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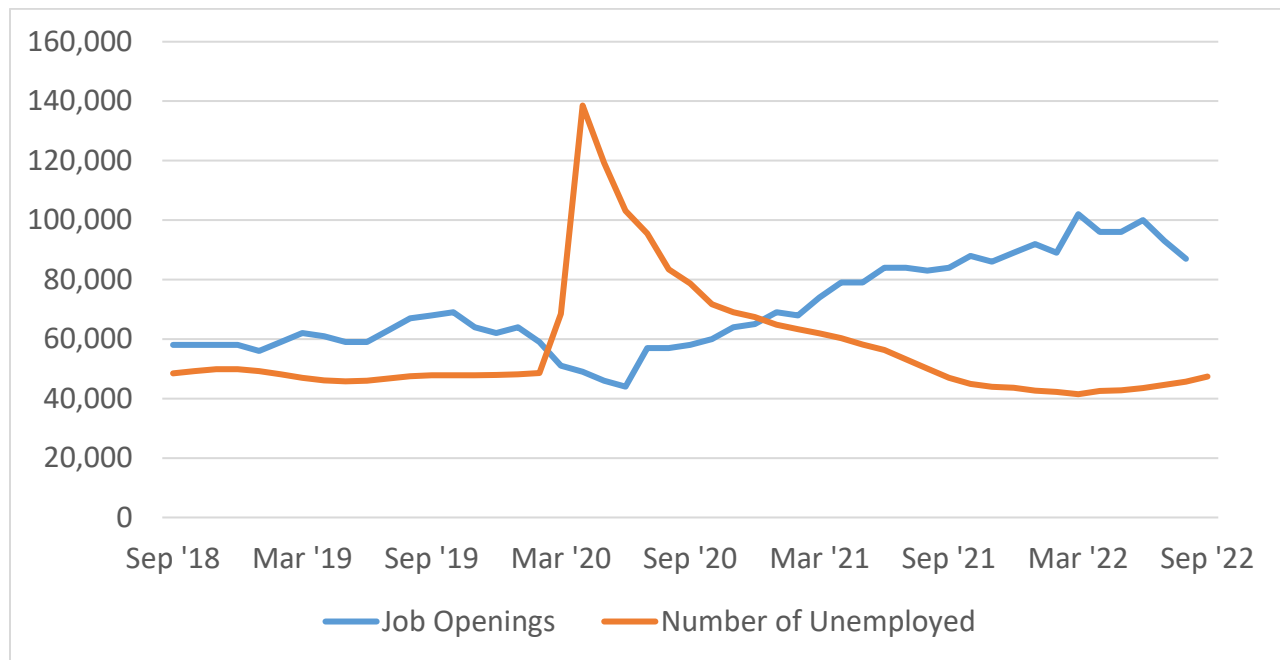
Explaining Arkansas' Labor Shortage ADWS, Labor Market Information November 2022

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Labor Shortage in the Workforce

The Bureau of Labor Statistics produces a data series called Job Openings and Labor Turnover Survey (JOLTS). JOLTS data tracks job openings at the statewide level.

State of Arkansas
 Job Openings vs Number of Unemployed
 September 2018 – September 2022



- In 2018 and early 2019, there were roughly 10,000 more job openings each month than unemployed persons looking for work
- By late 2019, that number had doubled to 20,000
- The number of job openings and unemployed persons converged in December 2020
- Since then, the number of job openings has outpaced the number of unemployed by 2:1, with roughly 40,000 – 60,000 more job openings than unemployed

