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The Impact of the Pandemic on U.S. Labor Markets: Past, Present and Future Concerns

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The impact of the pandemic on U.S. labor markets: Past, present and future concerns

BLS Data Users' Conference

Mike Horrigan, President

September 29, 2021

11:15 – 11:30 am

Outline

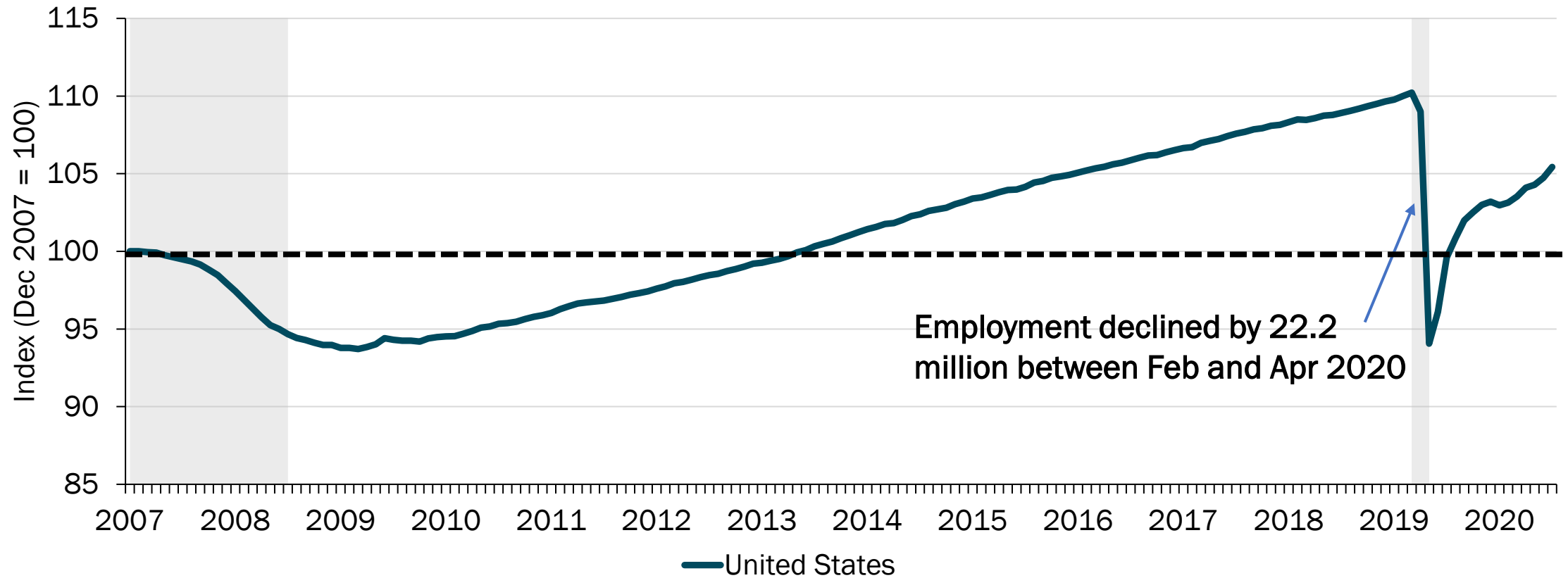
- The nature of employment losses during the 2020 recession
- The so-called ‘She-recession’: Has the impact of the pandemic on the economy fallen mainly on women?
- The nature of long-term unemployment
- The problems of the ‘near’ unemployed
- Is there a labor shortage?
- The new inequality divide: Telework

The nature of employment losses during the 2020 recession

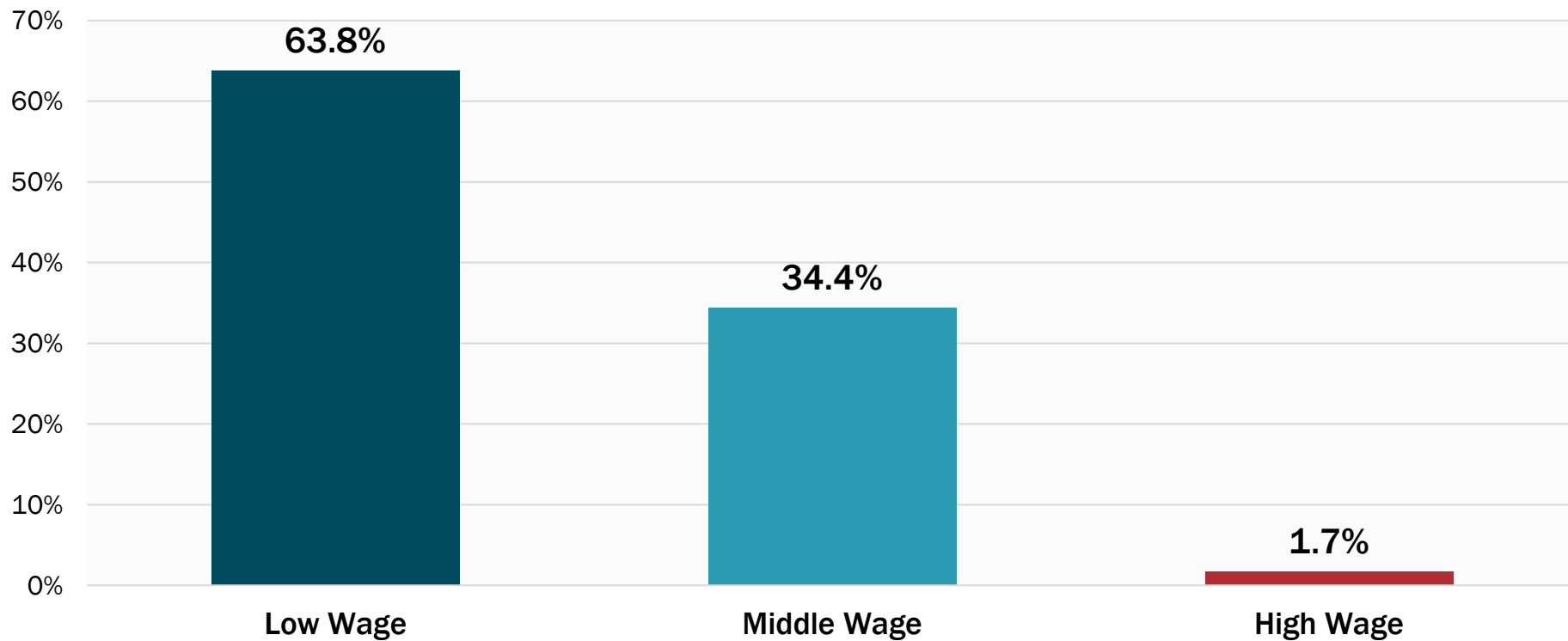
The dramatic declines in payroll employment between Feb and Apr 2020 were concentrated in low wage industries

With August's gain of 235,000 jobs, 76 percent of the jobs lost between Feb and Apr 2020 have been regained

Nonfarm Employment Index



64 percent of job losses from Feb – Apr 2020 were in low wage* establishments



* Derived from net employment changes among CES 4-digit NAICS industries (or higher -level aggregations as relevant) from Feb – Apr 2020. Low, medium and high wage industries are based on QCEW average weekly wages, 2020 Q1. Thresholds are based on percentages of the overall average weekly wage (Low $\leq .67$, $.67 <$ Medium ≤ 1.8 , High > 1.8)

Ten industries accounted for over half of the employment declines from Feb to Apr 2020

