

THE **DEMOGRAPHIC DROUGHT**

Emsi | burning  
glass

# Bridging the Gap in our Labor Force



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4. What can you do?

# Pre-Covid

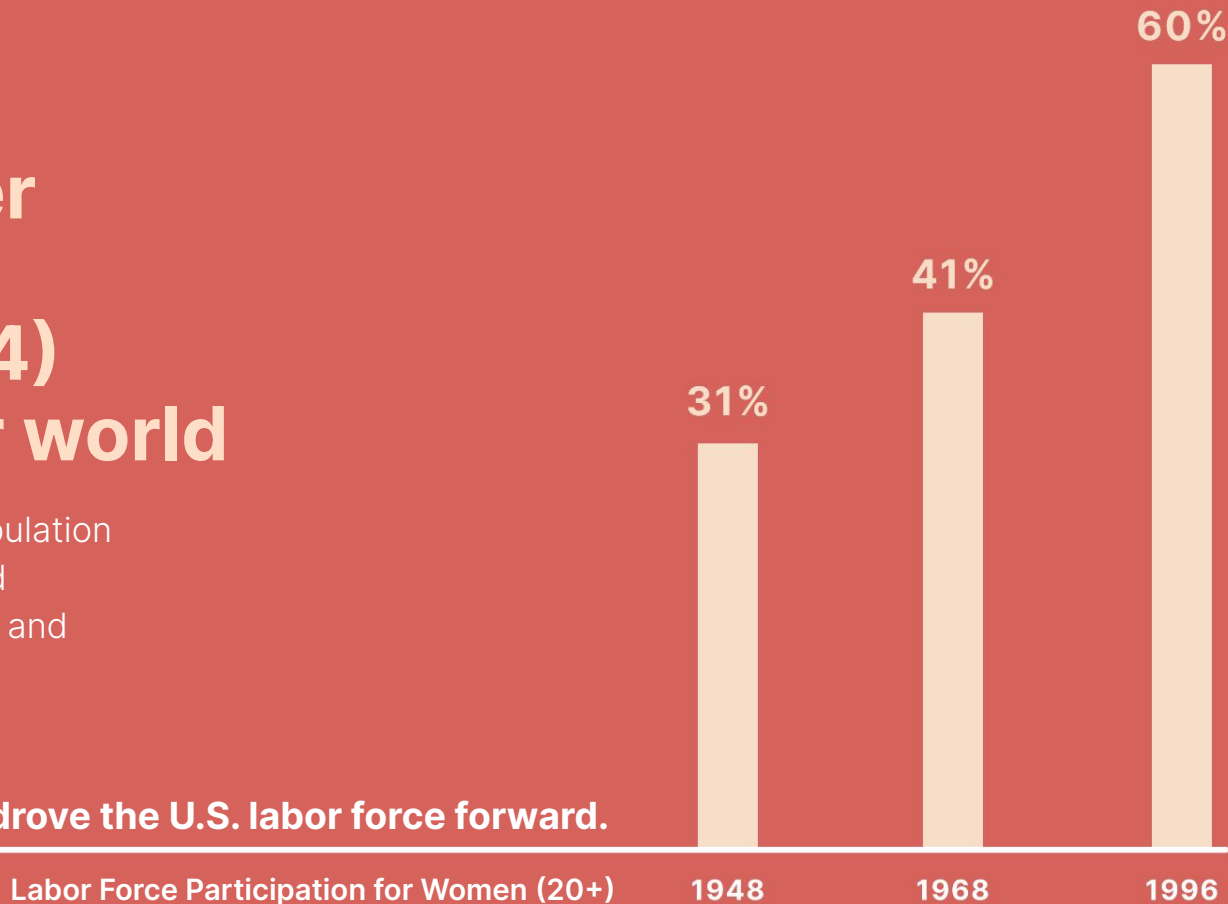
Boomers exiting out of the labor force causing major waves



# 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

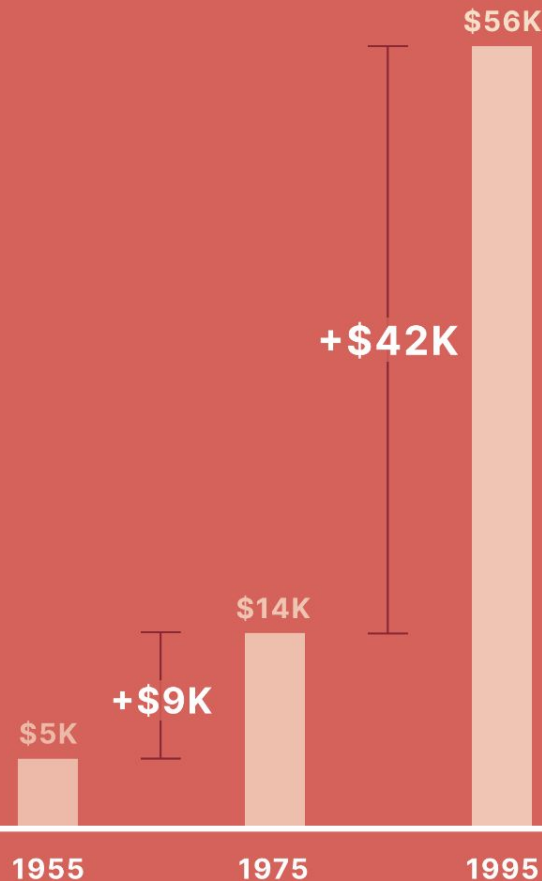
42.5M



1970-1990

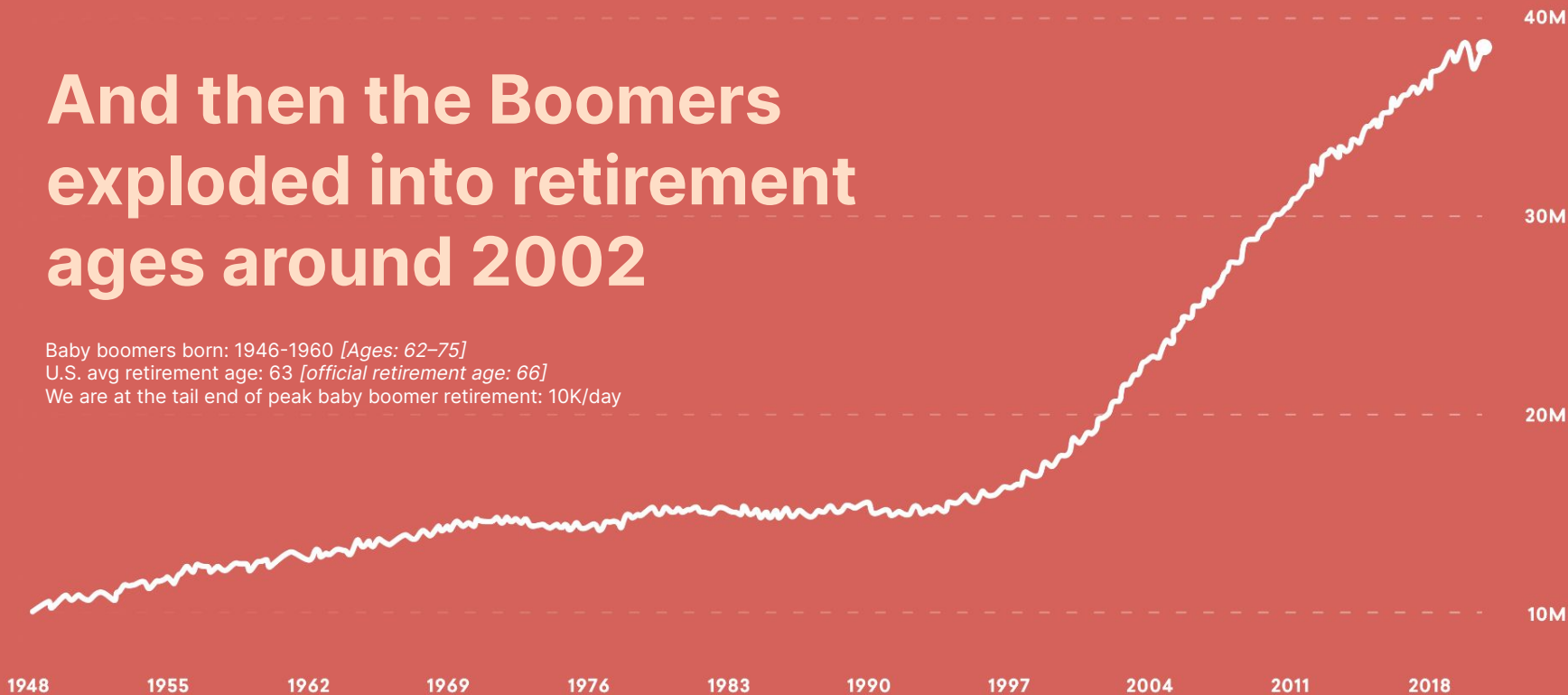
# Boomers generated massive household wealth gains

REAL Median Household Income



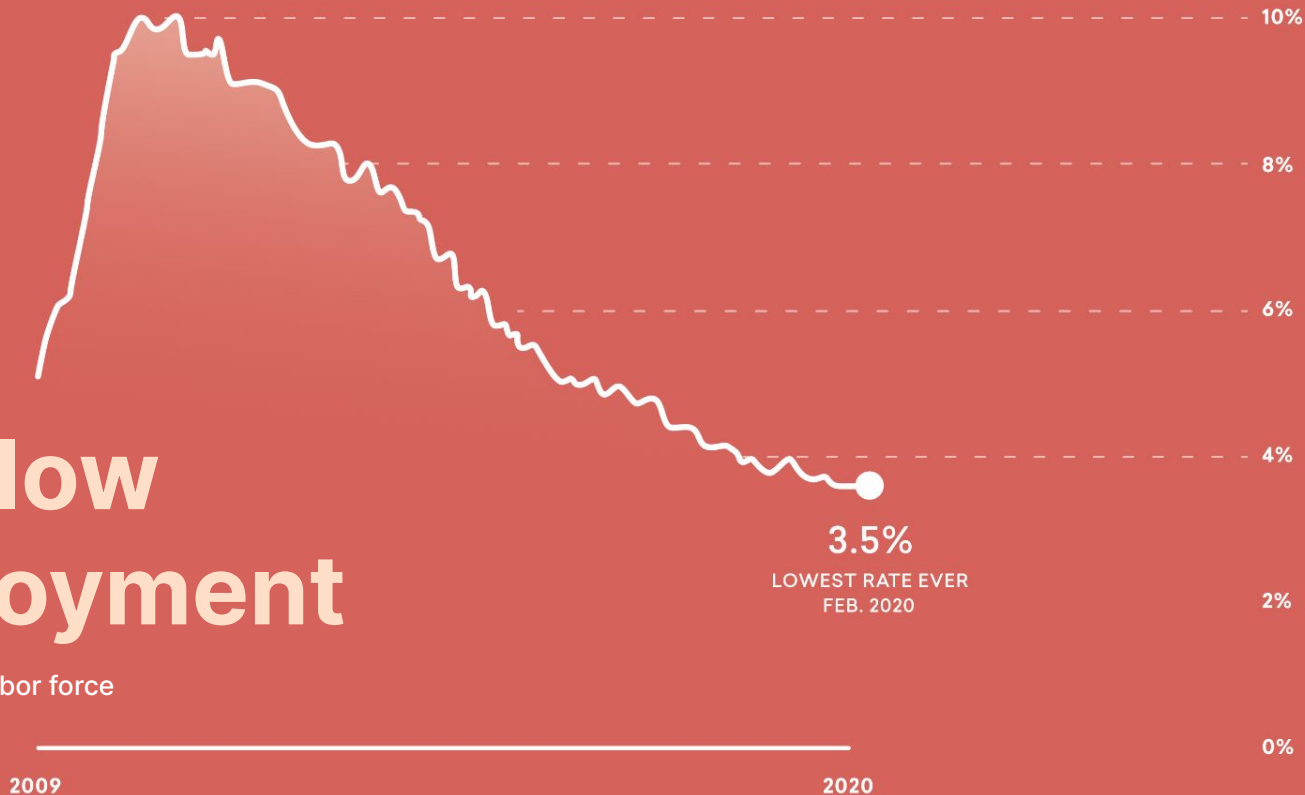
# And then the Boomers exploded into retirement ages around 2002

