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1. The pre-Covid situation

2. The current state conundrum

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Pre-Covid

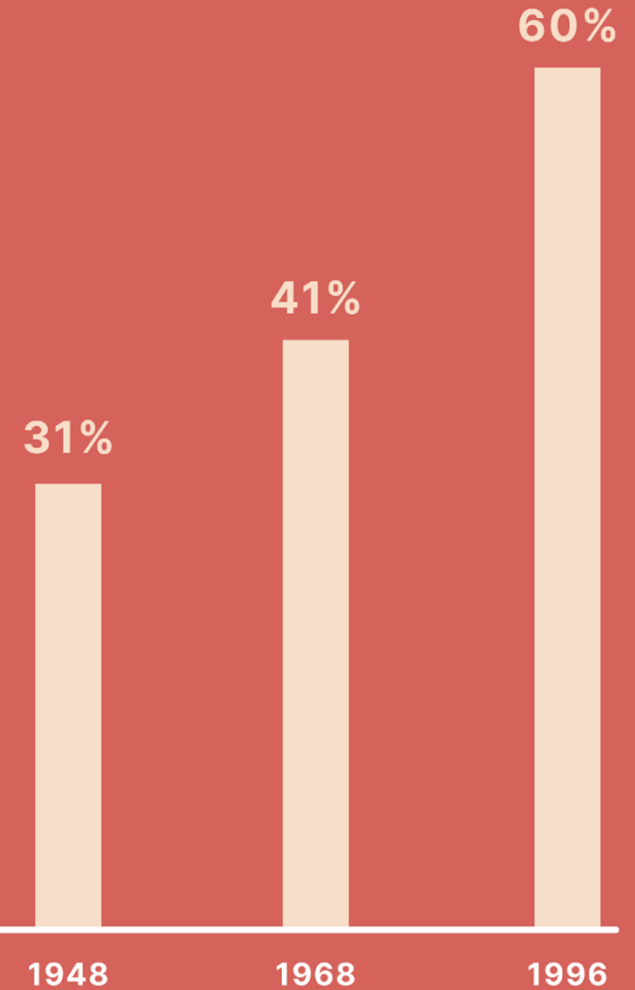Boomers exiting out of the labor force causing
major waves

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.

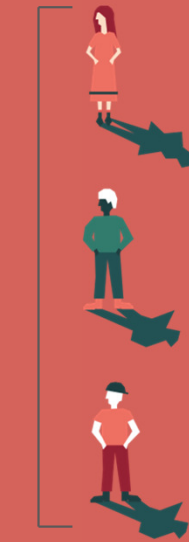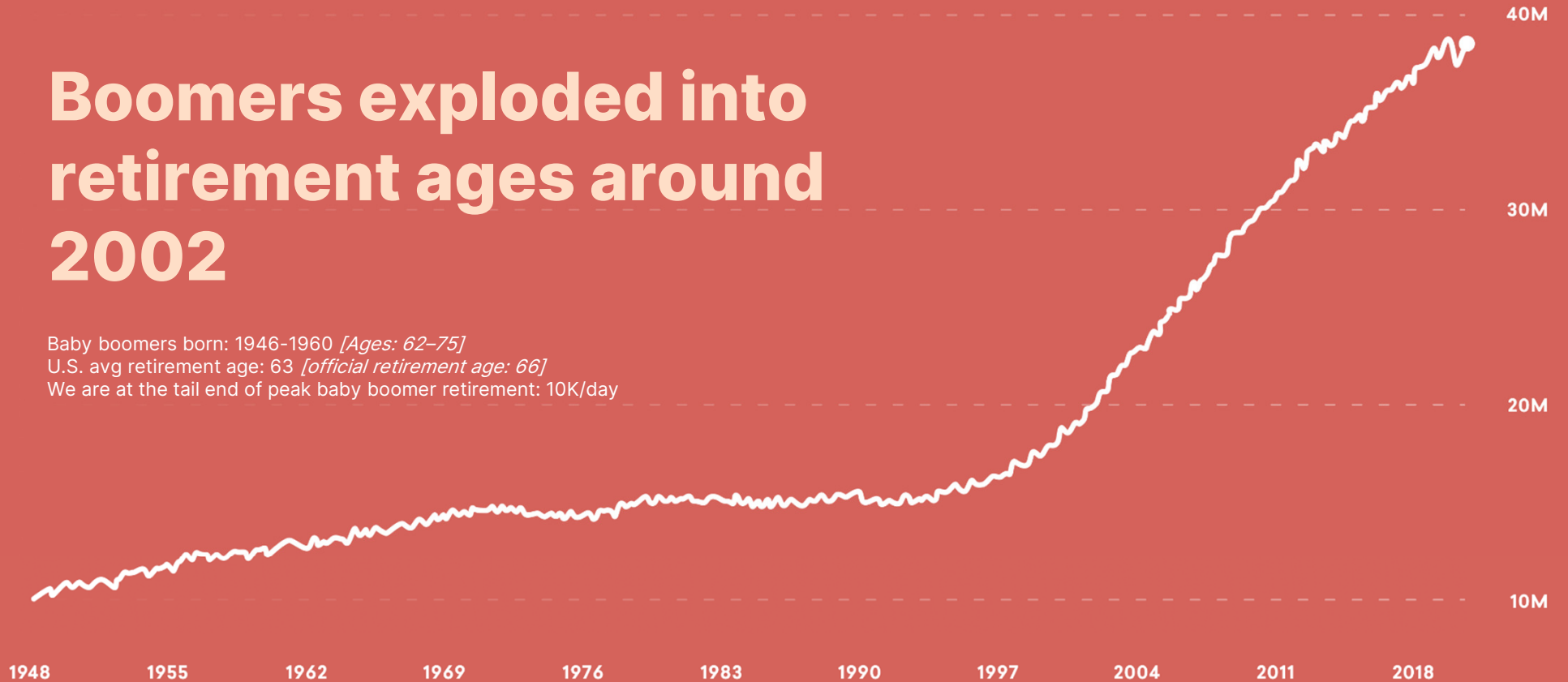Labor Force Participation for Women (20+)

31%

41%

60%

1948

1968

1996

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

40M
30M
20M
10M

1948 1955 1962 1969 1976 1983 1990 1997 2004 2011 2018

Source: BLS

Millennials entered, boomers exited,
labor force participation dropped

First millennials enter the workforce

20-54 LFPR

85%

80%

75%

70%

1970   1980   1990   2000   2010   2020

Source: BLS
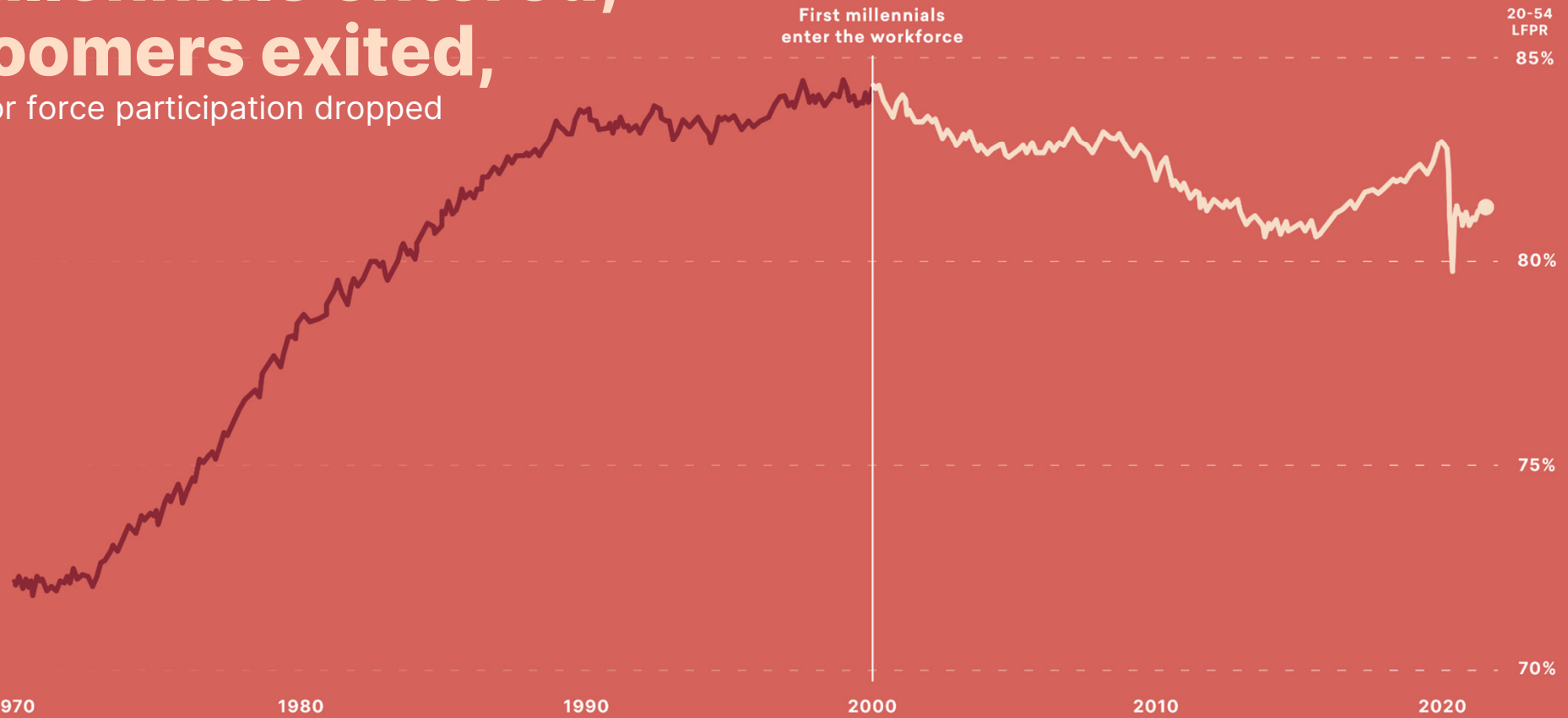
In 2016,

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.

