September 2021

UKG WORKFORCE ACTIVITY REPORT

By analyzing weekly employee shift trends at 35,000 U.S. businesses with a combined 3.3 million employees, this index tracks the ongoing recovery of the U.S. workforce.

The state of the frontline workforce

Shift Data Informs Pace of National Recovery

Using high-frequency workplace data to track the health of the labor economy

By analyzing weekly employee shift work trends across 35,000 U.S. businesses and 3.3 million employees, this index provides directional insight into the health of the frontline working economy. See all historical weekly reports at **UKG.com/WorkforceActivityReport.**

Workforce activity between mid-August and mid-September registered effectively flat, indicating that heightened personal health concerns, which have led to ongoing job hesitation, continue to delay meaningful progress in the national employment outlook. The UKG Workforce Recovery Scale currently sits at 85.2 out of 100.

Executive Summary

September 2021

Mid-month shift growth

1.9%	December
-3.0%	January
0.2%	February
2.6%	March
-0.3%	April
0.1%	May
2.0%	June
1.1%	July
-2.4%	August
-0.1%	September

Workforce Recovery Scale

84.3	December
84.9	January
86.6	February
85.5	March
85.9	April
85.3	May
86.7	June
86.3	July
84.7	August
85.2	September

Shift growth by company size

0.3%	<100
-0.6%	101-500
2.6%	501-1,000
-2.2%	1,001-2,500
0.0%	2,501-5,000
-10.6%	>5,000

Shift growth by industry

1.1%	Services & distribution
0.8%	Manufacturing
-0.1%	Healthcare
-3.7%	Retail, hospitality & food service

Shift growth by region

1.3%	West
-0.5%	Northeast
-0.7%	Midwest
-0.8%	Southeast

The UKG Workforce Recovery Scale stands at 85.2

"Concerns about personal health, as the delta variant spread, likely prevented many people from rejoining the workforce. With cases presently declining, we are feeling more optimistic about future growth, but are closely watching lackluster activity in the retail sector and the workforce impact on supply chain disruptions in manufacturing."

Dave Gilbertson
Vice president, UKG

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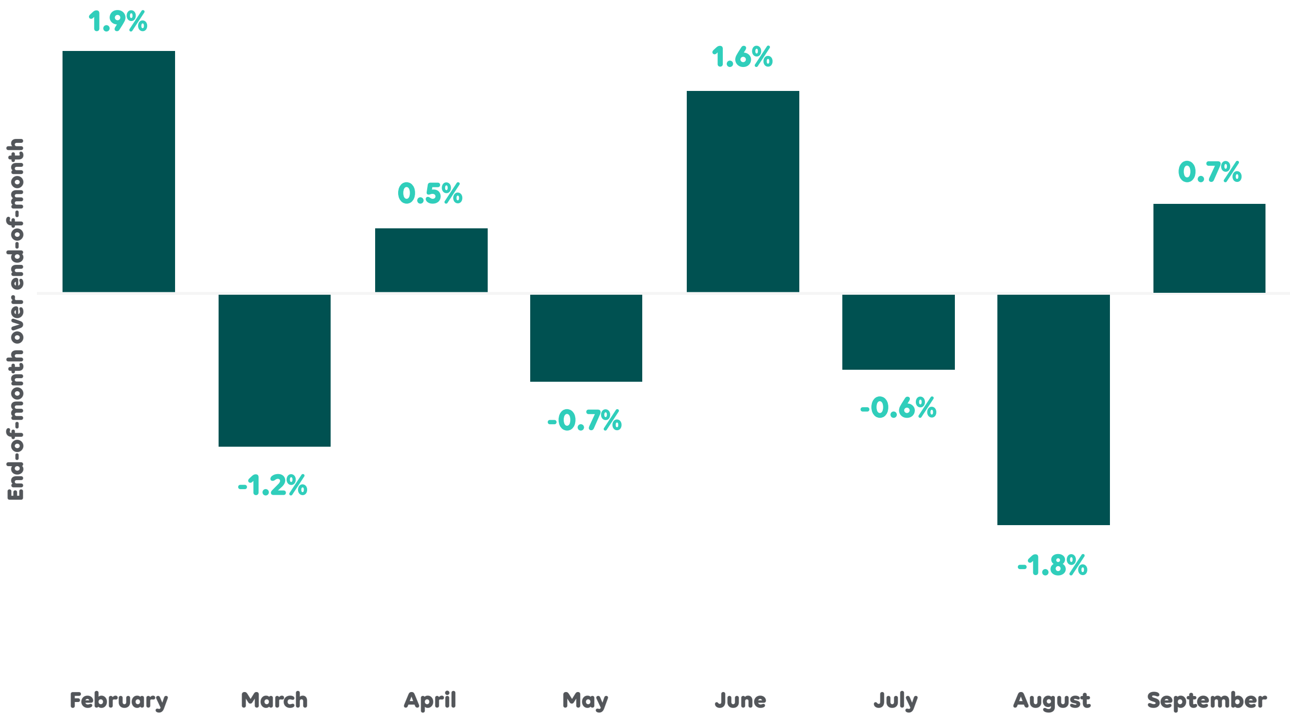
Shifts worked

