

## Fact Checking with Demographics

Striking school attendance rates push back on one pesky narrative, but a sober look at job projections darkens STEM's outlook. Those pushing for targeted environmental remediation could bring the future more in line with the brighter narrative, but we won't know for a long time.

- ▶ Sales tax receipts are flowing, with two-thirds of states reporting double-digit gains. Sales receipts are lagged so it's too soon to know what effect delta will have.. "THIS CANNOT LAST," commented one state contact.
- ▶ Jobs of the future: no, they're not all about STEM. They're pretty mundane, in fact. At the top of the BLS's projected growth over the next decade, home health aides. Only one of the top thirty jobs requires a master's degree, and only eight a bachelor's.
- ▶ Inflation eases some in August, thanks to a cooling in airfares and used car prices (which are coming off an epochal rise). July retail deflators were pretty zippy though.
- ▶ Spider graphs! How recovered are the employment/population ratios for various demographics?
- ▶ A closer look at some reasons people aren't in the labor force. Going to school isn't as popular a reason as it was during the Great Recession. Covid drove up the numbers who weren't working because of family responsibilities, but...
- ▶ ...women are about eight times as likely to cite family responsibilities as men. Men are slowly growing more likely to mention them and women slowly growing less likely, but on current trends the two lines won't converge until 2080.

## Fact Checking with Demographics

In August 88% percent of the states in our survey met or exceeded their forecasted sales tax collections, up from July's 66%, and 95% reported growth over the year, up from 69% in July. Over-the-year percent gains averaged 20%, up from 4% in July, and estimates were exceeded by a handy 8.2%, up from 1.3% in July.

The calendar was more generous in August than in July, but not that generous, and in August 2020 the share of states hitting their forecasts rose to 59% from July's 46%, which amplifies this August's gain.

A third of the states reported growth in the single digits, two-thirds in double digits. August 2020 was quite a good month for sales receipts and, as you would surmise, the states that outperformed in 2020 underperformed in 2021, as in one of the few states to log a 20% gain in August 2020 was up just 2% this August, while a state that reported no growth in August 2020 was up 14% this year. That's what you'd expect, but we include it to give an idea of the variation.

Another thing to consider is the change from August 2019. One contact pointed out that August 2021 collections are 36% above last year's, they are 27% above 2019, so we broke out some other states. Looking back two years produces rational results! In the Midwest, two-year averages run from the low to high single digits, with ag states ahead. Our energy extraction states are in the mid-single digits, with stronger growth among state identified by the Bureau of Labor Statistics to have large investment banking sectors. And IPO activity, we all think, makes for a big outlier.

Our contacts in states that lifted their sales forecasts underscore that is not without risk. One risk for tax collections is a more normal goods to less-taxed services ratio, but a more typical savings rate, and the "fading influence of federal stimulus provisions," are offsets with a wider reach.

Another way of looking at it: Delta was making itself known in July, the days mostly reflected in August sales collections, but its reach was yet to be grasped. And spending was being supported by both job and wage gains, and by federal income supports.

Outlooks among those more concerned about covid were beginning to darken, but in many areas good times were rolling. It's not surprising that mid-summer sales tax receipts were flowing.

We'll repeat the two-year comparison in October when UI payments should be washed out of the system. Commenting on strong receipts in his state, one contact turned to solid caps, THIS CANNOT LAST, but he's probably speaking more to his legislators than to this audience.

And of course, it can't. Six and seven percent yearly gains used to be a thing, but as the graph on page 3 shows, they were rare in the recovery and expansion following the Great Recession. We've all sketched out possible scenarios, and the question will be if relative stability takes hold, or if things start to fall apart as eight million currently former workers lose their benefits, among other things.

