

# Growing the Labor Force in the Post-COVID Era



## Indiana Family Impact Seminars

*A project of the Indiana Consortium of Family Organizations*

Center for Families, Purdue University

Department of Early Childhood, Youth, and Family Studies, Ball State University

Indiana Association for Marriage and Family Therapy

Indiana Clinical and Translational Sciences Institute

Indiana Extension Homemakers Association

Indiana Youth Institute

Health and Human Sciences Extension, Purdue University

National Association of Social Workers – Indiana Chapter

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## Family Impact Seminars

Family Impact Seminars have been well received by federal policymakers in Washington, DC, and Indiana is one of several states to sponsor such seminars for state policymakers. Family Impact Seminars provide state-of-the-art research on current family issues for state legislators and their aides, Governor’s Office staff, state agency representatives, educators, and service providers. One of the best ways to help individuals is by strengthening their families. The Family Impact Seminars speakers analyze the consequences an issue, policy or program may have for families. The seminars provide objective, nonpartisan information on current issues and do not lobby for particular policies. Seminar participants discuss policy options and identify common ground where it exists.

*Growing the Labor Force in the Post-COVID Era* is the twenty-fourth seminar in a continuing series design to bring a family focus to policy making. The seminar focused on the changing the shape of the American labor force during the pandemic. The topic was chosen by a bipartisan committee of legislators, representing the very audience the seminars are intended to inform.

### Seminar Speakers

<p>Timothy Bond, PhD Associate Professor of Economics, Purdue Research Center in Economics, Purdue University</p> <p>Christina Weiland, PhD Co-director, Education Policy Initiative; Associate Professor of Education; Associate Professor of Public Policy, University of Michigan</p>	<p>Erica Greenberg, PhD Senior Research Associate, Center on Education Data and Policy, The Urban Institute</p>
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### Seminar Legislative Advisory Committee

<p>Senator Veneta Becker Senator Jean Breaux Representative Tony Cook Representative Dale DeVon Senator Jon Ford Senator Erin Houchin Representative Sheila Klinker</p>	<p>Senator Dennis Kruse Senator Jean Leising Senator Fady Qaddoura Representative Vanessa Summers Representative Jeff Thompson Representative Ann Vermilion Senator Shelli Yoder</p>
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### The Indiana Seminars are a project of the Indiana Consortium of Family Organizations, which includes

<p>Center for Families, Purdue University Department of Early Childhood, Youth, and Family Studies, Ball State University Indiana Association for Marriage and Family Therapy Indiana Clinical and Translational Sciences Institute</p>	<p>Indiana Extension Homemakers Association Indiana Youth Institute Health and Human Sciences Extension, Purdue University National Association of Social Workers – Indiana Chapter</p>
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## Issue Overview

Between February 2020 and April 2021, the United States saw a record decline in labor force participation due to the COVID-19 pandemic, with unemployment rates rising sharply from 4.4% in March 2020 to 14.7% in April<sup>1</sup>. Although Indiana managed better than the rest of the U.S. during this period, the state also saw a major fall in employment with approximately 60,000 workers dropping out of the labor force in early 2020<sup>2</sup>. This sudden economic downturn was followed by a rapid recovery in late summer 2020; however, returns to the workforce were uneven, particularly across gender, race, and income lines<sup>3,4</sup>.

Data indicate that the early stages of the pandemic saw sharp declines in female-dominated industries such as hospitality and leisure, and education and health services, with women making up 57% and 82%, respectively, of the jobs lost in these industries during March-April 2020<sup>5</sup>. Although most of these jobs have since been recovered, Chetty and colleagues document that employment rates remain significantly lower for low-wage workers<sup>6</sup>. Where many higher-income jobs could more easily transition to remote work environments, a majority of low-income positions tend to rely on face-to-face interactions between workers and customers. In Indiana specifically, employment rates among workers in the lowest wage quartile decreased by 18% as of August 2021 compared to January 2020<sup>6</sup>. Women, and particularly women of color, are disproportionately represented in these low-wage jobs that represent the hardest-hit sectors during the pandemic<sup>4,7</sup>. Additionally, mothers of young children experienced the largest drop in labor force participation during the pandemic (with a 3.2 percentage point reduction in employment for mothers with children under 6 years of age) compared with other adults, including fathers<sup>8</sup>. Although school closures were initially thought to be the primary reason for mothers' slow return to the workforce, their labor force participation rates did not return to pre-pandemic levels despite schools reopening. This could be because mothers continue to face increased childcare responsibilities due to the reduced capacity of daycare centers, the switch to virtual learning, and uncertainty of childcare provision (due to frequent exposures to the virus and subsequent quarantining) in schools<sup>4</sup>.

Based on the 14<sup>th</sup> annual employer workforce survey, the Indiana Chamber of Commerce identified insufficient childcare as one of the primary reasons for Indiana's slow workforce recovery<sup>9</sup>. The pandemic has worsened existing shortages in the availability of and access to childcare for working mothers. Researchers have noted that fewer days of in-person instruction at elementary schools were associated with a lower likelihood of mothers' employment during the pandemic<sup>10</sup>, a trend that has not slowed following the labor force recovery<sup>11</sup>. Additionally, staffing challenges at schools and childcare centers have continued into the current stages of the pandemic<sup>12</sup>, which has furthered slow returns to the workforce for parents. With more than 500,000 children below the age of 5 in Indiana coupled with a loss of 9% of the early childhood education workforce (ECE) by May 2020<sup>1</sup>, working parents of young children in Indiana continue to face substantial barriers to re-entering the workforce during the pandemic. Looking ahead, evidence-based recommendations to improve Indiana's workforce recovery include prioritizing in-person schools, expanding publicly funded ECE options, and investing in systematic data collection on the ECE workforce across sectors. The 2021 Indiana Family Impact Seminar, offered by the Indiana Consortium of Family Organizations (COFO), used recent evidence to discuss several possible reasons for the slow and uneven labor force recovery during the latter stages of the pandemic, with a particular focus on COVID-19's impact on childcare and the ECE workforce. The seminar concluded by offering evidence-informed policy and programming solutions that can accelerate Indiana's labor force recovery in the coming months.

