

LEGAL WORKPLACE ECONOMY

June 2011

Jobs Report Summary

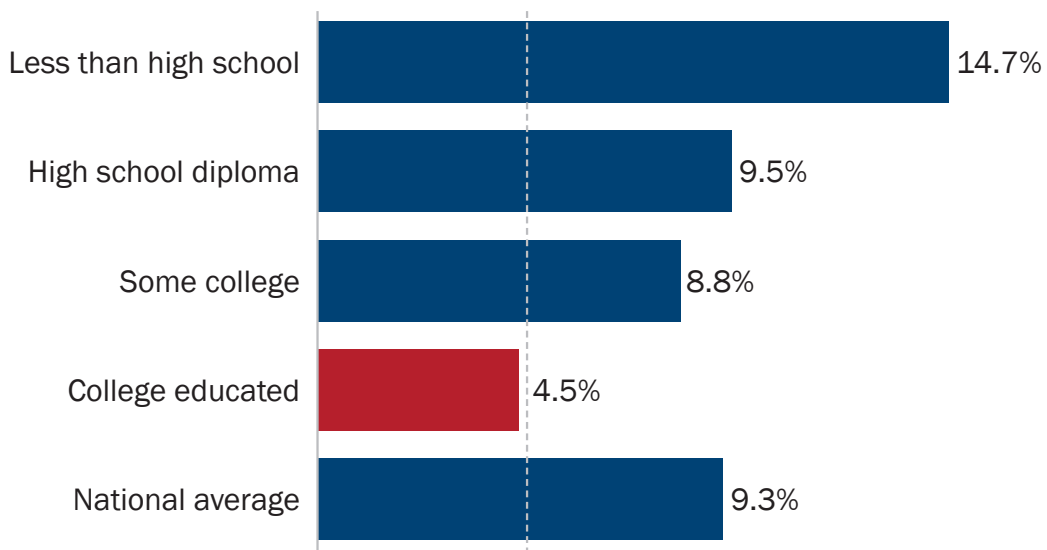
Based on the BLS Report with May 2011 data

May numbers caution against overconfidence

As a bleak but important reminder, the small number of job additions in May proves the employment situation is still a tenuous marketplace. Emerging from a recession is not a single motion but a bumpy road subject to the economic performance of a host of industries. While some industries continue to add, others continue to contract, weighing heavily on the full picture. In the month of May, the industry weighing most heavily on employment was primarily the public sector, losing 29,000 jobs. This combined with little to no change in other industries led to the small number of aggregate additions. Revisions from March and April indicated the employment picture was not quite as strong as previously predicted, as March was revised from 221,000 to 194,000 and the change for April was revised from 244,000 to 232,000—still, an addition of 426,000 jobs.

The unemployment rate rose slightly to 9.1% as the private sector added the smallest number of jobs in 11 months. The average length of the workweek remained unchanged at 34.4 hours, but the average payroll increased by 6 cents to \$22.98/hour.

Education continues to be the job search differentiator:



Source: Labor Department

The May job numbers surprised some economists who were expecting larger gains, yet others point to similar economic indicators that have recently declined such as home prices, manufacturing performance and rising gas prices. Many believe hope for progress is not lost, just slowed, as non-seasonally adjusted private sector job growth in May showed 723,000 additions to payrolls. This reiterates the fact that the economy is continuing to add jobs, yet the pace is slower relative to seasonal expectations.

