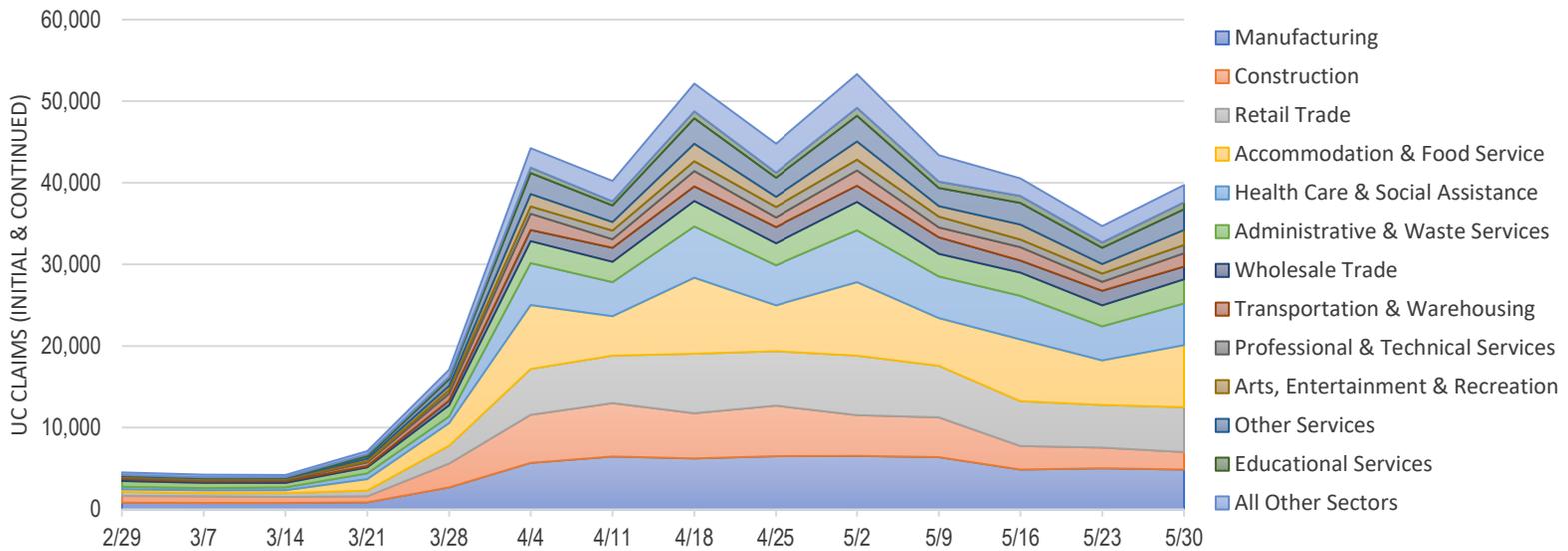


UNEMPLOYMENT IN LANCASTER COUNTY: A Closer Look at the Sectors with Employment Impacts

June 9, 2020

Weekly UC Claims (Initial and Continued)



Source: Pennsylvania Commonwealth Workforce Development System

The impacts of the COVID-19 pandemic on employment are wide-spread. Nearly every sector has been disrupted, but some have been harder hit than others. The May unemployment compensation (UC) data suggests new unemployment claims are slowing down, and business are slowly bringing workers back. As Lancaster County's economy opens up, the UC data in June will set the stage for how each sector in Lancaster County's economy recovers.

Businesses had to adjust their workforce needs in response to mandated nonessential business closures and weak demand caused by stay-at-home orders. The impacts of these adjustments are captured in the dramatic levels of initial unemployment compensation (UC) claims filed from week-ending (w/e) March 21 to w/e April 11. Nearly 48,700 were

filed in this period – roughly equating to 1 in 5 private sector, nonfarm workers.

Almost every sector of the economy had high levels of claims, but some were hit harder than others. Among the most severely impacted were in-person service industries and manufacturing. From w/e March 21 to w/e April 11, around 7100 workers from the accommodation and food service sector filed claims (36% of its workforce), and 23% of the retail sector's workforce (6800) filed claims. Manufacturing, construction, and health care also experienced historically high levels of unemployment. 7080 manufacturing workers filed claims (19% of the sector's workforce). 6680 workers from the construction industry and 4270 workers from the health care and social assistance sector filed claims.

