

THE **DEMOGRAPHIC DROUGHT**

Emsi | burning
glass

Bridging the Gap in our Labor Force



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Pre-Covid

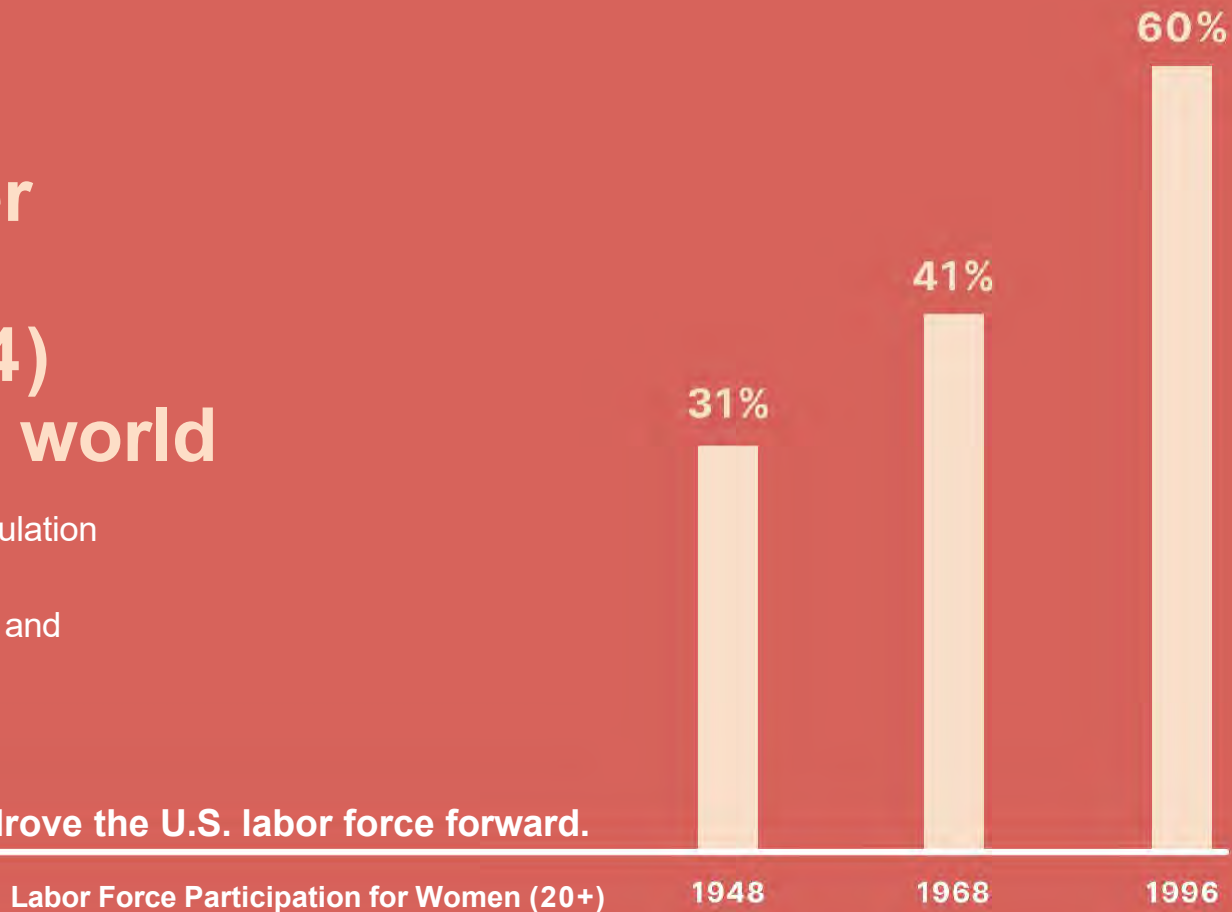
Boomers exiting out of the labor force causing major waves



The Boomer Generation (1946-1964) shaped our world

They were a massive population of college educated, hard working, money focused, and upskill driven people.

Women, in particular, drove the U.S. labor force forward.



Higher birth rates and women entering doubled our workforce

College Enrollment jumped 100% from 1965 to 1975 and continued to soar for women

21.7M



1950-1970

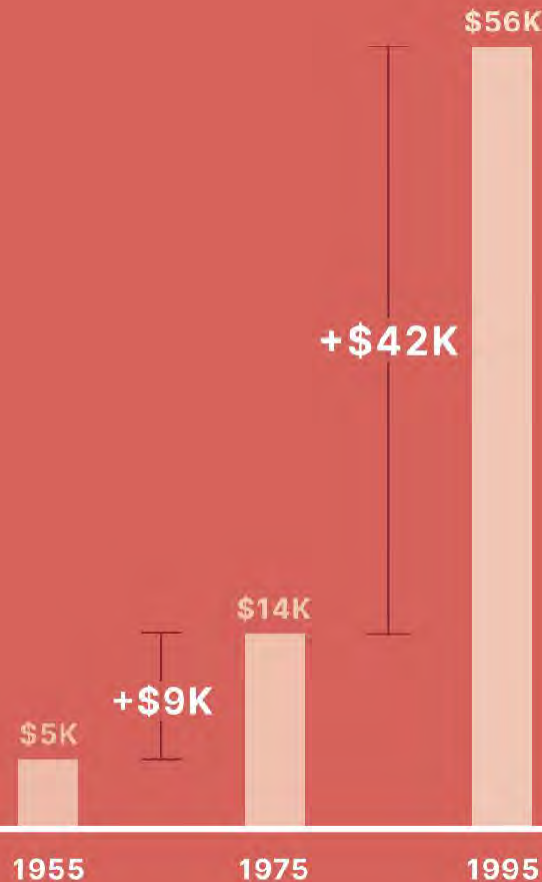
42.5M



1970-1990

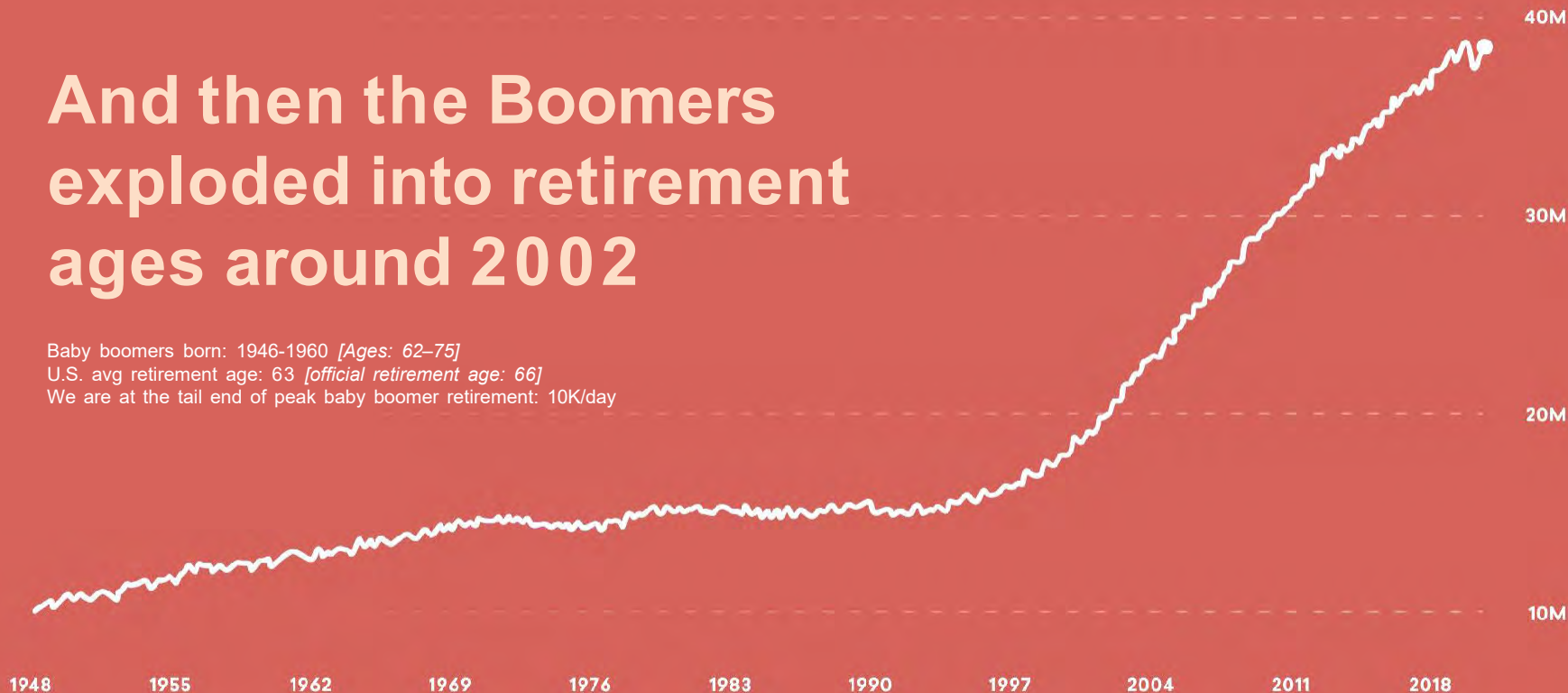
Boomers generated massive household wealth gains

