



Five Major Workforce Trends

House Committee on Business and Labor

May 15, 2013

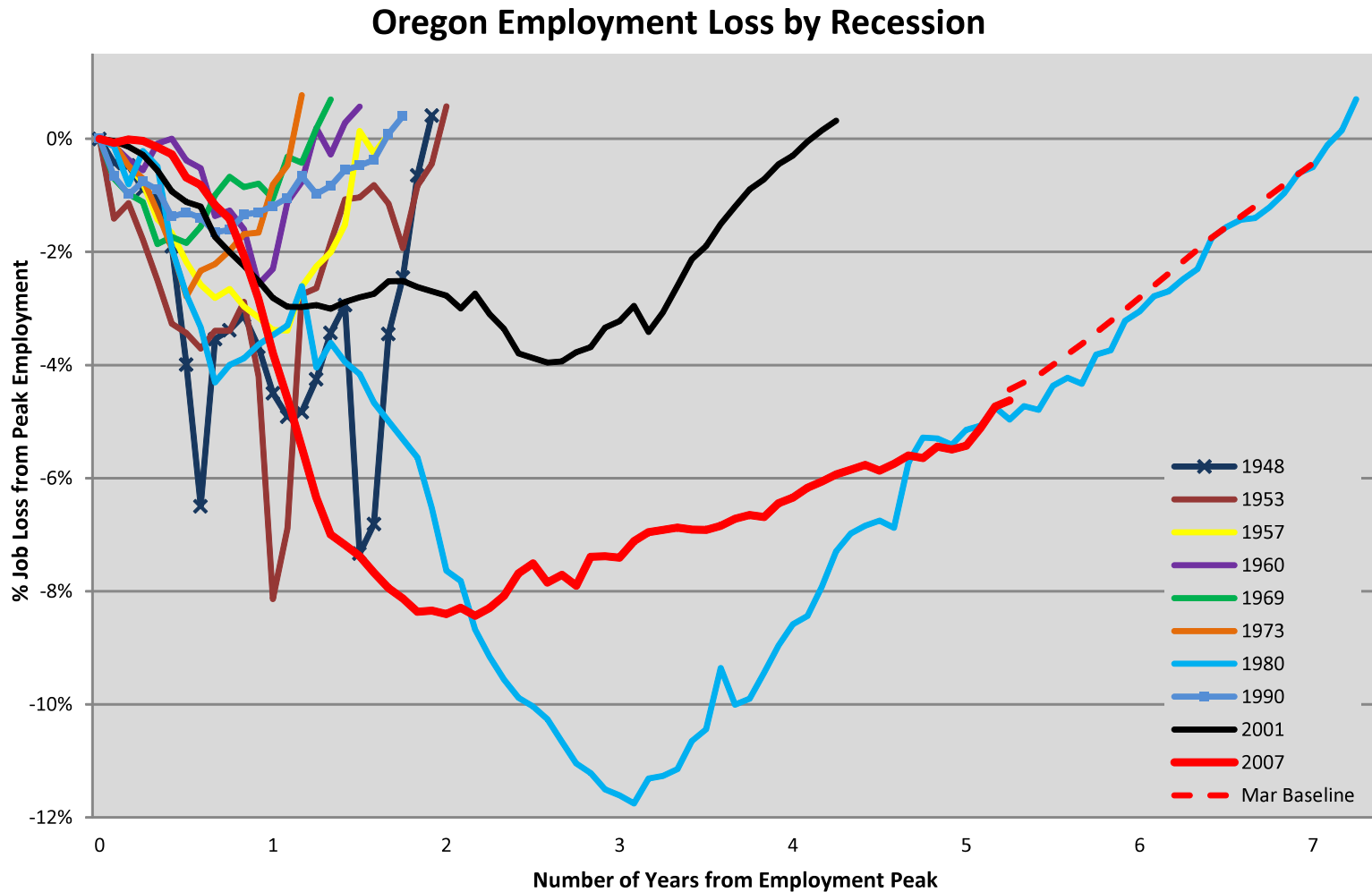
Graham Slater and Nick Beleiciks

Five Key Workforce Trends

1. The Great Recession was deep and its effects are lingering.
2. Oregon's labor force is declining. That's very unusual.
3. It's difficult to figure out businesses' need for workers.
4. The recession had a significant impact on younger workers.
5. Always remember - rural areas have it worse.

The Great Recession was Deep and Lingering

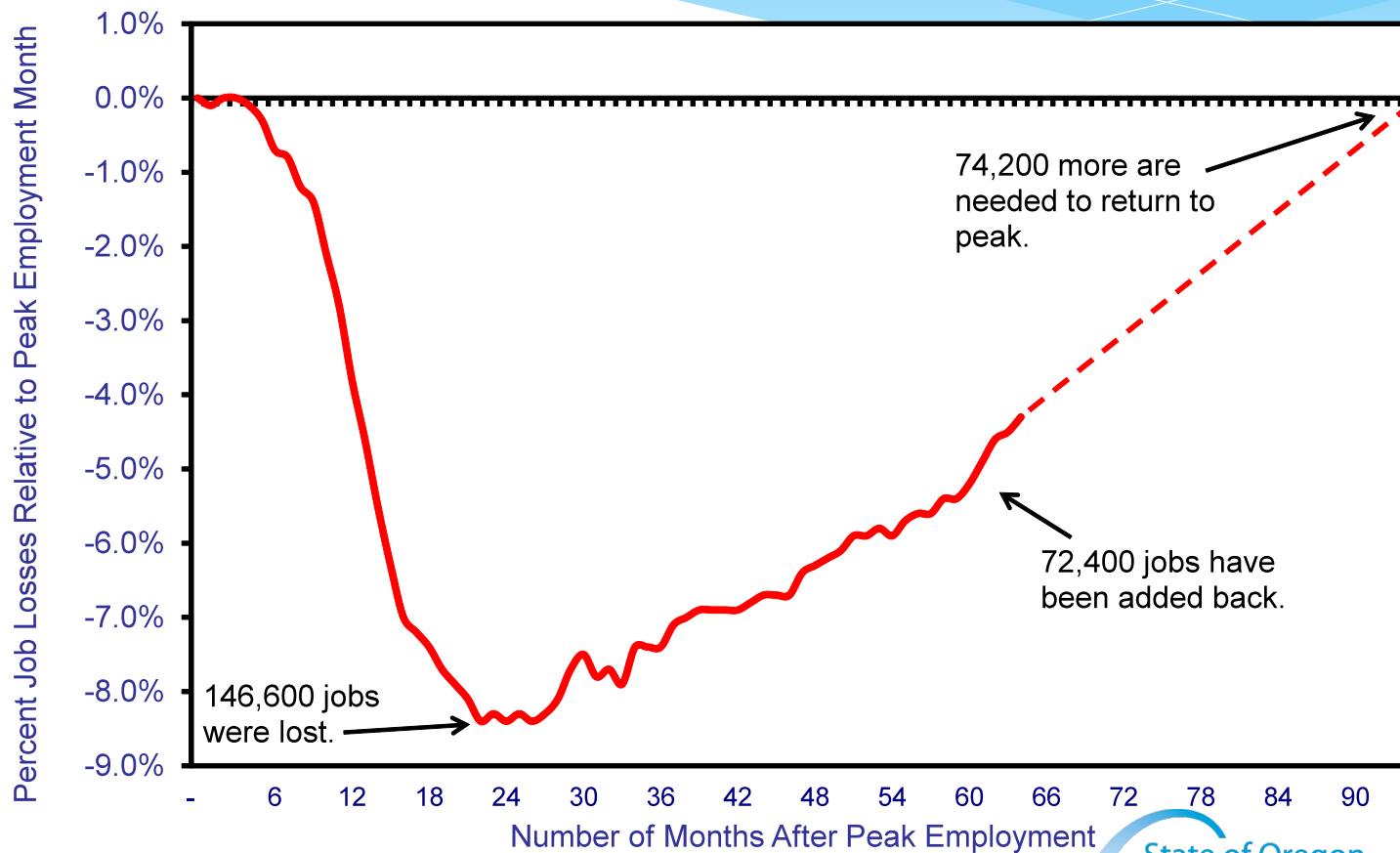
Let's start with a simple graph.



Projection: Oregon Office of Economic Analysis, March 2013

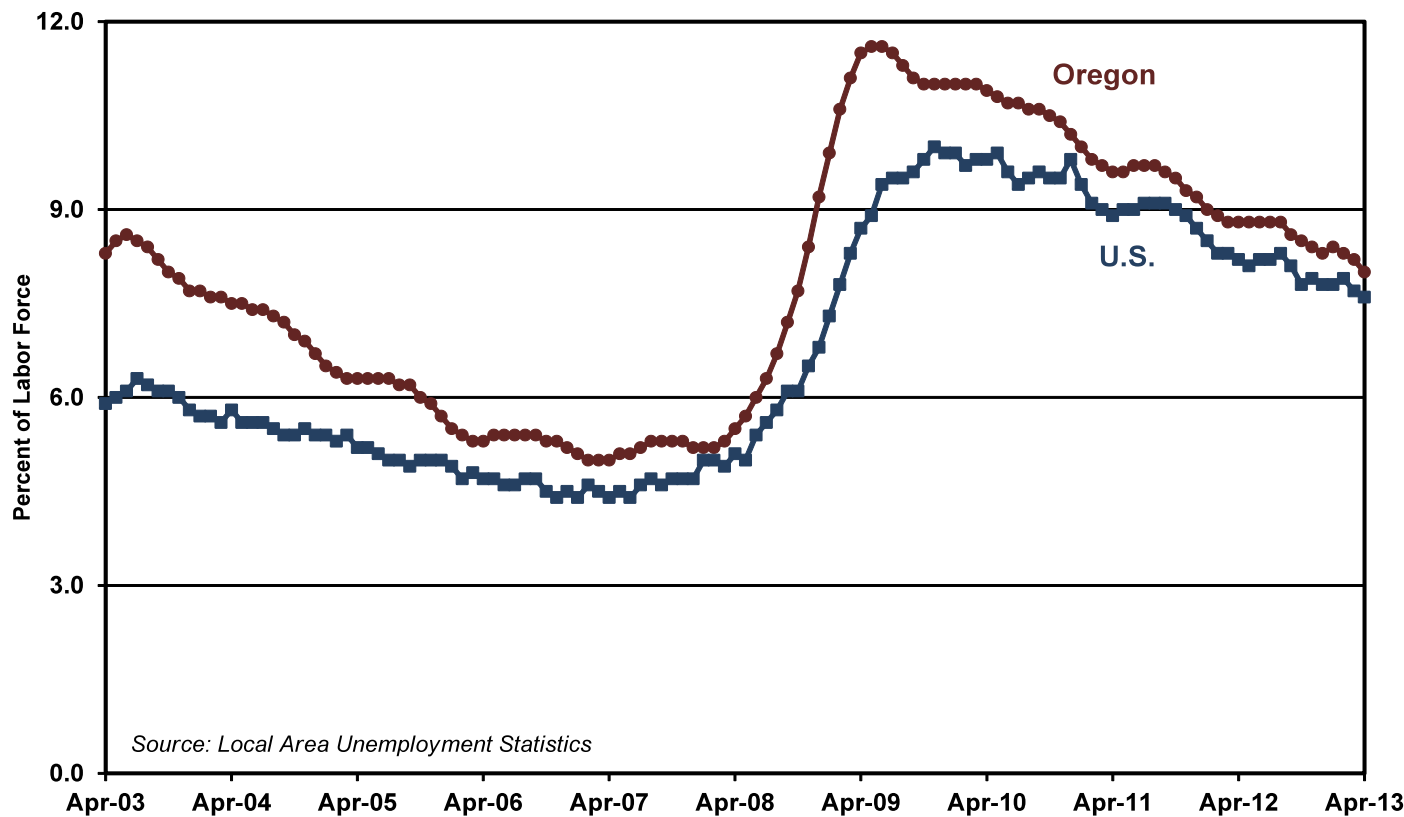
Translation: three years into “recovery”, we’ve added back fewer than half of the jobs lost in the recession.

