



# NAVIGATING COVID-19

**COVID-19 BUSINESS INDEX: A BI-WEEKLY REPORT**  
*ON THE STATE OF BUSINESS IN THE U.S.*

Business Index Cycle #2



BETTER WORKPLACES  
BETTER WORLD™



OXFORD  
ECONOMICS

## COVID-19 Business Index

Today's pandemic-induced economic crisis is having a devastating impact on people and businesses around the world. Due to the spread of the coronavirus in the U.S., and government stay-at-home orders to flatten the curve, many employers are facing a challenging new reality of doing business.

SHRM (Society for Human Resource Management) and Oxford Economics have partnered to help business and government leaders better understand the impact of the novel coronavirus on the U.S. workforce and business operations by surveying employers.

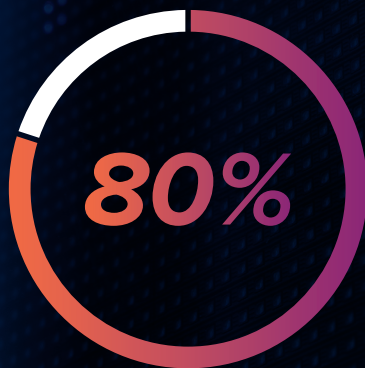
The COVID-19 Business Index is a bi-weekly pulse of how the pandemic is impacting U.S. businesses. The Index will be updated every two weeks through June 2020 with the latest snapshot of this dynamic economic landscape, and identifying trends that will help decision makers as organizations manage getting back to work.

Featured in this report: Cycle two data from fieldwork conducted between 4/27/2020 and 5/1/2020, which estimates lost income and trends in employment.

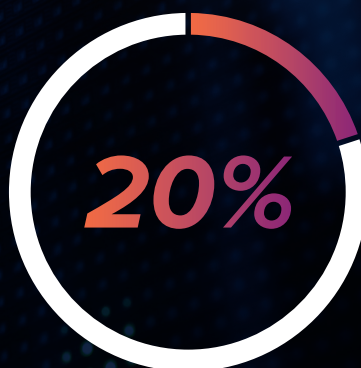
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## COVID-19 Business Index Snapshot