REAL Median Household Income



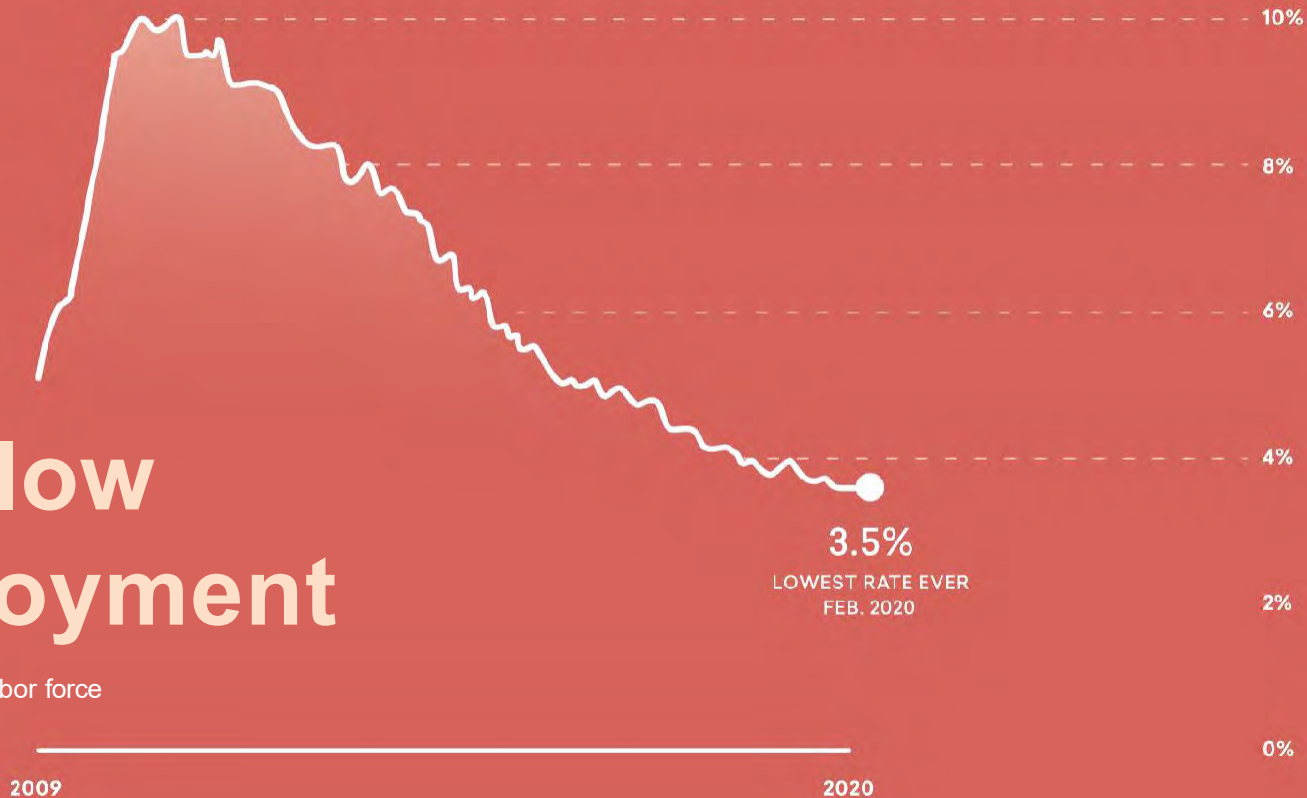
And then the Boomers exploded into retirement ages around 2002

Baby boomers born: 1946-1960 [Ages: 62-75]
U.S. avg retirement age: 63 [official retirement age: 66]
We are at the tail end of peak baby boomer retirement: 10K/day



Record low unemployment

LFPR: 63% | 95M not in labor force



Partly due to Boomers
leaving, we didn't even
have enough people for
every job opening



7M

Job openings

[including gov]



5.9M

Unemployed people

Fewer people on the sidelines looking for work

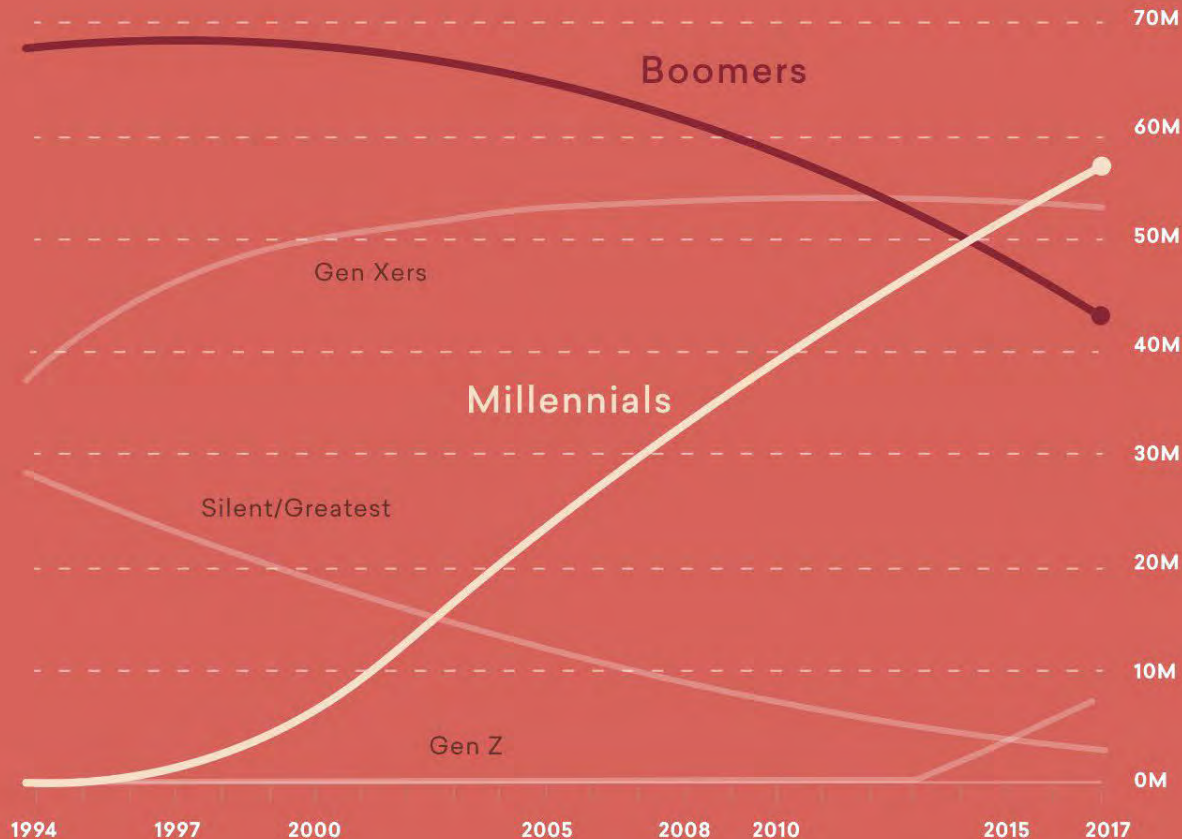
Boomers (55+) were also increasingly not looking to work



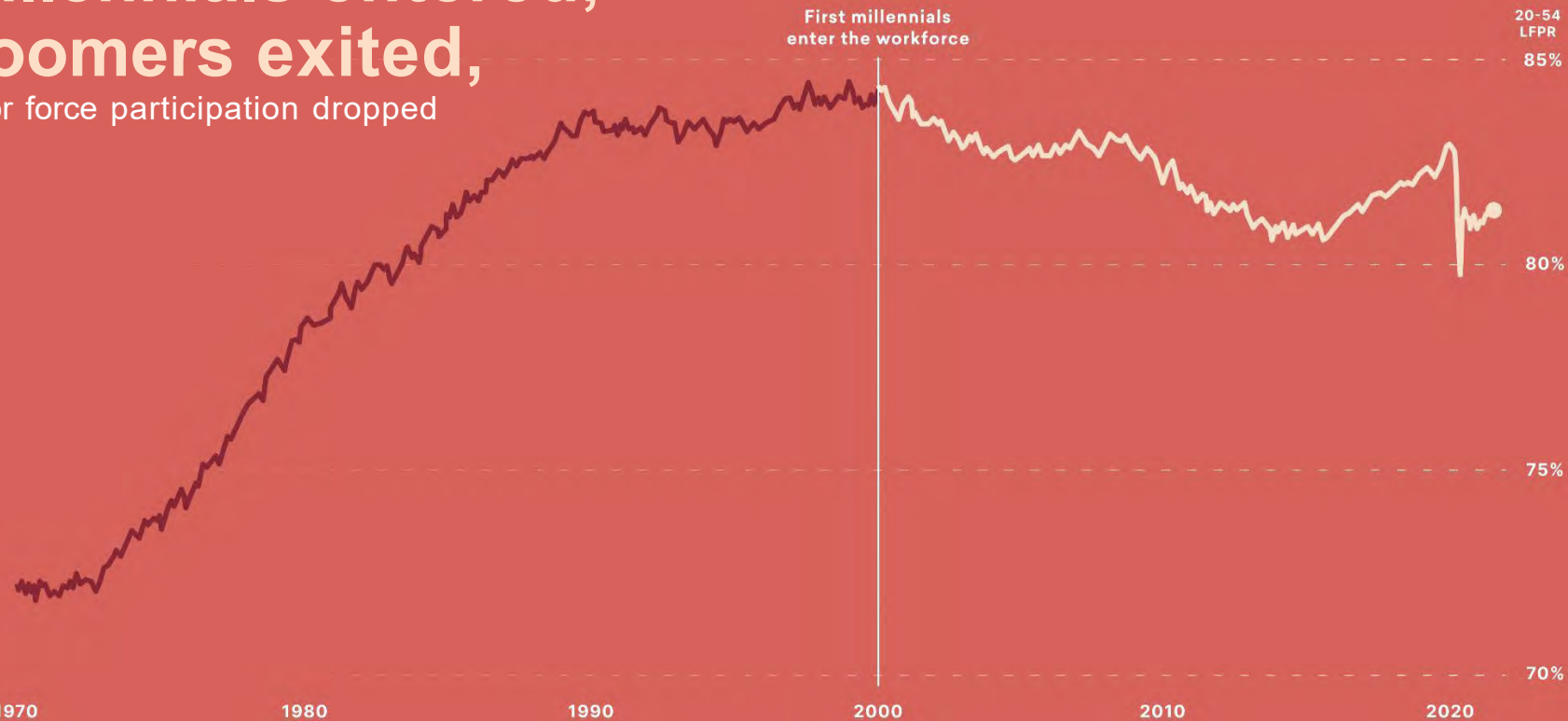
In 2016,

Millennials became the largest generation in the labor force

Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.

