

Pandemic's Job Recovery Will Take Years

The Lehigh Valley entered June with the worst unemployment numbers in three decades, but as the region – and nation – open from its COVID-19 shutdown, the job market will bounce back, right?

Well, not exactly. The rate did improve as July approached, but according to experts, it will take years to recover from the damage caused over the past three months, and in the meantime some people may never return to work, others will have to retrain, and ultimately, a Lehigh Valley economy that was humming at 'full employment' will never be quite the same.

Though it has become clear this region has been hit hard by the pandemic, it also provides the Lehigh Valley good opportunity to reset and retrain for what's next. It's just going to take patience, and determination, said Nancy Dischinat, Executive Director of the Workforce Board Lehigh Valley

"We're in for a longer haul than people realize," Dischinat said. "And when we do bounce back, we're not going to be who we were. My recommendation is that if you're at home collecting unemployment, maybe getting that extra \$600 check, go get a certificate. Retrain now, while things are still partially closed."

Some may have assumed a Lehigh Valley logistics industry that barely missed a beat through the pandemic would blunt the job losses, but the region bottomed out at 16.6% unemployment in April, about 1.5% higher than statewide numbers. That improved to 13.7% in May, according to numbers released last week, as Pennsylvania began reopening from the Covid-19 shutdown. The biggest losses in this region came in healthcare and retail, the Lehigh Valley's No. 1 and No. 3 employers, respectively, according to the Workforce Board and the Bureau of Labor Statistics.

Dischinat, who's been tracking jobless trends since the 1970s, said the pandemic has hit part-time workers, mom-and-pop shops and women in general, particularly hard. Many businesses are cutting expenses by cutting part-time staff and small businesses with little reserves will not return after the pandemic, she said. As a result, she believes there will be fewer small businesses in the future, as employees from those failed operations are absorbed into medium and large businesses. More than a dozen local businesses, most of them restaurants, have announced they will not reopen.

Nearly 59% percent of the unemployment claims in this region were filed by women.

“Women tended to make up much of the part-time and retail workforce, so they’re suffering bigger losses than men,” Dischinat said.

Economist Kamran Afshar was alarmed by the sheer number of claims. More than 53,000 Lehigh Valley residents filed jobless claims in April.

“This is not a snow day where everything comes back once we open,” said Afshar, who is director of the Kamran Afshar Data Analytics Center at DeSales University. “We are losing businesses along the way. This recovery will be measured in years, not months.”

Consider that during the Great Recession that began in 2007, the region lost roughly 25,000 – less than half of the current losses – and it took nearly six years to get back to the pre-recession jobs level. Afshar said because that was economy-induced due to the housing market collapse, and this downturn is caused by the pandemic, this recovery should be shorter. If a second wave doesn’t cause another shutdown this fall – a big if – this recovery should take half the time, he said.

“Talk to three economists and you’ll get nine different answers,” Afshar said. “My forecast is two to three years, with a lot of ifs.”

Yet, both Dischinat and Afshar see hope in a resilient Lehigh Valley. The June unemployment rate will certainly be a big improvement over May, now that the region has entered the green phase of reopening, and the Lehigh Valley’s economy is more diverse than in the past. Manufacturing that once made up one in two of the region’s jobs, now is one in 10. While manufacturing surprisingly remains a bedrock of the jobs market, it’s joined by a healthcare industry that employs nearly 60,000 people, and a transportation and logistics industry that employs another 30,000.

And though the list of businesses announcing they will not make it out of this pandemic will almost certainly grow, others are hiring. The Pennsylvania [Careerlink Lehigh Valley](#) Jobs Portal has more than 6,000 jobs openings, including hundreds each in medical, warehousing and retail that provide opportunity for at least some of the workers whose jobs won’t return after the pandemic.

“We are as resilient as any region in the country,” Dischinat said. “Our workers will upscale and retool and we will not only come back, we will come back stronger and more diverse. It’s just going to take some time.”