

Increasing Inequities

A Brief on the Uneven Economic Impacts of the COVID-19 Pandemic in Philadelphia

A Follow-Up to *Jobless*

December 2020

Executive Summary:

Disproportionate Impacts

Since the start of the COVID-19 pandemic and resulting economic crisis, more than 233,000 newly unemployed Philadelphians—approximately 30% of the city’s labor force—have filed initial claims for unemployment compensation with the State of Pennsylvania. During the week ending October 31, 2020, nearly 60,000 filed continued claims, indicating on-going unemployment. Meanwhile, the federally funded Pandemic Emergency Unemployment Compensation (PEUC) and Pandemic Unemployment Assistance (PUA) programs, which provide significant benefits to workers ineligible for state benefits, are set to expire on December 31, 2020.

Workers across Philadelphia have experienced negative economic impacts during the pandemic. However, by their race and ethnicity, their age, their industry of employment, and where they call home, those already left out of the economic mainstream have experienced the most severe impacts. As the pandemic persists, it continues to affect specific groups within Philadelphia’s population more than others and exacerbate existing inequities.

- Relative to their share of the city’s population and labor force—across neighborhoods and industries—Black and African American Philadelphians continue to experience outsized economic impacts. Despite making up less than 40% of Philadelphia’s labor force in 2018, Black and African American workers have filed more than 46% of all initial claims since March. In the last week of October, Black and African American Philadelphians filed more than 56% of the city’s total continued claims.
- The current recession is affecting workers across industries in polarizing ways, and Philadelphians working in often low-paying service industries have been disproportionately impacted. Since March, an estimated 77% of Philadelphia’s Accommodation and Food Service workers have filed for state unemployment benefits, compared to fewer than 10% of workers in the Finance and Insurance, Management of Companies, and Public Administration industries.

The COVID-19 pandemic has laid bare systemic inequities in Philadelphia, many of which are tightly coupled along lines of race and socioeconomic status. Workers of color, low-wage service workers, and young workers—many of whom live in the northern and western neighborhoods of Philadelphia—have filed unemployment claims at higher rates than other workers in the city.

Key Definitions

- **Pennsylvania State Unemployment Compensation:** Traditional unemployment compensation benefits in Pennsylvania are administered by the State. Data included in this brief primarily examine these claims, including both initial claims and continuing claims.
- **Initial State Unemployment Claim:** Filed once someone has separated from unemployment, this is normally an individual's first interaction with Pennsylvania's unemployment system. Because initial claims are filed directly by residents, these data include both claims that are later deemed eligible for unemployment compensation and those deemed ineligible. These data do not include Pandemic Emergency Unemployment Compensation (PEUC) claims or Pandemic Unemployment Assistance (PUA) claims.
- **Continued State Unemployment Claim:** In the State of Pennsylvania, workers who remain separated from unemployment must file bi-weekly claims certifying that they have not been able to find employment. These data do not include Pandemic Emergency Unemployment Compensation (PEUC) claims or Pandemic Unemployment Assistance (PUA) claims.
- **Labor Force Participation:** An individual is considered in the labor force if they are employed or are actively looking for employment.
- **Unemployment Rate:** Simply stated, the unemployment rate is the total unemployed population divided by the total labor force. However, claims filed through state unemployment agencies are not used to determine official unemployment rates provided by the Bureau of Labor Statistics. Similar figures found in this document are not considered industry-, race-, or ethnicity-specific unemployment rates.
- **State Unemployment Exhaustion:** Traditional unemployment benefits expire. Individuals are eligible to receive full benefits for a maximum of 26 weeks. When the Maximum Benefit Amount (MBA) is reached, an individual's benefits are considered exhausted.
- **Pandemic Emergency Unemployment Compensation (PEUC):** Through December 31, 2020, the federal government will, for a period of 13 weeks, continue to pay unemployment benefits to individuals who have exhausted state resources. Once an individual transitions to this program, they are no longer counted as a continued claimant under the traditional state unemployment system. PEUC has its own initial and continued claims process similar to that of state unemployment compensation systems. *These benefits are set to expire December 31, 2020.*
- **Pandemic Unemployment Assistance (PUA):** Through December 31, 2020, the federal government will provide financial assistance to separated workers who do not qualify for traditional state unemployment benefits. PUA has its own initial and continued claims process similar to that of state unemployment compensation systems. *These benefits are to expire December 31, 2020.*

