

# The Economic Impact of COVID-19 on North Carolina

UNC Public Policy

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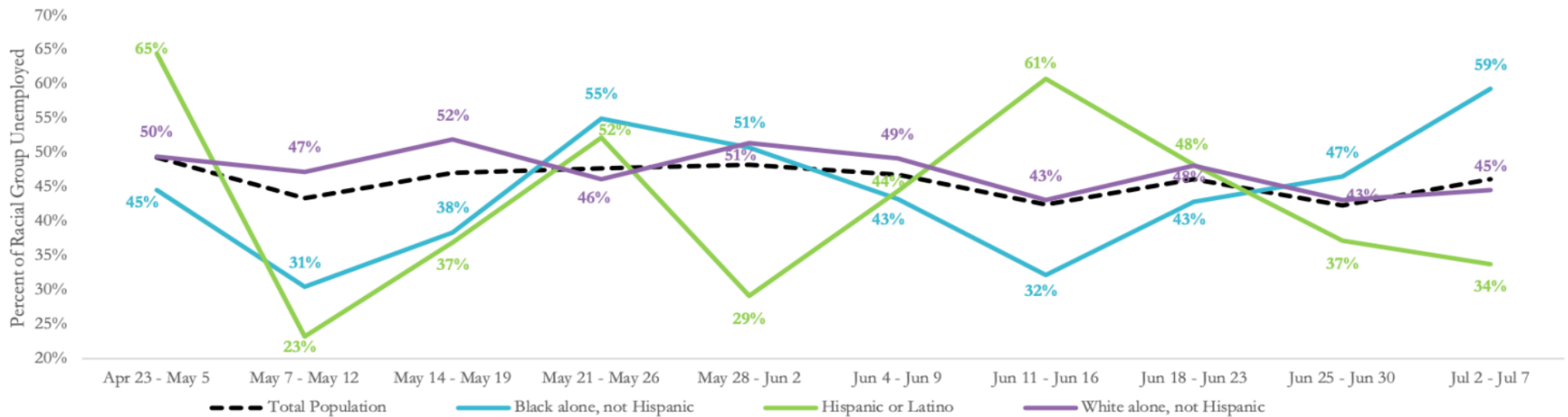
July 2020



COLLEGE OF ARTS AND SCIENCES  
Public Policy

# U.S. Census Household Pulse Survey

## Percentage of Population Not Employed, by Racial and Ethnic subgroup in NC, April-June 2020



**Source:** U.S. Census Household Pulse Survey, Table 2, Employment Status and Sector of Employment, by Select Characteristics, North Carolina, Weeks 1-10

**Note:** Data shows the percentage of total respondents in each racial group reporting no employment in the last 7 days. Responses are self-reported. The designated categories of "Asian alone, not Hispanic" and "Two or more races" have been included in "Total Population" with "White alone, not Hispanic", "Black alone, not Hispanic", and "Hispanic or Latino" due to low sample size. In Week 10, between July 2 and 7, 59% of Black respondents, 45% of White, and 46% of all respondents, respectively, reported no employment in the last 7 days.

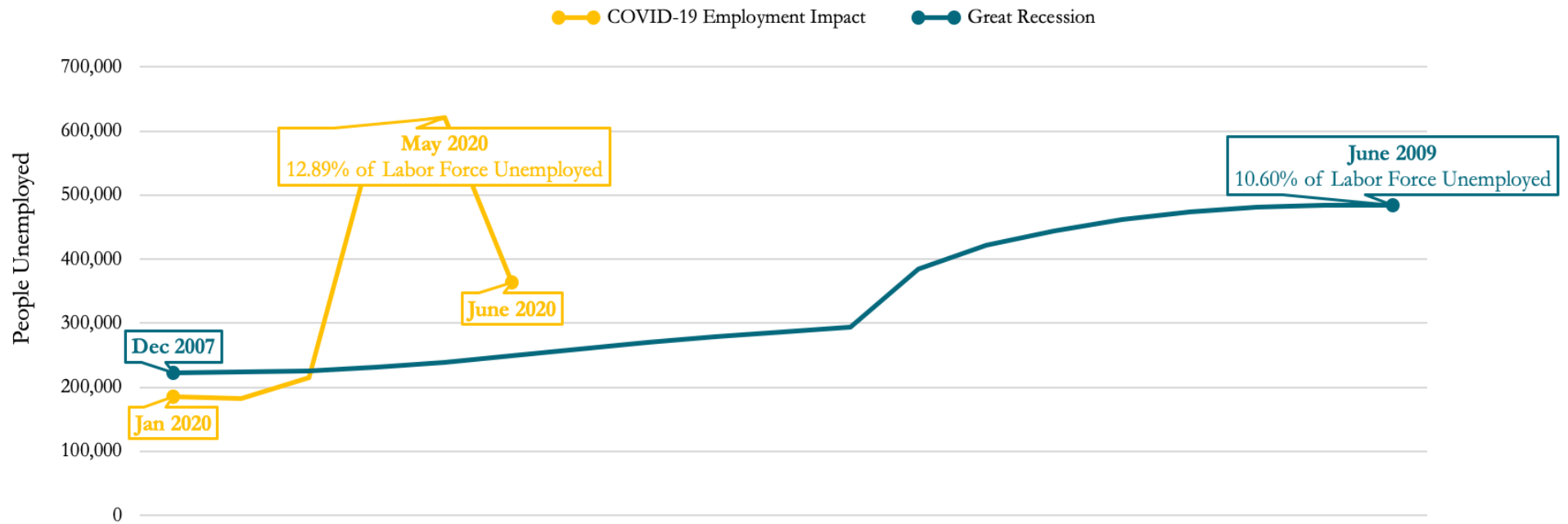
**Author:** Susanna LaRochelle

## Employment by Racial and Ethnic Subgroup: Key Findings

- Employment reporting fluctuated greatly over time, particularly among non-white racial groups.
- Unemployment among Black residents peaked at 59% as of July 7.
- Hispanic or Latino unemployment has ranged from 23% to 65%, but this volatility may be due to the survey's low sample size.
- Retirees appear to make up a significant number of survey respondents, inflating the unemployment reporting.

# State-level impacts

## Number of People Unemployed in NC, Jan.-June, 2020



**Source:** Local Area Unemployment Statistics (Bureau of Labor Statistics) 2020.

**Note:** Data is seasonally adjusted. Unemployed is defined as an estimate of persons having no employment during the week that includes the 12th of the month but were available for work, had made specific efforts to find employment during the four weeks prior, were waiting to be recalled to a job from which they had been laid off, or were waiting to report to a new job within 30 days. Great Recession defined as December 2007-June 2009 by Federal Reserve History.

**Author:** Gretchen Blankinship.

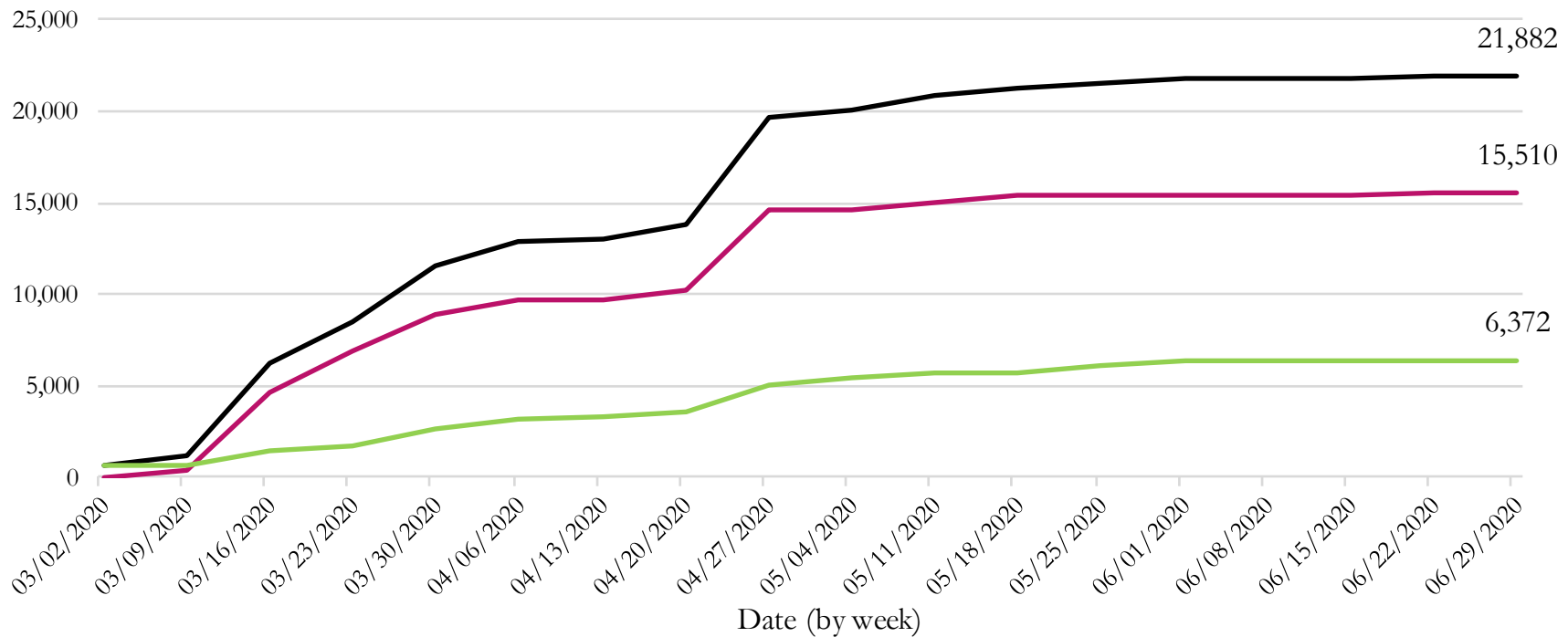
## Number of People Unemployed in NC: Key Findings

- The impact of COVID-19 on employment is greater in magnitude than the Great Recession. During the height of the Great Recession 10.60% of North Carolinians were unemployed, but in May 2020, 12.89% were unemployed.
- The number of people unemployed nearly tripled between March and April 2020 (226,021 in March versus 605,692 in April).
- In June, there were 380,123 people unemployed, translating to 7.6% of the labor force.
- The current economic shock seems to be very different in both magnitude and trend than the Great Recession.

## Weekly Layoffs from Large Companies in North Carolina, March-June, 2020

— TOTAL — TEMPORARY — PERMANENT

Cumulative # employees laid off as reported under WARN



**Source:** North Carolina Department of Commerce, Worker Adjustment and Retraining Notification (WARN) Report 2020.

**Note:** The WARN reports include only companies with at least 100 full-time employees reporting a mass layoff (at least 500 employees, or a layoff of 50-499 employees when that number represents a third of the company's workforce) or a closure affecting at least 50 employees within 30 days. "Temporary" indicates a layoff expected to last at least six months. By March 2, 2020, the start of this graph, there had been 530 total layoffs reported in 2020, all in the permanent category.

