



# Unemployment to Reemployment:

## Examining experiences of workers displaced at the onset of the pandemic through the end of 2021

### Introduction

The onset of the coronavirus pandemic in the spring of 2020 brought unprecedented labor market disruption: over 95,000 wage and salary jobs were lost between February and April 2020 and Maine's unemployment rate jumped to over 9 percent. In May 2020, businesses reopened and began to recall workers. By the end of 2021 nonfarm wage and salary jobs were approaching pre-pandemic levels and unemployment had decreased to 3.9 percent.

Despite this robust recovery, workers who lost their job at the beginning of the pandemic experienced disparate rates of reemployment. This brief uses unemployment insurance claims data from April through June of 2020, quarterly wage records for workers in Maine, and jobs data from the U.S. Census Bureau's Quarterly Workforce Indicators from the year preceding the pandemic to answer the following questions:<sup>1</sup>

- 1.) Which workers experienced job losses in spring 2020?**
- 2.) How did employment outcomes differ for displaced workers?**

### Study Design

Continued state unemployment insurance claimants from April, May, and June 2020 were matched to quarterly wage records to identify claimants who were reemployed from 2020 Q3 to 2021 Q4.<sup>2</sup> Workers who had earned at least \$1,000 in the matched quarter were categorized as "reemployed". The chart below outlines the steps used to select this cohort, which totals approximately 90,000 claimants, for this study. Those who are not considered "reemployed" may have experienced persistent unemployment or

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<sup>1</sup> Annual averages were calculated using Quarterly Workforce Indicator data from 2019 Q2 through 2020 Q1.

<sup>2</sup> Claimants previously employed in temporary staffing or at a ski center were excluded from this analysis. Only wage records from employers covered by unemployment insurance are included in this study. Self-employment, some agriculture jobs, railroad employment, and other categories are not included.

may not have Maine wage records for other reasons. The reasons for this are varied, and could include retirement, particularly for older workers, moving out state, pursuing full-time education, or not seeking employment due to other factors. Others may be employed in jobs or have started a business not covered by unemployment insurance. For this reason, claimants who are not categorized as “reemployed” should not necessarily be considered unemployed.

- 1 • Claimants from April, May, or June 2020 with an initial claim after March 9th, 2020 were selected to isolate job losses that occurred after the onset of the pandemic.
- 2 • Approximately 90,000 claimants were matched to quarterly wage records from 2020 Q3 through 2021 Q4, and the wage record from the individual's primary employer (the employer that paid the highest wage) was selected.
- 3 • Workers who earned at least \$1,000 during the matched quarter were considered "reemployed."

The demographic composition of this group of claimants, captured in unemployment claims data, is shown alongside the composition of all jobholders covered by the unemployment insurance system as presented in the Quarterly Workforce Indicators. This side-by-side comparison demonstrates which workers experienced higher rates of job displacement, and whether certain workers were disproportionately affected relative to all jobholders. This, in combination with reemployment rates among subgroups of claimants, provides insight into which workers were more vulnerable to job displacement during this time and which workers were more quickly reemployed.

## Which Workers Experienced Job Losses in Spring 2020?

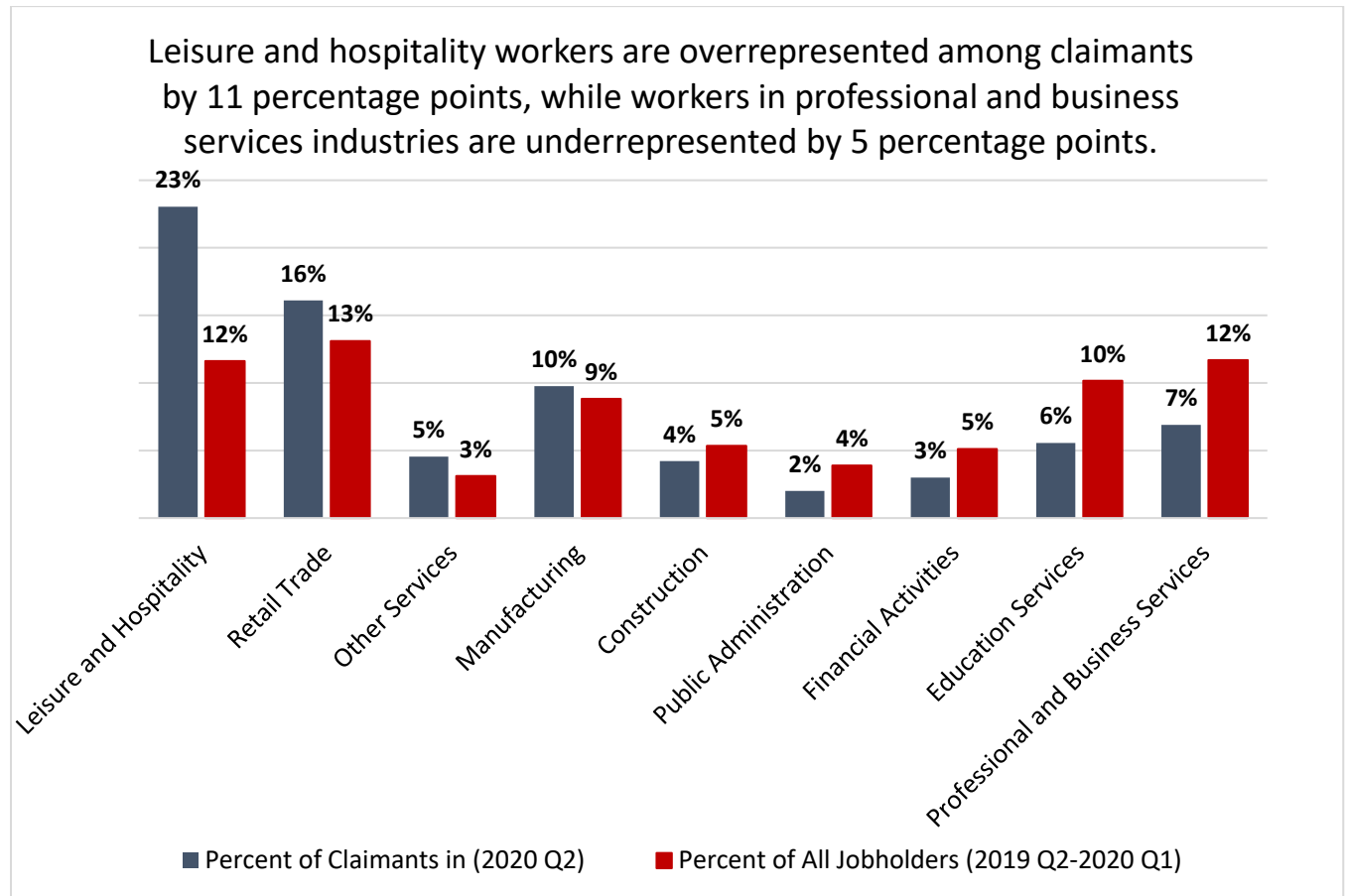
*Workers employed in the leisure and hospitality sector, women, workers aged 25-34, and lower wage workers experienced higher rates of job displacement than expected given the overall composition of Maine’s workforce.*

