



Welcome to MERC's Summer Education Session!

Tuesday, June 6th, 2023
Wabasha Street Caves

* CRP, HRCI, and SHRM credits available.

Getting Comfortable With Change



Annual Conference 2023

August 23rd, 2023

Charity Golf Event at Brookview Golf Course

18-holes starting at 11:30

Welcome Reception & Lawn Bowling

Brookview Golf Course from 5-7 pm

August 24th, 2023

Getting Comfortable with Change

With MC – Erik Perkins

Interlachen Country Club

9 am – 7 pm

Sponsorships still available!

Two Corporate-Only

Roundtables/Benchmarking sessions

- MORNING SESSION: Domestic Relocation
- AFTERNOON SESSION: International Relocation

Three All-Conference Education Sessions :

- ESG's (Environmental, Social, and Governance) journey in Relocation and Mobility
- RFPs Survey Information
- Flexible Programs

Workshop for Suppliers

SHRM/HRCI/CRP and GMS Credits



Getting Comfortable with Change



Family
Promise

in Anoka County



Our Mission:

*Empowering families
experiencing housing insecurity
to build a foundation of lasting
independence.*

The Hidden Faces of Homelessness



Suburban Family Struggles – The Four Factors

Transportation

Housing

Work

Childcare





Who We Serve:

Families with minor children connected to Anoka County who are experiencing or may soon experience homelessness.

How Can You help?

- Consider our project within your giving plan.
- Help us share the story.
- Connect us to people who may be able to help with the remodel.
- Build a contact between us and individuals who may want to support us.
- Join, or encourage others to join our committees and workgroups.





Labor Shortages, Layoffs, and Legislation

Doug Manthei
Economist, U.S. Bank

Minnesota Employee Relocation Council
Tuesday, June 6, 2023

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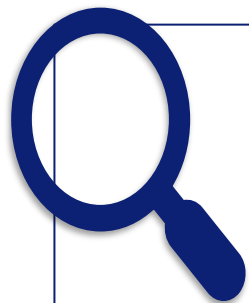
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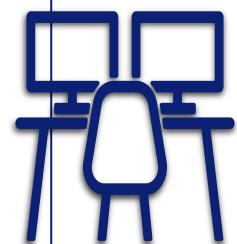
Key Themes



Labor Shortages-
Where are the
workers?



Inflation-How the
Fed's fight affects
the labor market



Layoffs? Are they
coming?



Legislation &
Regulation

Labor Shortages

Labor Shortages

What Happened to Workers?

Driving Factors

Pandemic

- Health concerns, childcare responsibilities, and initial reduced demand all contributed to workers leaving or be forced out of jobs.

Chasing Higher Pay

- Rebound in demand coupled with initial loss of workers led to companies offering juicy signing bonuses.
- Workers have been “job hopping,” chasing these bonuses

Government Support

- Stimulus, enhanced unemployment benefits, and deferred payment programs all contributed to higher consumer savings → lower incentive to return to labor market

Demographic Trends

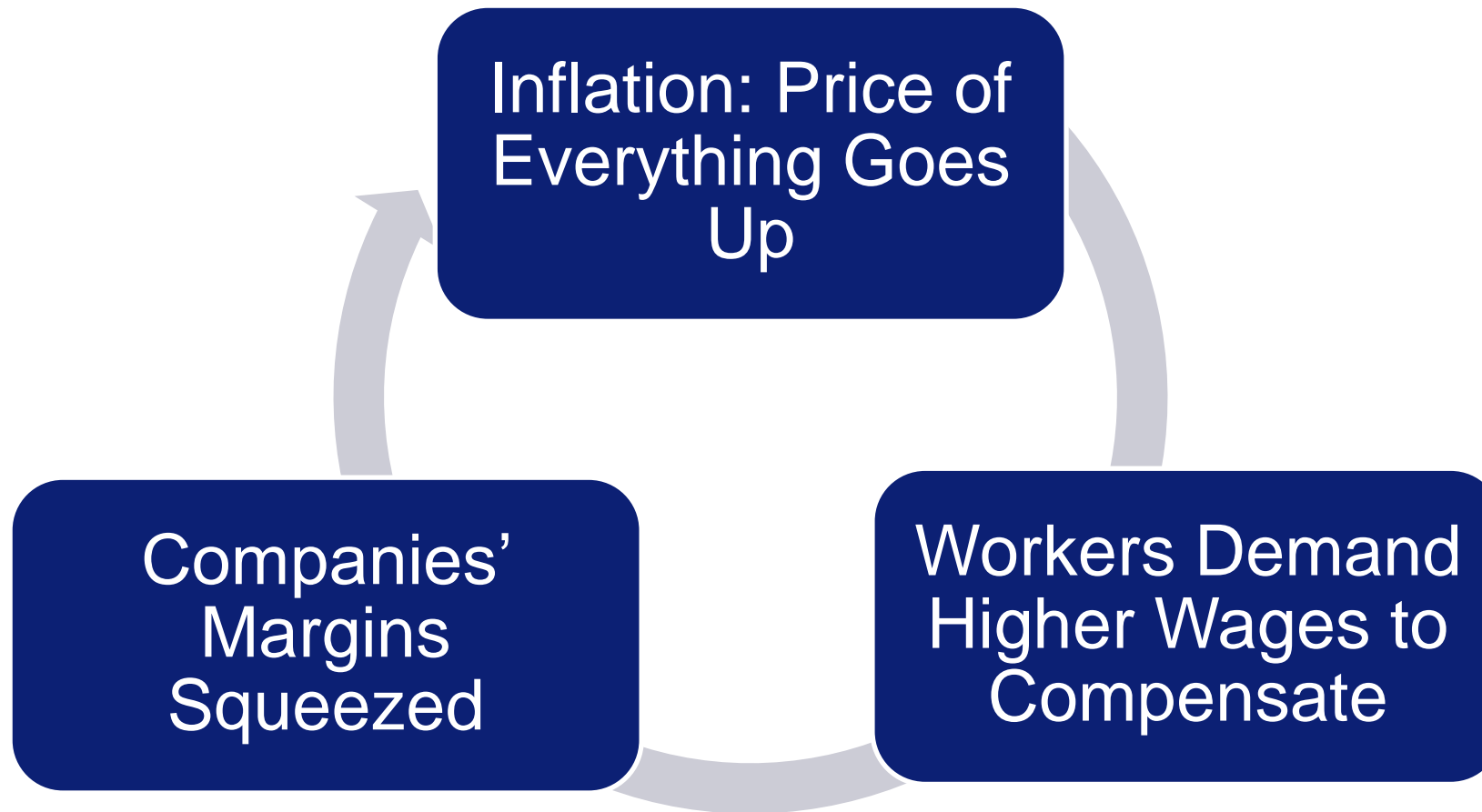
- Early Retirement
- Immigration Interruption

Why are we concerned with labor shortages?

If everyone who wants a job has one, isn't that a good thing?

Wage-Price Spiral

Risk of Lingering Inflation



First Comes Jobs, Then Comes Inflation...

Then Comes Employees Successfully Negotiating Wage Increases

Why are we worried about adding jobs?

Adding jobs is should be a good thing

Pace of jobs being added has led to job hopping and higher wages = “tight labor market.”

