

Statement #2 from the U.S. Private Sector Job Quality Index (“JQI”) Team on Vulnerabilities of Jobs to the Covid-19 Economic Shutdown

April 17, 2020

On March 20, 2020, we released [our first statement](#) (the “March Statement”) about the COVID-19 crisis in which we estimated that over 37 million U.S. Production and Non-supervisory (“P&NS”) jobs were vulnerable to potential layoffs in the short term. Most of these were front-line, customer-facing jobs that offer both low hourly wages and a limited number of hours of work per week. Almost 56% of US production and non-supervisory jobs (about 59.7 million jobs) offer weekly incomes below the \$805 weighted average weekly income for all such jobs.

The March Statement set forth specific sectors that we believed would bear the brunt of layoffs and furloughs, and we pointed out at the time that our list of at risk jobs “*assumes that the Covid-19 crisis does not ultimately result in widespread, long-term, layoffs of goods producing workers (i.e. that the crisis will be of modest duration). It focuses on those workers in sectors that are effectively being forced to shut down as a result of social-distancing recommendations or shelter-in-place requirements.*”

In press and other comments since then we indicated that peak losses of such at-risk P& NS jobs was likely to reach between 15 and 20 million.

In the four weeks since our initial statement, according to the [U.S. Department of Labor's April 16, 2020 report of Initial Unemployment Claims](#) (the “April 16th Claims Report”) just over 22 million U.S. jobs have been lost, the vast majority of them P&NS jobs and – according to comments provided by the states – were also in the sectors we originally identified (dominated by the Leisure and Hospitality, Retail, Temporary Business Services and Education Services sectors). This was also supported (albeit preliminarily) by the Bureau of Labor Statistic’s [April 3, 2020 Employment Situation Report for March](#) which (as reflected in the [JQInstant™ for March](#)) showed that 93.35% of the jobs lost in March were in such vulnerable low-wage, low-hours sectors.

Based on very rough estimations, we believe it likely that about 20 million of the jobs lost this far in the COVID-19 crisis have been P&NS jobs in those sectors – effectively hitting the high end of our expected range. The balance of the unemployment claims have come from other sectors.

In the April 16th Claims Report, even as the total unemployment claims for the week ended April 11th totaled 5.245 million, several large states were reporting fewer claims emerging from the vulnerable sectors we identified in March, which leads us to believe that we are approaching the high point of job losses for such customer-facing, front-line jobs.

While our 20 million high-end forecast may be slightly exceeded, the remainder of job losses during the present crisis are more likely to emerge from those sectors we originally hoped would be less impacted – but, regarding which, data emerging since March has indicated are now also at risk.

We are concerned now not only about the goods producing sectors, but about certain white-color higher income jobs being at risk – both concerns supported by comments from the states on pages 8 and 9 of the April 16th Claims Report.

Two weeks ago, only four states reported material initial employment claims from the manufacturing sector. Last week nine states did so. This week, the number dropped back to five, with four states reporting fewer manufacturing jobs lost. We are cautiously hopeful that the worst of the penetration to the goods producing sectors has been realized or is soon approaching (there has been a pickup in mining and construction industry layoffs, even as manufacturing has stabilized a bit). It is, however, too soon to tell.

Finally, delays in the implementation and funding of the [SBA PPP Program](#) and the relief for larger enterprises promulgated under [the CARES Act](#) has led to possibly preventable layoffs and furloughs in the white-collar services sectors (non-temporary worker, administrative, professional, technical, management and sales positions). Several states reported losses in these areas in the April 16th Claims Report. There may also prove to be a ‘coverage gap’ in service enterprises with 501 to as many as 3,000 or more employees that is not adequately addressed under the CARES Act, as such firms may find access to the Treasury’s Fed-leveraged payroll support and other programs for big business either insufficient, too long in coming, or too onerous to permit it to achieve its goal of maintaining pre-crisis payrolls.

The JQI Team again wishes all good health and encourages full cooperation with government advisories aimed at restricting the transmission of the novel coronavirus, so as to limit the duration of this crisis. Timing, now, is everything.