



**United States**  
**Unemployment**  
**Analysis:**  
**Q2 2016**

6 August 2016



# Jobenomics U.S. Unemployment Analysis: Q2 2016

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Jobenomics reports on U.S. unemployment and employment size, characteristics and trends. This Analysis focuses on how the U.S. government reports on unemployment and income statistics, why Americans who can work chose not to work, and the impact of 109.8 million non-working able-bodied citizens are having on the U.S. labor force and economy. The Jobenomics Employment Analysis focuses on the U.S. labor force, business and job creation, and transformative trends—with emphasis on 60 million workers in the rapidly growing contingent workforce.

## Table of Contents

	Page
<b>Executive Summary</b> .....	2
<b>Understanding Unemployment Statistics</b> .....	9
U.S. Government Labor Force Categories .....	9
Labor Force Gains and Losses since Year 2000 .....	11
<b>Unemployment and Not-in-Labor-Force Categories</b> .....	14
Unemployment Rate Categories .....	16
Not-in-Labor-Force Category .....	17
Labor Force Trends Since Year 2000 .....	20
Labor Force Participation .....	24
Employment-Population Ratio .....	26
<b>Attractiveness of U.S. Welfare and Social Programs</b> .....	28
U.S. Programs and Expenditures .....	28
Postsecondary Education .....	30
Job Openings by Industry .....	31
Workfare Versus Welfare .....	32
<b>Contingent Part-Time Workers and Unemployment</b> .....	34
BLS Part-Time Workforce Estimates .....	36
Census Bureau Part-Time Workforce Estimates .....	38
<b>U.S. Income and Earnings Statistics and Analysis</b> .....	40
Income and Earnings by Gender .....	40
Income and Earnings by Race and Ethnicity .....	43
Income and Earnings of New Workforce Entrants .....	47
Income and Earnings of Poor White Males .....	50
<b>Small Business Creation Solution</b> .....	52
Small Business: The Engine of the U.S. Economy .....	52
Jobenomics Community-Based Business Generator Concept .....	53
<b>Conclusion</b> .....	57

## Executive Summary

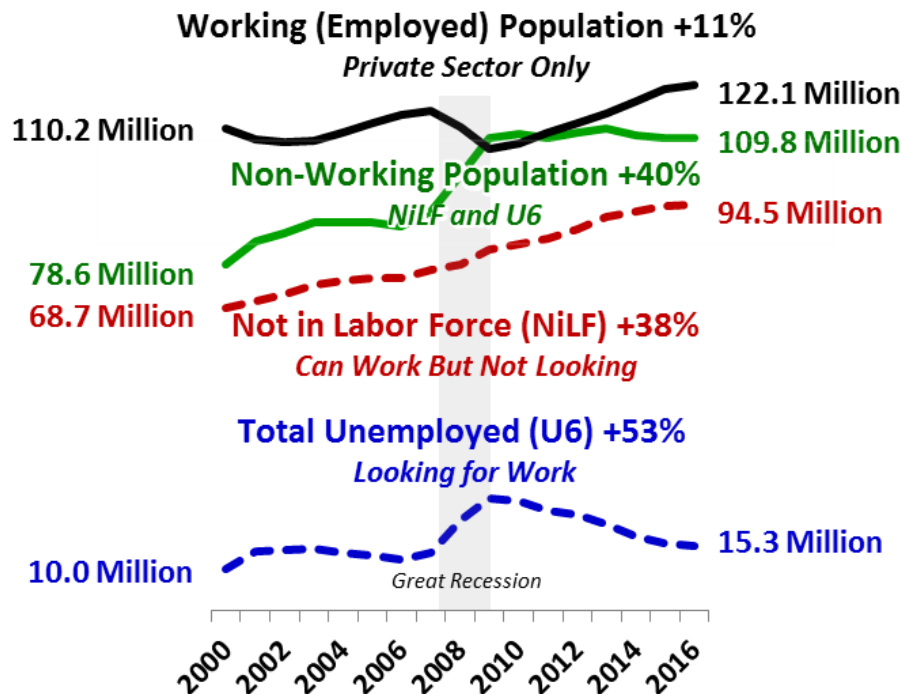
According to the U.S. Bureau of Labor Statistics (BLS), the U.S. labor force has three statistical categories: Employed, Unemployed and Not-in-Labor-Force. Understanding the dynamics between these categories is required to understand the American labor force and ultimately the U.S. economy. From an unemployment 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 (324 million).

## Working Versus Non-Working Populations

1 January 2000 to 1 July 2016



The latest BLS Employment Situation Summary<sup>1</sup> reports that 122.1 million Employed Americans work in the private sector<sup>2</sup> versus 109.8 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 for a variety of reasons). From 1 January 2000 to 1 July 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 April 2010, an increase of 166% since the turn of the Century. Since peak through Q2 2016, the U6 dropped by 11.2 million people to 15,252,000 today. Despite all the political fanfare, 15,252,000 unemployed, underemployed and marginally-attached citizens still represent 53% 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 category. From 2000 through Q2 2016, the Not-in-Labor-Force cadre grew from 68,655,000 to 94,517,000, an increase of 26 million citizens who more often than not are dependent on public/familial assistance.

Since the post-recession April 2010 U6 peak in Q2 2010, the Not-in-Labor-Force cadre grew by 11.8 million, which offset the 11.2 million people that were no longer part of the U6 population. Today, the Not-in-Labor-Force exceeds the U6 Unemployed cadre by 6-times (94,517,000 versus 15,252,480) and 12-times 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 post-recession low of 4.9%.

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.

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

<sup>2</sup> Government workers pay taxes just like private sector workers. However, government relies on tax revenue to pay salaries. Hence, Jobenomics often uses private sector figures when discussing the relative strength of the U.S. labor force and the economy.

## U3, U6, NiLF and Functional Unemployment

As of 1 July 2016		Number	Rate
Civilian Labor Force		158,880,000	100.0%
Functionally Unemployed (NiLF & U6)		109,769,480	69.1%
Not-in-Labor-Force (NiLF)		94,517,000	59.5%
U6 Total Unemployed & Underemployed		15,252,480	9.6%
U3 "Officially" Unemployed		7,785,120	4.9%

Current Policy & Media Focus

This chart shows U3, U6, NiLF and the Jobenomics Functionally Unemployed numbers in relation to the Civilian Labor Force. The 4.9% U3 and 9.6% U6 are percentages of the Civilian Labor Force that consist of Employed and Unemployed workers who are currently employed or looking for work.

Hypothetically, if compared to the Civil Labor Force, the Not-in-Labor-Force cadre would equate to 59.5%, and the Jobenomics Functionally Unemployed (NiLF & U6) would be 69.1%, which gives one a sense of how large a challenge that the Not-in-Labor-Force cadre presents to the U.S. labor force and the American economy.

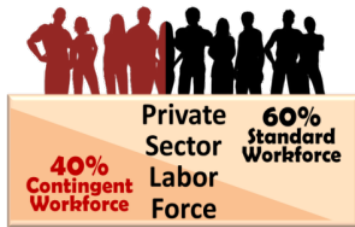
In order to achieve a sustainable economy and labor force, U.S. policy-makers and decision-leaders must shift their attention from an U3/U6 unemployment focus to understanding the reasons that able-bodied Americans who are capable of working are no longer looking for work and joining the ranks of those no longer in the U.S. labor force. 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 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. Since 2000, U.S. GDP averaged 1.76%. During the post-recession recovery period to today, U.S. GDP averaged 2.0% but is now slowing significantly. In Q1 2016, U.S. GDP grew by an abysmal 0.8%. Q2 2016 is estimated to be not much better at 1.2%. Consequently, the combined GDP rate for 2016 is only 1.0%—an alarmingly low rate of growth.<sup>3</sup>

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, 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.

<sup>3</sup> U.S. Bureau of Economic Analysis, Gross Domestic Product: Second Quarter 2016 (Advance Estimate) Annual Update: 2013 through First Quarter 2016, 29 July 2016, <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

The period of frail GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that gained 13,395,000 workers but lost 25,862,000 through voluntarily 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.

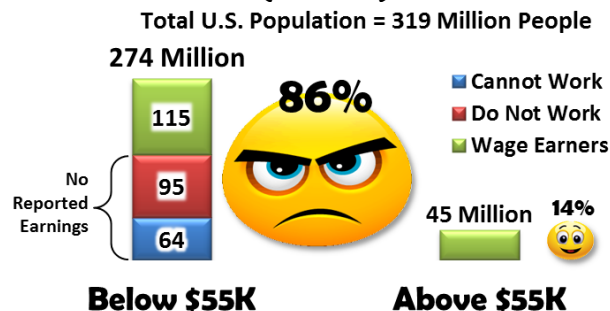


Another alarming trend involves the dramatic rise in the contingent workforce, which now stands at 60 million employed workers, or 40% of the Private Sector Labor Force. The BLS defines the contingent workforce as the portion of the labor force that has “nonstandard work arrangements” or those without “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 labor force trends.<sup>4</sup>

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.<sup>5</sup>

## 2014 U.S. Average (Mean) Income Was \$54,964



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

<sup>4</sup> <http://jobenomicsblog.com/wp-content/uploads/2016/05/U.S.-Contingent-Workforce-Challenge-4-April-2016.pdf>

<sup>5</sup> <http://jobenomicsblog.com/jobenomics-u-s-employment-analysis-Q2-2016/>



work, such as children, caregivers, disabled, elderly, etc.) made below average income. Out of a total of 160.1 million full-time and part-time American workers with earnings, 115.2 million workers (72%) make less than the U.S. mean (average) income of \$54,964.

## 2014 U.S. Labor Force Income Earnings

### By Gender, Race, Ethnicity & New Workforce Entrants

Source: U.S. Census Bureau 2015 Annual Social and Economic Supplement, Jobenomics Analysis

U.S. Workers With Earnings		Below Mean Income >\$55K	Population Millions	Above Mean Income >\$55K	Population Millions	Total Population Millions
By Gender	Both Sexes	72%	115.2	28%	44.9	160.1
	Males	65%	54.8	35%	29.7	84.5
	Females	80%	60.4	20%	15.2	75.6
By Race & Ethnicity	White Non-Hispanic	68%	70.7	32%	33.6	104.3
	Black	82%	15.4	18%	3.4	18.8
	Hispanic	85%	21.7	15%	3.8	25.5
	Asian	60%	5.0	40%	3.3	8.3
Entry	15-24 Year Olds	96%	21.4	4%	0.8	22.2

As shown, the demographics with the greatest need and potential are women, minorities, new workforce entrants and the growing cadre of poor white males. 96% of new workforce entrants aged 15 to 24, 85% of Hispanics, 82% of Blacks, 80% of Females, 68% White Non-Hispanics, 65% of Males and 60% of Asians earn below average wage. The good news is that both women-owned and minority-owned firms have been growing at rates far greater than the national average.

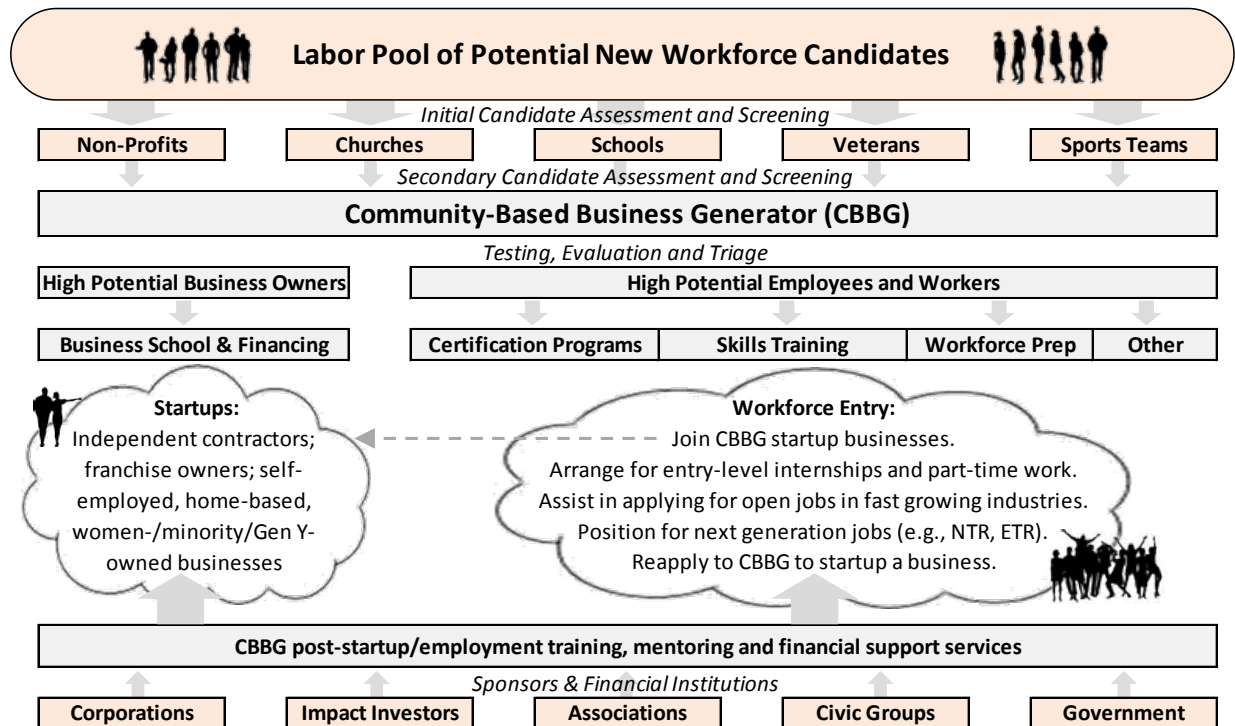
A major reason for Not-in-Labor-Force growth is due to the growing attractiveness of welfare and entitlement benefits. The U.S. federal government funds 126 separate programs targeted at low income people. State, county, and municipal governments offer additional welfare and public assistance programs. 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 5 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 motive 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 Generator Concept



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.

