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United States Unemployment Analysis: Q3 2016

28 October 2016

Jobenomics U.S. Unemployment Analysis: Q3 2016

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Jobenomics reports on U.S. unemployment and employment statistics, characteristics and trends. This 70-page *Jobenomics U.S. Unemployment Analysis: Q3 2016* report focuses on the unemployed and underemployed, labor force losses, economic sustainability, income inequality, voluntary workforce departures and non-working population, welfare, and the small business creation solution. The 140-page *Jobenomics U.S. Employment Analysis: Q3 2016* report focuses on the employed and working population, U.S. labor force gains, economic growth, income opportunity, contingent workforce, education and training, workfare, and city and state initiatives.

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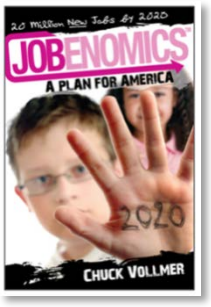


Jobenomics (***Jobs + economics***) deals with economics of business and job creation. The Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 15 million people. The Jobenomics website now averages 800,000 hits (80,000 page views) per month, which is 400% higher than the year prior. Jobenomics reports include quarterly employment and unemployment analyses, and specialty reports on the U.S. labor force, emerging U.S. and global business and labor force trends, and economic growth, sustainability and security.

While Jobenomics addresses big business and government employment trends, its principal focus is on highly-scalable small and self-employed businesses that employ the vast majority of Americans and create the vast amount of new jobs. Jobenomics has six state and city initiatives that are led by community leaders to mass-produce highly-scalable small businesses and jobs. To accelerate small business creation, Jobenomics is working with community leaders to promulgate local workfare initiatives, implement community-based business generators to mass-produce startup businesses, and provide workforce skills-based training, certification and funding programs.

Jobenomics prioritizes its efforts on citizens at the base of America's socioeconomic pyramid with emphasis on engaging more women, minorities, youth (Gen Z/Y) and the working poor in the business and employment process. While Jobenomics is designed as a U.S. small business and job creation movement, other nations expressed interest in starting similar movements.

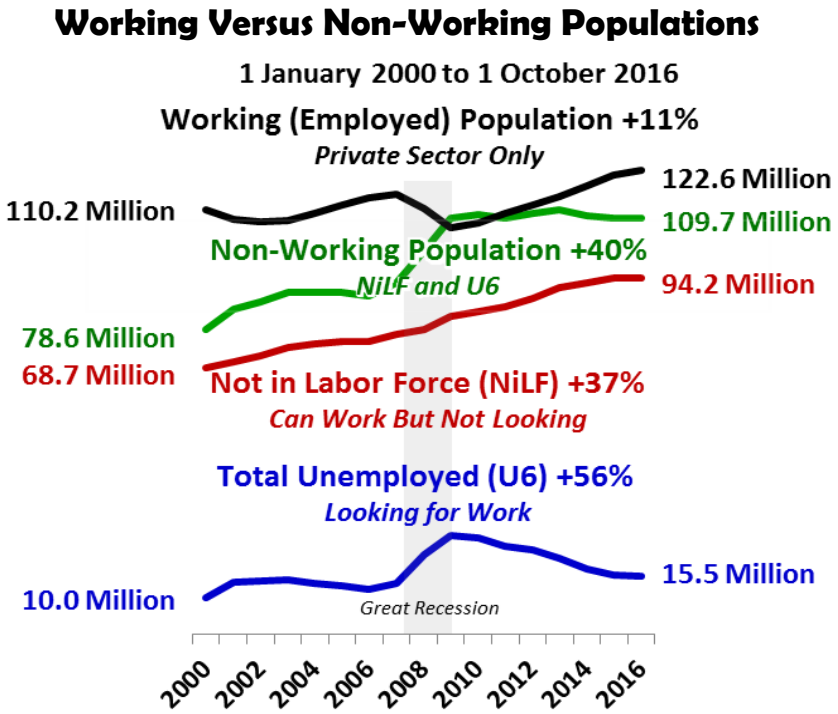
Current State of U.S. Unemployment. According to the U.S. Bureau of Labor Statistics (BLS), the U.S. labor force has three statistical categories: Employed, Unemployed and Not-in-Labor-Force. Understanding the dynamics between these categories is required to understand the American labor force and ultimately the U.S. economy.

From an unemployment perspective, policy-makers, decision-leaders and the American public must address three major trends: (1) growing voluntary workforce departures, (2) contingent workforce expansion, and (3) below average wage earner issues that are becoming more pervasive.

Sooner or later, the American public will figure out that it is theoretically possible for the United States to have a zero rate of unemployment while simultaneously having zero people employed in the labor force. The reason for this disquieting statement involves how government measures unemployment. To be classified as unemployed, one must be looking for work. Able-bodied Americans who quit looking and voluntarily depart the workforce are classified in a nebulous and obscure Not-in-Labor-Force category that few people comprehend.

Six unemployment categories (U1 through U6) are reported monthly by the BLS. Each category requires that an individual must be actively looking for work. These categories are calculated as a percent of the Civilian Labor Force (Employed + Unemployed). The BLS also calculates the number of able-bodied adults who can work, but are not looking for work, in a category entitled Not-in-Labor-

Force, which is not part of the Civilian Labor Force (159 million), but part of the larger Civilian Noninstitutional Population (254 million), which is a subset of the entire U.S. population (325 million).



The latest BLS Employment Situation Summary[1] reports that 122.6 million Employed Americans work in the private sector versus 109.7 million citizens who are Unemployed (U6, defined as total unemployed and underemployed people who are looking for work) and Not-in-Labor-Force (NiLF, defined as able-bodied adults who are capable of working but not looking for work).

From 1 January 2000 to 1 October 2016, the working population (Private Sector Employed) increased by 11% compared to a 40% rise in the non-working population (U6/NiLF). The non-working population briefly exceeded the working population during the 2007-2009 Recession and is likely to outnumber the working population by 2024 if current trends exist, or earlier if an economic downturn occurs.

The U6 population includes the long-term unemployed (U1), job losers and temporary workers (U2), total unemployed workers (U3), discouraged workers (U4), marginally attached workers (U5) and underemployed workers who work part-time because they can't find a full-time job. It is important to remember that a person must be actively looking for work to be counted as unemployed in any of the six BLS unemployment categories. In January 2000, the U6 population was 9,953,000. The height of the Great Recession, U6 peaked at 26,440,000 in April 2010, an increase of 166% since the turn of the Century. Since peak through Q3 2016, the U6 dropped by 10.9 million people to 15,551,000 today. Despite all the political fanfare, 15,511,000 unemployed, underemployed and marginally-attached citizens still represent 56% more people out of work than existed 16 years ago.

Able-bodied adults who are neither employed nor unemployed are not in the labor force. Those who **have no job** and are **no longer looking** for a job are accounted by the BLS in the Not-in-Labor-Force

[1] U.S. Bureau of Labor Statistics, Employment Situation Summary, http://www.bls.gov/news.release/empsit.nr0.htm

category. From 2000 through Q3 2016, the Not-in-Labor-Force cadre grew from 68,655,000 to 94,184,000, an increase of almost 26 million citizens who more often than not are dependent on public/familial assistance. Today, the Not-in-Labor-Force exceeds the U6 Unemployed cadre by 6-times (94,184,000 versus 15,510,979) and 12-times (94,184,000 versus 7,995,350) the number of people enrolled in the U3 Unemployment category that is generally referred to as the "officially unemployed". This great disparity is rarely addressed by policy-makers, analyzed by decision-makers or mentioned by the media's talking-heads, all of whom focus almost entirely on the "Official U3 Unemployment Rate" that is now at a near post-recession low of 5.0%.

The ability to work should be the determining factor for unemployment as opposed to whether or not a person is looking for work. Jobenomics contends that all able-bodied Americans who can work, regardless if they are looking or not, should be considered "**functionally"** unemployed. Functional is defined as capable of working. An able-bodied adult who is capable of working but chooses not to work should be considered unemployed for the same reason that "discouraged", "marginally attached" and "part-time workers for economic reasons" are included in the U4, U5 and U6 Unemployment categories.

In order to achieve a sustainable economy and labor force, U.S. policy-makers and decision-leaders must shift their attention from U3/U6 unemployment to include understanding the reasons that able-bodied Americans, who are capable of working, are no longer looking for work. When as many people drop out of the labor force as enter it, the U.S. economy cannot grow as it should.

Most economists believe that economic growth depends on job and GDP growth. The ideal rate for U.S. GDP growth is 2% to 3%. For the United States, a mature economy, sustained GDP growth significantly over 3% tends to led to overheating and bubbles. Anything below 2% is considered sclerotic growth and makes the economy vulnerable to financial downturns. During the post-WWII recovery, U.S. GDP grew at an average rate of 3.5% which created tens of millions of new jobs each decade. Since 2000, U.S. GDP averaged 1.76%. During the post-recession recovery period from Q1 2010 through Q3 2016's "advanced" estimate, U.S. GDP averaged 2.1%.

In Q1 and Q2 2016, U.S. GDP grew by an abysmal 0.8% and 1.4% respectively. The Bureau of Economic Analysis (BEA) "advanced" estimate is 2.9% for Q3 2016. Per the BEA, the Q3 2016 "advanced" estimate is based on source data that are incomplete or subject to further revision. The "second" estimate for Q3 2016, based on more complete data, will be released on November 29, 2016. [2] The Federal Reserve has been continually downgrading Q3 2016 GDP over the last several months from a high of 3.8% and is currently forecasting Q3 2016 GDP at 2.1%.[3] On the current trajectory, 2016 GDP is likely to be around 1.4% (sclerotic growth) assuming no major financial or major international crises, which is a bold assumption considering today's turbulent environment.

As far as the future, many economists feel that a recession (two quarters below 0% GDP growth) is likely. The United States averages 3 financial downturns and 1.7 recessions per decade over the last 7 decades. This decade (2010s) has been recession-free largely due to government deficit spending,

[2] Bureau of Economic Analysis, Gross Domestic Product: Third Quarter 2016 (Advance Estimate), 28 October 2016, http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

[3] Federal Reserve Bank of Atlanta, GDPNow Forecast, 27 October 2016, https://frbatlanta.org/cqer/research/gdpnow/?panel=1

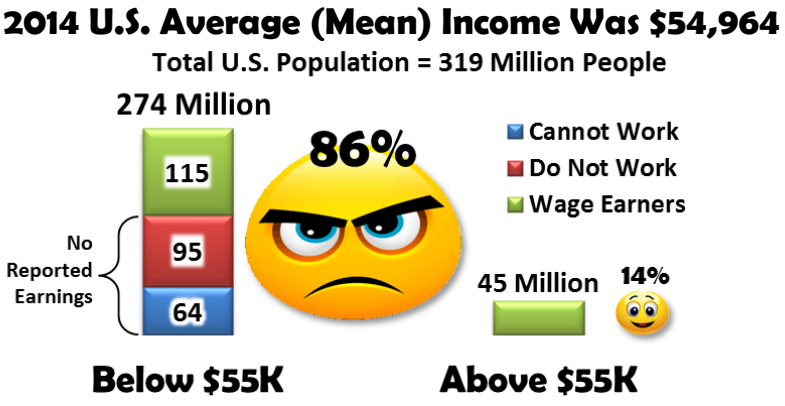
increasing money supply, low interest rates, stimulus packages, bailouts, buyouts and foreign investment. Now that the era of easy money is coming to an end, an anemic U.S. economy will have to operate under its own steam.

The period of frail GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that gained 13,967,000 workers but lost 25,529,000 through voluntary departures. To make matters worse, the U.S. population grew by 44 million citizens since year 2000, which places a greater burden on taxpaying workers. For most American workers, real wages (purchasing power) have not increased for decades and are not projected to improve soon.

Another alarming trend involves the dramatic rise in the contingent workforce, which now stands at 60 million employed workers, or 40% of the Private Sector Labor Force. The BLS defines the contingent workforce as the portion of the labor force that has "nonstandard work arrangements" or those without "permanent jobs with a traditional employer-employee relationship". The Jobenomics U.S. Contingent Workforce Challenge Report estimates that the contingent workforce could be the predominant source (over 50%) of employed U.S. labor by 2030, or sooner, depending on economic conditions and seven ongoing workforce trends that are addressed in detail in the Jobenomics Contingent Workforce Challenge report.[4]

The contingent workforce is comprised of two general categories: core and non-core. Core contingency workers include agency temps, direct-hire temps, on-call laborers and contract workers. Core workers generally represent low wage earners that have nonstandard work arrangements out of necessity, often subjected to exploitation, and usually not entitled to traditional employer-provided retirement and health benefits. The non-core category includes independent contractors, self-employed workers and standard part-time workers who work fewer than 35 hours per week. Non-core workers generally seek nonstandard work agreements as a matter of choice.

Jobenomics views the non-core workforce as a positive economic force that will grow significantly via the emerging digital economy. On the other hand, Jobenomics views the core contingency as a major labor force challenge as more and more citizens work for substandard wages, become frustrated, and seek alternative sources of income. The contingent workforce is addressed in this analysis from a Not-in-Labor-Force perspective and discussed in detail from an overall employment perspective in the Jobenomics Employment Analysis.[5]



[4] http://jobenomicsblog.com/wp-content/uploads/2016/05/U.S.-Contingent-Workforce-Challenge-4-April-2016.pdf
[5] http://jobenomicsblog.com/jobenomics-u-s-employment-analysis-Q3-2016/

Contingent work, low wages and the attractiveness of the U.S. welfare/means-adjusted earnings programs are fueling the rapid and increasing exodus of citizens from the U.S. labor force. In 2014, 86% of all Americans (including workers with earnings, Not-in-Labor-Force and those that cannot work, such as children, caregivers, disabled, elderly, etc.) made below average income.

A major reason for Not-in-Labor-Force growth is due to the growing attractiveness of welfare and entitlement benefits. The U.S. federal government funds 126 separate programs targeted at low income people. State, county, and municipal governments offer additional $400 million worth of welfare and healthcare programs. Combined welfare benefits pay more than minimum wage jobs in 35 states—in many cases, significantly more. 35 U.S. states offer welfare packages (not including Medicaid) more generous than the most lavish and liberal European countries. 39 states pay welfare recipients more than the starting wage for a secretary and in 11 states more than the first year wage for a teacher.

Once a person becomes dependent on welfare, transition to workfare becomes difficult. Loss of critical workforce skills increase proportionally to the length of time a person is not working. Most of the 6.1 million open employment positions in the United States are due to a deficit of skills and the capability to perform effectively in a working environment. Prolonged dependency generates anger, grievances, activism, violence and counter-cultural lifestyles.

In today's consumption-based and market-driven society, there is never enough public or familial assistance to satisfy the financially disaffected. Consequently, those who need additional income often turn to temporary jobs, barter, the underground economy as well as illicit lifestyles (gangs, drugs and crime) rather than legitimate forms of long-term employment. Jobenomics contends that workfare is the only reasonable alternative to welfare. The problem is how to motivate and facilitate this transition.

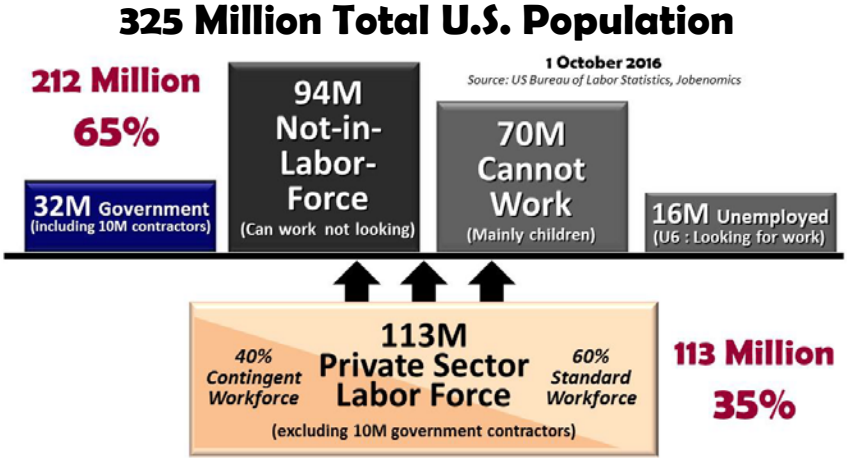
The solution to growing America's economy, healing the middle-class and strengthening the labor force involves putting the U.S. small business engine into over-drive. Energizing existing businesses and creating new small and self-employed businesses could create 20 million net new jobs within a decade. To this end, Jobenomics is working with a number of cities to implement Jobenomics Community-Based Business Generators to mass produce startup businesses.

Jobenomics Community-Based Business Generators mass-produce startup businesses by: (1) working with community leaders to identify high-potential business owners and employees, (2) executing a due diligence process to identify potential high quality business leaders and employees, (3) training and certifying these leaders and employees in targeted occupations, (4) creating highly repeatable and highly scalable "turn-key" small and self-employed businesses, (5) establishing sources of startup funding, recurring funding and contracts to provide a consistent source of revenue for new businesses after incorporation, and (6) providing mentoring and back-office support services to extend the life span and profitability of businesses created by the Jobenomics Community-Based Business Generators.

While the overall goal is to mass-produce small businesses, the Jobenomics Community-Based Business Generator will help all people who enter the program to find meaningful employment. Many of the initial candidates are likely to prefer working for existing companies rather than going

through the Jobenomics process. Anticipating this, Jobenomics will implement a "pipeline" to connect these individuals who have undergone some level of due diligence to companies that are hiring. A common complaint that Jobenomics often hears from companies is that they have a very hard time finding good people who want to work and who have the right attitudes/aptitude for work. Consequently, Jobenomics Community-Based Business Generators will utilize a nationally recognized pipeline system that has recently matched hundreds of thousands veterans with employers.

In summary, the U.S. economy cannot be sustained by only 35% of the population that is eroding in terms of size, wages and income potential.



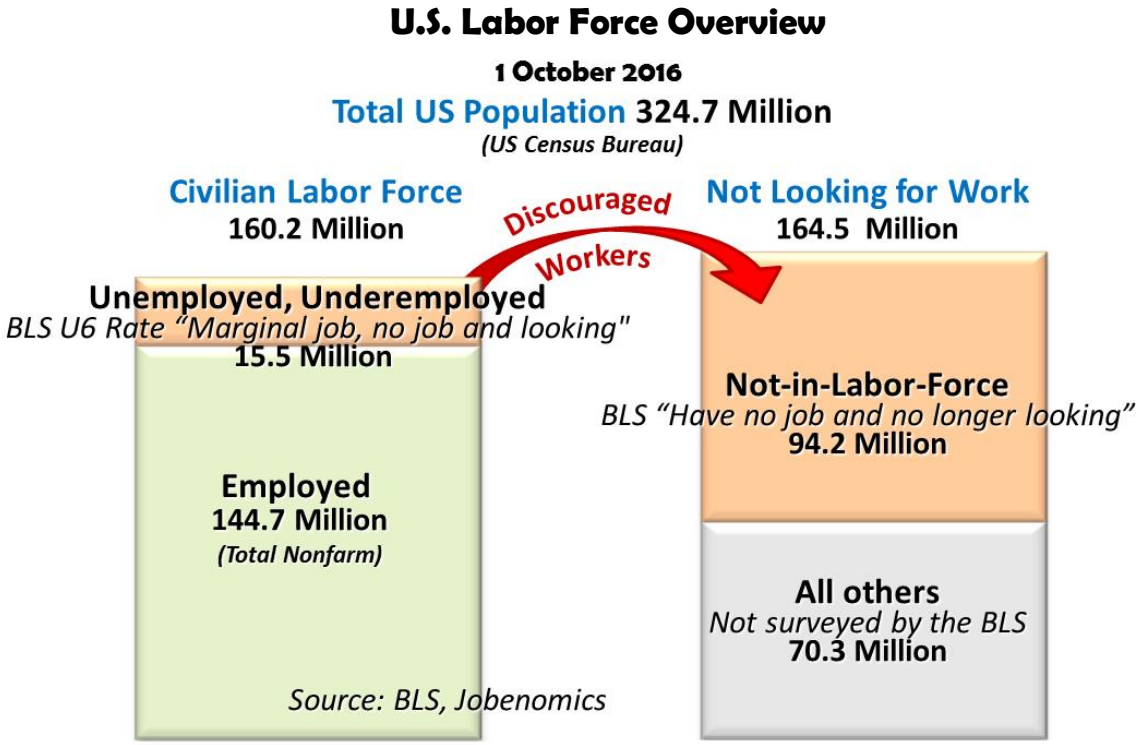
The private sector labor force produces the majority of American jobs, goods, services and revenue needed to sustain economic growth. 113 million private sector workers support 32 million government workers and contractors, 94 million able-bodied people who can work but chose not to work, 70 million who cannot work and the 16 million unemployed and underemployed. Of the 113 million employed Americans in the private sector, approximately 60% are standard full-time workers and 40% are contingency workers.

If American policy-makers and decision-leaders are serious about revitalizing the eroding middle-class, they must address the growing voluntary workforce departures, contingent workforce and below mean income issues. Jobenomics believes that the place to start is with demographics with the greatest need and potential (i.e., women, minorities, new workforce entrants and the growing cadre of poor white males). Jobenomics suggests that the 2016 Presidential candidates, in both parties, should make solutions to these labor force issues their top priority.

Understanding Unemployment Statistics

U.S. Government Labor Force Categories. A basic knowledge on how the U.S. government defines labor force and accounts for the different labor force categories is essential to understanding labor force statistics and interpreting fact from fiction. According to BLS, the basic concepts involving employment and unemployment are straight forward: [6]

- People with jobs are **employed**.
- People are **unemployed** if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. Marginally employed and underemployed personnel, who are actively looking for work, are reported as a subset of the unemployed category, and generally include part-time workers who work less than 35 hours per week.
- Able-bodied adults who are neither employed nor unemployed are not in the labor force. Those who have no job and are no longer looking for a job are counted as **Not-in-Labor-Force**.



Therefore, as shown:

- **Civilian Labor Force = Employed** + **Underemployed** + **Unemployed** = 160.2 million.
- **Not Looking for Work = Not-in-Labor-Force** + **All Others** = 164.5 million.

The **Civilian Labor Force** is defined as citizens, who are either employed or unemployed looking for a job, are at least 16 years old, are not serving in the U.S. armed forces and are not institutionalized.

[6] BLS, How the Government Measures Unemployment, http://www.bls.gov/cps/cps_htgm.htm#unemployed

- **Employed.** The U.S. labor force consists of 144.7 million employed people in the non-farm private sector (goods and services) and government (federal, state and local).[7]
- **Unemployed.** There are 15.5 million unemployed and underemployed people who are looking for work. The BLS reports on six unemployed categories from U1 long term employed to U3 officially unemployed to U6 total unemployed.

The **Not Looking for Work** group includes **Not-in-Labor-Force** and **All Others** in the U.S. population.

- **Not-in-Labor-Force** includes people (over 16 years old) such as discouraged workers, citizens who choose not to work, welfare recipients, students, retired, stay-at-home caregivers, etc. There are 94.2 million the BLS' Not-in-Labor-Force category.
- **All Others.** Remaining 70.3 million citizens who are not included in the previous three categories are classified as All Others by Jobenomics. The BLS does not survey and report on most of the groups that comprise this category that includes children, elderly, disabled, are institutionalized (approximately 4 million citizens in correctional institutions, mental institutions, detention facilities, skilled nursing facilities, hospice facilities and other long-term care living arrangements), serving in the U.S. armed forces (approximately 1.3 million on active duty) or agriculture workers and farm hands (approximately 2 million).

Labor Force Gains and Losses since Year 2000. From a healthy labor force perspective, what ultimately matters is how many people enter the workforce compared to those who depart.

Labor Force Gains and Losses

1 October 2016

	Entered	Departed	Net Labor Force Gains-Losses	Unemployed (U3) Change
Last Month (Sep 2016)	156,000	(207,000)	363,000	90,000
Last Quarter (Q3 2016)	575,000	(333,000)	908,000	156,000
Last Year	2,447,000	(274,000)	2,721,000	(479,000)
Since 2010 (Jobenomics)	14,973,000	10,371,000	4,602,000	(7,159,000)
Since 2009 (Obama)	9,903,000	13,804,000	(3,901,000)	(3,347,000)
Since Year 2000	13,967,000	25,529,000	(11,562,000)	2,286,000
	BLS CES Report (CES0000000001) Table B-1 Seasonally Adjusted	*BLS Not-in-Labor-Force Report (LNS15000000) Seasonally Adjusted*		*BLS Unemployed Report (LNS13000000) Table A-10*

In September 2016, the BLS Employment Situation Summary[8] reported that 156,000 Americans entered the U.S. labor force on a seasonally adjusted basis.[9] The BLS also reported that 207,000 fewer able-bodied Americans were recorded in the BLS "Not-in-Labor-Force" category, a category

[7] The BLS has two monthly surveys that measure employment levels and trends: the Current Population Survey (CPS), also known as the household survey, and the Current Employment Statistics (CES) survey, known as the payroll or establishment survey. CPS and CES estimates have distinct employment definitions and methods. Generally speaking, the CES estimates approximately 7 million fewer employees than the CPS since CES data excludes agriculture and related employment, the unincorporated self-employed, unpaid family and private household workers and workers absent without pay from their jobs. Both surveys include only civilian employees in Government employment and exclude uniformed members of the armed services. http://www.bls.gov/web/empsit/ces_cps_trends.pdf

[8] U.S. Bureau of Labor Statistics, Employment Situation Summary, http://www.bls.gov/news.release/empsit.nr0.htm

[9] Normally "seasonally adjusted" statistics are reported to compensate for seasonal fluctuations.

