#### Labor Market Demand – Discussion Questions

- 1. What are you seeing in your regional or state labor market information? Do you have access to the data you need to craft workforce development policies?
- 2. What labor market data or information do you wish you had at your fingertips for the upcoming session?
- 3. What innovative policies or programs can you share from your state for post-COVID workforce development?
- 4. What non-COVID issues are you working through?

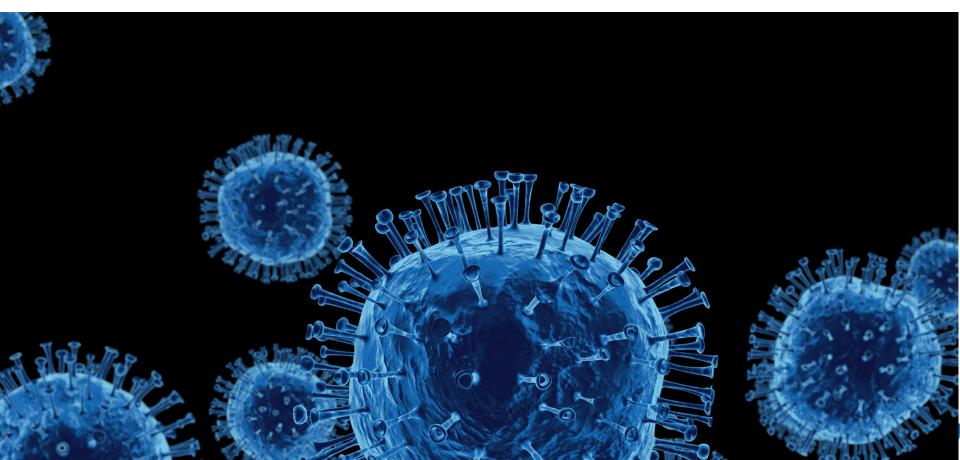






#### Assessing the COVID-19 Labor Market

Elizabeth Crofoot, Senior Economist September 25, 2020



#### **Today's Presenter**



Elizabeth Crofoot Senior Economist, Labor Markets *The Conference Board* elizabeth.crofoot@conference-board.org



# Guiding questions for using labor market data in decision making

- Who are the groups of people who are being left behind?
  - ✓ By demographic, occupation, state/region
- What are the state's economic development goals?
  - How can degree programs help to feed economic development in the region?
- What are the skills that are needed by workers and employers?
  - ✓ Industry- vs Individual-level skill gaps
  - ✓ Enabling individuals to transfer existing skills from one industry to another
- What is the timing of the response?
  - ✓ Short-term training or certification programs VS
  - ✓ Building long-term resiliency via degree programs



### Due to COVID, unemployment rates are giving a clouded view of the labor market making alternative metrics critical

- Temporary versus permanent layoffs
- Labor force participation rates
- Job openings
- Voluntary quits rate
- Other business surveys

#### And...

 Aggregate statistics mask disparate labor market outcomes across demographics, occupations, and regions

