

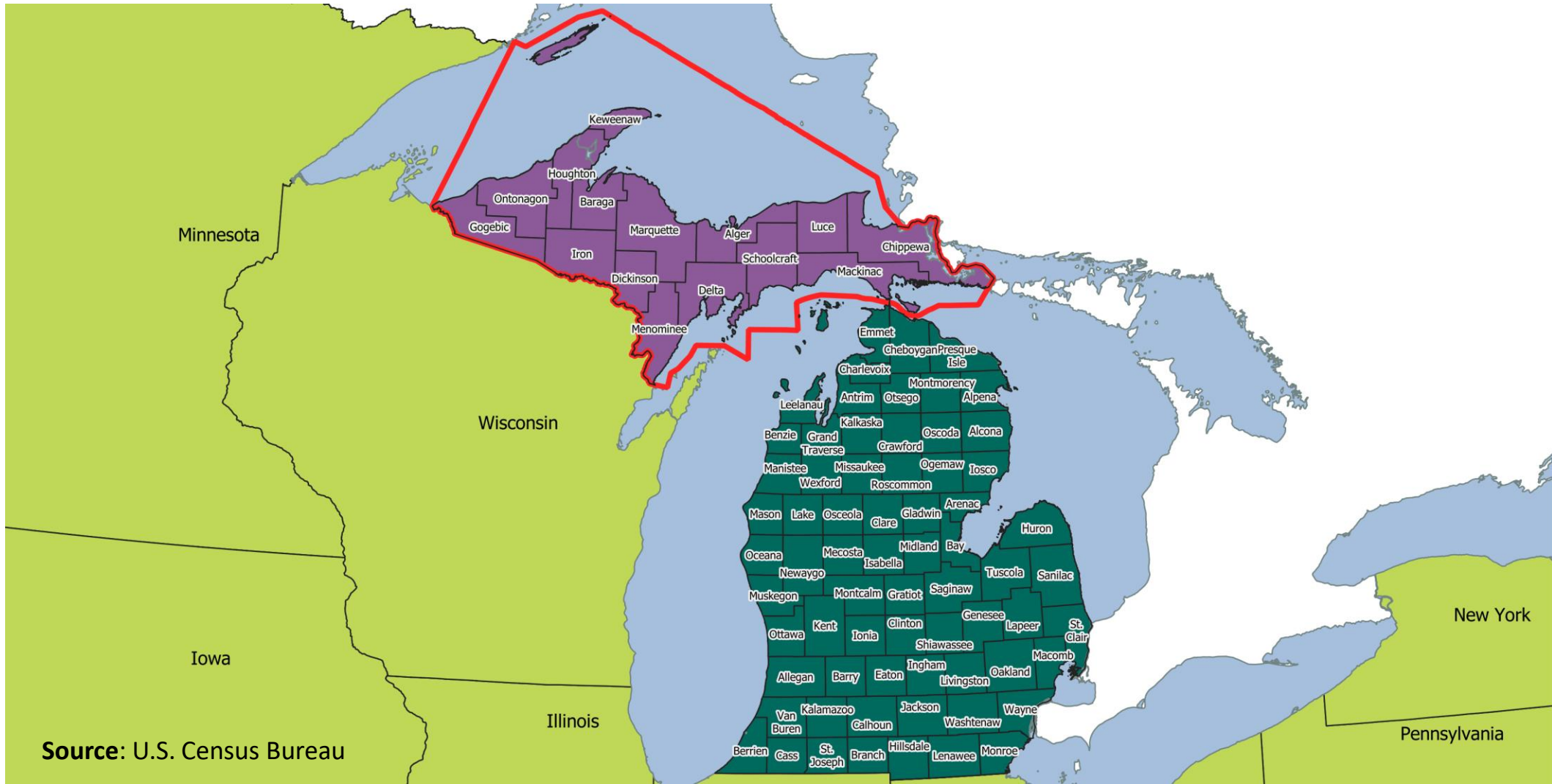
LABOR MARKET TRENDS IN THE MICHIGAN UPPER PENINSULA DURING THE PANDEMIC

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The U.P. represents 29 percent of Michigan's total land area and 3 percent of the state's population.



Source: U.S. Census Bureau

Today's Presentation

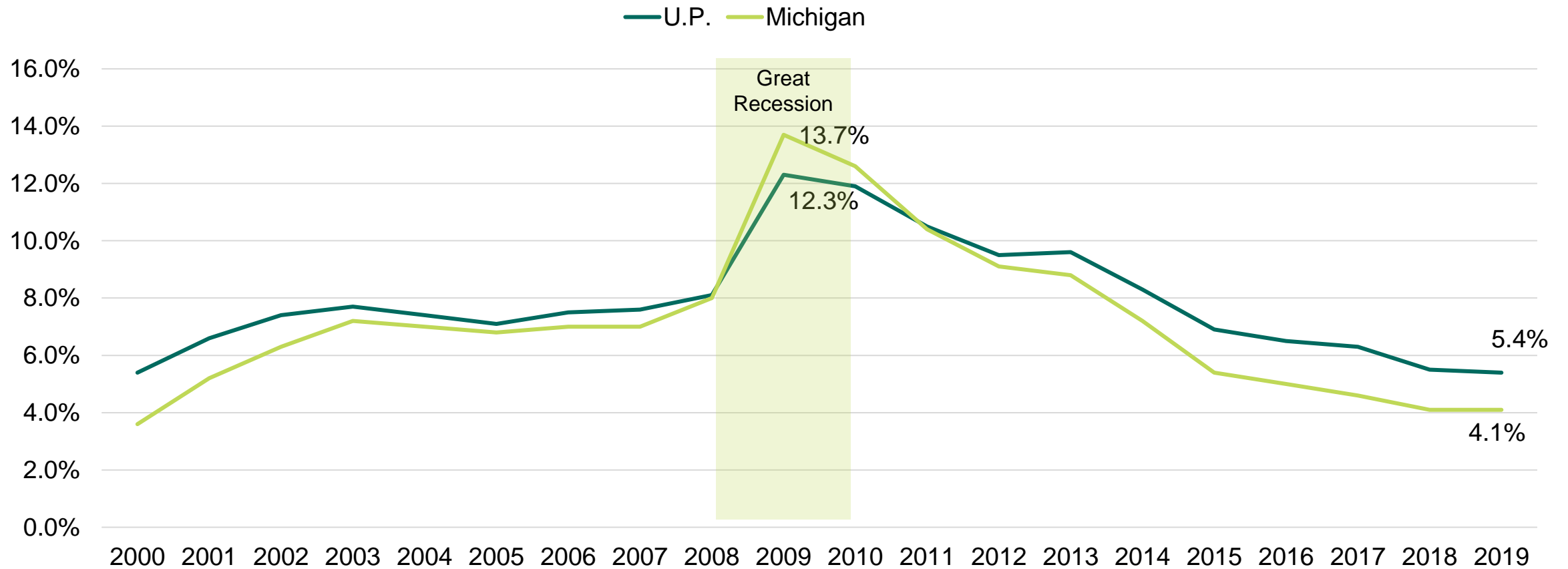
- Impact of the pandemic on the labor force, employment, and unemployment in the Michigan Upper Peninsula
- Impact of the pandemic on *Leisure and hospitality services*
- Impact of the pandemic by workforce demographics
- Presentation recap

