

**From: VetJobs Employment Report [info@vetjobs.com]**  
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**Veteran Employment Situation Report for February 2014**  
**Issue 14-03**  
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Welcome to the March VetJobs Veteran Employment Situation Report (VESR) covering February 2014. The VESR is published on the first Friday of the month when the Department of Labor releases the unemployment reports.

This report is in three parts with one article at the end.

-The first section will be an Employment Summary providing an overview of the Department of Labor's (DOL) Bureau of Labor Statistics (BLS) report on the labor market.

-The second covers where the jobs were created, meaning at what type of job one would currently have the best chance for finding employment.

-The third covers the employment situation of veterans.

-The last article delineates the differences between CES and CPS unemployment reports.

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## **EMPLOYMENT SUMMARY**

### **Overview**

The unemployment numbers were released by Department of Labor (DOL) Bureau of Labor Statistics (BLS) this morning and the report shows that the United States is still not back to work. The unemployment rate has remained above 6.6% since the end of the last recession, which makes this recovery the worst recovery since World War II. While the government says the country is in a recovery, many economists maintain America is still in a recession. With the unemployment rate having remained so high for so long, I tend to agree with those who maintain America is still in a recession or at least in an employment recession.

The Current Employment Statistics (CES) unemployment rate rose from 6.6% in January to 6.7% in February. At a time when the country needs to see the unemployment rate going down, even a one tenth of a percent is bad news. Politicians will say the unemployment rate was basically unchanged, but that still does not cover the fact that the unemployment rate is going in the wrong direction. A big part of the reason the unemployment rate has remained so high is because more people dropped out of the workforce. People dropping out of the workforce because there are no jobs is a bad thing for any economy. February saw unusually cold weather with heavy snow in upper mid-west and east coast which probably affected hiring.

February saw only 175,000 new jobs created. America needs to be generating 250,000 plus new jobs a month in order to create real economic growth and have jobs for the extremely high number of unemployed, now at 10.2 million, and for the new workers entering the economy seeking employment.

BLS reports the real unemployment rate is 12.6% when one adds the underemployed and those with part time jobs due to a shortage of full time jobs. This number is increased when one considers those workers who have been moved to 30 hours or less due to the American Care.

In today's report DOL incorporated the revisions for December and January, which increased nonfarm employment by 25,000 on net. With this DOL revision, monthly job gains have averaged 129,000 over the past 3 months.

The Current Population Survey (CPS) national unemployment rate for February did not change and remains at 6.9%, up from 6.3% in Decembers. See the last article of this report for the differences between CES and CPS unemployment reports.

Average hourly earnings of all employees on private nonfarm payrolls rose by 9 cents in February. Over the past 12 months, average hourly earnings have risen by 52 cents, or 2.2%. From January 2013 to January 2014, the Consumer Price Index for All Urban Consumers (CPI-U) rose by 1.6%.

### **Household Survey**

Turning to the survey of households, both the unemployment rate, at 6.7%, and the number of unemployed persons, at 10.5 million, were little changed in February. The number of unemployed persons who had been jobless for 27 weeks or more rose to 3.8 million, or 37% of the unemployed.

The labor force participation rate was unchanged at 63.0% in February. Over the year, the labor force participation rate has declined by 0.5 percentage point. This is a very important number as it shows that 37% of the eligible workforce has dropped out. This is reflected in the sharp increases in unemployment and food stamp payments over the last six years. This is not a good record for our politicians.

The employment-population ratio, at 58.8%, was unchanged in February and has shown little movement, on net, over the past 12 months. This number, like the labor force participation rate, is not a good sign. With people graduating from high school and college, and with people wanting to go to work, the number should change, but it has remained unchanged for over a year. This is very bad for the economy.

Among persons who were neither working nor looking for work in February, 2.3 million were classified as marginally attached to the labor force, down by 285,000 from a year earlier. These individuals had not looked for work in the 4 weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months. The number of discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, was 755,000 in February, down by 130,000 from a year earlier.

Economist Bruce Steinberg reports temporary help services exploded in December (the report lags the current unemployment report) with growth of 40,400 jobs to reach another record high at 2,816,600 jobs. Although movement of that magnitude is not unprecedented, it's been almost two years since the sector has seen such growth. The year-on-year growth was almost 10% and month-to-month increase was 1.5%. When companies are not ready to make permanent hires, they use contractors and temporary help. This will continue until the economy improves.

The bottom line from the above numbers is the United States economy is stagnant and not improving in any meaningful way. The nice thing to say is that the economy is growing but at a decreasing rate.

