

THE **DEMOGRAPHIC DROUGHT**

• Emsi | burning
glass

Bridging the Gap in our Labor Force



CONTENTS

- 1.The pre-Covid situation**
- 2.The current state conundrum**
- 3.Where are we heading?**
- 4.What is going on in Idaho?**
- 5.What can you do?**

Pre-Covid

Boomers exiting out of the labor force causing
major waves



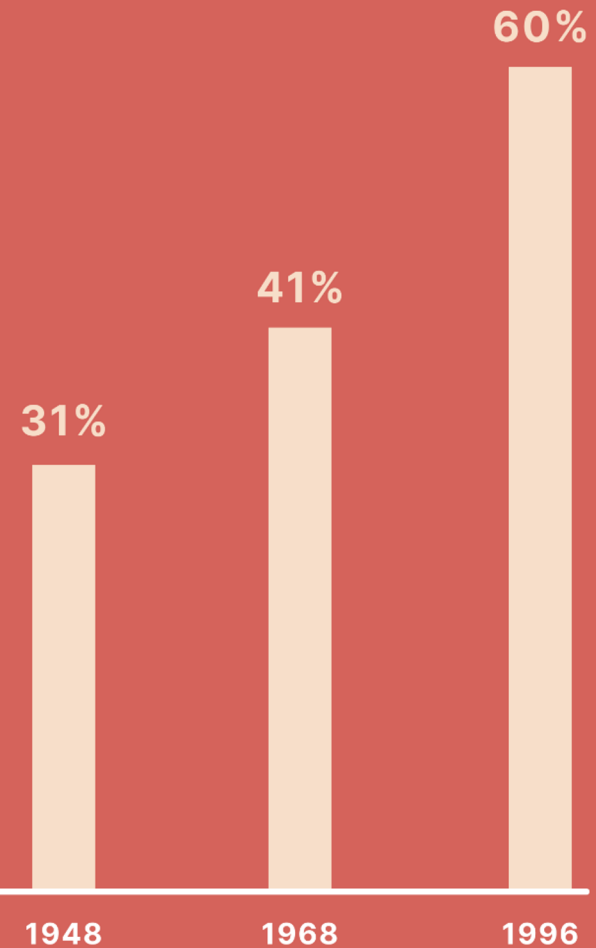
The U.S. Pre-Covid

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.

Labor Force Participation for Women (20+)

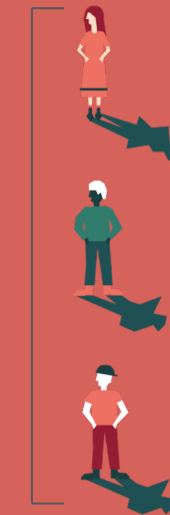


The U.S. Pre-Covid

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

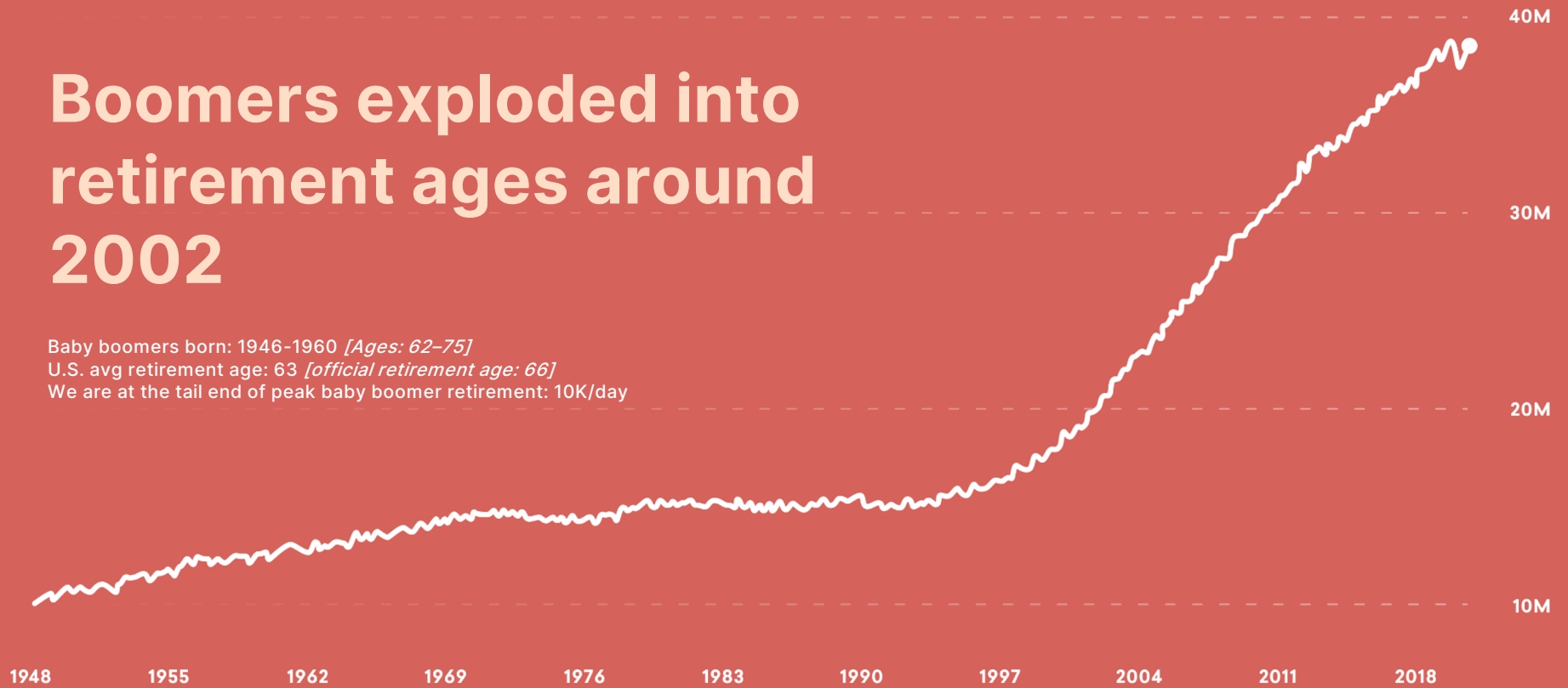
The U.S. Pre-Covid

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]

