

ESRI Roundtable

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At the start of the pandemic the hope was that we could simply pause what we were doing and then resume exactly as before when the pandemic ended. However, what was unanticipated was how long the pandemic would last, the ways in which consumer demand (and hence labor demand) would change in response to the pandemic, and the ways in which the amenities and disamenities of various jobs would be permanently altered.

The United States implemented two approaches to assist workers and businesses in the early days of the covid pandemic. Most workers relied on unemployment insurance, which was supplemented and expanded to cover a much wider share of workers than is typically covered. The second set of policies sought to preserve the relationship between employers and employees by subsidizing employers to retain workers. There were three primary policies in this category: the Paycheck Protection Act, the Employee Retention Tax Credit, and the Paid Family and Medical Leave credit.

Lesson learned: Implementation matters

US Tax incentives were ineffective.

Most businesses were unaware of the tax incentives and failed to use them despite being eligible. Initial evidence suggested that take-up was quite low, especially because there were limits early on in combining the tax credits with the loan program. Ultimately, most employers who did successfully operate and may have indeed been eligible for the assistance did not realize it at the time. This has resulted in a new industry of professionals seeking out businesses to help them retroactively apply for these tax credits. Free money combined with relatively free business entry means that most of those tax credits will ultimately be given out through amended business tax returns, but perhaps with a quite low causal impact on the retention of workers.

US income support was effective.

The United States has a weak system of income support for those who experience job loss. In a typical recession, roughly one-third of the unemployed have access to benefits. During the pandemic, the goal was to give all of the unemployed access to benefits. Moreover, the amount of benefits available is typically quite small. The result was a rapid need to provide larger benefits to a wider group of people.

Despite many challenges, benefits were widely dispersed. Unemployment insurance clearly helped keep workers afloat in 2020. While there was some concern that benefits were keeping people out of the labor force or in unemployment, both the unemployment rate steadily declined and the labor force participation rose in the recovery years.

Which is better? Ultimately that might depend on how your existing institutions and ability to implement a temporary change.

Argument to allow layoffs:

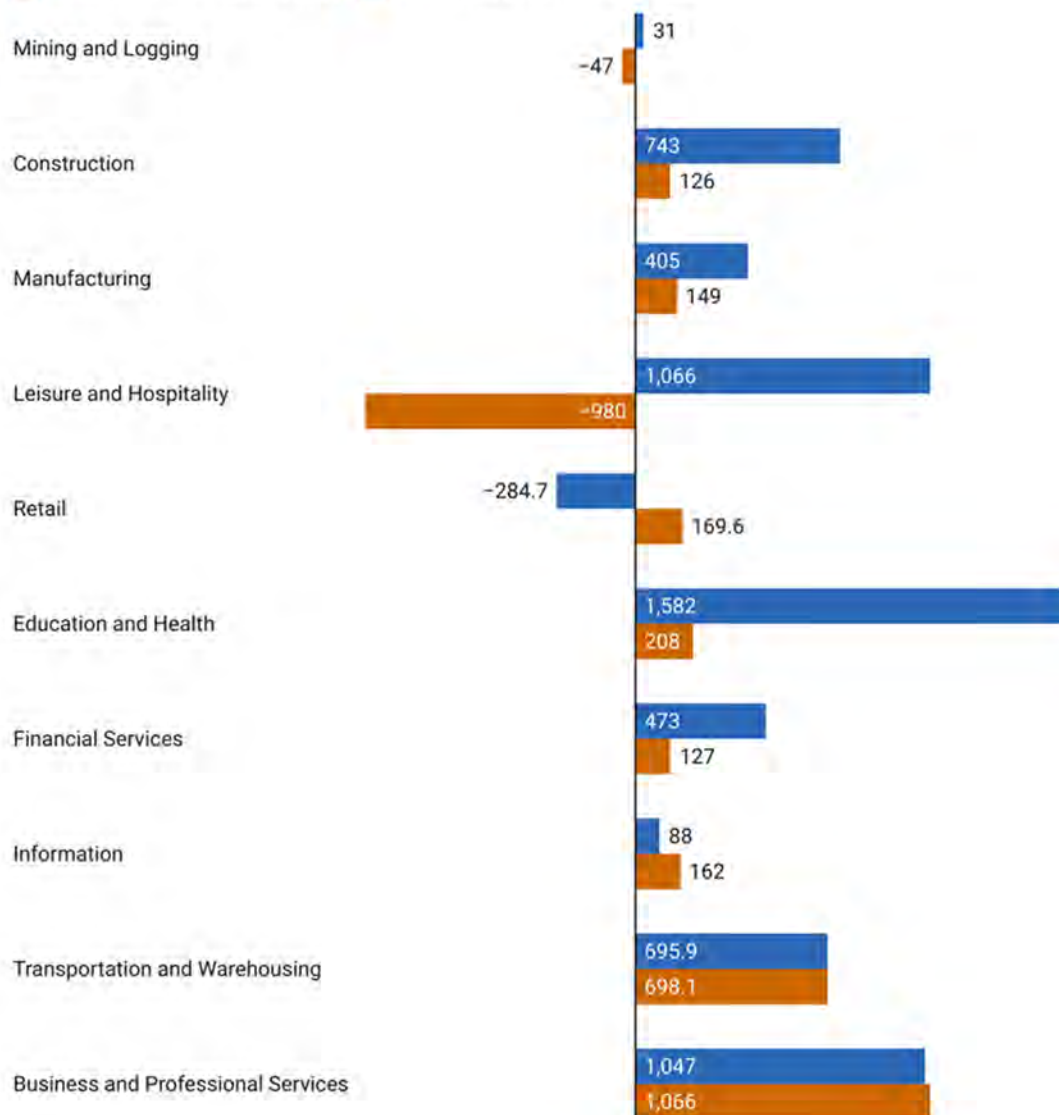
- Shift away from services toward goods has required a reallocation of workers

- Industry changing behavior has been large
- Health problems and personal preferences have been impacted by the pandemic and have driven job changing
- Workers currently “missing” from the labor market were not the most likely to have lost their jobs

Post-pandemic job growth is occurring in different sectors than pre-pandemic job growth

Job growth, in thousands

■ February 2017 to February 2020 ■ February 2020 to November 2022

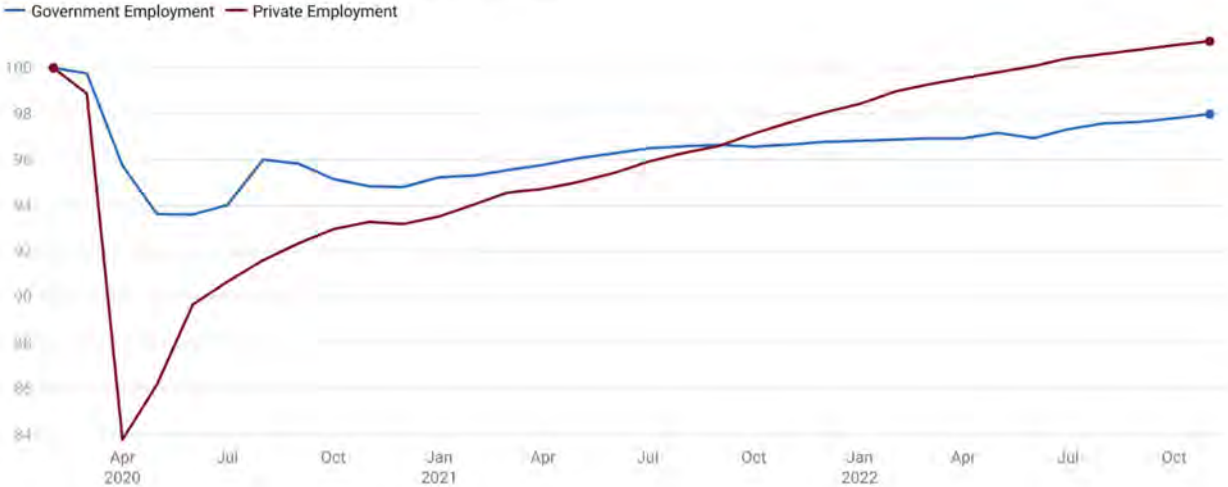


Seasonally adjusted data

Chart: Poverty Solutions at the University of Michigan • Source: U.S. Bureau of Labor Statistics