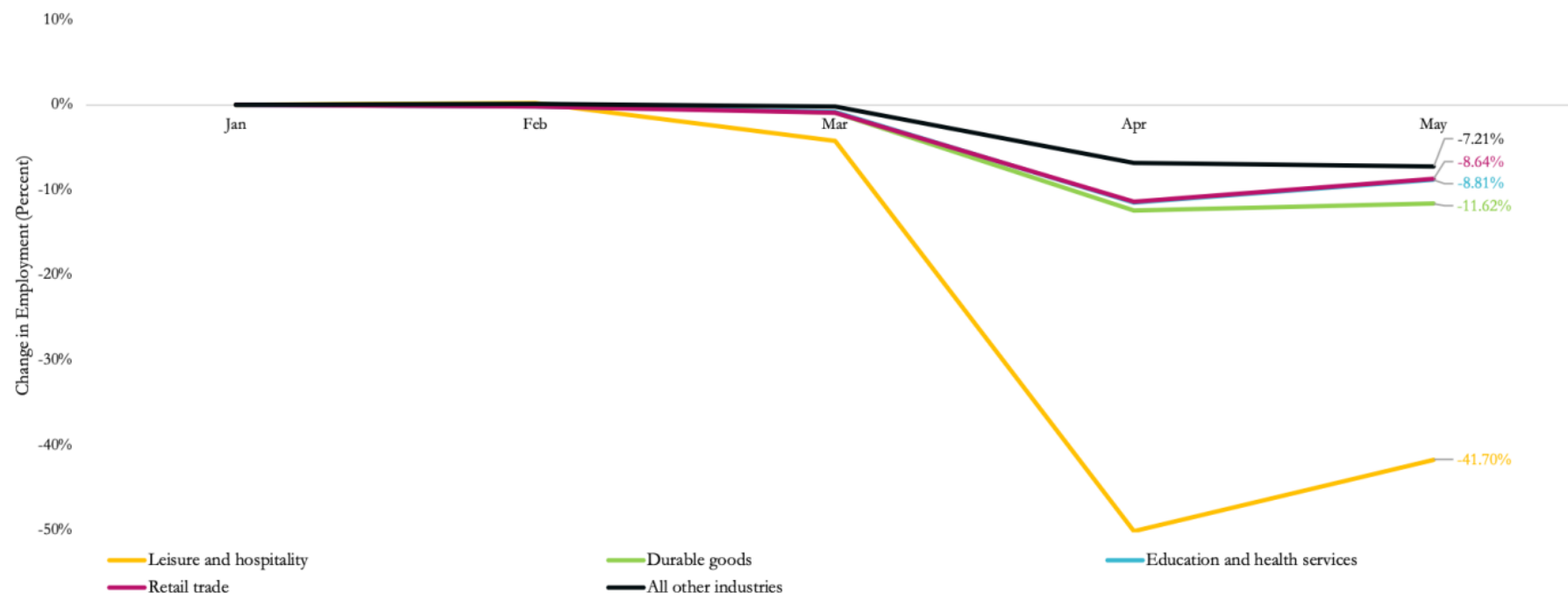
**Author:** Valerie Lundeen.



## Layoffs in North Carolina: Key findings

- Since January, 21,882 North Carolinians have lost their jobs due to structural unemployment, and 98% of those layoffs have occurred since March. About 71% of layoffs from large companies were filed as “temporary,” but those could still last at least 6 months.
- In comparison, there were 147,111 total jobs lost due to structural unemployment in the state during the Great Recession.
- The full structural impact of the COVID-19 crisis on the economy may take longer to develop than the immediate spike in unemployment claims.

## Percent Change in Employment by Industry in North Carolina, January 2020 as baseline



**Source:** U.S. Bureau of Labor Statistics, Current Employment Statistics (CES), North Carolina, December 2019-May 2020

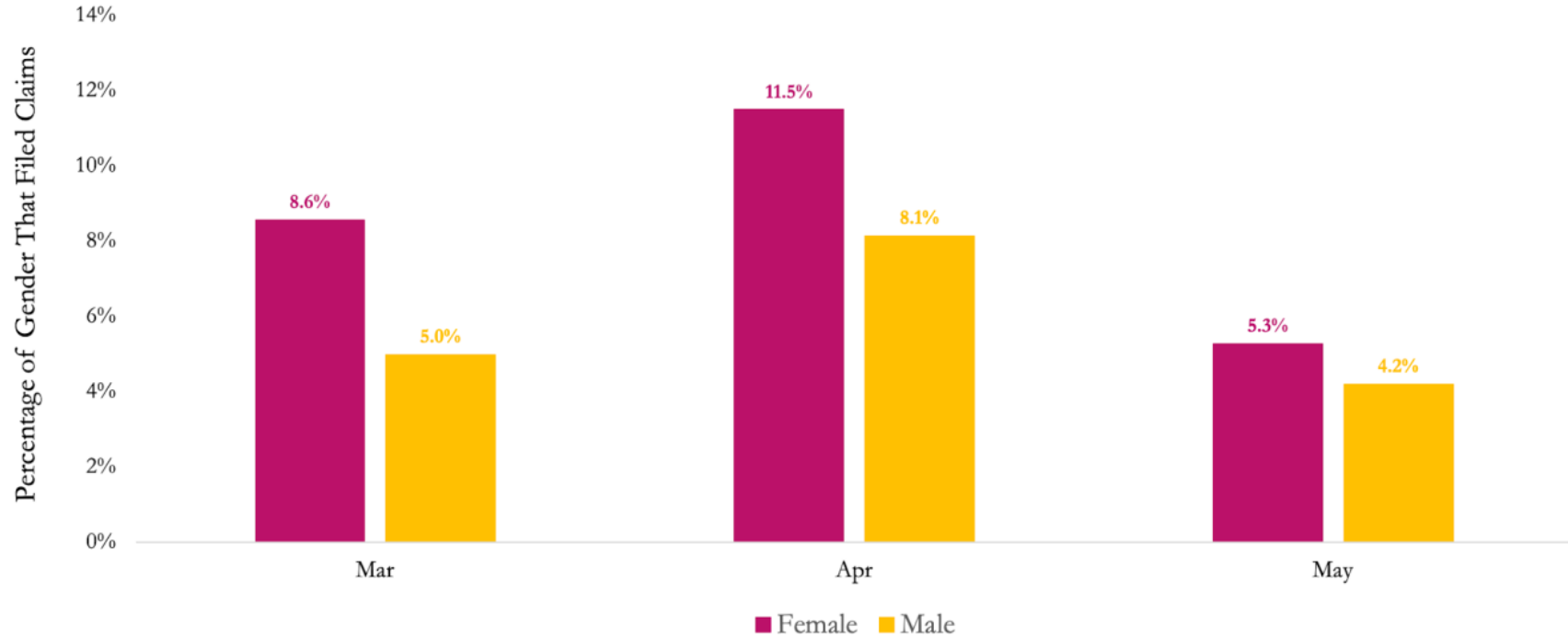
**Note:** Data shown is seasonally adjusted employment for 4 of the industries in North Carolina that experienced the largest net change in from March to April 2020. The CES estimates the number of current jobs, not the number of people employed. The dataset only includes nonfarm employment, and omits agriculture, private households, and those who are self-employed. "All other industries" includes the percent change amidst the other 2-digit NAICS industries (1-digit if 2 not available) listed in the CES data.

**Author:** Susanna LaRochelle

## Change in Unemployment by Industry: Key Findings

- The Leisure and Hospitality Industry witnessed the largest decline in unemployment: compared to January 2020, employment had declined by 50% in April 2020.
- Durable Goods, Education and Health Services, and Retail Trade declined between 10% and 13% in April 2020.
- The Leisure and Hospitality Industry witnessed the largest rebound in employment, with May 2020 showing a -42% change since January, while Durable Goods, Education and Health Services, and Retail Trade only moved to -12, -9, and -9%.

## Statewide Unemployment Claims by Gender, Mar.-May, 2020



**Source:** NC Department of Commerce (derived from information supplied by the Division of Employment Security (DES) and reflects monthly information that DES reported to the U.S. Department of Labor's Employment and Training Administration (ETA) 2020. Current Population Survey (CPS) 2018.

**Note:** This examines initial unemployment claims. This data is weighted by labor force.

**Author:** Gretchen Blankinship.

## Unemployment Claims by Gender: Key Findings

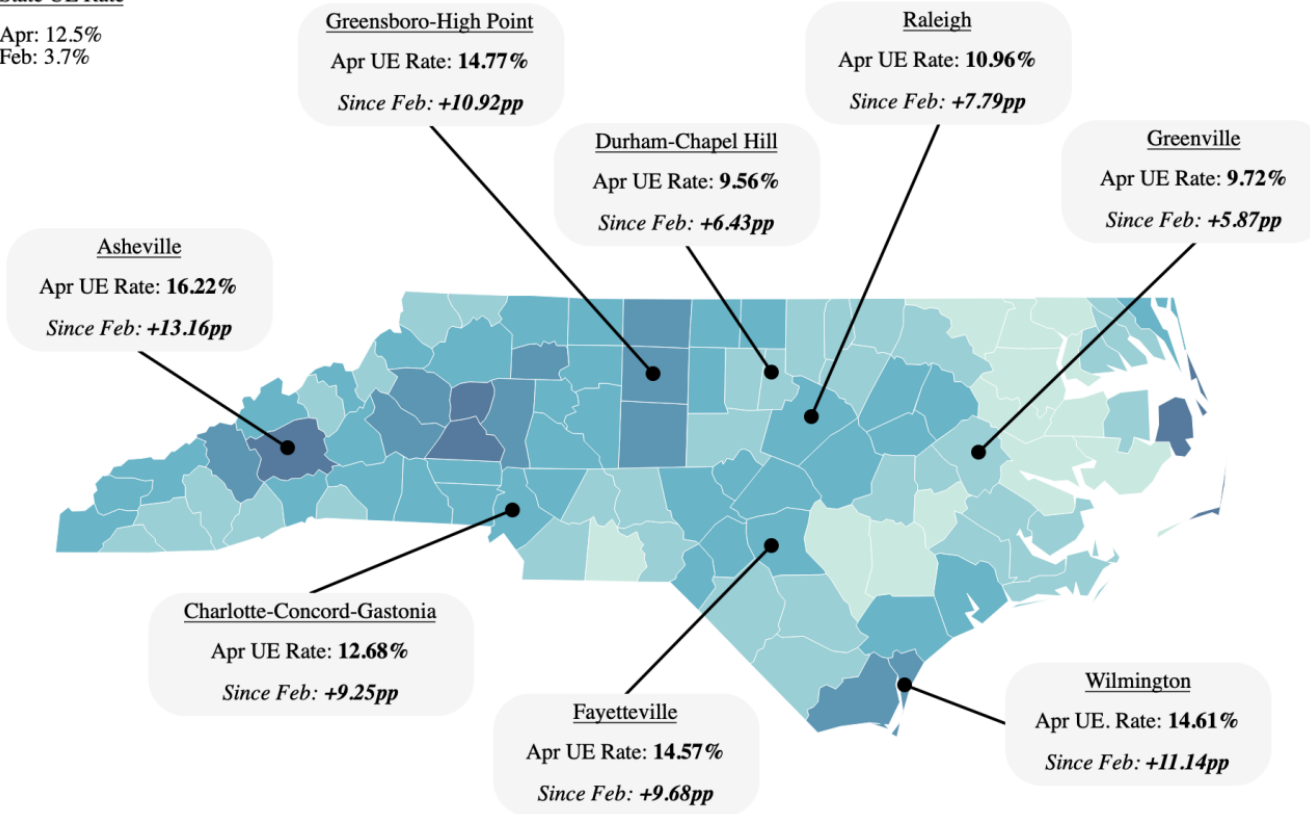
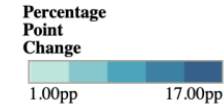
- Females filed disproportionately more initial unemployment claims than males did.
  - In April, 11.5% of females in the North Carolina workforce filed an unemployment claim.
  - In March, females filed 73,847 more initial unemployment claims than males.
  - This could be related to the industries that were hardest hit by COVID-19 (hospitality) or other factors relating to the economic role of females in N.C.
- Since the COVID-19 outbreak began, the total number of initial unemployment claims in N.C. peaked in April.