Shift growth as measure of workplace recovery

This data reflects end-of-month over end-of-month shift growth as measured by time punches, collected via time clock, mobile, and web-based devices.

The end of September seemed to show upward momentum in workforce activity, an encouraging indicator as we enter a month historically marked with hiring and labor acceleration.

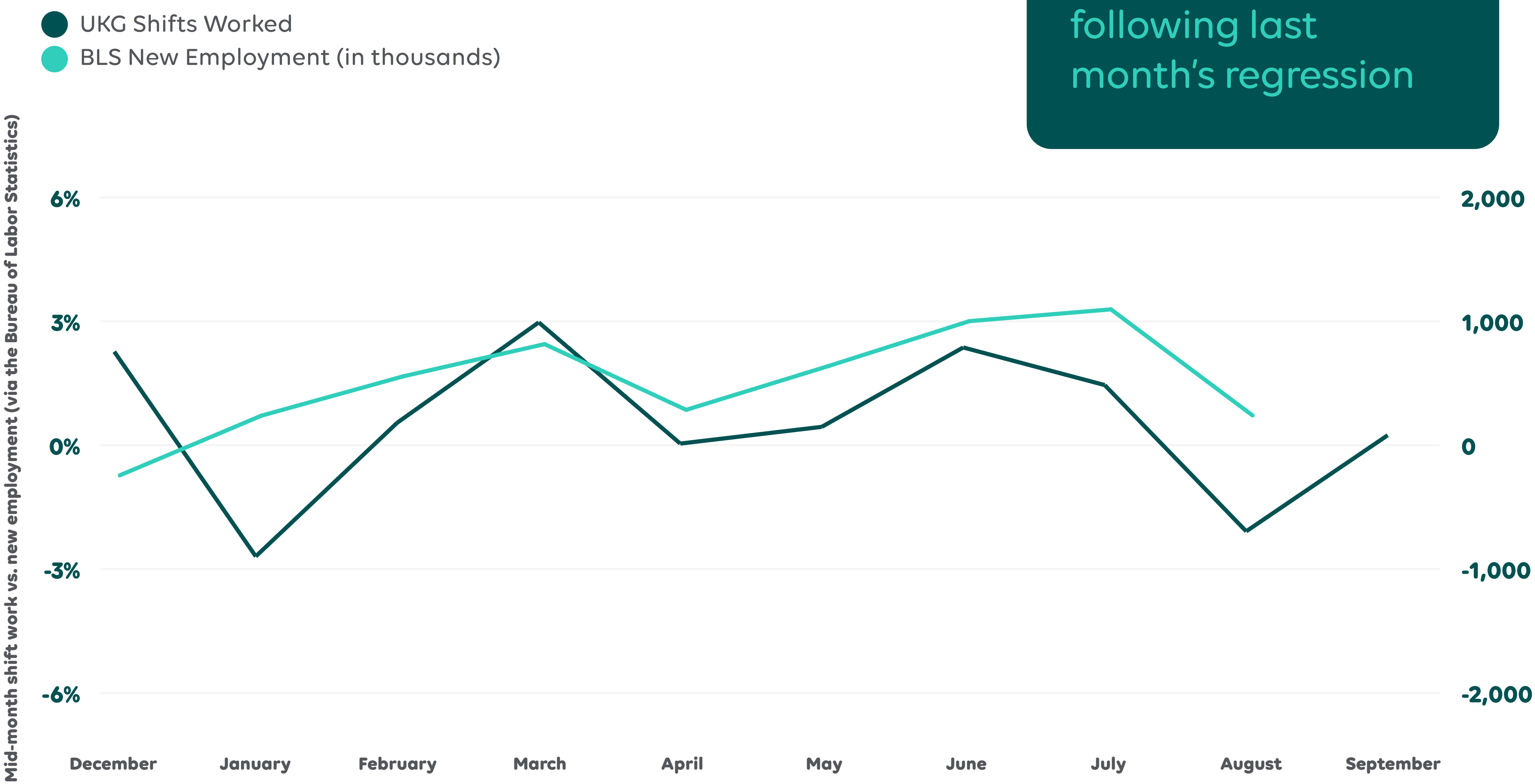


End-of-month shift volume in September **rose 0.7%**

Shift recovery: Mid-month data aligns with changes in U.S. employment

Throughout the national economic recovery, high-frequency UKG shift data has closely correlated each month with the new employment gains reported by the U.S. Department of Labor — providing an indication of the direction of jobs recovery.

Shift volume was effectively flat between mid-August and mid-September **(-0.1%)** as workforce activity stabilizes following last month's regression



Workforce activity gap widens between states with diverging federal unemployment benefits

UKG data showed that states ending additional federal unemployment benefits early grew workforce activity among hourly employees by a fraction of the rate of growth seen in states that continued the additional benefit until the program expired on September 4.

CHANGE IN SHIFT WORK COMPARED TO MAY

States that ended benefit	States that continued benefit
July: 2.5%	July: 4.7%
August: -0.1%	August: 2.3%
September: -1.1%	September: 2.7%

Additionally, when comparing states that ended the benefit against those continuing the benefit, there is no meaningful difference in the percentage that saw a growth in workforce activity.

PERCENTAGE OF STATES WHERE SHIFT WORK INCREASED COMPARED TO MAY

States that ended benefit	States that continued benefit
July: 81.0%	July: 80.8%
August: 52.4%	August: 53.8%
September: 42.9%	September: 57.7%

There were 21 states that ended additional federal unemployment benefits in June. Most gave ~30 days of notice to recipients, which was intended to begin spurring additional movement towards becoming employed. UKG continues to evaluate the shift work evidence as it compares to pre-announcement levels.

Commentary from Dave Gilbertson, vice president, UKG

As we continue to track the impact of removing extra pandemic-related benefits early in certain states, we've found that the delta in workforce activity between states that ended the additional federal benefits early (by the end of June) compared to those maintained them until the program expired on September 4 — which was already notable — has actually widened over the last couple months.

It's worth noting that the states that ended the program early were also states where workforce activity wasn't as dramatically impacted and are currently the states being most affected by the COVID-19 delta variant. However, our data shows that the federal unemployment benefits were conclusively not the thing keeping people out of the workforce."