Percent of Job Losses in Oregon Since Peak in December 2007



That's why Oregon's unemployment rate is still at historically high levels, equal to the worst rates of the early 2000s recession.

Seasonally Adjusted Unemployment Rates, Oregon and U.S.
2003 to Present



**Oregon's April
Unemployment
Rate**

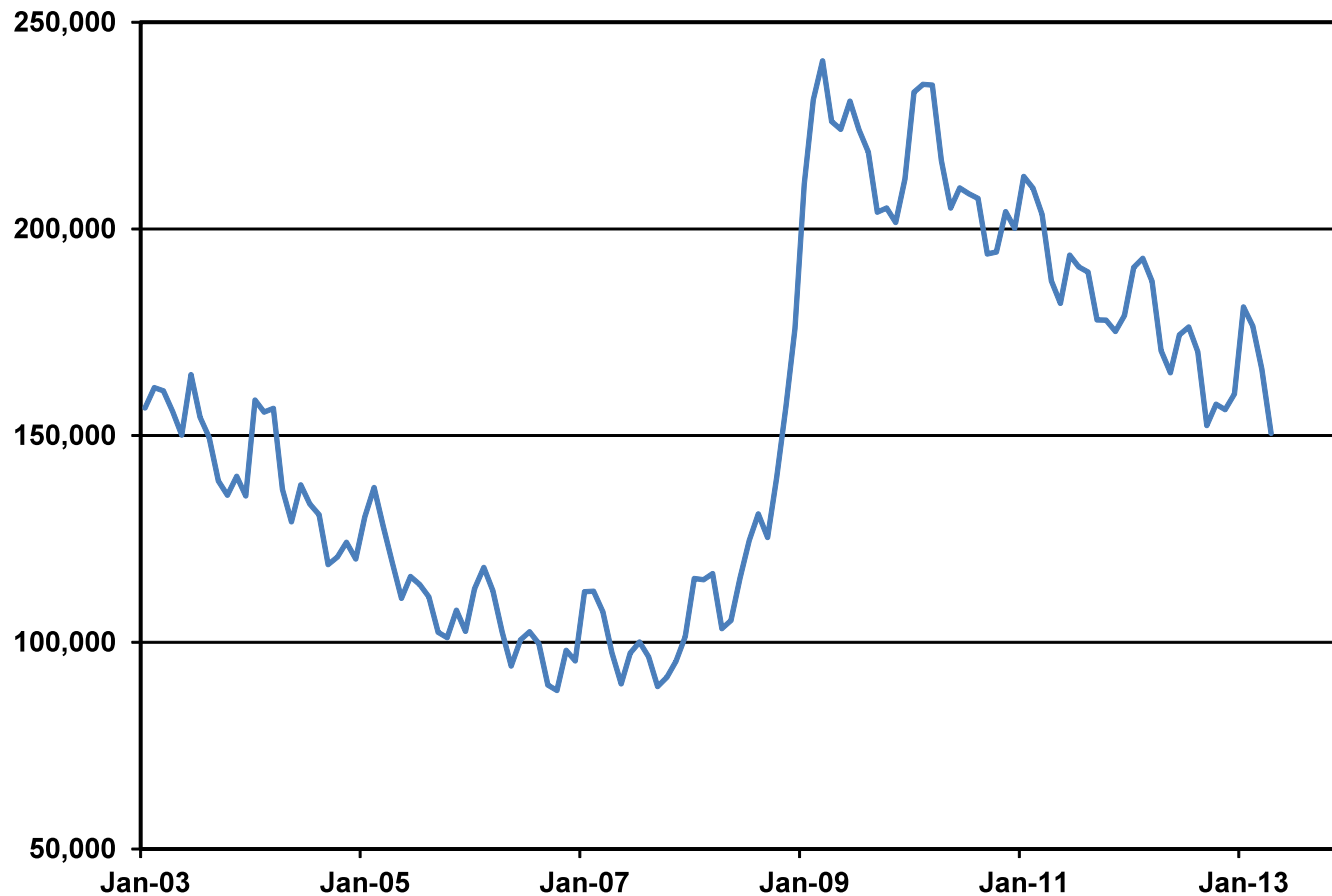
In 2011: 9.6%

In 2012: 8.8%

In 2013: 8.0%

And there are still nearly 151,000 unemployed in Oregon, far above the roughly 100,000 pre-recession level (but much better than the recession's 240,000).

Unemployed Persons, Oregon Statewide
Not Seasonally Adjusted, 2003 to Present



**Oregon's April
Unemployed
Count:**

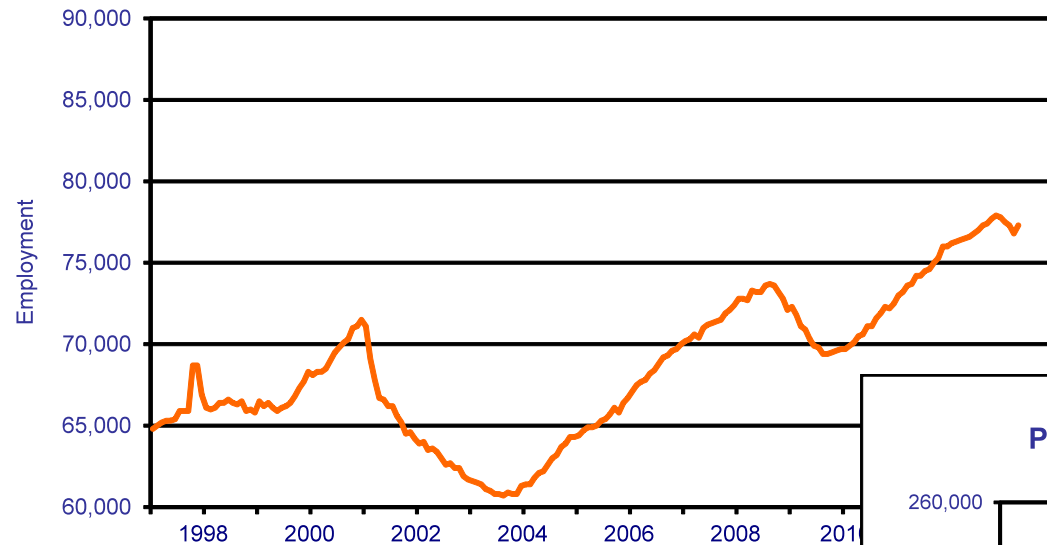
In 2011: 187,500

In 2012: 170,500

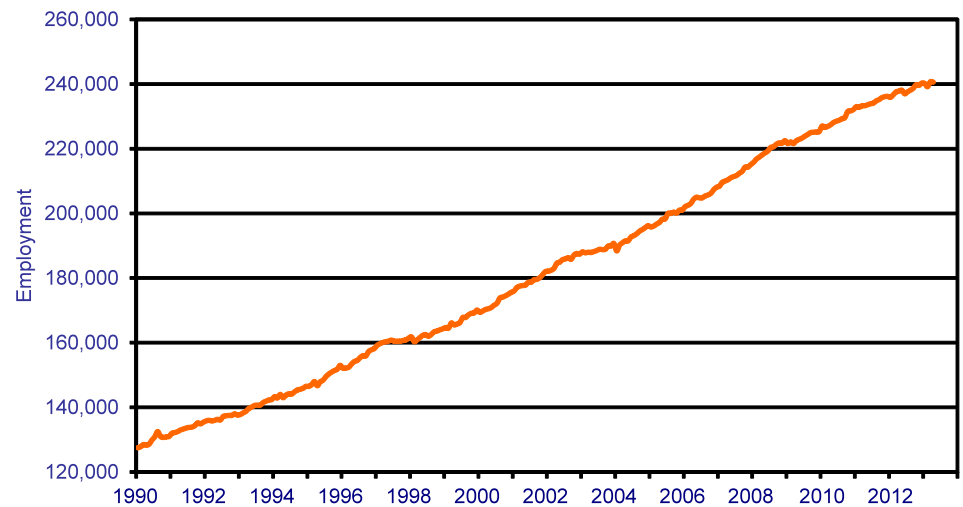
In 2013: 150,600

Some industries are actually doing quite well.

**Seasonally Adjusted Employment in Oregon
Professional and Technical Services: 1997 - 2013**

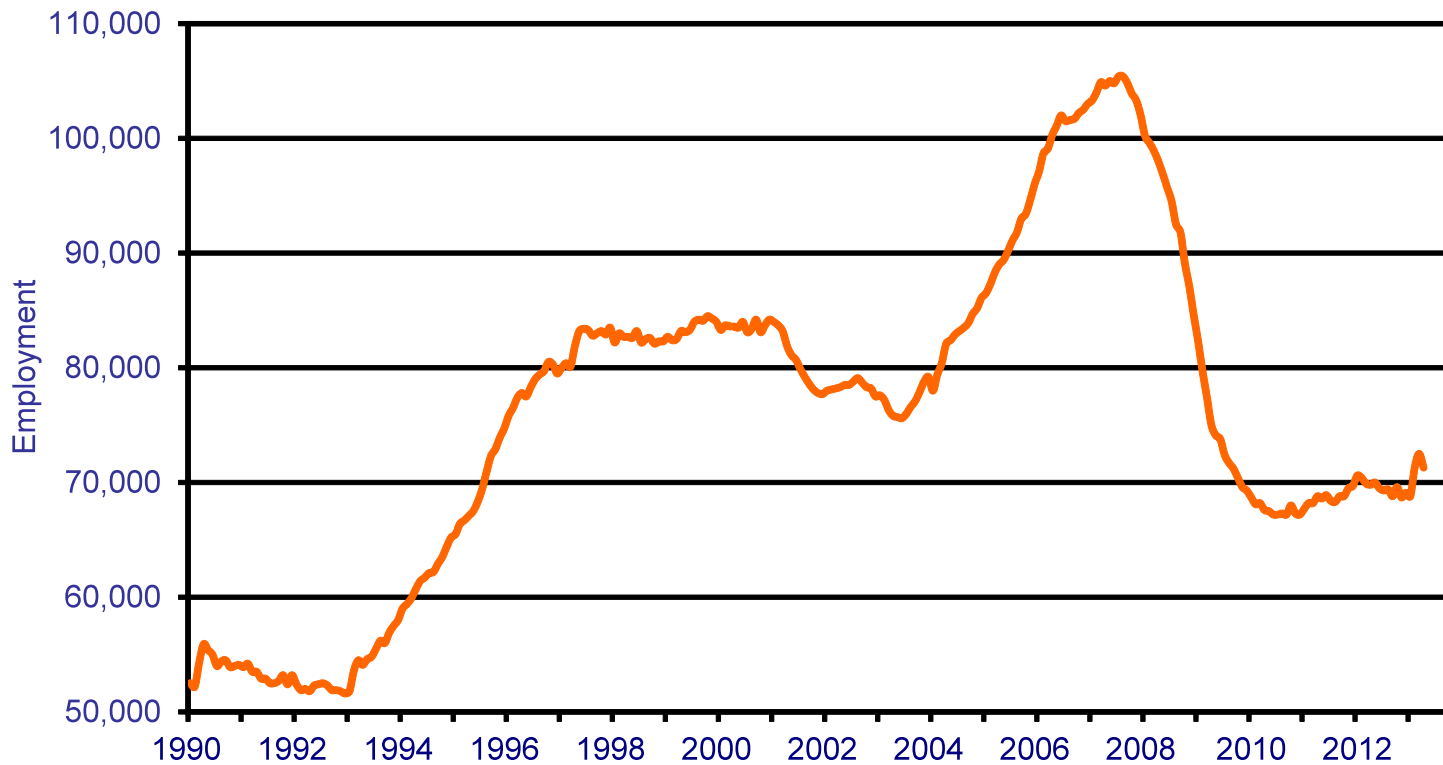


**Seasonally Adjusted Employment in Oregon
Private Educational and Health Services: 1990 - 2013**



But others are not.

