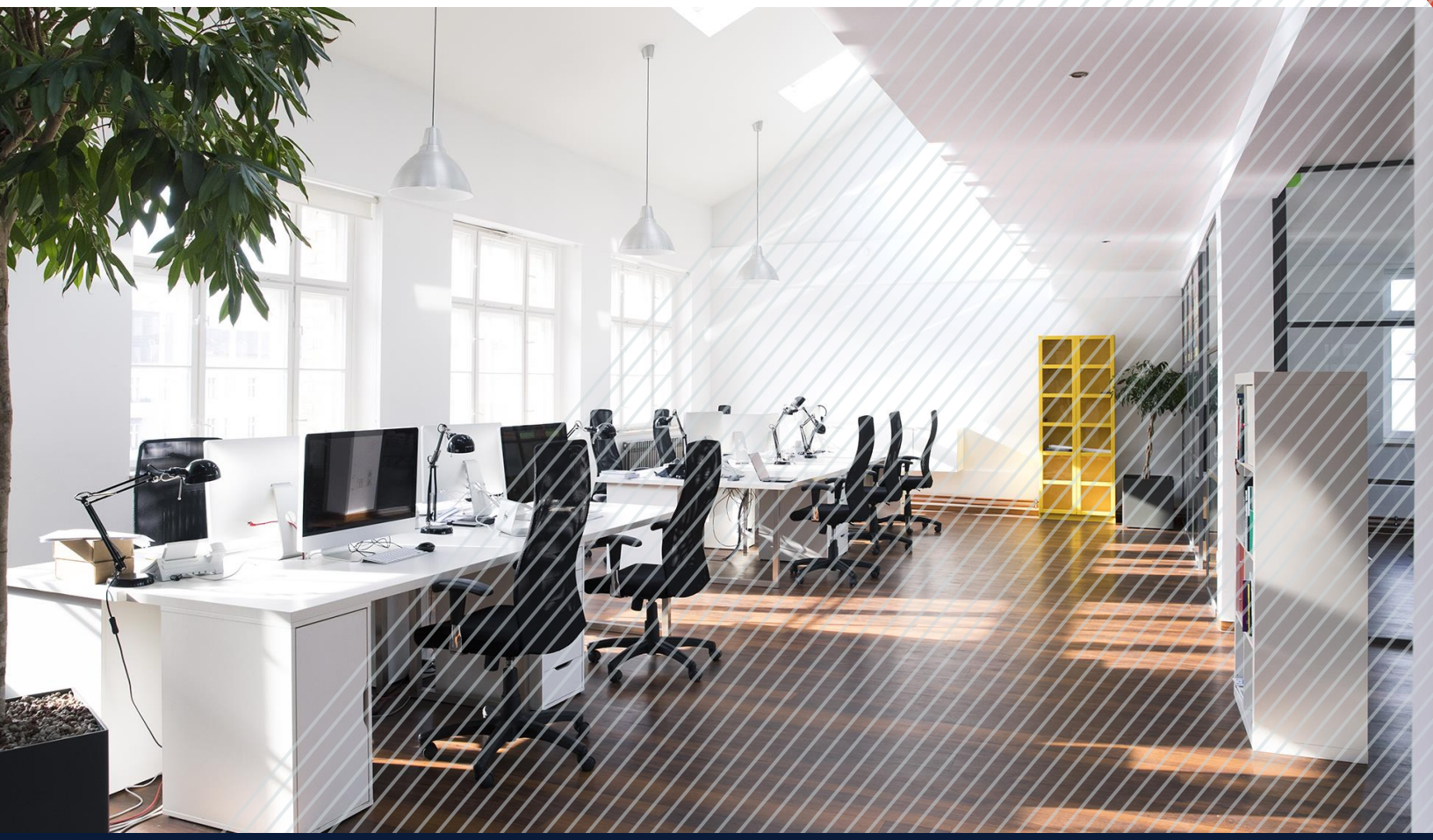
KRONOS® & Ultimate SOFTWARE

# An Update on U.S. Workforce Activity

June 22–28, 2020



Tracking approximately 30,000 U.S. businesses and their 3.2 million employees, this report explores workforce data from week to week — including employee shifts worked, employee new hires and terminations, and pay statements generated — to better understand the economic health of the national workforce.

# The Current State of the National Workforce

## Measuring four critical real-time metrics

## Understanding the working economy with anonymized and aggregated workplace data

By tracking employee shifts, new hires and terminations, and pay statements based on daily employee data captured by Kronos customers, this update on **U.S. workforce activity** intends to provide directional insight into the current conditions of the national working economy.