IMPACT OF THE PANDEMIC

LABOR FORCE, EMPLOYMENT,

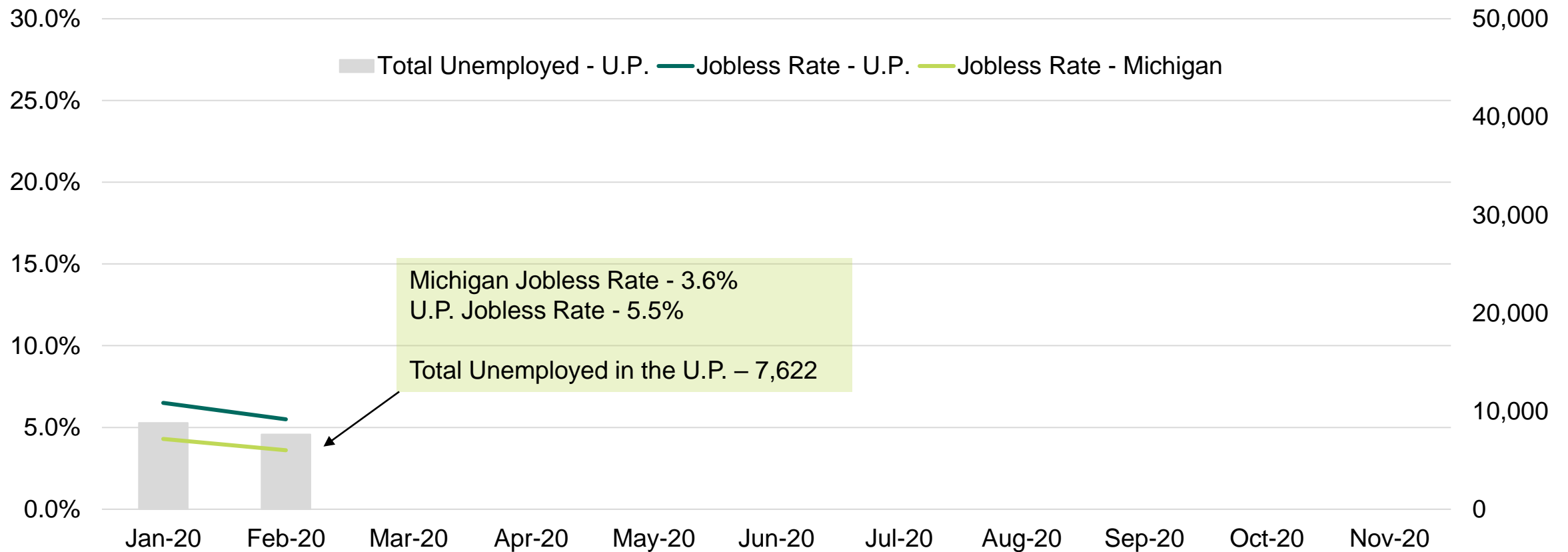
AND UNEMPLOYMENT

The U.P. jobless rate spiked considerably during the Great Recession but at lower levels than the state. By 2019, statewide and U.P. rates had recovered to comparable 2000 levels.



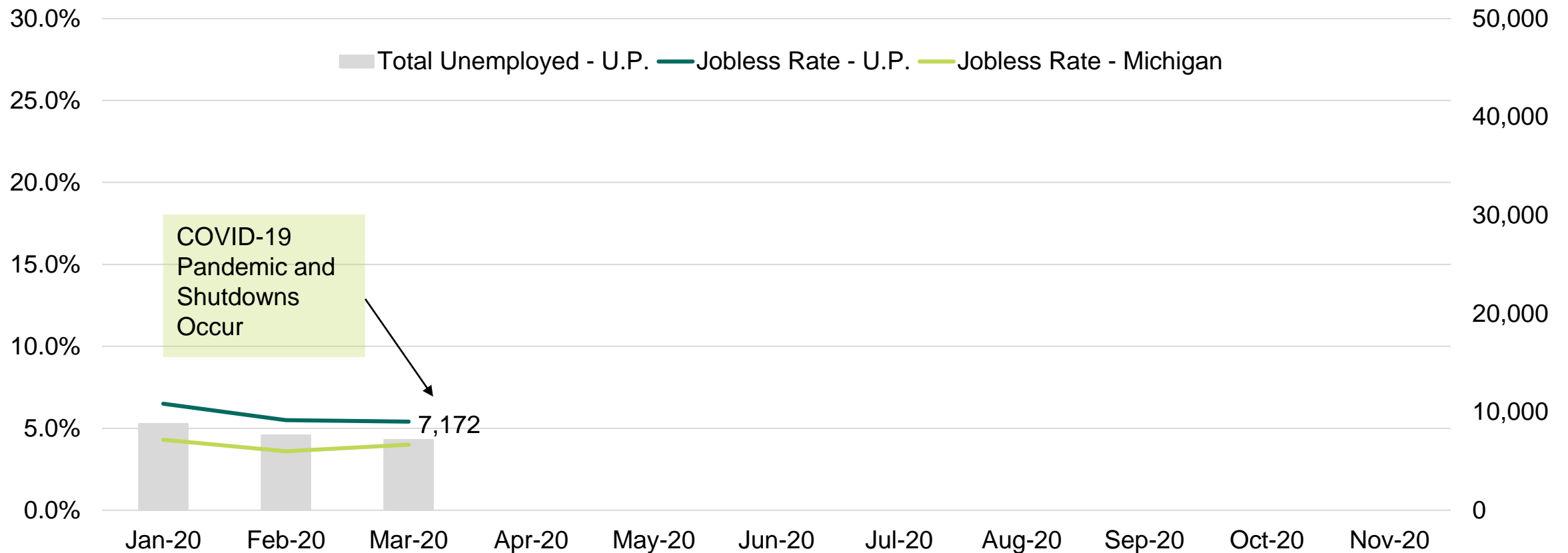
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

