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U N I V E R S I T Y
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Commentary

Title:

"The COVID-19 Employment Prospects of Women"

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"We must accept finite disappointment, but we must never lose infinite hope."
––– Martin Luther King

In this commentary we are using raw statistical data to tell the story of how the COVID-19 pandemic impacted employment prospects of women in the United States. However, this is not a story focusing on healthcare, but is more about the extrinsic principles and market forces that impact employment and livelihood.

Let us start from the beginning. Looking at labor statistics we can identify the demographic groups most prone to COVID induced unemployment. Data from the Bureau of Labor Statistics reveals that the long-term trend of unemployment has remained consistent over an extended timeframe. In the pre-COVID world all groups included in *Figure 1* experienced a significant decline in unemployment between 2015 and 2019.[1] Overall, women in White and African American sub-groups were unemployed on average at lower rates than men in the same sub-groups. In terms of race and ethnicity, the lowest unemployment rate was observed among Asian Americans followed by White Americans. Further, Hispanic Americans had a lower unemployment rate than African Americans.

The data reflecting the unemployment rate during the first months of the pandemic reveals that long-term trends might be misleading in defining the most sensitive groups to possible unprecedented short-term shocks. *Figure 2* reveals that the pandemic sharply raised the unemployment rate across the entire labor force. The overall unemployment rate increased by 9.9 percentage points between March and April 2020, reaching 14.5% in April 2020. However, the

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impact of unemployment was unevenly distributed across the labor force – it disproportionately affected women in all groups.

Figure 1. Medium-term unemployment rate by race and sex for population above 20
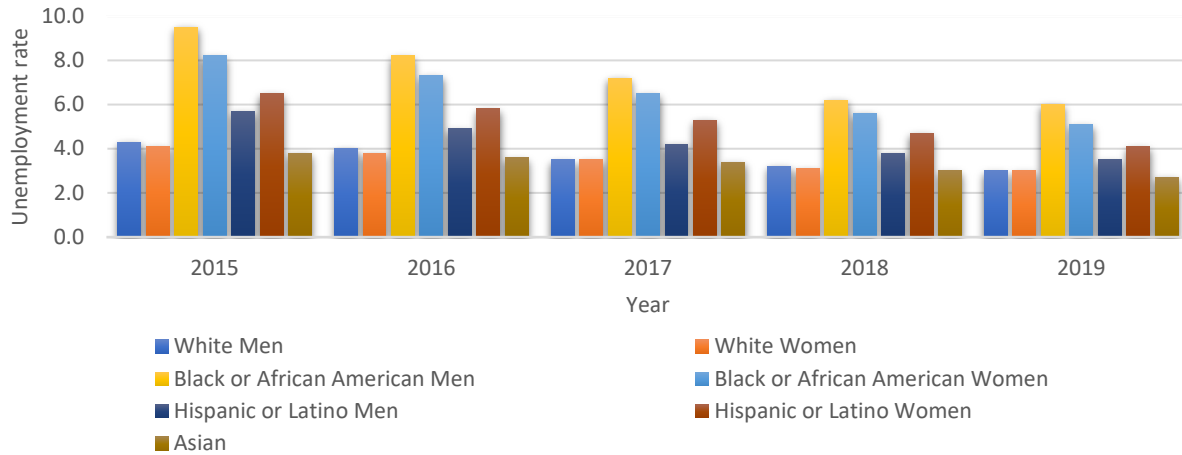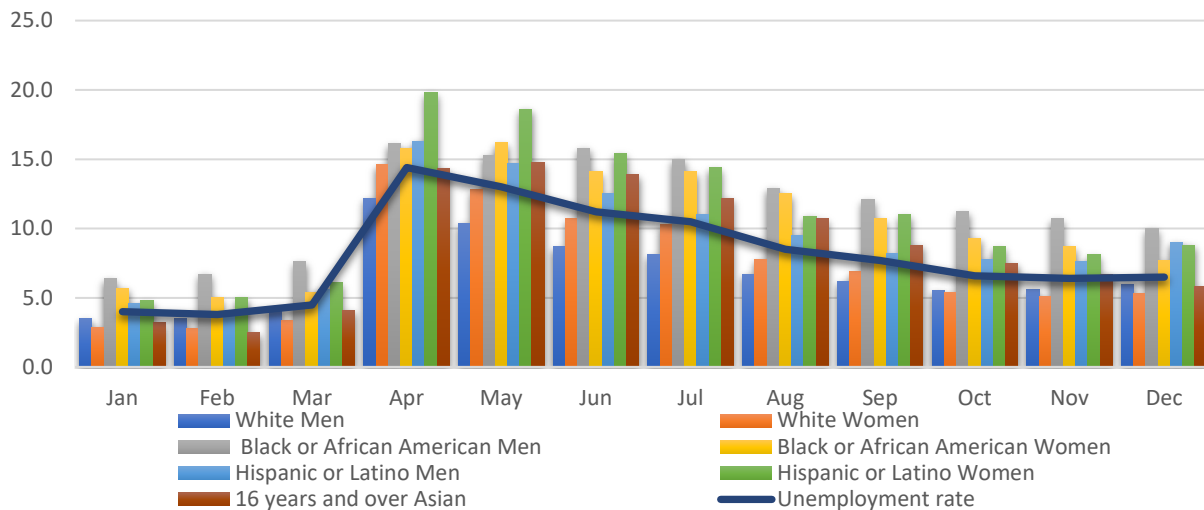

