



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

United States¹

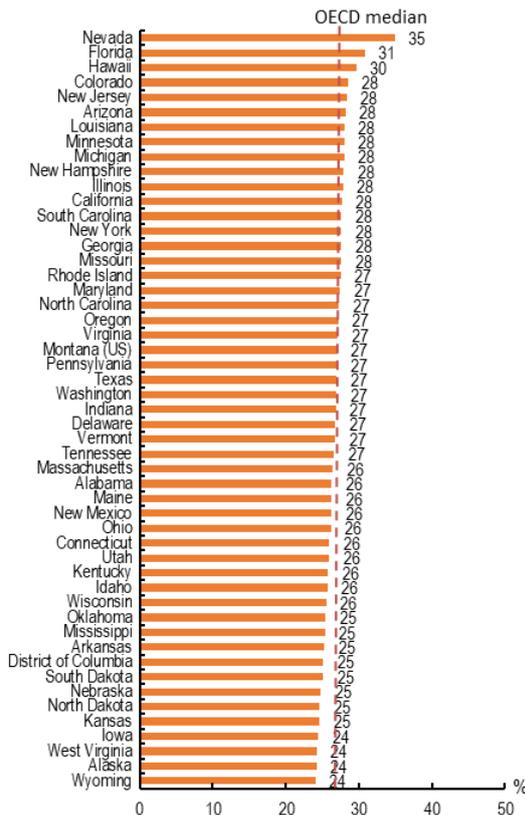
The share of jobs in sectors most at risk from COVID-19 varies from 24% in Wyoming, Alaska, West Virginia and Iowa to 35% in Nevada.

Texas was responsible for over one-third of net employment growth between 2008 and 2018.

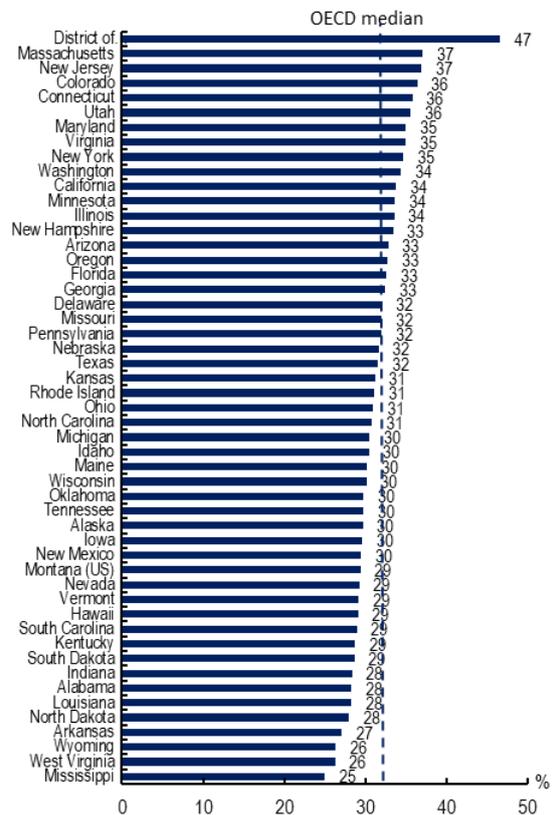
Almost all states saw the share of middle-skill jobs decline between 2000 and 2018, and California alone saw a net decrease of over 400 000 middle-skill jobs.

The potential impacts of COVID-19 on local labour markets

Share of jobs in sectors at risk from COVID-19



Share of jobs amenable to teleworking



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

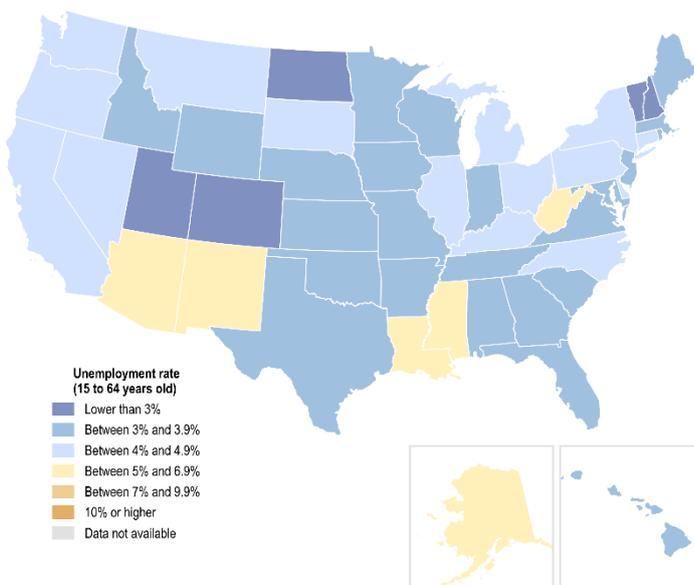
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COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In the US, the share of jobs at risk varies 10 percentage points across regions: from 24% in Wyoming, Alaska, West Virginia and Iowa to 35% in Nevada.

