



Actalent

# Labor Market & Economy Report

February 2023

## Sharp insights for well-rounded people.

Actalent's monthly Labor Market and Economy Report connects important dots between data and trends in engineering and sciences. The report corresponds with the monthly release of the U.S. Bureau of Labor Statistics Employment Situation, though lends further insight into specific employment trends in engineering and sciences. Accompanying the report is an [article](#) that pulls the data together to tell a complete story about what's happening in the labor market and, by extension, the economy. Specifically, readers can expect to learn about:

- + Job growth in engineering and sciences by industry
- + Unemployment trends in engineering and sciences labor categories and industries
- + Labor force participation
- + Job quits and layoffs
- + Engineering and sciences employment trends by industry wages
- + Other important news stories impacting the labor market overall and engineering and sciences specifically



311K

## Jobs Gained in February

Stronger-than-expected job growth once again pointed to the overall labor market's resilience. Despite macroeconomic headwinds, companies are still hiring.



62.5%

## Labor Force Participation Rate

The labor force participation rate rose to a three-year high but remains 0.8 percentage points below the pre-pandemic rate of 63.3%.



3.6%

## Unemployment Rate

The unemployment rate rose by 0.2 percentage points from last month's 50-year low of 3.4%. This is still considered "low," and engineering and sciences workers still have very low unemployment rates.



3.9M

## January Quits

The quits level and rate (2.5%) both slightly decreased. Layoffs increased by 241K to 1.7M. Quits and layoffs have started to get closer to pre-pandemic levels but have not quite returned yet.

# February 2023 Market Trends

A closer look at  
unemployment by industry  
and labor category



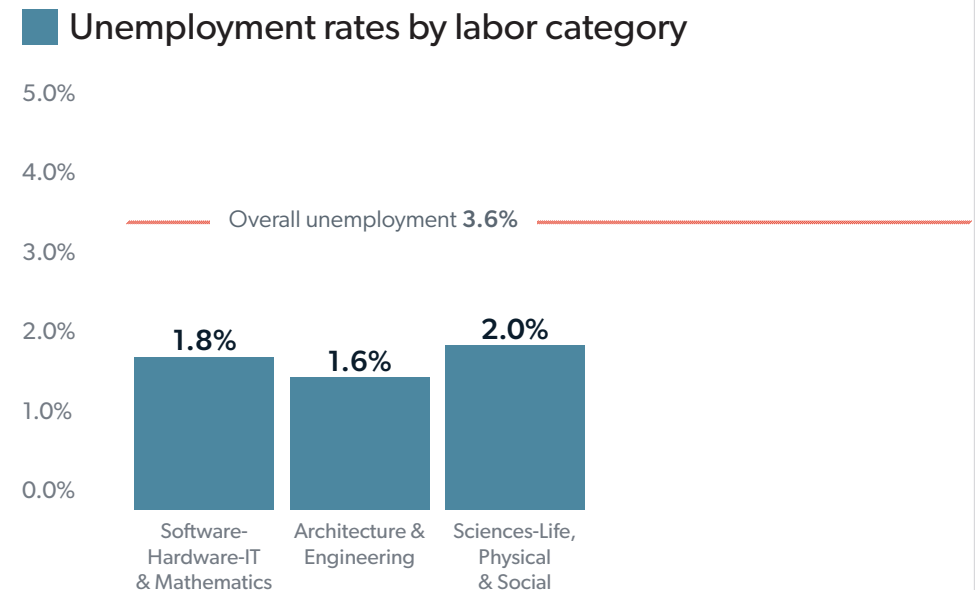
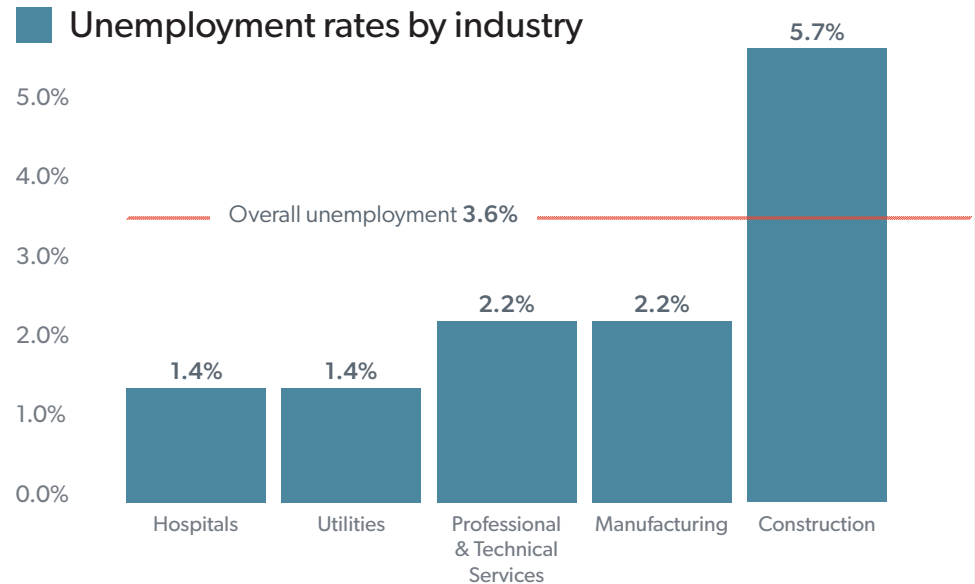
Overall Unemployment Rate



