

Healthcare Workplace Economy December 2012

Jobs Report Summary for the Healthcare Industry Based on the BLS Report with November 2012 data

In early November, the BLS released one of its most positive jobs reports in recent memory, “The Employment Situation – October 2012.”

Although many global economists were pleased with the report’s statistics, as 184,000 new private sector jobs were generated in October, others questioned whether or not such job creation would continue in November.

After all, Superstorm Sandy had struck the coast of the northeastern United States on October 29th, resulting in billions of dollars in damage – and possibly thousands of layoffs. Many economists anticipated the hurricane would have a direct impact on employment, projecting the nation would only add between 75,000 and 95,000 jobs in November.

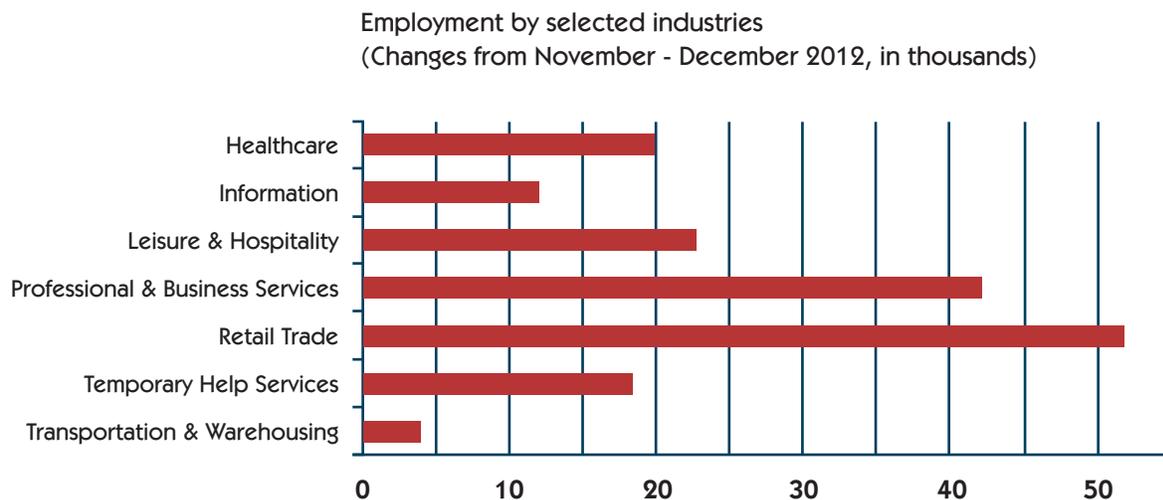
But, to the surprise of thousands of financial experts, the BLS’ “The Employment Situation – November 2012” report exceeded their predictions, revealing that nonfarm payroll employment rose by 146,000, while the national unemployment rate declined to 7.7 percent – the lowest monthly rate of President Barack Obama’s first term.

“Our analysis leads us to conclude that Hurricane Sandy did not substantively impact the national employment and unemployment estimates for November (as) response rates in the affected states were within normal ranges,” said John M. Galvin, Acting Commissioner, BLS.

November’s data marks the 33rd consecutive month of growth of private sector jobs. In fact, since March 2010, 5.6 million jobs have been added to the national economy.

In 2011, 153,000 jobs were created per month, on average. With November’s figures higher than

Sector changes observed in November



Source: BLS

expected, 2012's job creation data is nearly matching last year's figures, as an average of 151,000 jobs have been added to the national economy each month. And, as a further sign of fiscal growth, average hourly earnings also rose in November, to \$23.63.

The average workweek – and hourly earnings – for production and nonsupervisory employees also increased, rising to 33.7 hours and \$19.84, respectively. Furthermore, consumer sentiment continued to rise in November, as the Conference Board's consumer confidence index reached its highest level since February 2008.

With consumer sentiment reaching a four-year high and employment rising in spite of Superstorm Sandy, President Obama's administration remains optimistic, believing the recent trend of job creation – a monthly average of 157,800 jobs have been added to the economy since July – will continue in 2013.

