



Labor Market & Economy Report

March 2024

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. 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



Jobs Gained in March

U.S. employment increased by 303,000 jobs in March 2024, indicating significantly stronger employment growth than analysts anticipated.



Labor Force Participation Rate

The Labor Force Participation Rate increased from 62.5% to 62.7% after not changing for three months.



Unemployment Rate

The unemployment rate slightly declined from 3.9% to 3.8%. Any unemployment rate under 4.0% is considered low and indicates a small pool of unemployed workers.



February Layoffs

The number of layoffs increased slightly from 1.6M in January to 1.7M in February. Quits slightly increased from 3.4M to 3.5M.

March 2024 Market Trends

A closer look at
unemployment by industry
and labor category



Overall Unemployment Rate

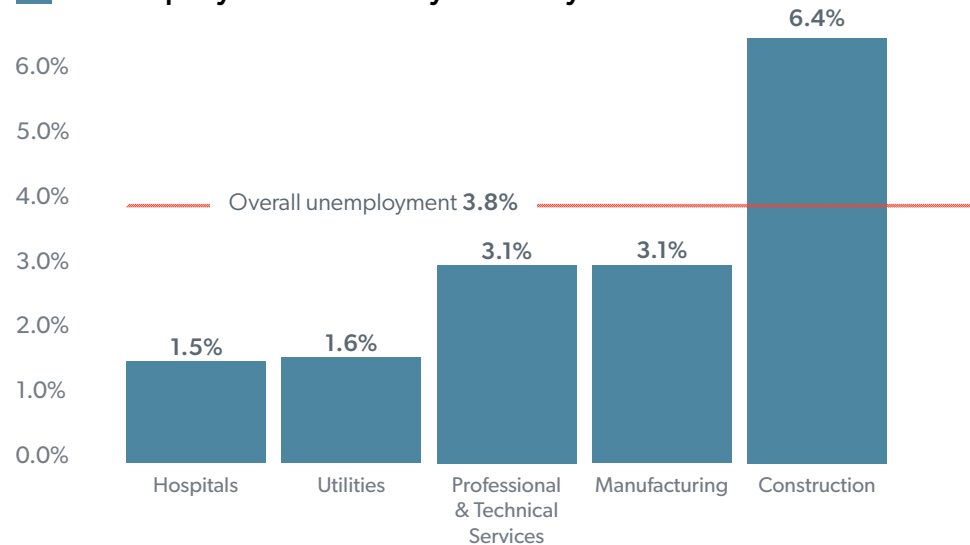


Unemployment Rate for Degreed
Workers

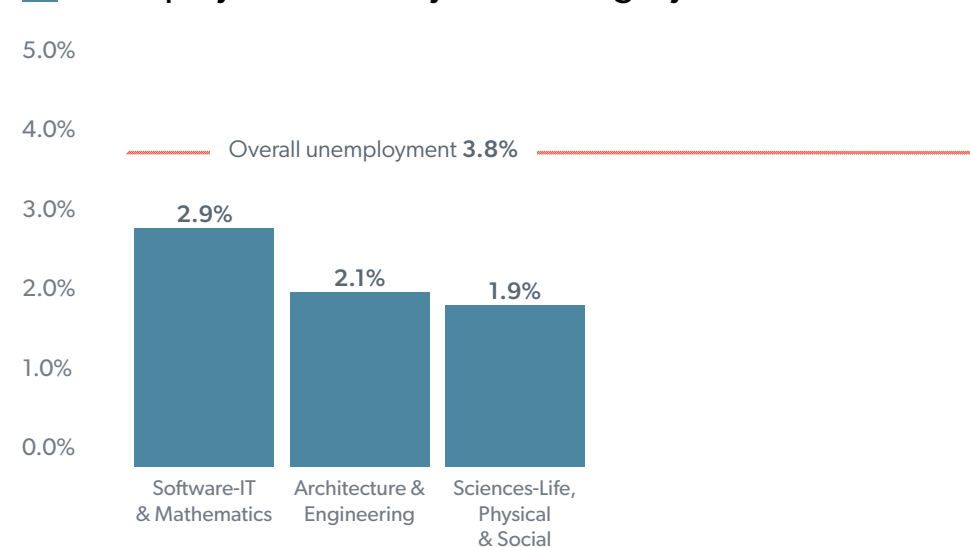


Ratio of unemployed workers
(SW-HW-IT & Mathematics,
Architecture & Engineering,
Sciences) available per job
opening.

Unemployment rates by industry



Unemployment rates by labor category

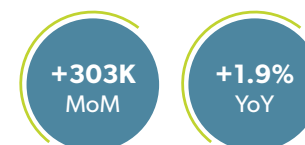


Due to frequent data revisions and statistical noise on a month-to-month basis, Actalent employs a rolling 3-month average to best represent unemployment by labor category or industry.

