

**Testimony before the**

**Assembly Standing Committee on Labor  
Assembly Task Force on Women's Issues  
Assembly Subcommittee on Emerging Workforce Investigation**

**Assembly Hearing to Examine Employment Trends in New York State  
Caused by the Covid-19 Pandemic**

**November 15, 2021**

**James A. Parrott, PhD  
Director of Economic and Fiscal Policies  
Center for New York City Affairs at The New School**

Good morning distinguished chairpersons and members of these committees and the task force. My name is James Parrott, Director of Economic and Fiscal Policies at the Center for New York City Affairs at The New School. Thank you for the opportunity to testify on employment trends related to the COVID-19 pandemic. I have been closely examining this subject and have written several extensive reports, biweekly economic updates and given scores of presentations on the COVID-19 workforce impact in New York State and City.<sup>1</sup>

I'd like to highlight several trends that I think are important in understanding the distinctive, and profoundly worrisome, COVID-19 economic and employment impact in New York. I attach several charts to my testimony that document these trends in greater detail. I will conclude with some suggestions on recommended State policy actions to support recovery and building back better. (Numbered points below track chart numbers.)

1. The pandemic economy is best understood in terms of 3 groups of industries: Face-to-Face industries; Essential industries; and Remote-working industries. The pandemic's economic impact is extremely lopsided in that public health restrictions prevented workers in face-to-face industries from going to work while higher-paid workers in finance, information, professional services and technology were able to work remotely, keeping their jobs, incomes and benefits.
2. The pattern of pandemic job losses across these 3 sectors is the opposite of what usually happens in a business cycle downturn when higher-paying industries see the greatest job losses.

---

<sup>1</sup> Many of these materials are on our website: <http://www.centernyc.org/covid19-economic-impact>.

3. Because the pandemic hit New York first with horrendous consequences, and because we have a concentration of Face-to-Face industries that have borne the brunt of business restrictions, New York's job losses were steeper initially, and our recovery has lagged everywhere else in the United States. As of September, NYS' 8.9 percent job loss was nearly 3 times as great as the national job decline, and our jobs deficit far exceeds that of every other state. *As of September, NYS's jobs deficit accounted for 18.5 percent of the national pandemic jobs deficit.*
4. New York's nation-leading jobs deficit is not due just to New York City's 11 percent jobs deficit. As of September, the suburbs had an 8.7 percent jobs deficit, and Upstate a 5.8 percent deficit. Upstate's 5.8 percent jobs deficit puts it on par with the next three hardest hit states—Michigan, Pennsylvania, and Massachusetts. And New York City has a far worse jobs deficit than any other large city in the country.
5. Most of New York's metro areas are experiencing pandemic jobs deficits more than twice the national average, and all across the state over the past year, the pace of the job rebound has trailed the national average. The second COVID wave last fall, and the more recent third wave pretty much brought New York's jobs recovery to a halt. Hopefully, with cases declining and vaccination rates rising, we will start to see more jobs return.
6. A handful of industries, led by leisure and hospitality, account for over two-thirds of NYS's disproportionate job loss. Leisure and hospitality encompasses hotels, restaurants, bars and coffee shops, and arts, entertainment and recreation. Other Face-to-Face industries heavily affected include retail trade, transportation services, personal services, and construction. The pattern of job losses over the past 19 months for most of the industries closely resembles that of hotels and restaurants shown in Chart 6.
7. NYS's current 7.1 percent (September) unemployment rate understates the real extent of unemployment since it excludes those who have left the labor force and it doesn't reflect that many of those who have returned to work are only working part-time although they want and need full-time work. Even at 7.1 percent, however, we are a long way from the four percent and under range where we were for two years prior to the pandemic's onset.
8. For the third quarter overall, unemployment averaged 7.4 percent but that masks a wide disparity between workers of color and white workers. For Blacks, unemployment in the third quarter was 9 percent, for Latinx workers it was 10.7 percent, and for Asian and other workers it was 7.9 percent, considerably higher than the 5.9 percent unemployment rate for whites.

9. Overall, Face-to-Face workers account for 79 percent of those losing jobs due to COVID; remote workers account for 12 percent. Three-quarters of those losing jobs were earning less than \$60,000 a year, and 69 percent had less than a 4-year college degree. Nearly half (48 percent) of COVID-dislocated workers were workers of color.
10. Latinx workers were 17 percent more likely than workers on average to lose their jobs due to COVID, and young adults ages 18-24 were 32 percent more likely than all workers to be affected since they were heavily concentrated in restaurants and retail trade. Those earning less than \$40,000 a year before the pandemic were 17 percent more likely to be dislocated while workers earning \$100,000 or more were 31 percent less likely to lose their jobs.
11. Over \$100 billion in Federal and State unemployment benefits has been paid to New Yorkers since the onset of the pandemic, with over 80 percent funded by the Federal government. But when Federal benefits ran out on September 6, 1.5 million New Yorkers lost benefits that averaged \$500-\$600 weekly. The loss of the Federal unemployment benefits will mean \$4 billion in reduced consumer spending each month, further weakening an already-sluggish recovery.
12. For the first eight months of 2021, New York's two million-plus UI recipients were fairly evenly divided between NYC, and the rest of the state (the suburbs and Upstate.)
13. In the month following the expiration of federal unemployment benefits, over 40 percent of New York's Black and Latinx households reported difficulty paying for usual household expenses, compared to 23 percent of white households, according to the Census Bureau's Household Pulse survey.
14. Medicaid rolls have surged with more than one million enrollees added, about 650,000 in New York City and nearly 500,000 added in the suburbs and Upstate together.
15. It took NYS six years to reach the previous employment peak following the 2001-2003 recession, and it took four years following the 2008-09 Great Recession. In both those cases, New York's peak-to-trough job loss was about 3.5 percent. In the first two months of the pandemic, New York's job loss was about 20 percent, and after 19 months, it is still 8.9 percent. Without a more concerted economic policy response, our jobs recovery could drag out for several more years. (I'll return to this topic later.)
16. The pandemic's lopsided economic impact is clearly evident in the wide disparity between our job loss and strong state tax collections. State tax collections for the first half of the State's FY22 (Apr.-Sept. 2021) were up by 24.4 percent vs. the same months of 2019. Withholding tax collections were up by 15 percent. On the other hand, total employment was 10 percent less in the Apr.-Sept. 2021 months that two years ago.
17. New York State's people, businesses, governments, health care providers, and educational institutions have received \$272 billion in Federal COVID-19 relief funding since March of

2020. While almost all of the relief funds for individuals and businesses have been paid out, the State budget is now flush with Federal aid that can be used through 2025, and tax collections are far exceeding forecasts of just a few months ago.

