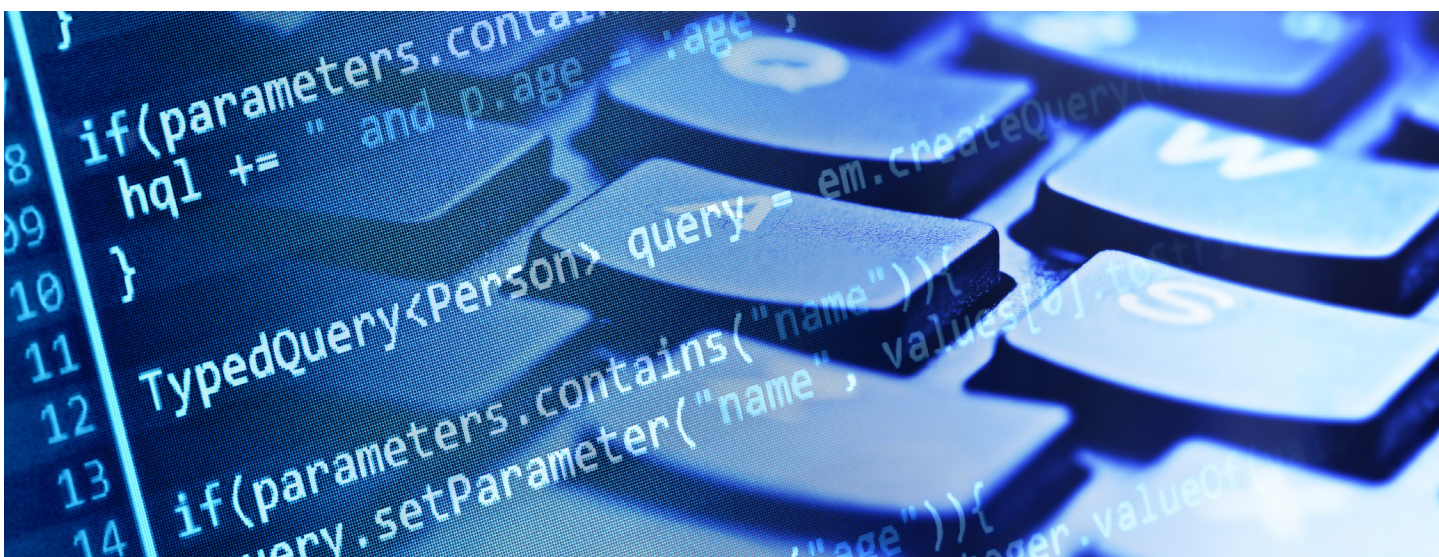




GREATER PHOENIX CHAMBER

FOUNDATION

2023 State of the Workforce



Forward from the Foundation

The Greater Phoenix region and the State of Arizona, have continuously evolved since the Great Recession, positioning the state as a global leader for economic growth.

The intentional focus on a diversified economy, business friendly climate, and competitive tax rates have resulted in the relocation and expansion of several companies to Arizona. This growth has resulted in shifting workforce needs and endless job opportunities for Arizonans and those looking to relocate to the state. During the past decade, we have been proud of the efforts of the Greater Phoenix Chamber and the Greater Phoenix Chamber Foundation. The Chamber participated in the state's economic renaissance by supporting statewide strategies and regional efforts to not just grow the economy, but to grow strategically and sustainably.

We are on the front end of a dramatic evolution of the state and Greater Phoenix region. One of the most useful measures of both growth and quality and a favorite among economists, per capita personal income, appears to have hit an inflection point and is now adjusting upward. In short, this means all of the efforts made by policymakers, business leaders, and economic development organizations, including the Chamber, are indeed making a difference.

The Greater Phoenix Chamber Foundation has been leading the way in supporting this growth through our workforce development and education initiatives. Our six workforce collaboratives bring industry together to develop talent solutions to address some of the biggest challenges in the workforce ecosystem. Through ElevateEdAZ, we are better preparing high school students for college and career.

While the data contained in this report is a testament to the productivity of past actions, we are hoping that it will also serve as a template for how we continue to grow and thrive in our great state. We also challenge other state leaders to do the same and join us in our efforts to improve the health of the economy and the economic outlook for our state's workers and their families. We believe that if we continue down this path, the next decade will prove to be even stronger than the past.

Please enjoy reading about how our economy continues to advance, with emphasis on workforce statistics, in the accompanying 2023 Workforce Report.

Best,

Todd Sanders
President and CEO

Jennifer Mellor
Chief Innovation Officer

One of the most useful measures of both growth and quality and a favorite among economists, per capita personal income, appears to have hit an inflection point and is now adjusting upward. In short, this means all of the efforts made by policymakers, business leaders, and economic development organizations, including the Chamber, are indeed making a difference.

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Introduction

The Greater Phoenix region remains one of the country's best performing metro areas for employment growth and has evolved into a highly resilient economy. This is due to a diversified employment base across a broad range of industries, which allowed the Greater Phoenix region to recover the approximate 250,000 jobs lost during the COVID-19 pandemic, about a year ahead of the U.S. average. This is in contrast to the period following the Great Recession when the region recovered its job losses well after the U.S.

The shift from lagging the national economy after the Great Recession to leading it post COVID-19 is a testament to the fact that public policy matters, and Greater Phoenix has led the way in terms of economic development innovation.

In 2022, the region added 98,400 jobs and the metro area now has 130,700 more jobs than before the COVID-19 pandemic. The strong job growth is a result of businesses selecting the Greater Phoenix region to expand because of the growing labor pool, favorable regulatory environment, and strategic efforts by the state's economic development organizations.

The continued influx of residents moving to the area for job opportunities and the development of the workforce base, including the impacts from the expansive university and community college system are significant contributors to the growing local talent pool.

This document provides perspective on the extent a skilled workforce, combined with the right competitive economic attributes, will support the labor demands of the next decade and beyond.

The shift from lagging the national economy after the Great Recession to leading it post COVID-19 is a testament to the fact that public policy matters, and Greater Phoenix has led the way in terms of economic development innovation.



The Greater Phoenix Labor Market Overview

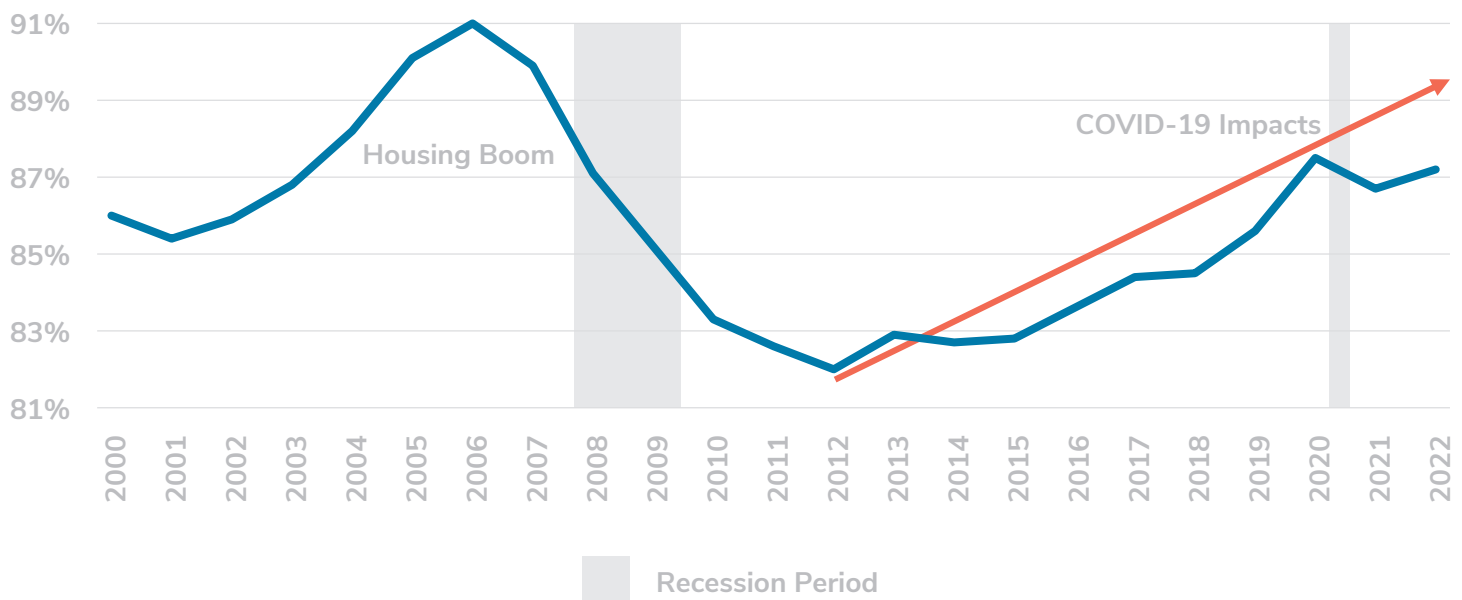
Synopsis of Key Findings – The Bigger Story

The State of Arizona, led by the Greater Phoenix region, continues to be a national leader in terms of economic growth and prosperity. This began as far back as the Great Recession of 2008 when state policymakers decided to take aggressive action to further diversify the economy.

New economic development programs were created, tax rates were adjusted to be more competitive, and the regulatory environment was made to be more accommodating to business expansion, relocations, and the attraction of innovators. In short, public policy matters.

One of the most important highlights of this past decade is the shift from focusing on job quantity to job quality. Higher job quality translates into higher wages, thus further lifting the economy. This can be seen by tracking changes in the per capita personal income (“PCPI”) data for the state as compared to the national average. If the PCPI data is moving downwards, the economy would be considered to be weakening. However, the downward trend has recently reversed.

Figure 1 Per Capita Personal Income in Arizona – Arizona as a percent of the U.S.; Annual 2000-2022



Source: U.S. Bureau of Economic Analysis

New economic development programs were created, tax rates were adjusted to be more competitive, and the regulatory environment was made to be more accommodating to business expansion, relocations, and the attraction of innovators. In short, public policy matters.

The Greater Phoenix Labor Market Overview

Workforce and Economic Trends

Arizona is a leader among other states for opportunity, and for growth in population, jobs, and wages. Arizona accomplishes this because of the state's steady devotion to innovation, technology and to growing, attracting, and maintaining high quality jobs. The state has added more than 633,000 jobs over the last decade (a 25.7% increase).

Growth in terms of volume was led by the professional and business services industry as well as the health care and social assistance industries – which added 112,200 (a 31.4% increase) and 101,600 jobs (a 32.6% increase), respectively.

The transportation, warehousing, and utilities industry (72.5% rate of growth), construction industry (68.4% growth), financial activities industry (41.6% growth), and arts, entertainment, and recreation industry (26.5% growth) all experienced higher-than-average rates of growth which was 25.7% for all industries across the state.

The state's workforce is filled with talent, a trait desirable by businesses and a critical factor in the decisions of leading firms to establish and grow their Arizona footprints.