Entering 2020, the U.P. jobless rate was under 6 percent, while the rate statewide was below 4 percent; the total number of unemployed was just a little over 7,600 in the U.P.



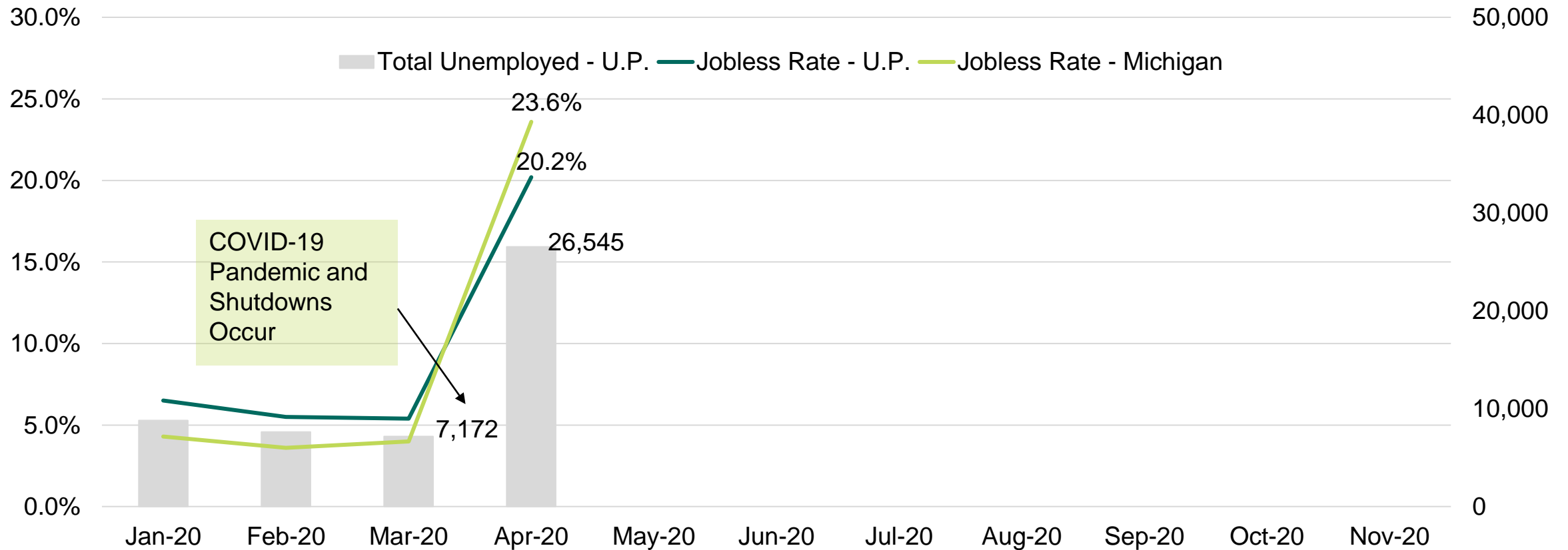
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

COVID-19 hit mid-March, and Michigan's response was swift, shutting down many areas of the economy to help slow the spread. However, the U.P.'s labor market was not affected until April.



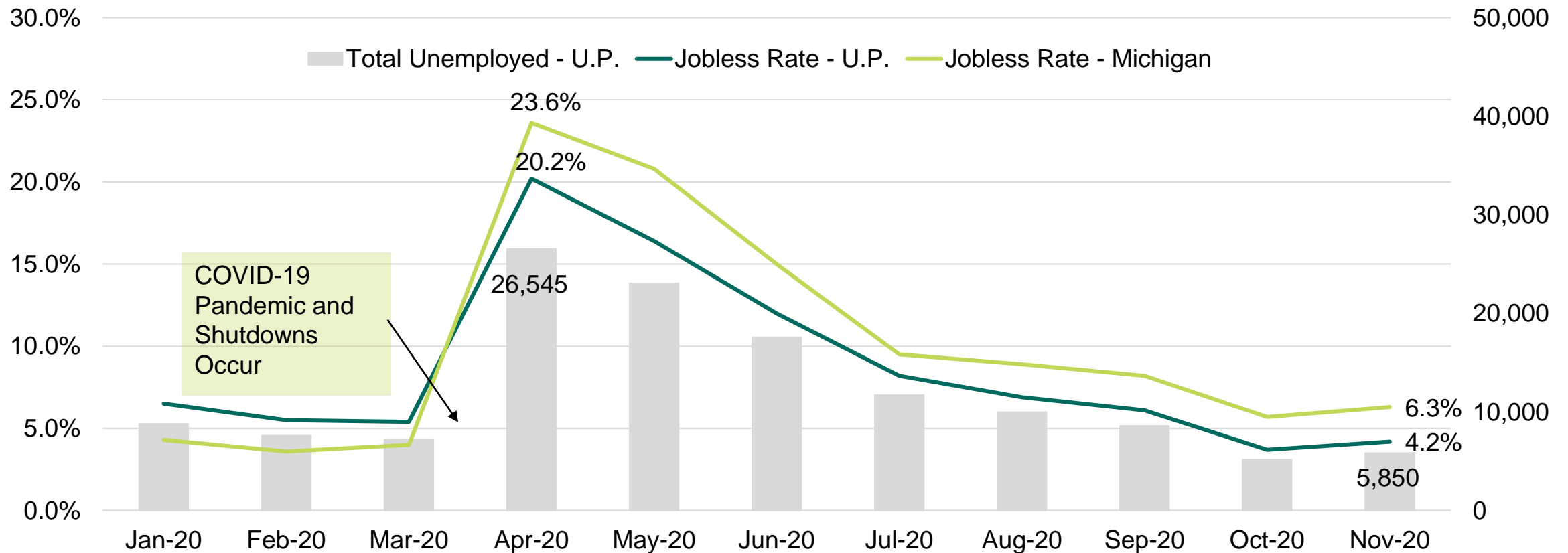
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