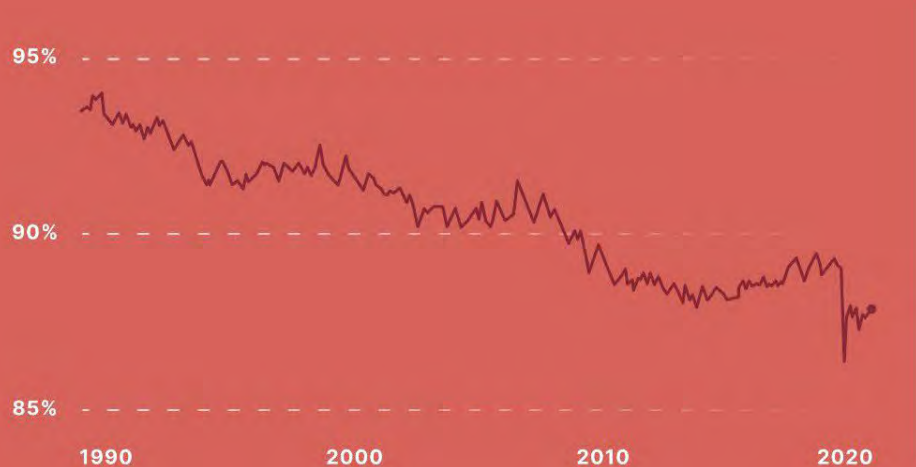


Millennials entered, boomers exited, labor force participation dropped



The number of working prime age men continued to plunge

Prime age male LFPR down over 5% from 1990 – Jan 2020

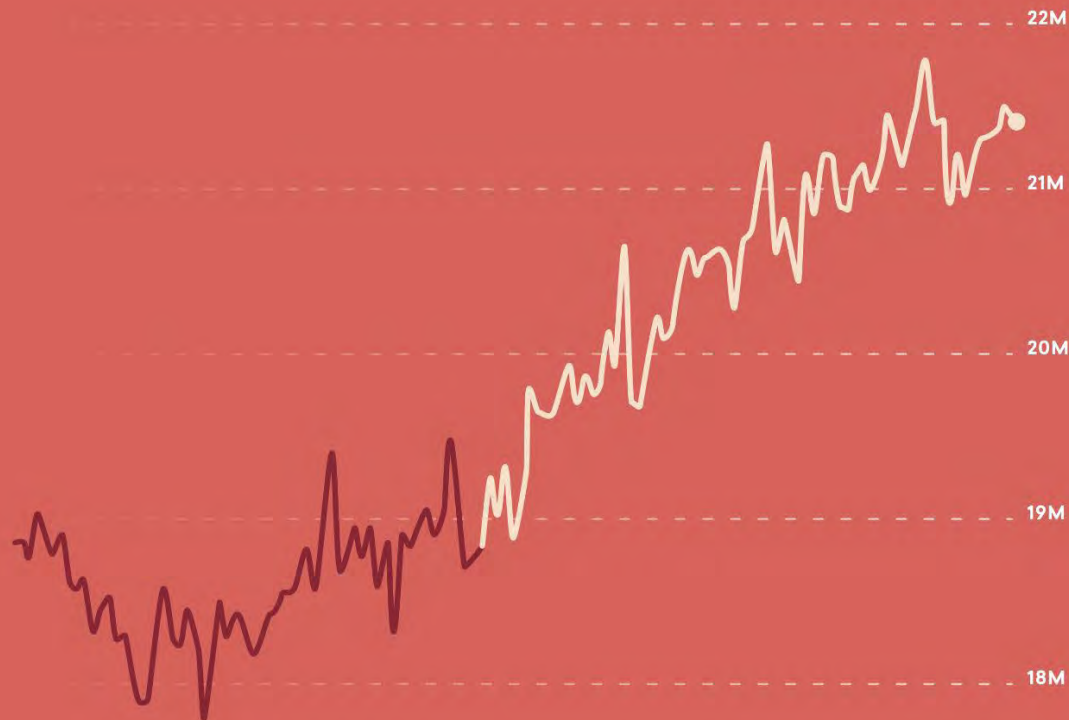


Prime age female LFPR up nearly 3% from 1990 – Jan 2020



From 2010-2019

The number of people working part-time because they wanted to soared driven largely by those over 55



Current labor crisis

Not just a perfect storm, a hurricane,
tornado and earthquake rolled into one



Issue 1: Labor force participation needs to improve



The 55+ cohort left the labor force at a much higher rate than the others, and millions may stay out

About three million [workforce dropouts](#) say they don't plan to return to pre-Covid activities - [wfhresearch.com](#), [WSJ](#), Apr 16, 2022

Compared to Feb 2020

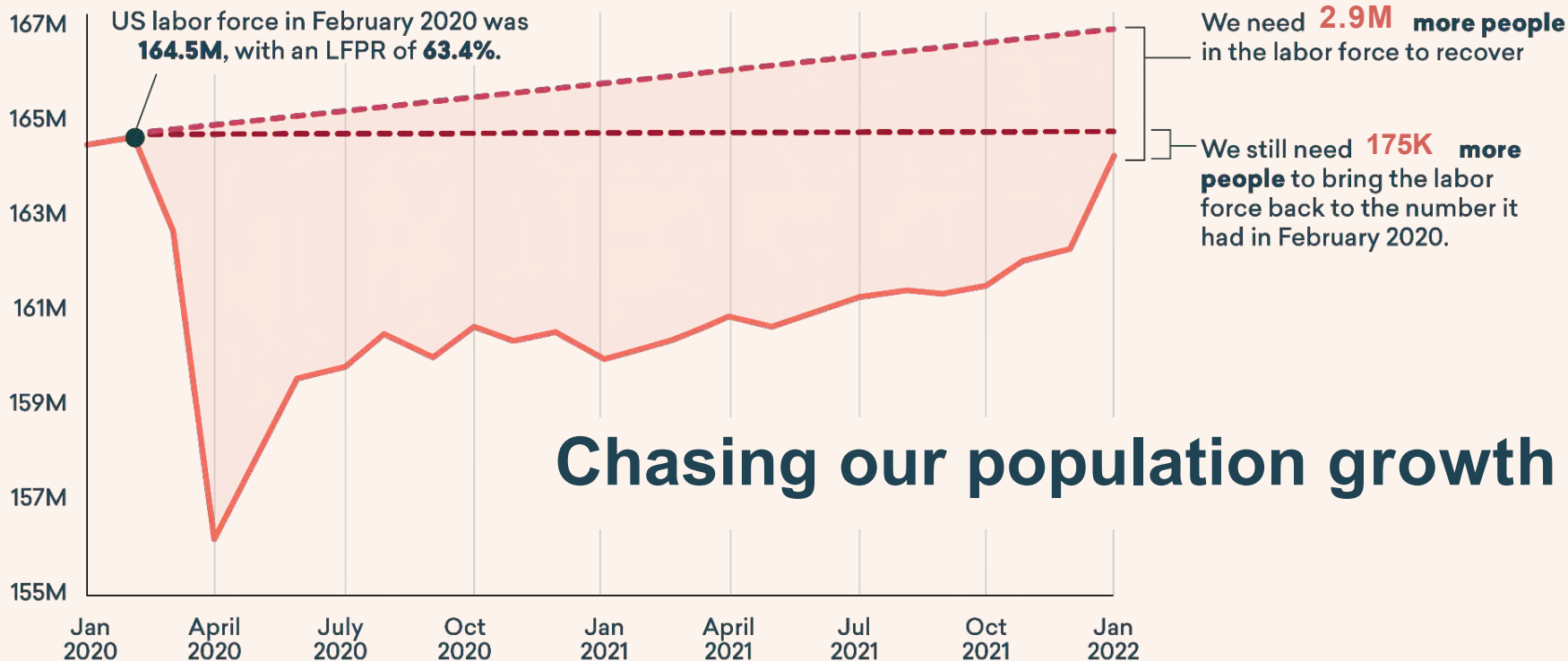
Age	Excess Unemployed	Excess Not in the Labor Force
16-24	63	448
25-54	-12	637
55+	-21	2,692
Total	30	3,777

All data in k's

Source: Emsi Burning Glass analysis of US Census Current Population Survey and Bureau of Labor Statistics data



Current Labor Crisis



Chasing our population growth

Issue 2: Companies are trying to hire based on a temporary inflated demand curve



People received money, spent it, and now companies have it

Some of that income combined with money not spent on services and went towards durable goods

(in 2021 alone we spent as much as we would have spent over the next 4 years combined)

BILLIONS OF CHAINED 2012 DOLLARS



BILLIONS OF DOLLARS



Those monies went to corporate profits.

(record 40% gain in 2 years)

BILLIONS OF DOLLARS



RESULT: 43% Job Openings Increase



Now
11.3 Million
Job Openings

Pre-Covid
7 Million
Job Openings

When demand normalizes, we need about 5M workers to fully recover

	% of Pre-Covid Employment Recovered	Estimated Employees Needed	Job Openings less Est. Need
Leisure & Hospitality	91.3%	2,178	-473
Healthcare	98.0%	1,412	610
Government	96.9%	1,107	-26
Construction	100.1%	434	-53
Manufacturing	99.0%	331	477
Wholesale	98.2%	109	204
Real Estate	102.4%	69	68
Business Services	103.4%	-51	2,139
Trucking & Warehousing	117.0%	-218	707
Retail	101.8%	-501	1,562

Need 4.8M Surplus 5.2M

A recent Bank of America survey found that truckload demand has fallen 58% to near-freight-recession level. Consumer spending habits are contributing to the decline, too. As pandemic restrictions eased, buyers scaled back their online shopping habits and spent more money on services rather than goods, according to the Bureau of Economic Analysis. - News Nation Now, April 26, 2022

Why are we not recovering faster?

