No Cure in Sight: The Covid-19 Economic Virus in New York City As the End of Summer Approaches

A report by James A. Parrott and Lina Moe
August 2020
Acknowledgments

This is the second report issued by the Center for New York City Affairs-Consortium for Worker Education Covid-19 Economic Recovery Project, and the third report overall by the Center on the Covid-19 economic impact. Thanks go to Bruce Cory for editorial assistance, to Ana Holschuh for designing the cover and the report webpage, and to Kristin Morse and Seth Moncrease for general support.

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The Center for New York City Affairs and the Consortium for Worker Education (CWE) have established a Covid-19 Economic Recovery Project to monitor New York City economic and employment conditions and develop policy and programmatic recommendations to facilitate worker and small business recovery. This project will release periodic briefs updating the assessment of how the pandemic- and recession-related job dislocations are affecting average New Yorkers. The project will also tap into the CWE’s extensive network of community-based organizations and union training programs to identify worker and workforce development priorities. Future briefs will also examine small business impacts, hard-hit industries, workforce organizational needs and priorities, pandemic-induced economic changes, and policies to protect incomes and improve economic opportunities.

Preface

While the Covid-19 pandemic’s health impact subsides in New York City, it rages in many other parts of the country. Meanwhile, the economic impact subsides somewhat across the country but looks to rage for several months longer, in New York and elsewhere. Since there’s no template for the Covid-19 economic impact or what its trajectory will look like, the best we can do is stay on top of the data, periodically report on the most recent trends, and try to piece together a picture of where things are headed. In that vein, in this third report from the Center for New York City Affairs since April we recap salient findings from the first two reports, highlight the latest economic data, and extend the narrative on how New York City is being affected.

Early indicators from the first two reports:

● Three categories of jobs characterize this moment: essential public health, safety, and sustenance jobs; face-to-face service and production jobs (including many in the arts) that have been restricted; and mainly professional and managerial jobs that can be performed remotely. (For short, these categories are referred to as “essential,” “face-to-face,” and “remote.”)

● To a far greater extent than in business cycle downturns, Covid-19-related job losses have swamped the face-to-face industries (especially restaurants, retail, local services, and arts and entertainment), hitting hardest at low-wage workers, persons of color, immigrants, young

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1 This report is being written in early August, after the national July employment report but before the New York employment data have been released for the month of July (that release will occur on August 20.)


3 We first introduced this three-sector industry categorization in our April 15 report to reflect the distinctive conditions affecting each as a result of the Covid-19 situation. Workers in the essential industries needed to keep working through the worst of the crisis, even at considerable personal health risk. Most workers in the face-to-face industries (predominantly service-oriented) were displaced from their jobs by mandated business closings—most of these workers are paid by the hour and are not paid when not working. Most remote industry workers largely have been able to continue working—remotely—and retain their salaries and benefits. Figure 1 below identifies the grouping of specific industries into one of these three categories.
workers, and less-educated workers. On the other hand, job displacement has been more moderate in essential and remote industries.

- Unemployment is better measured in a Covid-19 economy by the percent of the workforce receiving unemployment benefits rather than the usual household survey; gauged in this way, one-third of New York City’s workforce and one-quarter of New York State’s workforce were unemployed in June.
- Essential and face-to-face workers dealing directly with the public must cope with serious health risks related to the coronavirus.
- While it is impossible to precisely predict where the recovery will be by year’s end, in late June we thought it was likely that New York City could end 2020 with 500,000 to 600,000 fewer jobs than at the beginning of the year, with half of that job deficit stemming from the face-to-face industries.

Highlights from this report:

- New York City added back in May and June 15 percent of the payroll jobs lost in March and April. Payroll jobs are being added back in sizable numbers, mainly in some, but not all, of the face-to-face industries where employment plummeted in late March and April. However, the citywide June total payroll job count remained 17 percent (777,000) below the pre-pandemic level of 4.7 million. (An additional 500,000-600,000 independent contractors are unemployed.)
  - There has been little recovery in the arts, entertainment, and recreation industry, as ongoing social distancing restrictions preclude most activity in this industry, such as Broadway theatrical productions, museums, gyms, and attendance at professional sporting events.
  - While job losses in the remote industries have been a fraction of those in the face-to-face industries, the slow return of most Manhattan office-based activities means many sidelined jobs in a range of support activities (restaurants, building services, temp agencies, and transportation).
  - Domestic and international tourism will remain weak at least through the end of 2020, costing the city tens of thousands of jobs.

