

Where Are the Workers?

Understanding the Labor Shortage – The perfect storm of demographic and economic trends decades in the making and with a decades-long impact.

Greater Ohio Workforce Board

September 14, 2023



Overview

- The Best Solutions Focus on Root Causes – Our Investigation
- What Is Causing This Labor Shortage? Hint: It's Not Unemployment Benefits
- This Labor Shortage Is Not Going Away Anytime Soon
- This Is a Local, Regional, Statewide, Nationwide, and Global Issue
- Strategies for Filling Talent Gaps with “Missing Workers”



Muskingum County Economy Overview

86,759

Population (2022)

Population grew by 660 over the last 5 years and is projected to grow by 895 over the next 5 years.


35,886

Total Regional Employment

Jobs grew by 411 over the last 5 years and are projected to grow by 1,081 over the next 5 years.

\$48.4K

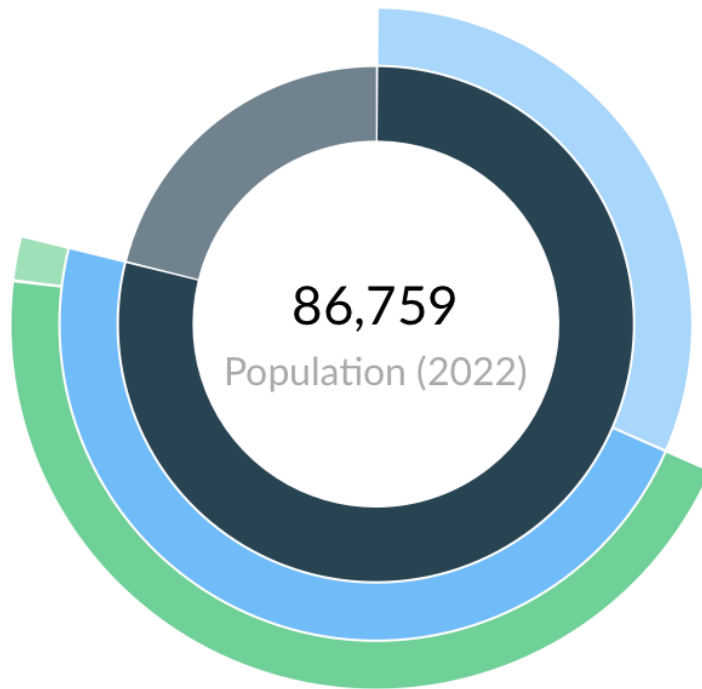
Median Household Income (2020)

Median household income is \$16.6K below the national median household income of \$65.0K. 



Muskingum County Labor Force

Dec 2022 Labor Force Breakdown



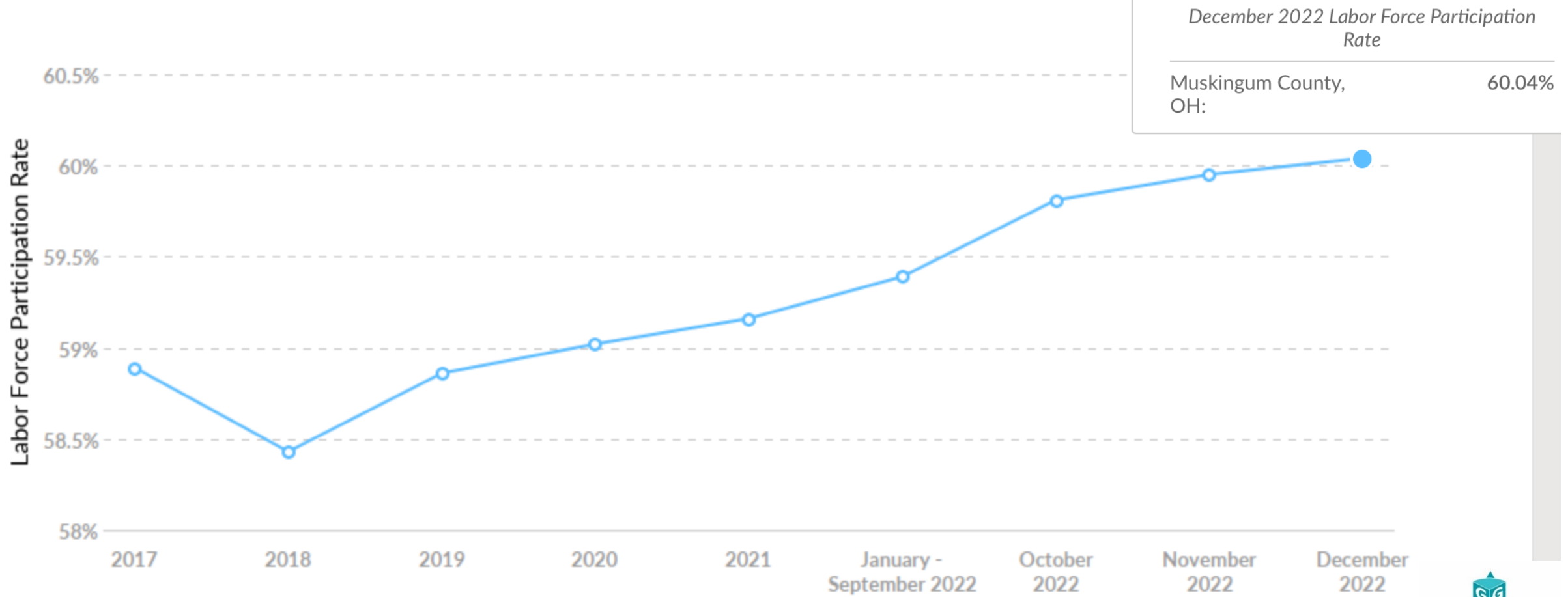
	Population
● 16+ Civilian Non-Institutionalized Population ?	68,376
● Not in Labor Force (16+) ?	27,324
● Labor Force ?	41,052
● Employed ?	39,331
● Unemployed ?	1,721
● Under 16, Military, and institutionalized Population	18,383



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Muskingum County Labor Force Participation

Labor Force Participation Rate Trends



Ohio's labor force participation rate in June was 62.1%.
The national labor force participation rate in June was 62.6%.