### *Are workers jobless by choice?*

Given the fact that New York State has 875,000 fewer jobs than it did pre-pandemic and that hundreds of thousands of New Yorkers report growing economic hardships, I doubt that a significant share of the unemployed in the Empire State are jobless by choice. Our jobs deficit is three times the national average—New Yorkers can't be three times more likely to choose to stay home while they weigh alternative career options. The most recent report from the U.S. Bureau of Labor Statistics on [State Job Openings and Labor Turnover](#) indicates that among all states in August, New York had the third lowest job openings rate, one of the lowest new hires rates, and the second lowest quit rate among all states.

### *New State policy actions are needed*

The pandemic's economic effects have been extremely lopsided. Incomes have risen for the great majority of high-income earners not losing jobs while hundreds of thousands of low-paid workers and small business owners in face-to-face service industries lost their livelihoods to protect public health. State tax revenues have rebounded, and Wall Street and big tech companies are flourishing. But the continuing economic hardships experienced by a substantial number of low-income New Yorkers all across New York State calls for a more targeted response to connecting these workers with promising job openings, and providing additional skills training or education where necessary so that these workers can embody "building back better."

Hundreds of thousands of New Yorkers are facing a particularly bleak employment outlook for several more months. It would be enormously expensive for New York to replace Federally funded unemployment assistance. A more practical and workable alternative would be to provide wage subsidies on a targeted basis to workers and small businesses most in need, coupled with a greater State investment in workforce retraining programs to enable more residents to trade up to better jobs, including to fill openings in tech-related fields and health care.

I imagine there will be a discussion in the coming legislative session on having the State use Federal or tax resources to pay down some of the Federal borrowing the State's unemployment trust fund undertook to keep paying regular State UI benefits over the past year. That discussion should include addressing the need to improve New York's unemployment insurance benefits and the system's long-term financing.

New York's UI benefits are mediocre for a wealthy state. For example, all five of our neighboring states have average and maximum weekly benefits greater than New York's. Our taxable wage base is well below the average across 50 states despite the fact that New York has the third highest average wage of any state.

# # #

Chart 1

### 3 COVID-19 Categories to group industries

**FACE-TO-FACE:** Restaurants, hotels, retail, arts and entertainment, transportation, construction, building & admin. svcs., personal svcs.

**ESSENTIAL:** Health care, human services, utilities, public safety and services

**REMOTE-WORKING:** Finance, information, professional svcs., real estate, business headquarters.

<b>NYS average annual salary:</b>	<b>All workers</b>	<b>\$75,400</b>
	Face-to-Face	\$53,300
	Essential	\$62,200
	Remote-working	\$153,400