- A total of 1.35 million jobless New York City residents were receiving unemployment benefits at the end of July. The recently expired $600 weekly unemployment insurance (UI) supplement added $760 million in spending power in New York City each week from mid-April (when unemployed workers began getting the supplemental benefit) through July, totaling over $11 billion.
  - The $600 supplement has accounted for nearly two-thirds of the $17.7 billion in total unemployment benefits paid to city residents for the months March through July.
  - The loss of that supplement means real hardship for hundreds of thousands of New Yorkers, and the resulting reduction in spending will further erode the job numbers.
Even though New York City began to formally re-open its economy in early June, nearly 50,000 workers each week were displaced from their jobs throughout June and July. There was an overall net gain in jobs in June compared to May but the fresh displacement of almost 50,000 workers each week was more than four times what it was during the worst months of the 2008-09 Great Recession.

The continuing wave of job losses reflects two forces: one, businesses deciding that the economy is not going to recover any time soon and consequently permanently laying off workers; and two, businesses closing for good or laying off most of their workforce in connection with bankruptcy filings.

While the official July unemployment rate for New York City will not be released until August 20, it is clear from the July UI claims data that actual unemployment has stayed distressingly high. The “official” jobless rate edged higher, to 20.4 percent in June from 18.3 percent in May, but there is now a much greater number of workers receiving UI benefits than estimated in the monthly household survey that is the basis for the official unemployment numbers. Measuring unemployment as the number of unemployment benefit recipients as a share of the city’s February labor force yields a 32.7 percent unemployment rate for June. Since the number (1.35 million) of city residents receiving unemployment benefits was essentially the same in July as in June, the actual extent of unemployment remains in the 32-33 percent range.

Actual unemployment (measured by UI recipients) in the Bronx is nearly 41 percent, followed by 37 percent in Queens and 33 percent in Brooklyn. In Staten Island, nearly 28 percent of the labor force received unemployment benefits in July while in Manhattan the actual unemployment rate was 23 percent. (The corresponding figure for New York State as a whole is 27.6 percent.

While states across the country have seen significant job losses related to Covid-19, New York State was the early epicenter of cases and has been more cautious than most states in reopening. As a result, New York State had the second-sharpest February-to-June payroll job loss of any state, and its official June unemployment rate was third-highest among all states.

Possibly the only bright spot in the otherwise bleak economic picture is the federal government’s Pandemic Unemployment Assistance (PUA) program enacted in late March to provide, for the first time, unemployment benefits to independent contractors and other workers who don’t qualify for regular State unemployment insurance.

An estimated 600,000 New York City workers were receiving PUA benefits in mid-July; that’s 44 percent of the 1.35 million city residents relying on unemployment benefits.

One of the largest groups of independent contractors are the 100,000-plus for-hire vehicle drivers licensed by the City’s Taxi and Limousine Commission (TLC). The TLC reports that the number of trips provided by drivers (including medallion drivers) fell by 84 percent as of early April compared to pre-Covid levels, with the trip count still down by 71 percent at the end of June.
Recent data highlights the widespread negative economic impacts of the Covid downturn.

- Among New York State households with annual incomes under $35,000, nearly two-thirds had experienced some employment income loss according to a Census Bureau survey. (The picture is likely similar in New York City.) Forty percent of those with income of $100,000 or more saw some income decline. The highest incidence (69 percent) of employment income loss occurred among New York households in the $75,000-$99,999 income range.

- The number of people seeking some form of public assistance has risen since February after a long-term decline over the past decade. The number of public assistance recipients in New York City rose nearly 16 percent between February and June while the number of Supplemental Nutrition Assistance Program (SNAP, previously known as Food Stamps) recipients rose 12.5 percent.

Federal economic assistance enacted in March has moderated the economic freefall, but further action is needed, or spending will weaken and net job losses could return. Such action should include:

- Effective government efforts to maintain the viability of Covid-19 endangered small employers who collectively employ hundreds of thousands of New Yorkers.

- Congressional extension of the $600 supplemental weekly unemployment insurance benefit that expired July 25.

- Federal funding of public service and other jobs programs to serve young workers, invest in infrastructure, and to promote climate resiliency and adaptation.

- Substantial federal fiscal relief to state and local governments as soon as possible, to avert harmful cuts in essential public services and employment that would worsen an already bleak jobs picture.

State action is also needed in these areas:

- Economic assistance to the estimated 250,000 dislocated undocumented workers in New York state (with the bulk of those in New York City), and others who have fallen through the cracks and are not receiving unemployment assistance.