While Private Sector Employment Has Returned to Pre-Covid levels, Public Sector Employment Has Not

Number of Employees Compared as % of the Peak in February 2020

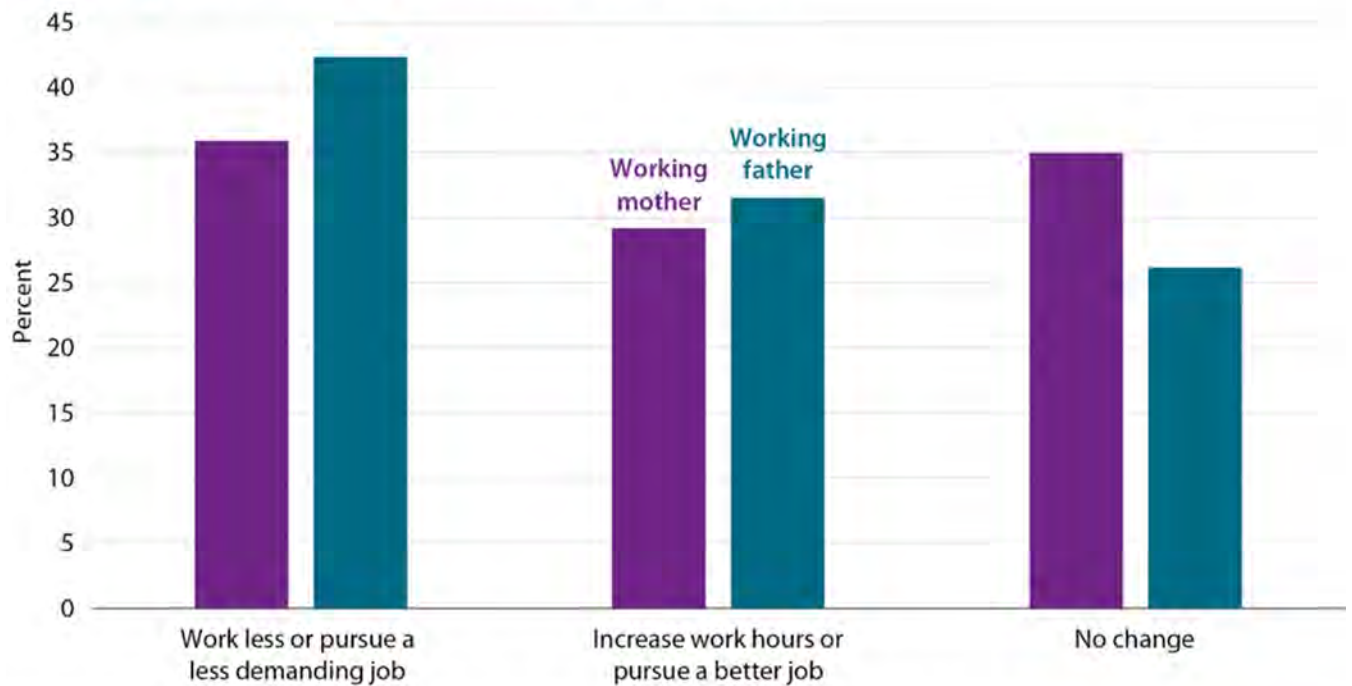


Seasonally adjusted data.

Chart: University of Michigan's Poverty Solutions • Source: U.S. Bureau of Labor Statistics

FIGURE 6.