### Job Loss by Industry of Employment

In March of 2020, public health orders were issued mandating the closure or restriction of non-essential in-person business activities, including restaurants, bars, and retail outlets, resulting in a significant number of layoffs. The leisure and hospitality sector incurred sharply disproportionate job losses relative to its share of all jobs in Maine; workers in leisure and hospitality are overrepresented among these claimants by 11 percentage points. The professional and business service sector, which includes industries such as management consulting and legal services, is notably underrepresented among this group of claimants. These sectors were less affected by public health measures, and demand for many

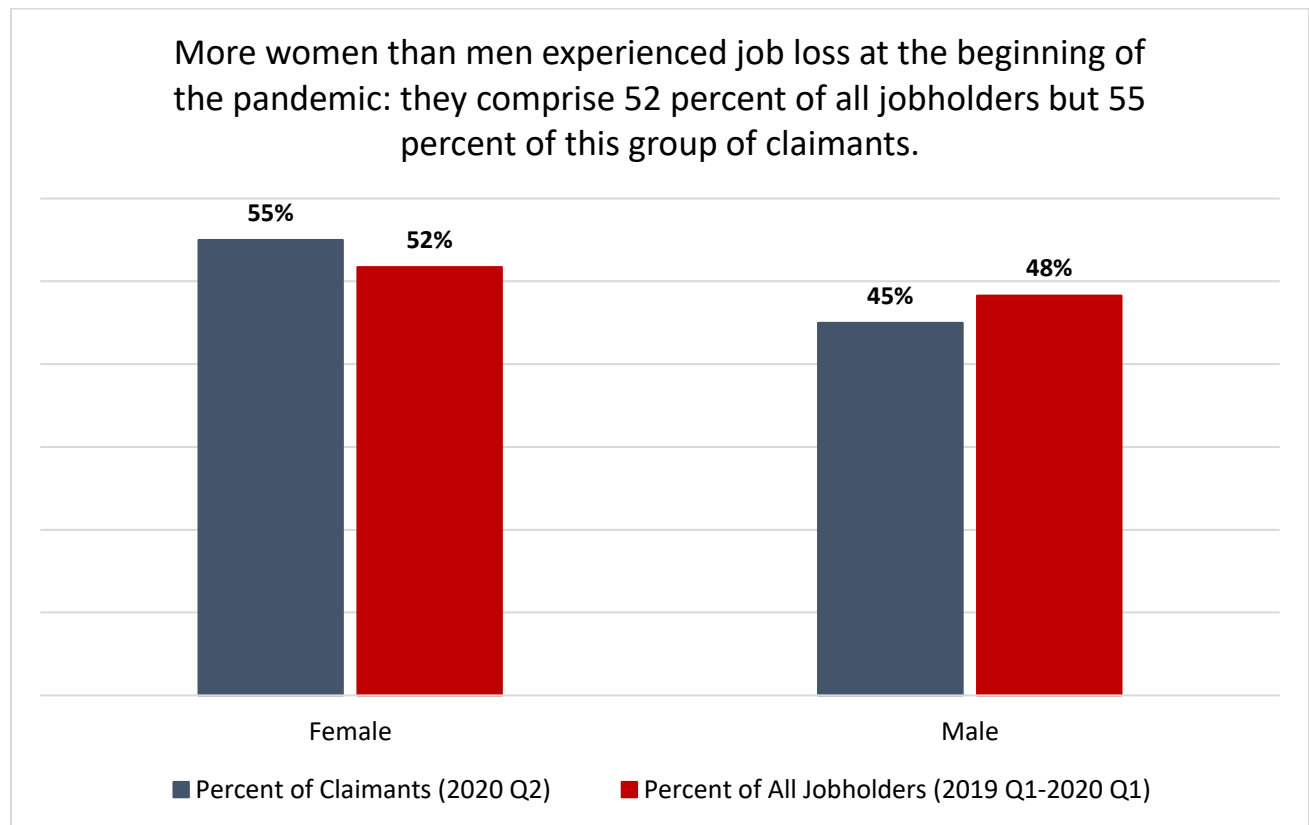
of these services persisted. More people employed in these industries were able to work remotely and so retained their job despite restrictions on in-person activities.