# Regional-level impacts

## Percentage Point Change in Unemployment Rates, April 2020

### State UE Rate

Apr: 12.5%  
Feb: 3.7%



Most Affected		
County	Since Feb	Apr UE Rate
<b>Alexander</b>	+17.10pp	20.10%
<b>Dare</b>	+16.40pp	24.50%
<b>Catawba</b>	+15.40pp	18.80%

Least Affected		
County	Since Feb	Apr UE Rate
<b>Bertie</b>	+1.10pp	6.40%
<b>Hyde</b>	+1.50pp	14.80%
<b>Hertford</b>	+1.80pp	6.90%

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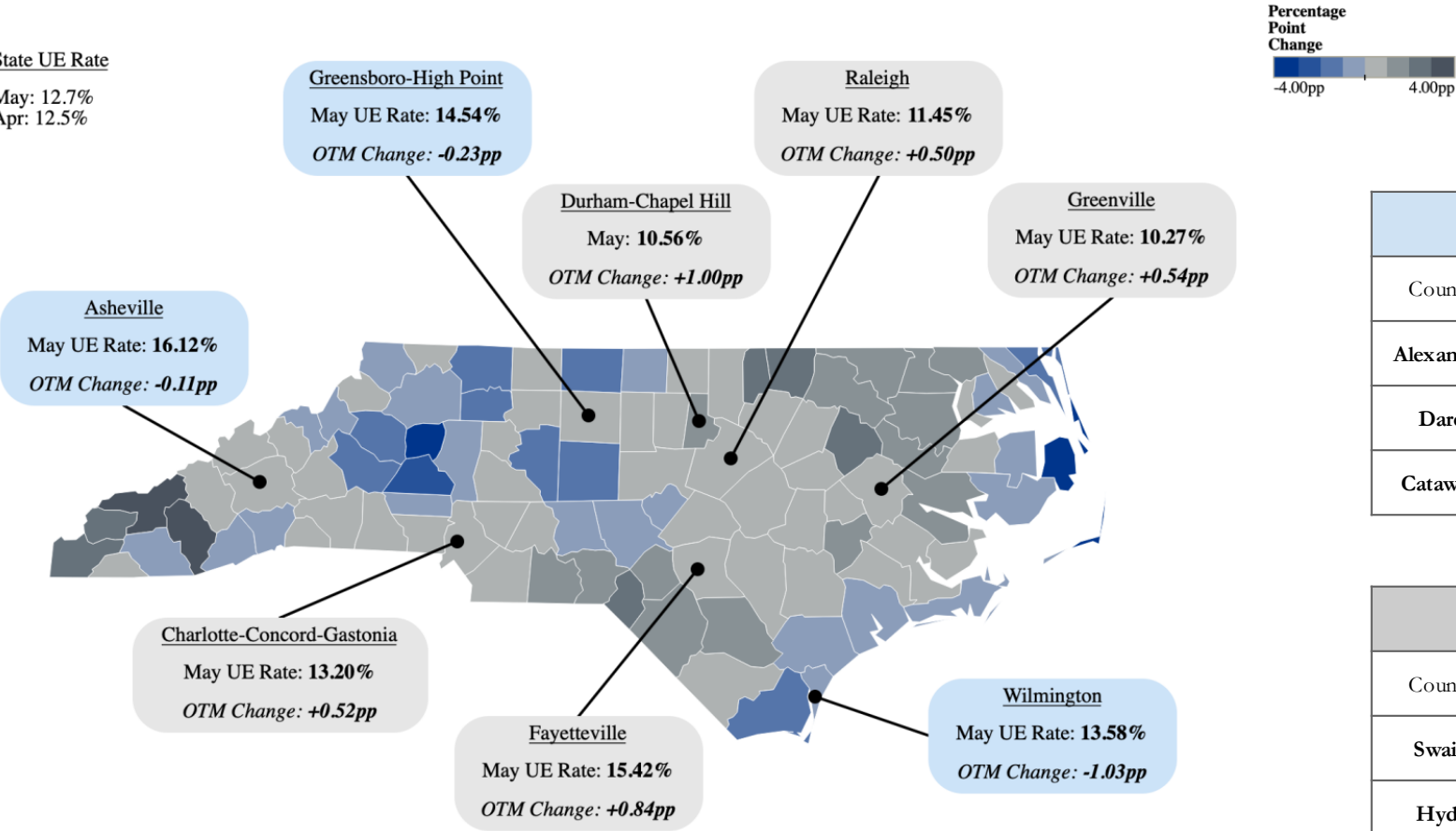
**Sources:** North Carolina Department of Commerce, County and Area Employment Figures Report (Feb 2020, Apr 2020, May 2020); Bureau of Labor Statistics, Metropolitan Area Employment and Unemployment News Release (Feb 2020, Apr 2020, May 2020).

**Notes:** The darkest, most affected counties were Alexander (Apr: 20.10%, Since Feb: 17.10pp), Dare (Apr: 24.50%, Since Feb: 16.40pp), and Catawba (Apr: 18.80%, Since Feb: 15.40pp). "UE" is used as an abbreviation for 'unemployment rate.' County and area employment data are not seasonally adjusted. The calculated unemployment data are weighted by labor force population.

**Author:** Raymond Palma

# Over-the-Month Percentage Point Change in Unemployment by County, April-May 2020

State UE Rate  
May: 12.7%  
Apr: 12.5%



Most Improved		
County	OTM	May UE Rate
Alexander	-6.40pp	14.00%
Dare	-4.90pp	19.60%
Catawba	-2.80pp	16.00%

Most Worsened		
County	OTM	May UE Rate
Swain	-5.00pp	19.70%
Hyde	-3.40pp	15.00%
Hertford	-2.60pp	14.40%

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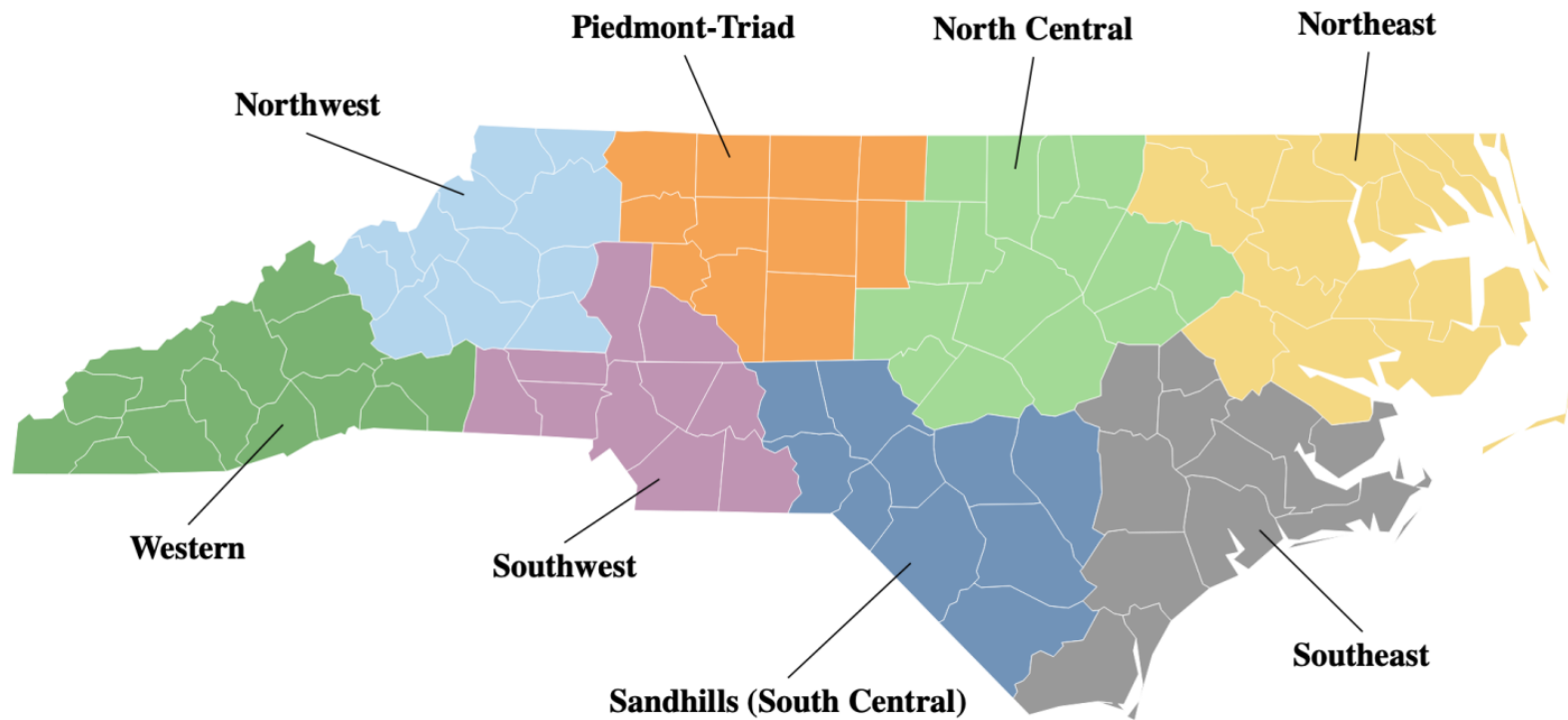
**Sources:** North Carolina Department of Commerce, County and Area Employment Figures Report (Feb 2020, Apr 2020, May 2020); Bureau of Labor Statistics, Metropolitan Area Employment and Unemployment News Release (Feb 2020, Apr 2020, May 2020).  
**Notes:** The darkest blue, most improved counties were Alexander (May: 14.00%, OTM Change: -6.10pp) and Dare (May: 19.60%, OTM Change: -4.90pp). The darkest grey, worsened counties were Swain (May: 19.70%, OTM Change: +5.00pp) and Jackson (May: 15.00%, OTM Change: +3.40pp). "UE" is used as an abbreviation for 'unemployment rate.' County and area employment data are not seasonally adjusted. The calculated unemployment data are weighted by labor force population.  
**Author:** Raymond Palma