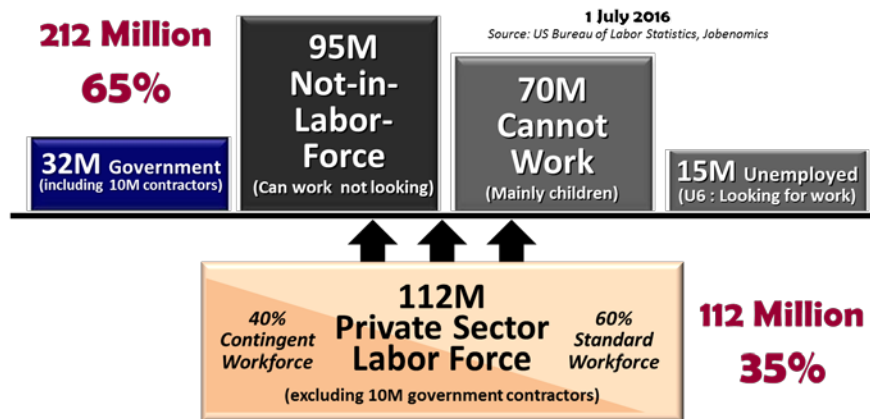
Starting a notional pool of 10,000 candidates, Jobenomics will work with local civic organizations (churches, non-profits, sports teams, etc.) to identify and nominate the top 10% to 25% candidates, who they know, for the Jobenomics Community-Based Business Generator program. This is the first stage 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 willow the list down to several hundred trainees who we believe that could become high-quality employees and business leaders. Approximately 10% would undergo business school training and certification (goal is to startup a locally-owned business) and 90% some form of skills-based training and certification that



would be needed in our new startup businesses. If each startup employed 10 people, 20 to 30 new small businesses would be created.

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.

## 324 Million Total U.S. Population



**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. 112 million private sector workers support 32 million government workers and contractors, 95 million able-bodied people who can work but chose not to work, 70 million who cannot work and the 15 million unemployed and underemployed. Of the 112 million employed Americans in the private sector, approximately 60% are standard full-time workers and 40% are part-time and independent contingent 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

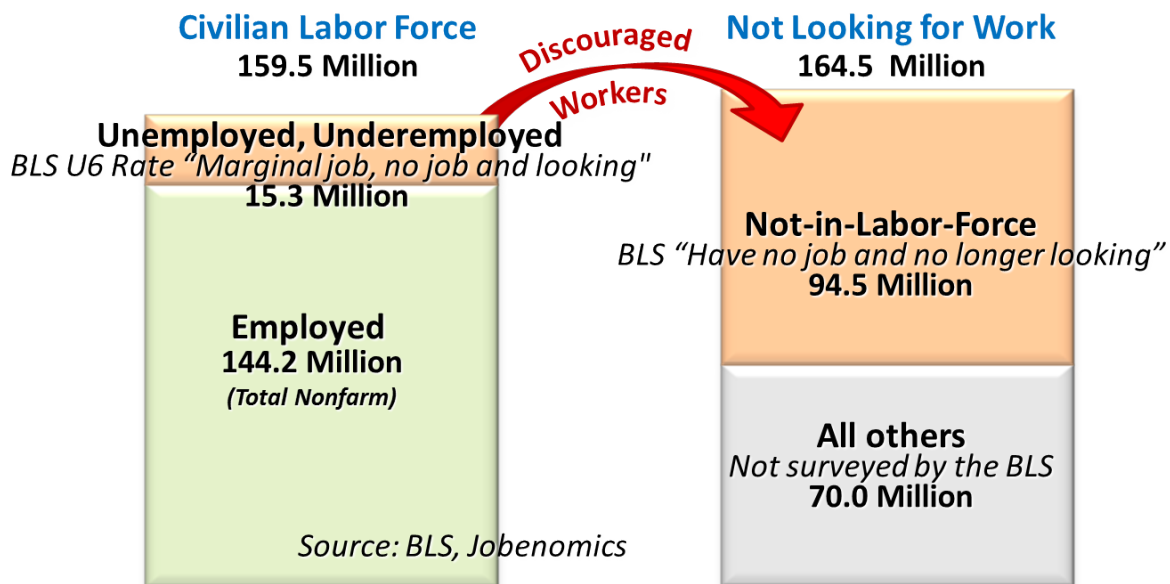
**U.S. Government Labor Force Categories.** A basic knowledge on how the U.S. government defines labor force and accounts for the different labor force categories is essential to understanding labor force statistics and interpreting fact from fiction. According to BLS, the basic concepts involving employment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

- People with jobs are **employed**.
- People are classified as **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**.

### U.S. Labor Force Overview

1 July 2016

**Total US Population 324.0 Million**  
(US Census Bureau)



Therefore, as shown:

- **Civilian Labor Force = Employed + Underemployed + Unemployed = 159.5 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.

<sup>6</sup> BLS, How the Government Measures Unemployment, [http://www.bls.gov/cps/cps\\_htgm.htm#unemployed](http://www.bls.gov/cps/cps_htgm.htm#unemployed)

- **Employed.** The U.S. labor force consists of 144.2 million employed people in the non-farm private sector (goods and services) and government (federal, state and local).<sup>7</sup>
- **Unemployed.** There are 15.3 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 94.5 million the BLS' Not-in-Labor-Force category.
- **All Others.** Remaining 70.0 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 1.5 million) 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 July 2016

	Entered	Departed	Net Labor Force Gains-Losses	Unemployed (U3) Change
Last Month (June 2016)	287,000	(191,000)	478,000	347,000
Last Quarter (Q2 2016)	442,000	1,035,000	(593,000)	(183,000)
Last Year	2,451,000	838,000	1,613,000	(479,000)
Since 2010 (Jobenomics)	14,401,000	10,704,000	3,697,000	(7,315,000)
Since 2009 (Obama)	9,331,000	14,137,000	(4,806,000)	(3,503,000)
Since Year 2000	13,395,000	25,862,000	(12,467,000)	2,130,000
	<i>BLS CES Report (CES0000000001) Table B-1 Seasonally Adjusted</i>	<i>BLS Not-in-Labor- Force Report (LNS15000000) Seasonally Adjusted</i>		<i>BLS Unemployed Report (LNS13000000) Table A-10</i>

In June 2016, the BLS Employment Situation Summary<sup>8</sup> reported that 287,000 Americans entered the U.S. labor force on a seasonally adjusted basis.<sup>9</sup> The BLS also reported that 191,000 fewer able-

<sup>7</sup> 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, also known as the payroll or establishment survey. CPS and CES estimates differ because the surveys 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. For more information see: [http://www.bls.gov/web/empsit/ces\\_cps\\_trends.pdf](http://www.bls.gov/web/empsit/ces_cps_trends.pdf)

bodied Americans were recorded in the BLS “Not-in-Labor-Force” category, a category reserved for non-working able-bodied Americans, for a net workforce gain of 478,000 Americans. While these two statistics are positive, U3 unemployment did not fare as well. U3 unemployment increased from 7,436,000 in May 2016 to 7,783,000 in June 2016 for a net increase of 347,000 Americans. **A net increase of 347,000 Americans is an alarmingly negative statistic.** The last time that the unemployment rolls increased over 347,000 people in a single month was during the height of the Great Recession in November 2010 when U3 unemployment rose by 565,000 citizens over the previous month.

Over the last quarter (Q2, April, May and June 2016), a total of 442,000 people entered the labor force and 1,035,000 fewer citizens departed, for a net loss of 593,000 people to the labor force. U3 was positive with 183,000 fewer people enrolled as officially unemployed.

Over the last year, a total of 2,451,000 people entered the labor force and 838,000 fewer citizens departed, for a net gain of 1,613,000 people to the labor force. U3 was positive with 479,000 fewer people officially unemployed.

From 1 January 2010 to 1 July 2016 (essentially the post-recession era and the Jobenomics analysis period), the U.S. labor force posted a net gain of 14,401,000 workers. Over this 78-month period, monthly labor force gains averaged 184,628 ( $14,401,000 \div 78$ ), which is slightly below the monthly 250,000 goal set by most labor force experts. Over the same time period, U3 unemployment dropped by 7,315,000 people (a decrease of 48% from 15,098,000 on 1 January 2010 to 7,783,000 on 1 July 2016). However, this 7,315,000 reduction was more than offset by 10,704,000 voluntary workforce departures to the Not-in-Labor-Force during the period.

From 1 January 2009 to 1 July 2016 (the Obama era), the U.S. labor force posted a net gain of only 9,331,000, or 103,678/month for the 90-month period. U3 unemployment rolls were reduced by 3,503,000 people, which is a relatively insignificant reduction compared to 14,137,000 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  $3\frac{1}{2}$  more years to recover these losses and  $6\frac{1}{2}$  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 =  $2\frac{1}{3}$  years, 1990/91 Recession =  $2\frac{2}{3}$  years, 2001 Recession =  $3\frac{3}{4}$  years).

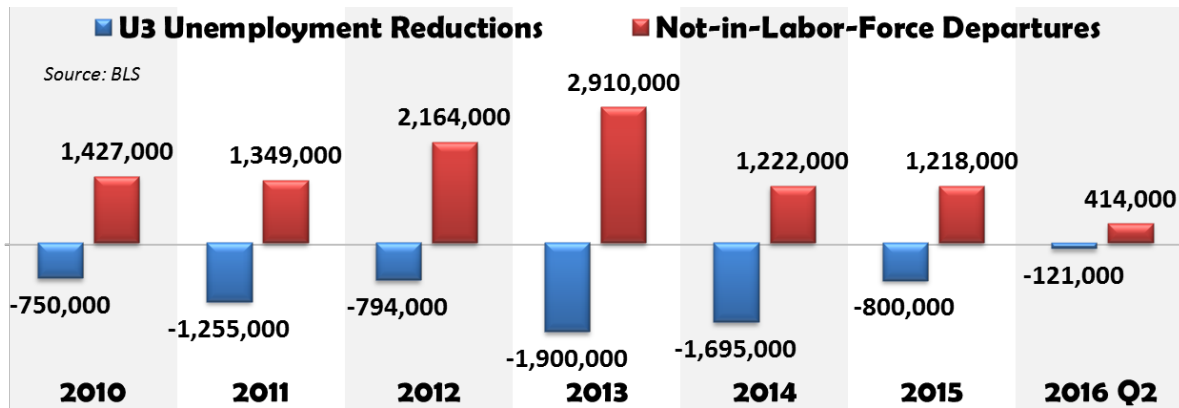
From 1 January 2000 to 1 July 2016 (the Clinton-Bush-Obama era, the period since the turn of the century), the U.S. labor force posted a net decrease of 12,467,000 (13,395,000 workforce entrants versus 25,862,000 voluntary departures), and a net increase of 2,130,000 in U3 unemployment. Today the U.S. labor force is roughly 28 million weaker considering voluntary departures 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.

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

<sup>9</sup> Normally “seasonally adjusted” statistics are reported to compensate for seasonal fluctuations.

