



OCTOBER 2019 | HV OUT OF ALIGNMENT ISSUE BRIEF

LABOR FORCE: WHO'S WORKING, WHO'S NOT

There is no debate that current unemployment rates are low in the Mid-Hudson Valley and throughout the nation. Many business sectors in the Mid-Hudson Valley are having difficulties finding a workforce. To put the current state of the region's labor force into context, Pattern analyzed labor force metrics from before the Great Recession (2000), in the aftermath of the Great Recession (2012), and post Great Recession (2017). Pattern also examined trends in labor force, the number of people employed, the number unemployed, and the unemployment rate.

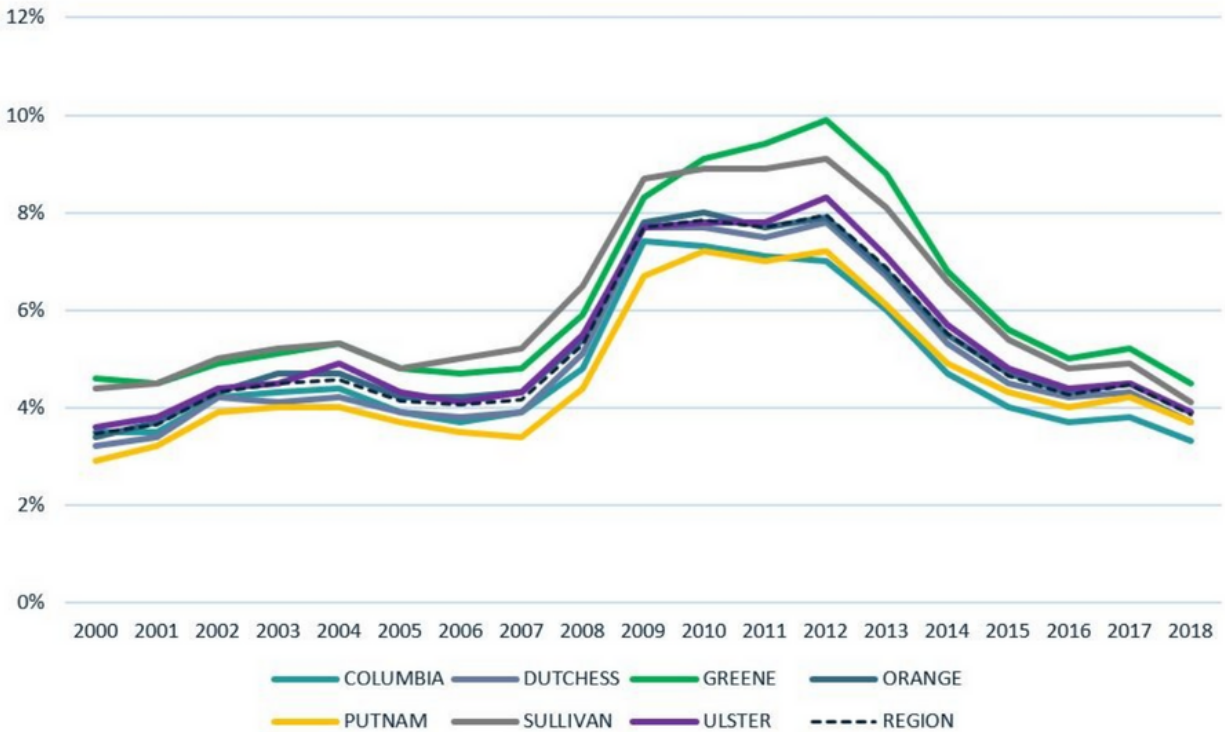
Labor force is defined as individuals aged 16 and older who are employed or actively seeking employment. It does not include people who are retired or who are not looking for a job. Over the past 17 years, the number of people in the labor force peaked between the years of 2006 and 2010 for every county except Orange. In fact, Orange County has experienced the greatest growth in the number of people in its labor force among the seven counties, growing by 19,100 from 2000 to 2017, an 11.7% increase. On a regional level, the combined labor force of all seven Mid-Hudson counties increased from 526,600 in 2000 to 548,000 in 2017. This represents an increase of approximately just 4% over 17 years. Combined with low population growth, it is no wonder that employers are searching far and wide to find employees in the current economy.



Although the number of people in the labor force is an important metric, so too is the rate of labor force participation. Labor force participation is a measure of the number of people in the labor force relative to the number of people who are eligible to be in the labor force, but choose not to be. This is a particularly useful metric as it controls for changes in overall population and allows for comparison between counties with significantly different populations.

