

## The Conference Board Special Webcasts

The Impact of COVID-19 on US Workers and Households  
May 19, 2020



## Some of the special questions and issues we will be addressing today

- The **industries and occupations** that have been most impacted by COVID-19
- The characteristics of US workers that have suffered the most job losses, by **age, gender, race, average wage, and educational attainment**
- **Expected trends** in unemployment rates, wages, and labor force participation rates due to COVID-19
- The impact on **job satisfaction**
- The impact on income and **wage inequality and poverty rates**



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# Today's Presenters



**Gad Levanon, Ph.D.**  
Head,  
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***The Conference Board***



**Michael Horrigan**  
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# The Labor Market After COVID-19

# The impact of COVID-19 on the US economy

- **Deepest recession** since the Great Depression is expected
- The core of the outlook is the impact on consumption categories **affected by social distancing**
- Economic activity partly depends on what **governments** decide to shut down. But it also depends on **consumers' fear** to go out and spend
- Which industries would be most impacted? Depends on the **risk of being infected**. But also by how **discretionary** they are
- Many industries will **not fully recover** until full vaccination or treatment
- Second round effects will further impact industries, especially the **cyclical ones** like manufacturing and construction



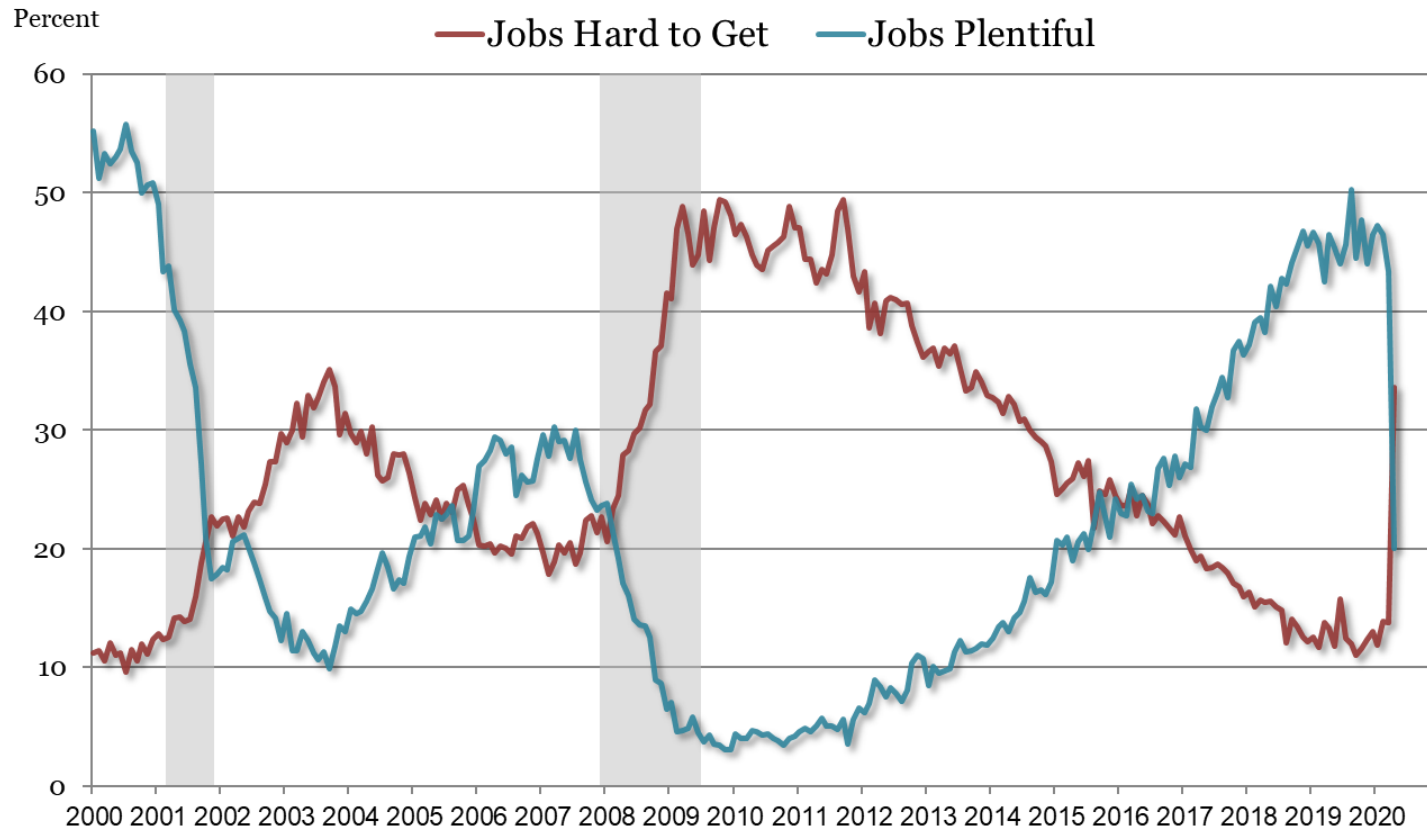
# Labor market implications

- The unemployment rate in the US could reach **20 percent in May** and remain in double digits for the rest of 2020
- The opposite of labor shortages. It will be **easy to recruit and retain.**
- **Wage growth** is likely to slow down, especially for less educated workers and primarily in manual services occupations
- **Labor force participation** will drop again
- **Job satisfaction** will decline
- **Wage inequality** is likely to rise again
- Employers less impacted by the crisis could use the weak labor market to **upskill** and **hire less expensive workers**
- Huge increase in **teleworking**. Some of it may be permanent



# Current job outlook is very pessimistic

## Present Situation: Employment



Sources: NBER; TNS; The Conference Board

For more information: <http://www.conference-board.org/data/consumerdata.cfm>

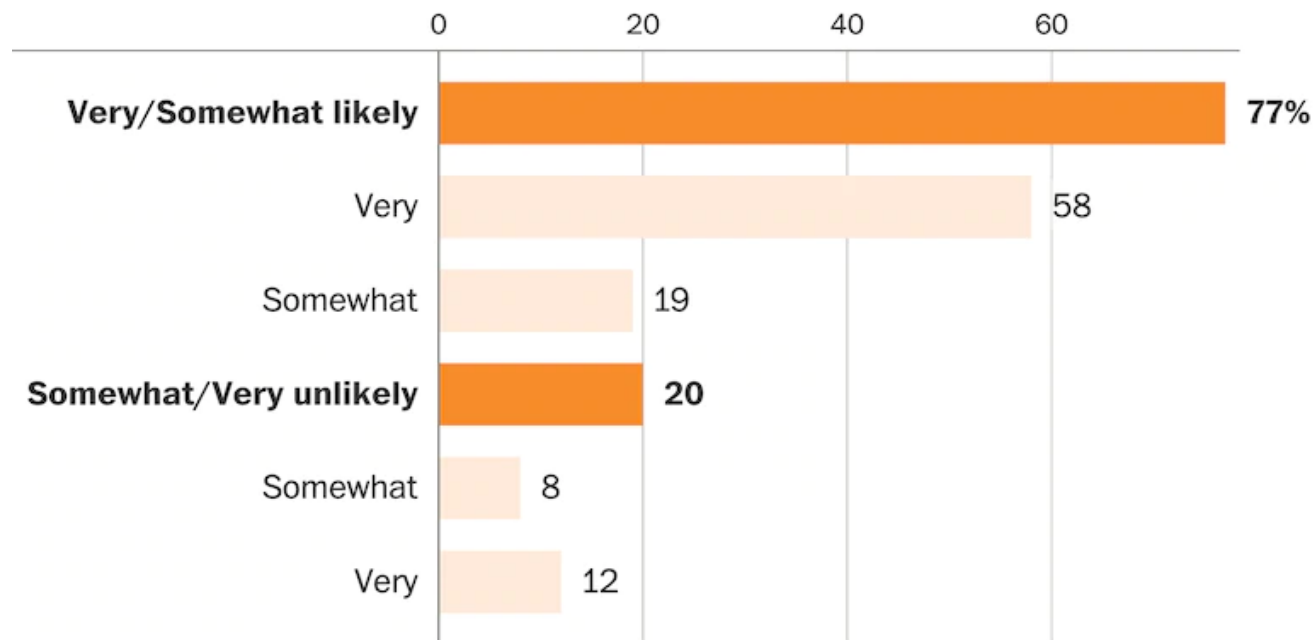




# Laid off workers are optimistic about returning to work, but some temporary layoffs may result in permanent job losses

## Almost 8 in 10 laid-off workers say it is likely they will be rehired by their former employer

Q: Just your best guess, how likely is it that you will be rehired by your most recent employer after stay-at-home orders are lifted? (Among laid-off Americans)



Note: "No opinion" not shown.

Source: April 27-May 4, 2020, Washington Post-Ipsos poll of 928 laid-off adult Americans with an error margin of +/- 3.5 percentage points.

Source: Heather Long and Emily Guskin, "[Over 33 million Americans lost their job during the pandemic. 77 percent believe they'll get it back, Post-Ipsos poll finds](#)," The Washington Post, May 7, 2020.