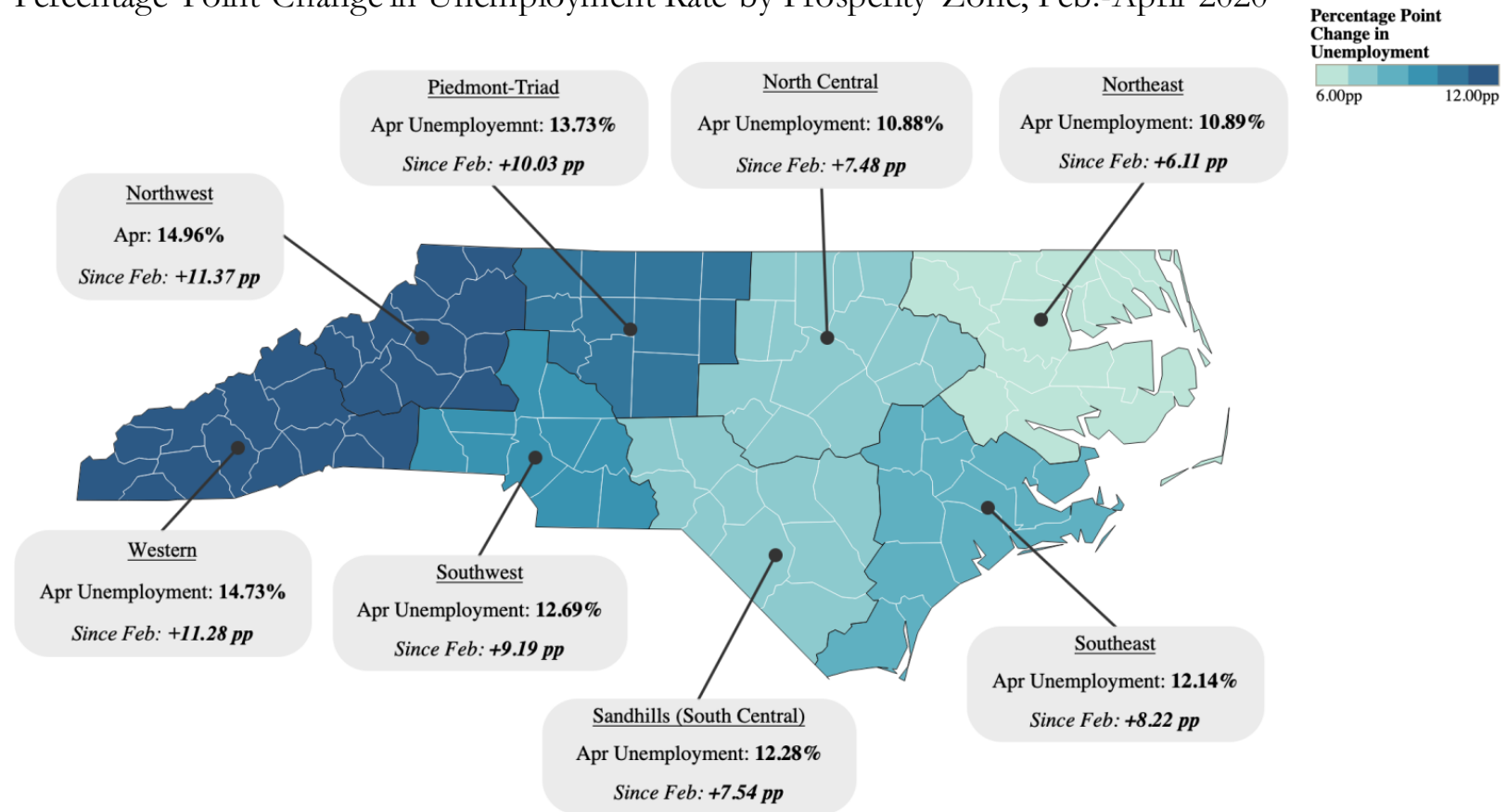
# Unemployment Rates by County and Metropolitan Area: Key Findings

- The Western half of the state saw disproportionately high increases in unemployment rates from February to April.
- The Eastern half of the state saw significantly smaller **initial** changes.
  - Where 40 of the 54 Eastern-most counties were *above* the state average in February, only 15 were above the average in April.
- By May, employment was improving in many of the counties that had seen initial unemployment spikes in April, whereas counties with lower unemployment rates in April experienced increasing unemployment in May.

# Prosperity Zones



## Percentage Point Change in Unemployment Rate by Prosperity Zone, Feb.-April 2020



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**Sources:** North Carolina Department of Commerce, County and Area Employment Figures Report (February 2020 and April 2020).

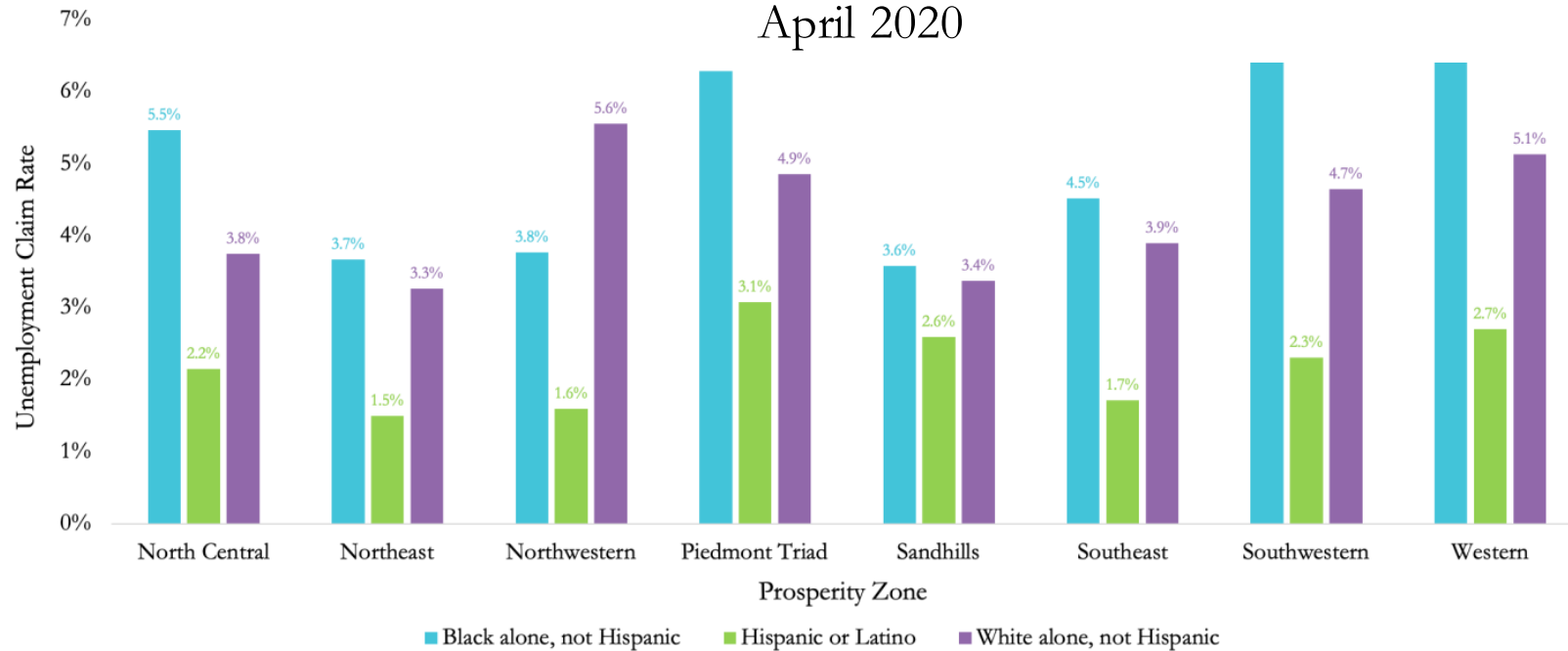
**Notes:** All four Western Prosperity Zones - Western, Northwest, Southwest, Piedmont-Triad - had unemployment rates *below* state average of 3.70% in Feb, but witnessed rates *above* the state average of 12.50% in Apr. County and area employment data are not seasonally adjusted. The calculated unemployment data are weighted by labor force population. February is used as the baseline month because it was the last full month before widespread response to COVID-19.

**Author:** Raymond Palma

# Unemployment by Prosperity Zone: Key Findings

- Prosperity zones in the Western half of N.C. were disproportionately affected by COVID-19 in terms of initial unemployment rate changes.
  - Western, Northwest, Southwest, and Piedmont-Triad prosperity zones were hit especially hard.
- Four prosperity zones (Western, Northwest, Southwest, and Piedmont-Triad) were all *below* the state average from January to March 2020, but all *above* the state average in April 2020.
  - They experienced the highest unemployment rates **and** highest percentage point increases in unemployment rate since February.

## Unemployment Claims by Race, Ethnicity, and Prosperity Zone, April 2020



**Source:** NC Department of Commerce (derived from information supplied by the Division of Employment Security (DES) and reflects monthly information that DES reported to the U.S. Department of Labor's Employment and Training Administration (ETA) 2020.

