

2021 STATE OF THE ST. LOUIS WORKFORCE

Equitable recovery. opportunity. growth.

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Pathways to Work





FEDERAL
RESERVE
BANK *of*
ST. LOUIS

St. Louis labor market recovery and long-term outlook

Charles Gascon

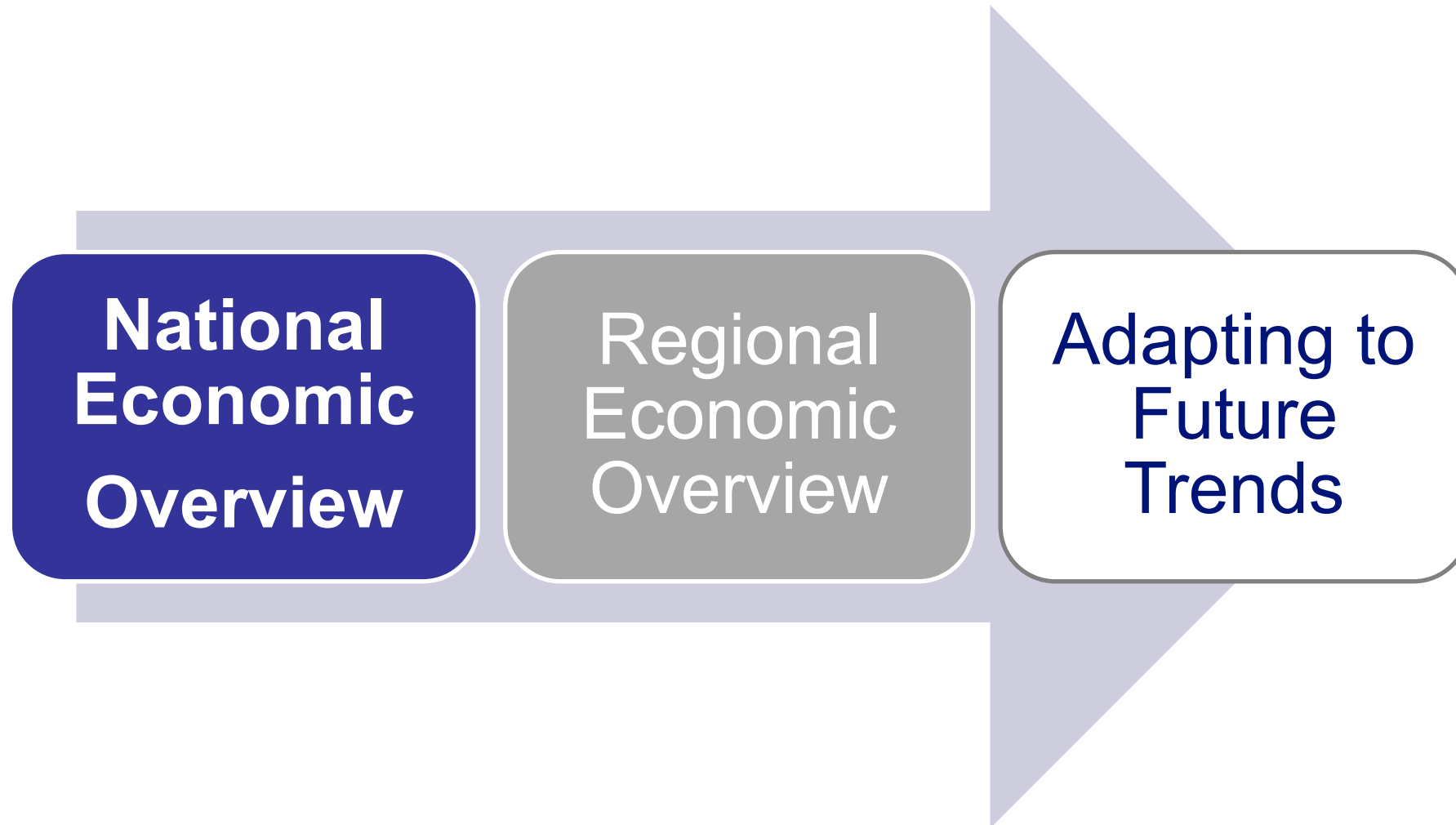
Regional Economist

charles.s.gascon@stls.frb.org

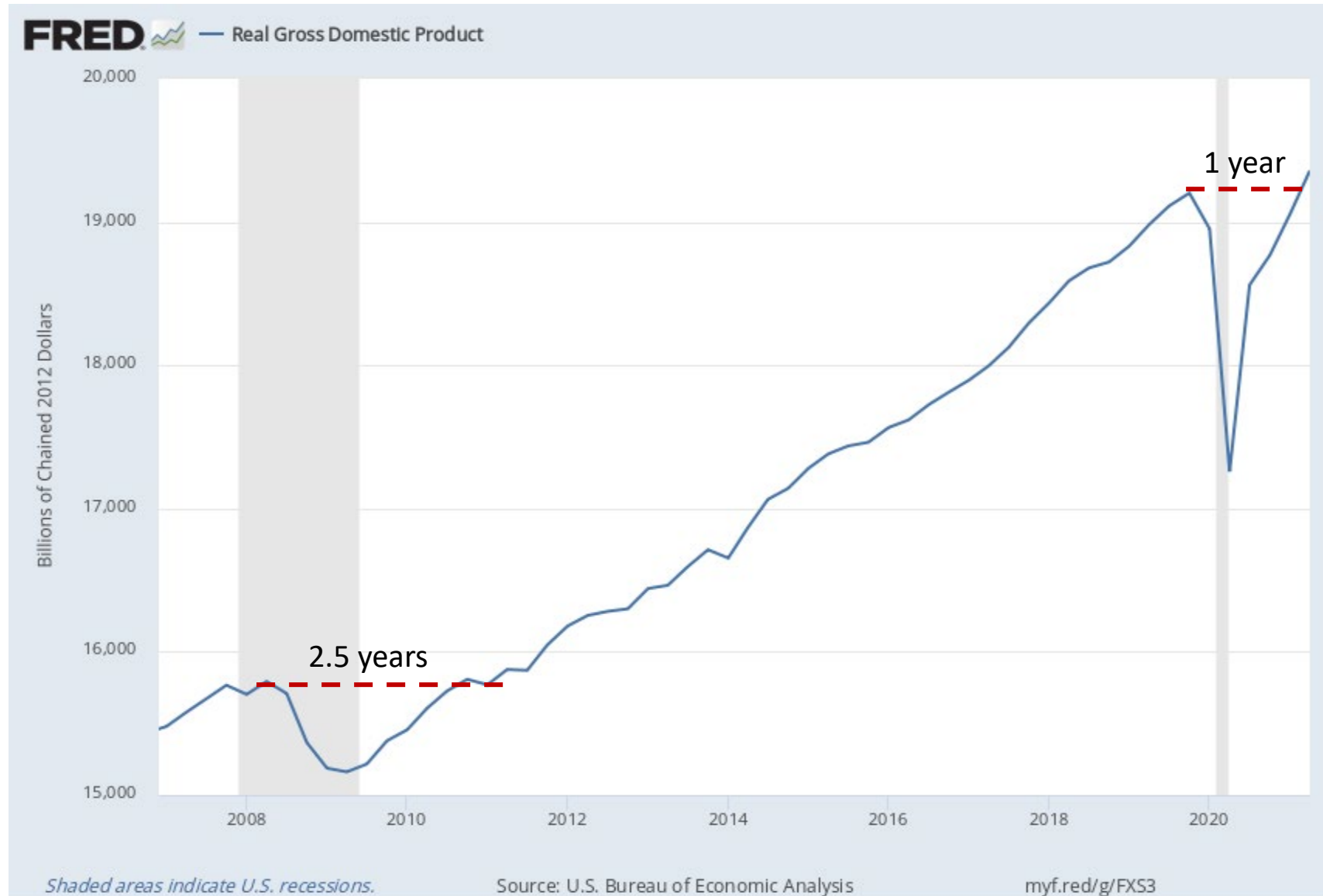
August 11, 2021

Opinions expressed are those of the authors and do not necessarily reflect those of the Federal Reserve Bank of St. Louis or the Federal Reserve System.

Outline of today's talk



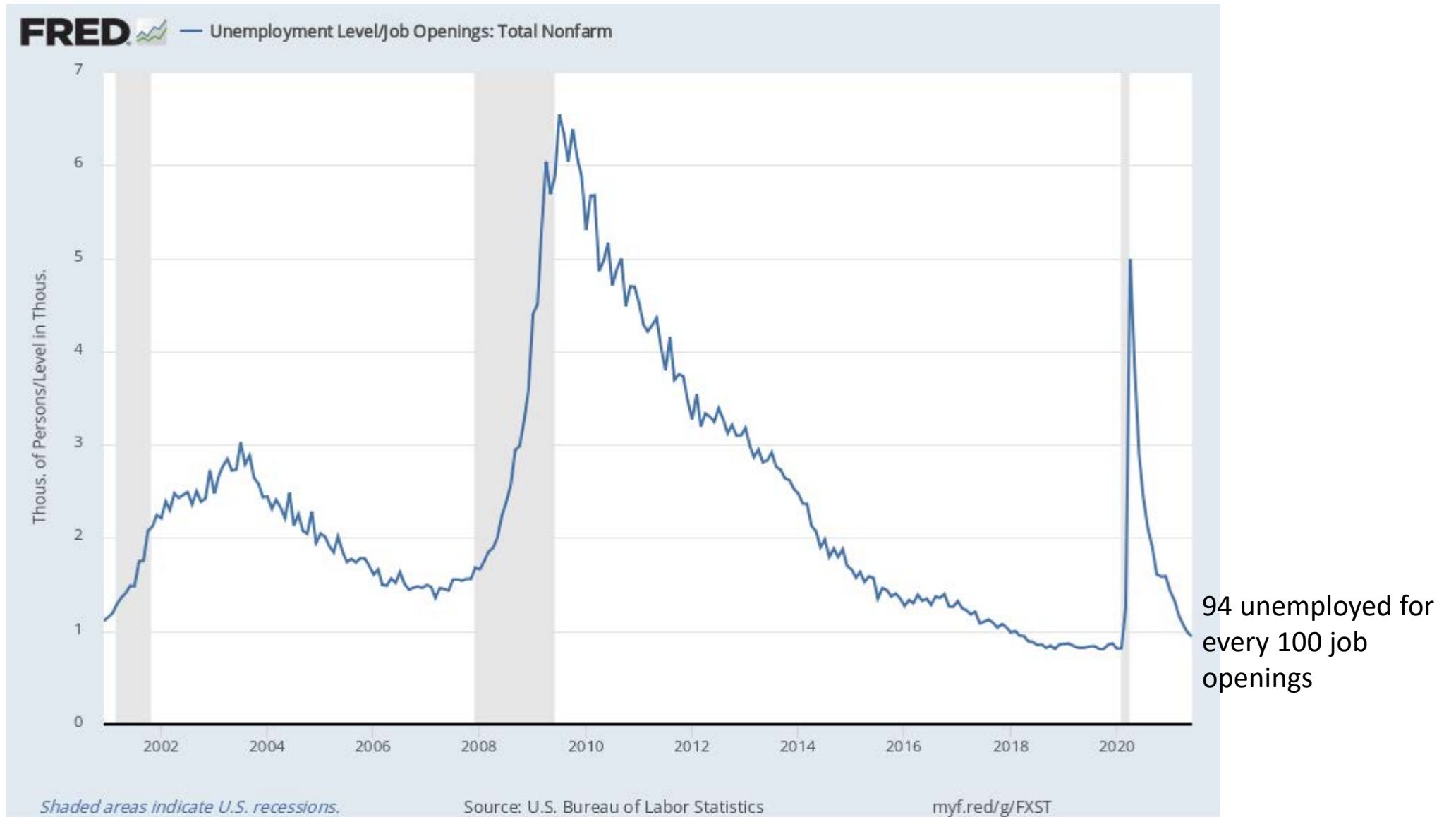
US economy is producing more than before the pandemic



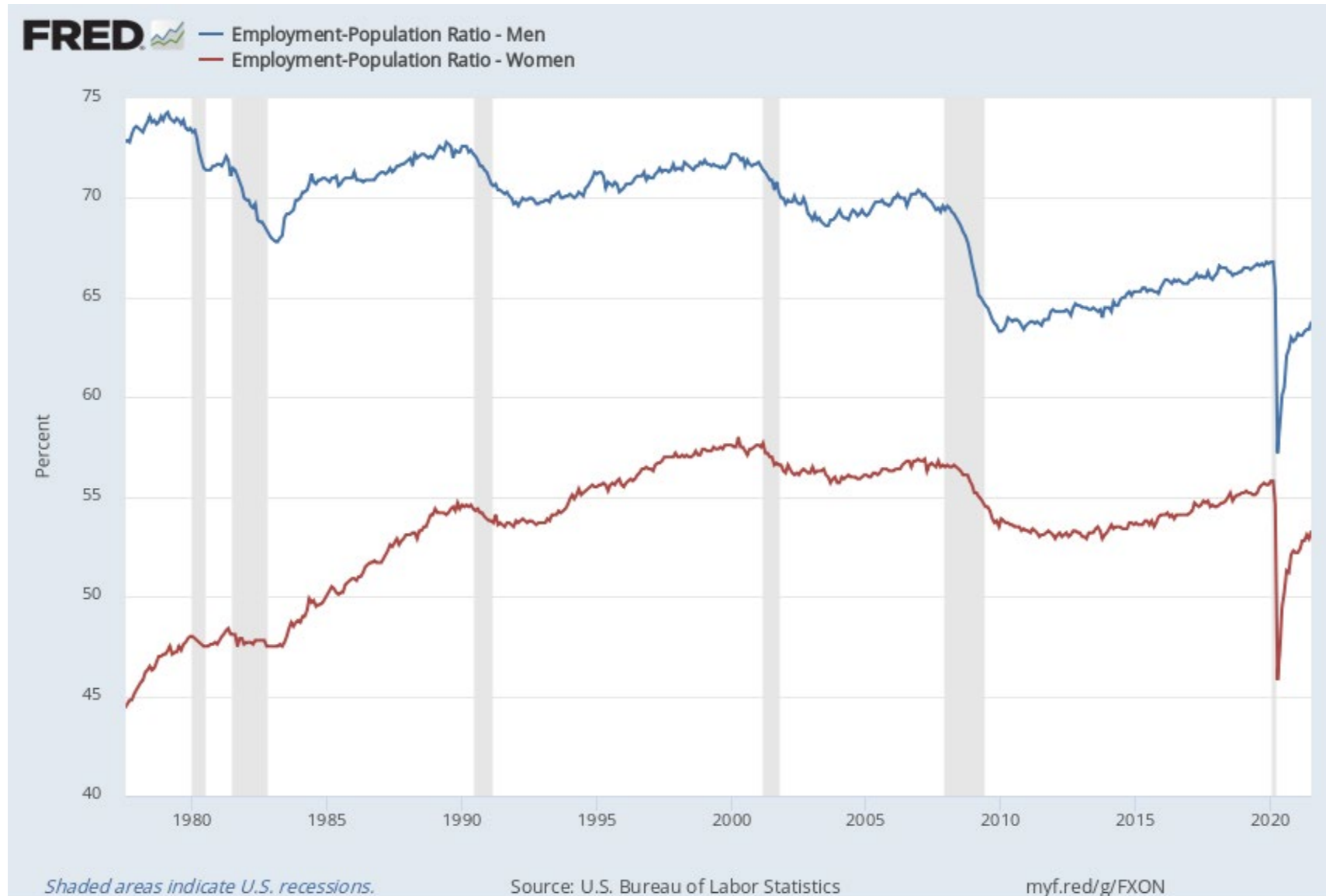
US employment continues to lag, but ahead of last recovery



