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Labor Market Challenges in the Leisure and Hospitality Industry

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Overview

The Leisure and Hospitality industry is a major U.S. industry. It is a collection of many industries, from hotels, restaurants and bars to the performing arts, spectator sports, museums, zoos, golf courses and fitness centers.

The industry's importance as an employer has increased over the decades. In 1950, Leisure and Hospitality employed 7.1 percent of U.S. private sector workers. By 2000, it employed 10.6 percent of U.S. private sector workers. In February 2020, it employed nearly 17 million workers – 13.1 percent of U.S. private sector workers.

Leisure and Hospitality has been Glynn's premiere industry for decades. Its importance has increased as the Glynn economy has grown. Leisure and Hospitality employs a larger percentage of Glynn workers today than it did in 2000.

The COVID pandemic hit the U.S. Leisure and Hospitality industry harder than any other industry. The industry's rebound from the pandemic has been impressive, but employment in Leisure and Hospitality is still well below its pre-pandemic level.

The Leisure and Hospitality industry has long faced unique labor market challenges. Three in particular stand out: it relies heavily on young workers, it relies heavily on immigrant workers, and it has job turnover. The pandemic and its aftermath have presented the industry with a fourth labor market challenge.

This study explores the unique labor market challenges of the Leisure and Hospitality industry in the U.S. and in Glynn. Section 1 provides a quick list of the industries that make up the Leisure and Hospitality industry. Section 2 discusses the size and growth of the Leisure and Hospitality industry in the U.S. and Glynn over the twenty years prior to the pandemic. Section 3 describes the pandemic's shock to Leisure and Hospitality and the extent of the industry's recovery from the shock. In the wake of the pandemic, the industry finds itself with a new labor market challenge, which Section 4 explores: workers leaving their Leisure and Hospitality jobs for jobs in other industries.

The purpose of the study is to inform Glynn residents about their county's leading industry and its current labor market challenges. Owners and managers in the Leisure and Hospitality industry are unlikely to find anything in the study they don't already know but might appreciate seeing the actual numbers.

1. The Industries within the Leisure and Hospitality Industry

Federal statistical agencies classify U.S. industries according to the North American Industry Classification System (NAICS). NAICS was developed by the NAICS Association under the auspices of the Office of Management and Budget (OMB) and adopted in 1997 to replace the old Standard Industrial Classification (SIC) system.

For purposes of analysis, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) has further aggregated NAICS sectors into groupings called "supersectors." The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) has done the same. The BLS and BEA supersector aggregations are largely though not entirely consistent. Fortunately, the difference in the supersector aggregations relevant to our study is a difference in name only: the supersector that BLS calls "Leisure and Hospitality" is called "Arts, entertainment, recreation, food services and accommodation" by BEA. Though the labels are different, the NAICS industries included under those labels are the same. To economize on words, we'll use the BLS label.

The Leisure and Hospitality supersector consists of two NAICS industry sectors: Arts, Entertainment and Recreation (NAICS code 71) and Accommodation and Food Services (NAICS code 72). Table 1 below lists the four-digit NAICS industries that make up the Arts, Entertainment and Recreation sector and the four-digit NAICS industries that make up the Accommodation and Food Services sector.

Table 1. Leisure and Hospitality Industry by NAICS Codes

NAICS Code	Industry Title
71	Arts, Entertainment and Recreation
7111	Performing Arts Companies
7112	Spectator Sports
7113	Promoters of Performing Arts, Sports and Similar Events
7114	Agents and Managers for Artists, Athletes, Entertainers, etc.
7115	Independent Artists, Writers and Performers
7121	Museums, Historical Sites and Similar Institutions
7131	Amusement Parks and Arcades
7132	Gambling Industries
7139	Other Amusement and Recreation Industries
72	Accommodation and Food Services
7211	Traveler Accommodation
7212	RV Parks and Recreational Camps
7213	Rooming and Boarding Houses
7223	Special Food Services
7224	Drinking Places (Alcoholic Beverages)
7225	Restaurants and Other Eating Places

Source: NAICS Association

NAICS does offer greater industry specificity: four-digit NAICS industries are made up more narrowly defined industries that are assigned six-digit codes. Data relevant to our study is rather limited for even four-digit NAICS industries, however.

2. Size and Growth of the Leisure and Hospitality Industry, in the U.S. and Glynn, Before the Pandemic

The size and growth of the Leisure and Hospitality industry and its significance to the U.S. economy are best illustrated by three measures: real gross output, real value added and employment.

Real gross output is a measure of an industry's sales revenues or receipts, adjusted for inflation. Real gross output includes sales to final users, as well as sales of intermediate goods or services to other industries. Table 2 below lists real gross output in Leisure and Hospitality and its sectors and subsectors from 2000 to 2019.

Table 2. Real Gross Output by Industry (in billions of 2012 chained dollars)

Year	Total Private Industry	Leisure and Hospitality	Arts, entertainment, recreation	Accommodation and food services	Accommodation	Food services
2000	22,126.5	934.6	206.1	728.5	200.9	527.6
2001	21,999.4	930.3	211.1	719.2	185.9	533.3
2002	22,069.4	952.5	216.0	736.5	188.8	547.7
2003	22,565.1	980.7	226.4	754.3	190.9	563.4
2004	23,460.5	1,014.0	233.6	780.4	201.1	579.3
2005	24,475.8	1,033.8	236.9	796.9	207.5	589.4
2006	25,020.4	1,065.8	251.9	813.9	211.4	602.5
2007	25,536.8	1,074.9	264.3	810.6	207.6	603.0
2008	25,148.2	1,056.3	262.4	793.9	205.9	588.0
2009	23,500.8	1,010.8	256.2	754.6	191.4	563.2
2010	24,373.7	1,025.4	255.9	769.5	195.1	574.4
2011	25,056.5	1,059.8	258.4	801.4	204.5	596.9
2012	25,833.6	1,093.4	264.5	828.9	214.9	614.0
2013	26,517.4	1,116.2	269.8	846.4	221.2	625.2
2014	27,391.1	1,160.5	278.4	882.1	232.5	649.6
2015	28,076.2	1,211.4	285.7	925.7	241.4	684.3
2016	28,593.7	1,237.9	291.0	946.9	246.3	700.6
2017	29,250.1	1,278.2	304.9	973.3	253.3	720.0
2018	30,129.2	1,316.2	317.1	999.1	257.2	741.9
2019	30,684.4	1,342.6	324.5	1,018.1	258.3	759.8
% change	38.7	43.7	57.4	39.8	28.6	44.0

Source: U.S. Bureau of Economic Analysis

As Table 2 indicates, real gross output of the Leisure and Hospitality industry increased from \$934.6 billion in 2000 to \$1,342.6 billion in 2019, an increase of 43.7 percent. The 43.7 percent increase exceeded the 38.7 percent increase in real gross output for the entire private sector. The industry's real gross output of \$1,342.6 billion in 2019 was 4.4 percent of the private sector's real gross output of \$30,684.4 billion.

Within Leisure and Hospitality, real gross output of Arts, Entertainment and Recreation increased by 57.4 percent from 2000 to 2019, while real gross output of Accommodation and Food Services increased by 39.8 percent. Within Accommodation and Food Service, Accommodation's real gross output increased by 28.6 percent from 2000 to 2019; Food Services' real gross output increased by 44.0 percent. Accommodation's lower growth rate is explained in part by its difficulty in recovering from the 2001 recession.

