

Quantifying the Local Labor Shortage

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The month of June saw the highest number of job postings since beginning of the COVID-19 pandemic: 580 in Petoskey, 312 in Boyne Falls, 154 in Charlevoix, and 121 in Cheboygan, according to the Michigan Bureau of Labor Market Information and Strategic Information. Our area is currently unable to meet the demand for workers. On July 22nd, the Bureau of Labor Market Information and Strategic Initiatives released their most recent labor data, preliminary employment metrics for June 2021. The numbers show that while our local unemployment rate closely parallels the state's, our labor force is smaller than previous years and trending downward.

The term labor force refers to the number of people actively engaged in the workforce, calculated by adding together the employed and unemployed populations. The US Bureau of Labor Statistics classifies people as employed if they: “worked at least 1 hour as a paid employee, worked at least 1 hour in their own business, profession, trade, or farm; were temporarily absent from their job, business, or farm, whether or not they were paid for the time off; or worked without pay for a minimum of 15 hours in a business or farm owned by a member of their family.” It classifies individuals as unemployed if “they were not employed during the survey reference week; they were available for work during the survey reference week, except for temporary illness; or they made at least one specific, active effort to find a job during the 4-week period; or they were temporarily laid off and expecting to be recalled to their job.”

Figure 1 displays Cheboygan County’s labor force and unemployment rate as well as the Michigan unemployment rate for the month of June from 2000 to 2021. Beyond being the most recent data, the summer month is also one of the peak months for employment and labor force in our seasonal economy. Every winter, unemployment rates rise and the labor force shrinks due to the loss of seasonal jobs and workers. Figure 2 displays the combined labor force and unemployment rate for Antrim, Charlevoix, Cheboygan, and Emmet counties and the Michigan unemployment rate for the month of June from 2000 to 2021.

Historically, the Cheboygan County unemployment rate has stayed below the state’s rate; at 4.7% last month, it was below the state rate of 5.0%. The county unemployment rate for June of 2020 of 13.4% was less than the state’s rate of 14.1%, likely boosted by tourist supported industries which continued to operate last summer through the pandemic. The bars show how the June labor force of 10,648 is down from 11,210 in 2020 and 11,123 2019. The smaller labor force is not new; the county labor force has been trending downward since its peak in 2005. Part of that decline in the early 2010s was likely driven by the Cheboygan Hospital changing from an in-patient to an out-patient facility in 2012. The trends seen at the county-level also exist at a regional level.

Figure 2 shows that the aggregated unemployment rate for Antrim, Charlevoix, Cheboygan, and Emmet Counties has paralleled the state rate. Last year, the regional unemployment rate of 11.7% was markedly lower than the state’s rate of 14.1% during

higher-level of COVID restrictions. In June 2021, the regional unemployment rate was 5.53% while the state's was 5.0%. The bars show how the June 2021 labor force of 51,584 is down from 54,618 in 2020 and 55,145 in 2019. However, the June labor force has been trending downward since its peak of 63,578 in 2005.

The county and regional trends are likely driven by a combination of decreasing total population, individuals exiting the workforce, the challenge of affordable housing, and other social phenomena. The Cheboygan County population has shrunk from 26,699 in 2010 to 25,418 in 2019 but the working age population has declined as well, with 36.1% of the population being aged 60 or older in 2019, an increase from 27.7% in 2010. Additionally, the regional population has declined from 109,708 in 2010 to 107,916 in 2019. The greying of the population is also evident at the regional-level with 33.26% of the population being aged 60 or older in 2019, an increase from 25.3% in 2010. Regardless of the causes, the declining labor force poses a challenge to the seasonal businesses that drive the tourism industry and the year-round employers.