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

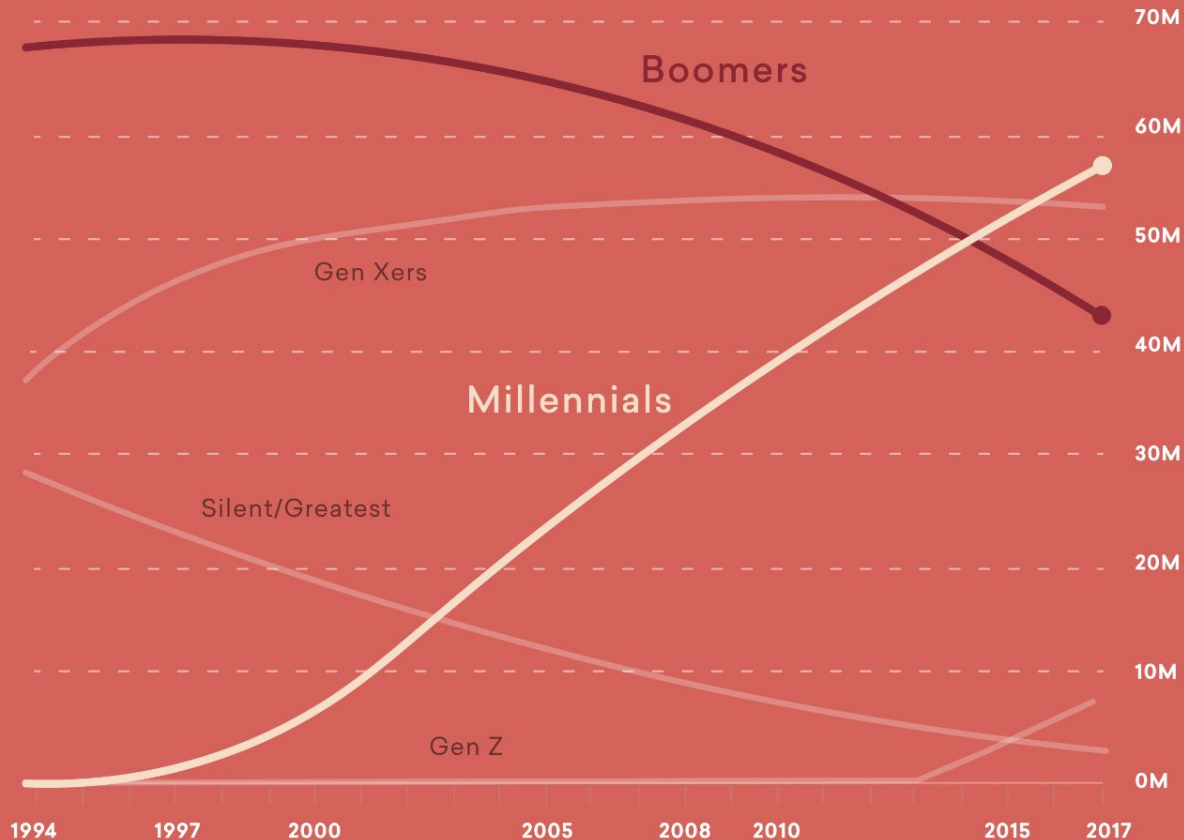
# Fewer people on the sidelines looking for work

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

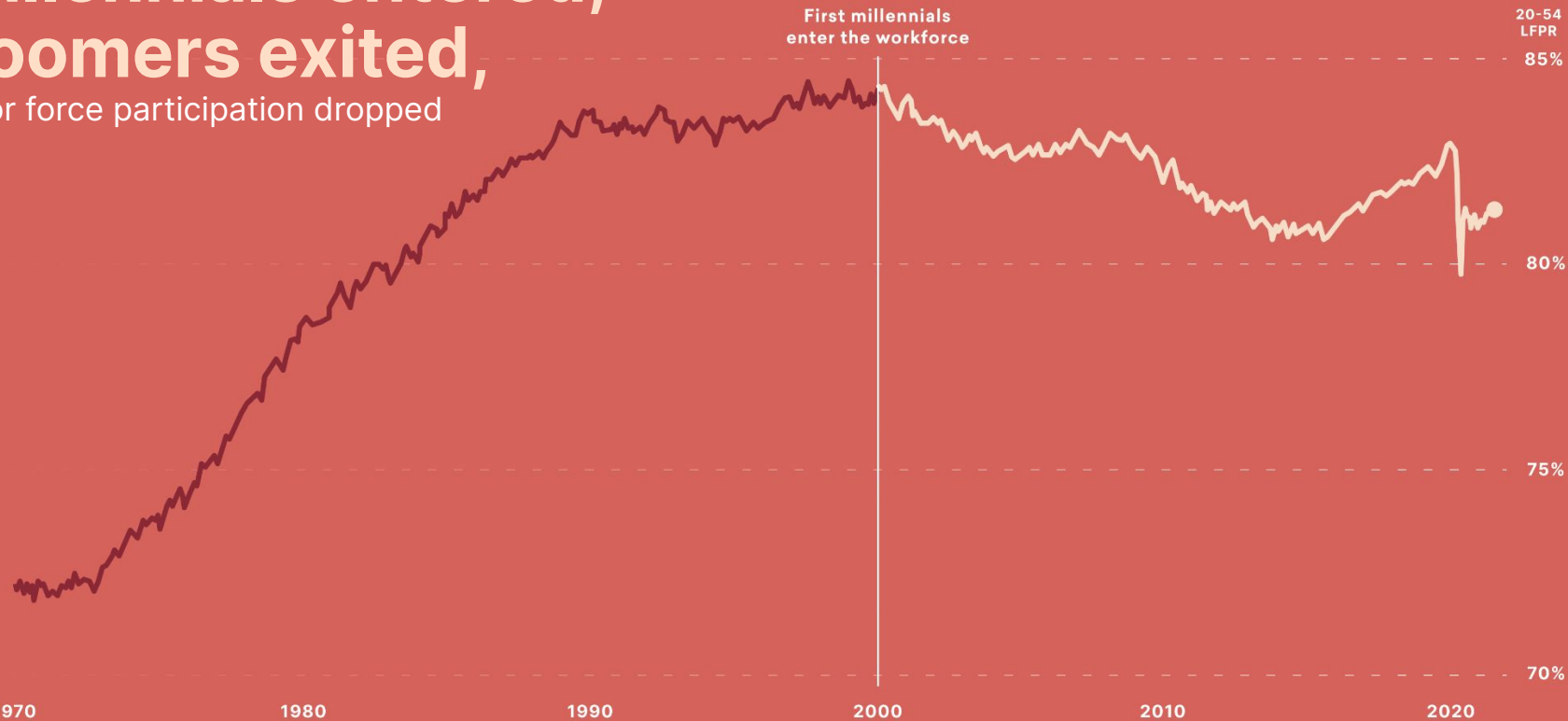


In 2016,  
**Millennials**  
became the  
largest  
generation  
in the labor  
force