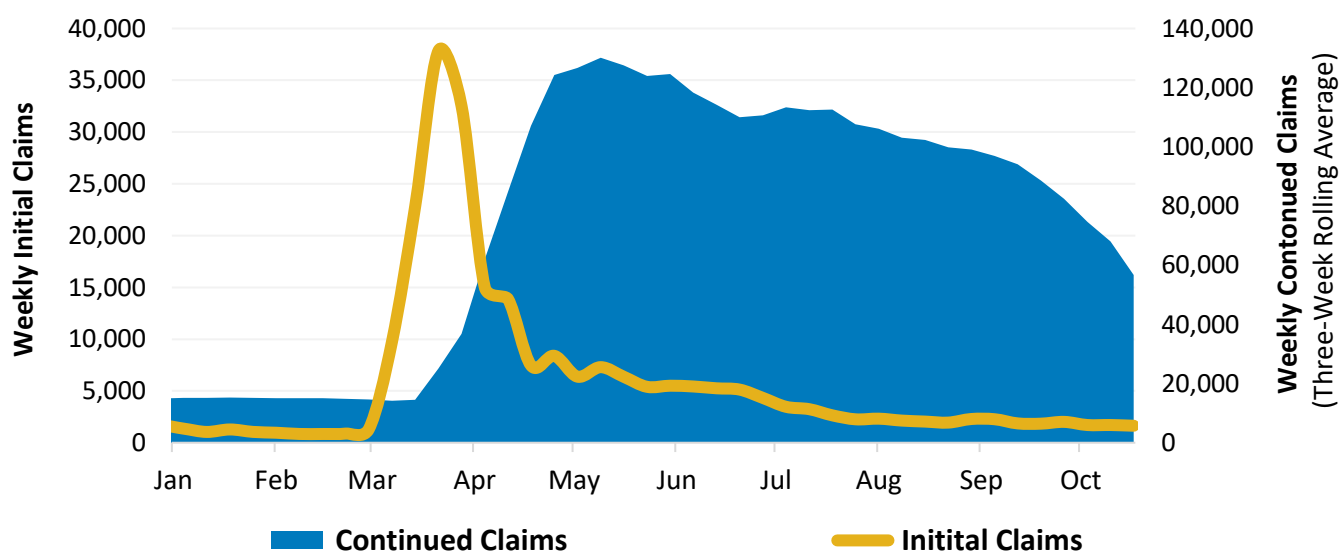
A Timeline of Recent Events: Philadelphia’s Economic Shutdown and Unemployment Emergency

Following the first confirmed case of the novel coronavirus on March 10, 2020 and the subsequent “Stay-at-Home” order issued by the City on March 16, initial unemployment claims by newly unemployed residents peaked in the first week of April, climbing to roughly 38,000 claims in the week ending April 4 (Figure 1). By the middle of May, while the week-over-week rate of initial claims filings had decreased, continued claims by residents already receiving unemployment compensation peaked at nearly 120,000 filings. By the end of October, nearly 60,000 unemployed workers continued to receive benefits from the State of Pennsylvania.

Importantly, none of these figures include workers receiving federal Pandemic Unemployment Assistance (PUA), offered to gig-workers, self-employed workers, and other independent consultants. Nor do they include residents receiving federal Pandemic Emergency Unemployment Compensation (PEUC), which extends payments for those who have exhausted state unemployment benefits. As a result, both the initial and continued unemployment figures referenced throughout this brief do not reflect the full impact of the COVID-19 crisis on Philadelphia workers.

Though Figure 1 shows a sharp decline in continued claims beginning in late September, we cannot infer that all of these Philadelphians are returning to work. Since most workers are eligible to receive unemployment benefits from the State for a maximum of 26 weeks, those who filed initial claims in April 2020 would have exhausted their eligibility for state benefits between October and November. Residents who are no longer filing continued state claims may be transitioning to the Pennsylvania-administered federal PEUC program.

Figure 1: Weekly Initial and Continued Unemployment Claims in Philadelphia
December 29, 2019 to October 31, 2020



Source: Philadelphia Works Analysis of PA CWIA and CWDS Unemployment Claims Data.

