

A Real Employment Impact of The Covid- 19 Pandemic



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- Unemployment Benefits
- Stimulus Payments
- Tax Return Refunds

How these 3 economic events will impact recruiting over the next 3-5 months.

Unemployment Benefits

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- Currently, workers who were making \$15 per hour are collecting 47% of their base period wages via unemployment benefits = \$282 per week.
(assuming base period of \$15/hr)
- \$282 per week plus an extra \$300 per week in Stimulus benefits for a total of \$582 each week through September 2021.

This means any job paying less than \$14.55 an hour will not be competitive when compared to unemployment. In addition, need to consider the cost of gas, childcare and health concerns that are incurred when returning to work.



Stimulus Payments

The logo for 'that's good HR' is located in the top right corner. It consists of an orange circle containing the text 'that's good HR' in a white, lowercase, sans-serif font. The text is arranged with 'that's' on the top line, 'good' on the second line, and 'HR' on the third line.

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- The latest round of stimulus approved on March 11, 2021 gives each person making under \$75,000 per year a lump sum of \$1,400 for themselves or \$2800 for couples and an additional \$1,400 for each child or dependent. This will further incentivize unemployed workers to stay home rather than return to the workforce. A family of 4 will receive \$5600 in a one lump sum payment.
- This is also equivalent to \$280 in weekly net income over 5 months (equaling an hourly pay rate of **\$8.14**, assuming a federal tax rate of 14%)
- A company's culture and benefits may help to retain personnel but to attract a reliable and capable workforce, the wages offered must be competitive. Right now, that means competing with unemployment and stimulus money even more than it means competing with other opportunities available to hourly workers.

Tax Return Refunds

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- In the most recent data provided by the IRS; In 2018 the average tax refund for earnings in the \$25,000 - \$49,999 income bracket in 2018 was \$2,608.20

<https://infogram.com/tax-refunds-by-income-level-1hxj48epd8894vg>

- This is equal to an hourly pay rate of \$3.79 per hour over 5 months assuming a 14% federal tax rate.



Adding it all up



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Per week over a 5 month period – March to September

• Weekly Unemployment-	=	\$582
• Stimulus check for a family of 4	=	\$280
• <u>Tax Return refund</u>	=	<u>\$130</u>
Total weekly after-tax income	=	\$992

How does all of this break down to an hourly pay rate?

• Unemployment	\$14.55
• Stimulus check	\$ 8.14
• <u>Tax refund</u>	<u>\$ 3.78</u>
	\$26.47

Equivalent hourly pay rate to stay on unemployment for the next 5 months, also utilizing stimulus and tax refund sources = \$26.47.

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A Quick Summary of Slides

- There is a perfect storm brewing in the recruiting world
- Three real economic factors are available to our candidates that are worth mentioning
- These will be in play for the next 3-5 months
- Unemployment benefits that pay more for any hourly rate less than \$14.55/hr
- Stimulus payments providing \$5,600 lump sum payment for an average family of four adds an additional \$280 in weekly net income equaling a pay rate of \$8.14/hr (assuming a 14% federal tax rate)
- Tax Refunds – due to the timing, candidates are also receiving tax refunds that yields on average an additional \$3.78/hr allocated over the 5 month period (assuming a 14% federal tax rate)
- We can approximate that candidates that fit this perfect storm are being paid **\$26.47/hr.**

Indiana Unemployment

<https://www.in.gov/dwd/indiana-unemployment/individuals/unemployment-insurance-faq/>

- Your weekly benefit amount (WBA) is shown on your Monetary Determination of Eligibility. Your WBA is based on total wages you earned in the base period.
- You can determine your weekly benefit amount by dividing your total base period wages by 52. Then, multiply that number by 0.47. Your weekly benefit amount should be rounded down to the next whole dollar amount, up to a maximum of \$390.00
- For example, if your total wages in the base period was \$30,000 then your WBA would be:
$$\$30,000 \div 52 = \$576.92 \times 0.47 = \$271$$

(weekly benefit amount rounded down to the next whole dollar amount)