Boomers

70M

60M

Gen Xers

50M

40M

Millennials

30M

Silent/Greatest

20M

10M

Gen Z

0M

1994 1997 2000 2005 2008 2010 2015 2017
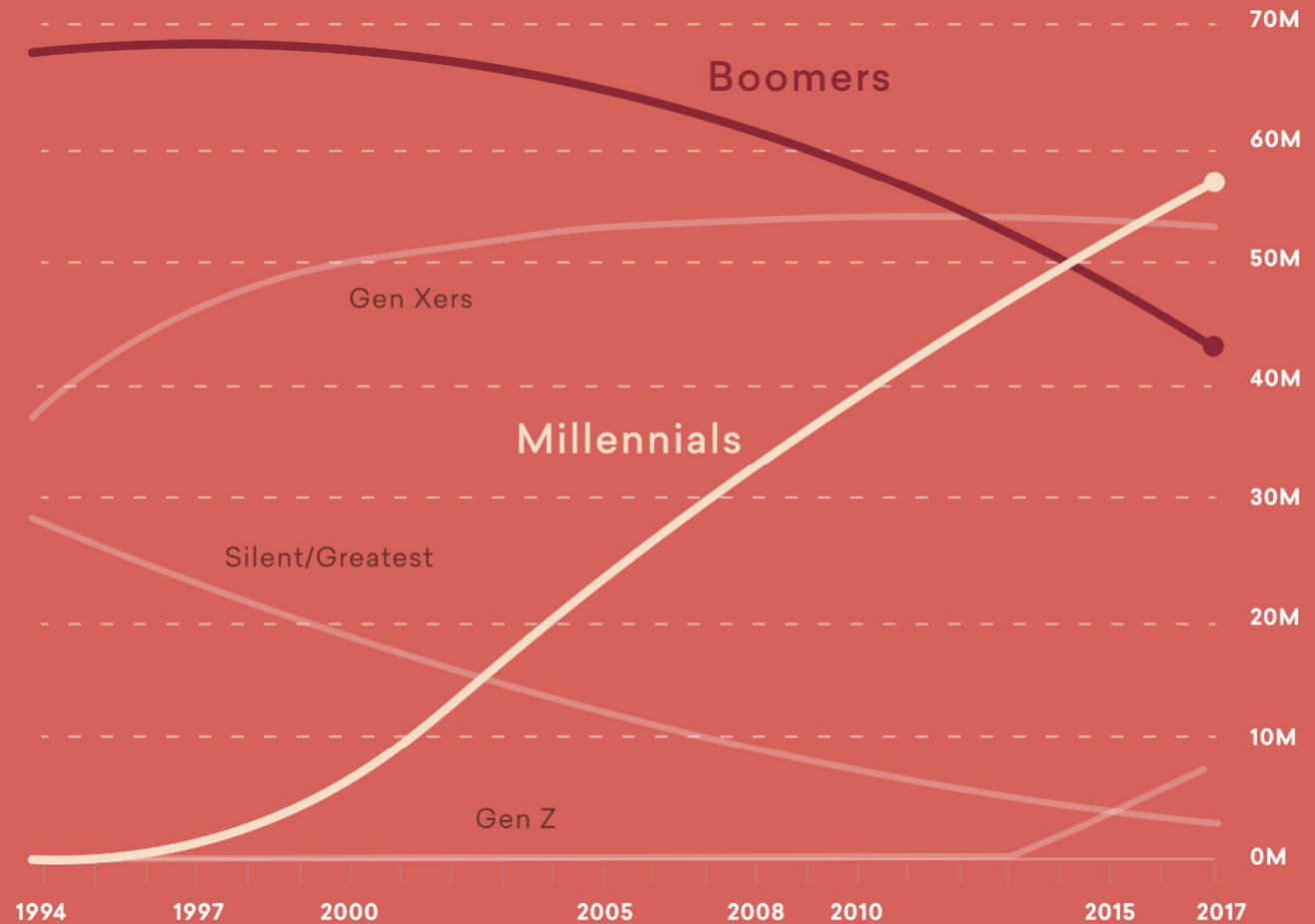
Source: Pew Research Center analysis of monthly 1994-2017 Current Population Survey.

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

Source: BLS

Current labor crisis

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

64%

63%

Issue 1: Labor force participation needs to improve

62%

61%

60%

59%

Jan 2017   Jan 2018   Jan 2019   Jan 2020   Jan 2021   Jan 2022

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

About three million <u>workforce dropouts</u> say they don't plan to return to pre-Covid activities **- wfhresearch.com, WSJ, Apr 16, 2022**

Compared to Feb 2020*

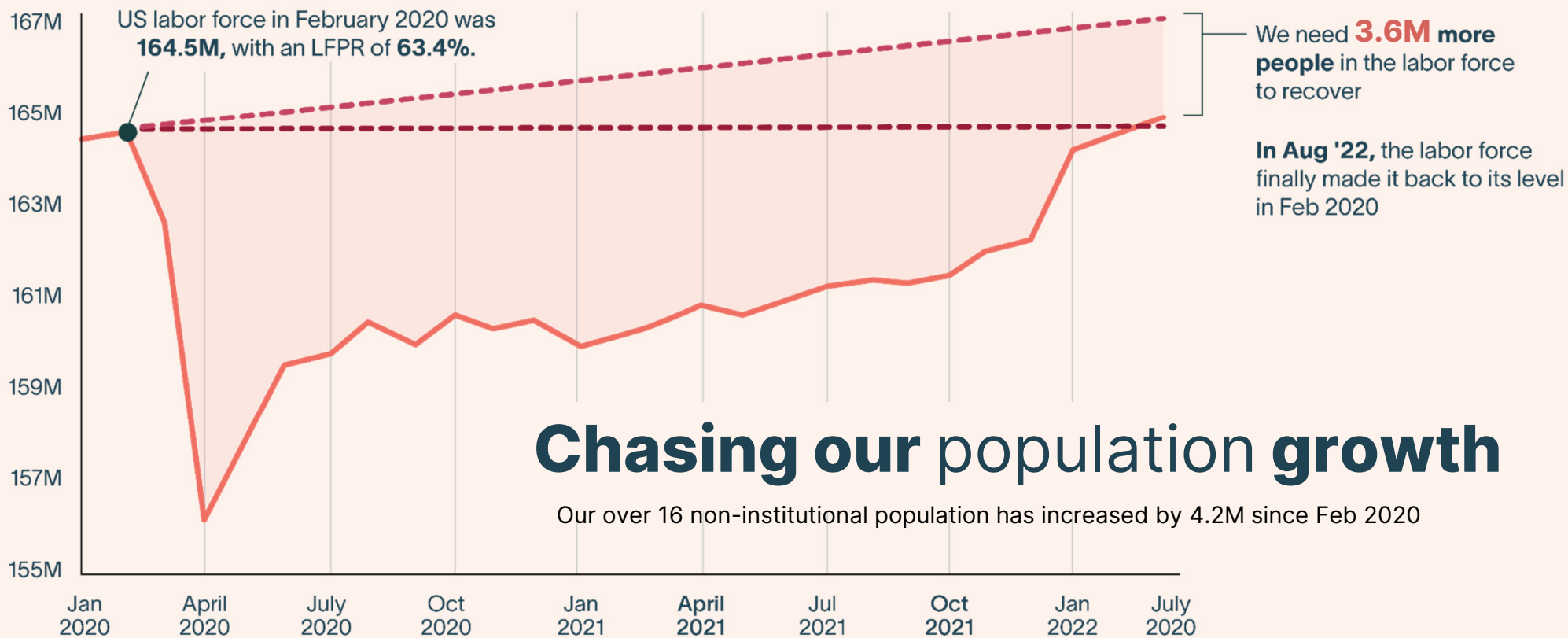| Age	Excess Unemployed	Excess Not in the Labor Force
16-24	33	382
25-54	225	671
55+	-37	3,336
Total	221	4,389

All data in k's   Source: Emsi Burning Glass analysis of US Census Current Population Survey and Bureau of Labor Statistics data

*16-24 not in labor force compared to same month 2019 due to extreme seasonality

167M

US labor force in February 2020 was
164.5M, with an LFPR of **63.4%.**

We need **3.6M more
people** in the labor force
to recover

165M

In Aug '22, the labor force
finally made it back to its level
in Feb 2020

163M

161M

159M

Chasing our population growth

157M

Our over 16 non-institutional population has increased by 4.2M since Feb 2020

155M

| Jan 2020 | April 2020 | July 2020 | Oct 2020 | Jan 2021 | **April 2021** | Jul 2021 | **Oct 2021** | Jan 2022 | July 2020 |

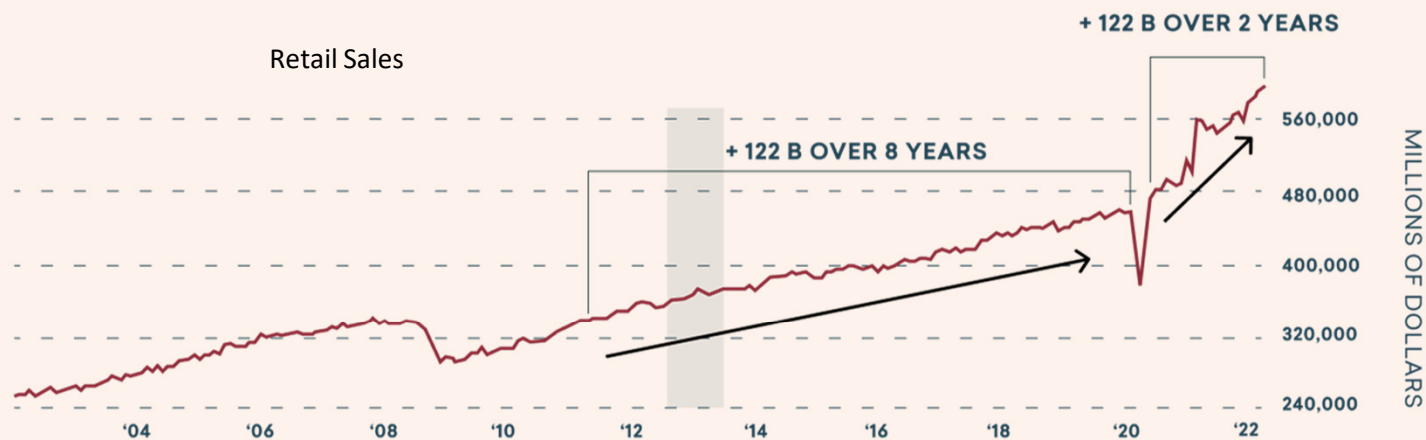# Issue 2: Companies are trying to hire based on a temporarily inflated demand curve

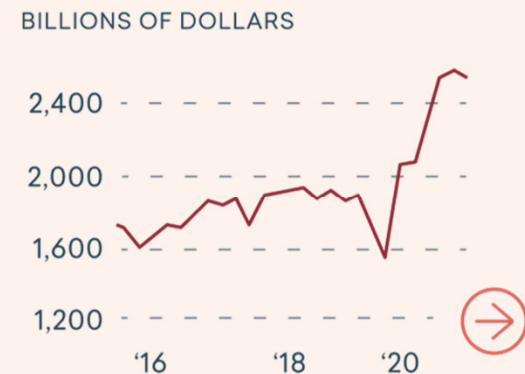# Consumers spent in 1 to 2 years what they normally spend in 4-8 years

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

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

Retail Sales

+ 122 B OVER 2 YEARS

+ 122 B OVER 8 YEARS

560,000
480,000
400,000
320,000
240,000

MILLIONS OF DOLLARS

'04 '06 '08 '10 '12 '14 '16 '18 '20 '22

BILLIONS OF DOLLARS

2,000
1,600
1,200
800

'10 '15 '20

Those monies went to corporate profits.