Table 1: Employment Growth by Industry, Arizona, 2012 and 2022

Industry	2012 Employment	2022 Employment	10-Year Net Change	10-Year Percent Change
Total Nonfarm Employment	2,462,400	3,095,400	633,000	25.7%
Transp., Warehousing, and Utilities	86,500	149,200	62,700	72.5%
Construction	114,900	193,500	78,600	68.4%
Financial Activities	176,100	249,400	73,300	41.6%
Health Care and Social Assistance	311,700	413,300	101,600	32.6%
Professional and Business Services	356,800	469,000	112,200	31.4%
Arts, Entertainment, and Recreation	34,400	43,500	9,100	26.5%
Information	40,900	51,300	10,400	25.4%
Leisure and Hospitality	266,800	334,400	67,600	25.3%
Accommodation and Food Services	232,400	290,900	58,500	25.2%
Manufacturing	156,300	192,500	36,200	23.2%
Educational Services	56,700	69,200	12,500	22.0%
Wholesale Trade	93,000	109,100	16,100	17.3%
Retail Trade	294,900	344,400	49,500	16.8%
Other Services	86,200	96,900	10,700	12.4%
Natural Resources and Mining	12,700	12,800	100	0.8%
Government	408,900	410,500	1,600	0.4%

Source: Arizona Office of Economic Opportunity

The Greater Phoenix Labor Market Overview

There are scores of individual case studies of businesses enjoying the benefits of a competitive state and regional economy. JA Solar, a global solar cell and modular manufacturing leading in the industry, has announced it is expanding a facility to operate in Phoenix, Arizona. This is the company's first manufacturing facility in the United States. The company will invest over \$60 million and create over 600 jobs in the area.

The new facility showcases Arizona's desirability as a global manufacturing destination. Once the facility is operational in Q4 of 2023, JA Solar's Phoenix facility will be the largest manufacturing site of solar photovoltaic products (i.e., solar panels) for commercial and residential rooftops in Arizona; as well as solar power plant deployments with annual production capacity of 2 gigawatts.¹

Vincit announced that they would be moving to Scottsdale in 2023. Vincit is a leading software development and design agency. The CEO, Ville Houttu, said "Arizona was a strategic choice we made last year and I'm glad we did, even before the announcement to invest \$100 million into the semiconductor industry, we could see the fast technology growth in the Valley.

"Such a competitive market is exactly where our development and design expertise lend value. It is really exciting to be positioned in such an increasingly vibrant ecosystem."²

In June of 2022, Viasat a satellite communications company that is based in California, announced an expansion in Tempe at the ASU Research Park. The ASU Research Park is located on a site owned by the University, but the office/research/lab space is leased to private companies. Leaders at ASU seek companies who are looking for long-term commitments, and who can benefit from a relationship with the university, including creating job opportunities for ASU graduates and consulting opportunities for faculty members. Viasat plans to add 1,500 new jobs to the area and develop over 300,000 square feet of space.³

While new industry opportunities continue to arise, opportunities still remain for many of the historically important sectors in the state. Real estate continues to be the leading sector in the Greater Phoenix region's economy when considering local gross domestic product values ("local GDP").

According to the most recent data available, the real estate sector contributed nearly \$38 billion to the region's economy in 2021. Accounting for approximately 14% of the economy, the sector grew in size and scope over the last decade, increasing its economic output by more than \$9.1 billion and adding 9,300 jobs.

Between 2011 and 2021, the information sector experienced the largest gain in economic output, increasing by 162.1%, or about \$3.7 billion, and adding 11,600 jobs. The manufacturing sector's economic activity increased by 49.2%, or about \$7.2 billion, and created over 27,400 jobs. The finance and insurance sector has also realized extraordinary growth, adding more than \$9.1 billion in economic activity and 67,000 jobs during the same 10-year period. The remaining sectors are displayed in the following charts.

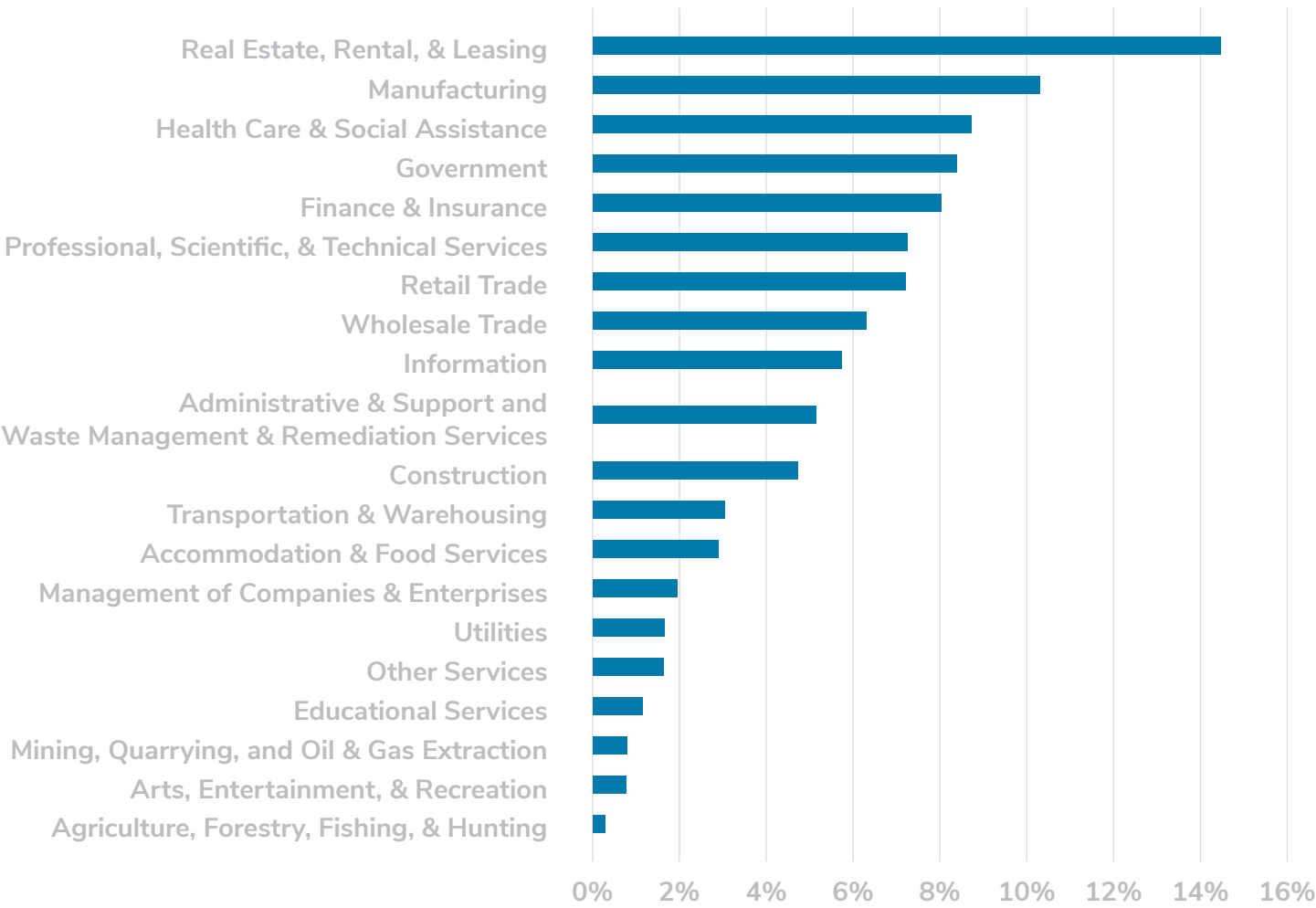
1. <https://www.gpec.org/news/press-releases/ja-solar-module-manufacturing-facility/>

2 <https://www.gpec.org/news/press-releases/vincit-adds-scottsdale-office/>

3 <https://www.gpec.org/news/telecommunications-company-viasat-plans-to-add-1500-jobs-in-tempe/>

