

JOB MARKET

Definition: Assessing the health of the job market is based on two variables: 1) Labor force participation and 2) unemployment. Labor force participation is the percentage of civilian (not in the military or in prison) working-age persons who are either:

- Employed; or
- Unemployed, but looking for work.

For purposes of this analysis, we defined the working age population as those between the ages of 25 and 64. Those younger than 25 or older than 64 were excluded because they are typically students or homemakers and those above 64 are more likely to be retired. The unemployed are defined as those between the ages of 25 and 64 that were neither “at work” nor “with a job but not at work”, were actively looking for work during the last 4 weeks and were available to start a job (U.S. Census Bureau, 2010).

Rationale: The effects of the most recent economic downturn on the job market and employment have perplexed economists, forcing those examining the question to look more broadly beyond simple unemployment statistics. The Congressional Budget Office reckoned the civilian population 16 and older grew by 5.4 million over the past two years, yet the number of people working or looking for work did not grow at all (Congressional Budget Office, 2011). The net effect is that the official unemployment rate may be giving a misleadingly rosy reading of the job market because it includes only those actively looking for work. Therefore, the job market and full employment is likely to be worse than the current jobless rates suggest.

Economists believe the job market conundrum is attributable to: members of the big baby-boom generation retiring, many people dropping out of the workforce temporarily that may be likely to return when the job market improves, and those whose jobs were likely permanently wiped out by the recession and globalization forces that have left many with the wrong skills or little education with few prospects of ever being employed again in a knowledge-based economy. Economists are particularly concerned about the falling labor force participation rates because it portends larger numbers of discouraged Americans who may be turning to disability benefits, retirement or other forms of assistance. Ultimately, many who fall into this category will need government support to make ends meet thereby worsening local, state and federal budget deficits (Wessel, 2012).









Therefore, by examining the job market in terms of labor force participation and unemployment it paints a more complete picture of the economic health of Newaygo County. According to the Institute for Work & Health, increasing levels of unemployment lead to lower tax collections and disposable income. A loss in income as a result of a change in an

individual's employment status often stains local businesses. Less revenue can lead to a need to cut back on spending, which could lead to cutting hours and employees – a pernicious circular effect (Institute for Work & Health, 2009).

Analysis: Many of the job market indicators for Newaygo County have been trending lower over the past several years (see **Table 1**). When examining the entire labor force in Newaygo County, labor force participation fell from 75.0% in 2007 to 71.7% in 2010. Over the same time period the unemployment rate markedly deteriorated from 8.9% to 12.7%. We also examined labor force participation and unemployment rates by selected levels of educational attainment. Those with lower levels of education (less than a high school degree and those with a high school degree) fared much worse between 2007 and 2010 than those with higher levels of educational attainment (bachelor's degree or higher). Among the most notable trends was a near 20% reduction in the labor force between 2007 (75.0%) to 2010 (57.5%) among those without a high school diploma. Also, there was a dramatic rise in the unemployment rate of those with a high school degree over this same time period from 12.3% to 17.0%. What is clear is that those with higher levels of education were less impacted by the economy in Newaygo County between 2007 and 2010 as both the labor force participation rate and the unemployment rate were unchanged for those with a bachelor's degree or higher.

When comparing Newaygo County to the US and Michigan (see **Table 2**), the data were mixed. In 2010, the labor force participation rate in Newaygo County (71.7%) was significantly lower than either the US (78.1%) and Michigan (76.4%). The overall unemployment rate was also higher in Newaygo County (12.7%) as compared to the US (7.5%). Among those with less than a high school degree, the labor force participation rates were comparable to the US and Michigan while the unemployment rate was significantly better in Newaygo County (12.0%) for this subgroup than the state of Michigan as a whole (23.8%). Among those with a high school degree, the labor force participation rate in Newaygo County was significantly lower (69.1%) than the US (74.9%) as was the unemployment rate, 17.0% and 9.5% respectively. The one bright spot in Newaygo County was among those with a bachelor's degree or higher. While the proportion of workers with a bachelor's degree or higher was comparable to both the US and Michigan, the unemployment rate for Newaygo County (2.3%) was significantly better than the US (4.0%) and the state of Michigan (5.2%).

