

Washington state labor market update

Datapalooza!
Virtual San Juan County EDC meeting
December 9, 2020

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Labor Market and Economic Analysis



zoom -A- PALOOZA

Datapalooza!

What to expect & where we are going

Presented by
James McCafferty



December 9, 2020

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COVID

The obvious place to start

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What to Expect

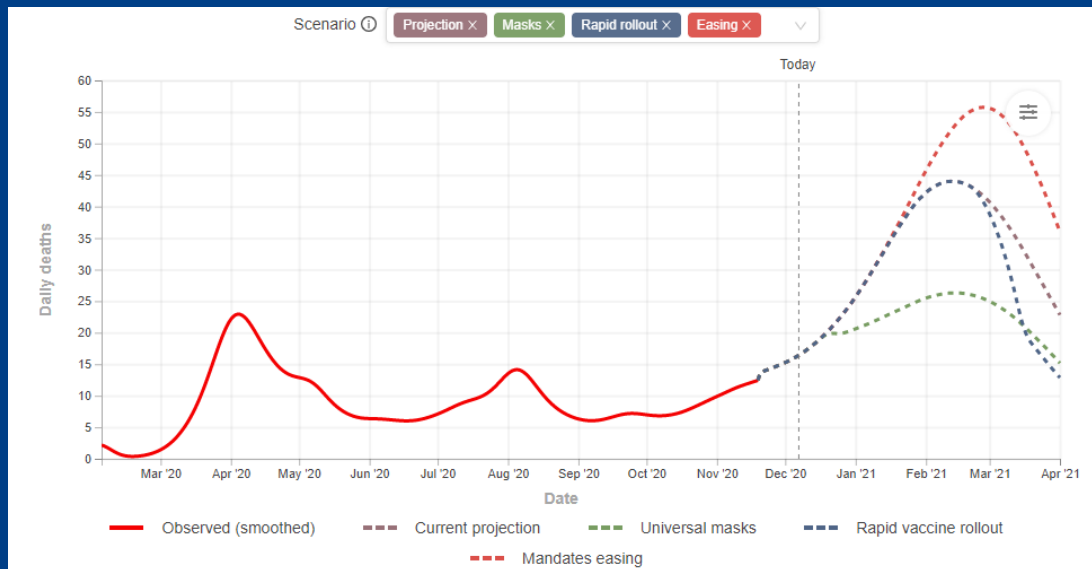
- Now through March are likely to be intense

Deaths

- We are currently averaging about 13 per day as a state.
- By Feb that is expected to be about 53 per day.
- We are about 2 or so weeks out until we see the climb and it will be sharp.

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Source: UW IHME

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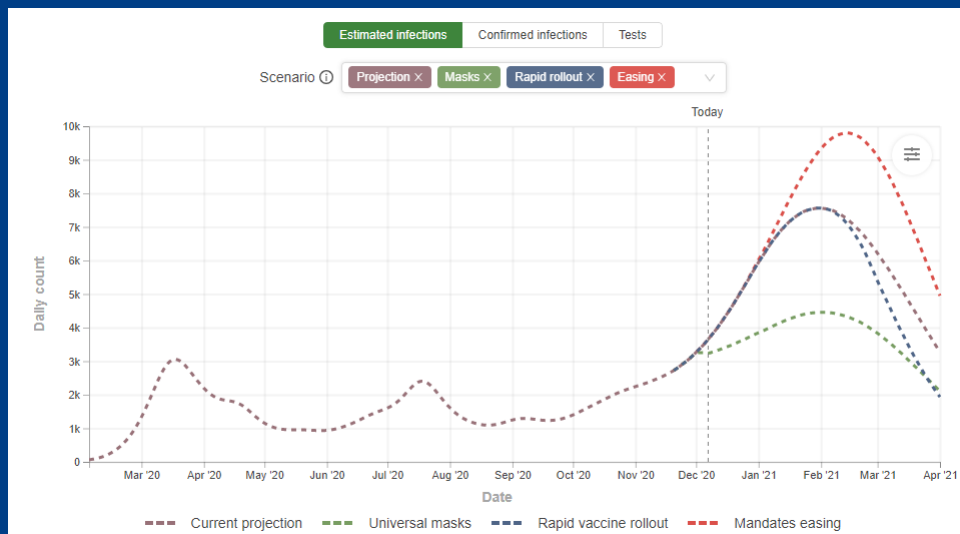
What to Expect

Infections

- We are currently reporting about 3,700 per day.
- Expected to climb to about 7,500 by late-January.
- We have already started the climb on this starting from about 1,000 cases per day in October.
- These are expected to start to decrease as we get to Feb.
 - Vaccine rollout has accelerated the forecasted decrease

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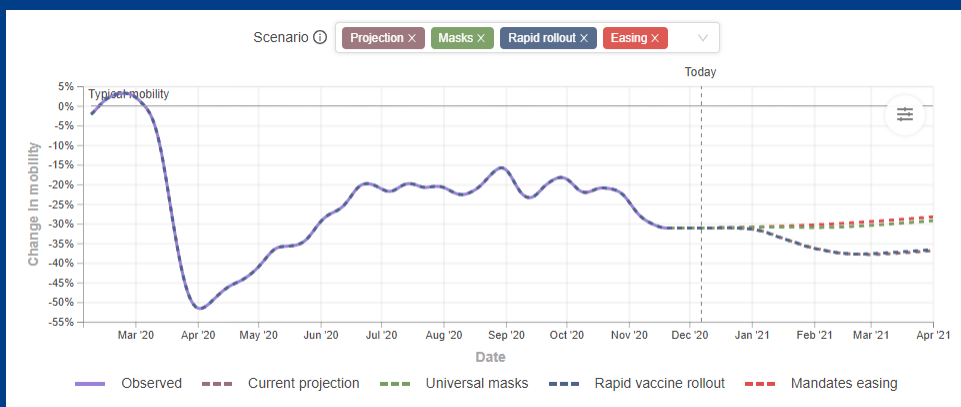
What to Expect

Mobility

- This is what happens as people react to all of this.
- In April we were at about -53% mobility
 - (think of this as more than half the people that normally move about were not)
- Come January it is expected that mobility will begin to fall from the current -22% to -38% in March