### U.S. Workers Have Lost \$1.3 Trillion in Income During COVID-19 Pandemic



of income lost  
is from those who  
lost jobs



of income lost is  
from those still  
working



is the average  
loss per worker



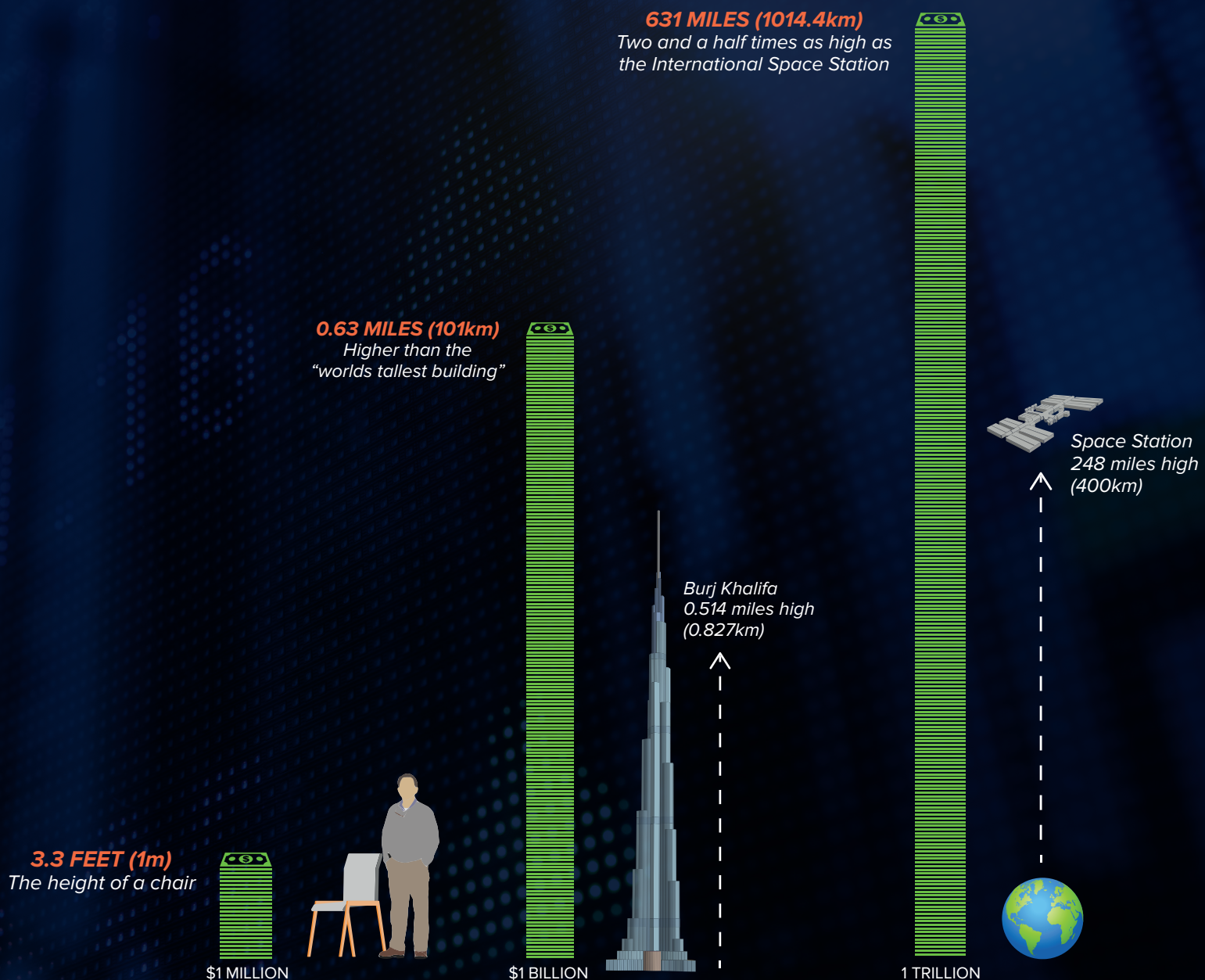
# \$1.3 TRILLION LOST IN U.S. WORKER INCOME DURING PANDEMIC

\$1.3 Trillion in annualized income has been lost by workers across the United States since the COVID-19 pandemic started. This income loss includes employees that have been laid off, furloughed, and experienced a reduction in income.

**Figure 1.** \$1.3 Trillion in Income Lost Among U.S. Workers

## 1.3 TRILLION DOLLARS – PUT IN PERSPECTIVE.

- Value of Apple: \$1.3 Trillion
- 2019 U.S. discretionary spending: \$1.3 Trillion
- U.S. Worker Lost income: \$1.3 Trillion
- Net Worth of World's Top 25 Billionaires: \$1.3 Trillion





## Job-Loss Isn't the Sole Cause of Lost Income

Survey results show 13% of hourly workers and 14% of salaried workers were laid off or furloughed (as of April 24). This represents about 19 million workers nationally, roughly in line with estimates from unemployment application data. But individuals still working are experiencing the financial brunt of the COVID-19 pandemic as well. Twenty percent of the \$1.3 trillion in lost income was due to earnings reductions among those who are still employed. This amounts to a reduction in earnings of roughly \$8,900 per employed worker on average (excluding the self-employed).

Among individuals who are employed, hourly workers (9%) have seen a reduction in hours and wages while salaried employees (14%) have had a reduction or deferral of pay since the COVID-19 crisis began. Figure 3 shows the industry breakdowns for hourly and salary employees.