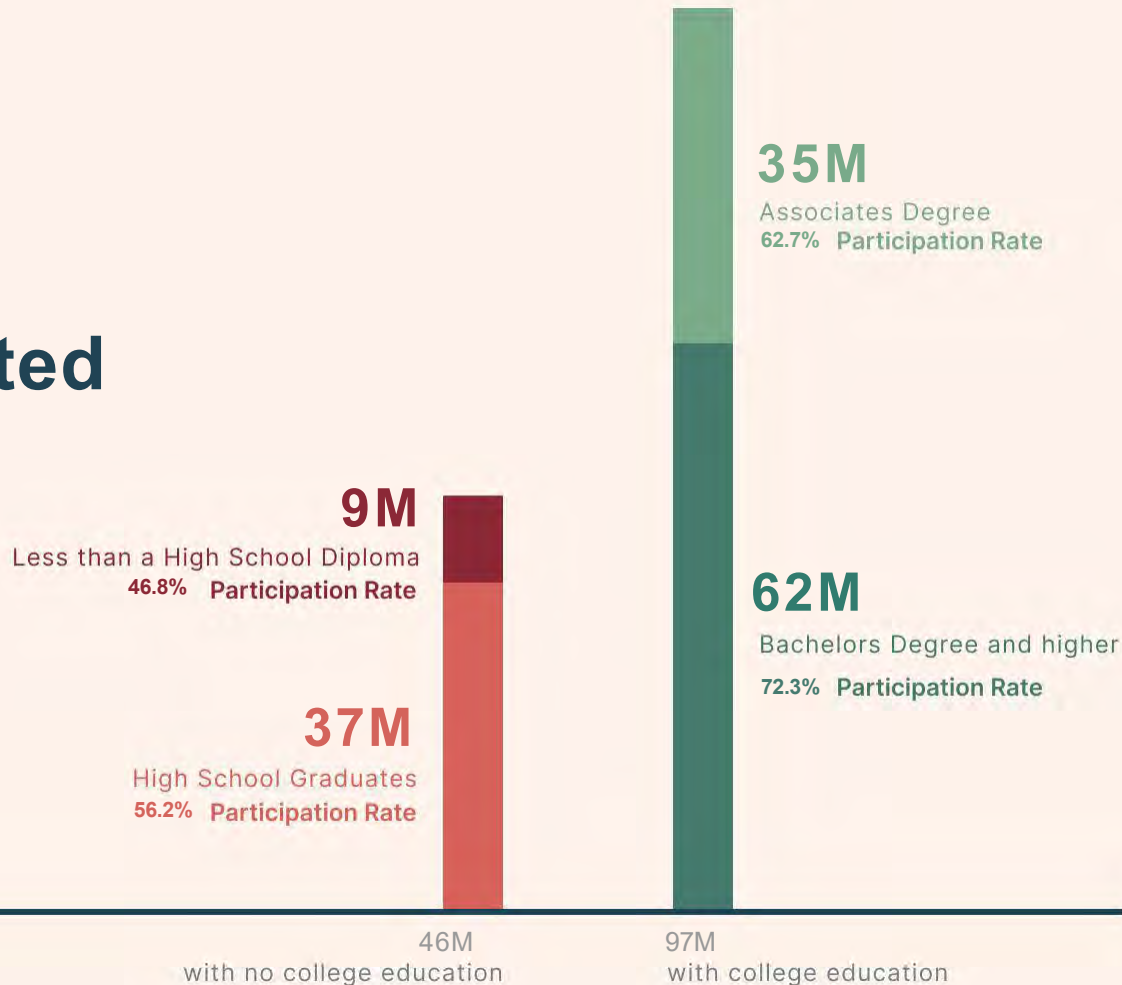


7 factors contributing to our current labor crisis

- Misalignment
- Under-represented <24 pop
- Very low immigration
- CARES effect
- Retirement wealth
- Opioids and overdoses
- Self employed increase

The U.S. is highly educated

And more educated people have a higher labor force participation rate



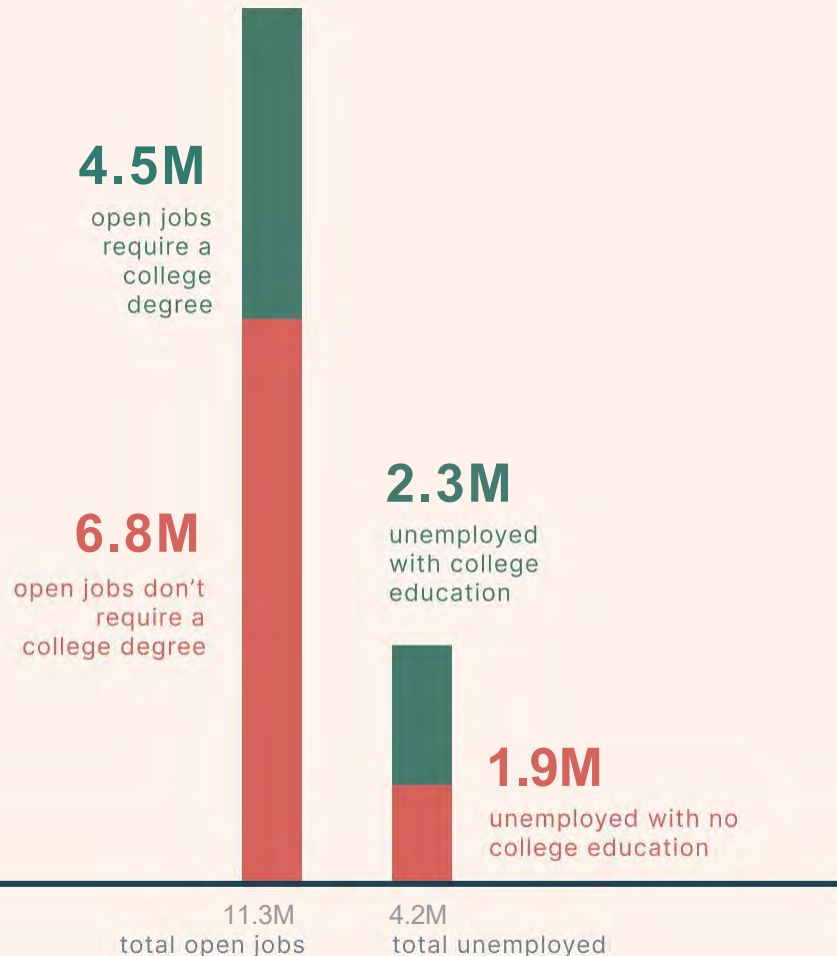
Roughly 6.5M of the 11M open jobs in America

need to be filled by people **without a college degree**

37% of people out of the labor force are those with a high school diploma.

Only 12% have a bachelors.

Unemployment rates for most college degreed jobs are low but not close to record low levels.



3x

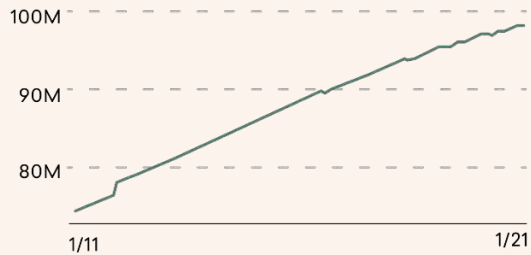
In 2015, we had three times as many unemployed lower skilled job workers per job opening than we have now.



Younger working populations are drying up.

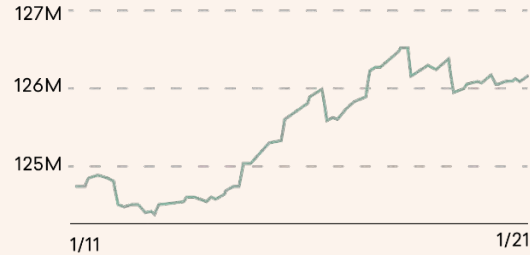
Many sub \$20/hr jobs are filled by people in their early 20s. By 2034, older adults will outnumber children for the first time in U.S. history

55+ Imminent retirees



Civilian noninstitutional population

25-54 prime-age workforce



16-24 entering workforce



Source: Bureau of Labor Statistics

16-19 year olds are a key “first job” demographic

16–19-year-old population

Boomer children helped explode this group, but that will continue to erode going forward.



16–19-year-old labor force

Despite a somewhat stable population, the number in the labor force fell for decades and has plateaued lower for a decade.



This is not about the unemployed, it is about the disengaged

Are they going to college?
“Total undergraduate enrollment dropped 3.1 percent from the fall of 2020 to the fall of 2021, bringing the total decline since the fall of 2019 to 6.6 percent- or 1,205,600 students.”

—New York Times

16–19-year-old Unemployment rate

Lowest unemployment rate since the Korean War.



16–19-year-old Not in the labor force

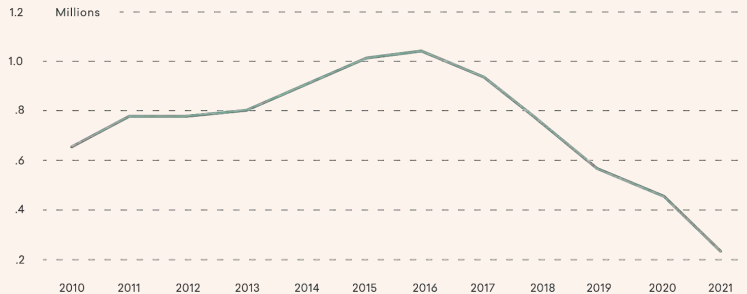
11M 16–19-year-olds who are out of the labor force.



Immigration sank to record lows in 2021

Net International Migration

July 1, 2010- June 30, 2021



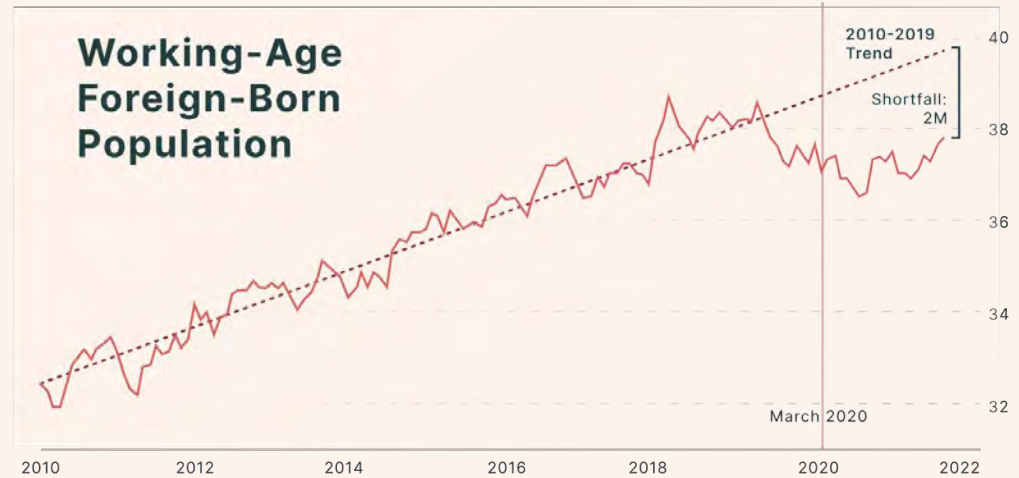
Sources: U.S. Census Bureau, Vintage 2021 Population Estimates.

Immigrant visas issued / New arrivals of legal permanent residents from abroad



We are missing 2 million immigrants

Immigrants in the Civilian Labor Force 2010-2022



Immigration is an opportunity to recover our labor crisis for lower skilled jobs

Job openings have soared in lower-skilled industries.

Since Feb 20 (ks) % Change

% Change Lower-Skill Job Openings	2,874	69%
% Change Higher-Skill Job Openings	1,597	46%

Occupational Group Foreign Born Native Born

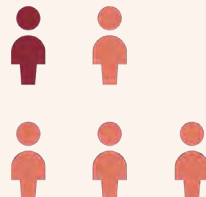
Service Occupations	20.6%	14.4%
Nat. Rsc, Construction, Maint.	13.6%	8.1%
Production	15.2%	11.7%

% of their total workforce

Did you know...?