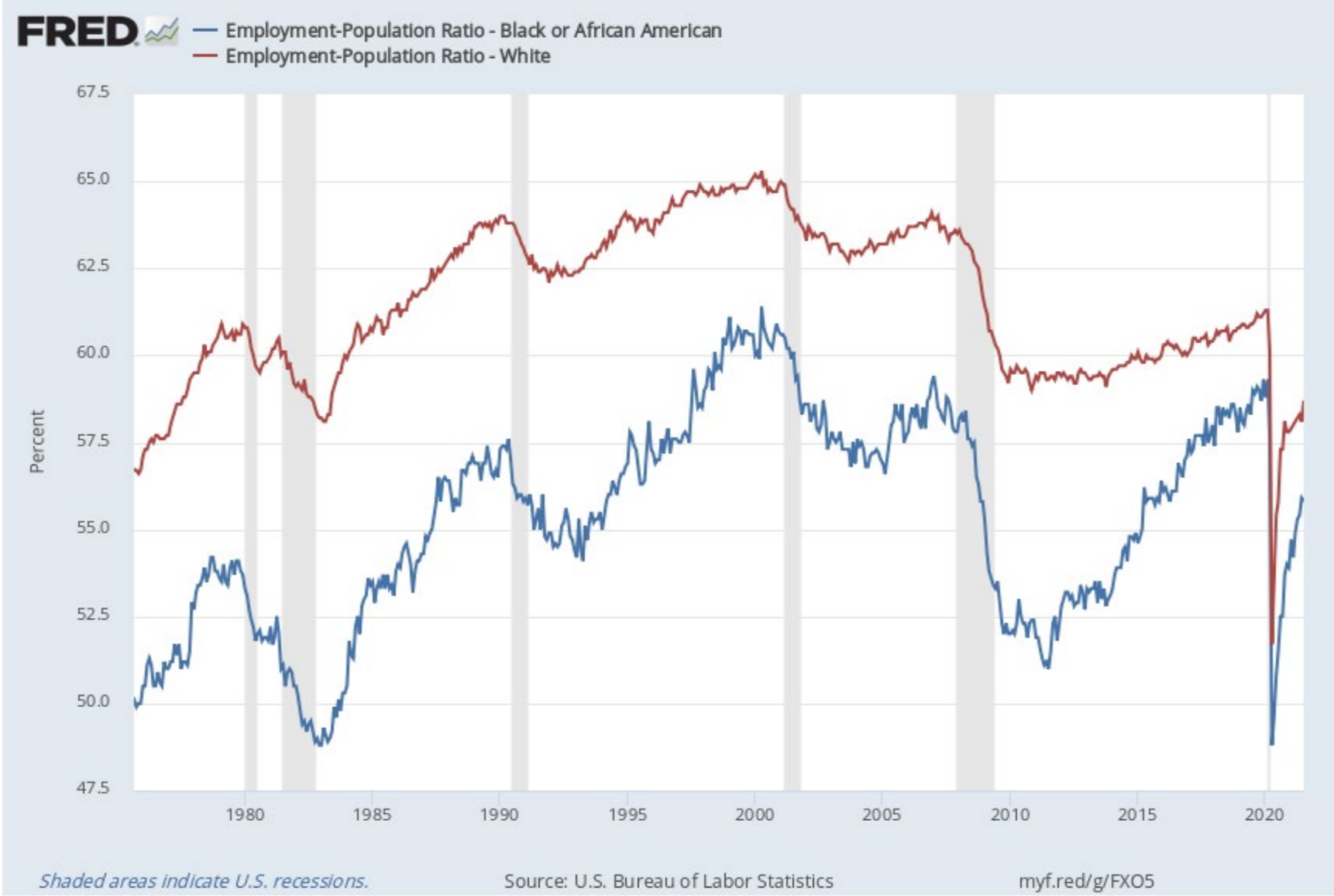
Firms report difficulties hiring and supply chain disruptions



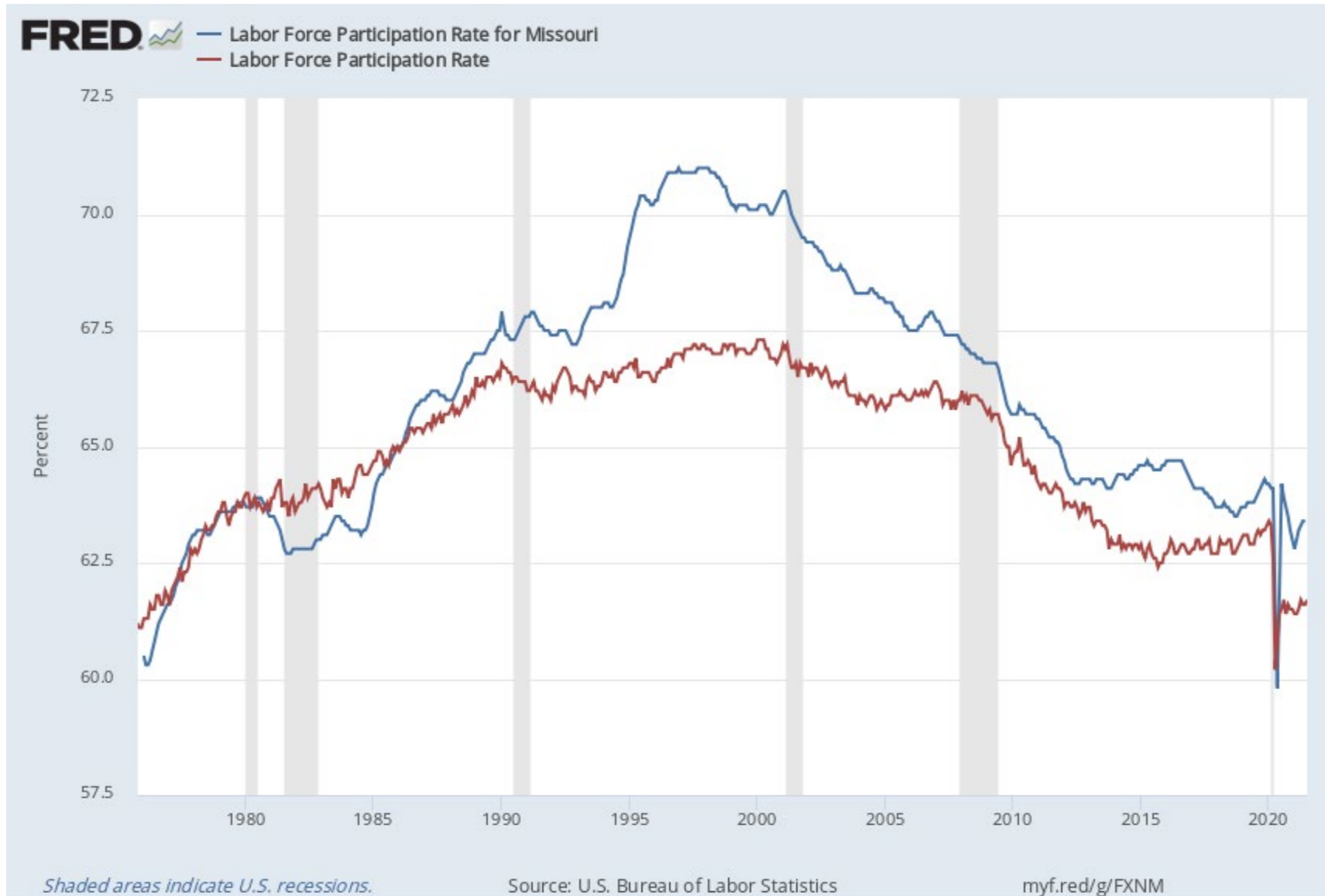
Many have dropped out of labor force, only some returning at this time



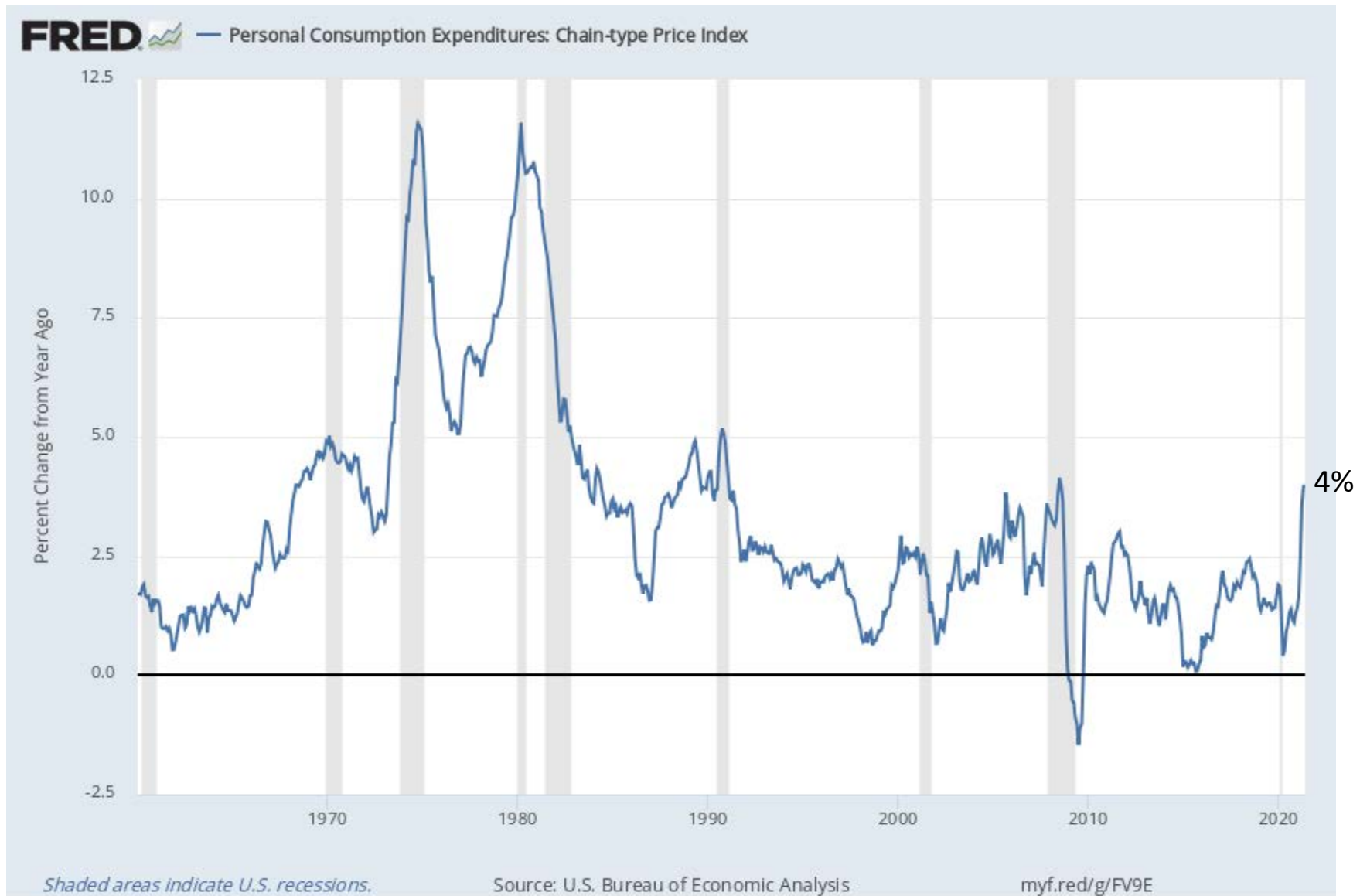
As with previous recessions, Black workers disproportionately impacted



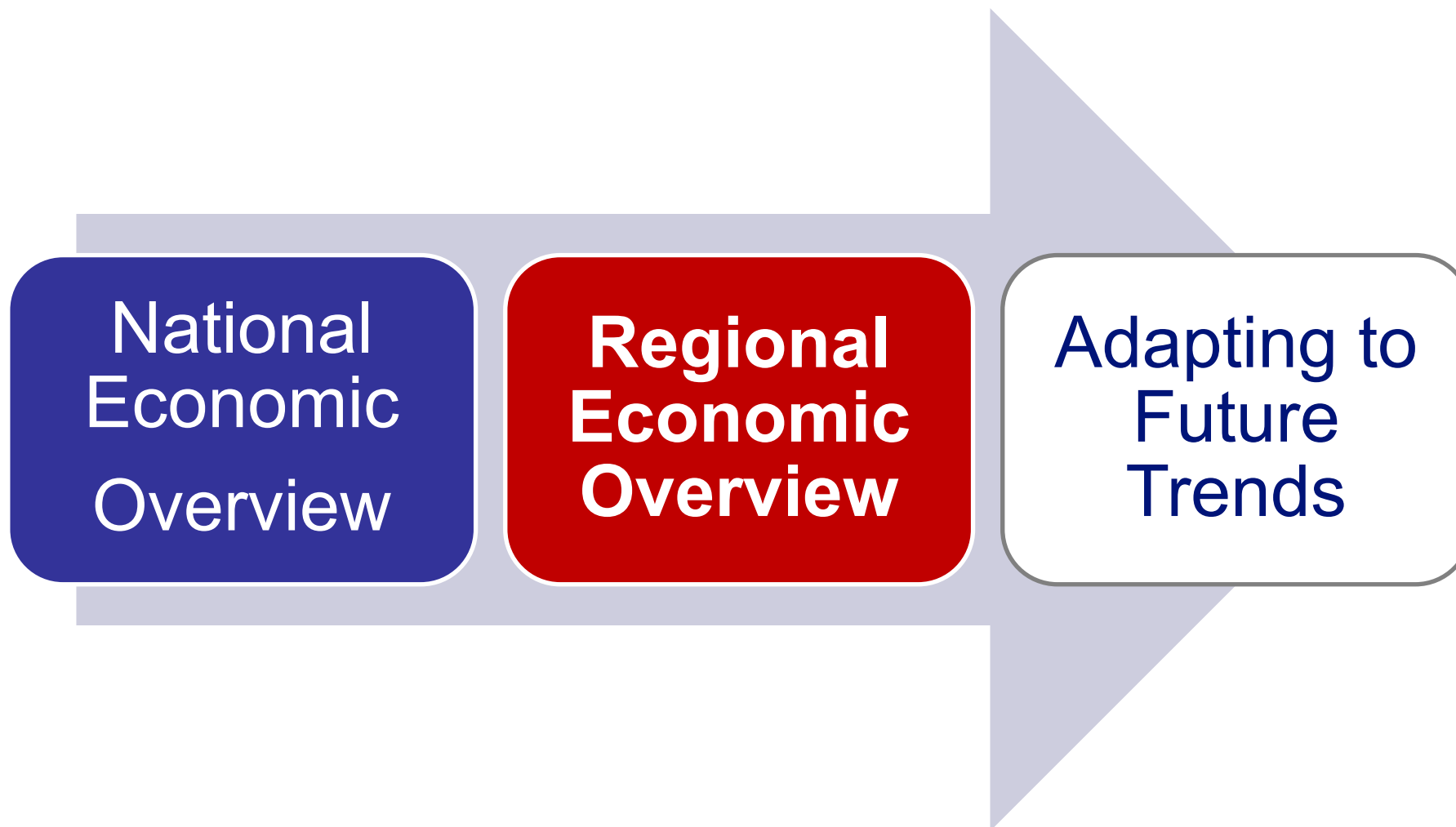
Demographic trends suggest labor supply challenges could persist



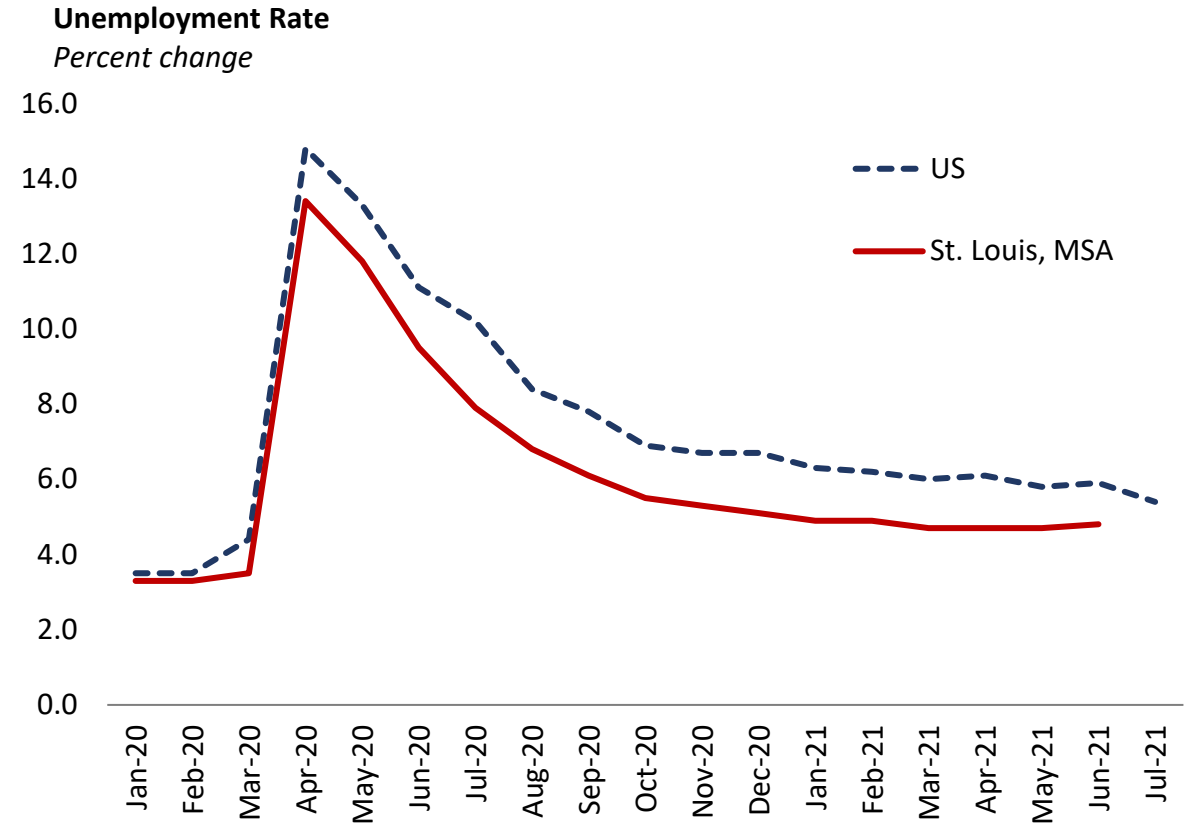
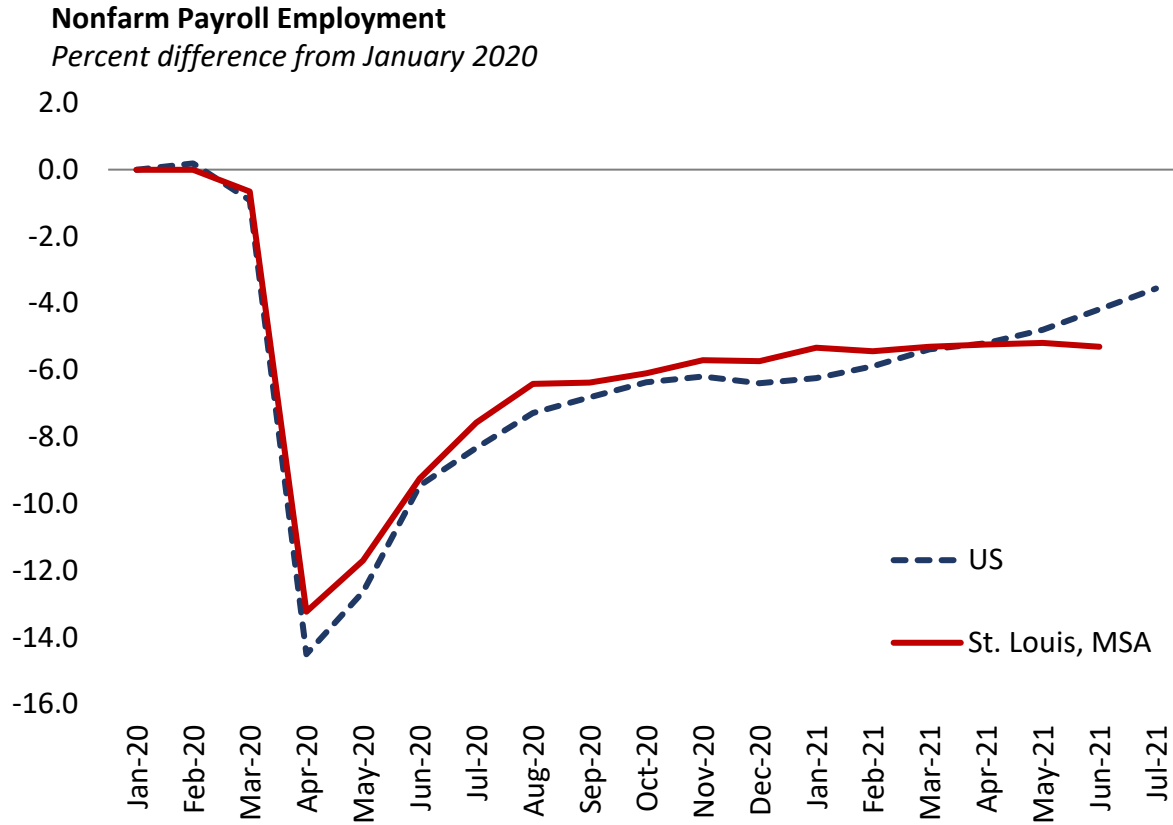
Strong demand + constrained supply = higher inflation



