

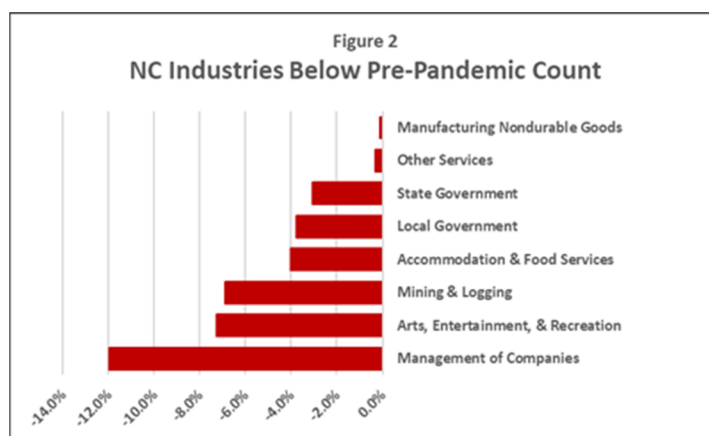
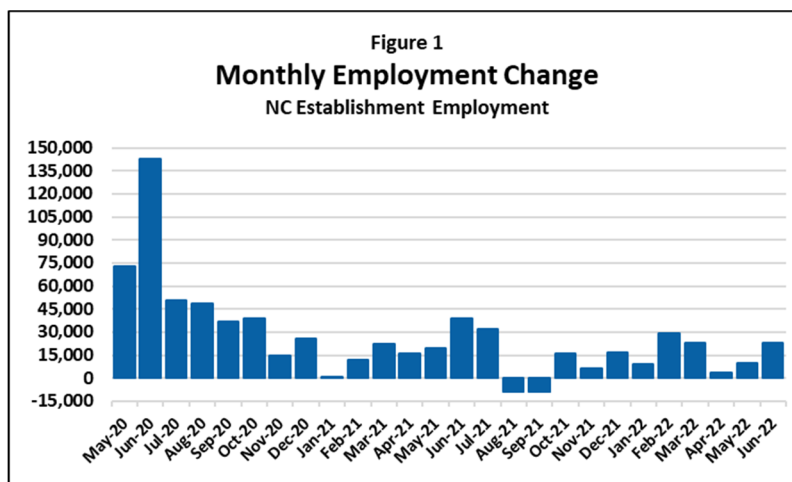
Employment Growth Across North Carolina

After two months of relatively sluggish growth, North Carolina's establishment employment climbed by 22,700 workers over the month to a June 2022 total of 4,754,100¹. This is the ninth monthly increase in a row and the third largest during 2022. The state is now averaging just over 16,300 new workers per month this year (see Figure 1 for the growth following the Covid-induced 2020 recession). If this monthly average holds for the remainder of the year, the state will add a total of 196,000 new workers in 2022 (a 4.2 percent increase over 2021).

Headlines were made earlier this month when the national establishment employment estimates were released. For the first time since the March-April 2020 recession, the

United States private sector employment has surpassed the pre-recession count of February 2020 (by 140,000 or 0.1 percent). Still, the nation's total employment (private sector plus government) remains 524,000 (0.3 percent) below its February 2020 pre-recession count. In contrast, North Carolina's private sector employment first surpassed its pre-recession county one year ago (July 2021) and has been consecutively climbing for the past twelve months. And, as we have pointed out in previous monthly updates, the state's total employment has been consistently above the February 2020 level since October 2020. In June 2022, total employment is 2.9 percent (133,700 workers) higher than the February 2020 count and private sector employment is 4.0 percent (156,800) above its pre-recession level.