The Greater Phoenix Labor Market Overview

Figure 2: 2021 Share of Gross Domestic Product in the Phoenix MSA by Industry

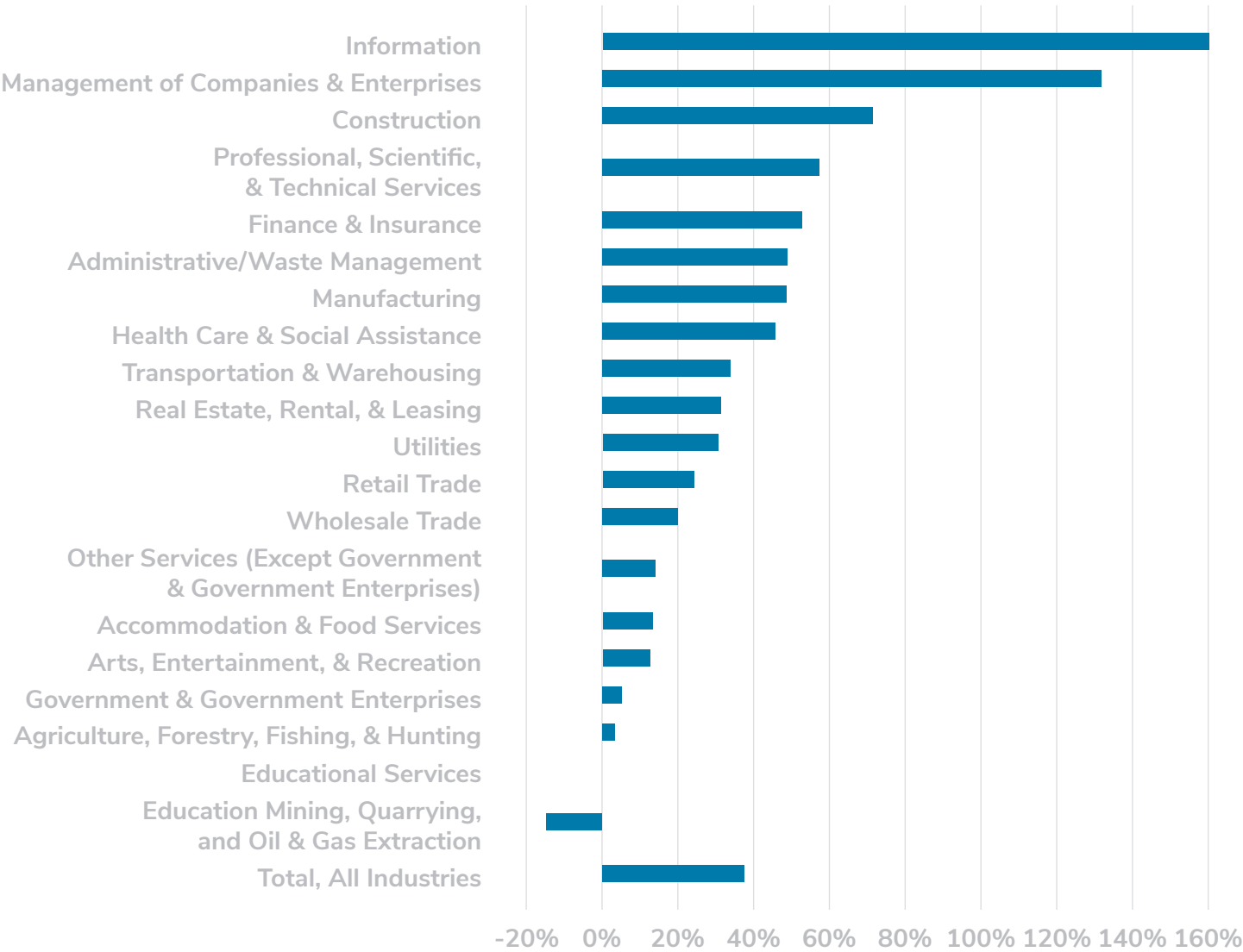


Source: U.S. Bureau of Economic Analysis



The Greater Phoenix Labor Market Overview

Figure 3: 10-Year Percent Change in GDP in Phoenix MSA by Industry 2011-2021

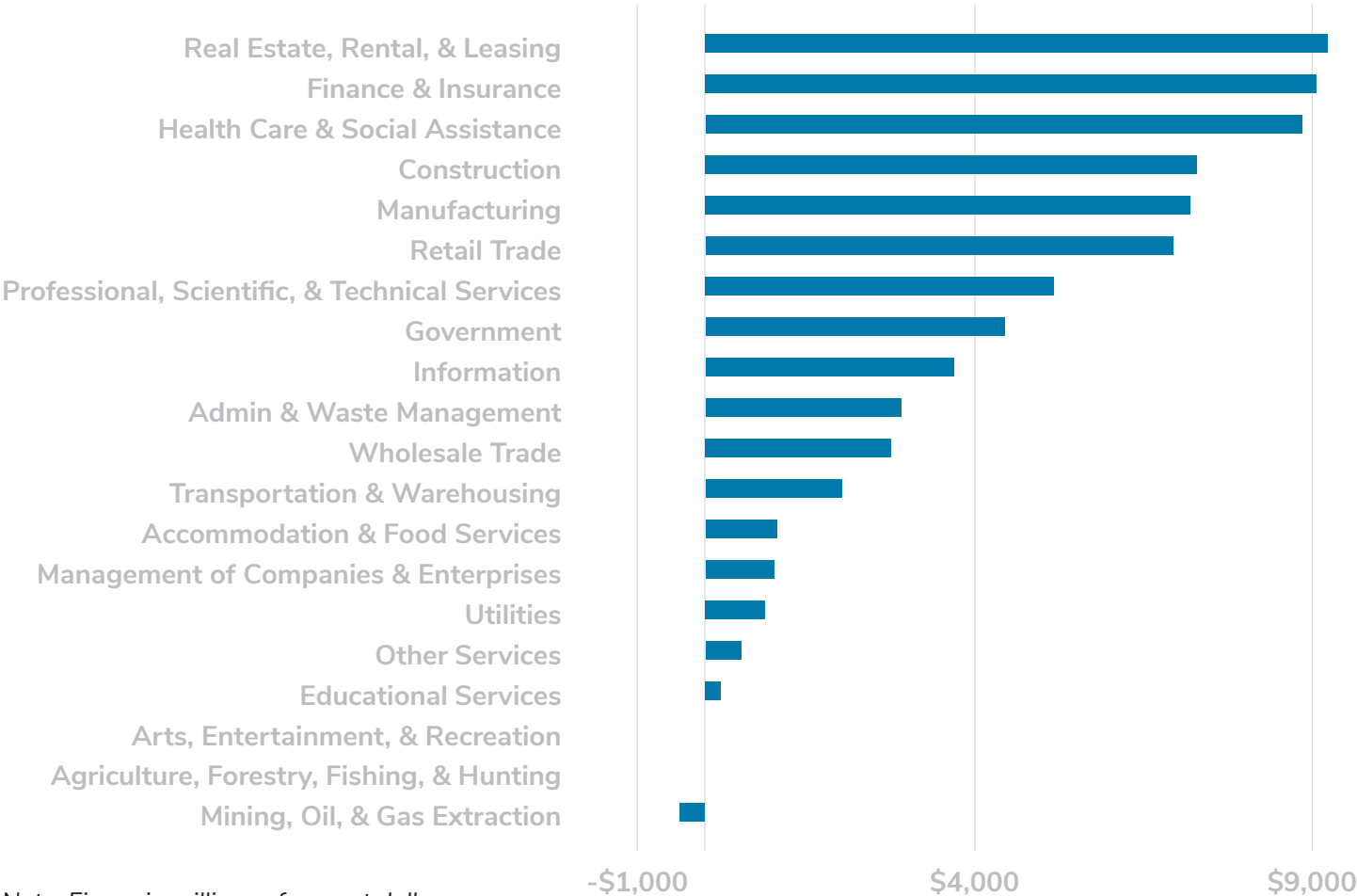


Source: U.S. Bureau of Economic Analysis

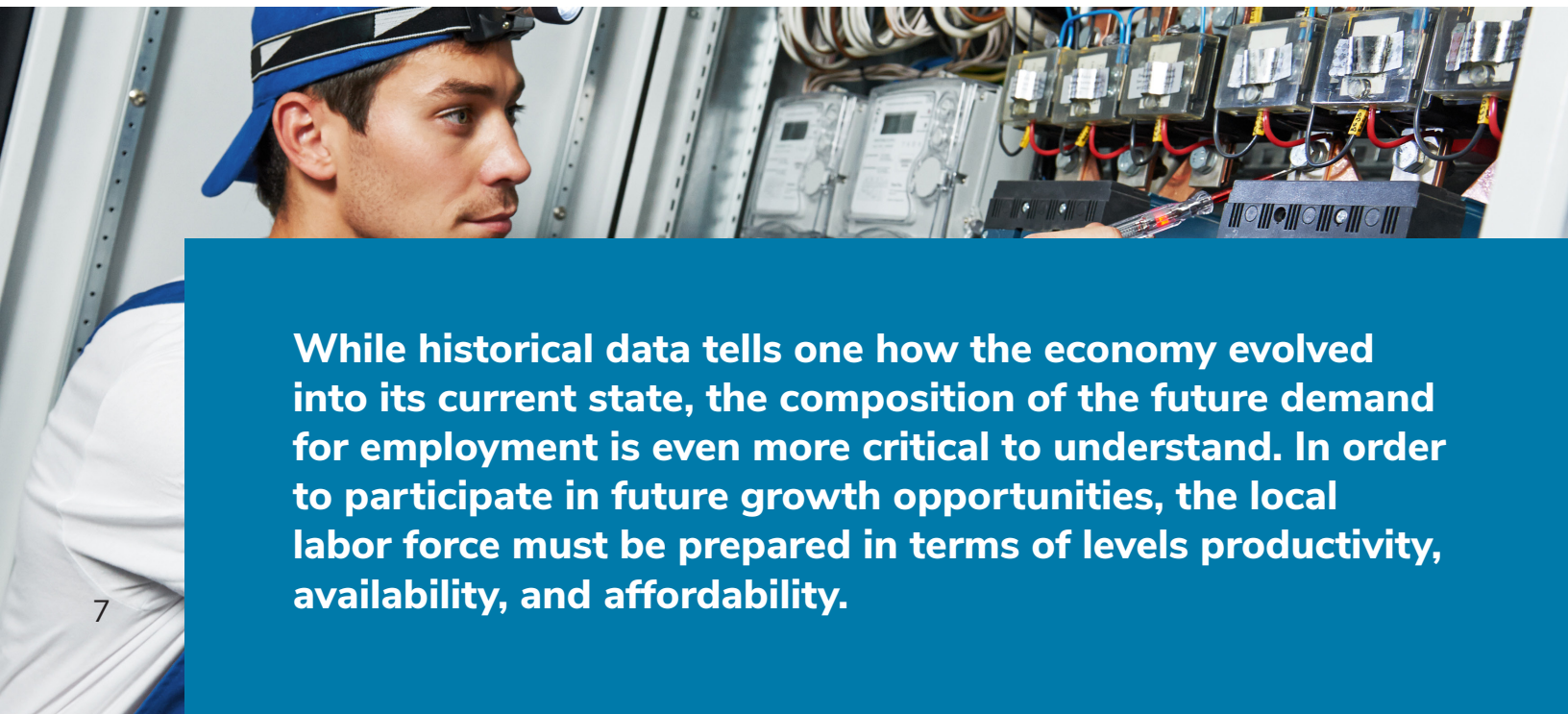


The Greater Phoenix Labor Market Overview

Figure 4: 10-Year Level Change in GDP in Phoenix MSA by Industry 2011-2021



Note: Figure in millions of current dollars.
Source: U.S. Bureau of Economic Analysis.



While historical data tells one how the economy evolved into its current state, the composition of the future demand for employment is even more critical to understand. In order to participate in future growth opportunities, the local labor force must be prepared in terms of levels productivity, availability, and affordability.