*Figure 2. Unemployment rate by gender and race in 2020*

In terms of race and ethnicity, Hispanic Americans – particularly women in this group – were hardest hit by unemployment. *Figure 3* illustrates the difference in the unemployment rate of various sub-groups of the population, relative to the overall unemployment rate in April 2020.

Figure 3. Deviation from the unemployment rate in April 2020
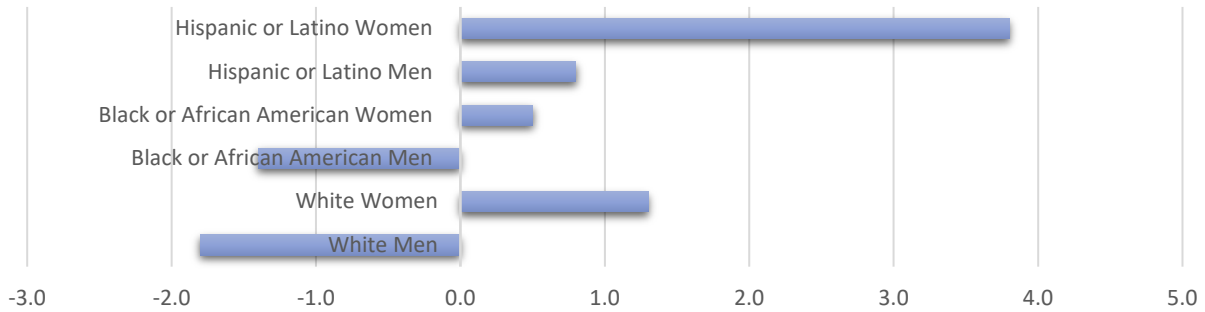
Since COVID-19 induced unemployment disproportionately affected women, we further focus on defining some of the significant shifts in the statistics to evaluate the most prone to the unemployment groups among them.

