

# Oregon's Key Workforce Challenges

Oregon Presidents' Council

January 31, 2012



# The “Great Eight” Workforce Challenges

- High levels of unemployment and high levels of long-term unemployment.
- Structural changes for some industries.
- Slow employment growth.
- Businesses struggle to find skilled workers.
- Connecting training to jobs.
- Younger workers damaged by recession.
- Aging workers, baby boomers damaged by recession, but will eventually retire.
- Rural areas face special challenges.



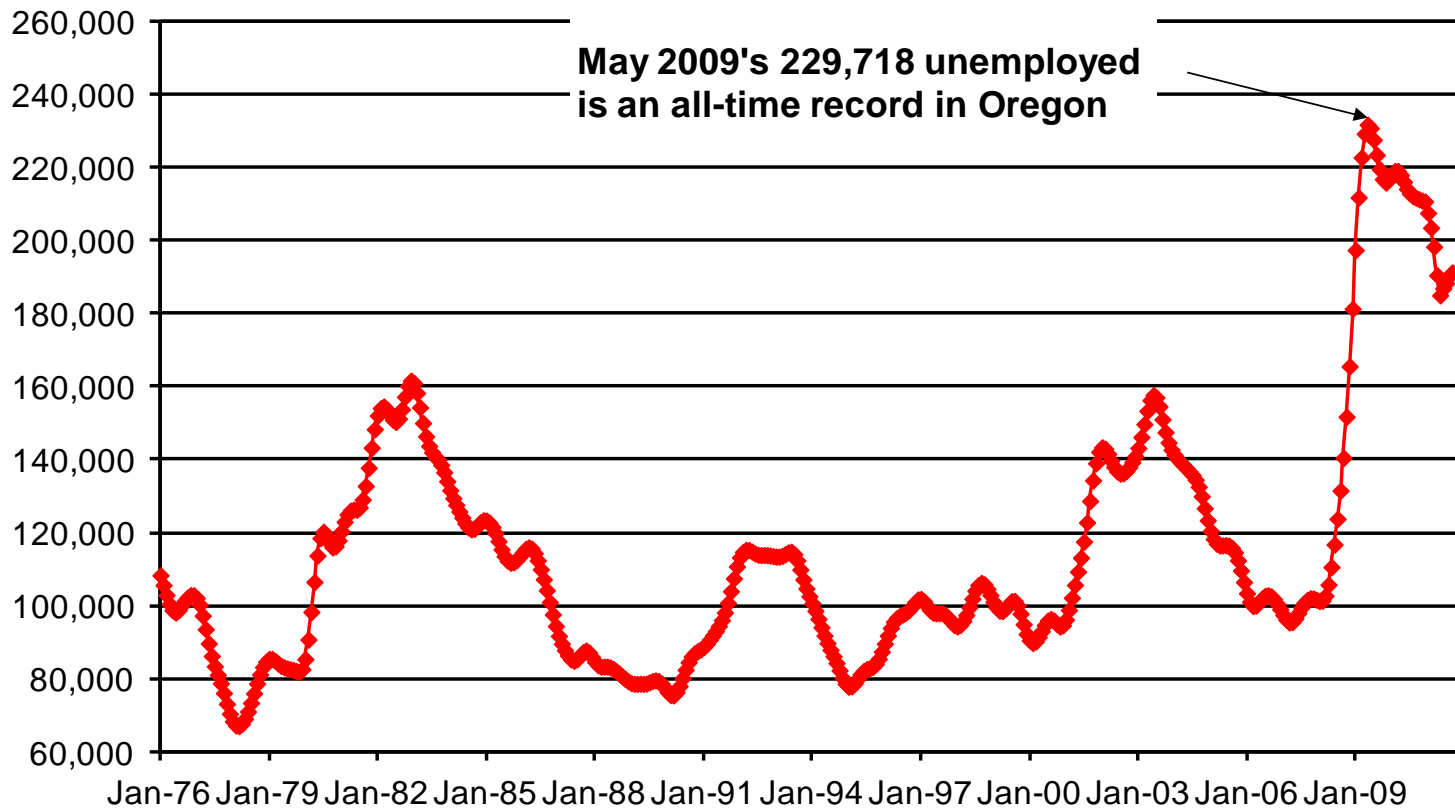
# Challenge #1: *Unemployment*

Unemployment remains high. (A big deal.)

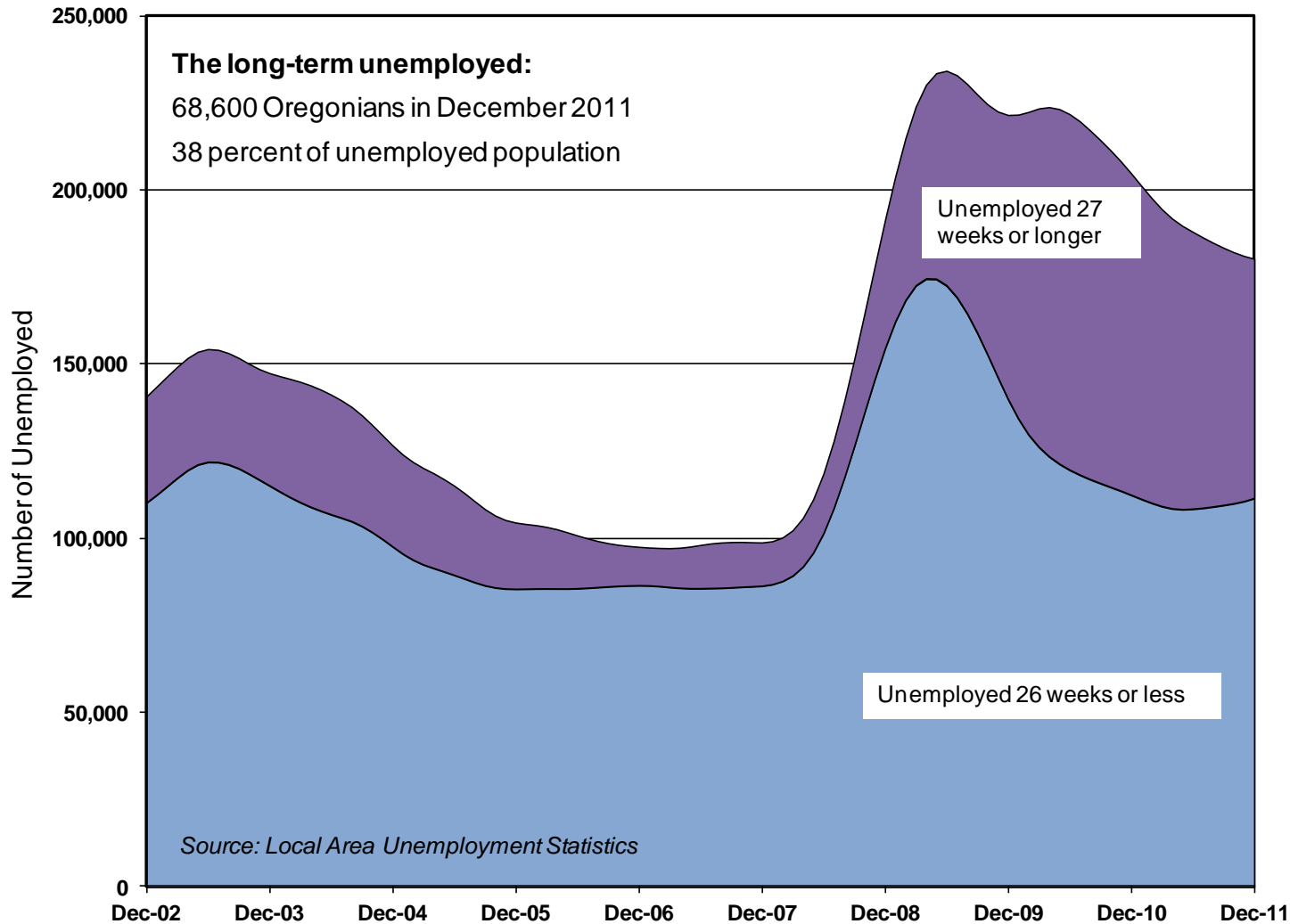
Many Oregonians have been out of work for a very long time. (A very big deal.)

There are 175,000 unemployed people in Oregon. Across the U.S., there are over four unemployed people for every job opening. (In Oregon, the ratio may be as high as 5:1.)

### Oregon Total Unemployment Seasonally Adjusted



Two in five unemployed Oregonians have been without a job for six months or more. Long-term unemployment is a big challenge following the recession.



Many of Oregon's unemployed have been looking for work for a long time now.

We might assume they'll have little problem finding jobs once the economy picks up...

... but that assumption might be wrong.

## Some employers may be hesitant to hire applicants who are unemployed...

During the annual conference of the Oregon Employer Council, attendees were asked what reasons, if any, might prevent them from hiring the long-term unemployed. Responses included:

- The long-term unemployed may have a bad attitude and/or lack motivation.
- They may lack interview skills and/or do not properly prepare for an interview.
- In some cases, the laid-off “weren’t the cream of the crop” to begin with.
- Their skills may have become stale.
- In some cases, they lack soft skills, i.e. time management, self-confidence, acting as a team player.



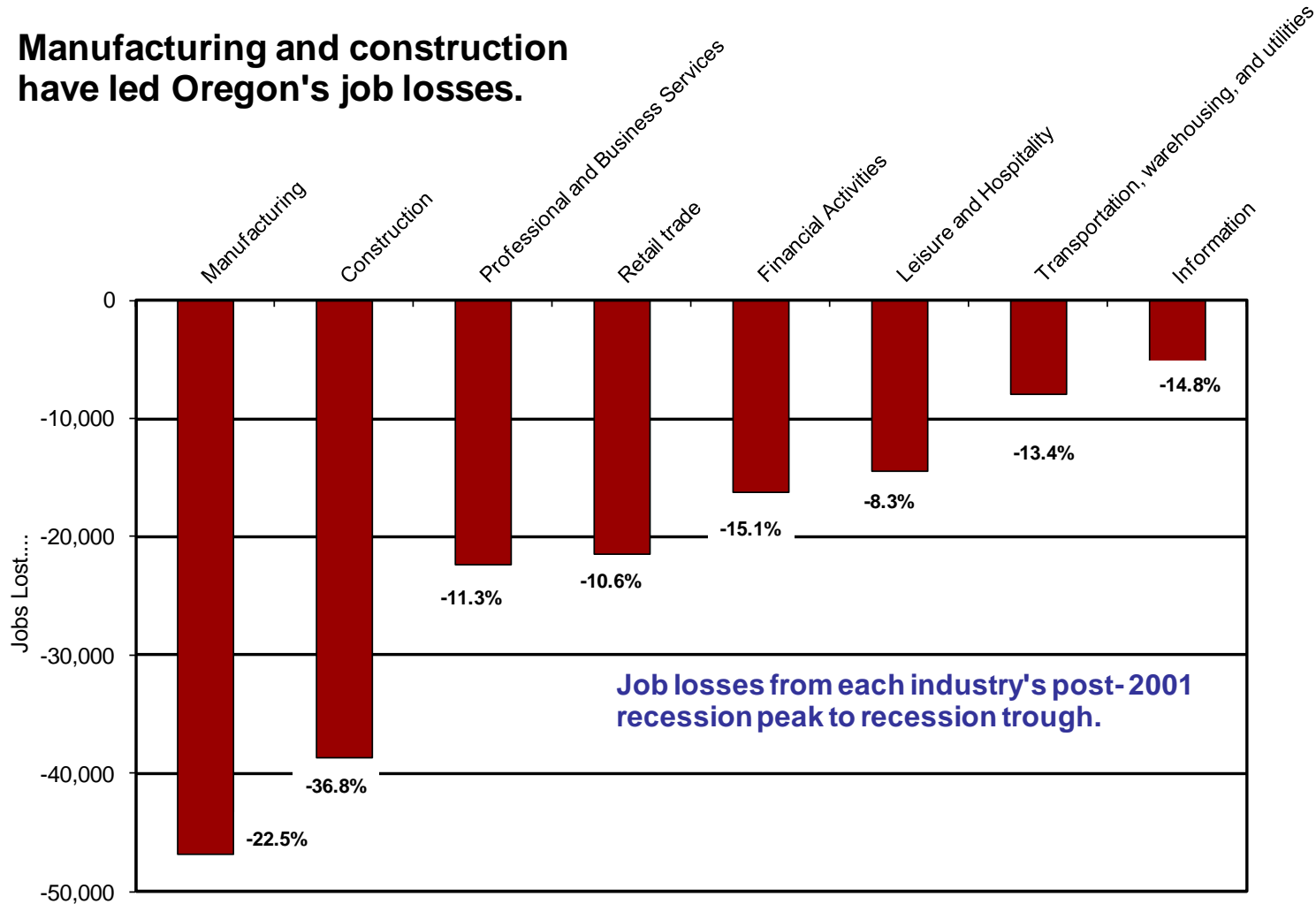
## Challenge #2: *Structural Changes in the Economy*

The 2008 recession caused a number of significant structural changes to Oregon's and the nation's economies.

Some industries may not see a return to prior levels of employment...