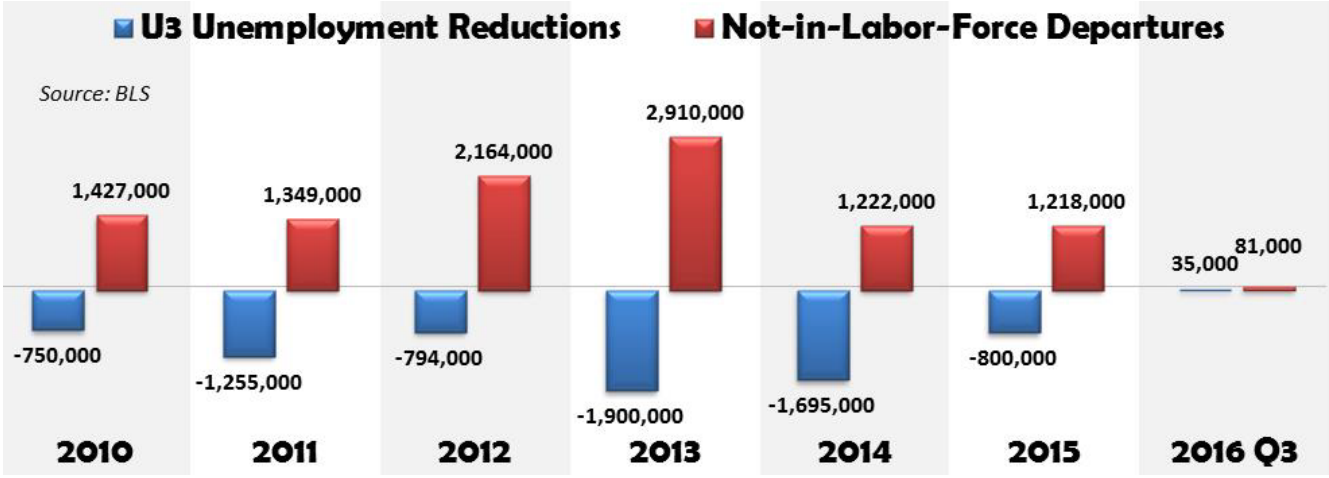
reserved for non-working able-bodied Americans, for a net workforce gain of 363,000 Americans. While these two statistics are positive, U3 unemployment did not fare as well. People classified as officially unemployed increased by 90,000 citizens during the reporting period, from 7,849,000 in August to 7,939,000 in September 2016).

Over the last quarter (Q3: July, August and September 2016), a total of 575,000 people entered the labor force and 333,000 fewer citizens departed, for a net gain of 908,000 people to the labor force. U3 increased with 158,000 more people enrolled as officially unemployed.

Over the last year, a total of 2,447,000 people entered the labor force and 274,000 fewer citizens departed, for a net gain of 2,721,000 people to the labor force. U3 was positive with 479,000 fewer people officially unemployed.

From 1 January 2010 to 1 October 2016 (essentially the post-recession era and the Jobenomics primary analysis period), the U.S. labor force posted a net gain of 14,973,000 workers. Over this 81-month period, monthly labor force gains averaged 184,851 (14,973,000 ÷ 81), which is slightly below the monthly 250,000 goal set by most labor force experts. Over the same time period, U3 unemployment dropped 15,098,000 on 1 January 2010 to 7,939,000 citizens, a difference of 7,159,000 less unemployed or a 53% reduction. However, this reduction was more than offset by 10,371,000 voluntary workforce departures to the Not-in-Labor-Force during the period. As shown below, each calendar year since the beginning of this decade, workforce departures exceed unemployment reductions.

Voluntary Departures Exceeded U3 Reductions Each Year Since 2010



From 1 January 2009 to 1 October 2016 (the Obama era), the U.S. labor force posted a net gain of only 9,903,000, or 110,033/month for the 90-month period, which is well below the monthly 250,000 goal set by most labor force experts. U3 unemployment rolls were reduced by 3,347,000 people, which is a relatively insignificant reduction compared to 13,804,000 voluntary workforce departures of able-bodied Americans. To be fair, the Obama Administration inherited a downward employment spiral during the tail-end of the Great Recession. During the President's first year in office, 5 million jobs were lost. It took almost 3½ more years to recover these losses and 6½ to recover all losses since the beginning of the Great Recession. Labor force recovery after the Great Recession took over

two to three times longer than the three previous recessions (1981/82 Recession = $2^{1}/_{3}$ years, 1990/91 Recession = $2^{2}/_{3}$ years, 2001 Recession = $3^{3}/_{4}$ years).

From 1 January 2000 to 1 October 2016 (the Clinton-Bush-Obama era, the period since the turn of the century), the U.S. labor force increase by 13,967,000 workers, unemployment rolls increased by 2,286,000 citizens and 25,529,000 workers voluntarily departure the workforce. Today, the U.S. labor force is roughly 14 million workers weaker[10] considering voluntary departed and more people unemployed, not counting the 44 million new citizens that have joined the population since the turn of the century. Consequently, the U.S. labor force restoration is a much more significant challenge that few policy-makers want to resolve with actionable plans with achievable milestones.

While the United States has made incremental improvements to the labor force over the last $6^{3}/_{4}$ years, the damage done to the labor force over the previous $16^{3}/_{4}$ years has considerably weakened our country economically and ushered in an era where many people are choosing non-working lifestyles than ever before. A bulk of the people who were no longer counted as unemployed simply quit looking as opposed to finding employment. The American middle-class is being hollowed out and may be at the tipping point. According to the Pew Research Center, "Once in the clear majority, adults in middle-income households in 2015 were matched in number by those in lower- and upper-income households combined".[11] Small business and job creation must be made a priority.

[10] Calculation: 2,286,000+25,529,000-13,967,000 = 13,848,000, or roughly 14 million workers weaker.

[11] Pew Research Center, The American Middle Class Is Losing Ground, No Longer The Majority and Falling Behind Financially, 9 December 2016, http://www.pewsocialtrends.org/files/2015/12/2015-12-09_middle-class_FINAL-report.pdf

Unemployment and Not-in-Labor-Force Categories

To understand Unemployment and Not-in-Labor-Force Categories, one must have a basic knowledge on how data is collected by the government.

The two primary sources of data are from joint Census Bureau/BLS household surveys and BLS industry surveys. The "Household" survey collects data via the Current Population Survey (CPS) and the "Establishment" payroll survey via the Current Employment Survey (CES).[12]

- CPS Household data is collected monthly from a sample from over 60,000 American households and includes comprehensive data on the labor force, the employed, and the unemployed classified by such characteristics as age, sex, race, family relationship, marital status, occupation and industry attachment. The CPS also provides some data on the characteristics and past work experience of those not in the labor force. The CPS includes all workers, nonfarm and farm, and estimates current employment at 150 million.
- CES Establishment data is collected monthly from a sample of approximately 143,000 businesses and government agencies representing approximately 588,000 worksites throughout the United States. The primary statistics derived from the CES survey are monthly estimates of employment, hours, and earnings for the nation, states, and major metropolitan areas. The CES includes only nonfarm workers and estimates current employment at 144 million. Unemployment and Not-in-the-Labor-Force are not addressed.

CPS and CES data are reported in the BLS monthly Employment Situational Report and various BLS Supplements to the Current Population Survey. The monthly BLS Employment Situational Report is a widely read government report used for policy-making in the United States. BLS Supplements are also important since they provide a significant level of detail for public and private analyses. It is important to recognize that these BLS reports and supplements are focused mainly on standard workers who are employed by nonfarm, industry-centric and employer-providing firms. Agricultural (farms and ranches) and nonstandard (contingent) worker data is sparse and episodic due to historical precedent and budgetary constraints.

BLS Framework of the U.S. Civilian Population

Source: BLS, Table A-1. Employment Status of the Civilian Population[13]

Current BLS Framework	People
Civilian Noninstitutional Population	**254,091,000**
● **Civilian Labor Force**	**159,907,000**
Labor Force Participation Rate	62.9%
◦ **Employed**	**151,968,000**
Employment-Population Ratio	59.8%
◦ **Unemployed**	**7,939,000**
Unemployment rate	5.0%
● **Not-in-Labor-Force**	**94,184,000**
Persons who currently want a job	6,088,000

[12] U.S. Bureau of Labor Statistics, Household vs. Establishment Series, http://www.bls.gov/lau/lauhvse.htm#hvse
[13] BLS, Table A-1, Employment status of the civilian noninstitutional population 16 years and over, 1981 to date, http://www.bls.gov/web/empsit/cpseea01.htm

The BLS Employment Situational Report's focal point is on the "Civilian Noninstitutional Population" that consists of three main categories: "Employed", "Unemployed" and "Not in Labor Force". The Civilian Labor Force (151,968,000 Employed and 7,939,000 Unemployed citizens) and Not-in-Labor-Force (94,184,000 citizens) constitute the Civilian Noninstitutional Population of 254,091,000.

The Civilian Noninstitutional Population consists of labor force data garnished from the U.S. Census Bureau for all citizens 16 years of age and older residing in the 50 States and the District of Columbia, who are not inmates of institutions (penal, mental facilities, homes for the aged) and who are not on active duty Armed Forces. Civilian Labor Force includes persons classified as employed or unemployed looking for work. Not-in-Labor-Force includes persons neither employed nor unemployed who are not looking for work.

The overwhelming amount of BLS statistical labor force data is centered on statistics relating to the 144 million nonfarm Employed Americans, who are accounted in three general sectors (private sector goods-producing, private sector services-providing and government) that are subdivided into 13 industry groups and subdivided into 130 industries. To a lesser degree, BLS Employment Situational Report contains data on Unemployed. To a minimal degree, the BLS reports on people who are categorized in a single Not-in-Labor-Force category that is reserved for able-bodied Americans who can work but chose not to work for a variety of reasons.

Unemployment Rate & Not-in-Labor-Force Categories

BLS Category	U.S. Bureau of Labor Statistics (BLS) Table A-15, LNS11000000, LNS15000000	Current Rate	Currently Unemployed
		1-Oct-16	
Can Work And Are Looking			
U1	Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.0%	3,198,140
U2	Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.5%	3,997,675
U3	**Total unemployed, as a percent of the civilian labor force ("official" unemployment rate)**	**5.0%**	**7,939,000**
U4	Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.3%	8,475,071
U5	Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers	6.0%	9,594,420
U6	**Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers ("total" unemployment rate)**	**9.7%**	**15,510,979**
Can Work But Are Not Looking			
"Not in the Labor Force"	**Those who have no job and are not looking for one**	***Rate Not Calculated by BLS***	**94,184,000**

As shown, six Unemployment categories (from U1 Long-Term Unemployed to U3 Officially Unemployed to U6 Total Unemployed and Underemployed) are reported monthly by the BLS.[14] Each Unemployment category requires that an individual must be actively looking for work. These categories are calculated as a percent of the Civilian Labor Force.

The BLS also calculates the number of adults (over age 16) that can work but are not looking for work in a category entitled Not-in-Labor-Force (94,184,000).

Americans tend to over emphasize one statistic—the U3 rate or "official" unemployment rate (highlighted in red above). The Not-in-Labor-Force category is almost never mentioned in the media or used in policy-making, which is wrongheaded from both labor force and economic perspectives.

The Not-in-Labor-Force (94,184,000) is about 12 times the size of U3 unemployed (7,939,300) and exerts much greater strain on the U.S. economy and labor force. In addition, Not-in-Labor-Force citizens tend to remain unemployed much longer—often for life. 95% of the Not-in-Labor-Force BLS survey respondents say that currently "do not want a job now".[15]

From a Jobenomics perspective, Not-in-Labor-Force should be classified as unemployed in the same way that marginalized and underemployed citizens are included in the U6 category. Determination whether a person is counted as unemployed should not depend on subjective, and often whimsical, survey questions used to appraise people's employment intensions.

The four BLS survey questions that government interviewers use to record a person as unemployed include (the bolded words are emphasized when read by the interviewers): [16]

(1) Do you currently want a job, either full or part time?

(2) What is the main reason you were not looking for work during the **last 4 weeks**?

(3) Did you look for work at any time during the last 12 months?

(4) **Last week,** could you have started a job if one had been offered?"

If a respondent answers "yes" to all four questions, that person is considered Unemployed. If the respondent answers "no" to any question, that person is assigned to the Not-in-Labor-Force.

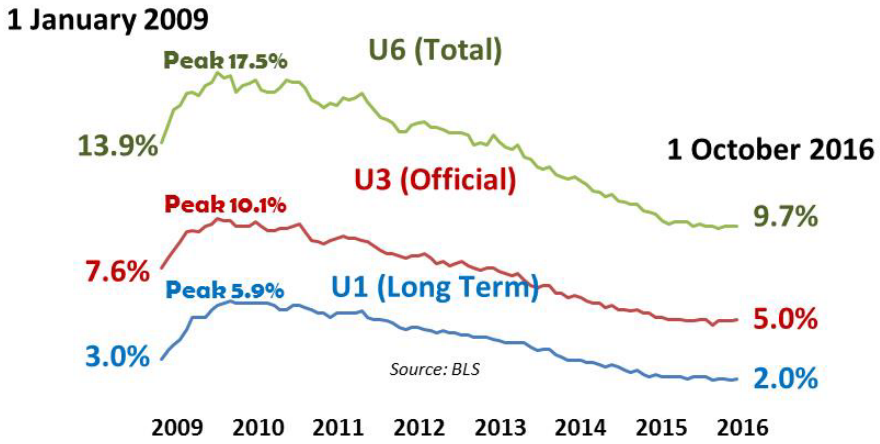
Evaluating whether a person wants to work rather than the ability to work is like treating a symptom rather than the disease. Sooner or later, the American people will figure out that the current way our government calculates unemployment is seriously flawed. **Under the current system, it is theoretically possible for the U.S. to have a zero rate of unemployment while simultaneously having zero people employed in the labor force.** Since Not-in-Labor-Force personnel are not counted as unemployed, the official unemployment rate could theoretically be zero if all unemployed people simply quit looking for work and joined those in the Not-in-Labor-Force. Easier yet, just have

[14] BLS, Table A-15, Alternative measures of labor utilization, http://www.bls.gov/news.release/empsit.t15.htm
[15] BLS, Table A-1. Employment status of the civilian population by sex and age, http://www.bls.gov/webapps/legacy/cpsatab1.htm
[16] BLS, Who is not in the labor force?, http://www.bls.gov/cps/cps_htgm.htm#nilf

all respondents answer "no" to one of the four BLS survey questions, and Americans can have an instantaneous zero rate of unemployment.

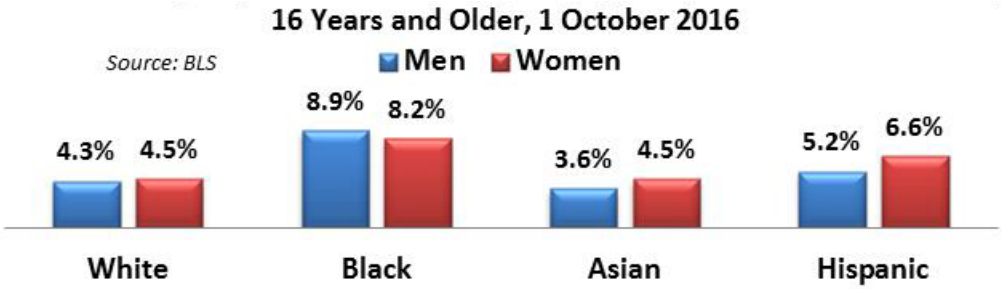
Unemployment Categories. Unemployment rates have been highly volatile over the last fifty years. The official U3 unemployment rate peaked shortly after WWII and recovered to a historical low within a decade. Subsequent peaks happened in early 1960s, mid 1970s after the OPEC oil shock, and the early 1980s after the tech boom bubble broke, which set the all-time U3 rate peak of 10.8% in November/December 1982. During the go-go decades of the 1990s and 2000s the unemployment rate stayed relatively low until the Great Recession that commenced in December 2007 and ended in June 2009—six months after President Obama took office.

Unemployment Rates during Obama Administration

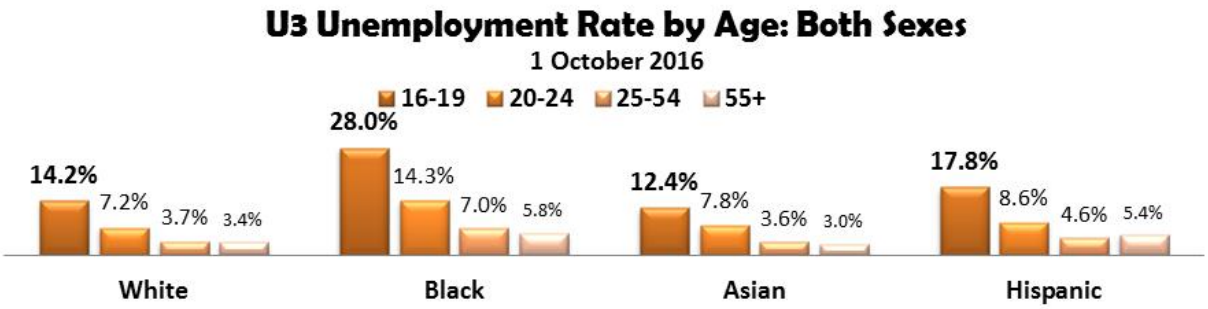


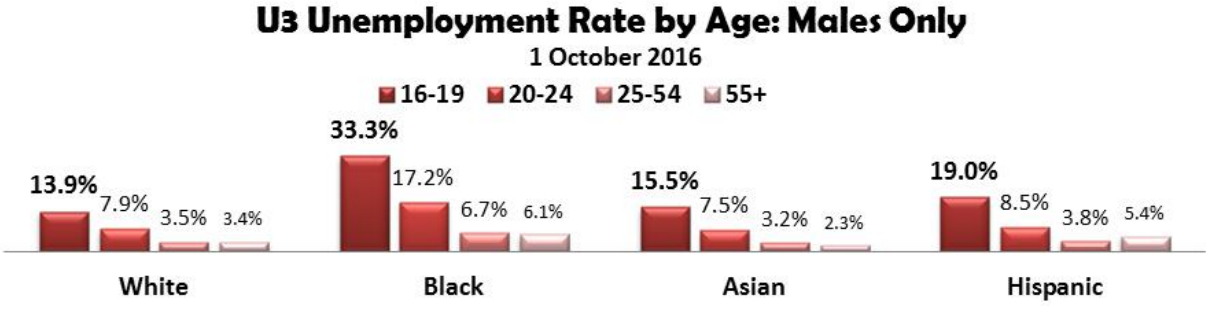
The unemployment rate history during the Obama Administration, which took office (January 2009) six months prior to the end of the Great Recession (June 2009), shows that the unemployment rates peaked in 2010 and have consistently declined to levels lower than when the President took office.

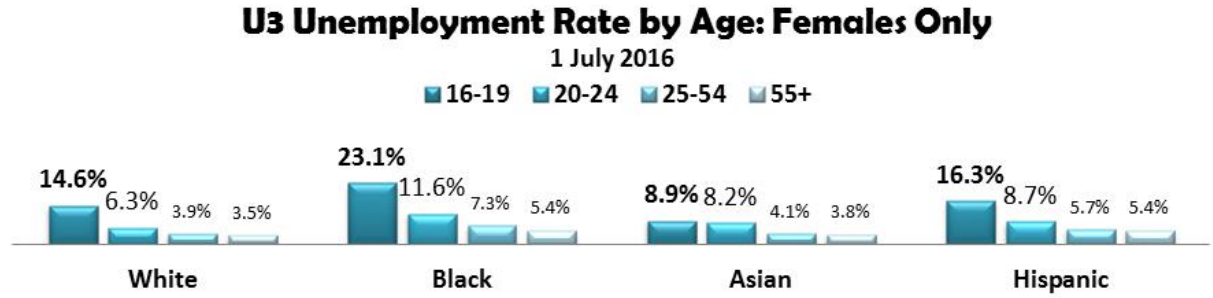
U3 Unemployment Rate by Age, Sex, Race & Ethnicity



The latest official U3 unemployment rates are shown above according to age (16 years and older), sex, race and ethnicity. Black and Hispanic Americans are more likely to be unemployed than White or Asian Americans. White and Black males are more likely to be unemployed than females, while Asian and Hispanic females are more likely to be unemployed than their male counterparts. As a group, Asians were the least unemployed and Blacks were the most unemployed with a top unemployment rate of 8.9% for Black men and 8.2% for Black women compared to their Asian counterparts with top unemployment rate of 3.6% for Asian men and 4.5% for Asian women.







Younger Americans in all age groups are more likely to be unemployed as opposed to older Americans. Unemployment rates for youth aged 16 to 19 are four times higher than the national average. From a Jobenomics perspective, the United States has more of a youth unemployment problem than a total unemployment challenge. If the 16 to 19 year old group was more actively engaged in productive activity (education, training, public service or employment), the U3 unemployment rate would likely be reduced, not only for this age group but for later age groups as these youth mature. The Jobenomics Generation Z (Screenagers) initiative is focused on training, employment and business development efforts for youth that are 21 years and younger. In addition, the Jobenomics Workforce Training & Certification Initiative, Jobenomics Community-Based Business Generator Plan, Jobenomics Contingency Workforce Initiative, Jobenomics Minority-Owned Business Plan and Urban Mining Initiatives are oriented to inner-city, low-income, at-risk youth and young adults.[17]

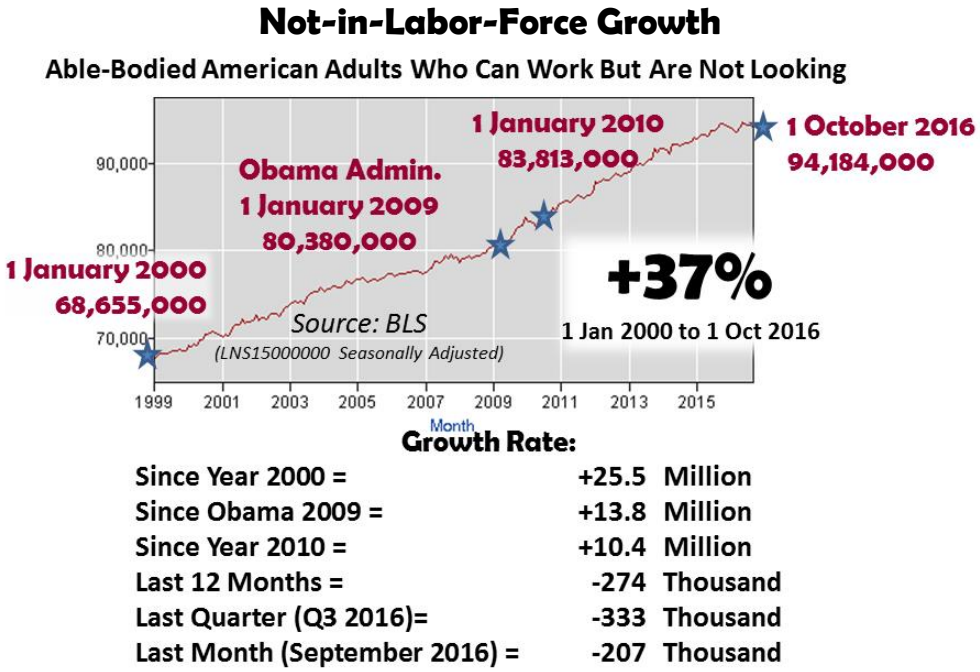
Not-in-Labor-Force Category. From a Jobenomics perspective, the explosive growth of people in the Not-in-Labor-Force Category is the most serious challenge facing American policy-makers and the American public. Woefully, little is being done to address this challenge.

The Current Population Survey (CPS) and its Annual Social and Economic Supplement (ASEC) provide limited insight into why people are not in the labor force. During the bi-annual ASEC survey, people

[17] See Recent Posts at Jobenomics website, http://jobenomicsblog.com/ or http://jobenomics.com/

who did not work at all in the previous year are asked to give the main reason they did not work. According to the BLS, "Interviewers categorize survey participants' verbatim responses into the following categories: ill health or disabled; retired; home responsibilities; going to school; could not find work; and other reasons."[18] In 2014, the latest data available from the BLS, out of a total 87 million people who did not work or did not look for work: 44.1% were retired (CPS does not provide an estimate of the number of people who are retired and has no standard definition of what it means to be retired), 18.6% were ill or disabled, 15.5% had home responsibilities, 18.3% were going to school and 3.5% expressed other reasons. Since the BLS is primarily interested in whether people are working or looking for work, does not ask why people are not seeking a job.

"Our survey is designed to measure work and looking for work," said Karen Kosanovich, a BLS economist. "We do not focus on people outside of the labor market."[19] One should not take Kosanovich's comment as trite but as factual. The BLS was established in 1884 during the advent of the Industrial Revolution to collect information on labor employment. Despite its many attempts to expand its statistical analysis beyond the established thirteen vertical industrial supersectors. The BLS has been unable to obtain approval and funding to explore in depth analysis of emerging non-industrial area such as the Not-in-Labor-Force, Contingent Workforce and the Digital Economy[20]—all of which are transforming the U.S. economy and labor force. Horizontal industries, like Energy and Healthcare that crosscut many of the thirteen vertical industries, also need attention. For example, Healthcare is touted to account for 18% of U.S. GDP but the U.S. lacks a system-of-systems statistical picture of the various sectors and subsects of the total healthcare market.