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## **WHERE THE NEW JOBS WERE CREATED**

For those people looking for work, the following paragraphs from the BLS report for December indicates where the new jobs were created. If you are looking for a job, these areas may offer you opportunities.

BLS Commissioner Erica L. Goshen reports that for February employment increased in professional and business services and in wholesale trade but fell in the information industry.

Employment in professional and business services rose by 79,000 in February. Within the

industry, accounting and bookkeeping services added 16,000 jobs. Employment continued to trend up in temporary help services (+24,000) and in services to buildings and dwellings (+11,000).

Wholesale trade employment increased by 15,000, mostly in durable goods. Over the prior 12 months, wholesale trade added an average of 9,000 jobs per month.

Within leisure and hospitality, employment in food services and drinking places continued to trend up in February (+21,000). Over the prior 12 months, food services and drinking places added an average of 27,000 jobs per month.

Construction employment changed little in February (+15,000). Within construction, employment in heavy and civil engineering increased by 12,000 over the month.

Health care employment changed little in February (+10,000) and has shown little movement since November. Within the industry, offices of physicians added 8,000 jobs in February. Employment in hospitals changed little over the month but is down by 10,000 since November.

Employment in the information industry decreased by 16,000 in February, reflecting a decline in motion picture and sound recording (-14,000). Employment in the motion picture industry can be volatile from month to month.

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## **VETERAN UNEMPLOYMENT REPORT**

### **General Summary from CPS Veterans Report**

The BLS CPS report states there were 21,298,000 veterans alive in February, down from 21,323,000 in January. This is a loss of 25,000 veterans in February. At the end of the Vietnam War there were nearly sixty million veterans in America. The United States has lost two thirds of its veterans.

BLS CPS reports there were 10,833,000 veterans in the workforce in February, up from the 10,757,000 veterans in the workforce in January, an increase of 76,000. This number is expected to increase over the next six months with the rapid disarming of the country by the administration. The Army, Navy, Air Force and Marine Corps are being slashed to a force about the size of pre-World War II numbers.

For those students of history, when the United States disarmed in the 1930s Germany invaded the Sudetenland, a term used by Germany to refer to those northern, southwest, and western areas of Czechoslovakia which were inhabited mostly by German speakers, specifically the border districts of Bohemia, Moravia and those parts of Silesia located within Czechoslovakia. At the same time the Japanese invaded Manchuria. The Germans and the Japanese felt they could make these moves since the United States had disarmed during the 1930s. There are many parallels to what is happening in the world today. The results of America disarming will have major impacts on the world stage. For veteran unemployment, it will cause an increase until all

those military personnel who are being put out of the service can find jobs.

The CPS unemployment rate for all veterans in February rose to 6.3%, up from the January rate of 5.6%. This increase in large part is the downsizing of the military.

The total number of veterans unemployed in February was 684,000, up from 599,000 in January, an increase of 85,000. This increase will continue for several months as the administration continues to reduce the size of the active duty forces from the 1.1 million to a projected 780,000. It should be noted that this is not a hard number as it has changed several times over the past month. When the downsizing is completed by the administration, the National Guard and Reserve will be the majority of the United States fighting force.

### **Younger Veterans**

The area where there has been much press coverage over the last seven years since the current call up policy was implemented on January 11, 2007 has been in the 18 to 24 year old group and the 25 to 29 year old group which make up a large part of the National Guard and Reserve (NG&R). With the current downsizing of the active duty forces, the NG&R are approaching nearly 60% of the total fighting force. Shifts in unemployment in the NG&R will significantly affect the overall veteran unemployment rate. A challenge for the NG&R is finding jobs. They have been called up so many times many employers shy away from hiring members of the NG&R. Historically, when the active military is downsized, the use of the NG&R increases.

The unemployment rate for the 18 to 24 year old veterans in February rose to 16.6% (24,000) from the January rate of 11.9% (16,000), an increase of 8,000. There are 69,000 18 to 24 year old veterans not in the labor force who are probably in school or technical training/college programs, may be disabled and unable to work or just decided to not go into the workforce. The unemployment rate for the 25 to 29 year old veterans in February rose to 18.8% (98,000) from the January rate of 13.8% (72,000).

For comparison, the CPS overall unemployment rate for all 18 to 24 year olds (veterans and nonveterans) in February was 14.3% (2,679,000), which was basically unchanged from the January rate of 14.3% (2,674,000). The CPS unemployment rate for all 25 to 29 year olds in February was 8.1% (1,378,000), up from the January rate of 7.9% (1,341,000).