Between the weeks ending March 15 and June 28, Kronos has tracked a 15% decrease in total time punches (i.e. shifts worked by employees), with declines occurring across every industry and geographic region. However, since "the bottom" of workplace activity occurring the week ending April 12, data reveals a promising 35% uptick in shifts through June 28, and businesses have recovered more than half (59%) of shifts lost between mid-March and mid-April.

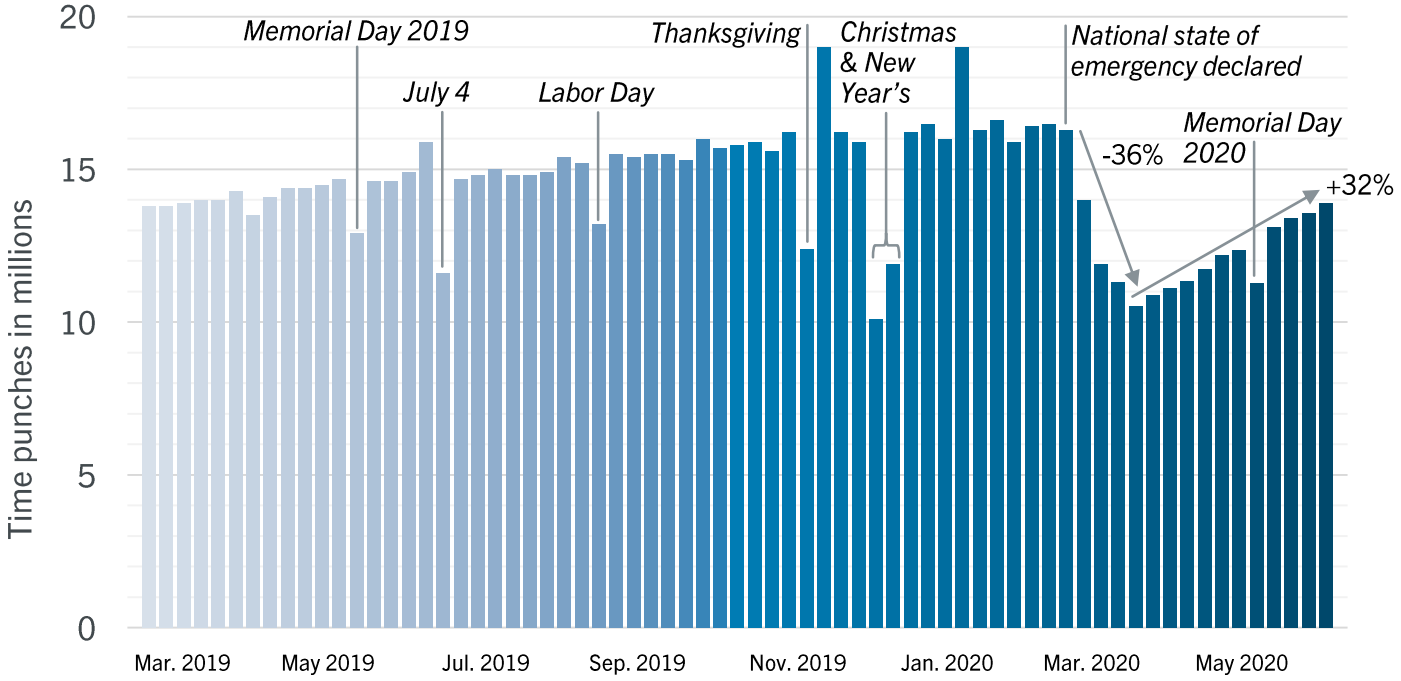
# Shifts worked

## More than half of lost shifts have been recovered

### Shifts worked across the country

This data reflects shifts worked as measured more than 990 million time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — over the past 16 months. With the exception of national holidays, data shows remarkable consistency despite expected fluctuations in time off, hirings, and firings.

After an unprecedented drop correlating with the rising COVID-19 pandemic, the data reveals a steady and promising rise in shifts worked (32%) from mid-April to late June. Just as the 8.8% shift decrease seen the week of Memorial Day 2020 mirrored the 12.3% decrease during the week of Memorial Day 2019, data over the coming weeks should show a similar July 4-related dip in shifts.

