

ISSUE BRIEF

WARN NOTICES IN FLORIDA

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Introduction

As businesses and consumers continue to navigate the uncertainty created by the COVID-19 pandemic, evolving economic conditions have increased demand for obtaining timely and useful economic indicators. This especially holds true when looking to workforce indicators, with unemployment rates generally serving as one of the main indicators cited by news outlets. However, one of the main shortcomings of unemployment rates are the timeliness of the data, with unemployment rates generally lagging one month behind the current month. To help alleviate this shortcoming, other indicators, such as unemployment claims, have been used to obtain more timely information.

Another current employment indicator available to help assess the workforce situation in Florida are advanced layoff notices. The layoff notices are submitted through the state to comply with the Worker Adjustment and Retraining Notification (WARN) act, and sometimes referenced as WARN notices. The WARN act is designed to provide protection to workers by requiring firms with 100 or more full-time employees to provide at least 60 calendar days in advance of either a potential plant closure or mass layoff. Florida WARN notices are published daily by the Florida Department of Economic Opportunity.

The dataset provides the following information for each WARN notice:

- Name of the employer;
- Location of the employer;
- Date the WARN notice was posted;
- Anticipated dates of the layoffs;
- Number of employees that will be affected; and
- Industry of the firm

In the current issue brief, we highlight the impact the COVID-19 pandemic had on employment through the WARN notice data. First, we look at the length of the advanced notice, weekly layoffs, and the number of layoffs by industry. We, then, take a step further by comparing WARN layoffs to employment levels prior to the pandemic, helping us assess which industries were impacted the most. Finally, we perform a spatial analysis of WARN layoffs in Florida, using the data to help determine which regions of the state were most impacted. Employment data is gathered from the Quarterly Census of Employment and Wages, while population data used is gathered from the 2018 American Community Survey five-year estimates.

