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COVID-19 and East Texas Employment: The Economic Recovery Begins - August 2020

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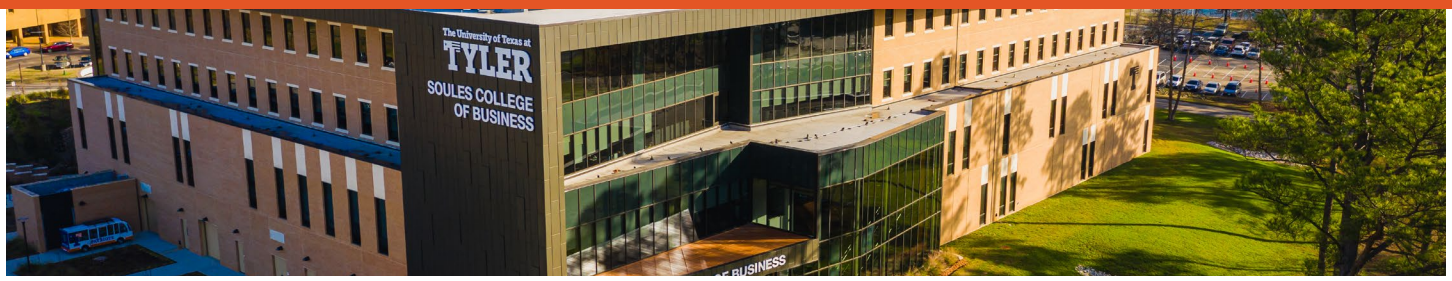


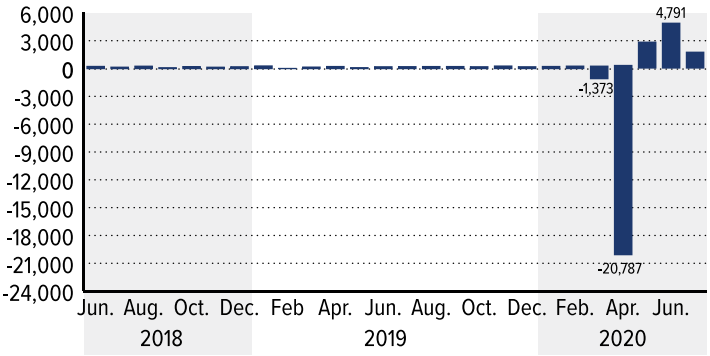
COVID-19 and East Texas Employment: The Economic Recovery Begins.

Measures to slow the COVID-19 spread cost the United States 22 million jobs in March and April. However, more than 9 million of those jobs returned in May, June and July, marking the beginning of the economic recovery from the pandemic.

Although the recovery pace slowed down, employment is expected to continue growing in the third quarter of the year.

The COVID-19 pandemic has produced ramifications beyond the obvious, albeit tragic outbreaks and rising death tallies. Concurrently, it has taken an economic toll on the US as several businesses closed their doors for several weeks to weather the storm in isolation. Total non-farm payroll employment[1] fell by over 22 million in March and April of this year.[2] See Figure 1. Unemployment rates skyrocketed in April to 14.7% after showing a decreasing trend from 10.1% in October 2009 to a historically low rate of 3.5% in February 2020.[3] See Figure 2. However, the economic activity began to recover in May, June and July, showing substantial improvements in the labor market for that short period of time. Non-farm payroll employment rose by 9.3 million, while unemployment rates declined to 10.1% (4.5% drop). The massive increase of new COVID-19 cases in some states and the resulting deacceleration of the economic activity may slow down the pace of the employment recovery in the next months. Nevertheless, the Hibbs Institute expects employment to continue growing in the third quarter of the year.

Figure 1. Non-Farm Payroll Employment. Change-Over-the-Month, Seasonally Adjusted.[4] (June 2018–July 2020)



Source: U.S. Bureau of Labor Statistics.

Figure 2. Unemployment Rates in the US. Seasonally Adjusted. (October 2009–July 2020)

Source: U.S. Bureau of Labor Statistics.

[1] Non-farm payroll employment is a classification used by the Bureau of Labor Statistics that measures U.S. employees excluding farm workers, private households, proprietors, and non-profit employees.