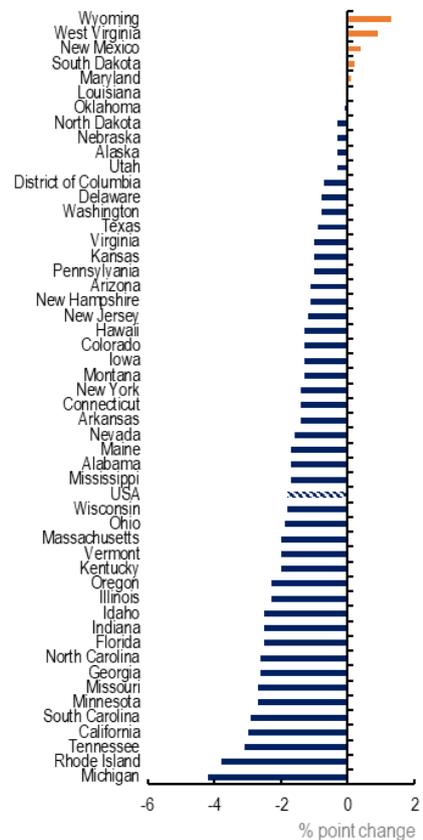
While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in most states is higher than the OECD median region, but widespread teleworking is more feasible in some states than others. The share of jobs amenable to teleworking varies roughly 22 percentage points across states, from 25% in Mississippi to 47% in the District of Columbia. This is larger than the average regional variation across countries.

