



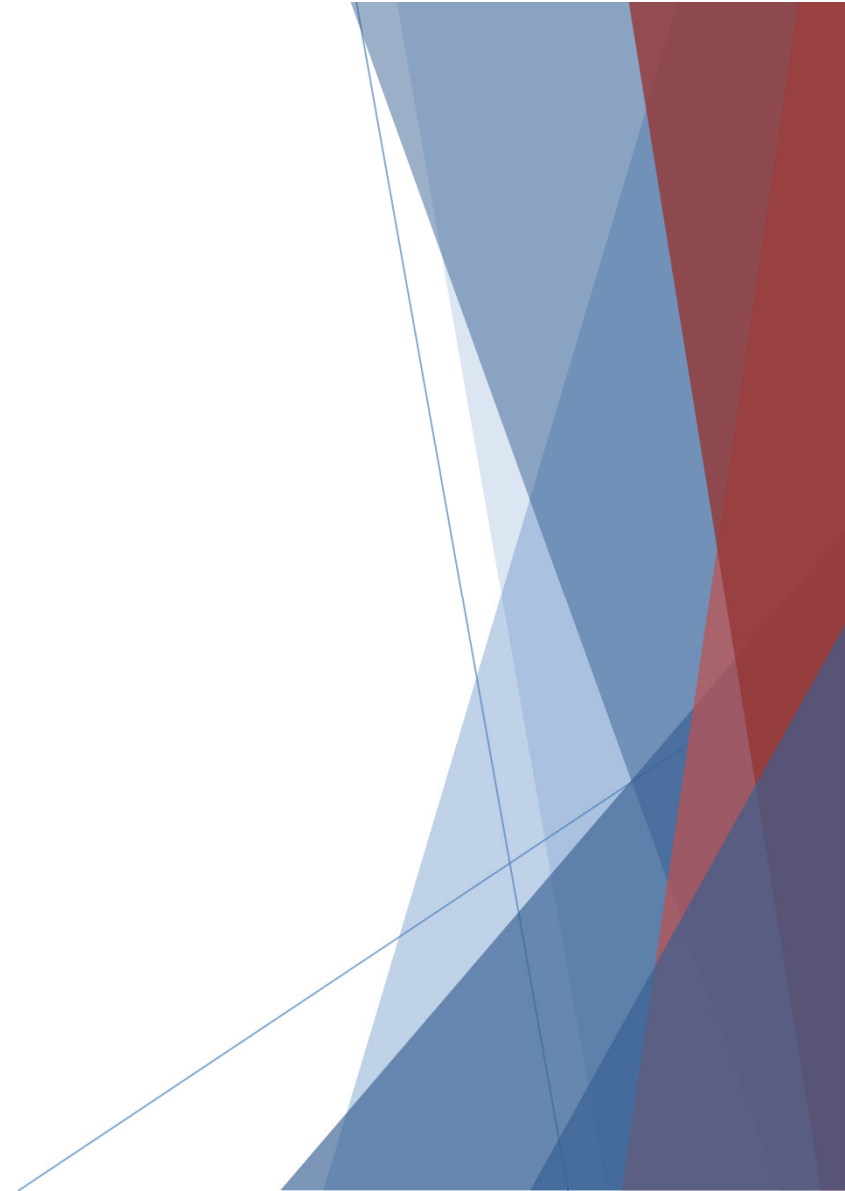
South Dakota Governor's Council of Economic Advisors