## Voluntary Departures Exceeded U3 Reductions Each Year Since 2010



While the United States has made incremental improvements to the labor force over the last 6½ years, the damage done to the labor force over the previous 16½ years has considerably weakened our country economically and ushered in an era where many people are choosing non-working lifestyles than ever before. Voluntary workforce departures outpaced unemployment reductions each year since 2010. 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”.<sup>10</sup> Small business and job creation must be made a priority.

<sup>10</sup> 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](http://www.pewsocialtrends.org/files/2015/12/2015-12-09_middle-class_FINAL-report.pdf)

## Unemployment and Not-in-Labor-Force Categories

Jobenomics asserts that being classified as unemployed should not depend if a person wants to work or is looking for work, but rather if a person is capable of working. Consequently, to get a complete picture of the unemployment situation in the United States, one must examine both the BLS Unemployment and Not-in-Labor Force categories.

### Unemployment Rate & Not-in-Labor-Force Categories

BLS Category	U.S. Bureau of Labor Statistics (BLS) Table A-1, Table A-15	Current Rate	Currently Unemployed
		1-Jul-16	
Can Work And Are Looking			
Civilian Labor Force 158,880,000			
U1	Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.0%	3,177,600
U2	Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.4%	3,813,120
U3	Total unemployed, as a percent of the civilian labor force ("official" unemployment rate)	4.9%	7,785,120
U4	Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.2%	8,261,760
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%	9,532,800
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)	9.6%	15,252,480
Can Work But Are <u>Not</u> Looking			
"Not in the Labor Force"	Those who have no job and are not looking for one	Rate Not Calculated by BLS	94,517,000

Six Unemployment categories (U1 through U6) are reported monthly by the BLS.<sup>11</sup> 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, which includes only employed workers underemployed workers and unemployed people looking for work. As of 1 July 2016, there are 15,880,000 Americans in 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 the Labor Force" (Not-in-Labor-Force). As of 1 July 2016, there are 94,517,000 Americans in the Not-in-Labor-Force category.

<sup>11</sup> BLS, Table A-15, Alternative measures of labor utilization, <http://www.bls.gov/news.release/empsit.t15.htm>



The combined Civilian Labor Force and Not-in-Labor-Force categories are part of the Civilian Noninstitutional Population of 253,620,000.<sup>12</sup> 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 in the Armed Forces.

Americans tend to over emphasize one statistic—the U3 rate or “official” unemployment rate (highlighted in red). Following the official U3 unemployment rate, the U1 (long-term unemployed) and U6 (total unemployed plus marginally attached and part-time workers) are the rates occasionally mentioned.

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 (93,482,000) is about 12 times the size of U3 unemployed (7,964,300) 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”.<sup>13</sup>

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 intentions.

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):<sup>14</sup>

- (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 a respondent answers “no” to any of these questions, they are enrolled in 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**

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<sup>12</sup> 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>

<sup>13</sup> BLS, Table A-1. Employment status of the civilian population by sex and age, <http://www.bls.gov/webapps/legacy/cpsatab1.htm>

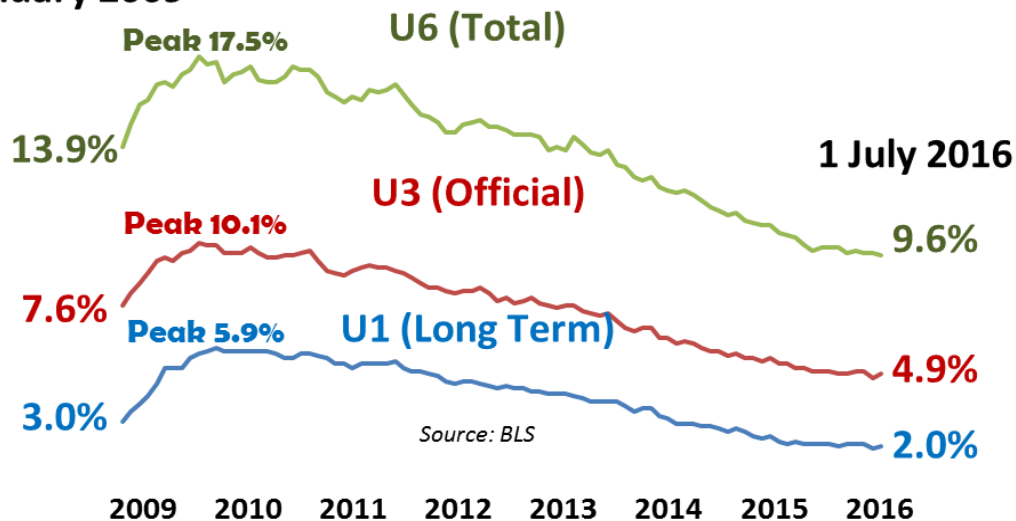
<sup>14</sup> BLS, Who is not in the labor force?, [http://www.bls.gov/cps/cps\\_htgm.htm#nilf](http://www.bls.gov/cps/cps_htgm.htm#nilf)

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 all respondents answer “no” to one of the 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 started in December 2007 and ended in June 2009—six months after President Obama took office.

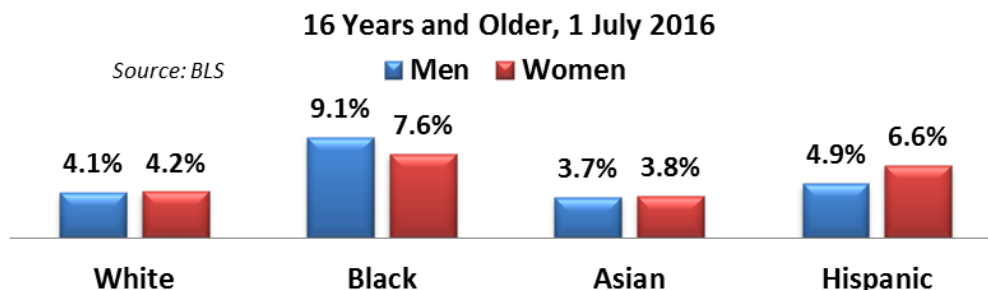
## Unemployment Rates during Obama Administration

1 January 2009



The unemployment rate history during the Obama Administration, which took office prior to the end of the Great Recession (December 2007 to June 2009), shows that the unemployment rates peaked in 2010 and have consistently declined to levels lower than when the President took office.

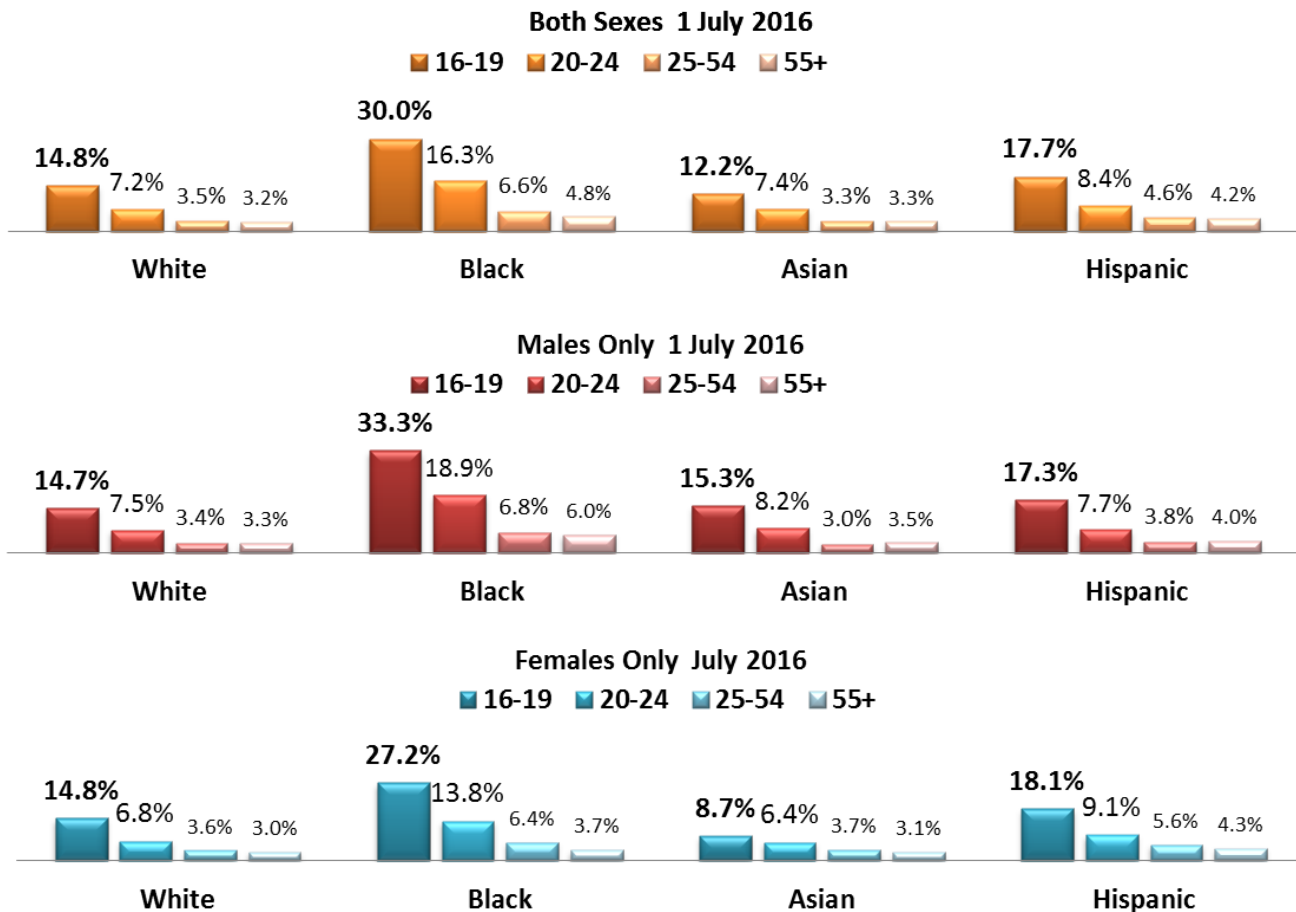
## U3 Unemployment Rate by Age, Sex, Race & Ethnicity



The latest official U3 unemployment rates are shown above according to age (16 years and older), sex, race and ethnicity. 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 9.1% for Black men and 7.6% for Black women.

## U3 Unemployment Rate by Age



Younger Americans in all age groups are more likely to be unemployed as opposed to older Americans. The United States has a youth unemployment problem. Unemployment rates for youth aged 16 to 19 are four times higher than the national average.

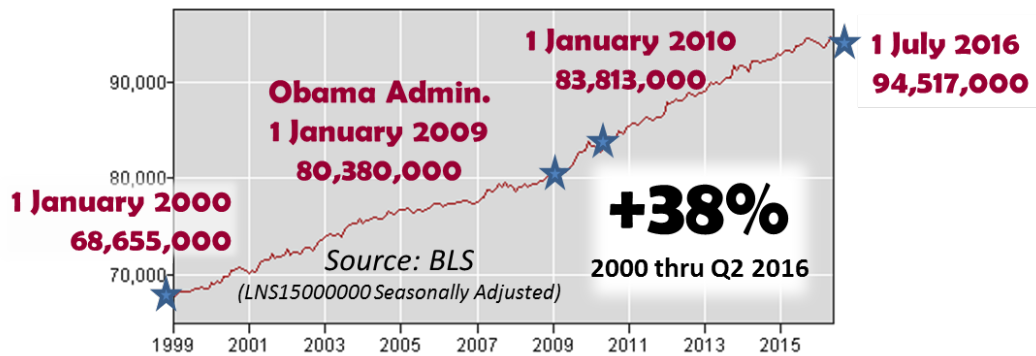
If the 16 to 19 year old group was more actively engaged in productive activity (education, training, public service or employment), the U3 unemployment rate would likely be reduced, not only for this age group but for later age groups as these youths mature.

The Jobenomics Generation Z (Screenagers) Plan is focused on training, employment and business development efforts for youth that are 21 years and younger. In addition, the Jobenomics Minority-Owned Business Plan and Urban Mining Initiatives are oriented to inner-city, low-income, at-risk youth and young adults.

**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.

## Not-in-Labor-Force Growth

## Able-Bodied American Adults Who Can Work But Are Not Looking



### Growth Rate:

Since Year 2000 =	+25.9 Million
Since Obama 2009=	+14.1 Million
Since Year 2010 =	+10.7 Million
Last 12 Months =	+838 Thousand
Last Quarter (Q2 2016)=	+1.0 Million
Last Month (March 2016) =	-191 Thousand

According to BLS data<sup>15</sup>, those in the Not-in-Labor-Force category (those that can work but don't) has surged consistently since year 2000 by 25.9 million people. Growth rates are also presented from 2009, 2010, last year and last quarter.

