



# Hospitality & Tourism

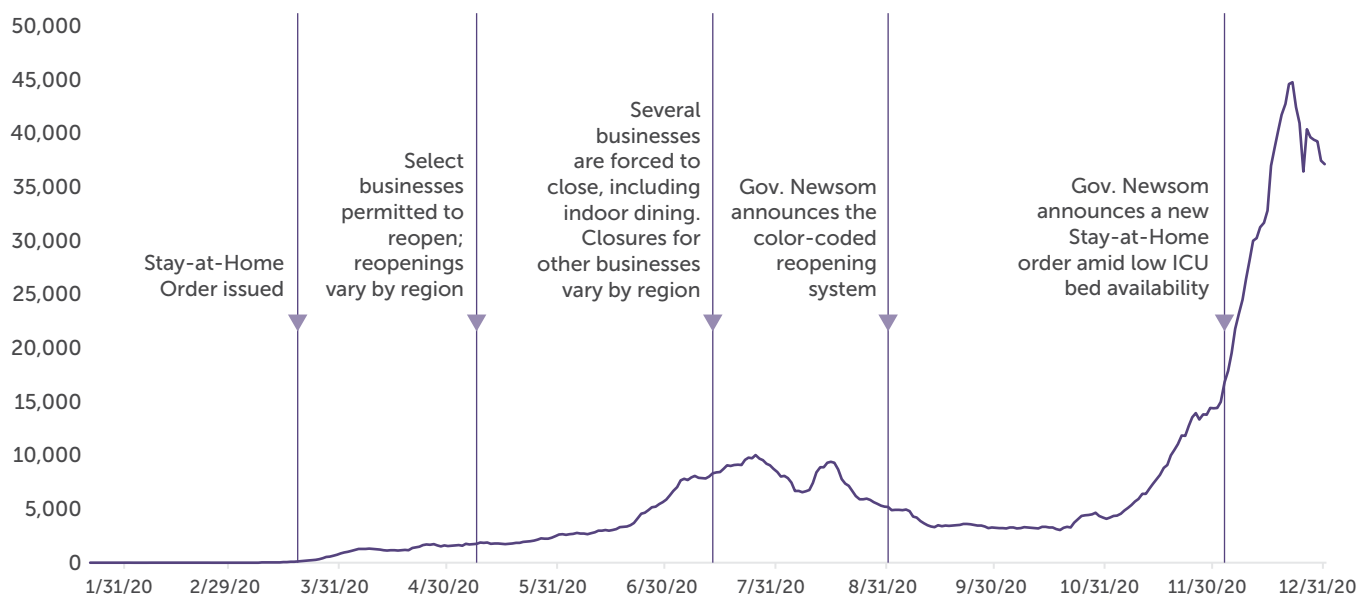


## Introduction

The ongoing COVID-19 pandemic was an economic shock to the world that had widespread effects on the labor market across the United States. In order to preserve public health, national, state, and local governments implemented lockdown measures designed to prevent the spread of COVID-19. These measures pushed the United States into a pandemic-induced recession and numerous businesses were forced to close their doors. Exhibit 1 shows the number of new COVID-19 cases reported daily in California throughout 2020, as well as key statewide actions taken to slow the spread of COVID-19. In addition to these statewide actions, several counties implemented their own measures and policies to combat COVID-19.

Though nearly all industries were negatively affected by the pandemic, industries in Retail, Hospitality, and Tourism (RHT) were particularly hard hit because only a small portion of establishments were considered essential businesses and because a significant part of their business activities cannot be conducted remotely. Though RHT is typically combined into one sector, the effects of the pandemic on hospitality and tourism were different than those for retail. To better understand the effects of the pandemic, this report analyzes labor market data from a variety of proprietary and publicly available sources to provide an overview of the hospitality and tourism industry prior to and during the COVID-19 pandemic.

Exhibit 1: Number of New Daily COVID-19 Cases in California, 2020

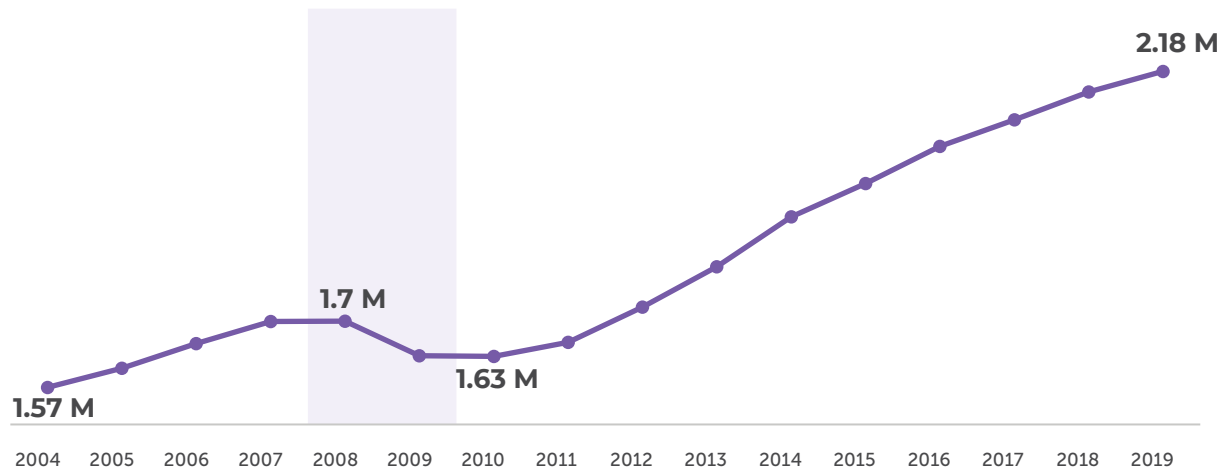


Source: Opportunity Insights Economic Tracker

## Historical Employment

The hospitality and tourism industry clusters are a group of diverse industries that include amusement parks, zoos, museums, hotels, restaurants, bars, and caterers. Between, 2004 and 2019, hospitality and tourism industry employment grew at a faster rate than total employment in California. The hospitality and tourism industry experienced a relatively small decrease in employment during the Great Recession, which officially began in December 2007 and ended in June 2009. Hospitality and tourism industry employment hit a peak of 1.7 million jobs in 2008, then declined by 3.9% (66,470 jobs) from 2008-2009. Though the Great Recession ended in 2009, hospitality and tourism industry employment had a slow recovery and hit a low of 1.63 million jobs in 2010 finally surpassing pre-Great Recession levels in 2012. Employment continued to grow through 2019. Exhibit 2 shows hospitality and tourism industry employment from 2004 to 2019; the Great Recession is indicated by the shaded area.