Table 3 below lists real value added in Leisure and Hospitality and its sectors and subsectors from 2000 to 2019.

Table 3. Real Value Added by Industry (in billions of 2012 chained dollars)

Year	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services	Accommodation	Food Services
2000	11,367.6	561.5	137.8	423.7	126.0	297.7
2001	11,452.5	543.8	130.1	413.7	115.3	298.4
2002	11,651.9	558.5	135.9	422.6	117.9	304.7
2003	11,979.3	573.0	140.8	432.2	119.0	313.2
2004	12,482.8	598.5	145.5	453.0	127.7	325.3
2005	12,959.7	600.1	145.3	454.8	127.5	327.3
2006	13,372.8	616.9	149.9	467.0	130.6	336.4
2007	13,614.6	613.1	151.7	461.4	132.4	329.0
2008	13,576.4	599.1	153.5	445.6	127.4	318.2
2009	13,154.7	564.1	151.3	412.8	112.5	300.3
2010	13,514.2	586.4	159.2	427.2	118.8	308.4
2011	13,747.8	607.5	163.8	443.7	127.2	316.5
2012	14,094.5	622.8	171.8	451.0	128.9	322.1
2013	14,359.5	635.4	174.9	460.5	133.2	327.3
2014	14,745.2	658.6	182.7	475.9	134.8	341.1
2015	15,197.8	678.8	179.4	499.4	143.6	355.8
2016	15,468.4	690.6	185.7	504.9	141.2	363.7
2017	15,836.8	707.0	192.2	515.8	144.4	371.4
2018	16,342.8	719.8	199.8	520.0	144.1	375.9
2019	16,758.3	733.4	201.6	531.8	146.9	384.9
% change	47.4	30.6	46.3	25.5	16.6	29.3

Source: U.S. Bureau of Economic Analysis

Real value added, or real gross domestic product (GDP), is the inflation-adjusted value of final goods and services produced. For an industry, real value added is sales receipts to final users.

As Table 3 indicates, Leisure and Hospitality real value added increased from \$561.5 billion in 2000 to \$733.4 billion in 2019, an increase of 30.6 percent. The 30.6 percent increase was less than the 47.4 percent increase in real value added for the entire private sector. Still, Leisure and Hospitality's real value added of \$733.4 billion in 2019 accounted for 4.4 percent of private sector real GDP of \$16,758.3 billion.

Within Leisure and Hospitality, real value added of Arts, Entertainment and Recreation increased by 46.3 percent from 2000 to 2019, while real value added of Accommodation and Food Services increased by 25.5 percent. Within Accommodation and Food Service, Accommodation's real value added increased by 16.6 percent from 2000 to 2019; Food Services' real value added increased by 29.3 percent.

Table 4 below lists employment in Leisure and Hospitality and its sectors and subsectors from 2000 to 2019.

Table 4. Employment by Industry (in thousands)

Year	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services	Accommodation	Food Services
2000	111,221	11,862	1,788	10,074	1,884	8,189
2001	110,955	12,036	1,824	10,211	1,852	8,359
2002	109,121	11,986	1,783	10,203	1,779	8,425
2003	108,748	12,173	1,813	10,360	1,775	8,584
2004	110,148	12,493	1,850	10,643	1,790	8,854
2005	112,230	12,816	1,892	10,923	1,819	9,104
2006	114,462	13,110	1,929	11,181	1,832	9,349
2007	115,763	13,427	1,969	11,457	1,867	9,590
2008	114,714	13,436	1,970	11,466	1,869	9,598
2009	108,741	13,077	1,916	11,162	1,763	9,399
2010	107,855	13,049	1,913	11,135	1,760	9,376
2011	109,828	13,353	1,919	11,434	1,801	9,633
2012	112,237	13,768	1,969	11,800	1,825	9,975
2013	114,511	14,254	2,030	12,224	1,865	10,359
2014	117,058	14,696	2,103	12,593	1,895	10,698
2015	119,796	15,160	2,166	12,994	1,923	11,071
2016	122,112	15,660	2,252	13,408	1,960	11,448
2017	124,258	16,051	2,333	13,718	2,003	11,715
2018	126,454	16,295	2,383	13,913	2,035	11,878
2019	128,292	16,586	2,437	14,149	2,082	12,066
% change	15.3	39.8	36.3	40.5	10.5	47.3

Source: U.S. Bureau of Labor Statistics (CES data)

As Table 4 shows, employment in Leisure and Hospitality increased from 11,862,000 in 2000 to 16,586,000 in 2019, a jump of 39.8 percent. The 39.8 percent increase was more than twice the healthy 15.3 percent increase in total private sector employment. Consequently, Leisure and Hospitality's share of private sector employment increased from 10.7 percent in 2000 to 12.9 percent in 2019.

Within Leisure and Hospitality, employment in Arts, Entertainment and Recreation increased by 36.3 percent from 2000 to 2019, while employment in Accommodation and Food Services increased by 40.5 percent. Within Accommodation and Food Service, employment in Accommodation increased by 10.5 percent from 2000 to 2019, while employment in Food Services' increased by an extraordinary 47.3 percent.

Note that employment in Accommodation fell from 2000 thru 2003, rose from 2004 thru 2008, then fell in 2009 and 2010. The industry's employment in 2010 was 124,000 less than its level in 2000. Employment in Accommodation then grew each year after 2010. The industry's 2019 employment of 2,082,000 is an 18.3 percent increase from its 2010 employment of 1,760,000.

Also of importance to our study is this: from 2000 to 2019, the U.S. labor force grew by 14.7 percent.

Our three measures thus show a U.S. Leisure and Hospitality industry that grew at an impressive pace from 2000 to 2019. In terms of employment, Leisure and Hospitality not only grew from 2000 to 2019, it grew in importance. The figures are worth repeating: Leisure and Hospitality in 2019 accounted for 12.9 percent of private sector employment, up from 10.7 percent in 2000.

Industry data is much more limited for counties, but two sets of data – county bed tax collections and employment – tell a clear story about the size and growth of the Leisure and Hospitality industry in Glynn and its significance to the county's economy. Table 5 below shows Glynn county real bed tax collections for fiscal years 2000-01 to 2018-19.

Table 5. Glynn Bed Tax Collections (in 2012 dollars)

Fiscal Year	Real Bed Tax Collections	Fiscal Year	Real Bed Tax Collections
2000-01	4,129,410	2010-11	4,394,810
2001-02	4,444,945	2011-12	4,579,952
2002-03	4,609,447	2012-13	4,800,234
2003-04	4,258,597	2013-14	5,255,261
2004-05	4,223,128	2014-15	5,821,232
2005-06	4,405,846	2015-16	6,081,788
2006-07	5,190,876	2016-17	6,492,426
2007-08	5,178,317	2017-18	6,540,352
2008-09	4,411,349	2018-19	6,756,649
2009-10	4,189,160		
% change			63.6

Source: Golden Isles CVB and author's calculations

Glynn County levies a 5 percent lodging or bed tax for rooms rented at hotels, airbnbs and the like. Annual collections from the bed tax are thus a good indicator of tourist activity, which affects all aspects of Leisure and Hospitality in the county. Glynn operates on a July 1 to June 30 fiscal year. Reported bed tax collection figures are nominal or current dollar figures; real or inflation-adjusted figures were calculated using the BEA's implicit price deflator for personal consumption expenditures.