## U3, U6 and NiLF Functional Unemployment

<i>As of 1 April 2016</i>		
	Number	Rate
Civilian Labor Force	159,286,000	100.0%
Functionally Unemployed (NiLF & U6)	109,092,028	68.5%
Not-in-Labor-Force (NiLF)	93,482,000	58.7%
U6 Total Unemployed & Underemployed	15,610,028	9.8%
U3 "Officially" Unemployed	7,964,300	5.0%

*Hypothetical Rates Compared to U3 & U6 Rates*

**Current Focus**

The true unemployment rate is dramatically higher than advertised if the Not-in-Labor-Force group is included. The ability to work should be the determining factor for unemployment as opposed to whether or not a person is looking for work. Hypothetically, if compared to the Civil Labor Force, the 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%. 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.

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

<sup>15</sup> 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>

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 July 2016		Unemployed	
Category	Definition	Percent	Millions		
Unemployed (BLS U6)	Unemployed or underemployed who are looking for work		15.3		
BLS "Not in labor force"	Have no job and are not looking		94.5		
Total U6 Unemployed + Not-in-Labor-Force (BLS)			109.8		
% Total US Population (Census Bureau)			324.0	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<sup>16</sup>, the combined rate would be 34%, which is still significantly higher than advertised 4.9% U3 or 9.6% 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.

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. Today, the overall U.S. labor force has not improved, but is weaker by 3.3 million due to the functional unemployment factor.

### Able-Bodied People without a Job

Over Age 16 (Millions)	Peak Unemployment		
Source: Bureau of Labor Statistics	1 Oct 2009	1 Jul 2016	Δ
Unemployment Rate (U3)	10.0%	4.9%	-5.1%
Number of Unemployed (U3)	15.4	7.8	-7.6
Number in Not-in-Labor-Force	82.8	94.5	11.8
Total	98.1	102.3	4.2

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 4.9%, which represents 7.6 million less unemployed Americans—seemingly good news. During the same period, 11.8 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,

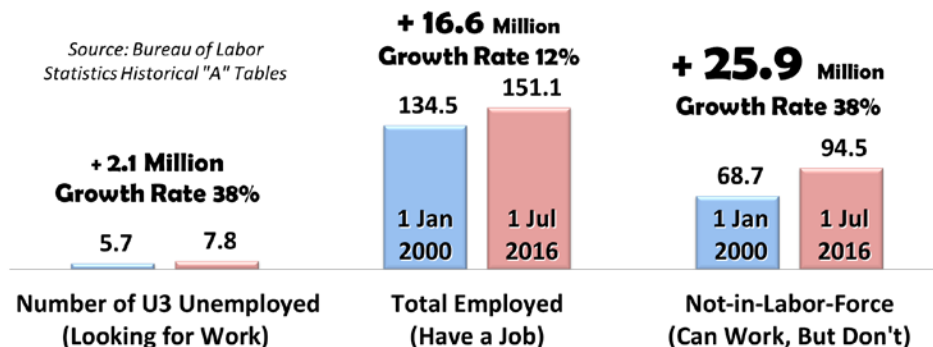
<sup>16</sup> U.S. Census Bureau, U.S. & World Population Clocks, <http://www.census.gov/main/www/popclock.html>

able-bodied, adults, for a net loss of 4.2 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.

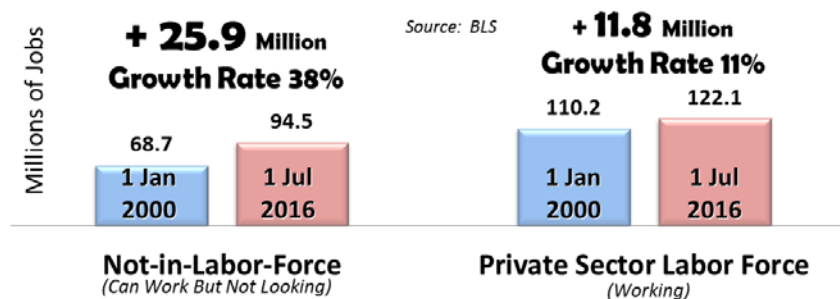
**Labor Force Trends since Year 2000.** Labor force gain/loss comparisons from the start of the 21<sup>st</sup> Century are equally troubling from an economic stability standpoint since the growth rates of both the U3 and Not-in-Labor-Force categories are growing 3-times faster than the Total Employed category that includes farm and nonfarm industries<sup>17</sup>.

## Labor Force Trends since Year 2000



As shown above, 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 as fast as Total Employed growth (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.

## Not-in-Labor-Force versus Private Sector Labor Force



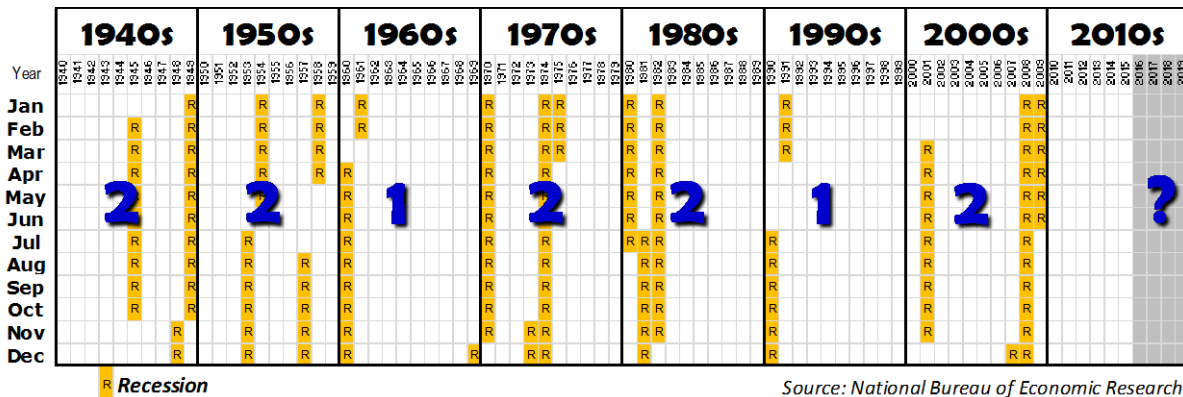
Comparing the size of the Not-in-Labor-Force to the nonfarm private sector labor force increases the disparity even further (38% versus 11%, or 25.9 million versus 11.8 million). This comparison is important since the nonfarm private sector workforce provides the bulk of U.S. employment and tax revenue. If current trends continue, the Not-in-Labor-Force will exceed the Private Sector Labor

<sup>17</sup> 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>



Force in 2024. If a financial downturn happens, the Not-in-Labor-Force could eclipse the private sector labor force much sooner

## U.S. Average of 1.7 Recessions per Decade

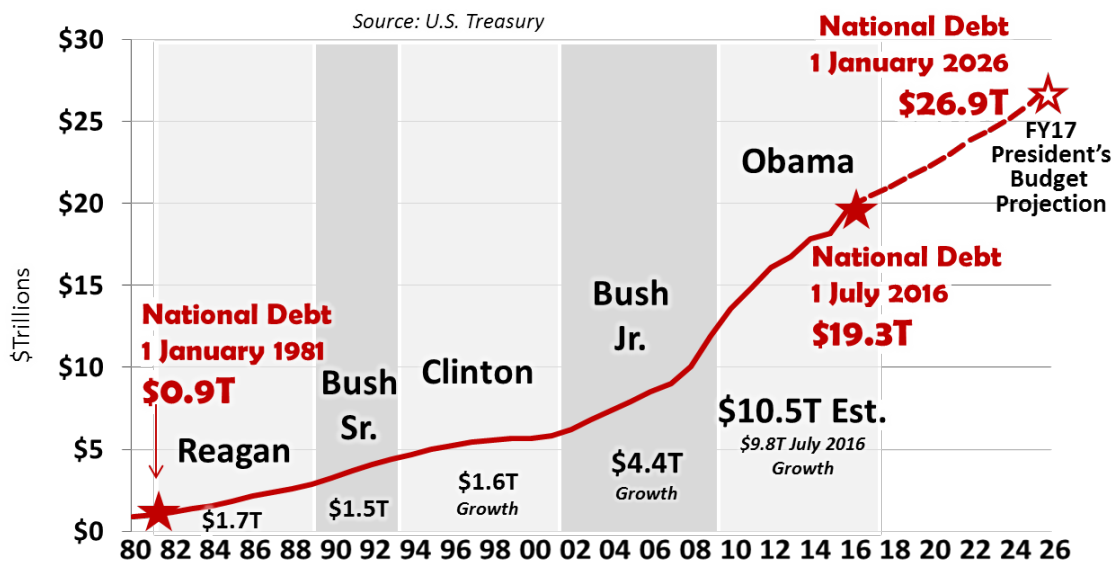


Since the 1940s, the U.S. economy has averaged 3 financial crises and 1.7 recessions per decade. Unlike many parts of the world, the United States has been recession free for three major reasons: U.S. fiscal and monetary policy, spending/debt accumulation and foreign investment.

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 increased to \$4.4T. So far in the seventh year of President Obama, national debt skyrocketed to \$9.8T and is expected to reach \$10.5T 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).<sup>18</sup>

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.

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 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.

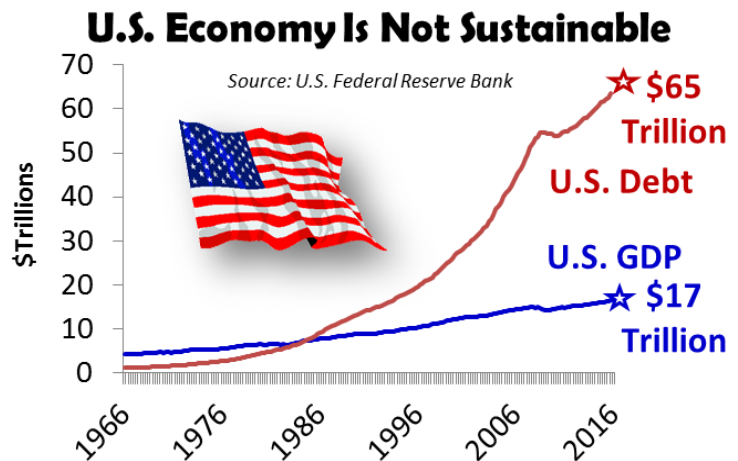
## US Government Financial Bailouts, Buyouts & Stimuli Since 2008

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	<b>FDIC</b>	<b>\$2,478</b>
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	<b>HUD</b>	<b>\$306</b>
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)	
Treasury Buying Program (QE4)**	\$ 885	** \$45B/month for 18 months & \$75B for 2014	

Source: Bloomberg, Jobenomics

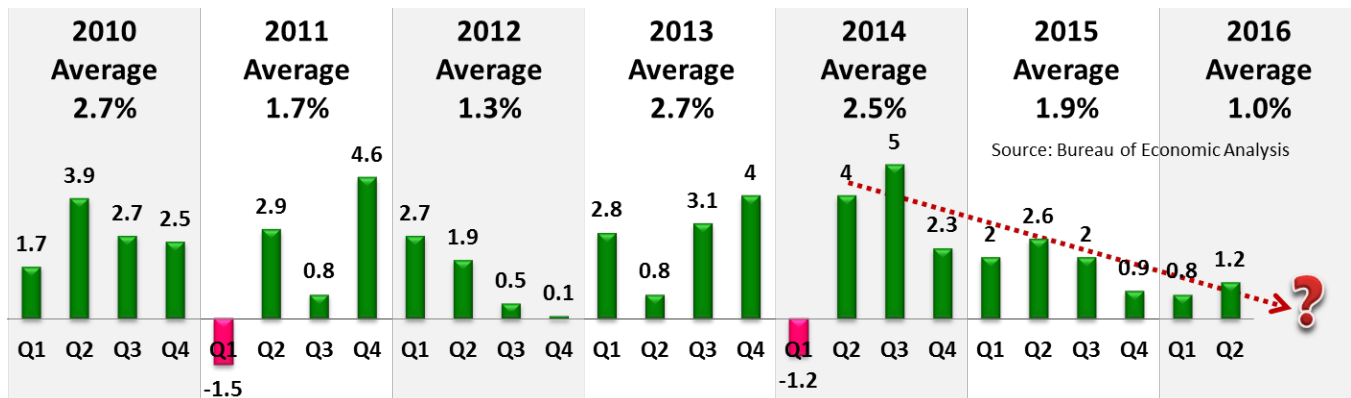
<sup>18</sup> White House, Office of Management and Budget, Budget of the Government, FY2017, Tables S-1 and S-4, <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/budget.pdf>

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<sup>19</sup>, U.S. debt has now reached an all-time high of \$65 trillion<sup>20</sup>. 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. Since 2000, U.S. GDP averaged 1.76%.