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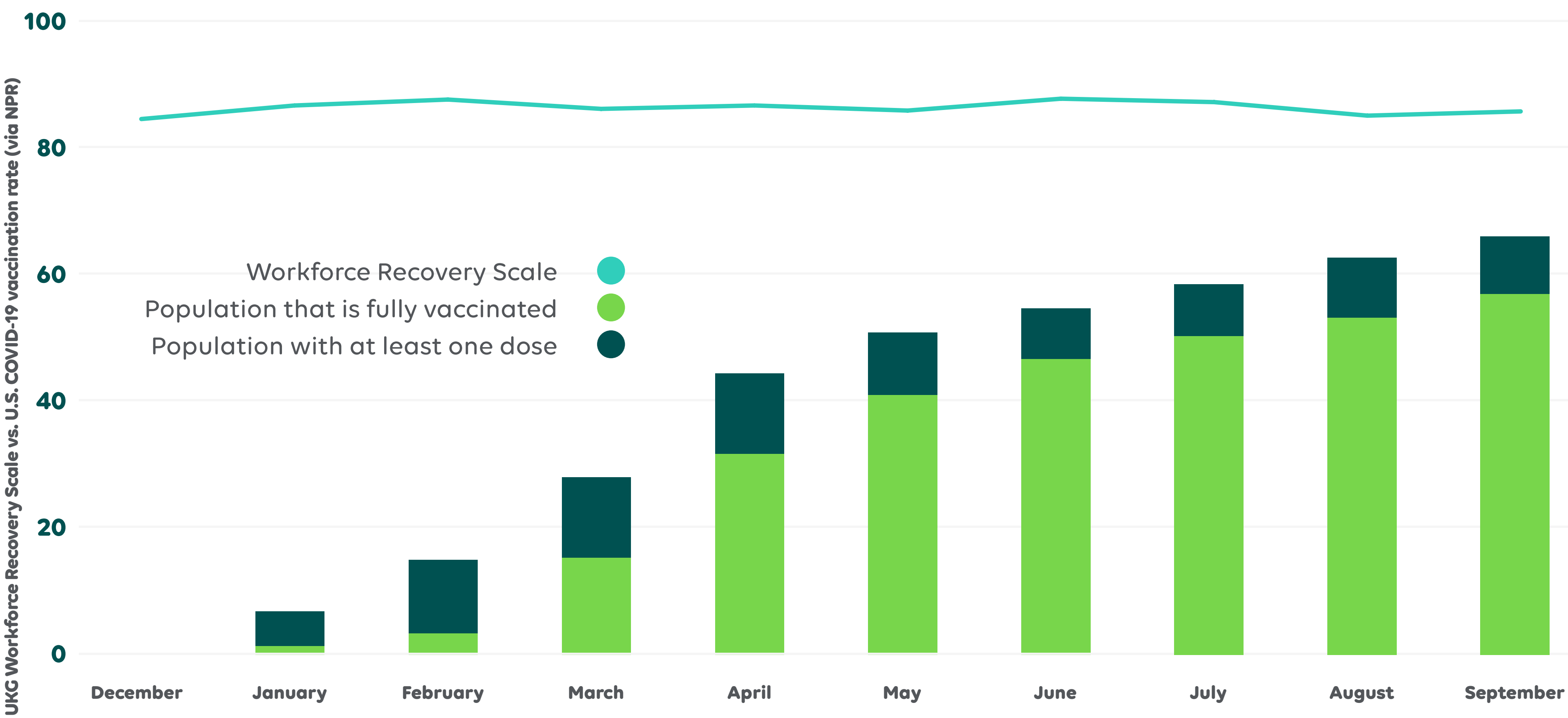
Shift recovery: Tracking work activity alongside vaccination rates

The UKG Workforce Recovery Scale is an indexed measure of end-of-month shift work activity across the U.S. The Workforce Recovery Scale does not track the economic recovery from COVID-19; it is a metric benchmarking the shift-based workplace activity today against pre-pandemic activity to provide an alternative and complementary view into the national employment situation.

The national economic recovery is dependent on a variety of factors — including an increasing rate of COVID-19 vaccinations. The combination of vaccination rates and the Workforce Recovery Scale provides a multidimensional view of stability indicators that can empower organizations to begin planning for future post-pandemic operations.