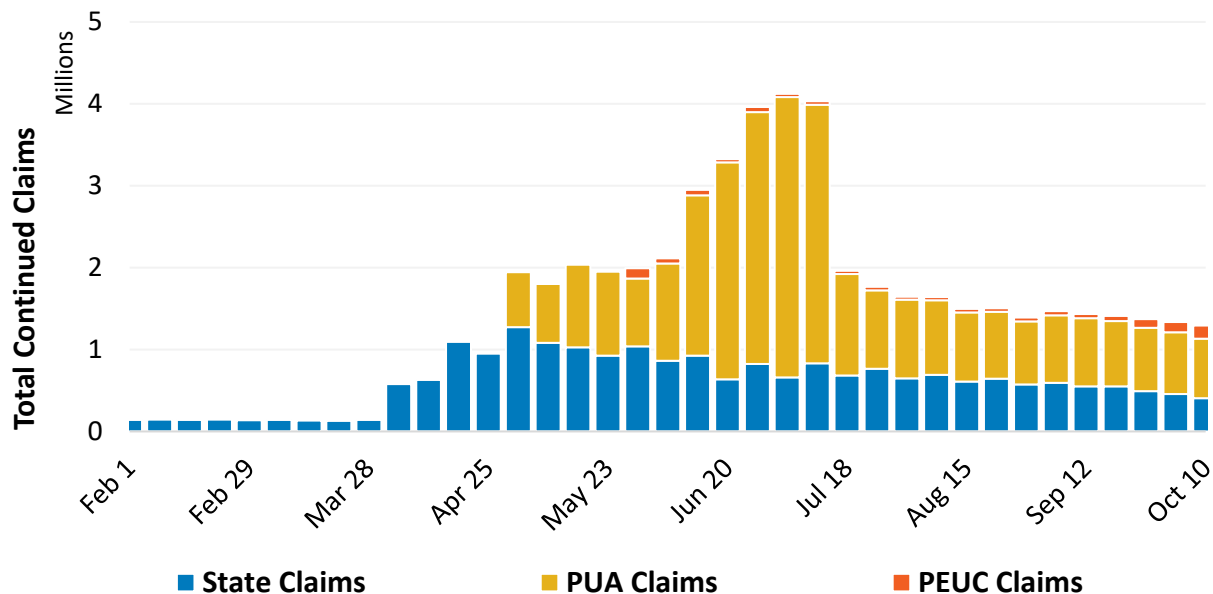
Unemployment Exhaustion: Transitioning to Federally Funded Pandemic Unemployment Programs Expiring on December 31, 2020

Established under the CARES Act, the PEUC program was specifically designed to extend unemployment compensation to displaced workers once their traditional state unemployment benefits expire. Meanwhile, the PUA program was created to provide benefits to workers who would normally not qualify for traditional state benefits, such as intermittent or part-time workers and independent contractors. Unless federal legislative action is taken, these temporary relief efforts and the benefits they provide to the potential thousands of eligible Philadelphians are set to expire on December 31, 2020, further escalating the current unemployment emergency.

Figure 2 shows the distribution of continued claims by program in Pennsylvania prior to and throughout the pandemic. According to the U.S. Department of Labor, roughly 890,000 Pennsylvanians filed continued PUA or continued PEUC claims during the week ending October 10, 2020. In that same week, only 408,000 individuals filed continued claims under the traditional state unemployment system.

This shift in the distribution of claims by program highlights the growing importance of the PEUC system, just as it is poised to expire. It suggests that in recent weeks, Pennsylvanians have increasingly exhausted unemployment benefits from the traditional state program and transitioned to the federal program. While county-level data for federal programs are not available, recent declines in continued state unemployment claims by Philadelphians portrayed in Figure 1 may be offset in a similar transition.

Figure 2: Weekly Continued Unemployment Claims in Pennsylvania by Program
January 26, 2020 to October 10, 2020



Source: Philadelphia Works Analysis of U.S. Department of Labor Unemployment Claims Data.

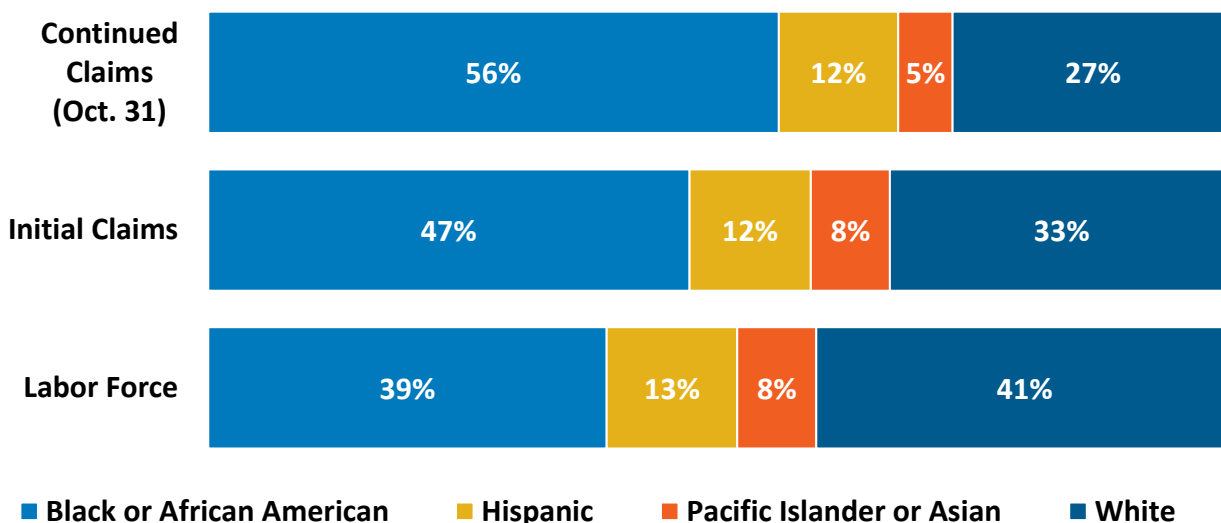
Demographic Characteristics: Young Black and African American Philadelphians Represent the Largest Share of Initial and Continued Claimants

