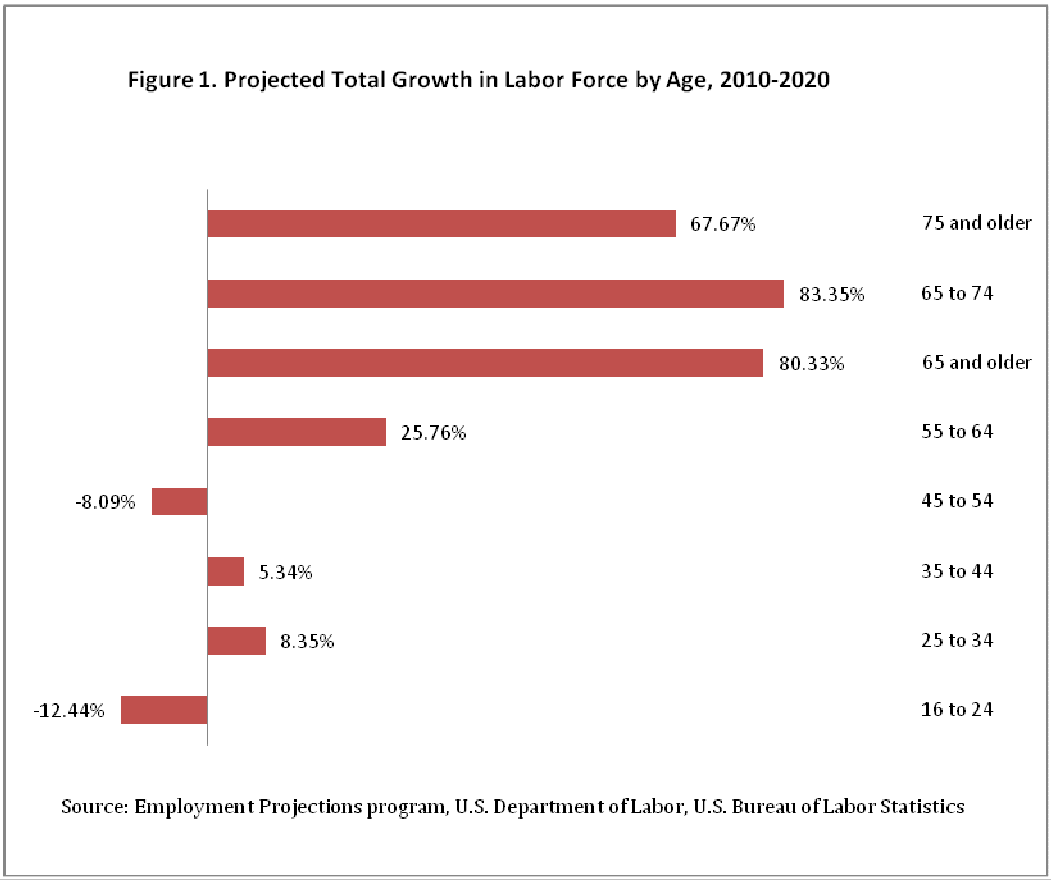
The Microeconomy and US Labor Force

Gross domestic product (GDP) is projected to grow by 3% annually, assuming full employment in 2020 (which, in the US, means unemployment of approximately 5-6%), expected productivity growth of 2% annually and overall slower growth of the labor force.

The US labor force is expected to grow by approximately 10 million people between 2010 and 2020, from 154 million to 164 million. This 0.7% growth rate is slightly slower than the labor force growth rate of 0.8% in the previous decade (2000-2010), and much slower than the 1.3% growth rate of two decades prior (1990-2000).

Due to the aging of the baby-boom generation, the labor force will also get older in the coming decade. Of those in the labor force, the oldest age categories of 55-64 and 65+ will see the fastest growth rates at 2.3% and 8.0% total growth, respectively. Meanwhile, the 16-24 and 45-64 categories will both shrink with rates of -1.2% and -0.8%, respectively. See Figure 1.

