



FEBRUARY 2021 MEDIA ROUNDTABLE NOTES

BCVB

- Labor Market Overview (Source: Michigan DTMB and Emsi):

- **December 2020 Unemployment Rates:**

- Berrien: 5.4% (+1.8% from December 2019, +0.7% from November)
 - Cass: 4.5% (+0.9% from December 2019, +0.1% from November)
 - Van Buren: 5.4% (+1.2% from December 2019, +1.0% from November)
 - BCVB: 5.2% (+1.4% from December 2019, +0.6% from November)

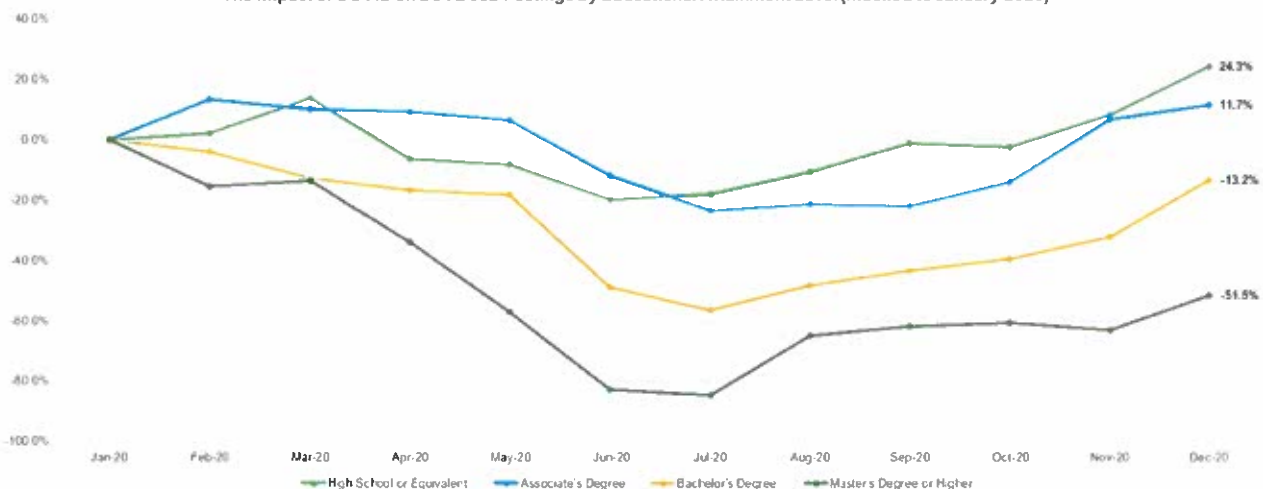
- **December 2020 BCVB Labor Force Data:**

- Employed: 119,210 (-7,590 (-6.0%) from December 2019, -4,881 (-3.9%) from November)
 - Unemployed: 6,574 (+1,574 (+31.5%) from December 2019, +631 (+10.6%) from November)
 - Labor Force: 125,784 (-5,916 (-4.5%) from December 2019, -4,250 (-3.3%) from November)

- **December Job Postings**

- 5,558 unique job postings of 90 days or less in BCVB last month:
 - This is up 1,937 from pre-COVID baseline in January 2020 (3,621, +53.5%).
 - Up 1,102 from November (4,456, +24.7%).
 - Most postings (58%) have no education listed, largely low-skill or gig work (e.g. Shipt Shoppers).
 - High-skill postings continue to lag as a share of total job postings relative to pre-COVID levels.
 - This aligns with research that points to “downskilling” as impact of COVID.
 - Trend is most noticeable in less diversified economies, where a few firms hire most high-skilled workers.
 - The following graph shows year-over-year change in job postings indexed to pre-COVID by ed. level:

The Impact of COVID on BCVB Job Postings by Educational Attainment Level (Indexed to January 2020)



- As shown, high-skill job growth lagging severely compared to low- and middle-skill jobs:
 - “High-skill” jobs (Bachelor’s or higher) are 33% of postings with education requirements listed.
 - Also considering postings with no education listed, however, they are 17% of all listings.
 - Compares to 39% with educational requirements and 22% of all postings in Dec. 2019.
 - This again illustrates the difficulty for educated unemployed BCVB residents to find work.
 - It also reflects the problem of persistent unemployment due to skill mismatches moving forward.
 - Currently 1.1 unemployed for every 1 open job in-region, but more likely around 1.4.