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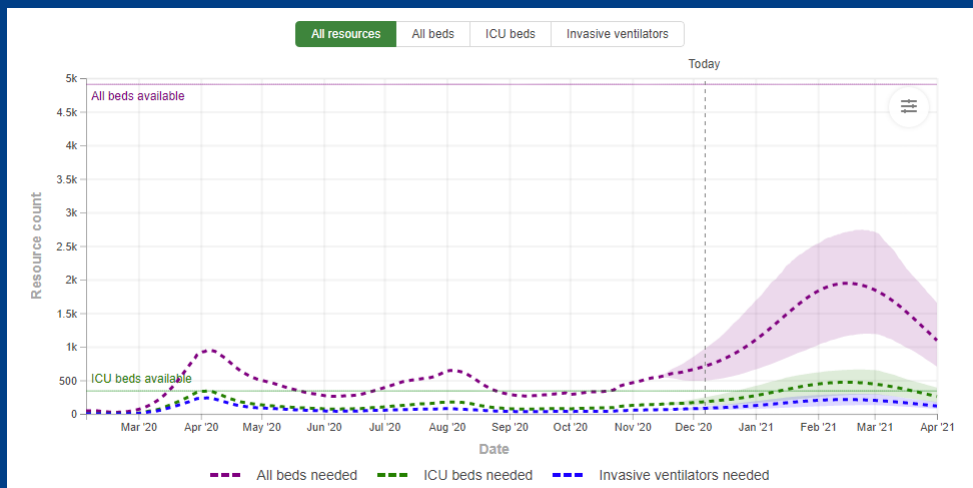
What to Expect

Hospital Use

- This will be different than before
 - Younger patients
 - Higher survival rate
 - Better medical approaches
 - Fewer deaths per hospitalization
- Problematic because we are already maxing out some states

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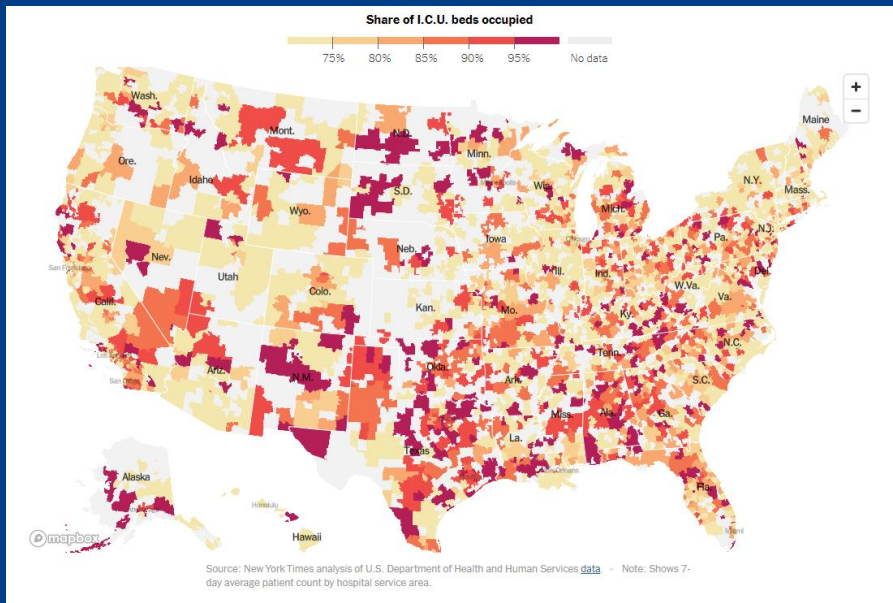
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Source: UW IHME

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What to Expect

Vaccine Development

- Early data shows ~90% effective rate in multiple vaccines
 - Two-dose approaches
 - Delivery timeline
 - Adults only
 - Unknowns abound
 - Not peer reviewed
 - Acceptance rate (need ~70%)



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Best Case Vaccinations

- Two dose requirement
- Assumes no supply chain disruptions
- Adults (18+)
- Not likely

(in millions)	# of Doses	# People Vaccinated	Cumulative # People Vaccinated	% of US Population
December	40	0	0	0%
January	70	20	20	8%
February	70	35	55	21%
March	150	35	90	35%
April	150	75	165	64%
May	150	75	240	93%
June		75	315	122%

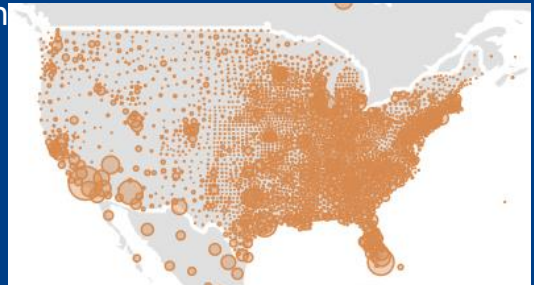
Source: CEBR calculations

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What to Expect

- Some states are overwhelmed already – most will be
- Will mask use increase? Currently at ~72%
- November and December holidays will create bubbles and spreading
- Supply chain challenges for distribution
- July is still the target for more wide-spread improvement
- Air travel will continue to rebound
 - But business travel will not completely recover



Confirmed cases by location/density

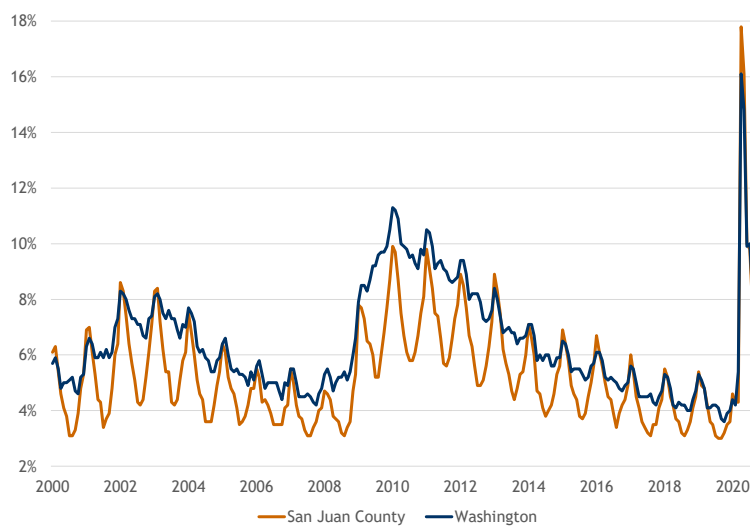
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Unemployment and Labor Force

