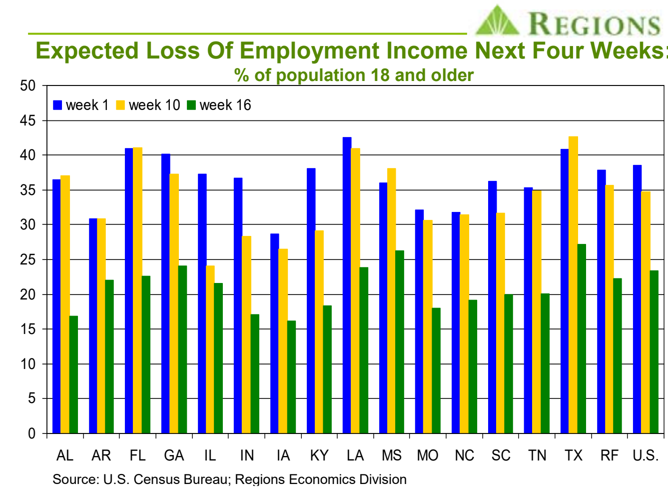
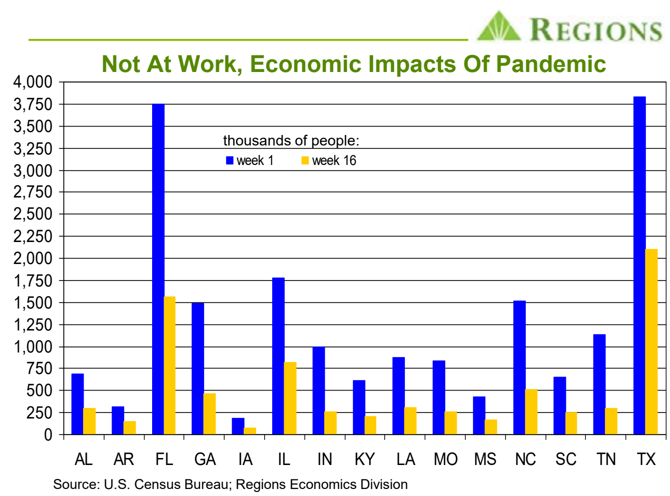
Household Pulse Survey: Regions Footprint

The U.S. Census Bureau has launched Phase Two of its *Household Pulse Survey*, designed to measure the experiences of U.S. households during the COVID-19 pandemic. Phase One of the survey ran from April 23 through July 21 and was conducted on a weekly basis; Phase Two began on August 19, but rather than the weekly frequency during Phase One, the Phase Two survey periods will be ten-day periods and Census will release results every other week. Overall, the point of the *Household Pulse Survey* remains the same – respondents are asked a host of questions to assess the impact of the COVID-19 virus and the efforts to stem its spread. Questions cover the loss of employment income, expected loss of employment income, food scarcity, delayed medical care, housing insecurity, spending patterns, and K-12 educational changes. As with the counterpart *Small Business Pulse Survey*, Phase Two of the *Household Pulse Survey* includes some new questions while some of the Phase One questions have been adapted to better capture the economic and financial impacts of the pandemic and the efforts to stem its spread. These now bi-weekly updates will summarize what we think to be some of the more notable elements of the results. The most recent surveys were conducted from September 30 through October 12.