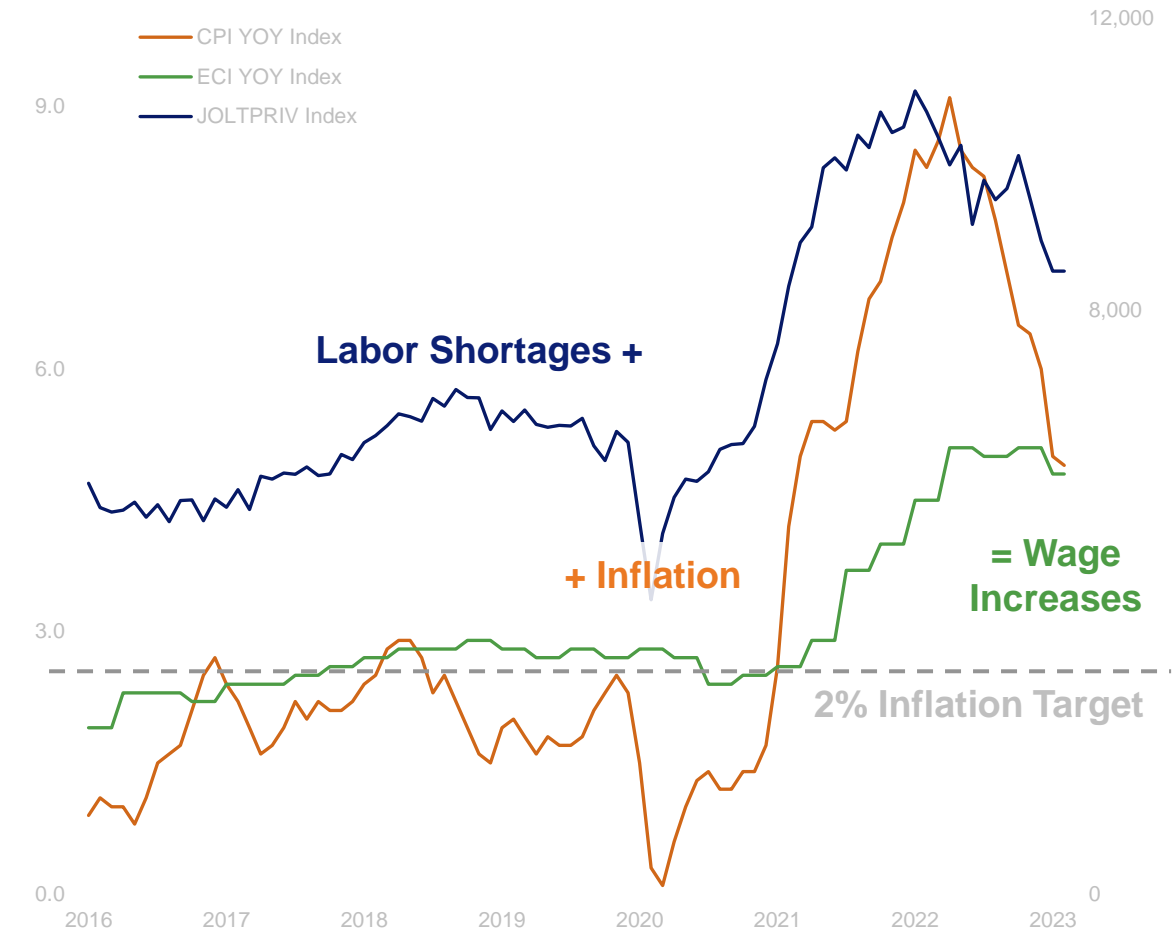
- Plentiful job openings
- Led to goods shortages and inflation
- Now workers are demanding pay raises to compensate

The Fed hopes to cool the tight labor market.

Tightness and rising wages are leading to shortages and inflation, much higher than their 2% target.

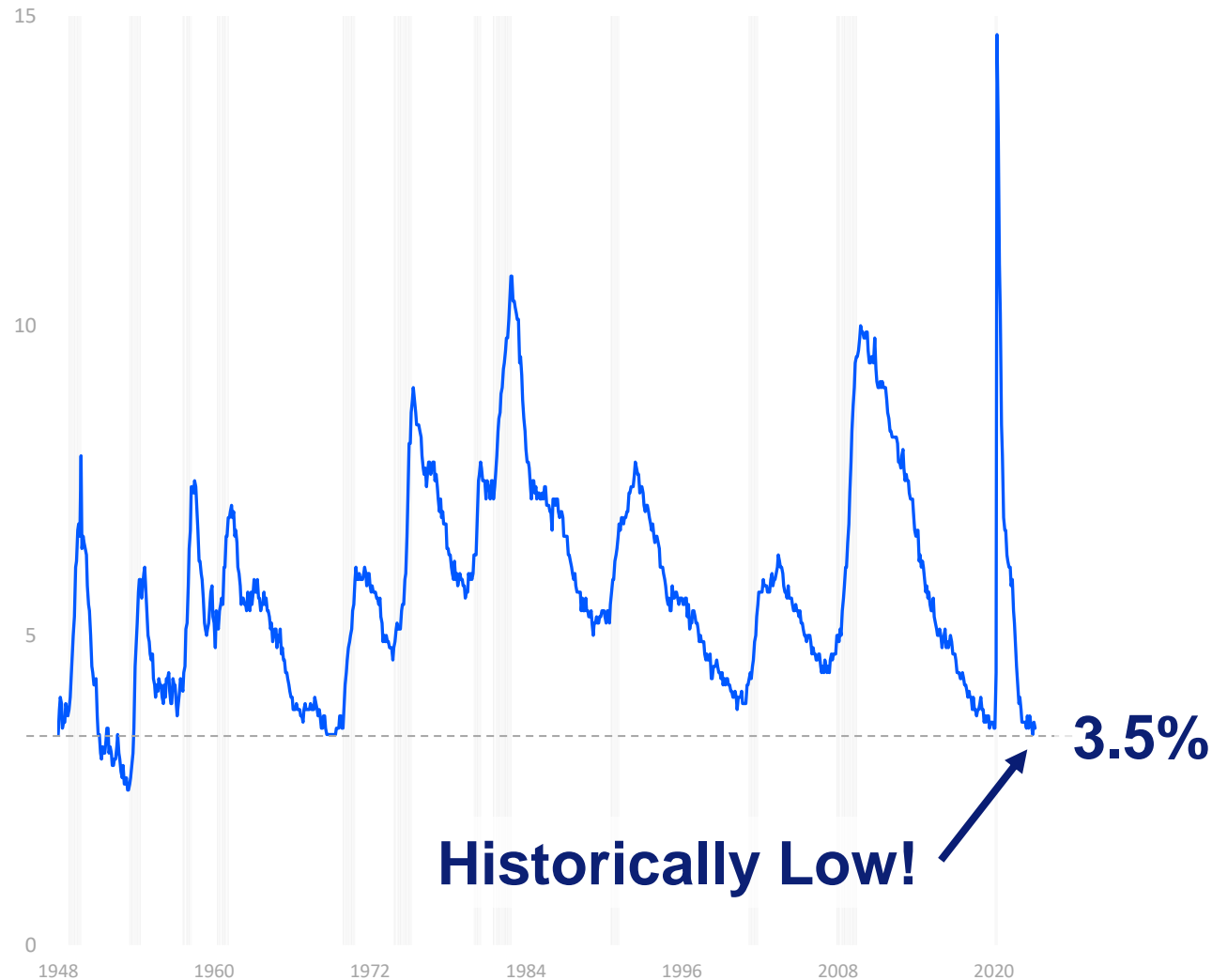
Jobs Added Hot, But Slowing

Bureau of Labor Statistics, Nonfarm Payrolls Report, M/M Change



Why Are We Talking About The Labor Market

Historically Low Unemployment Rate, Unable to Find Workers



- Lowest Unemployment Rate in 50+ years!
- Not driven by post-war boom
- Difficulty of finding workers contributing to inflation