*Figure 4. Unemployment for married men, married women and women head of households*
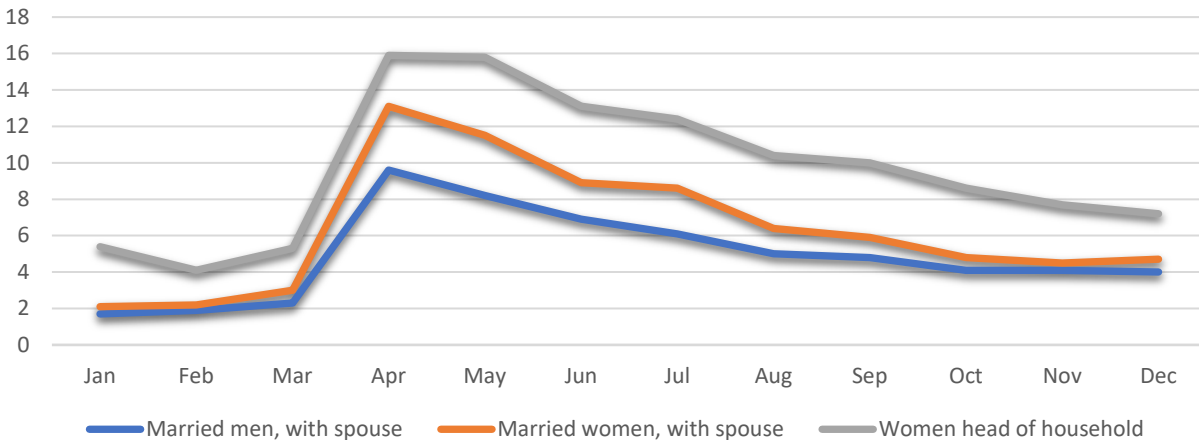
We first focus on the unemployment shifts in married versus single households, where the head of the household was a woman taking care of at least one other family member. When labor markets reacted to the initial shock of the pandemic and the overall unemployment rate jumped to 14.5% in April 2020, 9.6% of married men found themselves unemployed. In contrast, 13.1% of married women found themselves unemployed, which was a 10.1 percentage point increase from the preceding month. The statistics for women head of household reveal that their unemployment

rate was even higher. In April, the unemployment rate for these women reached 15.9%, an increase of 10.6 percentage points over the preceding month. The recovery in the labor market has also disproportionately shifted away from single women head of households resulting in a longer duration of unemployment (*Figure 4*).

A simple analysis shows that even in a healthy economy the unemployment rate is comparatively higher for women heads of families (*Figure 5*).

Figure 5. Overall vs. women head of household unemployment rates (2019-2020).
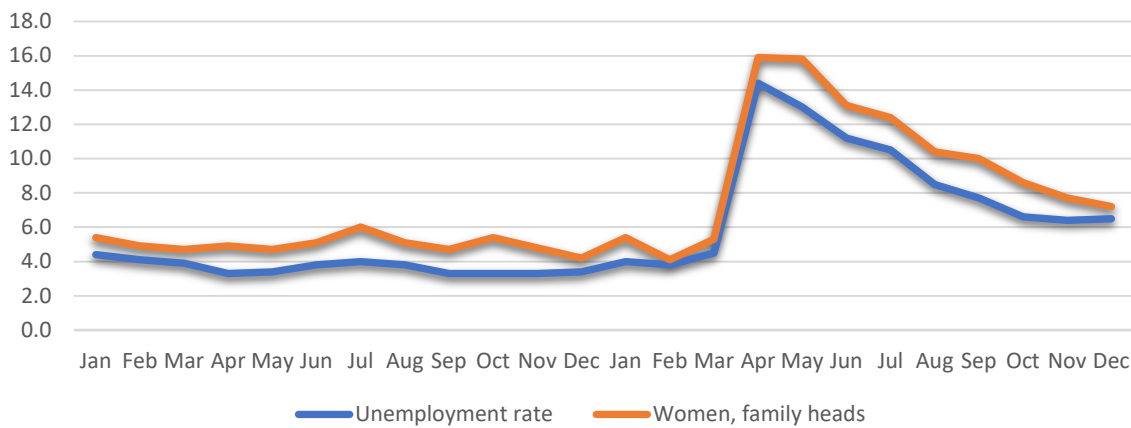
Next, let's look at unemployment rates by age of men and women, focusing on five sub-groups: from 20 to 24, from 25 to 34, from 35 to 44, from 45 to 54, and from 55 and over (*Figure 6*). Traditionally, the unemployment rate for both men and women in the 20-24 sub-group is considerably higher than all other sub-groups. This is partly due to these individuals being first-time labor market entrants with less elaborate skillsets. In a healthy economy, the unemployment rate for both genders is very close or frequently in favor of women. However, the pandemic significantly impacted the employment prospects for women in all age groups in a negative way. This impact was most pronounced in the 20 to 24 age sub-group, in which the unemployment rate of women hit 27.9% in April 2020, which was 6.6 percentage points higher than for the men in the

