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Jobless Pandemic: Geography of Layoffs and Opportunity Zones

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WARN LAYOFFS AND COVID-19

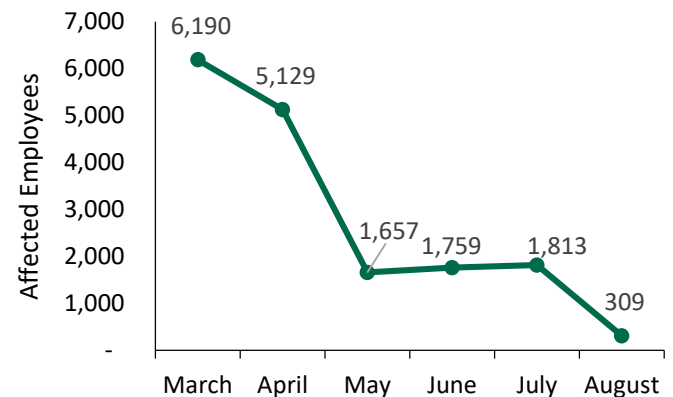
The Worker Adjustment and Retraining Notification (WARN) Act is a law designed to protect workers against employment losses. Employers are required to provide employees with a 60-day notice in the event of plant closings and mass layoffs.¹ Under normal conditions, WARNs are required in the event of a) Plants closing or stopping operation either permanently or temporarily affecting 50 or more workers; b) Layoffs of 500 or more employees during a 30-day-period or when these layoffs constitute at least a third of the company's workforce; and c) Temporary layoffs expected to exceed six months, in this case, when a temporary layoff originally not expected to exceed six months gets extended, it would trigger a WARN. This last scenario has been the case of many companies during the COVID-19 pandemic.

In the event of "unforeseeable business circumstances," businesses are not subject to the 60-day notice requirement, as was also the case of many COVID-19 related layoffs. When the stay-at-home orders caused a sudden loss of business outside of the employer's control, the state of Ohio required that companies laying-off 50 or more employees due to lack of business must report the layoff within a 7-day period.² Given this information, it should be noted that the nature of the WARNs does not allow a complete analysis of all the jobs lost in the region during the pandemic, as small businesses are not obligated to file a WARN and would not traditionally do so. Therefore, the following analysis does not reflect small- to medium-sized businesses. However, sizable layoffs are reflective of large regional employers whose layoffs might trigger considerable impacts in their supply chain.³

There were a total of 19,318 layoffs reported from companies in Northeast Ohio (NEO) between January

and August of 2020, and 18,458 (96%) have occurred since March 19th, just a few days after the stay-at-home order was instated. Immediately after the stay-at-home order, companies began to state COVID-19 as one of the primary reasons behind their mass layoffs. 91% of the reported layoffs since March 19th have been attributed to the pandemic according to the companies' own WARNs, for a total of 16,857 reported jobs lost. The months of March and April saw the most COVID-19 related layoffs with 6,190 affected, while April saw 5,129 layoffs (Figure 1). Following these huge losses, the numbers dropped to below 2,000, and during the month of August, only 309 lost jobs were reported, which may be a sign of a beginning stabilization in the region.

Figure 1. NEO Monthly reported Layoffs from WARNs



Source: Ohio Department of Jobs and Family Services (ODJFS).
*March data starts on March 19th, the day the first COVID-19 WARN was reported.

LAYOFFS IN OPPORTUNITY ZONES

Through the month of August, Opportunity Zones (OZ), an economic development tool designed to spur investment in impoverished areas, in NEO have seen a total of 6,523 layoffs related to COVID-19.

¹ The Worker Adjustment and Retraining Notification (WARN) Act. Employer's Guide to Advance Notice of Closings and Layoffs.

² Ohio Revised Code. R.C. 4141.28(C).