(record 40% gain in 2 years)

BILLIONS OF DOLLARS

2,400
2,000
1,600
1,200

'16 '18 '20

Source: Board of Governors of the Federal Reserve System, BEA

The Demand Problem

Demand for services returns but, we're still buying goods

Personal Consumption Expenditures: Services

Billions of Dollars

11,200
10,800
10,400
10,000
9,600
9,200
8,800
8,400

July 2017

Jan 2022

Personal Consumption Expenditures: Durable Goods

Billions of Dollars

2,100
1,900
1,700
1,500
1,300
1,100

July 2017

Jan 2022

Supply Chain Analysis
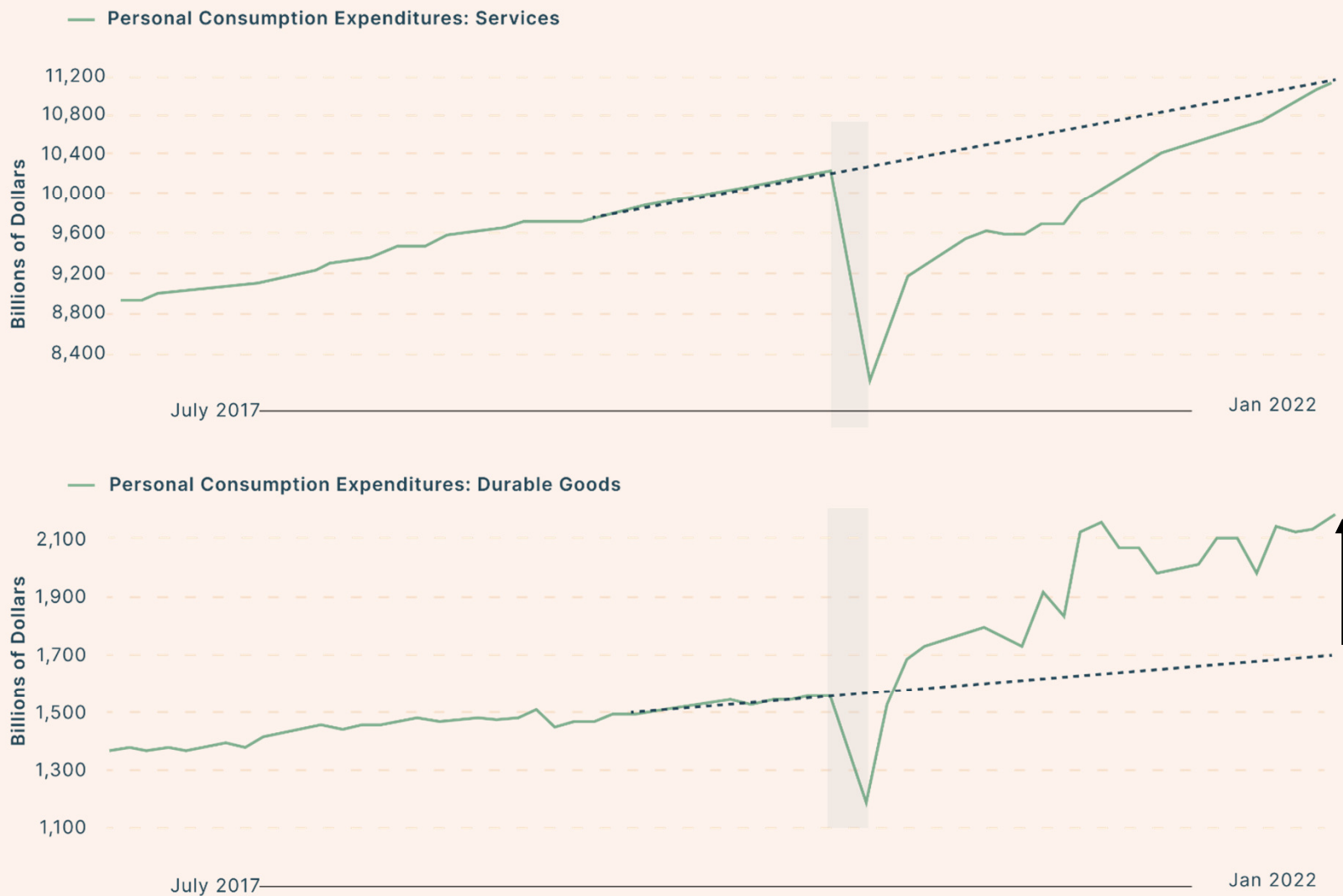
Real inventory growth for general merchandise stores

Real Private Inventories: Retail Trade: General Merchandise Stores

BILLIONS OF CHAINED 2012 DOLLARS
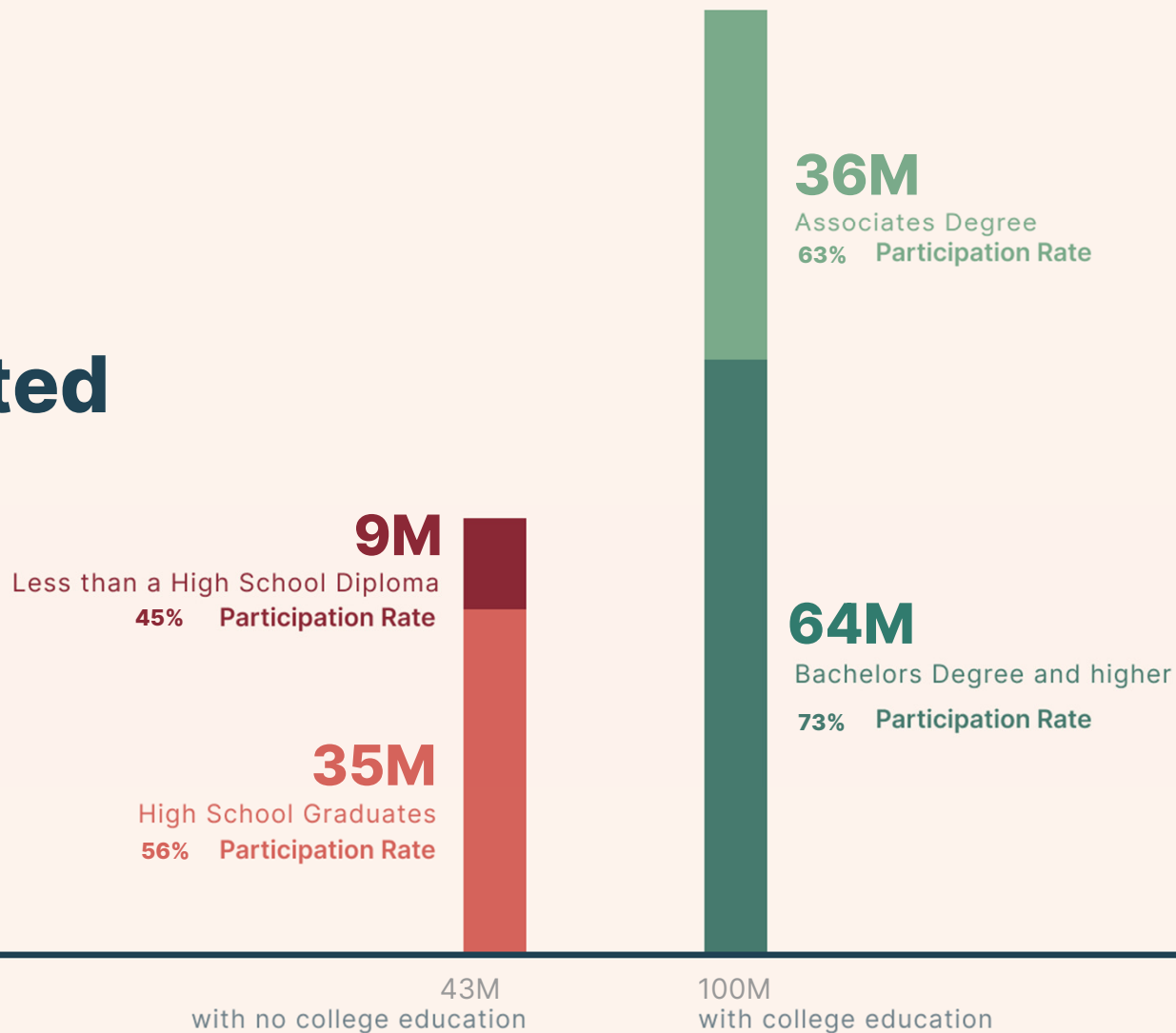
115
110
105
100
95
90
85
80

2013

2022

Source: FRED

Why are we not recovering faster?