Chart 2

### Pattern of Pandemic job loss different from business cycle downturns

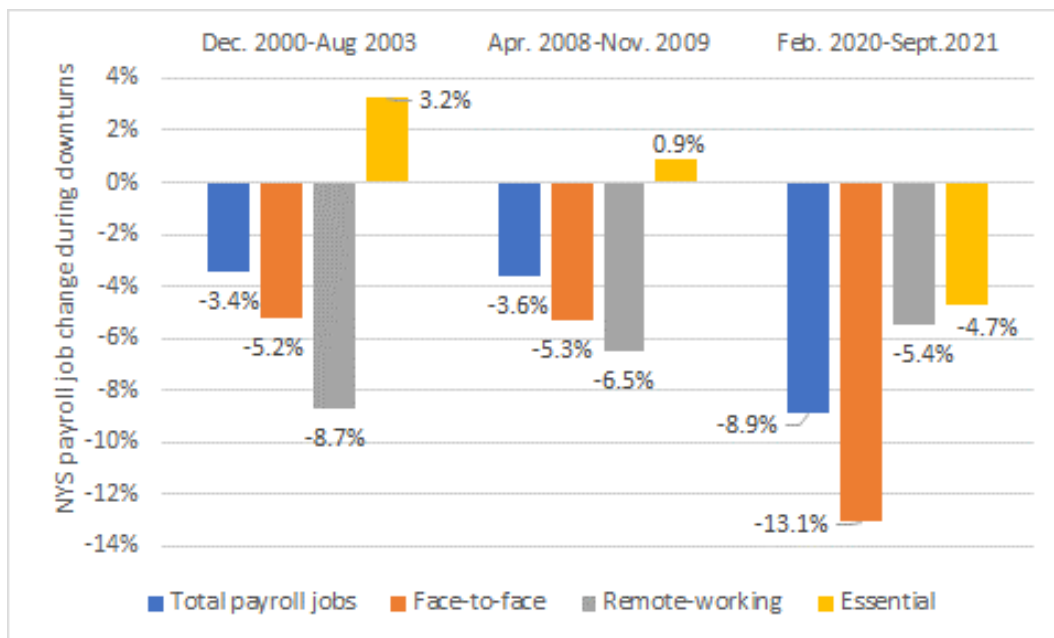


Chart 3

**NYS pandemic jobs deficit nearly 3 times as great as for the U.S.**

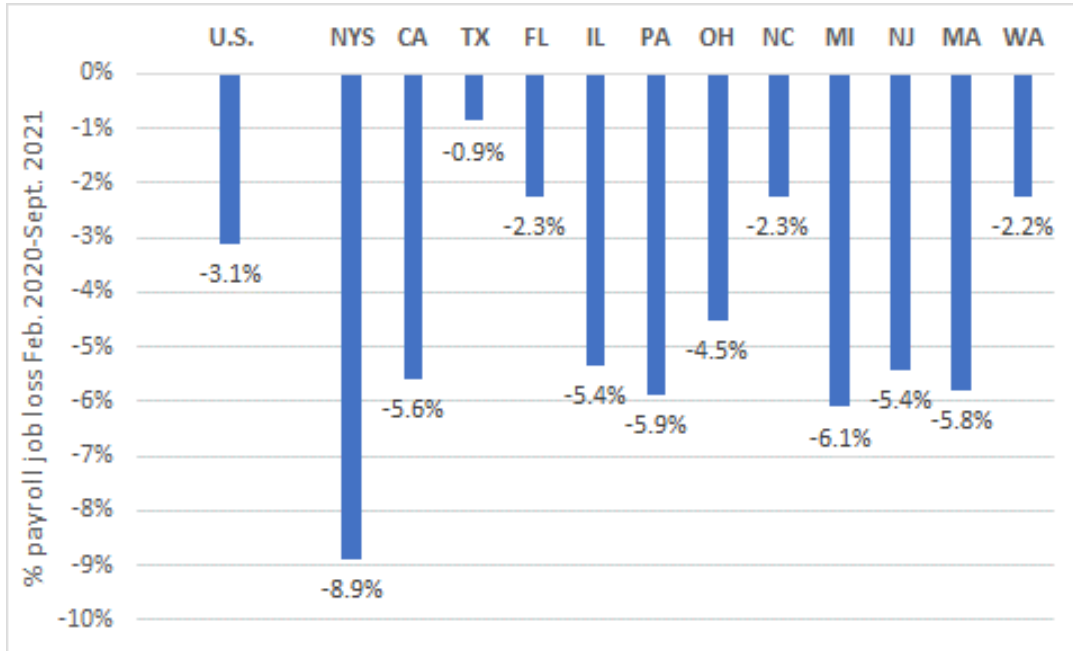


Chart 4

**Job deficits for NY suburbs and Upstate also lag far behind the U.S.**

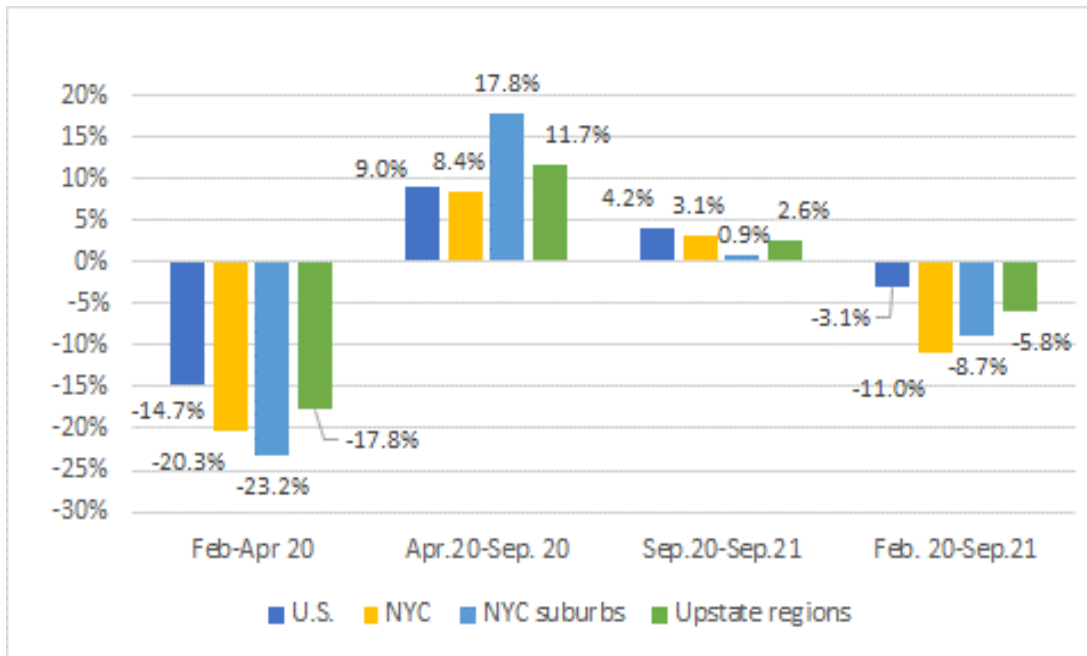


Chart 5

### Job rebound over the past year lags U.S. for almost all NYS metro areas

employment in 000s	Feb.2020	Sep.2021	initial 2 mos. of pandemic decline			1st 5 mos. of recovery		next 12 mos. of recovery		19 mos. of pandemic period thru Sep.21	
			Feb.20-Apr.20	Apr.20-Sep.20	Sep.20-Sep.21	Feb.20-Apr.20	Apr.20-Sep.20	Sep.20-Sep.21	Feb.20-Sep.21	% re-bound	pandemic jobs deficit as of Sep. 21
<b>United States</b>	<b>152,523</b>	<b>147,788</b>	<b>-14.7%</b>	<b>9.0%</b>	<b>4.2%</b>	<b>-3.1%</b>	<b>79%</b>	<b>-4,735</b>			
<b>NEW YORK STATE</b>	<b>9,835</b>	<b>8,959</b>	<b>-20.2%</b>	<b>11.4%</b>	<b>2.4%</b>	<b>-8.9%</b>	<b>55%</b>	<b>-876</b>			
<b>New York City</b>	<b>4,703</b>	<b>4,186</b>	<b>-20.3%</b>	<b>8.4%</b>	<b>3.1%</b>	<b>-11.0%</b>	<b>48%</b>	<b>-517</b>			
<b>Downstate suburbs</b>	<b>2,093</b>	<b>1,910</b>	<b>-23.2%</b>	<b>17.8%</b>	<b>0.9%</b>	<b>-8.7%</b>	<b>63%</b>	<b>-183</b>			