## future jobs: mostly mundane

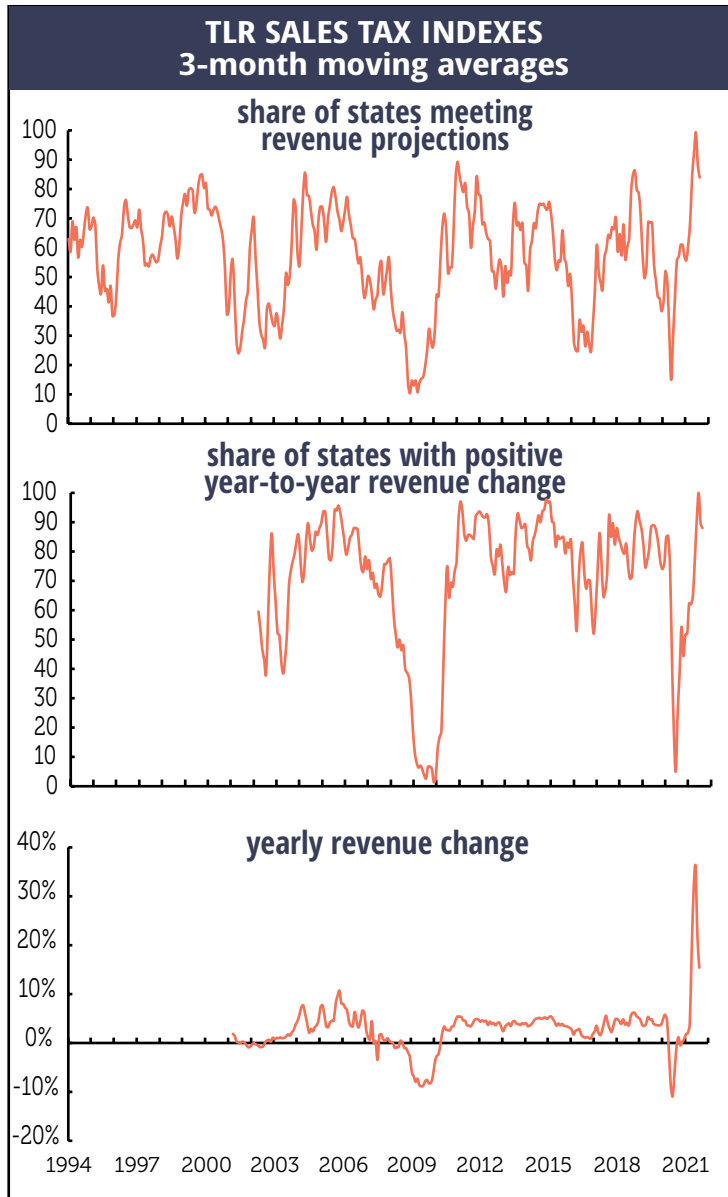
Last week, the Bureau of Labor Statistics (BLS) released its [projections](#) for job growth over the decade from 2020 to 2030. Given the phantasmic assumptions that pass for conventional wisdom on the topic—app coding is the job of the future!—they make glum reading.

Graphed on p. 4 are the projected growth rates in the thirty fastest-growing occupations over the decade, ranked numerically, not in percentage terms. Percentage growth figures are often foregrounded to make dramatic predictions—wind turbine service technicians will grow by 68%—but enthusiasm ebbs when you realize that amounts to fewer than 5,000 new jobs.

At the top of the list: home health aides, projected to grow by 1.1 million, 45 times as much as those turbine fixers, contributing nearly 10% of the growth in jobs over the decade. Three of the top five are in food service, and only one, software developers and analysts, is a high-wage tech job.

Of the top thirty job categories, just ten have

annual wages above the median of \$41,950. Those ten have a median wage of \$95,655 and contribute just 15% of the decade’s job growth. That leaves twenty below the median; their median annual wage is \$29,965, and they’ll contribute 85% of the decade’s job growth.