Outline of today's talk



St. Louis economy rebounded sooner, but job growth has stalled



Challenge ahead: current supply of workers cannot meet shortfall

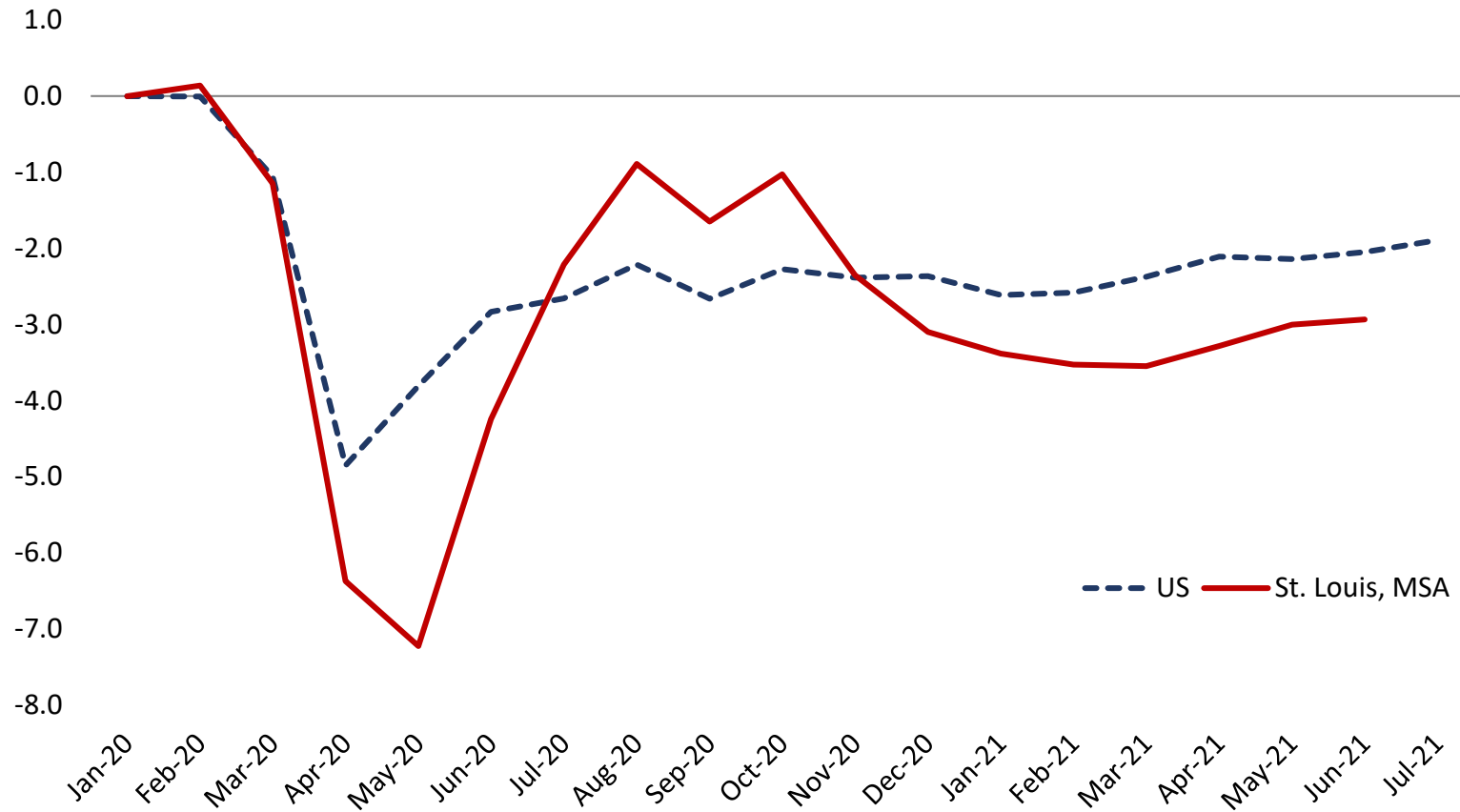
	Jobs	Percent of total
Current shortfall	75,000	--
Current Labor supply	56,600	75%
Unemployed	27,800	37%
Unemployed on temp Layoff	4,600	6%
Not in labor force: would take job	24,200	32%
Not in labor force	18,400	25%

Source: Authors estimates based on national current population survey data. Rows may not sum due to rounding.

A greater share of workers have dropped out of labor force

Labor Force

Percent difference from January 2020



Slower labor force growth is on the horizon

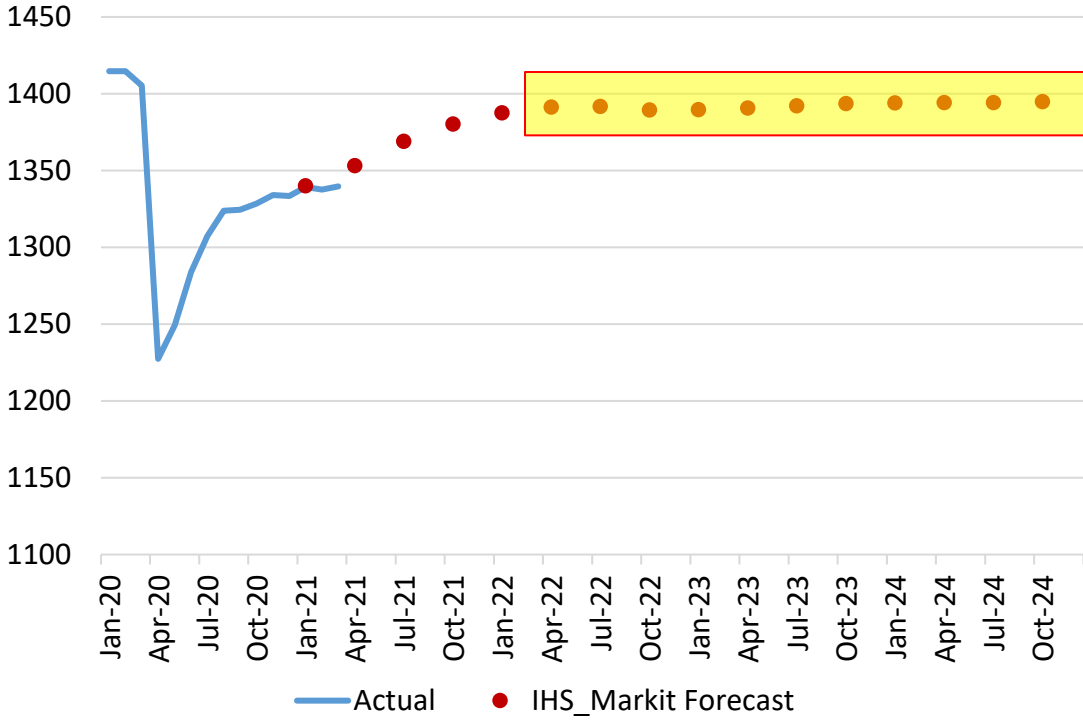
Model-based forecast: Change from 2019 to 2025

	Population Age 25-54 (% Chg.)	Population Age 25-54 (Chg.)	Labor Force (% Chg.)	Labor Force (Chg.)
US	1.7	2.2 mil.	3.7	5.9 mil.
Missouri	0.8	18,500	2.6	80,700
St. Louis, MSA	-0.7	-7,850	0.5	6,900

Source: IHS/Markit, August 2021 forecast.

Employment recovery expected to run through 2022

Nonfarm Employment, St. Louis, MSA

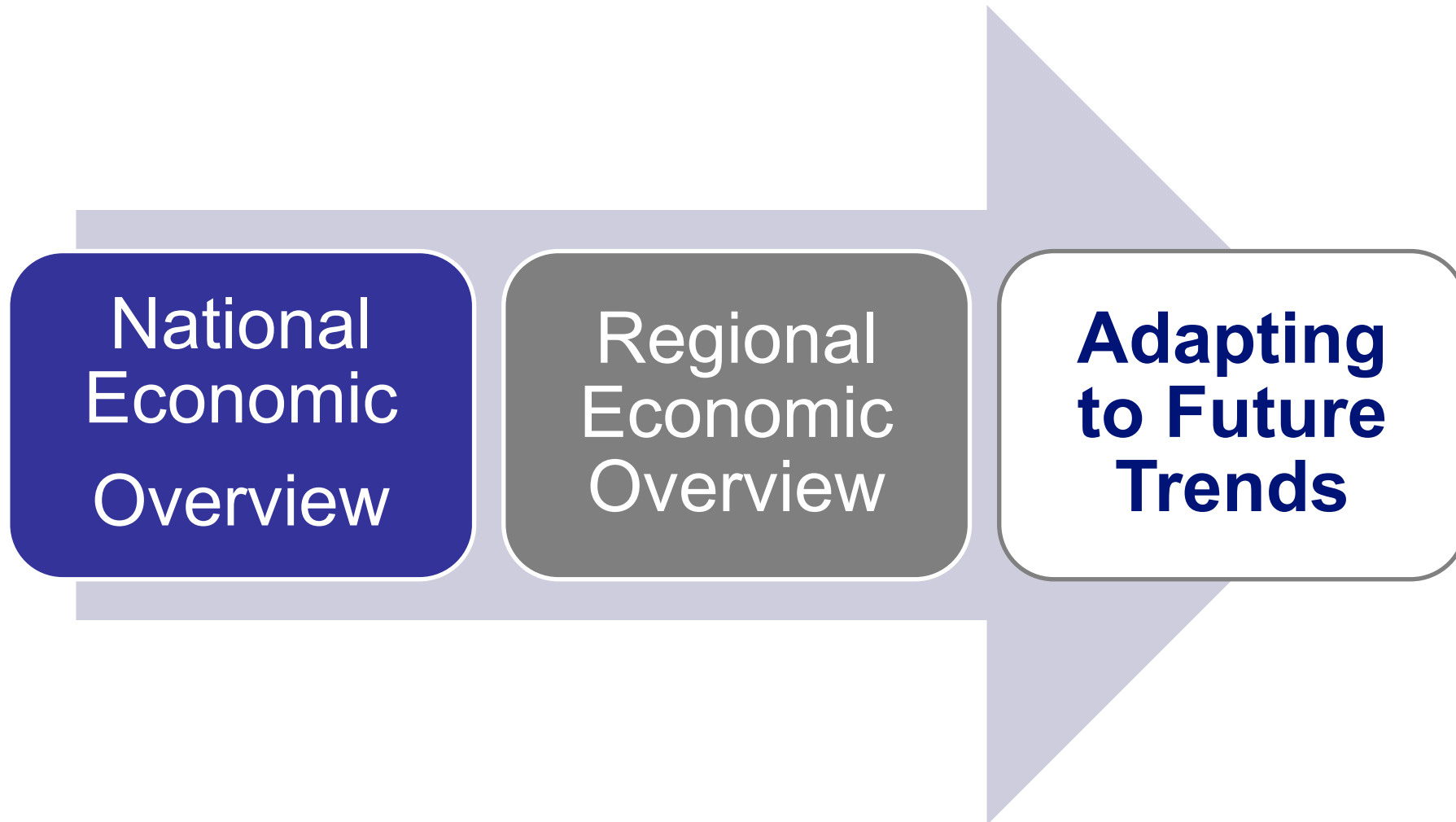


Forecast change from 2019 to 2025

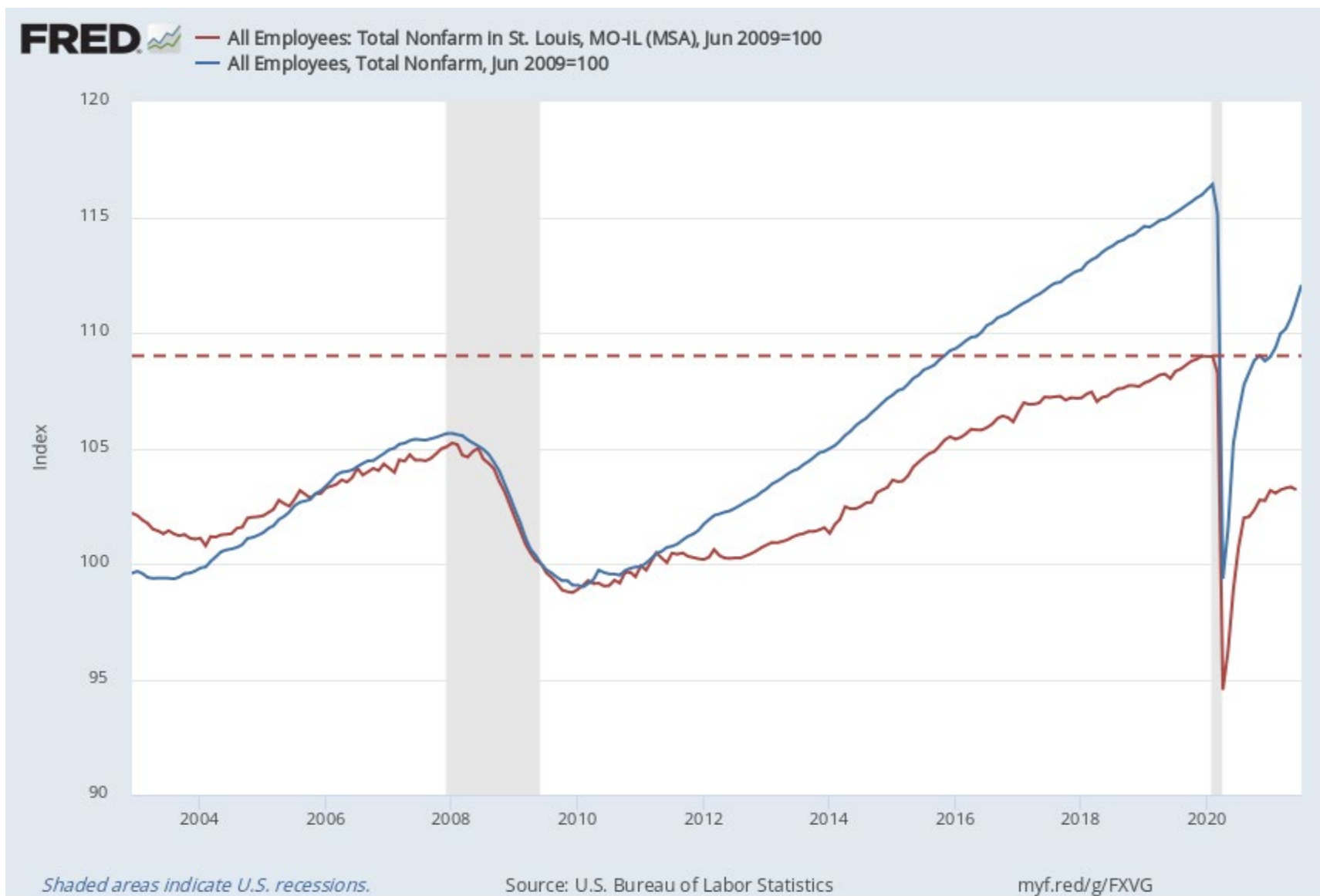
	Chg.	Chg. %
Metro Area	700	0.0%
St. Louis	-2,500	-0.4%
St. Louis City	-10,072	-4.2%
St. Charles	14,683	9.2%
St. Clair	2,200	2.3%
Madison	1,500	1.5%

Source: IHS/Markit, August 2021 forecast

Outline of today's talk



Don't lose sight of the trend during the cycle!