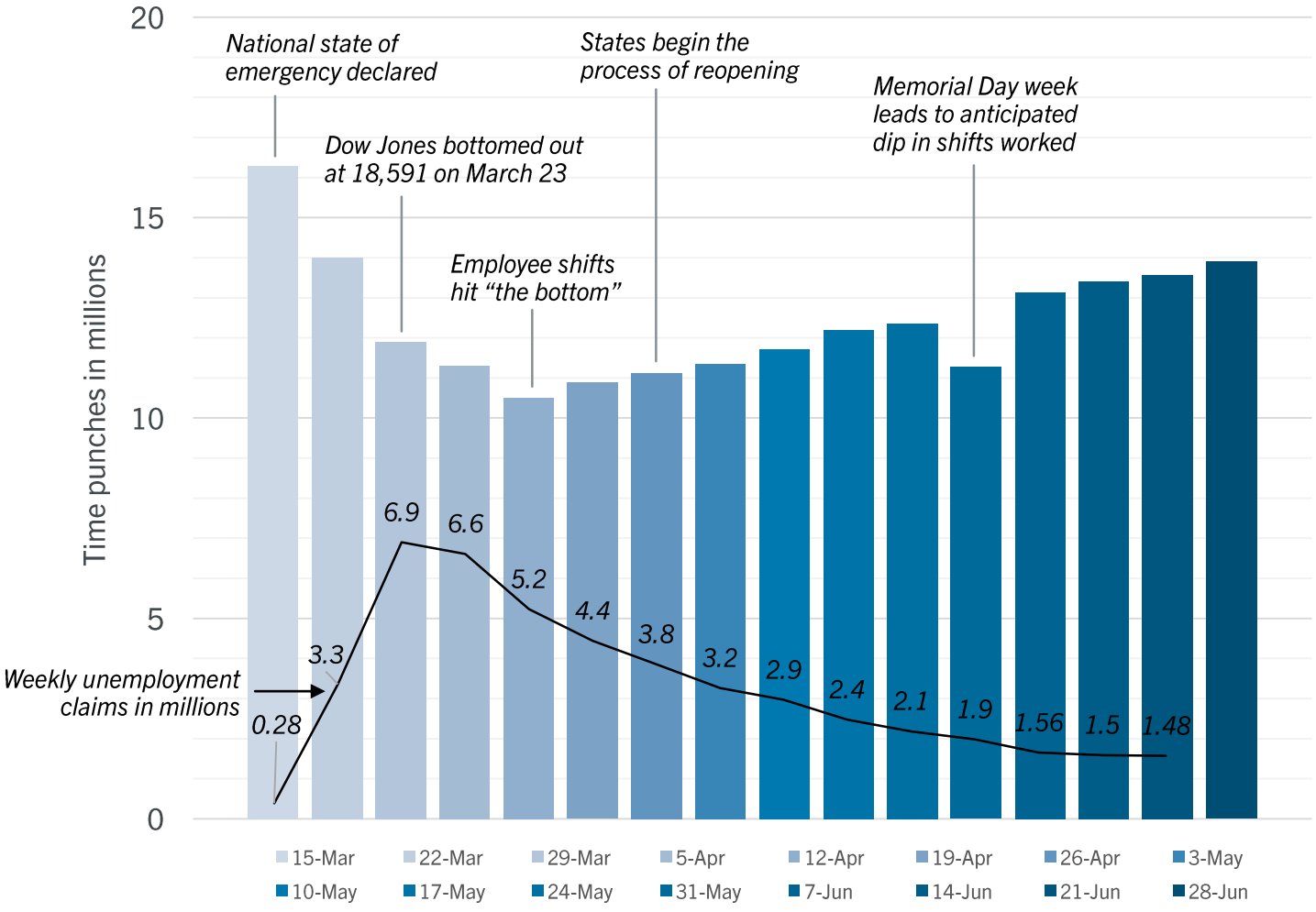


## Close up: Shifts worked since hitting "the bottom"

This data reflects shifts worked as measured by 200 million time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — since reaching "the bottom" in the week ending April 12.

While total punches have decreased by 15% since the week ending March 15, this data reveals 11 weeks of steady growth in shifts worked — aligning with the decrease in May unemployment claims and anticipating another dip in June unemployment claims.