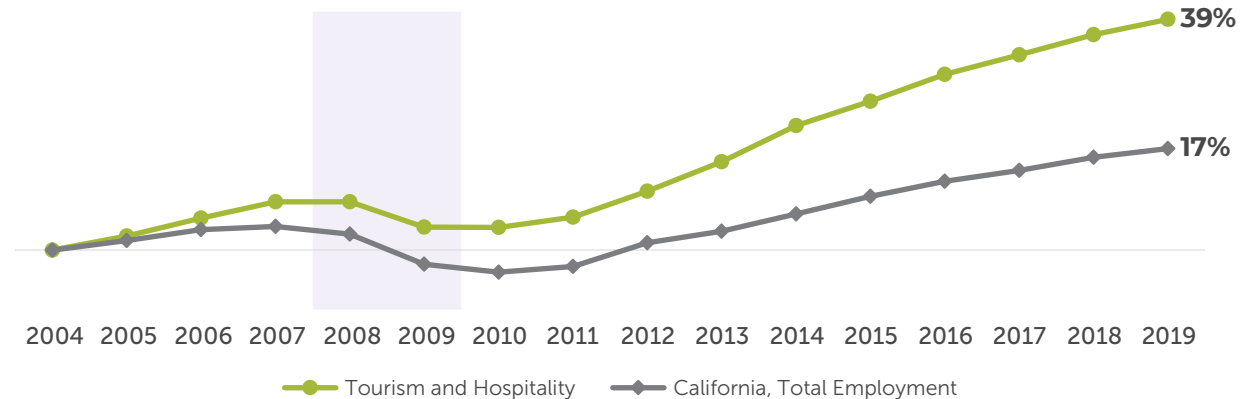
Exhibit 2: Hospitality and Tourism Industry Employment in California, 2004-2019



Source: Emsi

Between 2004 and 2019, hospitality and tourism industry employment increased 38% (an increase of 608,195 jobs). This compares with 17% growth (an increase of 2.95 million jobs) across all industries in California. Exhibit 3 shows the historical employment trend for hospitality and tourism industry employment compared to total employment in California.

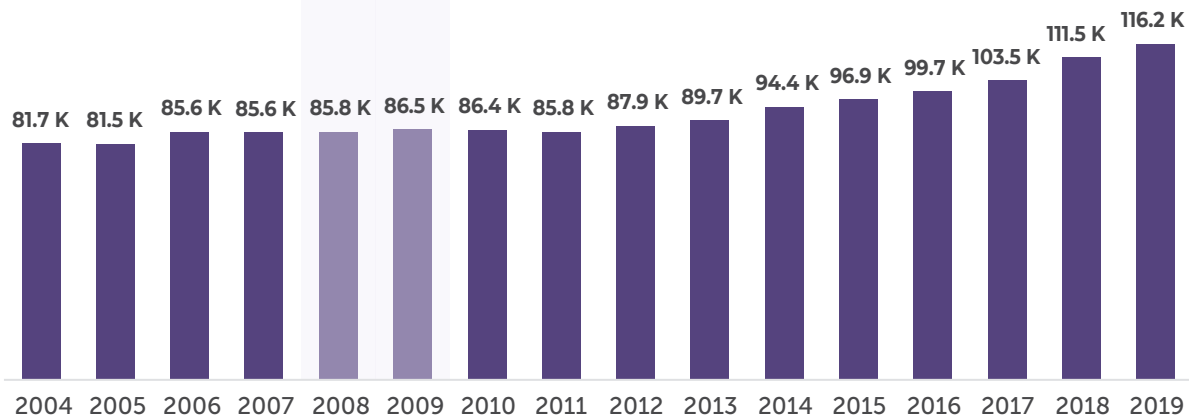
Exhibit 3: Industry Employment in California, 2004-2019



Source: Emsi

As hospitality and tourism industry employment increased following the end of the Great Recession, the number of hospitality and tourism establishments also gradually increased. Following a small decrease between 2009 and 2010, the number of tourism and hospitality establishments in California reached nearly 116,200 in 2019. Exhibit 4 shows the number of establishments from 2004 to 2019.

Exhibit 4: Hospitality and Tourism Industry Establishments in California, 2004-2019



Source: Emsi

The Stay-at-Home order sparked a dramatic shift in how Californians spent their money, with consumers shifting to grocery spending and cutting back on restaurant and travel spending. Debit and credit card spending data from Affinity Solutions shows that spending on arts, entertainment, and recreation as well as accommodation and food services fell at nearly double the rate of overall consumer spending, which includes debit and credit card spending across all industries and vendors.