August 2021

**Mike Allgrunn
Professor of Economics
University of South Dakota**

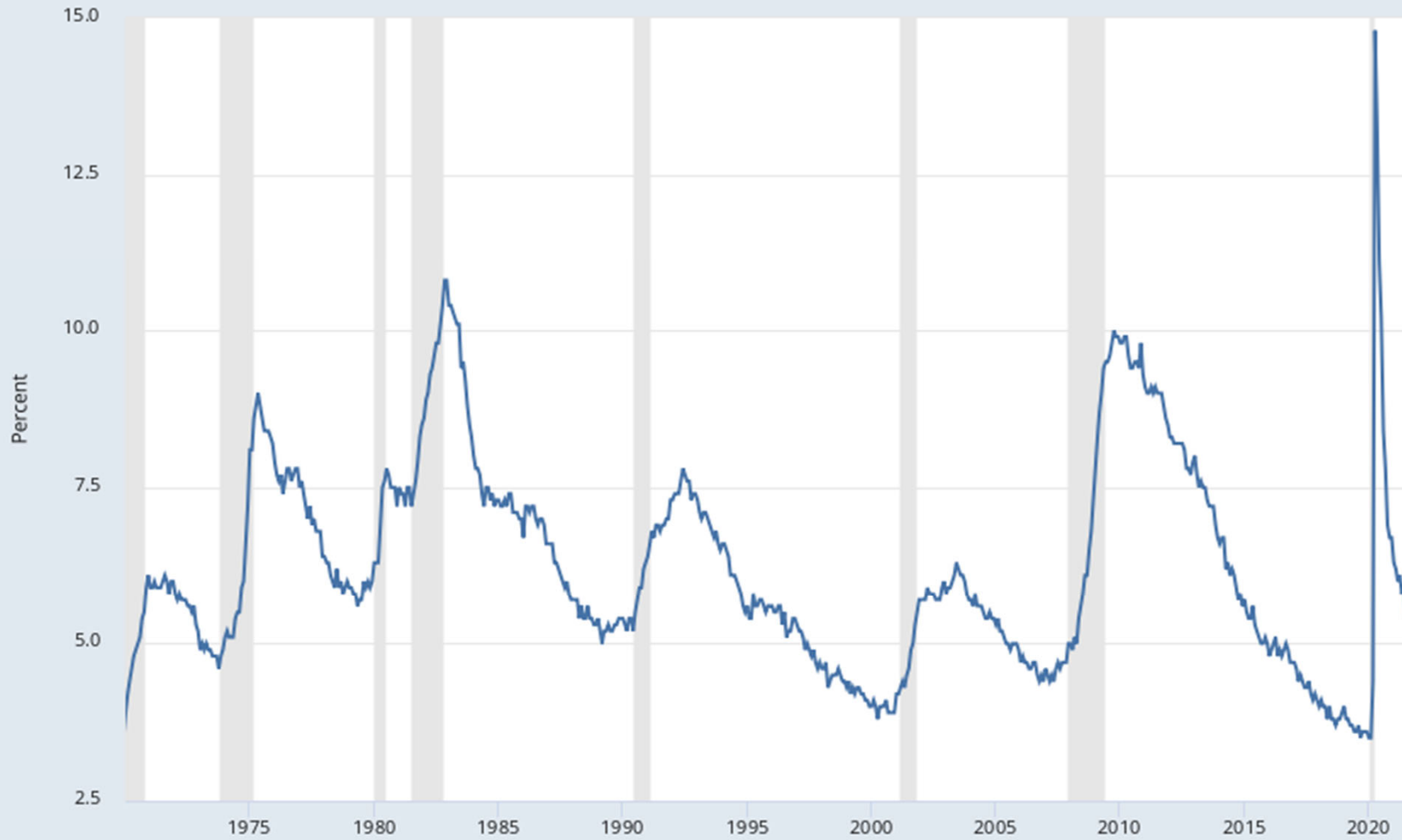
Outline

- ▶ Labor Force Issues
 - ▶ Unemployment
 - ▶ Job Vacancies
 - ▶ Unemployment Insurance
 - ▶ Labor Force Participation
 - ▶ Personal Income
- ▶ Inflation (Regions?)



Unemployment

- ▶ Headline unemployment
 - ▶ 50-year low 3.5% at the end of 2019
 - ▶ Peak at 14.8% in April 2020
 - ▶ Now at 5.4% (July)
- ▶ South Dakota peak at 9.5%
 - ▶ Now at 3.3%



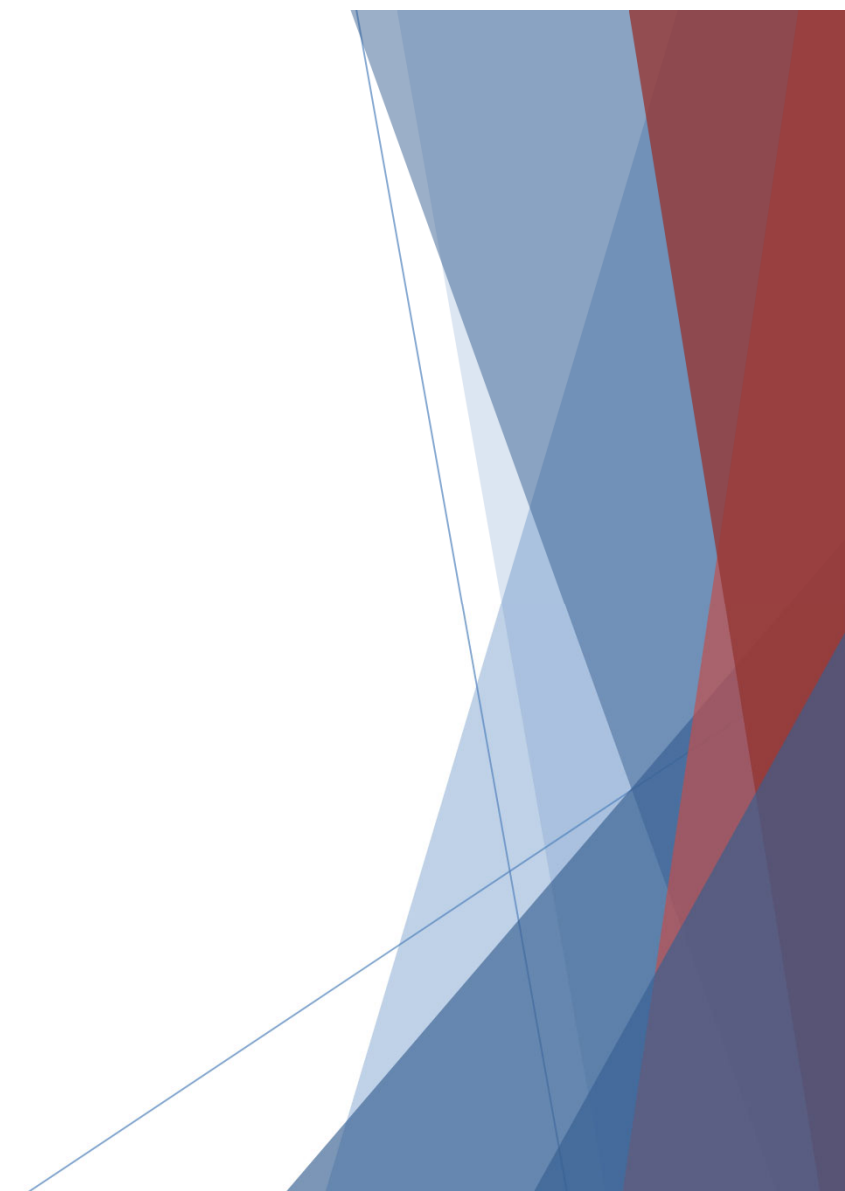
Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