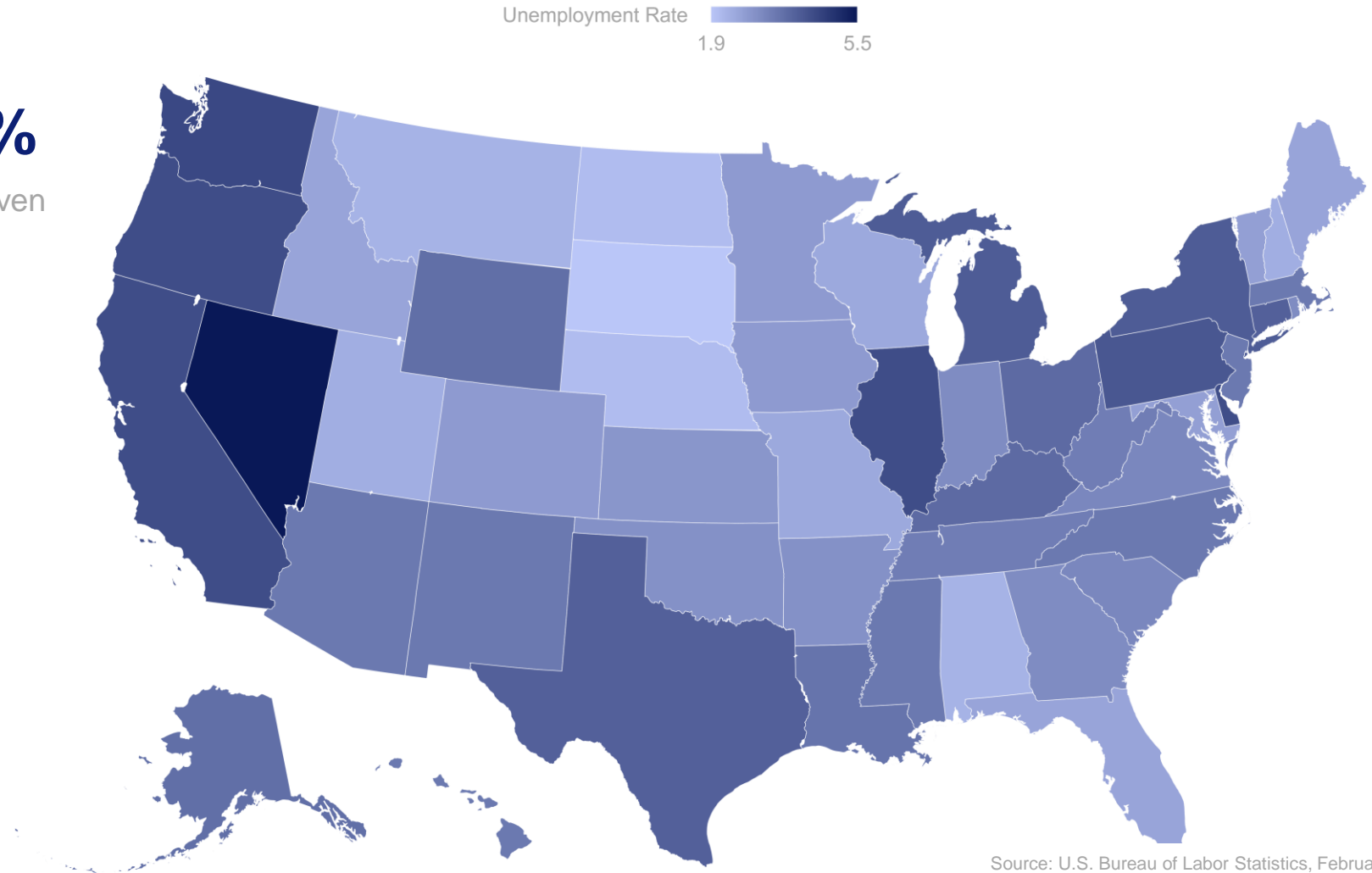
May 2023: 3.7%

Low Unemployment Everywhere

Some Variation Between the States but Overall Record Low Unemployment

U.S. Average: 3.5%

- High of 5.5% in Nevada, tourism driven
- Low of 1.9% in South Dakota
- **Minnesota: 2.8%**



***May 2023: 3.7%**

Source: U.S. Bureau of Labor Statistics, February 2023

Dynamics

Running Well Above Pre-Pandemic Average, Trending Lower

Since the pandemic loss of **~22 million jobs**, payrolls have been added back at a rapid pace.

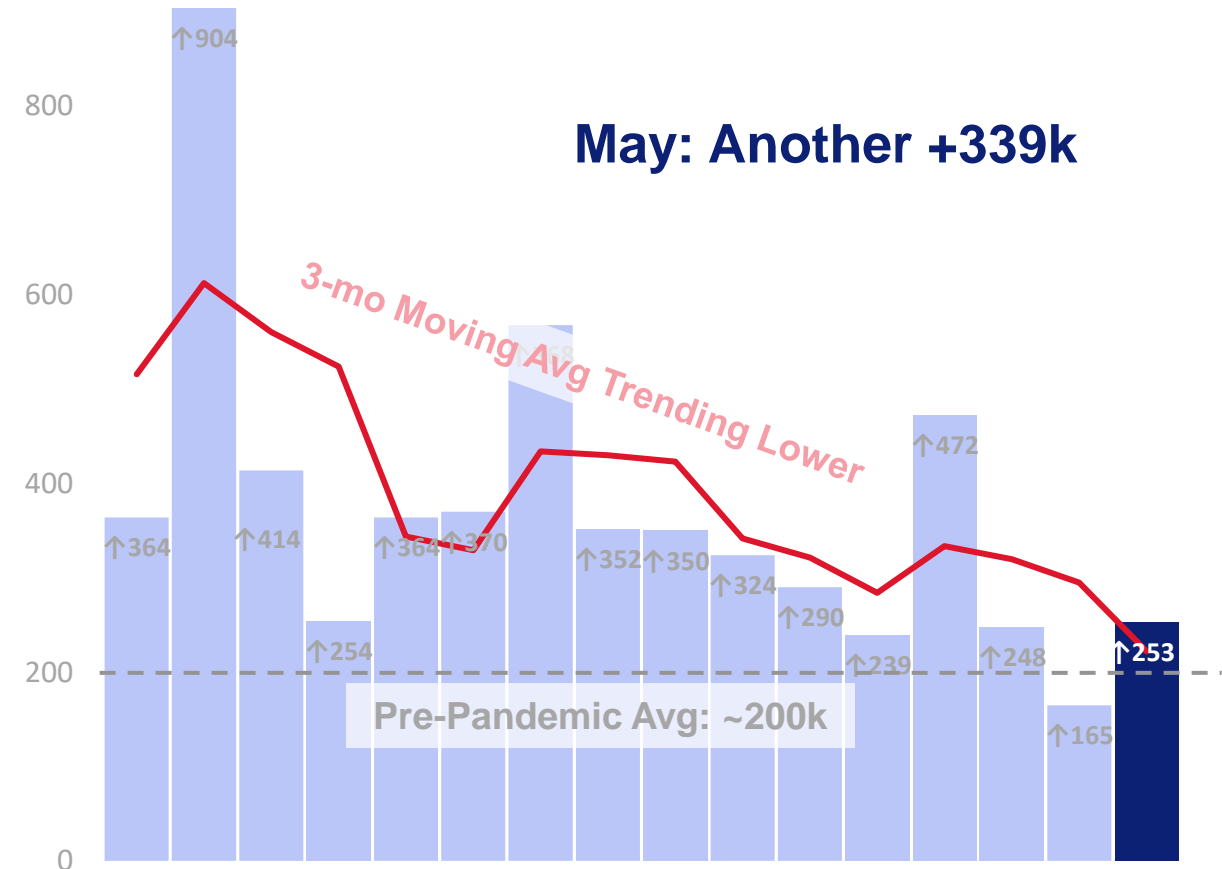
Prior to the pandemic, jobs had been gaining at a 200k/month pace, since the pandemic jobs have been added as high as **600k/month**, now trending back to their long run averages.

The consistent, higher-than-average pace has been called a tight labor market.

