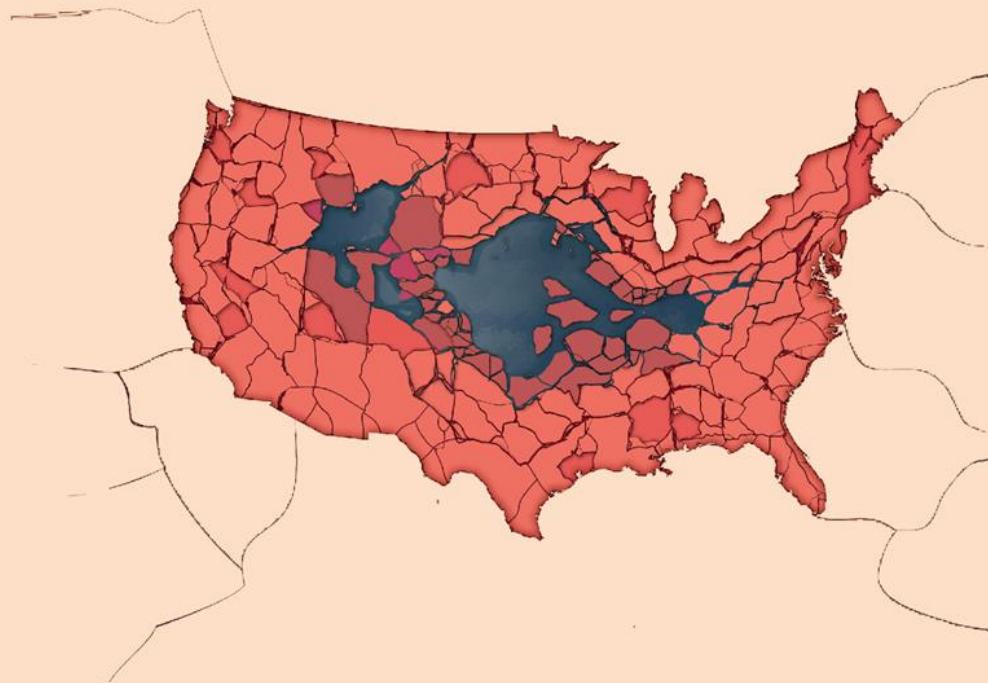


THE
**DEMOGRAPHIC
DROUGHT**

How the approaching sansdemic*
will transform the labor market
for the rest of our lives



* Sansdemic, *sans*-without, *demic*-people

CONTENTS

1.The pre-Covid situation

2.The current state conundrum

3.Where are we heading?

4.What can you do?

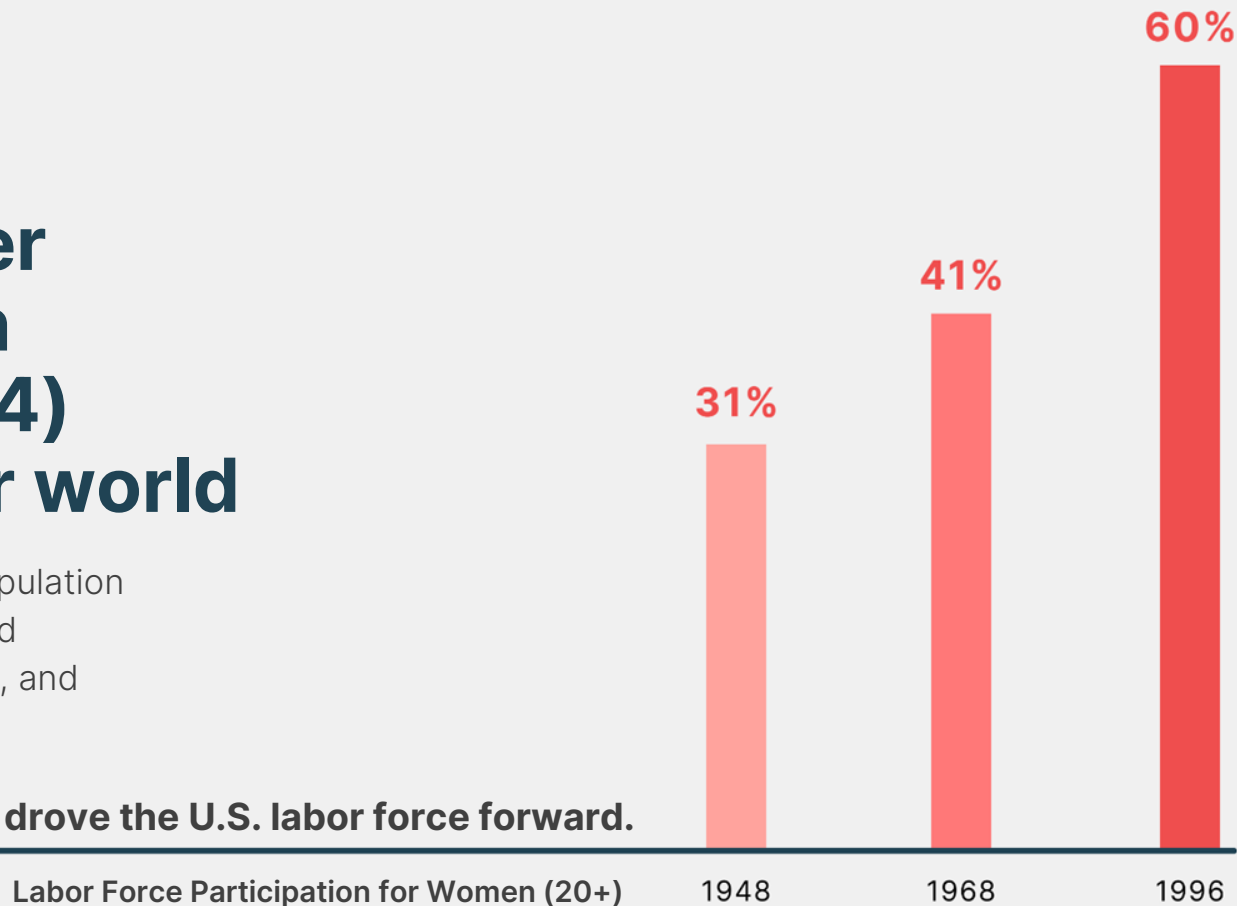
Pre-Covid

Boomers exiting of the labor force causing major waves

The Boomer Generation (1946-1964) shaped our world

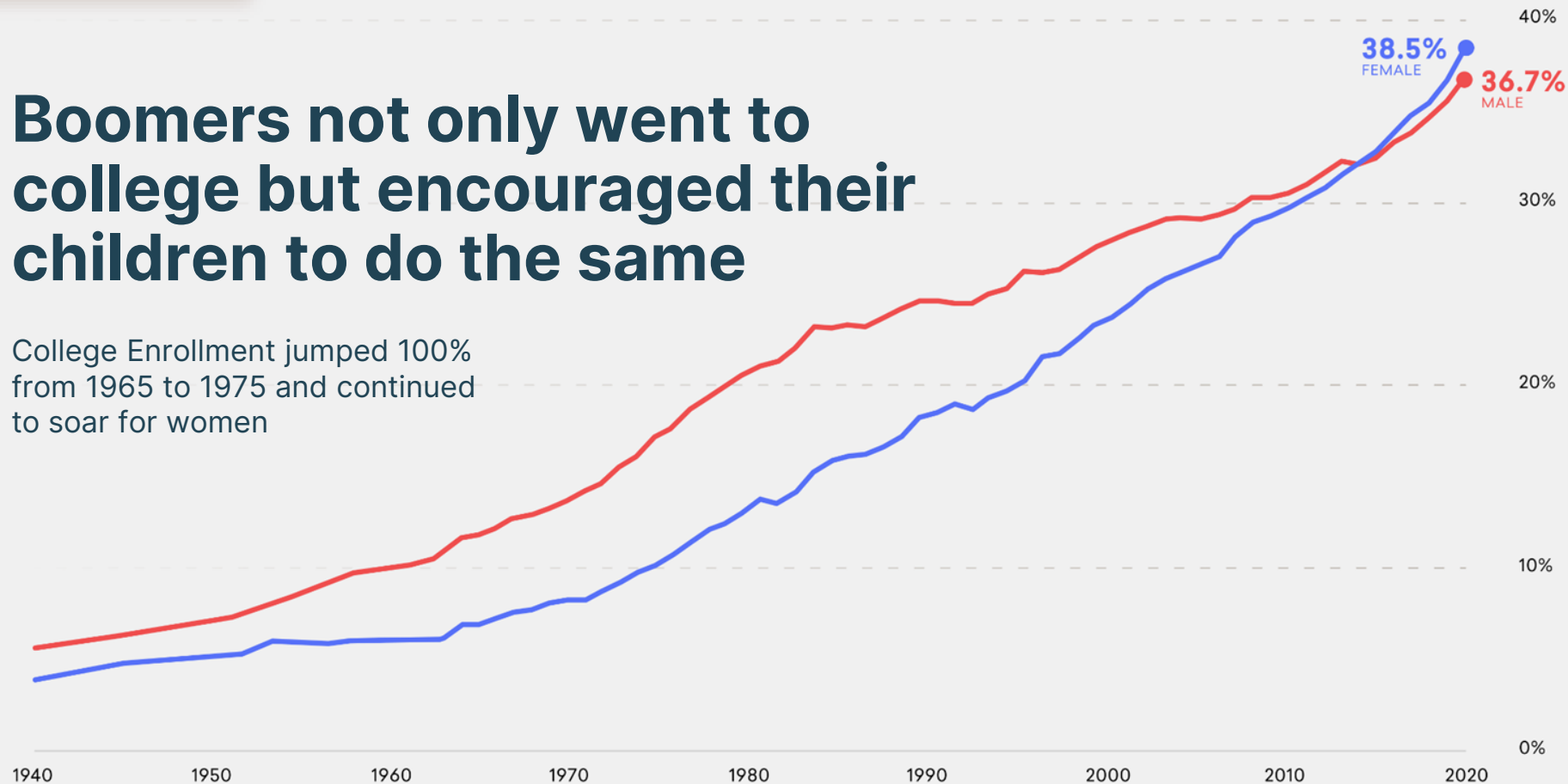
They were a massive population of college educated, hard working, money focused, and upskill driven people.