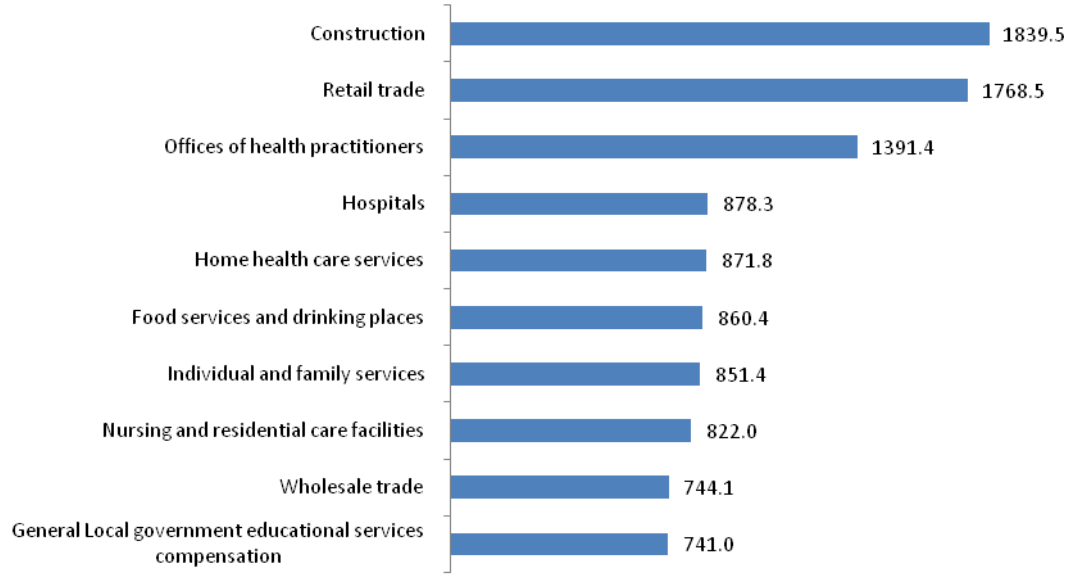
The labor force is also projected to become more Hispanic with that group making up 19% of the total labor force by 2020, up from 15% in 2010.



Employment by Industry

The detailed industries expected to see the largest growth in employment of wage and salary workers from 2010 to 2020 are construction (1,839,500 new jobs, or 33% growth), retail trade (1,767,500 new jobs, or 12% growth) and offices of health practitioners (1,391,400 new jobs, or 36% growth). See Figure 2. Note that while the expected growth in health care and social assistance reflects the need for additional care for an aging population, the growth in construction is due to the recovery of jobs lost during the recession of 2007-2009. Indeed, construction is not expected to even regain all jobs lost during the recession.

Figure 2. Industries with the Largest Employment Growth
Projected total change 2010-2020, in thousands of jobs

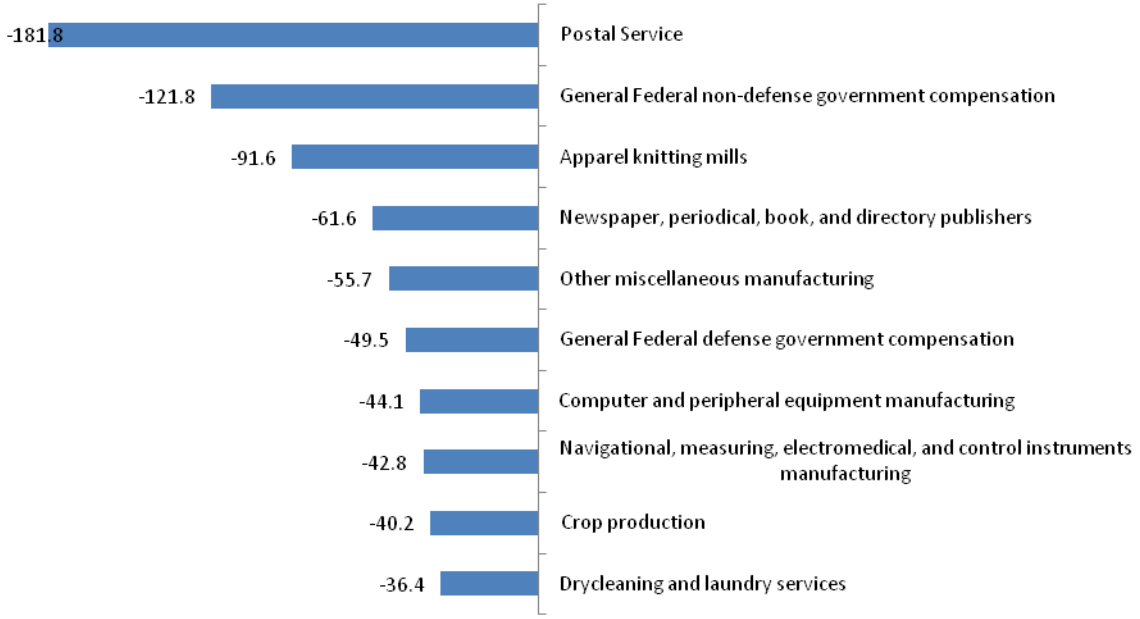


Source: Employment Projections program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

In terms of the fastest growing (total percentage change) detailed industries, increased need for elderly care is again evident: home health care services is first (81% expected growth), followed by individual and family services (70% growth) and management, scientific and technical consulting services (58% growth).

