

The Effect of COVID-19 on Allegheny County Department of Human Services Client Employment and Earnings



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SUMMARY

Economic well-being often depends on the ability to maintain sufficient earned income. To assess this dimension of well-being, this report explores the effect of the COVID-19 crisis on employment in Allegheny County, Pennsylvania (PA). The report uses data from PA Unemployment Insurance (UI) records to examine the employment, earnings and receipt of unemployment benefits among working-age clients of the Allegheny County Department of Human Services (DHS)¹ in five recent calendar quarters spanning from July 1, 2019 through September 30, 2020. This analysis sheds light on how some of Allegheny County's neediest workers fared in the months preceding and following the onset of the pandemic in March 2020. In this report, "earnings" refers only to an individual's pre-tax wage and salary income from employment. It does not include unemployment insurance benefits or other sources of income.

Key findings include:

- DHS clients have persistent difficulty maintaining work and earning enough money. Working-age clients had extremely low employment rates (between 34 and 38 percent) and earnings (median quarterly earnings of around \$4,000) before the onset of COVID-19. Their earnings are not adequate for financial stability, even during normal economic times.
- DHS clients' employment and earnings decreased markedly during Q2 2020 (which covers the first few months of COVID-19), but then began to rebound back to pre-pandemic levels by the end of Q3 2020. These trends paralleled the countywide situation. Allegheny County had an unemployment rate of under five percent between July 2019 and February 2020, which then jumped to 16.2 percent in April 2020 before gradually falling to 8.3 percent by September 2020.
- Female DHS clients have higher rates of employment than male clients, and Black clients have higher rates of employment than White clients. These disparities disappear when looking at the median earnings of employed clients. Both of these facts stand in contrast to the gender and racial gaps among Allegheny County residents as a whole, where Black residents have lower employment and earnings than White residents and women have lower employment and earnings than men. It is not clear why the gender and racial disparities among DHS clients differ from the countywide population.

¹ DHS provides a wide range of services, including: mental health treatment services; substance use disorder treatment services; child protective services; at-risk child development and education; housing for the homeless; non-emergency medical transportation; and referrals for supports coordination for individuals with a diagnosis of intellectual disability.

- When grouping DHS clients by service type, most DHS service groups experienced a substantial drop in employment in Q2 2020 (the onset of COVID-19). The decreases in employment in Q2 2020 were especially large among Independent Living clients² and Developmental Supports clients.³
- DHS clients' earnings vary across employment industries. DHS clients who worked in the *Utilities* industry had the highest median earnings in Q2 2020 and Q3 2020 among all industries (\$14,921). Clients who worked in the *Arts, entertainment, and recreation* industry had the lowest earnings (\$1,005). DHS clients in the *Arts, entertainment, and recreation* and *Accommodation and food services* industries had the largest percentage decreases in median earnings in Q2 and Q3 2020, compared with the previous three quarters. These two industries were among the hardest hit by the economic shutdowns in the early months of the pandemic.

Overall, the findings demonstrate that DHS clients' labor market outcomes, which were already very poor to begin with, were significantly impacted by the economic effects of COVID-19.

BACKGROUND

This report uses quarterly data from Pennsylvania Unemployment Insurance records to explore the employment and earnings of DHS clients in five recent calendar quarters: Q3 2019, Q4 2019, Q1 2020, Q2 2020, and Q3 2020. These quarters span the time period from July 1, 2019 to September 30, 2020. The COVID-19 shutdown began to take effect in mid-March 2020, near the end of Q1 2020. Therefore, it would not be surprising to see declines in rates of employment and earnings in Q2 and Q3 2020, compared with previous quarters. This analysis is strictly descriptive and does not use causal inference methods to isolate the effect of COVID-19. Nonetheless, there were no major sources of economic disruption starting in Q2 2020 besides the COVID-19 pandemic, so any large observed declines in employment and earnings can likely be attributed to COVID-19's far-reaching economic effects.

By continuing to investigate our clients' employment experiences, DHS and its partners can gain insight into the economic challenges of our clients and tailor our services, including education and job-related supports, to better meet clients' needs.⁴ Analyzing and understanding clients' workforce challenges is not enough to create change, however. DHS must utilize available federal funding to support clients with effective services.

² Independent Living clients are youth ages 14 to 24 who have had at least 30 days of child welfare placement services on or after their 14th birthday and are receiving services designed to prepare them for living independently as adults.

³ Developmental Supports clients are people with an intellectual disability, people with autism, or children with developmental delays.

⁴ Allegheny County offers several programs that support employment among economically vulnerable populations. For more information, please visit <https://www.alleghenycounty.us/Human-Services/Programs-Services/Basic-Needs/Employment.aspx>

DATA AND METHODOLOGY

The data used in this report come from PA UI records, which capture most forms of employment in the state. Nearly all employers in PA are required to report the pre-tax earnings of their employees to the state government on a quarterly basis. The state government uses these reported earnings to administer payroll taxes and compute UI payment amounts for people receiving unemployment benefits. DHS obtains the UI records through a data sharing agreement with the PA Department of Labor and Industry (DLI). The earnings captured in UI records reflect only wage and salary income from employment. They do not include UI benefits or other sources of income.

One limitation of the UI data is that it does not distinguish between clients who are unemployed but looking for work and clients who are not in the labor force. Throughout this report, the term “employment rate” means simply having any UI-covered employment. We are not generally able to identify and exclude clients from the analysis who are out of the labor force. Therefore, the employment rates presented in this report may appear lower than expected when compared with government surveys that measure employment only among those in the labor force. For context, 18 percent of Allegheny County residents ages 20 to 64 were out of the labor force in 2019.⁵ Working-age DHS clients are probably more likely than the average county resident to be out of the labor force altogether. This should be kept in mind when interpreting the employment rates presented below.

A second limitation is that the UI earnings amounts are not broken down into an hourly wage and number of hours worked for workers who are paid hourly. This makes it unclear whether a worker’s low earnings are more attributable to having a low wage or to working few hours. A third limitation is that there may be cases where a client was absent in the data but did actually work in a UI-eligible job in that quarter. There are three reasons why this can occur:

1. DHS might have provided DLI with an incorrect Social Security number for the client, which prevented the client from matching with the UI records.
2. The client worked in another state besides PA. The UI earnings data only covers the state of PA.
3. The client’s employer might have failed to report the client’s UI-eligible employment to DLI. This reporting is required by law, so instances of non-reporting should be rare in principle. However, past research has found that this form of tax evasion does sometimes occur.⁶

⁵ American Community Survey Table S2301 2019 1-year estimates

⁶ Blakemore, A. E., Burgess, P. L., Low, S. A., & St. Louis, R. D. (1996). Employer tax evasion in the unemployment insurance program. *Journal of Labor Economics*, 14(2), 210–230.