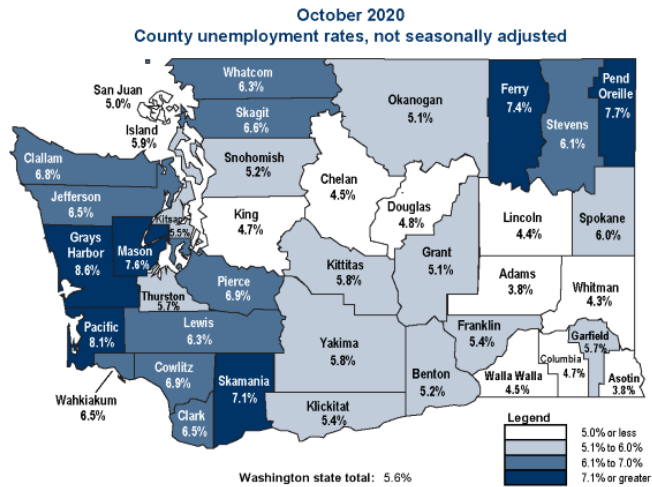
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The unemployment rate in San Juan County reached 17.8% in April



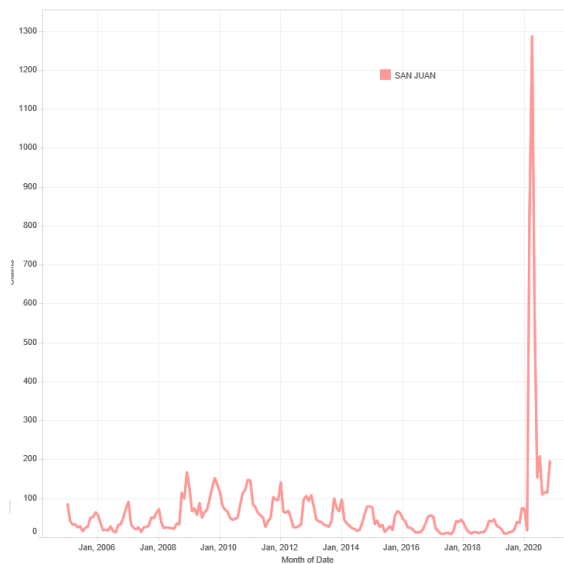
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The unemployment rate varies throughout the state



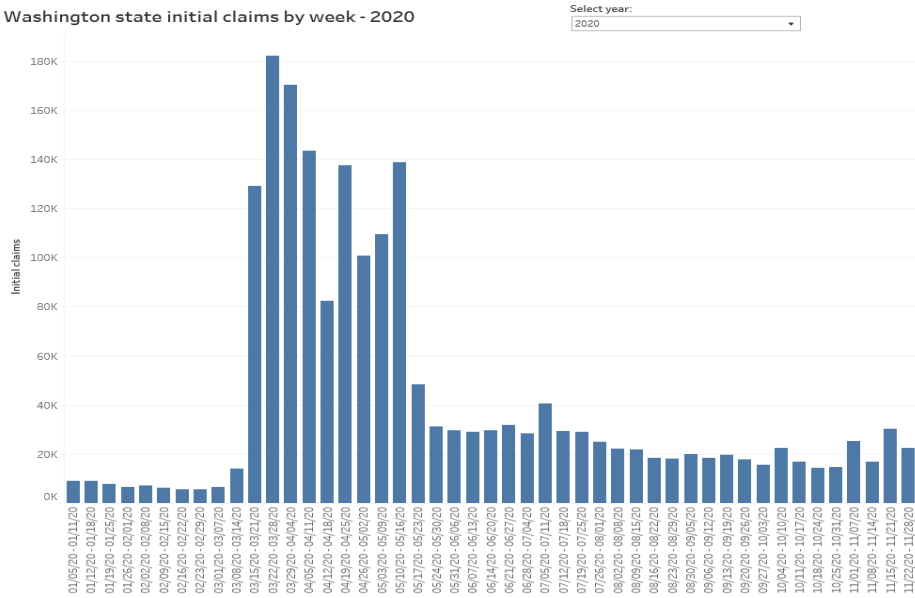
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Initial Claims in an unprecedented year



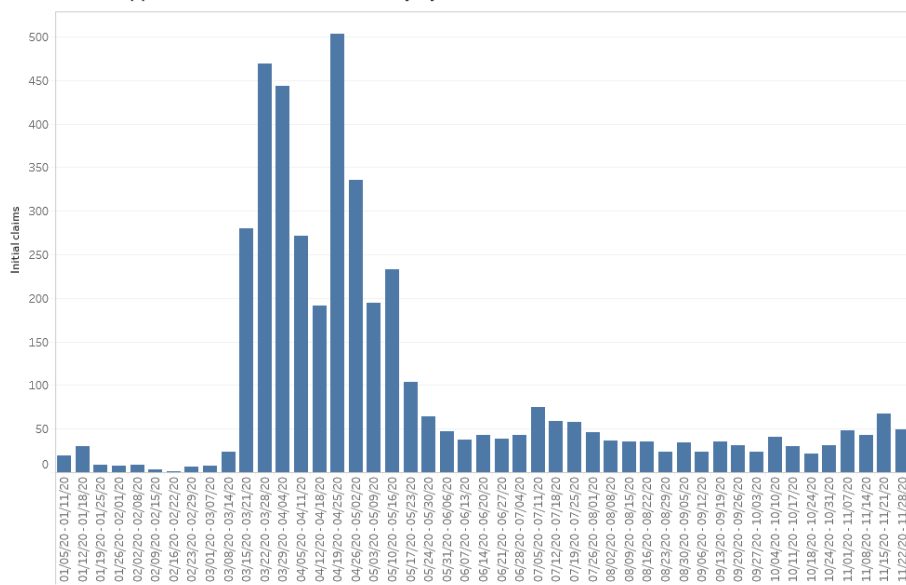
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Washington state initial claims by week - 2020