Among the detailed industries expected to shed the most jobs are the postal service (-182,000 jobs, or -28% growth), federal nondefense government (-122,000 jobs, or -7% growth), and apparel knitting mills (-91,600 jobs, or -58% growth). See Figure 3.

Figure 3. Industries with the Largest Employment Declines
Projected total change 2010-2020, in thousands of jobs

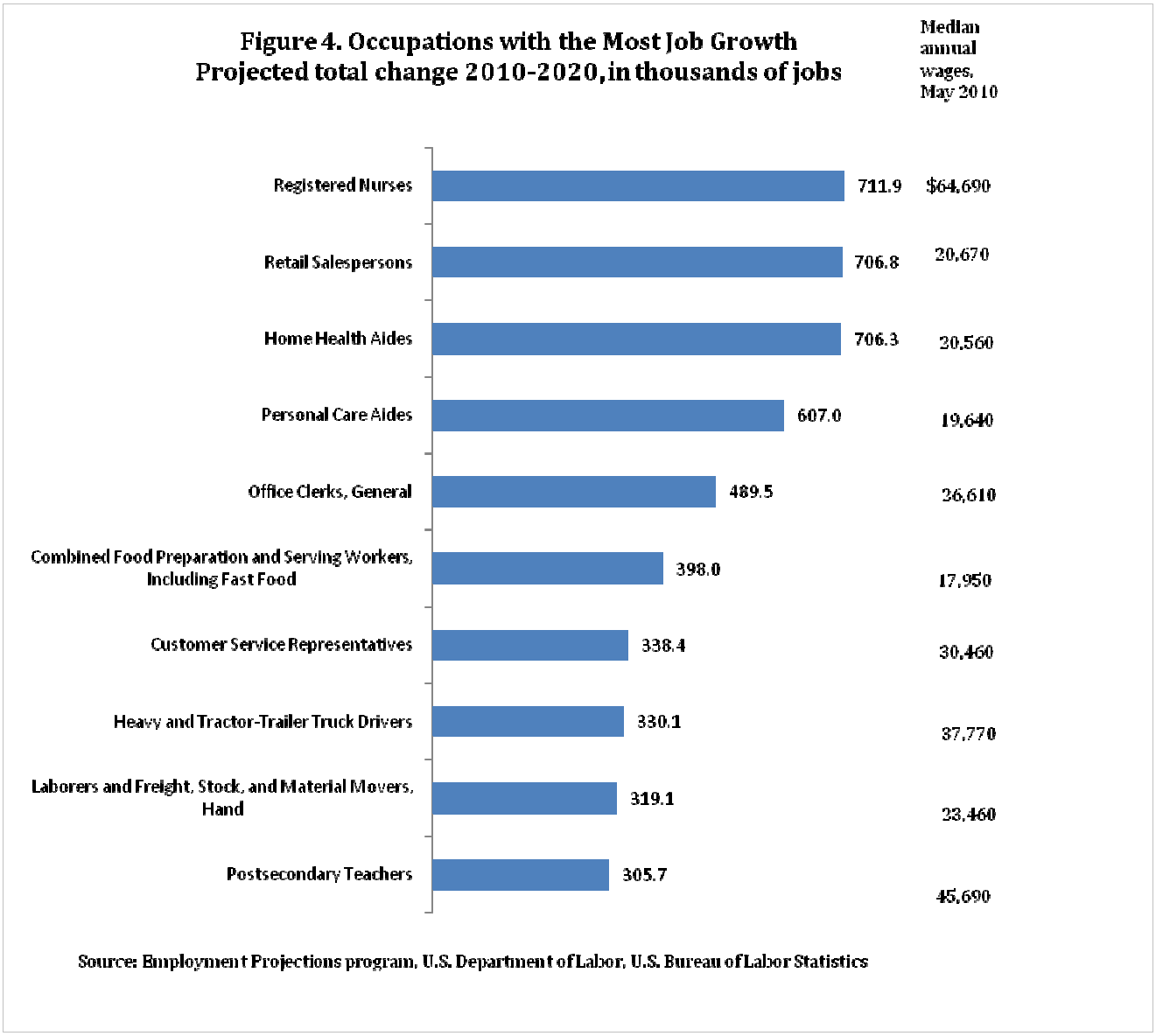


Source: Employment Projections program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