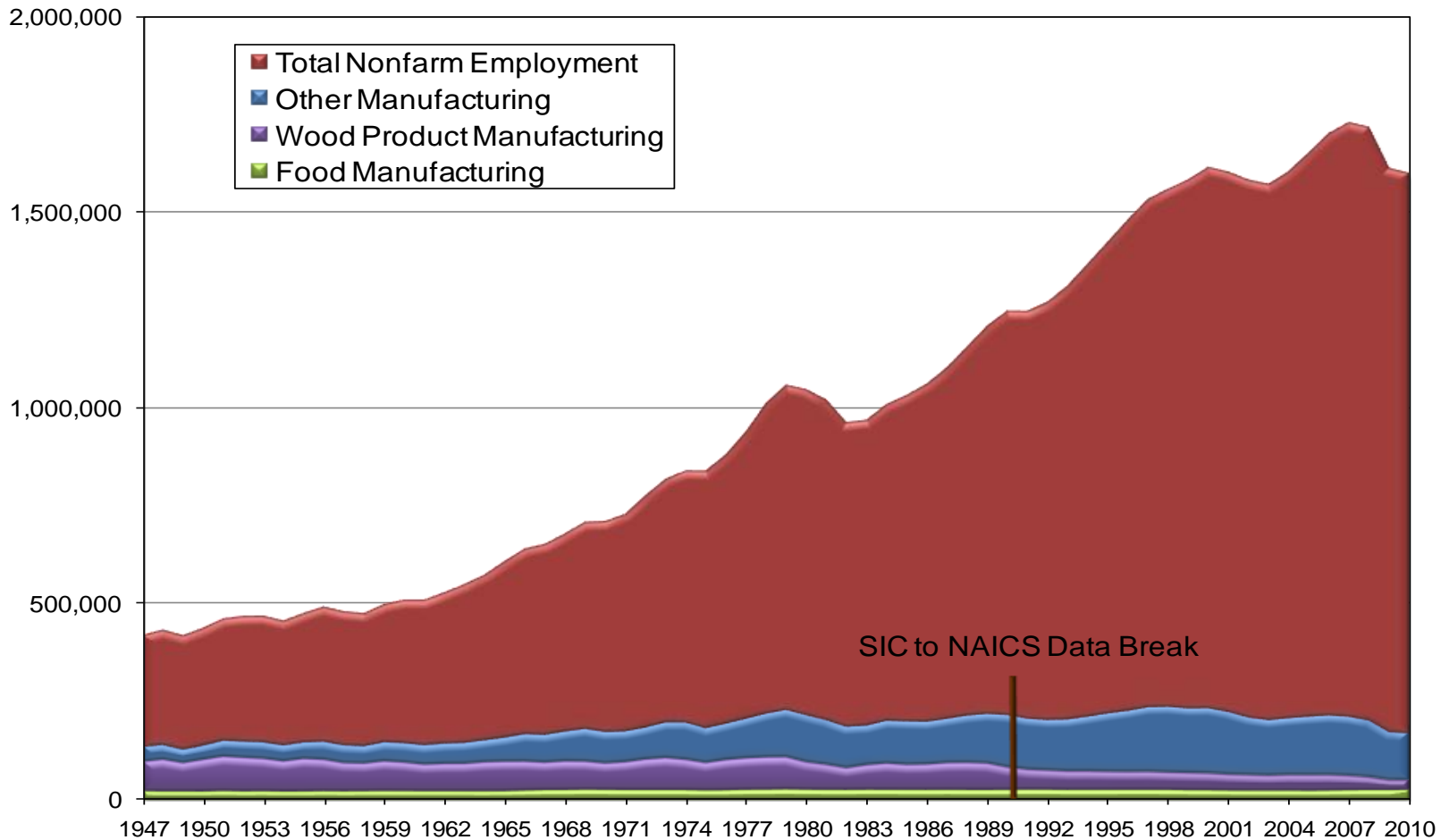
Nearly all sectors of Oregon's economy were hurt by the recession. Manufacturing and construction more so than others.

**Manufacturing and construction have led Oregon's job losses.**



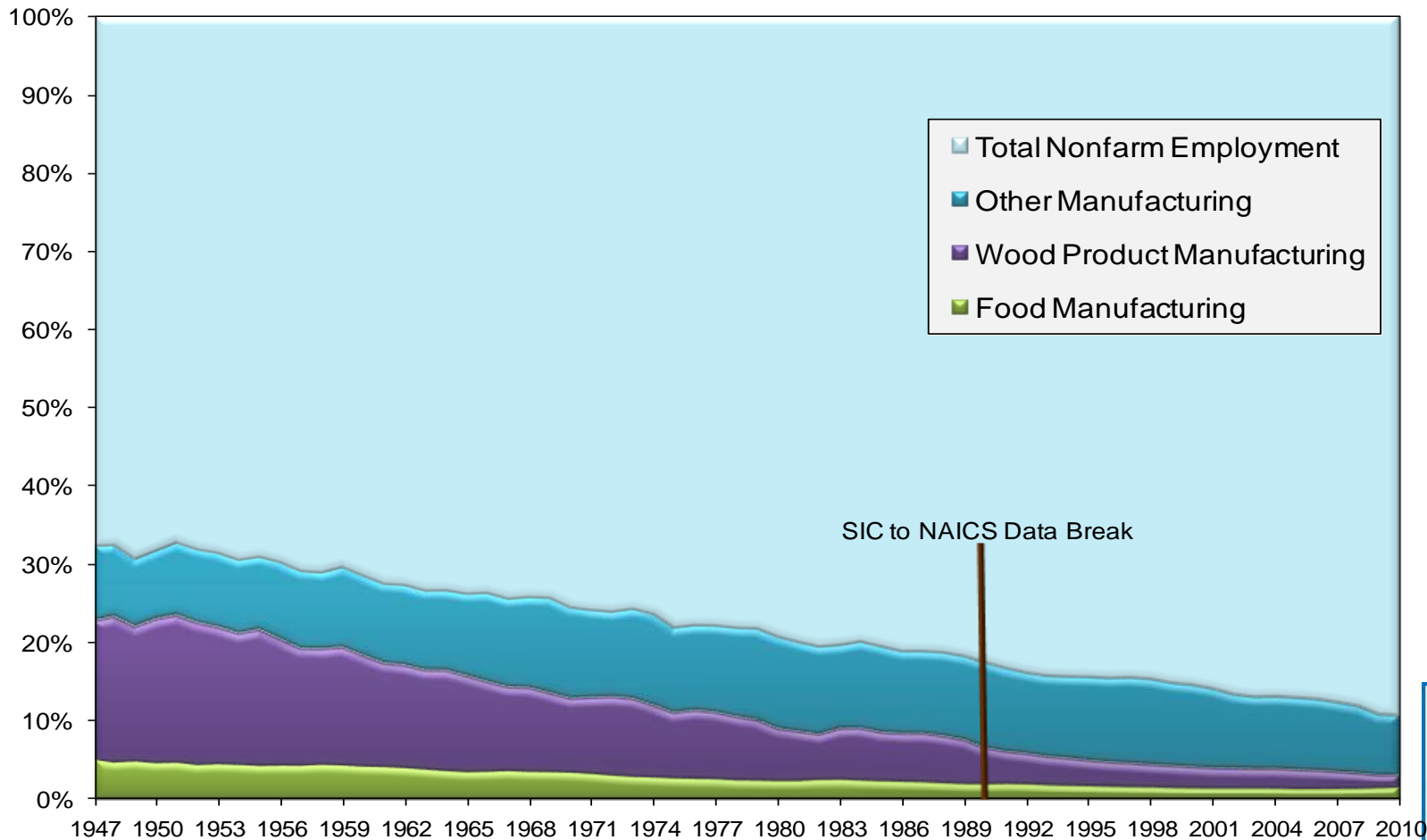
Oregon has 885,500 more jobs than 40 years ago, but about the same number of manufacturing jobs.

## Oregon Nonfarm Employment (CES 1947-2010)



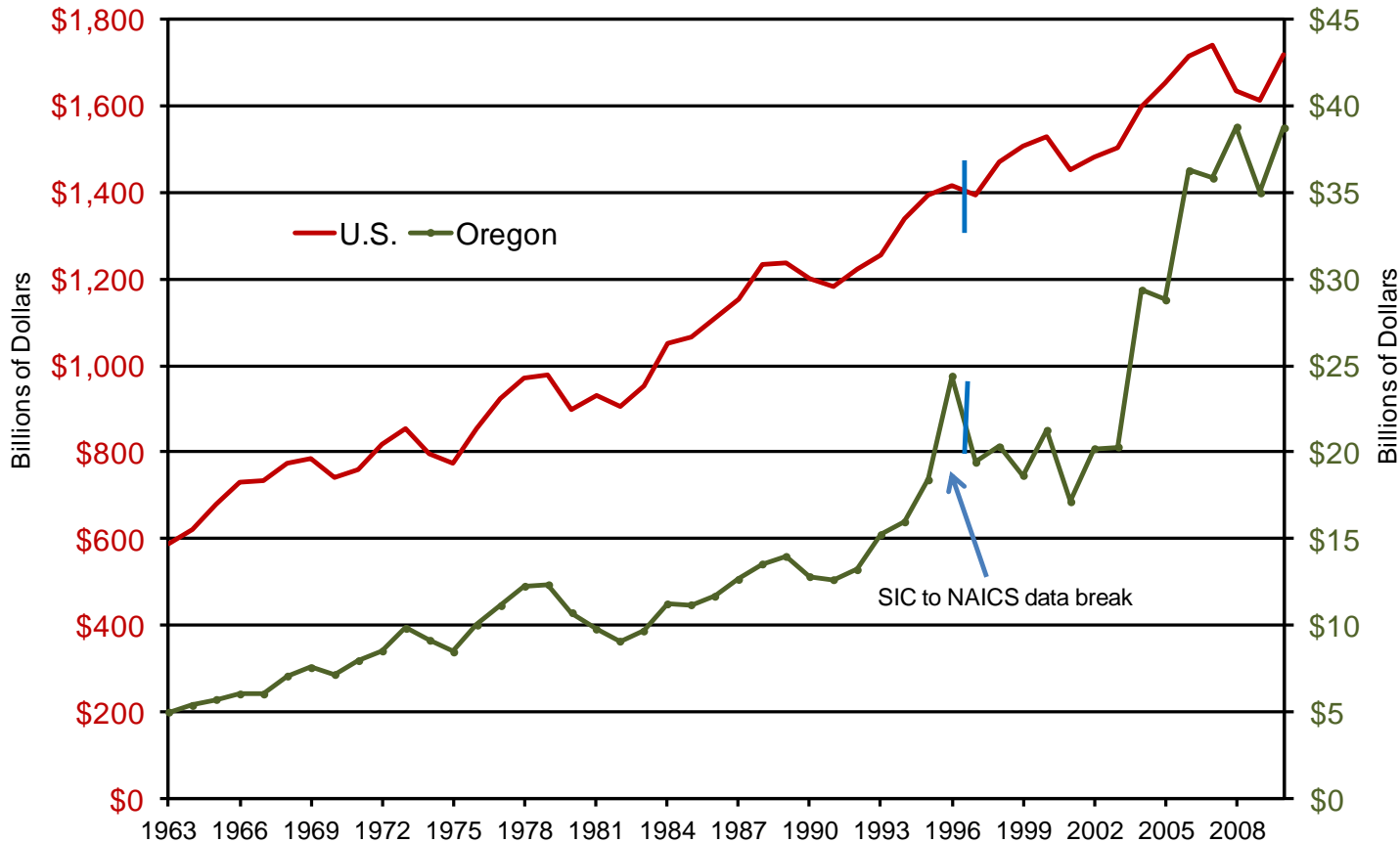
It's clear that manufacturing jobs are a smaller share of Oregon's workforce.

## Share of Total Nonfarm Employment in Oregon (CES 1947-2010)



Note, however, that both Oregon and the U.S. are manufacturing more than they did 20 and 40 years ago...