## Real GDP Quarterly Percent Change This Decade



During the post-recession recovery period to today, U.S. GDP averaged 2.0% but is now trending downward as indicated by the red arrow. In Q1 2016, U.S. GDP grew by an abysmal 0.8%. Q2 2016 is estimated to be not much better at 1.2%. Consequently, the combined GDP rate for 2016 is only 1.0%—an alarmingly low rate of growth.<sup>21</sup> Jobenomics largely attributes the massive increase of

<sup>19</sup> 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

<sup>20</sup> 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>,

<sup>21</sup> U.S. Bureau of Economic Analysis, Gross Domestic Product: Second Quarter 2016 (Advance Estimate)

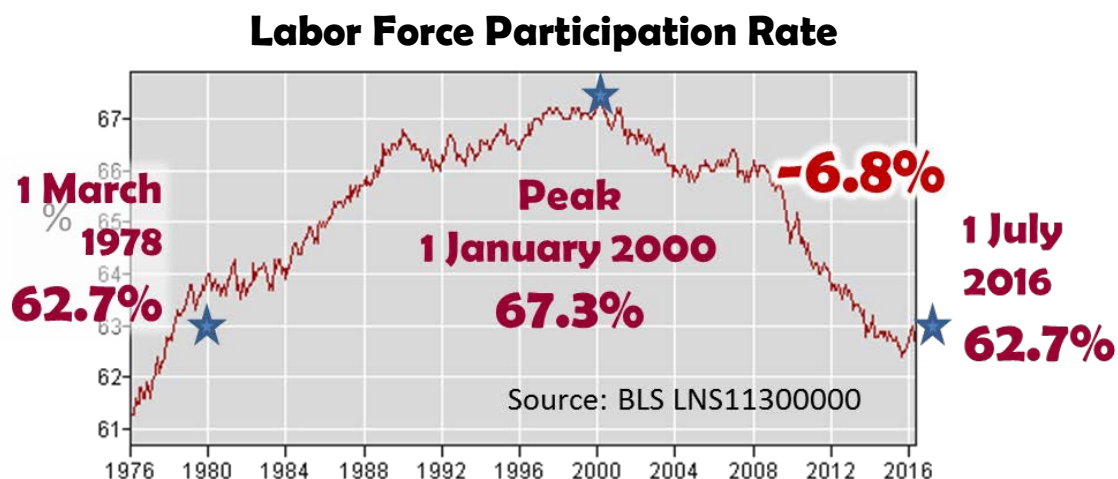
347,000 people to the June U3 unemployment rolls due to recent poor GDP performance. While GDP growth does not insure employment growth, weak GDP growth discourages business hiring, consumer spending and labor force expansion. Weak GDP growth encourages rising unemployment and voluntary workforce departures. 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.

The period of “sclerotic” GDP growth from 2000, has dramatically impacted the American middle-class and the U.S. labor force that gained 13 million workers but lost 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-class to upper-income households, causing many middle-class workers to leave the workforce altogether.

The third area that is keeping the U.S. economy recession-free is foreign investment. 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.

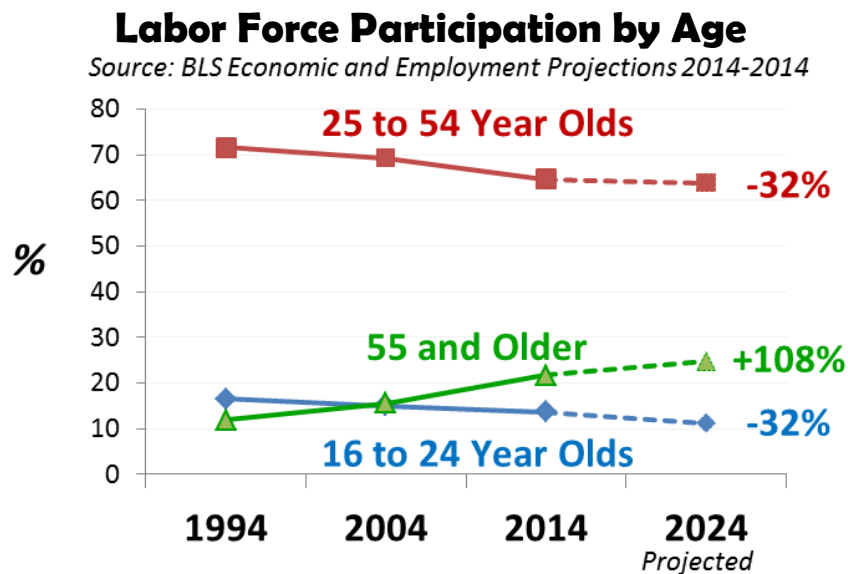
Consequently, the likelihood of a U.S. recession within the next few years is relatively high. A recession would not only impact the U.S. economy, but would cause a significant setback, or a U-turn, to recent U.S. labor force gains as well as the core contingent workforce, which Jobenomics expects to 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 and the Employment-Population Ratio.



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). U.S. labor force participation suffered a serious decline from a high of 67.3% in January 2000 to 62.7% today—a net 6.8% decline from peak and a low that has not occurred since March 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.

The American workforce is getting grayer. The labor force continues to age. 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.<sup>22</sup> Economic uncertainty is keeping older Americans on the job and delaying retirement.



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%.

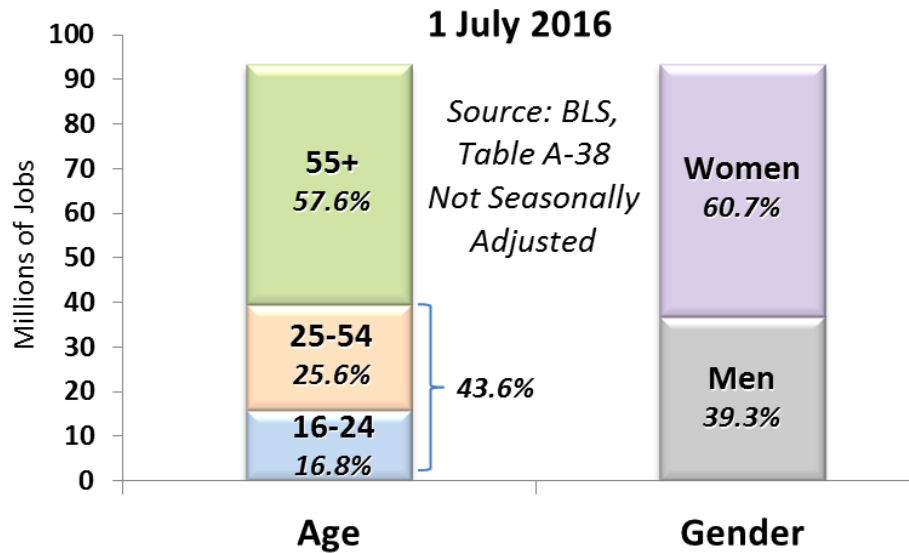
Data also shows that once older workers are out of work, they have a much harder time finding employment than a younger worker. Consequently, Baby Boomers are projected to delay retirement stay on the job much longer. People age 65+ represented 5.4% of the labor force in 2014 and are projected to be 8.2% by 2024.

In terms of gender, 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. In 1994, the ratio was 54.0% male versus 56.0% 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.

<sup>22</sup> BLS, Employment Projections: 2014-24 Summary, <http://www.bls.gov/news.release/ecopro.nr0.htm>



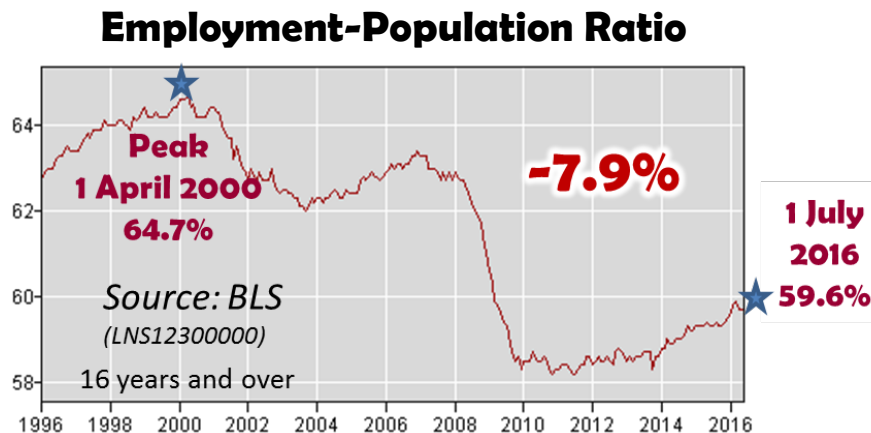
## Not-in-Labor-Force Demographics



In terms of age, the Not-in-Labor-Force includes 54 million people 55 years or older (57.6%), 24 million 25-to-54 year olds (25.6%), and 16 million 16-to-24 year olds (16.8%). In terms of gender, Not-in-Labor-Force includes 57 million women (60.7%) and 37million men (39.3%).

**Employment-Population Ratio.** The BLS's Employment-Population Ratio<sup>23</sup> is another statistic that is not widely used, but is very useful in a strategic context. This ratio answers the question, “what portion of the working-age population is employed?” and is useful in understanding how our economy is performing.

The BLS defines this ratio as the proportion of the Civilian Noninstitutional Population aged 16 years and over including the Employed, Unemployed (U6) and Not-in-Labor-Force categories. It does not count the All Others group who cannot work, are institutionalized or serving in the U.S. armed forces. The Employment-Population Ratio is the proportion of the Civilian Noninstitutional Population (253,620,000) as opposed to the total U.S. population (323,989,000) of farm and nonfarm adults that are Total Employed (151,517,000) as determined by the monthly Current Population Survey conducted by the Census Bureau for the BLS.<sup>24</sup>



<sup>23</sup> BLS, <http://data.bls.gov/timeseries/LNS12300000>

<sup>24</sup> BLS, Table A-1, Employment Status, <http://www.bls.gov/news.release/empst.t01.htm>





As of 1 July 2016, the U.S. Employment-Population ratio was 59.6%. From its peak in April 2000, the U.S. Employment-Population ratio has declined 7.9% 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 population rather than the Civilian Noninstitutional Population in order to better understand the increasing tax and familial burdens placed on working-class Americans.

## Attractiveness of U.S. Welfare and Social Programs

A major reason for Not-in-Labor-Force growth is due to the growing attractiveness of welfare and entitlement benefits. While there is no evidence that people on welfare are lazy or immune to work, there is evidence that many welfare recipients lack the skills necessary to obtain the types of jobs that pay above-average wages, which, in turn, makes welfare an attractive option. According to a 2013 CATO Institute study<sup>25</sup>, “the current (U.S.) welfare system provides such a high level of benefits that it acts as a disincentive for work.”

**U.S. Programs and Expenditures.** The U.S. federal government funds 126 separate programs targeted at low income people. State, county, and municipal governments offer additional welfare and public assistance programs. Combined welfare benefits pay more than minimum wage jobs in 35 states—in many cases, significantly more. For example, according to the CATO study, 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.

### U.S. Welfare and Social Program Expenditures

Constant 2005 Prices, \$ Trillions, Source: OECD Stat

Type	1980	% GDP	1985	1990	1995	2000	2005	2010	2012	% GDP
Public	\$0.8	12.8%	\$0.9	\$1.1	\$1.4	\$1.6	\$2.0	\$2.6	\$2.6	19.2%
Private	\$0.3	4.4%	\$0.4	\$0.6	\$0.7	\$1.0	\$1.3	\$1.5	\$1.5	10.8%
Total	\$1.0	17.2%	\$1.3	\$1.7	\$2.1	\$2.6	\$3.3	\$4.1	\$4.2	30.0%

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

The Organization for Economic Cooperation and Development (OECD), an international body of 34 democratic nations and 70 non-member states, estimates that U.S. welfare and social program expenditures were \$4.2 trillion or 30% of U.S. GDP in 2012, up from \$1.0 trillion or 17.2% of GDP in 1980.<sup>26</sup>

In terms of the percentage of public expenditures to GDP, OECD data also shows the U.S. public expenditures were around average compared to the other member states. When private spending was included, the United States ranked as one of the very highest.