Table 1: Select Job Market Measures for Newaygo County: ACS 2007 to 2010 Trends

Measure	ACS 3 Year Estimates		Trend*
	2005-07	2008-10	
Population Between 25 and 64			
In Labor Force	75.0%	71.7%	
Unemployed	8.9%	12.7%	
Population with Less than a High School Diploma			
In Labor Force	75.0%	57.5%	
Unemployed	13.9%	12.0%	
Population with a High School Diploma (Includes GED)			
In Labor Force	74.7%	69.1%	
Unemployed	12.3%	17.0%	
Population with a Bachelor's Degree or Higher			
In Labor Force	87.3%	84.5%	
Unemployed	4.0%	2.3%	

* Key to interpreting Trend



Improving – Statistically significant change higher compared to 2007 and 2010



















No Change - there is no significant change compared to 2007 and 2010



Declining – Statistically significant change lower when compared to 2007 and 2010

Table 2: Select Job Market Measures: 2010 ACS Comparison to US and Michigan

Comparison Groups	Percent of Population	Newaygo County As Compared to Benchmark*
Population Between 25 and 64 – In Labor Force	71.7%	
US	78.1%	
Michigan	76.4%	
Population Between 25 and 64 – Unemployed	12.7%	
US	7.5%	
Michigan	11.2%	
Less than a High School Degree – In Labor Force	57.5%	
US	62.0%	
Michigan	55.4%	
Less than a High School Degree – Unemployed	12.0%	
US	13.8%	
Michigan	23.8%	
High School Degree or GED – In Labor Force	69.1%	
US	74.9%	

Comparison Groups	Percent of Population	Newaygo County As Compared to Benchmark*
Michigan	71.2%	
High School Degree or GED – Unemployed	17.0%	
US	9.5%	
Michigan	15.3%	
Bachelor’s Degree or Higher – In Labor Force	85.4%	
US	86.2%	
Michigan	85.3%	
Bachelor’s Degree or Higher – Unemployed	2.3%	
US	4.0%	
Michigan	5.2%	

* Key to interpreting Benchmark



Better – Newaygo County is performing statistically better when compared to benchmark



No Difference - there is no statistically significant difference between Newaygo County and benchmark



Worse – Newaygo County is performing statistically worse when compared to benchmark

**Figure 1: Job Market Measures of the Population of Working Age (25 to 64):
United States, Michigan, and Newaygo County – 2007 & 2010 Estimates**