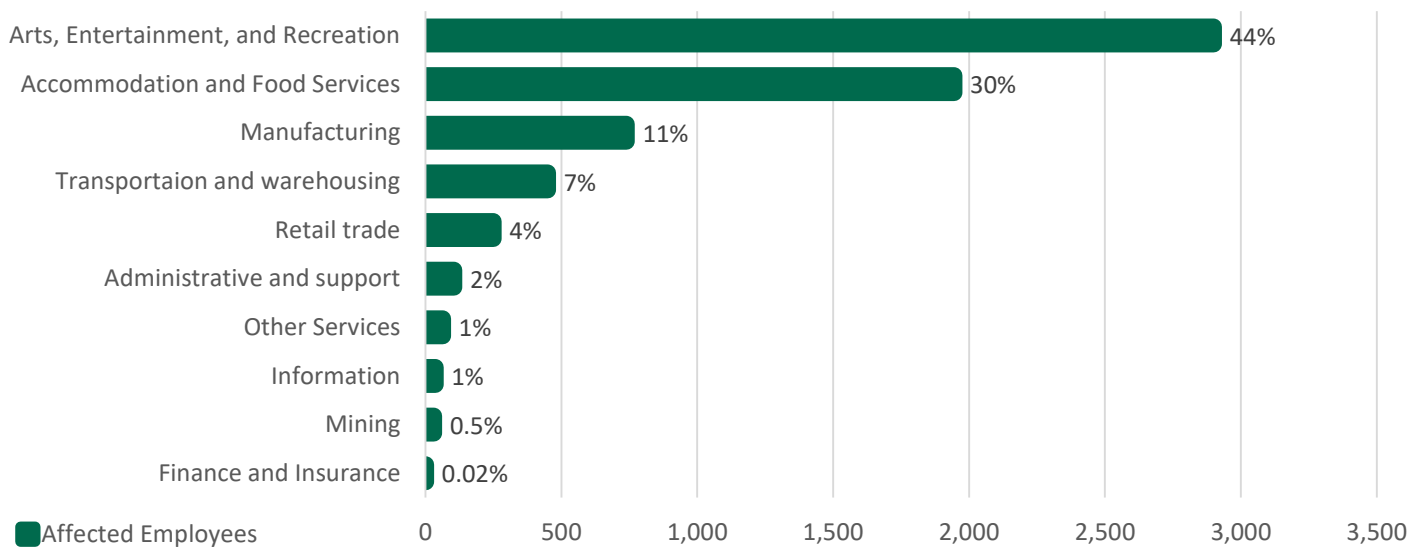
³ Additionally, the impact of jobs lost from the closure of small businesses and sole-proprietorships is undoubtedly great, as other research and data sources have shown.

This represents 31% of total COVID-19 layoffs in the region, with those in the Cleveland-Elyria Metropolitan Statistical Area (Cleveland MSA)⁴, particularly OZs located in Cuyahoga County, taking the biggest hit. Intuitively, this makes sense, given that the industries the most affected by the pandemic have a big presence in downtown Cleveland; Figure 2 shows that almost 75% of layoffs located in OZs were reported by companies in the *Art, Entertainment, and Recreation* industry as well as *Accommodation and Food Services*. Some of the biggest losses were reported by JACK

Entertainment, which laid off 1,561 employees in March, and the Cleveland Indians Baseball Company, which laid off 1,146 employees in June. Additionally, seven hotels located in downtown Cleveland have a reported total of 994 jobs being laid off.

Visual representation of COVID-related layoffs by census tract location—and Opportunity Zone designation—in NEO can be found in Figures 4 through 6, starting on page 6. These maps show cumulative layoffs from corresponding WARNs during March through August.

Figure 2. COVID-19 Layoffs from WARNs in Opportunity Zones, by Industry (March-August)



Source: Ohio Department of Jobs and Family Services (ODJFS). Current Public Notices of Layoffs and Closures

LAYOFFS IN NEO

The trend of service industry layoffs seen in Cuyahoga County remained true for the entire Cleveland MSA (regardless of OZ status), which had a total of 9,796 laid-off employees. This number represents 58% of all COVID-related layoffs reported in NEO. In this MSA, over 60% of the layoffs were reported in the same two industries as in OZs, mentioned above, followed by *Manufacturing*, which accounted for 18% of the jobs lost; the largest layoffs were reported by ArcelorMittal, which according to their WARNs, laid off 953 employees starting in April.

Table 1 summarizes COVID-related layoffs in the four MSAs in NEO as well as the surrounding counties.

The Akron MSA had the same three industries topping the list of layoffs from reported WARNs, with MGM Resorts International in the *Art, Entertainment, and Recreation* industry laying off 938 employees in the month of May and the closure of several restaurants from OS Restaurant Services, LLC in April that resulted in the loss of 335 jobs.

⁴ The Cleveland-Elyria MSA is made up of Cuyahoga, Geauga, Lake, Lorain, and Medina counties.

