



Economic Intel for Wisconsin and the New North Region

Program will begin
promptly at 1:31.

Webinar Overview: Welcome

Nicole Kitowski, Chief Risk Officer, EVP, Associated Bank
Dan Heiser, Dean of the Schneider School of Business and
Economics, St. Norbert College

Wisconsin Economic Outlook

Secretary Peter Barca, WI Dept. of Revenue
John Koskinen, Chief Economist, WI Dept. of Revenue

New North Regional Data

Emily Camfield, Economist, WI Dept. of Revenue

The Future of Work

Marc Schaffer, Director, CBEA
Peyton Jack, Research Analyst, CBEA



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The Future of Work

Peyton Jack

CBEA Research Analyst

Marc Schaffer

Associate Professor of Economics

Director, CBEA



Overview

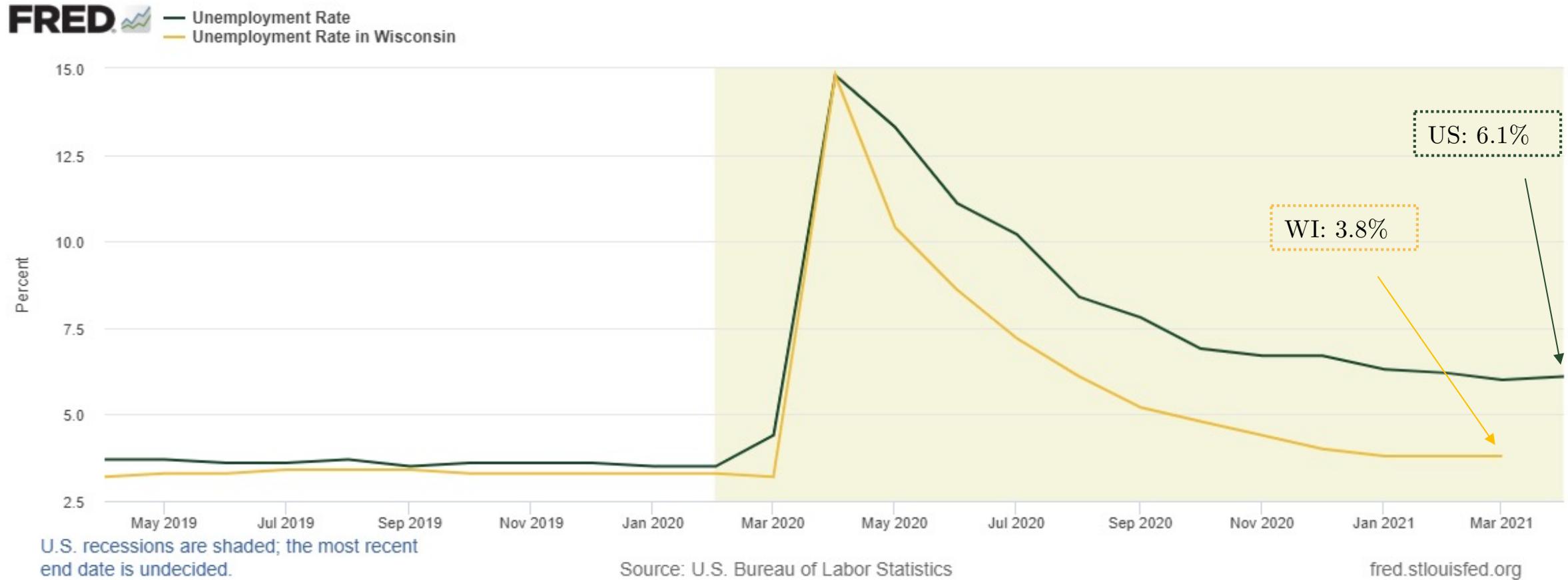
- Current Labor Market Trends
- Workforce Trends
- Workplace Trends
- Key Takeaways



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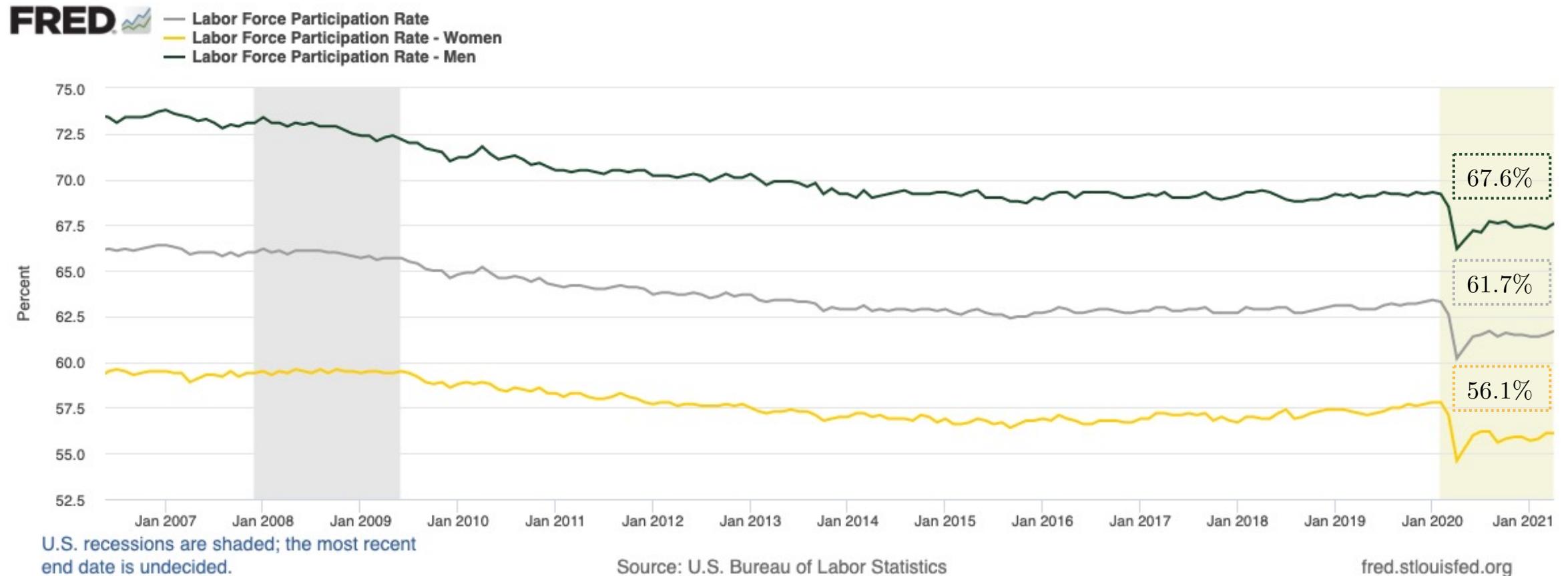
The unemployment rates have fallen far from their pandemic peaks with WI displaying a slightly faster recovery