## U.S. and Oregon Manufacturing Output (2010 Dollars)



**U.S.**  
 20 Yr. Change: 43%  
 40 Yr. Change: 132%

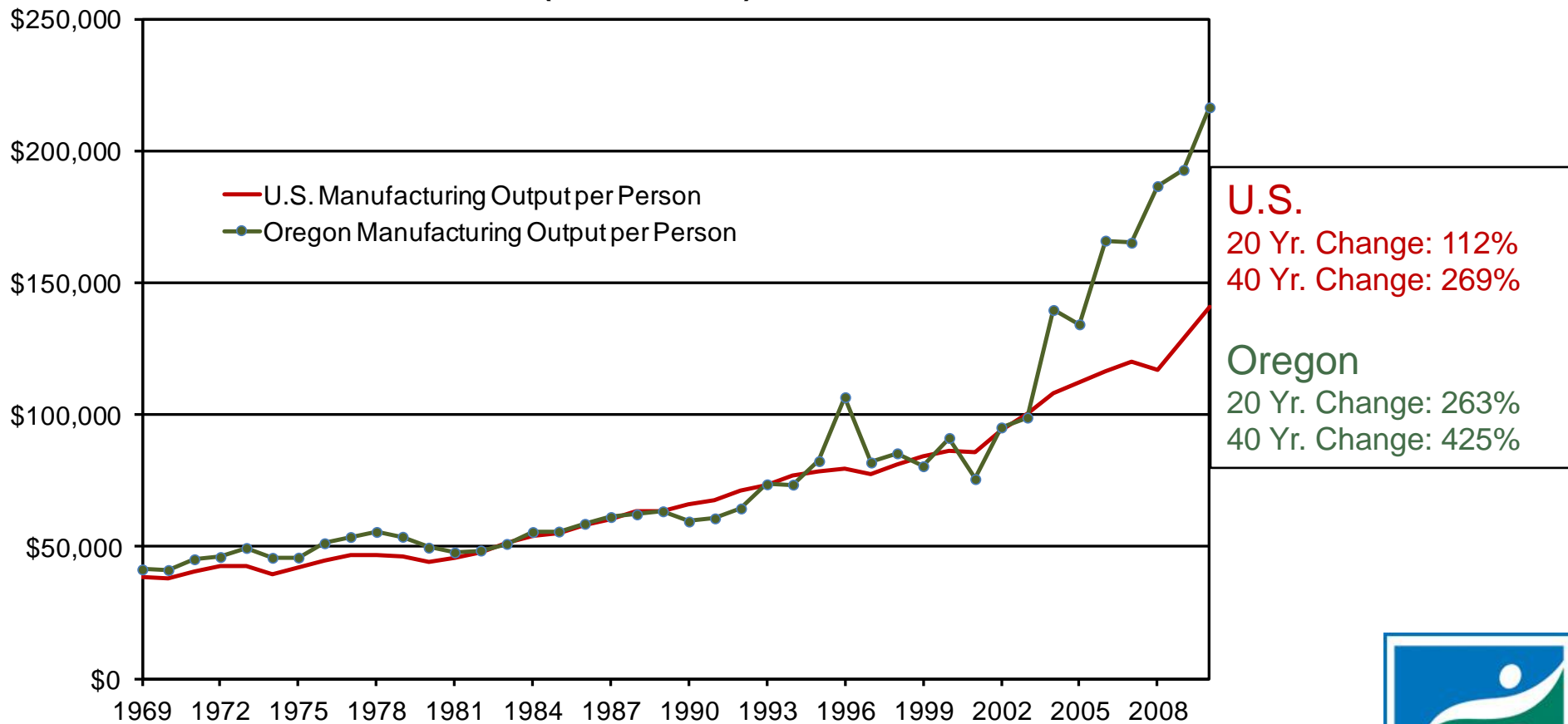
**Oregon**  
 20 Yr. Change: 202%  
 40 Yr. Change: 440%

Source: Bureau of Economic Analysis



...and making more with each worker than they were 20 and 40 years ago.

### U.S. and Oregon Manufacturing Output Per Worker (2010 Dollars)

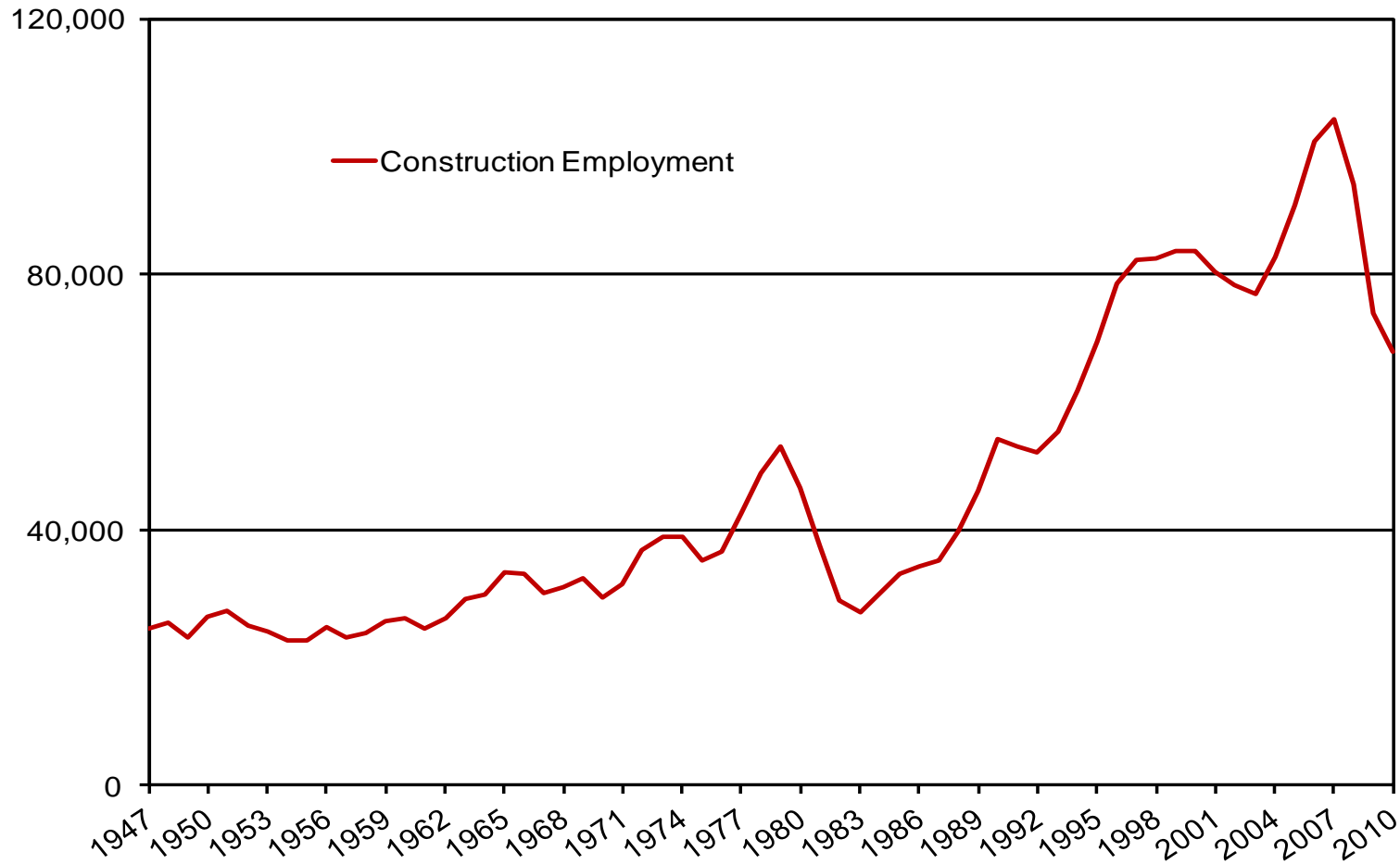


Source: Bureau of Labor Statistics



Construction employment is a clear case of a bubble bursting.

### Construction Employment in Oregon

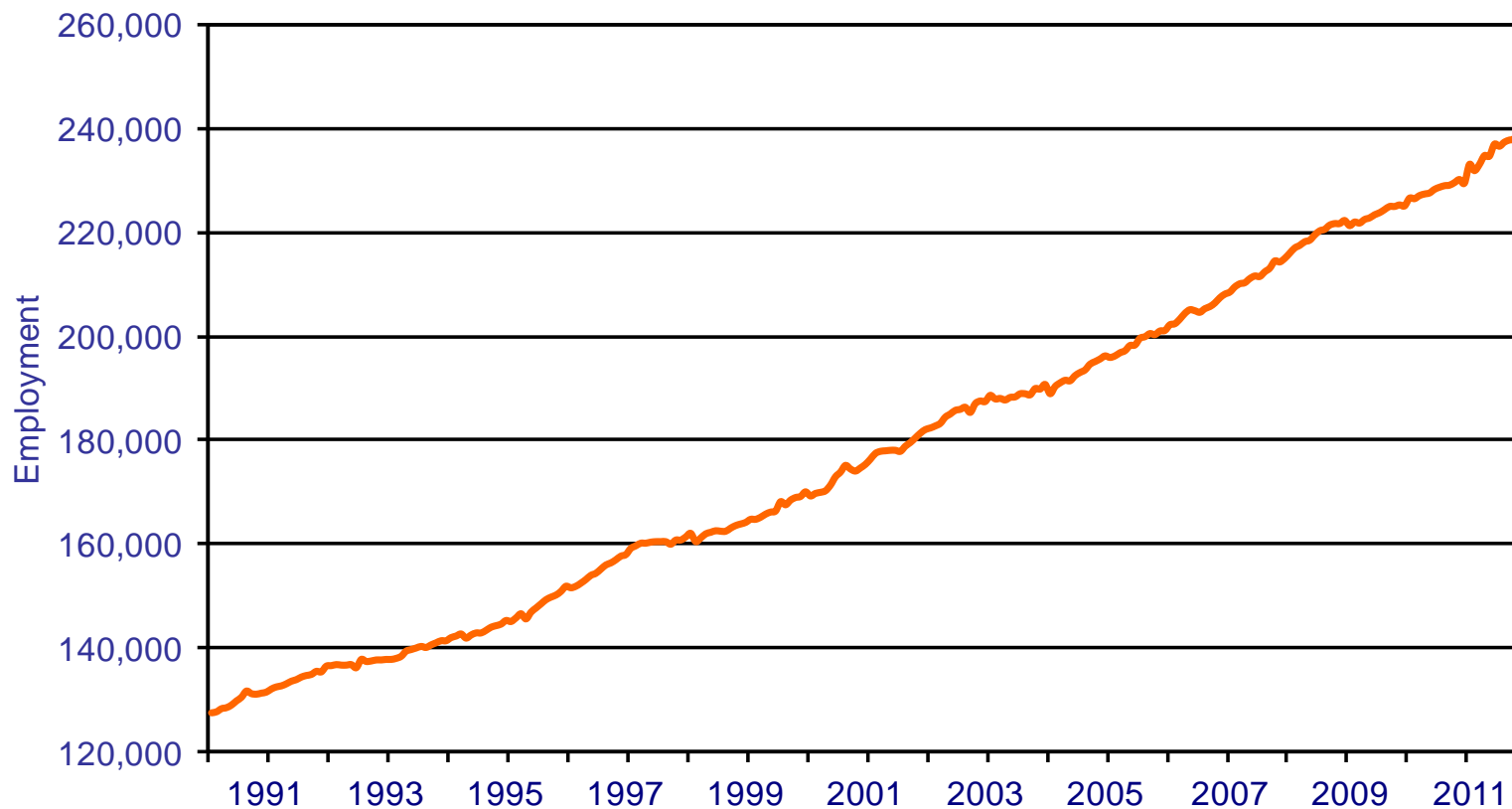


Source: Oregon Employment Department, CES 1947-2010



Structural changes are not always gloomy. Health services employment has grown because of structural demographic changes.

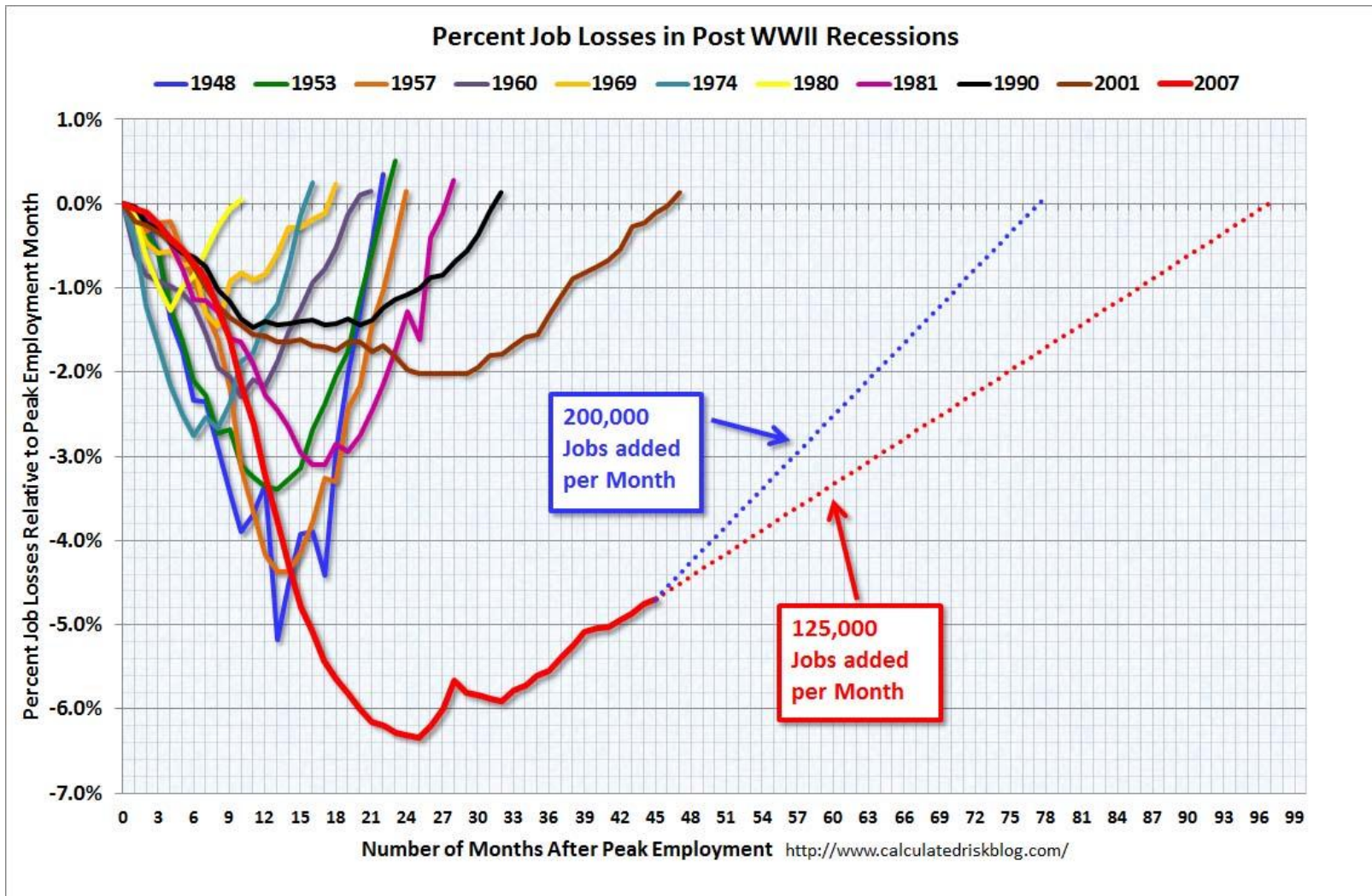
### Seasonally Adjusted Employment in Oregon Educational and Health Services: 1990 - 2011



