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GREATER HOUSTON PARTNERSHIP'S 2021 EMPLOYMENT FORECAST

The Greater Houston Partnership's employment forecast calls for Houston to add 35,000 to 52,000 jobs in '21, with most of the growth occurring in the second half of the year. Every sector will register job growth except energy and retail. The sectors creating the most jobs will be administrative support services, health care and social assistance, manufacturing and professional services.

If WTI reaches $50 per barrel in the spring, real GDP growth exceeds 4.5 percent (annualized), and new COVID infections fall below 40,000 per day in Q1, gains will be at the high end of the range. Other factors possibly lifting Houston's job growth above what's forecasted: an additional U.S. stimulus package, several local multi-billion infrastructure projects, a significant expansion of health care coverage, and OPEC pulling another two to three million barrels per day of production off the market. But all recovery scenarios assume a successful rollout of the vaccine, with enough of the population getting inoculated to reach herd immunity by summer. Until that occurs, the economy will muddle along.

JOBS IN 2030: HEALTH CARE BOOMS

Taking care of an aging population—and their pets—and working on the nation's digital transformation are likely to offer the most well-paying job opportunities in the next decade. Those filling jobs will increasingly be older adults, and the health-care and high-tech fields are among those poised for the most growth, according to the Labor Department's projections for employment in 2029.

For workers to thrive over the coming decade they can expect to need more education and be willing to refresh their skills. Meanwhile, home aide and restaurant jobs are expected to grow by the millions, but that work tends to pay among the lowest wages. Individuals looking for work in office support and manufacturing fields will find fewer positions.

Employment in health-care occupations is expected to grow 15% in the next decade, well ahead of 3.7% overall growth, according to the Labor Department's study, which compares expected growth to 2019 levels and doesn't attempt to account for the pandemic and related economic downturn. Part of that growth—driven by baby-boomer aging—will occur in better paying jobs, such as nurse practitioners. Their numbers will rise by more than 50%, an increase of 111,000. Nurse practitioners, who usually require a master's degree, were paid a median annual salary of $109,820 in 2019. Physician-assistant jobs, also requiring a master's degree and paying about $112,000, are expected to grow 31.3%. Registered nurses, a job that usually requires a bachelor's degree and paid about $73,000 in 2019, will see their ranks swell by 220,000, an increase of 7%. Over the next decade, home-health aide jobs will grow the most out of nearly 800 job titles, with an expected addition of 1.16 million positions, the Labor Department says. The job requires a high school diploma. But while the hiring pace should be strong, wages may not be. The median annual pay for the job in 2019 was $25,280, less than half the median wage for all occupations. Other jobs in the medical field will increase as well:

- Medical and health services managers—an occupation with a median annual wage of about $101,000 in 2019 and which requires a bachelor's degree—will rise by nearly 32%.
- Not all of the trends driving the health-care boom are tied to aging. The Labor Department projects the number of psychiatrists to rise 12% by 2029. Community and social services jobs will increase by 13%, adding 350,000 jobs.
- Gains will be slower in other medical fields. Physicians and surgeons, among the best paying jobs, will only grow at about the same rate as the overall economy. And don't expect a baby boom. Obstetricians and pediatricians will shrink in number as the population ages.

The shift to a digital economy will drive demand for high-tech workers. Computer and math occupations will grow 12.1% in the next decade—three times faster than the overall workforce. Software developers, a role that paid a median wage of $107,500 in 2019, will be among four occupations adding the most jobs in the next decade, growing by 316,000. There will also be a heightened need to protect data, driving a 30% boost in the number of information security analysts, a job that paid about $100,000 in 2019. Energy jobs are also among the fastest-growing occupations. Wind turbine technicians and solar photovoltaic installers will see their numbers rise by more than 50% from 2019 levels, though that is from a base of a few thousand. Meanwhile, jobs in oil and natural gas—for example, derrick operators, roustabouts, and rotary drill operators—will rise nearly as much, as the U.S. shale boom continues. The outlook is mixed in other occupations:

- As demand for companionship increases, so too will the need to care for pets. The number of veterinarians and vet assistants will rise 16% from 2019 levels. Jobs in animal-care work—groomers, dog-sitters and the like—will see their numbers grow 23%, while animal-trainer employment will increase 13%.
- Other occupations are expected to lose jobs over the next decade. The office and administrative support sector, which includes secretaries, administrative assistants, bookkeepers, and customer service representatives, is projected to lose nearly 1 million jobs, as machine learning and other forms of automation supplant clerical workers. The shift toward remote work caused by the pandemic could accelerate that change.
- As robotics technology improves, the Labor Department projects the economy to shed 420,000 production jobs. The e-commerce boom, which increased during the pandemic, will also shrink sales jobs. Cashiers will see their numbers fall by 270,000.

By 2029, more than a quarter of the U.S. workforce will be 55 or older, up from 12% in 1999 and 23.4% last year. This is driven in part by the size of the baby boom generation and people living and working longer, says William F. Ziebell, chief executive of the benefits and human resources consulting division at Gallagher.

Even with the focus on skills, the faster-growing occupations will still require more education. Occupations that require a master's degree will grow the quickest over the next decade, projected to rise 15%. That compares with around 6% growth among jobs requiring all other degree types. Jobs that demand a bachelor's degree for entry-level positions will increase the most in absolute terms, by 2.4 million jobs, compared with an additional 400,000 jobs that require a master's degree.

2021 COULD BE THE BEST YEAR ON RECORD FOR JOB GROWTH

The U.S. economy is poised to add more jobs this year than any other on records dating back to 1939—though the expected gain is unlikely to fully replace losses last spring, when the coronavirus pandemic first took hold.

U.S. nonfarm payrolls will increase by 6.7 million by December 2021, from last month, according to data firm IHS Markit. Economic forecasting firm Oxford Economics predicts 5.8 million jobs. Economists at the University of Michigan forecast 5.3 million. All would put 2021 well ahead of the 4.3 million jobs created in 1946, at the start of the post-World War II expansion, for the best year on record.

Such gains would be a dramatic turnaround from 2020's net job loss of 9.4 million, according to the Labor Department's jobs report. The loss largely occurred in March and April, when employers shed 22 million jobs as states restricted activity to control the spread of the virus. Jobs grew in subsequent months, but the pace eased after June then turned negative in December. Economists expect hiring to start slowly and gain momentum later in 2021, as the Covid-19 vaccine becomes widely available and consumers resume activities such as dining out and travel. The

$900 billion in enhanced unemployment benefits, aid to businesses and other relief enacted late last month is also projected to boost the economy.

The speed of the recovery would be far faster than after the two previous recessions this century, which mostly reflects the severe and sudden nature of last year's downturn and the unusual factors at work now in confronting a simultaneous health and economic crisis. Gregory Daco, Oxford Economics' chief U.S. economist, expects a boom in consumer-services employment later in the year, including in hospitality and retail. He said job creation could slow in construction, which had benefited from recent growth in home construction and the public sector. However, even after robust hiring this year, Mr. Daco said the economy will still be about 4 million jobs short of its pre-pandemic level. "We've permanently lost some businesses and are likely to lose a few more this winter," he said. "And for people who are now long-term unemployed, they may struggle to re-enter the workforce." It could take yet another year of job growth or more to make up those losses, Mr. Daco said, which is significant because he expects economic output to fully recover by the middle of this year. He said that is a result of pandemic aid largely being delivered through unemployment programs. That gave consumers without jobs money to spend. With the recently approved $300 weekly supplement, some unemployed, lower-wage workers are again earning more in benefits than at prior jobs.

Economists have somewhat varied views on another key measure of the labor market: the unemployment rate. IHS Markit forecasts the rate to fall to 4.3% by the end of this year, while other economists expect the rate to stay closer to 6%. The rate was 6.7% in December, according to the Labor Department and had reached a 50-year low of 3.5% just before the pandemic.

OVER 2.3 MILLION JOB CUTS ANNOUNCED IN 2020

Planned job cuts announced by U.S.-based companies jumped to 77,030 in December, up 18.9% from the 64,797 in November, according to a report released by global outplacement and business and executive coaching firm Challenger, Gray & Christmas.