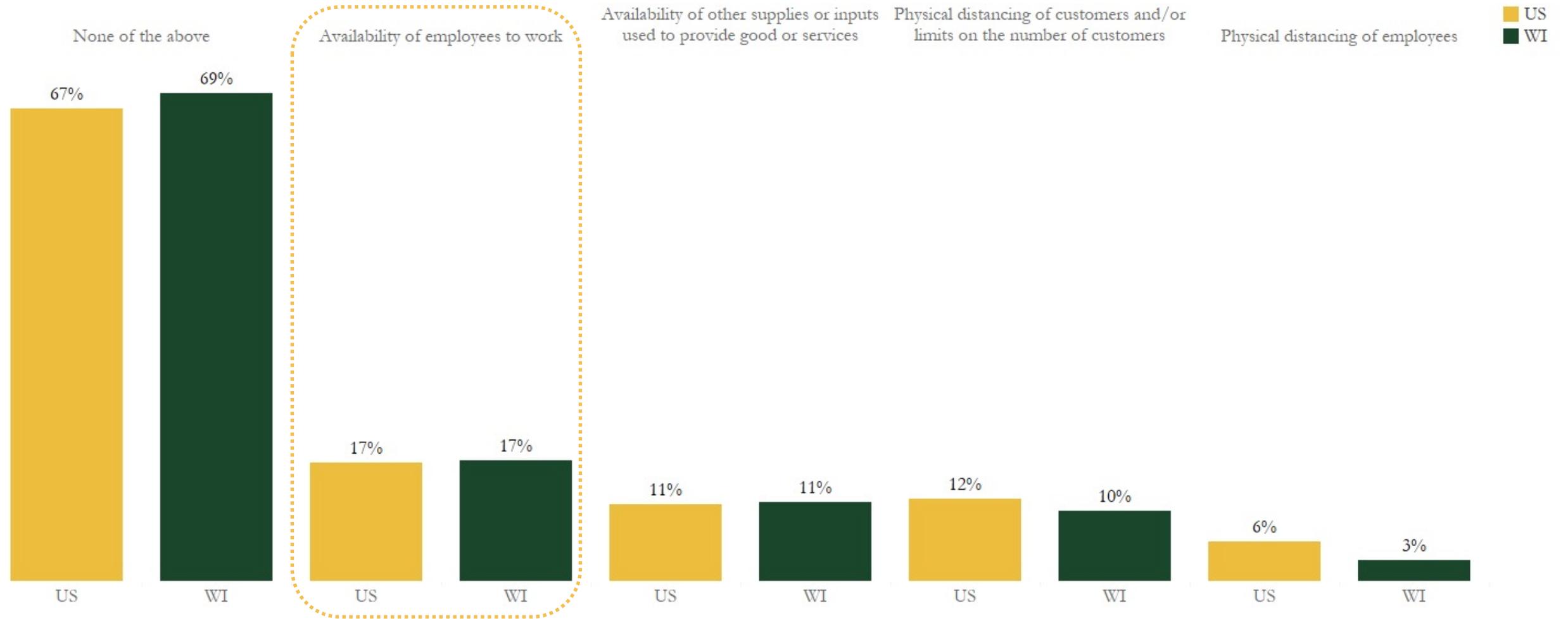
The number of people unemployed still exceeds the number of job openings but this ratio is falling



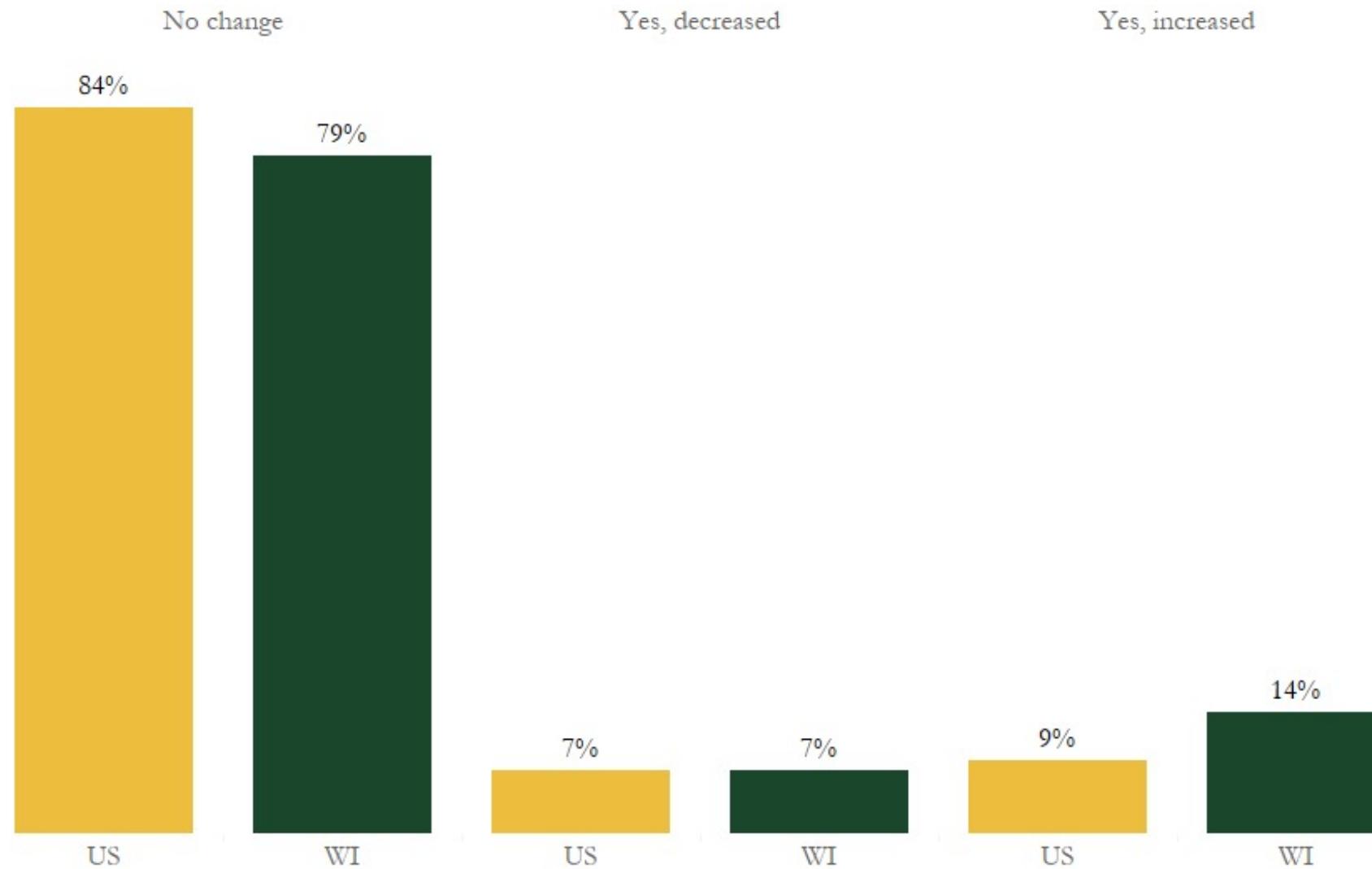
Labor force participation rates have fallen and are settling in below pre-pandemic levels with women's LFP about 11 percentage points below the male LFP



