



# Labor Market Outlook and Workforce Readiness

February 28th, 2012

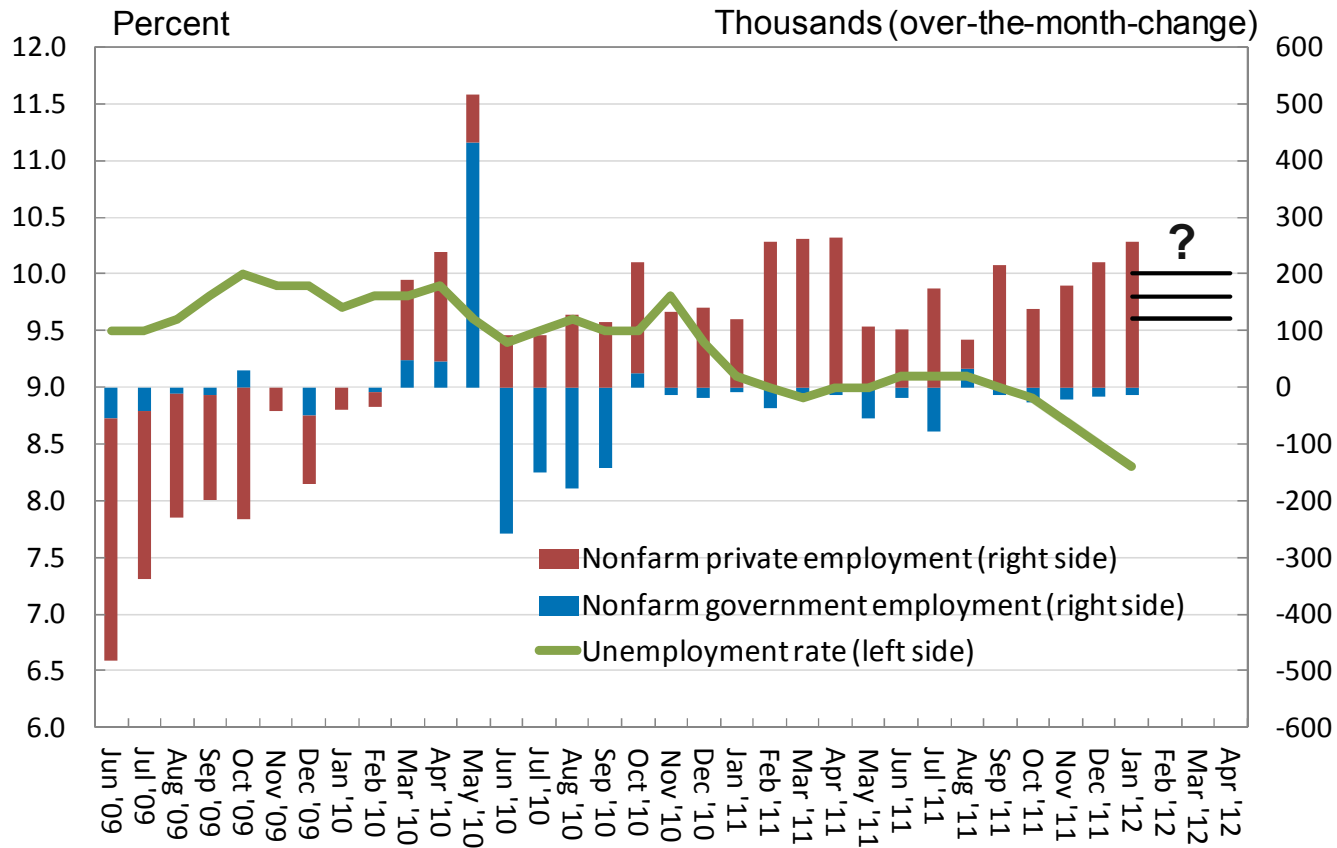


## U.S. Economic Outlook

- Economic conditions in U.S. continue to firm up, while global economic activity softens
- Household and business spending was stronger than expected
- Exports are growing faster than imports in the past 2 years
- Government stimulus is winding down
- Profits are growing, but more slowly
- Inflation is under control
- The impact of a crisis in Europe could be significant:
  - ✓ Exports to Europe
  - ✓ Financial contagion leading to contraction in bank credit
  - ✓ Corporate profits of U.S. multinationals slashed
  - ✓ Lower business confidence leading to lower investment and hiring



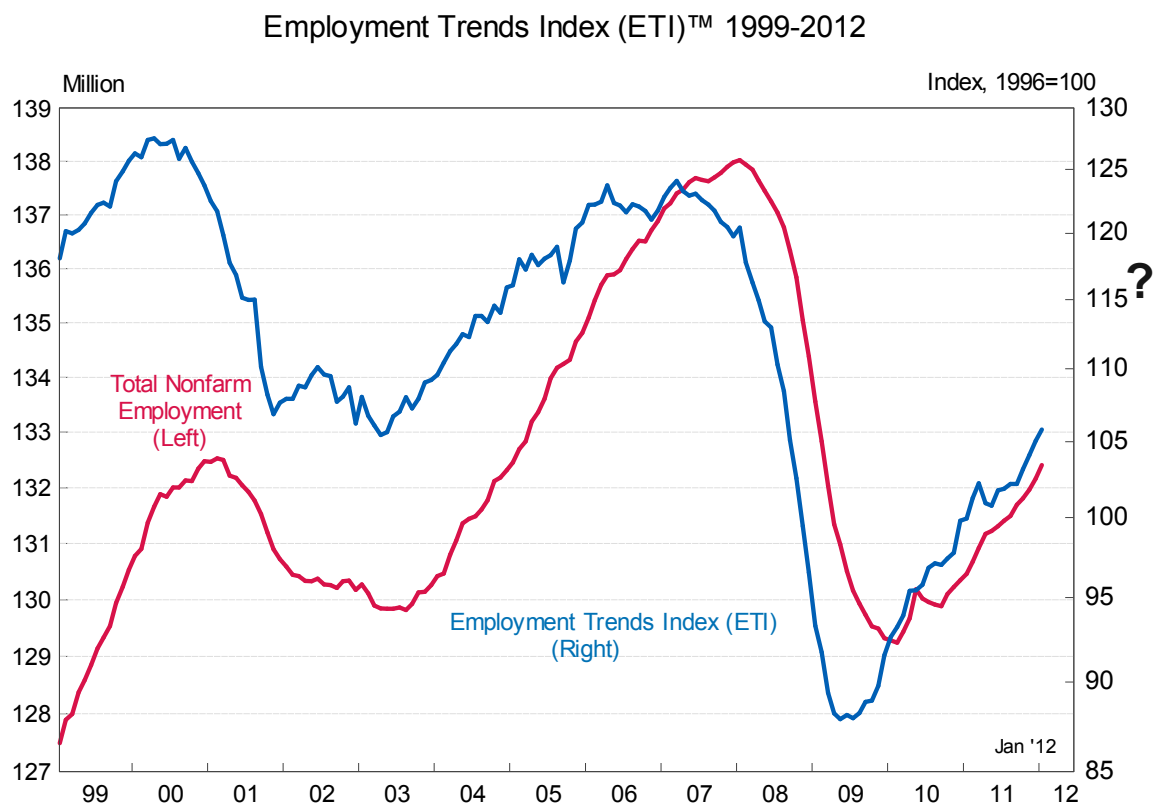
# Job creation starting strong, but will it last?