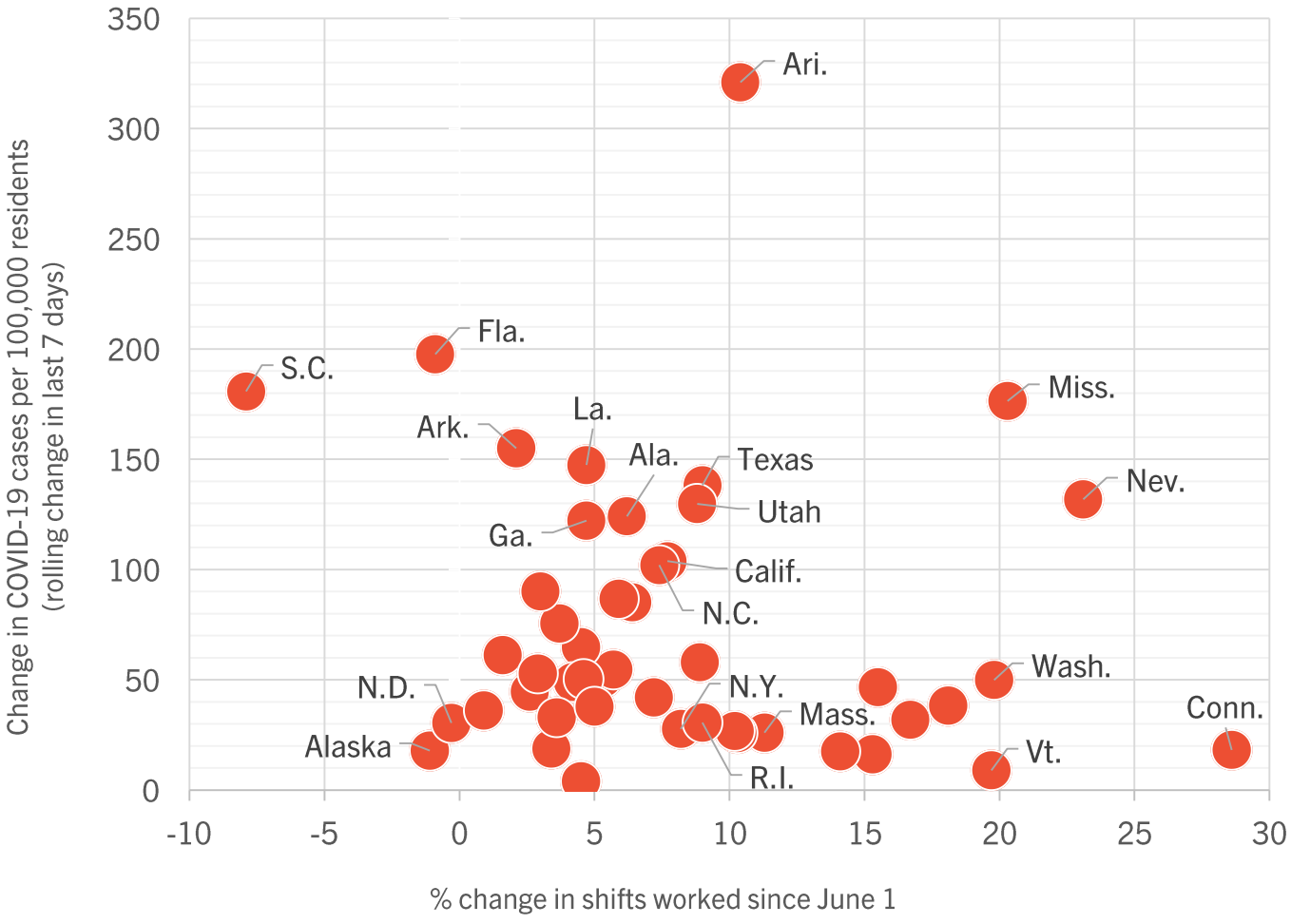
Data over the coming weeks should provide insight into how shifts worked will continue to be impacted by summer holidays, PPP funding allotments, and state-specific reopening procedures.