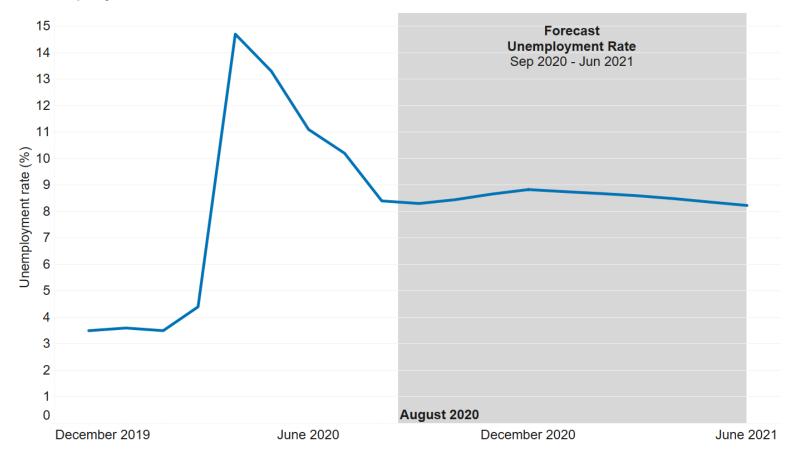




### The State of the US Labor Market

# Unemployment rate dropped below 10 percent in August, but the outlook remains uncertain

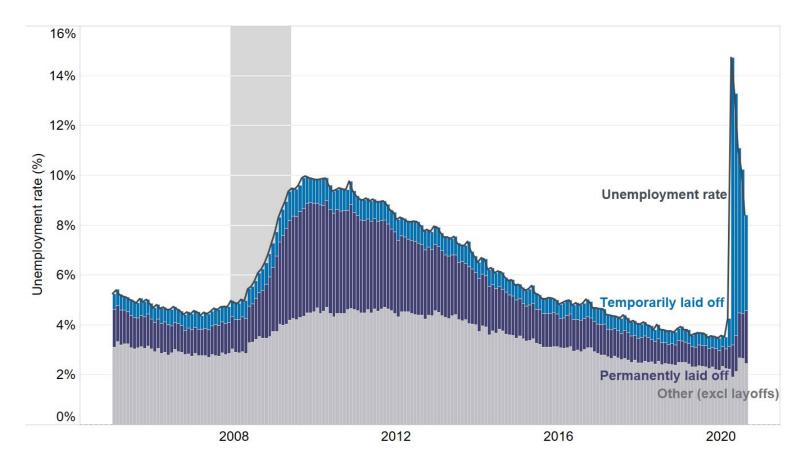
US unemployment rate forecast in baseline scenario



Source: The Conference Board; US Bureau of Labor Statistics

# The movement in the unemployment rate is almost entirely driven by temporary layoffs, different from other recessions

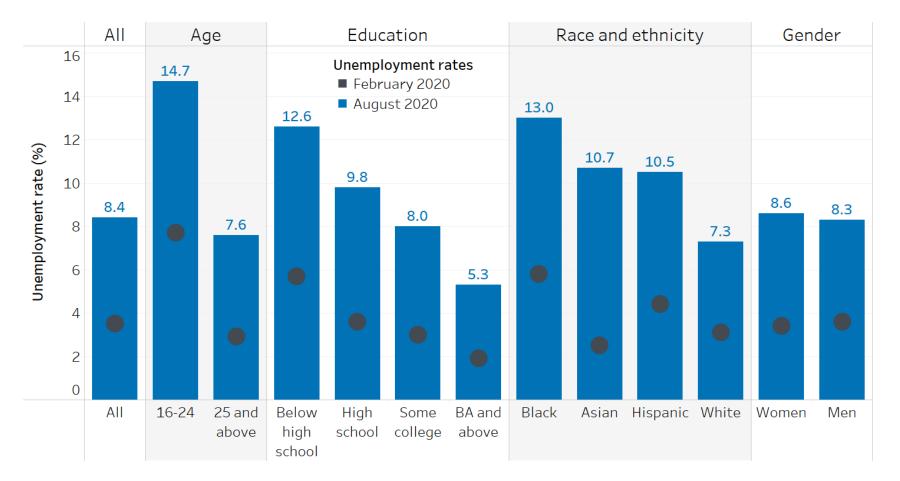
US unemployment rate decomposition by type of unemployment