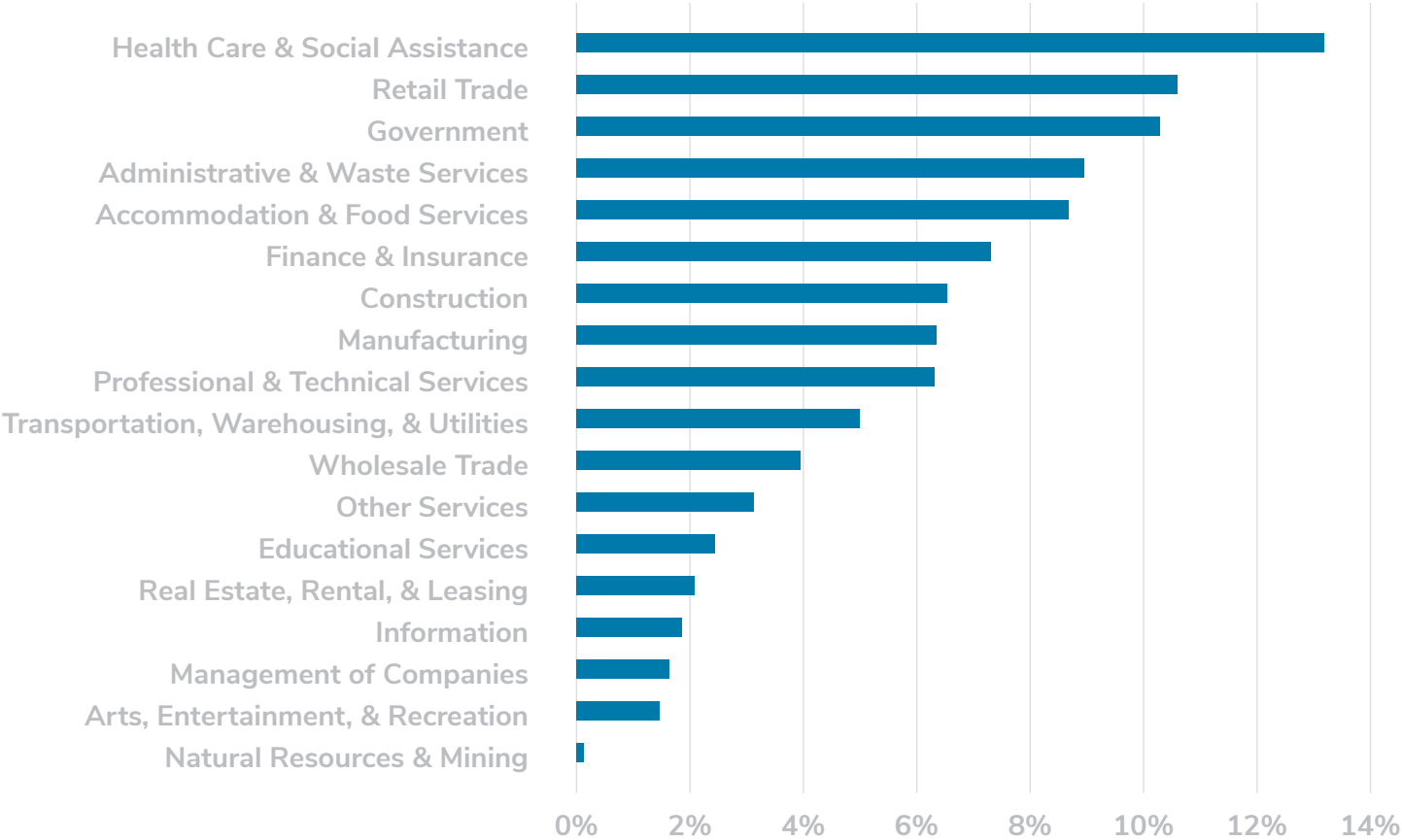
The Greater Phoenix Labor Market Overview

Employment Profile

The Greater Phoenix region’s labor force is employed by organizations across a wide variety of industries. The largest share of employment is in healthcare and social assistance industry (13.2% of total nonfarm employment) followed by retail trade (10.6%), surpassing the public sector.

Approximately 90% of jobs in in the Greater Phoenix region are in the private sector, whereas nearly 80% of the jobs for the balance of the state are employed by private entities.

Figure 5: Share of Employment in the Phoenix MSA by Industry 2022



Source: Arizona Office of Economic Opportunity

Approximately 90% of jobs in in the Greater Phoenix region are in the private sector, whereas nearly 80% of the jobs for the balance of the state are employed by private entities.

The Greater Phoenix Labor Market Overview

It is projected by the state's economic forecasters that occupations in the healthcare industry will be in high demand, and will continue to realize sizable growth in employment. Occupations in the information, transportation, warehousing, and utilities, and construction industries will also be in high demand. The forecasts are detailed in Table 2.

Overall, there will be a definitive need for workers in several occupational categories such as nursing, specialized manufacturing engineering, and other niche occupations such as cybersecurity. This means it is important to become more focused in workforce training in this state and provide a better match between worker supply and demand going forward.

Table 2: Occupational Categories with the Highest Projected Demand in the Phoenix MSA 2021-2031

Occupation Title	2021 Estimate	2031 Projection	10-Year Net Change	10-Year Percent Change
Healthcare Support Occupations	103,805	147,228	43,423	66.0%
Transportation and Material Moving Occupations	211,375	265,507	54,132	65.8%
Food Preparation and Serving Related Occupations	181,555	223,622	42,067	62.0%
Personal Care and Service Occupations	50,386	62,915	12,529	50.9%
Construction and Extraction Occupations	119,177	144,928	25,751	46.9%
Arts, Design, Entertainment, Sports, and Media Occupations	34,537	42,760	8,223	46.6%
Installation, Maintenance, and Repair Occupations	93,390	111,525	18,135	46.5%
Production Occupations	92,279	107,451	15,172	43.7%
Healthcare Practitioners and Technical Occupations	134,807	174,953	40,146	42.7%
Business and Financial Operations Occupations	166,235	201,988	35,753	37.6%
Computer and Mathematical Occupations	85,222	104,017	18,795	37.0%
Management Occupations	179,444	218,165	38,721	36.5%
Architecture and Engineering Occupations	36,012	43,161	7,149	31.2%
Sales and Related Occupations	219,431	239,948	20,517	30.2%
Building and Grounds Cleaning and Maintenance Occupations	69,606	80,932	11,326	30.0%
Community and Social Service Occupations	33,164	40,901	7,737	29.7%
Legal Occupations	18,907	23,219	4,312	26.5%
Life, Physical, and Social Science Occupations	11,123	13,066	1,943	22.7%
Education, Training, and Library Occupations	95,932	106,672	10,740	19.9%
Office and Administrative Support Occupations	342,947	378,683	35,736	17.3%
Protective Service Occupations	44,728	50,302	5,574	8.4%
Farming, Fishing, and Forestry Occupations	13,792	14,919	1,127	8.2%

The Greater Phoenix Labor Market Overview

Table 3: Detailed Occupations with the Highest Projected Demand - Phoenix MSA 2021-2031

Occupation Title	2021 Estimate	2031 Projection	10-Year Net Change	10-Year Percent Change
Nurse Practitioners	3,766	6,825	3,059	141.0%
Exercise Trainers and Group Fitness Instructors	5,055	7,193	2,138	106.7%
Medical and Health Service Managers	6,522	10,225	3,703	89.5%
Market Research Analysts and Marketing Specialists	13,999	19,227	5,228	83.7%
Nonfarm Animal Caretakers	3,975	5,504	1,529	80.2%
Motor Vehicle Operators	67,943	86,795	18,852	74.4%
Home Health Aides, Nursing Assist., & Orderlies	66,799	96,920	30,121	72.5%
Substance Abuse, Mental Health Counselors	4,770	6,840	2,070	63.0%
Medical Assistants	33,034	44,193	11,159	57.6%
Software Developers & Quality Assurance	31,012	37,639	6,627	57.2%
Financial Managers	11,987	15,394	3,571	54.9%
Other Healthcare Support Occupations	33,034	44,193	11,159	49.6%
Licensed Practical and Licensed Vocational Nurses	4,292	5,639	1,347	49.1%
Nursing Assistants	11,987	15,394	3,407	44.2%
Health Diagnosing or Treating Practitioners	86,856	113,243	26,387	42.8%
Health Technologists and Technicians	46,234	59,550	13,316	42.8%
Carpenters	14,407	17,216	2,809	40.8%
Retail Salesperson	59,273	64,087	4,814	38.8%
Medical Secretaries and Admin. Assistants	11,880	15,417	3,537	38.8%
Social and Human Service Assistants	4,256	5,384	1,128	33.0%
Registered Nurses	42,384	53,229	10,845	32.6%
Securities, Commodities, and Financial Service Sales Agent	8,227	10,271	2,044	26.8%
Other Construction and Related Work	5,157	5,823	666	18.4%
Bus Drivers, Transit and Intercity	2,657	2,940	283	17.0%
Emergency Medical Technicians and Paramedics	574	606	32	6.4%

Source: Arizona Office of Economic Opportunity

The Greater Phoenix Labor Market Overview

An employment location quotient (LQ) is an indexed value that quantifies how concentrated a particular industry or occupation is in a region compared to a larger geographic area, such as the nation. This value provides insight into which industries make the regional economy unique.

If workers in the Greater Phoenix region, for example, were employed in the healthcare and social assistance industry at exactly the national average rate, the region's LQ for that industry would be 1.0. If the industry were employed at double the national average, the LQ would be 2.0.

As of 2022, the credit intermediation and related activities sub-industry had the highest concentration of employees relative to the U.S. as a whole (2.15). This is followed by the computer and electronic production manufacturing (1.92), air transportation (1.73), and data processing, hosting and related services (1.59) sub-industries.

Table 4: Sub-Industries in the Greater Phoenix Region with a Higher Concentration Relative to the U.S.

Industry	Establishments	Employees	Average Wage	Location Quotient
Credit intermediation and related activities	2,766	82,468	\$105,664	2.15
Computer and electronic product manufacturing	339	30,065	\$131,508	1.92
Air transportation	99	12,795	\$86,060	1.73
Data processing, hosting and related services	518	10,903	\$110,916	1.59
Rental and leasing services	630	12,081	\$41,080	1.51
Warehousing and storage	221	37,912	\$48,204	1.43
Administrative and support services	8,373	184,618	\$48,776	1.41
Specialty trade contractors	6,718	99,518	\$77,220	1.39
Administration of economic programs	52	11,824	\$73,268	1.37
Utilities	155	15,743	\$122,980	1.36
Motor vehicle and parts dealers	1,337	39,057	\$56,732	1.36
Insurance carriers and related activities	3,503	48,232	\$97,656	1.34
Real estate	7,826	33,929	\$77,116	1.29
Construction of buildings	2,727	31,914	\$86,736	1.26
Lessors of nonfinancial intangible assets	75	397	\$99,372	1.25
Ambulatory health care services	10,585	144,897	\$73,580	1.23
Merchant wholesalers, durable goods	6,286	53,964	\$103,532	1.14
Performing arts and spectator sports	815	8,628	\$165,620	1.12
Securities, commodity contracts, investments	2,394	16,117	\$131,716	1.08
Miscellaneous manufacturing	406	9,647	\$78,104	1.07
Amusements, gambling, and recreation	980	32,077	\$35,412	1.06
Management of companies and enterprises	2,678	36,595	\$98,956	1.02
Couriers and messengers	284	14,937	\$45,292	1.01
Personal and laundry services	3,202	21,520	\$55,900	1.01