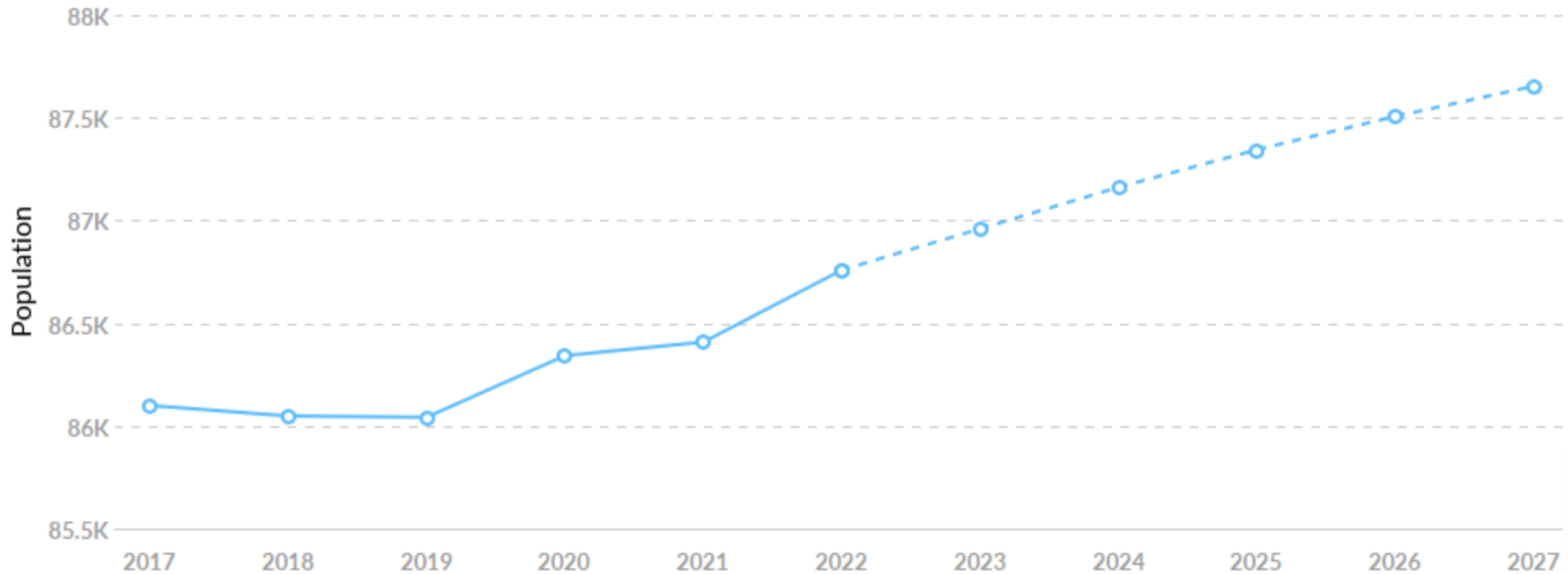


Muskingum County Population Trends

Population Trends



As of 2022 the region's population increased by 0.8% since 2017, growing by 660. Population is expected to increase by 1.0% between 2022 and 2027, adding 895.



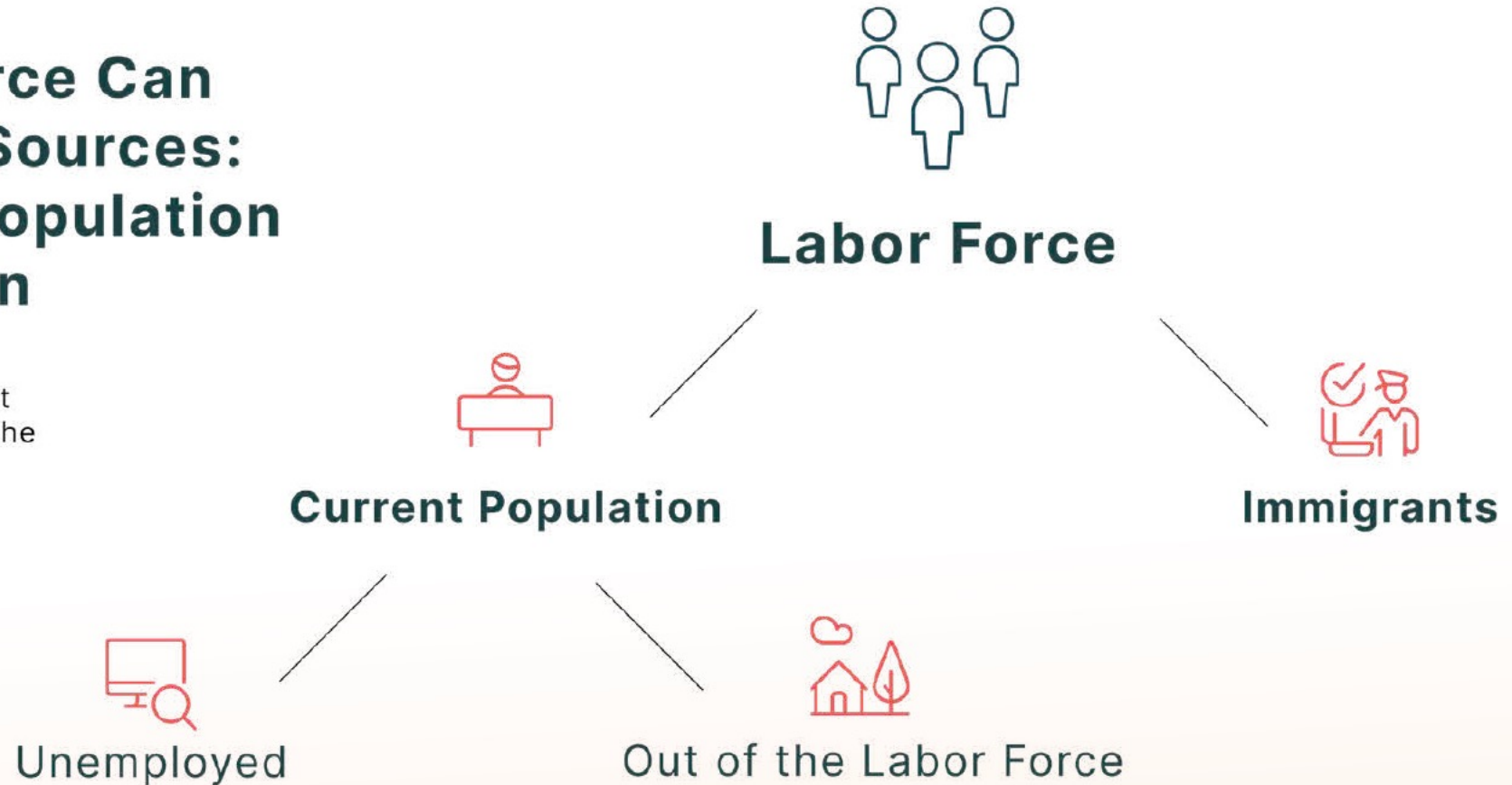
Source: American Community Survey (ACS)



Workers Can Only Come from Two Sources

The Labor Force Can Grow from 2 Sources: the Current Population or Immigration

Filling Jobs from the Current Population Requires Hiring the Unemployed and Reaching Those On the Sidelines.