December's total is 134.5% higher than the 32,843 cuts announced in the final month of last year. In 2020, 2,304,755 job cuts were announced, 289% higher than the 592,556 cuts announced in 2019. It is the highest annual total on record, and 17.8% higher than the previous record high of 1,956,876 cuts recorded in 2001. Despite the jump in monthly cuts, the fourth quarter saw the fewest job cuts of the year, with 222,493, down 55.3% from the 497,215 tracked in Q3 2020. It is 74.2% higher than the same quarter in 2019, when 127,687 cuts were recorded. With the exception of the quarterly totals in 2020, it is the highest quarterly total since Q3 2011, when 233,258 job cuts were announced.

While some segments were up, such as warehousing, shipping, financial, and some manufacturing segments, many others were hurt considerably, chief among them hospitality, entertainment, and leisure," said Andrew Challenger, SVP of Challenger, Gray & Christmas.

- The entertainment/leisure sector announced the highest number of cuts in 2020 with 866,046, 5,688% higher than the 14,963 announced in all of 2019.

- Transportation announced the second-highest number of cuts this year with 199,599, many of which were due to the downturn in air travel.
- Retail, which has led all industries in job cut announcements in 2017, 2018, and 2019, announced the third-highest number of cuts with 184,886, 139% higher than the 77,475 announced in 2019. Retail also announced the highest number of hires this year with 1,182,776 of the record 3,190,862 hiring announcements tracked this year. The majority of these hires occurred at grocers in March and April.
- The Media sector announced the highest job cuts on record in 2020, according to Challenger tracking. This industry announced 30,711 cuts. This is 201% higher than the 10,201 cuts announced in the sector in 2019. It is 6% higher than the last record number of 28,803 announced in 2008. Of the media cuts announced this year, 16,180 occurred in broadcast, digital, and print news.

Of the 30 industries Challenger tracks, just four have announced fewer job cuts this year than last.

- The Chemical industry announced 332 cuts in 2020, down 73% from the 1,209 in 2019.
- Financial firms announced 46% fewer cuts in 2020, with 13,677 compared to 25,148 in 2019.
- Pharmaceutical companies announced 2,131 cuts in 2020, down 83% from the 12,270 announced in all of 2019.
- Utilities announced 1,866 cuts in 2020, down 21% from the 2,367 announced in 2019.

Of the 2,304,755 cuts announced this year, 1,109,656 were directly due to COVID-19. Another 445,182 were attributed to market conditions. Demand downturn was the cause of 257,640, while 106,102 were due to closings. Bankruptcy was cited for 15,781 cuts.

UNEMPLOYMENT CLAIMS SURGE IN TEXAS

First-time unemployment claims jumped for the second consecutive week in Texas and skyrocketed nationally as the surging pandemic takes its toll on the economy. **In Texas, first-time claims rose by about 14,000 after climbing by more than 12,000 in the previous week**, the Labor Department reported January 14, 2021. Claims here have nearly doubled over the past two weeks.

Nationally, first time claims for benefits increased by 181,000 to 965,000, the Labor Department said, one of the largest upticks since August. The surge in jobless claims likely is a combination of seasonal layoffs after the holiday season and a recent surge in COVID-19 cases, said Ray Perryman, CEO of the Perryman Group, an economic consulting firm. Economists have warned the recovery remains at risk until the pandemic is brought under control.
Nationally, payroll employment fell in December the first time in eight months as employers cut nearly 140,000 jobs, the Labor Department reported. Rising COVID-19 cases also appear to be weighing on the Texas labor market. In November, the most recent month for which state statistics are available, job growth fell by nearly half, to 61,000 from 115,000 in October. The unemployment rate jumped more than a point to 8.1 percent from 6.9 percent. It's likely that employers in the

food service industry, and other in-person services are cutting staff as cases rise and new restrictions are put in place, said Patrick Jankowski, an economist at the Greater Houston Partnership. In Houston, for example, restaurant occupancy was scaled back to 50 percent, from 75 percent and bars that have not reclassified as restaurants were closed. It's difficult to tell if the recent spike was a "blip," he said, or the start of a trend. I expect we'll see an uptick of claims in the next few weeks," Jankowski said, "And then we'll see them go back down whenever we get the virus under control."

