



UNLOCKED

WE ARE THE KEY TO YOUR SUCCESS!

January 19, 2026
Martin Luther KING
Rememberance Day

remembering @



PAYROLL

U.S. Payrolls Rose by 50K in December, Unemployment Fell

U.S. employers reported adding 50,000 jobs in December 2025 and the unemployment rate fell to 4.4%, according to the latest employment report from the U.S. Bureau of Labor Statistics (BLS), released Jan. 9.

Overall, employers added 584,000 new jobs in 2025 — or about 49,000 jobs a month, on average, a marked deceleration from 2024, when two million jobs were added at a pace of 168,000 a month. Employment figures for October were revised down by 68,000 jobs to -173,000, and November's total was revised down by 8,000 jobs to 56,000. The sharp moderation in job growth last year has been attributed to many things, but chief among them is the Trump administration's trade and immigration policies, which economists and policymakers said reduced both demand for and supply of workers.

Heading into 2026, economists forecast a labor market that is not dramatically different than what was experienced in 2025. Indicators point to continuity rather than disruption, with job openings, hiring, and unemployment hovering near current levels. The most likely scenario is a prolonged "low-hire, low-fire" environment marked by caution, uneven demand across industries, and persistent policy uncertainty. This month's report is the first on-time release since the BLS data collection was paused by the 43-day government shutdown last fall. Questions have arisen over the data gaps from the shutdown, with some economists expecting the first unhampered report to be released in February.

Industry Breakdown

December's job growth was concentrated in the health care and leisure and hospitality sectors. Employment in restaurants and bars trended up in December with 27,000 new jobs. These establishments added an average of 12,000 jobs per month in 2025, similar to the average increase of 11,000 jobs per month in 2024. Health care employers added 21,000 jobs, with a gain of 16,000 jobs in hospitals. Retail trade lost 25,000 jobs in December.

Unemployment Falls, Long-Term Jobless a Growing Concern

The unemployment rate ticked down last month to 4.4% from November's revised 4.5%, although it slowly drifted up from 4% a year ago. A more



Key HR is the KEY to Your Success

How successful could you be if you could focus on what you do best? It's a question worth asking. And we not only HAVE the answer... We ARE the Key!

Key HR is aligned with preferred provider companies to offer new and innovative ways to meet out clients' payroll, employee leasing, benefits and insurance needs.

Our relationship with these companies helps business owners reduce costs, save time, optimize their workforce, increase revenue and minimize risk. If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions.

If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions and the key to your success.

Trust Key HR to provide you with...

- Access to more service providers than any other business of our kind
- Specialists in every area of Human Resources
- Solutions for companies at all stages of development – from startups to fully mature
- A firm commitment to stay current on the laws that affect your industry and business
- Savings from 20 to 40 percent off your bottom line

It could be one of the smartest business decisions you ever make!

encompassing underemployment measure that includes discouraged workers and those holding part-time jobs for economic reasons dropped to 8.4%, down 0.3 percentage point from November. Another concerning condition is the increase in people falling into the long-term unemployment category (being unemployed for 27 weeks or more), which now affects 1.9 million workers. That number rose by almost 400,000 people in 2025.

Wage Growth Remains Above Inflation

Average hourly earnings for private-sector workers in December rose by 12 cents, or 0.3 percent, to \$37.02. Over the past 12 months, average hourly earnings have increased by 3.8 percent.

www.shrm.org

5 Trends That Will Shape HR in 2026

Artificial intelligence stands to occupy a substantial portion of the industry's attention, but people leaders also will need to dedicate energy toward development and culture. HR may be a function that prides itself on managing people, but machines have occupied an outsized portion of the industry's attention over the last twelve months. A chorus of thought leaders expect that focus to continue for the foreseeable future.

Discourse on artificial intelligence's status as an economic bubble is more prevalent in the mainstream than ever. Yet, sources who spoke with HR Dive noted that HR has increasingly automated routine tasks and helped implement AI organization-wide. The next step, these experts say, is to distinguish the technology's utility from its hype. AI won't be HR's sole focus, however. People leaders will still need to dedicate significant energy to skills development and workplace culture. And as always, the compliance side of the house will present more than its share of challenges.

1. HR Takes the Next AI Leap, Integrating Automation into Management
 Workplace AI integration can be divided into two parts, according to JR Keller, associate professor of HR studies at Cornell University's School of Industrial and Labor Relations. On one side, there is the use of AI to automate mundane tasks such as screening candidate resumes and answering employees' benefits questions. Lack of clear use cases is just one of the barriers to AI adoption that emerged last year, but Keller said some organizations have made progress on that front in part by integrating AI into management practices. He pointed to an anecdote shared by Google co-founder Sergey Brin in which the company's Gemini AI tool identified a soft-spoken engineer whose work made her a deserving candidate for promotion. The engineer, who later received the promotion, might have been overlooked had it not been for the AI's input, Brin said.

2. AI's Acceleration Hastens Need for Strong Guardrails
 Cautionary tales of AI-related job errors and fears of discrimination fueled by AI have tempered enthusiasm for the technology. Against that backdrop, HR leaders will need to focus on embedding AI responsibly and strategically, Moore said. A complicating factor is staff that may be using AI in ways not officially recognized or endorsed by leadership. Keller said managers may, for instance, use AI tools to write performance reviews for their direct reports without taking into account an employee's actual performance or duties.