May and June are critical transition months as Lancaster County moves toward the Green Phase in opening.

By the end of May, over two-thirds of the super sectors (15 out of 21) had initial UC claims under 60 per week. The other six super sectors averaged 146 initial claims per week (accommodation and food

service, retail trade, manufacturing, health care and social assistance, construction, administrative and waste services). Initial claims toward the end of May placed many sectors within hailing distance of normalizing levels reflective of a slowing economy rather than one in crisis.

With initial claims returning to less alarming levels, a key measure of progress will be the decline of continued claims. Ten of the 21 sectors had more than 1000 continued claims in the w/e 5/30. They ranged from 180% to 3400% above late February to early March levels. CRA is tracking the rate at which businesses in these 10 sectors can bring back nearly 34,750 workers during a phased reopening. Their return will be a clear indicator of the economy’s overall health.

For questions, contact CRA@edclancaster.com.

Leisure, Hospitality & Retail

Accommodation and Food Service

The accommodation and food service sector was hardest hit by the pandemic. May levels remain higher than other sectors, reflecting the scale of claims filed in March and April.

This sector quickly responded to the March order for nonessential businesses to close. In the span of four weeks following the order, over 7100 initial claims were filed by workers from this sector. Fortunately, the initial claims steadily declined through April and averaged around 145 per week in May. Total UC claims peaked mid-April at nearly 9300. At the end of May, total claims were 7490; 2% were initial claims.

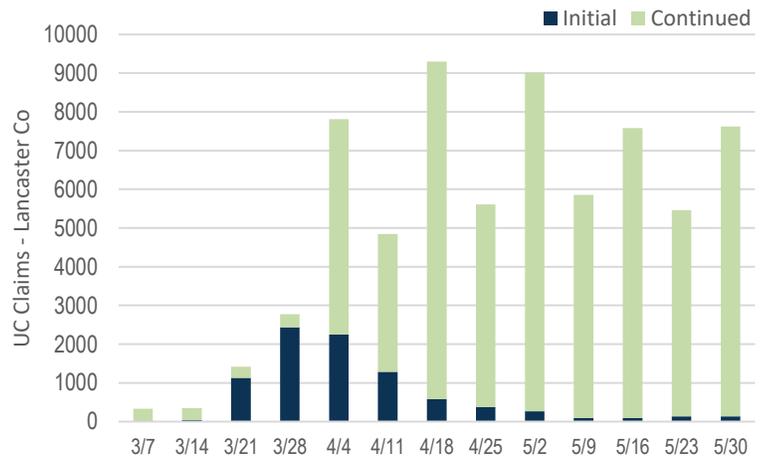
Arts, Entertainment and Recreation

The arts, entertainment and recreation sector includes fitness gyms, music and art venues, amusement parks, golf course and country clubs.

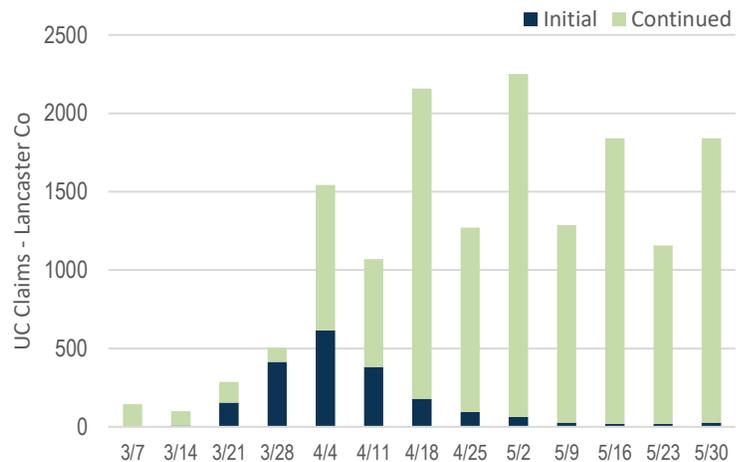
As a share of the Lancaster County’s workforce, this sector is small. In February, it employed approximately 3600 persons. Nearly 1570 initial claims were filed in w/e 3/21 to w/e 4/11, representing over 40% of its workers. Through May, continued claims have risen and fallen week-over-week, but trended slightly downward.