April is where the biggest impact in the data is evident. The number of unemployed in the U.P. were in the tens of thousands, and although it was below the statewide average, the jobless rate almost quadrupled.



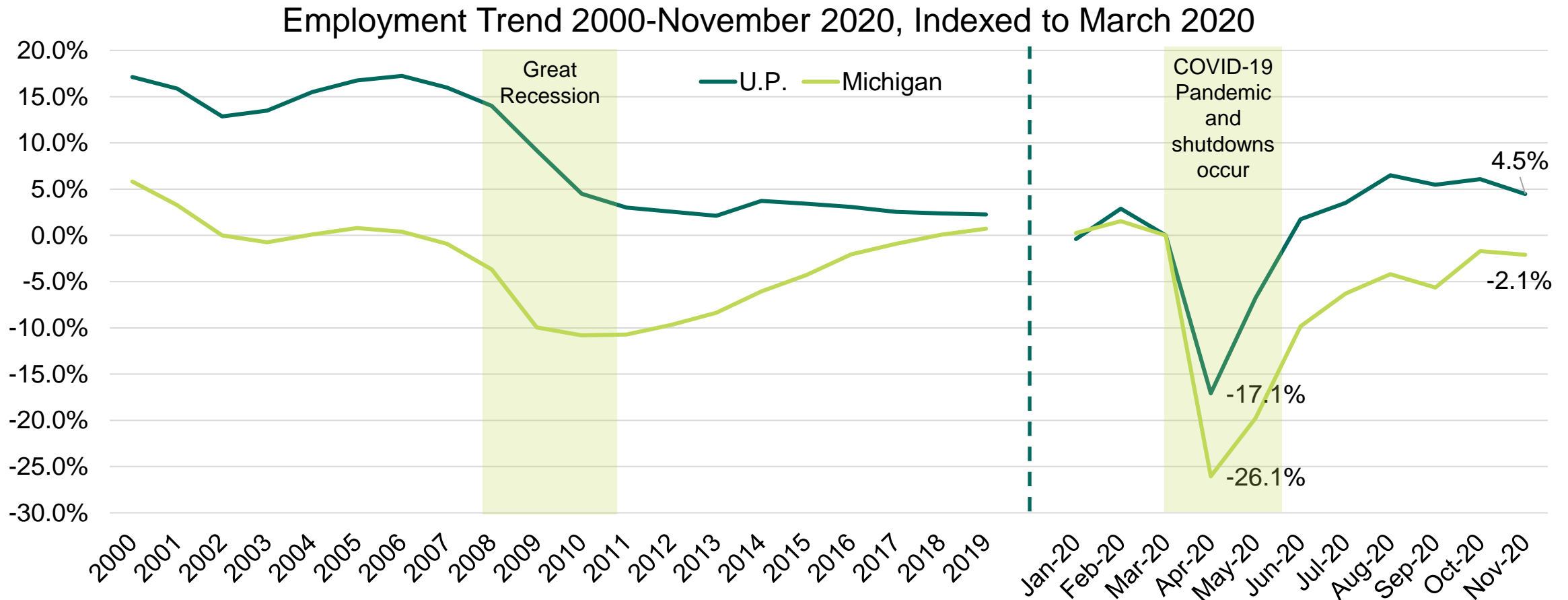
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

Following initial pandemic-related shocks, the jobless rate slowly reversed direction, and the number of unemployed dropped. By November, the unemployment rate in the U.P. was comparable to the pre-COVID February rate.



Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

Employment in the Michigan's U.P. has steadily declined since 2006. Employment losses during the pandemic shutdown in both Michigan and the U.P. were unprecedented. However, jobs quickly picked up in June and July as the economy slowly reopened.



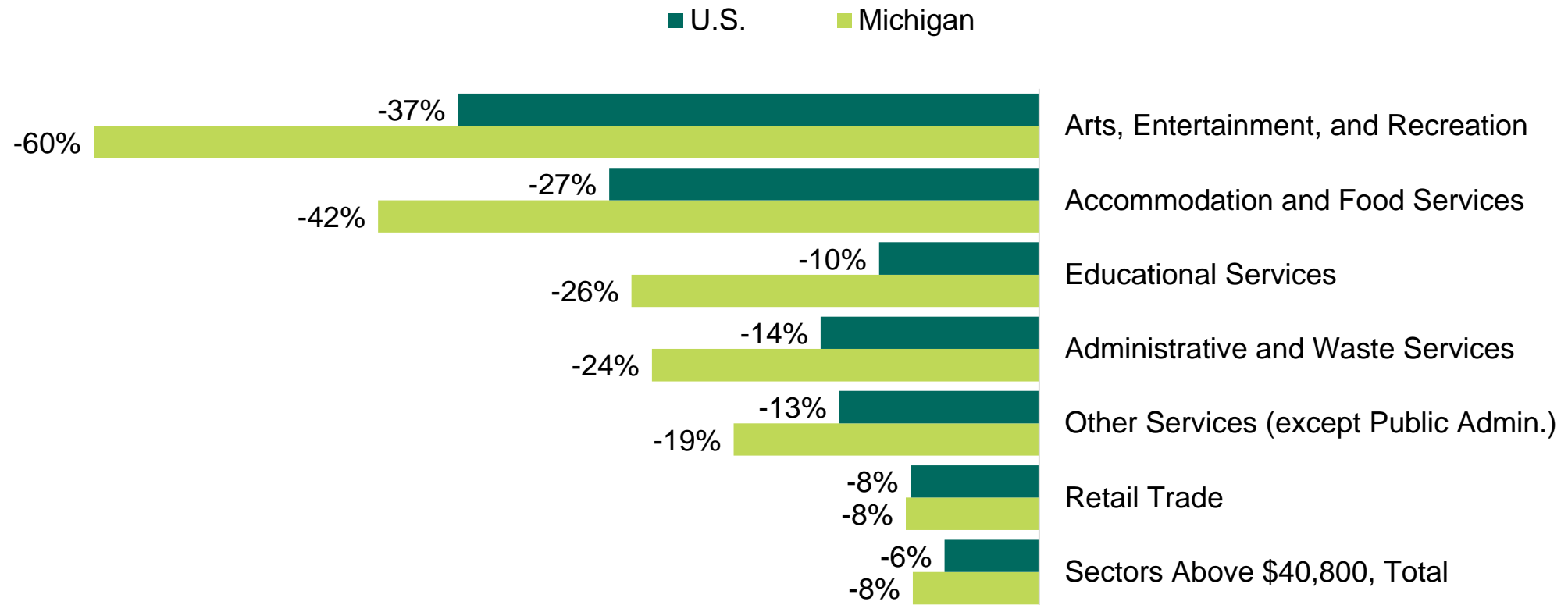
Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics