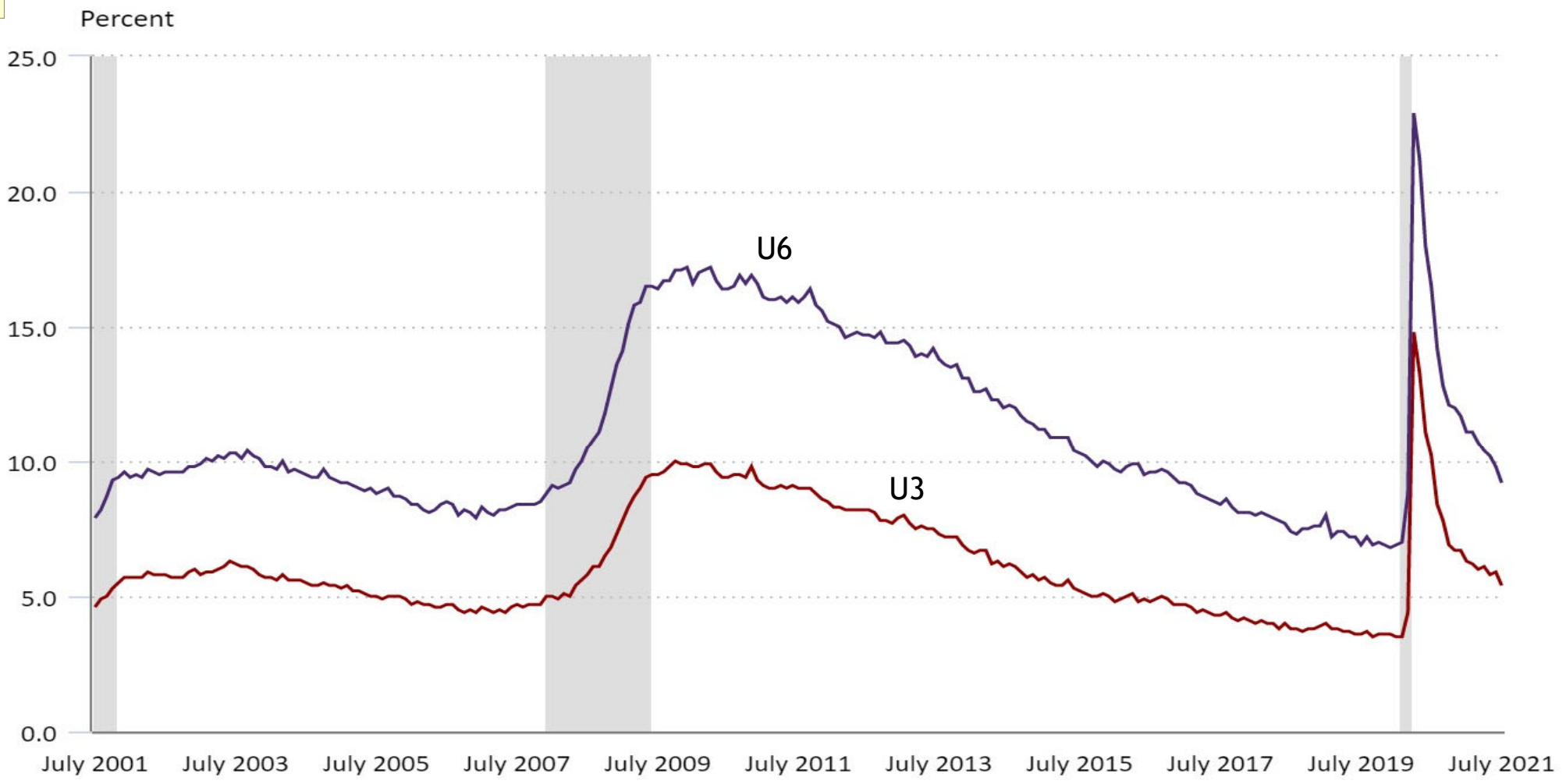
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U6 unemployment

- ▶ Similar story
 - ▶ 7% in January 2020
 - ▶ Peak in 22.9% in April 2020
 - ▶ 9.2% in July 2021



MA1



Hover over chart to view data.

Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.