Source: Bureau of Labor Statistics



# The ETI is signaling robust growth in employment for a few more months



Source: The Conference Board, Bureau of Labor Statistics



## Other Labor market Trends

- Talent availability varies across some areas/occupations.
- Lowest wage and salary growth in decades. Partly due to new hires. Benefits are moving up
- The workforce is getting older fast. Part of it is large cohorts getting older. Part of it is delaying retirement.
- Low labor turnover rate
- Re-shoring, is it likely to happen?
- Wage inequality is increasing
- Huge variation in labor market conditions across states
- Increasing tendency to telework



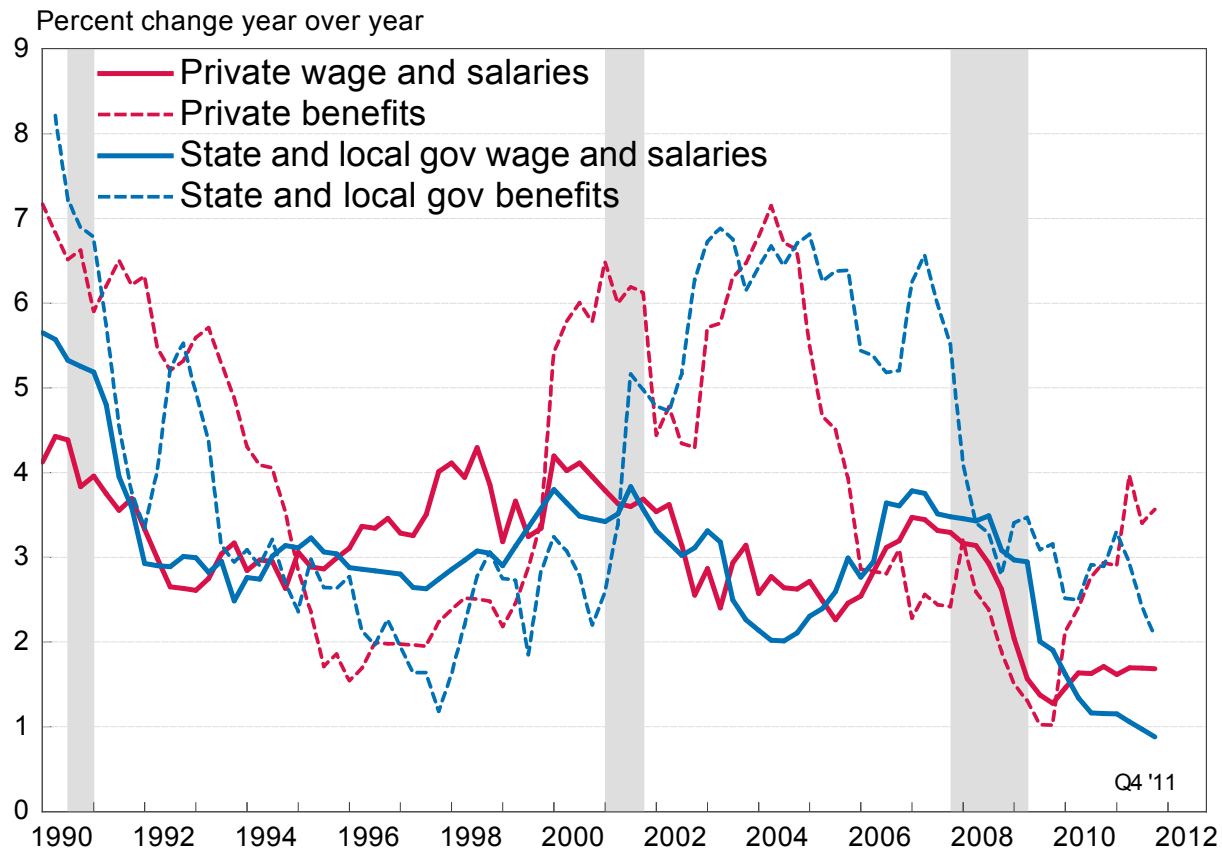
# Labor shortages in a period of very high unemployment rate: geography and occupation matters

Unemployment, by Occupation and Region										
		2006-2007			2011			Gap: 2011 minus 2006-07		
Occupation		Heartland Northeast	Other	Heartland Northeast	Other	Heartland Northeast	Other	Heartland Northeast	Other	
1	Health Diagnosing and Treating Practitioners	0.9%	0.8%	1.1%	1.3%	1.6%	2.0%	0.4%	0.7%	0.9%
2	Lawyers, Judges, Magistrates, and other Judicial Workers	1.0%	0.9%	1.0%	1.4%	1.7%	2.8%	0.4%	0.8%	1.8%
3	First-Line Supervisors/Managers, Protective Service Workers and Firefighting and Prevention Workers	1.8%	1.2%	1.6%	1.6%	2.0%	2.8%	-0.1%	0.8%	1.2%
4	Chief Executives, Computer and Information Systems Managers, Engineering Managers, Medical and Health Services Managers, Natural Sciences Managers	1.1%	1.4%	1.0%	1.8%	2.9%	2.9%	0.7%	1.5%	1.8%
5	Engineers	1.0%	1.3%	1.3%	2.5%	3.0%	3.3%	1.4%	1.7%	2.0%
6	Supervisors, Office and Administrative Support Workers	2.0%	2.2%	1.9%	1.9%	6.5%	5.7%	-0.1%	4.3%	3.8%
7	Computer specialists and Mathematical Science Occupations	2.2%	2.0%	2.3%	2.5%	3.1%	5.2%	0.3%	1.1%	2.9%
8	Other managers	1.6%	1.9%	1.8%	2.7%	4.3%	5.5%	1.0%	2.5%	3.7%
9	Life, Physical, Social Scientists and Technicians	1.6%	1.5%	2.2%	3.0%	3.0%	4.6%	1.4%	1.6%	2.4%
10	Supervisors, Sales Workers	1.9%	2.1%	2.5%	3.1%	4.3%	5.3%	1.2%	2.1%	2.9%
11	Secretaries and administrative assistants	2.6%	3.0%	3.0%	3.3%	5.6%	7.1%	0.7%	2.5%	4.1%
12	Financial Clerks	2.3%	2.8%	2.5%	3.5%	6.7%	7.1%	1.2%	4.0%	4.5%
13	Counselors, Social Workers, and Other Community and Social Service Specialists, and religious workers	1.8%	2.2%	2.2%	3.7%	3.2%	5.6%	1.8%	0.9%	3.3%
14	Other Occupations	4.9%	4.8%	5.2%	7.8%	9.0%	10.8%	3.0%	4.2%	5.6%