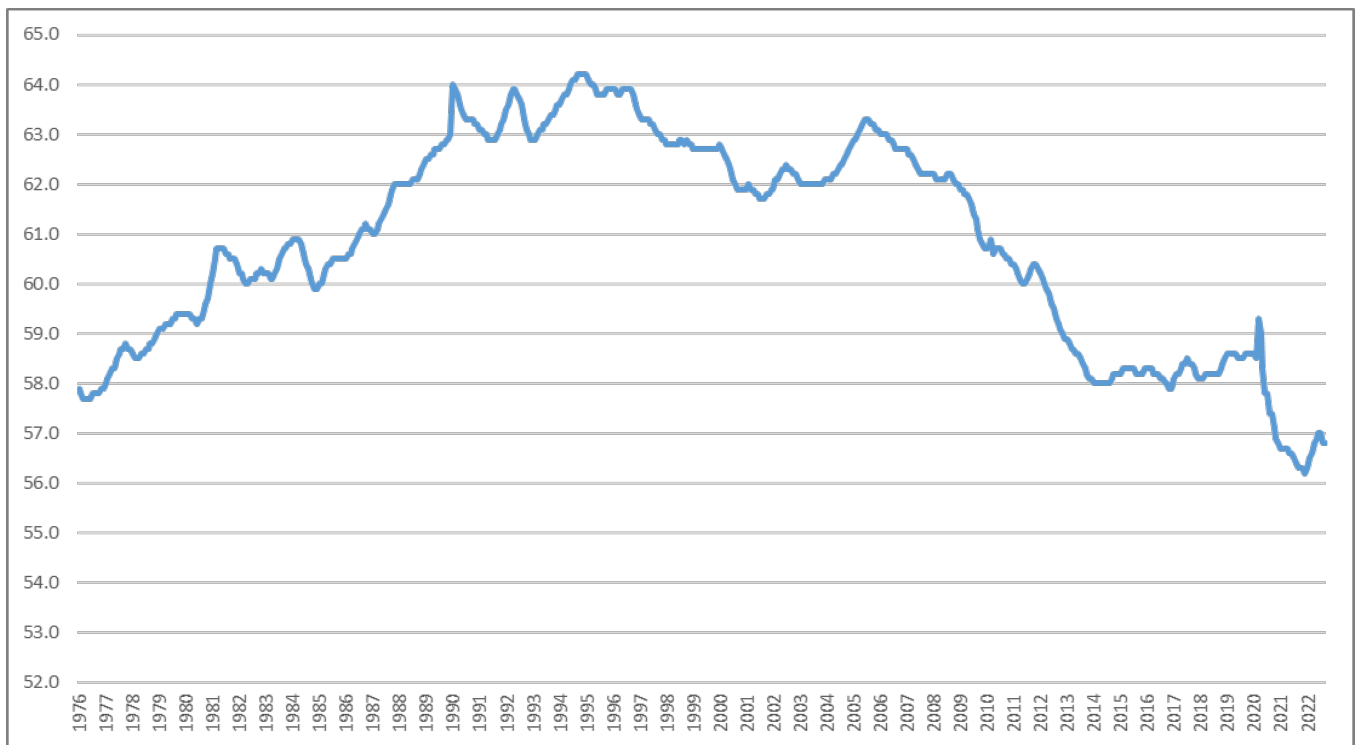
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Labor Force Participation Rates

The Labor Force Participation Rate (LFPR) is the percentage of the civilian non-institutionalized population (aged 16+) that is either working or actively looking for work.

