

BEYOND THE HEADLINES

At a Glance: Jobs, Workers & the Economy



MARCH 2013 | FOCUS: U.S., SEATTLE & KING COUNTY

The Latest Jobs Report: Two Key Factors Paint a Mixed Picture

An initial review of the latest Jobs Report released by the U.S. Bureau of Labor Statistics offers a positive picture of the U.S. economy and labor market. The nation added 236,000 jobs in February. While these numbers will be revised, at present they make February one of the best months in terms of job gains since the end of the Recession (June 2009).

Positive Signs in the Construction Sector and the Housing Market

Perhaps one of the most promising aspects of the most recent Jobs Report is the strength of the Construction sector, which added more jobs in February – 48,000 – than in any other month since the start of the Recession (in fact, since March 2007). A rebounding housing market is further indicated by home prices, which in the past month have risen in every city and every market according to a recent survey.ⁱ A strong housing market is a key component of a strong recovery.

Employment-to-Population Ratio: Cause for Concern

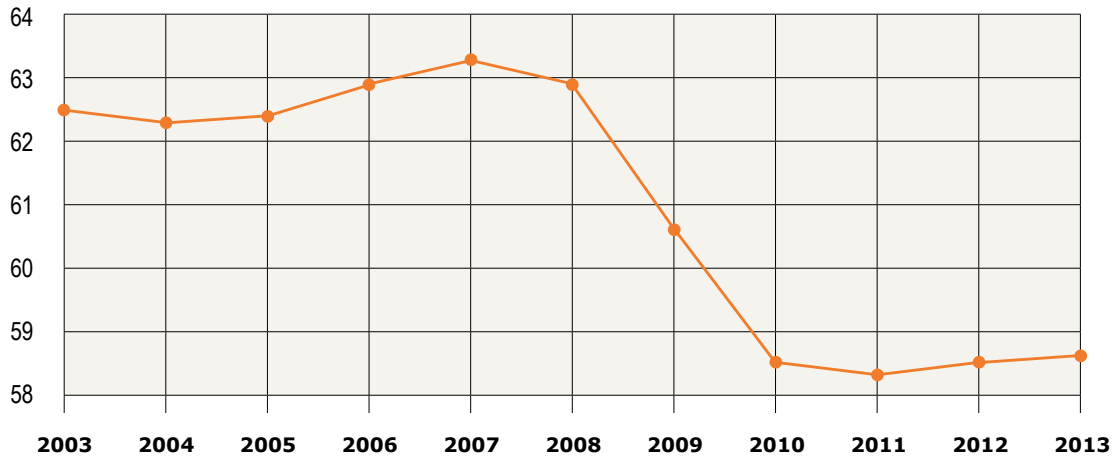
The Jobs Report also states that the U.S. unemployment rate fell to 7.7 percent in February. This is 40 percent of the way back down from its peak in October 2009 to its pre-Recession level. Yet a key contributor to the declining unemployment rate is that many workers – some 296,000 in February – are leaving the workforce completely and are therefore no longer counted as unemployed.

A significant portion of these workers are the long-term unemployed (unemployed for more than 6 months). This is evidenced by the fact that the share of long-term unemployed among all unemployed has fallen from 50 percent in early 2010 to 39% today, even though the unemployment rate for these workers has little improved.ⁱⁱ

The Center for Economic and Policy Research recently cited the **employment-to-population ratio (EPOP)** as evidence that a major factor in the fall in the U.S. unemployment rate is a decline in labor force participation.ⁱⁱⁱ EPOP measures civilian employment as a percent of the civilian working-age population (16 – 64-year-olds).

Prior to the Recession (2007), the EPOP in the U.S. was 63.4 percent. The EPOP fell to a low of 58.2 percent in the summer of 2011 (an 8.2% decrease), and has essentially plateaued at just 58.6 percent over the past year – still down 7.6% from 2007.

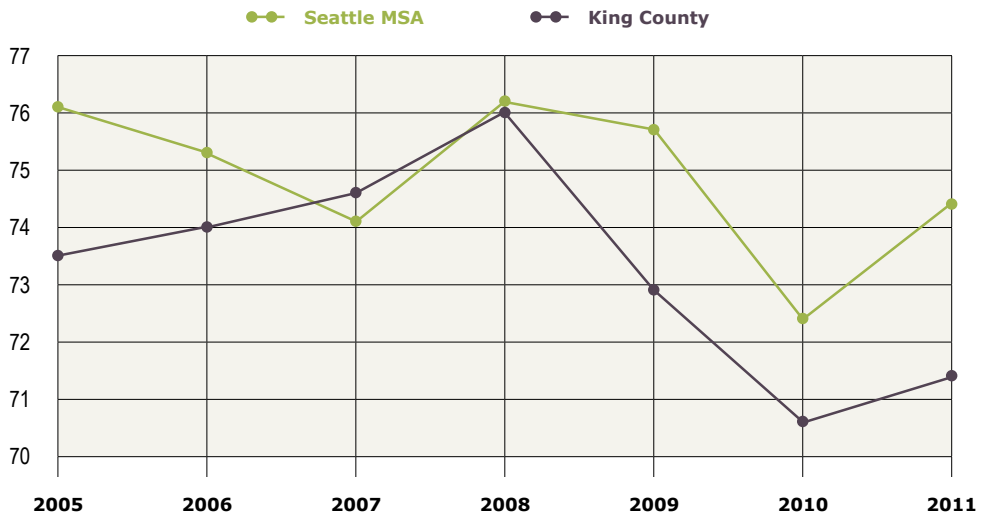
Employment-Population Ratio, U.S. 2003 – 2013



SOURCE: U.S. Census Bureau, American Community Survey data

SJI examined the EPOP for the Seattle MSA and for King County, numbers which are available through the end of 2011. Below we show how the EPOP has changed in these geographies from 2005 through 2011.

Employment-Population Ratios in Seattle MSA & King County 2005 – 2011



SOURCE: U.S. Census Bureau, 2005 – 2011 American Community Survey data

Compared to the U.S., the good news for Seattle and King County is significantly higher EPOP numbers overall. Seattle's EPOP decreased 5 percent from its peak in 2008 to its low in 2010, while King County's EPOP decreased 7.1 percent in this period. Since then, Seattle's EPOP has recovered significantly. By the end of 2011, Seattle's EPOP was down only 2.4% from its peak. King County, however, was still down 6% from its peak.

In sum, while the unemployment rate is heading in the right direction, it is also true that a smaller percentage of the working-age population is participating in the labor force today compared to prior to the Recession as individuals (in particular the long-term unemployed) leave the labor market. As stated by *The Economist*, these workers "will prove very difficult to reemploy, and may represent a permanent loss to the economy in the absence of aggressive labour-market retraining and reform."^{iv}

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- i. Credit Suisse monthly housing survey
 - ii. *America's Economy: Ready to Work*, The Economist; March 8, 2013; at <http://www.economist.com/blogs/freeexchange/2013/03/americas-economy>
 - iii. Baker, Dean. *Job Growth Picks Up Steam in February*, Jobs Byte. Center for Economic and Policy Research, March 8, 2013
 - iv. *America's Economy: Ready to Work*, The Economist; March 8, 2013; at <http://www.economist.com/blogs/freeexchange/2013/03/americas-economy>

BEYOND THE HEADLINES: Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

Supported by the City of Seattle Office of Economic Development

Contact Information

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