

Employment Impacts of COVID-19 on Northern California

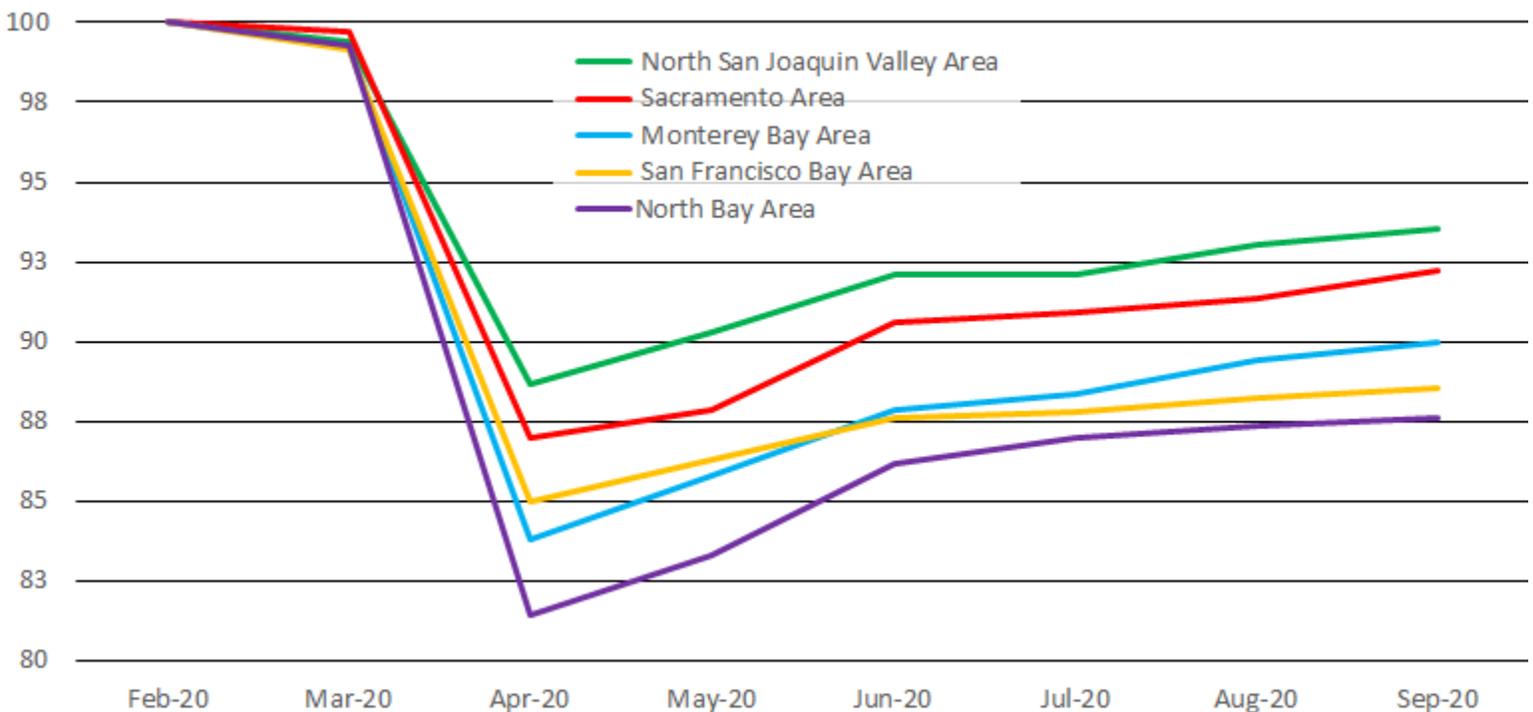
The COVID-19 pandemic has had very different effects on employment across the sub-regions of the Northern California Megaregion (NCRM). The North San Joaquin Valley (NSJV) has been the most resistant to job loss in the first six months of the pandemic, while the North Bay area and San Francisco have experienced the highest level of job loss.

The figure below shows a seasonally-adjusted index of employment change since just before the pandemic in February 2020. Across the Megaregion, initial job losses in April 2020 ranged from 11% in the NSJV to over 18% in the North Bay. Six months into the pandemic, employment was recovering slowly but remained over 6% below pre-pandemic levels in the NSJV, and about 12% below pre-pandemic in the North Bay area and the core San Francisco

Bay area counties. The Sacramento and Monterey Bay areas were about 8% and 10% below pre-pandemic levels in September.