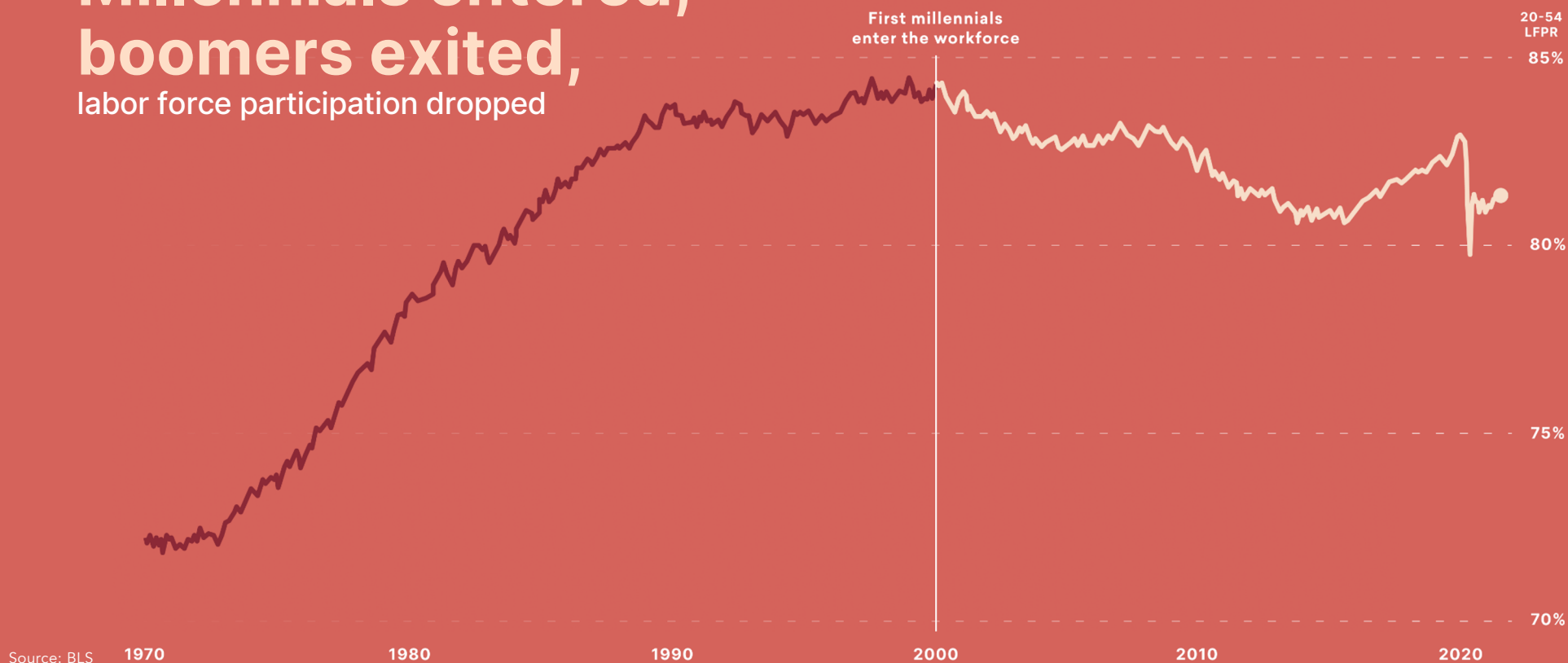
We are at the tail end of peak baby boomer retirement: 10K/day



Source: BLS

The U.S. Pre-Covid

**Millennials entered,
boomers exited,**
labor force participation dropped



Current labor crisis

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



Current Labor Crisis

Issue 1: Labor force participation needs to improve



Source: BLS,
CPS

Current Labor Crisis

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

43% Job Openings Increase



3x

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

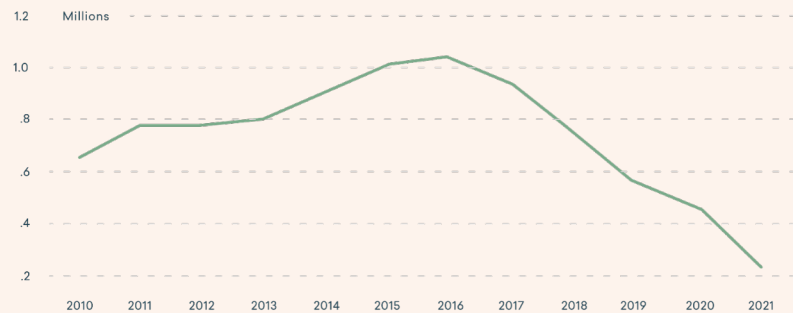


Current Labor Crisis

Immigration sank to record lows in 2021

Net International Migration

July 1, 2010- June 30, 2021



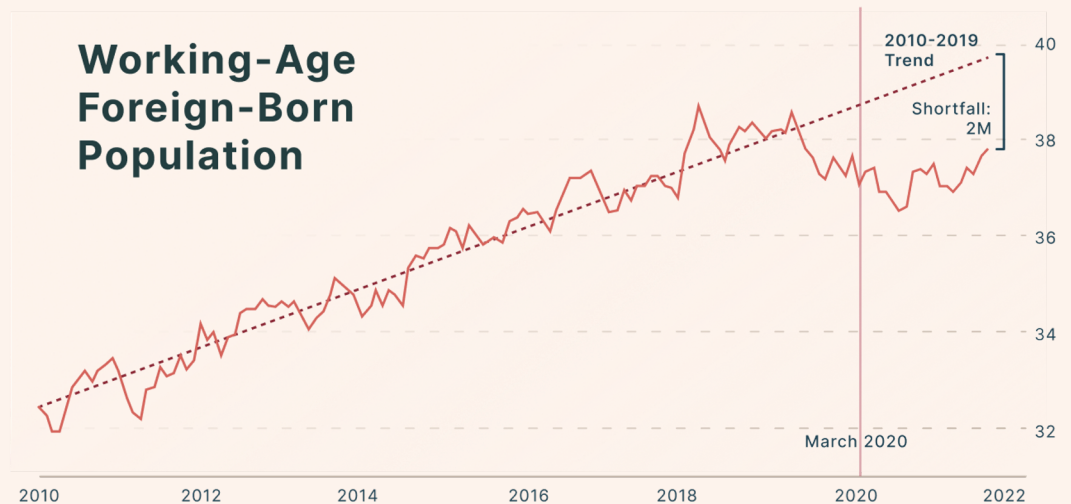
Sources: U.S. Census Bureau, Vintage 2021 Population Estimates.
Immigrant visas issued / New arrivals of legal permanent residents from abroad



We are missing 2 million immigrants

Immigrants in the Civilian Labor Force 2010-2022

Working-Age Foreign-Born Population



Current Labor Crisis

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

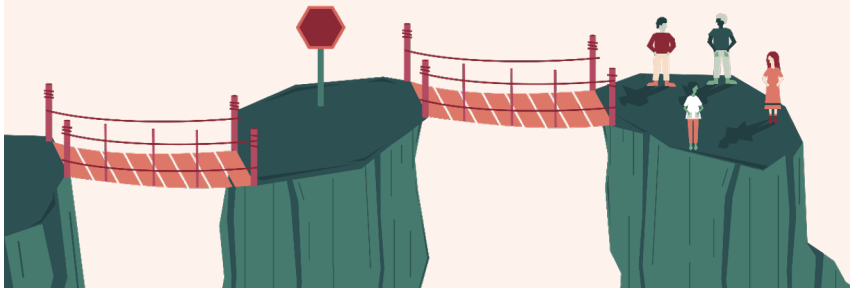
Current Labor Crisis

For immigration, a few more things to consider.