Figure 2. Income Lost by Employed vs Unemployed

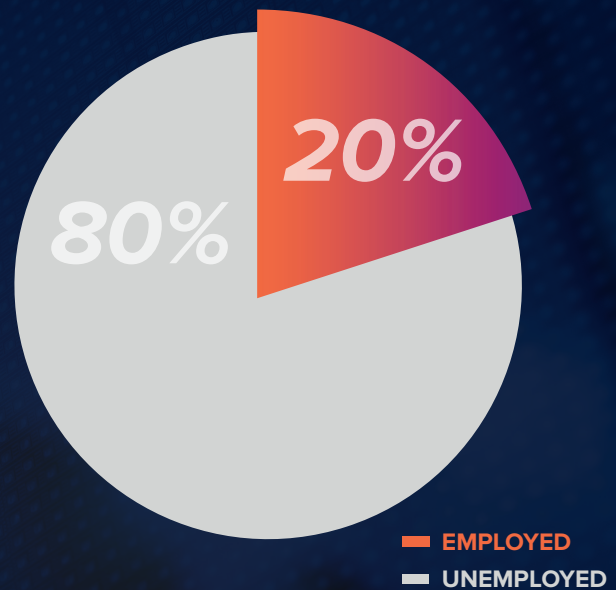
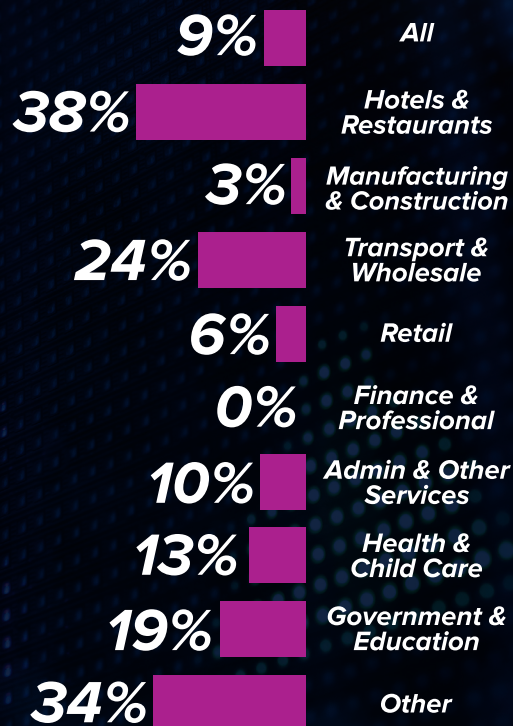
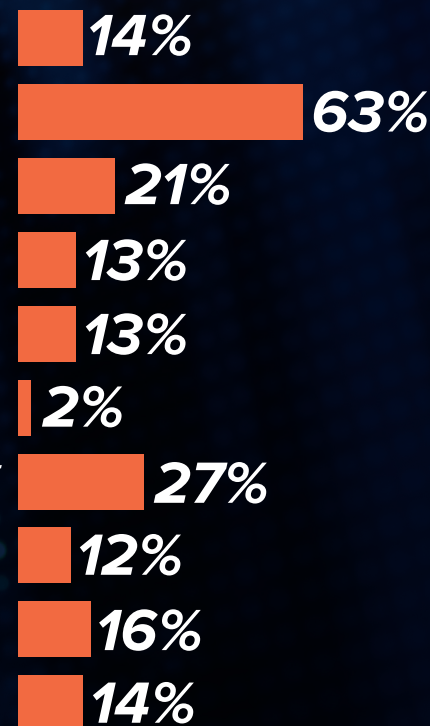