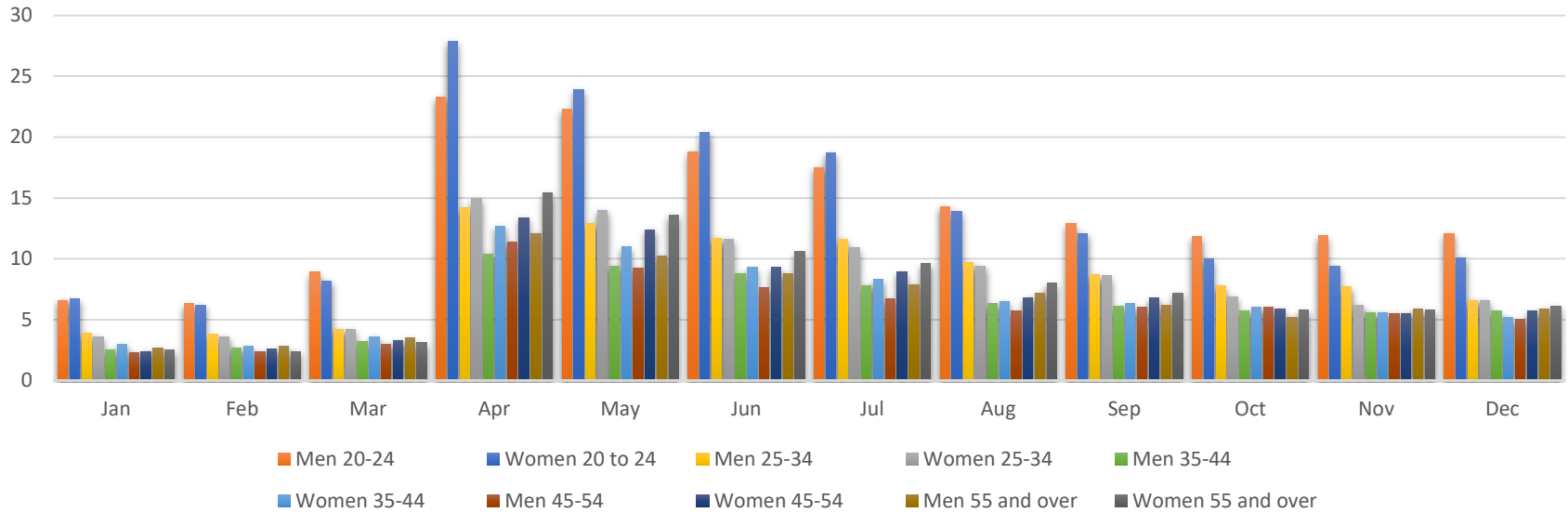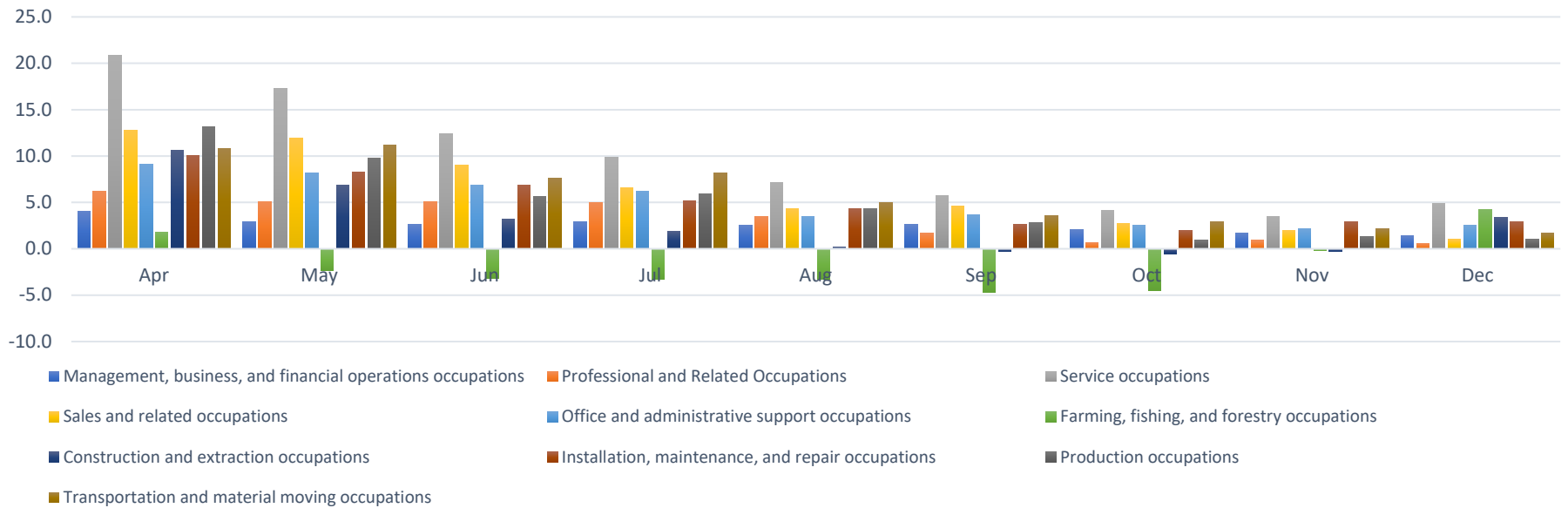*Figure 6. Unemployment rates for different age and gender sub-groups by month in 2020*