# Challenge #3: *Slow Employment Growth*

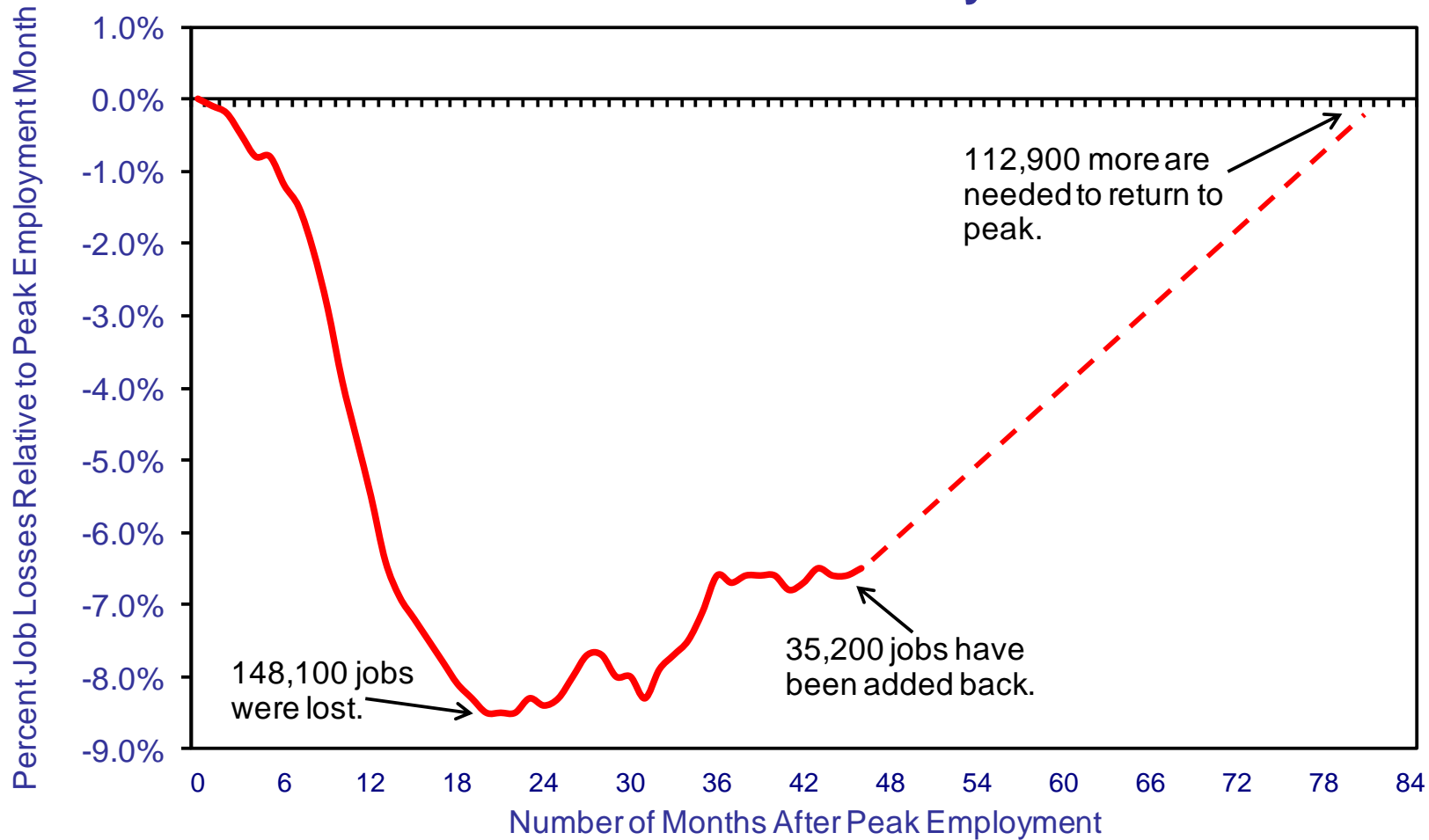
Employment growth has been slow, and will continue to be slow in the near future.

# The country is facing the longest return to pre-recession employment levels since World War II.



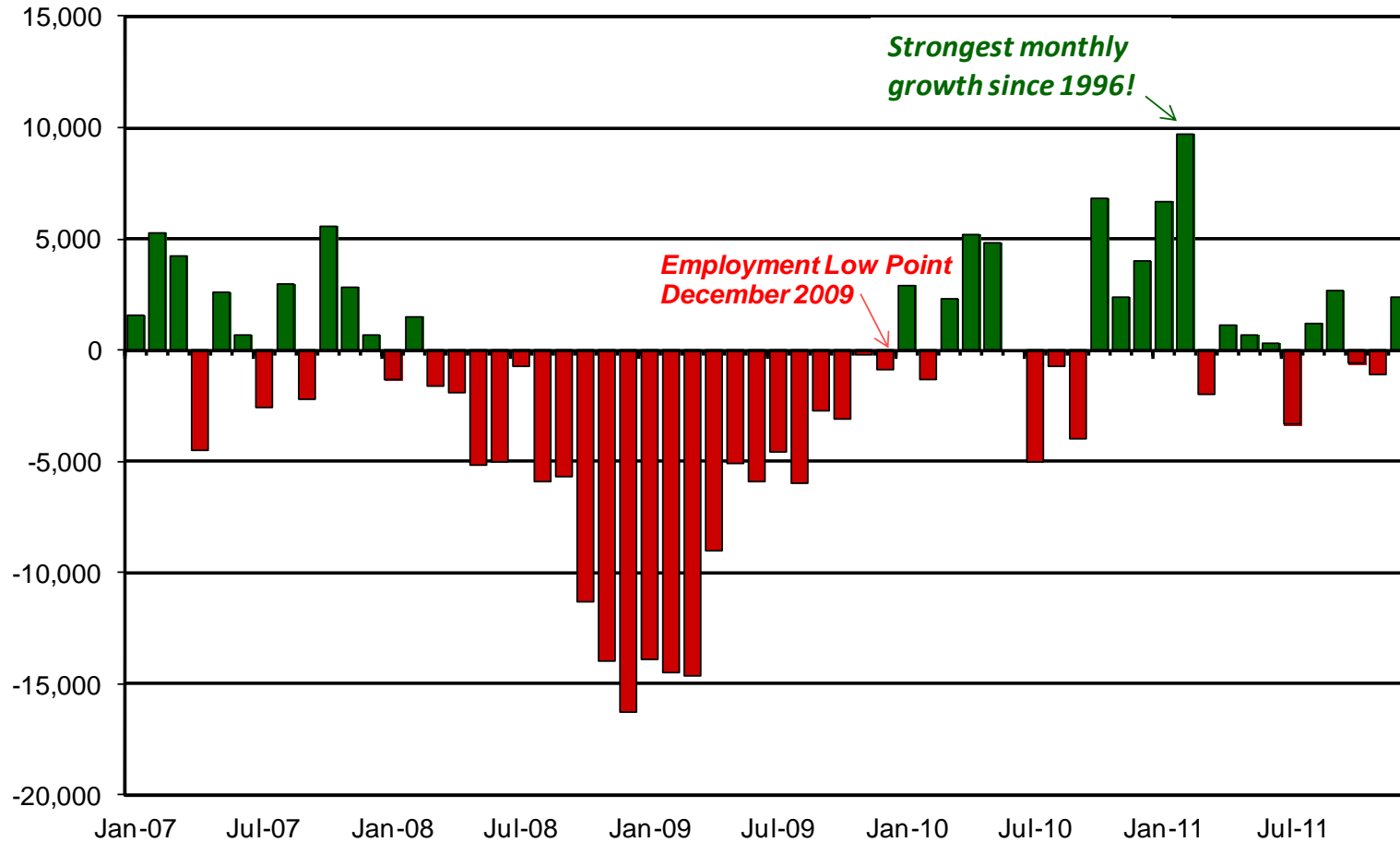
Oregon has only added back one-fourth of the jobs lost in the recession.

## Percent of Job Losses in Oregon Since Peak in February 2008



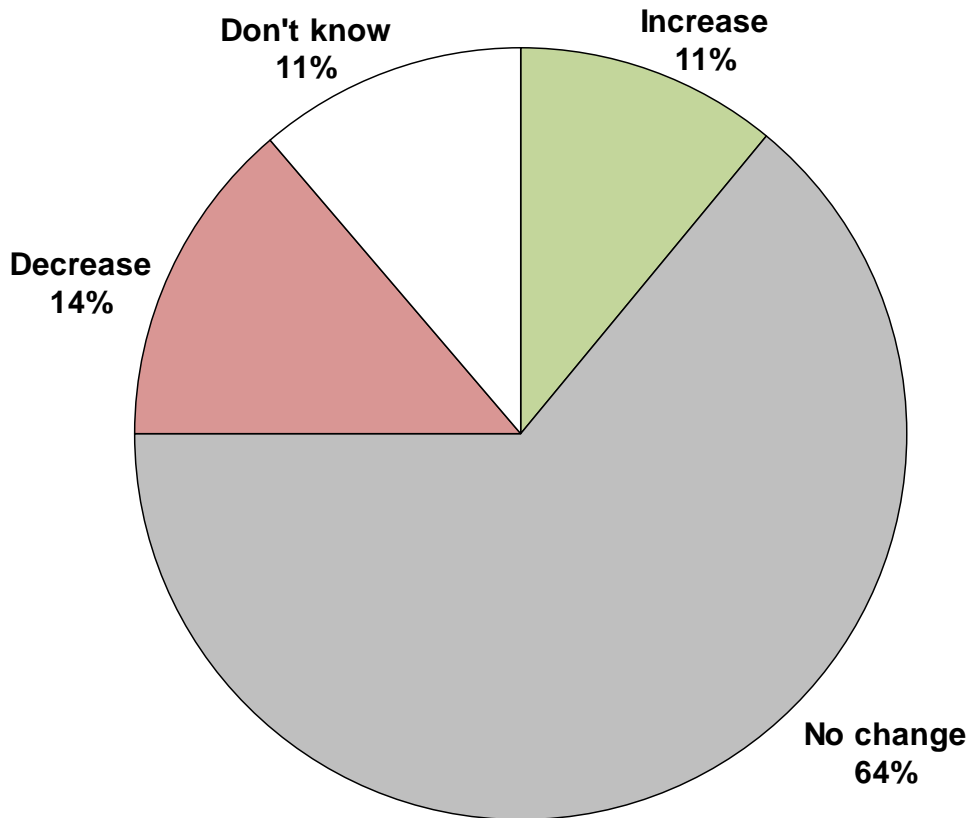
The job growth seen at the end of last year and early this year has largely stalled.

### Oregon's Monthly Job Growth/Decline seasonally adjusted



Roughly two-thirds of businesses expect no change in their employment levels in the next six months, similar to their expectations a year ago.

