced through October. Transportation companies announced the third-highest total for the month with 11,475 cuts, as airlines grapple with reduced travel and lower revenue. This sector has announced 159,674 cuts in the first ten months of 2020, a 530% increase from the 25,341 announced in the same period last year.

Retailers have announced 179,520 cuts so far this year, up 151% from the 71,485 cuts announced through October 2019. Demand downturn was cited as the reason for 25,281 cuts in October, the highest number for any reason. Market conditions followed with 16,529. Cost-Cutting caused 8,483 cuts last month, while restructuring was cited for 7,945. COVID impacted 7,803 jobs in October, but leads all reasons in 2020, with 1,099,726. Companies have announced 255,198 hiring plans in October, bringing the year-to-date total to 2,928,091. Of those, 699,900 are seasonal hiring plans for the holidays. Retailers are responsible for the bulk of these plans, with 1,096,678, as demand for grocery stores and online shopping skyrocketed during the pandemic, while Transportation companies like shipping and trucking announced another 737,500 hiring plans.

Industries Driving Job Gains Face Another COVID Reckoning

The economy continued to add back jobs last month. Will that still be the case come January? The Labor Department reported that the U.S. gained 638,000 jobs in October while the unemployment rate fell to 6.9% from 7.9%. The jobs increase was only modestly below September's addition of 672,000 jobs. Even so, the country remains in a deep hole, with 10.1 million fewer jobs than in February, before the pandemic. As in recent months, industries with some of the biggest job gains in October were those that were hit hardest in the early days of the pandemic. Retailers added 103,700 jobs to their payrolls; food services and drinking places added 192,200. Those industries are unfortunately also the ones facing some of the biggest challenges in the months ahead. The holidays are approaching—a period when retailers typically add workers to handle the shopping rush. In the adjustments it makes for seasonal swings, the Labor Department anticipates this phenomenon, lowering the raw retail jobs figures to better capture the industry's employment trend. But this year, with sales down sharply and many people wary of shopping in person, that jump in hiring might not come. Smaller retailers with limited or nonexistent e-commerce operations could be especially cautious on hiring. And for those that traditionally rely heavily on holiday sales to take their businesses into the black for the year, some may be facing hard choices in January on whether to stay open. Restaurants and bars, meanwhile, could be hindered by both colder weather, which will make outdoor dining less feasible, and the rise in COVID cases that looks likely to only worsen in the weeks ahead.

The COVID surge is a problem for other industries, too, and even if state and local authorities don't respond to rising case-counts by tightening restrictions, it will likely lead to renewed caution on the part of many households, hurting economic activity. And though there is a chance that Congress and the White House can put together some sort of fiscal stimulus package before the end of the year, there would still be a bit of a lag before it moved the needle on the economy, or the labor market.

Hiring Is Booming at These Companies

The economy has lost millions of jobs this year. But in many industries, hiring is booming.

