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Labor crisis 'a hurricane, tornado and earthquake rolled into one,' workforce expert says

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They gathered for a snapshot of the local economy, the labor crunch and demographic shifts — and the picture that emerged was kind of shocking.

The Asheville Area Chamber of Commerce hosted its "Growth Breakfast" Nov. 3 at Celine and Company in downtown Asheville, with featured speaker Chris Laney, a senior workforce strategist at Emsi Burning Glass, an economic modeling firm. The chamber partnered with the Mountain Area Workforce Development Board in bringing Laney to speak.

Early on in his slide deck, Laney described the current labor crisis as not just a "perfect storm," but "a hurricane, tornado and earthquake rolled into one."

Nationally, labor force participation has not moved in a year, he noted, and Baby Boomers retired in 2020 at a "dangerous speed."

While the demand for labor is at a record high, very few people are returning to work. Job openings nationwide stand at 10.9 million, up from 7 million pre-COVID-19.

Laney said when it comes to employers, his firm often talks about a "sansdemic" coming, meaning "without people," because of the continuing shortage of workers.

"We believe that we're heading into an economy over the next 10, 20, 30 years, of 'how do we do this without people,'" Laney said.

The chamber's Maggie Smith, a research analyst, provided stats on the local population, job market and affordability. The meeting offered an avalanche of statistics, but here are some key takeaways:

The local population is growing — Population in the Asheville Metropolitan Statistical Area (Buncombe, Haywood, Madison and Henderson counties) stands at 469,015, Smith said, making

it the seventh largest of North Carolina's 15 metro areas. From 2010-20, the metro population grew by 10%.

By 2030, the metro population is estimated to grow to 508,144, which could "open the door to new business opportunities and site selectors," Smith said.

The Black population is declining — In 2020, whites made up 89.6% of Buncombe's population, Blacks 5.6%. The Black population declined from 7.5% in 2000, and is projected to hit 5% in 2030. Meanwhile, the Hispanic population is estimated to reach 11.8%, up from 6.8% in 2010.

Employment tanked during the height of the pandemic — Smith said the metro area had 187,400 employees on the payroll as of August, which is 6,300 more than August 2020 but still 10,700 fewer than August 2019.

"We are trending upward, but we still have a way to go," Smith said.

Leisure and hospitality employment has rebounded — A stalwart of local employment, the leisure and hospitality industry took a beating during the pandemic, dropping to just 11% of overall metro employment in April 2020, down from 19% the previous year, Smith said. In August 2021, it was back to 19% of all employment, second to education and health at 24%.

Manufacturing makes up 15% of metro employment, retail trade 17%. The unemployment rate in August 2021 for the metro was 3.8%.

The cost of living here got higher — For 2020, the cost of living index in the Asheville area was 106, or 6% above the national average, marking a high point, Smith said. "The area's cost of living is among the highest cost of living in North Carolina and in the Southeast," Smith said.

Soaring home prices and lack of housing inventory are contributing to that high cost of living. Buncombe's County's median rent price for a two-bedroom apartment was \$1,269 in 2020, well above the metro median of \$991 and the U.S. median of \$1,172, Smith said, citing ApartmentList data.

National highlights from Laney

Laney ran through a series of slides, detailing the national economic and employment picture. Here are some takeaways from his presentation:

Baby boomers are getting out — The baby-boom generation (those born between 1946-64) changed the shape of the United States and its workforce, as they are highly educated, hard-working and money-focused. The participation of women in the labor force skyrocketed during their time of dominance, rising from 31% in 1948 to 60% in 1998.

Chris Laney, a labor market expert, talks about attracting talent to an area during his presentation Nov. 3, 2021 at the Asheville Area Chamber of Commerce's Growth Breakfast.

But boomers “exploded” into retirement starting around 2002, Laney said, a trend that accelerated last year, when 1.2 million more boomers than expected retired. He said boomers retired “at a dangerous speed in 2020” – 3.2 million, up from 1.5 million the previous year.

By the way, millennials (those born between 1980-1995) became the largest generation in the labor force in 2016, at nearly 60 million, Laney said, citing Pew Research career analyses.

Education is key to the workforce — While the U.S. is criticized for an undereducated workforce, that’s a misconception, Laney said. The U.S. is highly educated, he contends, and more educated people have a higher labor force participation rate.