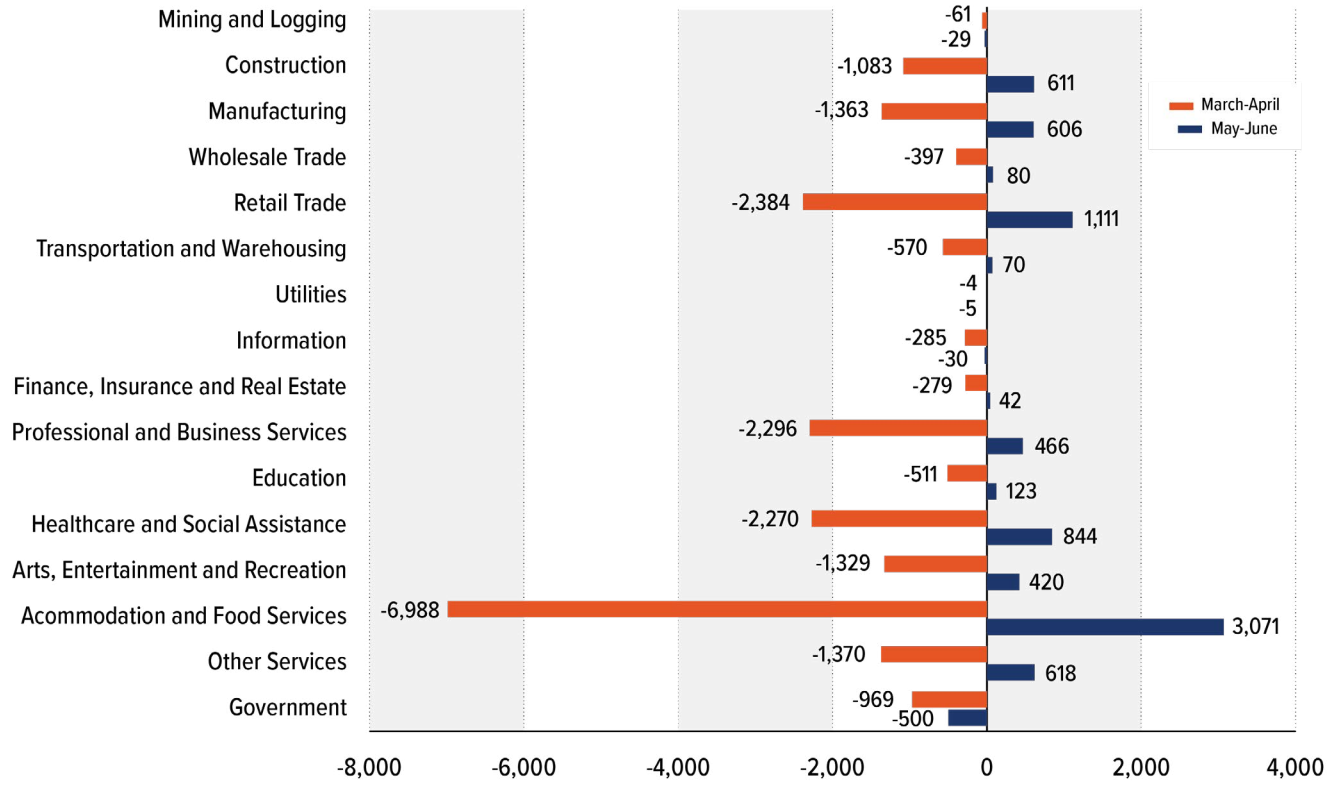
[2] Current Employment Statistics – National Databases; Total Nonfarm, Seasonally Adjusted. U.S. Bureau of Labor Statistics.

[3] Current Population Survey – Labor Force Statistics; Unemployment Rate, Seasonally Adjusted. U.S. Bureau of Labor Statistics.

[4] Seasonally adjusted changes are frequently used for analyzing short-term trends in the economy because they eliminate the effect of changes occurring at the same time and in about the same magnitude every year—such as price movements resulting from changing climatic conditions, production cycles, holidays, etc. Using Seasonally Adjusted and Unadjusted Data; U.S. Bureau of Labor Statistics (BLS). www.bls.gov.

Figure 3 takes a deeper look into the numbers depicting non-farm payroll employment broken down by industry in the U.S. The industry with the highest number of lost jobs was *Accommodation and Food Services* with nearly 7 million lost jobs in March and April. However, less than half of the jobs lost (+3.07 million) in this industry have been recovered in May and June. The industry with the second highest number of jobs lost is Retail Trade with 2.38 million in March and April but recuperating nearly half of that in May and June (+1.11). Other industries with a large decline in employment were *Healthcare and Social Assistance* (-2.27) and *Business and Professional Services* (-2.29); the first gains 844 thousand workers, the latter gains 466 thousand workers in May and June. While no industry has fully recovered from the pandemic, all but three have started to rehire employees. *Government, Information*, and *Mining and Logging* lost jobs in March and April, but also continued to lose employees in May and June as well. *Utilities* is the industry with the least change during the pandemic (-9 thousand jobs).

Figure 3. Non-Farm Payroll Employment, in the U.S. Industry. Change-Over-the-Two-Month, Seasonally Adjusted. (in thousands) (March–April 2020 and May–June 2020)



Source: U.S. Bureau of Labor Statistics.

Millions of Americans who are unemployed[5] due to COVID-19 have filed for Unemployment Insurance (UI). During most circumstances, UI is only available to those who have worked for a year or more and lost their job due to no fault of their own; while those who are part-time workers, freelancers, independent contractors or self-employed are not eligible for unemployment benefits. The CARES Act[6] allows these workers to be eligible for benefits through December 2020. This act also gives Americans on unemployment claims an extra $600 a week—an additional benefit that expired on July 31, 2020.[7] Additionally, the Lost Wage Assistance (LWA) program is also available for the week ending on August 1 through December 26, 2020.[8]

[5]"Persons are classified as unemployed if they do not have a job, have actively looked for work in the prior four weeks and are currently available for work. Persons who were not working and were waiting to be recalled to a job from which they had been temporarily laid off are also included as unemployed. Receiving benefits from the Unemployment Insurance (UI) program has no bearing on whether a person is classified as unemployed. The unemployment rate represents the number unemployed as a % of the labor force." Labor Force characteristics; U.S. Bureau of Labor Statistics. https://www.bls.gov/cps/lfcharacteristics.htm#unemp