In Philadelphia, Black and African American workers are more likely to have filed for state unemployment compensation than their Asian, Hispanic, or white peers during the COVID-19 economic downturn. Not only do these workers represent the largest share of claimants by race or ethnicity, but they are also filing at outsized rates relative to their participation in the labor force.

From March 15 to October 31, 2020, roughly 35% of Black and African American workers in Philadelphia filed initial unemployment claims with the State. Meanwhile, rates for Asian, Hispanic, and white workers were 30%, 27%, and 24%, respectively. Although Black and African American workers made up 39% of Philadelphia’s labor force by race or ethnicity in 2018, they represented 46% of initial claimants who have filed since March 15 and 56% of continued claimants who filed during the week ending October 31 (Figure 3).

While the difference between Black and African American workers’ share of the labor force and their share of initial claims during the pandemic suggests an overarching inequity, their large share of recent continued claims suggests an inequity that has deepened over time. Black and African American workers have continued to receive unemployment benefits—remaining unemployed.

Figure 3: Labor Force, Initial Claims, and Continued Claims by Race or Ethnicity in Philadelphia March 15, 2020 to October 31, 2020



Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau’s 2014-2015 ACS 5-year Estimates.

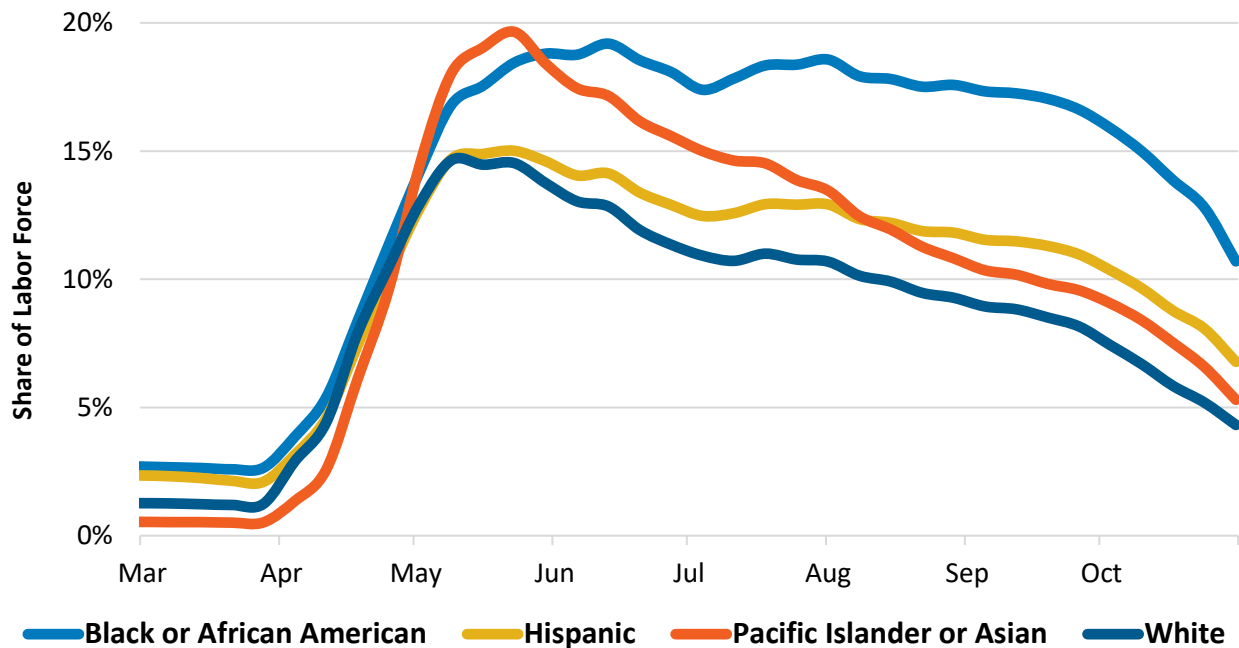
As seen in Figure 4, across all races and ethnicities, Philadelphia’s continued claims for state unemployment benefits reached their highest points in May and June. At their peaks, about 15% of Hispanic and white labor force participants and nearly 20% of both Pacific Islander or Asian and Black or African American labor force participants filed continued claims for unemployment.