Total WARN Notices Florida

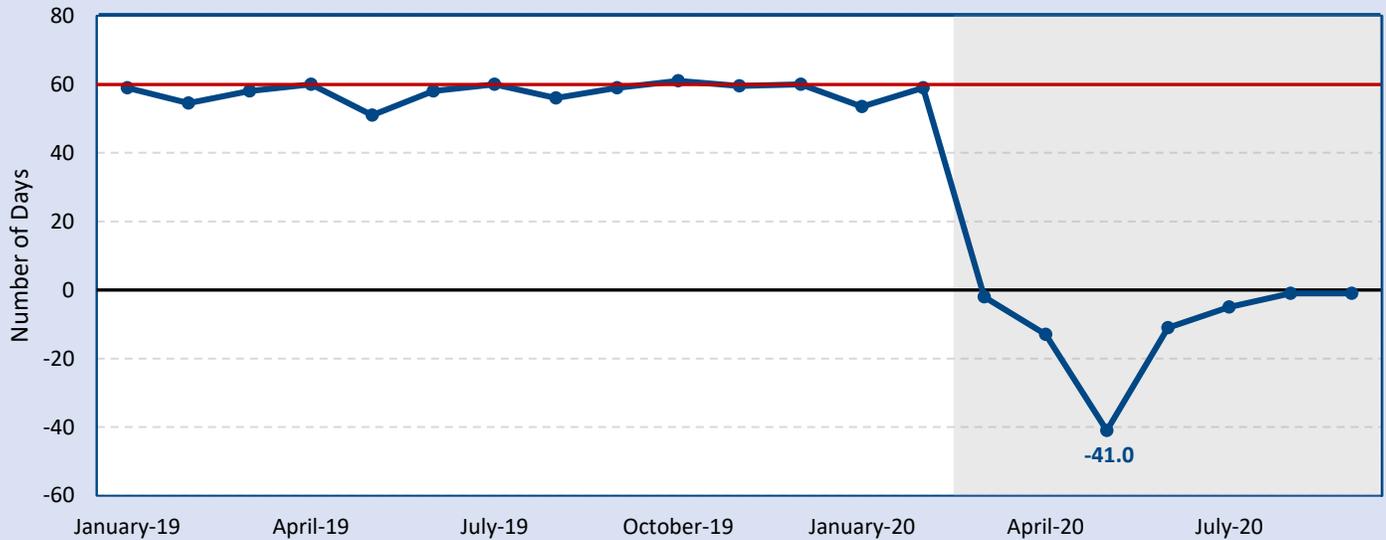


Source: RERI calculations using data from Worker Adjustment and Retraining Notification (WARN) Notices, Florida Department of Economic Opportunity
 Note: The WARN act requires at least 60 days notice and is denoted with a red line. When the line falls below zero, the layoffs begin before the notice date.
 Data collected September 23, 2020.

Total WARN Notices

Total WARN notices issued in Florida remained relatively stable between January 2019 and February 2020, ranging between 9 and 31 per month. WARN notices spiked in March 2020, rising up to 388 notices. For comparison, Florida had a 152 total WARN notices during all of 2019. While WARN notices posted in Florida have fallen since March, the state still posted 80 WARN notices in September 2020.

Median WARN Advanced Notices Florida



Source: RERI calculations using data from Worker Adjustment and Retraining Notification (WARN) Notices, Florida Department of Economic Opportunity
 Note: The WARN act requires at least 60 days notice and is denoted with a red line. When the line falls below zero, the layoffs begin before the notice date.
 Data collected September 23, 2020.