[18] BLS, Beyond the Numbers, People who are not in the labor force: why aren't they working?, December 2015, http://www.bls.gov/opub/btn/volume-4/people-who-are-not-in-the-labor-force-why-arent-they-working.htm

[19] Washington Post, 16 September 2016, https://www.washingtonpost.com/news/fact-checker/wp/2016/09/16/trumps-absurb-claim-that-92-million-americans-represent-a-nation-of-jobless-americans/

[20] The digital economy (also known as the web economy, internet economy, network-centric economy, or the new economy) is an economy that is based on digital and networked technologies, which is increasingly intertwining and preempting today's traditional economy and transforming businesses and labor forces.

According to BLS data[21], those in the Not-in-Labor-Force category (those that can work but don't) has surged consistently since year 2000 by 25.5 million people. Growth rates are also presented from 2009, 2010, last year and last quarter.

Jobenomics contends that all able-bodied Americans who can work but don't work, regardless if they are looking or not, should be considered "**Functionally Unemployed**". Functional is defined as capable of operating or working. An able-bodied adult who is capable of working but chooses not to work should be considered unemployed for the same reason that "discouraged", "marginally attached" and "part-time workers for economic reasons" are included in U4, U5 and U6.

"Functional" Unemployment

Labor Force	1 October 2016	Unemployed	
Category	Definition	Percent	Millions
Unemployed (BLS U6)	Unemployed or underemployed who are looking for work		15.5
BLS "Not in labor force"	Have no job and are not looking		94.2
	Total U6 Unemployed + Not-in-Labor-Force (BLS)		109.7
	% Total US Population (Census Bureau)		324.7

34%

Jobenomics further contends that unemployment rates should be reported as a percentage of the entire population as opposed to the Civilian Labor Force, which is a rather arbitrary number based on the willingness to work or look for work. If calculated against the entire U.S. population[22], the combined rate would be 34%, which is still significantly higher than advertised 5.0% U3 or 9.7% U6 unemployment rates.

Jobenomics would not eliminate the old U-Rate system, but institute a complimentary reporting system based on population and the capability to work. By focusing on functional unemployment (U6 and Not-in-Labor-Force), as opposed to U3 unemployment, policy-makers and the American public could make better decisions regarding labor force participation, tax revenue generation and entitlement/welfare expenditures.

U3, U6 and NiLF Functional Unemployment

As of 1 October 2016	Number	Rate Comparison		
Total U.S. Population	324,677,000			100.0%
Civilian Noninstitutional Population	254,091,000		100.0%	78.3%
Civilian Labor Force	159,907,000	100.0%	62.9%	49.3%
Functionally Unemployed (NiLF & U6)	109,694,979	68.6%	43.2%	33.8%
Not-in-Labor-Force (NiLF)	94,184,000	58.9%	37.1%	29.0%
U6 Total Unemployed	15,510,979	9.7%	6.1%	4.8%
U3 "Officially" Unemployed	7,939,000	5.0%	3.1%	2.4%

Current Policy & Media Focus

[21] BLS, Table A-16, Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted, http://www.bls.gov/webapps/legacy/cpsatab16.htm

[22] U.S. Census Bureau, U.S. & World Population Clocks, http://www.census.gov/main/www/popclock.html

The ability to work should be the determining factor for unemployment as opposed to whether or not a person is looking for work. The actual unemployment rate would be dramatically higher if the Not-in-Labor-Force group was included in the unemployment calculation. Hypothetically, today's Not-in-Labor-Force cadre would equate to 58.7% and the combined number of Not-in-Labor-Force and U6 would be 68.5% of the Civil Labor Force. However, this is a frivolous apples-to-oranges comparison. To make it an apples-to-apples comparison, Jobenomics suggests that unemployment percentages be calculated from the Total U.S. Population or the Civilian Noninstitutional Population as shown. A more expansive view of unemployment would lead to better decision-making.

In order to achieve a sustainable economy and labor force, U.S. policy-makers and decision-leaders must shift their attention from an U3/U6 unemployment focus to understanding the reasons that able-bodied Americans who are capable of working are no longer looking for work and joining the ranks of those no longer in the U.S. labor force. In addition to taking a more expansive view on unemployment, greater emphasis on employment statistics would be helpful. More attention needs to be placed on existing employment metrics like the Employment-to-Population Ratio and Labor Force Participation Rate (percentage of the population that is either employed or unemployed).

Able-Bodied People without a Job

Over Age 16 (Millions) — *Peak Unemployment*

Source: Bureau of Labor Statistics

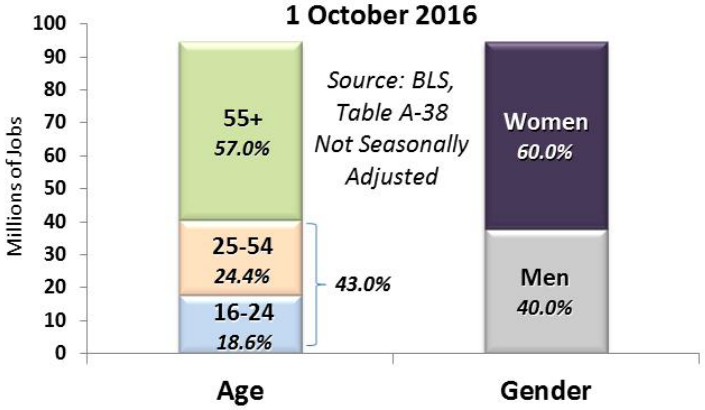
	1 Oct 2009	1 Oct 2016	Δ
Unemployent Rate (U3)	10.0%	5.0%	-5.0%
Number of Unemployed (U3)	15.4	7.9	-7.4
Number in Not-in-Labor-Force	82.8	94.2	11.4
Total	**98.1**	**102.1**	4.0

During the Great Recession and the post-recession recovery, policy-makers focused almost entirely on U3 metrics that do not provide an accurate picture of the labor force or the economy. As shown, shortly after the Great Recession, the U3 rate reached its peak at 10.0% on 1 October 2009. Since then, the U3 rate has dropped to 5.0%, which represents 7.4 million less unemployed Americans—seemingly good news. During the same period, 11.4 million citizens voluntarily departed the work force—many to the netherworld of perpetual unemployment and welfare. Consequently, while America decreased its number of unemployed, it increased the number of its non-working, able-bodied, adults, for a net loss of 4.0 million employed workers—not so good news for an American population that is increasing by 2.5 million new citizens per year.

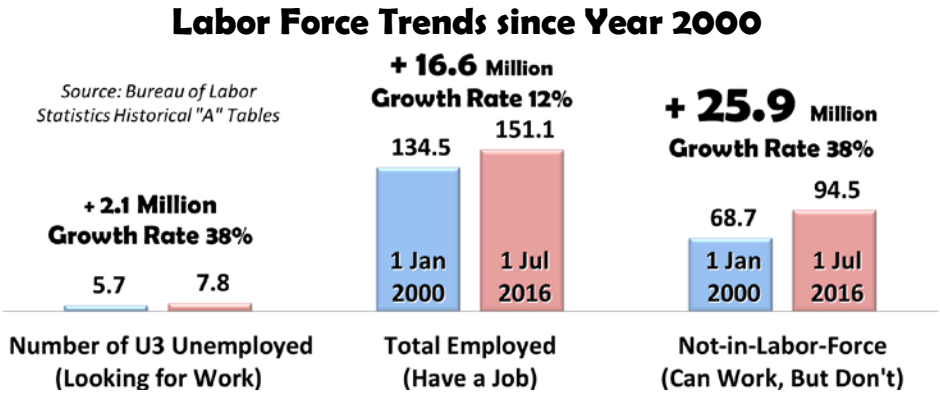
In summary, from an overall labor force perspective, the U3 rate is a relatively poor indicator and undeserving of the amount of attention it receives. A combination of the U6 total unemployment and Not-in-Labor-Force denizens provides a truer picture of the unemployed, which will result in better policy and decision making.

Labor Force Trends since Year 2000. Labor force gain/loss comparisons from the start of the 21st Century are equally troubling from an economic stability standpoint since the growth rates of both the U3 and Not-in-Labor-Force categories are growing over 3-times faster than the Total Employed category that includes farm and nonfarm industries[23].

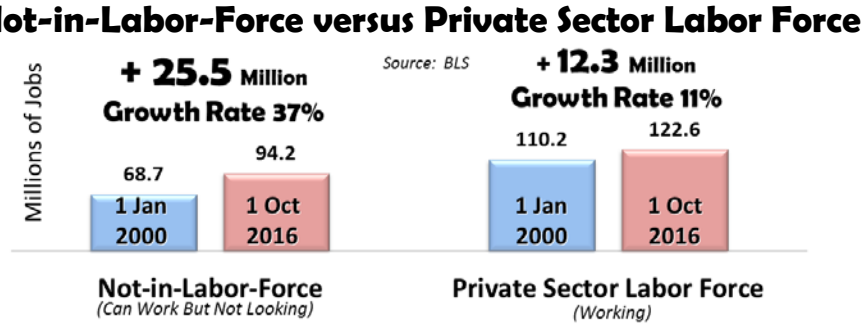
[23] BLS, Household Data (CPS), Table A-1, Employment status of the civilian population by sex and age, http://www.bls.gov/webapps/legacy/cpsatab1.htm



In terms of age, the Not-in-Labor-Force includes 54 million people 55 years or older (57.0%), 23 million 25-to-54 year olds (24.4%), and 18 million 16-to-24 year olds (18.6%). In terms of gender, Not-in-Labor-Force includes 57 million women (60.0%) and 37 million men (40.0%).



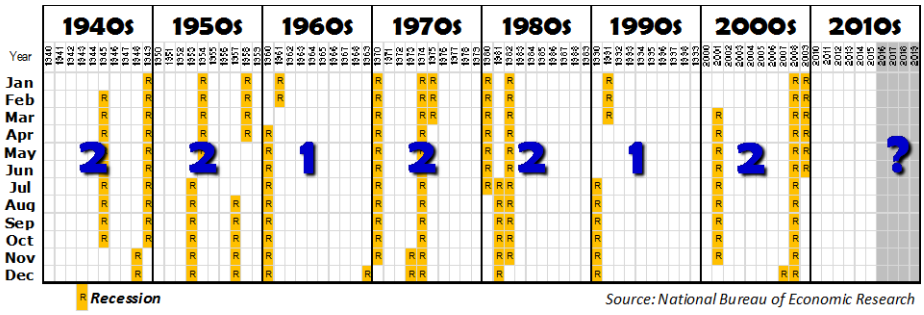
As shown, labor force trends since year 2000 indicate that in terms of percentages, the number in the Not-in-Labor-Force grew as fast as the number of U3 Unemployed (38% versus 38%), and over 3-times faster than Total Employed (38% versus 12%). In terms of raw numbers, the comparisons are quite stark. The number of U3 Unemployed citizens increased by 2.1 million people compared to Total Employed growth of 16.6 million and Not-in-Labor-Force growth of 25.9 million. Jobenomics projects that these trends will continue unabated in the foreseeable future.



Comparing the size of the Not-in-Labor-Force to the nonfarm private sector labor force increases the disparity even further (37% versus 11%, or 25.5 million versus 12.3 million). This comparison is important since the nonfarm private sector workforce is the engine of the U.S. economy and provides the bulk of U.S. employment and tax revenue. If current trends continue, the Not-in-Labor-Force will

exceed the Private Sector Labor Force in 2024. If a financial downturn or recession happens, the Not-in-Labor-Force could eclipse the private sector labor force even sooner than 2024.

U.S. Average of 1.7 Recessions per Decade

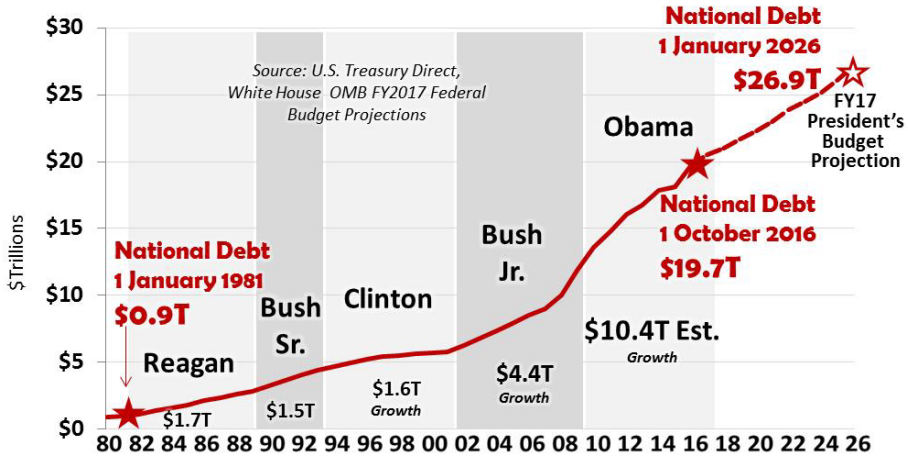


Since the 1940s, the U.S. economy has averaged 3 financial crises and 1.7 recessions per decade. Unlike many parts of the world, the United States has been recession free for three major reasons: U.S. fiscal and monetary policy, spending/debt accumulation and foreign investment.

Fiscal policy is the means by which Congress adjusts federal spending levels and tax rates. Monetary policy involves actions of the Federal Reserve System (bank) to determine money supply and interest rates. The President indirectly controls fiscal and monetary policy via political platforms and agenda.

U.S. national debt increased from $0.9 trillion when President Reagan took office to $19.3 trillion today. Since the Great Recession, the U.S. federal government has spent lavishly on a wide variety of new programs, such as Obamacare, without decreasing spending on traditional programs. Excess spending lifted the economy, but eventually the debt will have to be paid or dealt with by other means, such as inflation, IOUs (as California did in 2009) or defaults.

U.S. National Debt History: Reagan through Obama



Presidents Reagan, Bush Sr. and Clinton's debt increases were relatively minor, totaling $1.7T, $1.5T (over 4 years) and $1.6T respectively. During President G.W. Bush's tenure, the national debt growth increased to $4.4T. So far in the seventh year of President Obama, national debt skyrocketed to $9.7T and is expected to reach $10.4T by the time a new president takes office in January 2017. According to President Obama's FY2017 Budget, within ten-years the national debt will reach $26.9T in 2026. Even more troubling is that the yearly interest payment on the debt is projected to increase

from $240 billion in 2016 to $910 billion in 2026. The FY2026 $910 interest expense is higher than the projected spending on defense ($771B) and all other non-defense programs ($738B).[24]

Since the Great Recession, the U.S. federal government and central bank injected $17 trillion into the economy in terms of bailouts, buyouts and stimuli as shown. The U.S. Federal Reserve (central bank that is in charge of the United States monetary policy) injected over $11 trillion. The Fed's Qualitative Easing (printing money) programs equated to over $5 trillion. In addition to the other bailout/buyout actions and stimuli listed, The Fed instituted an unconventional Zero Interest Rate Program (ZIRP) policy to stimulate the economy. Nominal interest rates encourage people to spend since traditional saving accounts, certificates of deposits and bonds are less attractive due to low rates of return. Some countries have even implemented Negative Interest Rate Programs (NIRP) that charge customers and even banks fees to save (store) money.

U.S. Government Financial Bailouts, Buyouts & Stimuli Since 2008

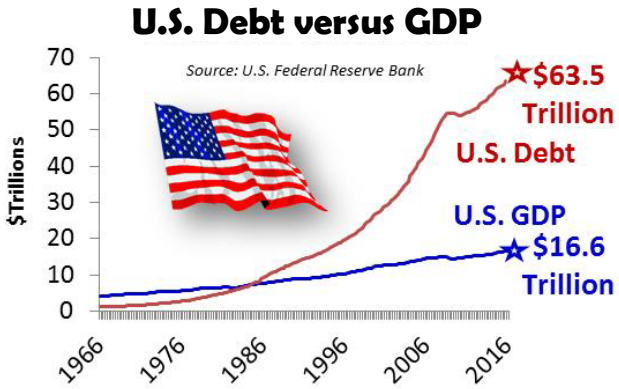
Total $16.9 Trillion			
Federal Reserve	**$ 11,213**	**Treasury**	**$2,910**
Primary Credit Discount	$ 111	TARP	$700
Secondary Credit	1.00	Tax Break for Banks	$29
Primary dealer and others	$ 147	Stimulus Package (Bush)	$168
ABCP Liquidity	$ 146	Stimulus II (Obama)	$787
AIG Credit	$ 60	Treasury Exchange Stabilization	$50
Commercial Paper Funding	$ 1,200	Student Loan Purchases	$60
Maiden Lane (Bear Stearns)	$ 30	Citigroup Bailout Treasury	$5
Maiden Lane II (AIG)	$ 23	Bank of America Bailout Treasury	$8
Maiden Lane III (AIG)	$ 30	Support for Fannie/Freddie	$400
Term Securities Lending	$ 75	Line of Credit for FDIC	$500
Term Auction Facility	$ 375	Treasury Commitment to TALF	$100
Securities lending overnight	$ 10	Treasury Commitment to PPIP	$100
Term Asset-Backed Loan Facility	$ 1,000	Cash for Clunkers	$3
Currency Swaps/Other Assets	$ 606	**FDIC**	**$2,478**
GSE Debt Purchases	$ 200	Public-Private Investment (PPIP)	$1,000
GSE Mortgage-Backed Securities	$ 1,250	FDIC Liquidity Guarantees	$1,400
Citigroup Bailout Fed Portion	$ 220	Guaranteeing GE Debt	$65
Bank of America Bailout	$ 87	Citigroup Bailout FDIC Share	$10
Commitment to Buy Treasuries	$ 300	Bank of America Bailout	$3
Quantitative Easing (QE1)	$ 1,750	**HUD**	**$306**
Quantitative Easing (QE2)	$ 600	Hope for Homeowners (FHA)	$300
Operation Twist	$ 667	Neighborhood Stabilization (FHA)	$6
Quantitative Easing (QE3)*	$ 1,440	** $40B/month thru 2015 (36 months)*	
Tresury Buying Program (QE4)**	$ 885	*** $45B/mon for 18 months & $75B for 2014*	

Source: Bloomberg, Jobenomics

The Fed's QE/ZIRP, the U.S. Treasuries' Troubled Asset Relief Program (TARP) and stimulus efforts, the Federal Deposit Insurance Corporation's (FDIC) aid to troubled banks, as well as Housing and Urban Development (HUD) programs for troubled homeowners accomplished what they were meant to do—stop the country from sliding back into recession. On the other hand, the U.S. economy

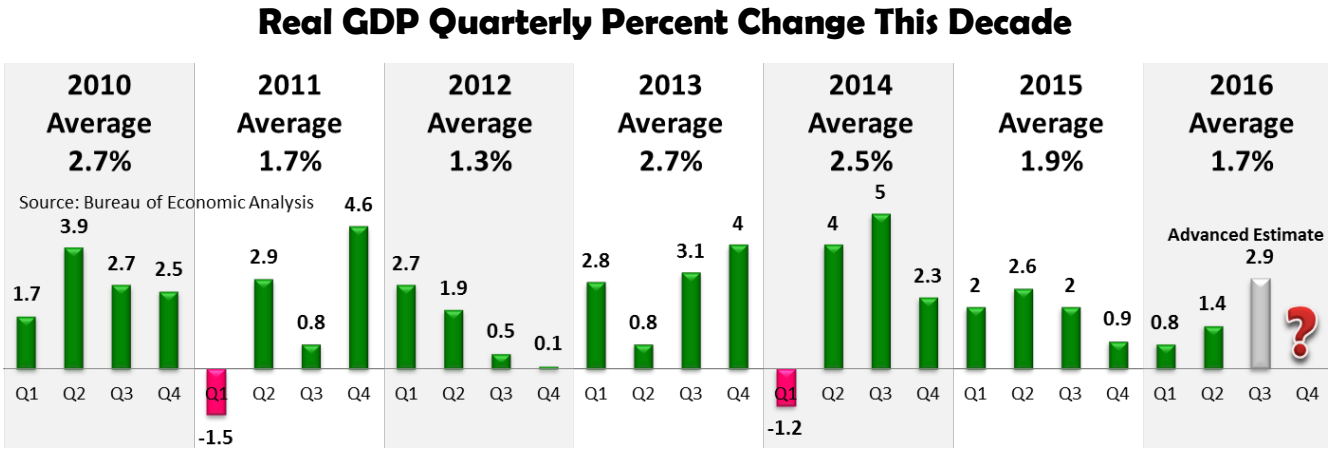
[24] White House, Office of Management and Budget, Budget of the Government, FY2017, Tables S-1 and S-4, https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/budget.pdf

became addicted on the stimuli and is much less robust than it was before the recession. Now that these government programs have come to an end (ZIRP is anticipated to end soon), the weakened U.S. economy will have to operate under its own steam.



Government debt equals about one-third of total American debt. Over the last five decades, total debt (government, business, financial, individual) has grown from a luxury for a few to an addiction to all. Compared to the current U.S. Gross Domestic Product (GDP is defined as the value of all goods and services) of $17 trillion[25], U.S. debt has now reached an all-time high of $65 trillion[26]. Equally important is the rate of debt growth compared to GDP growth. Over the last half century, U.S. debt has grown at a rate 18-times faster than GDP and shows no signs of slowing. The U.S. economy is not sustainable if Americans continue on their current path of over spending and under producing. Increased production depends on more business and job creation.

Most economists believe that economic growth depends on job and GDP growth. The ideal rate for U.S. GDP growth is 2% to 3%. For the United States, a mature economy, sustained GDP growth significantly over 3% tends to lead to overheating and bubbles. Anything below 2% is considered sclerotic growth and makes the economy vulnerable to financial downturns. During the post-WWII recovery, U.S. GDP grew at an average rate of 3.5% which created tens of millions of new jobs each decade.



During the post-recession recovery period from Q1 2010 through Q3 2016, U.S. GDP averaged 2.1%.

[25] U.S. Bureau of Economic Analysis, Real Gross Domestic Product [GDPC1], retrieved from FRED, Federal Reserve Bank of St. Louis, 9 July 2016, https://fred.stlouisfed.org/series/GDPC1, July 9, 2016

[26] Board of Governors of the Federal Reserve System (US), All Sectors; Debt Securities and Loans; Liability, Level [TCMDO], retrieved from FRED, Federal Reserve Bank of St. Louis, 9 July 2016, https://fred.stlouisfed.org/series/TCMDO,

In Q1 and Q2 2016, U.S. GDP grew by an abysmal 0.8% and 1.4% respectively. The Bureau of Economic Analysis (BEA) "advanced" estimate is 2.9% for Q3 2016. Per the BEA, the Q3 2016 "advanced" estimate is based on source data that are incomplete or subject to further revision. The "second" estimate for Q3 2016, based on more complete data, will be released on November 29, 2016. [27] The Federal Reserve has been continually downgrading Q3 2016 GDP over the last several months from a high of 3.8% and is currently forecasting Q3 2016 GDP at 2.1%.[28] On the current trajectory 2016 GDP is likely to be around 1.4% (sclerotic growth) assuming no major financial or major international crises, which is a bold assumption considering today's turbulent environment.

While GDP growth does not insure employment growth, weak GDP growth discourages business hiring, consumer spending and labor force expansion. Weak GDP growth also encourages rising unemployment and voluntary workforce departures. Negative GDP growth creates recessions and depressions depending on severity. As far as the future, many economists feel that a recession (two quarters of negative GDP growth) is likely. In January 2016, a Financial Times survey of 51 economists see a one-in-five chance of U.S. recession in the next 12 months.[29] In June 2016, J.P. Morgan Chase economists project a 36% chance of a U.S. recession in 12 months.[30] In July 2016, Deutsche bank estimated a 60% chance of the U.S. entering a recession in the next 12 months.[31] While these projections are only guesstimates, the theme is relatively consistent that sclerotic growth begets recessions.

The period of sclerotic GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that gained only 14 million workers compared to the loss of 28 million to unemployment and voluntary departures. To make matters worse, the U.S. population grew by 44 million citizens since year 2000, which places a greater burden on taxpaying workers. For most American workers, real wages (purchasing power) have not increased for decades and are not projected to improve anytime soon. America's aggregate household income has shifted from middle-come to upper-income households, causing many middle-class workers to leave the workforce altogether.

To a large degree, foreign investment has kept the U.S. economy recession-free during the slow growth economic recovery since the Great Recession. The good news for the U.S. economy is that it is the least ugly economy in the world. The Europe Union is in crisis with its southern member nations in recession. China has experienced a major slowdown and a large part of the remaining developing world countries are struggling. Even the oil-rich Middle East is reeling from low oil prices, insurgencies and terrorism. So until things change, America should continue to be a safe haven for foreign investment. Unfortunately, things are changing at an ever increasing pace with evermore unanticipated events often with negative consequences.

