



August 2021

KENTUCKY

LABOR FORCE UPDATE

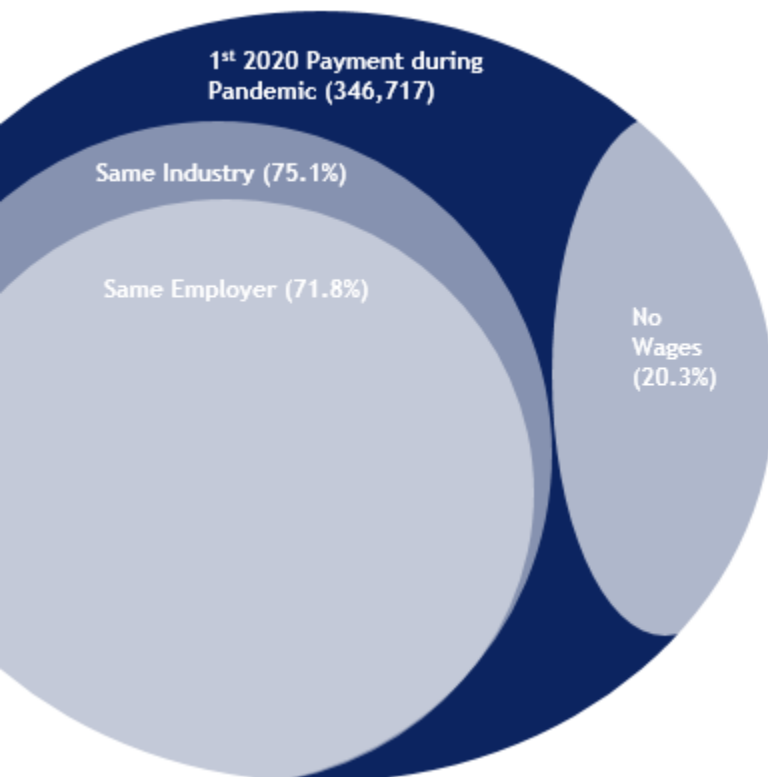
Employment Outcomes During the Pandemic

A Closer Look at Employment Transitions During the Initial Months of the Pandemic

During the first quarter of 2020, there were 1.9 million people employed in Kentucky in jobs covered by unemployment insurance (UI) per data in the Kentucky Longitudinal Data System (KLDS). After the World Health Organization (WHO) declared COVID-19 a pandemic in March, Executive Orders were enacted which closed many businesses throughout the state. This *Labor Force Update* examines the status of those 1.9 million people. How many remained employed throughout the second and third quarters of 2020? How many received unemployment assistance? Of those, what share had returned to work by the fall?

During the first three and a half months of the pandemic, from March 15 through June 30, 21.0 percent of those who were employed during quarter 1 (Q1), 399,445 people, received an unemployment payment. For 86.8 percent of these workers, 346,717 people, their initial unemployment payment was issued during this same three and a half month period, hereafter referred to as a pandemic payment. The other 13.2 percent, 52,728 people, had already received at least one unemployment payment prior to March 15.

Employed in Q1 2020 and Received First UI Payment Between March 15 and June 30, 2020



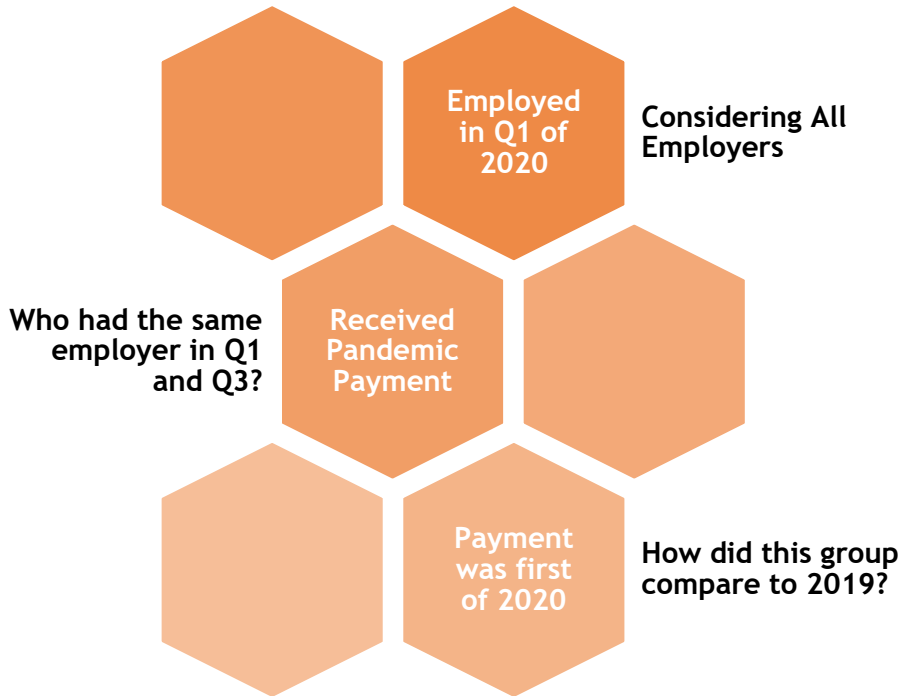
Among those Q1 workers who received a pandemic payment as their first of 2020 (our main cohort of interest), the blue circle in the chart to the left reveals their UI covered employment status as of the third quarter (Q3) of 2020:

