

# QUARTERLY LABOR MARKET REPORT

May 2020 - COVID-19 Workforce Impacts



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## National Unemployment

For more than a decade following the Great Recession, the U.S. economy had the longest economic expansion on record. Those gains are now wiped out by the COVID-19 pandemic and all in a matter of months. Only 417,000 more individuals would have had to apply for Unemployment Insurance (UI) after mid-April to unravel the gains following the Great Recession. National UI claims far surpassed 417,000 by April 25, 2020, when more than 3.8 million claims were filed.

During the entire stretch of the Great Recession, 8.6 million jobs were lost compared to 20.5 million in April 2020 alone and more than 33 million jobs total since the pandemic began. Lastly, the unemployment (U.E.) rate reached 10 percent at the peak of the Great Recession, while the unemployment rate surpassed that number in April 2020 when it reached 14.7 percent. In March 2020, when the pandemic hadn't yet taken full effect on the economy, 701,000 jobs were lost and the U.E. rate was 4.4 percent, up from 3.5 percent in February 2020.

According to economists, capturing the U.E. rate during the pandemic is challenged by a possible undercount, as some individuals are still in process of filing UI claims and their eligibility status pends approval. Therefore, the month in which the unemployment occurred, may not be reliably reflected in the data. Additionally, there are those who are ineligible altogether.

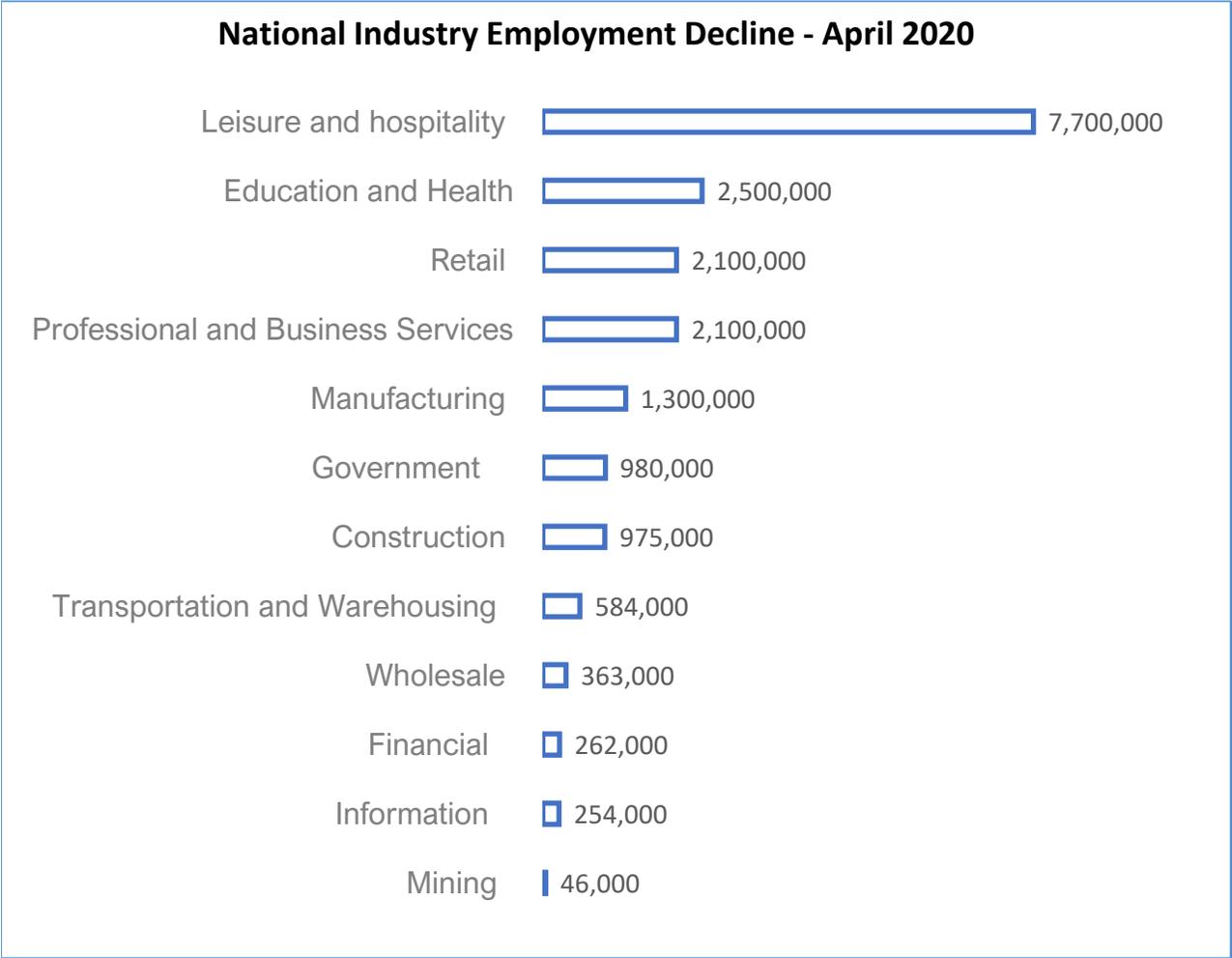
Other nuances are related to how the U.E. rate is calculated, as it only accounts for those who are working and those who are not working but are looking for employment. The U.E. rate doesn't factor in those who have stopped looking when it is assumed that the pandemic may have influenced job searching altogether.