Source: The Conference Board Analysis



# Wage growth remains slow – no incentive for productivity growth – no inflationary pressures

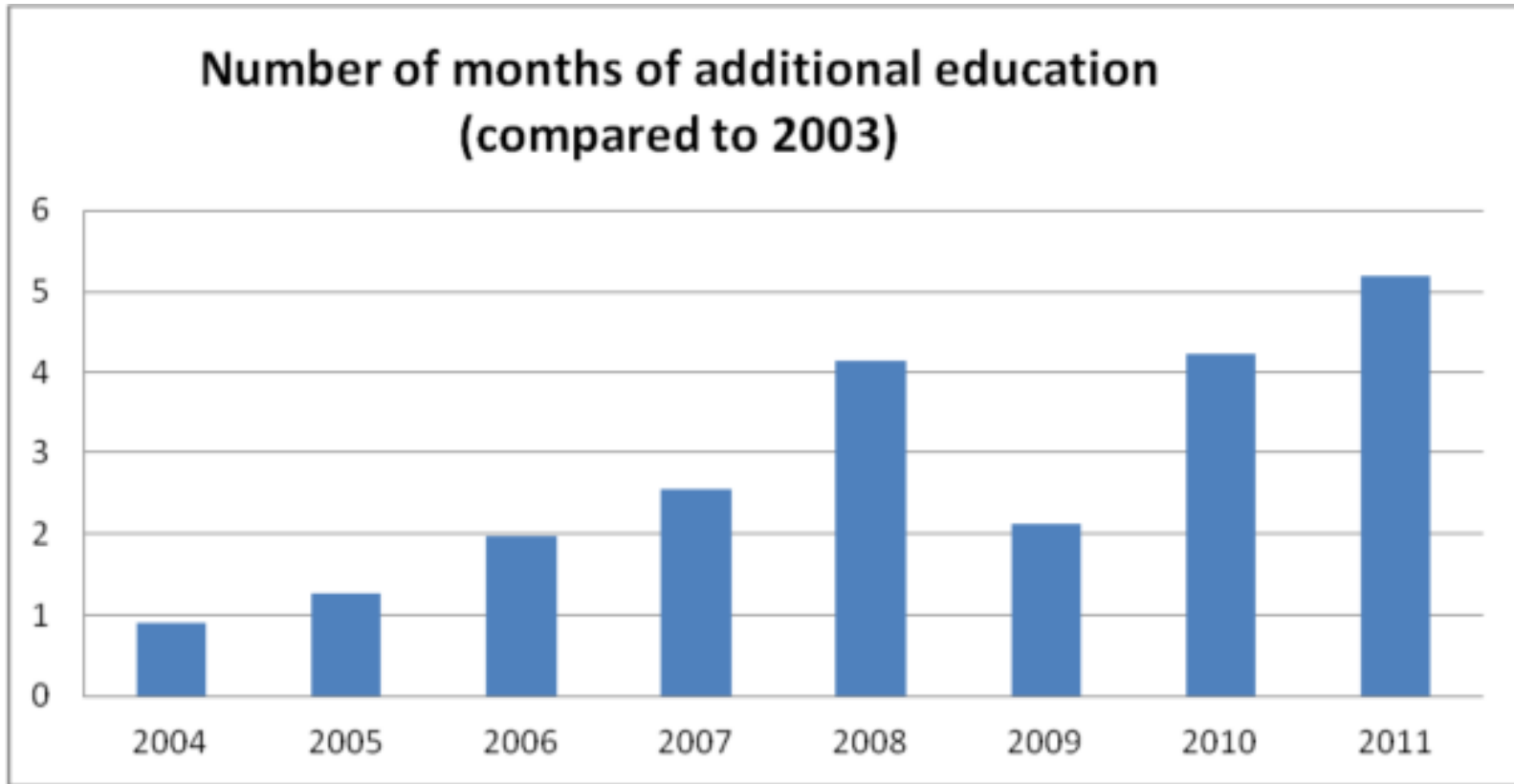


Note: Shaded areas represent recessions.

