

Healthcare Workplace Economy January 2013

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

Consistent. Robust. Encouraging.

Such words have often been used to describe the United States' recent job growth trends. After all, from July to November, 161,800 jobs were added to the national economy per month, on average.

Even Superstorm Sandy did not dampen the nation's steady rise in employment, as 161,000 new jobs were generated in November, just days after the storm struck the northeastern United States.

As 2012 drew to a close, a majority of economists were convinced that hiring would continue to upswing at a steady pace in December, predicting roughly 150,000 jobs would be created throughout the month.

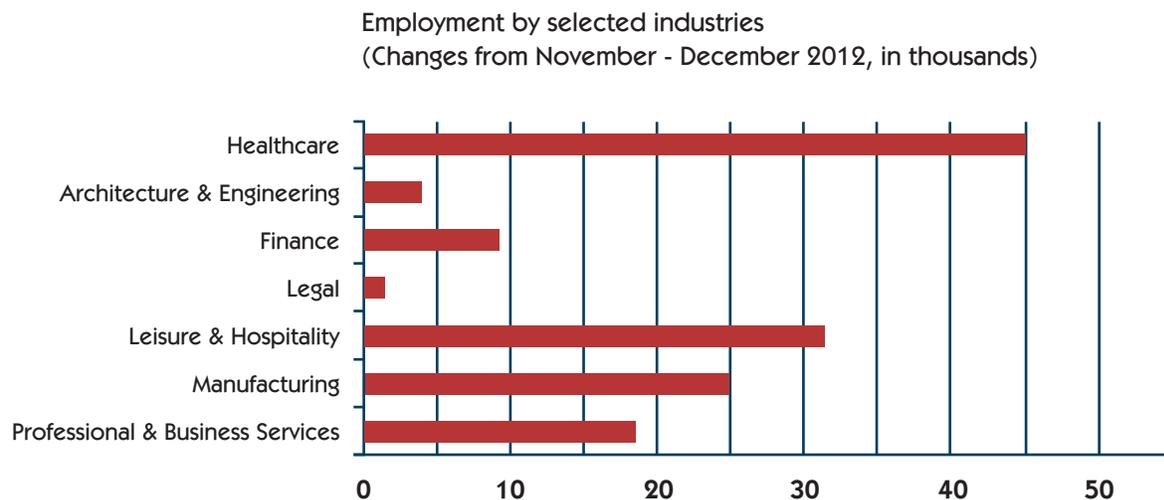
Their projections were virtually accurate. According to the BLS' "The Employment Situation - December 2012," the economy added 155,000 new jobs last month, as the national unemployment rate remained unchanged, at 7.8 percent, nearly a four-year low.

The nation's recent, steady employment figures resulted in a yearly total of 1.84 million new jobs in 2012, a monthly average of 153,000, which matched 2011's total job creation.

Although public sector hiring dwindled throughout President Obama's first term, the United States' private sector has now added new jobs to the economy for 34 straight months - a total of 5.8 million jobs during that period.

This rise in private sector hiring has likely had a direct impact on the national unemployment rate, which has contracted by 0.5 percent since January 2012.

Sector changes observed in December



Source: BLS

In addition, the average workweek increased to 34.5 hours last month, while the average hourly earnings of private nonfarm payroll employees rose to \$23.73, an upsurge of 2.1 percent since December 2011.

The applications for new unemployment benefits also dropped last month, as the four-week average of new unemployment claims was measured at 356,750 during the third week of December, the lowest level recorded since March 2008. Lastly, as a further sign of steady economic growth, the nation's civilian labor force rose to 115.5 million in December, a month over month increase of 192,000.

According to the BLS' latest jobs report, more than 112 million Americans were employed within the private sector in December 2012, comprising nearly 84 percent of the nation's working population.

In fact, despite a steady decline in public sector employment in 2012, private sector hiring continued to augment in December, rising for the 34th consecutive month.

A total of 168,000 new private sector jobs were created last month, as the following industries reported a rise in employment.

- **Healthcare:** After diminishing slightly in November, a month in which 20,000 jobs were created, sector hiring upturned in December, as 44,500 professionals were offered new employment opportunities. Since December 2011, 337,700 healthcare workers have been hired.
- **Engineering and Architecture:** The architectural and engineering services sector generated 3,800 new jobs in December, the highest monthly total since April. Throughout the last 12 months, sector hiring has increased by 33,900.
- **Finance:** For the 11th straight month, the sector reported a rise in hiring in December, while adding 9,000 new jobs to the national economy. In all, 7.8 million finance professionals were employed.