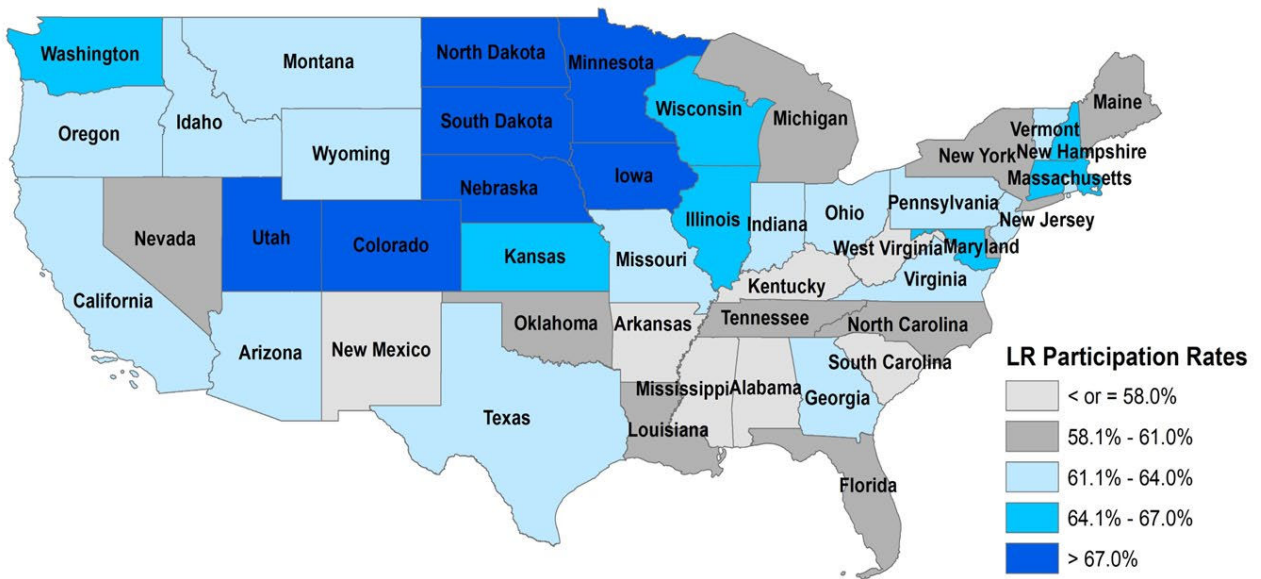
- Arkansas' LFPRs peaked in the mid-1990s, reaching 64.2% in 1994
- Similar levels occurred in 2005 (63.3%) but have steadily declined since then
- Record low levels were seen in December 2021 (56.2%) but have slightly increased to 56.8% in August and September 2022

Arkansas' Labor Force Participation Rates (Seasonally Adjusted)
January 1976 – September 2022



- In September 2022, Arkansas had the 3rd lowest LFPR in the country behind NM, MS, and WV
- All border states (except Mississippi) have higher LFPRs than Arkansas

Labor Force Participation Rates by State (Seasonally Adjusted)
September 2022



- Researchers from various fields and governmental agencies have conducted studies on declining LFPRs and have isolated 6 possible causes*
 - Aging Population
 - Arkansas has a higher percentage of people over aged 60 than US average
 - Decline of Men in the Labor Force
 - LFPR levels for working aged men has declined sharply
 - Trends in Young Workers and Educational Attainment
 - Arkansas has lower than average levels of both HS and College graduates
 - Increase in the Number of Disabled
 - In 2021, 476,600 Arkansans (aged 16+) report having a disability
 - Of those, 73.4% or 349,800 report not participating in the Labor Force due to the disability
 - High Incarceration Rates
 - Arkansas has a higher-than-average rate of incarcerated adults
 - 27,700 Arkansans were incarcerated in 2019
 - Addiction and Drug Abuse
 - In 2018, roughly 93.5 opioid prescriptions were written per 100 people
 - Arkansas has nearly twice the national average of opioid prescriptions

*More Detail available in the Labor Force Participation Rate PowerPoint Presentation

State of Arkansas
Civilian Labor Force Estimates (Seasonally Adjusted)
September: 2018 - 2022