Working Parents' Expectations for the Future



Source: Survey conducted between May 27 and July 7, 2021 using RIWI's Random Domain Intercept Technology, a patented, machine-learning technology that delivers anonymous opt-in surveys to Web users who are surfing online.

Note: 2,550 working parents completed the survey, out of a random sample of 14,410 adults who were initially surveyed. When users stumble upon one of the hundreds of thousands of domains that RIWI owns or controls, these random, non-incented users are filtered through a series of proprietary algorithms to ensure there are no non-human respondents, and invited to participate in a survey. RIWI geo-targets respondents automatically by county, region, state, and city. Survey participants are accessed on all Web-enabled devices, and the technology cannot be blocked by state surveillance or Internet control, nor is it susceptible to ad-block technologies. Although RIWI collects and reports the age, gender and geo-location of all respondents, no personally identifiable information is ever collected or reported. No enticements are used, and participants can easily exit the survey at any time. Weights are applied to age and gender as per the most recent national census data available, drawn from the US Census Bureau. Respondent weight values are generated post-stratification using a raking algorithm. Weighted data estimates what the nationally-representative population perceives.

Both the Number of Men and Women Who are Working and Disabled Increased Since the Pandemic Began

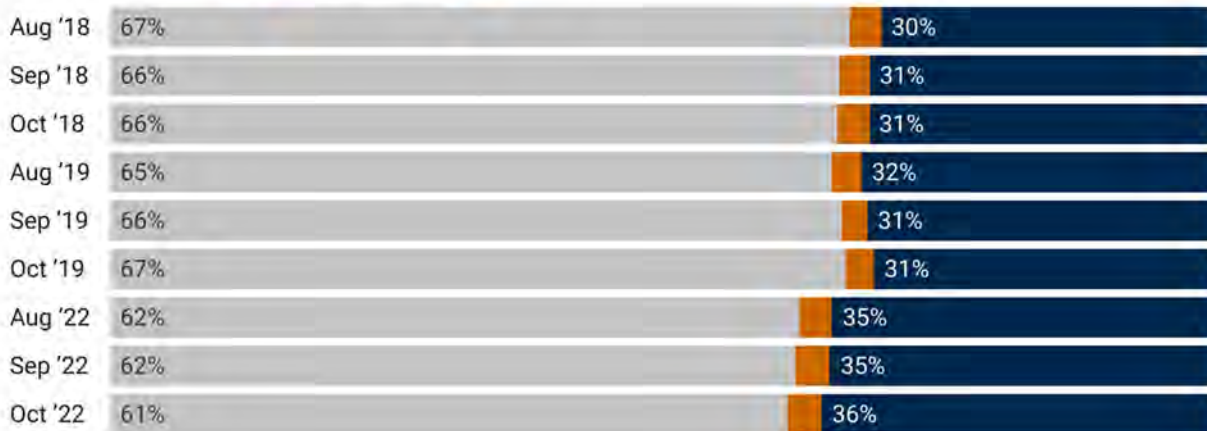
Thousands of Employed Workers, aged 16-64



Chart: Poverty Solutions at the University of Michigan • Source: U.S. Bureau of Labor Statistics