Paul Anselmo, chief executive of Evolve Mortgage Services in Frisco, Texas, has hired 120 new home-loan underwriters in the past 90 days and needs to find another 100 by the end of the year. The home mortgage market is booming, as low interest rates have led millions of Americans to refinance and continued work-from-home policies are incentivizing people to buy new houses. In Maryland, mortgage company NewDay USA has hired roughly 300 new people during the pandemic and is looking for about another 200 to join by March 2021. Inlanta Mortgage in Pewaukee, Wis., is also in the market for another 100 experienced workers, including loan underwriters and processors—no college degree required, said Paul Buege, president and chief operating officer. A two-track recovery is emerging from the country's pandemic-driven recession as some companies and careers show signs of prospering despite the recession while others in sectors like hospitality fall victim to continued lockdowns and changing consumer behavior. When the pandemic set in, the U.S. lost 22.2 million jobs in March and April, causing the economy to shrink 31.4% in the second quarter. Since the start of May, employers have added back more than 11 million jobs, with business and hiring booming in some sectors. In more-normal years, fourth-quarter hiring tends to be dominated by seasonal work at stores in preparation for holiday shopping. But the current hiring boosts go beyond that need. Last month, Amazon.com Inc. said it planned to hire another 100,000 workers in the U.S. and Canada, as more people stay home and shop online for necessities and other purchases. Amazon added 175,000 warehouse workers in March and April, 125,000 of whom it said it would keep on. Other big businesses—including cloud-computing companies that help businesses digitize and financial-services firms—are also ramping up fourth-quarter hiring. Fidelity Investments Inc. needs 4,000 additional workers around the U.S. to fill roles such as customer-service representatives, which don't require a college degree, and financial advisers. The demand reflects surging stock-market trading volume and an uptick in inquiries from customers about their 401(k)s and other investments during the pandemic, said Bill Ackerman, head of human resources at the firm. Fidelity's hiring is up nearly 40% so far this year, as the company adds thousands of other roles in technology and product development. The new jobs are located in cities like Covington, Ky., Merrimack, N.H., and Westlake, Texas. A number of positions don't require a finance background, Mr. Ackerman said, adding that Fidelity has a record of hiring people with customer-service experience at hotels and restaurants and training them. ServiceNow Inc., a cloud-computing company, plans to hire roughly 500 new people this quarter, said Chirantan CJ Desai, chief product officer. The engineering and product-development department that he oversees is expected to add at least 275 new hires in roles such as software engineer and product designer, bringing division hiring to 1,300 for the year. Cloud companies like ServiceNow are experiencing a boom as businesses, governments and universities bolster their digital capabilities amid the COVID-19 crisis, which is pushing more people online. Customer-service companies are also bulking up. TTEC Holdings Inc. in Colorado provides virtual customer-service staffing for retailers and restaurants. It is hiring 16,000 people around the U.S. and 6,000 internationally for roles that include chatting with clients online, said Chief Executive Ken Tuchman. Some companies, like workplace software provider UKG Inc., froze hiring in March to hold down costs as the pandemic upended the economy, but have since returned to filling positions. UKG wants to add dozens of staffers in accounting, cloud operations, engineering, marketing, human resources and finance, said Aron Ain, the company's chief executive.

Logistics Hiring Surges on E-Commerce Sales

Logistics payrolls soared in October as inventory restocking after coronavirus lockdowns and strong online sales fueled a hiring surge at distribution and transport companies. Warehousing, trucking and delivery operators—the logistics sectors most tied to e-commerce—added a combined 46,000 jobs last month, according to seasonally adjusted preliminary employment figures the U.S. Bureau of Labor Statistics released. That marked an acceleration of a growth streak over the past two months that has boosted payrolls in those fields by 77,200. The jump comes as the U.S. economy added 638,000 jobs in October, the sixth straight month of growth, reflecting an improving labor market despite rising COVID-19 cases. The unemployment rate fell to 6.9%. Logistics operators have been ramping up hiring ahead of the holiday peak, when growing e-commerce demand amid the coronavirus pandemic threatens to overwhelm distribution networks. Adobe Analytics, which tracks activity on thousands of websites, expects U.S. online holiday sales will total $189 billion, up 33% from last year. Warehousing and storage companies, which include the sites where workers fulfill online orders, added 28,100 jobs in October, the third straight month of gains. The sector has added 76,500 jobs since October 2019. Parcel carriers that deliver packages to homes and businesses also notched gains, adding 8,300 jobs last month. Courier and messenger payrolls have grown by 98,800 positions since February as carriers scrambled to meet a wave of delivery demand that has some companies putting off potential new customers until next year.

LaserShip Inc., a regional delivery company in the eastern U.S., put conversations with new customers on hold in July to ensure it had enough capacity to serve existing clients.

Trucking companies, riding a wave of strong freight demand, added 9,600 jobs in October as retailers and manufacturers rush to restock depleted inventories after months of lockdown. It was the second-largest gain in hiring since April, when the pandemic brought much of the U.S. economy to a halt and the sector lost 92,000 jobs. Many trucking companies now are reporting difficulty bringing on new drivers.