Unemployment Rate for Degreed  
Workers



Ratio of unemployed workers  
(SW-HW-IT & Mathematics,  
Architecture & Engineering,  
Sciences) available per job  
opening).



Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

# Industry Trends

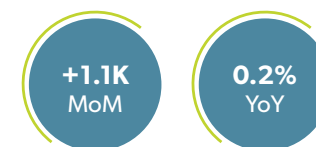
## OVERALL ECONOMY

The US economy added more jobs than expected last month, indicating a strong labor market once again. Labor force participation and the overall unemployment rate both increased, and while both are still “low” in comparison to historical numbers, it is encouraging to see worker supply increase, even at a slow rate. The collapse of Silicon Valley Bank presented a new challenge to the Federal Reserve; slowing down the rate of inflation and hiring may no longer be their top priority, at least not in the near future. SVB’s collapse has also led to declines in venture capital investments, which could cool startup activity and even lead to headcount cuts among impacted startups.



## UTILITIES

Utilities employment has slightly declined for the fourth month in a row but is up 4,600 jobs compared to pre-pandemic (February 2020). Despite the decline in utilities jobs, unemployment is extremely low for utilities workers, and companies involved in the clean energy transition have not stopped looking for solutions to the industry’s talent shortage. New postings for architecture and engineering jobs in the utilities industry were up 11% over the last three months, with high, net-positive demand for electrical engineers and technicians, civil engineers, and engineering managers. Exelon, NextEra, and AEP were among those adding headcount in those months.



## CONSTRUCTION

Construction jobs growth was strong in February, which the Associated General Contractors attribute to high pay raises within the sector. Growth in construction pay has outpaced overall private sector wage growth for six months in a row. Even with recent growth in pay and jobs, there is still a need for greater education around construction jobs, as the talent pool remains tight. Since December 2022, the construction sector has added over 1,000 new job postings for industrial engineering techs, 900 postings for electrical engineering techs, and 700 postings for mechanical engineers, indicating high construction demand for architecture & engineering workers.



## ARCHITECTURE & ENGINEERING

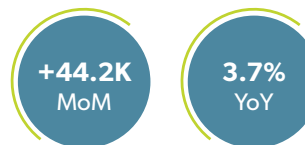
Architecture firm billings declined for the fourth consecutive month in January (latest data available), but the pace of the decline slowed and inquiries into new projects strengthened – in other words, despite slowdowns in the fourth quarter, new projects (thus new work) could be picking up again in the new year. In January, architectural services companies reached the highest employment level since the Great Recession. High interest rates have resulted in what one firm called “a wait and see mindset,” which could slow hiring demand until more work is confirmed. Job posting data validates the “wait and see” statement, as new job postings for architectural and engineering companies declined in February.



