

## **Policymakers doubt job statistics are strong recovery indicators**

**By Chris Fleisher**

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The headline numbers offer hope about the job market.

Unemployment at 6.2 percent is a bit higher than June, but much better than the 8.2 percent of two years ago. Employers added at least 200,000 every month since February, a rate unparalleled since the technology boom of the late 1990s.

The job market is improving, but gains have not been enough to convince the Federal Reserve — and some economists — that the economic recovery is on firm ground. Many people finding work fall into a category that complicates the picture: part-time worker.

“There's a very big difference between someone getting a part-time job instead of a full-time job, and you don't always see it in the (headline) statistics,” said Rebecca Lessem, assistant professor of economics at Carnegie Mellon University's Tepper School of Business. “This is one of those issues where it's important to emphasize that looking at these broad statistics is missing a big part of the story.”

Nominally employed workers are getting more attention from Fed policymakers as they balance concern for rising inflation against the ongoing need to stimulate the economy by keeping interest rates near zero to encourage lending, business investment and consumer buying.

In July, 7.5 million Americans were employed part time for economic reasons, up from 7.3 million in January but below the 8.2 million from a year ago.

Testifying to Congress several weeks ago, Fed Chair Janet Yellen noted that although the economy has improved, “significant slack remains in labor markets.” She would continue to look beyond the unemployment rate to decide how much to scale back stimulus measures, such as bond purchase, and when to raise short-term interest rates, held near zero since 2008.

In other words, unemployment may be declining, but “underemployment” matters, too.

“For people that have part-time jobs and they really need full-time income, it can obviously pose serious problems down the road,” said **Bernard Baumohl, chief global economist for The Economic Outlook Group** in New Jersey. “It can slow household spending, it can affect future home sales. Especially if inflation pressures start to pick up, that could really hurt people who need full-time income but are stuck with a fraction of income that comes with a part-time job.”

## **EMPLOYED, BUT BARELY**

If you asked Stephen Gress on Tuesday whether he was working, he would have said yes.

But he's looking for a job.

“I'm just a fill-in for this week,” said Gress, 45, of Lawrenceville.

A friend who owned a Vitamin Gallery outlet in Shaler asked Gress to cover the store while he was away. It was among a patchwork of paying gigs that Gress has strung together since he began looking for a full-time job last year.

He held several temp positions, including one three-month stint with a company that conducted standardized tests.

“I knew they were not going to turn into full time, but I was taking them to survive,” he said.

This month will mark two years since Gress had a permanent job. He was laid off from his management position when Mercy Behavioral Health eliminated his unit.

His severance package supported him while he cared for his terminally ill grandmother. Then, a year ago, he started attending job fairs and going to workshops at the Career Development Center, part of Jewish Family & Children's Services of Pittsburgh.

His job search proved more difficult than he anticipated, certainly for someone with advanced degrees in education and years of experience in behavioral health.

“Unless you are willing to step into a full-time minimum wage job, the better

paying jobs don't seem to be there,” he said.

Gress said he would take an entry-level job if he knew that it offered a chance to advance.

He has pretty much wiped out his entire savings. He refinanced his house to lower his payments and used public assistance to cover expenses during periods when he wasn't working.

“I've cut back to the point where I'm surviving,” Gress said. “I really want to get into a full-time job where I can start living again.”

## **STEADY WORK**

Opportunities are opening for some Americans. Ezra Juliar is one of them.

Juliar, 28, works full time at Zoll Medical Corp., a medical device manufacturer with a plant in Cheswick, earning more than \$10 an hour doing quality evaluations on products.

“I'm loving it,” Juliar said. “I love everything I'm doing here. The people are awesome.”

This time last year, Juliar lived in California and had been unemployed for seven months, having been laid off from his job with a window manufacturer.

Juliar's ability to find full-time employment underscores positive trends in the job market. The ranks of the long-term unemployed are thinning, although at more than 3 million they remain a concern for Yellen. The labor force participation rate appears to have bottomed out — rising to 62.9 percent in July after being stuck at 62.8 percent for three months.

But even with such good news, wage growth remains sluggish, a sign that there is slack in the job market because employers don't have to pay more to attract the best talent. Stagnant wages are not good because that can hold back consumer spending — which accounts for two-thirds of the economy and is critical for a firm recovery.

Indeed, wage growth is among the indicators that the Fed is watching. In her remarks to Congress, Yellen expressed concern about the “continued slow pace of growth in most measures of hourly compensation.” Average hourly earnings increased a penny in July and have risen 48 cents in the past year, or 2 percent.

Juliar earns below the national average of \$24.45 per hour but is in a better spot than a year ago.

That was a difficult time, when Juliar's job situation did as much damage to his pride as his finances.

“It's hard not to be able to support yourself,” Juliar said. “Any one person wants to be able to make it in the world, to be able to go out into the world and have a simple life. It's hard to do that when you don't have a job.”

In December, he swallowed his pride and moved in with his mother and stepfather in Squirrel Hill. He found a job cooking at an IHOP, but quit several weeks later.

Restaurants lead job growth in many regions, including Pittsburgh, but Juliar decided he preferred to work in manufacturing.

He enrolled in the Makership program, a job training program at the TechShop in Bakery Square, and through that learned of the opportunity at Zoll.

He recently moved into an apartment in Friendship. Even more, the job has given him a potential career path.

“It opened the door to something that I love,” he said.