

# The Philadelphia Inquirer

## Why the lack of workers? Blame lack of child care, COVID illnesses, and the economy reopening all at once.

By Mark Zandi  
August 30<sup>th</sup>, 2021

Businesses will need to pay their workers more and improve productivity so they can continue to deliver their products and services using fewer workers. This includes offering hybrid and remote work. Riddle me this: How is it that the economy is still down almost six million jobs from its peak before the pandemic struck, yet there is a record over 10 million open job positions? It has arguably never been easier for workers to find jobs, or so difficult for businesses to find the workers they need. What gives, and how long will it continue?

The immediate explanation lies in the rapid reopening of the economy earlier this year as vaccinations became widely distributed and most of us more-or-less stopped sheltering in place. It seemed as if every business in the country hung out a help-wanted sign at the same time, especially in the restaurant, entertainment, and travel industries.

The problem is that it's been difficult for those who lost jobs early in the pandemic and are now either unemployed or out of the workforce altogether to get back to work. They are not even counted as unemployed.

Top of the list in this group are parents at home taking care of children who have been going to school online. There are almost six million parents in this situation, according to the Census Bureau. It is critical for schools to reopen for in-person learning in the next few weeks. So far it looks as if they will, but the surging number of infections and hospitalizations caused by the delta variant of COVID-19 is a serious threat. If schools don't reopen in-person or are forced to send students back home again due to outbreaks, parents will have little choice but to stay home too and not go to work.

Almost five million people say they are home and unable to work because they are either sick from the virus, taking care of someone who is sick, or taking care of elderly parents who in many

cases were taken from a nursing facility for fear of the virus. An additional three million-plus people are worried that they might contract COVID-19 or spread it if they go back to work. Of course, these numbers go up and down with waves of the virus. They are high and rising now given the rapid spread of the delta variant, but ultimately they will wane with the pandemic. This is one more compelling reason everyone needs to get vaccinated. The longer there are a lot of vaccine holdouts, the longer the pandemic will drag on, and the longer it will take to get people back to work and the economy fully up and running.

Then there are the nearly nine million people who because of the pandemic are temporarily laid off or aren't working because their employer closed temporarily or is out of business. These workers could take other open positions, but doing so takes time to figure out as workers rearrange their commutes, their work hours, and their child-care needs so they can handle the new job.

Low on the list of reasons for the difficulty in filling open jobs is unemployment insurance. There had been much hand-wringing that because the American Rescue Plan – the big government pandemic emergency spending plan passed early this year – gave the unemployed \$300 more a week than they would typically get, they have a strong financial incentive not to take a job, since some got more in unemployment checks than they earned while working.

This concern is intuitive. As it turns out, however, it is of no meaningful consequence. Half the nation's states, mostly in the South and West, ended the supplemental unemployment payment earlier this summer, while the other half decided to continue providing it through early September, when it is set to expire. But employment has increased just as much -- and unemployment has declined just as much -- in both sets of states.

While the current Alice-in-Wonderland job market -- with so many fewer people working amid so many available jobs -- will right itself in coming months as workers and employers sort things out and the pandemic winds down, the post-pandemic job market will remain a worker-friendly one.

Many aging baby boomers who have left the job market during the pandemic are not returning. They were close to retirement when the pandemic struck. They otherwise might have worked a few more years, but that's not happening now with stock prices and housing values at record highs and retirement nest eggs about as large as they've ever been. Fewer boomers in the job market means more jobs for other generations.

Businesses will need to pay their workers more and improve productivity so they can continue to deliver their products and services using fewer workers, and better accommodate workers' needs. This includes offering hybrid and remote work, more flexible hours, and greater respect for the balance between work and home life. If there is one good thing that results from the pandemic, this may be it.

<https://www.inquirer.com/business/jobs-economy-openings-covid-delta-child-care-20210830.html>