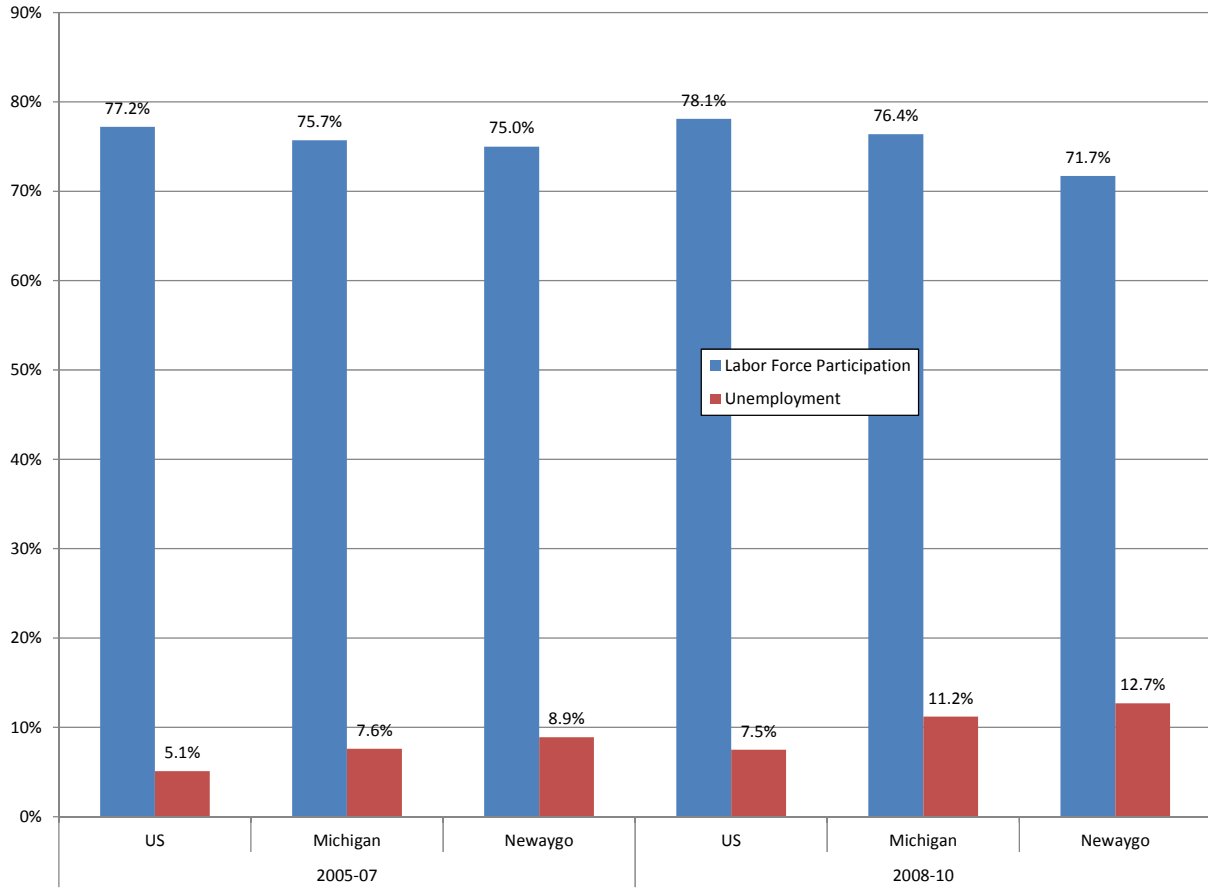


Figure 2: Labor Force Participation Rates of the Population of Working Age (25 to 64) by Educational Attainment: United States, Michigan, and Newaygo County – 2007 & 2010 Estimates