## Change in shifts worked vs. change in COVID-19 cases by state

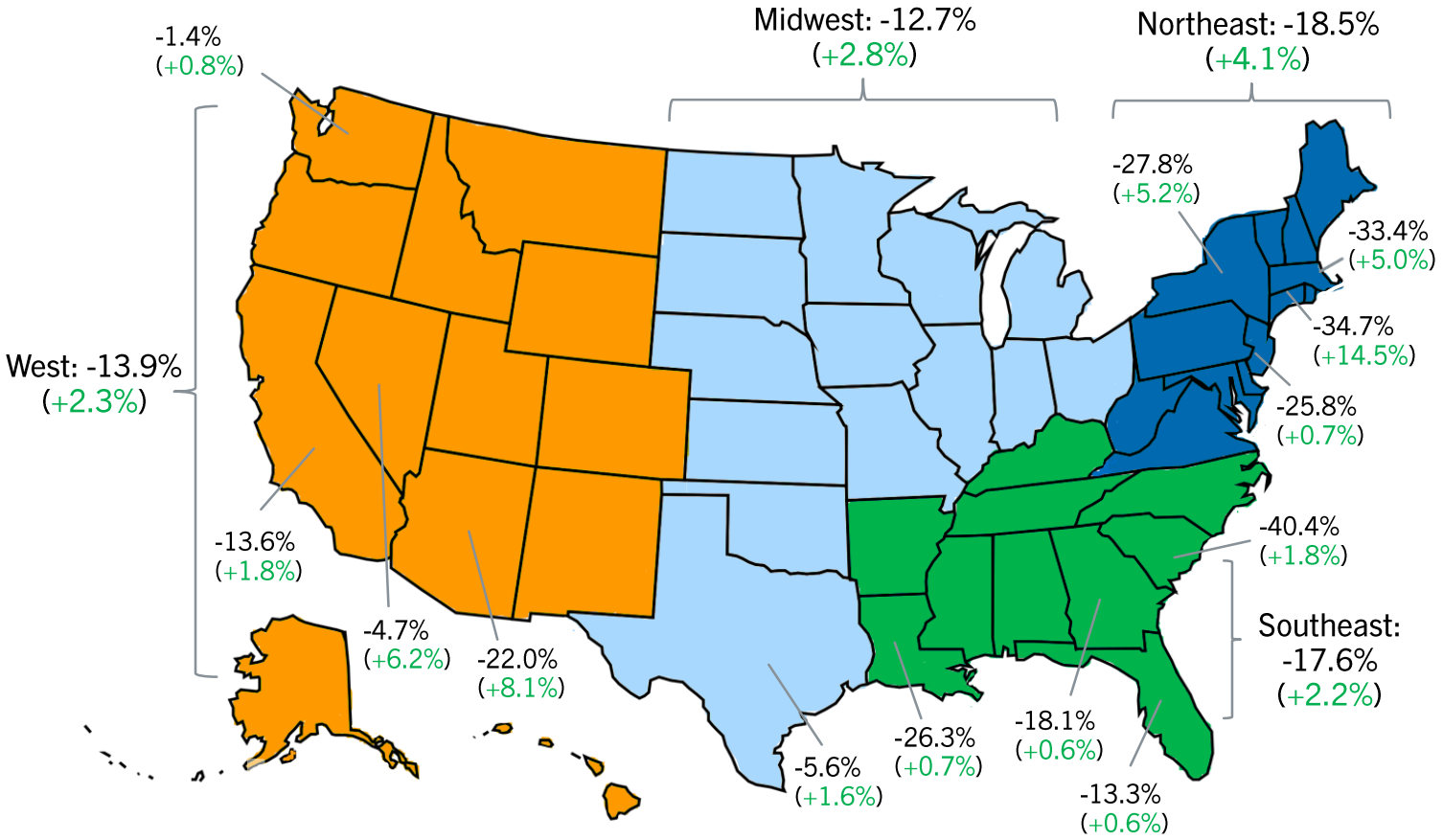
This data compares the change in shifts worked by state to the rolling 7-day increase in COVID-19 cases per 100,000 residents via the CDC COVID Data Tracker. States in the bottom-right corner saw notable increases in shifts in tandem with minimal increases in COVID-19 cases over the past week, while states in top half of the chart saw shifts increase or decrease to varying degrees in tandem with notable increases in COVID-19 cases over the past week. Outliers in the chart, such as South Carolina, Florida, Arizona, Mississippi, Nevada, and Connecticut, indicate the dynamic and widely differing correlations occurring between work shifts and COVID-19 cases across states.

Data over the coming weeks will continue to reveal potential correlations between COVID-19 cases and shifts as states reopen, employees return to work, and consumer traffic increases — or regions rollback reopening phases.



## Shifts worked across specific regions and states

This data reflects the changes in shifts worked as measured by time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches — between the weeks ending March 15 and June 28 (denoted in black), as well as week-over-week shift increases (denoted in green) or decreases (denoted in red) in specific areas.




# 4

Since June 1, shifts have declined in just four states: Alaska, Florida, North Dakota, and South Carolina.

# 4%

For the first time since mid-May, states in the northeast region led the nation in terms of weekly shift growth (4.1%).

# 4

Four states are within 2% of their pre-pandemic shift levels: Alaska, New Hampshire, Mississippi, and Washington.

## Shifts worked across all U.S. states

The states below are ranked in order from largest to smallest decline in shifts worked as measured by punches between the weeks ending March 15 and June 28, with parentheticals denoting significant rank changes (+/- 5 spots) in the last week; states moving up the list saw a *decrease* in punches relative to other states, while states moving down the list saw an *increase* in punches:

**-55%**

decrease in Rhode Island, the largest decrease in the U.S.