While the shares of white, Hispanic, and Pacific Islander or Asian workers filing continued claims began decreasing in late May, the share of Black or African American workers filing continued claims did not peak until mid-June. Subsequently, the share of Black or African American workers continuing to file bounced up and down more dramatically and decreased more slowly overall than it did for other claimants by race or ethnicity, hovering between approximately 17-19% until August.

As noted previously, given the timeline of when the majority of initial claims were first filed, the more recent, sharp declines seen beginning in October may reflect benefit exhaustion. If eligible, these individuals may be transitioning to the federal PEUC program, which is set to expire on December 31, 2020.

Figure 4: Philadelphia Continued Claims as a Share of Labor Participation by Race and Ethnicity, Three-Week Moving Average

March 1, 2020 to October 31, 2020



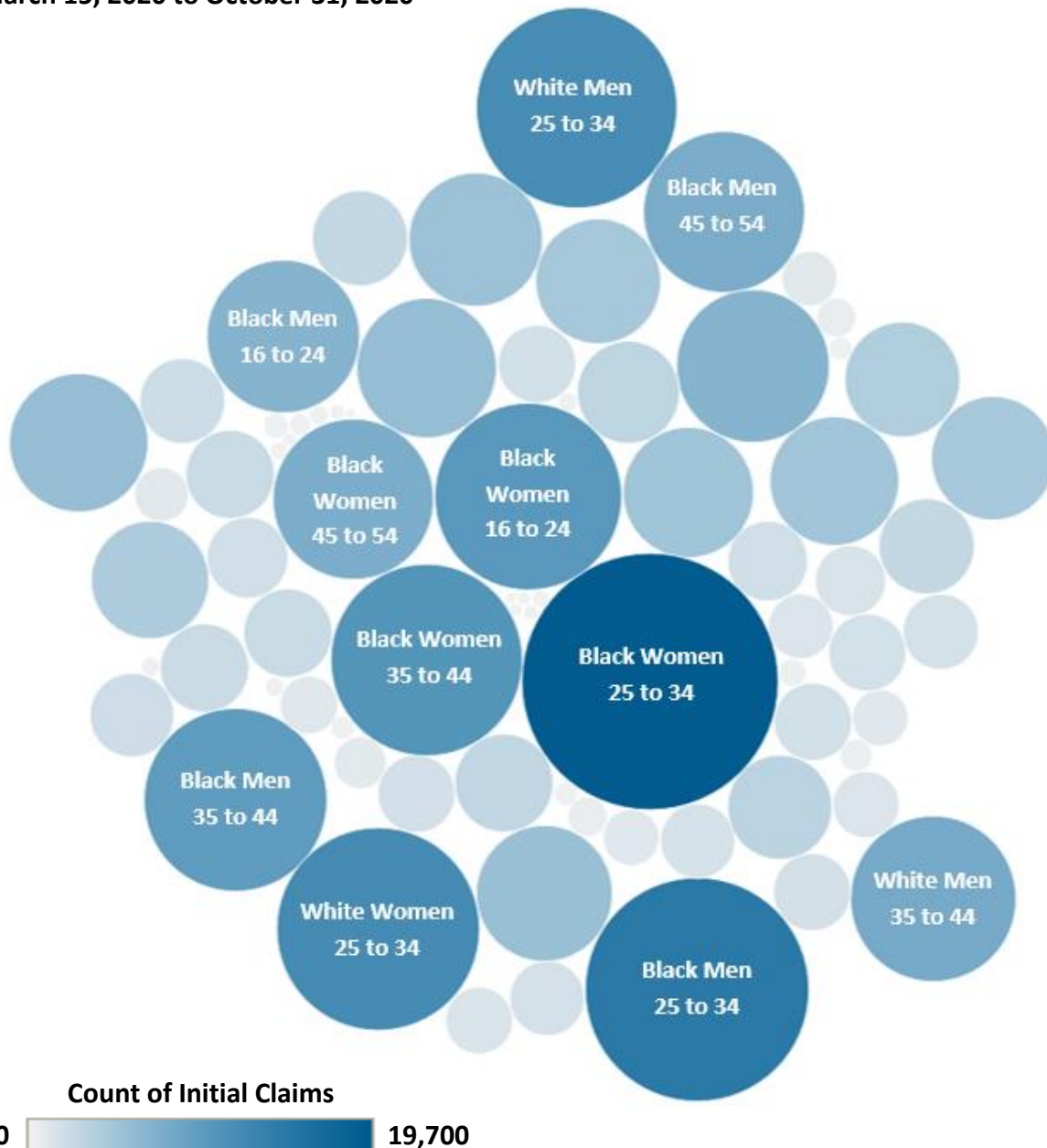
Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau’s 2014-2015 ACS 5-year Estimates.

