

THE **DEMOGRAPHIC DROUGHT**

|| Emsi | burning
glass

Bridging the Gap in our Labor Force



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Pre-Covid

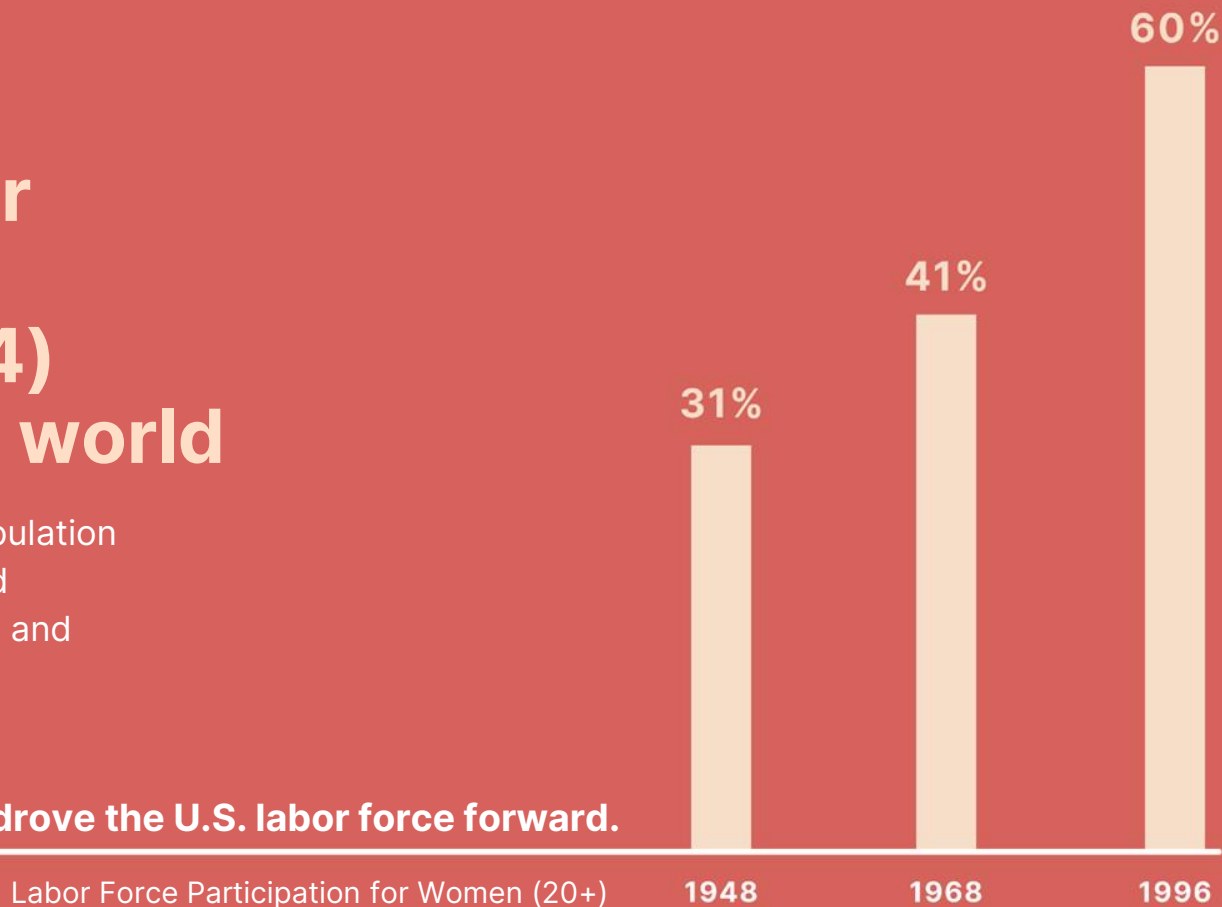
Boomers exiting out of the labor force causing major waves



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.