- **Leisure and Hospitality:** As usual, sector hiring remained robust in December, as the total number of employed leisure and hospitality workers rose to 13.8 million. In 2012, the sector added an average of 26,666 new jobs, per month, to the national economy.

- **Manufacturing:** As a surprise to national economic experts, sector hiring actually rebounded in December, as 25,000 jobs were added to the economy. From August to November, the sector lost an average of 25,000 jobs per month, leading some economists to anticipate a similar trend last month.

- **Professional and Business Services:** Sector hiring rose for the seventh successive month in December, as 19,000 new jobs were generated. Employment has increased by 472,000 since December 2011.

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As millions of Americans celebrated the dawn of 2013, the House of Representatives adjourned to vote on the Senate's recently amended "American Taxpayer Relief Act of 2012," a solution to the nation's impending "fiscal cliff."

With a final tally of 257 votes in favor of the Act, the House agreed to approve the amendment on January 1st, which President Obama promptly signed into law the following day.

But will the Act actually impact you? And, if so, how?

"Under this law, more than 98 percent of Americans and 97 percent of small businesses will not see their income taxes go up," noted President Obama. "Companies will continue to receive tax credits for the research they do, the investments they make, and the clean energy jobs they create."

The unemployed took a sigh of relief as Congress extended unemployment benefits to as long as 99 weeks. While benefits have been cut back on as unemployment has eased, this will help millions from losing their benefits.

As a result of the Act, income taxes will begin to rise for the nation's highest earners – on a permanent basis. All American couples who annually earn more than \$450,000 will be required to pay 39.6 percent for every dollar they receive above that amount, according to the Act. If an individual earns \$400,000 per year, or more, they must also pay 39.6 percent for every dollar above that amount. Prior to the Act, such income earners paid 35 percent for every dollar.

Furthermore, such earners' capital gains and dividend tax rates will permanently rise as well, from 15 to 20 percent. Nonetheless, the rate will not fluctuate for individuals earning less than \$400,000 per year, or for couples annually earning less than \$450,000, according to the Act. Most taxpayers' capital gains and dividend tax rates will be retained at 15 percent.

In the meantime, a majority of Americans will be impacted by the termination of the two-year-long Social Security payroll tax holiday. From 2011 to 2012, employees were only required to pay a 4.2 percent payroll tax, in comparison to the usual 6.2 percent. However, all employees earning up to \$113,700 per year will now have to pay the standard 6.2 percent rate again, according to the U.S. Social Security Administration. Additionally, supplemental federal tax withholding increased 3 percent to 28 percent. This will impact supplemental earnings like bonuses or commissions.

Self-employed individuals' two-year tax holiday has ended as well, as their Social Security and Medicare tax will also rise by two percent, from 13.3 to 15.3 percent, according to the U.S. Social Security Administration.

On a positive note, American singles who earn \$50,600 per year or less will no longer be required to pay the Alternative Minimum Tax (AMT), an income tax enacted by the government. Prior to the passing of the Taxpayer Relief Act, individuals

earning \$33,750 or more were obligated to pay the AMT. As of January 2nd, the AMT will now be indexed to inflation, so that lower-income Americans can save more.

The AMT's index to inflation will also apply to married couples; all couples annually earning \$78,750 or less will no longer be mandated to pay the AMT, according to the Act. For years, all couples earning \$45,000 per year or more were required to pay the tax.

Thousands of U.S. received several tax breaks including \$14.3 billion in credits for research and development projects. The Production Tax Credit, a renewable energy incentive, and the Research and Experimentation Tax Credit, which assists employers with R&D expenditures, have been extended to the end of 2013, according to the White House. The energy industry fared well with large scale credits in wind energy.

The Act has also extended credits like the Earned Income Tax Credit, for low-income Americans, and the Work Opportunity Tax Credit, for employers that hire underemployed Americans, such as veterans and youths.

According to the Act, Section 179 of the U.S. Internal Revenue Code will also continue, providing employers with tax breaks if they purchase or lease certain types of used or new capital equipment, including software, for their business operations in 2013.

Finally, companies will still be allowed to write off 50 percent of their capital investments, as national bonus depreciation rules were also extended.

But will such extensions and tax increases advance America's economic recovery? Will any other extensions be approved this year? And, how will employers – and employees – react to the new regulations?