Since COVID-19 has created far more job loss in low-paying occupations than high-paying occupations overall, it is somewhat surprising that the NSJV, the lowest-wage region in the Northern California Megaregion has fared the best in employment during the pandemic. The data shows the hardest hit workers occupy low-wage service jobs based in tourism-dependent locations and high-income communities with many remote workers. While places like the NSJV have also lost many jobs during the pandemic, the impacts have been partially offset by increased demand for e-commerce fulfillment centers, and an inflow of people seeking less-expensive, larger housing due to remote work and reduced

Change in Seasonally Adjusted Payroll Jobs By Region (February 2020 =100)



Employment Impacts of COVID-19 across the Northern California Megaregion (continued)

commuting.

This report is based on the Quarterly Census of Employment and Wages (QCEW), an extremely high-quality dataset based on employer tax filings that is now available through the first six months of the pandemic. We focus on this data because more timely indicators, such as unemployment insurance claims, survey based monthly employment estimates, and on-line job advertisements, have been highly unreliable—especially at the local level—during the unusual circumstances of the pandemic. Newly released QCEW data through September provides an accurate and highly-detailed estimate of the real employment impacts.

The tables on this page show year over year, September 2019 to September 2020, changes in more detailed employment indicators across the NCMR areas. It shows average wages have increased sharply over the past year, primarily because so many low-paying jobs have been lost. In most areas, the average wage has increased more than the decline in total employment which implies that total earnings from wages have remained relatively constant over the past year. There are two important implications of this finding. First, it reflects how economic inequality has increased during the pandemic. In addition, considering the significant increase in government income support through multiple COVID-19 relief legislation, it shows that Northern California households are in a strong position to increase spending and support a vigorous recovery as the pandemic subsides.

The table below focuses on three key industries driving sub-regional differences in the data. Most importantly, trade and transportation employment has actually increased in the NSJV area fueled by a surge in hiring in the fast-growing e-commerce fulfillment centers, whereas transportation employment in the San Francisco Bay area has plummeted as it is more focused on people-movement, such as airports, than goods movement. Leisure and hospitality, the hardest hit sector in all areas, has suffered the most in areas with high levels of tourism and business travel. Finally, the high-paying information sector has continued to grow in the Bay Area, while declining sharply in inland areas.

% Employment Change Sept. 2019 to Sept. 2020

Industry	Trade, Transportation and Utilities	Information	Leisure and Hospitality
San Francisco Bay Area	-11%	3%	-45%
North San Francisco Bay Area	-5%	-8%	-34%
Sacramento Area	-2%	-17%	-27%
North San Joaquin Valley Area	3%	-34%	-21%
Monterey Bay Area	-7%	-22%	-33%

Methodology:

These impacts are estimated using the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) program data. The QCEW reports employment and wages by employers covering more than 95 percent of U.S. jobs. The data was adjusted for seasonality using the X-13 ARIMA-SEATS seasonal adjustment software produced, distributed, and maintained by the U.S. Census Bureau. In order to facilitate comparison across Northern California Megaregion counties, the seasonally adjusted employment values were normalized to February 2020 levels and expressed as a value equal to 100.