- New York should modify its partial UI system to increase the number of part-time hours that a UI recipient can work without jeopardizing the receipt of all benefits.

- As long as the coronavirus remains a public health threat, workers need effective health and safety protections on the job. Specifically, state law needs to be clarified to allow workers to refuse offers to return to work and retain their UI benefits where the worker is justifiably concerned of serious health risks. Several states are extending such protections to older workers and others with health conditions that put them at high-risk. It is also important to monitor Workers’ Comp Board determinations on the ability of workers contracting Covid-19 through their work to receive workers’ compensation benefits.
A very partial rebound, but an historic New York City job decline persists

New York City added back in May and June 15 percent of the jobs lost in March and April. While 117,000 jobs were added back to the city’s economy in June compared to May (the May gain was only 20,000), the citywide June total payroll job count remained 16.6 percent (777,000) below the pre-pandemic level of 4.7 million. New York City’s 16.6 percent job decline is slightly greater than for New York State overall (15.7 percent) and considerably above the 9.6 percent national job loss as of June. During May and June combined, 137,000 payroll jobs were added back but 914,000 had been lost over the two previous months.

Using the three analytic categories presented in the Center’s previous reports, Figure 1 shows that pandemic-related job losses have been concentrated in the face-to-face industries that have experienced a 31 percent decline since February, compared to a seven percent job loss in the essential industries and a six percent job decline in “remote-operating” industries. The hardest-hit individual industries include arts, entertainment, and recreation (-61 percent), food services (-56 percent), and accommodation (hotels), where there was a 49 percent job loss. In contrast, the financial sector has witnessed a three percent job decline. All of the face-to-face industries had greater percent job declines than any of the remote industries.

Unlike in the other two hardest-hit industries – food services and accommodation – there has been little recovery in the arts, entertainment, and recreation industry. Most of this industry has not been able to re-open; ongoing social distancing restrictions preclude most activity in this industry, from Broadway and museums, to gyms, to attendance at professional sporting events. The Metropolitan Opera and Lincoln Center have canceled their fall seasons and the Broadway League announced at the end of June that theaters would not reopen until 2021. The flagship of the city’s museums, the Metropolitan Museum of Art, recently announced a 20 percent staff reduction (353 positions); the State has not yet permitted museums to reopen. Major league baseball play has resumed, but without fans or the stadium jobs dependent on those fans. Figure 4 below shows several examples of recent layoff notices in arts and entertainment, including for workers at Madison Square Garden, Radio City Music Hall, Madame Tussaud’s, all the part-time workers at the Lower East Side Tenement Museum, the cafeteria at the American Museum of Natural History, and the Metropolitan Opera, which amended an earlier layoff notice to achieve a new total of 2,279 affected workers at the Met.

The city’s tourism economy spans several industries: accommodation, restaurants, arts and entertainment, and transportation are the main ones. Last year, the city attracted a record 67 million visitors supporting an estimated 400,000 jobs. Tourism and international travel will remain weak at least through the end of 2020, costing tens of thousands of jobs. Even the city’s tourism agency, NYC & Company, recently notified the State Labor Department that it was making permanent 59 of the 77 staff layoffs announced in April. (See Figure 4, below.)

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In addition to the lost payroll jobs shown in Figure 1, 500,000 to 600,000 New York City independent contractors are unemployed. Neither the State nor the Federal governments have released data that allow us to closely track independent contractor employment on a current basis. However, some indication of the magnitude of independent contractor displacement can be seen in the claims data for Pandemic Unemployment Assistance (PUA), which we discuss on page 12, below.
As noted in our June 29 report, two-thirds of all workers in the city’s face-to-face industries earn less than $40,000 annually, while only 27 percent of remote workers have comparably low earnings. At the other extreme, 35 percent of remote workers have annual earnings over $100,000 while only eight percent of face-to-face workers and 10 percent of essential workers are in that income range. This finding for New York City is reinforced by a national study presented by economist Alexander Bartik and colleagues: “Both traditional and non-traditional data show that, in contrast to past recessions, this recession was driven by low-wage services, particularly the retail and leisure and hospitality sectors.”