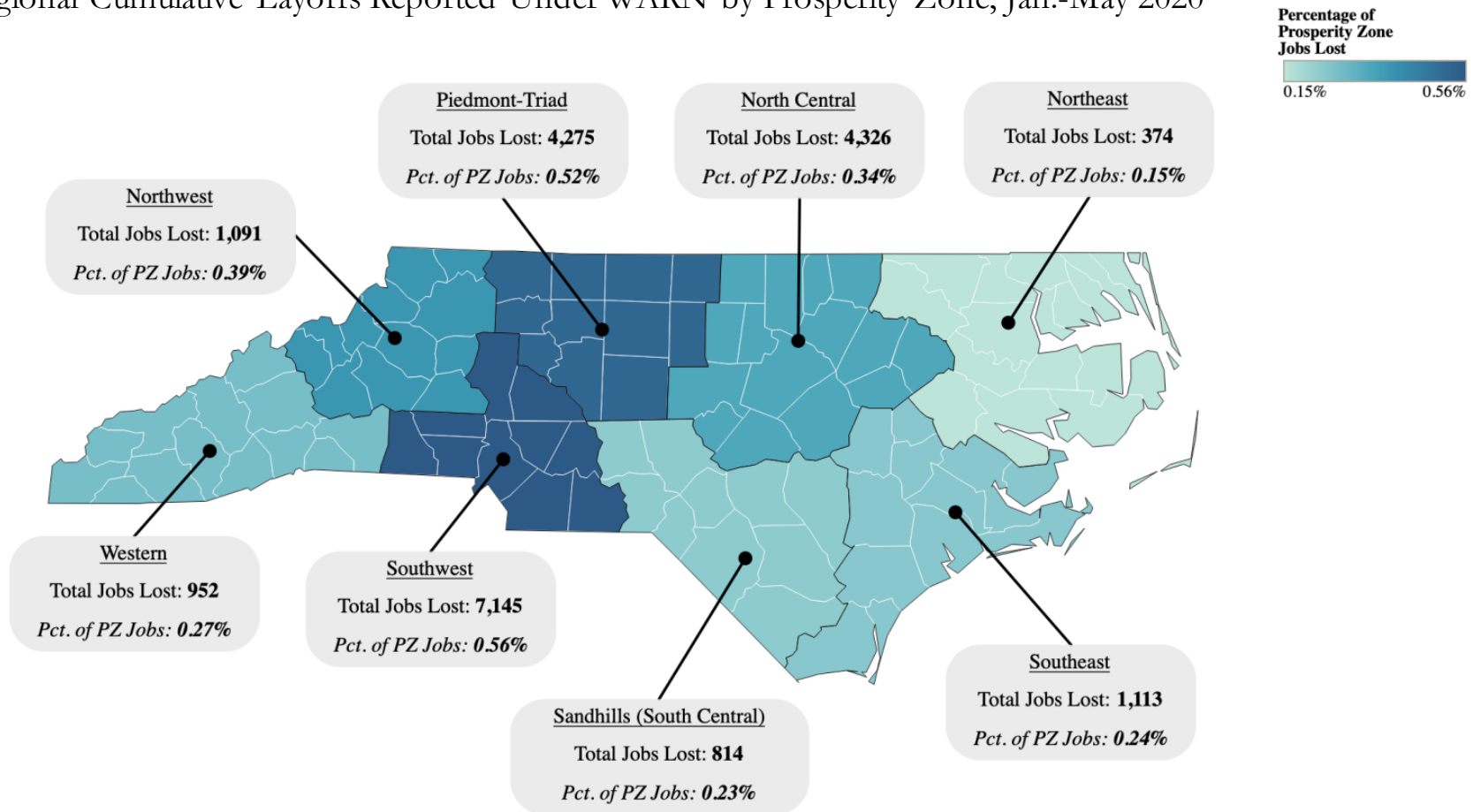
**Note:** This examines initial unemployment claims. The unemployment claim rate is weighted by population.

**Author:** Gretchen Blankinship.

# April Unemployment Claims by Race, Ethnicity, and Prosperity Zone: Key Findings

- Black North Carolinians disproportionately filed more initial unemployment claims in all but one prosperity zone in April.
  - In the Northwestern prosperity zone, white North Carolinians filed significantly more initial unemployment claims than Black and Hispanic or Latino North Carolinians.
- Hispanic or Latino North Carolinians are filing initial unemployment claims at a rate that is lower than expected, considering the impact of COVID-19 on the Hispanic or Latino communities.

## Regional Cumulative Layoffs Reported Under WARN by Prosperity Zone, Jan.-May 2020



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**Sources:** North Carolina Department of Commerce, WARN Report 2020; Bureau of Labor Statistics, Multiseries data

**Note:** Weighted by labor force using BLS data for North Carolina labor force in 2019

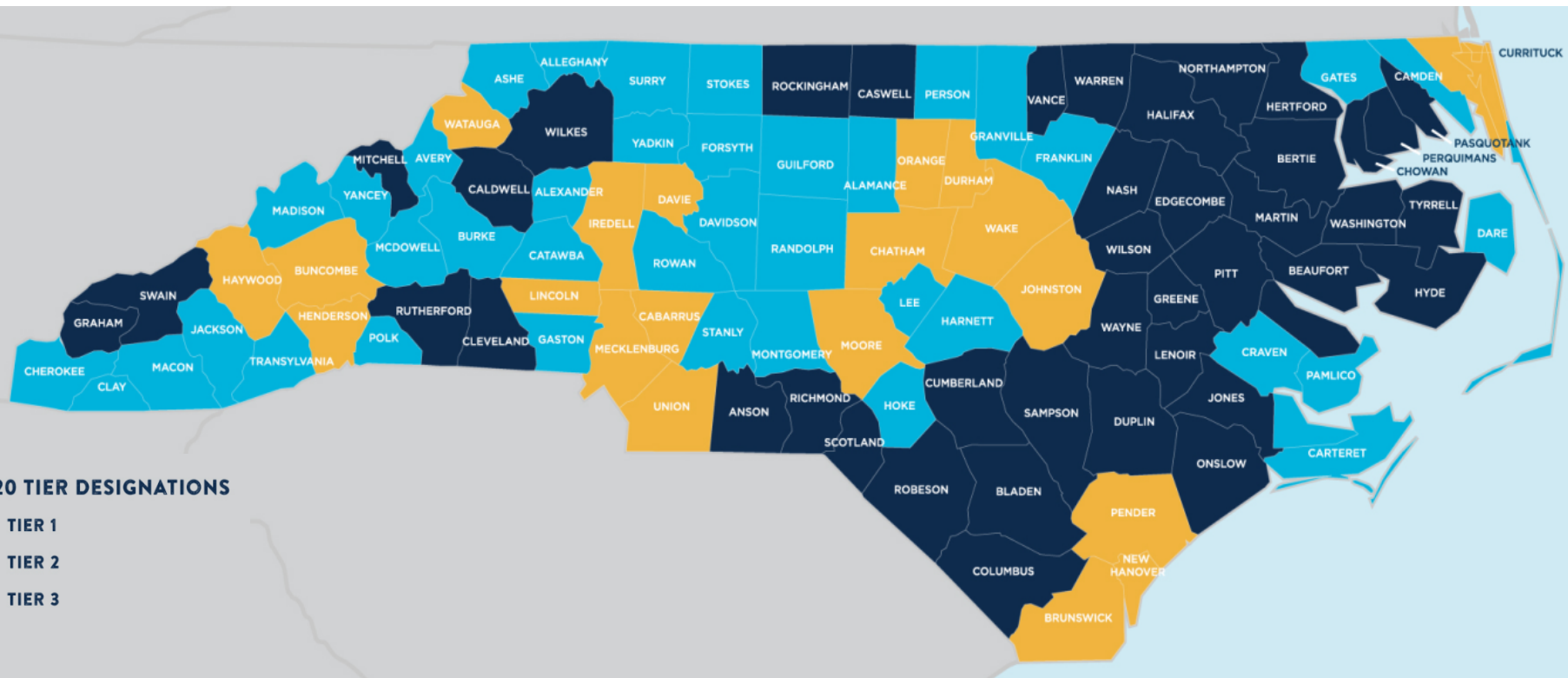
**Authors:** Ray Palma (map), Valerie Lundeen (data)

## Layoffs by Prosperity Zone: Key Findings

- The Southwest prosperity zone was hit the hardest, as 0.56% of jobs in the region were lost by May. This is equivalent to 7,145 layoffs.
- Piedmont Triad and Northwest regions suffered the next-most layoffs.



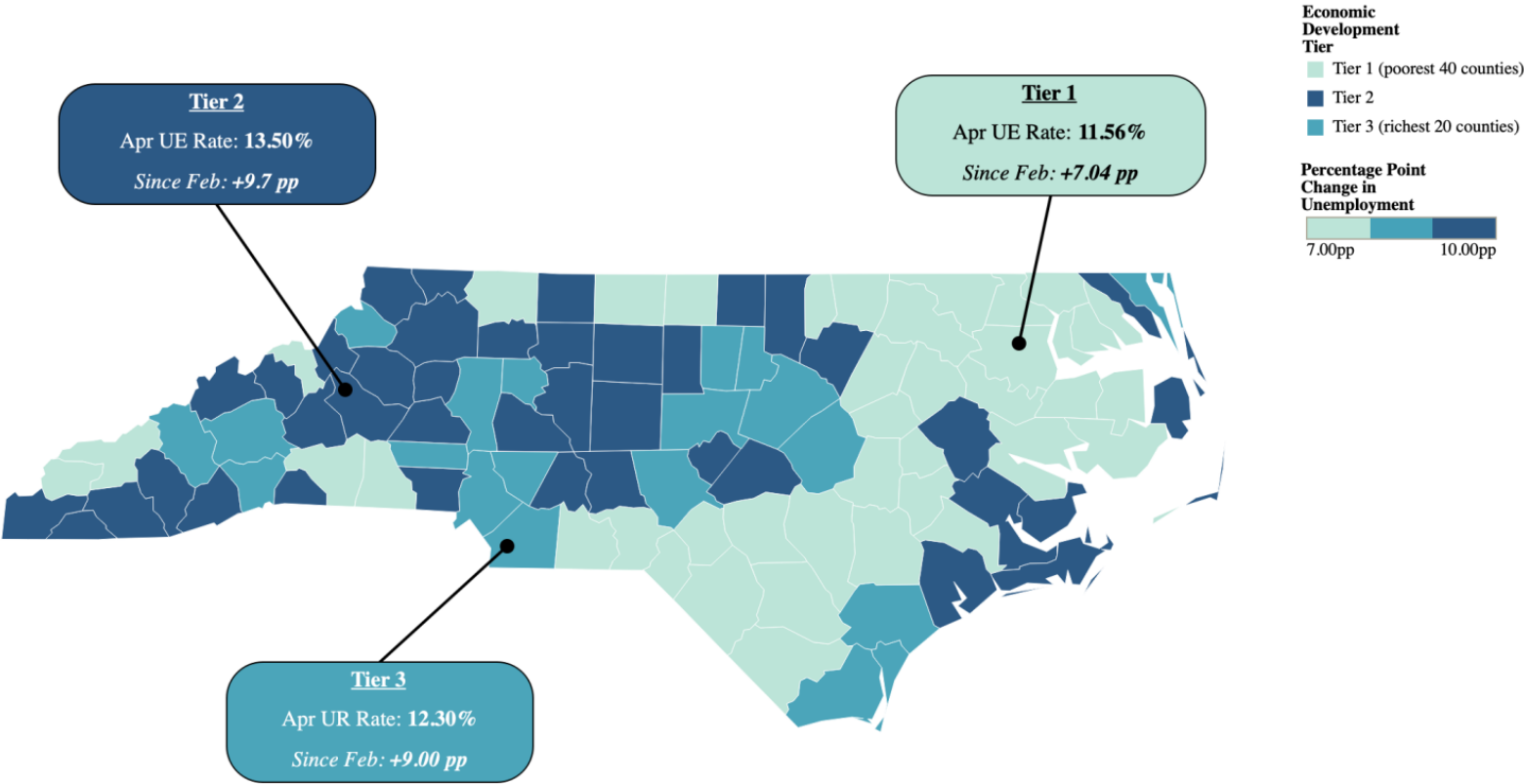
# Economic Development Tiers



Tier 1: 40 most distressed counties  
Tier 2: next 40 most distressed counties  
Tier 3: 20 least distressed counties