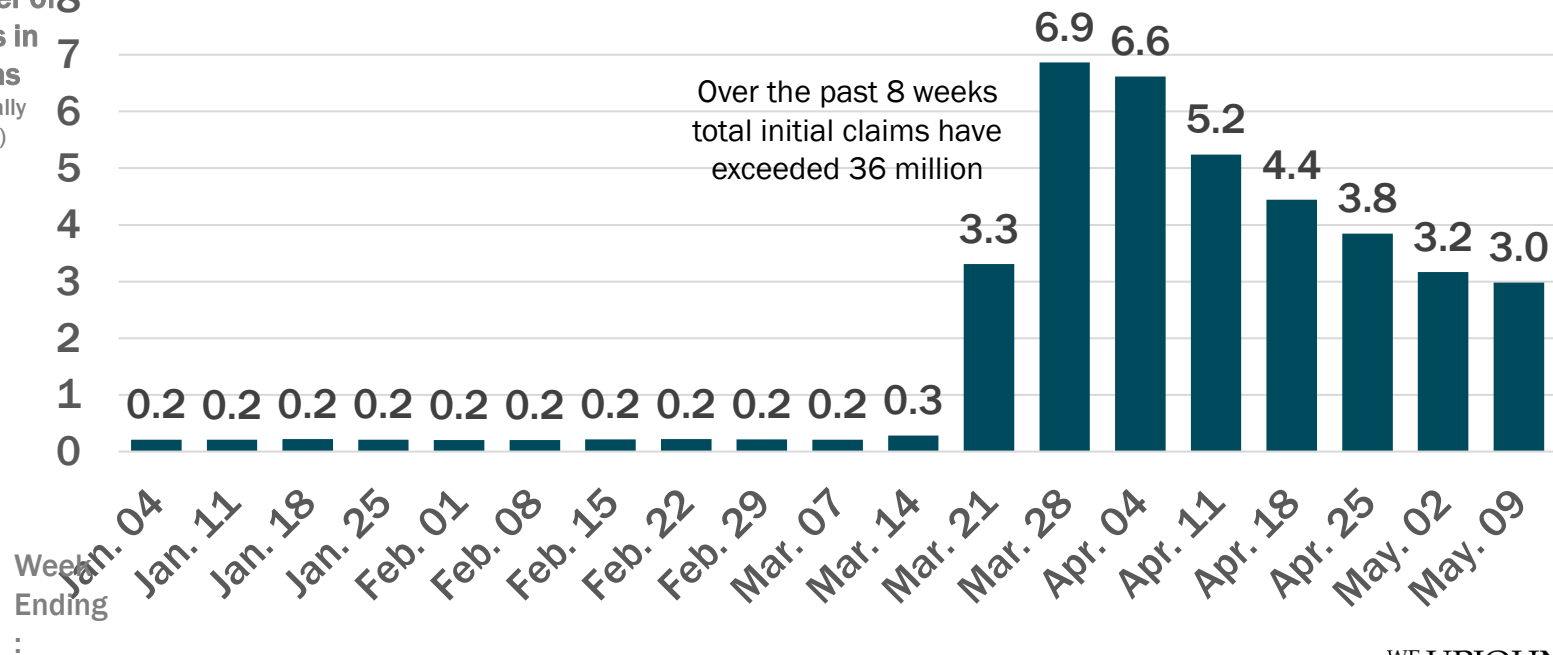
# Govt programs protect low-wage workers from financial and health risks, but will make recruiting during reopening difficult

- Direct stimulus payments to individuals
- Expansion of unemployment insurance (UI)
  - ✓ Provides an **extra \$600/week** on top of the state weekly benefit amount
  - ✓ **Extends benefits** for an extra 13 weeks, beyond the typical 26 weeks
  - ✓ **Extends eligibility** to independent contractors, gig workers, self-employed
  - ✓ But some workers still **unable to access UI**, and some that are eligible **have not applied**, due to cumbersome and overwhelmed online systems
  - ✓ Many low wage workers are **earning more on UI than while working**
- State “short-time compensation” (work-sharing) programs
  - ✓ Employers **cut the hours worked for employees** while workers receive unemployment benefits in proportion to the hours lost
- But Paycheck Protection Program (PPP) requirements to retain staff are incompatible with generous UI benefits
  - ✓ Loans are forgiven **if businesses avoid layoffs** for at least 8 weeks
  - ✓ If businesses **offer employees their jobs back**, they no longer qualify for UI
  - ✓ During reopening, **recruiting workers receiving UI will be difficult**



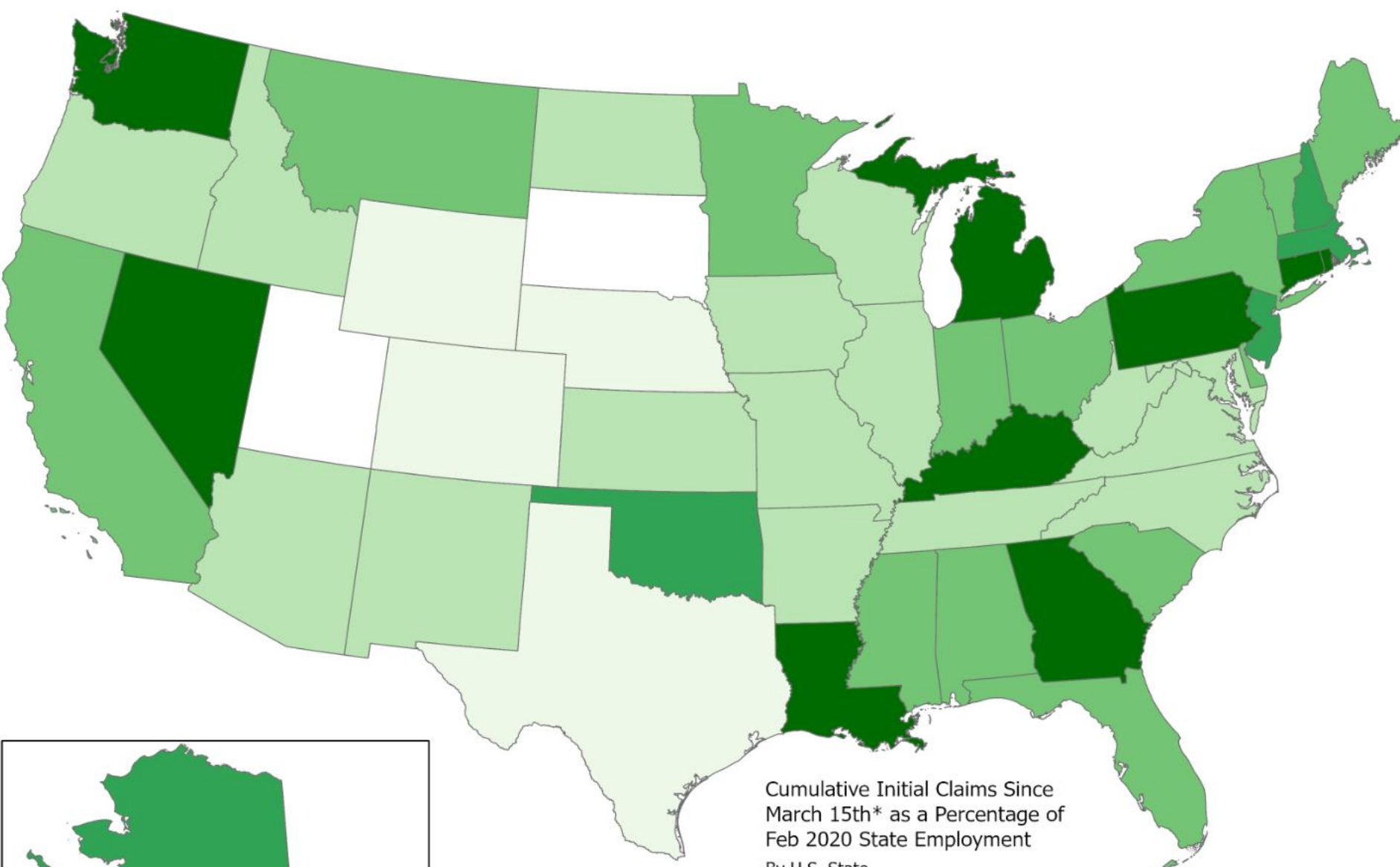
## Weekly initial claim filings for unemployment insurance are slowing, but remain at historically high levels

Number of  
Claims in  
millions  
(seasonally  
adjusted)



Source: Unemployment Insurance Weekly Claims Data, U.S. Department of Labor & Upjohn Institute

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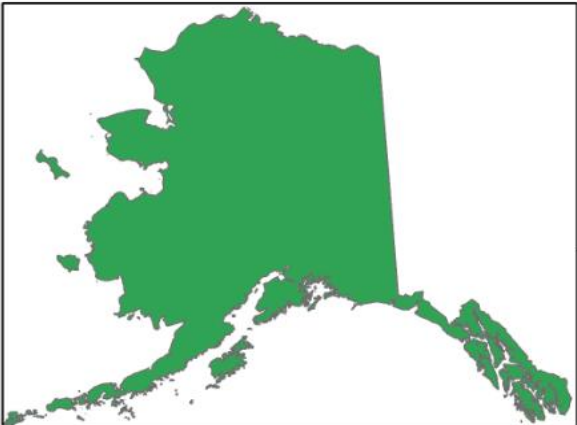
Cumulative Initial Claims Since March 15th\* as a Percentage of Feb 2020 State Employment

By U.S. State

- <10%
- 10 to 13.9%
- 14 to 17.9%
- 18 to 21.9%
- 22 to 25.9%
- 26 to 36.2%

\*Claims from March 15th to May 9th

Source: Bureau of Labor Statistics - LAUS Program, W.E. Upjohn Institute for Employment Research