1. Rhode Island: -55.1%
2. South Carolina: -40.4%
3. Oklahoma: -35.5%
4. Connecticut: -34.7%
5. Massachusetts: -33.4%
6. Utah: -33.0%
7. New Mexico: -29.9%
8. New York: -27.8%
9. Alabama: -27.3%
10. Louisiana: -26.3%
11. New Jersey: -25.8%
12. Arizona: -22.0%
13. Illinois: -19.9%
14. South Dakota: -18.3%
15. Georgia: -18.1%
16. Minnesota: -17.8%
17. Michigan: -17.6%
18. North Dakota: -17.0%
19. Indiana: -16.7%
20. Oregon: -16.5%
21. Kentucky: -16.5% (▼7)
22. North Carolina: -15.5%
23. California: -13.5%
24. Florida: -13.3% (▲6)
25. Colorado: -13.3%
26. Tennessee: -12.3%
27. Ohio: -11.6%
28. West Virginia: -11.3%
29. Hawaii: -11.2% (▲7)
30. Virginia: -11.0%
31. Iowa: -10.6%
32. Wisconsin: -9.5%
33. Nebraska: -8.9%
34. Missouri: -8.9%
35. Pennsylvania: -5.8% (▲6)
36. Texas: -5.6%
37. Arkansas: -5.3%
38. Nevada: -4.7%
39. Maryland: -4.1% (▼12)
40. Maine: -3.7%
41. Kansas: -3.6% (▼18)
42. Idaho: -3.2%
43. Washington: -1.4%
44. Alaska: -0.2%
45. Mississippi: 1.3% (▼17)
46. New Hampshire: 3.5%
47. Delaware*
48. Montana*
49. Vermont*
50. Wyoming*

**+3.5%**

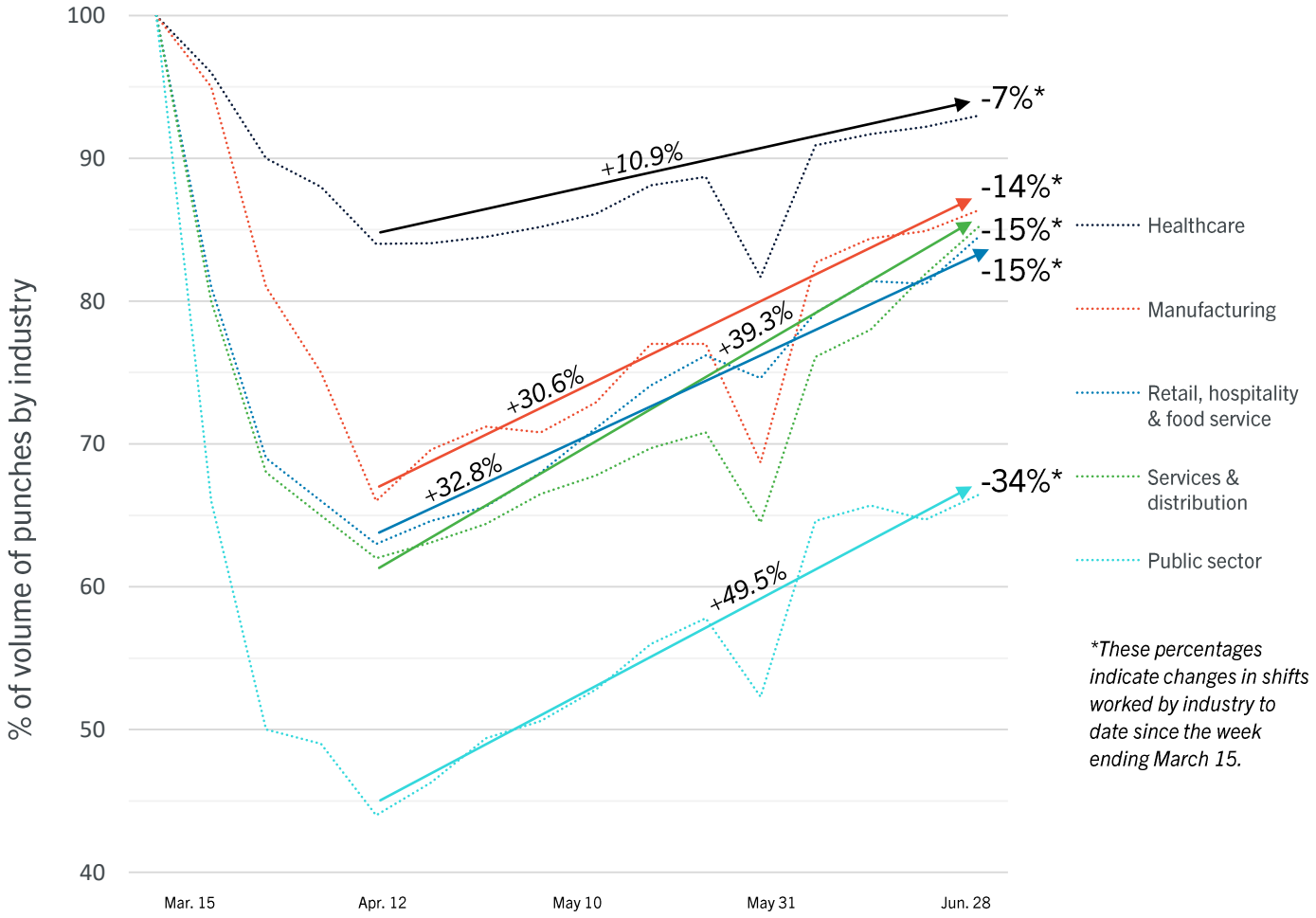
increase in New Hampshire, exceeding pre-pandemic levels.