Women, in particular, drove the U.S. labor force forward.



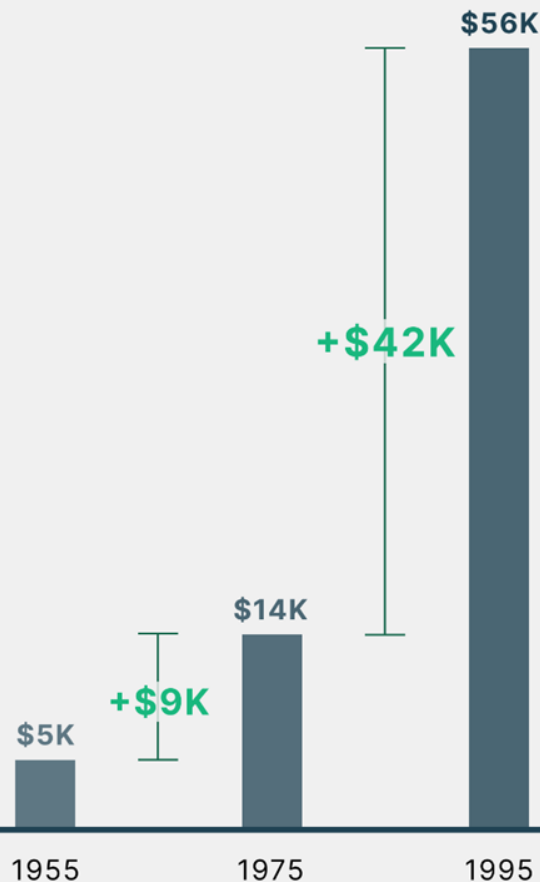
Boomers not only went to college but encouraged their children to do the same

College Enrollment jumped 100% from 1965 to 1975 and continued to soar for women



Boomers generated massive household wealth gains

REAL Median Household Income

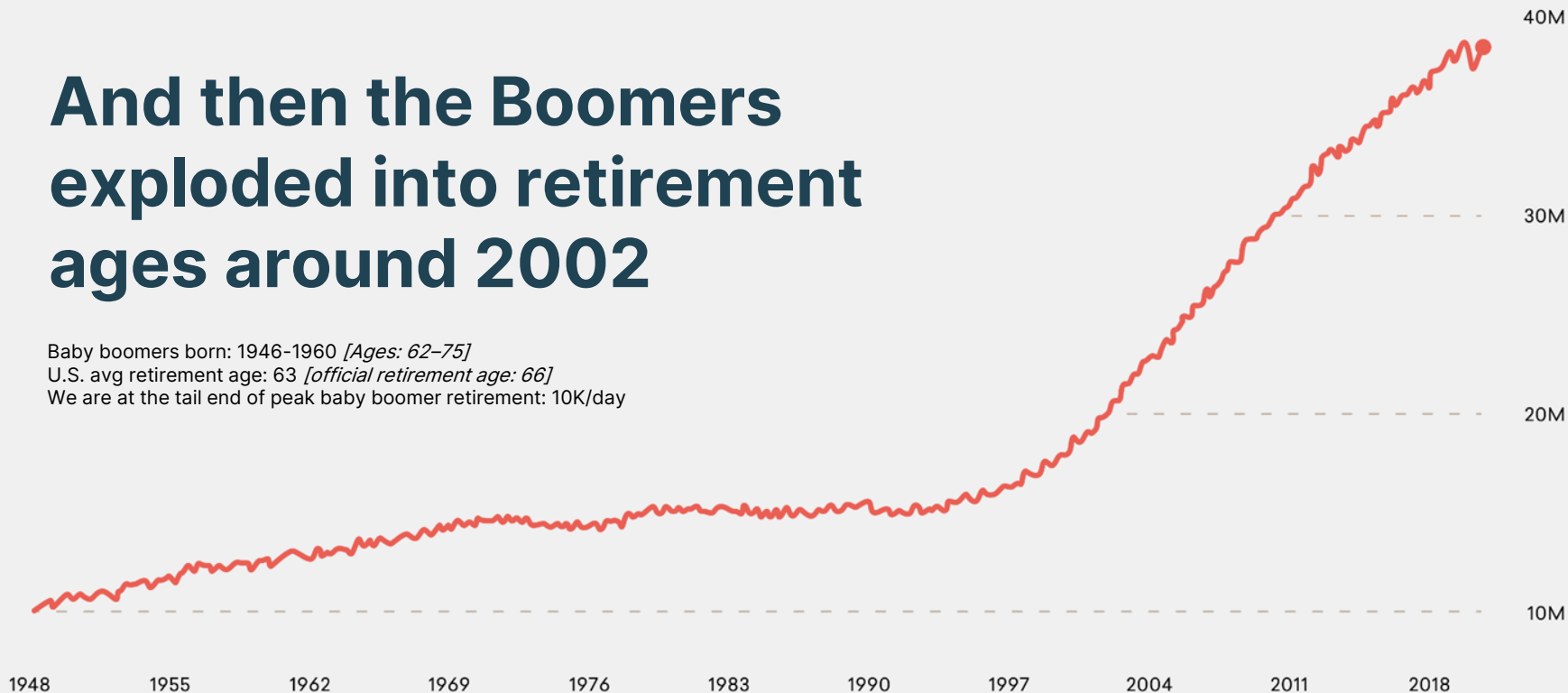


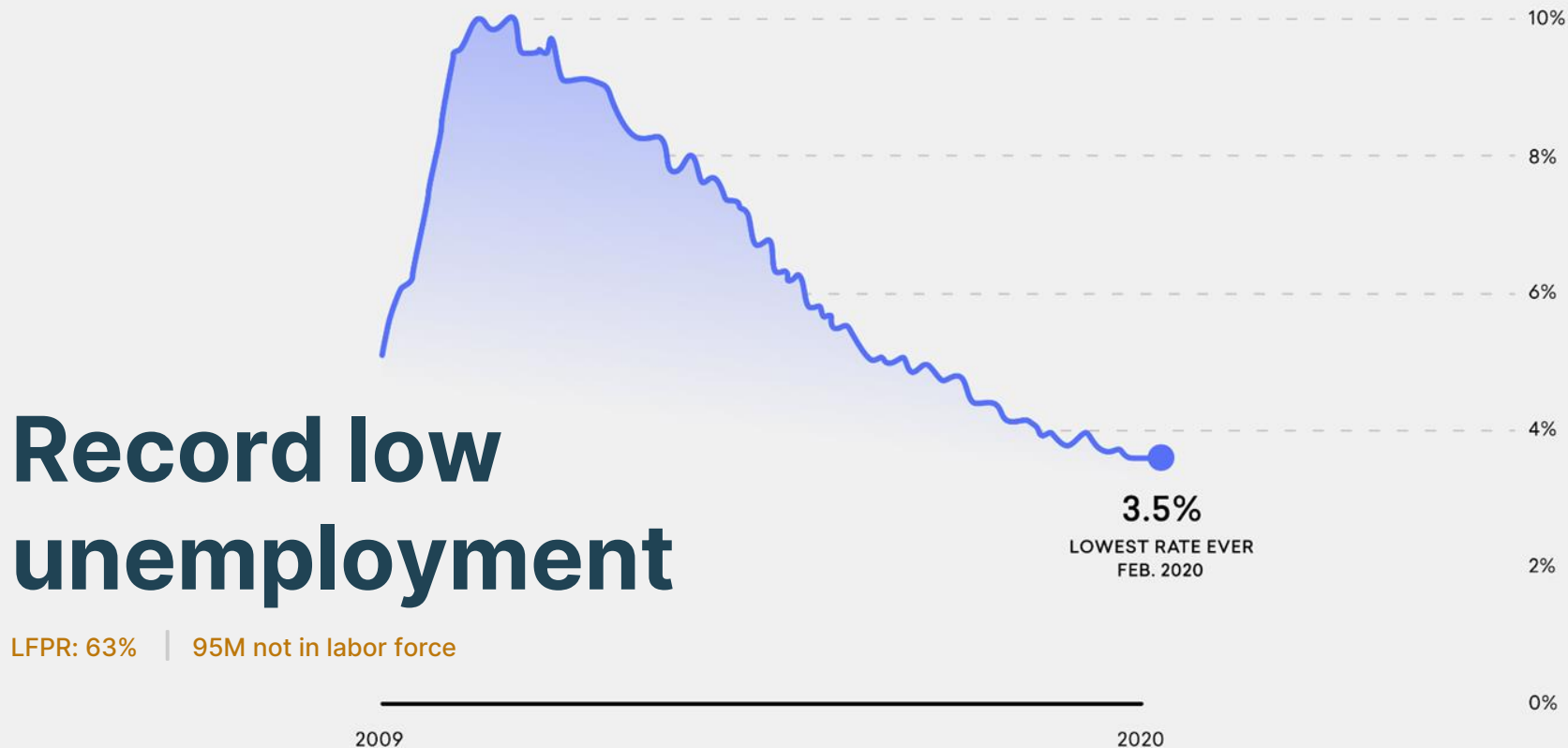
And then the Boomers exploded into retirement ages around 2002