Figure 7. Unemployment changes in comparison with March 2020 by occupation

same sub-group and 13.4 percentage points higher than the overall unemployment rate. These shock driven gender disparities in unemployment lasted 4-5 months.

Finally, we examine changes in unemployment rates by occupation for the entire economy. Data for March 2020 is used as the base month, when the unemployment rate last reflected pre-COVID rates. The shock of the pandemic deeply affected employment in all sectors and industries, with some industries experiencing sharp increase of unemployment reaching double digits. *Figure 7* reflects the difference between the unemployment rate in a given month in comparison with the unemployment rate for a given occupation in March 2020. Some of the hardest affected occupations were in service, production, sales, construction and transportation industries. Farming and fishing was the industry least impacted by pandemic. This is partly due to seasonality and the fact that the unemployment in this sector had been high (10.3%) in March and preceding months.
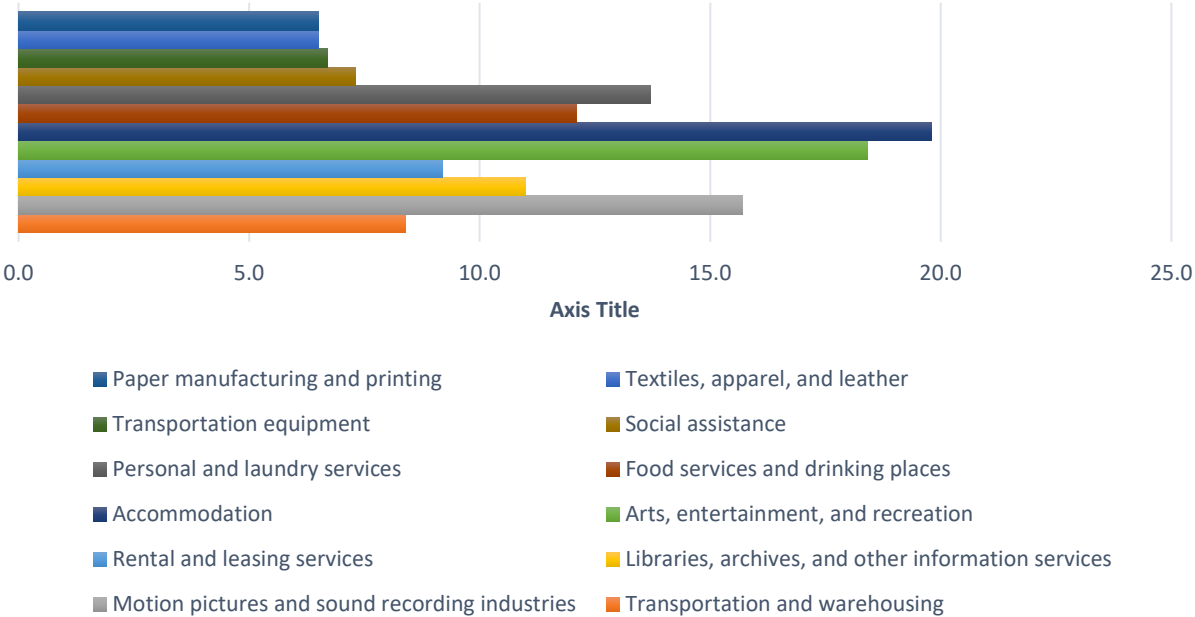
To finally portray the full picture of the women who were impacted the most by this pandemic, we focus on those industries where the increase in their unemployment rate was largest in 2020 compared to 2019. For this final discussion we used the Household Data provided by Bureau of Labor Statistics. *Figure 8* represents those industries and occupations; and we can observe that women from various walks of life were impacted. Specifically, these most heavily impacted industries include: accommodation; food services; arts, entertainment and recreation; personal and laundry services; motion picture and sound recording industries; libraries, archives, and other information services; etc.

Then, we used the data on the 2020 median weekly earnings of women employed in occupations most affected by the pandemic and listed in *Figure 8* to understand whether the stimulus package for people earning $75,000 or less covered some of these groups.[2] We assume

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[2] Median weekly earnings from https://www.bls.gov/cps/cpsaat39.htm.