Nassau-Suffolk	1,355	1,232	-23.9%	19.1%	0.3%	-9.1%	63%	-123			
Orange-Rockland-Westchester	738	678	-22.0%	15.4%	2.0%	-8.1%	63%	-60			
<b>Upstate metro areas</b>	<b>2,537</b>	<b>2,380</b>	<b>-18.5%</b>	<b>12.3%</b>	<b>2.5%</b>	<b>-6.2%</b>	<b>67%</b>	<b>-157</b>			
Albany	472	447	-15.6%	10.2%	1.8%	-5.4%	65%	-25			
Binghamton	102	95	-18.4%	12.6%	1.3%	-7.0%	64%	-7			
Buffalo	568	532	-21.9%	15.3%	4.1%	-6.3%	72%	-36			
Dutchess	149	134	-18.6%	11.8%	-1.0%	-10.0%	48%	-15			
Elmira	37	34	-18.2%	12.4%	-0.6%	-8.6%	60%	-3			
Glens Falls	55	53	-19.2%	14.0%	4.0%	-4.2%	70%	-2			
Ithaca	64	58	-16.2%	9.2%	-0.3%	-8.8%	54%	-6			
Kingston	62	57	-21.6%	14.9%	1.1%	-9.0%	61%	-6			
Rochester	539	513	-18.0%	10.8%	4.8%	-4.8%	73%	-26			
Syracuse	320	297	-18.1%	12.5%	0.6%	-7.2%	61%	-23			
Utica-Rome	128	120	-17.4%	12.2%	1.4%	-5.9%	62%	-8			
Watertown	41	40	-17.1%	15.0%	1.3%	-3.4%	74%	-1			
<b>Upstate non-metro areas</b>	<b>503</b>	<b>484</b>	<b>-14.0%</b>	<b>8.9%</b>	<b>2.8%</b>	<b>-3.7%</b>	<b>73%</b>	<b>-19</b>			

Chart 6

### NYS' relatively greater pandemic job decline led by Leisure & Hospitality

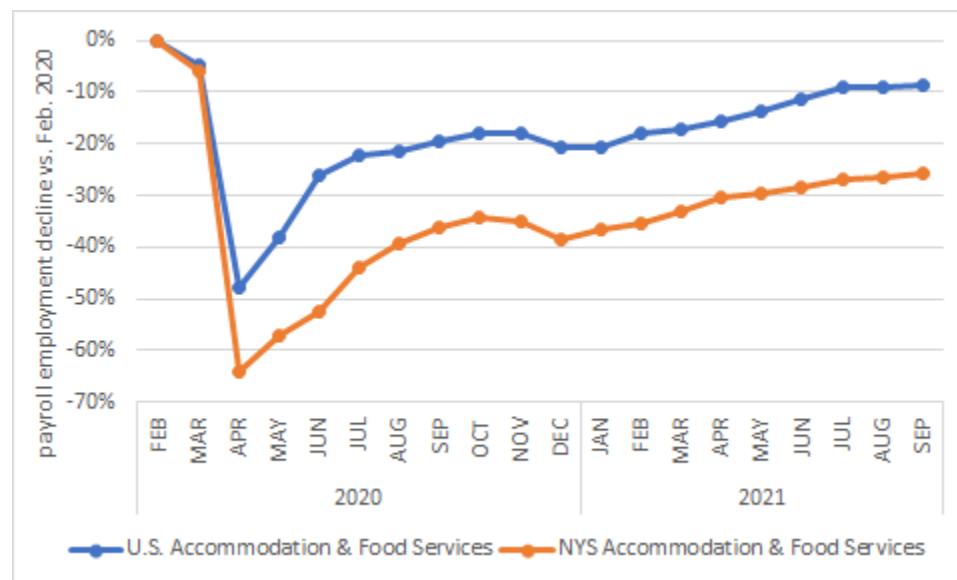


Chart 7

**NY's unemployment rate averaged < 4% for 2 years prior to the pandemic; the current 7.1% rate doesn't reflect those who've left the labor force and involuntary part-time employment**

