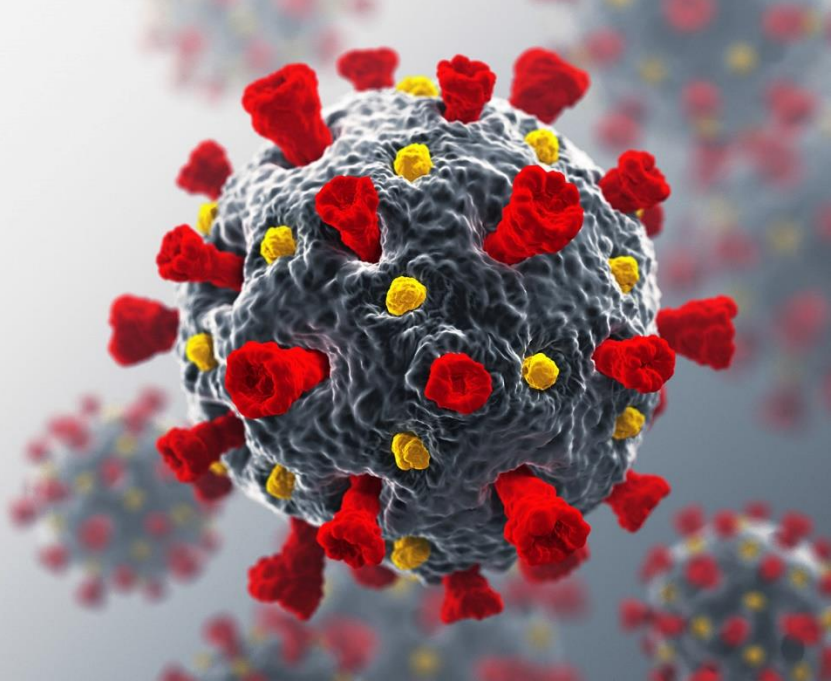
[bw] RESEARCH PARTNERSHIP



To: Clients

From: Philip Jordan
Vice-President, BW Research Partnership

Date: November 23, 2020

MEMORANDUM

US Energy Employment Initial Impacts from the COVID-19 Economic Crisis, October 2020

INTRODUCTION

BW Research finds that the U.S. energy sector added 48,100 jobs in October, leaving more than 1 million energy workers out of work despite nationwide re-openings. There remains a 12 percent decline over pre-COVID-19 employment levels. While the nation's overall jobs recovery has stalled over the last several months, the energy sector has been particularly slow to rebound. Concerns raised in memoranda from prior months continue, including record-breaking levels of new and continuing unemployment claims and the exhaustion of many programs from earlier stimulus.

The November 6th jobs report, which showed that the U.S. economy created 638,000 new jobs over the previous month, covers the first two weeks of October. While these new jobs primarily fall in industries unrelated to clean energy (leisure and hospitality and retail trade), job gains are also seen in energy adjacent industries, such as construction and professional and business services. While the recent jobs report shows some positive trends for the economy, alarming trends remain.

Driven by job losses at the federal level, public sector employment dropped significantly in this month's jobs report, continuing last month's dramatic decline. Public sector unemployment continued its decline likely due to Census work concluding, state economies straining under falling revenues, and increased COVID-related expenses. Weekly unemployment claims continue at an historic high pace. The November 5th weekly claims data showed a slight decline in initial jobless claims, but is still at a level higher than any week in the data's recorded history prior to March, when new programs such as the Pandemic Unemployment Assistance Program are included.[1] At the same time, the long-term unemployment rate – defined as 27 weeks of consecutive unemployment – has risen sharply since March to 3.6 million, representing about one third of the 11.1 million currently unemployed overall. Also alarming is the rise in permanent unemployment over the same period, which was a tiny fraction of the initial job losses in the spring but now represents 3.7 million job losses, one third of the total unemployed.[2] Further, the "official" unemployment claims do not include people not currently looking for work, including, notably, parents who must remain home due to remote schooling of their children.

[1] Weekly unemployment claims data collection began in January 1967, https://oui.doleta.gov/unemploy/claims.asp.
[2] BLS Employment Situation Summary, Nov 6. https://www.bls.gov/news.release/empsit.nr0.htm.

