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Economics Group

Heigh-Ho, Heigh-Ho, It’s Home From Work We Go

The outbreak of COVID-19 is a reminder that, despite the labor market’s recent strength, the job situation for many Americans remains tenuous. Job flexibility and benefits are lowest among the workers who need it most.

Most Financially Vulnerable Workers to Be Hit Hardest by Virus

In a report a few months ago, we highlighted that the record-length expansion was leading to outsized gains in the labor market for workers who had been hardest hit by the Great Recession. While the traditional gaps in wages and unemployment have hardly closed, the relative improvement has helped pull more workers into the labor market and supported a broader base of consumer spending. The COVID-19 outbreak puts those gains at risk and is a reminder that for many Americans, their job situation remains tenuous despite what by many measures is a historically tight labor market.

Efforts to curtail the spread of COVID-19 include companies encouraging employees to work from home as part of “social distancing” efforts. School closures are quickly making working from home an outright imperative for many parents. But only 29% of all workers (and a little over one-third of parents with children under 18) have the ability to work from home. What’s more, the capability varies widely by industry (top chart). Workers in high-paying fields like information, finance and professional & business services are most likely to be able to work from home. At the other end of the spectrum, workers in leisure & hospitality and transportation—industries already at high risk from consumers’ hunkering down and supply chain disruptions due to COVID-19—are least able to work from home.

For workers unable to do their jobs from home, paid leave therefore becomes all the more important for maintaining income. Yet here too, access varies widely. Workers in a number of low-pay industries like leisure & hospitality, retail & wholesale trade and other services tend to also be those least able to take paid time off, whether they are sick, need to care of an ill family member or have child/eldercare issues. Compounding the precarious financial situation is that many of those workers also lack employer-sponsored health insurance if they or a family member were to need medical care (middle chart). While some of these workers may have health insurance from other sources, those who can least afford to miss work and get sick are often those without insurance.

The disparity in the ability to work from home and benefits across the earnings spectrum of full-time workers is evident in the bottom chart. But the split in the ability to work from the confines of home and access to benefits is especially stark between full-time and part-time workers. Only 14% of part-time workers can do their jobs from home versus 33% of full-timers, 23% had paid leave versus 77% of full-time workers and, in the private sector, only 21% had access to employer-sponsored medical benefits versus 84% of full-time employees. As a result, fiscal policy efforts to extend access to leave and shore up gaps in medical coverage could go some way toward helping the income and spending of workers most vulnerable to the dual hit of a health crisis and economic downturn.

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