Employment in this sector typically increases in the summer months. However, physical distancing requirements limiting attendance may work against the increased, seasonal needs of these businesses. June will provide early evidence of how these two interact to drive the pace of this sector’s recovery.

ACCOMMODATION & FOOD SERVICE



ARTS, ENTERTAINMENT & RECREATION

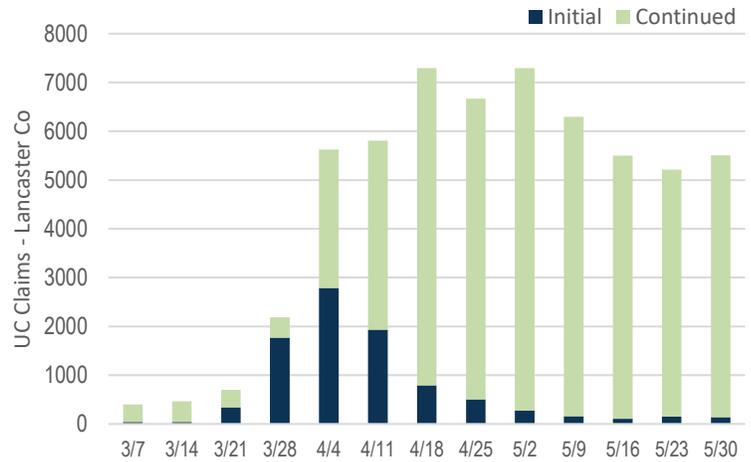


Retail Trade

The retail trade sector’s workforce contracted strongly in late March and early April corresponding with two orders (the stay at home order for Lancaster County at the end of March and then a few days later, its extension through April). Around 6830 workers from this sector filed an UC claim during this period (w/e 3/21 to w/e 4/11).

For the month of May, weekly initial claims averaged slightly higher than accommodation and food service (approximately 170). Most of May saw steady week-over-week declines of claims (initial and continued), suggesting the retail sector is bringing back to workers. With a full transition to “Green” (hopefully by end of June), new claims should return to levels typical of summer months, and continued claims should decline at a faster rate.

RETAIL TRADE



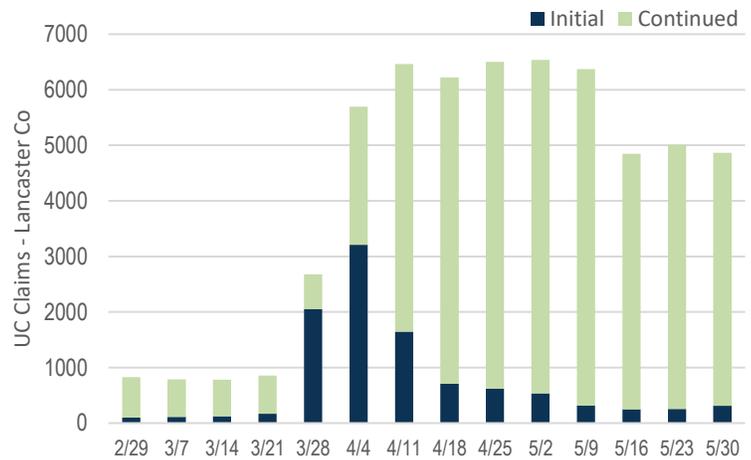
Manufacturing

The manufacturing sector represents an important source of jobs for Lancaster County. Given the size of its workforce (over 37,000 prior to the pandemic), manufacturing typical accounts for a larger share of UC claims.

The UC data reveals how efforts to manage the pandemic adversely impacted manufacturing. 7080 workers in this sector filed initial claims between w/e 3/21 and w/e 4/11. Only the accommodation and food service sector experienced higher numbers of unemployed.