**An estimated 1.35 million New York City residents are receiving unemployment benefits**

Figure 2 shows the total number of New York State residents receiving benefits under four distinct programs by week since the end of February. The statewide total number of UI recipients averaged 2.7 million from mid-May through the end of July; during that time, the total claimant level has been stuck at an historically high level, over a quarter of the entire state workforce. As of late July, 1.5 million (53 percent) of all UI recipients received benefits under the State’s regular UI program. About 1.2 million New Yorkers (44 percent of all UI recipients) are covered through the PUA program for those not eligible for regular State UI. A little over three percent received Pandemic Emergency Unemployment Compensation (PEUC)7 and one percent are under the Short-Time Compensation program (STC), commonly known as Work-Sharing.8 UI recipients under any of these programs were eligible to receive the $600 weekly UI supplement until it expired on July 26.

New York City residents account for about half of all statewide recipients of regular State UI. For example, for the month of June, 50.6 percent of regular UI recipients were city residents; they received 55.8 percent of all regular UI payments that month.9 To approximate the number of New York City residents receiving UI benefits in this report, we make the simplifying

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7 Enacted as part of the CARES Act in late March, PEUC provides up to 13 weeks of extended unemployment benefits to workers who exhaust their 26 weeks of regular State unemployment payments; it was established in light of the severe unemployment expected to continue over the next few months. Beginning on July 5, 2020, extended benefits have also been payable for an additional 20 weeks (for a total of 59 weeks) under the Extended Benefits program which is triggered once a state reaches a certain high level of unemployment. PUA recipients are eligible for up to 46 weeks of UI benefits but are not eligible for either of these extended benefit programs.
8 “The Shared Work program is designed to help businesses manage the impact of economic downturns, while sparing workers from losing their income and other benefits like health insurance. Employers who are considering layoffs or furloughs can instead keep employees at work with reduced hours while allowing workers to receive partial unemployment benefits for 26 weeks to make up for lost work. Companies that are re-opening but facing reduced demand can also leverage the program to rehire their entire workforce with reduced hours.” New York State Department of Labor, “As Regions Across the State Continue to Reopen, NYS Department of Labor Announces Nearly 2,600 Businesses have Used the Shared Work Program to Retain or Rehire Nearly 45,500 New Yorkers,” Press Release, July 14, 2020.
assumption that city residents account for 50 percent of the statewide total. We apply this assumption also to the other three UI programs (PUA, PEUC, and STC or Work Sharing).

**Figure 2**

New York State continuing weekly claims under four UI programs

Thus, we estimate that a total of 1.35 million New York City residents were receiving UI benefits at the end of July. The recently expired $600 weekly UI supplement added $760 million in spending power in New York City each week from mid-April (when unemployed workers began getting the supplemental benefit) through July, totaling over $11 billion.10

The $600 supplement has accounted for nearly two-thirds of the $17.7 billion in total unemployment benefits paid to city residents for the months March through July. The loss of that supplement means real hardship for hundreds of thousands of New Yorkers, and the resulting reduction in spending will further erode the job numbers.

The 2.7 million state and 1.35 million city UI recipients discussed here include only New York State residents. In addition, an average of about 85,000 out-of-state residents received New York UI benefits for June and through the first three weeks in July. These are workers whose jobs were in New York State, with a high share assumed to have been located in New York City. An undetermined number (but likely over 100,000) of residents of Long Island or the northern

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10 The total number of UI recipients was less in April and early May than the 2.7 million average since mid-May, and the New York City share of State UI recipients was slightly under 50 percent in April and May.
suburbs are receiving UI benefits for jobs that had been in New York City; suburban residents are not included in the 1.35 million estimated number of city UI recipients. Thus, the total number of jobs lost in New York City could be in the neighborhood of 1.5 million.

**Job displacements continue into the summer, at close to 50,000 per week**

Even though New York City began to formally re-open its economy in early June, nearly 50,000 workers were newly displaced from their jobs each week throughout June and July. (New York City initial UI claims had averaged 122,000 per week for the nine weeks in April and May.) There was an overall net gain in jobs in June compared to May, but the fresh displacement of almost 50,000 workers each week was more than four times what it was during the worst months of the 2008-09 Great Recession. (See Figure 3.)

This continuing wave of job losses reflects two forces: one, businesses deciding that the economy is not going to recover any time soon and consequently permanently laying off workers; and two, businesses closing for good or laying off most of their workforce in connection with bankruptcy filings.

It is interesting to note in Figure 3 that the initial UI claims level for the rest of New York State has also held fairly steady over the past two months, even though all the other regions in the state reopened much sooner than New York City. This indicates a similar continuing and fairly high level of job displacements across the state as in New York City.