**Expected Change in Number of Employees Over Next Six Months**



*Why hire?*

- Turnover – 19%
- Seasonal – 9%
- Expansion – 8%
- Restoration – 3%

Source: Oregon Future Hiring Survey, Fall 2011

# Respondents indicate that the economy is the primary thing preventing more hiring.

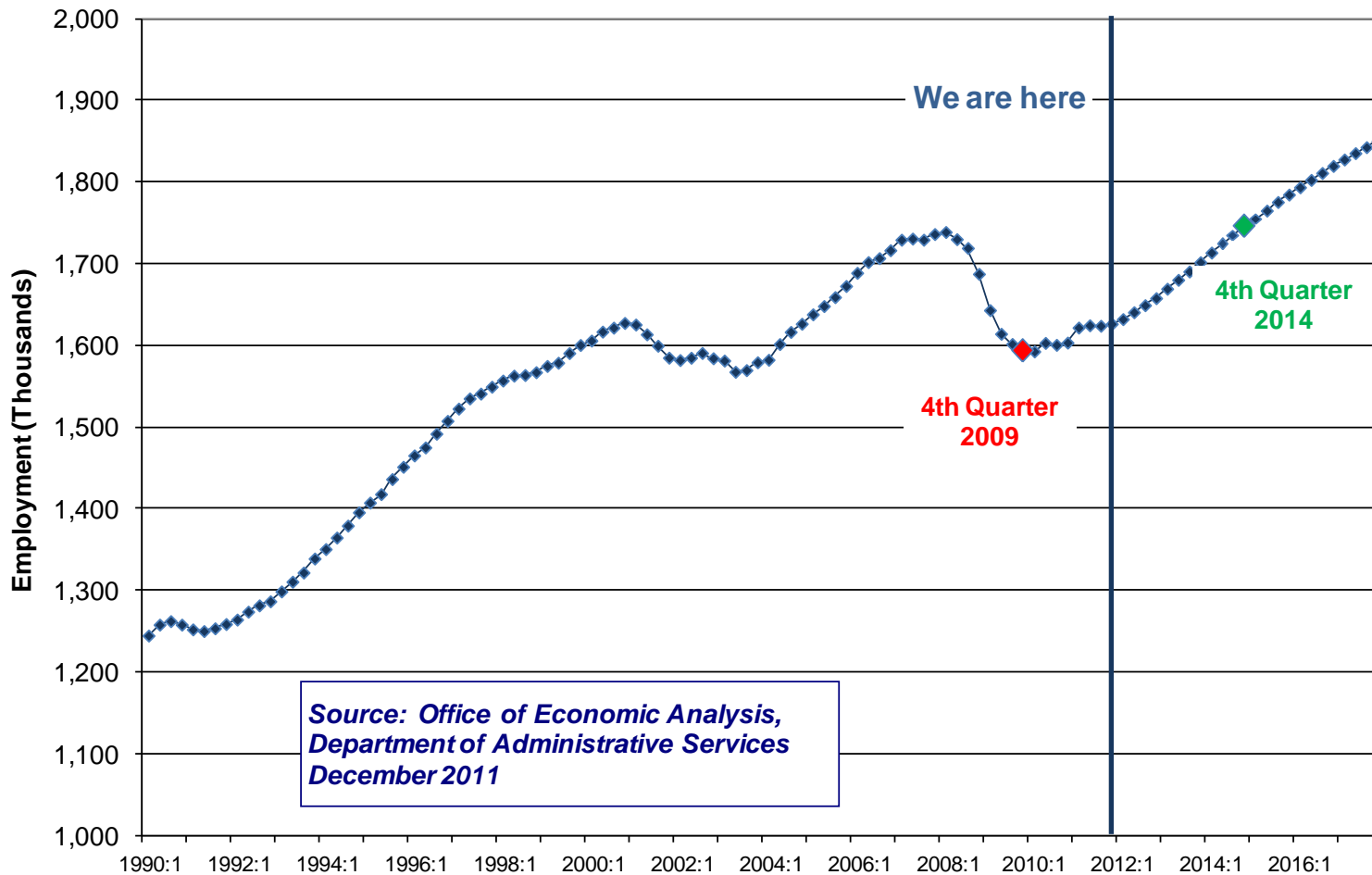
## Reasons That May Prevent Employers From Hiring Over Next Six Months

*Share of Respondents*

<b>Related to Economy</b>	<b>51%</b>	<b>Related to Government</b>	<b>14%</b>
Recession	37%	Taxes	6%
Tight credit market	4%	Regulations	4%
Slow housing market	4%	Minimum wage	4%
Inflation	3%	Healthcare	3%
High fuel costs	1%	State budget cuts	3%
		Measures 66 & 67	1%
<b>Other Reasons</b>	<b>29%</b>		
Seasonal work	13%		
Current staff is adequate	11%		
Lack of qualified applicants	5%		
Lack of turnover	3%		

Where do we go from here? Job losses generally ended – in a “net” sense – in the fourth quarter of 2009. But we don’t regain pre-recession employment levels until the 4<sup>th</sup> quarter of 2014.

### Moving Beyond Recession ... Oregon Total Employment



Which industries are expected to grow the most from 2010 to 2020?



## Here's the broad overview of Oregon's 2010-2020 employment projections.

- It's likely that 2010 was the "bottom."
- Projections from the bottom of a recession tend to have higher than average growth rates.
- Seven out of 10 industry super-sectors are projected to return to their pre-recession peaks by the end of the decade.
- Construction, Manufacturing, and Financial activities will grow; but are not projected to recover all of the jobs lost during the recession over the next 10 years.
- Health care is projected to grow faster and add more jobs than any other major industry in the coming years.

# Note: all industries are expected to add jobs

## Statewide: Industry Employment Forecast, 2010-2020

<b>Broad Industry</b>	<b>2010</b>	<b>2020</b>	<b>Change</b>	<b>Percent Change</b>
Total payroll employment	1,646,100	1,944,100	298,000	18%
Private	1,347,200	1,622,800	275,600	20%
Educational and health services*	228,600	296,100	67,500	30%
Construction	67,600	86,100	18,500	27%
Professional and business services	182,300	231,400	49,100	27%
Leisure and hospitality	162,300	193,900	31,600	19%
Trade, transportation, and utilities	309,300	359,400	50,100	16%
Other services	57,200	66,400	9,200	16%
Natural resources and mining	50,900	58,900	8,000	16%
Manufacturing	164,200	189,100	24,900	15%
Information	32,200	36,800	4,600	14%
Financial activities	92,600	104,700	12,100	13%
Government	298,900	321,300	22,400	7%
State and local education	132,300	145,900	13,600	10%

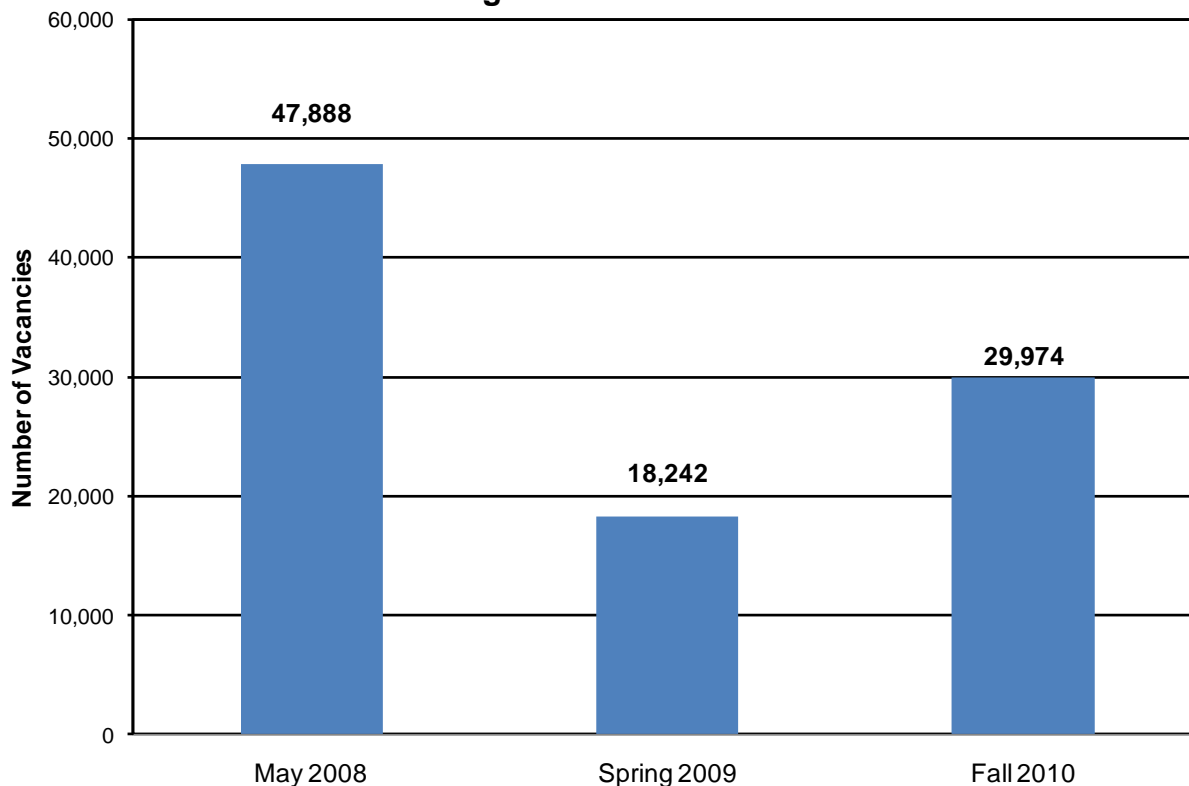
\* Four-fifths of this industry is health care

## Challenge #4: *Businesses Struggling to Find Workers*

Despite high unemployment, businesses sometimes struggle to find the qualified workers they need.

# Available vacancies are still few compared to the number of unemployed.

**Vacancies Increasing, But Still Below Pre-Recession Levels, Oregon Job Vacancies**



## Rough Numbers

January 2012:

- 175,000 unemployed
- 30,000 total vacancies

October 2011:

- 204,000 active job seekers
- 7,300 vacancies in iMatchSkills

*How can businesses be struggling to find workers?*



Despite declining employment over the past few decades, manufacturers are saying they're having a hard time finding skilled workers.

An article by *Reuters* may explain why:

- The manufacturing workforce is older, and facing more retirements.
- There are fewer science, technology, engineering and math majors than in previous years.
- College graduates are discouraged from pursuing manufacturing jobs.
- There's an ongoing transition from medium-skilled, repetitive tasks to more highly-skilled, high-technology work.
- Employers cite a disconnect between outdated vocational training and what's required on the job.

## On the other hand ...

Only 5 percent of Oregon businesses said “lack of qualified workers” was a barrier to their hiring, in Fall 2011.



# Dr. Peter Capelli, Wharton's Center for Human Resources

- “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

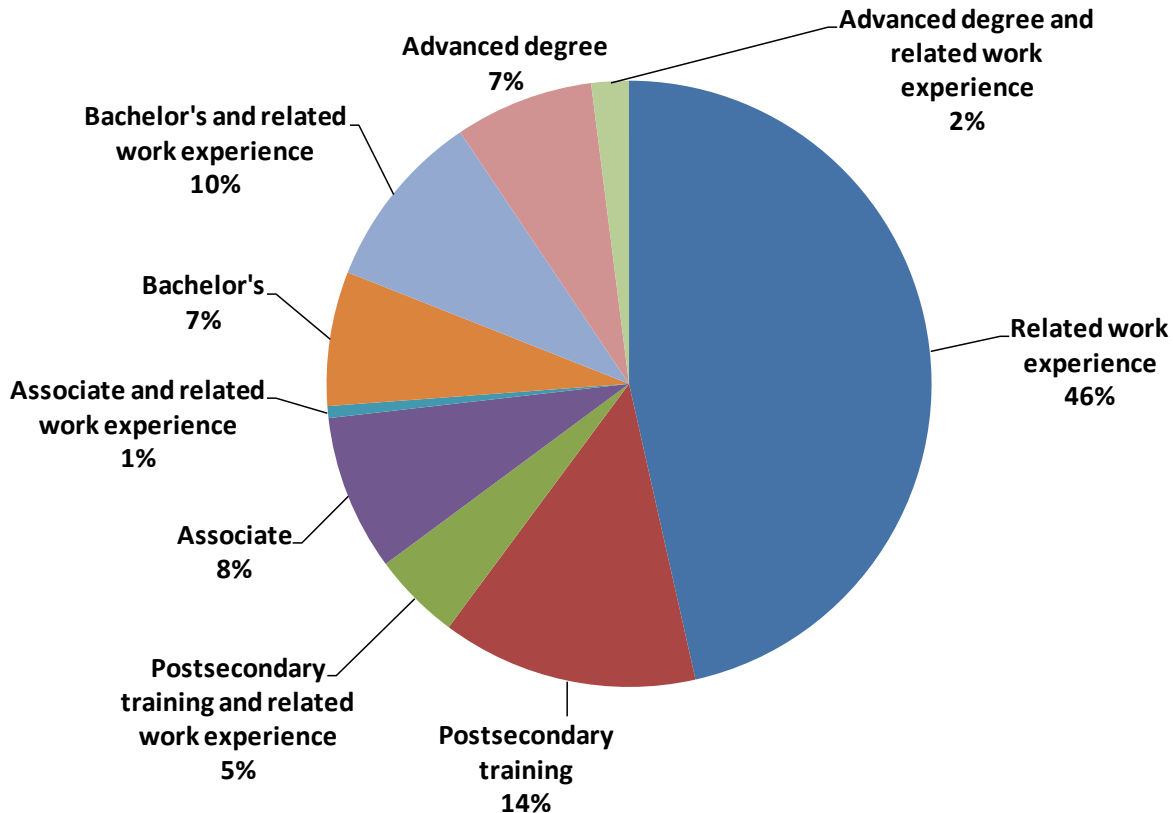


# Challenge #5: *Connecting Training to Workforce Needs*

It's essential that workforce-related training be very tailored towards businesses' actual needs.

To be competitive in most occupations, workers need to have some higher training or education.

## Oregon Total Openings by Competitive Education 2010-2020



So the challenge is to make sure that training is relevant for the job or career goals of the individual.