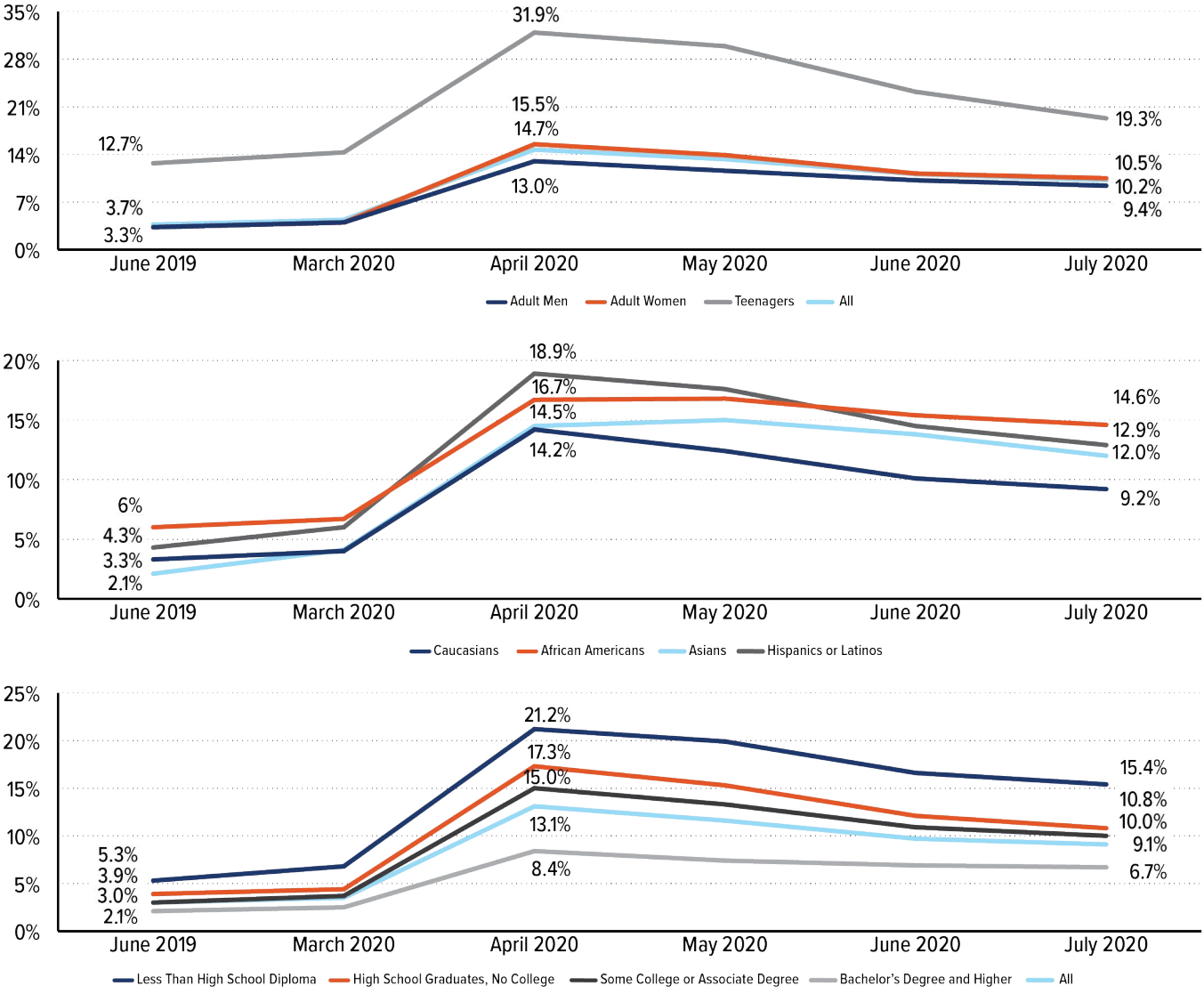
[6]Unemployment Insurance Relief During COVID-19 Outbreak. https://www.dol.gov/coronavirus/unemployment-insurance

[7]The Texas Workforce Commission takes the employee's highest paid quarter for the year and divides it by 25, with a maximum benefit amount of $521 a week. Benefits are available for up to 26 weeks. To apply for unemployment insurance during the pandemic, it is required to contact the Texas Workforce Commission's tele-center or visit their website. https://www.twc.texas.gov/jobseekers/eligibility-benefit-amounts

[8]The Lost Wage Assistance (LWA) program provides supplemental payments to eligible unemployment benefits claimants who have been unemployed, partially unemployed or unable or unavailable to work due to disruptions caused by COVID-19. Eligible Texas claimants receive a $300 LWA payment at the same time as their unemployment benefits payment. LWA benefits are available retroactively for the benefit week ending (BWE) Aug. 1, 2020, through the BWE Dec. 26, 2020, unless federal funding ends before that date or legislation is enacted that provides supplemental federal unemployment compensation or similar compensation for unemployed or underemployed individuals." https://www.twc.texas.gov/jobseekers/lost-wage-assistance

The unemployment rate in Texas reached its peak in April 2020 at 14.7%, however, that rate then drops to 13.3% in May and then to 11.1% in June (Figure 4). The unemployment rate from June 2019 (3.7%) has tripled by June 2020 to 11.1%. Among the unemployed, women are, on average, more likely to be jobless than men. In June, the unemployment rate of minorities was about 4% higher than that of Whites or Caucasians (10.1%), with Asians at 13.8%, Hispanic or Latinos at 14.5% and Black or African-Americans having the highest rate at 15.4%; this is nearly 10% higher than 6.0% unemployment rate seen in June 2019. The unemployment rate of those who have less than a high school diploma is nearly 10% higher than those who have a bachelor's degree or more (6.9%). However, this rate is only 4% less than those who have graduated high school (12.1%) and 6% less than those with an associate degree (10.9%).

Figure 4. Unemployment Rates in the U.S., Different Groups. Seasonally Adjusted. (June 2019, March 2020–June 2020)



Source: U.S. Bureau of Labor Statistics.

The impact of COVID-19 has not been the same to different demographic divisions of the job market. **Table 2** shows the month-to-month employment change from the beginning of the pandemic in March for different demographic divisions of the job market in Texas. Overall employment in Texas fell 15% from February to April, equaling a total of about 1.9 million jobs lost in two months. The education segment that lost the most jobs was from those workers with less than a high school diploma, losing 36% in three months (from February to May). From March to April, Texans who are between the ages of 25–34 lost the most jobs, losing 20% totaling 636,173 jobs. This is double the amount lost by those ages 45–54 during that same month (316,686). Those with a family income of less than $25,000 a year experienced the highest drop in employment with a 39% decrease by May.

