A Workerless Recovery? Job Seekers Turn Cold Shoulder to Hot Economy

Despite Record Job Openings, Unemployment Remains High

What Businesses, Lawmakers and Families Can Do

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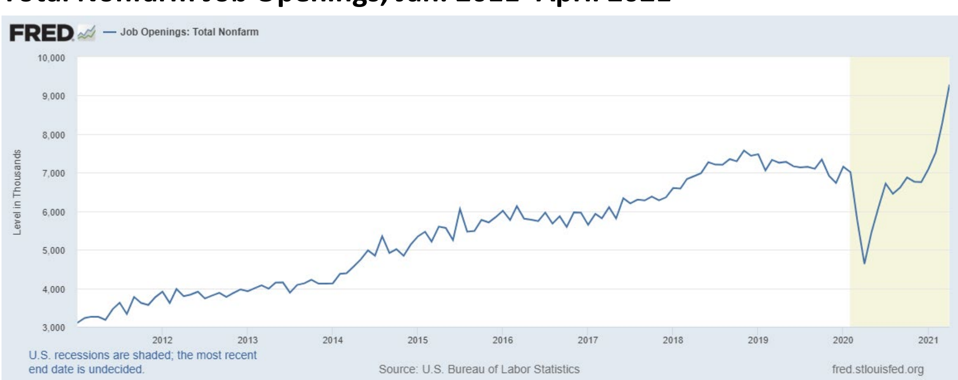
OKLAHOMA CITY, June 23, 2021 — By most measures, the economy is on fire. Even businesses that had been shuttered during the COVID-19 pandemic are putting out "help wanted" signs. But as workers are slow to return, businesses have gone from saying "help wanted" to screaming "help!"

At last count, there were 9.3 million open jobs in America, a record high since the Bureau of Labor Statistics started tracking the number 20 years ago. Yet the unemployment rate still sits at 5.8%, and millions more aren't even looking for work. They are on the "sidelines," not even counted among the unemployed.

In short, jobs are plentiful, but available workers seem uninterested or unable to take them.

Total Nonfarm Job Openings, Jan. 2011–April 2021



“The economy is hot, but workers are playing it cool—unable or reluctant to take open jobs,” Express Employment Professionals CEO Bill Stoller said. “Job openings are at record highs, yet unemployment is anything but low and millions of Americans are on the sidelines of the workforce.”

Express is witnessing the trend in its own numbers. Express had 38,762 open positions in May, up from 38,219 in April, up not only from 2020 but also from previous years.

Even with so many job openings, applications are flat. In Q1 of 2021, Express offices counted 279,701 applications. That’s down from pre-pandemic applications in Q1 of 2020 when the count was 280,376 and up only about 4% from 2019’s count of 269,284.

“While the number of Q1 job applicants is just slightly down from 2020 to 2021, what’s interesting is that it is down even though our total Express office count has increased. With more offices, more jobs and higher pay due to market demand, the only thing we’re not seeing more of is applicants,” Stoller said.

Is this a post-pandemic bump in the road? Or is it a roadblock to recovery?

From generous government benefits to a difficult transition to new routines, employers and academics have offered various explanations—and Express has a few ideas on where we go from here.

Jobs are Everywhere, but Workers are Staying on the Sidelines.

According to the latest data from the Bureau of Labor Statistics, never in the history of the United States have there been more open jobs than there were in April 2021.

Employers have more than 9.3 million jobs to fill. And yet with all those open jobs, the unemployment rate is still just below 6%. It actually ticked up in April to 6.1%, before declining to 5.8% in May. (Before the recession, in February 2020, the unemployment rate was 3.5%)

But the unemployment rate only tells part of the story.

In February 2020, before the pandemic hit, 158.7 million Americans were employed. By April 2020, that number had fallen to 133.3 million. That’s a decline of 25.3 million.

Employment Level: Jan. 2019–May 2021

Over the same period, the number of unemployed Americans rose from 5.7 million to 23.1 million—an increase of just 17.4 million.

What happened to the remaining 7.9 million? They left the workforce entirely. They not only stopped working; they stopped looking for work.

The labor force participation rate (LFPR)—the percentage of Americans defined as working or wanting to work—fell from 63.3% in February 2020 to 60.2% in April 2020. By May 2021, only about half the gap had been closed, with LFPR sitting at 61.6%. Labor force participation actually declined slightly between April and May 2021. Millions of Americans who were employed before the pandemic are still on the sidelines, not even officially counted among the unemployed.