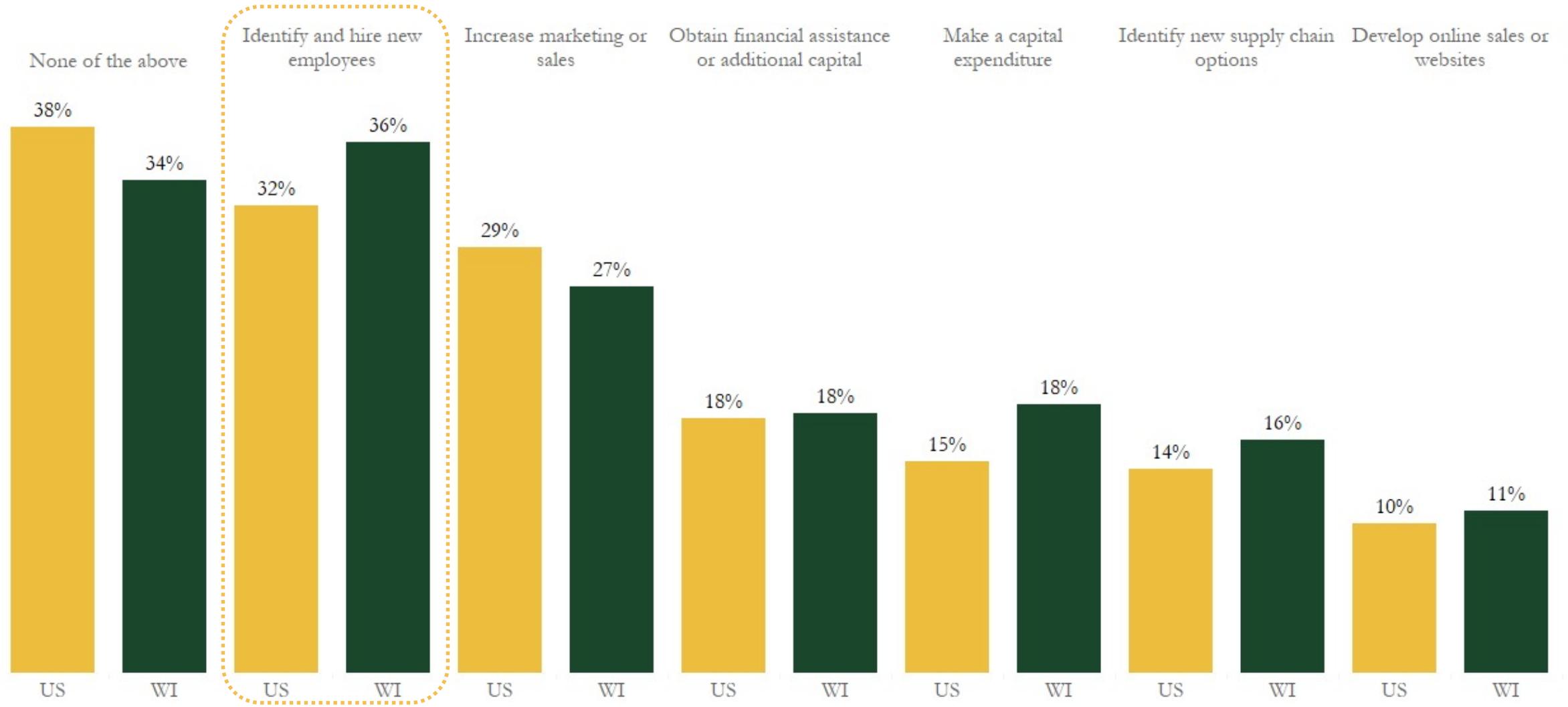
In the last week, was this business's operating capacity affected by any of the following?



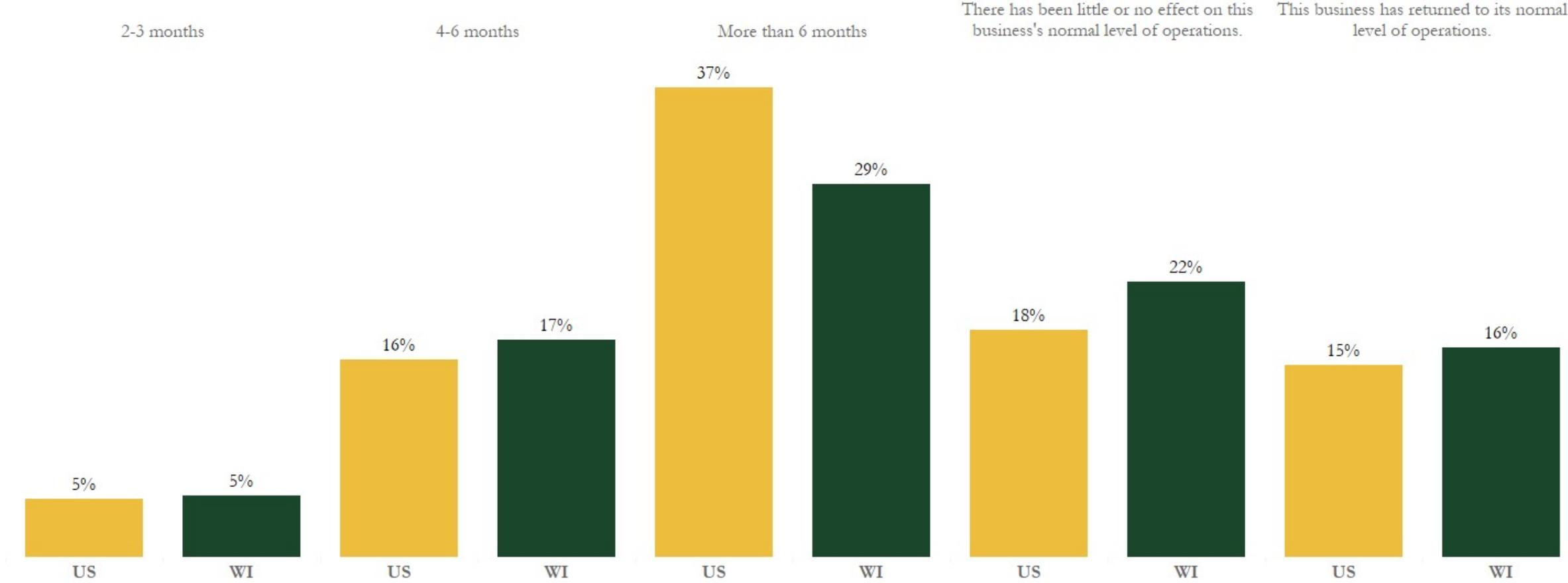
In the last week, did this business have a change in the number of paid employees?