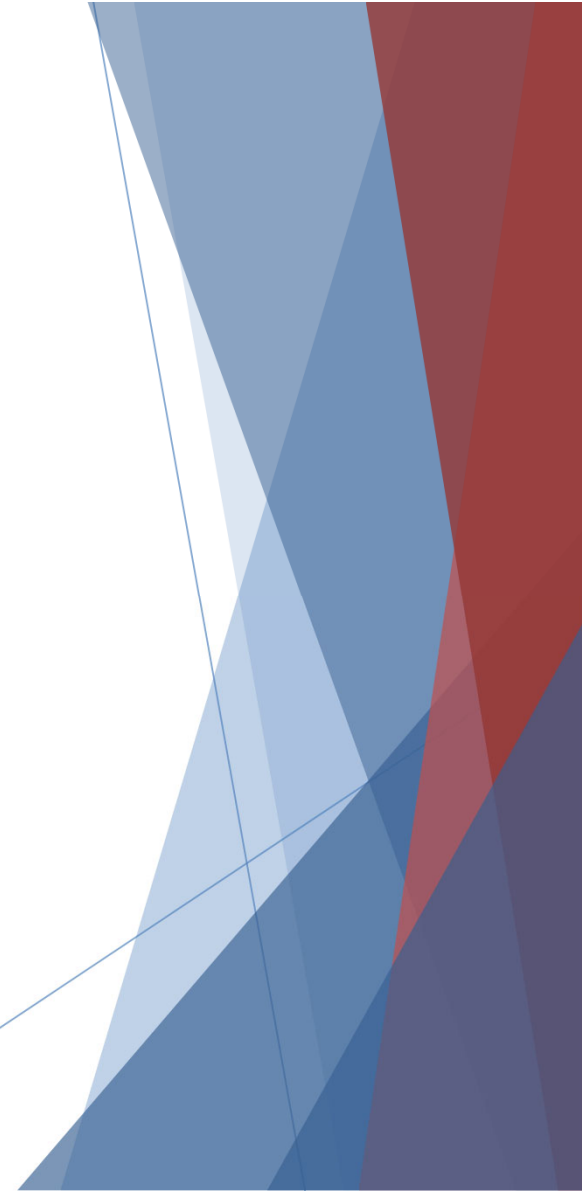
Slide 6

MA1

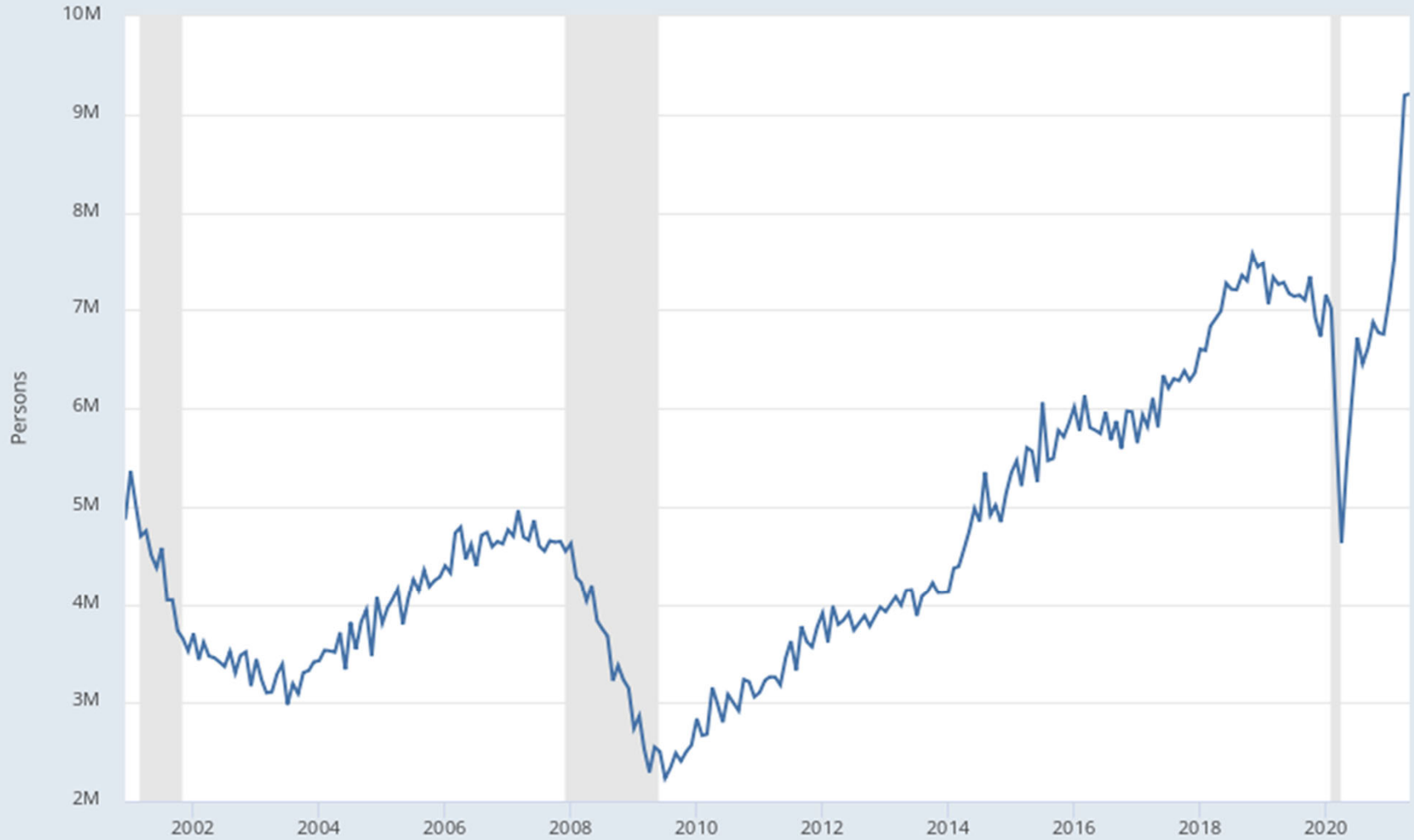
Mike Allgrunn, 08/17/2021

Job Openings/Vacancies

- ▶ Data series start in 2000
- ▶ Both at “all-time” highs
 - ▶ Openings peak 9.2 million in June 2021
 - ▶ Vacancies peak at 10.1 in June 2021