Through May, the number of UC claims for workers in this sector fell 26%. This sector’s recovery is a critical piece of Lancaster’s economy. Its recovery will need to bring back 4870 workers.

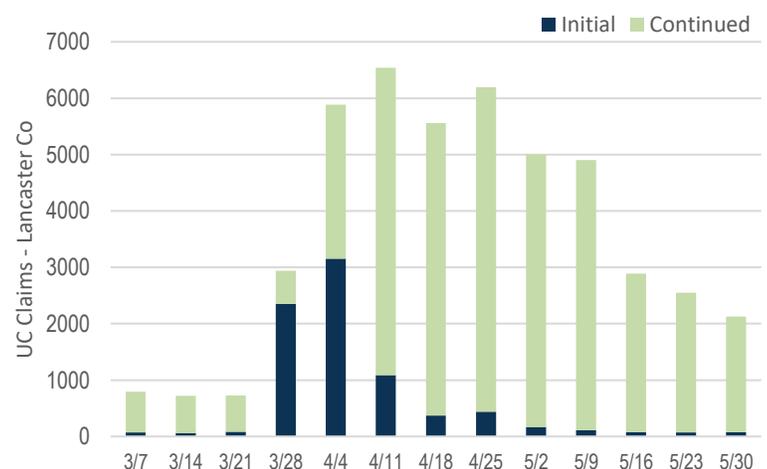
MANUFACTURING



Construction

The construction industry showed signs of recovering faster than other sectors. While among the hardest hit, it is also the one of the first industries to be allowed to fully resume operations. The UC data tracks its closure and then its restart in early May. Roughly 37% of the industry’s workers filed initial claim (6800) in late March and early April. Initial claims quickly dropped as more construction projects were

CONSTRUCTION



granted exemptions through April. By mid May, following the Governor’s order to let construction projects resume, initial claims returned to pre-COVID-19 levels (less than 100 per week).

The trajectory of continued claims shows similar gains. By the end of May, nearly 2050 construction workers continued to receive UC benefits. But this reflects continued claims falling by 58% through the month of May.

Wholesale Trade, Transportation and Warehousing

Wholesale Trade

Despite news of strong online sales, the wholesale trade sector experienced around 1890 workers from this sector filed initial UC claims from w/e 3/21 to w/e 4/11 (12% of the sector’s workforce).

By May, the weekly new claims averaged 86 per week which approaches pre-COVID levels. Continued claims, however, show less decline. Through May, continued claims fell by 20% and averaged 1690 per week. This level is 700% above late February and early March levels.

Bringing people back to work in this sector will be closely linked to how demand returns for sectors such as other services and retail.

Transportation and Warehousing

Transportation and warehousing is an important part of the value chain in business-to-business service and retail. Similar to wholesale trade, this sector’s recovery is closely tied to how business operations resume in the coming months. While initial claims are returning to pre-COVID levels, continued claims remain high. May closed with 1620 continued claims by workers from this sector. This level was only 9% below levels at the start of the month.

