



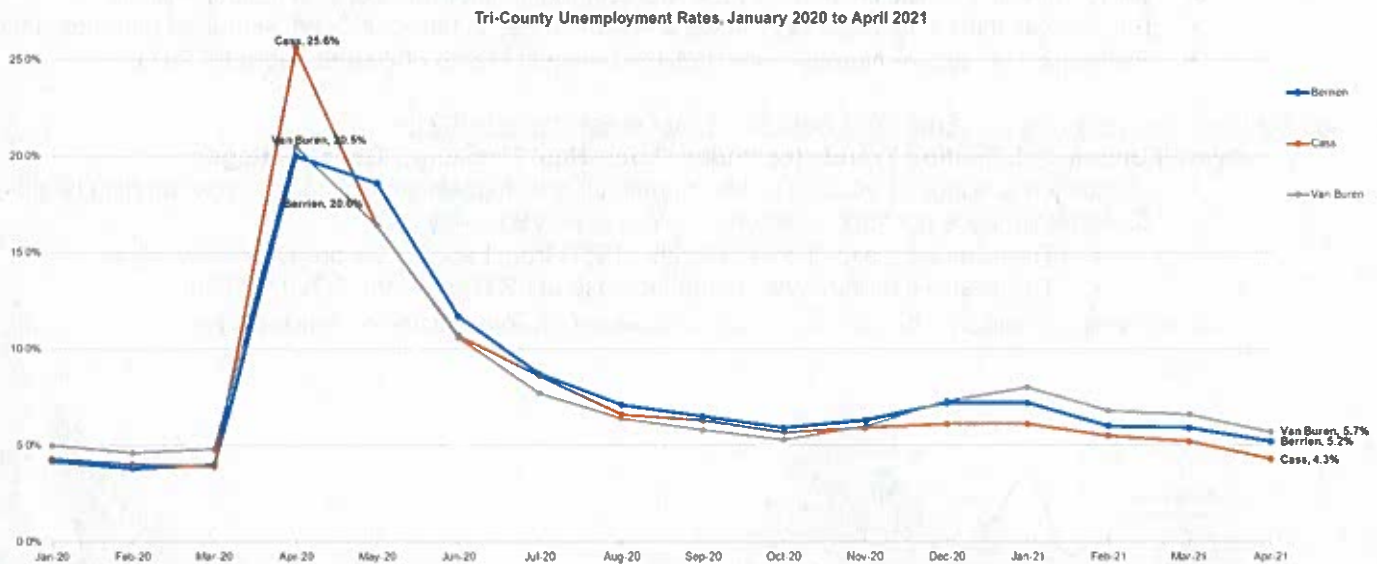
JUNE 2021 LEGISLATIVE ROUNDTABLE NOTES

1. BCVB

- **Labor Market Data Overview (Source: Michigan DTMB):**

- **April 2021 Unemployment Rates:**

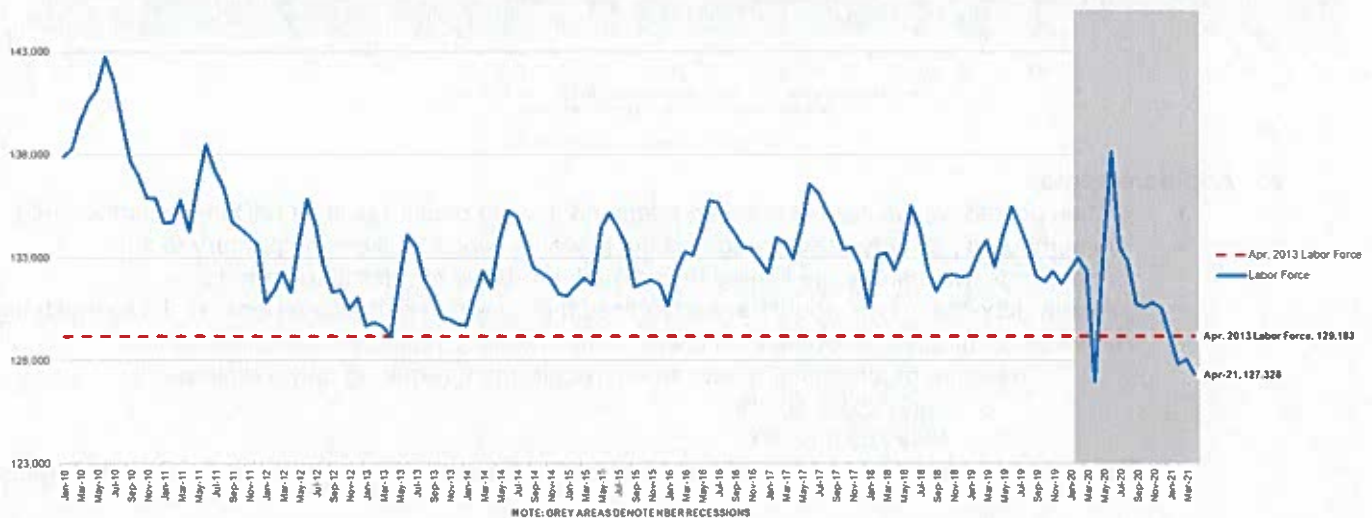
- Berrien: 5.2% (-14.8% from April 2020, -0.7% from March)
 - Cass: 4.3% (-21.3% from April 2020, -0.9% from March)
 - Van Buren: 5.7% (-14.8% from April 2020, -0.9% from March)
 - BCVB: 5.2% (-16.0% from April 2020, -0.7% from March)