The U.S. is
highly **educated**

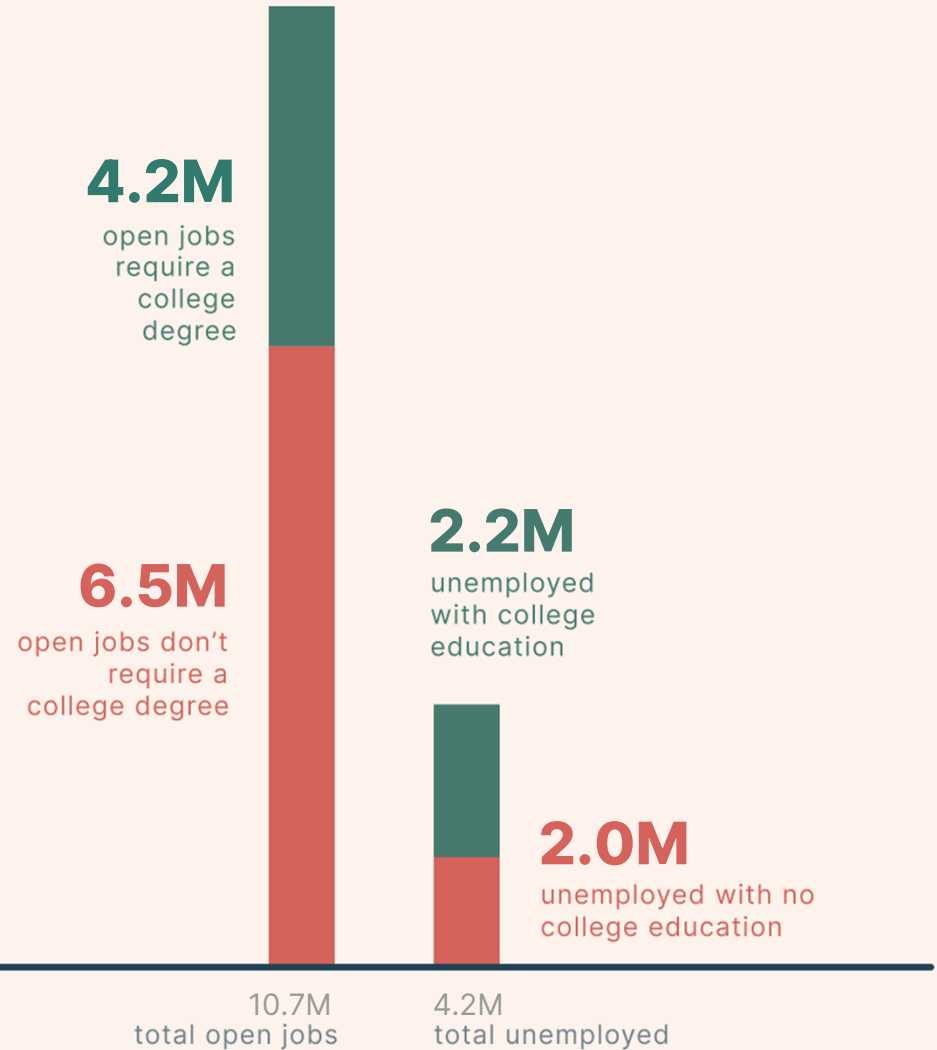And more educated people have a higher labor force participation rate

36M
Associates Degree
63% Participation Rate

9M
Less than a High School Diploma
45% **Participation Rate**

64M
Bachelors Degree and higher
73% **Participation Rate**

35M
High School Graduates
56% **Participation Rate**

43M
with no college education

100M
with college education

Roughly **6.5M of the 10.7M open jobs in America**

need to be filled by people without a college degree

87% 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.

4.2M
open jobs require a college degree

6.5M
open jobs don't require a college degree

2.2M
unemployed with college education

2.0M
unemployed with no college education

10.7M
total open jobs

4.2M
total unemployed

3x

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

Source: BLS, JOLTS, Internal Analysis

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

Average immigration numbers per year:

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

New international student enrollments fell 45.6% in 2020-21.

Total foreign enrollments fell 15% to 914K.

We are missing 2 million immigrants

Immigrants in the Civilian Labor Force 2010-2022

Working-Age Foreign-Born Population

2010-2019 Trend

Shortfall: 2M

March 2020

| 2010 | 2012 | 2014 | 2016 | 2018 | 2020 | 2022 |

40
38
36
34
32
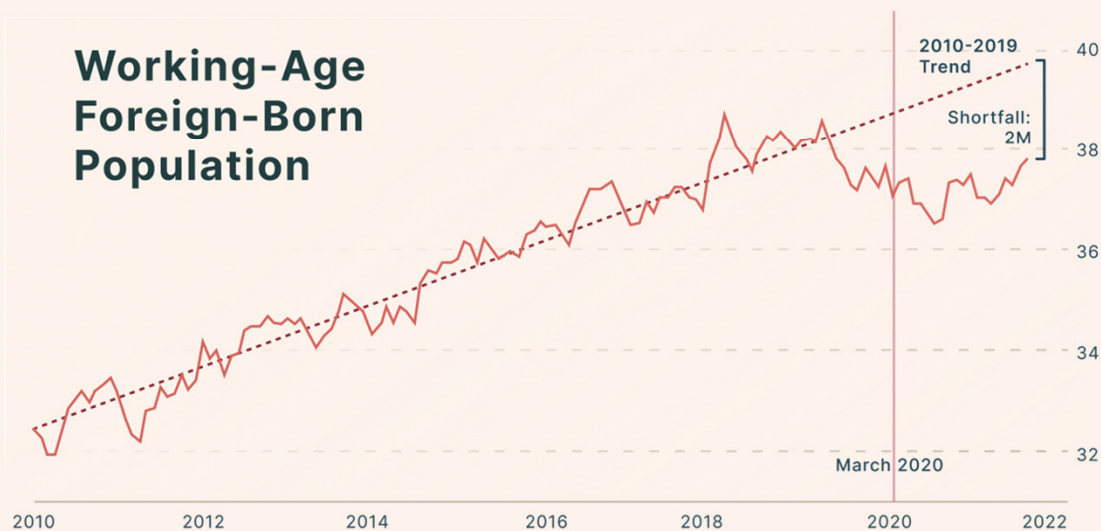
Did you know…?

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%

Source: NAE Analysis of 1-year sample from the 2018 American Community Survey

Immigrant Share of Healthcare Workers in Select States

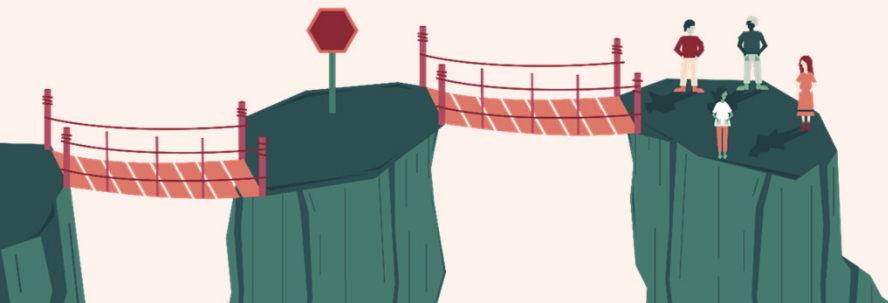| State	Physicians and Surgeons	Nurses	Health Aides
New York	36.4%	30.9%	60.7%
New Jersey	40.3%	29.5%	53.7%
California	33.1%	35.2%	44.3%
Michigan	27.1%	7.0%	4.8%
Massachusetts	34.5%	17.1%	39.8%
Florida	36.5%	25.8%	45.6%
Illinois	30.6%	17.5%	20.9%
Washington	24.1%	15.9%	29.0%
Pennsylvania	23.7%	7.9%	11.7%
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%

For immigration, a few more things to consider.

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

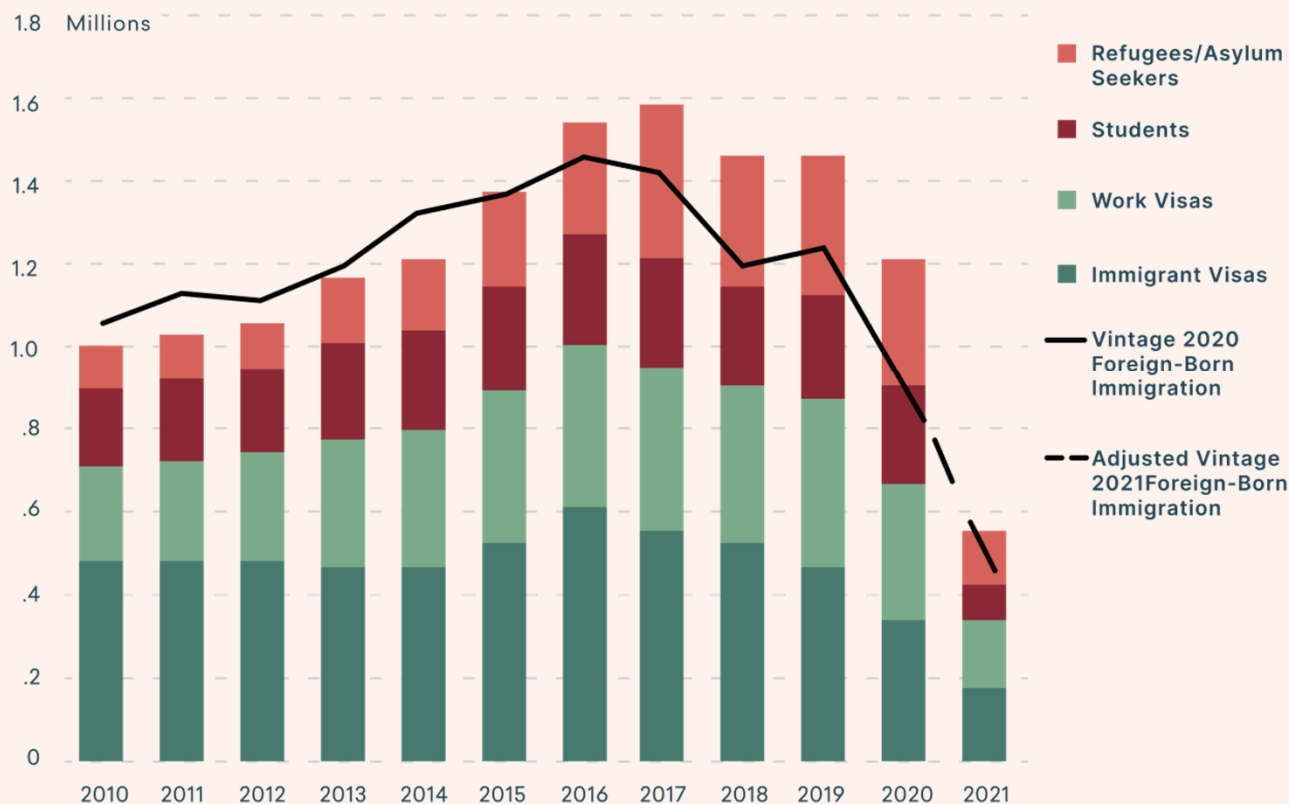Immigration centers have not re-staffed consulates making **backlogs** even worse.