As mentioned above, Orange County experienced the greatest increase in the number of people in the labor force. This is, however, mostly explained by the fact that Orange County also experienced the largest increase in the population aged 16 and above. While that number increased in Orange County from 2000 to 2017, the labor force participation rate dropped slightly over this same time period. In fact, the labor force participation rate dropped in every county in the Mid-Hudson Valley from 2000 to 2017. Declining labor force participation, especially among prime-aged workers aged 25-54, is a worrisome trend affecting the Mid-Hudson Valley and nation as a whole. The reason for the declining labor force participation is not entirely clear, but research suggests that some factors may include decreased demand for low-skill labor, an aging population, automation, increased reliance on disability insurance, and increasing opioid abuse.

UNEMPLOYMENT RATE 2000 TO 2018



Source: New York State Department of Labor

Since 2000, trends in the unemployment rate have varied slightly among Mid-Hudson Valley counties, but have largely mirrored the national unemployment trends. The unemployment rate peaked in 2012 in five of the seven Mid-Hudson counties. The remaining two counties, Columbia and Orange, experienced peak unemployment in 2009 and 2010, respectively. Following these peaks, the unemployment rate has recovered to nearly pre-Great Recession levels or better in the entire study area. The unemployment rate was lower in 2017 than 2000 for three of the seven counties. Furthermore, the 2017 unemployment rate was within one percentage point of the 2000 unemployment rate for all seven counties.

LABOR FORCE AND EMPLOYMENT METRICS – MID HUDSON VALLEY

		Metrics			# Change			% Change		
		2000	2012	2017	2000 to 2012	2012 to 2017	2000 to 2017	2000 to 2012	2012 to 2017	2000 to 2017
Columbia	Population 16+	49,899	51,950	51,694	2,051	-256	1,795	4.1%	-0.5%	3.6%
	In Labor Force	31,300	31,700	31,100	400	-600	-200	1.3%	-1.9%	-0.6%
	Labor Force Participation	62.7%	61.0%	60.2%	-1.7%	-0.9%	-2.6%	-2.7%	-1.4%	-4.1%
	Employed	30,300	29,500	29,900	-800	400	-400	-2.6%	1.4%	-1.3%
	Unemployed	1,100	2,200	1,200	1,100	-1,000	100	100.0%	-45.5%	9.1%
	Unemployment Rate	3.5%	7.0%	3.8%	3.5%	-3.2%	0.3%	100.0%	-45.7%	8.6%
Dutchess	Population 16+	217,530	240,985	245,245	23,455	4,260	27,715	10.8%	1.8%	12.7%
	In Labor Force	138,400	146,400	143,100	8,000	-3,300	4,700	5.8%	-2.3%	3.4%
	Labor Force Participation	63.6%	60.8%	58.3%	-2.9%	-2.4%	-5.3%	-4.5%	-4.0%	-8.3%
	Employed	134,000	135,000	137,000	1,000	2,000	3,000	0.7%	1.5%	2.2%
	Unemployed	4,500	11,400	6,100	6,900	-5,300	1,600	153.3%	-46.5%	35.6%
	Unemployment Rate	3.2%	7.8%	4.3%	4.6%	-3.5%	1.1%	143.8%	-44.9%	34.4%
Greene	Population 16+	38,359	40,966	40,655	2,607	-311	2,296	6.8%	-0.8%	6.0%
	In Labor Force	22,500	21,500	20,500	-1,000	-1,000	-2,000	-4.4%	-4.7%	-8.9%
	Labor Force Participation	58.7%	52.5%	50.4%	-6.2%	-2.1%	-8.2%	-10.5%	-3.9%	-14.0%
	Employed	21,500	19,400	19,400	-2,100	0	-2,100	-9.8%	0.0%	-9.8%
	Unemployed	1,000	2,100	1,100	1,100	-1,000	100	110.0%	-47.6%	10.0%
	Unemployment Rate	4.6%	9.9%	5.2%	5.3%	-4.7%	0.6%	115.2%	-47.5%	13.0%
Orange	Population 16+	252,741	284,140	292,199	31,399	8,059	39,458	12.4%	2.8%	15.6%
	In Labor Force	161,300	179,600	180,400	18,300	800	19,100	11.3%	0.4%	11.8%
	Labor Force Participation	63.8%	63.2%	61.7%	-0.6%	-1.5%	-2.1%	-1.0%	-2.3%	-3.3%
	Employed	155,800	165,400	172,300	9,600	6,900	16,500	6.2%	4.2%	10.6%
	Unemployed	5,500	14,200	8,200	8,700	-6,000	2,700	158.2%	-42.3%	49.1%
	Unemployment Rate	3.4%	7.9%	4.5%	4.5%	-3.4%	1.1%	132.4%	-43.0%	32.4%
Putnam	Population 16+	73,042	79,579	81,754	6,537	2,175	8,712	8.9%	2.7%	11.9%
	In Labor Force	52,000	51,600	50,800	-400	-800	-1,200	-0.8%	-1.6%	-2.3%
	Labor Force Participation	71.2%	64.8%	62.1%	-6.4%	-2.7%	-9.1%	-8.9%	-4.2%	-12.7%
	Employed	50,500	47,900	48,700	-2,600	800	-1,800	-5.1%	1.7%	-3.6%
	Unemployed	1,500	3,700	2,100	2,200	-1,600	600	146.7%	-43.2%	40.0%
	Unemployment Rate	2.9%	7.2%	4.2%	4.3%	-3.0%	1.3%	148.3%	-41.7%	44.8%
Sullivan	Population 16+	57,867	62,175	61,486	4,308	-689	3,619	7.4%	-1.1%	6.3%
	In Labor Force	33,000	35,300	34,200	2,300	-1,100	1,200	7.0%	-3.1%	3.6%
	Labor Force Participation	57.0%	56.8%	55.6%	-0.3%	-1.2%	-1.4%	-0.4%	-2.0%	-2.5%
	Employed	31,500	32,100	32,600	600	500	1,100	1.9%	1.6%	3.5%
	Unemployed	1,400	3,200	1,700	1,800	-1,500	300	128.6%	-46.9%	21.4%
	Unemployment Rate	4.4%	9.1%	4.9%	4.7%	-4.2%	0.5%	106.8%	-46.2%	11.4%
Ulster	Population 16+	140,755	151,133	151,327	10,378	194	10,572	7.4%	0.1%	7.5%
	In Labor Force	88,100	91,000	87,900	2,900	-3,100	-200	3.3%	-3.4%	-0.2%
	Labor Force Participation	62.6%	60.2%	58.1%	-2.4%	-2.1%	-4.5%	-3.8%	-3.5%	-7.2%
	Employed	84,900	83,500	83,900	-1,400	400	-1,000	-1.6%	0.5%	-1.2%
	Unemployed	3,200	7,500	4,000	4,300	-3,500	800	134.4%	-46.7%	25.0%
	Unemployment Rate	3.6%	8.3%	4.5%	4.7%	-3.8%	0.9%	130.6%	-45.8%	25.0%
Hv Total	Population 16+	830,193	910,928	924,360	80,735	13,432	94,167	9.7%	1.5%	11.3%
	In Labor Force	526,600	557,100	548,000	30,500	-9,100	21,400	5.8%	-1.6%	4.1%
	Labor Force Participation	63.4%	61.2%	59.3%	-2.3%	-1.9%	-4.1%	-3.6%	-3.1%	-6.5%
	Employed	508,500	512,800	523,800	4,300	11,000	15,300	0.8%	2.1%	3.0%
	Unemployed	18,200	44,300	24,400	26,100	-19,900	6,200	143.4%	-44.9%	34.1%
	Unemployment Rate	3.5%	8.0%	4.5%	4.5%	-3.5%	1.0%	130.1%	-44.0%	28.8%