More children and women entering doubled our workforce

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

21.7M



1950-1970

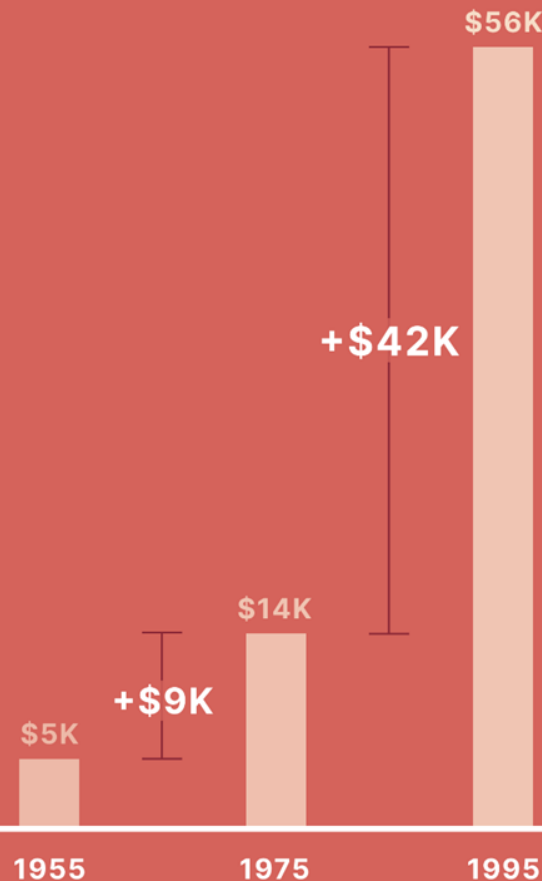
42.5M



1970-1990

Boomers generated massive household wealth gains

REAL Median Household Income

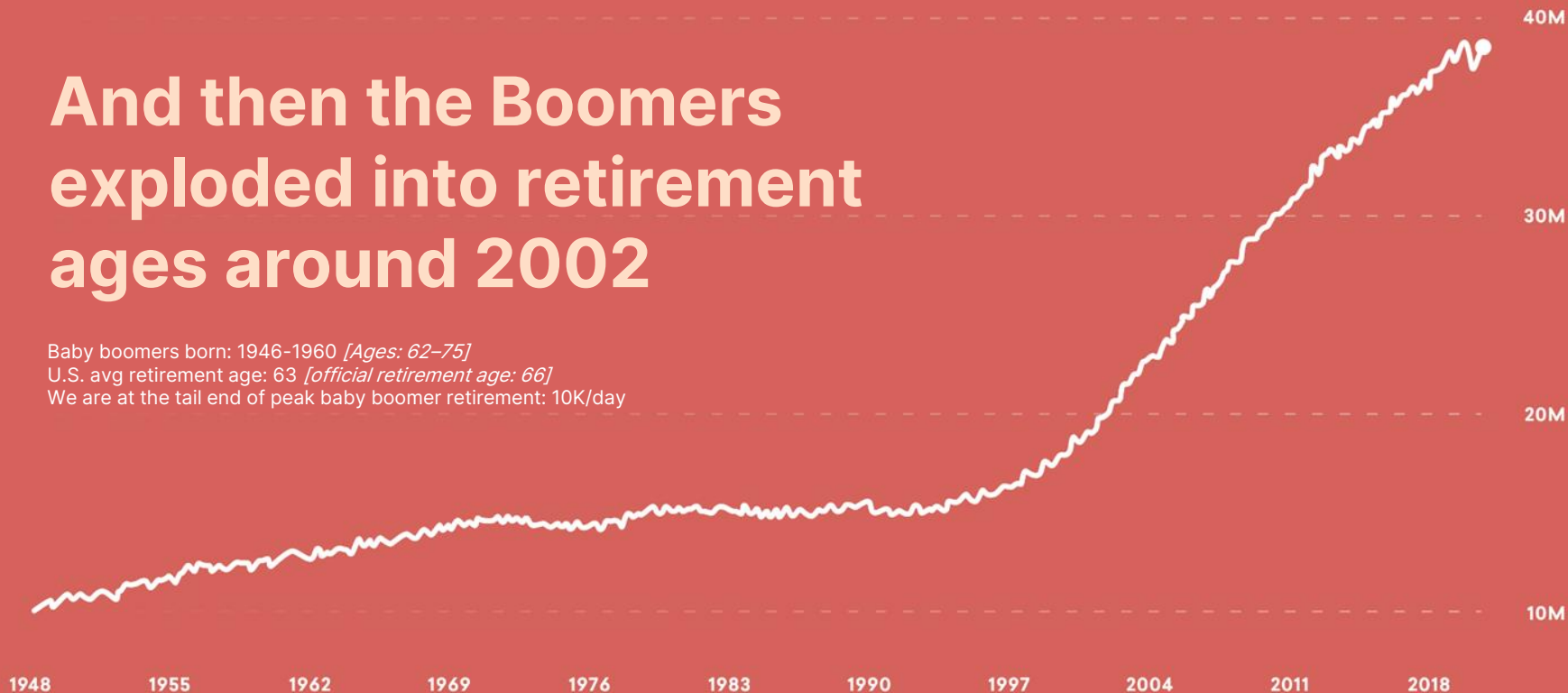


And then the Boomers exploded into retirement ages around 2002

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

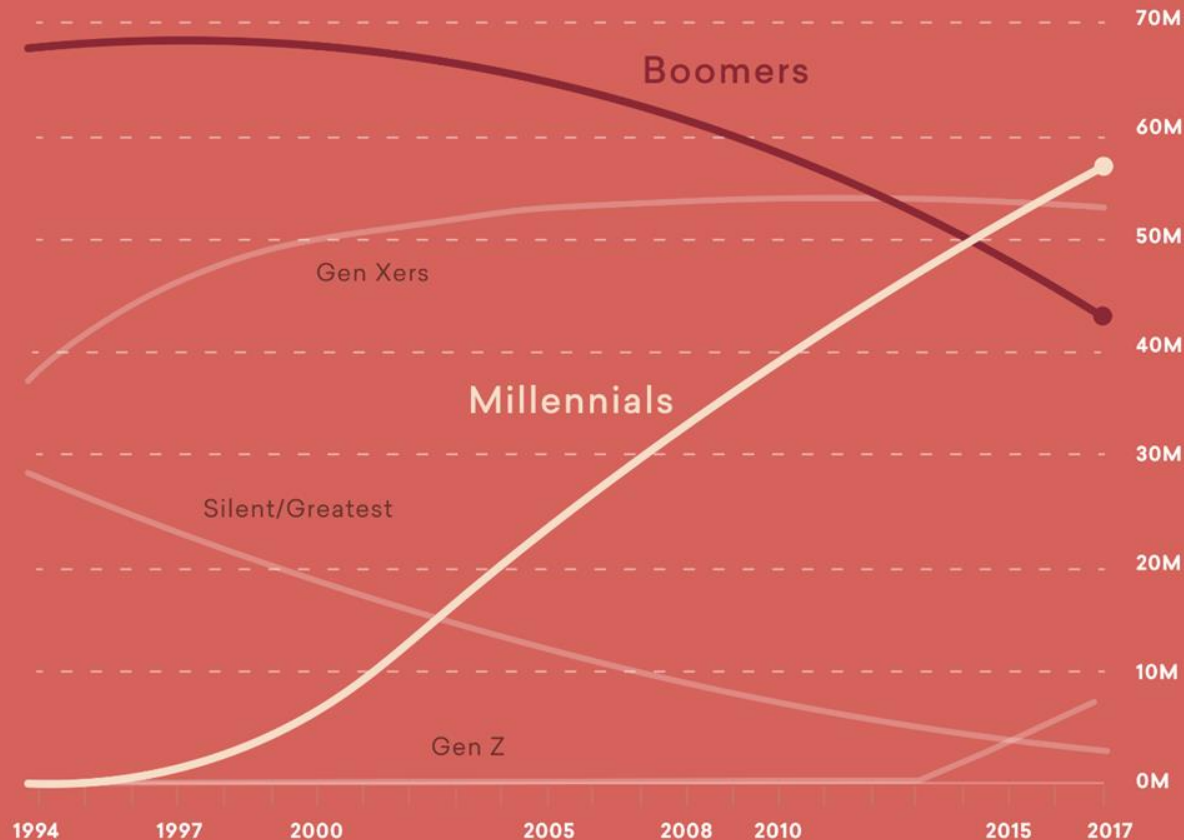
Fewer people on the sidelines looking for work

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



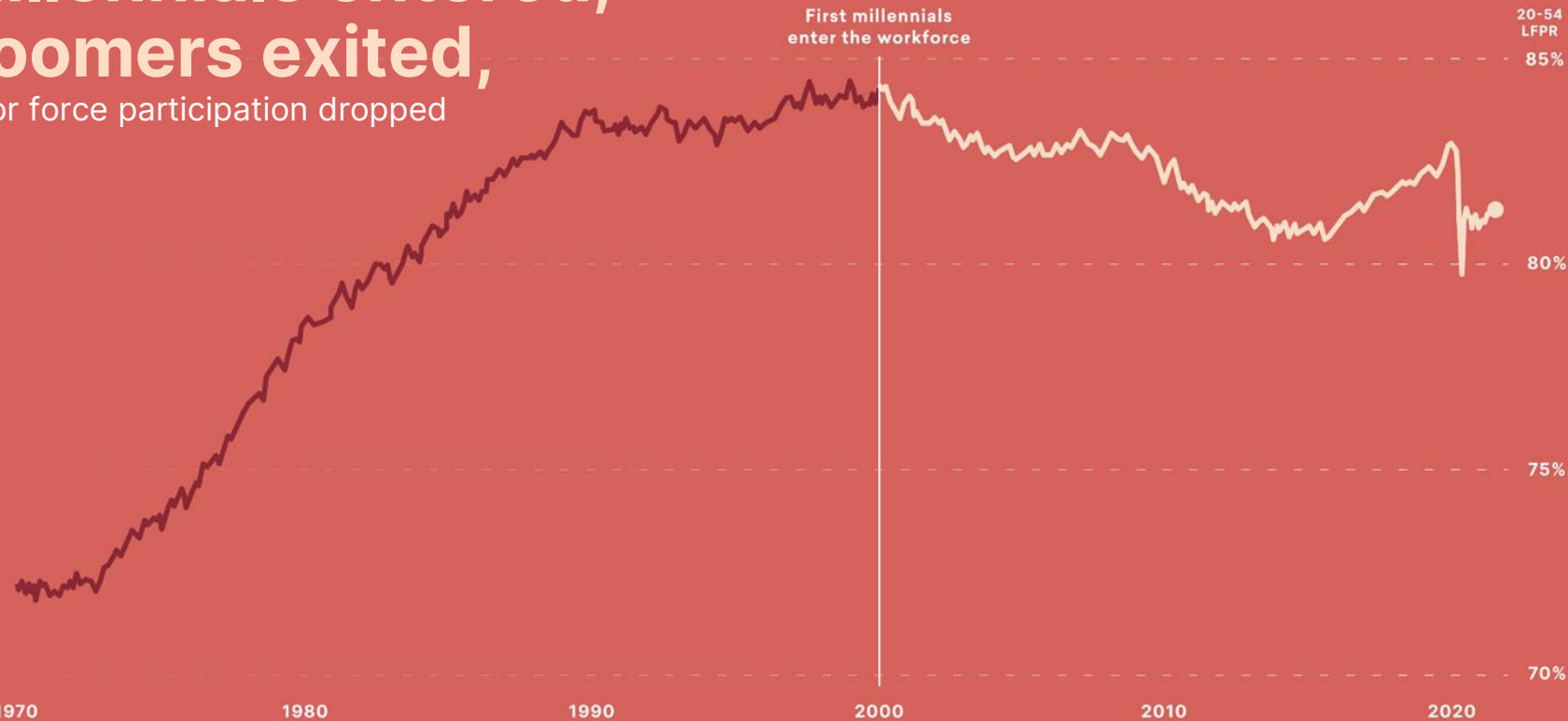
In 2016,
**Millennials
became the
largest
generation
in the labor
force**

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



Labor force participation is not improving but our population is still growing!



The 55+ cohort left the labor force at a much higher rate than the others

Compared to Feb 2020

Age	Excess Unemployed	Excess Not in the Labor Force
16-24	-72	685
25-54	334	1,126
55+	159	2,396
Total	421	4,207

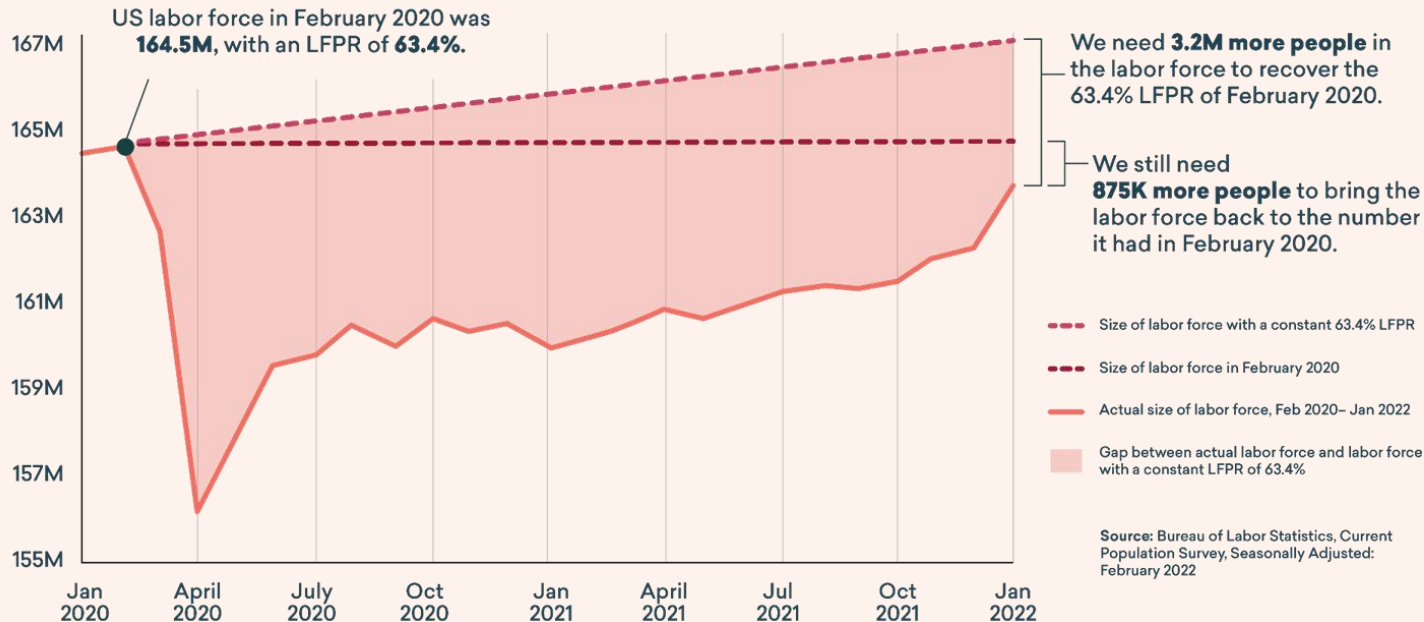
All data in k's

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



Chasing our population growth

We need **3.2M more workers** to get back on track



43% Job Openings Increase



Why are we not recovering faster?