IMPACT OF THE PANDEMIC

LEISURE AND HOSPITALITY

Michigan job losses during the initial pandemic shutdown were concentrated in tourism-related industries of *Leisure and hospitality*. These are among the lowest-paying sectors in the state.

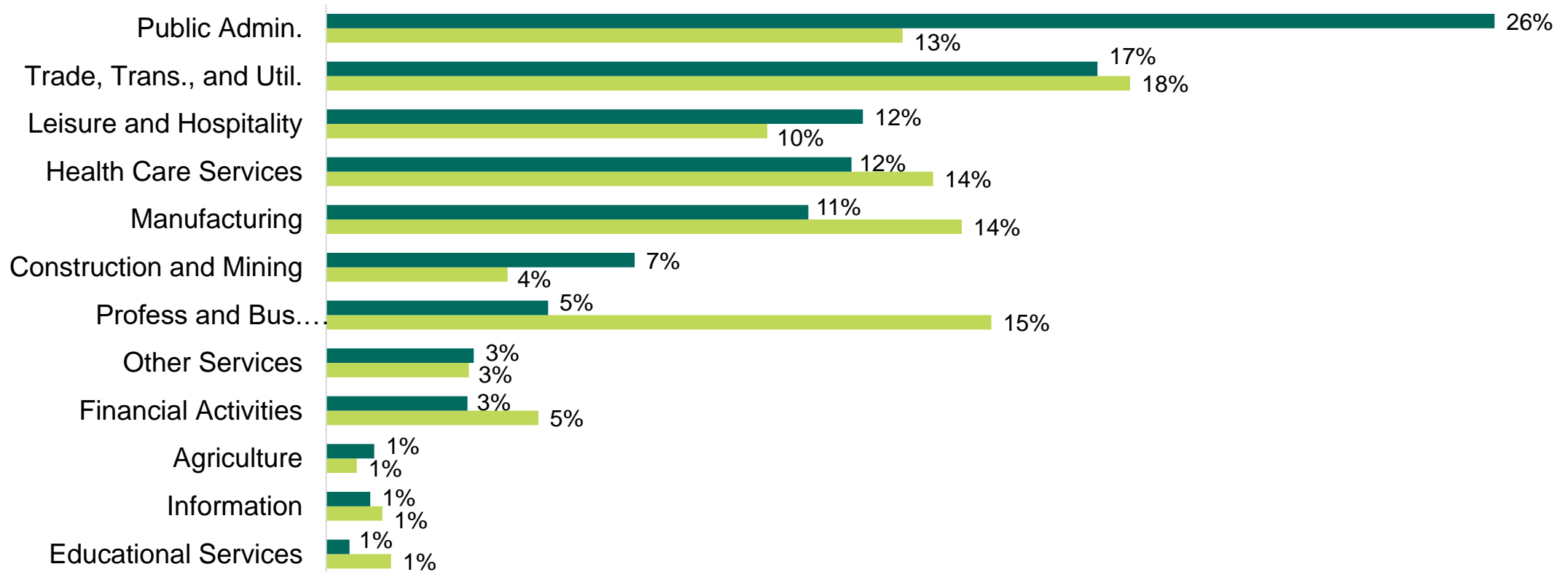
Percent Change in Jobs, February 2020 to June 2020



***Leisure and hospitality* is the third largest industry sector in the U.P. Jobs in this sector were among the hardest hit by the pandemic shutdown in Michigan.**