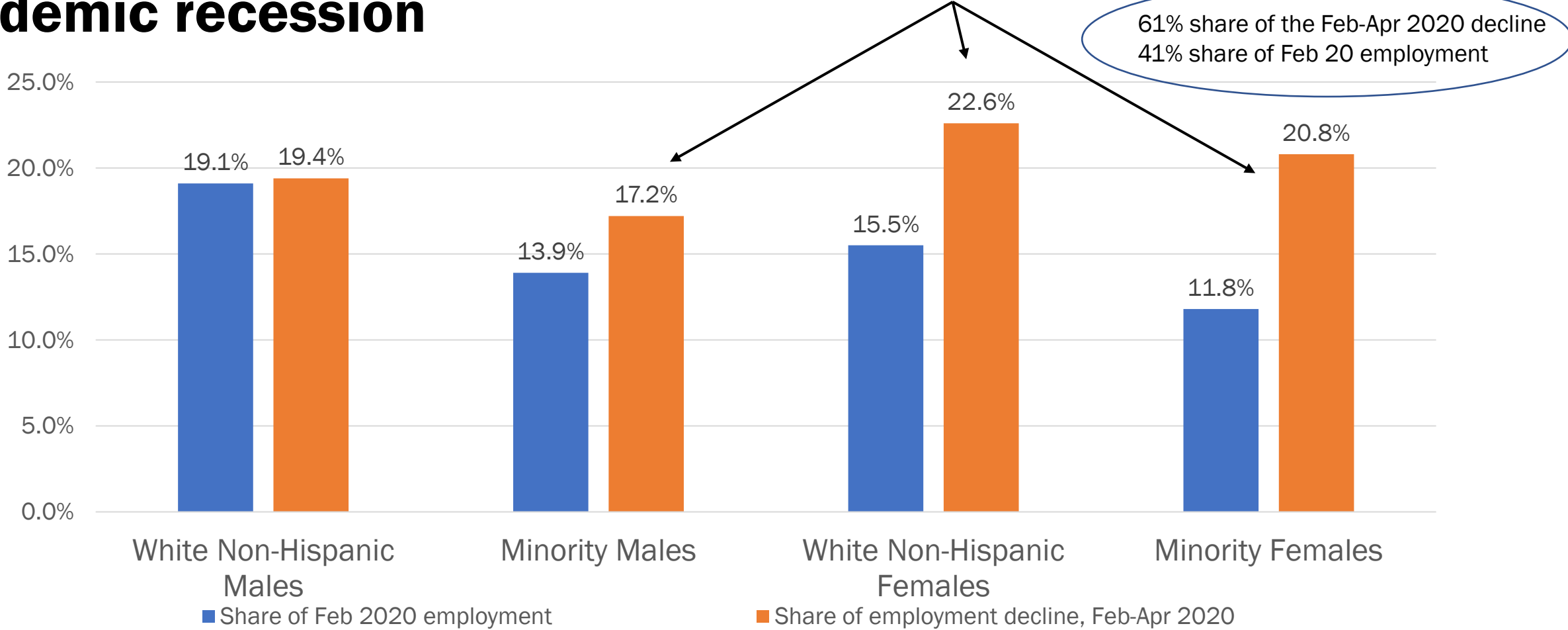
Industry	Employment change Feb-Apr 2020 (thousands)	Cumulative change as a percentage of total employment change, Feb-Apr 2020
Restaurants and Other Eating Places	(5,254)	24.7%
Employment Services	(1,122)	29.9%
Other Amusement and Recreation Industries	(898)	34.1%
Traveler Accommodation	(891)	38.3%
Clothing Stores	(634)	41.3%
Personal Care Services	(613)	44.2%
Offices of Dentists	(555)	46.8%
Special Food Services	(384)	48.6%
Child Day Care Services	(373)	50.3%
Drinking Places (Alcoholic Beverages)	(338)	51.9%

Source: Bureau of Labor Statistics' Current Employment Statistics Survey
Not seasonally adjusted data

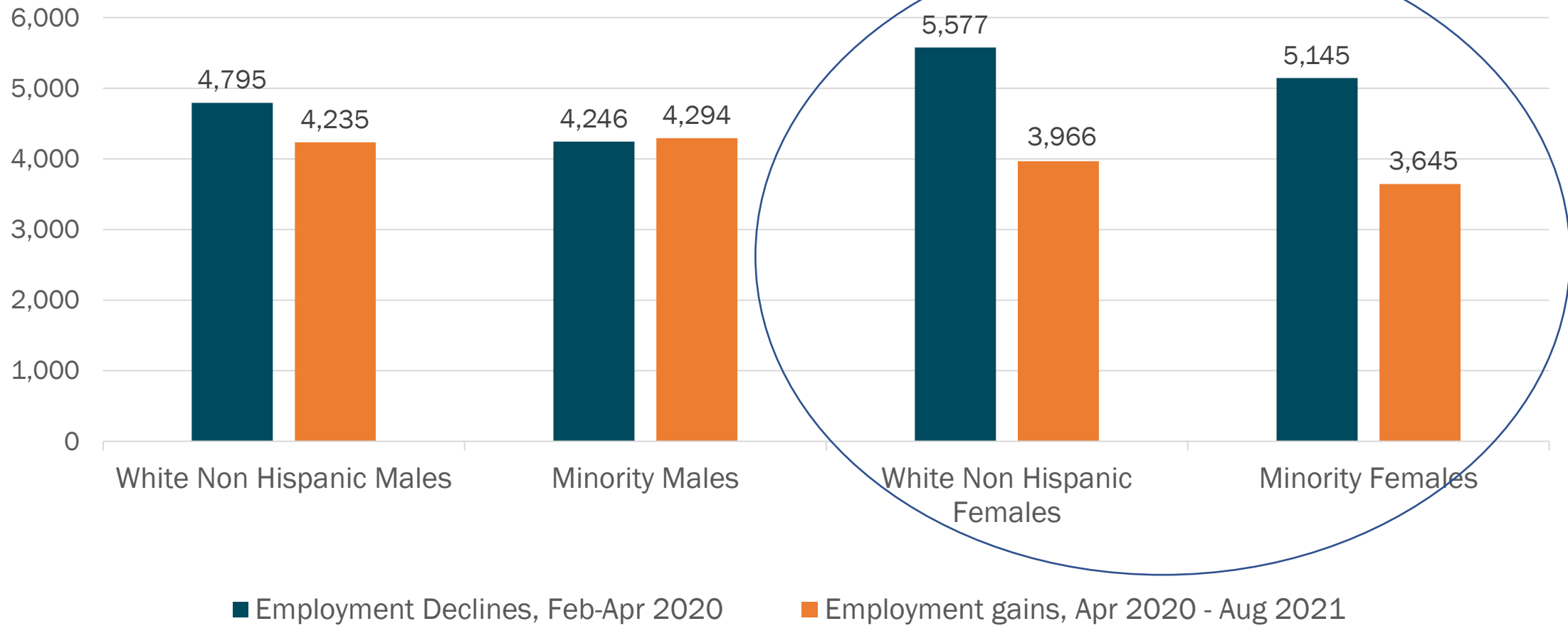
Has the impact of the pandemic on the economy fallen mainly on women?

