



The New York City Employment Situation in May: Continued Deterioration

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Introduction

The release of national employment figures for May 2020 provided a glimmer of hope for an economic rebound from the devastation of COVID19-related businesses closures and lockdowns that began in March. The unemployment rate dropped from 14.7% in April to 13.3% in May. Total employment increased by 2.5 million jobs, with private employment growing by 3.1 million compared to April. Bars and restaurants gained the most, recapturing 23 percent of their losses between February and April with a gain of 1.37 million jobs in May (although hotel employment continued its decline, with 148,000 additional jobs lost). The figures are encouraging news as more states prepare to loosen some of the restrictions imposed by the lockdown – provided a new wave of infections does not stall the re-opening of businesses.

However, analysis of newly released data show that the NYC economy may have a long road ahead. In contrast to the national picture, the City’s unemployment rate *increased* in May, to 18.3% from 15.8% in April – and a historically low 3.4% in February – according to Bureau of Labor Statistics (BLS) data. Over 900,000 fewer New Yorkers were working in May than in February. In addition to the 534,000 newly unemployed since February, over 380,000 workers had dropped out of the labor force altogether.

Table 1: Change in NYC Employment, February 2020 to May 2020

	February 2020	May 2020	Change
Employed	3,914,274	2,999,166	-915,108
+ Unemployed	137,391	671,304	533,913
= Labor Force	4,051,665	3,670,470	-381,195
Unemployment Rate	3.4%	18.3%	+14.9%
Civilian Non-Institutionalized Population	6,710,823	6,702,382	-8,441
Labor Force Participation Rate	60.4%	54.8%	-5.6%

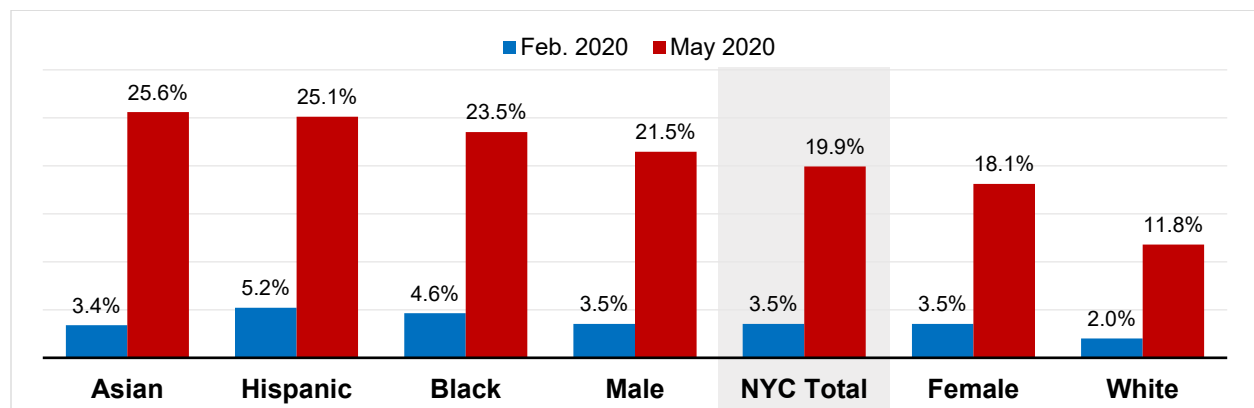
SOURCE: Office of the Comptroller from Bureau of Labor Statistics.
NOTE: Seasonally adjusted.

Unemployment Continues to Rise

Looking at data from the Census Bureau’s Current Population Survey (CPS) shows the same trend of a rising employment rate – and also allows for a closer examination of demographic differences in the employment situation.

The CPS data, which unlike the BLS data cited in Table 1, is not seasonally adjusted, shows a citywide unemployment rate of 19.9%. The unemployment rate among males, which was the same as the citywide average of 3.5% in February, rose to 21.5% in May 2020, while the rate for women rose slightly less sharply, to 18.1%. Amongst racial and ethnic groups, the rise in the unemployment rate has been most acute among the population of Asian origin, increasing from 3.4% in February to 25.6% in May. The rates for Hispanics and Blacks (non-Hispanic) also increased sharply, to 25.1% and 23.5%, respectively. The rate for Whites (non-Hispanic) increased much less sharply, from 2.0% in February to 11.8% in May.¹