**Seasonally Adjusted Employment in Oregon
Construction: 1990 - 2013**



Five Key Facts from Yesterday's News Release

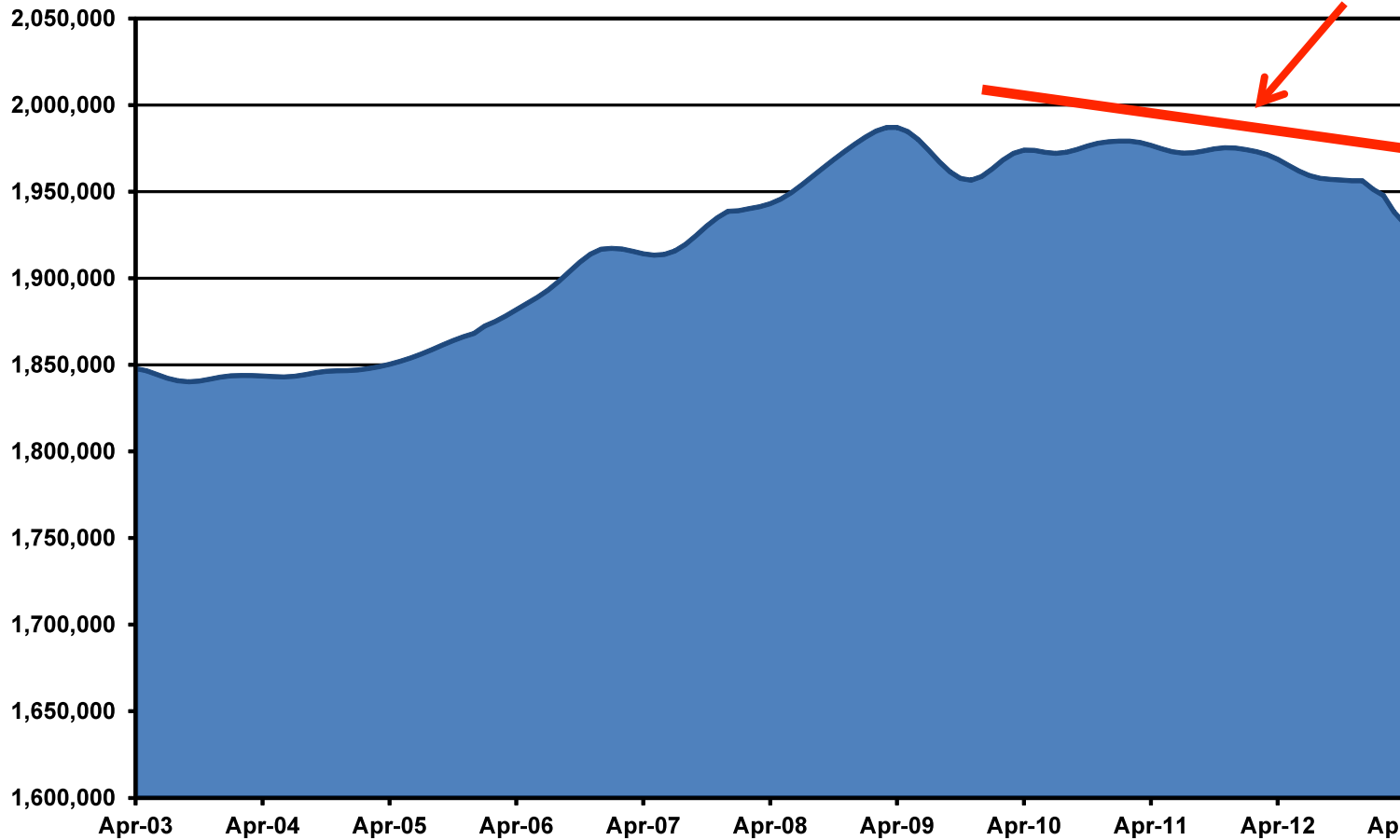
- * Unemployment rate fell to 8.0 percent
 - * Lowest rate since October 2008 (7.7 percent)
- * Nonfarm payrolls added 3,700 jobs in April
- * Payroll employment has risen for seven months in a row
- * Oregon added 27,500 jobs since April 2012
- * Labor force participation rate was 61.9 percent
 - * Record low since series began in 1976

Oregon's Labor Force is Declining

This is perhaps the biggest single trend impacting Oregon's economy right now. It's one we knew was coming ...

- Slow population growth
- Retirements
- Low teen participation

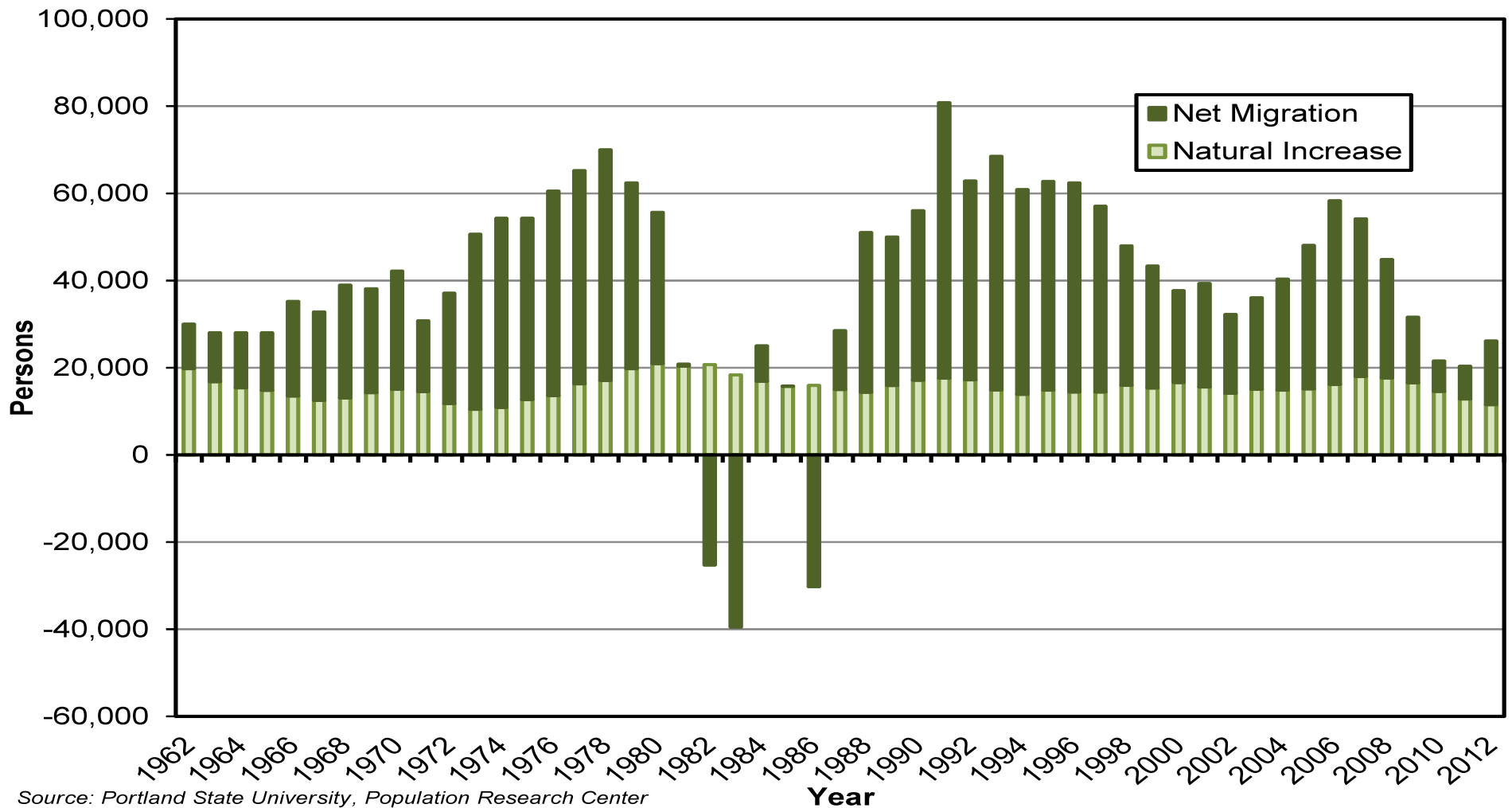
Oregon Civilian Labor Force, Seasonally Adjusted
2003 to Present