- **April 2021 BCVB Labor Force and Employment Data:**

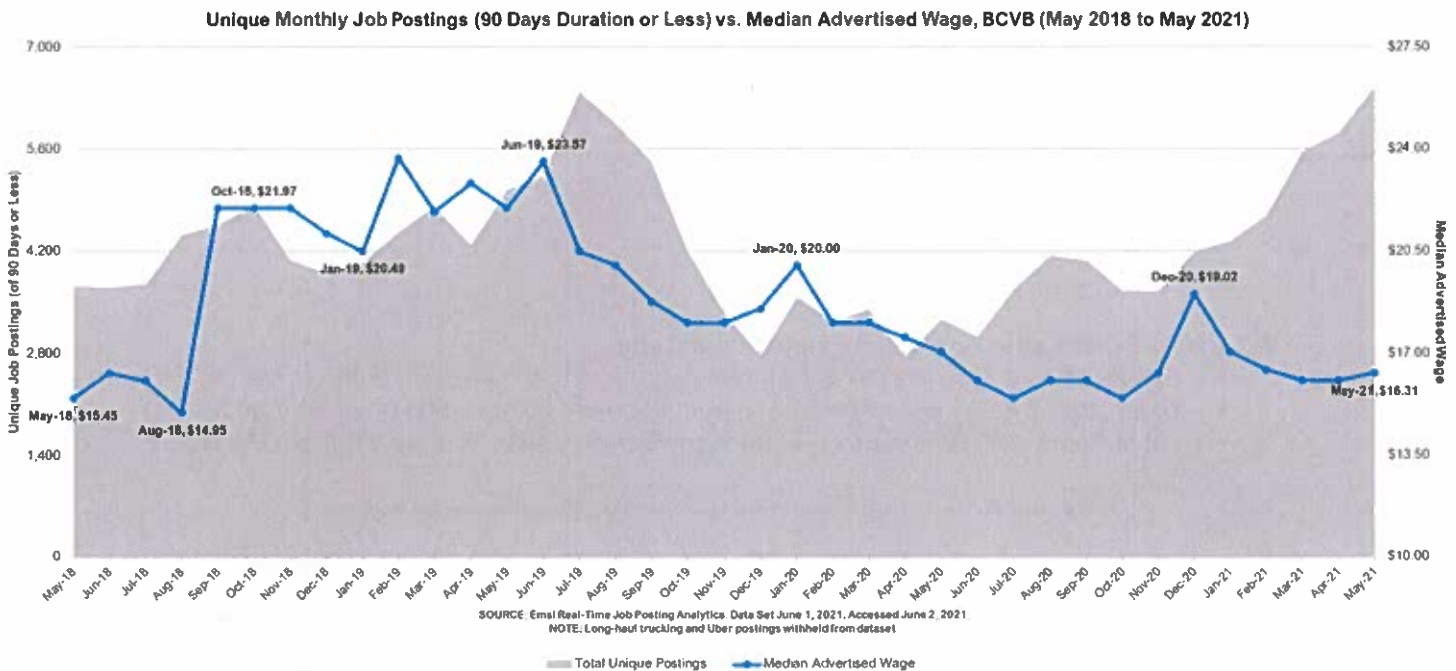
- Employed: 120,747 (-6,871 (-5.4%) from February 2020, +292 (+0.2%) from March)
 - Unemployed: 6,581 (+1,220 (+22.8%) from February 2020, -1,008 (-13.3%) from March)
 - Labor Force: 127,328 (-5,651 (-4.2%) from February 2020, -716 (-0.6%) from March)

