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HOUSTON'S BEST RECORD FOR JOB GROWTH

Houston created 45,500 jobs in February, according to data released by the Texas Workforce Commission (TWC). That ranks as the best February on record for job growth. Prior to the pandemic, February gains typically averaged 18,600 jobs for the month, suggesting the recent gains are well above the long-term trend.

The month's outstanding performance brings the region closer to its pre-pandemic employment peak. The gap currently stands at 16,700 jobs. March is typically a strong month for the region, in boom years adding 20,000 or more jobs, in normal years adding 10,000 to 15,000.

The region saw job gains across almost all sectors. Growth was particularly strong in restaurants and bars (+8,000 jobs), administrative and support services (+7,500), local educational (+4,800), wholesale trade (+3,200) and professional, scientific, and technical services (+3,200). Only two sectors showed significant losses, general merchandise stores (-1,000 jobs) and clothing and accessory stores (-800).

Those layoffs reflect lingering aftereffects of the end of the holiday shopping season. The losses were more than offset by gains elsewhere in retail, the sector overall adding 2,000 jobs in February. Clearly, retail has recovered. While consumers may like the convenience of shopping on-line from a couch, sometimes they need a little retail therapy and welcome the chance to touch and see what they're buying.

Of note, construction added 2,300 jobs, the industry benefitting from the surge in contract awards toward the end of '21. The sector has added 4,600 jobs since September '21, reversing a decline which began late in '19. The sector remains 27,700 jobs below its October '19 peak. Houston's energy sector added 1,700 jobs, 900 in exploration and production and 800 in oil field services. The sector has struggled for much of the last decade. Employment peaked

December ’14, began trending down, and hit its nadir in June ’21. But the industry’s fortunes have changed recently, the sector adding 6,100 jobs in the past four months (October ’21 – February ’22). That reverses a trend in which the sector lost 50,000 jobs over the previous eight years (October ’13 – September ’21).

The recent run up in energy prices may add a few hundred, perhaps a few thousand jobs, but it’s not going to bring Houston back to the heyday of the fracking boom. While job growth may be overstated, data on claims for unemployment benefits suggests a robust job market. Claims filed in the week ending April 1 fell to near prepandemic levels, suggesting layoffs have returned to normal levels.

TEXAS SETS A RECORD FOR JOBS IN MARCH

Texas employment climbed to a new high in March as the state’s employers added jobs at a record pace in the first three months of the year, the Texas Workforce Commission reported.

All told, the state added 30,100 jobs in March, bringing total employment to about 13.2 million statewide, according to the Texas Workforce Commission. The unemployment rate fell to 4.4 percent from the 4.7 percent in February and 6.5 percent a year ago.

Texas gained more than 730,000 jobs over the past year, adding jobs at a robust 6 percent pace. The first three months of 2022 were particularly strong, with the state economy creating more than 150,000 jobs during that period. It was the most jobs added in the first quarter on record, which goes back to 1990.

STRONGER U.S. JOBS MARKET DRAWS BACK WORKERS

The U.S. labor market strengthened last month as the pandemic’s grip receded and more workers jumped back into the labor force.

Employers added 431,000 jobs in March, as restaurants, manufacturers and retailers snatched up workers, and hiring in January and February was stronger than previously reported. The report marked the 11th straight month of job gains above 400,000, the longest such stretch of growth in records dating back to 1939.

The unemployment rate fell to 3.6% in March from 3.8% a month earlier, quickly approaching the February 2020 prepandemic rate of 3.5%, a 50-year low. Low joblessness is helping boost wages, though not enough to keep up with high inflation for many.

Covid-19 cases of the Omicron variant have declined sharply since late January, helping boost employer demand for labor, as more consumers are booking plane tickets, staying in hotels and dining out.

Labor-force participation remains below prepandemic levels but is rising. The labor-force participation rate—the share of people employed or looking for work—increased to 62.4% in March, up from 62.3% in February and from a pandemic trough of 60.2% in April 2020. More than 300,000 women streamed into the labor force in March, accounting for the bulk of labor-force growth. Meanwhile, male labor-force levels have fully recovered.

Many retirees are coming back: In February, the share of retired workers re-entering the workforce climbed to around 3% of total retirees, its highest level since early March 2020.

"All the constraints on the labor supply that were prevailing in 2021 have really eased," said Lydia Boussour, economist at Oxford Economics. That is "a really important factor in driving that next leg of the recovery and getting employment back to where it was before the pandemic." The economy has about 1.6 million fewer jobs than in February 2020. Payrolls in some sectors that were hit hard at the onset of the pandemic—such as leisure and hospitality—remain below prepandemic levels. Other sectors, such as retail, have fully recovered.

