



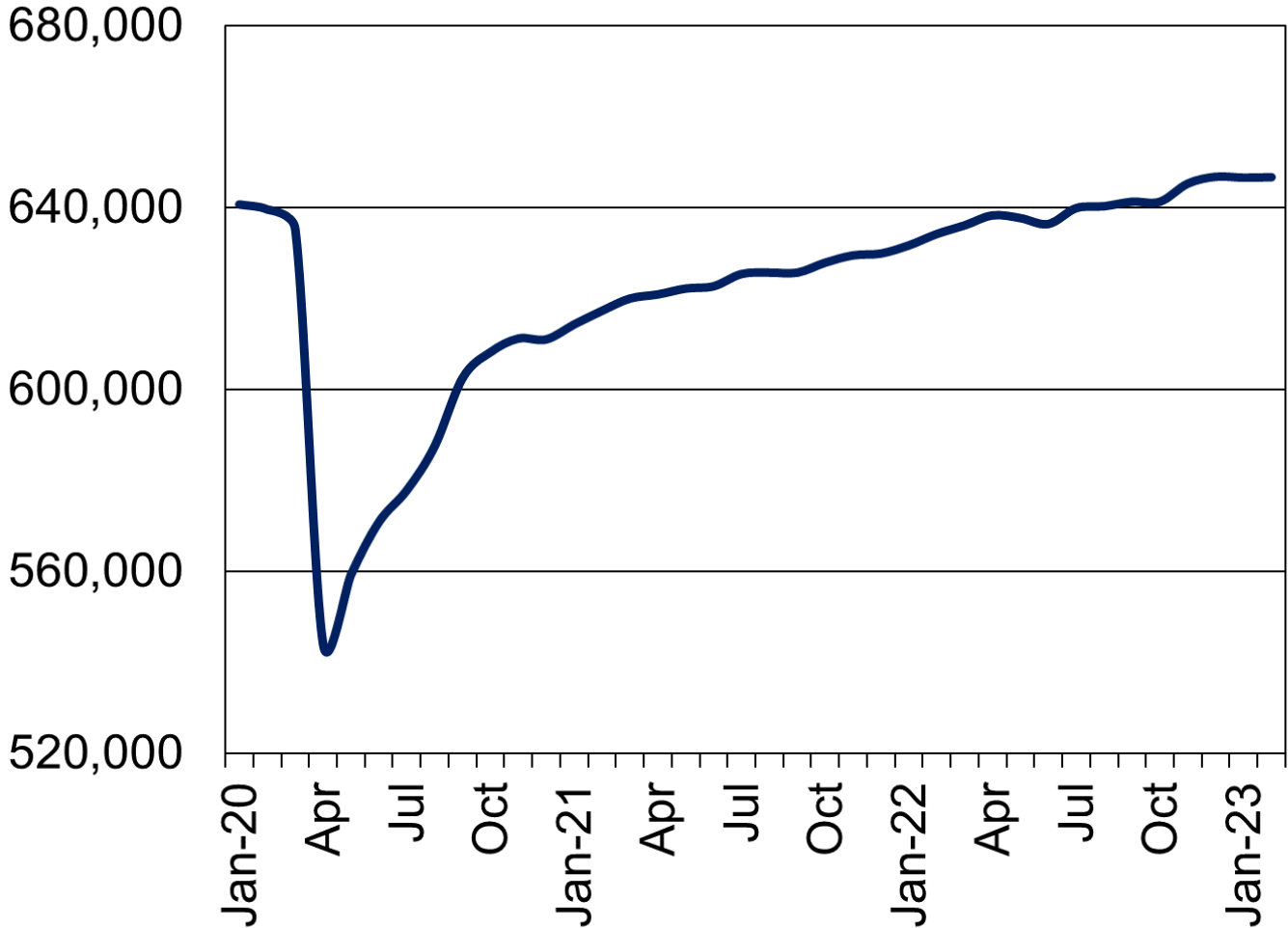
Presentation to the Consensus Economic Forecasting Commission

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**Center for Workforce Research and
Information**
March 31, 2023

Jobs reached all time highs at the end of 2022

Nonfarm Wage and Salary Jobs
(Seasonally Adjusted)

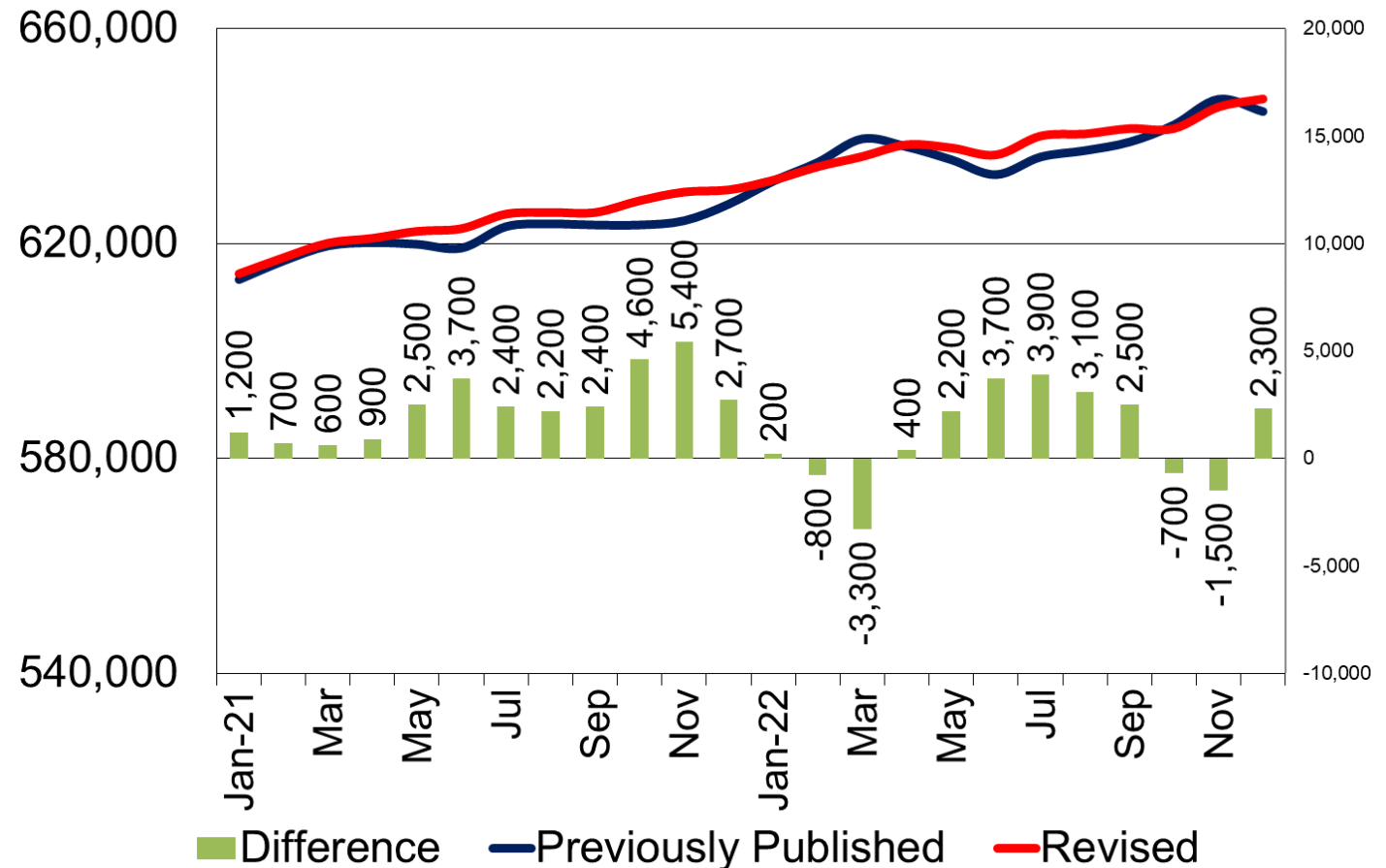
- Nonfarm wage and salary jobs reached the pre-recession level in the summer of 2022
- Job growth continued through the end of 2022 with jobs reaching new record highs
- Over the last three months (through February), jobs are little changed