In April 2020, the U.E. rate shot up to 14.7 percent with a staggering loss of 20.5 million jobs. 23.1 million individuals were unemployed and 18.1 million were temporarily laid off. According to the Bureau of Labor Statistics, April's unemployment rate and month-to-month increase represented the highest rate and largest month-to-month change since the data series began in January 1939.

### National Industry Employment Decline

In March 2020, Leisure and Hospitality (consisting of food and drinking places, arts, entertainment, recreation, and accommodation) had the most drastic declines in employment, losing 7.7 million jobs nationally. In the previous month, employment only declined by 459,000 jobs.

Education and health care/social assistance lost 2.5 million jobs, followed by retail and professional and business services, which lost more than 2 million jobs in March 2020. See bar graph below.

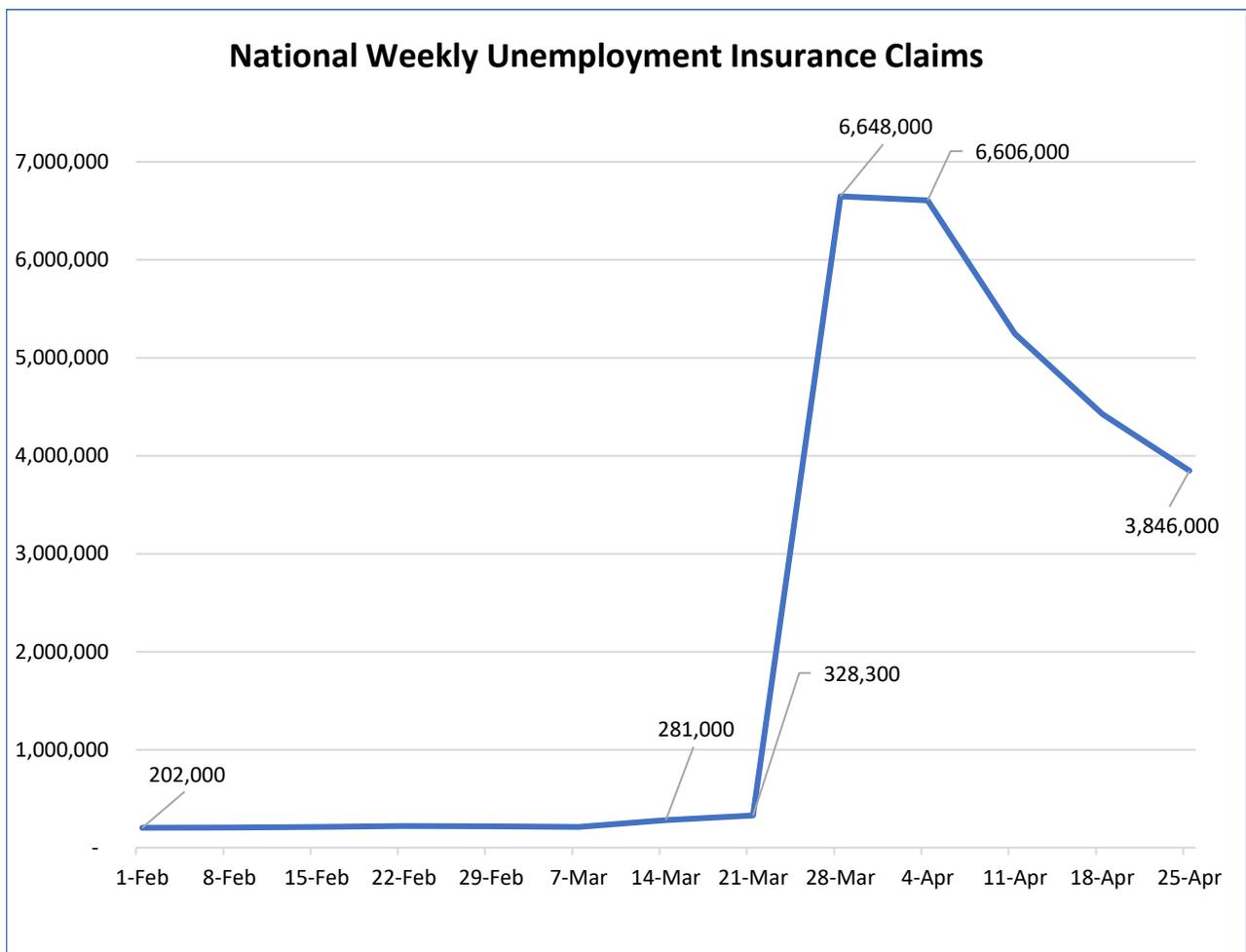


## National Weekly Unemployment Insurance Claims

Economists suggest that weekly UI Claims is a leading indicator during COVID-19 pandemic for reasons related to the pace at which the numbers are released that captures more accurately the rate of potential joblessness.

UI claims reached its peak at an astounding 6.64 million in the week ending March 28, 2020. UI Claims declined slightly in the week following, but only by 42,000 claims, keeping the number of claims above 6 million.

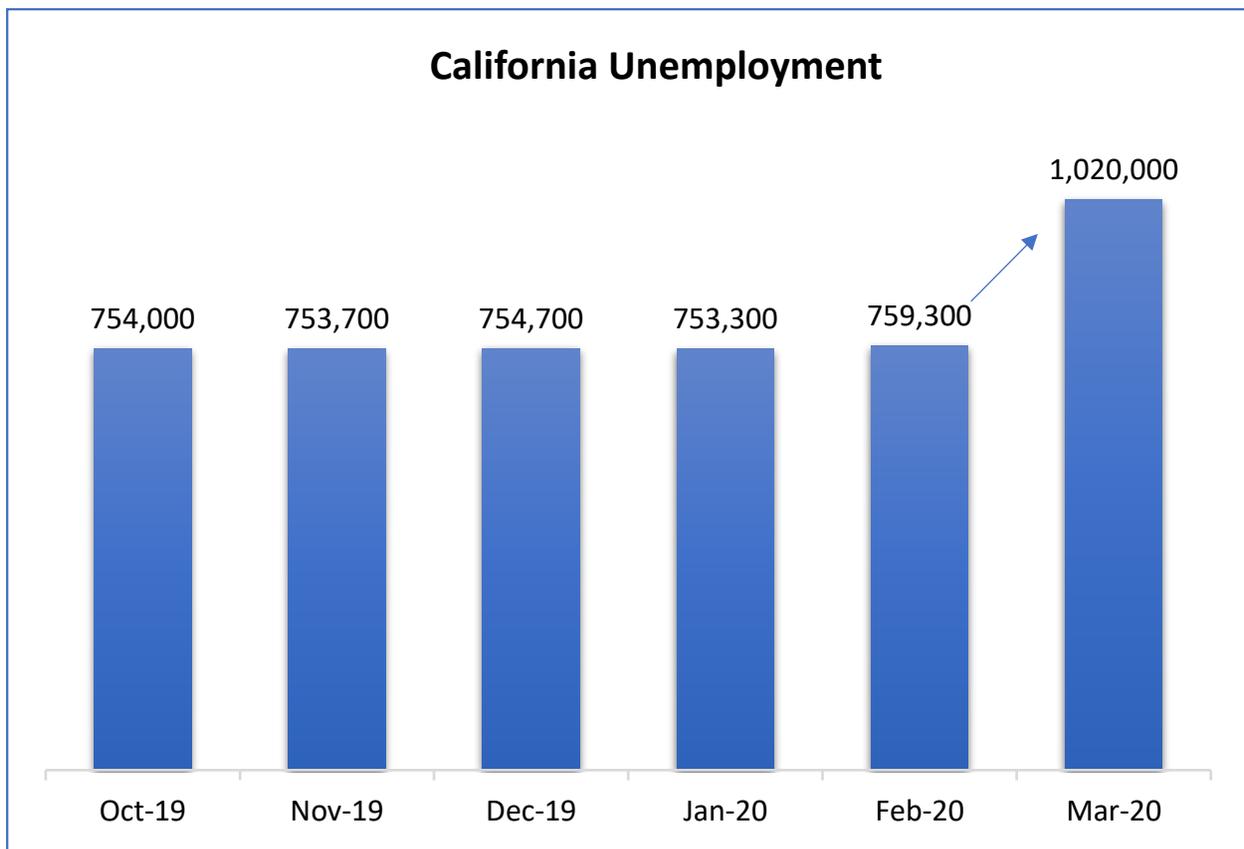
UI Claims have been on a stronger downward trend, coming down to 3.8 million by the end of April 2020. So far, the weeks ending March 28 and April 4 represent the height of UI Claims nationally.