As Table 5 shows, real bed tax collections in Glynn increased from \$4,129,410 in FY 2000-01 to \$6,756,649 in FY 2018-19, an increase of 63.6 percent. Growth in Glynn's Leisure and Hospitality industry has been especially impressive since FY 2009-10. Activity in the industry was strong but a bit erratic from FY 2000-01 to FY 2009-10, and the 2007-2009 recession hit Glynn harder than it hit most local economies.¹ But real bed tax collections increased each year from FY 2009-10 to FY 2018-19, and by sizeable amounts. Indeed, the increase in real bed tax collections over the nine-year stretch was 61.3 percent.

Table 6 on the following page lists the population, labor force and total, private sector and Leisure and Hospitality employment in Glynn from 2000 to 2019. The figures are remarkable.

From 2000 to 2019, the population of Glynn county grew from 67,568 to 85,292, a healthy 26.2 percent increase. Over the same years, Glynn's labor force increased by a much smaller 11.4 percent. But that 11.4 percent is deceiving. Allowing for labor force fluctuations that follow the fluctuations of the business cycle, the size of Glynn's labor force remained essentially unchanged from 2005 to 2019.

The pattern in total employment is similar but worse. Glynn's total employment in 2019 was 5.2 percent larger than total employment in 2000. Yet the county recorded its highest level of employment ever – 39,321 – in 2008. Its 2019 employment of 38,756 was the highest level since 2008, but was still 1.4 percent less than the 2008 high.

The pattern in private sector employment is not as dreary, with all-time highs recorded in 2017 and 2018. Yet a 6.1 percent increase in private sector employment from 2000 to 2019 seems unusually low for a county whose population grew by 26.2 percent over the same years.

Despite the lack of growth in the county's labor force since 2005, the decrease in total employment from 2008 and the meager increase in private sector employment since 2000, employment in Glynn's Leisure and Hospitality industry increased from 6,464 in 2000 to 8,551 in 2019, a 32.3 percent surge.

The figures in Table 6 show how crucial Leisure and Hospitality is to the Glynn economy and how its significance has increased over time. In 2000, Glynn's Leisure and Hospitality industry employed 17.5 percent of all of the county's employed workers and 21.7 percent of its workers employed in private industries. By 2019, Glynn's Leisure and Hospitality industry employed 22.1 percent of all of the county's employed workers and 27.0 percent of its workers employed in private industries.

¹ See our Murphy Center Studies "Elusive Recovery: The Brunswick MSA since the Great Recession" (February 2016) and "Elusive Recovery: South Georgia Coast Counties since the Great Recession" (April 2016).

Table 6. Glynn Population, Labor Force and Employment

Year	Population	Labor Force	Employment		
			Total	Private Industry	Leisure and Hospitality
2000	67,568	34,847	36,833	29,820	6,464
2001	68,558	34,809	36,189	29,386	6,489
2002	69,408	36,208	35,904	28,807	6,523
2003	70,391	36,969	35,824	28,345	7,833
2004	71,475	37,373	36,816	29,050	7,774
2005	72,589	39,156	38,423	30,545	8,167
2006	74,870	39,947	39,246	31,707	7,833
2007	76,513	40,582	38,956	30,601	7,974
2008	78,013	41,141	39,321	30,667	7,989
2009	78,946	40,134	36,539	27,836	7,430
2010	79,626	38,450	35,037	26,447	6,978
2011	80,386	38,179	34,773	26,297	6,970
2012	81,022	38,656	35,200	26,777	7,223
2013	81,508	38,010	35,424	27,064	7,330
2014	82,175	37,028	35,357	27,038	7,760
2015	83,579	37,264	36,403	27,973	8,313
2016	84,502	39,177	37,569	30,812	8,689
2017	85,282	40,184	37,946	31,851	8,708
2018	85,219	40,034	38,753	31,851	8,789
2019	85,292	38,828	38,756	31,634	8,551
% change	26.2	11.4	5.2	6.1	32.3

Source: Georgia Department of Labor

Yet, the figures in Table 6 suggest that the lack of labor force growth in Glynn since 2005 has constrained the growth of its Leisure and Hospitality industry (and no doubt some of its other industries). From 2000 to 2005, Leisure and Hospitality employment in the county increased by 26.3 percent, but from 2005 to 2019, by 4.7 percent.

Table 7 on the following page breaks down Glynn’s Leisure and Hospitality employment by its sectors – Arts, Entertainment and Recreation, and Accommodation and Food Services.

Table 7. Glynn Leisure and Hospitality Employment

Year	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services
2000	6,464	693	5,771
2001	6,489	675	5,814
2002	6,523	850	5,673
2003	7,833	1,020	6,813
2004	7,774	1,144	6,630
2005	8,167	1,100	7,067
2006	7,833	1,078	6,755
2007	7,974	1,090	6,884
2008	7,989	1,103	6,886
2009	7,430	1,179	6,251
2010	6,978	904	6,074
2011	6,970	1,016	5,954
2012	7,223	1,013	6,210
2013	7,330	1,075	6,255
2014	7,760	1,207	6,553
2015	8,313	1,272	7,041
2016	8,689	1,291	7,398
2017	8,708	1,194	7,514
2018	8,789	1,186	7,603
2019	8,551	1,159	7,392
% change	32.3	67.2	28.1

Source: Georgia Department of Labor

As Table 7 shows, employment in Glynn’s Arts, Entertainment and Recreation sector grew from 693 in 2000 to 1,159 in 2019, a 67.2 percent jump, while employment in Glynn’s Accommodation and Food Services sector grew from 5,771 in 2000 to 7,392 in 2019, a 28.1 percent increase. Here, too, a closer look at the annual figures reveals a more nuanced story. The bulk of the increase in Arts, Entertainment and Recreation employment took place from 2000 to 2004. Since 2004, employment in the sector has ranged between 904 and 1,291, with a 2019 level only slightly higher than the 2004 level. Employment in Accommodation and Food Services, the larger sector, increased by 22.5 percent from 2000 to 2005, but by 4.6 percent from 2005 to 2019.

All told, bed tax collection and employment data show a dynamic and thriving Leisure and Hospitality industry in Glynn from 2000 to 2019. Leisure and Hospitality not only maintained its status as the county’s leading industry, it grew in importance. Perhaps most impressive is the increase in the volume of business, as reflected by bed tax collections, that the industry has been able to handle since 2010 in spite of zero growth in the local labor force.

The data presented thus far in our study offer insights into the labor market challenges the Leisure and Hospitality industry is currently confronting. From 2000 to 2019, in both the U.S. and Glynn, Leisure and Hospitality employment grew at much greater rates than both the labor force and private sector employment. The figures, again, for the U.S.: from 2000 to 2019, Leisure and Hospitality employment grew by 39.8 percent, while the labor force grew by 14.7 percent and private sector employment by 15.3 percent. The figures, again, for Glynn: from 2000 to 2019, Leisure and Hospitality employment grew by 32.3 percent, while the labor force grew by 11.4 percent overall but not at all after 2005, and private sector employment grew by 6.1 percent overall but very little after 2006.