Benchmarked jobs data show more consistent job growth, jobs were somewhat higher

Nonfarm Wage and Salary Jobs
(Seasonally Adjusted, 2021-2022)

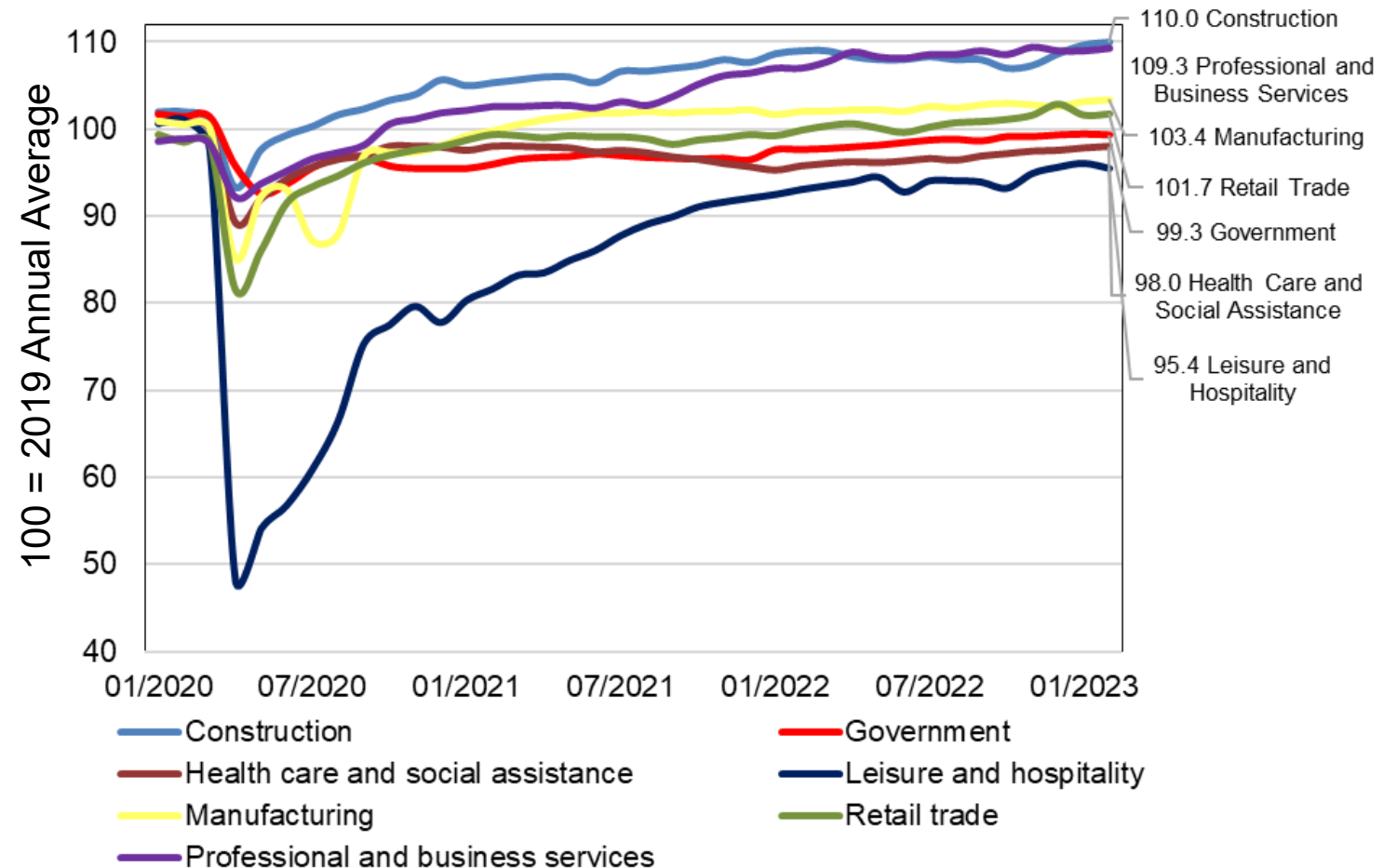
- [2023 workforce data revisions](#) show that employer payrolls grew more steadily in 2022 than preliminary estimates indicated
- Generally, revisions to the preliminary jobs data were upward
- There was an average of 2,700 more jobs in 2021 and 600 more in 2022 than previously published figures indicated



The recovery has lifted all sectors above or near 2019 job level

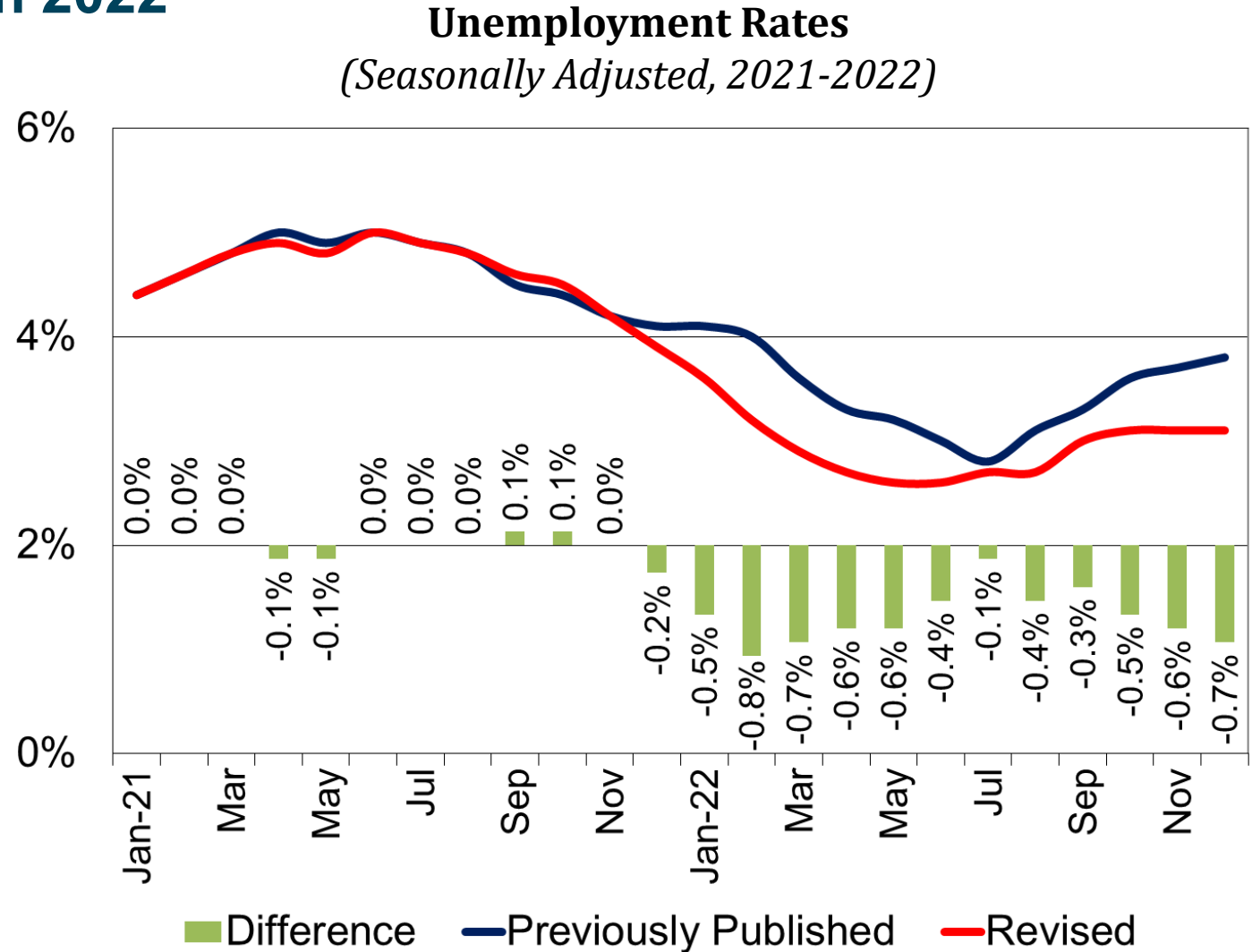
- Staffing levels continued to grow well beyond 2019 levels in construction, professional and business services, manufacturing and retail trade
- The hardest hit sectors of leisure and hospitality, health care and social assistance and government have recovered, at or near 2019 levels
- Jobs in leisure and hospitality are 4.6 percent lower