## Over the month employment change by selected industry, seasonally adjusted, in thousands

Category	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020
Total nonfarm	214	230	-870	-20,500
Goods producing	13	56	-74	-2,355
Construction	38	46	-33	-975
Manufacturing	-22	8	-34	-1,330
Durable goods	-12	6	-20	-914
Motor vehicles and parts	-7.5	8.3	-3.2	-381.5
Nondurable goods	-10	2	-14	-416.0
Private service-providing	166	143	-768	-17,165
Retail trade	-3.2	3	-44.8	-2,106.9
Temporary help services	-3.9	-6.3	-57.9	-841.9
Health care			-38.5	-1,436.3
Leisure and hospitality	24	59	-499	-7,653
Food services and drinking places			-427.5	-5,491.3
Government	35	31	-28	-980

# The Most Impacted US Workers

# The less educated, women, minorities, and the young are most vulnerable to COVID-19 layoffs

Share of workers in jobs impacted by social distancing, by demographic group

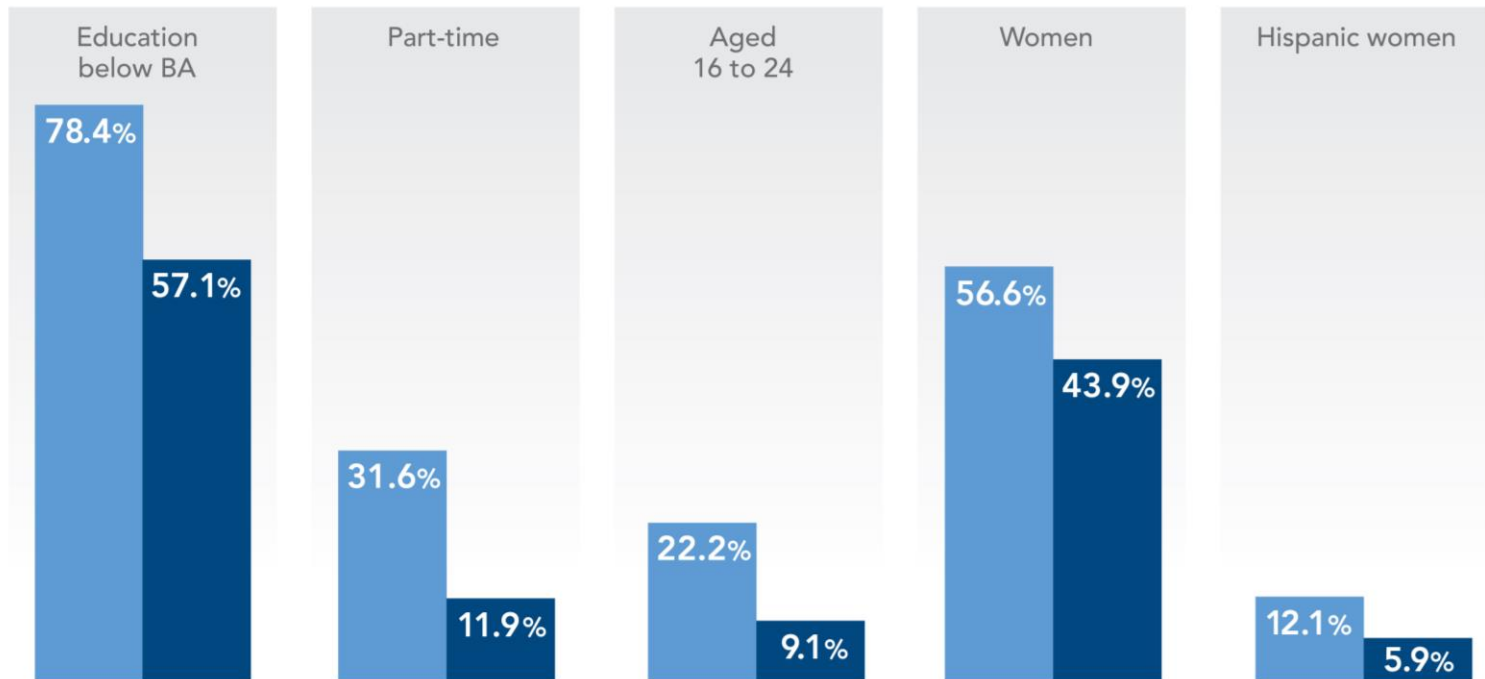
■ Jobs most impacted by COVID-19  
■ Other jobs

**39** million jobs

**118** million jobs

Occupations most impacted by social distancing and likely to see highest percentage of layoffs include entertainment, travel, lodging, food services, healthcare and personal care, retail sales, transportation, repair, and housekeeping.

PERCENT IN EMPLOYMENT OF ALL IMPACTED JOBS / OTHER JOBS



Employment shares are the average over the period 2017 to 2019

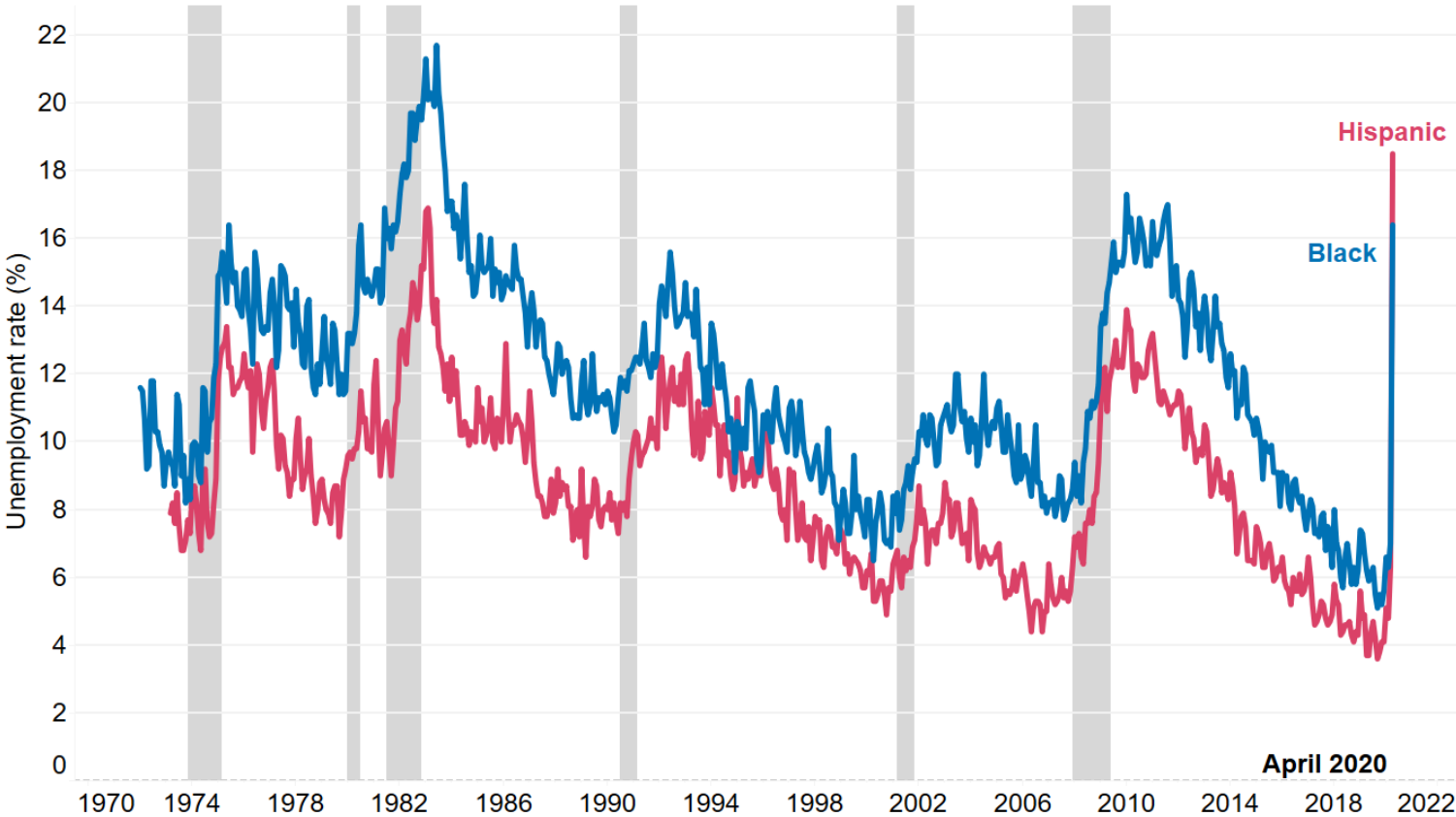
[www.conferenceboard.org](http://www.conferenceboard.org)

Sources: ©2020 The Conference Board, Inc.; IPUMS-CPS, University of Minnesota



# Stronger surge in unemployment rates for minorities

Unemployment rates for minorities (not seasonally adjusted)