## California Unemployment and UI Claims

The unemployment rate in California was 3.9 percent in February 2020 and 5.3 percent in March 2020. The rate for April will be released in late May, and since California's unemployment is historically higher than national unemployment, May's numbers are likely going to hover around 16 percent or more. From February to March, 260,700 more individuals were unemployed in the state. April's numbers may triple at the very least.

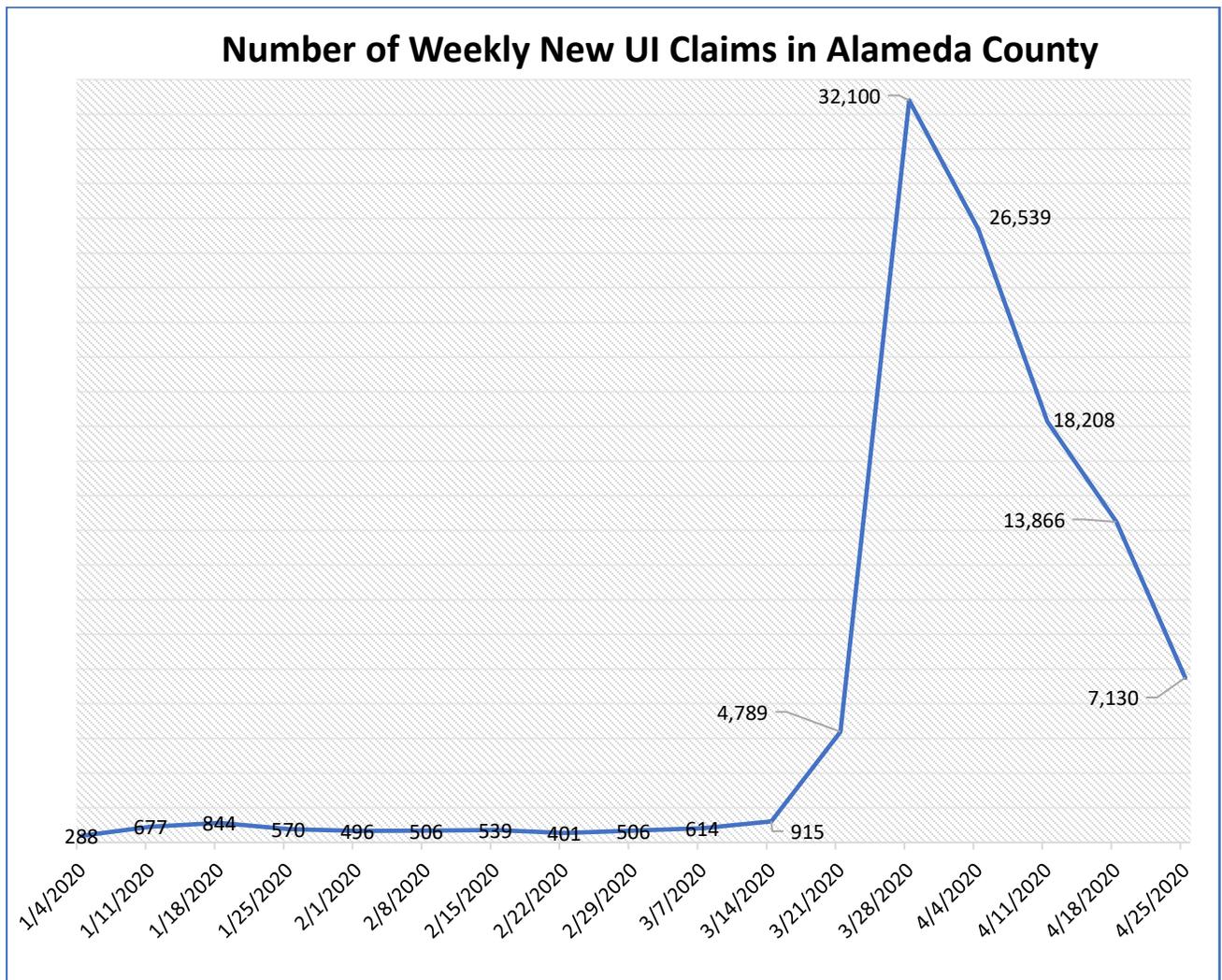
In March 2020, 1,654,010 initial unemployment insurance claims were filed, increasing the claims by 1,575,306 from the previous month. March 2020 represents the largest year-to-year change in UI Claims since the series started in 1978 and marks the month in which COVID-19 related impacts were represented. However, California's current U.E. rate doesn't fully reflect the flurry of UI Claims. The month of April should present a slightly more dismal picture.