The impact of the pandemic on the economy has been borne by those with 'Less than BA, especially on women and minorities'

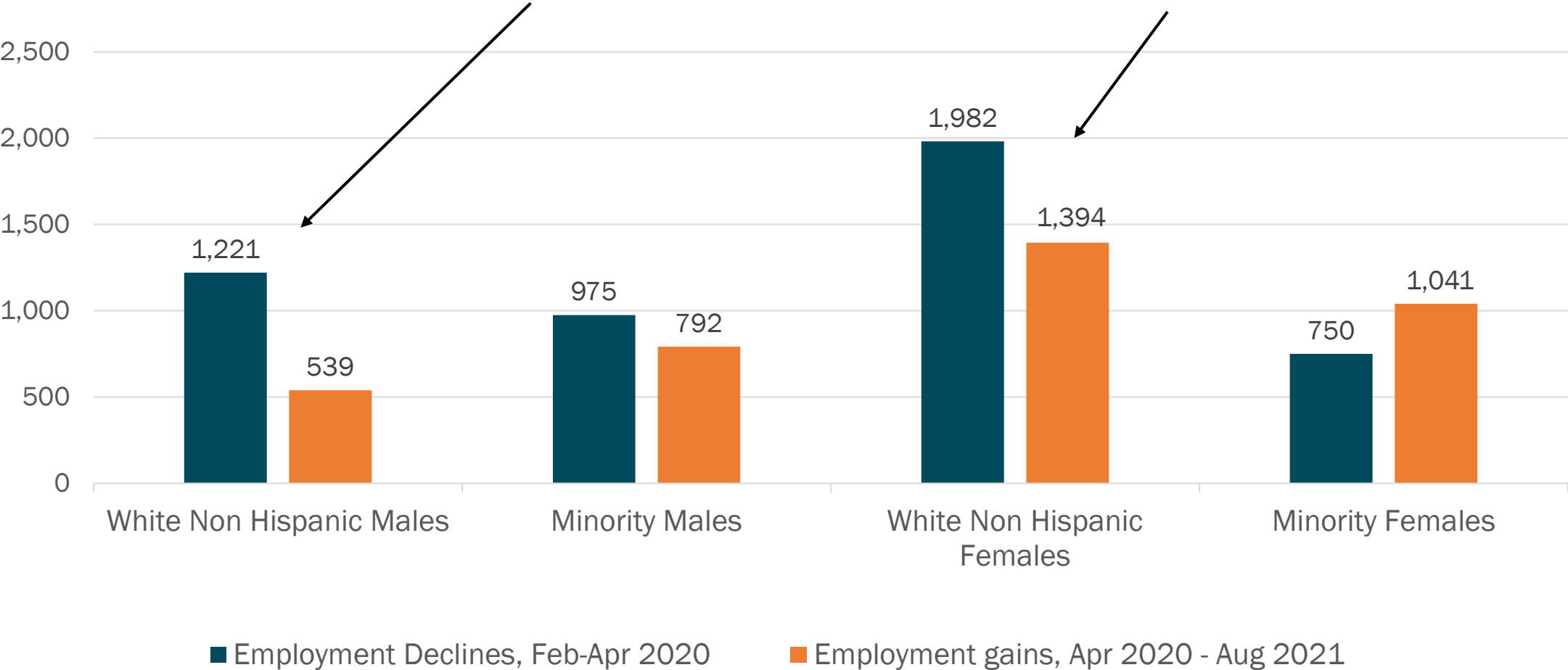
Females with less than a BA and minority males had a disproportionate share of the employment declines early in the pandemic recession



Females with less than a BA have had an especially difficult time regaining employment since April 2020

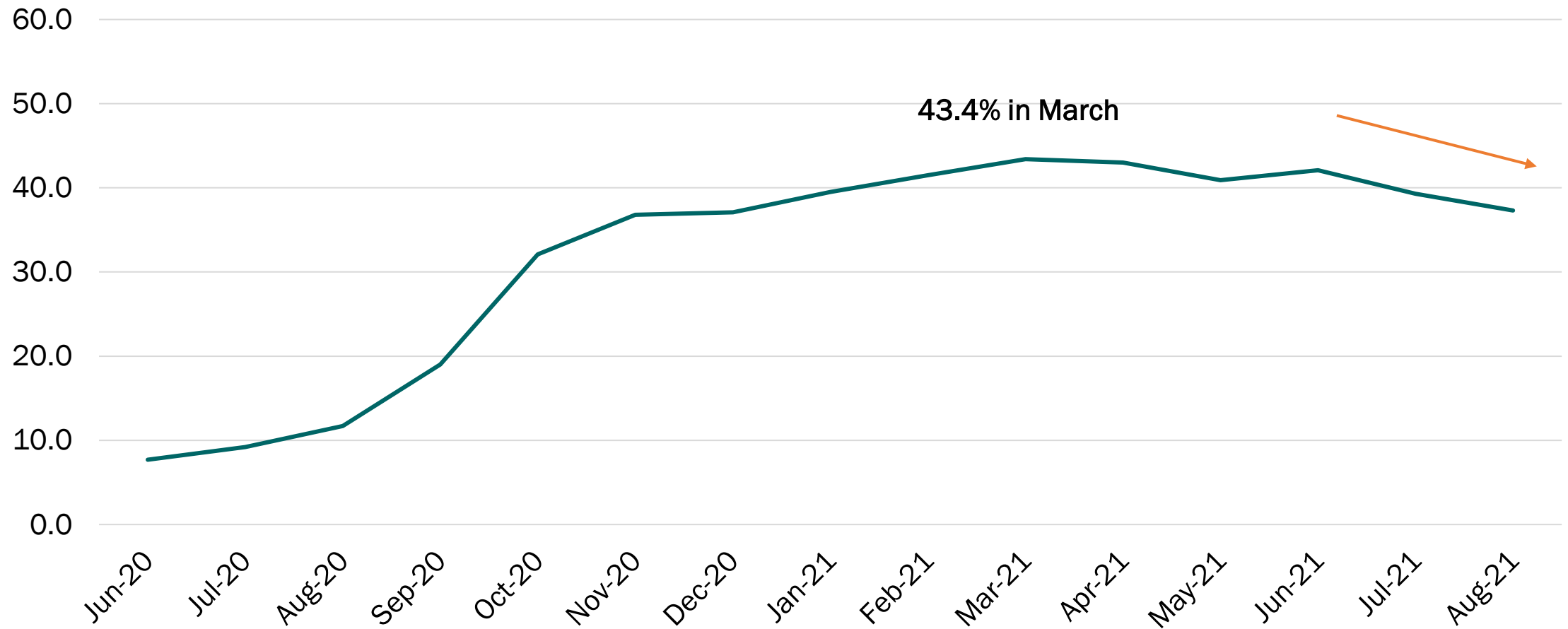


White, non-Hispanics with a BA or more have had a relatively difficult time regaining employment since April 2020