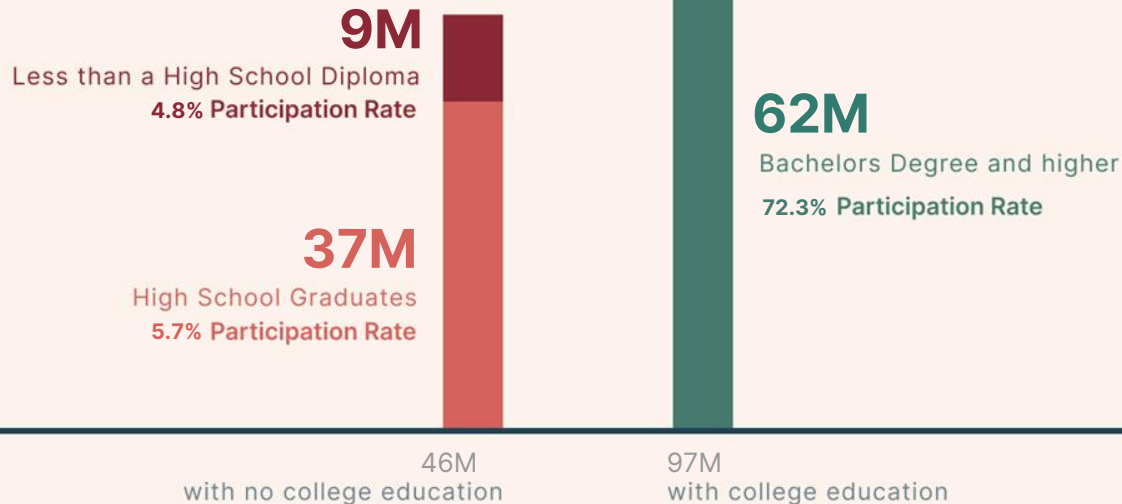


7 factors contributing to our current labor crisis

- Misalignment
- Very low immigration
- Temporary shutdowns/CARES
- Accumulated wealth
- Massive retirements
- Opioids and overdoses
- Self employed increase

The U.S. is highly educated

And more educated people have a higher labor force participation rate



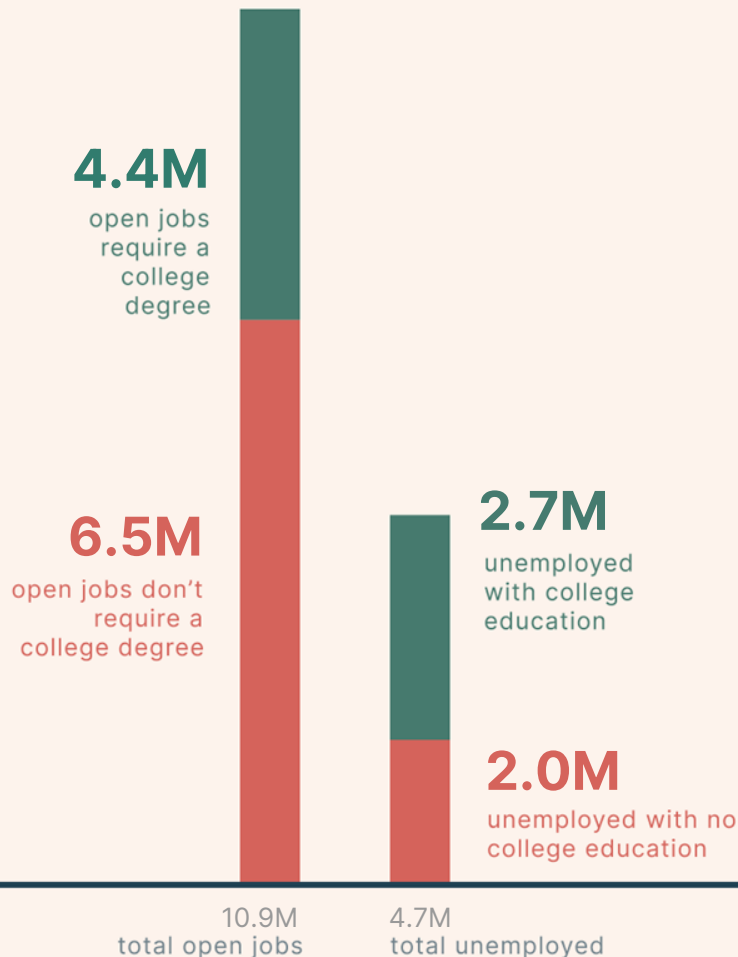
Roughly 6.5M of the 11M open jobs in America

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.



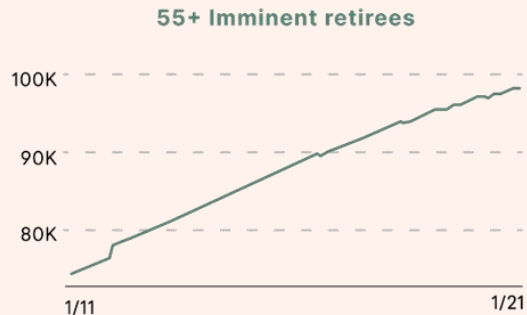
3x

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

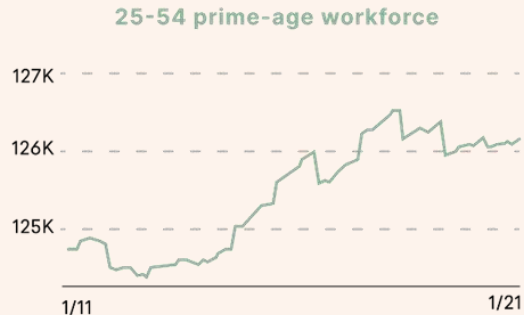


Younger working populations are drying up.

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



Civilian noninstitutional population



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](#)

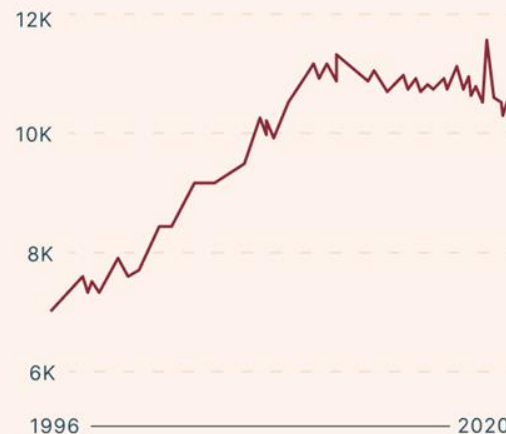
16–19-year-old Unemployment rate

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.



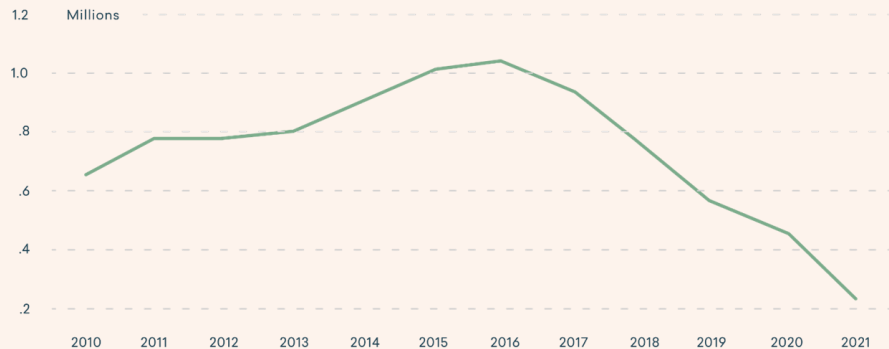
Immigration sank to record lows in 2021



Immigrants are an increasing share of the civilian labor force.