Local labour market performance prior to COVID-19

Unemployment rate, 2019



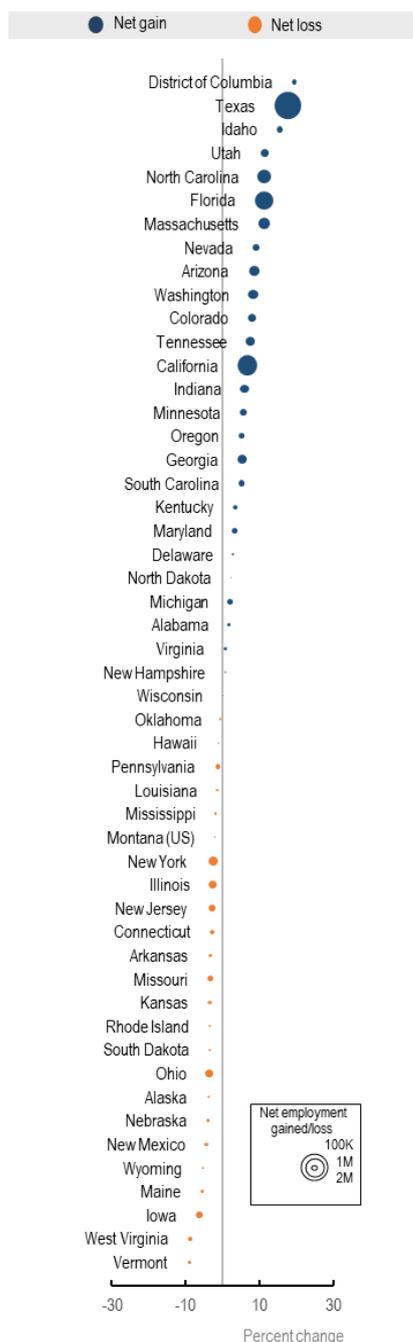
Change in unemployment rate, 2008-2018



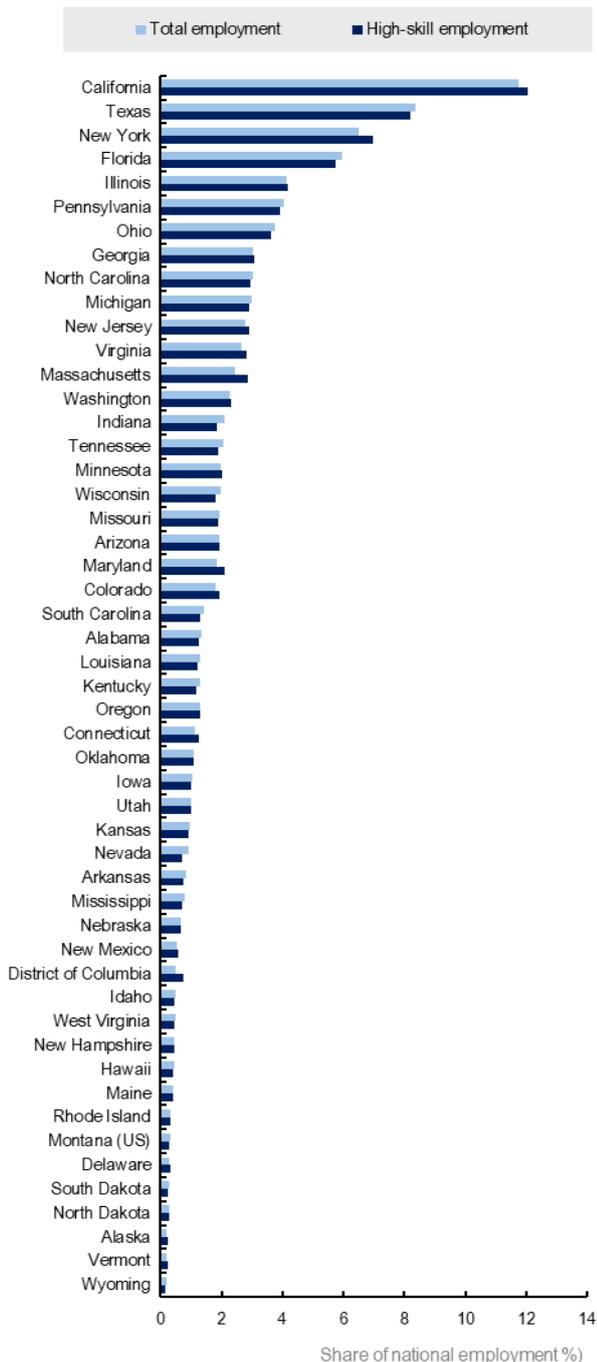
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

In 2019, before the COVID pandemic, unemployment rates in the United States were generally low. Rates varied over two-fold across states, from a low of 2.7% (Utah, Vermont, and North Dakota) to a high of 6.5% in Alaska. Looking specifically at the decade following the 2008 crisis, most states had unemployment rates lower in 2018 than in 2008. Gaps between states in unemployment also shrank over this period, thanks to relatively larger decreases in the states with higher rates in 2008. For example, the unemployment rate decreased by 4.2 percentage points in Michigan, which had the highest unemployment rate in 2008.²

Change in net employment, 2008-2018



Employment by state and skill level, 2018

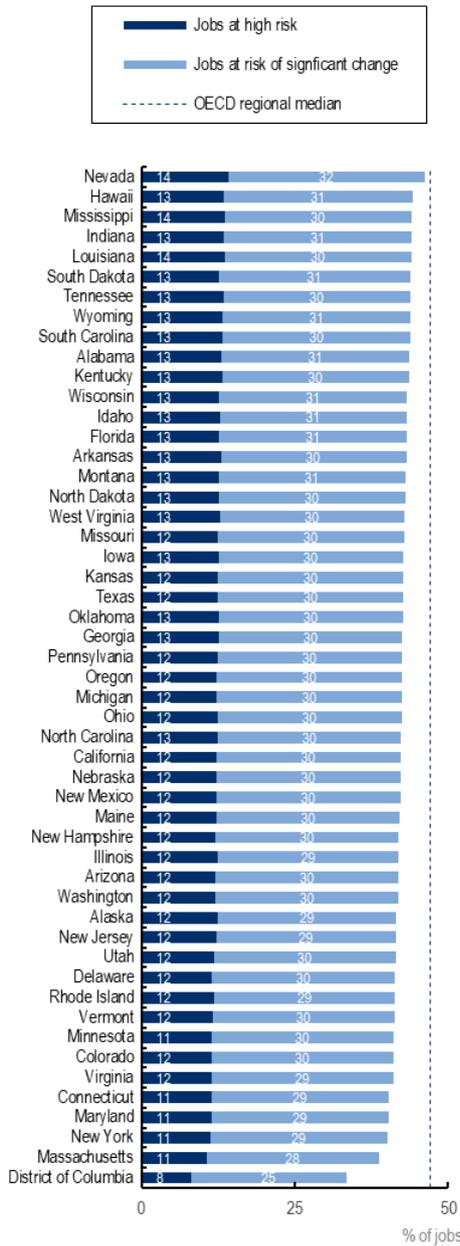


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on Occupational Employment Statistics (OES) Survey.

