

Arizona's April Employment Data Suggests People Were Returning to Work Before Gov. Ducey's Actions

[Robust employment growth](#) was already occurring in Arizona's leisure and hospitality sector prior to Governor Doug Ducey's announcements to reinstate work search requirements for the jobless and replace the weekly \$300 federal unemployment supplement with a return to work bonus. [Data](#) from the Bureau of the Census establishment survey suggests that, despite the lower pay in that sector, the work search waiver and \$300 supplement were not having as great an adverse impact on people returning to work as has been suggested. Of about 22,000 job gains in the employer survey from February to April, more than half of it was in the Leisure & Hospitality sector--including 8,000 from March to April alone.

Governor cancels policies that relieve hardship for the unemployed

On May 3rd, Governor Doug Ducey issued [an executive order](#) reinstating work search requirements starting this week. The work search requirements had been suspended due to the public health emergency in March 2020. Governor Ducey's [press release](#) reinstating work search requirements cited a story [on restaurants seeking to hire staff](#).

Then on May 13 [Governor Ducey announced](#) that as of early July, unemployed workers in Arizona would cease to receive the \$300 weekly federal unemployment supplement. Instead, the governor said he was dedicating \$300 million of American Rescue Plan dollars at his discretion to provide return-to-work bonuses of up to \$2,000. To be eligible, people must work their new job full-time for eight weeks at up to \$25 an hour. The release cited an *Arizona Republic* article that profiled a number of luxury hotels that were being forced to [work diligently to find staff](#) as business began to recover from the pandemic. Another story cited in the Governor's release mentioned [challenges hiring](#) in the restaurant industry. Anecdotal evidence has been widely present including Senate President Karen Fann, who supports improved unemployment benefits, but has

been critical of the \$300 federal supplements. President Fann has mused about the difficulty her [family construction firm](#) has had in hiring employees.

While anecdotal evidence is powerful, it can also exaggerate actual circumstances by focusing on a few instances while missing a larger picture. The leisure and hospitality industry is a perfect example — it was recovering even in the absence of the work search requirement and in spite of the \$300 federal weekly unemployment insurance supplement.

Job growth in AZ — leisure and hospitality strong, other sectors balance out

The week of April 12th the Census Bureau conducted two monthly surveys, the Current Population Survey, which generates employment and unemployment data, and the establishment survey, which surveys businesses across sectors on the number of persons employed.

Table 1

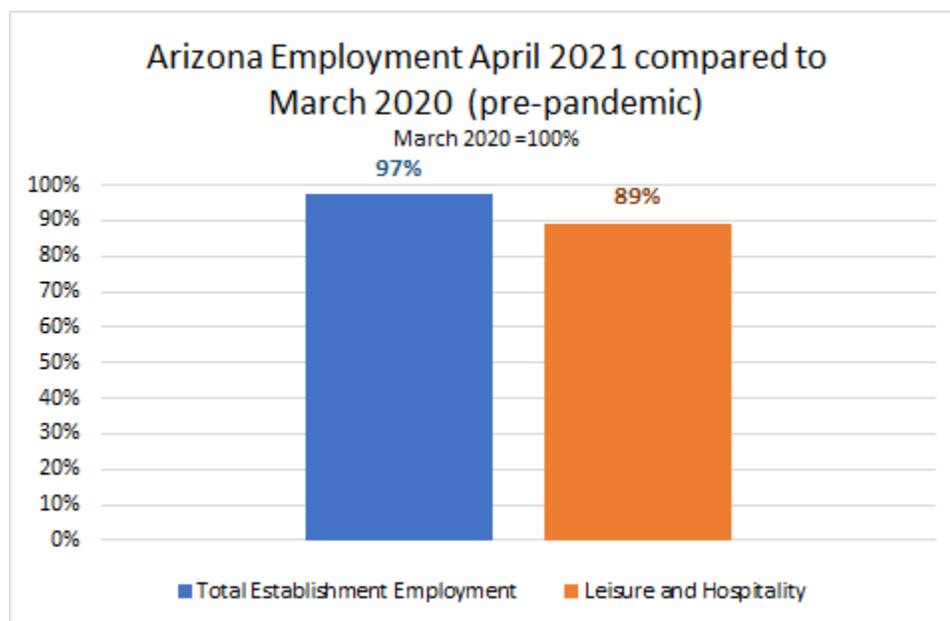


Source: Bureau of Labor Statistics Current Employment Statistics survey of establishments (nonfarm payroll employment, excludes farm employment and those not on an employer payroll) from [March](#) and [April](#) 2021.

April's results for Arizona were released on Friday. Arizona's unemployment rate held steady at 6.7%, though the labor force continued to grow, as did employment. The

establishment survey found that Arizona's net job growth was entirely covered by one sector (all other sectors rose or fell enough to balance each other). The sector? Leisure and Hospitality. See Table 1. In fact, April 2021 employment levels were 89% of March 2020 employment, just before the pandemic hit that sector. See Table 2. Note that while total employment has reached 97% of pre-pandemic levels that still means 3% (or more with labor force growth) are facing unemployment compared to before the pandemic--so the job market has not yet recovered.

Table 2



Source: Bureau of Labor Statistics Current Employment Statistics survey of establishments (nonfarm payroll employment--excludes farm employment and those not on an employer payroll) from [April 2021](#).

Conclusion

While some employers are struggling to hire workers, part of that is likely due to the speed with which employers are ramping up for sectors that historically have always had challenges finding and retaining employees. Employment data indicates anecdotal stories are incomplete. Strong employment growth in the low-paying leisure and hospitality sector provides evidence of this. That said, there are not yet sufficient jobs available, so hopefully Governor Ducey's July cut off on the \$300 federal supplement was not premature.

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