AMERICA'S RECOVERY FUND COALITION

DATA SNAPSHOT: COVID-19's Impact on GDP by Employee

June 2, 2020

Introduction

On March 13, a state of national emergency was declared due to COVID-19. Since that time, national emergency measures, stay-at-home orders, and ongoing uncertainty have created massive economic disruptions for businesses. Perhaps most alarming of those disruptions is the unprecedented spike in layoffs that thus far has seen more than 40 million American workers file for unemployment in the last 10 weeks.

Analysis

According to the U.S. Bureau of Labor Statistics (BLS), total nonfarm employment fell by 20 million from February to April 2020. This loss of jobs was spread across dozens of goods-producing and service-providing industrial sectors. Utilizing data from the U.S. Bureau of Economic Analysis (BEA) on value added GDP by industry, the International Council of Shopping Centers (ICSC) estimates that this **loss of jobs has directly led to a decline in GDP of almost $1.9 trillion**.

Industries included in this snapshot include: mining, utilities, construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, finance and insurance, real estate and rental and leasing, professional and scientific and technical services, management of companies and enterprises, administrative and waste management services, educational services, health care and social assistance, arts and entertainment and recreation, accommodation and food service, and other non-government services.

The May BLS jobs report will be released on June 5 and is expected to continue to show significant job losses adding to the direct GDP impact.

Methodology and Assumptions

The BEA reports both value-added GDP and employment per industry and sub-sector. Using this data, a GDP per employee calculation was made for 69 unique sub-sectors. BLS data on monthly jobs were then used to determine the loss of jobs by sub-sector from February to April 2020. These figures were then matched by sub-sector to determine the decline in GDP from job losses by specific sectors. These industry-level impacts were then summed to arrive at a total impact figure.

At this point, the GDP impact figure assumes that the individuals who lost their jobs since February will remain unemployed. It is understood that some number of these individuals will be rehired, but it is difficult to say when that will happen and to whom. Rather, the GDP impact figure should be read as a worst-case scenario if additional policies are not put in place to support the jobs that drive US economic productivity.