Labor Force Participation Rate: Jan. 2011–May 2021

Before the pandemic-induced recession, the LFPR had not been this low since the 1970s. It is possible that LFPR may be on the rebound. Or this may be a new and troubling normal that will create new pressures on employers. It is too soon to tell.

“In our area when you drive down the street you see hiring signs at every fast-food business, every gas station, every manufacturing facility,” said David Robb, director of marketing at the Express franchise in Grand Rapids, Michigan. “We’ve heard from multiple companies that they are at the point where they cannot run all of their production lines or will not be able to implement planned expansion projects because they do not have the workforce they need.”

Why is this happening?

So why are people turning down jobs or not looking for jobs at all? Are there other forces at work?

It’s difficult to single out one factor. As labor market data company Emsi explains, a number of forces—particularly baby boomer retirement and a declining birthrate—were already putting pressures on the labor market before the pandemic. The pandemic accelerated some of those retirements. But it is still expected that for decades into the future there will be more work to do than people to do it. As a result, many employers are turning to robots or other automated solutions to fill the gap. There was once a fear that robots would take jobs from humans; now it seems robots may be the ones filling jobs humans won’t take.

“We still struggle in skilled trades; since they’re so closely tied to the manufacturing pickup, there is also a huge need there,” said Lori Gajdzik, branch manager for the Crystal Lake, Illinois, Express franchise. “This need has been pretty constant, however, there was a shortage even before the pandemic. The pandemic has magnified a problem that already existed 10-fold.”

But there are still factors unique to this moment that are contributing to this situation:

1. **There are lingering fears of COVID-19.**

   Many of the unfilled jobs, particularly the ones that Express is working to fill, require contact with other people. These are not work-from-home jobs. Job seekers, especially those who are not yet vaccinated, partially vaccinated or immunocompromised, may be wary of being in environments where COVID-19 could still be spreading—or where they do not know who has been vaccinated. The rapidly declining case rates across the United

States may help to change minds in a matter of weeks.

2. **Stimulus payments, unemployment benefits and even recent tax refunds allow job seekers to hold out for more attractive job offers.**

   In early 2021, Americans received another round of relief checks, this time for $1,400. Under federal relief legislation, eligibility for unemployment benefits was extended and the federal government also provided an extra $300 per week on top of standard benefits. The extra $300 was scheduled to expire in September, but about half of the states have announced they will end it sooner.

   Proponents of the extra benefits say they give people the time to find a job that matches their skillsets or previous career paths. Opponents say the benefits are giving people an incentive not to accept available jobs.

   In the spring, Americans also began receiving their tax refunds—another infusion of cash that made it easier for job seekers to hold out for more attractive job offers or to put off job searching until the health situation improves. Each year, Express sees a similar impact from tax refunds on job searches.

3. **Those caring for young people and the elderly may not yet have access to the previous childcare or eldercare resources.**

   In some states and localities, schools have only recently reopened, and some are still using a “hybrid” model. Day cares may have space limitations. Summer presents additional hurdles. Camps or other care providers that parents typically rely on may not be available.

   What’s more, the worker shortage has also hit childcare providers. Childcare centers are typically required to follow specific adult-to-child ratios. If they are understaffed, they can’t accept more children. In that way, the childcare worker shortage further exacerbates the broader worker shortage.

   Those caring for parents or older loved ones also may not have access to the eldercare they depended on previously—or they may have been reluctant to let the elderly, who are more vulnerable to COVID-19, be exposed to non-family members.

4. **Those who lost jobs in one field may not have the skills required for jobs that are open.**

According to research from the Conference Board, the pandemic accelerated automation in some sectors and shifted many services from in-person to online. Retail workers and those in the service industry were among the hardest hit, and some of those shifts could be permanent. As a result, workers in those sectors will need to find jobs in other fields, but those may be fields for which they have not received the necessary training or education.

It is harder for people to accept these jobs if the employer does not provide training. And job seekers may not know that training is available to them and as a result, not even look at jobs outside their previous sectors.

Others in higher paying fields, such as the oil and gas industry, lost jobs and now can only find opportunities that pay significantly less than their previous jobs.

What Do We Do About It?

When there are many factors at play in a rapidly changing environment, there is no easy solution.

But there are some actions that should be considered.

1. **Enforce requirements that those on unemployment accept job offers.**

   Under the law, those receiving unemployment benefits must actively look for work in order to continue receiving benefits—and they should accept work if they are offered it. The Biden administration has affirmed their position that individuals who turn down "suitable" jobs should lose benefits. But enforcement can be easier in theory than in practice.