Payroll Jobs Distribution by Industry, 2019

■ U.P. ■ Michigan

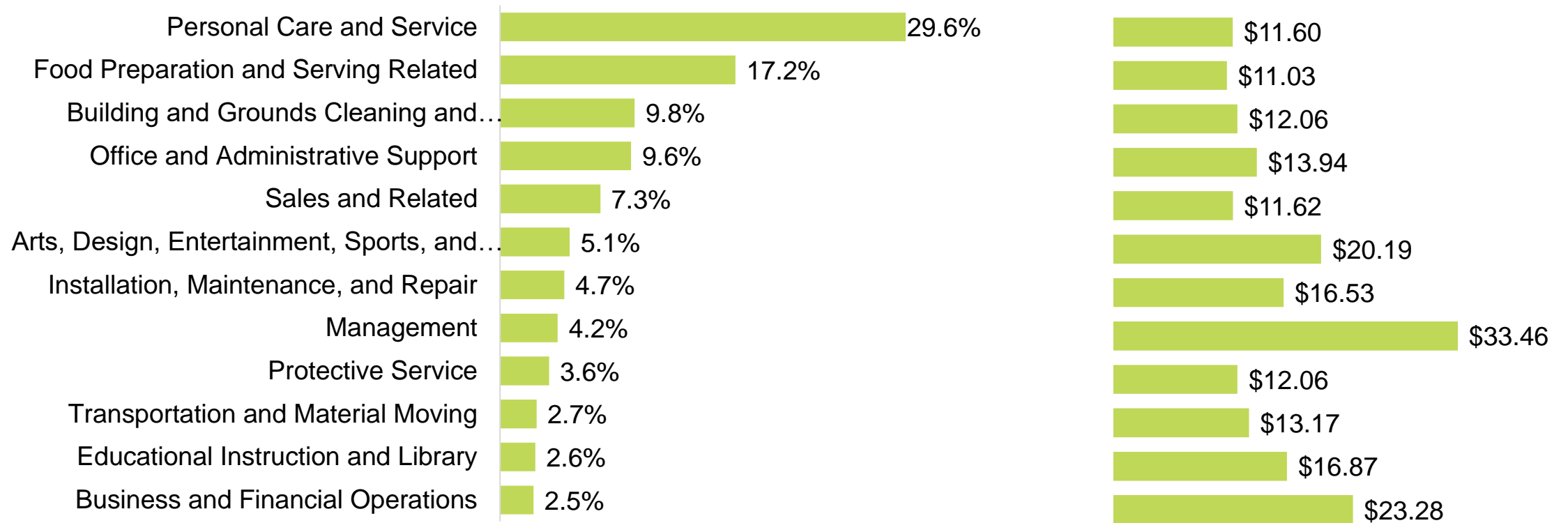


Source: Current Employment Statistics and Quarterly Census of Employment and Wages, U.S. Bureau of Labor Statistics

Most jobs in *Leisure and hospitality* require only a high school diploma or less and pay below average. As a result, most occupations in *Arts, amusement, and recreation* seen here pay less than the statewide median wage of \$18.60.

Employment Distribution for Arts, Amusement, and Recreation – 2019*

Median Hourly Wage - 2019

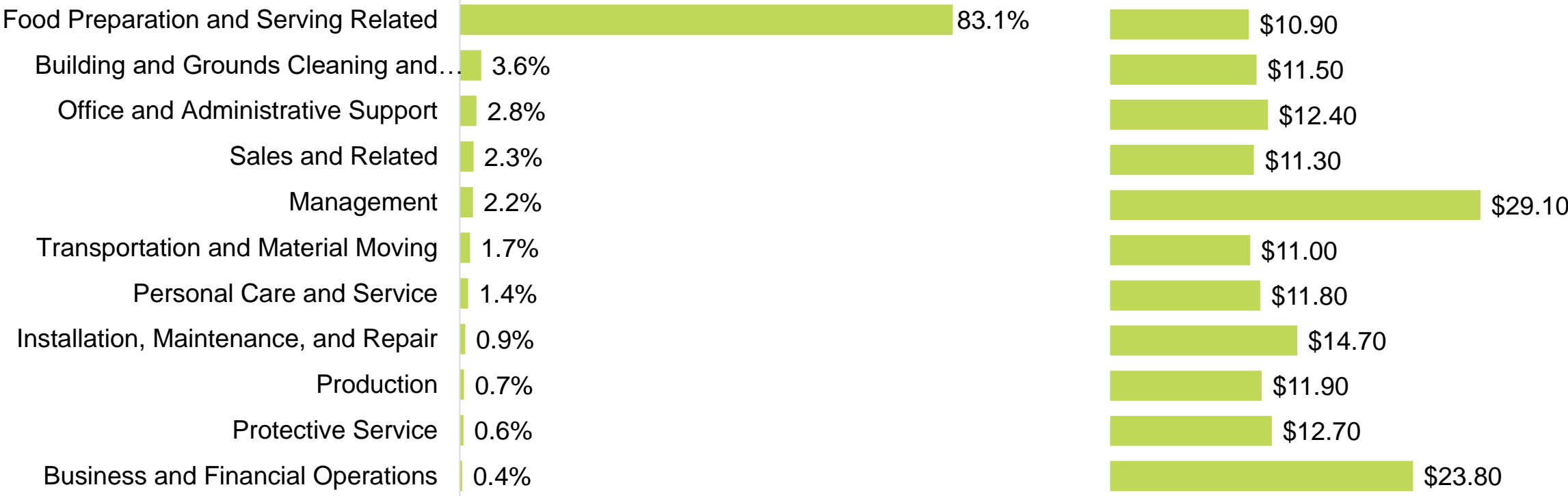


*Only occupational groups with 1,000 employees or more are shown

A little over 83 percent of individuals working in *Accommodation and food services* in Michigan were in *Food preparation and serving* occupations. Their pay was about \$8 below the statewide median wage of \$18.60 in 2019.

