

Examining the impact of the COVID-19 pandemic on employment trends

Vermont Bar Association

Young Lawyers' Division Mid-Winter Thaw

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January 15, 2021

PRE-PANDEMIC PROBLEMS

- ▶ Pay equity
- ▶ Distribution of wealth
- ▶ Wage stagnation
- ▶ Gig economy classification
- ▶ Systemic racism
- ▶ Systemic sexism
- ▶ Access to affordable health care
- ▶ Access to affordable child care
- ▶ Increased need for and expense of higher education
- ▶ Political polarization

Initial impact; arrested recovery

Up to 1/3 of US jobs may be vulnerable – and more than 80% are held by low-income workers

<https://www.mckinsey.com/industries/public-and-social-sector/our-insights/lives-and-livelihoods-assessing-the-near-term-impact-of-covid-19-on-us-workers#>

By November, more than half of the 22 million jobs lost had been regained, until recent surge in infections

- ▶ Initial claims for state unemployment benefits exceeded 1 million last week for the first time since July
- ▶ 140,000 jobs lost in December, the first net decline since last spring

Leisure and hospitality hit especially hard – 500,000 jobs +/-

- ▶ Restaurants, bars, hotels, travel

<https://oui.doleta.gov/press/2021/011421.pdf>

Negative job growth

- ▶ Hiring slowed for 5 straight months, *reversed* in December
 - ▶ 4 million more unemployed workers than job openings

Source: US Bureau of Labor Statistics, Job Openings and Labor Turnover Summary (January 12, 2021)

- ▶ After adjusting for misclassification and undercounting, and factoring in workers considered to have quit the labor force, 26.8 million workers – 15/8% of the total workforce -- are jobless or have seen a drop in hours and pay because of the pandemic

Source: Economic Policy Institute, Working Economics Blog (January 8, 2021)

- ▶ Vermont hotel and restaurant jobs dropped 40% from November 2019 to November 2020; as of 12/18/2020, 6200 new UI claims; More than 2x last year

On the horizon

- ▶ With vaccine and warmer weather, recovery expected to begin mid-year
- ▶ Pandemic has accelerated technological changes – some changes will not be reversed
 - ▶ Remote work
 - ▶ Shift to cloud-based technology
- ▶ Largest firms are positioning to dominate market anticipating surge in consumption; some industries booming
 - ▶ Manufacturing
 - ▶ Health care

Who has lost their jobs?

- ▶ Vermont, Statewide: as of January 5, 2021

Nonfarm Wage and Salary Unemployment 12-month % change (number of jobs, seasonably adjusted)

Data Series	Back Data	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020
Labor Force Data							
Civilian Labor Force(1)		341.6	339.2	324.3	323.0	321.1	(P)322.9
Employment(1)		309.1	311.0	308.8	309.1	310.8	(P)313.0
Unemployment(1)		32.5	28.2	15.4	13.8	10.2	(P)10.0
Unemployment Rate(2)		9.5	8.3	4.8	4.3	3.2	(P)3.1

- ▶ Nonfarm Wage and Salary Unemployment
- ▶ 12-month % change (number of jobs, seasonably adjusted)

Total: -8.6%

<https://www.bls.gov/eag/eag.vt.htm>

Burlington/South Burlington



- ▶ Nonfarm Wage and Salary Unemployment
- ▶ 12-month % change (number of jobs, seasonably adjusted)

Total: -9.2%

Data Series	Back Data	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020
Labor Force Data							
Civilian Labor Force(1)		124.9	124.0	118.7	116.4	116.4	(P)117.9
Employment(1)		114.1	114.6	113.6	112.0	113.9	(P)114.9
Unemployment(1)		10.8	9.4	5.1	4.4	2.5	(P)3.0
Unemployment Rate(2)		8.7	7.6	4.3	3.8	2.2	(P)2.5