- **Additional Notes:**
- **I am again certain the unemployment rates are higher than those quoted.**
 - This is the lowest labor force figure that I have in my entire data set dating back to January 2010.
 - **BCVB labor force down -3.3% from November alone (-4,250).**
 - **Looking at year-over-year trends, it is down -4.5% (-5,916).**
 - **For context, the 2nd lowest labor force size since 2010 was in April 2013.**
 - **It then stood at 129,183: some 3,399 individuals greater (+2.7%) than December's value.**
 - Labor force declines are expected in December in BCVB, but not like this.
 - This is a significant slide from the year-over-year change we saw in November (-2.6%).
 - The labor force typically declines in December, but the previous four-year average was -0.6%.
 - Using the previous 4-year moving average to gauge seasonality, the actual rate is considerably higher.
 - This is by no means a hard, factually based figure as COVID-19 has upended the rules.
 - There are, indeed, many leaving the labor force due to COVID-related barriers.
 - Going by prior trends, however (presuming uncounted as unemployed), the rate would be 7.8%.
 - BCVB's year-over-year labor force declines are also considerably larger than state or national figures.
 - BCVB's county-level declines range from -4.2% (Berrien) to -5.1% (Van Buren).
 - By contrast, Michigan's decline stands at -2.8% and the U.S.' only at -2.4%.
 - Both the state and national rates would be elevated using seasonal labor force trends, however.
 - BCVB continues to have a lower unemployment rate for the reasons outlined previously.
 - There may be a large rate correction for December's numbers like at previous times in the pandemic.
 - It is likely that the DTMB is having trouble making sense of the unemployment upheaval.
 - Looking at BCVB's claims surges in December, this makes sense.
 - Regardless of whether there is or not, many are unemployed and uncounted.
- **Despite labor force losses, BCVB's labor market was again better than the state's in December.**
 - The state's unemployment rate is inflated several percentage points once again due to Detroit.
 - Wayne County's unemployment rate was again the highest in the state (12.4%).
 - The entire outlying metro area was also severely impacted, however.
 - Unemployment rates ranged from 7.9% in Oakland County to 10.2% in Lapeer County.
 - Wayne County accounted for 101,800 (29.3%) of total state unemployed in December.
 - Detroit wasn't the only hard-hit area in December, however: other areas saw high rates as well.
 - Mackinac County actually had the highest unemployment rate in the state at 12.6%.
 - Other northern counties like Cheboygan (10.5%) and Montmorency (8.7%) had elevated rates.
 - The interesting thing is some of these counties are less exposed to Leisure/Hospitality than us.
 - In fact, Montmorency, for instance, is even more MFG-dependent than BCVB.
 - It is also healthcare service-dependent, however, which I presume accounts for the impact.
 - **Berrien has INCREASED its MFG jobs year-over-year, a testament to regional MFG resilience.**
 - Berrien's MFG sector now has 13,200 payrolled jobs, up 1.5% (+200) from last December.
 - The state, however, has lost roughly 9.7% of its MFG jobs since last December (-61,100).
 - Berrien's core sector job losses since December 2019 were again less severe than the state's.
 - Berrien lost 8.3% of "Education and Health Services" jobs (-800); the state lost 8.6% (-58,900).
 - Noteworthy, though, is that Berrien's losses in this sector nearly matched the state's this month.
 - "Leisure and Hospitality" saw mammoth losses, but Berrien was much better off than the state.
 - Berrien lost 2,600 "Leisure/Hospitality" jobs (-37.7%); the state lost 33.3% of its jobs (-139,100).
 - This is not to say that these are good numbers, however.
 - Berrien's year-over-year losses in this sector grew 10.5% from November to December.
 - This was anticipated as a result of the COVID regulations that were implemented.
 - It is still an obvious and significant blow, however, and likely plays into the labor force issues.
 - Our area continues to see growth in the "Construction" sector; no sector has grown statewide.
 - Berrien's "Construction" sector has added 200 jobs (+8.0%) since last December.
 - Attributable to the massive real estate boom in Southwest Michigan during the pandemic.
 - We continue to see record home sales in SWMI, which is severely squeezing housing stock.
 - Mirrors national trend of outmigration from cities during the pandemic as remote work takes off.
 - All of the surrounding metros where 40% of BCVB residents work enjoyed low unemployment rates.
 - Includes Kalamazoo, Elkhart, South Bend, Grand Rapids, and Holland (technically a micro area).
 - These range from 3.4% in Elkhart to 5.0% in South Bend.