Source: The Conference Board; US Bureau of Labor Statistics

# Young people, minorities, less educated and women are harder hit by layoffs

Unemployment rates by demographic group

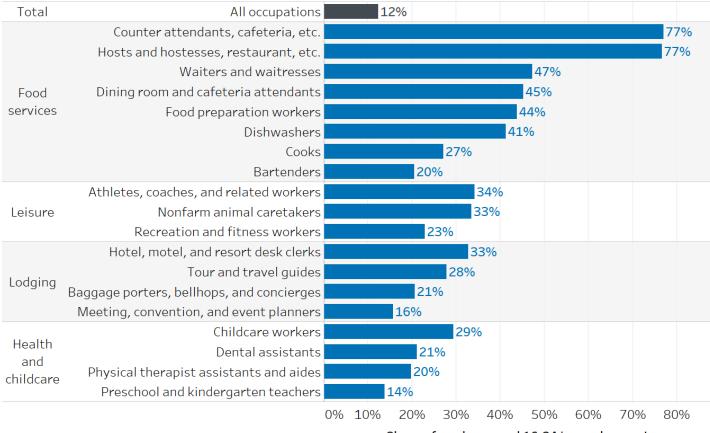


Source: US Bureau of Labor Statistics



# Young people are concentrated in jobs most impacted by social distancing

Share of workers aged 16-24 in employment for selected occupations, 2019



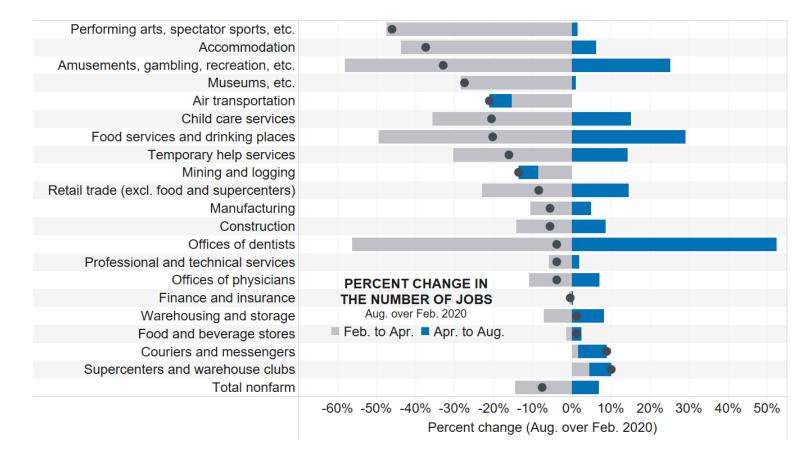
Share of workers aged 16-24 in employment

Source: US Bureau of Labor Statistics



# Massive job losses in the US extend across industries with some industries now having started to recover

Percent change in the number of jobs, by industry



Source: The Conference Board using data from the US Bureau of Labor Statistics

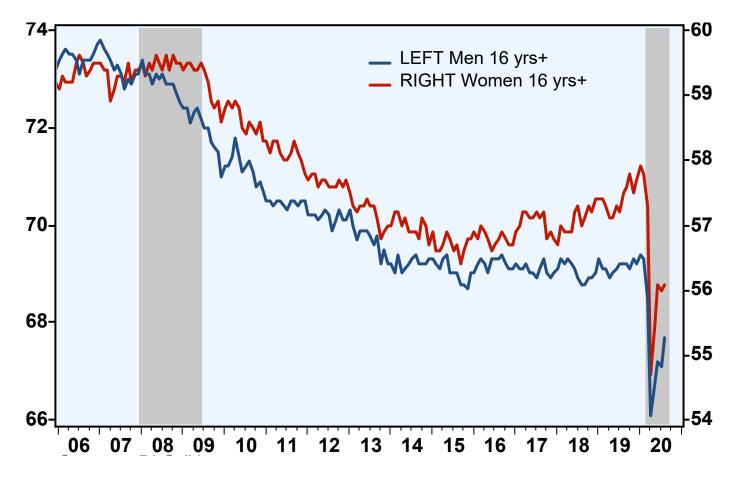




### **Other Labor Market Metrics**

#### Sharp decline in labor force participation indicates that many who lost their jobs left the workforce entirely, understating unemployment

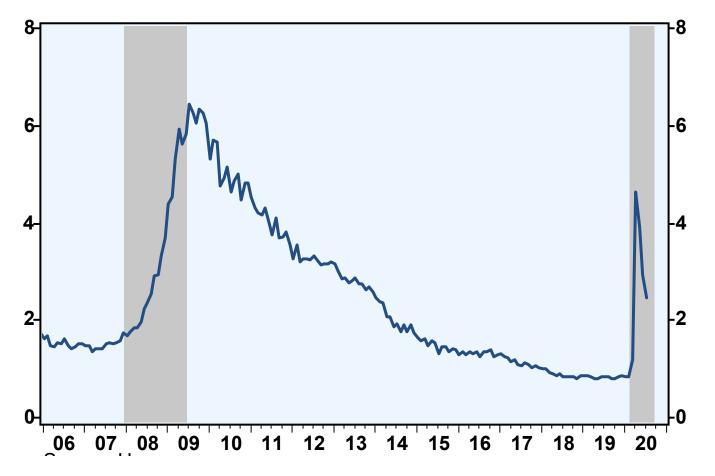
Labor force participation rates by sex, seasonally adjusted