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[27] Bureau of Economic Analysis, Gross Domestic Product: Third Quarter 2016 (Advance Estimate), 28 October 2016, http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm

[28] Federal Reserve Bank of Atlanta, GDPNow Forecast, 27 October 2016, https://frbatlanta.org/cqer/research/gdpnow/?panel=1

[29] Financial Times, Economists see 20% chance of US recession, 31 January 2016, https://www.ft.com/content/da2ed38a-c6bd-11e5-b3b1-7b2481276e45

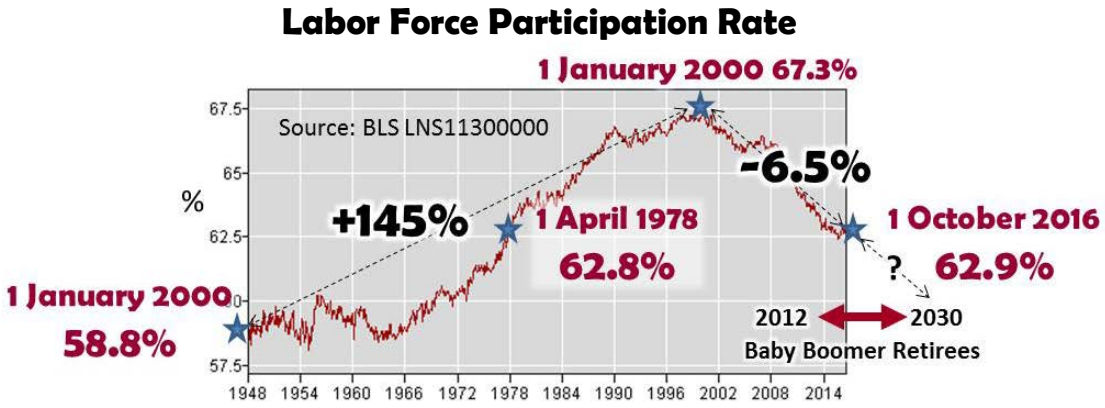
[30] MarketWatch, More than one-in-three chance of a recession, J.P. Morgan says, 3 June 2016, http://www.marketwatch.com/story/more-than-one-in-three-chance-of-a-recession-jp-morgan-says-2016-06-03

[31] Fortune, Deutsche Bank Says the U.S. Is Likely Headed for a Recession, 6 July 2016, http://fortune.com/2016/07/06/deutsche-bank-recession/

Consequently, the likelihood of a U.S. recession within the future is relatively high. A recession would not only impact the U.S. economy, but would cause a significant setback, or a U-turn, to recent U.S. labor force gains as well as the core contingent workforce, which Jobenomics expects to grow to, or pass its peak level in 2010.

Labor Force Participation. Another way to look at the unemployment situation is via the Labor Force Participation Rate. The Labor Force Participation Rate is the percentage of working-age persons who are employed or unemployed but looking for a job in the Civilian Labor Force (Employed and Unemployed only, excluding Not-in-Labor-Force).

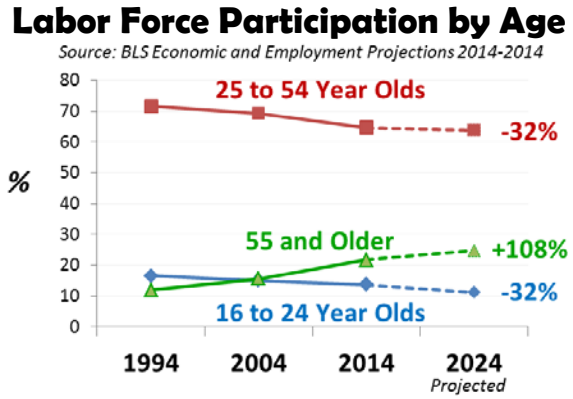
The U.S. labor force participation rate is at a 38-year low largely due to the exodus of working Americans to the netherworld of the Not-in-Labor-Force. BLS points to retirements among the aging baby boom generation as a key factor affecting the labor force participation rate. However, baby boomers (ages 52 to 70 in 2016) have just begun to enter retirement and cannot be held responsible for the dramatic drop in labor force participation that began twenty years ago. Notwithstanding, in the future the estimated retirement of 10,000 American baby boomers per day will have a dramatic impact on lowering labor force participation rates to historic lows unless the United States can encourage more Americans to workfare over welfare.



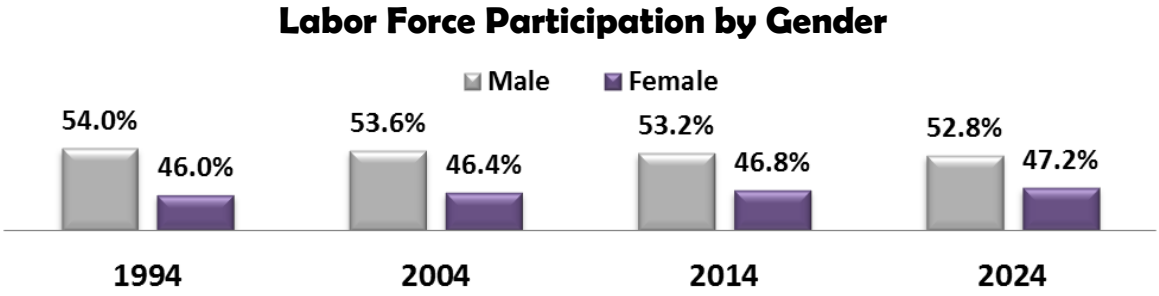
U.S. labor force participation suffered a serious decline from a high of 67.3% in January 2000 to 62.9% today—a net 6.5% decline from peak and a low that has not occurred since April 1978. Today's labor force participation rate would be much lower if not for working women who did not participate in the U.S. labor force in 1978 to the extent that they do today. The primary reason for the dramatic drop in the labor force participation rate is largely due to those that simply have quit looking for work and are now categorized as Not-in-Labor-Force. As stated, at age 66 baby boomers began retiring in mass in 2012 and will continue to do so until 2030. If the BLS is correct about baby boomer retirement as a key factor on downward labor force participation rates, the participation rate may erode to lows not seen since the end of WWII. Based on the graph above, the 5-decade post WWII period of labor force participation growth has succumbed to a prolonged post 20th Century period of decline.

The American workforce is getting grayer due to an aging population and lower replenishment rates (births). The median age of the labor force was 37.7 in 1994, 40.3 in 2004, 41.9 in 2014, and is projected to be 42.4 in 2024. At the same time, the overall labor force participation rate is projected

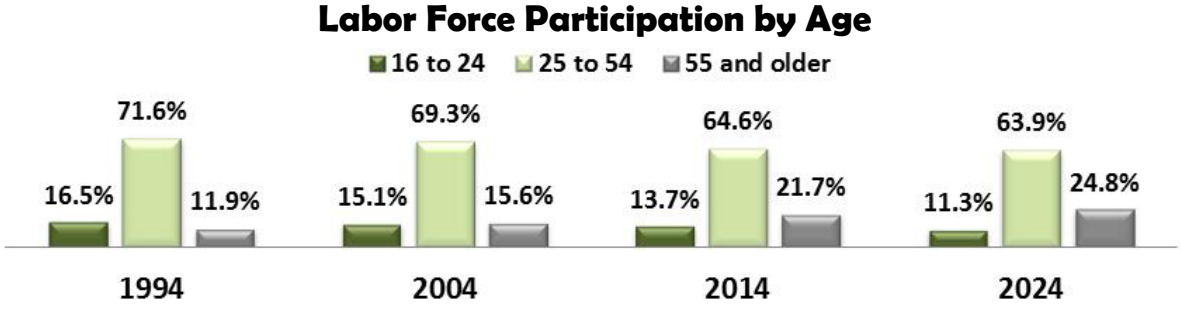
to decrease to 60.9% in 2024.[32] Jobenomics believes that this is an optimistic projection due the additional impact of the burgeoning Not-in-Labor-Force, Contingent Workforce and the Digital Economy—all which are not adequately addressed in government statistical and economic projections.



As shown, the BLS projects that the percentage of older (55+) Americans in the U.S. labor force will increase from 11.9% of the labor force in 1994 to 24.8% in 2024, a 3-decade increase of 108%. The percentage of younger Americans, aged 16 to 24, will shrink from 16.5% of the labor force in 1994 to 11.3% in 2024, a 3-decade decrease of 32%. Data also shows that once older workers are out of work, they have a much harder time finding employment than a younger worker. Consequently, Baby Boomers are projected to delay retirement stay on the job much longer. People age 65+ represented 5.4% of the labor force in 2014 and are projected to be 8.2% by 2024.

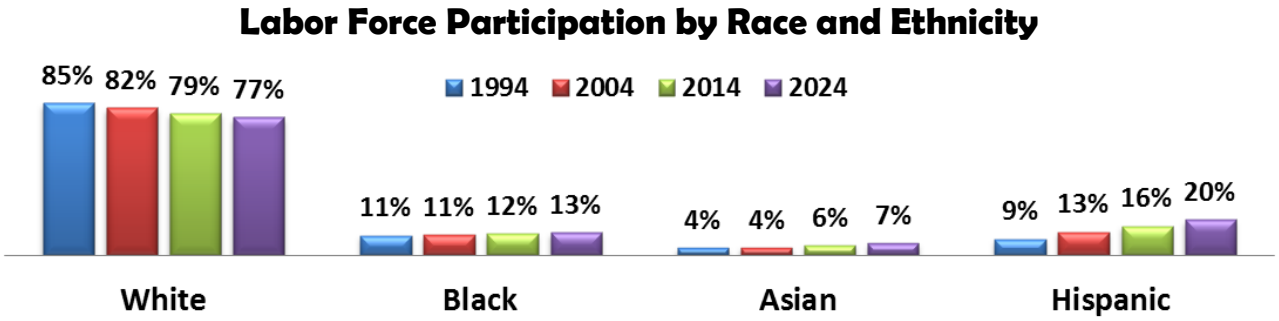


The BLS projects that the percentage of males and females in the U.S. labor force will remain relatively the same over the 1994 to 2024 time period.[33] In 1994, the ratio was 54.0% male versus 46.0% female. In 2024, the BLS projects that males will constitute 52.8% of the labor force compared to 47.2% for females, which is surprising given the needs and aspirations of the modern American female.



[32] BLS, Employment Projections: 2014-24 Summary, http://www.bls.gov/news.release/ecopro.nr0.htm
[33] BLS, Labor force projections to 2024: the labor force is growing, but slowly, December 2015, http://www.bls.gov/opub/mlr/2015/article/labor-force-projections-to-2024.htm

The BLS projects that the percentage of older Americans, aged 55 and older, will continue to increase whereas the percentage of younger Americans, aged 16 to 24, will continue to shrink as a percentage of the labor force.



By race and ethnicity, the BLS projects that the percentage of non-White Americans will continue to increase unabated as the percentage of the White labor force personnel decreases. As discussed later in this report, 2011 marked the first year in U.S. history that minority births exceeded White births. In 2015, over 50% of all U.S. children aged 5 years old are minorities. By 2020, more than 50% of all U.S. children are expected to be part of a minority race or ethnic group. By 2044, America will be a minority-majority nation. California, Texas, New Mexico and Hawaii are already minority-majority states—not counting the upsurge in the multiracial population.

Employment-Population Ratio. The BLS's Employment-Population Ratio[34] is another statistic that is not widely used, but is useful in a strategic context. This ratio answers the question, "what portion of the working-age population is employed?" The Employment-Population Ratio is the proportion of the Civilian Noninstitutional Population of employed farm and nonfarm adults as determined by the monthly Current Population Survey conducted by the Census Bureau for the BLS.[35] Unlike the Unemployment Rate, the Employment-Population Ratio includes people who have stopped looking for work (aka Not-in-Labor-Force). However, it excludes the total U.S. population as its name implies.

As of 1 October 2016, the U.S. Employment-Population Ratio was 59.8%. From its peak in April 2000, the U.S. Employment-Population ratio has declined 7.6% due to slow employment growth relative to rapid growth in unemployment (U6) and Not-in-Labor-Force since the turn of the century. As mentioned earlier, Jobenomics advocates calculating the Employment-Population ratio on total

[34] BLS, http://data.bls.gov/timeseries/LNS12300000
[35] BLS, Table A-1, Employment Status, http://www.bls.gov/news.release/empsit.t01.htm

population rather than the Civilian Noninstitutional Population in order to better understand the increasing tax and familial burdens placed on working-class Americans.

Not-in-Labor-Force Growth and U.S. Welfare and Social Programs

A major reason for Not-in-Labor-Force growth is due to the exponential growth and financial attractiveness of U.S. welfare and social programs. While there is no evidence that people on welfare are immune to work, there is evidence that many recipients often lack the skills necessary to obtain the types of jobs that pay above-average wages, which, in turn, makes welfare and means-adjusted social benefits attractive. According to a CATO Institute study, "the current (U.S.) welfare system provides such a high level of benefits that it acts as a disincentive for work." [36]

The American policy-makers are split into opposing camps regarding welfare and social program expenditures.

- Fiscal conservatives want significant spending cuts to welfare and social programs, introduction of measures to tie welfare to some form of workfare requirement as required even in the most socially liberal European nations, better oversight to curtail system-wide fraud and corruption, improved reporting of off-the-books earnings and welfare benefits by government agencies, and a balanced-budget amendment or statute to restrict federal spending to the amount of tax revenue it receives as is done in every state except Vermont. According to a 2015 U.S. Government Accountability Office audit, $124.7 billion was lost to improper payments attributable to 124 programs across 22 federal government agencies. Over 75% of the government-wide improper payments were due to Medicare, Medicaid, and Earned Income Tax Credit programs. [37]
- Socially-oriented groups emphasize the need for welfare and social benefit programs to keep tens of millions of poor Americans out of poverty. According to a Center on Budget and Policy Priorities analysis, safety net programs keep about 38 million people out of poverty. [38] A recent study conducted by the University of California at Berkeley, estimates that 52% of American fast food workers, 47% of childcare and homecare workers, and 25% of part-time college faculty members require means-adjusted social program subsidies to stay above the poverty level. [39] Most major American restaurant chains and big box store companies provide training programs to help their workers receive government benefits to supplement their wages in order for their employees to achieve a livable income.

Unfortunately, American policy-makers and their constituents have polar opposite views regarding welfare and social benefit program expenditures. Jobenomics foresees that there is little chance of compromise between the two camps on spending. However, there seems to be universal agreement on the need to grow the economy. Increasing GDP growth to 3% or greater would provide fiscal resources to provide safety-nets for the poor as well as funding to invest in greater business and job creation—the focus of the Jobenomics National Grassroots Movement. If America can't agree on reducing the economic burden of mandatory spending programs, it should turn its attention to growing the economy by mass-producing small businesses, the economic engine of every nation.

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[36] CATO Institute, The Work Versus Welfare Trade-Off: 2013, http://object.cato.org/sites/cato.org/files/pubs/pdf/the_work_versus_welfare_trade-off_2013_wp.pdf

[37] U.S. Government Accountability Office, Addressing Improper Payments and the Tax Gap Would Improve the Government's Fiscal Position, 1 October 2015, http://www.gao.gov/products/GAO-16-92T

[38] Center on Budget and Policy Priorities, Policy Basics: Where Do Our Federal Tax Dollars Go?, 4 March 2016, http://www.cbpp.org/research/federal-budget/policy-basics-where-do-our-federal-tax-dollars-go

[39] UC Berkeley Center for Labor Research and Education, The High Public Cost of Low Wages, April 2015,

U.S. Welfare and Social Program Expenditures. U.S. welfare and social program expenditures, which consumes about 63% of mandatory spending of the U.S. federal budget, are the highest in the world, according to the Organization for Economic Cooperation and Development (OECD), an international body of 34 democratic member nations and 70 non-member states.

U.S. Social Expenditures

$ Trillions, Source: OECD Stat

Type	1980	1985	1990	1995	2000	2005	2009	2010	2011	2012	2013
Public	**$0.4**	$0.5	$0.8	$1.1	$1.4	$2.0	$1.4	$2.0	$2.7	$2.9	**$3.1**
Private	**$0.1**	$0.3	$0.4	$0.6	$0.9	$1.2	$0.9	$1.2	$1.5	$1.6	**$1.9**
Total	**$0.5**	**$0.8**	**$1.2**	**$1.7**	**$2.3**	**$3.3**	**$2.3**	**$3.3**	**$4.2**	**$4.5**	**$5.0**

OEDC Definition: **"Social Protection and Well-Being Programs"** include: Old age, survivor, incapacity-related, health, family, active labor market, unemployment, housing and other social policy areas.

OECD statistics show that U.S. welfare and social program expenditures were $5.0 trillion in 2013, up from $0.5 trillion in 1980, a 10-fold increase.[40]

Per head (recipient) in current prices and current purchasing power parities in U.S. dollars, the United States spends 59% more ($15,194) than the average of all 34 OECD member nations ($9,542), which would even be higher if U.S. expenditures were subtracted from the OECD average. [41]

Net Total OECD Social Expenditures (Selected Countries)

Percent of GDP, Source: OECD Stat

(Data Set)	USA	Canada	Mexico	Denmark	Sweden	Finland	Norway	OECD Average
Net Total (2013)	**28.8%**	20.7%	7.7%	26.1%	24.6%	23.4%	19.3%	**21.7%**
Public (2016)	**19.3%**	17.2%	No Data	28.7%	27.1%	30.8%	25.1%	**21.0%**
Private (2013)	**11.4%**	4.5%	0.2%	4.7%	2.2%	1.1%	3.6%	**2.8%**
	North America			**Scandinavian Countries**				**34 Countries**

As a percentage of GDP, OECD data indicates that U.S. social expenditures are about one-third higher than the average of all 34 OECD member states, 28.8% versus 21.7% respectively in 2013 (latest reported data). Compared to its neighbors, the United States spends almost more than Canada (28.2% versus 20.7%) and Mexico (28.2% versus 7.7%). In the case of Mexico, the significant difference in national social expenditures serves as a magnet for immigration to the United States.

Scandinavian countries are considered the most socialist-oriented democratic countries in the world. As a percent of GDP, the United States ranks higher than the top-spending Scandinavian nations,

[40] On a constant 2005-dollar basis, U.S. program expenditures were $4.2 trillion, up from $1.0 trillion in 1980, a 4.2-fold increase.

[41] Organization for Economic Cooperation and Development, Social Expenditure - Aggregated data, Social Protection and Well-Being, retrieved 20 October 2016, https://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG

according to OECD Net Total (public and private) social spending data. The United States spends a total of 28.8% on total public and private social spending compared to 26.1% for Denmark, 24.6% Sweden, 23.4% Finland and 19.3% Norway.

- In terms of public spending, Scandinavians expend 23% to 33% more than Americans. In 2016, the United States spends 19.3% of its GDP compared to Finland's 30.8%, Denmark's 28.7%, Sweden's 27.1%, and Norway's 25.1%.
- In terms of Private Sector mandatory (required contributions as a member of an organization) or voluntary social expenditures in 2013, Americans are far more generous than any other nation on earth by a significant margin including the very socially conscious Scandinavians. Private social expenditures by Americans exceeded the Finns by a factor of more than 10-to-1 (11.4% versus 1.1%), Swedes more than 5-to-1 (11.4% versus 2.2%), Norwegians more than 3-to-1 (11.4% versus 3.6%) and Danes more than 2-to-1 (11.4% versus 4.7%).
- To explain the difference, Scandinavians generally prefer to fund social programs through government taxation and distribution agencies while Americans prefer a combination of government and private sector institutions.

The Annual Report on Philanthropy is the seminal publication reporting on the sources and uses of charitable giving in the United States. According to Giving USA, after a 10% dip after the Great Recession, American voluntary charitable giving (individual, foundation, corporate and bequest) reached a historic high of an estimated $373 billion in 2015. Charitable giving from 2010 to 2015 to charitable causes (3.6%) was greater than the growth of U.S. GDP (2%). American individual donors gave $265 billion, accounting for 71% of all U.S. giving in 2015.[42]

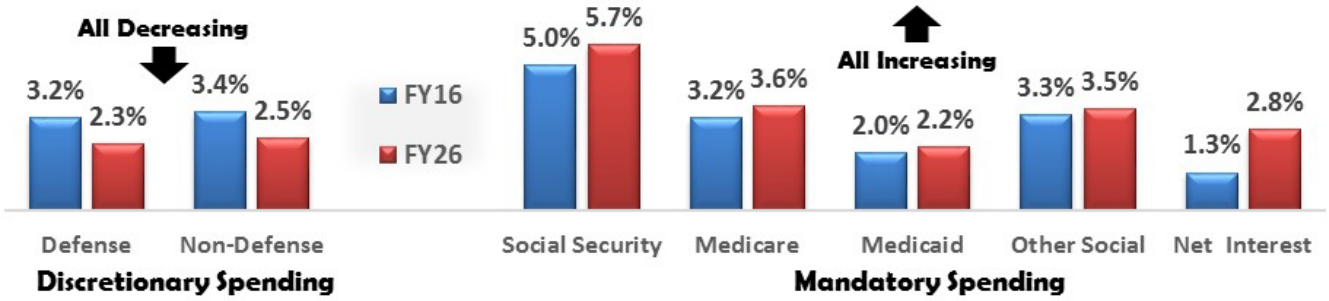
Jobenomics contends that private sector charitable giving is superior to government program expenditures for three reasons. First, private sector charitable programs are more oriented to meeting the needs of local individuals as opposed to centralized government programs that focus on masses of people based on need and political considerations. Second, the private sector usually disburses funds more effectively with more transparency and accountability. Finally, unlike the government social programs, the private sector uses a much greater degree of non-paid volunteers, which makes the ultimate amount of social expenditures much higher than currently calculated.

U.S. Federal Budget Program Statistics and Projections. According the President's FY17 Budget Document, the U.S. federal budget is now $4.1 trillion, of which $2.6 trillion (63%) is spent on mandatory welfare and entitlement programs including $967 billion on Social Security, $598 billion on Medicare, $386 billion on Medicaid and $651 billion on other social programs.[43] By 2026, mandatory federal spending will increase to $3.3 trillion consuming 68% of federal spending. If the President's budget projections are correct, Americans will have to borrow $5 trillion over the next decade to meet budget obligations. The President's budget projections are exceedingly optimistic assuming U.S. GDP growth of 5% per year through 2021 with no major financial downturns.[44]

[42] Charity Navigator, http://www.charitynavigator.org/index.cfm/bay/content.view/cpid/42
[43] White House, Office of Management and Budget, Budget of the Government, FY2017, Tables S-7, https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/budget.pdf
[44] White House, Office of Management and Budget, Budget of the Government, FY2017, Historical Tables, Table 1.2, https://www.whitehouse.gov/omb/budget/Historicals

U.S. Federal Budget Program Projections

Percent of GDP, Source: President's FY17 Budget Document, Table S-6



As a percent of U.S. GDP, the President's FY17 Budget Document projects decreasing discretionary spending and increasing mandatory spending over the next ten years. By 2026, mandatory spending will be 7.7-times greater than the United States spends on defense, up from 4.6-times today.

Increasing interest payments on the national debt will place increasing pressure on American taxpayers and the U.S. economy. Today, net interest payments equate to 1.3% of GDP. By 2026, interest payments will more than double to 2.8% exceeding what Americans pay for both defense and non-defense programs (programs that fund government operations).

Ultimately, Americans will have to choose between security, governance and social safety nets. In many ways, the decision has already been made considering the swelling ranks of poor, marginalized and able-bodied citizens that cannot work or chose not to work. Unless the United States implements a national initiative to mass-produce small businesses, that currently employ the vast majority of Americans, the American electorate will likely vote for policy-makers that are predisposed to increasing social program spending.

The U.S. federal government funds 126 separate programs targeted at low income people. State, county, and municipal governments offer additional $400 million worth of welfare and healthcare programs.

Combined welfare benefits pay more than minimum wage jobs in 35 states—in many cases, significantly more. According to a 2013 CATO Institute study[45], "(U.S.) Welfare currently pays more than a minimum-wage job in 35 states, even after accounting for the Earned Income Tax Credit." In 13 states it pays more than $15 per hour. According to CATO, one would have to make more than $60,000 (pretax wage equivalents) in Hawaii and more than $50,000 in Washington DC and Massachusetts to beat the level of welfare payments.

According to the Center on Budget and Policy Priorities, a U.S. policy institute focused on low income families, Social Security, four federal funded health insurance programs, and safety net programs equated to $2.2 trillion in 2015.[46]

[45] CATO Institute, The Work Versus Welfare Trade-Off: 2013, http://object.cato.org/sites/cato.org/files/pubs/pdf/the_work_versus_welfare_trade-off_2013_wp.pdf

[46] Center on Budget and Policy Priorities, Policy Basics: Where Do Our Federal Tax Dollars Go?, 4 March 2016, http://www.cbpp.org/research/federal-budget/policy-basics-where-do-our-federal-tax-dollars-go

- Social Security payments were made to 59.2 million recipients for a total $888 billion, or 24% of the federal budget in 2015. These expenditures provided retirement benefits to 40 million retired workers (averaging $1,342 per month for each recipient), 2.3 million spouses and children of retired workers, 6.1 million surviving children and spouses of deceased workers, and 10.8 million disabled workers and their eligible dependents.

- Four federally funded health insurance programs (Medicare, Medicaid, Children's Health Insurance Program, and Affordable Care Act) totaled $938 billion, or 25% of the federal budget in 2015.

    - $546 billion went to Medicare, which provides health coverage to around 55 million people who are over age 65 or have disabilities.

    - $392 billion went to the other three programs. Medicaid and CHIP provide health care or long-term care to about 72 million low-income children, parents, elderly people, and people with disabilities, and 8 million people enrolled in Affordable Care Act (Obamacare) received subsidies.

    - In addition to federal funding, Medicaid and Children's Health Insurance Program require matching payments from state governments.

- Safety net programs: totaled $362 billion or 10% of the federal budget in 2015. These programs include: the Earned Income Tax Credit and Child Tax Credit for low- and moderate-income working families; programs that provide cash payments to eligible individuals or households, including Supplemental Security Income for the elderly or disabled poor and unemployment insurance; various forms of in-kind assistance for low-income people, including SNAP (food stamps), school meals, low-income housing assistance, child care assistance, and help meeting home energy bills; and various other programs such as those that aid abused and neglected children.

