

WIRAC Report: Hospitality Employment During COVID-19 Pandemic

Eli Gavin Rau

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This document addresses two main questions: how has the COVID-19 pandemic affected employment among hotel workers in Connecticut? And, what is the demographic breakdown (race and gender) of workers in this industry? To understand the overall employment impacts of COVID-19 in the traveler accommodation industry, I use current and historical data from Connecticut. When characterizing the demographics of the industry, I rely on a combination of state and national data (to overcome limitations of data available at the state level).

1 Industry Classification

This document provides a picture of the economic situation among hotel employees in Connecticut in 2020. These workers fall under the following classification:

- Supersector aggregation group: Service-providing Industries
- Supersector: Leisure and Hospitality
- Sector: Accommodation & Food Services
- Subsector: Accommodation
- Industry group: Traveler Accommodation

Broad economy-wide trends are generally presented at the supersector level, for visualization purposes. Where available, additional information at the sector and subsector level is also included.

2 Changing Employment Levels in Connecticut during COVID-19 Pandemic

Data from the Connecticut Department of Labor and the U.S. Bureau of Labor Statistics show that hotel employees in Connecticut have been disproportionately affected by the COVID-19 pandemic. Leisure and Hospitality workers comprise a growing share of the state's workers and have experienced the most dramatic increase in unemployment during

the pandemic. These industries have partially rebounded from lows in April, when total Connecticut employment in Leisure and Hospitality fell by about 55%. But workers in these industries continue to face a bleak economic situation, with employment still down 19% from seasonally-adjusted pre-pandemic levels. From March to September 2020, the average weekly continued unemployment claims in Leisure and Hospitality industries is equal to 31% of pre-COVID employment. Leisure and Hospitality contributed 9.3% of jobs pre-COVID, but accounts for 22% of weekly continued unemployment claims during the pandemic, making it the hardest-hit supersector in the economy.

2.1 Unemployment Claims Across Supersectors in Connecticut during COVID-19 Pandemic

2.1.1 Initial Unemployment Claims

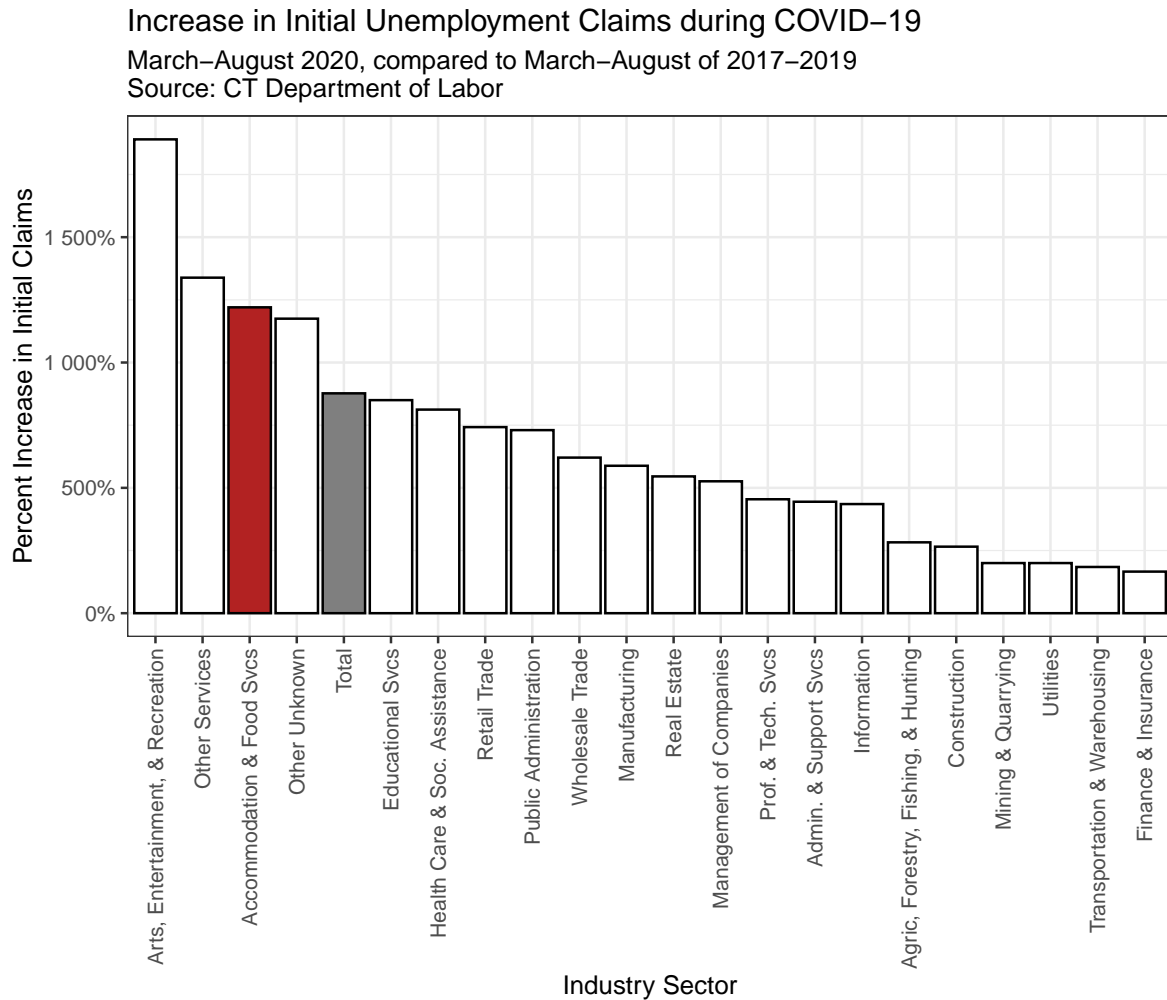
Unemployment claims among hospitality workers in Connecticut have risen sharply during the COVID-19 pandemic. From March to August of 2020, 70,203 workers in the Accommodation and Food Services sector filed initial unemployment claims with the Connecticut Department of Labor. This is up from an average of 5,318 initial claims during the same seasonal period in 2017–2019.

