Introduction

This edition of Kevin's Corner uses data from the Current Population Survey and administrative records from Vermont's Unemployment Insurance program to review changes in the composition of the labor force during the global pandemic and economic shutdown of 2020.

The Current Population Survey (CPS) is a monthly survey of approximately 60,000 households nationwide that provides up-to-date information on the status of the United States labor force. Approximately 1,200 Vermont households are in the CPS survey sample at a time with somewhat fewer than a thousand responding each month. The labor force is defined as the sum of the civilian, noninstitutional population age 16 and older who are classified as either *employed* or *unemployed*[i]. Individuals who do not meet the criteria for either are considered out of the labor force.

Employed persons are those that meet one of the following criteria:
1. Worked at least one hour as a paid employee
2. Worked at least one hour at their own business
3. Were absent from their job whether or not they were paid
4. Worked without pay for a minimum of 15 hours in a family-owned business

Unemployed persons are those that meet all of the following criteria:
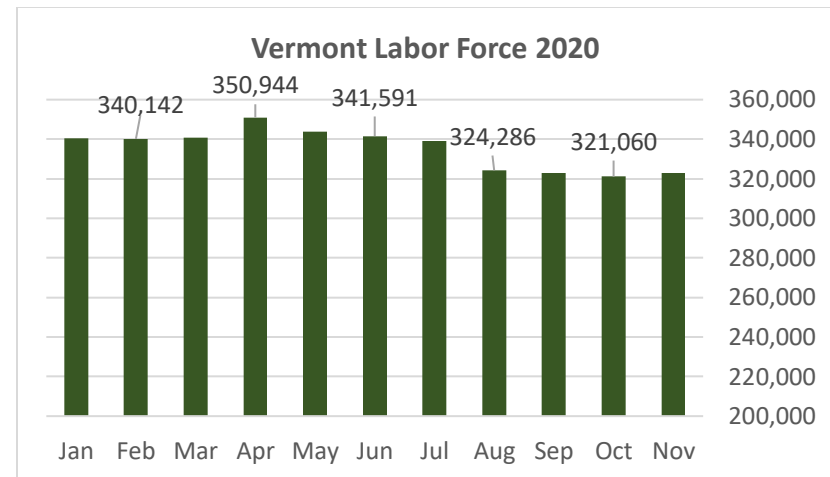1. Were not employed during the survey reference week
2. Were available for work (except temporary illness)
3. Actively attempted to find work during the month or were temporarily laid off and expecting to be recalled.

Employment and Labor Force Declines

Governor Scott directed the closure of all non-essential businesses starting on March 16th[ii]. The Current Population Survey is based on the status of individuals during the week containing the 12th of each

month, meaning the full impact of the pandemic was reflected in the April release of Vermont labor force data

In February 2020 Vermont's seasonally-adjusted labor force stood at 340,142 people. This was composed of 331,947 employed persons and 8,195 unemployed. By April the number of employed persons fell to 293,039 but the number of unemployed persons increased to 57,905. Combined, the April labor force of 350,944 was 10,802 (3.2%) larger than February. During the same period the United States labor force declined by 4.9% but it began increasing in May.

Vermont Labor Force 2020

It is not uncommon for the labor force to expand during the early part of an economic downturn. Vermont's largest recorded labor force (361,117) was in April of 2009 during the depths of the December 2007 recession. During that recession the US labor force expanded as well, increasing by 829,000 or just over 0.5% between December 2007 and May of 2009. This phenomenon is due in large part to people entering the labor force as a recession takes hold, primarily household members who begin looking for work out of concern

about their household's future income. As people begin looking for work they meet the definition of "unemployed" – they've actively sought work in the past 4 weeks – so the labor force expands despite declining employment.

One likely factor in Vermont's labor force decline starting in May is related to a change in criteria for the unemployment insurance program. Prior to the pandemic a person collecting unemployment insurance was required to actively seek work as a condition of the benefit. As discussed earlier, this work search requirement is also a criteria to meet the definition of unemployed in the Current Population Survey. With the onset of the pandemic the work search requirement was removed from the unemployment insurance program. This meant that many people who would otherwise be seeking work were not doing so. The net result was (and remains) a smaller labor force – people who are collecting unemployment insurance but not seeking work are considered out of the labor force.

Differential Impacts of the Pandemic on the Labor Force

The impact on men and women
Nationally, the pandemic has had a more significant impact on employment of females than males. According to a recent study by The National Bureau of Economic Research[iii] females saw greater employment declines in part because they are more heavily concentrated in industries hardest hit by the pandemic – namely retail, hospitality and health care. The researchers also point to childcare as a critical factor in the decline; that important portion of the analysis is outside of the realm of this review.

The differential impact holds in Vermont as well. Using administrative wage records we know prior to the pandemic females held more jobs than males in Vermont. Females held 161,744 jobs during the 2nd

quarter of 2019 while males held 156,591. By the 2nd quarter of 2020 the number for females had fallen to 141,376, a loss of 20,368 or 12.5%. Males, meanwhile, lost 15,527 jobs or 9.9%. One large factor in that decline was Vermont's heavy concentration of females in Health Care and Social Assistance. About 78% of jobs in that industry were held by females in the 2nd quarter of 2019. Not only was the industry hit hard by the pandemic but almost all the net job losses were among females; compared to a year earlier there were about 44 fewer health care jobs held by males in the 2nd quarter of 2020 while there were about 2,275 fewer health care jobs held by females.

Jobs held by gender

	Males	Females
2019 Q2	156,591	161,744
2020 Q2	141,064	141,376

The impact by educational attainment
At the state level there is not enough data to draw any direct conclusions about how the pandemic impacted employment by people based on educational attainment. We know, however, that Vermont labor market trends tend to mirror national trends. There is reliable data on this topic at the national level.

People with higher levels of education tend to have higher rates of labor force participation and lower rates of unemployment. This was true before the pandemic. The differences have grown larger with the recession. In February of 2020 in the United States 5.7% of people 25 and older with less than a High School diploma were unemployed according to the Current Population Survey. By April that figure had climbed to 21.2%. Among people 25 and older with a bachelor's degree the unemployment rate increased from 1.9% to 8.4%.

Citations

[i] Labor Force Concepts and Definitions. Bureau of Labor Statistics.
https://www.bls.gov/cps/definitions.htm

[ii] Addendum 2 to Executive Order 01-20 (March, 2020). State of Vermont Executive Department
https://governor.vermont.gov/content/addendum-2-executive-order-01-20

[iii] Alon, T., Doepke, M., Olmstead-Rumsey, J., Tertilt, M. (August, 2020). *This Time It's Different: The Role of Women's Employment in a Pandemic Recession*. National Bureau of Economic Research.
https://www.nber.org/papers/w27660