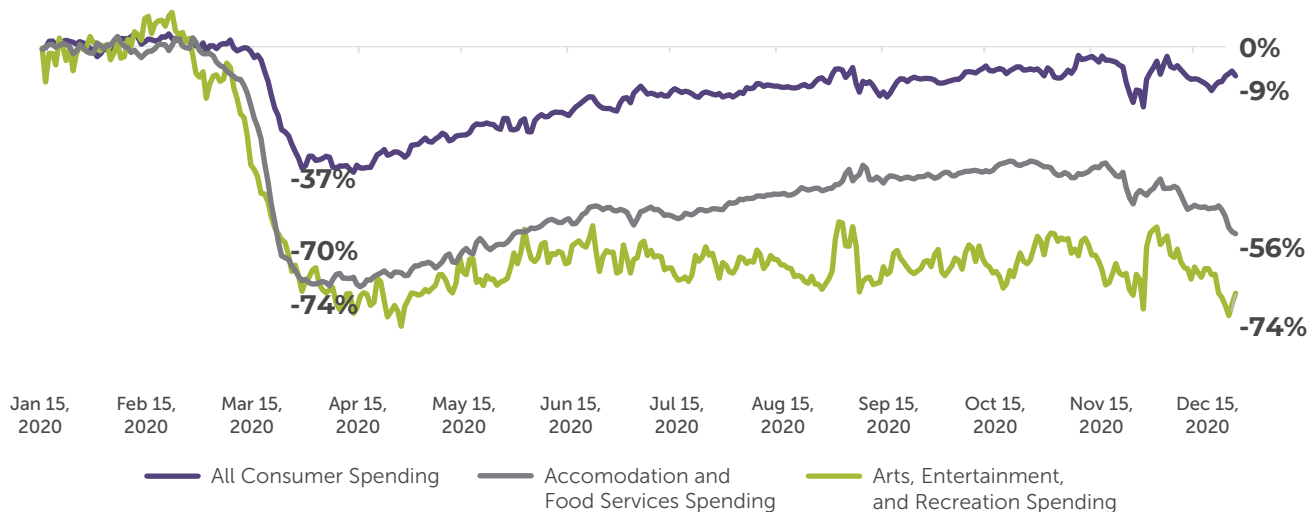


## Impacts of the COVID-19 Pandemic

### Consumer Spending

Governor Gavin Newsom signed an Executive Order on March 19, 2020 that directed all Californians to stay home except to go to work at an essential job or shop for essential needs such as food.<sup>1</sup> This order affected several non-essential businesses, including amusement parks, hotels, and other forms of entertainment. Additionally, restaurants were forced to pivot to takeout service only. The Stay-at-Home order sparked a dramatic shift in how Californians spent their money, with consumers shifting to grocery spending and cutting back on restaurant and travel spending. Debit and credit card spending data from Affinity Solutions shows that spending on arts, entertainment, and recreation as well as accommodation and food services fell at nearly double the rate of overall consumer spending, which includes debit and credit card spending across all industries and vendors. However, grocery and food store spending in California skyrocketed, increasing 85% in early March, demonstrating the shift in food spending from restaurants and other dining places to grocery stores. Through the end of 2020, accommodation and food services spending was 56% lower than January 2020 levels and arts, entertainment, and recreation spending was 74% lower. Additionally, overall consumer spending has not yet returned to pre-pandemic levels. Exhibit 5 shows consumer spending in California by category.<sup>2</sup>

Exhibit 5: Consumer Spending in California, January 2020 – December 2020



Source: Opportunity Insights Economic Tracker

### Industry Employment

The dramatic drop in arts, entertainment, and recreation as well as accommodation and food services spending coincided with a decline in hospitality and tourism industry employment. At the beginning of 2020, hospitality and tourism industry employment followed the seasonal trend of a small increase in employment from January to February.<sup>3</sup> However, between February 2020 and April 2020 hospitality and tourism industry employment declined by 46% (a loss of 950,000 jobs), which accounted for 37% of all nonfarm job losses in California. Though employment began to recover in May 2020 and employment increased in June 2020, hospitality and tourism employment has remained stagnant since June 2020 due to ongoing stay-at-home orders.

Though many industries were allowed to reopen with modifications in late spring, the hospitality and tourism industry has remained largely shut-down due to various government mandates. On June 28, Governor Newsom ordered seven counties to close bars and drinking places. Less than a week later, Governor Newsom announced stricter restrictions that required restaurants to shut down indoor operations. The shift to the color-coded tier system in late August allowed restaurants to reopen depending on the number of new cases, case positivity rate, and other factors in

<sup>1</sup> <https://covid19.ca.gov/stay-home-except-for-essential-needs>

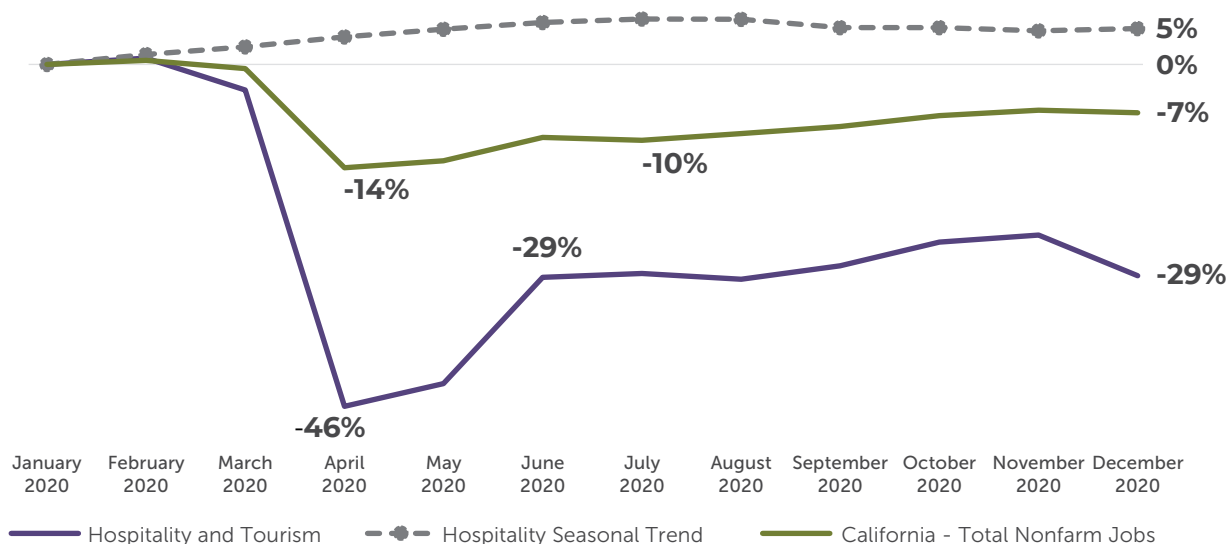
<sup>2</sup> "The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data", by Raj Chetty, John Friedman, Nathaniel Hendren, Michael Stepner, and the Opportunity Insights Team. November 2020. Available at: [https://opportunityinsights.org/wp-content/uploads/2020/05/tracker\\_paper.pdf](https://opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf)