All sectors have seen an increase in unemployment claims compared to seasonal averages from recent years. But the Accommodation and Food Services sector has been especially hard-hit. See Figure 1. Initial unemployment claims in the Accommodation and Food Services sector rose by 1,220%. The total number of unemployment claims across all sectors — including PUA claims from self-employed workers and others who are normally ineligible for unemployment compensation¹ — rose by 877%. Excluding self-employed workers, the overall increase across sectors was 699%. The only sectors with sharper increases in initial unemployment claims were Arts, Entertainment & Recreation, and Other Services.

During this period, the Traveler Accommodation industry performed even worse than the Accommodation & Food Services sector as a whole. Initial unemployment claims rose from a seasonal average of 358 to 5,568 — an increase of 1,557%. This is a larger increase than any sector except the Arts, Entertainment, & Recreation sector.

¹Section 2102 of the CARES Act funded a Pandemic Unemployment Assistance (PUA) program that provided unemployment benefits to groups normally ineligible for unemployment compensation, including self-employed, gig workers, and those seeking part-time employment. In light of this temporary policy change, claims from self-employed workers rose from an average of 207 in March to August of recent years, to 107,589.

FIGURE 1



Note: Total unemployment claims include those filed under the 2020 PUA program for workers who are normally ineligible for unemployment benefits

2.1.2 Continued Unemployment Claims

Many of those who filed initial unemployment claims remain out of work. The following analysis uses weekly continued unemployment claims to measure the longer-term economic impact of COVID-19 in different industries. Using continued unemployment claims reveals that the Accommodation & Food Services sector was hit harder than any other sector, and the Traveler Accommodation industry was hit harder than other industries within the Accommodation & Food Services sector.

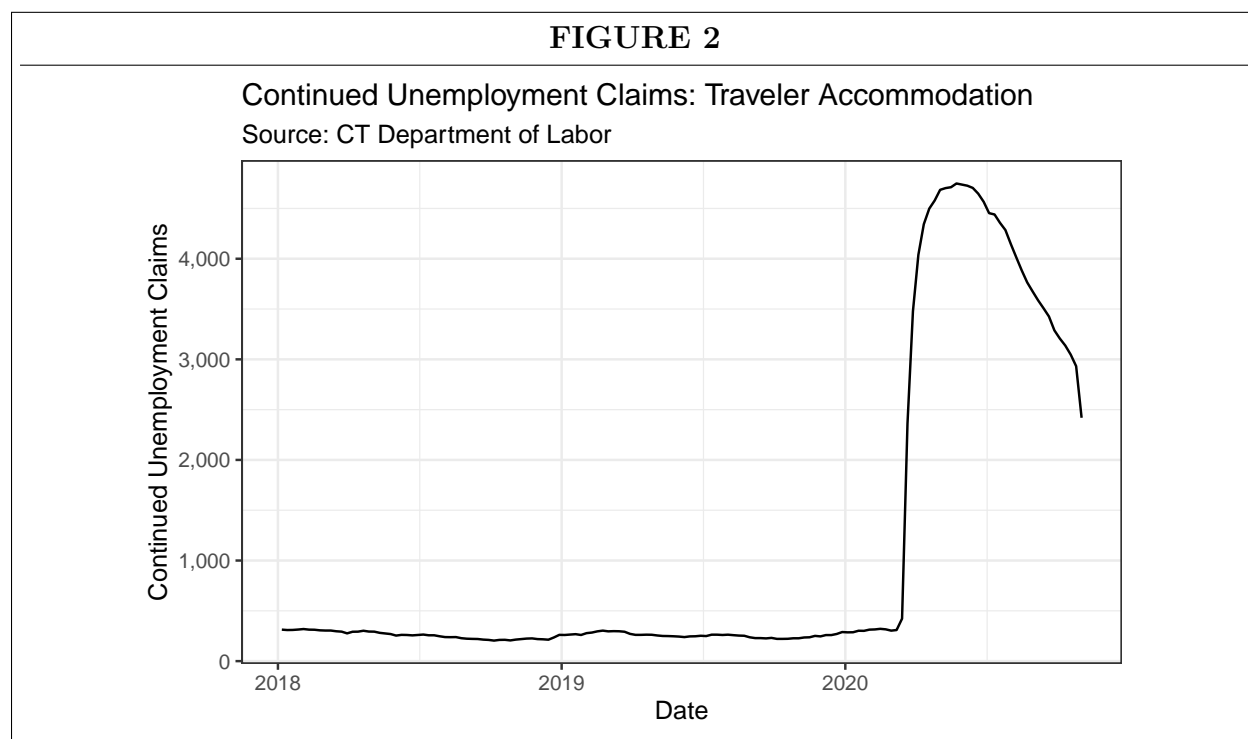


Figure 2 shows the number of continued unemployment claims in the Traveler Accommodation industry each week from January 2018 through September 2020. At the peak in late May, 4,748 workers were filing continued unemployment claims — an increase of 1,822% compared to the same time in 2019.