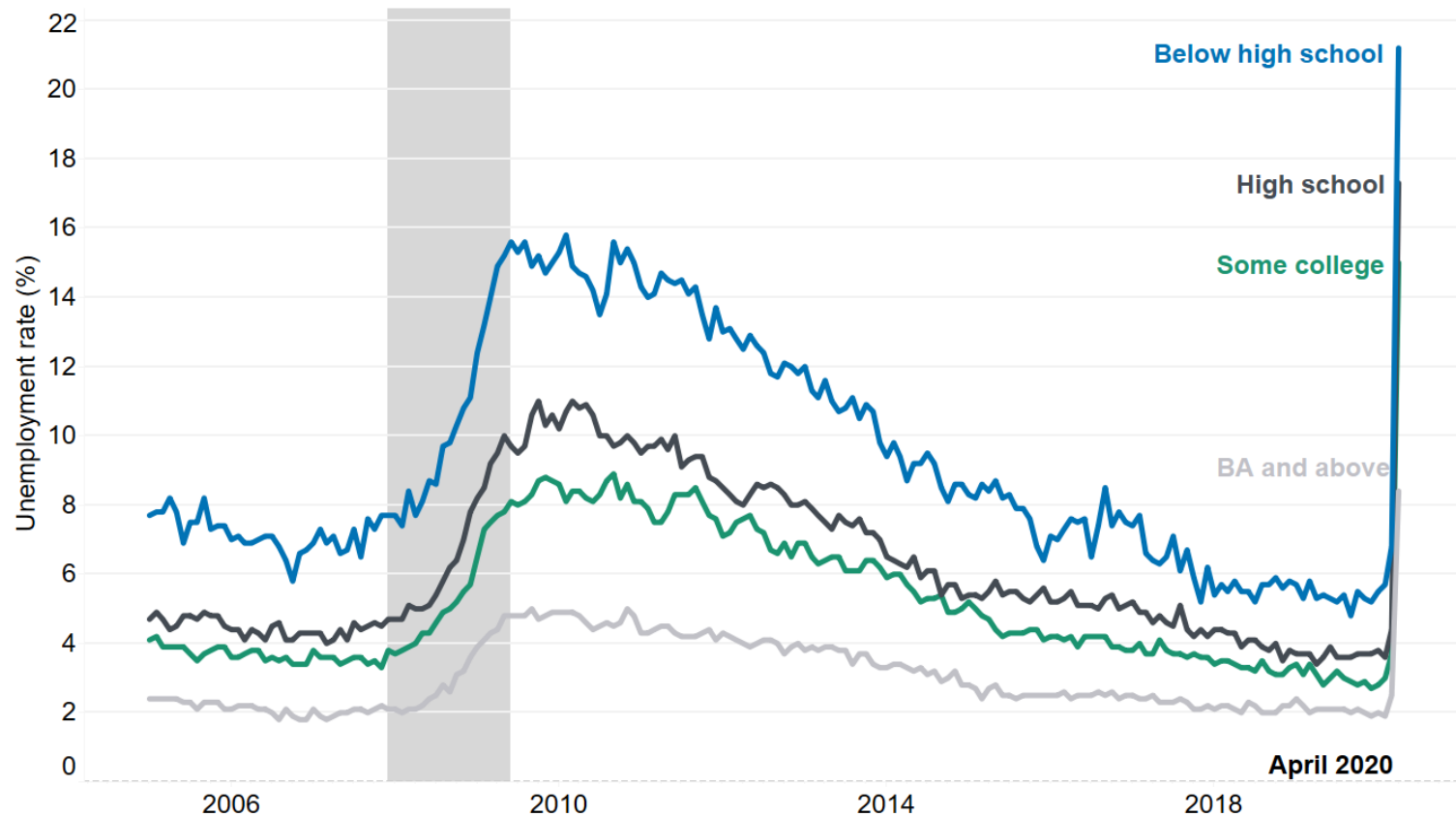
Source: US Bureau of Labor Statistics





# Stronger surge in unemployment rates for those with lower educational attainment

Unemployment rates by education (not seasonally adjusted)

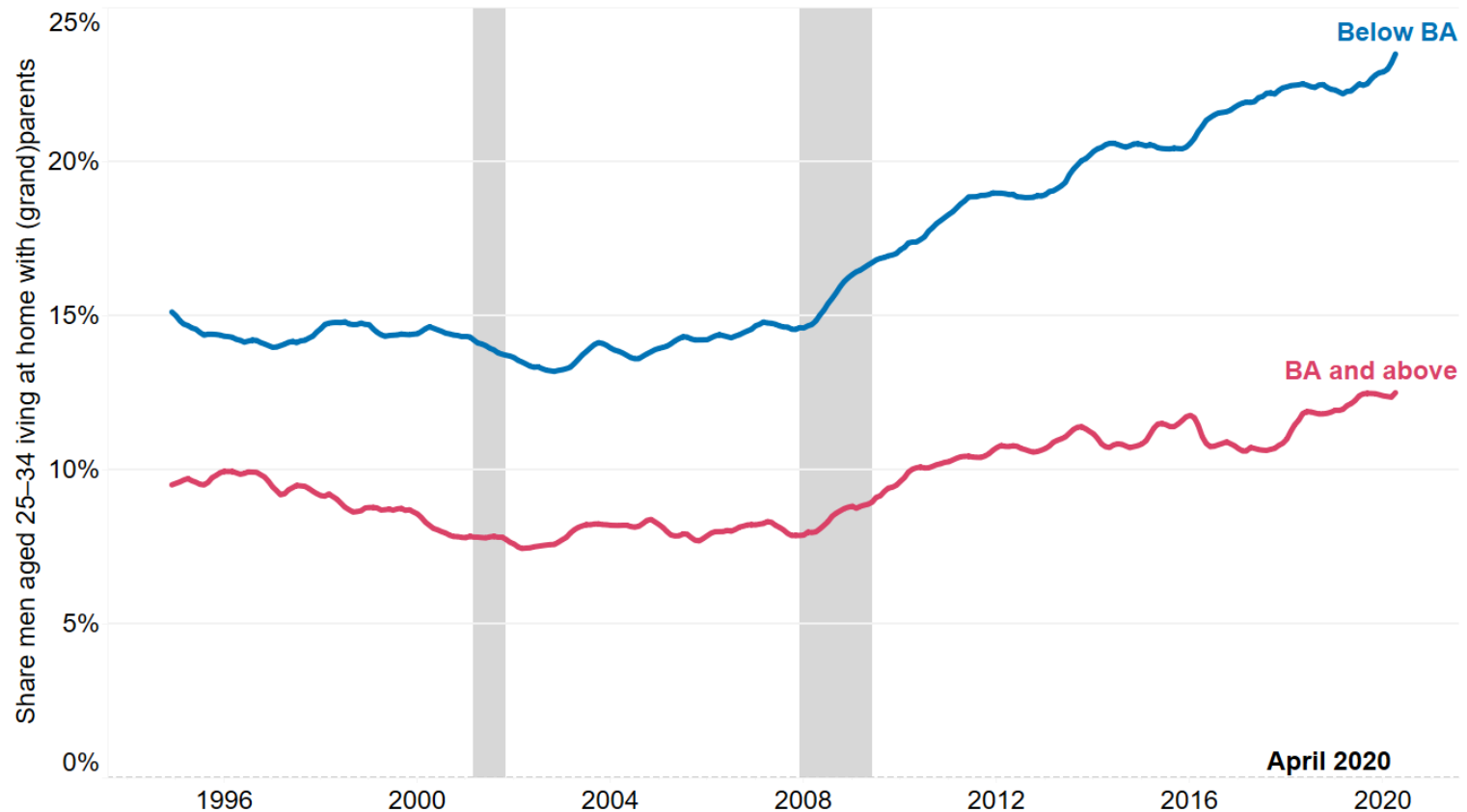


Source: US Bureau of Labor Statistics



# COVID-19 recession will strengthen a rising trend of young men without a BA living at home with their parents

Share of men aged 25 to 34 living at home with parents or grandparents, by education, 12-month moving average