1 out of every 4
construction, farming and
maintenance workers is
foreign born



1 out of every 5
manufacturing workers is
foreign born

For immigration, a few more things to consider.

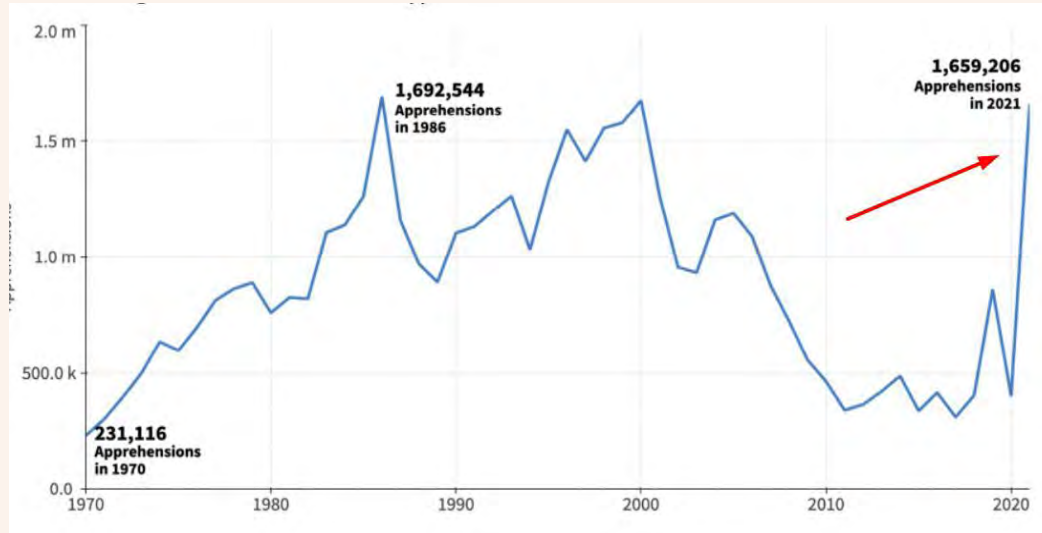
Average immigration numbers per year:

1990-99	977,500
2000-09	1,029,900
2010-19	1,063,300
2020-21	245,000

New international student enrollments fell 45.6% from 2020-21. Total foreign enrollments fell 15% to 914K.

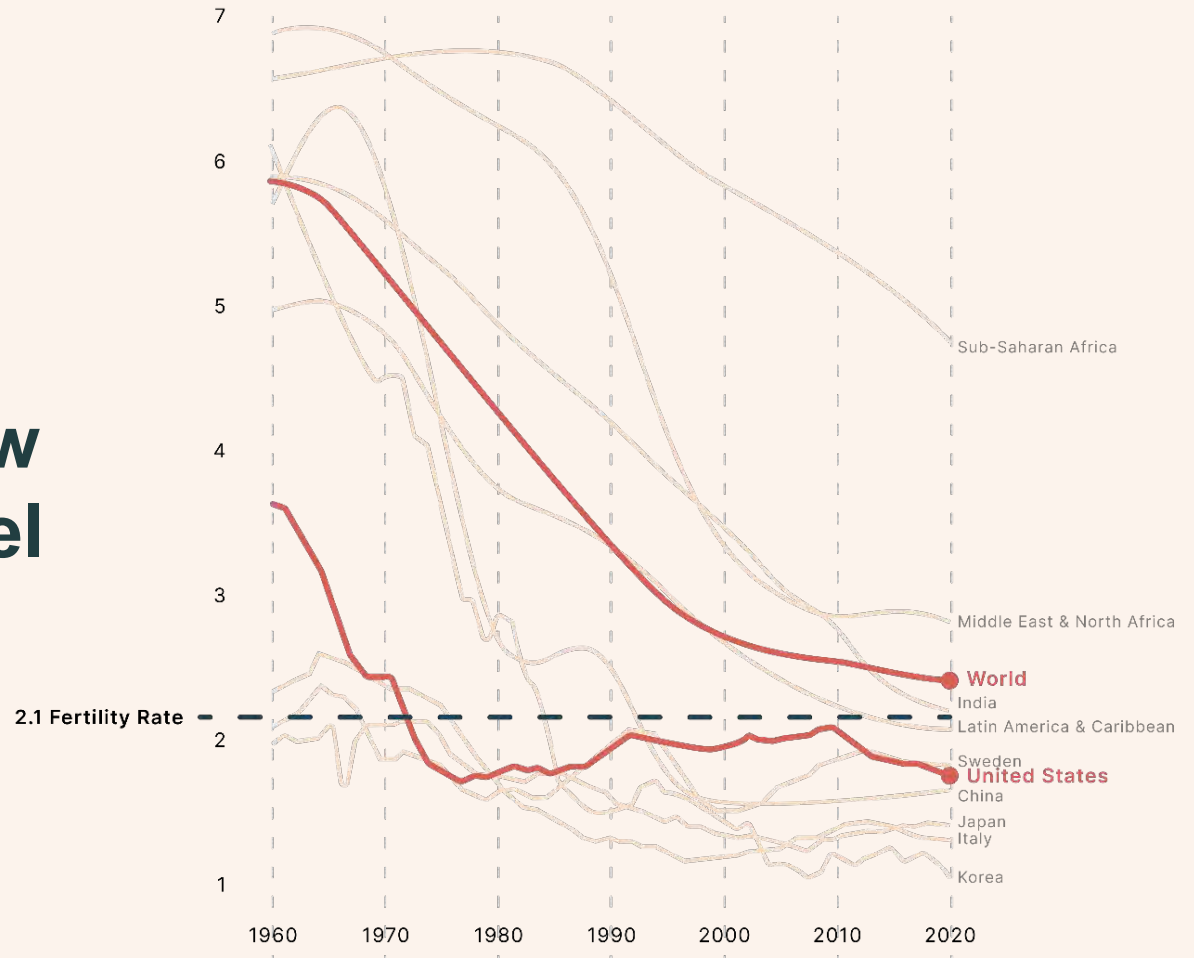
Source: <https://www.iie.org/opendoors>

The rise in illegal border encounters in the past 2 years correlates strongly to the decline in legally processed immigrants.



Immigration will
become less reliable

Most developed nations are below replacement level



Will we see domestic people returning to work?



42% of all people out of the labor force in Jan. '22 said they were retired

“2.6M Americans retired earlier than expected between February 2020 and October 2021.”

– Fed Rsv St. Louis

10/15/21



Source: Pew Research Center analysis of July, August and September, Current Population Survey monthly files (IPUMS)

Labor force participation (55+) not recovering

LFPR 55+



More on retirements - Many who left will not come back

Study by the St. Louis Fed: large majority of excess retirements from the 65–74-year-old group.

Excess retirees tended to have college degrees. More \$\$

% retired as reason

Some high school	18%
High school graduate	19%
Associate's degree	38%
Bachelor's degree	43%
Graduate degree	49%

Source: Jan. '22 census pulse survey

The CARES act added up to 2 trillion dollars to consumers' pockets

The most egregious direct to pocket outlays were unmonitored PPP loans and blanket CARES payments.

“the total fraud in all Covid relief funds amounts to a mind-boggling sum of taxpayer money that could rival the \$579 billion in federal funds” - NBC

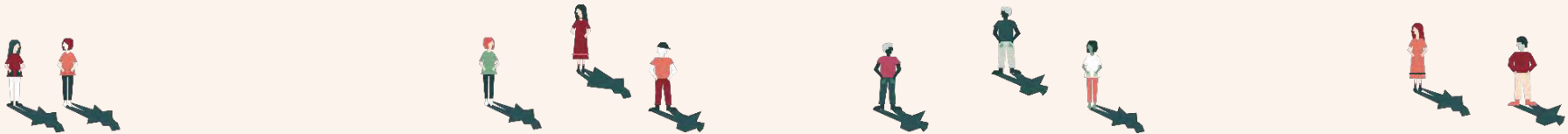


How people are paying expenses outside of working?

Used in the last 7 days to meet spending needs	% of total
Regular income sources like those received before the pandemic	58.3%
Credit cards or loans	23.9%
Money from savings or selling assets (also IRAs)	22.4%
Borrowing from friends or family	13.1%
Stimulus (economic impact) payment*	8.1%
Child Tax Credit payment	4.7%
Unemployment insurance (UI) benefit payments	2.0%

Credit cards represent over 24M people

** Represents over 8M people. You can be counted in more than one category*



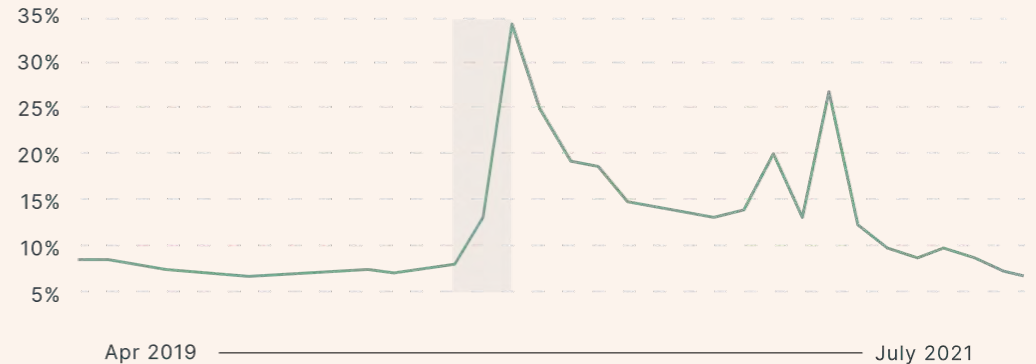
Credit card debt is back to its original level

Personal savings is below where it was prior to Covid.