## Alameda County Weekly Unemployment Claims

The six-county Bay Area and the City of Berkeley shelter in place order was effective March 17, 2020. For the weeks ending March 14 and March 21 there were approximately 5.2 times more UI claims from the previous week. Two weeks after the shelter in place order, the number of UI claims skyrocketed to 32,100, representing the peak of the UI claims, to date in Alameda County.

This pattern follows national and state trends. Since the peak of UI Claims reported as of March 28, 2020, UI claims have finally begun on a downward trajectory, though it is not yet certain if that pattern will hold.

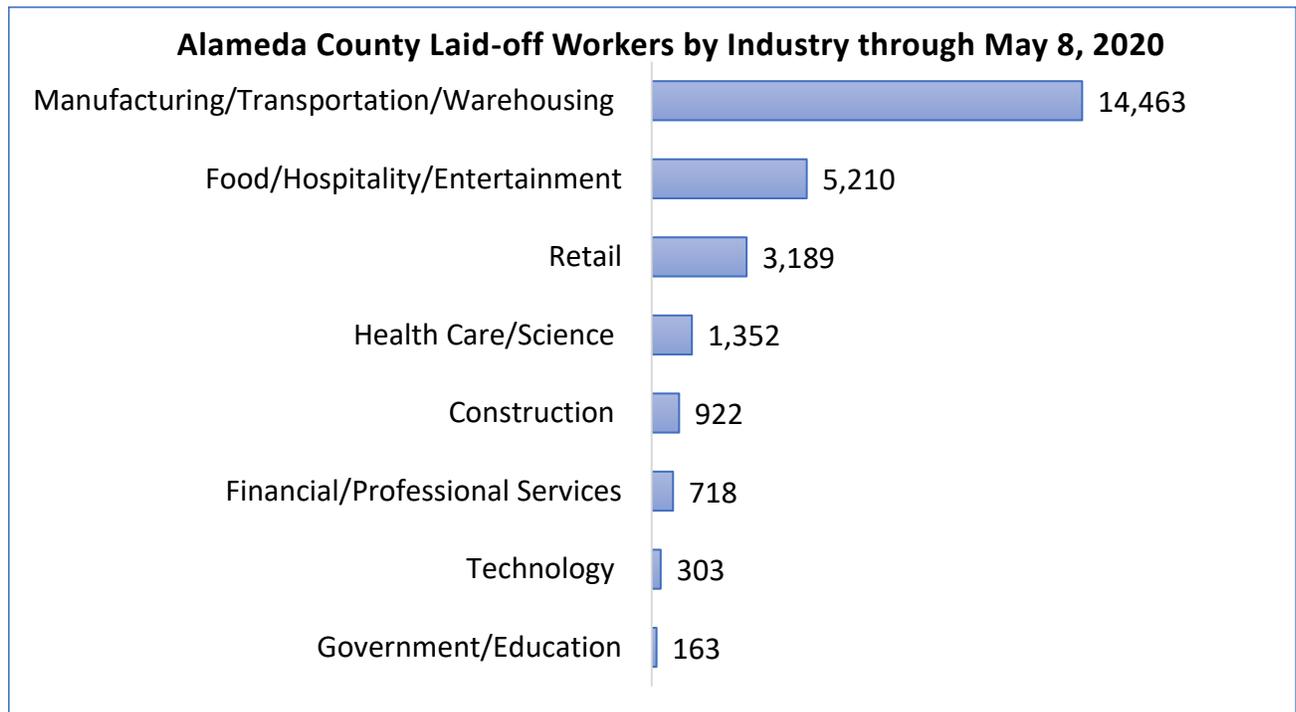


## Alameda County Worker Adjustment and Retraining Notifications

The Worker Adjustment and Retraining Notification (WARN) protects workers by requiring certain businesses to submit notification when planning to layoff, close, or downsize. Transmission of the WARN letters trigger assistance to both the employer and its workforce.

