The Pandemic’s Effect on the Economy and Workers

BY JOSH CUNNINGHAM

Overview

At the start of 2020, national employment measures were reaching all-time highs and economists were speaking of massive worker shortages and historically low unemployment rates. People with disabilities seeking employment experienced the greatest opportunity to get hired in generations. Historically, they are among the last in the workforce to attain employment. Key measures like the unemployment and labor force participation rates had climbed upward for several years for people with disabilities.

But the sudden emergence of the COVID-19 pandemic in the first quarter of 2020 hit the American job market hard and rapidly launched the country into an economic recession. The public health emergency forced nonessential businesses to close their doors in most states. Many workers either transitioned to full-time remote work, experienced temporary furloughs or saw their jobs eliminated permanently. By April 2020, the national unemployment rate hit 14.9%—the highest rate seen since the federal government started tracking the data point in 1948—with an estimated 20.5 million Americans being temporarily or permanently out of work.

Stay-at-home orders from state and local leaders limiting public gatherings required many businesses to either temporarily close or find ways to operate without having people in close contact with one another. Businesses like restaurants and retailers were limited to delivery and curbside pickup operations in some jurisdictions. Many office environments transitioned to full-time teleworking. A PwC survey of U.S. executives and office workers estimates that 77% of office workers moved to full-time teleworking due to the pandemic. However, a 2020 University of Chicago study found that just 34% of American jobs can be performed remotely, meaning two-thirds cannot. At the height of the initial economic shutdowns, consumer review site Yelp reported more than 176,000 temporary and permanent business closures. While that number dropped as

About This Series

This is the first in a series of four reports from NCSL to explore how the COVID-19 pandemic is impacting access to employment opportunities for people with disabilities. The series will address some of the most significant employment policy issues affecting people with disabilities as Americans adapt to the many challenges COVID-19 presents. This first report provides an overview of the overall economic impact of the pandemic on the country as a whole and on people with disabilities specifically. The remainder of the series will look at state and federal policy actions on teleworking, broadband access, workplace safety, work accommodations, apprenticeships and workforce development.
states reopened their economies, in July 2020 the number of closures began increasing again. Yelp’s analysis identified that a number of businesses had reopened after the easing of stay-at-home orders, only to close permanently.

Emerging evidence shows that COVID-19 is accelerating the migration toward an economy grounded in technology and virtual commerce. This shift may have a significant impact on people with disabilities. While this transition has long been predicted, the rapid speed of change was unanticipated. In fact, IBM’s 2020 U.S. Retail Sales Index suggests COVID-19 has accelerated the shift away from shopping at physical stores and toward digital purchases by five years. Use of telehealth services has grown substantially as well. One analysis from Doximity indicates up to 20% of all medical visits in 2020 will be conducted virtually. Compare this to just 14% of Americans whom the analysis notes had ever participated in a telehealth visit before.

This rapid shift affects the disability community in uneven ways. Expanded access to teleworking, food delivery services and other e-commerce may help those with mobility and intellectual/developmental challenges participate in the economy in ways previously unavailable to them. In a report on the future of the workforce, the Council of State Governments notes the opportunities new technologies like automation and artificial intelligence create for people with disabilities. When developed using universal design principles, these new technologies are accessible to and usable by persons with disabilities.
Conversely, shifting to new technology platforms may present fresh barriers for some—especially if these technologies do not include effective accessibility features. A technology-based economy without universal access may further inhibit some people, including some with disabilities, from fully participating in the economy and workforce.

While the job market rebounded somewhat in the second half of 2020, recovering over half the jobs lost at the start of the pandemic, concerns remain about the impact this crisis will have on workers with disabilities. Historically, people with disabilities who find themselves unemployed or seeking to enter the workforce have been among the last to secure employment during times of economic recovery.

The Great Recession and What May Lie Ahead
After COVID-19

While the full economic impacts from COVID-19 on workers with disabilities are yet unknown, employment trends from the Great Recession of 2007-2009 can help inform policymakers about what may lie ahead.