Employment Security Department, Initial Claims for Unemployment Insurance

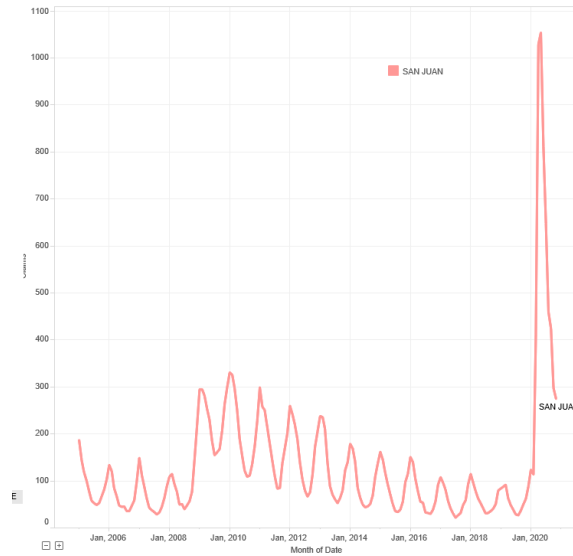
Initial claims applications for SAN JUAN county by week - 2020



DISCLAIMER: The data presented will not exactly match data that is presented officially in ETA (federal) reports. There are dozens of nuances, caveats, and assumptions that make lying business logic to a system of record. If we want to subdivide the data into demographic groups (county, industry, etc.), we have used queries that come very close to the ETA number but not exact. All data is subject to future revisions.

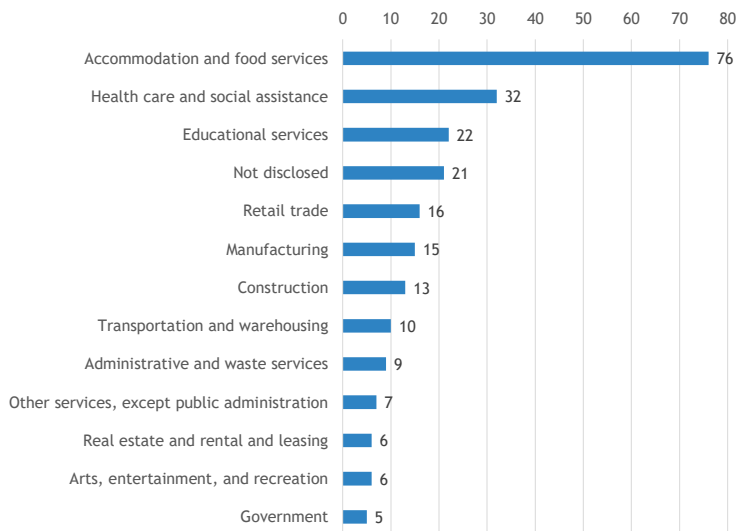
Employment Security Department, Initial Claims for Unemployment Insurance

Continued Claims in San Juan County



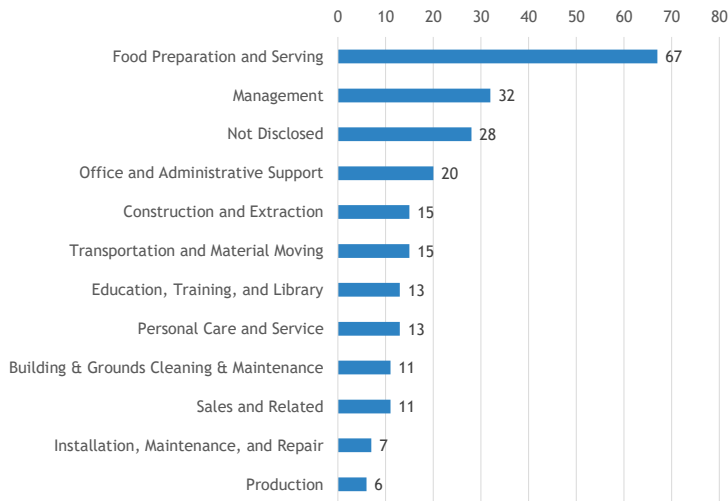
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Continued claims by industry: Week 47



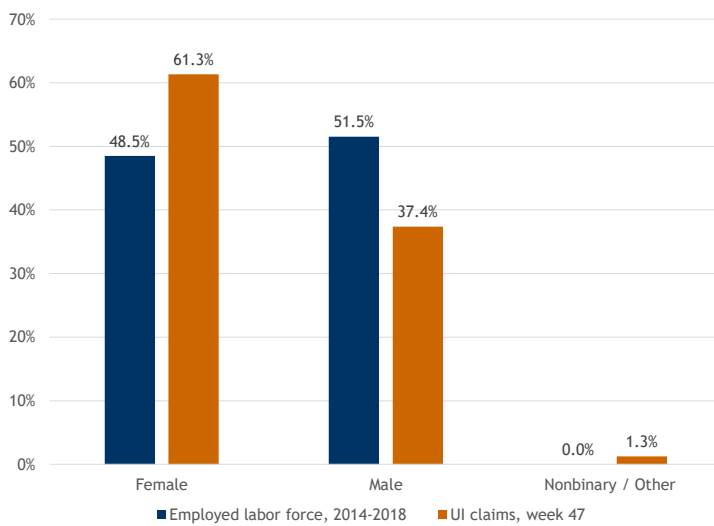
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Continued claims by occupation: week 47



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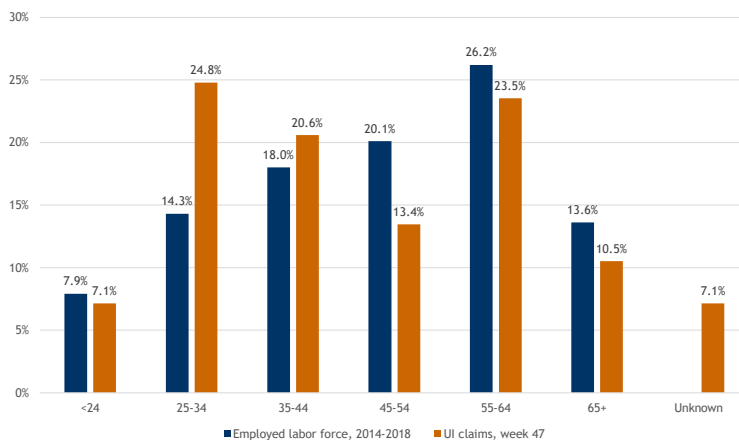
Women are more likely to be unemployed