Workers have plenty of employment options, so every business must compete with other businesses for workers. The competition intensifies when the demand for workers by businesses in a growing industry increases at a faster rate than the labor force. Businesses in a growing industry must draw workers away from businesses in other industries, which might also be growing. Such was the labor market situation for businesses in Leisure and Hospitality from 2000 to 2019. The situation is not uncommon; businesses in many industries have been in the same situation. It is a labor market challenge, nonetheless.

That said, **Leisure and Hospitality has three characteristics that make for special labor market challenges: it relies heavily on young workers, it relies heavily on immigrant workers, and job turnover is high.**

Consider first the industry's reliance on young workers for much of its labor. BLS data indicate that 32.7 percent of the 16,586,000 workers employed in Leisure and Hospitality in 2019 were age 16 to 24 years. 2019 was not an anomaly: 33.3 percent of the 13,049,000 workers employed in Leisure and Hospitality in 2010 were age 16 to 24 years. No industry comes anywhere close to the fraction of young workers employed by the Leisure and Hospitality industry.²

A heavy reliance on young workers is not necessarily a labor market challenge in itself. What has made it a challenge are two trends. One trend is demographic: from 2010 to 2019, the population of 16 to 24-year-olds in the U.S. shrunk by 843,029. The other trend is the falling labor force participation rates of young workers. Table 8 on the following page lists labor force figures and labor force participation rates for workers age 16 to 19 years and workers age 20 to 24 years from 2000 to 2019 in the U.S.

As Table 8 shows, 52 percent of 16 to 19-year-olds were in the labor force in 2000. In 2019, 35.3 percent of 16 to 19-year-olds were in the labor force. The dramatic decrease in the 16 to 19-year-old labor force participation rate, combined with the decrease in the population of 16 to 19-year-olds, caused the number of 16 to 19-year-olds in the labor force to fall from 8,271,000 in 2000 to 5,896,000 in 2019, a 28.7 percent drop.

² On a technical note, data on the age distribution of workers across industries are generated from the Current Population Survey (CPS). The industry employment data used in Table 4 are generated from the Current Employment Statistics program (CES). CES data are considered more accurate than CPS data, but CES employment figures are not broken down by age groups.

Table 8. Labor Force (in thousands) and Labor Force Participation Rates of Young Workers

Year	Age 16 to 19 years		Age 20 to 24 years		Age 16 to 24 years
	Labor Force	Participation Rate	Labor Force	Participation Rate	Labor Force
2000	8,271	52.0	14,250	77.8	22,521
2001	7,902	49.6	14,557	77.1	22,459
2002	7,585	47.4	14,781	76.4	22,366
2003	7,170	44.5	14,928	75.4	22,098
2004	7,114	43.9	15,154	75.0	22,268
2005	7,164	43.7	15,127	74.6	22,291
2006	7,281	43.7	15,113	74.6	22,394
2007	7,012	41.3	15,205	74.4	22,217
2008	6,858	40.2	15,174	74.4	22,032
2009	6,390	37.5	14,971	72.9	21,361
2010	5,906	34.9	15,028	71.4	20,934
2011	5,727	34.1	15,270	71.3	20,997
2012	5,823	34.3	15,462	70.9	21,285
2013	5,785	34.5	15,595	70.7	21,380
2014	5,654	34.0	15,641	70.8	21,295
2015	5,700	34.3	15,523	70.7	21,223
2016	5,889	35.2	15,313	70.5	21,202
2017	5,901	35.2	15,259	71.3	21,160
2018	5,885	35.1	15,099	71.1	20,984
2019	5,896	35.3	15,196	72.2	21,092
% change	-28.7		6.6		-6.3

Source: U.S. Bureau of Labor Statistics (CPS data)

The labor force participation rate also decreased for 20 to 24-year-olds, though not nearly as dramatically. In 2000, 77.8 percent of 20 to 24-year-olds were in the labor force; in 2019, 72.2 percent of 20 to 24-year-olds were in the labor force. Though the number of 20 to 24-year-olds in the labor force increased from 14,250,000 in 2000 to 15,196,000 in 2019, a closer look at the figures suggests that the decrease in the 20 to 24-year-old labor force participation rate, combined with the decrease in the population of 20 to 24-year-olds since 2010, began to depress the 20 to 24-year-old labor force. The 20 to 24-year-old labor force decreased in four consecutive years after 2014.

Combining the age groups, the number of 16 to 24-year-olds in the U.S. labor force decreased from 22,521,000 in 2000 to 21,092,000 in 2019, a decrease of 6.3 percent.

Reliable labor force data by age group and industry are not available for counties, but demographic data are. According to the U.S. Census Bureau’s American Community Survey data, Glynn bucked the national trend: the population of 16 to 19-year-olds in Glynn increased from 3,586 in 2010 to 3,985 in 2019, an increase of 11.1 percent; while the population of 20 to 24-year-olds in Glynn increased from 4,842 to

4,980 in 2019, an increase of 2.9 percent. Overall, the population of 16 to 24-year-olds in Glynn increased from 8,428 in 2010 to 8,965 in 2019, an increase of 6.4 percent.

The challenge for the U.S. Leisure and Hospitality industry of relying heavily on young workers is clear. The industry's demand for labor increased considerably from 2000 to 2019 (as reflected in the 39.8 percent increase in U.S. Leisure and Hospitality employment during the period), while the labor force from which the industry draws one-third of its workers decreased by 6.3 percent. The challenge in Glynn appears to have been similar though less severe: while Leisure and Hospitality employment in Glynn increased by 22.5 percent from 2010 to 2019, the population of 16 to 24-year-olds in Glynn increased by 6.4 percent. The more significant labor market challenge for Leisure and Hospitality in Glynn is the challenge described earlier: a thriving industry with a strong and growing demand for labor in a small county whose labor force has not increased in size since 2005.

Going forward, the challenge of relying on younger workers seems likely to intensify in both the U.S. and Glynn. Between 2010 and 2019, the population under age 16 years in the U.S. fell by 876,772; the population under age 16 years in Glynn fell by 1,558, a decrease of 8.8 percent.

A second significant labor market challenge for the Leisure and Hospitality industry is its reliance on immigrant workers for much of its labor. In the U.S. in 2019, 17.5 percent of employed workers were foreign-born. According to numerous reports on the Leisure and Hospitality industry, 20 percent of employed workers in Leisure and Hospitality are foreign-born; in Accommodation, 32 percent of employed workers are foreign-born.³

As is the case with younger workers, a heavy reliance on immigrant workers is not necessarily a labor market challenge in itself. What has made it a challenge is the more restrictive immigration policy the U.S. has adopted in recent years. From 2015 to 2018, the number of immigrants in the U.S. labor force increased each year by an average of 648,000. In 2019 the number of immigrants in the labor force increased by 188,000 – a decrease of 460,000 from the 2015-2018 annual average. Without an abrupt shift back to less restrictive immigration policy, the dearth of new immigrant workers would seem likely to continue.

The third labor market challenge for the Leisure and Hospitality industry is high job turnover. The best measure of an industry's job turnover rate is the "quit rate" statistic calculated from the U.S. Bureau of Labor Statistics (BLS) Job Openings and Labor Turnover Survey (JOLTS). JOLTS produces monthly estimates of job openings, hires and separations, including quits, for an extensive number of industries, including Leisure and Hospitality and its two major sectors, Arts, Entertainment and Recreation, and Accommodation and Food Services. The first complete year of monthly JOLTS data was 2001. The quit rate for an industry is measured as the number of quits – employees who literally quit their jobs – in the industry as a percentage of total employment in the industry. Table 9 on the following page shows the average monthly quit rates for the private sector, Leisure and Hospitality and its two sectors for 2001 through 2019.