Table 1. COVID-Related Layoffs by Industry in Northeast Ohio MSAs (March-August 2020)

NAICS ⁵	Description	NEO ⁶	(%)	Cleveland MSA ⁷	(%)	Akron MSA ⁸	(%)	Youngs-town MSA ⁹	(%)	Canton MSA ¹⁰	(%)	Rest of NEO ¹¹	(%)
72	Accommodation and Food Services	4,626	27%	3,000	31%	335	13%	599	34%	203	41%	489	22%
71	Arts, Entertainment, and Recreation	4,109	24%	3,076	31%	1,026	40%	7	0.4%	-	-	-	-
31-33	Manufacturing	3,082	18%	1,723	18%	581	23%	289	16%	88	18%	401	18%
62	Health Care and Social Assistance	1,119	7%	34	0.3%	230	9%	443	25%	-	-	412	18%
44-45	Retail Trade	1,004	6%	601	6%	169	7%	209	12%	25	5%	-	-
42	Wholesale Trade	857	5%	63	1%	-	-	-	-	-	-	794	35%
48-49	Transportation and Warehousing	703	4%	545	6%	-	-	158	9%	-	-	-	-
51	Information	557	3%	163	2%	86	3%	47	3%	176	36%	85	4%
53	Real Estate and Rental and Leasing	351	2%	216	2%	135	5%	-	-	-	-	-	-
81	Other Services	163	1%	163	2%	-	-	-	-	-	-	-	-
56	Administrative and Support	157	1%	157	2%	-	-	-	-	-	-	-	-
21	Mining	70	0.4%	-	-	-	-	-	-	-	-	70	3%
23	Construction	58	0.3%	55	1%	3	0.1%	-	-	-	-	-	-
52	Finance and Insurance	1	0.01%	-	-	1	0.04%	-	-	-	-	-	-
TOTAL		16,857	100%	9,796	100%	2,566	100%	1,752	100%	492	100%	2,251	100%

Source: Ohio Department of Jobs and Family Services (ODJFS). Current Public Notices of Layoffs and Closures.

⁵ As defined by the U.S. Census Bureau, the North American Industry Classification System (NAICS) is the standard used by federal statistical agencies in classifying business establishments.

⁶ Northeast Ohio is defined as the 18-county region made up of Ashland, Ashtabula, Carroll, Columbiana, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull, Tuscarawas and Wayne counties. For this study, as it is part of the Canton MSA, Carroll was also included for tables and maps (but had 0 layoffs).

⁷ The Cleveland-Elyria MSA is made up of Cuyahoga, Geauga, Lake, Lorain, and Medina counties.

⁸ The Akron MSA is made up of Summit and Portage counties.

⁹ The Youngstown-Warren-Boardman MSA is made up of Trumbull and Mahoning counties in Ohio. This study excludes Mercer County, Pennsylvania in its analysis.

¹⁰ The Canton-Massillon MSA is made up of Stark and Carroll counties.

¹¹ The Rest of NEO, counties not included in any MSAs for this study, is made up of Ashland, Ashtabula, Columbiana, Erie, Huron, Tuscarawas, and Wayne counties.

Lastly, in the Akron MSA, the reduction in operations by the General Aluminum Mfg. Company resulted in the loss of 212 jobs in the *Manufacturing* industry. The Youngstown-Warren-Boardman MSA saw 34% of its layoffs reported in the *Accommodation and Food Services* industry after Chilgo LLC laid off 331 employees in the middle of March. Partial closures from North American Dental Group led to an added loss of 443 jobs in the *Health Care and Social Assistance* industry, followed by 121 employees being laid off from Ultra-Premium Oilfield Services, LLC in the *Manufacturing* industry.

The Canton-Massillon MSA experienced the least number of COVID-related layoffs. As Table 3 shows, the greatest losses came from the *Accommodation and Food Services* industry, with 203 employees losing their jobs because of restaurant closures and the *Information* industry with layoffs reported from the closure of movie theaters in the area operated by the Cinemark movie chain. The remaining 13% of layoffs that did not happen in any of the four MSAs in NEO occurred primarily in the

Wholesale Trade, Accommodation and Food Services, Health Care, and Manufacturing industries. Ventra Salem, LLC laid off 794 employees in Columbiana County on March 20th; Great Lakes Services LLC, which operates resorts around the state, laid off 277 employees in Sandusky; and NOMS Healthcare laid off 412 employees in Sandusky. Finally, General Aluminum Mfg. Company laid off 198 employees in Ashtabula County.

COMPARING TO NEO LAYOFFS IN 2019

There is a significant difference in the breakdown of industries filing WARNs in 2019 compared to those of 2020. The following analysis excludes COVID-19 related layoffs in NEO and only focuses on those companies that were forced to lay off employees for reasons not related to the pandemic. Table 4 is part of this analysis that includes only layoffs that happened between January and August in both 2019 and 2020. What this shows is that in both cases, *Manufacturing* and *Retail Trade* appear at the top of the list while industries such as *Arts, Entertainment, and Recreation*, and *Accommodation and Food Services* have a minimal presence.¹²

Table 4. Non-COVID Layoffs in NEO by Industry, January-August 2019 and January-August 2020

NAICS	Description	2019	(%)	2020	(%)
31-33	Manufacturing	1,898	52%	1,166	53%
44-45	Retail Trade	399	11%	481	22%
42	Wholesale Trade	317	9%	71	3%
62	Health Care and Social Assistance	298	8%	-	-
54	Professional, Scientific, and Technical Services	232	6%	216	10%
48-49	Transportation and Warehousing	162	4%	70	3%
51	Information	144	4%	-	-
56	Administrative and Support	79	2%	-	-
53	Real Estate and Rental and Leasing	75	2%	15	1%
23	Construction	58	2%	-	-
52	Accommodation and Food Services	-	-	84	5%
72	Finance and Insurance	-	-	108	4%
Total		3,662	100%	2,211	100%

Source: Ohio Department of Jobs and Family Services (ODJFS). Current Public Notices of Layoffs and Closures.

