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California's Labor Market in the Time of COVID-19: 2021 Chartbook

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Publication Date

2022-02-01

California's Labor Market in the Time of COVID-19

2021 Chartbook

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Annette Bernhardt, and Ken Jacobs

Last Updated: February 1, 2022



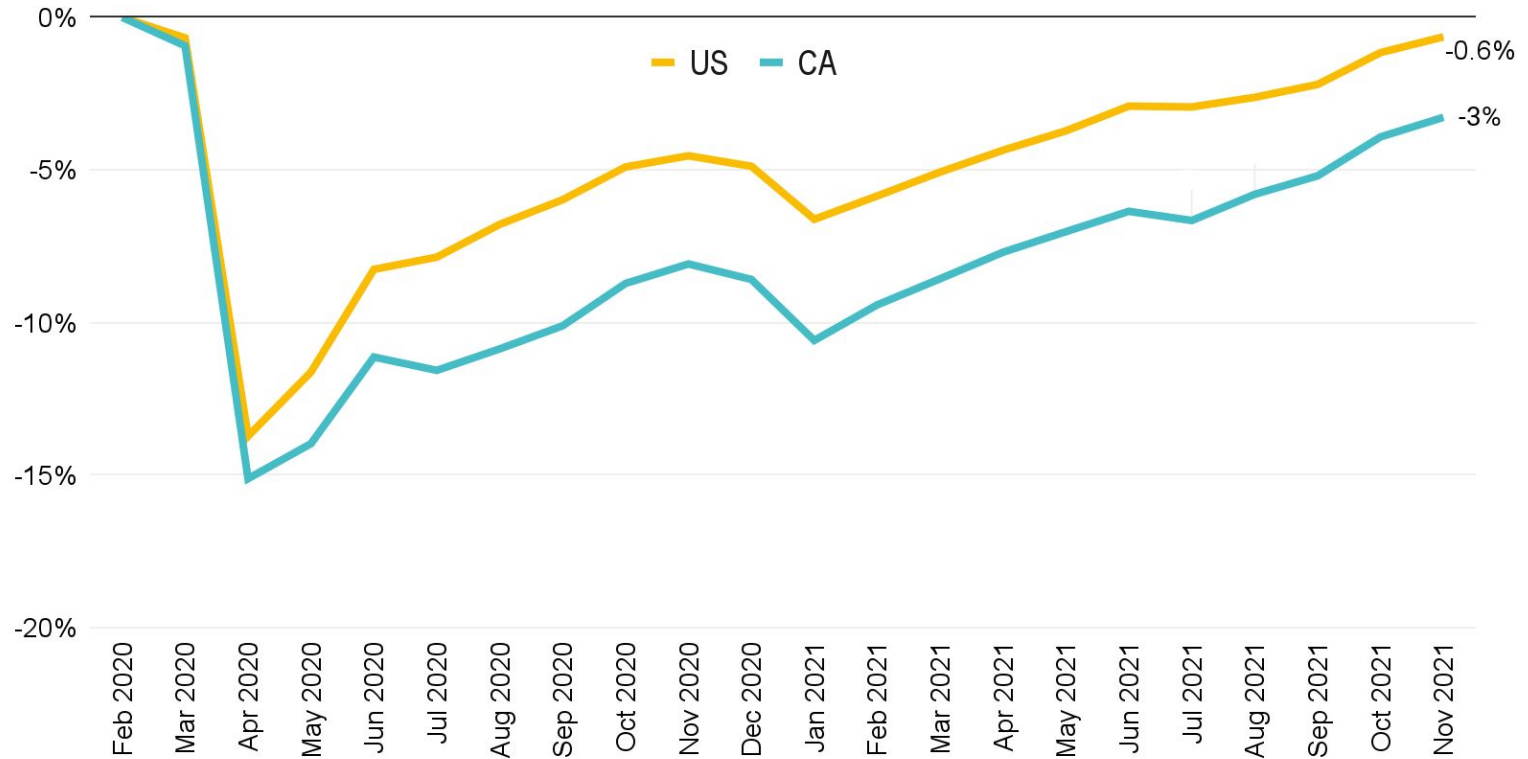
Section 1:

**California had extraordinary job loss,
and hasn't yet fully recovered**

California's economy experienced massive job losses from the pandemic, and it is still a long way from fully recovering.

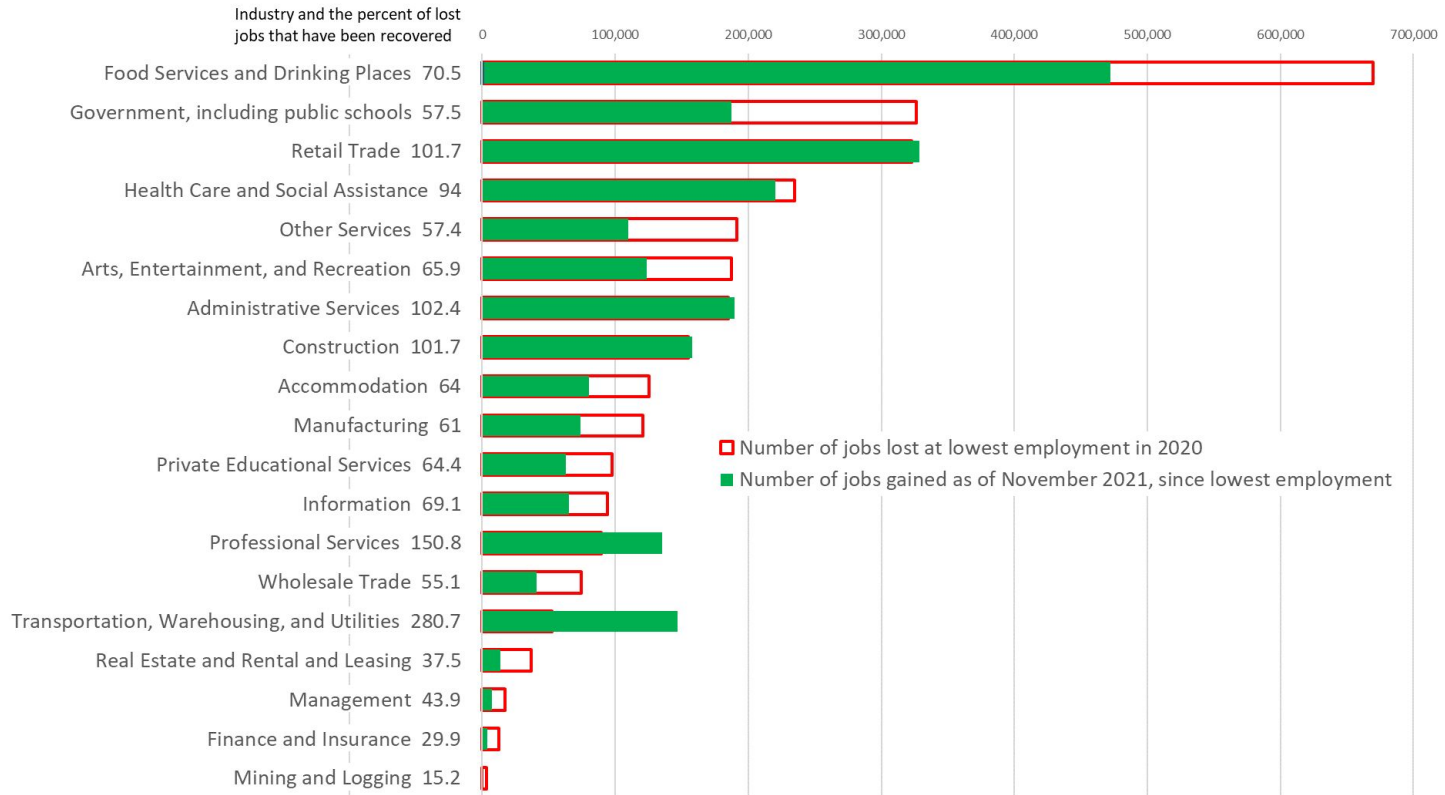
- Compared to the nation as a whole, California lost a greater proportion of jobs during the pandemic. As of November 2021, the state has recovered more than 75 percent of these lost jobs.
- The pandemic affected the state's entire economy, but job losses were concentrated in service industries that had to shut down (e.g., restaurants and entertainment establishments) and schools. Even though these industries have accounted for most of the job growth over the past 6 months, they have yet to fully recover.
- Industries that typically pay low wages were hardest hit by the pandemic. Over the second half of 2021, these jobs returned faster than jobs in industries paying moderate and high wages. But all industries, regardless of pay, have yet to regain all jobs lost from the pandemic.
- State government employment began to recover in the latter part of 2021, but local government employment lost the momentum gained during the summer, as the Delta variant affected fall school reopenings.