FRED — Total Unfilled Job Vacancies for the United States



Source: Organization for Economic Co-operation and Development

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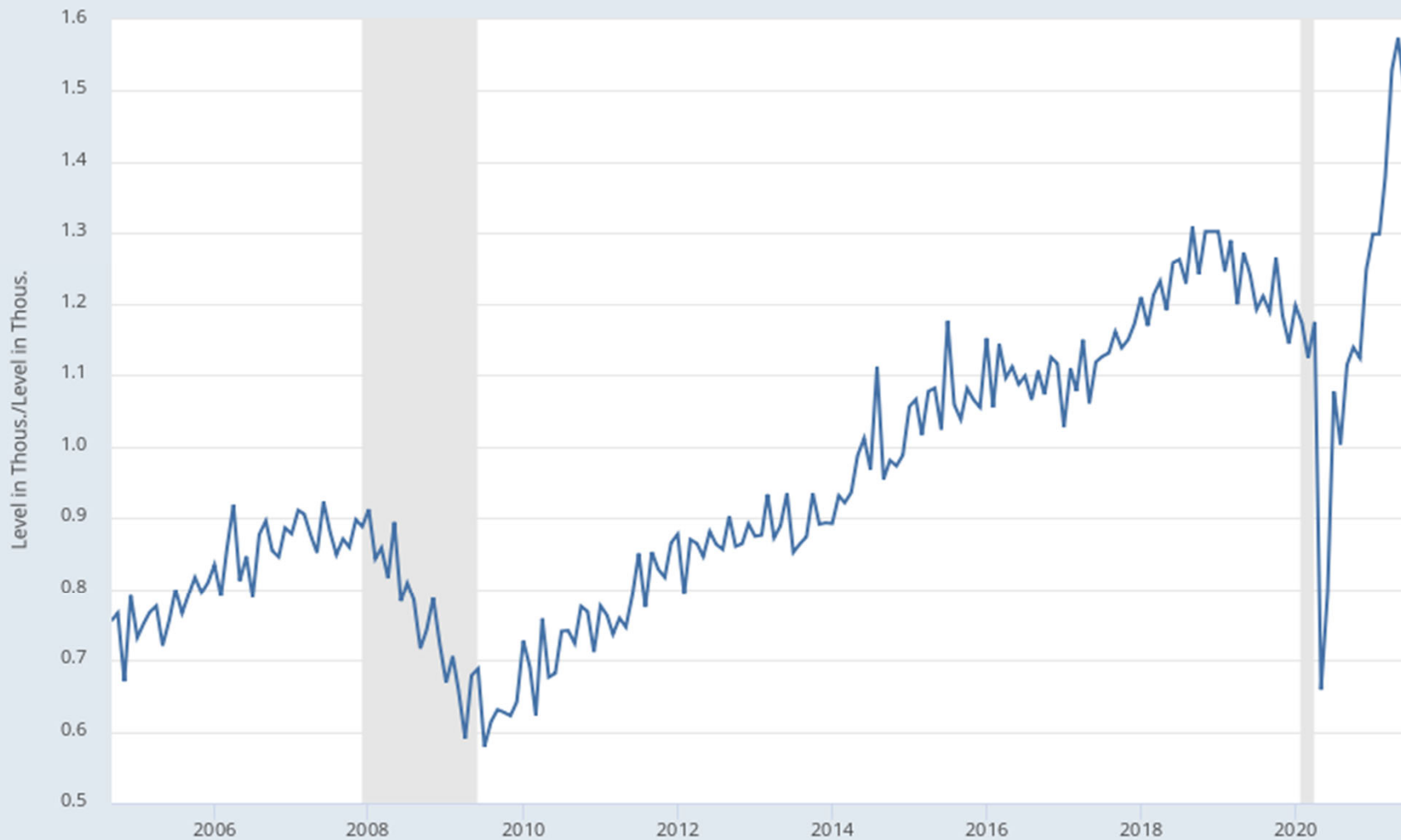
How long does it take to fill a job opening?

- ▶ Ratio of Openings to Hires
 - ▶ Also at peak (1.5)



FRED

— Job Openings: Total Nonfarm/Hires: Total Nonfarm



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

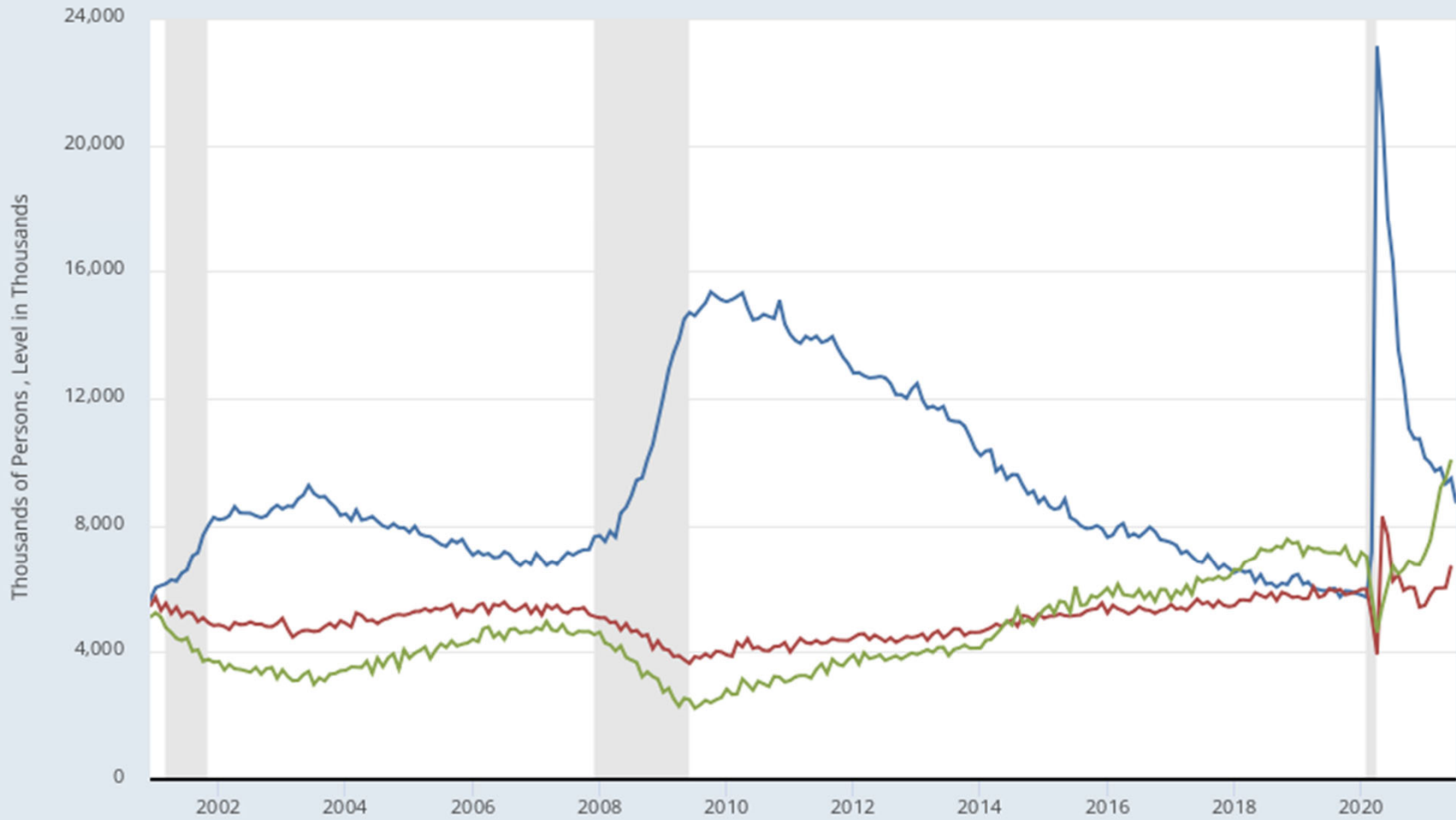
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Job Openings exceed Unemployment