## References

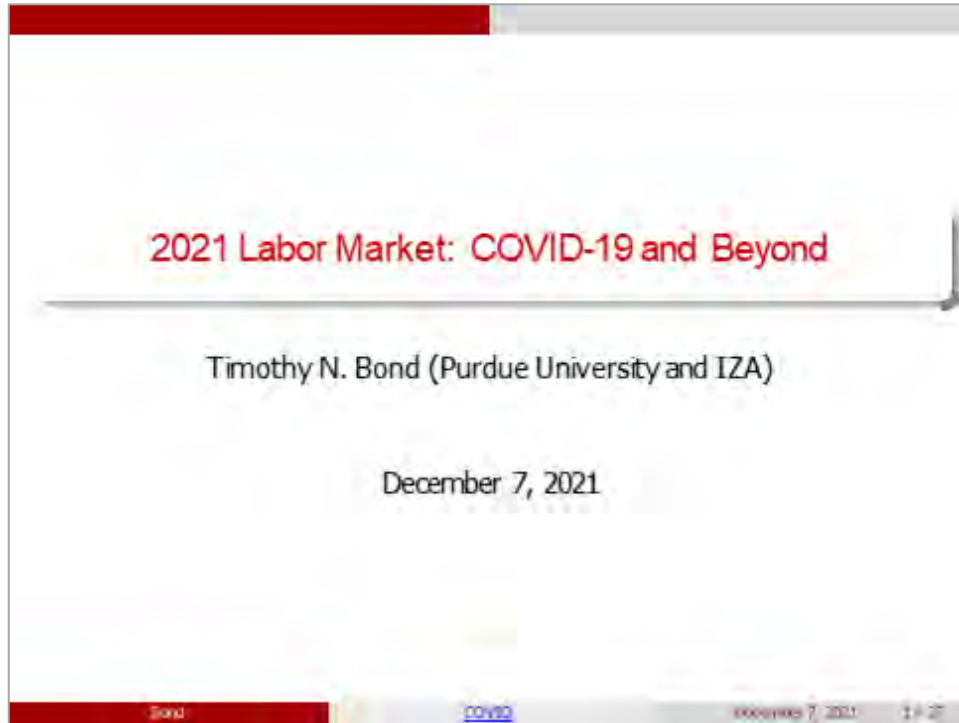
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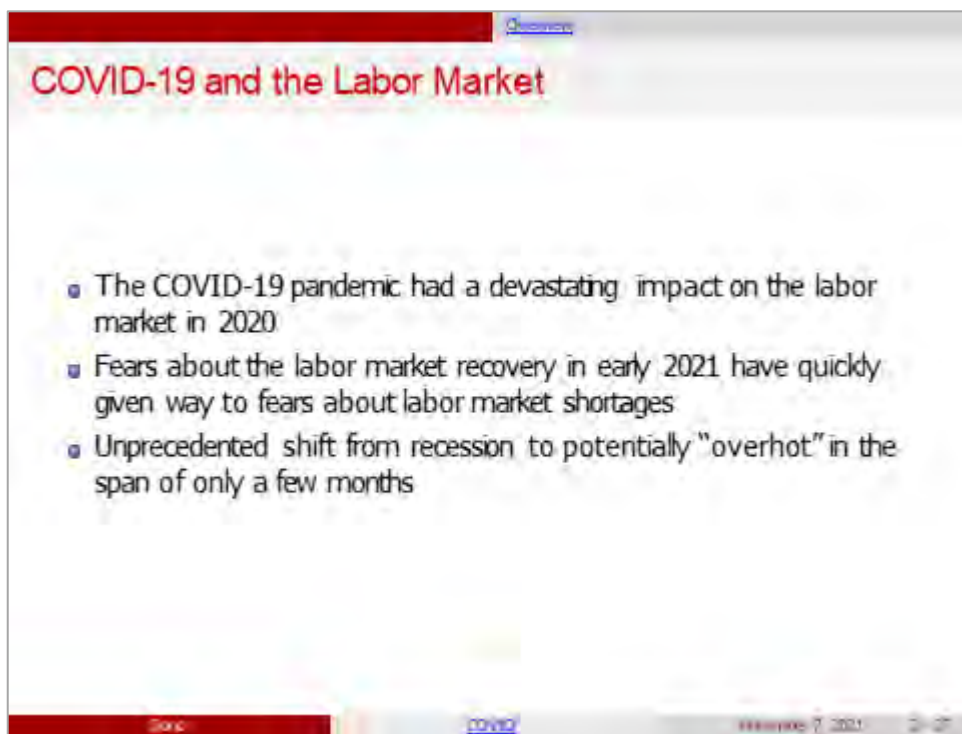
## Appendix: Seminar Presentations

### Growing the Labor Force in the Post-COVID Era

Timothy Bond, PhD

Associate Professor of Economics, Purdue Research Center in Economics, Purdue University



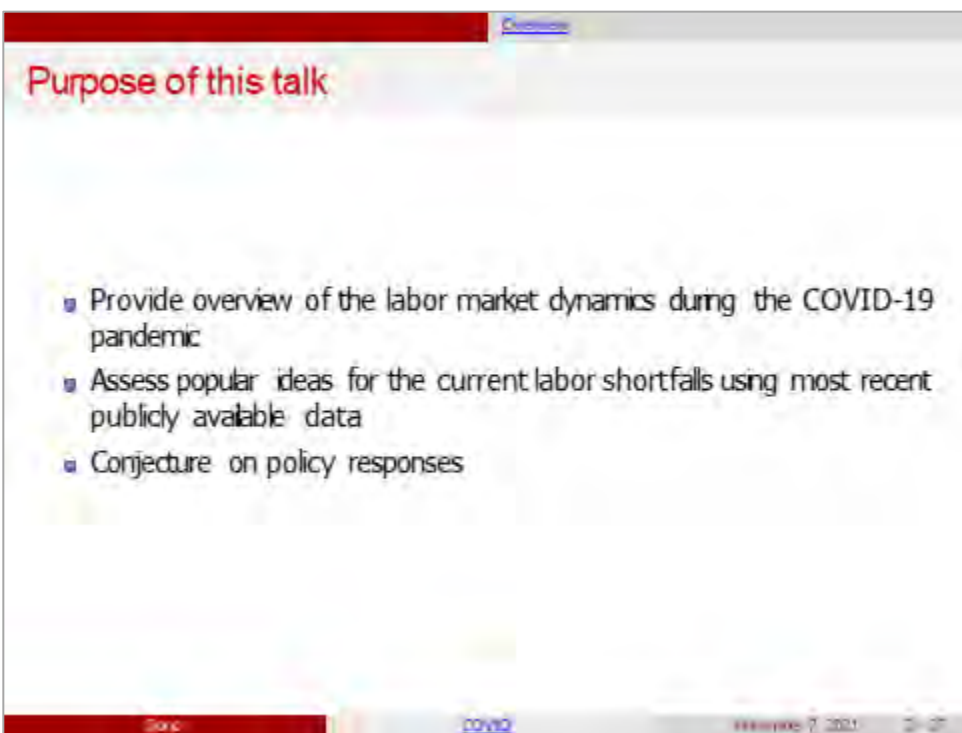


[Overview](#)

## COVID-19 and the Labor Market

- The COVID-19 pandemic had a devastating impact on the labor market in 2020
- Fears about the labor market recovery in early 2021 have quickly given way to fears about labor market shortages
- Unprecedented shift from recession to potentially “overhot” in the span of only a few months

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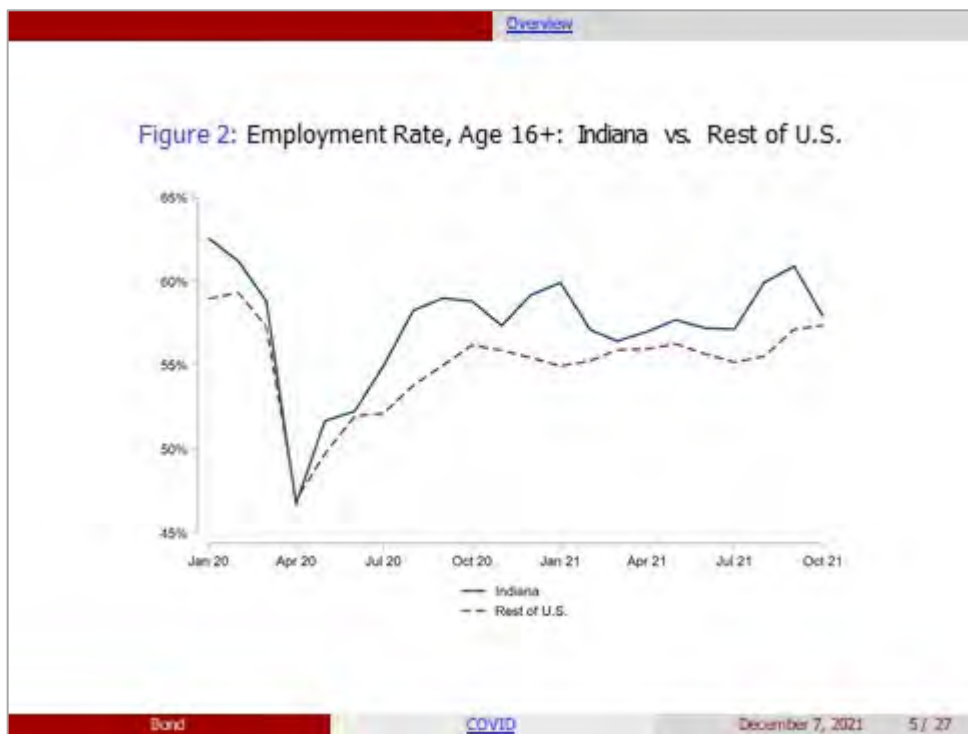
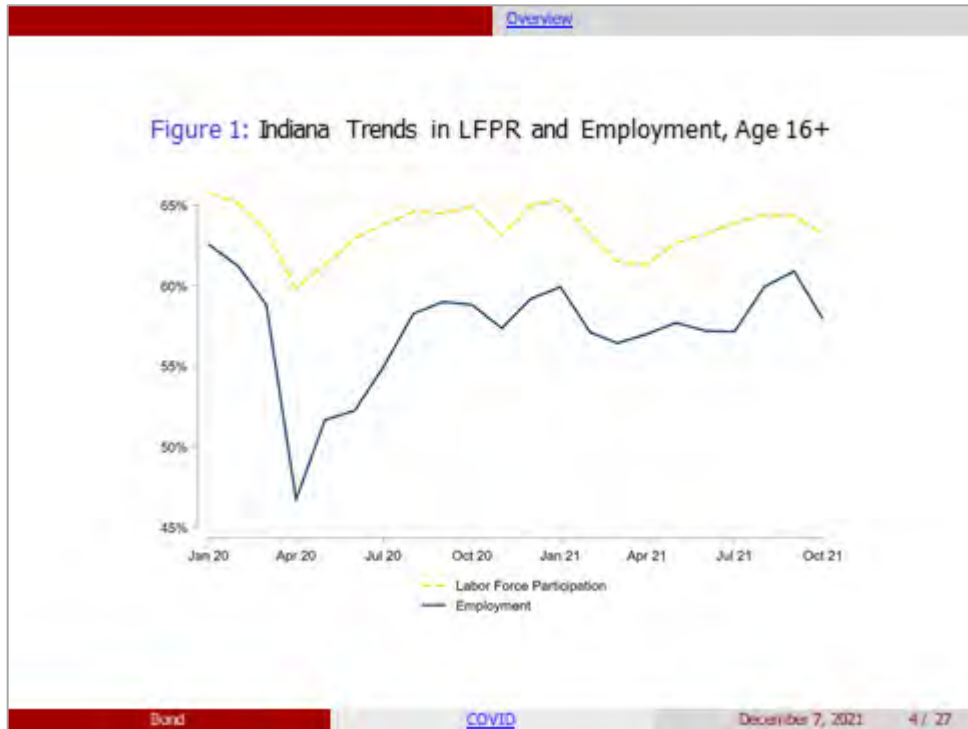