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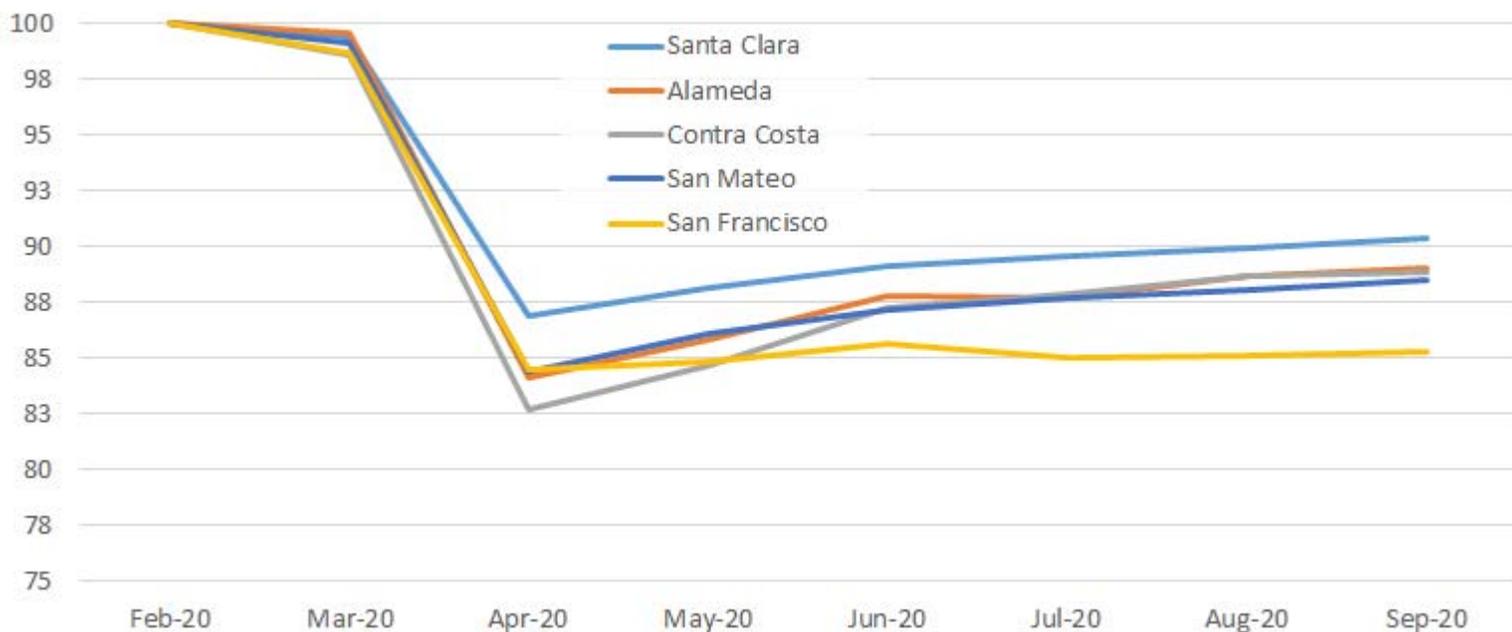
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San Francisco Bay Area

Change in Seasonally Adjusted Payroll Jobs By County (February 2020 =100)



The San Francisco Bay Area has experienced the slowest initial recovery from the COVID-19 recession of any part of the Megaregion. Most notably, the City of San Francisco experienced virtually no employment recovery between April and September, such that jobs in San Francisco were a stunning 15% lower in September 2020 than they were in February 2020. Among the five counties in this region, Santa Clara has recovered the most, with employment at 90% of its pre-COVID-19 levels by September. Contra Costa county experienced the largest initial employment decline in the region, 17%, but it has significantly recovered with employment in September 2020 about 11% lower and at similar level of recovery to Alameda and San Mateo counties.