Net International Migration

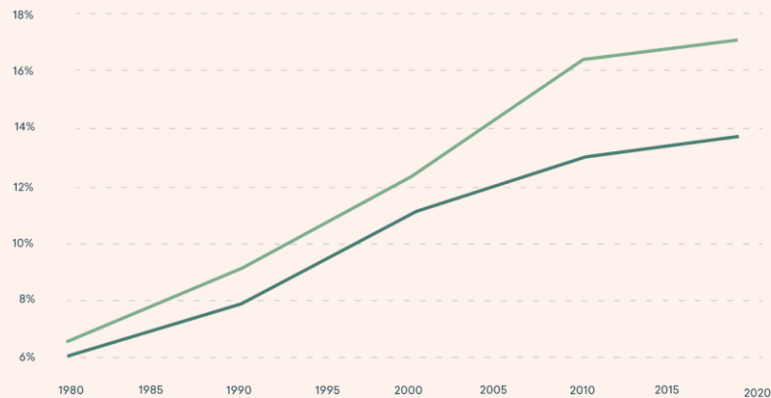
July 1, 2010- June 30, 2021



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

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

Immigrants in the Civilian Labor Force 1980-2019



Foreign born as a share of the civilian labor force

Foreign born as a share of the total population

Source: Migration Policy Institute (MPI) Data Hub

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

Job openings have soared in lower-skilled industries.

	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...?



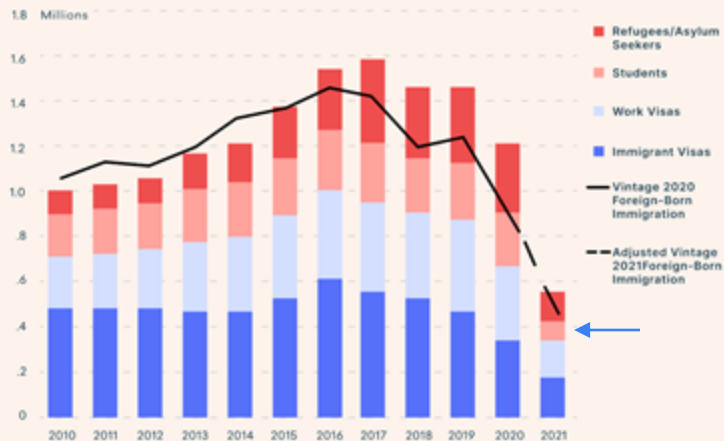
1 out of every 4
construction, farming and
maintenance workers is
foreign born



1 out of every 5
manufacturing workers is
foreign born

For immigration, a few more things to consider.

Foreign-Born Immigration 2012-2021*

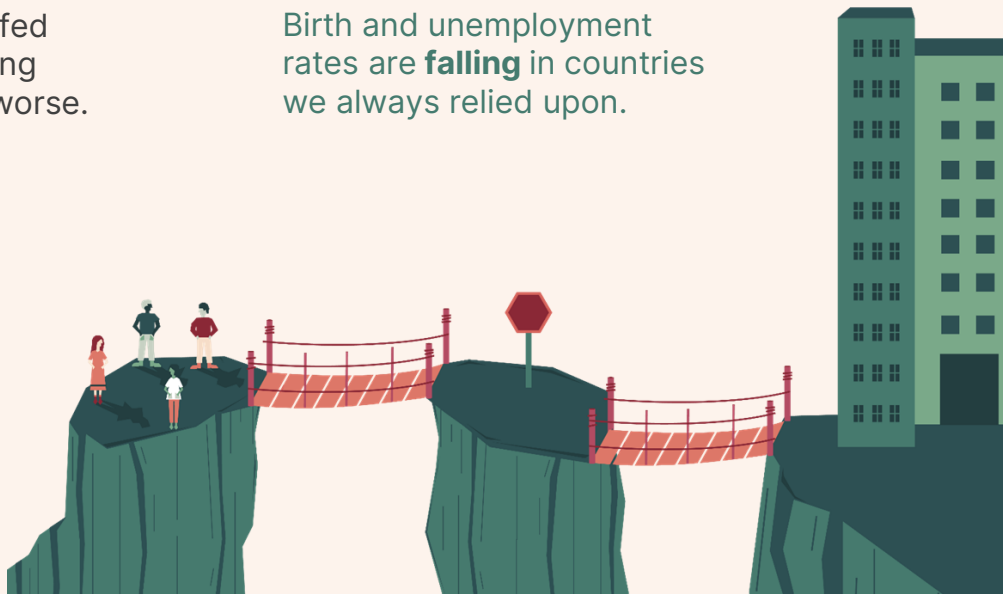


~ 4 million people are on the **waiting list** to be processed for entry.

Immigration centers have not re-staffed consulates making **backlogs** even worse.

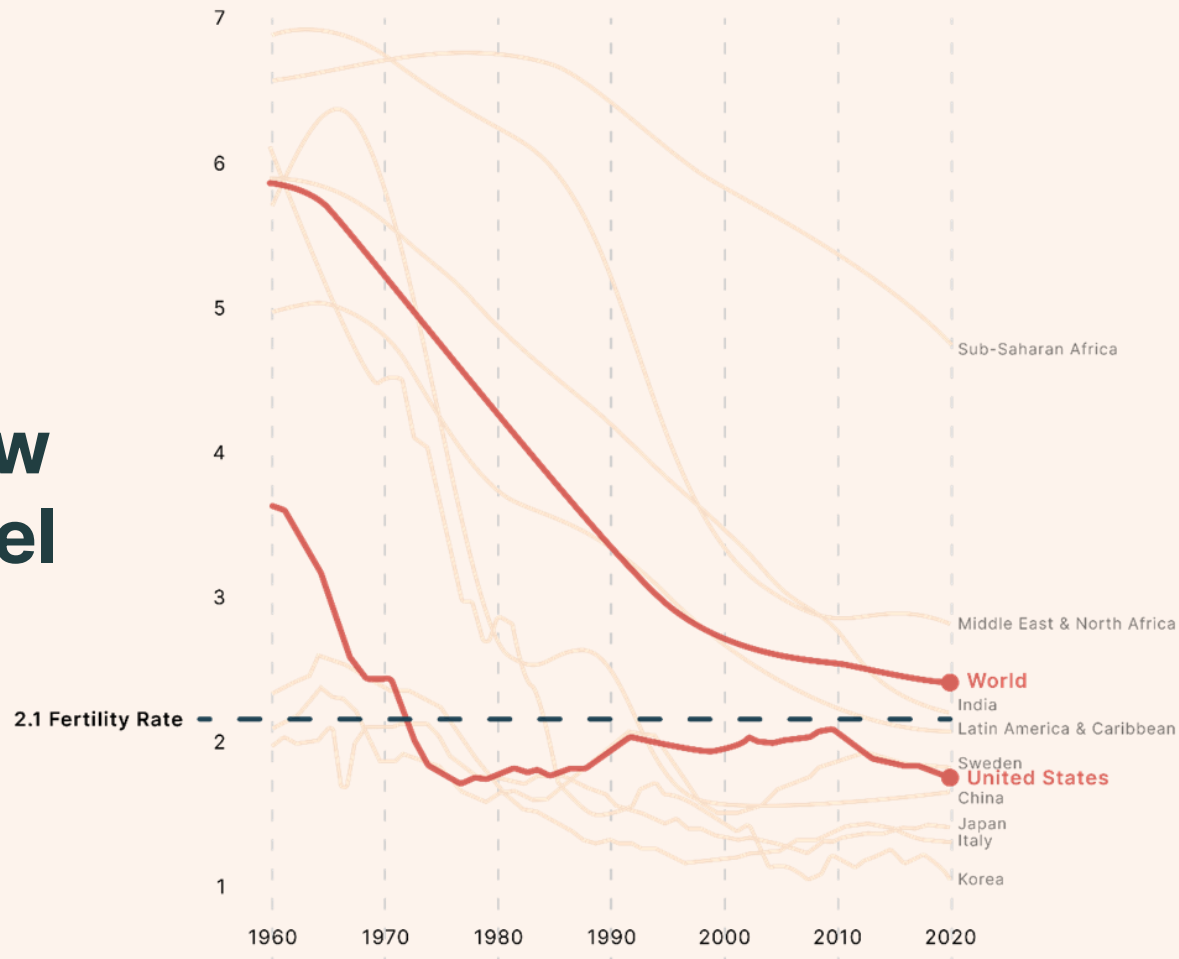
Undocumented workers from Mexico have **plunged** 1.9M from 2010-2019 while the rest of the world increased by 500K. Mexico's unemployment rate is lower than the US at 3.5%.

Birth and unemployment rates are **falling** in countries we always relied upon.



Immigration will
become less reliable

**Most developed
nations are below
replacement level**



Will we see domestic people returning to work?



The CARES act added up to 4 trillion dollars to the U.S. economy

Includes CARES checks, tax deferrals, loan forgiveness, payroll protection act.