Breakdown across sectors -- Statewide

- ▶ **Professional and Business Services:** +1.3%
- ▶ Leisure and Hospitality: -35.1%
- ▶ Construction: -26.0%
- ▶ Information: -7%
- ▶ Education and Health Services: -6.8%
- ▶ Manufacturing: -4.7%
- ▶ Trade, Transportation, Utilities: -3.7%
- ▶ Financial Activities: -3.3%
- ▶ Other Services: -3%
- ▶ Government: -3%

Breakdown across sectors: Burlington/South Burlington

Total: -9.2%

- ▶ Leisure and Hospitality: -38.4%
- ▶ Education and Health Services: -10.6%
- ▶ Other Services: -7.1%
- ▶ Government: -5%
- ▶ Financial Activities: -4.3%
- ▶ Trade, Transportation, Utilities: -4.1%
- ▶ Manufacturing: -3.1%
- ▶ Professional and Business Services: -1.3%

<https://www.bls.gov/eag/eag.vt.htm>

Who are these Vermonters?

As of May 2020,

- ▶ Nearly 1/3 of the total job decline in Vermont following initial restrictions were in hotels, bars and restaurants; **nearly 2/3 of all hospitality sector workers lost their jobs**
- ▶ **Almost 10% of retail workers were out of work**; 15% of all jobs lost were in retail
- ▶ The third most affected part of the economy was health care; more than 7000 jobs lost; 11% of all jobs lost
- ▶ Another 10% of total job loss was construction workers; almost 50% of all construction workers were not working

<https://vtdigger.org/2020/05/22/woolf-record-jobless-rate-led-by-plunge-in-bar-restaurant-hotel-industries-%EF%BB%BF/>

Who has kept their jobs?

- ▶ As many as 150,000 Vermonters may have been able to work from home
- ▶ 66% of private sector workers worked at business that increased telework options
- ▶ Nationally, these jobs are higher paying
- ▶ HIGHER PAID WORKERS WERE MORE LIKELY TO KEEP THEIR JOBS.
- ▶ THE JOBS LOST WERE DISPROPORTIONATELY HELD BY LOWER PAID WORKERS.

Lawyers are doing OK; the practice is changing

<https://www.abajournal.com/news/article/law-firms-may-be-at-tipping-point-for-change-due-to-pandemic-state-of-the-market-report-says> (Jan. 12, 2021)

- ▶ Among the lessons learned during the pandemic were that working at home caused little disruption, and that a focus on well-being is important. The experiences of 2020 also emphasized the need for sound financial practices and made more firms open to new models of practice, including collaborations with other firms and “new law companies,” the report says.
- ▶ Technology is also likely gaining greater acceptance. The change is reflected in this statistic: 84% of firms are planning to increase their technology budgets, the report says, citing information from an Acritas survey.
- ▶ Other changes adopted during the pandemic include adopting a more efficient use of office space, changing levels of secretarial support, reducing business travel, and reducing expectations for in-person meetings.
- ▶ “Firms will continue to reap cost savings from curtailed office operations, reduced travel expenses, lower administrative costs and the like,” the report says. “And those savings will certainly help offset any revenue hits they may experience” in 2021.
- ▶ “Most law firm leaders are fairly bullish about the post-2021 market for legal services and the ability of the industry to bounce back from the current crisis. The intriguing question, however, is whether the industry that bounces back will be the same industry that entered the pandemic this past March,” according to the report.

VBA COVID-19 Committee Survey

- ▶ **Economics**

- ▶ 55.5% of the respondents reported an adverse impact on cash flow/billable work as a result of the pandemic, with 43.6% reporting either a slight improvement or a negligible change overall.

- ▶ 30% of law offices received a PPP loan

- ▶ **Employment**

- ▶ 91.2% reported no lawyer departures as a result of the pandemic

- ▶ 16% reported staff furloughs, layoffs or terminations

- ▶ 42% reported working exclusively from home

- ▶ 20% reported home-schooling a minor child and/or providing a home to adult children

- ▶ 80% expect to work as much or more than before the pandemic; 15% are contemplating a career change or retirement

- ▶ **Well-Being**

- ▶ 70% reported feeling isolated

- ▶ 60% reported feeling worried or afraid

Understanding UI statistics

- ▶ Vermont's unemployment rate fell from 8.3% in July to 4.8% in August: Employed Vermonters decreased by 2000; Unemployed Vermonters decreased by almost 13,000. Why?
- ▶ BLS employment statistics are taken from surveys that ask individuals about their work status. Individuals are considered to be in the labor force if they either are 1) employed or 2) unemployed, which is defined as available for and actively seeking work.
- ▶ **The problem is that in the interest of public health during the COVID-19 emergency, many individuals have been encouraged not to work, may be concerned about the safety of going to work, or cannot work because they need to care for others such as children who would normally have been in school or daycare.**

What gives?