In the next 6 months, do you think this business will need to do any of the following?



In your opinion, how much time do you think will pass before this business returns to its normal level of operations?





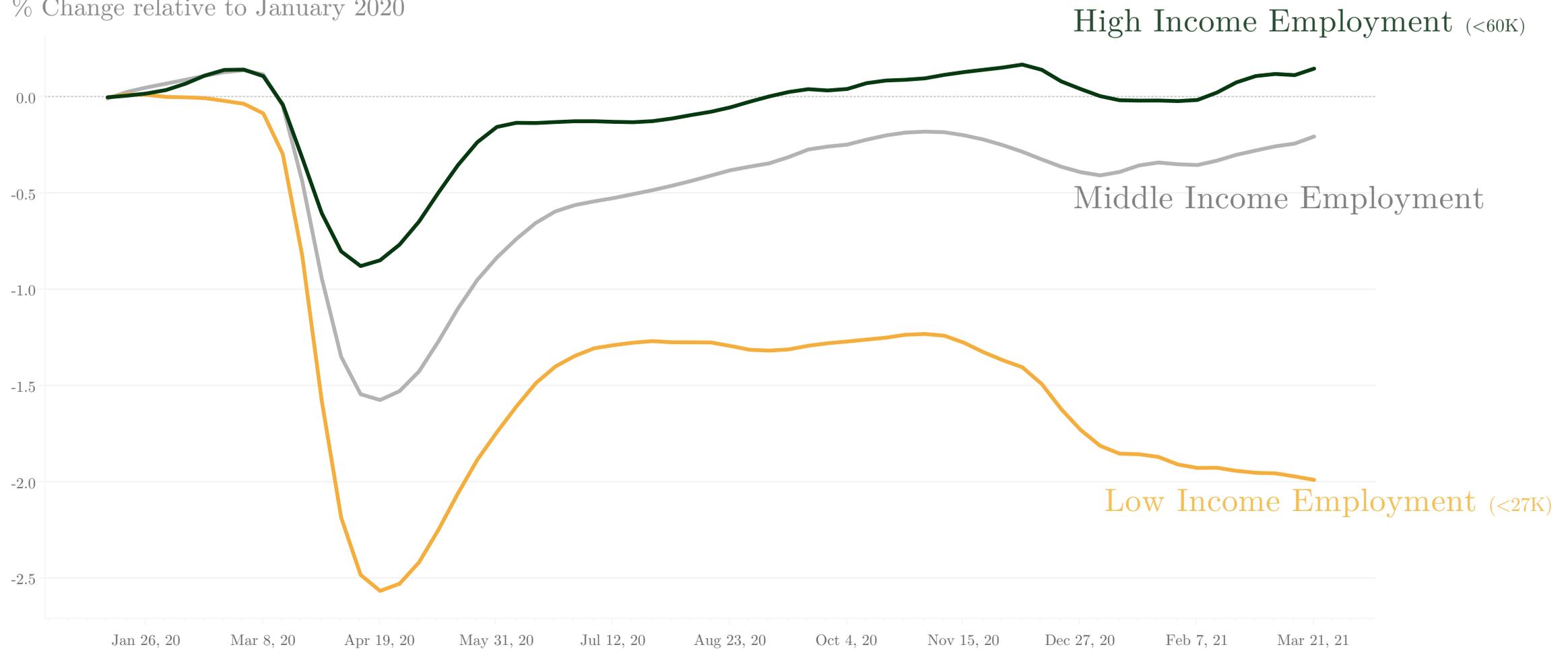
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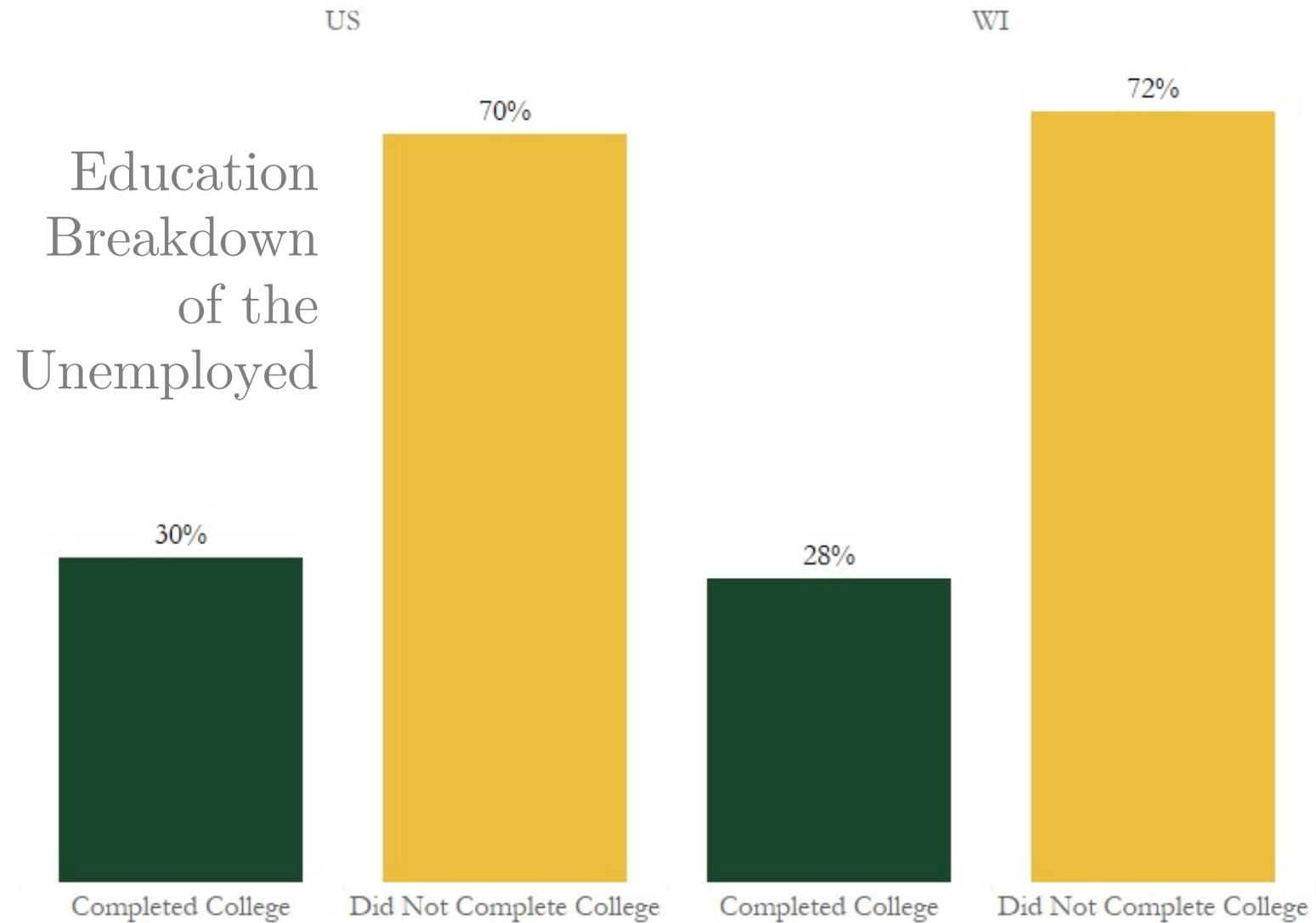
The pandemic has had varying effects on labor where high income employment is largely recovered, while the low-income employment is far off pre-pandemic levels...