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%.

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

Current Labor Crisis

Every category of immigration has seen a decrease

Foreign-Born Immigration 2012-2021*

Millions

1.8

1.6

1.4

1.2

1.0

.8

.6

.4

.2

0

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

- Refugees/Asylum Seekers
- Students
- Work Visas
- Immigrant Visas
— Vintage 2020 Foreign-Born Immigration
- - Adjusted Vintage 2021Foreign-Born Immigration

Will we see domestic people returning to work?
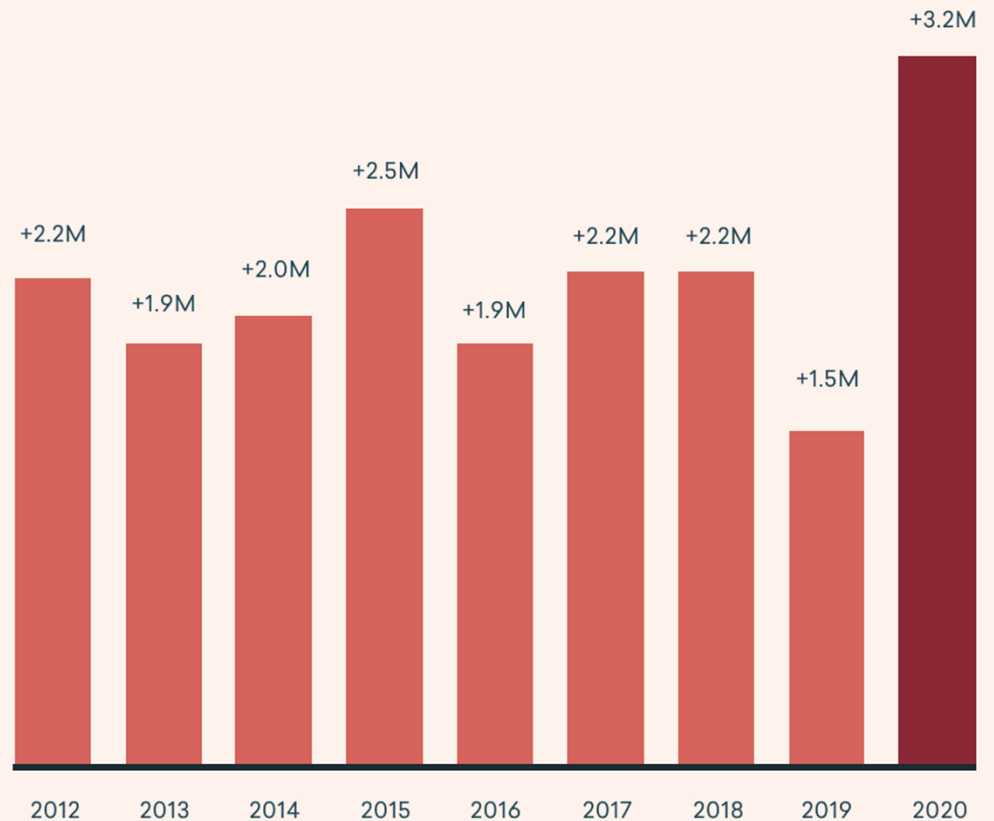
Can afford **to not work whether out for fear or other reasons**

How people are paying expenses outside of working?

Used in the last 7 days to meet spending needs (Oct '22)	% of total
Regular income sources like those received before the pandemic	55.9%
Credit cards or loans	**25.4%**
Money from savings or selling assets (also IRAs)	**28.4%**
Borrowing from friends or family	12.1%
Money saved from deferred or forgiven payments	**3.2%***
Child Tax Credit payment	1.2%
Unemployment insurance (UI) benefit payments	**1.3%**

Credit cards represent 26M people

Savings accounts were 29M people

* Represents 3M people. You can be counted in more than one category

* 11M respondents would not tell the Census bureau how they were paying their bills. A dramatic decline since June 2022
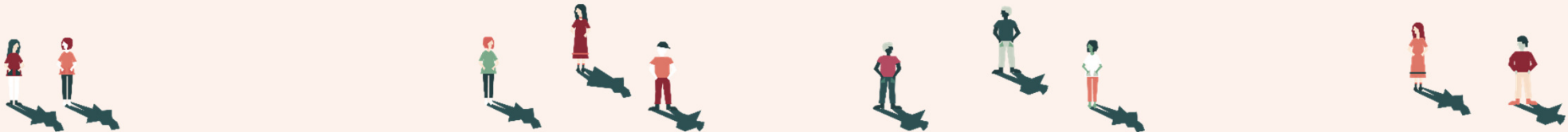
Credit card debt
is back to record levels

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

900
860
820
780
740

Jan 2020   July 2022
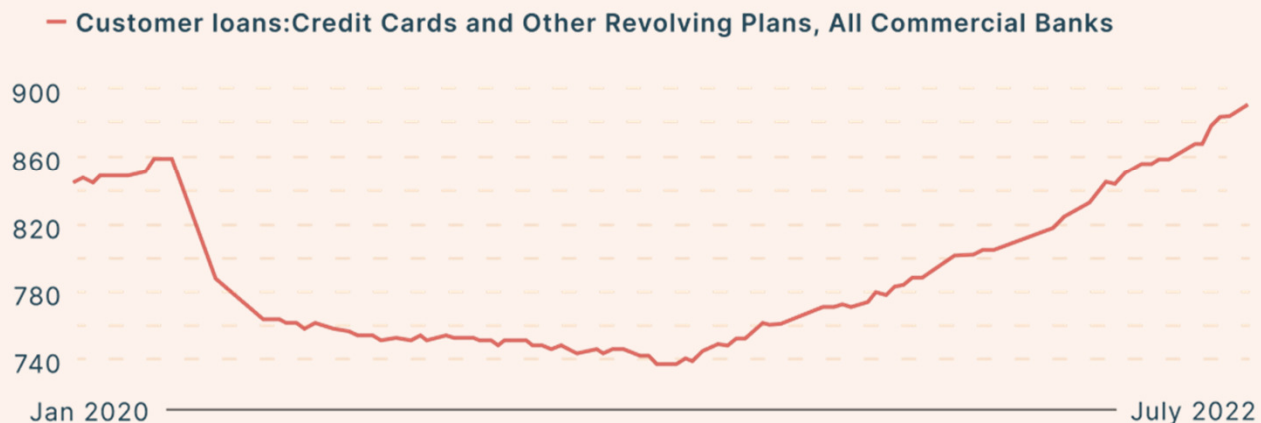
Americans' credit-card debt just had the biggest jump in more than 20 years, New York Fed says

Last Updated: Aug. 3, 2022 at 7:40 a.m. ET
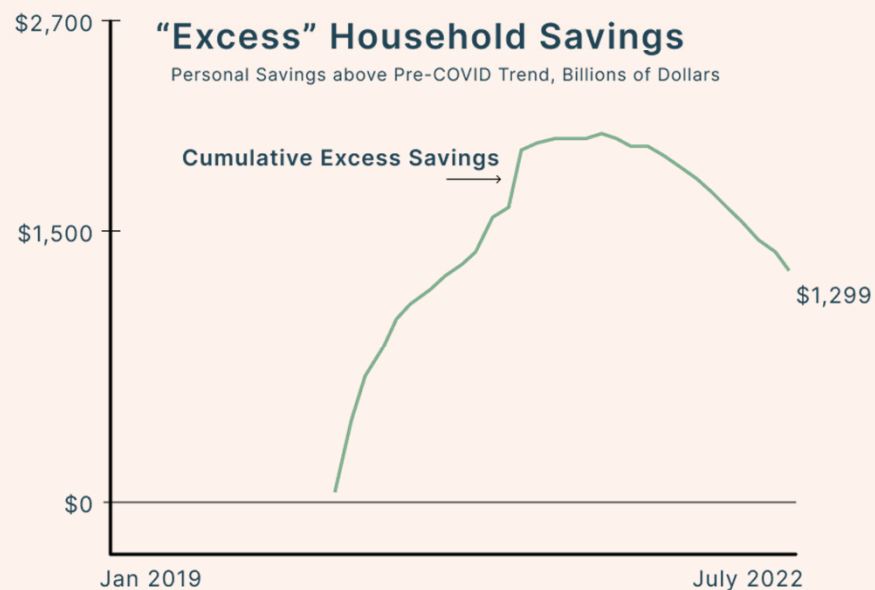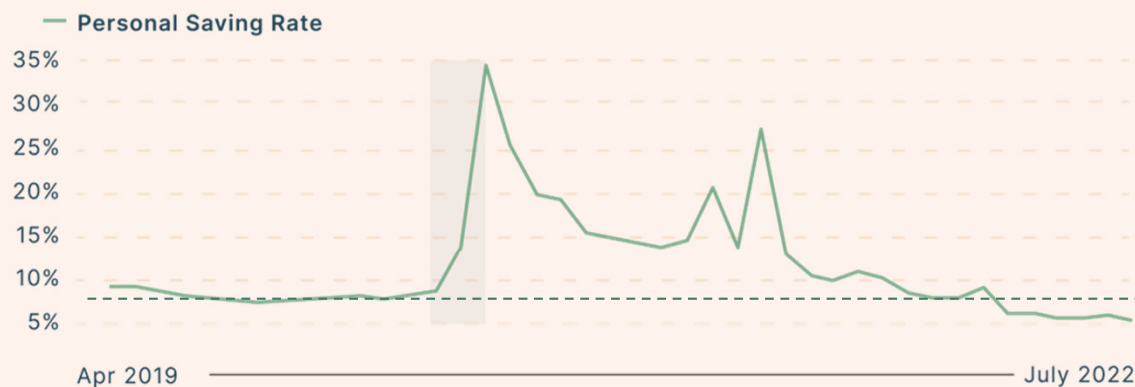First Published: Aug. 2, 2022 at 11:37 a.m. ET

—

By Andrew Keshner (Follow)

Americans added $312 billion in debt during the second quarter — an increase that New York Fed researchers called 'pretty sizable.'