³ The 20 percent and 32 percent figures are all but ubiquitous in Leisure and Hospitality trade publications, but, for the life of me, I have not been able to find a solid source for them. The Census Bureau and the Bureau of Labor Statistics have data on the foreign-born by occupation, but not by industry.

Table 9. Average Monthly Quit Rates

Year	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services
2001	2.5	4.7	3.0	5.0
2002	2.2	4.1	3.2	4.3
2003	2.1	3.8	2.7	4.0
2004	2.2	4.0	2.6	4.3
2005	2.4	4.4	3.2	4.6
2006	2.5	4.5	2.8	4.8
2007	2.4	4.4	2.7	4.7
2008	2.1	3.9	2.4	4.2
2009	1.5	2.8	1.8	2.9
2010	1.6	2.8	2.1	2.9
2011	1.7	2.9	2.3	3.0
2012	1.7	3.1	2.3	3.2
2013	1.9	3.2	2.5	3.3
2014	2.0	3.6	2.6	3.7
2015	2.2	3.9	2.5	4.2
2016	2.3	4.2	3.0	4.4
2017	2.4	4.0	2.9	4.2
2018	2.5	4.3	3.2	4.5
2019	2.6	4.7	3.2	4.9

Source: U.S. Bureau of Labor Statistics (JOLTS data)

As Table 9 shows, the average monthly quit rate in Leisure and Hospitality was significantly greater than the average monthly quit rate in private industry as whole every year from 2001 to 2019. In fact, Leisure and Hospitality had the highest quit rate of all the BLS supersectors every year from 2001 to 2019. Within Leisure and Hospitality, the average monthly quit rate in Arts, Entertainment and Recreation is greater than the private sector quit rate in every year from 2001 to 2019, while the quit rate for Accommodation and Food Services was nearly – and in two years was – double the private sector quit rate every year from 2001 and 2019. In fact, no two-digit NAICS industry had a higher quit rate than Accommodation and Food Services over the 2001-2019 period. (Unfortunately, JOLTS does not produce a quit rate for Accommodation and a quit rate for Food Services.)

Table 10 on the following page drives home the point. Table 10 shows average monthly quits (in thousands) for the private sector as a whole, as well as for Leisure and Hospitality and its two sectors. It also shows Leisure and Hospitality quits as a percentage of private sector quits and Accommodation and Food Services quits as a percentage of private sector quits.

Table 10. Average Monthly Quits (in thousands)

Year	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services	L&H % of Private	A&FS % Private
2001	2,752	560	55	505	20.4	18.4
2002	2,398	495	56	439	20.6	18.3
2003	2,218	464	48	417	20.9	18.8
2004	2,423	505	48	457	20.8	18.8
2005	2,661	564	61	503	21.2	18.9
2006	2,808	587	55	532	20.9	19.0
2007	2,739	590	53	537	21.5	19.6
2008	2,398	525	48	477	21.9	19.9
2009	1,641	361	34	327	22.0	19.9
2010	1,746	359	40	319	20.6	18.3
2011	1,853	382	44	338	20.6	18.2
2012	1,952	420	46	374	21.5	19.2
2013	2,157	458	51	407	21.2	18.9
2014	2,394	523	54	470	21.9	19.6
2015	2,649	592	54	538	22.4	20.3
2016	2,819	659	68	592	23.4	21.0
2017	2,974	648	67	581	21.8	19.5
2018	3,184	703	76	628	22.1	19.7
2019	3,331	770	78	692	23.1	20.8

Source: U.S. Bureau of Labor Statistics (JOLTS data)

While Leisure and Hospitality employment ranged from 10.7 percent of private sector employment in 2000 to 12.9 percent in 2019 (recall our discussion at the top of page 6), Leisure and Hospitality quits ranged from 20.4 percent of private sector quits in 2001 to 23.4 percent in 2016 and 23.1 percent in 2019. And while Accommodation and Food Services employment ranged from 9.1 percent of private sector employment in 2000 to 11.0 percent in 2019, Accommodation and Food Services quits ranged between 18.2 percent and 21.0 percent of private sector quits in various years between 2001 and 2019, including 20.8 percent in 2019.

Of course, every business in every industry must deal with labor turnover, but the magnitude of the challenge is greater for Leisure and Hospitality than any other industry. Quit rates tend to be higher among low-wage workers, young workers, and workers with skills that easily transfer to firms within an industry. Those three factors explain much of the high quit rate in Leisure and Hospitality.

3. The Effects of the Pandemic on the Leisure and Hospitality Industry in the U.S. and Glynn

The COVID pandemic hit in March 2020. As we know, the shock to the economy was severe. The shock to the Leisure and Hospitality industry was especially severe. Table 11 below shows real gross output in Leisure and Hospitality and its sectors from the fourth quarter of 2019 through the second quarter of 2022.

Table 11. Real Gross Output by Industry (in billions of 2012 chained dollars)

Quarter	Total Private Industry	Leisure and Hospitality	Arts, entertainment, recreation	Accommodation and food services	Accommodation	Food services
2019:4	30,792.6	1,352.8	321.2	1,031.6	251.0	780.6
2020:1	30,429.9	1,217.6	280.7	936.9	206.3	730.6
2020:2	27,567.6	690.6	133.2	557.4	84.8	472.6
2020:3	29,613.8	986.7	186.5	800.2	157.0	643.2
2020:4	30,211.6	998.7	203.1	795.6	153.6	642.0
2021:1	30,870.1	1,105.6	236.6	869.0	168.1	700.9
2021:2	31,341.3	1,276.9	251.5	1,025.4	222.3	803.1
2021:3	31,671.2	1,375.8	294.5	1,081.3	246.3	835.0
2021:4	32,006.8	1,385.9	305.9	1,080.0	243.7	836.3
2022:1	32,207.5	1,381.7	309.9	1,071.8	234.9	836.9
2022:2	32,350.4	1,443.5	326.2	1,117.3	238.6	878.7

Source: U.S. Bureau of Economic Analysis

In the first quarter of 2020 (2020:1), private sector real gross output fell by 1.2 percent from the previous quarter. In 2020:2, it fell by 9.4 percent. Those are historically huge quarterly decreases, but they are dwarfed by the drops in Leisure and Hospitality. Leisure and Hospitality real gross output fell by 10.0 percent in 2020:1 and by 43.3 percent in 2020:2. Arts, Entertainment and Recreation real gross output fell by 12.6 percent in 2020:1 and another 52.5 percent in 2020:2. Accommodation real gross output fell by 17.8 percent in 2020:1 and another 58.9 percent in 2020:2. Food Services real gross output fell by 6.4 percent in 2020:1 and another 35.3 percent in 2020:2.