- ▶ Unemployed individuals may be receiving unemployment benefits as the state has dropped the work-search requirement. The result is that thousands of Vermont workers do not fit the definition of unemployed because they are not actively seeking work and are no longer counted as being in the labor force.
- ▶ Vermont DOL Commissioner, Michael Harrington: “Knowing that the actual number of Vermonters filing weekly for unemployment benefits remains much higher than the survey data, and that traditional work search requirements have been suspended, we know that the results of the household survey do not accurately reflect Vermont’s economic reality.”

What happens to these workers when the work search requirement is reinstated?

<https://vermontbiz.com/news/2020/december/18/jobs-fall-covid-cases-and-business-restrictions-rise>

Lost jobs disproportionately held by women

- ▶ All occupations: 43.2%
- ▶ Leisure and hospitality:
 - ▶ Hosts and hostesses, restaurant, lounge and coffee shop: 79.8%
 - ▶ Travel agents: 79.9%
 - ▶ Hotel, motel, and resort desk clerks: 62.7%
- ▶ Food preparation: 55.0
- ▶ Bartenders: 52.6
- ▶ Fast food and counter workers: 61.6%
- ▶ Food servers, non-restaurant: 60.6%
- ▶ Food service managers: 46.9%
- ▶ Cooks: 38.5%
- ▶ <https://www.dol.gov/agencies/wb/data/occupations>

The Child Care Crisis

The collapse of the child care sector and drastic reductions in school supervision hours as a result of COVID-19 could drive millions of mothers out of the paid workforce. Inaction could cost billions, undermine family economic security, and set gender equity back a generation.

Without both immediate and long-term action to shore up the child care infrastructure and establish more progressive work-family policies, the United States cannot achieve continued economic growth nor protect and advance gender equity

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Child Care Crisis

The Bipartisan Policy Center (BPC) and Morning Consult found that more than 70 percent of parents of children under the age of 5 report their child care provider is closed or operating with limited hours or space. Half of the parents surveyed who sought child care for their young children during COVID-19 found it much harder to find quality child care than before the pandemic. Among parents who do not plan to send their child or children back to a child care program, 57 percent say they personally or their spouse or partner will provide care, while one-third (33 percent) will rely on a family member or relative. A similar study from the U.S. Chamber of Commerce Foundation found that 75 percent of parents had a parent or guardian staying home with a child, either working remotely or not working, and 28 percent were relying on family and friends.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on women

Interruptions caused by child care affect women more than men. Study after study has shown that in response to school, child care, and camp closings, as well as reduced hours and reduced class sizes, significantly more women than men have reduced their work hours,- left work to care for children,- and spent more time on education and household tasks.- The latest evidence shows that due to COVID-19 school and child care closures, mothers with young children have arranged reductions in their work hours that are four to five times greater than the reductions arranged by fathers. **These disproportionate reductions have more than doubled the gap between the number of hours worked by women and by men**

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on women

The latest U.S. Bureau of Labor Statistics data provide yet more evidence that recent trends have made it more difficult for women than men to stay at work. In September 2020, 865,000 women left the labor force—more than four times the number of men who left the labor force and more than three times the number of jobs gained by women that month.—Among workers aged 35 to 44, men’s labor force participation fell by little more than 1 percentage point from September 2019 to September 2020, whereas participation of women in that age range fell by more than 2 percentage points since 2019.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on Minorities

Non-linear decompositions show a favorable industry distribution partly protected black employment during the early stages of the pandemic, but that an unfavorable occupational distribution and lower average skills levels placed them at higher risk of job losses. An unfavorable occupational distribution and lower skills contributed to a sharply widened Latinx-white unemployment gap that moderated over time as rehiring occurred. These findings of disproportionate impacts on minority unemployment raise important concerns regarding lost earnings and wealth, and longer-term consequences of the pandemic on racial inequality in the United States.