Top 2009-2010 Completers by Program (University, Community College,  
Apprenticeship, Job Corps, and Private Career School)

	<u>Completers</u>
Business, Management, Marketing, And Related Support Services	10,235
Health Professions And Related Clinical Sciences	8,997
Liberal Arts And Sciences, General Studies And Humanities	5,271
Education	5,071
Construction Trades	2,945
Personal And Culinary Services	2,363
Social Sciences	2,360
Visual And Performing Arts	1,590
Psychology	1,382
Biological And Biomedical Sciences	1,162
Mechanic And Repair Technologies/Technicians	1,107
Engineering	1,101
Multi/Interdisciplinary Studies	1,000
English Language And Literature/Letters	911
Computer And Information Sciences And Support Services	902
Transportation And Materials Moving	888
Communication, Journalism, And Related Programs	807
Engineering Technologies/Technicians	803
Security And Protective Services	762
Public Administration And Social Service Professions	724
Legal Professions And Studies	687
Family And Consumer Sciences/Human Sciences	676
Foreign Languages, Literatures, And Linguistics	633
Natural Resources And Conservation	606
Agriculture, Agriculture Operations, And Related Sciences	571
History	504

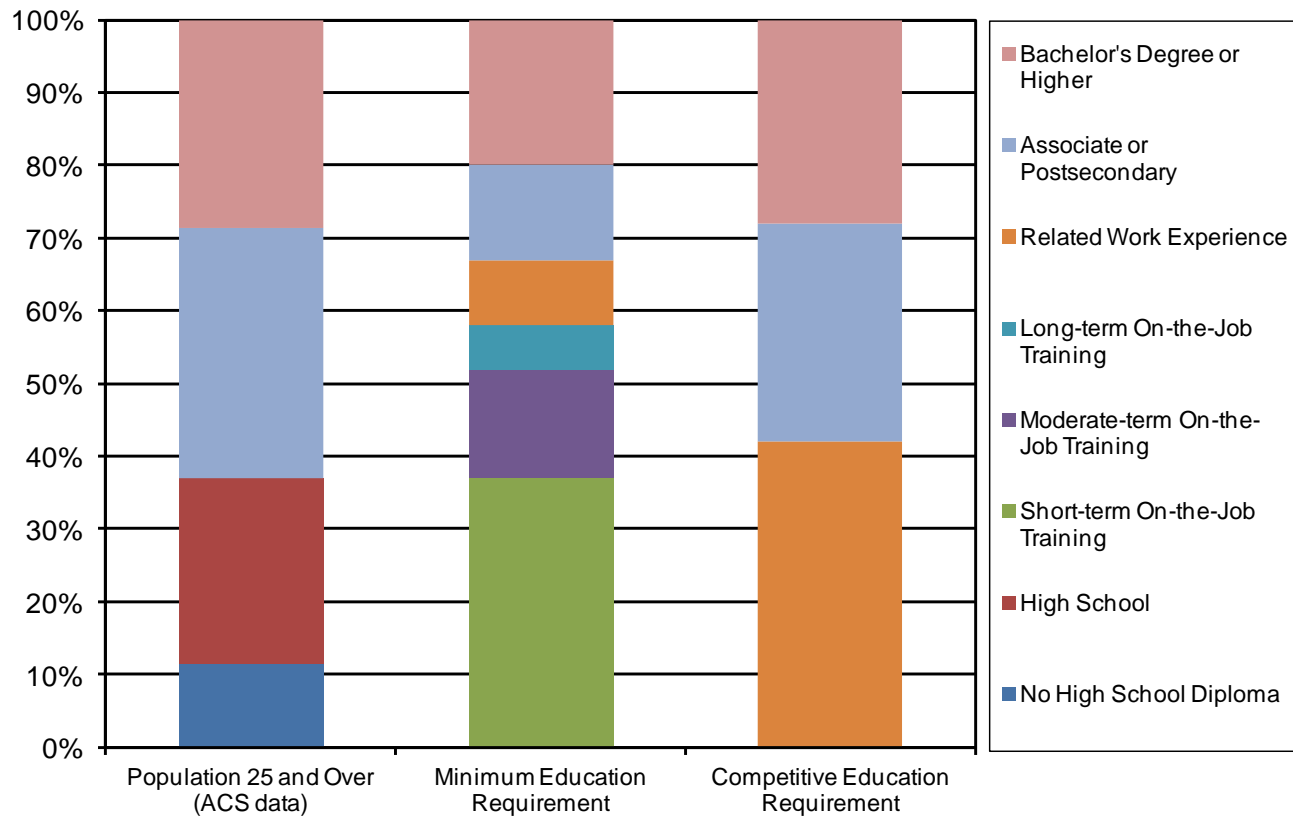
Source: IPEDS, ODE Private Career Schools, BOLI, Job Corps

Oregon's education  
and training system is  
preparing 57,000  
people each year, up  
from 52,000 in 2007-  
2008.



Focusing primarily on the competitive education requirements  
 ...Oregon's current population appears to have broadly  
 sufficient levels of education for the jobs projected in 2020.

**Education Requirements of Oregon Jobs (2020)  
 and Education Status of Oregon Population (2006-10)**



On the surface it looks like Oregon is producing enough graduates to meet the demands of employers. Below the surface, things become more complicated?

- Simply having about the right number of bachelor's degrees (for example) does not imply that we have the right number of people with the right bachelor's degrees.
- We know that some businesses struggle to find workers with the right technical and workplace skills to meet their needs, even in tough economic times.
- We know that in normal economic times, businesses are struggling to find workers with the right “soft skills” (or, as some workforce professionals describe them, “essential workplace skills”) to meet their needs.

## Challenge #6:

### *Younger Workers Damaged by Recession*

Getting a slow start to their career leads to:

- Lower wages, slower wage increases, and lower lifetime earnings
- Slower career progression
- Less prepared to deal with unemployment
- A career path they never knew they would be on



Recent college graduates face fewer employment opportunities and lower wages...but some have fared better than others.

According to a *New York Times* article:

- Median starting salary for 2009 and 2010 grads was \$3,000 less than those that graduated in 2006 to 2008
- **About 56 percent of 2010 grads had at least one job by spring 2011, compared to 90 percent of 2006 and 2007 grads**
- Grads with education or engineering degrees were more likely to find work than those majoring in the humanities



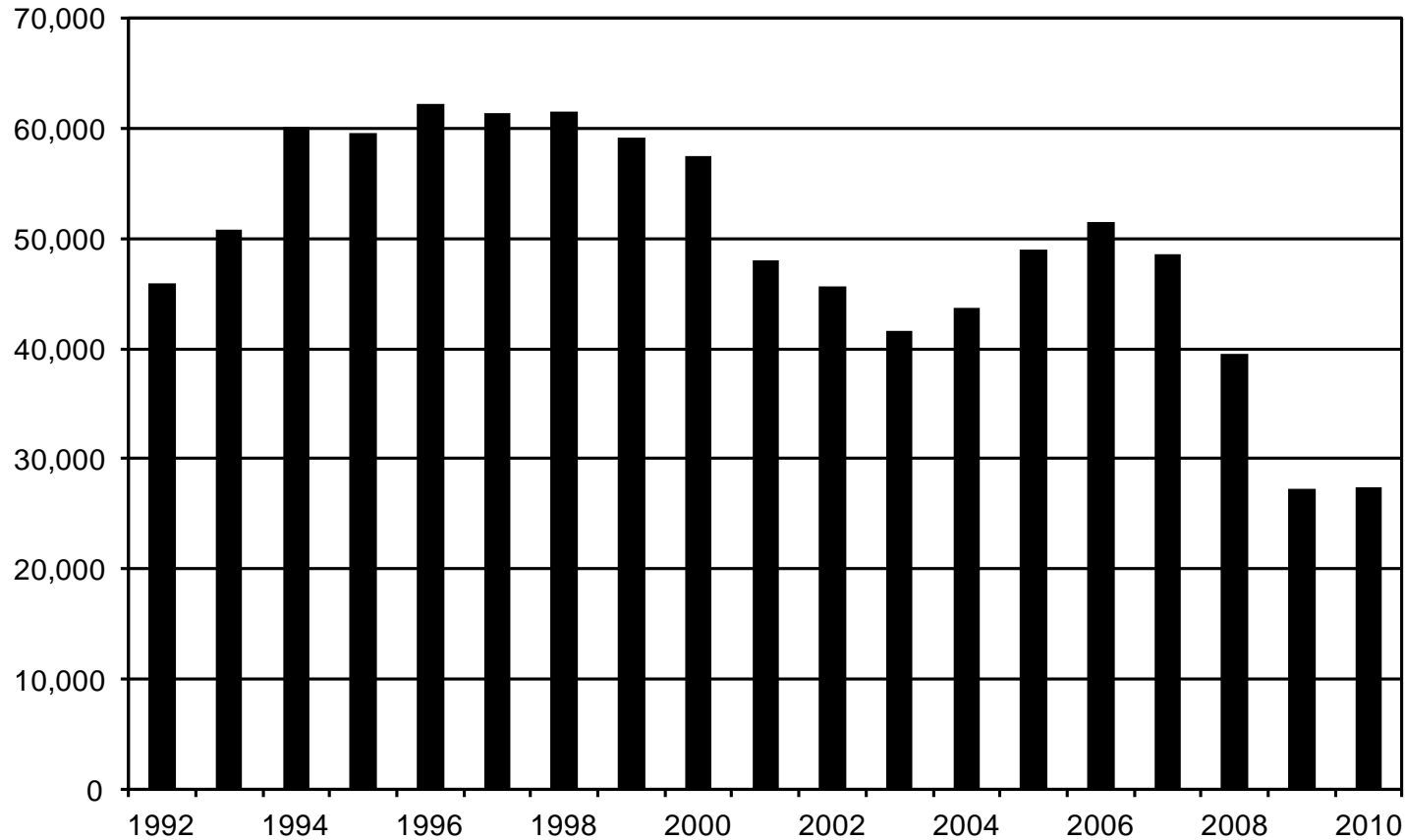
Living with their parents is one way to get by.

- Percent of men age 25 to 34 living with parents:  
2005 = 14%  
2011 = 19%
- Percent of women age 25 to 34 living with parents:  
2005 = 8%  
2011 = 10%
- This trend began before the recession and has continued beyond it.



Fewer than one-half the number of teenagers were getting hired during the last few summers.

**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

## Challenge #7:

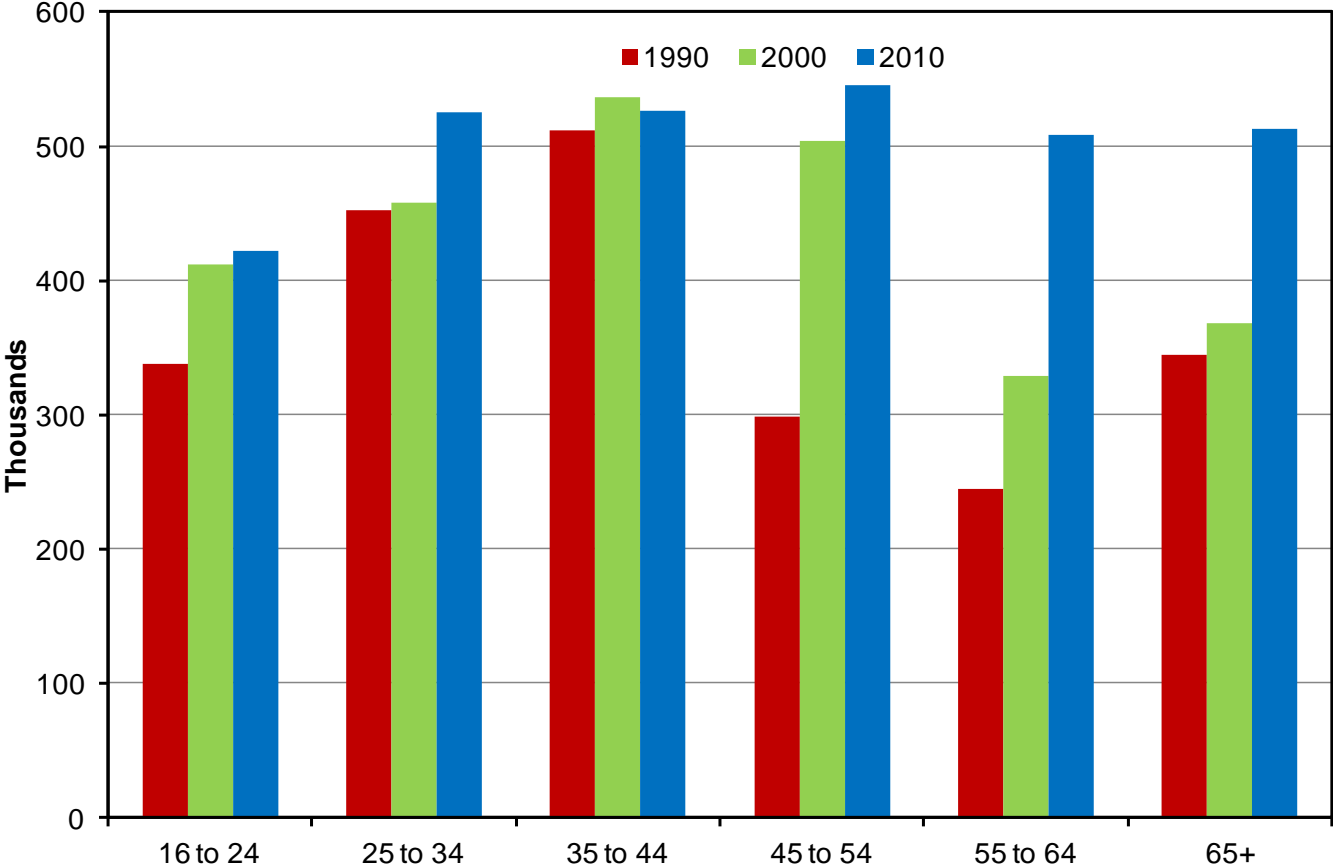
# *Aging Workforce and Looming Retirements*

The aging workforce and baby boom retirements are almost forgotten issues...but will return as significant challenges.



