

New Cornell-JQI-RIWI Survey Shows that a Second Wave of U.S. Layoffs and Furloughs is Well Under Way

August 4, 2020

Data as of August 1, 2020 at 5:00pm Eastern Daylight Time (EDT)

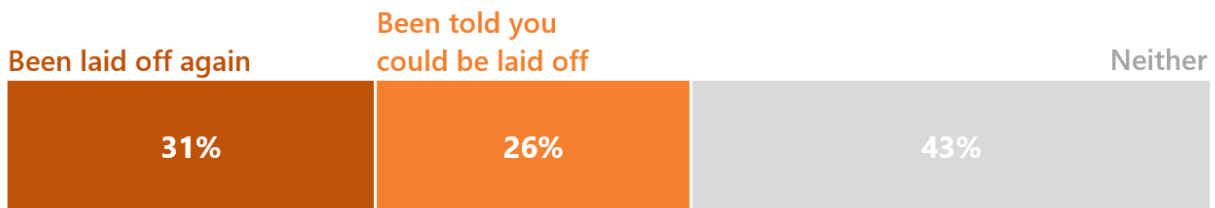
- *Of workers who were placed back on payrolls after being initially laid off/furloughed as a result of the COVID-19 Pandemic Crisis, 31% report that they have been laid off a second time, and another 26% of those placed back on payrolls report being told by their employer that they may be laid off again.* These results were surprisingly higher for workers in states that have not been experiencing recent COVID-19 surges, relative to those in surging states.
- *37% of respondents employed by third-party employers (i.e. not self-employed) have been laid off/furloughed* – at least once – since March 1, 2020.
- *57% of those initially laid off/furloughed reported being put back on payroll sometime after their initial dismissal, but 39% of such respondents say they were put back on payroll yet were not asked to return to actual work.*
- The research team used a unique methodology such that each day from July 23-August 1, a new set of randomly engaged Americans, including those that have never answered a survey before, was asked the same question set. The results remained consistent throughout the period, despite the unique set of respondents each day.

A [real-time survey](#) conducted by [RIWI](#) from July 23 to August 1, 2020, under the auspices of the [U.S. Private Sector Job Quality Index](#) (JQI®) and Cornell Law School Senior Fellow and Adjunct Professor, [Daniel Alpert](#), has demonstrated that *workers placed back on payrolls by U.S. employers, after the initial round of layoffs and furloughs occasioned by the COVID-19 Pandemic Crisis, have recently been facing renewed layoffs.*

The study was developed to test whether U.S. employees were vulnerable to business failures following the influx of U.S. government support to small and medium sized businesses that received an aggregate of [\\$521 million in forgivable loans](#) under the U.S. Treasury department's Paycheck Protection Program (PPP) promulgated under the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020, the funding under which has been largely fully-expended by employers. A unique methodology (described more fully in the Appendix hereto) was used to extract real-time data on the re-payrolling and layoff risk effect from the broadest possible set of Americans.

The study found that, of workers who were placed back on payrolls by third party employers after being initially laid off as a result of the COVID-19 Crisis, 31% report being laid off a second time, and another 26% of those still on payrolls report being told by their employer that they may be laid off again. Thus, nearly 3 out of 5 re-payrolled workers are either again out of work or fear being so.

Since being put back on payroll by your previous employer have you:

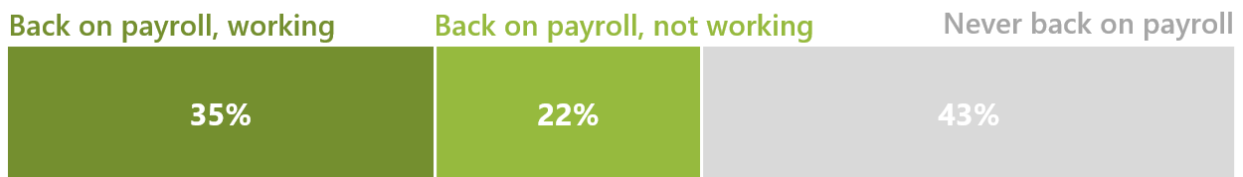


Source: RIWI, July 23-August 1, 2020, 653 respondents who indicated they stopped working at some point during the COVID-19 shutdown and were subsequently put back on payroll, out of a total of 6,383 randomly engaged Americans. Respondents are unique, anonymous, and unincentivized.