Private sector real gross output recovered quickly, considering the magnitude of the pandemic shock: private sector real gross output eclipsed its 2019:4 level in 2021:1. Recovery took longer in Leisure and Hospitality – not surprising considering how hard the pandemic hit the industry. Leisure and Hospitality eclipsed its 2019:4 real gross output in 2021:3. Within Leisure and Hospitality, Food Services eclipsed its 2019:4 real gross output in 2021:2; the Arts, Entertainment and Recreation sector just eclipsed its 2019:4 real gross output in 2022:2. Accommodation real gross output remains below its 2019:4 level.

Table 12 on the following page shows real value added in Leisure and Hospitality and its sectors from 2019:4 through 2022:2.

Table 12. Real Value Added by Industry (in billions of 2012 chained dollars)

Quarter	Total Private Industry	Leisure and Hospitality	Arts, entertainment, recreation	Accommodation and food services	Accommodation	Food services
2019:4	16,906.7	734.4	204.6	529.8	146.6	383.2
2020:1	16,672.6	663.1	179.6	483.5	137.8	345.7
2020:2	15,135.1	368.7	83.8	284.9	65.0	219.9
2020:3	16,468.2	537.9	118.2	419.7	106.7	313.0
2020:4	16,648.8	548.4	134.9	413.5	102.4	311.1
2021:1	16,949.0	585.6	153.1	432.5	105.7	326.8
2021:2	17,258.8	676.4	163.2	513.2	137.8	375.4
2021:3	17,361.7	721.3	184.0	537.3	148.2	389.1
2021:4	17,694.1	738.5	197.9	540.6	148.7	391.9
2022:1	17,603.3	703.5	179.5	524.0	139.0	385.0
2022:2	17,575.0	740.2	206.3	533.9	140.6	393.3

Source: U.S. Bureau of Economic Analysis

Private sector real value added fell by 1.4 percent in 2020:1, then fell by another 9.2 percent in 2020:2. Leisure and Hospitality real value added fell by 9.7 percent in 2020:1 and by 44.4 percent in 2020:2. Arts, Entertainment and Recreation real value added fell by 12.2 percent in 2020:1 and by 53.3 percent in 2020:2. Accommodation real value added fell by 6.0 percent in 2020:1 and by 52.8 percent in 2020:2. Food services real value added fell by 9.8 percent in 2020:1 and by 36.4 percent in 2020:2.

The recovery in Leisure and Hospitality real value added has been a bit scattered. Leisure and Hospitality real value added eclipsed its 2019:4 level in 2021:4, fell back in 2022:1, then surged ahead in 2022:2. Within Leisure and Hospitality, Food Services eclipsed its 2019:4 real value added in 2021:3; Arts, Entertainment and Recreation eclipsed its 2019:4 real value added in 2022:2. Accommodation real value added exceeded its 2019:4 level in 2021:3 and 2021:4, but has fallen below the pre-pandemic level in the first two quarters of 2022.

Table 13 on the following page lists monthly employment figures for private industry, Leisure and Hospitality, and Leisure and Hospitality sectors from January 2020 through August 2022.

The employment losses in March and April of 2020 are staggering. Private sector employment fell by 1,444,000 in March and by 19,572,000 in April for a two-month employment loss of 21,016,000 – a 16.2 percent drop in private sector employment in just two months.

The 16.2 percent decrease in private sector employment was dwarfed by the employment losses in Leisure and Hospitality. In February 2020, Leisure and Hospitality employment reached 16,983,000, the highest level in the industry's history, and accounted for 13.1 percent of private sector employment. Leisure and Hospitality employment then fell by 738,000 in March and 7,465,000 in April for a two-month total of 8,203,000 – a 48.3 percent decrease from February's figure. The two-month job loss in Leisure and Hospitality accounted for 39.0 percent of the two-month private sector job loss.

Table 13. Employment by Industry (in thousands) in 2020, 2021 and 2022

	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services	Accommodation	Food Services
2020						
January	129,344	16,881	2,496	14,385	2,115	12,270
February	129,625	16,983	2,503	14,480	2,119	12,361
March	128,181	16,245	2,423	13,822	2,068	11,754
April	108,609	8,780	1,208	7,572	1,207	6,365
May	111,734	10,011	1,196	8,815	1,078	7,737
June	116,244	11,791	1,424	10,367	1,246	9,120
July	117,537	12,232	1,528	10,704	1,227	9,477
August	118,750	12,513	1,553	10,960	1,240	9,720
September	119,709	12,946	1,686	11,261	1,330	9,931
October	120,508	13,179	1,739	11,440	1,343	10,097
November	120,914	13,209	1,775	11,434	1,356	10,079
December	120,806	12,749	1,709	11,040	1,317	9,722
2021						
January	121,229	12,877	1,759	11,118	1,308	9,810
February	121,922	13,270	1,796	11,474	1,338	10,136
March	122,572	13,423	1,836	11,586	1,367	10,219
April	122,784	13,631	1,882	11,749	1,400	10,349
May	123,165	13,830	1,924	11,906	1,425	10,482
June	123,673	14,054	1,963	12,091	1,456	10,635
July	124,311	14,251	2,008	12,224	1,492	10,751
August	124,808	14,453	2,050	12,402	1,516	10,886
September	125,217	14,587	2,091	12,497	1,541	10,955
October	125,911	14,728	2,124	12,604	1,566	11,038
November	126,538	14,919	2,156	12,763	1,599	11,164
December	127,099	15,105	2,192	12,913	1,625	11,288
2022						
January	127,591	15,243	2,212	13,031	1,646	11,385
February	128,295	15,367	2,234	13,134	1,670	11,464
March	128,680	15,471	2,257	13,214	1,692	11,522
April	129,048	15,530	2,265	13,265	1,706	11,559
May	129,379	15,598	2,282	13,316	1,712	11,604
June	129,725	15,642	2,295	13,347	1,714	11,633
July	130,173	15,731	2,301	13,430	1,715	11,715
August	130,448	15,762	2,301	13,461	1,720	11,741
% change	0.6	-7.2	-8.1	-7.0	-18.8	-5.0

Source: U.S. Bureau of Labor Statistics (CES data, seasonally adjusted)

Within Leisure and Hospitality, the Arts, Entertainment and Recreation sector suffered employment losses in March, April and May. Its three-month loss totaled 1,307,000, a 52.2 percent plunge from its February level. Accommodation employment also fell in March, April and May; its three-month loss of 1,041,000 was a 49.1 percent drop from its February level. Food Services employment fell in March and April. Its two-month loss of 5,996,000 was a 48.5 percent fall from its February level.

In short, no supersector was hit harder by the pandemic than Leisure and Hospitality, and no sector was hit harder by the pandemic than Accommodation.

Private sector employment eclipsed its February 2020 level in June 2022 – a recovery that took two years and four months. A major drag on the employment recovery was an even slower recovery from the pandemic-induced decrease in the labor force. The U.S. labor force shrunk from 164,583,000 in February 2020 to 156,358,000 in April 2020. Many of the 8,125,000 workers who left the labor force in March and April of 2020 have not returned, for a wide variety of reasons. But many have, and together with new entrants, the labor force finally eclipsed its February 2020 level in August 2022 – a recovery that took two and a half years.

Leisure and Hospitality employment has yet to return to its pre-pandemic level. Current (August 2022) Leisure and Hospitality employment is 7.2 percent below its February 2020 level. Within Leisure and Hospitality, Arts, Entertainment and Recreation employment is 8.1 percent below its February 2020 level, Accommodation employment is 18.8 percent below its February 2020 level, and Food Services employment is 5.0 percent below its February 2020 level. We will discuss the factors impeding employment recovery in Leisure and Hospitality in the pages that follow.