Source: Local Area Unemployment Statistics

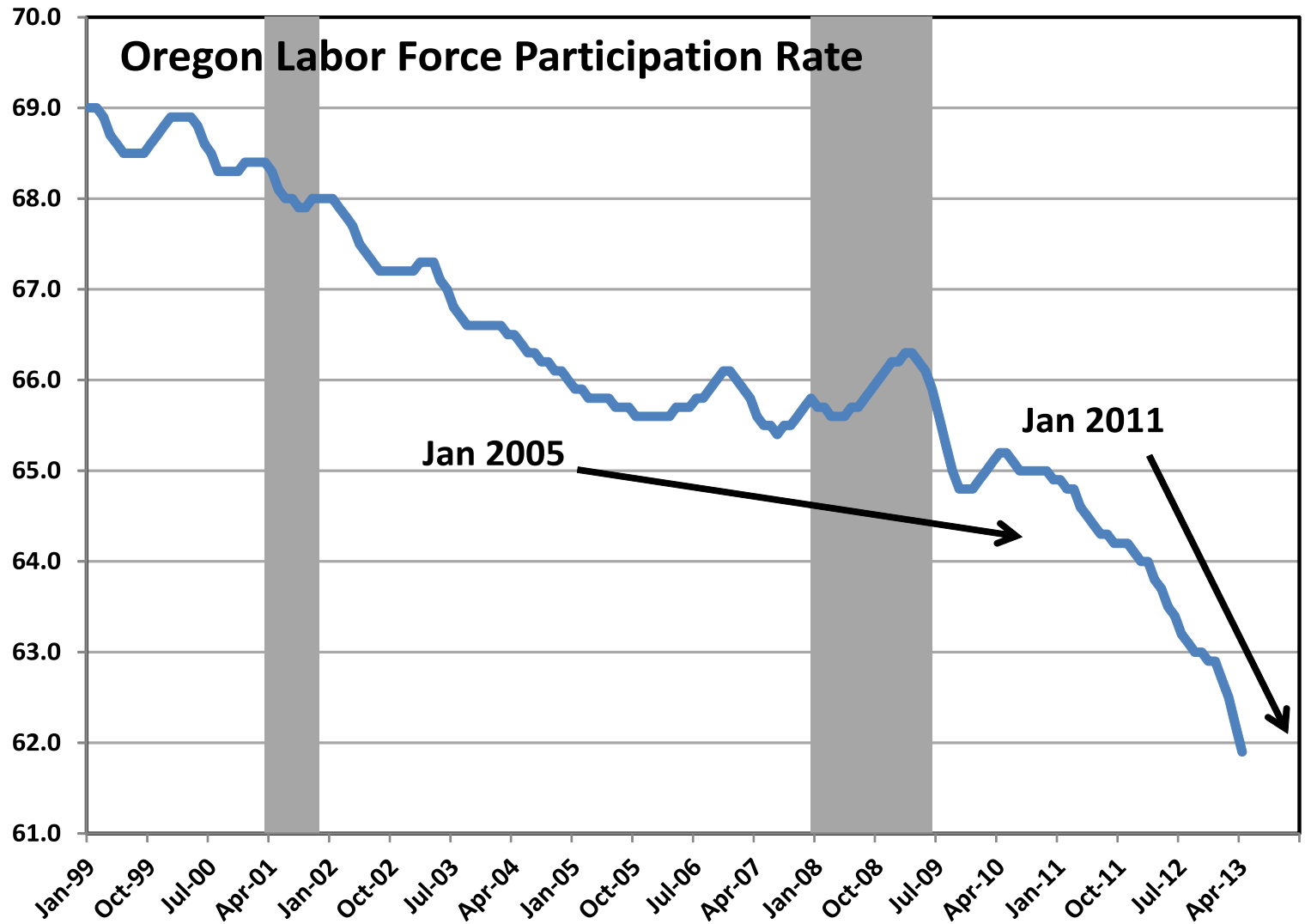
Net migration into Oregon has slowed ... a lot. This has implications for labor force growth, labor force supply, and demand for products and services.

Components of Oregon's Annual Population Change



Source: Portland State University, Population Research Center

And for those who are living here, Oregon's labor force participation rate has fallen dramatically in the last few years.



The definition is important for this discussion.

$$\text{Participation Rate} = \frac{\text{Employed} + \text{Unemployed}}{\text{Civilian Noninstitutional Population}}$$

$$\text{In 2012, 63.4\%} = \frac{1,792,000 + 171,000}{3,097,000}$$

Unemployed = No job, available and currently looking for work
(regardless of unemployment insurance eligibility)

Civilian = Not on active duty in the armed forces

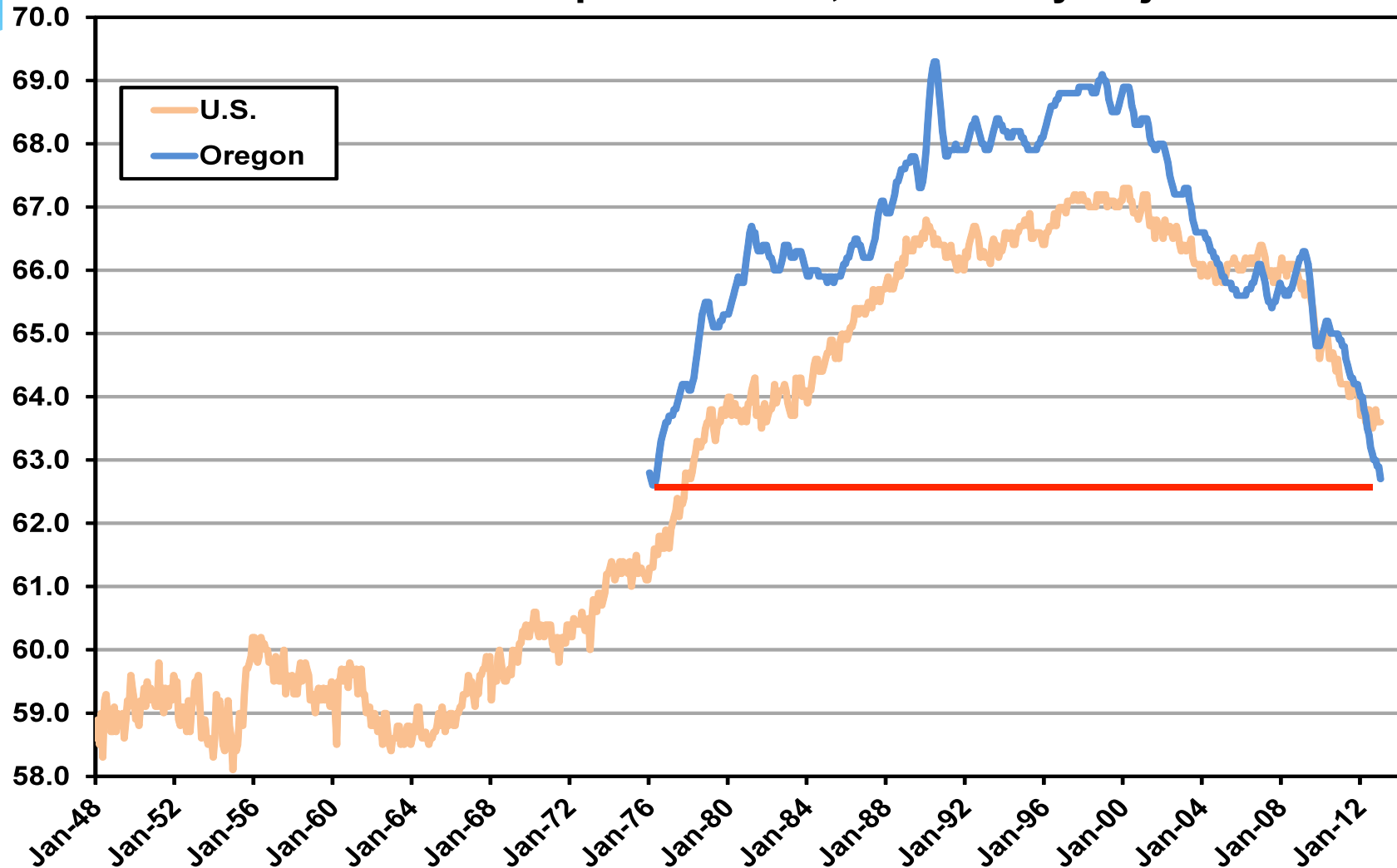
Noninstitutional = Not residing in prisons or homes for the aged

Population = Anyone 16 years and older

- *Students? – In labor force if they are working or looking for work*
 - *Retirees? – In the population if not in a nursing home*
 - *Undocumented immigrants? – Included*

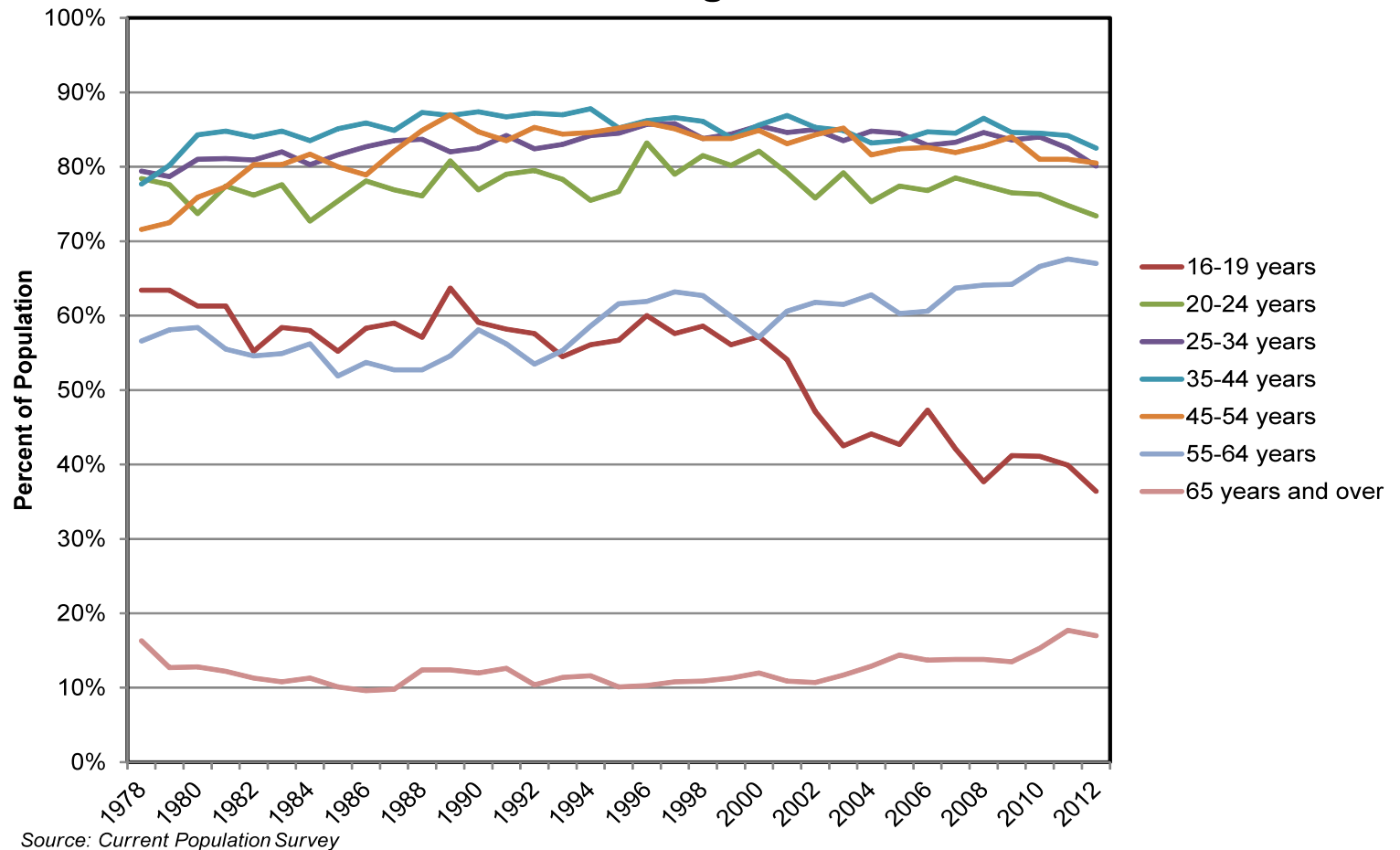
Oregon's rate is the lowest since state records began in 1976.

Labor Force Participation Rates, Seasonally Adjusted



Retiring older workers and decreasing participation by young people are big reasons.