BCVB's Shrinking Talent Pool: Labor Force Trends, January 2010 to April 2021 (Seasonally-Unadjusted)



- Additional Labor Market Info (Sources: Michigan DTMB, BLS, U.S. Census Bureau, Bloomberg):
 - **BCVB labor force disengagement exceeds the nationwide average.**
 - Disengagement is lower than the statewide average, but labor force levels are at historic lows.
 - Labor force levels are down roughly 4.2% from February 2020 through April.
 - Labor force declines are seasonal in April, but this April declines were near-identical to averages.
 - In April, the workforce shrank by 0.6% (-716); this equals the pre-COVID average of -0.6% (-768).
 - This also comes despite the historically-low levels of current labor force engagement.
 - For comparison, the national labor force disengagement rate was -2.3% in April.
 - **BCVB's unemployment rate is higher than the state's due to greater worker engagement.**
 - While labor force levels remain concerning, more are working/actively seeking employment in BCVB.
 - While BCVB's labor force is down 4.2% from last February, the state's is down 5.6%.
 - Wayne County accounts for one-fifth of the total statewide labor force losses (20.3%).
 - This is despite it only accounting for approximately 16.3% of the state's labor force pre-COVID.
 - This is actually down from its share of labor force declines in previous months, however.
 - **We have yet to see the quantitative impacts of skilled remote worker migratory inflow to the region.**
 - This is likely attributable to the lack of timely, official migration data from governmental agencies.
 - While there is a possibility that they are represented in labor force data, it seems unlikely.
 - Berrien was third only to the Big Rapids and Alma areas in terms of COVID-induced migratory inflow.
 - Pandemic-induced in-migration was up 6.6% between March 2020 and February 2021.

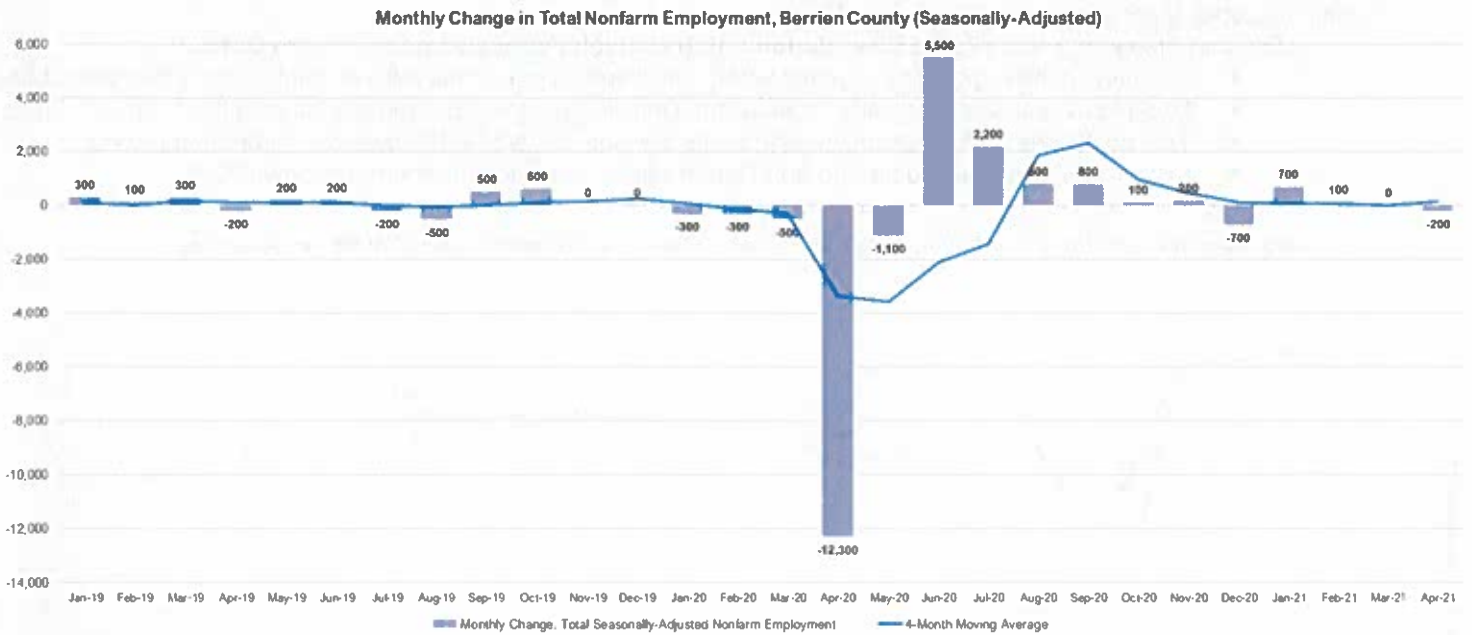
- Job Postings Overview (Source: Emsi Data Set 2021.1, Accessed June 2, 2021):
 - **Overall Unique Job Posting Trends (excludes "Long-Haul Trucking," Uber postings):**
 - Unique job postings of 90 days or less at their all-time highest since Sep. 2016 (when data begins).
 - 6,449 total unique postings of 90 days or less in BCVB in May 2021:
 - This is an increase of 3,213 (3,236, +99%) from Feb. 2020's pre-COVID baseline.
 - This is also a month-over-month increase of 629 from April (5,280, +11%).