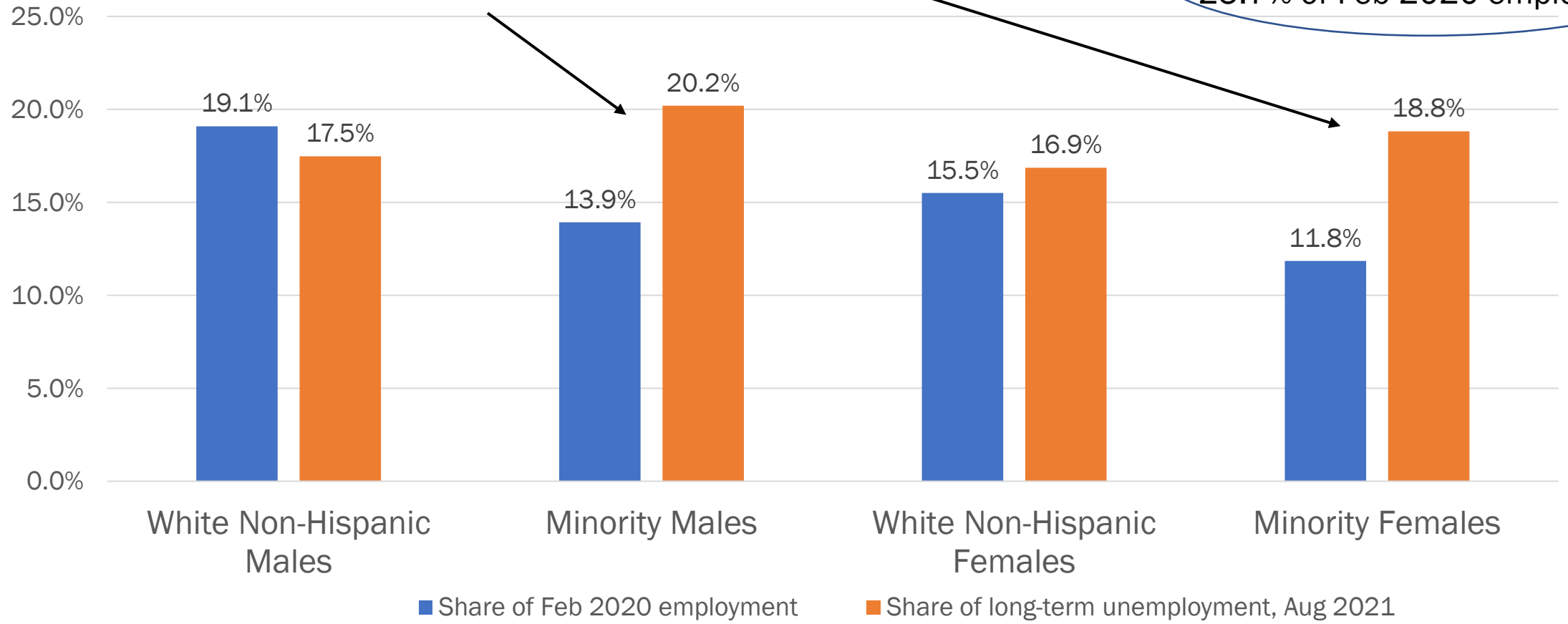
**One key policy issue: Long
term unemployment coming
out of the recession**

In August 2021, 37.3 percent of the unemployed had been long-term unemployed (27 weeks or longer)



Among those with less than a BA, minorities make up a disproportionate share of long-term unemployment

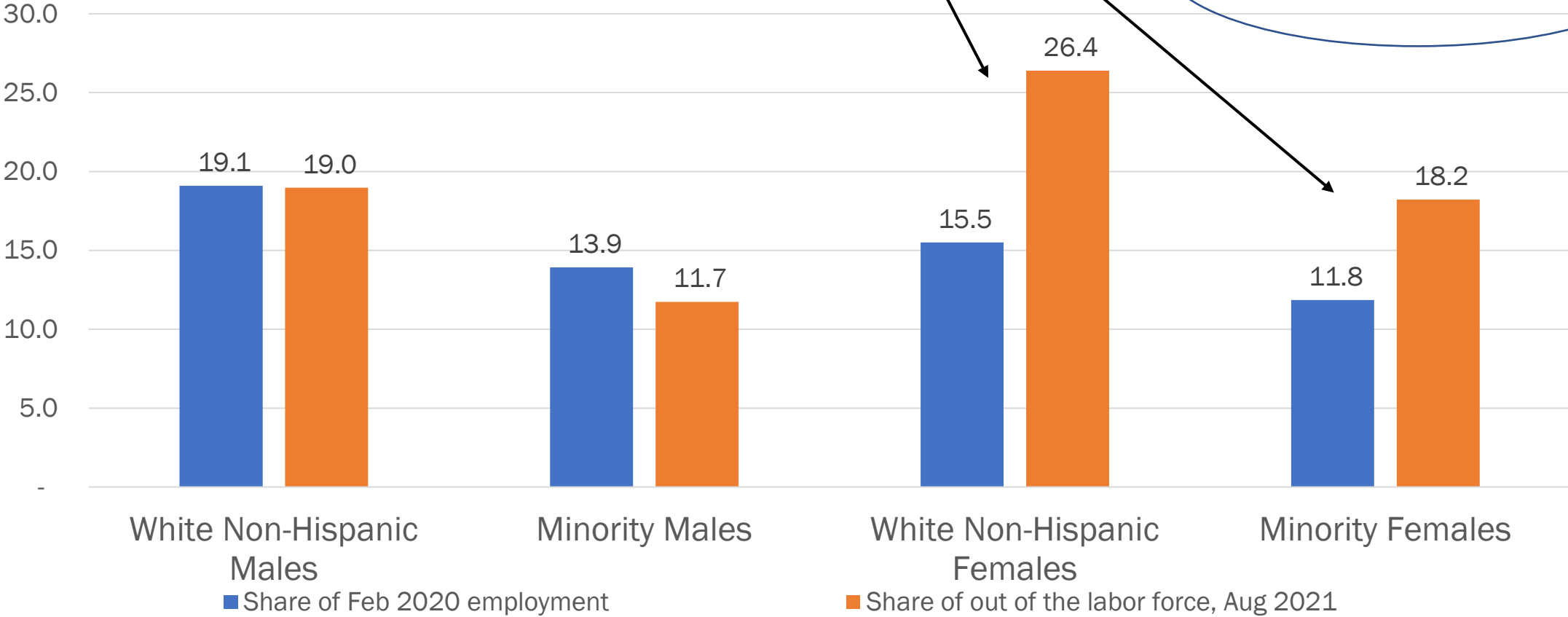
39% of long term unemployed
25.7% of Feb 2020 employment



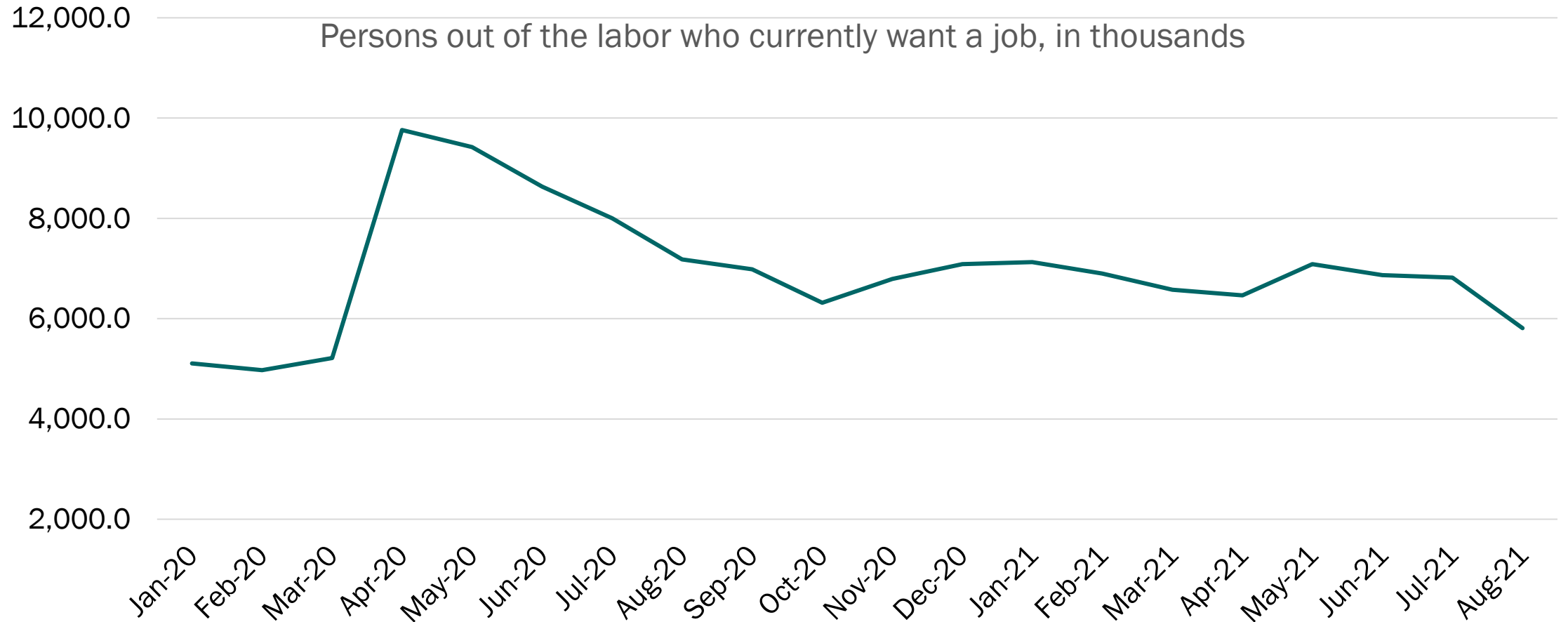
**Long-term “Near”
unemployment also a major
policy concern**