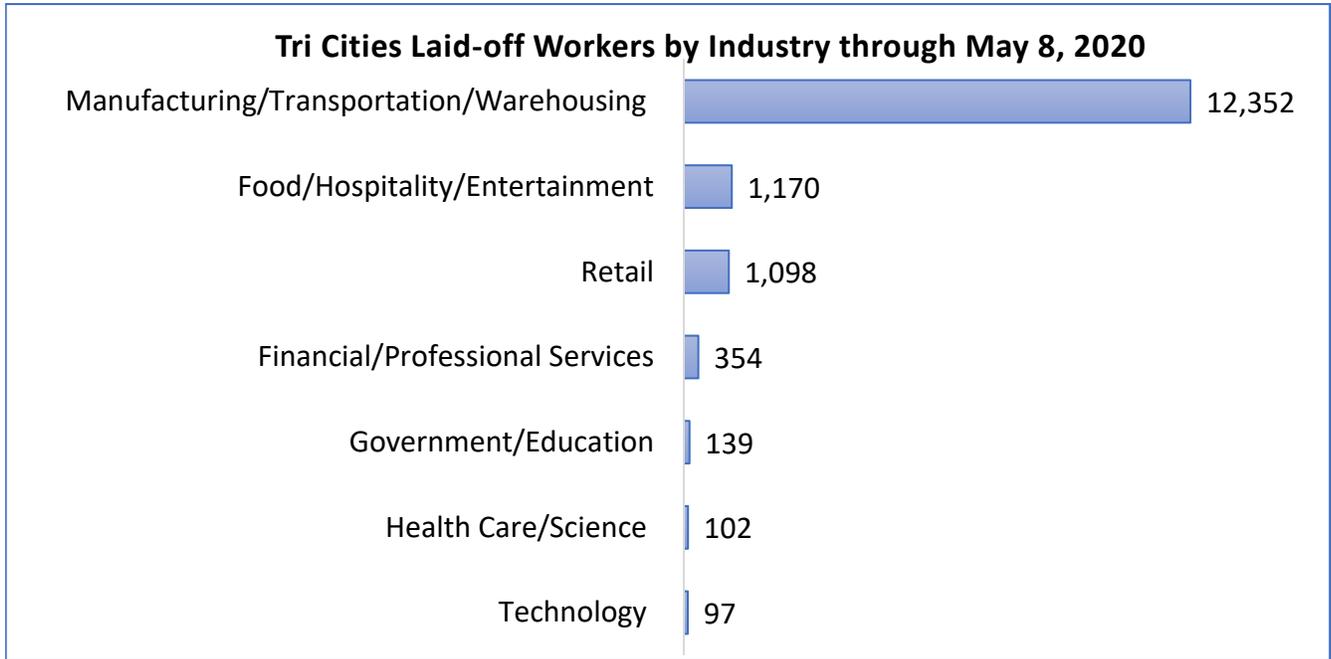
The Alameda County Workforce Development Board (ACWDB) employs a Rapid Response Coordinator to manage the WARN process, deliver onsite assistance to ensure business compliance, and coordinate necessary assistance for affected workers in collaboration with additional partners (Employment Development Department – Unemployment Insurance, Covered California, and Career Services Providers). Since the surge in WARNs due to COVID-19, additional ACWDB staff assist the Rapid Response Coordinator in managing the process. Services are now being delivered virtually.

ACWDB staff publishes and releases new data every Friday to reflect the weekly change in WARNs in ACWDB’s local area, numbers of affected workers, businesses, and cities where the layoffs/closures occur. There were 25,932 COVID-19-impacted workers and