An examination of June 2022 data for the industrial sectors in North Carolina shows that there are eight industries in the state that lag their pre-pandemic count of employees (Figure 2). On a positive note, the



¹ The establishment employment count comes from a survey of businesses and estimates the number of employees based on where they work. If a person has two jobs, each job would be included in the total.

remaining thirteen sectors are above their respective pre-pandemic totals (Figure 3). Some industries, like *Durable Goods Manufacturing* and *Nondurable Goods Manufacturing* have continued to hover around their respective February 2020 totals.

Table 1 provides the specifics to Figures 2 and 3 in the right column (Percent Recovered²). The remaining columns in the

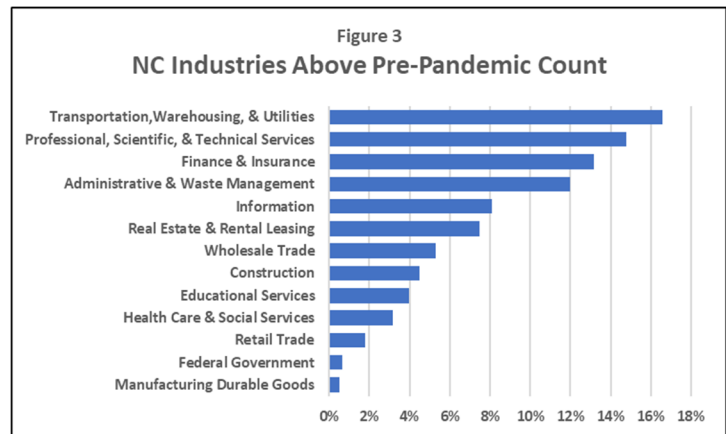


Table 1
North Carolina Establishment Employment
Annual Changes and Overall Recovery
Employment is in Thousands

	Jun-22	Jun-21	Absolute Change	Percent Change	Percent Recovered*
Total Establishment Employment	4,754.1	4,602.1	152.0	3.3%	102.9%
Mining & Logging	5.4	5.7	-0.3	-5.3%	93.1%
Construction	244.8	238.7	6.1	2.6%	104.5%
Manufacturing Durable Goods	258.7	249.7	9.0	3.6%	100.5%
Manufacturing Nondurable Goods	216.7	212.4	4.3	2.0%	99.9%
Wholesale Trade	198.1	189.4	8.7	4.6%	105.3%
Retail Trade	511.0	509.6	1.4	0.3%	101.8%
Transportation, Warehousing, & Utilities	193.3	192.1	1.2	0.6%	116.6%
Information	82.6	76.5	6.1	8.0%	108.1%
Finance & Insurance	220.7	209.4	11.3	5.4%	113.2%
Real Estate & Rental Leasing	67.6	62.6	5.0	8.0%	107.5%
Professional, Scientific, & Technical Services	309.5	289.5	20.0	6.9%	114.8%
Management of Companies	75.0	76.4	-1.4	-1.8%	88.0%
Administrative & Waste Management	335.8	305.6	30.2	9.9%	112.0%
Educational Services	101.6	94.6	7.0	7.4%	104.0%
Health Care & Social Services	548.5	536.0	12.5	2.3%	103.2%
Arts, Entertainment, & Recreation	70.2	61.6	8.6	14.0%	92.7%
Accommodation & Food Services	426.6	402.7	23.9	5.9%	96.0%
Other Services	168.2	161.0	7.2	4.5%	99.7%
Federal Government	75.5	76.4	-0.9	-1.2%	100.7%
State Government	199.9	216.5	-16.6	-7.7%	96.9%
Local Government	444.4	435.7	8.7	2.0%	96.3%

* Percent Recovered in relation to February 2020. This month was the peak of the recent business cycle and the month before the March 2020-April 2020 pandemic recession began.

² 102.9 percent means that the economy is 2.9 percent above the February 2020 goal (102.9 - 100.0 = +2.9), while 93.1 percent means that the sector is below February 2020 by 6.9 percent (93.1 - 100 = -6.9).

table show how North Carolina's Establishment Employment and its twenty-one industrial sectors have performed over the past year.