**Figure 3**

Initial regular New York State UI claims, New York City and the Rest of the State (ROS)

Source: NYS Department of Labor
Under the federal Worker Adjustment and Retraining Notification (WARN) Act, employers with 100 or more employees are required to provide written notice to state labor departments of a

**Figure 4**

**Selected WARN notices issued by New York City employers, July and August 2020**

<table>
<thead>
<tr>
<th>WARN notice date (all 2020)</th>
<th>Company</th>
<th># of workers affected</th>
<th>Additional information</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Jul</td>
<td>Howard Hughes Corp. and Seaport Hospitality (several Seaport stores and restaurants)</td>
<td>316</td>
<td>closings on 7/2/20</td>
</tr>
<tr>
<td>3-Jul</td>
<td>The Shubert Organization</td>
<td>1,980</td>
<td>separations began 3/12/20 and layoffs are expected to exceed 6 months</td>
</tr>
<tr>
<td>10-Jul</td>
<td>Starwood Hotels &amp; Resorts--Downtown</td>
<td>134</td>
<td>business will permanently cease operating 10/13/20</td>
</tr>
<tr>
<td>12-Jul</td>
<td>Strand Books</td>
<td>149</td>
<td>furloughs that began 3/22/20 extended for more than 6 months; 16 employees permanently laid off</td>
</tr>
<tr>
<td>13-Jul</td>
<td>Restaurant Associates (1 World Trade Center)</td>
<td>26</td>
<td>furloughs began 3/13/20; permanent layoffs 10/12/20</td>
</tr>
<tr>
<td>14-Jul</td>
<td>Restaurant Associates (Lincoln Center Plaza)</td>
<td>83</td>
<td>separations began 3/13/20; layoffs expected to exceed 6 months</td>
</tr>
<tr>
<td>14-Jul</td>
<td>Planned Parenthood of Greater NY (7 NYC locations)</td>
<td>146</td>
<td>70 employees temporarily separated on 4/6/20 will be permanently separated on 9/16/20</td>
</tr>
<tr>
<td>15-Jul</td>
<td>American Airlines</td>
<td>2,301</td>
<td>2,200 employees furloughed 10/1/20; 65 furloughed 11/1/20; 26 employees permanently separated 10/1/20</td>
</tr>
<tr>
<td>17-Jul</td>
<td>Envoy Air Inc.</td>
<td>578</td>
<td>furloughs effective between 10/1/20 and 10/14/20</td>
</tr>
<tr>
<td>22-Jul</td>
<td>Lower East Side Tenement Museum</td>
<td>76</td>
<td>part-time employees furloughed on 3/13/20 now permanent effective 7/22/20</td>
</tr>
<tr>
<td>24-Jul</td>
<td>Screen Actors Guild/Federation of TV Radio Artists (SAG/AFTRA)</td>
<td>48</td>
<td>20 employee furloughs which began 5/16/20 converted to permanent layoffs and an additional 10 employees permanently separated 8/7/20</td>
</tr>
<tr>
<td>27-Jul</td>
<td>New York Health &amp; Racquet Club (5 locations)</td>
<td>462</td>
<td>furloughs began 3/31/20, initially expected to be temporary but all site closings are now considered permanent</td>
</tr>
<tr>
<td>27-Jul</td>
<td>Solomon R. Guggenheim Museum Foundation</td>
<td>66</td>
<td>separations began 3/13/20; layoffs expected to exceed 6 months</td>
</tr>
<tr>
<td>27-Jul</td>
<td>Metropolitan Opera Association</td>
<td>2,279</td>
<td>temporary furloughs now expected to exceed 6 months</td>
</tr>
<tr>
<td>27-Jul</td>
<td>NYC &amp; Company, Inc.</td>
<td>77</td>
<td>furloughs began 4/30/20; 59 employees will become permanent separations 7/31/20</td>
</tr>
<tr>
<td>27-Jul</td>
<td>Rainbow Room, Rockefeller Plaza</td>
<td>157</td>
<td>furloughs that began 3/13/20 extended indefinitely</td>
</tr>
<tr>
<td>29-Jul</td>
<td>Flying Food Group</td>
<td>434</td>
<td>employees furloughed on 3/13/20 now permanent layoffs 10/1/20</td>
</tr>
<tr>
<td>29-Jul</td>
<td>Restaurant Associates (American Museum of Natural History)</td>
<td>66</td>
<td>employees furloughed 3/12/20 will become permanent layoffs 8/30/20</td>
</tr>
<tr>
<td>30-Jul</td>
<td>Madame Tussaud’s New York</td>
<td>136</td>
<td>separations began 4/5/20; 96 employees will be permanently separated 10/31/20; 40 employees’ furloughs extended through the end of 2020</td>
</tr>
<tr>
<td>30-Jul</td>
<td>Republic Airways</td>
<td>234</td>
<td>furloughs beginning on 10/1/20 expected to be temporary</td>
</tr>
<tr>
<td>31-Jul</td>
<td>DFS Group, JFK Airport (retail)</td>
<td>152</td>
<td>66 employees furloughed on 4/20/20 now permanent effective 9/1/20; 80 temporary furloughs extended indefinitely</td>
</tr>
<tr>
<td>31-Jul</td>
<td>Augustine Restaurant</td>
<td>86</td>
<td>temporary layoffs that began on 3/16/20 now permanent effective 7/31/20</td>
</tr>
<tr>
<td>3-Aug</td>
<td>Neiman Marcus Group (Hudson Yards)</td>
<td>257</td>
<td>employee separations expected to occur on 11/3/20</td>
</tr>
<tr>
<td>4-Aug</td>
<td>MSG Entertainment (6 locations including Radio City Music Hall)</td>
<td>348</td>
<td>layoff date 8/7/20</td>
</tr>
<tr>
<td>4-Aug</td>
<td>MSG Sports</td>
<td>53</td>
<td>layoff date 8/7/20</td>
</tr>
</tbody>
</table>