Of those respondents that reported they were employed by third-party employers (as opposed to being self-employed), 37% reported that they had been laid off or furloughed since March 1, 2020. The majority (57%) of respondents initially laid off reported being put back on payroll since their initial dismissal. Of those who reported being put back on payroll, approximately 39% reported not actually being asked to return to work even though they were being paid.

After you were laid off or temporarily stopped working, were you put back on payroll by your previous employer?



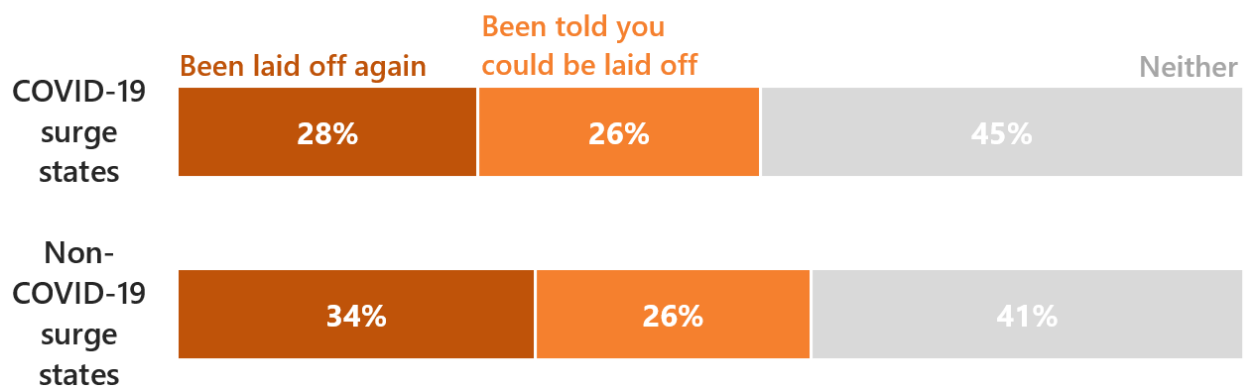
Source: RIWI, July 23-August 1, 2020, 1,387 respondents who indicated they stopped working at some point during the COVID-19 shutdown, out of a total of 6,383 randomly engaged Americans. Respondents are unique, anonymous, and unincentivized.



The RIWI technology auto-detects location for most respondents, allowing analysis of results by region and state. This enabled comparison of results between those states not experiencing COVID surges and those 34 states and the District of Columbia experiencing COVID surges. The team considered COVID surge states to be those states that are (as of July 29) on the New York, New Jersey and Connecticut [list of states](#) (also being followed by much of New England) requiring visitors entering the now-comparatively-healthy northeastern region to quarantine for 14 days.

54% of respondents from COVID-19 surge states who were re-payrolled after being initially laid off report having been laid off a second time (28%), or being told that they may be laid off again (26%). On the other hand, 60% of the respondents in comparatively “healthy” states who were re-payrolled after being initially laid off report having been laid off a second time (34%), or being told that they may be laid off again (26%). *The fact that there were actually more respondents reporting that they were laid off or furloughed twice in “healthy” states, versus surging states, appears to indicate that the repeat layoffs and furloughs are not directly related to resurgence of the COVID-19 virus (and renewed economic shutdowns in affected states), but are rather linked to overall economic conditions in the U.S. and – likely – the exhaustion of the PPP funds by businesses that had used such loans to place their former employees back on payroll, whether or not they had work for them.* Placing workers back on payroll is a condition for forgiveness of the PPP loan advances.

Since being put back on payroll by your previous employer have you:



Note: COVID-19 surge states are states from which travellers to the Northeast must quarantine for 14 days, as defined by the New York State government.

Sources: New York State COVID-19 Travel Advisory, current as of July 29, 2020; RIWI, July 23-August 1, 2020, 653 respondents who indicated they stopped working at some point during the COVID-19 shutdown and were subsequently put back on payroll, out of a total of 6,383 randomly engaged Americans. Respondents are unique, anonymous, and unincentivized.



In a related finding, 28% of respondents (currently working and non-working) considered themselves self-employed and 32% of self-employed respondents had claimed unemployment insurance benefits under the U.S. federal government’s Pandemic Unemployment Assistance program (PUA), promulgated under the CARES Act:

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Have you claimed any unemployment insurance benefits available to self-employed workers under the Pandemic Unemployment Assistance program (PUA)?