Since June 2021 establishment employment in North Carolina has grown by 152,000 workers (up 3.3 percent). Seventeen sectors contributed to this rise, as they collectively grew by 171,200 (up 3.9 percent). Four sectors declined over the period by a total of 19,200 (down 5.4 percent). Three of these latter four sectors have yet to recover to their respective pre-pandemic goal. These industrial groups include *State Government*, which is down 16,600 (7.7 percent) over the past year and 96.9 percent recovered from the recessionary downturn; *Mining & Logging*, which is down 300 (5.3 percent) since last July and holding at 93.1 percent of its February 2020 total; and *Management of Companies*, which is down 1,400 (1.8 percent) during the past twelve months and sitting at only 88.0 percent of its pre-pandemic count.

The top five contributors to economic growth since last July have all grown by more than 10,000 employees. These leaders include *Administrative & Waste Management* (up 30,200 or 9.9 percent); *Accommodation & Food Services* (up 23,900 or 5.9 percent); *Professional, Scientific, & Technical Services* (up 20,000 or 6.9 percent); *Health Care & Social Services* (up 12,500 or 2.3 percent); and *Finance & Insurance* (up 11,300 or 5.4 percent). In terms of percent growth, the leading industry is *Arts, Entertainment, & Recreation*, which has expanded by 14.0 percent (8,600 employees) over the past year. However, *Arts, Entertainment, & Recreation* and *Accommodation & Food Services* are two of the industries that continue on their path toward recovering from their pandemic-induced losses.

North Carolina's strong economic health compared to the nation is reflected in not only the establishment employment numbers but also in the unemployment rates. The national rate, which has been higher than the statewide rate through most of the recent recovery and expansion (May 2020 to June 2022), held steady for the fourth month in a row at 3.6 percent in June. Moreover, the North Carolina unemployment rate, which was 3.5 percent in March, has remained at 3.4 percent since April.

