

# ISSUE BRIEF

## Covid-19 Impact on Florida Labor Force

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### Introduction

On March 26, 2021, the Florida Department of Economic Opportunity reported that Florida's seasonally-adjusted unemployment rate was 4.7 percent in February 2021, matching the same unemployment rate the state had January 2017. While an improving unemployment rate is a positive sign for the Florida economy, it does not tell the complete story. After all, the unemployment rate is a function of both the number of unemployed persons and the size of the labor force. A recent [Wall Street Journal article](#) commented on the impact the fear of Covid-19 has had on the labor force.<sup>1</sup> According to the article, "about 4.2 million adults aren't working because they are afraid of getting or spreading the coronavirus. The large number helps explain why some companies say labor is scarce even though the unemployment rate is 6%".

The methodology behind calculating the labor force does not paint the complete picture of who is and isn't available for work, as a person who is not employed nor *actively*<sup>2</sup> looking for a job in the last four weeks is not considered to be in the labor force. This can be an issue when analyzing the unemployment rate in light of what the state has experienced over the past year. With the Covid-19 pandemic, a person who might not be working or looking for a job due to fear of *catching* or *spreading* the virus could be available to work otherwise, but would not factor into the labor force as a result of how the metric is calculated. Thus, this can lead to underestimated unemployment rate figures.

In this Issue Brief, we look at how the labor force participation rate and unemployment rate would be affected if it included persons not able to work due to the Covid-19 pandemic. To conduct this analysis, we obtained data from the Bureau of Labor Statistics Local Area Unemployment Statistics (LAUS) and the U.S. Census Bureau Current Population Survey (CPS) microdata from IPUMS. Both the LAUS and CPS are monthly surveys that serve as primary sources for monthly labor force statistics. In response to the Covid-19 pandemic, the CPS began asking participants additional questions beginning in May 2020. One of these new questions asked the following:

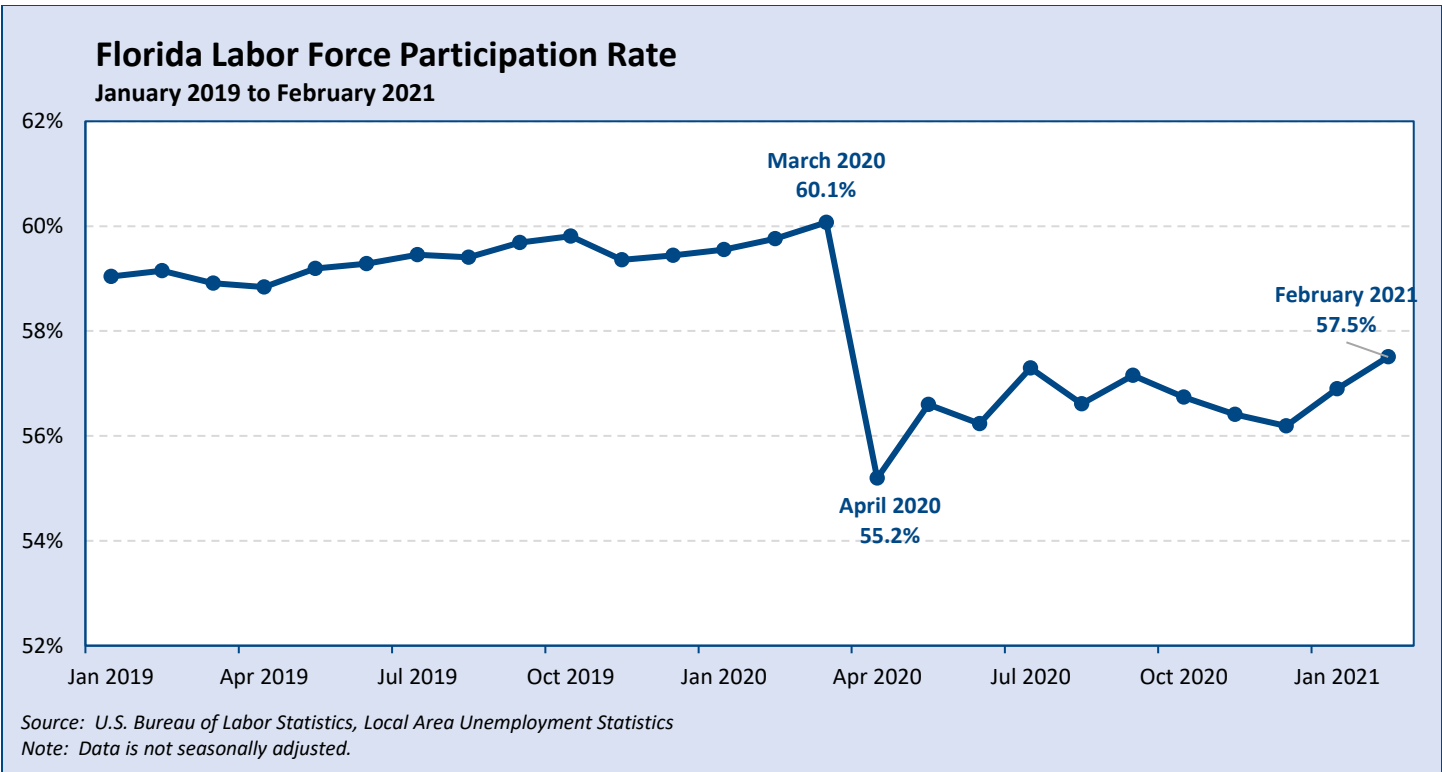
1. Did the coronavirus pandemic prevent (you/name) from looking for work in the LAST 4 WEEKS?
  - a. Yes
  - b. No