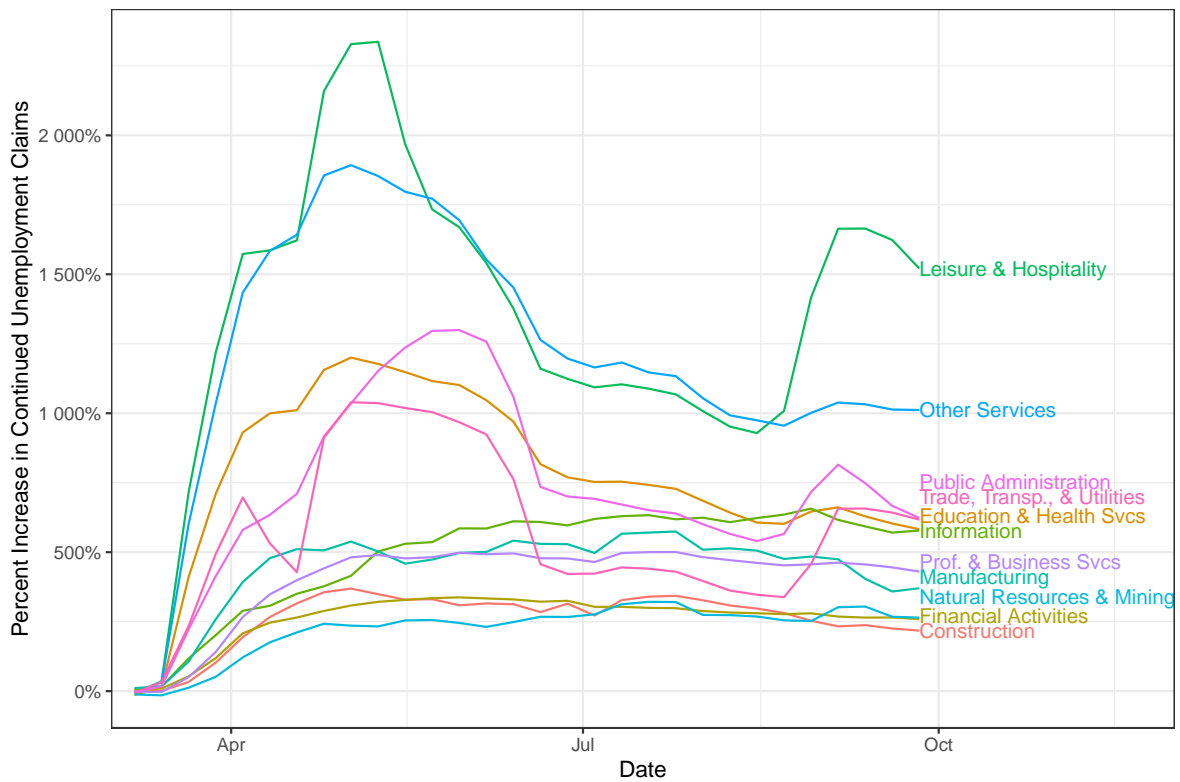
Figure 3 shows the increase in weekly unemployment claims in each supersector (I use supersector instead of sector in this figure for legibility). The line for each supersector plots the percent increase in continued unemployment claims for a given week in 2020 compared to the same week in 2019. As Figure 3 makes clear, the Leisure & Hospitality supersector has experienced the most dramatic and prolonged increase in unemployment during the COVID-19 pandemic. On average, the number of Leisure & Hospitality workers filing continued unemployment claims in a given week from March to September 2020 was 1,242% higher than in the same week one year prior. Within the Accommodation & Food Services sector, average weekly continued claims increased by 1,275% — a larger increase than any other sector. And within the Traveler Accommodation industry, claims increased by 1,425%.