Going forward, jobs still need to be added to make up for gaps and population growth.

Jobs Added Above Average, Signs of Slowing

Bureau of Labor Statistics, Nonfarm Payrolls Report, M/M Change

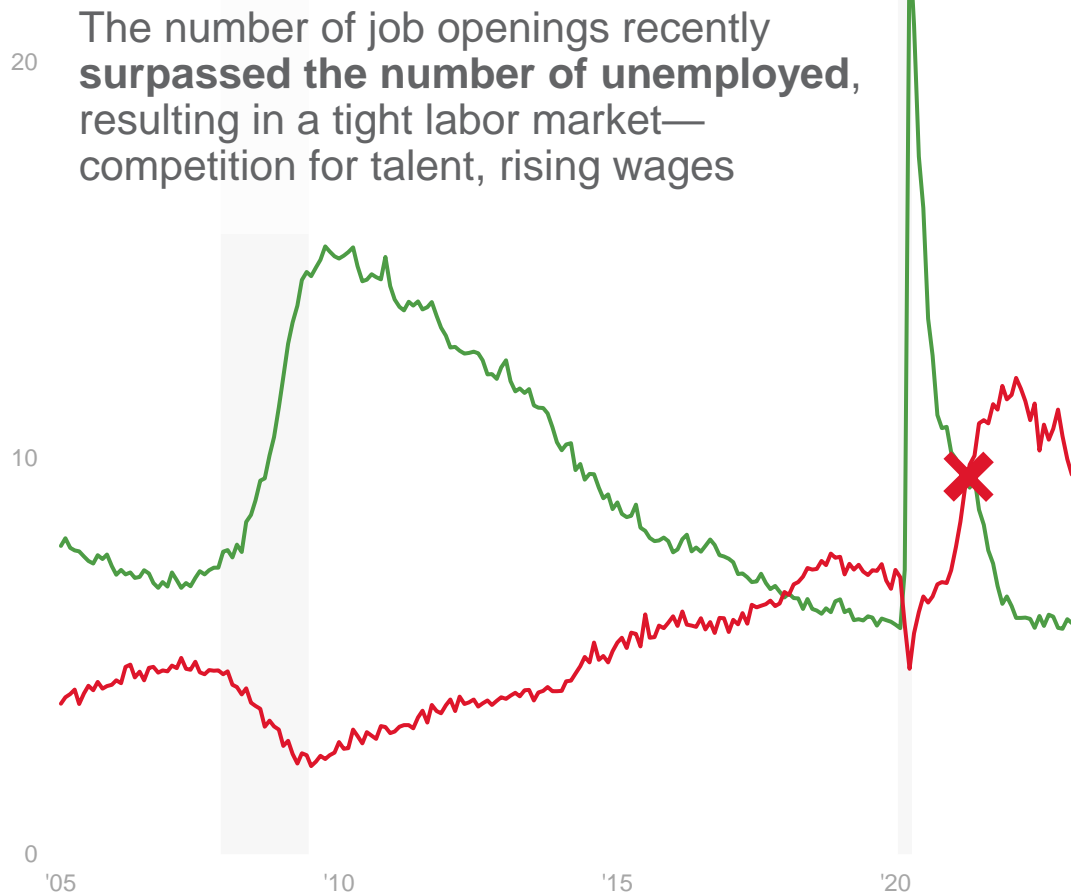


How Many Openings

Job Openings vs. Unemployed

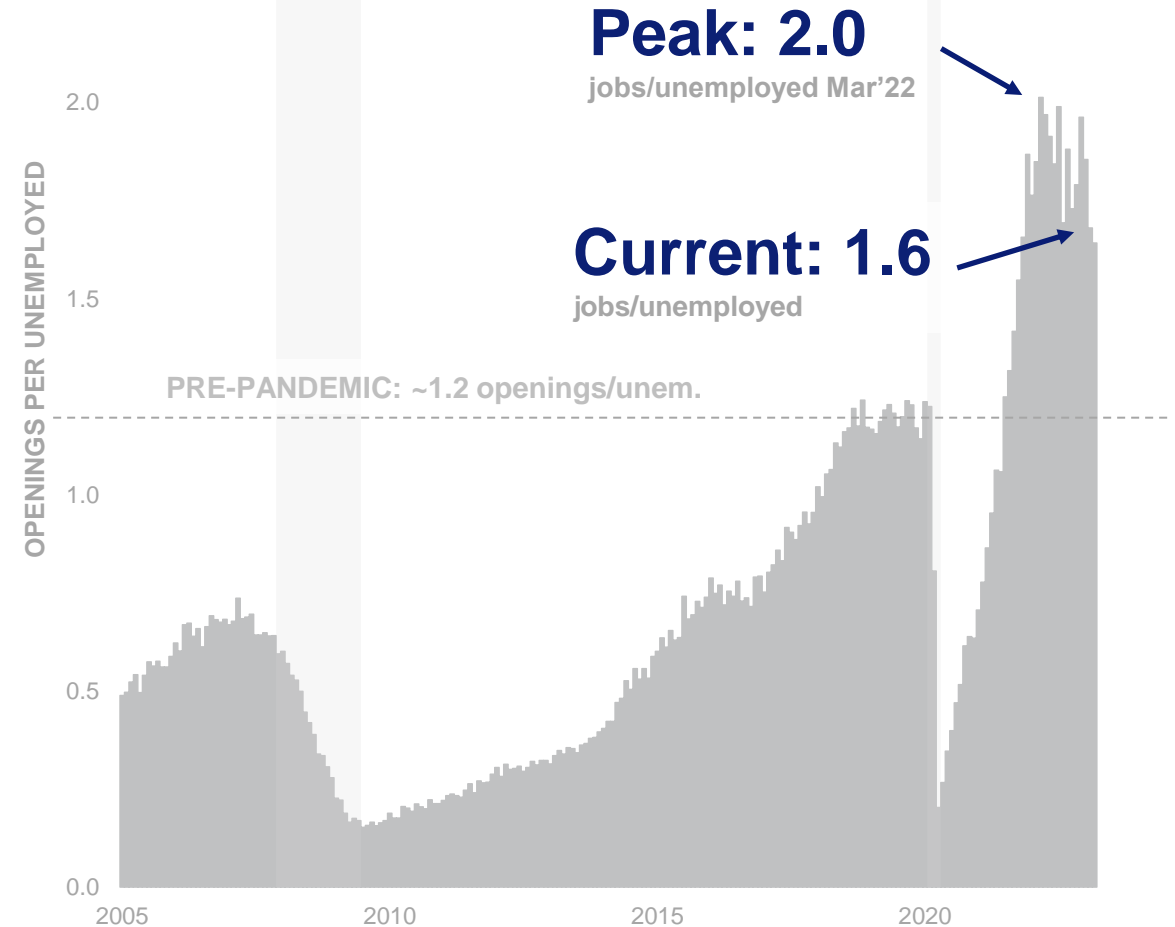
Openings vs. Unemployed

Job Openings (red), JOLTS Report, Number of Unemployed (green), BLS, Thousands



Openings Per Unemployed

Ratio, JOLTS Report



Where Are The Openings?

Historically Low Unemployment Rate

65% of Job Openings in Professional and Business Services, Health care and social assistance, Accommodation and Food Service, or Retail Trade.

- Majority are in **smaller firms with less than 250 employees**.

Of the open positions, majority below average wages

- Average hourly earnings for all positions: **\$33.09**
 - PBS – \$39.68
 - Ranges from Researchers (\$59.98) to Janitors (\$19.55) with most openings on the lower end of the pay scale
 - Health Care \$32.98
 - AFS - \$19.91
 - Retail Trade: \$23.52

Industries with Most Openings

JOLTS Report

**Total Job
Openings
~ 9.6mm**

6mo average



What is Causing the Tight Labor Market

Participation Rate Still Recovering

Early retirement, childcare shortage,
health concerns, and stimulus injections
all combined to remove around 6 million
workers from the labor force.