**The volume of time punches in these states, while meaningful, may not provide the representative sample needed to confirm statistical significance.*

## Shifts worked across specific industries

This data reflects the percentage changes in shifts worked across industries as measured by time punches — when employees clock in at the beginning of their shift and clock out at the end of it via time clock, mobile, and web-based punches. Between the weeks ending March 15 and June 28, punches are down between 7% and 34% depending on industry. However, every industry has been steadily recovering since hitting "the bottom" the week ending April 12, led by businesses in public sector (49.5%), services and distribution (39.3%), and retail, hospitality, and food service (32.8%). Healthcare is closest to reaching pre-pandemic levels, down just 7% overall since mid-March.

Over the coming weeks, this data will continue to signal how industries are being impacted and when businesses begin to stabilize and eventually regain footing within the economic climate.



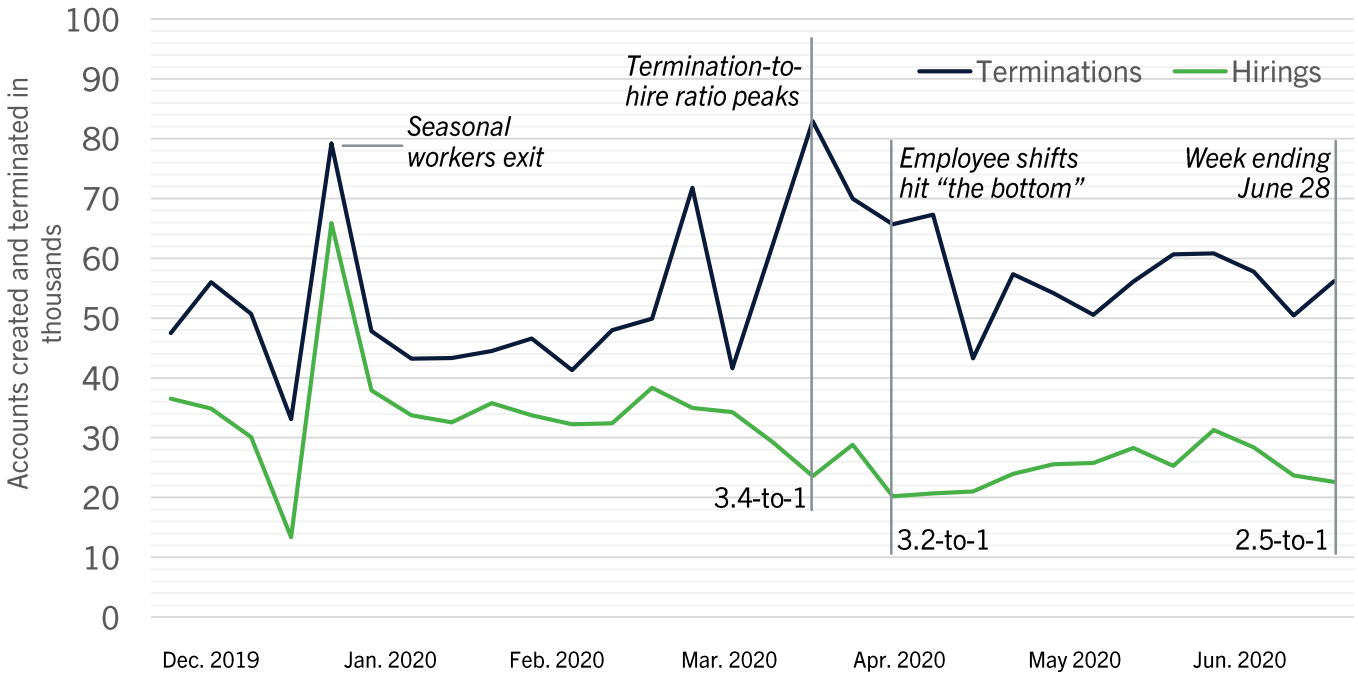
# Employee accounts

## Terminations outpace hiring 2.5-to-1

### Employee hires and terminations

This data reflects the number of new U.S. employees being hired (in green) and terminated (in black) based on accounts created and terminated in their employer's human capital management system.

In a strong economy, the termination-to-hire ratio is 1-to-1 as organizations maintain their workforce; however, the turbulent economic landscape in 2020 caused the termination-to-hire ratio to peak at 3.4-to-1 during the week ending March 29 — two weeks after the national state of emergency was declared and two weeks before shifts hit "the bottom." The average termination-to-hire ratio stands at 2.5-to-1, and will continue to be a helpful indicator of stability, recovery, and growth as businesses reopen and begin to hire again.