FIGURE 3

Increase in Continued Unemployment Claims During COVID-19

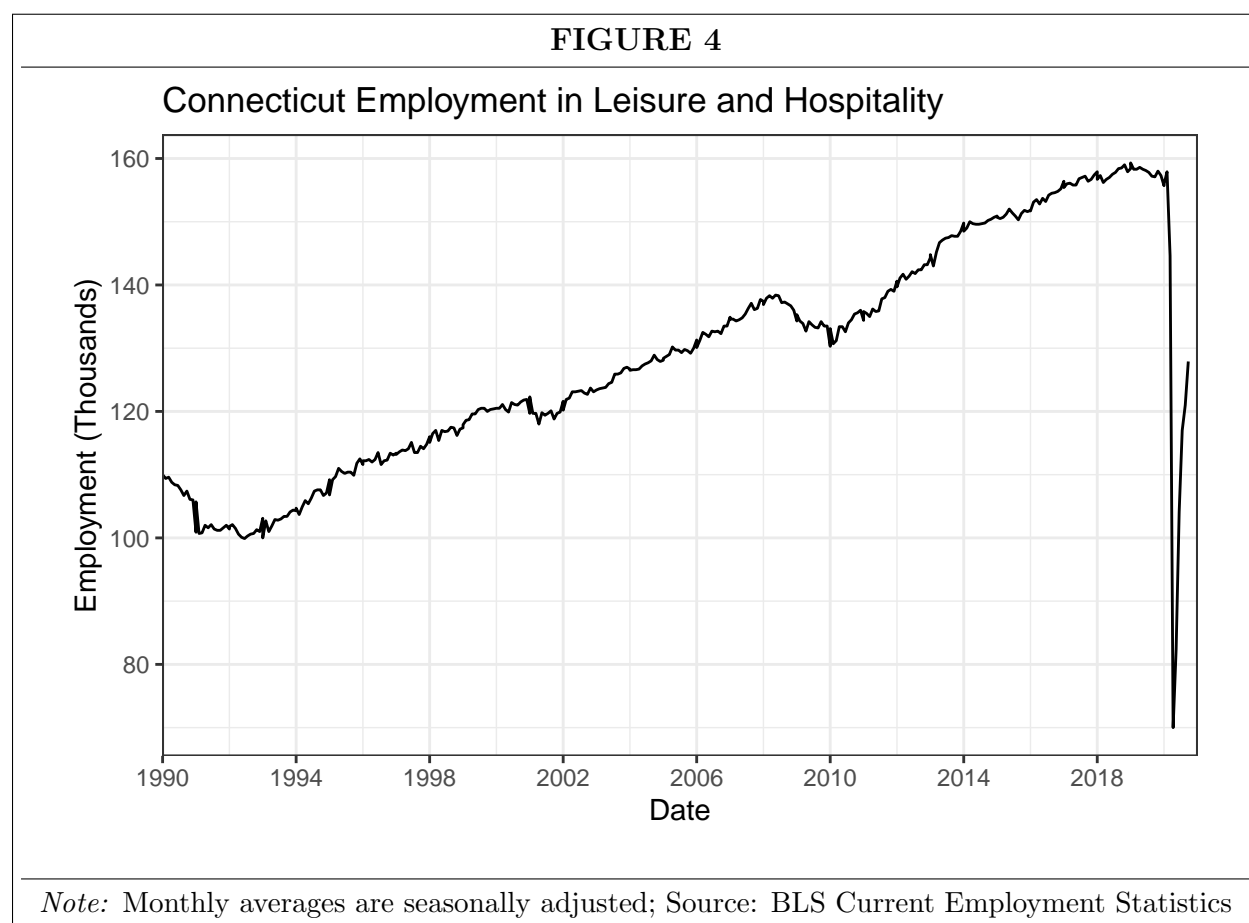
Mar–Sep 2020, compared to Mar–Sep 2019

Source: CT Department of Labor



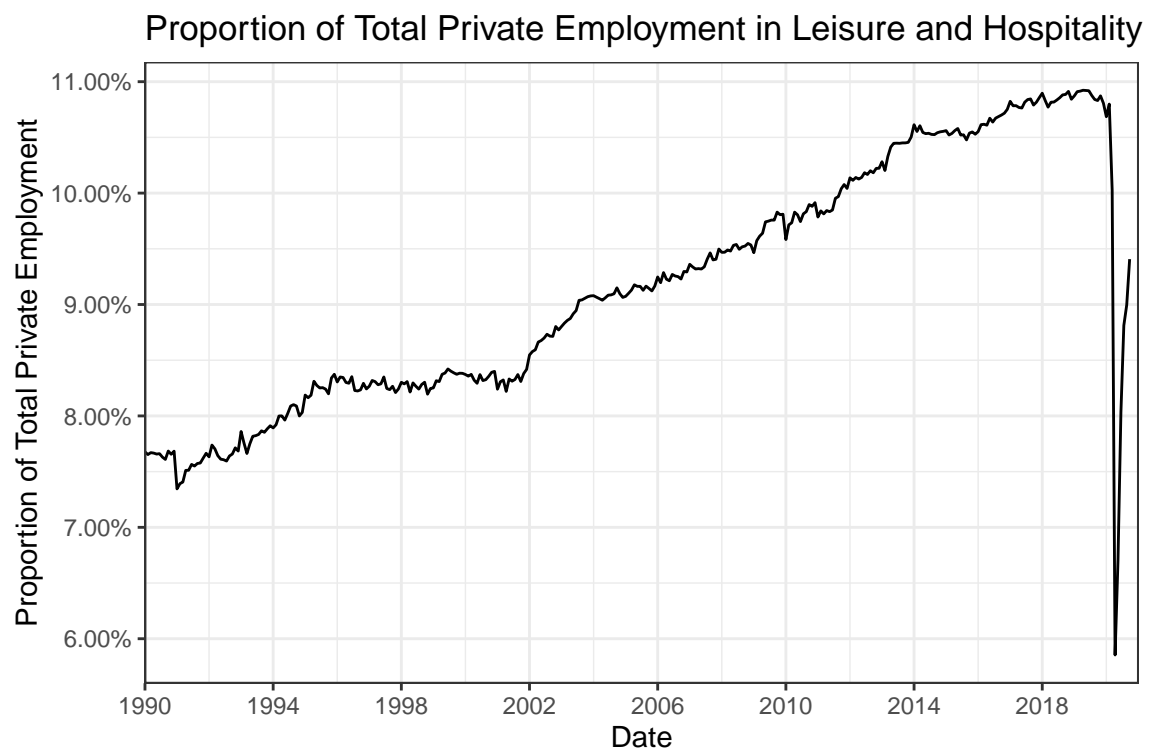
2.2 Historical and Current Employment Levels: Leisure and Hospitality in Connecticut

From January 2017 to February 2020, seasonally-adjusted employment in the Leisure and Hospitality supersector ranged from 155,700 to 159,300 (see Fig. 4). At the very start of the COVID-19 pandemic in March 2020, that number dropped to 144,600. By April 2020, it had fallen to only 70,000 — a decline of about 55%. As of September 2020, employment in the Leisure and Hospitality supersector is approximately 127,900. Thus, employment in Leisure and Hospitality remains down 19% (compared to the average level from January 2017–February 2020 of 157,334).



