

Healthcare Workplace Economy August 2013

Jobs Report Summary for the Healthcare Industry Based on the BLS Report with July 2013 data

Last month, many economists were surprised by the results of the BLS' "The Employment Situation – June 2013" report, as total monthly job creation was measured at 195,000, surpassing most of their projections by at least 30,000 jobs.

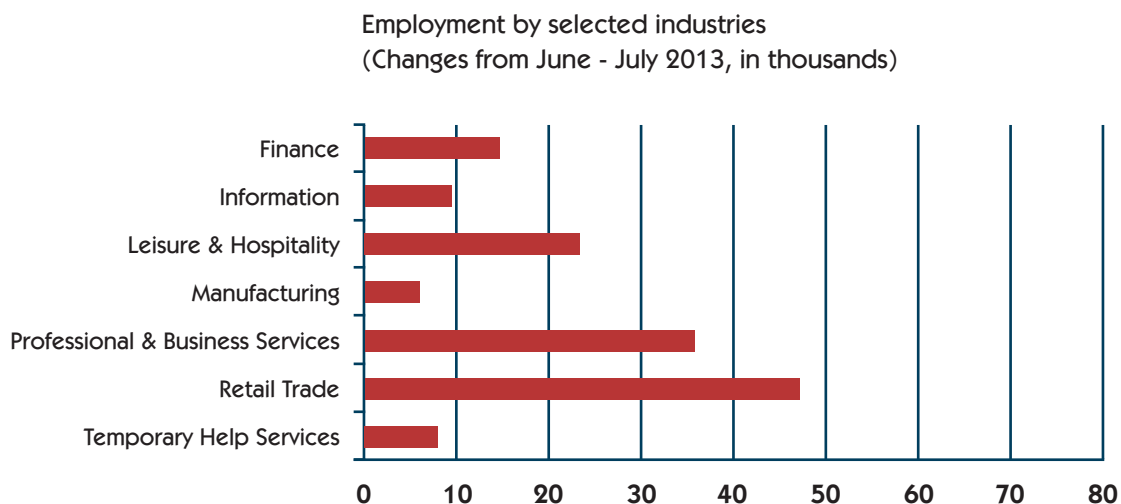
Encouraged by June's job statistics, some economists raised their expectations just days before the release of the July 2013 jobs report, predicting that roughly 180,000 jobs would be added to the economy. The report revealed, though, that total job creation only rose by 162,000 in July. And, according to recent revisions, May and June's job creation totals were each lowered, resulting in a loss of 26,000 jobs in all.

For the first time since December 2008, the nation's jobless rate was measured below 7.5 percent, falling to 7.4 percent after lingering at 7.6 percent for two consecutive months. Since July 2012, the national unemployment rate has declined considerably, dropping 0.8 percent.

Total unemployment and total long-term unemployment has also deteriorated throughout the last 12 months, decreasing by 1.2 million and 921,000, respectively. In addition, after rising by 0.5 percent in June, the country's underemployment rate, which includes Americans marginally attached to the workforce and working part-time due to economic reasons, contracted to 14 percent in July.

Nonetheless, with national unemployment at a near five-year low, and total job creation rising every month since March 2010, the nation's economic recovery is still continuing at a steady pace.

Sector changes observed in July



Source: BLS

Therefore, as evidenced by July's "The Employment Situation" report, job creation will likely remain robust, yet unpredictable, throughout the remainder of 2013.

Even though private sector job growth was not as apparent in July as it was in other months, many economists were still encouraged by the BLS' most recent "The Employment Situation" report.

The report revealed a steady rise in hiring, as the private sector generated 161,000 new jobs in July, the 41st consecutive month of private job creation.

Public sector employment statistics were also released. As a surprise to many economists, government hiring actually augmented for the first time in 2013, rising by 1,000. Local government hiring was especially noticeable, increasing by 6,000, as 10,100 local government educators were added to payrolls.