Figure 3. Employed Workers Experience Fewer Hours and Less Pay

### AVERAGE REDUCTION IN HOURS/WAGES FOR EMPLOYED **HOURLY** WORKERS



### AVERAGE SALARY REDUCTION/DEFERRAL FOR EMPLOYED **SALARIED** WORKERS



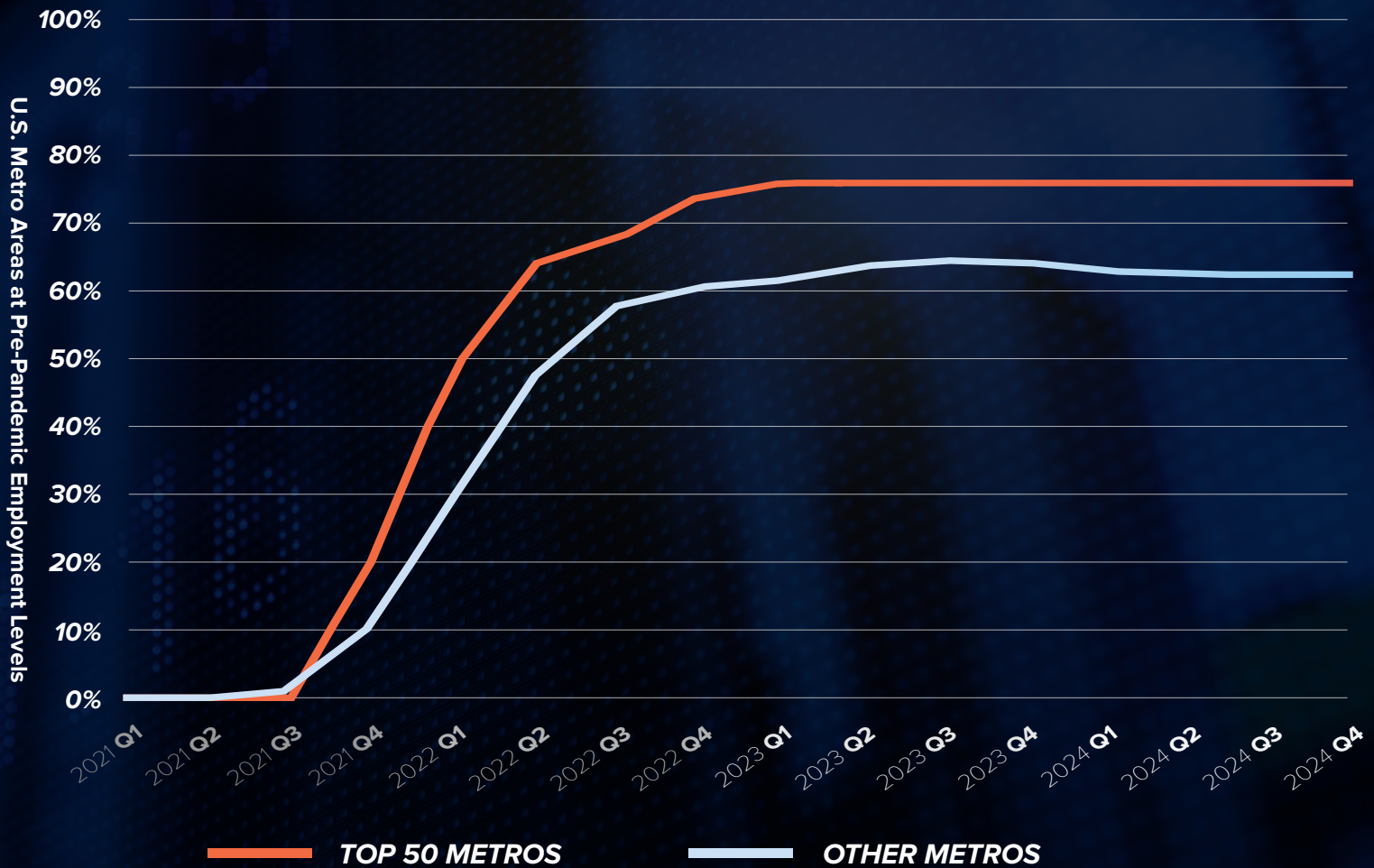


## A LONG ROAD TO RECOVERY?

The combination of high unemployment and reduced income for those still working will have long-term consequences for cities across the country. Since the beginning of this crisis there has been a sharp reduction in the number of workers employed across all metropolitan areas in the United States, and as forecast by the Oxford Economics Cities Forecasting team, recovery will take a long time.

Oxford Economics forecasts by the end of 2021, 80% of large cities and 90% of smaller cities will still not have recovered the jobs they lost during the pandemic. Figure 4 shows U.S. jobs lost in a matter of months since the COVID-19 crisis began, will take years to fully recover.

**Figure 4. Slow Recovery Ahead Across U.S. Metros**



*Metro areas across the U.S. aren't expected to recover to pre-pandemic employment levels until mid-2021.*

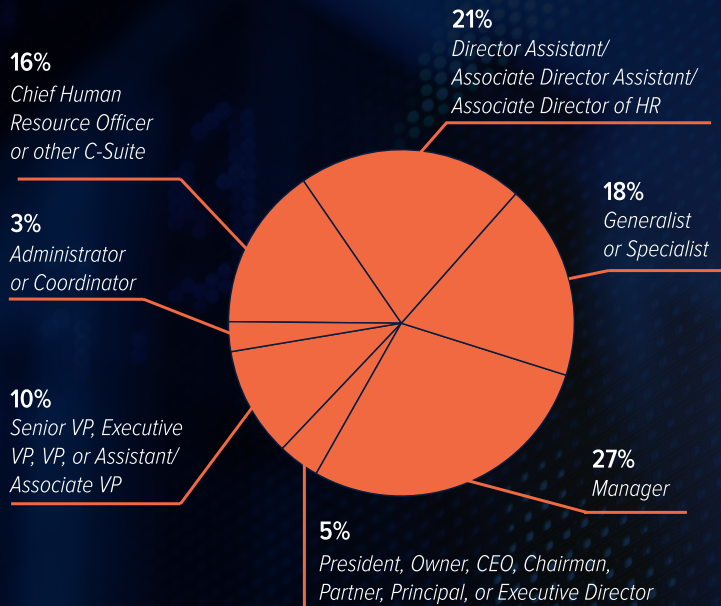
The metros expected to recover fastest—such as Austin, Raleigh, and San Jose—tend to have a large share of employment in the professional business services and technology sectors. Traditional manufacturing hubs, such as Detroit and Cleveland, aren't expected to recover to pre-pandemic employment levels for many years to come. By Q4 of 2024, nearly four in 10 smaller metros are still not expected to be recovered to pre-pandemic employment levels.



