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Career Pathways of Leisure and Hospitality Workers

Summary

This analysis will review labor market migration from the Leisure and Hospitality sector to other industry sectors in Vermont. The analysis is a comparison between 2019 and 2023, a four-year period significantly impacted by COVID-19. For context, a brief comparison is made with migration patterns from 2015 to 2019, a four-year period of economic stability in Vermont. Despite the effect of COVID-19 and the related recession, there was essentially no difference in sector migration patterns between the two periods, suggesting COVID-19 did not have a major effect on the career pathways of Leisure and Hospitality workers.

Introduction

The basic research question addressed below: Among people primarily employed in Leisure and Hospitality in 2019, how many remain in the industry and what sectors did others migrate to?

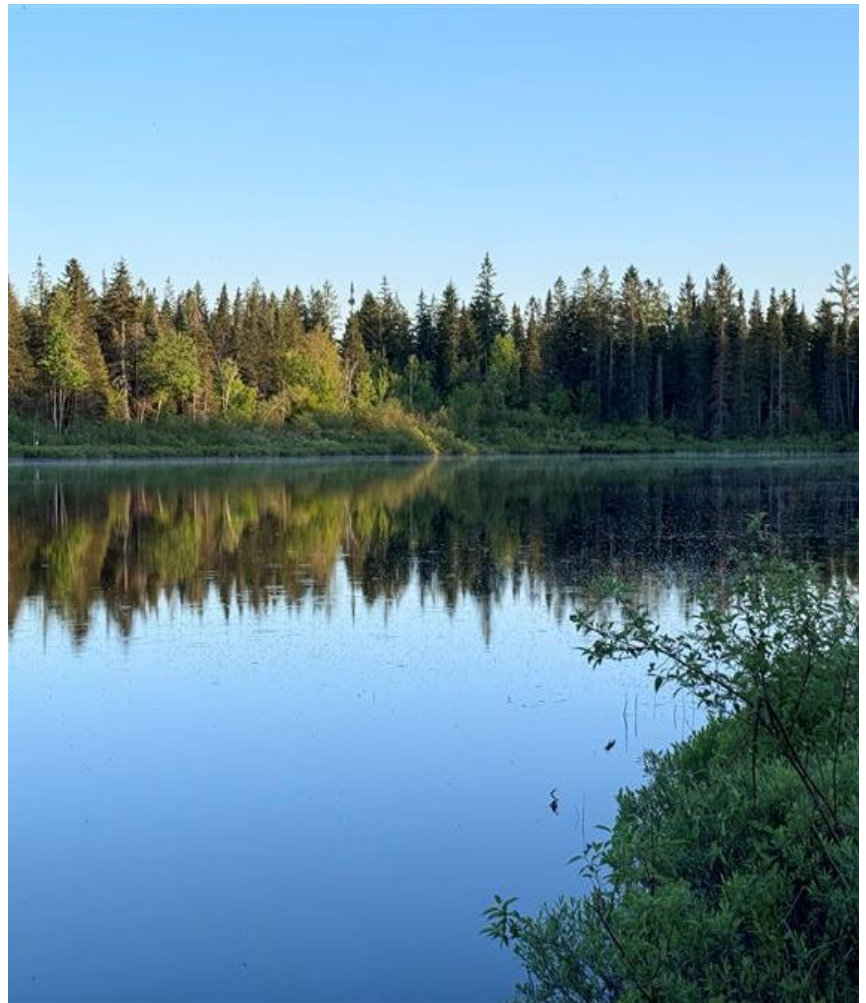
In 2019, there were 67,221 individuals that earned a wage from the Leisure and Hospitality sector. In this analysis we developed two cohorts created from this 2019 population. A review of each is included below:

- Cohort 1: Primary Wage Earners
 - Workers whose primary earnings were in Leisure and Hospitality (n = 59,696). A subset of all Leisure and Hospitality wage earners.
- Cohort 2: Year-Round Employees
 - Workers who were employed year-round with primary earnings in Leisure and Hospitality (n = 30,928). A subset of Leisure and Hospitality primary wage earners.

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Definitions and Background

Background

The Leisure and Hospitality sector consists of Arts, Entertainment, and Recreation (NAICS 71) and Accommodation and Food Services (NAICS 72). The Leisure and Hospitality sector in Vermont is highly seasonal, with monthly employment in 2023 ranging from 31,700 in May to 36,900 jobs in August. Annual average Leisure and Hospitality payroll employment peaked in 2017 at 37,400 jobs and remained relatively stable until the COVID-19 pandemic. In 2023, Leisure and Hospitality average employment was 34,500 jobs, making up 11.1% of Vermont's total nonfarm payroll employment.¹

This analysis of the Leisure and Hospitality sector is conducted at the individual worker level using the quarterly administrative wage records from the Unemployment Insurance Program. The analysis involves annualizing the four quarters of 2023 records. Worker wages earned at multiple firms are aggregated to the sector level. In other words, the total wages a worker earns at one firm are treated the same as the total wages earned at multiple firms within the same sector.

The worker's sector will be assigned by calculating the sector of employment in which the highest annual wage was earned. This step is important for multiple job holders or those that changed their sector of employment during the calendar year. For example, if someone earned \$50,000 in Leisure and Hospitality and \$50,001 in Construction during 2019, they would be classified as employed in Construction (or a Construction worker) for the purpose of this analysis.

Classification is solely based on the industry sector. Public or private sector employment is not considered.