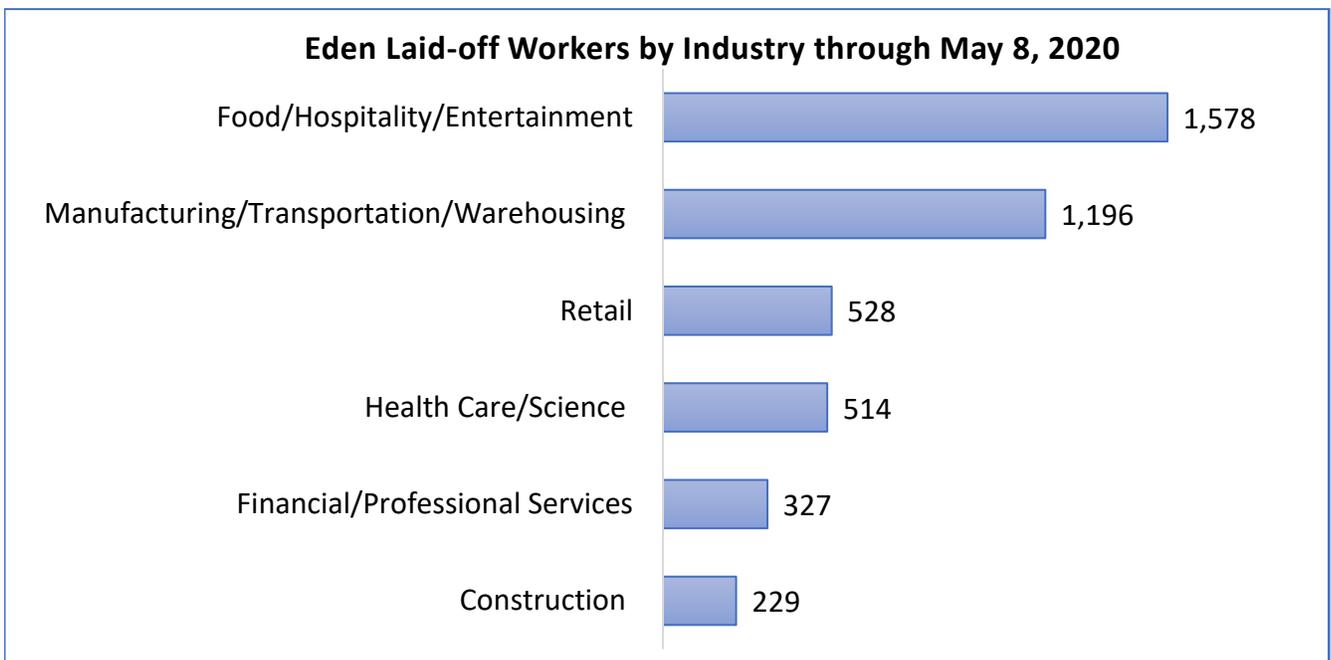


189 COVID-19-impacted businesses in ACWDB’s most recent WARN report as of May 8, 2020. In terms of impacted industries overall in ACWDB’s local area, Manufacturing, Transportation and Warehousing were most affected, which doesn’t follow national trends, where food, hospitality, and entertainment were largely impacted first. This is

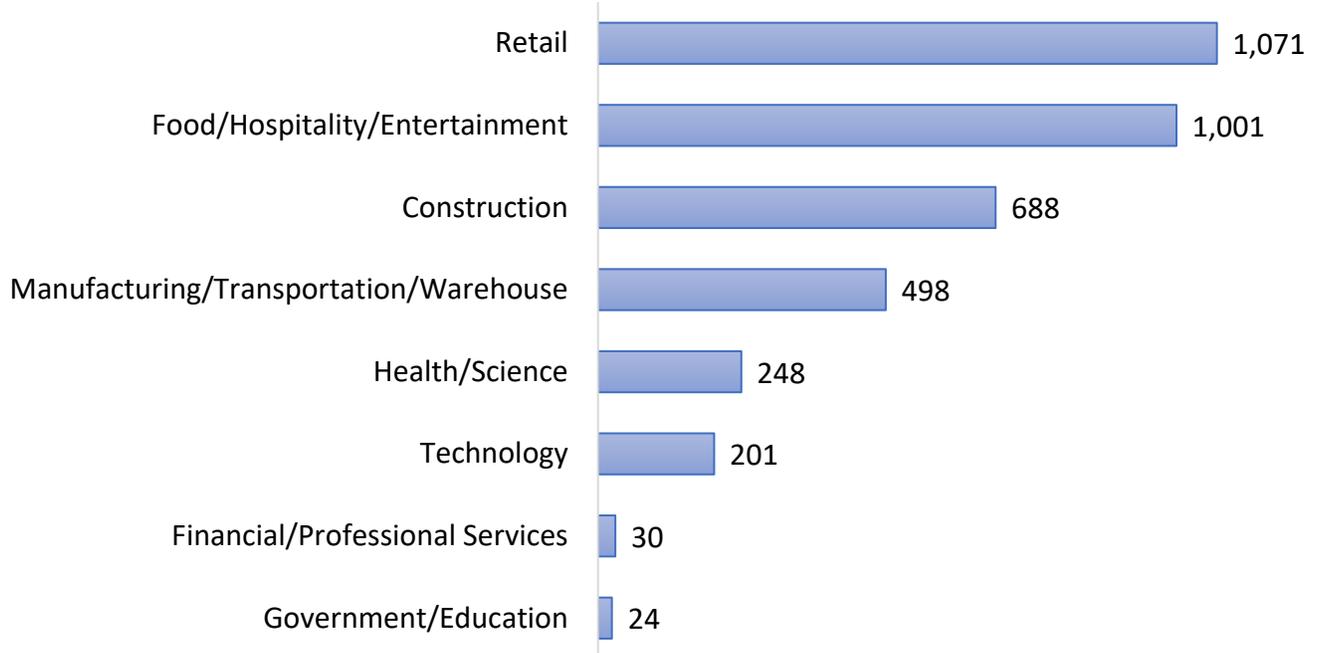
explained by the fact that the bulk share of layoffs in the manufacturing industry cluster was driven by the Tri Cities area, reflecting Tesla’s recent layoff of approximately 11,000 workers. See bar graph below.