Source: US Bureau of Labor Statistics, Current Population Survey (CPS), via Haver

# Unemployment is high, but there is less competition per job opening than in past recessions

Number of unemployed persons per job opening, seasonally adjusted

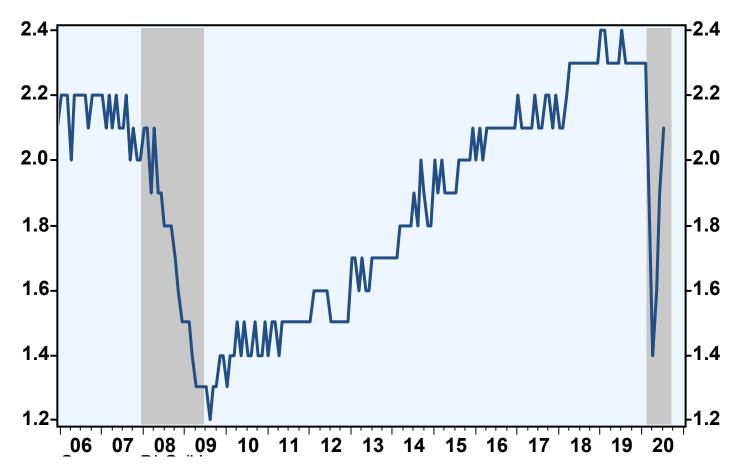


Source: US Bureau of Labor Statistics, Current Population Survey (CPS) and Job Openings and Labor Turnover Survey (JOLTS), via Haver



### And workers are relatively comfortable quitting their jobs compared to past recessions

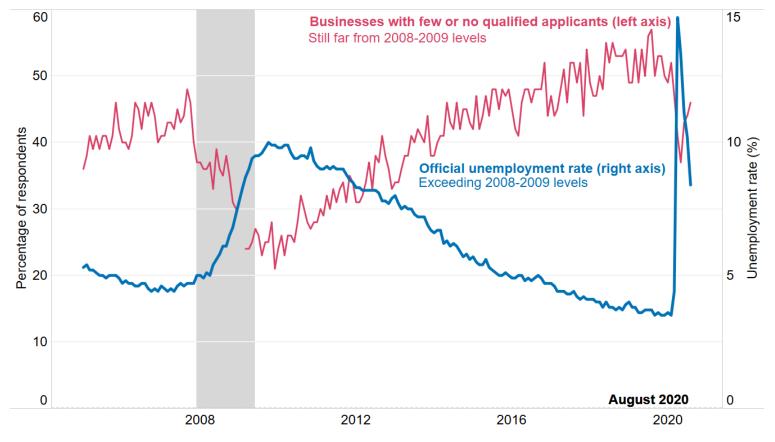
Voluntary quits rate, seasonally adjusted



Source: US Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), via Haver

### Still a tight labor market: Largest disconnect ever between the unemployment rate and the difficulty to find a job

The unemployment rate and the percent of businesses with few or no qualified applicants for job openings.



Source: The Conference Board; US Bureau of Labor Statistics; National Federation of Independent Business