Employment Distribution for Accommodation and Food Services— 2019*

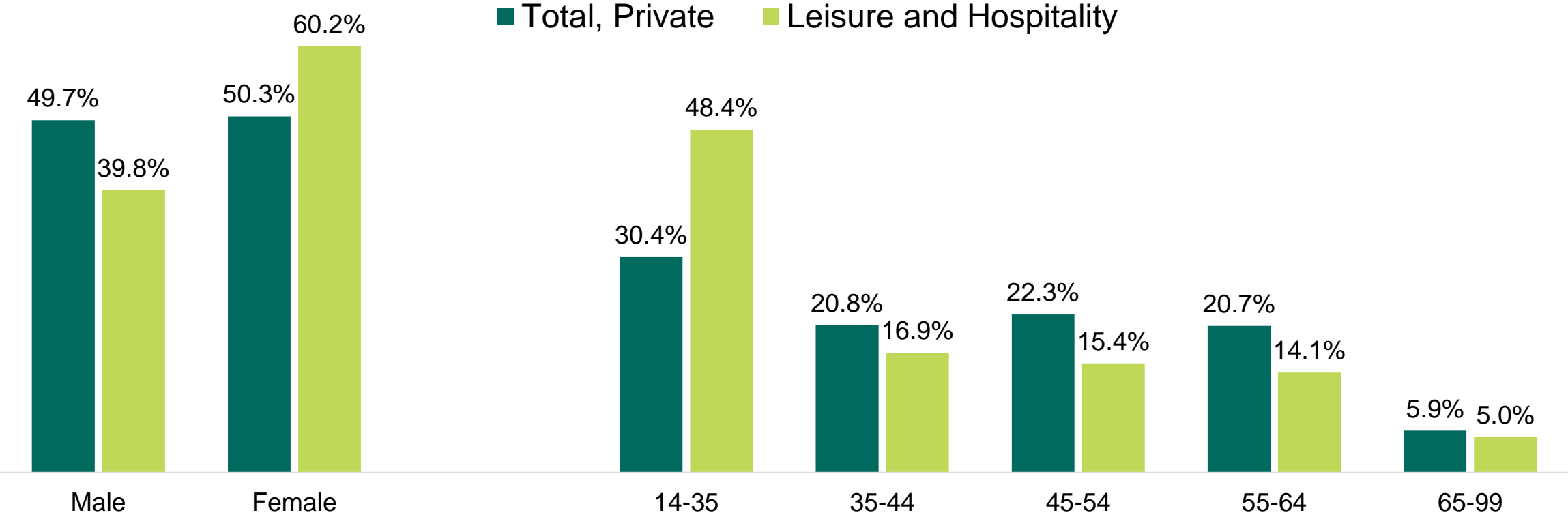
Median Hourly Wage - 2019



*Only occupational groups with 1,000 employees or more are shown

The workforce in *Leisure and hospitality* in the U.P. is disproportionately female and young, implying that these are the demographic groups hardest hit by the pandemic shutdown.

Distribution of U.P. Leisure and Hospitality Workers by Age and Gender



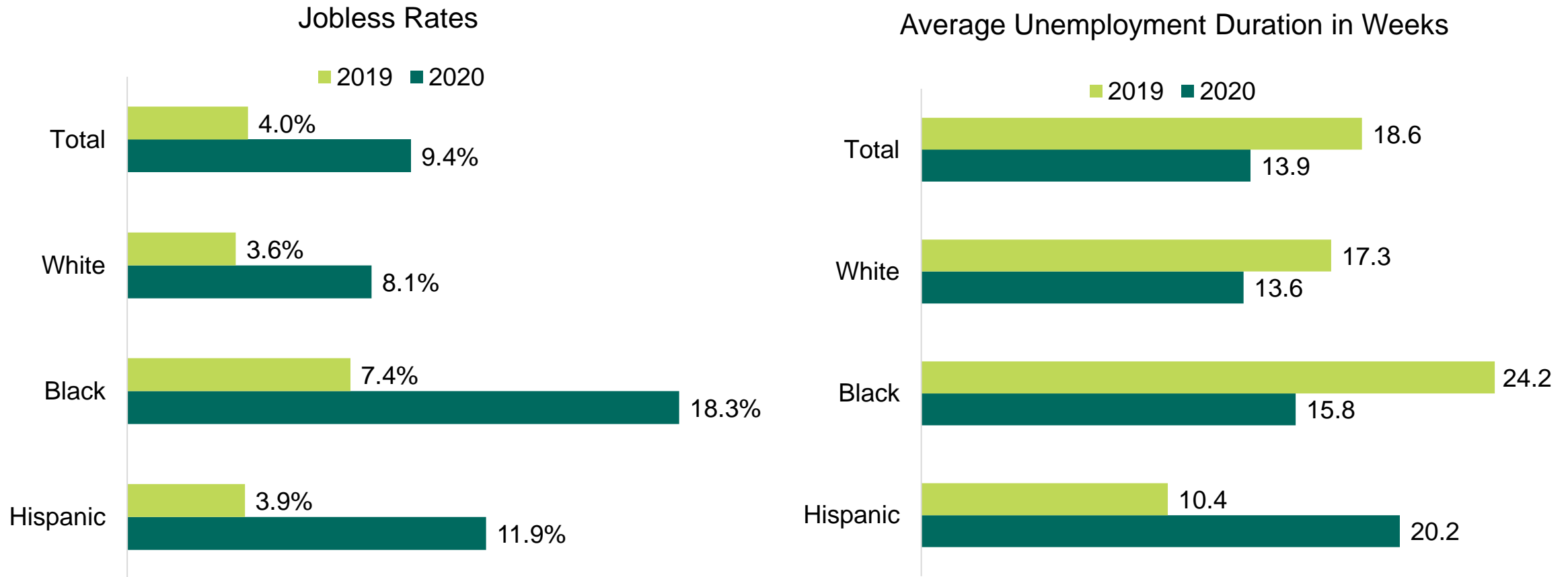
Source: Quarterly Workforce Indicators, Local Employment Household Dynamics (LEHD), U.S. Census Bureau

IMPACT OF THE PANDEMIC

WORKFORCE CHARACTERISTICS

IN MICHIGAN

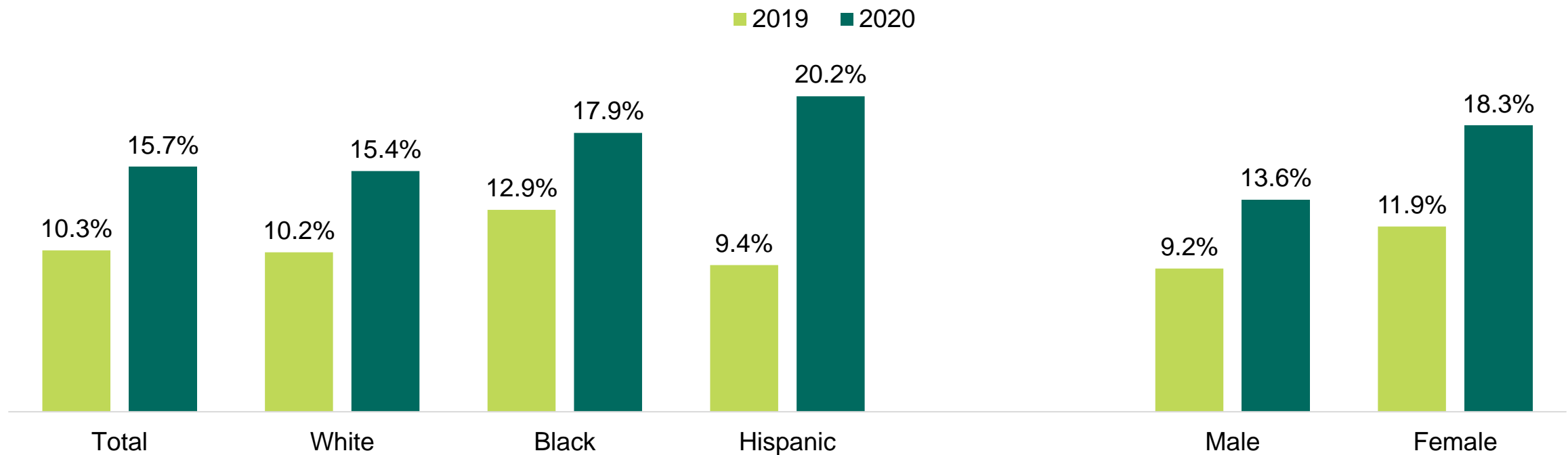
Jobless rates and average length of unemployment duration varies by race and ethnicity. Jobless rates for all groups have more than doubled over the year. However, the average length of unemployment duration has shortened, partially due to recalls of workers starting in May.