Job Index by Sector
(2020-2023, Seasonally Adjusted)



Unemployment rates fluctuated less and were revised substantially lower in 2022

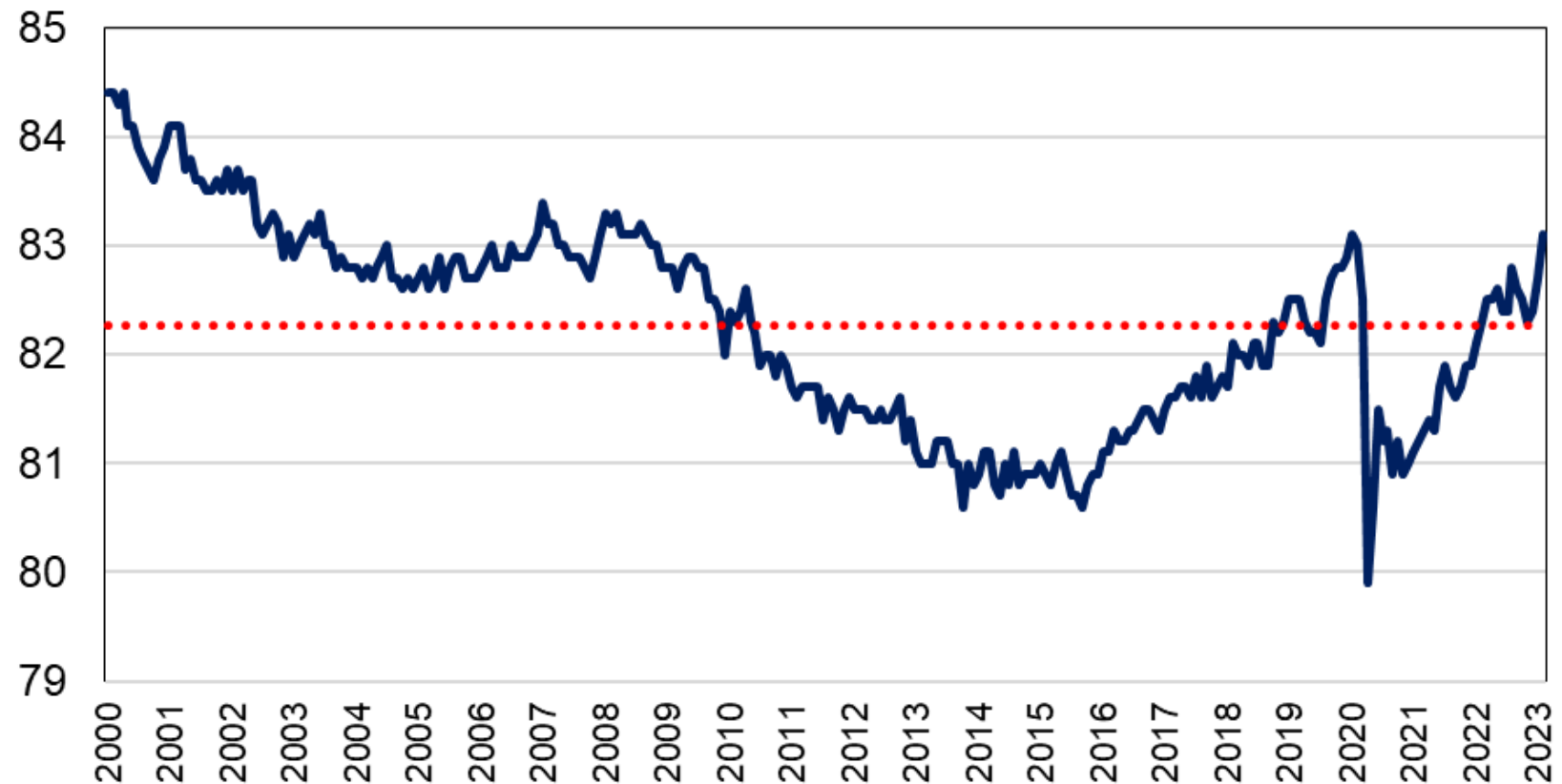
- Revised unemployment rates for 2022 are lower for every month
- The average 0.5 percentage point decrease from what had previously been published is among the largest revisions that has occurred for Maine
- The flatter pattern that revised rates portray is an improvement
- Increasing rates in the second half of the year remain at odds with job gains and high numbers of job openings employers reported during that period
- Unemployment ticked down to 2.8 percent in [February 2023](#)



The recovery has lifted both labor supply and labor demand

U.S. Age 25-54 Labor Force Participation Rate
(2000-2023, Seasonally Adjusted)