Texas Unemployment Insurance Claims Fall

First-time claims for unemployment insurance fell sharply in Texas and the nation. Claims in Texas fell by more than 11,000 or about 25 percent from the previous week (October 19th) to fewer than 34,000, the lowest level since the coronavirus pandemic began. Nationally, claims fell by 40,000 to 751,000, also the lowest level since the beginning of the pandemic. The declines suggest layoffs are easing despite the recent surge in coronavirus infections. Industries that were initially struggling in Texas are growing again, but at a slower pace. Retail sales in in Texas slowed significantly in October, according to a survey by the Federal

Reserve Bank of Dallas. Only about 8 percent of retailers in a Dallas Fed survey said they plan to hire more workers while 10 percent said they would cut jobs. In the manufacturing sector, the job outlook was more optimistic. About 20 percent of manufacturers surveyed said they intended to increase their workforce, while 69 percent said they intended to maintain current levels.

Houston Recovered Jobs

Metro Houston added 24,400 jobs in September, bringing the total recovered since April to 142,600. Houston remains 207,600 jobs short of its pre-pandemic level. September's job gains were concentrated in a few sectors, almost all tied to students returning from summer break:

- Local education i.e., school districts, (+19,000 jobs),
- Restaurants and bars (+5,800),
- State education i.e., colleges and universities (+4,800),
- Education services i.e., private schools, test prep, tutoring (+3,200), and
- Fabricated metal product manufacturing (+2,300).

Given the collapse in U.S. drilling activity, the gains in fabricated metals are likely an overestimate that will be corrected in a future data release. These gains were offset by significant losses elsewhere:

- Other services (-5,400 jobs),
- Health care and social assistance (-3,400),
- Financial activities (-2,400),
- Wholesale trade (-2,200) and
- Arts, entertainment, and recreation (-1,700).

The gains put Houston just shy of 3.0 million jobs. The region had topped 3.2 million jobs back in February. In a normal year, the region adds 25,000 to 50,000 in Q4, which would put a considerable dent in the COVID job losses. But this hasn't been a normal year and job gains through December are likely to be subdued. Several sectors are well on their way to returning to pre-COVID employment levels. Educational services; non-durable goods manufacturing; retail; finance; professional, scientific and technical services; and administrative support services have recouped 70 percent or more of the jobs initially lost. For others, the recovery has been slow to materialize. Construction; transportation and warehousing; arts, entertainment and recreation; hotels and personal services have recouped less than a third of their losses. A few continue to lose jobs. This includes oil and gas; durable goods manufacturing; wholesale trade; information and real estate.

Houston's Health Care Sector Will Add One in Four Jobs

One in four jobs added to Houston's economy between 2019 and 2036 will be in the health care sector, but labor shortages and advances in technology might lower the sector's job growth, according to projections from the Center for Houston's Future, a local think tank. Health care accounts for 12 percent of the region's jobs. The report projects that the region's health care sector, which employed about 335,000 in September, could add as many as 412,000 jobs by 2036. "Health care is the jobs engine of the region's economy," said Steven Scarborough, manager for strategic initiatives at the Center for Houston's Future. "Even when we've had recessions, jobs in the health care sector continued to grow. Obviously, this year is a little different because of the pandemic, but even now you've seen jobs in health care rebounding since the spring." Health care employment has grown faster than other sectors in Houston. Between 2008 and 2018, health care jobs grew an average of 3.5 percent annually compared 1.7 percent a year for non-health care sectors. The Texas Medical Center, the largest concentration of hospitals, clinics and health care providers in the world, is expected to play a crucial role in job growth. It employs more than 110,000 workers, about one-third of all health care workers in the region. Investing in institutions such as TMC3, the medical center's research and innovation hub, will help the region develop its brand as a thriving ecosystem for health care and life sciences companies and rival to Boston and San Francisco, according to the Center for Houston's Future. But the majority of health care job growth will come outside of the top hospitals. Home health aides, lab technicians and therapists are some of the fastest growing professions in the country, and most will be in the homes of aging baby boomers or working at health care providers in Houston's sprawling suburbs. Labor shortages could slow that growth as could advances in artificial intelligence and machine learning, which could replace some jobs. Physician shortages may pose a particular problem. The United States could be short as many as 121,900 doctors by 2032 as the country's population increases and ages, requiring more care. Doctor shortages could make it harder to treat medical issues on time. Automation may replace jobs, but some workers will be retrained to develop, operate and maintain the new systems, Brett Perlman, CEO of the Center for Houston's Future. "It's a switch in the types of jobs needed," Perlman said.

