

Healthcare Workplace Economy July 2012

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

On July 6th, the BLS released its latest “The Employment Situation” report, which revealed that 80,000 new jobs were added to the national economy in June, the third consecutive month in which less than 100,000 new positions were generated.

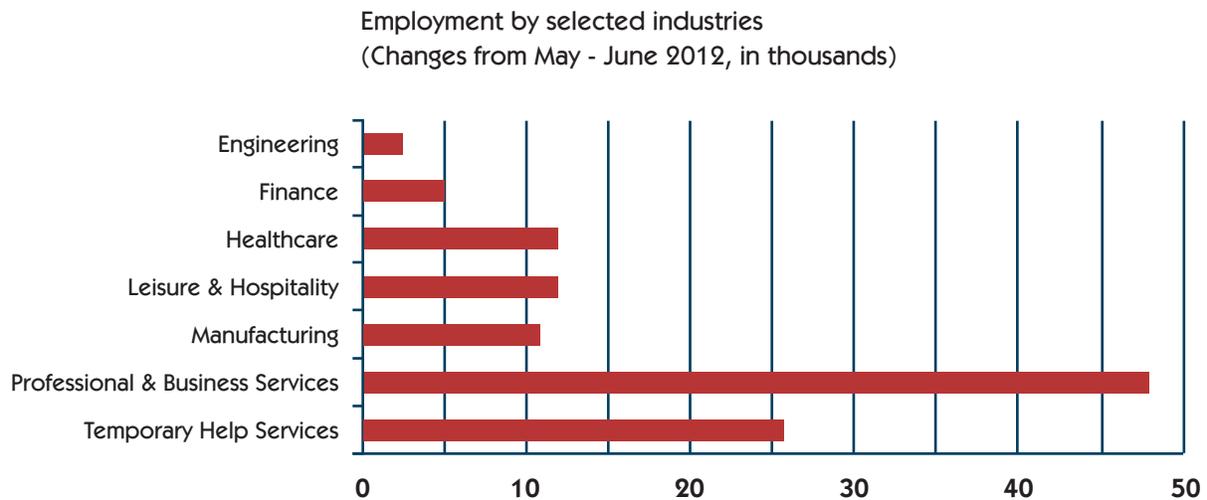
In addition, the national unemployment rate remained unchanged in June, at 8.2 percent, just as most economists had anticipated. However, a majority of economists were still surprised by June’s employment statistics, as many had predicted roughly 90,000 to 100,000 new jobs would be created.

As has been the case throughout the last three years, job growth was quite volatile during the first half of the year. With the release of June’s figures, 75,000 new jobs, on average, were created during the second quarter, the lowest three month average since fall 2010. To compare, an average of nearly 225,000 new jobs were generated each month from January to March.

Despite the volatility, Alan Krueger, chairman of the Council of Economic Advisers, and President Barack Obama remained optimistic about the nation’s economic progress, shortly after the release of June’s jobs report.

“The economy has now added private sector jobs for 28 straight months, for a total of 4.4 million payroll jobs during that period,” said Krueger.

Sector changes observed in June



Source: BLS

“That’s a step in the right direction,” said Obama. “[But] we’ve got to grow the economy even faster, and put even more people back to work.”

Although the nation’s employment-population ratio, at 58.6 percent, lingers at a near three-decade low and the national unemployment rate has been measured above eight percent for 41 straight months, the Obama administration has plenty of reasons to remain optimistic as November’s election nears.

First, the total number of Americans who applied for first-time unemployment benefits dropped during the last week of June, to 374,000, a decrease of 14,000 and the lowest level recorded in nearly two months. Since June 2011, first-time unemployment benefit applications have declined by 12 percent, a sign that organizational layoffs are beginning to recede.

Second, according to recent statistics, 3.4 million job openings were documented in April, an increase of 13 percent, when compared to April 2011’s data. And, average hourly earnings rose by six cents last month, to \$23.50 per hour, the largest increase since spring 2011.

“Much more remains to be done. There are no quick fixes to the problems we face,” said Krueger. “It is critical that we continue the policies that build an economy that works for the middle class and makes us stronger and more secure.”

According to the BLS’ latest “The Employment Situation” report, a majority of the nation’s major industry groups reported hiring increases in June, as private sector employment rose by 84,000.

From healthcare to manufacturing, hiring was widespread within most industries last month, as the following sectors, among others, reported employment increases:

- **Healthcare:** Hiring within the industry continued to uptick on a month-to-month basis, as 13,000 new positions were added to the economy in

June. A majority of the hiring occurred in outpatient care centers, hospitals, and residential care facilities.

- **Finance:** Last month, more than 7.7 million professionals were employed within the industry, an increase of roughly 57,000 positions, when compared to June 2011’s seasonally adjusted statistics.
- **Leisure and Hospitality:** Nearly 13,000 new jobs were added to the national economy last month, as food services and drinking places accounted for a majority of the hiring, by generating 15,100 new positions.
- **Manufacturing:** According to recently released statistics, sector hiring was considerably lower during the second quarter than the first. From January to March, 41,000 new positions, on average, were created on a monthly basis; from April to June, that average dropped to about 10,000.
- **Professional and Business Services:** With the addition of 47,000 jobs in June, the sector recovered from the very slight loss seen last month.
- **Temporary Help Services:** Hiring continued to rise within the sector in June, as 25,200 new jobs were added to the national economy. Since April, the sector has created 55,500 new jobs.

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Throughout the last two years, considerable economic progress has occurred within the United States. Since March 2010 alone, 4.4 million private sector jobs have been generated, while the national unemployment rate has fallen markedly, from 9.7 to 8.2 percent. And, more than 500,000 manufacturing jobs have been created, the largest 29-month period of job growth since the mid-1990s.

“We can’t be satisfied [though],” said President Barack Obama, after the release of June’s “The Employment Situation” report. “Too many of our friends and family members and neighbors are still out of work.”

After all, 12.7 million Americans are presently unemployed – and the federal extension for unemployment benefits is scheduled to expire at the end of 2012.

So, how will President Obama and his administration react? Will any freshly passed bills help unemployed Americans find and retain work?

For starters, President Obama’s long-awaited Affordable Care Act was upheld by the Supreme Court on June 28th. The Act will offer a 35 percent tax credit to nationwide small businesses that currently provide health insurance coverage to their employees. The tax credit, which will increase to 50 percent by 2014, will help small business owners counterbalance their employees’ insurance costs, which will ultimately provide them with more financial security to develop their businesses and hire more full-time workers.

By assisting small businesses, Obama’s administration also hopes Americans will feel more at ease by the prospect of creating their own companies.

“The law will help spur entrepreneurial activity by increasing the incentives for talented Americans to launch their own companies,” said Jason Furman, Principal Deputy Director, the National Economic Council. “[It] will help end the phenomenon of ‘job lock,’ in which workers are reluctant to leave a job with health insurance out of fear they will not be able to find affordable coverage when they strike out on their own.”

Meanwhile, on July 6th, President Obama signed a bill which will provide \$100 billion in funding for bridge, road, and mass transit construction projects. The bill is expected to create thousands of new jobs in the near future.

“This is so good for America,” said Ray LaHood, United States Secretary of Transportation. “It’s incredible how many people will go to work as a result of this.”

As November’s Election Day nears, two questions remain unanswered. Will the Administration develop any other jobs bills in the next four months? And, if so, will these bills alleviate America’s current unemployment situation, sooner rather than later?