Source: RIWI, July 23-August 1, 2020, 2,234 respondents who indicated they were self-employed prior to March 1, 2020, out of a total 6,383 randomly engaged Americans. Respondents are unique, anonymous, and unincentivized.



RIWI gathered these data using a robust and unique technology that engages the broadest possible swath of the American population in real-time – Random Domain Intercept Technology (RDIT). RDIT draws randomly from the entire Web-using population in the US on a continuous, 24/7 basis. Unlike traditional or online survey approaches, the technology’s algorithms ensure that anyone on the Web has an equal chance of being randomly exposed to the questions. Also, unlike government and private sector surveys, all data are gathered anonymously, reducing social desirability bias and eliminating a potential barrier to participation. Further, respondents are not incentivized to participate in any way.

RIWI randomly engaged a total of 10,719 U.S. respondents aged 16+ from July 23 to August 1 on a continuous 24/7 basis with questions to determine who held a private sector job, which share of those were laid off, which share of those re-payrolled, and then in turn which share was laid off or told they might be laid off (see Appendix for full question and answer set, as well as other technical information). A total of 6,383 respondents fully completed the core questions.

The RIWI process randomly engages a new set of unique respondents each day, with no repeat respondents throughout the period. Results were consistent across the data collection period, despite a unique set of fresh respondents each day. Results presented here are not further weighted to US census age and gender demographics, as both methods resulted in essentially the same results.

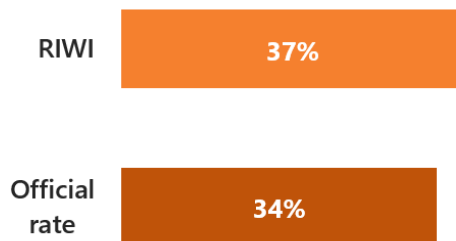
The study was conducted in order to address and ameliorate timing deficiencies in the traditional data collection method utilized by the U.S. Bureau of Labor Statistics (BLS), the U.S. Department of Labor, and the payroll service Automatic Data Processing (ADP) in reporting on the U.S. Employment Situation, U.S. Unemployment Insurance Benefit Claims, and U.S. payroll levels, respectively. Inasmuch as the COVID-19 Pandemic Crisis is fast moving and features sudden swings in epidemiological and economic circumstances – and as the policy responses implemented under the CARES Act have produced outcomes that do not register themselves timely in traditional data – it became clear to the research team that a more accurate assessment of the labor and jobs markets was warranted.

The Cornell-JWI-RIWI team believes, however, that *with the passage of time the data uncovered by this dataset will inevitably be reflected in continued high levels of weekly claims for unemployment insurance benefits and, eventually, in the form of a decline in the number of jobs,*

and an increase in the unemployment rates, reflected in the monthly BLS Employment Situation Reports over coming months. Elevated levels of claims for unemployment insurance benefits for the most recent weeks ending June 18 and June 25, 2020 - relative to prior weeks - are a likely indication of this anticipated trend.

The RIWI data is well aligned with U.S. Department of Labor/BLS data, as illustrated by the following:

Share laid off or temporarily stopped working at some point since March 1



Sources: Bureau of Labor Statistics, calculated from 54M unemployment claims for 158M employed Americans; RIWI, July 23-August 1, 2020, 4,149 respondents who indicated they worked for one or more employers prior to March 1, 2020. Respondents are unique, anonymous, and unincentivized.



Conversely, the new data supports [earlier observations](#) that increases in the number of private sector jobs and the decline in unemployment that began to surface in the May BLS Employment Situation Report, and [similar employment gains in the June jobs report](#), were not reflective of workers being "re-employed" *en masse* — in the conventional sense that they were getting back to the business of actually working — but were rather being "re-payrolled," in many instances in order to meet the loan forgiveness requirements of the PPP. To date, the PPP funded [4.9 million businesses with over 51 million jobs](#). In other words, the businesses that made up 40% of all private sector jobs prior to the pandemic-related economic shutdown received PPP funds.

