

Context for the 2022 Assessment

The last two years have witnessed the greatest disruption to the workforce since World War II. The country transitioned from the longest economic expansion in U.S. history to the shortest recession on record. Oregon's unemployment rate peaked at 13 percent in April 2020 and fell sharply thereafter. Robust federal fiscal and monetary support kept economic output close to the pre-recession trend line and accelerated the jobs recovery.

Fast forward to early 2022, and Oregon's unemployment rate is low by historic standards, but employment levels have not returned to their pre-pandemic levels. For a variety of reasons, a sizable number of potential workers remain outside the labor force. Some will return after the virus is better controlled and school and childcare schedules become more reliable. Others, aided by larger savings, may be in search of more-rewarding work.

The state's March 2022 forecast shows total jobs returning to pre-pandemic levels during 2022, but the pace of the recovery varies across industrial sectors. The sector hardest hit by the pandemic—leisure and hospitality—is not projected to return to its 2019 employment level until 2027. Several factors underlie the expectation of a slower jobs recovery for the sector's restaurants, hotels, and entertainment venues. For example, social distancing requirements and, more recently, the inability to hire, led some restaurateurs to invest in automation, including app-based ordering applications or self-service kiosks. Many hotels have also deployed automation and adapted their services by eliminating daily room cleanings, buffet breakfasts, and other labor-intensive services.

In short, as the pandemic appears to enter a new phase, the labor market is still under the influence of the highly unusual times the public health crisis and federal response created—an intersection of employers rapidly attempting to scale up their operations and prospective workers who, for a variety of reasons, have become more selective about the work they do.

EMPLOYER PULSE SURVEY: A FIRST LOOK

85%

Are having difficulty finding qualified applicants

81%

Are highly or moderately concerned about resignations and turnover

76%

Say limited housing supply and high cost of living have a high or moderate impact on hiring

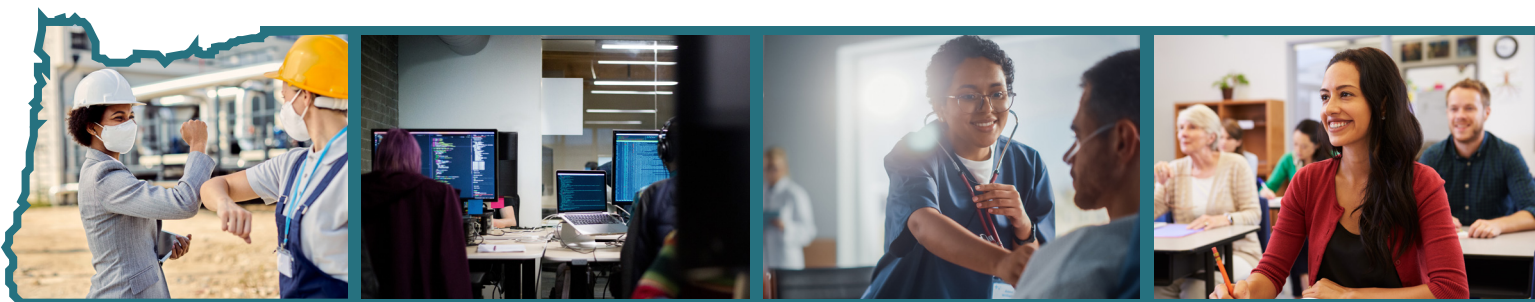
70%

Are actively trying to diversify their workforce

54%

Are likely to participate in statewide industry consortia on talent

Source: Program and Policy Insight, March 2022 online survey of 268 Oregon employers



Employer Perspectives: A First Look

Oregon's Talent Assessments give employers an opportunity to weigh in on the most critical component of the state's economy—its workforce. The 268 responding employers—so far—report the following:

- **Widespread difficulty identifying qualified candidates and elevated concerns about resignations.** More than 80 percent of respondents are experiencing these challenges (see box on page 1), strongly echoing challenges reported in the press in Oregon and nationally.
- **Ongoing needs for specific occupational skills and for soft skills.** Employers say applicants generally have an appropriate level of education and possess basic skills. But consistent with findings from the 2018 report, they report shortages of skills specific to key occupations and desire better-developed interpersonal and soft skills.
- **Oregon's high cost of living is affecting the ability to hire.** Sizable shares of employers say the costs of housing, childcare, and transportation are affecting their ability to hire. The limited housing supply and the high cost of living were the most problematic—42 percent reported those had a “high” impact on hiring; 34 percent reported a moderate impact.
- **Interest in collaborating with state and local workforce initiatives.** More than half of employers say they would like to offer apprenticeships, collaborate with educators on finetuning career pathways, participate in industry consortia on talent development issues, and/or provide input on standards and curriculum.

The Need for Reform and a Landmark Investment

Calls for an overhaul of the U.S. workforce development system have grown in recent years. Problem statements share several common themes: the overall investment is too low; information about skill needs and job opportunities is siloed and poorly shared across employers, educators, and jobseekers; educational content is outdated; methods to document and report skills are underdeveloped; and the federal tax code incents capital investments and automation more than it incents job training.

In this context of a fragmented and under-resourced workforce development system and a pandemic-disrupted labor market, the 2022 Legislature passed Governor Kate Brown's \$200 million Future Ready Oregon package. Informed by the work of the Workforce and Talent Development Board's Equitable Prosperity Taskforce and the Governor's Racial Justice Council, as well as input from an array of educators, trainers, and employers, the new package focuses on opportunities for priority populations—people of color, women, people with low incomes, rural residents, veterans, people with disabilities, LGBTQ+ individuals, incarcerated and formerly incarcerated individuals, and others—and expands the reform frontier by:

- **Fostering deeper, sustained engagement by employers in identifying and communicating the skills they need**
- **Helping trainees navigate federal and state wraparound services that support families at career entry and during transitions**
- **Opening the door for programming backed by rigorous evidence and informed by community input**

The *2022 Talent Assessment* will be the third in a series of Talent Assessments that date to 2018. It serves as business and industry's determination of in-demand occupations, skills, talent, gaps, and trends. The Assessments have sought to elevate the understanding of Oregon's skills needs by creating common data and language that can be shared across employers, educators, and workforce intermediaries. Together with other specialized reports, the Assessments inform state-level strategy, planning, and execution.