ACS Labor Participation as a Barometer for Retirements

Nicole Dunn
ACS Data Users Conference
May 2014
• 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

• 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

• 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

• 2012

• Tasked with understanding manufacturing labor availability; determining and defining scope of skills gap

• Aiken-Edgefield Counties, between Columbia, SC and Augusta, GA
Our Problem

• 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
We know 1 in 5 manufacturing workers is 55+

- What will an aging workforce mean for employers and for the region’s workforce gaps?
Approach

• 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)
**Approach**

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

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<tbody>
<tr>
<td>55 to 59 years</td>
<td>11,934</td>
<td>7,753</td>
<td>7,753</td>
<td>4,982</td>
<td>-2,771</td>
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<td>60 to 64 years</td>
<td>10,885</td>
<td>12,471</td>
<td>4,348</td>
<td>4,982</td>
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<td>65 to 69 years</td>
<td>9,221</td>
<td>11,349</td>
<td>2,055</td>
<td>2,529</td>
<td>-1,500</td>
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<td>70 to 74 years</td>
<td>6,489</td>
<td>8,727</td>
<td>413</td>
<td>555</td>
<td>-1,500</td>
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<tr>
<td>75+</td>
<td>11,122</td>
<td>12,507</td>
<td>566</td>
<td>636</td>
<td>224</td>
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<td><strong>Total</strong></td>
<td><strong>49,651</strong></td>
<td><strong>57,674</strong></td>
<td><strong>15,134</strong></td>
<td><strong>8,702</strong></td>
<td><strong>(6,433)</strong></td>
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Findings

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

• 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
Limitations of Analysis

• 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
Results

- 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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