*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

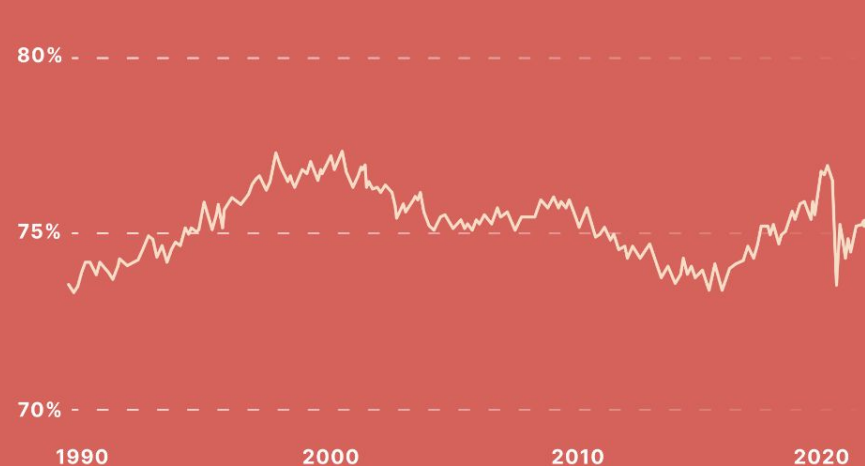


# The number of working prime age men continued to plunge

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

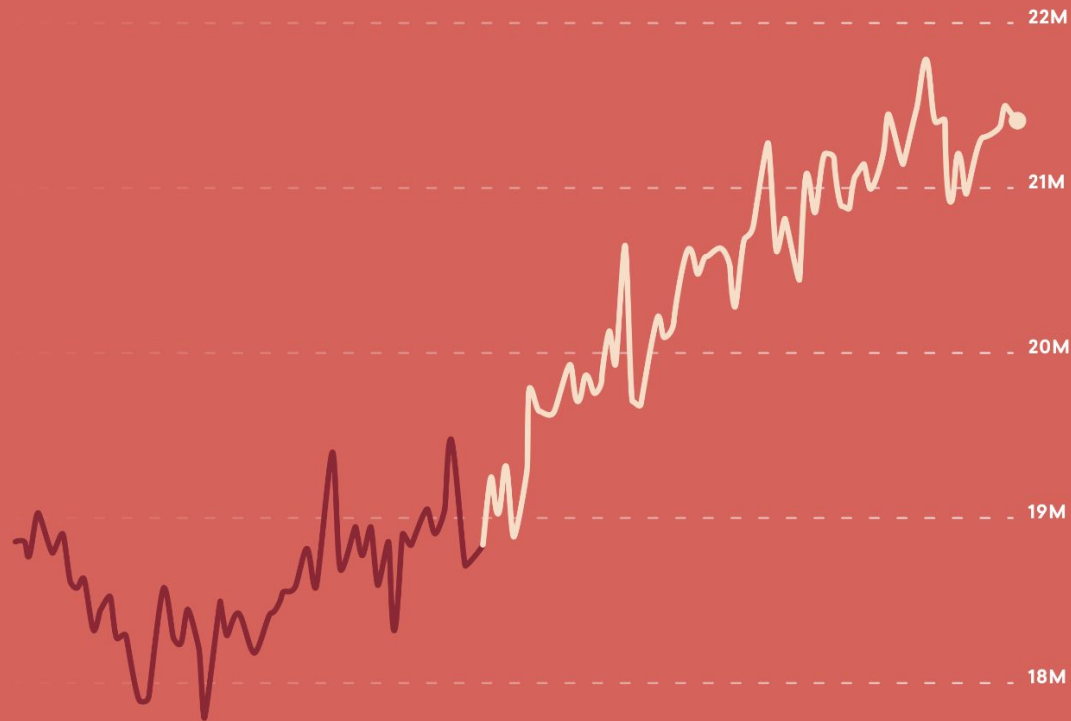


Prime age female LFPR up nearly 3% from 1990 – Jan 2020



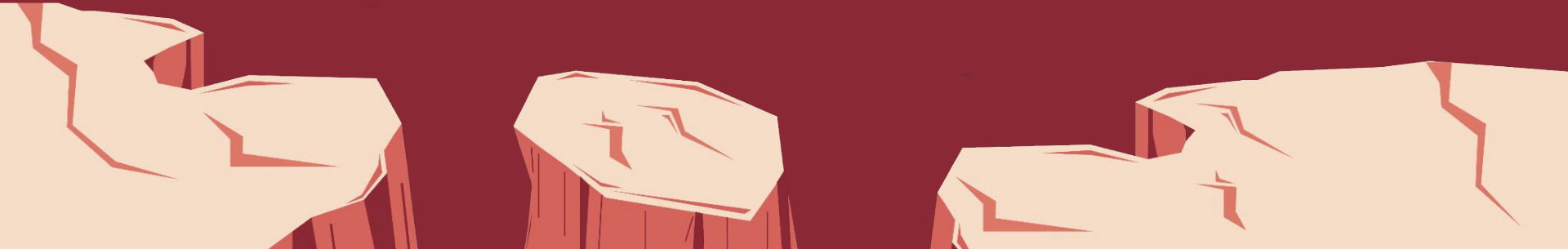
From 2010-2019

**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

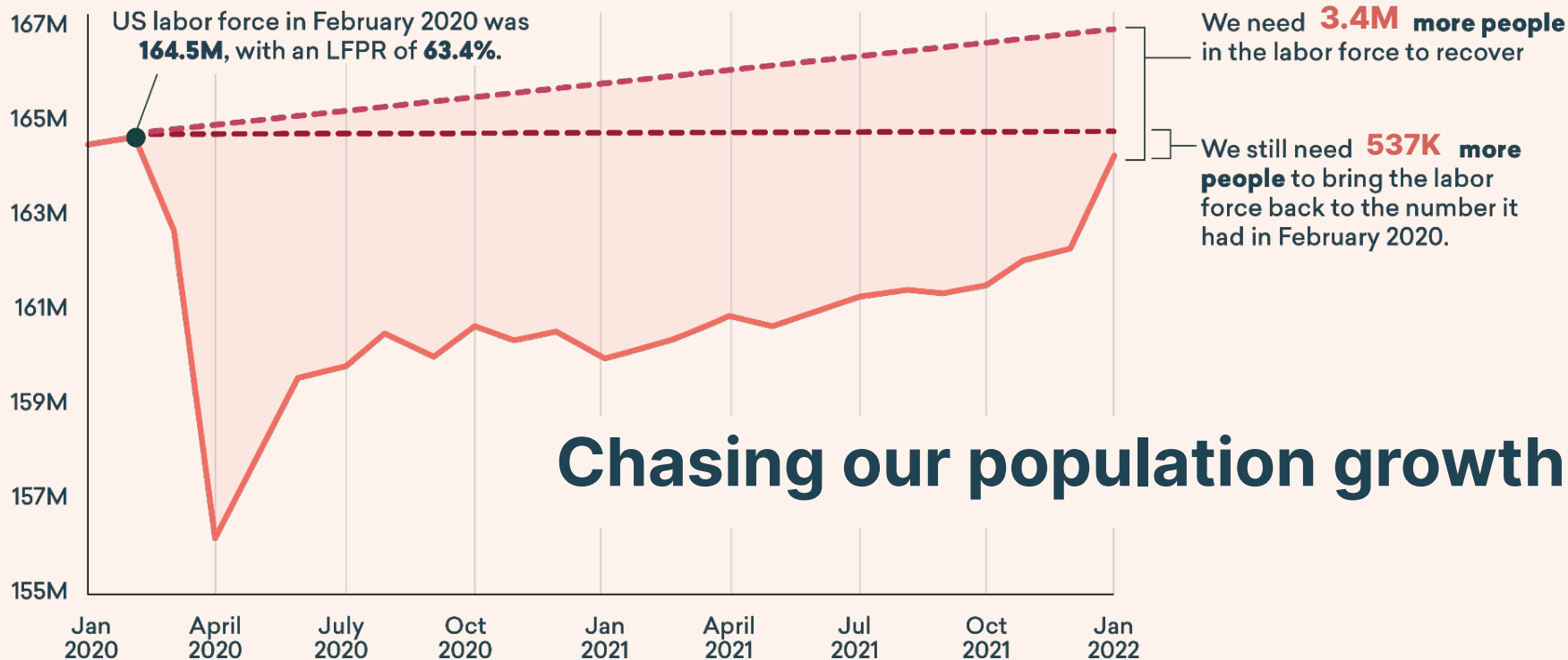
Age	Excess Unemployed	Excess Not in the Labor Force
16-24	-26	808
25-54	29	958
55+	-97	2,951
<b>Total</b>	<b>-94</b>	<b>4,717</b>

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

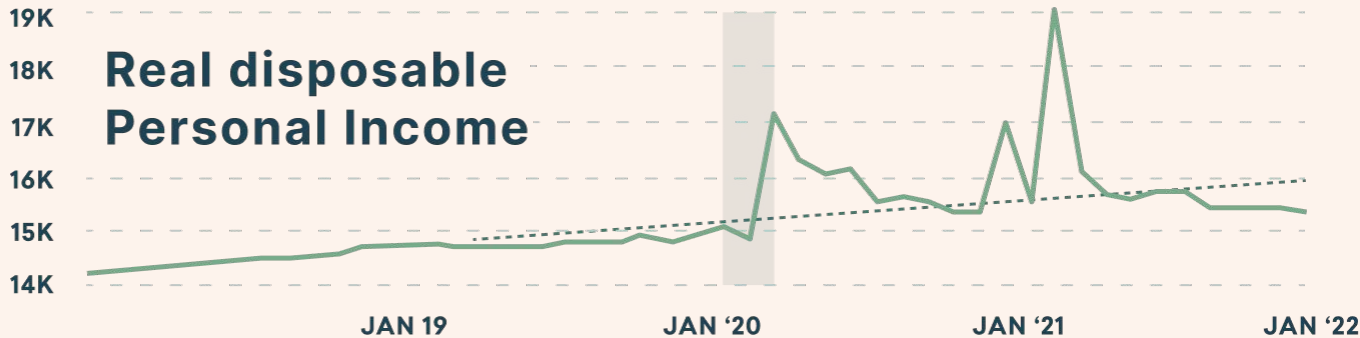


People received money, spent it, and now companies have it

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



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

	% of Pre-Covid Employment Recovered	Estimated Employees Needed	Job Openings less Est. Need*
<b>Leisure &amp; Hospitality</b>	91.5%	2,142	-467
<b>Healthcare</b>	98.2%	1,365	662
<b>Government</b>	97.0%	1,087	-43
<b>Construction</b>	100.1%	434	-38
<b>Manufacturing</b>	99.6%	259	601
<b>Wholesale</b>	99.0%	62	212
<b>Real Estate</b>	102.5%	67	68
<b>Business Services</b>	103.4%	-66	2,207
<b>Trucking &amp; Warehousing</b>	118.2%	-252	720
<b>Retail</b>	101.8%	-507	1,801

**Need 4.6M**

**Surplus 5.7M**

\*Negative numbers indicate under-hired sectors

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?