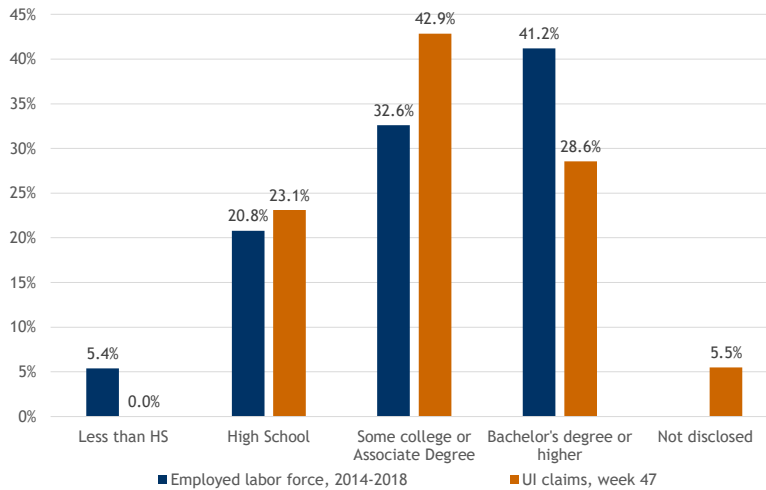
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	Employed labor force, 2014-2018	UI claims, week 47
African American	1.1%	1.7%
American Indian	0.9%	*
Asian	1.6%	2.1%
Pacific Islander	0.2%	*
Caucasian	91.2%	83.2%
Two or More Races	2.5%	2.5%
Latino/Hispanic of any race	6.8%	5.9%
Unknown		*
Not Disclosed		4.6%

Younger workers are disproportionately more likely to be claiming UI

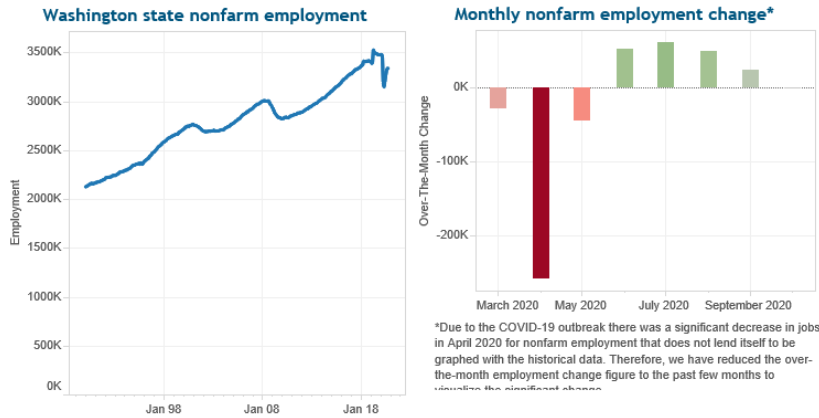


Workers with some college are most likely to be unemployed

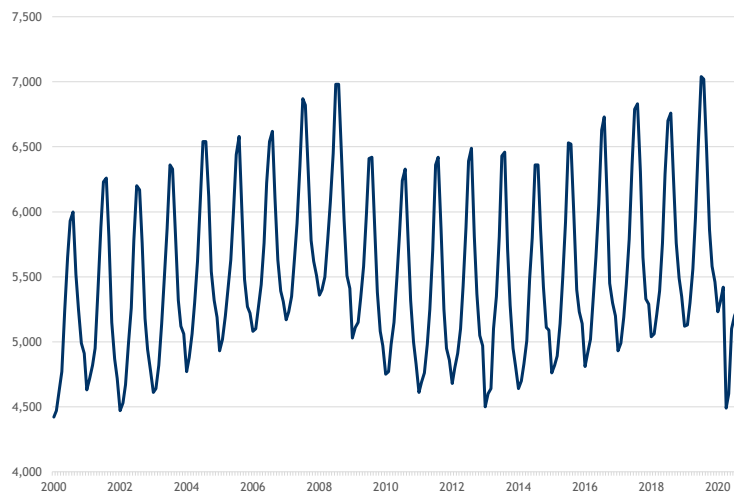


Payroll employment

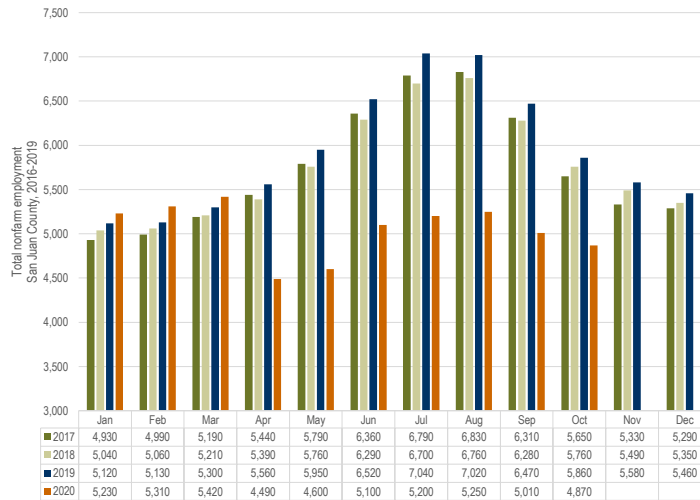
Total employment dropped in March and April, but has begun to return



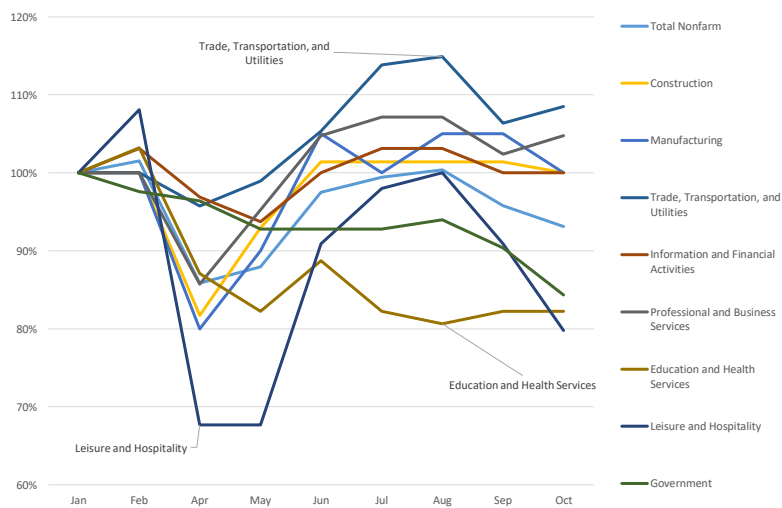
San Juan County payroll employment was finally showing signs of recovery...



