Stressed Out Over the COVID-19 Pandemic? Some Companies Invent a Holiday

Homebound employees are stretched to the limit and beyond. In a global survey published in Harvard Business Review in May, 67% of employees reported higher stress levels in the first months of the pandemic, and more than half said they were experiencing "emotional exhaustion." A Centers for Disease Control and Prevention survey of more than 5,400 American adults in late June found that almost a third reported symptoms of anxiety or depression.

Employers should invent a holiday. Don't just offer extra vacation days, which anxious employees aren't taking anyway. Make it a company holiday, so employees can take a break without guilt or fear. Red Hat, a Raleigh, N.C.-based open-source software firm, is one of a handful of companies that have done just that, shutting down on quarterly "recharge" days. Since May, Indeed.com has given its 10,000 employees an extra holiday once a month, typically on a Friday to create a long weekend, and the perk was recently extended until next June. Cisco has given its 75,000 world-wide employees four extra days off, including Election Day, while Google added one in September, describing it as a holiday for "collective well-being." Data.world, an Austin, Texas-based enterprise software firm, has created long weekends once a month since June. The company already gives unlimited vacation time, but added the companywide time off because employees weren't taking it.

Even before the pandemic, few workers took advantage of optional days off. In a 2019 survey of nearly 10,000 workers by Mental Health America, a nonprofit, 55% said they feared they would be punished if they took a mental health day. A 2017 analysis by Chestnut Global Partners reported that just 4.5% of employees take advantage of employee assistance programs that offer counseling, often for fear of stigma. That's the beauty of invented holidays: they're mandatory. What's more, since everyone is taking the days together, there isn't the nagging feeling of missing out on urgent work matters.

Certainly, invented holidays aren't a cure-all. The Covid-19 pandemic has exposed deep structural flaws in America's workplaces, setting back women's advancement by decades. A recent McKinsey & Co. and LeanIn.org survey of 317 companies and more than 40,000 employees found that one-third of all working mothers were considering scaling back or quitting altogether. In August and September, 80% of the more than one million employees who dropped out of the workforce were women. DeLisa Alexander, Red Hat's chief people officer, says caregiving concerns prompted her firm to plan subsidies for emergency child care and access to lower-cost tutoring, in addition to its recharge days.

How the Pandemic is Shifting Workplace Benefits

Like many things in 2020, employee benefits and perks are being reshaped by the coronavirus pandemic. Employers are offering more voluntary medical benefits like "hospital indemnity" plans, paying for couples therapy and providing access to prepaid legal plans for workers concerned about getting their end-of-life affairs in order. In addition to providing more time off or flexibility for child care, employers are also offering workers far more access to telehealth platforms and mental health benefits.

A survey by the Business Group on Health, an advocacy group that represents large employers, found that for 2021, 53 percent of its members plan to expand virtual care options, while 36 percent plan to expand access to mental health services. Yet in a year when the economy is sputtering, many of the new benefits companies are offering are "voluntary" — costing employers nothing but giving workers access to services at lower prices than employees can access on their own. These include "hospital indemnity" or "critical illness" policies, in which employees pay a small monthly premium but receive a cash payout or lump sum to help pay expenses if they are hospitalized or diagnosed with certain critical illnesses.

Some employers are funding new benefits through a slight decrease in their expected healthcare costs this year, according to Aon. The amount spent on medical claims in 2020 by employers is projected to dip, on average, as spring lockdowns closed health-care providers or employees deferred care or elective surgeries, according to a new report from Aon. While there was some variation, it projects that most "self-funded" employers — large companies that are administered by an outside insurer, but pay benefit claims themselves — will spend less than what they budgeted per employee in 2020. Next year, his firm forecasts employer medical claims will increase 2 percentage points above normal trends, as care that was postponed in 2020 takes place and covid-19 treatments continue.

Outside of benefits packages, some employers are also offering new perks relevant for remote work and school. Cisco, for instance, has begun reimbursing U.S. employees up to $35 monthly for Internet service; PwC began offering unlimited cellphone plan usage from any carrier to assist with remote working; Expedia told staff members in September that its travel reimbursement could now be combined with a $600 wellness benefit and be spent on items such as grocery delivery charges, kids' online tutoring, golf memberships and at-home coronavirus viral or antibody testing kits. A few weeks later, the company began allowing workers' children to call its IT help desk for assistance with tech problems during virtual schooling — even shipping out replacement laptops on a couple of occasions.