The Leisure and Hospitality supersector has been steadily growing as a proportion of total Connecticut employment over the past 20 years. By April 2019, these industries accounted for 10.9% of total private employment in the state. But workers in these industries were disproportionately impacted by the COVID-19 pandemic. In April 2020, Leisure and Hospitality accounted for only 5.8% of total private employment — a nearly 50% reduction in market share. As illustrated in Figure 5, employment in Leisure and Hospitality industries has partially rebounded from these lows, but has not reached pre-COVID levels. As of September 2020, Leisure and Hospitality accounts for 9.4% of total private employment — the lowest level since 2007.

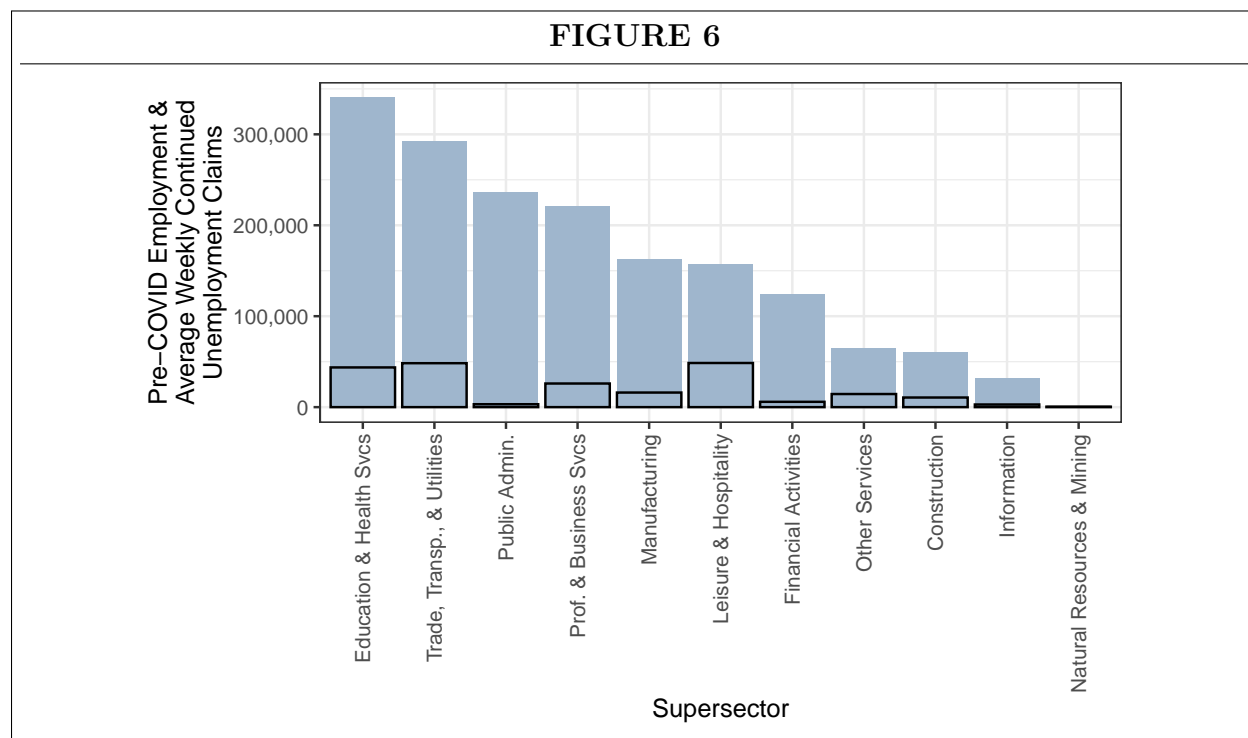
FIGURE 5



Note: Monthly averages are seasonally adjusted; Source: BLS Current Employment Statistics