Note: Broad race and ethnicity categories have been determined by the availability of data. American Indian and Alaska Native as well as mixed race individuals have filed claims for unemployment. However, these populations make up very small portions of Philadelphia’s labor force, making it difficult to draw comparisons among data sources.

Beyond race and ethnicity alone, Young Black and African American Philadelphians have been further disproportionately affected. Most specifically, among initial claimants who filed from March 15 to October 31, Black and African American women aged 25 to 34 represent the single largest combined demographic group by race and ethnicity, age, and gender, making up nearly 20,000 of the more than 233,000 total claimants across the city (Figure 5). Despite making up less than 6% of Philadelphia’s total labor force in 2018, these women represented more than 8% of all initial claimants during this period.

Figure 5: Total Initial Unemployment Claims in Philadelphia by Race or Ethnicity, Age, and Binary Sex

March 15, 2020 to October 31, 2020



Source: Philadelphia Works Analysis of PA CWIA and CWDS Unemployment Claims Data.

Geography: Clusters of Initial Claims Emerge in North, Northeast, West, and South Philadelphia

Since the economic shutdown in March 2020, very little has changed in the relative spatial distribution of initial unemployment compensation claims. Those areas that have historically contributed the largest shares of overall claims continue to be significantly impacted during the COVID-19 pandemic. Notice in Figure 6 that the areas contributing the largest shares of initial claims are zip codes in the northern, northeastern, western, and southern neighborhoods of Philadelphia. This trend is consistent with those seen before the economic shutdown.

Workers living in zip codes with low rates of labor force participation have been greatly affected by the current economic downturn. As depicted in Figure 7, areas of North and West Philadelphia have been disproportionately impacted, with 50% or more of the labor force in some zip codes filing for state unemployment benefits over the course of the pandemic. These heavily impacted areas of the city are also those that traditionally experience higher rates of poverty, unemployment, and economic exclusion. The COVID-19 economic downturn is compounding these inequities.

Figure 6: Relative Share of Total Initial Claims Filed by Zip Code

March 15, 2020 to October 31, 2020

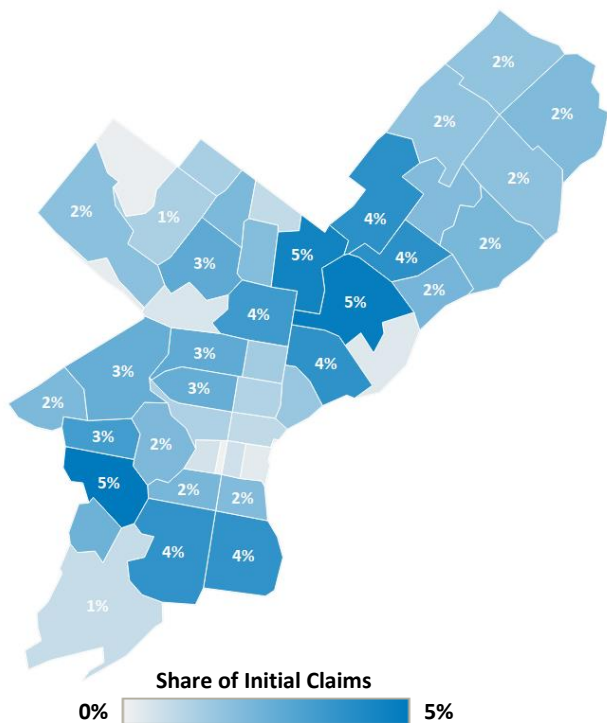
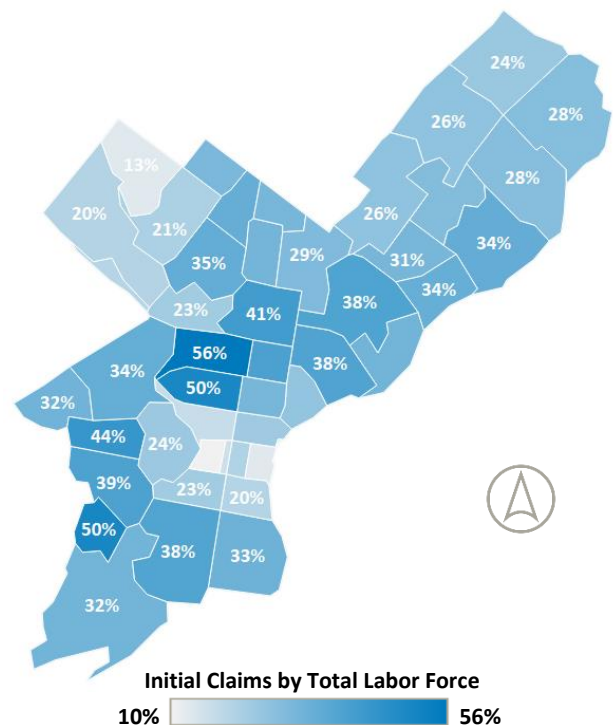


