

The Impact of SARS-CoV-2 on Plant Closings and Mass Layoffs: The Case of Illinois Counties

Adee Athiyaman¹

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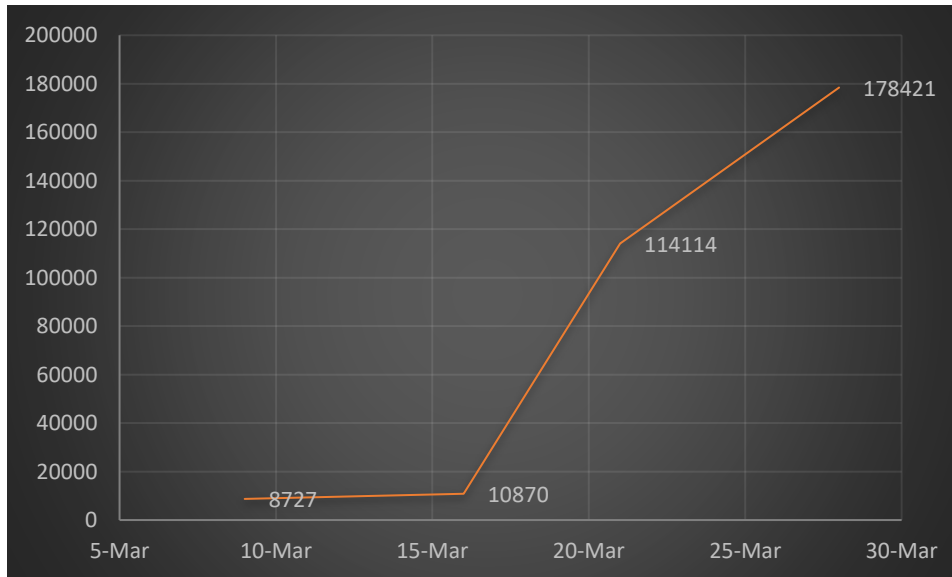
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The SARS-CoV-2 virus, commonly called Corona virus, is inflicting a heavy toll on the world economies; the International Monetary Fund predicts a global downturn at least as bad as the 2008 financial crisis². This paper explores the employment impacts of the virus using Illinois as the unit of analysis.

1.0. Unemployment Insurance Claims

A lead indicator for the looming economic crisis is number of people filing for unemployment insurance; the indicator for Illinois is increasing at the rate of 16% per day³, since March 9, 2020 (Figure 1).

Figure 1: Growth in Unemployment Insurance Claims



¹ Professor, Illinois Institute for Rural Affairs, Western Illinois University.

² <https://www.imf.org/external/mmedia/view.aspx?vid=6144138845001>

³ 18% for the US.

2.0. The WARN Act

Job loss is another indicator for the economy. Data from the Worker Adjustment and Retraining Notification Act (the WARN Act) show job losses from plant closings and mass layoffs⁴. Table 1 shows the WARN filings, industry sector-wise, during March 2020 for Illinois; Table 2 provides county-wise information, metro and nonmetro listings are shown. A total of 14,702 workers are affected, most of the affected employees are in the hospitality sector (accommodation and food businesses) and in the entertainment industry (NAICS 71: Arts, entertainment, and recreation businesses). Comparatively, during March 2019, 1,605 workers (approximately 11% of the March 2020 numbers) were affected by plant closings and layoffs. Cook County bore the brunt of job losses, 82% of the workers were affected.

Table 1: Plant Closings and Layoffs during March 2020: Total Illinois

NAICS	Number of Workers	%
NAICS 23: Construction	111	1%
NAICS 31-33: Manufacturing	1928	13%
NAICS 42: Wholesale trade	247	2%
NAICS 44-45: Retail trade	414	3%
NAICS 48-49: Transportation and warehousing	784	5%
NAICS 53: Real estate and rental and leasing	84	1%
NAICS 54: Professional and technical services	131	1%
NAICS 56: Administrative and waste services	413	3%
NAICS 61: Educational services	432	3%
NAICS 62: Health care and social assistance	902	6%
NAICS 71: Arts, entertainment, and recreation	3000	20%
NAICS 72: Accommodation and food services	5923	40%
NAICS 81: Other services, except public administration	333	2%
Total Number of Affected Workers	14702	100%

Table 2 shows that 300 workers from the nonmetro areas were affected by plant closings and mass layoffs. Specifically, Lee County lost 265 manufacturing workers, and Jefferson lost 35 miscellaneous services workers.

⁴ The WARN Act generally requires that 60 days advance notice of a "plant closing" or "mass layoff" be given to affected employees, bargaining representatives, and local government officials. All but small employers with less than 100 employees and federal, state, and local governmental employers are required to provide this notice; see <https://www.dol.gov/agencies/eta/layoffs/warn>

Table 2: Job Losses in Illinois Counties due to Plant Closings and Layoffs, March 2020

County(s)	Type of County	NAICS Codes (See Table 1 for Definitions)													All
		23	31-33	42	44-45	48-49	53	54	56	61	62	71	72	81	
Cook	Metro	57	236	24	271	679	84	1	366	432	891	3000	5923	125	12089
DuPage	Metro	54	153		92										299
Kankakee	Metro													33	33
Lake	Metro							130	1		11				142
Madison	Metro		384						46					35	465
McHenry	Metro		710												710
Vermilion	Metro			80											80
Will	Metro			143		105									248
Winnebago	Metro													105	105
Jefferson	Nonmetro													35	35
Lee	Nonmetro		265												265
DuPage, Kane, Kendall, Will	Metro		180												180
Sangamon, Morgan, Christian, McLean, Logan	Metro and Nonmetro				51										51
Total, Illinois		111	1928	247	414	784	84	131	413	432	902	3000	5923	333	14702