- **Additional Notes:**
 - Median posted wages are not reflecting demand, having peaked post-COVID in December 2020.
 - The number of jobs advertising wages is up, however, which is likely the primary factor.
 - The postings with hard wage figures have doubled relative to prior time periods.
 - Basically, jobs that never would have advertised their pay before now are because it's so much higher.
 - This ties into the broader concept of lower-skill workers being in the highest demand.
 - The share of job postings with an ed. requirement requiring only a diploma:
 - June 2019: 50.6%
 - May 2021: 58.2%
 - The advertised median wage is depressed because it is geared towards these lower-skill workers.

- Sector Overview:
 - **Manufacturing (Sources: Michigan DTMB, Emsi, ISM, Thomas' "2021 State of North American MFG"):**
 - Employment:
 - Pre-COVID baseline: 18,280 (18.9% of total payrolled employment)
 - Total Berrien employment:
 - April 2019: 13,000
 - April 2021: 12,000
 - April 2019-2021 Change: -1,000 (7.7%)
 - Unique Monthly Job Postings of 90 Days or Less (includes staffing agencies):
 - May 2020: 221
 - May 2021: 459
 - Year-Over-Year Change: +238 (+107.7%)
 - Sector Unemployment (BCVB):
 - March 2020: 1,158
 - March 2021: 1,382
 - Year-Over-Year Change: +224 (+19.3%)
 - Additional Notes:
 - **Sector continues to thrive due to pent-up demand:**
 - 11th consecutive month of growth (overall reading of 60.7).
 - Overall PMI down 3.7 points from March's reading of 64.7.
 - Again, anything over 50.0 is expansionary.
 - **Supply chain shortages are starting to seriously affect the sector, however:**
 - Input constraints resulting in output reduction.
 - Chip shortages in the face of increasing demand are crippling producers, for instance.
 - This is resulting in major price increases at all levels of production.
 - Market capacity oversold in many MFG industries; will result in long-term disruptions.
 - Some calling current pricing and lead times "unprecedented."
 - 83% of American MFGers likely to re-shore, up from 54% at same time last year.
 - **Pre-existing tariffs are compounding the pain, with MFGers wanting them eliminated:**
 - MFGers point to them as amplifying inflationary effects related to inputs.
 - They also attribute said lead times and supply shortages to them.
 - There is pretty compelling evidence that they were inducing a recession in mid-2019.
 - **Labor-related issues are impacting productivity:**
 - Worker absenteeism and short-term shutdowns due to parts shortages impactful.
 - Hiring for open positions also a serious issue.
 - **Healthcare (Sources: Michigan DTMB, Emsi, BLS, Bridge Magazine/The Detroit News):**
 - Employment:
 - Pre-COVID baseline: 10,340 (10.7% of total payrolled employment)
 - Total Berrien employment (**NOTE: This is "Education and Health Services" supersector**):
 - April 2019: 9,500
 - April 2021: 9,600
 - April 2019-2021 Change: +100 (+1.1%)
 - Unique Job Postings of 90 Days or Less (includes staffing agencies):
 - May 2020: 528
 - May 2021: 894
 - Year-Over-Year Change: +366 (+69.3%)
 - Sector Unemployment (BCVB):
 - March 2020: 190
 - March 2021: 584
 - Year-Over-Year Change: +374 (+208.1%)
 - Additional Notes:
 - **The demand for RNs is significant at all geographic levels, including locally:**
 - Non-staffing posting levels for RNs at all-time highs locally and increasing.
 - This echoes a broader national trend.
 - The BLS estimates 210k+ additional RNs will be needed annually through 2028.
 - The current median posting duration for RNs in BCVB is 42 days (avg. is 15 days).
 - **Home healthcare aides/personal care assistants are in near-equivalent demand:**
 - This also echoes a statewide trend as reported by Bridge Magazine/The Detroit News.
 - Per their reporting, the shortage in home healthcare workers is "critical."