The demographic composition of workers in the hardest hit industries – leisure and hospitality and retail trade – helps to explain which workers experienced higher rates of job displacement. Staffing in the leisure and hospitality and retail trade is proportionately higher for female workers and younger workers, and these industries also have a higher share of jobs that pay comparatively lower wages.



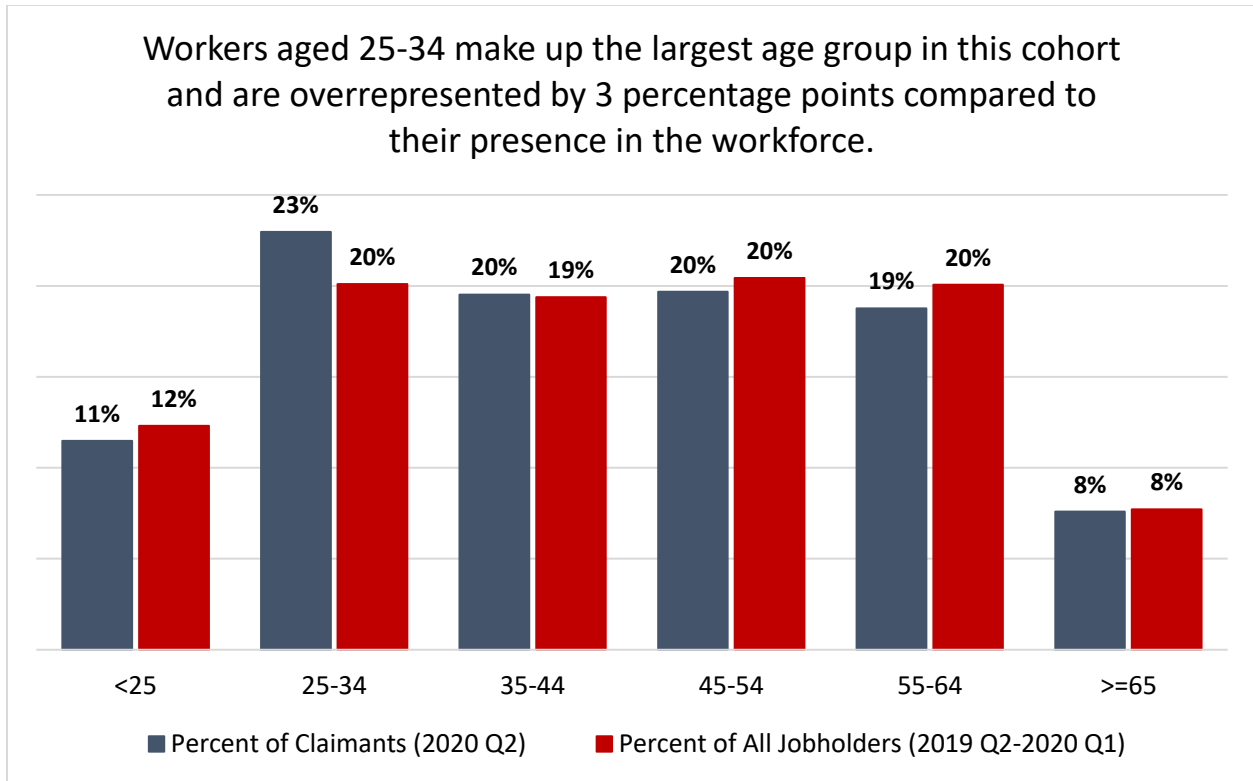
## Job Loss by Gender

More women than men experienced pandemic-related layoffs due to the gender composition of the sectors most affected by the public health crisis. The leisure and hospitality sector sustained the greatest job losses in spring 2020 and also employs a high share of women. Because of this, women are overrepresented in this cohort relative to their share among all jobholders: they make up approximately 52 percent of covered job holders but comprise 55 percent of those who lost a job and received an unemployment benefit in the spring of 2020.