## Industry Trends, continued

### HEALTHCARE

A Vivian Health survey found that clinical and clinical-support staff believe their job satisfaction could increase if their employers increased the number of support staff and nurses and allowed more PTO and flexibility. In 2022, 56% of the survey's respondents were asked to work overtime every week, and half of respondents took only 5 to 10 days of PTO. In an industry characterized by staff shortages and burnout, employers should prioritize the well-being of workers to improve staff retention.



### SCIENTIFIC R&D

Scientific companies have experienced varied performance and headcount adjustments due to product success, level of involvement with covid products, and economic conditions, to name a few factors. While overall demand for scientific R&D trended downward over the last three months, a few oncology-focused companies' job postings increased: Bayer, Dana-Farber Cancer Institute, and Fred Hutchinson Cancer Research Center. Diagnostics companies are still facing declines in covid-related business, but LabCorp has forecasted revenue gains for 2023 due to increased diagnostic testing business led by its agreement with Ascension. This optimistic outlook could create more hiring demand for the diagnostics segment.



### AUTOMOTIVE

VW announced plans to build a \$2B assembly plant in Blythewood, SC, to build electric SUVs and pickups by 2026, which could create roughly 4,000 new jobs. Based on the number of auto manufacturing investments occurring in the southern region, especially the Carolinas, demand for AEC talent will boom for factory construction, and industrial, mechanical, software, and quality engineering worker demand could surge around 2026-2030 after the facilities are completed. The US auto industry is 10% short on semiconductors, better than 20% shortage last year, according to Bank of America. Auto sales beat expectations in February as consumer and fleet demand persisted, but North American automakers are feeling the pressure of just a 65% factory utilization rate. Automakers' hiring needs will be impacted by their plans and success with balancing supply of parts, auto demand, inventory, and profitability.



### C&IP *Manufacturing of Durable Goods, Technology, Chemicals, Food Products, etc.*

Breakfast cereal manufacturing has increased demand for workers, especially for industrial engineers, industrial technicians, and chemical engineers, over the last three months. Many of these companies are still trying to recover their workforces after covid-19 related losses. To combat labor shortages, General Mills has been reaching out to ex-employees, including retirees: the company's rehire rate in the U.S. increased by roughly 50% in 2022. US Secretary of Commerce Gina Raimondo delivered a speech on the CHIPS Act last month, outlining administration plans to award subsidies. She called for semiconductor companies to work with high schools and community colleges to train 100,000 technicians through apprenticeships and training programs, warning that the US will have a shortage of 90,000 skilled technicians by 2030 if no action is taken. The first CHIPS Act funding opportunity was released on February 28, meaning that companies can now apply for funding.



# Wages in the United States

How they've changed.

+6.0%



## Consumer Price Index

Inflation's pace of growth has followed a slowing trend since reaching 9.1% for the year ending June 2022; however, inflation is still much higher than economic officials would like.

+4.6%



## Wage Increases

Average hourly earnings have increased by 4.6% over the year, at a faster pace than last month's 4.4%. Month over month growth has slowed in pace – if this trend continues, it may help ease inflation over time.

-1.3%



## "Real" Earnings

After adjusting wages for inflation, workers' average hourly earnings are 1.3% lower than what they were making a year ago. In other words, workers are likely still feeling the pressure of inflation and could be influenced to work for employers offering more competitive pay.

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# References

## Read more about trends in Engineering & Sciences

**UTILITIES:** [Clean energy/renewables talent shortage](#); Job posting data from Lightcast

**CONSTRUCTION:** [AGC - Construction jobs and pay increases](#); [AGC - Construction Employment YoY](#)

**ARCHITECTURE & ENGINEERING:** [January 2023 Architectural Billings Index](#)

**HEALTHCARE:** [Vivian Health's Future of Healthcare Work Report 2023](#)

**SCIENTIFIC R&D:** [LabCorp 2023 Expectations](#)

**AUTOMOTIVE:** [VW plant in South Carolina](#); [Chip Shortage](#); [February Sales](#)

**C&IP:** [General Mills rehiring ex-employees](#); [Gina Raimondo CHIPS Act Speech](#); [First CHIPS Act funding opportunity](#)