Glynn’s Leisure and Hospitality industry was also pounded by the pandemic, but its recovery was quick and strong. Table 14 below lists real (inflation-adjusted) bed tax collections in March, April and May in 2019 (the year before the pandemic), 2020 (the first three months of the pandemic) and 2021.

Table 14. Glynn Bed Tax Collections (in 2012 dollars), Select Months

Month	Real Bed Tax Collections		
	2019	2020	2021
March	620,004	361,748	774,077
April	675,545	72,039	859,377
May	701,413	268,663	913,654
Total	1,996,963	702,451	2,547,108

Source: Golden Isles CVB and author’s calculations

As Table 14 indicates, the first three months of the pandemic were a bit rough on Glynn’s Leisure and Hospitality industry.⁴ Real bed tax collections for March, April and May of 2020 totaled \$702,451, a 64.8

⁴ Good to keep a stiff upper lip.

percent drop from the \$1,996,963 total for the same three months in 2019. Consequently, real bed tax collections fell from \$6,756,649 in FY 2018-19 to \$5,514,147 in FY 2019-20, a decrease of 18.3 percent.

But business rebounded quickly. Collections in August, September and October of 2020 were the highest ever recorded in Glynn for those months. The positive trend continued. Real bed tax collections for FY 2020-21 jumped to \$7,701,528, a 39.7 percent increase from FY 2019-2020 collections and a 14.0 percent increase over FY 2018-19 collections.

Two factors explain the industry’s remarkable recovery from the pandemic in Glynn. Expansive beaches rank high on the short list of safe places to vacation during a pandemic. The Golden Isles CVB also maintained its aggressive marketing campaign during the pandemic.

Table 14 below shows quarterly figures for Leisure and Hospitality employment in Glynn from the fourth quarter of 2019 (2019:4) through 2022:1, the most recent figure available.

Table 15. Glynn Leisure and Hospitality Employment, quarterly from 2019:4

Quarter	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services
2019:4	8,453	1,138	7,315
2020:1	8,198	999	7,199
2020:2	5,626	672	4,954
2020:3	7,385	957	6,428
2020:4	7,349	937	6,412
2021:1	7,361	1,151	6,210
2021:2	8,042	1,230	6,812
2021:3	8,243	1,203	7,040
2021:4	8,079	1,288	6,791
2022:1	8,075	1,159	6,916

Source: Georgia Department of Labor

First, the pandemic jolt: Leisure and Hospitality employment in Glynn fell by 3.0 percent from the previous quarter in 2020:1 and by 31.4 percent in 2020:2. Arts, Entertainment and Recreation employment fell by 12.2 percent in 2020:1 and by 32.7 percent in 2020:2, while Accommodation and Food Services employment fell by 1.6 percent in 2020:1 and by 31.2 percent in 2020:2.

The recovery in employment has been a bit of a mixed bag. While employment in Glynn’s Arts, Entertainment and Recreation sector eclipsed its pre-pandemic level in 2021:1, employment in Glynn’s Accommodation and Food Services sector in 2022:1 was still 5.5 percent below its 2019:4 level, despite the surge in business that began in August 2020.

Our analysis thus brings us to a pressing question:

4. What Is Impeding the Employment Recovery in Leisure and Hospitality?

Consider:

Table 16. Job Openings (in thousands) by Industry in 2020, 2021 and 2022

	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services
2020				
January	6,332	949	167	782
February	6,195	968	140	829
March	5,218	644	128	517
April	4,068	336	55	281
May	4,829	690	96	594
June	5,371	869	112	757
July	5,786	793	92	702
August	5,606	745	79	666
September	5,781	782	87	696
October	6,153	841	99	742
November	6,120	850	98	752
December	6,249	793	72	722
2021				
January	6,487	779	90	689
February	7,129	986	156	830
March	7,662	1,108	174	934
April	8,309	1,201	159	1,042
May	8,698	1,350	153	1,197
June	8,958	1,473	206	1,267
July	9,816	1,602	257	1,345
August	9,782	1,718	208	1,510
September	9,680	1,538	192	1,346
October	10,158	1,632	184	1,448
November	9,935	1,666	196	1,470
December	10,343	1,990	205	1,785
2022				
January	10,235	1,698	175	1,523
February	10,256	1,720	203	1,517
March	10,812	1,660	207	1,453
April	10,627	1,498	171	1,327
May	10,275	1,542	157	1,385
June	10,054	1,495	152	1,343
July	10,065	1,516	203	1,313

Source: U.S. Bureau of Labor Statistics (JOLTS data, seasonally adjusted)

The most recent data on real gross output and real value added in Leisure and Hospitality (Tables 11 and 12) suggest that U.S. demand for Leisure and Hospitality products has returned to its pre-pandemic strength. The job openings figures in Table 16 on the previous page suggest almost the same.

The Bureau of Labor Statistics defines the total number of jobs in an industry as the number of workers employed in the industry plus the number of job openings in the industry. In February 2020, the month before the pandemic, the total number of jobs in the U.S. Leisure and Hospitality industry was 17,951,000 (employment = 16,983,000, job openings = 968,000). In July 2022, the total number of jobs in the industry was 17,247,000 (employment = 15,731,000, job openings = 1,516,000). That's 3.9 percent less than the February 2020 figure.

Nevertheless, the 1,516,000 Leisure and Hospitality job openings in July 2022 is 56.6 percent greater than the 968,000 openings posted in February 2020.

What's behind the surge in job openings? Recent developments in the features of the Leisure and Hospitality industry that pose particular labor market challenges – reliance on young workers, reliance on immigrant workers, and high job turnover – might provide some clues.

The number of 16 to 19-year-olds in the labor force has increased from 6,083,000 in February 2020 (again, the month before the pandemic hit) to 6,447,000 in August 2022. The increase is due in part to the increase in labor force participation among 16 to 19-year-olds: from 36.6 percent in February 2020 to 37.7 percent in August 2022.

Unfortunately, the figures for 20 to 24-year-olds run the opposite way. The number of 20 to 24-year-olds in the labor force has decreased from 15,297,000 in February 2020 to 14,691,000 in August 2022. The decrease is due in part to the decrease in labor force participation among 20 to 24-year-olds: from 73.2 percent in February 2020 to 70.3 percent in August 2022.

In all, the number of 16 to 24-year-olds in the labor force has decreased from 21,380,000 in February 2020 to 21,138,000 in August 2022. The decrease of 242,000 young workers in the labor force in two and a half years certainly contributed to the jump in Leisure and Hospitality job openings, but one suspects there are other factors behind the surge in job openings.

A change in the number of immigrant workers does not appear to be such a factor. Despite restrictive federal immigration policy and a virtual freeze in immigration in the first year of the pandemic, the number of foreign-born workers in the U.S. labor force has increased from 28,719,000 in February 2020 to 29,817,000 in August 2022, a pickup of almost 1.1 million. The labor force participation rate of foreign-born workers is not a factor in the increase: it was 66.9 percent in February 2020 and 66.5 percent in August 2022.

Which brings us to Leisure and Hospitality's high job turnover rate. Table 17 on the following page lists monthly job quits (in thousands) in private industry and Leisure and Hospitality from January 2020 through July 2022.

