

# National Council of Housing Market Analysts

## Summit on Affordable Housing Market Trends & Innovations

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# Jobs, Unemployment and Labor Force Participation

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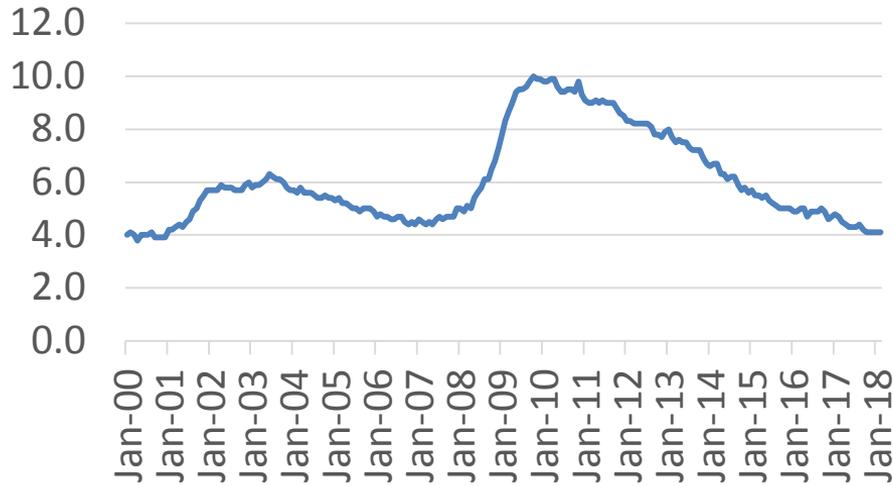
NH&RA

# Purpose: To understand updates on jobs, unemployment numbers and labor force participation

- Each month the Bureau of Labor Statistics (BLS) releases a jobs report
  - For example, February 2018 report was released at 8:30 am on March 9, 2018
- This report is widely anticipated and influential, but also elicits varied reactions
- In this presentation, we briefly discuss how the report data is collected, what the main contents of the report are, and the limitations of the numbers

# The headlines of the March 9 report: Unemployment

Civilian Unemployment Rate,  
Percent, Monthly, Seasonally  
Adjusted \*\*



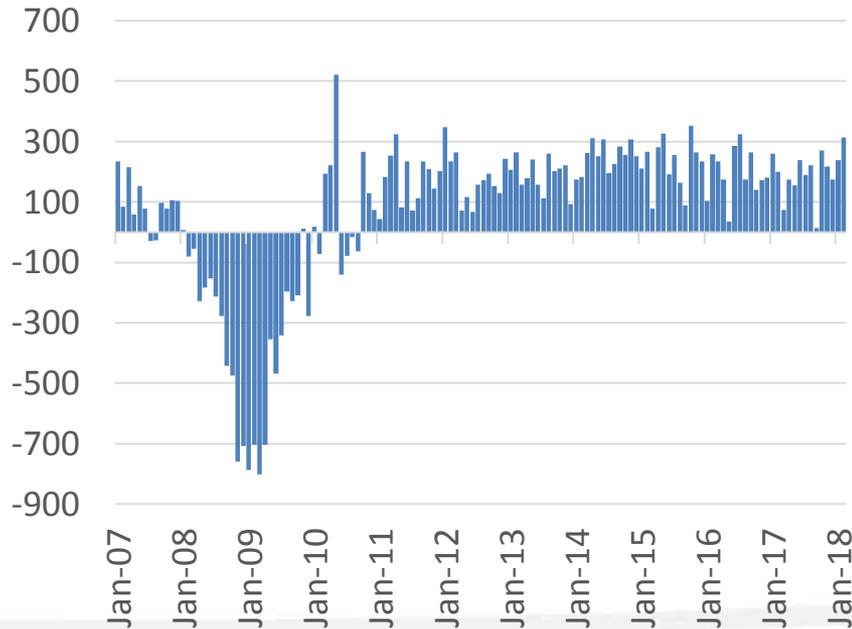
- The number of people filing for unemployment benefits has declined to the lowest level in more than four decades
- Currently stands at 4.1%
- Defined as the number of unemployed as a percentage of the labor force (LF)
  - Where LF data are restricted to people ages 16+ who currently reside in the U.S., do not reside in institutions, and who are not on active duty

\*\* Data are subject to fluctuations due to seasonality in weather, holidays, and the opening and closing of schools. BLS adjusts the data to offset the seasonal effects to show non-seasonal changes.

Source: Bureau Labor Statistics

# The headlines of the March 9 report: Payrolls

Change in nonfarm employees  
Seasonally Adjusted (000s)



- Private employers have added jobs for seven straight years
- 313k jobs were added in February
- This measure provides useful insights into the current economic situation— it represents the number of jobs added or lost in an economy
  - Increases might indicate that businesses are hiring. That is, they may be growing
  - Additionally, those who are newly employed have increased their personal incomes and hence also their disposable incomes, thus fostering further economic expansion

## The headlines of the March 9 report: Other selected headlines

- Employment rose in construction, retail trade, professional and business services, manufacturing, financial activities, and mining
- The share of people working part-time rather than full-time for economic reasons fell
- The participation rate, the measure of those working or looking for jobs, has been stable after falling to lows not seen since the 1970s
- Wages, long stagnant, are finally heading up