**Labor Force Participation Rates by Age Group
Oregon**

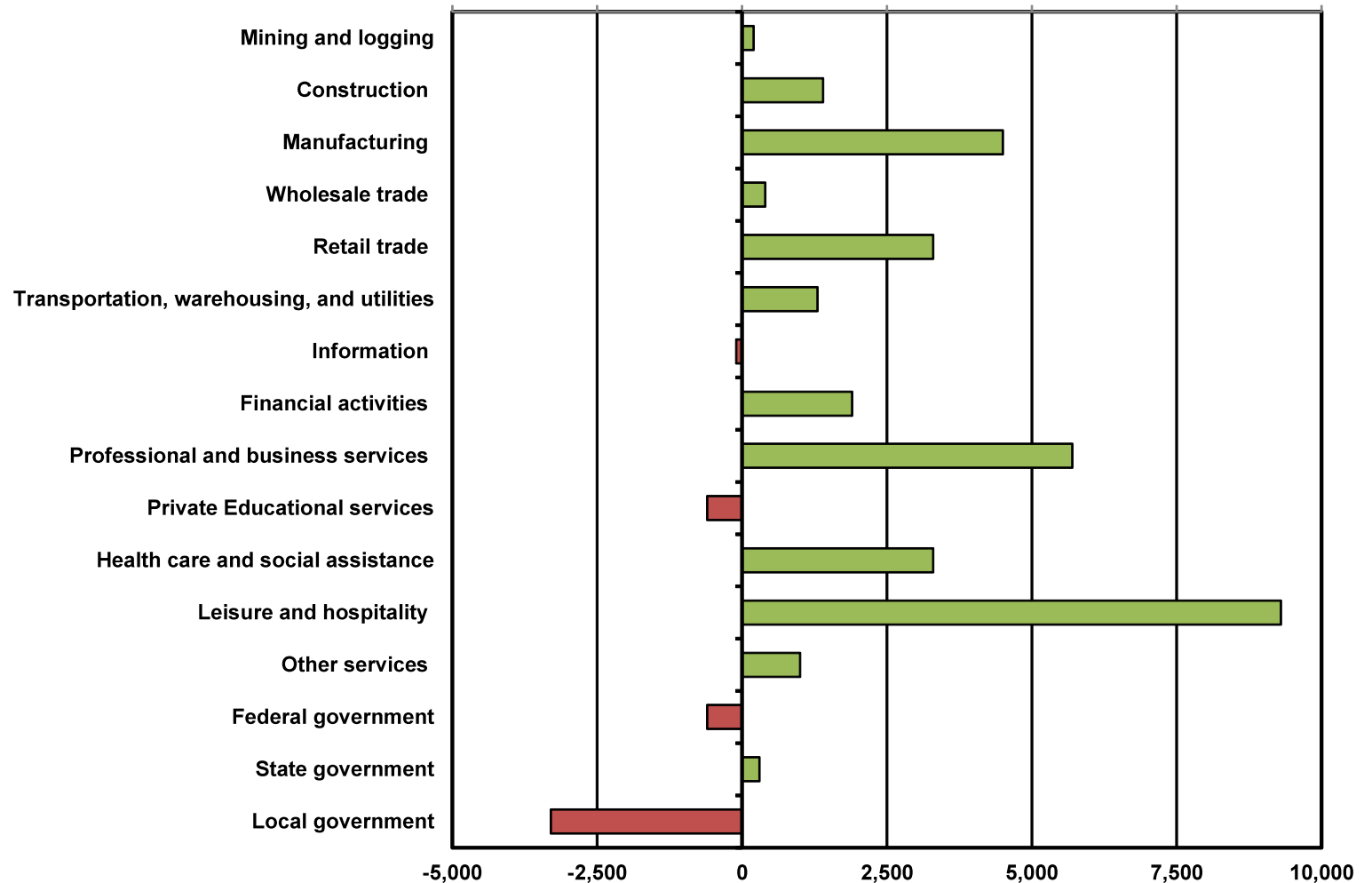


Trying to Understand Businesses' Need for Workers

1. Job growth has been sluggish ... so businesses don't need as many workers.
2. And yet ... some businesses say they can't find "qualified workers" for the openings they do have.

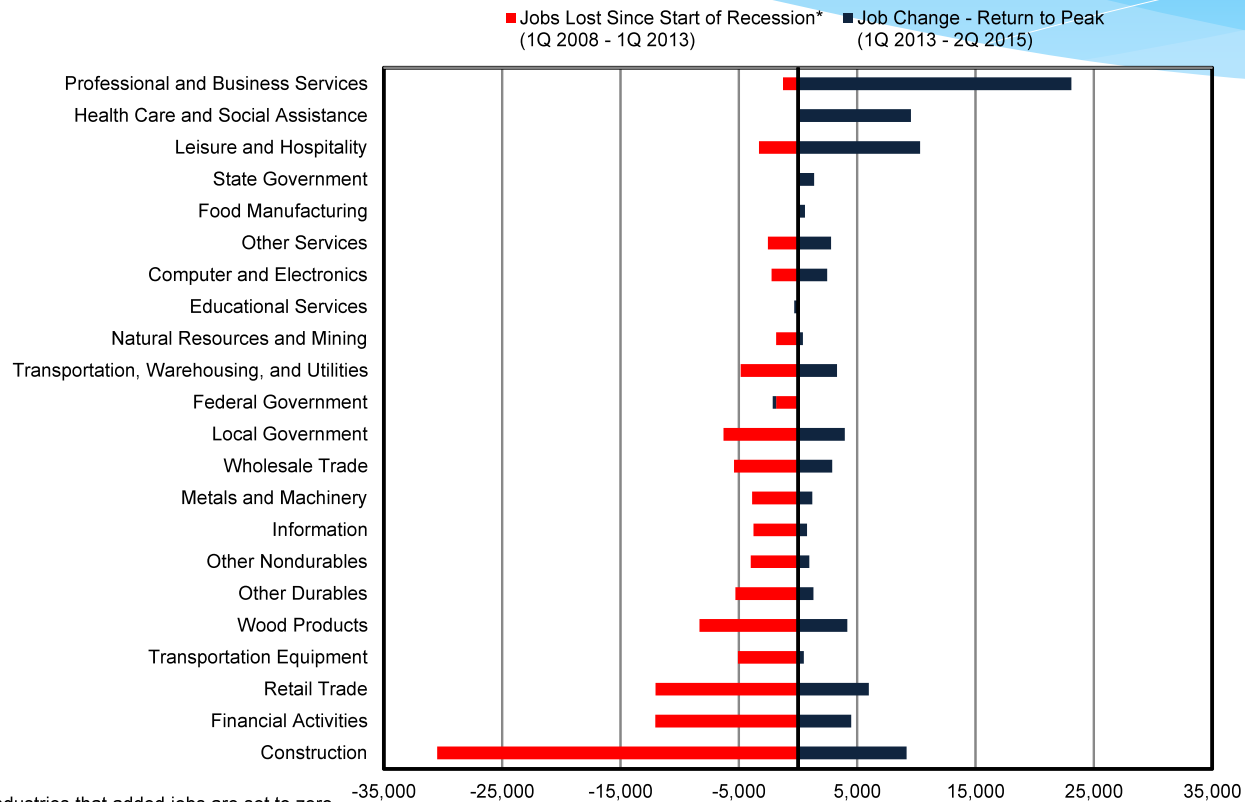
We've definitely added jobs over the year. So this might suggest there's a big demand for workers.

Oregon Nonfarm Employment in April 2013
Comparison with One Year Ago



But many industries are still far below their pre-recession employment levels ... suggesting there are skilled workers eager to get back into jobs.

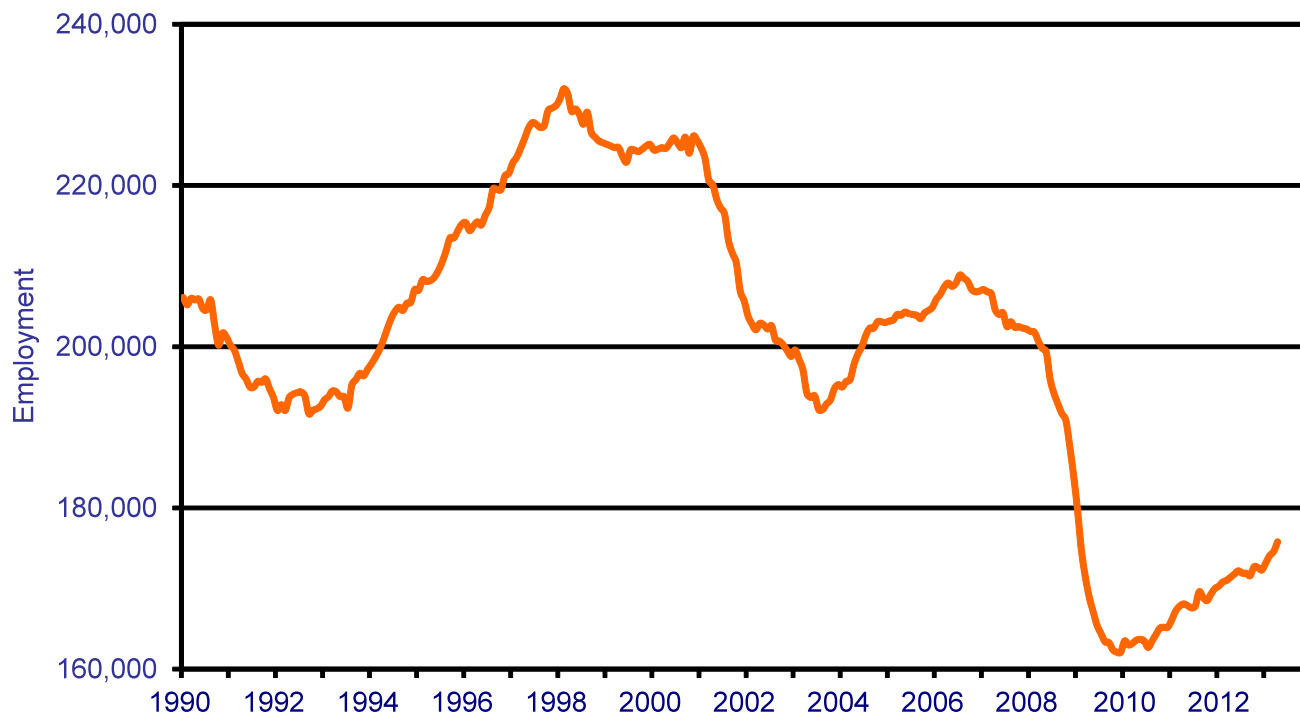
Real and Expected Job Changes by Industry Sector Sorted by Net Job Change



* Industries that added jobs are set to zero.
Source: OED analysis using OEA Forecast, March 2013

We looked at employment in several industries earlier. What's happening in manufacturing?

**Seasonally Adjusted Employment in Oregon
Manufacturing: 1990 - 2013**



Consider this scenario:

- Increasing demand for manufactured products.
- Productivity high.
- Profits decent.
- Do we need to hire more people?

Let's think more about this “can't find qualified workers” discussion.

- There were 158,645 unemployed Oregonians in October 2012 and 31,230 private sector job vacancies reported by employers.
- That's 5 unemployed people for each private sector vacancy.
- But we've heard, over and over again, that businesses are having particular difficulty finding workers, especially in health care, manufacturing, and truck driving.