The UKG Workforce Recovery Scale currently sits at **85.2**

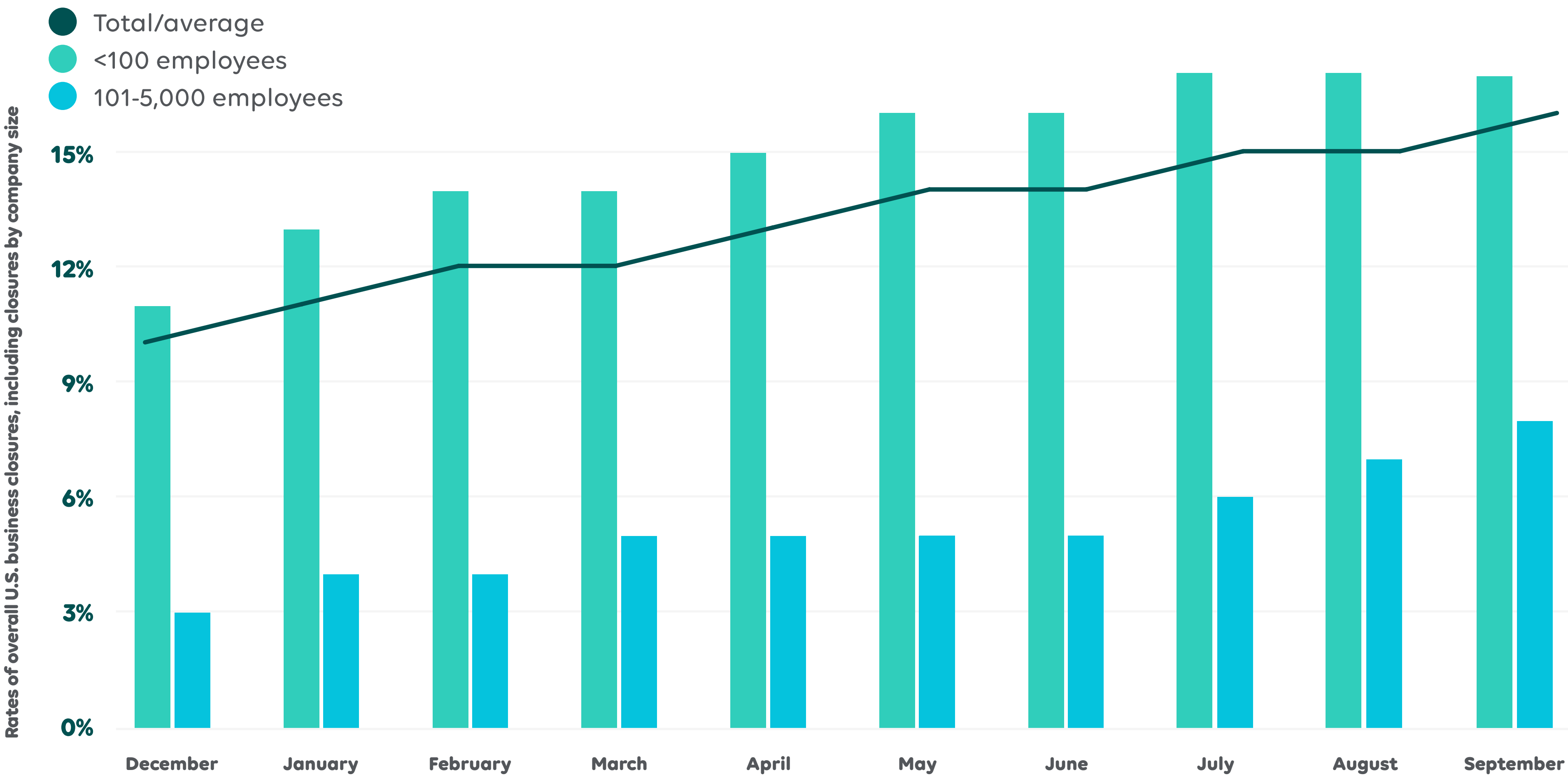


Shift recovery: Volume of business closures across company sizes

Shift work volume is a helpful high-frequency metric to measure not only the activity of hourly and frontline employees, but also the health of the businesses that employ them. By tracking businesses that have registered zero shifts, this metric can indicate rate of indefinite business closures. When broken down by company size, there is a clear differential of ongoing business stability between smaller organizations with less than 100 employees and larger organizations with more than 100 employees.