— Customer loans:Credit Cards and Other Revolving Plans, All Commercial Banks



— Personal Saving Rate



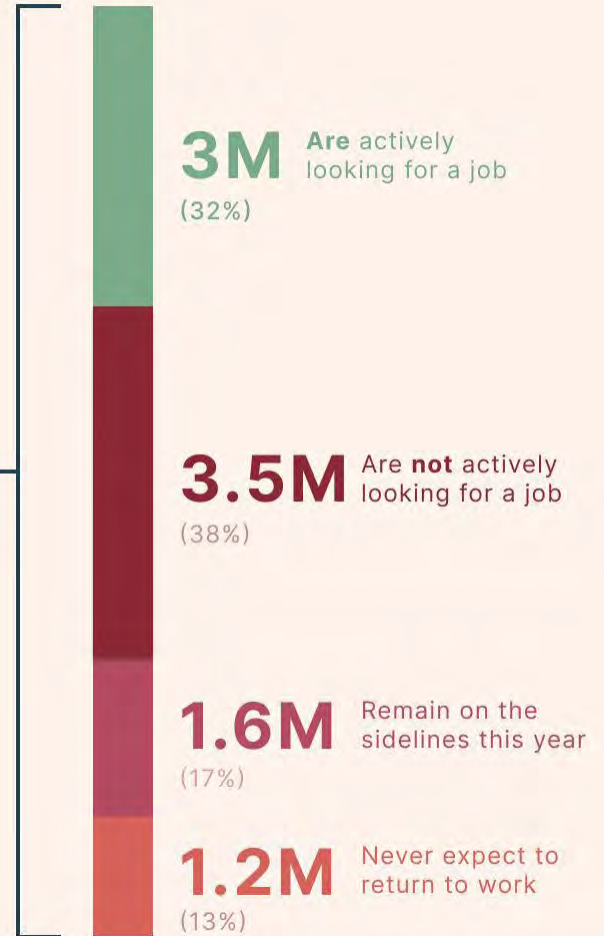
25M Americans lost their jobs during the pandemic

There is hope that several million people may be ready to re-engage

In May 2021 the US Chamber surveyed

9.3M

Americans who lost their jobs due to the pandemic



Prime age excess deaths from overdoses and alcohol surged in 2020, '21

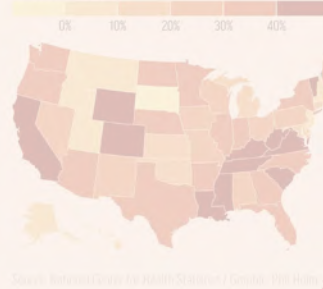
Alcohol related deaths rose 25% to 99K, from 2019-2020. The largest rise in mortality in 35 to 44 years old (+39%), 25 to 34 YO's (+37%)

- JAMA, WaPo, NIAAA

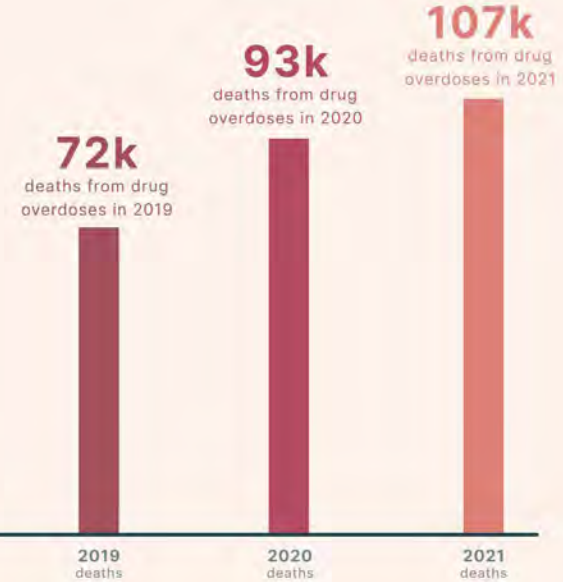
Drug overdose deaths jump during pandemic

Percent change of predicted 12-month ending drug overdose deaths

Nov. 2019 - Nov. 2020



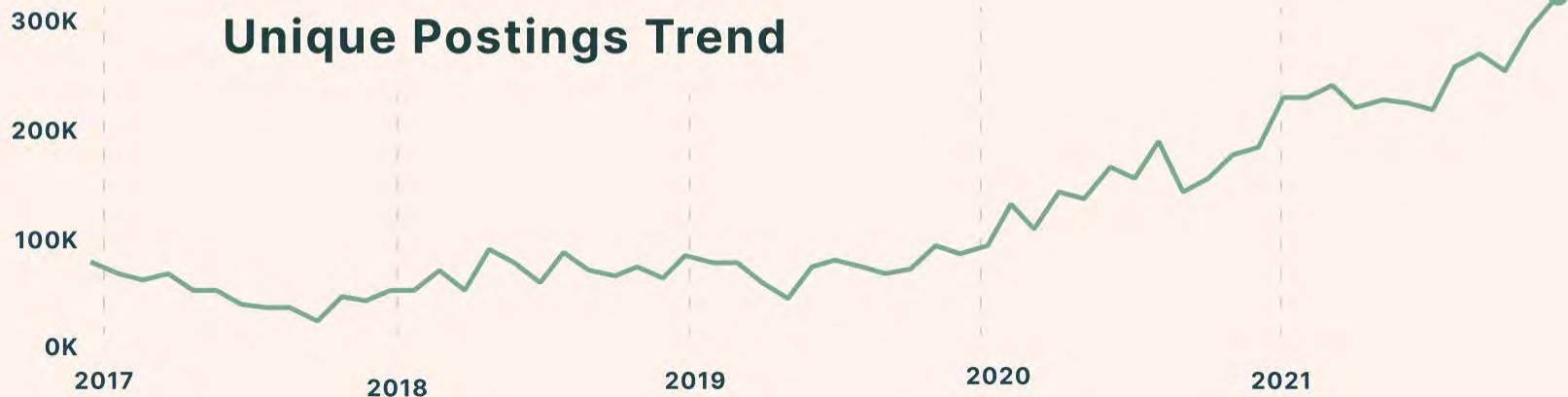
Drug Overdose Deaths



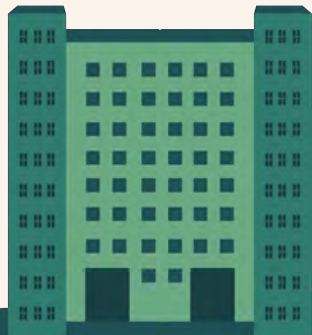
“Estimates of the number of **additional substance abusers** during the pandemic presented here suggest that increased substance abuse accounts for between **9 and 26 percent** of the decline in prime-age labor-force participation between February 2020 and June 2021.”

- <https://www.nber.org/papers/w29932#fromrss>

Remote work job postings have increased 262% since February 2020



Companies from large expensive cities are largely driving remote postings



1. New York	16K
2. Chicago	14K
3. San Francisco	13K
4. Atlanta	13K
5. Los Angeles	11K
6. Phoenix	10K
7. Dallas	8K
8. Washington DC	8K
9. Austin	8K
10. Seattle	8K

Workers are choosing to work for themselves

New business applications from firms likely to hire employees surged as well, from 987,500 in 2019 to 1.4 million in 2021.



Self-incorporated employment (in k's)

Source: Bureau of Labor Statistics



BOTTOM LINE

The US needs **3 - 5 million more workers** to meet the needs of the economy

A full recovery of our labor force participation rate, **may get us 3M.**

It would take record low unemployment combined with at least **2M additional legal immigrants** (10X more than we had each of the last 2 years), **to fill the gap.**



The future labor crisis

You can't employ what you don't have



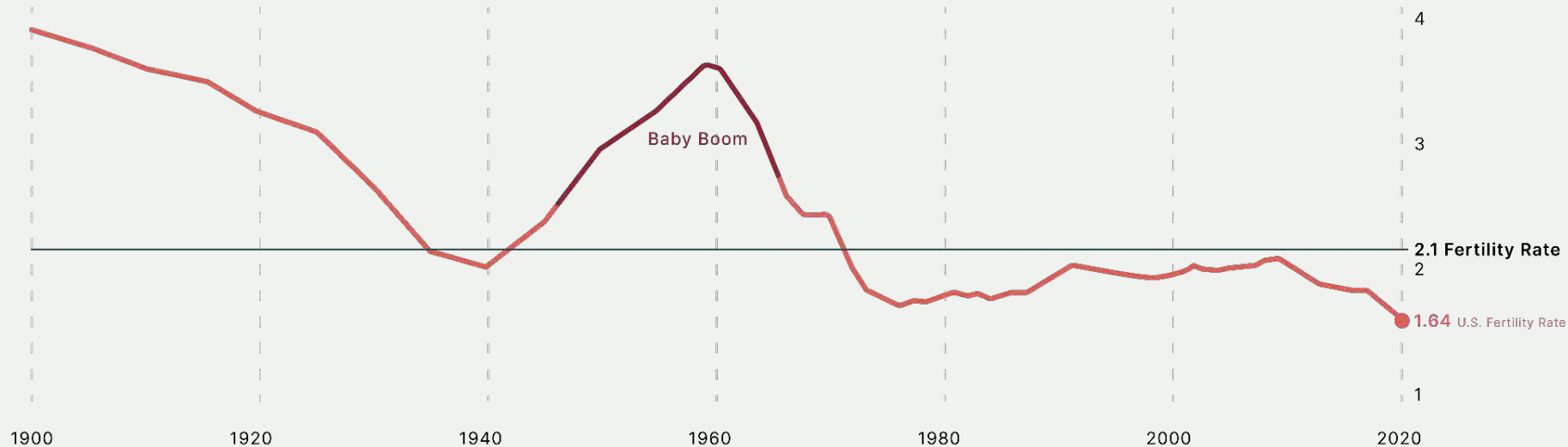
An illustration of a cliffside with a red bridge on the left. The cliff face is dark green and textured. The top of the cliff is a flat, light green surface. Numerous small, stylized human figures in various colors (red, green, white, blue) are scattered across the top surface, each casting a dark shadow. The background is a dark, solid green.

Workers can only come from two sources

The populations we already have or the
populations we can gain through immigration

We're living below the 2.1 birth replacement rate

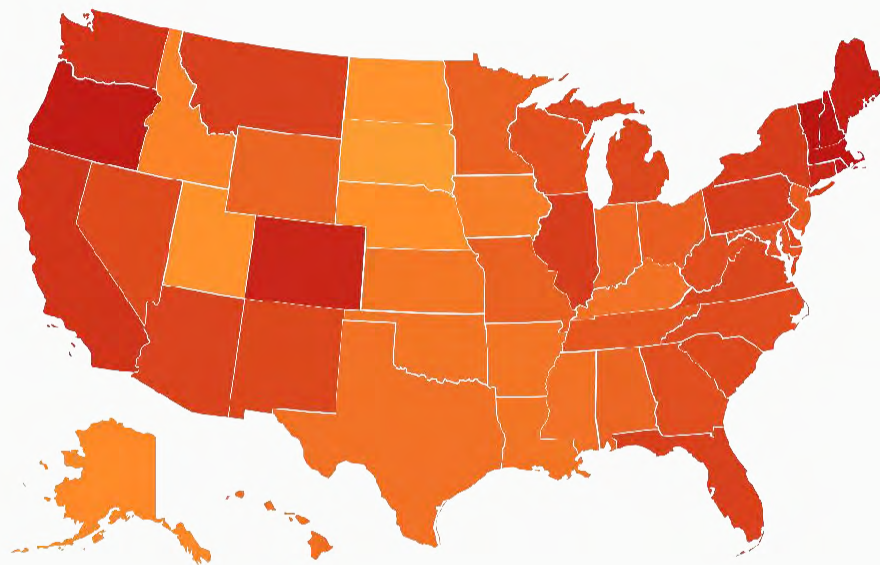
We can't employ what we don't have



Record low birth rate in 2020, signs of some recovery in later 2021

“In 2020, the U.S. grew by just 1.1 million. Last year, we added only 393,000 people.”