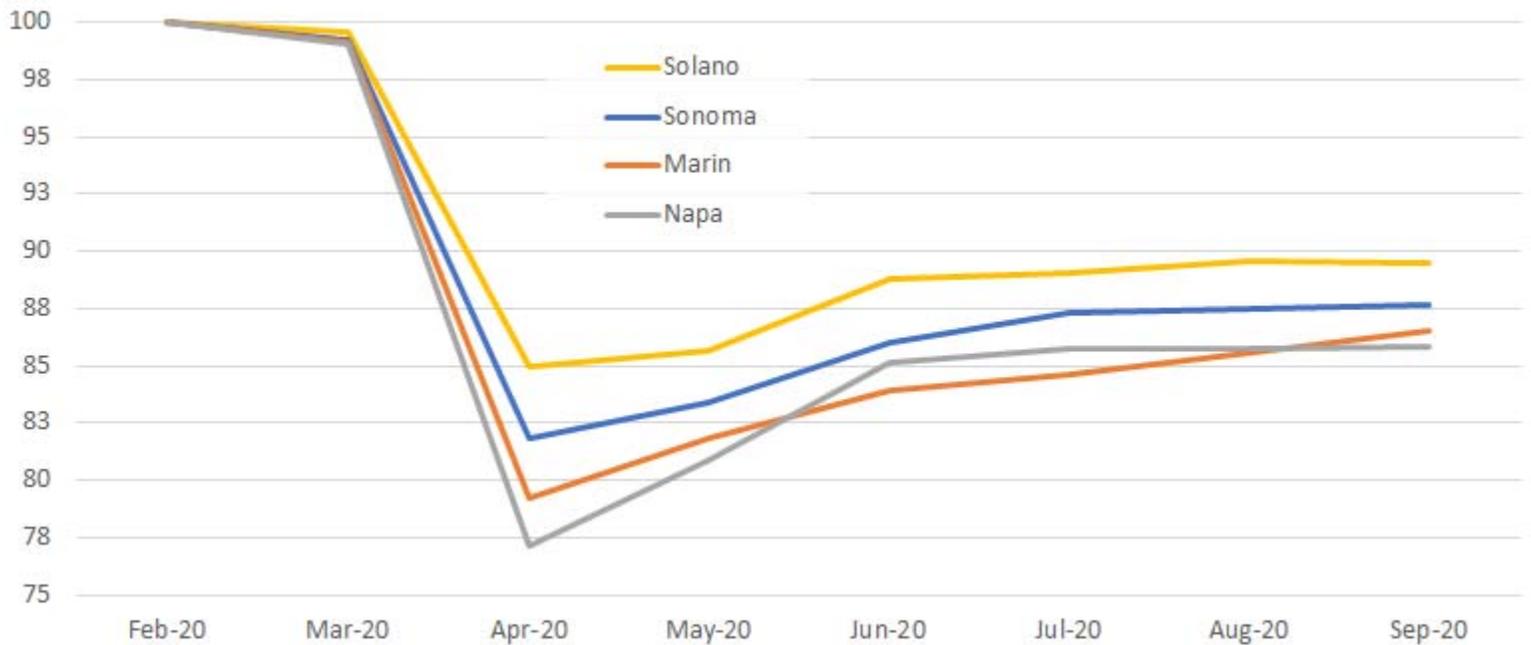
The table to the right shows the massive 44.9% decline in leisure and hospitality employment has led the downturn. The closure of entertainment venues, hotels, and restaurants as a result of COVID-19 stay home orders and restrictions and a huge drop in business and leisure travel to the region’s destinations led to a reduction of 169,500 hospitality jobs. Impacts on the region’s transportation and retail trade sector are also evident as these sectors saw a 10.6% decline over the year. Large job losses were also experienced in the “Other Services” industry which includes hair and nail salons, auto repair, and dry cleaners. While job losses were extensive in these low paying industries, the high-paying Information sector actually gained jobs. As inequality increased, the average wage of a job in the region grew 12.4%.

Change in Employment & Wages by Industry

Industry	Emp. Sept. 2020	Emp. Change Sept. 2019 to 2020	Avg. Weekly Wage Q3 2020	Avg. Wage Change Q3 2019 to 2020
Natural Resources	6,883	-2.3%	\$1,085	12.6%
Construction	164,661	-6.2%	\$1,844	7.0%
Manufacturing	300,298	-2.3%	\$3,448	17.3%
Trade, Trnsp. & Utl.	427,802	-10.6%	\$1,491	0.5%
Information	234,825	2.7%	\$5,760	13.1%
Financial Activities	168,587	-5.5%	\$3,174	6.3%
Prof. & Bus. Srv.	675,028	-6.2%	\$3,102	10.1%
Healthcare & Edu.	478,030	-5.0%	\$1,403	8.4%
Leisure & Hospitality	208,059	-44.9%	\$762	3.0%
Other Services	81,207	-27.4%	\$1,180	19.6%
Government	369,586	-4.0%	\$1,859	7.9%
Total	3,114,966	-10.3%	\$2,440	12.4%

North San Francisco Bay Area

Change in Seasonally Adjusted Payroll Jobs By County (February 2020 =100)



The largest initial employment impacts in the NCMR were in the four counties of North San Francisco Bay Area. By September 2020 the region was still experiencing an 11.4% decline in jobs. Napa county with its significant leisure and hospitality industry experienced the largest decline in the region with employment by April dropping 23% from February levels. Marin county also experienced an over 20% decline in employment during April, but it like Napa recovered to reach about 87% of pre-COVID-19 job levels in September 2020. Sonoma has the largest total employment in the region. It experienced an 18% loss of jobs in April but by September recovered to 88% of its pre-COVID-19 level. Solano had a 15% decline in April and recovered to 90% of pre-COVID-19 jobs in September.

