

# Returning to Work

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Oklahoma Policy Institute

# Outline

- **Where are we and how did we get here?**
- **Why aren't people working?**
  - UI benefits
  - Lack of child care
  - COVID anxiety
  - Low quality jobs
- **Conclusion**

# Structure for theories:

- **What's the theory?**
- **Evidence in favor**
- **Evidence against**
- **How do we fix it?**
- **What if we're wrong?**



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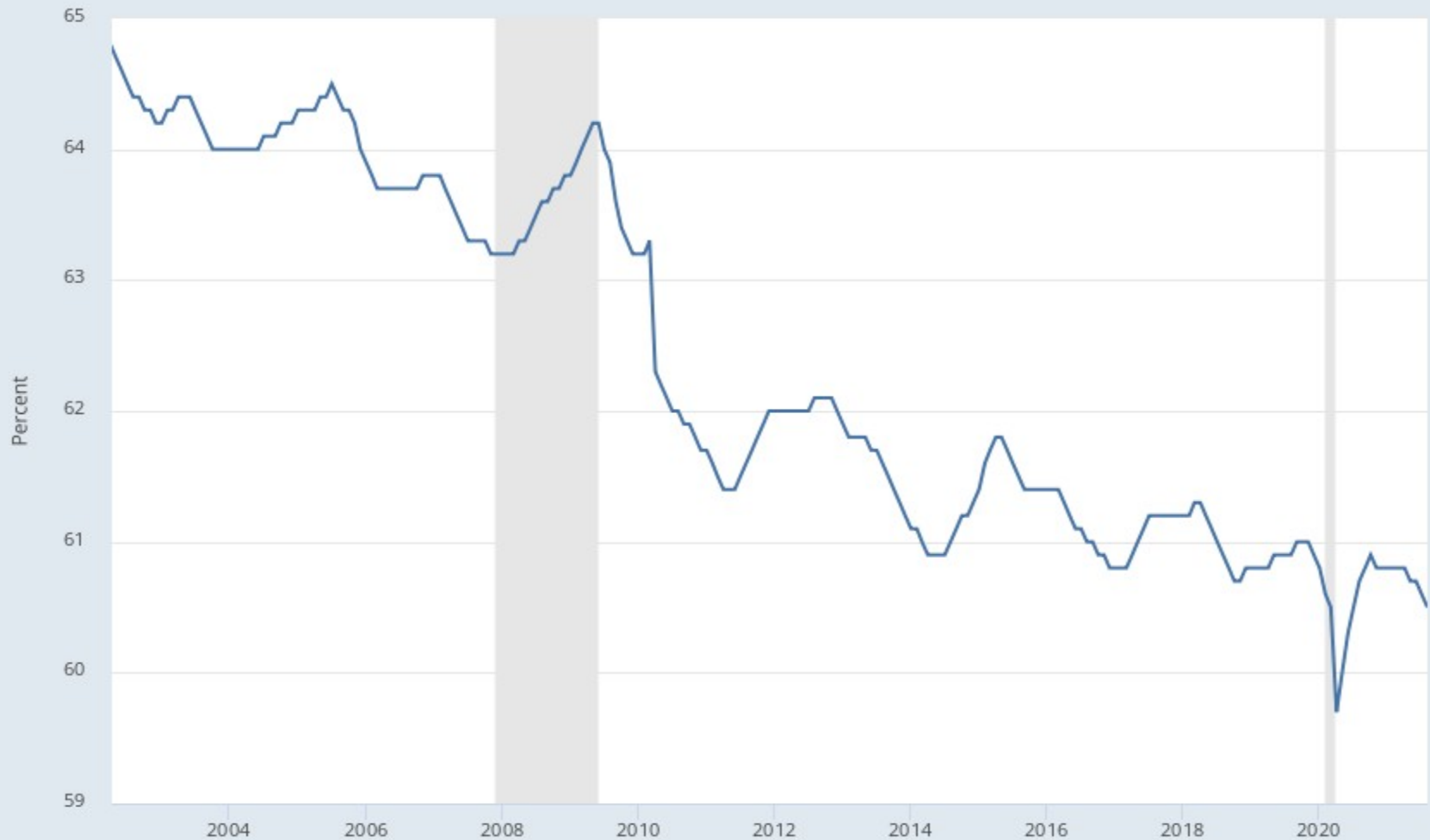