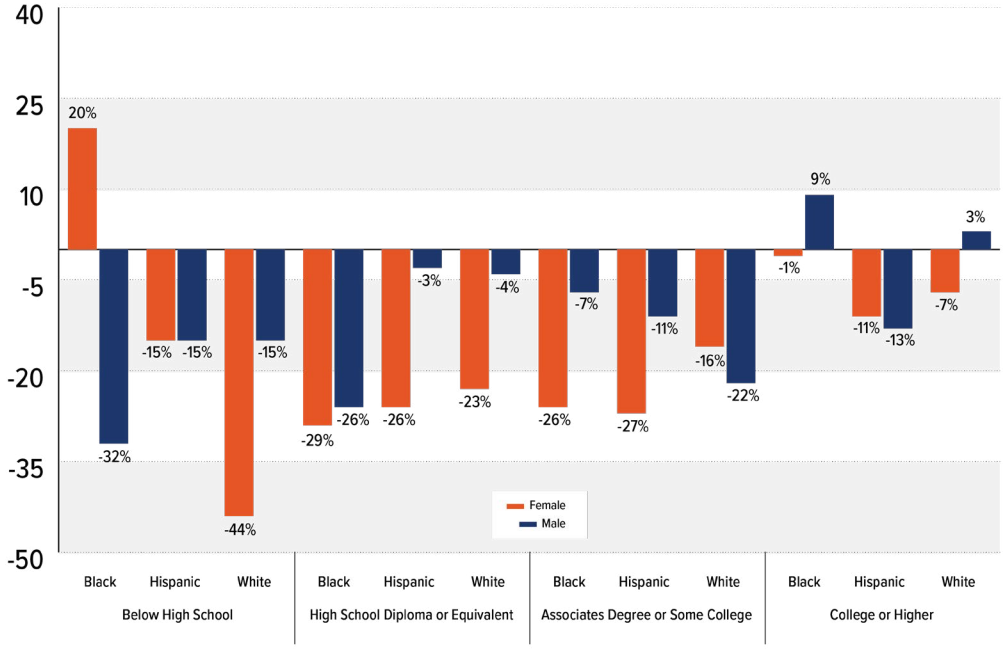
Table 2. Month-to-Month Employment Change in Texas, Selected Characteristics. (February 2020 – June 2020)

	February to March		March to April		April to May		May to June	
Selected Characteristic	Pecentage Change	Employment Change	Pecentage Change	Employment Change	Pecentage Change	Employment Change	Pecentage Change	Employment Change
Full/Part Time Status								
Full Time	-8%	(846,117)	-15%	(1,474,511)	6%	481,817	6%	496,084
Part Time	0%	2,265	-12%	(340,276)	15%	374,598	-5%	(137,529)
Race/Ethnicity								
White	3%	160,589	-10%	(605,222)	3%	167,167	4%	231,998
Black	-8%	(131,657)	-14%	(211,735)	-3%	(42,201)	14%	173,566
Other	-8%	(24,946)	-18%	(51,031)	2%	3,937	-11%	(25,314)
Hispanic	-4%	(228,619)	-15%	(743,756)	3%	108,893	7%	309,376
Asian	-4%	(34,779)	-12%	(100,490)	8%	60,571	-5%	(36,372)
Education								
Below High School Diploma	-7%	(114,312)	-18%	(279,180)	-11%	(142,831)	9%	99,494
High School Diploma or Equivalent	-3%	(88,518)	-16%	(556,181)	3%	98,720	6%	167,559
Some college but no degree	4%	148,982	-20%	(767,243)	5%	141,967	10%	319,892
Bachelor's degree	-4%	(123,273)	-2%	(66,872)	3%	83,350	2%	47,358
Master's degree	-1%	(15,591)	-9%	(103,926)	14%	152,186	-3%	(33,374)
Gender								
Male	-3%	(189,575)	-9%	(694,169)	1%	69,446	4%	249,775
Female	-1%	(69,837)	-16%	(1,018,065)	4%	228,921	7%	403,481
Age								
16-24	-11%	(188,835)	-15%	(231,400)	5%	69,937	24%	331,316
25-34	0%	5,640	-20%	(636,173)	1%	36,485	6%	154,448
35-44	-1%	(30,528)	-5%	(147,236)	-2%	(62,065)	1%	16,065
45-54	-1%	(32,507)	-12%	(316,686)	8%	178,101	3%	88,177
55-64	-1%	(29,244)	-14%	(300,989)	5%	97,387	-1%	(20,080)
65+	-1%	(10,281)	-10%	(76,644)	-2%	(11,926)	14%	99,173
Family Income								
Under $25,000	-4%	(58,585)	-31%	(438,292)	-4%	(37,387)	14%	134,706
$25,000 - $50,000	6%	179,674	-24%	(703,682)	3%	67,785	4%	86,742
$50,000 - $75,000	-5%	(132,104)	-13%	(350,987)	3%	67,159	7%	155,195
$75,000 and over	-4%	(248,395)	-3%	(219,272)	3%	200,811	4%	276,611
Total Employment Change	**-2%**	**(259,411)**	**-13%**	**(1,712,233)**	**3%**	**298,366**	**5%**	**653,255**

Source: Current Population Survey; U.S. Bureau of Labor Statistics and U.S. Census Bureau.