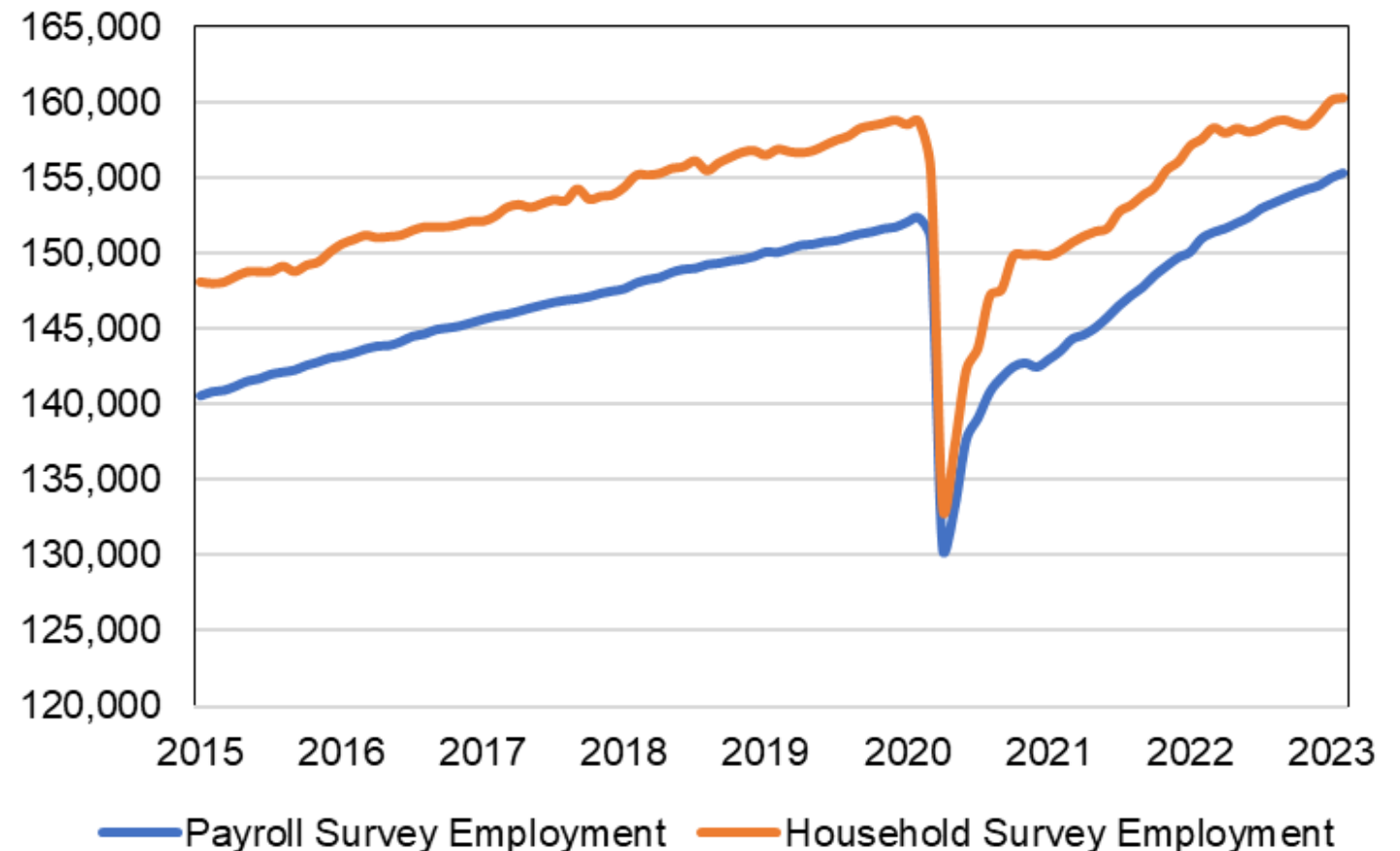
- In February 2023, the U.S. prime age (25-54) labor force participation rate reached the highest level since before the Great Recession
- Maine specific data is somewhat lagged and limited by small sample sizes
- 2021 annual average data showed that participation rates in Maine were near or exceeded national averages for each prime age group



Divergence between payroll survey and household survey is problematic

- Divergence between estimates based on the monthly household and payroll surveys [has been a challenge in Maine](#) and [nationally](#)
- The household survey employment level is higher because of a broader definition of employment
- The two measures could diverge due to economic changes that may affect the two series differently (changes in agricultural or self-employment, multiple jobholding for example)
- Changes in the balance between residents commuting out of the state to work and non-residents commuting in could lead to state level divergence

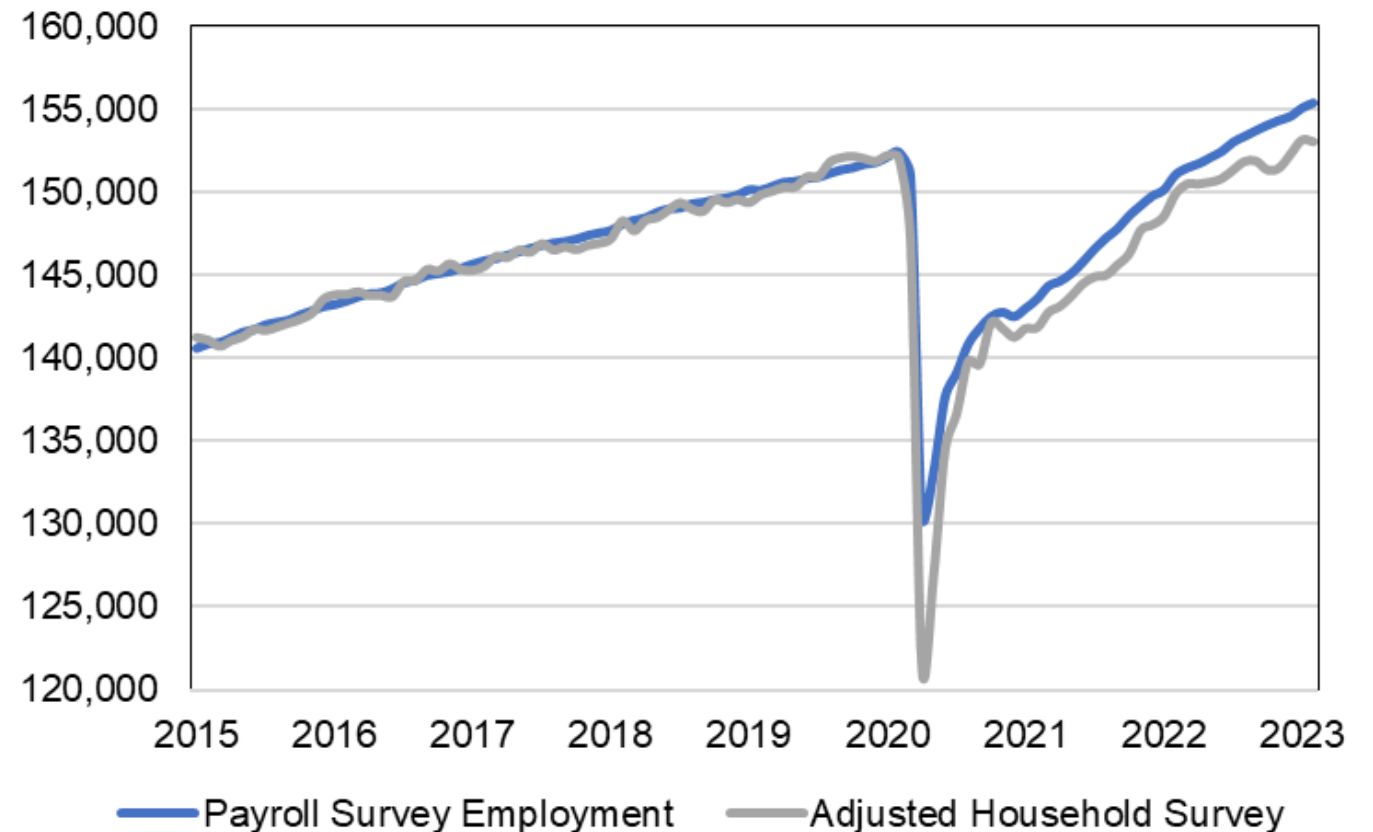
U.S. Employment Estimates from Payroll and Household Survey (Seasonally Adjusted, Employment in Thousands)



Divergence between payroll survey and household survey is problematic

- After taking into account differences in definitions and survey coverage this divergence persists
- Employment estimates from the payroll survey have been consistently higher since 2021
- This issue is more glaring in Maine: the household survey employment estimate suggests that employment remains below the pre-pandemic level though payroll employment has reached new record highs