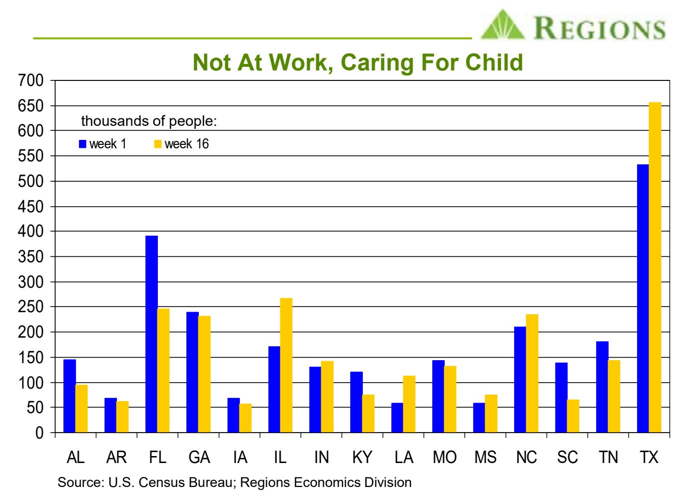
Though remaining quite real for a significant share of the population, the fear of job losses has become much less prominent over the past several weeks. As of the most recent survey period, 22.2 percent of the 18-and-over population within the Regions footprint expected to experience a loss of employment-based income over the coming four-week period, compared to 23.4 percent nationally. The chart to the side compares the "week 16" results (keep in mind the month-long break between the two phases of the survey) with those of the initial week of the survey and week 10 of the survey. If you recall from our earlier summaries, fears of job losses eased over the first several weeks of Phase One of the survey, but then began to increase along with the sharp upturn in COVID-19 cases that began in late-June and carried through July. As such, week 10 of the survey marked the height of these "second wave" fears, and in some states, such as Florida and Texas, in which the upturn in COVID-19 cases was more severe, week 10 marked the peak of expected losses of employment-based income over the life of the survey.



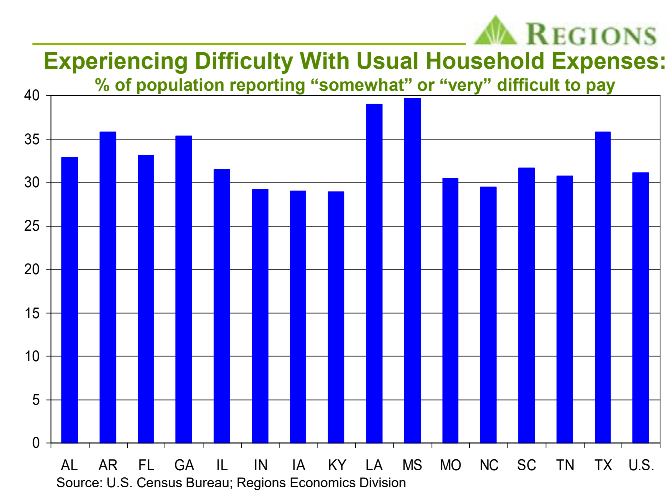
While the share of respondents anticipating a loss of employment-based income is well off the peak, it nonetheless remains significant. This is understandable in the context of weekly claims for unemployment insurance remaining far above the pre-pandemic run rate, indicating still-elevated numbers of layoffs. As several large corporations across an array of industry groups have announced plans to cut jobs, the number of layoffs could remain elevated over coming weeks. At the same time, the recent upturn in COVID-19 cases raises the risk of further restrictions on/disruptions in economic activity that could ultimately have adverse implications for the labor market.