The ongoing rate of business closures, in tandem with the rate of job creation, will be a key factor in understanding the total impact of the COVID-19 pandemic.

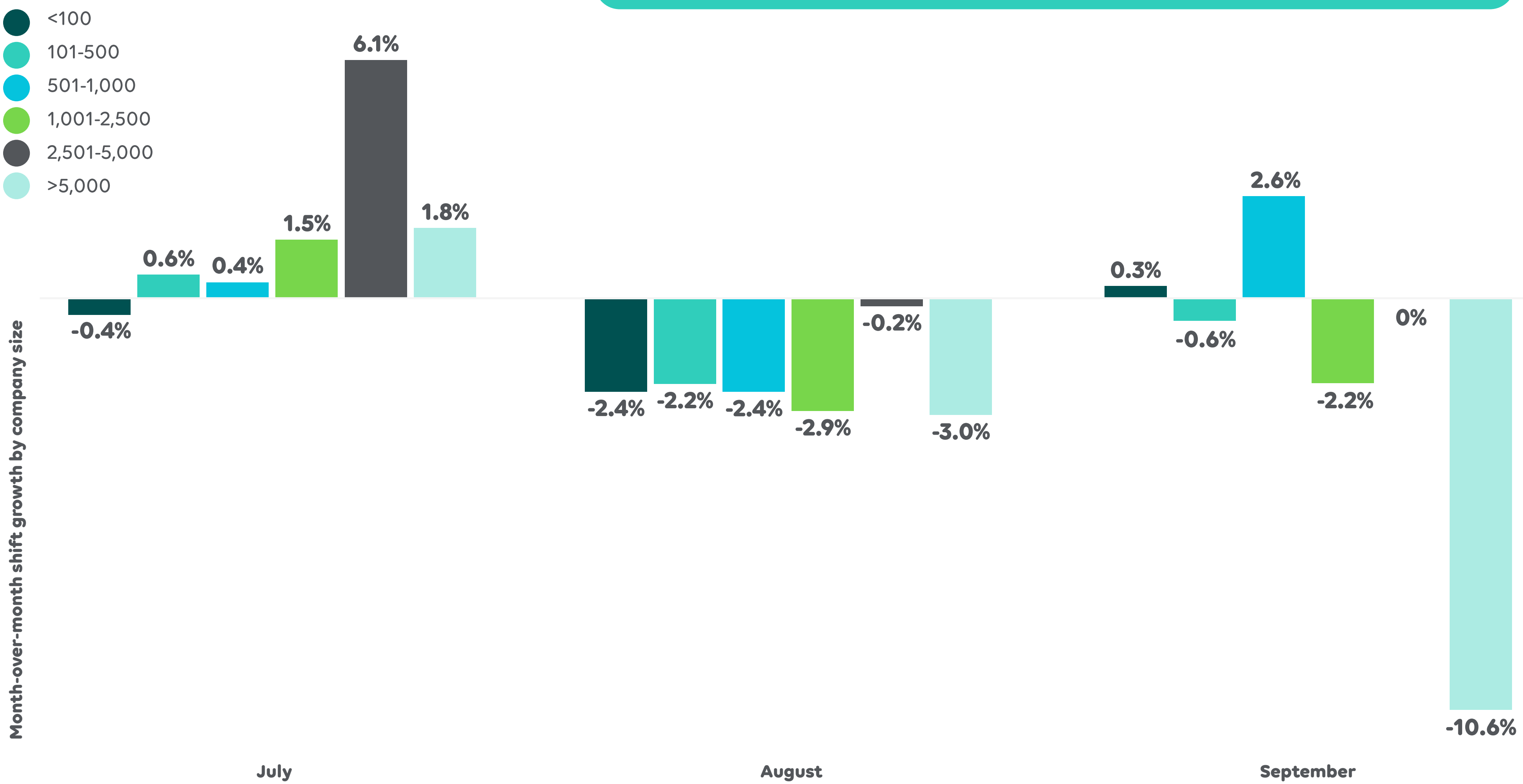
Across the U.S., **16%** of all businesses — and **17%** of small businesses — remain indefinitely closed