Percentage Change in Employment: US vs California, February 2020 to November 2021



Source: Authors' analysis of the Current Employment Statistics. Data is non-farm employment and is not seasonally adjusted.

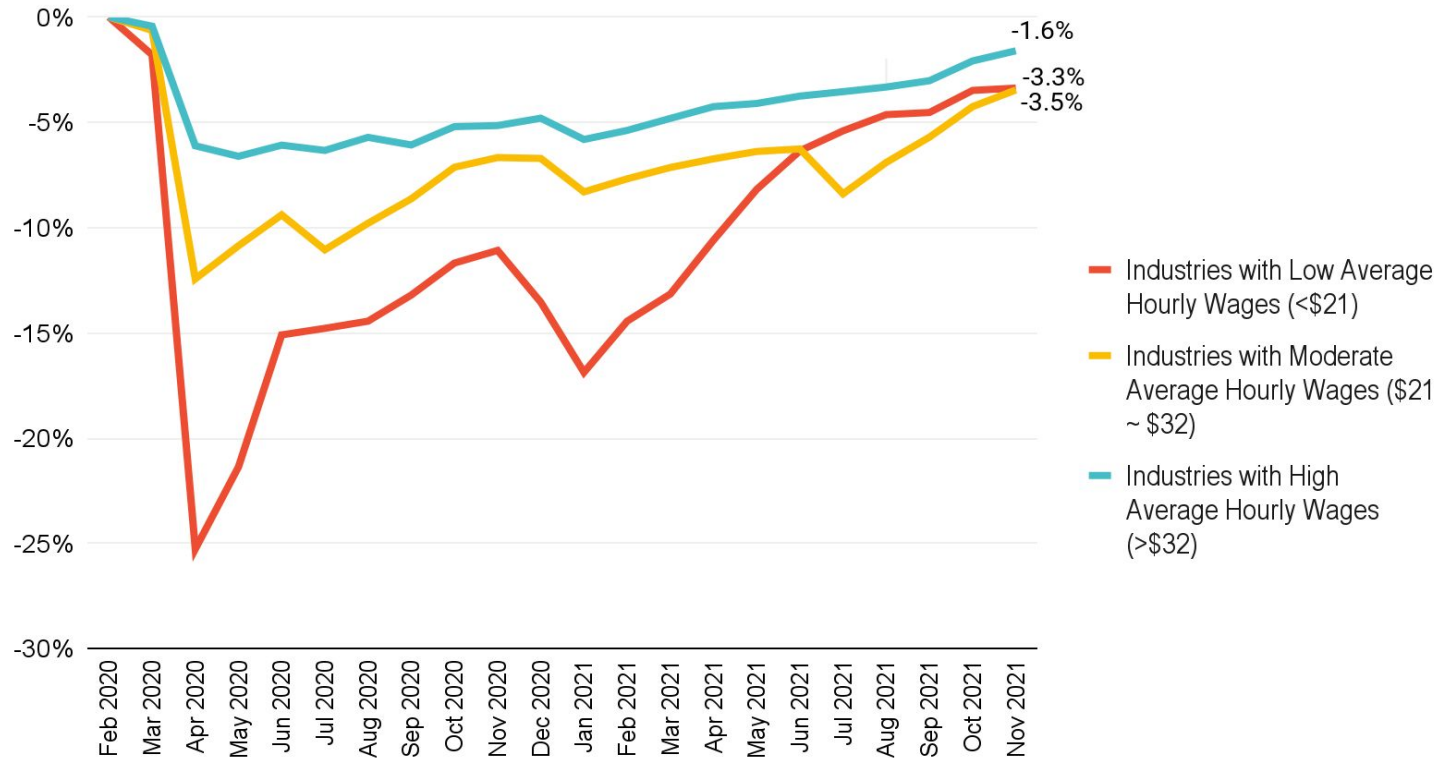
California's Progress Towards Employment Recovery by Industry, November 2021



Source: Authors' analysis of Current Employment Statistics. Data is not seasonally adjusted.

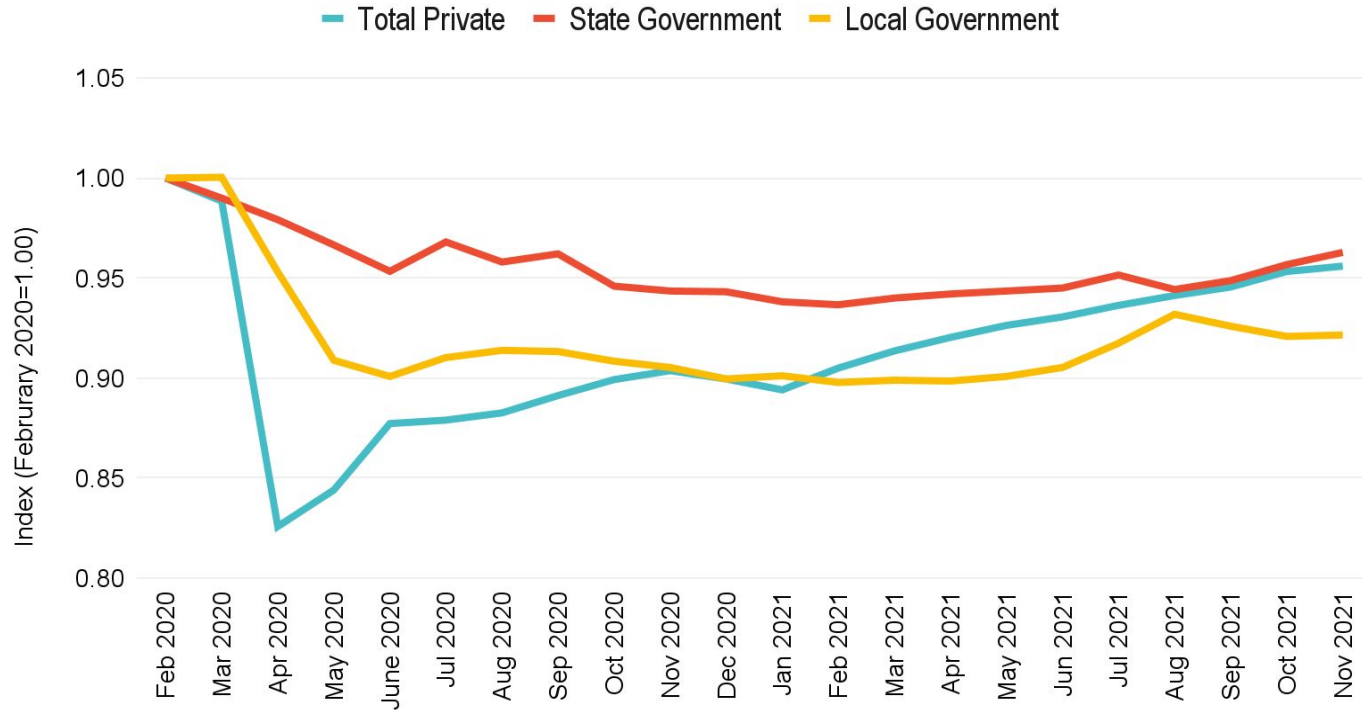
Note: Recovery is measured as the number of jobs gained by November 2021. Since the trajectory of employment losses differs by industry, the month of lowest employment levels also varies by industry.

Percentage Change in Number of Jobs in California, February 2020 to November 2021



Source: Authors' analysis of the Current Employment Statistics and the Current Population Survey. Data includes public and private sectors and is not seasonally adjusted.

California's Employment: Private vs Public Sector, February 2020 to November 2021



Source: Authors' analysis of the Current Employment Statistics. Data is monthly, and is seasonally adjusted. August numbers are preliminary.