Summer basically didn't happen this year



The pandemic has impacted sectors differently



	October 2020	Sept 2020 - Oct 2020	Oct 2019 - Oct 2020	Oct 2019 - Oct 2020
Total	4,870	-140	-990	-16.9%
Construction	710	-10	-30	-4.1%
Manufacturing	200	-10	-40	-16.7%
Trade Transportation & Utilities	1,020	20	-10	-1.0%
Information & Financial Activities	320	0	-40	-11.1%
Professional & Business Services	440	10	10	2.3%
Education & Health Services	510	0	-130	-20.3%
Leisure & Hospitality	790	-110	-620	-44.0%
Government	700	-50	-120	-14.6%

Human Behavior

Economics is a Social Science

The Tale of Two Pandemics

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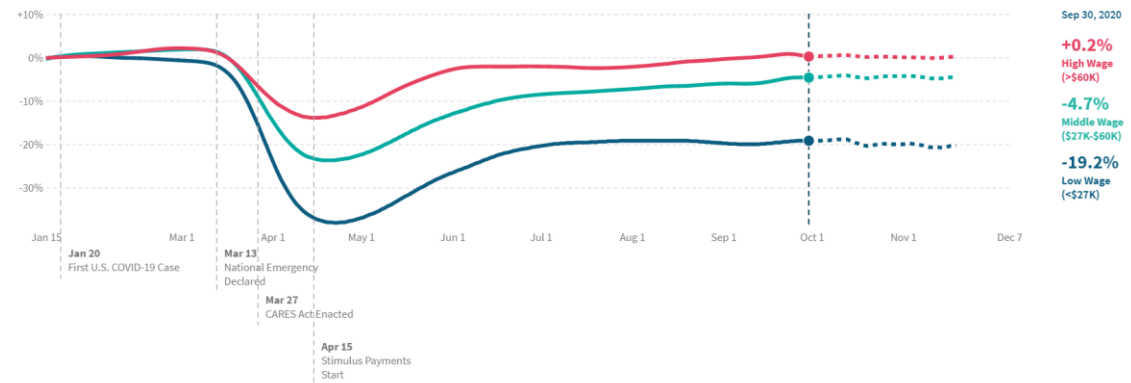
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Percent Change in Employment*

In the **United States**, as of **September 30, 2020**, employment rates among workers in the bottom wage quartile **decreased by 19.2%** compared to January 2020 (not seasonally adjusted).



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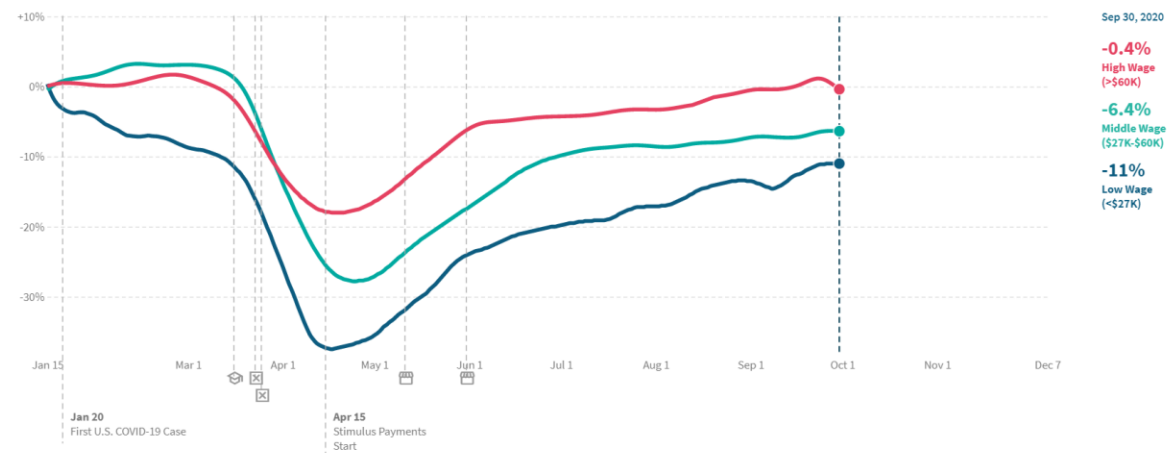
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Percent Change in Employment*

In **Washington**, as of **September 30, 2020**, employment rates among workers in the bottom wage quartile **decreased by 11%** compared to January 2020 (not seasonally adjusted).



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Percent Change in All Consumer Spending*

In the United States, as of November 22, 2020, total spending by all consumers decreased by 2.3% compared to January 2020.