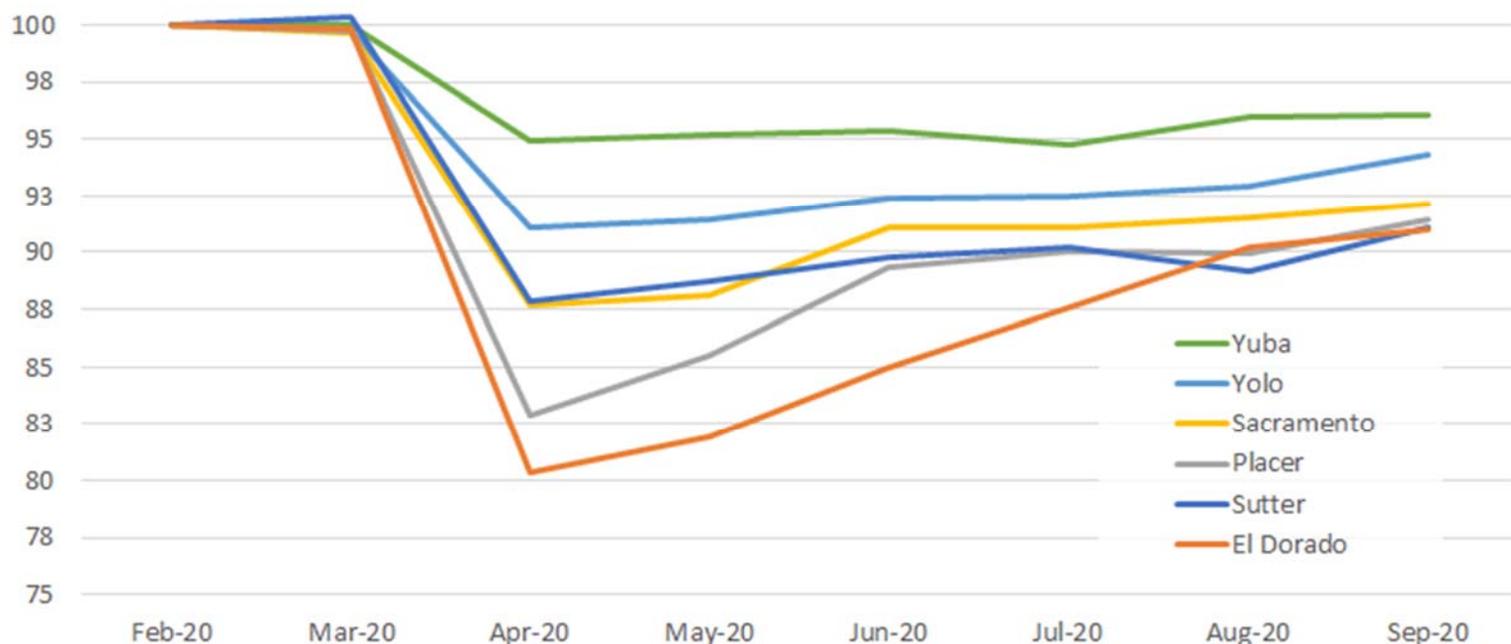
While every industry in the region has experienced year-on-year declines, the North Bay Area’s leisure and hospitality industry saw the greatest reduction with a loss of 24,600 jobs from a 33.8% decline. Healthcare and education was the second most affected industry where non-trauma health centers such as dentists, physicians, and others lost a total of 8,000 jobs. In addition, another four industries (construction; trade & transportation; professional & business services; government) collectively lost 19,600 jobs. Together these six industries accounted for 82% of the total 63,700 job losses in the North San Francisco Bay Area.

Change in Employment & Wages by Industry

Industry	Emp. Sept. 2020	Emp. Change Sept. 2019 to 2020	Avg. Weekly Wage Q3 2020	Avg. Wage Change Q3 2019 to 2020
Natural Resources	14,792	-7.2%	\$906	-0.8%
Construction	38,275	-11.3%	\$1,565	2.3%
Manufacturing	53,715	-5.8%	\$1,488	7.8%
Trade, Trnsp. & Utl.	86,034	-5.3%	\$1,007	8.5%
Information	5,441	-7.9%	\$2,403	44.8%
Financial Activities	19,188	-11.2%	\$1,758	11.5%
Prof. & Bus. Srv.	54,607	-8.3%	\$1,511	10.1%
Healthcare & Edu.	86,097	-8.5%	\$1,257	8.0%
Leisure & Hospitality	48,173	-33.8%	\$568	4.8%
Other Services	15,390	-21.5%	\$972	16.6%
Government	72,549	-6.5%	\$1,461	12.8%
Total	494,261	-11.4%	\$1,269	11.3%