¹² *Manufacturing* has had a continued decline in NEO for the past several decades, and many of the *Retail Trade* and *Wholesale Trade* jobs lost in both 2019 and 2020 may be attributable to seasonal fluctuations following the holiday season.

It should also be noted that 1,644 of the employees that were laid off in 2019 were part of the last group of employees that lost their job after the closure of the GM Lordstown plant in the Youngstown region. Considering this is not an event expected to happen regularly, the number of GM-related layoffs was removed from the second part of this analysis (Table 5). What can be seen is that the total number of employees laid off in both years between the months of January and August, and unrelated to COVID-19, are very similar with 2,018 and 2,211 lost jobs, respectively.

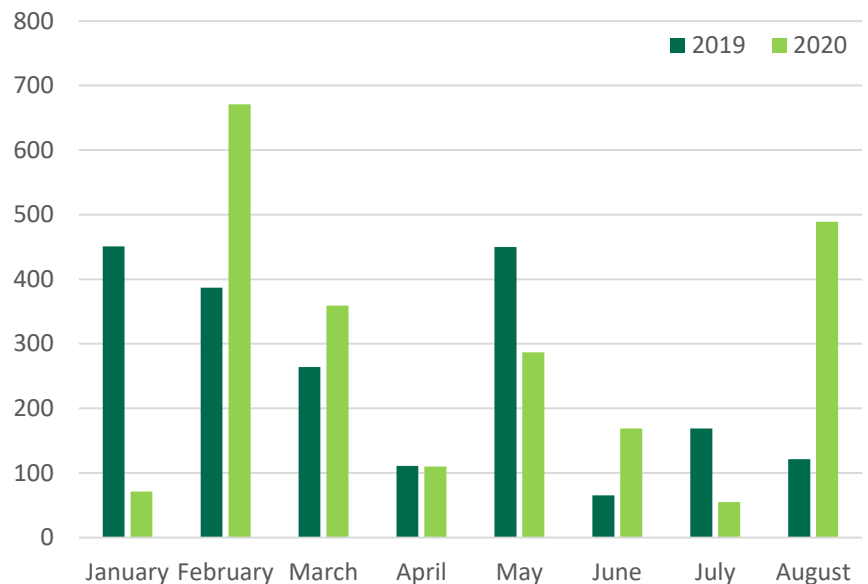
The overall similarity in the number of layoffs between 2019 and 2020 suggests many of the layoffs reported in

2020 may have been bound to occur regardless of the pandemic because of the ongoing cyclical recession that evidence suggests started in Ohio in 2019.¹³

Considering that Northeast Ohio is experiencing the COVID-19 pandemic deepening an already occurring economic recession, there are considerable challenges ahead. While going back to normal life once the pandemic is over will undoubtedly bring a boost to the region's economy, this will not be enough to start a full recovery. Even if a long-term solution to the pandemic were to be prompt, activities may not return to business as usual. Significant effort will be necessary from business leaders in addition to government assistance to allow the economy to adequately bounce back.

Table 5. & Figure 3. Monthly Comparison of 2019-2020 Non-COVID Layoffs in NEO

Month	2019	2020 ¹⁴
January	451	71
February	387	671
March ¹⁵	264	359
April	111	110
May	450	287
June	65	169
July	169	55
August	121	489
Total	2,018	2,211



Source: Ohio Department of Jobs and Family Services (ODJFS). Current Public Notices of Layoffs and Closures.

¹³ Demko, I., Lendel, I., & Piazza, M. (2020). *From economic slowdown to recession*. Urban Publications.

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¹⁴ Includes only non-COVID related layoffs.

¹⁵ For comparison purposes, March 2019 does not include the 1,644 layoffs from GM's Lordstown plant.