Moved During COVID? A Third of Bosses Say They'll Cut Your Pay

As many as a third of remote workers who move to a cheaper place to live during the pandemic could end up getting a pay cut that offsets any savings, Willis Towers Watson found in a survey. About a quarter of employers said they will reduce pay to reflect lower living costs for relocated workers, and another 9% said they will cut compensation for workers who aren't in critical roles, according to the survey of executives at 344 North American companies in September and October. The executives, who employ about 5 million workers in industries ranging from manufacturing to retail, also said that they expect more than half of their employees to work from home through at least the first quarter of 2021.

The pandemic is reconfiguring a large swath of the U.S. workforce, with about 35% of employees working from home because of Covid-19, according to the U.S. Census data gathered from late October through November 9th. Many white-collar workers who had returned to the office are being forced back home by a recent record-setting spike in infections.

Facebook Inc. Chief Executive Officer Mark Zuckerberg, who has said many workers will never come back to the office, told his employees in May that while they are free to move away from costly Silicon Valley to more affordable communities, they should anticipate their future pay to reflect the lower living costs. Other tech firms have since made similar statements, including Slack Technologies Inc. and Box Inc. Tech made up only 13% of the companies in the Willis Towers Watson survey, suggesting many other companies are also looking at pay cuts.

Employers are also studying how to account for the costs of remote work, such as adding more benefits for emergency child care or reimbursements for using home technology. Only 28% of employers said they had no plans to change their compensation regime to adapt to remote work. The survey also found that the executives now predict about a third of their employees to be working from home full-time in three years, up from 5% three years ago. Companies that do reduce pay based on geographic savings will have to develop a clear process for determining whether an employee has moved to a lower-cost area, whether pay cuts will make the company less competitive and whether there might be legal implications in area such as pay parity. Many companies will be watching to see whether reducing pay based on local living costs is actually widely adopted.

Littler Employer Pulse Survey Report

This report summarizes and analyzes data gathered from nearly 1,100 in-house lawyers, HR professionals and C-suite executives. The survey gauged employers' key concerns and strategies at this phase of the COVID-19 pandemic, as well as their views on the 2020 election's impact on workplace policy and their outlook for 2021. Executive Summary Back in May, our Return to Work Survey saw the majority of nonessential businesses (78 percent) intending to reopen their physical worksites within three months. But as COVID-19 cases continued to rise over the summer, many companies that planned to reopen after Labor Day started extending their timelines. Now, it appears that many companies across corporate America – from tech giants to car manufacturers to investment banks – are targeting next summer at the earliest to return to in-person work. As the reality of the extended remote work environment has set in, our survey finds companies refocusing their workforce management priorities and placing more importance on employee wellbeing and company culture. The survey also offers a view into what employment law-related changes companies expect from the incoming Biden administration, including increased enforcement of COVID-19 safety rules, policies that would support working parents and measures to address income inequality.

Among respondents who haven't already had most employees on-site during the pandemic, the majority (57 percent) say they are continuing remote work at least through the end of the year and 25 percent are gradually bringing employees back on a voluntary basis. Only 18 percent are reopening and requiring more employees to return. 81 percent are at least somewhat concerned about the pandemic's impact on employee well-being and 75 percent say the same about maintaining company culture, collaboration and employee loyalty in a remote work environment. In addition, 56 percent of respondents say their organizations have struggled to navigate the various laws that apply to time off, scheduling and accommodation requests from employees with children whose education and care are affected by COVID-19.

Employers are taking a wide range of actions to address their employees' mental health and well-being during the pandemic, with only 5 percent taking no action at all. Most respondents (76 percent) are communicating frequently with employees about the organization's response to the pandemic and soliciting their feedback and concerns. Beyond that, employers are offering more flexible work schedules (73 percent), providing mental health services and/or Employee Assistance Programs (68 percent) and offering virtual events to encourage connection and collaboration (55 percent). On the other hand, only 23 percent have provided additional training to managers – an action that could put them in a better position to respond to employees in need of support.

51 percent are at least somewhat concerned about supporting employees and addressing racism in the workplace. Companies with over 10,000 employees, however, expressed significantly more concern in this respect – 13 percent are extremely concerned, 31 percent are moderately concerned and only 7 percent are not concerned at all. This higher level of concern among large employers could be driven by a number of factors, including a greater degree of reputational risk, a more diverse employee makeup and more difficulty in connecting with individual employees.