Additionally, a client's absence in the UI records does not necessarily mean that they had no work of any kind in that quarter. This is because PA UI records do not capture certain types of employment, including: military and federal government jobs; self-employment; paid employment between family members; work for agricultural businesses that employ fewer than 10 employees for any part of a day in at least 20 weeks out of the year or that pay less than \$20,000 in total wages in the year; domestic work for private households; local college clubs, fraternities or sororities that pay less than \$1,000 in quarterly wages for four consecutive quarters; informal work; and any employment that takes place outside of PA.⁷

These types of non-UI-eligible jobs comprise an estimated nine to 14 percent of all jobs in the U.S.⁸ However, lower income individuals such as those studied in this report may be disproportionately likely to work in a non-UI eligible job. One recent study of employment among lower-income workers found that up to one-third of their work would probably not be captured in state UI records.⁹ For these reasons, the UI records used in this report do not fully describe the labor market experiences of DHS clients. Nevertheless, this data provides preliminary evidence on the working lives of DHS clients that can inform further research using other sources of information.

STUDY SAMPLE

The analytic sample in this report consists of clients who had activity in any of the following DHS services at some point between the beginning of Q3 2019 (July 1, 2019) and the end of Q3 2020 (September 30, 2020): Area Agency on Aging services, mental health treatment, child welfare (as a child or as a parent), housing and homeless services, independent living, developmental supports, family center, Medical Assistance transportation program (MATP), substance use disorder treatment, self-sufficiency, and peer mentoring.

This report only looks at clients' earnings during or prior to the quarters in which they had activity in at least one of these services. This means that each quarterly sample contains a different group of clients. Each quarterly sample is further limited to clients who were between ages 18 and 64 as of the beginning of the quarter, because this is the typical age range in which people are employed. The resulting quarterly samples likely provide a representative subset of all working-age recipients of the above services between July 1, 2019 and September 30, 2020.

There are 66,203 unique clients in the sample. **Table 1** describes the sample.

⁷ See <https://www.uc.pa.gov/>

⁸ Hotz, S., V. Joseph. (2002). Measuring employment and income outcomes for low-income populations with administrative and survey data. In M. Ver Ploeg Michelle & C. Citro (Eds.), *Studies of welfare populations: Data collection and research issues* (pp. 275-315). Washington, DC: The National Academies Press.

⁹ Mastrri, A., Rotz, D., & Hanno, E. (2018). Comparing job training impact estimates using survey and administrative data. *Washington, DC: Mathematica Policy Research.*

TABLE 1: Description of analytic sample

	NUMBER	% OF SAMPLE
Legal sex		
Female	34,309	51.8%
Male	31,888	48.2%
Missing	6	<0.1%
Race		
Black	23,829	36.0%
White	39,868	60.2%
Other	1,493	2.3%
Missing	1,013	1.5%
Hispanic		
Hispanic	726	1.1%
Not Hispanic	64,829	97.9%
Missing	648	1.0%
Age group		
18 to 24	9,825	14.8%
25 to 34	18,294	27.6%
35 to 44	14,254	21.5%
45 to 54	11,450	17.3%
55 to 64	12,380	18.7%
DHS service involvement		
Aging	2,649	2.8%
Child welfare (as child)	348	0.4%
Child welfare (as parent)	7,781	8.2%
Family centers	3,242	3.4%
Homelessness services	5,862	6.2%
Independent living	1,064	1.1%
Developmental supports	5,136	5.4%
Medical Assistance Transportation Program	13,830	14.5%
Mental health treatment	39,642	41.6%
Peer mentoring	145	0.2%
Self-Sufficiency Program	188	0.2%
Substance use disorder treatment	15,355	16.1%
Total	66,203	

Notes: Author's calculations based on data from Pennsylvania unemployment insurance query file. The total row does not equal the sum of the service rows because some clients received more than one service during the time period.

Table 2 presents the sample's rate of coverage of all clients who received the focal programs between July 1, 2019 and September 30, 2020. The study sample covers about half of the total clients who were active in these programs between Q3 2019 and Q3 2020. The programs with lower rates of representation in the study sample tend to serve larger proportions of children or senior citizens, since the sample is limited to clients ages 18 to 64. This explains why only 10 percent of clients of Aging services and four percent of child welfare-involved children appear in the study sample. Substance use disorder clients have the highest rate of representation in the study sample (93%). Some of the variation in coverage across services is a result of the service groups having different rates of valid Social Security numbers in DHS records, since the study sample is limited to clients with valid Social Security numbers.

TABLE 2: Study sample coverage of all clients in focal services between July 1, 2019 and September 30, 2020

SERVICE	DESCRIPTION	TOTAL DHS CLIENTS SERVED IN TIME PERIOD	NUMBER THAT ARE IN STUDY SAMPLE	SAMPLE COVERAGE OF TOTAL CLIENT BASE
Aging	The Area Agency on Aging (AAA) helps older Allegheny County residents to live safe, healthy and independent lives. Services include senior centers, transportation, adult foster care, in-home services and caregiver support.	25,582	2,649	10%
Child welfare (as child)	Children ages 18 or younger who are associated with a child welfare allegation, investigation or case.	8,771	348	4%
Child welfare (as parent)	Parents of children associated with a child welfare allegation, investigation or case.	8,652	7,781	90%
Family centers	Neighborhood-based centers that serve children and parents through support groups, activities, mentoring and in-home services.	9,482	3,242	34%
Homelessness services	Services for households experiencing a housing crisis. Services include housing assistance, case management, prevention and outreach.	9,175	5,862	64%
Independent living	Youth ages 14 to 24 who have had at least 30 days of child welfare placement services on or after their 14th birthday and are receiving services designed to prepare them for living independently as adults.	1,818	1,064	59%
Developmental supports	Institutional and community-based services for people with intellectual disabilities.	6,467	5,136	79%
Medical Assistance Transportation Program	Provides shared transportation, bus passes and gas reimbursement for Allegheny County Medicaid recipients. Transportation must be for non-emergency medical services, such as physical health (doctor, dentist, pharmacist, psychologist) or behavioral health (mental health and drug and alcohol counseling and treatment) services.	17,628	13,830	78%

SERVICE	DESCRIPTION	TOTAL DHS CLIENTS SERVED IN TIME PERIOD	NUMBER THAT ARE IN STUDY SAMPLE	SAMPLE COVERAGE OF TOTAL CLIENT BASE
Mental health treatment	Mental health treatment services that are paid for by Allegheny County or Medicaid. Includes both clinical services, such as individual and group therapy, and non-clinical services, such as case management.	61,832	39,642	64%
Peer mentoring	Mentorship from Youth Support Partners (YSP), who are young adult professionals who have personal experience in some area of the human services or juvenile probation system. YSPs share their insights with youth currently in the system, advocate for them and mentor them.	582	145	25%
Self-Sufficiency Program	Services for low-income heads of households to help improve self-sufficiency, such as case management, job training and modern office systems training.	213	188	88%
Substance use disorder treatment	Substance use disorder treatment services that are paid for by Allegheny County or Medicaid. Includes clinical services, such as individual and group therapy, as well as non-clinical services, such as case management and peer recovery support.	16,547	5,355	93%
Total		127,744	66,203	52%

Source: Author's calculations based on data from Pennsylvania unemployment insurance query file.

Note: The total row does not equal the sum of the service rows because some clients received more than one service during the time period.