Sacramento Area

Change in Seasonally Adjusted Payroll Jobs By County (February 2020 =100)



Overall, Sacramento Area job losses during this period were less than the more urban and coastal regions of the NCMR. By September 2020 year-on-year job losses were 6.1%. Among its six counties, El Dorado with a significant leisure and hospitality industry experienced the largest initial share of job losses with April employment dropping by 20%. Similarly, Placer county experienced a 17% decline in employment during April. Both Sacramento and Sutter counties had 12% declines in April and by September recovered to about 8% below pre-COVID-19 levels. Yolo and Yuba counties declined less than the other counties in the region, dropping respectively by 9% and 5% in April and recovering to 6% and 4% of pre-COVID-19 job levels in September 2020.

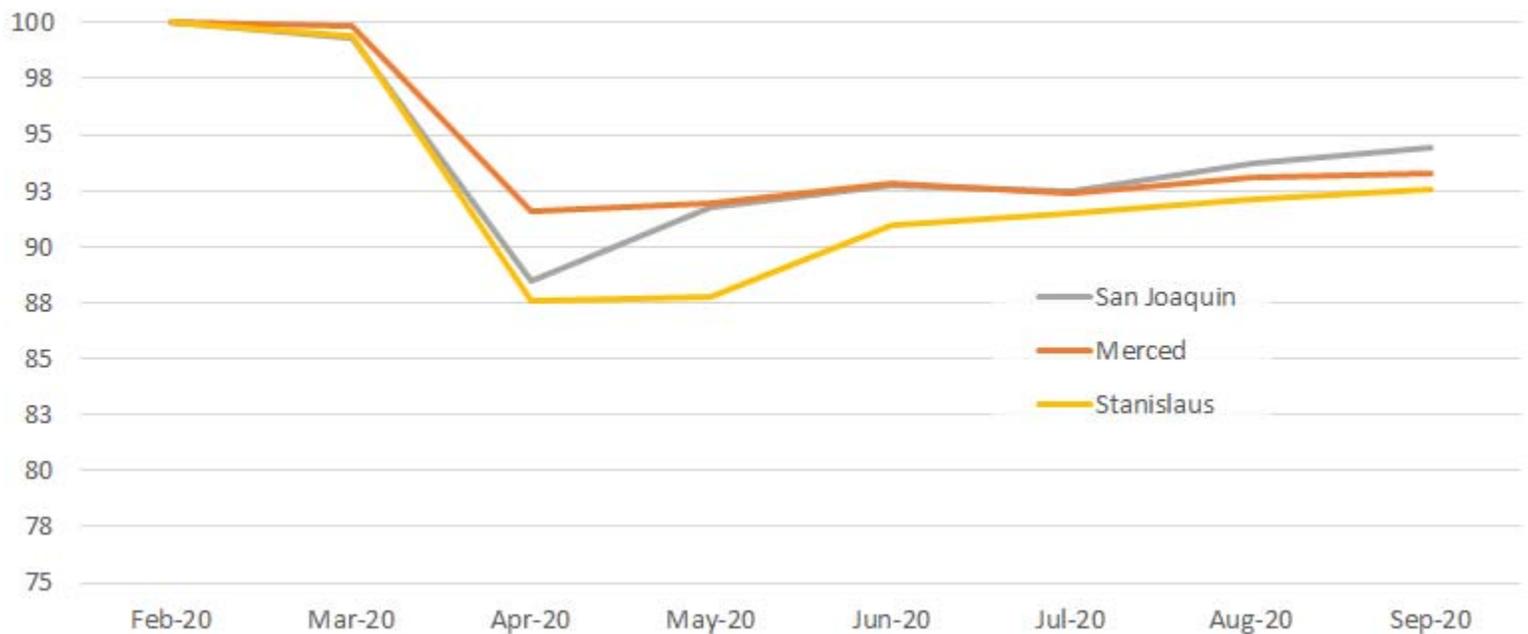
Like all areas, Sacramento’s leisure and hospitality industry saw the largest losses with a 31,200 decline in jobs that account for nearly half of the region’s total September year-on-year job losses. Other Services, which includes personal care, and the Information sector both experienced large employment declines of over 17%. Professional and business services was the second most affected industry in number of lost jobs, with a decline of 6,900 jobs, a 4.9% decrease. Sacramento’s large Government sector experienced the smallest percentage decline in employment at 1.7%. The large public sector helped stabilize Sacramento’s economy relative to other regions, but public payrolls still declined by about 4,300 jobs over the year.