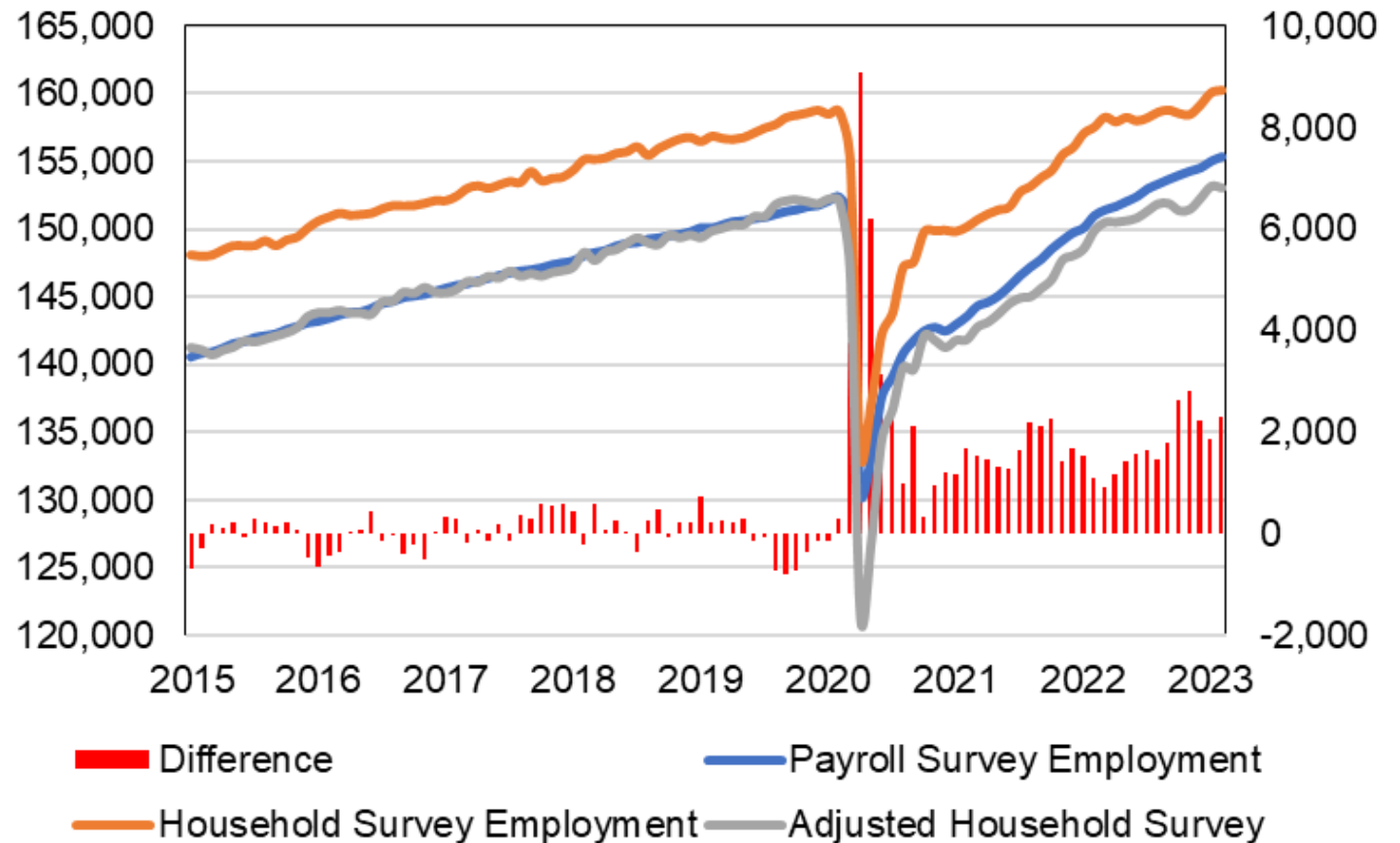
U.S. Employment Estimates from Payroll and Household Survey *(Seasonally Adjusted, Employment in Thousands)*



Divergence between payroll survey and household survey is problematic

- This issue is leading some to conclude that many working-age people have given up the pursuit of work, which simply is not the case (in Maine or Nationally)
- The payroll survey is much larger (3,500 employer establishments in Maine representing 30 percent of jobs) leading to more accurate preliminary estimation and is benchmarked to the universe of covered jobs
- Household survey estimates in Maine are based on a sample of 350 households that comprise 0.1 percent of the population and are subject to substantial revisions over many years

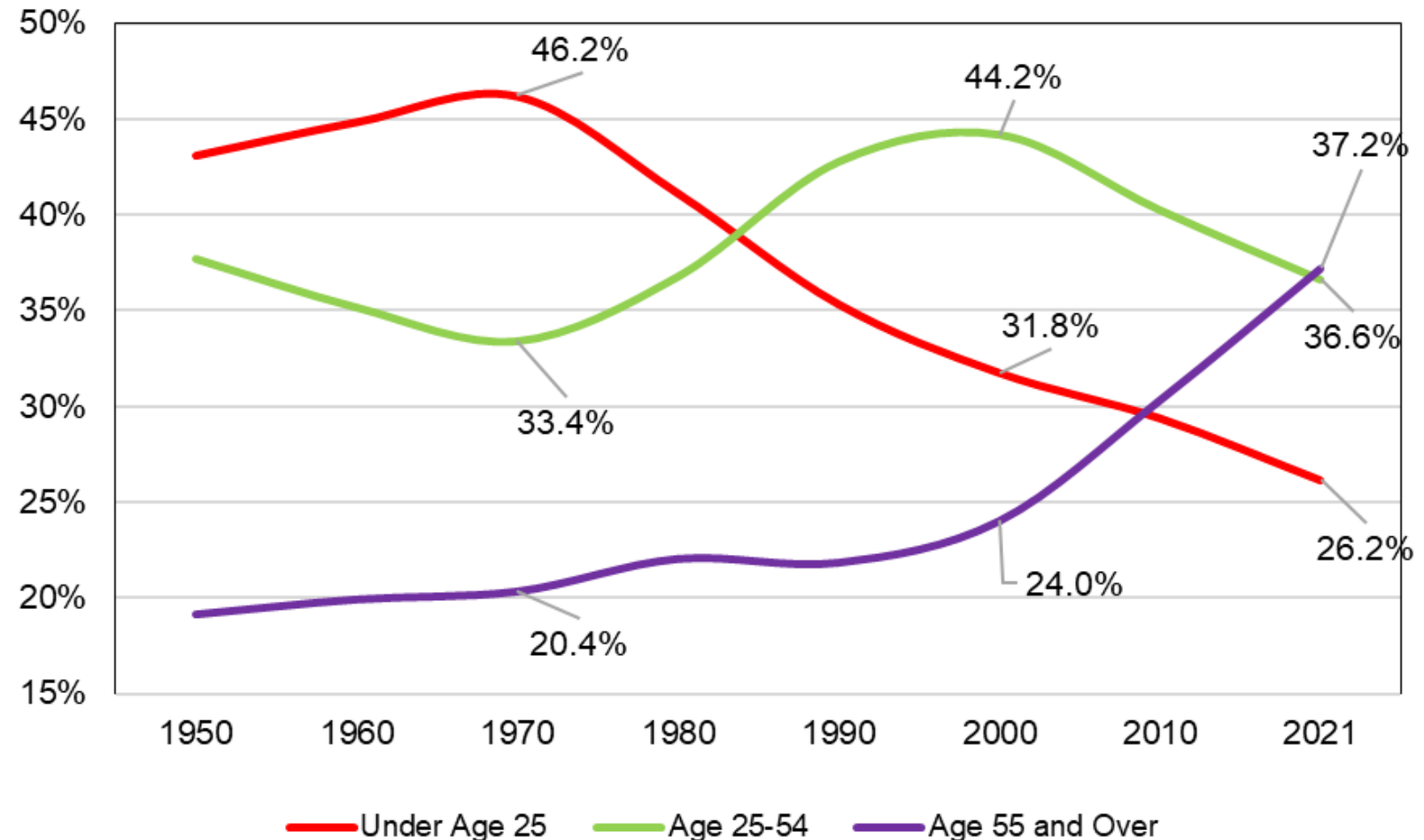
U.S. Employment Estimates from Payroll and Household Survey (Seasonally Adjusted, Employment and Difference in Thousands)



There are now more people in Maine age 55 and above than there are people in prime working ages 25-54

- Workforce constraints in Maine are generally **not driven by** decreasing/lower participation rates among people in prime working ages (25-54)
- Rather, they are driven by the shifting population structure
- Labor force participation in Maine has not changed much for groups age 25 and over since 2010 though participation generally fell during the two recessions that began in 2007 and 2020 (and has since recovered)