EMPLOYMENT RATES BETWEEN Q3 2019 AND Q3 2020

This section presents the rates of employment among DHS client groups in the quarters preceding and following the onset of COVID-19. DHS clients across all demographic groups experienced a significant drop in employment rates in Q2 2020, as lockdowns and business interruptions took effect in Allegheny County and surrounding areas. The drop in employment among DHS clients paralleled the countywide situation. Allegheny County had an unemployment rate of under five percent between July 2019 and February 2020, which then jumped to 16.3 percent in April 2020 before gradually falling to 7.5 percent by September 2020.¹⁰

On a positive note, DHS client employment rates did not decline further after the drop in Q2 2020. Instead, clients saw their employment and earnings hold steady or in many cases rebound back towards their pre-pandemic levels in Q3 2020. Data from other sources supports this finding. Based on private sector data, the Opportunity Insights Economic Recovery Tracker reports that the employment rate among low-income

¹⁰ Pennsylvania Department of Labor and Industry (DLI), 2020, "Local Area Unemployment Statistics, Allegheny County." Retrieved from <https://www.workstats.dli.pa.gov/Research/Pages/default.aspx>

Allegheny County residents decreased by 23 percent between January 1, 2020 and March 31, 2020, but by June 30, 2020, employment had climbed back to within 14 percent of the January 1st rate.¹¹ Despite this positive rebound among DHS clients, it must be kept in mind that clients' pre-pandemic levels of employment and earnings were often inadequately low to begin with.

The employment trajectories shown in **Figure 1** were broadly similar across legal sex, race and age groups, although these groups had persistent differences in employment rates. Male and female DHS clients experienced similar decreases in employment rates in Q2 2020, followed by similar slight gains in Q3 2020. Female clients had higher rates of employment than male clients throughout the study period. This gap between females and males goes against the trend for Allegheny County as a whole, where working-age females had an employment rate that was more than five percentage points *lower* than males in 2019.¹²

DHS clients of all races experienced similarly large declines in employment in Q3 2020, compared with the previous three quarters. Black clients had a higher employment rate than White clients in every quarter. This racial employment gap goes against the countywide trend, where working-age Black residents had an employment rate that was more than five percentage points *lower* than White residents in 2019.¹³

DHS clients of all age groups had a decline in employment in Q2 2020. Interestingly, clients ages 18 to 24 had the highest employment rate among all age groups throughout the study period. This again contrasts with the age group differences for Allegheny County as a whole, where adults under age 25 have the lowest employment rate among all working-age adults.¹⁴ It is unclear why the youngest working-age DHS clients have the highest employment rate. The 18-to-24-year-old DHS clients also experienced the largest drop in employment in Q2 2020 among all age groups, in absolute terms.

As **Figure 1** makes clear, DHS clients have relatively low rates of employment even under normal economic conditions. No more than 41 percent of male or female DHS clients were employed in the three quarters prior to the pandemic. This contrasts with the 78 percent employment rate among working-age Allegheny County residents as a whole in 2019.¹⁵ This disparity should not be very surprising, since DHS clients are receiving human services that address needs that are often associated with low income and barriers to employment.

¹¹ This information is available at <https://tracktherecovery.org/>

¹² American Community Survey 2019 1-year estimates Table S2301

¹³ American Community Survey 2019 1-year estimates Table S2301. The persistently higher Black employment rate is also surprising in light of the documented systemic racism that Black workers face in the U.S. labor market. It is unclear why Black DHS clients have a higher employment rate than White clients.

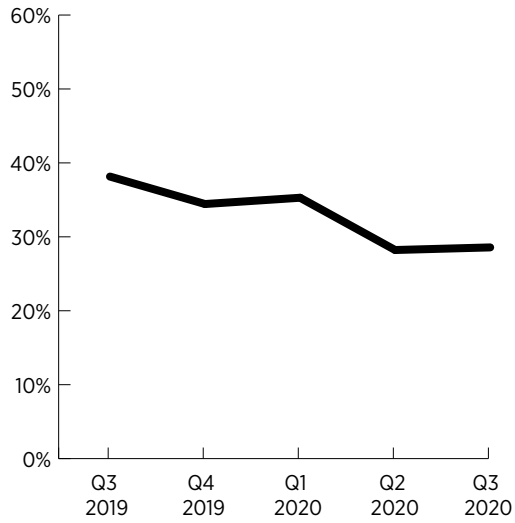
¹⁴ American Community Survey 2019 1-year estimates Table S2301

