

Texas, other states fall to lowest levels in - Athens Daily Review (TX) - May 6, 2019

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In nine states, **unemployment** rates have fallen to their lowest levels since the U.S. Bureau of Labor Statistics (BLS) began keeping such data.

In 20 states, including Texas, **unemployment** levels have fallen below 4 percent, and in 10 of them, the level is below 3 percent. While high **unemployment** is obviously undesirable, overly low **unemployment** presents its own difficulties.

It is generally accepted that the economy functions relatively efficiently around 4 percent **unemployment**. Imperfect information, the time needed to find a job when entering the labor force, mobility limitations and other temporary timing issues and lags lead to some "frictional" **unemployment**. It is also inevitable that the mix of skills among those seeking jobs won't perfectly match local needs. In short, it is neither possible nor desirable to attain zero **unemployment**.

The lower **unemployment** reaches, the harder it is for companies to find workers. Economic growth can be constrained if there aren't people to fill jobs. In Texas, some communities in areas near major oil production and technology centers are facing such obstacles.

Although the population in these areas is expanding rapidly, as individuals and families are lured by the strong job market, labor demand is emerging even more rapidly. Worker shortages are the unavoidable result, although they tend to work themselves out as people continue to flow to areas promising high wages. Such is the nature of markets.

In other cases of too-low **unemployment**, however, the problem is more severe. Some states are experiencing low **unemployment** largely because of a shrinking labor force, including Vermont and North Dakota, where **unemployment** is 2.3 percent. Demographic trends such as the aging of the baby boomers and a shortage of young people are setting the stage for long-term sustainability issues. Vermont actually engaged in recruiting workers, though such efforts are problematic and expensive.

Texas **unemployment** is currently at 3.8 percent. Over the year that ended in March, the Lone Star State gained more jobs than any other state (271,000), while the labor force grew by 222,255. Texas is attracting new residents to take advantage of benefits ranging from lower taxes to more affordable housing. The state's population is also younger, and thus the problem here is somewhat less acute.

Workforce training to better match skills to job requirements is part of the solution to too-low **unemployment**. Innovative approaches to retain individuals in the workforce or attract those on the sidelines can also help.

With a generally healthy economy and historically low natural population growth, sound immigration policy will almost certainly be needed to reach a lasting solution. It is certainly better for **unemployment** to be too low than too high, but it brings its own challenges that must be systematically addressed through a multi-faceted strategy.

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