Table 2 provides an overview of the change in the labor force numbers

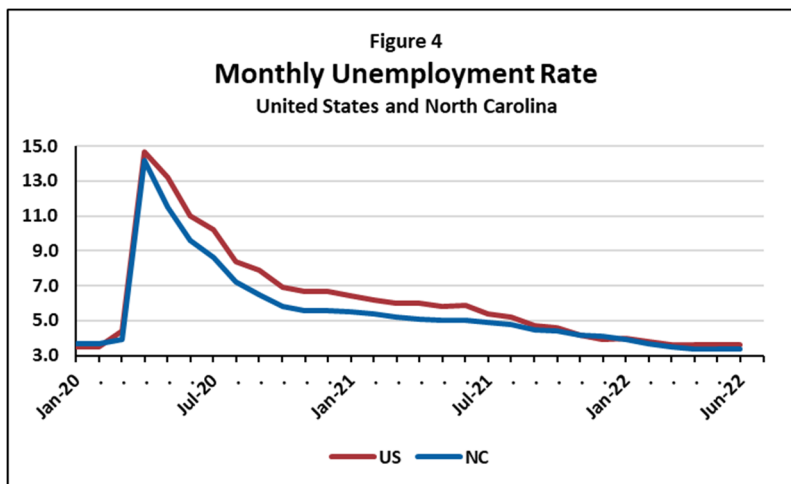


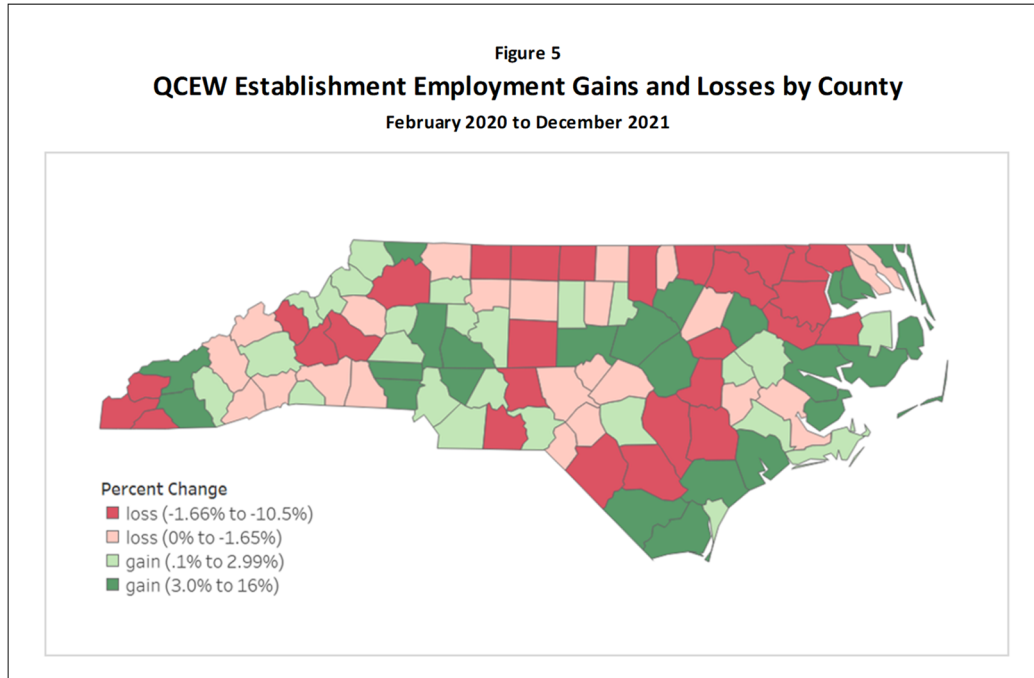
Table 2
North Carolina's Labor Force
June 2022

	Labor Force	Employed	Unemployed	Unemployment Rate(%)	Labor Force Participation Rate(%)
Jun-2022	5,101,791	4,929,133	172,658	3.4%	60.5%
May-2022	5,087,349	4,916,458	170,891	3.4%	60.4%
Jun-2021	4,961,219	4,713,996	247,223	5.0%	59.7%
Monthly Change	14,442	12,675	1,767	0.0%	0.1%
	0.28%	0.26%	1.03%		
Annual Change	140,572	215,137	-74,565	-1.6%	0.8%
	2.8%	4.6%	-30.2%		

over the past month and year³. As mentioned, the unemployment rate held steady over the month, but it fell by 1.6 percent over the past year. Most of the data in the table are positive - such as the increase in the labor force employment and the climb in the labor force participation rate. The one exception is the small rise in the number of unemployed. However, an increase in North Carolinians searching for jobs during periods of growth is often associated with people returning to the labor force after a period of pausing their search for a job.

Recently the Quarterly Census of Employment and Wages (QCEW) for North Carolina became available for 2021. These data are extracted from unemployment Insurance tax returns that are filed by employers and cover more than 95 percent of the establishment jobs. These data are often considered the most reliable source of employment activity and serve as the benchmark for the monthly establishment employment estimates that we review each month. Importantly and unlike the monthly estimates, these Census numbers are available for all 100 North Carolina counties. This provides the ability to take a county-by-county examination of the Covid employment impact across North Carolina.

The QCEW totals differ slightly from the monthly estimates that we regularly review. This set of data shows that North Carolina was 3.0 percent above its respective February 2020 in December 2021. However, a large portion of the growth appeared in employment activity that is not assigned to a specific county. When viewed by data only assigned to specific counties, the county-specific growth was 1.7 percent. Nearly half of all North Carolina counties (49) showed a gain in establishment employment between February 2020 and December 2021. The remaining 51 counties



³ The labor force totals come from a household survey that estimates the number of employed and unemployed workers. A person is counted once, and the count is based upon where they reside. The unemployed worker must be actively seeking a job to be included in the overall count.

lost employment over the period. Figure 5 provides the county-by-county percentage changes during this period.