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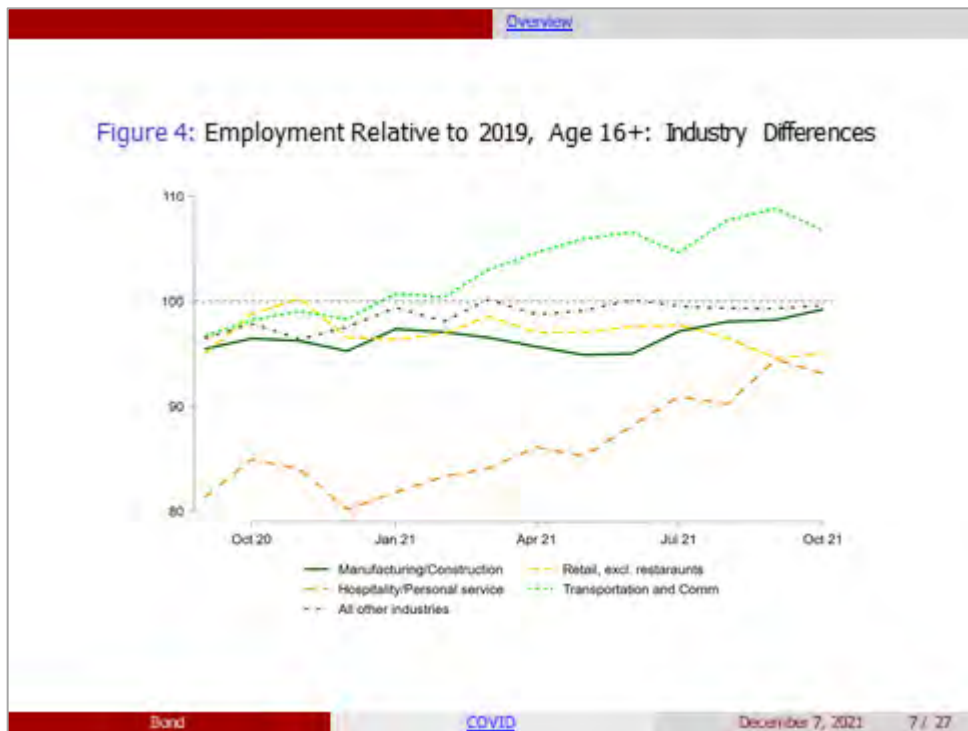
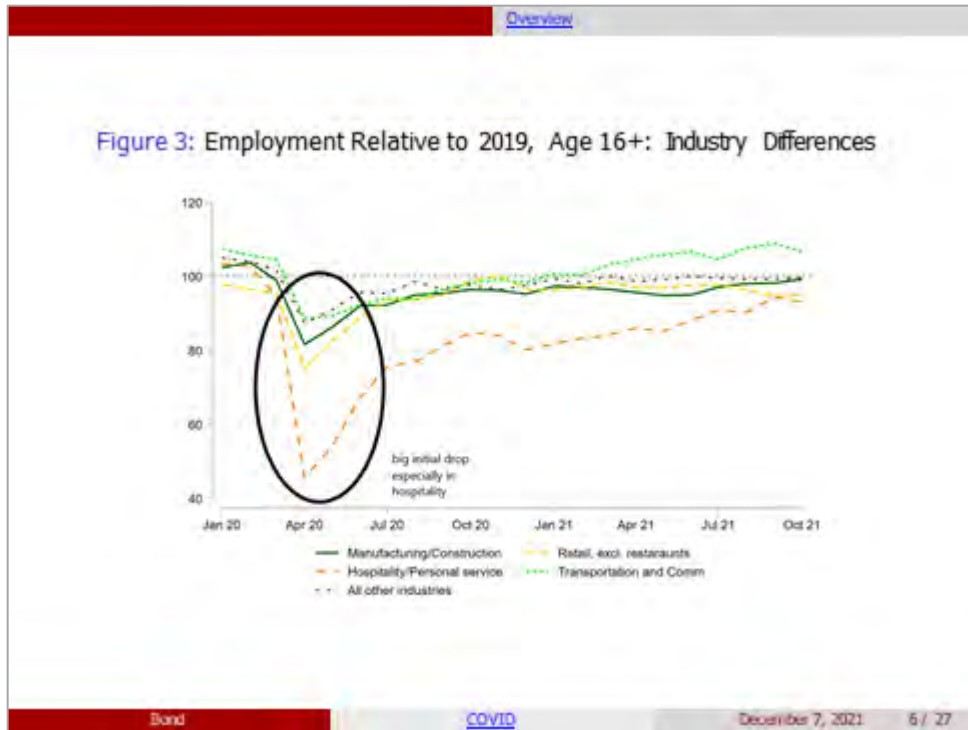
## Purpose of this talk