In testimony before the Committee on the Budget United States House of Representatives, the Heritage Foundation, a conservative Washington DC-based policy institute, reported that $717 billion was spent for 79 means-tested programs providing cash, food, housing, medical care, social services, training, and targeted education aid to poor and low income Americans. Means-tested welfare does not include Social Security, Medicare, Unemployment Insurance, or worker's compensation. About 50% of means-tested spending went for medical care; 40% for cash, food, and housing aid; and 10% goes for "enabling" programs intended to help poor individuals become more self-sufficient, such as child development, job training and targeted federal education aid. [47]

The U.S. Census Bureau's Survey of Income and Program Participation (SIPP) is a household-based survey designed as a continuous series of national panels. Each panel features a nationally representative sample interviewed over a multi-year period lasting approximately four years. The last 4-year survey was announced in 2013. The next 4-year survey, currently underway, will be announced in 2017.

[47] The Heritage Foundation, Examining the Means-tested Welfare State: 79 Programs and $927 Billion in Annual Spending, 17 April 2012, http://budget.house.gov/uploadedfiles/rectortestimony04172012.pdf

According to the latest (Q4 2012) SIPP data[48], 308,983,190 payments were made to welfare recipients out of total population of 309.5 million Americans in 2012. 153,323,310 Americans received benefits from one or more programs, which equates to half of the U.S. population.

U.S. Welfare Recipients

Recipiency Status and Program	Population
US Population (Q4 2012)	309,467,100
Received benefits from one or more programs	**153,323,310**
	50%

Social Welfare & Social Insurance Programs	108,726,830
Social Security	51,900,210
Railroad Retirement	346,060
Veterans' compensation	3,297,360
Unemployment compensation	3,776,230
Workers' compensation	598,850
Veterans' educational assistance	45,640
Medicare	48,762,480
"Means-Tested" (Welfare) Programs	**200,256,360**
Public or subsidized rental housing	13,266,890
Federal Supplemental Security Income (SSI)	20,354,890
Food stamps (SNAP)	51,471,110
Temporary Assistance for Needy Families (TANF)	5,442,240
Other cash assistance	4,517,200
Women, Infants, and Children (WIC)	22,525,500
Medicaid	82,678,530
Source: US Census Bureau	**308,983,190**

As shown, 108,726,830 Americans receive some form of social welfare or social insurance payments and an additional 200,256,360 Americans receive "means-tested" program payments. These totals do not include other government benefits like the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), Alternative Minimum Tax (AMT) rebates and Education and Tuition Assistance programs. The EITC alone can amount to payments of $6,000 per year for families with three children. Nor does it include expenditures for Affordable Care (Obamacare), tuition assistance, college loans, unemployment insurance, housing assistance and a long list of other programs.

Income numbers from Current Population Survey (CPS) and SIPP are the sources of the official U.S. poverty rate and income distribution statistics. According to numerous sources, means-tested program payments could be underreported by a significant amount. For example, according to a University of Chicago's School of Public Policy Studies, roughly half of the dollars received through food stamps, Temporary Assistance for Needy Families and Workers' Compensation have not been reported in the CPS. High rates of underreporting and understatement are found also for many other government transfer programs and datasets. [49]

[48] U.S. Census Bureau, Economic Characteristics of Households in the United States, Table 2: People by Receipt of Benefits from Selected Programs: Monthly Averages: 4th Quarter 2012 (retrieved 16 October 2016), http://www.census.gov/programs-surveys/sipp/publications/tables/hsehld-char.html

[49] University of Chicago, Irving B. Harris Graduate School of Public Policy Studies, The Under-Reporting of Transfers in Household Surveys: Its Nature and Consequences, June 2015, https://harris.uchicago.edu/sites/default/files/AggregatesPaper.pdf

This massive amount of disbursements has created a public assistance industry characterized by 1.5 million U.S. public charities, private foundations and nonprofit organizations that are largely dedicated to maximizing unemployment, entitlement and welfare benefits.[50] These nonprofit organizations yield tremendous social and political power that will continue to fuel the growth of entitlement and means-tested welfare programs, which inadvertently fuels Not-in-Labor-Force growth and dependency on public assistance.

From a Jobenomics perspective, welfare and social assistance programs are vitality needed for the poor and disadvantaged. However, the safety net has become a floor that often serves as an inducement for people not to work. As discussed in the Jobenomics Employment Analysis, the United States needs to create new and innovative employment opportunities as an attractive alternative to departing the labor force. Until these income opportunities are proffered, little change is likely due to growing political power of the have-not element of our society.

Postsecondary Education. Another major reason for Not-in-Labor-Force growth is due to the increasing number of students enrolled in postsecondary education. Postsecondary education that is subsidized by government is a means-tested welfare program for people that cannot otherwise afford a college education. The ideological split between fiscal conservatives and social progressives on postsecondary education as a right as opposed to a privilege is especially acute in today's politically-charged atmosphere.

Jobenomics endorses subsidized postsecondary education for the right reasons to land the right job in order to self-actualize and achieve self-sufficiency. Unfortunately, too many students use government subsidies to enroll in postsecondary institutions for the wrong reasons, such as parental or peer pressure, enjoying the college scene, or delaying the drudgery of the labor force. It is also unfortunate that many students are burdening themselves with a lifetime of long-term debt. The average monthly student loan payment for 42 million borrowers is approximately $350 per month. [51] The total amount of student loan debt is second only to mortgage debt and now exceeds both auto loan and credit card debt.[52]

Postsecondary students account for 22% of today's Not-in-Labor-Force. According to the U.S. Department of Education[53], total undergraduate enrollment in degree-granting postsecondary institutions was 17.3 million in fall 2014, an increase of 31% from 2000 when enrollment was 13.2 million students. In fall 2014, female students made up 56% and male students made up 44% of the total undergraduate enrollment. Between 2000 and 2014, Hispanic enrollment increased by 119%, Blacks by 57%, and Whites by 7%. By 2025, the DoE projects that undergraduate enrollment will increase by 14% to 19.8 million students with females increasing by 17% as opposed to males at 11%.

[50] Note: As of 2013, the U.S. has 1,527,525 registered nonprofit organizations. For a complete list see the National Center for Charitable Statistics, http://nccsweb.urban.org/PubApps/profile1.php?state=US

[51] Student Loan Hero, A Look at the Shocking Student Loan Debt Statistics for 2016, https://studentloanhero.com/student-loan-debt-statistics/

[52] Federal Reserve Bank of New York, Household Debt and Credit Report, Q1 2016, https://www.newyorkfed.org/microeconomics/hhdc.html

[53] U.S. Department of Education, National Center for Education Statistics, The Condition of Education 2016, Pages 100 & 106, http://nces.ed.gov/pubs2016/2016144.pdf

Total enrollment in post-baccalaureate degree programs (master's and doctoral programs) was 2.9 million in 2014, an increase of 36% since 2000. In fall 2014, female students made up 58% and male students made up 42% of total post-baccalaureate degree program enrollment. Between 2000 and 2014, Hispanic enrollment increased by 107%, Blacks by 102%, and Whites by 12%. Post-baccalaureate enrollment is projected to increase 21% to 3.5 million by 2025.

According to The Center for College Affordability and Productivity (CCAP), not all colleges are equal, not all college majors are equal, and the proportion of overeducated workers in occupations has grown substantially. Increasing numbers of recent college graduates are ending up in relatively low-skilled jobs that, historically, have gone to those with lower levels of educational attainment. 48% of employed college graduates are in jobs that the BLS suggests requires less than a four-year college education. 11% of employed college graduates are in occupations requiring more than a high-school diploma but less than a bachelor's degree. 37% are in occupations requiring no more than a high-school diploma.[54]

A Georgetown study also agrees that not all college degrees are equal and that the risk of unemployment among recent college graduates depends largely on their major. Entry-level salaries for many graduates (such as those majoring in art-related career fields) are $30,000, which less than what they can get on welfare in HI, DC, CT, NJ, RI, VT, NH, MD, CA, WY, OR, MN, NV, WA, ND, NM, DE and roughly equal to benefits provided by a dozen other states. [55] The Georgetown study also cautions students to seriously weigh the benefits verses the costs. In 2013, the average student loan debt was $30,000, but with rising tuitions, $50,000 is a more reasonable figure for future graduates. Many students have a laissez-faire attitude about paying off loans or expecting loan forgiveness. Unfortunately, the phenomenon of compound interest also works on student loans. Unpaid loans can compound to double or triple the original amount.

According to the U.S. Department of Education, for Q3 2016 outstanding student loans total $1.26 trillion, up from $0.52 trillion in 2007. The total number of outstanding federal student loan borrowers has reached an **all-time high record of 42 million borrowers**, up 28 million borrowers from in 2007.[56]

The President's 2017 Budget for postsecondary student aid includes both discretionary and mandatory funding that would make available $139.7 billion in new grants, loans, and work study assistance—an increase of $42.0 billion, or 43%, over the amount available in 2008—to help an estimated 12.1 million students and their families pay for college. Of the $139.7 billion, $106.7 billion is allocated for loans and $33.0 billion for grants. The 2017 Budget also includes proposals to support and encourage low income students to complete their studies on time or faster and to reward those who take more courses; reform the campus-based student aid programs to reward success for low-income students; fully fund, expand, strengthen, and sustain the value of the Pell grant; further

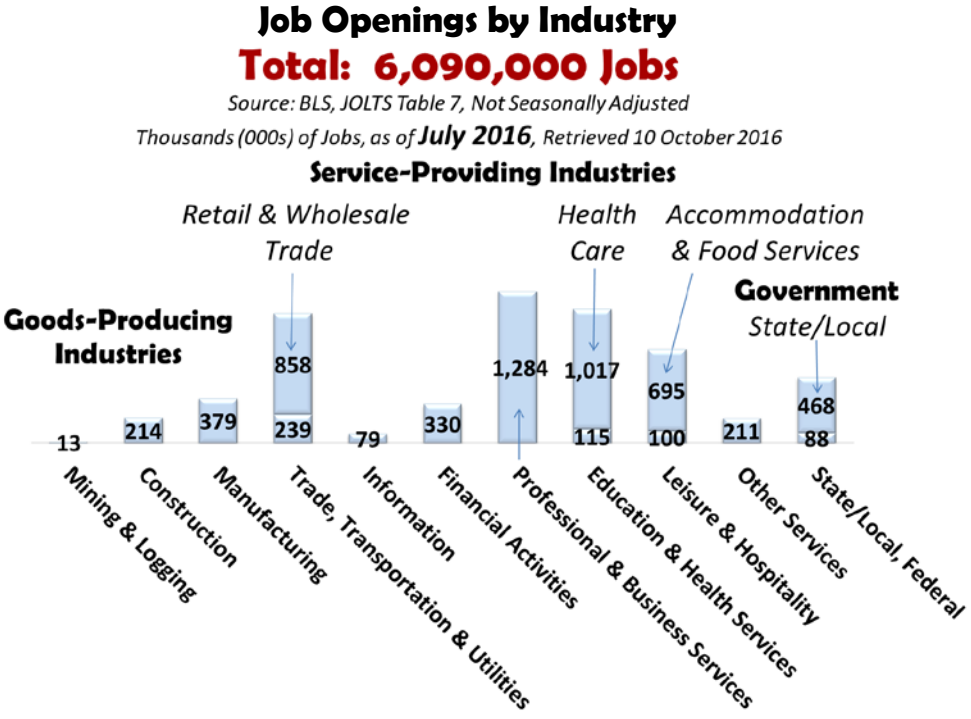
[54] The Center for College Affordability and Productivity, Underemployment of College Graduates, January 2013, http://centerforcollegeaffordability.org/research/studies/underemployment-of-college-graduates/
[55] Georgetown Center on Education and the Workforce, Hard Times: College Majors, Unemployment and Earnings: Not All College Degrees Are Created Equal, http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/Unemployment.Final.pdf
[56] U.S. Department of Education, Federal Student Aid Portfolio Summary, https://studentaid.ed.gov/sa/about/data-center/student/portfolio

simplify the application for Federal student aid; reform and streamline income-driven repayment and teacher loan forgiveness; and protect students and taxpayers from predatory colleges.[57]

Based on recent historical data, the growth of students in the Not-in-Labor-Force will continue to increase at a rate of 7% to 8% per year. Student loan debt will also continue to increase and compound. Due the ever increasing workforce skills gap, postsecondary will continue to be viewed as a panacea and a political necessity.

From a Jobenomics perspective, more discipline is needed to prepare postsecondary students for current job openings by industry and the emerging employment opportunities created by the energy and network technology revolutions (see Jobenomics Employment Analysis). Education in STEM (science, technology, engineering and math) related subjects, especially those closely associated with e-business and e-commerce, will be especially important to revitalizing the U.S. labor force and economy. Educational focus needs to be on achieving specific skillsets as opposed to earning a degree. Active learning must replace rote and apprenticeships must increasingly replace academic classrooms.

Job Openings by Industry. According to the most recent BLS Job Openings and Labor Turnover Survey (JOLTS), there are 6,090,000 job openings in the United States. [58]



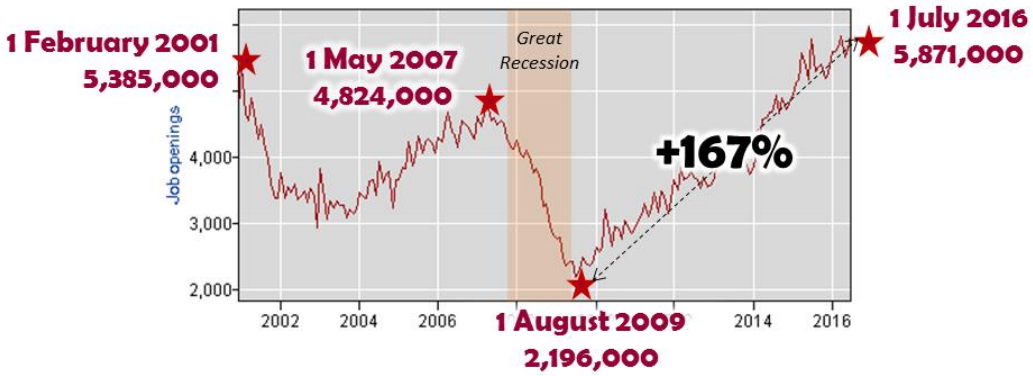
The JOLTS report calculates the number and rate of job openings, hires, and separations for the nonfarm sector by industry and geographic region. As shown, the four occupations that have the largest number of openings are: Professional & Business Services (1,284,000), Healthcare (1,017,000), Retail & Wholesale Trade (858,000) and Accommodation & Food Services (695,000). State and local

[57] U.S. Department of Education, Student Aid Overview, Fiscal Year 2017 Budget Request, Student Financial Assistance, Page 44, http://www2.ed.gov/about/overview/budget/budget17/summary/17summary.pdf
[58] BLS, Job Openings and Labor Turnover Survey (JOLTS), http://www.bls.gov/news.release/jolts.htm

government have 468,000 openings that are likely to remain unfilled due to budget constraints. The primary reason for the large number of private sector job openings is due to the lack of job skills. The secondary reason is due to economic uncertainty. From a Jobenomics perspective neither reason is likely to change in the near-term and the flow of disgruntled workers will remain unabated into the Not-in-Labor-Force.

Job Openings Since 2000

Source: Job Openings and Labor Turnover Survey (JTS00000000JOL)
Seasonally Adjusted, Thousands (000s)



According to historical JOLTS seasonally adjusted data[59], on 1 February 2001 the United States reached a peak number of 5,385,000 job openings. During the Great Recession, job openings dropped to a low of 2,196,000. Since the low point in August 2010, job openings have skyrocketed by 167% to 5,871,000 in July 2016 and 6,090,000(not shown) as of 1 October 2016.

Workforce versus Welfare. The aforementioned CATO Institute studies on workfare versus welfare conclude that low wage core contingent workers are "Like everyone else, they respond to the incentives they face. If work brings little or no gain, many will choose not to work."

According to CATO, U.S. welfare benefits fit comfortably into the mainstream of the most generous welfare states. 35 U.S. states offer welfare packages (not including Medicaid) more generous than the most lavish and liberal European countries. "In 39 states, it (the United States welfare system) pays more than the starting wage for a secretary. In 11 states, welfare pays more than the average pre-tax first year wage for a teacher. And, in the 3 most generous states, a person on welfare can take home more money than an entry-level computer programmer." [60]

Work of any kind makes a huge difference. According to the Census Bureau, only 2.3% of U.S. full-time workers are poor. Even part-time work makes a significant difference. Only 13.9% of part-time workers are poor, compared with 22.5% of adults who do not work. [61]

[59] BLS, Job Openings and Labor Turnover Survey (JOLTS), Job Openings, Seasonally Adjusted, May 2016, retrieved 6 August 2016, http://data.bls.gov/timeseries/JTS00000000JOL
[60] CATO Institute, by Michael D. Tanner and Charles Hughes; The Work versus Welfare Trade-Off: Europe, 24 August 2015, http://www.cato.org/publications/policy-analysis/work-versus-welfare-trade-europe; The Work versus Welfare Trade-Off: 2013, 19 August 2013, http://www.cato.org/publications/white-paper/work-versus-welfare-trade
[61] U.S. Census Bureau, Historical Poverty Tables—People, Table 25, 2015, http://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-people.html

In absence of workfare, discouraged workers will seek welfare, especially if it provides generous benefits with few strings attached. Unlike most European countries, the United States does not have work-related requirements tied to welfare and social assistance programs. Almost every country analyzed by CATO requires beneficiaries to register with an unemployment office, look for work, and accept job offers. As a result of unencumbered benefits, U.S. welfare and means-adjusted programs tend to incentivize low wage earners to drop out of the labor force and live "on the dole".

According to MDRC, a nonprofit nonpartisan education and social policy research organization dedicated to learning what works to improve programs and policies that affect the poor, describes five types of welfare-to-work programs that should be considered. The following is quoted from the executive summary of MDRC's Welfare-to-Work publication.[62]

- Mandatory work experience programs. Often following a period of job search, individuals in these programs are assigned to unpaid jobs, which are usually located at government agencies or nonprofit institutions.
- Mandatory job-search-first programs. Individuals are assigned to job search activities upon program entry. Other types of assigned activities can follow for individuals who do not find jobs. All five of the programs analyzed in this category encouraged quick entry into work and strongly enforced a continuous participation mandate.
- Mandatory education-first programs. Individuals are assigned to education activities prior to job search. The most common of these activities were GED preparation classes or Adult Basic Education (ABE). In some programs, individuals could also participate in English as a Second Language (ESL), vocational training, or employment training classes. Typically, job search assignments follow the completion of courses of study.
- Mandatory mixed-initial-activity programs. Individuals are assigned to participate initially in either an education or training activity or in a job search activity, depending on an assessment of their needs. Other assigned activities follow these initial activities if individuals remain unemployed.
- Earnings supplement programs. Individuals are provided with financial incentives intended to encourage work. These incentives supplement their incomes while at work.
- Time-limit-mix programs. These programs require individuals to participate in employment-orientated activities, provide them with financial incentives, and limit the amount of time they remain eligible for welfare benefits.

Surprisingly, the most significant welfare-to-work legislation in recent U.S. history was not signed into law by a fiscal conservative. President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law in fulfillment of his 1992 campaign promise to "end welfare as we have come to know it". Some of the key provisions of the law included requiring recipients to begin working after two years of receiving benefits, placing a lifetime limit of five years on benefits paid by federal funds, and requiring recipients to engage in work activities. To count as work related activities, recipients were required to participate in unsubsidized or subsidized employment, on-the-job training, work experience, community service, vocational training, or

[62] MRDC, Welfare-To-Work Program Benefits and Costs, http://www.mdrc.org/sites/default/files/execsum_18.pdf

provide childcare services.[63] At the core of the 1996 law are "participation rate requirements" that required that up to 40% of able-bodied recipients engage in "work activities" for 20 to 30 hours per week. As a result, welfare rolls dropped by half and poverty rates for minority children reached an all-time low. In 2012, President Obama issued a directive declaring that states no longer need comply with the law's work standards, which essentially ended the welfare-to-work requirement.

If low wages incentivize workers to depart the labor force in favor of lucrative and unencumbered government benefits, then the United States has a serious problem for two reasons. The first reason is an established culture of voluntary workforce departures that was addressed earlier. The second reason is that about three out of every four American workers earn less than U.S. mean income, which will be addressed later in detail. Jobenomics contends that these two reasons contribute to the slow-growth economic recovery, erosion of the American middle-class, and growth of the Not-in-Labor-Force.

[63] U.S. Department of Health & Human Services, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Making Welfare a Transition To Work, https://aspe.hhs.gov/report/personal-responsibility-and-work-opportunity-reconciliation-act-1996

Contingent Part-Time Workers and Unemployment

The "contingent" workforce could become the predominant source of employed U.S. labor by 2030, or sooner, depending on economic conditions and seven ongoing labor force trends. The Jobenomics Employment Analysis examines the growing contingent workforce from an employment and income opportunity perspective. This analysis addresses how the contingent workforce is becoming a half-way house between employment and unemployment and a major inducement for people to voluntarily depart the U.S. labor force.

Today, Jobenomics estimates the contingent workforce to be 60,000,000 employed Americans or 40% of the total employed workforce. By 2030, this will accelerate to 80,000,000 or 50% of the total employed workforce. The following chart was derived from the 2015 Government Accountability Office (GAO) report, entitled the "Contingent Workforce: Size, Characteristics, Earnings, and Benefits", that compared historical surveys (BLS Contingent Workforce Studies, CWS, and the General Social Survey, GSS).[64]

U.S. Contingent Workforce Size Estimates 1998 to 2030

	BLS/GAO 1995 CWS	BLS/GAO 1999 CWS	BLS/GAO 2005 CWS	GSS 2006	GSS 2010	Jobenomics 1 Oct 2016	Jobenomics 2030 Est.
Employed	123,208,000	131,494,000	138,952,000	143,150,000	138,438,000	151,968,000	160,000,000
Contingent	39,549,768	39,448,200	42,519,312	50,531,950	55,790,514	60,787,200	80,000,000
	32.1%	30.0%	30.6%	35.3%	40.3%	40.0%	50.0%

Source: GAO Contingent Workforce Report (GAO-15-168R), Tables 3 & 4, 20 April 2015

Source: Jobenomics

Using composite data from multiple sources, the GAO estimates contingent workers to be 30% to 40% of the "Employed" U.S. labor force. As of 1 October 2016, the total number of U.S. employed was 151,968,000 million people.[65] Using the 40% figure, a total of 60 million Americans would be considered contingent workers. By 2030, Jobenomics estimates that 50% of all employed workers in the United States will be contingency workers for a total of 80 million, with the other half being standard full-time workers. Jobenomics forecasts that contingency workers will be the dominant (over 50%) component of the employed Americans based on seven factors: (1) increasing labor force losses versus labor force gains, (2) adverse corporate hiring and employment practices, (3) revolution in energy and network technologies, (4) automation of manual and cognitive jobs, (5) impact of the emerging digital economy, (6) shift from full-time, to part-time and task-oriented labor, and (7) cultural differences of new labor force entrants.

These seven trends are explained in detail in the companion Jobenomics Employment Analysis: Q3 2016. The focus of this analysis is on part-time contingent workforce that is the closest cadre to being unemployed and often dependent on some form of public assistance to earn a livable wage. Jobenomics believes that this group deserves much more attention and public assistance (monetary and otherwise) than they currently receive. Part-time contingent workers are the group caught in the netherworld between employment and unemployment. Increased attention, support and mentoring is likely to keep them pursuing workfare and meaningful careers.

[64] U.S. Government Accountability Office, GAO-15-168R, Contingent Workforce: Size, Characteristics, Earning and Benefits, 20 April 2015, http://www.gao.gov/assets/670/669766.pdf

[65] BLS, Table A-1. Employment status of the civilian population, http://www.bls.gov/news.release/empsit.t01.htm

To understand the contingent workforce, it is necessary to first know how government defines contingency work. The BLS defines the contingent workforce as the portion of the labor force that has "nonstandard work arrangements" or those without "permanent jobs with a traditional employer-employee relationship." The contingent workforce is comprised of two categories: "core" and "non-core" contingent.

- **Core contingency** workers include part-time workers, agency temps, direct-hire temps, on-call workers and laborers and contract company workers. Core contingency workers are often low wage earners that have nonstandard work arrangements out of necessity (involuntary workers) and are often subject to exploitation. Government generally views core contingent workers as a fiscal liability since these workers often receive lower wages compared to "standard workers" and are not entitled to traditional employer-provided retirement and health benefits. Consequently, core contingent workers have relied on government retirement and health benefits and other means-adjusted assistance programs to a much greater degree than the standard workforce. Poor part-time workers are the group most likely to become discouraged, quit looking for work and voluntarily depart the labor force.
- **Non-core contingency** workers include independent contractors, self-employed workers and standard part-time workers who work fewer than 35 hours per week. Non-core contingency workers generally seek nonstandard work agreements as a matter of choice (voluntary workers). Jobenomics views the non-core workforce as a positive and growing economic force. Most next-generation workforce entrants (Generation Z's digital natives) are not seeking traditional employer-employee relationships and prefer contingent work in the so-called "digital" economy. Today, the U.S. economy is approximately 95% traditional and 5% digital. However, the digital economy is growing at 20% per year and is likely to generate a significant expansion of non-core contingency workforce. Before mid-century, the U.S. digital economy is projected to be the same size as the traditional economy. The McKinsey Global Institute lists twelve disruptive NTR technologies that will inject $124 trillion of dollars of economic activity into the global digital economy by 2025, which would be slightly less than today's global traditional economy of $138 trillion (GDP PPP as calculated by the IMF).[66] [67] [68]

Core & Non-Core Contingent Worker Estimates 1998 to 2030

	BLS/GAO 1995 CWS	BLS/GAO 1999 CWS	BLS/GAO 2005 CWS	GSS 2006	GSS 2010	Jobenomics 1 Oct 2016	Jobenomics 2030 Est.
	Agency & direct-hire temps, On-call workers & day laborers, Contract company workers						
Core	7,269,272	7,495,158	7,781,312	10,163,650	10,936,602	12,157,440	19,200,000
	5.9%	5.7%	5.6%	7.1%	7.9%	8.0%	12.0%
	Independent contractors, Self-employed workers, Standard part-time workers						
Non-Core	32,280,496	31,953,042	34,738,000	40,368,300	44,853,912	48,629,760	60,800,000
	26.2%	24.3%	25.0%	28.2%	32.4%	32.0%	38.0%

Source: GAO Contingent Workforce Report (GAO-15-168R), Tables 3 & 4, 20 April 2015 *Source: Jobenomics*

[66] McKinsey Global Institute, Disruptive technologies: Advances that will transform life, business, and the global economy, May 2013, file:///C:/Users/CHUCK/Downloads/MGI_Disruptive_technologies_Full_report_May2013.pdf
[67] International Monetary Fund, World Economic Outlook, April 2016, https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx
[68] See Jobenomics Network Technology Revolution Report for further detail at www.Jobenomics.com.

