

IAWP Workforce Insights & Action Brief

May 2025 Edition

Empowering Workforce Professionals and Employers with Timely Data and Practical
Strategies

International Association of Workforce Professionals (IAWP)

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Welcome to the May 2025 Edition

Welcome to the May 2025 edition of the IAWP Workforce Insights & Action Brief. Each month, we deliver a focused analysis of the latest labor market trends, productivity shifts, and economic factors shaping the workforce landscape. Our goal is to provide you not just with data but with actionable insights and recommendations to effectively support both job seekers and employers. In a rapidly evolving economy, informed decision-making and strategic collaboration are key to building resilient talent pipelines and driving sustainable growth.

Data-driven insights. Actionable strategies. Workforce excellence.

1. National Labor Market Highlights

The U.S. unemployment rate remained stable at 4.2% in April 2025, reflecting a balanced labor market amid ongoing economic shifts. Approximately 7.2 million job openings were reported in March, signaling strong, yet slightly moderated, employer demand compared to last year's peak. Real wages increased by 3.8% year-

over-year, with average private-sector hourly earnings at \$36.06. An estimated 260,000 federal employees are expected to resign or retire by September 2025, creating both challenges and fresh talent inflows.

Source: Bureau of Labor Statistics (Employment Situation Summary)

"The elevated quit rates reflect a strong labor market where workers feel empowered to seek better opportunities, which is a sign of confidence but also signals challenges for employer retention strategies."

Dr. Erica Groshen, Former Commissioner, U.S. Bureau of Labor Statistics

Insights & Recommendations

The persistence of high job openings amid steady unemployment shows continued demand for talent but also highlights a competitive hiring environment. For workforce development professionals, this means intensifying efforts to prepare job seekers with the skills employers urgently need, while ensuring job seekers have realistic expectations about wages and opportunities. Federal workforce transitions offer a unique opportunity to connect displaced or transitioning federal employees with private sector employers, filling critical skill gaps and supporting economic mobility.

- Develop targeted outreach and tailored training programs that align directly with the sectors exhibiting strong job growth.
- Provide robust career coaching focused on wage negotiation and realistic goal setting to reduce job seeker frustration and churn.
- Establish partnerships with federal agencies and employers to create transition pathways for outgoing federal workers.
- Collect and share timely local labor market intelligence to help employers and job seekers make informed decisions.

2. JOLTS Labor Market Insights

As of March 2025, the U.S. had approximately 7.2 million job openings, unchanged from February but down about 900,000 compared to the prior year. Hires totaled 5.4 million, consistent with previous months, indicating steady employment activity. The quit rate

remains elevated at 2.5%, signaling worker confidence and mobility in the labor market. Lay-offs and discharges dropped slightly to 1.6 million, continuing a downward trend.

Source: Bureau of Labor Statistics (JOLTS Data)

Insights & Recommendations

The high quit rate signals that many workers feel empowered to seek better positions, which can increase turnover and challenge employers. Workforce professionals must help job seekers build skills in career management, interviewing, and salary negotiation to capitalize on these opportunities. Employers, meanwhile, need to invest in retention strategies, including improved onboarding, career development pathways, and workplace culture enhancements, to compete effectively in this labor market.

- Integrate career readiness modules into training programs emphasizing soft skills like negotiation, resilience, and networking.
- Facilitate employer forums to share best practices on reducing turnover and improving employee engagement.
- Support employers in developing apprenticeship and mentorship programs that improve retention.
- Use data to proactively identify high-turnover sectors and deploy targeted retention interventions.

3. Productivity and Economic Growth

Nonfarm business labor productivity rose by 1.6% in Q1 2025, slightly below the decade average but reflecting steady efficiency improvements. Manufacturing productivity grew 2.1%, driven by automation, while service sector pro-

ductivity increased 1.2%. AI and automation boost productivity but raise workforce displacement concerns in some occupations.

Source: U.S. Bureau of Labor Statistics (Productivity and Costs)

“As automation reshapes jobs, continuous learning and skill development are no longer optional—they are essential for workers to stay relevant and for employers to remain competitive.”
Dr. David Autor, MIT Economist and Expert on Labor Economics and Automation

Insights & Recommendations

The steady productivity growth underscores the increasing importance of technology skills in the labor market. Workforce development professionals must embed digital literacy, automation awareness, and AI adaptability into programs to prepare workers for evolving job roles. Employers face the challenge of balancing automation-driven efficiency with the need to reskill their workforce. Collaboration with workforce programs is essential to build pipelines of tech-savvy talent and minimize displacement risks.

- Update curricula regularly to include emerging technology and automation skills.
- Partner with employers to design customized upskilling programs that reflect real-time technology adoption.

- Promote lifelong learning culture among job seekers and incumbent workers to maintain employability.
- Advocate for funding and policies supporting reskilling initiatives that align with industry trends.

4. Labor Force Participation and Demographics

Labor force participation remains steady at 62.8%, with prime-age adults (25-54) holding at 82.5% participation. Youth (16-24) participation is rebounding but remains below pre-pandemic levels. Older worker participation is gradually increasing, reflecting shifting retirement patterns.

“Increasing labor force participation among underrepresented groups such as youth and older workers is critical to addressing the evolving workforce demands and creating equitable economic growth.”
Dr. Cecilia Rouse, Former Chair, U.S. Council of Economic Advisers

Insights & Recommendations

Reengaging youth and older workers is vital to sustaining labor force growth. Workforce professionals should design tailored outreach and supportive services addressing the unique barriers these groups face, such as childcare for youth or flexible work for older adults. Employers can benefit by diversifying recruitment and retention efforts to include these groups, creating more inclusive workplaces that leverage the experience and energy of all age cohorts.

- Develop flexible training schedules and childcare support programs for youth participants.
- Promote age-friendly workplace policies and phased retirement options to engage older workers.
- Collaborate with community organizations to reach underserved populations.
- Use data analytics to identify demographic gaps and target recruitment accordingly.

5. Wage Growth and Inflation Context

Inflation-adjusted wage increases support worker purchasing power, but rising living costs, particularly in housing and healthcare, continue to strain many households. Wage growth is stronger in tech and healthcare compared to sectors like retail and hospitality.

Source: Economic Policy Institute, U.S. Bureau of Labor Statistics

“Real wage growth that keeps pace with inflation is key to sustaining consumer spending and overall economic health, but many workers continue to face cost-of-living challenges that must be addressed holistically.”
Jared Bernstein, Chief Economist to the Vice President of the United States

Insights & Recommendations

Helping job seekers understand wage dynamics and cost-of-living realities is critical to setting sustainable career paths. Workforce professionals should incorporate financial literacy and career planning that reflects these economic pressures. Employers must assess total compensation

strategies beyond wages offering benefits, flexible work, and career advancement opportunities to attract and retain quality talent in a tight labor market.

- Include financial literacy components in job readiness training.
- Guide clients in evaluating career choices with long-term financial sustainability in mind.
- Encourage employers to conduct compensation benchmarking and develop comprehensive benefit packages.
- Support policies encouraging affordable housing and healthcare access as part of workforce stability efforts.

Closing

In today's complex labor market, raw data alone is not enough. The real power lies in transforming insights into meaningful action bridging the needs of employers with the aspirations of job seekers. As workforce development professionals, you stand at the forefront of this challenge and opportunity. By leveraging timely data, embracing innovation, and fostering strong partnerships, you can build resilient talent pipelines that drive economic growth and improve lives.

IAWP is committed to equipping you with the knowledge and tools to lead with confidence. Together, we can shape a workforce system that meets today's demands and anticipates tomorrow's possibilities.