During this period, an estimated 30 million Americans found themselves unemployed. The employment-population ratio for all Americans, which measures the percent of the working-age population currently employed, steadily declined from early 2008 through late 2009. By early 2010, the rate leveled off and began a slow, but consistent, recovery over the following decade. By the time COVID-19 hit, the employment-population ratio was close to its pre-recession level. Similarly, the national unemployment rate peaked at 10% in October 2009 and consistently declined over the following decade. It reached 3.5%, its lowest point in 50 years, in February 2020, just before COVID-19 hit.

While the overall job market’s recovery following the Great Recession began in late 2009, employment trends for workers with disabilities continued declining for another four years. In January 2014, just 15.8% of working-age noninstitutionalized adults with disabilities were employed, compared to 58.8% of the overall working-age population. A different but related measure, the national unemployment rate for people with disabilities, also lagged several years behind those without a disability. This employment data indicates that the last recession led to a disparity in access to employment for those with disabilities.
**Why It Matters Now**

Unlike the Great Recession, the national job market in 2020 has experienced a rapid partial rebound. By August 2020, the U.S. had recovered 42% of the jobs lost due to COVID-19. However, emerging evidence suggests the rebound may once again be slower for people with disabilities. In the second half of 2020, indicators like the employment-population ratio and the labor force participation rate show a growing gap between those with disabilities and those without. The *employment rebound* has largely occurred among higher wage-earners. Workers earning less than $27,000 per year are experiencing an unemployment rate near 20%. People with disabilities are more likely to be among these lower wage groups than higher wage-earners.

Policymakers at the local, state and federal levels are making economic recovery a priority, including trying to ensure populations that traditionally face barriers to employment are not left behind in the COVID-19 recovery. Many of the economic and public health emergency response efforts have addressed some of the unique needs of workers with disabilities. In some ways, this crisis may present new employment opportunities for people with disabilities, many of whom had been using teleworking and other workplace accommodations prior to the pandemic—workplace safety measures that in 2020 have been widely accepted as standard practice. As states and businesses move to more permanent teleworking, the pandemic may open doors to more employment opportunities for people with disabilities. Similarly, as policymakers look to job training and “upskilling” workers in more virtual or socially distant environments, some people with disabilities may find access to opportunities previously unavailable to them. However, not all jobs can be done remotely, and increased concerns over workplace safety during this global pandemic means certain jobs may be unsafe for some people with disabilities. States and businesses must continue to grapple with keeping all workers safe, including those with disabilities, by offering accommodations and workplace protections for workers with a higher risk of severe COVID-19 symptoms.
FEDERAL ACTIONS

The federal government has taken numerous actions in response to the COVID-19 pandemic and its impact on the economy and job market. Congress enacted three significant laws in 2020 with key economic protections for workers and businesses:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act (FFCRA)
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Additionally, President Donald Trump signed at least four executive orders and federal agencies have adopted numerous rules and regulations to address the pandemic’s impact on public health and the economy.

While these federal actions have not directly targeted workers with disabilities, they affect workers broadly, including those with disabilities. The FFCRA expanded access to paid medical leave for workers exposed to or infected with COVID-19. The U.S. Department of Labor issued further regulations clarifying that when a worker misses work due to an interruption in services for a family member with disabilities, that worker may be eligible for the new paid medical leave program.

The CARES Act largely focused on economic stimulus and income protection. Eligibility for unemployment insurance benefits was extended to workers experiencing temporary layoffs due to COVID-19, including local and state emergency orders forcing the closure of nonessential workplaces. Additionally, the CARES Act created the Pandemic Unemployment Assistance (PUA) program for workers who do not qualify for traditional unemployment benefits—like gig workers and part-time employees. Recipients of federal disability benefits sometimes turn to part-time and gig work to supplement their federal cash benefits. In July 2020, the U.S. Department of Labor clarified that federal disability benefit recipients are also eligible for the PUA benefits if they experienced unemployment due to the pandemic.

The CARES Act temporarily provided an additional $600 per week to individuals receiving regular unemployment benefits, extended benefits and PUA. This benefit expired in July 2020. It was replaced through a Presidential Memorandum in August 2020 with a new benefit of up to $400 per week for unemployed workers. To receive federal funding, states must meet various federal requirements, including contributing at least $100 of the weekly benefit. States were permitted to opt out of the funding match requirement, resulting in benefits of $300 per week. States that participated received a federal grant to fund the program for six weeks.