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%

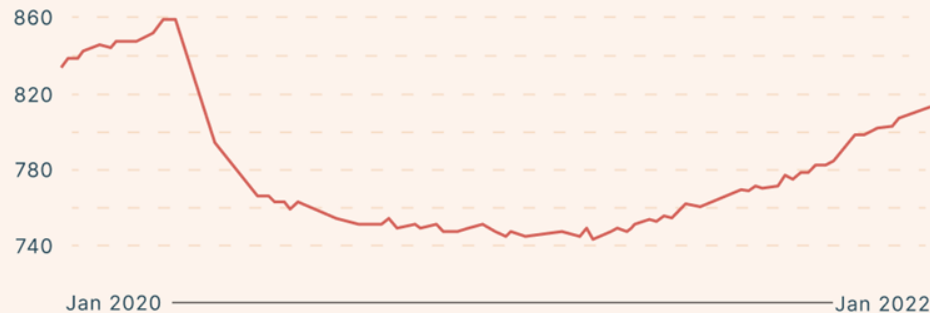
Credit cards represent over 24M people

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

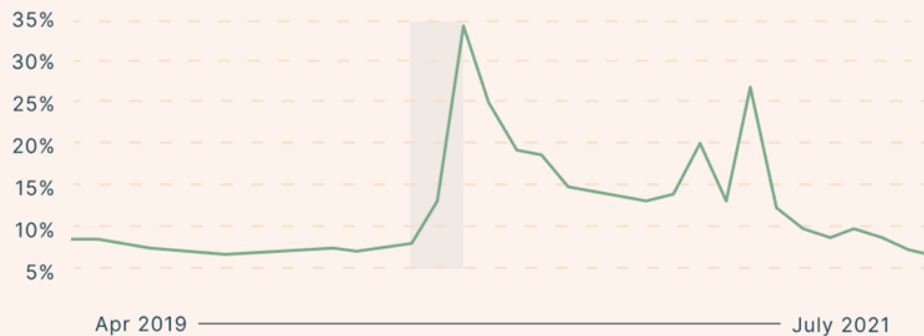


But both are heading back to normal levels

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



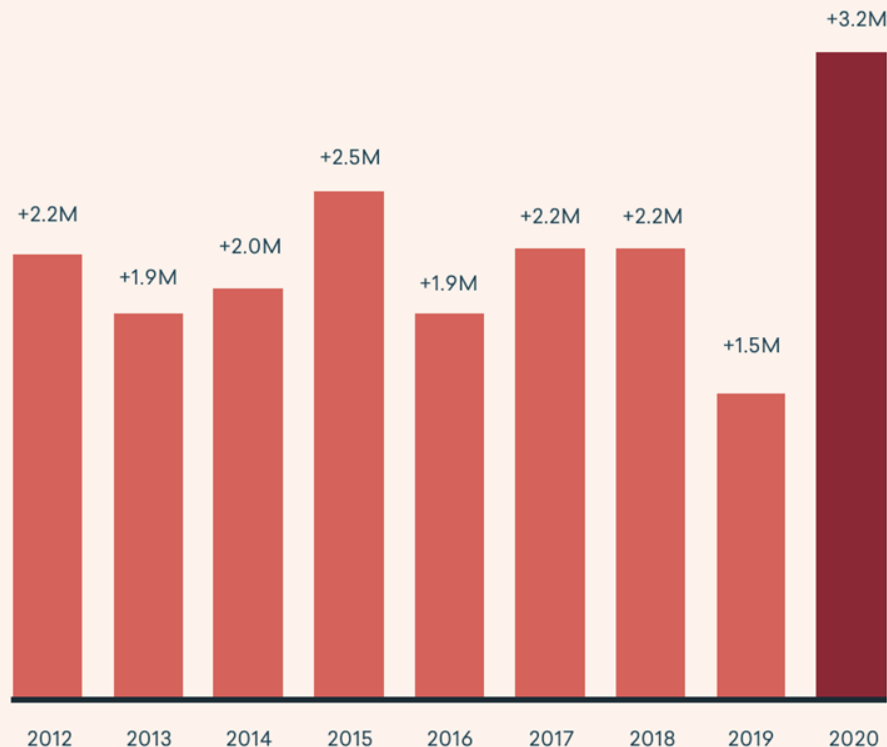
— Personal Saving Rate



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

“The number of retirees jumped by 1.5 million from a month (Dec-Jan) earlier — including a quarter who hold a graduate degree.”

— **Bloomberg**
2/6/2022



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

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.

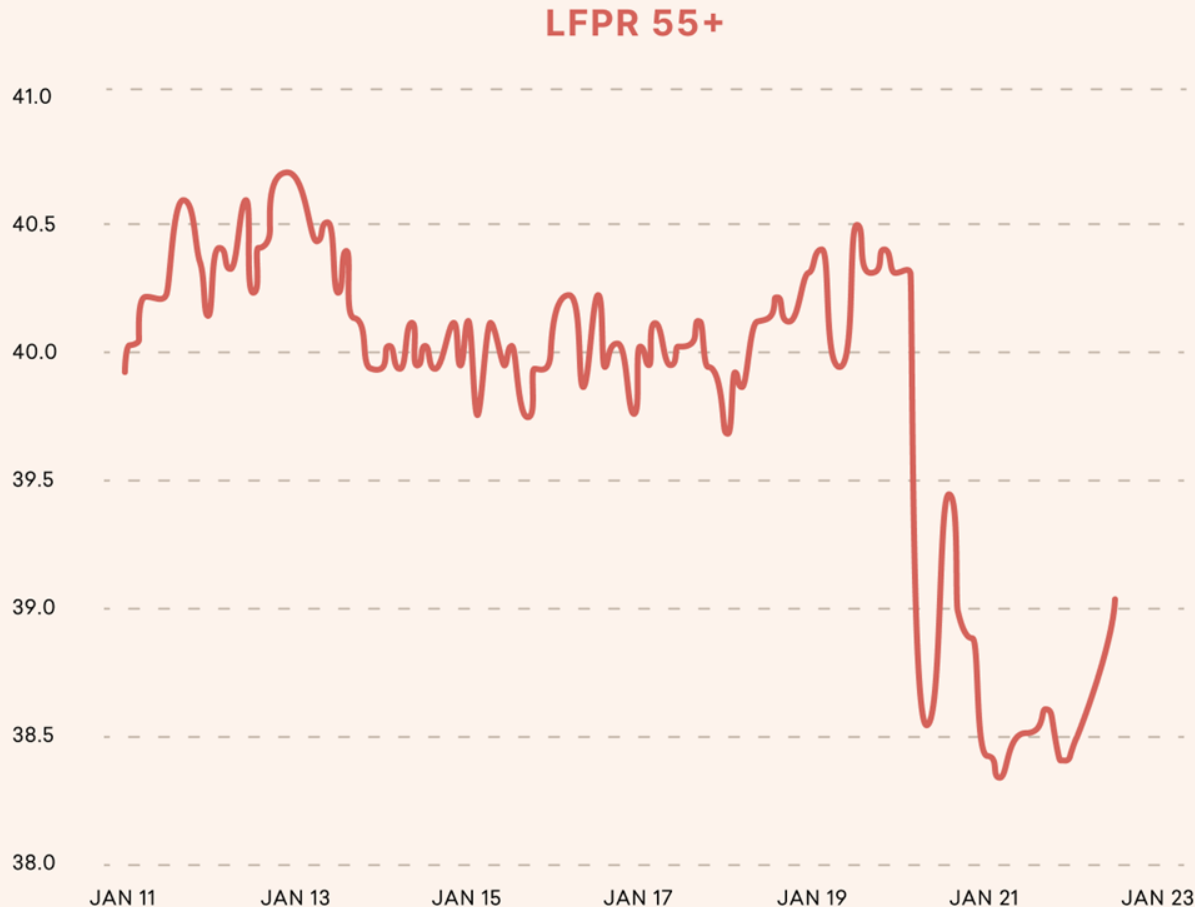
Excess retirees tended to have college degrees. More \$\$

% 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

Labor force participation (55+) not recovering



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

3M Are actively looking for a job
(32%)

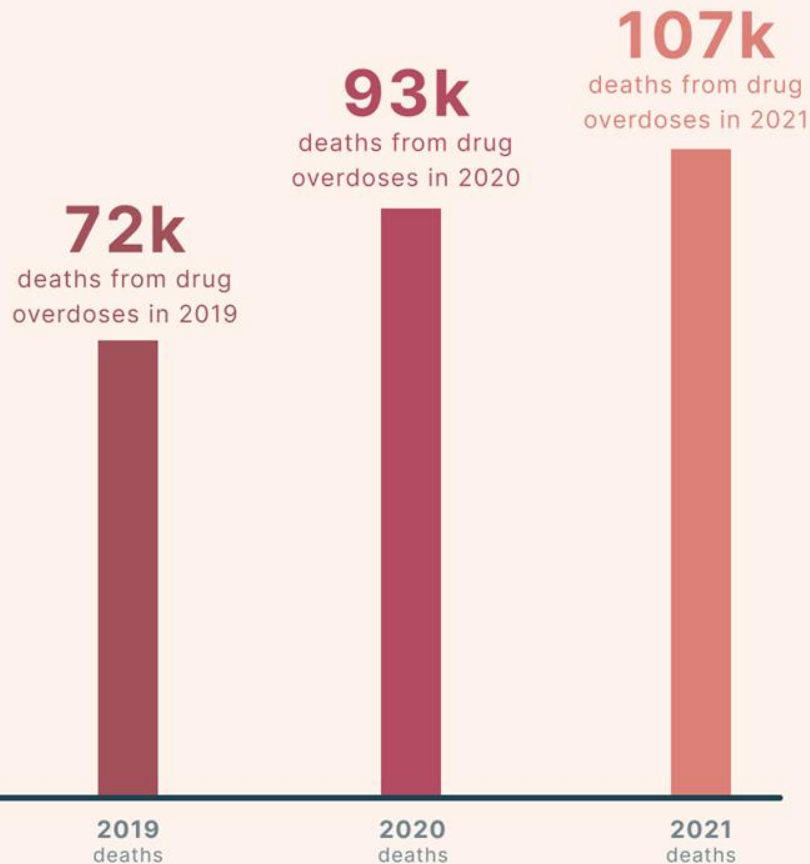
3.5M Are **not** actively looking for a job
(38%)

1.6M Remain on the sidelines this year
(17%)

1.2M Never expect to return to work
(13%)

For 2021, the rate of overdose deaths keeps revising higher

An estimated 800K prime age men are out of the labor force due to opioids.