Change in Employment & Wages by Industry

Industry	Emp. Sept. 2020	Emp. Change Sept. 2019 to 2020	Avg. Weekly Wage Q3 2020	Avg. Wage Change Q3 2019 to 2020
Natural Resources	15,976	-5.0%	\$838	10.3%
Construction	73,338	-2.6%	\$1,401	5.2%
Manufacturing	38,481	-2.2%	\$1,749	2.7%
Trade, Trnsp. & Utl.	165,480	-2.1%	\$929	7.7%
Information	9,797	-17.4%	\$2,369	16.8%
Financial Activities	52,204	-2.4%	\$1,607	10.6%
Prof. & Bus. Srv.	133,806	-4.9%	\$1,381	6.9%
Healthcare & Edu.	164,340	-3.8%	\$1,170	6.2%
Leisure & Hospitality	82,302	-27.5%	\$477	3.9%
Other Services	27,948	-17.1%	\$924	13.6%
Government	244,900	-1.7%	\$1,594	4.3%
Total	1,008,572	-6.1%	\$1,284	8.7%

North San Joaquin Valley Area

Change in Seasonally Adjusted Payroll Jobs By County (February 2020 =100)



Employment in the North San Joaquin Valley (NSJV) was the least affected of the five regions of the NCMR. In September 2020, the three counties of the NSJV had a 4.1% year-on-year decline in jobs. Merced county lost the fewest jobs initially in the region with an 8% decline in April, but it has had a relatively slow recovery with September employment still 7% below its previous level. In April, Stanislaus employment dropped 12% but then by September recovered to 7% below its pre-COVID-19 levels. San Joaquin county also had an initial April employment decline of 12%, but by September its employment was 94% of its February levels.

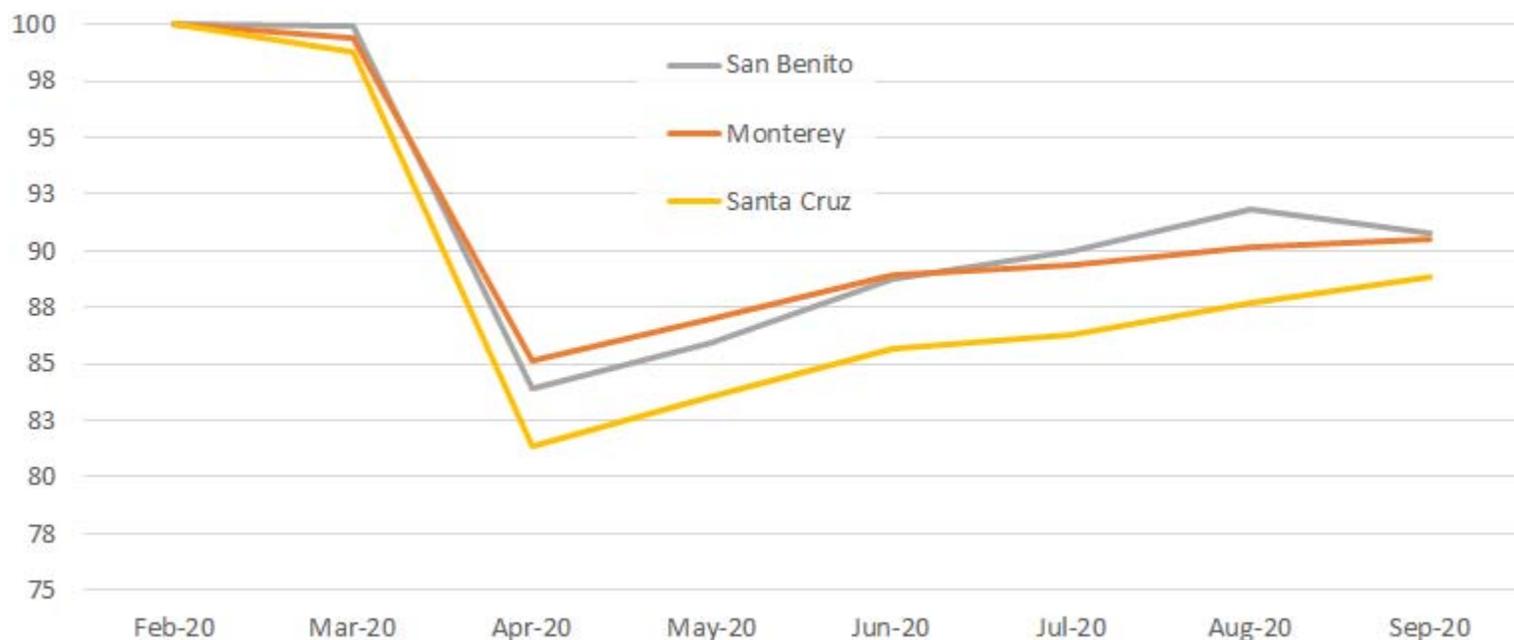
As seen in the figure to the right, the NSJV actually experienced employment gains in three industries. Notably in all three of those industries wages grew faster than employment as well. The NSJV's leisure and hospitality industry experienced the largest decline, with some 10,300 jobs lost in September 2020 compared to 2019. Government was second most negatively affected industry with a decline of 5,500 jobs. It was followed by healthcare and education with an additional 4,200 job losses. These three industries accounted for 75% of the total 26,600 job losses in the NSJV, but as a result of the job gains (especially gains in trade & transportation) net year-on-year job losses only totaled 22,200. Despite a 4.1% decline in total employment, the average wage of a job in the region grew 8.7%.