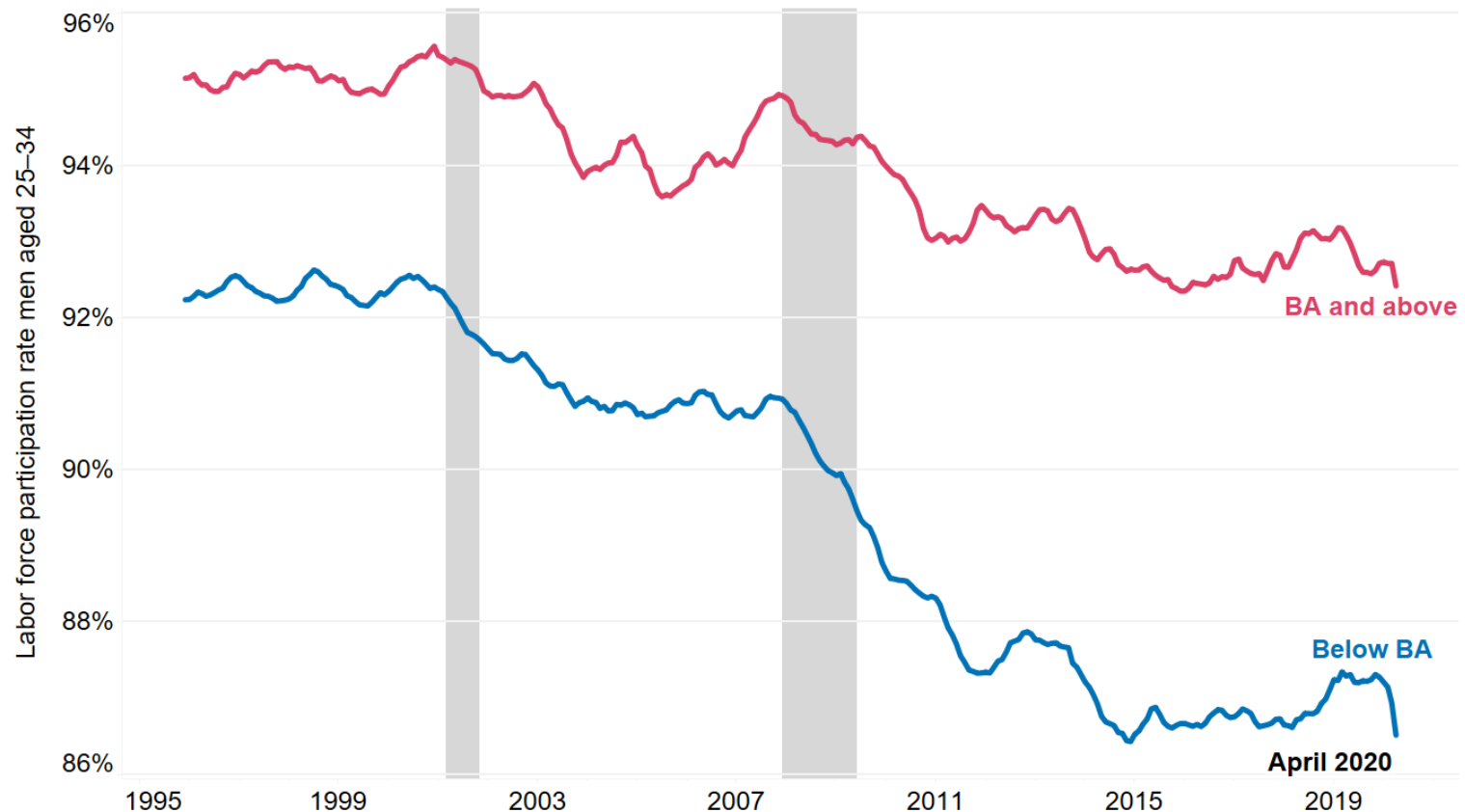


Source: The Conference Board using microdata from the Current Population Survey.



# And therefore will participate even less in the labor market than before the crisis

Labor force participation rates for men aged 25 to 34, 12-month moving average



Source: The Conference Board using microdata from the Current Population Survey.



# **Typical level of education to enter occupations**

**Analysis of initial claims in Minnesota, March 15<sup>th</sup> – May 9<sup>th</sup>**

## Initial claims for unemployment insurance in Minnesota, selected occupations, March 15<sup>th</sup> - May 9<sup>th</sup>

Occupation	UI Claims	Share of total	Occ Emp	Claims / Occ	Occ / Total Emp
Food Preparation and Serving Related	99,381	17.3%	244,300	40.7%	8.5%
Sales and Related	67,790	11.8%	277,000	24.5%	9.6%
Office and Administrative Support	49,042	8.5%	363,800	13.5%	12.6%
Production	43,647	7.6%	212,650	20.5%	7.4%
Healthcare Practitioners and Technical	39,518	6.9%	190,800	20.7%	6.6%
Construction Extraction	36,870	6.4%	104,900	35.1%	3.6%
Healthcare Support	33,197	5.8%	163,160	20.3%	5.7%
Personal Care and Service	31,146	5.4%	70,290	44.3%	2.4%
Transportation and Material Moving	30,462	5.3%	216,890	14.1%	7.5%
Management	30,366	5.3%	170,650	17.8%	5.9%

Source: Minnesota Unemployment Insurance Agency, Bureau of Labor Statistics, Upjohn Institute

SOC code	2-digit Major Occupational Title	% of employment in occupations typically requiring the following educational levels for entry	
		Post-secondary non-degree award, Associate degree or Bachelor degree or higher	Some college, no degree, high graduate or no formal educational requirement
11-0000	Management Occupations	91.9%	8.1%
13-0000	Business and Financial Operations Occupations	95.7%	4.3%
15-0000	Computer and Mathematical Occupations	85.8%	14.2%
17-0000	Architecture and Engineering Occupations	98.0%	2.0%
19-0000	Life, Physical, and Social Science Occupations	98.4%	1.6%
21-0000	Community and Social Service Occupations	79.4%	20.6%
23-0000	Legal Occupations	95.4%	4.6%
25-0000	Educational Instruction and Library Occupations	82.0%	18.0%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	77.7%	22.3%
29-0000	Healthcare Practitioners and Technical Occupations	94.3%	5.7%
31-0000	Healthcare Support Occupations	44.7%	55.3%
33-0000	Protective Service Occupations	11.9%	88.1%
35-0000	Food Preparation and Serving Related Occupations	0.0%	100.0%
37-0000	Building and Grounds Cleaning and Maintenance Occupations	0.0%	100.0%
39-0000	Personal Care and Service Occupations	18.4%	81.6%
41-0000	Sales and Related Occupations	5.6%	94.4%
43-0000	Office and Administrative Support Occupations	0.7%	99.3%
45-0000	Farming, Fishing, and Forestry Occupations	1.2%	98.8%
47-0000	Construction and Extraction Occupations	0.0%	100.0%
49-0000	Installation, Maintenance, and Repair Occupations	26.7%	73.3%
51-0000	Production Occupations	1.5%	98.5%
53-0000	Transportation and Material Moving Occupations	16.0%	84.0%
	All occupations	35.0%	65.0%

SOC code	2-digit Major Occupational Title	Post-secondary non-degree award, Associate degree or Bachelor degree or higher required for entry into the major occupational group		Some college, no degree, high graduate or no formal educational required for entry into the major occupational group		Mixture of all educational groups required for entry into the major occupational group	
		May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th
11-0000	Management Occupations	170,650	30,366				
13-0000	Business and Financial Operations Occupations	171,550	11,052				
15-0000	Computer and Mathematical Occupations	97,960	7,378				
17-0000	Architecture and Engineering Occupations	55,520	6,467				
19-0000	Life, Physical, and Social Science Occupations	27,070	1,175				
21-0000	Community and Social Service Occupations	57,200	5,550				
23-0000	Legal Occupations	20,050	1,695				
25-0000	Educational Instruction and Library Occupations	165,310	21,341				
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	38,540	18,334				
29-0000	Healthcare Practitioners and Technical Occupations	190,800	39,518				
31-0000	Healthcare Support Occupations					163,160	33,197
33-0000	Protective Service Occupations			45,030	3,425		
35-0000	Food Preparation and Serving Related Occupations			244,300	99,381		
37-0000	Building and Grounds Cleaning and Maintenance Occupations			83,860	15,534		
39-0000	Personal Care and Service Occupations			70,290	31,146		
41-0000	Sales and Related Occupations			277,000	67,790		
43-0000	Office and Administrative Support Occupations			363,800	49,042		
45-0000	Farming, Fishing, and Forestry Occupations			4,060	2,460		
47-0000	Construction and Extraction Occupations			104,900	36,870		
49-0000	Installation, Maintenance, and Repair Occupations			100,060	19,792		
51-0000	Production Occupations			212,650	43,647		
53-0000	Transportation and Material Moving Occupations			216,890	30,642		
<b>Total</b>		<b>994,650</b>	<b>142,876</b>	<b>1,722,840</b>	<b>399,729</b>	<b>163,160</b>	<b>33,197</b>
<b>Percent of grand total</b>		<b>34.5%</b>	<b>24.8%</b>	<b>59.8%</b>	<b>69.4%</b>	<b>5.7%</b>	<b>5.8%</b>

Educational categories required for entry into the major occupational group	Level		Percent of total	
	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th
Post-secondary non-degree award, Associate degree or Bachelor degree or higher	994,650	142,876	34.5%	24.8%
Some college, no degree, high graduate or no formal educational	1,722,840	399,729	59.8%	69.4%
Mixture of all educational groups required for entry into the major occupational group	163,160	33,197	5.7%	5.8%