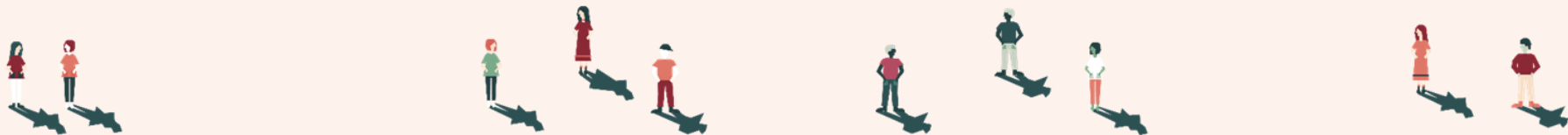
Workers are choosing to work for themselves

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



The future labor crisis

You can't employ what you don't have



Most retirees probably will not come back, if they do, maybe part time

For lower skilled jobs: Declining 16-24 year old population
Very low immigration



An illustration of a dark green, sloping landscape with a steep cliff on the left. Numerous small, stylized human figures in various colors (red, white, green, blue) are scattered across the landscape, some standing on the cliff edge and others on the flat ground. Each figure casts a long, dark shadow. The background is a solid dark blue.

Workers can only come from two sources

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

Q: Will this ever get better?

We have 2 big concepts we have to understand.

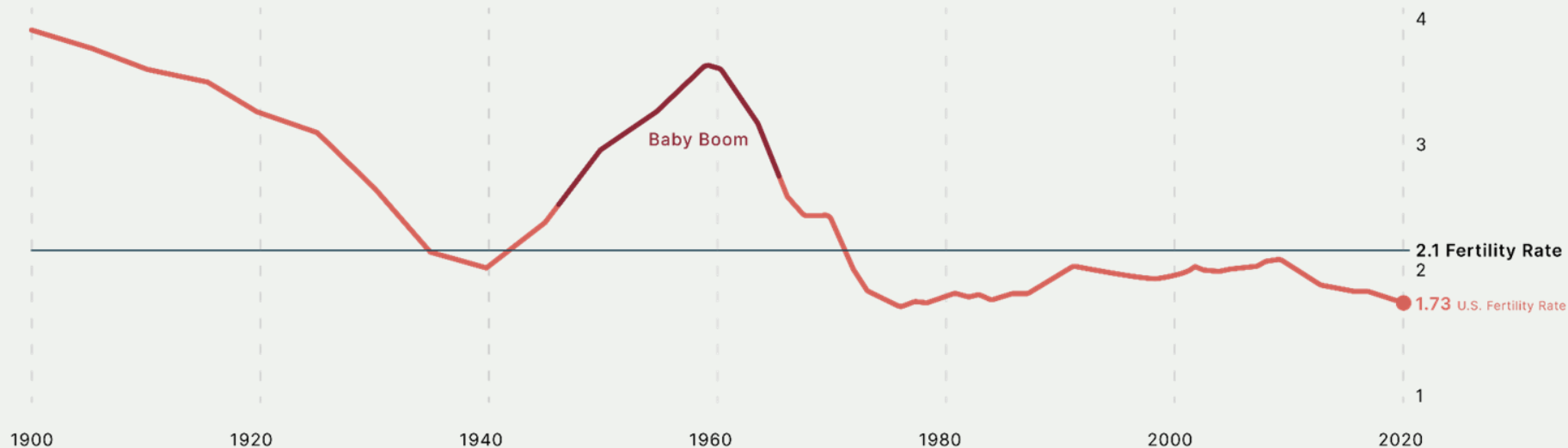
An increasing **population** can come from 3 areas

1. Rising births (organic growth)
2. Inter-country migration
3. Immigration

An increasing **workforce** comes from an increasing population but can also come from increasing labor force participation. Therefore, we must know why people aren't working and see if that can be addressed. (see previous section)

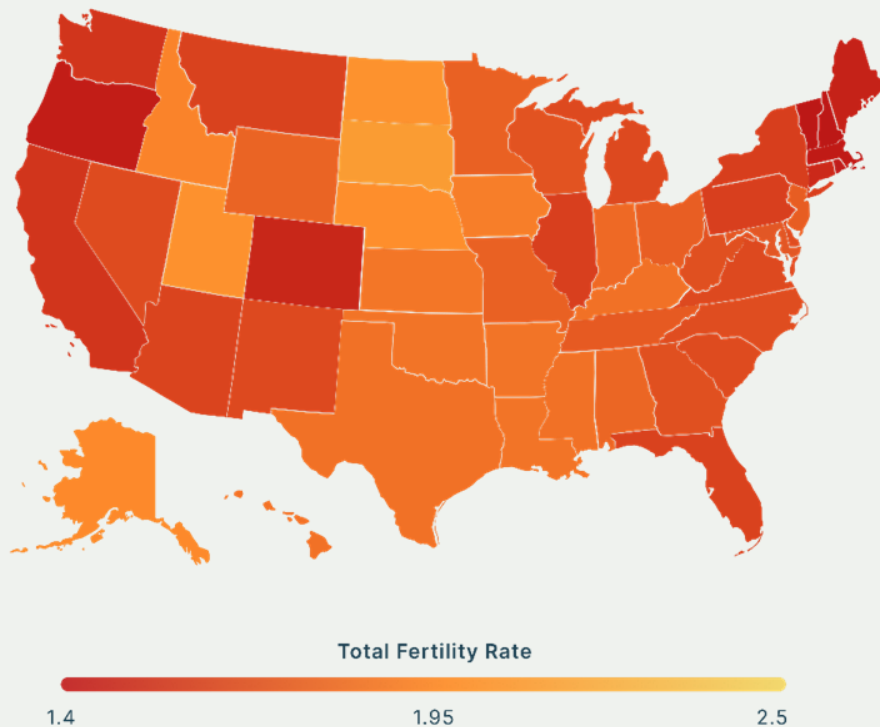
We're living below the 2.1 birth replacement rate