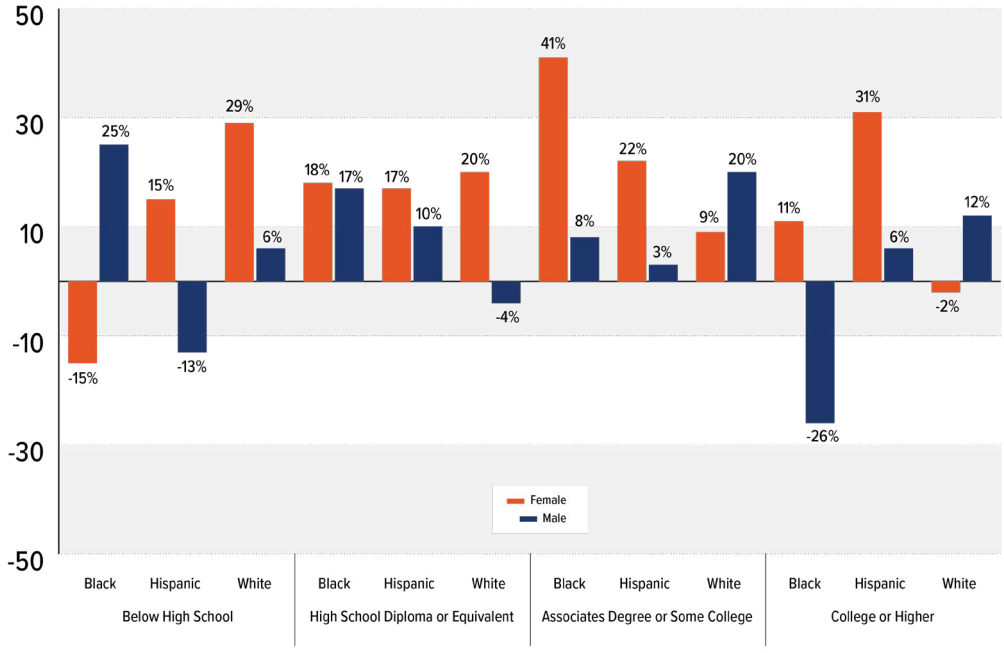
Nearly every subgroup (rate/ethnicity and educational attainment) in Texas lost jobs from March to April, with females mostly losing a significantly larger % age of jobs more than their male counterparts (**Figure 5**). In nearly every subgroup females lost a significantly larger % age of jobs than their male counterparts, except in Hispanics with a college degree or higher, where males lost 13% jobs compared to the 11% lost by females, and whites with some college or an associate degree, where males lost 22% to the 16% lost by females. From April to June Texans see a significant gain in jobs, the highest held by black females with some college or an associate degree (**Figure 6**). The next highest gain is seen in Hispanic women with a college degree or higher, gaining nearly 31% jobs in June, with respect to April. While most subgroups were gaining jobs, Black males with a college degree or higher lost 26% of jobs.

Figure 5. Employment Change in Texas, by Gender, Race/Ethnicity and Education. (March to April, 2020)

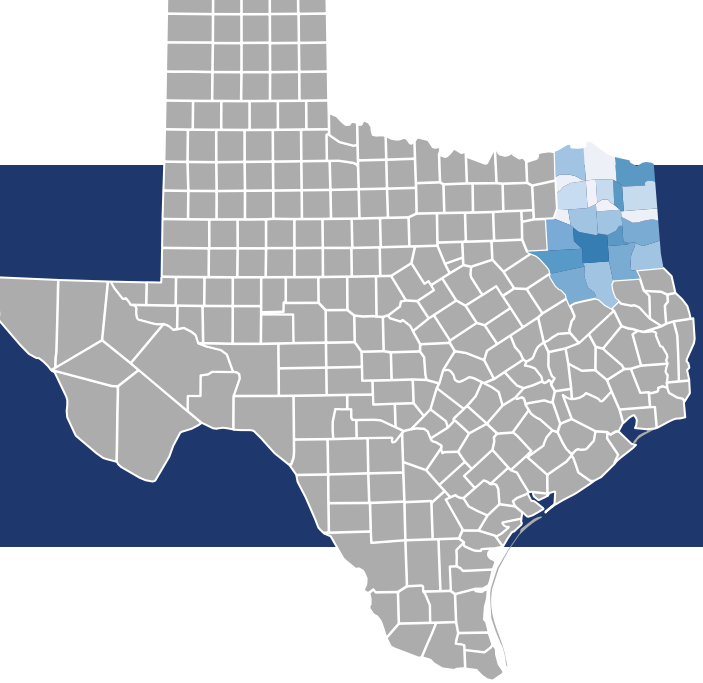


Source: Current Population Survey; U.S. Bureau of Labor Statistics and U.S. Census Bureau.

Figure 6. Employment Change in Texas, by Gender, Race/Ethnicity and Education. (April to June, 2020)



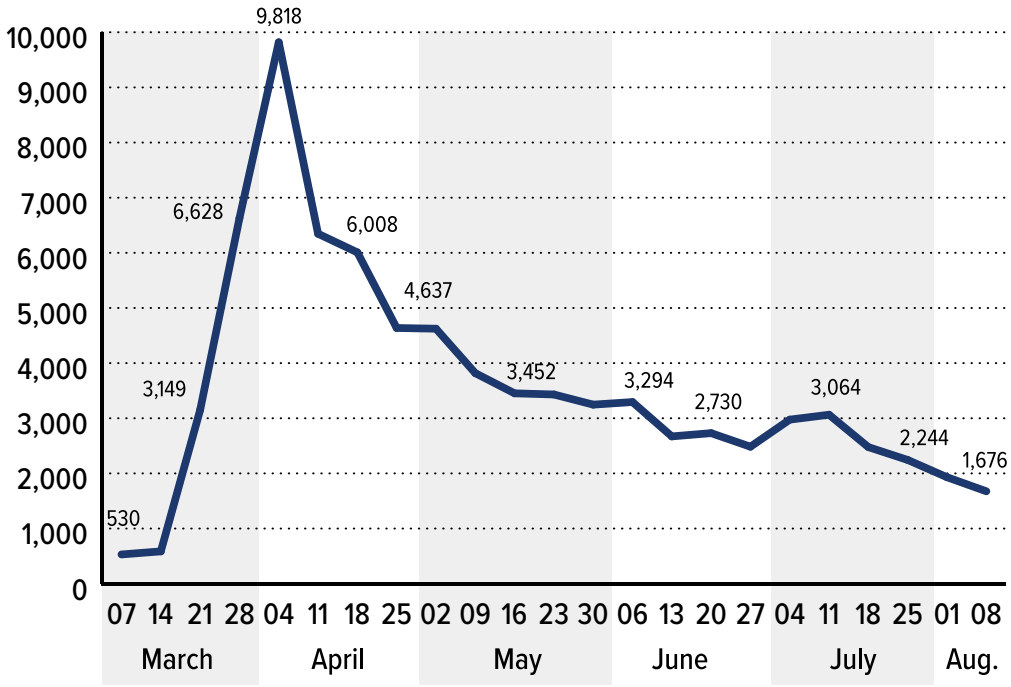
Source: Current Population Survey; U.S. Bureau of Labor Statistics and U.S. Census Bureau.