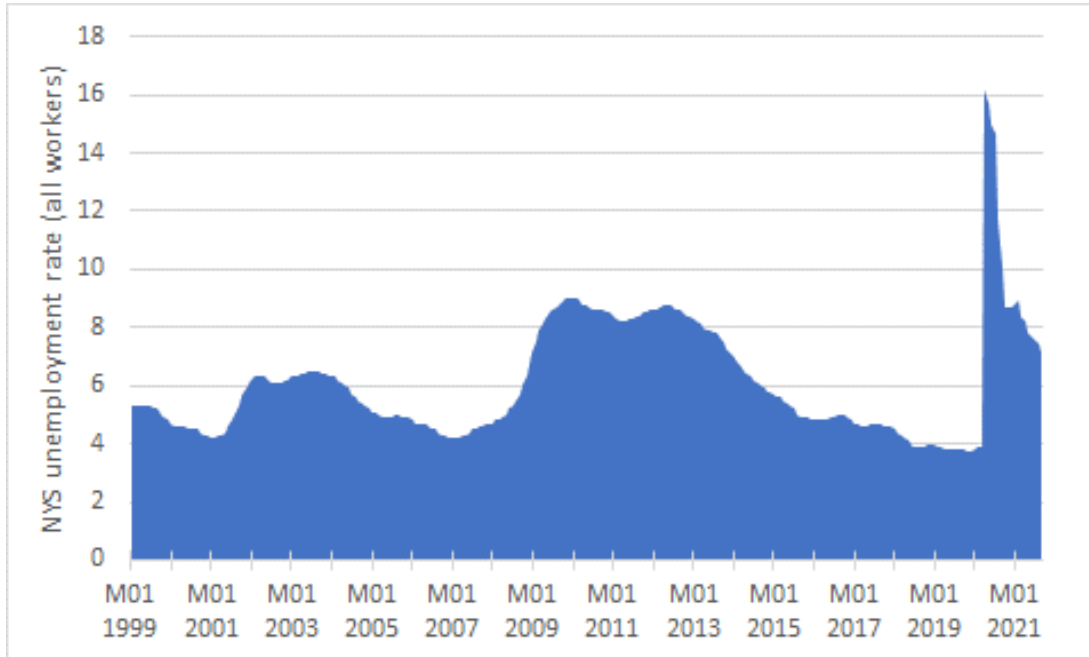


Chart 8

**NYS unemployment rates much higher for workers of color than for whites**

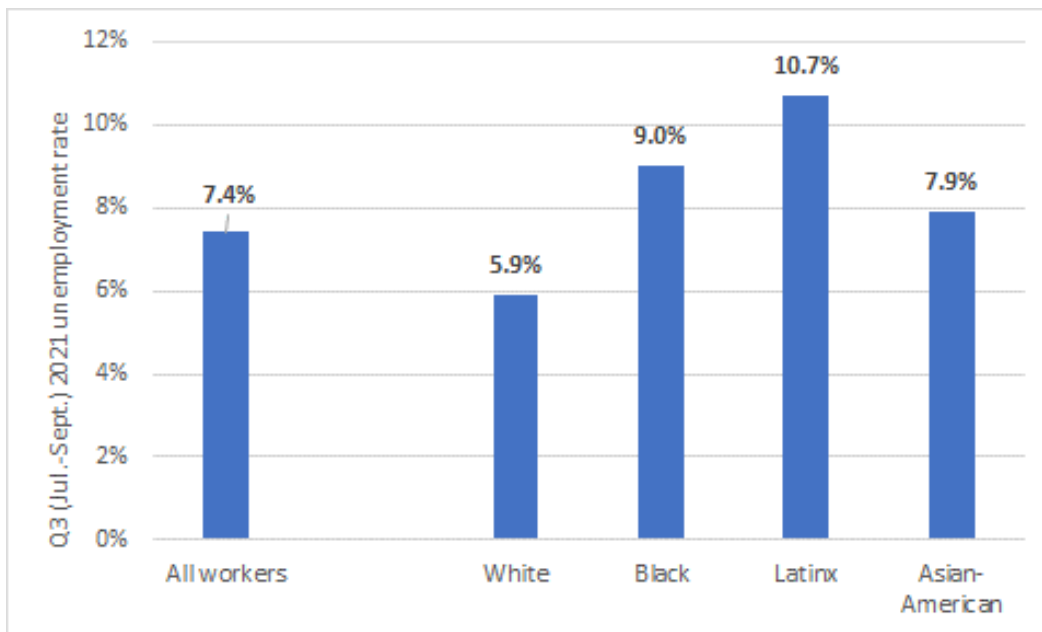




Chart 9

**Face-to-face workers, low-paid, and less-educated bore the brunt of NYS' pandemic job loss**

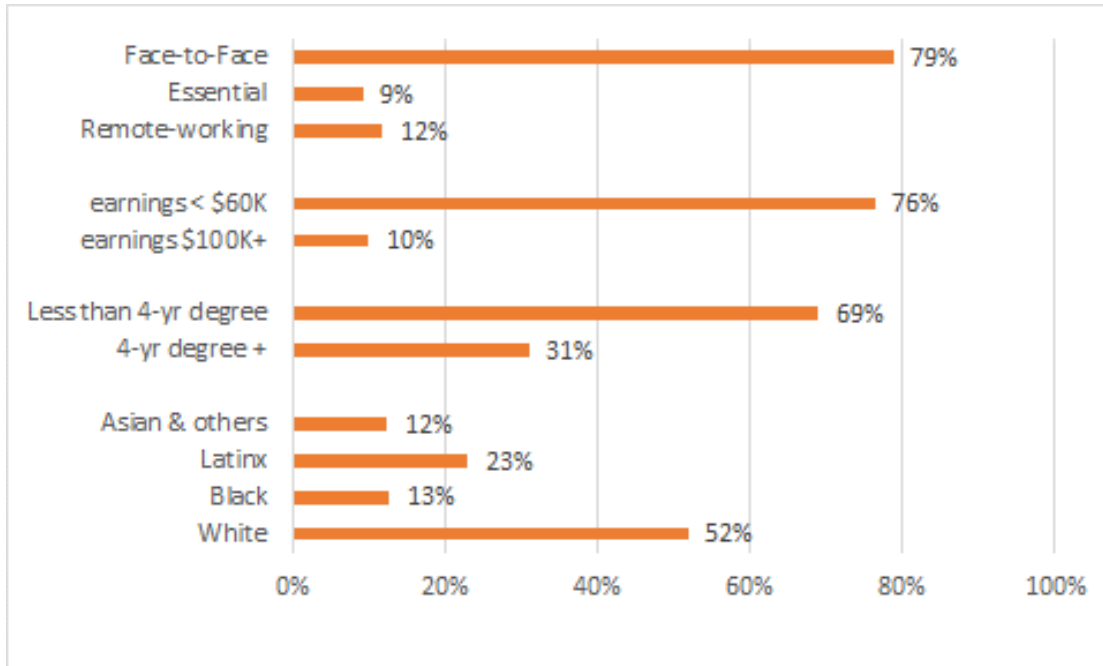


Chart 10