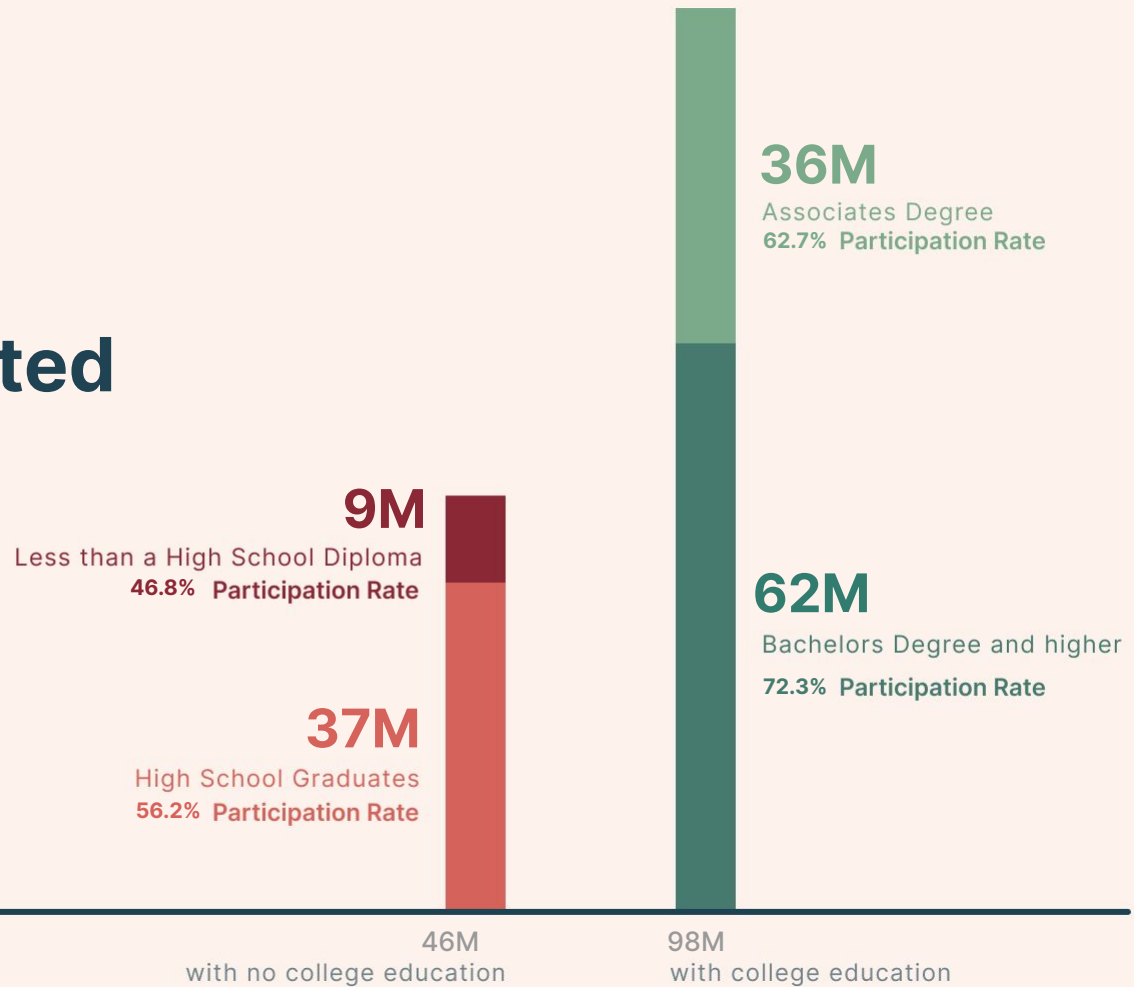


# 7 factors contributing to our current labor crisis

- 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



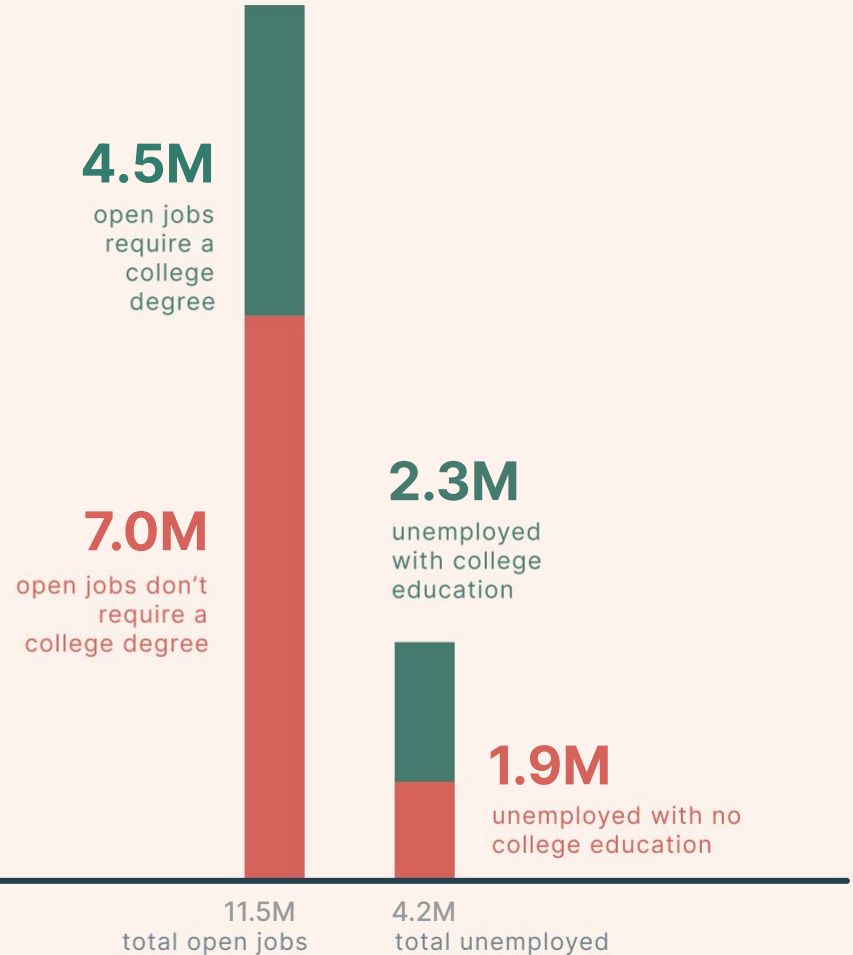
# Roughly 7M of the 11.5M open jobs in America

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.



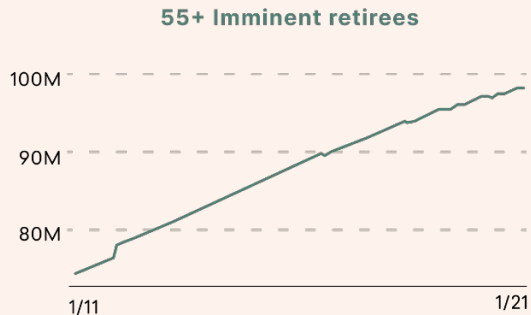
3x

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

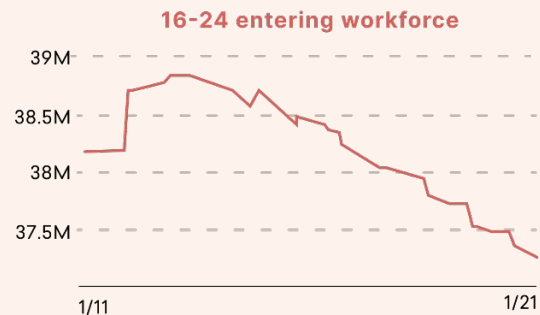
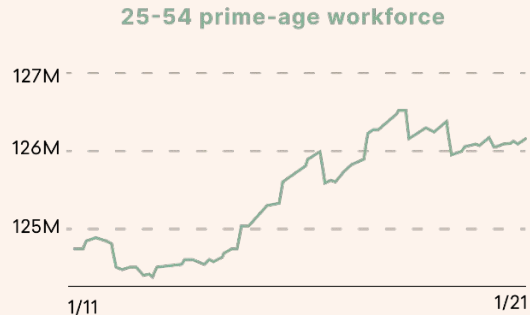


# Younger working populations are drying up.

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. 16-17 years old primary driver.

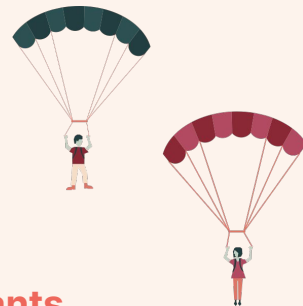


## 16–19-year-old Not in the labor force

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



# Immigration is bouncing back but there is still a significant deficit

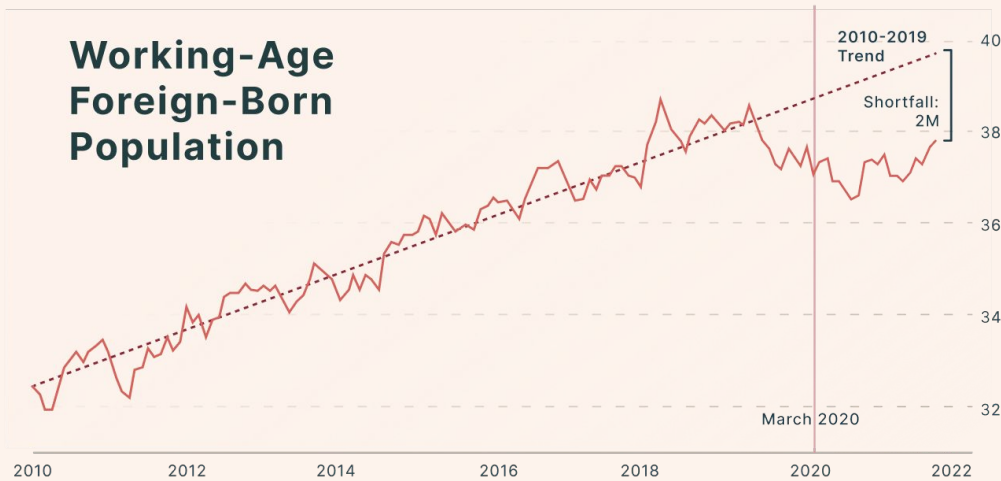


**We are missing 2 million immigrants**

Average immigration numbers per year:

<b>1990-99</b>	977,500
<b>2000-09</b>	1,029,900
<b>2010-19</b>	1,063,300
<b>2020-21</b>	638,000

Immigrants in the Civilian Labor Force 2010-2022



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



# 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

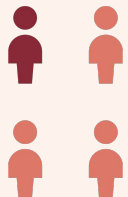
% Change Lower-Skill Job Openings	2,718	73%
% Change Higher-Skill Job Openings	1,506	52%

Occupational Group Foreign Born Native Born

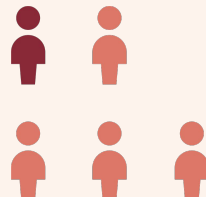
Service Occupations	20.6%	14.4%
Nat. Rsc, Construction, Maint.	13.6%	8.1%
Production	15.2%	11.7%

% 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

# Healthcare relies heavily on immigration

1 out of every 4 physicians & surgeons

1 out of every 5 nurses

1 out of every 4 health aides

Select Healthcare Occupations in the US

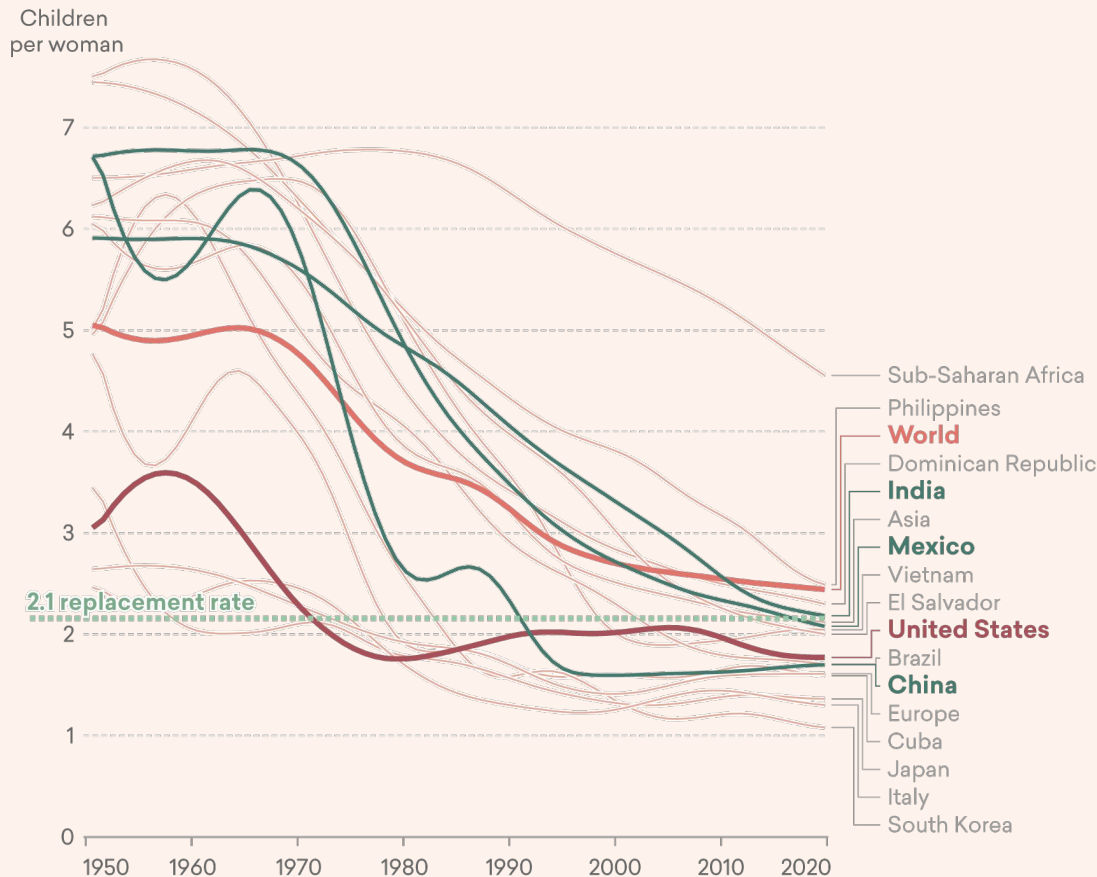
Occupation	Immigrant Share of Workforce
Physicians & Surgeons	28.2%
Health Aides	25.3%
Lab Technicians	19.6%
Nurses	15.3%
Respiratory Therapists	13.6%
EMTs	5.1%

Immigrant Share of Healthcare Workers in Select States

State	Physicians and Surgeons	Nurses	Health Aides
New York	36.4%	30.9%	60.7%
New Jersey	40.3%	29.5%	53.7%
California	33.1%	35.2%	44.3%
Michigan	27.1%	7.0%	4.8%
Massachusetts	34.5%	17.1%	39.8%
Florida	36.5%	25.8%	45.6%
Illinois	30.6%	17.5%	20.9%
Washington	24.1%	15.9%	29.0%
Pennsylvania	23.7%	7.9%	11.7%
Texas	31.7%	20.6%	24.5%
Virginia	32.4%	12.7%	17.3%
Georgia	27.8%	11.1%	17.5%
Arizona	28.8%	13.0%	21.4%
Maryland	31.0%	26.6%	40.9%
North Carolina	16.7%	6.8%	4.4%
Ohio	27.1%	3.7%	7.8%

# Immigration will become less reliable

Most developed nations are below replacement level, including the top 3 countries of origin for immigration to the US.



