PANDEMIC PROBLEMS:
HOW TO PREVAIL WHEN YOU'RE PITTED AGAINST PUBLIC POLICY

ATTRACTIVE GOVERNMENT ASSISTANCE PROGRAMS IMPACT THE LABOR MARKET

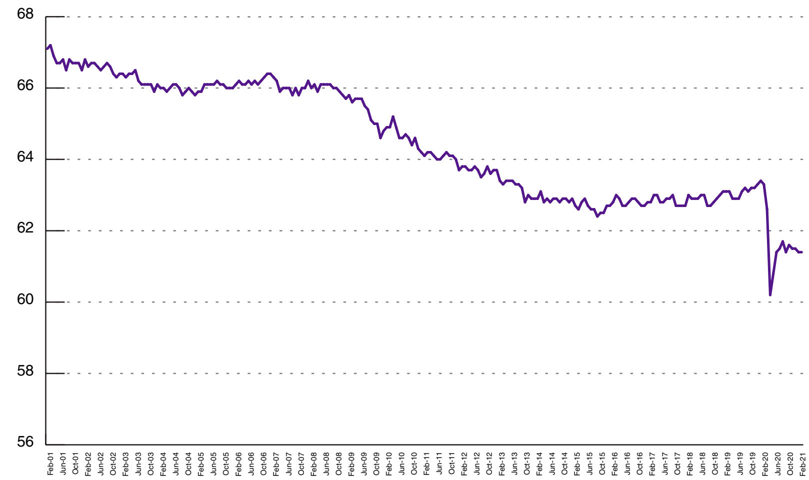
From the Families First Coronavirus Response Act (FFCRA) to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and all the state legislation in between, there has been and still is a great deal of monetary aid and social welfare programming available to displaced workers. It's true that one important piece of maintaining economic security as a country is to prop up parts of the nation during a crisis, but one likely unintended consequence of current programs is that many workers aren't looking for or accepting the unexpected plethora of jobs that are available.

It's really no surprise if you do the math.

While many of the benefits of Trump-era acts have since expired in name, the most recent federal legislation—ARPA—is a continuation of some of the benefits rolled out in the earlier days of the pandemic: extended eligibility to collect unemployment benefits and the addition of a booster from the federal government on top of state unemployment benefits, to name a few. ARPA has one big difference from 2020 legislation though: the absence of a mandate for any employer to provide job-protected leave to employees for COVID-related absences. Combined, it doesn't look so bad to stay out of work ... collect a couple hundred bucks each week from the state for an extended period of time, get some more from the federal government, don't risk getting sick from a co-worker, be available at home if school gets called off, and, quite possibly, cash in a check or two of stimulus money to boot.

Figure 1

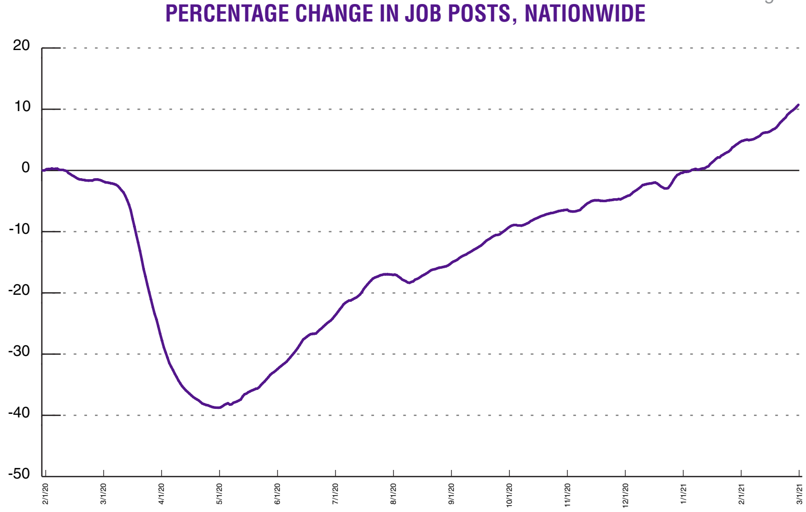
CIVILIAN LABOR FORCE PARTICIPATION RATE, SEASONALLY ADJUSTED



The effect, of course, is visible in declining labor force participation, fewer job applications, and unmet demand for employees. The labor force has contracted by 2 percentage points since the same time last year (see Figure 1), job board giant Indeed reports an 8.6% increase in job posts over pre-pandemic levels (see Figure 2), and reports coming from peers belonging to our industry association (the American Staffing Association) say job applications have taken a nosedive. Fewer workers are spending a lot less time looking at a larger quantity of job posts.