The \$3 trillion per year figure includes \$927 billion for 79 means-tested programs (2011), \$785 billion for Social Security OASDI (2013), and \$574 billion for Medicare (2013).<sup>27</sup> 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

<sup>25</sup> 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](http://object.cato.org/sites/cato.org/files/pubs/pdf/the_work_versus_welfare_trade-off_2013_wp.pdf)

<sup>26</sup> Organization for Economic Cooperation and Development, Social Expenditure - Aggregated data, Social Protection and Well-Being, retrieved 22 April 2016, [https://stats.oecd.org/Index.aspx?DataSetCode=SOCX\\_AGG](https://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG)

<sup>27</sup> 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>

unemployment, entitlement and welfare benefits.<sup>28</sup> These nonprofit organizations yield tremendous social and political power that will continue to fuel the growth of entitlement and means-tested welfare programs, which in turn will fuel Not-in-Labor-Force growth.

According to the latest (Q4 2012) U.S. Census Bureau data<sup>29</sup>, 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

Reciency Status and Program	Population
US Population (Q4 2012)	309,467,100
<b>Received benefits from one or more programs</b>	<b>153,323,310</b>
	<b>50%</b>

<b>Social Welfare &amp; Social Insurance Programs</b>	<b>108,726,830</b>
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
<b>"Means-Tested" (Welfare) Programs</b>	<b>200,256,360</b>
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 listed in the chart, 108,726,830 Americans receive some form of social welfare or social insurance payments and an additional 200,256,360 Americans receive "means-tested" welfare 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.

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

<sup>28</sup> 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>

<sup>29</sup> U.S. Census Bureau, Economic Characteristics of Households in the United States, Table 2: People by Receipt of Benefits from Selected Programs: Monthly Averages: 4<sup>th</sup> Quarter 2012 (retrieved 13 October 2015), <http://www.census.gov/programs-surveys/sipp/publications/tables/hsehl-d-char.html>

incentive 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 postsecondary school students.

Jobenomics endorses postsecondary education, but for the right reasons and right job. However, many students use college loans as a form of social welfare attending college for the wrong reasons, such as, parental or peer pressure, getting a high paying job, enjoying the college scene, or delaying the drudgery of the labor force. According to The Center for College Affordability and Productivity, about half of employed college graduates are in jobs that the BLS suggests requires less than a four-year college education.<sup>30</sup>

Postsecondary students account for 22% of today's Not-in-Labor-Force. According to the U.S. Department of Education<sup>31</sup>, total undergraduate enrollment in degree-granting postsecondary institutions was 17.7 million in fall 2012, an increase of 48% from 1990.

By 2023, undergraduate enrollment is projected to increase 14% to 20.2 million. Total enrollment in post-baccalaureate degree programs was 2.9 million in 2012, an increase of 57% since 1990. Post-baccalaureate enrollment is projected to increase 24% to 3.6 million by 2023. If these projections are correct the postsecondary school component of the Not-in-Labor-Force will increase by 3.2 million by 2023. Hopefully, these individuals only will be temporarily absent from the U.S. labor force and meaningful employment opportunities will abound when they graduate.

Not all degrees are created equal. According to a Georgetown study, the risk of unemployment among recent college graduates depends largely on their major.<sup>32</sup> 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.

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 the U.S. Department of Education, for the fiscal year ending 30 September 2015, outstanding student loans total \$1.212 trillion, up 7.3% from a year earlier. The total number of

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<sup>30</sup> The Center for College Affordability and Productivity, Underemployment of College Graduates, January 2013, <http://centerforcollegeaffordability.org/research/studies/underemployment-of-college-graduates/>

<sup>31</sup> U.S. Department of Education, National Center for Education Statistics, The Condition of Education 2014, Page 58 & 64, <http://nces.ed.gov/pubs2014/2014083.pdf>

<sup>32</sup> 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>

outstanding federal student loan borrowers has reached an **all-time high record of 42 million borrowers**, up 1 million borrowers from a year earlier.<sup>33</sup> For FY 2016, student loans will increase by 8.5% over FY 2015. The total number of 2016 student aid awards (including grants and work-study) is estimated at 32.7 million awards, up 1.4 million from a year earlier.<sup>34</sup>

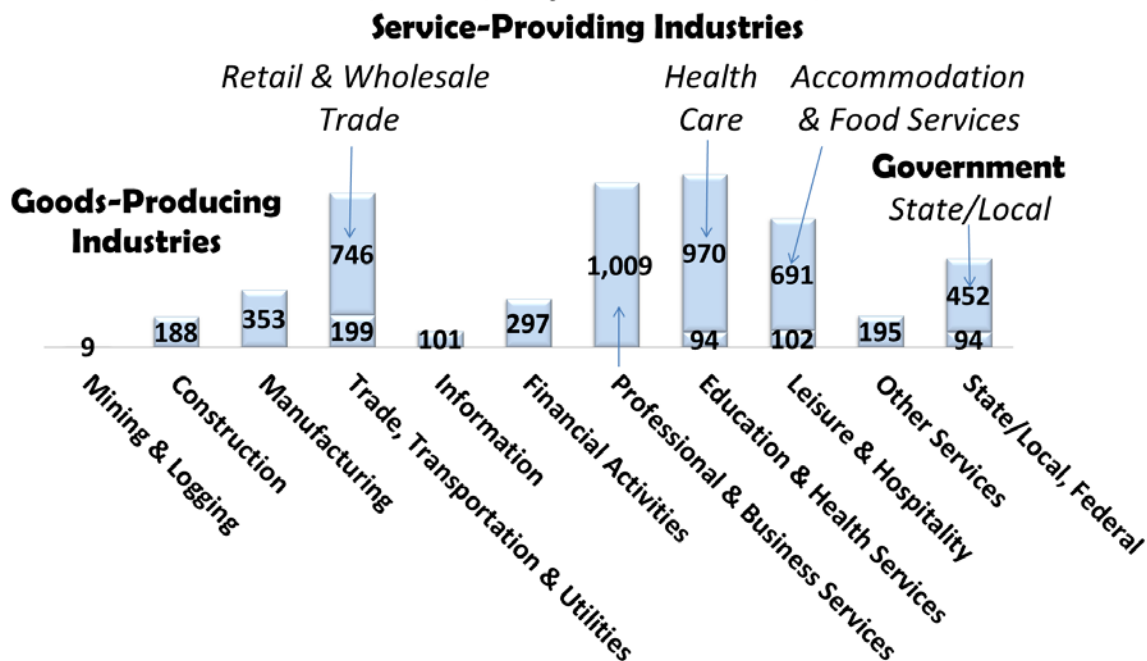
Based on recent historical data, the growth of students in the Not-in-Labor-Force will continue to increase at a rate of 7% to 8% per year. Student loan debt will also continue to increase and compound. Due the ever increasing workforce skills gap, postsecondary will continue to be viewed a panacea and 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 5,500,000 job openings in the United States.<sup>35</sup>

## Job Openings by Industry Total: 5,500,000 Jobs

Source: BLS, JOLTS Table 7, Not Seasonally Adjusted

Thousands (000s) of Jobs, as of **May 2016**, Retrieved 6 August 2016



<sup>33</sup> U.S. Department of Education, Federal Student Aid, Annual Report FY2015, Operational Highlights, Page 2, <https://www2.ed.gov/about/reports/annual/2015report/fsa-report.pdf>

<sup>34</sup> U.S. Department of Education, Student Aid Overview, Fiscal Year 2016 Budget Request, Page O-7/8, <https://www2.ed.gov/about/overview/budget/budget16/justifications/o-sao.pdf>

<sup>35</sup> BLS, Job Openings and Labor Turnover Survey (JOLTS), <http://www.bls.gov/news.release/jolts.htm>

The JOLTS report calculates of 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 (1,009,000), Health Services (970,000), Retail & Wholesale Trade (746,000) and Accommodation & Food Services (691,000). State and local government have 452,000 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<sup>36</sup>, 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. In January 2016, the United States surpassed that peak. Since the low point in 2010, unfilled job openings have skyrocketed by 150% to 5,500,000 open jobs as of the latest reporting period.

**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.”<sup>37</sup>

<sup>36</sup> BLS, Job Openings and Labor Turnover Survey (JOLTS), Job Openings, Seasonally Adjusted, May 2016, retrieved 6 August 2016, <http://data.bls.gov/timeseries/JTS00000000JOL>

<sup>37</sup> 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>



Work of any kind makes a huge difference. According to the Census Bureau, only 2.7% of U.S. full-time workers are poor. Even part-time work makes a significant difference. Only 15.8% of part-time workers are poor, compared with 23.2% of adults who do not work.<sup>38</sup>

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”.

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 are the two greatest contributors to the slow-growth economic recovery, erosion of the American middle-class, growth of the Not-in-Labor-Force and the emergence of the contingent workforce that is likely to become the dominant form of labor in the United States in the near future.

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<sup>38</sup> U.S. Census Bureau, Historical Poverty Tables—People, Table 25, September 2014, <http://www.census.gov/hhes/www/poverty/data/historical/hstpov25.xls>

## Contingent Part-Time Workers and Unemployment

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 contributing factor for people to voluntarily depart the U.S. labor force.

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. Today, Jobenomics estimates the contingent workforce to be 60,000,000 employed Americans or 40% of the total employed workforce. By 2030, this will rise to 80,000,000 or 40% 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).<sup>39</sup>

### 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 2016 Est.	Jobenomics 2030 Est.
<b>Employed</b>	123,208,000	131,494,000	138,952,000	143,150,000	138,438,000	149,703,000	160,000,000
<b>Contingent</b>	39,549,768	39,448,200	42,519,312	50,531,950	55,790,514	59,881,200	80,000,000
<b>Workforce</b>	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 July 2016, the total number of U.S. employed was 149,703,000 million people.<sup>40</sup> Using the 30% and 40% figures, a total of 45 to 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.

To understand the contingent workforce, it is necessary to first know how government defines a contingency worker. 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

<sup>39</sup> 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>

<sup>40</sup> BLS, Table A-1. Employment status of the civilian population, <http://www.bls.gov/news.release/empsit.t01.htm>

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. The U.S. government generally views the core contingent workforce as a liability since these personnel are not entitled to traditional employer-provided retirement and health benefits and receive lower incomes compared to "standard workers". Core contingent workers often rely on government retirement and health benefits and other means-adjusted assistance programs. 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, see Jobenomics Employment Analysis: Q4 2015 for more detail) do not seek traditional employer-employee relationships and prefer self-employment in the so-called "freelance" economy. Today, the U.S. economy is approximately 95% traditional/mainstream and 5% digital/e-commerce (see Jobenomics Network Technology Revolution for more detail). However, the digital economy is growing at 20% per year and is likely to generate a significant expansion of non-core contingency workforce.

## 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 2016 Est.	Jobenomics 2030 Est.
<b>Agency &amp; direct-hire temps, On-call workers &amp; day laborers, Contract company workers</b>							
<b>Core Contingent</b>	7,269,272	7,495,158	7,781,312	10,163,650	10,936,602	11,976,240	19,200,000
	5.9%	5.7%	5.6%	7.1%	7.9%	8.0%	12.0%
<b>Independent contractors, Self-employed workers, Standard part-time workers</b>							
<b>Non-Core Contingent</b>	32,280,496	31,953,042	34,738,000	40,368,300	44,853,912	47,904,960	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

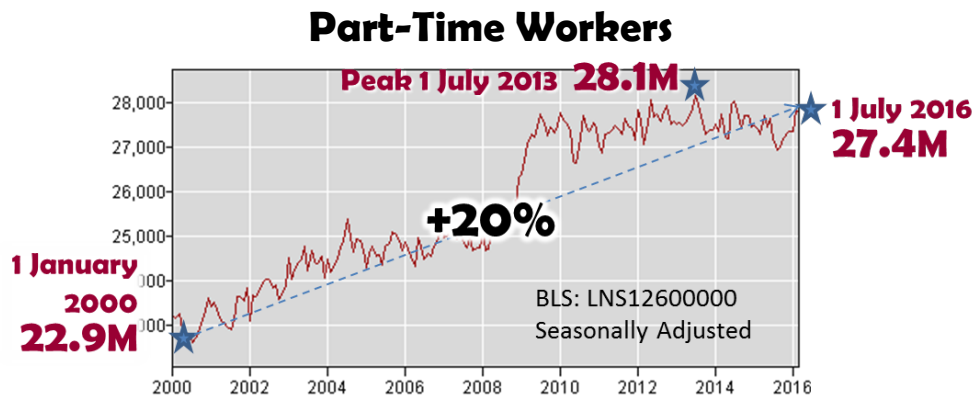
Using composite data from studies conducted from 1995 to 2010, the GAO Contingent Workforce report estimates core contingent workers to constitute 5.7% to 7.9% of the employed portion of the Civilian Labor force, which equates to between 7.3 million to 11.0 million workers. The percentage of non-core 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 12.0 million core and 32% non-core or 47.9 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<sup>41</sup> and Bloomberg's contingency

<sup>41</sup> U.S. Government Accountability Office, Contingent Workforce: Size, Characteristics, Earnings, and Benefits, 20 April 2015, <http://www.gao.gov/products/GAO-15-168R>

workforce estimate of 40% for 2020.<sup>42</sup> 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.<sup>43</sup>

**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.



The number of U.S. part-time workers has grown 20% since 1 January 2000 to 27,445,000 on 1 July 2016, which is near the all-time high of 28,134,000 in July 2013.<sup>44</sup> Part-time workers comprise 64% of the contingent workforce, whereas self-employed workers make up the remaining 36%, as reported by the BLS.