Employment Growth by Income

% Change relative to January 2020

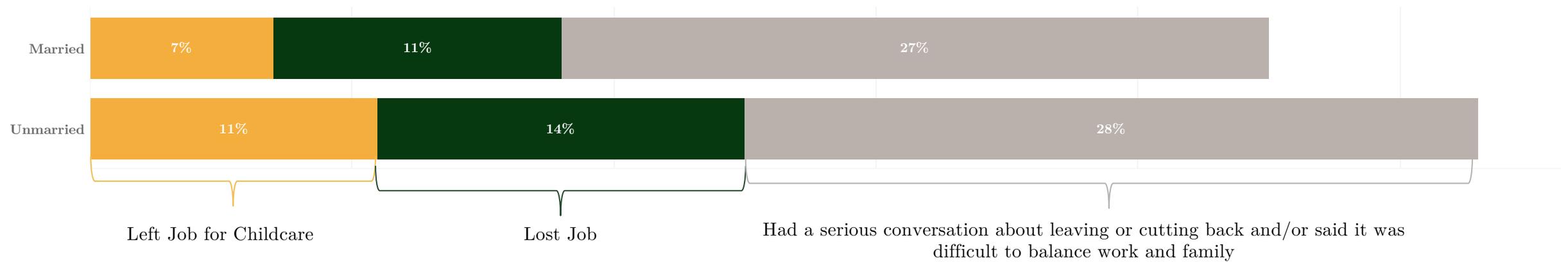


The pandemic has had varying impacts on different segments of the labor force across education levels...



The impact on mothers in the labor force has been significant...

Share of Mothers that Left the Labor Force or Found Maintaining Employment Difficult with Children via Marital Status



Share of Mothers that Left the Labor Force or Found Maintaining Employment Difficult with Children via Age of the Children



What does the future hold for the workforce?

- A recent study by the McKinsey Global Institute compared the demand for labor across pre- and post-COVID scenario trends.
 - Pre-COVID Scenario Trends:
 - Automation, rising incomes, aging population, increased technology use, climate change, infrastructure investment, rising education levels, and marketization of unpaid work
 - Post-COVID Scenario Trends:
 - Includes all the pre-COVID trends plus accelerated automation, accelerated e-commerce, increased remote work, and reduced business travel
- Key Finding

10%

of the 2030 workforce in the US is estimated to transition occupations in the post-COVID scenario. This marks a 28% increase in the number of workers needing a transition relative to the pre-COVID scenario.

What does the future hold for the workforce?

- Key Finding

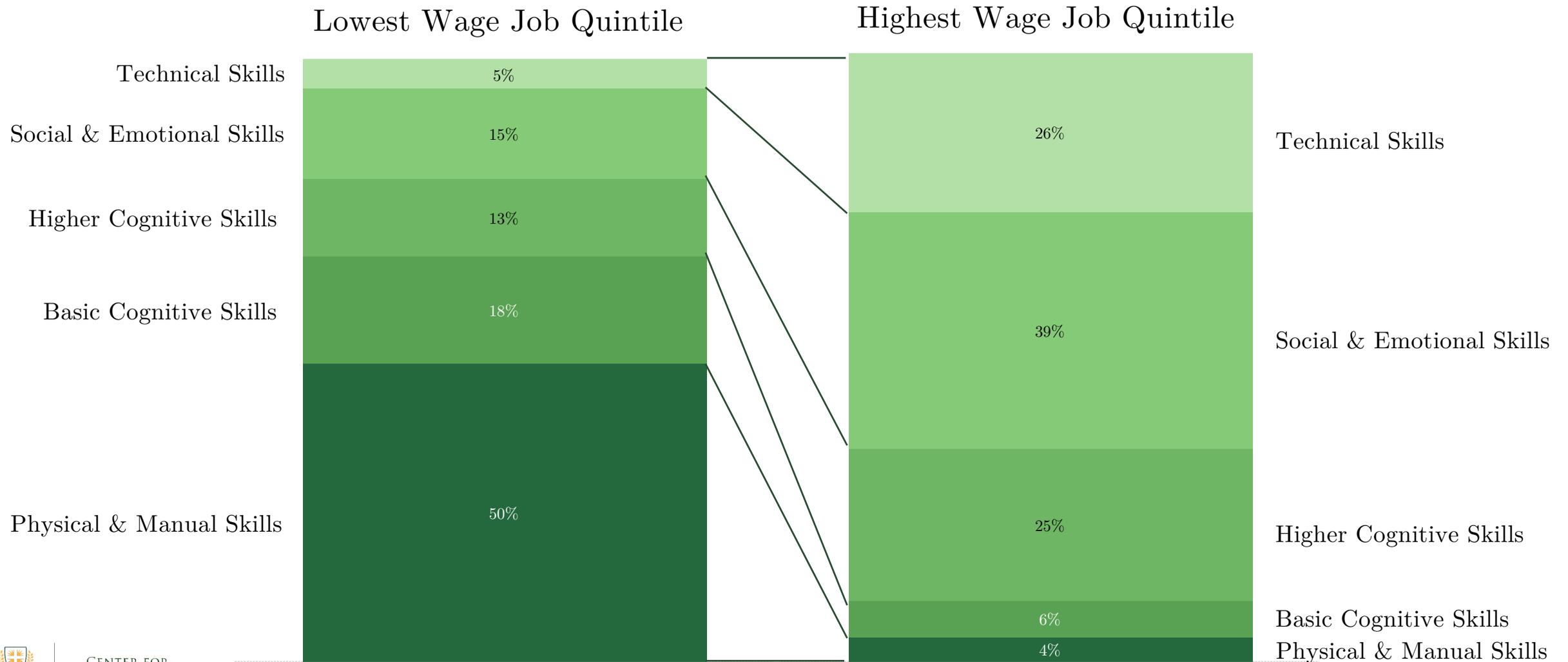
10%

of the 2030 workforce in the US is estimated to transition occupations in the post-COVID scenario. This marks a 28% increase in the number of workers needing a transition relative to the pre-COVID scenario.

