

## GORDON REPORT, May 2016 Behind the Employment Numbers

### The U.S. Employment and Talent Situation

As the current state of the U.S. job market is a central focus of the Gordon Report, below is our extrapolation of figures from the U3 Unemployment Report from the Bureau Labor Statistics (BLS) and the A38” Not in the Labor Force” data from Current Population Survey of the Census Bureau.

I. U3 Unemployment Report (Bureau of Labor Statistics)	(Numbers in Thousands)
1. Available Workforce	158.9
2. Number Unemployed	7.9
3. Unemployment Rate	5.0%
II. A38 Not in the Labor Force (Census Bureau)	
A. Age Levels	
1. Retirees (+55)	52,975
2. Aged 16-55)	<u>41,481</u>
<b>TOTAL</b>	<b>94,481</b>
B. Potential Labor Pool	
1. Do Not Want a Job (16-54)	37,319
2. Wants a Job (16-55+)	5,617
3. Discouraged Workers (15-55+)	<u>568</u>
<b>TOTAL</b>	<b>43,504</b>
C. Low Skilled, Weak Work Ethic & Badly Educated (Estimated)	
	23,500
D. Potential Trainable Workers (B – C)	
	20,000
E.U3 Officially Unemployed (D + E)	
	7,900
III. Broader Unemployment Rate	
Unemployed 27.9 ÷ Available Workforce 158.9 = 17.55%	

Our estimate of “Low Skilled, Weak Work Ethic, and Badly Educated” people is derived from reports issued by the Organization for Economic Co-operation and Development, and data from the National Assessment of Adult Literacy and the National Assessment of Educational Progress, both conducted by the U.S. Department of Education.

In short, the official April U.S. unemployment rate (U3) is 5 percent and shows 7.9 million Americans looking for a job. The broadest BLS measure of unemployment (U6) that includes

persons marginally attached to the labor force raises the rate to 9.7 percent. However, by combining the U3 and A38 which gives us a broader view of the U.S. labor market, we conclude that about 28 million Americans could potentially join the labor force, which would then yield a 17.55 percent unemployment rate.

The number of jobs filled, the labor participation rate, and worker productivity have declined. This recent fluctuation can at least partially be attributed to rising political instability. Regarding productivity, while organizations have been hiring in 2016, most offer their workers little or no training to fill in worker skill gaps. Thus, the skills-job disconnect continues to hurt the U.S. economy. More employers need to recognize the interrelationships of the three “Ps” in a knowledge-driven workplace – that employee training can raise not only productivity, but also performance and profit.

### Understanding the Talent Crisis

The Spring 2016 issue of *Employment Relations Today* (Wiley Periodicals) includes my White Paper, “Understanding the Talent-Creation Crisis,” Its aim is to offer a better analysis of the broad range of socioeconomic forces shaping the present shortage of skilled talent. Based on our ongoing research and consulting, it explores some of the best practice public-private community initiatives for better preparing students for in-demand jobs and careers and updating the skills of incumbent workers. They are developing cross-sector solutions for reinventing regional education-to-employment service-delivery systems.

Current data continues to reinforce the White Paper’s key contention that the current labor market suffers a lack of people with appropriate education and career preparation for jobs in today’s over 17 trillion tech-driven advanced economy. An antiquated 20th century-based education-to-employment system is leaving too many Americans underprepared for a more demanding 21st-century labor market.

Three 2016 reports are particularly notable. An April 2016 Conference Board report, “Help Wanted: What Looming Labor Shortages Mean for Your Business,” warns that constraints in the U.S. labor supply seem likely to depress overall economic growth. Two occupational areas, health care employment and skilled trade jobs, are identified as having an especially elevated probability of facing qualified worker shortages. “The 2016 Construction Hiring and Business Outlook” of the Associated General Contractors of America reported that 70 percent of its members are experiencing difficulty in finding qualified workers and 69 percent expect that these shortages will continue or get worse during 2016. The National Federation of Independent Business (NFIB) February survey found that 42 percent of its respondents reported that they had few or no qualified applicants for jobs they were seeking to fill. Twenty-eight percent of these small businesses owners could not fill open positions during this month.

To read the entire White Paper, click [Understanding the Talent-Creation Crisis](#).

**Edward E. Gordon is the president of Imperial Consulting Corporation ([www.imperialcorp.com](http://www.imperialcorp.com)). His latest book is *Future Jobs: Solving the Employment and Skills Crisis* (Praeger, 2013) which is a 2015 Independent Publishers Book Award winner.**