UNEMPLOYMENT IN EAST TEXAS

Figure 7 depicts weekly unemployment insurance claims in East Texas (23 counties) from March 1 to August 8. This indicator may be used as a proxy for regional layoffs during the months when the pandemic hit East Texas. The largest number of claims happened from March 29 to April 4 right after by many local governments shut down nonessential business activities at midnight of March 27. After that, a mostly downward trend is observed through the first week of August. **Table 3** is a comprehensive list of weekly unemployment insurance claims by county in East Texas.

Figure 7. Weekly Unemployment Insurance Initial Claims in East Texas. (March 1–August 8)



Source: Texas Workforce Commission.

Table 3. Weekly Unemployment Insurance Claims by County in East Texas. (March 1–August 8)

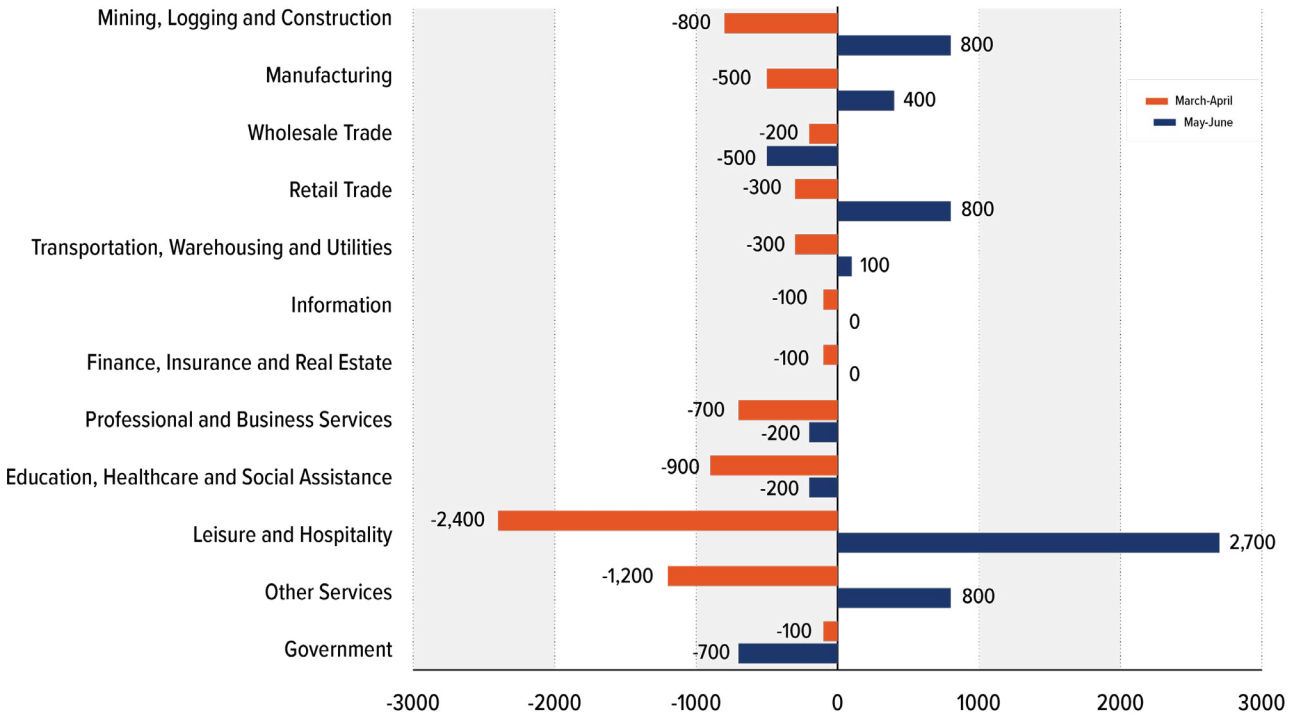
County	7 Mar	14 Mar	21 Mar	28 Mar	4 Apr	11 Apr	18 Apr	25 Apr	2 May	9 May	16 May	23 May	30 May	6 Jun	13 Jun	20 Jun	27 Jun	4 Jul	11 Jul	18 Jul	25 Jul	1 Aug	8 Aug
Anderson	20	18	101	180	252	205	183	176	181	153	123	192	134	115	108	100	103	131	147	85	104	99	92
Bowie	36	31	229	579	653	564	550	367	372	293	266	241	253	232	198	195	179	251	224	190	176	158	124
Camp	9	4	21	48	78	61	52	46	38	48	39	41	56	45	27	27	35	35	30	26	23	17	21
Cass	31	16	62	98	142	152	133	134	124	80	74	100	95	94	75	56	69	75	84	63	63	54	54
Cherokee	30	15	95	256	495	251	244	190	180	179	141	164	138	101	126	113	104	134	152	91	99	81	94
Delta	1	1	14	13	25	18	23	15	10	24	7	14	9	14	7	10	7	8	9	13	7	8	4
Franklin	2	8	22	54	56	48	23	32	29	35	10	21	13	18	19	17	13	30	18	15	26	10	10
Gregg	72	101	423	897	1,274	942	786	617	664	544	439	495	453	405	417	380	397	375	416	326	262	268	214
Harrison	57	41	181	333	454	340	379	268	301	247	283	230	183	180	164	188	180	193	215	133	143	111	113
Henderson	35	58	230	471	545	396	407	338	335	238	228	225	266	244	213	203	187	258	246	198	222	149	123
Hopkins	18	13	62	197	207	151	139	114	90	94	86	73	75	53	55	70	46	62	70	73	52	47	47
Lamar	23	21	142	399	366	297	277	209	182	142	123	102	123	368	105	128	96	136	119	108	103	77	64
Marion	3	9	29	43	52	47	55	68	43	29	35	30	32	47	26	22	15	25	41	26	22	19	9
Morris	3	6	25	68	82	47	75	58	46	53	59	48	71	91	53	51	47	42	49	46	30	37	24
Panola	12	25	51	73	116	93	114	106	98	87	87	90	74	54	61	62	52	66	69	64	51	36	43
Rains	5	4	25	64	75	60	38	30	42	32	35	36	32	18	27	13	14	23	28	23	19	16	19
Red River	3	8	11	30	59	54	36	30	30	28	48	34	27	42	34	17	32	13	30	25	15	10	8
Rusk	22	23	116	205	391	238	202	189	219	158	130	141	132	153	131	166	92	129	121	142	107	130	75
Smith	92	84	918	1,629	3,285	1,491	1,534	1,030	966	809	747	686	592	571	495	554	454	609	578	459	404	341	294
Titus	14	57	51	194	202	130	121	107	93	76	80	94	89	90	78	57	69	65	83	57	48	47	36
Upshur	13	13	107	229	325	240	208	173	207	142	136	121	133	119	99	120	110	96	115	104	89	80	66
Van Zandt	15	15	161	367	397	302	269	210	232	192	153	162	178	151	96	107	109	129	142	123	110	85	74
Wood	14	15	73	201	287	219	160	130	142	135	123	91	89	89	57	74	74	90	78	87	69	51	68
Total	**530**	**586**	**3,149**	**6,628**	**9,818**	**6,346**	**6,008**	**4,637**	**4,624**	**3,818**	**3,452**	**3,431**	**3,247**	**3,294**	**2,671**	**2,730**	**2,484**	**2,975**	**3,064**	**2,477**	**2,244**	**1,931**	**1,676**