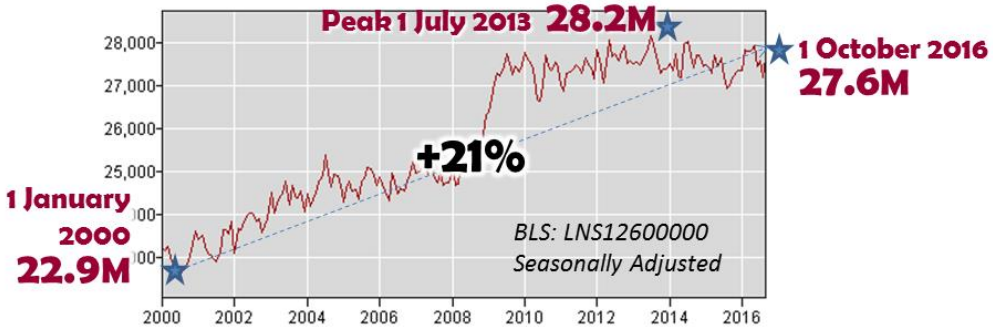
Using composite data from studies conducted from 1995 to 2010, the GAO Contingent Workforce report estimates core contingent workers to constitute 5.7% to 7.9% of the employed portion of the Civilian Labor force, which equates to between 7.3 million to 11.0 million workers. The percentage of non-core contingent workers ranges between and 24.3% to 32.4% of the employed portion of the Civilian Labor force, which equates to between 32.3 million to 44.9 million workers. Jobenomics 2016 estimate is 8.0% or 12.2 million core and 32% non-core or 48.6 million workers.

Jobenomics 2016 estimate of 40% for core and non-core contingency workers is roughly equivalent to the GAO's high water mark of 40.4% of the U.S. labor force in 2010[69] and Bloomberg's contingency workforce estimate of 40% for 2020.[70] Jobenomics 2016 estimate is to similar estimates from other developed economies. For example, in Japan, contingent workers (non-regular workers) accounted for up to 50% of younger Japanese workers and 40% of the total Japanese labor force in 2014, up from 10% in 1990.

The Jobenomics 2030 estimate is 40% for core and non-core contingency workers: 12.0% or 19.2 million core and 32% non-core or 60.8 million workers.[71]

BLS Part-Time Workforce Estimates. The BLS reports on the part-time workers as "persons who work less than 35 hours a week", which Jobenomics considers a restricted definition since there are many Americans who work full time in numerous part-time jobs. This is especially true of new workforce entrants who work multiple part-time jobs out of necessity and more experienced workers who have ventured out as independent contractors and consultants. Nevertheless, the BLS provides the best monthly snapshot of the part-time labor force of any government agency.

Part-Time Workers



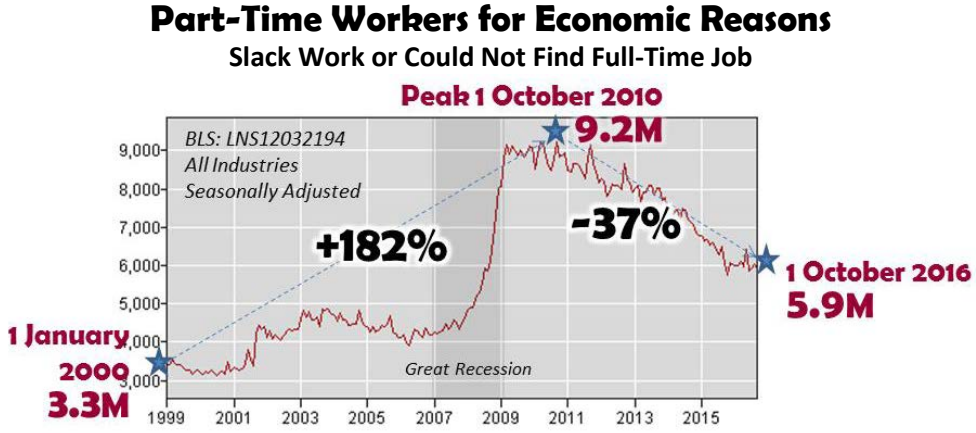
The number of U.S. part-time workers has grown 21% since 1 January 2000 to 27,637,000 on 1 October 2016, which is near the all-time high of 28,175,000 in July 2013.[72]

The BLS also provides data on two categories of part-time workers: those who work part-time for "economic reasons" and those who work part-time for "noneconomic reasons."[73] For the most part,

[69] U.S. Government Accountability Office, Contingent Workforce: Size, Characteristics, Earnings, and Benefits, 20 April 2015, http://www.gao.gov/products/GAO-15-168R
[70] Bloomberg Businessweek, 20-25 October 2014 Edition, Companies/Industries, Page 20
[71] Asia-Pacific Journal, Scott North, "Limited Regular Employment and the Reform of Japan's Division of Labor", The Asia-Pacific Journal, Vol. 12, Issue 15, No. 1, April 14, 2014, http://www.japanfocus.org/-Scott-North/4106/article.html
[72] BLS, Table A-9, Selected employment indicators, Part-time Workers, http://www.bls.gov/webapps/legacy/cpsatab9.htm

those who work for economic reasons do so involuntarily and those who work for noneconomic reasons do so by choice.

- **Part-time workers for economic reasons** work 1 to 34 hours during the reference week for an economic reason such as slack work or unfavorable business conditions, inability to find full-time work, or seasonal declines in demand. Part-time workers for economic reasons are included in the U6 Unemployment category, which is defined as "total unemployed, plus all marginally attached workers, plus total employed part-time for economic reasons, as a percent of the Civilian Labor Force plus all marginally attached workers."



As of 1 October 2016, there were 5,894,000 part-time workers for economic reasons (have to work part-time), down from a high of 9,246,000 (-37%) in September 2010. Approximately 60% of today's part-time workers for economic reasons report that they work part-time due to slack work, whereas 40% report that could only find part-time work.

Consequently, part-time work for economic reasons increases in financial downturns (as shown during the 2007 to 2009 period of the Great Recession) and decreases when the U.S. economy is stable and growing. In addition to financial downturns, Jobenomics expects that the revolution in network technology will automate a significant number of manual cognitive jobs in the near future further replacing the full-time workforce with part-time and task oriented workers.

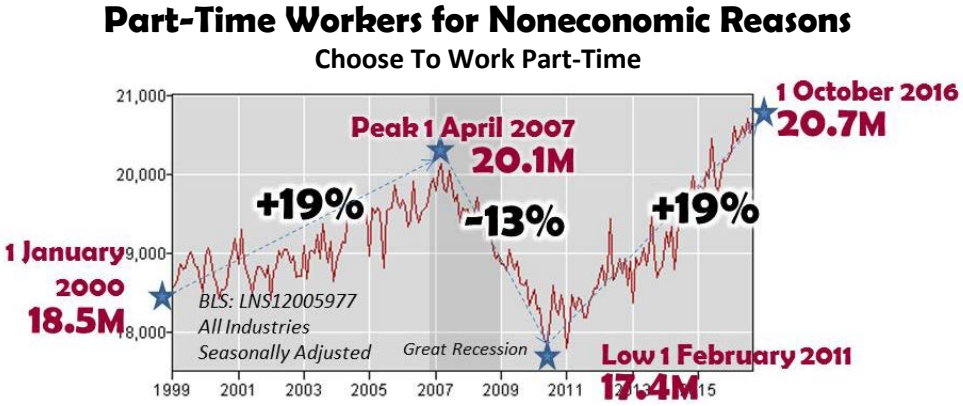
According to an Oxford University study on computerization "about 47% of total U.S. employment is at risk over the next two decades".[74] If Oxford's estimates are correct, out of the 143 million currently employed Americans, 67 million jobs could be at risk. Many or most of layoffs caused by automation will compel workers in to the part-time or the Not-in-Labor-Force categories. It is incumbent on policy-makers to plan now to prevent this risk from happening.

- **Part-time workers for noneconomic reasons** work part time for noneconomic reasons such as childcare problems, family or personal obligations, school or training, retirement or Social Security limits on earnings, and other voluntary reasons. This excludes persons who usually work

[73] BLS, Table A-8, Employed persons by class of worker and part-time status, http://www.bls.gov/news.release/empsit.t08.htm

[3] Oxford University, *The Future of Employment: How Susceptible Are Jobs To Computerization?*, 17 Sep 2013, http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdfhttp://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf

full time but worked only 1 to 34 hours during the reference week for reasons such as vacations, holidays, illness, and bad weather.



Part-time workers who choose to work part-time reached an all time high of 20,688,000 as of 1 October 2016. Jobenomics expects this trend to continue.

Since part-time workers for nonenonomic reasons work part time by choice the network technology revolution and the emerging digital economy are presenting numerous new non-traditional career opportunities, such as the shared-mobility and smartphone apps industries. Uber was founded in 2009 and now has outpaced auto giant General Motors, founded in 1908, in terms of market capitalization and employees. GM is worth about $44 billion with 212,000 employees. Uber's estimated worth is $40 billion with 800 full-time employees and an estimated 500,000 contingent workers (mainly drivers) worldwide with approximately half the number in the United States. The mobile phone apps industry as grown in less than a decade from zero in 2008 to 4 billion apps in an $100 billion marketplace that is expected to double by 2018. According to a recent Apple press release, as a result of Apple's App Store's success, Apple is now responsible for creating and supporting 1.9 million jobs in the U.S. alone.[75]

While the shared-mobility and smartphone apps industries are currently enjoying explosive growth, they could also share the fate of the fracking industry that has gone from boom to bust in short order due to the downturn of gas prices and international competition. Today, the majority of car-sharing drivers and apps developers make below average income as non-core part-time contingent workers. Any adverse financial conditions or new competitive forces could quickly drive these part-timers from working for noneconomic (by choice) reasons to working due to economic (involuntary) reasons.

Census Bureau Part-Time Workforce Estimates. According to the U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement, out of a total of 160.1 million American workers 15-years old and over with earnings in 2014, the total number of part-time equivalents was approximately 51.5 million American workers, which is a significantly higher number than the 27.4 million estimated by the BLS. [76]

[75] Apple, https://www.apple.com/pr/library/2016/01/06Record-Breaking-Holiday-Season-for-the-App-Store.html
[76] U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic (ASEC) Supplement, Table PINC-05, Work Experience in 2014--People 15 Years Old and Over by Total Money Earnings in 2014, Age, Race, Hispanic Origin, and Sex, https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf

Census Bureau Part-Time Workforce Study

American Workers by Total Money Earnings in 2014 (Millions)

Source: Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement

Worked At Full-Time Jobs (Having worked full-time 35 hours or more per week during a majority of the work weeks)				Worked At Part-Time Jobs (Having worked part-time less than 35 hours per week during a majority of the work weeks)			
Total	50 Weeks or More	27 to 49 Weeks	26 Weeks or Less	Total	50 Weeks or More	27 to 49 Weeks	26 Weeks or Less
127.4	108.7	11.3	7.4	32.8	17.2	6.6	9.0

Part-Time Equivalents 51.5 Million American Workers

As highlighted in yellow, of the 51.5 equivalent part-time workers, 32.8 million Americans worked at part-time jobs, 11.3 million full-time workers worked 27 to 49 weeks and 7.4 million worked 26 weeks or less during the year (i.e., part time due to vacations, illness and other reasons).

From a Jobenomics viewpoint, anyone who works less than 50 weeks a year should be considered "functionally part-time" workers for the same reasons that Not-in-Labor-Force people should be considered "functionally unemployed." Correspondingly, as highlighted in green, the 17.2 million part-timers that work 50 weeks or more should be considered full-timers for the same reason.

The bottom line of this section of the Jobenomics Unemployment Analysis is that part-time core and non-core contingency workers are a substantial and largely misunderstood part of the U.S. labor force. If a corporation had such limited visibility of this rapidly growing and essential element of its workforce, it would likely go out of business. Why shouldn't the same be true for a country? The good news is that the BLS has the wherewithal to provide the required information if only they could get adequate funding to do so.

U.S. Income and Earnings Statistics and Analysis

According to the U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic (ASEC) Supplement, formerly known as the Annual Demographic File, out of a total of 160.1 million American workers 15-years old and over with earnings, 72% (115.2 million) were below mean income and 28% (44.9 million) were above mean income of $54,964 for full-time workers in 2014.[77] Mean income, or average income, is the amount obtained by dividing the total labor force earnings by the number of American full-time workers. Mean income provides a useful number to delineate those who are doing well as opposed those who are not doing as well. The low wage earner problem is acute with women, minorities, new workforce entrants and a growing cadre of poor white males.

Income and Earnings by Gender. Significant amount of attention is afforded to gender income inequality at the high-end of the pay scale. This analysis examines pay scales at six different levels.

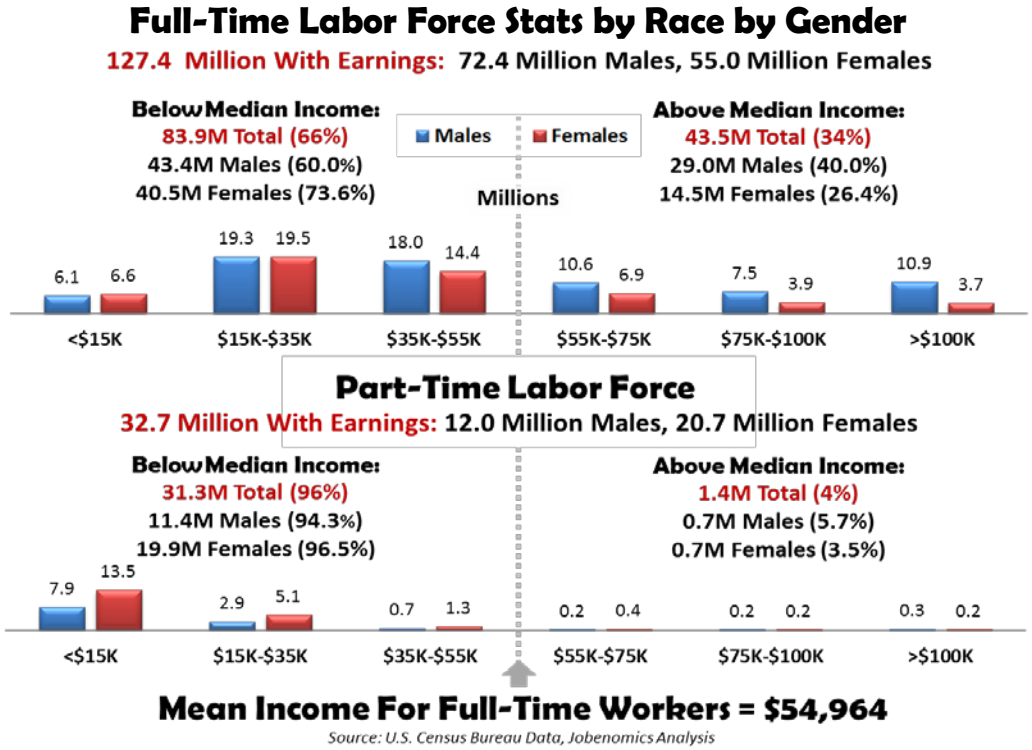
2014 Income Earnings Profile by Gender

Millions of Workers With Earnings, Age 15 and Over *Source: Census Bureau Data, Jobenomics Analysis*

Below Mean	Males	Females	Above Mean	Males	Females
72%	54.8	60.4	28%	29.7	15.2
	Below Average 115.2 Wage Earners			Above Averge 44.9 Wage Earners	

Total American 160.1 Wage Earners

The number of males earning above mean income was 93% higher than females (29.7 million versus 15.2 million). The number of male workers earning below mean income was 9% lower than their female counterparts (54.8 million versus 60.4 million).



Source: U.S. Census Bureau Data, Jobenomics Analysis

[77] U.S. Census Bureau, PINC-05, Work Experience-People 15 Years Old and Over, by Total Money Earnings, Age, Race, Hispanic Origin, Sex, and Disability Status, Person Income in 2014, updated 21 March 2016, http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html

Out of a population of 321,000,000 in 2014, 160,066,000 Americans 15-years old and older worked with earnings. 80% (127,414,000) worked full-time and 20% (32,765,000) worked part-time during the work year. The full-time workforce was 57% male (72,439,000) and 43% female (54,975,000). The part-time workforce was 37% male (12,100,000) and 63% female (11,137,000).

There are six (<$15K, $15K-$35K, $35K-$55K, $55K-$75K, $75K-$100K, >$100K) categories for both sexes for the full-time workforce and six categories for the part-time workforce. Numbers and percentages for both sexes are shown for each of these twelve categories. While females tend to outnumber males in the lower wage categories and males outnumbered females in the higher categories, the differences are not substantial in the majority of the twelve categories. The biggest disparities are in the extremes.

66% of all full-time and 96% of all part-time workers of both sexes earn below mean income wages. Full-time workers constitute the bulk of U.S. wage earners with 83.9 million workers making below average income. The part-time workforce totals 31.3 million workers making below average income.

While the part-time workforce is currently only one-third the size of the full-time workforce, if Jobenomics is correct regarding the contingent workforce becoming the dominant form of U.S. labor in the near future, income disparity for low wage earners of both sexes will grow in importance and must be addressed now with actionable solutions.

In terms of income disparities between the sexes, the differences are not as profound at the low end of the spectrum as they are at the higher levels. 54.8 million males and 60.4 million females earn below average wages, which is not statistically significant in terms of size. In terms of percentages, for full-time workers, the percentage of males below average income is 60.0% compared to 73.6% for females. For part-time workers, the percentage of males below average income is 94.3% compared to 96.5% for females.

Wage Earner Comparison by Gender

American Workers 15 Years Old and Over by Total Money Earnings in 2014

Data Source: U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement data, Jobenomics Analyses

	Worked At Full-Time Jobs (Having worked full-time 35 hours or more per week during a majority of the work weeks)				Worked At Part-Time Jobs (Having worked part-time less than 35 hours per week during a majority of the work weeks)			
Wage Earners	Total	50 Weeks or More	27 to 49 Weeks	26 Weeks or Less	Total	50 Weeks or More	27 to 49 Weeks	26 Weeks or Less
Both Sexes (000s)	**127,414**	108,713	11,307	7,394	**32,765**	17,177	6,564	9,025
Mean Earnings	**$54,964**	$59,283	$38,782	$16,117	**$16,472**	$22,764	$15,411	$5,261
Male (000s)	**72,439**	62,466	6,023	3,949	**12,100**	6,040	2,323	3,737
Mean Earnings	**$62,278**	$66,971	$43,153	$17,072	**$18,663**	$26,974	$17,576	$5,900
Female (000s)	**54,975**	46,246	5,284	3,445	**20,665**	11,137	4,240	5,288
Mean Earnings	**$45,325**	$48,897	$33,797	$15,025	**$15,188**	$20,480	$14,225	$4,810

Gender Wage Disparity		
-27%	Female compared to Male	-19%

The wage earner comparison by gender chart provides more detailed information regarding the amount of time per week for both sexes relative to the mean income of $54,964.[78] What is most

[78] People are classified as having worked part-time during the preceding calendar year if they worked less than 35 hours per week in a majority of the weeks during the year. Conversely, people are classified as having worked full-time if they

striking about this chart is that all full-timers are not working full-time due various reasons such as new entrants and reentrants, layoffs and illness. Only 108,713,000 out of a total of 127,414,000 full-time workers (85%) work 50 weeks or more a year. 18,701,000[79] so-called full-time workers work less than 49 weeks or less. Adding these 18,701,000 quasi-part-timers to the 32,765,000 workers who are officially classified as part-timers equals a grand total of 51,466,000 part-time workers. 51,466,000 is almost twice has high as the number (26,969,000) of U.S. part-time workers calculated by the BLS in October 2015. If quasi-full-time workers were calculated as contingent workers, the percentage would increase from 29% to 47% of U.S. labor force today.

It is also important to note that out of the total of 32,765,000 part-time workers, more than half (17,177,000) work the full-time equivalent of more than 50 hours, which is tantamount to a "professional" non-core contingent worker cadre. As discussed in this analysis and in the Jobenomics Employment Analysis: Q3 2016 report, the emergence of the new digital economy and the ethnology of new workforce entrants will generate many more jobs in the non-core contingent workforce.

For full-time workers, female mean earnings were 27% less than males ($45,325 versus $62,278). For part-time workers, female mean earnings were 19% less than males ($15,188 versus $18,663). For female part-timers who worked 50 weeks or more a year, female mean earnings were 24% less than males ($20,480 versus $26,974).

ASEC data therefore supports the claim that females earn only 73% to 76% of the earning of their male counterparts for full-time equivalent workers. ASEC data further indicates that females earned less across all work categories and were far more likely to work part-time. Consequently, female workers are poorer and more likely to be part of the contingent workforce than their male counterparts. These are extremely important issues that need to be rectified. However, these statistics do not adequately explain the critical question of why females earn less.

From a Jobenomics perspective, ethnology (cultural and relational differences) plays a major role on answering why females make less income. The diversity movement is narrowing the gap between female and male income inequities, but not fast enough to address the problem of an eroding American middle-class and energizing a lukewarm economy. To be more effective, the diversity movement needs to shift from its visible attributes orientation, such as gender and race, to more invisible attributes like parental, marital, socio-economic status, as well as educational, experiential, employment experience in order to craft solutions that will enhance the labor force.

To that end, Jobenomics emphasizes women-owned-businesses over women-in-business as a potential national initiative that will empower women to enter and succeed in the labor force with greater satisfaction and earnings. While there is nothing wrong with women pursuing opportunities with large established institutions, Jobenomics believes that many women will find greater opportunity and fulfillment by creating their own small and self-employed businesses that are tailored to their needs, lifestyles and expectations based their invisible attributes and educational, experiential and employment experience. Contrary to common knowledge, the rate of employment growth and revenue of women-owned businesses has outpaced the economy and male-dominated

worked 35 hours or more per week during a majority of the weeks in which they worked. Wages include total money earnings received for work performed during 2014. Earnings for self-employed businesses are considered wages.

[79] 11,307,000 + 7,394,000 = 18,701,000

businesses for the last three decades. In a gender-neutral digital economy, women can compete globally from home-based businesses in ways never before possible.

Income and Earnings by Race and Ethnicity. This data compares the four major race and ethnic groups: White Non-Hispanic (White), Black/African-American Non-Hispanic (Black), Hispanic/Latino (Hispanic) and Asian American (Asian). While important, other minority groups (American Indian, Alaskan Native, Native Hawaiian, Other Pacific Islanders, and people who identified themselves as multiracial) are not included simply due to their smaller demographic size. Data on these minority groups can be obtained at the website footnoted.[80]

2014 Income Earnings Profile by Race & Ethnicity

Millions of Workers With Earnings, Age 15 and Over *Source: Census Burea Data, Jobenomics Analysis*

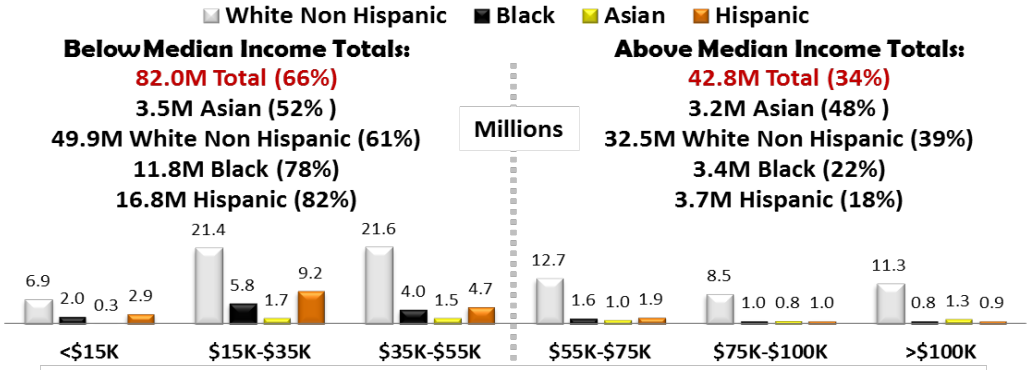
Below Mean Income	White	Hispanic	Black	Asian	Above Mean Income	White	Hispanic	Black	Asian
72%	70.7	21.7	15.4	5.0	28%	33.6	3.8	3.4	3.3
	Below Average **112.8** Wage Earners					Above Averge **44.1** Wage Earners			

Total Wage Earners Of Four **156.9** Major Race & Ethnic Groups

The demographic with the largest number of people earning above mean income were Whites with 33.6 million (76%) followed by Hispanics with 3.8 million (9%), Blacks with 3.4 million (8%) and Asians with 3.3 million (7%). The group with the largest number people earning below average income were Whites with 70.7 million (63%), Hispanics with 21.7 million (19%), Blacks with 15.4 (14%) million and Asians with 5.0 million (4%).