# Where are we? How did we get here?



# How we got here: pre-COVID

FRED  Labor Force Participation Rate for Oklahoma



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

[myf.red/g/GUWZ](https://myf.red/g/GUWZ)



# How we got here: COVID Recession

## Impacted people

- Women—  
particularly women  
of color
- Young adults
- Adults with low  
education
- Low wage workers

## Impacted industries

- Leisure and  
hospitality
- Health and  
education services
- Food services
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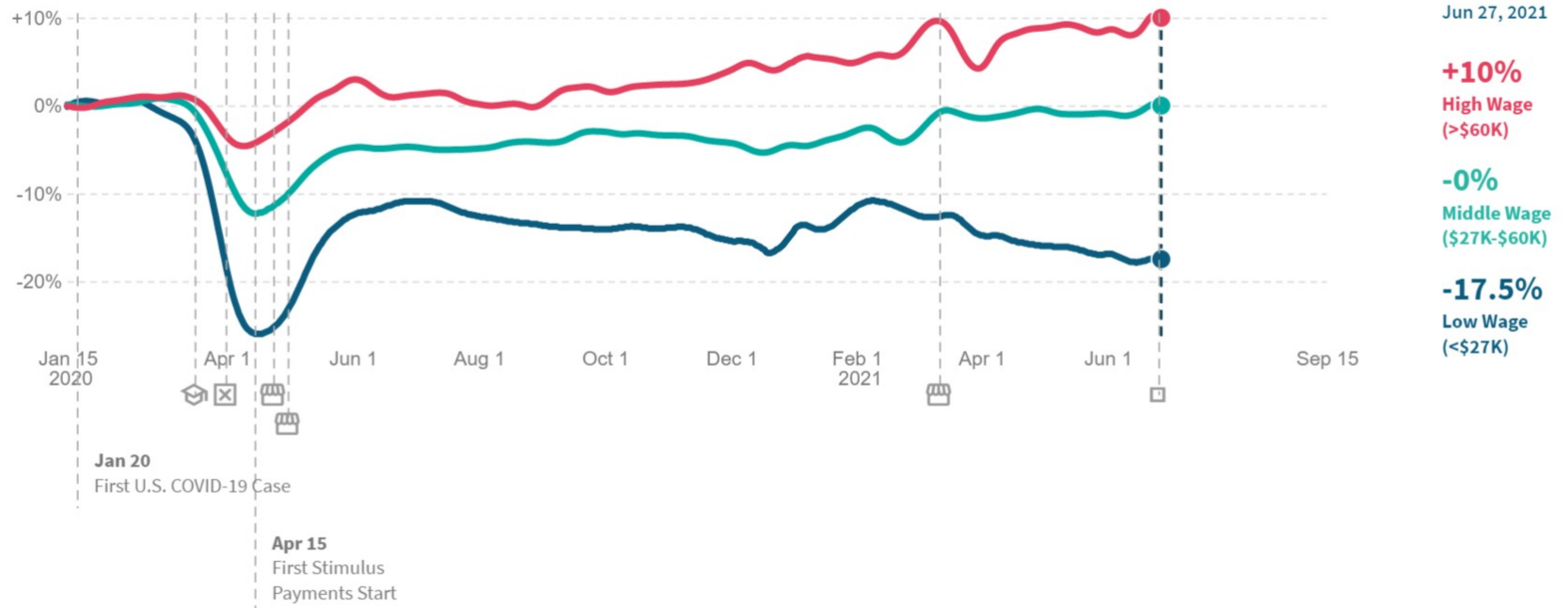
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# Where we are: employment

## Percent Change in Employment\*

In **Oklahoma**, as of **June 27 2021**, employment rates among workers in the bottom wage quartile **decreased** by **17.5%** compared to January 2020 (not seasonally adjusted).