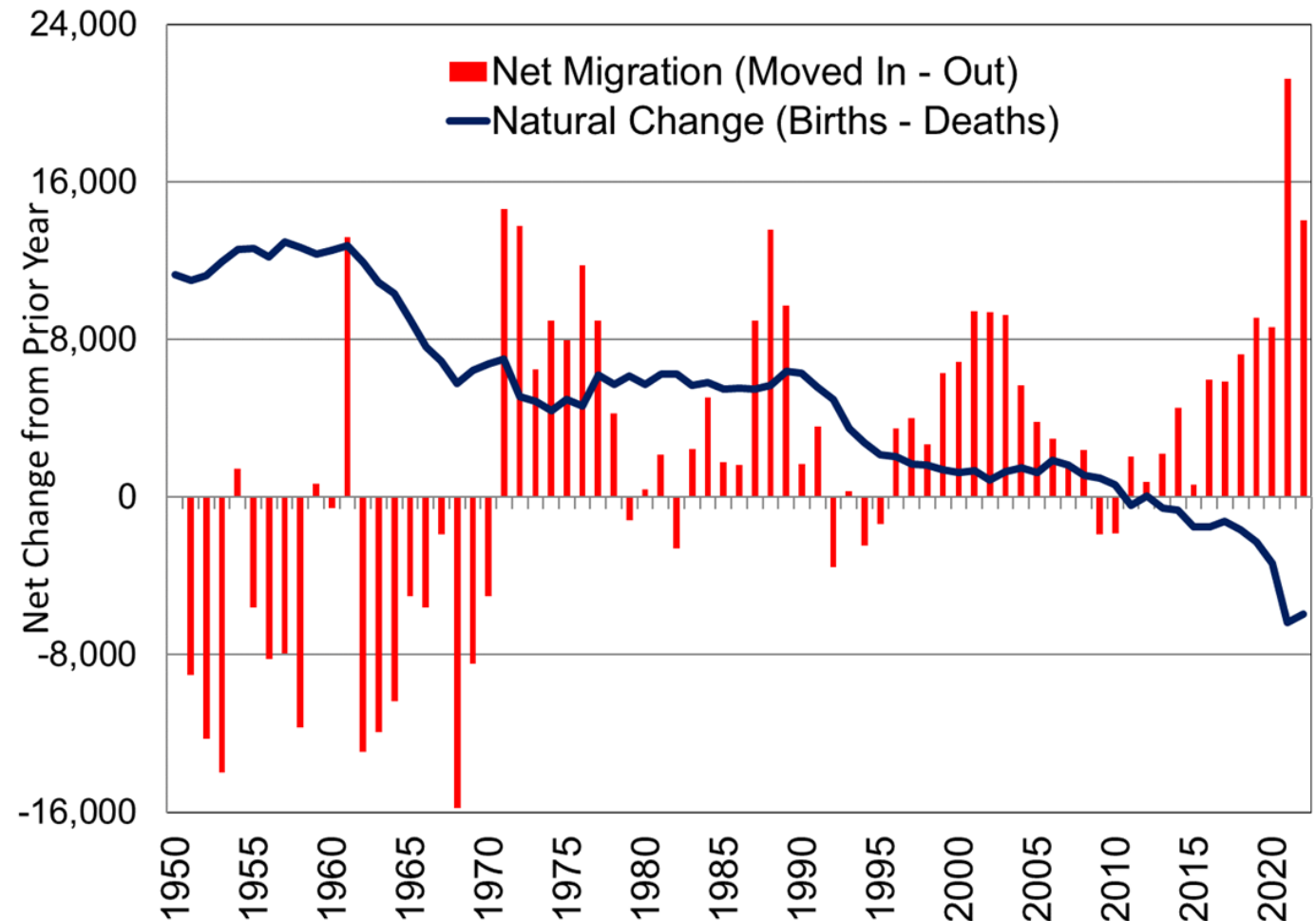
Share of Total Population by Age Group



Net migration into the state surged in 2021-22 contributing to sustained job growth

- 2021 saw the highest level of net migration (21,200) of any year since 1950
- 2022 data show a continuation of net in migration, at a slower pace with net migration of just over 14,000
- Most (88 percent) of the net migration into Maine that has occurred since the 2020 Census has been among those relocating from other U.S. states
- 3,600 (just under 12 percent) has been from international migration

Source of Population Change



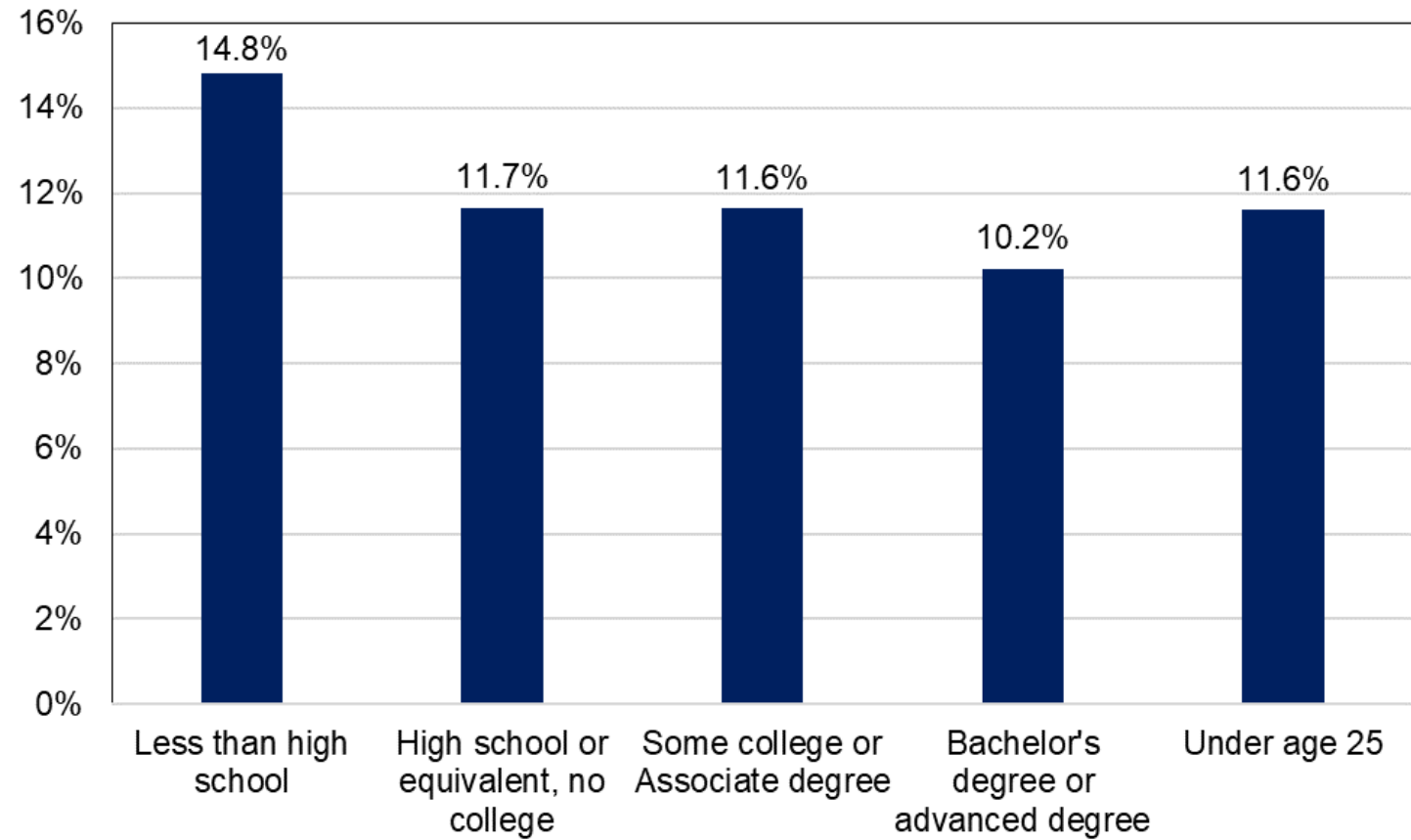
Competitive labor markets are expanding economic opportunities