Source: United Nations Population Division

# Will we see domestic people returning to work?



# 43% of all people out of the labor force in Apr. '22 said they were retired

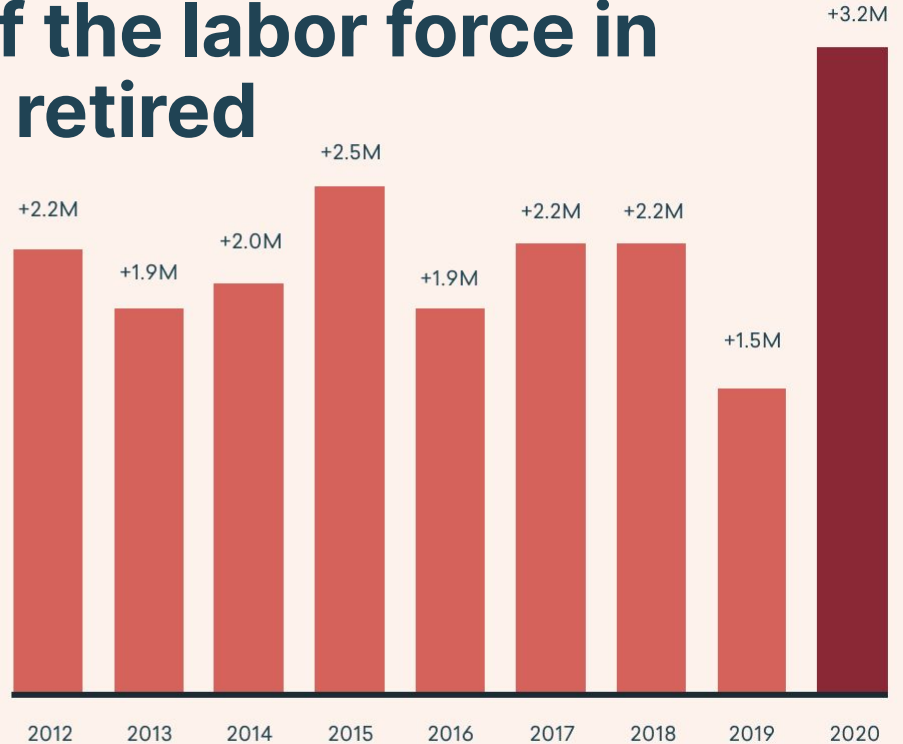
The number jumped by 1.5M between January and April 2022!

- Census Pulse Survey

*"2.6M Americans retired earlier than expected between February 2020 and October 2021."*

- Fed Rsv St. Louis

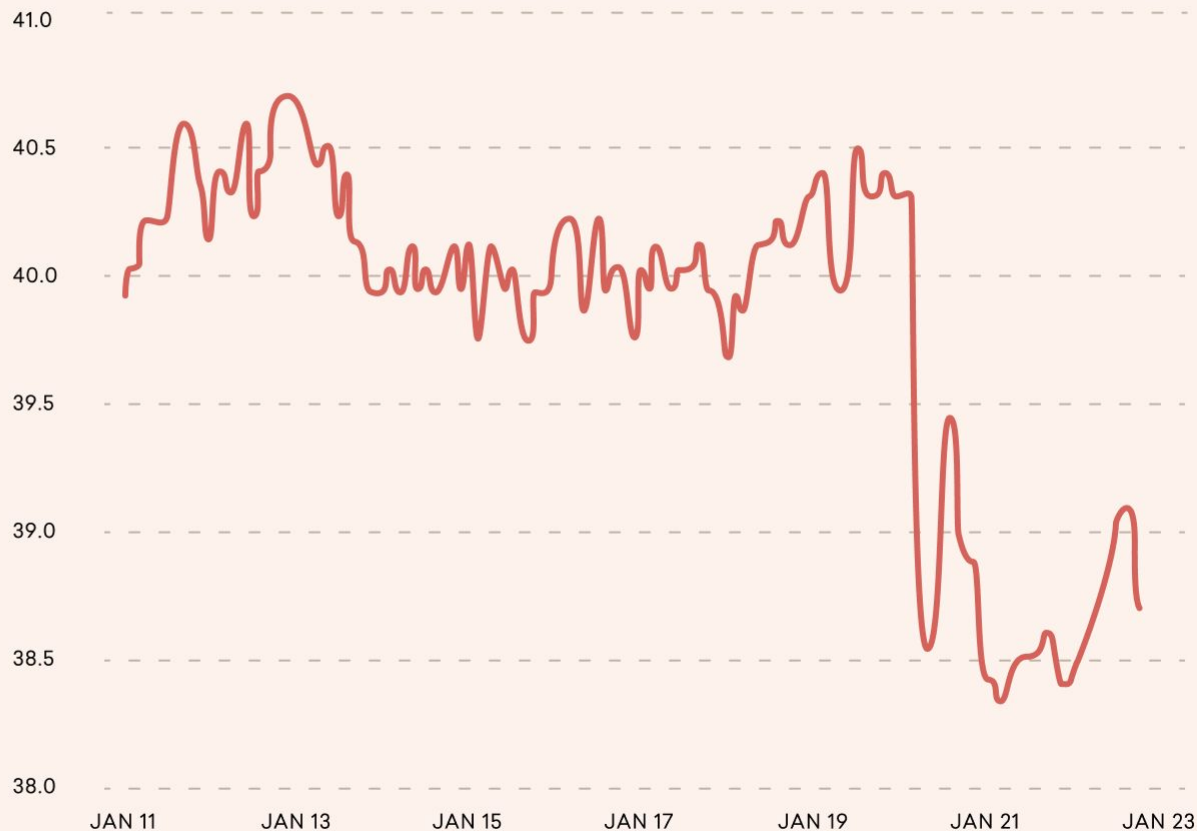
10/15/21



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



# Can afford to not work whether out for fear or other reasons

The most egregious direct-to-pocket outlays during Covid 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*

*“Meanwhile this week the Secret Service announced almost \$100 billion was stolen from COVID relief funds and as much as \$400 billion stolen from unemployment programs.”*

—[wave3.com](https://www.wave3.com)



# How people are paying expenses outside of working?

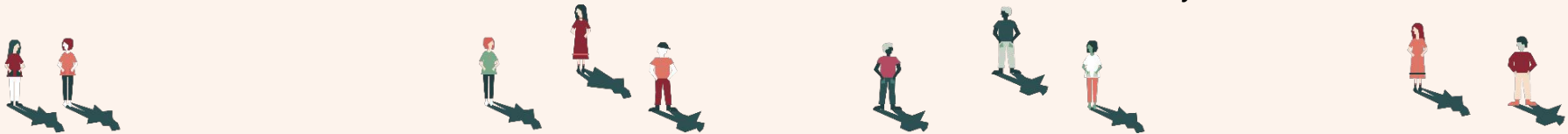
Used in the last 7 days to meet spending needs	% of total
Regular income sources like those received before the pandemic	51.6%
<b>Credit cards or loans</b>	<b>22.7%</b>
<b>Money from savings or selling assets (also IRAs)</b>	<b>20.6%</b>
Borrowing from friends or family	11.6%
<b>Stimulus (economic impact) payment*</b>	<b>7.7%</b>
Child Tax Credit payment	3.1%
Unemployment insurance (UI) benefit payments	<b>1.6%</b>

**Credit cards represent over 23M people**

**Savings accounts were 21M people**

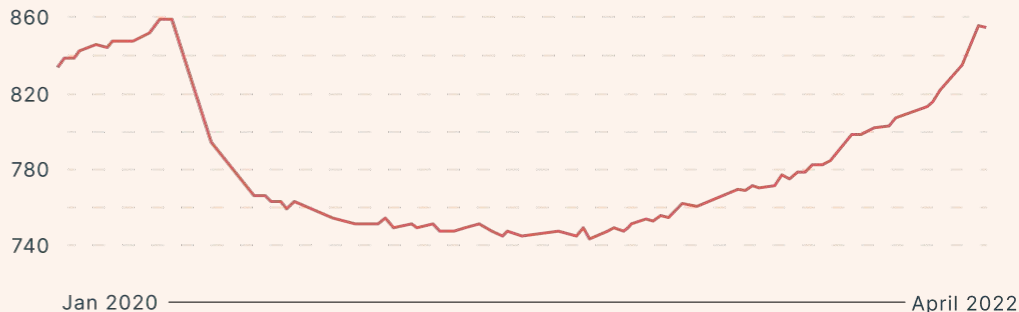
*\* Represents 8M people. You can be counted in more than one category*

*\* 18M respondents would not tell the Census bureau how they were paying their bills. A dramatic increase from January.*



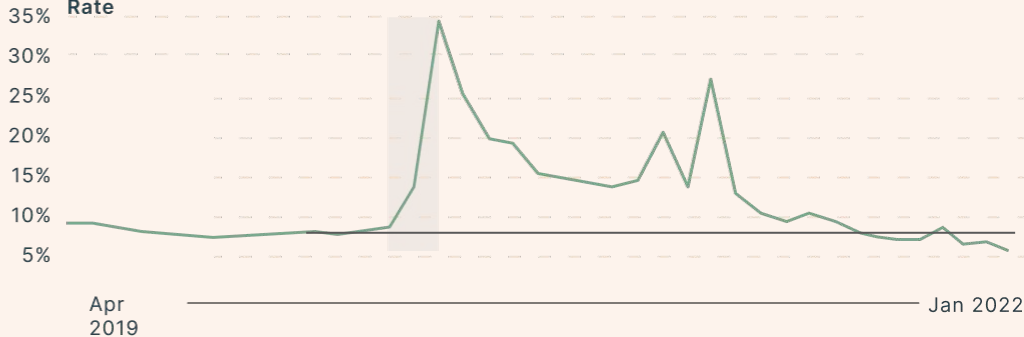
**Credit card debt**  
is back to its original level

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



**Personal savings**  
is below where it was prior to Covid.

— Personal Saving Rate



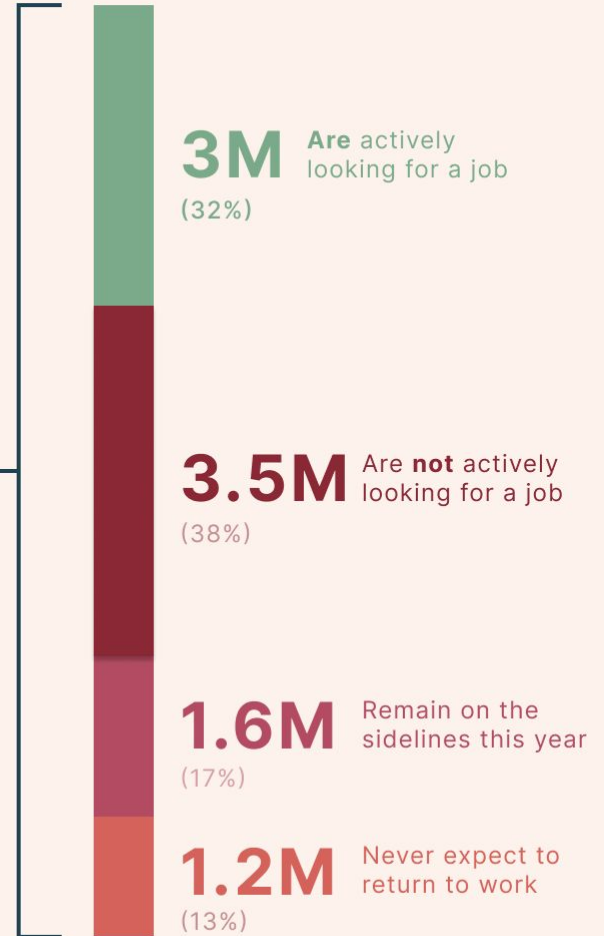
# Many people who lost their jobs because of the pandemic said in 2021 that they would wait until 2022 to return

Since May 2021, our labor force has gained 3.2M workers. We are still waiting for 1.9M who said they would come back to return.