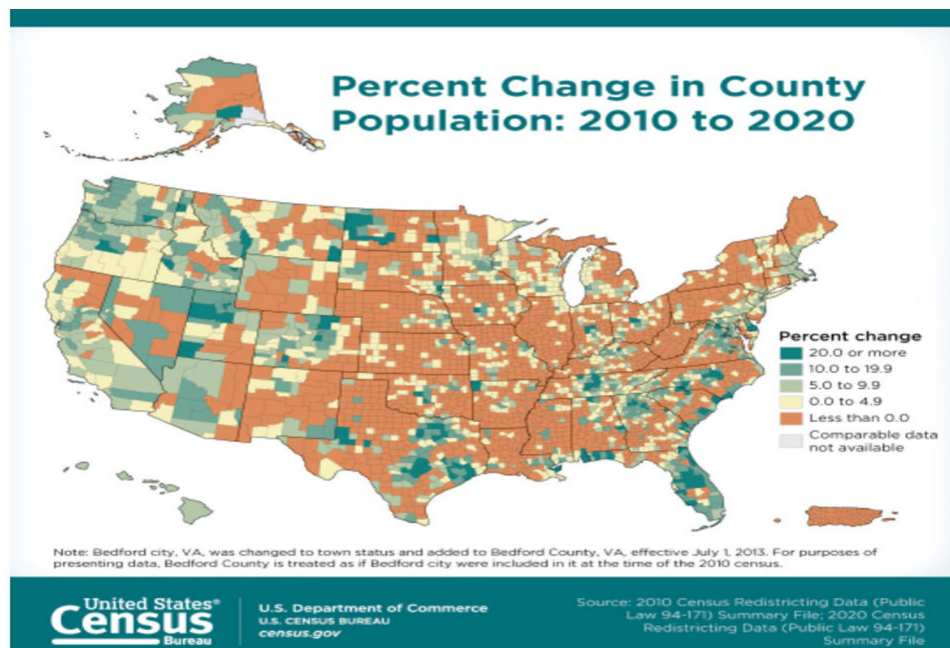
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Civilian Labor Force	1,352,197	1,366,734	1,345,464	1,330,685	1,353,637
Employment	1,303,757	1,318,945	1,266,785	1,283,697	1,306,209
Unemployment	48,440	47,789	78,679	46,988	47,428
Unemployment Rate	3.6	3.5	5.8	3.5	3.5
LFP Rate	58.2	58.6	57.4	56.3	56.8

- Arkansas' Civilian Labor Force in September 2022 is almost identical to the Civilian Labor Force in September 2018 with one exception
 - The LFPR has declined from 58.2% to 56.8% in the last 5 years
 - There are roughly 42,800 fewer working aged (16-54) Arkansans out of the Labor Force because they 'Do Not Want a Job'