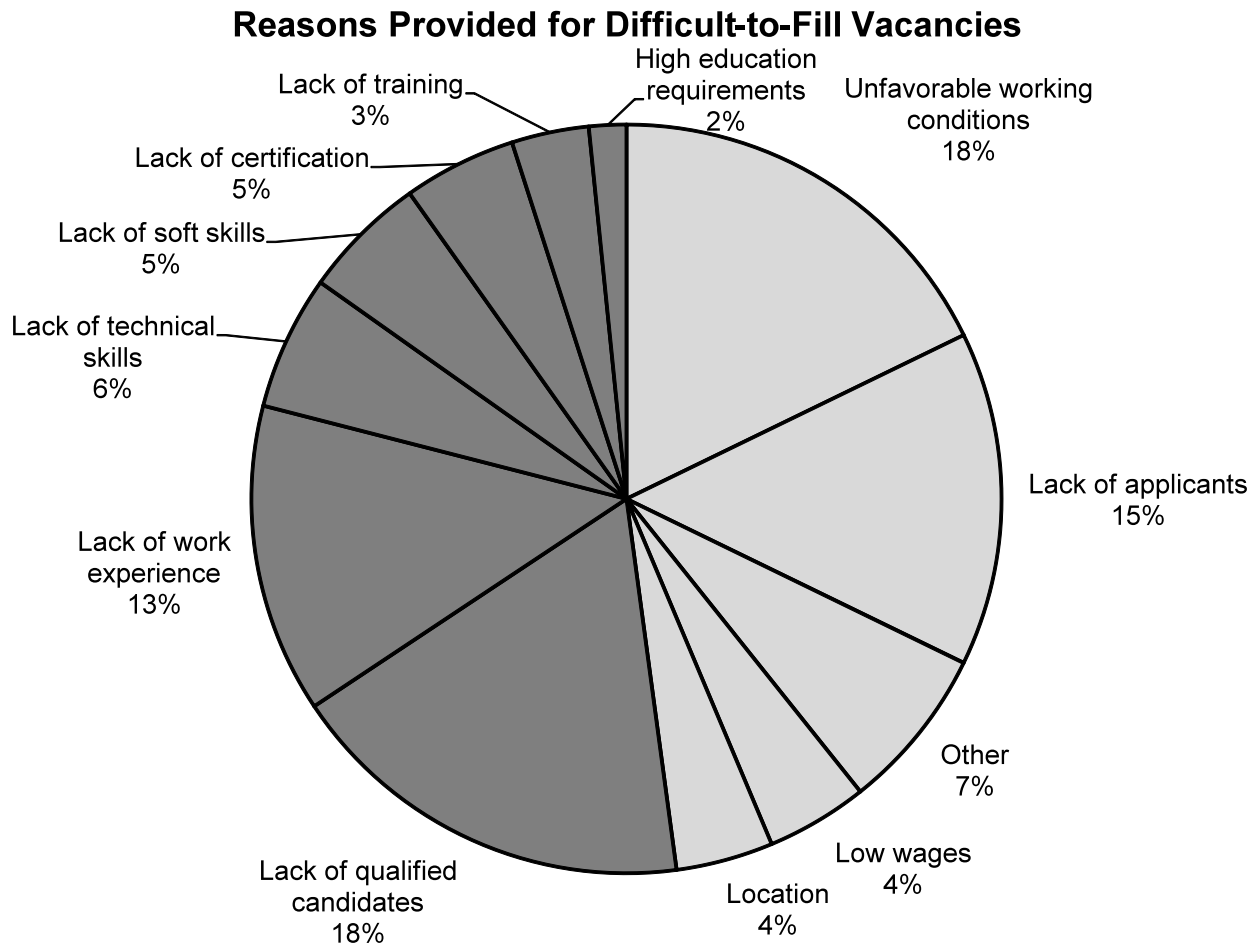
So we asked more about this in our 2012 Vacancy Survey.

Oregon Job Vacancies by Industry, Fall 2012

Industry	Vacancies	Average Hourly Wage	Full-time Positions	Permanent Positions	Requiring Education Beyond High School	Requiring Previous Experience	Difficult to Fill
All Industries	31,230	\$17.92	74%	82%	28%	68%	44%
Health care and social assistance	6,919	\$18.05	66%	96%	42%	68%	42%
Leisure and hospitality	3,329	\$10.54	43%	33%	4%	47%	25%
Management, administrative, and waste services	3,168	\$19.80	79%	78%	18%	68%	48%
Manufacturing	3,003	\$21.09	90%	86%	42%	76%	55%
Retail trade	2,899	\$11.74	57%	59%	5%	49%	38%
Other services	2,340	\$15.42	91%	96%	18%	50%	43%
Professional, scientific, and technical services	2,322	\$25.67	86%	93%	68%	77%	51%
Construction	1,950	\$15.13	98%	85%	10%	100%	51%
Transportation, warehousing, and utilities	1,720	\$19.59	65%	87%	6%	66%	65%
Wholesale trade	1,281	\$21.63	97%	96%	52%	84%	38%
Financial activities	1,264	\$19.56	86%	99%	26%	83%	41%
Information	495	\$22.94	88%	95%	49%	86%	57%
Natural resources and mining	285	\$16.99	77%	53%	19%	78%	48%
Private educational services	225	\$19.52	82%	100%	90%	91%	18%

And employers told us why certain openings were difficult to fill. We're in early analysis of this ...

Can the workforce system do something?



Can the businesses do something?

Dr. Peter Cappelli, at Wharton's Center for Human Resources, thinks perhaps businesses are being too picky ...

- * “With an abundance of workers to choose from, employers are demanding more of job candidates ...”
- * “... to get a job, you have to have that job already.”
- * “... drop the idea of finding perfect candidates and look for people who *could* do the job with a bit of training and practice.”
- * “Some of the complaints ... boil down to ... employers can't get candidates to accept jobs at the wages offered.”
- * “There are plenty of people out there who *could* step into the jobs being offered.”
- * The way forward:
 - * Work with education providers
 - * Bring back aspects of apprenticeship (pay less while mastering the craft)
 - * Promote from within
 - * Organize work to give employees opportunities to learn new skills

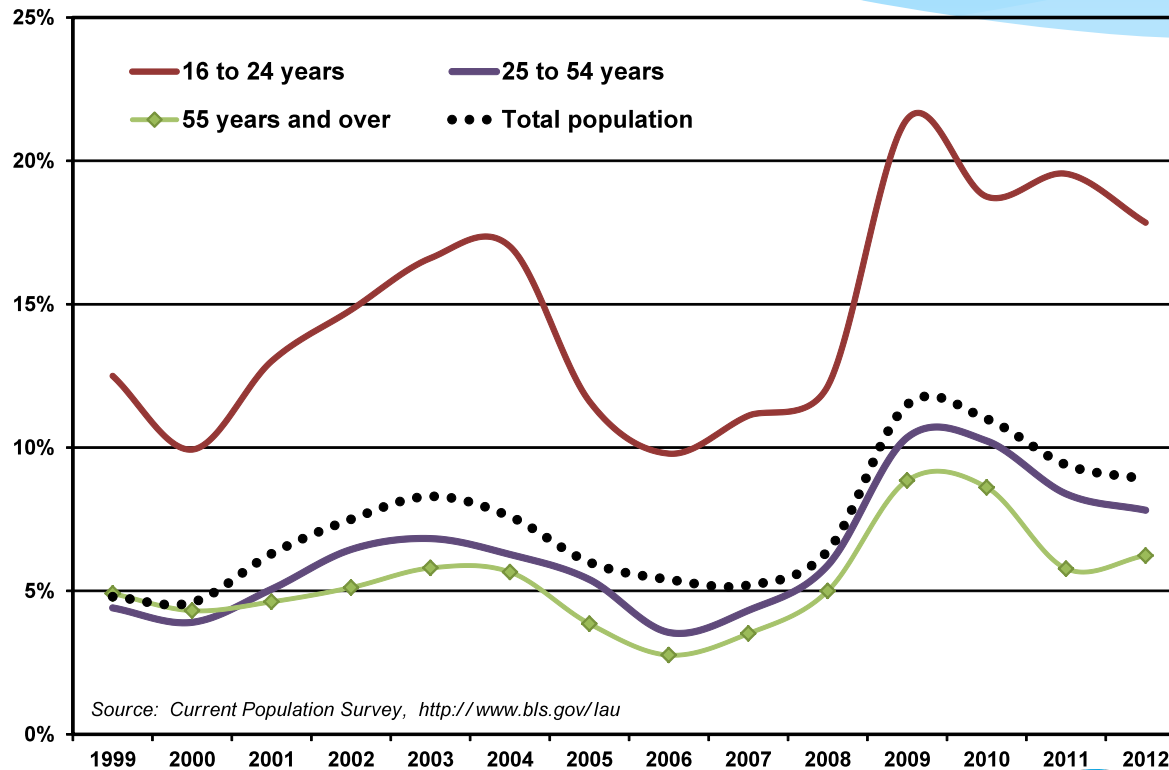
What All This Means for Young People

For the college students who graduated in
May-June 2008, and in times since ...

- * Employment impact
- * Income impact
- * Economic impact
- * Psychological impact

We already saw that younger people are less likely to be engaged in the labor force. And almost 20% of those that are in the labor force are unemployed.

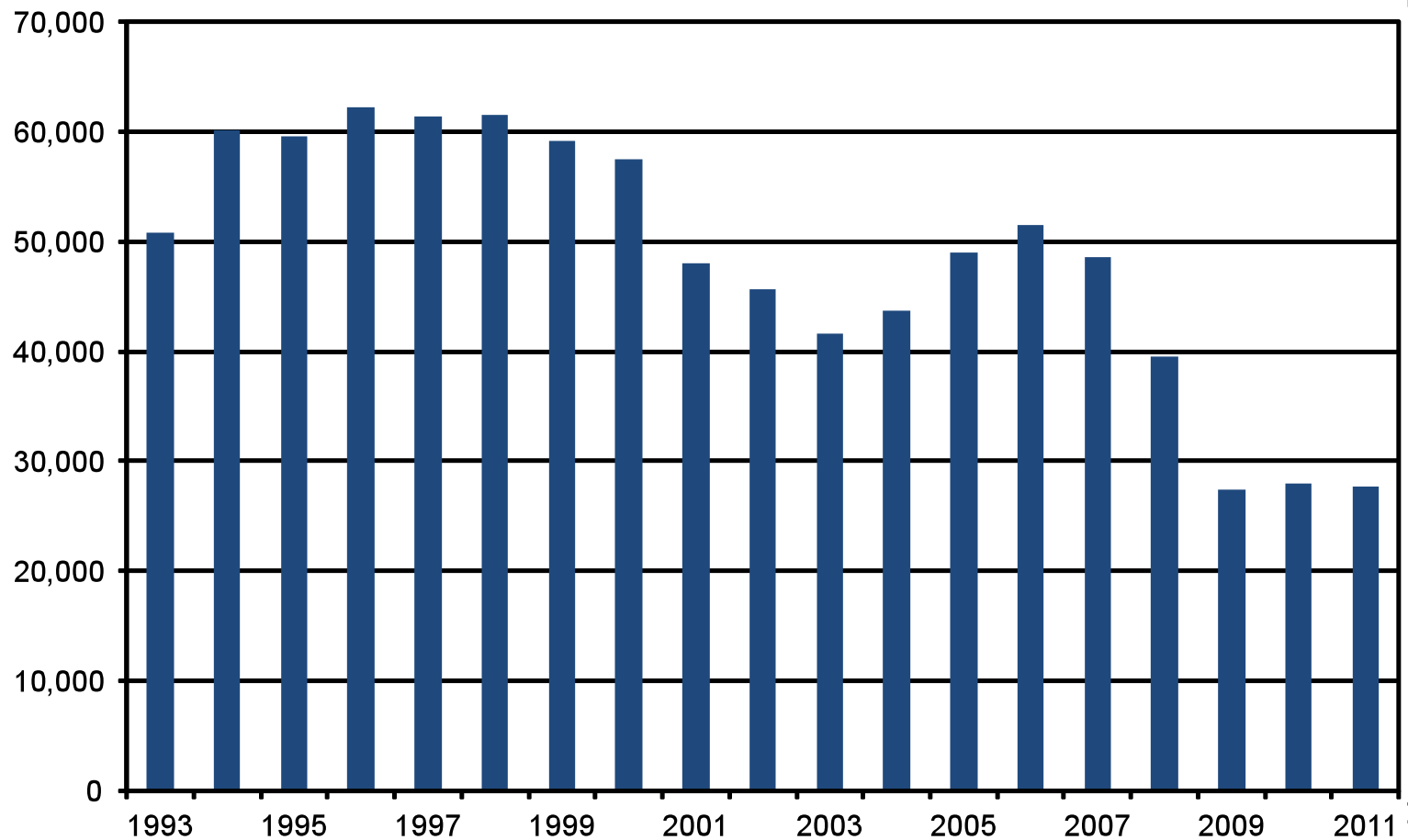
Average Annual Unemployment by Age Category
Oregon, 1999-2012