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7489888/>

Intersectionality

Black, Latinx, and Indigenous women especially—all of whom face intersecting oppressions—are also feeling the multiple effects of being more likely to have lost their jobs, being on the front lines as essential workers, and solving their child care challenges on their own. Women of color, and Black women in particular, have historically had much higher levels of labor force participation when compared with white women, but they also experience many more job disruptions due to inadequate child care. Women of color and immigrant women have often provided domestic labor that facilitates the employment and leisure time of wealthy and middle-class white women but prevents them from spending more time with their own families. . . . Thus, white women and wealthier women are more likely to leave the labor force, while women of color and low-paid women are more likely to make changes to their work schedules and rely on other child care solutions, as they have long done.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact of school closing

Misty L. Heggeness, an economist at the U.S. Census Bureau, found that women of school-aged children in early-closure states were 20 percent more likely to take temporary leave and 30 percent more likely to leave a job compared with those in states that had not yet closed. The difference in work hours before and after closure was not significant for men, as other peer-reviewed studies have also shown. In sum, Heggeness states, **“The impact on short-term work productivity and engagement appeared to be borne entirely on the backs of mothers of school age children.”**

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Lasting impacts

First, when schools return to in-person instruction and if child care providers reopen or expand enrollment, it may still be difficult for mothers who exited the labor force to find work. This is potentially compounded by the hiring discrimination that mothers, and specifically mothers of color, experience.

Second, without intervention, a significant portion of the child care available prepandemic is likely to disappear. If mothers are unable to access child care because there simply are no providers available, it will be virtually impossible for them to return to work.

Prepandemic, child care deserts were more likely to be in low- or moderate-income neighborhoods, predominantly Hispanic neighborhoods, and rural communities.

There is every reason to believe that without swift and significant government intervention, these existing inequalities will only deepen and spread.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Gender-gap wage setbacks

Hard-won progress on closing the gender wage gap may also be set back decades. Increases in women's labor force participation rates fueled the significant narrowing of the gender wage gap in the 1970s and 1980s. Women's labor force participation reached its peak in the late 1990s, and progress on closing the gender wage gap has remained virtually stagnant ever since. Research has shown that strengthening labor force attachment is critical to increasing women's earnings. One study found that women who took just one year out of the workforce had annual earnings that were 39 percent lower than those of women who did not.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on retirement security

Women affected in the short term will also feel the long-term effects in their retirement security. Women have fewer alternative sources of income after retirement than men, and they are **more likely to rely on Social Security retirement and disability benefits.** Because Social Security benefits are based on lifetime earnings and the Social Security Administration calculates the average indexed monthly earnings during the 35 years in which the worker earned the most, **if a woman takes time out of the workforce or reduces work hours and receives lower pay, it affects her retirement benefits.** In addition, if she has fewer than 35 years of earnings, then years of zero earnings are included among the 35 averaged years, lowering the lifetime average. Decisions to leave the workforce or reduce hours—or the impact of becoming unemployed as a result of the recession—will not only affect Social Security but also the likelihood of women holding pensions or other employer-based retirement plans.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Shift to part-time employment

In addition to the impacts on those who leave the workforce entirely, those who reduce hours will also experience short- and long-term effects on their economic security. Part-time work, whether for economic or noneconomic reasons, tends not to offer the same wages and benefits as full-time work. In addition to working fewer paid hours in total, part-time jobs tend to pay lower hourly rates than comparable positions with full-time hours. Therefore, **part-time paychecks are smaller** both because there are fewer hours worked and because the part-time worker earns a lower hourly wage. Part-time workers are also **much less likely to have access to any form of paid leave**, with only 41 percent having access to paid sick leave and only 8 percent having access to paid family leave in 2019. And, of heightened importance during a public health emergency, part-time workers are **far less likely to have access to medical care benefits** through their job; only 22 percent did in 2019.