Source: New York State Department of Labor, Census 2000; American Community Survey 2012, 2017

At the end of 2018, the annual unemployment rate was essentially the same as it was in 2000. In addition to the remarkably low unemployment rate, in May 2019, the national economy was in its 105th consecutive month of adding jobs. This is the longest consecutive job expansion on record. While no one can predict when a recession will hit, history tells us that it is likely for one to occur in the early part of the next decade. While employers are struggling to find workers now, it is just a matter of time before there is a softening of the labor market. Unfortunately, this will be accompanied by a downturn in the economy.

It should also be noted that there has been a distinct change in the sectors of job growth in the Mid-Hudson Valley. Job sectors such as manufacturing and finance have seen a marked decline while the sectors of tourism, education, and healthcare have seen strong job growth since 2000. Unfortunately, many tourism-related jobs are low paying and fluctuate with the health of the economy and availability of disposable household income. Diversification of job growth in the Mid-Hudson Valley will be critical for making the local economy more resilient to future economic downturns.

The labor force participation rate is in part influenced by the cost of childcare. **The average annual cost for two children in full time daycare is over \$25,000.** As a result, many households decide one parent will remain at home or work part time.

Furthermore, households that receive a childcare subsidy based on income are faced with a phenomenon known as the “Benefit Cliff.”

Once a household goes over the income guidelines, their benefit is taken away. So a working member of the household remains at home as the additional income is not sufficient to carry the cost of the childcare. This also reduces the number of people in the pool of available workers.