Figure 4. COVID-19 related Layoffs recorded from WARNs in NEO (March-April 2020)

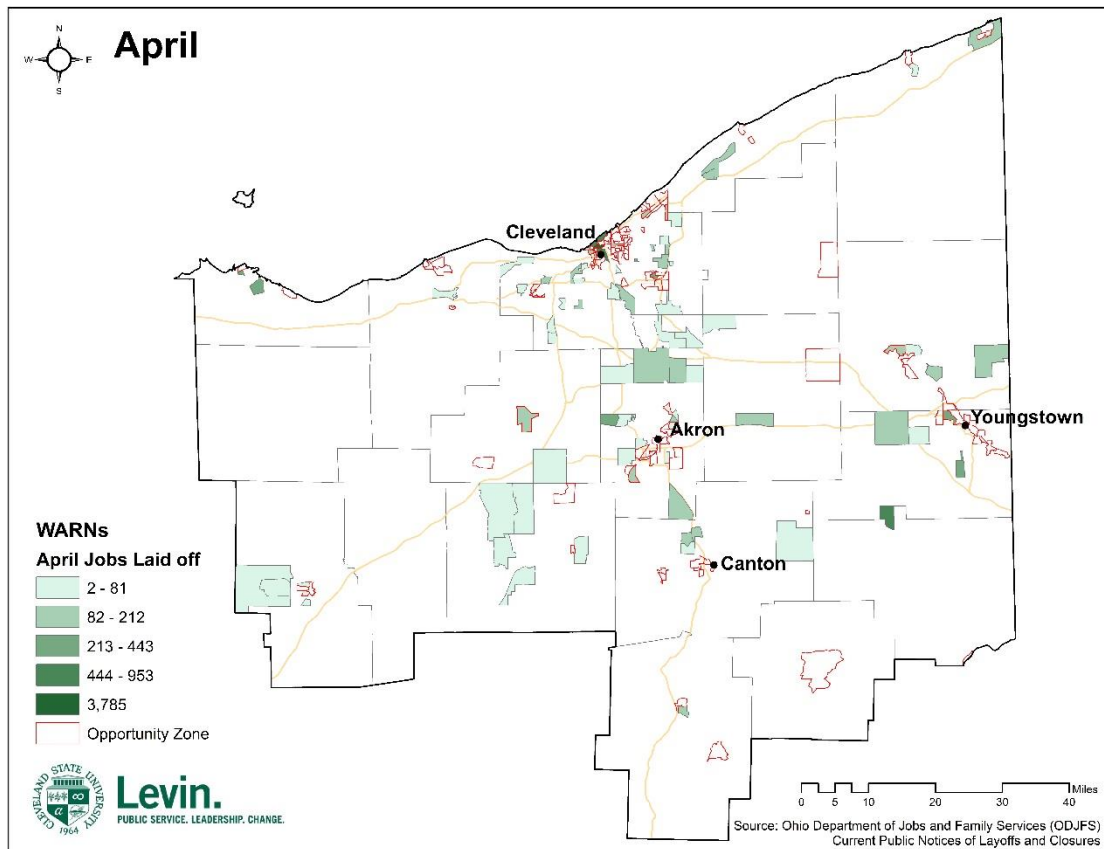
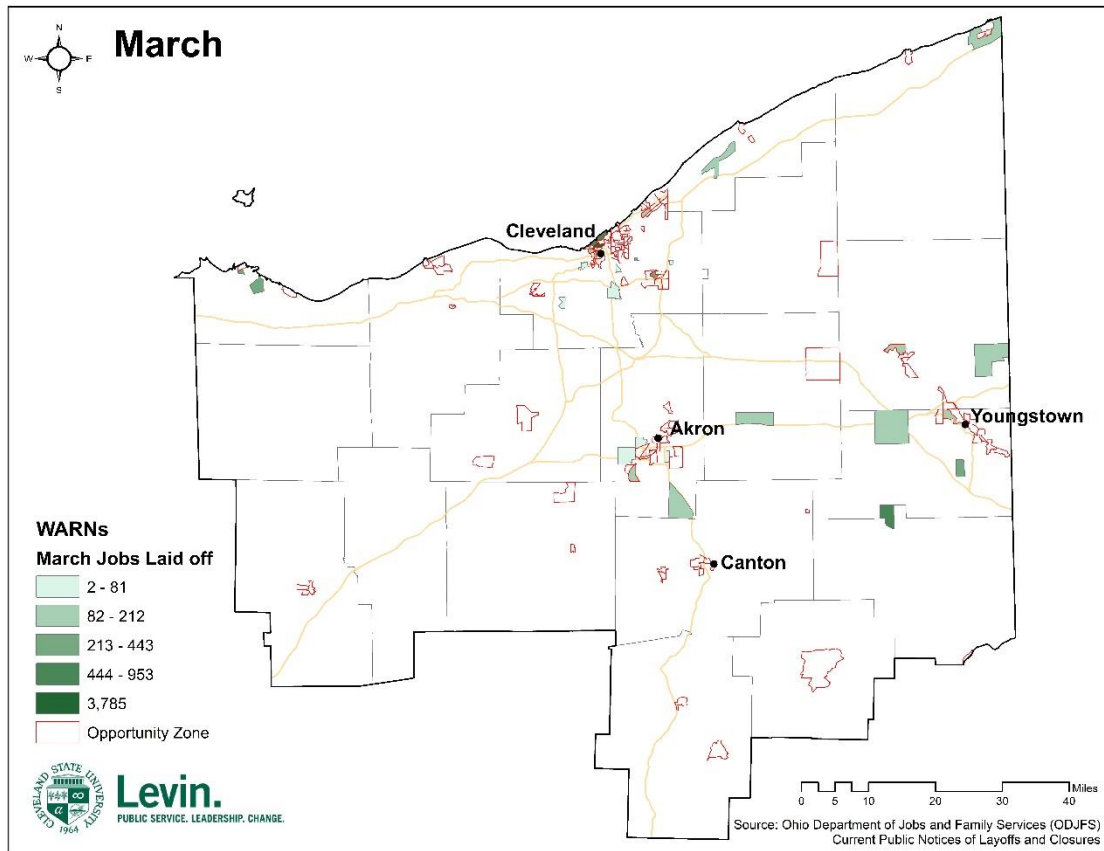