¹⁵ American Community Survey 2019 1-year estimates Table S2301

FIGURE 1: Quarterly employment rate among DHS clients, by demographic groups

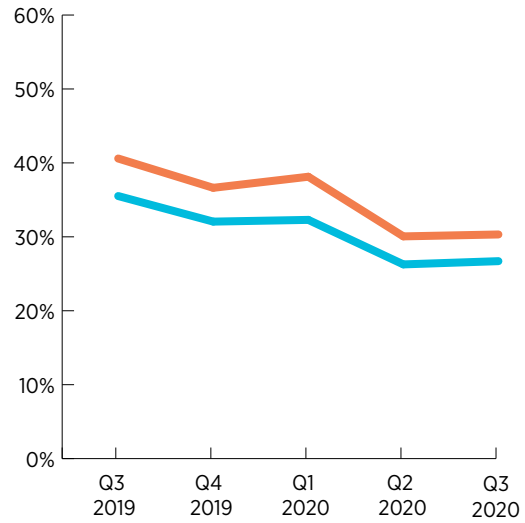
All DHS Clients

— All Clients



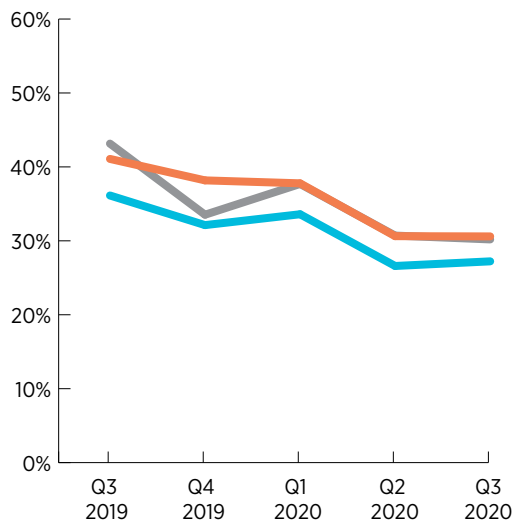
By Legal Sex

— Female — Male



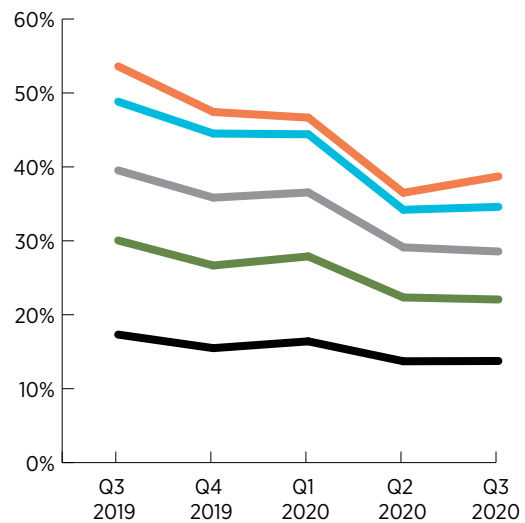
By Race

— Black — White — Other Race



By Age Group

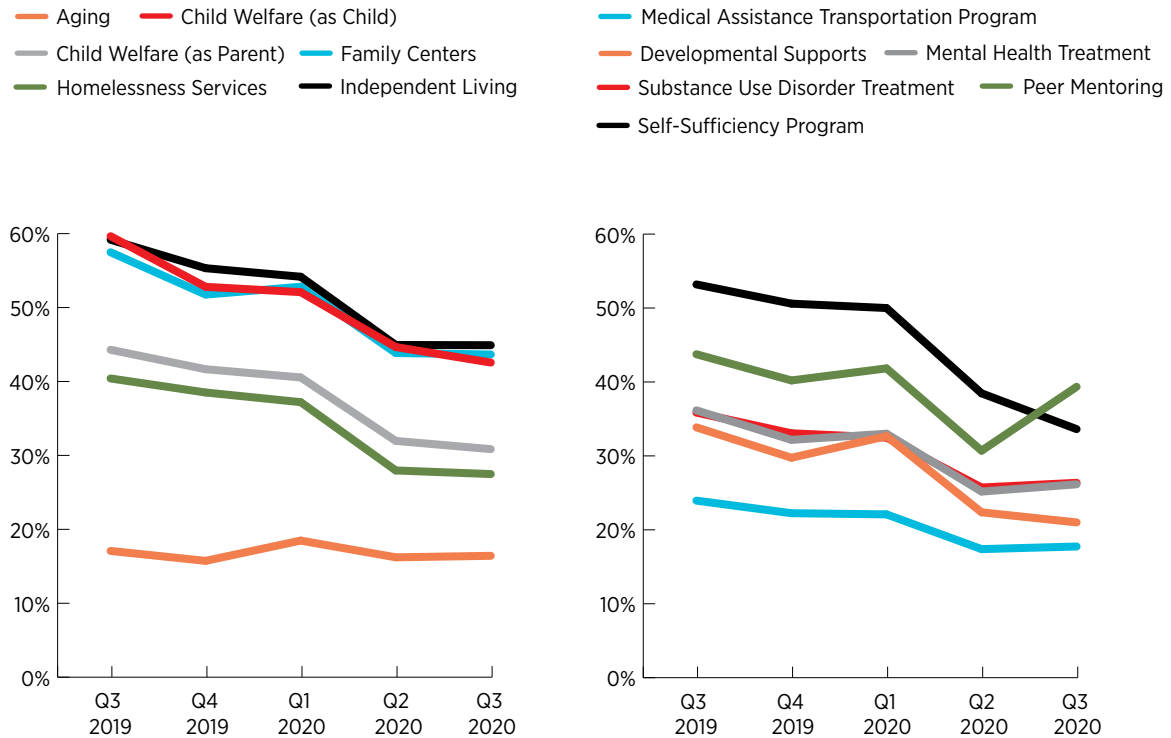
— 18 to 24 — 25 to 34 — 35 to 44 — 45 to 54 — 55 to 64



Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

Figure 2 shows that DHS clients in all focal services experienced a decrease in employment in Q2 2020, with child welfare-involved parents, Self-Sufficiency Program clients, and Homelessness clients experiencing particularly large decreases. Recipients of Aging services had the lowest employment rate among all service groups in every quarter.

FIGURE 2: Quarterly employment rate among DHS clients, by service



Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

MEDIAN EARNINGS BETWEEN Q3 2019 AND Q3 2020

This section explores the median quarterly earnings among DHS client groups between Q3 2019 and Q3 2020. This analysis is limited to the sample members who had nonzero earnings in the given quarter. As mentioned above, one limitation of the UI data used in this report is that it does not decompose an individual's total quarterly earnings into an hourly wage and the number of hours worked. This makes it unclear whether changes in a DHS client's earnings are more attributable to variation in wages and salaries or variation in work hours. The pandemic's labor market effects in the U.S. have generally consisted of job loss and worker displacement rather than reductions in wages among the employed.¹⁶ This appears to be the case in Allegheny County as well. The number of employed workers in Allegheny County fell by nearly nine percent between September 2019 and September 2020, while average weekly wages in the County actually *increased* by over seven percent over the same period.¹⁷

With this in mind, the results in **Figure 3** indicate that DHS clients generally had lower earnings after the onset of COVID-19 compared with prior quarters. However, the reduced earnings in Q2 2020 for most demographic groups does not markedly deviate from the trend in prior quarters. Male and female DHS clients both had downward trends in median earnings in late 2019 into 2020, followed by a rebound in Q3 2020. Male clients had a slightly stronger rebound in Q3 2020 than female clients. Black and White clients also had downward trends in earnings starting in Q4 2019. White clients' earnings in Q3 2020 rebounded back to pre-pandemic levels, while Black earnings in Q3 2020 remained lower than their pre-pandemic levels. Median earnings among all age groups declined in Q2 2020 compared with previous quarters, but then rebounded in Q3 2020.