Baby boomers born: 1946-1960 *[Ages: 62-75]*

U.S. avg retirement age: 63 *[official retirement age: 66]*

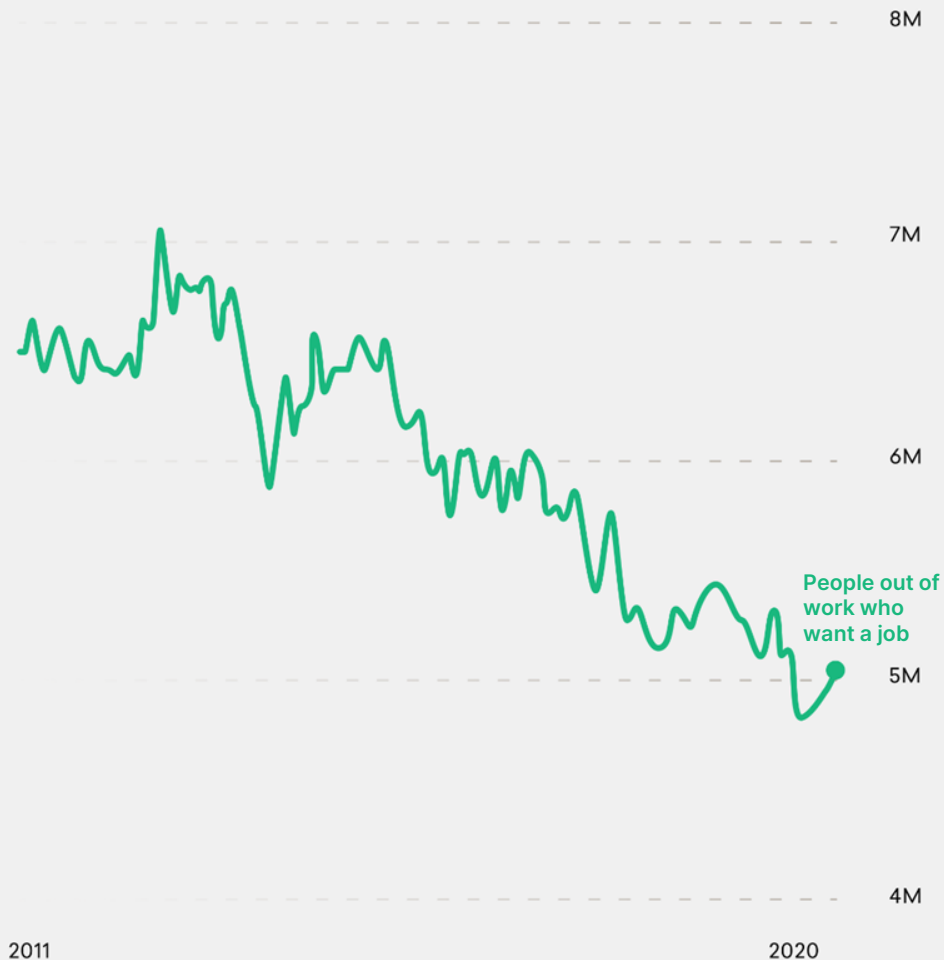
We are at the tail end of peak baby boomer retirement: 10K/day





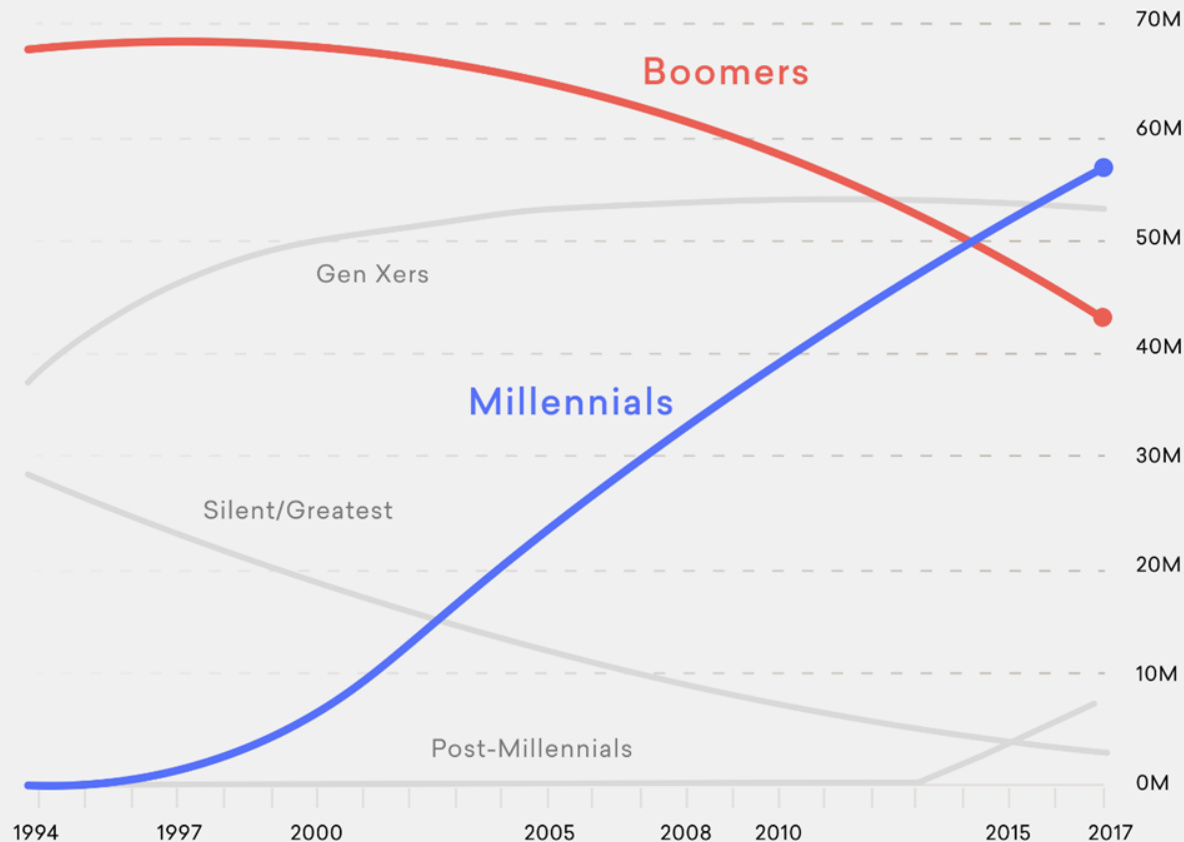
Fewer people on the sidelines looking for work