PPP supported businesses were sustained with loans equal to approximately eight weeks of payroll costs, plus 25% more for certain other fixed operating expenses. *As those funds have by now been substantially exhausted many of the 4.9 million borrowers under the program may not be viable as going concerns. An additional group of companies may eventually become non-viable unless they now cut costs and jettison some portion of the workers they added back to payrolls with the PPP dollars.*

The results being released herewith indicate that a considerable number of jobs have been re-eliminated or are likely soon to be – regardless of the trajectory of COVID-19 caseloads and additional economic shutdowns (which will only make matters worse). *It would therefore appear incumbent on the federal government to continue to support employers and households with extensions to existing CARES Act programs, or risk exacerbating the economic distress already evidenced.* Failing to do so would risk employers no longer being around to pay their workers when the virus itself has been contained or controlled.

In sum, the dataset reveals that:

- *The US is experiencing a second round of layoffs not otherwise showing up yet in the mainstream data, with 39% of re-payrolled, but not actually working, employees likely being at a high risk of losing paychecks.*
- *The foregoing is not specific to COVID-19 surge states. Rather, these data show that the problem exists across both states that have experienced a COVID-19 surge and those that have not.*

These findings indicate a much more significant and systemic problem that points to a much deeper and longer-lasting recession than the mainstream data suggest.

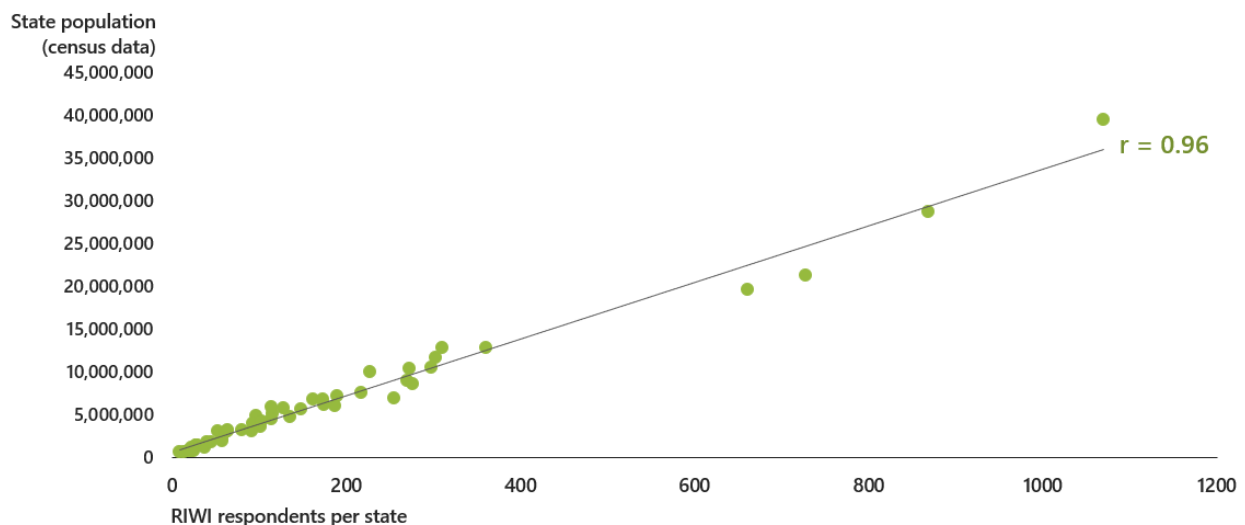
APPENDIX

RIWI gathered these data using a unique technology -- originally developed for pandemic surveillance -- that engages randomly from the broadest possible swath of the American population on a continuous, real-time basis. As a result of this approach, over one half of RIWI's U.S. respondents have not taken a survey in the past month, and one quarter say they have never taken a survey. Unlike traditional or online survey approaches, the technology's algorithms ensure that anyone on the Web has an equal chance of being randomly exposed to the questions. This technology allows hearing from those that would be less likely to answer typical government surveys such as BLS surveys. It also enables the rapid and continuous fielding of questions on the re-payrolling and layoff risk effect across the U.S. and reports the results in almost real-time.

Due to its broad reach and truly random interception method, RIWI data is predictive of US [non-farm payroll surprises](#), [predicted the Trump 2016 election](#) and [numerous other elections and referenda](#), and is [predictive of headline indicators in China](#). RIWI data are also used on an ongoing basis in the US and around the world by clients including BofA Securities, the US State Department, UN agencies, and a G7 central bank.