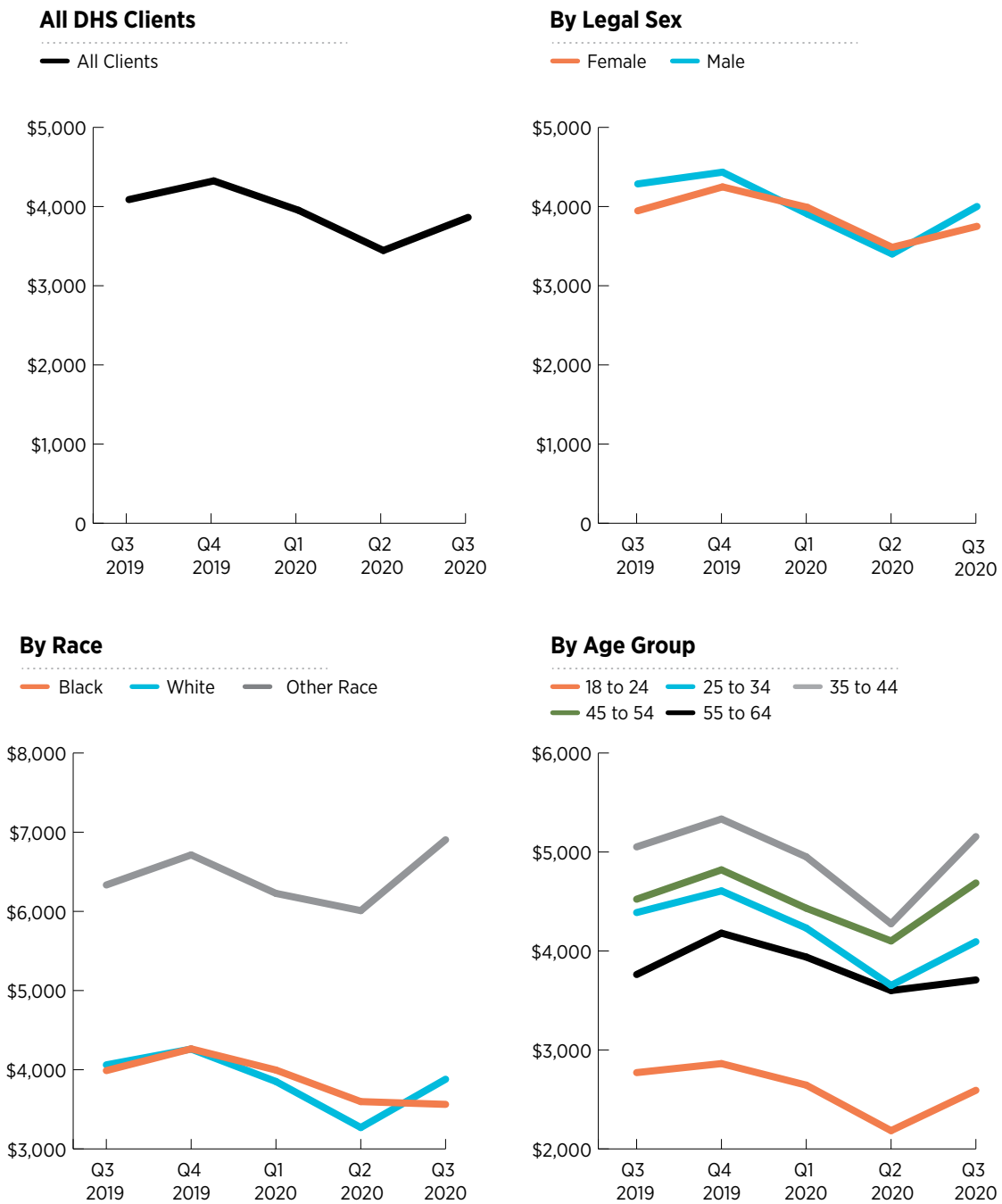
Male and female DHS clients had very similar quarterly median earnings over the study period. This differs from Allegheny County as a whole, where working-age males have mean annual earnings (\$67,073) that are 47 percent higher than females (\$45,738). Black and White DHS clients also had similar median earnings in recent quarters. This contrasts with the situation in Allegheny County as a whole, where working-age Black residents have mean annual earnings (\$37,917) that are 35 percent lower than White residents (\$58,786).¹⁸

¹⁶ Handwerker, E., Meyer, P., Piacentini, J., Schultz, M., & Sveikauskas, L. (2020). Employment recovery in the wake of the covid-19 pandemic. U.S. Bureau of Labor Statistics.

¹⁷ Data from U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

¹⁸ Author's calculations based on data from American Community Survey 2019 1-year estimates Public Use Microdata Sample, using the unweighted average annual earnings across all Allegheny County Public Use Microdata Areas.

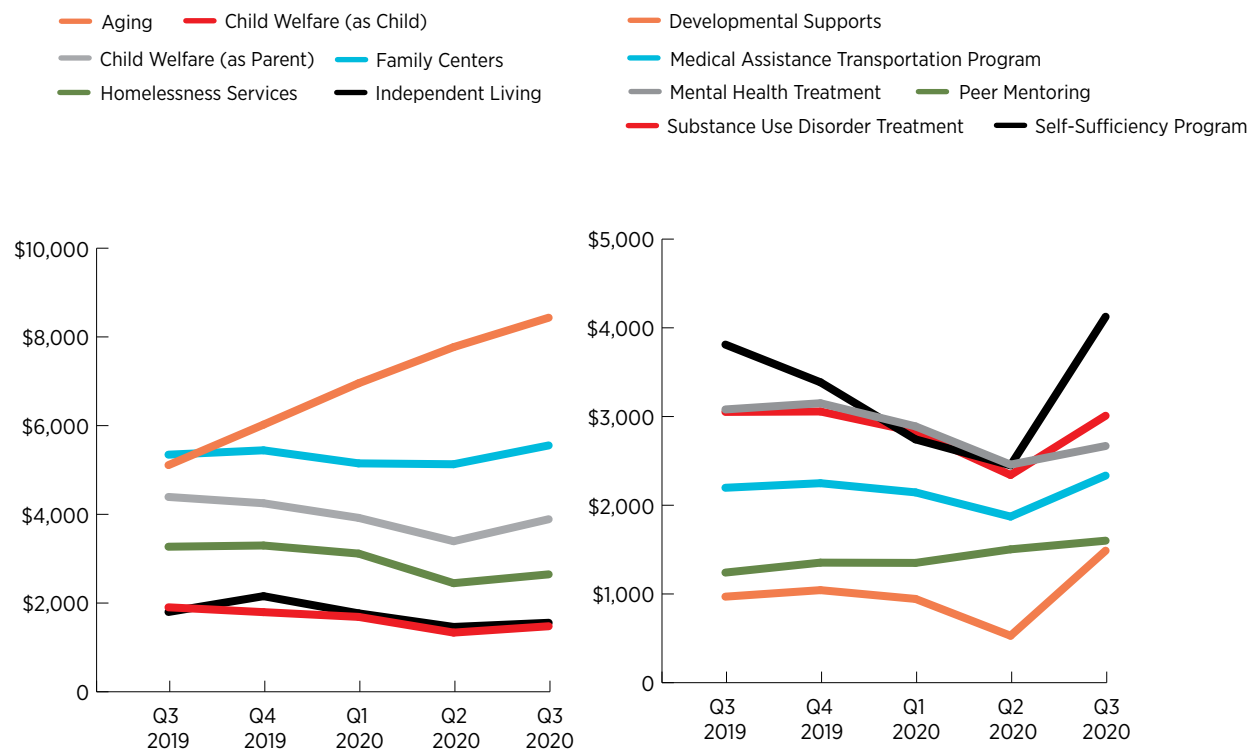
FIGURE 3: Median quarterly earnings among employed DHS clients, by demographic groups



Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

Figure 4 shows that most DHS service groups in the study sample experienced a decrease in median earnings in Q2 2020 compared with the previous three quarters, followed by an increase in earnings in Q3 2020. Aging clients stand out as an exception, as they experienced a large and steady increase in median earnings over the study period. The quarterly earnings amounts shown in **Figure 4** can be translated into annual earnings amounts and compared with the Allegheny County median. According to Census Bureau data, the working-age employed population in Allegheny County had a median income of \$34,111 in 2019.¹⁹ In contrast, clients who received Developmental Supports services for example had earnings of just \$527 in Q2 2020, which translates into annual earnings of \$2,108.