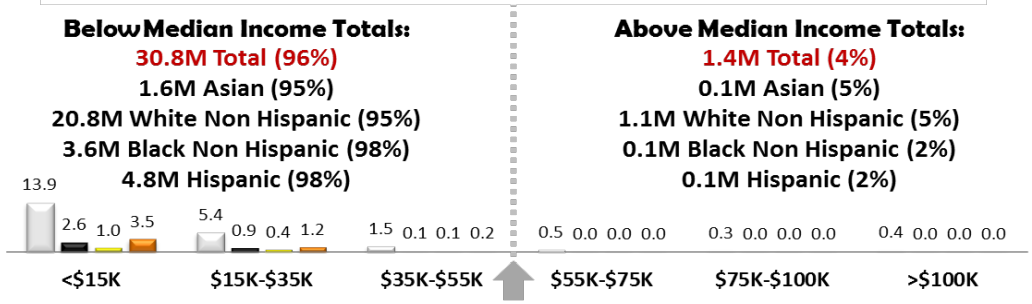
Full-Time Labor Force

124.7 Million With Earnings: 82.4M White, 20.6M Hispanic , 15.1M Black, 6.7M Asian



Part-Time Labor Force

32.2 Million With Earnings : 21.9M White, 5.0M Hispanic, 3.7M Black, 1.6M Asian



Mean Income For Full-Time Workers = $54,964

Source: U.S. Census Bureau Data, Jobenomics Analysis

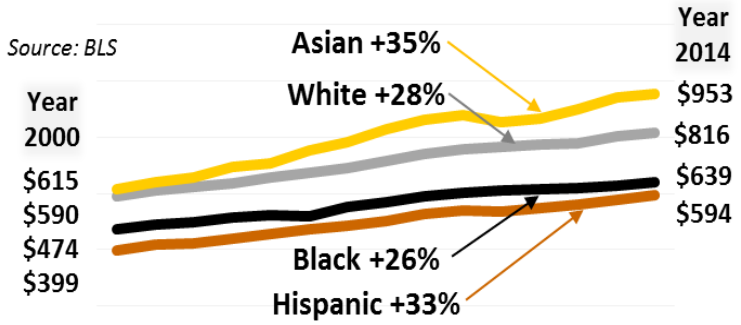
[80] U.S. Census Bureau, http://www.census.gov/data/tables/time-series/demo/income-poverty/cps-pinc/pinc-05.html

The total number of **all** wage earners from the four major racial and ethnic minority groups was 156.9 million workers, of which 104.3 million were White (66%), followed by 25.5 million Hispanics (16%), 18.8 million Blacks (12%) and 8.3 million Asians (5%). Whites dominated the combined minority workforce by 66% to 34%.

- The total number of **full-time wage** earners from the four major racial and ethnic minority groups was 124.8 million workers, of which 82.4 million were White (66%), followed by 20.6 million Hispanics (16%), 15.1 million Blacks (12%) and 6.7 million Asians (5%). Whites dominated the combined minority full-time workforce by 66% to 34%.
- The total number of **part-time wage** earners from the four major racial and ethnic minority groups was 32.2 million workers, of which 21.9 million were White (68%), followed by 5.0 million Hispanics (15%), 3.7 million Blacks (11%) and 1.6 million Asians (5%). Whites dominated the combined minority part-time workforce by 68% to 32%.
- The group with the largest number of people earning **above mean income** were Whites with 33.6 million (76%) followed by Hispanics with 3.8 million (9%), Blacks with 3.4 million (8%) and Asians with 3.3 million (7%).
- The group with the largest number people earning **below average income** were Whites with 70.7 million (63%), Hispanics with 21.7 million (19%), Blacks with 15.4 (14%) million and Asians with 5.0 million (4%).

As evidenced by these statistics, Whites made up the bulk of the labor force (104.3 million or 66%) and had the highest number of above average wage earners (33.6 million or 76%). This data also shows that the total number of poor Whites earning below mean incomes (70.7 million or 63%) greatly outnumbered all the minorities combined (42.1 million or 37%). Consequently, **the common perception that Whites do better than minorities is only half true**.

Weekly Earnings Growth by Race & Ethnicity



Like gender statistics, the biggest disparities are in the extremes with one major exception. Instead of Whites, Asians set the gold standard for all major race and ethnic group wage earners. The two highest full-time income categories favor Asian wage earners making over $75,000 per year, and the lowest part-time category disfavors Whites making less than $15,000. In regard to earnings growth, Asians outpaced all other groups over the last 15 years with a weekly earnings growth rate of 35% compared to 33% for Hispanics, 28% for Whites and 26% for Blacks.[81]

[81] BLS, Median weekly earnings of full-time wage and salary workers by selected characteristics, http://www.bls.gov/cps/cpsaat37.htm & http://www.bls.gov/cps/cpsrace2011.pdf

Wage Earner Comparison by Race & Ethnicity

American Workers 15 Years Old and Over by Total Money Earnings in 2014

Data Source: U.S. Census Bureau, Current Population Survey, 2015 Annual Social and Economic Supplement data, Jobenomics Analyses	Worked At Full-Time Jobs (Having worked full-time 35 hours or more per week during a majority of the work weeks)				Worked At Part-Time Jobs (Having worked part-time less than 35 hours per week during a majority of the work weeks)			
Wage Earners	**Total**	**50 Weeks or More**	**27 to 49 Weeks**	**26 Weeks or Less**	**Total**	**50 Weeks or More**	**27 to 49 Weeks**	**26 Weeks or Less**
All (000s)	**127,414**	108,713	11,307	7,394	**32,765**	17,177	6,564	9,025
Mean Earnings	**$54,964**	$59,283	$38,782	$16,117	**$16,472**	$22,764	$15,411	$5,261
Asian (000s)	**7,596**	6,665	563	368	**1,638**	891	313	434
Mean Earnings	**$65,557**	$69,684	$45,504	$21,622	**$17,657**	$24,296	$16,682	$4,686
White Non-Hispanic (000s)	**82,424**	70,748	7,167	4,509	**21,918**	11,365	4,619	5,933
Mean Earnings	**$46,041**	$50,179	$30,856	$9,762	**$10,631**	$15,808	$10,487	$2,493
Black Non-Hispanic (000s)	**15,133**	12,744	1,307	1,082	**3,695**	1,939	636	1,120
Mean Earnings	**$42,596**	$46,146	$31,581	$14,087	**$12,708**	$16,890	$12,998	$5,303
Hispanic (000s)	**20,572**	17,228	2,069	1,274	**4,971**	2,762	900	1,309
Mean Earnings	**$38,273**	$41,672	$26,175	$11,852	**$14,588**	$18,621	$15,634	$5,377

Race & Ethnic Wage Disparity Compared To Asians

-30%	**White Non-Hispanic**	**-40%**
-35%	**Black Non-Hispanic**	**-28%**
-42%	**Hispanic**	**-17%**

According to ASEC data, Asians are the most prosperous of all major racial and ethnic groups in regard to mean earnings. In terms of race and ethic wage disparity, Whites earn 70% (30% less), Blacks earn 65% (35% less) and Hispanics earn 58% (42% less) compared to their Asian counterparts who worked at full-time jobs. The ratio is slightly reversed for part-time workers where Hispanics earn 83% (17% less), Blacks earn 72% (28% less) and Whites earn 60% (40% less) compared to Asians.

While the statistics above are true today, in a few short years the U.S. labor force is likely to be significantly different. As forecasted by the U.S. Census Bureau, by 2044 minorities are projected to be in the majority (over 50% of the U.S. population) given current demographic growth rates.[82]

Population Growth Rates by Race & Ethnicity

Source: US Census Bureau

	2000	**2014**	***Growth Rate 2000-2014***	**2060**	***Growth Rate 2014-2060***
Total Population	282,125,000	318,748,000	***11%***	416,795,000	***31%***
Sum of race groups adds to more than the total population because individuals may report more than one race.					
White Non-Hispanic	194,729,000	198,103,000	***2%***	181,930,000	***-8%***
Three Major Minority Groups					
Hispanic	35,818,000	55,410,000	***35%***	119,044,000	***115%***
Black	34,658,000	42,039,000	***18%***	59,693,000	***42%***
Asian	10,684,000	17,083,000	***37%***	38,965,000	***128%***
Other Major Minority Groups					
Native American/Islanders	*2,874,791*	*4,691,000*	***39%***	*6,801,000*	***45%***
Two or More Races	*6,826,228*	*7,995,000*	***15%***	*26,022,000*	***225%***

[82] U.S. Census Bureau, Projections of the Size and Composition of the U.S. Population: 2014 to 2060, March 2015, https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf

From year 2000 to 2014, Whites grew only 2% since the turn of the century as opposed to 37% for Asians, 35% Hispanics and 18% for Blacks. From year 2014 to 2060, the Census Bureau projects that Whites will decline by 8%, whereas Asians are projected to grow by 128%, followed by Hispanics at 115% and Blacks at 42%. The multiracial (officially "two or more races") population is projected to grow by an incredible rate of 225%.

As the largest U.S. minority group, Hispanics are transforming the consumer landscape. Today, Hispanics control about $1.3 trillion in buying power, which equates to significant cultural, economic and political power. This buying power is expected to grow reaching 10% of U.S. GDP by 2020.

Hispanic Millennials (Generation Y) represent 27% of all Hispanics and 21% of the entire U.S. Millennial generation born between 1981 and 2000, ages 16 to 35 (Note Hispanic Generation Z, born after year 2000, represent 35% of all Hispanics). In key markets like Los Angeles, Miami, Houston, New York and Chicago, Hispanic Millennials represent up to 55% of all Millennials. Hispanic Millennials are also rapidly growing in markets not traditionally associated with the U.S. Hispanic community.

Recent surveys of Hispanic Millennials indicate that 71% believe in the "American Dream" of upward mobility compared to 55% for non-Hispanic Millennials. 42% of Hispanic Millennials versus 23% of non-Hispanic Millennials believed that getting a postsecondary degree was a strong indicator of success. 47% of Hispanic Millennials see owning a business as an indicator of success versus 23% of non-Hispanic Millennials.[83]

Year 2011, marked the first year in U.S. history that minority births exceeded White births. In 2015, over 50% of all U.S. children aged 5 years old are minorities. By 2020, more than 50% of all U.S. children are expected to be part of a minority race or ethnic group. By 2044, America will be a minority-majority nation. California, Texas, New Mexico and Hawaii are already minority-majority states—not counting the multiracial population.

From a Jobenomics perspective, Americans spend entirely too much time debating income inequality and inequities between White-haves and minority-have-nots. As indicated by U.S. Census Bureau and U.S. Bureau of Labor Statistics data, the numbers of White-have-nots far exceed White-haves, and are comparable to minority-have-nots at the lower end of the wage scale.

On the other hand, based on projected demographic trends, minority job and wealth creation is essential to American economic prosperity and social stability as the United States transitions from a White-majority nation to a minority-majority nation. The primary solution to enhancing minority labor force participation and increasing wealth in minority communities involves minority-owned business creation, which is growing significantly faster that White-owned business.

The Census Bureau performs a Survey of Business Owners twice each decade.[84] The 2011 Survey was conducted for business owners in 2007 and the 2015 Survey for 2012 owners. This growth rate chart

[83] Hispanic Millennial Project, http://www.hispanicmillennialproject.com/waves
[84] U.S. Census Bureau, 2015 Survey of Business Owners, http://www.census.gov/econ/sbo/getdata.html

was developed by Jobenomics as a summary of these surveys to show the tremendous rate of growth for minority-owned firms during the Great Recession of 2007 to 2009 and the period of slow U.S. economic growth during the post-recession recovery.

All U.S., White, Black, Asian, Hispanic and All Minority (including other racial and ethnical minorities) firms are shown. "Total Firms" include all firms from very big to very small nonemployer (e.g., the self-employed) businesses. "Employer Firms" employ few to thousands of workers.

From 2007 to 2012, All U.S. "Total Firms" grew at 2%, White-owned firms decreased -4%, and All Minority-owned firms increased by 39%, which is incredible considering the austere times and onerous lending environment from financial institutions. During this time period, Hispanic-owned firms grew at 47%, followed by Black-owned at 35% and Asian-owned at 25%.

Growth Rates of All U.S. Firms

Source: U.S. Census Survey of Business Owners 2007 & 2015, Jobenomics Analysis

Ownership	Year	Total Firms	Employer Firms
All U.S.	2007	27,092,908	5,735,562
	2012	27,626,362	5,424,393
	Growth Rate	2%	-5%
White	2007	22,595,146	4,639,743
	2012	21,748,125	4,523,536
	Growth Rate	-4%	-3%
All Minority	2007	5,759,209	766,533
	2012	7,996,226	923,140
	Growth Rate	39%	20%
Hispanic	2007	2,260,269	248,852
	2012	3,320,563	291,335
	Growth Rate	47%	17%
Black	2007	1,921,864	106,566
	2012	2,593,168	110,786
	Growth Rate	35%	4%
Asian	2007	1,549,559	397,426
	2012	1,937,368	489,387
	Growth Rate	25%	23%

During the same period, All U.S. and White-owned "Employee Firms" downsized by -5% and -3% respectively. All Minority-, Hispanic-, Black- and Asian-owned firms grew by 20%, 17%, 4% and 23% respectively.

From 2007 to 2012, the total number of minority-owned firms grew 5.8 million to 8.0 million firms, a 39% increase mainly due to nonemployer/self-employed firm growth. In comparison, White-owned decreased during the same period.

The Census Bureau business owner surveys also provided detail on sales, receipts and shipment values for all firms. Minority firms did extremely well. In 2007, All Minority-owned firms contributed approximately $1 trillion to the U.S. economy. In 2012, this amount increased by a combined 53% to $1.6 trillion. Asian-owned sales, receipts and shipment values increased during this period by 57%, followed by Hispanic-owned by 48% and Black-owned by 38%.

Jobenomics sees tremendous future employment and revenue growth potential of minority-owned businesses given the significant rate of growth in minority populations and the rate of minority-owned business expansion over the last five years. Jobenomics believes that doubling minority-owned businesses from 8 million to 16 million is achievable within a decade, if communities implement initiatives to mass-produce highly-scalable small and self-employed minority-owned businesses.

For more information on these important subjects, download Jobenomics' Income Inequality versus Opportunity and Minority-Owned Businesses white papers regarding how to mass produce small businesses and jobs in minority communities at http://jobenomicsblog.com/income-inequality-versus-income-opportunity/ and http://jobenomicsblog.com/minority-owned-businesses/.

Income and Earnings of New Workforce Entrants. 154 million Network Technology Revolution (NTR) savvy Generation Z (Screenagers) and Generation Y (Millennials) will transform the American labor force. The NTR is transforming the U.S. economy from a traditional economy based on person-to-person transactions to a digital economy that is increasingly relying on machine-to-machine e-commerce. Labor forces that adapt to this transformation will prosper. Those that don't, will not. As the U.S. labor force transitions from a traditional economy to a digital economy, these NTR-savvy generations will either make or break America as a global economic power.

New Labor Force Entrants

Generation	Born	Oldest Age In 2015	Population Millions/% In 2015	
Gen Z, Screenagers	**Before - 1996**	**19**	**87**	**27%**
Gen Y, Millennials	**1980-1995**	**35**	**67**	**21%**
		Population	**154**	**47%**
Gen X, Post Boomers	1966-1979	49	62	19%
Baby-Boomers	1946-1965	69	79	24%
Great Gen	1912-1945	103	32	10%
		Total Population	**326**	**100%**

The NTR is characterized by a "perfect storm" of highly advanced technologies including big data, semantic webs, ubiquitous computing, 5G networks, broadband, mobile computing, machine learning, mobile robotics, multifactor credentialing, emotive language, anonymity networks, Internet of Things, artificial intelligence, and intelligence agents. Screenagers and Millennials are more skilled and more intuitive with these emerging technologies than previous generations. On the other hand, these new workforce entrants are more interested in entertainment than workfare.

As of Q1 2015, Millennials are the largest group in the U.S. labor force with 52.5 million compared to 52.7 million Gen Xers and 44.6 million Baby-Boomers.[85] However, Millennials are generally not willing to trade lifestyle for a career, which makes part-time contingent work and self-employment appealing workplace options. Rather than trying to force fit Millennials into a corporate structure, companies are adapting to these technology savvy, but high maintenance, workforce entrants. To that end, Fortune, the American business magazine, launched their inaugural list of The 100 Best Workplaces for Millennials in 2015.[86] Over 90,000 employed Millennials from 465 companies were interviewed to determine the best places to work from the Millennial's perspective. Not surprisingly, few if any of America's best-known companies made the list.

[85] Pew Research Center, Millennials surpass Gen Xers as the largest generation in U.S. labor force, 11 May 2015, http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/

[86] Fortune, The 100 Best Workplaces for Millennials in 2015, 23 June 2015, http://fortune.com/2015/06/23/100-best-workplaces-for-millennials-2015/ and http://fortune.com/best-workplaces-millennials/

Little is known about Generation Z, the children of Generation X, who are just beginning to enter the labor force. While Gen Y and Z share many commonalities, they are vastly different. Gen Z is called Screenagers for a reason. They are truly the first digital natives who are addicted to mobile-on-the-go pad, tablets and smartphones, which are extensions to their persona. An average Screenager spends seven hours a day online. Two-thirds of the Screenagers list gaming as their main hobby and communicate with images, emoticons (emotional icons) and emojis (ideograms or pictographs) that are more suited for the virtual world than the real world. The biggest traditional workplace challenges for Screenagers include very short attention spans, less developed face-to-face interpersonal skills, and preference of unstructured environments. To a great extent, Screenagers are more content living in seclusion at their parent's home than entering the labor force. Most Screenager abhor the idea of entering the traditional labor force with three-quarters planning to make their online hobbies their job.

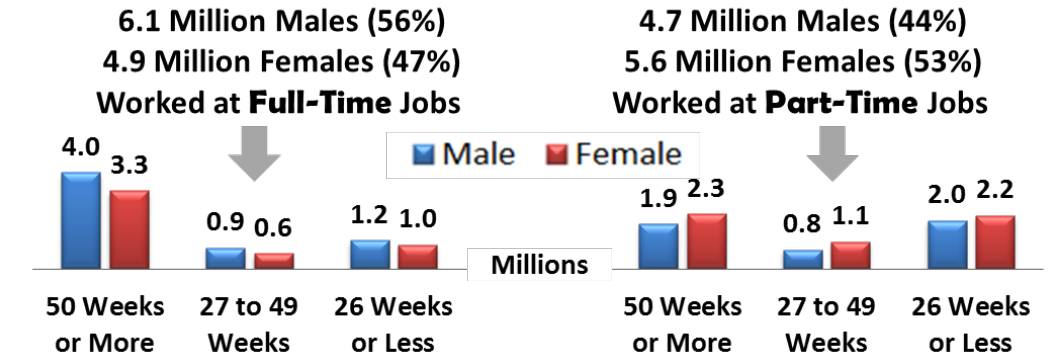
According to a Northeastern University national survey of Generation Z, aged 16 to 19, Screenagers are self-confident and entrepreneurial, but hold an unrealistic view of the economy, business and employment.[87] Despite being worried about making money or affording college, 64% of Gen Zers believe that big corporations control too much in society and view traditional career paths as abhorrent.

Earnings of New U.S. Labor Force Entrants

A total of 21.3 Million (10.8M Males and 10.5M Female) Workers Between the Ages of 15 to 24 Had Earned Wages In 2014

Source: U.S. Census Bureau Data, Jobenomics Analysis

Gender 15-24 Years Old	Earners/ Earnings	Total Millions/Dollars	Full-Time	Part-Time	Below Mean Income <$55K
Both Sexes	Earners	21.3	11.0	10.3	96%
	Mean Earnings	$16,596	$24,101	$8,616	
Males	Earners	10.8	6.1	4.7	95%
	Mean Earnings	$19,180	$26,152	$10,119	
Females	Earners	10.5	4.9	5.6	98%
	Mean Earnings	$13,962	$21,557	$7,373	



[87] Northeastern University, Innovation Imperative: Meet Generation Z, survey was conducted 8–23 October 2014, http://www.northeastern.edu/news/2014/11/innovation-imperative-meet-generation-z/

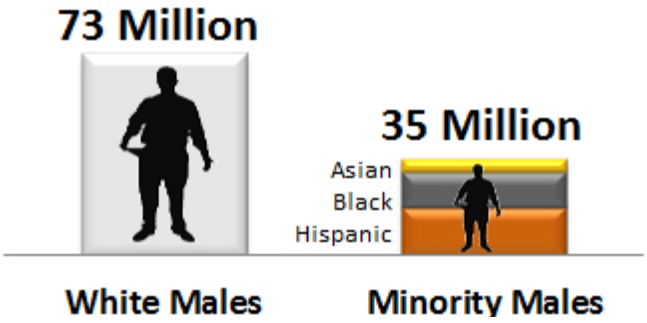
96% of new workforce entrants, ages 15 to 24, earn below mean (average) income. While this is to be expected for newcomers, the earning potential for new workforce entrants are not encouraging and are proving to be a disincentive to leaving home, school or adolescence in lieu of a job. According to Census Bureau ASEC data, there are a total of 43.0 million American workers below the age of 25. 21.8 million work without earnings and 21.3 million work with earnings as shown above. Of the 21.3 million, both sexes are equally represented (10.8 million males and 10.5 million females) and are equally engaged in full-time and part-time work (11.0 million full-time and 10.3 million part-time). Of the 11 million full-time workforce, a total of 3.7 million people work less than 50 weeks per year, which makes them quasi-full-time wage earners.

If these 3.7 million quasi-full-time workers were added to 10.3 million part-timers and the 21.8 million that work without earnings, a total of 83% of all workers below the age of 25 could be considered core contingent workers. For all the reasons addressed earlier, low wage, core contingent workers are the most likely group to drop out of the labor force. When one adds ethnology (cultural and relational differences) of younger Millennials and Screenagers to the mix, the United States has a significant labor force challenge.

Income and Earnings of Poor White Males. In today's politically correct society, it is often indelicate to mention issues regarding white males. However, this sector of U.S. society is increasingly feeling neglected, shunned and disenfranchised. Downturns in male dominated industries, like manufacturing and construction, as well as computer automation of manual and other low-skill jobs are having a major impact on white male employment and wages. Largely due to the political correctness and social justice movement, poor white males increasingly feel disenfranchised with little or no public support and reverse discrimination.

White males are twice as likely to be poor as minority males. According ASEC data, there are 73.1 million white males above age 15 who earn less than average income compared to 35 million minority males (17.5 million Hispanic, 12.6 black and 4.8 million Asian men). These numbers include all male wage eagers plus able-bodied Americans that could work but chose not to work. They do not include males that cannot work due to age, disability or are institutionalized.

American Men Comparison Earning Below Average Income



Unless attention is given to this increasingly beleaguered group, they are likely to become more isolated, aggressive, antisocial and even violent. Having 73 million financially distressed and frustrated white males is a potential economic and social powder keg. If a small percentage of 12.6 million angry black males can disrupt the social and economic order in St. Louis and Baltimore by their disruptive and often violent protests, one can only image the disruption caused by a similar

percentage of well-armed and militant white males that outnumber their black counterparts by a factor of almost 6 to 1. The United States is already experiencing an upturn in white male militancy and vigilantism and is likely to increase as America transitions from a white-majority to a minority-majority nation over the next several decades.

In summary, Jobenomics regards gender income equality as a very important issue that is the subject of much media, political and activist interest and public discussion. What is not discussed publically is the underlying income disparity issue across the entire U.S. labor force where 72% of workers of both sexes are trying to eke out a living with wages below the mean income level. Jobenomics asserts that a better approach to income inequality is to concentrate on solutions that will lift all incomes for those individuals at the base of America's economic pyramid regardless of gender, race or ethnicity. To do this, decision-makers need to have a greater understanding of the economics of the working poor, which is addressed herein, and in other Jobenomics analyses and national grassroots initiatives.

Encouraging people to look for work has less practical meaning in communities with very high unemployment and limited employment opportunities. Consequently, the only true way to reduce unemployment and reduce the numbers of Not-in-Labor-Force personnel is to create net new businesses and jobs tailored to the needs of the 115.2 million workers who make less than the U.S. mean income of $54,964 and the 94.2 million able-bodied citizens that have departed the workforce.

Small Business Creation Solution

Small business, the engine of the U.S. economy, is the best way to generate millions of new jobs with livable income and career opportunities. Big business, the anchor tenant of the U.S. economy, is on an opposite track regarding jobs creation and is unlikely to create a significant amount of net new jobs in the foreseeable future. Government can play a significant support role in small business creation, especially if they underwrite the mass-production of startups in the same way they supported the homebuilding and mortgage industries over the last fifty years via a number of government sponsored enterprises like Fannie Mae, Ginnie Mae and Freddie Mac.

The first government-sponsored enterprise (GSE) was created by the U.S. Congress in 1916 (with the creation of the Farm Credit System) to enhance the flow of credit to targeted sectors of the American economy and reduce the risk to investors and other sources of capital. If the U.S. government can underwrite trillions of dollars of loans to the agriculture, construction, automotive and aerospace industries, it surely can do a much better job for small business—the principle employer of American workers.

The U.S. Small Business Administration currently underwrites small business loans, but its budget is too limited, its outreach is too focused on disadvantaged small businesses (which is absolutely necessary but insufficient in a strategic context), and its processes are generally too oriented on individual established firms as opposed to helping communities mass-produce thousands of startups.