Change in Employment & Wages by Industry

Industry	Emp. Sept. 2020	Emp. Change Sept. 2019 to 2020	Avg. Weekly Wage Q3 2020	Avg. Wage Change Q3 2019 to 2020
Natural Resources	47,825	-1.9%	\$782	6.6%
Construction	25,431	-5.3%	\$1,284	5.3%
Manufacturing	55,332	0.1%	\$1,110	5.9%
Trade, Trnsp. & Utl.	126,115	3.5%	\$913	7.1%
Information	1,878	-34.4%	\$1,395	30.9%
Financial Activities	14,412	-4.1%	\$1,277	13.7%
Prof. & Bus. Svc.	40,098	0.2%	\$960	4.7%
Healthcare & Edu.	77,454	-5.1%	\$1,098	8.6%
Leisure & Hospitality	37,652	-21.4%	\$416	8.7%
Other Services	10,654	-19.9%	\$760	15.4%
Government	84,663	-6.1%	\$1,278	8.7%
Total	521,514	-4.1%	\$997	8.7%

Monterey Bay Area

Change in Seasonally Adjusted Payroll Jobs By County (February 2020 =100)



Employment impacts in the Monterey Bay Area followed a similar pattern across the region. After initial declines in April, employment recovered about 8% across each county by September. Santa Cruz experienced the greatest loss of employment, dropping to 81% of previous levels in April then recovering to 89% by September. Overall Monterey and San Benito had very similar employment experiences with employment initially declining by 15% and 16% respectively before recovering to 91% of pre-COVID-19 employment levels by September.

The figure to the right shows September year-on-year employment declining across every industry in the Monterey Bay Area. Again, the leisure and hospitality industry was impacted the hardest with 14,000 jobs lost in September 2020 compared to 2019. Despite its critical nature employment in natural resources declined by the second most with a 3,600 year-on-year job loss. It was closely followed by an employment decline of 3,200 in trade and transportation. Together these three industries accounted for 69% of the total 30,400 job losses in the Monterey Bay Area. Overall, the average wage of a job in the region grew 9.8%.

Change in Employment & Wages by Industry

Industry	Emp. Sept. 2020	Emp. Change Sept. 2019 to 2020	Avg. Weekly Wage Q3 2020	Avg. Wage Change Q3 2019 to 2020
Natural Resources	80,130	-4.3%	\$840	6.0%
Construction	12,338	-5.3%	\$1,242	4.7%
Manufacturing	14,887	-6.3%	\$1,242	5.7%
Trade, Trnsp. & Utl.	42,324	-7.1%	\$948	9.1%
Information	1,283	-21.6%	\$1,398	19.8%
Financial Activities	7,502	-8.3%	\$1,409	10.5%
Prof. & Bus. Srv.	26,106	-4.7%	\$1,273	6.6%
Healthcare & Edu.	36,691	-5.1%	\$1,086	7.1%
Leisure & Hospitality	28,892	-32.8%	\$568	1.7%
Other Services	8,359	-17.2%	\$854	15.7%
Government	53,522	-3.2%	\$1,461	10.9%
Total	312,034	-8.9%	\$1,048	9.8%