Citing U.S. Bureau of Labor Statistics figures, Laney said 9.2 million Americans have less than a high school diploma and a labor participation rate of 45.8%, while 35 million have a high school diploma (and a 55.3% participation rate). Some 61 million Americans have a bachelor’s degree or higher (72.4% labor participation rate), and 36 million have an associate degree (63.6% participation rate).

“Roughly 6.5 million of the 10.9 million open jobs in America need to be filled by people without a college degree,” as those 6.5 million positions do not require a college degree, Laney said in his slides.

Immigration was “nearly non-existent” in 2020 – In another slide, Laney cited, the Cato Institute: “Overall, the second half of fiscal year 2020 saw 87% fewer immigrants from abroad than the first half, which was larger than any annual decline in the history of the United States.”

Pandemic job losses were bad, but not as bad as you may think — America lost 21 million private jobs, but Laney noted 80% of those were temporary furloughs. The U.S. has regained 76% of the total jobs lost.

Household median income was actually up —The pandemic-inspired CARES Act added \$2 trillion to the U.S. economy, and other measures added \$2 trillion more, including tax deferrals, loan forgiveness and the Payroll Protection Act. The payments, in part, boosted household median income to record gains, Laney said.

A lot of Americans don't want to work — Overall, 25 million Americans lost their jobs at some point during the pandemic, and many of them are not interested in working anymore, Laney said, citing a U.S. Chamber survey of 9.3 million Americans who lost their jobs. Of those, 3.5 million weren’t actively looking for work, 1.6 million remained on the sidelines this year and 1.2 million never expect to return to work.

Workers are choosing entrepreneurship — 47% of those planning on quitting their jobs saying they intended to work for themselves.

The “Talent Attraction” factor is key – Laney detailed the Emsi Burning Glass’ sixth annual Talent Attraction Scorecard, which assesses six factors in a community: education attainment, job growth, competitive effect, skilled occupations, annual openings and openings per 100 residents.

“Buncombe ranked 155 out of 600 (larger) communities in the country for talent attraction,” Laney said, noting that numerous North Carolina counties outpace Buncombe.

By comparison, Wake County ranks 19th, Mecklenburg 20th, Brunswick 43rd, Thurston County 87th and Cabarrus 95th. In Western North Carolina, Henderson County ranked 165, Madison 542, McDowell 569, Yancey 713, and Haywood 741.

Finding workers will continue to be tough, and the birth rate is down — As Laney said in his slide deck, “We can’t employ what we don’t have.”

The U.S. mirrors most developed countries with a low birth replacement rate, just 2.1, and the birth rate plunged in the U.S. from 2009-19.

In 2009, 14 of 50 states were having children at or above the replacement rate, with Utah leading at 2.47. By 2019, no U.S. states remained at or above the replacement rate, and in 2020, the U.S. had its lowest birthrate in history.

From 2010-20, the U.S. population grew by 6.6%, the lowest rate since the Great Depression, according to census data. Also, from 2011-21, “the vast majority of the U.S. saw their working age population shrink, Laney said.

Each year, this problem gets worse. College enrollment in the U.S. is down 11% since 2011, and that’s projected to get worse.

“Only 60% of the total population will be within working age (15-64) by the year 2100,” Laney said via slide.

A new employment paradigm is in town, and it's here to stay — Employers have to realize the tight labor market is here to stay for a good while. So, what can they do?

“Recognize that your people matter, and change how you value your employees,” Laney said via slide.

The old employment system was to limit how many people made it to the hiring manager, Laney said. Now employers need to make sure as many people as possible get through.

Strategies to get and keep workers include raising wages, offering non-wage incentives, going to where workers are, keeping the workers you have, and hiring and training quickly.

For the long-term, employers should:

- Make workforce planning an executive level conversation.
- Identify your best workers quickly and have career paths ready for them.
- Reinvest in industrial engineering, or how you can combine jobs or get rid of wasteful steps.
- Partner with prisons, colleges, high schools and trade schools.

Laney also suggests focusing on specific untapped or “hidden” labor pools, which can range from those with spotty employment histories and post-retirees to ex-offenders and those with a substance abuse history.

Don't fear automation — While some feared automation of the American workplace could greatly reduce jobs, Laney says that’s an unfounded fear. Jobs will likely increase with automated systems.

“We’re going to need automation just to keep up with production,” Laney said.