ALLEGHENY INSTITUTE FOR PUBLIC POLICY

**October 22, 2020** **Policy Brief: Volume 20, Number 37**

**Comparing private-sector employment by state during Covid impacts**

**Summary:** Covid-19 caused deep retrenchment in the 2020 U.S. economy with effects starting to be felt in the second half of March. However, the impact on official employment data (other than unemployment claims) was not validated until April numbers were released. The surveys of households and businesses that provide monthly input for labor market measures had already been done by mid-March.

Thus, this *Policy Brief* reviews jobs numbers, first for April, the hardest hit single month as the effects of massive shutdowns or serious restrictions were placed on many sectors of the economy, primarily by governors at the state level. Then numbers for September will be reviewed to see to what extent jobs have recovered since the sharp decline posted in April.

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The analysis looks at private-sector payroll jobs in each state as opposed to unemployment rates. Unemployment rates can move contrary to what the underlying hiring suggests is occurring to the state of the economy because of swings in people leaving and entering or re-entering the workforce. Private-sector jobs are the focus because in many states, government employment suffered very little and federal jobs increased during the year.

The *Brief* focuses on two major indicators. First, the extent of losses in April compared to the jobs count in April 2019 are calculated. Second, the number of jobs recovered through September. Namely, how did September job counts compare to the September 2019 level based on just-released data. Note that April-to-April is used rather comparing April numbers to March. March data is a flawed measure because losses were already occurring but were not captured by March surveys.

All data used in this *Brief* is taken from the U.S. Bureau of Labor Statistics website.

State performances are evaluated by dividing into two groups by two criteria. States are grouped according to whether they performed better or more poorly than the national average on each measure. A further look at the very best and very worst will also be shown.

*April 2019 to April 2020*

For the U.S., private-sector jobs fell 19,412,000 or 15.2 percent in April 2020 from the 12-month earlier level. There were 29 states posting smaller than 15.2 percent declines in private-sector employment. Within this group the losses ranged from 8.2 percent in Utah to 15.1 percent in

Maryland. Arizona at 8.8, South Dakota at 8.4 and Nebraska at 9.4 joined Utah at having the smallest decrease—all below 10 percent. Most (20) states fell in the 10 to 14 percent-loss range with five between 14 and 15.2 percent.

Interestingly, 21 of the 29 are right-to-work (RTW) states (there are 27 RTW states). With the exception of Maryland all the states with smaller than the national April-to-April job decline—including non-RTW states—are in the South, Midwest, Mountain West and Southwest with Oregon, at 14.4 percent, the only coastal state under a 15.2 percent decline. None of the North Central, Mid-Atlantic or New England states had job losses less than the national decline.

Meanwhile, 21 states recorded losses greater than the national 15.2 percent decline from April-to-April.

These states ranged from 15.8 percent in California and Louisiana to highs of 26.1 percent in Michigan and 26 percent in Vermont. Another eight states had job declines above 19 percent, including Delaware (19.1); Hawaii (21.5); Massachusetts (19.6); Nevada (21.5), Pennsylvania (19.6); New York (22.1); New Jersey (21.1), and Rhode Island (21). Nine ranged from 15.8 percent to 19 percent. This group of states was diverse geographically—Wisconsin; Ohio; Kentucky; New Hampshire; Connecticut; Maine; West Virginia; Alaska and Washington.

Of the 21 states having greater than the national drop percentage from April-to-April six were RTW states. And all of those except Louisiana had only recently adopted RTW. As regions, the Mid-Atlantic and New England areas suffered the biggest losses. No state in those regions have adopted RTW.

*September 2019 to September 2020*

The second method of evaluating state job performance looks at the decline in employment from September 2019 to September 2020. This gauge provides a picture of how well states have recovered from the huge losses posted in April. Again, the states are divided into two groups—those with declines smaller than the national year-over-year loss of 6.8 percent and those above it.

A better-than-national performance was posted by 27 states. That is, their job losses from September 2019 to September 2020 were lower than 6.8 percent. Two, Wyoming and West Virginia, were at 6.8 percent. Of this better-than-national group, nine states had remarkably strong showings. Idaho's September 2020 job count tied the year-earlier figure and thus had no net loss over the 12-month period. Utah was close behind with a 1.3 percent drop and really good numbers were posted by Mississippi (2.2); Nebraska (2.6); South Dakota (3.3); Arizona (3.4); Georgia and Arkansas (3.7) and South Carolina at 3.8 percent.

The next lowest group includes six states in the 4 to 5 percent range of losses with the remaining 12 between 5 and 6.7 percent.

RTW states accounted for 21 of the 29 better-than-national-average performing states. The very best performers with losses at 4.5 percent or lower were all right-to-work states.

Meanwhile, there were 21 states with losses greater than the 6.8 percent 12-month decline in private employment posted nationally in September. The four biggest September-to-September job losers include Hawaii (21.5 percent); Alaska (13.3); New York (12.4) and Vermont (11.2). Of course, the actual number of job losers in New York is enormous with over a million fewer jobs than a year before.

The smallest losses in the worse-than-national group were registered by Washington; Oregon; Rhode Island; Ohio and Illinois with all posting declines under 7.6 percent. Another 12 states were in the 7.9 to 10.4 percent-range.

Only six of the poorest performers were RTW states while 15 were non-RTW. The RTW states include Louisiana and North Dakota. Louisiana was hit hard with Covid early and has had major flooding in recent months while North Dakota has been hurt by weakened energy demand in the sector that was driving the state at a rapid pace earlier.

*Conclusion*

This analysis has shown, conclusively, that RTW states have fared much better on the whole under Covid than non-RTW states. RTW has long been a good proxy for how state governments view free enterprise, free markets and the importance of limited interference in markets and society in general.

Several state governors including, those in Florida; Georgia; South Dakota, and Texas among others, have been criticized heavily for opening up their states quickly or never imposing the draconian shutdown requirements that were in effect in much of the Northern and Mid-Atlantic states. The RTW states that did fare less well were, for the most part, states that had adopted RTW fairly recently and still had influences arising out of public sector unions to deal with and were politically still less conservative in their approaches to public policy in general.

Pennsylvania's private jobs fared worse than nationally in both measures: The April-to-April job loss was 1.05 million (19.6 percent) and there were 8.3 percent fewer jobs in September than a year ago. This notwithstanding a sizable drop in the unemployment rate from 10.4 in August to 8.1 percent in September.

Many other states with high unemployment rates in August also had large unemployment declines in September but payroll job gains did not rise commensurately. As mentioned earlier, swings in labor force can create deceptive monthly changes in the unemployment rate during downturns and recoveries.

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