Source: Current Population Survey, <http://www.bls.gov/lau>

Employment of teenagers is way down.

Teen Hiring Halved In Recession, Accelerating a Downward Trend
Oregon, Third Quarter New Hires Ages 14-18

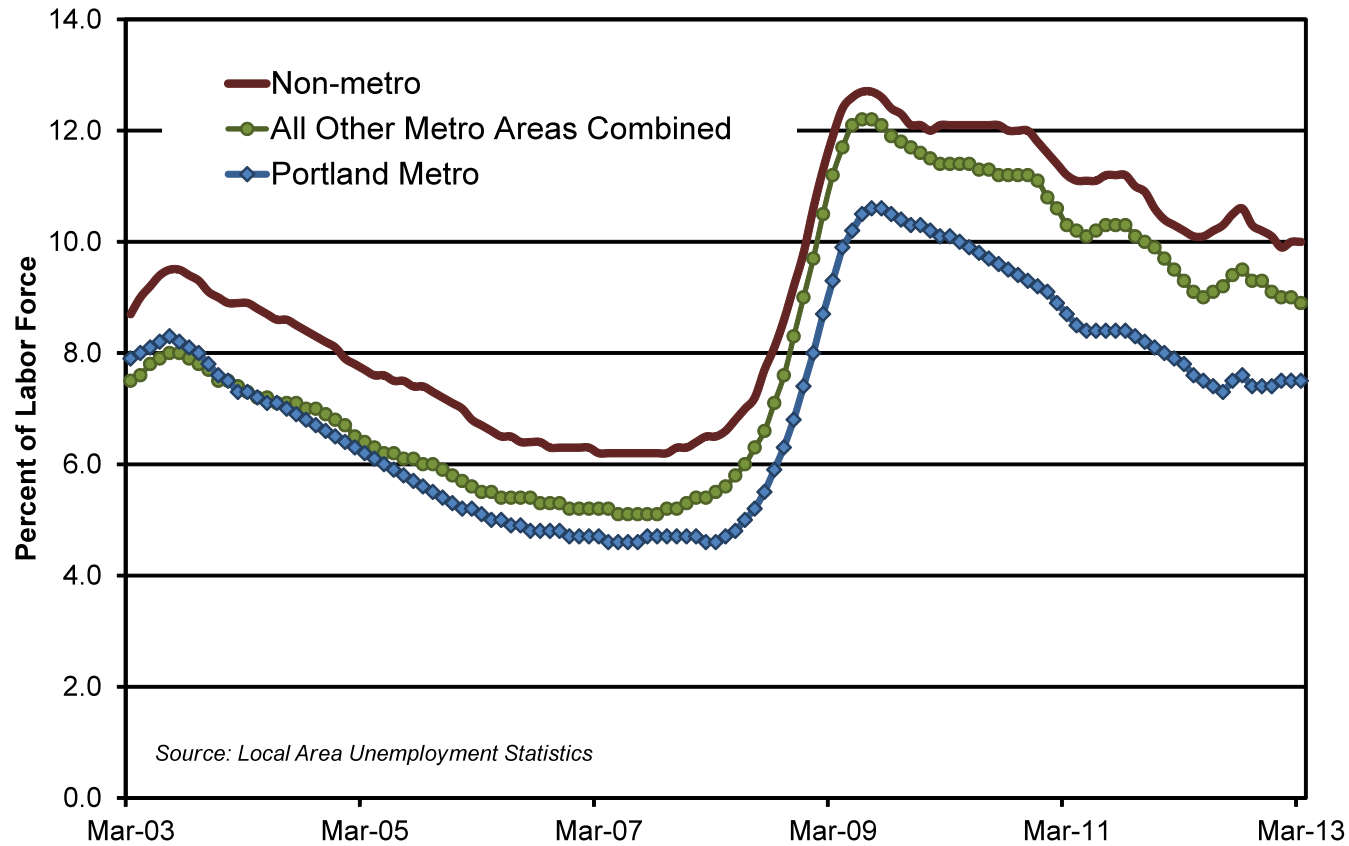


Source: U.S. Census Bureau, Local Employment Dynamics

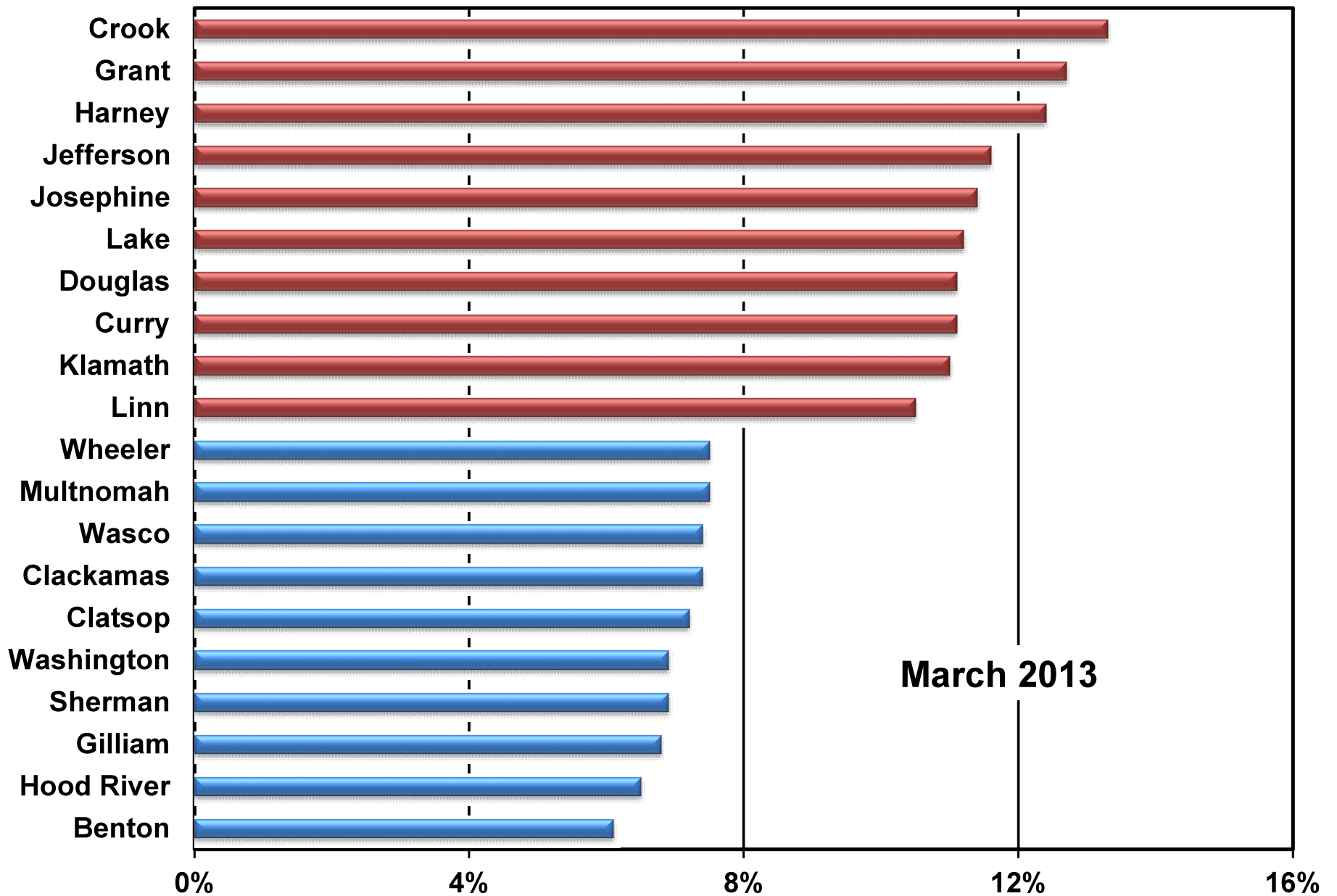
Remember the Rural Areas

The unemployment rate in rural areas is still well above the rate for urban areas.

