



ECONOMIC UPDATE

March 10, 2023

Fact of the Week

President Biden's proposed budget, released Thursday, shows that Democrats are [prioritizing](#) families, workers, and communities, while making wealthy Americans and corporations pay their fair share. The president's budget is also fiscally responsible, bringing down the deficit by nearly \$3 trillion over the next 10 years. President Biden's budget proposal would lower costs for Americans and invest in children, workers, local economies, and rural and tribal areas.

What You Need to Know

- **The U.S. added 311,000 jobs in February and unemployment remained near historic lows.** The Bureau of Labor Statistics (BLS) [reported](#) that the U.S. added 311,000 jobs in [February](#) and the unemployment rate ticked up to 3.6%, although this is statistically insignificant. The unemployment rate was 5.7% for Black workers, 5.3% for Hispanic workers, 3.4% for Asian workers, and 6.7% (not seasonally adjusted) for American Indian and Alaska Native workers.
- **Job Openings and Labor Turnover Survey showed the U.S. labor market is moderating but remains historically strong.** BLS [reported](#) that the number of job openings fell to 10.8 million in January 2023, down by 410,000 from December 2022 but still well above pre-pandemic highs. The number of employees who voluntarily left their jobs also declined in January, down by 207,000 from December. Revised data for 2022 also showed that the number of layoffs was slightly higher than previously thought.
- **Federal Reserve Chair Powell suggested that the U.S. central bank was prepared to raise interest rates at a faster pace, if needed, to achieve price stability.** During his testimony before Congress this week, Chair Powell [signaled](#) that the Fed was prepared to raise interest rates at a quicker pace, if warranted by inflation data. The Fed will announce its next interest rate decision on March 22, with forecasters now expecting an increase of half a percentage point.
- **Republican proposals to eliminate all non-defense discretionary spending and Medicaid could result in a loss of 2.6 million jobs.** New analysis conducted by [Moody's Analytics](#) showed the economic danger of Republican threats to let the U.S. breach the debt limit unless legislators enact radical cuts to cut vital programs. For example, balancing the budget without raising taxes or cutting Social Security, Medicare, or defense spending would require eliminating all non-defense discretionary spending and all of Medicaid, ending vital services that millions of Americans rely on. This would also result in a loss of an estimated 2.6 million jobs and lower real GDP by 2.7% over the next decade.

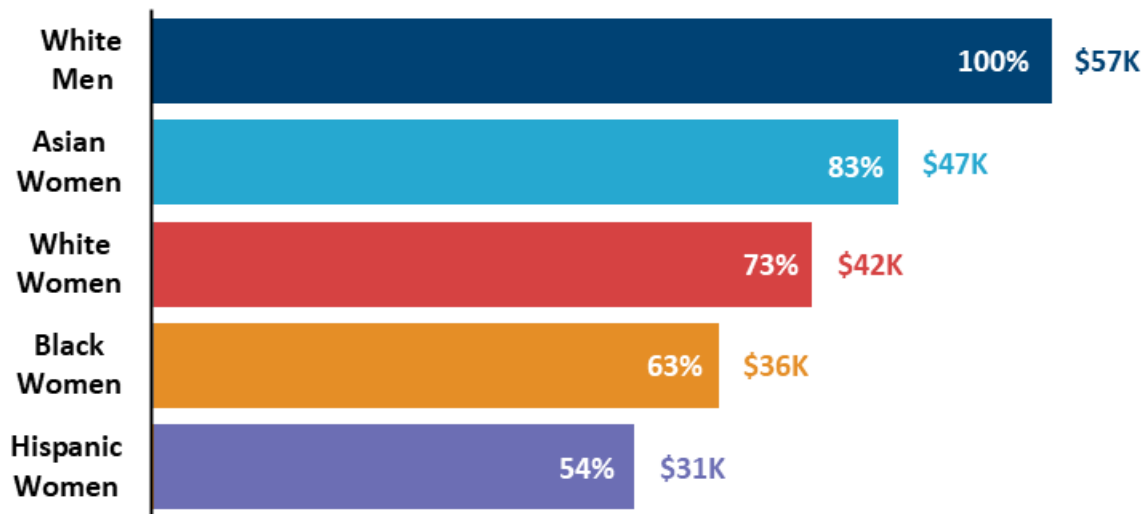
Chart of the Week

Women make significant contributions to the U.S. economy; however, all women continue to be affected by the wage gap and earn less than white men. Women's participation in the U.S. labor market has grown significantly in recent decades, accompanied by overall rising productivity, earnings, and economic growth. However, all women continue to be affected by the wage gap, with women earning just 84% of men's earnings on average.

March 14 marks Women's Equal Pay Day, which recognizes how far into the year women must work to match the average man's pay from the previous year. It is important to note that the severity of wage gaps experienced by women varies by race and ethnicity, with Black and Hispanic women facing a much larger gap than their white and Asian counterparts.

All Women Continue To Be Hurt by the Wage Gap

Absolute and relative median earnings for workers, by race, ethnicity, and sex, 2021



Source: JEC calculations based on March 2022 CPS ASEC data

Notes: White refers to the non-Hispanic white population, Hispanic includes all races, and Black and Asian refer to the populations alone or in combination.



What to Watch Next Week

- *Monday, March 13:* The Bureau of Labor Statistics (BLS) [releases](#) monthly state employment data for January. In 2022, annual average unemployment rates decreased in 49 states and the District of Columbia. The Bureau of Labor Statistics reported that the largest unemployment rate decreases occurred in New Mexico and California.
- *Tuesday, March 14:* BLS is scheduled to [release](#) monthly Consumer Price Index (CPI) inflation data. The pace of inflation is expected to have slowed to 0.4% in February, down from 0.5% in January and slowed from 6.4% to 6% on an annual basis.
- *Wednesday, March 15:* The U.S. Census Bureau [releases](#) monthly retail sales data. According to estimates, total sales declined by 0.1% in February.

New Reports and Research

- An [analysis](#) of the gaps in child nutrition programs conducted by the Hamilton Project highlighted the importance of the federal government supporting states on access and delivery. The authors argued this is vital to ensuring that nutrition assistance reaches the children these programs are intended to serve.
- A recent [paper](#) found that a substantial number of employees are misclassified as managers, depriving them of overtime pay. The study found that misclassification allowed companies to avoid approximately 13.5% of overtime expenses. The paper found that overtime avoidance was more widespread in low-wage industries and was also more pronounced when firms have stronger bargaining power and employees have weaker rights.

Recommendations

- [“Single Women Take An Outsize Role in the Workforce — and the Economy,”](#) *The Washington Post*
- [“A New Inflation Risk Hangs Over the Fed,”](#) *Politico*
- [“Women’s Return to the Workforce Piles Momentum On A Hot Economy,”](#) *The Wall Street Journal*
- [“America's School Lunch Crisis,”](#) *Vox*

JEC Resources

- [National and State-Level Data on the Economic Status of Black Americans, 2023](#)
- [Public Investments Improved the Economic Status of Black Americans, But Significant Barriers to Economic Opportunity and Security Remain](#)
- [The Economic State of Black Workers and Families in the United States](#)

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