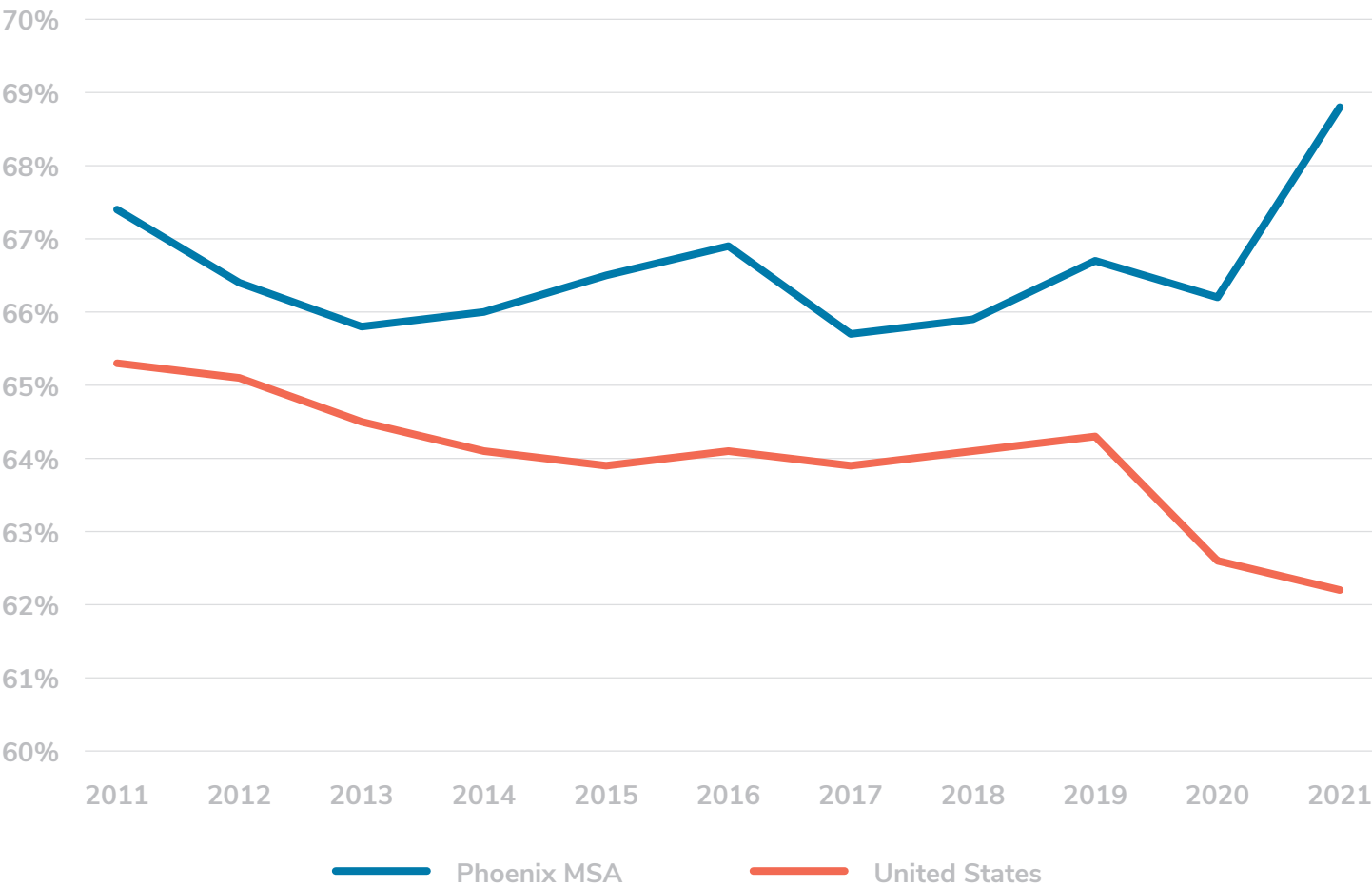
The Greater Phoenix Labor Market Overview

Labor Force Participation

The Greater Phoenix region is home to almost 5 million people. Of the working age population (i.e., 18 years and over), approximately 68.8% of those are participating in the labor force, (as of 2021, the latest available data) either employed or looking for employment, based on calculations of data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau.

The labor force participation rate is an important and widely used economic indicator. It measures the percentage of the civilian noninstitutional population, 18 years and older, that are either employed or unemployed and looking for work. Since 2017, the labor force participation rate in the Greater Phoenix region was increasing at a faster rate than the U.S. During 2020, the labor force participation rate declined nationwide because of the COVID-19 pandemic. However, since then, the rate in the Greater Phoenix region has increased past its pre-pandemic level while the U.S. continues efforts to decline.

Figure 6: Labor Force Participation Rate in the Phoenix MSA and the U.S. 2011-2021

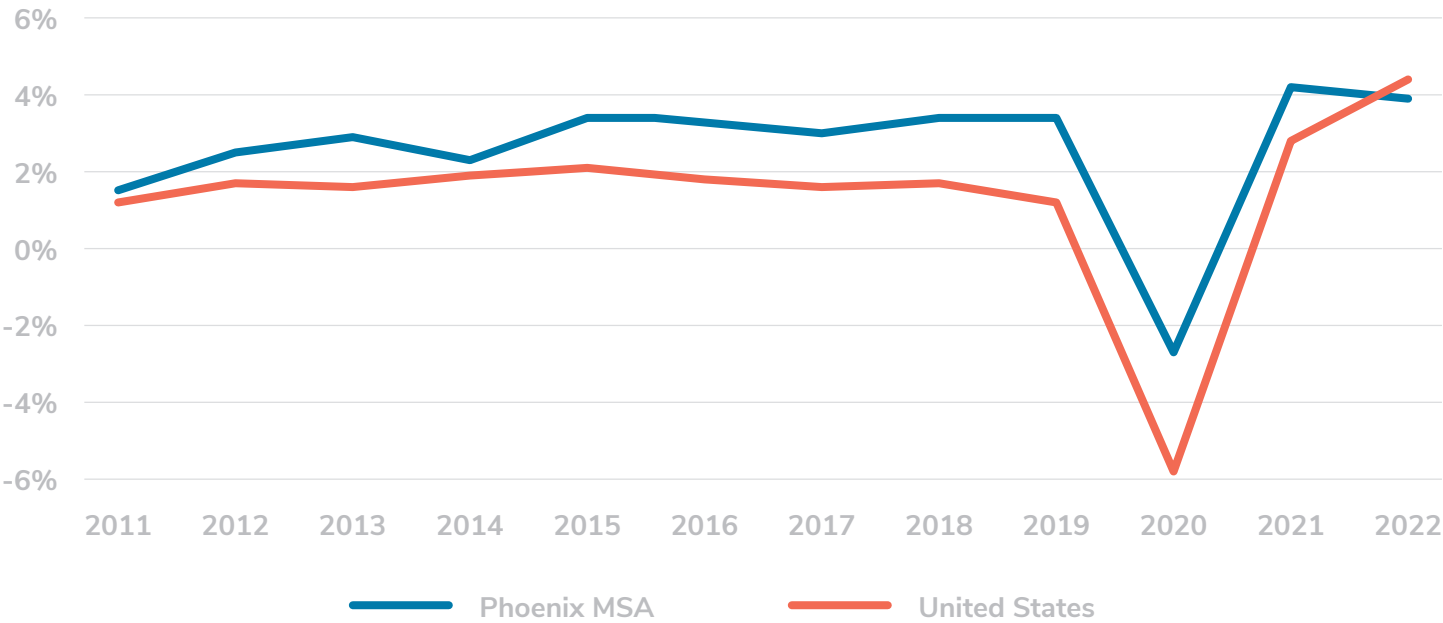


Source: U.S. Bureau of Labor Statistics; U.S. Bureau of Census: American Community Survey (5-Year Estimates)

The Greater Phoenix Labor Market Overview

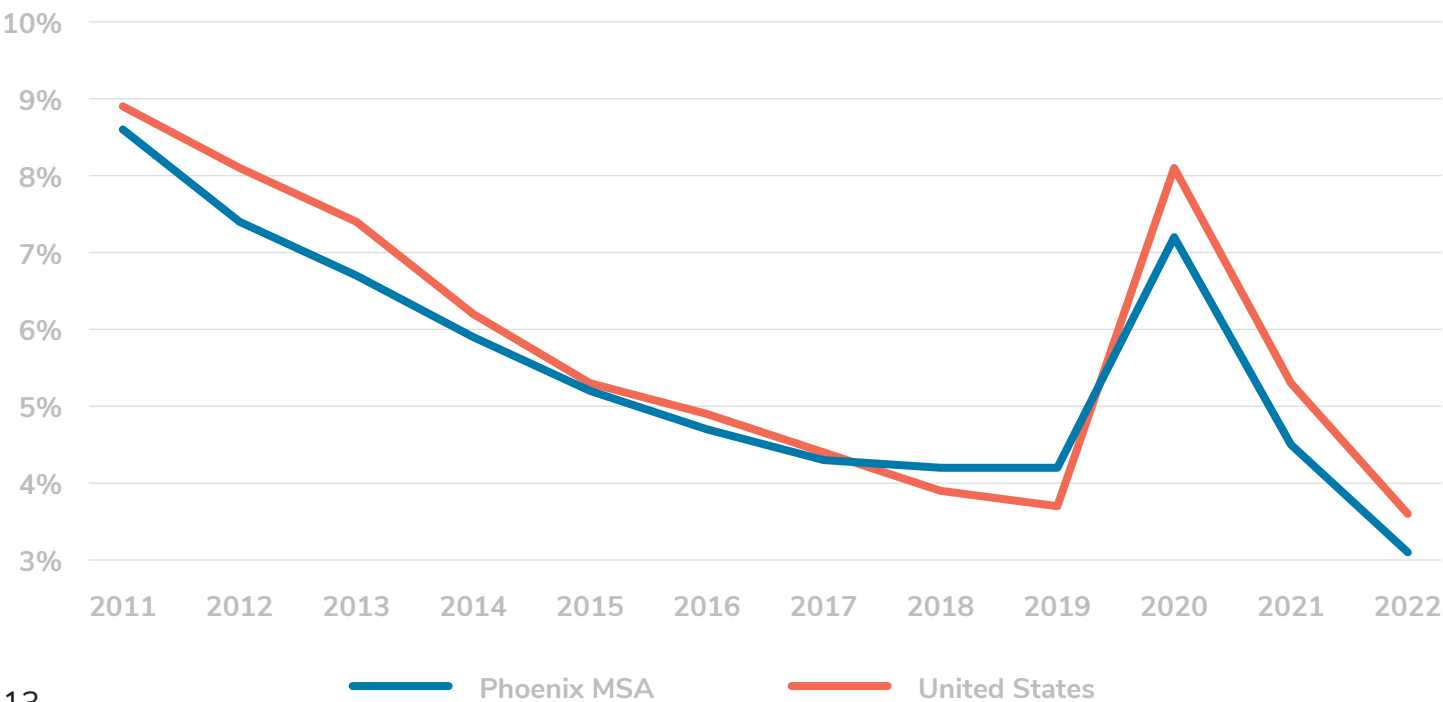
The impact of the pandemic was felt deeply across the region’s employment base. The total number of employed persons declined by 338,700 from February to April of 2020. Arizona was able to recover the number of lost jobs within a year and has since continuously grown. Arizona’s ability to rebound demonstrates the stability of the state’s economy due to the strategic diversification of industries and related employment.