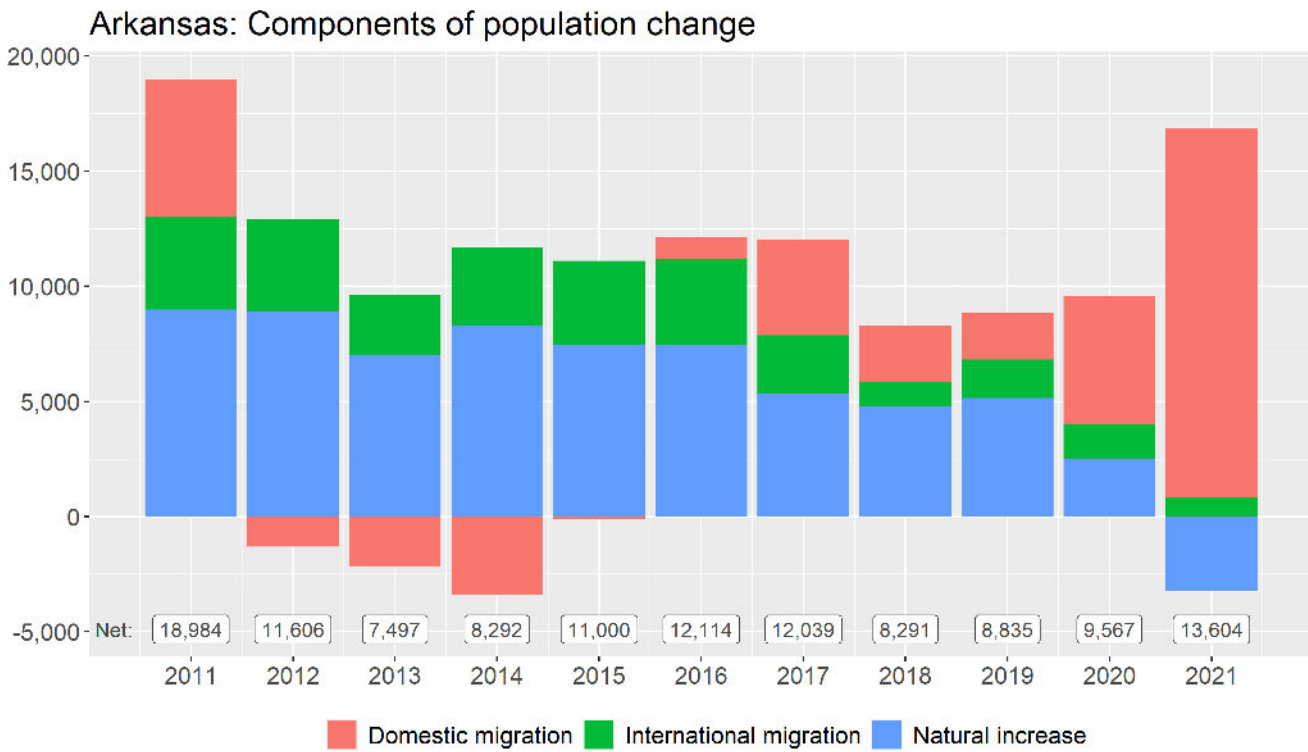
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Population/Demographic Shifts

- How is the Labor Force the same while the LFPR is declining and fewer working aged Arkansans are in the Labor Force?
- Recent research is focusing on the population and demographic shifts occurring across the country
- The US Population grew 0.1% in 2021, the slowest rate of growth since the establishment of the Census Bureau
 - Except for the Northwest corner of the State, most counties in Arkansas experienced a population stagnation or decline between 2010 and 2020