- 75.1 percent were employed in the same industry as they were in Q1 2020 (Note: For workers with multiple jobs in either quarter, at least one employer had to be in the same industry in both quarters. Similarly for same employer.)
- 71.8 percent were employed by the same employer from Q1 2020
- 20.3 percent were not receiving wages covered by unemployment insurance

The remaining 4.6 percent were employed in a different industry than they were employed in Q1 2020.



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These 346,717 people likely include those affected by pandemic related shutdowns enacted early in the pandemic, and accounted for 398,886 individual employments at UI covered firms. This analysis examines if these workers returned to work for the same employer by industry. Users should note, individual industries rehired employees at different rates. Further, because some industries are traditionally more seasonal than others, comparisons were made to 2019¹. Six sectors with the most employees in Q1 2020, were examined:

- Accommodation and Food Services
- Administration and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Manufacturing
- Retail Trade

Information about these six major industries is provided below. Recall that there were 1.9 million individuals employed in the first quarter, some of whom worked multiple jobs. The table below shows that in 2020, 64.8 percent of unemployed workers were employed by the same employer in Q1 and Q3, compared to 36.8 percent in 2019. Among these six industries, the number of workers without full employment during the first part of the pandemic was highest in the Manufacturing sector, which also had the highest rate of rehiring, 86.1 percent. The discrepancies between 2019 and 2020 are notable and could be further explored by considering if employees that received assistance in 2020 would have qualified under the 2019 unemployment insurance rules.

The Health Care and Social Assistance sector and the Accommodation and Food Service sector were of particular interest in 2020 due to the nature of each industry and executive orders that were enacted. The KYSTATS' [County Unemployment Update dashboard](#) displays unemployment filings with initial claims by week during 2020 for comparison.

¹ For 2019, the comparable period to the 2020 pandemic period was March 15th to June 30th.



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Additionally, the variability of rates of same employment from Q1 to Q3 in these two years were at opposite ends of the spectrum for these two sectors. Overall, 73.0 percent of Healthcare and Social Assistance employees who first received a pandemic payment were reemployed by their employer in Q3 as shown in the table below. This compares to 2019 when only 18.5 percent of the similar cohort was reemployed by their employer in Q3. Contrast that with the Accommodation and Food Service industry where the rate of same employer was essentially steady from 2019 to 2020, increasing by only 2.2 percentage points.

Employment of New Pandemic Unemployed Workers in Q3

Major Industry	Year	Q1, Total Employees	First UI Payment mid-March through June*				
			Total	Share	Employed** in Q3	Same Industry	Same Employer
All Industries	2019	2,125,181	16,811	0.8%	65.5%	48.1%	36.8%
	2020	2,123,925	398,886	18.8%	79.8%	70.4%	64.8%
Accommodation and Food Services	2019	221,398	1,045	0.5%	78.6%	64.2%	49.1%
	2020	221,651	60,381	27.2%	73.2%	61.2%	51.3%
Admin. & Support & Waste Mgmt. & Remediation Services	2019	187,343	1,759	0.9%	60.8%	37.1%	18.1%
	2020	177,338	33,349	18.8%	68.3%	49.2%	37.8%
Educational Services	2019	189,865	421	0.2%	62.0%	46.6%	25.7%
	2020	192,839	15,518	8.0%	67.4%	54.2%	50.6%
Health Care and Social Assistance	2019	291,552	1,459	0.5%	59.4%	39.0%	18.5%
	2020	293,654	61,056	20.8%	85.7%	81.0%	73.0%
Manufacturing	2019	284,419	5,221	1.8%	77.6%	68.2%	63.1%
	2020	282,527	97,823	34.6%	91.7%	88.0%	86.1%
Retail Trade	2019	244,312	1,143	0.5%	57.2%	33.9%	20.4%
	2020	245,705	42,792	17.4%	77.3%	65.3%	59.8%

* For both years, unemployment occurred between March 15th and June 30th.

** As a percentage of the total whose 1st unemployment occurred between March 15th and June 30th, i.e. in the second numeric column.