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



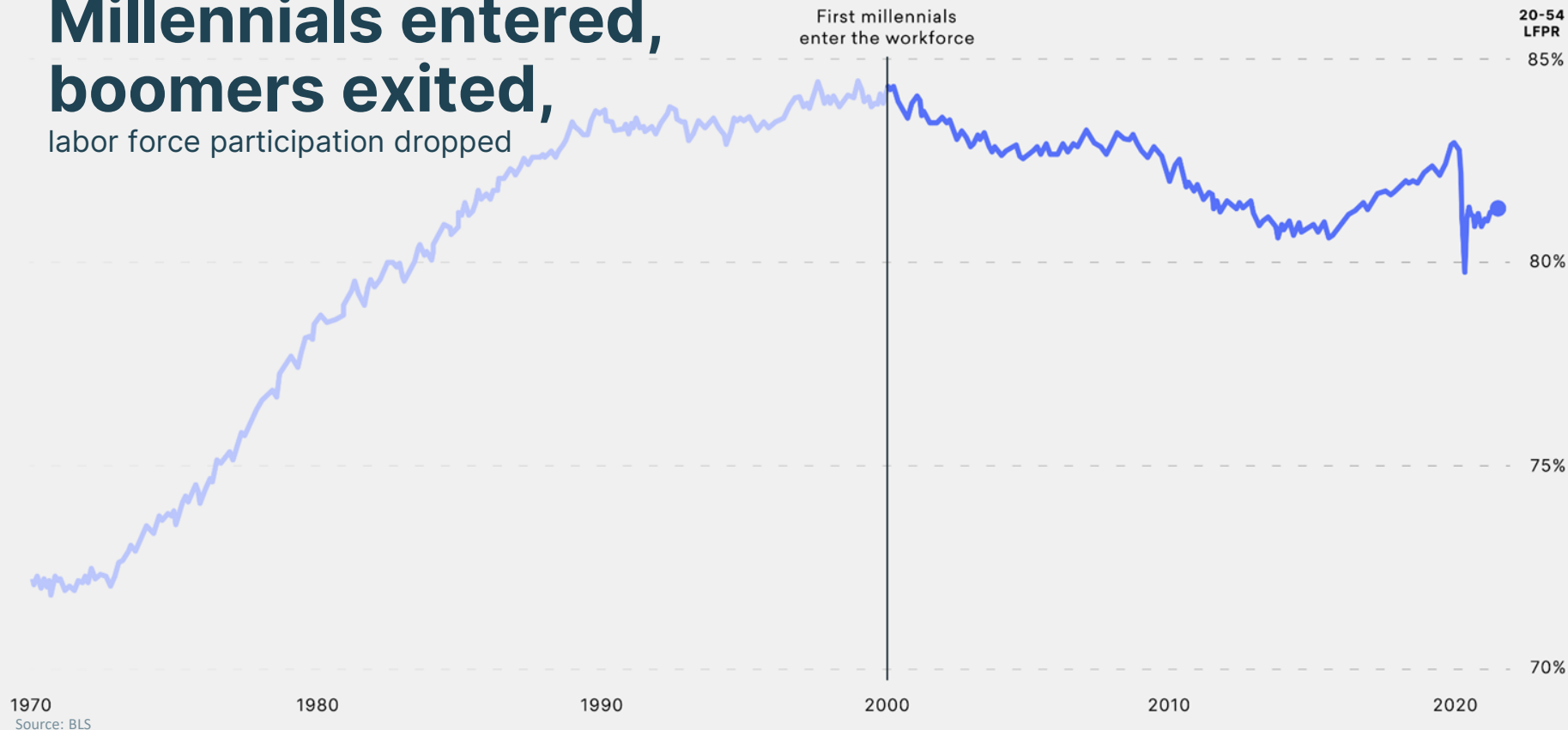
In 2016,
**Millennials
became the
largest
generation
in the labor
force**

Note: Labor force includes those ages 16 and older who are working or looking for work. Annual averages shown.



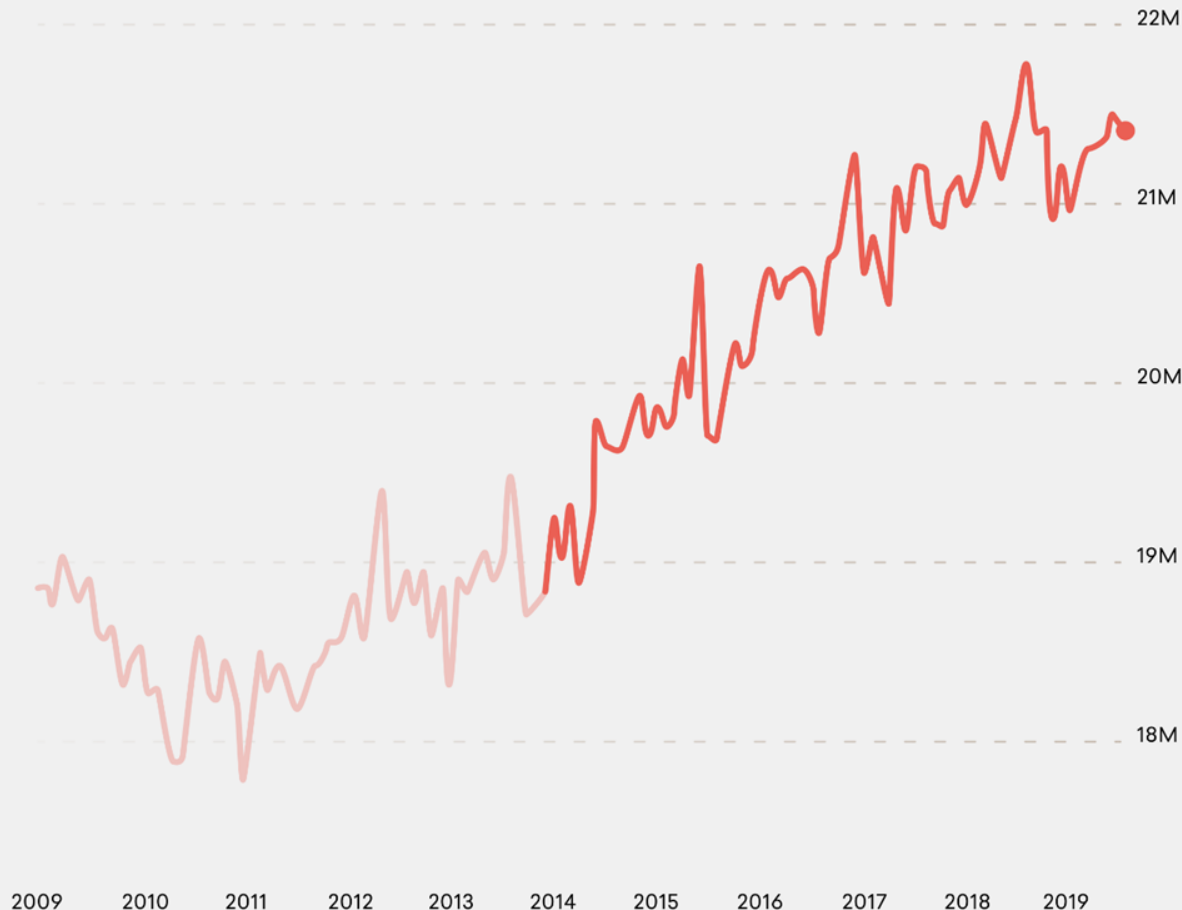
Millennials entered, boomers exited,

labor force participation dropped



From 2014-2019

The number of people working part-time because they wanted to soared while those who had to for economic reasons dropped by 50%



Current labor crisis

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

**The labor force
participation rate has
not moved in a year!**



Demand for labor is at a record high but...

Very few people are returning to work

People who are unemployed



People who are out of the labor force



Age Workforce Gaps to Pre- Covid

	Unemployed Excess*	Not in Labor Force Excess*
20-24 yrs.	65K	-146K
25-54 yrs.	422K	1.2M
55+ yrs.	134K	3.4M
	621K	4.4M
	5M	

Source: Bureau of Labor Statistics and Internal Analysis

*Excess is based on the pre-Covid persistent baseline

43% Job Openings Increase



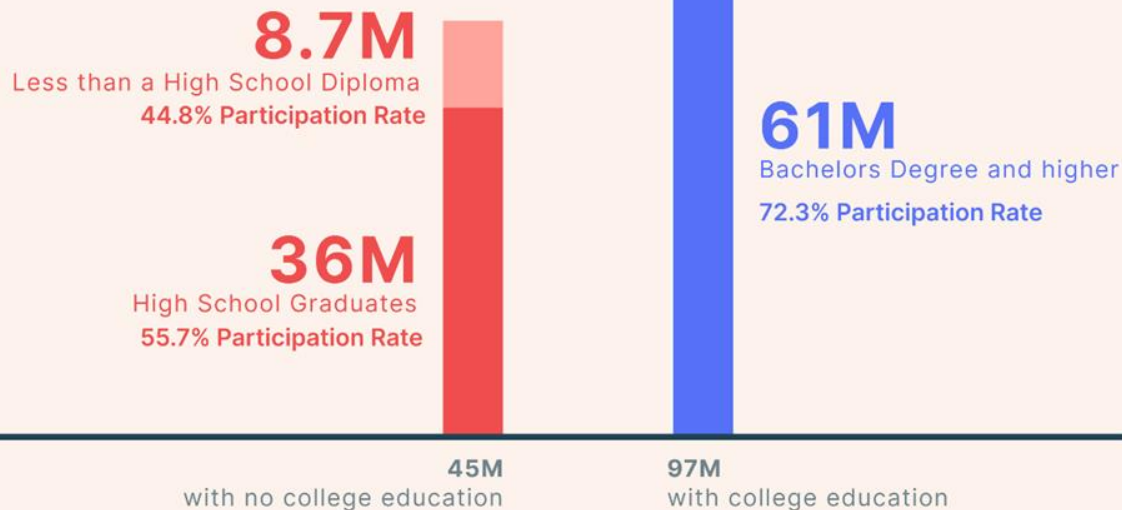
Why are we not recovering faster?