*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. The dashed segment of the line is provisional data, which may be subject to non-negligible revisions as newer data is posted. This series is based on data from Affinity Solutions.

last updated: December 01, 2020 next update expected: December 09, 2020

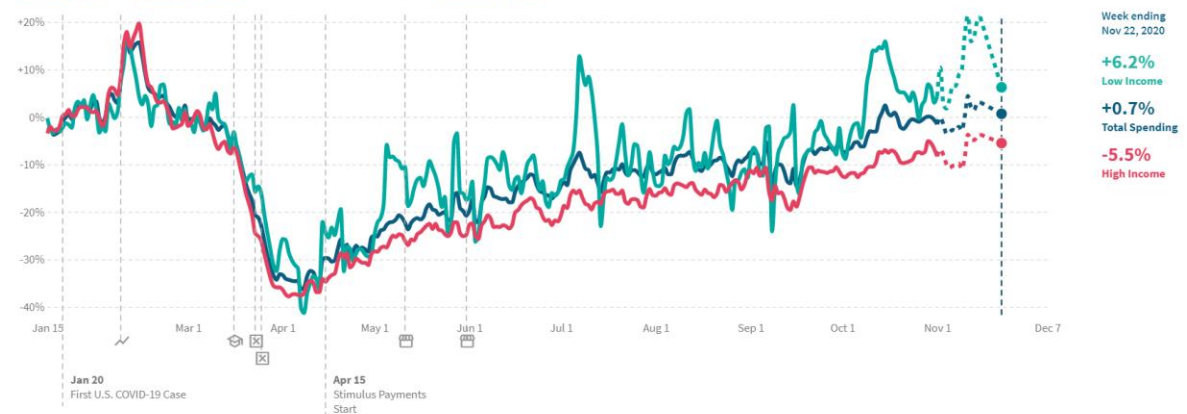
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Percent Change in All Consumer Spending*

In Washington, as of November 22, 2020, total spending by all consumers increased by 0.7% compared to January 2020.



*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. The dashed segment of the line is provisional data, which may be subject to non-negligible revisions as newer data is posted. This series is based on data from Affinity Solutions.

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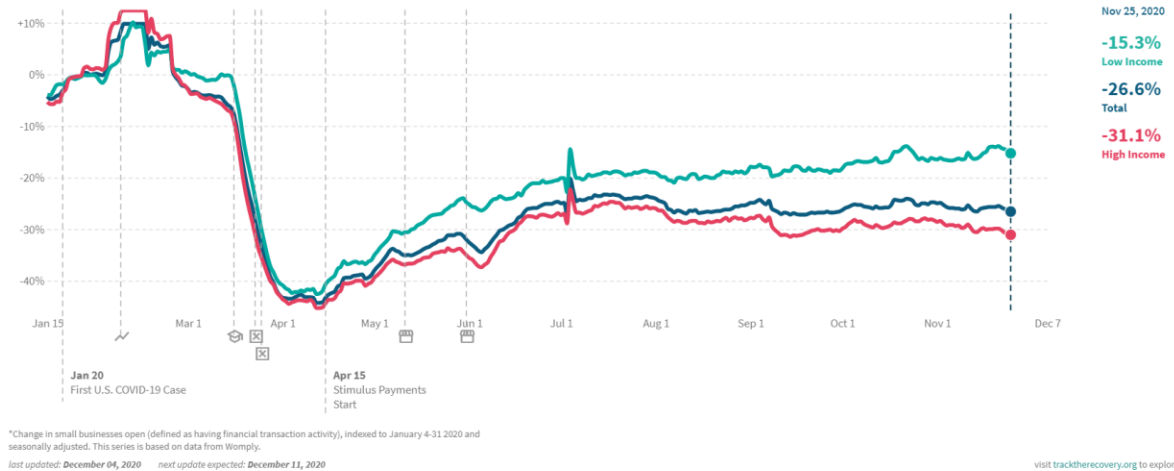
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Percent Change in Number of Small Businesses Open*

In **Washington**, as of **November 25, 2020**, the number of small businesses open **decreased** by **26.6%** compared to January 2020.