- Tight labor markets and the adoption of remote work have contributed to significant economic gains for people with disabilities (PWD)
- Nationally, among those between the ages of 16 and 64 with a disability, the [employment to population ratio increased](#) from 31.4 percent in 2021 to 34.8 percent in 2022 due to both higher participation in the workforce and a falling unemployment rate among workers with a disability
- [Maestas and Ne'eman \(2022\)](#) find that: “In marked contrast to the recovery from the Great Recession, where PWD saw greater job loss and a slower recovery than their non-disabled counterparts, PWD appear to have had similar employment losses compared to their non-disabled counterparts during the COVID-19 recession. During the recovery, ***PWD experienced considerably faster employment growth, reaching pre-Recession levels before their non-disabled counterparts and then exceeding them....***”
- The ***disabled employment-to-population ratio in Q2 2022 is significantly higher than it was three years earlier, despite COVID-19’s considerable disruptions.*** This appears to be attributable to a significant increase in labor force participation for PWD. Our findings suggest that recovery from the COVID-19 recession has brought PWD into the labor force though it remains unclear to what extent this may have been influenced by an influx of newly disabled persons due to the pandemic.”

Competitive labor markets are lifting lower-to-middle incomes

- Competition for workers has driven wage gains. In Maine, wage growth rates have been higher among lower-middle income levels, among workers with lower levels of educational attainment, and youth
- Through 2022 Q1, workers with a bachelor's degree or higher earned \$1.61 for every \$1 earned by those with a high school diploma, down from \$1.71 in 2017
- [Autor, Dube and McGrew \(2023\)](#) find that competitive labor markets are shrinking earnings inequality and the college wage premium

Change in Inflation Adjusted Earnings by Educational Attainment
(though 2022 Q1 and two years prior)

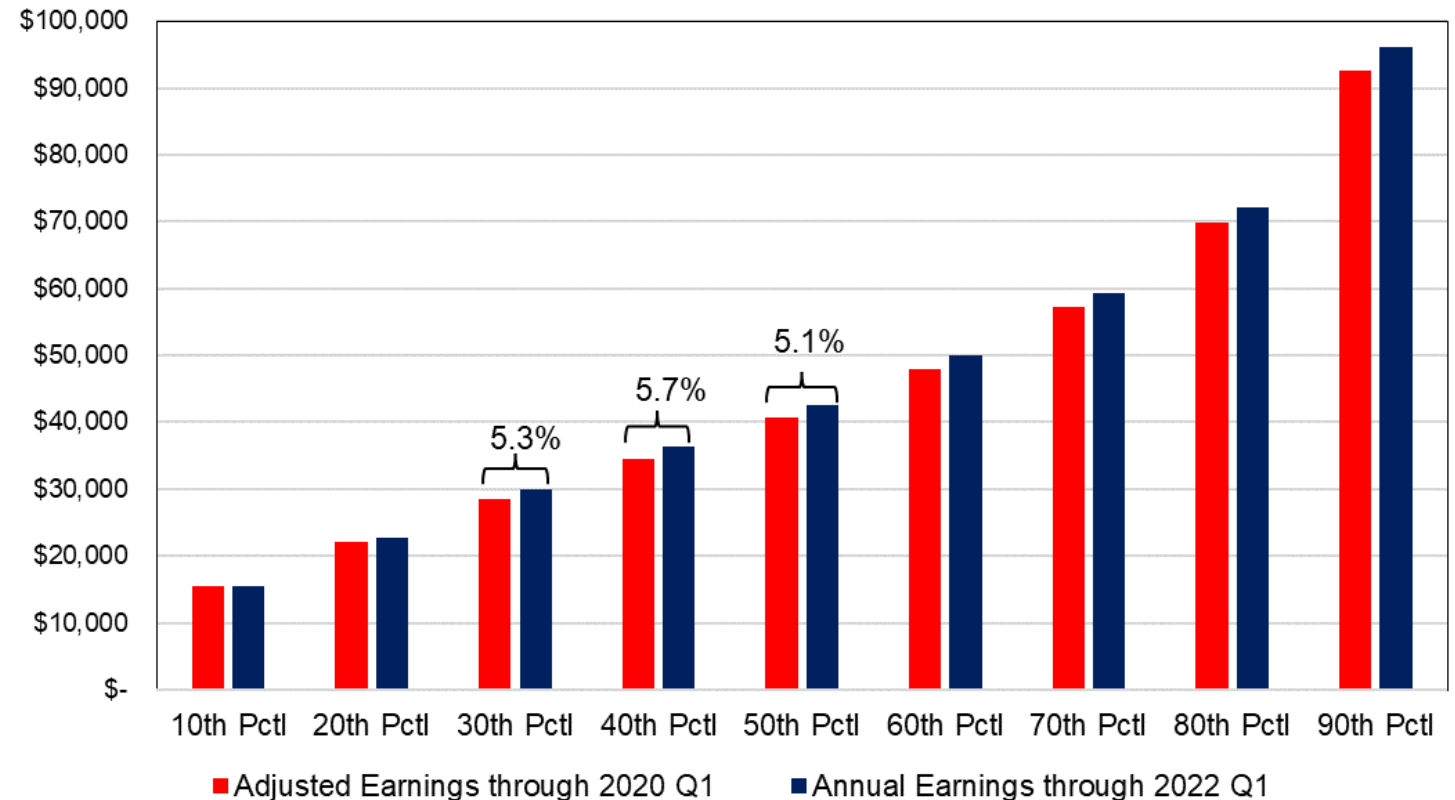


Data Source: [Census Bureau Quarterly Workforce Indicators](#). Notes: earnings are the four quarter average of wages and salaries earned by those in stable employment which would exclude those starting a new job, losing or leaving a job. Earnings through 2020 Q1 are adjusted for inflation to reflect the annual average price level through 2022 Q1 with CPI-U data.

Competitive labor markets are lifting lower-to-middle incomes

- Relative to just before the pandemic, real wage growth was the most rapid from the 30th to the 50th percentile of the earnings distribution
- Across all those with earnings of at least \$10,000 per year, annual earnings have grown by 3.6 percent after adjusting for inflation in the four quarters through 2022 Q1 relative to the four quarters before the pandemic