Section 2:

Job losses affected the full gamut of workers, but some groups were affected more than others

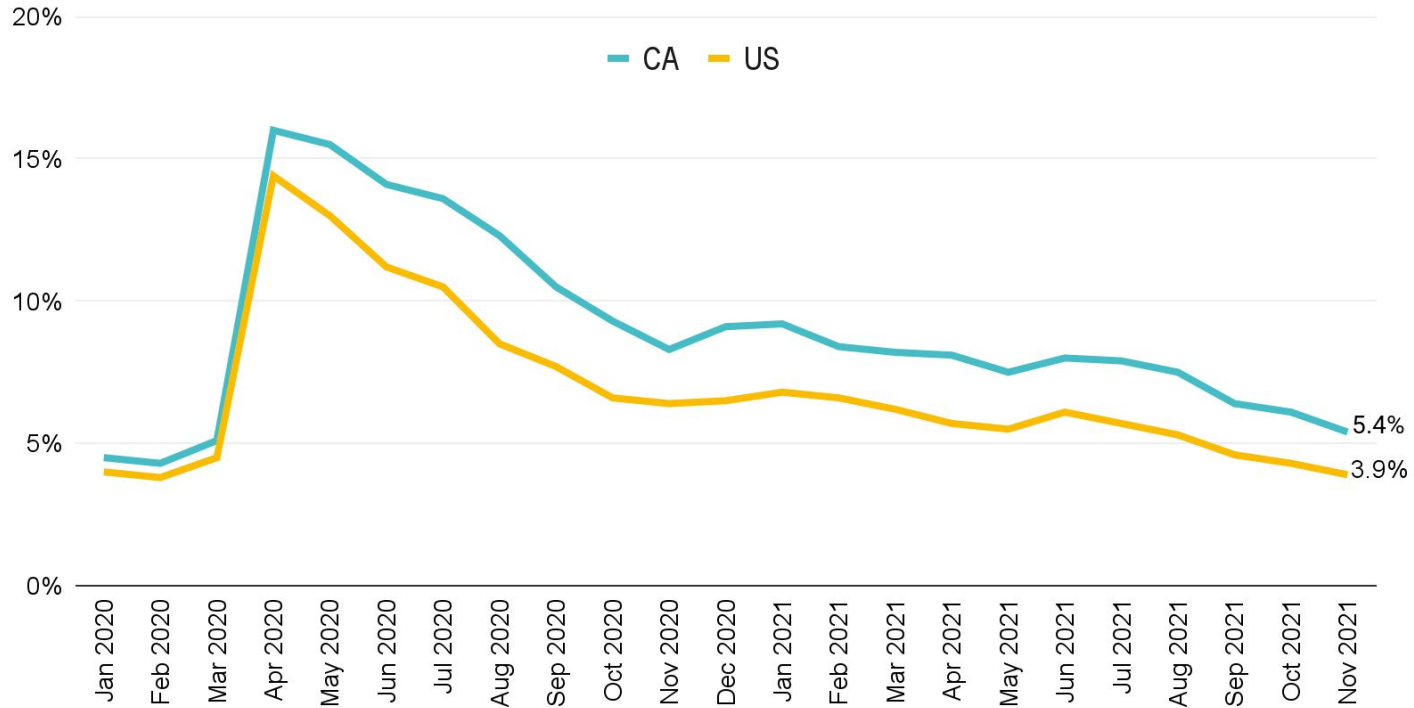
Job losses from the pandemic were widespread, but some groups of workers were more severely impacted. These same workers are also struggling to regain jobs as the economy recovers.

- Prior to the onset of COVID-19, the unemployment rate in California was slightly higher than the national rate, but this gap widened during the pandemic, reflecting the severe effect of the crisis on the state's economy. The current 5.9 percent unemployment rate is still higher than the pre-pandemic rate.
- The lowest paid workers [accounted for a full 80 percent of all jobs lost nationally](#). By the end of summer 2021 employment for high-wage workers was higher than before the pandemic, while significant job loss persisted for workers earning below the median wage.
- Educational attainment contributed to large differences in the severity of the pandemic's impact across workers. Workers with a high school diploma or less experienced a much higher increase in unemployment at the peak of the pandemic. Less educated workers still have not recovered as much as more educated workers.
- Women faced much larger increases in unemployment than men when the pandemic began. By early 2021, their unemployment rate had dipped below men, due to the pandemic forcing women to exit the workforce. With jobs returning and schools reopening, the unemployment rate for women is slightly higher than men, but both are still experiencing higher unemployment than before the pandemic.

Job losses from the pandemic were widespread, but some groups of workers were more severely impacted - CONTINUED

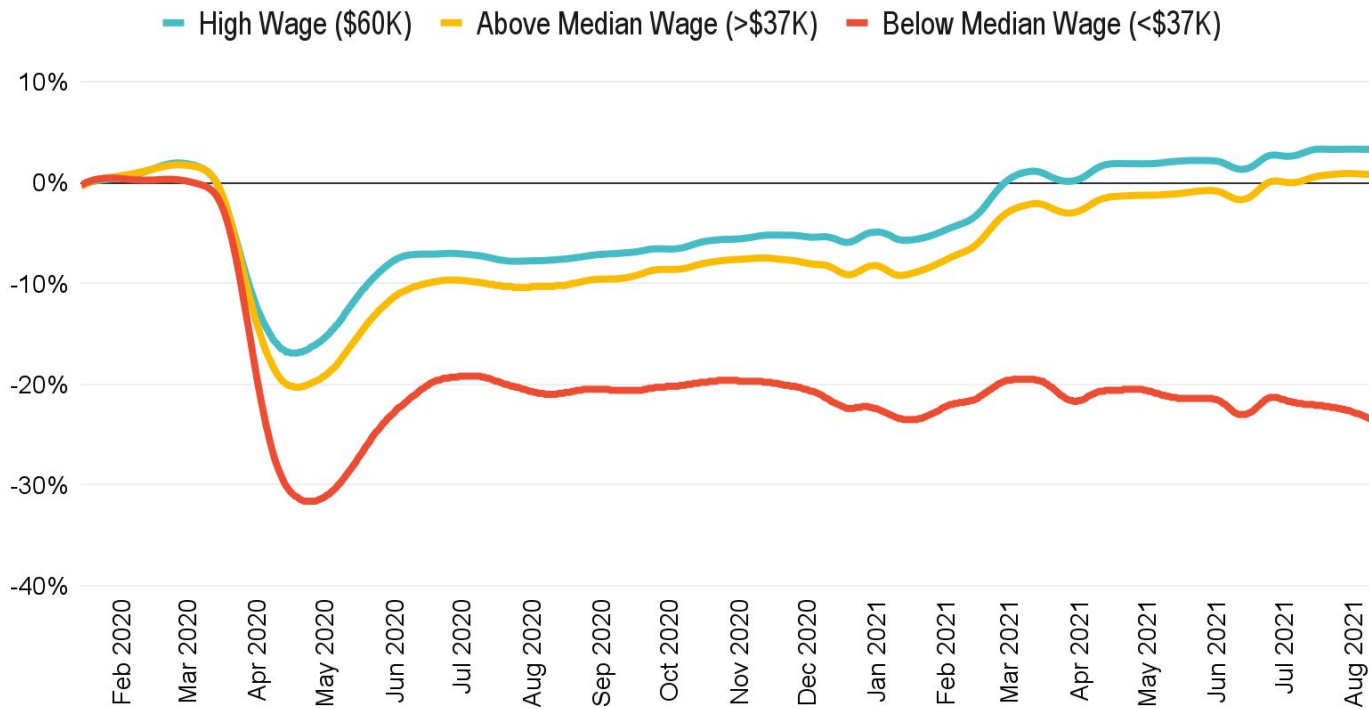
- Black and Latino workers faced higher unemployment rates prior to COVID-19, and this gap widened significantly at the peak of the pandemic. The unemployment rate for Black workers is still more than twice the rate of non-Latino White workers. The unemployment rate for Latino workers steadily improved throughout 2021 and it's only one percentage point higher than its pre-pandemic level.
- Immigrant women experienced significant and disproportionate job loss during the initial months of the pandemic, reflecting the overrepresentation of these workers in service industries that shuttered during the crisis. With jobs returning in these industries, the unemployment rate for immigrant women has decreased to roughly the same rate as non-immigrant women, but still higher than before the pandemic.
- As people return to work, the overall number of unemployed has come down, but about half the share of those who remain unemployed are workers who have been out of work for six months or longer. As we will see in Section 3, most of the initial decline in unemployment was due in part to workers dropping out of the labor market altogether, while the more recent decline is due to jobs coming back.