Source: Fred Economic Data

Personal savings *rates* are now below long term trends but...

Consumers still have a lot of the excess money they originally saved

— Personal Saving Rate

35%
30%
25%
20%
15%
10%
5%

Apr 2019   July 2022

$2,700   **"Excess" Household Savings**
Personal Savings above Pre-COVID Trend, Billions of Dollars

Cumulative Excess Savings →

$1,500

$1,299

$0

Jan 2019   July 2022

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.

9,500

9,000

8,500

8,000

7,500

01/11   01/12   01/13   01/14   01/15   01/16   01/17   01/18   01/19   01/20   01/21

Self-incorporated employment (in k's)

Source: Bureau of Labor Statistics
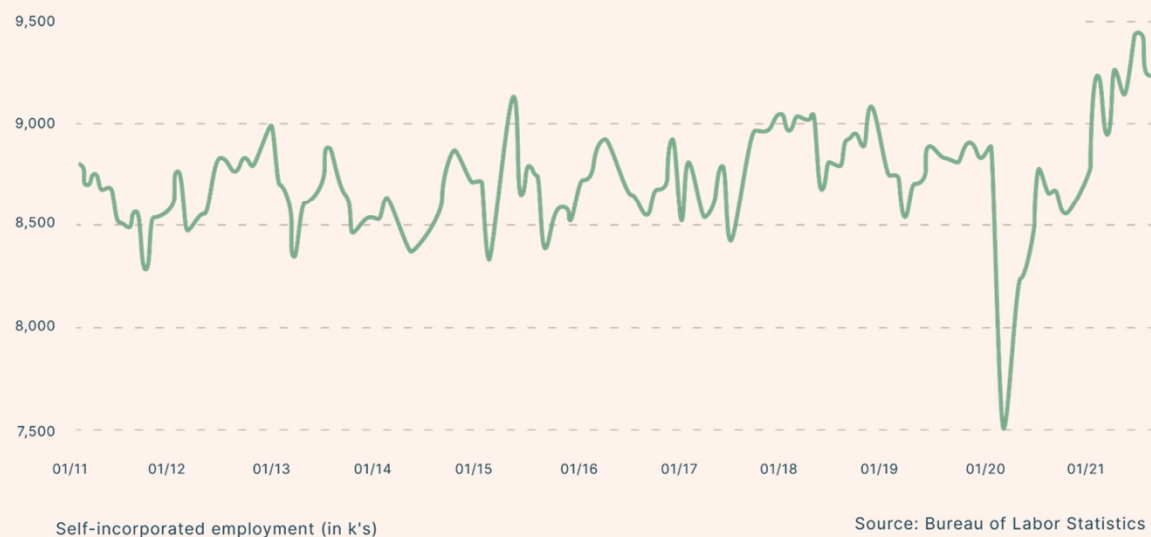
BOTTOM LINE

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 **1M additional legal immigrants to fill the gap.**
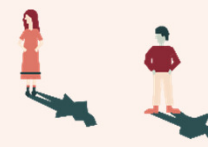
The future labor crisis

You can't employ what you don't have

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

New record low birthrates each of the past 2 years

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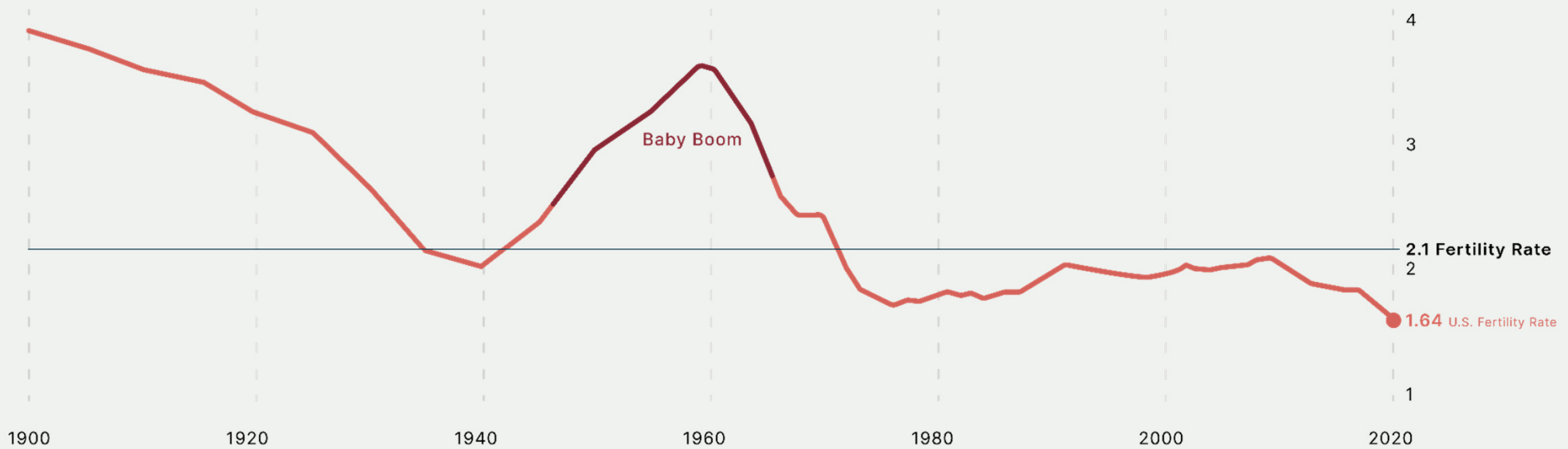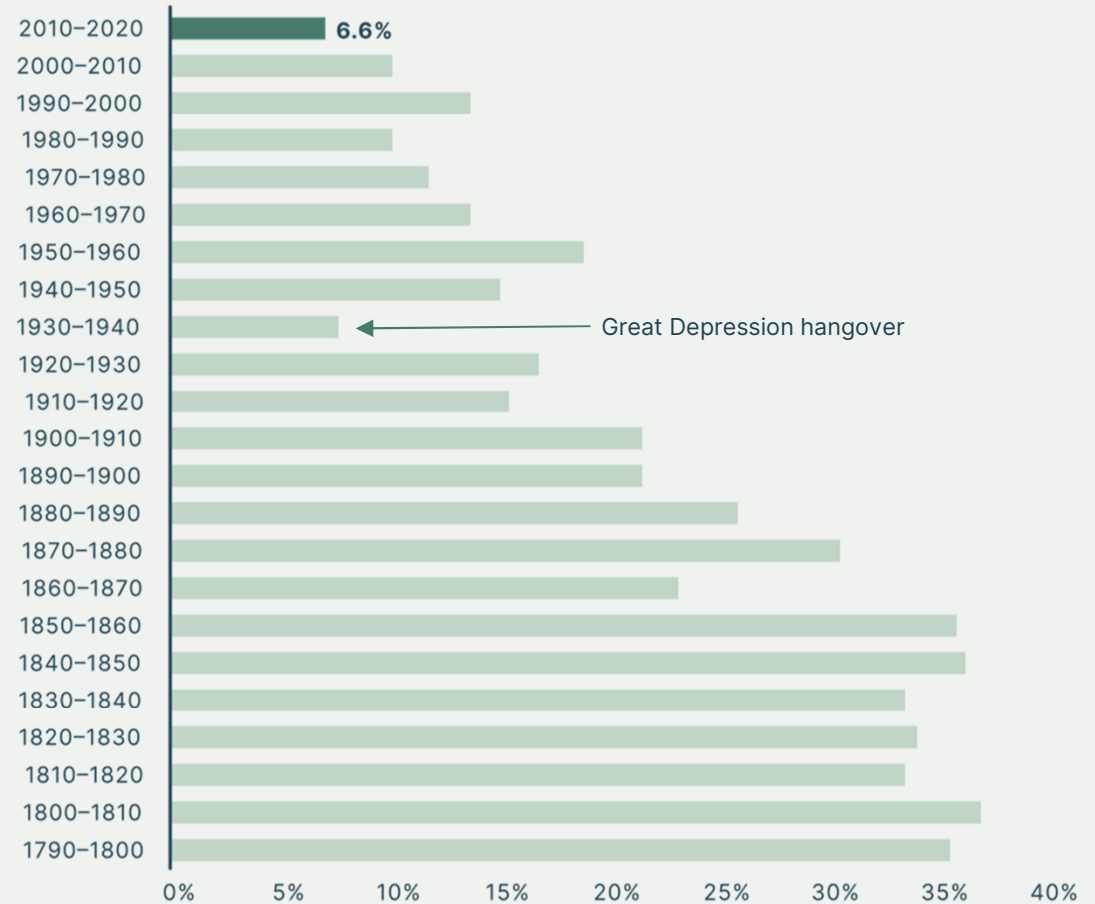
"By 2034, older adults will outnumber children for the first time in U.S. history."