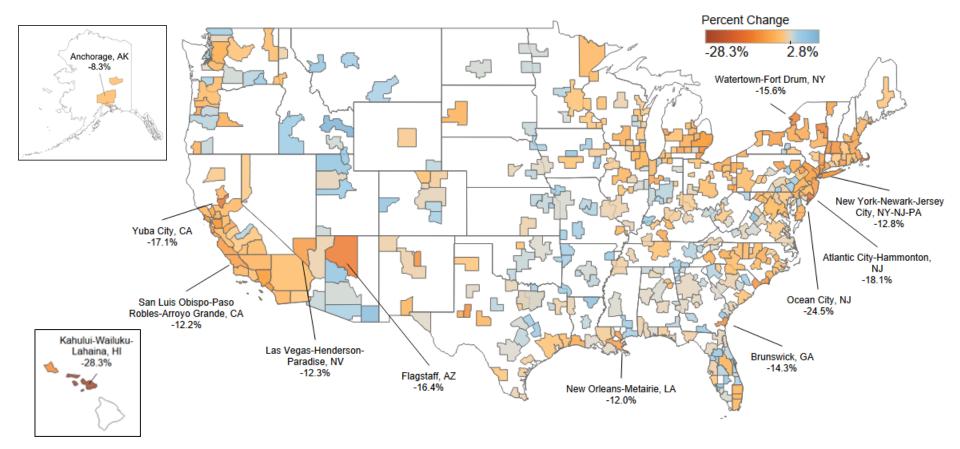




### **Regional Labor Markets**

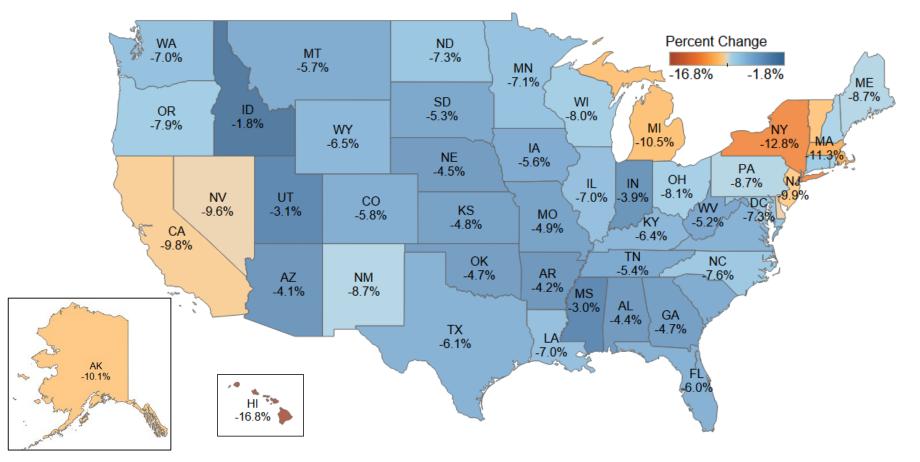
### Job losses were larger in metro areas in the North East and Pacific regions

Change in employment by groups of metro areas from February to August 2020



# Job losses were largest in the North East and Pacific regions

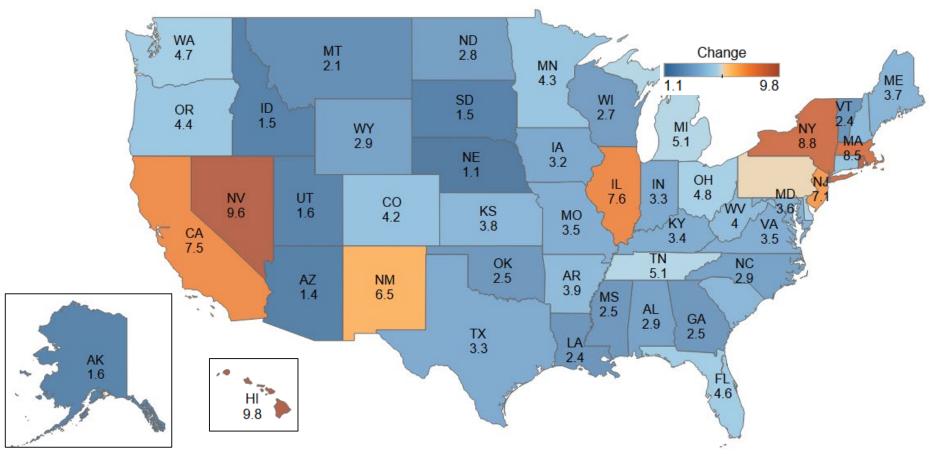
Percent change in employment by state from February to August 2020