Source: Bureau of Labor Statistics



## New hires are more educated



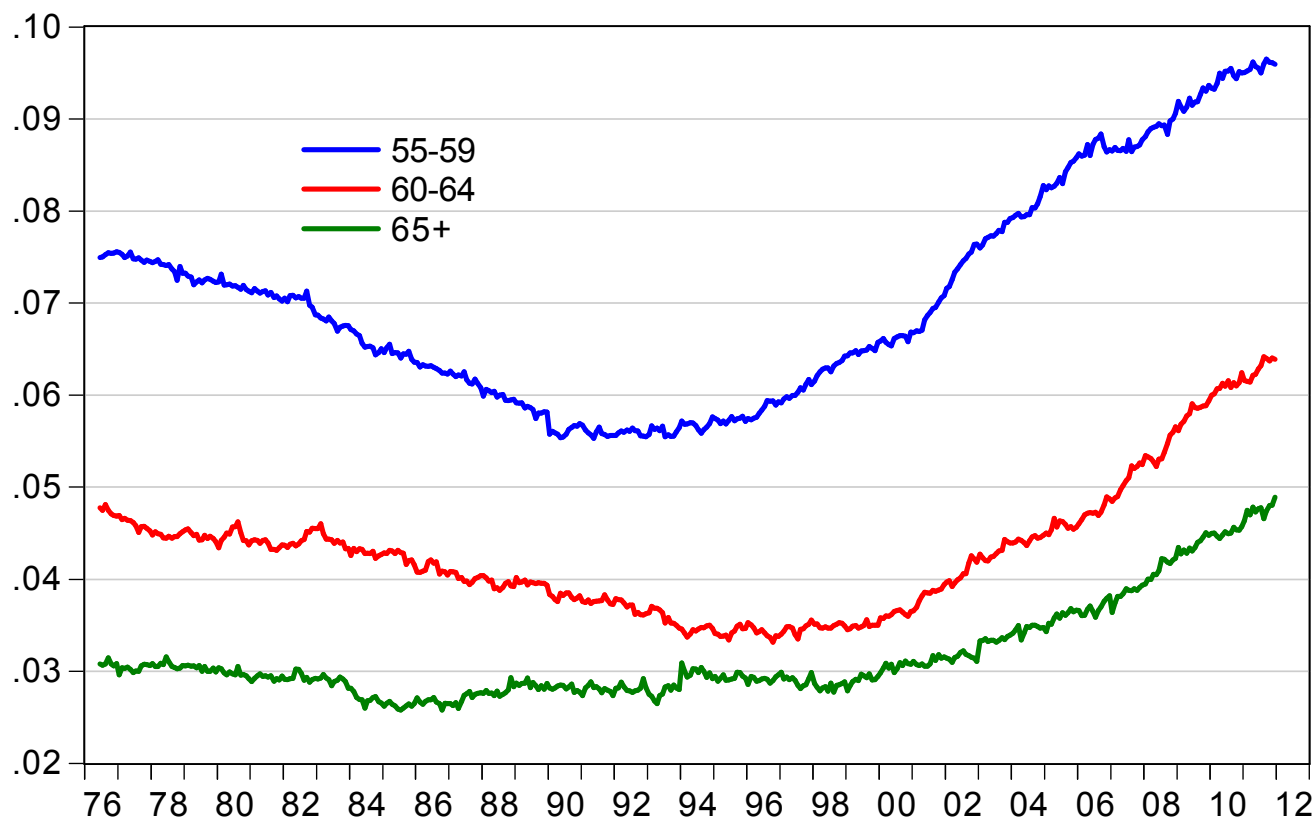
Sources: BLS, The Conference Board





# The U.S. workforce is continuing to age quickly

## Percent in total employment by age group



Source: BLS



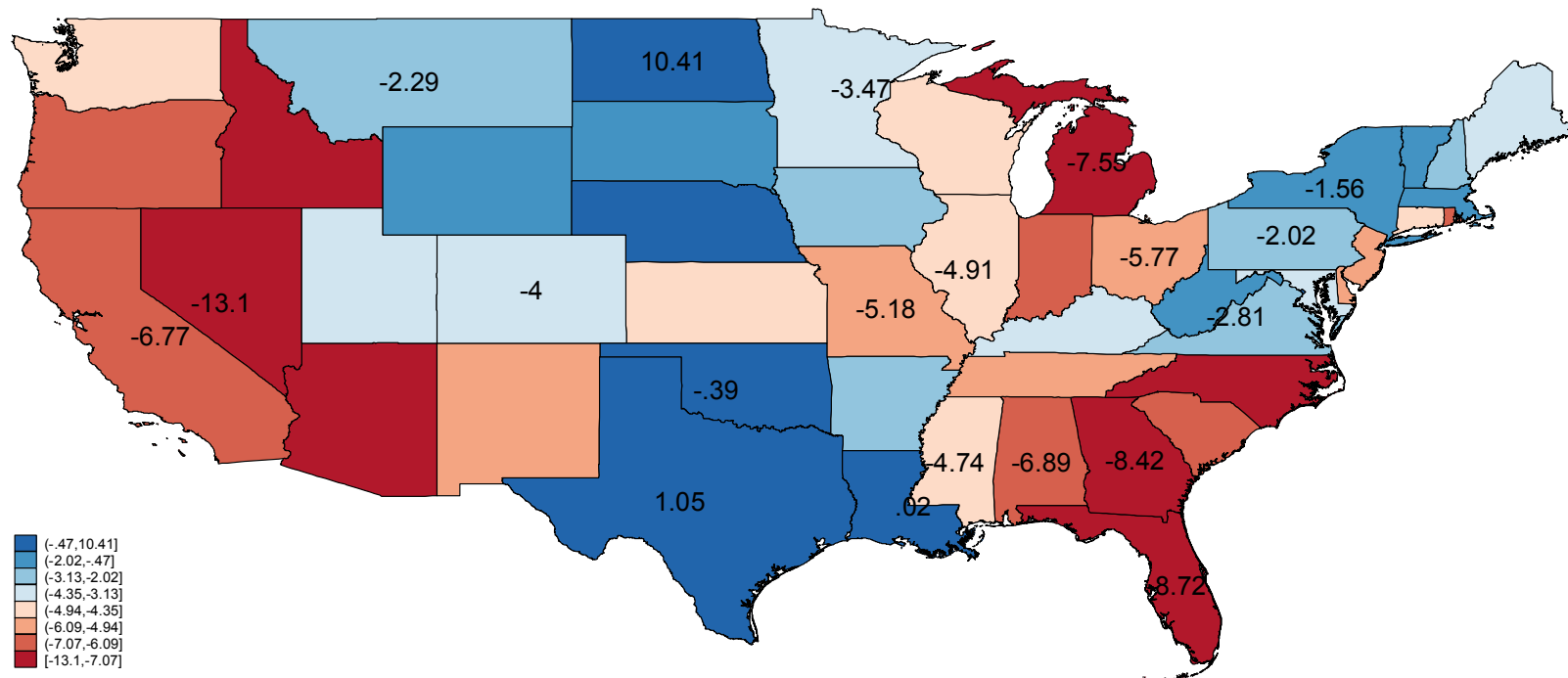
## Re-shoring: why could it happen?

- Boston Consulting Group: Within five years, several factors “will virtually close the cost gap between the U.S. and China for many goods consumed in North America”
- Rapid compensation growth in emerging countries
- Slow compensation growth in the U.S.
- High oil prices lead to expensive transportation costs
- Productivity growth in emerging countries is likely to slowdown