These numbers may improve since the DOL Office of Federal Contract Compliance Program (OFCCP) has set an audit benchmark for all companies subject to OFCCP to have a minimum of 8.0% of their workforce be veterans. Basically, that is any company over 50 employees and any non-profit with a federal government contract. It is interesting to note that if one looks at all the jobs and employers subject to OFCCP, there are not enough veterans in the workforce for each company to have 8.0% of their work force be veterans! It should also be noted that employers do not hire to quotas, which in essence is what the benchmark represents. Employers hire to needed skill sets, not quotas.

Due to the poor economy of the last six years there have been veterans who were having problems finding work for a variety of reasons unique to military service, mostly disabilities

acquired while on active duty. With the addition of veterans from the downsizing, the competition for jobs for these two cohorts will become very fierce. Concurrently, there is fierce competition developing by companies seeking to hire qualified veterans due to OFCCP.

### **Older Veterans**

Of the 684,000 veterans unemployed in January, 562,000 were over the age of 30. The unemployment rates for the older veteran cohorts are as follows:

February	January
30 to 34 year olds 7.0% (61,000)	5.8% (51,000)
35 to 39 year olds 5.9% (56,000)	4.4% (40,000)
40 to 44 year olds 4.7% (56,000)	5.3% (65,000)
45 to 49 year olds 5.1% (65,000)	5.7% (73,000)
50 to 54 year olds 6.3% (94,000)	6.9% (100,000)
55 to 59 year olds 5.2% (70,000)	5.0% (65,000)
60 to 64 year olds 7.8% (92,000)	4.2% (48,000)
65 year olds and over 3.6% (68,000)	3.7% (69,000)

### **Women Veterans**

The unemployment rate for women veterans in February was 5.3% (76,000) up from the January rate of 4.6% (66,000). For comparison, the unemployment rate for all women (veterans and non-veterans) in February was 6.2% (4,471,000), down from the January rate of 6.3% (4,517,000).

### **Gulf War II Veterans**

The unemployment rate for Gulf War II era veterans in February was 9.2% (223,000), up from the January rate of 7.9% (189,000).

### **Black Veterans**

The unemployment rate for Black veterans in February was 7.7% (117,000), up from the January rate of 7.2% (108,000). In contrast, the unemployment rate for all Blacks (veteran and nonveteran) in February was 11.8% (2,189,000), down from the January rate of 12.3% (2,259,000). These numbers lend credence to the benefits of minorities joining the military!

### **Asian Veterans**

The unemployment rate for Asian veterans in February was 3.2% (8,000), up from the January rate of 2.0% (4,000). In contrast, the January unemployment rate for all Asians is 6.0% (518,000).

### **Hispanic Veterans**

The unemployment rate for Hispanic veterans in February was 9.9% (96,000), up from the

January rate of 5.0% (47,000). In comparison the unemployment rate for all Hispanics (veteran and non-veteran) in January was 8.5% (2,098,000).

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### **CES versus CPS**

A number of people have asked about the difference between the CES and the CPS unemployment reports. There has been a lot of confusion in the press regarding veteran unemployment rates because there are two unemployment reports generated by the Bureau of Labor Statistics (BLS) and many press reports do not specify which unemployment rate they are using.

One is the Current Employment Statistics (CES), also referred to as the Current Employer Survey, which is a survey of mostly large companies and government agencies reports on hires and layoffs to determine how many jobs were added or lost each month. The CES does not have a good representation of small businesses which is where most new jobs are created.

The second report is the Current Population Survey (CPS), frequently referred to as the Household Survey. The CPS is a joint effort between the BLS and the Census Bureau. The CPS picks up hiring by companies of all sizes, new companies, farm workers and the self-employed who are not included in the CES. The CPS has been shown to be more reliable and does a better job of picking up the shift in hiring because it includes small business hiring which is where most new jobs are created.

For the most part, I use CPS data instead of CES data.

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Thank you for reading the March VetJobs Veteran Employment Situation Report (VESR) covering February 2014. If you have any questions, please contact Ted Daywalt at [info@vetjobs.com](mailto:info@vetjobs.com) or call 877-838-5627 (877-Vet-Jobs).

Should you know of others who may want this information, they can sign up for the report by sending an email request to [contact@vetjobs.com](mailto:contact@vetjobs.com).

Ted Daywalt, President

VetJobs

P. O. Box 71445

Marietta, GA 30007-1445

o 877.838.5627 (877-Vet-Jobs)

o 770-993-5117 -f 770-993-2875

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