Construction Employment Is Down In Three-Fourths Of States Since February

Construction employment in October remained depressed compared to pre-pandemic levels in three-fourths of states despite the fact 36 states and D.C. added new construction jobs in October, according to an analysis by the Associated General Contractors of America. Association officials added that demand for most types of nonresidential projects remains weak amid pandemic-related uncertainty and urged federal officials to enact a new round of coronavirus recovery measures.

Seasonally adjusted construction employment in October was lower than in February—the last month before the pandemic forced many contractors to suspend work. New York lost the most construction jobs over that span (-41,600 jobs or -10.1 percent), closely followed by Texas (-41,500 jobs, -5.2 percent). Vermont had the largest percentage loss (-21.8 percent, -3,200 jobs), followed by North Dakota (-13.2 percent, -3,900 jobs). Only thirteen states and the District of Columbia added construction jobs from February to October. Virginia added the most (7,100 jobs, 3.5 percent), followed by Kentucky (4,300 jobs, 5.4 percent) and Alabama (4,300 jobs, 4.5 percent). South Dakota posted the largest percentage gain (9.4 percent, 2,300 jobs), followed by Kentucky.

Association officials urged members of Congress to craft a new series of coronavirus relief measures to help offset declining demand for most types of nonresidential construction. Those measures must include new infrastructure investments, liability reforms to protect honest firms from unwarranted pandemic lawsuits and an extension of, and new flexibility for, measures like the Paycheck Protection Program. They also urged Congress to ensure the current administration does not move forward with its plans to tax firms that used Paycheck Protection Program loans to protect essential construction jobs.

Challenger, Gray, & Christmas' November 2020 Job Cuts Report

In the penultimate month of the year, U.S.-based employers announced 64,797 job cuts, the second-lowest monthly total for 2020. It is 19.7% lower than the

80,666 job cuts announced in October, according to a report released by global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc. November's total is 45.4% higher than the 44,569 cuts announced in November of last year. So far this year, 2,227,725 job cuts have been announced, 298% higher than the 559,713 cuts announced through November 2019. It is the highest annual total on record. "News of a coming vaccine and clarity surrounding election results have sent markets soaring and given companies some stability as we end the year," said Andrew Challenger, Senior Vice President of Challenger, Gray & Christmas, Inc. "That said, disposable income decreased over $130 billion in October, according to the Bureau of Economic Analysis. Undoubtedly, the millions of Americans who remain out of work will have an impact on spending, which will lead to further cuts," he added. The majority of cuts last month came from Entertainment/Leisure companies, which announced 11,666 cuts. This sector leads all industries this year with 857,620, up 5,860% from the 14,389 announced in the same period last year. Technology companies followed with 11,431 cuts, bringing the year-to-date total to 77,826, 22.7% more than the 63,447 cuts announced in the sector last year.
Transportation companies announced the third-highest total for the month with 10,455 cuts, for a total of 170,129 cuts in the first eleven months of 2020. This is a 543% increase from the 26,445 announced in the same period last year. The only industries that have announced fewer job cuts than during the same period last year are Chemical, Financial, Pharmaceutical, and Utility.

U.S. Added 245,000 Jobs Last Month as Hiring Slowed

U.S. job growth slowed sharply in November, suggesting the labor-market recovery is losing steam amid a surge in coronavirus cases and new business restrictions. Employers added 245,000 jobs last month, down from 610,000 jobs in October, the Labor Department reported Friday, December 4th. The unemployment rate edged down slightly to 6.7% in November from 6.9% a month earlier, but that was partly because fewer Americans were seeking work. November marked the seventh consecutive month of job gains at a steadily cooling pace. The labor market has now regained 12 million of the 22 million jobs lost at the onset of the pandemic.

Employers boosted jobs in transportation and warehousing last month, likely reflecting holiday hiring for e-commerce roles. Government payrolls declined by nearly 100,000, largely reflecting the roll-off of temporary workers hired for the 2020 census. Employment also fell in the retail category that includes bricks-and-mortar stores.