Strategies for a slow growth environment

- Population growth is a sign of regional (geographic) prosperity.
- Rising incomes, employment rates, and property values represent economic prosperity of the current population. This sets the foundation for growth and regional prosperity.
- Investing in the local population and entrepreneurs can grow the labor force, income, and overall demand in a sustainable manner.
- Increasing job/business density can improve access to jobs and generate productivity gains.
- Focus on economic equity and inclusive growth can expand labor force.
- Telework creates a disconnect between location of jobs and households, particularly for the upper income workers.
 - Attracting businesses to stimulate migration can place a burden on existing population regardless of the outcome.
 - A renewed focus on households and their decision-making process is important for regional growth post-pandemic.
- Train and retain: Prime-age workers for the 2040 census are between ages of 5 and 34. Absent economic opportunities our youth will go elsewhere.

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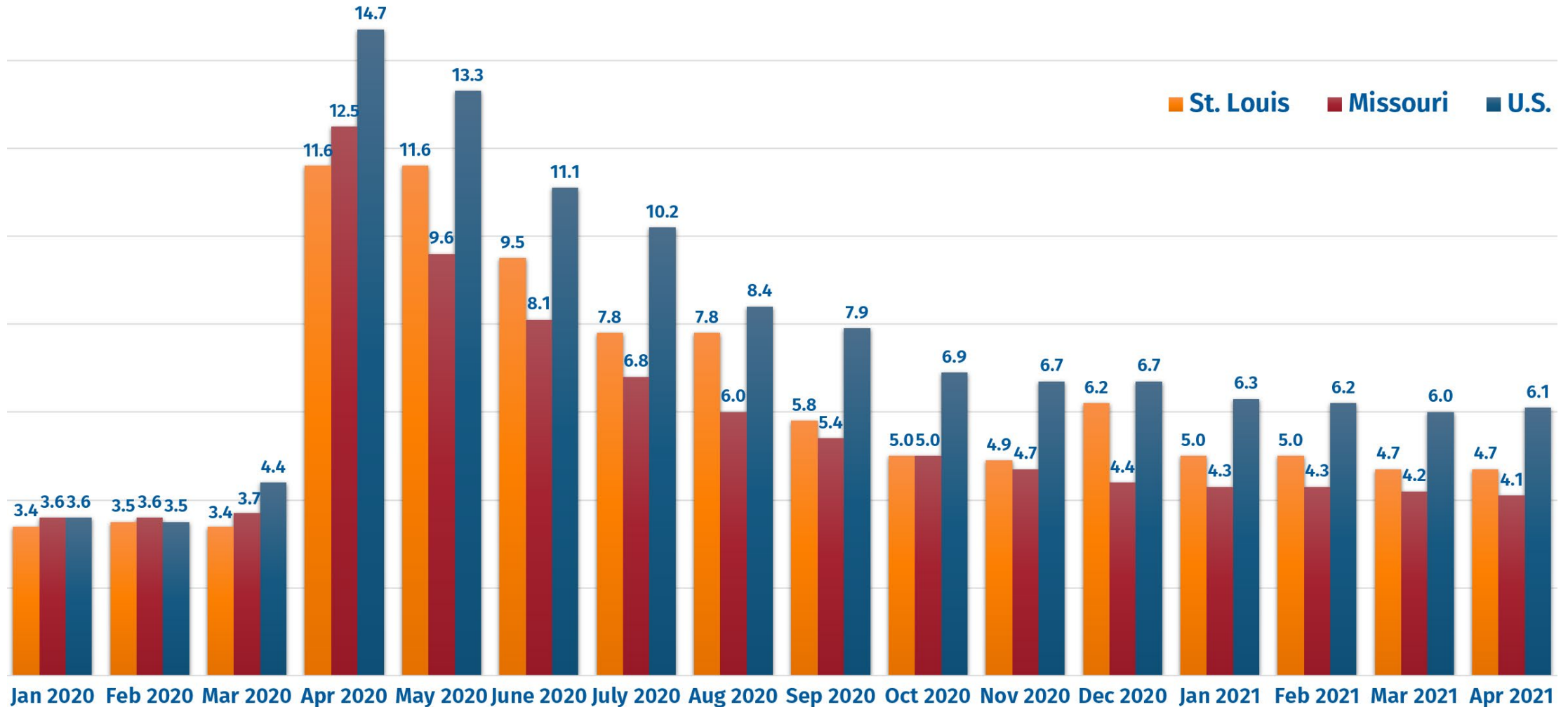
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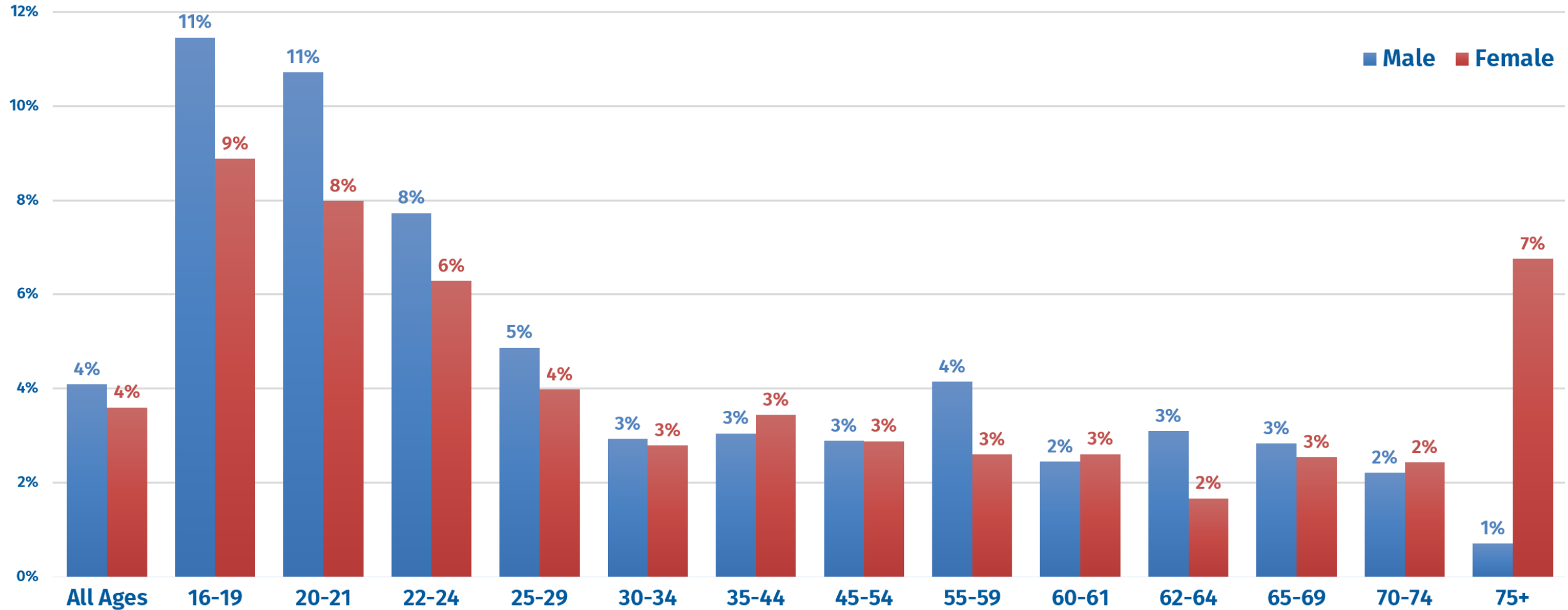
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Seasonally Adjusted Unemployment Rate

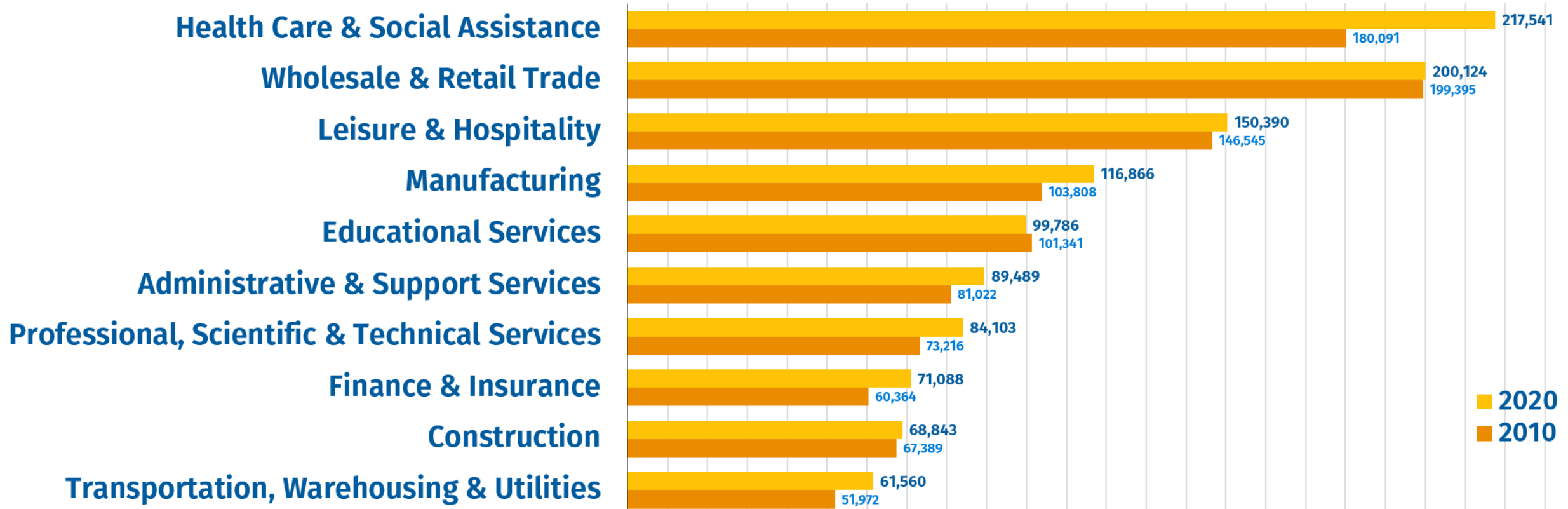


St. Louis MSA Unemployment Rates by Age and Sex

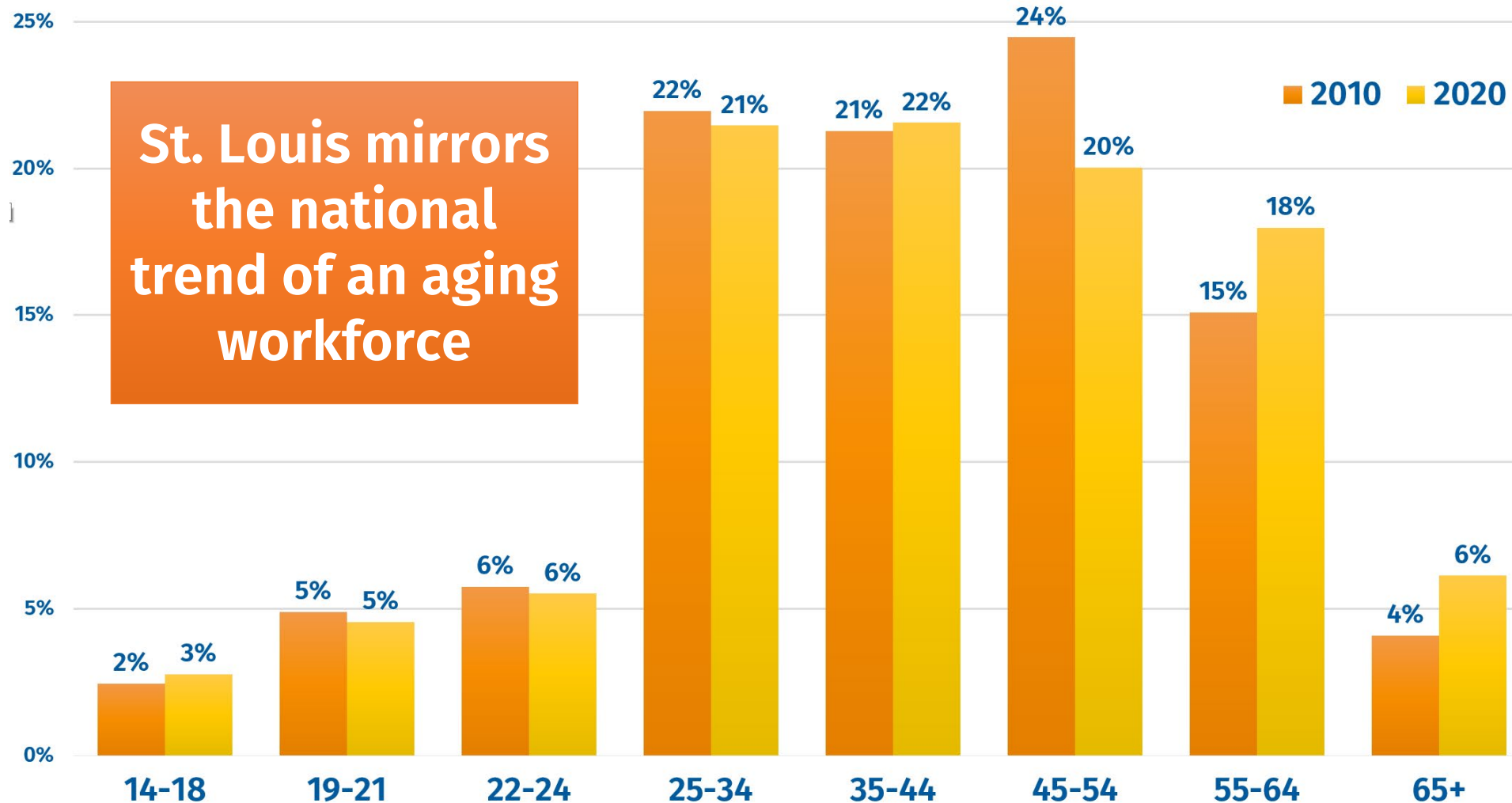


21% growth in health care in the last decade

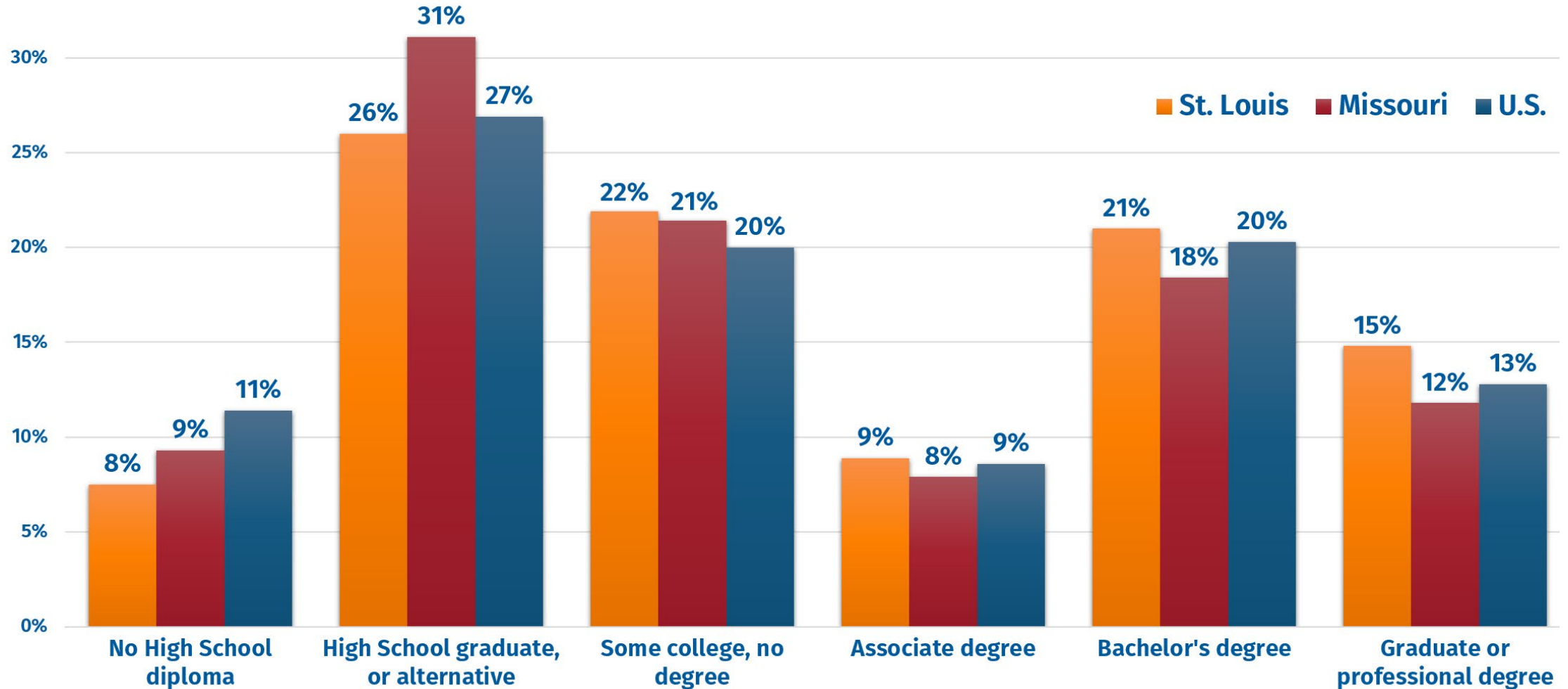
Top 10 St. Louis Industry Clusters



St. Louis MSA Age of the Workforce



Educational Attainment of the Population



Education affects both earnings & unemployment

Biggest salary jump with 4-year degree

Education post-HS provides stability

St. Louis MSA Unemployment Rates and Earnings by Education, Population 25 Years and Older

Unemployment Rates	Educational Attainment	Median Earnings
9.7%	Less than high school graduate	\$25,146
4.9%	High school graduate or GED	\$31,736
3.3%	Some college or associates degree	\$39,561
1.6%	Bachelor's degree or higher	\$64,794*

* Bachelor's (\$57,452) and graduate (\$72,136) degree medians.

