



JULY 2021

Employment Update

Acara's monthly overview of the employment landscape, staffing updates, and industry trends

JULY





Overview

5.4% 

Unemployment rate declined by 0.5%

The unemployment rate declined in July, and the number of unemployed persons fell by 782,000 to 8.7 million. These measures are down considerably from their highs at the end of the February-April 2020 recession. However, they remain well above their levels prior to the pandemic (3.5 percent and 5.7 million, respectively, in February 2020).

3.4M 

Long-term unemployed decreased by 560,000

The number of long-term unemployed (those jobless for 27 weeks or more) decreased by 560,000 in July to 3.4 million but is 2.3 million higher than in February 2020. These long-term unemployed accounted for 39.3 percent of the total unemployed.

61.7% 

Labor force participation rate unchanged

The labor force participation rate was little changed at 61.7 percent and has remained within a narrow range of 61.4 percent to 61.7 percent since June 2020. The participation rate is 1.6 percentage points lower than in February 2020.

[View unemployment rates by state](#)

[Learn More: Bureau of Labor Statistics](#)



Overview

\$30.54 

Average hourly earnings rose \$0.11

Average hourly earnings for all employees on private nonfarm payrolls increased by 11 cents to \$30.54, following increases in the prior three months. Average hourly earnings for private-sector production and nonsupervisory employees also rose by 11 cents to \$25.83.

930K 

Number of job leavers decreased

Among the unemployed, the number of job leavers (unemployed persons who quit or voluntarily left their previous job and began looking for new employment) decreased by 12,000 to 930,000.

7.0% 

GDP projection increased

Economists surveyed in August projected GDP in 3Q 2021 will increase 7.0 percent.

[Learn More: Bureau of Labor Statistics](#) | [American Staffing Association](#)



Staffing Update

1.83%

Temp penetration rate

Temporary help employment was 1.83 percent of total nonfarm employment.

18%

Temp help jobs increased

Temporary help jobs increased 18.0 percent, seasonally adjusted, from the same month last year.

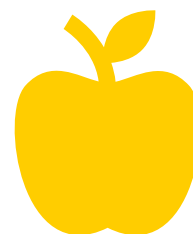
+938K

Nonfarm payroll employment higher

The change in total nonfarm payroll employment for May was revised up by 31,000, from +583,000 to +614,000, and the change for June was revised up by 88,000, from +850,000 to +938,000. With these revisions, employment in May and June combined is 119,000 higher than previously reported.

Notable job gains occurred in

- Leisure and hospitality
- Education
- Professional and business services



[Learn More: American Staffing Association](#)



Industry Trends

More jobs than expected were added in July –



up by 943,000

Forecasts for jobs created last month had varied widely from 350,000 to 1.6 million, with a consensus of 870,000.

But these figures pre-date the rise of the Delta variant in the United States, which has led to a surge in infections. Despite the concerns about this highly-contagious strain of the virus, economists said the figures pointed to the underlying strength of the economy's recovery.

Marginal improvement in state labor markets that ended supplemental unemployment programs

Employment fell 0.9% in states that ended federal benefits between mid-June and mid-July. However, employment rose 2.3% in states that kept these benefits.

When receiving the \$300 supplement, almost half of jobless workers (48%) make as much or more money on unemployment benefits than their lost paychecks, according to a paper by the JPMorgan Chase & Co. Institute.

More than half of U.S. states are ending enhanced federal unemployment benefit programs amid an ongoing debate about whether they are hampering hiring efforts.

[BBC](#) | [Bloomberg](#)



Industry Trends

Labor force participation rate expected to increase

The number of people who are not in the labor force but who currently want a job is at

6.5 million

—up from 6.4 million in June and 1.5 million higher than in February 2020. As the recovery continues, experts expect the labor force participation rate to continue to increase.



Higher salaries aren't likely to keep pace with inflation

Research shows that while pay raises in the U.S. are returning to pre-pandemic levels, rising prices mean higher salaries aren't likely to keep pace with inflation.


The median total U.S. salary increase budgets for 2021 are 3 percent, on par with the previous 10 years. Projections for 2022 are also 3 percent.

Due to economic uncertainties that have been worsened by new economic shocks due to the Delta variant, employers may lack the means to provide across-the-board pay raises that keep pace with inflation. This could increase already high turnover rates if employees can find better-paying positions elsewhere.

[Brookings](#) | [The Conference Board](#) | [SHRM](#)



Industry Trends

48% 

of America's working population is actively job searching or exploring new opportunities.

Businesses are facing an extremely high quit rate—3.6M Americans resigned in May alone—and a record-high number of unfilled positions. From customer-facing service roles to highly professional positions, workers in all job categories are actively or passively job hunting at roughly the same rate.

The highest quit rate is among not engaged and actively disengaged workers.

34% employee engagement rate in the U.S. and Canada.



- The lost productivity of not engaged and actively disengaged employees is equal to 18% of their annual salary.
- For a company of 10,000 employees with an average salary of \$50,000 each, disengagement costs \$60.3 million a year.
- Replacing workers requires one-half to two times the employee's annual salary. For example, it costs \$9,000 a year to keep each disengaged worker—but costs between \$25,000 and \$100,000 to replace them.

[Gallup](#)