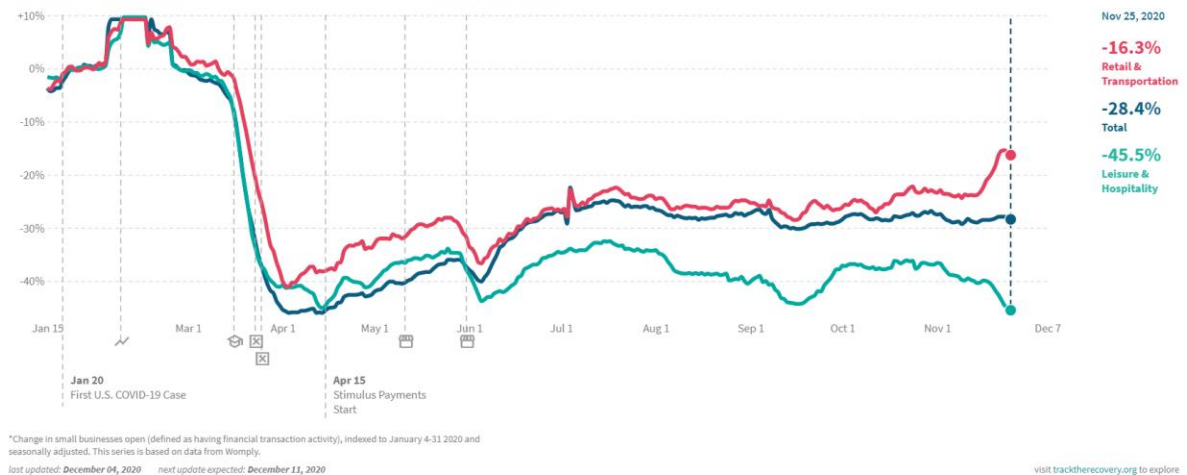


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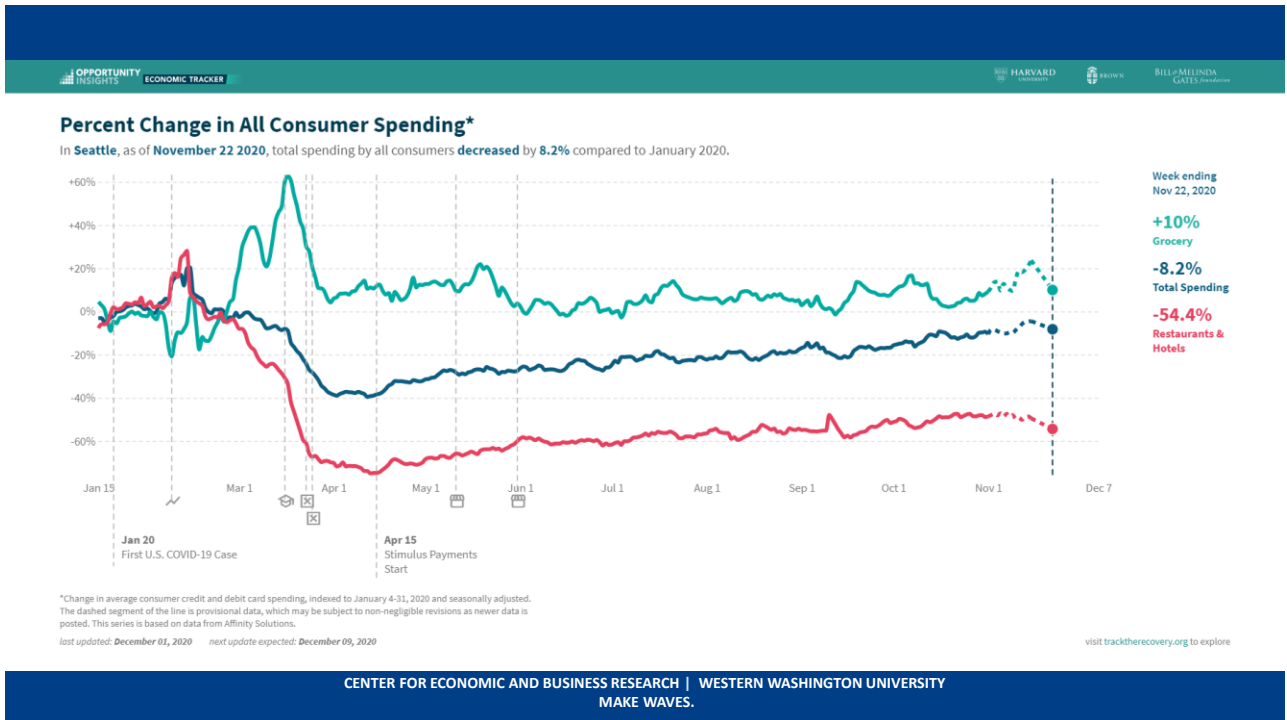
Percent Change in Number of Small Businesses Open*

In **Seattle**, as of **November 25, 2020**, the number of small businesses open **decreased** by **28.4%** compared to January 2020.



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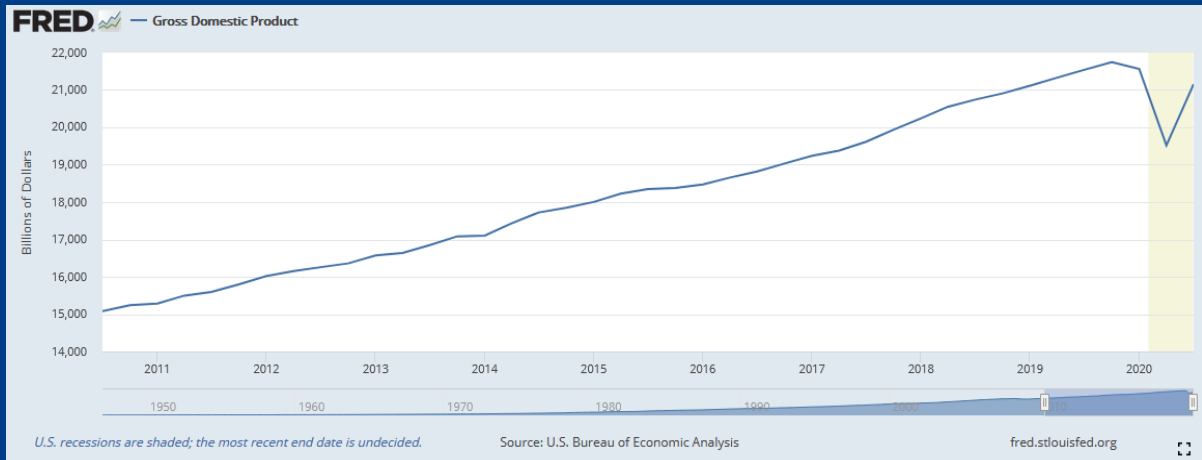
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What to Expect

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GDP back to pre pandemic levels in mid-2021



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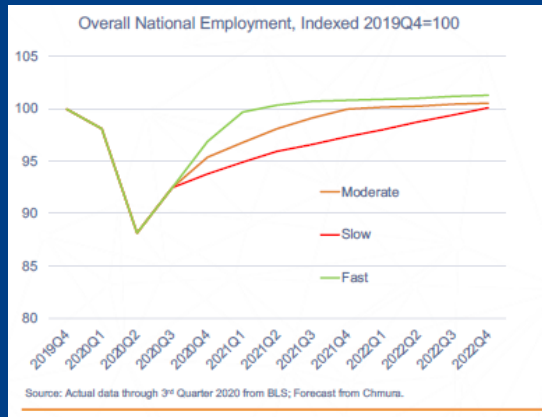
Increasing consensus is that we will see a double dip recession with recovery in 2021Q2.

Quarter	Percent Change
2019 Q4	2.1
2020 Q1	-5.0
2020 Q2	-31.4
2020 Q3	33.1
2020 Q4	?

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Three Scenarios



Moderate: Q2-2021 vaccine widely distributed, no further shutdown; Employment pre-COVID 2-3 qtrs. later

Slow: Q4-2022 vaccine widely distributed, heightened infection in Q3-2022, and slow recovery for the rest of this year. Employment pre-COVID Q1 or Q2, 2023

Fast: Q1-2021 vaccine widely distributed. Employment pre-COVID Q2 2021

Source: Chmura Economics & Analytics

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Sources:

- ▶ Employment Security Department / Labor Market and Economic Analysis; Unemployment Insurance Claims
- ▶ Employment Security Department / Labor Market and Economic Analysis; U.S. Bureau of Labor Statistics; Labor Area Unemployment Statistics (LAUS) and Current Population Survey (CPS)
- ▶ U.S. Census Bureau, American Community Survey (ACS), 2018
- ▶ Employment Security Department / Labor Market and Economic Analysis; U.S. Bureau of Labor Statistics; Labor Area Unemployment Statistics (LAUS) and Current Population Survey (CPS) via Washington State Department of Commerce Economic Recovery Dashboard
- ▶ Employment Security Department / Labor Market and Economic Analysis; Washington Employment Estimates