



April 2022

KENTUCKY

LABOR FORCE UPDATE

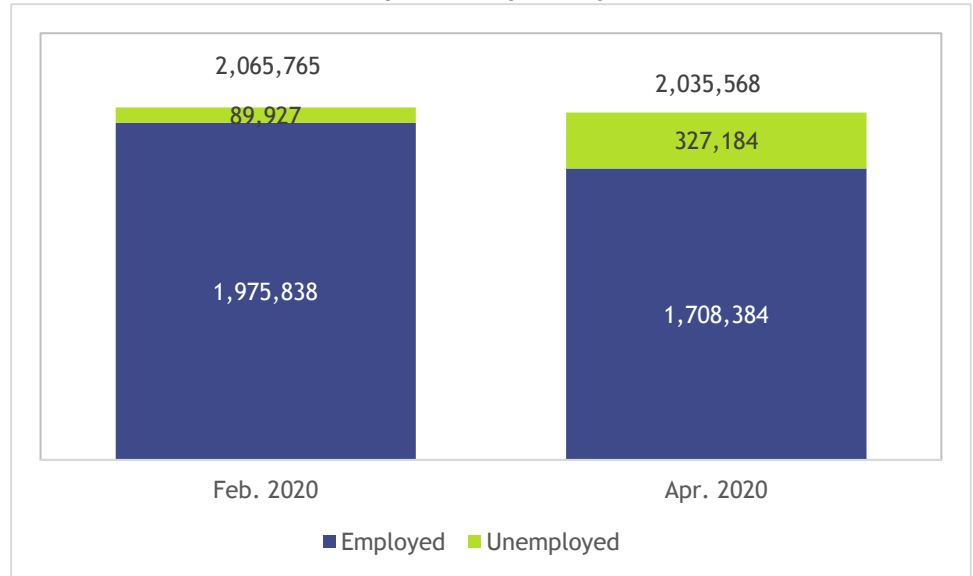
How Employment is Recovering in Local Workforce Areas

Last month's *Labor Force Update* presented statewide employment data by industry to determine if employment had recovered from the COVID-19 downturn. This month's issue examines trends in monthly Local Area Unemployment Statistics (LAUS) for the Local Workforce Areas (LWA) with the same question - has employment recovered to levels before COVID-19 restrictions were put in place?

Released monthly, the LAUS data are current indicators of labor market health. The LAUS program produces estimates of the civilian labor force, employment, unemployment, and unemployment rate for the state, LWAs, Area Development Districts (ADD), Metropolitan Statistical Areas (MSA), and counties.*

There was a sharp drop in employment between February and April 2020 as measures were put in place throughout the Commonwealth to slow the spread of COVID-19, which caused some businesses to temporarily close or reduce staff. The chart to the right shows the change in the civilian labor force during this period. The civilian labor force is a measure of people ages 16 and older who are available for work and includes both the employed and unemployed. The civilian labor force dropped by 30,197 people, or 1.5 percent, between February and April

Civilian Labor Force in Kentucky, February and April 2020



Source: LAUS, not seasonally adjusted

2020. As pointed out by Dr. Michael Clark, Director of the Center for Business and Economic Research at the University of Kentucky, in a previous [Labor Force Update](#), the smaller labor force may have been a result of laid-off workers expecting to be called back to work by their employers. During this time, the state also waived its job search requirement to receive unemployment benefits which also may have been a factor.

The composition of the labor force during April 2020 was quite different than two months earlier. The number employed decreased by more than 267,000 and the number of unemployed increased by 237,000. The unemployment rate is defined as the share of the state's labor force not currently employed and actively looking for work. The not seasonally adjusted unemployment rate in Kentucky peaked at 16.1 percent in April 2020, up from 4.4 percent in February 2020. The recovery began in May 2020 with 73,428 more people employed and 67,795 fewer unemployed (unemployment rate of 12.7 percent) than in April 2020.