data source: Earnin, Intuit, Kronos, Paychex

\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

last updated: August 10, 2021 next update expected: September 24, 2021

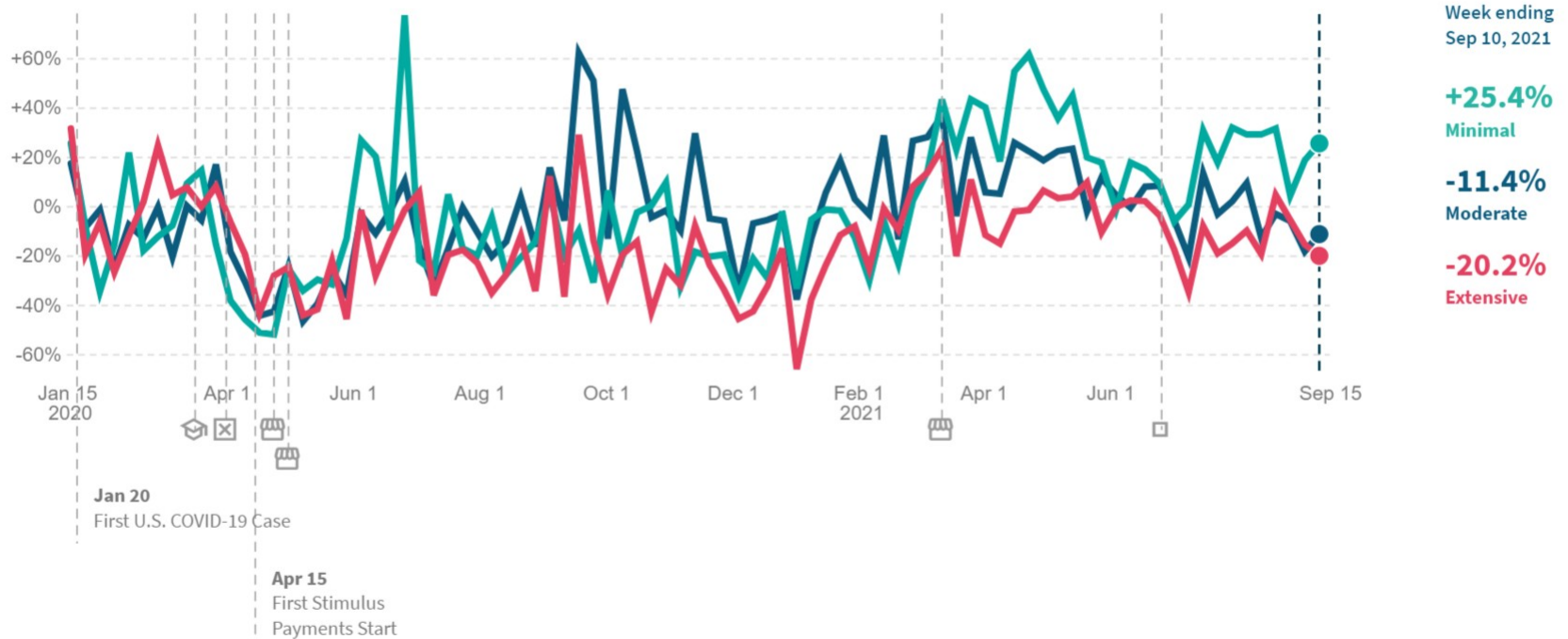




# Where we are: job postings

## Percent Change in Job Postings\*

In **Oklahoma**, as of **September 10, 2021**, job postings requiring moderate education **decreased** by **11.4%** compared to January 2020.



data source: **Burning Glass Technologies**

\*Change in weekly unique job postings, indexed to January 4-31 2020. This series is based on data from Burning Glass Technologies.

last updated: **September 13, 2021** next update expected: **September 21, 2021**



# Evidence in favor

- Economic theory
- Anecdotal reports in media
- Some polling of business owners
- Pre-pandemic study of lottery winners