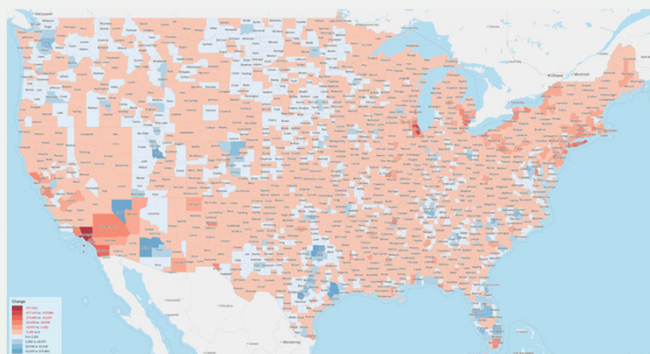**Demographic Drought:** Bridging the gap in our Labor Force

From 2011 to 2021, the vast majority of the US saw their working age population shrink
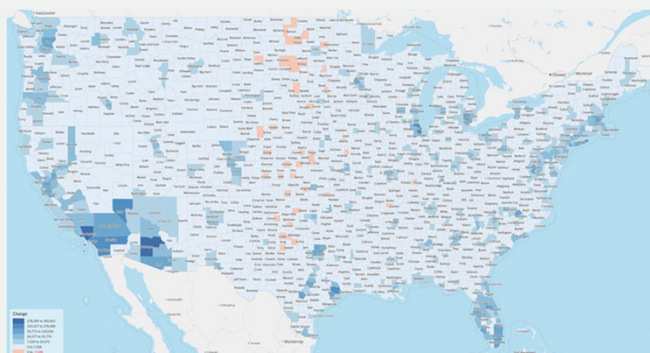
Change in Over-65 Population, 2011-2021

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

Change in Under-25 Population, 2011-2021

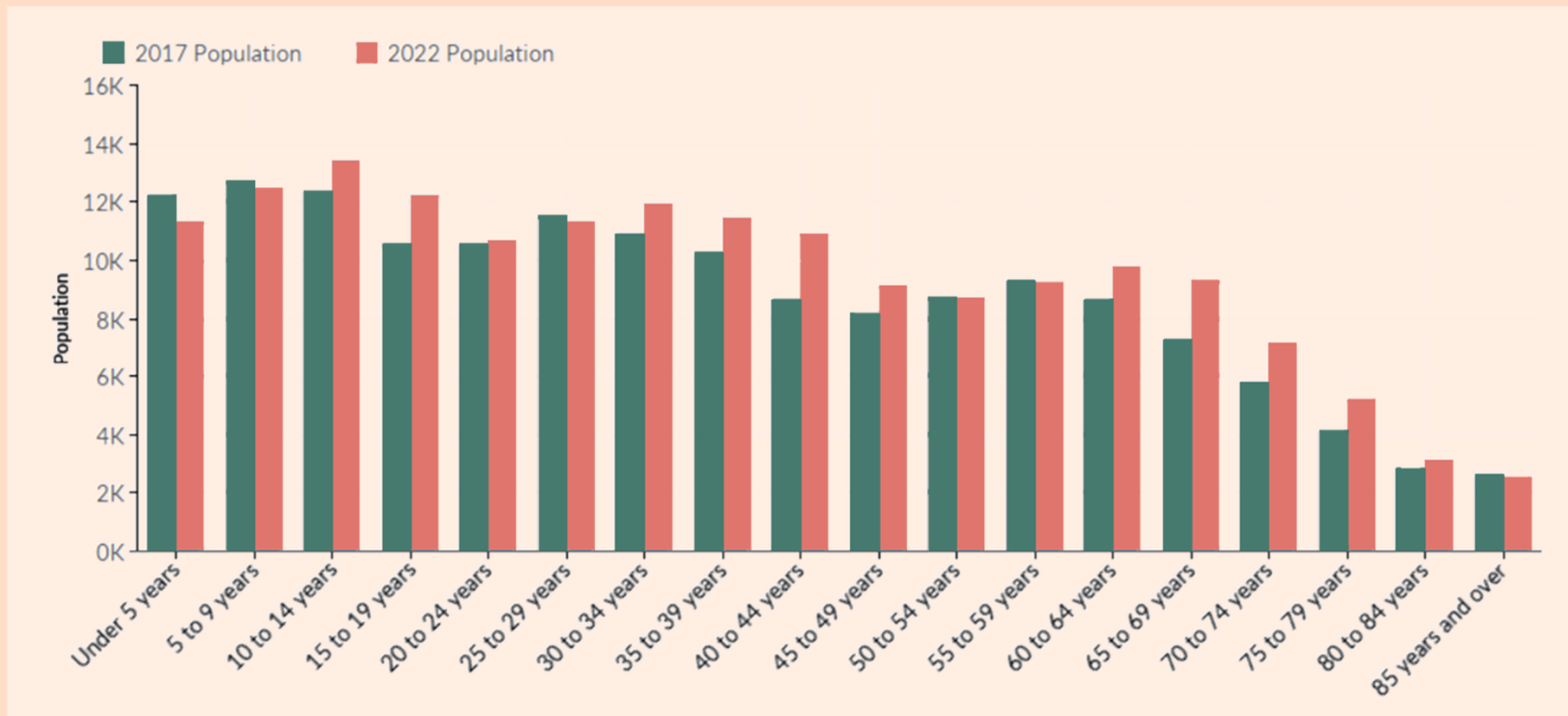The US under-25 population has declined by 2M people in the last decade.

How well do you know Idaho?

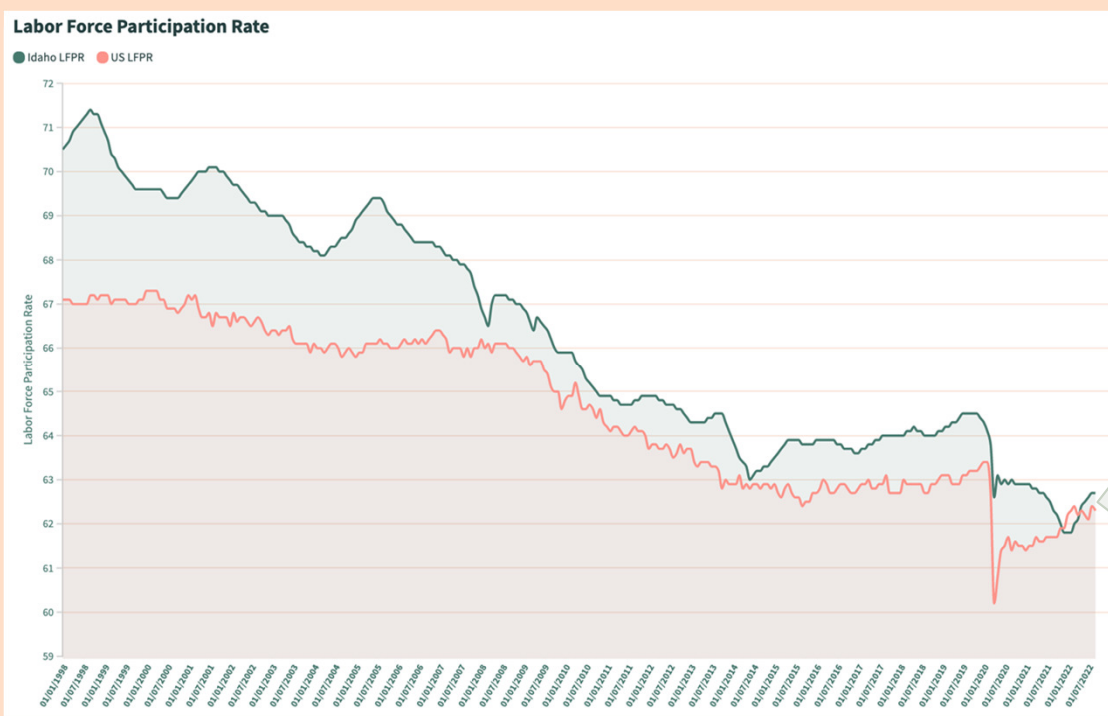What was Idaho's fastest growing age cohort from 2017-2022?

*Southern Idaho defined by Twin Falls, Elmore, Gooding, Jerome, and Lincoln Counties
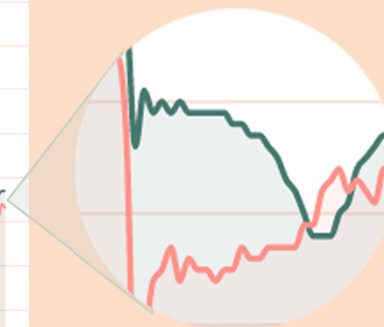
Is Idaho Labor Force
Participation Rate better
or or worse than the US?

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

Labor Force Participation Rate

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.

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

What percent of our farming, fishing and forestry workers are foreign born?

# 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%

Has Idaho gotten closer to the national average in terms of wages??
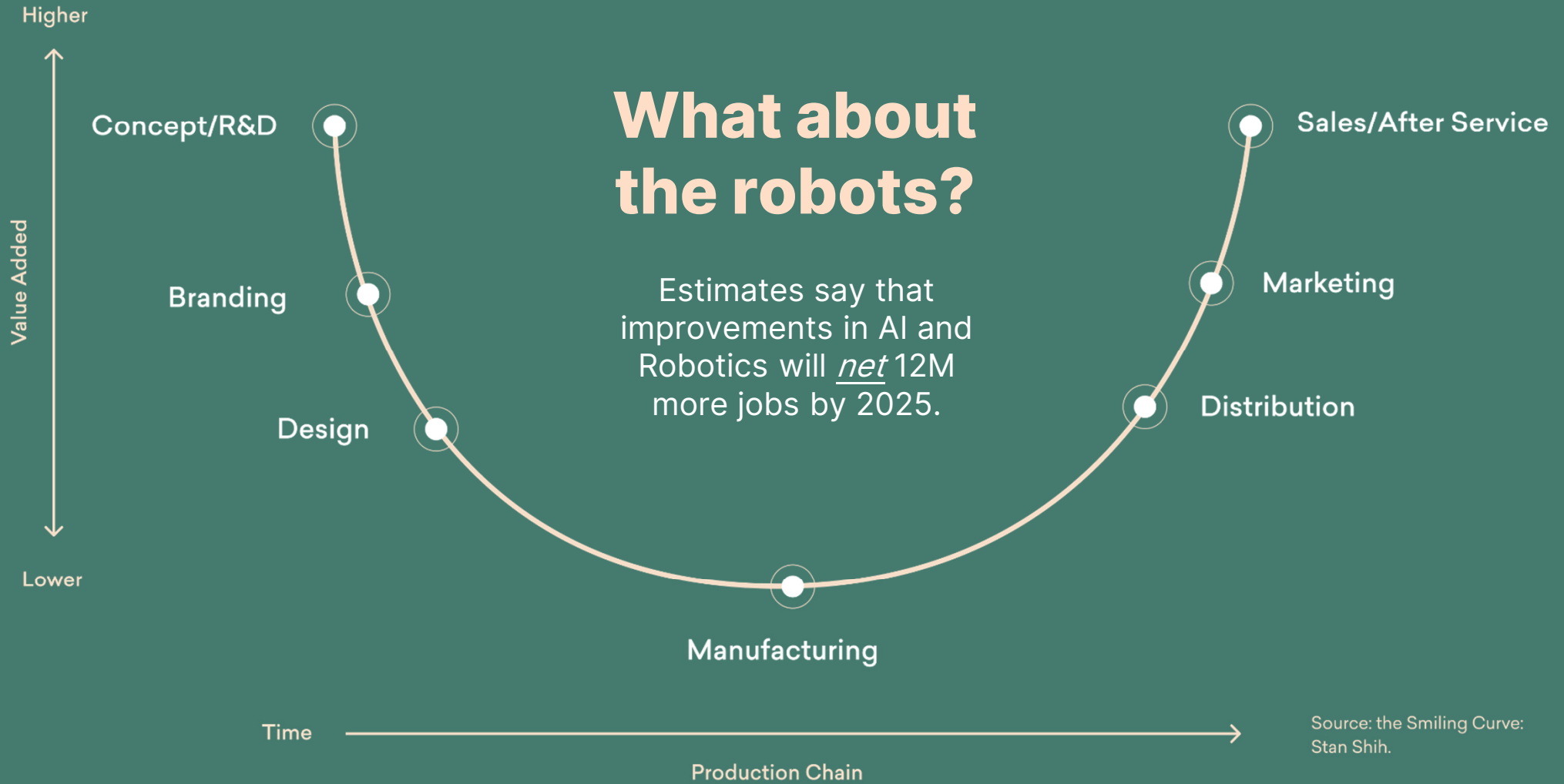
Employers are raising wages to retain and attract