<sup>3</sup> The employment data analyzed in this report comes from EDD and is not seasonally adjusted, meaning that it is not adjusted to account for annually recurring fluctuations in employment trends due to changes in weather, consumer behavior, or other factors. In the case of hospitality and tourism employment, there is typically an increase in employment during the spring and summer months due to an increase in vacations. For more information, see: [https://www.labormarketinfo.edd.ca.gov/LMID/What\\_is\\_a\\_Seasonal\\_Adjustment.html](https://www.labormarketinfo.edd.ca.gov/LMID/What_is_a_Seasonal_Adjustment.html)

each county. However, on December 3, Governor Newsom announced a new stay at home order that was the most restrictive since March. This order forced bars and wineries to close and forced restaurants to be limited to delivery or take-out service.<sup>4</sup>

As of December 2020, only 37% of California's lost hospitality and tourism jobs have been recovered, which is significantly lower than the 51% of jobs that have been recovered across all industries. As of December 2020, hospitality and tourism industry employment is down 29% compared to January 2020, while total nonfarm employment is down 7%. Exhibit 6 shows 2020 employment trends by month as well as the seasonal trend in hospitality and tourism employment over the past five years.

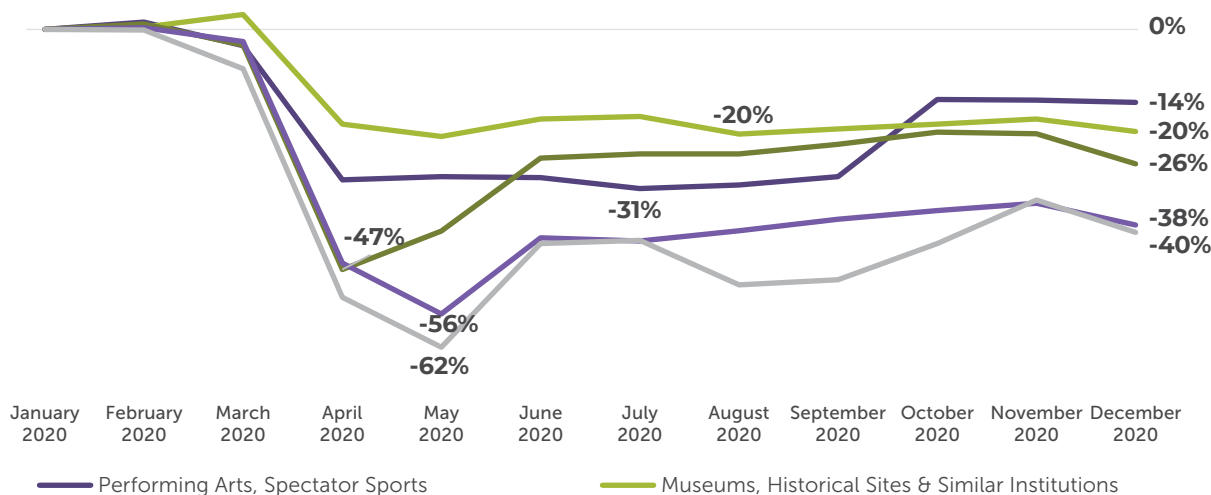
Exhibit 6: California Industry Employment Change, January 2020 – December 2020



Source: EDD

Generally, none of the hospitality and tourism subsectors were considered essential businesses, with the exception of food services and drinking places as well as accommodation for essential travel. However, businesses had to reduce capacity, could no longer allow indoor dining, and had fewer customers to serve. Additionally, some of the largest amusement parks in the country, including the Disneyland Resort in Orange County and Universal Studios Hollywood in Los Angeles County, were forced to close.

Exhibit 7: Hospitality and Tourism Subsector Employment, January 2020 – December 2020



Source: CPS

<sup>4</sup> <https://abc7news.com/timeline-of-coronavirus-us-covid-19-bay-area-sf/6047519/>