Global Demographic Drought

Since 1960, fertility rates have declined not just in the US but around the world

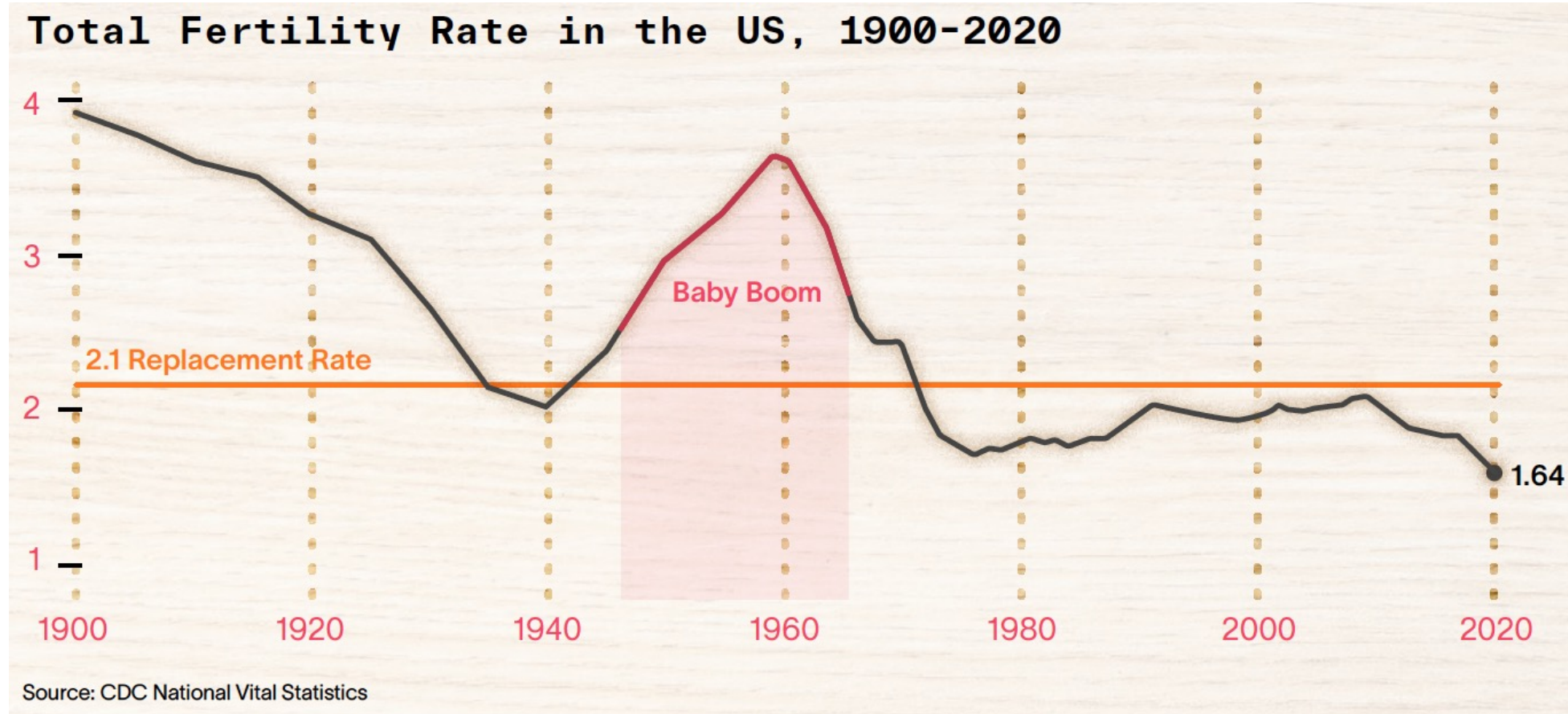


Source: World Bank



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United States Demographic Shift



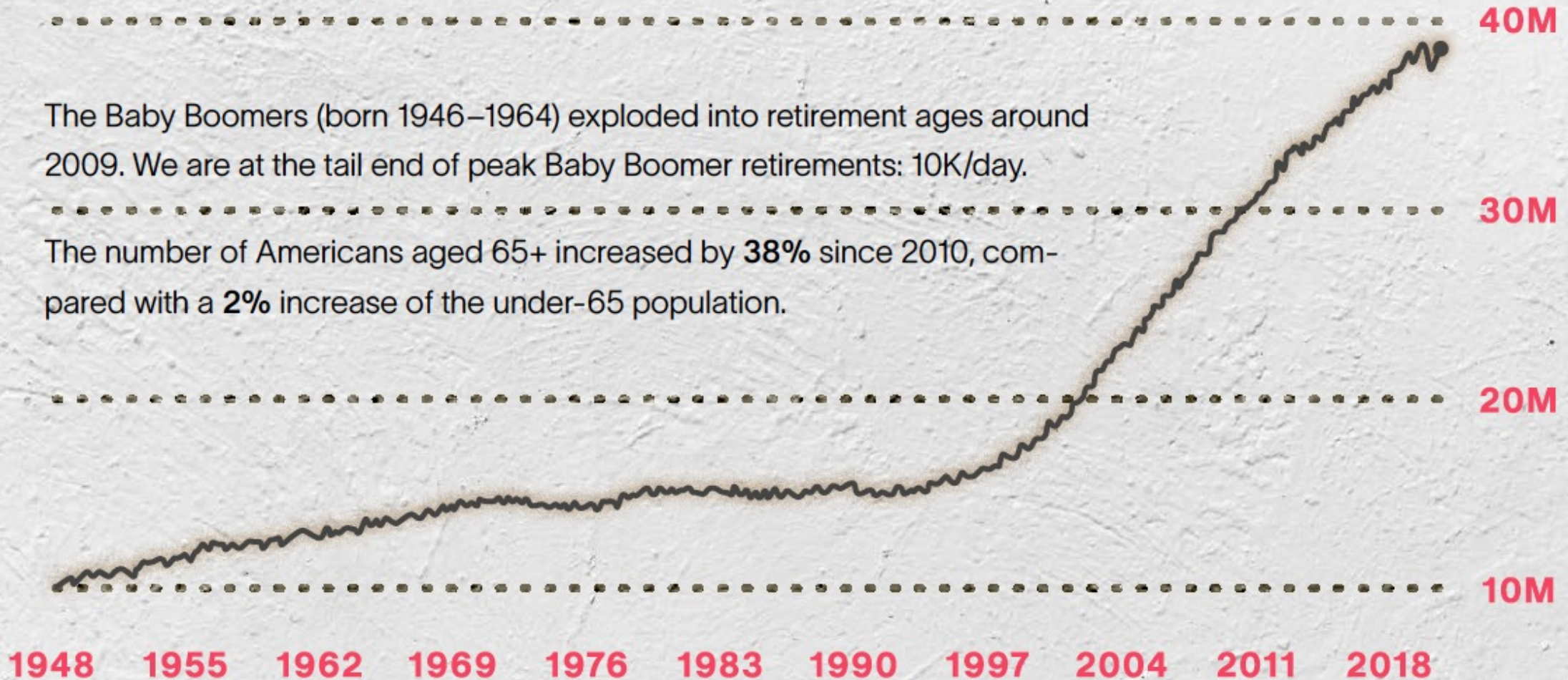
With births having been below the replacement rate (2.1 per woman) since the early '70s, there are fewer young people entering the workforce pipeline today.

Boomers – Exploding Retirements

Retirement-Age Americans

The Baby Boomers (born 1946–1964) exploded into retirement ages around 2009. We are at the tail end of peak Baby Boomer retirements: 10K/day.

The number of Americans aged 65+ increased by **38%** since 2010, compared with a **2%** increase of the under-65 population.