In your industries:

- **Manufacturing:** Employment within manufacturing declined by 5,000 jobs in May. There were job gains in fabricated metals which were overshadowed by losses in transportation equipment and similar areas. In total, the industry has added 243,000 jobs from December 2009 through April 2011. Recent manufacturing reports indicated slower activity in China, the United States and throughout Europe. Decreased activity, combined with higher costs primarily in commodity and energy prices, could further impact employment in this sector.
- **Retail & Leisure and Hospitality:** These two sectors followed similar patterns in May after adding jobs in April. The retail sector lost 8,500 positions in May. Leisure and hospitality lost 6,000 jobs. These declines could significantly impact teens and college students seeking summer jobs as other job seekers compete for private sector opportunities due to government cuts in employment programs for teens and college students employment programs. In a spot of good news, according to economists' data, retail sales increased in May. Among the beneficiaries of the increases were merchants of upscale merchandise and gasoline sellers.
- **Healthcare:** Healthcare remains the strongest sector for employment. 17,000 positions were added in May while the sector has added an average of 24,000 positions per month in the past year. According to data from the Conference Board, labor demand for healthcare workers has declined for practitioners and technicians yet there are still three jobs for every skilled healthcare professional seeking work. According to a separate recent study, health information technology is one of the most sought after jobs. Positions outside of traditional healthcare practice are expected to continue to grow in popularity as electronic medical records and other health systems become more prevalent.
- **Professional and business services:** Professional and business services gains contributed significantly to the overall private sector additions in May. The sector added 44,000 jobs in the past month. The professional services industry will be an important leader of private sector growth as the government sponsored stimulus package winds down. Additionally, this sector will be a good indicator of the extent of weather event effects from the South and Midwest U.S. and Japan due to the diversity of location and skills involved in professional services jobs.
- **Temporary:** The temporary job sector saw a negligible difference in available positions losing only 1,200 jobs in May. At Special Counsel we continue to see growth in and demand for the flexible workforce across a broad spectrum of skill sets from manufacturing and clerical roles to more highly skilled job categories including finance, IT, engineering and healthcare. Further, conversions from temporary positions to full-time jobs continue to increase. This will continue even with moderate economic growth because worker productivity has increased so dramatically in many US industries and jobs. Companies with strong prospects will need new and incremental talent in the coming months.

In the Future

Recent economic data show oil prices rising, manufacturing production slowing and consumer confidence declining, all of which impact unemployment. The good news however, is that the larger picture is not as bleak. As it happened in April, in May the unemployment rate rose as more people entered the job market. Additionally, the average hourly pay for workers increased by 6 cents. Factoring in this month's numbers, the average job growth each month has been 157,000 a month in 2011, which is a modest pace for the start of a recovery.

Though many are eager to speak of an economic recovery, the unemployment rate is expected to hover between 8-9% for a while. Getting the unemployment rate down in this country is going to require a multi-pronged approach involving the active participation of government, business, academia, and workers. As the first three of these stakeholders work to positively impact hiring, workers should continue to expand the reach of their skills, abilities and work location flexibility. This will help make our workforce more multi-dimensional, with workers actively looking to develop various skills and interests across the span of their working life.

Of Interest

On Aging Gracefully

Source: www.amlawdaily.com

When to step aside in one's career is becoming a hot issue according to a recent *NY Times* article, as nearly 44 million baby boomers hit retirement age within the next decade. During the recession's stock market losses, countless older workers have had to put off retirement.

In the legal industry, many older partners are facing potential "de-partnering" when they reach a certain age. Mandatory retirement ages, usually ranging from 62 to 70, have been more widely instituted.

"It's a huge issue with law firms amid the downturn," said Jonathan Ben-Asher, an employment lawyer in New York. "Partners may be eased out or chucked out, but in my experience, it is much harder for older partners to maintain their position if their billable hours decline. They're not given the same courtesies or deference there was in years past because there is less money to go around."

Some partners are being advised that their equity share and salary will be cut if they decide to stay on. However, strong client relationships often help these individuals find new – and sometimes better – employment options.

Employment Rate for Law Graduates Dives to 15 Year Low

Source: www.jdjournal.com

According to the Employment Report and Salary Survey, released June 1, 2010 by The Association for Legal Career Professionals (NALP), the employment rate for law graduates is at a fifteen year low. Not the best news for the Class of 2010. Due to the economic recession these rates don't come as much of a surprise. Many firms made cuts to their summer programs or cancelled them altogether. The future statistics for the Class of 2011 aren't very promising even with slight increases in hiring.