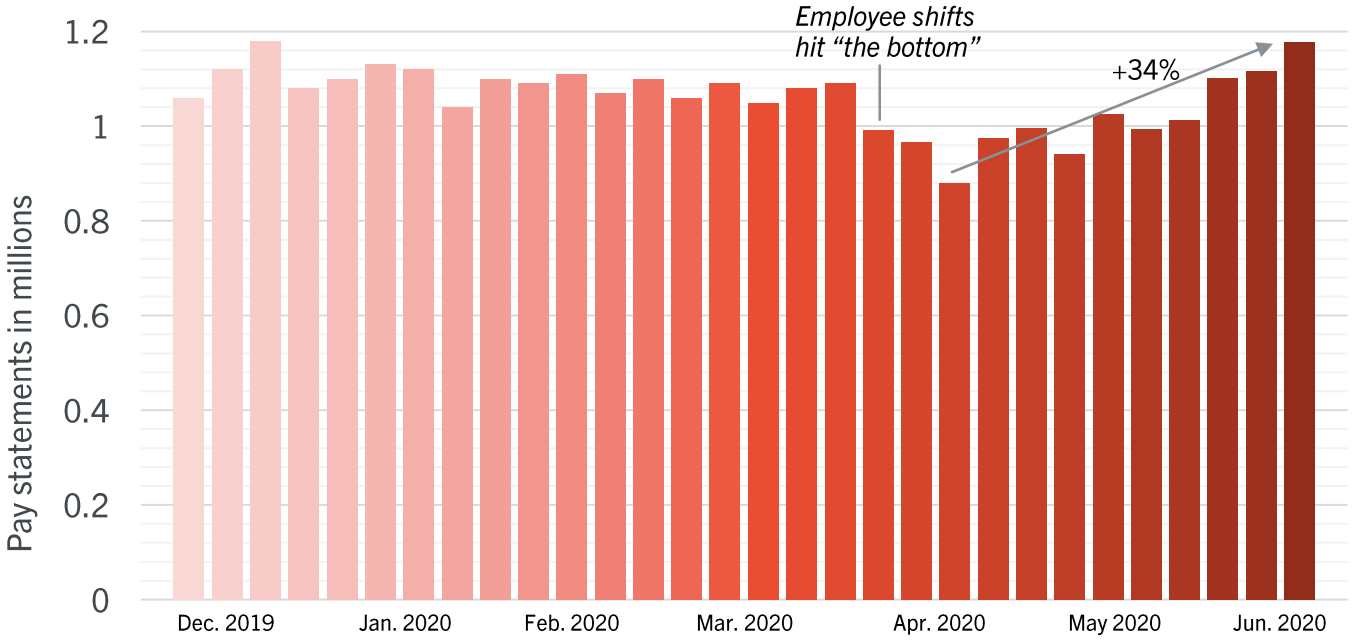
# Pay statements

## Paycheck creation is on the rise

### Pay statements generated

This data reflects the number of pay statements generated each week — including direct deposit and physical checks — for 3.2 million U.S. employees. Pay statements have steadily exceeded pre-pandemic levels, with the data trend indicating that the week ending April 26 — exactly two weeks after businesses hit "the bottom" of shifts worked — marks "the bottom" of pay statement generation. Since then, the number of pay statements generated has risen by 34%.

Because pay statements reflect previous hours worked, are generated with varying frequencies (e.g., weekly, biweekly, monthly), and employees often receive payments after termination (e.g., vacation accrual payout, severance), data over the coming weeks should continue to reveal the long-term impact of changes in shifts worked and employee hirings and terminations.



# About This Report

## Methodology

The U.S. Workforce Activity Report measures week-by-week metrics including employee shifts worked, new hires and terminations, and pay statements across approximately 30,000 Kronos customers and their 3.2 million employees. The data included in this report is not seasonally adjusted.

Visit **Kronos.com/USWorkforceActivity** for the latest data report.

"Shifts worked" is a total derived from aggregated employee time and attendance data and reflects the number of times that employees, especially those who are paid hourly or must be physically present at a workplace to perform their jobs, "clock in" and "clock out" via a time clock, mobile app, computer, or other device at the beginning and end of each shift.

"New hires" is the aggregate number of new employee profiles created inside a Kronos cloud solution. A new employee profile is created when an individual is hired into a position. New hire dates may be pre- or post-dated, creating minor variations in prior week's data.

"Terminations" is the aggregate number of employee profiles that are deactivated/removed from a Kronos cloud solution, indicating a termination of employment. The cause could be a layoff or resignation, as examples. Termination dates may be pre- or post-dated, creating minor variations in prior week's data.

"Pay statements" reflect the number of payroll checks generated each week, including both direct deposit transfers and physical checks.

## Contact us

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