Houston Lost 12% of its Construction Jobs

The Houston area has lost more construction jobs over the past year than any other market in the nation, according to federal data. The losses illustrate how severely Houston's energy bust has overlaid the nation's pandemic trends. While the pandemic has boosted residential construction and renovations, especially in relatively low cost markets such as Texas, both COVID and the energy bust have dampened commercial construction. The Houston area lost 24,400 construction jobs in the year ended Sept. 30, a 12 percent decline. During the same period, the Dallas region added 5,100 jobs, a 3 percent increase and the greatest rise nationwide. Ken Simonson, chief economist of the Associated General Contractors of America, attributed Dallas' growth in construction jobs — a bright spot in a local economy that shed 4 percent of its jobs during the period — to a boom in homebuilding and home remodeling during the pandemic. But in Houston, the energy downturn has overshadowed the sector's employment gains created by record home sales and increased demand for remodels. "Houston, while it has a very diversified economy now, it's much more tied to oil and gas than almost any other metro area," Simonson said. "There's been a drop off in employment in related industries, such as the financial and the oil and gas services that are concentrated in Houston." As a result, demand for new offices and facilities has dropped. While projects that began before the pandemic are still underway, new work has dwindled drastically. Architects, who are the first to be affected when projects stop coming down the pipeline, "are seeing a cliff," said Rusty Bienvenue, executive director of the Houston chapter of the American Institute of Architects. "This brought most things to a stop unless they were already in production," he said. While architects specializing in home remodels and bond funded projects such as schools are still seeing work, "everything else has been hit by this double whammy," Bienvenue explained. Even medical design companies have had layoffs because hospital systems have had revenues hit hard by the decline in elective procedures. When the Associated General Contractors of America surveyed its members, which work in commercial construction, three quarters reported having a scheduled project postponed or canceled this October, up from 60 percent in August and 32 percent in June. Roughly a third of members said they had already furloughed or terminated employees because of the coronavirus. Most members, 78 percent, said they believed Congress could take steps to help construction employment by investing in infrastructure. Simonson said the outcome of the presidential election alone will not determine the likelihood of a federal lifeline to the construction industry — Congress would also have to be aligned with the president's goals.

