

ACS Labor Participation as a Barometer for Retirements

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ACS Data Users Conference



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- Founded in 1989, Indianapolis, IN
- Believe talent development drives economic growth
- Full-service economic and workforce development consulting firm
- Focus on moving plans to implementation and driving recommendations with data
- Work spans planning, policy analysis, evaluation, and ***workforce and economic assessments***

Labor Force Participation

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- Percent of workforce that is:
 - Employed
 - Unemployed by federal U-3 definition
- Indicator of economic health
- Important because unemployment may be down 
- Sometimes because people are dropping out of labor force 

Challenges

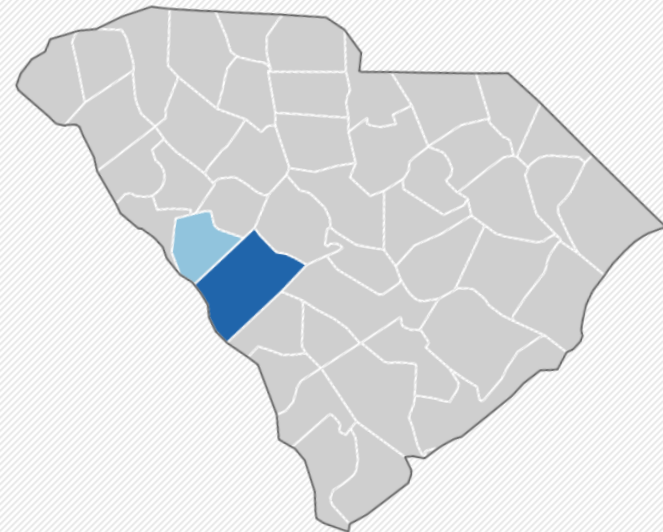
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- More recent national data from BLS, but clients are often state- or county-level groups
- For a true workforce picture, getting a handle on retirements is important, but:
 - Employers often do not know macro situation
 - Employers sometimes do not know their own situation

Case Study: Aiken Manufacturing

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- 2012
- Tasked with understanding manufacturing labor availability; determining and defining scope of skills gap
- Aiken-Edgefield Counties, between Columbia, SC and Augusta, GA



- Usual data was unclear
 - Identified areas to shore up skills, employer practices
 - Interviews reveal hiring is likely higher than EMSI projections suggest**BUT...**
 - No single employer feels irregular strain yet
 - No real urgency to act

Client not satisfied

Digging Deeper

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We know 1 in 5 manufacturing workers is 55+

- *What will an aging workforce mean for employers and for the region's workforce gaps?*

- ACS 5-year labor participation data for 7 cohorts
 - Workers Phasing In:
 - 15 to 19, 20 to 24
 - Workers Phasing Out:
 - 55 to 59, 60 to 64, 65 to 69, 70 to 74, 75+
- EMSI Analyst population projections through 2017
 - U.S. Census Bureau (population)
 - U.S. Department of Health and Human Services (birth and mortality rates)

- Applied ACS labor participation rates to EMSI projected age cohorts
 - 2012's 55-59 yr olds are 2017's 60-64 year olds

	2012 Population	2017 Population	2012 LF	2017 LF	Change (Using EMSI base)
55 to 59 years	11,934		7,753		
60 to 64 years	10,885	12,471	4,348	4,982	-2,771
65 to 69 years	9,221	11,349	2,055	2,529	-1,819
70 to 74 years	6,489	8,727	413	555	-1,500
75+	11,122	12,507	566	636	224
Total	49,651	57,674	15,134	8,702	(6,433)

We already knew:

- Manufacturing is projected to add net of +600 jobs by 2017
- There will be about 1,400 manufacturing job openings, 2012-2017
- All employment is projected to grow by 6%
 - Manufacturing will have to compete for workers with other industries – can't just shuffle workers

Not convincing enough

We found, by 2017:

- All else equal, 3,900 individuals age 15-24 are projected to enter the labor force
- 6,400 workers 55 and older are projected to phase out of the labor force

Net shortage of 2,500 workers across all industries before factoring in job growth, openings and competition with other industries

Strengths of Analysis

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- No one else was looking at this
- Speaks directly to employer pain points
- Not reliant upon employer guesswork and assumptions
- Predictive, but grounded in real habits from Great Recession
- Combined with other research

- Cannot hone in on individual industries – *what is the direct impact on manufacturing?*
- Does not account for changes in middle-aged population
- Does not account for margins of error in ACS data
- Irrelevant if there are more major economic shifts

- Convinced previously skeptical employers
- Made a case for immediate need for change:
 - Succession planning
 - Workforce pipeline development
 - Employee retention strategies
- Employer participation in manufacturing workforce summit
- Ongoing cross-sector participation in initiatives to implement change

THANK YOU!

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