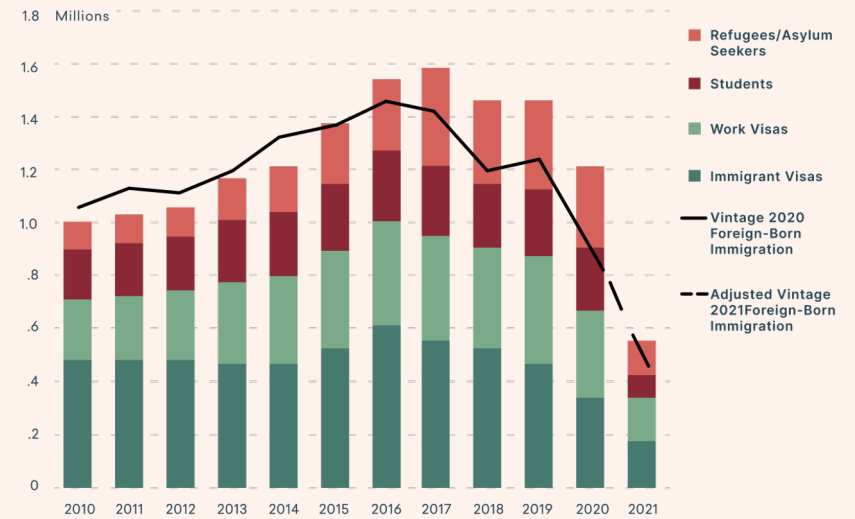
~ 4 million people are on the **waiting list** to be processed for entry.

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%.



Foreign-Born Immigration 2012-2021*



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

**Will we see domestic
people returning to work?**



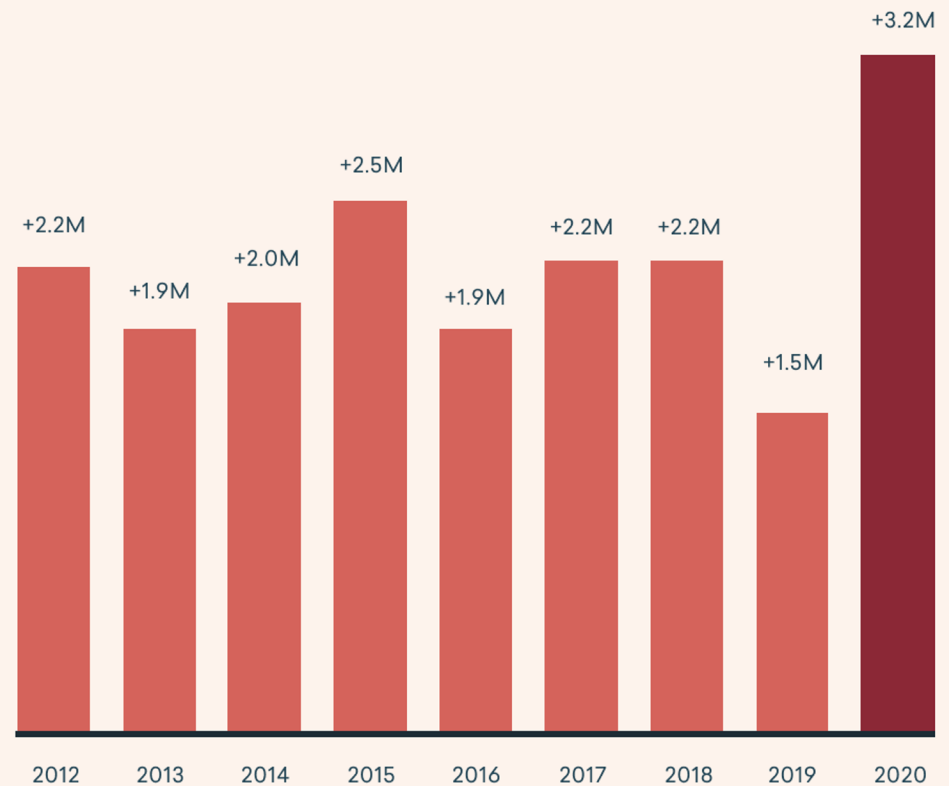
Current Labor Crisis

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



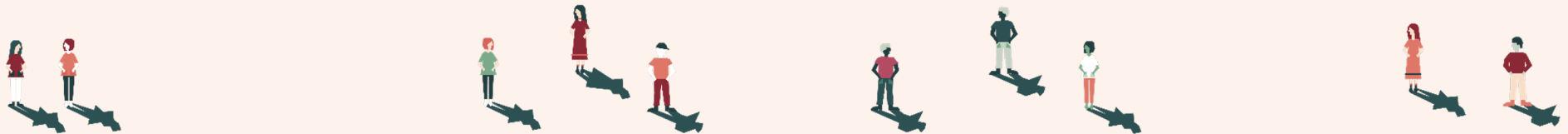
Source: Pew Research Center analysis of July, August and September, Current Population Survey monthly files (IPUMS)

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

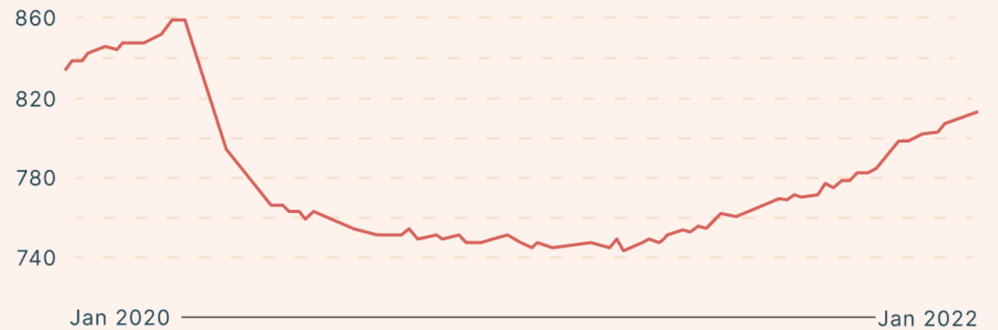
** Represents over 8M people. You can be counted in more than one category*