**Likelihood of pandemic job loss also much greater for Latinx and young workers**

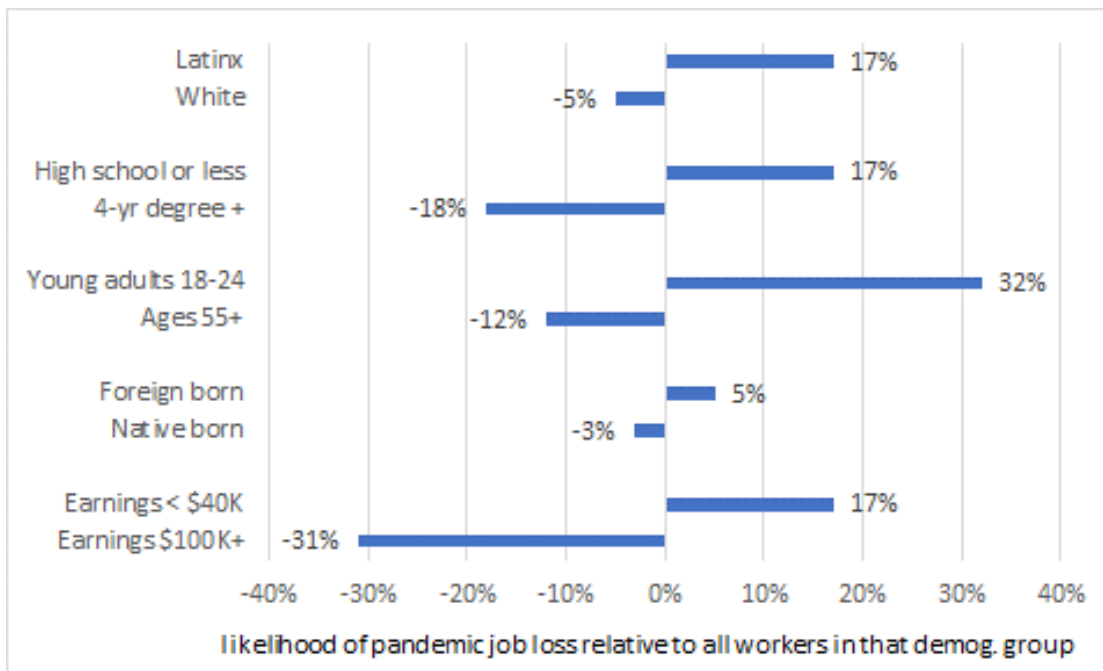


Chart 11

**With the expiration of Federal unemployment benefits on Sept. 6, 1.5 million NYS residents lost weekly benefits**

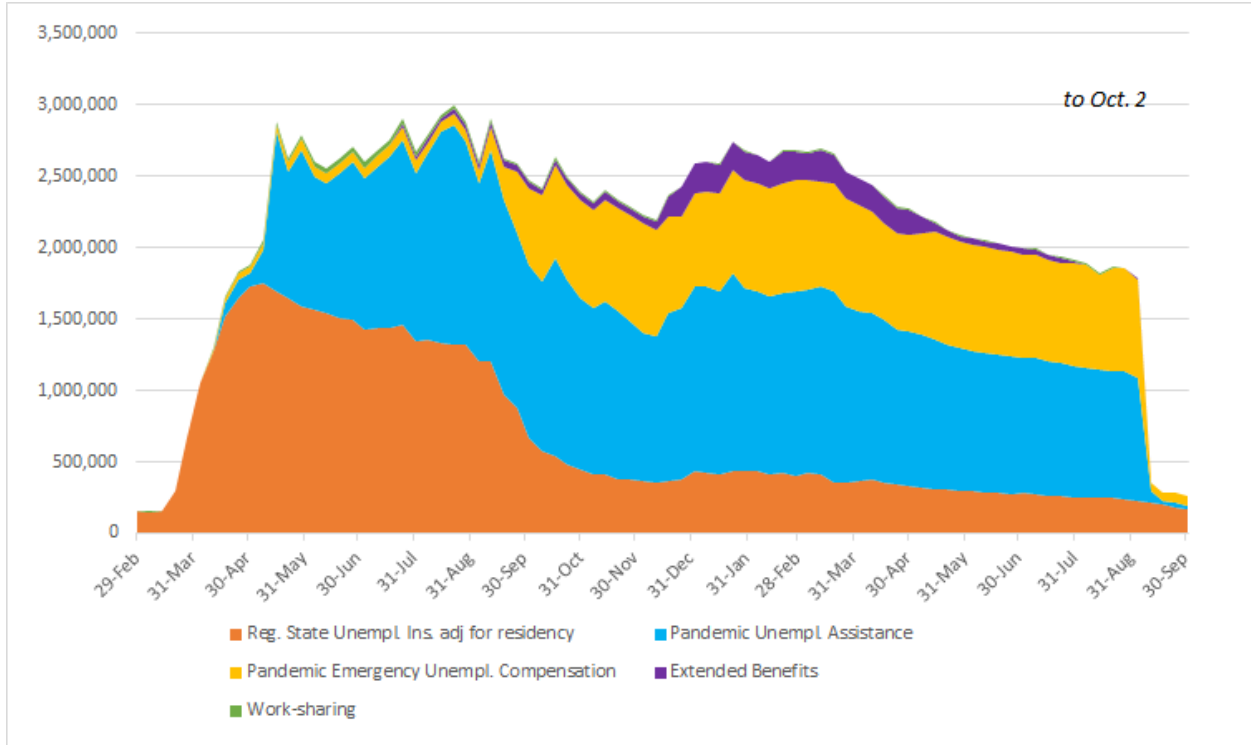


Chart 12

**Until Federal benefits expired, there were about 1 million UI recipients in NYC and over 800,000 between the suburbs and Upstate**