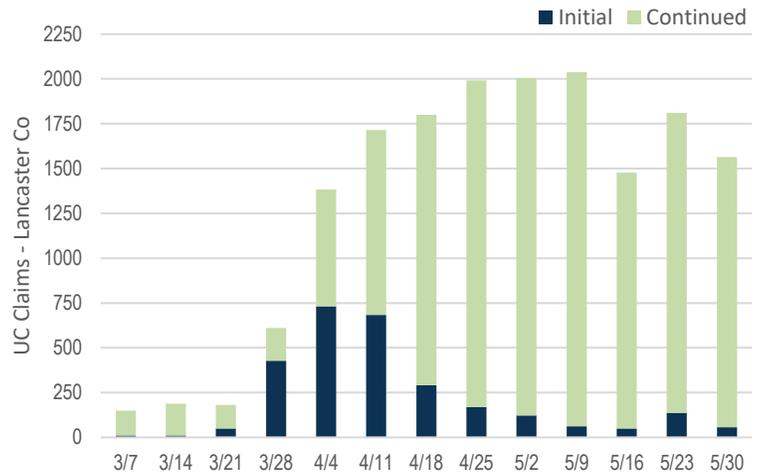
Business and In-person Services

Professional and Business Services

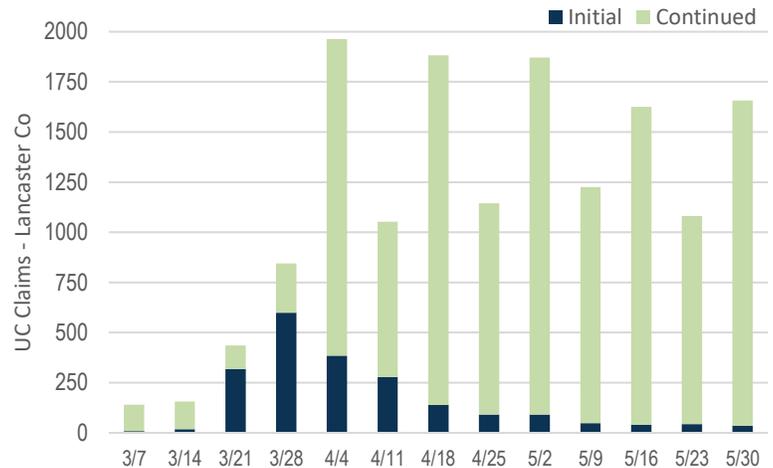
This category combines three sectors: professional and technical services, management of companies and enterprises and administrative and waste services.

These sectors specialize in support activities to businesses and households. For example, administrative and waste services sector includes companies that largely provide business services, such as office and clerical services, cleaning, security, collections). The management of companies and enterprises sector captures businesses that administer or oversee the management of companies for strategic or organizational purposes (eg, holding companies). The state-mandated pause on most business operations directly affected these sectors to varying degrees.

WHOLESALE TRADE



TRANSPORTATION AND WAREHOUSING



Collectively, these sectors employed, at the start of the year, around 26,500 people. Initial claims rose dramatically from w/e 3/28 to w/e 4/11. Over 5590 claims were filed by workers from these service-oriented sectors. By end of May, initial claims had fallen 119 per week. Prior to the pandemic, initial claims were around 55 per week. Continued claims in w/e 5/30 for these three sectors was 4040.

Total claims trended downwards in May. With more of the economy opening up, June UC data will show if business-to-business activity resumes, and these sectors being to recover.

Other Services

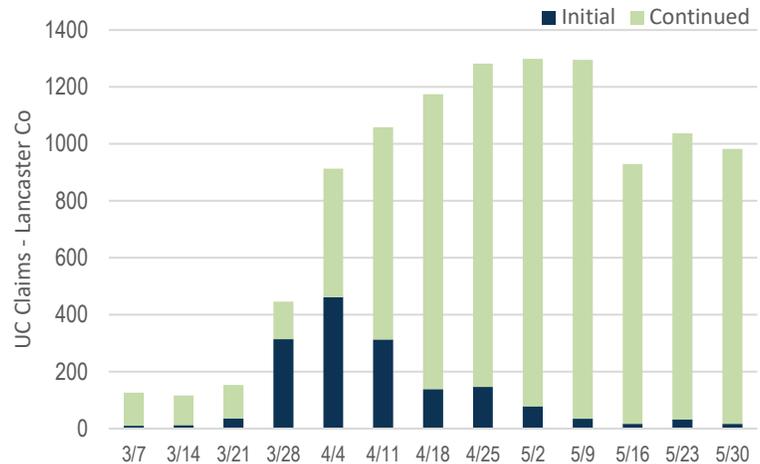
Other Services is a broad collection of business providing business-to-business and direct to consumer services, such as maintenance and repair (automotive, electronics, commercial and industrial equipment) and personal care services (eg, beauty salons, dry cleaning). It also includes social advocacy and professional organizations. The sector accounts for nearly 5% of private sector employment.

Many in this sector were directly affected by the nonessential business order. As of week ending May 30th, continued claims remained near 2510, roughly 540 fewer continuing claims than at the start of the month. As the County moves to Green, many in this sector should be able to resume business and bring back workers. June data will signal its potential recovery.