# Huge variation in employment growth in the past 4 years across states

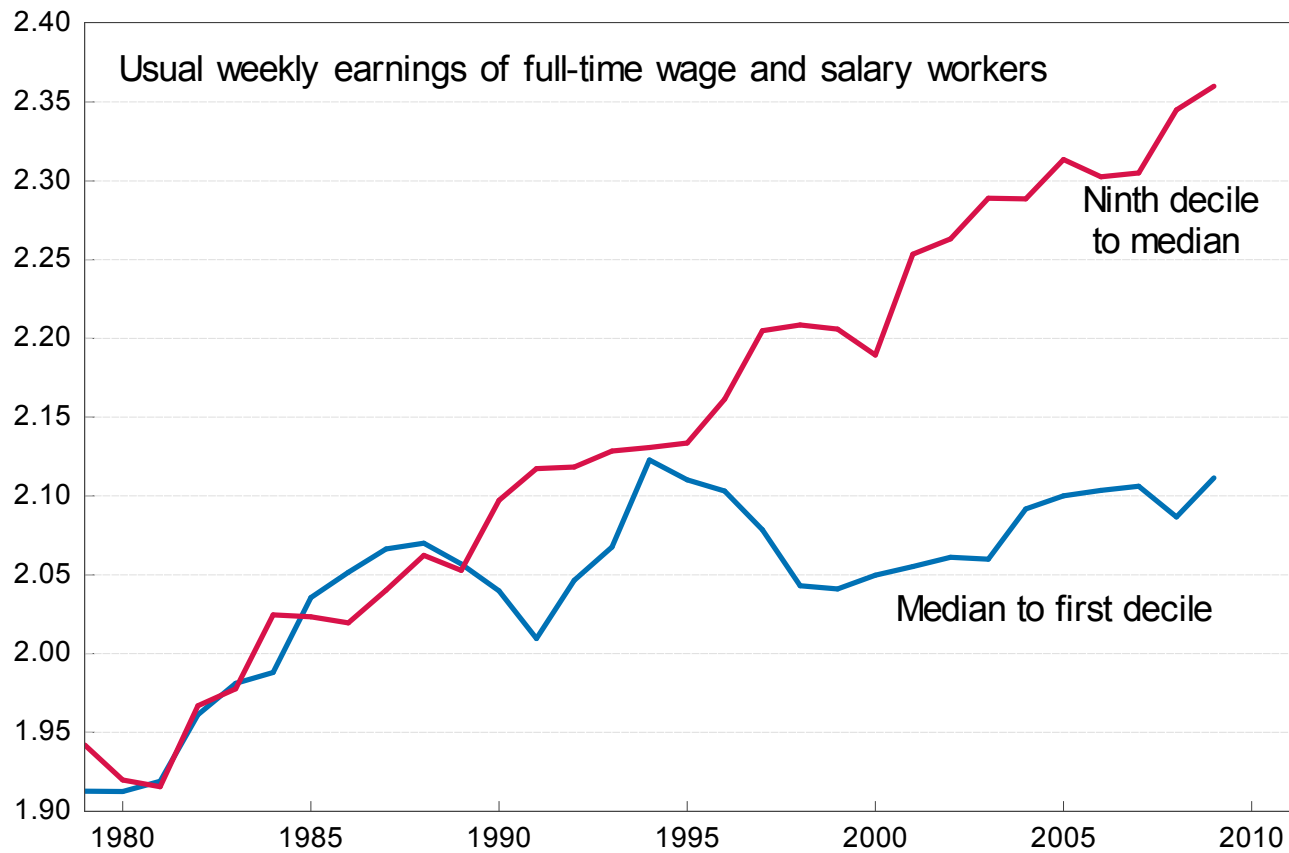
Employment Growth (2007Q4 – 2011Q4)  
Percentage values



Source: BLS



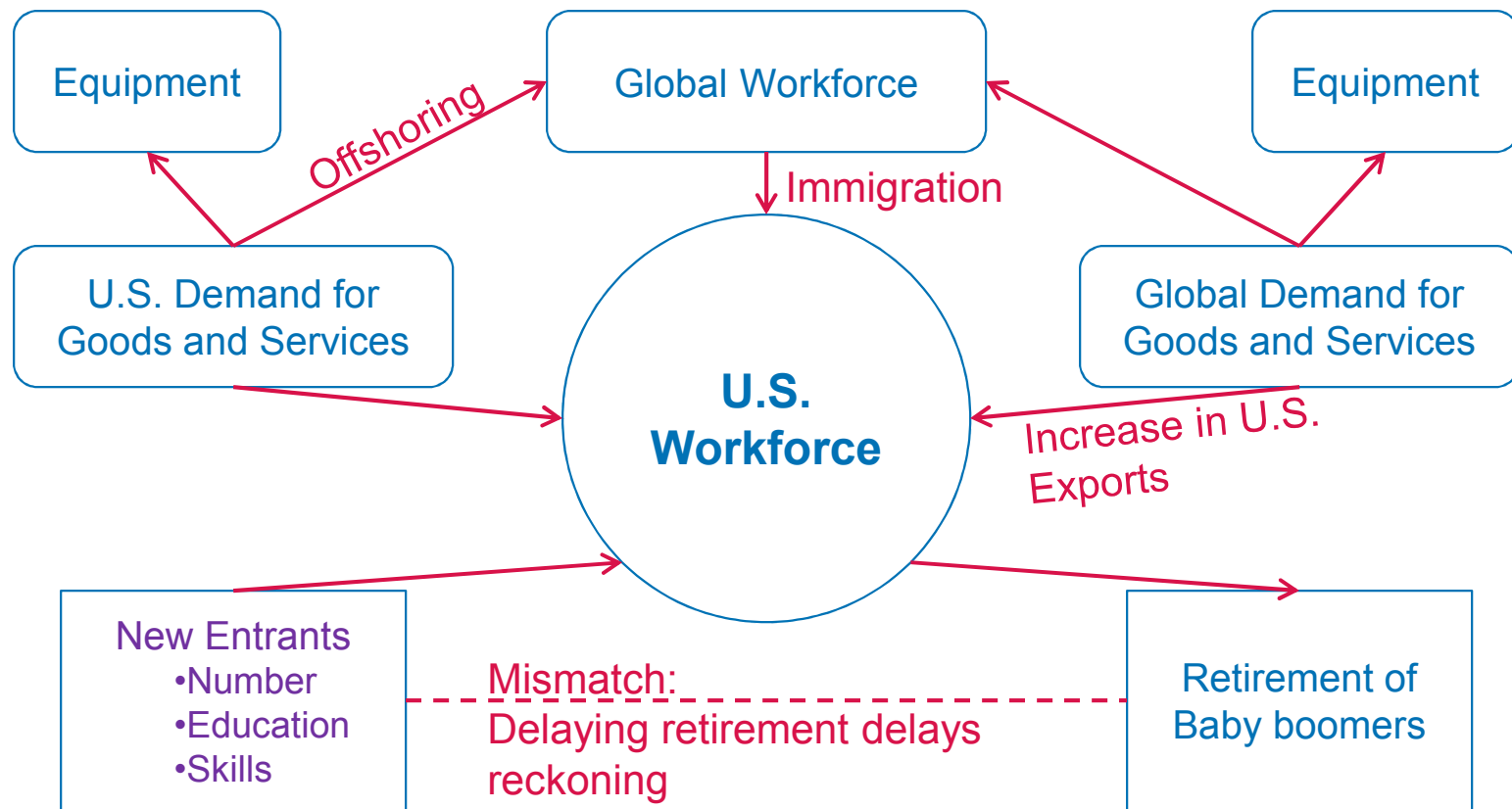
# Earnings inequality seems to have hurt relative position of middle income group



Sources: Current Population Survey; BLS, The Conference Board



# Workforce Readiness: The Big Picture



# Factors impacting skill shortages in the U.S. workforce

- Demand for goods and services in the U.S.
- Foreign demand for U.S. produced goods and services
- The wage level in the U.S. compared to other countries
- What jobs will be offshored / reshored?
- What other jobs could be replaced by equipment?
- What skills will new immigrants have?
- What skills will disappear when baby-boomers retire?