Since July, private sector hiring has been quite extensive within the United States, as a majority of sectors have reported a rise in employment. Regardless of such trends, many economists were unsure whether or not private sector hiring would continue to be as wide-ranging in November, after Superstorm Sandy struck the coast of the Mid-Atlantic and Northeastern United States in late October.

Despite economists' concerns, 147,000 private sector jobs were generated last month, according to the BLS' latest "The Employment Situation" report, signifying that hiring remains robust, as economic recovery continues.

The report revealed that employment rose in the following sectors last month:

- **Healthcare:** Nearly 14.5 million healthcare professionals were employed in November, as sector hiring rose by 20,000. A majority of these positions were filled by hospitals and nursing care facilities.

- **Information:** Sector hiring rebounded in November after recent months of job losses. 2.6 million professionals were employed last month, an increase of 12,000, when compared to October's figures.

- **Leisure and Hospitality:** As many economists projected, sector hiring continued to rise last month, as 23,000 professionals were added to payrolls. Since November 2011, the sector has generated 25,400 new jobs per month, on average.

- **Professional and Business Services:** 43,000 professionals were hired within the sector in November, as hiring rose for the sixth consecutive month. In all, 18.1 million professionals were employed in November.

- **Retail Trade:** Since September, sector hiring has expanded by 140,000. Approximately 38 percent of these positions were filled last month, as the sector added 52,600 new jobs to the national economy.

- **Temporary Help Services:** As a sign of increasing business confidence, the sector generated 18,000 new jobs in November, as 2.6 million professionals were employed within the sector. Since November 2011, employment has risen by roughly 183,000.

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As the end of 2012 nears, many global economists are presently encouraged by the United States' latest job growth trends. Not only was November's employment report more positive than anticipated, but economic recovery has steadily occurred throughout the second half of the year.

Since July, nearly 789,000 jobs have been generated. The national unemployment rate has fallen from 8.3 to 7.7 percent. And, a majority of private sectors have been hiring, leading some economists to believe full-fledged recovery has begun.

But, will these trends continue in 2013? Or, will next quarter's jobs figures match Q2 2012's employment data, a quarter in which only 67,000 jobs were filled each month, on average?

Some economists believe the nation's impending economic recovery will be heavily influenced by the often-mentioned "fiscal cliff," a collection of tax increases and spending cuts that may transpire next year.

Presently, the so-called "Bush tax cuts" are set to expire on December 31, 2012. If they do, all Americans' income tax rates will increase, including citizens who currently earn less than \$250,000 per year – roughly 98 percent of the nation's population.

In addition, the Social Security payroll tax cut will expire on December 31st, resulting in a considerable rate hike, from 4.2 to 6.2 percent, according to the Council on Foreign Relations.

If Congress allows such tax cuts to expire, national taxes will likely rise by \$536 billion in 2013, an average of \$3,500 per household, according to the Tax Policy Center. As a result, the national deficit will decline to \$641 billion, four percent of GDP, according to the Congressional Budget Office (CBO).

Although deterioration in national deficit may improve the economy on a long-term basis, such a significant decline in a short period of time would likely lead to a negative total growth rate in 2013 – and a possible economic recession.

According to the U.S. National Association of Manufacturers, roughly six million jobs will be lost by 2014 if Congress ignores the fiscal cliff. The public sector will also be impacted by a decline in the budget deficit, as the Center for Regional Analysis at George Mason University has projected 227,000 federal jobs will be lost by December 2013.

Consequently, the CBO has estimated the national unemployment rate could rise to at least nine percent next year, the highest rate recorded since October 2011.

Of course, this can all be avoided. If the fiscal cliff does not transpire – and middle-class tax cuts are extended – 1.6 million jobs will be created, while GDP will rise by 1.3 percent, according to the CBO.

With less than three weeks left before tax cuts expire, the nation's economic future lies in the hands of our Congressional leaders. But, how will they respond?