While some factors' effects are waning, it
has not been enough to bring all workers
back to the labor force, creating a tight labor
market.

Participation Rate Recovery

Percent of the population that is either working or actively looking for work.



Who Are Still Missing?

Early Retirees

Working Age Participation Rate

For 25 to 54-year-olds, everyone is back



For 'prime' age workers (25-54) participation rate has full recovered

- 83.3% of those capable of working are working or looking

55+ Participation Rate

Our 55+ population, is enjoying retirement and not coming back



Older workers, given the catalyst of the pandemic, started to retire sooner. Keeping the pace

Immigration

Part of the Labor Shortage

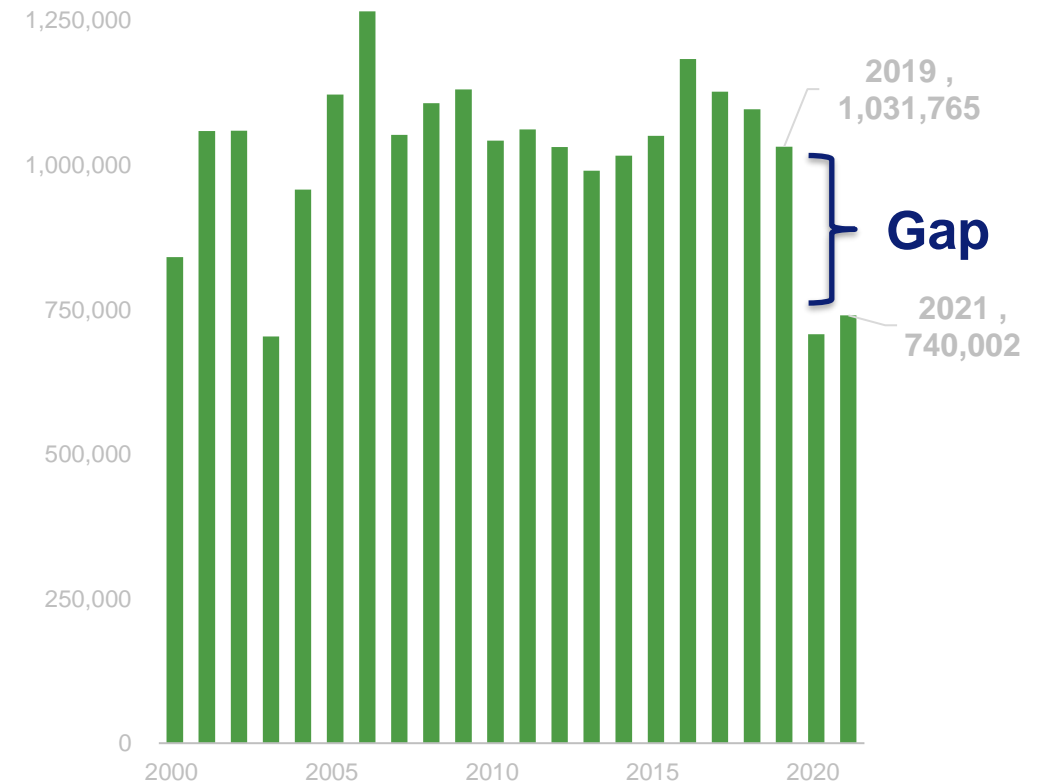
Pandemic Resulted in ~300k less immigrants per year

Dept. of Homeland Security. Persons Obtaining Lawful Permanent (Green Card) Resident Status

Immigration had trailed pre-pandemic levels by around 600,000 (workers, students, and families) for 2020 and 2021. Accounts for some of labor shortage.

- Legal immigration: H1-B, student visa, etc.

End of pandemic restrictions returns immigration to pre-pandemic levels.



Job Hoppers

Elevated but Off Highs

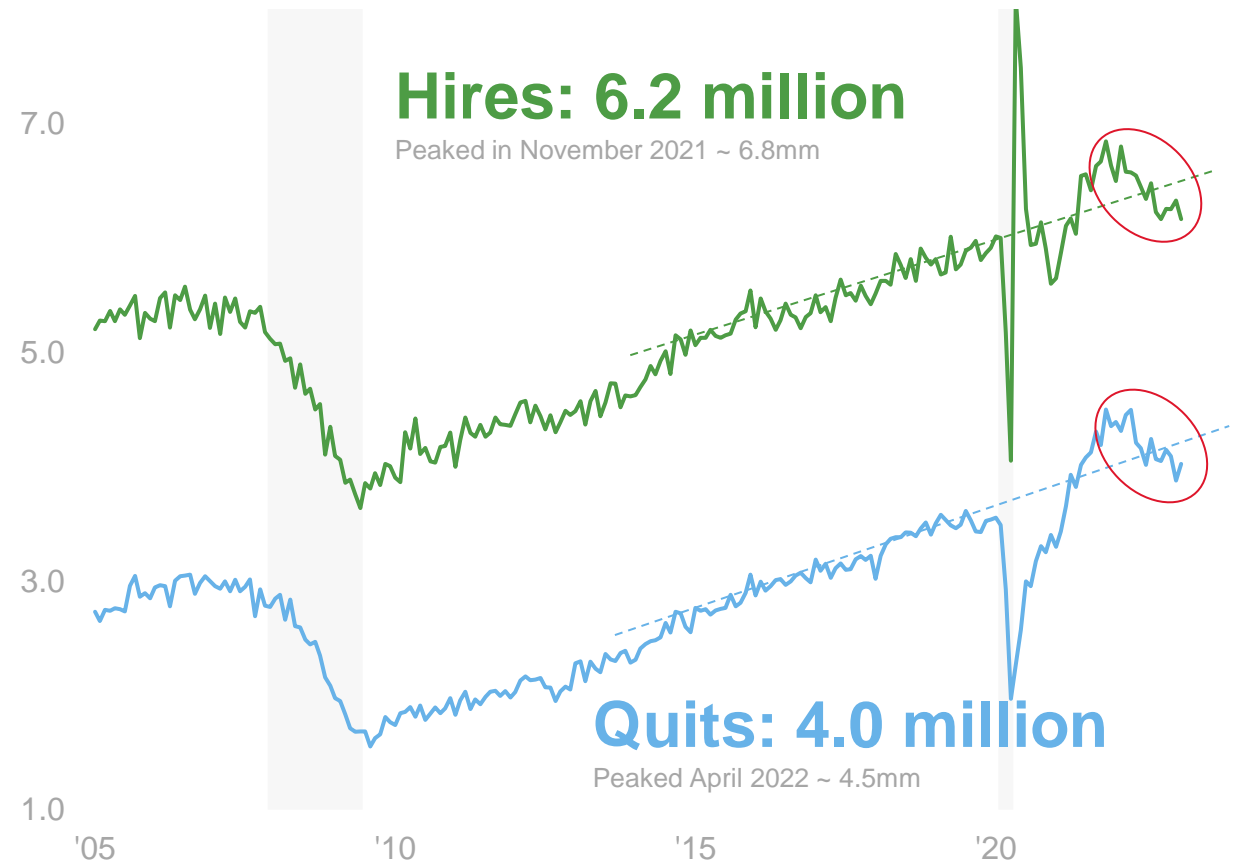
- Worker shortages led to companies offering competitive pay packages to attract talent
- Workers take advantage of competitive pay elsewhere and leave current positions
- The original company the worker was at now has a position to fill, offers a competitive pay package to attract talent.