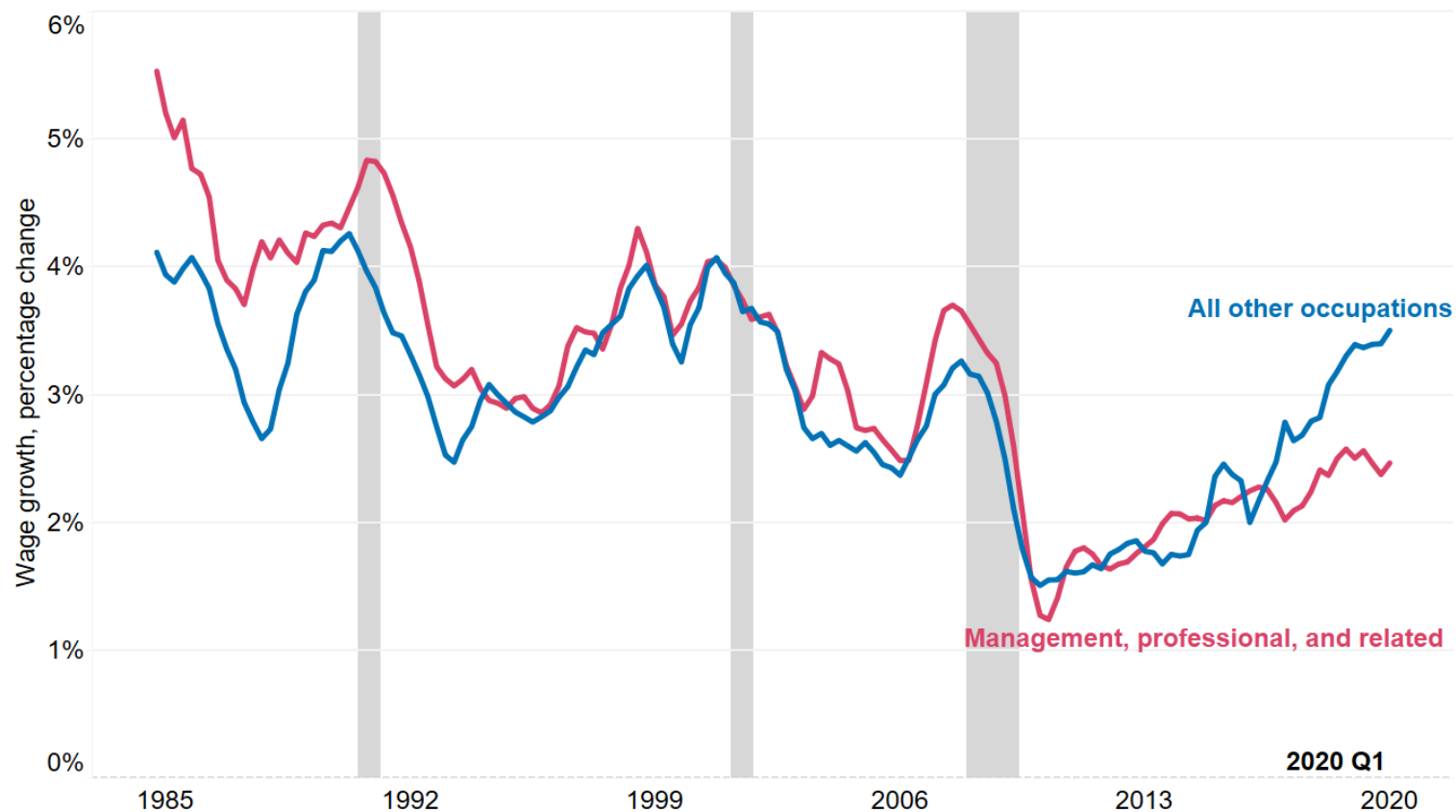




# Impact on Worker Wages

# Before COVID, the wage gap between blue- and white-collar workers was shrinking, now that gap will widen

Employment Cost Index (salaries and wages), percentage change of the last 4 quarters over the preceding 4 quarters, by large occupation group

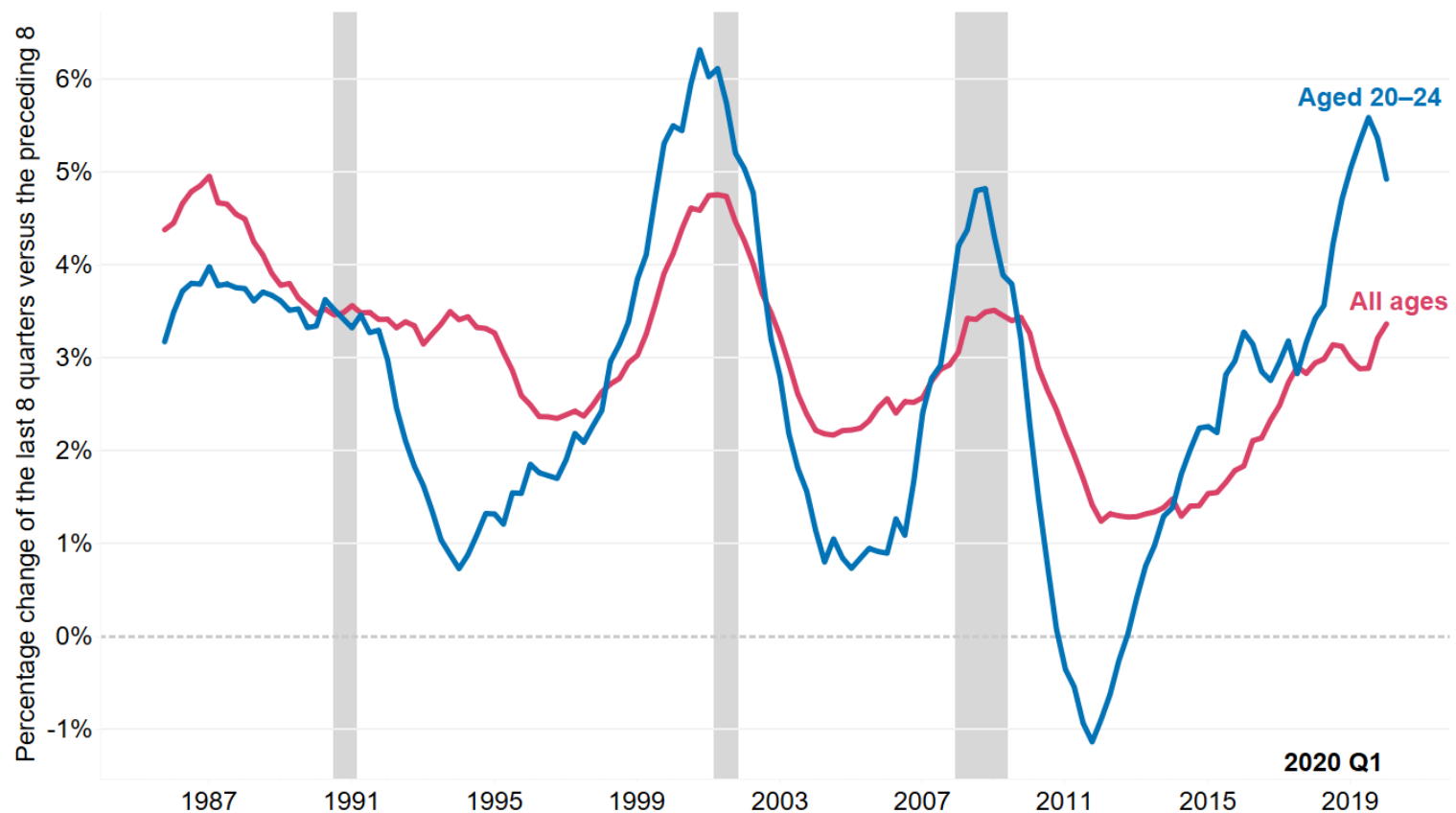


Source: US Bureau of Labor Statistics; The Conference Board



# Wages for new hires were accelerating rapidly pre-COVID, but entry level wages will now slow significantly

Wages for workers aged 20-24 and 16 and above (all ages), last 8 quarters versus the 8 preceding quarters, annualized percentage change



Sources: US Bureau of Economic Analysis and The Conference Board



# **Impact of providing a Federal weekly UI benefit of \$600 in addition to state benefits**

## **CASE STUDY: MICHIGAN USING MAY 2019 OES DATA**

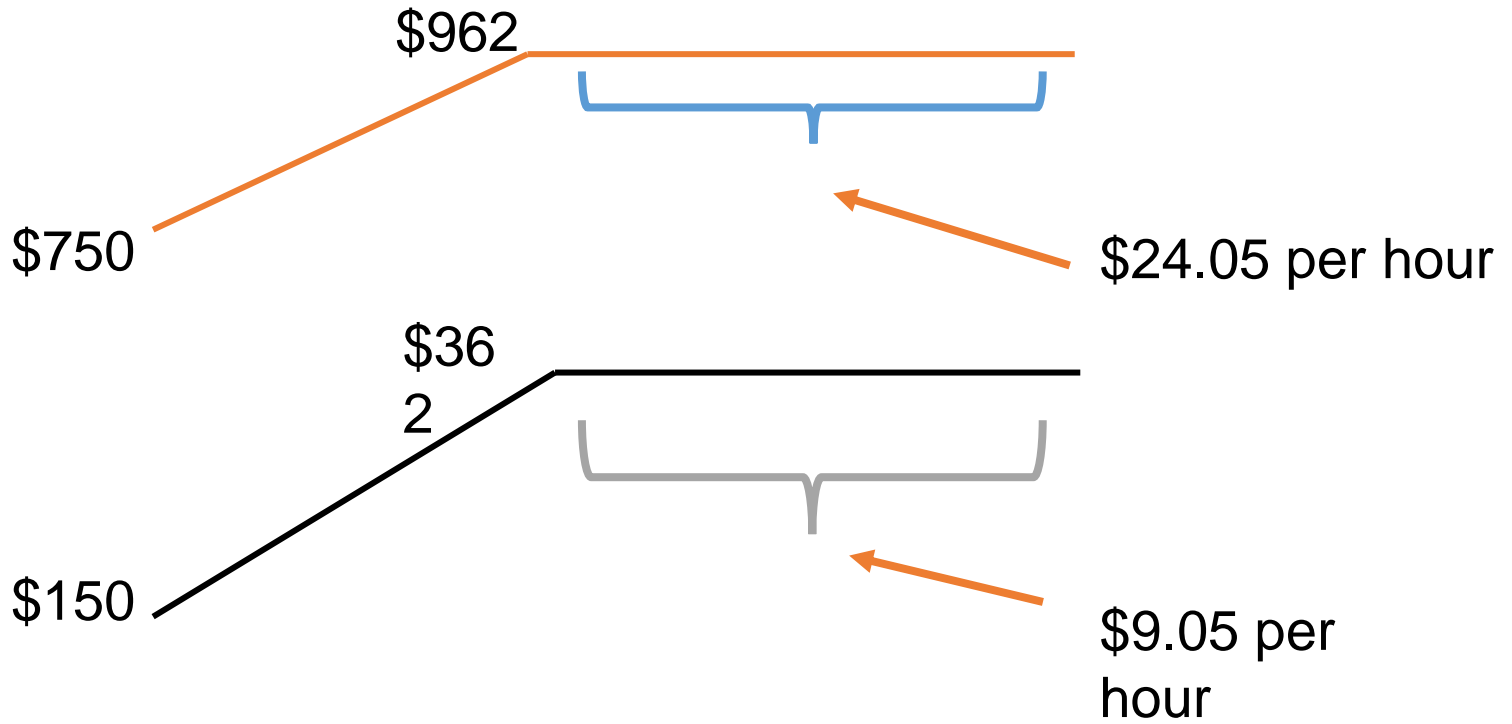
# Case study: Michigan

- Minimum earning threshold to qualify for UI in Michigan
  - Earnings of at least \$3,667 in the highest quarter
  - Translates to \$7.05 per hour assuming 40 hours per week and 13 weeks in a quarter
  - Other three quarters combined must have earnings at least 0.5 times the highest quarterly amount OR
  - Earnings in the base period (4 quarters) of at least  $20 * \text{Average Weekly Wage} = 20 * \$1038.67 = \$20,773.40$
  - Translates to \$9.98 per hour assuming 40 hours per week and 52 weeks in the base period