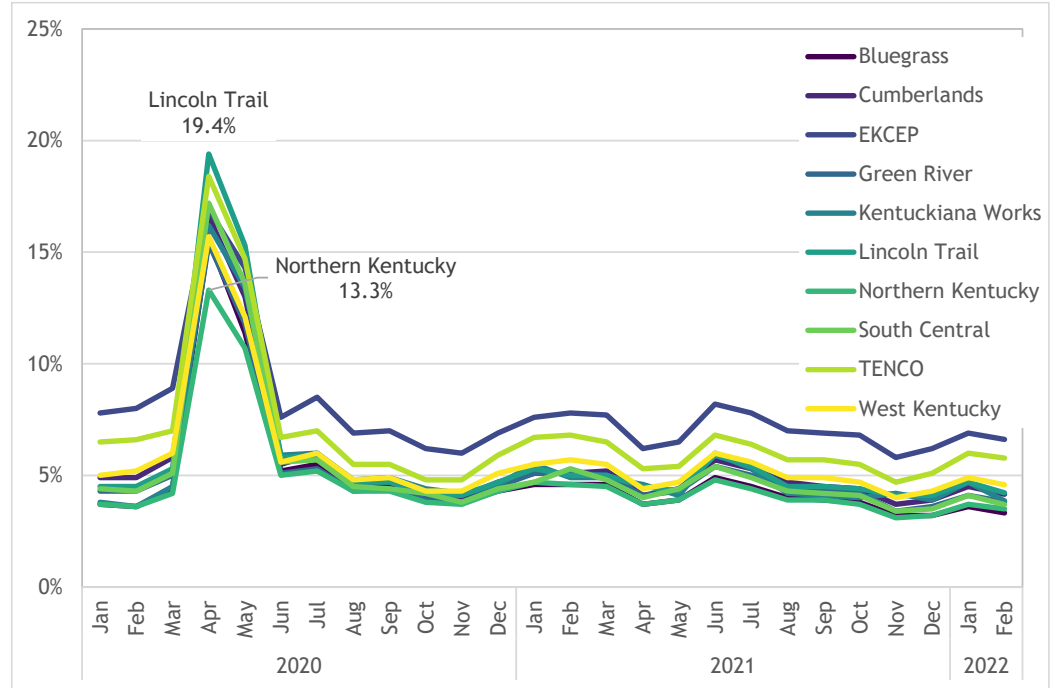
* Labor force statistics are based upon estimates from the Current Population Survey (CPS) of households. The survey is designed to measure trends in the number of people working and includes jobs in agriculture and individuals who are self-employed.



How is Employment in Local Workforce Areas Recovering?

Among the LWAs, the April 2020 unemployment rate was the highest in Lincoln Trail at 19.4 percent and the lowest in Northern Kentucky at 13.3 percent. The path of recovery was similar among all LWAs with unemployment rates dropping through 2020, increasing slightly in early 2021 and, for most LWAs, now below pre-COVID rates. The only exception was the Kentuckiana Works LWA where the unemployment rate was 3.6 percent in February 2020, peaked at 16.2 percent in April 2020 and stood at 3.9 percent in February 2022. This

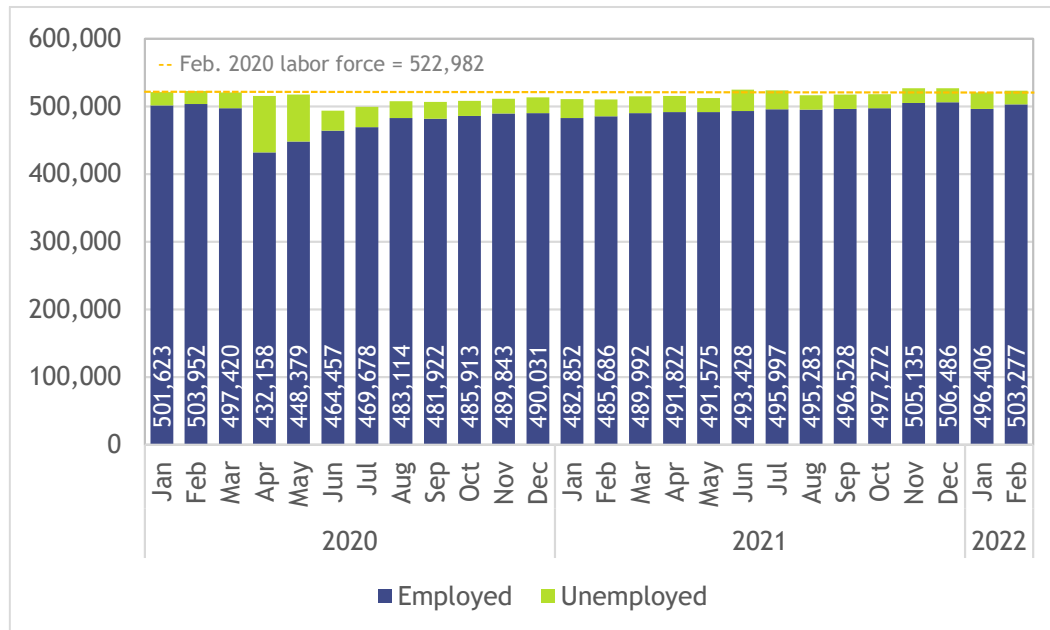
Unemployment Rate by LWA, January 2020 to February 2022



Source: LAUS, not seasonally adjusted

discrepancy between Kentuckiana Works and other LWAs could, in part, reflect more workers in this area remaining in the labor force and actively looking for work throughout the pandemic.

