

BY THE NUMBERS: Employment

Information provided by the UCCS College of Business Southern Colorado Economic Forum

Local employment mimics national trends

Last week, the Bureau of Labor Statistics published the latest U.S. jobs data. In April, employment increased by 160,000 and the unemployment rate went unchanged at 5 percent (seasonally adjusted).

This employment level represents a decrease from March when 208,000 new jobs were added. While it might seem like bad news, there's no reason for alarm. During the past six months, the average number of new jobs has been 220,000 per month. April was the 74th consecutive month of private-sector job growth. In aggregate, 14.6 million jobs have been added since early 2010. Employers were reluctant after the Great Recession to resume hiring, but as the top graph illustrates, we are now well above pre-recessionary levels in terms of job openings. The slight decrease in actual employment in April simply represents a likely leveling of what has been a very robust employment recovery. Many question whether the relatively strong U.S. economy might be losing some steam, but a close look at related metrics highlights some fundamental continued opportunities on the jobs front.

Each month's incremental increase in new jobs is cumulative, so at some point the total number of employed people starts to level off. Also, there is still significant excess capacity in terms of the number of unemployed people who are interested in working and are slowly re-entering the workforce. Employers across most sectors are eager to hire, so the excess capacity of workers is critical to continued growth. The good news is the long-term unemployed (unemployed 27 weeks or longer) are returning to work. In fact, about two-thirds of the decline in the unemployment rate of the past year has been due to the long-term unemployed finding jobs. Despite the increased number of people looking for work, the national unemployment rate has held steady, meaning employers are absorbing the new workers. Furthermore, the employment-to-population ratio is relatively low by historical standards (59 percent in 2015), meaning there is still room for new entrants in the U.S. labor force. If the national economy stays strong, it's likely that the monthly employed numbers will continue to grow.

The same story holds true locally. The second graph shows an unemployment rate of only 4 percent in El Paso County; more than a percentage point below the national rate, although not quite as low as the state as a whole. (Note: Unemployment data shown is only through March because county data lags behind national data.) Similar to the national picture, the Colorado Springs Metropolitan Statistical Area has also recently had an increase in the pool of workers, with almost 5,000 new entrants from January to March. Locally, we also mimic the nation in terms of two key industries with large gains in employment.

- In the U.S., professional and business services added 65,000 jobs in April with roughly 600,000 new positions in the past year. Locally, this is also one of the highest industries in terms of employment growth (+3,000 since 2012 in El Paso County), which bodes well for wage gains since average wages in this industry are high.

