

Labor Market Update

August 2021



PA Payroll Jobs Continue to Recover, but Significant Shortfall Remains

This document provides a monthly update on the status of the state labor market and the pool of potential workers who may re-enter the workforce this fall.

Based on the latest data for July 2021, Pennsylvania payroll jobs continue to recover from the impact of the pandemic. For July, the computed year-over-year (YOY) change in payroll jobs is -362,500, compared to roughly -410,000 for the two prior months. (See table below. This comparison uses non-seasonally adjusted data (i.e., actual amounts) and assumes a no-pandemic scenario for CY 2020. It reflects seasonal hiring/reductions that would occur in a normal year. Payroll jobs exclude self-employed and independent contractors.) The month-to-month change shows a decline of 15,800 part- or full-time jobs in July. However, non-seasonally adjusted payroll jobs typically decline in July largely due to a reduction in the government sector (local school districts). The summer jobs contraction was smaller than normal, possibly due to reductions that have already occurred.

The computed YOY job loss improved in July (relative to June) mainly due to fewer job losses in the leisure-hospitality (+16,600) and government (+10,900) sectors. Conversely, job losses in the healthcare sector increased, largely due to continued weakness in the nursing home and residential care subsector. Through July 2021, employment in that subsector is down 24,500 from its pre-pandemic level. Unlike nearly all other subsectors, the subsector continues to shed jobs relative to July 2020, and is down 11,800 jobs since that point.

The bottom portion of the table displays data for COVID-related traditional UC claims (excludes "normal" claims that would be expected for the month) and non-traditional claims under the Pandemic Unemployment Assistance (PUA) program. For July, an average of 690,400 claims above normal were paid each week for a total of roughly \$1.7 billion. On average, UC claimants received \$515 (PUA) to \$650 (traditional) per week. The federal programs are scheduled to expire in two weeks. In last month's update, the IFO speculated that many traditional UC recipients would attempt to rejoin the labor force, but there would only be modest change for PUA recipients due to their tenuous connection to the labor force. The data for July support that assessment as traditional UC claims fell by roughly 18%, but only 5% for PUA. **Continued on next page.**

	Year-Over-Year Change (000s)			Month-to-Month Change (000s)		
	May	June	July	May	June	July
Total Payroll Employment	-432.3	-389.1	-362.5	44.8	28.5	-15.8
Construction	-18.3	-23.1	-24.5	3.7	1.5	1.1
Manufacturing	-31.7	-31.4	-26.5	0.6	4.7	4.9
Retail and Wholesale Trade	-30.8	-26.5	-32.4	6.3	8.4	-6.6
Administration-Waste Manage	-48.3	-42.0	-41.4	2.2	2.7	-1.3
Education	-10.4	1.3	1.0	-5.8	-23.1	-3.6
Healthcare-Social Assistance	-67.2	-64.4	-69.9	-0.1	7.6	-6.3
Leisure and Hospitality	-129.8	-120.6	-104.0	33.0	25.9	19.0
All Government	-36.6	-25.7	-14.8	-3.0	-10.9	-24.5
All Other	-59.3	-56.8	-49.9	7.9	11.7	1.5

	Average Weekly Claims (000s)			Total Monthly Amount (\$ millions)		
	June	July	Change	June	July	Change
Avg Weekly / Total Monthly	767.3	690.4	-76.9	\$1,580	\$1,723	\$143
Traditional UC	292.3	240.0	-52.3	681	791	110
PUA	475.0	450.4	-24.5	899	932	33

Notes: Year-over-year change compares to a no-pandemic scenario. Traditional UC excludes "normal" claims and payments expected during the month and includes payments under non-PUA expanded benefit programs.

Source: Jobs data from U.S. Bureau of Labor Statistics. UC data from PA Department of Labor and Industry and U.S. Department of Labor.

For this month, the update includes a new table that compares the Pennsylvania payroll jobs recovery to border states and the U.S. average. The data compare non-seasonally adjusted employment levels for June and July 2021 to the same months from 2019. This allows for the cleanest comparison across states and does not require that any type of adjustment be applied to the raw data. For July, Pennsylvania payroll jobs were down 5.2% in July 2021, compared to New Jersey (-5.3%), New York (-8.5%), Ohio (-4.4%) and the U.S. (-2.8%). Among the border states, only Ohio ended extra federal weekly bonus benefits early (end of June). Although Ohio is performing better than the peer states listed, it is unclear whether that outcome is due to that policy, the composition of its workforce, overall economic performance or a combination of factors. However, it is clear that the states listed are generally underperforming the U.S. and lag in reverting to pre-pandemic employment levels.

	Percent Change in Payroll Employment: 2021 vs 2019									
	U.S.		PA		NJ		NY		OH	
	June	July	June	July	June	July	June	July	June	July
Total Employment	-3.4%	-2.8%	-5.5%	-5.2%	-5.9%	-5.3%	-8.9%	-8.5%	-4.6%	-4.4%
Construction	-1.4	-1.5	-5.7	-6.2	-7.3	-5.4	-10.6	-10.9	-0.8	0.3
Manufacturing	-3.8	-3.5	-5.9	-5.0	-4.1	-3.7	-7.7	-6.7	-6.0	-6.1
Retail-Wholesale Trade	-2.2	-2.1	-3.7	-4.4	-4.6	-4.5	-9.8	-9.9	-2.1	-2.4
Admin-Waste Manage	-6.6	-5.7	-13.6	-13.9	-7.2	-2.8	-8.1	-8.3	-6.9	-6.1
Healthcare-Social Assist	-1.9	-1.9	-4.1	-4.5	-5.7	-6.0	-3.3	-3.3	-4.0	-3.8
Leisure-Hospitality	-10.6	-8.5	-18.4	-15.7	-18.0	-16.0	-25.7	-24.2	-12.1	-10.2
All Other	-1.9	-1.3	-2.4	-1.8	-3.5	-3.4	-7.2	-6.5	-3.3	-3.3

Source: U.S. Bureau of Labor Statistics. Data are not seasonally adjusted.