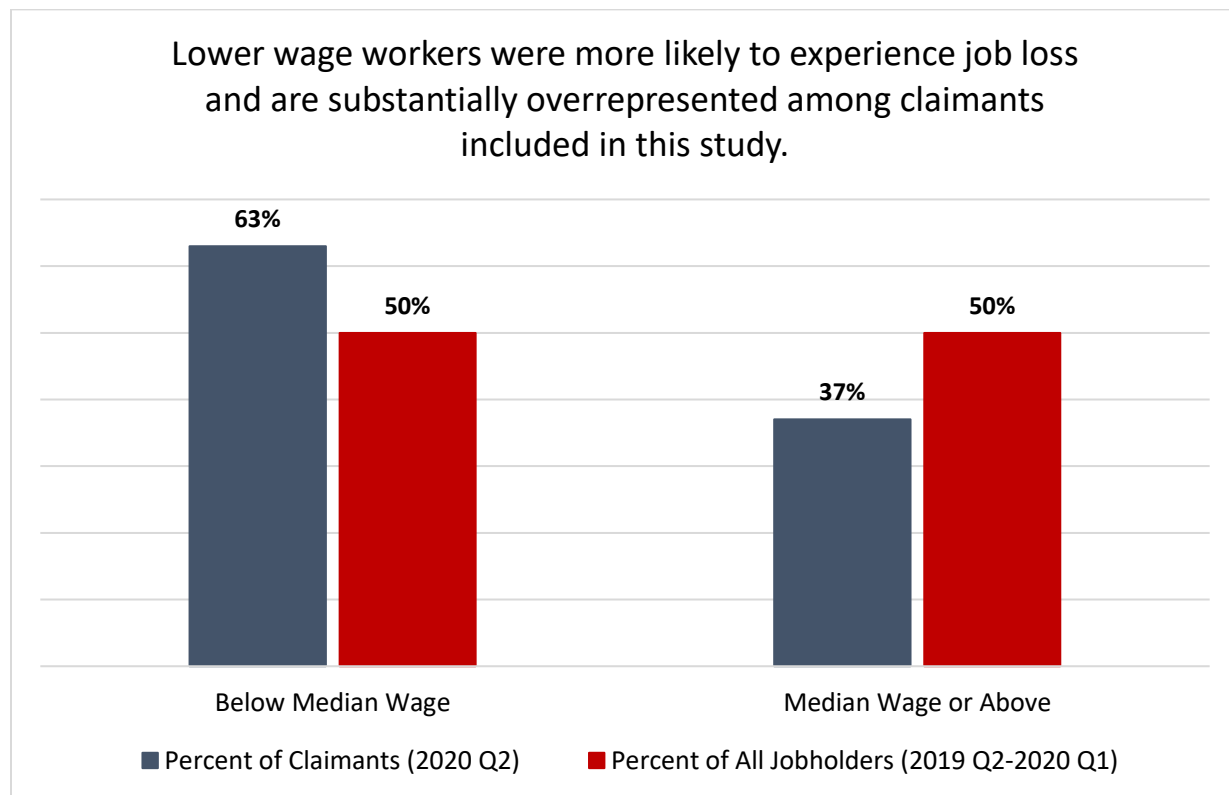
## Job Loss by Age

Younger workers also hold occupations in those same service providing sectors hardest hit by pandemic job losses. Individuals aged 25-34 make up the largest age group in this cohort and are overrepresented relative to their presence among all covered jobholders. Workers in this group constitute around 20 percent of Maine's workforce but comprise 23 percent of the cohort of claimants.



## Job Loss by Prior Wage Levels

Workers in the leisure and hospitality and retail trade sectors, which have a higher share of lower-paying jobs, were more likely than higher wage workers to be laid off in spring 2020. Higher wage workers may have held remote work-friendly occupations in sectors less affected by pandemic-related closures and so were more insulated from job losses. To understand the wage distribution of claimants in this cohort, their earnings in the year preceding the pandemic (2019 Q2 through 2020 Q1) were compared to the median wage for all workers during the same timeframe using quarterly wage records.<sup>3</sup> Claimants were then categorized as either at or above or below the median wage of all earners in the year prior to layoff. The group of claimants in this analysis is composed predominantly of lower wage workers. Sixty-three percent of claimants, well over the majority, earned below the median for all wage earners in the year leading up to the pandemic. If Maine's workforce was represented proportionally, the claimants would be evenly split between the two wage categories.



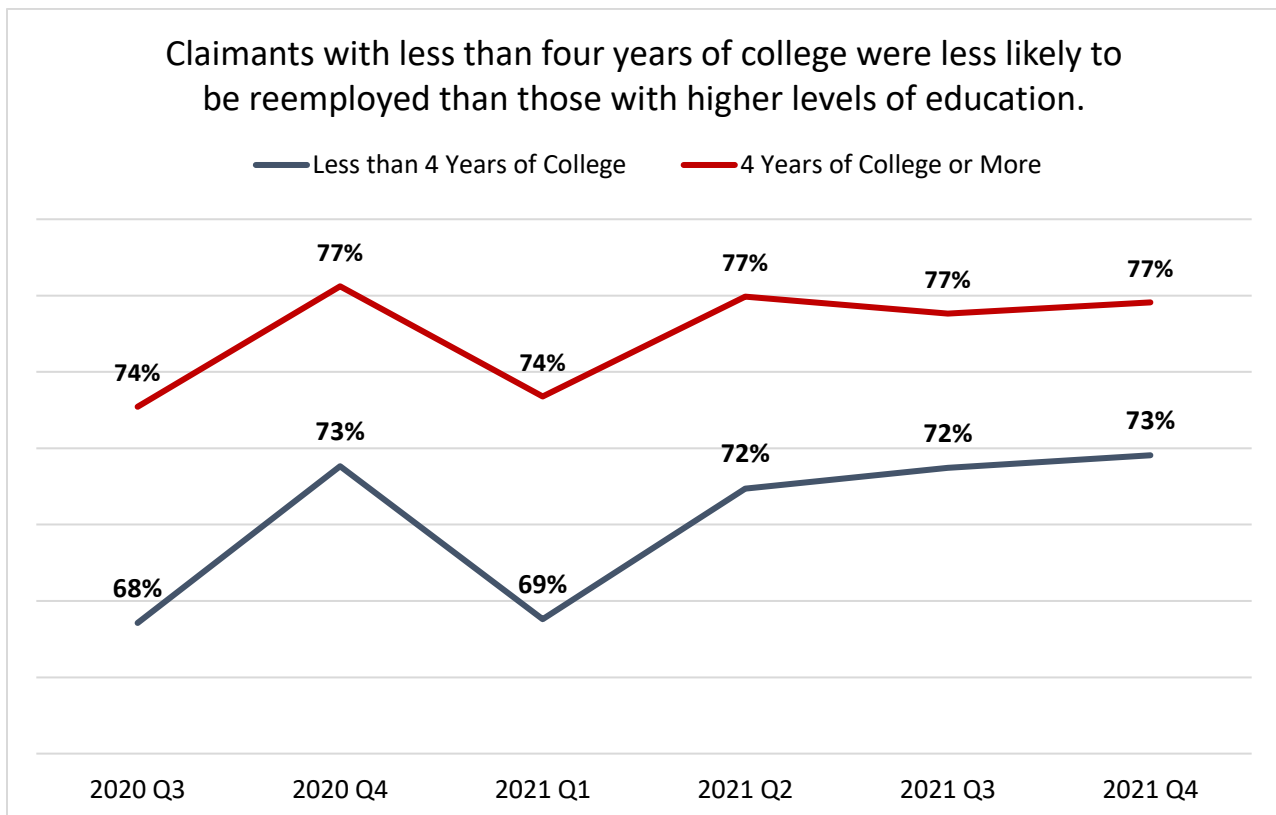
<sup>3</sup> Workers who earned less than \$5,000 in total wages from 2019 Q2 through 2020 Q1 were excluded from the median wage calculation for all jobholders.