The overall gain found in the 49 North Carolina counties was 95,723 jobs and the average percentage increase was 3.5 percent. The percentage growth ranged from 0.2 percent in Greene County to 15.7 percent in Pamlico County. The top 10 counties, by absolute increase, are presented in Table 3.

North Carolina's remaining 51 counties are collectively 20,068 employees below their corresponding February 2020 count. The average fall for these counties was 2.5 percent, while the range was from a low of -10.3 percent in Gates County to a high of -0.08 percent loss in Moore County. Table 4 provides an overview of the ten counties that recorded the largest losses from February 2020 to December 2021.

One event that made headlines in late July was the release of the Gross Domestic Product (GDP) for the second quarter of 2022. It was the second consecutive quarterly decline and many non-economist pundits declared that the US had fallen into a recession. The Nation is not in a recession; however, we are seeing weakness in some of the economic indicators routinely followed - like the GDP.

A recession is defined by the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER)⁴. This group defines a recession as broad-based, and they use a range of monthly economic measures to make the determination. According to the NBER, the monthly measures include "real personal income less transfers, nonfarm payroll employment, employment as measured by the household survey, real personal consumption expenditures, wholesale-retail sales adjusted for price changes, and industrial production."

Table 3
Largest Employment Increases, by NC County
February 2020 to December 2021

	February 2020	December 2021	Increase	Percent Increase
Wake	573,280	601,348	28,068	4.90%
Mecklenburg	725,381	743,646	18,265	2.52%
Gaston	74,154	81,639	7,485	10.09%
Durham	221,715	228,360	6,645	3.00%
Cabarrus	77,945	81,935	3,990	5.12%
Buncombe	133,283	136,114	2,831	2.12%
Iredell	77,434	79,911	2,477	3.20%
Brunswick	33,048	35,260	2,212	6.69%
New Hanover	118,695	120,868	2,173	1.83%
Rowan	48,111	50,038	1,927	4.01%

Source: Quarterly Census of Employment and Wages, Labor & Economic Analysis, NC Department of Commerce

Table 4
Largest Employment Declines, by NC County
February 2020 to December 2021

	February 2020	December 2021	Decrease	Percent Decrease
Robeson	39,597	37,864	-1,733	-4.38%
Wayne	41,825	40,403	-1,422	-3.40%
Forsyth	192,026	190,661	-1,365	-0.71%
Burke	30,137	28,841	-1,296	-4.30%
Randolph	44,771	43,952	-819	-1.83%
Rockingham	24,799	23,996	-803	-3.24%
Halifax	15,518	14,720	-798	-5.14%
Orange	73,450	72,717	-733	-1.00%
Sampson	18,014	17,318	-696	-3.86%
Wilson	36,300	35,616	-684	-1.88%

Source: Quarterly Census of Employment and Wages, Labor & Economic Analysis, NC Department of Commerce

⁴ NBER Business Cycle Dating <https://www.nber.org/research/business-cycle-dating>

The major indicator of economic activity that runs counter to the recession narrative is establishment employment. The nation has gained employment in 25 of the 26 months following the March-April 2020 recession and has averaged 457,000 new jobs per month in 2022. In the 128 months between the 2008-2009 recession and the 2020 recession, employment growth averaged only 168,000 new jobs per month - meaning that the nation is creating jobs at a historically fast pace. Plus, there are approximately 1.8 job openings for each unemployed person.

The situation that is causing economic pain and uncertainty is inflation. While this measure does not feed directly into the NBER definition of a recession, the erosion of an individual's earning or purchasing power can be a prelude to recessions. Inflation often forces individuals to cut back on spending and necessitates the Federal Reserve's tightening of monetary policy (i.e., increasing interest rates). Until inflation becomes more manageable, there will be an increased risk of a recession.

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July 29, 2022