Source: 2019 American Community Survey, U.S. Census Bureau.

Live interview
survey of
St. Louis MSA
employers

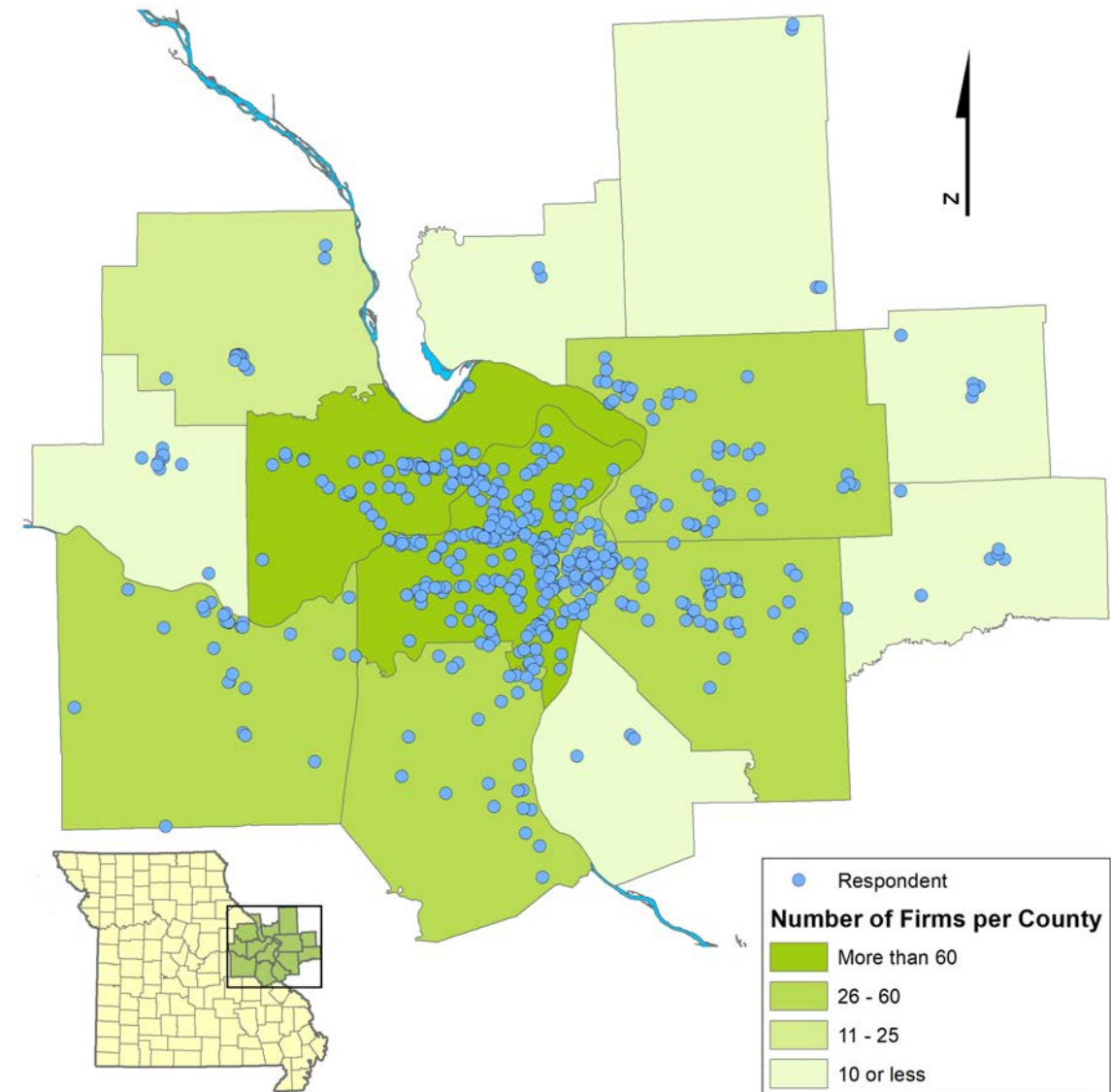
Each interview
takes about
23 minutes



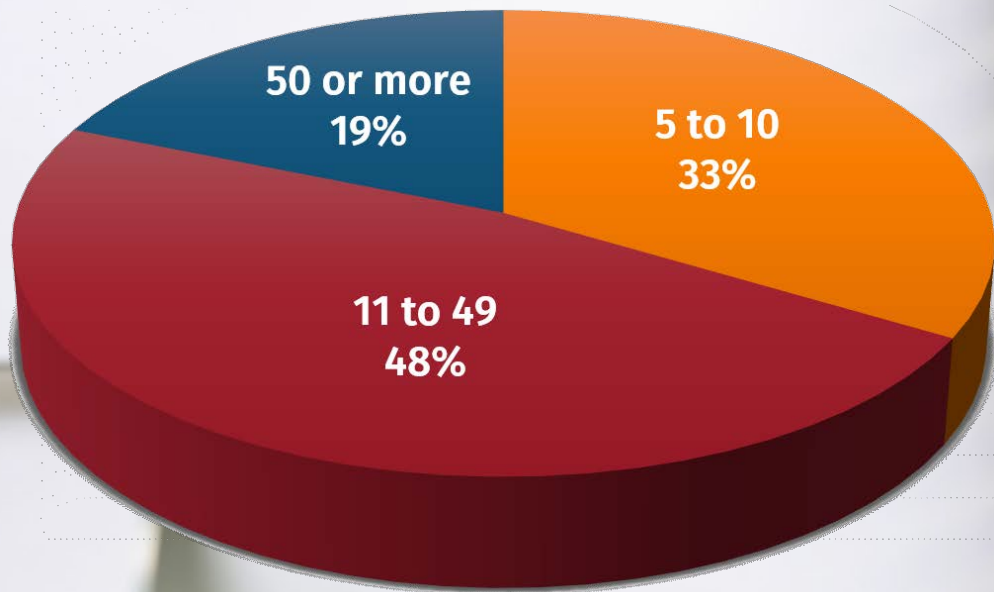
2021 State of the St. Louis Workforce Employer Survey

NAICS	Category Description	Businesses Surveyed	Percent
NAICS 23	Construction	39	7.6%
NAICS 31-33	Manufacturing	32	6.2%
NAICS 42	Wholesale trade	20	3.9%
NAICS 44-45	Retail trade	75	14.5%
NAICS 48-49	Transportation and warehousing	12	2.3%
NAICS 51	Information	12	2.3%
NAICS 52	Finance and insurance	30	5.8%
NAICS 53	Real estate and rental and leasing	16	3.1%
NAICS 54	Professional and technical services	36	7.0%
NAICS 56	Administrative and waste services	13	2.5%
NAICS 61	Educational services	8	1.6%
NAICS 62	Health care and social assistance	103	20.0%
NAICS 71	Arts, entertainment, and recreation	13	2.5%
NAICS 72	Accommodation and food services	54	10.5%
NAICS 81	Other services	46	8.9%
	Other small sectors and Unclassified*	7	1.3%
Total		516	100.0%

(*) Other small sectors with Less than 1% of STL MSA Establishments:
 NAICS 11 Agriculture, forestry, fishing and hunting
 NAICS 21 Mining, quarrying, and oil and gas extraction
 NAICS 22 Utilities
 NAICS 55 Management of companies and enterprises

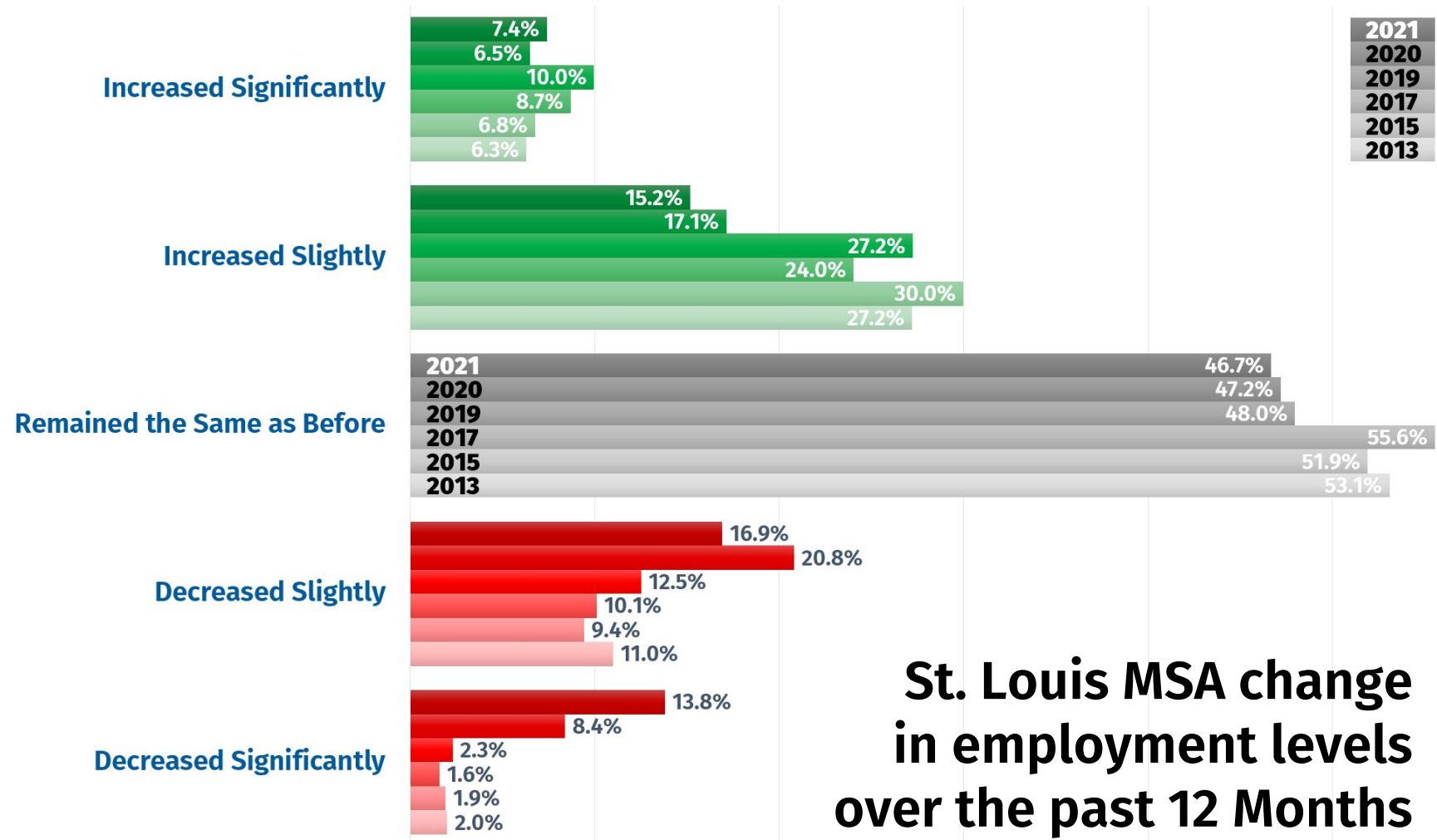


Employment Size of Firms Surveyed



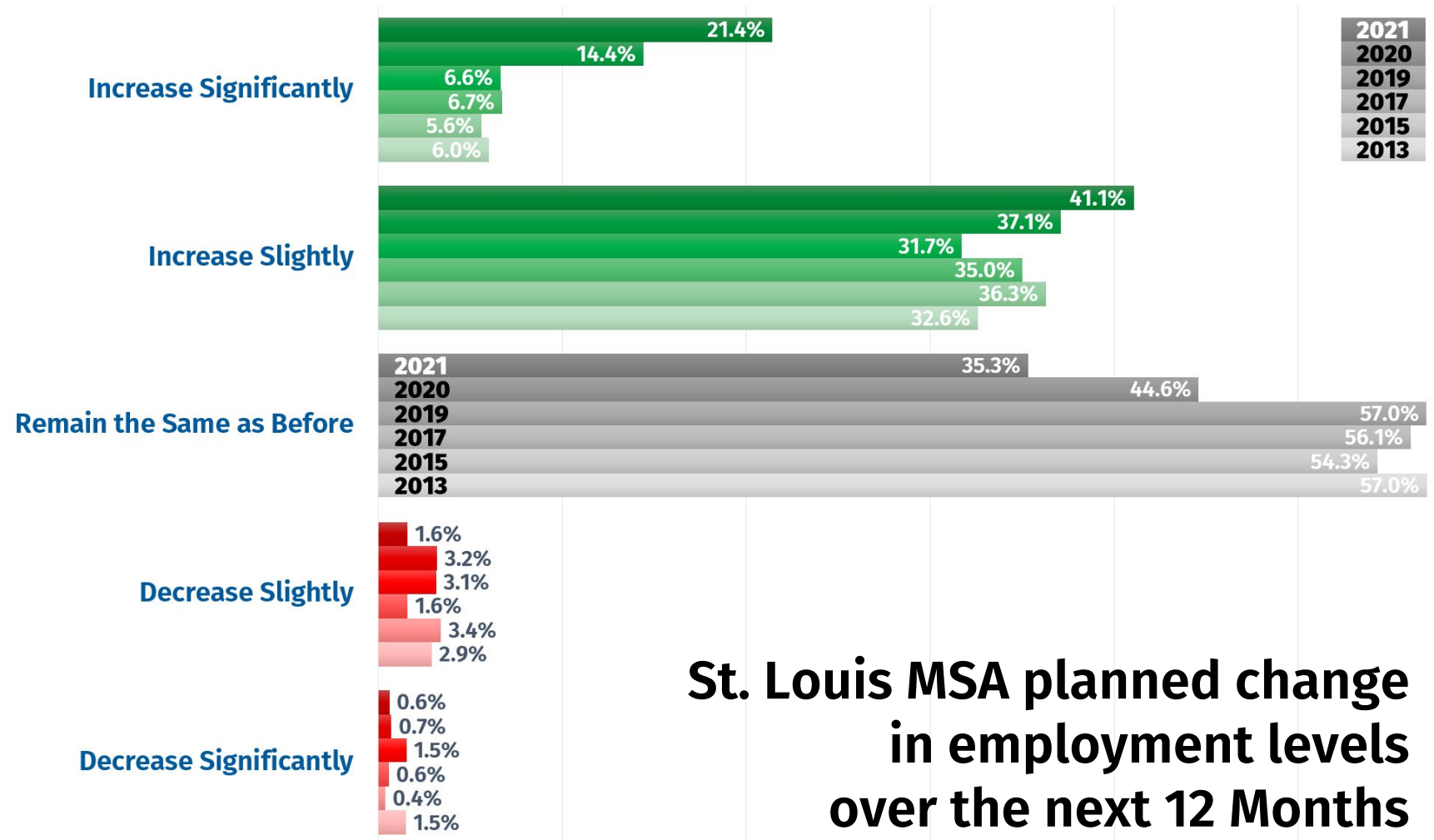
31% of companies cut employees in last 12 months

But 23% continued to hire



St. Louis MSA change in employment levels over the past 12 Months

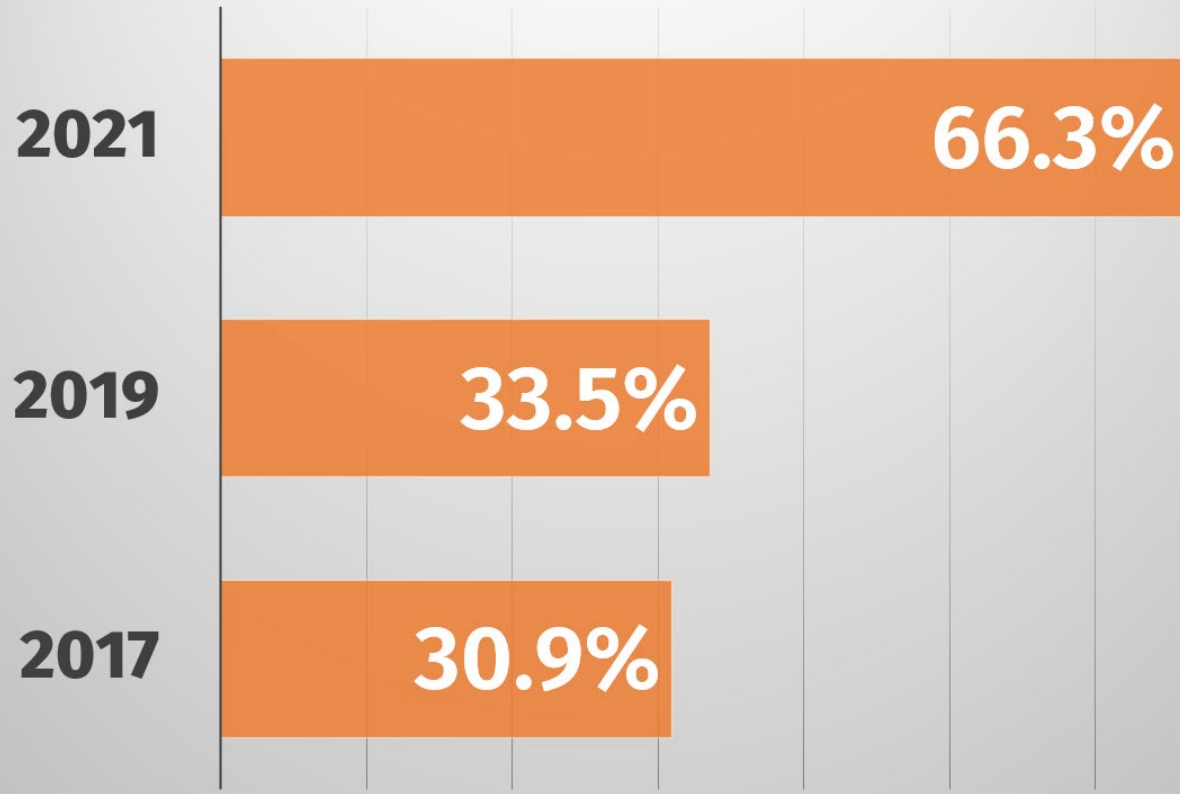
**63% plan to hire
in the next
12 months**