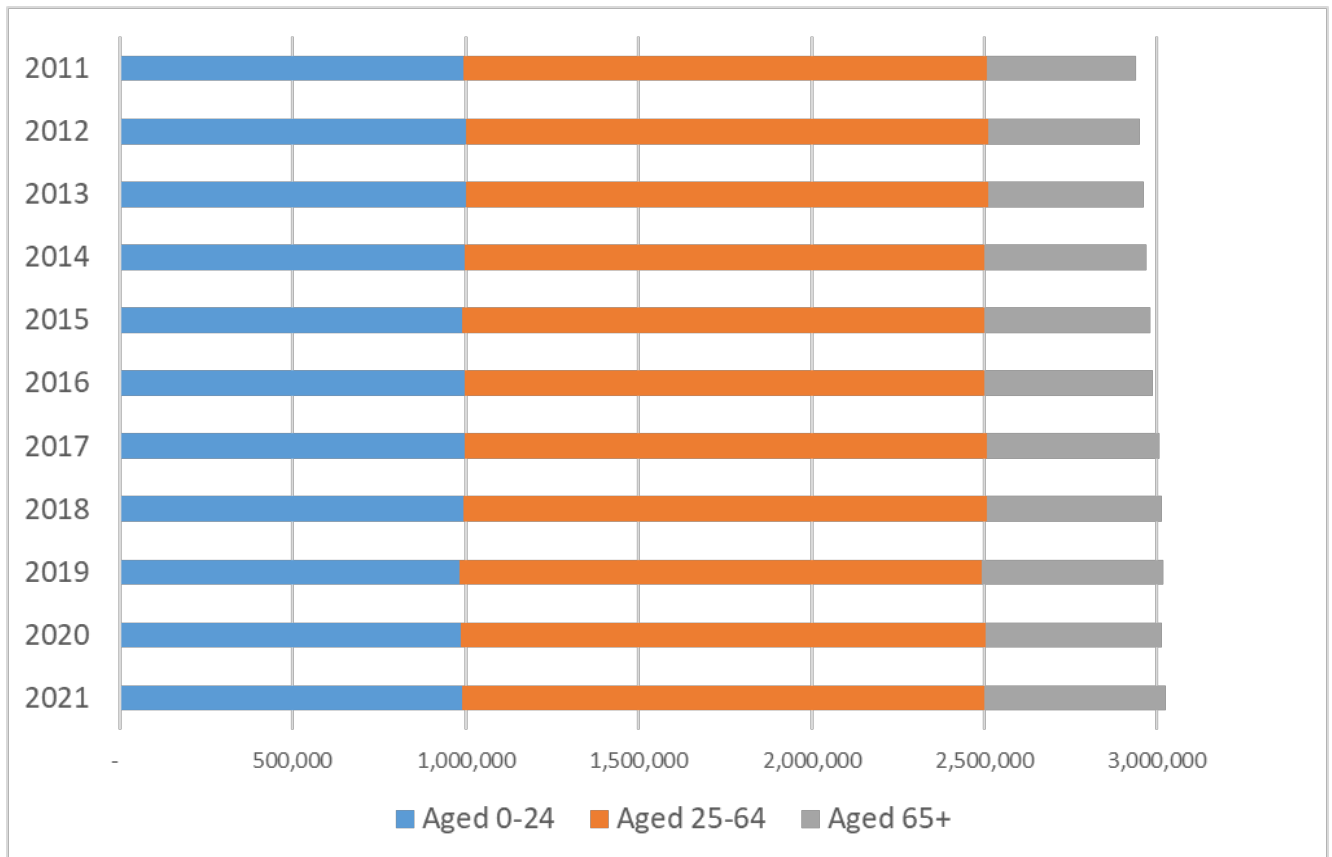


- While Arkansas' total population continues to trend upward, the reason for our population increase has changed in the last decade.
 - In 2011, Arkansas' population increased by 18,984
 - Roughly 8,000 was due to more births than death (natural increase)
 - Roughly 4,000 was due to international migration into the State
 - Roughly 6,000 was due to domestic migration (moving to AR from other States)
 - Between 2012-2015, the trend changed as the population increased at a slower rate
 - Birth/Death ratios were relatively stable
 - International migration into the state began to decline
 - People started to leave Arkansas to move to other States
 - Between 2016-2020, Arkansas' population increase slowed even more
 - Birth/Death ratios changed as fewer births occurred each year
 - International migration declined even more
 - More people began to move to Arkansas from other states
 - In 2021, the trend shifted again
 - Deaths outpaced births for the first time by 2,500
 - International migration fell to the lowest levels in a decade
 - The vast majority of Arkansas population growth in 2021 was attributed to domestic migration of people moving to Arkansas from other states



- In 2021, the largest percentage of domestic migration was in the 18-24 age group, indicating that much of the migration is due to people moving to Arkansas to attend college
- In addition to components of change, there have also been demographic population changes in the last decade
 - Between 2011 and 2021, Arkansas' total population increased 87,912
 - Between 2011 and 2021, Arkansas population aged 0-24 declined 4,909
 - Between 2011 and 2021, Arkansas' population aged 25-64 declined 3,387
 - Between 2011 and 2021, Arkansas' population aged 65+ increased 96,208

State of Arkansas
 Total Population by Age Cohort
 Census Population Data: 2011- 2021



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Skills Gap in the Workforce

While there are currently twice as many job openings than unemployed Arkansans looking for work, there is also a disconnect between the types of jobs available and the skills/education possessed by those looking for work. This is known as the 'Skills Gap'. The data below shows the disconnect between job openings and the number of people skilled for those jobs, based on required education level for the jobs.