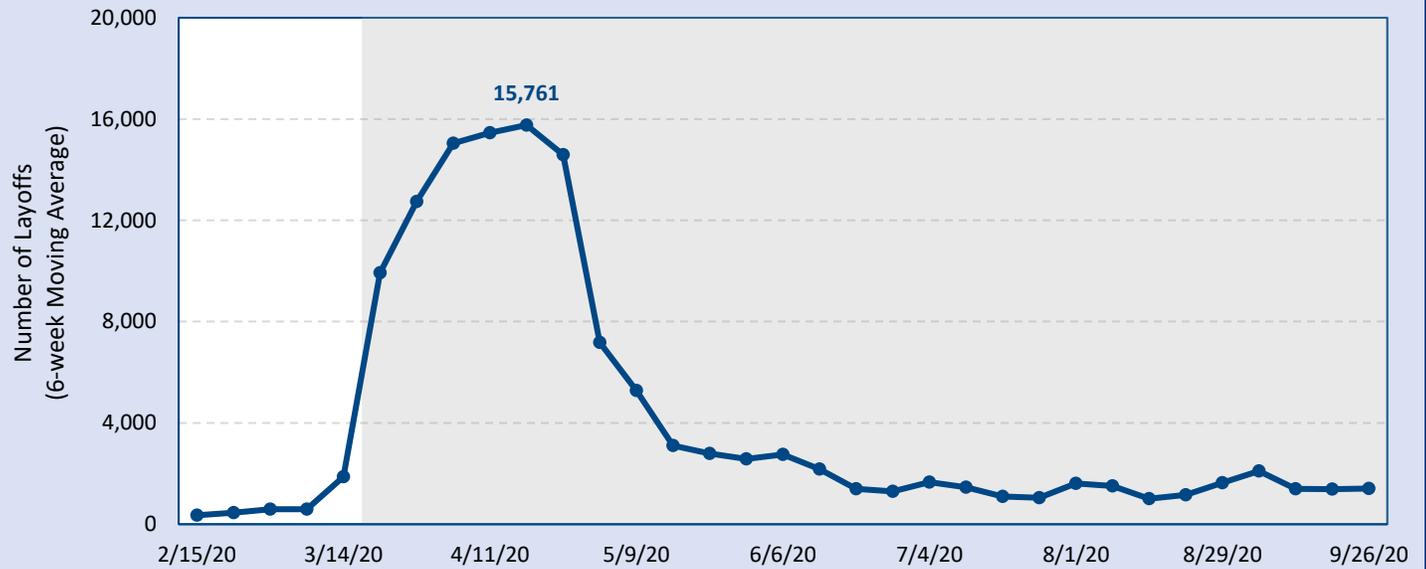
Median WARN Advanced Notices

According to the WARN act, firms with at least 100 full-time employees are required to provide at least 60 days’ notice of either a potential plant closure or mass layoff. The act provides an exception to the 60-day notice when the layoff or plant closing is due to “unforeseeable business circumstances” that could not be projected by the employer. In these cases, firms are required to provide notice as soon as possible. We define WARN advance notice as the difference between the date of the WARN notice posting and the first day that the layoffs are anticipated to begin.

Florida’s median WARN advanced notice between January 2019 and February 2020 remained near the 60-day notice period. Median notice time fell substantially beginning in March 2020 as the COVID-19 pandemic and subsequent Florida Stay-at-home executive order forced many businesses to furlough and lay off employees, as well as closing their doors to consumers. The median number of days of advanced notice provided since March 2020 has been negative, falling as low as -41 days in May 2020. The negative number of days of advanced notices means that the layoffs and plant closings happened prior to the notice being published, illustrating the urgency firms acted with to adjust to the unexpected economic conditions they faced. Florida’s median WARN advanced notice continues to trend in the negatives, measuring at -1 day in September 2020.

