

Future of Work in a Post COVID-19 Environment

During the recent CSG West Virtual Annual Meeting, the [Westrends Board](#) hosted a session on the future of work in a post COVID-19 environment. As Western states respond and mobilize to the challenges of the global pandemic that continue to have devastating health, economic and lasting consequences, the session provided western lawmakers a snapshot of the economic impacts of the pandemic, as well as an opportunity to share ideas on how they can assist their states in adapting to facilitate growth and resiliency - particularly access to capital and the role of science, technology, engineering and mathematics (STEM).

Dawn Iglesias, Chief Economist of the New Mexico Legislative Finance Committee, kicked off the session by providing an overview of the job losses across different industries since the start of the pandemic. She stated that the U.S lost over 20 million jobs in April, which is approximately 13 percent of all employment. Between April and June, the nation recovered 8.2 million jobs, however employment remains well below pre-pandemic levels. Job losses are concentrated in the service sector, with the exception of resource dependent states such as Alaska, New Mexico and Wyoming, which have experienced significant job losses in the oil and gas sectors.

Ms. Iglesias stated that as of June employment was still down in all sectors with leisure and hospitality sectors suffering the biggest decline with 4.5 million fewer jobs. Mining and logging experienced the second largest job losses followed by salons and repair related jobs. She also highlighted the decline in healthcare and

social assistance, once thought of as a recession proof sector, which demonstrates how unique this economic recession has been.

Workers most exposed to job losses due to COVID-19 shutdowns are those working in restaurants and bars, followed by workers in the travel, transportation, and entertainment sectors. In 2019, these workers made up 19 percent of all jobs. These industries, which are prone to government shutdowns due to pandemic measures, affect workers that are younger, unmarried, and with no college degrees.

As for job recovery, Ms. Iglesias stated that people are starting to return to the workforce, however, industry sector has not yet recovered half of the jobs that they lost, except for construction. For those sectors that have experienced recovery, it has been limited. For the education services and government sectors, the trends have been quite opposite as schools have remained closed. Prior to the pandemic, about one-third of the national workforce was concentrated in retail trade, healthcare and social assistance, and leisure and hospitality. As of June, these sectors accounted for 55 percent of the job losses.

There is a long road ahead for western states. Ms. Iglesias warned that the recent resurgence of COVID-19 cases can not only slow down the recovery, but also reverse it. Hiring is starting to climb out of large hole, with recent job growth driven by people returning to their old jobs. It is possible that four in 10 jobs may not return and many restaurants could go out of business. Jobs in retail, warehouse, factories, and transportation face long-term endangerment.

According to Ms. Iglesias, the leading economic indicator will be the path of the virus. The federal response to the pandemic will be important to prevent second

wave to job losses, particular to support unemployed workers, as well as state and local governments. With the future uncertain, it is too early to tell whether or how many people and businesses will return to their old patterns, how long it will take for consumers to feel comfortable traveling, and how many people will continue to work from home.

Ms. Iglesias informed policymakers that employers need to rethink workforce planning and management strategies in light of the pandemic to include the following:

- Increase remote working and digital collaboration;
- Expanded data collection to monitor employees and track productivity;
- Potential shift to more contract employees;
- Expanded employer role as a social safety net; and
- More focus on developing critical skills that transfer across a broad range of jobs.

Access to Capital

Mark Scheffel, Senior Vice President at Advantage Capital, talked about the devastating impacts that the pandemic and shutdowns have had on small businesses. According to him, 50 percent of jobs in the country derive from small businesses.

Mr. Scheffel briefly described the federal efforts to shore up the economy for a prolonged recovery. This includes the Paycheck Protection Program, the Economic Injury Disaster Loan Program, Main Street Lending Program, and ongoing conversations about a phase four stimulus package. However, he warned that these programs will not last forever. As state legislators return for

special sessions or their suspended sessions, they will be facing a different environment than at the beginning of the year, with reduced revenues and increased pressures for public expenditures.

Mr. Scheffel encouraged policymakers to add tools in their efforts to assist and incentivize their states' recovery. Among these suggestions were:

- Leverage revenue streams – consider tax credits that will infuse money now while putting off expenditures of funds;
- Investment locations – legislators should aim to dictate where investments in programs will be made. Specifically, policymakers should look at poverty rates and hard to reach areas;
- Investment timetables;
- Program length – avoid a one and done approach, and instead focus on a six to seven-year program length;
- Demand measurable outcomes and accountability – Measure what jobs are being created; and
- Empower oversight – carrot and stick approach.

In his presentation, Mr. Scheffel highlighted examples of states that have targeted hard to reach areas through the New Markets Tax Benefits (NMTB) program which incentivizes community development and economic growth using tax credits that attract private investment to distressed communities.

Role of STEM

Rachel Kerestes, Executive Director of Science is US, talked about how science and engineering can help inform policymakers as they consider strategies to recover from the pandemic. She also stated that because STEM feeds into workforce development, it can help mitigate the impact of the pandemic.

Earlier in the year Science is US released an analysis that took a deeper look at STEM professionals. They wanted to get a better sense of how STEM contributes to the U.S. economy and wanted to understand who the STEM professionals were. This analysis did not focus on degrees that individuals have, but rather on the type of job that they perform. They found that 33 percent of jobs in the economy are STEM jobs. A third of those contribute to 39 percent of the GDP.

When considering the full impact of STEM on the U.S. economy- direct, indirect, and induced contributions – Ms. Kerestes stated that they found an outsized impact with STEM supporting:

- 2/3 of U.S. jobs
- 69% of state tax revenue; and
- 69% of GDP

Of those working in STEM jobs, 6 in 10 are held by individuals without a bachelor's degree. They got training in other settings such as the military, community colleges, or apprenticeships. STEM professionals include biochemists, architects, logisticians, mechanics, nurses, math teachers, pharmacists, electricians, policy analysts, anthropologists, coders, bookkeepers, mental health counselors, museum technicians, and radio reporters.

Ms. Kerestes stated that STEM can help mitigate the pandemic by discovering new vaccines and therapeutics, contact tracing and epidemiology, and IT systems, logistics. It can help build the future by creating opportunities regardless of educational attainment, higher salaries, and innovation.

Ms. Kerestes stated that policy has a role to play in advancing science and technology - when STEM fields thrive, the country thrives – and policymakers can assist by supporting research and intellectual property. When thinking about the workforce, she urged policymakers to think about the full range of experience. Ms. Kerestes encouraged western policymakers to:

- Increase support for career and technician education;
- Facilitate closer industry/academic partnerships;
- Streamline apprenticeship and workforce development programs;
- Increase data collection and reporting (we can't act if we don't know the gaps); and
- Increase outreach and communication on possibilities.

The CSG West [Westrends Board](#), which is comprised of one legislator from each of the 13 western states and the Canadian Provinces of Alberta and British Columbia, provides a forum to evaluate the direction and velocity of trends that affect the quality of life in the West. The Board will continue to facilitate conversations on the impacts of the pandemic and work with professionals across a wide range of fields to monitor workforce trends.

Attendees that registered for the CSG West Virtual Annual Meeting and missed the session may still view it [On Demand](#).

CSG Resources:

- To obtain the latest information on COVID-19 resources, including state executive orders, state reopen plans, data and model projections, and more, visit the [CSG COVID-19 Resource for State Leaders Site.](#)
- [CSG Report on COVID-19 Impact to States and Strategies to Recover](#)
- [CSG Justice Center – COVID-19 Assistance for the Justice Community](#)

Copies of presentations from this session will be made available on the CSG West [website](#) for a more in-depth review of the information shared.