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## COLLEGE OF COASTAL GEORGIA

### Glynn Labor Market Update

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## Glynn Labor Market Update

### Quick Take:

The Glynn labor market is tight, which is remarkable considering the enormity of the pandemic. The market is likely not as tight as official labor market figures suggest, however. For technical reasons related to the pandemic, unemployment is probably undercounted. It seems to me that we're also understating the trickiest type of unemployment: skill mismatch.

### Details:

Here's a closer look. Monthly labor market figures for Glynn from January 2000 to July 2021 are shown in Table 1 below. (The July 2021 figures are the most recent available; they are also preliminary.)

**Table 1. Glynn Labor Market: January 2020 – July 2021**

Month	Labor Force	Employed	Unemployed	Unemployment Rate
January, 2020	39,051	37,681	1,370	3.5
February, 2020	39,198	37,930	1,268	3.2
March, 2020	38,847	37,527	1,320	3.4
April, 2020	37,152	30,941	6,211	16.7
May, 2020	37,874	33,642	4,232	11.2
June, 2020	38,170	35,026	3,144	8.2
July, 2020	38,081	35,142	2,939	7.7
August, 2020	37,307	34,834	2,473	6.6
September, 2020	37,318	35,082	2,236	6.0
October, 2020	38,430	36,453	1,977	5.1
November, 2020	38,483	36,511	1,972	5.1
December, 2020	38,664	36,545	2,119	5.5
January, 2021	38,474	36,595	1,879	4.9
February, 2021	39,004	37,284	1,720	4.4
March, 2021	39,642	38,102	1,540	3.9
April, 2021	39,357	37,874	1,483	3.8
May, 2021	39,741	38,102	1,639	4.1
June, 2021	39,844	38,204	1,640	4.1
July, 2021	39,652	38,530	1,122	2.8
<b>change since April 2020</b>	<b>2,500</b>	<b>7,589</b>	<b>-5,089</b>	

Source: GA Dept. of Labor, Workforce Statistics & Economic Research, Local Area Unemployment Statistics Unit

Table 1 shows three Glynn labor markets: the labor market just before the pandemic, the labor market throttled by the pandemic, and the labor market adjusting to and significantly recovering from the pandemic.

The local labor market was clearly tight before the pandemic hit in mid-March 2020; the January 2020 and February 2020 unemployment rates of 3.5 and 3.2 percent are exceptionally low. The throttling in April 2020 needs no further description; the numbers speak for themselves. Adjustment and recovery have followed the throttling.

Though daily life likely leaves a different impression, the adjustment to and recovery from the pandemic in the Glynn labor market has been nothing short of remarkable. The two industries hit hardest by the pandemic in the U.S. have been leisure and hospitality and retail. Leisure and hospitality is Glynn's largest industry, accounting for 22 percent of the county's employed workers prior to the pandemic. Retail is Glynn's third largest industry, accounting for 13 percent of the county's employed workers before the pandemic. One should expect adjustment to and recovery from a pandemic to be lengthy, especially in a small local economy with 35 percent of its workers employed in the two hardest hit industries. Yet now, less than 18 months after April 2020 and with still no clear end to the pandemic (and assuming the preliminary estimates for July hold up), the Glynn labor force is larger than it was before the pandemic, more Glynn workers are employed than before the pandemic, and fewer Glynn workers are unemployed than before the pandemic.

In fact, July's unemployment estimate of 1,112 is the lowest level of unemployment recorded in Glynn since May 2001. And only once in the 391 months beginning with January 1990, when monthly labor market estimates for counties began, has Glynn posted a lower unemployment rate than July's 2.8 percent. (That was 2.6 percent in May 1999. The next lowest was 2.8 percent, recorded in October 1995, April 1999, November 1999 and, as noted, July 2021.)

Since the throttling in April 2020, Glynn's labor force has increased by 2,500, employment has increased by 7,589, unemployment has decreased by 5,089 and the unemployment rate has fallen from 16.7 percent to 2.8 percent. All that in just 15 months, according to the estimates.

#### **Caveat:**

Unfortunately, the labor market is probably not as tight as the estimates suggest. The U.S. Bureau of Labor Statistics, which oversees the Local Area Unemployment Statistics (LAUS) program and its monthly estimates of county labor market data, has been forthright in stating that it has likely been undercounting unemployment for a variety of technical reasons since the pandemic hit in March 2020. The official unemployment figures are estimated from household responses to the Current Population Survey (CPS). The pandemic has made classifying workers on the basis of their CPS responses as employed, unemployed or not in the labor force much more difficult, and some unemployed CPS respondents have been misclassified as employed but absent from work. Survey response rates have also fallen during the pandemic, especially among people in groups that tend to have higher unemployment rates.

There is also the matter of extensions and expansions in unemployment insurance prompted by the pandemic. The direct effect of the extensions and expansions in unemployment insurance has been dramatic. Monthly initial claims for unemployment insurance benefits in Glynn from January 2018 to July 2021 are shown in Table 2 below:

**Table 2. Glynn Initial UI Claims: January 2018 – July 2021**

	2018	2019	2020	2021
January	361	286	177	934
February	190	141	110	923
March	128	97	3,342	1,041
April	112	107	12,020	1,003
May	129	117	7,929	823
June	119	102	4,136	749
July	142	133	3,694	331
August	133	118	1,938	
September	92	380	1,698	
October	182	127	1,455	
November	144	135	1,124	
December	184	152	927	
<b>Total</b>	<b>1,916</b>	<b>1,895</b>	<b>38,550</b>	<b>5,804</b>

Source: GA Dept. of Labor, Workforce Statistics & Economic Research, Local Area Unemployment Statistics Unit

How much the extensions and expansions in unemployment insurance have affected actual unemployment is difficult to determine and a matter of much debate among economists and policy makers. One possibility is that we have been undercounting unemployment for years rather than months – not drastically, but to a degree that certainly needs correcting.

### Closing Thought

In tight labor markets, there are more job openings than unemployed workers -- sometimes, such as now, a lot more job openings than unemployed workers. Yet even when the tight conditions persist and job openings exceed the number of unemployed workers for months in a row, the number of unemployed workers is stubbornly slow to fall. Why? If there are more job openings than unemployed workers, why is anyone unemployed?

Many reasons, two big ones in particular. One is: a business looking for a worker with certain skills and an unemployed worker with those skills have to find each other. That takes time, and it's not

cheap for either party. I think we sometimes underestimate the time and costs involved in bringing a buyer and seller together in a labor market.

More significant, the skills that employers are looking for and the skills that unemployed workers have are often quite different. This “skill mismatch” problem may seem obvious. But taking it seriously gives the ratio of job openings to unemployed workers a very different meaning. Rather than a symptom of a tight labor market and the challenge of connecting unemployed workers with businesses with job openings, the ratio of job openings to unemployed workers is more likely a symptom of an ever-changing economy, an economy in which businesses, products, ways of doing business, production methods, buyer preferences – and, consequently, the skills that businesses seek in workers – are constantly changing.

A changing economy is what gives rise to skill mismatch. That’s the trickiest unemployment problem of all.