- [The Atlantic, March 28, 2022](#)



Total Fertility Rate

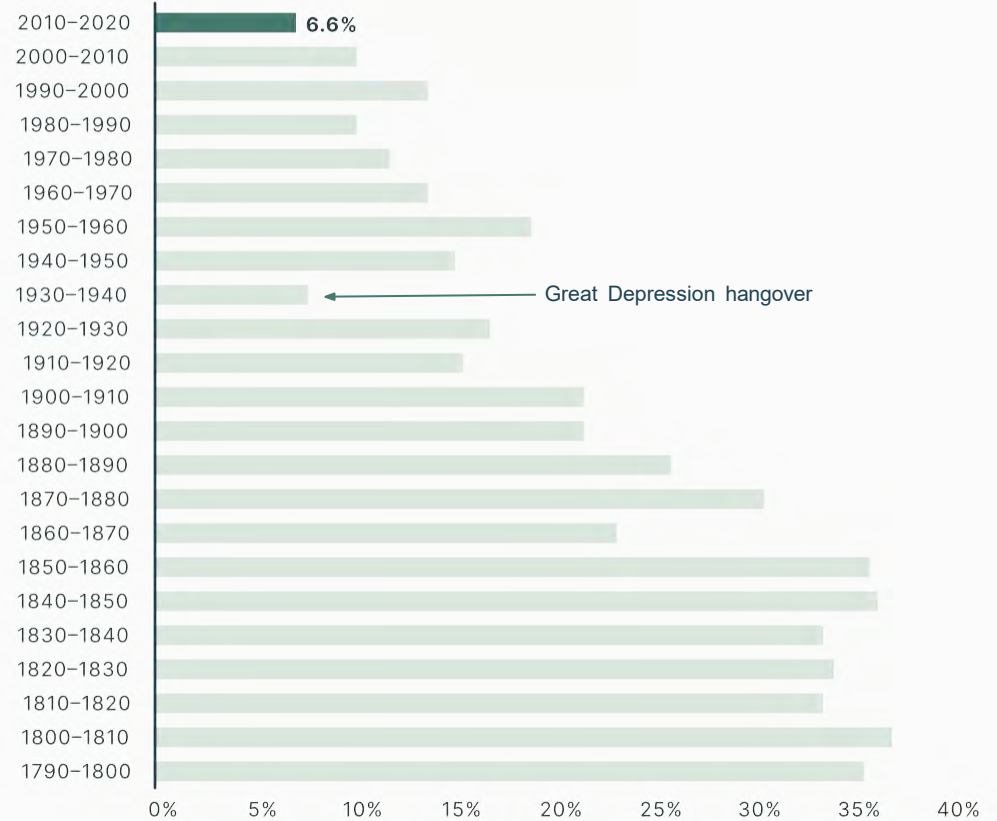
1.4

1.95

2.5

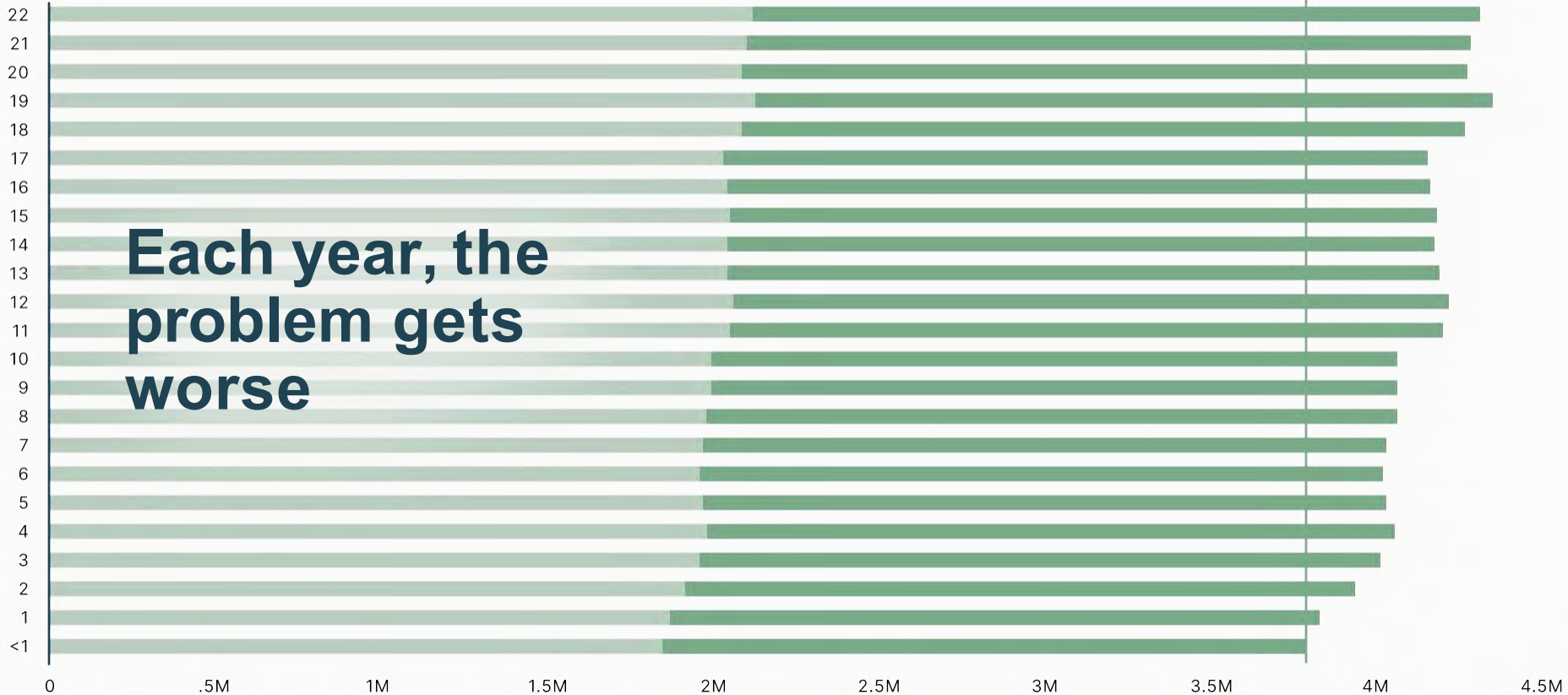
US population growth by decade

1790 to 2020 (estimated) censuses



The Future Labor Crisis

Age 2019 US school age population (birth- 22 years)

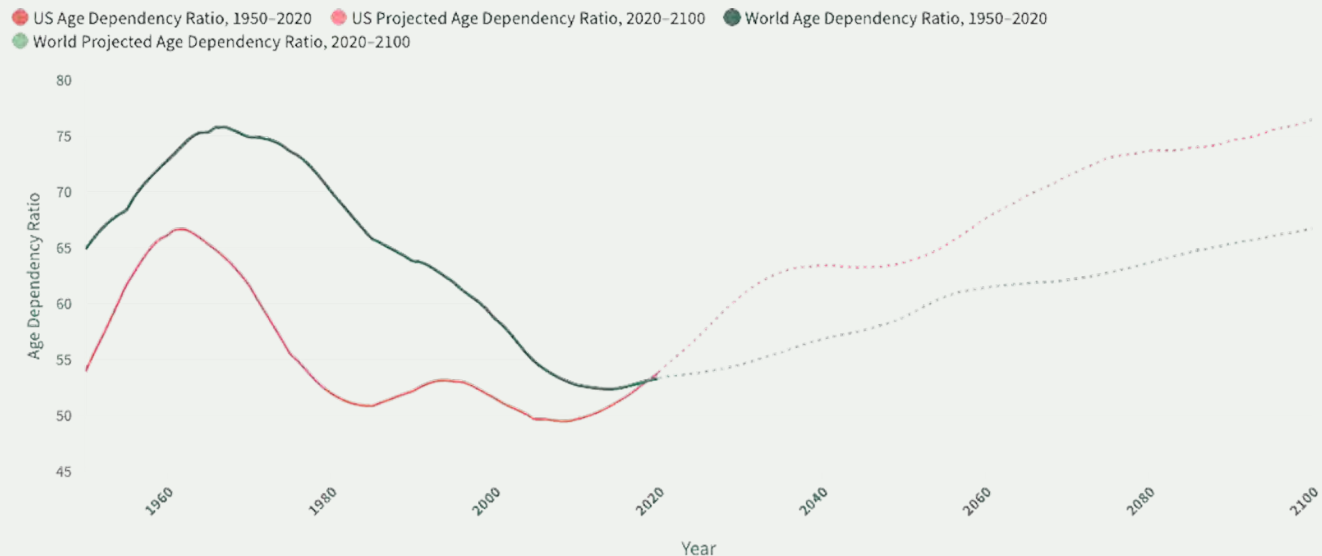


Source: CDC/National Vital Statistics System 2020

● Male ● Female

Age Dependency Ratio, 1950-2100

(% of Total Population that is under 16 and over 64)



“By 2034, older adults will outnumber children for the first time in U.S. history.”

Demographic Drought: Bridging the gap in our Labor Force

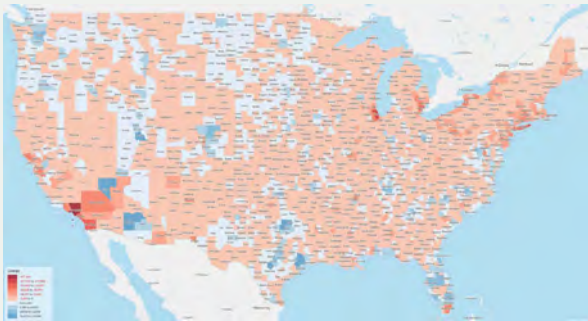


From 2011 to 2021, the vast majority of the US saw their working age population shrink



Change in Over-65 Population, 2011-2021

The US over-65 population has grown by 16.1M people in the last decade.