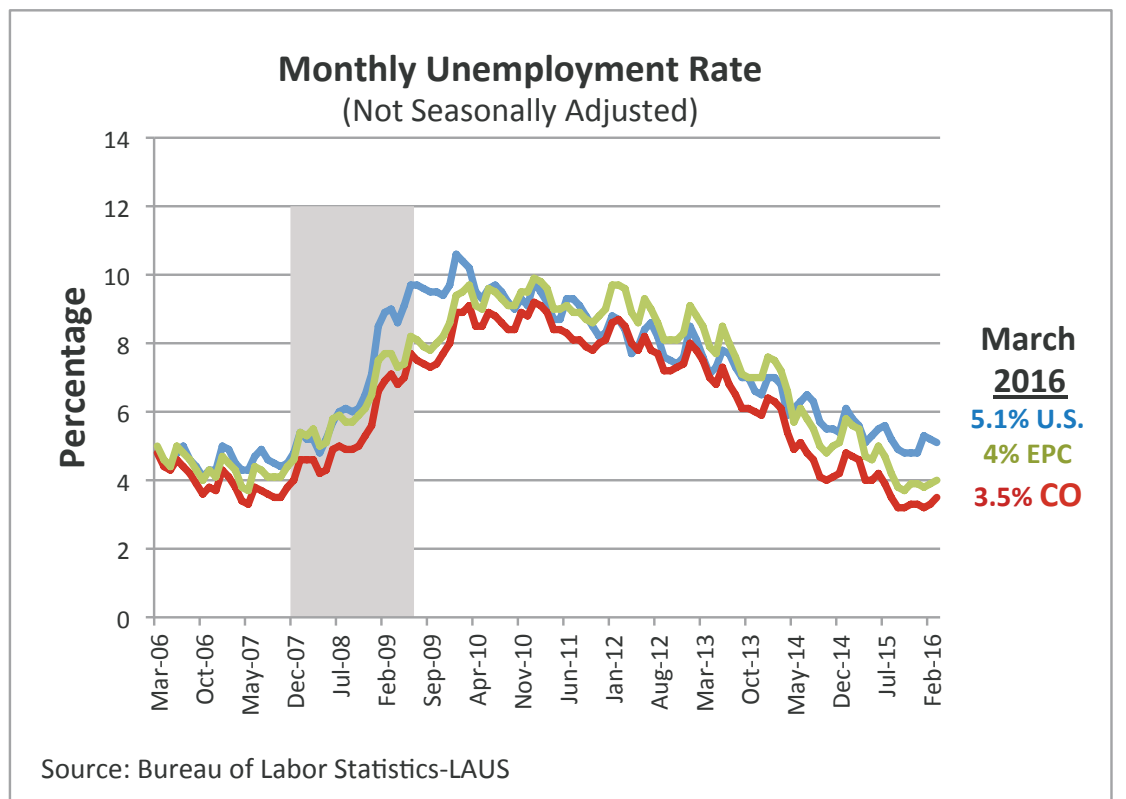
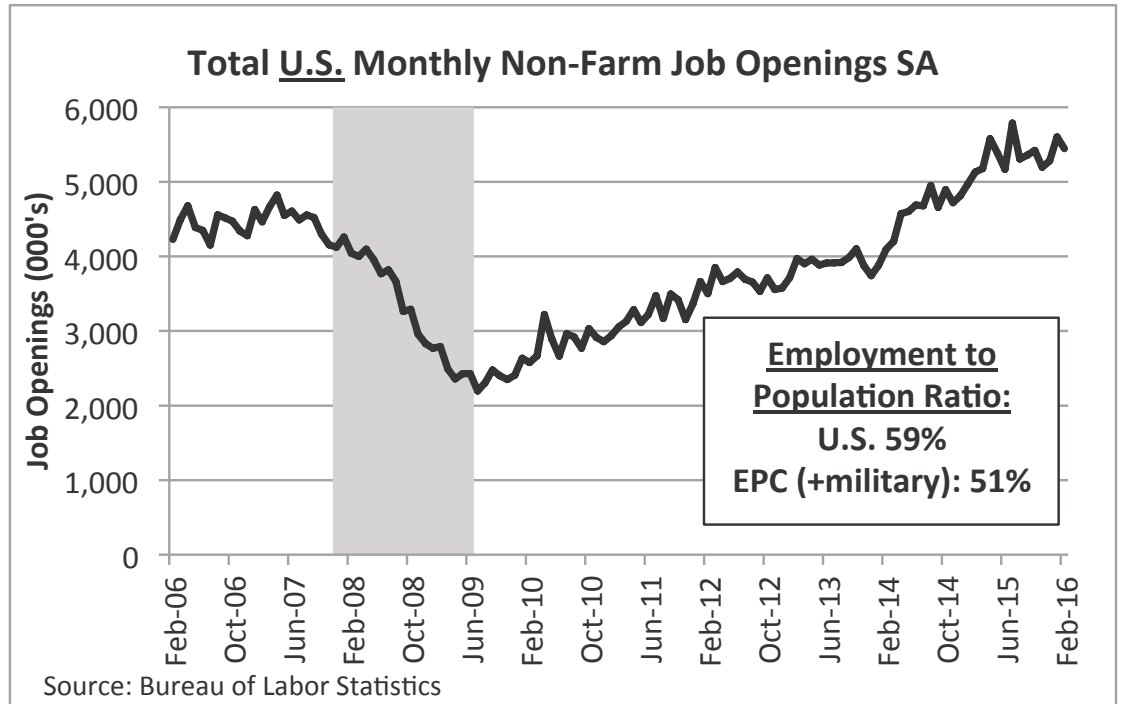
- In the U.S., the health care industry added 44,000 jobs in April, with 502,000 new jobs in the past year. This industry also represents one with local employment growth (+4,000 since 2012), which is again good news in terms of wage appreciation.

Given that our local employment-to-population ratio is even lower than the U.S. (51 percent), adding more people to the pool of available workers is critical to our community's growth. Providing training and education to local residents is always of paramount importance, but perhaps even more so now while employment opportunities abound.

— Tatiana Bailey, executive director, Southern Colorado Economic Forum

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