Females with less than a BA make up a disproportionate share of those who are out of the labor force

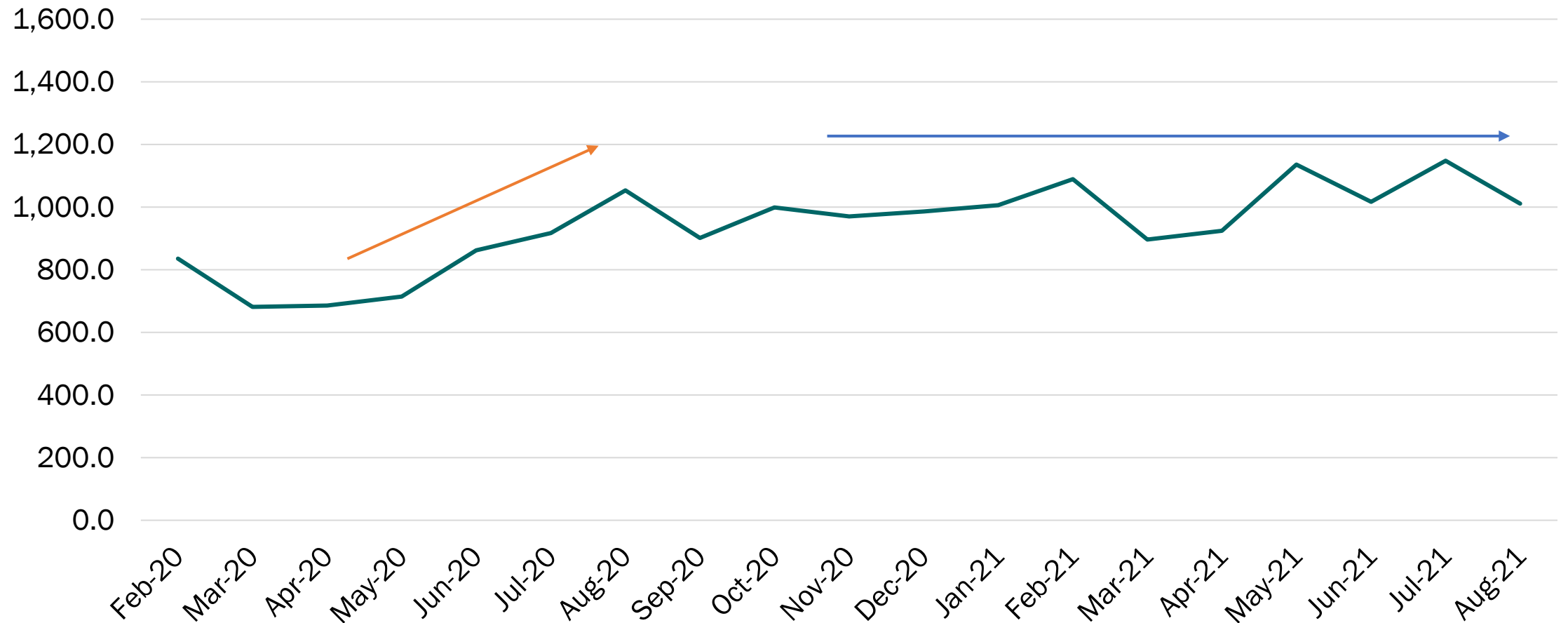
45% of the OLF
27% of Feb 20 employment



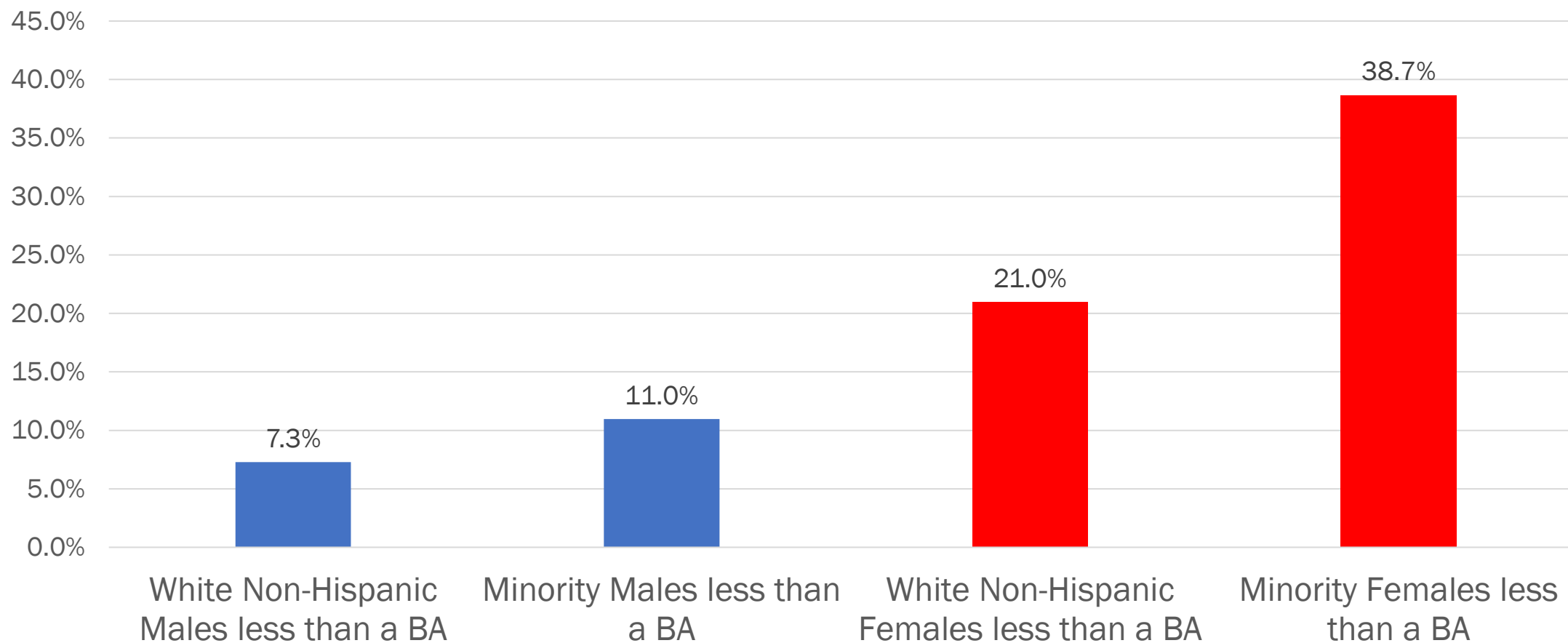
The number of individuals who are out of the labor force reported currently wanting a job now but cited a variety of barriers to looking for work fell from 7 million in May to 5.8 million in August