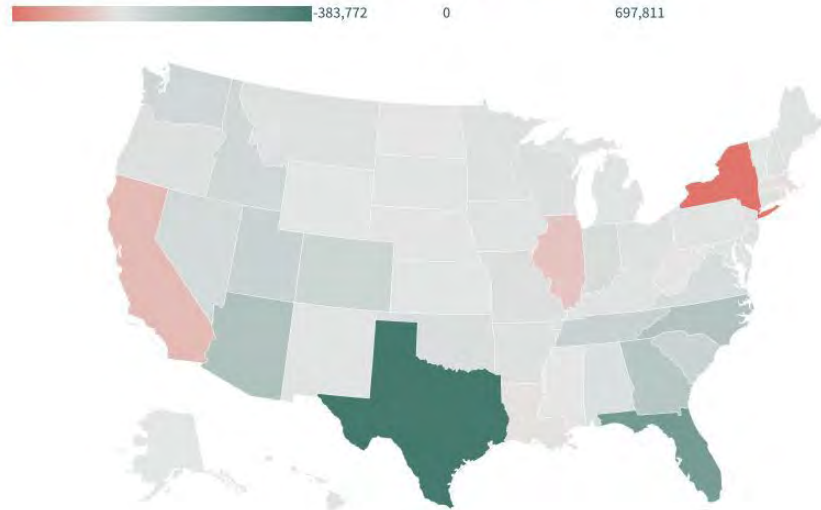


Change in Under-25 Population, 2011-2021

The US under-25 population has declined by 2M people in the last decade.

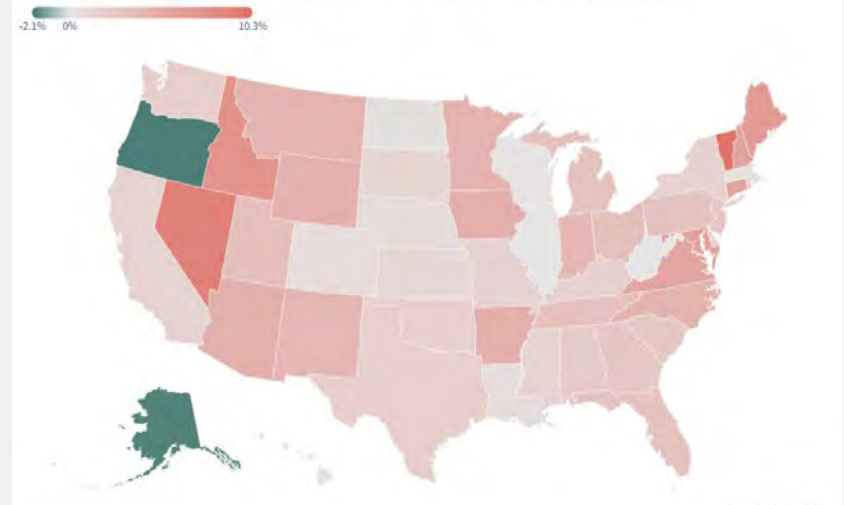
Population shifts are outpacing labor force gains which can cause problems either direction


Change in Population by State, 2020–2022



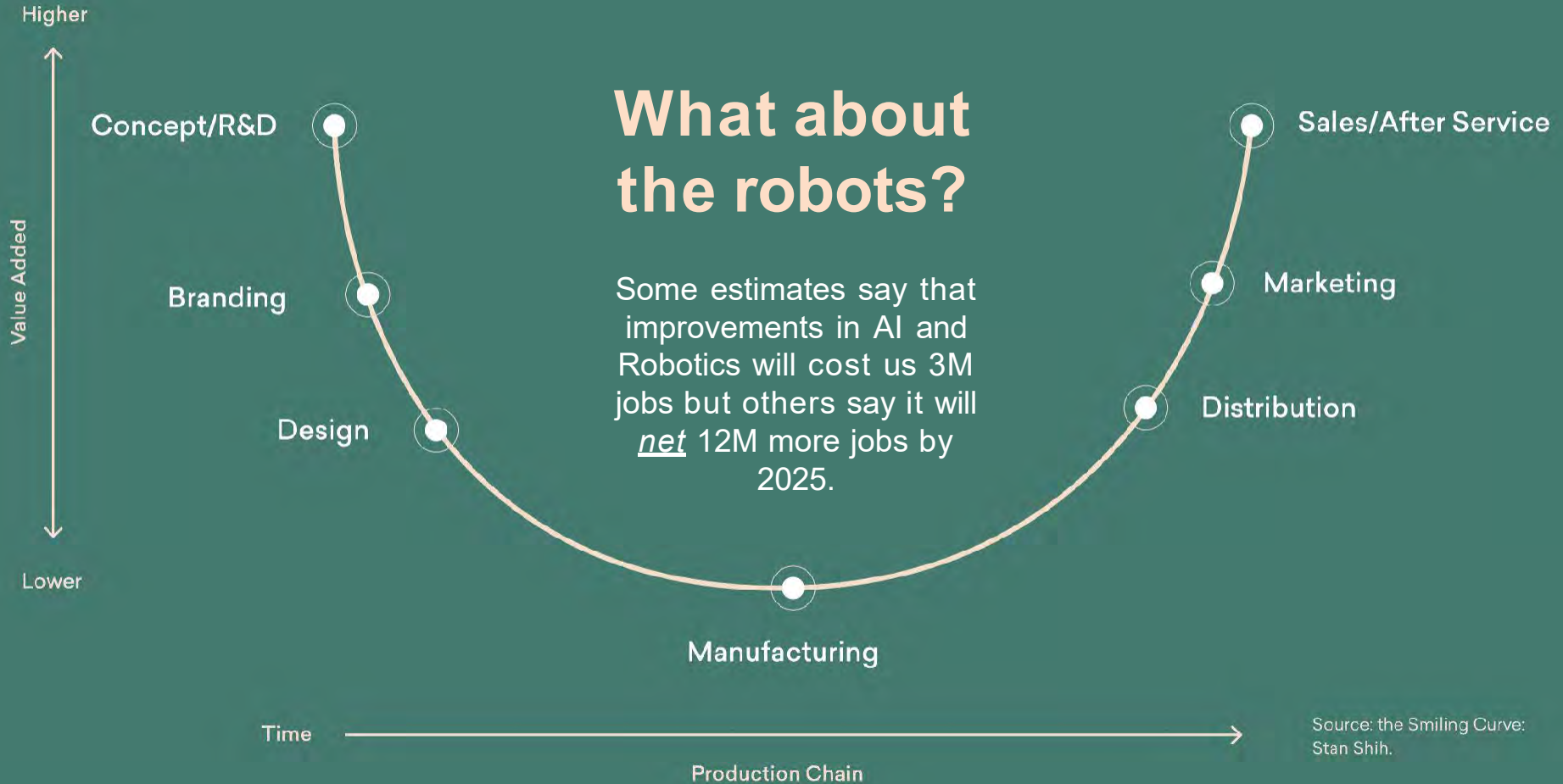
Change in Labor Force as a % of Population, 2020–2022

Higher percentages represent population growth outpacing labor force growth as a percent of the total population.



An illustration of a cityscape with a bridge. On the left is a tall, light green building with a grid of windows. In the foreground, a red bridge with a railing spans across a dark green canyon. Several stylized human figures in various colors and outfits are scattered across the scene, some standing on the ground and others on the bridge. The background is a dark teal color.

Solutions for dealing with a declining labor force



Interactive voice response software was first implemented in the 1970s, yet...

According to Emsi Burning Glass data, we have **100,000** customer service job openings in the U.S. right now

**Me yelling "REPRESENTATIVE!!!"
to the automated customer service**



It's not about the employed vs. unemployed, it's about the *disengaged*

The only way to get our labor force back to healthy levels is to
actively seek out the unengaged



What can we do now?

**Get your message to people
out of the labor force**



Be transparent about the job and benefits

Include job responsibilities, tools, resources, and technology in the job description

Utilize career paths via skills

Emphasize culture

Understand pay rates and trends

Embrace the job freedom mentality

Embrace the gig economy mentality [flexible hours, hybrid work, contracts]

Remote work positions account for 10% of postings

Motivate younger and older populations to enter the workforce

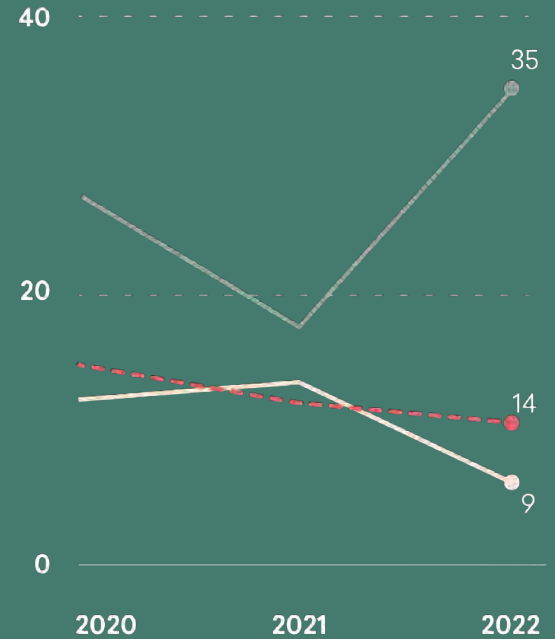
Align educational programs to the demands of the market

Educational centers that align their programs to the needs of the regional market will benefit everyone



Educate yourself on immigration and understand its historical value

58% of Americans are dissatisfied with the level of immigration into the U.S. Most think we have too much at a time when it is at historical lows.



— % Dissatisfied, want more

— % Dissatisfied, want less

- - - % Dissatisfied, remain same

Source:Gallup

What can you do?



Workforce planning
and recruitment need
Executive involvement



Shorten your hiring
process as much as
possible



Onboard and
train quickly



Provide or assist in
childcare costs*

* Nationally, over 5M people are out of the labor force due to caring for a child

Examples of hidden workers

Learnings from “Hidden Workers: Untapped Talent”*

Focus on specific groups of
untapped talent pools vs all

Why? It is cheaper to make
some adjustments than a bunch

*Reduce background checks to 1
year. - Axios, Mar 28th, 2022*



People with less
advantaged
backgrounds



People with a
disability



Long term
unemployed



Chronic health
problems



Mental health
challenges



Substance
abuse history



People with spotty
employment



Caregivers



Ex-offenders



Veterans



Post retirees



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<https://www.linkedin.com/in/ronlhetrick/>