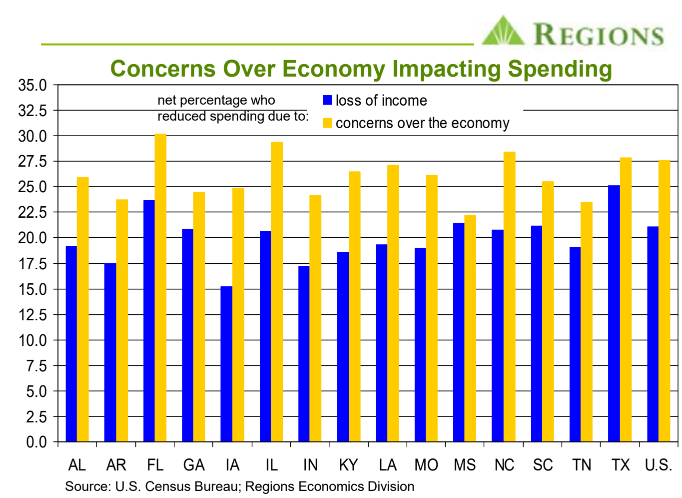


Another way to see the diminished but still significant impact of the pandemic on labor market conditions comes from the survey questions asking those who are not working the reason(s) why. As the chart to the side indicates, the number of those not working due to direct economic effects of the pandemic has fallen sharply since the initial week of the *Household Pulse Survey* back in April. The term "economic effects" is a composite which includes those not working due to a reduction in their employer's level of business, those who were laid off/put on furlough, those whose employer had to temporarily shut down, and those whose employer went out of business due to the pandemic. In week 1 of the survey, there were 19,094 million people across the Regions footprint and 47.188 million nationally who fell into one of these buckets; as of the latest survey period, the number of people who fell into one of these buckets had fallen to 7.726 million across the Regions footprint and 20.312 million nationally. While much lower, these are still significant numbers. Obviously, it is the week 1-to-week 16 comparison that is relevant in the above chart, not the state-to-state comparisons, which are obviously skewed by the relative sizes of the individual states. Still, there are a few factors we can point to that have impacted labor market conditions in the individual states. The incidence of COVID-19 cases, the extent to which states imposed restrictions on activity, the timing of when any such restrictions were imposed and subsequently lifted, and the industrial make-up of each state all have played a role. For instance, those states in which service providing industries, such as leisure and hospitality services, account for a higher share of overall employment will still be feeling a significant impact even as restrictions on activity have been significantly relaxed. Given the recent upturn in COVID-19 cases that many are expecting (or, fearing) will intensify over coming weeks, it will be bear watching for signs that the number of those displaced from the labor market by the pandemic is turning higher.



One troubling element of the economic data over the course of the pandemic has been the sharp decline in labor force participation. As of September, there were over 4.4 million fewer people in the labor force than there were in February. More troubling is that this decline has been heavily concentrated amongst the 25-to-54 year-old age cohort, often referred to as the "prime working age population." The decline in participation amongst the prime working age cohort is more pronounced amongst females than amongst males, which leads us to wonder if limited daycare capacity and the extent to which school districts across the nation are relying in at-home, rather than in-class, instruction, is taking a heavier toll on labor force participation amongst females than amongst males. While the *Household Pulse Survey* doesn't contain sufficient detail to draw a definitive conclusion, it does offer a view on the extent to which childcare responsibilities are weighing on overall participation. In week 1 of the survey, there were 2.655 million people within the Regions footprint and 5.995 million people nationally who reported the reason they were not working was that they were caring for a child/children not in school or daycare. As of the most recent survey period, there were 2.593 people within the Regions footprint and 6.515 million people nationally not working for this reason – the survey does not provide a split by gender on this question. As noted above, there are state-specific policies that contribute to differences across states in terms of the provision of day care or how school instruction is being handled. It is important to note that we do not have a comparable pre-pandemic benchmark – the point here isn't that the pandemic accounts for all of those not participating in the labor force due to child care burdens, but neither is it reasonable to argue the pandemic has not contributed.





The degree of financial stress increased over the most recent survey period, when 33.081 million people within the Regions footprint and 77.535 million people nationally reported that it was either somewhat or very difficult to meet usual household expenses, included but not limited to food, shelter, loan payments, or medical expenses. These figures translate into 33.1 percent of the 18-and-over population within the Regions footprint and 31.1 percent nationally, both higher than in week 15 of the survey. At the same time, the number of people within the footprint and nationally reporting they had cut back on spending due to either a loss of income or concerns over the economy increased in the latest survey period. This rising degree of financial stress comes amidst continued wrangling amongst policy makers as to the provision of additional financial assistance. There is clearly scope for additional assistance, particularly for aid targeted at those who have been displaced from the labor market. While another round of assistance seems the most likely outcome, the question at this point is whether that will come in time to help those who are in the most need.

Regions Financial Corporation, 1900 5th Avenue North, 17th Floor, Birmingham, Alabama 35203
Richard F. Moody, Chief Economist • 205.264.7545 • richard.moody@regions.com