State of Arkansas
Gap Between Workers and Demand (2021-2023)
No Formal Education

<u>Standard Occupational Classification</u>	<u>Worker Shortage</u>
Fast Food and Counter Workers	-7,768
Laborers and Freight, Stock, and Material Movers, Hand	-6,254
Cashiers	-5,372
Waiters and Waitresses	-3,475
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	-3,121
Industrial Truck and Tractor Operators	-2,693
Cleaners of Vehicles and Equipment	-1,782
Packers and Packagers, Hand	-1,610
Cooks, Restaurant	-1,470
Maids and Housekeeping Cleaners	-1,263
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	-1,204
Meat, Poultry, and Fish Cutters and Trimmers	-1,122
Farmworkers, Farm, Ranch, and Aquacultural Animals	-1,050
Food Preparation Workers	-950
Cooks, Institution and Cafeteria	-863
Landscaping and Groundskeeping Workers	-825
Passenger Vehicle Drivers, Except Bus Drivers, Transit and Intercity	-776
Construction Laborers	-751
Refuse and Recyclable Material Collectors	-680
Counter and Rental Clerks	-585
Dishwashers	-503
Cooks, Fast Food	-498
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	-451
Machine Feeders and Offbearers	-428
Dining Room and Cafeteria Attendants and Bartender Helpers	-352
Bartenders	-330
Food Processing Workers, All Other	-316

State of Arkansas
 Gap Between Workers and Demand (2021-2023)
 High School Diploma/Equivalency

<u>Standard Occupational Classification</u>	<u>Worker Shortage</u>
Farmers, Ranchers, and Other Agricultural Managers	-3,974
Stockers and Order Fillers	-3,791
Office Clerks, General	-2,592
Helpers--Production Workers	-1,477
Insurance Sales Agents	-1,392
First-Line Supervisors of Food Preparation and Serving Workers	-1,320
Light Truck or Delivery Services Drivers	-902
Receptionists and Information Clerks	-796
Healthcare Support Workers, All Other	-778
Security Guards	-759
Inspectors, Testers, Sorters, Samplers, and Weighers	-709
Sales Representatives of Services, Except Advertising, Insurance, Financia..	-669
Electricians	-604
Childcare Workers	-599
First-Line Supervisors of Production and Operating Workers	-593
Insurance Claims and Policy Processing Clerks	-572
Shipping, Receiving, and Traffic Clerks	-540
Packaging and Filling Machine Operators and Tenders	-496
Production Workers, All Other	-405
Nonfarm Animal Caretakers	-376
Operating Engineers and Other Construction Equipment Operators	-369
Industrial Machinery Mechanics	-353
Highway Maintenance Workers	-340
Production, Planning, and Expediting Clerks	-317
Carpenters	-316

State of Arkansas
 Gap Between Workers and Demand (2021-2023)
 Some College, No Degree

<u>Standard Occupational Classification</u>	<u>Worker Shortage</u>
Bookkeeping, Accounting, and Auditing Clerks	-711

State of Arkansas
 Gap Between Workers and Demand (2021-2023)
 Post-Secondary Training/Certificate

<u>Standard Occupational Classification</u>	<u>Worker Shortage</u>
Heavy and Tractor-Trailer Truck Drivers	-4,528
Health Information Technologists, Surgical Assistants	-524

State of Arkansas
 Gap Between Workers and Demand (2021-2023)
 Bachelor's Degree

<u>Standard Occupational Classification</u>	<u>Worker Shortage</u>
Clergy	-886
Substitute Teachers, Short Term	-602
Education, Training, and Library Workers, All Other	-349
Training and Development Specialists	-311

- Short Term (2021-2023) Projections on Skills-Gaps indicates that there will be a greater shortage of workers for jobs that require little to no educational training
- These jobs tend to be filled by younger workers, which Arkansas has a lower number of compared to 10 years ago
- This is a trend that is expected to continue