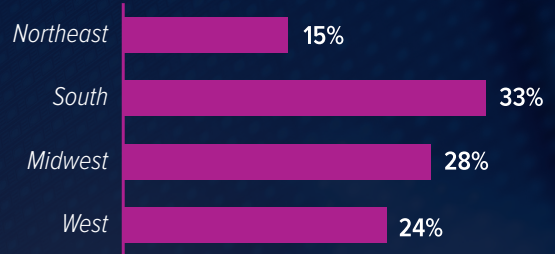
# SURVEY RESPONDENTS OVERVIEW

Twice each month, a panel of roughly 1,000 HR professionals within the United States are asked a recurring series of questions about their organizational response to the crisis, including changes in employment and shifting HR strategies. This report covers the second iteration of the survey, fielded between 4/27/2020 and 5/1/2020, and includes 875 respondents.

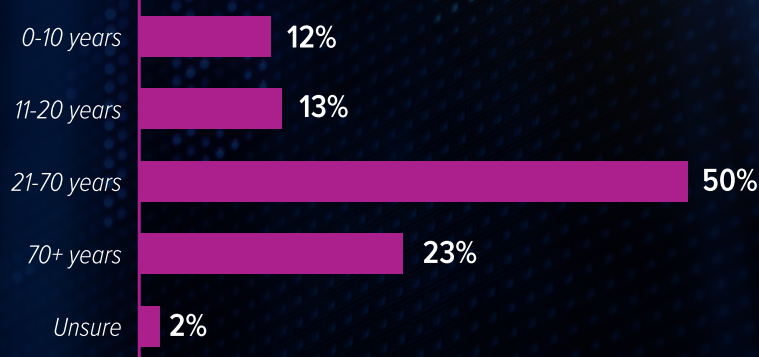
## ROLE



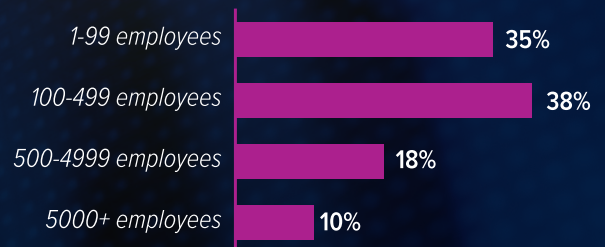
## U.S. REGION



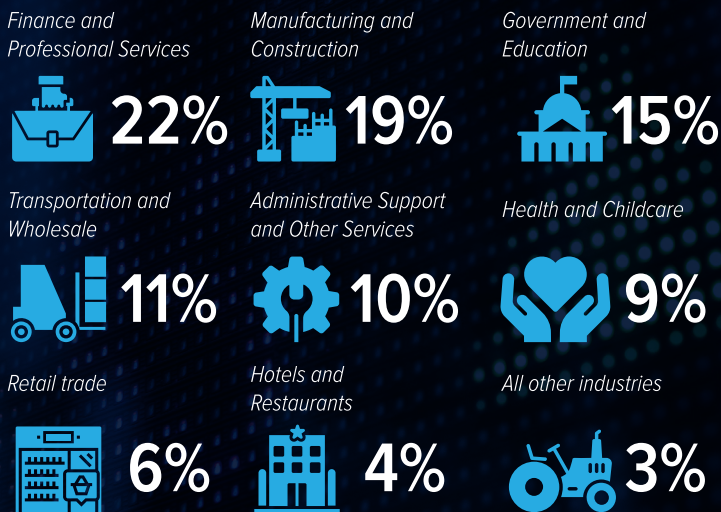
## YEARS IN BUSINESS



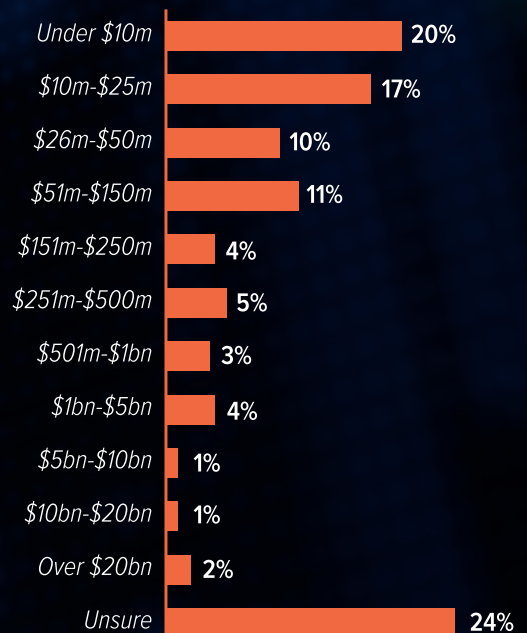
## ORGANIZATION SIZE



## INDUSTRY



## ANNUAL REVENUE





## APPENDIX

Figure 5 below reviews the calculations behind our estimates of wage losses for hourly and salaried workers. These wage losses are broken into two parts: (1) those tied to job losses, and (2) those tied to reduced compensation of remaining workers, both from reduced hours for hourly workers and salary reductions or deferrals for salaried workers.

Key economy-wide estimates for total employment and wages are based on 2019 data from the Current Population Survey for 142 million non-self-employed workers, earning a total of \$7.4 trillion in wages.

According to our survey respondents—which, importantly, are drawn from SHRM members and are not a representative sample of all U.S. employers—as of April 24, their pre-COVID-19 employment had been reduced by 13% for hourly and 14% for salaried workers, equivalent to job losses of approximately 19 million workers when extrapolating to the US economy as a whole (again, excluding the self-employed). This figure, which is comparable to, though on the low end, of other recent estimates of US job losses, translates to \$1.0 trillion in lost wages for these workers on an annualized basis.

In addition to these job losses, however, our survey respondents also reported a decline in hours worked, and consequently of wages, of 9% for their remaining hourly workers; and an average decrease or deferral of 14% of salary for 5% of their salaried workers, for an overall pay decrease or deferral of 1% for remaining salaried workers. Together, these correspond to an annualized pay decline of \$260 billion, in addition to the \$1.0 trillion in lost wages from workers laid off or furloughed.