Image Source: NC Dept.  
Commerce

Percentage Point Change in Unemployment Rate by Economic Development Tier, Feb.-April 2020



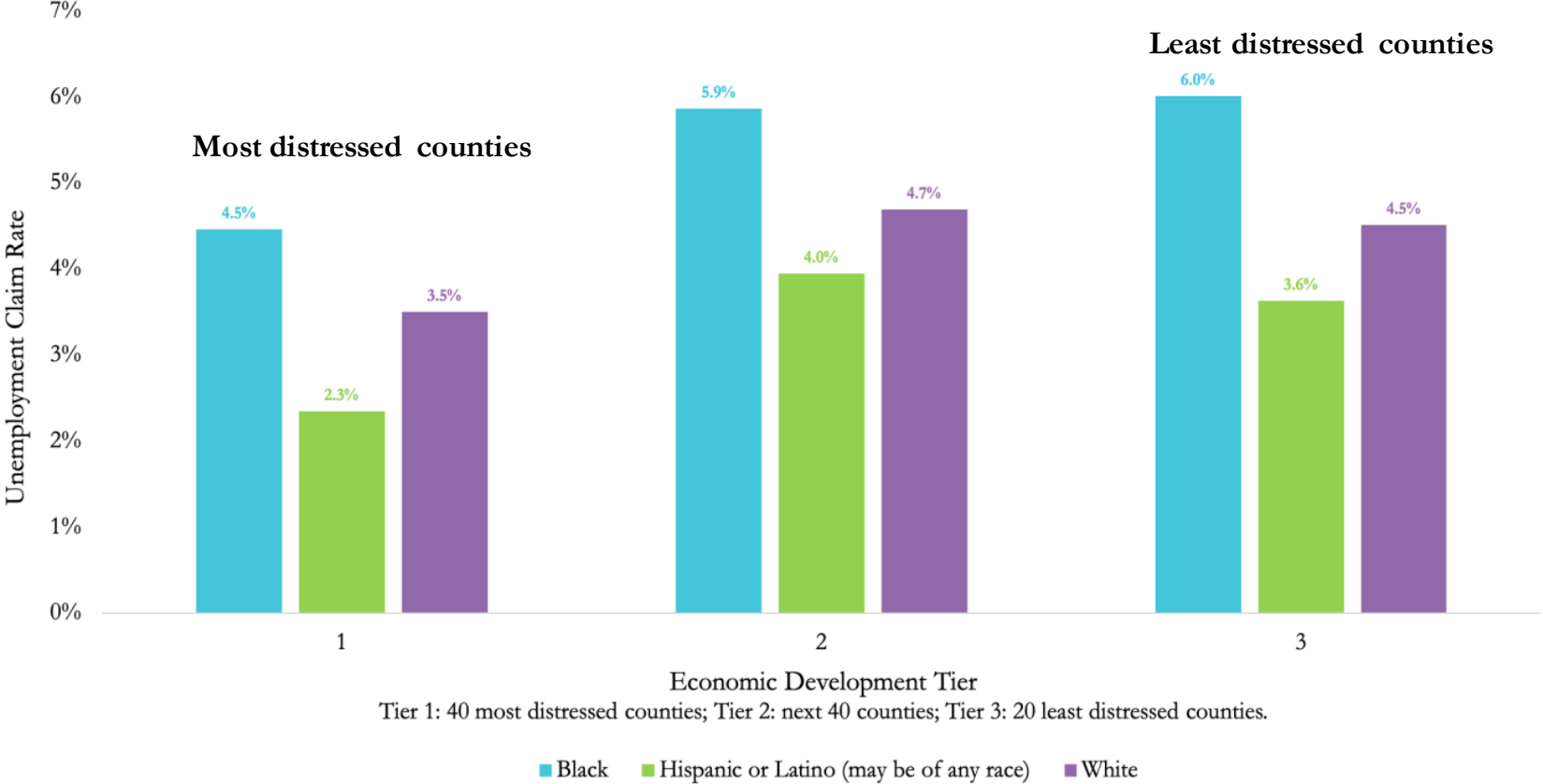
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**Sources:** North Carolina Department of Commerce, County and Area Employment Figures Report (February 2020 and April 2020).  
**Notes:** "UE" is used as an abbreviation for 'unemployment rate.' County and area employment data are not seasonally adjusted. The calculated unemployment data are weighted by labor force population. February is used as the baseline month because it was the last full month before widespread response to COVID-19.  
**Author:** Raymond Palma

# Unemployment by Economic Tier: Key Findings

- More economically distressed areas of the state saw lower unemployment rates in April and May.
- Tier 1 (40 most economically distressed) saw the lowest unemployment rate in April after consistently having the highest rates from January through March (adjusted for labor force).
- Tiers 2 and 3 (60 least economically distressed counties) witnessed disproportionate increases in unemployment rates in April (adjusted for labor force).

# Unemployment Claim Rates by Race, Ethnicity, and Economic Development Tier for April 2020



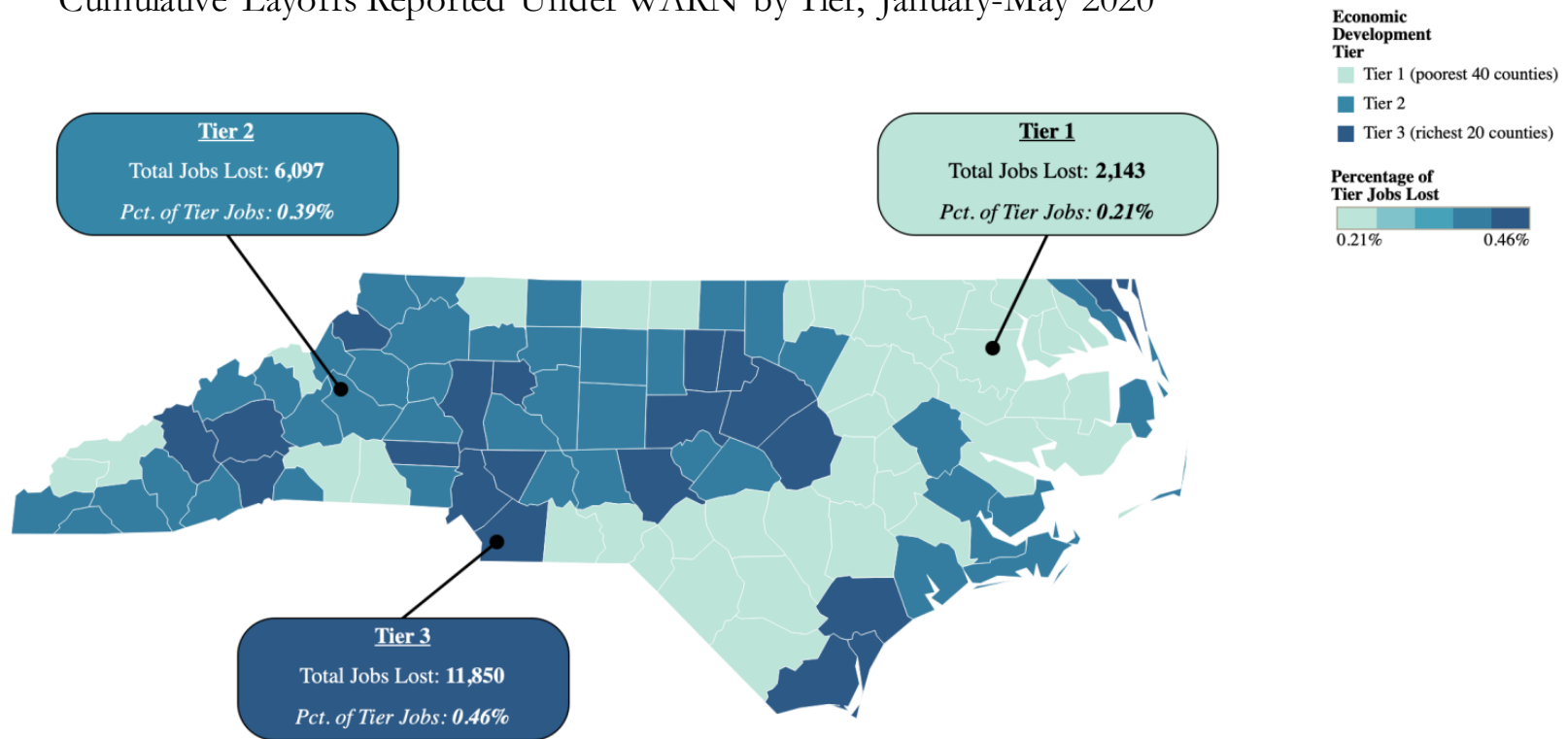
Tier 1: 40 most distressed counties; Tier 2: next 40 counties; Tier 3: 20 least distressed counties.

**Source:** NC Department of Commerce (derived from information supplied by the Division of Employment Security (DES) and reflects monthly information that DES reported to the U.S. Department of Labor's Employment and Training Administration (ETA) 2020.

## April Unemployment Claims by Economic Tier

- Regardless of Economic Development Tier, Black North Carolinians disproportionately filed the most initial unemployment claims in April.
- Black North Carolinians filed the most initial unemployment claims (proportional to the Black population) in Tier 3, comprising the most well-off counties.
- The 40 most distressed N.C. counties saw the least amount of initial unemployment claims in April, across all races and ethnicities.