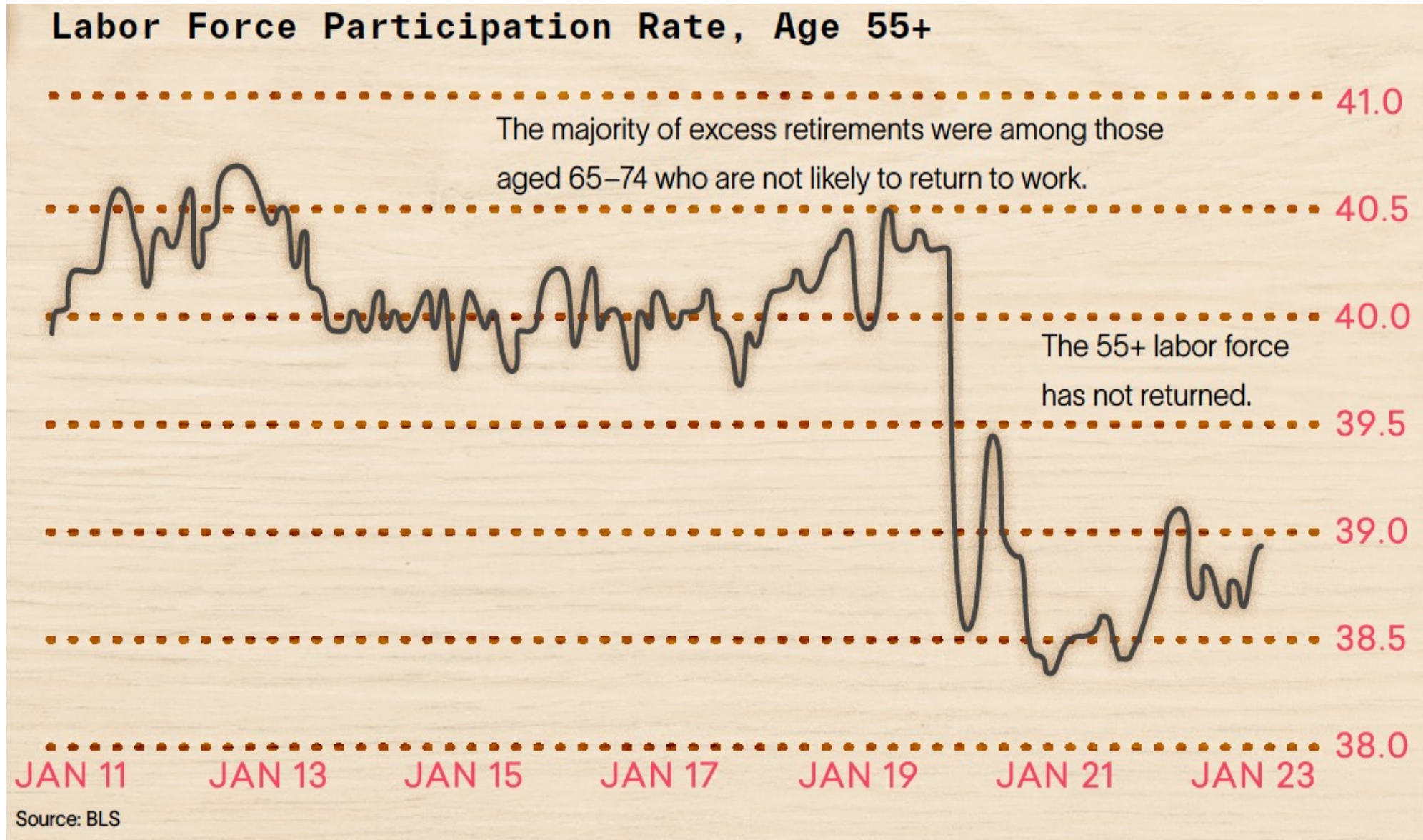


Source: BLS



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Labor Force Participation Rate, Age 55+



The Aging of the Nation's Workforce

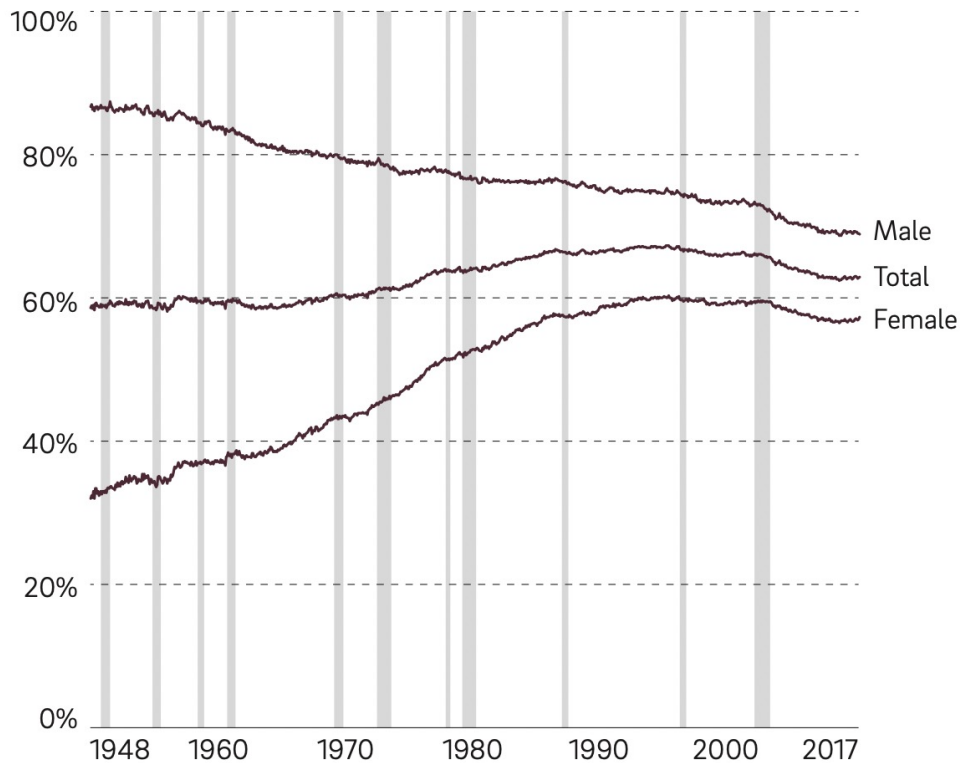
- During the next 10 years, the growth rate in the number of individuals in the labor force aged 55 or older is projected to be more than 3 times as fast as the growth rate for individuals 25 to 54 (1.4% per year compared to 0.4%).
- The projected growth rate in individuals 65 to 74 is 4.2% per year and the rate of increase for individuals 75 and older is still higher at 7.4% per year.
- **This aging of the workforce means that organizations must develop policies consistent with an older labor force, including modifying working conditions to accommodate individuals who are working well past the traditional retirement age.**

Where is Everybody?

FIGURE 1

Overall Participation Has Been Falling Since 2000

Labor force participation rate for males, females, and total population over age 16.