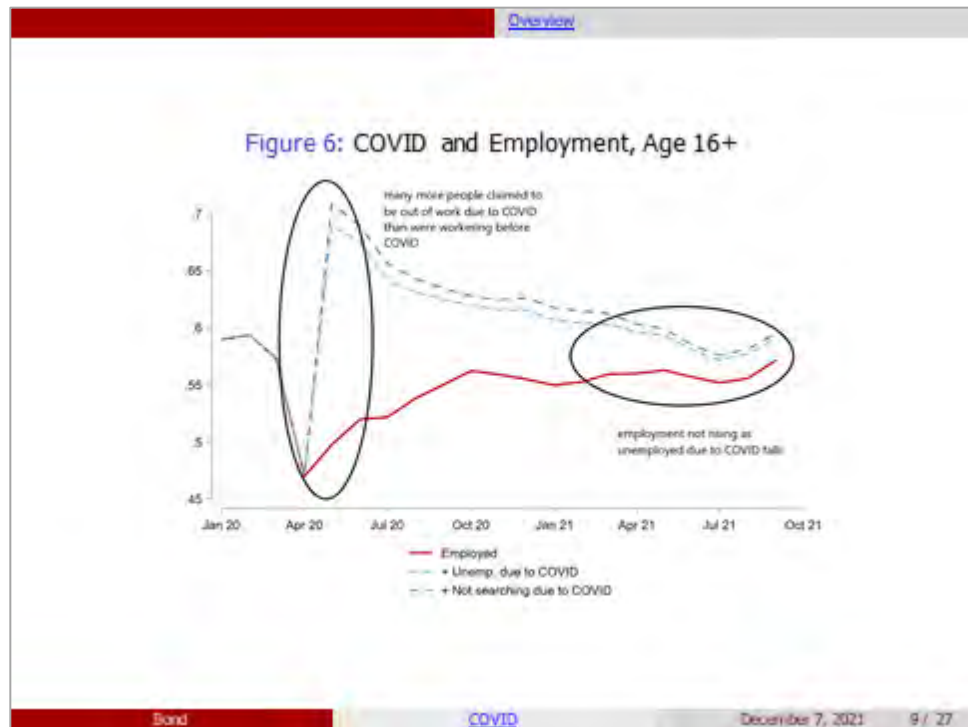
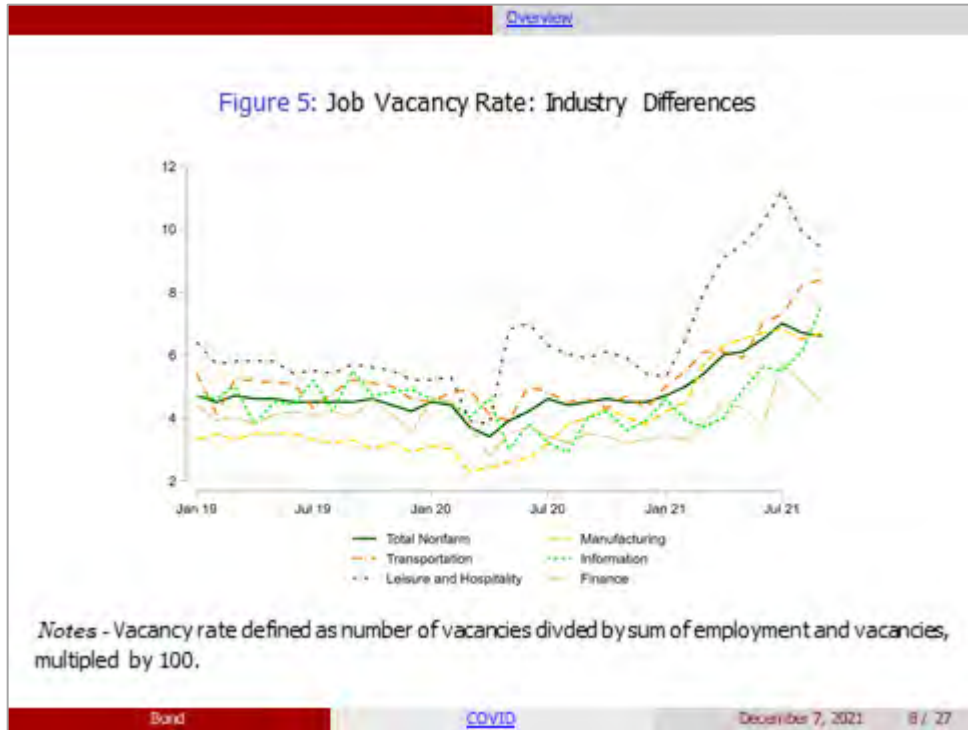
- Provide overview of the labor market dynamics during the COVID-19 pandemic
- Assess popular ideas for the current labor shortfalls using most recent publicly available data
- Conjecture on policy responses

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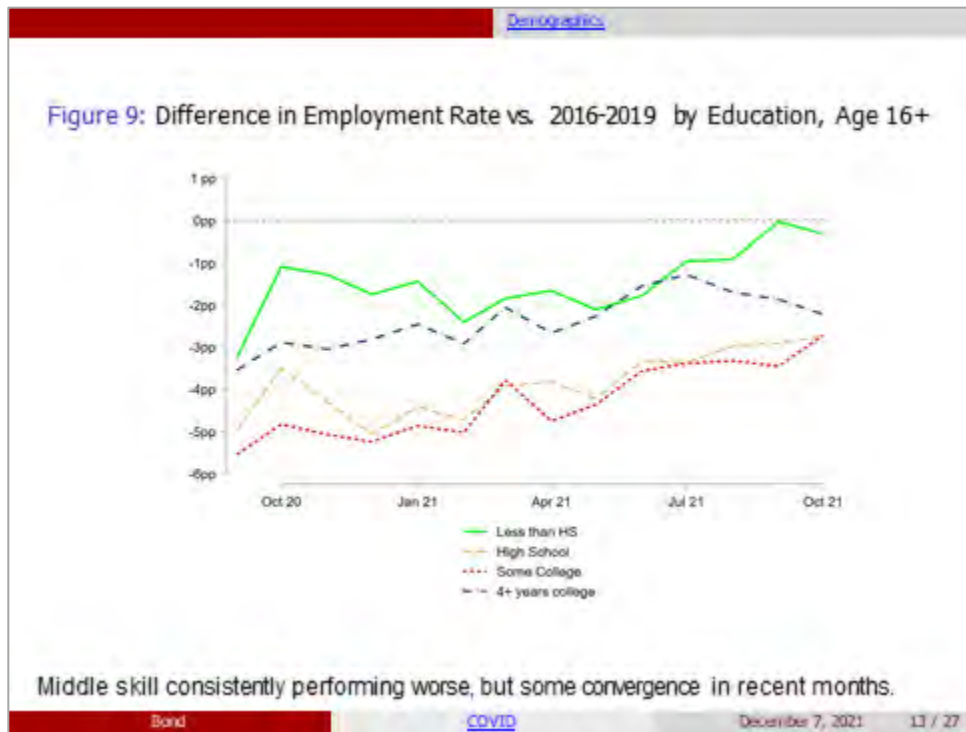
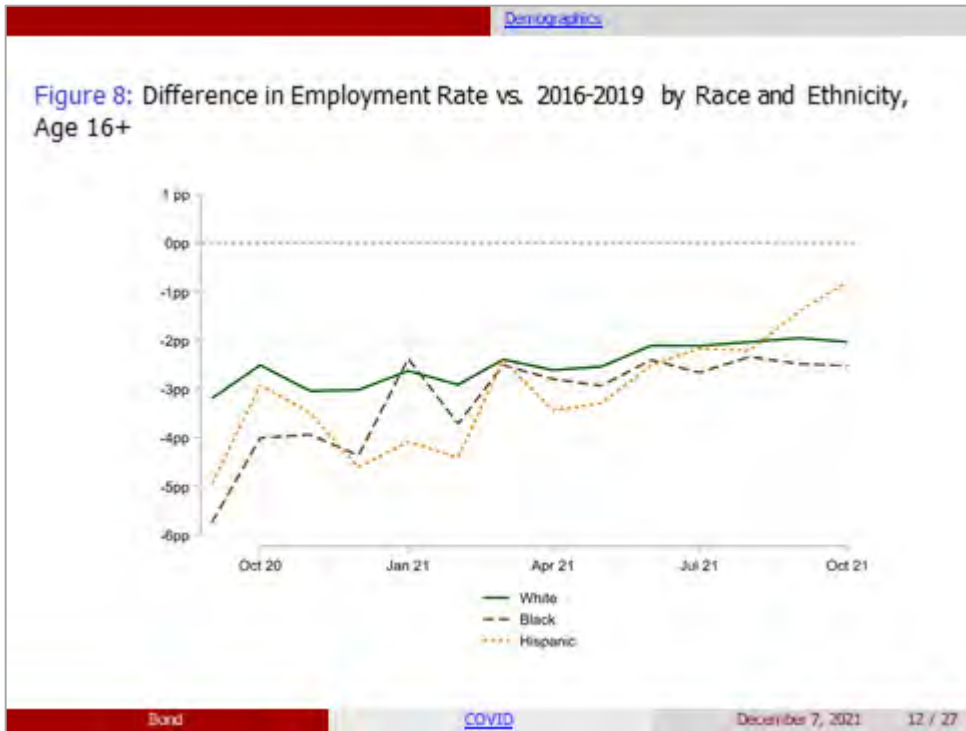
[Overview](#)