- Sector Overview (Sources: Michigan DTMB, Emsi, and USDA):

- **Manufacturing:**

- Pre-COVID BCVB employment baseline: 18,280 (18.9% of total payrolled employment)
- Berrien County jobs overview:
 - December 2019: 13,000
 - December 2020: 13,200
 - Year-Over-Year Change: +200, +1.5% (compared to -9.7% for the state)
- Additional notes:
 - MFG in Berrien grew year-over-year in December, a testament to BCVB's current MFG resilience.
 - ISM Price Manager Index for December registered at 60.7%, up 3.2% from November.
 - Indicated continued growth for the sector nationwide and was eighth straight month of growth.
 - COVID growth is a major impediment to MFG growth potential despite factory reconfigurations.
 - Reasons include absenteeism, sanitation shutdowns, and difficulties hiring and returning workers.
 - 16/18 MFG industries saw growth, including all those in-region (e.g. "Fabricated Metal Products").
 - Demand saw expansion, particularly among new export orders.
 - Overall, however, input problems (i.e. "bottlenecking") continue to limit production growth.

- **Healthcare:**

- Pre-COVID BCVB employment baseline: 10,340 (10.7% of total payrolled employment)
- Berrien County jobs overview (**NOTE: This is the "Education and Health Services" supersector**):
 - December 2019: 9,600
 - December 2020: 8,800
 - Year-Over-Year Change: -800, -8.3% (compares to -8.6% for the state)
- Additional notes:
 - Supersector saw major contraction from Nov. (was only down 4.2% in Nov., but down 8.3% in Dec.).
 - "Education and Health Services" supersector remains fifth-hardest hit through December.
 - Accounted for 14.0% of total Berrien COVID-induced job losses through December.
 - This is up from November, but the increase is mitigated by the severe damage to Leisure/Hospitality.
 - Because supersector rolls in "Educational Sector," this likely explains Berrien's lower job losses.
 - Many school districts in the region moved to virtual instruction during the late November surge.
 - Diminished healthcare spending likely factors in as well, however.
 - Likely that BCVB healthcare job losses also slightly lower than state due to lack of hospital closures.
 - COVID still keeping spending down (-13.3% healthcare spending statewide for week ending 01/03).
 - COVID-induced demand declines have continued statewide beginning in early-to-mid November.

- **Leisure and Hospitality:**

- Pre-COVID employment baseline: 11,049 (11.4% of total payrolled employment)
- Berrien County jobs overview:
 - December 2019: 6,900
 - December 2020: 4,300
 - Year-Over-Year Change: -2,600, -37.7% (compares to -47.7% for the state)
- Additional notes:
 - Saw contraction year-over-year (only down 28.2% in November, but down 37.7% in Dec.).
 - This decline was most certainly due to the rollbacks.
 - Hardest-hardest hit sector locally, accounting for 45.6% of Berrien job losses year-over-year in Dec.
 - Interestingly, however, this is only a 0.1% increase in its job loss share from November.
 - Employment losses still lower in BCVB than state due to smaller "leisure" footprint here.
 - Our "hospitality" industry also benefits from proximity to Chicago and status as getaway destination.
 - This industry has been hit the hardest in large metros and college towns.
 - Massive spending declines in college towns at bars/restaurants/venues have killed their economies.
 - BCVB lacks this exposure, which contributes to the lower total job losses.
 - As anticipated, November rollbacks fueled job losses that only showed up in December.
 - As expected, they were also less significant than the state.