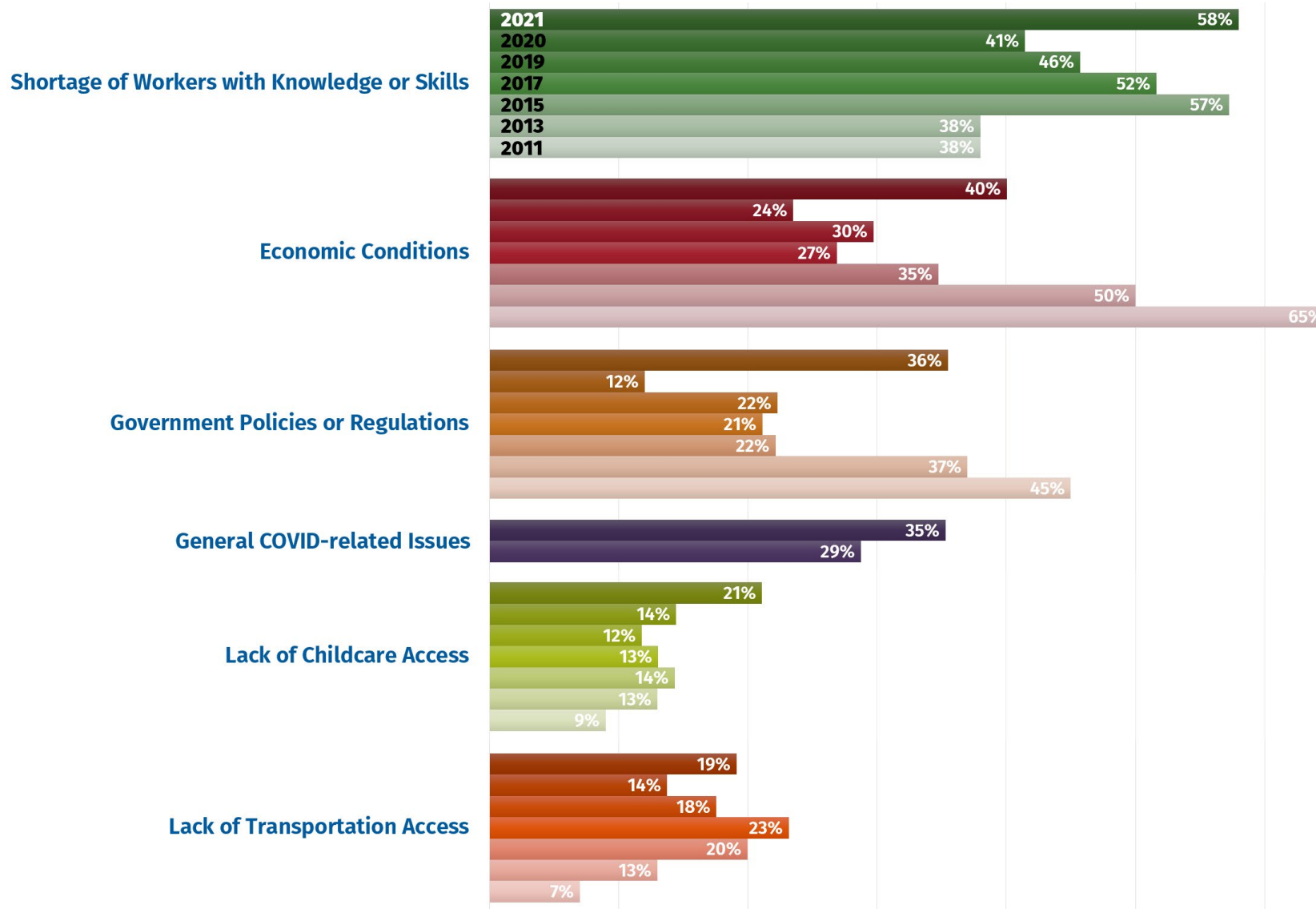
**St. Louis MSA planned change
in employment levels
over the next 12 Months**

Shortage of applicants

Businesses Experiencing a Shortage of Skilled Applicants

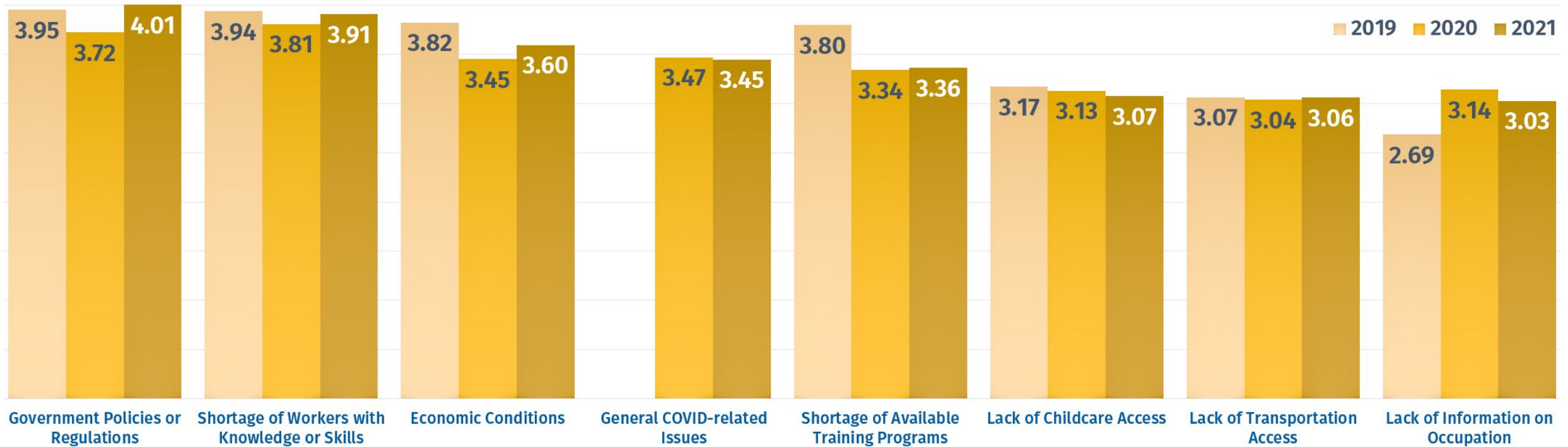


Barriers to growth



Shortage of workers with knowledge or skills still #1

Barriers to Expanding Employment (Importance by Year)





80%
Hire New
Full-time
Employees



65%
Hire New
Part-time
Employees



14%
Use a
Temporary
Agency



13%
Hire
Contract
Workers

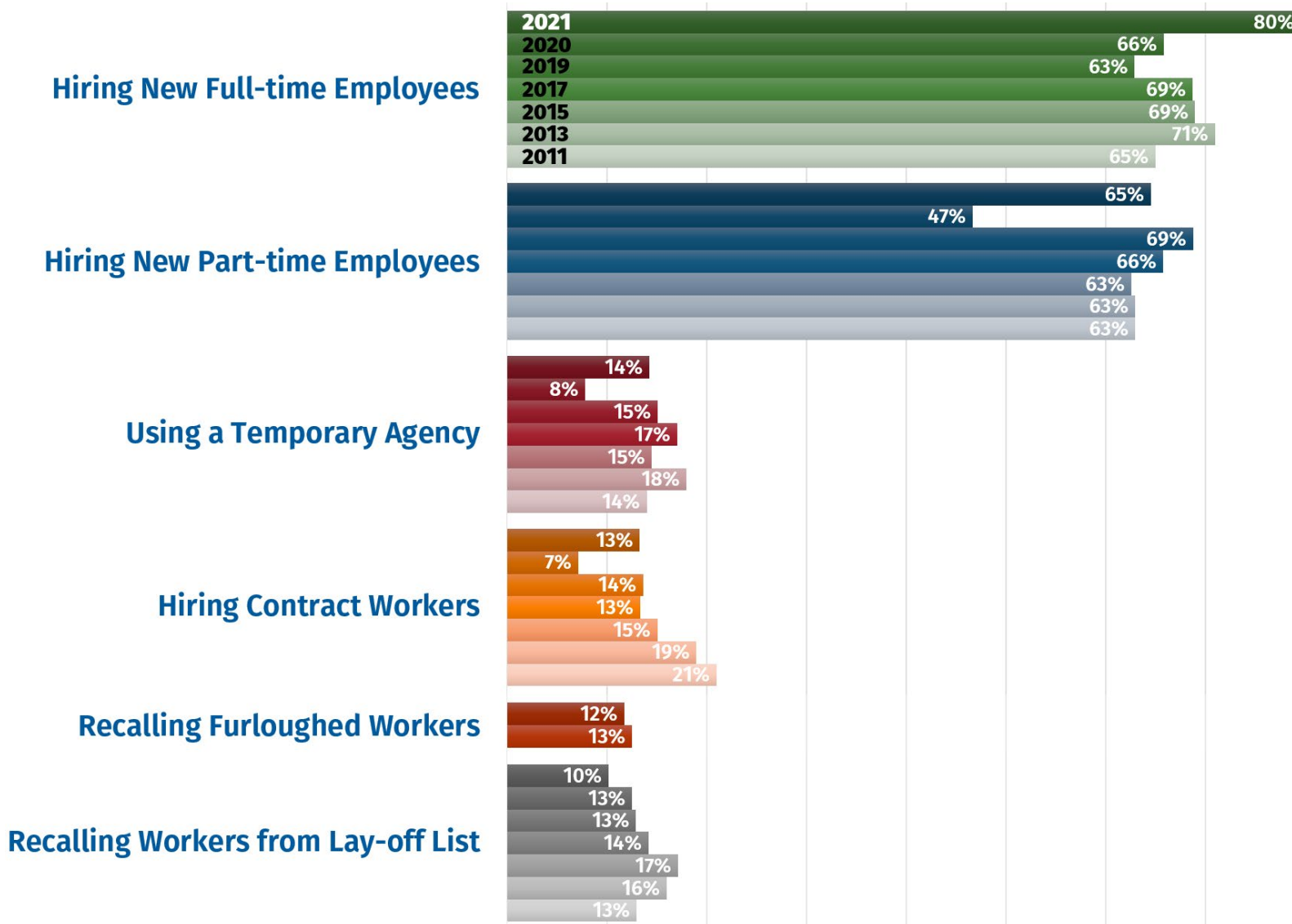


12%
Recall
Furloughed
Workers



10%
Recall Workers
from a
Lay-off List

Adding workers



80% plan to hire new full-time employees

Measures taken to address skill shortages

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82%
Hire Less
Experienced
and Train



66%
Offer
Increased
Wages



52%
Hire from
Outside
St. Louis



16%
Hire
Contractors



14%
Invest in
Automation



4%
Hire from
Outside the
United States

Measures taken to address skill shortages

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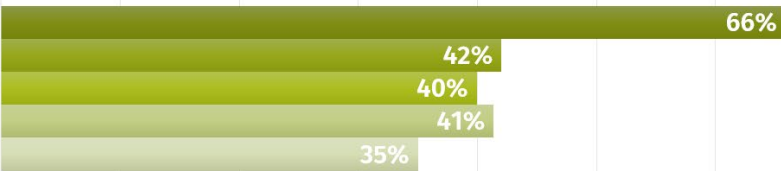
82% of companies forced to hire less experienced workers and train

66% are offering increased wages

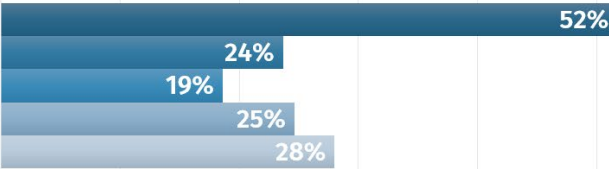
Forced to hire less experienced and train