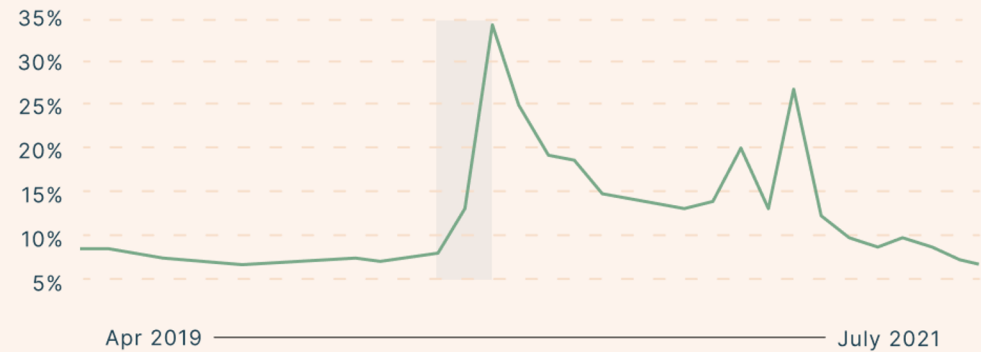
Current Labor Crisis

But both are heading back to normal levels

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



— Personal Saving Rate



Current Labor Crisis

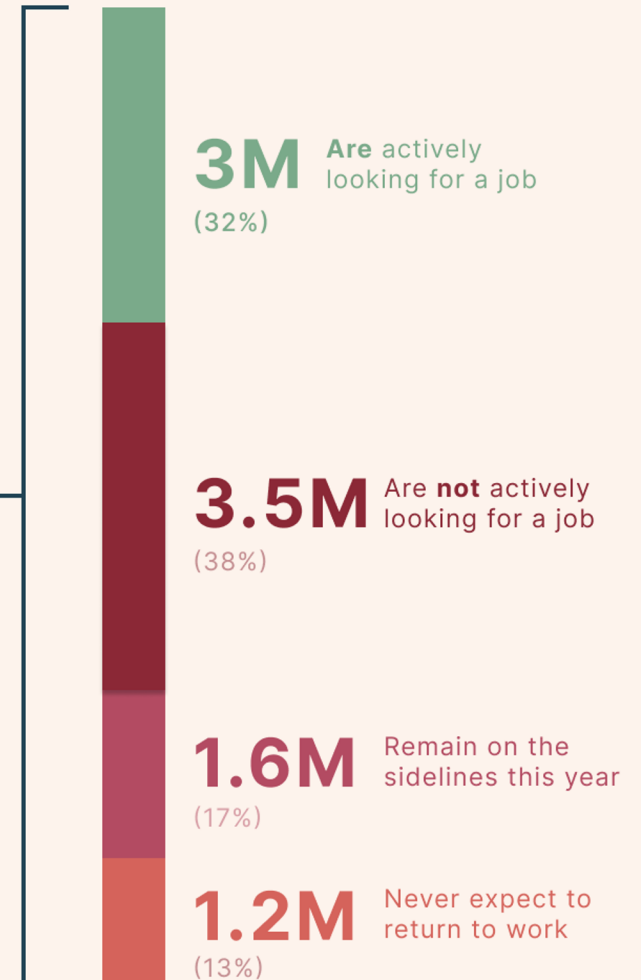
25M Americans lost their jobs during the pandemic

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



Source: US Chamber of Commerce May survey
<https://www.uschamber.com/report/poll-the-covid-19-unemployed>

Current Labor Crisis

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

Even with a full recovery of our labor force participation rate, we won't even get 3M.

We would need at least 2M additional immigrants to fill the gap or 10X more than we had each of the last 2 years.



The future labor crisis

You can't employ what you don't
have



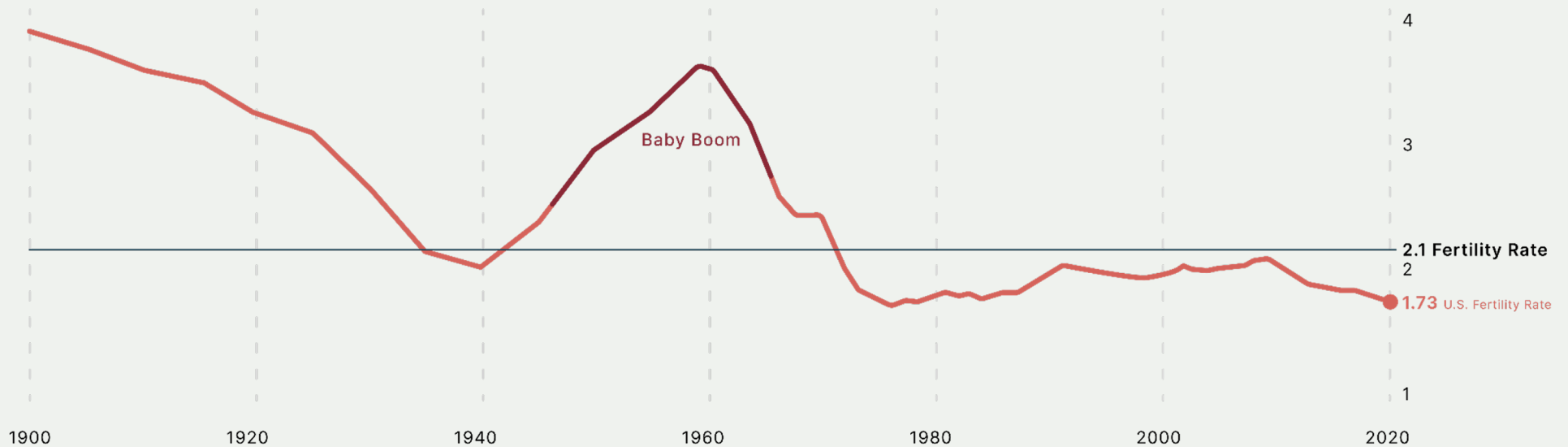
An illustration of a dark green cliff edge with a red bridge on the left. Numerous stylized human figures in various colors are standing on the cliff, casting long shadows. The background is a dark, solid color.