Figure 7: Annual Employment Change in the Phoenix MSA and the U.S. 2011-2022



Source: Arizona Office of Economic Opportunity

Figure 8: Annual Unemployment Rate in the Phoenix MSA and U.S. 2011-20



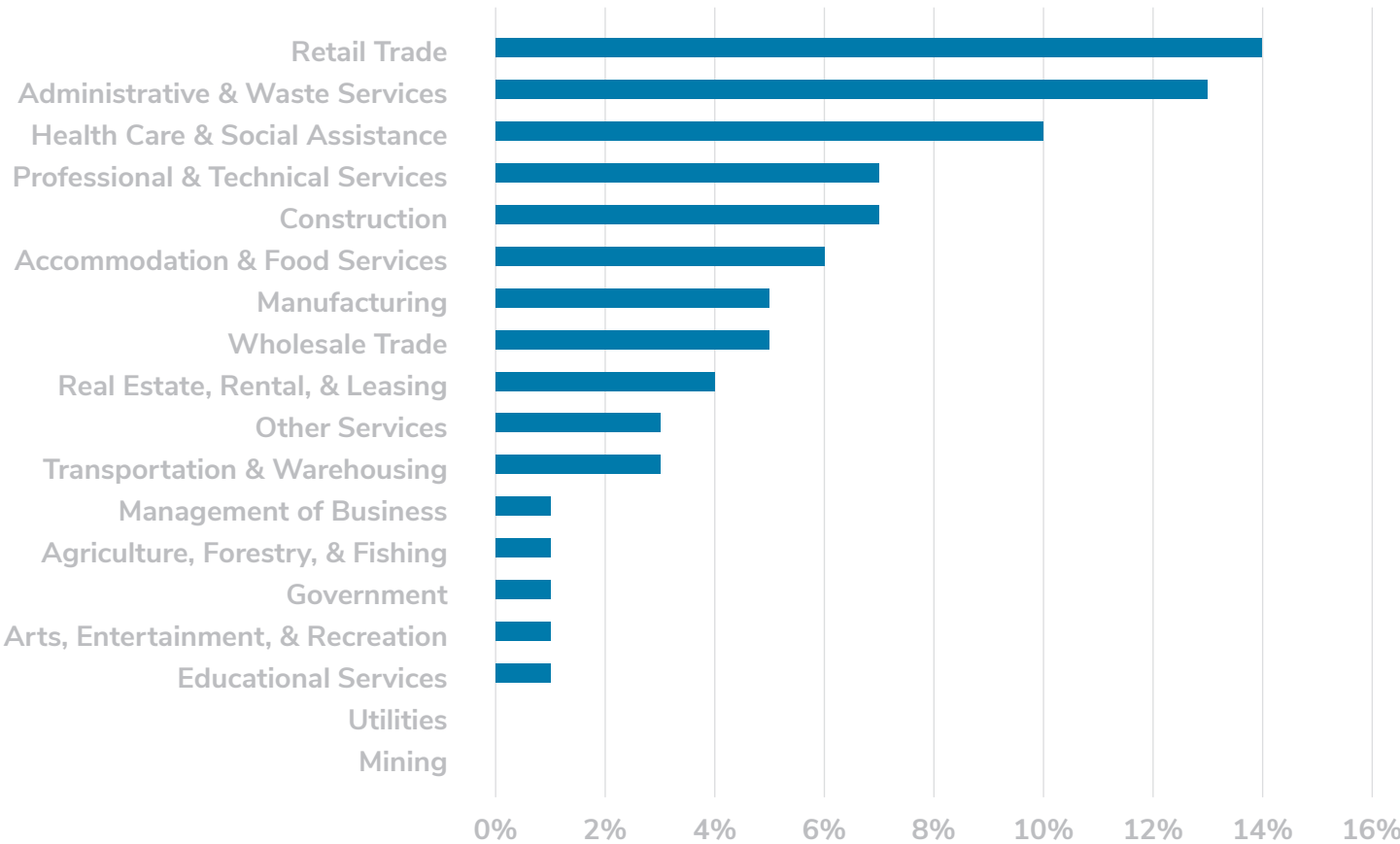
The Greater Phoenix Labor Market Overview

The unemployment rate, published by the U.S. Bureau of Labor Statistics, is another benchmark economic indicator. The state of the region's economy and labor markets can be illustrated by tracking the unemployment rate.

The Greater Phoenix region performed better during and post-pandemic than the U.S. as a whole in terms of unemployment rate. As of 2022, the Greater Phoenix region's unemployment rate was 3.1% compared to the U.S. rate of 3.6%.

The industry with the greatest amount of unemployment insurance claims filed in 2022 was in the retail trade industry, with 14% of all the claims. Administrative and waste services had the second largest number of claims made, at 13%. Health care and social assistance was ranked third with 10.0% of unemployment insurance claims.

Figure 9: Share of Unemployment Insurance Claims in Arizona in 2022 by Industry



Source: Arizona Office of Economic Opportunity

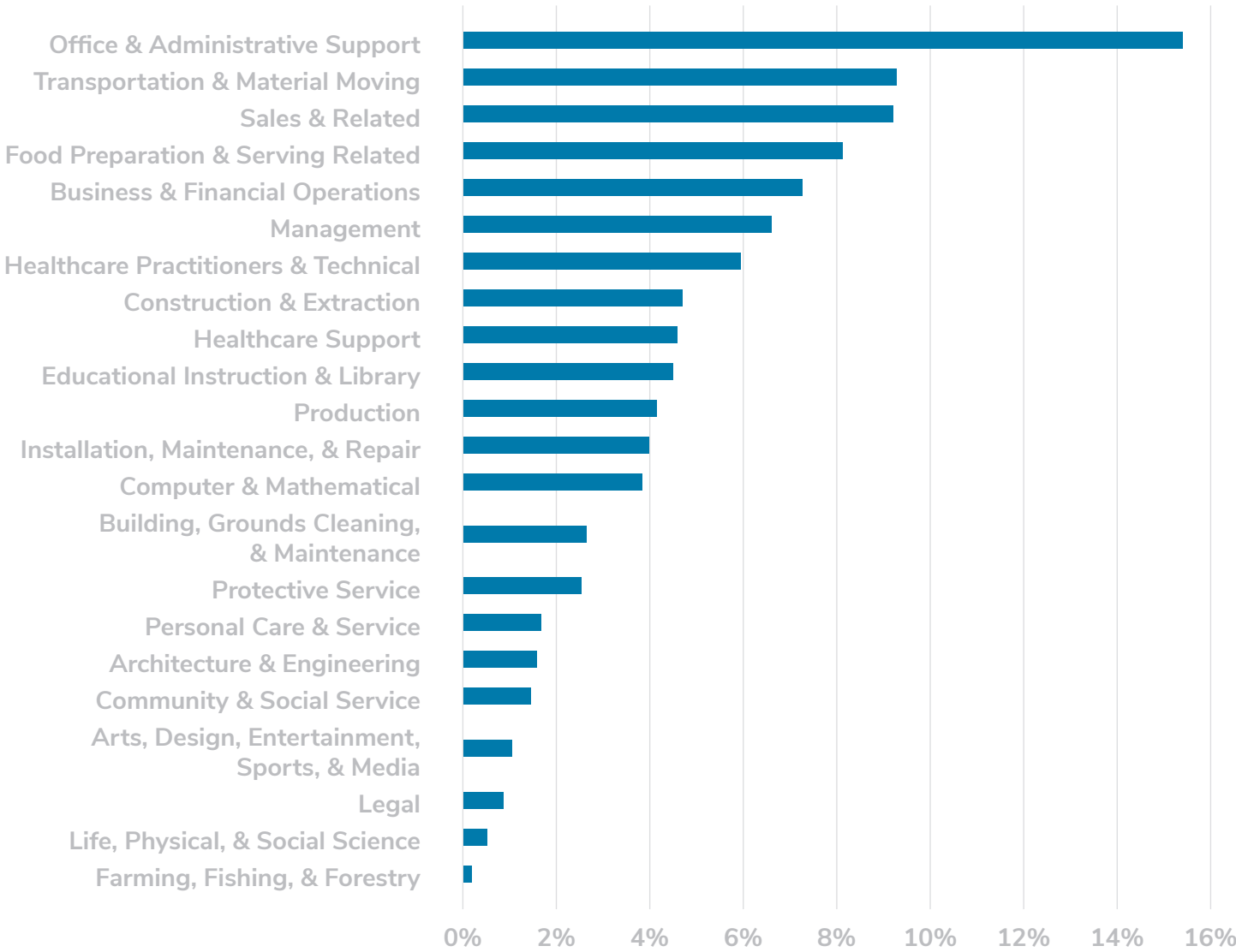
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The Greater Phoenix Labor Market Overview

Occupations and Wages

Looking at employment by occupation, we are able to have a clear idea of the jobs individuals perform within specific industries. The Greater Phoenix region had the largest share of employment in office and administrative support occupations (15.4%), followed by transportation and material moving occupations (9.3%), sales and related occupations (9.2%), food preparation and serving related occupations (8.1%), and business and finance occupations (7.3%).