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on gender roles at home

Finally, while harder to quantify, if women move en masse from paid employment to providing unpaid labor within the home, there are potential negative impacts on family gender equality in ways that may not reflect parents' desires or preferences. Working mothers, particularly Black mothers, already spend significantly more time on unpaid household labor and child care when compared with fathers—even on days when they also work for pay. Leaving the workforce to care for children at home further entrenches the notion that mothers are the primary caregivers for their children, which can make it hard to move back to paid work in the future. And women who are in abusive relationships may stay longer because of a lack of personal savings. **The nature of the pandemic—in which more fathers are working from home—means it should be an opportunity to increase gender equality in caregiving and homemaking, but these dynamics may instead reverse the trend.**

<https://www.americanprogress.org/issues/women/reports/2020/10/30/492582/covid-19-sent-womens-workforce-progress-backward/>

Impact on food insecurity

- ▶ We found that 40.5% of those living in households earning less than \$75,000 and employed in February 2020 experienced unemployment during the COVID-19 pandemic. Of those who lost their jobs, 31% reported food insecurity and 33% reported eating less due to financial constraints. Food insecurity peaked in April 2020 and declined over time, but began to increase again among people receiving unemployment insurance during the final wave of the survey ahead of the federal supplement to unemployment insurance ending. Food insecurity and eating less were more common among people who were non-White, lived in lower-income households, younger, and who were sexual or gender minorities.
- ▶ <https://pubmed.ncbi.nlm.nih.gov/32766606/>

Impact on younger workers

- ▶ **Young workers' already-high unemployment rates have jumped much higher.** The overall unemployment rate for young workers ages 16–24 jumped from 8.4% to 24.4% from spring 2019 to spring 2020, while unemployment for their counterparts ages 25 and older rose from 2.8% to 11.3%. Spring 2020 unemployment rates were even higher for young Black, Hispanic, and Asian American/Pacific Islander (AAPI) workers (29.6%, 27.5%, and 29.7%, respectively).
- ▶ **Young workers are more likely to be in jobs impacted by COVID-19.** Younger workers have had disproportionate job loss, in part, because of their concentration in the industries and occupations that were hardest hit. About a quarter of young workers are employed in leisure and hospitality, where employment declined by 41% between February and May 2020.
- ▶ **The economic effects of the COVID-19 economy on young workers may persist for years.** Absent a much more effective policy response than was undertaken following the Great Recession, today's young workers may experience serious and long-term labor market repercussions.
- ▶ **Young workers have been excluded from certain COVID-19 assistance.** The CARES Act provided a vital safety net for many young workers, but others were left out. For example, those who were seeking but had not yet secured employment were not able to take advantage of the unemployment insurance expansions.
- ▶ **A return to a strong economy would disproportionately help young workers.** In particular, young workers would see faster wage growth than other workers.

Policy opportunities

- ▶ Perspectives from the UK: COVID-19 pandemic is having a dramatic economic impact in most countries. In the UK, it has led to sharp falls in labour demand in many sectors of the economy and to initial acute labour shortages in other sectors. Much more than in a typical downturn, the current crisis is not simply a general slowdown in economic activity but also **a radical short-term shift in the mix of economic activities - of which an unknown, but possibly significant, amount will be persistent**. The initial policy response has focused on cushioning the blow to families' finances and allowing the majority of workers and firms to resume their original activities once the crisis subsides. These are crucial priorities. But **there should also be a focus on reallocating some workers, either temporarily if working in shut-down sectors or permanently by facilitating transitions to sectors and jobs offering better prospects and facing labour shortages**. The phasing-out of the furlough subsidies, which is projected to happen in Autumn 2020, brings this into even sharper focus since the alternative for many workers will be unemployment. Active labour market policy will need to be front and centre.

<https://pubmed.ncbi.nlm.nih.gov/32836541/>

<https://www.urban.org/features/covid-19-policies-protect-people-and-communities#chapter-2>

Thank you!

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