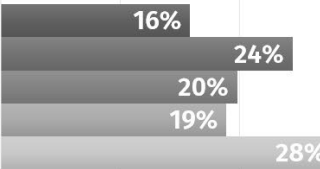
Offering increased wages



Hiring from outside the local area or city



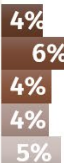
Hiring contractors



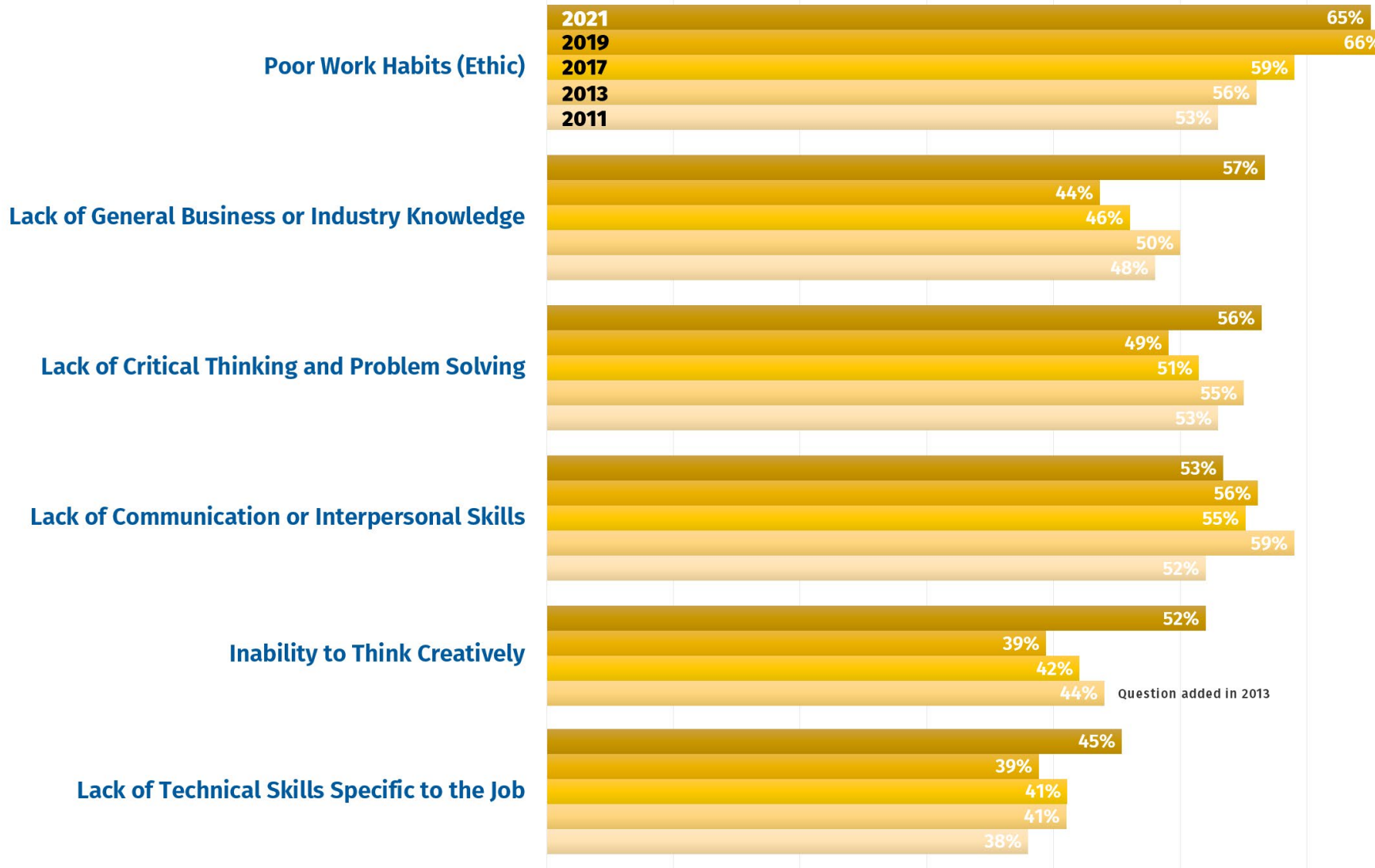
Invest in automation instead of hiring



Hiring from outside the United States

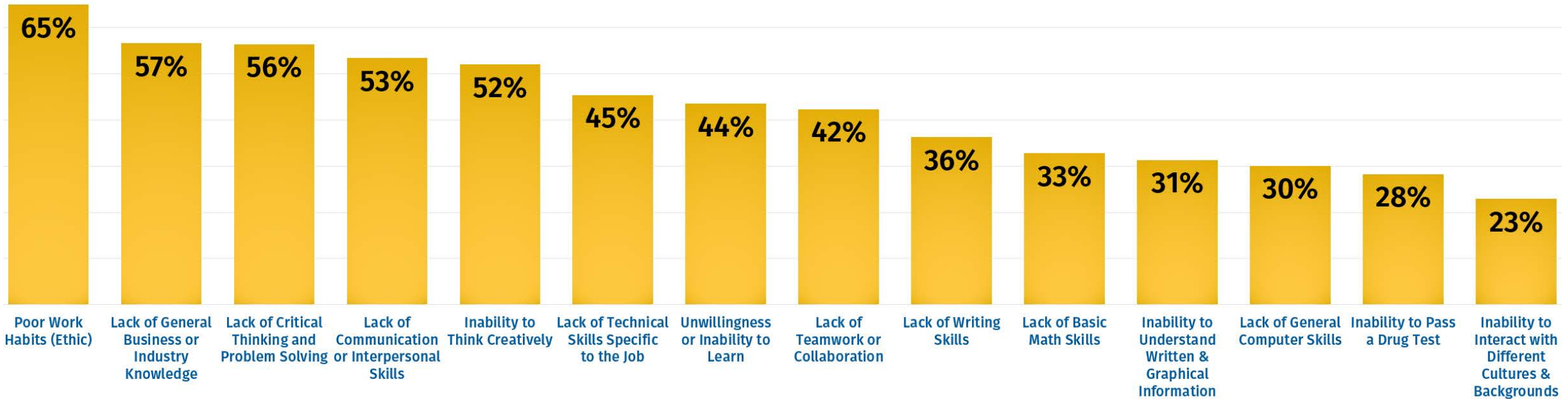


Shortcomings seen in job applicants

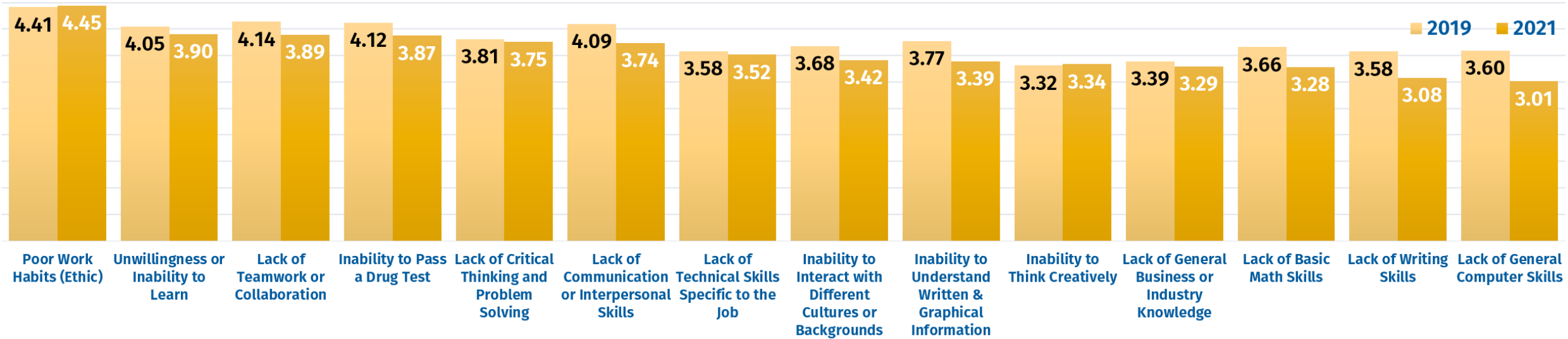


**Poor work habits
still #1**

Shortcomings Seen in Job Applicants in the Past 12 Months



Shortcomings Seen in Job Applicants (Importance by Year)



High-skill

requiring a four-year degree or higher

Middle-skill

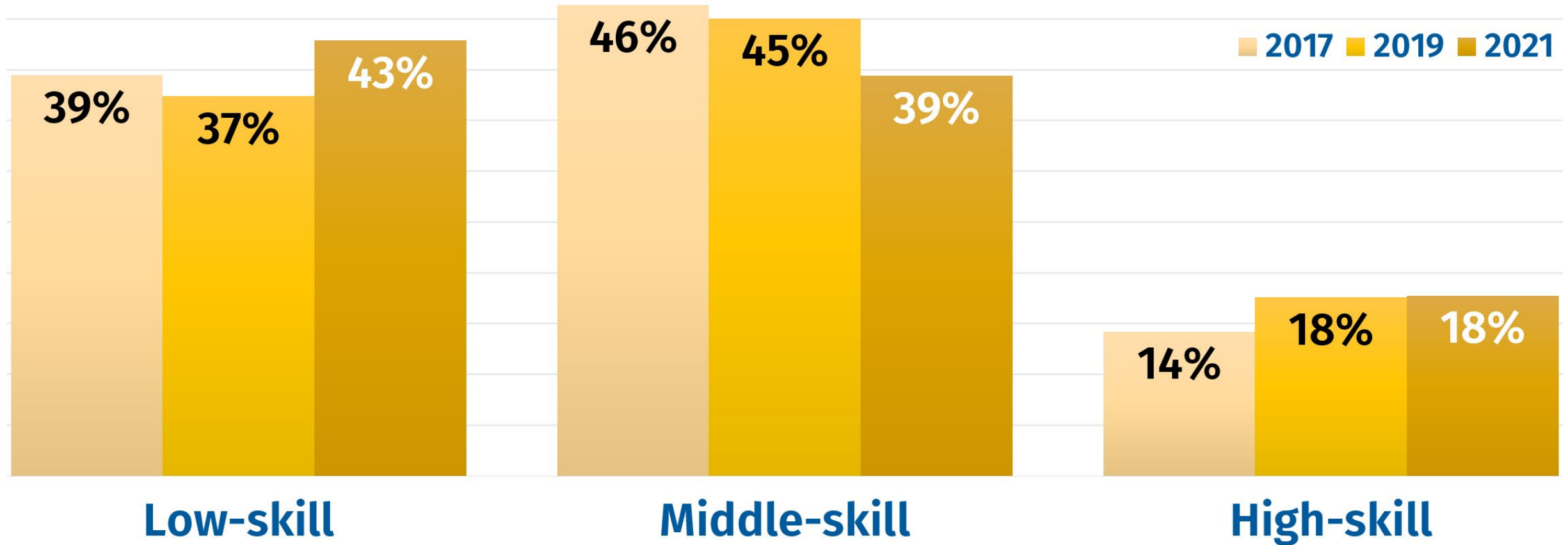
requiring training or education beyond a high school diploma but less than a four-year degree

Low-skill

requiring a high school diploma or less

Moderate/Long-Term Training to Associate Degree	Online Job Ads
29-1141 Registered Nurses	21,599
53-3032 Heavy and Tractor-Trailer Truck Drivers	10,373
41-4012 Sales Representatives, Wholesale and Manufacturing	9,653
41-1011 First-Line Supervisors of Retail Sales Workers	6,513
49-9071 Maintenance and Repair Workers, General	4,677
31-1014 Nursing Assistants	4,279
11-9051 Food Service Managers	3,689
43-6014 Secretaries and Administrative Assistants	3,511
31-9092 Medical Assistants	3,308
29-2061 Licensed Practical and Licensed Vocational Nurses	3,270
51-9199 Production Workers, All Other	2,947

Average Skill Level Required to Meet Skill Shortages



Top Basic Skills

- Communication Skills
- Teamwork / Collaboration
- Physical Abilities
- Organizational Skills
- Detail-oriented
- Problem Solving
- Microsoft Excel
- Planning
- Microsoft Office
- Computer Literacy

Top Specialized Skills

- Customer Service
- Scheduling
- Sales
- Cleaning
- Patient Care
- Customer Contact
- Budgeting
- Repair
- Retail Industry Knowledge
- Data Entry

Top Certificates

- Driver's License
- Registered Nurse
- Commercial Driver's License
- First Aid CPR AED
- Security Clearance
- Basic Life Saving
- Advanced Cardiac Life Support
- Licensed Practical Nurse
- Basic Cardiac Life Support
- American Heart Association

Top Software Skills

- SQL
- Software Development
- Java
- Python
- Oracle
- SAP
- Software Engineering
- JavaScript
- Linux
- Salesforce

Methods for new or increased skill acquisition

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94%

On-the-job
Training



65%

Flexible
Schedule for
Continuing
Education



56%

In-house
Classroom
Training



42%

Online
Courses



34%

Vendor
Training



30%

Tuition
Reimbursement



21%

Apprenticeship
Programs



20%

Vocational
Training



18%

Community
College
Customized
Training

Methods for new or increased skill acquisition

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On-the-job Training



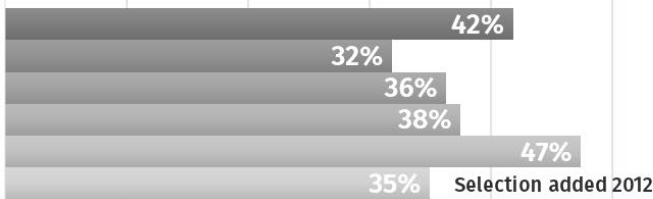
Flexible Schedule for Continuing Education



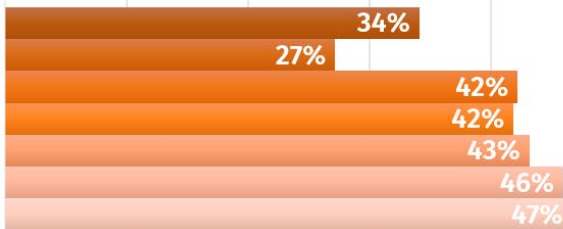
In-house Classroom Training



Online Courses



Vendor Training



On-the-job training remains #1

Skill shortages by business functional areas

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74%
Skilled
Trades



67%
Patient
Care



55%
Manufacturing
Maintenance



45%
Customer
Service



27%
Business
Management

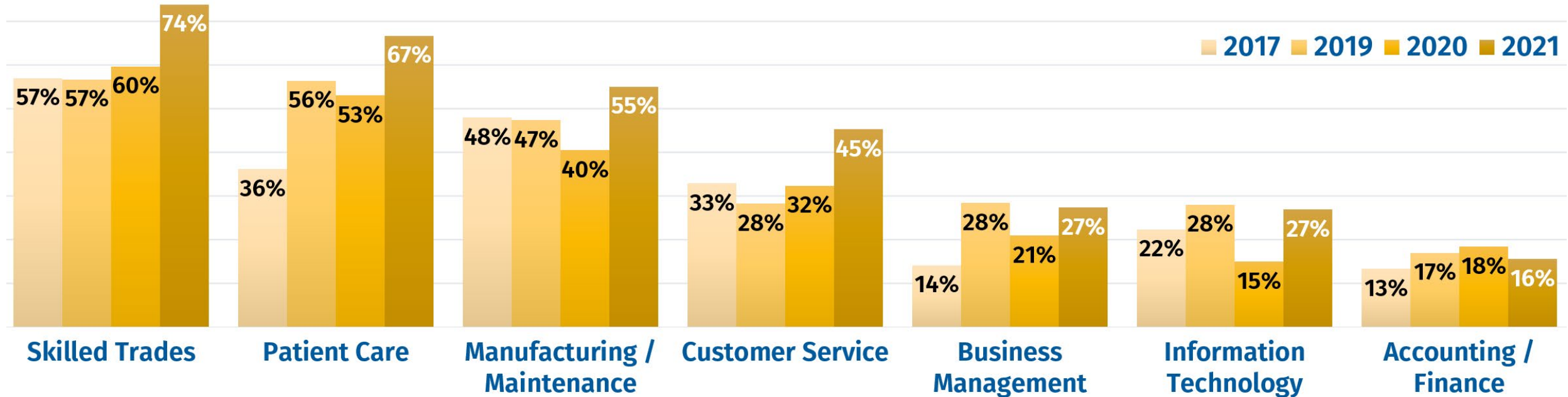


27%
Information
Technology

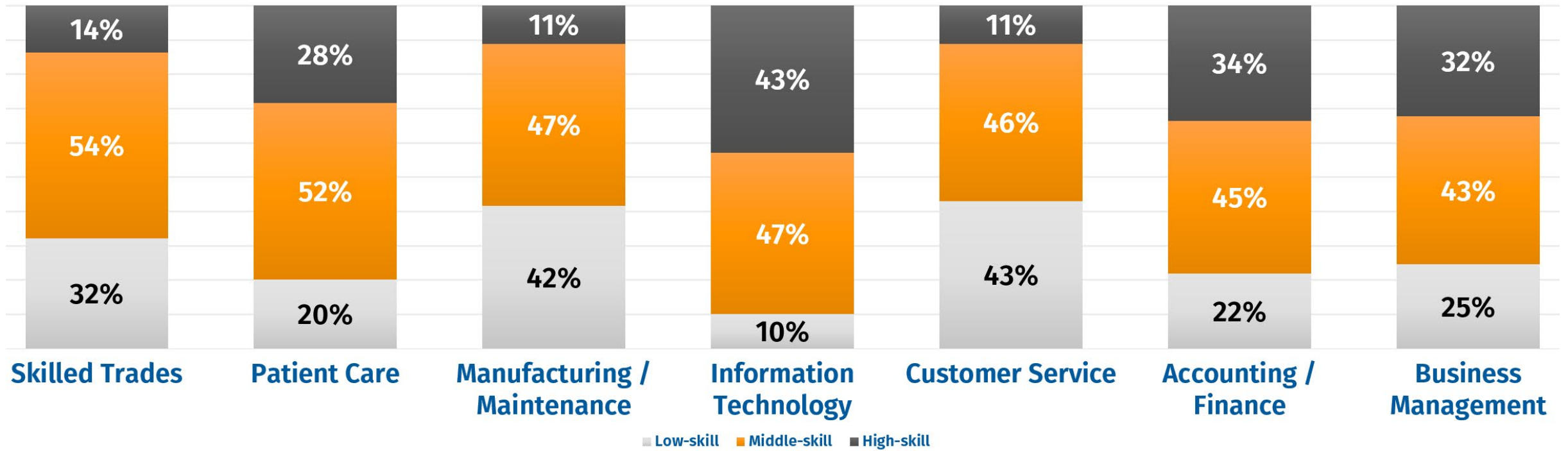


16%
Accounting
Finance

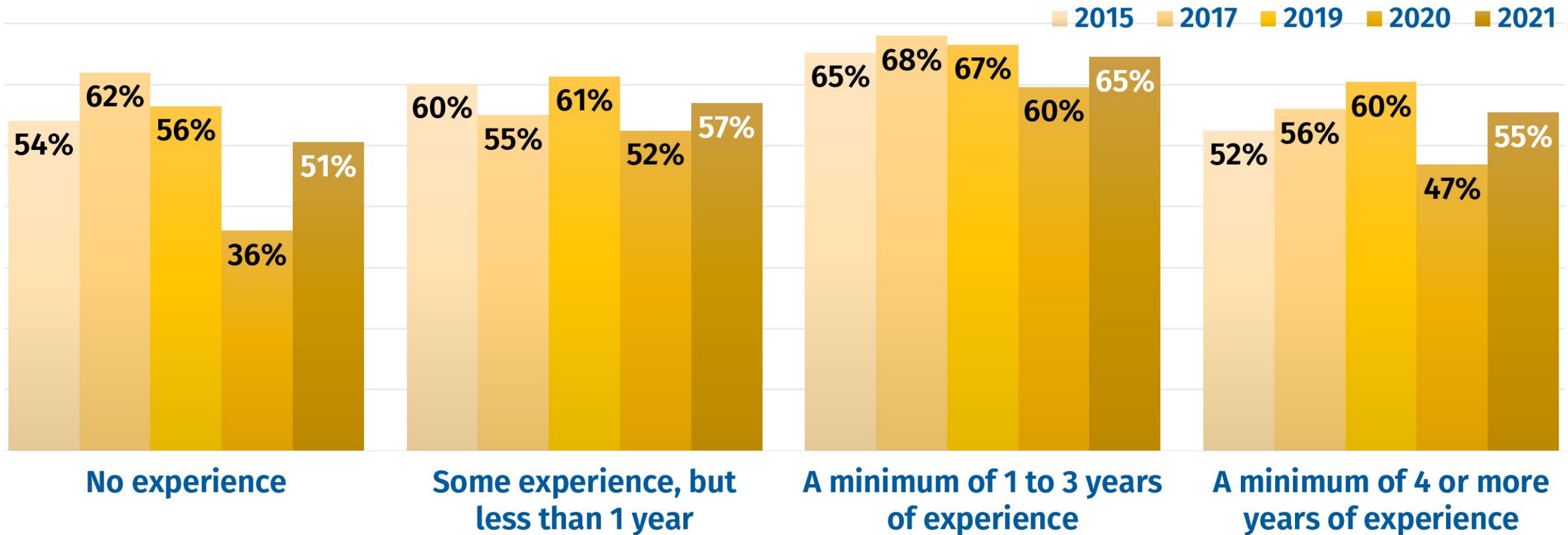
Firms Reporting Applicant Shortages in Functional Areas