- This is due to COVID, an aging populace, and low occupational wages/no benefits.
- **Leisure and Hospitality (Sources: Michigan DTMB, Emsi, Washington Post):**
 - Employment:
 - Pre-COVID baseline: 11,049 (11.4% of total payrolled employment)
 - Total Berrien employment:
 - April 2019: 7,400
 - April 2021: 6,200
 - April 2019-2021 Change: -1,200 (-16.2%)
 - Unique Job Postings of 90 Days or Less (includes staffing agencies):
 - May 2020: 347
 - May 2021: 669
 - Year-Over-Year Change: +322 (+92.8%)
 - Sector Unemployment (BCVB):
 - March 2020: 592
 - March 2021: 1,039
 - Year-Over-Year Change: +447 (+75.6%)
 - Additional Notes:
 - **Labor shortages are serious as travel bookings and restaurant traffic recover.**
 - Job postings are at all-time highs for the sector in BCVB.
 - This is also a sector traditionally less likely to post openings online.
 - Thus, the posting data provided is likely underplaying the severity of the situation.
 - **Many restaurant workers have opted to leave the industry permanently.**
 - Reasons cited include low wages/no benefits and no upward mobility/career stability.
 - Patron behavior during the pandemic and COVID itself are also fueling this trend.
 - The lack of stability during COVID and deaths of colleagues also played roles.
 - Per a restaurant union-affiliated survey, over half either quit or planned on doing so.
 - Wages are the primary issue cited by around 75% of those leaving industry, however.
 - COVID safety concerns (55%) and ill treatment (39%) were second and third.
 - This poses a serious problem for restaurateurs moving forward.
- **Agribusiness:**
 - Employment:
 - Pre-COVID baseline: 3,075 (3.2% of total payrolled employment)
 - Estimated payrolled employment change based on YoY unemployment trends: +110 (+3.6%)
 - Additional Notes:
 - **Sector remains relatively unaffected by COVID compared to other core sectors.**
 - Unemployment levels among Agribusiness workers remain lower year-over-year.
 - Like many nondurable MFG industries, sector demand is inherent and unwavering.
- **Additional Notes:**
 - Overall, seasonally-adjusted nonfarm payrolled job growth has been flat since December in Berrien:
 - This matches broad trends in continuing UI claims over the same time period.
 - April actually was only the second month since June 2020 to see employment declines.
 - Seasonally-adjusted nonfarm employment was down 200 in April.
 - The only other month to see declines was December (-700).
 - The 4-month moving average of monthly nonfarm job growth sits at only +150 through April.
 - As has been the case, however, job “declines” are more likely simply unfilled job vacancies:
 - Seasonal adjustments of course consider typical seasonal hiring and account for this.
 - What looks to be a decline, then, more likely represents diminished hiring for April.
 - April is when seasonal hiring should be ramping up for the summer travel season.
 - Given job vacancies and labor force disengagement, however, this highlights this probability.