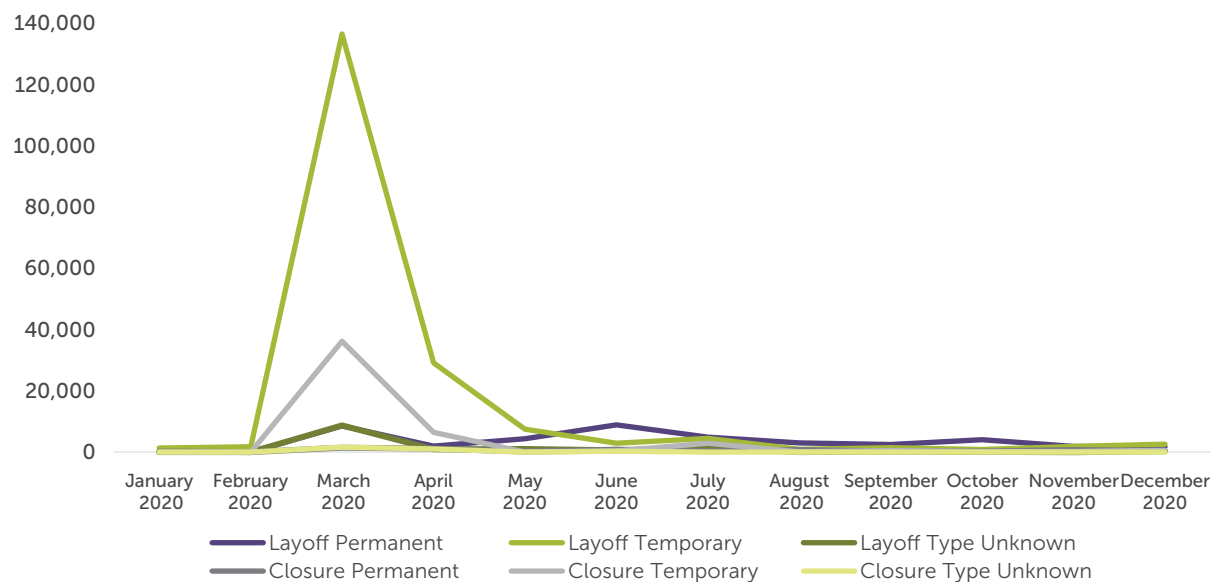
While all hospitality and tourism subsectors were negatively affected by the pandemic, three subsectors (amusement, gambling, and recreation; food services and drinking places; and accommodation) bore the brunt of job losses, accounting for 97% (924,700) of the job losses in hospitality and tourism. Exhibit 7 shows the employment change for subsectors of the hospitality and tourism industry in 2020. Though air travel directly contributes to tourism, it is important to note that the air transportation subsector is not considered part of the hospitality and tourism industry for the purposes of this report.

## WARN Notices

In addition to the monthly employment data analyzed in the previous section, another dataset from the Employment Development Department (EDD) provides additional insight into the types of companies and workers that were affected by the pandemic. Per the California Labor Code, businesses with 75 or more employees must give a 60-day notice to employees when 50 or more employees will be affected by closure or layoffs within a 30-day period. Due to COVID-19, the 60-day notice requirement has been temporarily suspended.<sup>5</sup> These notices are known as Worker Adjustment and Retraining Notification (WARN) notices and can help identify job loss trends. Specifically, employers filing WARN notices can specify if layoffs are temporary or permanent and include the number of employees that will be affected by a layoff or closure. However, WARN data is self-reported and employers are not required to update the notice if there are any changes to the number of employees that are affected or if employees are re-hired after a temporary layoff or closure.

As businesses were forced to close their doors following the Stay-at-Home order, hundreds of tourism and hospitality companies notified employees of mass layoffs or closures and filed WARN notices with EDD. These notices affected a total of 636,394 employees in California in 2020. Of those, at least 48% (302,820) were employed in the hospitality and tourism industry. Roughly 16% of hospitality and tourism workers lost their job due to a permanent closure or layoff. Exhibit 8 shows the number of hospitality and tourism employees affected by layoff type.

Exhibit 8: California Hospitality and Tourism Employees Affected by WARN Notices, 2020



Source: EDD

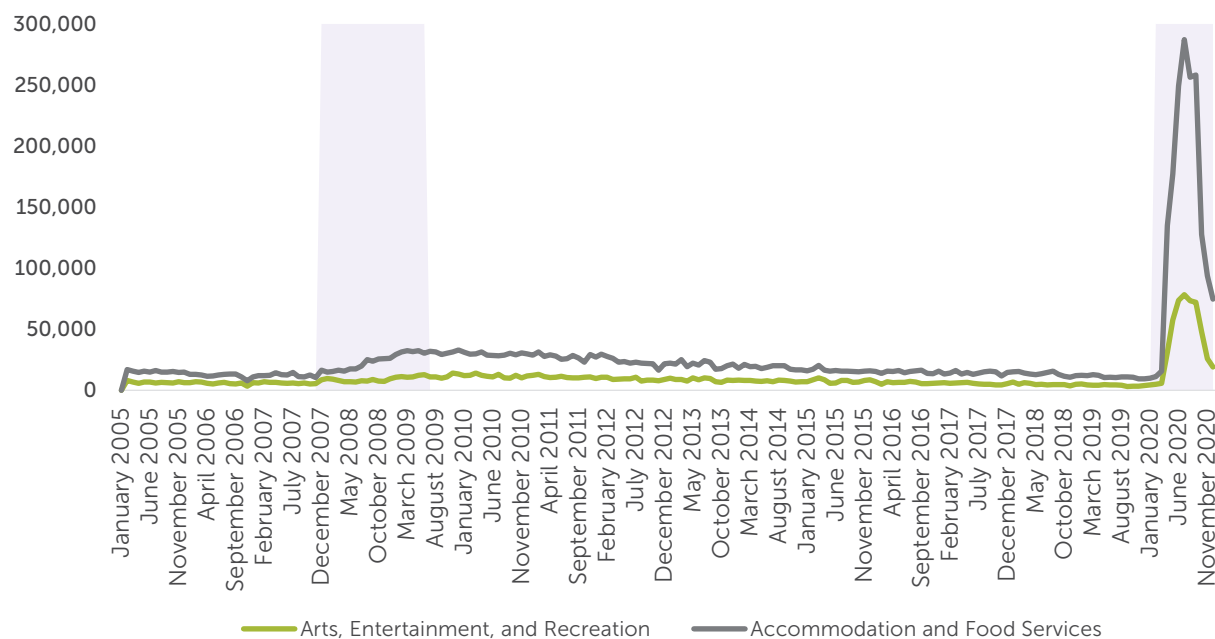
<sup>5</sup> [https://www.edd.ca.gov/about\\_edd/coronavirus-2019/faqs/WARN.htm](https://www.edd.ca.gov/about_edd/coronavirus-2019/faqs/WARN.htm)

## Unemployment Insurance Claims and Unemployment

In addition to WARN Notices, unemployment insurance (UI) claims data can also identify trends and provide additional insight into the types of workers that were affected by layoffs or closures. UI claims data from the US Department of Labor are based on unemployment insurance claimants that filed a continued claim during the week that includes the 19th of each month, which can show how the characteristics of UI claimants changes over time or to track employment stability across industries over time.<sup>6</sup> It is important to note that UI claims are not used to calculate the official unemployment rate; additionally, claims data includes only those who filed an unemployment claim and does not capture unemployed workers who may not be eligible for unemployment insurance or who are not aware that they can apply for unemployment.

