Viewpoint: Let’s dive into the Triad’s payroll puzzle

BY ANDREW BROD

In my column last month, I revealed a statistical fact about the Triad economy that many people found surprising. I showed that in the Greensboro-High Point metropolitan statistical area, payroll employment is no higher today than in the mid-1998. In other words, in nearly 21 years of ups and downs, we’ve experienced zero net job growth. By this measure, the Greensboro-High Point economy is a stagnant one.

I didn’t provide an explanation, other than to lament the Triad’s ongoing struggle to adapt to the decline of manufacturing employment. But the disturbing fact also presents a puzzle. The population of the Greensboro-High Point MSA has grown nearly 20 percent since 2000. What are all those new people doing?

Let’s dive into the data to try to solve this puzzle. The finding of zero net job growth is from data on payroll employment, obtained from the federal Bureau of Labor Statistics’ “establishment survey,” its survey of businesses. But the BLS household survey, which yields the unemployment rate, also has a measure of employment. It shows about 6 percent growth since 1998. That’s not a strong number, either.

I generally discount the employment measure from the household survey because of its much smaller sample. The establishment survey’s sample is nearly 10 times bigger, and it’s validated with data from state employment-security agencies. But perhaps the difference between the two measures is meaningful.

The household survey measures the number of employed people instead of the number of jobs. Could it be that local workers are commuting to jobs outside the MSA? If so, that could explain population growth without jobs growth. But as it happens, the federal government defines MSAs as commuter-sheds, i.e. regions in which commuting is mostly self-contained. Rarely do commuters cross MSA boundaries in their daily travels.

What about farm jobs? The payroll data don’t cover agricultural work. But for this to solve our puzzle, the number of farm jobs would have to have increased dramatically in the Triad, and that’s not happening anywhere.

Could the explanation involve self-employment? A consultant who works for herself is on no one’s payroll, but she’d be counted as employed. However, for all the talk about the “gig economy,” self-employment in the U.S. has dropped steadily since the late 1990s. Unless people in the Triad are bucking this national trend, this can’t be the reason for the lack of job growth.

What about an influx of retirees? That would increase our population without increasing the number of jobs or the number of people with jobs. This has some promise, as our regional population has aged. The population of residents in the Greensboro-High Point MSA who are 65 or older has increased 45 percent since 2000.

A little number crunching shows that the aging of the Triad has led to about 22,000 more old folks than if the demographics had remained as in 2000. Had they been of working age, we’d expect about 18,000 of them to be employed. But we’re short about 75,000 jobs that we’d have if employment growth had kept pace with the population. At best, the retiree story is only a partial explanation.

It appears we have an answer that solves only a fraction of our puzzle. There have to be other answers. Maybe people are getting paid under the table or volunteering their time. I don’t know entirely what’s behind the Greensboro-High Point MSA’s jobs stagnation, and the part I can’t explain is what troubles me.