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

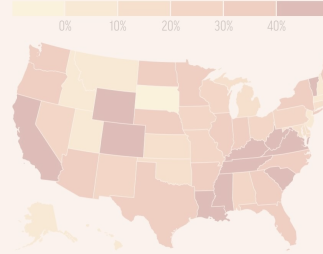
**Alcohol related** deaths rose 25% to 99K, from 2019-2020. The largest rise in mortality in 35 to 44 years old (+39%), 25 to 34 YO's (+37%)

- JAMA, WaPo, NIAAA

## Drug overdose deaths jump during pandemic

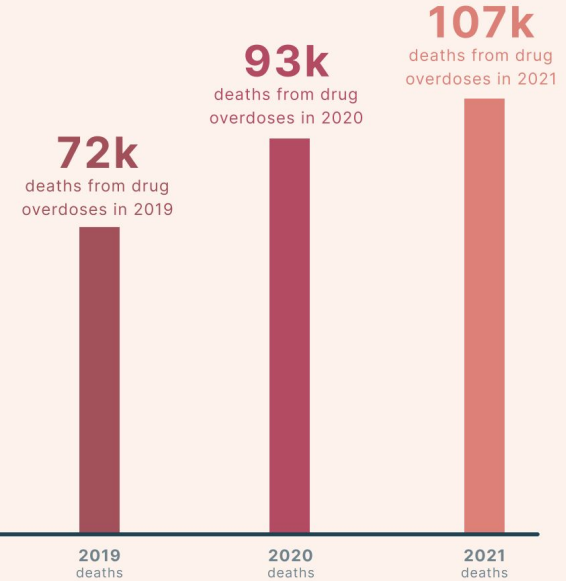
Percent change of predicted 12-month ending drug overdose deaths

Nov. 2019 - Nov. 2020



Source: National Center for Health Statistics / Graphic: Phil Helm AP

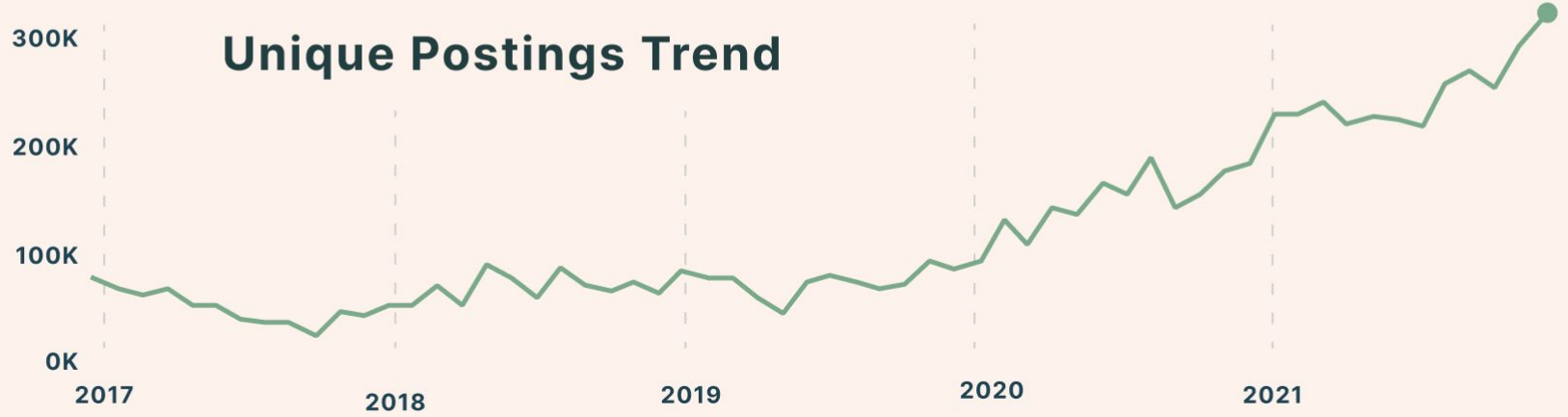
## Drug Overdose Deaths



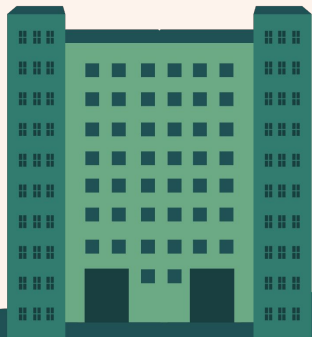
“Estimates of the number of **additional substance abusers** during the pandemic presented here suggest that increased substance abuse accounts for between **9 and 26 percent** of the decline in prime-age labor-force participation between February 2020 and June 2021.”

- <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	<b>16K</b>
2.	Chicago	<b>14K</b>
3.	San Francisco	<b>13K</b>
4.	Atlanta	<b>13K</b>
5.	Los Angeles	<b>11K</b>
6.	Phoenix	<b>10K</b>
7.	Dallas	<b>8K</b>
8.	Washington DC	<b>8K</b>
9.	Austin	<b>8K</b>
10.	Seattle	<b>8K</b>

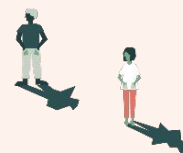
# Workers are choosing to work for themselves

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

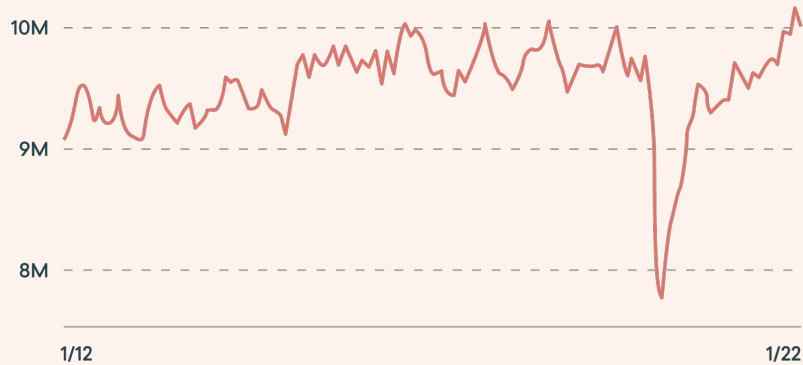




# Childcare is no longer a major obstacle to recovery

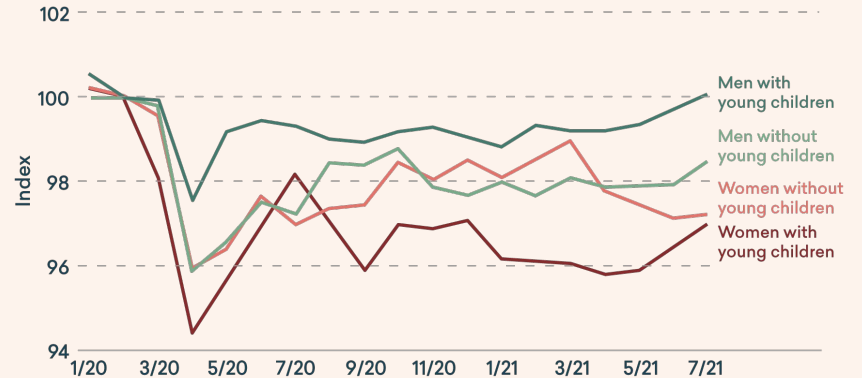
- More single mothers are now employed than pre-pandemic
- The change in labor force between mothers and non-mothers closed by mid-2021
- The LFPR of fathers recovered faster than non-fathers

Employment Level of Women Who Maintain Families



Source: Bureau of Labor Statistics

Change in Labor Force Participation Rate by Group



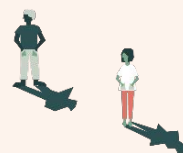
Source: CPS/Brookings

# 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 to fill the gap.**



# The future labor crisis

You can't employ what you don't have



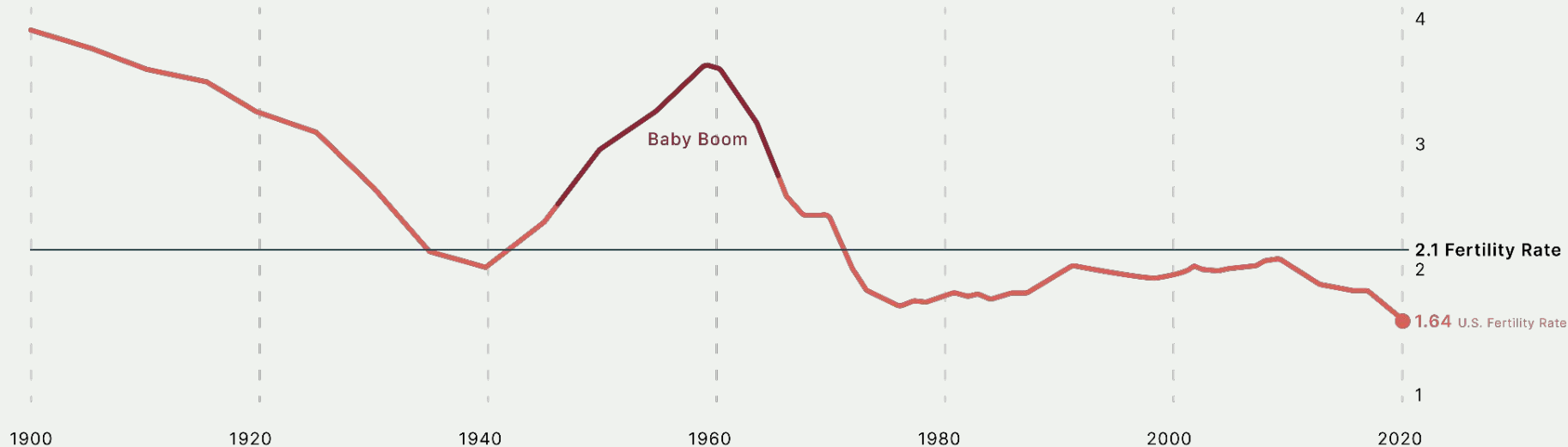
An illustration of a cliffside with a red bridge on the left. The cliff face is dark green and textured. The top of the cliff is a flat, light green surface. Numerous stylized human figures in various colors (red, white, green, blue) are scattered across the top surface, each with a dark shadow cast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