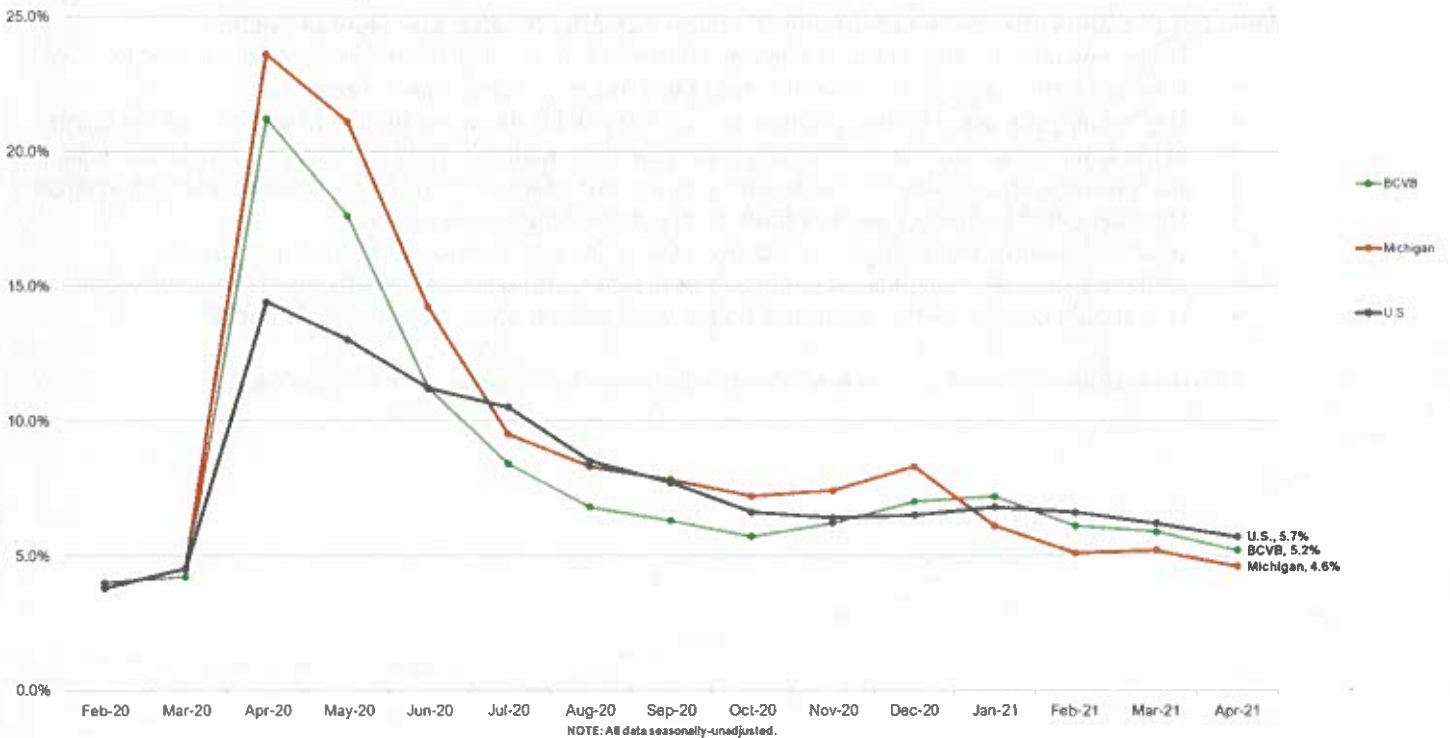
2. Michigan

• Labor Market Overview (Source: Michigan DTMB):

○ April 2021 Unemployment Rates:

- Seasonally-Adjusted: 4.9% (-18.7% from April 2020, -0.2% from March)
- Seasonally-Unadjusted: 4.6% (-19.0% from April 2020, -0.6% from March)

The Impact of COVID-19 on Regional, State, and National Unemployment Rates and the Labor Force, Feb. 2020 to Apr. 2021



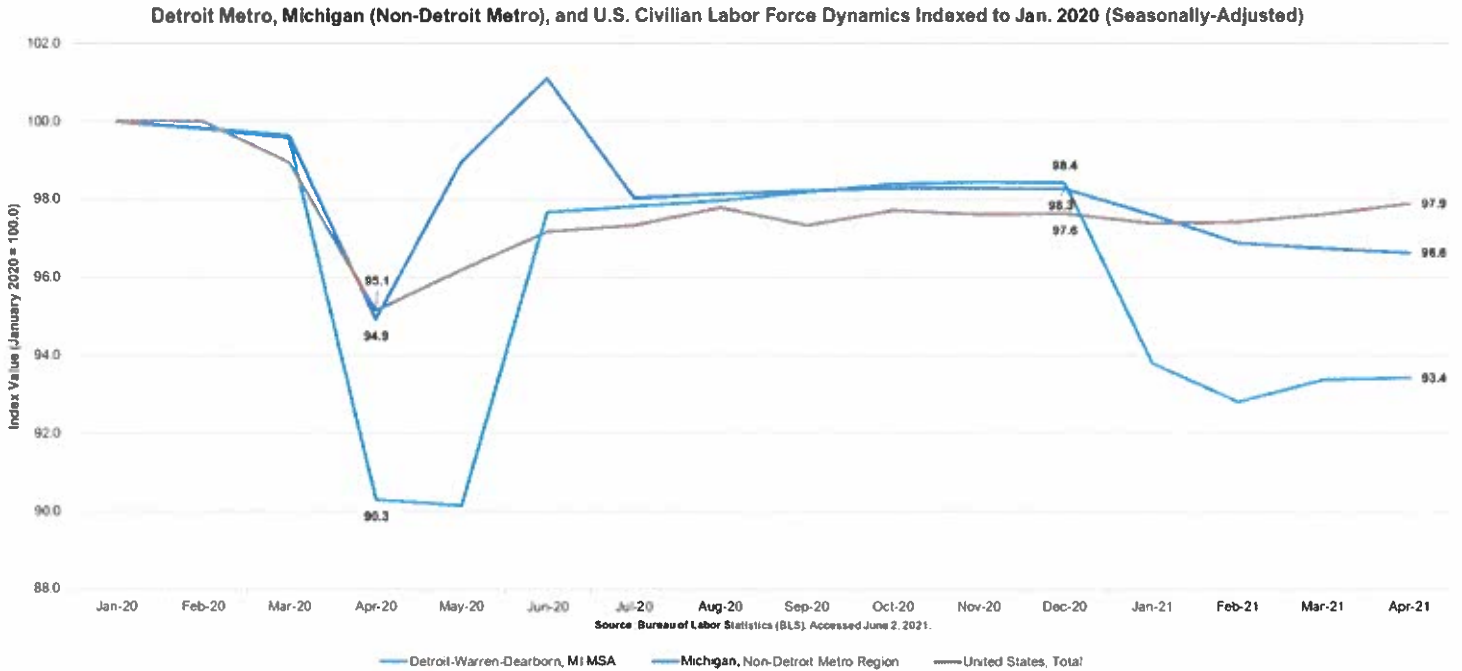
○ April 2021 Labor Force and Employment Data (Seasonally-Unadjusted):