Source: NYS Department of Labor
plant or business closing or mass layoff affecting 50 or more employees at a single site. Figure 4 lists 25 such notices for New York City employers from among the scores filed in July and early August. This grim listing indicates numerous instances of what began as temporary furloughs in March now becoming permanent, as well as business closings. It also shows a preponderance of layoffs affecting workers in the arts and entertainment, restaurants, hotels, and several airport-related businesses. The layoff list also includes health care, retail (including the new Neiman Marcus store in Hudson Yards), the city’s tourism agency, and the SAG/AFTRA union of performing artists.

**New York City’s actual unemployment for June and July is 32-33 percent**

While the official July unemployment rate for New York City will not be released until August 20, it is clear from the July UI claims data that actual unemployment has stayed distressingly high. The “official” jobless rate edged higher, to 20.4 percent in June from 18.3 percent in May, but there is now a much greater number of workers receiving UI benefits than estimated in the monthly household survey that is the basis for the official unemployment numbers. Measuring unemployment as the number of UI recipients as a share of the city’s February labor force yields a 32.7 percent unemployment rate for June. Since the number (1.35 million) of city residents receiving UI benefits was essentially the same in July as in June, the actual extent of unemployment remains in the 32-33 percent range.

**Figure 5**

Two measures of New York City unemployment, June 2020

Source: Authors’ analysis of NYS Labor Department data
Actual June unemployment (measured by UI recipients) in the Bronx was nearly 41 percent, followed by 37 percent in Queens and 33 percent in Brooklyn. In Staten Island, nearly 28 percent of the labor force received unemployment benefits in June while in Manhattan the actual unemployment rate was 23 percent. (The corresponding figure for New York State as a whole was 27.6 percent.)

**New York State’s job losses among the highest for all 50 states**

While states across the country have seen significant job losses related to the Covid-19 pandemic, New York State was the early epicenter of Covid cases and deaths, and has been more cautious than most states in reopening following widespread business closures in March and April. As a result, New York State had the second-greatest degree of payroll job loss between February and June (the month with the latest available State data) of any state (surpassed only by tourism-dependent Hawaii). Nationally, there was a 9.6 percent payroll job decline from February to June. New York State experienced a 15.7 percent job loss over that period. The states with below-average job losses are concentrated in the South, the Great Plains, and Mountain West.

The three states with the highest unemployment rates in June were Massachusetts, New Jersey, and New York. New York’s unemployment rate for June was 15.7 percent (coincidentally, the same degree of payroll job loss from February to June). New York and its neighboring states now have much higher unemployment rates than in June of 2009, near the trough of the 2008-09 Great Recession, while Southern states now have lower unemployment rates than during the Great Recession. New York’s cautious approach to reopening meant that its unemployment rate was higher in June than in April (15.7 percent compared to 15.3 percent in April) while for the United States as a whole, unemployment fell from 14.7 percent in April to 11.1 percent in June.