What are some important factors driving the transition?

- Post-COVID labor demand has emphasized growth in high-wage occupations relative to low-wage occupations
- Automation advances have a tendency to impact lower wage occupations
- Calls for the demand for new skill types that are utilized by higher-wage workers.

Skill sets for jobs vary by wage, with higher wage occupations emphasizing technical and “soft” skills





Upskilling, reskilling, and adaptability are the new normal for the modern labor force

72% Of executives believe that reskilling is important to overcome future disruptions

90% Of companies believe yearly upskilling is required for employees to keep up with technological advances

Workforce Trends Takeaways...

1 The impact of the pandemic has had varying effects on the labor force across income levels, education levels, households with children, as well as race to name a few

2 The pandemic has accelerated several trends such as automation and technology use which have increased the demand for high-wage occupations and skill sets causing roughly 10% of the workforce to transition occupations by 2030

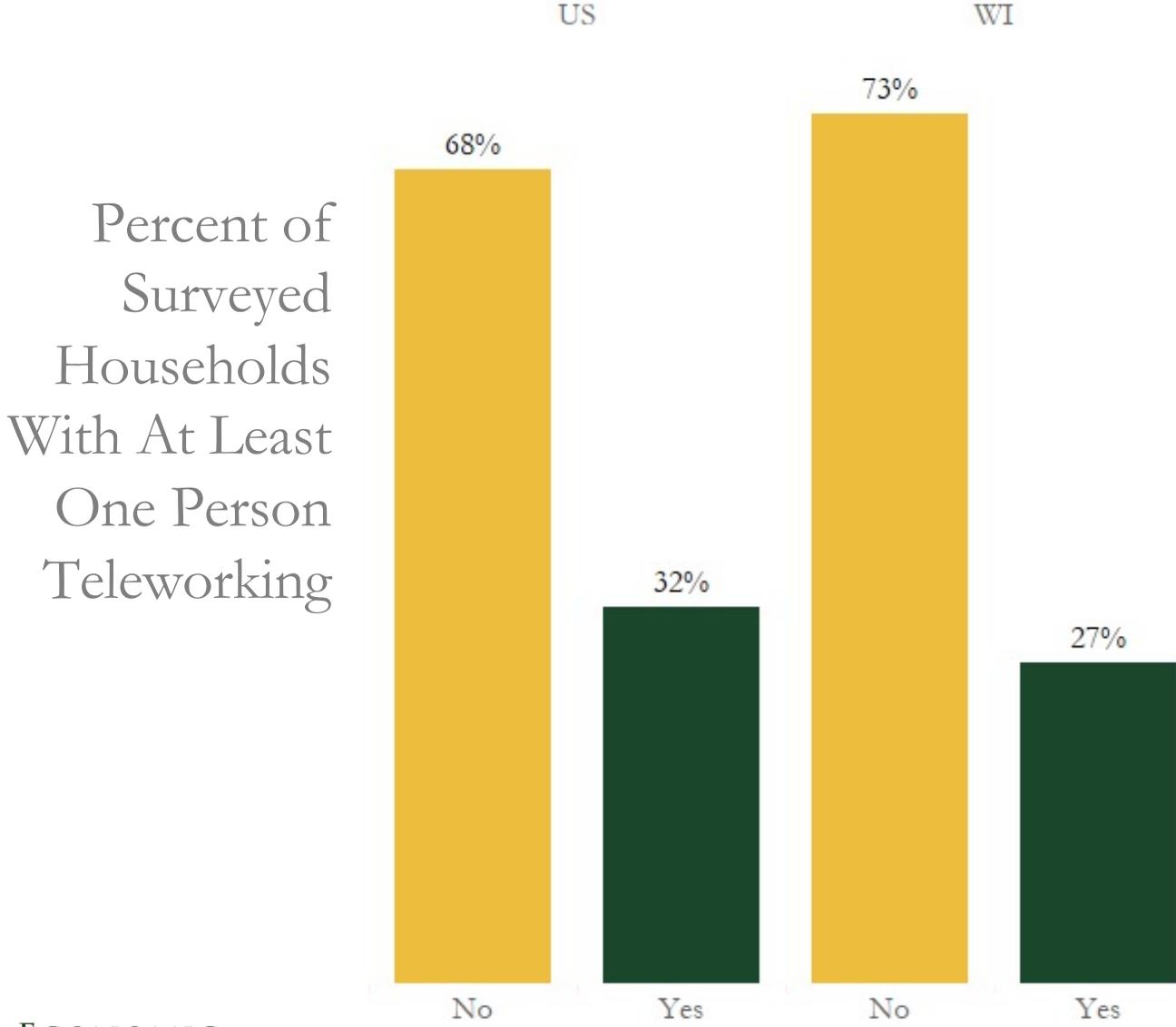
3 The modern workforce needs to be able to adapt and learn new skills quickly, with technical skills and “soft” skills growing in importance relative to physical and manual skills



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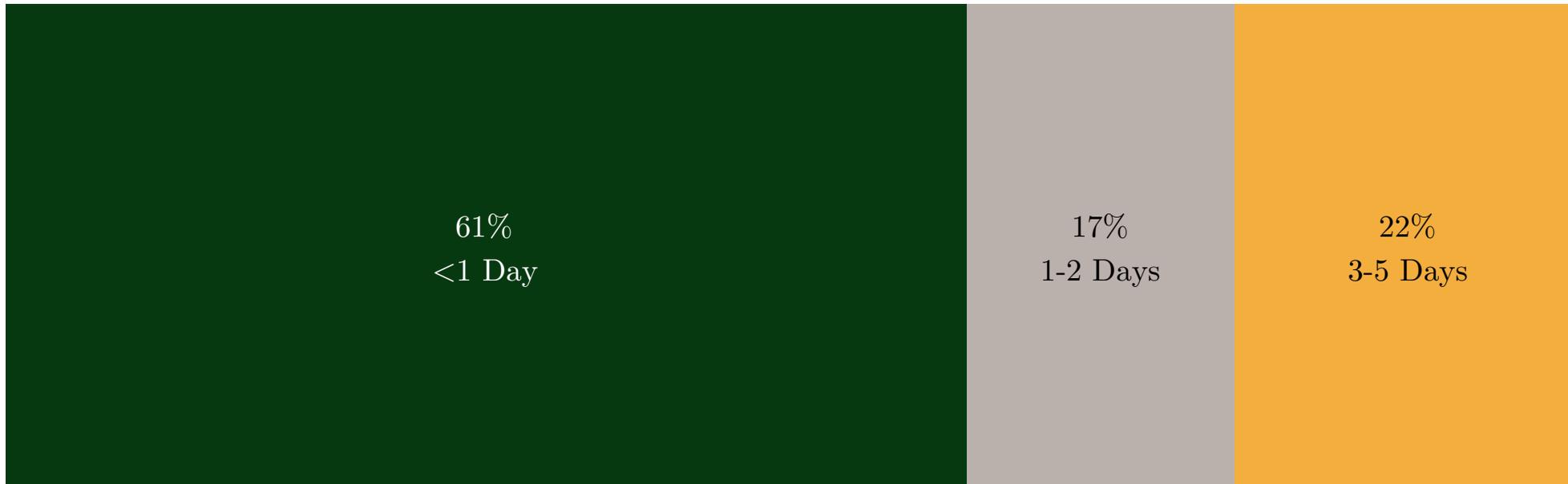
The work from home (WFH) trend continues through April...