- **Agribusiness:**

- Pre-COVID employment baseline: 3,075 (3.2% of total payrolled employment)
- Estimated BCVB payrolled job losses based on local Nov. unemployment claims data: -151 (-4.9%)

- Additional notes:
 - Payrolled agribusiness employment continues to remain stable with minimal COVID-induced losses.
 - November 2020 unemployment actually 48% lower than in Nov. 2019 (151 vs. 288).
 - 2020's harvest yields significantly higher than 2019 due to more favorable, drier weather conditions.
 - Soybean and corn yields (two major BCBV crops) up 28% and 39.7% from last year, respectively.
 - Soybean and corn futures also up due to import increases (+151% for soybeans, +159% for corn).
 - However, Michigan farms have taken large hit in recent years due to low yields/demand declines.
 - From 2015 to 2019, Michigan dropped from 29th to 35th in net farm income.
 - Also dropped from 18th to 20th in cash receipts and the number of farms decreased by 2,500.
 - This is largely attributable to the damaging effects of prolonged tariffs on American farmers.
- **Additional Notes:**
 - In total, BCBV estimated to have seen lower payrolled job loss rate than state through December.
 - This is again based on extrapolation of Berrien data, as it makes up the lion's share of regional jobs.
 - Berrien lost 5,700 nonfarm jobs year-over-year (-9.1%), as compared to the state's -10.8% in November.
 - All sectors lost jobs with the exceptions of Construction (+200 jobs, or +8.0%) and MFG.
 - This is again attributable to the real estate boom and severe housing shortage.
 - Berrien County continues to see large public sector job losses due to budget cuts (-1,200, -13.8%).
 - Losses growing every month and we must find a way to address the budget shortfalls causing them.
 - Berrien lost another 200 public sector jobs in December year-over-year relative to November.
 - Continues to significantly outpace state losses in this sector (-8.5%).
 - COVID down locally and statewide: vaccination acceleration could be pressing towards herd immunity.
 - Machine-learning estimations of BCBV exposure range from 21.7% in Berrien to 18.7% in VBC.
 - **Notable rise in variant strains—one more contagious (“B.1.1.7”), one resilient (“South African”).**
 - B.1.1.7 is spreading rapidly and today resulted in a two-week “shelter-in-place” order at UM.
 - It is already circulating in the community, however, and is estimated to be 60% more contagious.
 - Single-masking and traditional mitigation strategies significantly less effective against it.
 - Vaccines do work against it but are also only 50% efficacious against “South African” variant (“B.1.351”).
 - This strain has gained a foothold in South Carolina and is more deadly—could be coming this way.
 - Possible that lifting of restrictions on dining, etc. are short-lived.
 - So goes COVID, so goes the economy: if we can tamp down on these, we can emerge more quickly.
 - Likely that BCBV will remain at or below state unemployment rate regardless, however.

Michigan

- Labor Market Overview (Source: Michigan DTMB and Emsi):
 - **December Unemployment Rates:**
 - Seasonally-Adjusted: 7.5% (+3.6% from December 2019, +0.5% from November)
 - Seasonally-Unadjusted: 7.3% (+3.7% from December 2019, +1.0% from November)
 - **December Labor Force Numbers:**
 - Labor Force: 4,783,000 (-139,000 (-2.8%) from Dec. 2019, -150,000 (-3.0%) from November)
 - Employed: 4,436,000 (-311,000 (-6.6%) from Dec. 2019, -186,000 (-4.0%) from November)
 - Unemployed: 347,000 (+172,000 (+98.3%) from Dec. 2019, +36,000 (+11.6%) from November)
 - **Additional Notes:**
 - High unemployment in the Detroit-Warren-Dearborn MSA continues to drive up state numbers.
 - The seasonally-adjusted rate in this metro area was 10.2% in December.
 - State labor force declines were significantly lower than those seen in BCBV in December.
 - I presume this is due to CPS surveying issues and difficulty understanding December's UI upheaval.
 - 674k total continuing claims as of week ending 01/09, 9.6% of labor force (less PUA); 16.8k initial claims.
 - Continuing claims up again now that UI claims processing has begun to smooth out again.
 - Federal programs (PUA and PEUC) declining as people bounce back onto state UI rolls.
 - Continuing EB claims up 38k (+33.7%) and state continuing UI up 32.8k (+16.8%) for week ending 01/09.
 - Continued declines in initial claims a good sign, but tempered by flattening out of continuing UI claims.

- Sector Overview (Sources: Michigan DTMB, Open Table, and Sojern):

Data for state-level seasonally-adjusted so as to provide best analysis of COVID impact.