## How Did Employment Outcomes Differ for Displaced Workers?

Workers with lower levels of educational attainment, older workers, Black or African American workers, and lower wage workers experienced lower rates of reemployment than other groups from the third quarter of 2020 through the end of 2021.

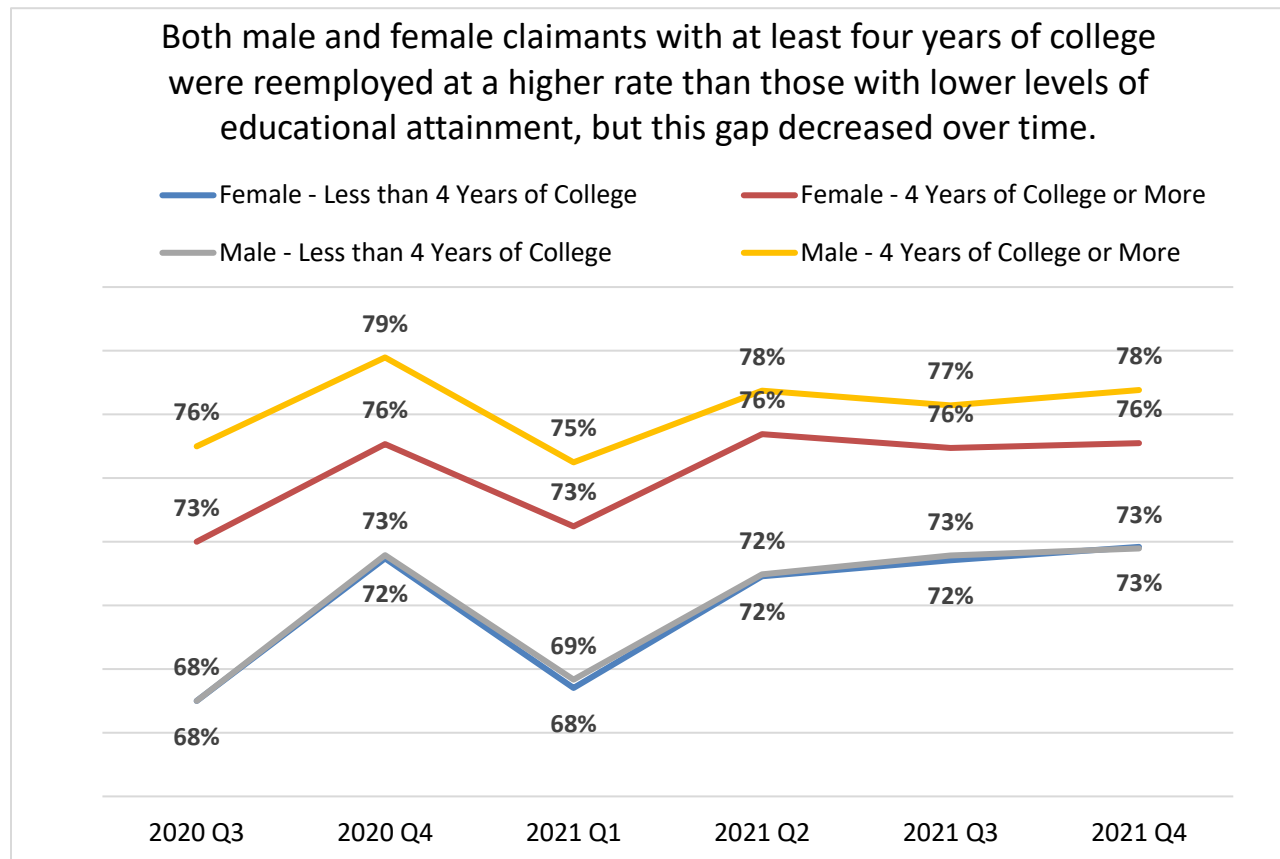
### Reemployment by Educational Attainment

In the third quarter of 2020, claimants with less than a Bachelor's degree or four years of college were reemployed at a rate of 68 percent, compared to a reemployment rate of 74 percent for those with at least four years of college. This gap persisted even as both groups experienced an overall increase in reemployment rates throughout 2021. By the end of 2021, claimants with at least four years of college were reemployed at a rate of 77 percent, compared to 73 percent for those with lower levels of education. Employment opportunities are more numerous and varied for individuals with higher levels of educational attainment, such as a Bachelor's degree, shortening their duration of unemployment.