Small Business: the Engine of the U.S. Economy. Jobs do not create jobs, businesses do, especially small businesses. American small businesses (less than 500 employees) employ 77.9% of all Americans and created 77.7% of all new jobs this decade.

Small businesses are important to the unemployed and part-time workers who face significant workforce and financial challenges. Small businesses tend to hire these demographics at a far greater rate than large businesses that can be choosy about whom they hire. It is a well-established fact that large corporations shy away from hiring formerly unemployed workers (regardless of reason) and give preference to hiring employed workers from other organizations. Large businesses historically have been the mainstay for U.S. jobs. However, this fact is changing due to global competition, outsourcing, automation, economic uncertainty, and greater use of part-time and contingency workers.

Jobenomics is a strong advocate of big business and believes that a robust industrial base is paramount to American prosperity and security. Jobenomics also freely shares its warehouse of information and trend data with large institutions to help shape their business and labor strategies. On the other hand, Jobenomics is a strong advocate and aggressive promoter of small, self-employed and startup businesses that, overwhelmingly, are the primary sense of U.S. employment.

Since the beginning of this decade to today (1 January 2010 to 1 Oct 2016):

- Small businesses created 77.6% of all new jobs in the United States. Small businesses (less than 499 employees) created 3.5-times more jobs as large businesses (over 500 employees), or 13,752,995 versus 3,975,020 new jobs respectively.

- Micro businesses (less than 19 employees) created 1.4-times more jobs than very large institutions (over 1,000 employees), or 3,863,425 versus 2,738,789 new jobs respectively.

Today, as of 1 October 2016:

- Small businesses employ 77.8% in the U.S. private sector. Small businesses (less than 499 employees) employ 3.5-times as many citizens as large businesses (over 500 employees), or 95,373,339 versus 27,142,776 jobs respectively.
- Micro businesses (less than 19 employees) employ 1.7-times more than very large institutions (over 1,000 employees), or 31,621,942 versus 18,758,298 jobs respectively.. [88]

The above data supports the claim that small businesses produce far more jobs than big business. Contrary to popular opinion, 50% of all small business startups last five years and 30% remain in business over ten years. In addition, small business growth has outperformed large businesses during the recovery from the Great Recession[89].

A strong small business sector is of paramount importance in supporting big business as well as government. The more people small businesses can employ means less personnel issues that big business and government have to handle—thereby increasing focus on more strategic matters like economic and national security.

Federal, state and local governments can also create jobs, but the likelihood of increased government employment is limited considering the current political and fiscal environment. Even with profligate government spending after the Great Recession, net government jobs are down by 301,000 employees. Spending on government-sponsored infrastructure projects is a popular opinion, but infrastructure spending is also limited by budget constraints and the jobs they produce (mainly construction) are temporary in nature.

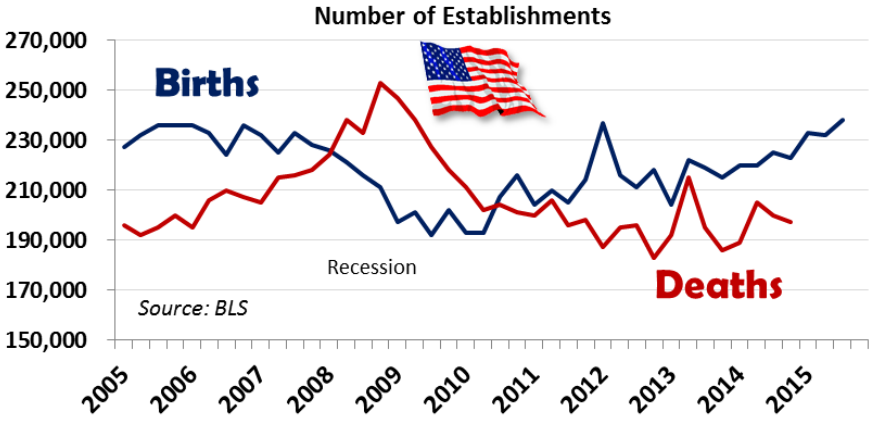
Notwithstanding, government can play a large role in business creation by the policies and incentives they promote and support. For example, America's electrical grid requires approximately $2 trillion to modernize and protect. Rather than restoring a 50-year old electrical infrastructure, government could empower businesses to create a new distributed and dispersed point-of-use power generation systems that would create millions of local, middle-class jobs via emerging renewable (such as solar, wind, geothermal and high-head hydro) and cleaner fossil fuel (such as natural gas) technologies.

Jobenomics Community-Based Business Generator Concept. The solution to growing America's economy involves putting our small business engine into over-drive. Energizing existing small businesses and creating new small and self-employed businesses could create 20 million of new jobs within a decade. To prove the validity of this assertion, Jobenomics is working with a number of cities to implement community based business generators to mass produce startup businesses. The objective of a Jobenomics Community-Based Business Generator is to increase "birth rates" of startup businesses, extend the "life span" of fledgling businesses and increase employees per business.

Recent U.S. Business Birth/Death History

[88] ADP Research Institute, Historical Data, http://www.adpemploymentreport.com
[89] For more detail see Jobenomics U.S. Employment Analysis: Q3 2016

Source: Bureau of Labor Statistics[90]



Births: Average of 877,000 new businesses per year that hire about 3.8 workers each for a total of 3,361,000 employees per year

Deaths: Average of 829,000 closed establishments per year that lay off about 3.6 workers each for a total 3,019,000 employees annually

As shown, the U.S. business birth/death history over the last decade has been relatively consistent ranging from lows of 190,000 to highs of 250,000 births/deaths per quarter. Out of the last 41 quarters, births exceeded deaths in 32 quarters. The 9 quarters where deaths exceeded establishment births were during or shortly after the Great Recession. The average number of new starts per year was 877,000 whereas the average number of business closings per year was 829,000, for a net gain of 48,000 new establishments per year. In terms of employment, the average number of new hires per year was 3,360,818 whereas the average number of layoffs per year was 3,018,545, for a net gain of 342,273 new employees per year. It is important to note that each new company employed approximately 3.8 workers, which means that micro businesses make up the vast majority of new micro business enterprises.

The way that government and big business can plan, manage and support small business and job creation is via community-based business incubators, business accelerators and business generators.

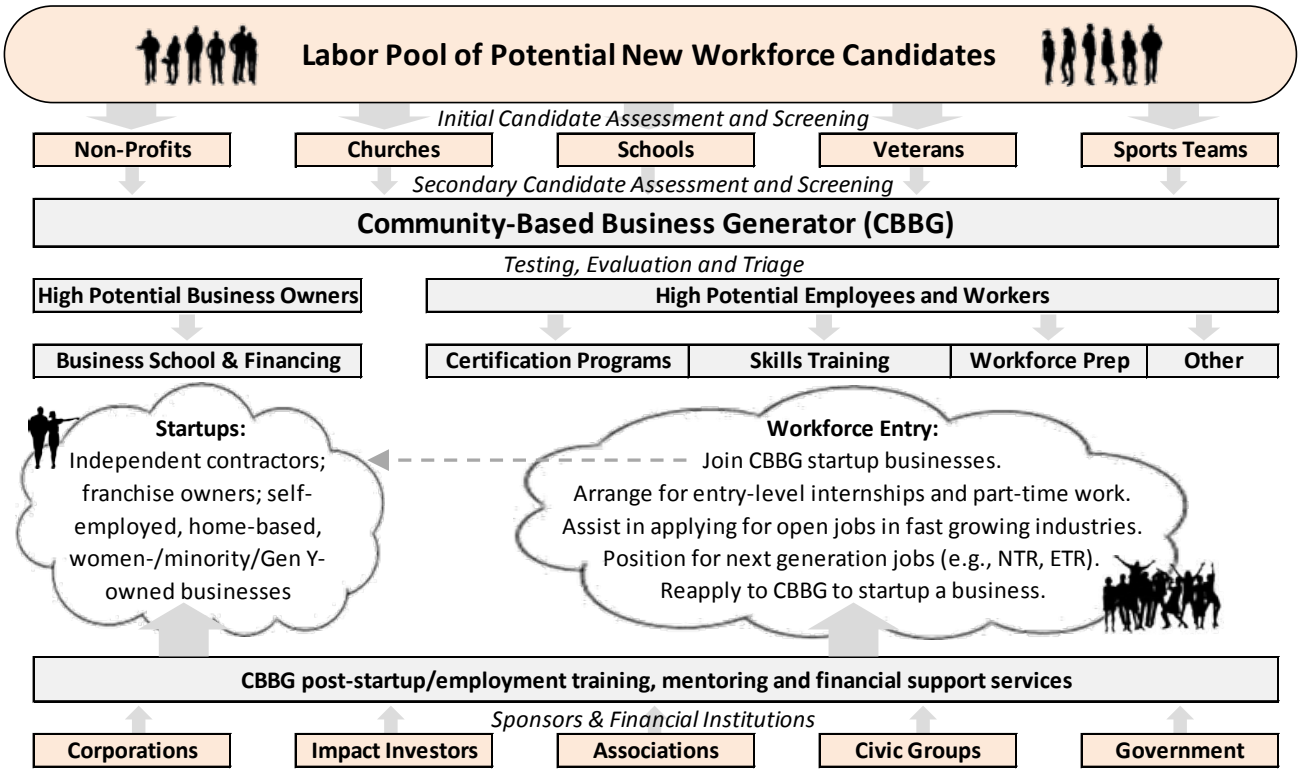
Business incubators tend to focus high-tech, silver bullet innovations that have extraordinary growth and employment potential. Business accelerators focus on expanding existing businesses in order to make them larger and more profitable. The Jobenomics business generator concept involves mass-producing small and self-employed business with emphasis on lower-tech but plentiful service-providing businesses at the base of America's economic pyramid. Many cities have business incubators, usually located at or around universities or technology parks, and business accelerators that are associated with mezzanine financing institutions. Jobenomics is working with cities and states to create business generators to mass-produce startup small and self-employed businesses.

A Jobenomics Community-Based Business Generator is designed to mass produce startup businesses with emphasis on minority-owned, women-owned, Generation Y/Z (new workforce entrants)-owned and financially distressed/handicapped startups of all races and ethnicities.

[90] Bureau of Labor Statistics, Economic News Release, last modified 27 July 2016, retrieved, 20 October 2016, Table 8. Private sector establishment births and deaths-seasonally adjusted, http://www.bls.gov/news.release/cewbd.t08.htm

Jobenomics Community-Based Business Generators mass-produce startup businesses by: (1) working with community leaders to identify high-potential business owners and employees, (2) executing a due diligence process to identify potential high quality business leaders and employees, (3) training and certifying these leaders and employees in targeted occupations, (4) creating highly repeatable and highly scalable "turn-key" small and self-employed businesses, (5) establishing sources of startup funding, recurring funding and contracts to provide a consistent source of revenue for new businesses after incorporation, and (6) providing mentoring and back-office support services to extend the life span and profitability of businesses created by the Jobenomics Community-Based Business Generators.

Jobenomics Community-Based Business Generator Concept



The process starts by using community leaders to identify high potential job seekers. Churches, non-profit institutions, schools, sports teams and veterans groups are a great source for identifying talent, desire and fortitude. These organizations provide the first phase of the triage process by screening and assessing high performance people who are known to them. The second stage is accomplished during onboarding that involves Jobenomics screening and assessing. The third stage uses aptitude and personality tests to determine potential career paths.

Once completed, candidates will be separated into a business leader group or a high potential employee group for training. The leader group will undergo management and startup business training. The employee group will undergo skills training based on the role that they will assume in the startup business (operational, technical, mechanical, financial, marketing, administrative, etc.). After the training is completed and certifications awarded, the team will commence startup operations under the guidance and assistance of the Jobenomics Community-Based Business Generator team. Jobenomics contends that Community-Based Business Generators could vastly

improve the rate of startups and expanding businesses, and reduce the rate of contracting and closing businesses.

Jobenomics Community-Based Business Generator Process

A Unique Community-Based Business And Workforce Development Process

Starting with a notional pool of thousands of candidates, Jobenomics will work with local civic organizations (churches, non-profits, sports teams, etc.) to identify and nominate the top 30% to 50%, who they know, for the Jobenomics Community-Based Business Generator program. This is the first stage of the due diligence process to separate the proverbial wheat from the chaff.

These nominees will then be subjected to standard aptitude and attitude tests in order to identify and assist those that (1) should be sent to other educational (GED and postsecondary) or training (vocational) centers for career development, (2) are qualified and suitable for immediate employment with existing companies, and (3) desire and have an aptitude for starting a small or self-employed business. Jobenomics Community-Based Business Generator will help all people who enter the program to find meaningful employment and career paths.

Jobenomics envisions that 25% of the nominees would seek a traditional education and training path, 25% would be hired directly by existing business who are looking for quality workers, and 50% would seek a more independent and self-sufficient route offered by a small business startup or self-employment.

Of the 50% that choose the Jobenomics Community-Based Business Generator training and certification process, Jobenomics anticipates that approximately 25% will eventually implement a small business startup or incorporate as a self-employed business. The 75% that undergoes but does complete Jobenomics Community-Based Business Generator process will be certified (with empirical data by professional testing and evaluation) as high-quality candidates for immediate employment or traditional education/vocational training.

Many of the initial candidates are likely to prefer working for existing companies rather than going through the Jobenomics process. Anticipating this, Jobenomics will implement a "pipeline" to connect these individuals who have undergone some level of due diligence to companies that are hiring. Consequently, the Jobenomics management team includes a nationally recognized leader who developed such a pipeline system that has matched 250,000 veterans with companies. This system is ideally suited for matching Jobenomics candidates to local employment vacancies.

The overall objective is to mass-produce small and self-employed businesses, which makes the Jobenomics Community-Based Business Generator process unique as a traditional business and workforce development center. Traditional workforce development processes focus on preparing potential workers for employment by existing businesses—usually large corporations. For marginalized individuals at the base of the American economic pyramid (especially those in depressed urban and rural areas) the odds of employment at existing businesses are slim as evidenced by the long lines at traditional job fairs versus the low percentage of people hired.

The Jobenomics process focuses on preparing workers for starting a business, whether they actually start one or use the experience to be more competitive to get a job. In today's world, gainful employment is difficult and oriented to those that are currently employed, credentialed or high-skilled. Conversely, a common complaint that Jobenomics often hears from companies is that they have a very hard time (1) finding good people who want to work, (2) who have the right attitudes and aptitude for work, and (3) who have workforce credentials, experience or related skills.

Every nominee that enters the Jobenomics process will setup a self-employed business, which can be incorporated in a matter of days, and undergo elementary business training. The reason for setting up a small business is to make them more competitive in today's job market. Many employers prefer to "try before they buy". An incorporated self-employed individual can position themselves for subcontract or contingent work (1099) as a prelude to standard full-time work (W2). Even if a self-employed individual never receives an income as a self-employed business, that individual can present themselves with credentials (Employer ID Number, website, business card and skills resume) that align with the business community. In addition, Jobenomics will provide additional credentials regarding the individual's workforce aptitude, skills and suitability tailored to the specific hiring opportunity. Jobenomics credentialing, along with letters of recommendation from the nominees' sponsoring organization, will greatly distinguish the individual from the masses of unemployed or new or returning workforce entrants.

Today, the United States does not have standardized national, state or local processes to create or mass-produce startup businesses. The U.S. startup process is largely ad hoc. By instituting a community-based (all jobs are local) standardized, repeatable and scalable process to mass-produce startup businesses, millions of new establishments could be created across America. By being part of a small business team, team members will be motivated to grow the business in order to make it more profitable, which facilitates upward mobility, higher wages, better benefits, potential equity positions, and, perhaps most importantly, a sense of camaraderie and purpose.

Job creation is the number one issue facing the United States in regard to economic growth, sustainment and prosperity. Jobs do not create jobs, businesses do, especially small businesses that

currently employ 80% of all Americans and created 80% of all new jobs since the end of the Great Recession.

Unfortunately, America is focused on big business and government employment solutions that have not been very effective growing the U.S. labor force. In fact, the U.S. labor force is in a state of decline as evidenced by the eroding middle-class and the transformation from standard full-time to part-time and contingency workers. With the next fifteen years, Jobenomics forecasts that the contingent workforce will replace traditional full-time workforce as the dominant force of labor in the United States—a trend that is largely unknown to policy-makers and the American public.

Jobenomics asserts that the four demographics with the highest need and growth potential include women, minorities, new workforce entrants, and the large cadre of financially distressed citizens who want to work or start a business. These demographics are ideally suited for the accommodating the growing contingent workforce and attracting new labor force entrants that often do not share the same employment dream of older generations.

Jobenomics believes that new small, emerging and self-employed businesses could create 20 million new jobs within a decade, if properly incentivized and supported. Notwithstanding filling the 5+ million open U.S. jobs positions, the emerging Energy Technology Revolution (ETR) and the Network Technology Revolution (NTR) could create 20 million net new American jobs within a decade given proper leadership and support.

Using the Jobenomics Community-Based Business Generator process of mass-producing highly repeatable and scalable "turn-key" small and self-employed businesses, America writ large could create tens of millions of jobs that would transform the U.S. labor force, middle-class and economy as well as providing hope and jobs for marginalized urban and rural American communities.

Jobenomics is now working directly with community leaders to develop business and job creation initiatives to mass-produce small businesses and jobs. Emphasis is placed on demographics with the greatest need and potential—women, minorities and youth. Jobenomics New York City, Jobenomics Delaware and Jobenomics Baltimore City initiatives are underway with other state and city efforts in progress including Jobenomics North Carolina, Jobenomics Southern Maryland and Jobenomics Harlem. Each of these initiatives incorporates Jobenomics Community-Based Business Generators as the way to mass-produce small and self-employed business as well as maximizing the number of jobs within targeted, often marginalized, communities.

- Jobenomics New York City's employment goal is for 1,000,000 net new jobs by 2026 in the five boroughs of New York City. Jobenomics New York City is led by a Harlem community leader who is also running for Mayor of New York City. As a proof-of-principle project the J-NYC team is raising funds for the first Jobenomics Community-Based Business Generator as part of the Jobenomics Harlem initiative. [91]

[91] Jobenomics New York City presentation, http://jobenomicsblog.com/jobenomics-new-york-city/

- Jobenomics Delaware's employment goal is for 150,000 net new jobs by 2026 across the three counties and three major cities in Delaware. Jobenomics Delaware is led by a Dover business executive who is running for Lt. Governor. [92]

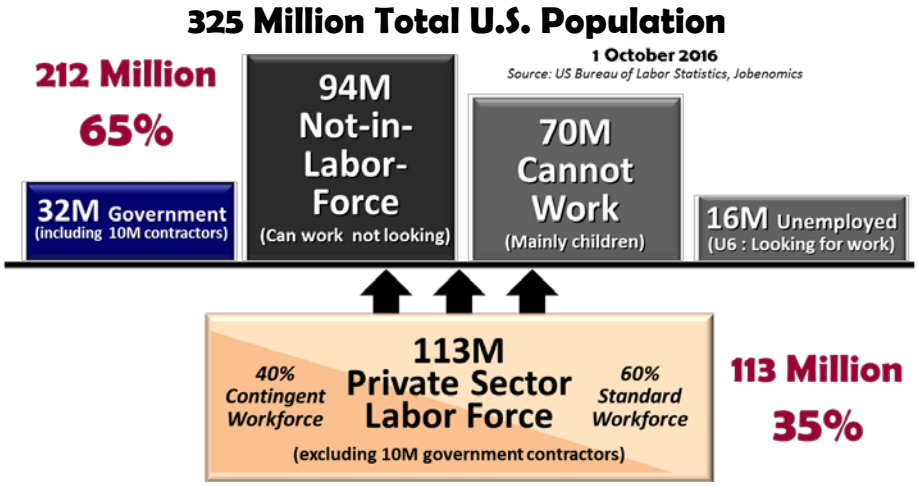
- Jobenomics Baltimore City's employment goal is for 100,000 net new inner-city jobs by 2026. Jobenomics Baltimore City is currently being led by a Commissioner of the Governors Workforce Investment Committee and inner-city Baltimore community leader. [93]

These community leaders are working with other community, government and business leaders to develop detailed plans, with actionable milestones, for citizens who desire meaningful jobs or want to start a business. A 16-page Jobenomics City & State Initiatives White Paper is available at http://jobenomicsblog.com/jobenomics-city-state-initiatives/. Presentations for Jobenomics New York City, Jobenomics Delaware and Jobenomics Baltimore City are also available as footnoted.

[92] Jobenomics Delaware presentation, http://jobenomicsblog.com/jobenomics-delaware/
[93] Jobenomics Baltimore City presentation, http://jobenomicsblog.com/jobenomics-baltimore-city/

Conclusion

Out of a population of 325 million citizens, only 35% of all Americans are financially supporting the rest of the country.



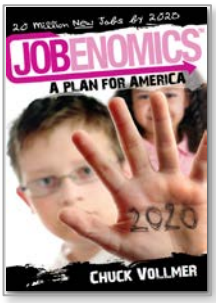
The U.S. currently has 113 million private sector workers that support 32 million government workers and contractors, 16 million total unemployed (U6 rate), 94 million able-bodied people who can work but chose not to work, and 70 million who cannot work.

The U.S. economy cannot be sustained by 35% supporting an overhead of 65%. More people must be productively engaged in the labor force for the U.S. economy to flourish. A vibrant labor force depends on a well-trained, disciplined, and engaged labor force. The antidote to unemployment and voluntarily workforce departures is employment and meaningful career opportunities.

Jobenomics asserts that the greatest labor force challenge involves business and job creation. New small, emerging and self-employed businesses could create 20 million new jobs within a decade, if properly incentivized and supported. Three prominent areas to focus are: filling 6 million unfilled U.S. job openings, and exploiting the 10s of millions of new jobs generated by Energy Technology and Network Technology Revolutions. If Jobenomics can help create thousands of highly-scalable small businesses, America writ-large can facilitate the creation of millions of small businesses that would transform our economy.

If American policy-makers and decision-leaders are serious about revitalizing the eroding middle-class, they must address the growing voluntary workforce departures, contingent workforce and below mean income issues. As discussed herein, Jobenomics believes that the place to start is with demographics with the greatest need and potential (i.e., women, minorities, new workforce entrants and the growing cadre of poor white males). Jobenomics suggests that policy-makers, in both parties, should make solutions to these labor force challenges their top priority.

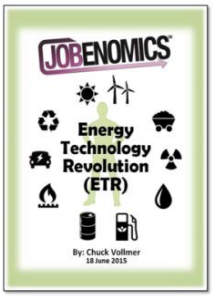
About Jobenomics

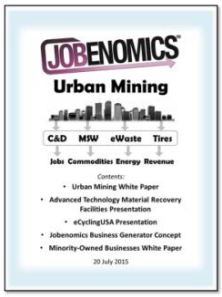


Jobenomics deals with economics of business and job creation. Jobenomics National Grassroots Movement's goal is to facilitate an environment that will create 20 million net new middle-class U.S. jobs within a decade. The Movement has a following of an estimated 10 to 15 million people. The Jobenomics website, which contains numerous books and material on how to mass-produce small business and jobs, is averaging 800,000 hits (80,000 page views) per month from 149 countries, which indicates the high level of interest around the world regarding American and global economic, business and labor force solutions.

Research. Jobenomics produces a series of comprehensive reports including quarterly employment and unemployment reports that address U.S. labor force, business and economic conditions and issues. Jobenomics provides advice and timely data to policy-makers and decision-makers regarding economic, business and labor force trends.

Key Focus Areas. While Jobenomics supports big business and government job creation effort, its principal focus is on highly-scalable small and self-employed businesses that employ 80% of all Americans and produced 80% of all new jobs. Jobenomics is working with numerous communities and national organizations regarding implementing Jobenomics Community-Based Business Generators to mass-produce startup businesses for women, minorities, new workforce entrants (Gen Y/Z), veterans and other socioeconomically challenged citizens. Special focus areas include the U.S Workforce Education and Training Challenge, distressed Inner-City Communities, Contingent Workforce that represents 40% of the U.S. labor force, and the 94 million Not-in-Labor-Force discouraged able-bodied American adults who voluntarily depart the workforce.





National-Level Initiatives. Jobenomics is leading three national-level initiatives involving; the Energy Technology Revolution (ETR), the Network Technology Revolution (NTR) and Urban Mining. These initiatives could create tens of millions net new American jobs. The Jobenomics ETR plan addresses emerging technologies, systems and services across the energy spectrum for electrical power generation, transportation, storage and energy-related services. The NTR is characterized by a "perfect storm" of advanced network and digital technologies that will transform economies, businesses and labor forces via the emerging Digital Economy. Jobenomics' Urban Mining Initiative (UMI) helps communities monetize high value waste streams in order to create jobs and fund local business generation efforts. As part of UMI, Jobenomics established eCyclingUSA (www.eCyclingUSA.com) reclaim high value metals from electronic waste streams and use profits to fund Jobenomics Community-Based Business Generators. Jobenomics is developing a fourth initiative dealing with Rural/Agricultural business and job creation.

City and State Programs. Jobenomics is jointly engaged with a candidate for Mayor of New York City, on the Jobenomics New York City (NYC) initiative that is designed to produce 1 million net new jobs

for the city within the next ten years. As a proof-of-principal project, the Jobenomics NYC team is implementing Jobenomics Harlem, one of the most financially distressed neighborhoods in NYC. Jobenomics Baltimore City and Jobenomics Delaware, Jobenomics North Carolina and Jobenomics Southern Maryland are similar in scope.

International Programs. While Jobenomics is designed as an American small business and job creation movement, there is significant interest from Asian, Middle East and African nations to start similar movements.

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