Figure 1: June Labor Data for Cheboygan County

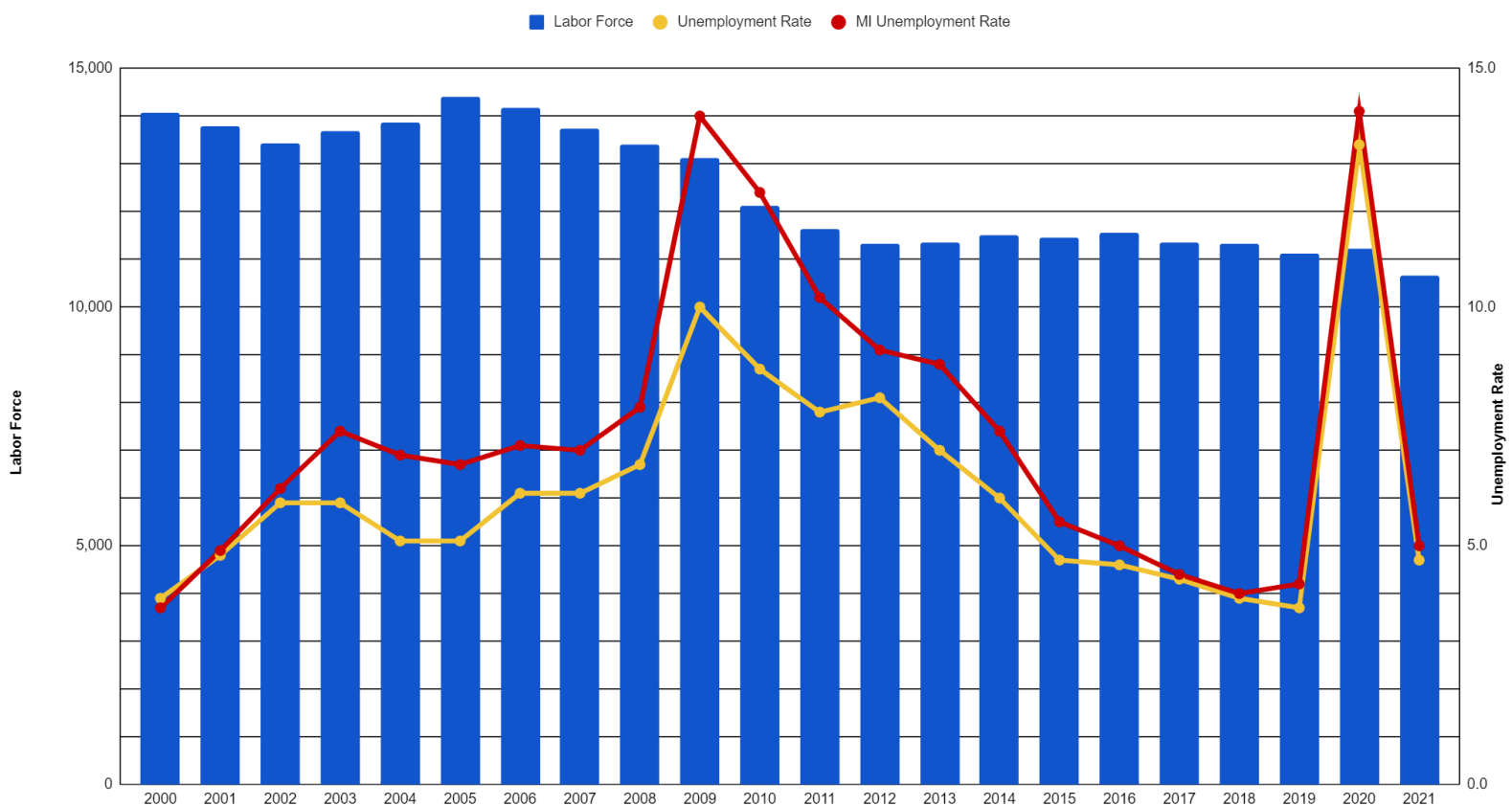


Figure 2: Aggregate June Labor Data for Antrim, Charlevoix, Cheboygan, and Emmet Counties

