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HUFF
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U.S. Labor Force Participation Rate Lowest Since 1979

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WASHINGTON (AP) — After a full year of fruitless job hunting, Natasha Baebler just gave up.

She'd already abandoned hope of getting work in her field, working with the disabled. But she couldn't land anything else, either — not even a job interview at a telephone call center.

Until she feels confident enough to send out resumes again, she'll get by on food stamps and disability checks from Social Security and live with her parents in St. Louis.

"I'm not proud of it," says Baebler, who is in her mid-30s and is blind. "The only way I'm able to sustain any semblance of self-preservation is to rely on government programs that I have no desire to be on."

Baebler's frustrating experience has become all too common nearly four years after the Great Recession ended: Many Americans are still so discouraged that they've given up on the job market.

Older Americans have retired early. Younger ones have enrolled in school. Others have suspended their job hunt until the employment landscape brightens. Some, like Baebler, are collecting disability checks.

It isn't supposed to be this way. After a recession, an improving economy is supposed to bring people back into the job market.

Instead, the number of Americans in the labor force — those who have a job or are looking for one — fell by nearly half a million people from February to March, the government said Friday. And the percentage of working-age adults in the labor force — what's called the participation rate — fell to 63.3 percent last month. It's the lowest such figure since May 1979.

The falling participation rate tarnished the only apparent good news in the jobs report the Labor Department released Friday: The unemployment rate dropped to a four-year low of 7.6 percent in March from 7.7 in February.

People without a job who stop looking for one are no longer counted as unemployed. That's why the U.S. unemployment rate dropped in March despite weak hiring. If the 496,000 who left the labor force last month had still been looking for jobs, the unemployment rate would have risen to 7.9 percent in March.

"Unemployment dropped for all the wrong reasons," says Craig Alexander, chief economist with TD Bank Financial Group. "It dropped because more workers stopped looking for jobs. It signaled less confidence and optimism that there are jobs out there."

The participation rate peaked at 67.3 percent in 2000, reflecting an influx of women into the work force. It's been falling steadily ever since.

Part of the drop reflects the baby boom generation's gradual move into retirement. But such demographics aren't the whole answer.

Even Americans of prime working age — 25 to 54 years old — are dropping out of the workforce. Their participation rate fell to 81.1 percent last month, tied with November for the lowest since December 1984.

"It's the lack of job opportunities — the lack of demand for workers — that is keeping these workers from working or seeking work," says Heidi Shierholz, an economist at the liberal Economic Policy Institute. The Labor Department says there are still more than three unemployed people for every job opening.

Cynthia Marriott gave up her job search after an interview in October for a position as a hotel concierge.

"They never said no," she says. "They just never called me back."

Her husband hasn't worked full time since 2006. She cashed out her 401(k) after being laid off from a job at a Los Angeles entertainment publicity firm in 2009. The couple owes thousands in taxes for that withdrawal. They have no health insurance.

She got the maximum 99 weeks' of unemployment benefits then allowed in California and then moved to Atlanta.

Now she is looking to receive federal disability benefits for a lung condition that she said leaves her weak and unable to work a full day. The application is pending a medical review.

"I feel like I have no choice," says Marriott, 47. "It's just really sad and frightening"

During the peak of her job search, Marriott was filling out 10 applications a day. She applied for jobs she felt overqualified for, such as those at Home Depot and Petco but never heard back. Eventually, the disappointment and fatigue got to her.

"I just wanted a job," she says. "I couldn't really go on anymore looking for a job."

Young people are leaving the job market, too. The participation rate for Americans ages 20 to 24 hit a 41-year low 69.6 percent last year before bouncing back a bit. Many young people have enrolled in community colleges and universities. That's one reason a record 63 percent of adults ages 25 to 29 have spent at least some time in college, according to the Pew Research Center.

Older Americans are returning to school, too. Doug Damato, who lives in Asheville, N.C., lost his job as an installer at a utility company in February 2012. He stopped looking for work last fall, when he began taking classes in mechanical engineering at Asheville-Buncombe Technical Community College.

Next week, Damato, 40, will accept an academic award for earning top grades. But one obstacle has emerged: Under a recent change in state law, his unemployment benefits will now end July 1, six months earlier than he expected.

He's planning to work nights, if possible, to support himself once the benefits run out. Dropping out of school is "out of the question," he said, given the time he has already put into the program.

"I don't want a handout," he says. "I'm trying to better myself."

Many older Americans who lost their jobs are finding refuge in Social Security's disability program. Nearly 8.9 million Americans are receiving disability checks, up 1.3 million from when the recession ended in June 2009.

Natasha Baebler's journey out of the labor force and onto the disability rolls began when she lost her job serving disabled students and staff members at Purdue University in West Lafayette, Ind., in February 2012.

For six months, she sought jobs in her field, brandishing master's degrees in social education and counseling. No luck.

Then she just started looking for anything. Still, she had no takers.

"I chose to stop and take a step back for a while ... After you've seen that amount of rejection," she says, "you start thinking, 'What's going to make this time any different?'"

Washington reported from Pittsburgh. AP Business Writers Christopher S. Rugaber and Scott Mayerowitz contributed from Washington.