### Hard hit COVID states experienced large increases in the unemployment rate

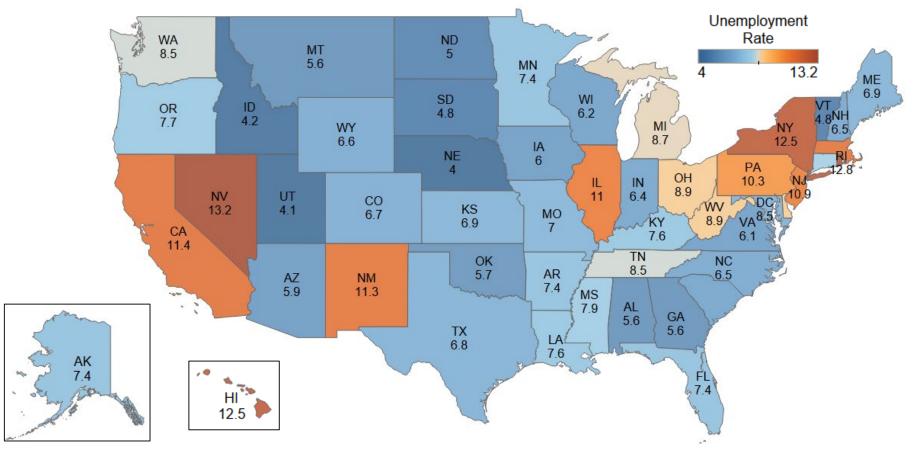
Change in unemployment rate by state from February to August 2020





### Some states still experiencing double-digit unemployment rate

Unemployment rate by state, August 2020





# Many large metro areas experienced greater job losses than the national average

Percent change in employment by metro areas from February to June 2020

	Atlantic City-Hammonton, NJ	-29.1%
	Kahului-Wailuku-Lahaina, HI	-27.0%
	Ocean City, NJ	-26.4%
	Flagstaff, AZ	-17.2%
	New York-Newark-Jersey City, NY-NJ-PA	-16.2%
	Las Vegas-Henderson-Paradise, NV	-14.8%
	Orlando-Kissimmee-Sanford, FL	-14.2%
	Detroit-Warren-Dearborn, MI	-14.1%
	New Orleans-Metairie, LA	-13.7%
	San Francisco-Oakland-Hayward, CA	-12.2%
	Los Angeles-Long Beach-Anaheim, CA	-11.7%
	San Diego-Carlsbad, CA	-11.4%
	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	-10.9%
	Seattle-Tacoma-Bellevue, WA	-10.5%
	Chicago-Naperville-Elgin, IL-IN-WI	-10.3%
	United States	-9.6%
	Washington-Arlington-Alexandria, DC-VA-MD-WV	-9.3%
	San Jose-Sunnyvale-Santa Clara, CA	-8.9%
	Nashville-DavidsonMurfreesboroFranklin, TN	-8.4%
	Denver-Aurora-Lakewood, CO	-8.3%
	Miami-Fort Lauderdale-West Palm Beach, FL	-8.0%
	Houston-The Woodlands-Sugar Land, TX	-7.7%
	Atlanta-Sandy Springs-Roswell, GA	-6.9%
	Tampa-St. Petersburg-Clearwater, FL	-6.7%
	Dallas-Fort Worth-Arlington, TX	-6.1%
	Phoenix-Mesa-Scottsdale, AZ	-5.7%
of Labor ations by Board	Boulder, CO	-5.2%
	Oklahoma City, OK	-4.1%
	Tucson, AZ	-3.4%
	Provo-Orem, UT	-2.7%
	Bloomington, IN	0.1%

-35% -30% -25% -20% -15% -10% -5% 0% 5% Percent Change (Feb to Jun 2020)