# Will Oregon have enough workers? There seems to be a steady supply of younger people...

### Oregon's Aging Population

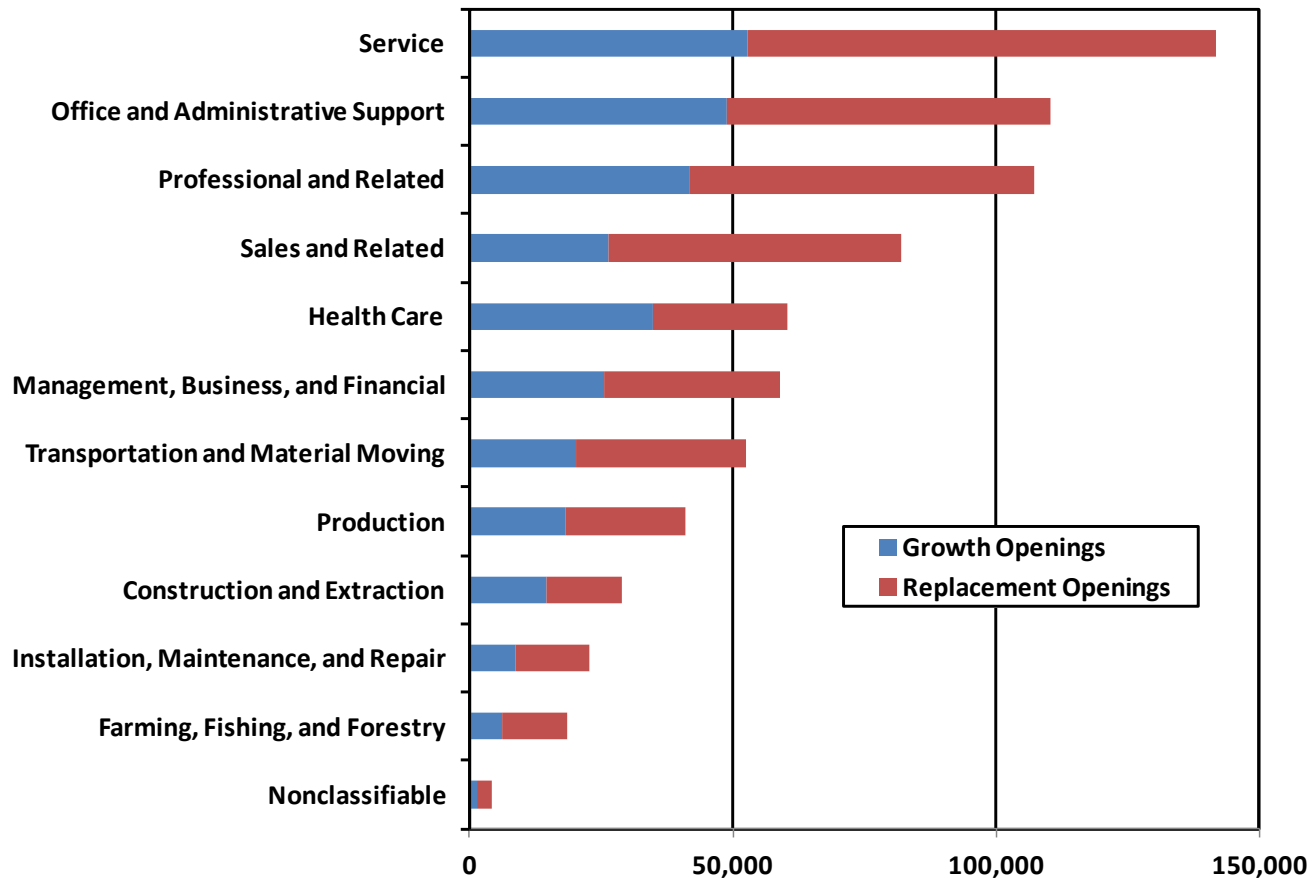


Source: U.S. Bureau of Labor Statistics



The aging workforce means that more openings will be from replacements than from growth.

### Oregon Projected Occupational Openings 2010 - 2020



- More than 428,000 openings during the decade to replace current workers as they ...
  - change occupations early in their careers,
  - or retire – baby boomers are nearing retirement
- Add to this the nearly 300,000 openings due to economic growth, and we expect ...
  - about 728,000 occupational openings\*

\*This doesn't include job openings due to people changing jobs but not their occupations.

# At least one in five Oregon workers probably wants to retire within the next 10 years.

## Rural Counties Have Higher Shares of Workers 55 and Over

<u>Area</u>	<u>Number of Workers 55 and Over</u>	<u>Percent of All Ages</u>	<u>Area</u>	<u>Number of Workers 55 and Over</u>	<u>Percent of All Ages</u>
<b>Oregon</b>	<b>325,355</b>	<b>21%</b>			
Wheeler	93	34%	Linn	8,900	23%
Lincoln	4,474	28%	Josephine	5,022	23%
Curry	1,739	28%	Klamath	4,924	23%
Wallowa	673	27%	Benton	7,368	22%
Grant	539	27%	Lane	29,674	22%
Gilliam	192	26%	Marion	29,256	22%
Coos	5,136	26%	Jackson	17,390	22%
Lake	517	25%	Union	2,158	22%
Tillamook	1,936	25%	Columbia	1,983	22%
Clatsop	3,662	25%	Yamhill	6,216	22%
Wasco	2,182	25%	Malheur	3,198	21%
Sherman	128	24%	Polk	3,489	21%
Harney	517	24%	Umatilla	6,005	21%
Morrow	871	24%	Hood River	2,417	21%
Jefferson	1,378	24%	Clackamas	28,878	21%
Douglas	7,776	24%	Multnomah	82,584	20%
Baker	1,271	24%	Deschutes	10,681	19%
Crook	1,207	23%	Washington	40,924	18%

Average for 3rd Quarter 2010 and prior three quarters.

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



## Challenge #8:

### *Oregon's Rural Areas Face Special Challenges*

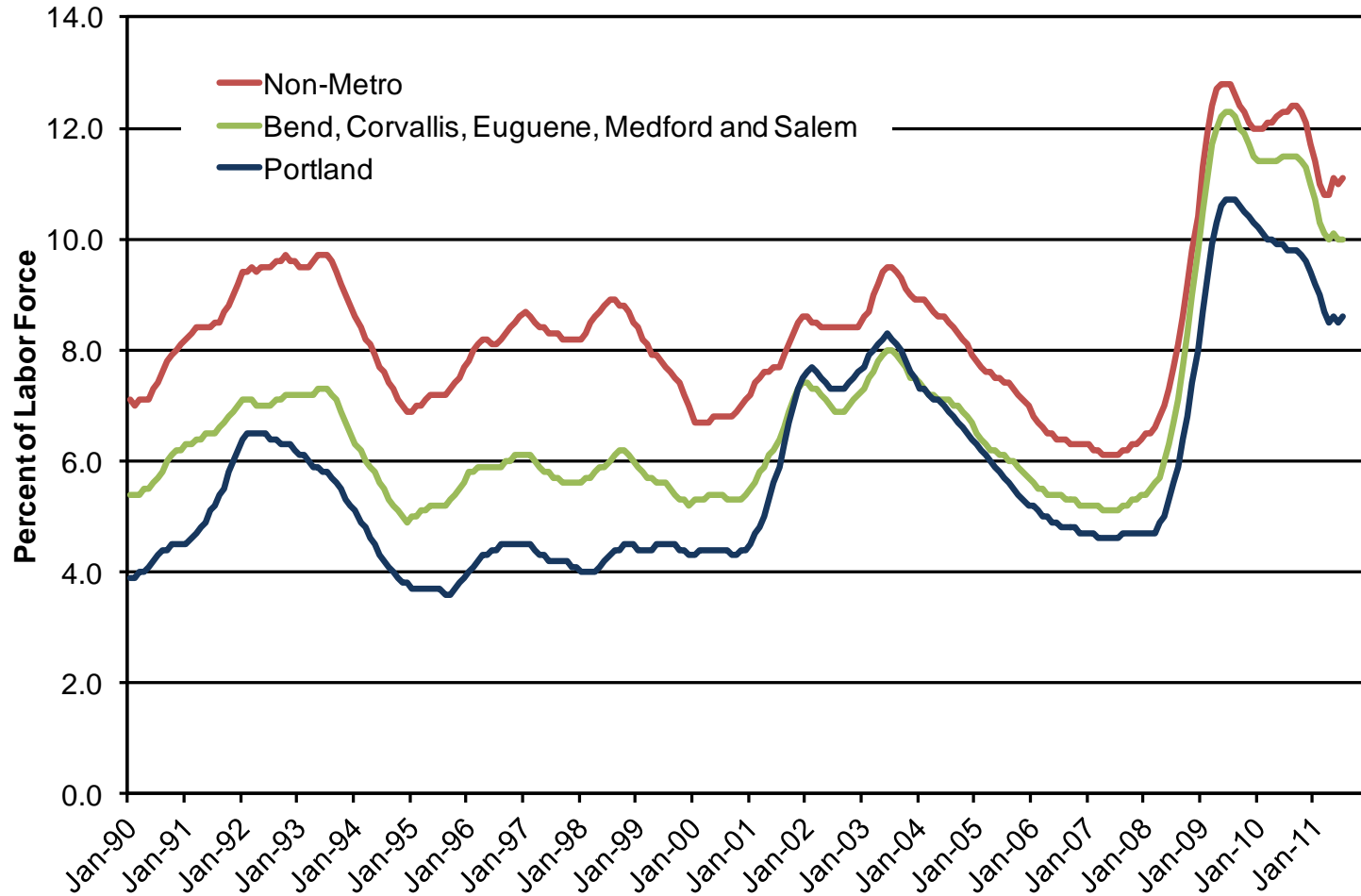
All or most of the things we've talked about so far ...

- Persistent unemployment
  - Structural changes in the economy
  - Slow employment growth
  - Businesses struggling to find workers
  - Connecting training to workforce needs
  - Younger workers damaged by recession
  - Aging workforce and looming retirements
- ... are magnified in rural areas.



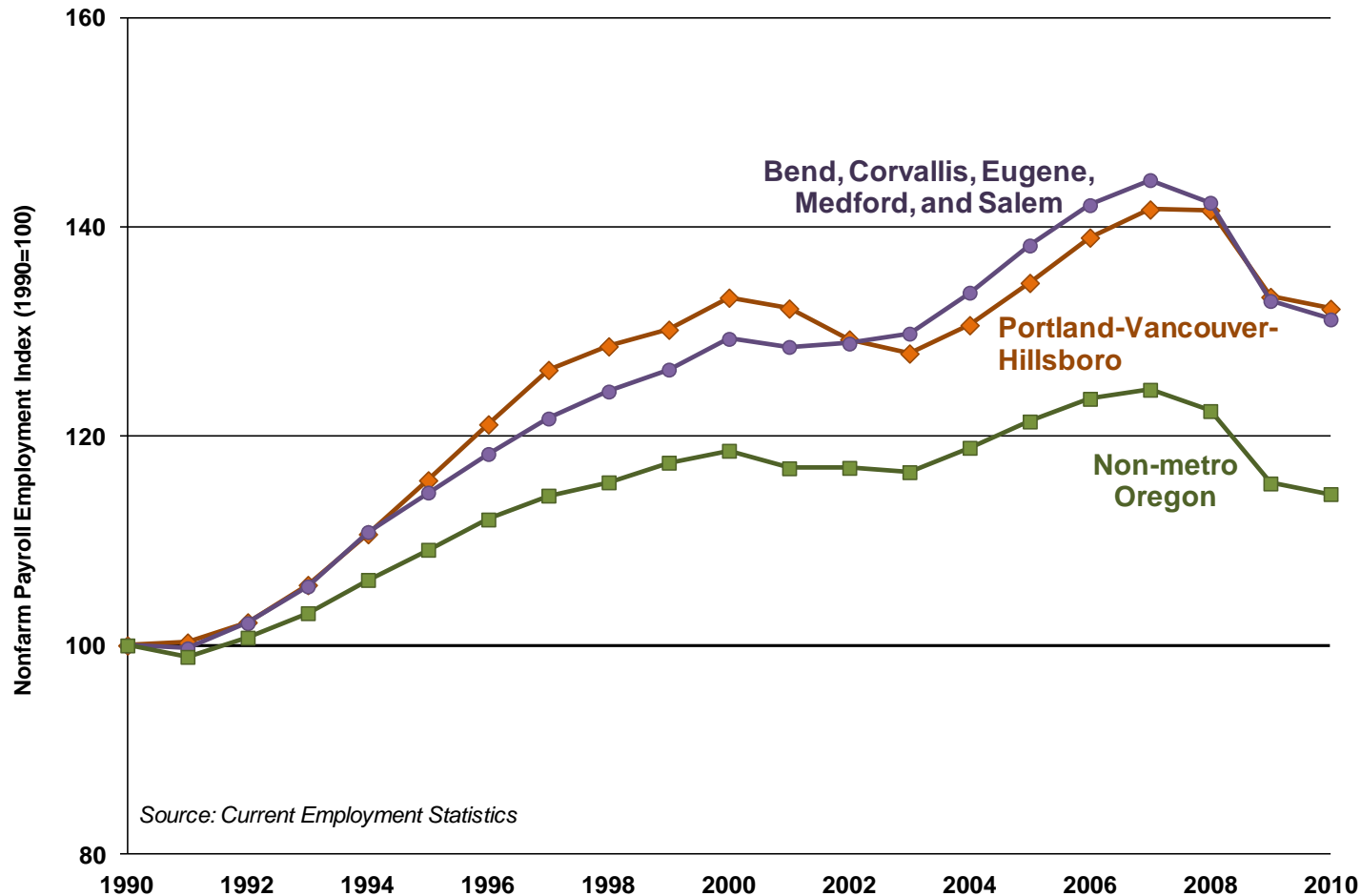
Persistently high unemployment is even higher in rural areas.