Hires: A measure of a company finding workers to fill an opening

Quits: A measure of employee feeling confident enough to voluntarily leave their current job in search of a new one

Hires and Voluntary Leavers, High Levels = Tight Labor Market

Job Openings and Labor Turnover Survey (JOLTS)



Work-from-Home

Not Going Away

Households Working From Home

Census; Household Pulse Survey, April 26 – May 8, 2023

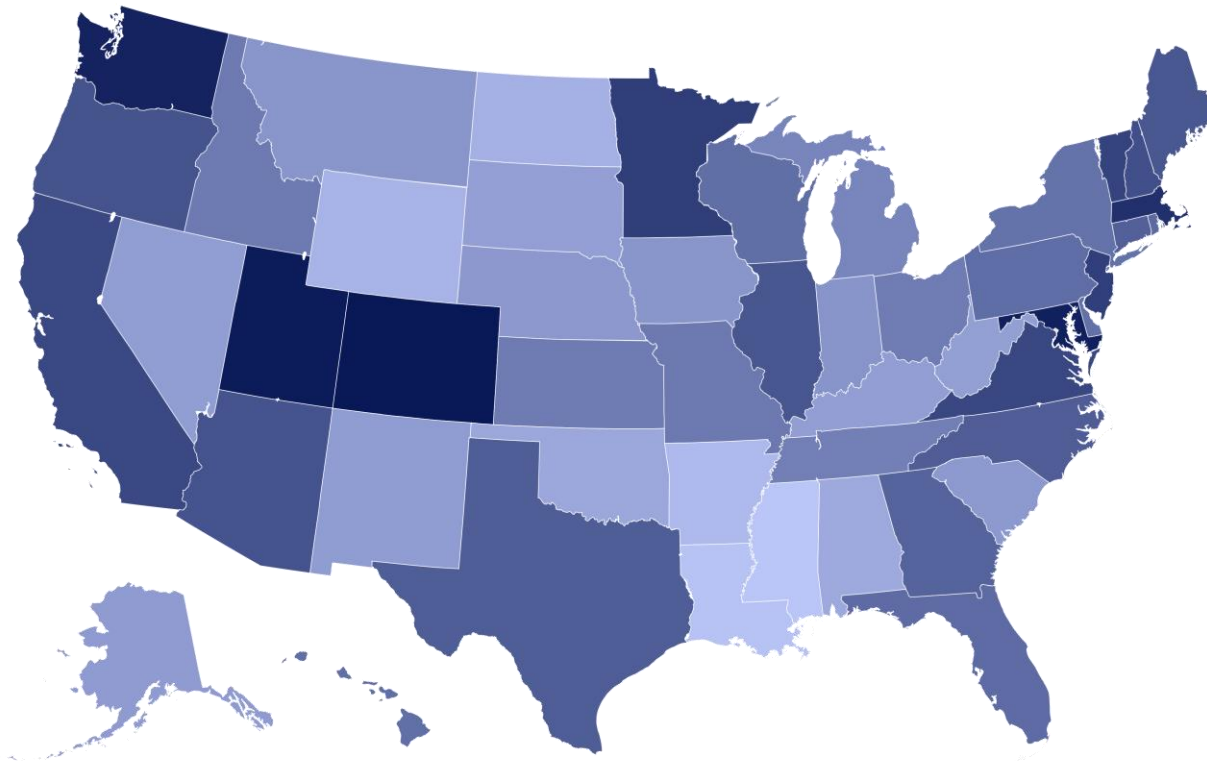
Work-from-home (WFH) has been entrenched in the way we work, with over 1 in 4 households reporting at least one member working from home one day a week, or more.

- Three years after COVID lockdown

Cities, as expected, have higher prevalence of WFH.

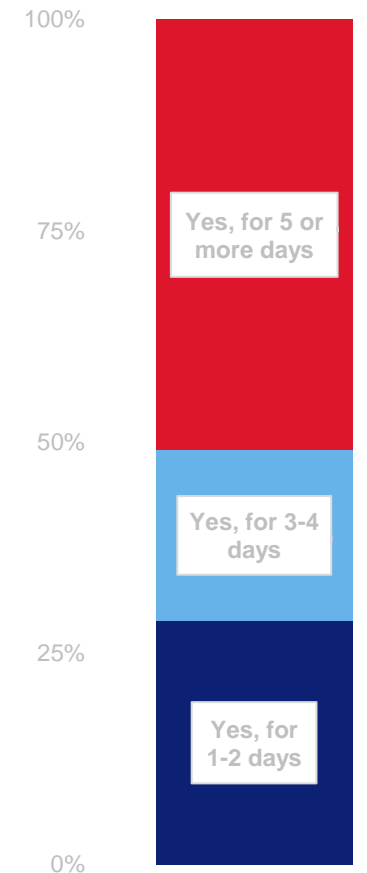
- NYC: 29.6%
- Chicago: 34.2%
- Washington DC: 48.6%
- San Francisco: 50.0%

Of households who responded they worked from home, over half responded its was for 5 or more days/week.



US Overall: 26.9%

Of Households who worked from home, how many days?



Layoffs

Federal Reserve Projection of Unemployment

Central Bank Expects 1.5 million Rise in Unemployed by Year End

The **Federal Reserve** has been anticipating job losses as their policy tightens and lending becomes more expensive.

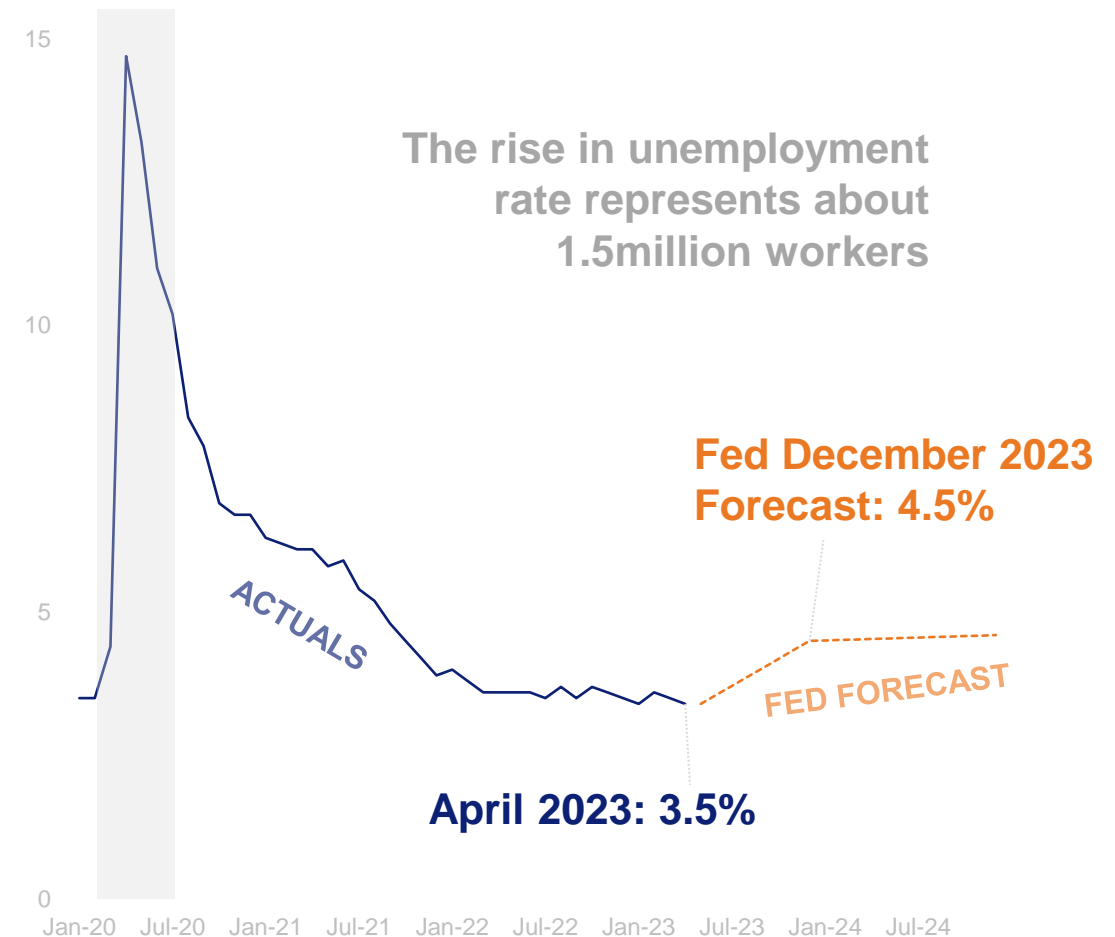
Their median forecast for unemployment by then end of the year is for a rise of a full percentage point to **4.5%**

Expect the Fed to keep interest rates high even if the economy experiences some job losses.

