nova WORKFORCE REVIEW

May 2020

A monthly review of labor market information for Silicon Valley

The Pandemic Paradox for Older Workers

Americans of all ages are feeling the devastating economic impacts of the coronavirus outbreak. But older workers in their 50s and 60s — especially women — have been among the hardest hit. Based on recent studies and views of retirement and aging experts, this much is clear: The whacks older workers have felt to their jobs and retirement savings may have long-lasting, painful financial implications for many of them.

"The pandemic could be devastating to older workers who are too young to retire and are forced out of work," said Catherine Collinson, CEO and president of the Transamerica Center for Retirement Studies.

In his recent webinar I attended, about COVID-19 and an aging society, London Business School economics professor Andrew Scott noted that the combination of job losses and investment losses (the Dow is down 14% this year) will mean more older workers will need to work more years than they had planned, if they can.

'The Labor Market Is Going to Be a Tough Place for Older Workers'

"The 'working longer agenda' has become more urgent, but also more difficult," Scott said. Getting hired after 50 is normally difficult, due to age discrimination by employers. Add to that fears by hiring managers that older applicants could contract the coronavirus due to their age (making them potentially unable to work and an added health-insurance cost) and, Scott said, "the labor market is going to be a tough place for older workers."

Call it the "pandemic paradox" for older workers. If they're able to keep their jobs, they may worry their age and health could lead them to contract the coronavirus by returning to their workplace. But if they tell their employers they're concerned about returning to work, they could risk losing their jobs and unemployment benefits and then finding themselves either unable to get hired or to get a similar-paying job when the pandemic has faded.

Although 18% of adults didn't expect to be able to pay all their April bills in full, 35% of those who'd lost a job or had their employment hours reduced felt that way.

Perhaps economist Teresa Ghilarducci of The New School has the bleakest view of the effect of the coronavirus outbreak on older workers. She expects the economic fallout from the pandemic to push 3.1 million more older workers into poverty when they retire.

"The recession affects all 67 million people in near-retirement households by decreasing their financial preparedness for retirement," Ghilarducci wrote in her Retirement Equity Lab Status of Older Workers May, 2020 report.

Generally, retirement analysts want people to be able to replace 70% of their pre-retirement income in retirement, through savings, Social Security and perhaps a pension. But Ghilarducci expects that due to the pandemic, the median replacement rate for older workers "will drop 7 to 9 percentage points (from 55% to 48% if they retire at age 62, or from 69% to 60% if they retire at 65)."

A Look at the Pandemic's Job Losses and Furloughs

Job losses and reduced hours are, understandably, making it much harder for people to pay their bills.

In its recent survey of Americans' finances, the Federal Reserve found that although 18% of adults didn't expect to be able to pay all their April bills in full, 35% of those who'd lost a job or had their employment hours reduced felt that way.

A close look at recent unemployment rates, job losses and furloughs of boomers and Gen Xers shows how rough things have been.

According to AARP, when the overall U.S. unemployment rate spiked from 4.4% in March to 14.7% in April, the unemployment rate for women 55 and older rose even more: from 3.3% to 15.5%. The unemployment rate for men 55+ also soared, though a little bit less, from 3.4% to 12.1%.

"Who knew things could change so quickly, going from the lowest unemployment rate in almost fifty years?" asked Collinson.

How many boomers and Gen Xers who've lost their jobs will get them back?

As Federal Reserve Board Chairman Jerome Powell told 60 Minutes on Sunday, May 17: "The people who've been getting hurt the most — it's women to an extraordinary extent." And women are often in worse financial shape than men for retirement because, on average, they earn less, have saved less and live longer.

How Boomers, Gen Xers and Millennials Are Feeling Employment Impacts

In mid-April, the Transamerica Center for Retirement Studies surveyed 1,248 Americans who work or were laid off or furloughed due to the COVID-19 pandemic. Roughly the same percentage of boomers, Gen Xers and millennials felt an employment impact (58%, 53% and 59% respectively). But they've felt that impact in different ways.

For instance, 13% of boomers and Gen Xers were laid off; by contrast, 18% of millennials were.