7 factors contributing to our current labor crisis

- Misalignment
- Very low immigration
- Temporary shutdowns/CARES
- Accumulated wealth
- Massive retirements
- Opioids and overdoses
- Self employed increase

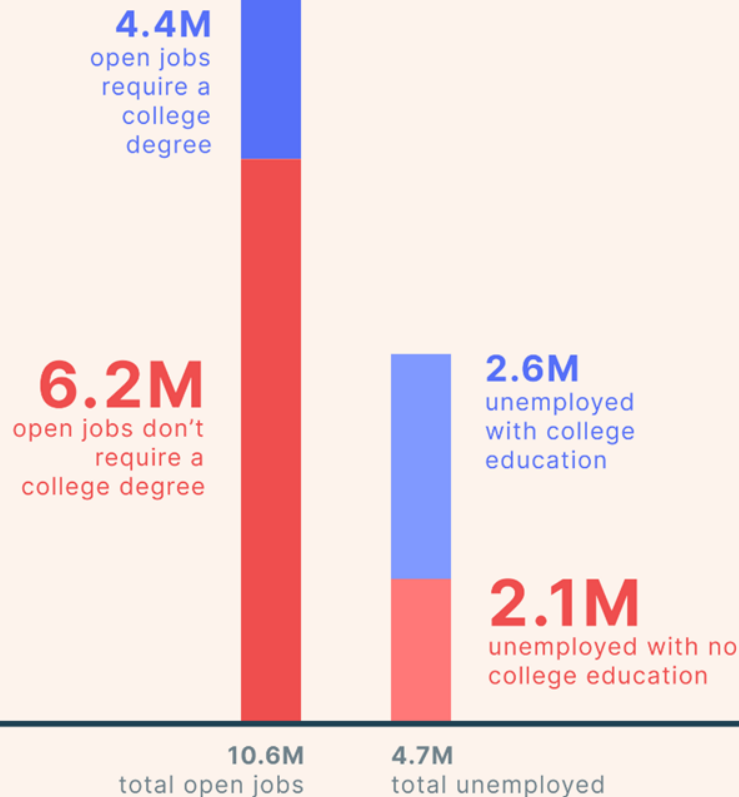
The U.S. is highly educated

And more educated people have a higher labor force participation rate



Roughly 6.5M of the 11M open jobs in America

need to be filled by people
without a college degree

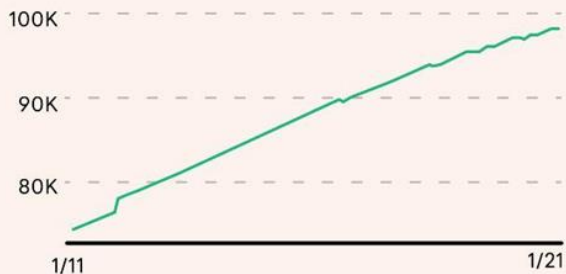


Younger working populations are drying up.

Many sub \$20/hr jobs are filled by people in their early 20s.



55+ years old



Civilian noninstitutional population



25-54 years old



20-24 years old



3x

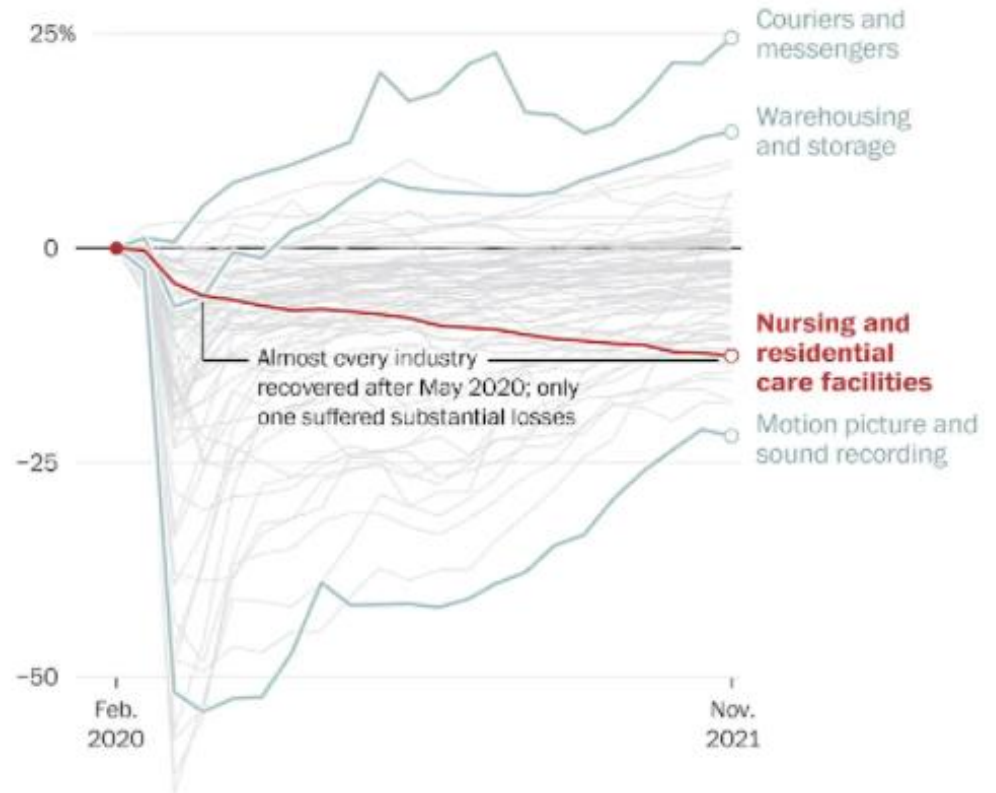
In 2015, we had three times as many unemployed lower skilled job workers per job opening than we have now.



Nursing care facilities competing for scarce resources and feeling the Great Resignation.

Nursing homes struggled most during the recovery

Change in jobs since Feb. 2020



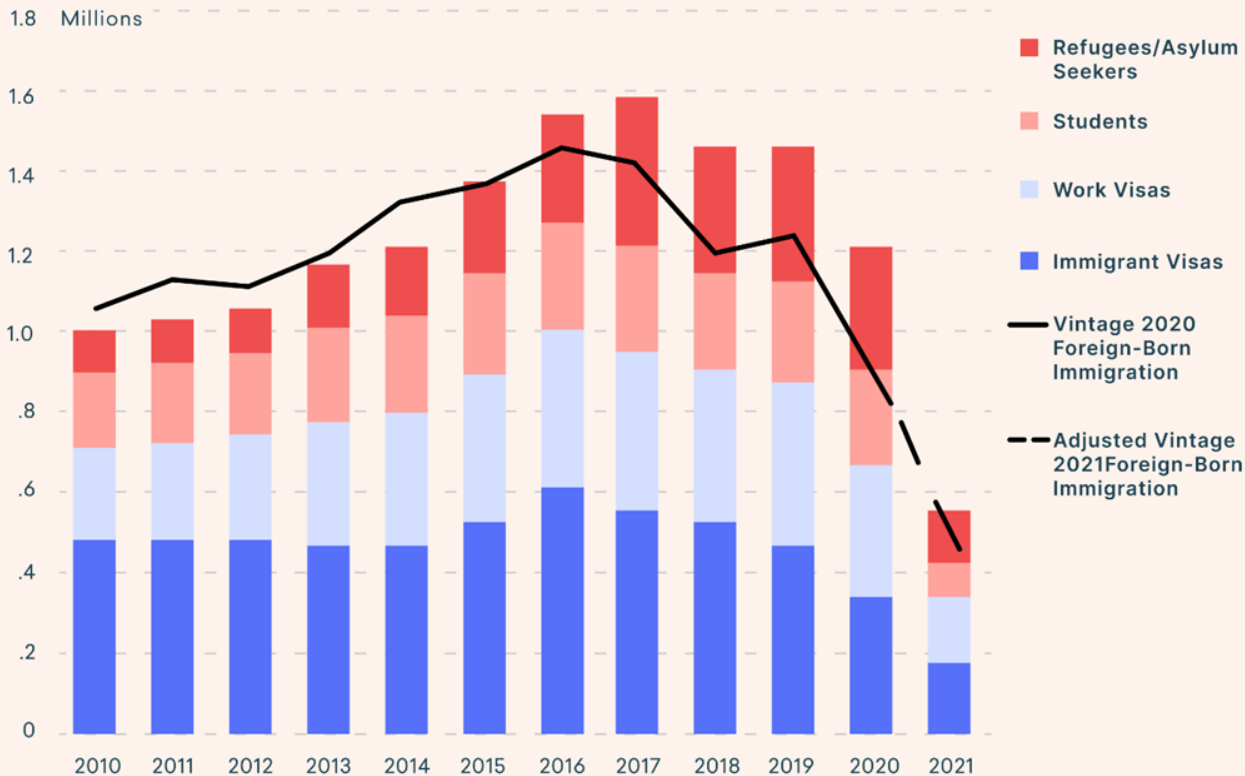
Note: Seasonally adjusted; includes all industry sub-sectors (three-digit NAICS)

Source: Bureau of Labor Statistics

THE WASHINGTON POST

Immigration was nearly non-existent in 2020

Foreign-Born Immigration 2012-2021*



*Vintage 2021 adjusted for COVID-19 pandemic.