We can't employ what we don't have

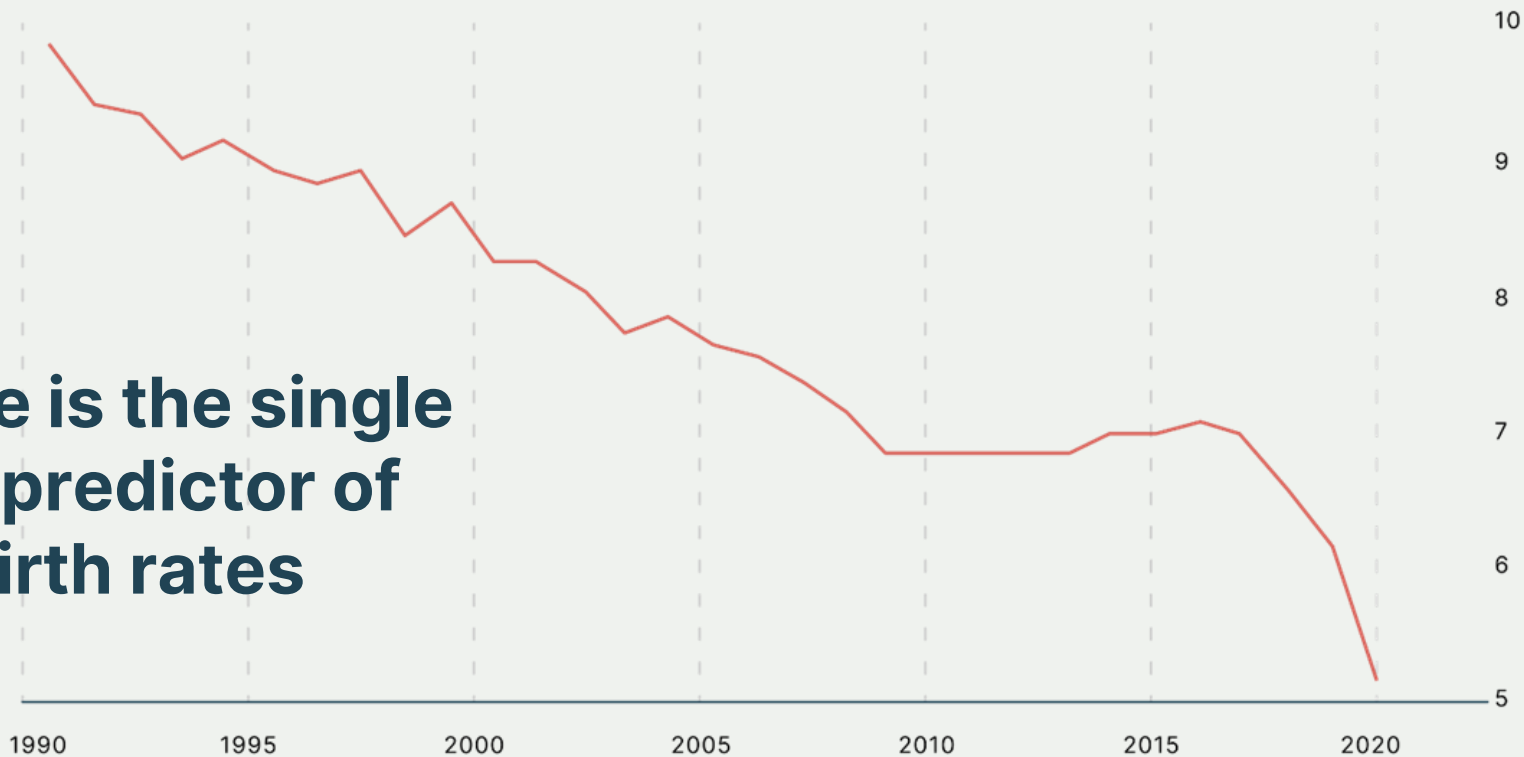


**In 2020, the US
had its lowest
birthrate in
history**

**2021 currently
coming in lower
than 2020**

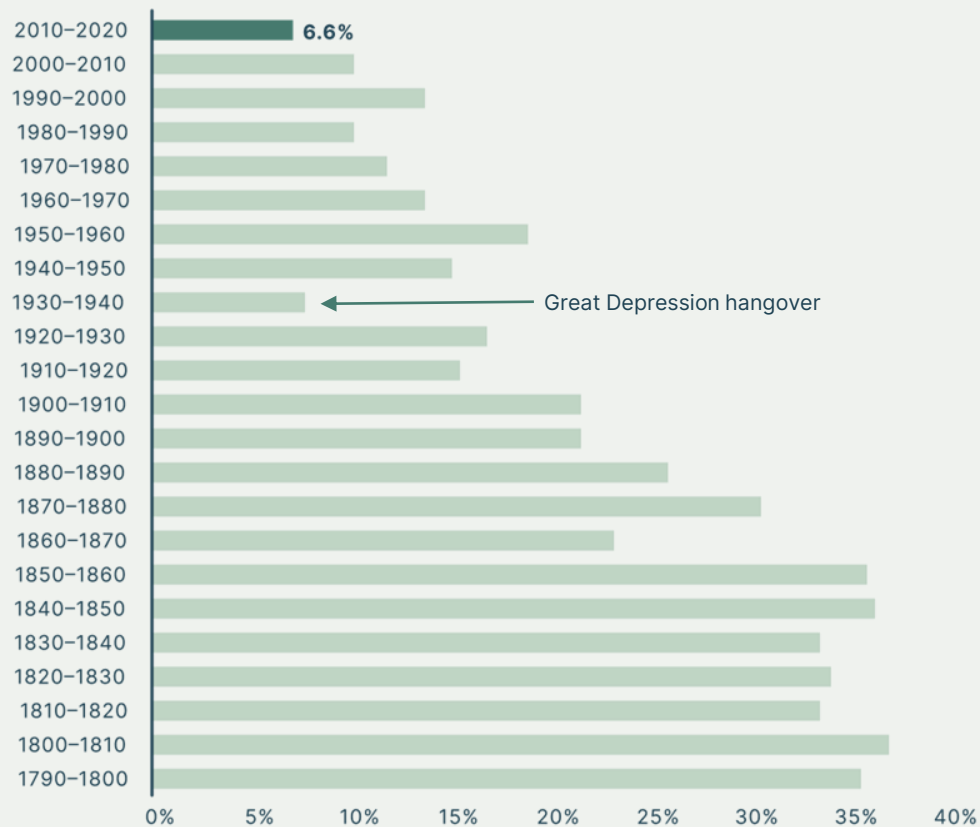


**Marriage is the single
biggest predictor of
future birth rates**



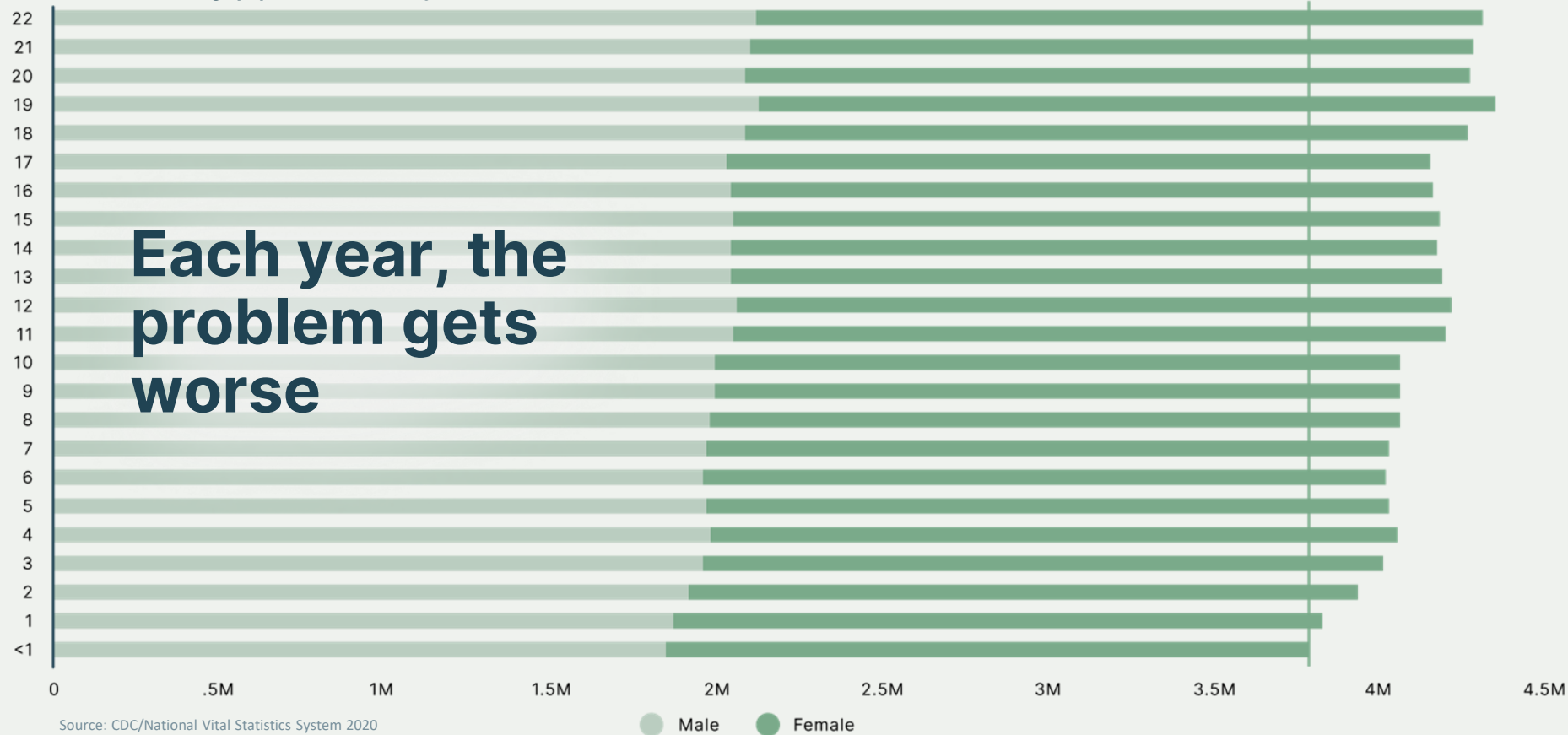
US population growth by decade

1790 to 2020 (estimated) censuses



The Future Labor Crisis

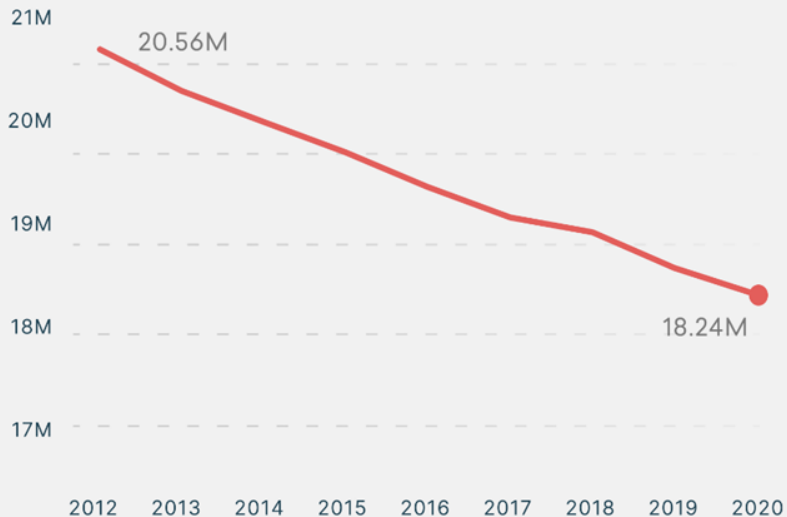
Age 2019 US school age population (birth- 22 years)