This report shows no state, nor energy sector, as a significant job loser or gainer. However, impacts of this pandemic are not being felt evenly throughout worker demographics. Black and Hispanic workers continue to suffer from disproportionately high levels of unemployment.[3]

IMPACTS

- Motor vehicles, the largest energy industry, increased by 15,500 jobs over October. The motor vehicles sector has suffered 315,300 lost jobs since the start of March, or a 12 percent decline.

- Fuels added nearly 3,700 jobs in October. Job losses for fuels total 166,200 or 15 percent since the beginning of March, however, this is not limited to just the COVID-19 pandemic; tanking oil markets in the first quarter of 2020 also heavily impacted the US fuels sector.

- Energy efficiency, the second largest energy-related sector, added the most jobs in October, growing by 16,900 jobs. Energy efficiency has lost 321,900 jobs since the start of the pandemic for a 14 percent decline.

- Transmission, distribution, and storage and electric power generation experienced growth of about 7,100 and 4,900 added jobs, respectively. The transmission, distribution, and storage and electric power generation sectors have lost 120,100 jobs or 9 percent, and 86,200 jobs or 10 percent, respectively, since the start of the pandemic.

- Clean energy jobs added 23,800 jobs in October. The clean energy industry has lost 13 percent of its workforce since the start of the pandemic, or more than 454,000 jobs lost.

- Fossil and nuclear fuels and electricity generation, traditional transmission and distribution, and gas and diesel motor vehicles account for about 24,300 regained jobs in October but has dropped more than 11 percent or 555,700 jobs since March.

- About 1,500 jobs were gained in oil and gas generation, fuels, and transmission and distribution in September. This totals almost 105,300 oil and gas jobs lost since March, or a 16 percent decline.

- Coal mining and electric power generation did not gain or lose any jobs in October. This totals about 12,300 jobs lost since the start of the pandemic or a 13 percent decline. This does not include the coal job losses in other activities like mining machine manufacturing and distribution and transportation.

California had the largest employment growth, adding nearly 8,600 jobs in October's slight increase. Texas, New York, Illinois, and Florida followed, all adding more than 2,000 jobs. Hawaii, North Carolina, California, DC, and Rhode Island saw the largest growth in terms of percent of their respective energy sectors, with 1 percent or more energy employment gains over the past month. States that have fared worse than average so far include Vermont, South Dakota, and New Hampshire, all adding less than 100 energy jobs. For more information about energy job growth by state, see Appendix A: State Energy Job Growth in October 2020 and Appendix B: Cumulative State Energy Job Losses Since Pre-COVID.

[3] BLS Employment Situation Summary, Nov 6. https://www.bls.gov/news.release/empsit.nr0.htm.

Of the 15,700 jobs added back to the traditional energy sector in October, California grew the most, adding more than 3,100 jobs. Texas followed closely, adding back 2,800 traditional energy jobs. Vermont, Delaware, South Dakota, and New Hampshire all gained less than 25 traditional energy jobs.

The BLS Employment Situation report shows us that in the overall economy, racial and ethnic minorities, women, young workers, and those with less educational attainment are currently suffering higher unemployment rates.[4] About 23% of all jobs in Automobile Manufacturing are held by Black or African-American workers (economy-wide representation is about 12%) and about a third of fossil extraction workers like roustabouts and rotary drill operators are Hispanic/Latino. New policies and programs must focus on equitable recovery given the diversity within many energy-related sectors.

METHODOLOGY

BLS employment reports for September and October, as well as the DOL unemployment weekly summaries, were used to calculate the labor impacts for the month. Please see prior months' memoranda for a more complete explanation of the methodology.