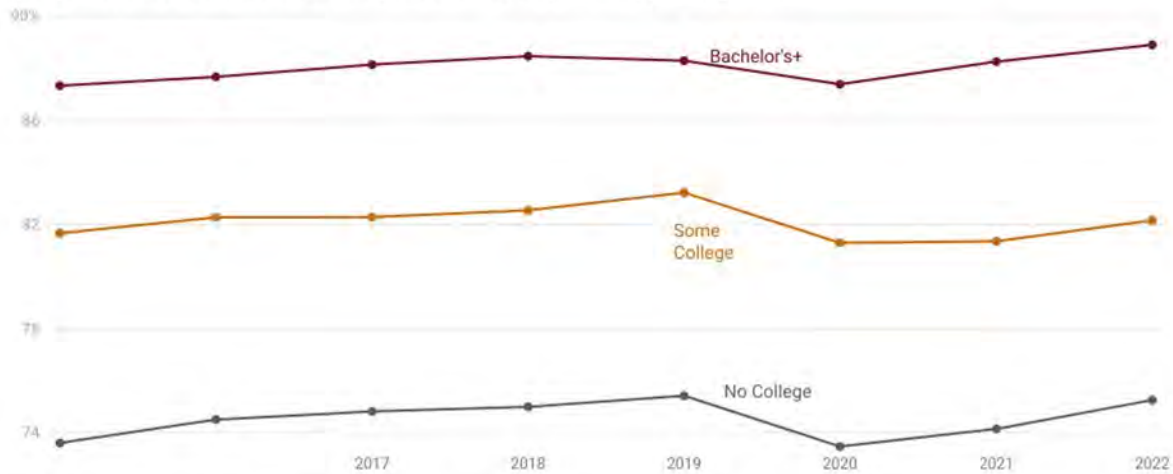
Workforce Status of the Disabled

Out of Labor Force Unemployed Has a Job



Bachelor's+ Labor Force Participation Outperformed Those with Some College and No College throughout the pandemic.

Average labor force participation rate from August-October of each year among people ages 25-54



Seasonally unadjusted data. Values calculated as an unweighted average of the 3 months from August-October of each year.

Chart: Poverty Solutions at the University of Michigan • Source: IPUMS-CPS

Despite a Smaller Immediate Impact in 2020, White Labor Force Participation Recovered Much Less than the Participation of Blacks and Hispanics

Labor force participation rate for ages 20 and up, by race/ethnicity



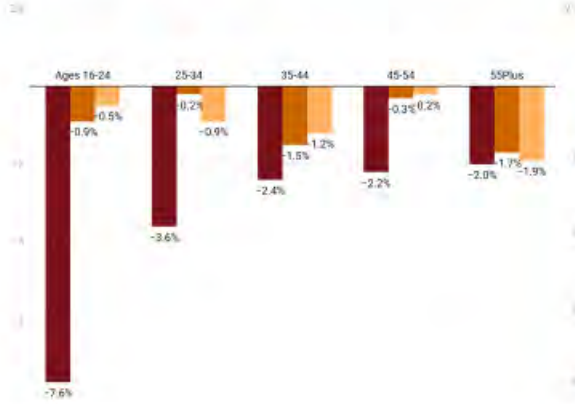
Seasonally adjusted rates. Because both ethnicity and race are shown separately here, the Hispanic grouping and the racial groupings overlap.

Chart: Poverty Solutions at the University of Michigan • Source: U.S. Bureau of Labor Statistics

Difference in Men's Labor force participation, by age

Percentage point difference in men's labor force participation from February 2020, by age

■ Apr 20 ■ Oct 22 ■ Nov 22



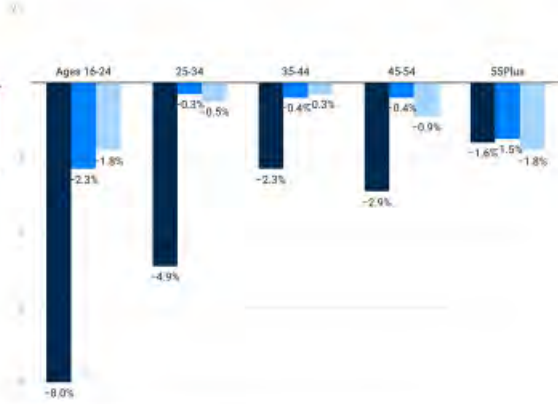
Seasonally adjusted data

Chart provided courtesy of the University of Michigan - Survey of Labor Market Conditions

Difference in Women's Labor force participation, by age

Percentage point difference in women's labor force participation from February 2020, by age

■ Apr 20 ■ Oct 22 ■ Nov 22



Seasonally adjusted data

Chart provided courtesy of the University of Michigan - Survey of Labor Market Conditions