Similarly, the fastest declining (total percentage decrease) detailed industries are expected to be apparel knitting mills (-58% growth), leather and hide tanning and finishing, and other leather and allied product manufacturing (-54% growth) and the postal service (-27% growth).

Employment by Occupation

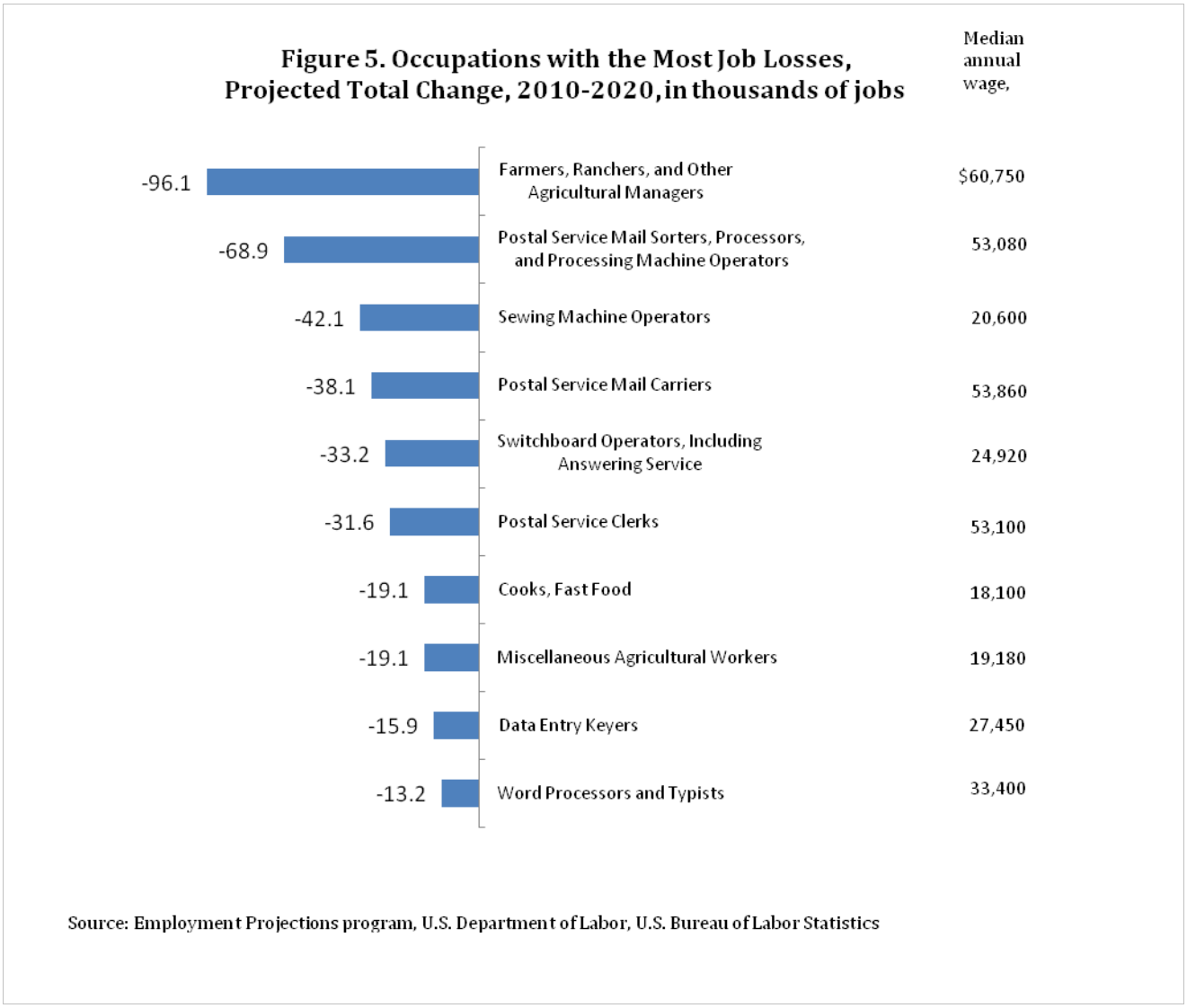
Occupations where the most new jobs are expected are registered nurses (712,000 new jobs, or 26% total growth), retail salespersons (707,000 new jobs, or 17% growth), and home health aides (706,000 new jobs, or 69% growth). See Figure 4.