Workers can only come from two sources:

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

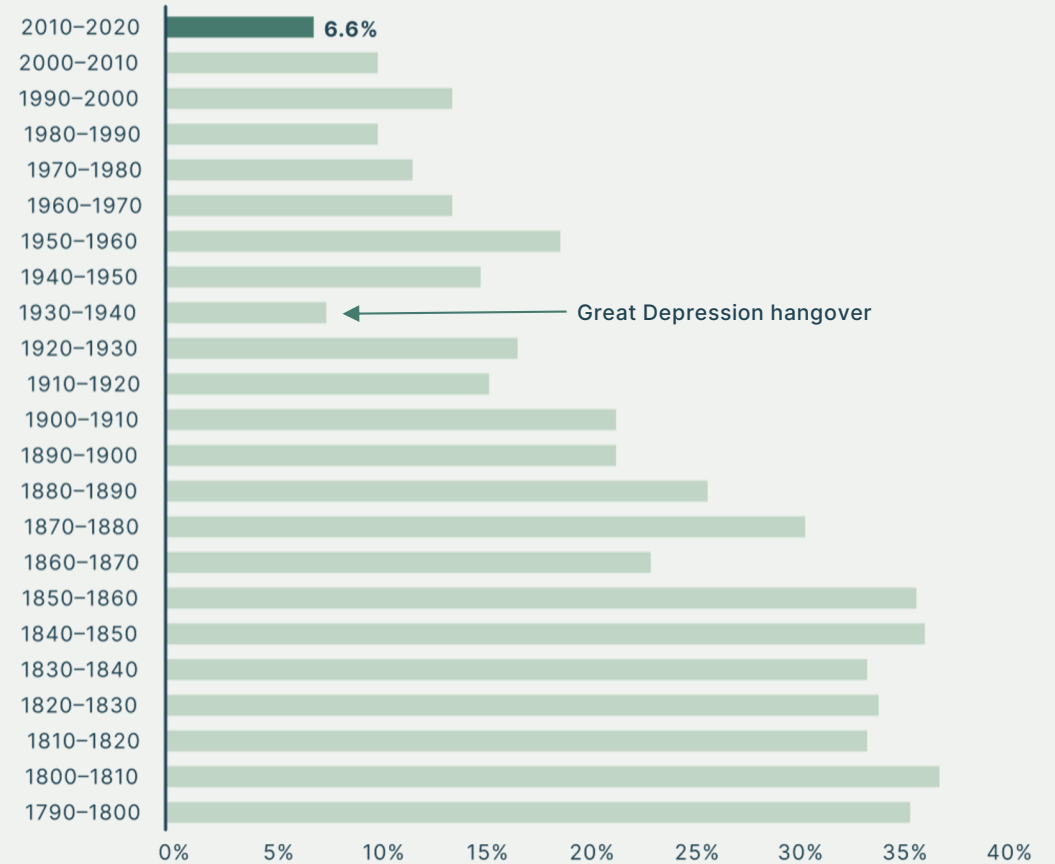
We're living below the 2.1 replacement birth rate

We can't employ people we don't have.



US population growth by decade

1790 to 2020 (estimated) censuses

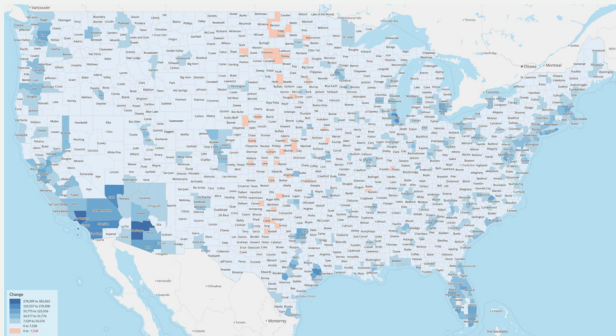


“By 2034, older adults will outnumber children for the first time in U.S. history.”

Demographic Drought: Bridging the gap in our Labor Force

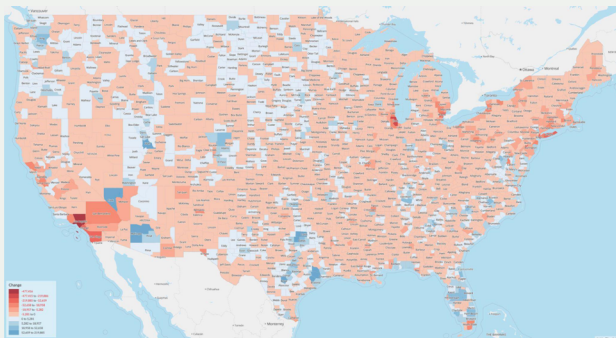


From 2011 to 2021, the vast majority of the US saw their working age population shrink



Change in Over-65 Population, 2011-2021

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



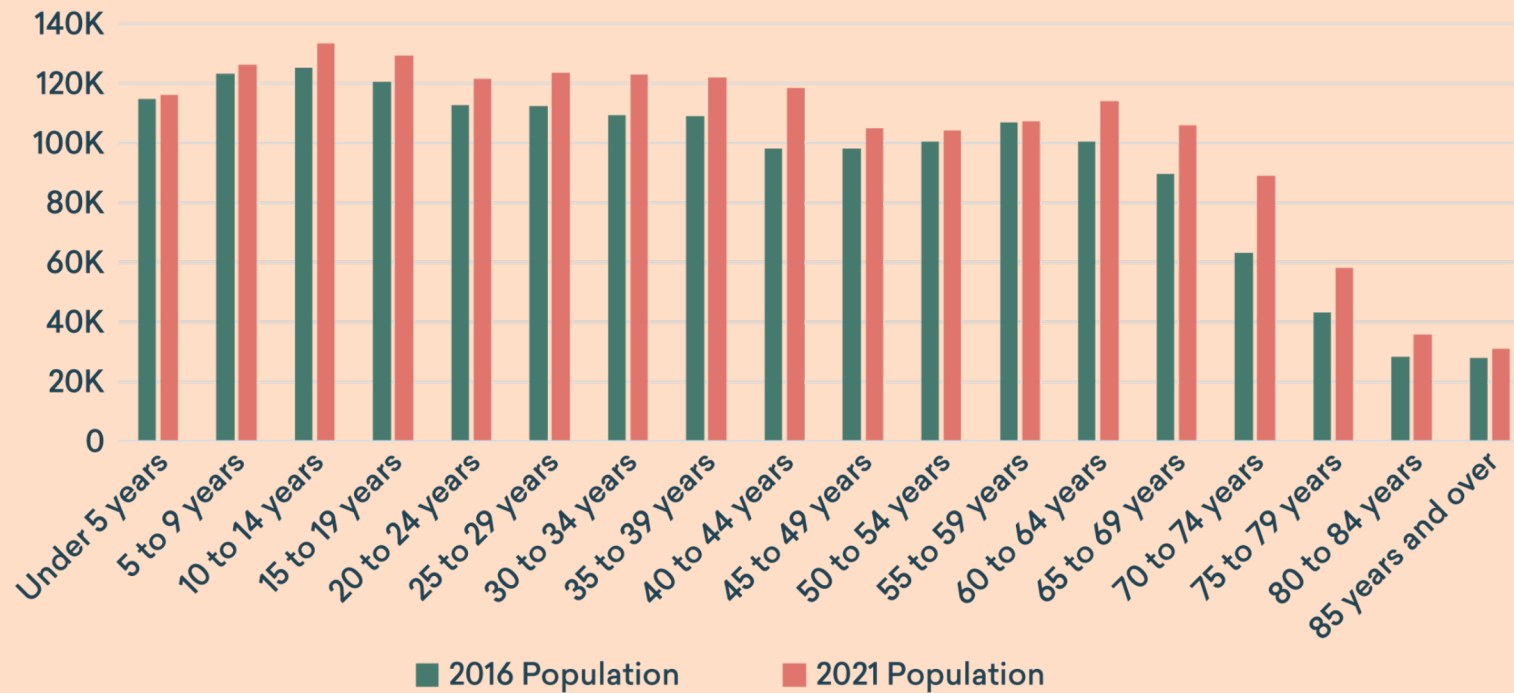
Change in Under-25 Population, 2011-2021