- **Manufacturing:**

- Pre-COVID employment baseline: 623,700 (14.0% of total nonfarm payrolled employment)
- COVID-induced employment change: -56,100 (-9.0%)
- Month-over-month job change: +1,800 (+0.3%)
- Additional notes:
 - Remains the second-hardest hit sector by COVID in the state.
 - State saw MFG job growth after losses in November.
 - Durable goods MFG share of total MFG jobs remains at 74.1% compared to 75.3% pre-COVID.
 - Durable goods MFG employment down 10.5% (49.2k) from February, nondurable down 4.5% (6.9k).
 - Worth noting that nondurable MFG saw employment losses in December.
 - Durable MFG gained 2,700 jobs (+0.6%), while nondurable MFG lost 900 jobs (-0.6%).
 - MFG/Construction has 110 new/ongoing COVID outbreaks statewide, which again hurts production.
 - This speeds automation adoption as MFG tries to overcome the ramifications of COVID outbreaks.

- **Healthcare:**

- Pre-COVID employment baseline: 608,300 (13.6% of total nonfarm payrolled employment)
- COVID-induced employment change: -39,700 (-6.5%)
- Month-over-month job change: -900 (-0.2%)
- Additional notes:
 - Remains the fifth-hardest hit sector statewide in terms of total job declines.
 - Summer and fall job growth has turned to contraction entering winter.
 - Spending has averaged out at around -14% from mid-November into January.
 - For the week ending 01/03, spending was down 13.3%.
 - Spending declines likely attributable to COVID growth patterns.
 - Losses of insurance coverage/fear of COVID will continue to keep levels below baseline.
 - Nursing homes still hard hit due to COVID outbreaks: 431 new/ongoing case clusters statewide.
 - This has cut into their revenue and impacted their ability to compensate existing/find new workers.
 - This is evidenced by high numbers of job postings for positions relevant to nursing homes.
 - Nurses and other healthcare workers also leaving the sector due to burnout, illness, etc.
 - Many small PCP offices have closed as a result of spending declines during the pandemic.
 - Recovery is entirely dependent upon subduing COVID via vaccination and nonmedical measures.

- **Leisure and Hospitality:**

- Pre-COVID employment baseline: 435,500 (9.8% of total nonfarm payrolled employment)
- COVID-induced employment change: -205,900 (-47.3%)
- Month-over-month job change: -59,700 (-20.7%)
- Additional notes:
 - By far the hardest hit sector statewide in terms of total job declines.
 - Nearly single-handedly contributed to December's unemployment rate increase.
 - Accounted for 92.7% of total statewide job losses in December.
 - Michigan ranks 16th lowest in hospitality spending relative to pre-COVID baselines through 01/03.
 - State was among the top in spending until early October, when COVID spread in the Midwest.
 - Following the shutdown, the ongoing decline took a sharp fall (-17.3% to -45.1% a week later).
 - Leisure spending at -44.9%, Hospitality -32.7% relative to pre-COVID levels through 01/03.
 - Hospitality spending only slightly lower than national average, however (-28.7%).
 - Leisure spending is actually significantly higher than the national average (-54.9%).
 - These drastic nationwide declines are reflective of COVID case growth and fear/shutdowns.
 - Spending remains down in across the country, namely in hotspots.
 - This sector accounts for 41.3% of payrolled job losses due to COVID (large jump due to shutdowns).
 - Weekly hotel bookings year-over-year increased from -40.3% to -35.4% last week.
 - The longer COVID and related shutdowns persist, the more severe the lasting damage to this sector.

- **Additional Notes:**

- These three sectors now account for 60.5% of all COVID-induced job losses.
- These are still three of the five hardest-hit sectors by COVID statewide.
- Third remains the public sector (primarily state and local education) at -54,100, or -8.8%.
- Fourth remains Administrative and Waste Services (-41,500, -14.4%).
- If “Government” and the “Educational Services” sectors were combined, would total 74,100 lost jobs.
- Education employment is divided out between these two sectors, however.
- Postsecondary educational enrollment down at many schools, resulting in faculty/athletic dept. layoffs.
- Educational support staff continues to bear the brunt of COVID-induced layoffs, however.
- Virtual learning, budget cuts, and early retirements also account for employment declines.
- Retail hiring led statewide job growth in December (+7,500, or 1.7%).
- Overall retail employment remains down 20,600 (-4.4%) from pre-COVID levels, however.