The specific occupations expected to see the fastest total growth (percentage change) in employment from 2010 to 2020 are personal care aides (70% growth), home health aides (69% growth) and biomedical engineers (62% growth).

The BLS also distinguishes those occupations where the most job openings are expected (note that job openings can be the result of both growth in the occupation and the need to replace departing workers). The top occupations in this category are office and administrative support (7.5 million openings), sales and related (6.5 million openings) and food preparation and serving related (5.1 million openings).

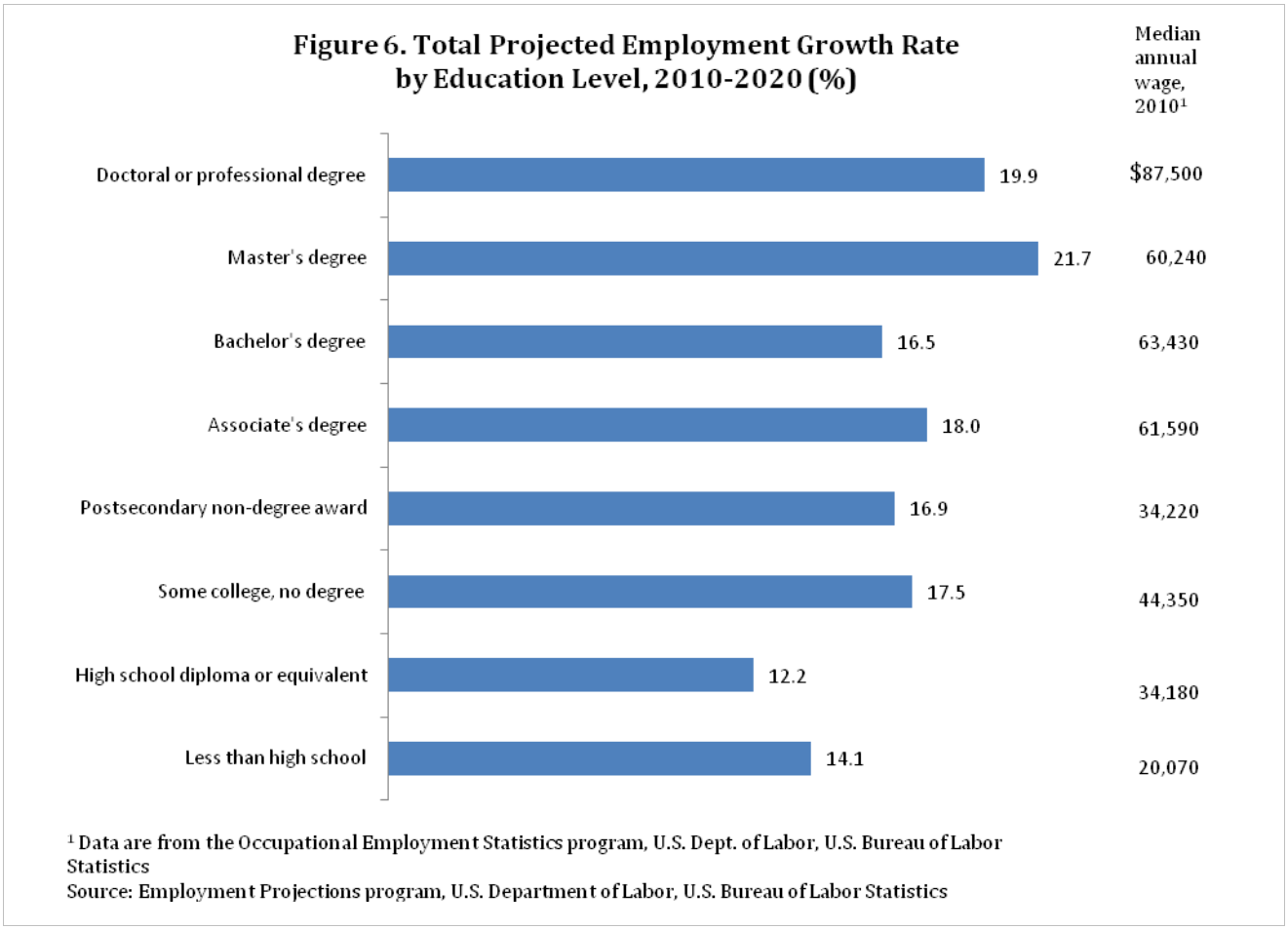
The occupations expected to lose the most overall jobs are farmers, ranchers, and other agricultural managers (-96,000 jobs, or -8% growth), postal service mail sorters, processors, and processing machine operators (-69,000 jobs, or -48.5% growth), sewing machine operators (-42,000 jobs, or -25.8% growth), and postal service carriers (-38,000 jobs, or -12.0% growth). See Figure 5.