Data Limitations

This analysis relies on administrative records collected as part of the state's Unemployment Insurance Program. Such records have several limitations when used for economic analysis. These records are generated on a quarterly basis and lack granularity within the three-month period they cover. They can indicate whether workers were employed during a given quarter and the total wages earned by each worker. However, they do not provide information on the specific months in which the income was earned, or the number of hours worked.

The records also do not cover 100% of Vermonters. Vermonters who may be employed out of state will not appear in these records. In addition, many sectors are absent in these records because they are not covered by the State's Unemployment Insurance Program, most notably self-employed individuals. Other exceptions include (but are not limited to) student workers, railroad workers, federal government workers, and workers in certain religious organizations.

Definitions

For this analysis, a *Leisure and Hospitality Worker* is defined as an individual whose primary wage is from the Leisure and Hospitality sector in 2019.

Primary Employment is the sector of employment where workers earned their primary wages.

A *Year-Round Worker* has wage earnings in all four quarters of the year. These workers do not necessarily work in their assigned sector every quarter, but the primary annual earnings are from the assigned sector.

¹ Current Employment Statistics, annual data. VDOL and BLS.
Vermont Department of Labor
Economic & Labor Market Information

Findings

Cohort 1: 2023 Employment of Leisure and Hospitality Workers

This 2019 cohort of Leisure and Hospitality workers (whose primary wage was in Leisure and Hospitality as defined above) was made up of 59,696 people. This cohort represents most workers that earned a wage in Leisure and Hospitality. It could include both those that only worked a single pay period and those that worked the entire year. The only restriction for being included in this cohort is that the primary wage earned in 2019 must be from the Leisure and Hospitality sector. A 2015 comparison cohort (n= 63,047) was created (Table 1. in gray) to serve as a comparison to determine if COVID-19 had an impact on the career pathways of Leisure and Hospitality employees. Just as with the 2019 cohort, the 2015 cohort the sector of employment was examined four years later. The migration pattern for the 2015 and 2019 cohorts were strikingly similar. The only notable difference between the two cohorts was their size with the 2015 cohort being more than three-thousand workers (or 5.6%) larger. The analysis was performed as a snapshot comparison. Although the end result of the industry migration was similar between the two time periods of analysis, the 2019-2023 migration may have occurred in a more compressed time frame due to the labor market disruption caused by COVID-19.

In 2023, one-third (33.3%) of these workers remained in Leisure and Hospitality, while about another one-third (34.6%) had no evidence of employment in Vermont. There are several reasons workers may no longer have reportable earnings, including moving out of state, retirement, pursuing training or education, starting their own business, or various other personal and professional reasons. The remaining one-third had primary earnings in a different sector. The most common sector where Leisure and Hospitality workers migrated to was Trade, Transportation, and Utilities (6.8%).

Table 1. 2019 Leisure and Hospitality Workers

NAICS 2023 Sector of Primary Employment			2015 to 2019 Comparison Cohort
11	Agriculture, Forestry, Fishing, and Hunting	0.5%	0.5%
21	Mining, Quarrying, and Oil and Gas Extraction	0.0%	0.0%
23	Construction	1.7%	1.6%
31-33	Manufacturing	3.2%	3.1%
42	Wholesale Trade	1.4%	1.3%
44-45	Trade, Transportation, and Utilities	6.8%	6.4%
48-49	Transportation and Warehousing	0.9%	0.9%
51	Information	0.4%	0.4%
52-53	Financial Activities	1.3%	1.5%
54-56	Professional and Business Services	4.1%	4.1%
61	Educational Services	3.7%	3.1%
62	Health Care and Social Assistance	5.4%	5.5%
71-72	Leisure and Hospitality	33.3%	34.4%
81	Other Services	1.4%	1.4%
92	Public Administration	1.2%	1.3%
99	Unknown	0.1%	0.3%
-	No Evidence of Employment	34.6%	34.1%
n = 59,696			n = 63,047

Cohort 2: Year-Round Employees

To exclude the effects of seasonal workers or those who only worked part of the year for other reasons, a subgroup of 2019 year-round Leisure and Hospitality workers was created. About half (30,928) of all Leisure and Hospitality workers were employed year-round. These workers did not necessarily work in the Leisure and Hospitality sector itself all year but did have evidence of employment in all four quarters and had a primary wage in Leisure and Hospitality. In addition, these workers did not necessarily work year-round in the 2023 sector of employment.

Compared to all Leisure and Hospitality workers (Table 1.), this “year-round” subgroup was slightly more likely to remain in Leisure and Hospitality (42.8%). About one-fifth (20.6%) of these workers had no evidence of Vermont employment in 2023. Trade, Transportation, and Utilities (7.6%) was the sector where the largest share of Leisure and Hospitality workers moved to, followed closely by Health Care and Social Assistance (6.5%).

Table 2. 2019 Year-Round Leisure and Hospitality Workers

NAICS	2023 Sector of Primary Employment	
11	Agriculture, Forestry, Fishing, and Hunting	0.5%
21	Mining, Quarrying, and Oil and Gas Extraction	0.0%
23	Construction	1.7%
31-33	Manufacturing	3.9%
42	Wholesale Trade	1.5%
44-45	Trade, Transportation, and Utilities	7.6%
48-49	Transportation and Warehousing	1.0%
51	Information	0.5%
52-53	Financial Activities	1.7%
54-56	Professional and Business Services	4.4%
61	Educational Services	4.2%
62	Health Care and Social Assistance	6.5%
71-72	Leisure and Hospitality	42.8%
81	Other Services	1.6%
92	Public Administration	1.4%
99	Unknown	0.1%
-	No Evidence of Employment	20.6%

n = 30,928

Please send suggestions for future Vermont Economic Spotlights to labor.lmi@vermont.gov

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