Only will reverse course once inflation falls or if unemployment follows a worse path than what they are expecting

Fed Unemployment Forecast

Summary of Economic Projections: March 2023



Layoffs Making Headlines, Nothing Material Yet

High Profile Tech Layoffs Not Hitting the Data

Headlines driving sentiment down:

Microsoft announces 10,000 job cuts, nearly 5% of its global workforce



Meta to Lay Off Another 10,000 Workers

It would be the tech company's second round of cuts since November. Mark Zuckerberg, its chief executive, has declared 2023 the "year of efficiency."

The New York Times

Amazon to lay off 9,000 more workers in addition to earlier cuts



Salesforce to cut about 10% of staff



Reported Layoffs Starting to Increase

Elevated, Concerning Levels if Continues

Represents announced laid off employees, not always hitting the claims data.

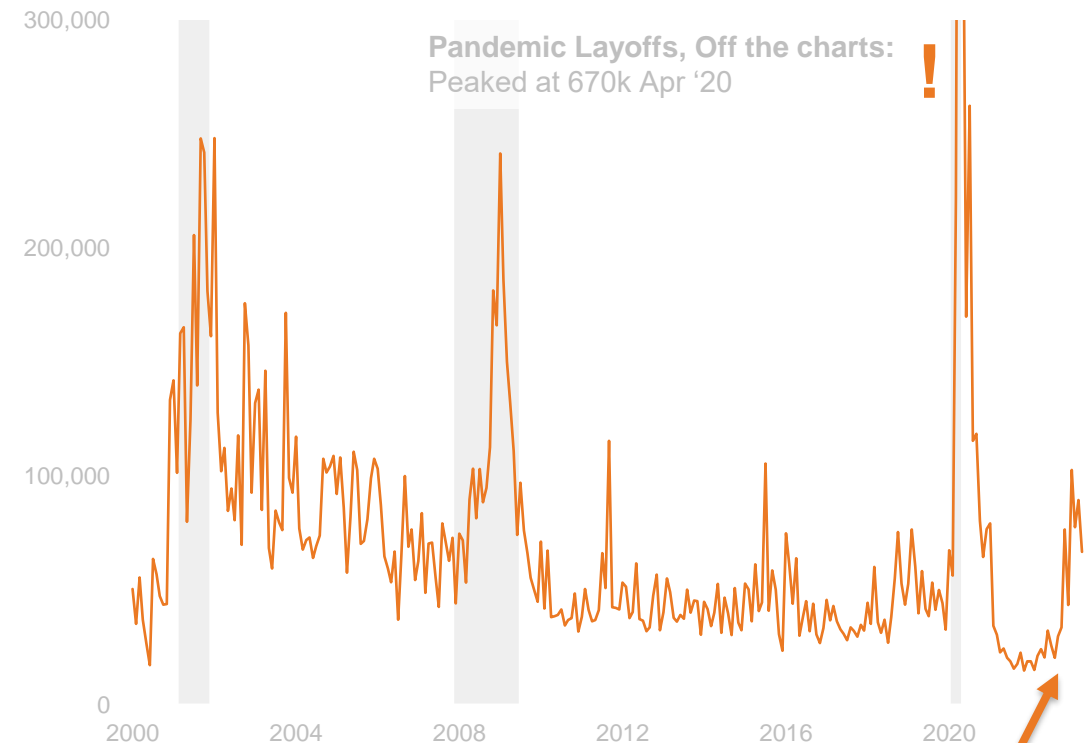
A leading indicator for future job cuts

Tech Industry Layoffs: Quick to find new jobs, severance pay, early retirement

- Layoffs with severance = not eligible for Unemployment Insurance until severance ends.

Layoffs Reported Are Spiking

Challenger Jobs Report



40% of Recent Layoffs in Tech

Also, ~40% center on the West Region

Unemployment Claims Data

Not Yet Concerning

Unemployment Initial Claims, those seeking state unemployment insurance benefits for the **first time**, after spiking during the pandemic due to business closures and enhanced benefits, have **remained at low levels**.

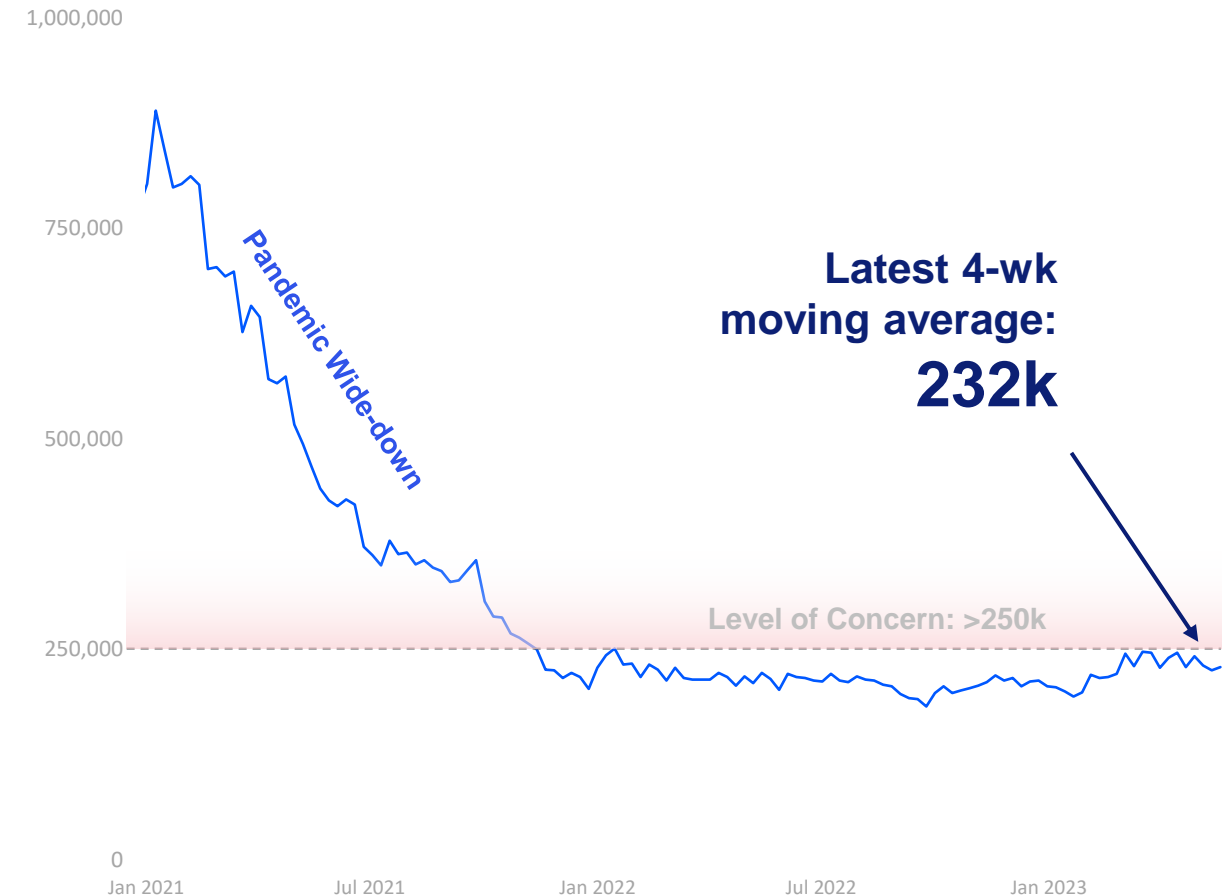
Tight labor market and **generous severance** packages are keeping claims low despite headlines