Figure 10: Share of Employment in the Phoenix MSA by Occupational Category

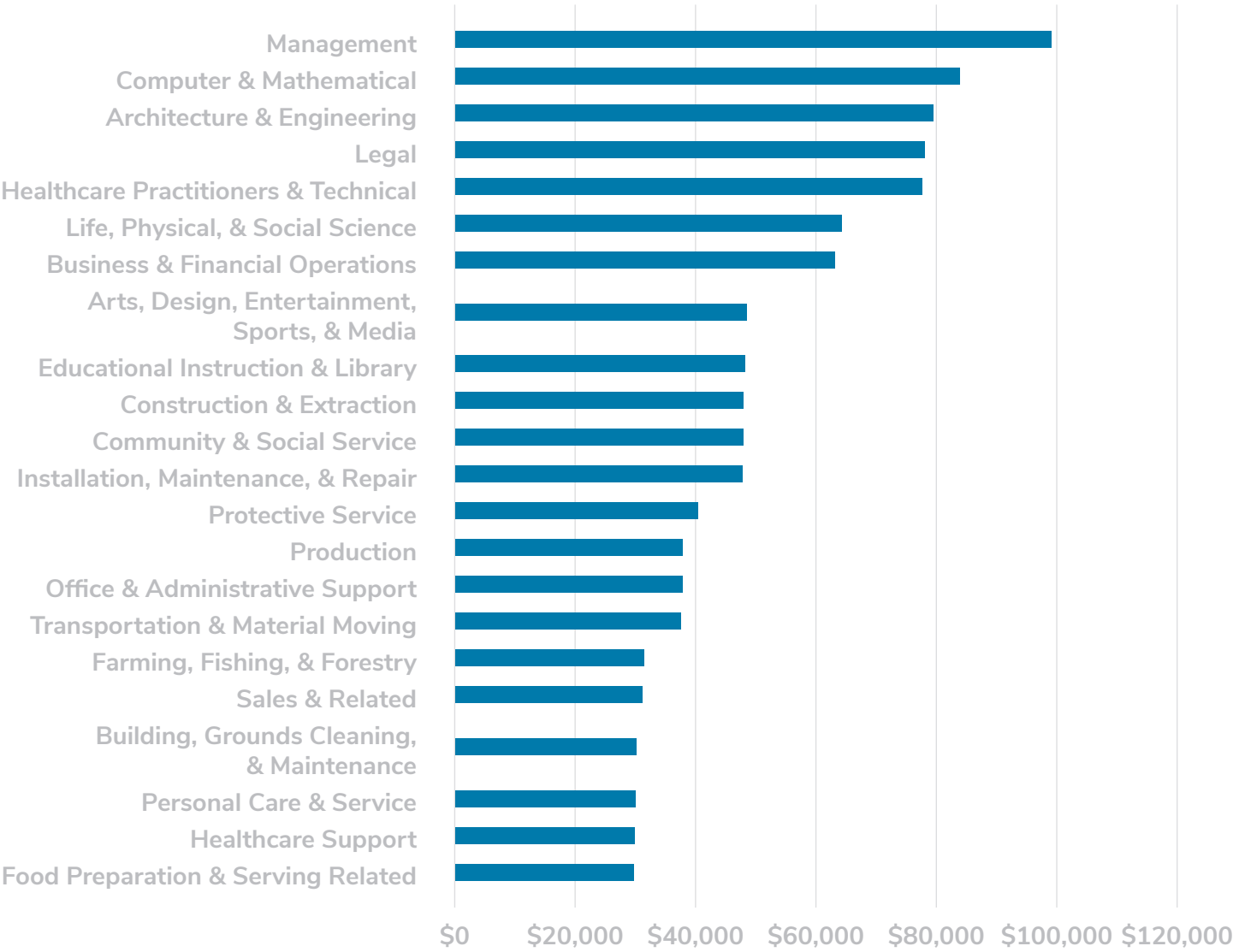


Source: Arizona Office of Economic Opportunity

The list of the top five occupations with the highest median annual wages includes: 1) Management, 2) Computer and Mathematical, 3) Architecture and Engineering, 4) Legal, and 5) Healthcare Practitioners and Technical occupations, all with median annual wages over \$77,000.

The Greater Phoenix Labor Market Overview

Figure 11: Median Annual Wage in the Phoenix MSA by Occupational Category 2021



Source: Arizona Office of Economic Opportunity



National and Regional Workforce Trends

The National Federation of Independent Businesses, (“NFIB”), a small business advocacy group, surveyed over 10,000 small business owners about their level of job openings and their ability to fill those positions. The survey came back showing that 47% of small businesses owners reported having job openings that they were unable to fill. The same survey found that 38% of owners have job openings for skilled workers, and 19% have openings for unskilled workers⁴

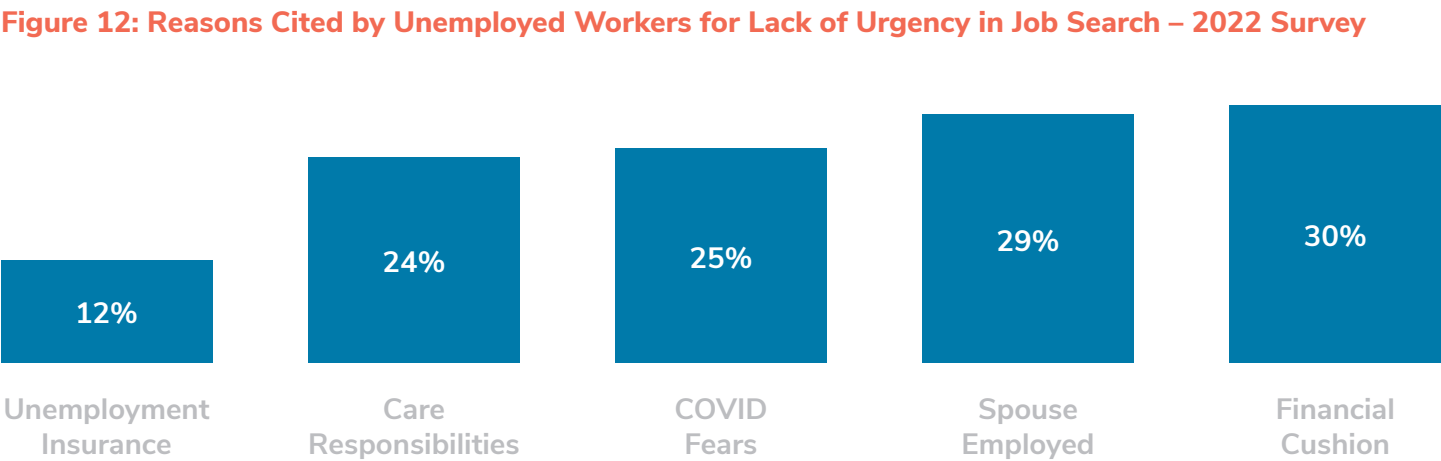
There are numerous reasons for the talent shortage within our labor market. First, there has been a high rate of baby boomers that have been retiring and leaving the workforce. This was largely because of the pandemic affecting the world and boomers having the means to retire in the unprecedented time. This has created an abundance of open positions that require greater qualifications to replace these positions, making them harder to fill.

Second, birth rates have been on a decline for the past fifty years now. A family in the 1950’s would have around four or five kids, yet a family in the past two decades typically has around two kids. After years of declining birth rates, this deficit has begun to make its way into high school enrollments and soon to college enrollments as well.

College and University enrollment rates have also been declining in the past years. The pandemic imposing limitations on in-person learning caused many high school graduates to decide to enter the workforce instead of going into higher education, while others were also drawn to the job market because of the wage inflation.

It is important to note, a substantial number of employers reported that students are not graduating with the required skills to obtain the available positions. Higher education needs to ensure their programs are focused on successfully preparing their students with the skills that will ensure they become qualified candidates for positions in their field upon graduation⁵

Hiring Lab conducted a survey in 2022 to understand the reasons unemployed workers have a lack of urgency in their job search. As noted in the figure below, financial cushion and spouse employment made up 59% of the reasons individuals lacked urgency, followed by COVID fears and childcare responsibilities.



Source: Hiring Lab

4 <https://www.nfib.com/content/press-release/economy/nfib-jobs-report-small-businesses-report-record-high-levels-of-job-openings/>
5 <https://www.hiringlab.org/2022/02/01/job-search-survey-january-2022/>

National and Regional Workforce Trends

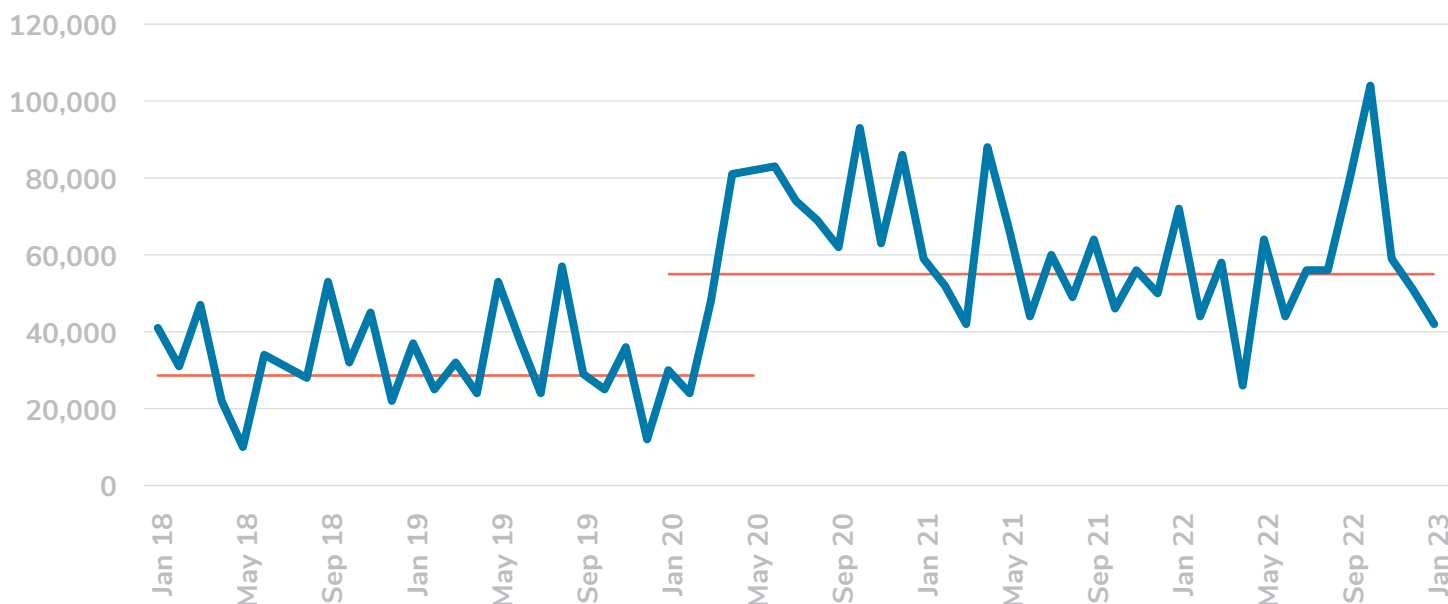
Childcare as a Workforce Issue

The United States Bureau of Labor Statistics reports the number of employed workers missing work due to childcare problems in the Current Population Survey. Figure 13 displays that the level of employed workers struggling with childcare has increased significantly since COVID-19. The red lines on the chart display the average level of workers missing work before and after the increase. The indicator has yet to return near its previous level.

October of 2022, the United States had 104,000 employed workers miss work due issues with childcare. This was in effect to the “triple-demic” of flu, COVID-19, and respiratory syncytial cases colliding and spreading across the nation. Parents had to miss work, children’s hospitals were under great stress, and the childcare system was threatened further.

Employees in childcare largely left their positions when the pandemic hit, and as of November the U.S. had 8% fewer childcare workers than before COVID-19. Labor shortages and the more recent wage inflation have increased the costs associated with childcare, making it more difficult for families to access and afford.