WARN Layoffs

Florida



Source: RERI calculations using data from Worker Adjustment and Retraining Notification (WARN) Notices, Florida Department of Economic Opportunity
Note: Data collected September 23, 2020.

Weekly WARN Layoffs

Looking at the number of WARN layoffs on a week-to-week basis, using a 6-week moving average, WARN layoffs in Florida were relatively calm between the week-long periods ending in February 15, 2020 and March 14, 2020. WARN layoffs began spiking during the week of March 21, 2020 and continued to increase until the week-long period of April 18, when WARN layoffs topped out at 15,761. While WARN layoffs have fallen since then, they still remain slightly elevated compared to pre-COVID figures – 1,407 WARN layoffs during the week-long period ending on September 26, 2020 compared to 590 in the end of February.

WARN Layoffs by Industry

Florida Layoffs between March 2020 and September 2020



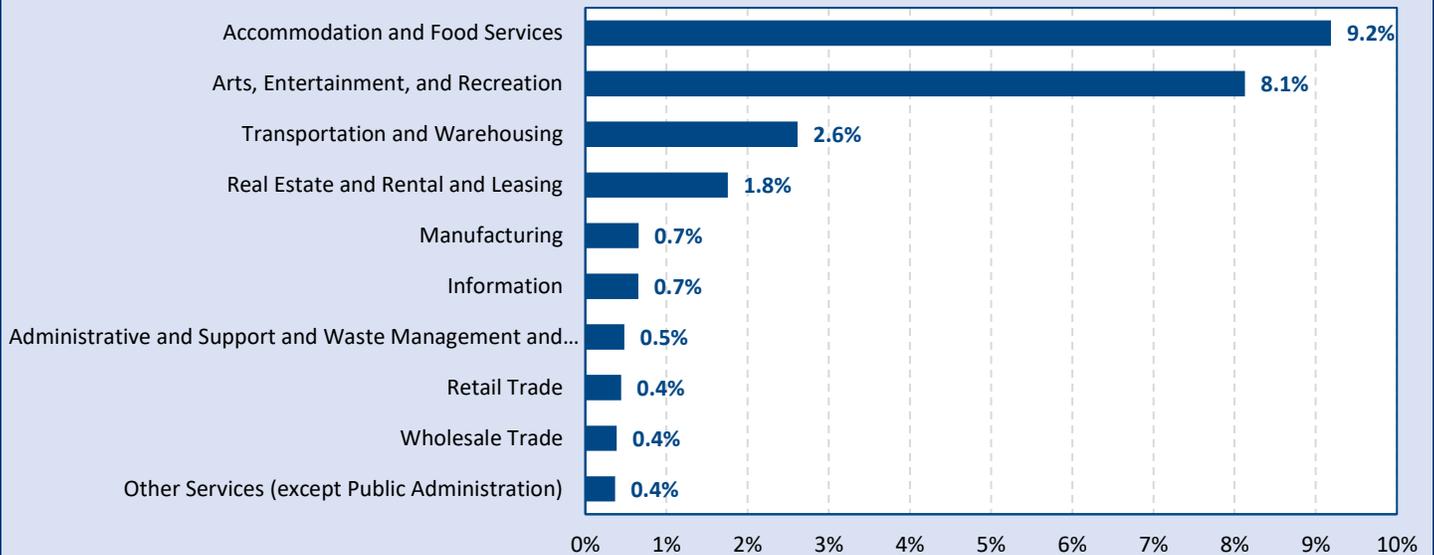
Source: RERI calculations using data from Worker Adjustment and Retraining Notification (WARN) Notices, Florida Department of Economic Opportunity
Note: Data collected September 23, 2020.