Companies across many industries say they still struggle to find workers. There are more job openings than unemployed people. Workers are quitting at near record rates, often for better pay, leaving some companies short-staffed, at least temporarily.

Average hourly earnings grew 5.6% in March from a year earlier. Though wage growth remains elevated compared with before the pandemic, annual inflation of nearly 8% is erasing pay gains for workers, on average. However, wage growth has slowed slightly in the past two months as the labor force has expanded, which could help ease inflation pressures.

U.S. JOBLESS CLAIMS FALL TO LOWEST LEVEL SINCE 1968

New applications for U.S. unemployment benefits fell last week to a near 54-year low as employers held on to workers in a tight labor market. Initial jobless claims, a proxy for layoffs, fell to 166,000 during the week that ended on April 2, compared with a revised 171,000 the prior week, the Labor Department said. The weekly total was the lowest since November 1968, when the labor force was less than half of its current size.

The four-week average for claims, which smooths out volatility, fell to 170,000.

Jobless claims have hovered around half-century lows since late 2021 as the labor market has continued to improve during the economic recovery.

There were around 1.8 job openings for every unemployed worker in February, according to the Labor Department's most recent data.

The number of times workers quit their jobs in February was around 4.3 million, a figure that has remained elevated as employers raise wages and improve benefits to retain and entice workers. A strong labor market has drawn in some workers who have been waiting for the right offer to come along, or for pandemic-related conditions to improve, economists say.

The unemployment rate for March stood at 3.6%, the Labor Department said, just above its prepandemic level of 3.5% in February 2020.

While the labor-force participation rate, a measure of those working or looking for work, remains below prepandemic levels, it is rising. It rose to 62.4% in March, up from 62.3% in February and from a pandemic low of 60.2% in April 2020. The increase in participation shows that high demand for workers and rising wages are drawing people back into the labor force.

Groups that left the workforce in greater numbers, like women and older workers, are also returning. More than 300,000 women entered the labor force in March, accounting for the bulk of labor-force growth. While there are still fewer women ages 16 and up in the labor force than before the pandemic hit, male labor-force levels have fully recovered.

OIL & GAS SECTOR GAINED 16,000 JOBS OVER A YEAR

The Texas oil and gas industry saw gains of more than 1,000 jobs between December 2021 and January 2022 — and more than 15,000 positions in the past year, the Texas Independent Producers and Royalty Owners Association announced March 11. The newly released figures are from the U.S. Bureau of Labor Statistics and are adjusted against unemployment tax records by TIPRO in its employment calculations.

TIPRO's analysis found that Texas oil and gas employment in January totaled 176,300 jobs — an increase of 1,200 jobs, or 0.7%, from the revised December numbers. This number also reflects an increase of 16,000 positions, or 10%, since January 2021.

The TIPRO report noted that along with increasing employment, January's job posting data is also on the rise across the upstream, midstream and downstream sectors. Of the 8,276 job postings in the Texas oil and gas industry active as of January, more than 3,000 of those posts, over 50%, were added in January alone.

Among the 14 sectors TIPRO identifies within the Texas oil and natural gas industry, support activities for oil and gas operations had the highest number of unique job listings in January, 2,555 postings. This was followed by 1,022 positions in the petroleum refineries sector and 787 postings in crude petroleum extraction.

Sought-after positions included heavy tractor-trailer truck drivers, with 420 postings, and personal service managers, with 283 postings.

Texas' top three cities for unique oil and natural gas job postings were Houston, Midland and Odessa, according to TIPRO, and the top three companies for job postings were all based in Houston: Halliburton with 418; NOV with 408; and Baker Hughes with 381.

A February State of Energy report released by TIPRO found that Texas oil and gas industry accounted for more than one-third of total industry employment in the country in 2021, and the gross regional product for the state's oil and gas was $200 billion last year — 12% of the state economy.

MORE YOUNG WORKERS ARE CONSIDERING LEAVING YOUR COMPANY

A year into the Great Resignation spurred by the Covid-19 pandemic, more employees are considering quitting their jobs now than in 2021, according to a survey by Microsoft Corp., which also found that more than half of younger workers are mulling a job change within the next year.

Microsoft's second annual Worker Trend Index, which examines global employee attitudes, showed an increase in respondents who said they are somewhat or extremely likely to consider a job change in the coming year. The overall number jumped to 43% of respondents, up from 41% in last year's survey—a result that Microsoft at the time dubbed the Great Reshuffle. Others dubbed it the Great Resignation, which saw U.S. workers quitting jobs in record numbers.