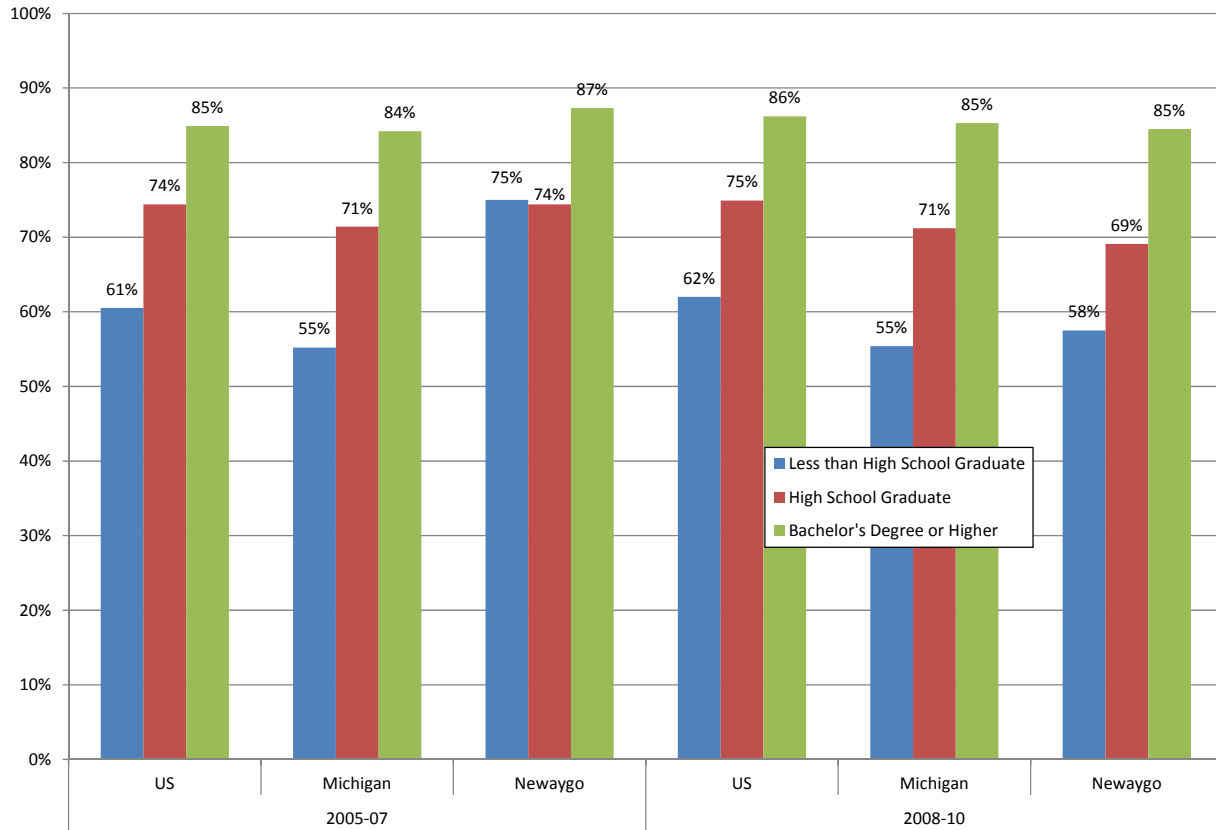
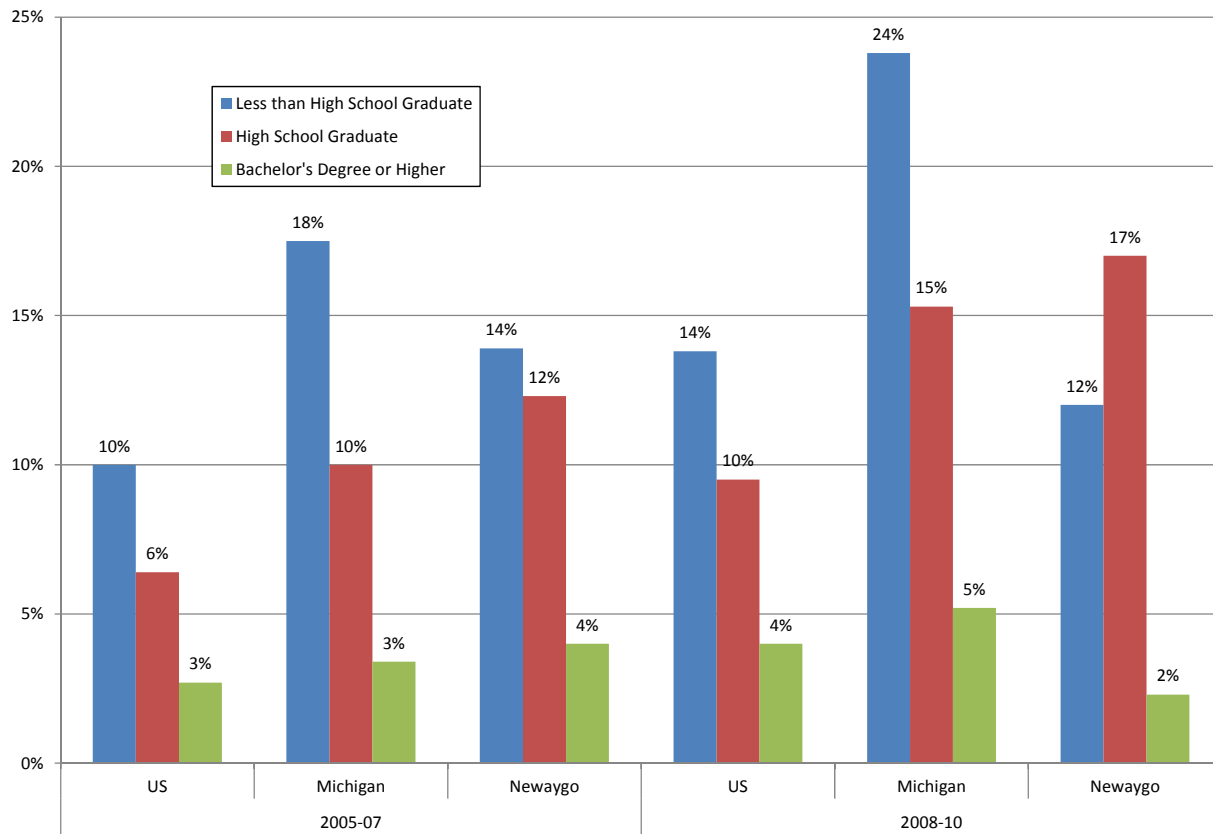


Figure 3: Unemployment Rates of the Population of Working Age (25 to 64) by Educational Attainment: United States, Michigan, and Newaygo County – 2007 & 2010 Estimates



References

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