Figure 5. COVID-19 related Layoffs recorded from WARNs in NEO (May-June 2020)

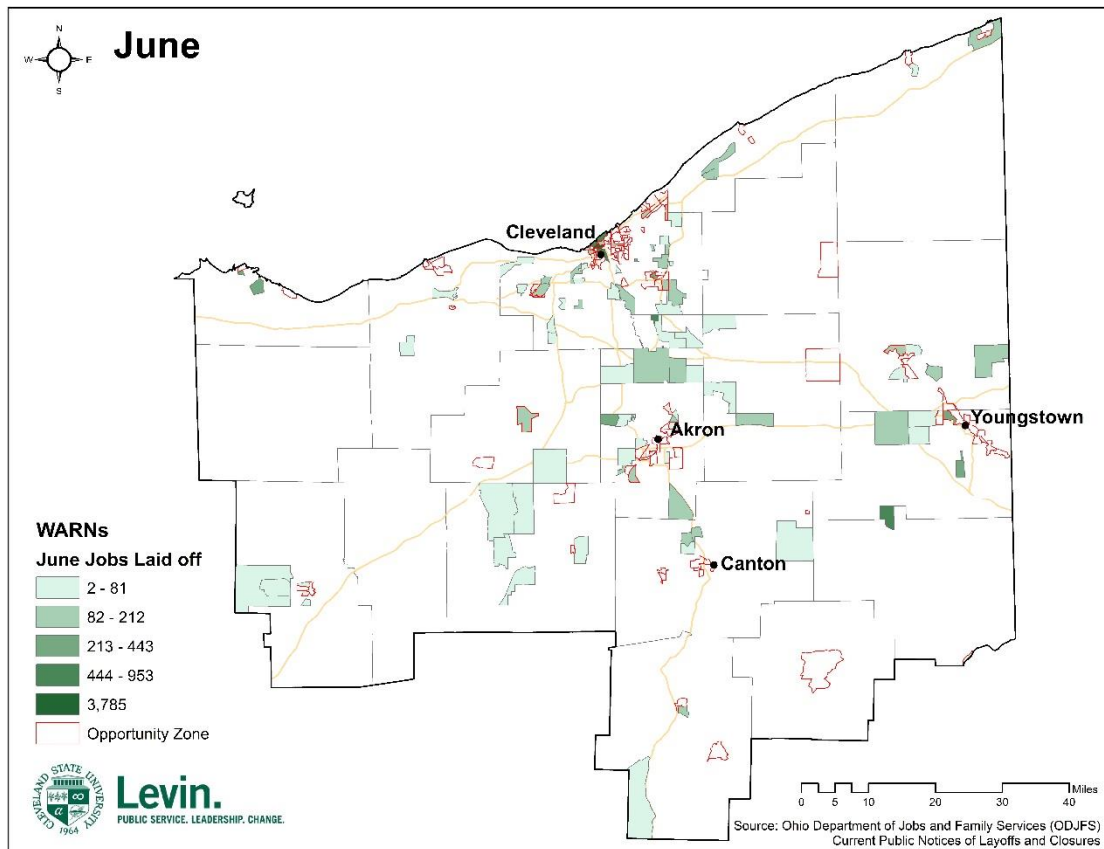
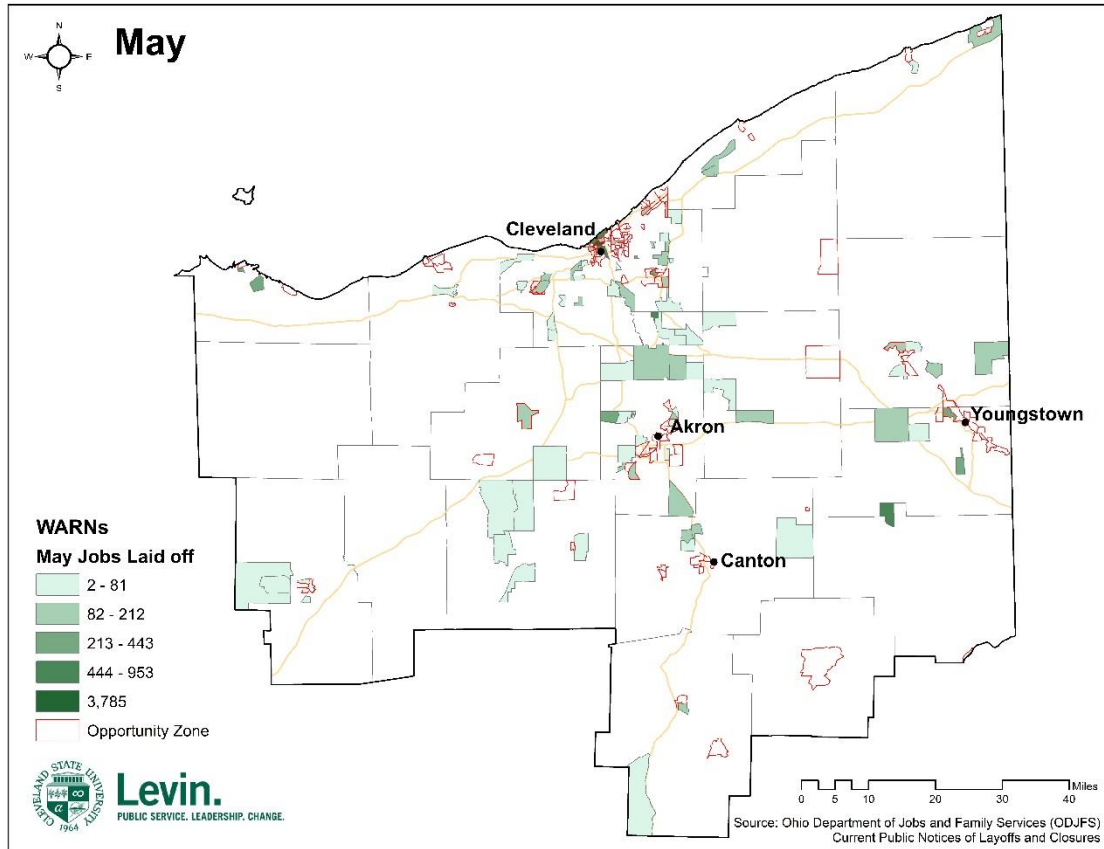