**One of the few bright spots—unemployment benefits for independent contractors**

Aside from the (unfortunately now-expired) $600 weekly UI supplement, possibly the only bright spot in the otherwise bleak economic picture is the federal government’s Pandemic Unemployment Assistance (PUA) program enacted in late March to provide, for the first time, unemployment benefits to independent contractors and other workers who don’t qualify for regular State unemployment insurance.

An estimated 600,000 New York City workers were receiving PUA unemployment benefits in mid-July; that’s 44 percent of the total of 1.35 million NYC residents relying on some form of unemployment benefits.

One of the largest groups of workers whose status as employees or independent contractors has remained murky for some time are the 100,000-plus for-hire-vehicle drivers licensed by the City’s Taxi and Limousine Commission (TLC). The TLC reports that the number of trips provided by drivers fell by 84 percent as of early April compared to pre-Covid levels, with the
trip count still down by 71 percent at the end of June.\textsuperscript{11} Many TLC-licensed drivers contend that they are employees, not independent contractors, and that the State has been slow to process their claims for regular State UI. A recent court ruling ordered the State to expedite the drivers’ claims and chastised Uber and Lyft for not more readily providing needed data on driver earnings to the State.\textsuperscript{12}

\textit{Widespread economic distress and rising need for economic assistance}

The economic dislocation caused by the pandemic has been widespread and has been particularly pronounced for low- and moderate-income households. To better gauge the ongoing social and economic effects, the U.S. Census Bureau has developed the Household Pulse Survey to poll a sample of households on a weekly basis. The Household Pulse Survey for the second week in July found that half of all American households had experienced some loss of employment income (either through a furlough, layoff, or reduction in hours or pay) since the onset of the pandemic in mid-March. In New York State, the share of households affected was even greater at 59 percent. The trend in New York City likely tracks the statewide picture. (See Figure 6.)

\textbf{Figure 6}

Percent of households, by income level, experiencing loss of employment income between March 13 and July 14, 2020, U.S. and New York State

![Figure 6: Bar chart showing the percentage of households experiencing loss of employment income by income level in the U.S. and New York State between March 13 and July 14, 2020.]


Among New York State households with incomes under $35,000, nearly two-thirds had experienced some employment income loss; 40 percent of those with income of $100,000 or more saw some income decline. Of the income ranges shown in Figure 6 for New York households, those at the low end of the middle-income spectrum ($75,000-$99,999) had the highest extent (69 percent) of employment income loss.

The Census Household Pulse Survey also looked (by education attainment level) at how adults not working during the second week in July met their usual spending needs (over the previous seven days). New York State residents with a high school education or less were twice as likely (26 vs. 13 percent) as those with a four-year college degree or better to borrow from friends or family, and half as likely (19 vs. 39 percent) to draw from savings or sell assets. Half (50 percent) of less-educated New York workers relied on UI benefits; 54 percent of those with a four-year college degree or better relied on UI benefits; and 62 percent of those with some college (the intermediate education group) relied on UI benefits.13

Despite the large numbers of New York City residents receiving UI benefits, (including the $600 weekly supplement through late July), sharply rising numbers have sought some form of public assistance since February. This has occurred following a long-term decline in public assistance recipiency in the city over the past decade, and a decline in poverty since 2013. The number of public assistance recipients (either of Temporary Assistance for Needy Families or State Safety Net Assistance) in New York City rose nearly 16 percent between February and June while the number of Supplemental Nutrition Assistance Program (SNAP) recipients rose 12.5 percent.14

Hundreds of thousands of New Yorkers are already behind on their rent, and while the State has acted to protect from eviction renters experiencing financial hardship during the Covid-19 state of emergency, landlords can still pursue legal action to collect back rent. Unless the $600 weekly UI supplement is extended, thousands of New Yorkers could experience even greater hardships.

Job displacement, and greater economic and mental stress, has been particularly prominent among young workers, given their relatively high presence in the hard-hit restaurant, retail, and arts, entertainment, and recreation industries. Recent surveys of City University of New York (CUNY) students, for example, show that nearly 40 percent have suffered some job loss due to Covid-19. Eighteen percent reported having gone hungry in the two weeks prior to the survey, and an alarming 57 percent indicated a decrease in their ability to do school work, with mental stress cited as the chief cause. As a result of the pandemic economy, half of CUNY students reported being worried about losing their current housing.15

**Despite some federal assistance, survival of many small businesses in jeopardy**

One of the features of the current crisis that portends further economic weakening is that the sectors hardest hit are dominated by locally owned small businesses that can ill-afford to operate