## Cumulative Layoffs Reported Under WARN by Tier, January-May 2020



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**Sources:** North Carolina Department of Commerce, WARN Report 2020; Bureau of Labor Statistics, Multiseries data

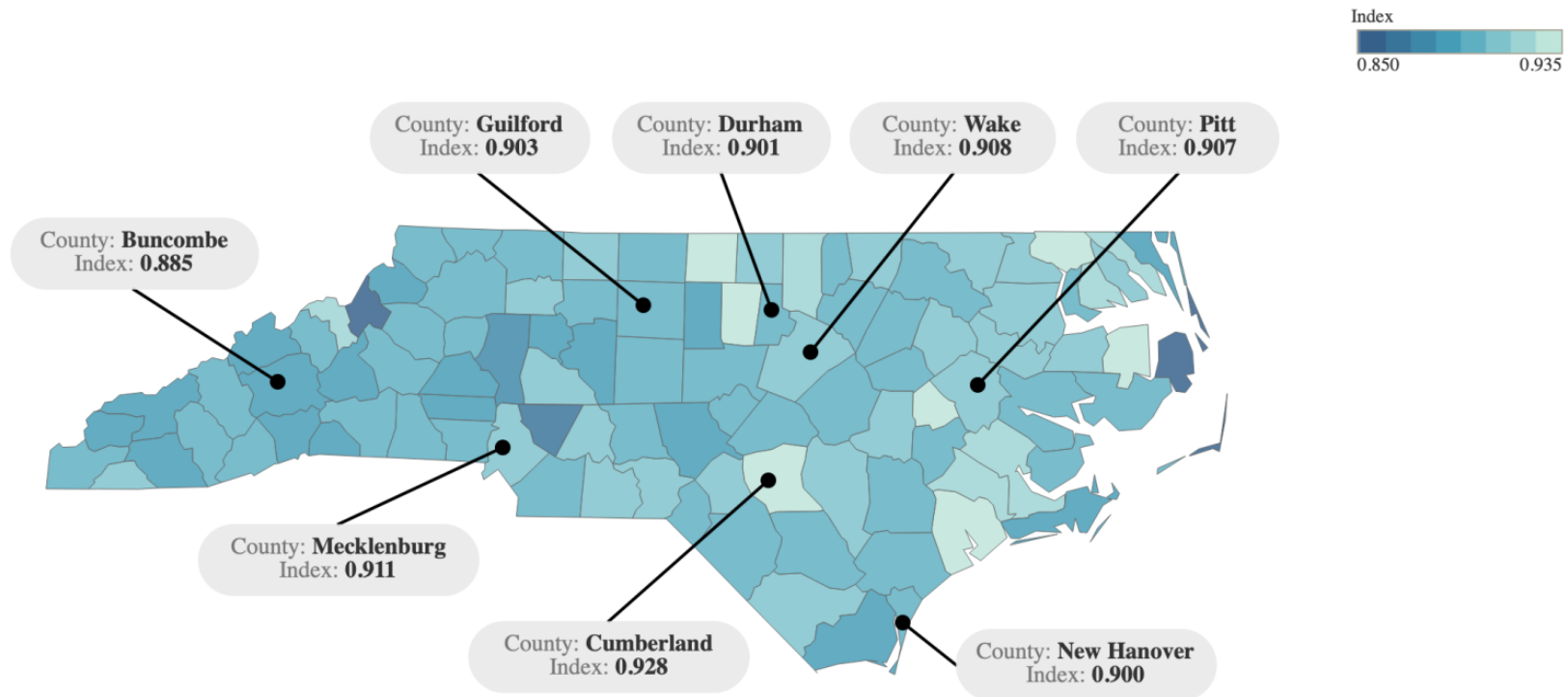
**Note:** Weighted by labor force using BLS data for North Carolina labor force in 2019

**Authors:** Ray Palma (map), Valerie Lundeen (data)

## Layoffs by Economic Development Tier

- The least economically distressed counties experienced the most layoffs.
- North Carolina's 40 most economically distressed counties (Tier 1), lost 2,143 jobs, or 0.21% of those counties' workforce.
- North Carolina's 20 least economically distressed counties (Tier 3), lost 11,850 jobs, or 0.46% of those counties' workforce.
- Possible explanations for this pattern
  - More hospitality jobs are located in Tier 3 (wealthier) counties
  - COVID-19 spreads more quickly in Tier 3 counties (more urban), than it does in Tier 1 counties (more rural), thus affecting the job market.

## Vulnerability to COVID-19 Related Employment Losses Based on County Industry Makeup, April 2020



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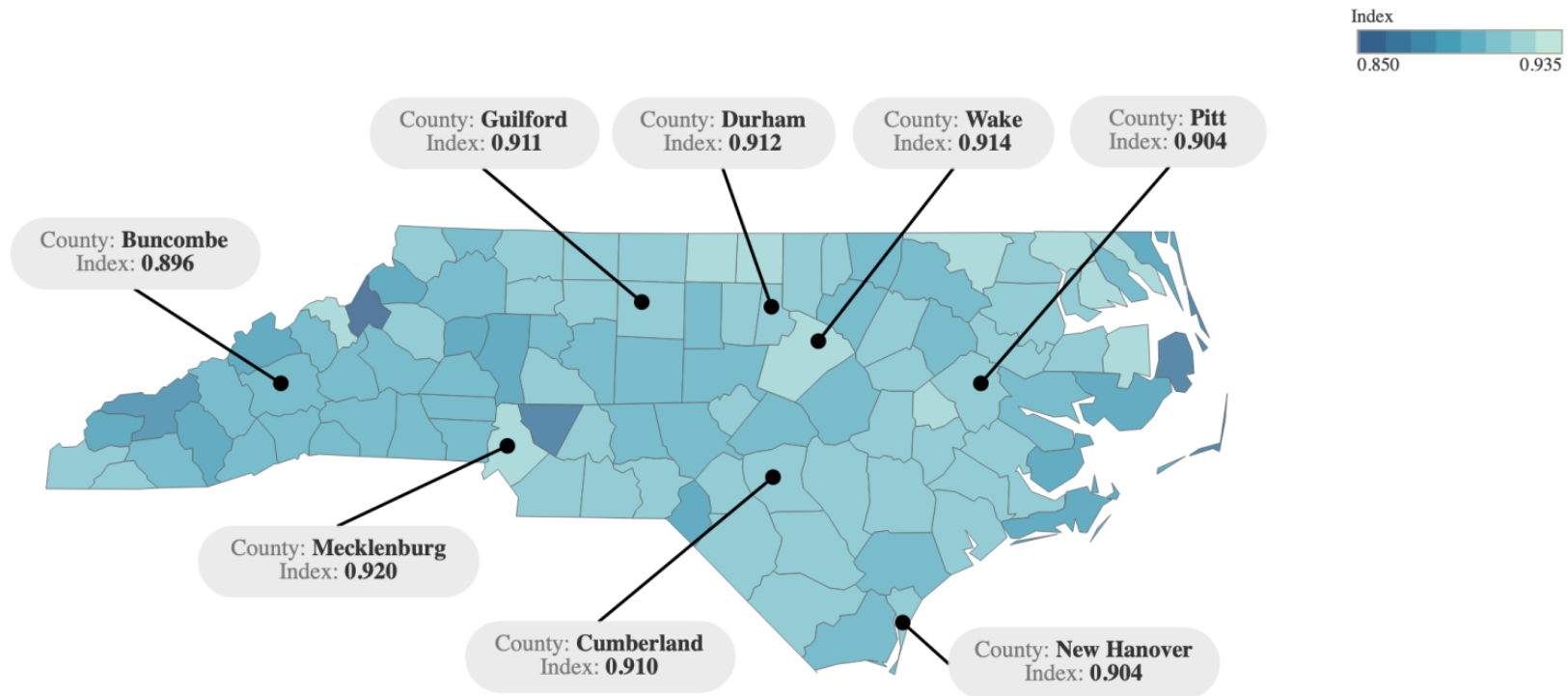
**Source:** U.S. Bureau of Labor Statistics, Current Employment Statistics (CES), North Carolina, Dec 2019-May 2020; US Bureau of Economic Analysis, Regional Data, GDP and Personal Income by County.

**Note:** Apr county-level index values and unemployment rates yield a correlation of 0.359. Index projects expected employment losses in North Carolina counties based on the state's total job losses in industrial sectors from January, 2020 to Apr/May, 2020 and gross county produce by industry in 2018. A score of 0.900 is interpreted as a projected loss of 10.0% of jobs in the county from Jan of 2020 to April/May. Where data too small to report, considered zero. Analysis conducted by 2-digit NAICS industry sectors. Does not include farm labor. Does not adjust for different concentrations of labor by industry.

**Author:** Raymond Palma (Graph), Adams Nager (Data)



## Vulnerability to COVID-19 Related Employment Losses Based on County Industry Makeup, May 2020



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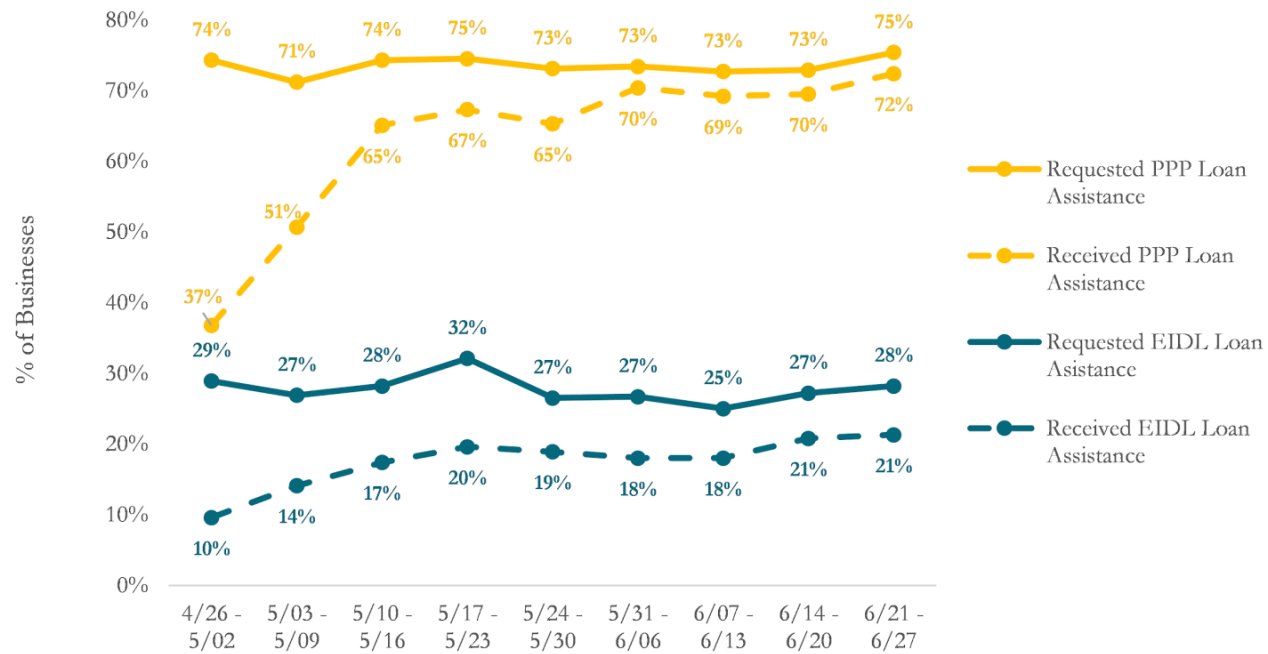
**Source:** U.S. Bureau of Labor Statistics, Current Employment Statistics (CES), North Carolina, Dec 2019-May 2020; US Bureau of Economic Analysis, Regional Data, GDP and Personal Income by County.