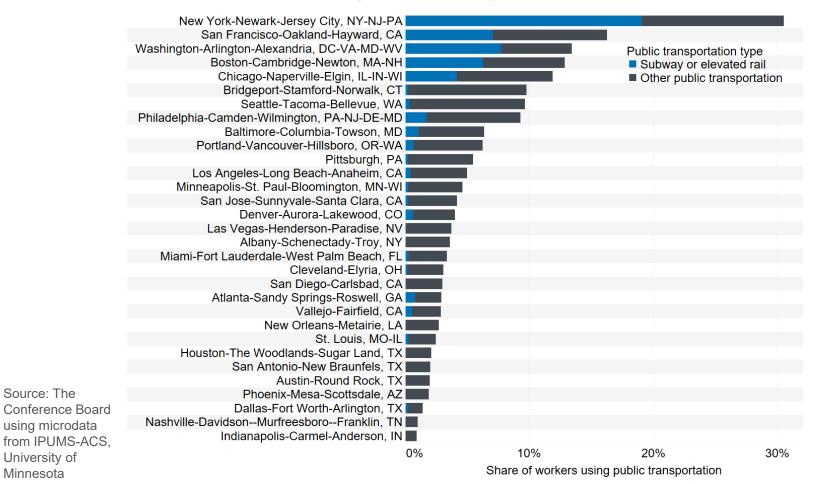




### **Remote Work**

#### It might take longer to return to work in metro areas with high shares of workers using public transportation

The share of workers commuting to work using public transportation, 2018





Source: The

University of

Minnesota

#### The ability to work from home saved many white-collar jobs

Unemployment rate increase from February to June 2020, by occupation

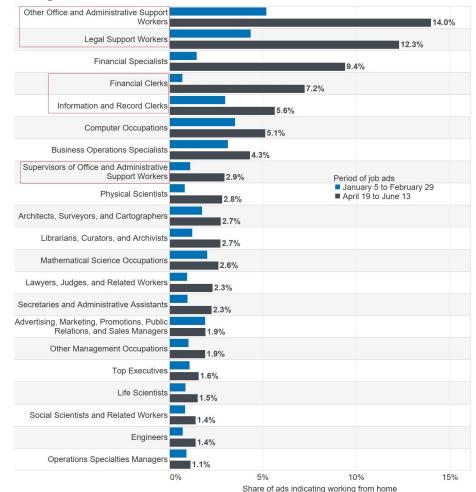
Personal care and service												24	4.1
Food preparation and serving related											21.5	5	
Arts, design, entertainment, sports, and media								14.6					
Transportation and material moving					9.4								
Sales and related				8	3.9								
Building and grounds cleaning and maintenance				8.2	2								
Office and administrative support				7.4									
Construction and extraction				7.3									
Installation, maintenance, and repair			7	0									
Healthcare support			6.2										
Production			6.1										
Education, training, and library			5.9										
Protective service		5	.0										
Architecture and engineering		4.2											
Community and social service		4.0											
Management		3.1											
Legal		3.0											
Business and financial operations		2.9											
Healthcare practitioners and technical		2.8											
Life, physical, and social science		2.5											
Computer and mathematical	2	2.3											
All				7.6									
C	) 2	4	6	8	10	12	14	16	18	20	22	24	20
	Une	employm	ent ra	ite in	creas	se Fe	bruar	y to J	une (I	pct po	int diff	ferend	ce)

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Source: US Bureau of Labor Statistics

#### The recent surge in teleworking is very noticeable in office and administrative support occupations

Share of job ads indicating work from home



Source: The Conference Board®-Burning Glass® Help Wanted OnLine™ (HWOL) data series

Read our blog: <u>What types</u> of jobs will experience a <u>large permanent increase</u> in remote working?