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

Challenges and opportunities for Idaho

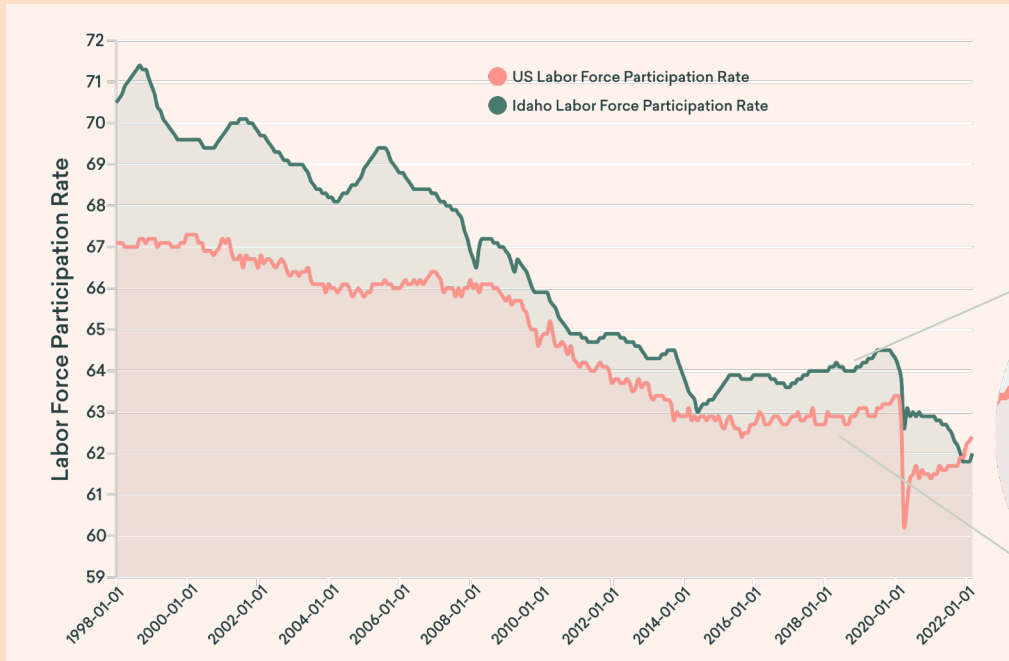


Growth of Idaho's over-60 population has outpaced growth of the under-20 population.



Source: Emsi Burning Glass Population Demographics

Idaho's labor force participation rate fell to a new record low in early 2022.



Historically, Idaho has outperformed the rest of the nation in labor force participation.

But Idaho's LFPR is not recovering, and it dipped **below the US LFPR** for the first time in history.

Immigrants fill a high % of Idaho's jobs across multiple industries

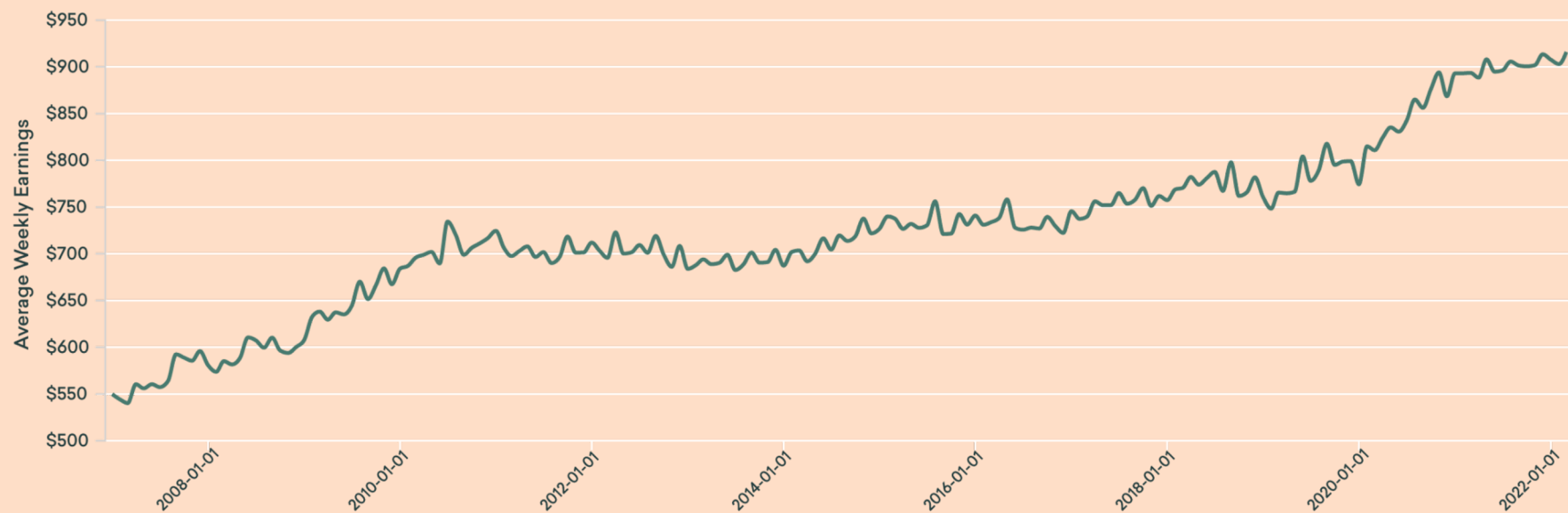
| Industry | Immigrant Share (% of all industry workers) |
|--|--|
| Agriculture, Forestry, Fishing, and Hunting | 29% |
| Manufacturing | 12% |
| Health Care and Social Assistance | 10% |
| Accommodation and Food Services | 10% |
| Retail Trade | 9% |

| Occupation | Immigrant Share (% of all industry workers in occ.) |
|--|--|
| Farming, Fishing & Forestry | 46% |
| Building and Grounds Cleaning & Maintenance | 17% |
| Production | 14% |
| Healthcare Support | 13% |
| Architecture & Engineering | 13% |

Source: American Immigration Council analysis of U.S. Census Bureau's 2018 American Community Survey 1-year PUMS data.