3. Uncertainty Pervades the Talent Market, but Skills Reign Supreme
 Layoffs at times hit historic levels in 2025. October job cuts alone were up 175% from one year prior and reached the highest single-month total during a fourth quarter since 2008, according to Challenger, Gray & Christmas. Notably, AI has been cited as a factor contributing to job loss as it may diminish opportunities for entry-

HUMAN RESOURCES



level workers as well as operations and back-office workers. These factors portend a gloomy outlook for the talent market, but if there's one sign of clarity, it's the belief that skills will be a top priority. A recent survey by McLean & Co. found that skills-based hiring had the strongest level of implementation and planned implementation among all emerging HR trends. Meanwhile, 54% of respondents said AI-specific upskilling would have high organizational impact moving forward, though only 1% had implemented such a strategy as of last year.

4. 'Reverse discrimination' claims, boosted by remade EEOC, go to court
 The U.S. Supreme Court's unanimous decision last year in *Ames v. Ohio Dept. of Youth Services* struck down lower courts' requirements that majority-group employees in "reverse discrimination" cases show background circumstances to support their claims. Legal observers anticipated that *Ames* could lead to a wave of future majority-group lawsuits, and a few have already been filed. That trend stands to pick up steam thanks in part to a newly restaffed U.S. Equal Employment Opportunity Commission. EEOC Chair Andrea Lucas last month explicitly asked White male victims of workplace discrimination to contact the agency.

This storyline is a piece of the broader cultural and political battle over workplace DEI programs. Authorities up to and including the White House have sought to crack down on such initiatives, but employment-side counsel have consistently maintained that many DEI programs are legal and can contribute to employers' business goals.

5. Employers Confront 'Culture Atrophy'
 The pace of workplace change in the last year has left many employees struggling to keep up. In a way, "change has become ungovernable," with many workplaces stuck in a state of "culture atrophy" that has made it difficult to foster a productive, engaged and skilled workforce, Gartner researchers concluded in the firm's report on CHRO priorities for 2026.



SHRM Highlights Growing Role of Benefits in Engagement and Retention

As benefit managers head into 2026, new technologies should work with tried-and-true engagement strategies — and not against their business's greatest asset.

While technology is advancing quickly, leadership and employee experience will ultimately determine workforce stability, according to SHRM's newly released 2026 State of the Workplace and 2026 CHRO Priorities and Perspectives reports. In fact, 91% of workers who believe their organization effectively addresses workplace needs report job satisfaction, compared to just 44% among those who view their organization as ineffective.

While artificial intelligence is becoming more embedded in day-to-day operations, benefit leaders will need to view AI as an enabler, rather than a replacement for people-centric support. SHRM's data found that 92% of CHROs anticipate greater AI integration in workforce operations, making AI a key component of business strategy.

"Business leaders recognize change is accelerating across every workplace," Jim Link, CHRO of SHRM, said in a release. "Our research shows investing in leadership and employee experience remains essential for organizational health. By blending technology with the irreplaceable value of human connection, leaders create work environments ready

to adapt, grow, and thrive, regardless of what the future brings."

Striking the right balance with technology Benefit managers will need to use their people skills, paired with benefits, to respond to increasing pressure on workers. Employee engagement is now the top issue workers want HR to prioritize in 2026, and benefits are one of the most visible signals employees receive about how much their employer actually cares. In fact, 51% of employees are at least somewhat likely to leave their employer within the next year if their organization is ineffective at addressing their needs, according to the data.

But benefit managers and CHROs are also feeling pressure from every angle — controlling expenses while still investing in people. For benefit managers, the path forward isn't about doing more of everything. It's about doing the right things better: Prioritizing benefits that reinforce leadership, trust, and employee experience while delivering measurable value.

And leaders are willing to invest in their own skills to meet employees' needs: 46% cite leadership and manager development as a top priority for 2026, according to the data. Finding the right balance, and using technology to facilitate these shifts, will be the key to success in the new year, Link said.

benefitnews.com

WORKERS' COMP



The Only Thing That Will Change is Your Bottom Line

Worker's Compensation is a critical business issue. If you haven't thought much about it, chances are it's costing you too much — and if an incident happens, it can cost you a lot more.

Key HR will work on your behalf in dealing with premiums, claims, regulators and injured workers to ensure the best possible outcomes for your business, your employees, and your bottom line.

Let us help you eliminate surcharges, premium deposits, audits, modifiers and sometimes down payment & lower overall workers' compensation cost in all facets of coverage.

Our PEO Services offered include:

- Payroll
- Benefits
- Workers' Compensation
- Human Resources
- Risk Management

To get more information on a PEO click here:
<http://keyhro.com/peo>



Trust KeyHR to Provide You With...

-  Access to more service providers than any other business of our kind.
-  Specialists in every area of Human Resources
-  Savings from 20 to 40 percent off your bottom line
-  Solution for companies at all stages of development-from start ups to fully mature
-  A firm commitment to stay current on the laws that affect your industry and business

WE ARE THE KEY TO YOUR SUCCESS!

Want to learn more about what Key HR can do for your business?

Contact us today!

 605 E. Robinson Street
Suite 500, 5th Floor
Orlando, FL 32801

 800.922.4133

 info@keyhro.com



When it comes to payroll management, it's always been essential to ensure everything is handled efficiently and effectively. By consistently paying people correctly and on time, you're doing what's right for your employees. Read about why payroll accuracy is now more important than ever for your organization: <https://bit.ly/49m9aAZ>.

Call Key HR today for more information
800.922.4133