



The Daily Dish

Labor Market Disruption and the Vaccine Mandate

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The Biden Administration's Occupational Safety and Health Administration (OSHA) has issued a rule that requires workers in businesses with greater than 100 employees to either be fully vaccinated by January 4, 2022, or show weekly proof of a negative COVID-19 test thereafter. The future of the vaccine and test mandate ("vaccine mandate") is in [legal limbo](#), but if implemented it *could* have a significant impact on near-term labor hiring, quits, and employment growth.

That's the lesson of Isabel Soto's "[The Vaccine and Testing Mandate's Effect on the Labor Market](#)." The basic notion is straightforward. Workers in large firms (100 employees or more) who do not want to comply with the vaccine mandate may desire to move to similar positions in small firms. That would put the large employers in the position of needing workers, and they would likely hire workers willing to comply with the mandate from small firms. If the affected workers are roughly equivalent and movement among firms is costless and without friction, the swap happens quickly and seamlessly. And it also probably happens in advance of the January 4 implementation deadline. All is well and the date comes and goes without any discernible impact.

Of course, workers are very different from one another, changing jobs has psychic and financial costs, and finding an employee-employer match takes time and effort. So, the vaccine mandate is likely to have some impact on the labor market.

How big? Well, that depends on how many people work in large firms and are resistant to the vaccine mandate. This is where things get interesting. One way to get a handle on the number is to find out how many people say they will not get vaccinated. Per Soto, "According to Kaiser Family Foundation [survey data](#), 16 percent of adults reported that they 'will definitely not' get vaccinated. Using the civilian non-institutionalized [population](#) for October 2021 (262 million people), the number of unvaccinated adults is roughly 41.9

million.” Given this, the question is: How many likely work in large firms? Soto estimates this at roughly 16 million. (See the paper for details.)

An alternative approach is to ask the question: How many people work in large firms? It turns out this is 67 percent of workers—or more than 84 million Americans. Now, the issue is to find out how many of those are likely to resist the vaccine mandate. Soto estimates the bottom line at roughly 10 million workers.

So, depending on the method used, there are 10-16 million workers at risk of being affected by implementation of the vaccine mandate. Is this a big deal? Taken at face value, yes. Between April and August of this year, roughly 4 million workers quit each month - Soto’s estimate of at-risk workers is 2.5 to 4 times as large. Over the same period, hiring averaged about 6.4 million monthly - this is 1.5 to 2.5 times as large. And monthly job growth has been in the range of 500,000. Having 10-16 million people quit would simply crush the monthly employment report.

Should we take the 10-16 million at face value? Of course not. “Workers could simply not do what they said and stay in their jobs,” writes Soto. “Some who claimed they would never get the vaccine could decide the vaccine is worth keeping their jobs and prefer it to weekly testing. There could also be a larger than anticipated number of workers who may pursue vaccine exemption and opt for testing or do nothing and assume low enforcement at their place of employment. It may be that their employer has already imposed a mandate and workers have chosen one of these routes in response. In any event, it’s possible that the impact on employment will be substantially smaller than workers’ survey responses suggest.”

Those appropriate caveats notwithstanding, it is a service to have someone run the numbers and flag the possibility that, if the vaccine mandate is implemented, it could have a notable impact on the labor market—and add one more reason why the labor market data will be difficult to interpret.