Number of individuals who are out of the labor force and currently want a job now but cited child-care, family responsibilities or transportation issues as barriers to looking for work



As of Aug 2021, 60 percent of that group are females with less than a BA



Labor market shortages - Evidence from:

Job Openings and Hires

Wage / Employment Trends

Industry	Job lost from Feb 2020 to Trough Month	Job gains from Trough month through Jun 2021	# of jobs left to reach pre-pandemic levels
Nonfarm	22,362	17,029	5,333
Food Services and Drinking Places	5,975	5,008	966
Health Care	1,617	1,103	513
Professional and Business Services	2,387	1,919	468
Arts, Entertainment and Recreation	1,333	957	376
Accommodation	1,015	659	356
Retail Trade	2,375	2,090	285
Durable Goods Manufacturing	945	673	272
Temporary Help Services	998	736	262
Social Assistance	701	468	233
Construction	1,113	881	232

Private job openings have greatly exceeded hires since late 2020

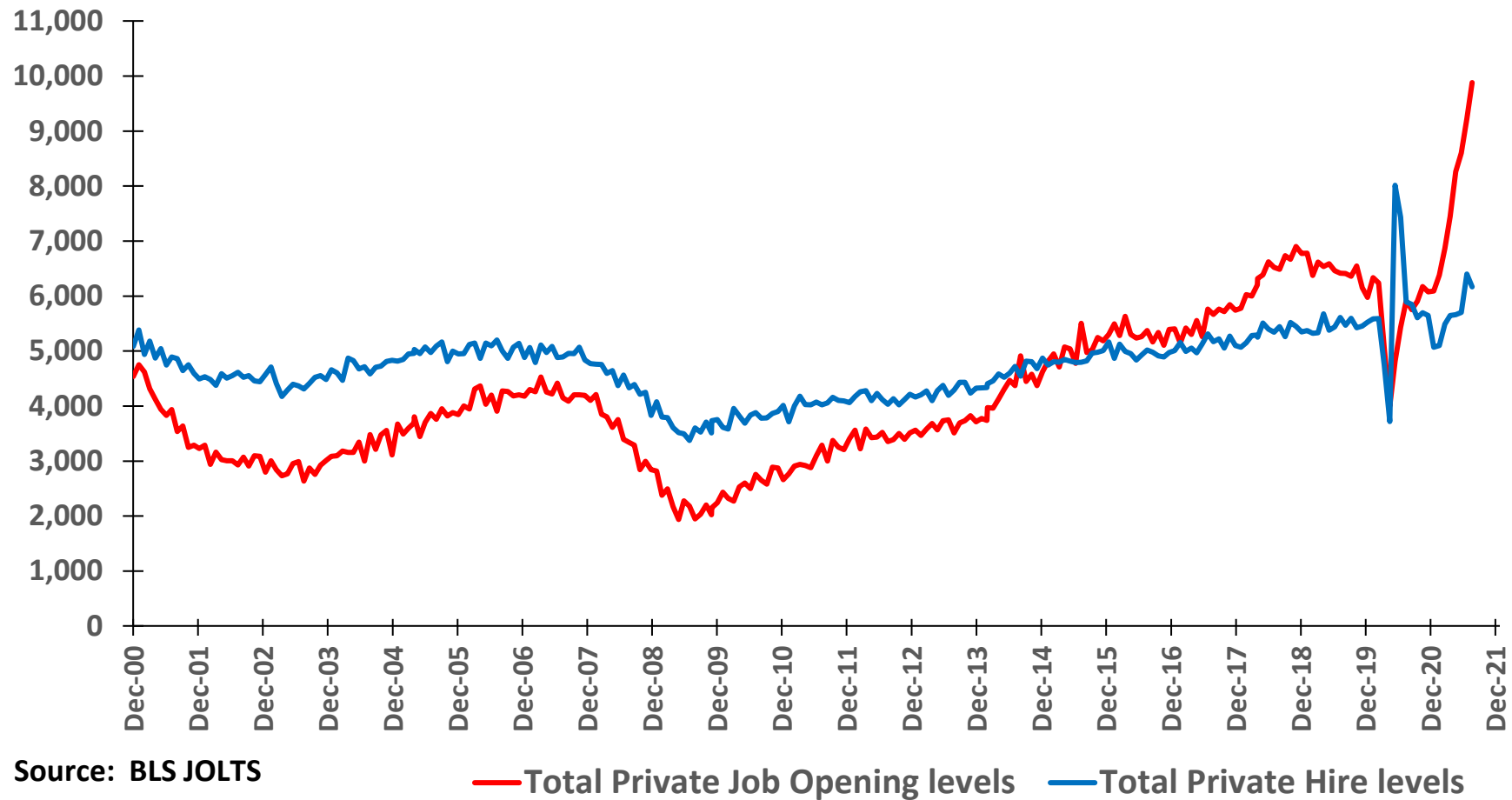
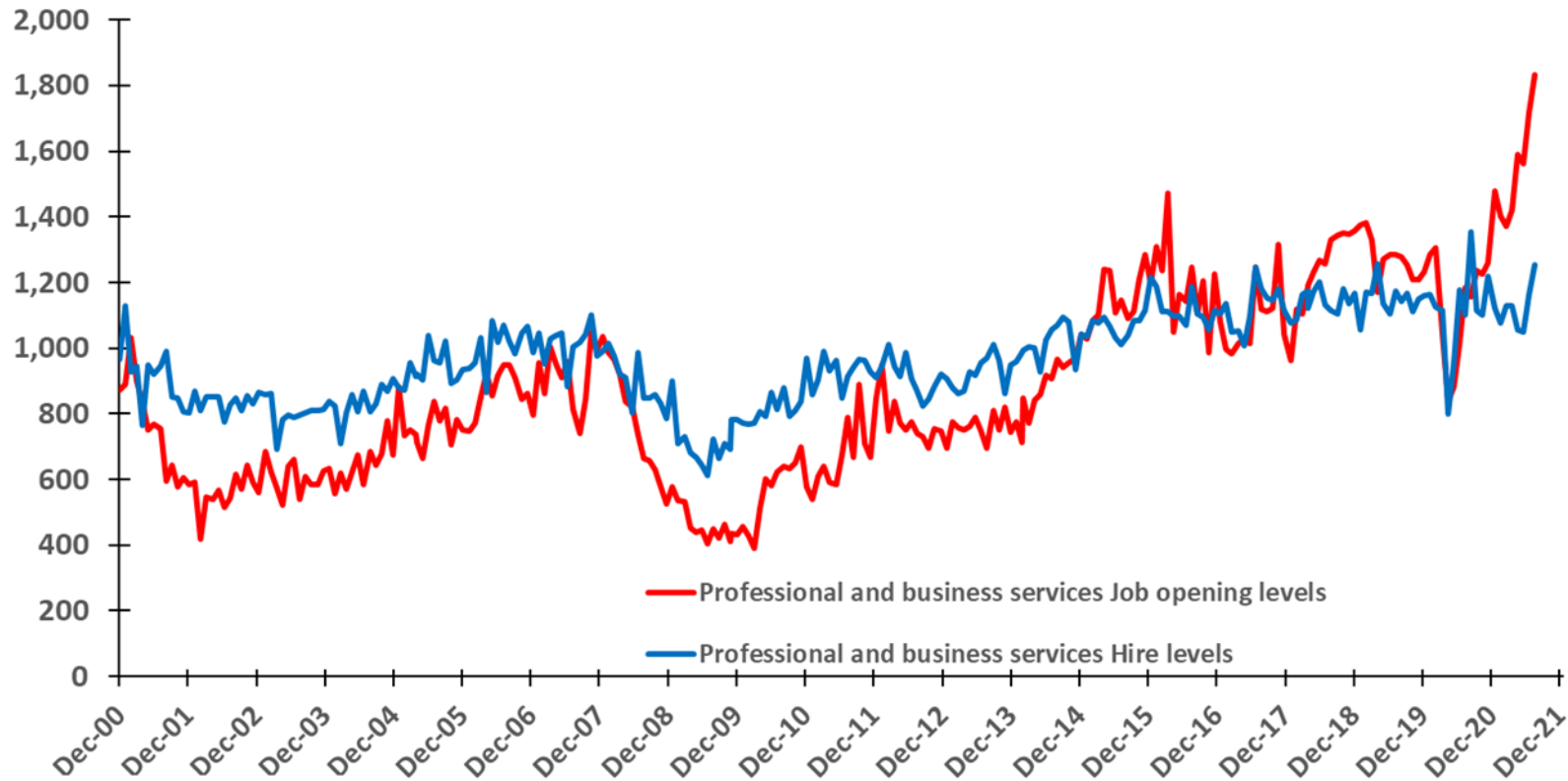