# 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

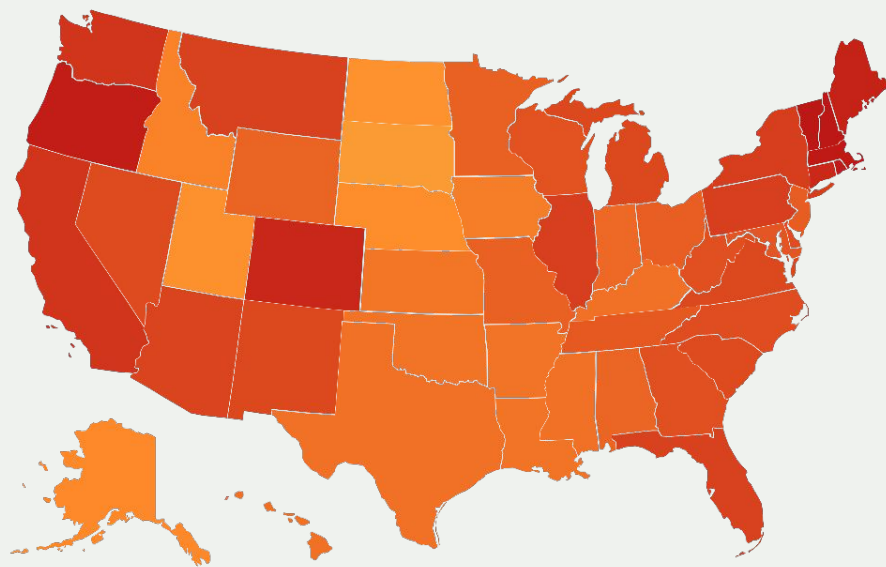
We can't employ what we don't have



## 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

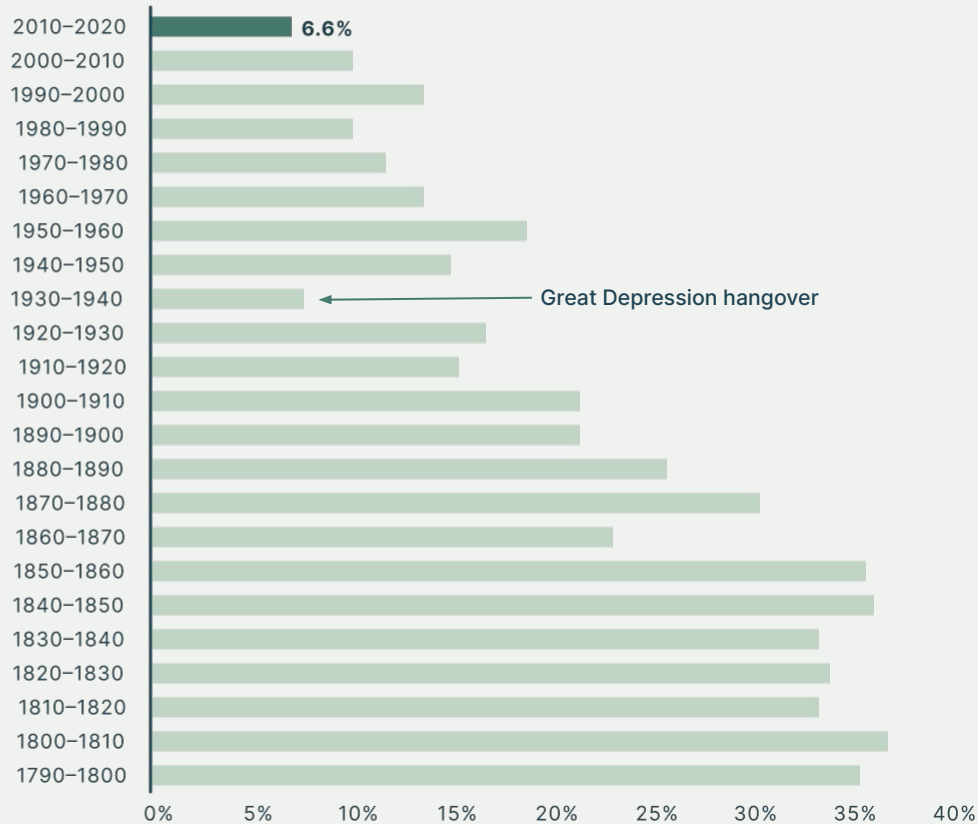
1.4

1.95

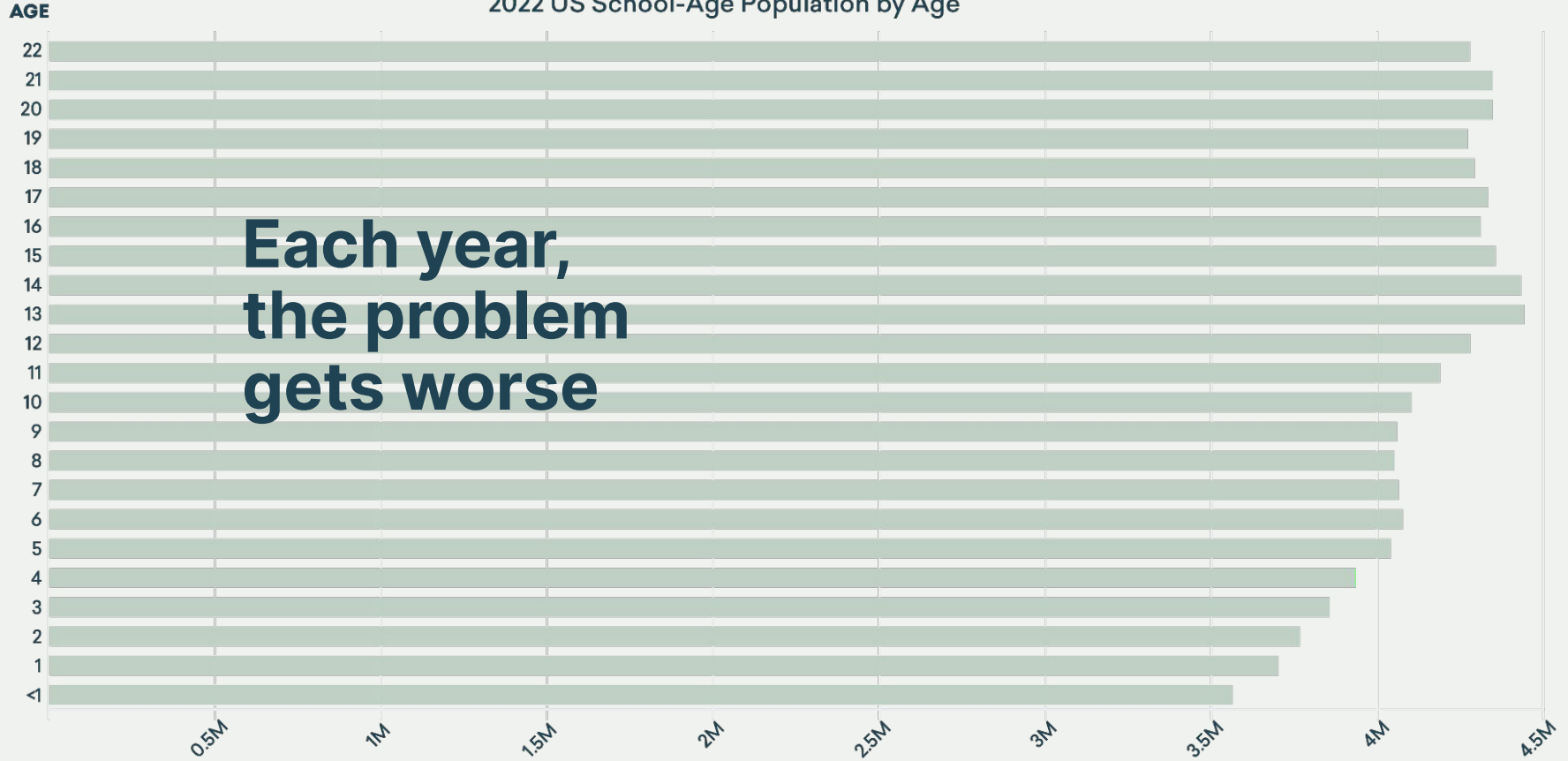
2.5

# US population growth by decade

1790 to 2020 (estimated) censuses



## 2022 US School-Age Population by Age

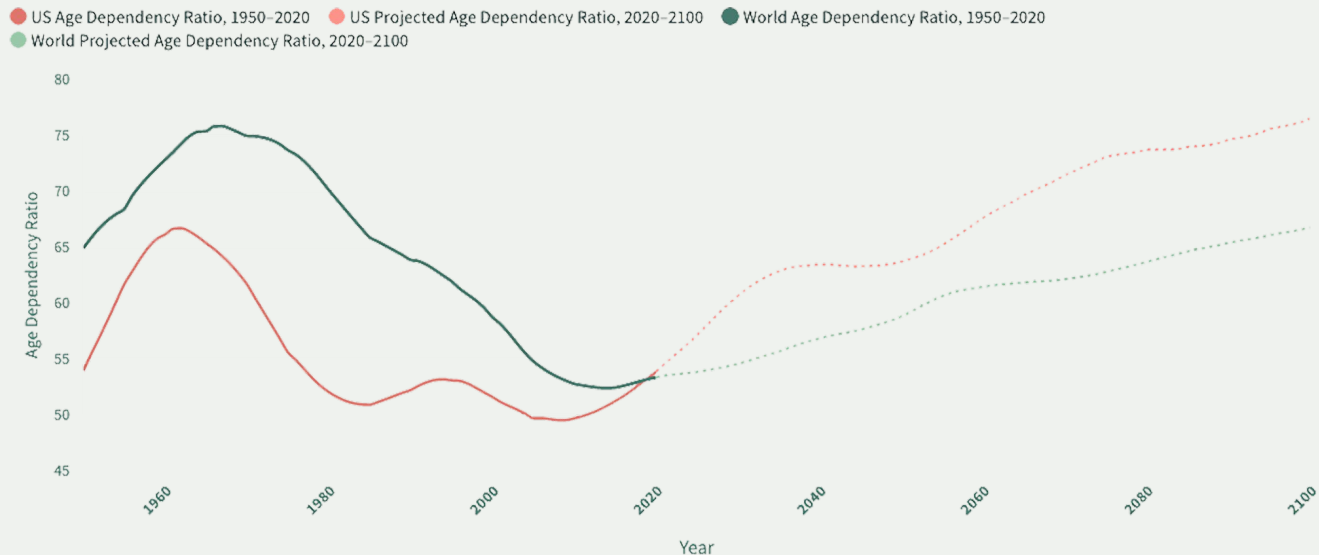




# Age Dependency Ratio, 1950-2100

The age-dependent share of the population (children and retirees) is rising in relation to the working-age (16-64) population.

