



# ***Rodney's Take***

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## **Where Have All the Workers Gone?**

In late 2008, I was watching an interview with Wilbur Ross on CNBC. Commenting on the economic crisis, the famous businessman said something to the effect of, "I've hired my last inexperienced employee."

He thought the economy would go through a tough time and then take years to recover. When it comes to employment, he was correct. Young people graduating high school and college in the years following the Great Financial Crisis can attest that it was tough to find any employment during that time, and good luck getting any sort of a raise. That situation changed slowly starting in about 2015, and then more rapidly in 2018. Wages jumped for entry-level workers, and the unemployment rate eventually fell to 50-year lows.

The economic response to the pandemic pushed unemployment above 16%, but it has since fallen back to 6%. This implies that about four million more people are looking for work today than at the start of 2020. That might be true, but those people are hard to find.

The National Federation of Independent Businesses (NFIB), a small-business association, reported on April 1 that 42% of its member firms can't find enough workers to fill open positions. This is the highest number on record and nearly twice the average going back to 1974.

Part of the problem could be structural unemployment, where people are available for work, but they either don't have the training necessary for the

jobs available or they don't live in areas with open positions. And part of the problem could be that we're providing unemployed workers with federal unemployment bonus checks that bring their income near, if not all the way, to their normal pay levels. The new American Rescue Plan extends the federal Pandemic Unemployment Assistance (PUA) program through September.

With a weekly \$300 federal unemployment bonus check, 37% of unemployed workers make more by staying home. People might choose to stay home instead of work for many reasons, ranging from needing to care for children who are forced to attend school remotely to simply wanting to sleep late and do nothing. The PUA gives people who are willing to bend the rules the ability to make that choice.

By law, workers filing for unemployment benefits are required to search for employment at the same time. Employers who recall workers, such as restaurants that reopen and ask workers to come back, are supposed to report workers who refuse to their unemployment commission—in the midst of the pandemic and chaos at unemployment offices around the country. Who is checking on such things?

My youngest is finishing college. She lost her part-time job last spring because of the pandemic. Her employer told her to file for unemployment, which she did. Last month, she received notice from the unemployment office of a problem with the benefits she was paid last year. She tried to call, but the department has a recording saying it isn't taking calls. On the website, it shows how to sign up for virtual appointments, but when you click on the calendar, no slots are available. She eventually got an in-person, 15-minute appointment almost a month out. With so much confusion, labor departments around the country don't have the manpower to verify that workers are following the rules.

This leaves some portion of the unemployed workforce on paid leave for at least another five months.

After the summer comes to a close and schools reopen, many workers who chose to sit out may want to get back into the employment game. Until

then, it could be difficult for small businesses to fill open slots, and therefore provide services, as the economy reopens.

There is a silver lining. For young people graduating high school and college, this should be a great time to find work. With the previously mentioned child entering the workforce, I'm hoping this is the case.

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*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*