FIGURE 4: Median quarterly earnings among employed DHS clients, by service



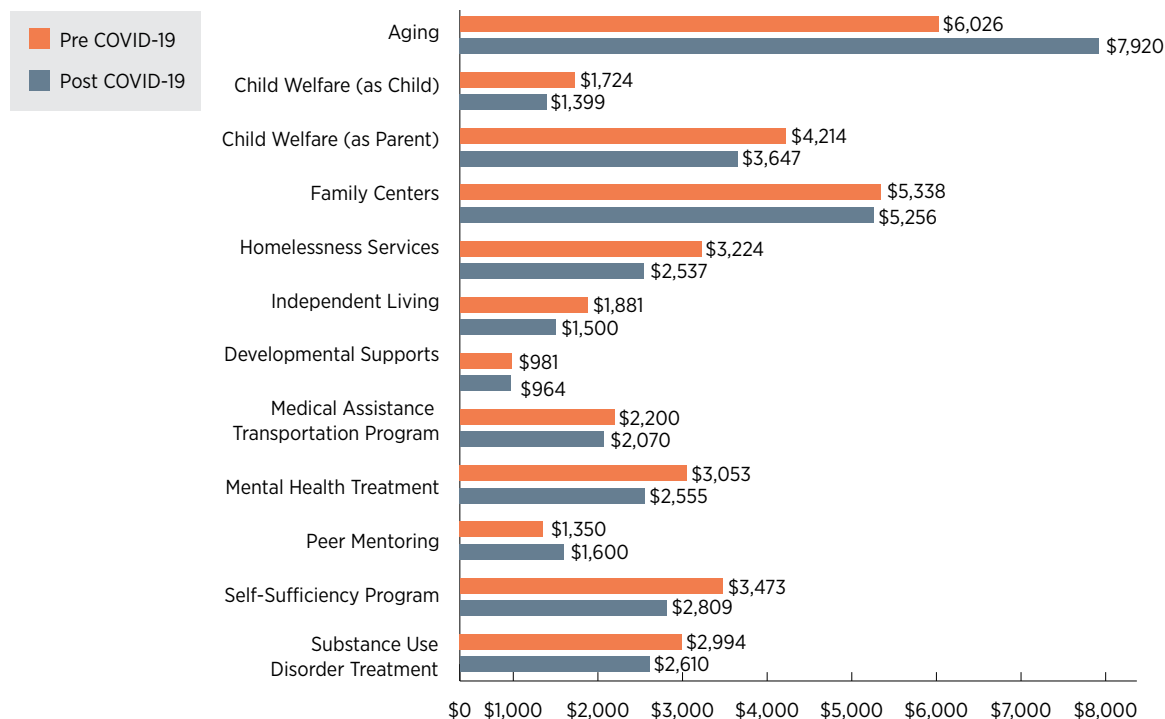
Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

¹⁹ American Community Survey Table S2101, 2019 5-year estimates

Figure 5 compares sample members’ median earnings in the pre-COVID-19 period (Q3 2019 through Q1 2020) with their median earnings in the post-COVID-19 period (Q2 and Q3 2020), grouped by service involvement. Most service groups had lower median earnings in the post-COVID-19 quarters than they did in the pre-COVID-19 quarters. Among DHS clients, parents involved with child welfare and Self-Sufficiency Program clients had particularly large decreases in median earnings. Peer mentoring and Area Agency on Aging clients had *higher* median earnings in the post-COVID-19 quarters than in the pre-COVID-19 quarters.

It is unclear why recipients of Aging services have a trend in earnings since Q3 2019 that is much more positive than the other DHS service groups. Aging clients differ from the wider study sample in certain important ways. They tend to be older, as 85 percent of Aging clients are between ages 55 and 65, compared with only 19 percent of the entire study sample. Given that Aging clients also had the lowest employment rate among all service groups (see **Figure 2**), it is possible that DHS clients who are nearing the end of their working years have a greater tendency than younger clients to drop out of the workforce in response to reduced earnings. This could create an element of selection bias in Aging clients’ rising median earnings as a group. The Aging clients in the sample were also more likely than the typical sample member to work in industries that had increasing earnings among DHS client workers over the study period (see **Figure 6** below for more information on these industries), such as the *Finance and Insurance* industry (employed four percent of the working Aging clients versus two percent of the full working sample), the *Professional, scientific, and technical services* industry (employed four percent of the working Aging clients versus two percent of the full working sample), and the *Public administration* industry (employed four percent of the working Aging clients versus one percent of the full working sample).

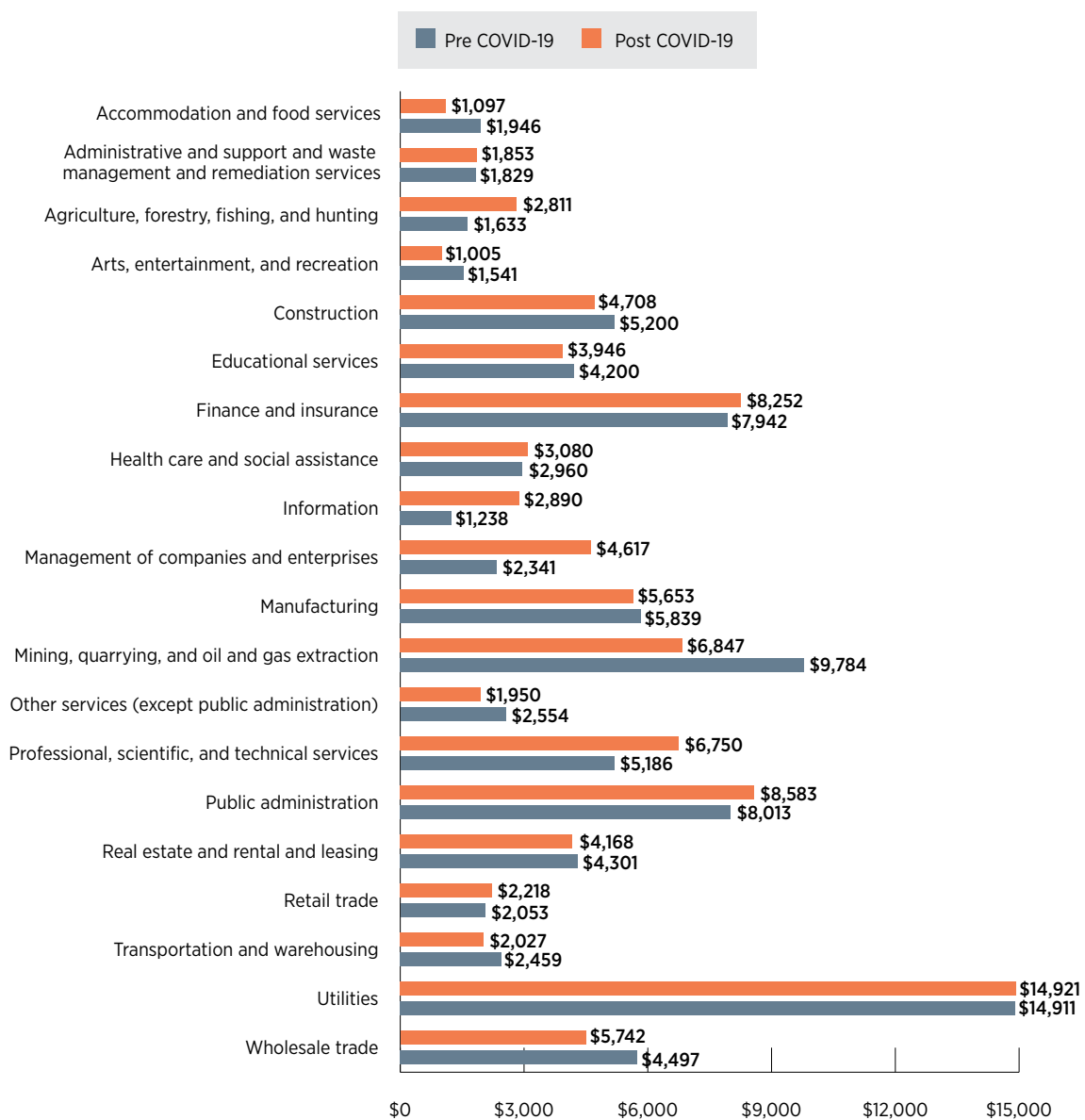
FIGURE 5: Median quarterly earnings among employed DHS clients in pre-COVID-19 versus post-COVID-19 periods, by DSH service type