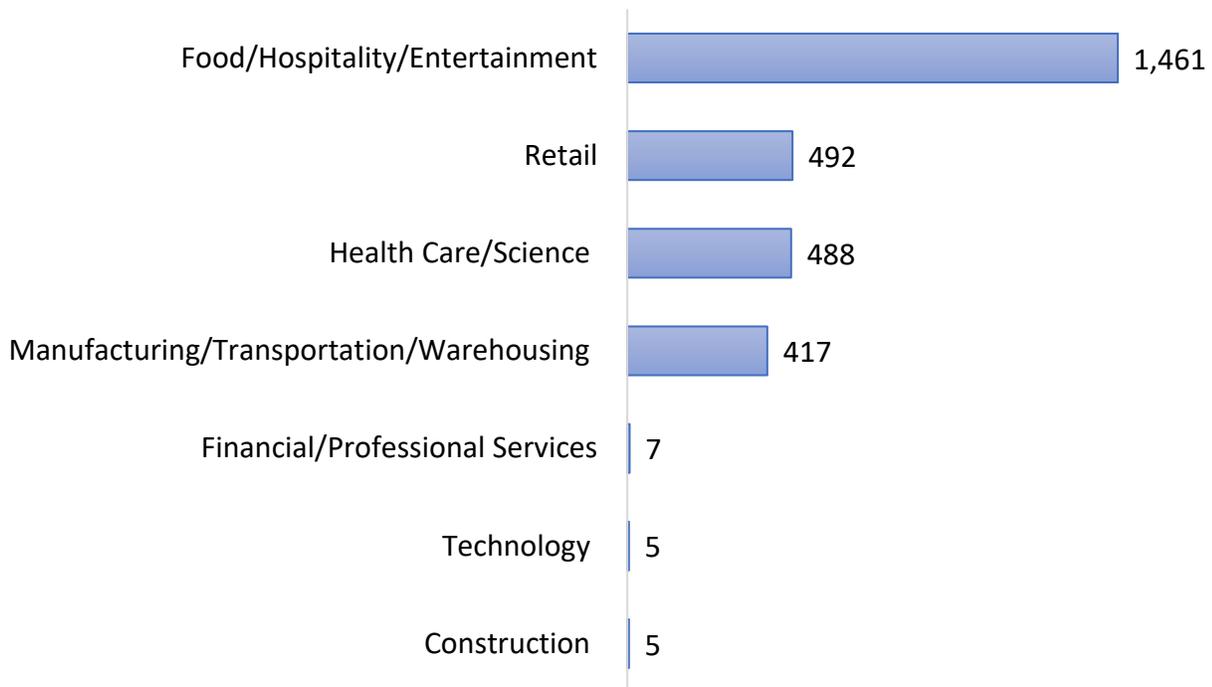
Other sub-regions in ACWDB’s local area followed the national trends, in terms of affected industries and workers, where food, hospitality, entertainment and retail industries led the pack. See bar graphs below.



### Tri Valley Laid-off Workers by Industry through May 8, 2020



### North Cities Laid-off Workers by Industry through May 8, 2020



## Data Sources

1. Forbes - <https://www.forbes.com/sites/sarahhansen/2020/05/08/heres-how-the-coronavirus-recession-compares-to-the-great-recession/#61177f3e57a7>
2. MSN Money - <https://www.msn.com/en-us/money/markets/the-us-has-lost-nearly-all-jobs-gained-since-the-great-recession/ar-BB12IRLa>
3. Bureau of Labor Statistics – Employment Situation Summary for April 2020 and March 2020 retrieved from: <https://www.bls.gov/news.release/pdf/empsit.pdf> and [https://www.bls.gov/news.release/archives/empsit\\_04032020.htm](https://www.bls.gov/news.release/archives/empsit_04032020.htm)
4. Department of Labor - <https://www.dol.gov/sites/dolgov/files/OPA/newsreleases/ui-claims/20200871.pdf>
5. Employment Development Department – Labor Market Information Division
6. Alameda County Workforce Development Board - [https://acwdb.org/department\\_reports.page](https://acwdb.org/department_reports.page)