Unemployment Rate: California vs US, January 2020 to November 2021



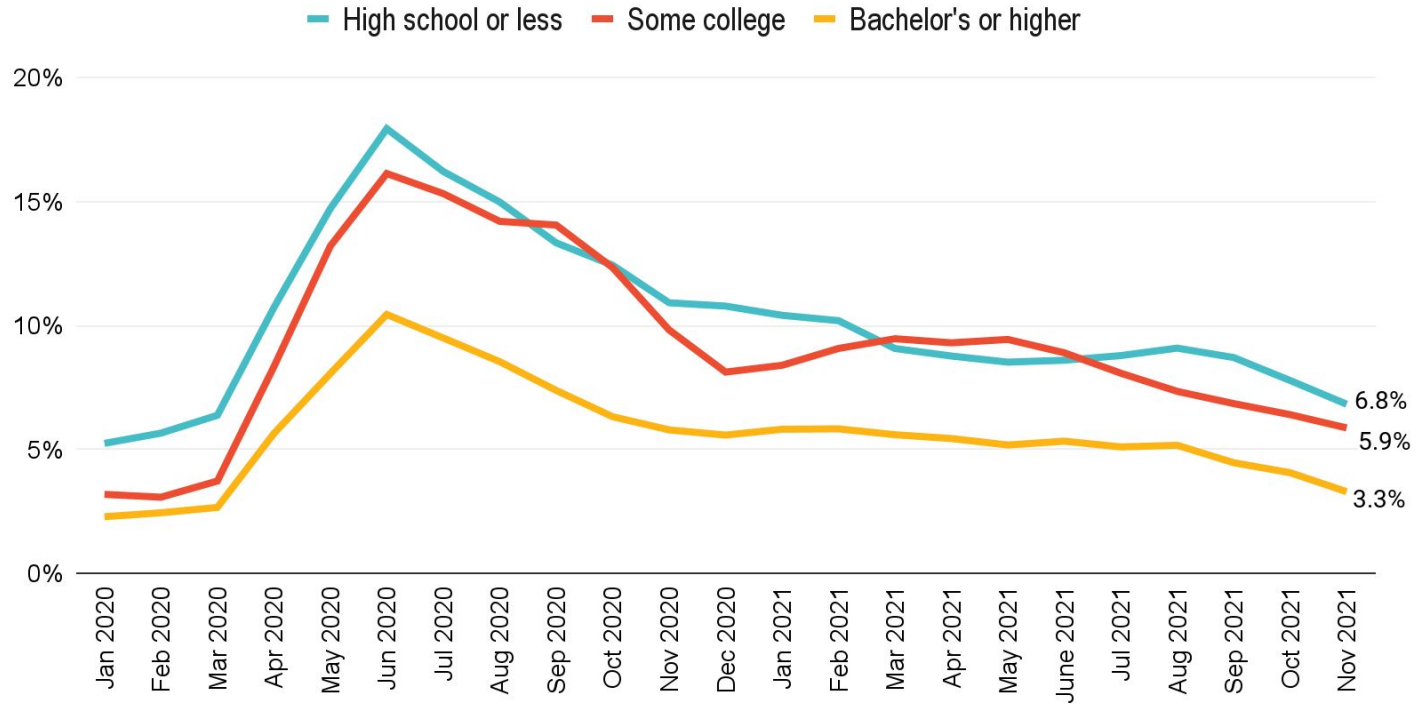
Source: Authors' analysis of the Current Population Survey, and the Local Area Unemployment Statistics. Data is not seasonally adjusted.

Percentage Change in California Employment by Wage Level, February 2020 to August 2021



Note: Data sources include Earnin, Intuit, Kronos, and Paychex, provided by [Opportunity Insights Economic Tracker](#).

California's Unemployment Rate by Education, January 2020 to November 2021



Source: Authors' analysis of the Current Population Survey. Data is not seasonally adjusted.

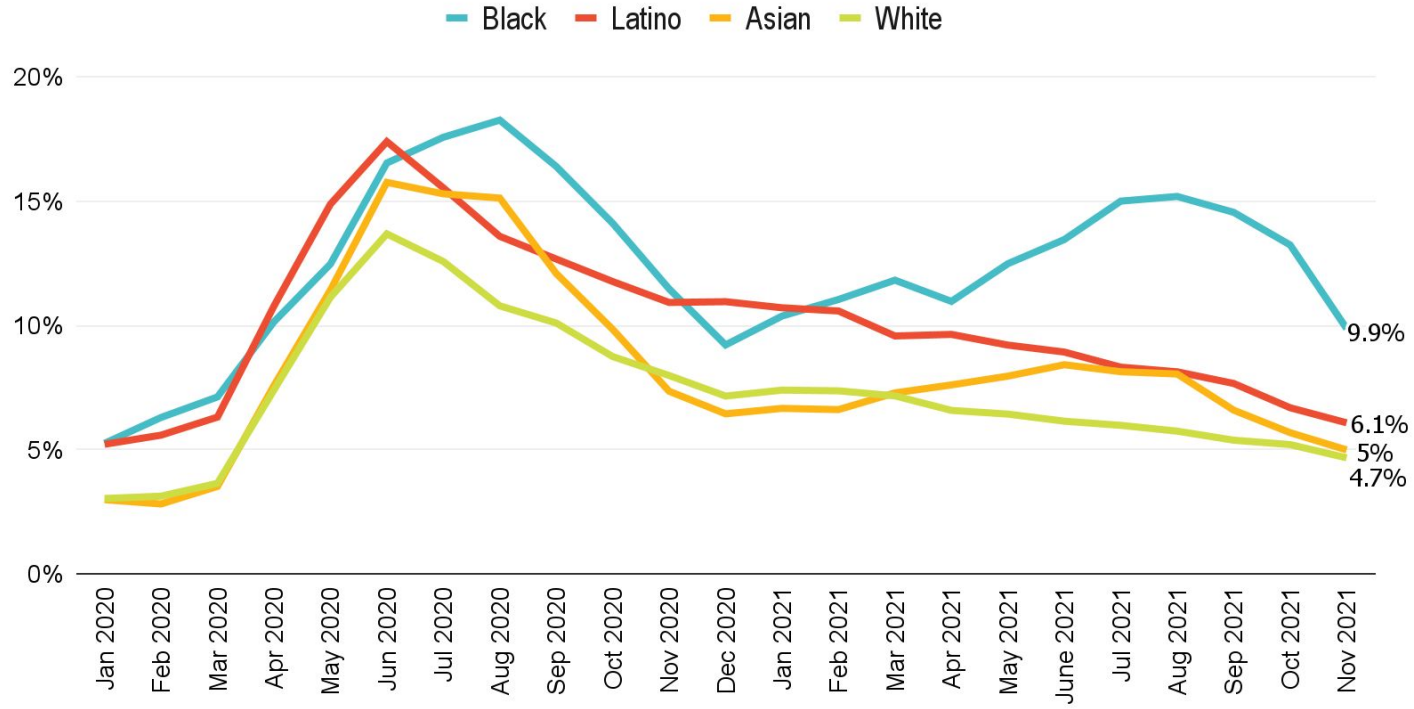
Note: Unemployment rates are calculated for persons 25 years and older by educational attainment. Values show a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

California's Unemployment Rate by Gender, January 2020 to November 2021



Source: Authors' analysis of the Current Population Survey. Data is not seasonally adjusted. Horizontal axis shows a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

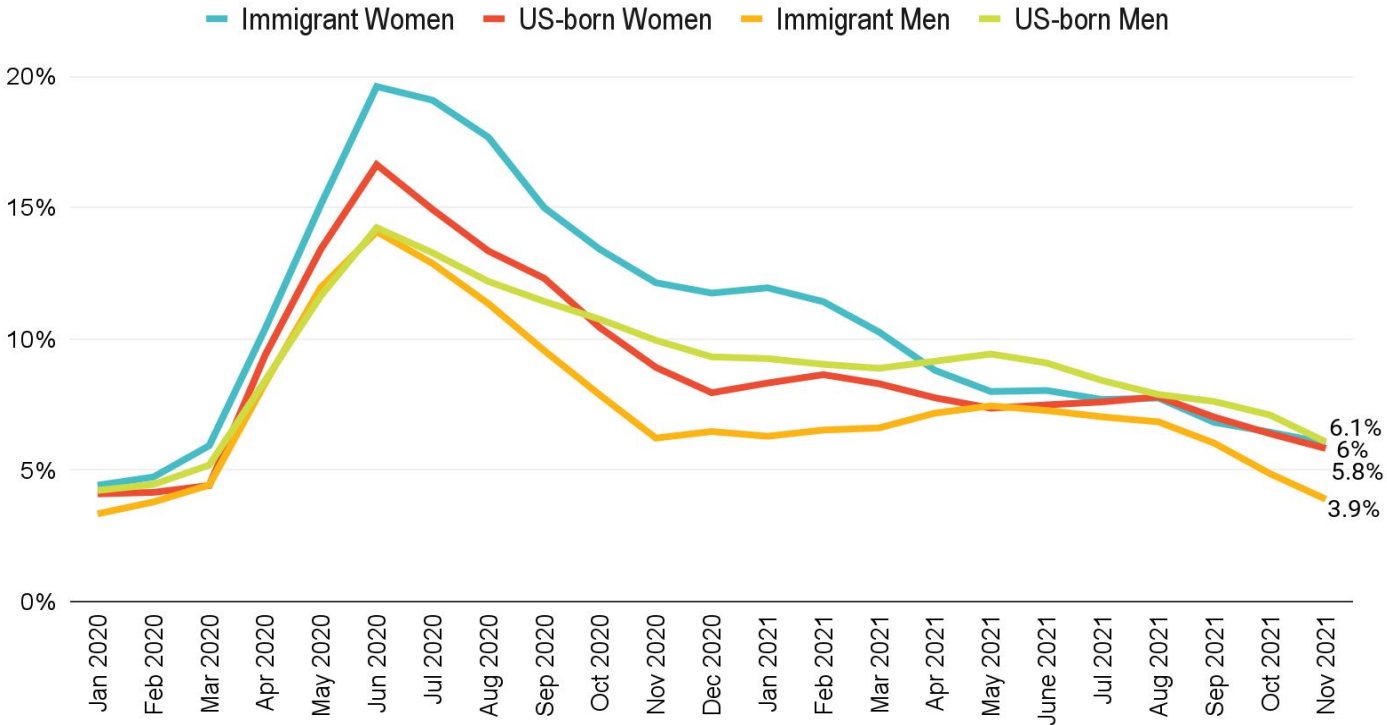
California's Unemployment Rate by Race and Ethnicity, January 2020 to November 2021



Source: Authors' analysis of the Current Population Survey. Data is not seasonally adjusted.