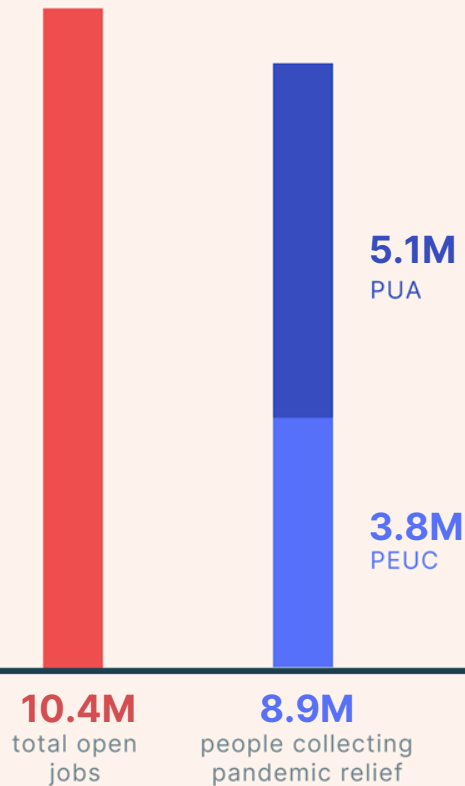
Sources: U.S. Census Bureau Vintage 2020 and 2021 Population Estimates, U.S. Department of Justice, the Institute of International Education, U.S. Citizenship and Immigration Services, and the U.S. State Department Bureau of Consular Affairs and Refugee Processing Center.

The CARES act added up to 4 trillion dollars to the U.S. economy

Includes CARES checks, tax deferrals, loan forgiveness, payroll protection act.



**Pandemic relief
ended Sept. 6th.
At that time, 8.9M
checks were still
being issued.**



Government assistance went into personal income which in turn appears to have then made it into savings. But, savings have been eroded.

States that ended pandemic aid in June: **4.1% UR**

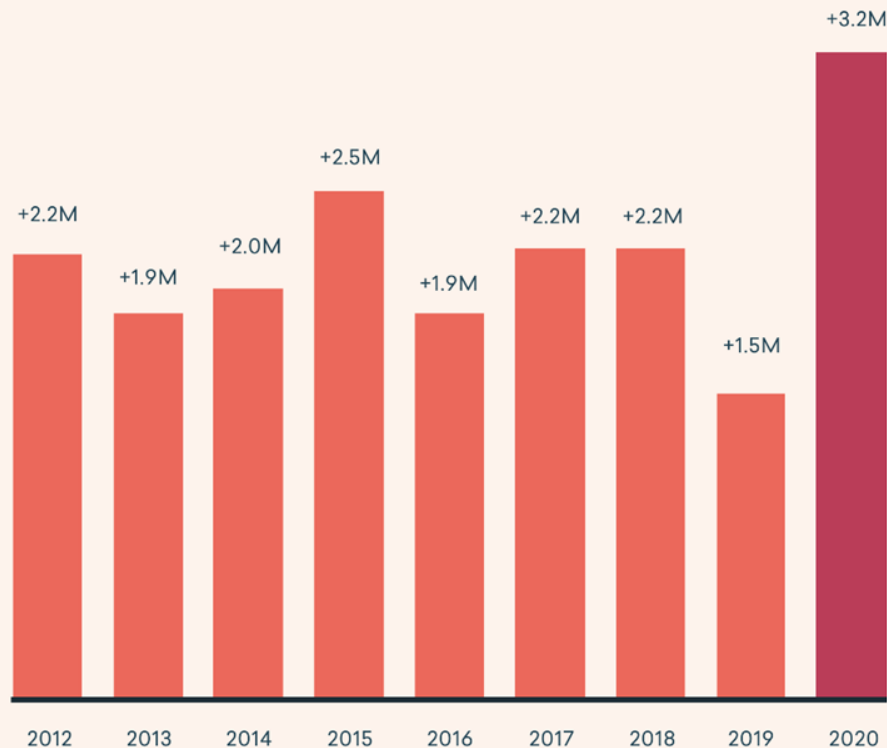
States that ended in September: **5.4%**



Will we see people returning to work?

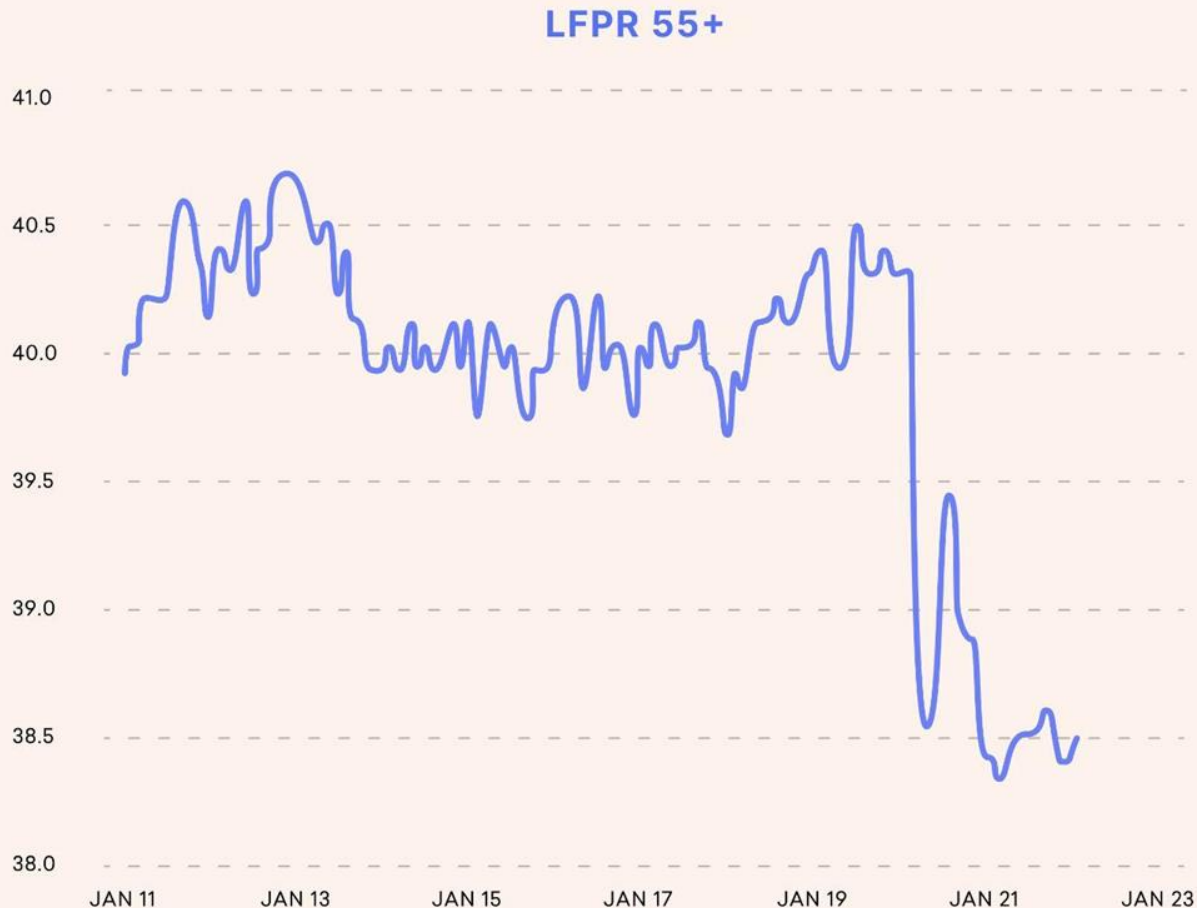
Boomers retired at a dangerous speed in 2020

Fueled by a healthy stock market, a lifetime
of dual income earnings and IRAs allowed



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

Labor force participation (55+) not recovering



From July '20 to July '21, the US recorded a record 100K overdose deaths.

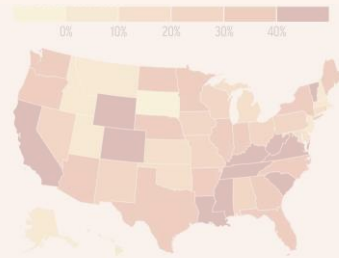
An estimated 800K prime age men are out of the labor force due to opioids.