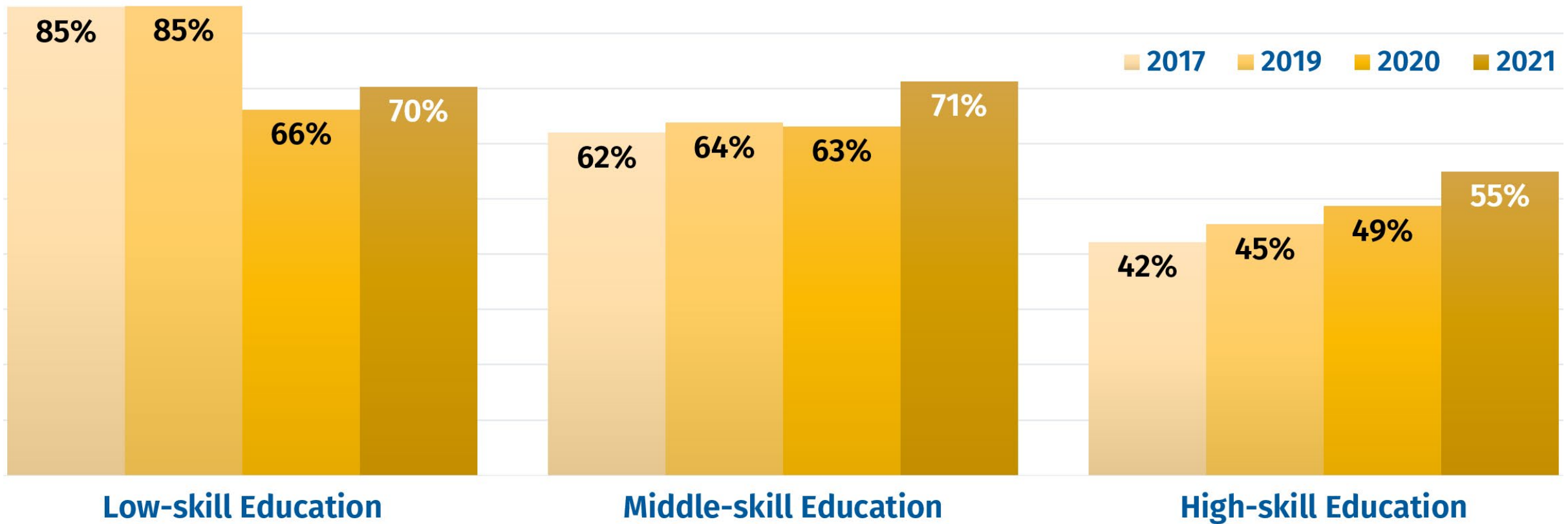
Applicant Skill Levels Sought



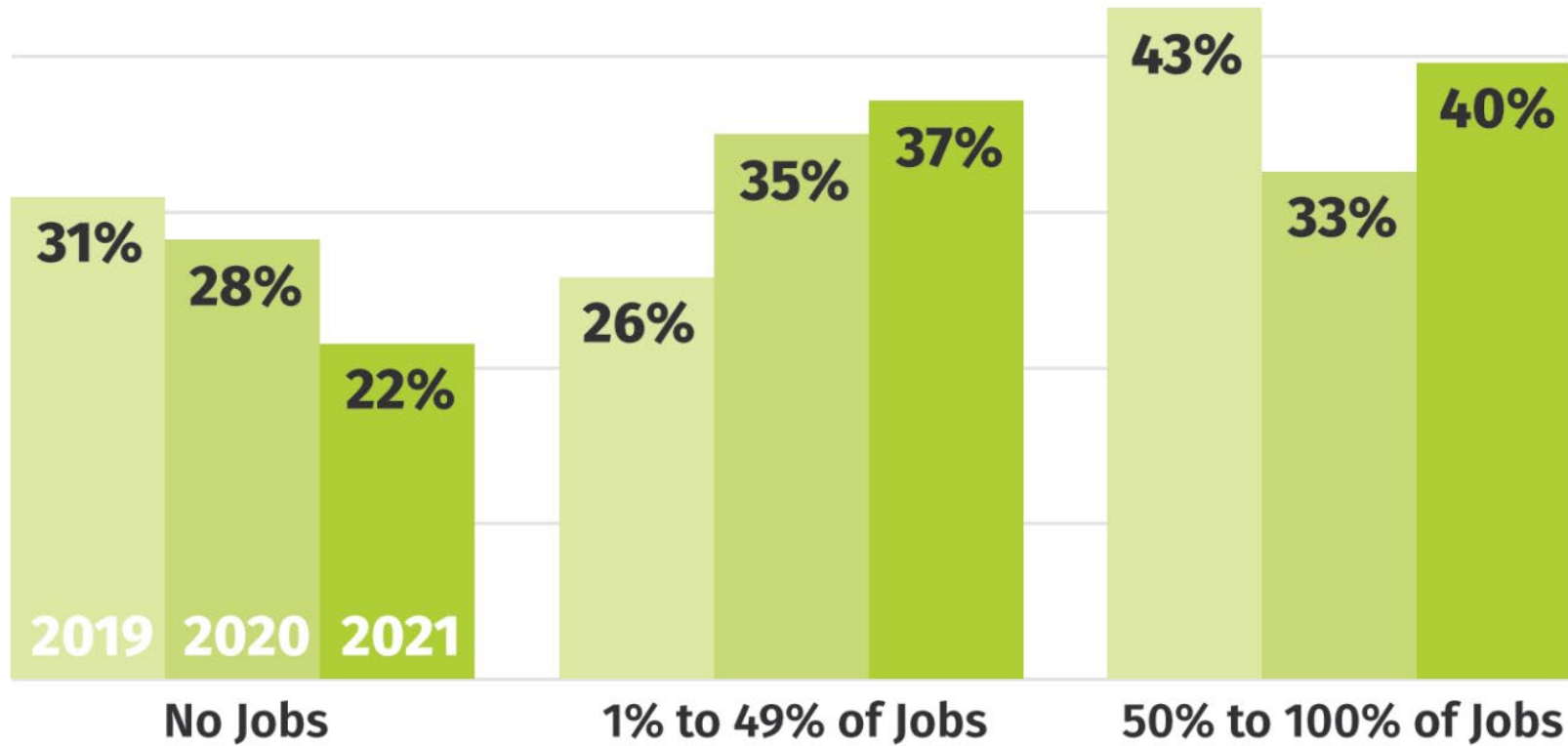
Employers with Jobs at Specified Experience Levels



Employers with Jobs at Specified Education Levels



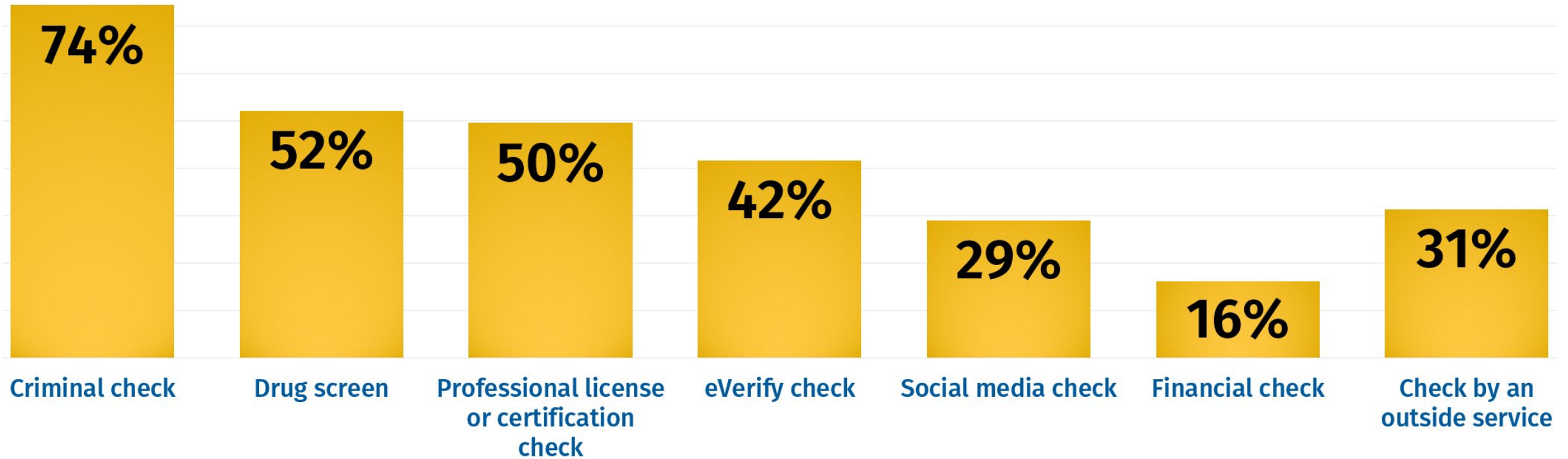
Jobs Available with Short-Term Training



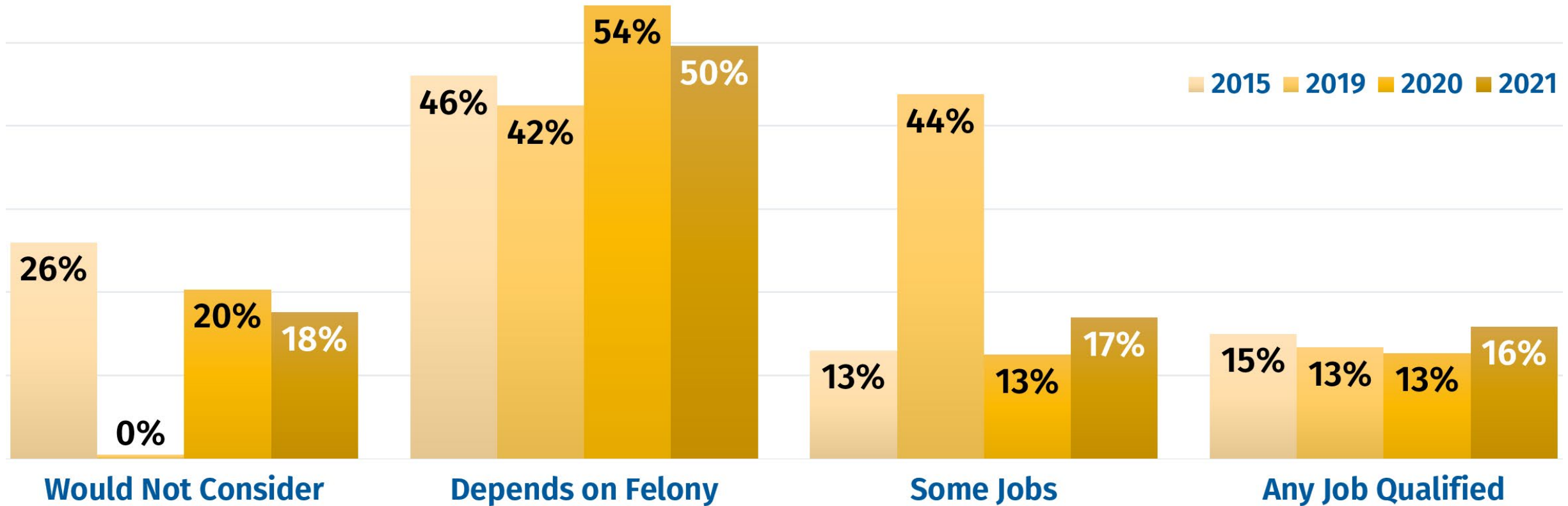
78%

have jobs available
with short-term
training

Companies Requiring Pre-employment Screening Checks



Employer Positions for Justice-involved Individuals



Workforce initiatives being considered for next year

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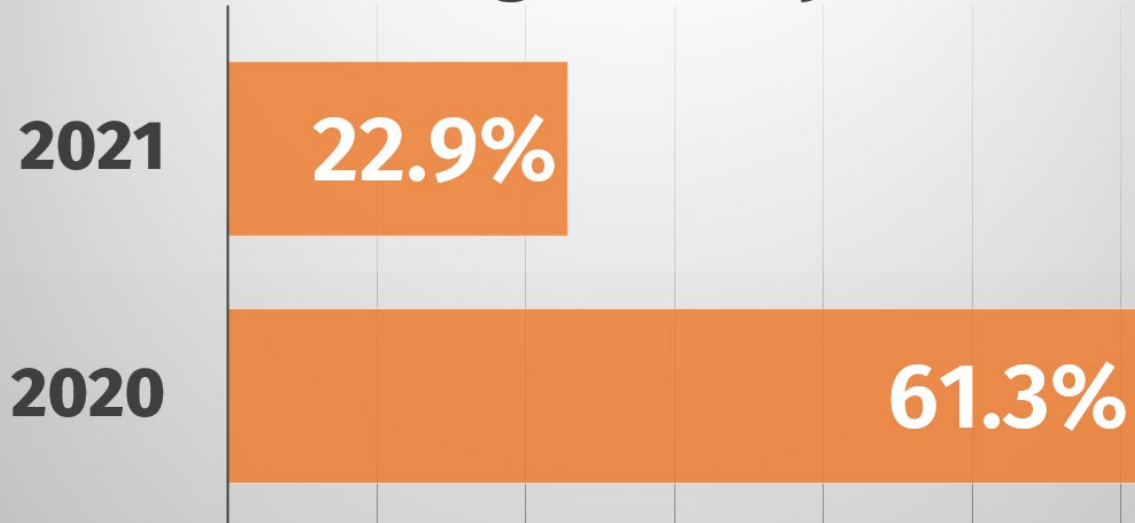
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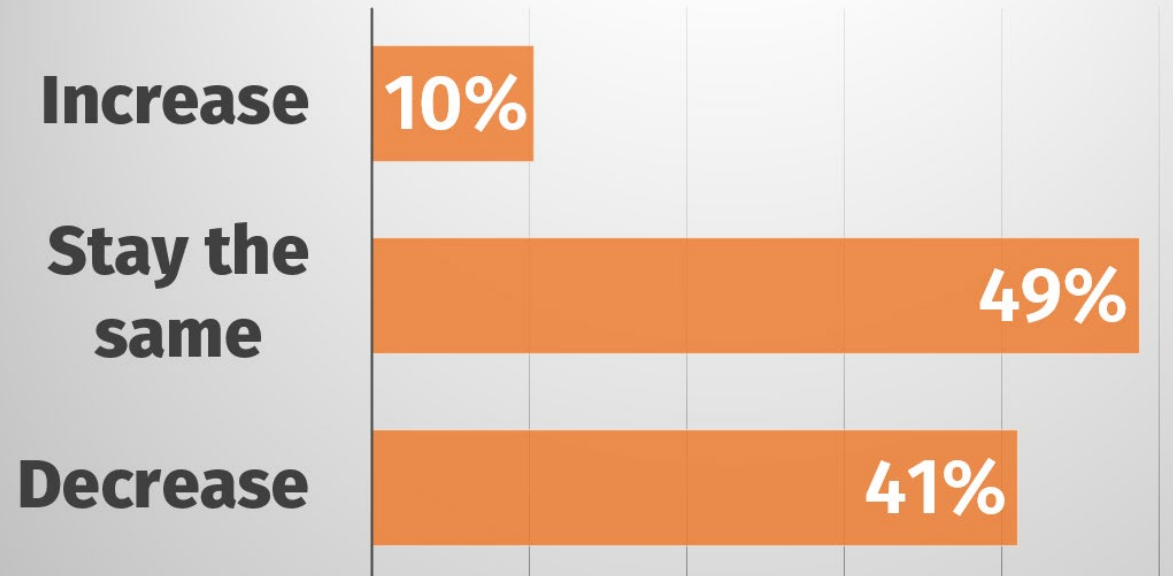
All increased
from 2020
except remote
working

Remote work

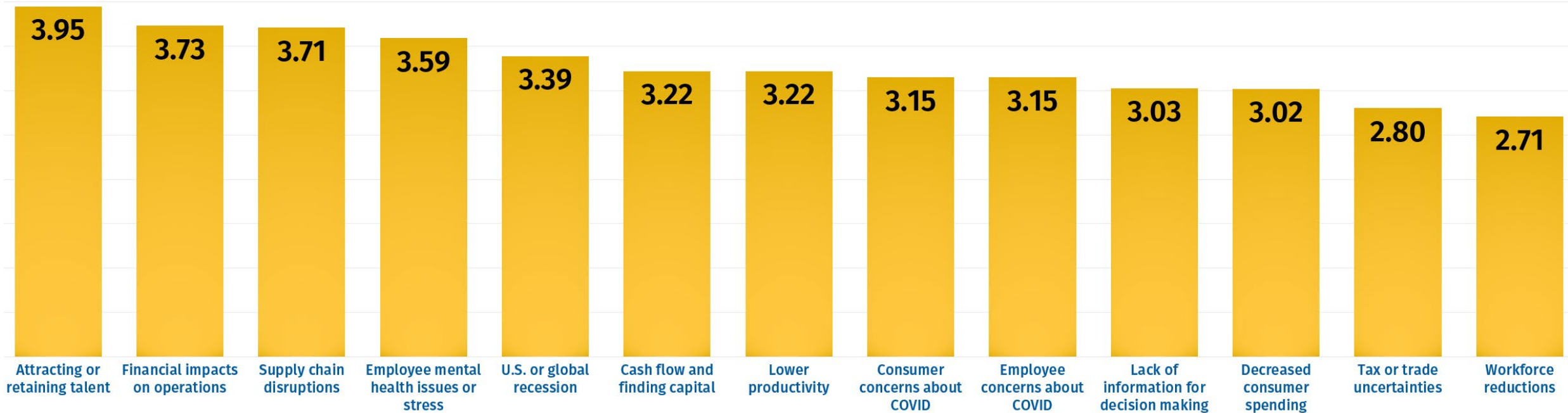
Do you currently have employees working remotely?



Expected Change in Number of Remote Workers over the Next 12 Months



Employer's Top Concerns for the Future



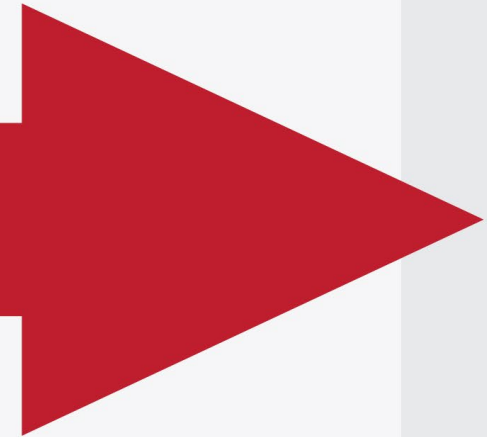
63% of employers
are looking to hire.

Middle-skill jobs are
the most in demand.

Employers are hiring
for jobs that require
short-term training.

Equitable

recovery.
opportunity.
growth.



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