Still, the labor-market recovery from the job destruction this spring has been stronger than most economists forecast. Many expect widespread vaccine distribution to eventually help lift the economy as businesses are allowed to reopen and consumers feel more comfortable traveling, going to the movies and returning to other in-person activities involving proximity to other people. Economists say there are persistent risks of labor-market scarring. Many individuals, facing increased child-care responsibilities or limited job opportunities, have stopped looking for work altogether during the pandemic. The labor-force participation rate, or the share of Americans working or looking for work, was 61.5% in November. That is up from April's trough, but remains near the lowest level since the 1970s. The number of individuals out of the labor force who want a job increased in November to 7.1 million, Friday's Labor Department report said.

President-elect Joe Biden said Friday's employment figures reflected economic weakness. "This is a grim jobs report. It shows an economy that is stalling," he said in a statement. Larry Kudlow, director of the White House National Economic Council, noted the report also provides evidence of economic recovery. "There's still a lot of suffering out there I agree. But I will also argue the economy has registered a very strong comeback from the peak of the pandemic contraction, including today's jobs numbers with the 6.7% unemployment right now," he told reporters. The weaker-than-expected jobs report spurred congressional lawmakers of both parties to continue efforts to craft a coronavirus relief bill. Negotiators are currently hashing out the details of a roughly $900 billion plan, which includes a $300 weekly unemployment benefits supplement.

Friday's report highlighted the growing role of e-commerce hiring this holiday season as many consumers opt to order gifts online rather than shop in stores during the pandemic. Companies in transportation and warehousing added 145,000 jobs in November. Meanwhile, employment declined among bricks-and-mortar retailers. The number of people on temporary layoff fell last month, suggesting employers continue to rehire workers. But the number of the long-term unemployed—those without work for 27 weeks or more—rose by 385,000 to 3.9 million in November, accounting for 36.9% of the total counted as jobless.

Houston's Economy Will Struggle Before Picking Up Momentum

The Houston economy will struggle through the first six months of 2021 as companies continue to lay off workers before picking up momentum in the second half of year and beginning to add jobs, according to a new forecast. The region is forecast to gain between 35,000 and 52,000 jobs next year but barely make a dent in the more than 200,000 jobs the region has lost so far during the pandemic, according to Patrick Jankowski, an economist at the Greater Houston Partnership, a business-financed economic development group. It could take another four to five years before the labor market returns to conditions of 2019, when the unemployment rate was 3.8 percent in Houston. The path the economy takes in 2021 will be determined by the progress in bringing the COVID-19 pandemic under control, Jankowski said. He expects cases to surge after the people gather during Christmas and New Year's holidays and companies to continue to cut jobs in the early part of the year.

He also anticipates that business owners will move cautiously, waiting to see which policies the Biden Administration implements before making investment and hiring decisions. Whether Houston gets to high end of the job growth forecast of about 52,000 jobs will depend on how many people will take COVID-19 vaccines once available, Jankowski said. Just over 60 percent of adults say they are likely to get the vaccine, according to a National Geographic survey. Other factors that could slow the recovery and keep job growth at the lower end of the forecast is if people continue to flout social distancing measures and refuse to wear masks before the vaccine is widely distributed.

Most employment sectors will add jobs in 2021, with the exception of energy and retail, according to Jankowski's forecast. Jankowski projects energy will either remain flat or shed 2,000 jobs and retail will continue a five-year trend of shrinking employment by losing between 2,000 to 3,000 jobs next year. The sectors forecast to create the most jobs next year will be health care and social assistance, professional services, which includes legal, accounting and consulting firms, administrative support services, which consists of contract workers in an office setting like janitors or security guards. Administrative support services will see the largest increase between 8,000 to 10,000 jobs. Professional services are projected to gain between 4,000 and 6,000 jobs. Health care, long a steady source of job growth, will continue to increase employment, but at a slower pace. It's projected to gain between 6,000 and 7,000 jobs, compared to about 10,000 in typical years. Part of the reason for the slowdown is that many people lost insurance with their jobs during the pandemic. One in five Houstonians didn't have insurance, according to the most recent American Community Surveys from the U.S. Census. "There will always be a demand for healthcare services," Jankowski said, "But it's a matter of how it's going to get paid for."

Sources: Littler; Houston Chronicle; Greater Houston Partnership; Wall Street Journal; Challenger, Gray, & Christmas; Bloomberg; Washington Post; Associated General Contractors of America