WARN Layoffs by Industry

While the COVID-19 pandemic has impacted all industries, the hospitality and tourism industries were clearly the most impacted by the sudden shift in economic conditions in the state of Florida. Between March 2020 and September 2020, Florida firms operating in the accommodation and food service industries issued WARN notices that impacted a total of 94,157 employees, almost 5 times more than the arts, entertainment, and recreation industry which is the second most affected (19,908 WARN layoffs) according to the WARN notices. This impact came as many resorts were forced to close their doors due to the lack of tourism flocking to the state during the late spring and early summer months. Transportation and warehousing (8,613 layoffs), retail trade (4,842 layoffs), and real estate and rental and leasing (3,478 layoffs) complete the five most impacted industries.

WARN Layoffs as Percent of Total Employment by Industry

Florida Layoffs between March 2020 and September 2020

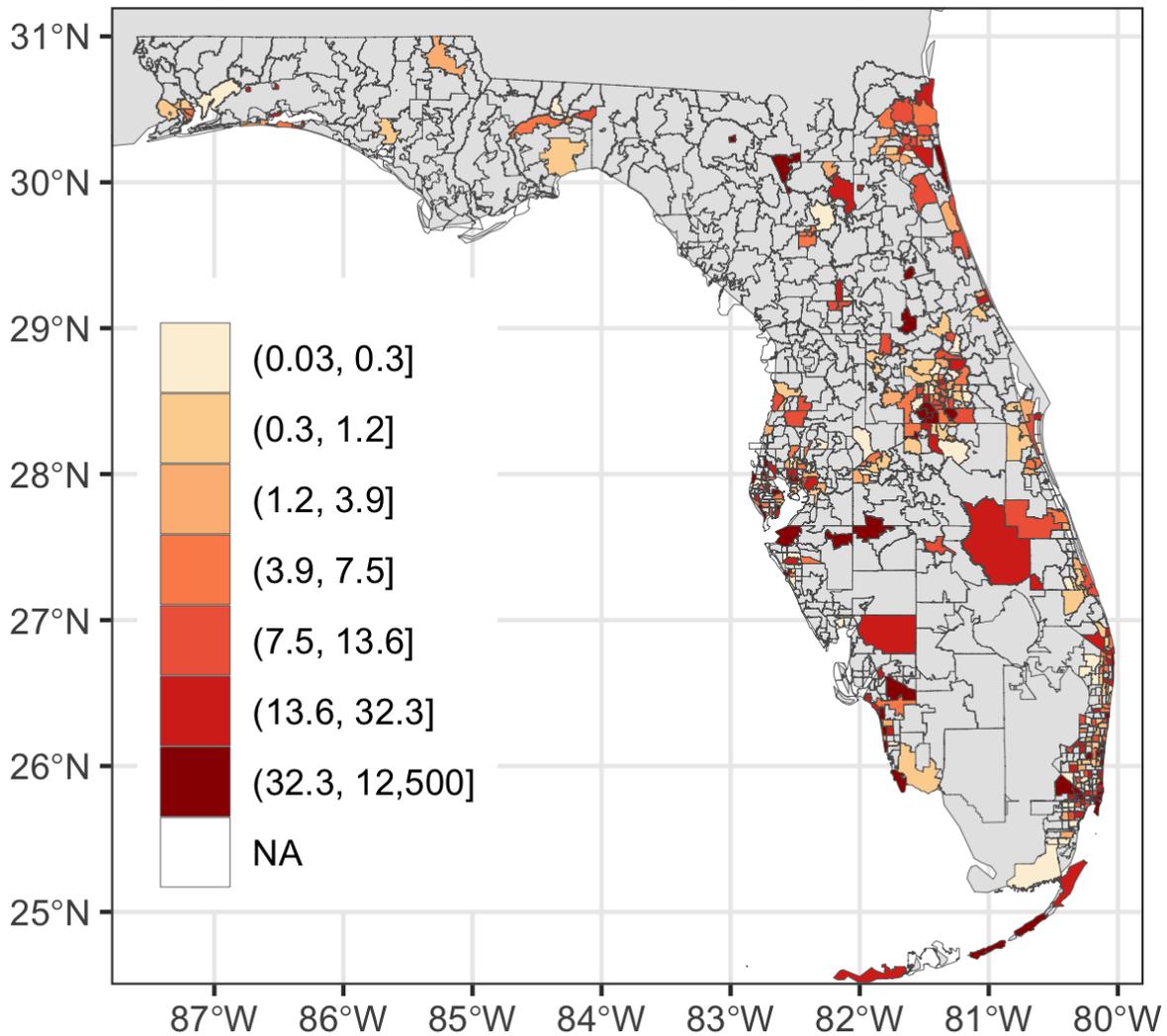


Source: RERI calculations using data from Worker Adjustment and Retraining Notification (WARN) Notices, Florida Department of Economic Opportunity
Note: Data collected September 23, 2020.

WARN Layoffs as Percent of Total Employment by Industry

Another way to look at the impact the COVID-19 pandemic had on the labor force is by comparing WARN layoffs to employment levels prior to the pandemic. We compared WARN layoff data to QCEW private employment data during the first quarter of 2020, spanning the months of January through March 2020. While employment figures began to take a hit during March 2020, the impact did not begin until the latter half of March, whereas employment data provided by the QCEW represents the number of working during the pay period that included the 12th day of the month.

Between March 2020 and September 2020, the accommodation and food service WARN layoffs represented 9.2 percent of total employment within the industry, the largest share amongst all 19 industries in Florida. Trailing closely behind was the arts, entertainment, and recreation industry, in which 8.1 percent of the total workforce was laid off via WARN notices. The transportation and warehousing industry (2.6 percent of total employment), real estate and rental and leasing industry (1.8 percent) and manufacturing industry (0.7 percent) round out the top five.



WARN Layoffs per 1,000 Residents by Zip Code

To gauge the differential effect of the pandemic across the state, we analyze the WARN layoff data per 1,000 residents between 16 to 64 years-old, using data from the 2018 American Community Survey five-year estimates. The map above reports quantiles of the proportion of layoffs by population considered to be on the labor force.

The impact COVID-19 had on Florida's labor force was not uniform throughout the state. Florida's coastal regions (both east and west coast) experienced large ratios of WARN layoffs per 1,000 residents between March 2020 and September 2020. Central Florida also exhibited high ratios of WARN layoffs during the same period. In light of the industries that have been most affected, these results should not be surprising. These regions specialize in catering to tourists, resulting in a higher concentration of firms operating in the accommodation and food services industry and arts, entertainment and recreation industry. Both industries took a substantial hit in April 2020, when stay-at-home orders in Florida and other parts of the United States substantially reduced tourism to the sunshine state. Reduced demand forced many businesses operating within these industries to close their doors for an extended period of time, resulting in a spike in WARN layoffs.