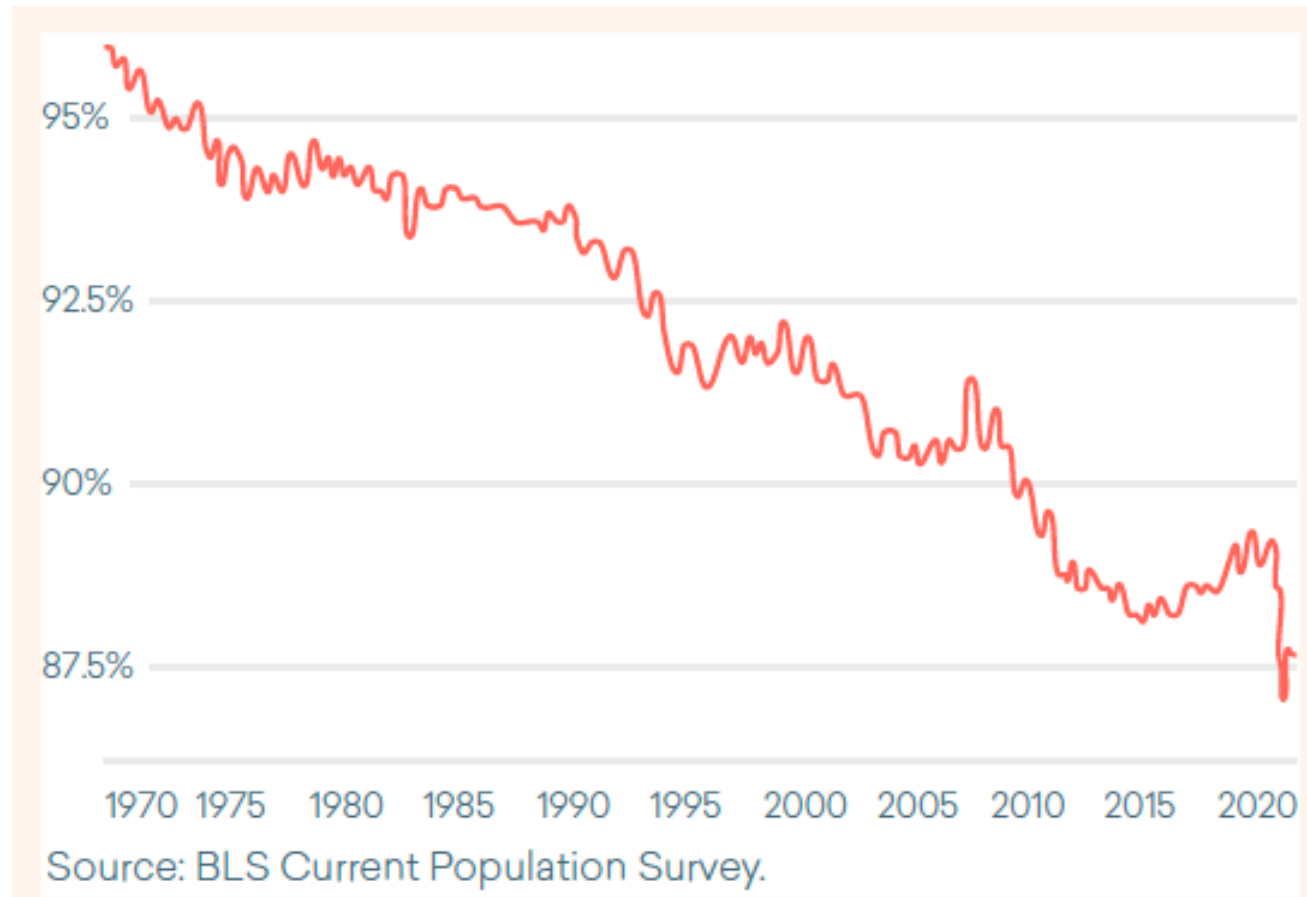
Source: Bureau of Labor Statistics Current Population Survey.

Note: The labor force participation rate is the sum of those employed and the unemployed divided by the U.S. civilian population over age 16.

Every 1% drop in the labor force participation rate equates to about 1.7 million workers.

Male Workers: AWOL Since 1980

- Prime-age male (ages 25-54) labor force participation rate plummeted from 94% in 1980 to 89% in 2019



Women in the Labor Force

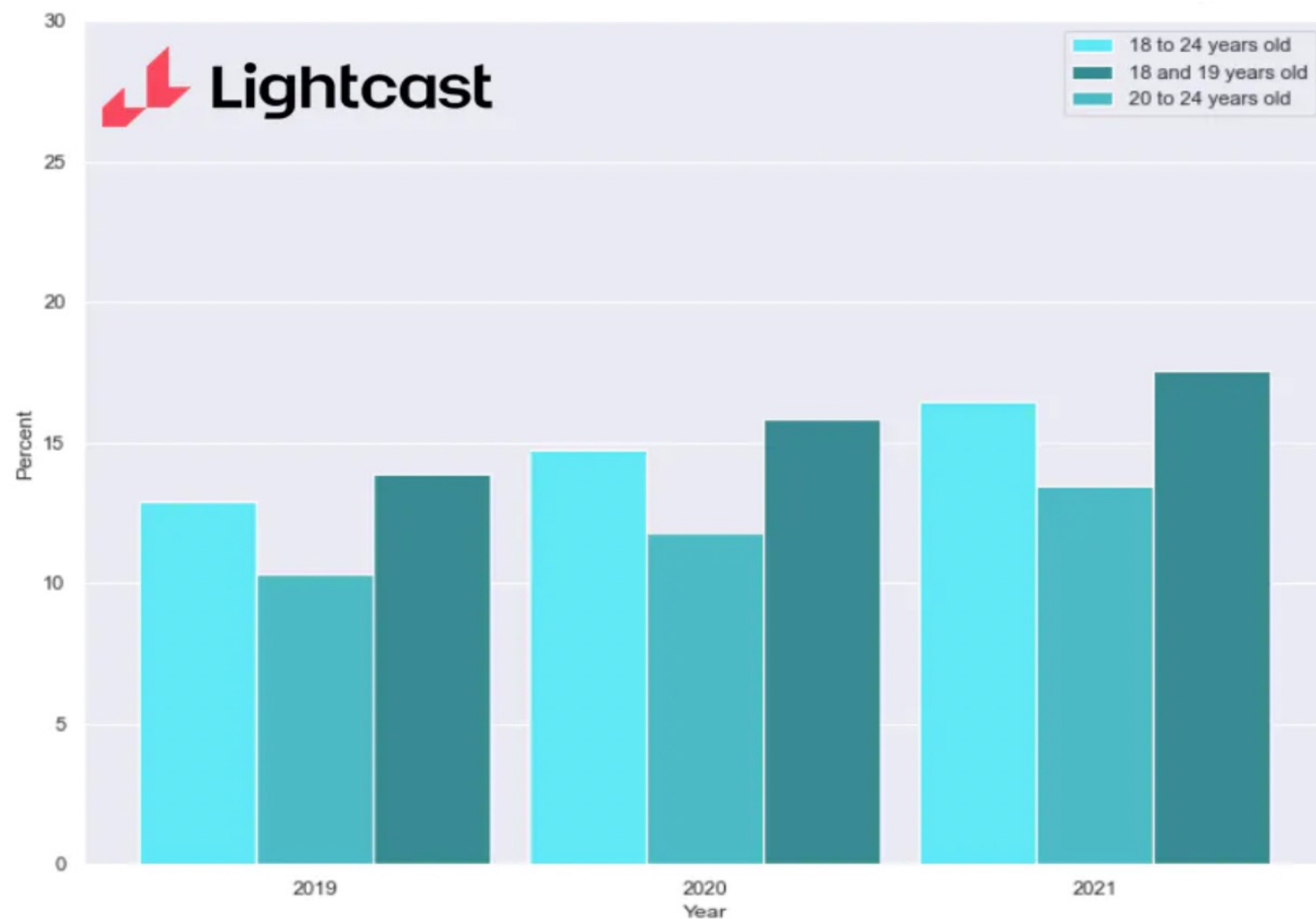
- Prior to 2020, women accounted for just over 50% of the national workforce.
- From February 2020 to February 2021, 2.4 million women separated from the labor force, compared to 1.8 million men.
- In January 2021 alone, 275,000 women left the workforce, compared to 71,000 men.