Source: *Forbes* (05/19/20)
https://bit.ly/pandemicparadox-20200519

nova WORKFORCE DEVELOPMENT

MAY 2020

LOCAL *Focus*

UNEMPLOYMENT

Region	April 2019	March 2020	April 2020	Percentage Point Change 1 month	Percentage Point Change 12 months
San José–Sunnyvale MSA	2.3%	3.5%	12.0%	+ 8.5	+9.7
San Francisco MD	1.9%	3.0%	12.1%	+ 9.1	+10.2
California	3.8%	5.8%	16.1%	+ 10.3	+ 12.3
United States	3.3%	4.5%	14.4%	+ 9.9	+ 11.1

INDUSTRY EMPLOYMENT

Sector — April 2020	San Jose MSA	San Francisco MD	Combined Region	Percentage Change *(Combined Region)* 1 month	Percentage Change *(Combined Region)* 12 months
Total Nonfarm	**1,015,400**	**1,009,800**	**2,025,200**	**–12.5%**	**–12.2%**
Construction	34,600	30,100	64,700	–29.7%	–32.0%
Manufacturing	171,000	35,100	206,100	–3.4%	–2.6%
Retail Trade	67,500	58,400	125,900	–20.5%	–20.9%
Information	100,600	99,200	199,800	–1.4%	+ 4.3%
Professional & Business Services	228,800	275,700	504,500	–6.1%	–4.4%
Educational Services	42,400	31,100	73,500	–9.3%	–10.1%
Health Care & Social Assistance	121,000	98,600	219,600	–11.6%	–8.0%
Leisure & Hospitality	50,800	69,600	120,400	–48.7%	–52.6%
Government	95,800	130,300	226,100	–2.8%	–2.5%

Note: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

Labor Force by NOVA Jurisdiction *— Santa Clara County (partial) + San Mateo County (complete)*

	Labor Force			Unemployment			Unemployment Rate		
	April 2019	April 2020	*Change*	April 2019	April 2020	*Change*	April 2019	April 2020	*Change*
• San Mateo County	453,800	429,500	– 5.4%	8,400	48,900	+ 482.1%	1.8%	11.4%	+ 9.6
• Santa Clara County	1,041,300	1,013,300	– 2.7%	23,500	118,800	+ 405.5%	2.3%	11.7%	+ 9.4
Cupertino	29,400	27,200	– 7.5%	600	1,900	+ 216.7%	2.0%	6.9%	+ 4.9
Los Altos	14,600	13,400	– 8.2%	300	800	+ 166.7%	2.0%	5.8%	+ 3.8
Milpitas	42,700	41,900	– 1.9%	1,100	5,300	+ 381.8%	2.5%	12.7%	+ 10.2
Mountain View	52,300	48,200	– 7.8%	800	2,900	+ 262.5%	1.6%	6.1%	+ 4.5
Palo Alto	35,400	32,400	– 8.5%	600	1,800	+ 200.0%	1.8%	5.5%	+ 3.7
Santa Clara	71,000	67,600	– 4.8%	1,400	6,400	+ 357.1%	2.0%	9.5%	+ 7.5
Sunnyvale	87,00	81,600	– 6.2%	1,600	6,500	+ 357.1%	1.8%	8.0%	+ 6.2
NOVA Region	*786,200*	*741,800*	*– 5.6%*	*14,800*	*74,500*	*+ 403.4%*	*1.9%*	*10.0%*	*+ 8.2*

Note: NOVA Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

April 2020 Layoff Events

Company	Location	# Affected

Due to the effects of the Coronavirus shelter-in-place, layoff events for the month of April 2020 were at historic highs and cannot be displayed here in their entirety.

April 2020 / NOVA Region		
	Layoff events:	**144**
	Individuals affected:	**5,621**

WARN SUMMARY

Events YTD†:	463
Individuals Affected YTD:	27,459
Individuals Previous YTD‡:	3,208

* **WARN:** Worker Adjustment and Retraining Notification *(notice of mass layoff or closure)*

† **YTD:** Year to Date *(Program year: July 1–Present)*

‡ **Previous YTD:** *(Same date range as YTD, one year prior)*

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN Database