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”.<sup>45</sup> For the most part, 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.”

<sup>42</sup> Bloomberg Businessweek, 20-25 October 2014 Edition, Companies/Industries, Page 20

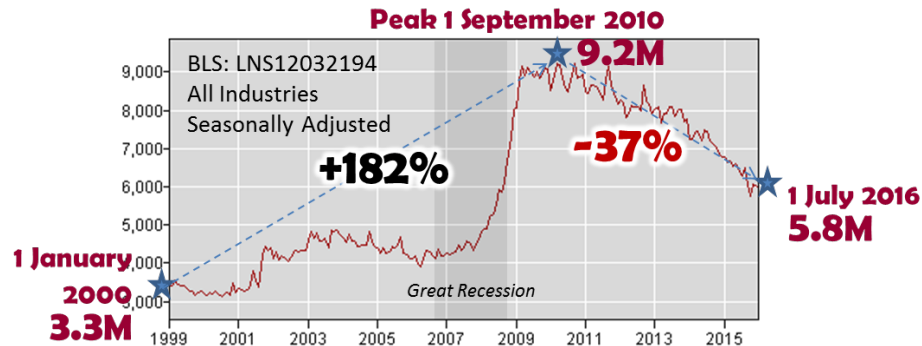
<sup>43</sup> Asia-Pacific Journal, Scott North, "Limited Regular Employment and the Reform of Japan's Division of Labor", The Asia-Pacific Journal, Vol. 12, Issue 15, No. 1, April 14, 2014, <http://www.japanfocus.org/-Scott-North/4106/article.html>

<sup>44</sup> BLS, Table A-9, Selected employment indicators, Part-time Workers, <http://www.bls.gov/webapps/legacy/cpsatab9.htm>

<sup>45</sup> BLS, Table A-8, Employed persons by class of worker and part-time status, <http://www.bls.gov/news.release/empsit.t08.htm>

## Part-Time Workers for Economic Reasons

Slack Work or Could Not Find Full-Time Job



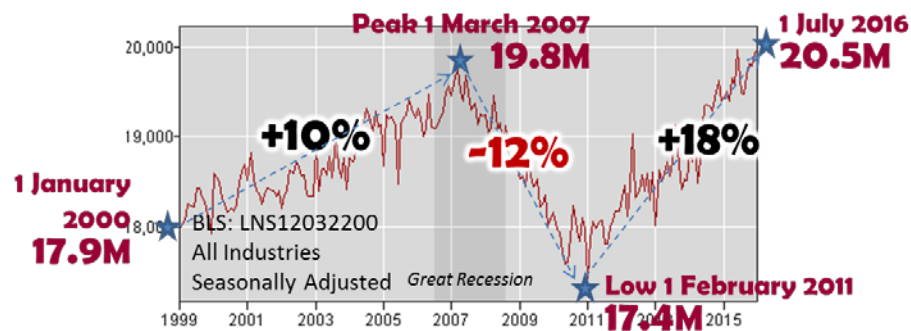
As of 1 July 2016, there were 5,843,000 part-time workers for economic reasons (have to work part-time), down from a high of 9,246,000 (-37%) in September 2010. Approximately 60% of today's part-time workers for economic reasons report that they work part-time due to slack work, whereas 40% report that 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".<sup>46</sup> If Oxford's estimates are correct, out of the 143 million currently employed Americans, 67 jobs could be at risk. Many or most of layoffs caused by automation will compel workers in to the U6 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 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 for Noneconomic Reasons

Choose To Work Part-Time



<sup>3</sup> 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.pdf](http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf)

Part-time workers who choose to work part-time reached an all time high of 20,505,000 as of 1 July 2016. Jobenomics expects this trend to continue.

Since part-time workers for noneconomic 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 mobile car-sharing and mobile 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 has grown in less than a decade from zero in 2008 to 4 billion apps in an \$87 billion marketplace in 2015 that is expected to double by 2018. According to a recent Apple press release, as a result of the Apple's App Store's success, Apple is now responsible for creating and supporting 1.9 million jobs in the U.S. alone.<sup>47</sup>

While the mobile car-sharing and mobile 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 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.<sup>48</sup>

## 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**

<sup>47</sup> Apple, <https://www.apple.com/pr/library/2016/01/06Record-Breaking-Holiday-Season-for-the-App-Store.html>

<sup>48</sup> 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>





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 week 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 corporation had such limited visibility of this rapidly growing and essential element 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.<sup>49</sup> 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 to 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

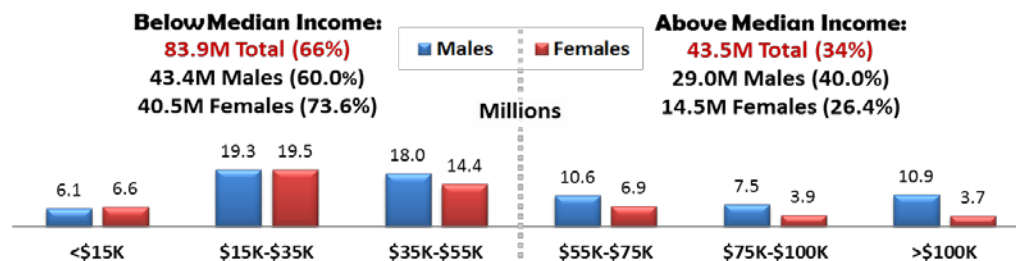
Below Mean	Males	Females	Above Mean	Males	Females
72%	54.8	60.4	28%	29.7	15.2
Below Average 115.2 Wage Earners		Above Average 44.9 Wage Earners			

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).

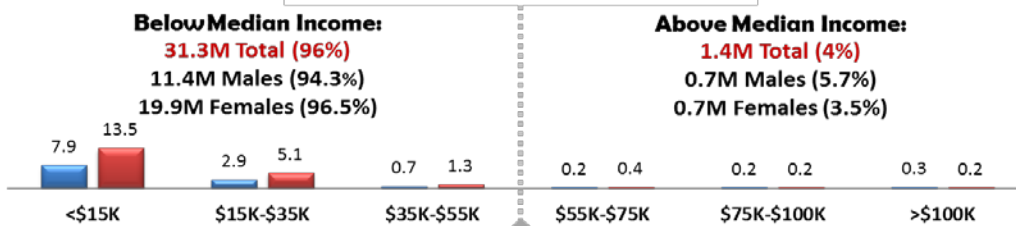
### Full-Time Labor Force Stats by Race by Gender

**127.4 Million With Earnings: 72.4 Million Males, 55.0 Million Females**



### Part-Time Labor Force

**32.7 Million With Earnings: 12.0 Million Males, 20.7 Million Females**



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

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

<sup>49</sup> 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 over worked with earnings. 80% (127,414,000) worked full-time and 20% (32,765,000) people 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*

Wage Earners	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
<b>Both Sexes (000s)</b>	<b>127,414</b>	108,713	11,307	7,394	<b>32,765</b>	17,177	6,564	9,025
Mean Earnings	<b>\$54,964</b>	\$59,283	\$38,782	\$16,117	<b>\$16,472</b>	\$22,764	\$15,411	\$5,261
<b>Male (000s)</b>	<b>72,439</b>	62,466	6,023	3,949	<b>12,100</b>	6,040	2,323	3,737
Mean Earnings	<b>\$62,278</b>	\$66,971	\$43,153	\$17,072	<b>\$18,663</b>	\$26,974	\$17,576	\$5,900
<b>Female (000s)</b>	<b>54,975</b>	46,246	5,284	3,445	<b>20,665</b>	11,137	4,240	5,288
Mean Earnings	<b>\$45,325</b>	\$48,897	\$33,797	\$15,025	<b>\$15,188</b>	\$20,480	\$14,225	\$4,810

### Gender Wage Disparity

-27%	Female compared to Male	-19%
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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.<sup>50</sup> What is most 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<sup>51</sup> 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 as 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: Q2 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 (\$45,325 versus \$62,278). For part-time workers, female mean earnings were 19% less (\$15,188 versus \$18,663). For female part-timers who worked 50 weeks or more a year, female mean earnings were 24% less (\$20,480 versus \$26,974).

ASEC data therefore supports the claim that females earn only 73% to 76% of their male counterparts for full-time equivalent workers. ASEC data further indicates that females earned less across all work categories and were 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 enhancing 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 socio, parental, marital, socio, economic status, and 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, self-employed business, tailored to their

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<sup>50</sup> 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 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.

<sup>51</sup>  $11,307,000 + 7,394,000 = 18,701,000$

needs, lifestyles and expectations. Contrary to common knowledge, the rate of employment growth and revenue of women-owned businesses have outpaced the economy and male-dominated 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 analysis 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, smaller minority groups (American Indian, Alaskan Native, Native Hawaiian, Other Pacific Islanders, and people who identified themselves as multi-racial or from some other race) are not discussed in detail due to their limited population.

## 2014 Income Earnings Profile by Race & Ethnicity

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

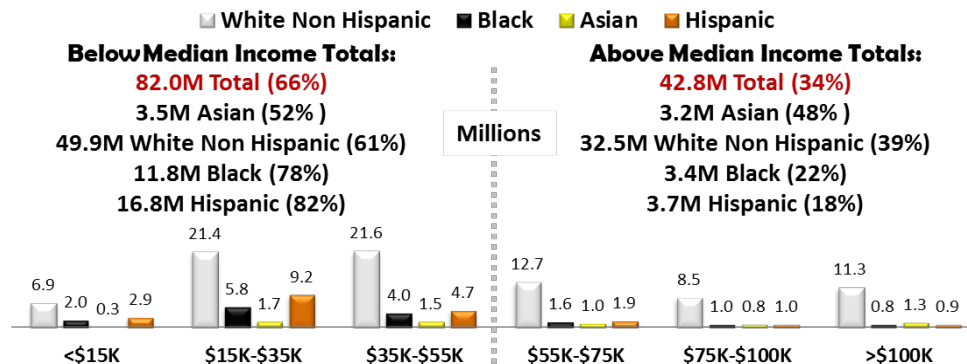
Below Mean Income	White	Hispanic	Black	Asian	Above Mean Income	White	Hispanic	Black	Asian
72%	70.7	21.7	15.4	5.0	28%	33.6	3.8	3.4	3.3
Below Average <b>112.8</b> Wage Earners					Above Average <b>44.1</b> Wage Earners				

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

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%).

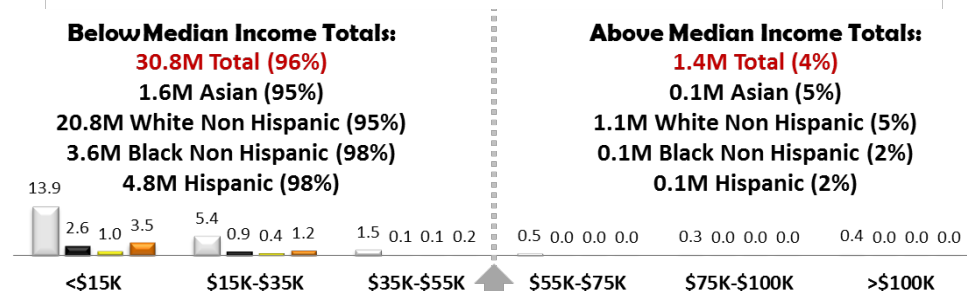
## Full-Time Labor Force

**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

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%.