Source: <https://www.bls.gov/news.release/empsit.nr0.htm>

# How BLS collects the data: Unemployment Rate

- BLS works with Census that conducts the monthly **Current Population Survey**
  - Representative sample of US consisting about 60,000 households ( $\approx$  110,000 individuals)
  - Surveys current US residents aged 16+ who aren't in institutions or active service
  - State-based sampling design that reflects urban and rural areas, different types of industrial and farming areas, and the major geographic divisions of each state
  - Sampling design strengthens the reliability of estimates of month-to-month and year-to-year change in the data
  - Sample weighting takes into account the age, sex, race, ethnicity, and state of residence
- CPS asks whether responders are currently working and, if not, whether they have searched for a job in the last four weeks
- Those who have stopped looking for work—whether because they're retired or because they're despondent—are considered outside the labor force
- Also ask if working part-time vs. full-time and the duration of unemployment

The details of the **household** survey are helpful for understanding the changing nature of the workforce in terms of age, gender, race, and education

# How BLS collects the data: People who are working

- The **Current Employment Statistics** (CES) program produces detailed industry estimates of employment, hours, and earnings of workers on nonfarm payrolls
  - CES State and Metro Area produces data for all 50 States, DC, Puerto Rico, the Virgin Islands, and about 450 metropolitan areas and divisions
  - CES National Estimates produces estimates for the nation
- Each month, CES surveys approximately 149,000 businesses and government agencies, representing 651,000 individual worksites

The details of the **establishment** survey reveal which industries are growing and shrinking

# Employment Status

(000s, rates in %)

Employment status	Feb 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018
Civilian non-institutional population	254,246	255,766	255,949	256,109	256,780	256,934
Civilian labor force	159,997	160,371	160,533	160,597	161,115	161,921
Participation rate	62.9	62.7	62.7	62.7	62.7	63.0
Employed	152,511	153,846	153,917	154,021	154,430	155,215
Employment-population ratio	60.0	60.2	60.1	60.1	60.1	60.4
Unemployed	7,486	6,524	6,616	6,576	6,684	6,706
Unemployment rate	4.7	4.1	4.1	4.1	4.1	4.1
Not in labor force	94,248	95,395	95,416	95,512	95,665	95,012
Persons who currently want a job	5,577	5,232	5,265	5,308	5,171	5,131

# Alternative measures of labor underutilization

Measure	Feb. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018
<b>U-1</b> Persons unemployed 15+ weeks (% of civilian LF)	1.8	1.6	1.6	1.5	1.5	1.4
<b>U-2</b> Job losers + persons who completed temporary jobs (% of civilian LF)	2.3	2.0	2.0	2.0	2.0	2.0
<b>U-3</b> Total unemployed (% of civilian LF) <i>“Official unemployment rate”</i>	4.7	4.1	4.1	4.1	4.1	4.1
<b>U-4</b> Total unemployed plus discouraged workers (% of civilian LF + discouraged workers)	5.0	4.4	4.4	4.4	4.4	4.4
<b>U-5</b> Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force (% of civilian LF plus all persons marginally attached to the LF)	5.7	5.0	5.0	5.1	5.1	5.1
<b>U-6</b> Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons (% of civilian LF + all persons marginally attached to the LF)	9.2	8.0	8.0	8.1	8.2	8.2

NOTE: Persons **marginally attached** to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. **Discouraged workers**, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons **employed part time** for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule.

# Employment Data

	Feb. 2017	Dec. 2017	Jan. 2018	Feb. 2018
<b>Employment data (000s)</b>				
Total private	101,872	103,244	103,446	103,681
Goods-producing	14,396	14,633	14,702	14,787
Mining and logging	467	517	522	527
Construction	5,230	5,294	5,336	5,390
Manufacturing	8,699	8,822	8,844	8,870
<b>Average weekly hours</b>				
Total private	34.4	34.5	34.4	34.5
Goods-producing	40.3	40.5	40.3	40.6
Mining and logging	44.6	45.7	45.3	45.9
Construction	39.2	39.5	39.0	39.3
Manufacturing	40.7	40.8	40.8	41.0
<b>Average weekly earnings</b>				
Total private	\$ 897	\$ 919	\$ 919	\$ 923
Goods-producing	\$ 1,101	\$ 1,128	\$ 1,124	\$ 1,134
Mining and logging	\$ 1,434	\$ 1,473	\$ 1,465	\$ 1,486
Construction	\$ 1,118	\$ 1,158	\$ 1,144	\$ 1,158
Manufacturing	\$ 1,074	\$ 1,092	\$ 1,095	\$ 1,100

# Notes on foreign born workers (BLS data)

- Data available from 2016 on construction workers:
  - Stood at 7.7 million in late 2006, fell to 5.5 million by end 2010 and has been growing since. Back to 7.2 million
  - NAHB/Wells Housing Market Index is at levels not seen in 20 years ( $\approx 70$ )– there is a shortage of workers
    - NAHB proportion of unfilled construction job workers trending up to 2.5%
    - Questions: Infrastructure program? Disaster recovery?
  - Wages are rising steadily and hit a (SA) \$29.31 in December 2017
- Foreign born workers make up 17% of the overall workforce
  - The share of Hispanic workers among these is 48%
  - Salaries lag those of comparable native workers (\$715 vs. \$860 median weekly wages)
  - Share of foreign born workers in construction and extraction (BLS category) is almost 30%
    - Questions: Immigration reform?

# In closing

- Comments and questions welcome
  - Is this information helpful?
  - Do we want to expand on background information like this?
  - What other topics should I start showing, stop showing, continue (expand or contract)?
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