- ▶ Historically, unemployment exceeds openings
- ▶ From 2018 to early 2020, job openings also exceeded unemployment, by around 1.2 million.
 - ▶ There are more job openings now (10.1 million)
 - ▶ There are also more unemployed now (8.7 million)
 - ▶ Gap is about the same (1.4 million)

FRED

- Unemployment Level
- Hires: Total Nonfarm
- Job Openings: Total Nonfarm



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

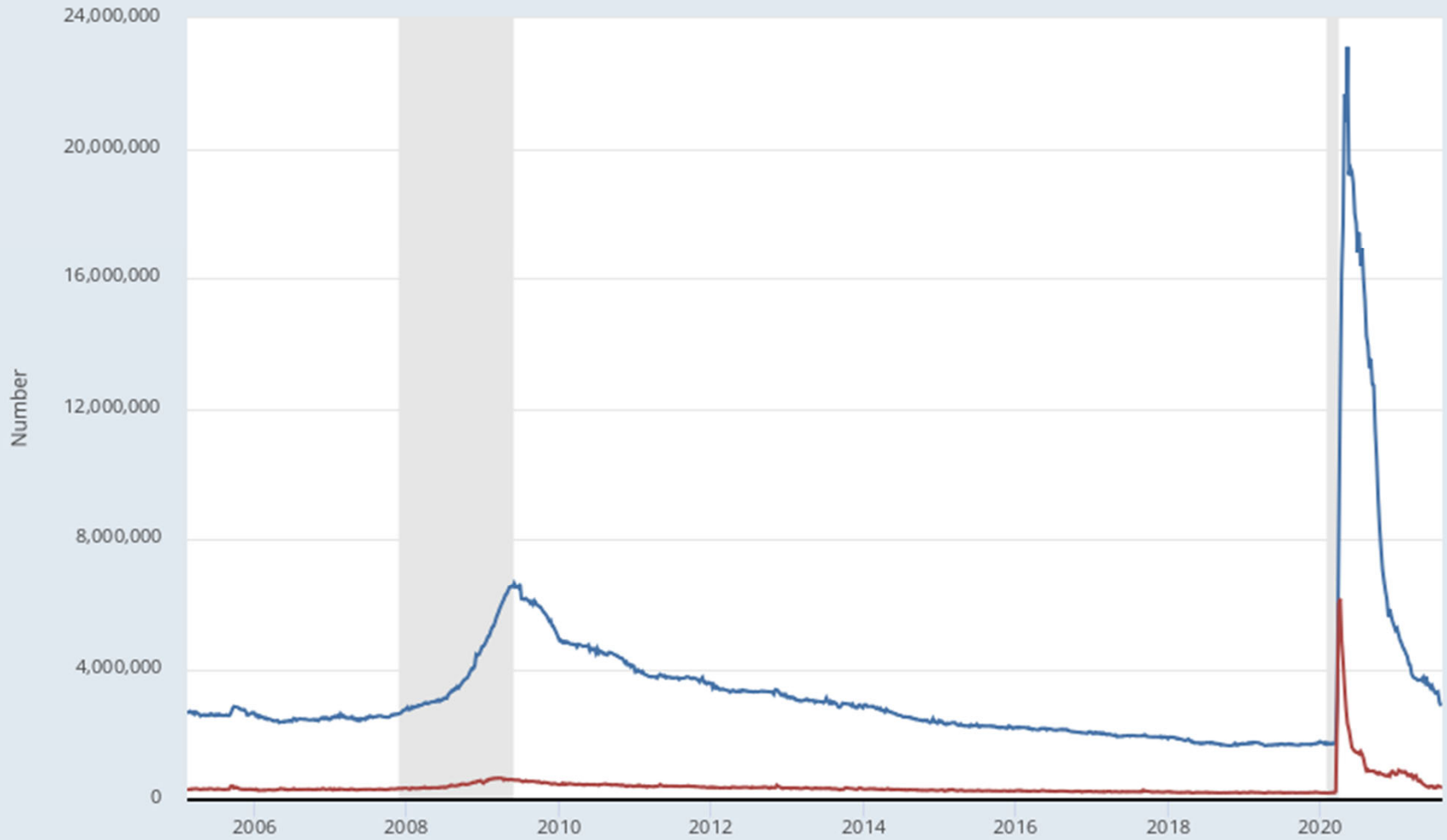
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Unemployment Insurance

- ▶ Continuing claims
 - ▶ 1.7 million in January 2020
 - ▶ 23.1 million in April
 - ▶ 3 million by July 2021
- ▶ Initial claims
 - ▶ 210,000 in January 2020
 - ▶ 6.1 million in April 2020
 - ▶ 375,000 last week