### Oregon Seasonally Adjusted Unemployment Rates



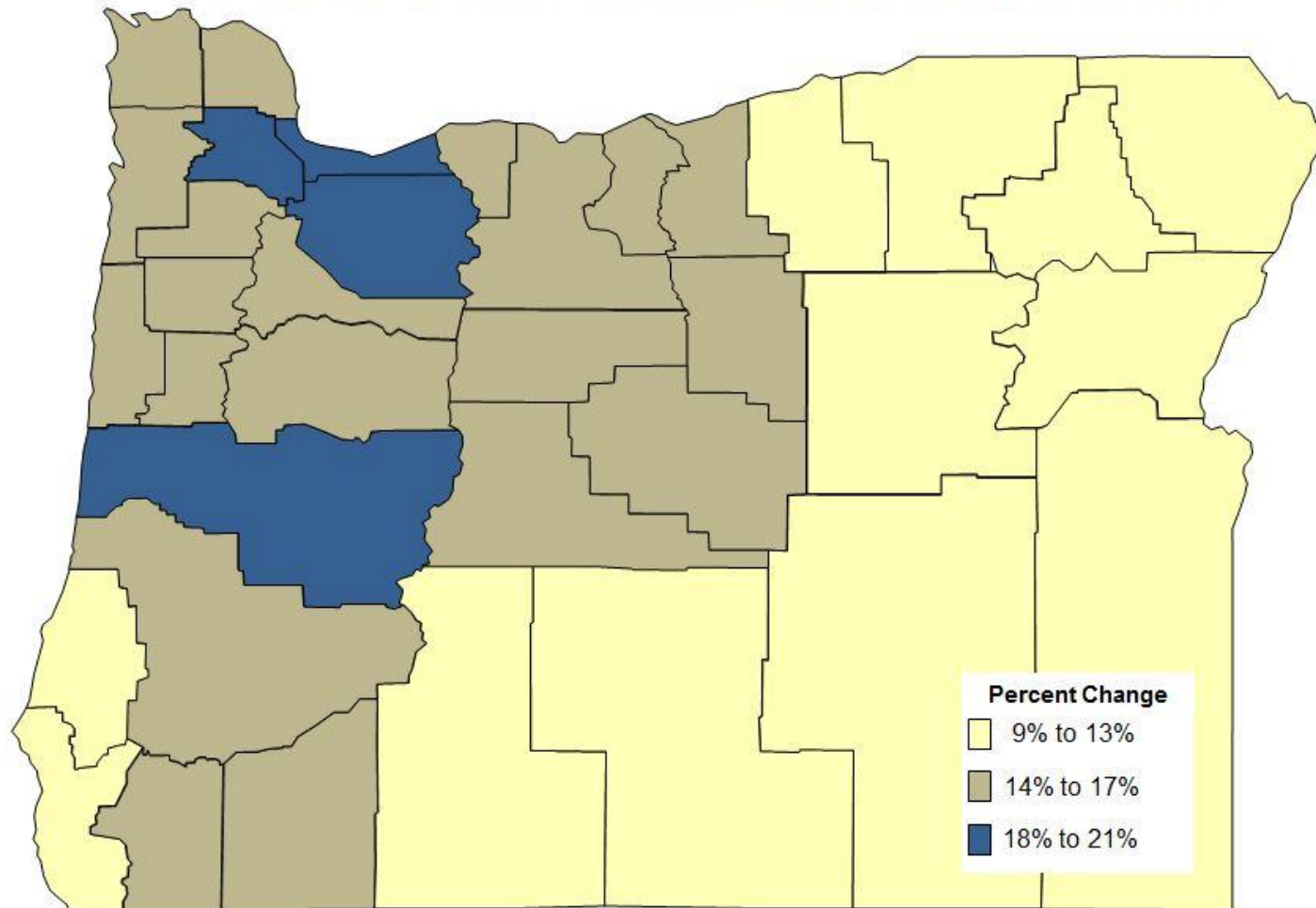
# Job growth was faster in Oregon's metro areas over the last 20 years.

**Nonfarm Employment Index for Non-Metro Oregon, Portland, and Other Metro Counties Combined**



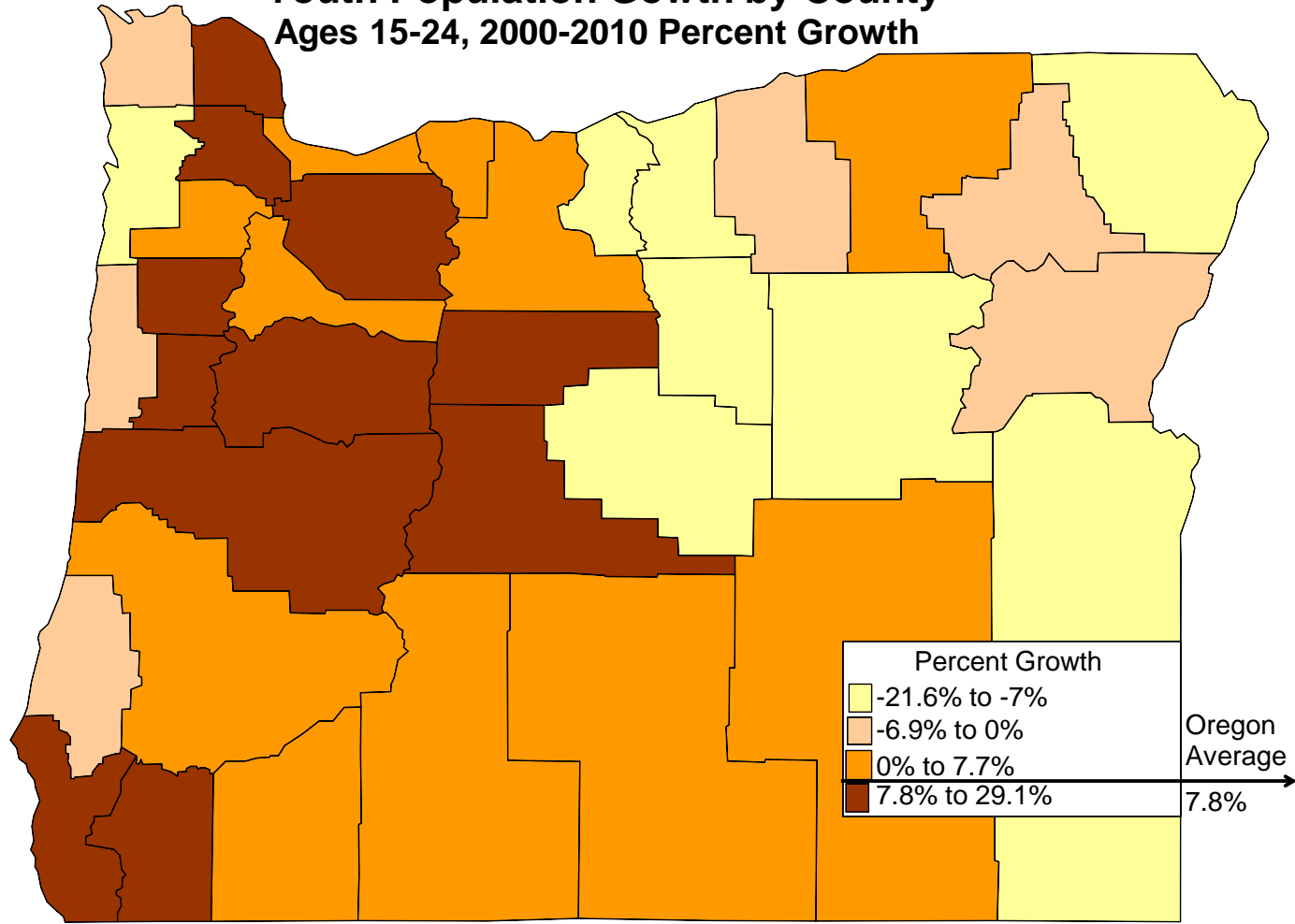
Job growth is expected to be slower in rural areas over the next decade.

### Projected Total Payroll Employment, 2010-2020



# Coastal and eastern counties are losing their younger people.

**Youth Population Growth by County**  
**Ages 15-24, 2000-2010 Percent Growth**

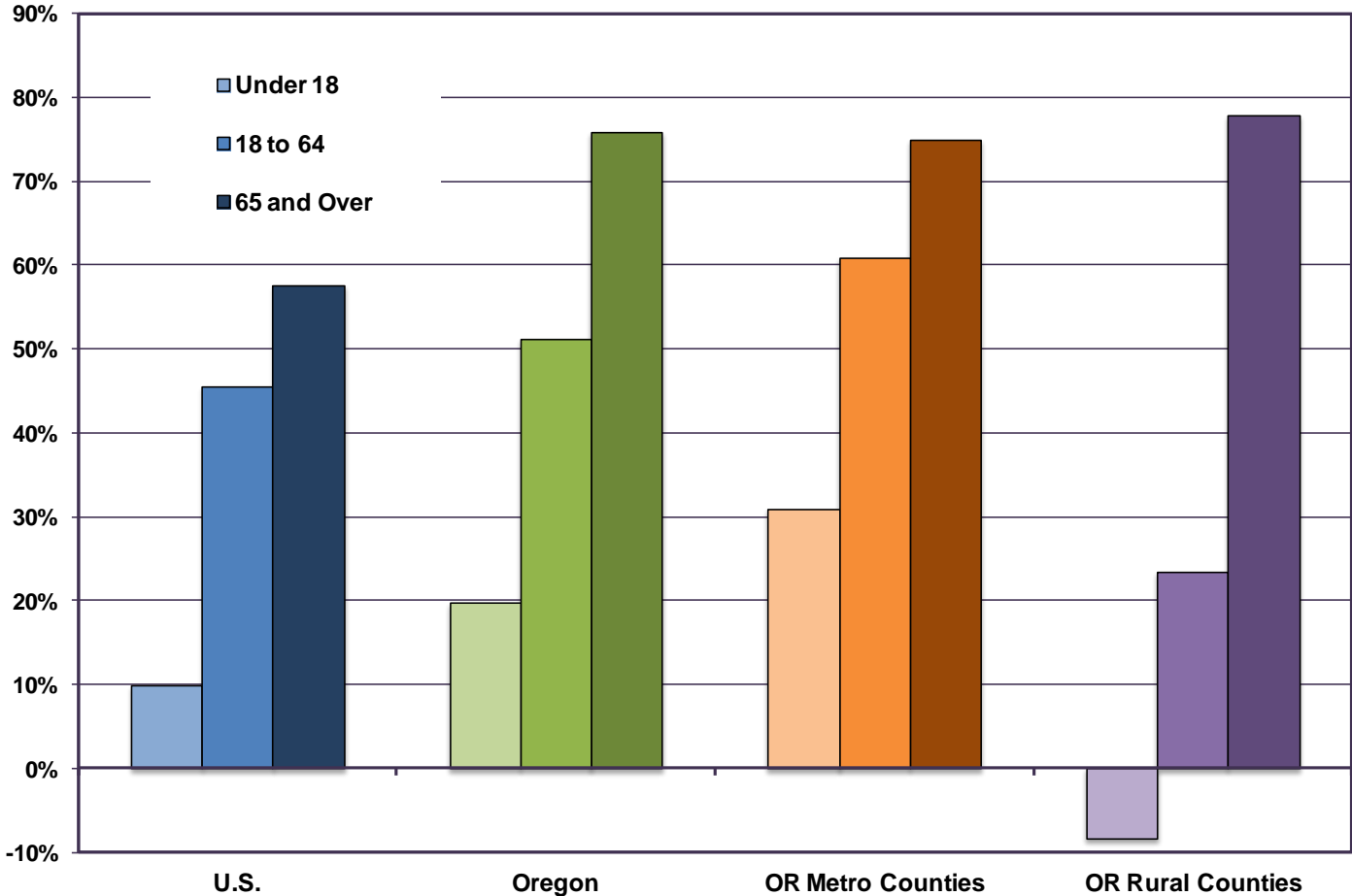


Source: U.S. Census Bureau, 2010



Oregon's metro counties have three times the national "under 18" population growth rate since 1980, while it declined in rural counties.

1980-2010 Change in Population by Age Categories



Source: U.S. Census Bureau



# 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
- 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.



# Graham Slater, Research Administrator

Oregon Employment Department

[Graham.J.Slater@state.or.us](mailto:Graham.J.Slater@state.or.us)

(503) 947-1212

To find this presentation online, go to

[www.QualityInfo.org](http://www.QualityInfo.org)

and use the search box to look up my name

**Join the conversation:**

OregonEmployment.blogspot.com

Twitter @OrEmployment