Figure 2

PERCENTAGE CHANGE IN JOB POSTS, NATIONWIDE



YOU STAND A FIGHTING CHANCE IF YOU RESPOND APPROPRIATELY

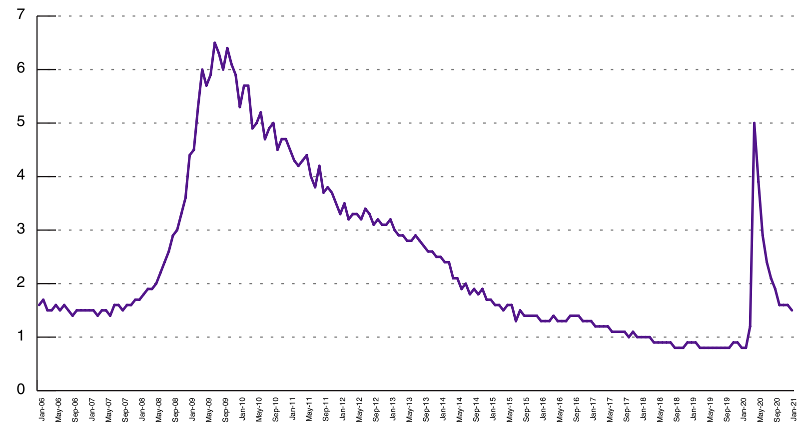
The news isn't all bad, though: Despite the continually declining ratio of unemployed persons to job openings, you're actually in a slightly better recruiting position than you were for the past few years (see Figure 3). From December 2017

PANDEMIC PROBLEMS:
HOW TO PREVAIL WHEN YOU'RE PITTED AGAINST PUBLIC POLICY

through March 2020, there were more job openings than unemployed workers; in other words, there simply weren't enough available workers to fill all openings, even if every single one accepted a job offer. That's not the case now. As of its most recent release in January, the Bureau of Labor Statistics reports there are currently about 1.6 unemployed workers for every one job opening. While a ratio of 1.6-to-1 isn't as awesome as its short-lived, pandemic-driven peak of 5-to-1 in May 2020, it means you do have a fighting chance of filling seats without having to do the extra-hard work of trying to entice labor force dropouts to reenter the workforce. **The key to doing so is to overcome one of the largest hurdles you face right now: that *not working* is often just as lucrative as—or more so than—working.**

Figure 3

NUMBER OF UNEMPLOYED PERSONS PER JOB OPENING, SEASONALLY ADJUSTED



Remember you're playing the long game here, and part of doing that is reacting to short-term changes in the market and their impact on your costs of doing business. Though money is never a panacea, *man*, it sure makes some things easier. In addition to other things (like relaxing restrictive hiring policies, excluding COVID-related absences from your points policy, offering paid or unpaid time off for COVID-related absences, and ensuring temporary associates clearly understand when—or if—you will hire them onto your payroll permanently), you must strongly consider increasing your workers' take-home pay. You can accomplish this a few ways, like through an hourly wage increase, hazard/pandemic pay, a sign-on bonus, a retention or conversion bonus, or any number of similar programs. A wage increase is ideal because it will help you stand out on a job board (many applicants sort and search by pay rate), but the other options allow you to hedge against a future where a high pay rate isn't necessary and/or you can't afford to feel locked in to an elevated hourly wage.

NEED HELP WITH WAGES?

If you're unsure what's best for your business, how the rest of your local market is reacting, or how your current pay rate compares to others', check out our light-industrial compensation guide at ElwoodThinks.com or ask your local Elwood Staffing representative for help. It's what we're here for.

YOU MUST DO WHAT'S BEST FOR YOUR BUSINESS

Whether you agree with current economic and political policy or not, the fact is the policies are in place and, like always, your business's success hinges upon how you handle the hand you're dealt. Because, let's be honest, no administration from George Washington to Joe Biden has pleased everyone, but plenty of businesses have thrived under every leader. So, how are you going to handle this one?

This document was researched, analyzed, written, and prepared by Elwood Staffing®, one of the largest light industrial staffing firms in the United States. Since its founding in 1980, Elwood has attracted millions of candidates, made hundreds of thousands of placements, and served tens of thousands of clients. Each and every day, our interactions with job seekers, workers, and employers generate valuable data we continually develop into actionable insights that guide better business decisions. We love data, and we love to share our knowledge to help employers like you make informed decisions. We are committed to finding new and consistent ways of sharing the valuable insights we gain, and we hope you look to us as an advisor with the knowledge and capabilities to help you get ahead.

View more of our publications at ElwoodThinks.com

elwood staffing®

The better people, people.®