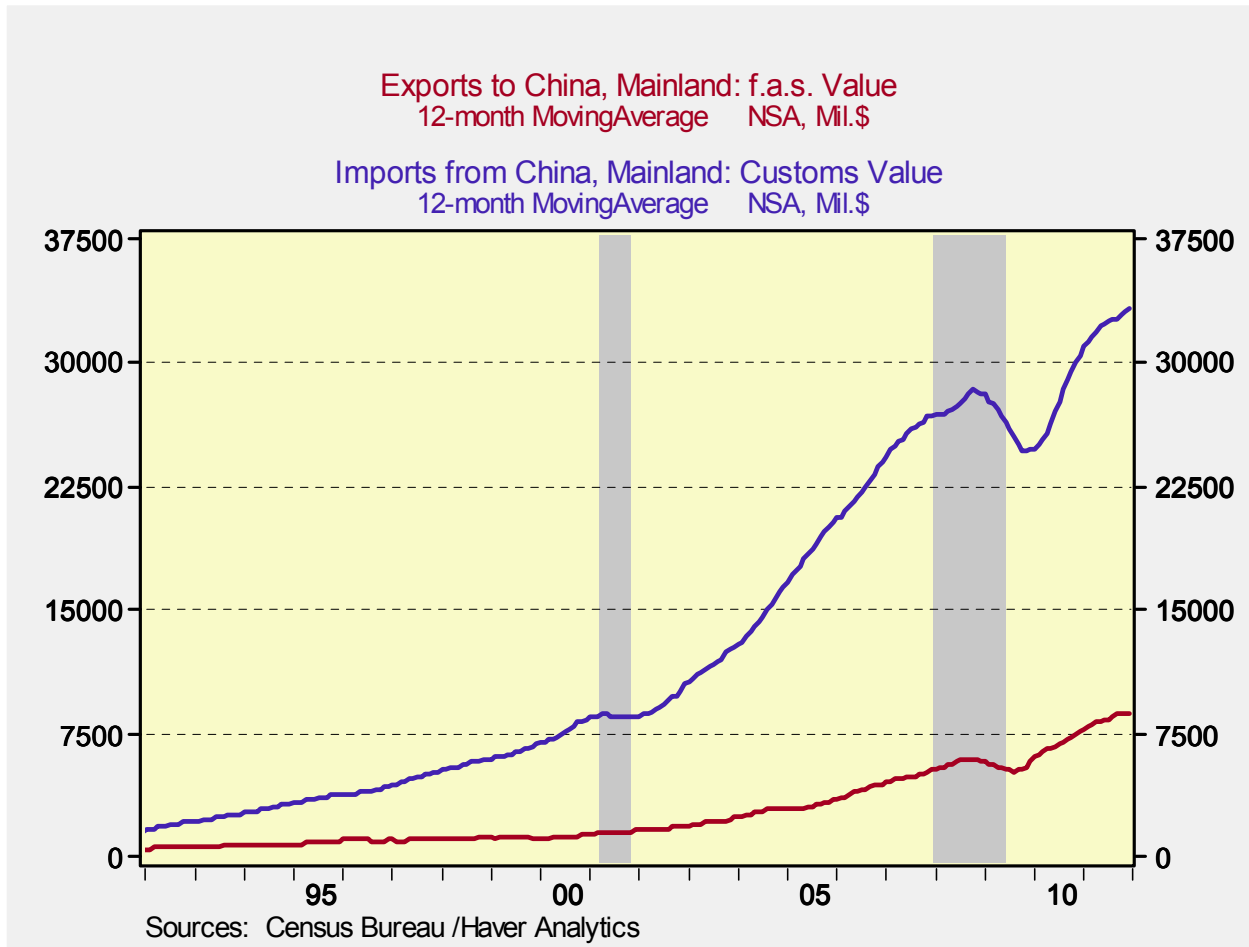
## Some of the projected fastest growing occupations 2010-2020

	2010-2020 Employment Percent Change	2010 median annual wage		2010-2020 Employment Percent Change	2010 median annual wage
Personal Care Aides	70.5	19,640	Coaches and Scouts	29.4	28,340
Home Health Aides	69.4	20,560	Training and Development Specialists	28.3	54,160
Meeting, Convention, and Event Planners	43.7	45,260	Network and Computer Systems Administrators	27.8	69,160
Medical Secretaries	41.3	30,530	Radiologic Technologists and Technicians	27.8	54,340
Market Research Analysts and Marketing Specialists	41.2	60,570	Nonfarm Animal Caretakers	27.8	19,550
Brickmasons and Blockmasons	40.5	46,930	Software Developers, Applications	27.6	87,790
Physical Therapists	39	76,310	Social and Human Service Assistants	27.6	28,200
Dental Hygienists	37.7	68,250	Supervisors of Helpers, Laborers, and Material Movers	27.2	43,800
Cost Estimators	36.4	57,860	Social and Community Service Managers	26.7	57,950
Medical Scientists, Except Epidemiologists	36.4	76,700	Registered Nurses	26	64,690
Mental Health Counselors	36.3	38,150	Plumbers, Pipefitters, and Steamfitters	25.6	46,660
Cement Masons and Concrete Finishers	34.6	35,450	Logisticians	25.5	70,800
Heating, cooling, Mechanics and Installers	33.7	42,530	Pharmacists	25.4	111,570
Healthcare Social Workers	33.5	47,230	Preschool Teachers, Except Special Education	24.9	25,700
Occupational Therapists	33.5	72,320	Architects, Except Landscape and Naval	24.5	72,550
Emergency Medical Technicians and Paramedics	33.3	30,360	Physicians and Surgeons	24.4	166,400
Software Developers, Systems Software	32.4	94,180	Fitness Trainers and Aerobics Instructors	24	31,090
Pharmacy Technicians	32.4	28,400	Receptionists and Information Clerks	23.7	25,240
Personal Financial Advisors	32.1	64,750	Workers	23.5	58,680
Mental Health and Substance Abuse Social Workers	31.3	38,600	Operating Engineers and Other Construction Equipment	23.5	40,400
Medical Assistants	30.9	28,860	Electricians	23.2	48,250
Dental Assistants	30.8	33,470	Financial Analysts	23	74,350
Database Administrators	30.6	73,490	Public Relations Specialists	22.5	52,090
Physician Assistants	29.5	86,410	Licensed Practical and Licensed Vocational Nurses	22.4	40,380
Coaches and Scouts	29.4	28,340	Computer Systems Analysts	22.1	77,740

Source: BLS



# Trade with China





## U.S. economy to grow only slightly faster this year than originally forecasted

	2011	2012				2011	2012
	Q4*	Q1	Q2	Q3	Q4		
Real GDP	2.8	1.8	1.9	2.1	1.9	1.7	2.0
Real disposable income	0.8	2.4	2.0	2.3	2.4	0.9	1.3
Real consumer spending	2.0	2.3	2.6	2.7	2.1	2.2	2.2
Housing starts mil. units	0.65	0.66	0.67	0.68	0.71	0.60	0.68
Real capital spending	1.7	5.3	4.7	3.1	2.7	8.6	5.6
Inventory change bil. '05\$	56.0	36.1	30.0	28.7	23.2	35.6	29.5
Total gov't spending	-4.6	-0.1	-2.1	-2.8	-2.1	-2.1	-1.8
Exports	4.7	4.0	4.7	5.0	6.8	6.8	4.6
Unemployment rate	8.7	8.4	8.3	8.2	8.1	9.0	8.3
CPI inflation	1.0	2.7	2.2	1.7	1.7	3.1	2.2