Employers are raising wages to retain and attract

Average Weekly Earnings of All Employees: Total Private in Idaho



Source: U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis

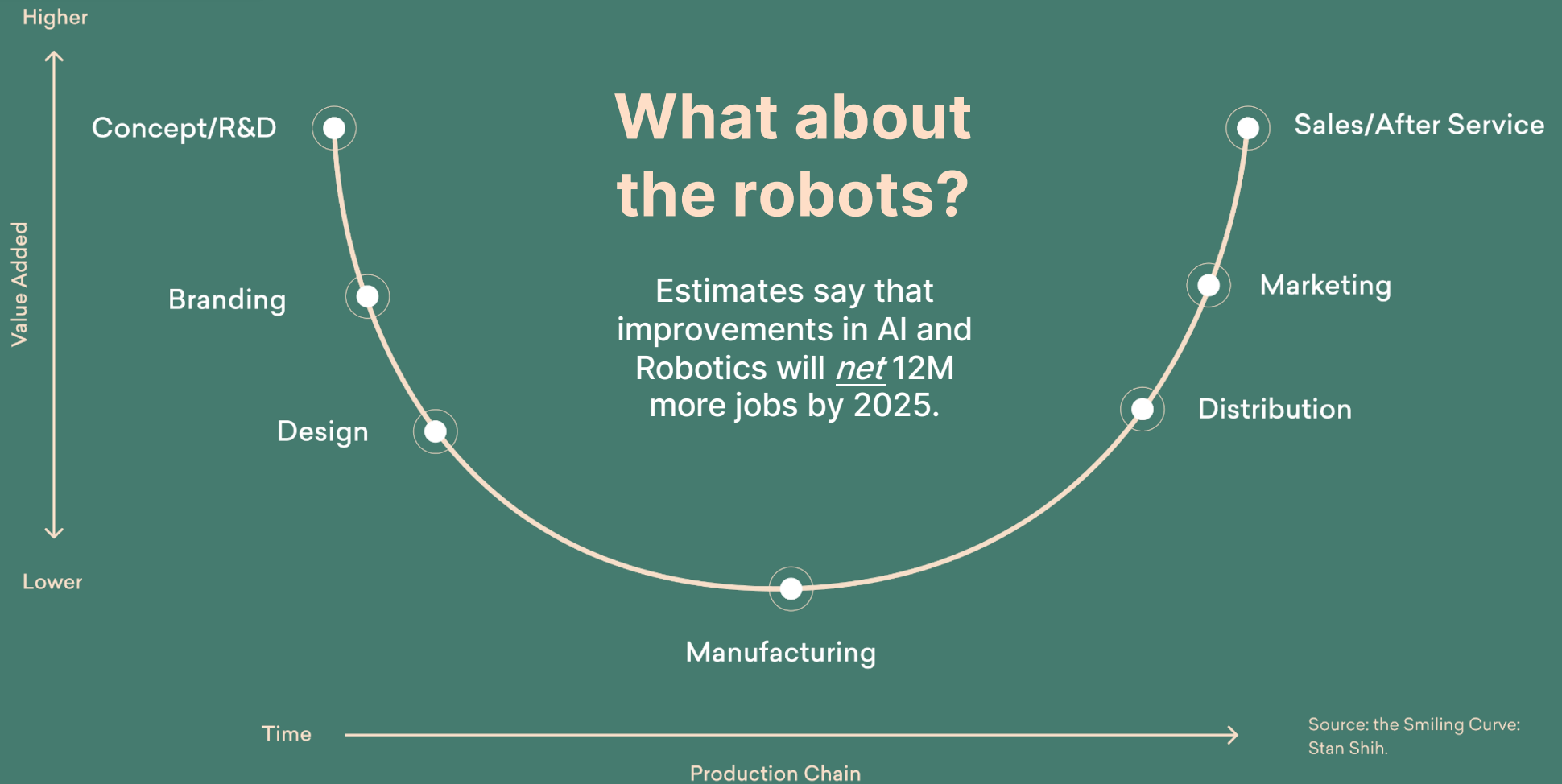
Solutions for dealing with a declining labor force



Moving Forward

What about the robots?

Estimates say that improvements in AI and Robotics will net 12M more jobs by 2025.



Source: the Smiling Curve:
Stan Shih.

Moving Forward

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

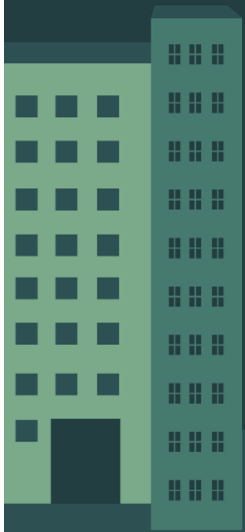
According to Emsi Burning Glass data, we have **100,000** customer service job openings in the U.S. right now

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



Short-term strategies



Raise
wages



Offer non-wage
incentives



Go to where the
potential workers are



Keep your people,
stage your rewards



Onboard and
upskill quickly

Long-term strategies



Make workforce planning an executive level conversation



Identify your best workers quickly and create career paths for them



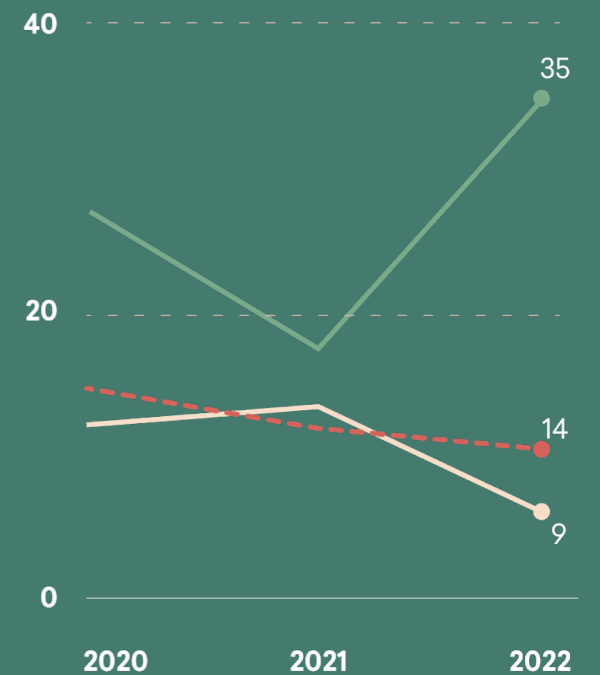
Make the workplace more efficient—combining jobs or removing of wasteful steps



Build partnerships with prisons, colleges, high schools, trade schools

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

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*

Examples of hidden workers



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

A bird in the hand...