## Summary

- Sharp drop in employment throughout the United States in March/April 2020
- Rapid but incomplete recovery over Summer of 2020
- Recent employment growth has almost returned to 2019 levels
- Indiana has outperformed rest of U.S.
- Roughly 2% of population out of work due to COVID, may be lying
- Hospitality and restaurants fared, but steadily recovering

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[Demographics](#)

## Demographics

- Small disparity in favor of women, but men have caught up
- Minorities saw worse initial outcomes, but gaps have mostly closed
- Middle skill workers were most hurt, but recent months have led to convergence in recovery across skill

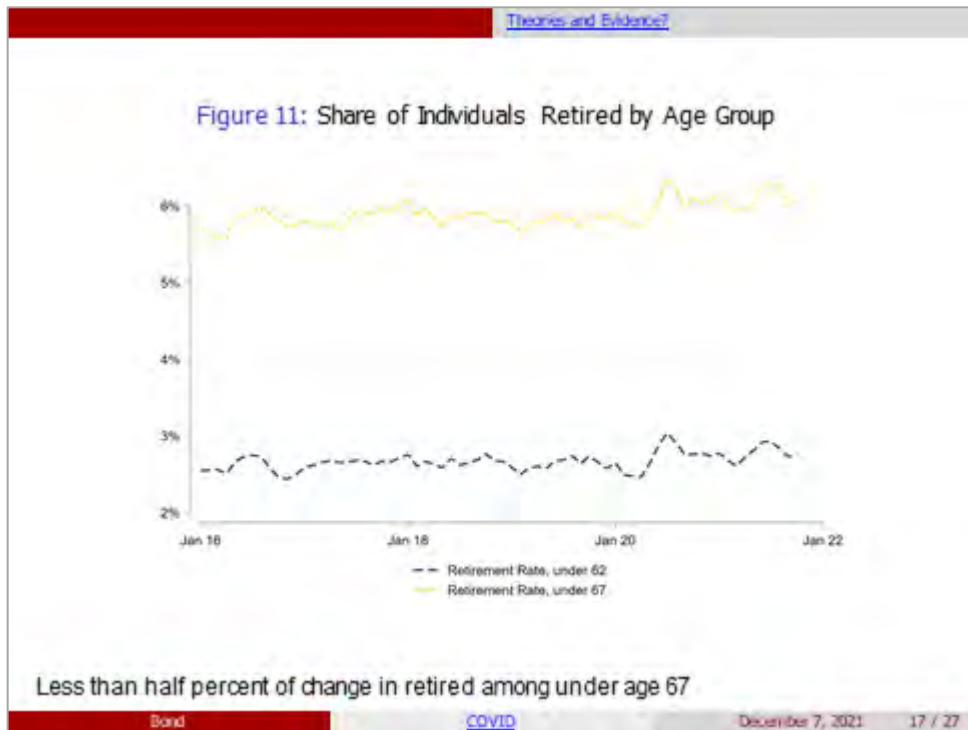
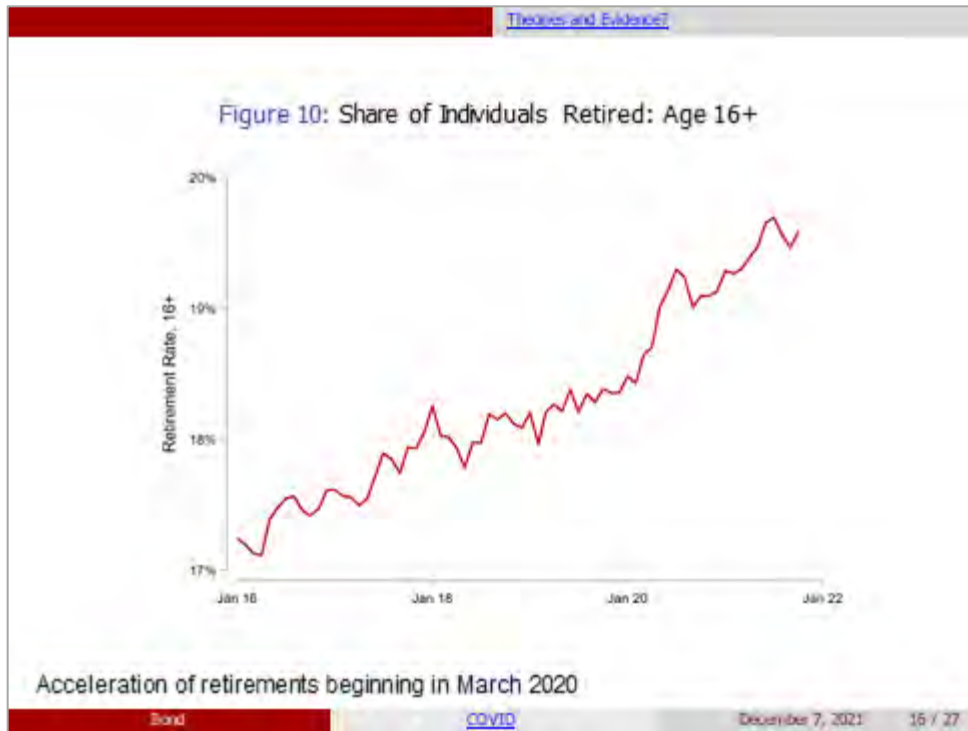
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[Theories and Evidence](#)

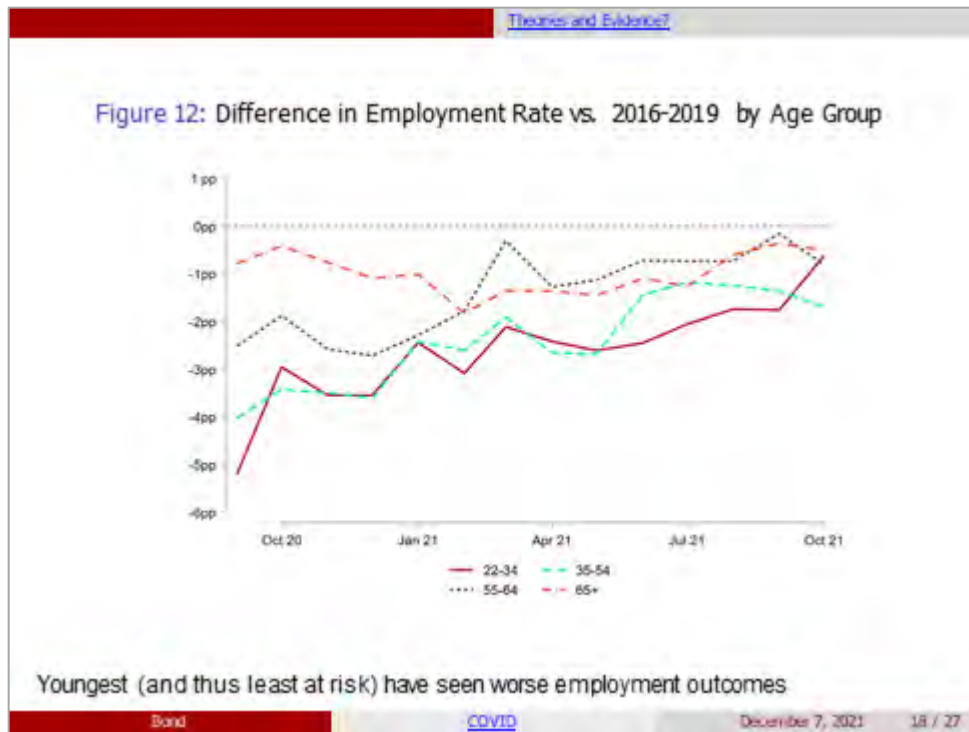
## Why is there a labor shortage?