Shift recovery: Company size

This data reflects month-over-month shift growth by company size as measured by time punches.

In a reversal of prior trends, companies with **more than 1,000 employees** are declining at a rate of about **1.0%**, likely due to larger retail organizations experiencing slight seasonal downswing



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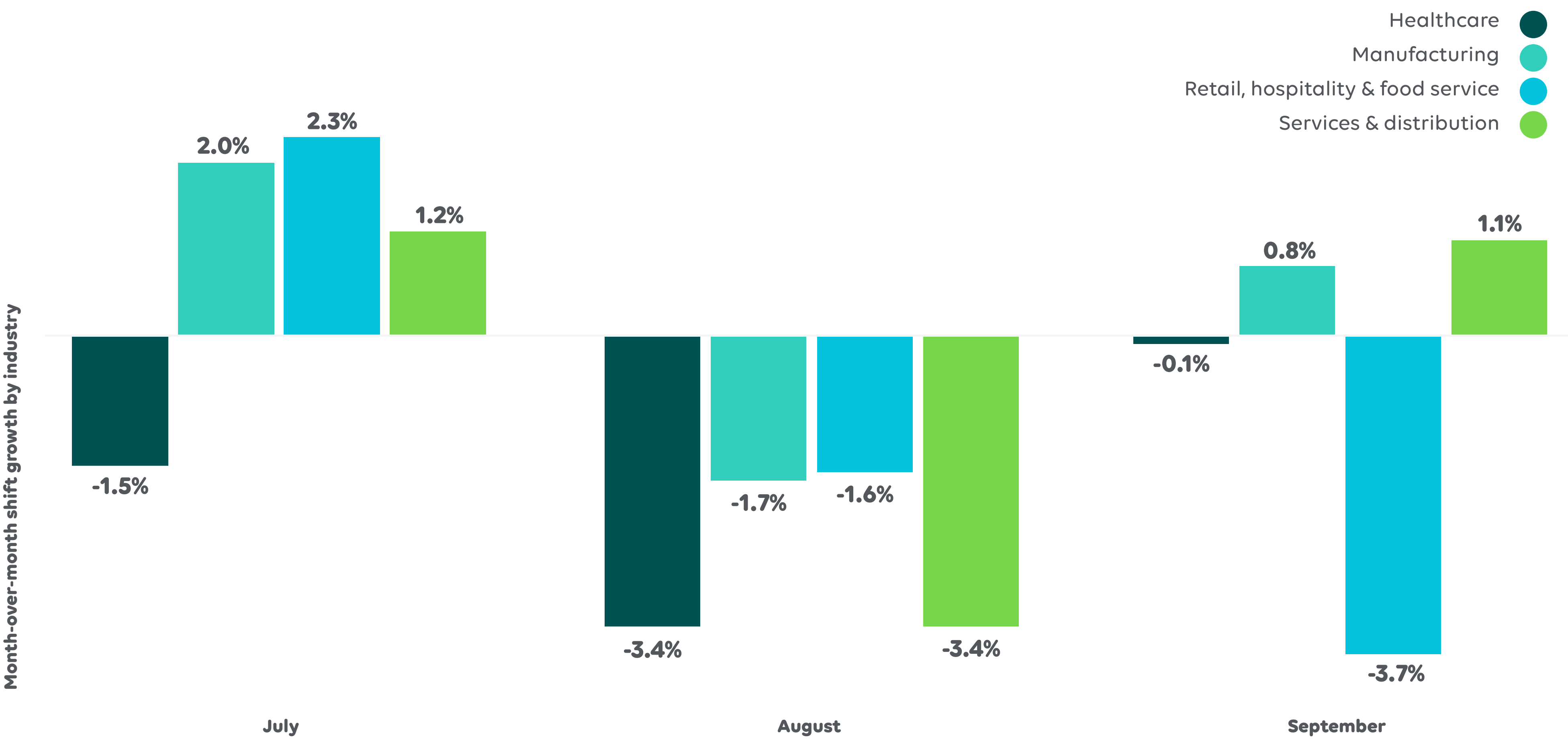
Shift recovery: Industry