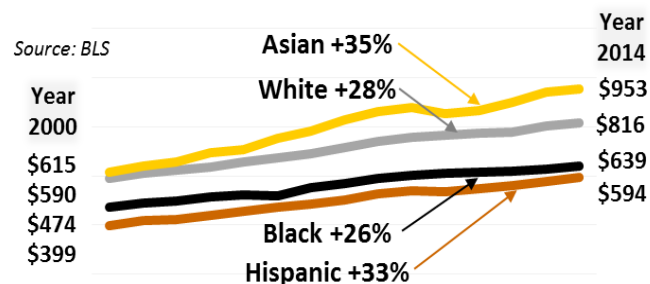
The total number of **part-time wage** earners from the four major racial and ethnic minority groups was 32.2 million workers, of which 21.9 million were White (68%), followed by 5.0 million Hispanics (15%), 3.7 million Blacks (11%) and 1.6 million Asians (5%). Whites dominated the combined minority 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.<sup>52</sup>

<sup>52</sup> 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

Wage Earners	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
<b>All (000s)</b>	<b>127,414</b>	108,713	11,307	7,394	<b>32,765</b>	17,177	6,564	9,025
Mean Earnings	<b>\$54,964</b>	\$59,283	\$38,782	\$16,117	<b>\$16,472</b>	\$22,764	\$15,411	\$5,261
<b>Asian (000s)</b>	<b>7,596</b>	6,665	563	368	<b>1,638</b>	891	313	434
Mean Earnings	<b>\$65,557</b>	\$69,684	\$45,504	\$21,622	<b>\$17,657</b>	\$24,296	\$16,682	\$4,686
<b>White Non-Hispanic (000s)</b>	<b>82,424</b>	70,748	7,167	4,509	<b>21,918</b>	11,365	4,619	5,933
Mean Earnings	<b>\$46,041</b>	\$50,179	\$30,856	\$9,762	<b>\$10,631</b>	\$15,808	\$10,487	\$2,493
<b>Black Non-Hispanic (000s)</b>	<b>15,133</b>	12,744	1,307	1,082	<b>3,695</b>	1,939	636	1,120
Mean Earnings	<b>\$42,596</b>	\$46,146	\$31,581	\$14,087	<b>\$12,708</b>	\$16,890	\$12,998	\$5,303
<b>Hispanic (000s)</b>	<b>20,572</b>	17,228	2,069	1,274	<b>4,971</b>	2,762	900	1,309
Mean Earnings	<b>\$38,273</b>	\$41,672	\$26,175	\$11,852	<b>\$14,588</b>	\$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 ethnic 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.<sup>53</sup>

## Population Growth Rates by Race & Ethnicity

Source: US Census Bureau

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

<sup>53</sup> 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%.

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 we transition 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 than White-owned business.

## 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%

The Census Bureau performs a Survey of Business Owners twice each decade.<sup>54</sup> The 2011 Survey was conducted for business owners in 2007 and the 2015 Survey for 2012 owners. This growth rate chart 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%.

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-

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<sup>54</sup> U.S. Census Bureau, 2015 Survey of Business Owners, <http://www.census.gov/econ/sbo/getdata.html>

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%
<i>Population</i>			<b>154</b>	<b>47%</b>
Gen X, Post Boomers	1966-1979	49	62	19%
Baby-Boomers	1946-1965	69	79	24%
Great Gen	1912-1945	103	32	10%
<i>Total Population</i>			<b>326</b>	<b>100%</b>

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.<sup>55</sup> 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.<sup>56</sup> 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.

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

<sup>55</sup> 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/>

<sup>56</sup> 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/>

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.

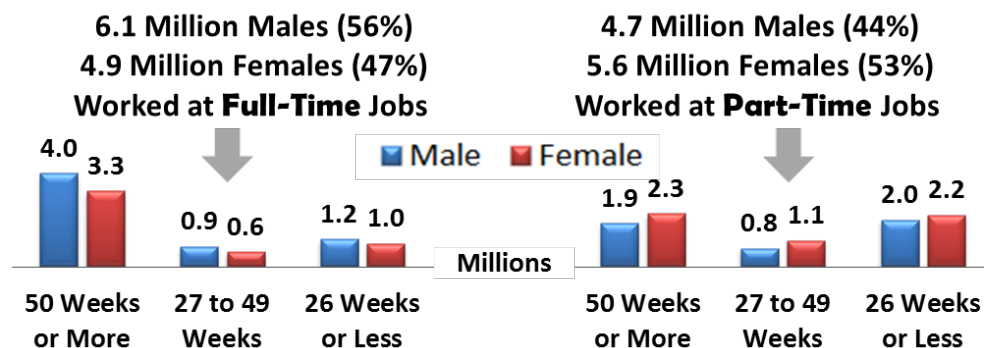
According to a Northeastern University national survey of Generation Z, aged 16 to 19, Screenagers are self-confident and entrepreneurial, but hold an unrealistic view of the economy, business and employment.<sup>57</sup> Despite being worried about making money or affording college, 64% of Gen Zers 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 <\$5K
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	



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.

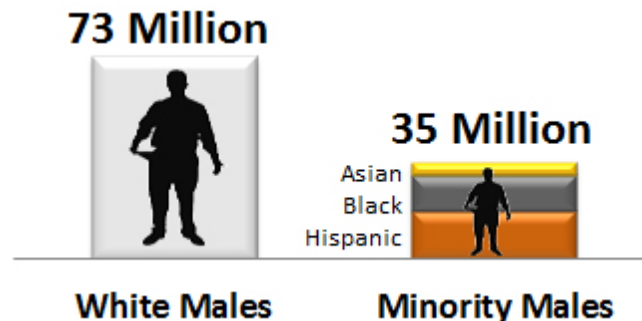
<sup>57</sup> Northeastern University, Innovation Imperative: Meet Generation Z, survey was conducted 8–23 October 2014, <http://www.northeastern.edu/news/2014/11/innovation-imperative-meet-generation-z/>

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 riots, one can only image the disruption caused by a similar percentage of well-armed and angry white males. 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 94.6 million able-bodied citizens that have departed the workforce.

## Small Business Creation Solution

Small business creation is the best way to mitigate animosity and 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 homeownership over the last fifty years.

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 engine of the U.S. economy and 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. Last month, small businesses created 85.4% of all new jobs.

Small businesses are important from a long-term unemployed and part-time worker point-of-view, both of whom face employment 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 tend not to hire formerly unemployed workers but 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, economics, automation and labor force transformation. Large businesses (greater than 500 employees) have downsized by 3,108,327 employees this decade, whereas small business (less than 500 employees) have increased employment by 11,474,061 this decade<sup>58</sup>. Nonetheless, Jobenomics is a big business advocate and is endeavoring to provide labor force insights and economic trends that will assist in their resource decision-making. A strong industrial base is paramount to economic security.

Today, small businesses employ more than 5 times as many workers than large corporations (1000+ employees). Even U.S. micro and self-employed businesses (less than 19 employees) employ 69% more workers than large corporations (31.5 million versus 18.6 million).

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<sup>58</sup> ADP Research Institute, Historical Data, <http://www.adpemploymentreport.com>

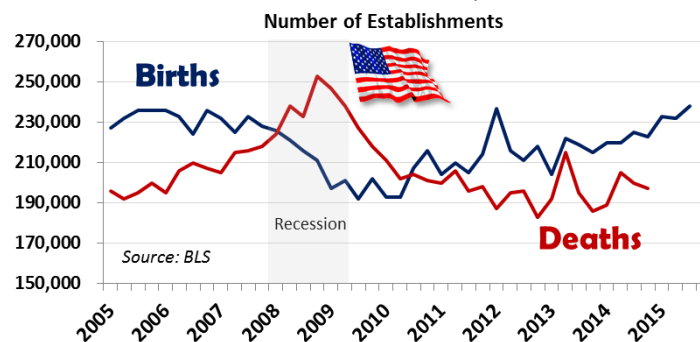
Contrary to popular opinion, 50% of all small business startups last five years and 30% remain in business over ten years. In addition, small business growth has outperformed medium and large businesses during the recovery from the Great Recession<sup>59</sup>.

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 new government jobs are down by 363,000 employees.

Spending on 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



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 40 quarters, births exceeded deaths in 31 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,

<sup>59</sup> For more detail see Jobenomics U.S. Employment Analysis: Q2 2016



The main focus of a J-CBBG is to mass-produce startup businesses by (1) working with community leaders to identify high-potential business owners and employees, (2) training and certifying these future owners and employees in targeted occupations, (3) creating highly repeatable and highly scalable “turn-key” small and self-employed businesses, (4) establishing sources of startup funding, recurring funding and contracts to provide a consistent source of revenue for new businesses after incorporation, and (5) providing ongoing mentoring and support services to extend the life span and profitability of businesses created by J-CBBG as well as other local businesses that require attention or support.

Starting a notional pool of 10,000 candidates, Jobenomics will work with local civic organizations (churches, non-profits, sports teams, etc.) to identify and nominate the top 10% to 25% candidates, 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 willow the list down to several hundred trainees who we believe that could become high-quality employees and business leaders. Approximately 10% would undergo business school training and certification (goal is to startup a locally-owned business) and 90% some form of skills-based training and certification that would be needed in our new startup businesses. If each startup employed 10 people, 20 to 30 new small businesses would be created.

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 of veterans with employers.

Jobenomics contends that Community-Based Business Generators could vastly improve the birth/death ratio as described. Today, the United States does not have national, state or local processes to create new startup businesses. The U.S. startup process is largely ad hoc. By instituting a standardized process in local communities that is designed to mass-produce (birth) small businesses millions of new establishments could be created across America. From 2005 to 2016, 9.7 million new businesses were started hiring a total of 37 million citizens. By instituting a formalized national Community-Based Business Generator process, Jobenomics predicts at least a 50% improvement in establishment birthing, which could result in 5 million new businesses and 20 million new jobs. The emerging digital economy could accommodate many of these new positions. Generation Y (Millennials) and Z (Screenagers) are digital natives that have the ability to exploit the digital economy and e-commerce in ways that older generations cannot conceive.

Jobenomics believes that every high school student and other workforce entrants should be encouraged to learn the basics of starting and running a small business. These skills will be useful to start a business or help get a job in an existing business. Many cities have business incubators that



are oriented to emerging high-tech and manufacturing businesses. These incubators are often located in universities or high-tech corridors. Jobenomics offers a complementary concept that focuses on business generators that are better suited for low income locations. Rather than incubating innovative business opportunities one-by-one, a business generator mass produces highly-scalable, startup businesses with emphasis on people at the base of the American economic pyramid. When fully operational, a community-based generator will be capable of creating hundreds to thousands of new small businesses per year.

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, Delaware and Baltimore City initiatives are underway with other city and state efforts in progress including North Carolina. 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.<sup>61</sup>
- 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.<sup>62</sup>
- 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.<sup>63</sup>

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.

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<sup>61</sup> Jobenomics New York City presentation, <http://jobenomicsblog.com/jobenomics-new-york-city/>

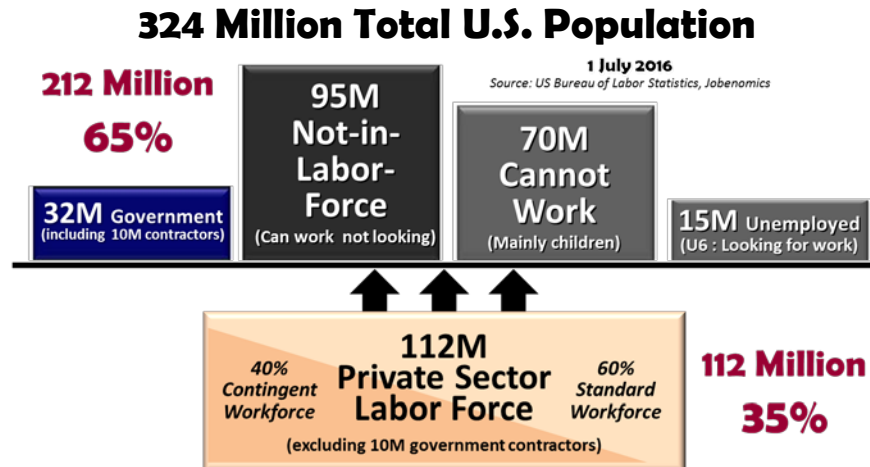
<sup>62</sup> Jobenomics Delaware presentation, <http://jobenomicsblog.com/jobenomics-delaware/>

<sup>63</sup> Jobenomics Baltimore City presentation, <http://jobenomicsblog.com/jobenomics-baltimore-city/>



## Conclusion

Out of a population of 324 million citizens, only 35% of all Americans are financially supporting the rest of the country.



The U.S. currently has 112 million private sector workers that support 32 million government workers and contractors, 15 million total unemployed (U6 rate), 95 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 5 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 the 2016 Presidential candidates, in both parties, should make solutions to these labor force issues their top priority.