Source: Texas Workforce Commission.

EMPLOYMENT IN THE TYLER METRO-AREA

The employment numbers in the Tyler Metro-Area were fairly similar to what can be seen across the state of Texas. The industry with the highest drop of employment figures was *Leisure and Hospitality* (Entertainment, Accommodation and Food Services), with a loss of 2,400 workers during March and April (**Figure 8**). However, the U.S. Bureau of Labor Statistics (BLS) records gains of 2,700 workers in May and June for this industry. Perhaps one can assume that several of the jobs gained in May and June may be part-time jobs. The same assumption can be made with the *Retail Trade* industry, which also records substantial gains in employment during May and June. Other industries, such as *Education*, *Healthcare and Social Assistance*, *Professional Business Services*, *Government*, or *Wholesale Trade* are struggling to find the road of recovery experiencing only negative numbers during the four-month period analyzed in this report.

Figure 8. Tyler Metro-Area Non-Farm Payroll Employment, by Industry. Change-Over-the-Month. (March–April 2020 and May–June 2020)

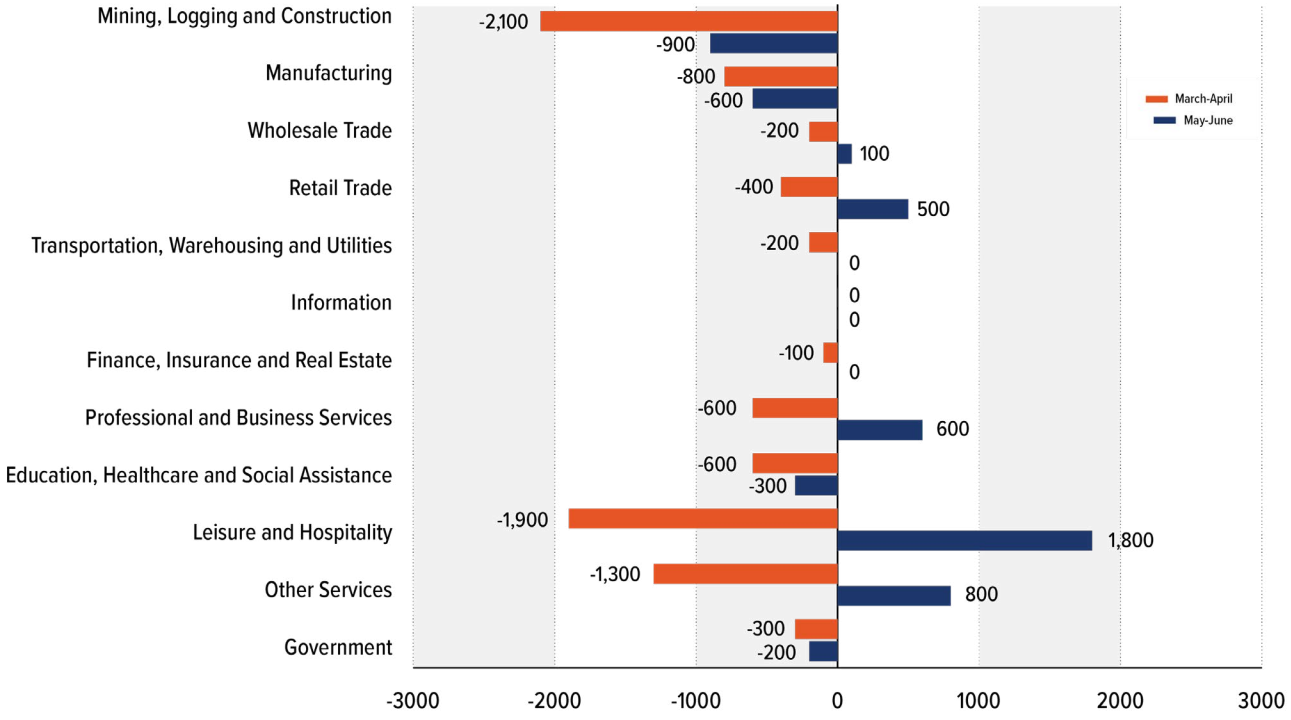


Source: U.S. Bureau of Labor Statistics.