While remote work might be here to stay, there are limitations based on job type...

Workforce with Remote Work Potential in the US

% of 2018 Workforce



The future of remote work in a post-COVID world..

Estimates from a new University of Chicago Working Paper at the Becker Friedman Institute concluded the following based on monthly survey estimates:

20%

Of full workdays will take place in a work from home structure compared to only 5% prior to the pandemic.

The future of remote work in a post-COVID world..

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20% Of full workdays will take place in a work from home structure compared to only 5% prior to the pandemic.

Reasons behind this trend?

1. Better-than-expected work from home experiences in the pandemic
2. New investments in physical and human capital that enable WFH
3. Diminished stigma associated with WFH
4. Lingering pandemic concerns
5. Pandemic-driven surge in technological innovations to support WFH

The future of remote work in a post-COVID world..

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Potential consequences of this trend?

1. Employees experience large benefits from WFH, with a skew towards high income earners
2. An estimated 5-10% decrease in spending in large metro cities relative to pre-pandemic environment
3. Re-optimized working environment should lead to a relative 5% increase in productivity

How has productivity changed throughout the pandemic?

Results from a Boston Global Consulting Survey

Employee Response:

88%

Of employees reported there was no change or an increase in productivity since the pandemic

Employer Response:

84%

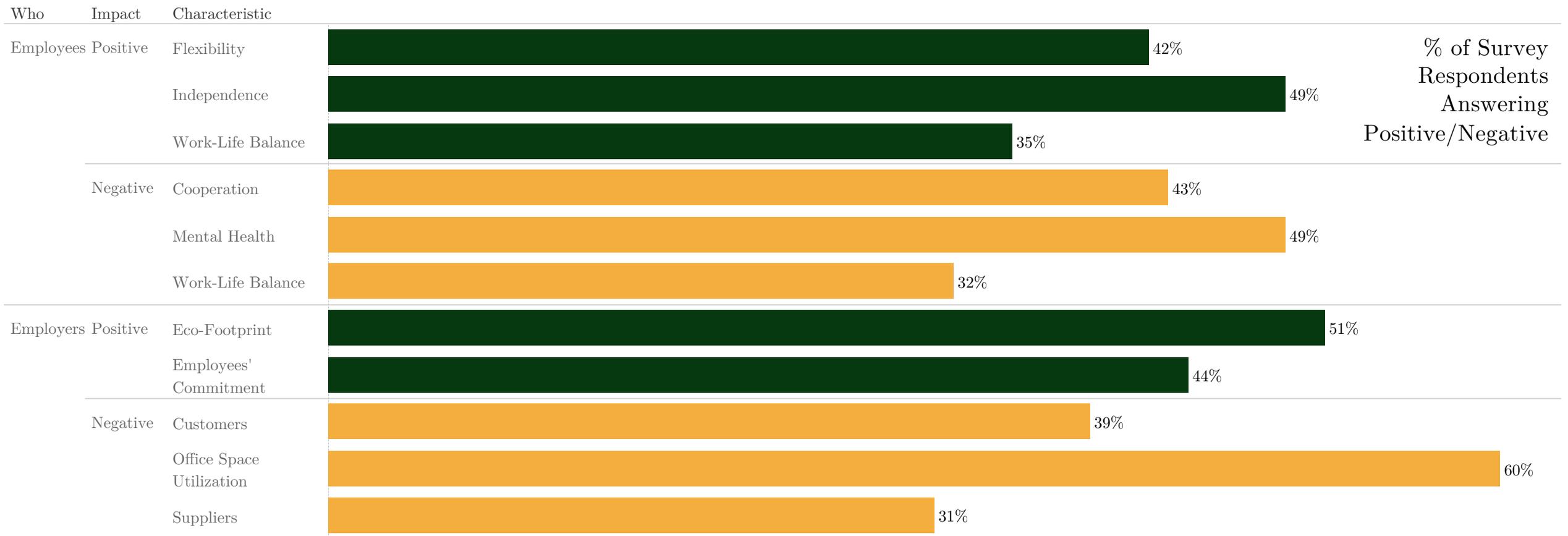
Of employers reported there was no change or an increase in productivity since the pandemic

* It is important to note that respondents indicate that there were increases in *individual* productivity with some decreases in *collaborative* productivity.

How has the pandemic impact the perceptions of work for employees and employers?

Results from a Boston Global Consulting Survey

Percentage of Employees and Employers Highlighting the Impact of the Pandemic on Work Characteristics



How can firms better promote health & well-being?

Results from a Boston Global Consulting Survey

Top 6 Employee Responses

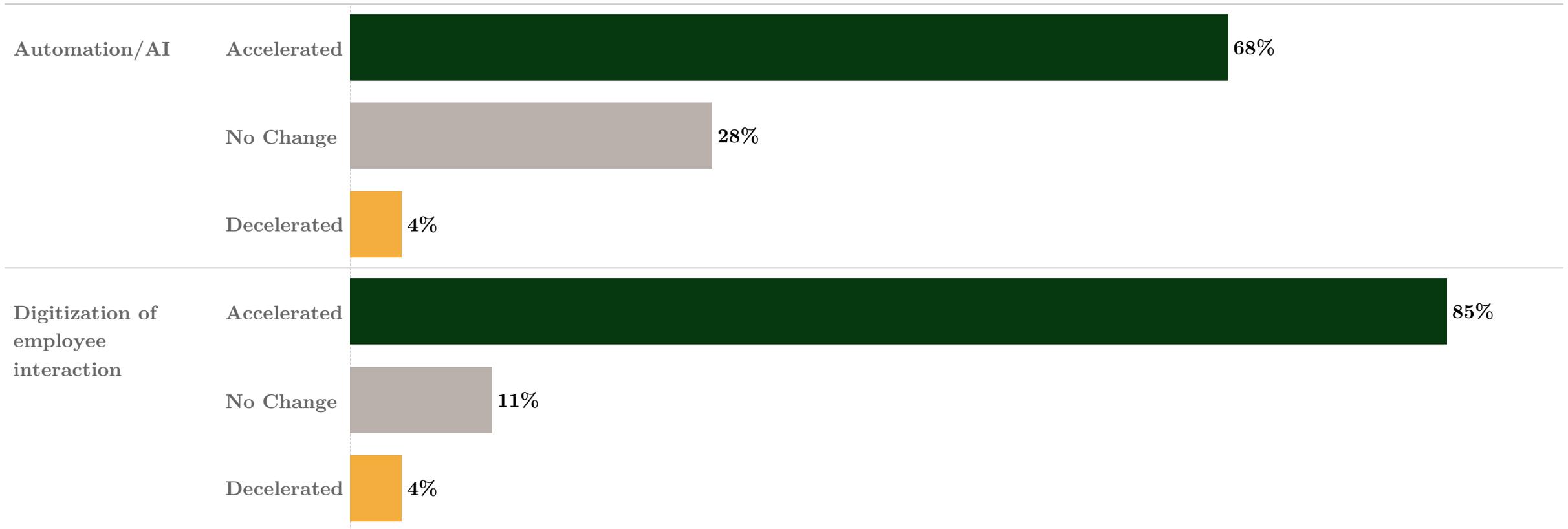
- Flexibility in hours worked
- Better work environment
- Home Office Subsidies
- Autonomy to decide when and where work gets completed
- Health Checks
- Creating workout opportunities