# Case study: Michigan

- Weekly benefit amount
  - 4.1% \* Highest Quarterly Earnings
  - Using the \$3,667 minimum in a quarter, you get
    - $4.1\% * \$3,667 = \$150.34$
  - Minimum – Maximum Range of weekly benefits
    - \$150 - \$362

# UI Earnings threshold pre and post \$600/week



## Number and percent of employees earning below and above \$24.05 per week in occupations typically requiring an Associate degree or higher for entry

Occupation Title	Total	< \$24.05/hr	>= \$24.05/hr	< \$24.05/hr	>=\$24.05/hr
Management Occupations	211,170	21,238	189,932	10.0%	89.9%
Business and Financial Operations	222,190	54,283	167,907	24.4%	75.6%
Computer and Mathematical	111,930	21,510	90,420	19.2%	80.8%
Architectural and Engineering	139,900	15,640	124,640	11.2%	88.8%
Life, Physical and Social Science	31,540	11,057	20,483	35.1%	64.9%
Community and Social Service	62,870	35,220	27,650	56.0%	44.0%
Legal Occupations	25,940	6,464	19,476	24.9%	75.1%
Educational Instructional and Library	225,130	117,859	107,271	52.4%	47.6%
Arts, Design, Entertainment, Sports and Media	54,050	29,673	24,377	54.9%	45.1%
Healthcare Practitioners and Technicians	279,500	67,493	212,007	24.1%	75.9%
Total	1,364,220	380,436	983,784	27.9%	72.1%



## Number and percent of employees earning below and above \$24.05 per week in occupations typically requiring less some college, no degree, high school or less for entry

Occupation Title	Total	< \$24.05/hr	>= \$24.05/hr	< \$24.05/hr	>=\$24.05/hr
Healthcare Support	180,500	180,500	0	100.0%	0.0%
Protective Service	77,640	48,395	29,245	62.3%	37.7%
Food Preparation and Serving	393,970	393,970	0	100.0%	0.0%
Building and Grounds Cleaning	126,870	126,870	0	100.0%	0.0%
Personal Care and Service	90,161	84,814	5,346	94.1%	5.9%
Sales and Related	409,870	311,945	97,925	76.1%	23.9%
Office and Administrative	543,970	423,526	120,444	77.9%	22.1%
Farming, Fishing and Forestry	5,180	4,607	573	88.9%	11.1%
Construction and Extraction	147,200	74,694	72,506	50.7%	49.3%
Installation, Maintenance and Repair	172,470	97,793	74,677	56.7%	43.3%
Production	476,190	357,143	119,048	75.0%	25.0%
Transportation and Material Moving	356,000	295,313	60,687	83.0%	17.0%
Total	2,980,020	2,399,570	580,450	80.5%	19.5%

# Earnings on prior job compared to UI earnings, May 2019 OES data for Michigan

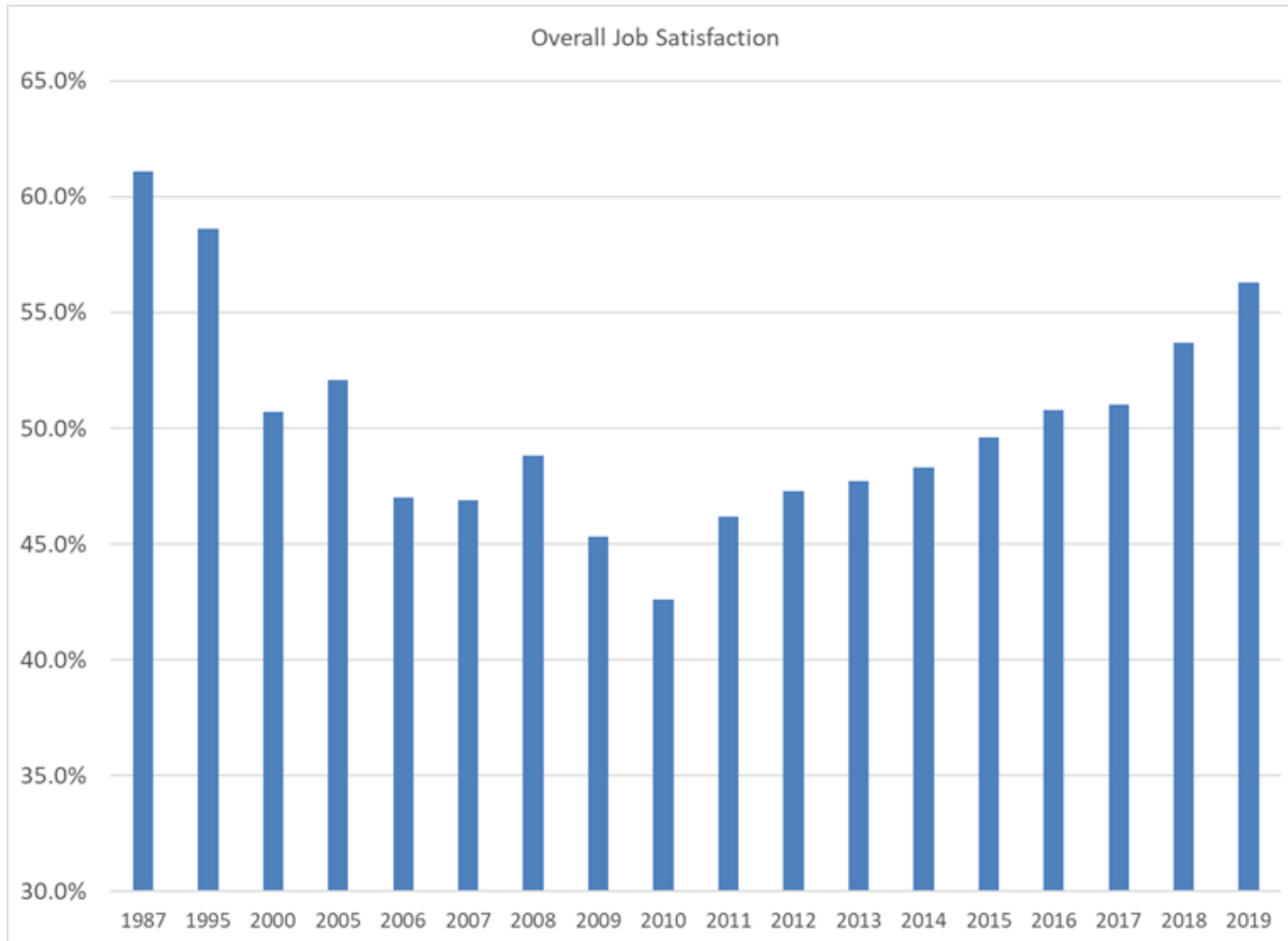
Lower Percentile	Upper Percentile	Average hourly earnings in the percentile	Average weekly earnings	Average weekly benefits from Michigan	Average weekly benefits including the \$600 Cares Act
0	10 <sup>th</sup>	\$9.50	\$380.00	\$202.54	\$802.54
10 <sup>th</sup>	25 <sup>th</sup>	\$11.50	\$460.00	\$245.18	\$845.18
25 <sup>th</sup>	39 <sup>th</sup>	\$14.84	\$593.50	\$316.34	\$916.34
39 <sup>th</sup>	39 <sup>th</sup>	\$16.98	\$679.00	\$362.00	\$962.00
39 <sup>th</sup>	50 <sup>th</sup>	\$17.79	\$711.60	\$362.00	\$962.00
50 <sup>th</sup>	62 <sup>nd</sup>	\$21.33	\$853.00	\$362.00	\$962.00
62 <sup>nd</sup>	62 <sup>nd</sup>	\$24.05	\$962.00	\$362.00	\$962.00
62 <sup>nd</sup>	75 <sup>th</sup>	\$26.98	\$1,079.00	\$362.00	\$962.00
75 <sup>th</sup>	90 <sup>th</sup>	\$37.45	\$1,498.00	\$362.00	\$962.00
90 <sup>th</sup>	100 <sup>th</sup>	\$50.00	\$2,000.00	\$362.00	\$962.00

<b>Number of employees</b>	<b>4,344,230</b>
Total number of employees	4,344,230
Number earning less than \$24.05 per hour	2,694,074
Percent earning less than \$24.05 per hour	62.0%
Average weekly earnings on UI including the \$600 weekly benefit for those earning less than \$24.05 per hour on their prior job	\$897.75
Average weekly earnings on prior job for those earning less than \$24.05 per hour	\$598.07
Ratio of UI earnings to prior job	1.5