- Employed: 4,433,000 (-301,000 (-6.4%) from February 2020, -12,000 (-0.3%) from March)
- Unemployed: 214,000 (+28,000 (+15.1%) from February 2020, -29,000 (-11.9%) from March)
- Labor Force: 4,646,000 (-274,000 (-5.6%) from February 2020, -42,000 (-0.9%) from March)

- **Additional Labor Market Info (Source: BLS, USDOL):**

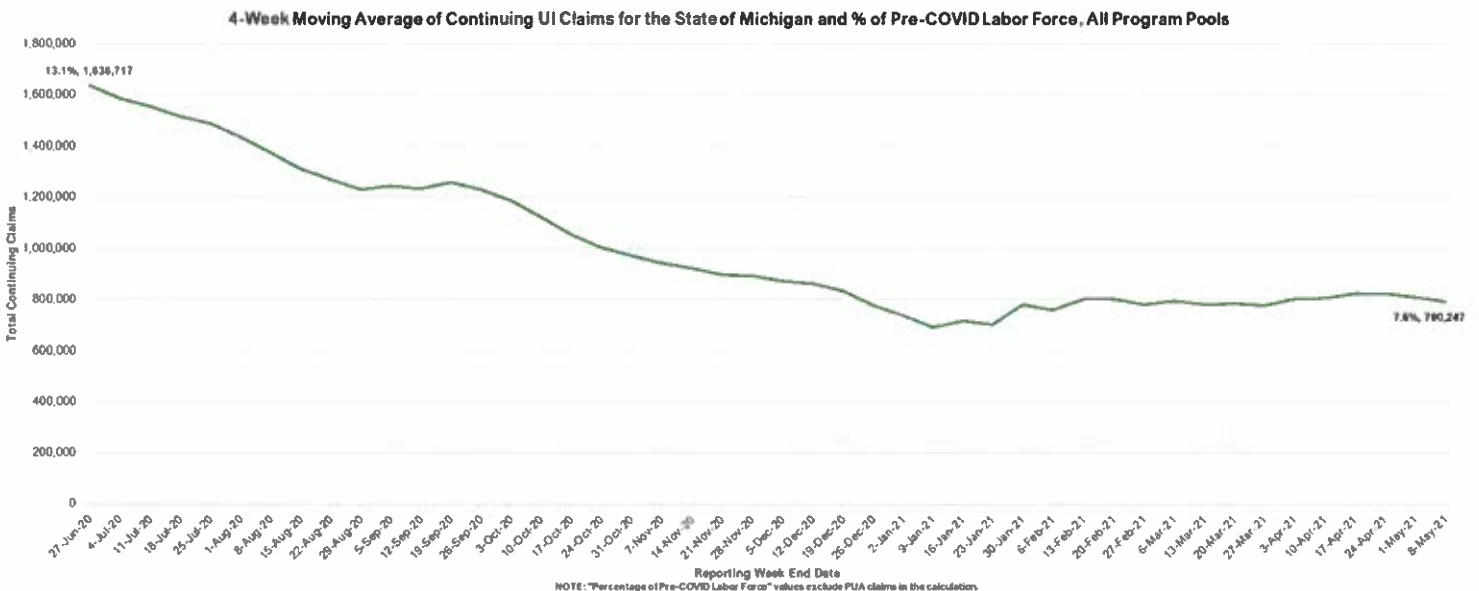
- **The state is seeing labor force disengagement, (relatively) concentrated in metro Detroit:**