Results to this question were used to determine how many Florida residents did not work due to the Covid-19 pandemic. Some respondents that reported the coronavirus pandemic prevented them from looking for work were also flagged as not in the labor force due to being retired. These respondents were removed from our analysis.

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<sup>1</sup> <https://www.wsj.com/articles/the-other-reason-the-labor-force-is-shrunk-fear-of-covid-19-11618163017>

<sup>2</sup> More on the what active job search can be found here: <https://www.bls.gov/cps/definitions.htm>



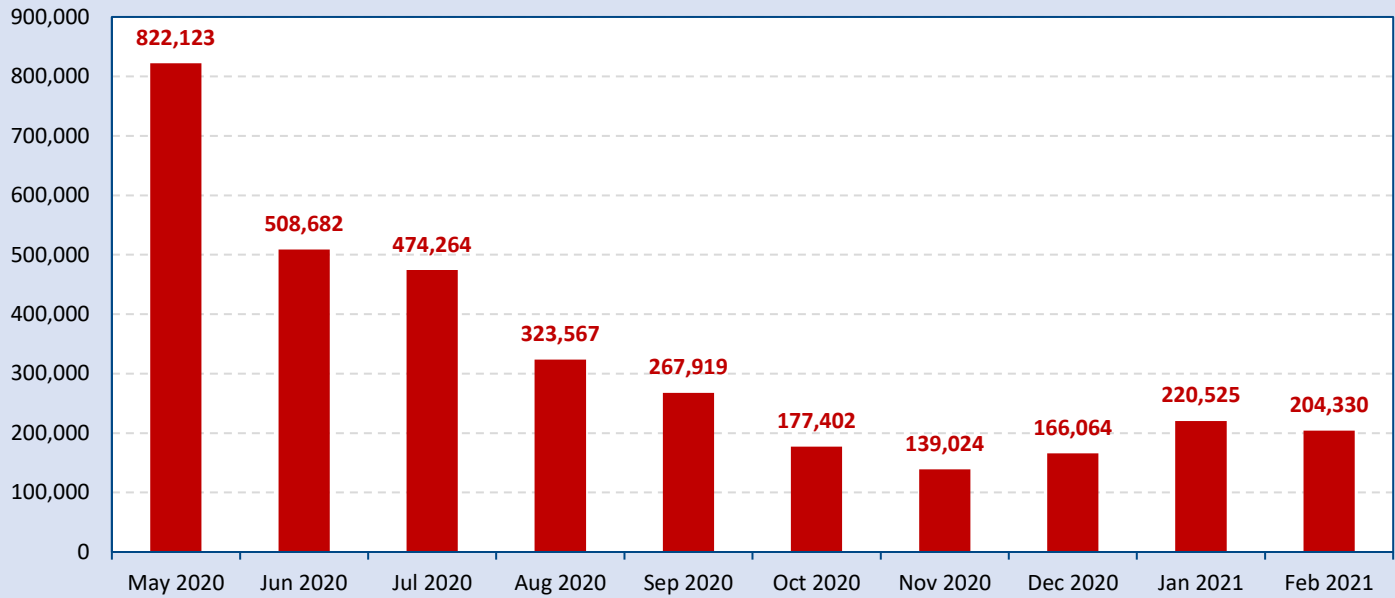
## Labor Force Participation Rate

The chart above shows Florida’s non-seasonally adjusted labor force participation rate from January 2019 to February 2021. The labor force participation rate was measured at 60.1 percent in March 2020, prior to the Covid-19 pandemic making its way to the state. The labor force participation rate plummeted in April 2020 to 55.2 percent, representing a loss of nearly 850,000 employed and available workers. The rate has improved since this dip, increasing to 57.5 percent in February 2021, but still remains 2.6 percentage points below the pre-pandemic figure. This still represents a labor force loss of approximately nearly 350,000 persons.