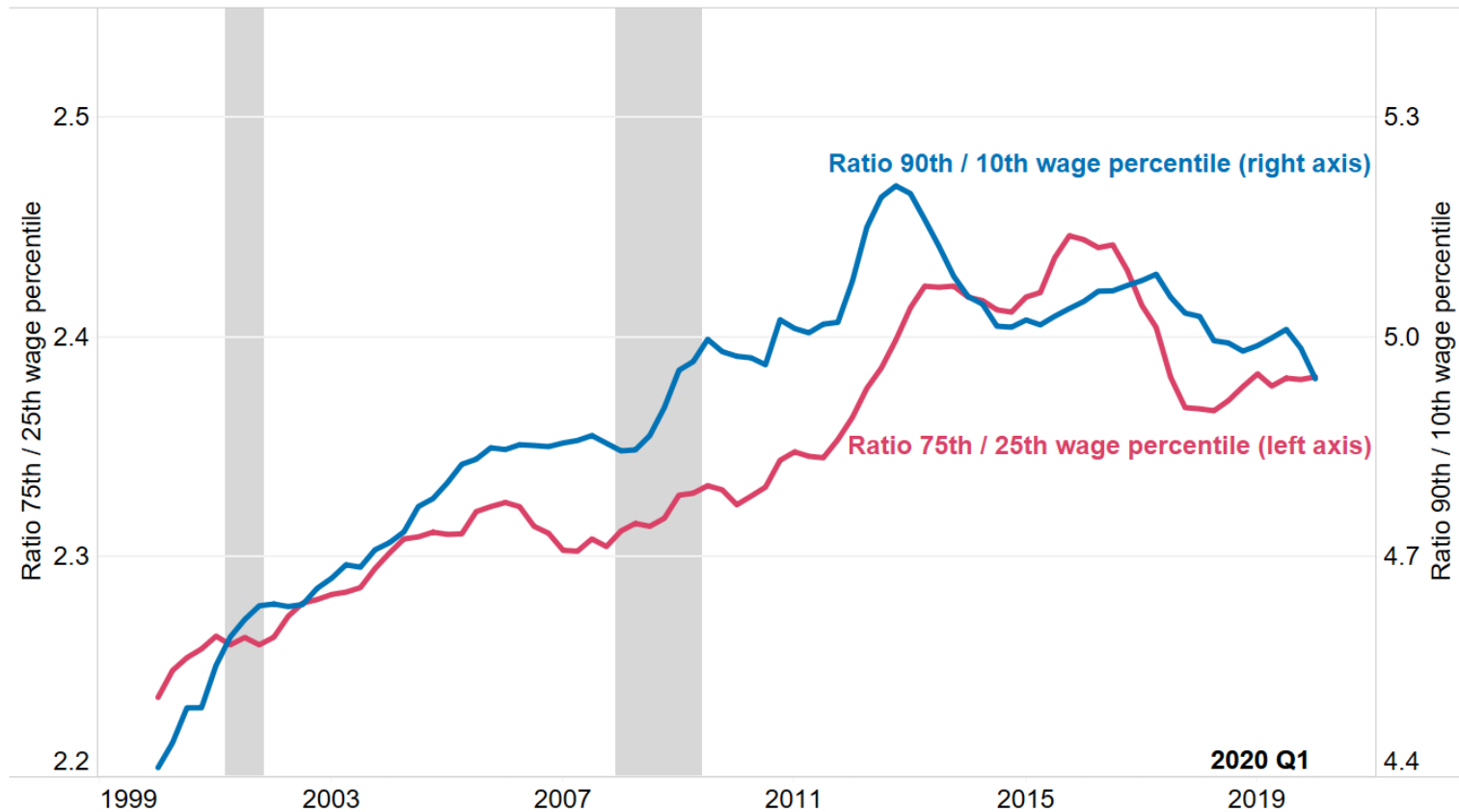
# Workplace & Social Impact

# Job satisfaction is likely to deteriorate, but could be partially offset by more people working from home



# Disproportionate COVID impacts on low wage workers will reverse recent reductions in wage inequality

Ratio of the 10th by 90th and 25th by 75th percentile in the average hourly earnings wage distribution

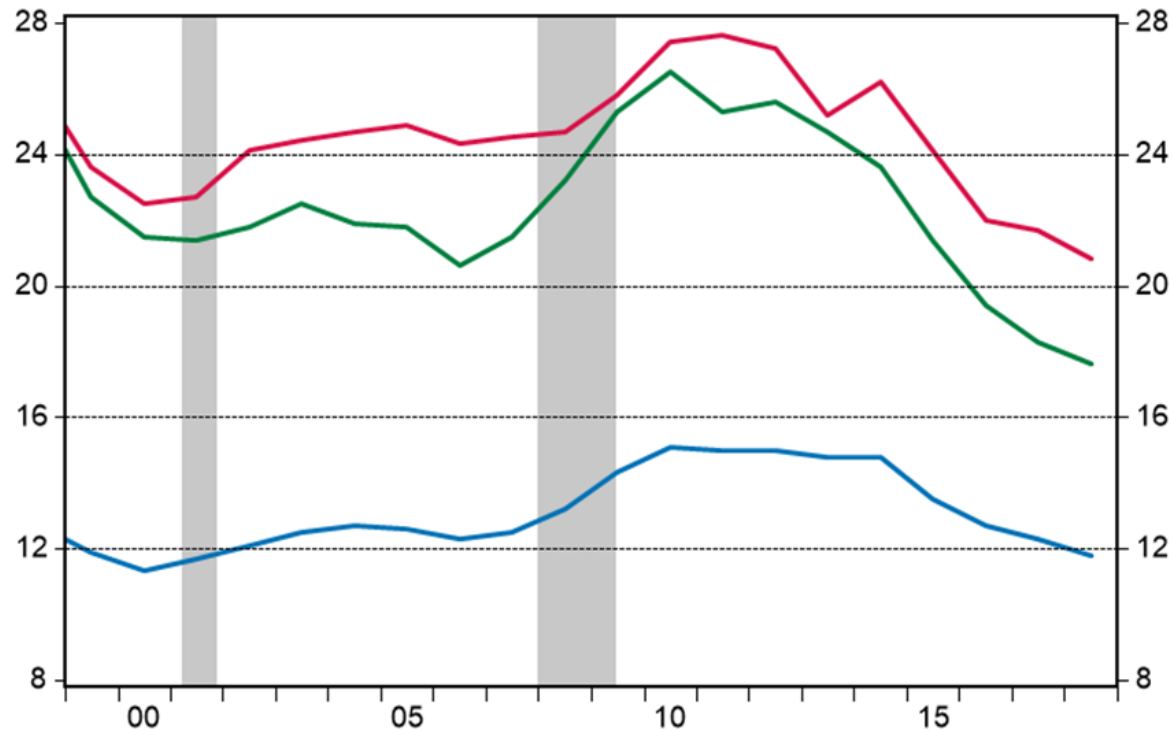


Source: US Bureau of Labor Statistics



# Previously declining poverty rates will also rise, especially for black and Hispanic populations

Percent of Total Population Below Poverty Level (% of Pop)  
Percent of Black Population Below Poverty Level (% of Pop)  
Percent of People of Hispanic Origin Below Poverty Level (% of Pop)



Source: Census Bureau





## Interested in this topic? Want more?

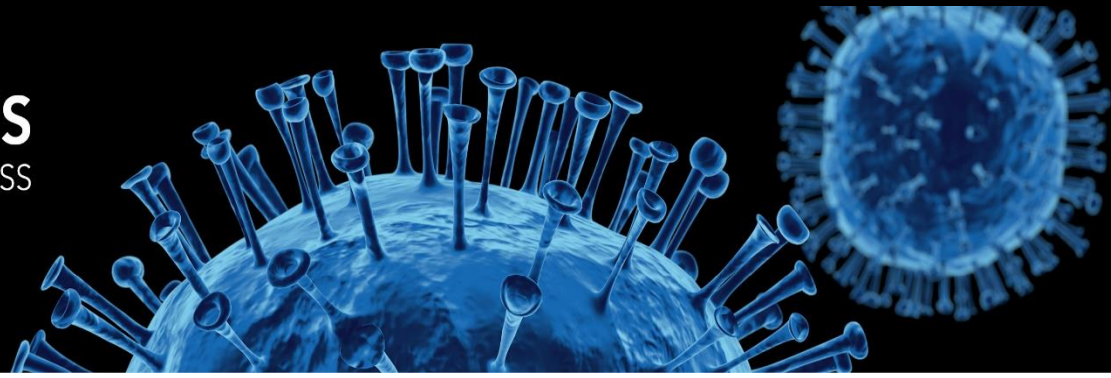
Please review these related, upcoming webcasts from The Conference Board and see a complete program listing at [conference-board.org/webcasts](https://www.conference-board.org/webcasts).

- [Human Capital Professionals' Responses to COVID-19 Part II](#) (May 20)  
Join the CHRO of Hess Corporation and hear how a human capital leader is handling this crisis at the front lines, as well as the lessons learned.
- [Window On Innovating During and Beyond COVID-19](#) (May 27)  
Join innovation leaders as they share experiences on how to make choices for the short term that are informed by identifying and accelerating future opportunities.
- [Help Wanted? How Real-time, Online Job Data Reveals the Impact of COVID-19 on Labor Markets](#) (June 2)  
In partnership with Burning Glass Technologies, experts will focus on online job ads and other data to provide insights on current and future labor market trends.





COVID-19  
**CORONAVIRUS**  
IMPLICATIONS FOR BUSINESS



## Want to hear more about this topic and how the spread of COVID-19 will impact business and the global economy?

The Conference Board has gathered insights and learnings from our thought leaders and member network which we hope will be helpful as you formulate, implement and manage your own crisis response.

Explore all of these resources on our website at <https://www.conference-board.org/COVID-19>.