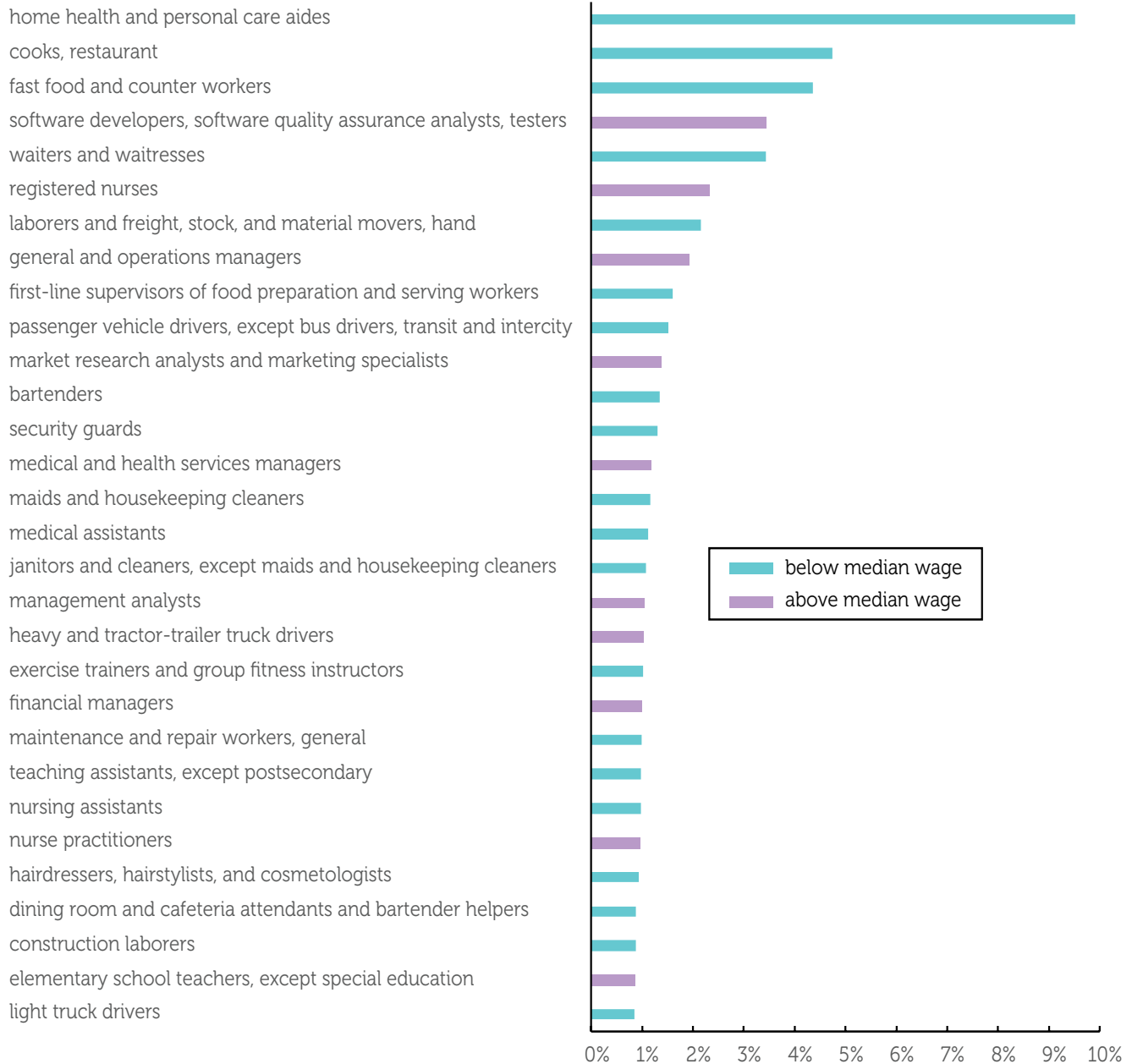


Educational requirements are less than dazzling. Six of the top thirty jobs have no educational requirement at all; ten require only a high school diploma; five, some postsecondary training, but not a bachelor’s degree; eight, a bachelor’s degree; and just one, nurse practitioner, requires a master’s. None requires anything more.

The heavily hyped STEM occupations (science, technology, engineering, and mathematics), which are recommended to almost every child as the key to future prosperity, won’t play an enormous role in job growth. By the [BLS’s categorization](#), there are 100 of them, and they account for

6.6% of total employment. They’re projected to contribute 9% of projected job growth over the decade, which will take them up to all of 6.8% of total employment in 2030. Numerically, STEM employment is projected to increase by 1.1 million, slightly less than the

**30 occupations with largest projected numerical job growth, 2020–2030**  
percentage change



growth in home health care aides.