The data extracted using this method are naturally representative of the U.S. population before weighting to census demographics (see chart below for the breakdown in this study). To gather its data, RIWI delivers anonymous opt-in surveys to Web users who are surfing online. When users land on one of the hundreds of thousands of non-trademarked domains that RIWI owns or controls at any given moment, these random, non-incented users are filtered through a series of proprietary algorithms to ensure there are no non-human respondents, and invited to participate in a language-appropriate survey.

RIWI respondent breakdown in this study vs US census data



Sources: Population Division, US Census Bureau (2018 data); RIWI, unweighted data, July 23-August 1, 2020, 9,051 unique, anonymous, unincentivized Americans.

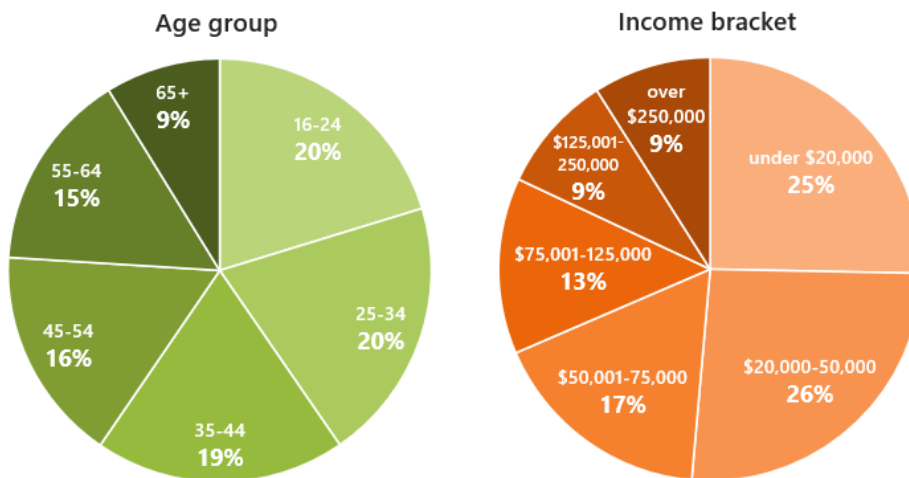


This patented and widely [peer-reviewed approach](#) is entirely different from both official survey data and private sector online surveys in that it:

- (i) Draws from a broad range of potential workers, including disengaged populations who don't typically answer surveys;
- (ii) Yields representative data across U.S. regions, education levels, urban/rural, and other demographics without pre-defining quotas before sampling;
- (iii) Does not require significant additional manipulation or weighting after data collection as it is already largely representative of the U.S. population;
- (iv) Draws observations continuously, allowing for a real-time and ongoing signal;
- (v) Captures a fresh and unique set of observations daily rather than following a select group of respondents over time;
- (vi) Is anonymous and does not collect personally identifiable information, reducing social bias associated with official data collection;
- (vii) Filters out bots and only uses real respondents; and
- (viii) Anyone with an Internet-enabled device, including mobile phones, can be randomly engaged.

RIWI also asked about the ages and income levels of respondents to ascertain whether a fair distribution of the labor force was being obtained. The respondents were distributed across age and income brackets as follows in their raw form (before any weights were applied):

RIWI respondent breakdown in this study
(without weighting to general population characteristics)



Source: RIWI, July 23-August 1, 2020, 4,401 unique, anonymous, and unincitvized Americans who reported their income.



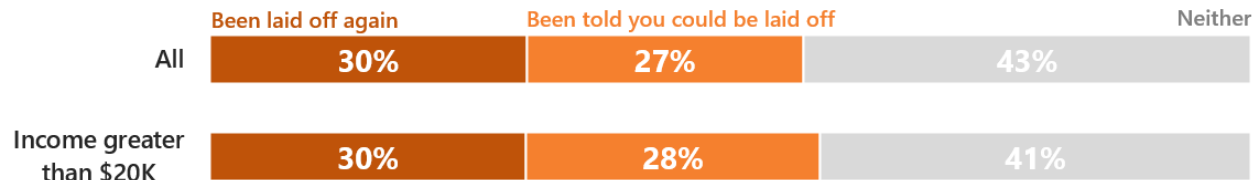
In order to determine whether the pool of respondents was skewed to part-time or casual workers, the team compared responses to the principal study questions for respondents saying they earned under \$20,000/annum, with responses from the rest of the pool and found no material differences:

All respondents versus those making more than \$20K

After you were laid off, were you put back on payroll?