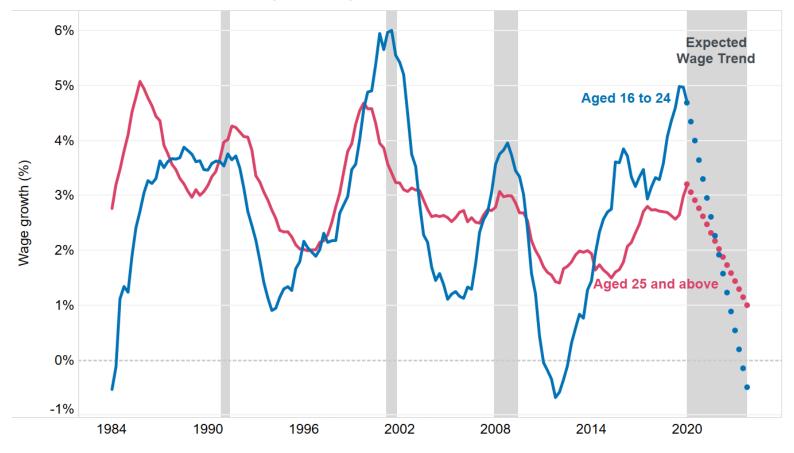


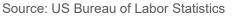


### **Compensation trends**

# The wage adjustment for new labor market entrants is likely to be large

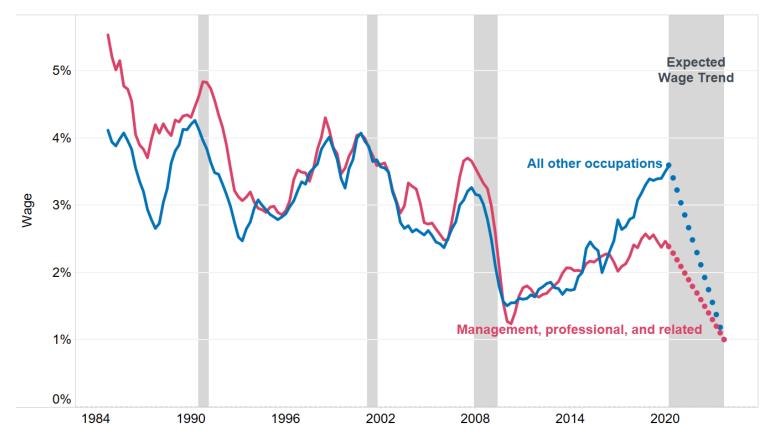
Wage for workers aged 16-24 and 25 and above, last 8 quarters versus the 8 preceding quarters, annualized percentage change





# Before COVID, blue-collar wages were growing faster than white-collar wages, now wage growth will ease

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

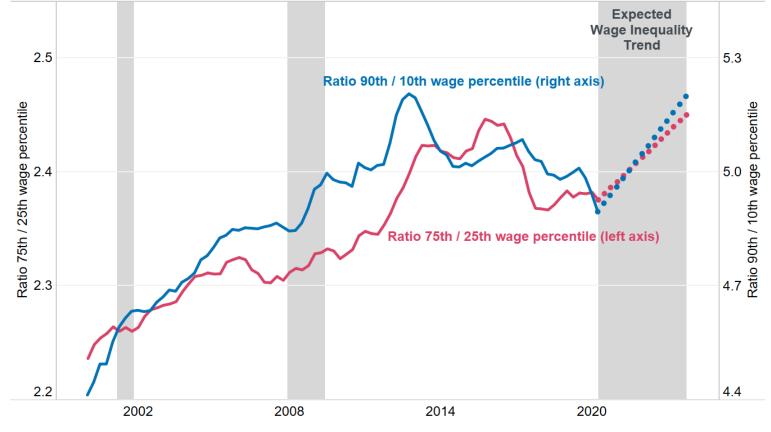


Source: US Bureau of Labor Statistics; The Conference Board



### 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





### The Conference Board Resources



### Interested in this topic? Want more?

Review these on-demand webcasts from The Conference Board. See a complete program listing at <u>conference-board.org/webcasts</u>.

- The Delayed Wage Crunch and Salary Increase Budgets
- Preparing for the Post-Pandemic Labor Market
- Is Staying Home Here to Stay? The Rise of Telework after COVID-19
- Help Wanted? How Real-time, Online Job Data Reveals the Impact of COVID-19 on Labor Markets





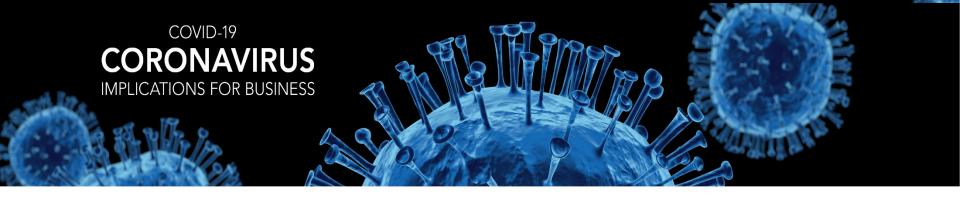
### Indications

A podcast series brought to you by The Conference Board Economics, Strategy, & Finance Center

The Conference Board Indications podcast series helps senior executives understand changing business and economic conditions worldwide by offering concise, insightful perspectives on overall economic activity, consumer and CEO confidence, labor market and demographic trends, and productivity.

Click <u>here</u> for a complete listing of all of our Indications podcasts or check out our entire podcast lineup at <u>www.conference-board.org/podcasts</u>





### 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 <u>https://www.conference-board.org/COVID-19</u>.



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