2.3 COVID-19 Unemployment Relative to Market Share across Supersectors in Connecticut

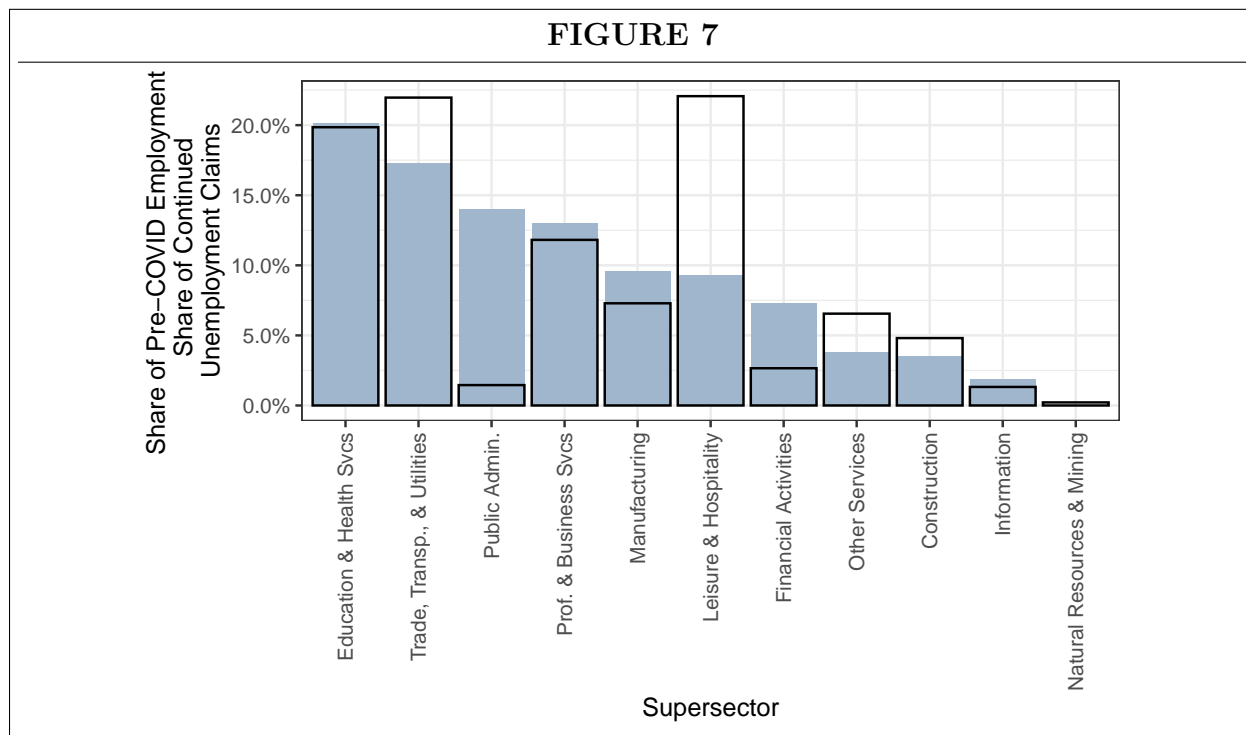
The Leisure & Hospitality supersector suffered the worst economic effects of the COVID-19 pandemic. Figure 6 illustrates the rise in unemployment across supersectors. The blue bars indicate the pre-COVID employment for each supersector (the average number of people employed from March 2019–February 2020). Outlined in black is the weekly average number of continued unemployment claims in that supersector from March through September 2020. In the Leisure & Hospitality supersector, the average number of continued unemployment claims each week (from March to September 2020) was equal to 31% of total pre-COVID employment in Leisure & Hospitality.



Within the Leisure & Hospitality supersector, the Traveler Accommodation industry was especially hard-hit by the COVID-19 pandemic. The Connecticut Traveler Accommodation industry employed 10,441 workers in 2019. Within the Traveler Accommodation industry, the number of average weekly unemployment claims from March through September 2020 was 3,903 — equal to 37% of the total 2019 employment. As of October 31, there are still 2,419 active continued unemployment claims in the industry — accounting for 23% of the 10,441 workers employed in the industry in 2019.

Figure 7 highlights the extremely disproportionate impact of COVID across supersectors. In Figure 7, the blue bars plot the share of total employment in each supersector in the year preceding March 2020; the black boxes indicate the share of continued unemployment claims coming from each supersector from March to September 2020. Leisure and Hospitality industries are large employers in Connecticut, contributing 9.3% of jobs pre-COVID. But

these industries also account for 22% of total weekly continued unemployment claims during the pandemic, making it the hardest-hit supersector in the economy.