Claimants were also grouped by both educational attainment and gender. Among those with at least four years of college, reemployment rates were up to three percentage points higher for men than for women; however, the gap in reemployment rates is more pronounced between levels of educational attainment than it is between genders. Male and female claimants with at least four years of college were reemployed at a rate greater than their counterparts with less than four years of college, and male

and female claimants with less than four years of college experienced nearly identical trajectories and reemployment rates from the third quarter of 2020 through the end of 2021. This finding aligns with recent research indicating that reductions in employment and labor force participation levels during the pandemic differed more by educational attainment than they did by gender (Goldin, 2021).



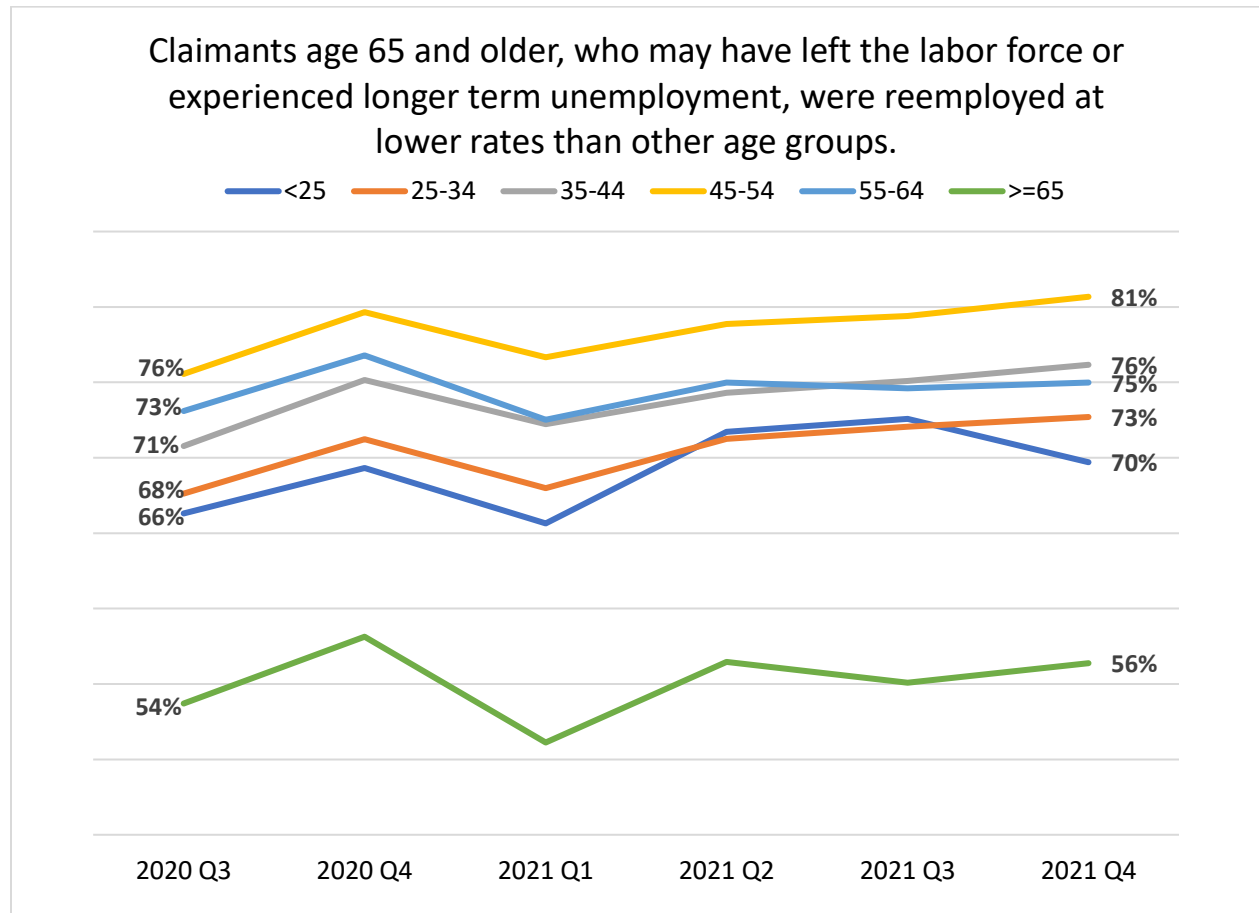
### Reemployment by Age

Within this cohort, there is notable variation in reemployment rates among claimants of different age groups. Throughout all quarters included in this study, claimants age 65+ experienced the lowest rates of reemployment. This trend – older workers who retired or did not become reemployed for other reasons during the pandemic – is not unique to Maine and may help explain some of the changes to the labor force that have occurred since March 2020.

The labor force participation rate of workers 65 and older declined at the beginning of the pandemic and had not recovered to pre-pandemic levels, while participation rates among younger workers have rebounded (Tüzeman, 2022). Multiple factors have contributed to the persistence of lower labor force participation among older workers. Older workers, who are more vulnerable to severe illness from COVID, may exercise more caution about exposure to the coronavirus and leave the labor force to reduce their risk of exposure. There is also evidence that older workers who experienced an absence



from work due to probable COVID illness were more likely to exit the labor force due to long COVID than workers of other age groups with similar work absences (Goda and Soltas, 2022).