FRED

— Continued Claims (Insured Unemployment)
— Initial Claims



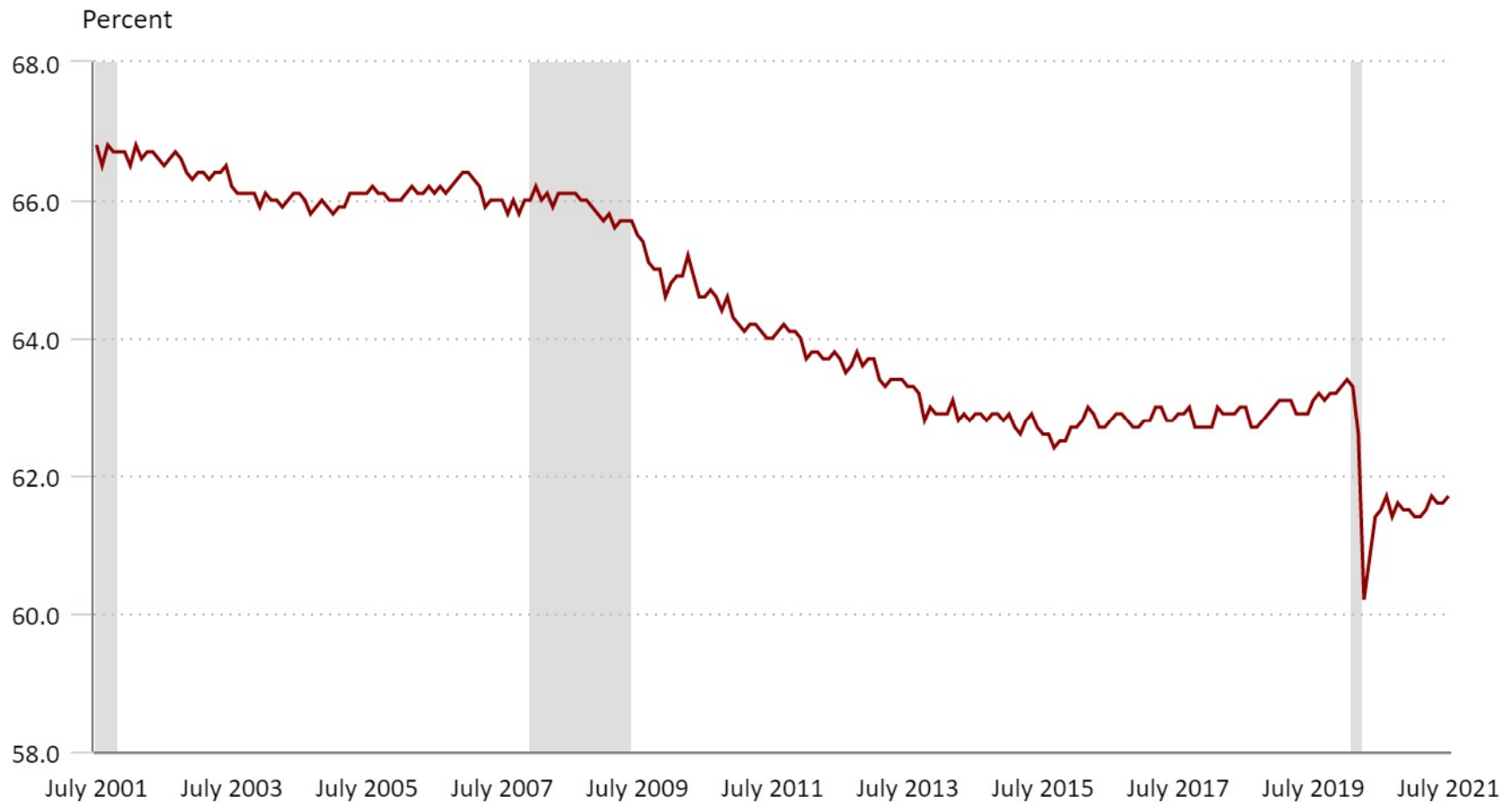
Source: U.S. Employment and Training Administration

[myf.fred/g/Gb6D](https://myf.fred.stlouisfed.org/g/Gb6D)

Labor Force Participation Rate

- ▶ Labor Force / Civilian, non-institutionalized population (16+)
 - ▶ Steady decline from peak of 67.3% in 2000 to 62.4 in 2015
 - ▶ Modest gains to 63.4 pre-COVID
 - ▶ Down to 60.2 in April 2020
 - ▶ 61.7% in July 2021
- ▶ Key for GDP growth