Source: Author’s calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

Figure 6 compares DHS clients’ median earnings in pre-COVID-19 quarters (Q3 2019 through Q1 2020) with their median earnings in post-COVID-19 quarters (Q2 and Q3 2020), grouped by industry of employment. This analysis is again limited to sample members who had nonzero earnings in the given quarter. DHS client workers in many industries had lower median earnings in the two post-COVID-19 quarters than they did in the three pre-COVID-19 quarters. Industries with particularly large decreases in earnings in the post-COVID-19 period include *Arts, entertainment, and recreation* and *Accommodation and food services*. This meets expectations, since these industries were severely affected by COVID-19 starting in late March 2020.

FIGURE 6: Median earnings among employed DHS clients in pre-COVID-19 versus post-COVID-19 quarters, by industry of employment



Source: Author’s calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

RECEIPT OF UNEMPLOYMENT INSURANCE BENEFITS BETWEEN Q3 2019 AND Q3 2020

In Pennsylvania, workers are eligible to apply for UI benefits if they have lost their job through no fault of their own and have met certain minimum earnings criteria in the five calendar quarters prior to their application.²⁰ An unprecedented number of workers in Allegheny County applied for unemployment insurance benefits in 2020 due to job disruptions from COVID-19.²¹ **Figure 7** presents the percentage of DHS clients that received UI benefits between Q3 2019 and Q3 2020, and the median amount of quarterly benefits they received (excluding those with zero benefits). Female DHS clients had higher rates of UI benefit receipt than males during the post-pandemic quarters, but males received a larger median amount of benefits. Black and White DHS clients had similar rates of UI benefit receipt and similar median benefit amounts over the study period. DHS clients in the 25-to-34-year-old age group had the highest rate of UI benefit receipt in Q2 2020.

Overall, rates of UI benefit receipt began to level off or in some cases decrease across client demographic groups in Q3 2020. Across Allegheny County, the number of new UI benefit claims per week declined throughout July and August 2020, and had fallen back to pre-pandemic levels by September 2020.²² This suggests that the rate of COVID-19-related job losses peaked in Q2 2020 in the County.

Figure 7 also illustrates a seasonal trend that is commonly seen in UI data. The receipt of UI benefits tends to increase in the first quarter of the year, as workers who were hired temporarily for the holiday season are laid off.²³ This explains why the median amount of UI benefits decreases sharply in Q1 2020. The laid-off temporary holiday workers tend to claim smaller amounts of benefits because their countable earnings are lower than the typical laid-off worker.

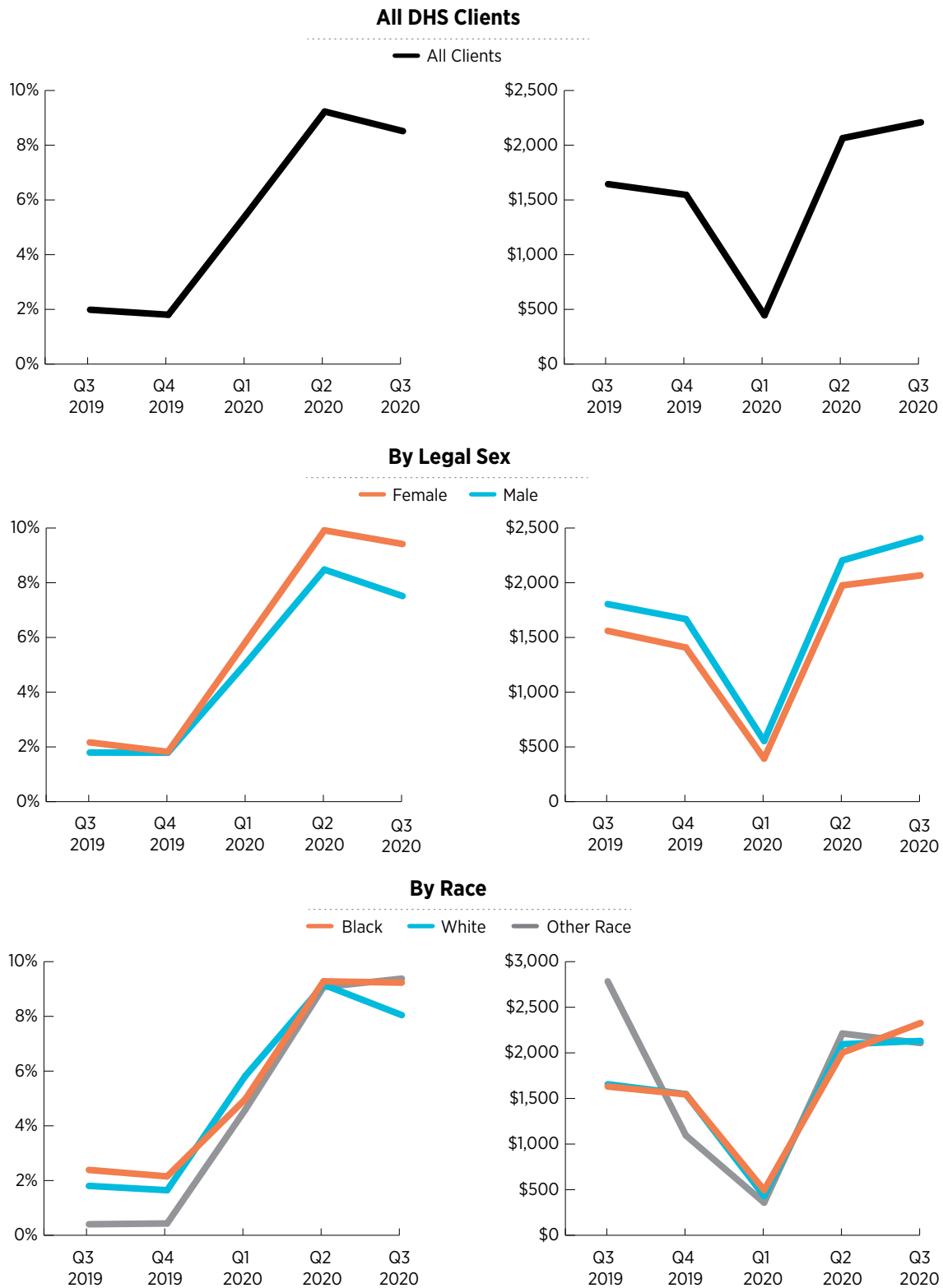
²⁰ <https://www.uc.pa.gov/unemployment-benefits/Am-I-Eligible/Pages/am-I-eligible.aspx>