The CARES Act also included nearly $1 billion to support older Americans and people with disabilities experiencing disruptions to home and community-based services. It also prevents states from seeking waivers to the Individuals with Disabilities Education Act and the Rehabilitation Act.

For local and state governments, the CARES Act awarded $150 billion in aid to cover the costs of the health and economic emergencies. Each state received a minimum of $1.25 billion to use at its discretion as long as it wasn’t supplementing existing state services and was directly related to the pandemic.

The Equal Employment Opportunity Commission and the Centers for Disease Control and Prevention have released informational resources and guidance relating to safe workplaces and making accommodations for people at a higher risk of severe illness from COVID-19.

The U.S. Department of Labor’s Occupational Safety and Health Administration (OSHA) has also published resources to help employers and workers prepare for and respond to COVID-19 in the workplace:

- OSHA Guidance on Preparing Workplaces for COVID-19—Developed in collaboration with the U.S. Department of Health and Human Services to help employers respond in the event of coronavirus in the workplace.
- Temporary OSHA Guidance on Respiratory Protection Standard—Provides suggestions and options to help increase the availability of N95 filtering facepiece respirators for health care providers.
- COVID-19 Webpage—Provides infection prevention information specifically for employers and workers.
STATE ACTIONS

Since March, states have worked expeditiously to implement the various federal laws, appropriations, regulations and guidelines issued in response to the pandemic. The sudden spike in unemployment claims, along with expansions in benefits, required states to revamp their unemployment insurance processes. States implemented new programs, such as the PUA, from the ground up within a matter of weeks.

Emergency management is largely a state and local responsibility. Governors from all 50 states and U.S. territories issued major disaster declarations in response to the pandemic as a formal request to the president for emergency response assistance from the federal government. Governors from 42 states issued stay-at-home orders preventing public gatherings and encouraging a shift to telework among nonessential businesses. These states varied widely on the level of restrictions in stay-at-home orders, including the types of businesses that could remain open and in the definition of essential workers.

The pandemic’s economic impact reaches many policy areas and states have been busy seeking ways to minimize that impact. The CARES Act awarded state and local governments funding to support their pandemic response efforts through the Coronavirus Relief Fund (CRF). The federal program gives states flexibility in how they can use the CRF funds, including several uses to minimize the economic impact. A common approach has been to award grants to small businesses in some of the hardest hit industries like food services and child care. Iowa, for example, awarded $100 million to farmers. Louisiana provided $40 million to small businesses owned by minorities, women and veterans. Oregon used CRF funds to issue $500 stimulus checks to state residents. Florida and Colorado have provided housing support to those at risk of eviction and foreclosure.

States face myriad policy challenges resulting from COVID-19 that directly affect people with disabilities. Examples include expanding access to broadband internet, ensuring safe workspaces and encouraging effective accommodations for those at a higher risk of serious COVID-19 symptoms. All these challenges come at a time when state budgets and resources are under tremendous strain. States are also transitioning into economic recovery mode and looking at longer-term issues around workforce development to bring unemployed workers back into the workforce.

What Lies Ahead

The COVID-19 pandemic has hit the U.S. economy hard and states are on the front line trying to minimize the hardship people and businesses face. The Great Recession showed that people with disabilities are at a high risk of being left behind in economic recovery efforts. States can look to NCSL’s Work Matters policy framework for guidance on how to ensure economic and workforce development strategies address the barriers that workers with disabilities face. States can also request direct assistance through NCSL’s collaboration with the State Exchange on Employment & Disability.

Additional Resources

- NCSL Coronavirus Resources for States
- Work Matters: Making Progress in Employment for People With Disabilities
- Office of Disability Employment Policy—Coronavirus Information and Resources
- State Exchange on Employment & Disability (SEED)
- U.S. Conference of Mayors—SEED Federal Policy Guide
- The Council of State Governments—Accessible Telework: Strategies for Developing Inclusive State Agency Programs
The State Exchange on Employment & Disability (SEED), an initiative funded by the U.S. Department of Labor’s Office of Disability Employment Policy (ODEP), assists states in developing effective and inclusive workforce policies that promote disability employment. Recognizing that every state is unique, SEED offers policy options and resources states can tailor to meet their needs and goals. To this end, SEED partners with leading intermediary organizations that serve as trusted sources of information to state and local policymakers.