**Figure 5. Summary of Pay Impact Calculations**

		HOURLY	SALARIED	ALL
2019 (CPS, excludes self-employed workers)	EMPLOYMENT (MILLIONS)	82	59	142
	ANNUAL WAGES	\$38,000	\$72,000	\$52,000
	TOTAL WAGES (\$ BILLIONS)	\$3,127	\$4,270	\$7,397
SURVEY RESPONSES	% DEPARTED	-13%	-14%	-13%
	% HOURS REDUCTION	-9%		
	% HAVING PAY DECREASE/DEFERRAL		-5%	
	MEAN % DECREASE/DEFERRAL		-14%	
	% PAY DECLINE FOR REMAINING	-9%	-1%	-4%
IMPACTS (simple)	# DEPARTED (MILLIONS)	-10%	-9%	-19%
	LOST WAGES OF DEPARTERS (BILLIONS)	\$-397	\$-612	\$-1,009
	# REMAINING (MILLIONS)	72	51	123
	LOST WAGES OF REMAINERS (BILLIONS)	\$-232	\$-28	\$-260

It is instructive to compare these results, showing a pay decline for employed workers of 4% on average, to the household survey results in the April 2020 Current Population Survey released by the BLS on May 8, 2020.

According to the BLS tabulations, which are relative to the reference week of April 12–18, average earnings for employed workers were up 5%, from \$978 to \$1,026. This seeming contradiction is explained by the fact that the two surveys measure different things.

The BLS numbers estimate the average pay of workers employed in April with the average pay of those employed in March and find a pay increase as a result of the preferential layoffs among low-paid workers. The OE/SHRM survey, on the other hand, asks HR professionals to estimate pay changes for the same group of workers they (still) employ. It is important to note that the CPS results will not understate the overall magnitude of wage losses in the whole economy but will fail to capture the dynamics of wage losses for individual workers.



## About SHRM

SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers, and the workplace, SHRM is the foremost expert, convener, and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally.

## About Oxford Economics

Oxford Economics is a global advisory firm providing reports, forecasts, and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our multidisciplinary team is highly skilled in a full range of research techniques from econometric modelling, scenario framing, and economic impact analysis to bespoke Thought Leadership surveys, case studies, and web analytics. Our best-in-class global economic and industry models give us an unparalleled ability to forecast external market trends and assess their impact.

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