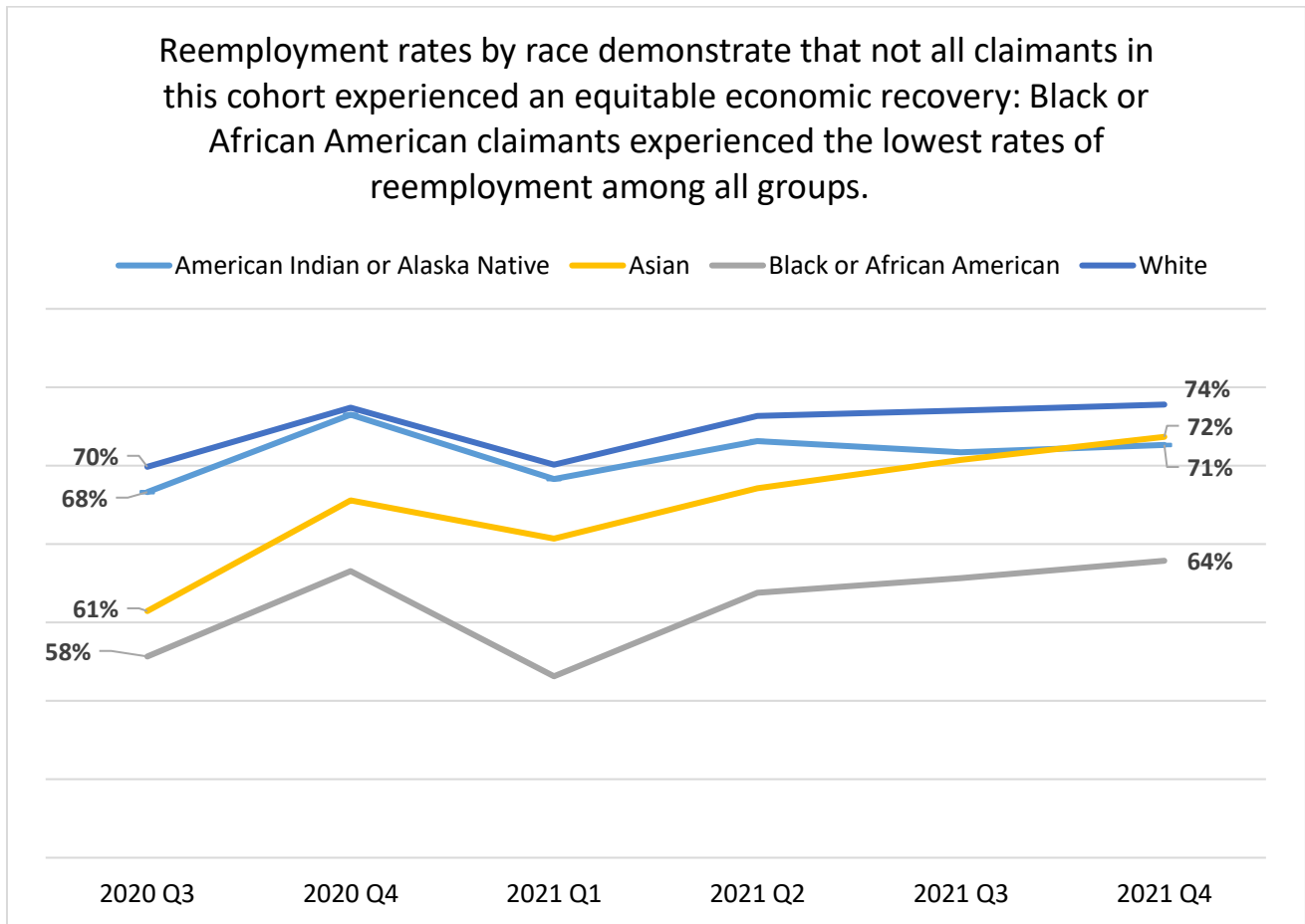


### Reemployment by Race

Even during times of economic stability, disparities in earnings and unemployment rates are observed across racial groups. Nationally, the 2019 annual average unemployment rate for Black or African American workers was 6.1 percent, compared to 3.3 percent for White workers, and a 3.7 percent unemployment rate among all workers. This rate increased to 11.4 percent for Black Americans in 2020, 7.3 percent for White Americans, and 8.1 percent overall.

Consistent with this trend and other research, displaced workers of different racial groups in this cohort faced unequal reemployment trajectories over 18 months. Black or African American claimants had the lowest rates of reemployment among all racial groups in addition to experiencing a greater seasonal decline in reemployment in 2021 quarter one. Black or African American claimants were reemployed at a rate of 58 percent in the third quarter of 2020, which increased to 64 percent by the end of 2021. In contrast, the reemployment rate for White claimants began at 70 percent in 2020 quarter three and