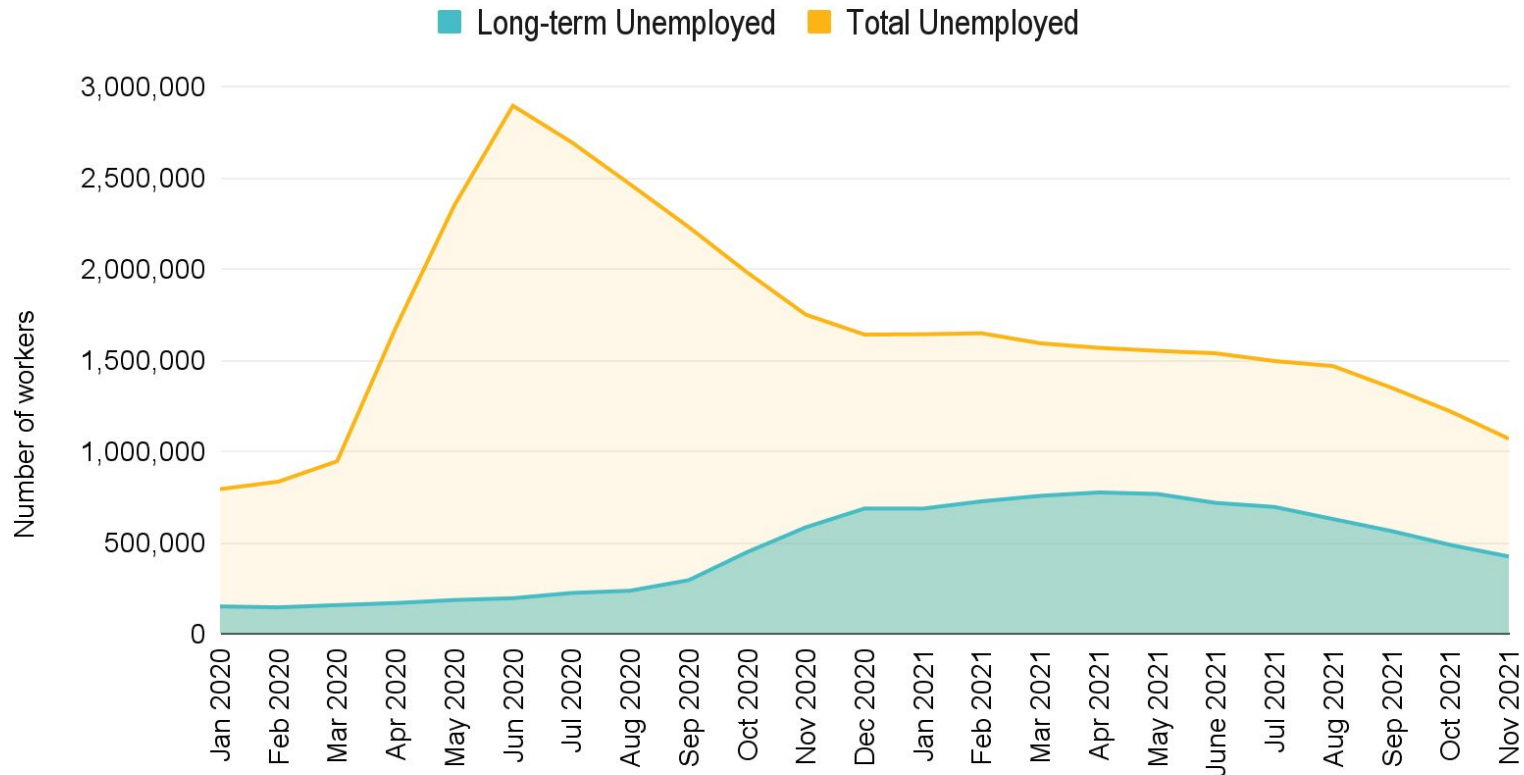
Note: Black, Asian, and White workers are non-Latino. Latino workers can be of any race. Horizontal axis shows a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

California's Unemployment Rate by Gender and Nativity, January 2020 to November 2021



Source: Authors' analysis of the Current Population Survey. Data is not seasonally adjusted. Values show a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

Long-Term Unemployed Workers vs Total Unemployed Workers in California, January 2020 to November 2021



Source: Authors' analysis of the Current Population Survey. Data is not seasonally adjusted.

Note: Values show a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021). Long-term unemployment is defined as being unemployed for 27 weeks or longer.

Undocumented Workers

- We currently have little comprehensive information about the impact of the COVID-19 pandemic on undocumented workers.
- California has more than two million undocumented people, over 100,000 of whom worked as essential workers during the COVID-19 pandemic, while many others faced unemployment. Studies estimate that between 357,000 and 500,000 immigrants without legal status in the state found themselves out of work during the pandemic.
- The consequences of unemployment are especially severe for undocumented workers because of their inability to access most safety net programs. (California's Disaster Relief Assistance for Immigrants program provided one-time stimulus payments to only about 150,000 undocumented immigrants and their families in the spring of 2020.) As part of California's 2021-22 budget, some undocumented workers are eligible to receive an additional one-time \$500 stimulus payment.

Occupational Segregation

- Many of the adverse employment trends from the pandemic are the result of widespread overrepresentation of women and Black and Latino workers in the most affected industries, in both California and the US. This is known as occupational segregation.
- The pandemic has shown that people of color, women, and immigrants are more likely to be in essential jobs that pose increased economic and health risks to these workers.
- The forces that drive occupational segregation range from outright discrimination, legacies of decades of discriminatory employment policies, and current social and economic factors shaping career choices (that themselves represent institutionalized racism, sexism, and nativism), affecting a wide range of job quality and career outcomes.

Section 3:

Unemployment is not the only story

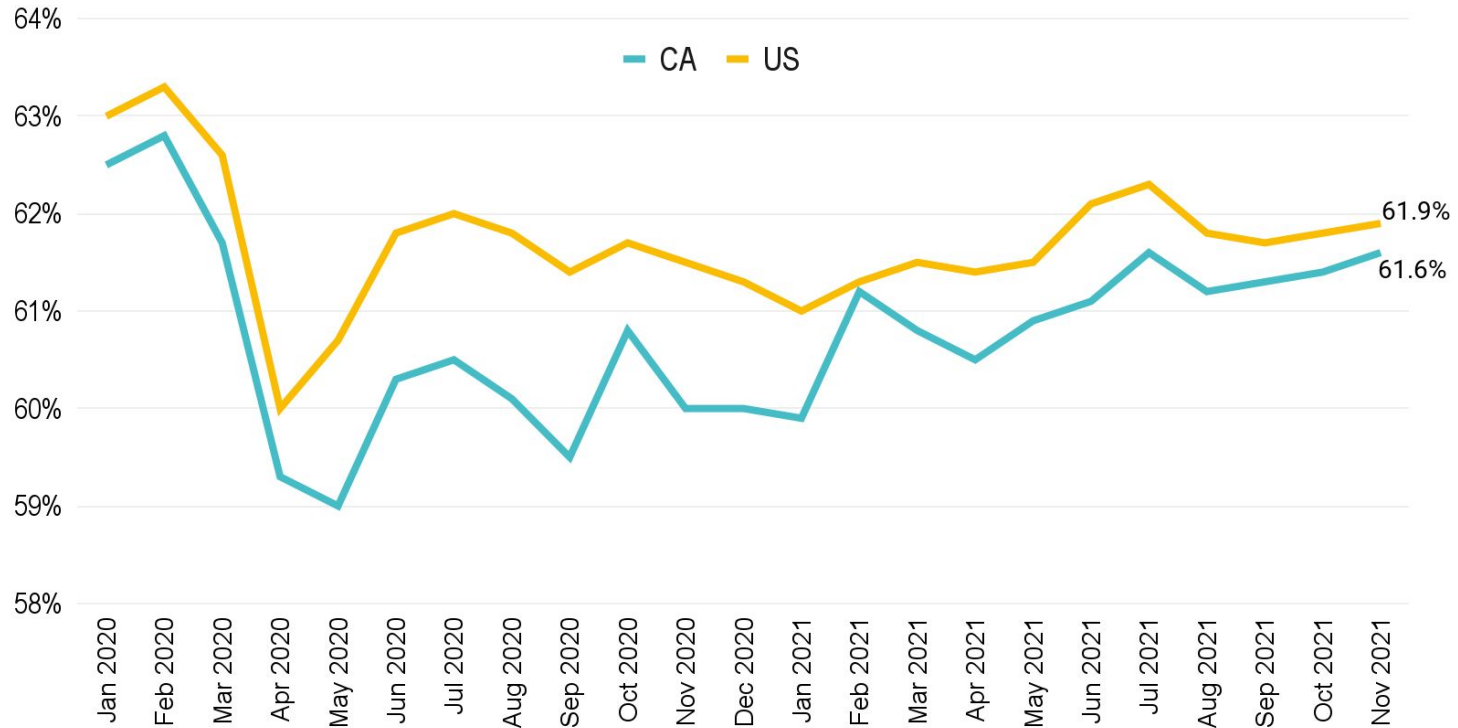
Unemployment is not the only story. Many workers left the labor market altogether.