Levels become concerning at >250k levels

- Flirting with concerning level
- By other measures, when ~30/51 states are reporting increases, early indicator of recession
 - Currently 25/51 states seeing claims increasing

Unemployment Initial Claims

U.S. Weekly Claims Data



Legislation



Pay Transparency

More Locations Requiring Pay Ranges Posted for Openings

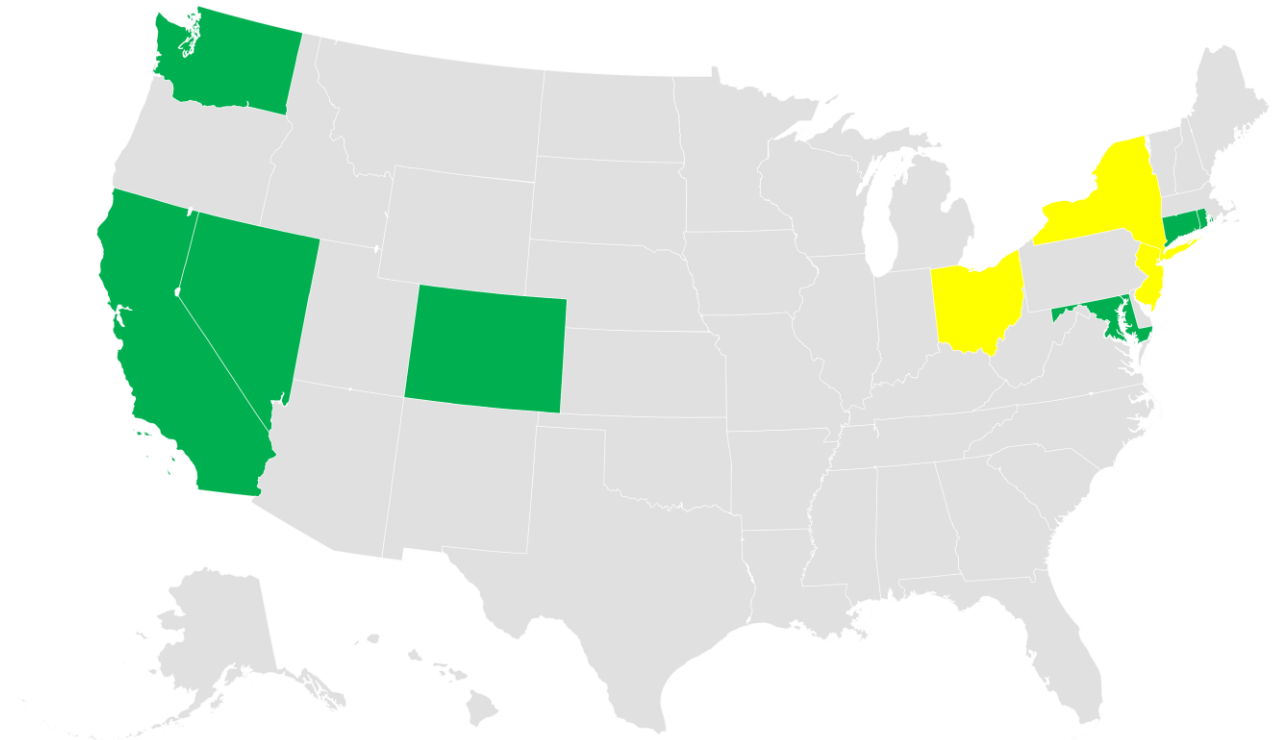
More states and municipalities are passing laws requiring employers to post the pay ranges for open positions.

For businesses with multiple locations and with remote work, it effectively means positing pay ranges nationwide.

- 44% of Indeed postings now have some form of pay information, up from 18% in 2020

States/Cities With Transparency Laws

As of April 2023



	City(s) w/laws
	State has transparency laws

PRO Act

Strengthen Unions, Unlikely to Pass but Considered

What is it?

Looks to strengthen labor unions through provisions that include repealing right-to-work laws, reclassifying independent contractors, and broadening the joint-employer standard.

Never received a vote in the Senate back in 2021, though re-introduced in Feb 2023, still unlikely to pass.

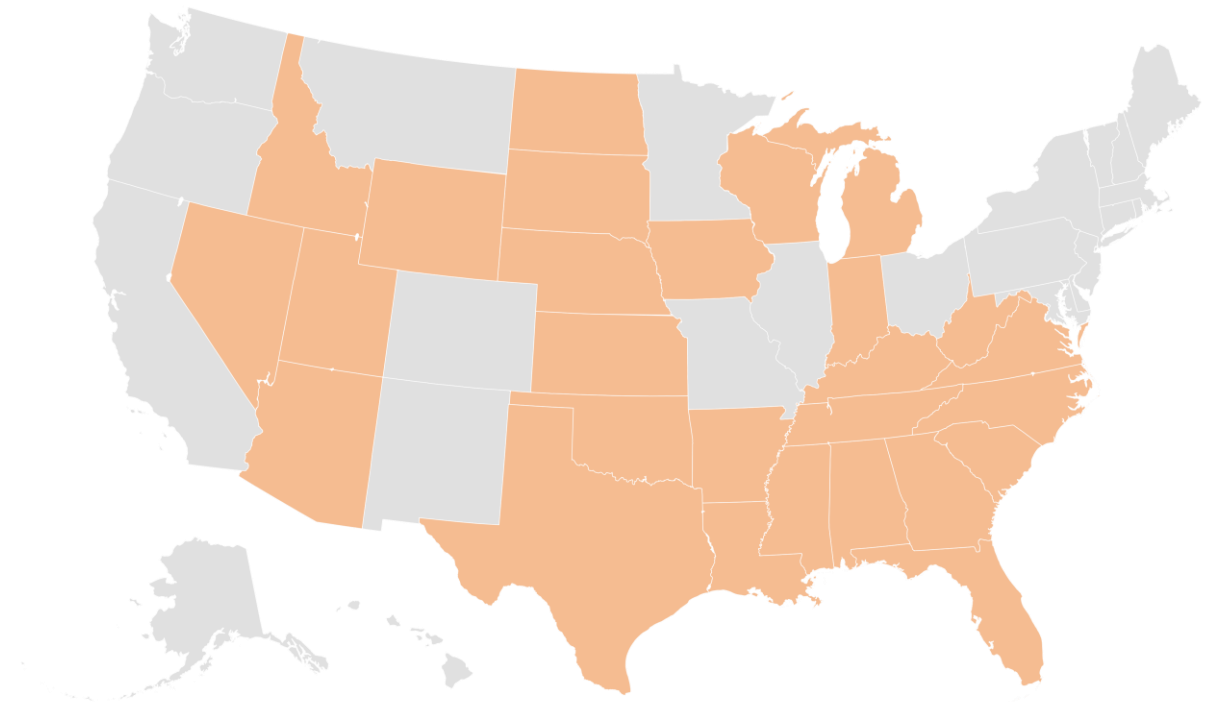
If passed to this group, it would mean a more level right-to-work/union status amongst states as it would supersede state-level laws.

As a result, less “churn” of businesses seeking businesses-friendly states

Main Impact: Companies relocating to ‘right-to-work’ states slows

States Most Impacted

Effectively Removes Right-to-Work Laws



Thank You

Q&A

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