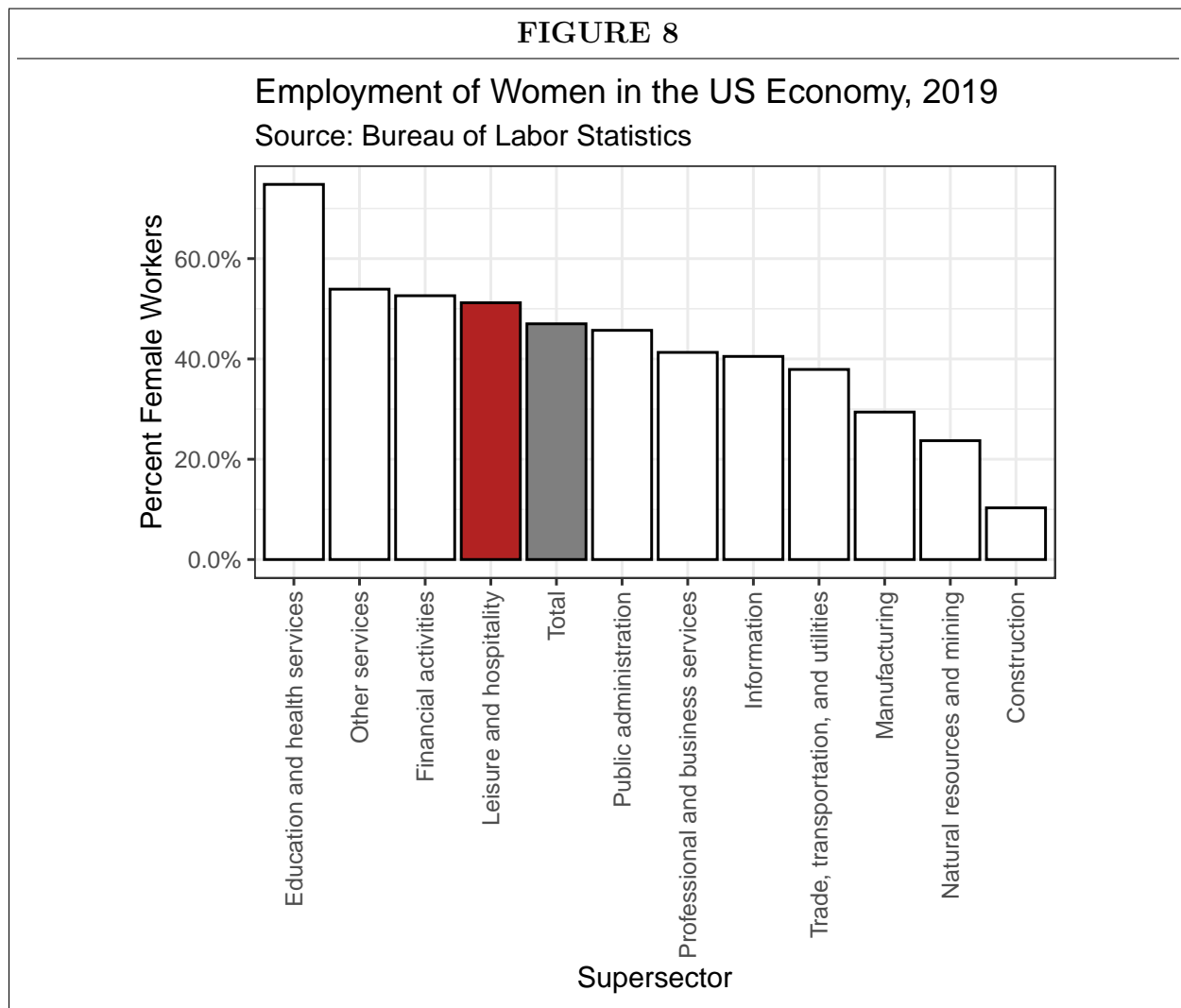


3 Demographics: Gender and Race of Hotel Employees

3.1 Demographic Breakdown of Hotel Employees in the United States

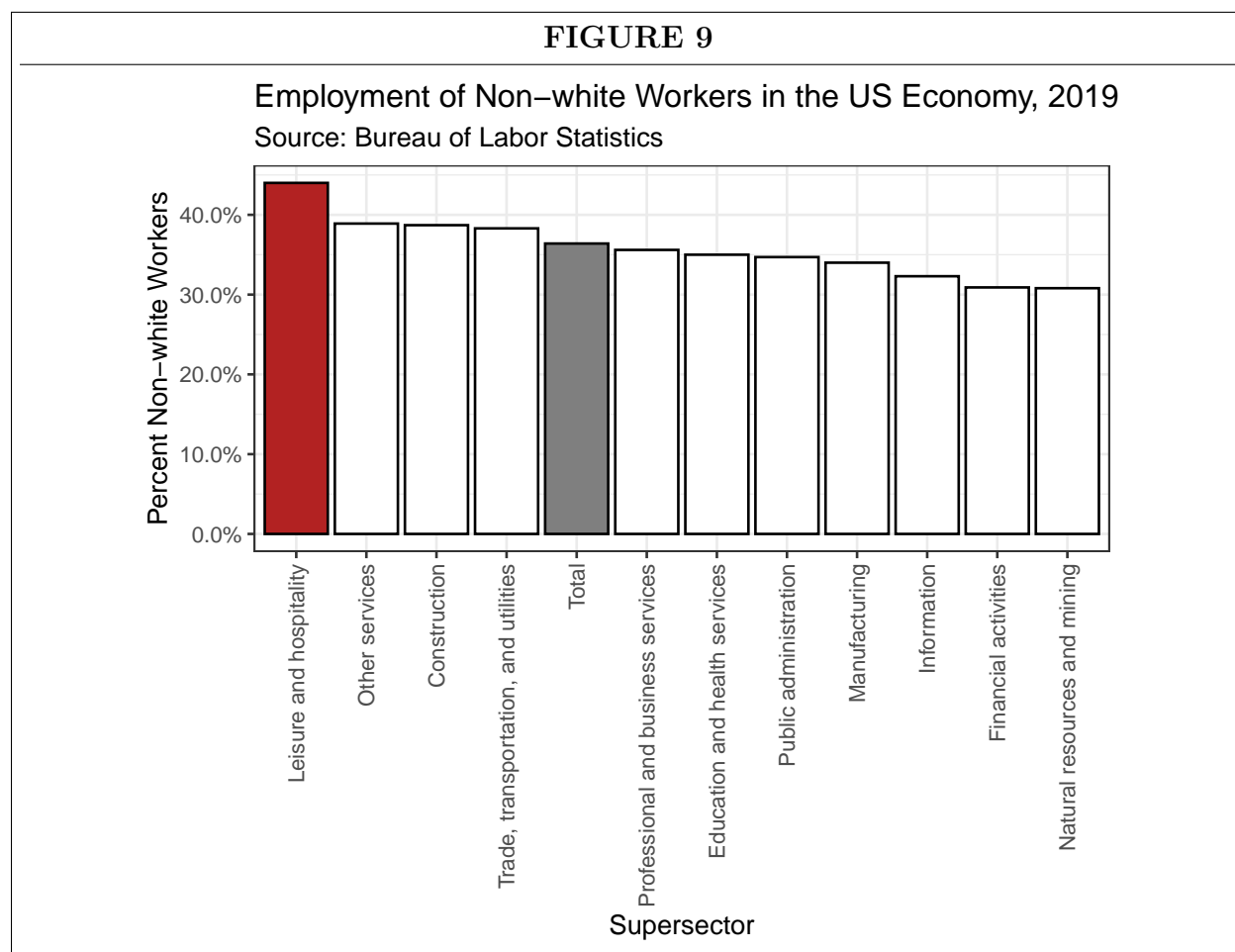
Source: BLS: CPS

Leisure and Hospitality industries are large employers of non-white and female workers. Figure 8 illustrates the gender breakdown of each supersector in the US economy, as of 2019. In 2019, 47.0% of American workers were women. In Leisure and Hospitality industries, 51.2% were women. And the Traveler Accommodation industry group employed 58.7% women.