Kentuckiana Works LWA Civilian Labor Force



Source: LAUS, not seasonally adjusted

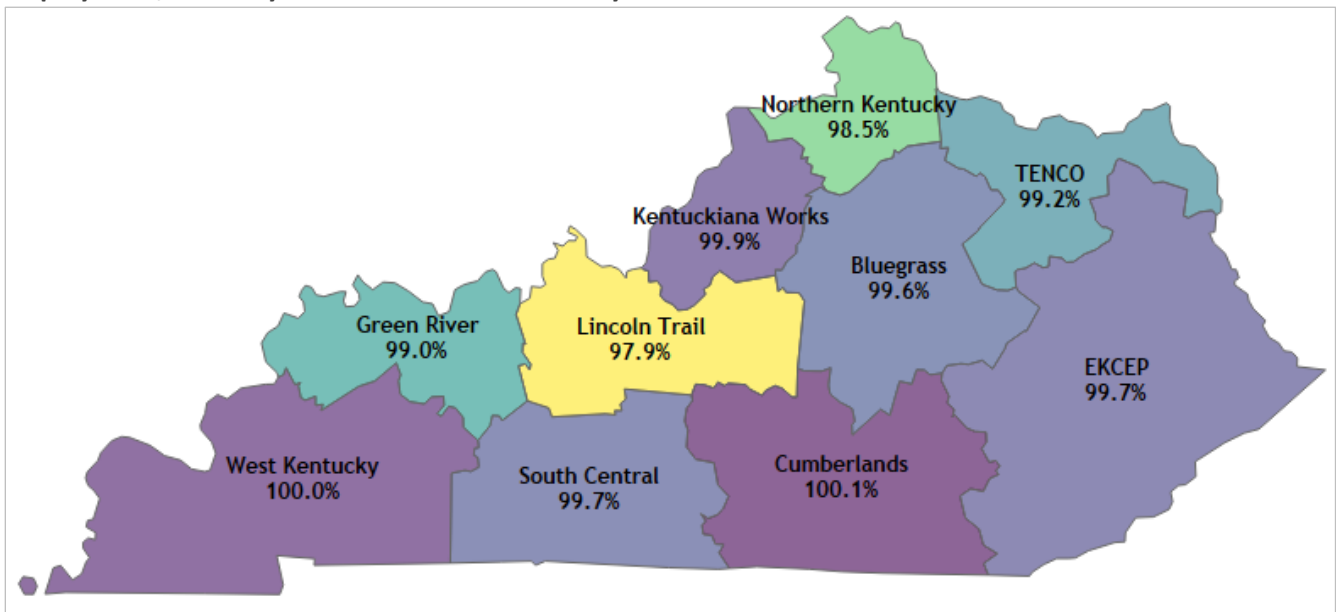
The chart to the left shows the civilian labor force of the Kentuckiana Works LWA which dropped to a low of 493,676 people in June 2020. A year later, the civilian labor force was greater than pre-COVID levels in five of the nine months between June 2021 and February 2022. In part, this reflects a larger number of unemployed persons during the COVID pandemic.



How is Employment in Local Workforce Areas Recovering?

As shown last month and now with LAUS data, employment levels have nearly all returned to pre-COVID levels. In February 2020, there were 1,975,838 employed people in Kentucky. Two years later, employment was 99.5 percent of that or 1,965,390 people. The map below shows February 2022 employment as a share of February 2020 employment in the LWAs to determine how much employment has recovered from the pandemic employment losses. Rates range from a low of 97.9 percent in Lincoln Trail to 100.1 percent in Cumberlands indicating that employment in the Cumberlands LWA in February 2022 exceeded employment in February 2020.

Employment, February 2022 as a Share of February 2020



Source: LAUS, not seasonally adjusted

For several months now, persistent discussions about the elevated number of job openings have given voice to concerns that people were not returning to work. As shown here and in last month's issue, rebounded employment levels seem to indicate that is not the case. Instead, greater job openings may be due, in part, to people moving around in the labor market from job to job.

Although employment levels have nearly returned to pre-pandemic levels throughout Kentucky, the civilian labor force remains lower by 17,554 people compared to February 2020. The number of people unemployed and looking for work remains lower than pre-COVID levels, 92.1 percent. While this does lead to lower unemployment rates, it can indicate a tight labor market. There are many reasons people may choose not to return to work such as retirement, illness, choosing not to risk exposure to COVID, and [women staying home to take care of a family member](#). In the future, KYSTATS will continue to examine the impact of COVID-19 on the labor force and will investigate these, and other, possible scenarios affecting workers decisions to participate in the labor force.



Research in Progress

KYSTATS COVID Research Group



It has been just over two years since the beginning of widespread COVID-related policies that were implemented in Kentucky and across the U.S. As more data from this time period become available, KYSTATS is in a unique position to provide analyses along the birth through workforce continuum using the Kentucky Longitudinal Data System (KLDS). We are working to develop a comprehensive report to provide insight into how Kentucky and its residents have been impacted by the COVID-19 pandemic by describing trends and changes in key metrics at the state level and by analyzing potential differences between populations and geographies within the state. As this research develops, we will let you know how to access the various reports.



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