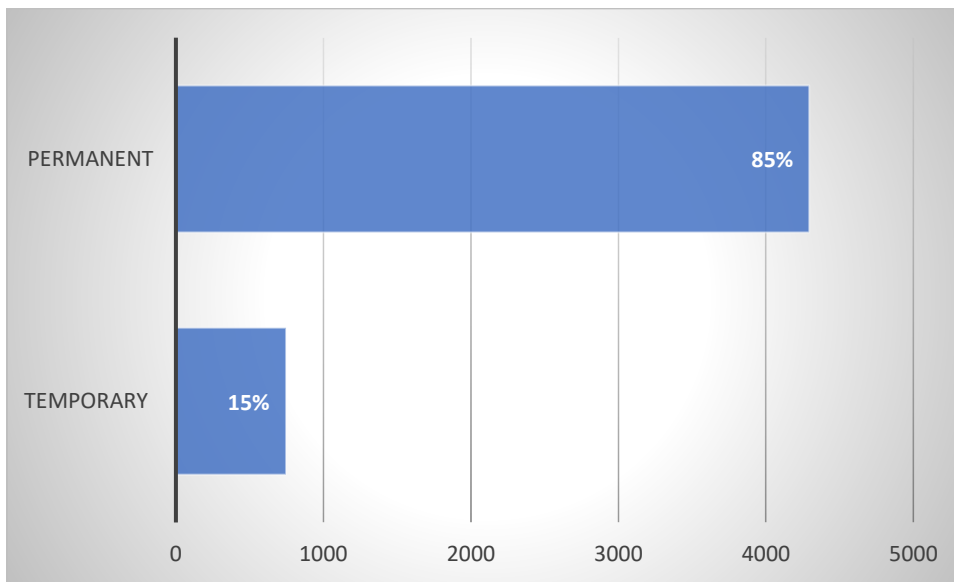
Note: Location of a plant or establishment could span multiple counties and affect workers in all those locations.

2.1. In-depth Assessment of Plant Closings and Mass Layoffs

A plant closing is a permanent or temporary shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment. An employer subject to the WARN Act must give notice of a plant closing if it results in 50 or more employees suffering an employment loss at the site during any 30-day period.

Figure 2 shows that 85% of job losses resulting from plant closings are permanent losses. In terms of geographical locations, 58% of rural job losses due to plant closings are temporary job losses, the plants may reopen in the future. The same number, percentage of temporary job losses, for the metropolitan region is 15%. Put another way, the odds of losing a job permanently is 2.02 for a worker living in the metro regions of Illinois⁵.

Figure 2: Number of Job Losses due to Plant Closings



The term 'mass layoff' refers to any reduction in work force other than a plant closing which, within any 30-day period, results in an employment loss at a single site of employment of either a third or more of the site's active employees, but at least 50 employees.

Table 3 highlights the number of mass layoffs by NAICS codes. Arts, entertainment, and recreation industries, education, transportation, and manufacturing are some of the sectors that have permanently laid off employees. In contrast, accommodation and

⁵ Odds are ratio of one event to that of an alternative event; for permanent job loss, the odds are 1:2.02 for rural and urban regions.

food services, and healthcare industries have opted for temporary layoffs. The wholesale sector and the retail sector practices different human resources strategies; whole sale industries have laid off workers permanently while the retail establishments have implemented temporary layoffs.

Table 3: Mass Layoffs: Number of Jobs Lost in Illinois during March 2020

Sector	No. of Permanent Job Loss	No. of Temporary Job Loss	Percentage of Permanent Job Loss
NAICS 23 Construction	54	57	49%
NAICS 31-33 Manufacturing	217	87	71%
NAICS 42 Wholesale trade	104	0	100%
NAICS 44-45 Retail trade		363	0%
NAICS 48-49 Transportation and warehousing	652		100%
NAICS 53 Real estate and rental and leasing	35		100%
NAICS 54 Professional and technical services	130	1	99%
NAICS 56 Administrative and waste services	51	268	16%
NAICS 61 Educational services	432		100%
NAICS 62 Health care and social assistance		891	0%
NAICS 71 Arts, entertainment, and recreation	3000		100%
NAICS 72 Accommodation and food services		2948	0%
Total Layoffs	4675	4615	

Summary and Conclusion

The SARS-CoV-2 virus continues to weaken the Illinois economy. The federal and the state level fiscal and monetary responses to the pandemic are aimed at keeping businesses and consumers alive, on “life support”⁶ until the virus passes or it enters the declining phase of its lifecycle. Kickstarting the economy may not be easy; most businesses need to stay on top of escalating issues. This paper has sketched out two labor factors to monitor to understand the damages to the economy. We intend to update the data every week or so to keep community economic developers informed of the happenings in the labor front.

⁶ The “life support” observation was made by David Wessel, Director of the Hutchins Center on Fiscal & Monetary Policy at the Brookings Institution; see <https://www.cnn.com/2020/04/02/politics/what-matters-april-2-covid-economy/index.html>