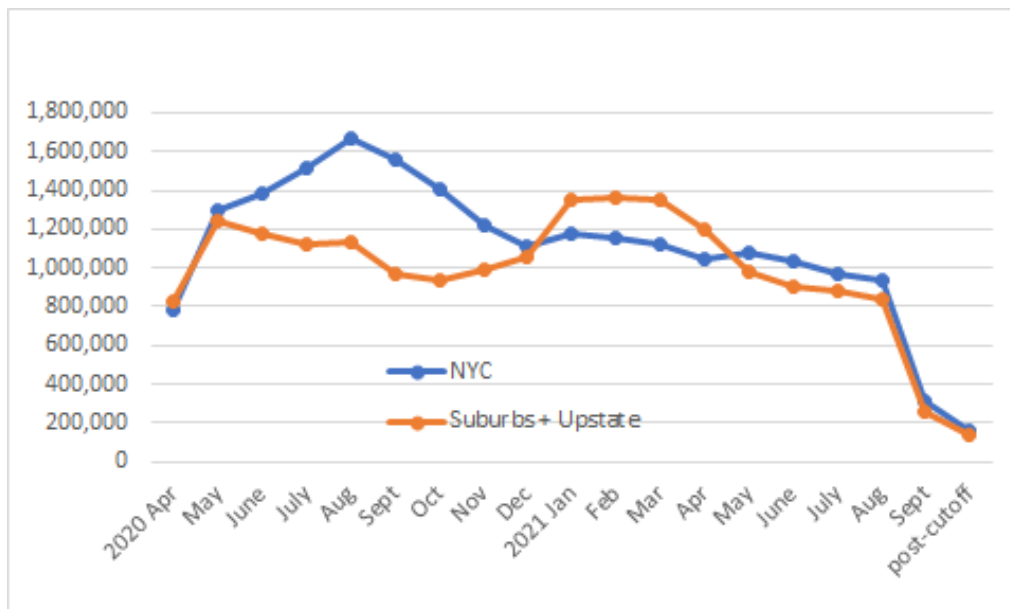


Chart 13

**Many NYS Latinx and Black households having difficulty paying usual expenses**

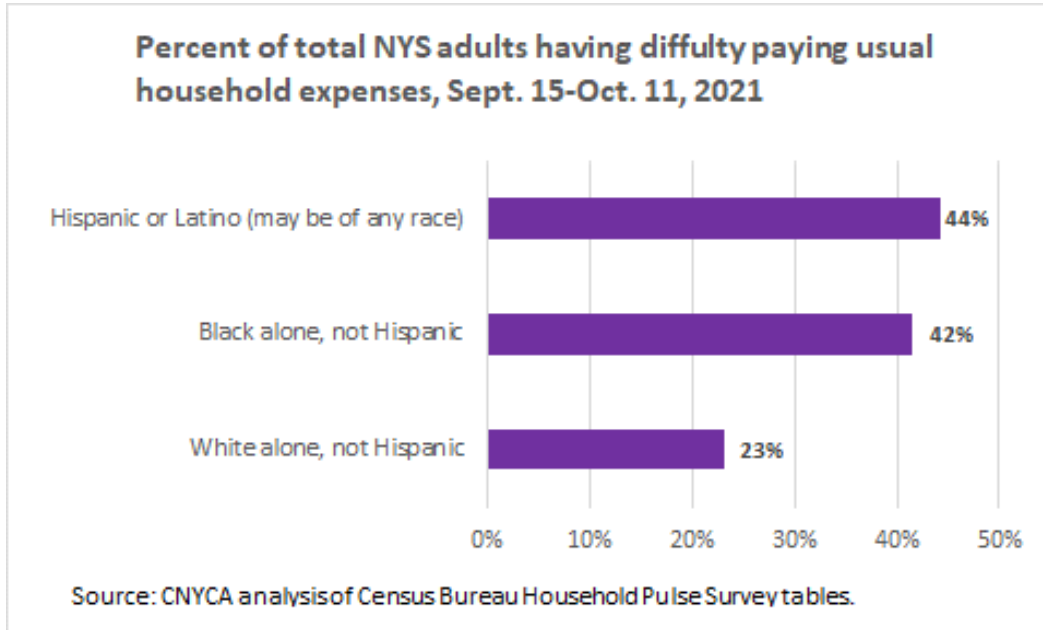


Chart 14

**NY's Medicaid rolls have surged in the wake of COVID-19**

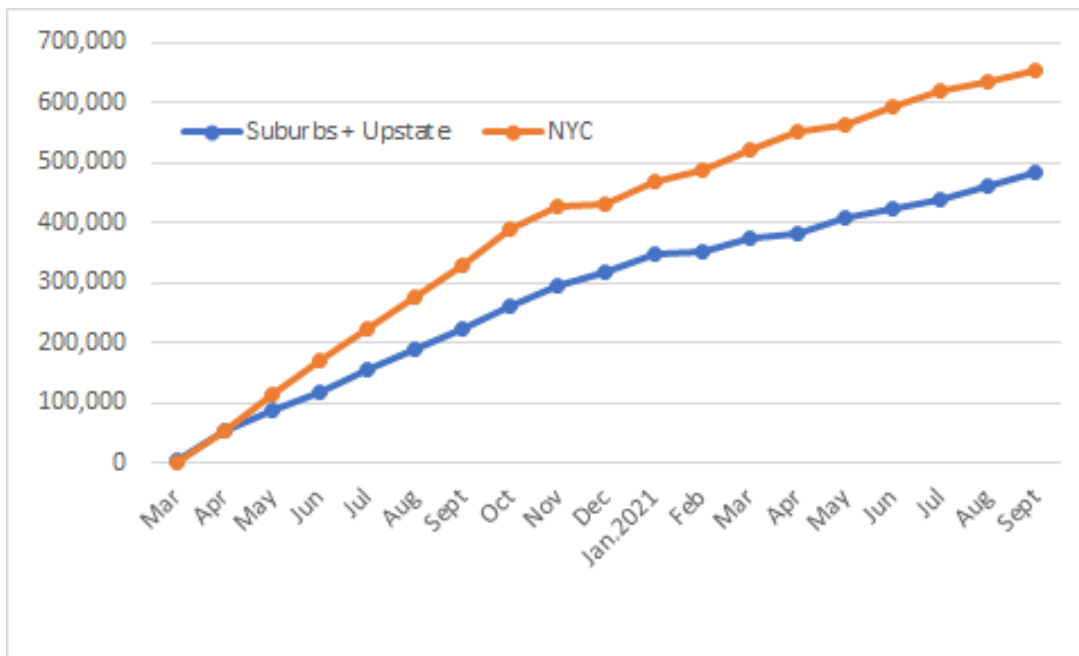


Chart 15

**NY's employment recovery from the last 2 downturns has taken 4-6 years, and the COVID-19 downturn was much steeper**

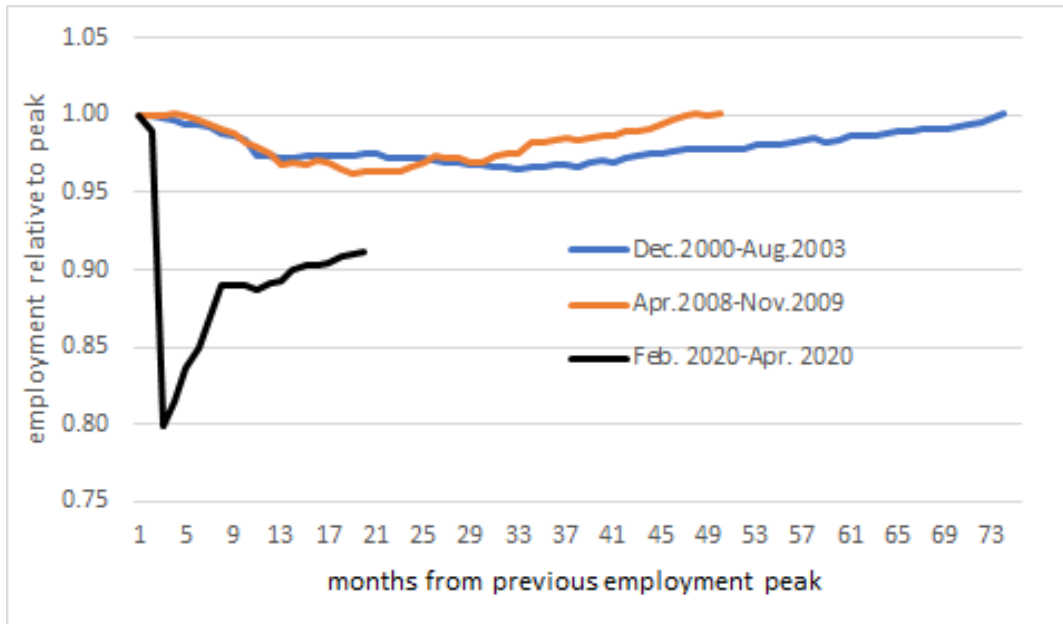


Chart 16

**The pandemic's lopsided economic impact is clearly evident in the wide disparity between job loss and strong tax collections**

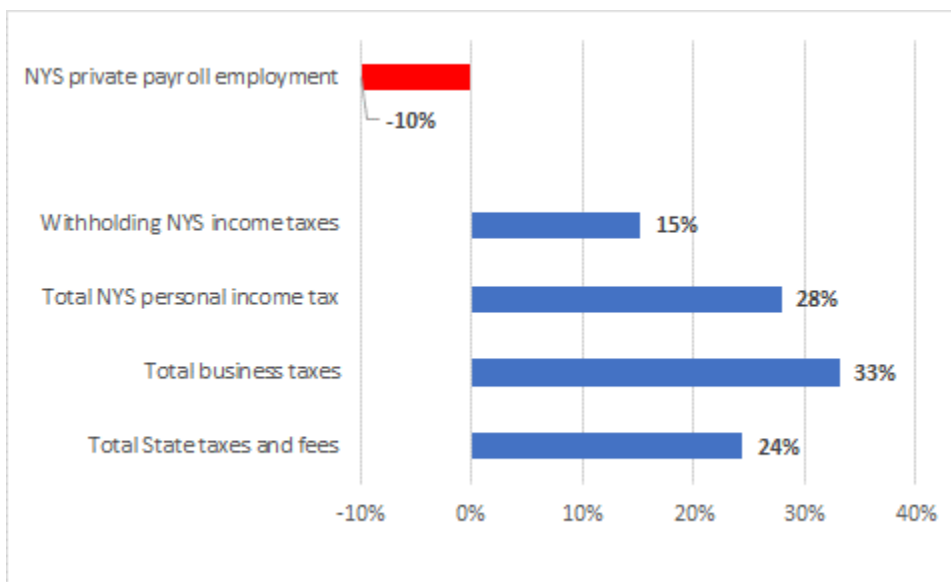


Chart 17

**Federal Covid-19 relief funding allocated to New York State**

	(\$millions)	share of total
Unemployment assistance	\$82,685	30.4%
Business Assistance (mainly Paycheck Protection Program) *	\$45,882	16.9%
Economic Impact Payments (to tax filers with joint incomes < \$160,000))	\$37,932	13.9%
Food, rental, homeowner, and energy assistance to low-income households **	\$8,200	3.0%
