

# UNEMPLOYMENT UPDATE:

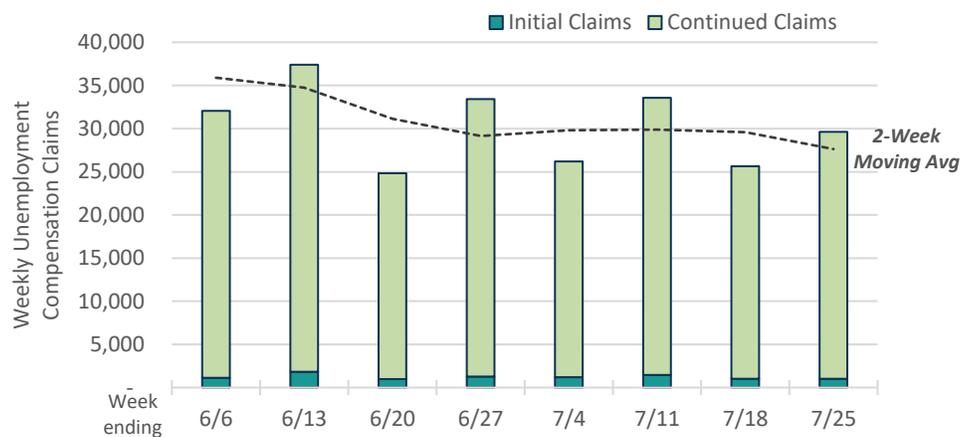
## Lancaster County's unemployment hovered around 28,000 in July

Unemployment data has recently become one of the fastest indicators of how the economy is responding to efforts to curtail the spread of the coronavirus and reopen the economy. The employment situation was expected to rebound with Lancaster County officially entering the Green Phase at the end of June. However, July data showed a slower recovery. Modest gains only materialized at the end of the month, with unemployment claims hovering around 28,000. The July unemployment data signals employment will be slow to recover as employers struggle to normalize in the current economic environment and navigate continued uncertainty about economic conditions in the second half of this year.

The rough reopening that many states encountered may have impacted July's employment situation in Lancaster County. The Green Phase that Lancaster entered at the end of June allowed businesses to resume operations but with new health and safety requirements and capacity constraints. This reopening should have been accompanied with a drop in the unemployment data, but the number of unemployment compensation (UC) claims showed only a slight decline. Total unemployment fell through June leading up to the reopening and then stalled through most of July. Improvement came at the end of the month. The first three weeks of July show total unemployment hardly moved.

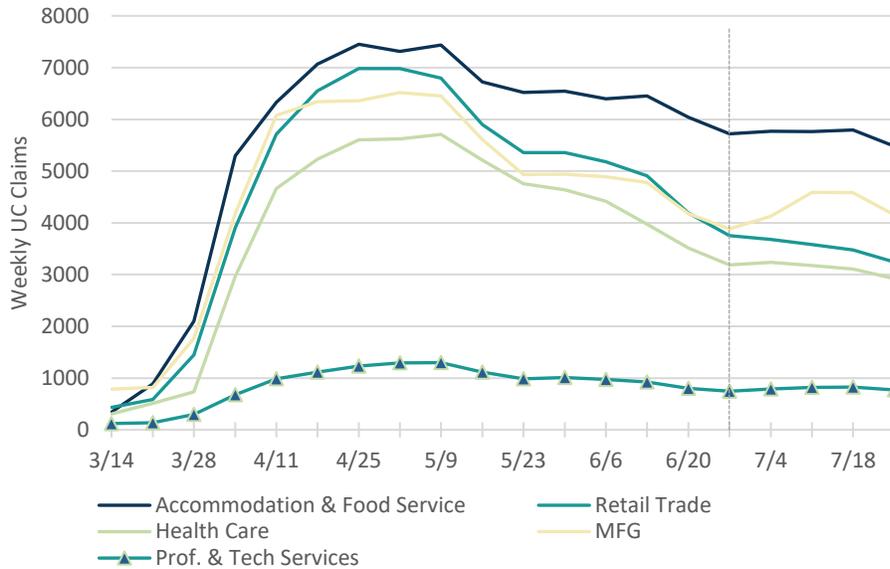
Using a 2-week moving average to smooth the weekly up and down movements reveals that total unemployment claims hovered around 29,800. The week ending 7/25 showed some improvement, with the moving average falling to 27,600.

**Unemployment Compensation Claims: Lancaster County**



**Persistent high unemployment demonstrates that parts of Lancaster County's economy continue to struggle – especially among industries that are a significant source of jobs.** Five sectors are responsible for 65% of the County's employment. They are health care, manufacturing, retail, accommodation and food service, and professional and technical services. These sectors, except professional and technical services, experienced extremely high levels of layoffs and furloughs. Unemployment patterns highlight how the other four sectors have been hard hit because of the nature of their activities and services (in-person service and/or limited opportunities to shift production to remote work).

**Unemployment Compensation Claims for Lancaster County's Largest Employment Sectors (2-Week Moving Avg)**



*Employers appear to be slowing calling back workers, but the gains have been slow through July. This trend signals concern over how job losses will transition from temporary to permanent.*

Health care and retail have made strong gains with unemployment levels falling month over month. Unemployment claims by workers in the accommodation and food service sector have also been falling but at a slower rate. In contrast, claims by manufacturing workers signal concern. July unemployment claims show no clear pattern of recovery for the manufacturing sector.

While the overall fall in unemployment claims has been substantial, it masks how deeply job losses cut through some sectors. For the accommodation and food service sector, an estimated 30% of its workforce still has not been called back. 12% of retail workers and 11% of manufacturing workers are still waiting to return to work. Other sectors, such as the arts and entertainment sector have nearly one-quarter of its workforce on unemployment.

Unemployment for the County is moving in the right direction, but it has a long road to recovery. As the economy remains weak and businesses struggle to navigate the uncertainty of these times, key questions are how long before current job losses move from temporary to permanent and how deep will the permanent job losses be? For

healthcare, it is conceivable that a path exists to bringing back worker as routine health care resumes and people acclimate to the new practices. It is less obvious for the other sectors. Retail will be susceptible to heightened consumer caution and any subsequent fiscal stimulus intended to offset weakening household liquidity. Accommodation and food service are similarly exposed to consumer caution but also face challenges in securing adequate revenue to maintain restricted operations – especially as fall and winter approach. These dynamics will work their way through the economy impacting other sectors, such as manufacturing, professional services.

**Unemployment Compensation Claims as a Share of the Sector's Employment Base in Lancaster County**