Oregon Seasonally Adjusted Unemployment Rates



Oregon Unemployment: Ten Highest / Lowest County Rates

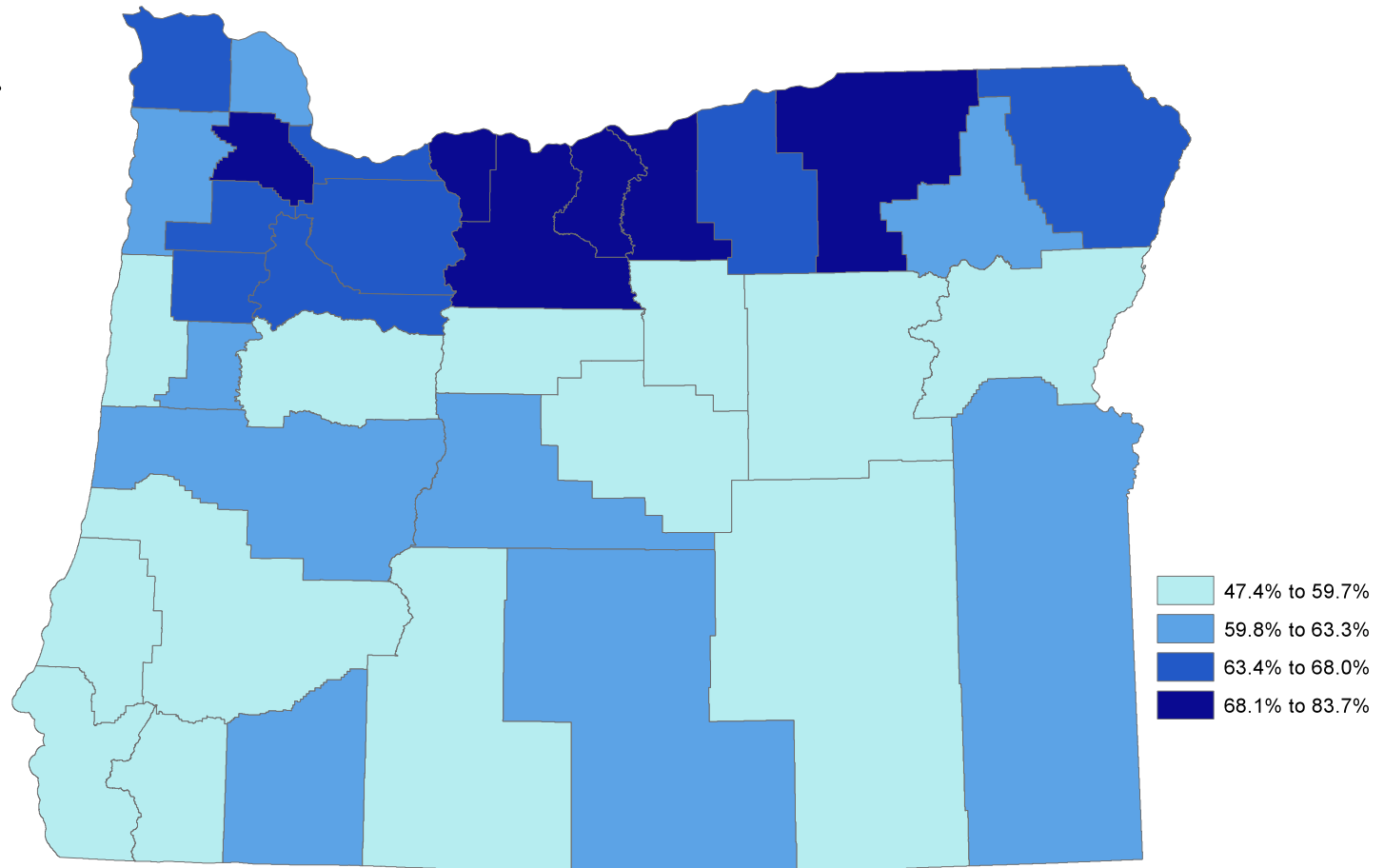


Labor force participation is generally lower in rural areas.

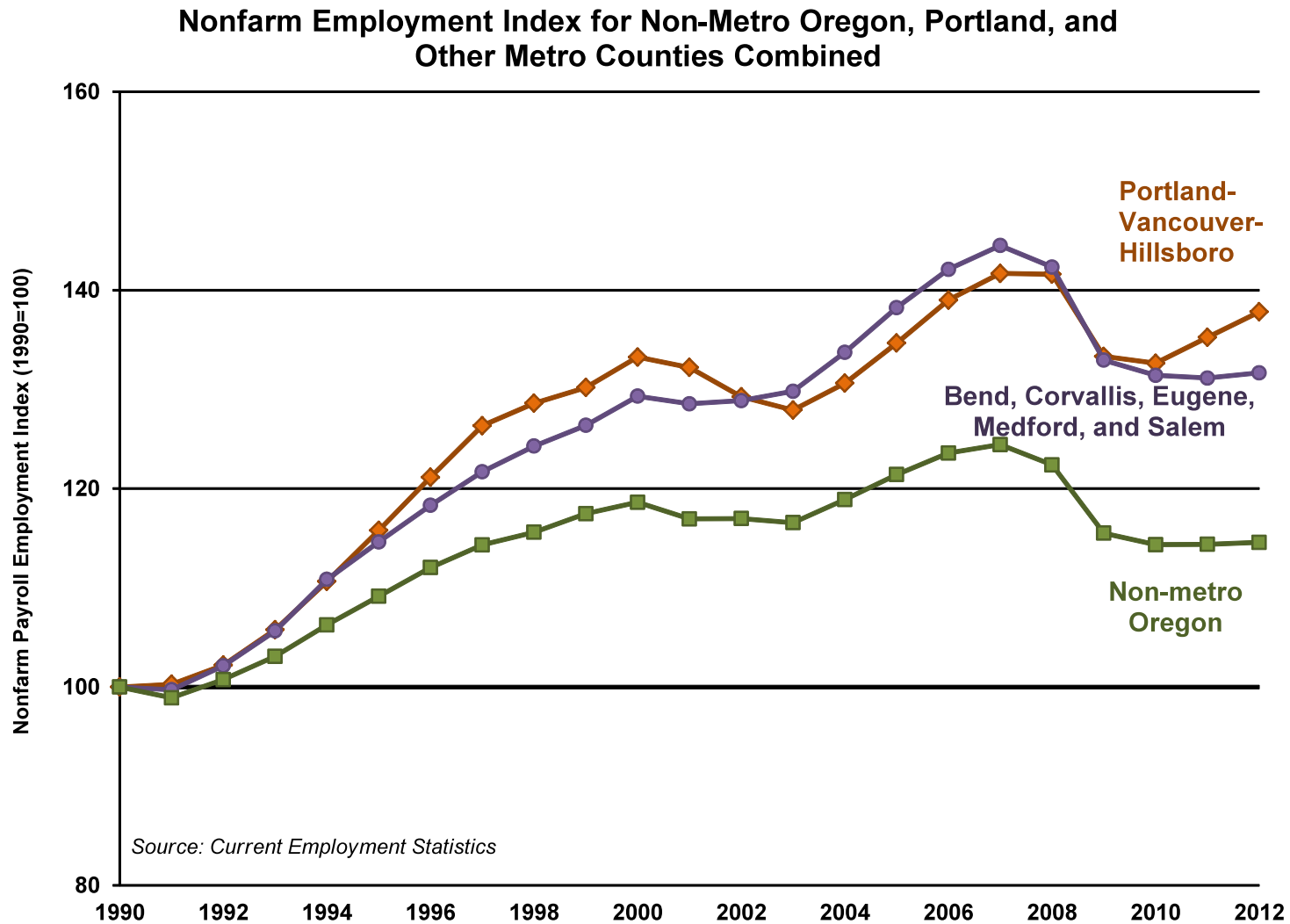
Labor Force Participation Rates by County, 2012

High
Hood River
83.7%

Low
Curry County
47.4%

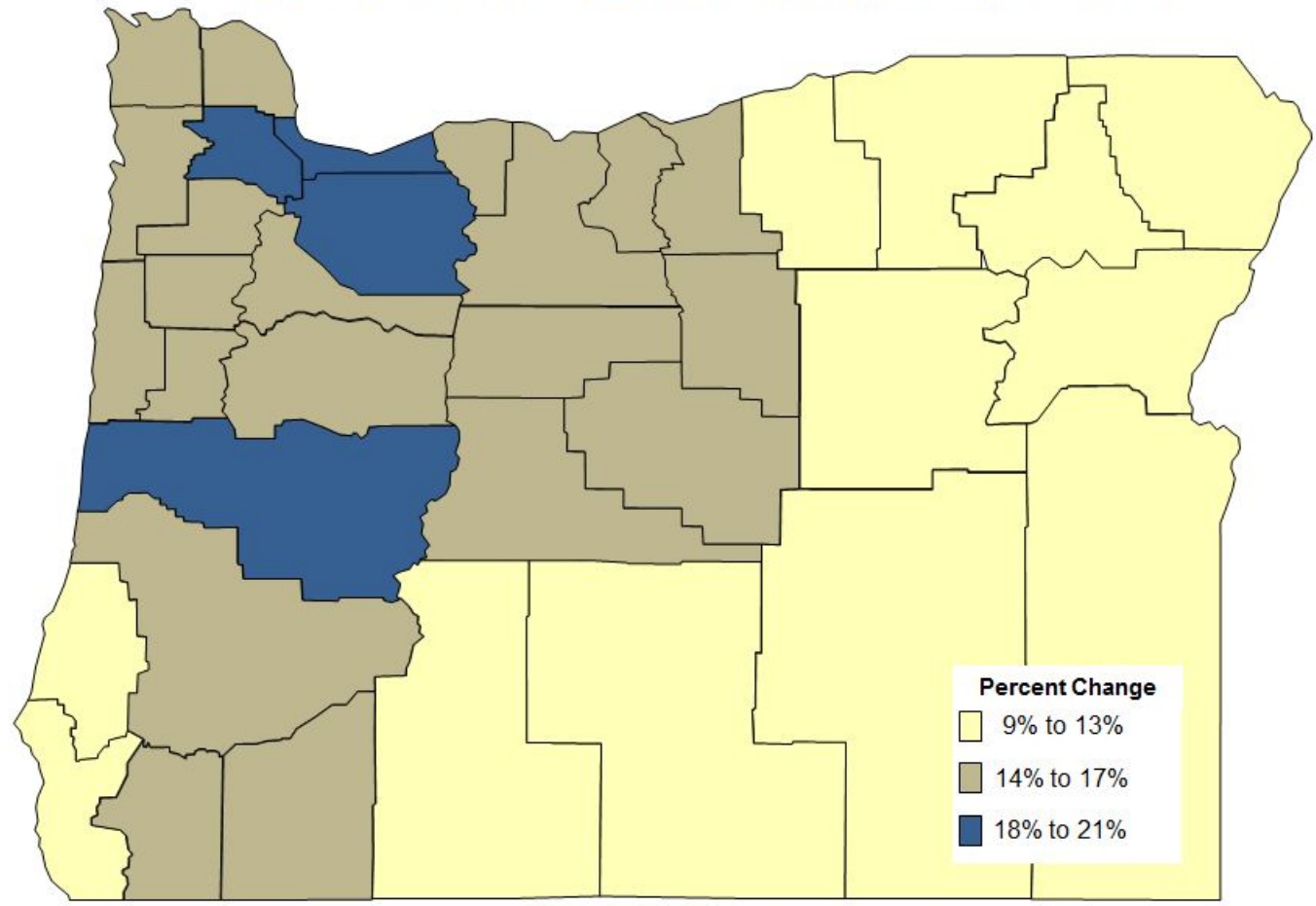


Historical job growth has been slower in rural areas.



Projected job growth is slower in rural areas over the next decade.

Projected Total Payroll Employment, 2010-2020



And some rural demographic trends are truly disheartening.

* Eight of Oregon's 36 counties lost population between 2000 and 2010.

* Sherman, Wheeler, Grant, Baker, Wallowa, Harney, Malheur, Gilliam

* Fourteen of Oregon's counties have fewer young people today than they had ten years ago.

* Grant, Wallowa, Sherman, Wheeler, Gilliam, Crook, Malheur, Tillamook, Lincoln, Baker, Union, Morrow, Clatsop, Coos.

* In six counties, the median age is 50 or older.

* Lincoln, Gilliam, Grant, Wallowa, Wheeler, Curry.

Conclusions

- * We're in a time of massive change. That's fascinating, exciting, and frightening.
- * Many major demographic, technological, and global economic forces are coming together.
- * Baby boomer retirements should mean massive opportunities for young workers – but not if we don't need as many workers.
- * The goal for Oregon's workforce? Be technically skilled and competent; have great workplace (soft) skills; and choose a great attitude.

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