Average Weekly Earnings of All Employees: Total Private in Idaho vs. US
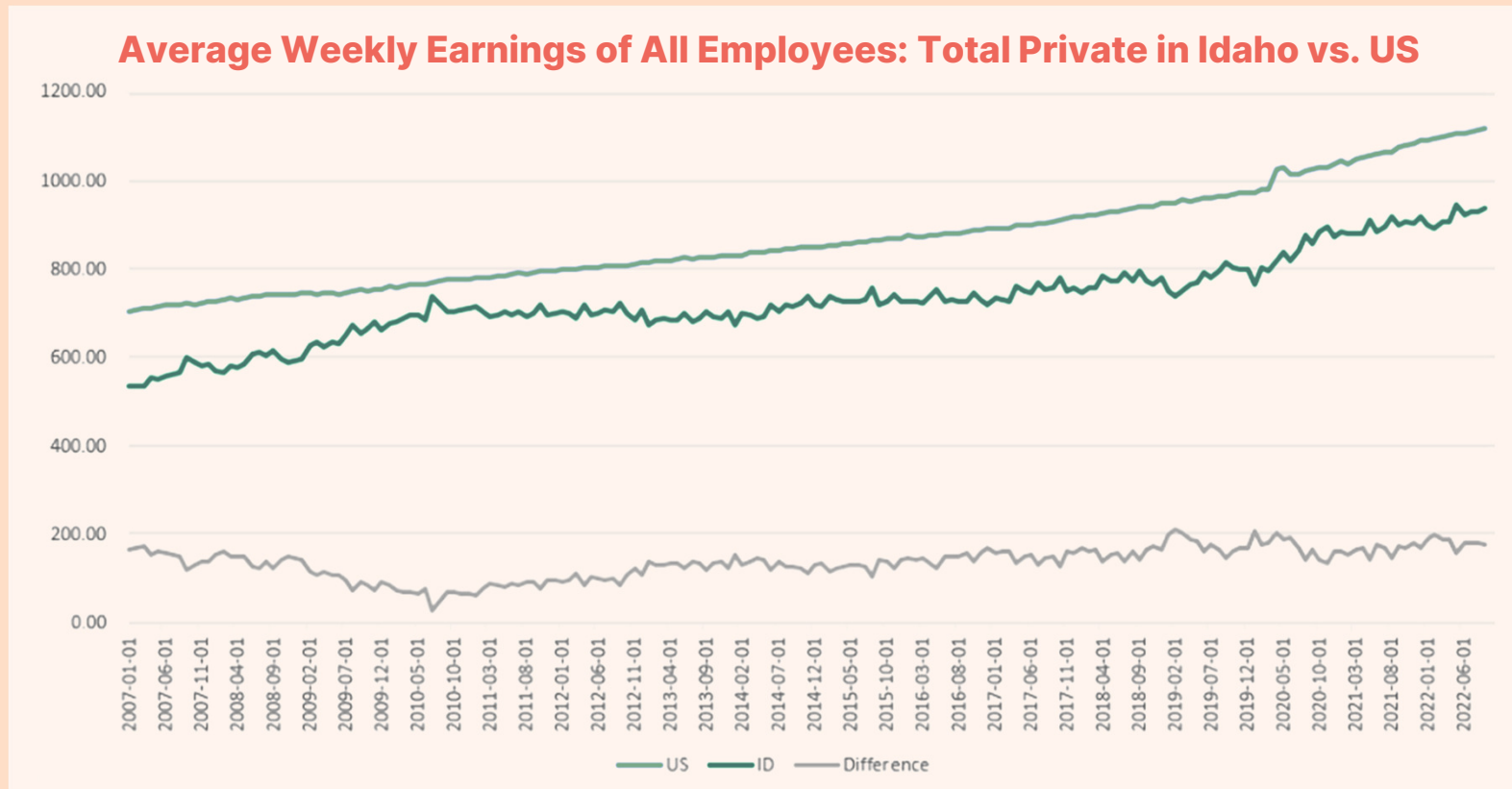
Source: U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis

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

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

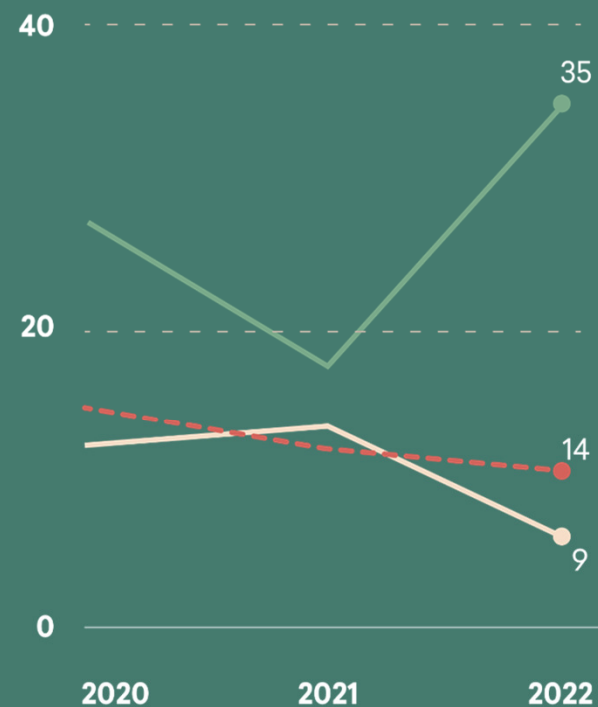Identify your best workers quickly and create career paths for them

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

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

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

https://www.hbs.edu/managing-the-future-of-work/Documents/research/hiddenworkers09032021.pdf

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%)**.

Source: "Randstad Employer Brand Research: EVP Driver Importance by Age," 2021

Workers' priorities are shifting

Salary still matters. But most workers now say that other incentives matter more.
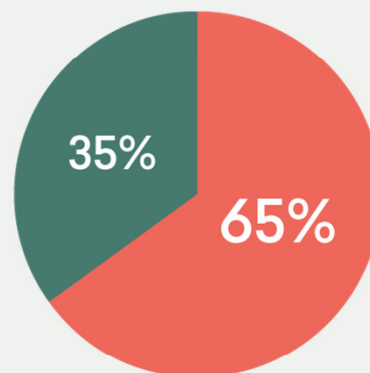
Employees* would choose these benefits over a 10% pay increase:
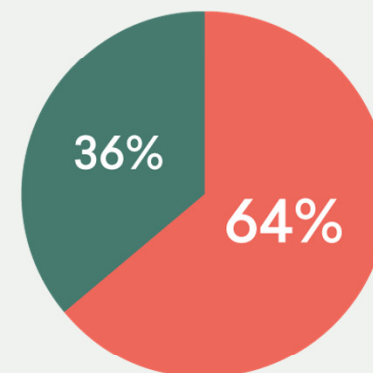
Better/more flexible hours

32%

68%

■ Pay increase
■ Better/more flexible hours

Work-life balance

35%

65%
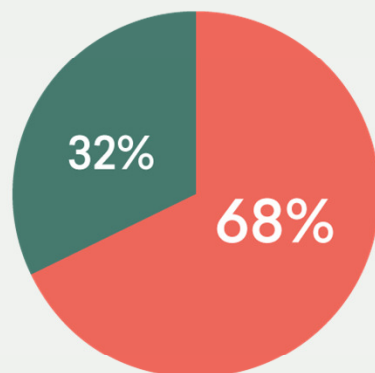
■ Pay increase
■ Work-life balance

Less Stress

36%

64%

■ 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.
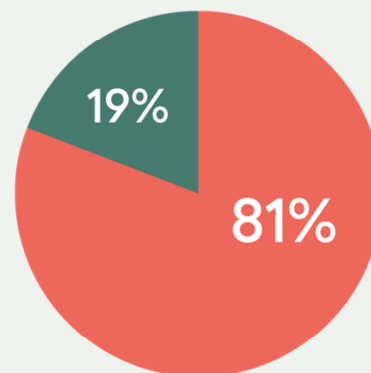
Parents would choose these benefits over higher pay:

Better/more flexible hours

24%
76%

- Pay increase
- Better/more flexible hours

Work-life balance

19%
81%
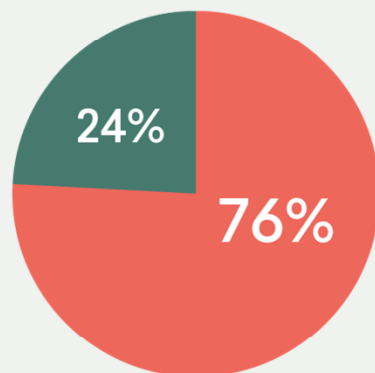
- Pay increase
- Work-life balance

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.

Appreciated
Listen to input, communicate well, and reward success.

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

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

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