   More than 20 states have ended the expanded unemployment benefits that were instituted as part of federal COVID-19 relief legislation. Whether this will prove to be good or bad policy is still to be determined. But it will make for an interesting comparison between states that have ended the benefits and those that have not. Will the former group see a rush back to the workplace?

   This may be the closest thing to a large-scale controlled experiment on unemployment benefits we ever witness.

2. **Incentivize returning to work.**

Rather than simply reducing unemployment benefits, some governors are looking for ways to incentivize unemployed individuals to get back to work. Some states are now offering one-time government-funded bonuses for people who take a full-time job.

Arizona and Montana are offering these bonuses after halting the expanded unemployment benefits. Connecticut is still offering the expanded benefits while also providing a $1,000 back-to-work bonus.

Supporters argue this will give an extra "push" to those who can find work but are hesitant to accept a job, wondering if it is in their best financial interest.

"At best, things may return to where they were pre-pandemic, which was still one of the tightest labor markets in West Michigan in the last 25 years," Robb said. "But with that being said, any government policies that encourage and incentivize people to go back to work will be helpful in addressing the current situation."

3. **Expand training opportunities.**

"Getting Americans back to work will require not only a fast-paced economic recovery but also workforce training and reskilling to meet the tech-driven demands of the postpandemic economy," explains the Committee for Economic Development of The Conference Board. "The acceleration in automation and AI will, in turn, accelerate a shift in skills. Lessons learned from past episodes of automation suggest that COVID-induced technological adoption will reallocate many jobs across industries. The real policy challenge is not mass unemployment but helping workers transition to new industries, skills and occupations."

Opportunities for training and upskilling were in demand before the pandemic, an issue Express has highlighted over the years. Now the need is even greater. This will require partnerships among federal, state and local governments, employers, educators, non-profits and other stakeholders.

4. **Recognize new wage realities.**

With so many open jobs, workers can afford to be picky. In many places, $15 may not be the statutory minimum wage, but it's becoming the *de facto* minimum wage. Employers have to recognize that to get people off of the sidelines, they may need to adjust their wage expectations to be competitive, especially as larger employers in some regions—perhaps most notably Amazon—move starting wages above $15.

“The $13 to $16 per hour pay range is where we have large numbers of clients with hiring needs,” Gajdzik said.

5. **Be patient.**

This recession was unlike any previous recession. Mass vaccination has quickly slowed the spread of COVID-19, meaning that a rapid reopening of businesses is happening nationwide. Previous recoveries have been much more gradual, meaning new jobs are posting at an unprecedented rate.

Neither employers nor prospective employees have been in such a situation before, so naturally there’s a learning curve. Many Americans are just trying to keep up with which health precautions still apply. Soon, though, school operations, work schedules, government financial support and other factors will move to something resembling “normal.” That may be what it takes for the labor market to feel more “normal,” too.

What Have We Learned?

“This labor shortage is absolutely the craziest thing I have seen in 22 years with Express. It’s been interesting and I think it will actually benefit us in the long run,” said Jan Riggins, general manager for two Express franchises in Fort Worth, Texas.

In the short term, employers will need to stay nimble, recognize the forces at play in their local job markets and adapt to new realities accordingly—if they want to win the competition for talent.

Thinking long term, all leaders—in business and in government—will need to evaluate how we incentivize work without hurting those who truly need a lifeline. The pandemic did not just disrupt the job market; it transformed it. So we cannot depend on the old hiring practices, old education models, old wage and benefit assumptions and old recruitment tools to work the same way in a new economy.

As enhanced benefits are discontinued early in some states, we will get a better idea of how much those benefits were driving a worker shortage. And as COVID-19 caseloads continue to decline—hopefully—we will be able to see how much health concerns were an issue.

There will never be one clear answer, but understanding the factors at play is how we begin to solve this crisis.

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If you would like to arrange for an interview with Bill Stoller to discuss this topic, please contact Sheena (Karami) Hollander, Director of Corporate Communications and PR, at (405) 717-5966.

About Bill Stoller
William H. "Bill" Stoller is chairman and chief executive officer of Express Employment Professionals. Headquartered in Oklahoma City, Oklahoma, the international staffing company has more than 830 franchises in the U.S., Canada, South Africa, Australia and New Zealand. Since inception, Express has put more than 9 million people to work worldwide.

About Express Employment Professionals
At Express Employment Professionals, we're in the business of people. From job seekers to client companies, Express helps people thrive and businesses grow. Our international network of franchises offers localized staffing solutions to the communities they serve across the U.S., Canada, South Africa, Australia and New Zealand, employing 526,000 people globally in 2020. For more information, visit www.ExpressPros.com.