- As noted in the regional notes, the Detroit metro area is the primary driver of labor force disconnection.
 - Looking at seasonally-adjusted data for the Detroit area, the labor force is down 6.6% from Jan. 2020.
 - This compares to the seasonally-adjusted statewide value of -4.8% over the same time period.
 - Extrapolating from this data, the non-Detroit metro statewide labor force is down 3.4%.



- **While initial claims are down, continuing UI claims remain elevated and slow to decline:**

- There was a brief spike in the 4-week moving average of initial claims in late April/early May.
 - This was attributable to layoffs in the auto MFG industry due to input shortages.
 - The moving average of initial claims was roughly 20k for the week ending May 22nd and declining.
 - At the same time, however, continuing claims declines halted in early January and have been flat since.
 - For the week ending May 8th, the 4-week moving avg. of continuing UI was around 790k (all programs).
 - This compares to the low point of 693k for the week ending January 9th.
 - Less PUA claims, this represents roughly 7.6% of the pre-COVID statewide labor force.
 - With the seasonally-unadjusted unemployment rate being only 4.6%, many on UI remain disconnected.
 - This should change with the reimposition of work search requirements as of May 30th.



- Sector Overview (Sources: Michigan DTMB, Emsi):

NOTE: All state-level data seasonally-adjusted unless otherwise noted (i.e. for comparisons to our region).

- **Manufacturing:**
 - Employment:
 - Pre-COVID baseline: 619,200 (13.9% of total payrolled employment)
 - COVID-induced employment change: -56,800 (-9.2%)
 - Month-Over-Month Change: -11,200 (-2.0%)
 - Additional Notes:
 - Looking at seasonally-unadjusted data, Michigan MFG declines outpaced Berrien.
 - From April 2019 to April 2021, MFG employment was down 11.0% statewide.
 - This compares to -7.7% for Berrien County.
 - Input shortages have likely precipitated lasting declines in end stage durable MFG jobs.
 - Automation adoption at large MFGers due to COVID also likely a contributing factor.
- **Healthcare:**
 - Employment:
 - Pre-COVID baseline: 618,900 (13.9% of total payrolled employment)
 - COVID-induced employment change: -45,600 (-7.4%)
 - Month-Over-Month Change: -5,000 (-0.9%)
 - Additional Notes:
 - Like MFG, the “Education and Health Services” supersector fared worse statewide.
 - From April 2019 to April 2021, payrolled employment was down 6.5% statewide.
 - This compared to an employment *increase* of +1.1% in Berrien County.
 - This is likely due to a diminished educational sector footprint in Berrien.
 - Student postsecondary enrollment declines have been notable due to COVID.
 - The lack of any large medical facility closures locally also undoubtedly played a role.
- **Leisure and Hospitality:**
 - Employment:
 - Pre-COVID baseline: 435,500 (9.8% of total payrolled employment)
 - COVID-induced employment change: -94,400 (-21.7%)
 - Month-Over-Month Change: -5,600 (-1.6%)
 - Additional Notes:
 - Just as with the other two sectors, they fared poorer statewide than in Berrien County.
 - Payrolled leisure and hospitality employment decreased 22.7% from April 2019 to April 2021.
 - By comparison, the sector declined only 16.2% in Berrien County over the same time period.
 - This is likely attributable to the economic damage to cities like Detroit resulting from WFH.
 - Similarly, bars, etc. in college towns continue to suffer due to declines in student enrollment.
 - The sector has been more resilient in more rural metros and staycation hotspots (e.g. BCVB).
- **Additional Notes:**
 - The state has seen seasonally-adjusted employment gains in two sectors post-COVID:
 - Transportation and Warehousing: +1,100 jobs (+0.7%)
 - Finance and Insurance: +2,200 (+1.3%)
 - Neither sector seems to have seen growth in BCVB, however.
 - Berrien County employment in both sectors is down, in fact.
 - Each comprises a very minor share of BCVB payrolled employment, however.