While it makes plenty of sense for individuals to go to college and beyond—despite reports to the contrary, the college premium is still very much alive—it’s not necessarily a great

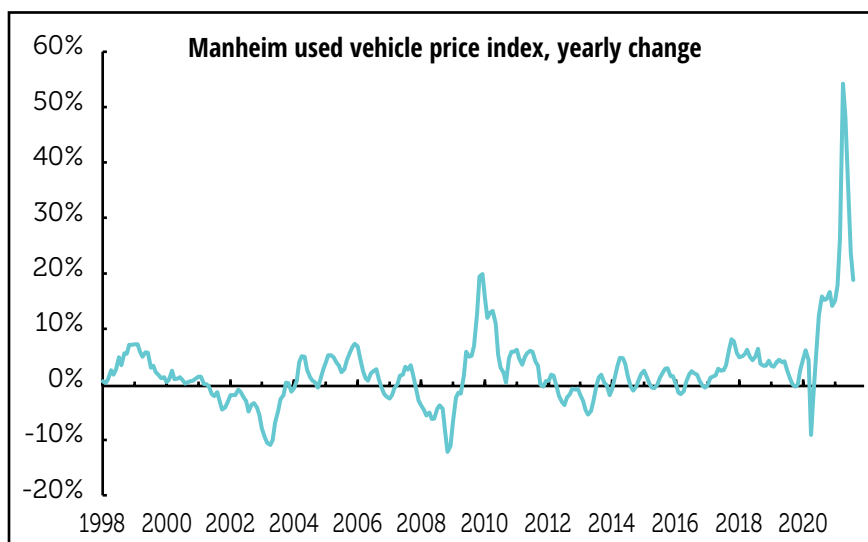
public policy to encourage people to go to college if these are the jobs awaiting them on graduation. (Will infrastructure details glint in that pan?)

## 'flation

The headline for this section comes from Ed Hart, the late credit market analyst for the late Financial News Network. It was his shorthand for the complex of issues around inflation, deflation, and disinflation (the last of which seems like a relic from the 1980s).

August consumer prices came in cooler than expectations, especially for the core index. For the month, headline CPI was up 0.3%, the lowest since January, and 0.1% excluding food and energy, the lowest since February. The yearly readings were higher, 5.2% headline and 4.0% core, both down from July but still elevated by the standards of the last four decades. But that mostly reflects the surge in prices in the previous six months.

Two recent hot sectors, used cars and airfares, were down for the month, each taking 0.1 off the headline reading. Shelter, which contributed 0.9 to the headline yearly number, was well-behaved in August, up 0.2% for the month, contributing 0.1 to the total. Used car prices look to be easing further. The Manheim index, which leads the CPI used car subindex by about three months, was down 1.5% in August, after rising just 0.2% in July. That's quite a change from its average gain of 9.3% from April through June (graph, top of p. 5).



Less reassuringly, the [trimmed mean indexes](#) from the Cleveland Fed, which remove outliers, still showed underlying inflation pressures. The median index was up 4.1% at an

annualized rate for the month, compared to 3.7% in July, and up 2.4% for the year, compared to 2.3% for July.

The more obscure retail deflators compiled by the Bureau of Economic Analysis and published as part of the "underlying de-

tail" of the national income accounts showed prices still rising at an impressive clip in July (though given what happened with the CPI, August may bring better news). Retail ex-auto was up 0.4% for the month and 5.8% for the year—down a bit from the previous two months, but you'd have to go back to July 2008 to find anything higher. That measure was goosed by high gas prices. Our estimate of retail prices ex-autos and gas was up 2.4% for the year (see graph, p. 6). You'd have to go back to October 2008 to find a higher reading. GAFO prices (general merchandise, appliances, furniture, and office supplies), a proxy for department store prices (remember

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department stores?), a sector that had been undergoing a private deflation for most of the index's history—reflecting first the Walmart effect and then the Amazon effect—were up 2.9% for the year ending in July, off 0.1 from June's all-time high. During the brief inflationary spike of 2008, GAFO prices peaked at an annual gain of 1.6%.

So, inflation looks to be easing a bit but we're not yet back in the world evoked by Walmart's old slogan, everyday low prices.

PS: Some measures of inflation expectations (Conference Board, New York Fed) picked up in August, but as we often say, these have little informational or predictive content. They consistently exceed actual inflation rates and have no leading properties.