**More people will be dependent on fewer workers to provide goods and services.**

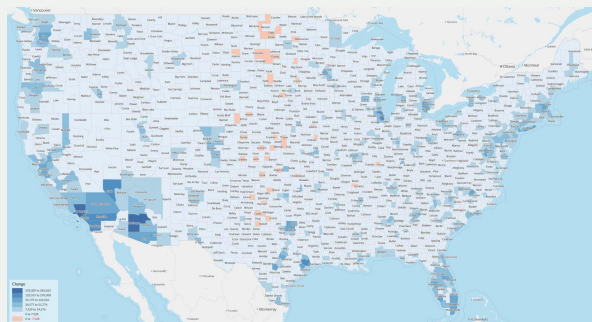


“By 2034, older adults will outnumber children for the first time in U.S. history.”

**Demographic Drought:** Bridging the gap in our Labor Force

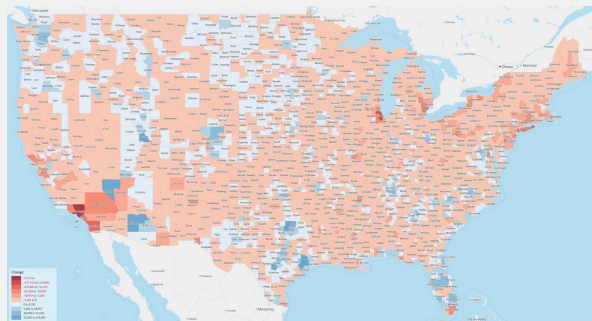


# From 2011 to 2021, the vast majority of the US saw their working age population shrink



## Change in Over-65 Population, 2011-2021

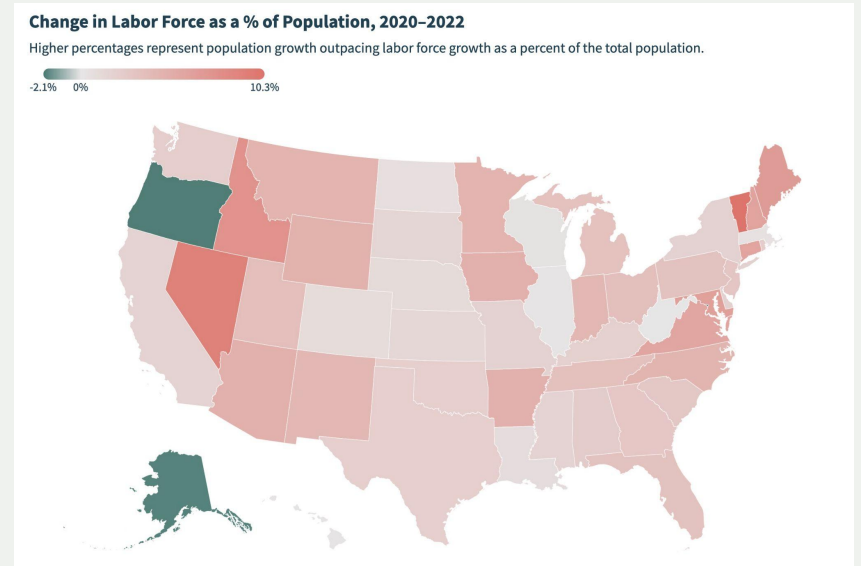
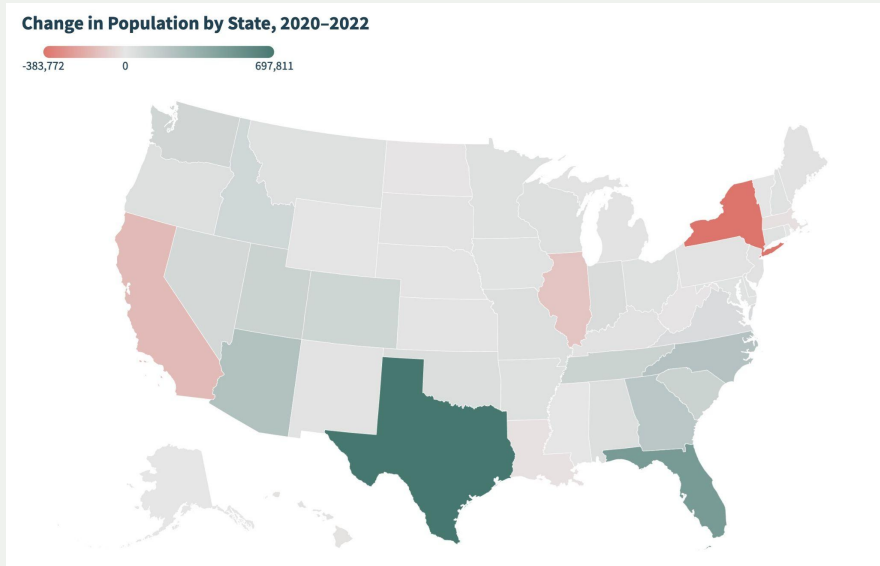
The US over-65 population has grown by 16.1M people in the last decade.



## Change in Under-25 Population, 2011-2021

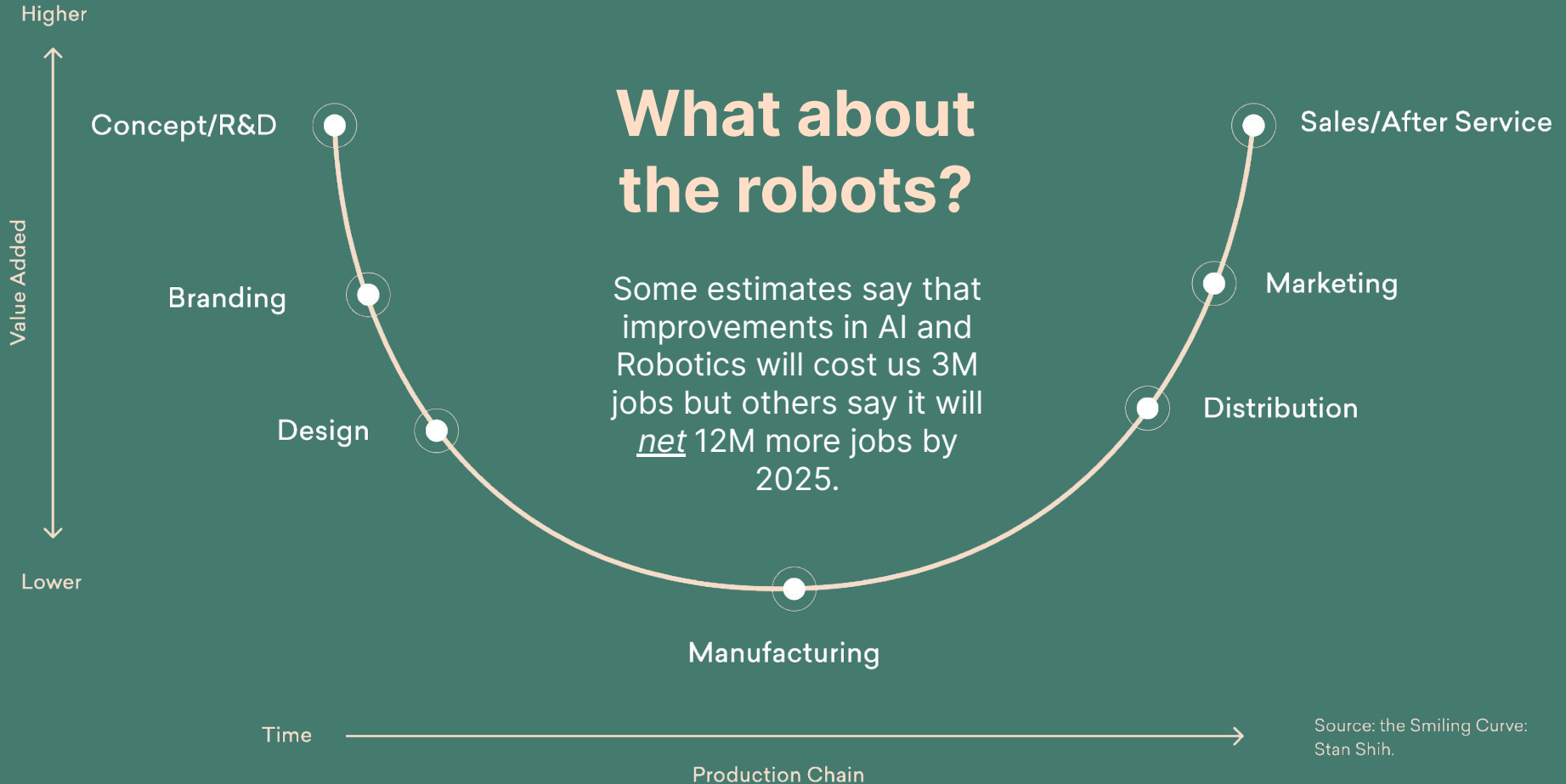
The US under-25 population has declined by 2M people in the last decade.

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



# Solutions for dealing with a declining labor force





Source: the Smiling Curve: Stan Shih.

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

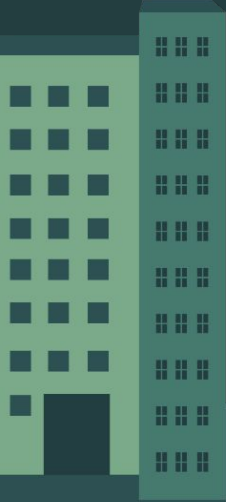
According to Emsi Burning Glass data, we have **100,000** customer service job openings in the U.S. right now

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

There are **100M** people out of the labor force,  
over **50M** who are not retired



# What is your message?

## Be transparent about the job and benefits

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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

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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

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



# What can you do?



Workforce planning  
and recruitment need  
**Executive** involvement



Shorten your hiring  
process as much as  
possible



Onboard, train  
and enculturate  
quickly

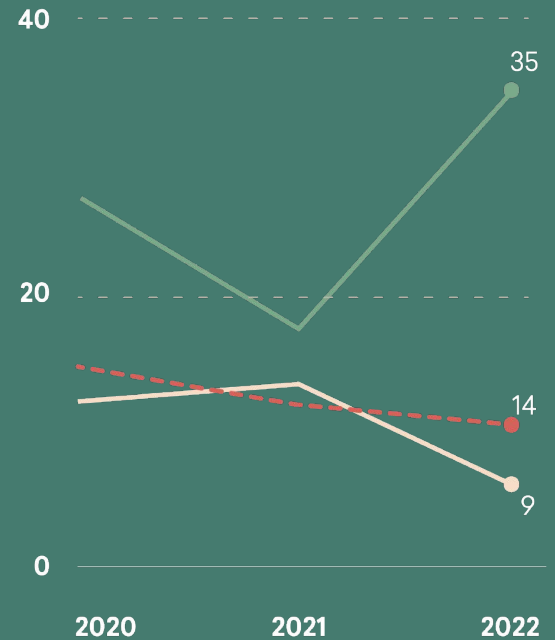


Provide or assist in  
childcare costs\*

\* Increasingly, data shows that this is not a primary driver for staying out of the labor force but around 5M people do say they are caring for a child

# 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

## 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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