Between July 2009 (the official end of the Great Recession) and February 2020, the average number of monthly UI claims from workers in the hospitality and tourism industry was 27,340 claims. During that period, hospitality and tourism UI claims accounted for 6% of all monthly UI claims in California. Following layoffs and closures due to the pandemic, hospitality and tourism workers across California filed for unemployment insurance (UI) at the highest rate ever. From March to December 2020, the average number of monthly hospitality and tourism UI claims skyrocketed to 216,016 claims, accounting for 10% of monthly claims throughout the state. Accommodation and food services UI claims increased 756% from March 2020 to April 2020 and hit a high of 287,197 claims in July 2020. UI claims from workers in arts, entertainment, and recreation increased 441% from March 2020 to April 2020 and hit a high of 78,317 in July 2020. The number of UI claims in both industries have declined since July 2020, but are still far above pre-pandemic levels. Exhibit 9 shows the number of UI claims filed by hospitality and tourism industry workers from January 2005 to December 2020.

Exhibit 9: Hospitality and Tourism Industry Unemployment Insurance Claims in California, 2005 – 2020



Source: US Dept. of Labor

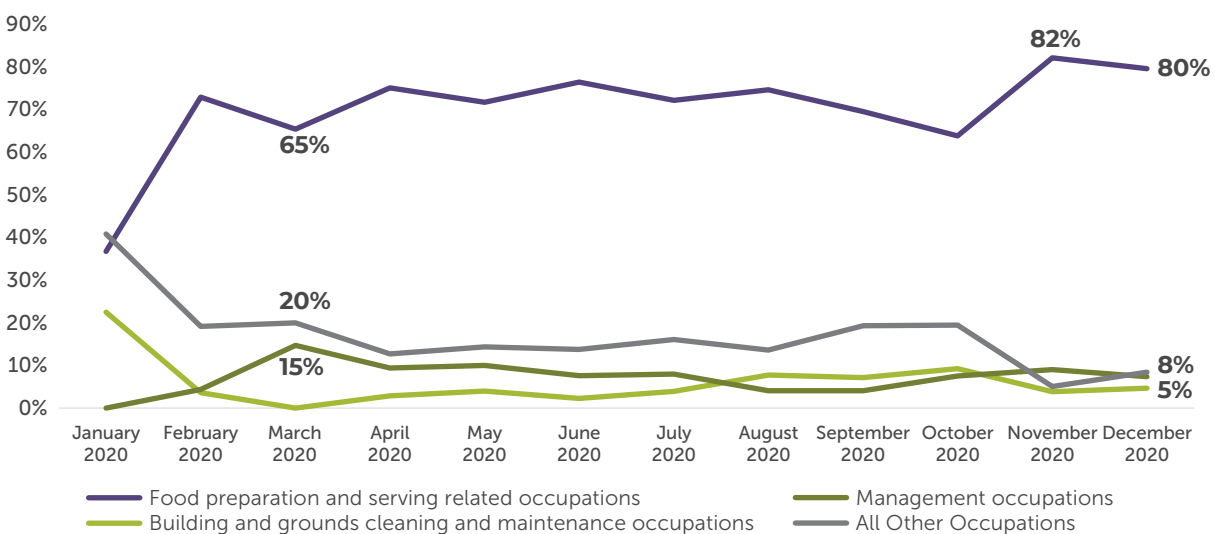
<sup>6</sup> For more information, see: <https://oui.doleta.gov/unemploy/chariu.asp>

## Occupations

Currently, neither WARN notices nor UI claims data include the occupation in which unemployed workers were previously employed. However, data from the Census Bureau's Current Population Survey, which is used to calculate the official unemployment rate, provides an estimate of employed and unemployed workers by industry and occupation. Understanding the occupations unemployed workers previously held can help identify training needs and develop re-skilling efforts to help unemployed workers find a new job.

In January 2020, food preparation and serving related occupations accounted for 50% of the hospitality and tourism labor force but made up 37% of unemployed workers in hospitality and tourism. By March 2020, workers in food preparation and serving related occupations accounted for 65% of unemployed workers in hospitality and tourism; that figure hit a high of 82% in November 2020. Notably, of the 17 food preparation and serving related occupations, 14 (82%) typically do not require any formal education, 2 typically require a high school diploma or equivalent, and 1 typically requires a postsecondary nondegree award (such as a certificate), demonstrating the disproportionate effects of the pandemic on workers in occupations that typically require no postsecondary education. Exhibit 10 shows the number of unemployed workers as a percentage of total unemployed hospitality and tourism workers by occupation group.

Exhibit 10: Unemployed Hospitality and Tourism Workers, as Percentage of Total Unemployed Hospitality and Tourism Workers, by Occupation Group in California, 2020



Source: US Dept. of Labor

Understanding the occupations unemployed workers previously held can help identify training needs and develop re-skilling efforts to help unemployed workers find a new job.