Source: Current Population Survey; 12-Month DEMECON December 2018-November 2019 and December 2019-November 2020; U.S. Bureau of Labor Statistics

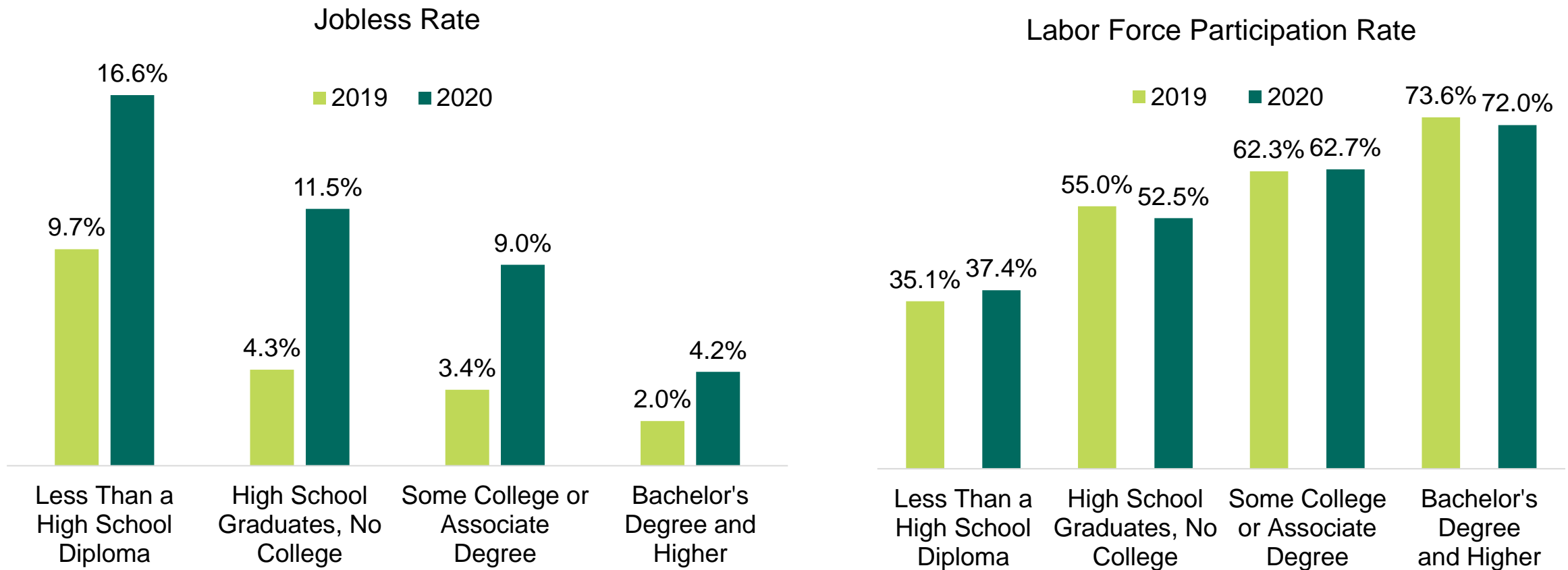
Individuals who usually work full-time across these same groups are more likely to be working part-time or not working at all currently. Similarly, Michigan women are feeling this effect as well.

Share of Typical Full-Time Workers Currently Working Part-Time or Not at Work



Source: Current Population Survey; 12-Month DEMECON December 2018-November 2019 and December 2019-November 2020; U.S. Bureau of Labor Statistics

Jobless rates have more than doubled over the year for individuals in every educational group due to the pandemic shutdown. Labor participation declined for people with a high school diploma and for those with a bachelor's degree or higher.



Source: Current Population Survey; 12-Month DEMECON December 2018-November 2019 and December 2019-November 2020; U.S. Bureau of Labor Statistics

Like the state, the Michigan Upper Peninsula labor market was severely impacted by the pandemic shutdown which occurred in April 2020.

- Jobless rates in Michigan's Upper Peninsula are typically higher than the statewide average. However, recent economic shocks were softer on the U.P. than the state overall because the area depends less on *Manufacturing*.
- During the pandemic shutdown in April, employment in the U.P. fell by 17 percent compared to a 26 percent drop statewide. Unemployment quadrupled.
- Tourism-related industries in *Leisure and hospitality* were hardest hit by the shutdown. These industries are highly seasonal in the U.P. and peak in the summer.

Like the state, the Michigan Upper Peninsula labor market was severely impacted by the pandemic shutdown which occurred in April 2020.

- As a result, it is no surprise that employment recovered quicker in the U.P. than statewide as the economy slowly reopened.
- Women and younger workers are more likely to have been affected by the pandemic layoffs in the U.P. as they command a disproportional share of the *Leisure and hospitality* workforce in the area.
- There are more people today (who typically hold full-time jobs) who are either working part-time or not working at all due to the pandemic.

Thank you!



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