Advanced Child Tax Credit (Jul.-Dec. 2021)	\$4,968	1.8%
State and Local Govt Fiscal Relief	\$32,696	12.0%
State/local gov't program funding	\$41,554	15.3%
<i>Elementary and Secondary Education</i>	\$14,794	
<i>Transportation (mainly mass transit)</i>	\$14,590	
<i>Public Health</i>	\$6,435	
<i>Early Care and Education</i>	\$2,785	
<i>Human Services</i>	\$1,678	
<i>Housing</i>	\$1,272	
Funding flowing to a mix of gov't entities, institutions, providers, and students	\$18,202	6.7%
<i>Health Care Providers</i>	\$12,277	
<i>Higher Education</i>	\$5,209	
<i>Other (mainly connectivity for schools &amp; libraries)</i>	\$716	
<b>Total</b>	<b>\$272,119</b>	<b>100.0%</b>

Source: CNYCA analysis of Federal Funds Information Service (FFIS) data, supplemented with data from U.S. Treasury, Center on Budget and Policy Priorities, Urban Institute, and the Peter G. Peterson Foundation.

\* Excludes \$27 B in Emergency Injury Disaster Loans to businesses that are non-forgiveable loans.

\*\* Includes EITC expansion for 2021 for workers without qualifying children, and those ages 19-24 and 65+.