- Fear of COVID?
- Workers may be afraid to return to work due to the risk of catching COVID
- Retirements in 2020 were more than double usual volume (Goldman Sachs)
- Would expect that:
  - High contact occupations recovery would vary with COVID surges (false)
  - At risk demographic groups would have largest negative employment effects

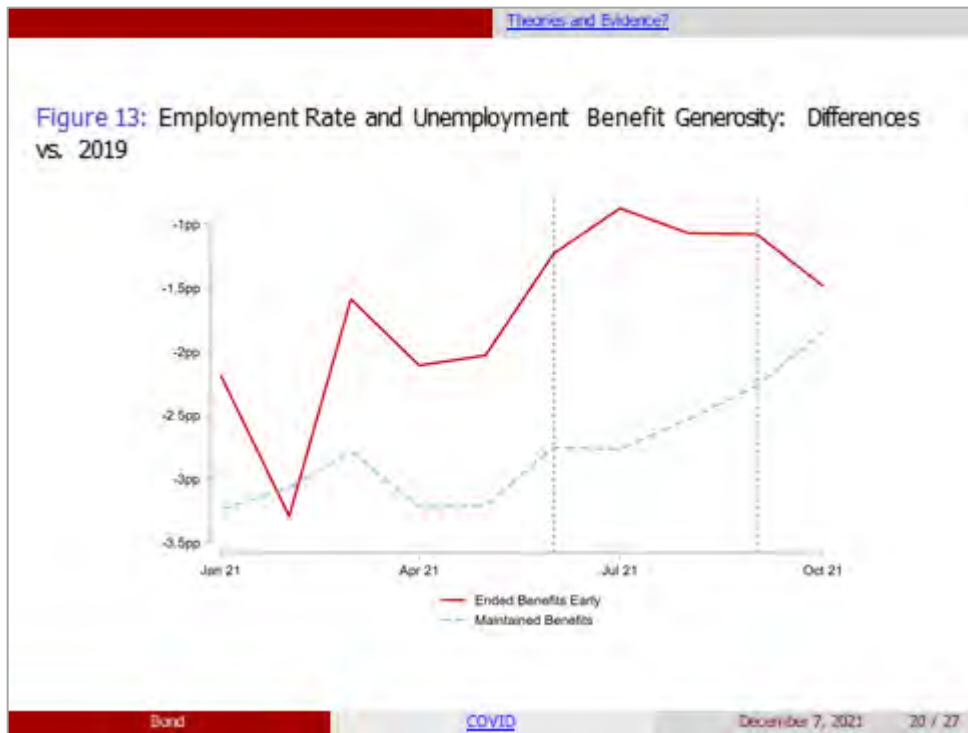
Search [COVID](#) December 7, 2021 15 / 28







- [Theories and Evidence?](#)
- ### Why is there a labor shortage?
- ❑ Excessive generosity of government benefits
  - ❑ Government responded to outbreak of COVID with eviction moratorium, cash stimulus payments, extended and extra unemployment payments
  - ❑ Extra unemployment benefits total \$300 per week per person, more than double average benefit in Indiana
  - ❑ 48% of individuals on unemployment earned more per week on unemployment than they did while employed (Goldman Sachs)
  - ❑ These benefits ended in early September nation-wide, though twenty-six states ended them early in June and early July
- [COVID](#) December 7, 2021 19 / 27



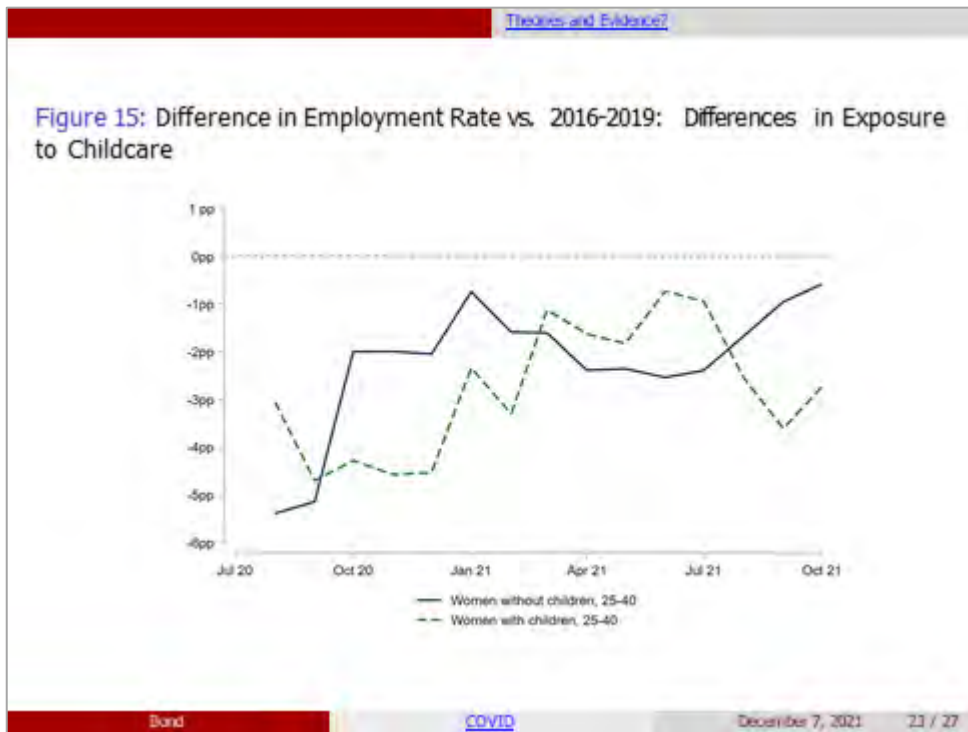
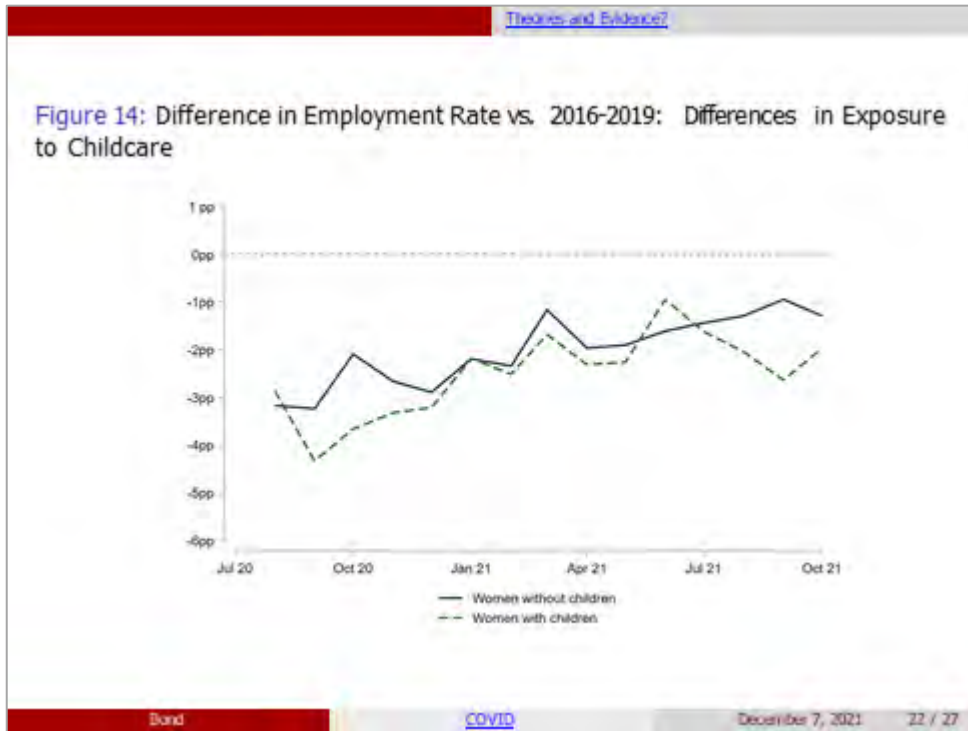
[Theories and Evidence?](#)

## Why is there a labor shortage?

- COVID-19 has disrupted childcare
- Parents usually have relied on public schooling to take care of children while at work
- Zoom school does not provide same childcare
- Even when schools resume in-person, children have been quarantined due to exposure, making school a less reliable provider of childcare