Source - "THE DEMOGRAPHIC DROUGHT - How the approaching pandemic will transform the labor market for the rest of our lives" 2021, Emsi, Moscow, ID



Not in School and Not Working

- As many as one in six young adults ages 18 to 24 are neither in school nor working, a number that grew by 1 million from 2019 to 2021



Not in School and Not Working

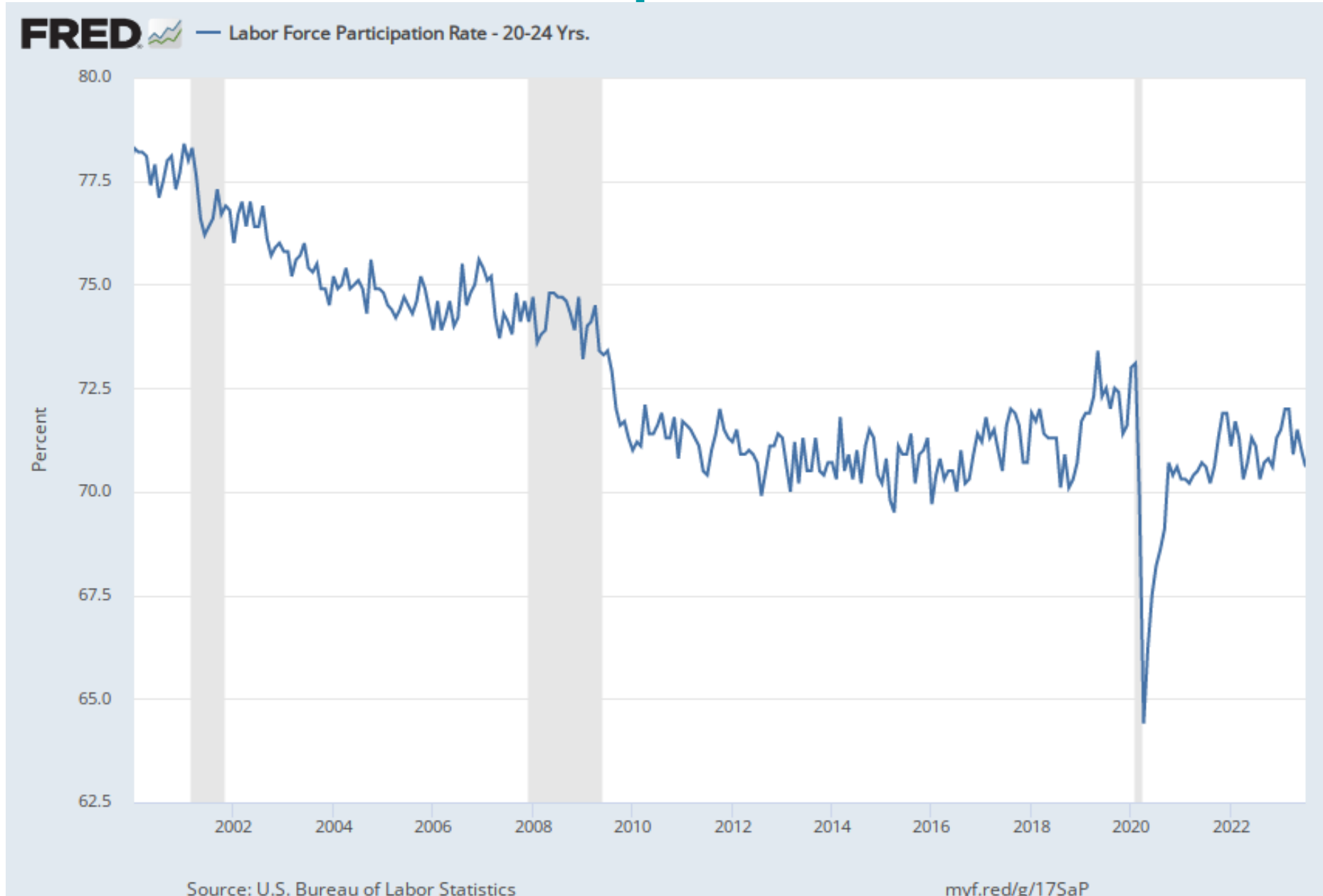
- The decline in employment among individuals ages 20 to 24 cannot be explained by an increase in higher education attendance. Undergraduate employment in the fall of 2022 was down by 7.6 percent (1.2 million fewer students) compared to the fall of 2019, demonstrating an even more problematic rise in the number of young Americans who are neither working nor attending school

Estimated Enrollment by State of Institution: 2019 to 2023									
Enrollment State	Percent Change from Previous Year Spring 2019	Spring 2020	Spring 2021	Spring 2022	Spring 2023	Spring 2020	Spring 2021	Spring 2022	Spring 2023
		Ohio	576,493	568,868	549,370	523,605	518,511	-1.30%	-3.40%

Source: National Student Clearinghouse Research Center, “Current Term Enrollment Estimates: Fall 2022,” February 2, 2023, <https://nscresearchcenter.org/current-term-enrollment-estimates/>



Labor Force Participation Rate 20-24 Yrs.