Those occupations with the fastest rate of projected decline (total percentage decrease) are shoe machine operators and tenders (-53% growth), postal service mail sorters, processors, and processing machine operators (-49% growth), and postal service clerks (-48% growth).

Education and Training

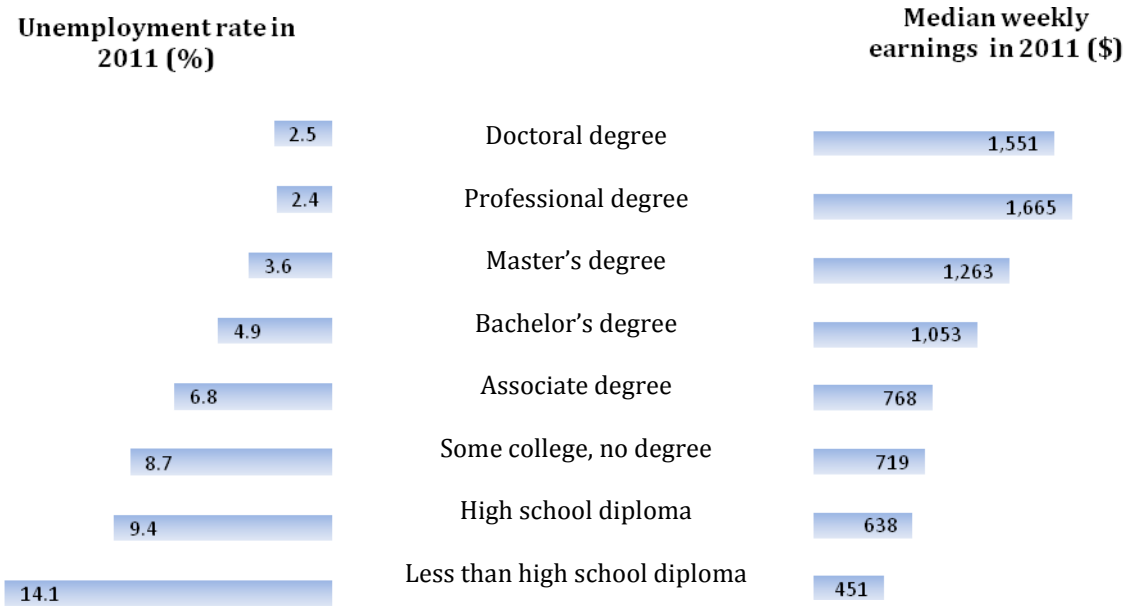
Occupations that typically require some form of postsecondary education are expected to grow the fastest between 2010 and 2020. Those typically requiring a master's degree are projected to grow the fastest at 21.7%, followed by those requiring doctoral or professional degrees at 19.9%. Meanwhile, jobs typically requiring the least education are expected to increase at the slowest rate with growth of 12.2% among positions requiring a high school diploma or the equivalent and 14.1% among positions requiring less than a high school diploma. See Figure 6.



With regards to the 30 *fastest growing* occupations to 2020, as projected by the BLS, 17 of these typically require some forms of postsecondary education for entry into the position. However, with regards to the 30 occupations projected to have the largest *number of new jobs*, two-thirds typically require less than a postsecondary education, no related work experience, and short- or moderate-term on-the-job training. Yet among the 30 occupations projected to lose the most jobs, only three require postsecondary education for entry.

Figure 7 shows the returns to education, in the form of median earnings and unemployment rates, during the year 2011. Those with a bachelor's degree or greater enjoyed substantially higher earnings and lower unemployment rates than those with less education.

Figure 7. Returns to Education



Source: Bureau of Labor Statistics, Current Population