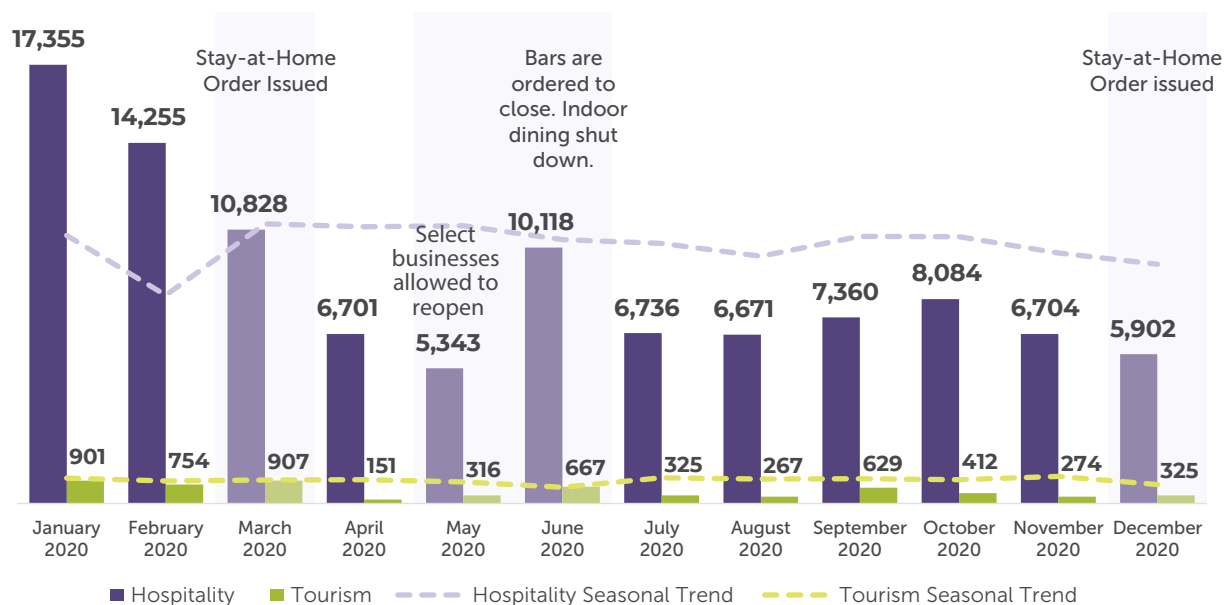
## Online Job Postings

The number of online job postings is another measure of employer activity. Total annual online job postings from hospitality and tourism businesses in California were mostly flat between 2015 and 2017, increased significantly in 2018, then hit a low of just under 112,000 postings in 2020, largely due to mandated closures. Unlike most other industries, the hospitality and tourism industry has remained largely shut down and have not had to hire new workers or re-hire laid-off workers.

Monthly online job postings fluctuated greatly in 2020 and appear to be directly related to statewide closures and reopenings. Throughout the state, hospitality and tourism employers posted just over 18,250 job listings in January 2020. That figure steadily fell through May 2020, hitting a low of just under 5,650 postings in May 2020. This pattern bucks the typical trend in which online job postings for hospitality and tourism increase during March, stay relatively flat through October, then slightly decline through the end of the year.

Following the announcement that businesses could begin to reopen in late May, online job postings drastically increased in June 2020 to over 10,700 postings. Of the 10,785 postings in June 2020, 68% (7,383) were for limited-service or full-service restaurants, which were permitted to re-open that month. Online job postings declined in both July and August 2020 after restrictions were re-implemented and restaurants were forced to close in 19 counties.<sup>7</sup> Online job postings increased in September and October 2020 before finally finishing with decreases in both November and December 2020 with just over 6,200 postings. Online job postings averaged just 7,270 postings per month for the last half of the year. Exhibit 11 shows the number of hospitality and tourism job postings by month, as well as the seasonal trend over the past five years.

Exhibit 11: Hospitality and Tourism Job Postings in California, January 2020 – December 2020