Companies Offer Creative Solutions to Worker Burnout During the Pandemic

Companies are adapting policies and rushing to roll out benefits to head off a surge of employee distress. "There's this second wave upon us, where people are feeling super-anxious that this is the new normal, and how much longer can we sustain this?" says Matthew Schuyler, chief administrative officer at Hilton hotels. In addition to expanding access to counseling and mental health services, many employers are trying other approaches, such as insisting employees disconnect or offering more training for managers. In recent months, Antonio Neri, chief executive of Hewlett Packard Enterprise Co., has been encouraging bosses at the technology company to call employees to check in on their well-being. Jimmy Etheredge, CEO of North America at consulting firm Accenture PLC, recently asked his 27 direct reports to attend 2½ hours of virtual training on how to better support colleagues facing mental-health issues. All participated. Mr. Etheredge says he regularly receives emails from employees, explaining their pandemic-related challenges. But consultants have a tendency to jump into a situation and become problem-solvers, an "occupational hazard". The training stressed that, in conversations with employees, sometimes attentive listening without judgment can be most helpful. Solutions needn't be complicated or costly, executives say. Eventbrite recently changed leadership training during the pandemic to focus on how supervisors can manage with empathy while people are working remotely. Now, bosses are taught to begin one-on-one sessions with employees with a simple phrase meant to elicit genuine emotions, says David Hanrahan, the company's chief human resources officer. Instead of a stock "How are you?" before quickly moving on to business, managers might ask, "How are you really, really doing?" After Mr. Hanrahan poses the question, he is silent, even if the pause feels uncomfortable. With some prodding, employees may then open up about their true feelings regarding work or personal challenges. Other companies have taken steps to bolster morale in the COVID era. Seattle construction and engineering company McKinstry Co. LLC began issuing companywide "good news Friday" memos, pointing out, "Hey, here's eight things that happened this week that are pretty good," says Dean Allen, the company's CEO. That could be feedback from a happy customer or details about new business the company landed. Hilton's Mr. Schuyler encourages managers and teams to allow Zoom calls from parks or other outdoor venues. Fidelity Investments recently began a pilot program for a small portion of its workforce in which employees can opt to work 30 hours a week, with a small pay cut, while retaining their full benefits. Fidelity plans to hire more staff to pick up the work so that other colleagues aren't overwhelmed, says Bill Ackerman, head of human resources at the financial-services firm. As the pandemic drags, employers need to adjust their approach, Mr. Ackerman says. Benefits that may have been appreciated early on—such as matching gifts to charities and stipends for home offices—have shifted this fall to include access to child-care coordinators and subsidies, as parents grapple with schooling issues. Many bosses say even finding ways to get employees to step away from their laptops takes more thought now. Geben Communication, a public relations firm in Columbus, Ohio, began offering employees bonus "self-care days" off in recent months, to encourage them to disconnect, says Heather Whaling, the company's president. In Austin, Texas, Ryan Wuerch, chief executive of Dosh, an app that gives consumers cash back when they shop, takes another approach: impromptu three-day weekends. On some Thursdays, during all-staff meetings, Mr. Wuerch now surprises the company with the news that the following day is a "Dosh Day," when no work is allowed. Extra vigilance is key, managers say. To head off burnout, Eventbrite's Mr. Popoff watches for employees who seem to be plugging away after hours and follows up with them the next day, saying that such work is unnecessary. Some workers have adopted cues to signal they need help. At Dell Technologies Inc., Jennifer "JJ" Davis, senior vice president of corporate affairs at the technology company, says during the pandemic her team has developed a way to alert colleagues when they are "above the line"—feeling OK, and able to lend a hand—or "below the line" and needing assistance. The phrases allow people to convey their state of mind without necessarily divulging personal details. Pandemic-specific peer groups also are effective. More than 1,500 Dell employees joined colleagues in virtual support groups focused on child care or pandemic isolation, for staffers living alone. Ms. Davis says she helps her colleagues cope by being honest about her own challenges, such as deciding whether her three teenage sons should attend classes in-person or virtually. Sometimes, when meetings run long, Ms. Davis begins preparing dinner—and tells her team she's multitasking. "

Challenger, Gray & Christmas' Year-End Survey

Companies are modifying their year-end plans and acknowledging that uncertainty is dictating many of them, according to Challenger, Gray, & Christmas Inc.
Twenty-one percent of companies said they plan to bring all workers back to the office in early 2021, 9% said mid-2021, 8% said as soon as there is a vaccine, and 7% said they plan to keep workers home indefinitely. Forty-four percent were unsure.
Twenty-five percent said they plan to give their employees a nominal year-end bonus; 25% plan to give a performance-based year-end bonus to select employees; and 13% plan to give a year-end bonus to all employees, depending on company performance.
Twenty-five percent said the current uncertainty makes it difficult to forecast hiring needs for 2021. Twenty percent said they increased hiring in 2020 and expect to do so in 2021. Twenty percent said hiring will be slow in 2021. Ten percent said hiring will be flat, and 7% said hiring likely will decrease in 2021. Six percent said they would like to hire but are experiencing a skills shortage.

Sources: Littler; Houston Chronicle; Greater Houston Partnership; Wall Street Journal; Challenger, Gray, & Christmas