93,000
deaths from drug
overdoses in 2020

72,151
deaths from drug
overdoses in 2019

2020
deaths

2019
deaths



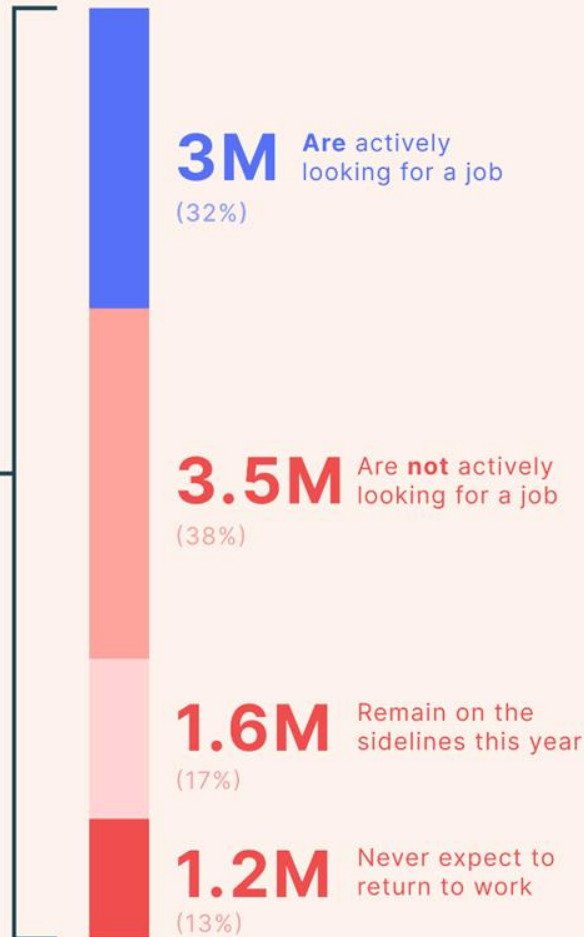
25M Americans lost their jobs during the pandemic

Many of those who lost their jobs are not interested in working anymore

In May 2021 the US Chamber surveyed

9.3M

Americans who lost their jobs due to the pandemic



The future labor crisis

You can't employ what you
don't have

Q: Will this ever get better?

We have 2 big concepts we have to understand.

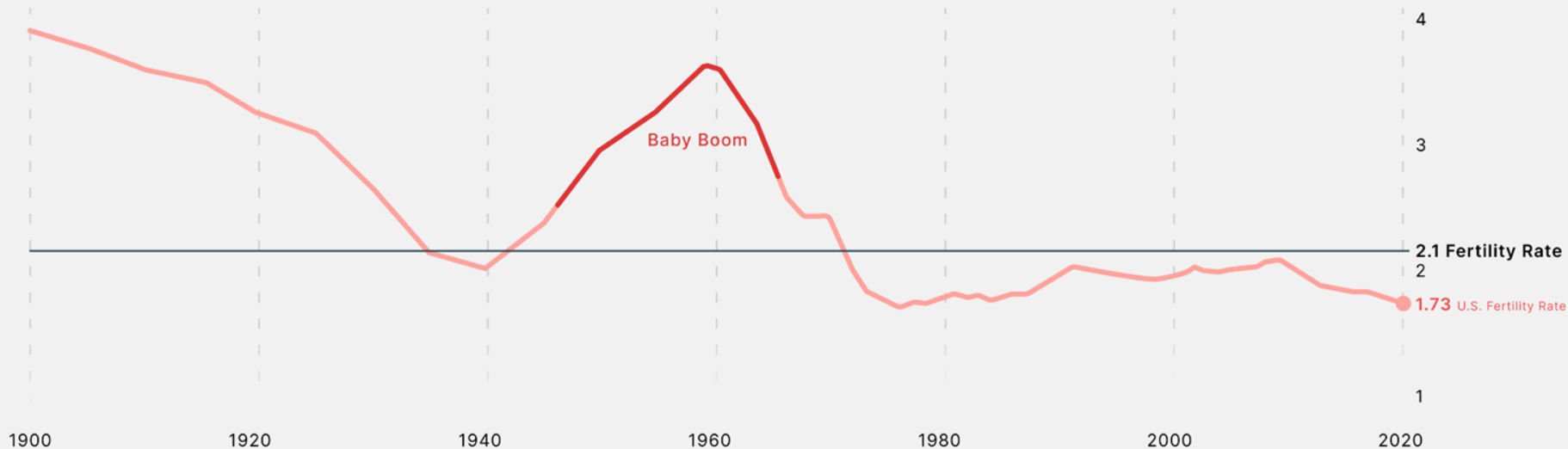
An increasing **population** can come from 3 areas

1. Rising births (organic growth)
2. Inter-country migration
3. Immigration

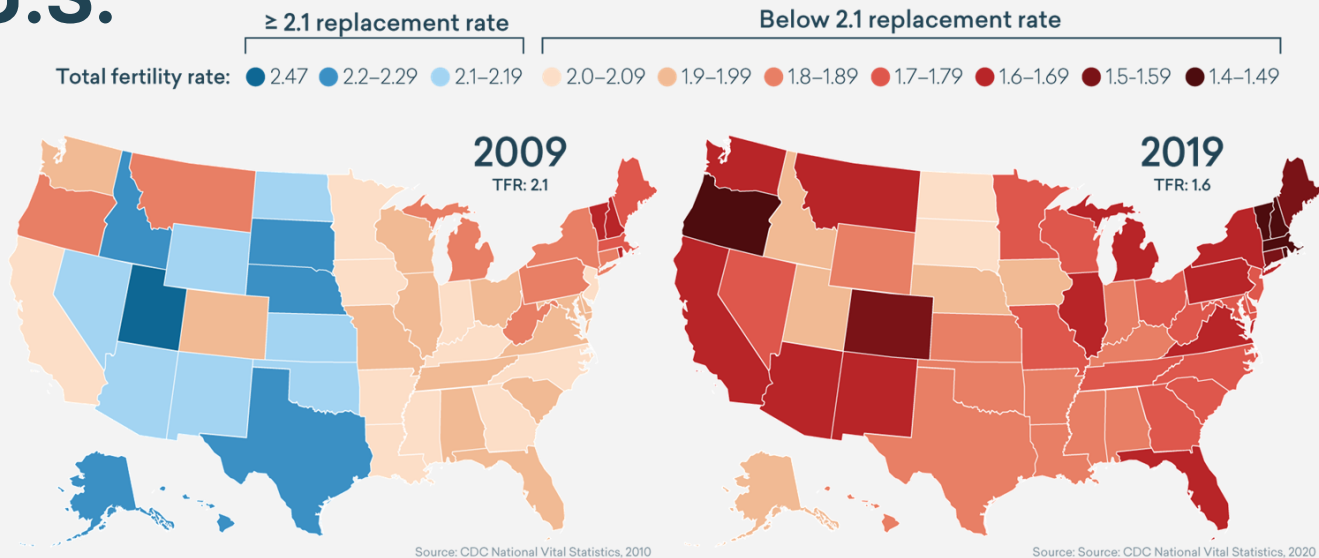
An increasing **workforce** comes from an increasing population but can also come from increasing labor force participation. Therefore, we must know why people aren't working and see if that can be addressed. (see previous section)

We're living below the 2.1 birth replacement rate

We can't employ what we don't have



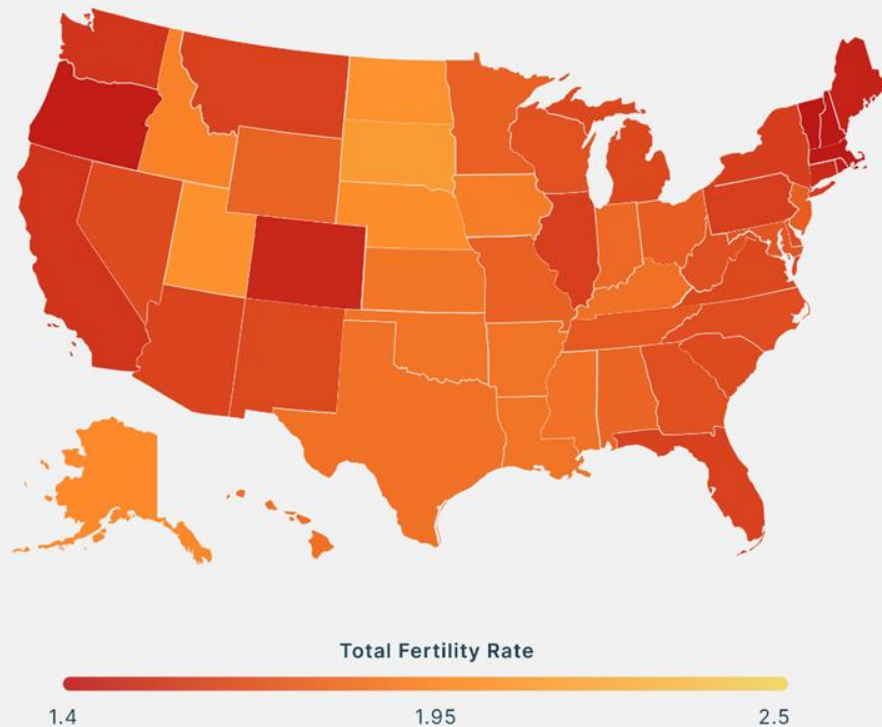
From 2009 to 2019, birth rates plunged across the U.S.