Table 17. Job Quits (in thousands) by Industry in 2020, 2021 and 2022

	Total Private Industry	Leisure and Hospitality	Arts, Entertainment, Recreation	Accommodation and Food Services
2020				
January	3,396	752	75	677
February	3,255	670	82	587
March	2,727	530	51	479
April	1,875	300	30	271
May	2,061	348	33	315
June	2,390	416	30	386
July	2,771	470	43	426
August	2,691	466	6	460
September	2,950	533	37	495
October	3,069	583	51	532
November	3,090	597	55	541
December	3,194	646	56	589
2021				
January	3,165	653	57	596
February	3,249	641	45	596
March	3,513	718	58	660
April	3,828	756	71	685
May	3,683	780	71	709
June	3,840	796	75	721
July	3,885	863	75	788
August	3,925	822	81	741
September	4,042	837	89	748
October	3,884	809	71	738
November	4,266	881	68	813
December	4,164	857	81	776
2022				
January	4,032	853	71	782
February	4,130	866	70	796
March	4,192	874	77	797
April	4,088	803	73	730
May	4,048	859	89	770
June	4,012	827	78	749
July	3,850	833	83	750

Source: U.S. Bureau of Labor Statistics (JOLTS data, seasonally adjusted)

Job quits jumped in March 2021, continued to increase through July 2021, and have remained high since. In Leisure and Hospitality, job quits increased from 641,000 in February 2021 to 718,000 in March 2021, then to 863,000 in July 2021, and have exceeded 800,000 every month since July 2021. In Accommodation and Food Services, job quits increased from 596,000 in February 2021 to 660,000 in March 2021, then to 788,000 in July 2021, and have exceeded 730,000 every month since.

Job quits have increased in industries other than Leisure and Hospitality. The quit rate (again, job quits as a percentage of industry employment) in private industry increased from 2.6 percent in 2019 to 3.4 percent in November 2021 and is currently (July 2022) 3.0 percent. But the jump in quits is especially pronounced in Leisure and Hospitality, and within Leisure and Hospitality, in Accommodation and Food Service. The quit rate in Leisure and Hospitality increased from 4.7 percent in 2019 to 6.1 percent in July 2021, and is currently 5.3 percent. The quit rate in Accommodation and Food Service increased from 4.9 percent in 2019 to 6.4 percent in November 2021, and is currently 5.6 percent.

Table 17 prompts two questions. Why have quits surged, especially Leisure and Hospitality quits? Does the surge in Leisure and Hospitality quits explain why Leisure and Hospitality employment remains stubbornly below its pre-pandemic level?

Job quits rise in tight labor markets; the tighter the labor market, the greater the quit rate. The reason: to retain and attract workers in a tight labor market, employers raise wages. As all astute sellers do, workers seek the highest bidder for their labor services. If the highest bidder is a different employer, off they go. Thus, the tighter the labor market, the greater the quit rate, and the greater the increase in wages.

We have been watching that process at work for the past two years. Economic activity began to pick up in May 2020. The pickup was slow at first, but it soon accelerated. Employment increased at a faster rate than the labor force, and the labor market tightened. It tightened further as economic activity accelerated further. Employers have responded by raising wages.

The average hourly earnings of private sector production and nonsupervisory workers in December 2020 was \$25.18. It reached \$26.74 in December 2021. It's \$27.67 currently (August 2022). That calculates to a 9.9 percent jump over 20 months.

As we've noted, the tighter the labor market, the greater the increase in wages. The average hourly earnings of Leisure and Hospitality production and nonsupervisory workers in December 2020 was \$14.72. It reached \$17.16 in December 2021. It's \$17.92 currently (August 2022), which calculates to a 21.7 percent jump over 20 months.

But there's more to the surge in Leisure and Hospitality quits than workers jumping to higher bidders in an extremely tight Leisure and Hospitality labor market.

Table 18 on the following page shows employment in February 2020 and August 2022 for eleven major industries, as well as three sectors within Leisure and Hospitality.

Table 18. Employment (in thousands) by Industry, February 2020 and August 2022

Industry	February 2020	August 2022	% change
Total Private Industry	129,625	130,448	0.6
Construction	7,624	7,700	1.0
Manufacturing	12,785	12,858	0.6
Wholesale trade	5,893	5,898	0.1
Retail trade	15,598	15,843	1.6
Transportation and warehousing	5,795	6,537	12.8
Information	2,903	3,030	4.4
Financial activities	8,870	8,965	1.1
Professional and business services	21,393	22,427	4.8
Education	3,803	3,846	1.1
Health services	20,795	20,710	-0.4
Leisure and hospitality	16,983	15,762	-7.2
Arts, entertainment, recreation	2,503	2,301	-8.1
Accommodation	2,119	1,720	-18.8
Food services	12,361	11,741	-5.0

Source: U.S. Bureau of Labor Statistics (JOLTS data, seasonally adjusted)

Table 18 shows that current employment exceeds February 2020 employment in nine of eleven major industries. The employment gains are modest in Construction, Manufacturing, Wholesale Trade, Retail Trade, Financial Activities and Education; solid in Professional and Business Services (4.8 percent) and Information (4.4 percent); and substantial in Transportation and Warehousing (12.8 percent).

Health Services and Leisure and Hospitality are the two major industries with employment losses since February 2020. The employment loss in Health Services is modest: 0.4 percent. The employment loss in Leisure and Hospitality is substantial: 7.2 percent.

All three sectors within Leisure and Hospitality have suffered significant employment losses since February 2020. The figure that all but screams out from Table 18 is the 18.8 percent employment loss in Accommodation.

We now have a sound answer to our question: What is impeding the employment recovery in Leisure and Hospitality? **What is impeding the employment recovery in Leisure and Hospitality is a significant stream of workers leaving their jobs in Leisure and Hospitality for jobs in other industries.**

Why the exodus of workers from Leisure and Hospitality?

Finding sound explanations of the exodus required scouring Leisure and Hospitality trade publications and pestering people in the industry with questions. The most compelling explanation was obtained from the pestering of Dr. Matt Mosley, Professor of Hospitality and Tourism Management at the College of Coastal Georgia.

Dr. Mosley's take on the exodus of Leisure and Hospitality workers to other industries runs as follows. Many workers view their skills too narrowly. They consider their skills to be highly specialized, of value to employers in their current industry but of little or no value to employers in other industries. Consequently, when searching for a better job, such workers confine their search to the industry in which they are currently employed. The assumption that one's skills are of little or no value to employers in other industries has long been prevalent among Leisure and Hospitality workers, says Dr. Mosley.

The pandemic changed that.

The shutting-down of so many Leisure and Hospitality businesses during the pandemic forced many Leisure and Hospitality workers to search for jobs in other industries. Those workers soon discovered that not only do employers in other industries value their skills, employers in other industries are willing to pay more for those skills than employers in Leisure and Hospitality. Word gets around. Hence, the exodus, and a new labor market challenge for the Leisure and Hospitality industry.

"It's a wake-up call to the industry," says Dr. Mosley.

Dr. Mosley's economic reasoning is sound, and his explanation and the data fit hand-in-glove. If he is correct that many Leisure and Hospitality workers now realize that their skills are valued in other industries, the new labor market challenge facing the Leisure and Hospitality industry may well be more daunting than the traditional three.