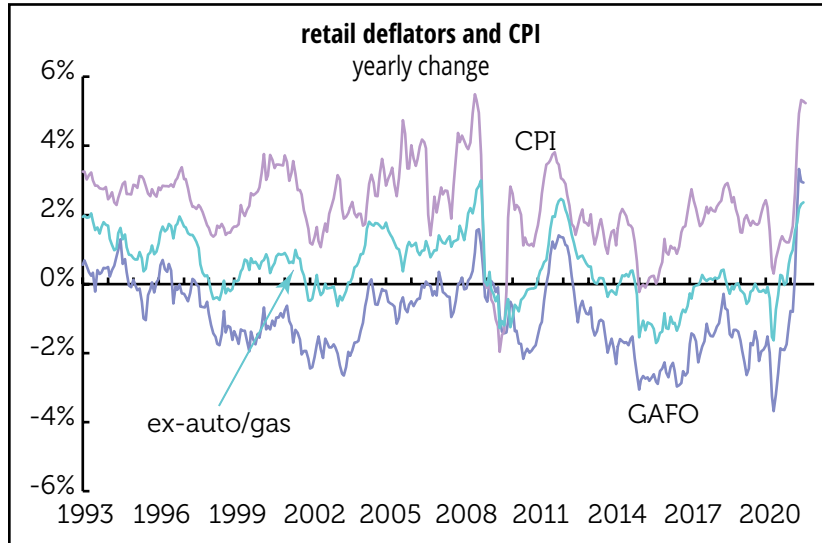
## how recovered?

Radar graphs are a big favorite among arachnophiles, so here's a trio on p. 7. They measure the recovery in employment/population ratios (EPOPs) relative to the pre-pandemic high. We used some boring bar graphs to analyze the recoveries with July data; here's a visually snappier, updated presentation.

The graphs mostly speak for themselves, but a few highlights:

- By race and sex, most categories have recovered to 95–96% of their pre-pandemic highs. Black and Hispanic/Latina women,

who are at about 93%, are behind. They were also the hardest hit between February and April 2020.



- The better educated are doing better than the less educated. Workers with bachelor's degrees or more are at almost 98% of their pre-pandemic EPOP. Those with only high-school diplomas, however, are at 92%.

- Teens have surpassed their pre-pandemic EPOP (though it's just 32.6%, compared to 78.0% for prime-age workers, those aged 25–54). Workers over 65, however, have yet to hit 90% of their pre-pandemic level (though they're even less employed than teens: just 18.0% are working for pay).

## not in labor force

People are returning to work, though the pace of return has slowed recently. But what about people who aren't working, a share of the population that remains higher than before our lives were turned over to a virus? What are their reasons?

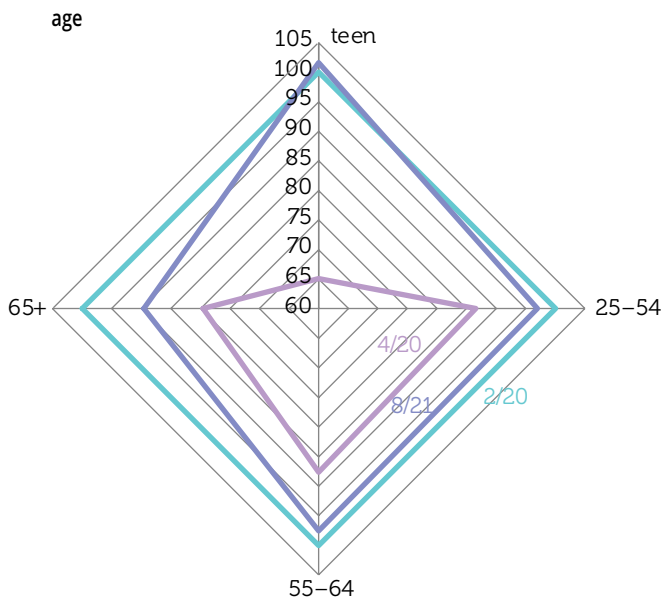
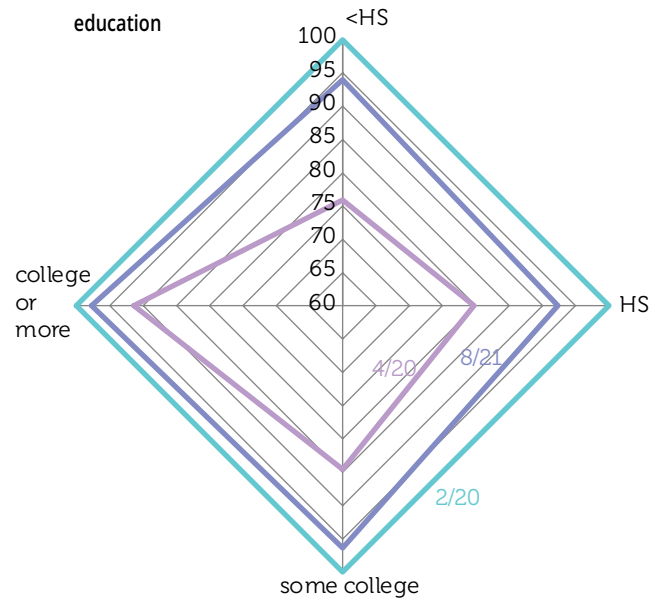
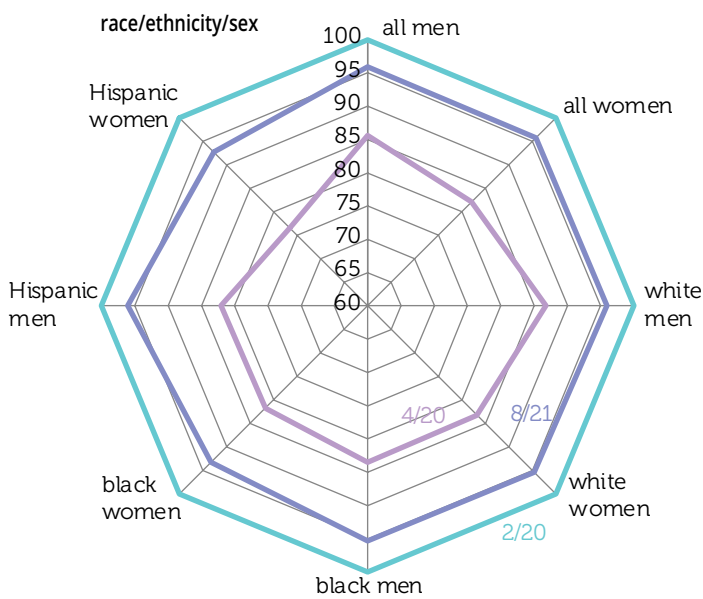
In our August 16 issue we looked at some of the broad reasons for nonparticipation, drawing on a database assembled by the [Atlanta Fed](#). The high points:

- older workers were retiring in higher number than pre-pandemic trends would suggest
- despite an aging population, disability is less



## employment recovery by demographic

employment/population ratio in February 2020 = 100



Graphs show employment/population ratio, indexed so that February 2020 = 100, in that month, April 2020 (the crisis low), and August 2021. The age scale goes to 105 because the August 2021 level for teens is 101.6, exceeding the pre-pandemic level.

of a factor than it was eight years ago

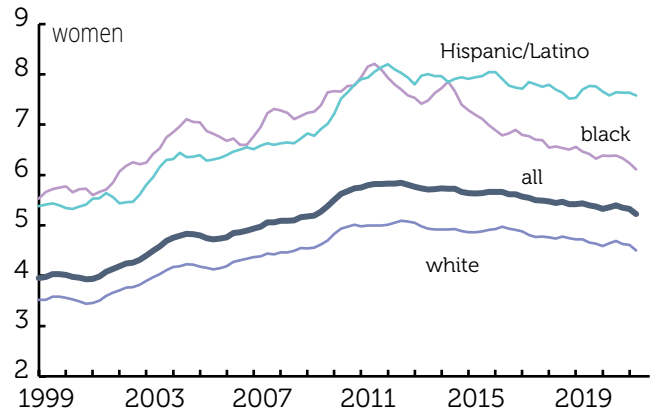
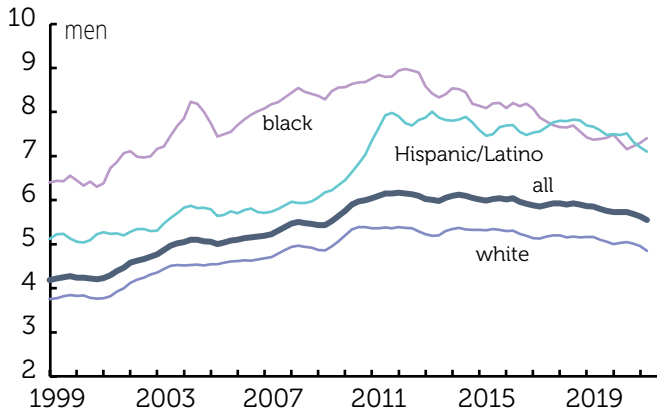
- fewer people are going to school than during the Great Recession
- more people are reporting that “family re-