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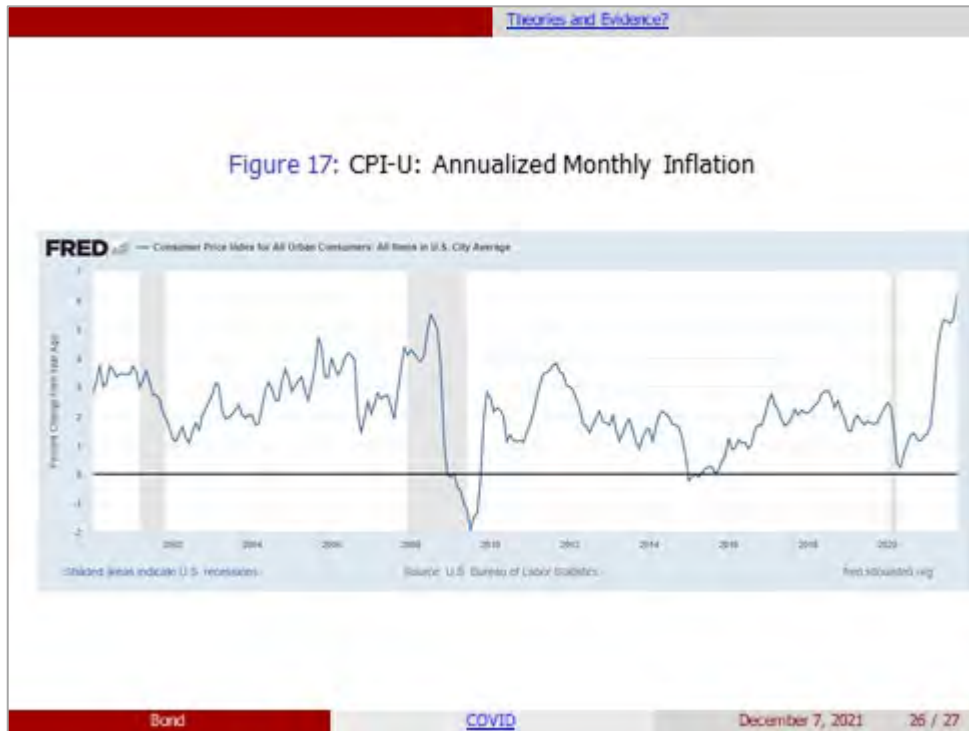
Theories and Evidence?

### How did the explanations fare?

- Pandemic accelerated retirement of oldest workers, unlikely to return
- At best weak evidence that fear of catching COVID-19 is influencing willingness to work
- Ending extra unemployment benefits may have had a positive impact on employment, but states that waited have now caught up with those who ended them early
- Mothers saw large employment losses, tend to follow swings of school year

Done COVID December 7, 2021 24 / 27





- [Theories and Evidence?](#)
- ## Policy Today
- ❑ Policymakers today need to realize that November 2021 is not November 2020
    - ❑ Economy closer to overheating than to recession
    - ❑ At most 2% of population are waiting for further COVID mitigation, probably much less
    - ❑ Test: New COVID antivirals will have no impact on labor market
  - ❑ Keeping schools in-person and childcare open must remain a priority (but parents need to believe schools are safe)
  - ❑ Economic stimulus more likely to be harmful than helpful
  - ❑ Ways to expand workforce: immigration, H1B visas
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## Historic Crisis, Historic Opportunity: COVID-19 and Child Care

Christina Weiland, PhD

Co-director, Education Policy Initiative; Associate Professor of Education; Associate Professor of Public Policy, University of Michigan

Erica Greenberg, PhD

Senior Research Associate, Center on Education Data and Policy, The Urban Institute



### **Historic Crisis**

- COVID-19 upended life for young children, families, and early care and education (ECE) programs

### **Historic Opportunity**

- CARES Act in March 2020 provided over \$4 billion to stabilize child care and Head Start
- The American Rescue Plan signed into law in March 2021 was the largest public investment in early care and education in U.S. history.
- Build Back Better would reduce low- and middle-income parents' child care expenses, fund universal preschool, invest in early educators, and improve quality across the range of ECE programs in which children learn and grow.



## **Today's conversation**

- Indiana-specific landscape
- National landscape
- Smart investments to improve child care availability for the workforce





## Indiana: Economic Motivation

- Indiana has seen about 60,000 workers drop out of the labor force (IU Kelley School of Business, 2021)
- Unemployment rates are higher among women – 7.5% versus 6.7% – compared with similar rates in previous years, leading to the so-called “she-cession” (BLS Local Area Unemployment Statistics, 2017-2020)
- Indiana Chamber of Commerce (2021) found child care was the #1 challenge to employment

### External Factors Negatively Impacting Attracting and Retaining Workers

Childcare	24%
Housing	22%
Transportation	19%
Restaurants, Parks, etc.	10%
Broadband Internet	9%

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## Indiana's Young Children

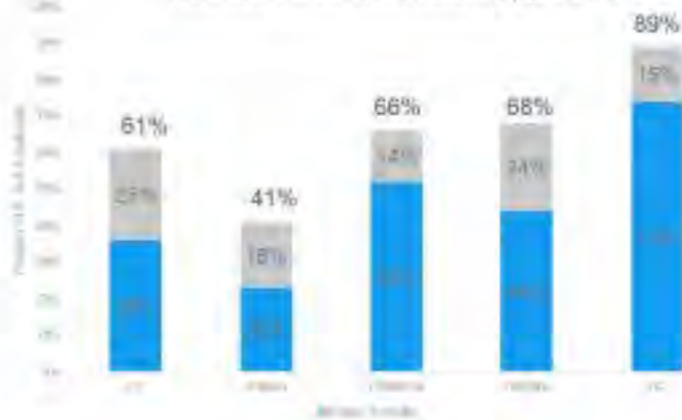
- ~500K children ages 0-5
- 67% pre-pandemic had all parents in their household in the workforce (ACE 2019 5-year estimates)
- 20% of 0-5 year olds live in households below FPL & 24% in households up to 200% FPL

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INDIANA DAYCARE

## Indiana's ECE enrollment and care supply pre-pandemic

Preschool enrollment before the pandemic



ACS 2019 5-year estimates



ECE workers

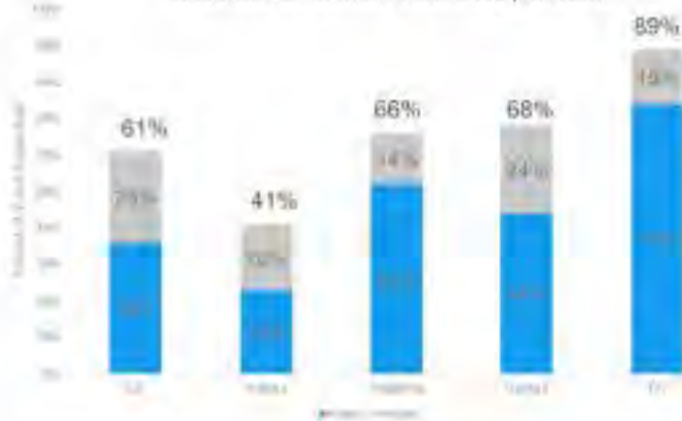
Occupation Title	N	Mean Annual Wage
Preschool Teachers, Except Special Education	6,460	\$28,340
Special Education Teachers, Preschool	310	\$46,910
Childcare Workers	8,110	\$22,470
Education and Childcare Administrators, Preschool and Daycare	790	\$45,180
<b>Total</b>	<b>15,670</b>	

BLS 2019 OEWS estimates

INDIANA DAYCARE

## Indiana's ECE enrollment and care supply pre-pandemic

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BLS 2019 OEWS estimates

THE WINDY LANDSCAPE

## Indiana's ECE enrollment and care supply in the pandemic

- ECE workforce dropped by 1,400 educators, or 9%, by May 2020 (BLS, 2021)
- 2020-21: Drop in Indiana preschool enrollment of 19% in preschool (vs. 7% in K and 1.6% overall; IN Dept of Education, 2021)
- Drop of about 11% in preschoolers diagnosed with disabilities (IN State Board of Education, 2021)
- Jan. 2021: 75% of Indiana child care providers said enrollment was down (Office for Early Childhood and Out of School Learning)
- As of Sept 2021, CCDF-eligible programs:
  - 80% filled; Vacancies concentrated in center-based programs & 4-6 year olds seats
  - 3,188 open teaching positions



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NATIONAL LANDSCAPE

## Lessons from around the country

- We drew on the insights of 16 leading ECE scholars and 10 ECE policy and practice leaders from around the country
- Goal: Pair research expertise on child development and ECE programs with policy and practice expertise of those with 15 months of experience making high-stake decisions in the crisis.