**Theory 1:  
Unemployment  
benefits were  
too generous**



# Evidence against

Studies found that ending expanded UI benefits has had little to no impact on employment

**Theory 1:  
Unemployment  
benefits were  
too generous**



# How to fix it

Return UI  
benefits to pre-  
pandemic  
levels



**Theory 1:  
Unemployment  
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# What if we're wrong?

"These are people that buy groceries and put gas in their car and frequent local businesses . . . When that money is not there, it's not just going to be the person who's unemployed that's going to suffer. *It's going to be the entire community that suffers.*"

**Theory 1:  
Unemployment  
benefits were  
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# Summary

- Little academic evidence in favor
- Strong academic evidence against
- Solution already done
- Potentially severe economic consequences if we're wrong

**Theory 1:  
Unemployment  
benefits were  
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# Evidence in favor

- A study found closing childcare centers caused increased unemployment
- Multiple surveys
- 1 in 5 women never want to return to in-person work

**Theory 2:  
Parents need  
affordable child  
care to reenter  
the workforce**



# Evidence against

One study found that needing to care for a child only caused 0-2% of the observed decline in employment

**Theory 2:  
Parents need  
affordable child  
care to reenter  
the workforce**





# How to fix it

- Make child care more affordable
- Incentivize companies and state agencies to adopt or maintain flexible scheduling and work from home policies

**Theory 2:  
Parents need affordable child care to reenter the workforce**



# What if we're wrong?

## Re child care:

- Directly boost women's employment
- Investment in workforce, children, and state budget

## Re work policies:

- Workers are happier, more productive
- Companies save money

**Theory 2:  
Parents need  
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# Summary

- Strong evidence in favor and against
- Fix would require investment in child care and flexible work practices
- Even if wrong, fix is investment in our productivity

**Theory 2:  
Parents need  
affordable child  
care to reenter  
the workforce**



# Evidence in favor

- Common sense/economic theory
- Multiple surveys of job seekers
- Studies finding more vaccinated states see higher employment gains

**Theory 3:  
people are  
afraid of  
catching COVID  
at work**



# Evidence against



File not found (404 error)

If you think what you're looking for should be here, please contact  
the site owner.

**Theory 3:  
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# How to fix it

- **Masks and vaccines**
- Paid family and medical leave program
  - Can initially be funded through ARPA and made permanent if successful

**Theory 3:  
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# What if we're wrong?

## Re masks/vaccines:

- Promote proven public health strategies to reduce the spread of COVID

## Re paid leave:

- Improve parental and child health, reduce employee turnover, and boost productivity, all while not placing a burden on businesses

**Theory 3:  
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# Summary

- Strong evidence in favor, none against
- Masks/vaccines and paid leave are promising fixes
- If we're wrong, we still improved Oklahomans' health and productivity

**Theory 3:  
people are  
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# Evidence in favor

- High quit rates in food service and retail
- Low-income job postings are up, but employment isn't
- Work-life balance
- Increased retirement and retirement expectations

## Theory 4: Low quality jobs



# Evidence against

- Oklahoma is leading recovery in the restaurant sector
- Expectations change
- Families were able to save during pandemic, but that may not last

## Theory 4: Low quality jobs



# How to fix it

- Better protections for gig workers
  - E.g. unemployment
- Use ARPA's hazard pay option
- Minimum wage
- Be sure we have the right workforce for tomorrow's jobs

## Theory 4: Low quality jobs



# What if we're wrong?

- Minimum wage could hasten automation
  - But it's going to happen at some point anyway
- Job training programs don't always result in better employment outcomes

## Theory 4: Low quality jobs



# Summary

- Evidence is mixed but tilts toward positive
- Some changes could be short-term
- The pandemic accelerated many trends
- Some changes are inevitable

## Theory 4: Low quality jobs



- No theory is a perfect explanation but 3 of 4 are good starts
- Like all markets, the labor market doesn't remain stable for long
- Some policies are sure winners no matter what
  - Child care
  - Paid leave
  - Control COVID

## Conclusion