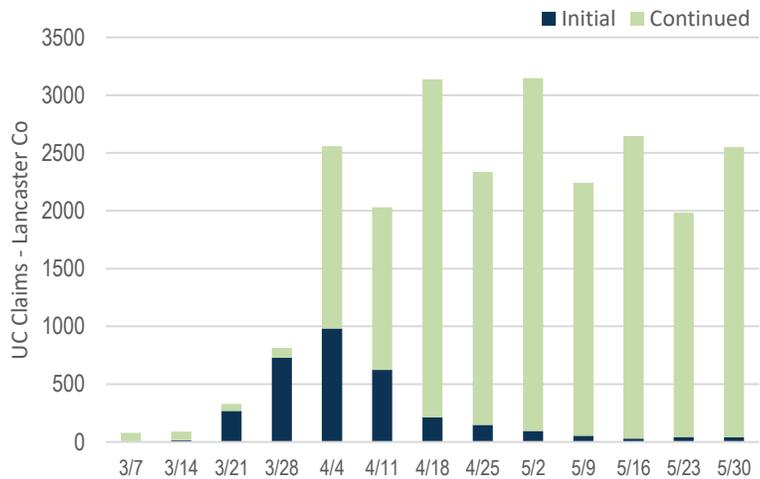
Other Service Oriented Sectors

- **Real Estate, Rentals and Leasing.** This sector is an important part of Lancaster’s economy, but has a relatively low employment base. Like other sectors, initial claims spiked in the weeks following the nonessential business closures and stay at home orders. In w/e 5/30, approximately 350 workers from this sector were unemployed. Ten of these claims were continuing claims.
- **Finance and Insurance.** Like the real estate industry, this sector experienced a brief spike in UC claims in early March. By w/e 5/30, there were 310 continued claims. Initial claims were less than 10.
- **Information.** This sector was more strongly impacted by the COVID-19 related orders. By w/e 5/30, workers from this sector filed around 510 UC claims, with less than 10 being a new claim.

PROFESSIONAL AND TECHNICAL SERVICES



OTHER SERVICES



Healthcare, Social Assistance and Education

Health Care and Social Assistance

The health care and social assistance sector is the largest source of employment in Lancaster County. Prior to the pandemic, it employed 40,700 people.

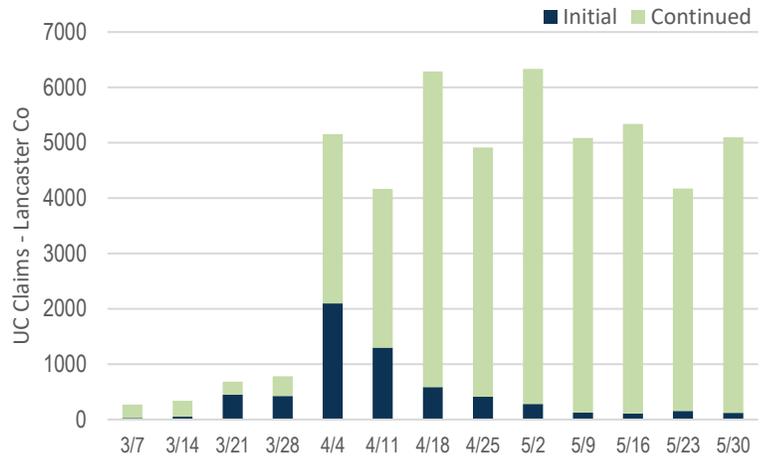
The chart illustrates the abrupt change in employment for the sector in April. In the first two weeks of the month, almost 3400 workers filed an initial UC claim.

May UC data shows that new claims have leveled off, averaging around 125 claims per week. Continued claims remain high. By w/e 5/30, 4980 workers from this sector had continued UC claims, an 18% decrease from the start of the month.

Educational Services

The educational services sector includes higher education, primary and secondary schools. Total UC claims at the end of May were 840. Around 3.5% of these were initial claims.

HEALTH CARE AND SOCIAL ASSISTANCE



EDUCATIONAL SERVICES