Table. Comparison of monthly changes in payroll employment and average hourly earnings by major 2 digit industry

Industry	Change from prior month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021
All employees, private	Average hourly earnings	\$ 0.01	\$ 0.08	\$ (0.03)	\$ 0.20	\$ 0.14	\$ 0.13	\$ 0.12	\$ 0.17
All employees, private	Employment	122	622	724	226	555	808	798	243

Job openings have exceeded hires since late 2020 in Professional and Business Services



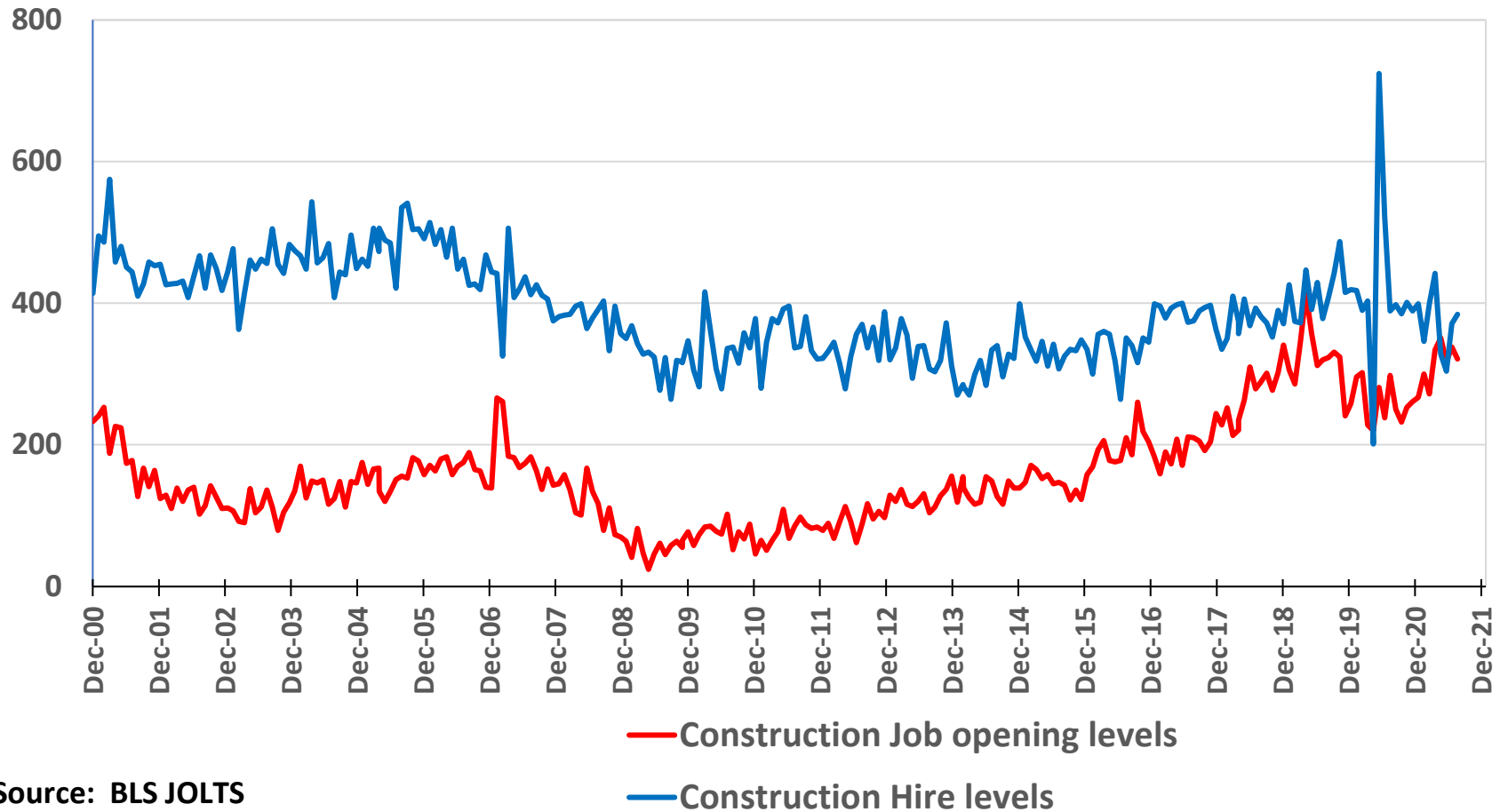
Source: BLS JOLTS survey

Table. Comparison of monthly changes in payroll employment and average hourly earnings by major 2 digit industry

Industry	Change from prior month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021
Professional and business services	Average hourly earnings	\$ 0.08	\$ 0.16	\$ 0.07	\$ 0.26	\$ 0.30	\$ 0.16	\$ 0.18	\$ 0.23
Professional and business services	Employment	90	93	74	-79	50	70	79	74



Job openings have caught up to hires recently in Construction



Source: BLS JOLTS

Table. Comparison of monthly changes in payroll employment and average hourly earnings by major 2 digit industry

Industry	Change from prior month	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021
Construction	Average hourly earnings	\$ 0.08	\$ 0.11	\$ -	\$ 0.31	\$ 0.16	\$ 0.11	\$ 0.09	\$ 0.12
Construction	Employment	12	-57	93	-9	-24	-2	6	-3

Openings greatly exceeding Hires also evident for:

Manufacturing
Wholesale Trade
Professional and Business Services
Health Care and Social Assistance
Educational Services
State and Local Government

Openings recently outpacing Hires in:

Leisure and Hospitality

Openings and Hires roughly in line:

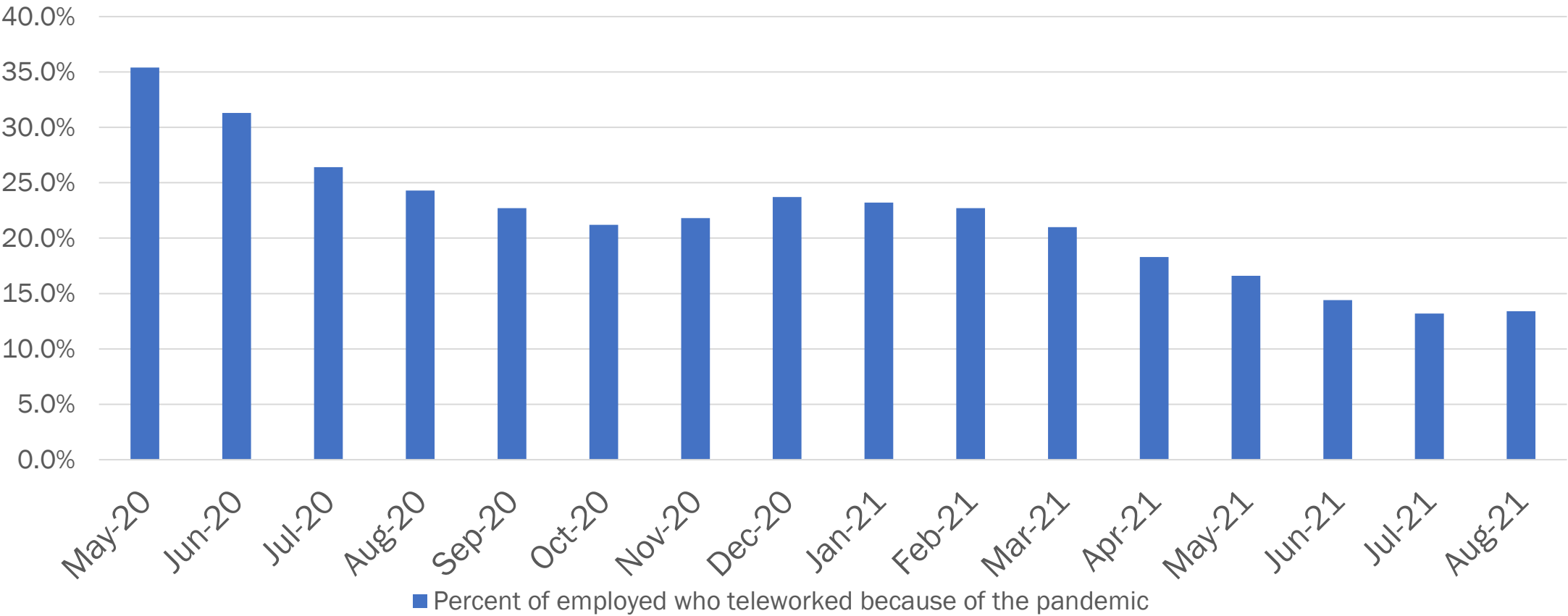
Construction
Retail Trade

The new inequality divide: Telework

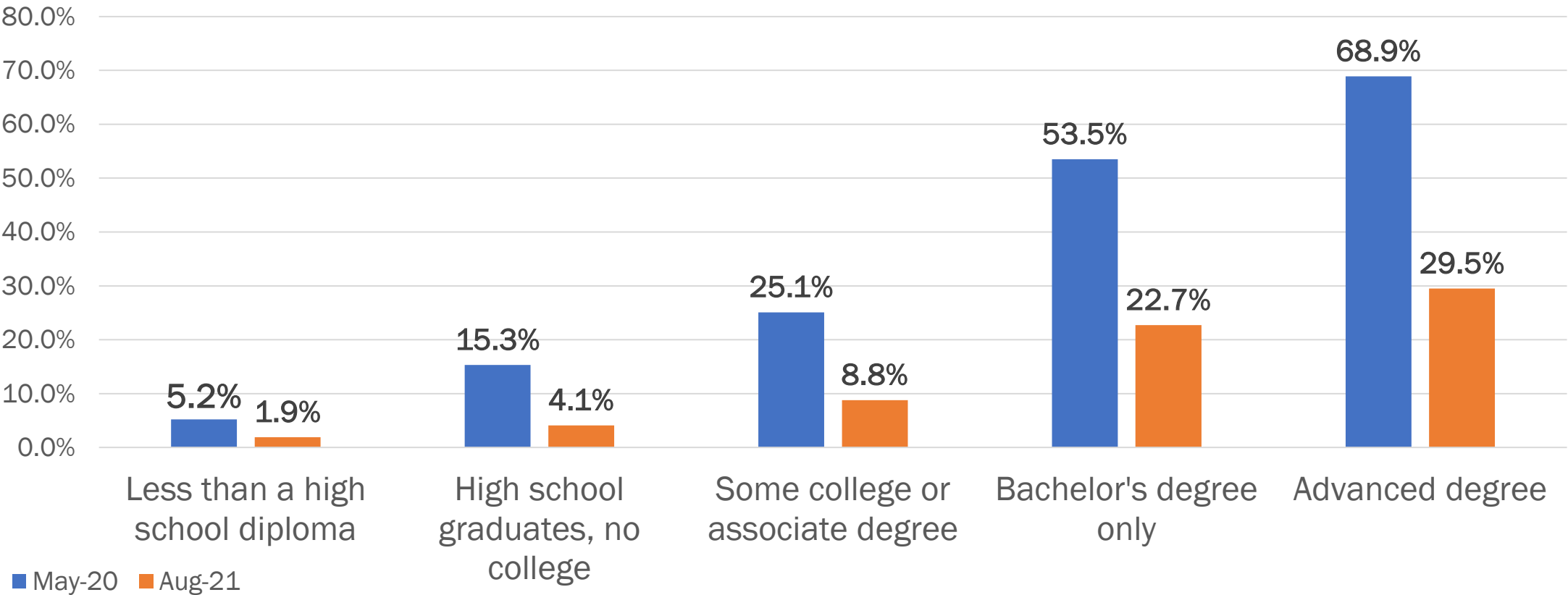
Teleworking

- Trends in telework
 - Bounce back to in-person
 - Settle to a new equilibrium
- Role of infrastructure – broadband
 - For those with a telework option, where will they choose to live?
- Telework and the gig economy
 - Will there be an increase in alternative work arrangements?
 - The role of health care and self-defined contribution pension plans

The share of the employed who are teleworking because of the pandemic has fallen significantly since last May



The share of the employed who are teleworking because of the pandemic rises markedly with educational attainment, although the shares have fallen for all groups since last May



Management, Professional and Related Occupations have the highest share of workers who telework due to the pandemic

Occupation	May-20	Aug-21
Management	49.0%	22.5%
Business and Finance	67.1%	37.9%
Computer and Math	75.9%	49.0%
Architecture and Engineering	58.8%	28.0%
Life, Physical and Social Science	68.0%	33.0%
Community and Social Services	70.2%	23.1%
Legal	74.0%	36.8%
Education, Training and Library	80.9%	12.7%
Arts, Design, Entertainment, Sports, Media	55.5%	24.4%
Healthcare Practitioners and Technical	23.7%	7.7%

Source: Bureau of Labor Statistics' Current Population Survey Program

Service; Sales and Office; Natural Resources, Construction and Maintenance; and Production, Transportation, and Material Moving Occupations tend to have the lowest shares of employees teleworking

Occupation	May-20	Aug-21
Healthcare Support	6.3%	3.1%
Protective Service	15.6%	3.3%
Food Prep and Serving	4.5%	0.8%
Building and Grounds Maintenance	4.0%	1.2%
Personal Care and Service	15.5%	4.3%
Sales and related	30.6%	8.1%
Office and Administrative support	39.2%	14.4%
Farming, Fishing, and Forestry	2.5%	1.8%
Construction and Extraction	6.4%	1.2%
Installation, Maintenance and Repair	10.7%	3.2%
Production	7.2%	2.1%
Transportation and Material Moving	5.0%	1.0%

Source: Bureau of Labor Statistics' Current Population Survey Program

Questions?

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