- As the pandemic began, large numbers of Californians left the workforce, and the share of the population either working or looking for work in California decreased substantially compared to the US as a whole. But jobs and workers returned throughout 2021, and now this share is roughly the same for California as it is for the US.
- Most workers that left the labor force were the least educated (high school or less). Many of these workers remain on the sidelines, even as labor market conditions improve.
- Women in general shouldered the brunt of the economic crisis from COVID-19. The share of women in California who are working declined more than men during the first six months of the pandemic. As the economy began to open back up, women's share of the working population initially improved more than men's. The arrival of the Delta variant in the summer of 2021 slowed the return of women to the workforce, but women continue to increase their share of employment in the state.

Unemployment is not the only story - CONTINUED

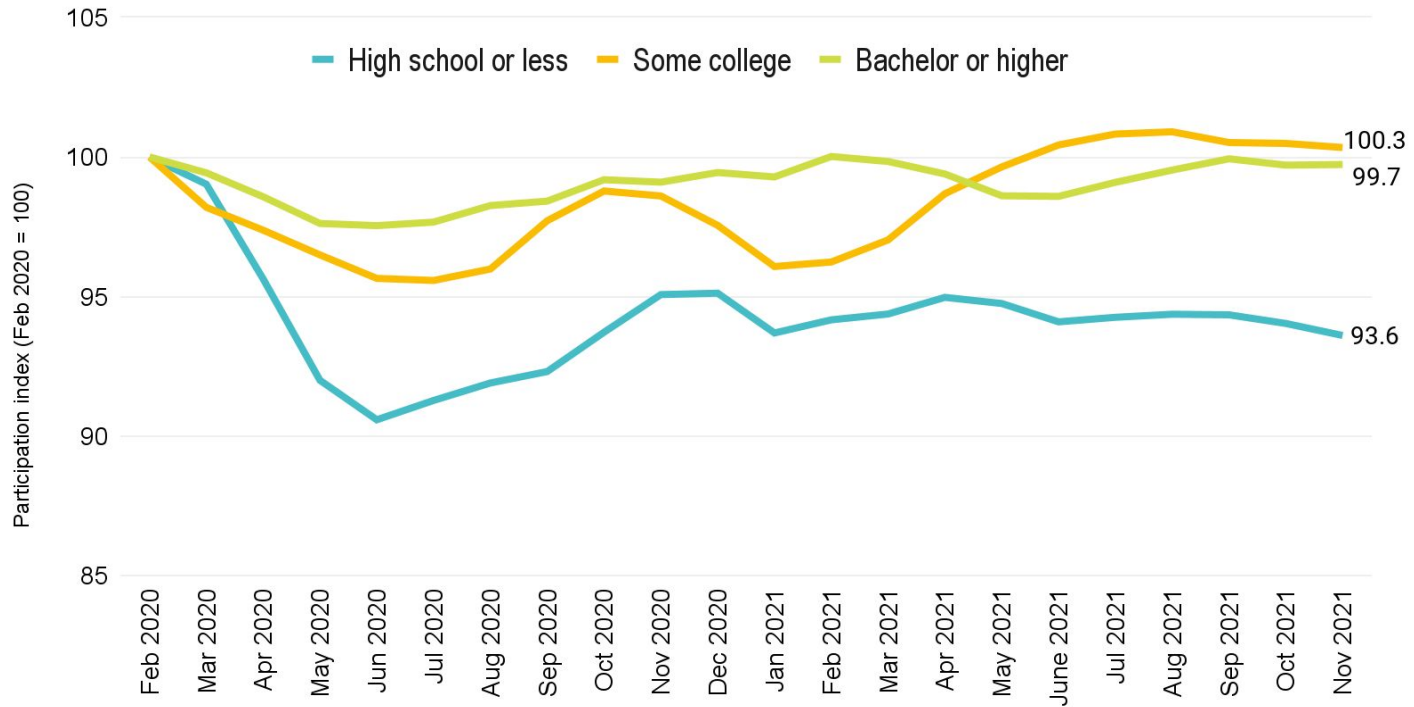
- Although both men and women continue to see improvements, the working share of the population remains below the pre-crisis level irrespective of gender.
- Black and Latino workers overall saw a significant decrease in their share of the population with a job. Although Latino workers saw improvement throughout most of 2021, while Black workers saw improvements in the latter part of the year, the economy is still not adequately providing jobs for both groups of workers.

Share of the Population Working or Looking for Work: California vs US, January 2020 to November 2021



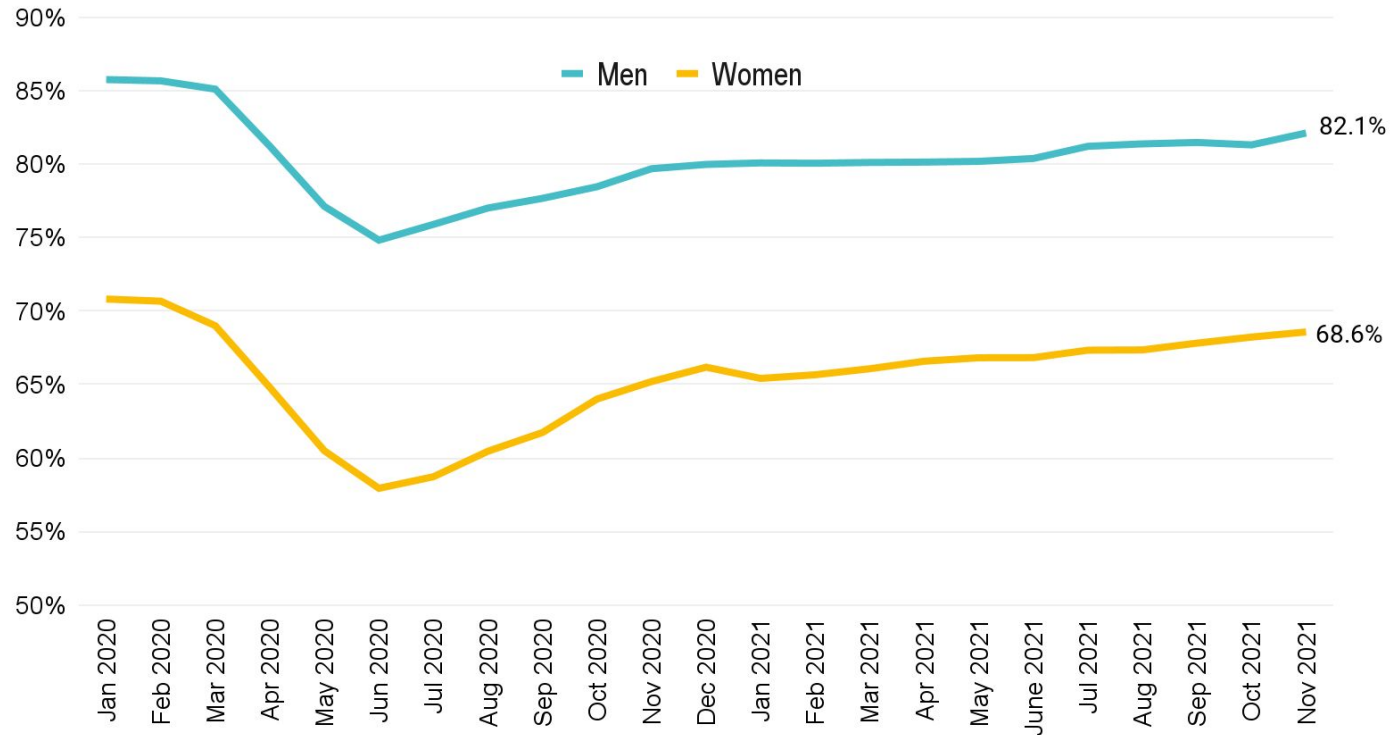
Source: Authors' analysis of the Current Population Survey, and the Local Area Unemployment Statistics. Population refers to people ages 16 and up. Data is not seasonally adjusted.