Figure 13: Employed Workers that Missed Work Due to Childcare Problems 2018-2023



Source: U.S. Bureau of Labor Statistics

National and Regional Workforce Trends

Labor Shortage Concerns in a Post-Pandemic Job Market

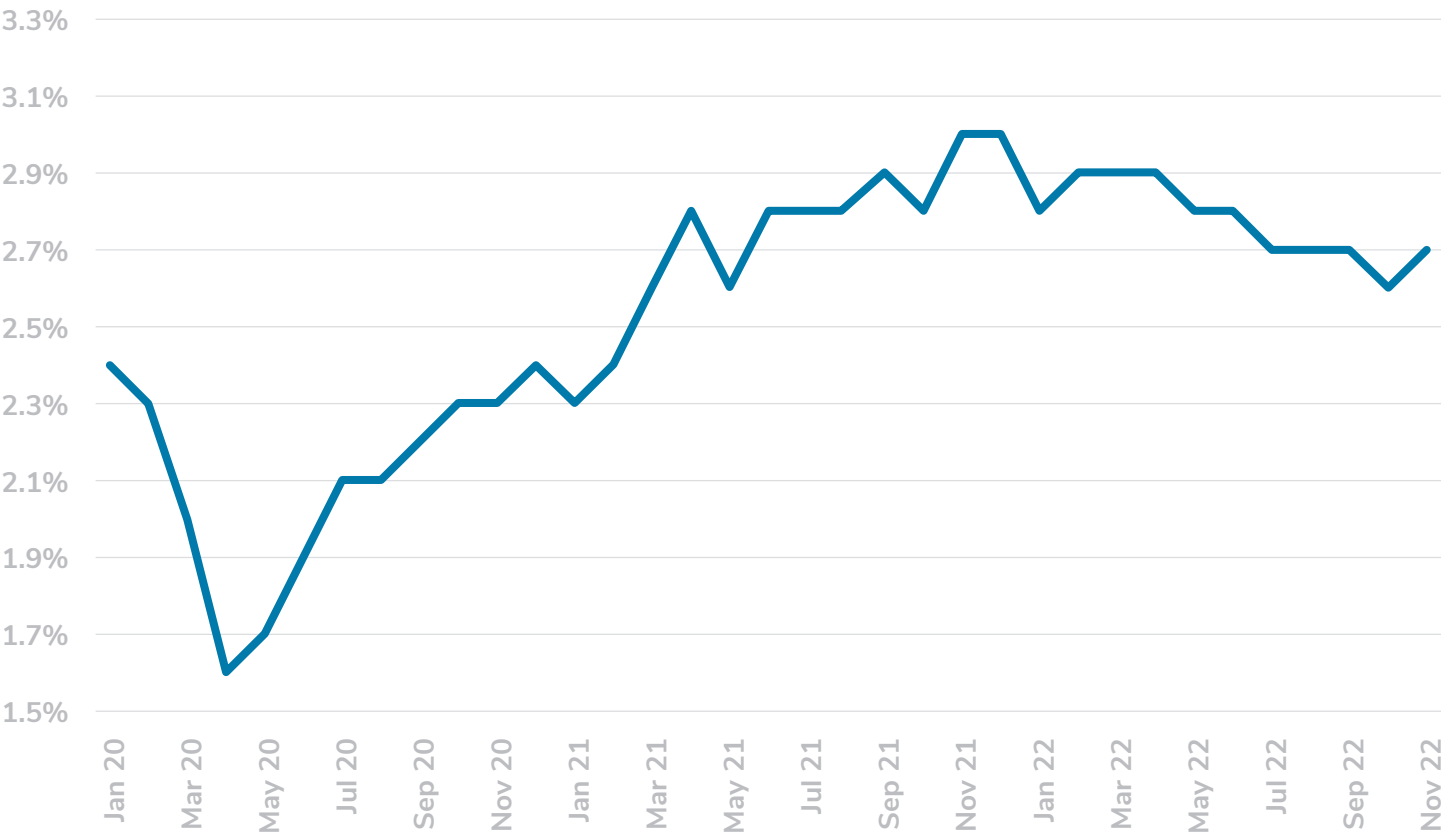
The post-pandemic U.S. job market issues have also been driven by employees seeking alternative jobs. However, according to Bankrate’s August 2022 survey of working adults, more than half of those who took part in the Great Resignation by finding a new and better paying job are now worried about their job security.

This worry has been built up from the current high borrowing costs, volatile markets, poor sentiment, and the slowing economy threatening fears of unemployment.

Although job openings remain at record high levels, employers are beginning to withdraw their job openings. The same survey revealed that employers took away 1.1 million job openings in August 2022 alone, suggesting a changing labor market. During the Great Resignation, employees gained a new bargaining power with labor shortages and were able to be more decisive with the jobs they returned to.

In the Bankrate August 2022 survey, Nick Bunker, the economic research director at the Indeed Hiring Lab stated, “If we get into a situation where there’s less competition for workers or demand for workers goes down, that’s going to reduce the bargaining power that workers have.” If this happens, then employers would gain bargaining power back from employees.

Figure 14: Nationwide Quits Rate by Month



Source: U.S. Census Bureau

National and Regional Workforce Trends

On a positive note, layoffs are not widespread even with companies announcing layoffs. Concerns of unemployment may rise over announcements of layoffs from different firms throughout different industries, but jobs are still hiring at a speed twice as fast as the pre-pandemic pace.

Mark Hamrick who is a Bankrate senior economist stated, “Employment and jobless claims data suggests the job market remains firm. Even with some companies announcing layoffs or plans to cut jobs, it appears that many individuals have been able to transition to new employment opportunities in quick order.”

Thus, even those who do experience unemployment due to job cuts and layoffs, are likely to find new employment opportunities shortly after their unemployment.

The chief economist of LinkedIn, in a 2022 interview mentioned in response to being asked to explain why people are leaving their jobs at the rates they are, Karin Kimbrough, said “People have been living to work for a very long time. And I think the pandemic brought that moment of reflection for everyone. “What do I want to do? What makes my heart sing?” And people are thinking, ‘If not now, then when?’”

Karin then goes on to explain that their data shows the sectors where people are quitting the most. Mentioning that the most quits have been happening in the retail and hospitality industries. LinkedIn’s data gives insights on who exactly is leaving their jobs, showing that millions of baby-boomers are deciding to retire early, along with millions of teens, and people in their early twenties known as “Gen Z.”

The data also shows that many more women have had to quit than men have. Karin explains why the rate of people quitting is so high, she stated “It may not just be worth it for some folks. And so, in some cases people are quitting and they’re not yet returning. They’re taking a break. Americans are burnt out. I like to think of it as-- it’s a, ‘Take this job and shove it,’ measure. It’s just a sign of people saying, ‘You know, I don’t need this.’”

This change of mind in employee’s has created a shift in the balance of power between employees and employers. Currently the employee’s carry the power, because employers have thousands of jobs available that they are eager to fill but the employees are being picky over what job they decide to return to.

Their decision is mostly based off factors such as, is the job remote, what is the wage, does the company’s values align with the individual, is there room for growth and promotion, and how flexible is it, among other factors.

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Conclusions and a Call to Action

The economic benefits realized over the past ten years were only possible with a deliberate shift in how state lawmakers, the business community, and economic development advocates approach building an economy.

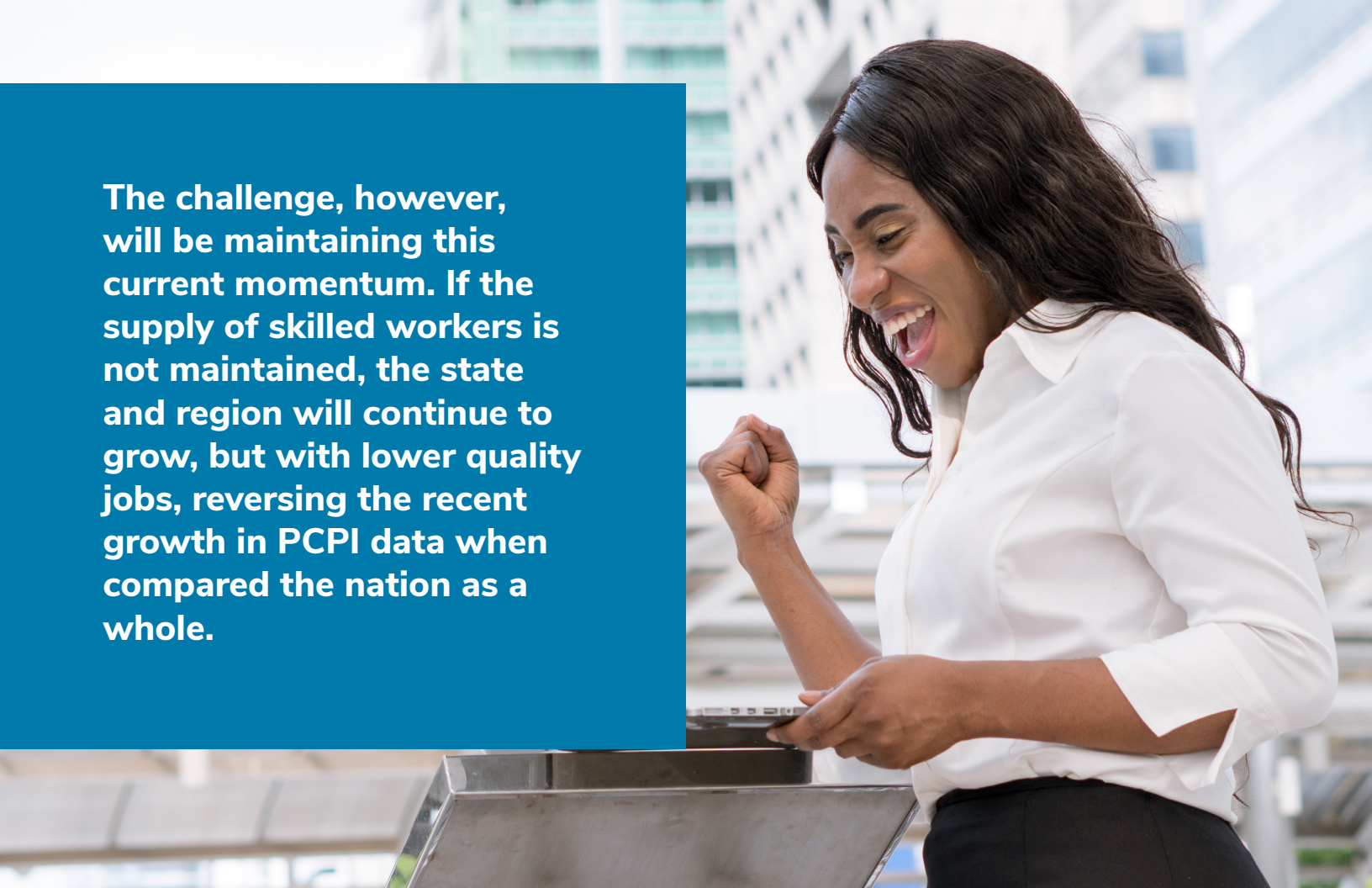
Before the Great Recession, growth came easy to the state and region, but something was lacking. The 2008 recession clearly identified that what was lacking was an economy that is diversified and resilient to dramatic swings in the business cycle.

Through changes in tax rates, economic development programs, statewide marketing, and regulatory reform, among others, the local economy has grown. But, more importantly, the growth has been towards higher quality jobs with higher wages. This is what advances an economy.

The challenge, however, will be maintaining this current momentum. If the supply of skilled workers is not maintained, the state and region will continue to grow, but with lower quality jobs, reversing the recent growth in PCPI data when compared the nation as a whole.

The work is never done. The last ten years' worth of employment data tells us that the economy greatly suffered following the recession of 2008, but quickly recovered from the most recent recession.

The remaining question is whether or not leaders will continue to aggressively advance the economy with an emphasis on workforce development. This will be the #1 focus of the Greater Phoenix Chamber Foundation for years to come.

A woman with long dark hair, wearing a white button-down shirt, is shown from the waist up. She is smiling broadly and making a fist pump gesture with her right hand. She is holding a laptop in front of her. The background is a blurred cityscape with modern buildings.

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GREATER PHOENIX CHAMBER

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