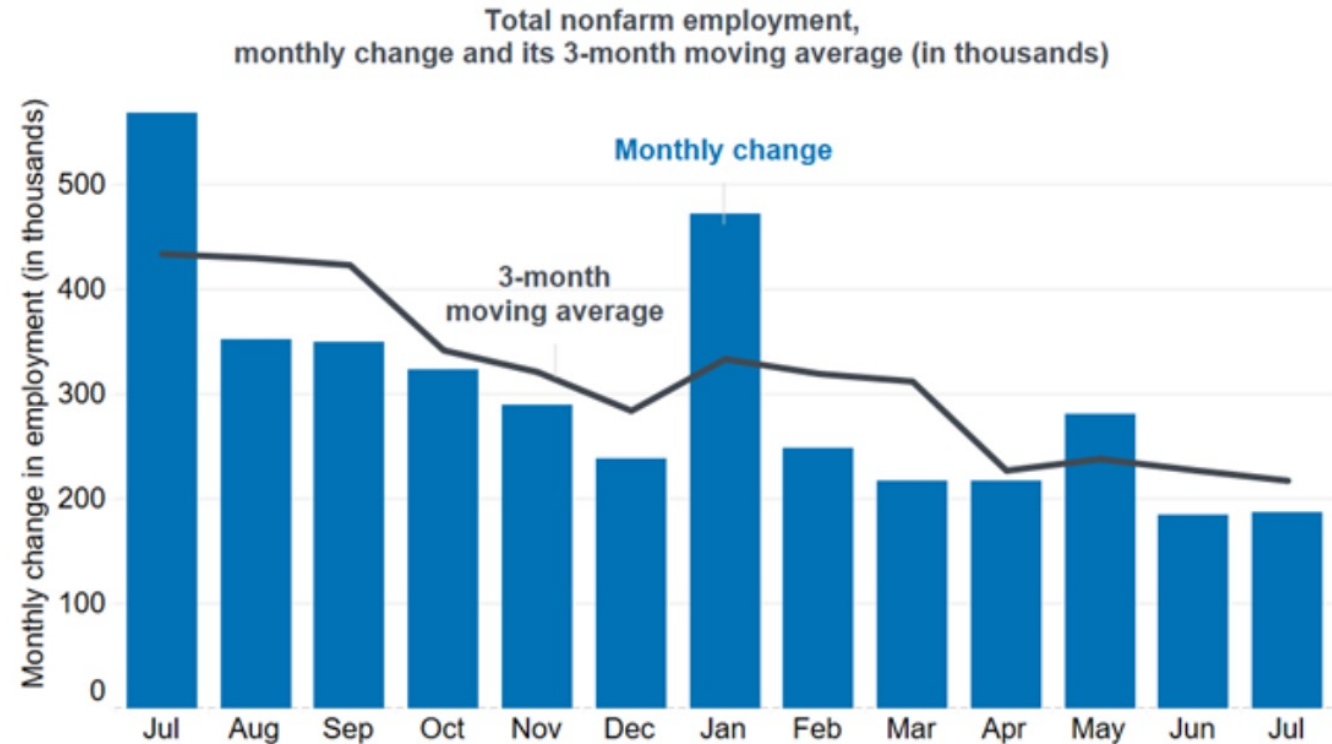
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Does Increased Opioid Use Lead to Declines in Labor Market Participation?

- According to the National Institute for Health (NIH) The opioid epidemic is a major culprit in siphoning prime-age men off the labor force. In 2015 alone, a staggering 860,000 prime-age men were absent from the labor force due to opioids. Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6364990>
- “Taken at face value, our results suggest that solving the opioid crisis would substantially improve economic conditions in counties that have had high levels of opioid prescriptions by boosting the prime-age male participating rate by more than 4 percentage points. And these results are typically larger and more statistically reliable for demographic groups that have seen weak and declining participation, namely white and nonwhite prime-age men with a high school education or less.” Source: *Opioids and the Labor Market - The Federal Reserve Bank of Cleveland*

US Job Growth Continues, but Slows, in July

- There are signs of cooling in some segments of the labor market. Industries that grew rapidly during the pandemic—including information services (-12,000) and transportation and warehousing (-8,400)—continue to shed workers as consumer demand shifts away from goods and towards services. Additionally, temporary help services—a leading indicator for hiring—lost another 22,100 jobs in July and has shed 205,000 jobs in total since its peak in March 2022.



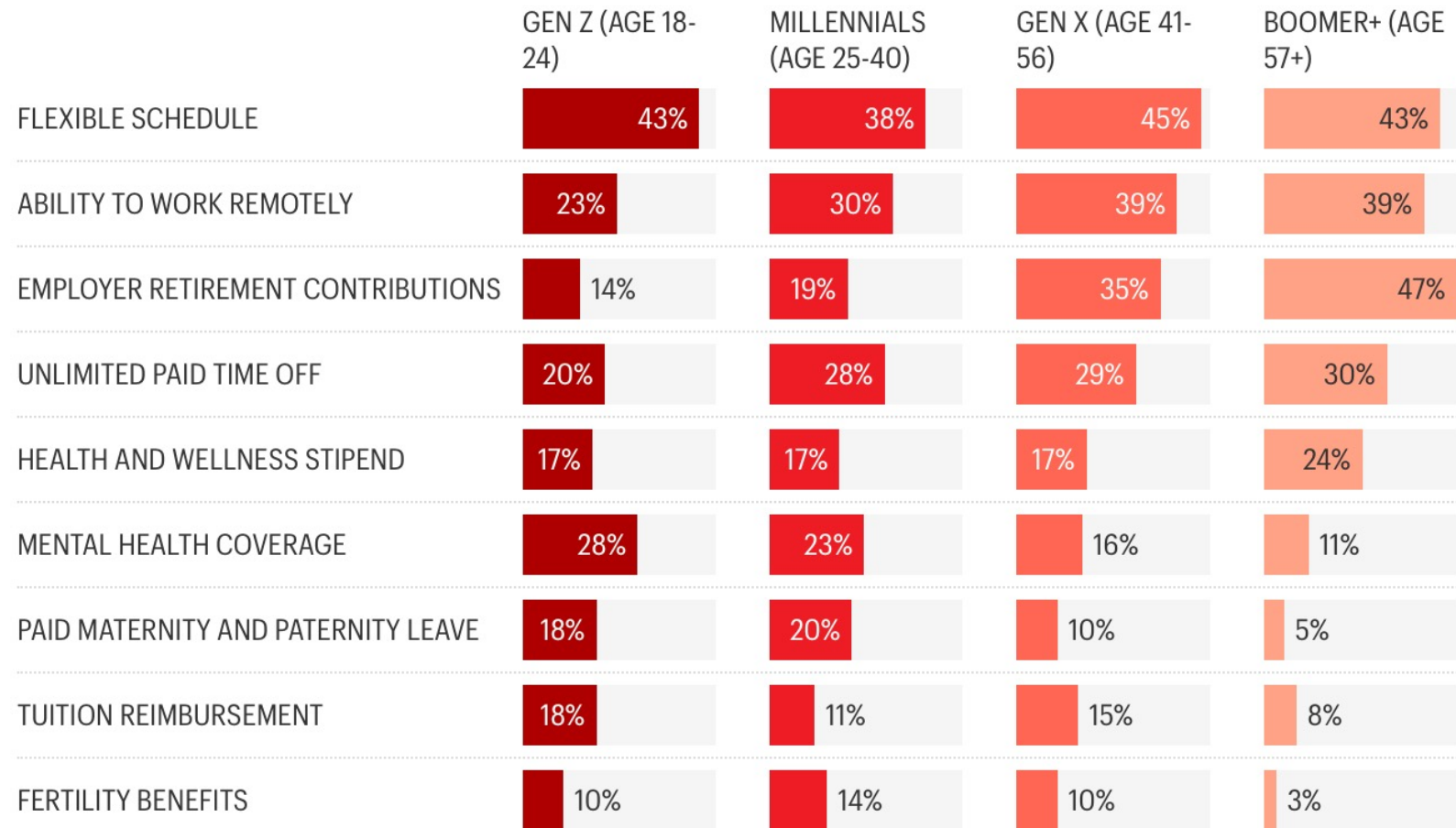
Source: U.S. Bureau of Labor Statistics

Not Participating In The Labor Force

- Who Is Not Working But Would Like To?
- What Barriers Do They Face?
- What Might Entice Former Workers Back?
- How Do We Get An Increase In Workers In Ohio?