California's Share of the Population Working or Looking for Work, by Education, February 2020 to November 2021



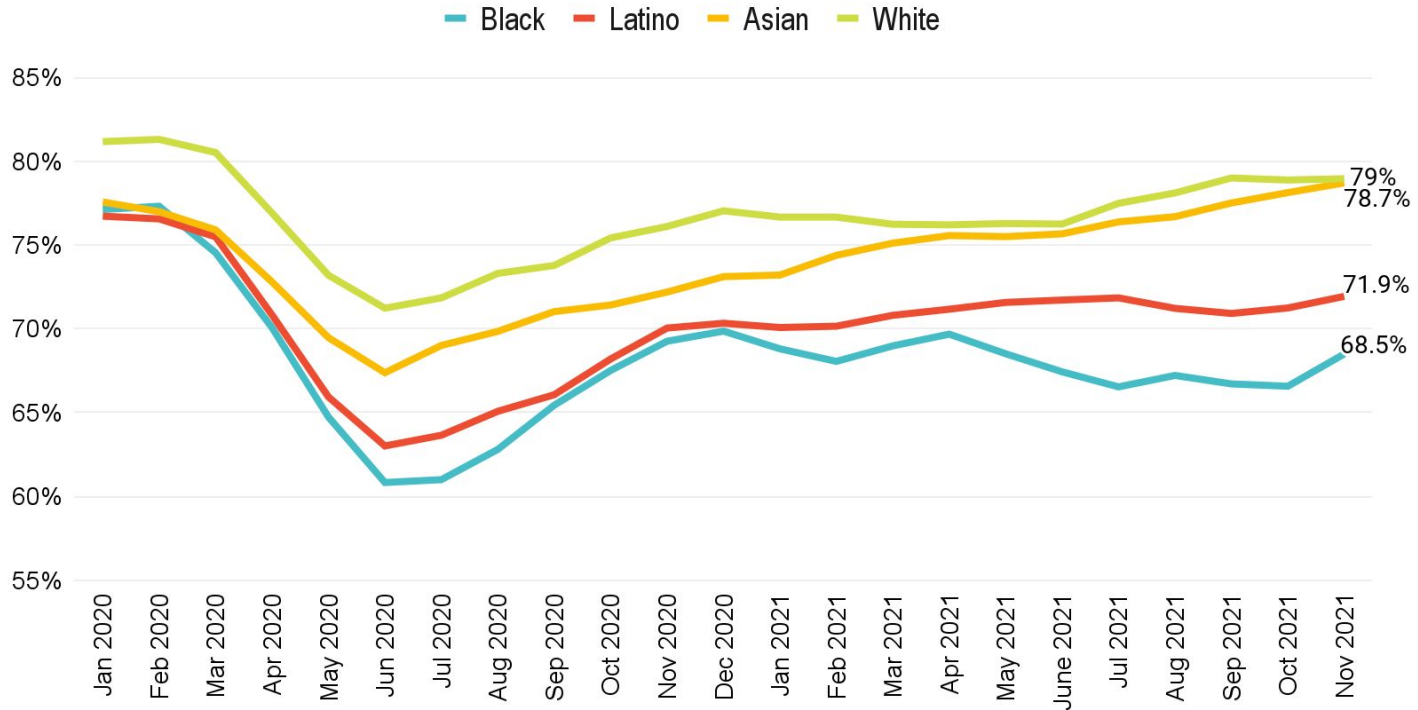
Source: Authors' analysis of the Current Population Survey. Population refers to people ages 16 and up. Data not seasonally adjusted.
Note: Horizontal axis shows a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

California's Share of the Prime Age Population Currently Employed, January 2020 to November 2021



Source: Authors' analysis of the civilian non-institutional population 24 to 54 years old in the Current Population Survey. Data is not seasonally adjusted.
Note: Horizontal axis shows a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

California's Share of the Prime Age Population Currently Employed by Race and Ethnicity, January 2020 to November 2021



Source: Authors' analysis of the civilian non-institutional population 24 to 54 years old in the Current Population Survey. Data is not seasonally adjusted.
 Note: Black, Asian, and White workers are non-Latino. Latino workers can be of any race. Values show a three-month average (e.g., Jan 2021 refers to Nov 2020–Jan 2021).

The Caregiving Crisis

- COVID-19 worsened a caregiving crisis that preceded the pandemic. As schools and child care centers were forced to close, women shouldered the bulk of the additional responsibilities of caring for children. These added responsibilities forced millions of women to exit the labor force nationally due to inadequate resources to help balance the demands of a full-time job and virtual schooling of their children.
- Women not only had to contend with increased child care responsibilities while working, but possibly also had to provide long-term care to elderly parents or other relatives with disabilities.
- Although jobs are returning, the Delta and Omicron variants continue to create uncertainty, keeping tens of thousands of women workers on the sidelines unable to re-enter the workforce. This comes at a great economic cost, not only to the workers themselves, but to California's overall economy.

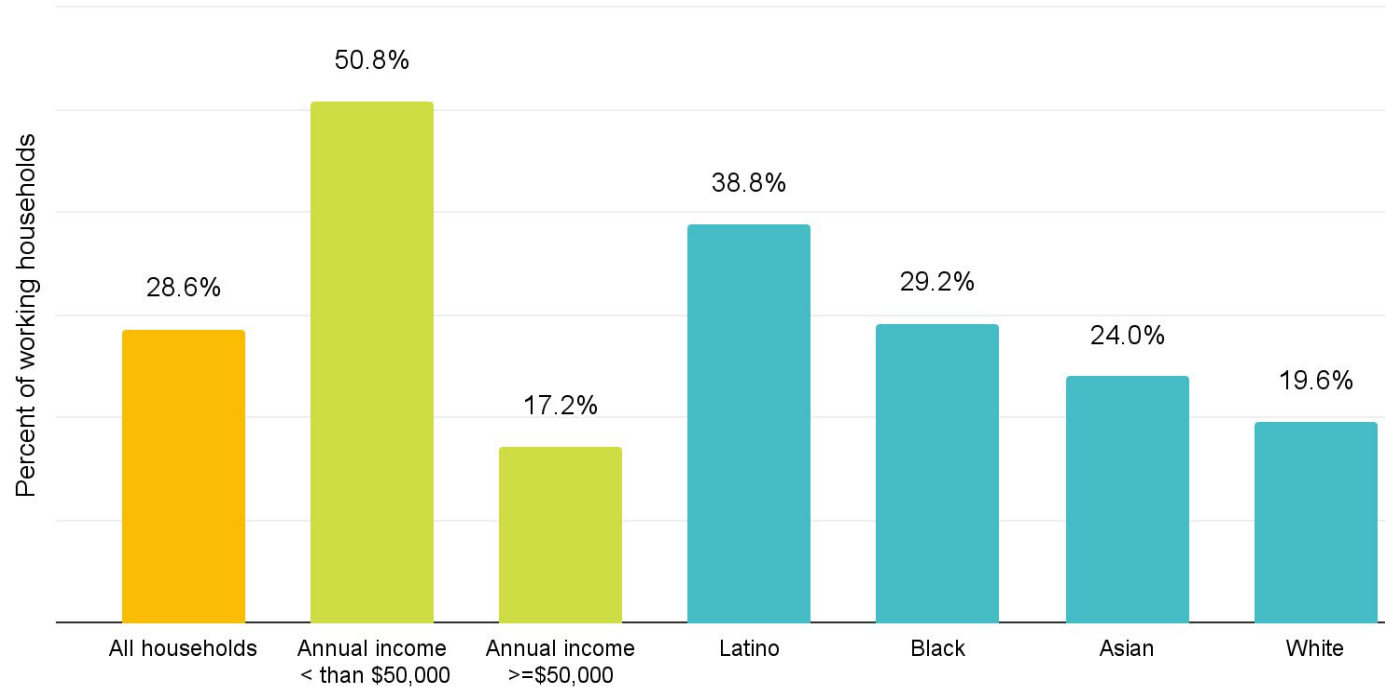
Section 4:

The impacts of the COVID-19 recession weren't just on employment

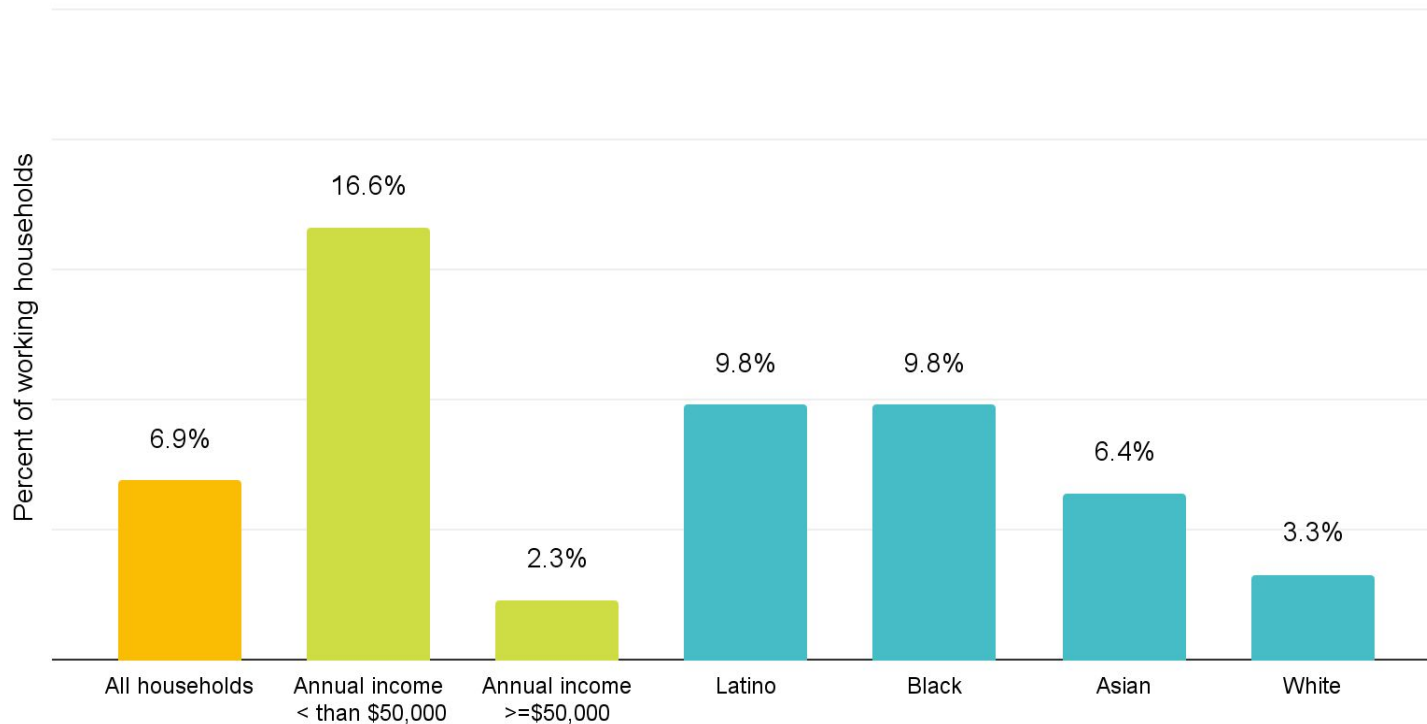
The impact of COVID-19 was not limited to the labor market.

- While the economy continues to recover, many workers, especially Latino workers and low-wage workers, continue to experience a high level of economic insecurity.
- Over half of households earning less than \$50,000 per year report difficulty paying usual household expenses as a result of the pandemic.
- One in ten Black and Latino households report not getting enough to eat in the past week.
- Nearly one in five Black and Latino households, and one in 10 Asian households, report that they are behind on rent payments.

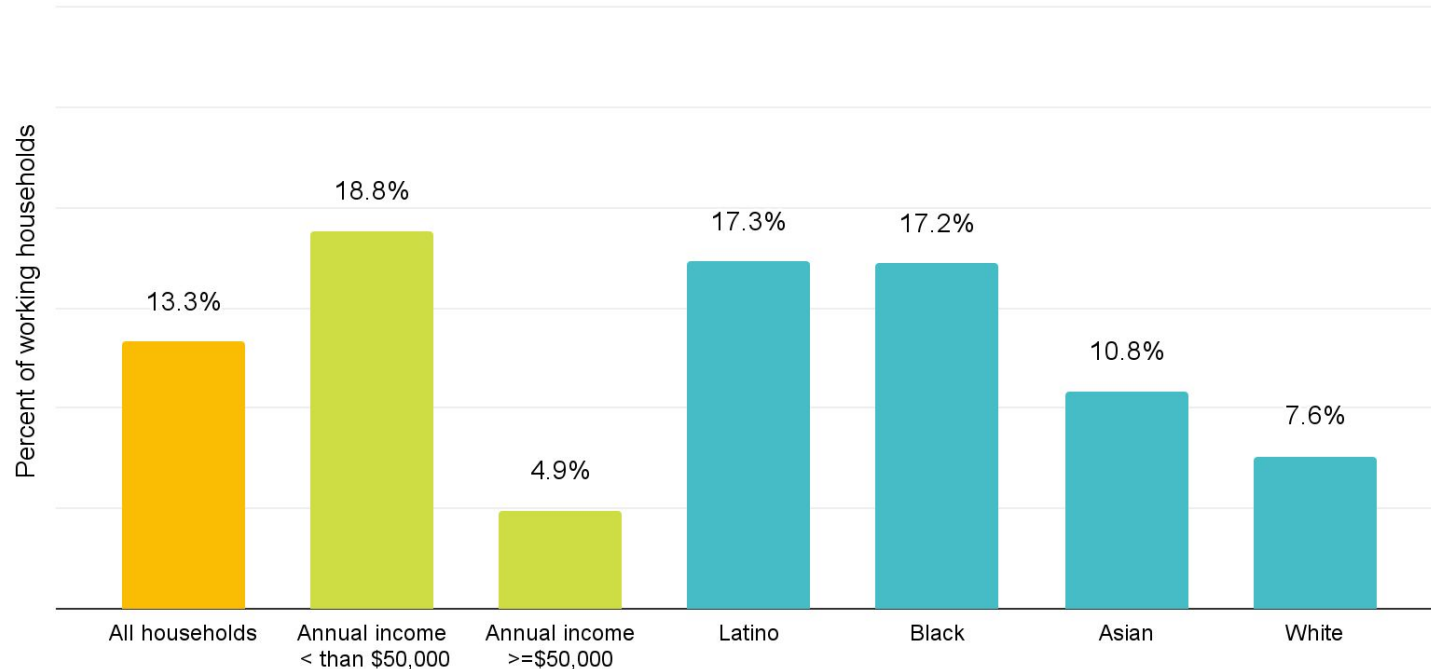
Proportion of Working California Households Reporting Difficulty Covering Household Expenses, December 2021



Proportion of Working California Households That Report Not Having Enough to Eat in the Last Week, December 2021



Proportion of Renter California Households Behind on Rent Payments, December, 2021



Section 5:

Looking ahead

Economic Forecasts for California

- The emergence of the Delta and Omicron variants, coupled with a winter surge in COVID cases, has economists expecting a somewhat weaker economy in the first part of 2022. [UCLA's Anderson School of Management](#) predicts the economy in California will grow less than 5 percent on average in 2021 and 2022. Its December 2021 forecast predicts a state unemployment rate of 5.2 percent and 4.3 percent in 2022 and 2023, respectively.
- The [California State Department of Finance](#) expects the unemployment rate to average above 7 percent for 2021 and above 5 percent for 2022.
- Both forecasts predict that it will take several years for the labor market in California to fully recover from both the initial COVID-19 shock and the effects of the Delta and Omicron variants.

Questions About the Post-Pandemic Economy

Even as the recovery continues, critical questions remain:

- What jobs will return and grow after the pandemic? What industries will be permanently changed?
- What will be the quality of jobs in the post-pandemic economy?
- How much of the workforce has permanently left the labor market?
- What will the economic recovery look like for undocumented workers, who do not have access to the resources and assistance available to other workers?
- What will be the long-term impacts to the economy from productivity losses due to education, health, and labor effects from the pandemic?

END