Industry Trends

OVERALL ECONOMY

U.S. employment increased by 303,000 jobs in March, significantly exceeding economists' expectations of around 200,000. Still, employment changes varied among the industries Actalent works with: while healthcare and construction led the way with high employment gains, manufacturing saw net-zero change, and utilities and architectural and engineering services experienced slight losses. The increase in the labor force participation rate indicates that more people are working or looking for work, but the slight decline in the unemployment rate suggests a smaller pool of unemployed talent searching for work.



UTILITIES

The rapid pace at which AI, electric vehicles, battery and solar factories, and data centers are being developed is putting significant pressure on the grid, and consulting firm Grid Strategies estimates that peak summer demand could grow by 38 GW by 2028, "which is like adding another California to the grid." To meet the increasing demand for electricity, the North American Electric Reliability Corporation has made several recommendations, which include increasing the dependability of energy resources, addressing siting and permitting challenges that are delaying the expansion of the transmission network, and other steps for policymakers, regulators and other industry players to take. On March 6, the SEC finalized a rule requiring public companies to disclose certain climate risks, but it now faces several legal challenges.



CONSTRUCTION

Construction spending in February (latest data available) increased year-over-year for all categories. Notable year-over-year spending increases occurred within manufacturing construction (+31.8% YOY), highway and street construction (+18.5% YOY), and power/oil/gas projects (+6.9% YOY). EV battery maker and BMW supplier AESC announced a \$1.5B investment to expand its lithium-ion battery manufacturing site through the construction of a second facility in Florence, SC. The U.S. DOT opened applications for four infrastructure and transportation projects totaling about \$7.5B in funding from the 2021 Infrastructure Investment and Jobs Act. Turner Construction was awarded several university construction projects in March, including work at West Point, Case Western Reserve University, University of Kentucky and UC Merced.



ARCHITECTURE & ENGINEERING

The AIA Architectural Billings Index for February (latest data available) reported a decline in billings again, although the pace of the decline "marks the most modest easing in billings since July 2023 and suggests that the recent slowdown may be receding." The AIA report indicated that architectural business conditions could pick up in the coming months, highlighting that inquiries into new projects and the value of newly-signed design contracts both increased. Tetra Tech has been awarded a \$375M contract from NASA to provide environmental restoration and compliance services throughout the United States. Jacobs Engineering will provide design-build services for a \$191.8M advanced water reclamation facility in St. Johns County, FL "to expand water reuse capacity and help meet new state environmental regulations."



Industry Trends, continued

AEROSPACE & DEFENSE

SAIC announced that it has already received \$284M in U.S. national security contracts in the first two months of 2024, with the awards spanning data/IT, artificial intelligence and engineering work. Pratt & Whitney and the FAA will work with Missouri University of Science & Technology, Aerodyne Research Inc. and the Environmental Protection Agency “to study non- CO2 aviation emissions, to help understand and reduce the environmental impact of those emissions.” The collaboration between Pratt & Whitney and the FAA will include testing of sustainable aviation fuel (SAF), which is believed to be a potential renewable alternative as the aviation industry aims to reach its net-zero goal by 2050.



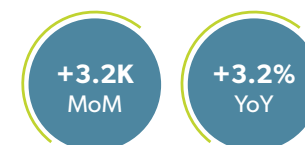
HEALTHCARE

Google Cloud announced the availability of Vertex AI Search for Healthcare, an AI-backed search tool which Google has tailored to help healthcare staff find – and ask questions about – information within health records and medical documents. Google Cloud mentioned organizations like HCA Healthcare and Highmark Health are already exploring ways to integrate Google’s AI tools into their systems, indicating that AI is expanding within the industry. Carta Healthcare’s survey of 500 U.S. healthcare workers found that staffing shortages, low pay and long hours are still major contributors to burnout. Staff shortages and burnout continue to threaten the availability and quality of patient care.



SCIENTIFIC R&D

RSM anticipates that future interest rate cuts may trigger a rebound for life sciences valuations and funding and recommends that CROs plan to “renew their attention on the small to midsize biotech market” which is heavily involved with preclinical, phase 1 and phase 2 trials. Another RSM report revealed optimism in the medtech segment, explaining that venture capital investment is shifting to fewer but larger, high-value deals, and R&D spending remains robust despite longer FDA approval timelines. Pfizer has introduced a new oncology division with plans to develop at least eight blockbuster medicines by 2030. Colorado became the first state to set a drug price ceiling with their cap on Amgen’s Enbrel in late February, but Amgen is now challenging this decision in court, demonstrating the complexity of implementing drug pricing policies.