A dip in the labor force and the participation rate is normal for a period of recession, as a portion of workers become discouraged looking for work, decide to retire, or upskill and further their education due to the lack of work availability. However, a dip of nearly 5 percentage points from one month to the next is unprecedented for the state. For perspective, the labor force participation rate has never dropped more than 0.9 percentage points from one month to the next since 1990.

## Floridians Prevented from Looking for Work Due to Covid-19 Pandemic

May 2020 to February 2021



Source: Current Population Survey, obtained from IPUMS.org website

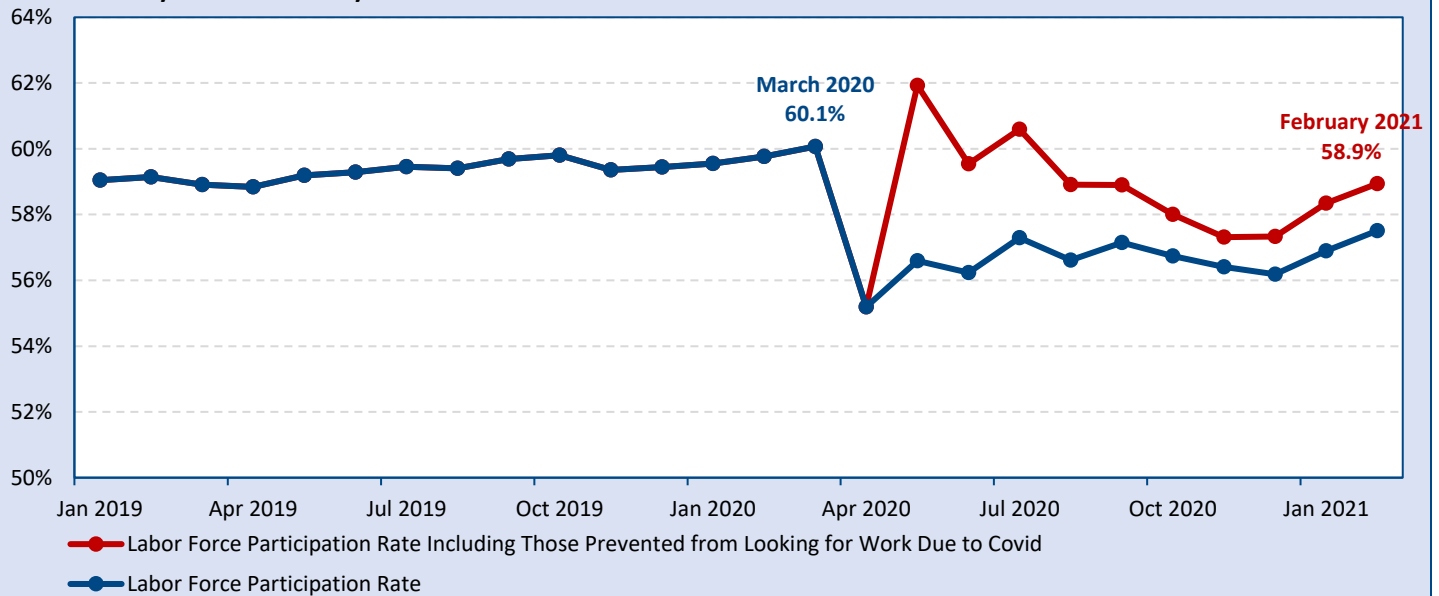
## Prevented from Looking for Work Due to Covid-19

The chart above estimates how many Floridians were prevented from looking for work due to the Covid-19 pandemic. In May 2020, an estimated 822,123 residents said they could not look for work because of Covid-19<sup>3</sup>. This figure declined over the following months, but still remained at 204,330 residents in February 2021. Because of the LAUS and CPS methodology behind calculating labor force, these residents are not counted as not in the labor force.

<sup>3</sup> Since supplemental questions regarding Covid-19 began in May 2020, no estimates regarding residents unable to look for work due to Covid-19 were available for April 2020.

