



## MNI REALITY CHECK: US Labor Shortage Still Hampering Job Gains

*By Brooke Migdon*

WASHINGTON (MNI) - The pace of U.S. job growth improved in May, partially bouncing back from a weaker-than-expected April as the economy continued to recover and businesses opened closer to full capacity, although a shortage of available workers is still capping job gains, recruiters and industry experts told MNI.

Demand for workers was elevated throughout the month, said Nick Bunker, a labor economist at online job marketplace Indeed, with available jobs posted to the site through May 21 up 26% over February of last year, suggesting employment gains have been "fairly broad-based across a wide range of job types."

Demand up to that date was particularly high among manufacturing and production employers, Bunker said, with job postings in the goods-producing industry up 75% over last February and warehousing jobs up 72%. Demand for construction workers was up 56%.

Postings for leisure and hospitality jobs remained depressed, down 6% from a pre-pandemic baseline, but that still signals job growth because available foodservice and tourism jobs were down up to 60% from last February at the depths of the Covid-led recession, he said.

### **LABOR SHORTAGE PERSISTS**

Bunker said last month's disappointing jobs report could be traced back to temporary factors that held workers back from the market, like childcare issues or virus fears. Those same factors likely carried over into May, but could ease soon with many workers enticed back by higher wages and better benefits offered by employers struggling to hire, he said.

But even available workers aren't willing to work in low-paying positions anymore, said Mike Brady, an Express Employment Professionals franchise owner in Jacksonville, Fla. The lowest hourly wage currently offered by his clients is between USD12 – USD13, he said, well above the state's USD8.65 minimum wage.

Brady's staffing business was up 15% in May over April as more employers struggling to fill open positions turned to recruiters for help, although that number could have been even higher if the market had a larger number of available workers, he said. He's also had to turn down some new clients this month, he added, because open job orders from current clients are already too difficult to fill.

"We still have a bunch of open job orders that we can't fill," he said.

Brady noted that clients are expecting job seeker activity and hiring to improve after federal unemployment insurance benefits, initially authorized last year under the CARES Act, are

terminated in late June. Florida is one of 25 states that has opted to forego those benefits prior to their September expiration date.

## **OPTIMISM**

Still, optimism among CEOs and hiring managers was "extremely high" through May and employers are expected to hire relatively aggressively through the next year as the economy recovers, said Tom Gimbel, founder and CEO of the LaSalle Network, a staffing firm based in Chicago.

Gimbel's business is up 60% over May 2019, he said, but he expects just around 250,000 jobs to be added per month to the national economy for the "foreseeable future," driven in part by the shortage of available workers.

Fed advisors told MNI last month that [payroll employment is likely to stay in the range of 100,000 to 400,000](#) "for months" - a view shared by [Richmond Fed economist Thomas Lubik in an MNI interview](#).

Total nonfarm payrolls are expected to grow by 655,000 in May, according to the Bloomberg consensus, more than doubling April's 266,000 gain. There is some potential for an upside surprise, with forecasts on the upper end of the spectrum calling for an increase of 1 million jobs.

The unemployment rate should fall to 5.9%, according to Bloomberg, after rising by a tenth to 6.1% in April. Hourly earnings should increase 0.2% following April's larger-than-expected 0.7% gain.

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