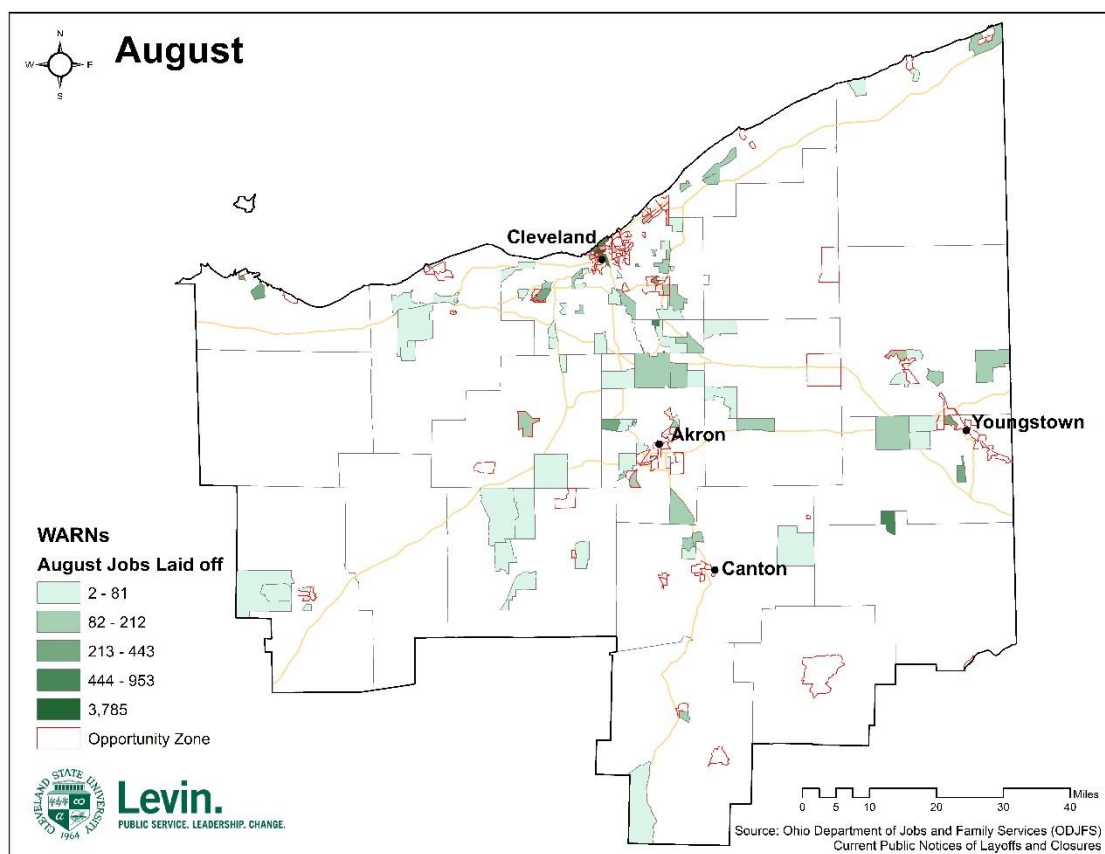
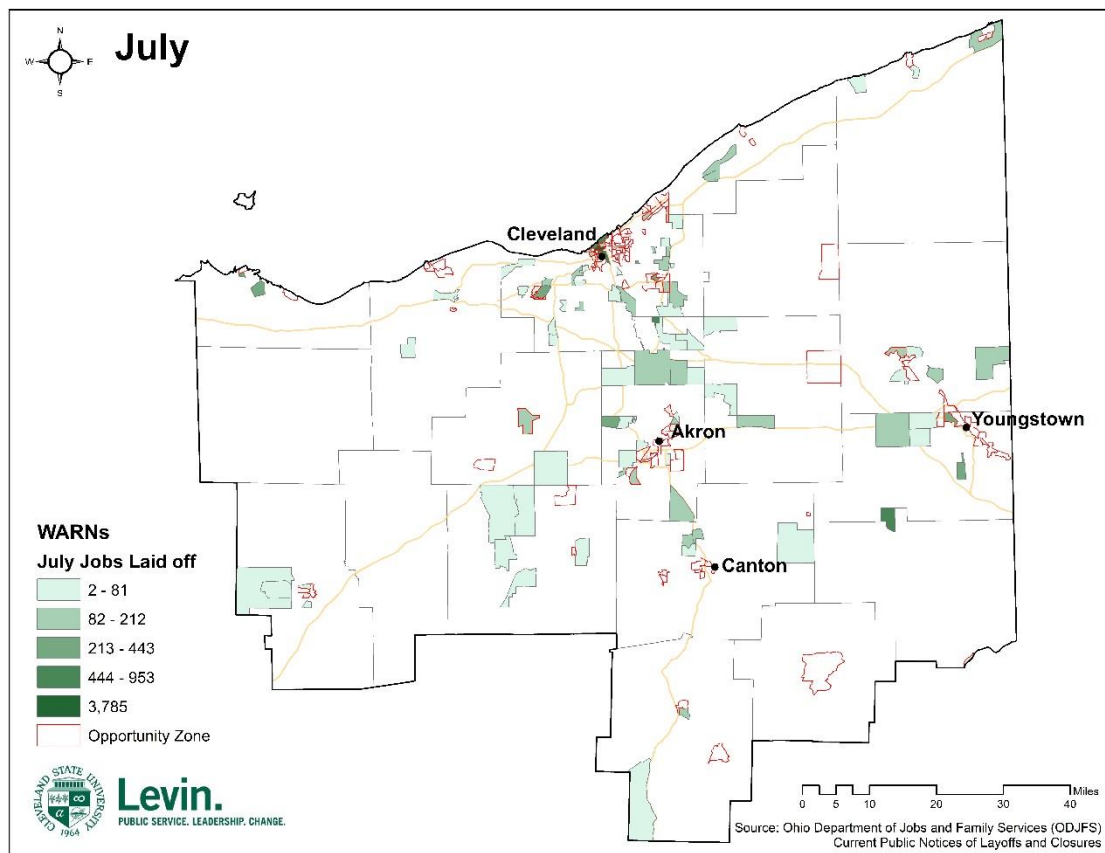


Figure 6. COVID-19 related Layoffs recorded from WARNs in NEO (July-August 2020)

Please share your comments with Matthew B. Ellerbrock @ m.ellerbrock@csuohio.edu

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