ABOUT BW RESEARCH

BW Research is a full-service applied research firm that is focused on supporting our clients with economic & workforce research, customer & community research, as well as strategic planning and evaluation services. For more information and analysis on economic impacts related to COVID-19, please visit: http://bwresearch.com/covid

[4] https://www.bls.gov/news.release/empsit.nr0.htm

APPENDIX A: STATE ENERGY JOB GROWTH IN OCTOBER 2020

State	Job Growth	Percent Growth	State	Job Growth	Percent Growth
Alabama	560	0.4%	**Montana**	127	0.5%
Alaska	116	0.5%	**Nebraska**	344	0.7%
Arizona	789	0.7%	**Nevada**	248	0.5%
Arkansas	287	0.5%	**New Hampshire**	93	0.3%
California	8,573	1.0%	**New Jersey**	620	0.5%
Colorado	927	0.6%	**New Mexico**	235	0.5%
Connecticut	483	0.7%	**New York**	2,678	0.8%
Delaware	154	0.8%	**North Carolina**	1,981	1.1%
District of Columbia	172	1.0%	**North Dakota**	262	0.6%
Florida	2,255	0.8%	**Ohio**	1,865	0.6%
Georgia	713	0.5%	**Oklahoma**	373	0.3%
Hawaii	305	1.5%	**Oregon**	629	0.7%
Idaho	175	0.6%	**Pennsylvania**	1,297	0.6%
Illinois	2,405	0.8%	**Rhode Island**	189	1.0%
Indiana	1,007	0.4%	**South Carolina**	426	0.3%
Iowa	279	0.4%	**South Dakota**	82	0.3%
Kansas	400	0.5%	**Tennessee**	895	0.5%
Kentucky	380	0.3%	**Texas**	5,631	0.7%
Louisiana	865	0.6%	**Utah**	400	0.5%
Maine	125	0.6%	**Vermont**	73	0.4%
Maryland	903	0.8%	**Virginia**	1,042	0.6%
Massachusetts	1,465	0.9%	**Washington**	988	0.8%
Michigan	1,754	0.5%	**West Virginia**	340	0.6%
Minnesota	561	0.5%	**Wisconsin**	575	0.4%
Mississippi	280	0.5%	**Wyoming**	172	0.4%
Missouri	589	0.4%	**US TOTAL**	**48,090**	**0.7%**

APPENDIX B: CUMULATIVE STATE ENERGY JOB LOSSES SINCE PRE-COVID

State	Jobs Lost	Percent Decline	State	Jobs Lost	Percent Decline
Alabama	20,360	13.6%	**Montana**	3,762	12.3%
Alaska	5,645	19.7%	**Nebraska**	5,950	10.4%
Arizona	11,311	9.1%	**Nevada**	6,278	10.3%
Arkansas	5,719	8.9%	**New Hampshire**	2,173	7.0%
California	122,015	12.8%	**New Jersey**	19,246	13.1%
Colorado	12,183	7.6%	**New Mexico**	10,417	17.9%
Connecticut	7,839	10.3%	**New York**	23,641	6.9%
Delaware	2,478	10.8%	**North Carolina**	31,112	14.3%
District of Columbia	2,827	13.7%	**North Dakota**	7,738	15.5%
Florida	42,278	12.4%	**Ohio**	39,073	11.2%
Georgia	54,314	26.3%	**Oklahoma**	23,246	16.8%
Hawaii	5,338	20.8%	**Oregon**	9,450	9.8%
Idaho	2,879	8.7%	**Pennsylvania**	45,763	17.0%
Illinois	19,747	6.4%	**Rhode Island**	4,106	17.2%
Indiana	31,198	10.9%	**South Carolina**	17,064	12.1%
Iowa	8,354	9.6%	**South Dakota**	1,038	3.9%
Kansas	7,899	9.2%	**Tennessee**	15,998	7.5%
Kentucky	38,101	25.1%	**Texas**	88,138	9.2%
Louisiana	35,673	21.0%	**Utah**	4,788	5.5%
Maine	2,742	10.8%	**Vermont**	2,377	10.5%
Maryland	12,767	9.7%	**Virginia**	17,669	9.4%
Massachusetts	20,029	10.6%	**Washington**	27,995	18.0%
Michigan	63,691	15.2%	**West Virginia**	8,318	12.7%
Minnesota	15,421	12.0%	**Wisconsin**	14,082	9.2%
Mississippi	8,581	12.3%	**Wyoming**	4,378	9.9%
Missouri	16,531	10.2%	**US TOTAL**	**1,009,721**	**12.1%**