In 2009, 14 of the 50 US states were having children at or above the replacement rate, with Utah leading the way at 2.47.

By 2019, no US states remained at or above the replacement rate. 5 states saw TFRs slip to historic lows below 1.5—roughly on par with Japan.

In 2020, the US had its lowest birthrate in history

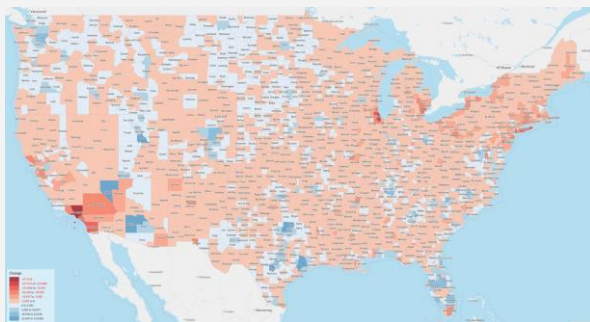


From 2011 to 2021, the vast majority of the US saw their working age population shrink



Change in Over-65 Population, 2011-2021

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

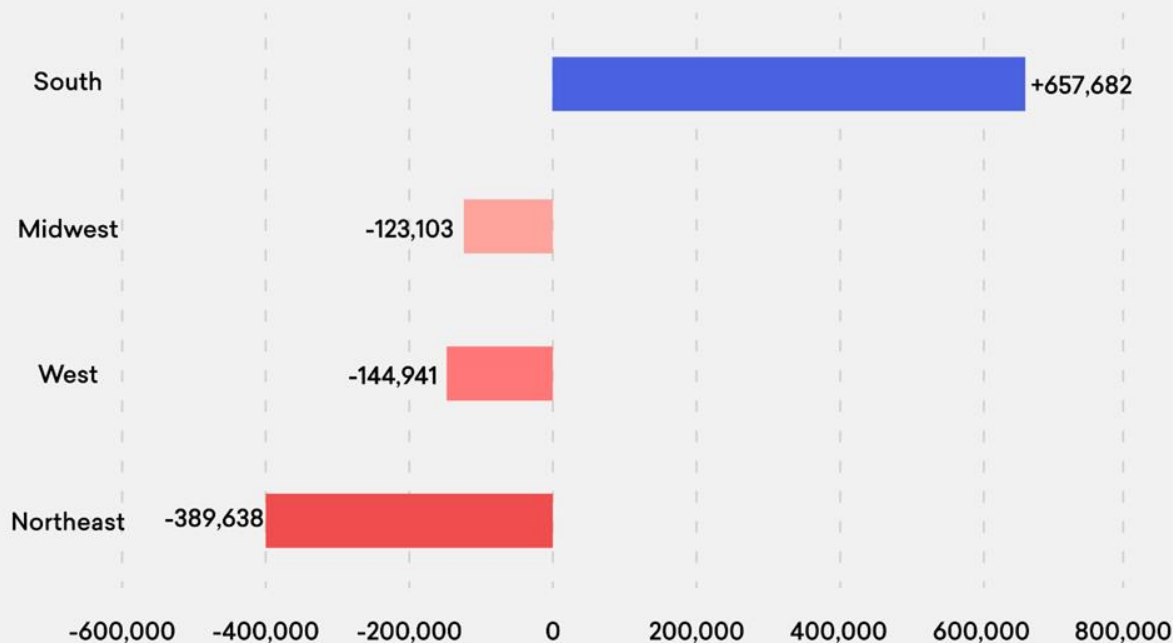


Change in Under-25 Population, 2011-2021

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

Any recent growth is due to population shifts, not organic growth

Net Domestic Migration, July 1, 2020 to July 1, 2021



Florida	+220,890
Texas	+170,307
Arizona	+93,026
North Carolina	+88,673
South Carolina	+64,833
Tennessee	+61,390
Georgia	+50,632
Idaho	+48,876
Utah	+32,200
Nevada	+25,327
California	-367,299
New York	-352,185
Illinois	-122,460
Massachusetts	-46,187
Louisiana	-30,312
New Jersey	-27,766
District of Columbia	-23,030
Maryland	-19,871
Minnesota	-13,453
Hawaii	-12,603

The Future Labor Crisis

Age 2019 US school age population (birth- 22 years)

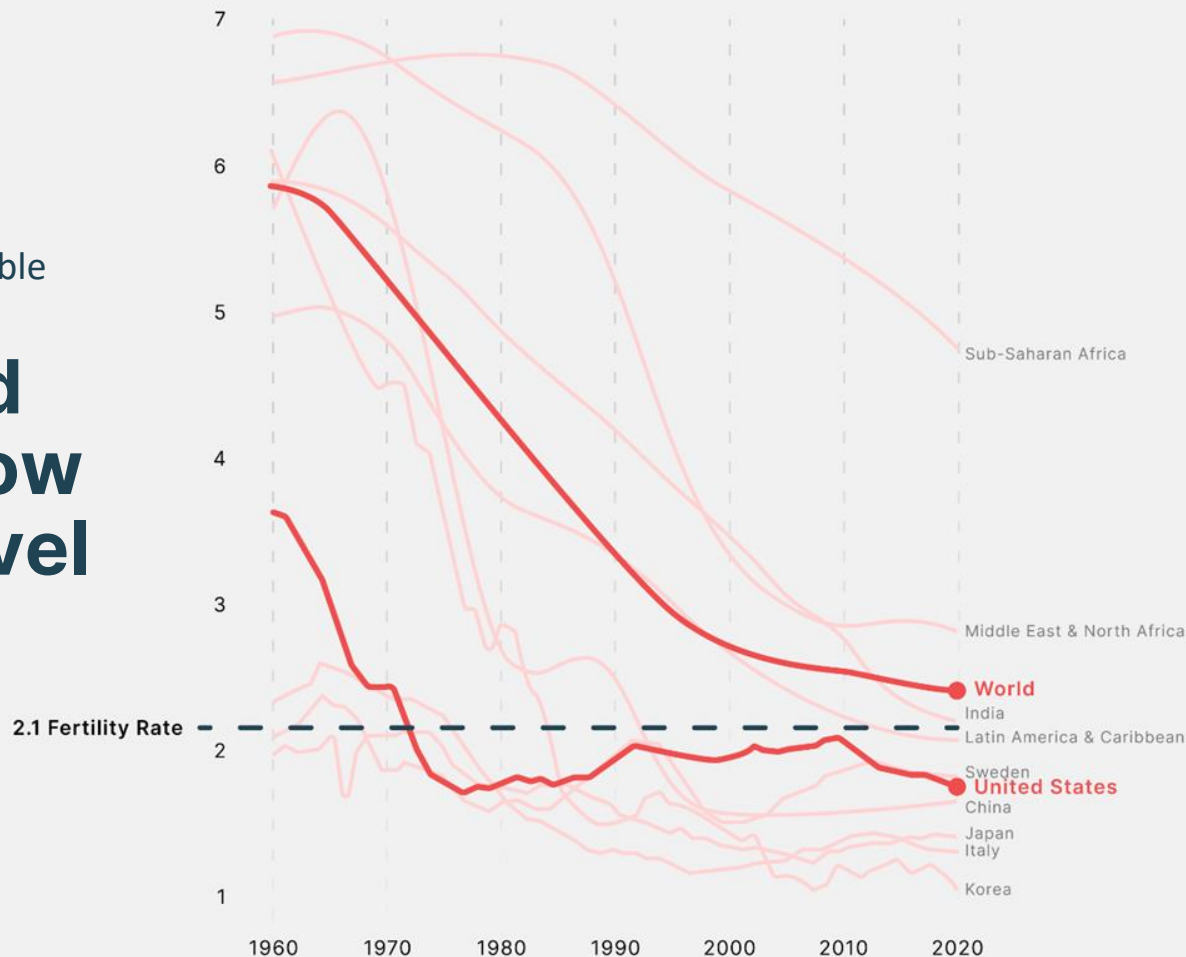


Source: CDC/National Vital Statistics System 2020

Male Female

Immigration will become less reliable

Most developed nations are below replacement level



The new paradigm

Everything was designed to limit how many people made it to the hiring manager, now, you need to make sure as many as possible make it through.

Short term



Raise
wages



Offer non-wage
incentives



Go to where the
potential workers
are



Keep your people,
stage your rewards



Onboard
and train
quickly

Long term



Make workforce
planning an executive
level conversation



Identify your best workers
quickly and have career
paths ready for them



Re-invest in industrial
engineering – How can you
combine jobs or get rid of
wasteful steps



Partner with Prisons,
Colleges, High Schools,
Trade Schools

Learnings from “Hidden Workers: Untapped Talent”*

Fix your job descriptions and your ATS screening parameters

Make sure your application process is quick and easy to understand.

The entire process, including your ATS, should be set-up to keep as many people as possible in the funnel, not remove them.

1

Keep job descriptions short

2

Only include the must-have items and highlight how performance will be measured. Why?

3

Emphasize soft skills as much as hard skills based on your current workers who have been promoted multiple times.

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



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



Ron Hetrick



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