This data reflects month-over-month shift growth by industry as measured by time punches.

Note: As public and private educational institutions enter summer break, UKG will resume public reporting of public sector, education, and non-profit shift data in October.

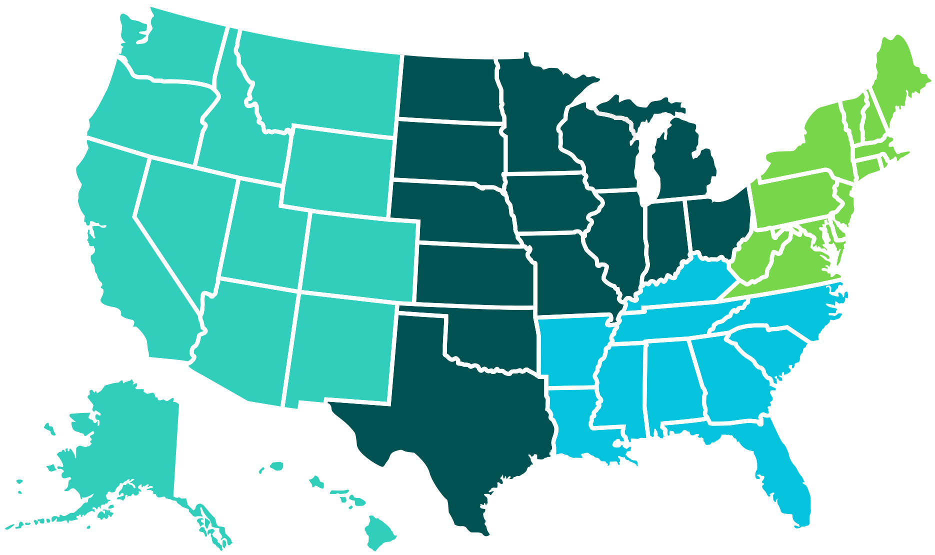
Workforce activity in the **retail** sector is down ahead of the holiday hiring season, a concerning departure from the growth typically experienced in September



Shift recovery: U.S. landscape

The workplace recovery continues to be highly regionalized and localized.

This data reflects month-over-month shift growth by region and state as measured by time punches.



Northeast
2.3% July | **-1.2%** August | **-0.5%** September

Southeast
-1.0% July | **-3.7%** August | **-0.8%** September

Midwest
-0.3% July | **-2.5%** August | **-0.7%** September

West
3.2% July | **-2.4%** August | **1.3%** September

The 7-day COVID-19 case rate exceeds 250 per 100,000 residents in **25 states.** (via CDC)

Of those with the highest case rates, **13 states** fall in the Southeast or Midwest regions.

The Southeast **(-0.8%)** and Midwest **(-0.7%)** regions lost the greatest volume of shifts.

Methodology

The Workforce Activity Report by UKG (Ultimate Kronos Group) is an index that measures week-by-week metrics including employee shifts worked and pay statements from 3.3 million employees across more than 35,000 UKG customers.

"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.

Beginning in May 2021, UKG updated its shift growth methodology to reflect mid-month over mid-month changes, unless otherwise stated; it had previously reflected end-of-month over end-of-month changes unless otherwise stated.

For the latest data reports visit: UKG.com/WorkforceActivityReport

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