All the demographic groups (categorized by race/ethnicity and sex that is) saw a rise in the share of the population going to school from 1999, when the series begins, and 2011, and all have drifted lower since. (See graphs, p. 8.) Probably because going to school during

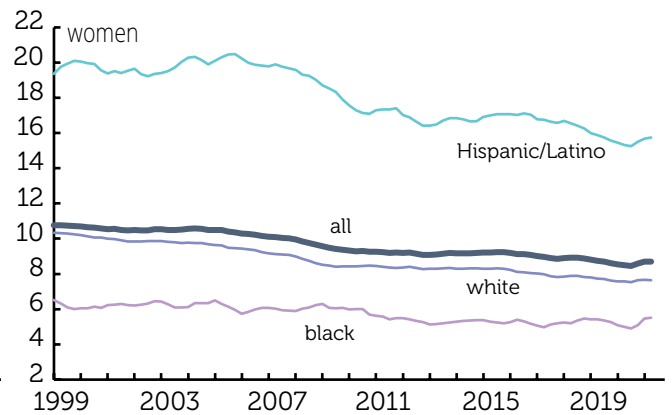
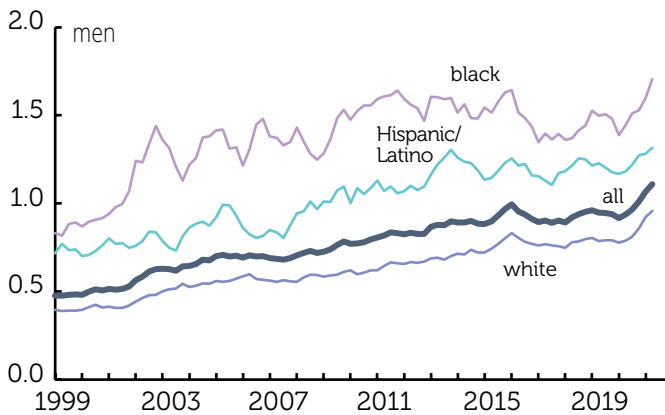
### not in labor force because of school or family responsibilities

share of labor force, four quarter moving average

#### school



#### family responsibilities



sponsibilities” are keeping them from working

- and about 1% more of the population is at the margins of the labor force than were in 2019, presumably because of gloom about finding a job.

Here’s a closer look at school and family as reasons for nonparticipation.

these Zoom times lacks appeal, we didn’t see any rise in attendance during last year’s recession.

It’s striking how consistently higher Hispanic/Latino and black school attendance rates run than those of whites, which contradicts a lot of popular myths about those populations.



This brings to mind a finding by the economist Patrick Mason, who teaches at Florida State University, that black children have long exceeded—long meaning going back to the years just after the Civil War—their expected educational attainment, the best predictor of which among the broad population is parental attainment.

And while more people are reporting “family responsibilities” as reasons for being not in the labor force—not surprising in a massive public health crisis—the gender differences are extraordinary. Please note that the two graphs on the bottom of p. 8 do not use the same scales on their y-axes. Even though the share of men reporting family responsibilities as their reason for being out of the labor force looks to have risen dramatically, over the last year and a half, it’s only gone from 0.9% in 2019 to 1.1% in 2021Q2 (the most recent data available). For women, it’s stayed around eight times higher, or 8.7% on the most recent reading. Family responsibilities are keeping 1.0% of white men out of the labor force, compared to 1.7% for black men and 1.3% for Hispanic/Latino men. Among white women, 7.0% are out of the labor force because of family responsibilities; for black women, it’s 5.5%, and for Hispanic/Latina women, it’s a surprising 15.7%.

Men’s trajectories are rising slowly, but they’ve got a long way to travel before they meet women’s slowly declining trajectories. At the current trend, the rate for the two sexes should converge in the first quarter of 2080. Seriously.

## Thursday’s retail numbers

Predicting retail sales seems wackier than ever, but here goes: we’re looking for a -0.4% headline, dragged down by a 4.4% decline

in auto sales. Unit auto sales were off almost 11% in August and were 22% below their 1967–2008 trend. Presumably this is about supply constraints and not waning demand. Take out autos, and we expect a 0.7% gain. Ex-autos and gas (gas prices are at a seven-year high), we’re looking for +0.6%.

— Philippa Dunne & Doug Henwood