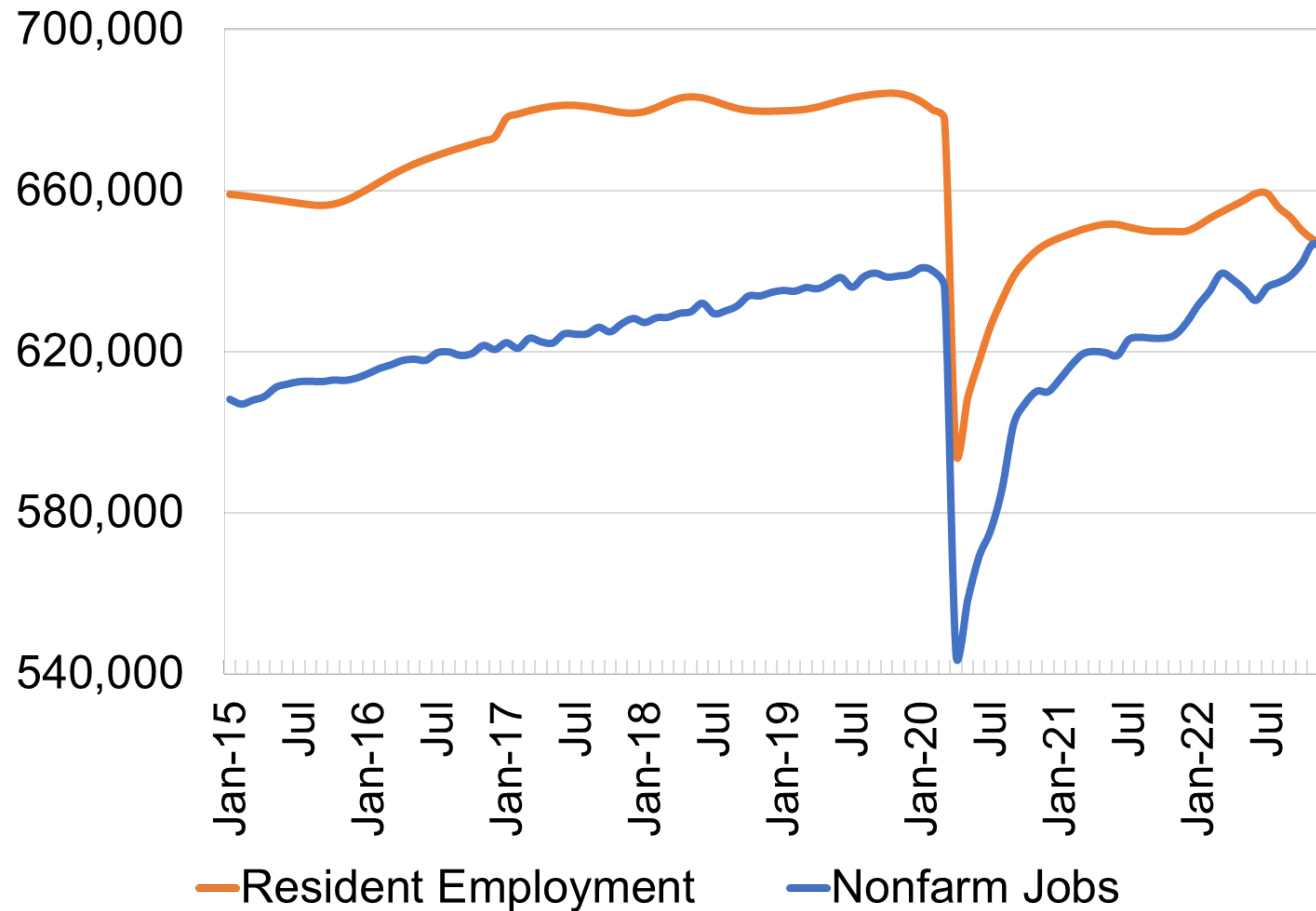
Change in Inflation Adjusted Annual Earnings by Percentile
(though 2022 Q1 and two years prior)



Notes: annual earnings are the sum of all wages and salaries earned over four quarters across all employers. Earnings through 2020 Q1 are adjusted for inflation to reflect the annual average price level through 2022 Q1 with CPI-U data. Those with earnings records less than \$10,000 per year are excluded from this analysis.

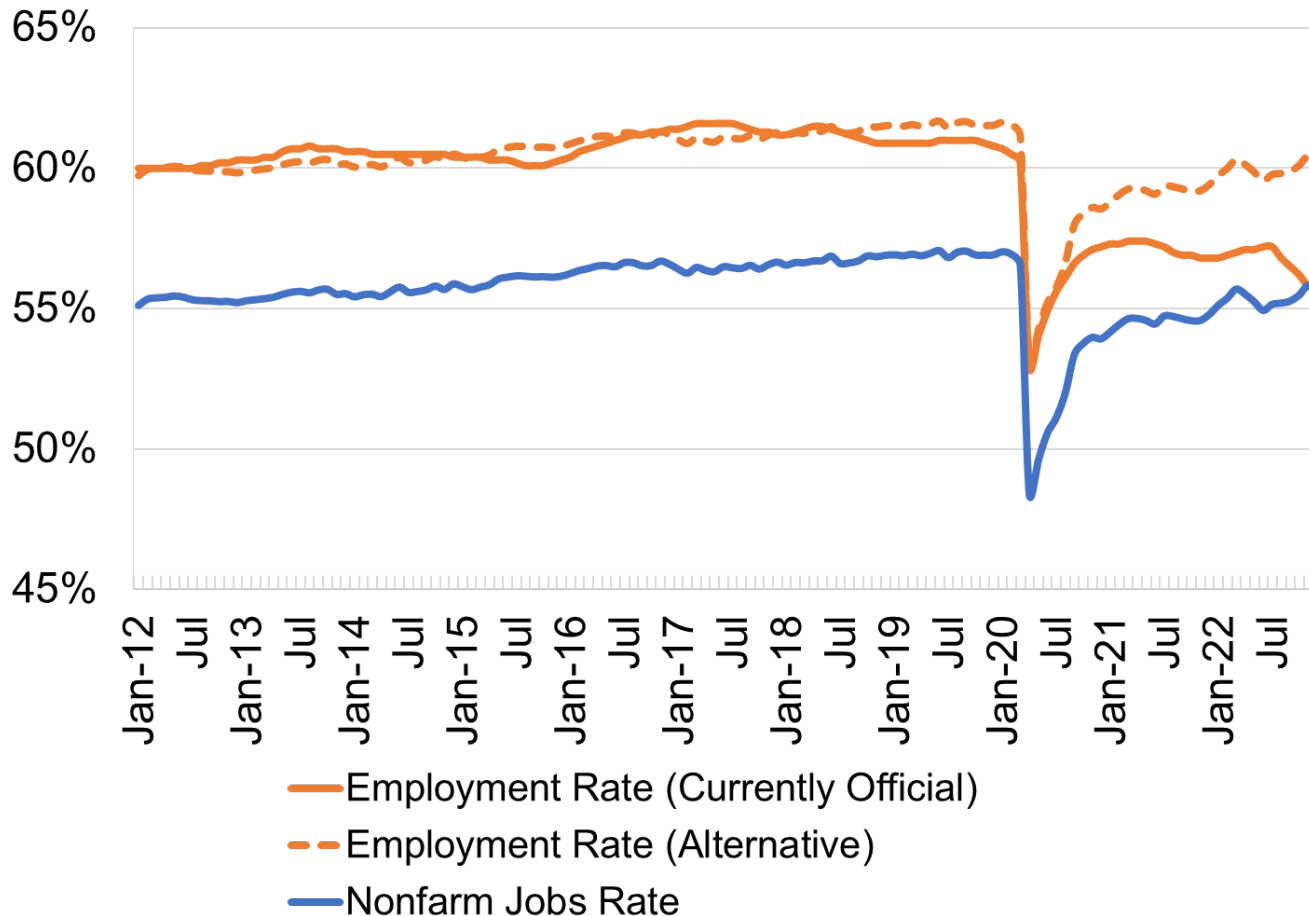
Appendix

Maine Resident Employment and Nonfarm Wage and Salary Jobs (Seasonally Adjusted)



- From 2007 to 2019 there was an average of 8.1 percent more employed residents than nonfarm wage and salary jobs in the state; most months fell within one percentage point of that average
- Since the middle of 2020 that differential has eroded to as little as 0.1 percent at the end of 2022 – the smallest on record by a wide margin

Maine Nonfarm Jobs and Employment-to-Population Ratios (Seasonally Adjusted)



- Gauging the ratio of jobs to the population likely provides a better indicator of employment rates in recent months
- Indicating that employment rates (and by extension labor force participation rates and employment and labor force levels) have been substantially understated for the last 30 months, especially in the latter part of 2022
- With the alternative measure, labor force participation and employment rates are about one percent lower than three years earlier, consistent with both a strong labor market recovery from the pandemic and with a gradually rising share of retired population