Flexibility is the New Paradigm

Which of the following benefits would most influence you to consider a job with an employer?



DATA BASED ON SURVEY OF MORE THAN 2,000 U.S. ADULTS FIELDED FEBRUARY 18-20, 2022

SOURCE: THE HARRIS POLL

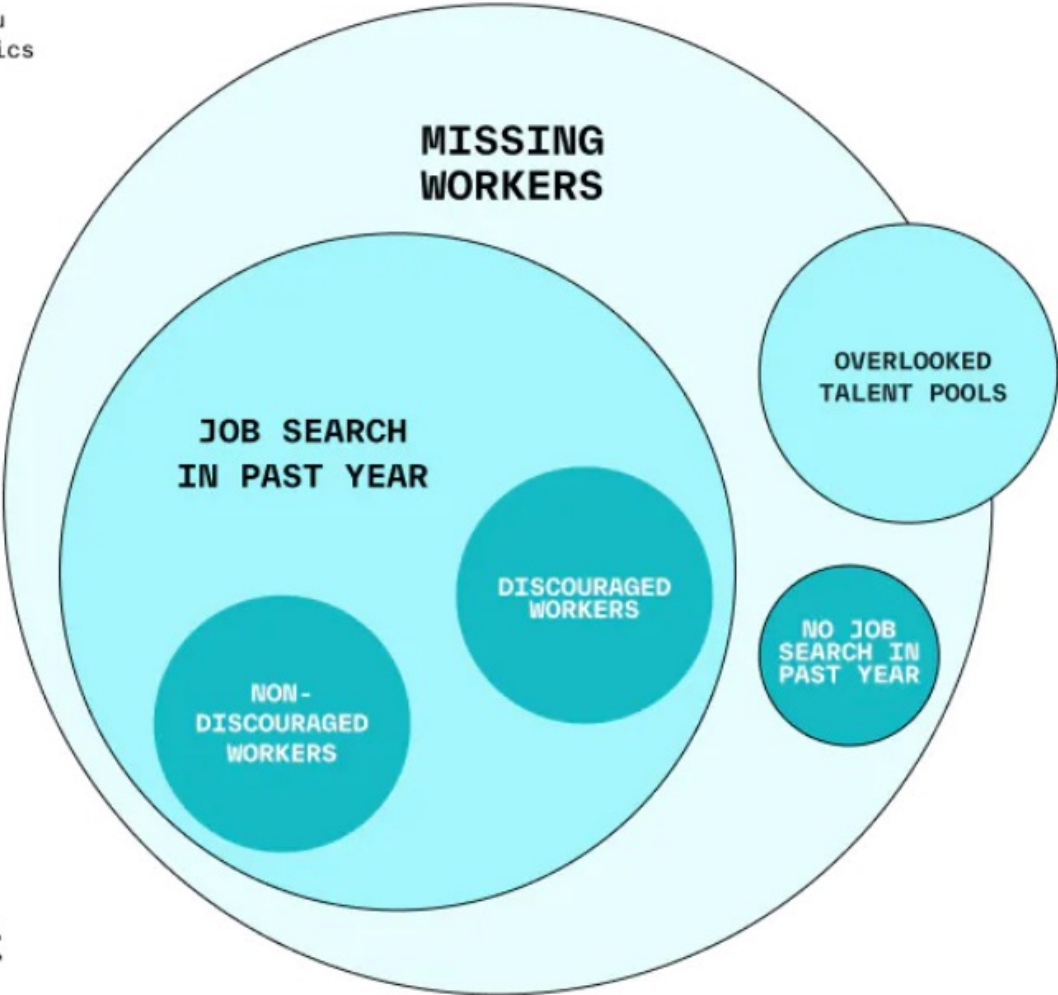
FORTUNE



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Employers Can Draw "Missing Worker" Populations Back Into the Labor Force by Understanding their Reasons for not Working

Source: US Bureau of Labor Statistics and Lightcast



MISSING WORKERS

Out of the labor force but want a job

JOB SEARCH IN PAST YEAR

Workers "Marginally Attached" to the labor force that have stopped searching due to a variety of reasons:

DISCOURAGED WORKERS

- Employers think too young or too old
- Other types of discrimination
- Lacks necessary schooling/training
- Believes no work available in area of expertise
- Couldn't find work

NON-DISCOURAGED WORKERS

- Family responsibilities
- In school or other training
- Ill-health, physical disability
- Can't arrange child care
- Transportation problems
- Conditionally interested

NO JOB SEARCH IN PAST YEAR

Abandoned job search amid the unique challenges of the pandemic (childcare, health concerns, etc.)

OVERLOOKED TALENT POOLS

People with disabilities, previously incarcerated persons, and homeless populations

Promising Strategies for Filling Talent Gaps with “Missing Workers”

- **Adopt flexible, creative work arrangements.**
 - Flexibility in setting work schedules (i.e., floating start times, shift swapping, or compressed work weeks) can offset some of the day-to-day family care, transportation, or other challenges of a regular 9-to-5 job.
 - Provide flexibility (and pay) to attend training during regular working hours

Promising Strategies for Filling Talent Gaps with “Missing Workers”

- **Make the recruitment process simpler and more inclusive.**
 - Implement employee referral programs
 - Intensify social media efforts
 - Shorten the recruitment process with fewer interviews
 - Implement “easy apply” mobile options
 - Reprogram application tracking systems to accept (rather than screen out) resumes with employment gaps and alternative credentials
 - Implement accessible virtual interviewing

Promising Strategies for Filling Talent Gaps with “Missing Workers”

- **Split jobs into tasks**

- Match open positions by breaking jobs into tasks & matching those tasks to candidates’ “three S’s”:

- ***Skill*** level – Rewrite job descriptions to focus on core competencies and “must-have” skills, or lowering degree and experience requirements;

- ***Schedule*** - Create job sharing or project-based roles that can be filled by workers on a part-time or alternative schedule; and

- ***Stress*** level – Offer roles with lower physical demands and stressors to accommodate personal circumstances

Promising Strategies for Filling Talent Gaps with “Missing Workers”

- **Let workers grow into their jobs through targeted training**
 - Make it clear in job postings that applicants can grow into roles through:
 - Employer-provided training, internships, apprenticeships, or other work-based learning opportunities.
 - Incumbent Worker Training (IWT) & On-the-Job Training (OJT)
 - Youth Engagement
 - Recruit in High Schools, Career Plans for High School Students, Pre-Apprenticeships, Internships, Learn to Earn

Promising Strategies for Filling Talent Gaps with “Missing Workers”

- **Work to retain employees.**
 - Maintain tailored training and support programs
 - Improve reward and recognition programs
 - Formalize career pathways
 - Implement a Workplace Mentoring program
 - Offer health & well-being programs that target specific employee needs
 - Conduct 30-, 60-, and 90-day **“stay interviews”** to identify what is and is not working for new employees.

Thank You

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