Reskill, upskill, and align your current residents and workers

Develop your existing talent.

Provide the skills needed to close the talent gap in vital regional industries.

CHECK OUT:
"Build, Don't Buy"

Prioritize resilient skills.

Build a combination of human & technical skills that allow people and communities to thrive in good times and bad.

CHECK OUT:
"Resilient Skills"

Know your community.

Learning what your community already has is going to be best assessed via skills.

CHECK OUT:
SkillFit

Align & downcredential.

Align job descriptions to the skills of the talent pool. Keep degrees & experience requirements realistic.

CHECK OUT:
"2022 Talent Playbook"

Focus on region-specific strategies

Your region's population is unique. Use that data to inform your strategies.

Population age: Is there a large number of college students? A high % of retirees?

Regional diversity: What challenges and opportunities affect specific groups? Are some groups underrepresented in the local economy?

Skills gaps: Do the needs of area businesses match the skills of the area's workforce?

Migration patterns: Is your area attracting new talent, or losing people to other regions?

Education: How much of the workforce has a degree or training that's relevant to the current job market?

Know your people

Not every group wants the same benefits from a job.



Gen Z (51%) values **workplace diversity** more than any other age group.



Millennials (53%) want a clear **career path** to advancement.



Gen X (44%) wants the option to **work remotely**.



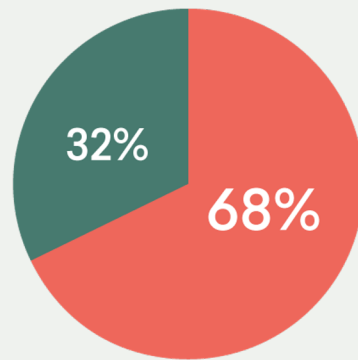
Boomers care most about **salary (70%)** and **work/life balance (73%)**.

Workers' priorities are shifting

Salary still matters. But most workers now say that other incentives matter more.

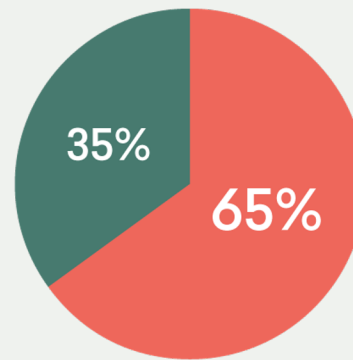
Employees*
would choose
these benefits
over a 10%
pay increase:

Better/more flexible hours



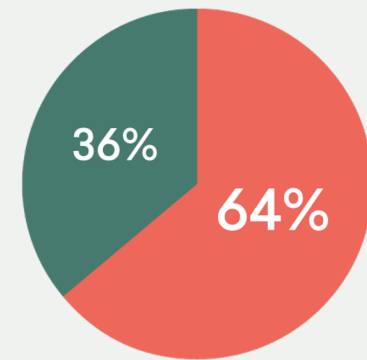
■ Pay increase
■ Better/more flexible hours

Work-life balance



■ Pay increase
■ Work-life balance

Less Stress



■ Pay increase
■ Less stressful work environment

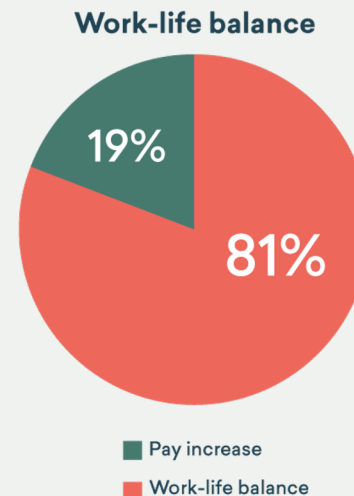
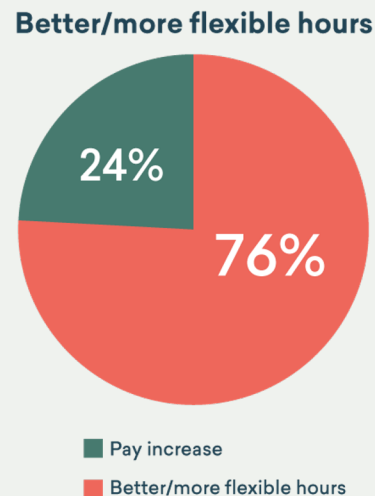
*Respondents are full-time employed adults in the U.S.

Source: Emsi Burning Glass analysis of "U.S. Employee Perspectives on Mental Wellbeing in the Workplace," Lincoln Financial and CivicScience, 2021

Parents place an even higher priority on non-wage benefits

Attracting hidden workers like caregivers means understanding what they value most.

Parents would choose these benefits over higher pay:



Why it matters

Non-parents have already returned to pre-pandemic labor force participation.

Parents with young children (0–5) have not:

- Men's LFPR is down 5%
- Women's LFPR is down 8%

The times they are a-changin'

Think in terms of a post-Covid economy.

Recovery must address the sansdemic.

Identify emerging industries and necessary skills.

CHECK OUT:
"After the Storm"

Harness new trends.

Remote work, part-time roles, and entrepreneurship are on the rise. How can you adapt to these shifts in the labor market?

Know the limits of technology.

Automation and AI tend to shift jobs into new sectors. Robots may help, but they can't solve the labor shortage.

CHECK OUT:
"Robot Ready"

Retain, retain, retain!

People are harder than ever to replace. Give them a reason to stick around.

Ensure that your people feel:

Valued

Pay competitive salaries and offer incentives that reward longevity.

Connected

Provide opportunities for social connection and support. Remember that people have lives outside of work.

Appreciated

Listen to input, communicate well, and reward success.

Motivated

Set attainable goals and performance incentives. Map out paths to career advancement.



Nathan Foss



nathan.foss@emsibg.com



<https://www.linkedin.com/in/nathan-foss-2a739a11a/>