WHY MANY BOSSES WON'T REQUIRE WORKERS TO GET THE COVID-19 VACCINE

Some of America's largest businesses say they will encourage—but not mandate—employees to get Covid-19 vaccines, using a mix of incentives and consequences to ensure as many workers as possible are inoculated.

Facebook, Marriott, and Discover Financial Services are among big employers saying they will urge vaccinations and highlight the benefits of doing so but stop short of requiring them. Some employers plan to provide 401(k) or other cash incentives to staff, as they do to encourage use of other wellness benefits, or bar unvaccinated employees from certain activities. Several executives have said they would offer their corporate facilities to public-health officials as vaccine administration sites in making shots convenient for workers.

The Equal Employment Opportunity Commission released guidance noting that employers can generally require their workers to get vaccinated and may ask employees for proof that they have done so. Employers are bound to accommodate employees who object because of religious beliefs or because they have a medical condition that makes it unsafe for them to get a vaccine. Human Resources leaders and chief executives say they aren't mandating vaccinations because they want to respect the views of those who lack confidence in the new vaccines, avoid liability if there are adverse reactions and not infringe on religious or personal beliefs. The approach is similar to how large companies often handle seasonal flu shots, though this vaccine targets a novel virus that shut down many workplaces across the country.

Many executives say a return to offices will likely be at a staggered pace and involve masks, social distancing and other safety protocols—even after a vaccine is broadly available. Almost half of 30 large employers who responded to a December 3rd poll from employee benefits industry group, Employer Health Innovation Roundtable, said they weren't considering a vaccine mandate. Another 24% said they were addressing the issue on a state-by-state or county-by-county basis.

Verizon's Chief Human Resources Officer, Christy Pambianchi, told staff recently that when a vaccine is available, doses will be fully covered by the company's health-insurance plan. The wireless carrier hasn't yet told workers whether or not they are required to get vaccinated. Some companies say they will give employees paid time off next year for the shots. Corporate medical advisers say companies should plan for some workers to need sick days after receiving doses, if they have fevers or other side effects.

Emerson Electric decided a mandate to get the vaccine wasn't in line with the company's culture and would cause unneeded blowback from the press and workers. Instead, they plan to reward employees who get vaccinated and place activity limits on those who don't. They are considering a contribution to workers' 401(k) retirement accounts or gift cards to spend at local businesses. Emerson expects some of its workers will have little choice because customers may require the vaccine for people entering their facilities.

DOL SIMPLIFIES INDEPENDENT CONTRACTOR ANALYSIS IN FINAL RULE

On January 6, 2021, the U.S. Department of Labor finalized its highly anticipated independent contractor rule. **The rule delivers on the DOL's promise to simplify, clarify and harmonize the factors for determining when a worker is an independent contractor** versus an employee under the Fair Labor Standards Act.

The new administration is expected to review this during the last few months by the outgoing administration. The rule clarifies the relevant factors the DOL will use to determine whether workers are in business for themselves (independent contractors) or economically dependent on a putative employer for work (employees). The rule replaces the seven factors with two core factors: (1) the nature and degree of control over the work; and (2) the worker's opportunity for profit or loss. Three additional non-exhaustive guidepost factors can be considered, however, if the core factors are not determinative or point in different directions:

- The amount of specialized training or skill required for the work that the potential employer does not provide;
- The degree of permanence of the working relationship, focusing on the continuity and duration of the relationship and weighing toward independent contractor status if the relationship is definite in duration or sporadic; and
- Whether the work performed is "part of an integrated unit of production."

The DOL clarified in the final rule that this list is not exhaustive and any factors that are probative can be considered. The non-core guidepost factors need not be considered if the two core factors support a conclusion as to the worker's classification, as the combined weight of all three guideposts are not likely to ever outweigh the combined weight of the core factors.

SOURCES

Littler; Houston Chronicle; GHP; WSJ; Challenger, Gray, & Christmas