## Florida Labor Force Participation Rate

January 2019 to February 2021



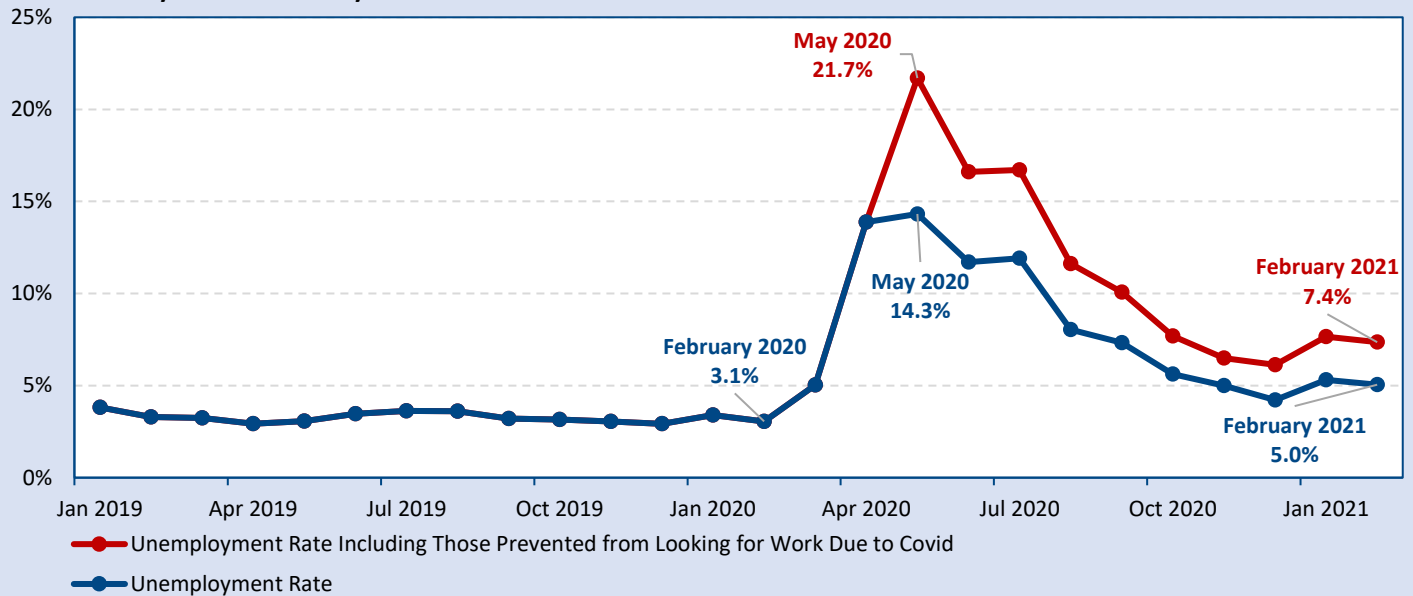
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Current Population Survey microdata, obtained from IPUMS.org website.  
Note: Data is not seasonally adjusted.

## Adjusted Labor Force Participation Rate

The chart above shows what the non-seasonally adjusted labor force participation rate would be if those prevented from looking for work due to Covid-19 were also counted as part of the labor force. The adjusted labor force participation rate for the state is estimated to be 58.9 percent in February 2021. This adjusted labor force participation rate would still be down 1.2 percentage points from March 2020, accounting for about 93,000 workers.

## Florida Unemployment Rate

January 2019 to February 2021



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Current Population Survey microdata, obtained from IPUMS.org website.  
Note: Data is not seasonally adjusted.

## Adjusted Unemployment Rate

The chart above shows the same analysis as the previous section, but instead for the unemployment rate, with the implicit assumption of unchanged employment and unemployment numbers. The non-seasonally adjusted unemployment rate peaked in May 2020, reaching 14.3 percent. If the Florida residents not able to look for work due to Covid-19 were also counted in the labor force, this unemployment rate would have risen up to 21.7 percent during May. The estimated unemployment rate for February 2021 was 7.4 percent in February 2021, 2.4 percentage points above the non-seasonally adjusted unemployment rate reported by the state (5.0 percent).

# Appendix: Comparability of CPS and LAUS

Because the LAUS and CPS are different datasets, questions about whether or not results from the CPS can be aggregated with results from the LAUS are worth exploring. As a test for robustness, we also produced the same results using labor force statistics obtained from the CPS microdata. Results in the graphs below are comparable to those in the previous sections.