increased to 74 percent in the fourth quarter of 2021.<sup>4</sup>



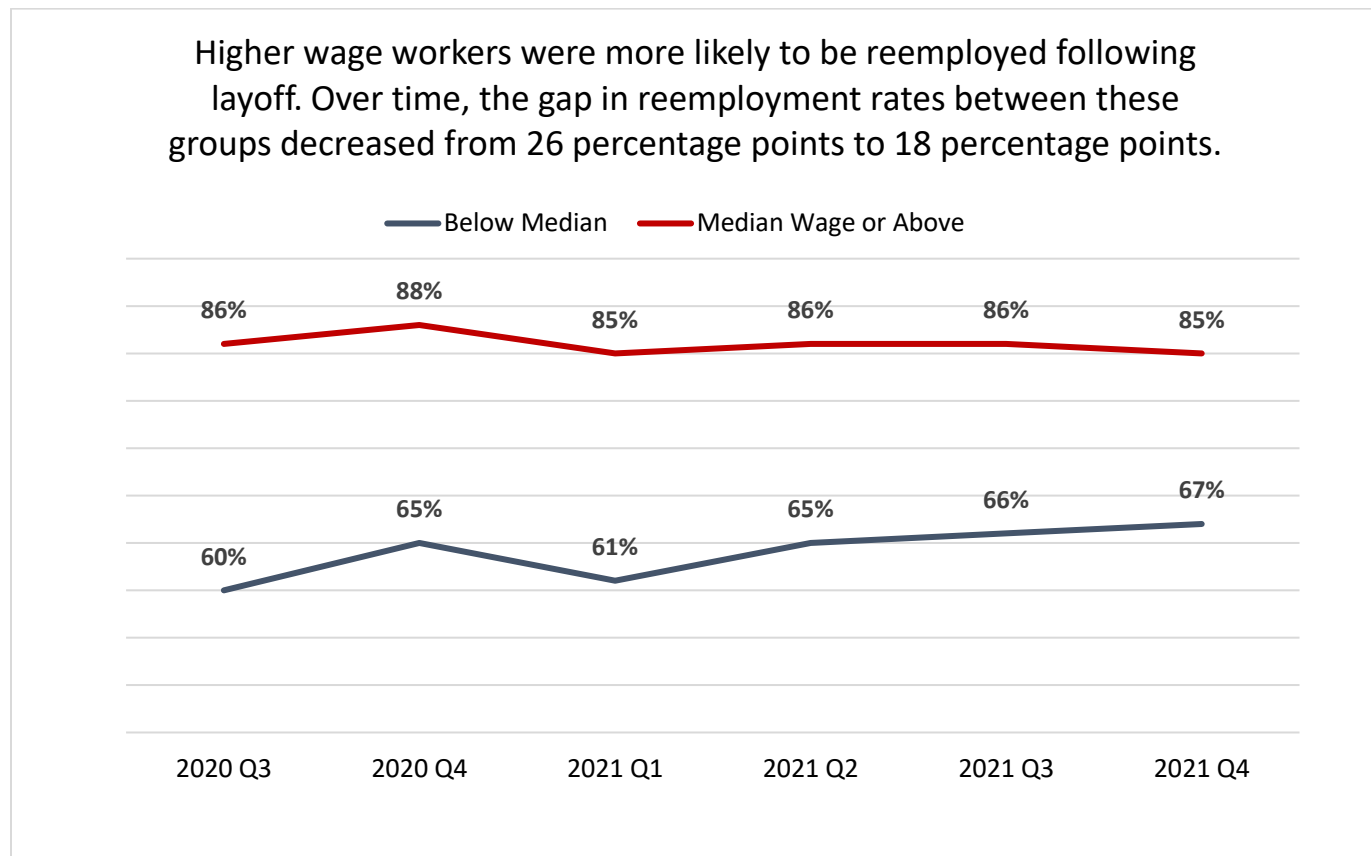
### Reemployment by Prior Wage Levels

As previously discussed, lower wage workers were disproportionately affected by pandemic-related job losses in the spring of 2020 while higher wage workers were less vulnerable to displacement. There is also evidence that, despite overall job gains, lower income workers experienced a slower economic recovery than those with middle or upper incomes (Parker et al, 2021).

Using the median wage categorization described above, reemployment rates for claimants earning both below and at-or-above the median wage for all wage earners in the year leading up to the pandemic were calculated. Workers categorized as earning below that median wage were reemployed at rates that range from 26 percentage points to 18 percentage points lower than higher wage workers. The

<sup>4</sup>Due to small sample size, claimants who self-identified as Native Hawaiian or Other Pacific Islander were excluded from this analysis.

reemployment rate for higher wage workers remained around 86 percent, while that of lower wage workers increased from 60 percent to 67 percent.



## Key Takeaways

Maine’s labor market has undergone a swift recovery with historically low unemployment rates following unprecedented job losses in the spring of 2020. However, as this study demonstrates, some workers were more likely to experience job loss than others, and the path to reemployment varied with a worker’s educational background, age, and race. Workers employed in the leisure and hospitality sector, women, younger workers, and lower wage workers were disproportionately represented in this group of claimants relative to their overall presence in Maine’s workforce. Among these claimants, older workers, those with lower levels of educational attainment, those who earned relatively lower wages prior to layoff, and Black or African American workers experienced less favorable employment outcomes compared to other groups. Some of these claimants may have left the labor force due to retirement or to pursue educational opportunities, moved out of state, or they may have become employed in a job not covered by unemployment insurance tax law. In other cases, these workers may face structural barriers to employment that are not unique to the pandemic and result in unequal labor market outcomes regardless of economic conditions. The effects of lower or slower rates of reemployment, such as suppressed wages and employment disparities, may be felt throughout an individual’s career but can be mitigated with strategically designed workforce development programs, policies, and other interventions.

## References

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Tüzeman, D. (2022). How many workers are truly “missing” from the labor force? *Federal Reserve Bank of Kansas City*. <https://www.kansascityfed.org/research/economic-bulletin/how-many-workers-are-truly-missing-from-the-labor-force/>