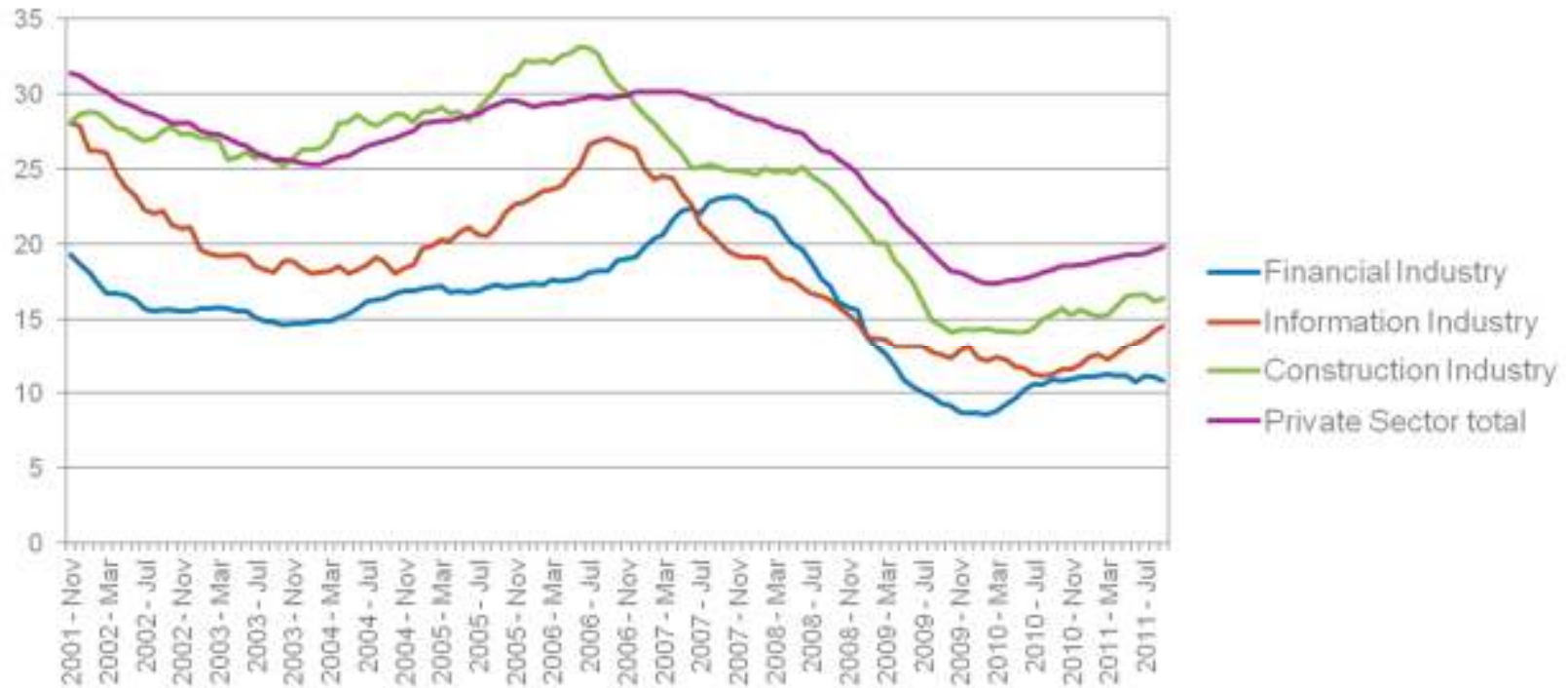
\*Actual \*\*Advance estimate

Sources: BEA, BLS, The Conference Board



# American workers are much less likely to quit their job now compared with pre-recession years

Quits rate in the past 12 months  
Percentage values

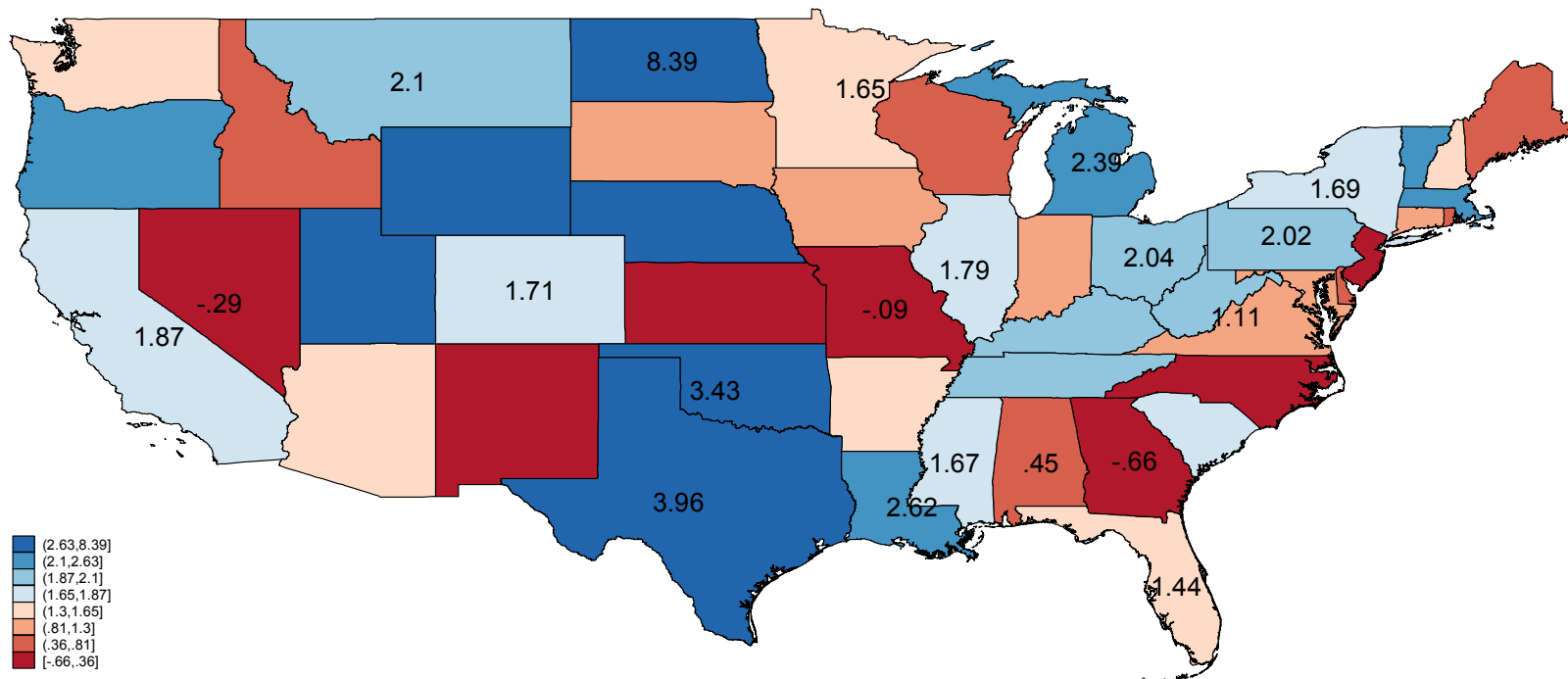


Source: BLS



# The resource rich heartland is recovering the fastest

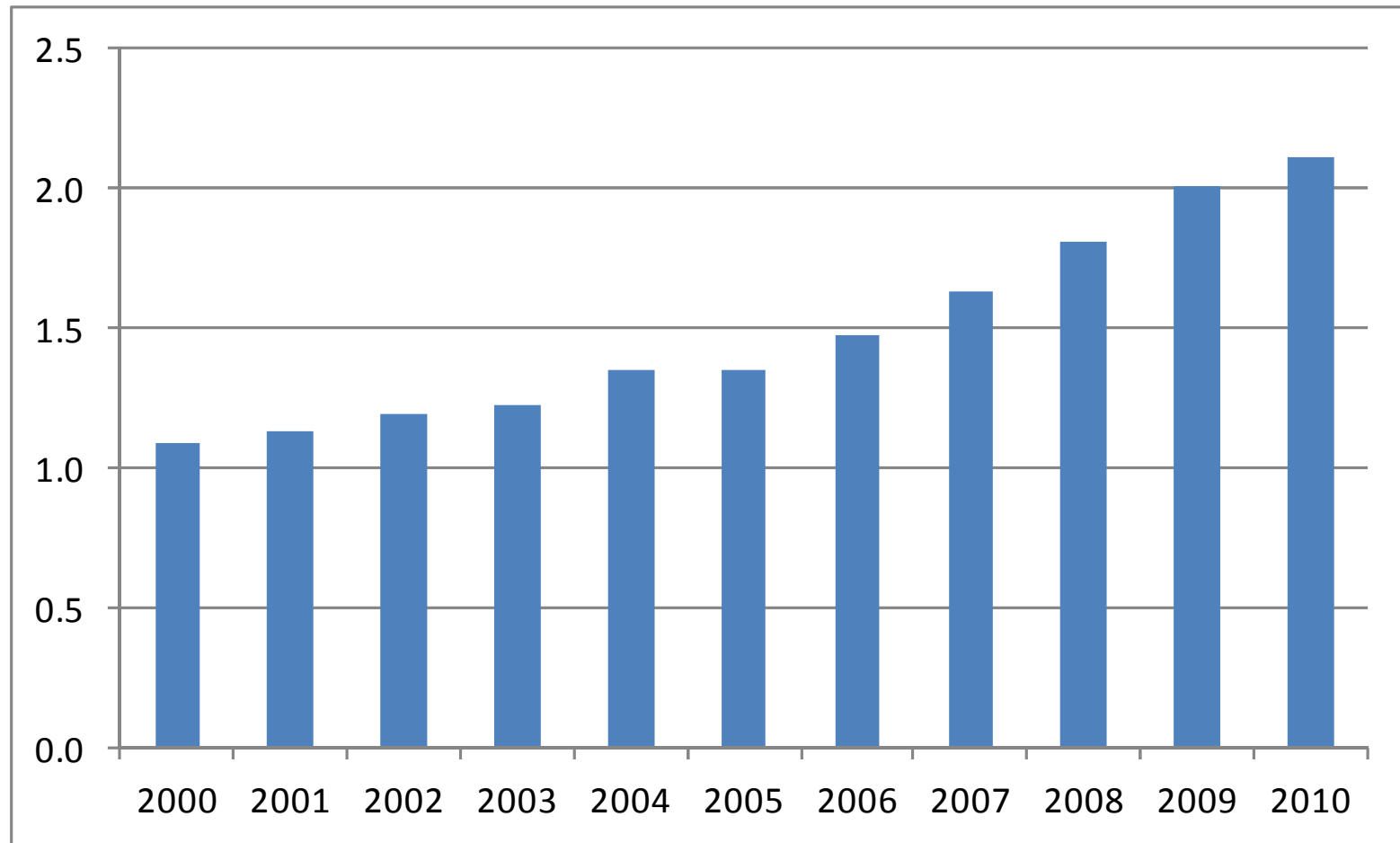
Employment Growth (2009Q4 – 2011Q4)  
Percentage values



Source: BLS



## Percent working primarily from home over time



Sources: Census, The Conference Board



# Percent working primarily from home by occupation

Occupation	2010	Occupation	2010
Medical transcriptionists	44.6%	Chief executives and legislators	5.0
Sales engineers	17.7	Securities, commodities, and financial services sales agents	4.7
Personal care aides	10.9	Network and computer systems administrators	4.2
Sales representatives, wholesale and manufacturing	10.8	First-line supervisors of non-retail sales	4.1
Travel agents	10.5	Insurance sales agents	4.0
Web developers	9.9	Personal financial advisors	3.8
Management analysts	9.4	Insurance claims and policy processing clerks	3.5
Writers and authors	9.3	Human resources, training, and labor relations specialists	3.4
Childcare workers	9.1	Public relations specialists	3.3