AUTOMOTIVE

The Environmental Protection Agency (EPA) finalized national pollution standards for vehicles for model years 2027-32, which Automotive News says, “sets tougher limits on vehicle tailpipe pollution through 2032 but eases requirements in the early model years to appease auto industry concerns of a too-fast transition to electric vehicles.” The EPA anticipates that their finalized emissions standards will result in an increase in U.S. auto manufacturing employment, and suppliers say it provides clarity and flexibility for the EV transition, but some industry leaders still fear that the rule outpaces consumer demand for EVs. Stellantis is laying off about 400 of its U.S. engineering, technology and software workers due to “unprecedented uncertainties and heightened competitive pressures.”



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

March manufacturing surveys from ISM and S&P Global reported industry expansion, noting higher demand, higher production and a higher rate of job creation. Still, data on industrial production and manufacturers’ new orders suggests a flat environment in the manufacturing sector. Schneider Electric announced a \$140M investment into its U.S. manufacturing operations in 2024, which will create roughly 750 new jobs. Schneider Electric’s investment includes \$85M to expand its Tennessee operations to manufacture switchgear and power distribution products for data centers, battery, semiconductor and EV plants. ABB Ltd. opened its refitted U.S. robotics headquarters and manufacturing facility in Auburn Hills, MI, which will create over 70 jobs and include the development and manufacturing of AI-enabled technology.



Wages in the United States

How they've changed

+3.5%



Consumer Price Index

Inflation increased 3.5% for the 12 months ending March, the highest increase in the last six months. "Core" inflation – CPI for all items less food and energy (two volatile categories) – was 3.8% for the 12 months ending March. Both of these numbers indicate that inflation is currently more "sticky" than preferred – an ideal CPI would be moving closer to 2.0%.

+4.1%



Wage Increases

Average hourly earnings increased by 4.1% between March 2023 and March 2024. The year-over-year change in hourly earnings has declined for two consecutive months.

+0.6%



"Real" Earnings

Since growth in average hourly earnings outpaced inflation for the year ending March, "real," inflation-adjusted, average hourly earnings increased 0.6% between March 2023 and March 2024.

References

Read more about trends in Engineering & Sciences

UTILITIES: [A New Surge in Power Use Is Threatening U.S. Climate Goals](#); [Grid Strategies – The Era of Flat Power Demand is Over](#); [NERC – 2023 Long-Term Reliability Assessment](#); [SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors](#); [SEC to face all climate rule challenges in U.S. 8th Circuit Court of Appeals](#)

CONSTRUCTION: [Construction Spending Slips 0.3 Percent in February...](#); [AESC Grows Florence County Operations with Second Expansion in 4 Months](#); [\\$7.5B for transportation, infrastructure projects available from US DOT](#); [Turner News & Insights](#)

ARCHITECTURE & ENGINEERING: [AIA/Deltek ABI Reports Moderation in the Slowdown in Business Conditions at Architecture Firms in February](#); [NASA Awards Tetra Tech \\$375 Million Environmental Restoration and Compliance Contract](#); [Jacobs to Deliver New Water Reclamation Facility in St. Johns County, Florida](#)

AEROSPACE & DEFENSE: [National Security Contracts Secured by SAIC Top \\$284 Million in Early 2024](#); [RTX's Pratt & Whitney collaborates with FAA to study non-CO2 emissions under FAA ASCENT program](#); [Working to Build a Net-Zero Sustainable Aviation System by 2050](#)

HEALTHCARE: [Google launches AI-backed search-and-answer tool for doctors](#); [Healthcare's AI transformation is already underway](#); [Survey of Healthcare Workers Reveals That Nurse Shortage Is a Leading Threat to Their Industry](#)

SCIENTIFIC R&D: [CROs: Rekindling relationships with small to midsize biotechs](#); [Medtech's outlook](#); [Pfizer Oncology Hosts Innovation Day...](#); [For 1st time, state board sets a drug price ceiling](#); [Amgen, facing potential Enbrel price cap in Colorado, takes state's new drug affordability board to court](#)

AUTOMOTIVE: [Biden-Harris Administration finalizes strongest-ever pollution standards for cars...](#); [EPA eases ramp-up for vehicle emissions rule to address industry concerns](#); [New EPA rule provides clarity, flexibility for the EV transition, suppliers say](#); [EPA emissions rule still goes too far, industry leaders say](#); [Stellantis lays off about 400 salaried employees in U.S.](#)

C&IP: [March 2024 Manufacturing ISM® Report On Business®](#); [S&P Global US Manufacturing PMI® March 2024](#); [Industrial Production: Manufacturing](#); [Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft](#); [Schneider Electric to Invest \\$140 Million in 2024...](#); [ABB opens refitted, state-of-the-art US robotics facility...](#)

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