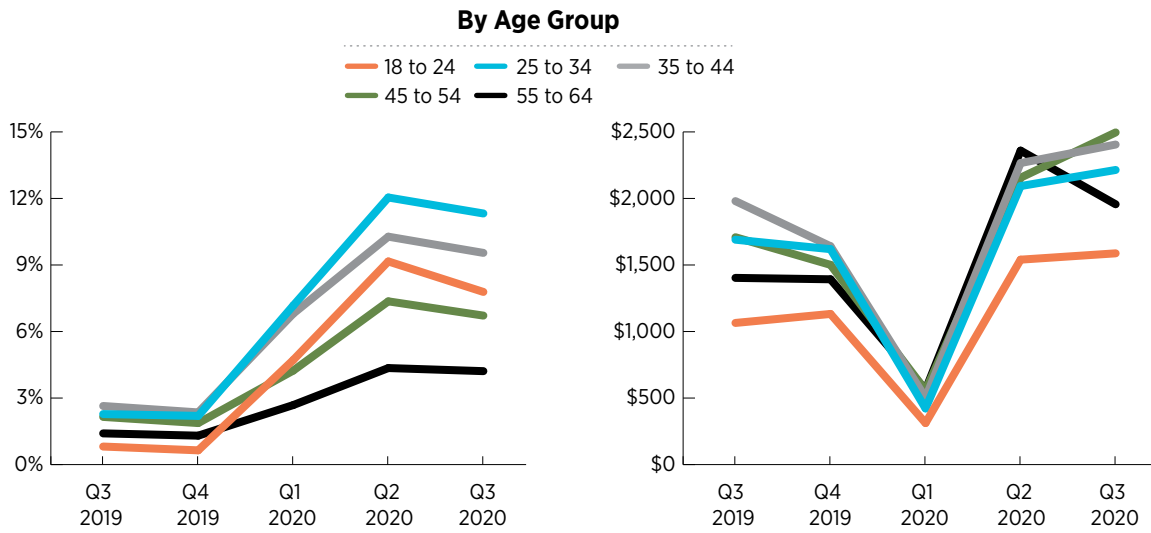
²¹ Detailed weekly information on Allegheny County unemployment insurance activity can be found at <https://www.workstats.dli.pa.gov/dashboards/Pages/Weekly-UC.aspx>

²² PA UI data retrieved from <https://www.workstats.dli.pa.gov/dashboards/Pages/Weekly-UC.aspx>

²³ Alhassan, O. (2019). Holiday employment in retail trade. Retrieved from <https://www.bls.gov/opub/btn/volume-8/holiday-employment-in-retail-trade.htm>

FIGURE 7: Quarterly rate of UI benefits receipt among DHS clients, and median dollar amount of benefits received in quarter





Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

Figure 8 breaks down the rate of UI benefit receipt among DHS service groups, as well as the median amount of benefits they received (excluding those with zero benefits). Self-Sufficiency Program clients had the highest rate of UI benefit receipt among all people using DHS services over the study period. This makes sense, because the Self-Sufficiency Program is meant to assist heads of household who are seeking to increase their employment. The large jump in median UI benefits for youth involved in a child welfare case in Q4 2019 is due to a small sample size in that quarter.

FIGURE 8: Quarterly rate of UI benefits receipt among DHS clients, and median dollar amount of benefits received, by DHS service type



Source: Author's calculations based on data from Pennsylvania unemployment insurance records and Allegheny County DHS records.

DISCUSSION

DHS clients experienced significant decreases in their rates of employment in the first three months of the COVID-19 crisis. Many clients who remained employed during these months saw reductions in their earned income, although these reductions were not as pronounced as the losses of employment. Among DHS service groups, the decreases in employment in the wake of COVID-19 were particularly large for child welfare-involved parents, recipients of homelessness services, and participants in the Self-Sufficiency Program. Clients who worked in the arts and hospitality-related industries experienced the largest decline in earnings in the first two post-COVID-19 quarters, which mirrors the situation for workers in these industries nationwide. On a positive note, employment and earnings among DHS clients did not generally decline further in Q3 2020, and in some cases began to rebound back towards pre-pandemic levels.

More broadly, DHS clients continue to face deep challenges in the labor market even under normal economic conditions. Only 35 percent of the clients included in this study had employment in the quarter prior to the onset of COVID-19, a quarter in which the national unemployment rate fell to its lowest level in 50 years.²⁴ Many clients are having trouble maintaining steady employment or are disconnected from the labor force altogether. Clients who do have steady employment are often earning amounts of money that leave them below the poverty line. The low earnings and rates of employment among DHS clients should not necessarily be surprising, because DHS tends to serve disadvantaged populations by virtue of the services that it provides. Some DHS programs explicitly require clients to have low incomes in order to qualify, which partly explains the low earnings observed in this report. Nonetheless, the above findings reiterate the close relationship between labor market difficulties and the receipt of human services. More work must be done to help DHS clients improve their employment situation and attain greater economic stability and self-sufficiency.

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²⁴ U.S. Department of Labor, Bureau of Labor Statistics, 2020, "Monthly Labor Review April 2020". Retrieved from https://www.bls.gov/opub/mlr/2020/article/job-market-remains-tight-in-2019-as-the-unemployment-rate-fallsto-its-lowest-level-since-1969.htm#_edn2

APPENDIX

This appendix contains descriptions of each industry classification used in the employment analysis in this report. The industry classifications and descriptions come from the North American Industry Classification System 2017 Handbook, which is available for download [here](#).

Accommodation and food services

This sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment. Excluded from this sector are civic and social organizations; amusement and recreation parks; theaters; and other recreation or entertainment facilities providing food and beverage services.

Administrative and support and waste management and remediation services

This sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. These essential activities are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Agriculture, forestry, fishing, and hunting

This sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats.

Arts, entertainment, and recreation

This sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Construction

This sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

Educational services

This sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities,

and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated. They may also offer food and/or accommodation services to their students.

Finance and insurance

This sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions.

Health care and social assistance

This sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance.

Information

This sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data. The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries, including traditional broadcasting and broadcasting exclusively over the Internet; the telecommunications industries; and Web search portals, data processing industries, and the information services industries.

Management of companies and enterprises

This sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Establishments that administer, oversee, and manage may hold the securities of the company or enterprise.

Manufacturing

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing, except in cases where the activity is appropriately classified in Sector 23, Construction.

Mining, quarrying, and oil and gas extraction

This sector comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.

Other services (except public administration)

This sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Professional, scientific, and technical services

This sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.

Public administration

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, and provide for public safety and for national defense. In general, government establishments in the Public Administration sector oversee governmental programs and activities that are not performed by private establishments. Establishments in this sector typically are engaged in the organization and financing of the production of public goods and services, most of which are provided for free or at prices that are not economically significant.

Real estate and rental and leasing

This sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.

Retail trade

This sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

Transportation and warehousing

This sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The type of equipment depends on the mode of transportation. The modes of transportation are air, rail, water, road, and pipeline.

Utilities

This sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.

Wholesale trade

This sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.