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CONTRIBUTORS

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FINDINGS

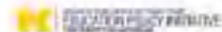
## Effects on ECE programs and the workforce



FINDINGS

## Effects on ECE programs and teachers

- Child care centers and family child care homes much more affected than public schools and Head Start.
- Early stabilization efforts left substantial unmet need, particularly in child care centers and in family child care homes. Recovery uneven.
- The pandemic increased the complexity and stress of early educators' jobs across all program types, in ways that negatively impacted teachers' mental health.
- More challenging working conditions, financial concerns, and mental health struggles may have contributed to programs' challenges recruiting and retaining teachers.





## Destabilization and uneven recovery

- Great uncertainty (particularly March–June 2020); financial losses for child care and family child care homes; tremendous stress for providers and teachers.
- Across the country, group size restrictions, price increases on food, cleaning products, personal protective equipment (PPE), and labor to implement stringent new cleaning requirements all increased the cost of care, even as demand for care remained low in some communities.
- Federal and state pandemic relief efforts supported all ECE providers, but reach was limited—especially in child care.
  - Example: In Maine, 30% of child care programs accessed Paycheck Protection Program (PPP) loans in spring 2020, including 15% of family child care homes and 65% of centers (Maine AEYC, 2020).



## Working conditions + new PD needs

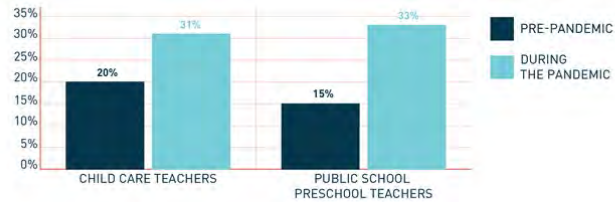
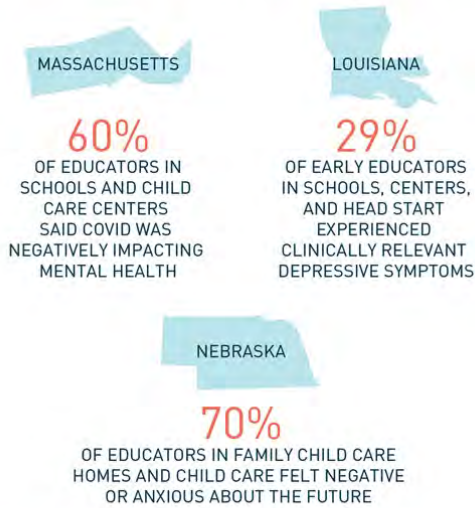
- Health and safety practices + remote learning meant increase in demands and complexities of teachers' jobs.
- Teachers wanted more training on health & safety, how to address DLLs' learning needs, remote learning, and mental health supports.



Source: Learning Revolution (2021)  
 Note: Data is for teachers' work only.

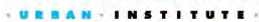
FINDINGS

## Teachers were overwhelmed and stressed



Source: Bassok, Michie, Cubides-Mateus, Doromal, and Kiscaden, 2020.

Source: Daro and Gallagher, 2020; Hanno et al., 2020; Markowitz, Bassok, and Kiscaden, 2021.



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FINDINGS

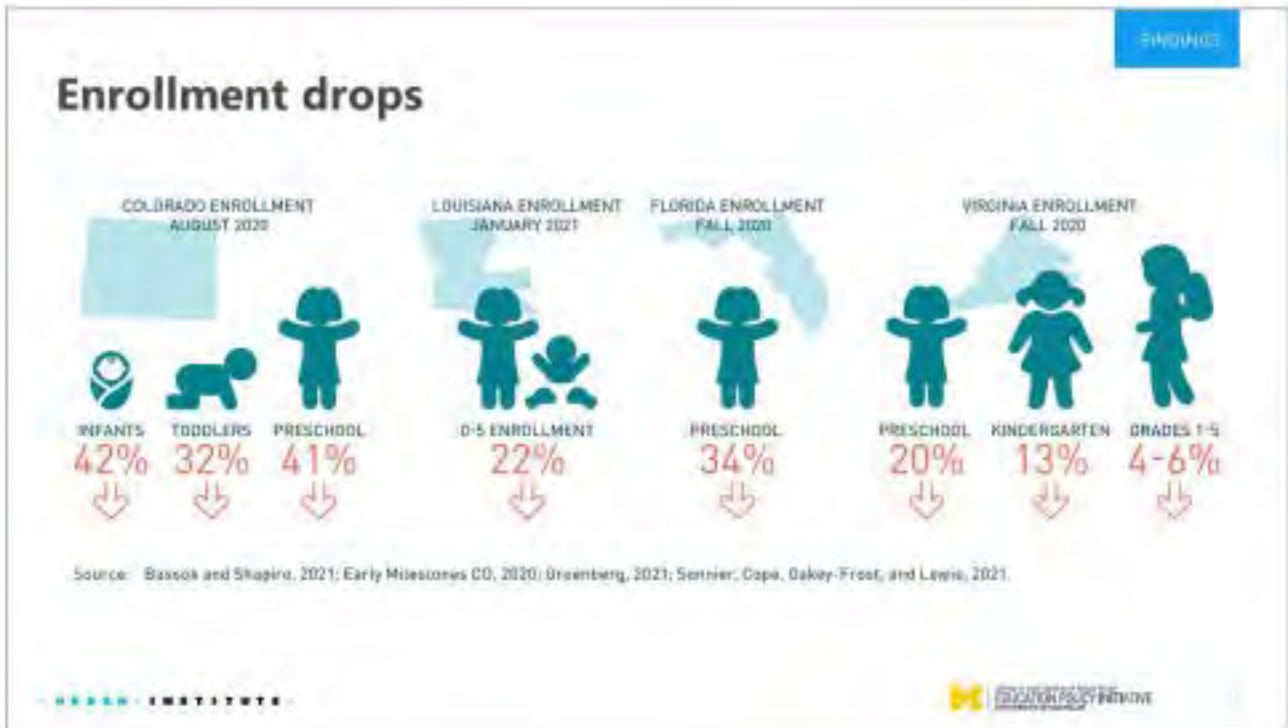
## Staffing challenges are hindering the workforce

- Mandatory quarantine policies, illness, and family caregiving responsibilities are increasing absences in programs operating in-person
- Whereas overall turnover among public school teachers appears to have either stayed the same or even declined compared to before the pandemic, child care teachers' job commitment has decreased and turnover has increased during the pandemic.
- ECE programs are struggling to find qualified teachers.



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## WFE PROGRAMS

# Smart investments to improve child care availability for the workforce

### Increase support to the workforce

- Continue stabilization through programs like Indiana's Build, Learn, Grow
- Living wage and parity policies
- Additional healthcare subsidies

### Accelerate creation of a coherent ECE system

- Expand publicly funded ECE options
- Use public funding to stabilize child care providers
- Invest in data systems and analytic capacity

**VERAN INSTITUTE**

ADVISOR

## How can research support Indiana's labor force?

- *Repeating and updating early pandemic research is critical for tracking supply and demand for care and to support policymakers' efforts to target resources to areas of need (e.g., studies by Indiana Office of Early Childhood and Out of School Time, Brighter Futures Indiana, teams at Indiana University).*
- *New research can help the state learn from the impacts of new investments (e.g., bill being developed by State Sen. Shelli Yoder).*
- *Expand capacity to study families more affected in the crisis (e.g., homeless families, children experiencing bereavement due to the pandemic, DLLs, families of young children with disabilities).*
- *Collect systematic data on the ECE workforce, particularly across sectors.*

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 INDIANA FAMILY & SOCIAL SERVICES

## Thank you!

- We thank the Heising-Simons Foundation and grant officer Kimberly Brennehan for their support for this work.
- We also thank Jasmina Camo-Biogradlija, Nicole Wagner, and Olia Vradly for invaluable support and we thank Julia Isaacs and Laura Wagner for meeting with us and providing insights into the Urban Institute's list of COVID-19 child care surveys and data analyses.
- We thank Anna Shapiro for tabulating ACS data on Indiana.

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where  
**research** meets  
**family policy**

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