Claims adjusters, appraisers, examiners, and investigators	8.8	Electrical and electronics engineers	3.1
Marketing and sales managers	8.8	Credit counselors and loan officers	2.8
Computer network architects	8.2	Customer service representatives	2.6
Computer systems analysts	7.9	Retail salespersons	2.6
Information security analysts	7.7	Medical scientists, and life scientists, all other	2.6
Technical writers	7.6	Human resources managers	2.5
Property, real estate, and community association managers	7.4	Architectural and engineering managers	2.4
Market research analysts and marketing specialists	7.4	File clerks	2.2
Computer hardware engineers	7.2	Financial managers	2.1
Editors	6.9	Lawyers, and judges, magistrates, and other judicial workers	2.0
Computer programmers	6.5	Bookkeeping, accounting, and auditing clerks	1.9
Computer and information systems managers	6.3	Accountants and auditors	1.8
Advertising sales agents	6.1	Civil engineers	1.7
Computer support specialists	5.6	Nursing, psychiatric, and home health aides	1.6
Software developers, applications and systems software	5.6	First-line supervisors of office and administrative support workers	1.6
Insurance underwriters	5.4	Medical and health services managers	1.5
Database administrators	5.3	Secretaries and administrative assistants	1.3
Real estate brokers and sales agents	5.2	Mechanical engineers	1.2

Sources: Census, The Conference Board