EMPLOYMENT IN THE LONGVIEW METRO-AREA

While Tyler's employment numbers look promising in most industries, Longview looks less favorable. According to the U.S. Bureau of Labor Statistics (BLS), out of the 12 industries listed, only 5 have had any kind of growth in May and June. Similarly, to Tyler Metro-Area, *Leisure and Hospitality* (Entertainment, Accommodation and Food Services) in Longview, which lost 1,900 workers in March-April, experienced a considerable rebound in their employment numbers (1,800 jobs in May-June) that can also be assumed to include several part-time jobs (**Figure 9**). The highest number of unemployed workers in Longview are from the *Mining*, *Logging* and *Construction* industry, losing 2,100 workers in March and April and then losing an additional 900 in May and June. Remarkably, not all of these workers are entirely attributable to the pandemic. They are indicative of the strong linkage between the Longview's employment and the oil and gas industry, which experienced a substantial downfall since February, even before the first case of COVID-19 in Longview on March 10.

Figure 9. Longview Metro-Area Non-Farm Payroll Employment, by Industry. Change-Over-the-Month. (March–April 2020 and May–June 2020)

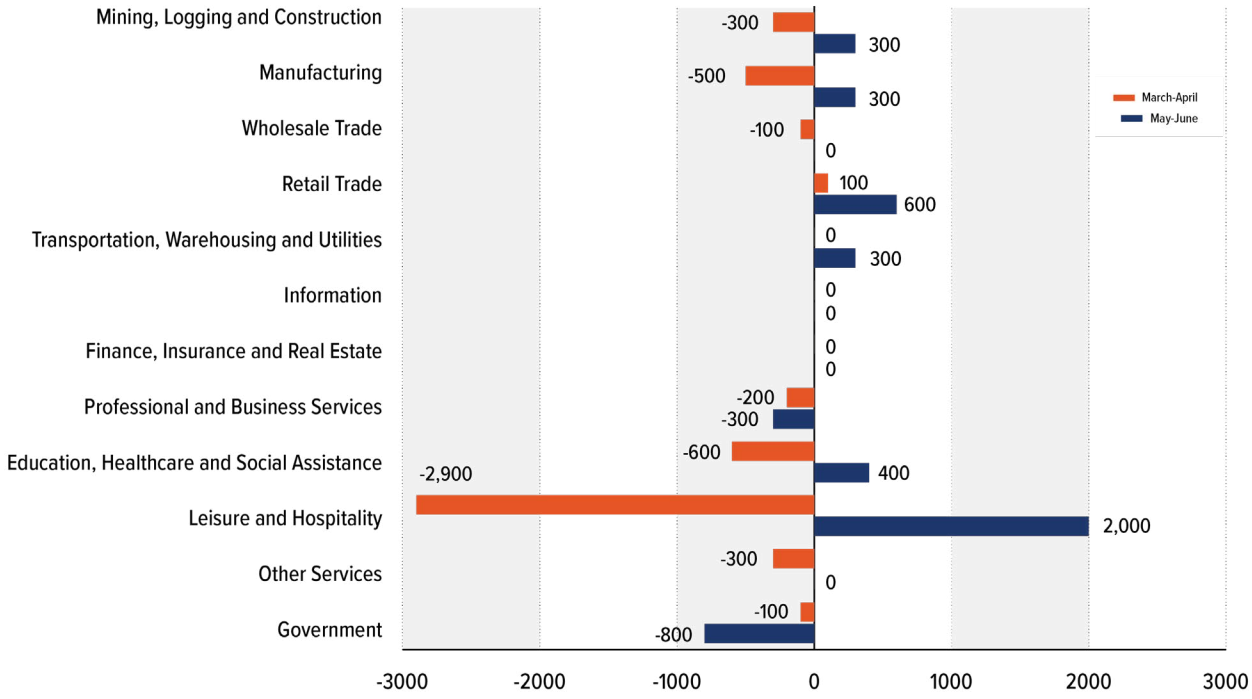


Source: U.S. Bureau of Labor Statistics.

EMPLOYMENT IN THE TEXARKANA METRO-AREA

Texarkana's employment numbers vary widely from Tyler and Longview's. According to the U.S. Bureau of Labor Statistics (BLS), the largest drop in the employment figures in the Texarkana Metro-Area were in the *Leisure and Hospitality* industry (Entertainment, Accommodation and Food Services) with 2,900 jobs lost in March and April; this decrease is several hundred more than any other industry (**Figure 10**). Although 2,000 jobs were recovered in this industry in May and June, it can be assumed that several of these were part-time jobs. Also, another industry affected considerably was *Government*, which lost 100 jobs in March and April, and an additional 800 in May and June. In contrast to Tyler and Longview, employment numbers in the *Retail Trade* industry appear strong during the pandemic months. One potential reason for this could be a fewer number of non-essential retail businesses (furniture, clothing, electronic devices, etc). A similar assumption could be made about the *Information*, *Finance Insurance and Real Estate*, and *Wholesale Trade* industries, which remained unchanged or even gained workers during the pandemic.

Figure 10. Texarkana Metro-Area Non-Farm Payroll Employment, by Industry. Change-Over-the-Month. (March-April and May- June, 2020)



Source: U.S. Bureau of Labor Statistics.

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