Figure 7: Initial Claims Relative to Total Labor Force by Zip Code

March 15, 2020 to October 31, 2020



Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau's 2014-2015 ACS 5-year Estimates.

Table 1: Top Five Impacted Philadelphia Zip Codes by Total Initial Claims
March 15, 2020 to October 31, 2020

ZIP Code	Initial Claims since March 15	Share of Total Claims in Philadelphia
19143	11,600	5.0%
19124	11,350	4.9%
19120	10,500	4.5%
19111	9,150	3.9%
19149	9,110	3.9%

Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau's 2014-2015 ACS 5-year Estimates.

Table 2: Top Five Impacted Philadelphia Zip Codes by Initial Claims and Estimated Labor Force
March 15, 2020 to October 31, 2020

ZIP Code	Initial Claims as a Share of Labor Force	Initial Claims since March 15	Estimated Labor Force (2018)
19132	56%	6,570	11,800
19142	50%	5,960	11,900
19121	50%	6,280	12,600
19139	44%	7,990	18,300
19140	41%	8,180	19,800

Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau's 2014-2015 ACS 5-year Estimates.

Industry: Service Sectors Remain Hardest Hit

Since March 2020, many of Philadelphia’s service sectors have weathered the most significant impacts of the current economic crisis. Initial claims as a share of the labor force by industry have been highest in the Accommodation and Food Services industry, where 77% of workers have filed. (Figure 7). Other service sectors, including Arts, Entertainment, and Recreation; Administrative and Waste Services; and Retail Trade have also been disproportionately affected. Workers from some non-service sectors, including Construction as well as Transportation and Warehousing, have disproportionately filed for unemployment as well.

Figure 7: Initial Unemployment Claims in Philadelphia as a Share of Estimated Labor Force (2018) by Industry Sector

March 15, 2020 to October 31, 2020



Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau’s Longitudinal Household-Employer Dynamics, 2017.

However, while many other sectors saw declines in continued claims over the summer as businesses were permitted to reopen, the Accommodation and Food Service sector as well as the Arts, Entertainment, and Recreation sector continued to experience relatively high rates of unemployment. While continued claims from the Construction sector dropped dramatically after May, continued claims from workers in Accommodation and Food Services; Arts, Entertainment, and Recreation; and Transportation and Warehousing remained relatively high (Table 4).

As suggested previously, the sharp declines in continued claims in the month of October do not necessarily mean that these workers have returned to work. There is a strong possibility that these declines may reflect state benefit exhaustion and a potential transition to the federal PEUC program.

Table 4: Average Weekly Continued Unemployment Claims in Philadelphia as a Share of Estimated Labor Force (2018) by Industry Sector
April 1, 2020 to October 31, 2020

Industry Sector	Apr	May	Jun	Jul	Aug	Sep	Oct
Accommodation and Food Services	36%	51%	47%	47%	42%	39%	20%
Arts, Entertainment, and Recreation	24%	45%	42%	42%	34%	31%	19%
Transportation and Warehousing	14%	26%	24%	24%	23%	22%	16%
Other Services, Except Public Admin	22%	34%	31%	28%	22%	20%	12%
Administrative and Waste Services	16%	26%	23%	23%	22%	20%	14%
Retail Trade	15%	26%	23%	21%	18%	17%	11%
Real Estate and Rental and Leasing	13%	22%	20%	20%	18%	16%	10%
Construction	35%	38%	23%	20%	17%	15%	10%
Health Care and Social Assistance	9%	15%	14%	14%	13%	13%	9%
Manufacturing	15%	21%	16%	14%	13%	12%	8%
Wholesale Trade	12%	18%	15%	14%	12%	11%	7%
Mining, Quarrying, and Extraction	15%	17%	11%	11%	9%	8%	6%
Information	6%	11%	9%	10%	9%	7%	4%
Educational Services	4%	6%	6%	7%	8%	7%	5%
Professional and Technical Services	6%	10%	8%	9%	8%	7%	5%
Public Administration	2%	4%	5%	4%	4%	4%	3%
Finance and Insurance	3%	5%	5%	4%	4%	4%	3%
Management of Companies	3%	5%	5%	5%	4%	4%	3%
Agriculture	3%	4%	3%	3%	3%	3%	1%
Utilities	1%	2%	1%	2%	2%	1%	1%