Since being put back on payroll have you:



Source: RIWI, July 23-August 1, 2020, 1,387 (payroll) & 653 (laid off again) Americans. Respondents are unique, anonymous, and unincentivized.



The RDIT data collection methodology auto-detects municipality, region, country, type of Web access device and operating system of each respondent.

The questions asked in the poll and its protocol are as follows:

Q0: What is your age and gender?

Male, Female

16+

Q1: What is the main way you earned money before March 1, 2020?

I worked for one or more employers

I was self-employed → skip to Q5

I did not earn any money before March 1, 2020 (not employed, full-time student, on unemployment insurance, etc.) → skip to Q8

Q2: Since March 1, 2020 have you at any point been: laid off from your job or temporarily stopped working but are still employed?

Yes, laid off or temporarily stopped working at least once since March 1, 2020

No, I have been working continuously → skip to Q6

Q3: After you were laid off or temporarily stopped working, were you put back on payroll by your previous employer?

Yes, I was put back on payroll and returned to work

Yes, I was put back on payroll but did not return to work

No, I was never put back on payroll → skip to Q6

Q4: Since being put back on payroll by your previous employer have you:

Been laid off or temporarily stopped working again

Been told by your employer that you may be laid off or temporarily stop working again

None of the above

Q5: Have you claimed any unemployment insurance benefits available to self-employed workers under the Pandemic Unemployment Assistance program (PUA)?

[only shown if Q1 = self-employed]

Yes

No

Responses were considered complete if respondents answered up to Q2 or Q5, with respondents who chose to answer additional questions providing additional data.

Q6: What sector did you most recently work or study in?

Agriculture, Manufacturing, Technology / Engineering, Healthcare, Education, Financial services, Construction, Government, Retail, Leisure / Hospitality, Other sector

Q7: What was your total annual income last year? (Before taxes)

Under \$20,000, \$20,000 - \$50,000, \$50,001 - \$75,000, \$75,001 - \$125,000, \$125,001 - \$250,000, Over \$250,000

Q8: What is the highest level of education you have completed?

Less than high school, High school, Associate's degree / vocational training, Bachelor's degree, Master's degree or higher

Q9: Would you describe yourself as:

White; African American or Black; Hispanic or Latino; Asian, or South Asian or Pacific Islander; Native American or American Indian; Other race

The summary dataset is available [here](#). Contact Danielle Goldfarb at daniellegoldfarb@riwi.com for more detailed breakdowns of the dataset. Contact Daniel Alpert at daniel.alpert@cornell.edu for more detailed economic analysis.

About RIWI Corp.:

[RIWI](#) stands for “real-time interactive world-wide intelligence”. The company provides access to continuous consumer and citizen sentiment in all countries. RIWI breaks through the noise to find the truth about what people really think, want and observe – by reaching the most diverse audiences, including the disengaged and quiet voices who do not typically answer surveys or express their views on social media. RIWI technology rapidly collects data in every country around the world and displays the results in a secure interactive dashboard in real-time. RIWI only collects anonymous information: 229 countries and territories, over 80 languages and 1.6 billion interviewees and counting.

About the U.S. Private Sector Job Quality Index:

The U.S. Private Sector Job Quality Index (JQI) assesses job quality in the United States by measuring desirable higher-wage/higher-hour jobs versus lower-wage/lower-hour jobs. The JQI results also may serve as a proxy for the overall health of the U.S. jobs market, since the index enables month-by-month tracking of the direction and degree of change in high-to-low job composition. By tracking this information – and other alternative measures developed by the JQI team – policymakers and financial market participants can be more fully informed of past developments, current trends, and likely future developments in the absence of policy intervention. Economists and international organizations have in recent years developed other, complementary conceptions of job quality such as those addressing the emotional satisfaction employees derive from their jobs. For the purposes of this JQI, “job quality” means the weekly dollar-income a job generates for an employee. Payment, after all, is a primary reason why people work: the income generated by a job being necessary to maintain a standard of living, to provide for the essentials of life and, hopefully, to save for retirement, among other things.