Sources: KYSTATS, KLDS

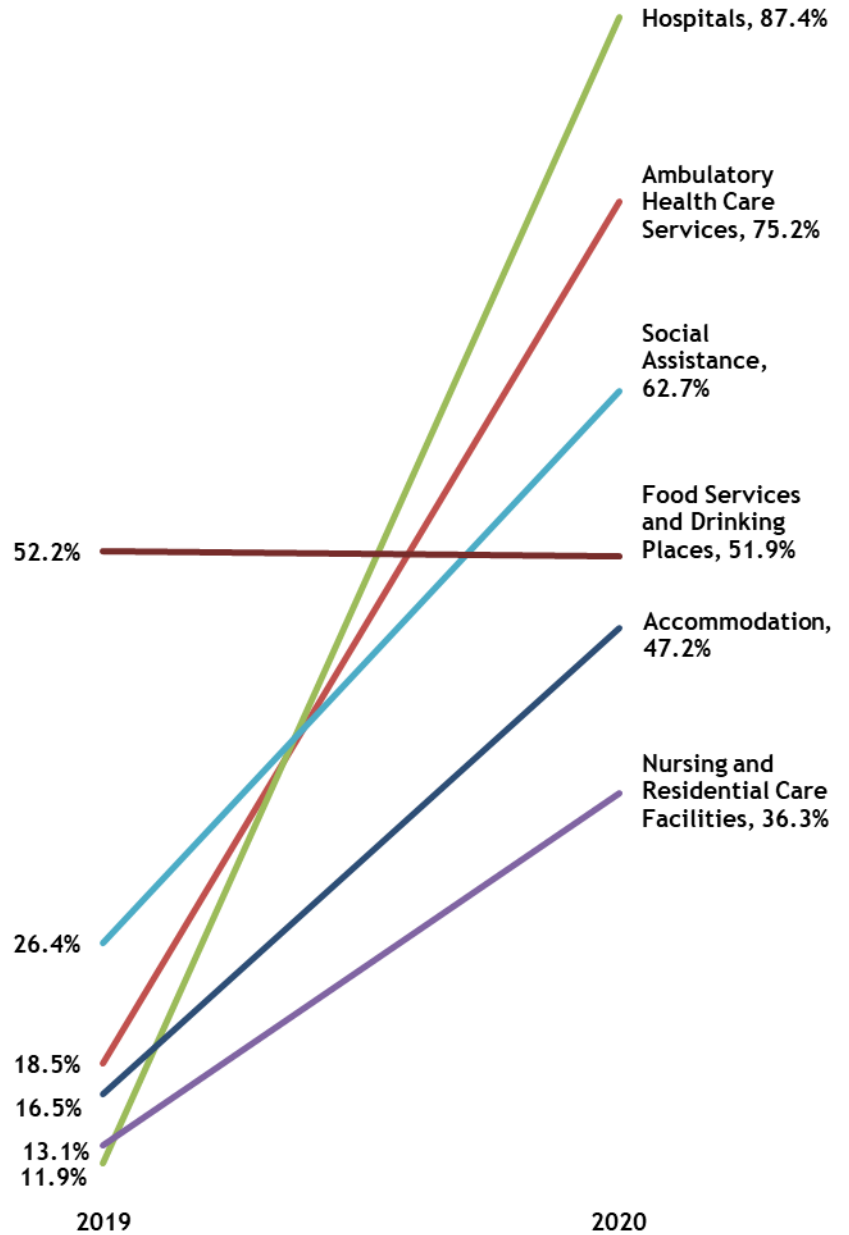


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A further examination of the subsectors within both the Health Care and Social Assistance and the Accommodations and Food Services industries reveal more granular findings. Hospital employees returned to their former employers at more than three times the rate as Nursing and Residential Care Facilities from Q1 to Q3 2020, despite their return levels being similar in 2019. Food Services and Drinking Places told a different story. These employers retained their employees at a slightly lower rate in 2020 than in 2019. This could potentially be due to a smaller demand by employers in the sector or employees switching industries and would need more investigation.

There are many other questions which may warrant further investigation, such as what is the pattern among subsectors of other sectors? What do the trends look like if considering employment from Q1 2020 to Q1 2021? How did the other cohorts fare?

Industry Employees Returning to Same Employer



Sources: KYSTATS, KLDS



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This research demonstrates that workers who received their first unemployment insurance payment after March 15 had different employment outcomes by Q3 2020 than those in the comparable time in 2019.

These workers were more likely to be employed by the same employer in Q3 as Q1 (64.8 percent compared to 36.8 percent). This was most pronounced among workers in Hospitals (87.4 percent versus 11.9 percent). There was little difference among workers at Food Services and Drinking Places who returned to the same employer in this cohort.



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Kentucky Labor Force Update

A monthly publication of the
Kentucky Center for Statistics (KYSTATS)

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This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. ALL other uses require prior authorization by the copyright owner.

Published 8/31/2021