Source: Philadelphia Works Analysis of PA CWIA, CWDS Unemployment Claims Data, and U.S. Census Bureau's Longitudinal Household-Employer Dynamics, 2017.

From March 15 to October 31, 2020, more than 14,500 Philadelphians previously employed in the Accommodation and Food Service sector exhausted their benefits. This figure represents more than one-quarter of all exhaustees in Philadelphia during the pandemic. Health Care and Social Assistance, Administrative and Waste Service, and Retail Trade also reflect sizable shares of benefit exhaustion by industry (Table 5). Some of these workers may have become unemployed prior to the COVID-19 crisis.

Finally, while these trends explain which industries have been most affected since March and that workers across multiple industries continue to experience disproportionate impacts, they further suggest continued, uneven experiences of workers by race and ethnicity. According to the American Community Survey 2014-2018 employment estimates, prior to the COVID-19 economic downturn, 60% of Accommodation and Food Services as well as Arts, Entertainment, and Recreation workers in Philadelphia were people of color. As these industries continue to struggle, so do their workers.

Table 5: Top Industries by Claimant Exhaustion in Philadelphia
March 15, 2020 to October 31, 2020

Industry Sector	Exhaustees	Share of Total
Accommodation and Food Services	14,521	26%
Health Care and Social Assistance	10,282	18%
Administrative and Waste Services	5,620	10%
Retail Trade	5,077	9%

Source: Philadelphia Works Analysis of PA CWIA Unemployment Claims Exhaustees

Conclusion: Toward Recovery

As of December 2020, the future of Philadelphia's workforce remains uncertain. The COVID-19 pandemic continues to influence our economy, and its impacts are felt in unequal ways across the city. Since mid-March, nearly 60,000 Philadelphians have exhausted state unemployment benefits. More than 40% of these workers reached benefits exhaustion in October, just as the Pandemic Emergency Unemployment Compensation (PEUC) program, designed to extend benefits for those experiencing long-term unemployment, is due to expire on December 31.

By race and ethnicity, age, occupation, and geography, Philadelphia workers experiencing the most significant impacts during the COVID-19 economic crisis are those who were already disproportionately excluded from the economic mainstream. Young Black and African American workers, service workers, and those living in North and West Philadelphia have experienced unemployment at higher rates than their peers.

As the Workforce Development Board for the City of Philadelphia, Philadelphia Works looks to expand our engagement with community partners to connect with residents, businesses, and leaders to facilitate job search and up-skilling opportunities, support small businesses as they rebuild, and improve internet access for all Philadelphians to increase their ability to connect to virtual opportunities:

- **Resources for Residents:** Community partners can support economic recovery efforts by connecting with Philadelphia Works and the [PA CareerLink® System](#). There are Centers and satellite locations in neighborhoods across the city. Referring individuals to these services will facilitate job search and training opportunities for unemployed residents. While Centers are not currently open for in-person services, PA CareerLink® staff are actively responding to current economic conditions, providing remote education and employment connections to in-demand jobs.
- **Resources for Employers:** Just as Philadelphia Works and the PA CareerLink® centers serve as a resource for the city's residents, both provide services to employers across the city and the southeastern PA region. Community partners can aid local businesses' economic recovery by connecting them to their local PA CareerLink® office. At no cost to employers, our business solutions offer comprehensive services and strategic partnerships that diversify talent pipelines and support economic growth. These services include on-the-job or customized job training, incumbent worker training, apprenticeship support, and layoff aversion.
- **Improving Internet Access:** As remote virtual employment and learning opportunities continue to increase, so too will existing inequities for Philadelphians who lack reliable internet access and computers. Prior to the pandemic, roughly 15% of Philadelphia's unemployed population lacked a computer with internet access. There is an urgent need for access to the internet to reskill, job search, and engage with job opportunities.

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