Top 6 Employer Responses

- Flexibility in hours worked
- Better work environment
- Home Office Subsidies
- Health Checks
- Frequent touchpoints by manager
- Mandatory working days from office

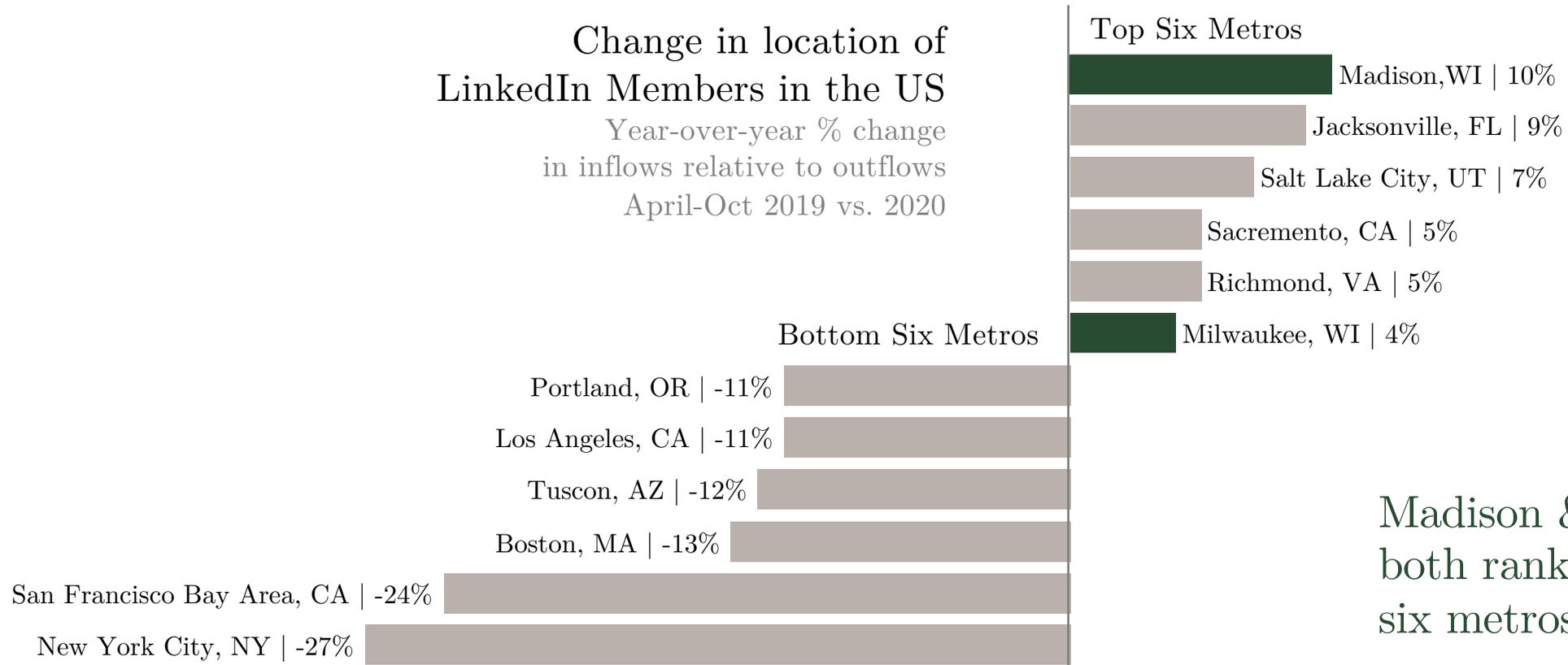
The pandemic has accelerated technology adoption in the workplace

Since the start of the COVID-19 outbreak, how has your company's business areas adoption of the following technology trends changed?



Workers are moving away from larger cities in favor of smaller ones according to LinkedIn profile data

Change in location of
LinkedIn Members in the US
Year-over-year % change
in inflows relative to outflows
April-Oct 2019 vs. 2020



Madison & Milwaukee
both ranked in the top
six metros!

Workplace Trends Takeaways...

1

Remote work and WFH will likely remain in some form post-pandemic for applicable industries, with an estimated 20% of full workdays being remote moving forward.

2

Both employees and employers have an interest in reimagining the future workplace environment with conversations on flexibility, better environment, home office subsidies, and health checks to name a few

3

The pandemic has accelerated the use and interest in automation/AI as well as the digitization of the workplace

4

The WFH trend is raising questions about the future of office space particularly in large cities, as workers relocate to suburbs and small/mid-sized cities



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Wisconsin Economic Outlook Takeaways

Wisconsin Department of Revenue

- 1** The U.S. economy will fully recover from the COVID contraction in the 2nd quarter 2021
- 2** The U.S. economy is position for a great second half of 2020
- 3** Wisconsin has returned to a full employment economy
- 4** Labor Markets will reflect the recovered economy

New North Outlook Takeaways

Wisconsin Department of Revenue

- 1** Employment flattened in the fall, improved in March 2021
- 2** Manufacturing employment near pre-pandemic levels with leisure and hospitality lagging
- 3** Consumers continued to spend on goods and cutting back on accommodations and food
- 4** Housing market remains strong

Trends Driving the Future of Work

Workforce Trends

- 1 Pandemic has impacted households differently depending on income, education, children, and race
- 2 Accelerated trends in automation/ai have favored high-wage employment
- 3 Expect occupation transitions to meet the labor demand with an emphasis on technical and “soft” skills

Workplace Trends

- 1 Remote work and WFH will likely stay in some form for applicable occupations
- 2 Employees and employers seek to reimagine the modern workplace in terms of policies and opportunities
- 3 Employers have accelerated efforts to incorporate automation/ai and digitization in the workplace
- 4 New WFH opportunities raise questions about the future of office space, particularly in large cities, with small/mid-sized cities and suburbs experiencing migration inflows



Presents

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