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13 U.S. Bureau of the Census, Household Pulse Survey, Week 11. Survey respondents could choose multiple categories in response to the question of the income sources used to meet spending needs.
14 New York City Department of Social Services, Human Resources Administration, “HRA Facts, June 2020."
at a fraction of normal capacity for long. The prospect of operating at 50 percent of capacity or less for several more months means many small businesses will close and the jobs they provide will be eliminated. Eventually those commercial holes in neighborhood economies will be filled, but that process could take years, not months. In the process, much of the locally owned capital behind those small businesses will be destroyed. While that capital may be privately owned, often it represents years of long hours and hard-earned savings, the dedication of local workers, and the loyal patronage of neighborhood residents. There is a community dimension to locally owned small business that is not easily replaced. Small business closings take away much-needed community jobs as well as services and stability.

In its recent report on the challenges posed to New York City by the Covid-19 pandemic, the big business-dominated Partnership for New York City raised the prospect that as many as a third of the city’s neighborhood small businesses could close for good.\textsuperscript{16} The Partnership noted that while the federal Paycheck Protection Program’s aid to small business has helped, New York’s small businesses received less than they should have, considering the greater local extent of Covid-19 related business disruption.\textsuperscript{17}

In early August, a Brooklyn Chamber of Commerce survey of 233 small businesses indicated that 53 percent would struggle to stay open during the next three months.\textsuperscript{18}

\textbf{Recommendations}

Since the U.S. Senate has failed to act since our June report on a new round of federal economic assistance (the House of Representatives enacted such a measure in late May), we reiterate recommendations that we advanced in our June report:

- Effective government efforts to maintain the viability of Covid-19 endangered small employers who collectively employ hundreds of thousands of New Yorkers.
- Congressional extension of the $600 supplemental weekly unemployment insurance benefit (which expired July 26).
- Federal funding of public service and other jobs programs to serve young workers, invest in infrastructure, and to promote climate resiliency and adaptation.
- Substantial federal fiscal relief to state and local governments to avert harmful cuts in essential public services and employment that would worsen an already bleak jobs picture.

- State action is also needed in these areas:

\textsuperscript{16} Partnership for New York City, “A Call for Action and Collaboration,” July 2020, p. 4.
\textsuperscript{17} Ibid., p. 14.
- Economic assistance to the estimated 250,000 dislocated undocumented workers in New York state (with the bulk of those in New York City), and others who have fallen through the cracks and are not receiving unemployment assistance.19
- New York should modify its partial UI system to increase the number of part-time hours that a UI recipient can work without jeopardizing the receipt of all benefits.20
- As long as the coronavirus remains a public health threat, workers need effective health and safety protections on the job. Specifically, state law needs to be clarified to allow workers to refuse offers to return to work and retain their UI benefits where the worker is justifiably concerned of serious health risks. Several states, including North Carolina, Colorado, Connecticut, and Ohio are extending such protections to older workers and others with health conditions that put them at high-risk. It is also important to monitor Workers’ Comp Board determinations on the ability of workers contracting Covid-19 through their work to receive workers’ compensation benefits.

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19 The New York City community organizing and advocacy group, Make the Road, reported that 98 percent of undocumented workers had not received any federal or state economic assistance, according to a survey done during the last week in July. Make the Road and Hester Street, “150 Days Later: Unemployed and Excluded,” August 2020. [https://maketheroadny.org/wp-content/uploads/2019/08/MRNY-Survey2.pdf](https://maketheroadny.org/wp-content/uploads/2019/08/MRNY-Survey2.pdf)

20 We noted in our June report that the benefits provided under New York State’s unemployment insurance system are mediocre at best. New York’s average weekly regular UI benefit was $386 in the first quarter of 2020, ranking it 21st among all states, and its maximum $504 weekly benefit ranked 20th, despite the fact that New York had the third highest average weekly wage among the 50 states. For both average and maximum benefits, New York fell below all of its five neighboring states (Pennsylvania, New Jersey, Connecticut, Massachusetts, and Vermont.) Under reforms enacted several years ago, New York is gradually phasing in a higher taxable wage base but for 2020 it is only $11,400 (that is, UI employer taxes only paid on the first $11,400 of a worker’s annual wage.) That’s lower than in 32 other states, and 38 percent less than the average across 50 states. This is particularly ironic since New York is such a high average wage state. New York’s low taxable wage base is the main reason the state’s UI trust fund is chronically underfunded.