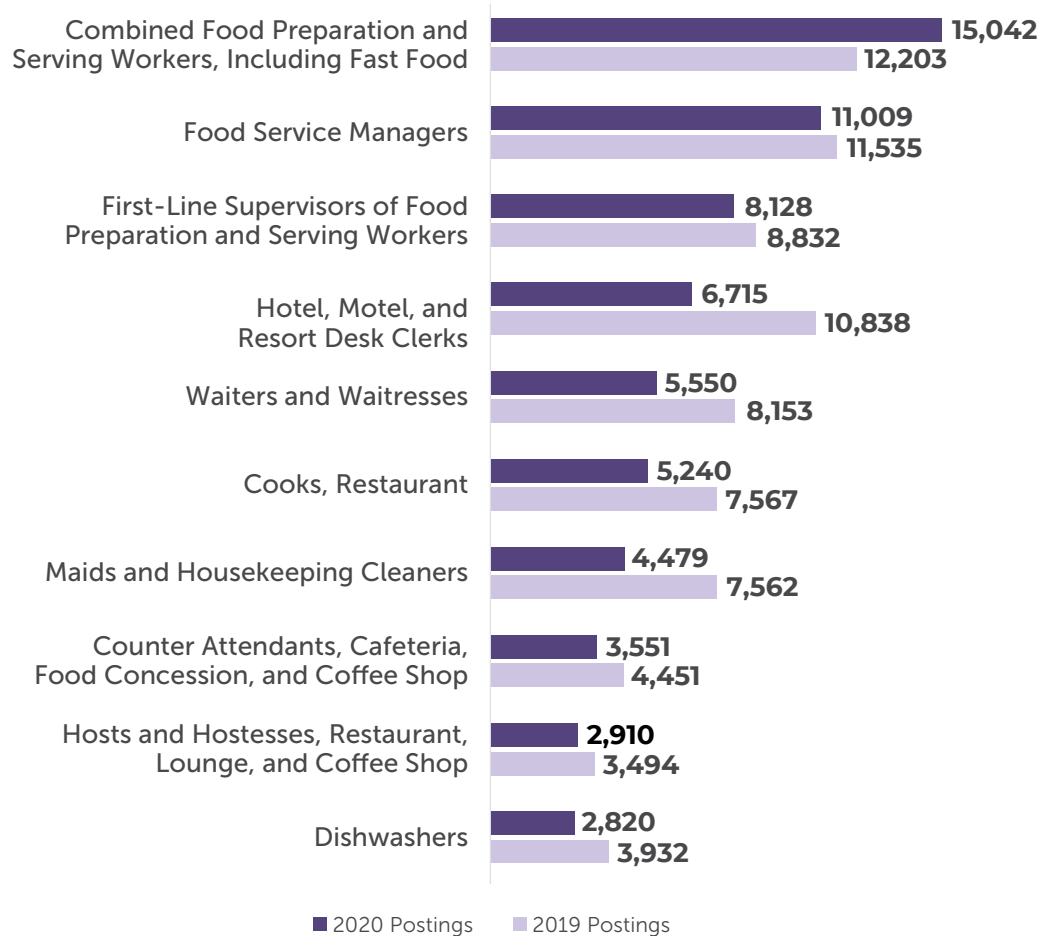


Source: Labor Insight/Burning Glass

<sup>7</sup> <https://apnews.com/article/ad28f59dbebc94cd80868cb5761a7702>

Of the 111,917 hospitality and tourism job postings in 2020, 69% (77,636) were for food service or hotel/lodging occupations. Exhibit 12 shows the top 10 most frequently posted hospitality occupations in 2020, as well as the number of postings for each occupation in 2019. Though online job postings increased from 2019 to 2020 for Combined Food Preparation and Serving Workers, Including Fast Food, there was a decline in job postings for every other occupation.

Exhibit 12: Top 10 Occupations Posted by Hospitality Industry Employers in California, 2020 versus 2019

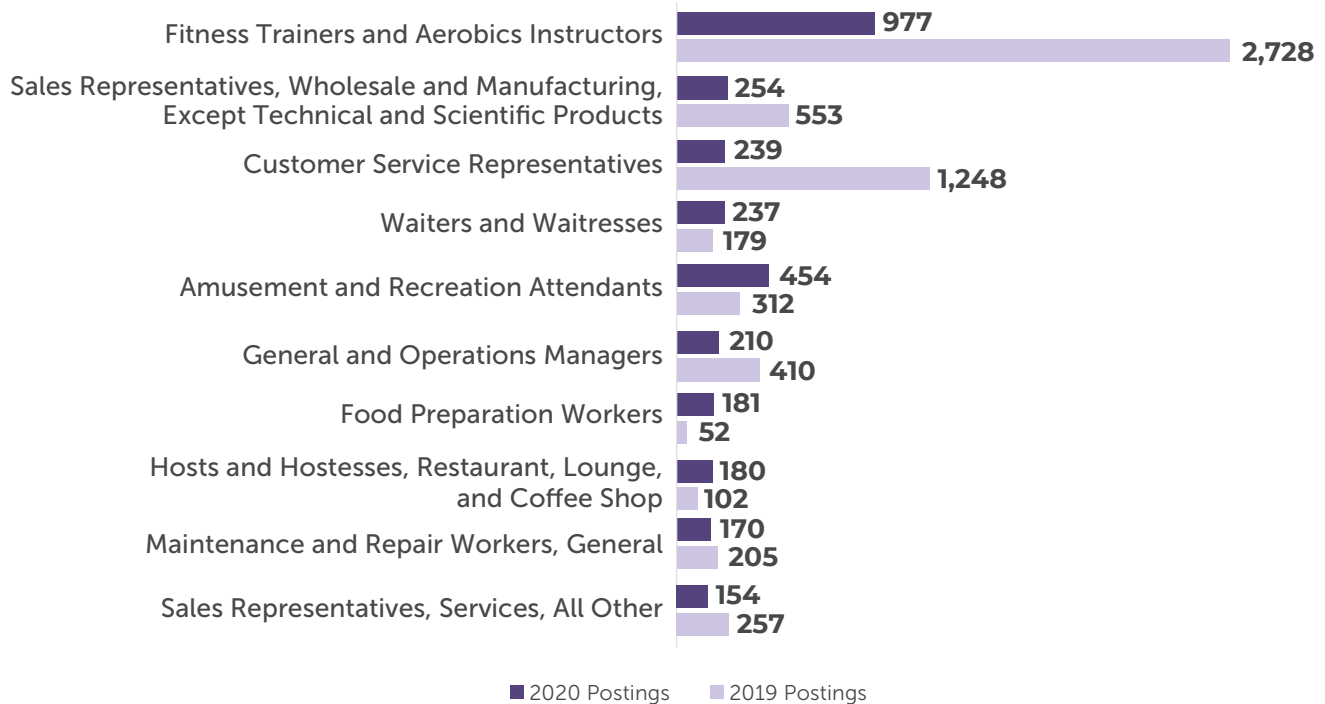


Source: Labor Insight/Burning Glass

Of the 111,917 hospitality and tourism job postings in 2020, 69% (77,636) were for food service or hotel/lodging occupations.

Exhibit 13 shows the top 10 most frequently posted tourism occupations in 2020, as well as the number of postings for each occupation in 2019. Though online job postings increased from 2019 to 2020 for some occupations such as Waiters and Waitresses and Amusement and Recreation Attendants, the raw number of postings was low. The number of postings for the top three occupations declined 68% compared to 2019.

Exhibit 13: Top 10 Occupations Posted by Tourism Industry Employers in California, 2020 versus 2019



Source: Labor Insight/Burning Glass

Prepared by:  
Jacob Poore  
Jesse Crete  
Laura Coleman  
COE for Labor Market Research  
info@coeccc.net

For the full report, visit  
[coeccc.net](https://coeccc.net)



[coeccc.net](https://coeccc.net)



[careerreadycalifornia.com](https://careerreadycalifornia.com)



[cccco.edu](https://cccco.edu)