College enrollment will decline

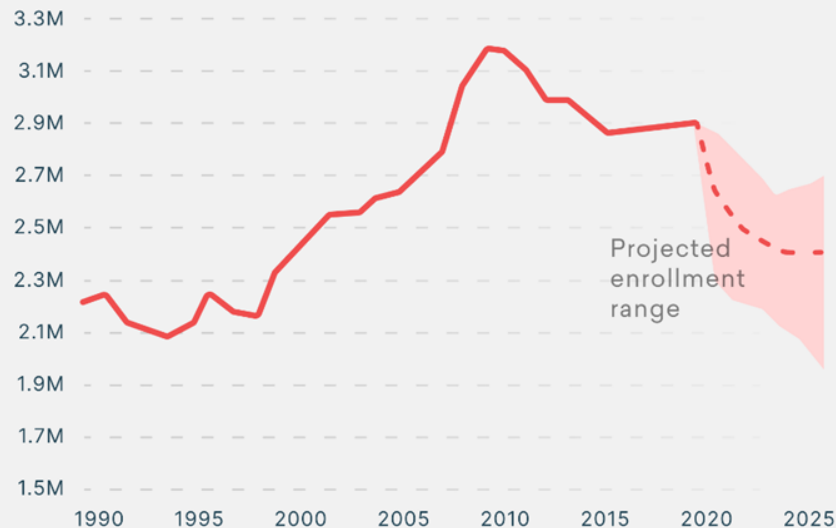
As a result of living below the 2.1 total fertility replacement rate

Student enrollment at US colleges down 11% since 2011



Source: National Student Clearinghouse Research Center

First-time enrollments are projected to decline sharply



Source: EAB

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

Demographic Drought: Bridging the gap in our Labor Force

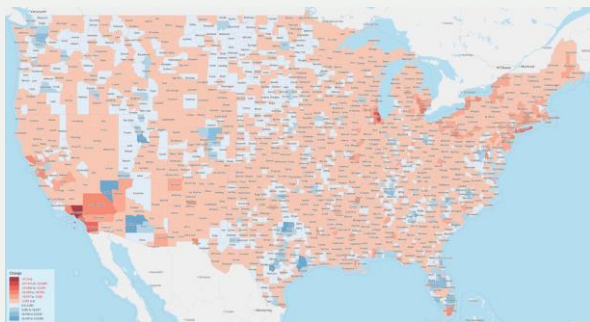


From 2011 to 2021, the vast majority of the US saw their working age population shrink



Change in Over-65 Population, 2011-2021

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

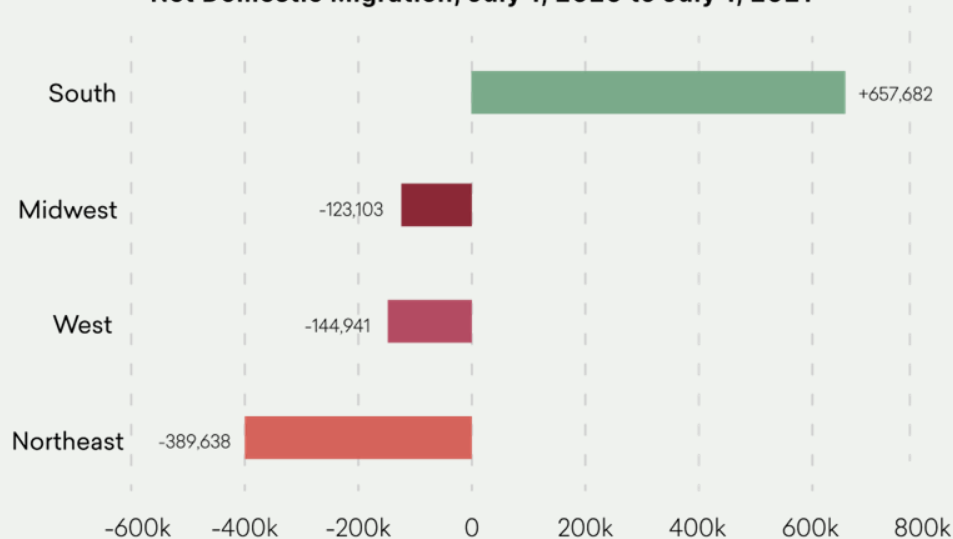


Change in Under-25 Population, 2011-2021

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

Any recent growth is due to population shifts, not organic growth

Net Domestic Migration, July 1, 2020 to July 1, 2021

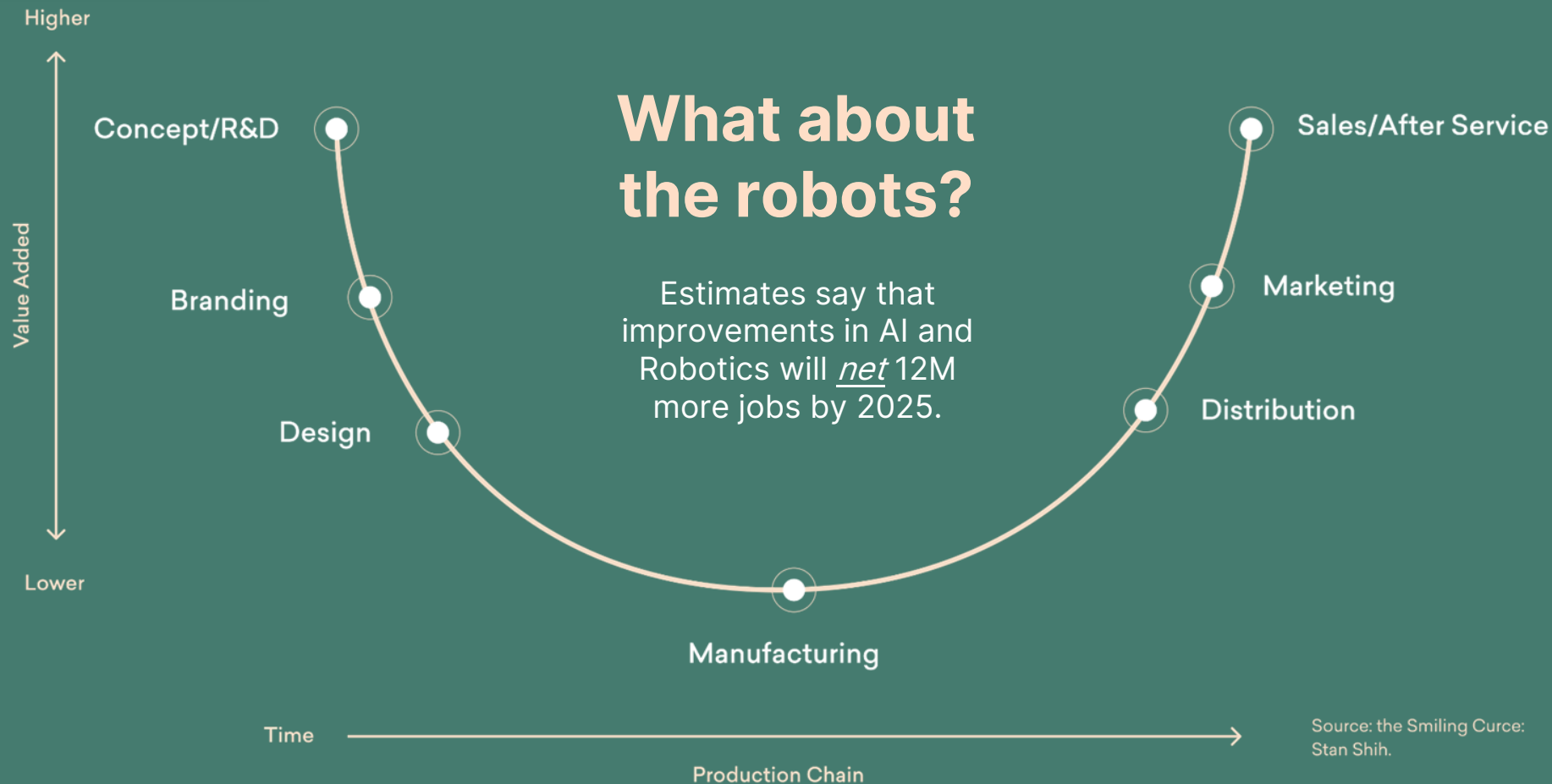


-367,299 California
-352,185 New York
-122,460 Illinois
-46,187 Massachusetts
-30,312 Louisiana
-27,766 New Jersey
-23,030 District of Columbia
-19,871 Maryland
-13,453 Minnesota
-12,603 Hawaii

+220,890 Florida
+170,307 Texas
+93,026 Arizona
+88,673 North Carolina
+64,833 South Carolina
+61,390 Tennessee
+50,632 Georgia
+48,876 Idaho
+32,200 Utah
+25,327 Nevada

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



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?

Engage people on the sidelines.

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



What can we do now?

Engage people on the sidelines.

Be active in recruiting

Tap into unique pools of talent: part-time workers, working in other geographies, former inmates, health impairments

Get creative

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



As immigration plunged the percent of people who thought there was too much of it soared

58% of Americans are dissatisfied with the level of immigration into the U.S.



— % 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



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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