Among Gen Z and millennials, or workers under age 41, 52% in Microsoft's poll said they might switch jobs, while only 35% of the older Gen Xers and baby boomers said they were thinking of leaving their workplaces.

Workers who have been doing their jobs remotely some or all of the time still aren't sure if they want to physically be in the office at all. Among hybrid workers, 51% said they may want to switch to fully remote, while 57% of those who are working from home said they're willing to consider returning to the office at least part of the time.

Attitudes toward jobs are changing—more than half of the respondents said they are prioritizing health and well-being over work, according to the index, in which Microsoft surveyed 31,000 people across 31 countries.

EMPLOYERS EMBRACE RETIRING IN PHASES

Plenty of older workers have wished for something between full-bore work and retirement. Now, more companies seem to be giving them what they want.

Phased retirement programs—which allow workers nearing retirement age to cut back on their hours while keeping some pay and benefits—are growing in popularity. Human-resource executives say the pandemic has opened bosses to flexible work arrangements, while the fierce hiring market and higher-than-expected rate of retirements have motivated managers to find ways to retain older workers with key skills.

In a forthcoming survey of 1,736 HR executives world-wide from consultant Mercer LLC, about 38% say they offer phased retirement, more than double the 17.2% that did so before the pandemic.

In the U.S. 23% of employers had these arrangements in 2021, up from 16% in 2016, according to the Society for Human Resources Management. A growing subset—8%, up from 6% in 2019—have introduced formal programs, which generally target older workers who meet certain criteria. Another 15% offer the option on an informal or ad hoc basis, frequently to employees in hard-to-fill roles.

Phased retirement is "a way to slow the brain drain and manage talent shortages" at a time when the U.S. workforce is aging, said Andrés Tapia, a senior partner at consulting firm Korn

Ferry. He encourages clients to add the programs to "find ways to leverage rather than lose that voice of experience."

Some workers have longed for such arrangements, which financial advisers say can provide financial and psychological benefits compared with going from full-time work to retirement. Among companies adopting phased retirement programs, figuring out how to provide benefits and set criteria for participation can be a sticking point in some HR suites, said Yvonne Sonsino, a partner at Mercer.

Companies adding or considering formal phased retirement programs include SAP North America, Owens Corning and Haynes International Inc., a Kokomo, Ind.-based maker of high-temperature alloys.

The pandemic accelerated the pace of baby boomer retirements and created challenges for employers. From February 2020 through November 2021, up to 2.6 million more people retired than were expected to, given pre-pandemic trends, according to Federal Reserve Bank of St. Louis.

Managers typically approve phased retirement for workers with hard-to-replace skills. Obstacles to adopting phased retirement programs can include the risk of lawsuits for allowing some—but not all—workers to participate, said Chantel Sheaks, vice president of retirement policy at the U.S. Chamber of Commerce.

The rules of some pension and 401(k) plans can also create complexities. People phasing into retirement may want to tap their retirement benefits to supplement a lower paycheck. Many employers allow employees ages 59 ½ or older to tap their 401(k) accounts without penalty, but some don't. Although companies can amend their pension plans to allow workers to take partial withdrawals starting as early as age 59 ½, that can backfire if it encourages more people to retire early.

SOME COMPANIES DITCH ANNUAL RAISES AND REVIEW MORE OFTEN

The demand for U.S. workers has led some manufacturers, technology firms and other employers to ditch the annual raise and switch to more frequent pay reviews as they compete for talent and keep pace with rising wages.

As the economy bounces back from the shocks of the Covid-19 pandemic, U.S. companies and small businesses have been competing for employees in a historically tight labor market.

Employers added 6.7 million jobs last year, yet U.S. job openings and worker turnover are hovering near their highest levels on record. Those trends are spurring wage growth. Wages climbed 5.7% in January from a year earlier, government data show, nearly double the average gain before the pandemic hit.

Full off-cycle salary reviews remain relatively rare, surveys show, and executives say companies can turn to other options, such as using one-time bonuses, expanding benefits or adding vacation days, to help retain workers without boosting wages.

In a January survey by the consulting firm Mercer, roughly half of respondents said they didn't plan additional reviews or salary increases to address inflation this year, though nearly a quarter said they were considering it. Around 20% of respondents said they plan to review off-cycle salary increases as needed in 2022. Only around 6% of the 2,565 human-resources managers who responded said they had decided to review compensation two or more times this year in response to rising prices.

A challenge in setting wages in the pandemic, human-resources executives say, is how quickly pay is changing, and for such a wide range of roles. Not only are companies eager to hire technical talent, but they also need more marketers, recruiters and professionals skilled at hiring.

SOURCES

Houston Chronicle; Wall Street Journal; Houston Business Journal; Bloomberg; Greater Houston Partnership