Within the private sector, hiring was widespread throughout most industries, including manufacturing and information, which had recently recorded net job losses. Each of the following sectors reported a rise in hiring last month.

- **Financial Services:** Sector hiring continued to upsurge in July, rising for the second straight month. Approximately 15,000 new jobs were generated last month, as finance and insurance hiring increased by 12,000, whereas 3,000 new real estate jobs were created.
- **Information:** After the sector reported a net loss of jobs in June, for the second month since April, economists were unsure of what to expect with regards to July's employment figures. However, the sector recovered last month, as 9,000 new jobs were added to the national economy. This time last year, information industry unemployment was 6.7% but is now down to 5.8%.

- **Leisure and Hospitality:** Although hiring was not as robust in July as it was in June, the sector once again recorded a rise in employment, as 23,000 jobs were generated.

- **Professional and Business Services:** Unsurprisingly, sector hiring once again increased last month, rising by 36,000, as 18.6 million workers were employed. A majority of the hiring occurred in professional and technical services, which rose by 21,100.

- **Retail Trade:** Hiring continued to upturn within the retail trade sector, as 46,800 new jobs were created last month, an increase of 9,700, in comparison to June's data. General merchandise stores reported the largest increase in hiring, adding 9,100 jobs to the economy.

- **Temporary Help Services:** Temporary help services continue to uptick, with nearly 8,000 jobs being added in July. Over 191,000 temporary jobs have been added since July 2012 and the industry continues to add positions to the economy month over month.

Soliant Insights

To help simplify the nation's present tax code and increase job creation, on July 30th, President Barack Obama announced a pro-growth tax reform and jobs package during a speech in Chattanooga, Tennessee.

One central focus of the package is the reduction of the national top corporate tax rate, from 35 to 28 percent, thus removing tax loopholes, which ensures that all corporations, whatever their size, pay a fair share every year.

President Obama's proposal would also simplify small business's tax filing processes, as they will be allowed to disburse one million dollars, or less, in investments, whether they plan to purchase new equipment or expand their operations, according to the White House.

The president is also focused on lowering the effective rate on manufacturing to 25 percent or less, in order to increase research and development and, in return, add new jobs to the economy. To further spur manufacturing job growth, an industry which has created more than 500,000 jobs since early 2010, President Obama would also like to develop 45 manufacturing innovative institutes throughout the nation within the next 10 years.

The institutes will provide a common place for college representatives, business professionals, and government officials to meet, generate ideas for future manufacturing projects, and implement new methods for future job creation. So far, a pilot institute has been developed in Youngstown, Ohio; three others will be completed by the end of this year, as the president originally proposed 15 institutes in all.

Furthermore, the president is proposing a \$6 billion credit for communities that have experienced significant job losses in recent years. President Obama believes this credit will be appealing to investors who may have otherwise not been interested in offering their time and finances, helping communities jumpstart their businesses and increase their cash flows.

According to the White House, the president has also initiated a proposal known as the Manufacturing Communities Partnership. The proposal will allow federal agencies to assist manufacturing communities with their business investment goals, so that they can expand their operations and attract and retain new manufacturing talent.

Meanwhile, President Obama has also proposed \$7.9 billion in increased funding for clean energy technology, as well as \$2 billion for research. The \$2 billion, generated from proceeds from federal gas and oil development, will be raised throughout the coming decade, in order to examine cost-effective technology, such as fuel cells and homegrown biofuels, which could eventually be used nationwide, according to the White House. Although projections have yet to be released with regards to total job creation, each of these proposals is expected to add new clean energy jobs to the economy once they are initiated.

President Obama's proposals certainly sound promising, especially for professionals within the manufacturing and clean energy industries, but some questions are yet to be answered.

Will these proposals actually be passed – and, if so, how soon? What type of impact will they have on job creation, not only in 2013, but well after? And will the Obama Administration release any other jobs packages prior to the end of this year?