**Note:** May county-level index values and unemployment rates yield a correlation of 0.311. Index projects expected employment losses in North Carolina counties based on the state's total job losses in industrial sectors from January, 2020 to Apr/May, 2020 and gross county produce by industry in 2018. A score of 0.900 is interpreted as a projected loss of 10.0% of jobs in the county from Jan of 2020 to Apr/May. Where data too small to report, considered zero. Analysis conducted by 2-digit NAICS industry sectors. Does not include farm labor. Does not adjust for different concentrations of labor by industry.

**Author:** Raymond Palma (Graph), Adams Nager (Data)

# Government Response

## North Carolina Small Business Federal Loan Programs Applications and Approvals, April-June 2021



**Source:** United States Census Bureau Small Business Pulse Survey, National, State, Week 1-9

**Note:** Small businesses are defined as single-location employer businesses with 1-499 employees, not including NAICS Sectors 111, 112, 282, 491, 521, 525, 813, 814, 92.

**Author:** Etheridge Daniels

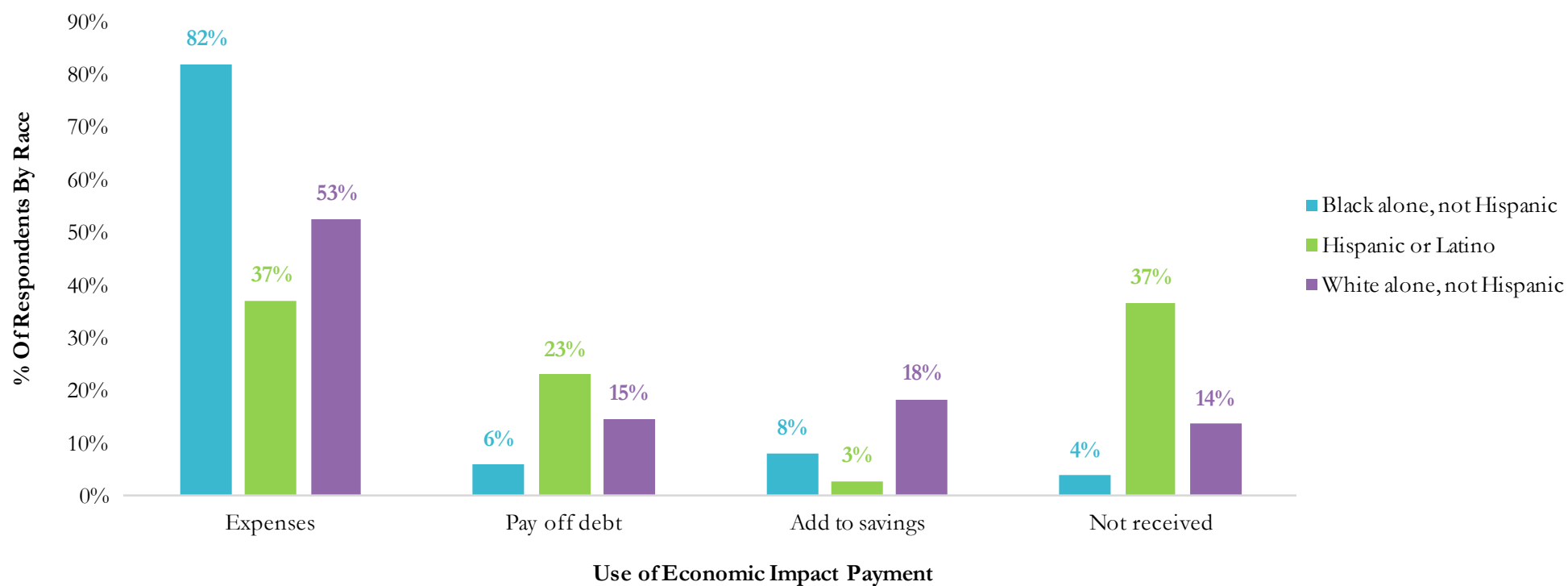
# Federal Loan Programs' Applications and Approvals: Key Findings

- North Carolina received 9.1% fewer PPP Loans and 13.3% less PPP dollars than the average state, normalized by GDP.
- North Carolina Received 10% less Economic Injury Disaster Loans and 17.6% less Economic Injury Disaster Loan dollars than the average state, normalized by GDP
- The Federal Payroll Protection Program worked to meet the needs of North Carolina small businesses. 37.5% of businesses who applied for a loan did not receive one through the week of 4/26 - 5/02, while only 3% of businesses who applied for a loan did not receive one through the week of 6/21 - 6/27.

**Economic Impact Payment (“Stimulus Check”) National and State-level Statistics  
as of June 26, 2020**

	<b>Economic Impact Payments Issued</b>	<b>Dollars Paid</b>
<b>Total</b>	158,677,670	\$266,082,058,841
<b>North Carolina</b>	5,045,198	\$8,542,640,261

## Use of Economic Impact Payment by Race/Ethnicity in N.C., 6/25-30, 2020



**Source:** U.S. Census Bureau Household Pulse Survey June 25-30, Stimulus Table 1

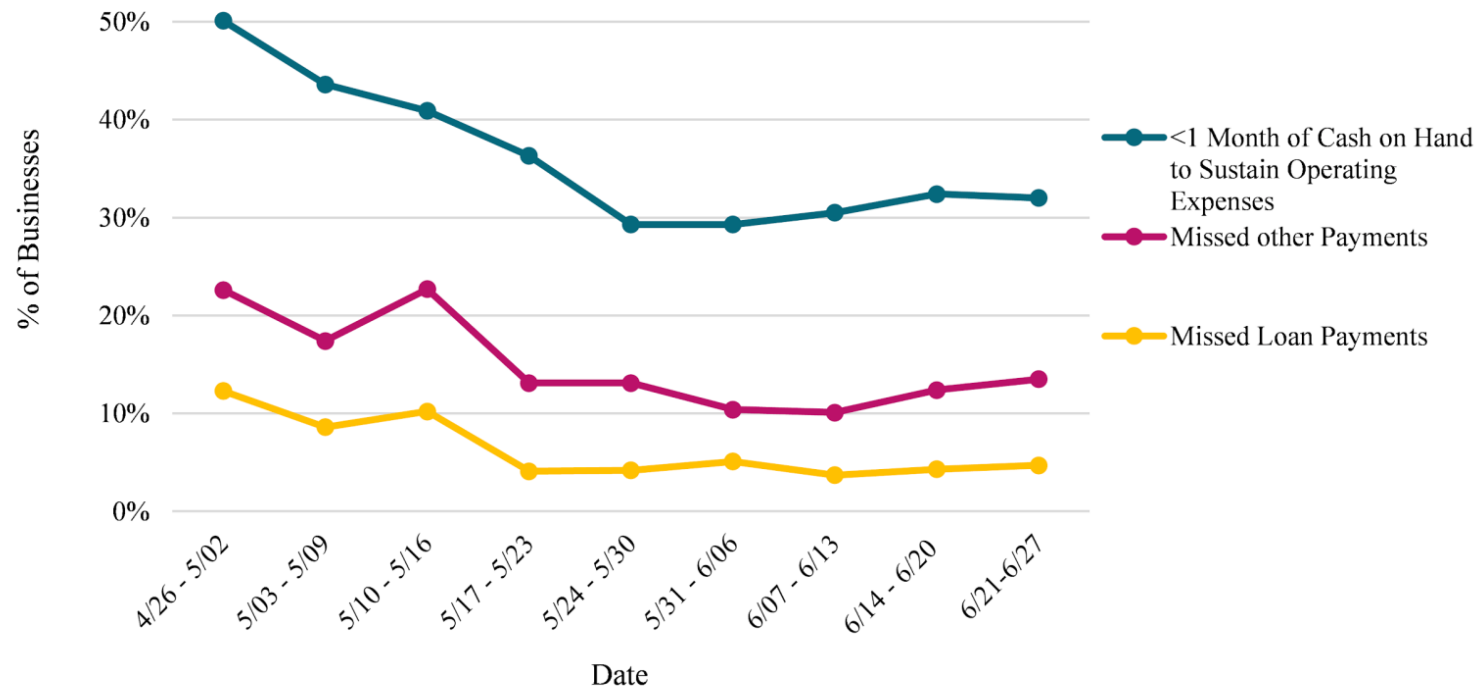
**Note:** Respondents consist of households, not individuals. Categories include past and intended use of payment.

**Author:** Etheridge Daniels

## Economic Impact Payments: Key Findings

- Economic Impact Payments were primarily used for expenses; 81.9% of Black households, 37.1% of Hispanic or Latino households, and 52.7% of white households used the Payments for expenses.
- White households disproportionately used the Economic Impact Payment to add to their savings, with 18.4% of white households doing so.
- Hispanic or Latino households disproportionately did not receive an Economic Impact Payment. 36.7% of Hispanic or Latino households fall into this category.

## North Carolina Small Business Cash on Hand, Missed Payments, 4/26-6/27



**Source:** United States Census Bureau Small Business Pulse Survey, National, State, Week 1-9

**Note:** Small businesses are defined as single-location employer businesses with 1-499 employees, not including NAICS Sectors 111, 112, 282, 491, 521, 525, 813, 814, 92.

**Author:** Etheridge Daniels



## Small Business Impacts

- The number of small businesses with a month or less of cash on hand declined from 50.1% to 32% from the week of 4/26 – 5/02 to the week of 6/21 – 6/27. This suggests that the Payroll Protection Program and Economic Injury Disaster Loans were successful in getting money into the hands of small businesses that needed it.
- The number of small businesses that reported that they missed loan payments or other payments declined from 12.3% to 4.7% and 22.6% to 13.5%, respectively, from the week of 4/26 - 5/02 to the week of 6/21 - 6/27.

# State Revenue

- The Fiscal Research Division within the General Assembly and the Office of State Budget and Management have released a joint forecast for state revenue loss.
- They have predicted a \$1.64 billion under-collection for FY 2019-20.
- They expect state revenue to fall by \$2.57 billion during FY 2020-21.
- Our team collected data from the Bureau of Labor Statistics and utilized Pulse data in an attempt to extrapolate revenue lost in April of 2020 to future revenue losses in FY 2020-21.
- Our findings were inconclusive due to a lack of available data. However, our preliminary findings indicated that the state's estimate is reasonable, pending the impact of the second wave of the pandemic.

**Author:** Jane Tullis

# Data Sources

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