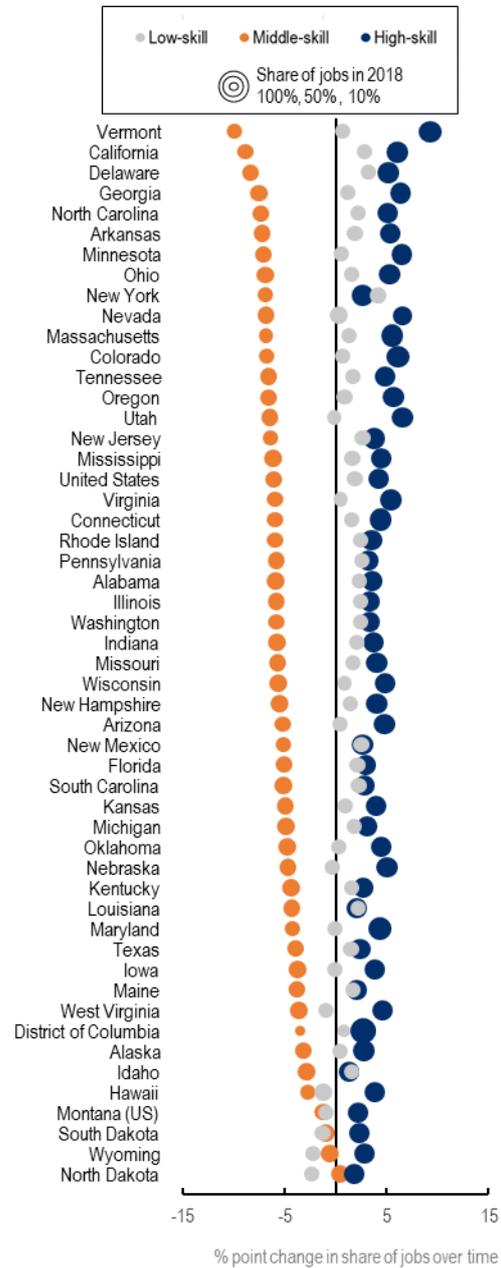
In about half of states, the number of people employed grew between 2008 and 2018. Texas was responsible for over a third of net employment growth over this period, and in 2018, accounted for roughly 8% of all employment and almost the same share of high-skill employment. Looking at a longer time period (2000-2018), the geographic concentration of jobs and high-skill jobs (as measured by the number of people employed) increased in the United States.

Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2000-2018



Note: In Panel A, “high risk” refers to the share of workers whose job faces a risk of automation of 70% or above. “Significant risk of change” reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, high-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012) and Occupational Employment Statistics (OES) Survey; Nedelkoska L. and G. Quintini (2018), “Automation, skills use and training”, <https://doi.org/10.1787/2e2f4eea-en>; and OECD (2020), *OECD Employment Outlook 2019: The Future of Work*, <https://doi.org/10.1787/9ee00155-en>.

COVID-19 will likely accelerate automation, putting additional pressures on places with a relatively high share of jobs at risk. All states have a lower share of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 33% in the District of Columbia to 46% in Nevada.

Following general OECD patterns, in the United States, all states except North Dakota saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by 8 percentage points or more in Vermont, California and Delaware. In California, this represents a net decrease of over 400 000 middle-skill jobs. In almost all states, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

	<i>Centralised, including branch offices of national ministry / agency</i>	<p>At the national level, the Department of Labor, more specifically the Employment and Training and Administration, is responsible for most active labour market policies, including training. States have their own state employment agencies, which operate under various names. Through the Workforce Innovation and Opportunities Act (WIOA) the Department of Labor provides earmarked funds to local workforce development areas (WDA) through state governments. Some, but not all, states complement federal funds.</p> <p>The hundreds of workforce development areas are administered by a mixture of entities, e.g. county governments, non-profits. WDAs provide oversight and coordination for the workforce services provided in their region, which include one or more one-stop delivery offices (Career Centers), where job seekers go to receive services or to be referred to services elsewhere. Each WDA has a Workforce Development Board (WDB) with some exceptions across states. WDBs are regional entities created to implement the Workforce Innovation and Opportunity Act which authorizes and funds employment and training programmes. The WDB’s main role is to direct federal, state, and local funding to workforce development programmes. The actual delivery of services is contracted out to intermediaries, which include public agencies (government agencies and educational institutions) and to non-government (non-profit and for-profit) organisations.</p>
X	Decentralised to subnational governments	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), “Local and regional variations in labour market and skills policies: A cross-country comparison”, *OECD Local Economic and Employment Development (LEED) Papers*.

¹ Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

² These figures do not account for changes in labour force participation rates, which was still below 2008 levels in 2018 in the United States.