Leisure and Hospitality industries also employ non-white workers at higher rates than any other supersector (see Fig. 9). In 2019, 36.4% of workers across industries were non-white.

In the Leisure and Hospitality industries, 44% of workers were non-white. And the Traveler Accommodation industry group was majority non-white - employing 58.6% non-white workers.



3.2 Connecticut

These national-level patterns are replicated at the state level in Connecticut.² Women make up 57.1% of Traveler Accommodation workers (excluding management and first-line supervisors). Traveler Accommodation employees in Connecticut are 44.1% white, 27.6% Latino/Hispanic, 18.2% black, and 7.4% Asian American/Pacific Islander.

3.3 Unemployment in Connecticut

In line with the overall demographics of the Traveler Accommodation industry, the populations experiencing unemployment in the industry amidst COVID are disproportionately people of color and women. Within the Traveler Accommodation industry, 39% of unemployment claims have come from white employees; 28% Hispanic/Latino; 22% black; and

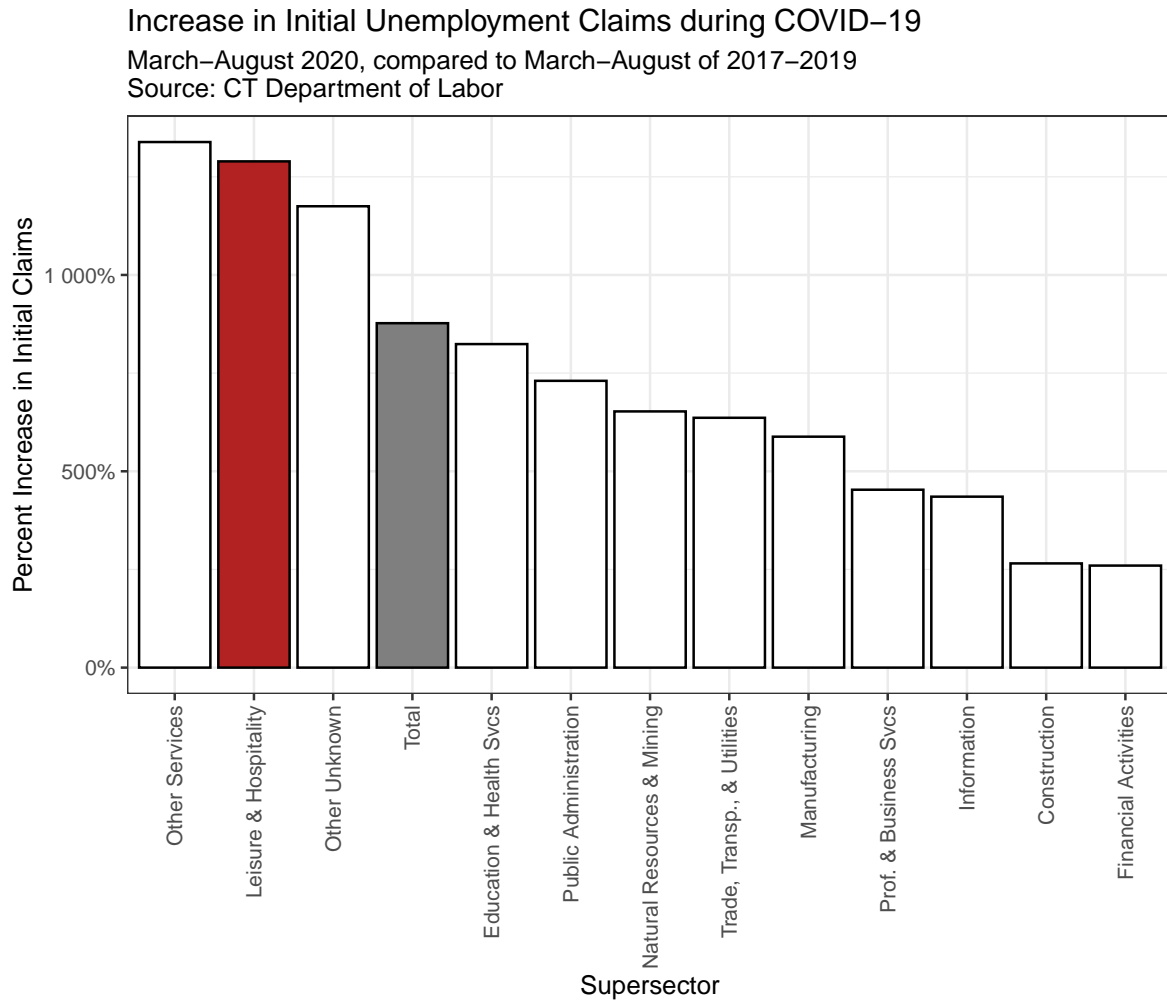
²The data presented in this section comes from the American Community Survey 2014–2018 five-year sample.

4% Asian American/Pacific Islander. By comparison, the US Census estimates that the population of Connecticut is 66% non-Hispanic white; 17% Hispanic/Latino; 12% black; and 5% Asian American/Pacific Islander.

With regards to gender, 64% of unemployment claims in the industry came from women (51% of the Connecticut population is female).

4 Appendix

FIGURE 10



Note: Total unemployment claims include those filed under the 2020 PUA program for workers who are normally ineligible for unemployment benefits

FIGURE 11

Continued Unemployment Claims: Leisure and Hospitality
Source: CT Department of Labor