Civilian Labor Force Participation Rate, seasonally adjusted



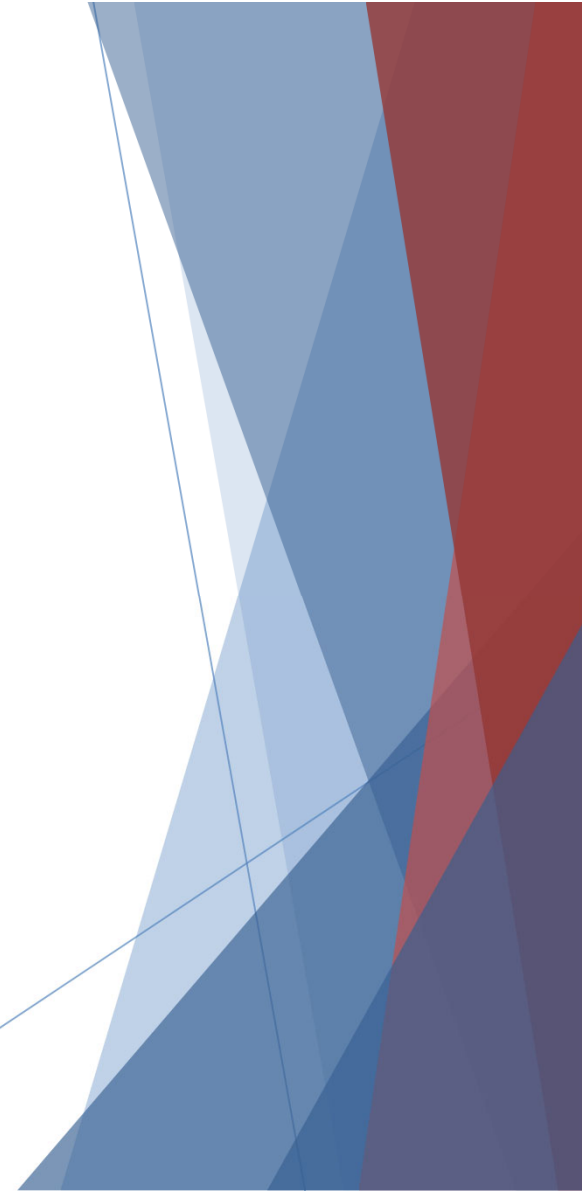
Personal Income

▶ Wages and Salaries

- ▶ Largest component, but declining steadily since 1950.
- ▶ Now less than 50% of personal income

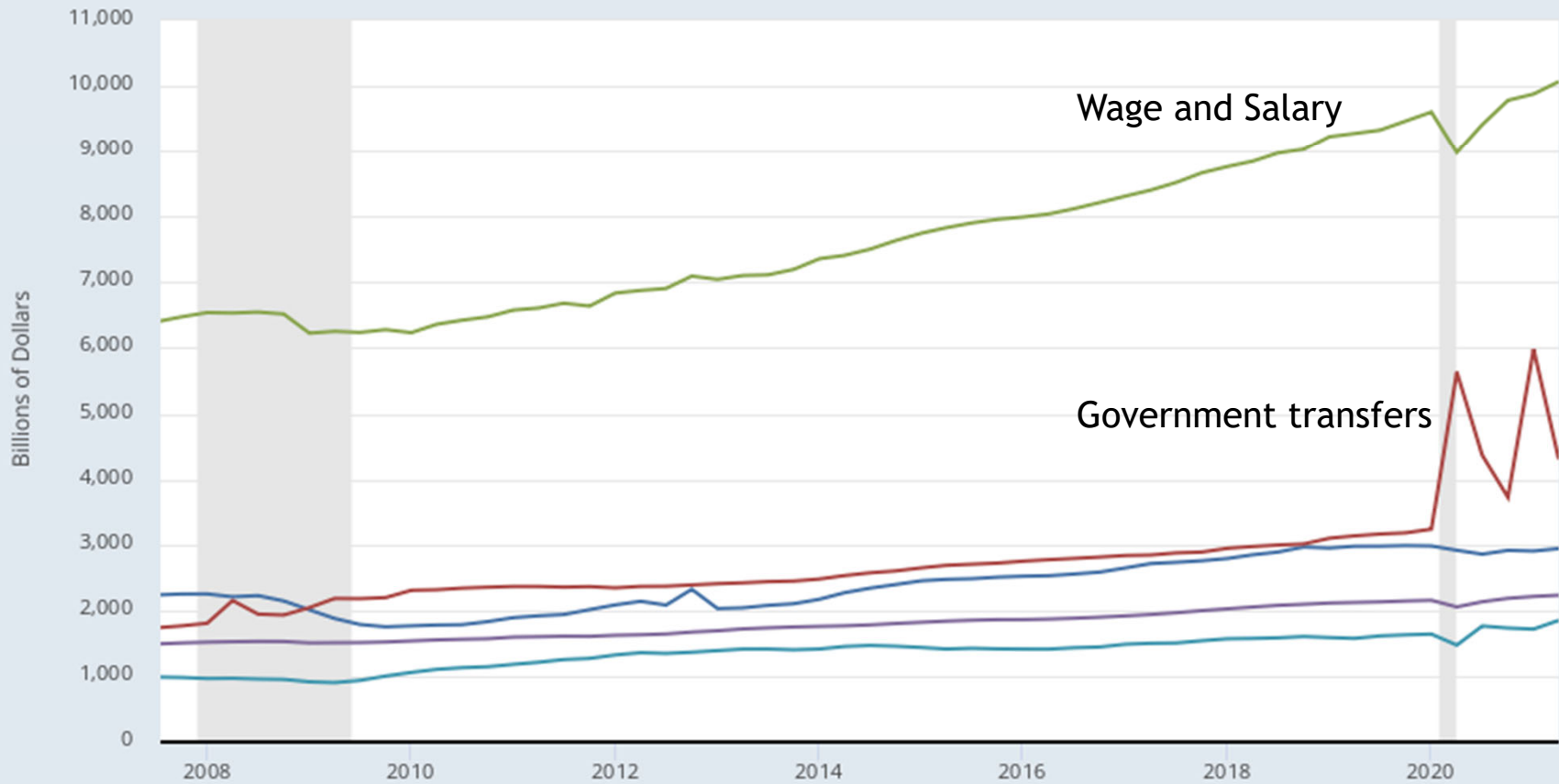
▶ Government transfers

- ▶ Small component (5%) in 1950
- ▶ Currently at 20% of personal income
 - ▶ Up from 16% pre-COVID






- Personal Income receipts on assets
- Personal current transfer receipts
- Compensation of Employees: Wages and Salary Accruals
- Compensation of employees: Supplements to wages and salaries
- Proprietors' Income with Inventory Valuation Adjustment(IVA) and Capital Consumption Adjustment (CCAdj)



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

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- ▶ GDP growth comes from two sources
 - ▶ More labor
 - ▶ More efficient production
 - ▶ US population growth is slowing
 - ▶ Lower LFPR
 - ▶ South Dakota population and labor force growth higher than average