that wages did not change significantly from 2019 and the focus was the median weekly salaries of $1,442 ($wage/\#\ weeks$) or more. It seems that the women representing some of the groups with highest unemployment rate increases were also above the salary threshold for getting stimulus checks. Those professions also corresponding with *Figure 8* included unemployed women in entertainment with jobs as producers and directors, public relations in the same industry, and financial and investment analysts in financial services industry.

Figure 8. Industries with highest unemployment rate for women in 2020, compared to 2019

Legend:
- Paper manufacturing and printing
- Textiles, apparel, and leather
- Transportation equipment
- Social assistance
- Personal and laundry services
- Food services and drinking places
- Accommodation
- Arts, entertainment, and recreation
- Rental and leasing services
- Libraries, archives, and other information services
- Motion pictures and sound recording industries
- Transportation and warehousing

We would like to conclude this commentary with the following. The government has a very important role to play in the economy, especially when there are serious shocks such as the one presented by COVID-19. Increased government spending during economic slowdowns has been known to be a crucial mechanism to overcome short-term shocks since Keynesian economic thought was developed. However, we also need to remember that there is a fine line to when transfer payments may benefit people and keep them afloat until better times arrive and when they

may discourage people from their creative and productive activities. Therefore, recognizing the most vulnerable groups in each crisis is crucial for three reasons: (1) for the government to redistribute its scarce resources efficiently, (2) for providing the most vulnerable with the targeted help they need, and (3) for our future generations to have a comparatively moderate burden from financing our current decisions. This is the reason why this commentary was started, as an attempt to portray the most vulnerable group in this COVID-19 era: women.