Chart 1: Change in Unemployment Rate, February to May, by Demographic Group



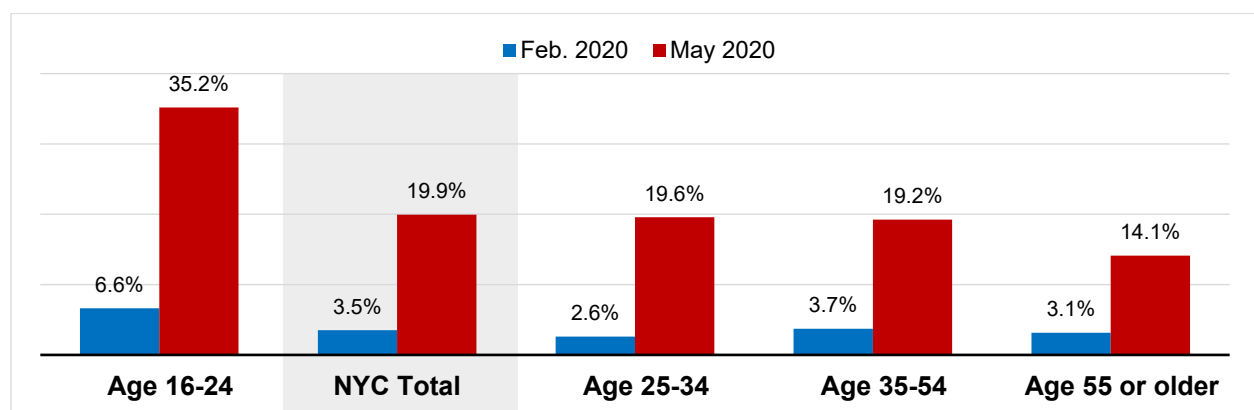
SOURCE: Office of the Comptroller from Current Population Survey.

NOTE: Figures not seasonally adjusted.

Young People Suffer the Highest Increase in Unemployment

The unemployment rate among young people, ages 16 to 24, has skyrocketed during the pandemic (Chart 2), rising to a staggering 35.2% from its pre-pandemic rate of 6.6%. In contrast, the unemployment rate among workers 55 and older rose from a pre-pandemic rate of 3.1% to 14.1%, 5.8 percentage points lower than the overall City's rate.

Chart 2: Change in Unemployment Rate, February to May, by Age Group



SOURCE: Office of the Comptroller from Current Population Survey.

NOTE: Figures not seasonally adjusted.

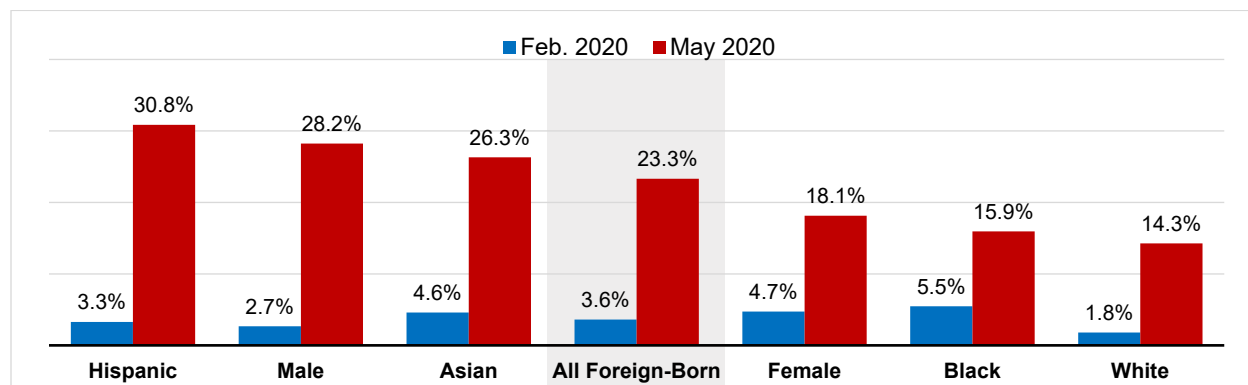
¹ Persons whose ethnicity is identified as Hispanic or Latino may be of any race. In this report, Blacks (African-Americans), Whites and Asians are non-Hispanic. Note that Current Population Survey sample sizes are small and results for subgroups should be interpreted with caution.

Immigrant Unemployment Rate Rises Sharply

The City's foreign-born population, who account for approximately 43% of the City's working age population and who are an integral part of the City's economy and identity, suffered an unemployment rate 3.4 percentage points higher than the overall rate in May -- 23.3%, 19.7 percentage points above their pre-pandemic rate (Chart 3). While a reliable figure for the number of undocumented foreign-born workers is not available, they are generally believed to make up a substantial portion of the City's foreign-born workforce, but have been excluded from receiving the unemployment benefits provided to the rest of the population under the federal Corona Aid, Relief, and Economic Security Act (CARES Act).

Like their U.S.-born counterparts, Asian immigrants have experienced a sharp increase in unemployment, up from 4.6% in February, to 26.3% in May. The sharpest increase, however, was among Hispanics, who experienced a 30.8% unemployment rate in May, up from a rate of 3.3% in February – below the February citywide rate for all groups. Foreign-born Blacks, who had a 5.5% unemployment rate in February, had the lowest increase among all foreign-born groups, with an unemployment rate of 15.9% in May.

Chart 3: Change in Unemployment Rate, February to May, Foreign-Born Workers



SOURCE: Office of the Comptroller from Current Population Survey.
NOTE: Figures not seasonally adjusted.

Sharp Drop in Labor Force Participation

People who are neither employed nor unemployed but looking for work, are considered to be out of the labor force. The most common reasons are retirement, disability, school attendance, or home responsibilities. Typically, a relatively small percentage of people not in the labor force report that they would take a job but have not actively looked for one in the past 12 months, often because they are discouraged about their job prospects.

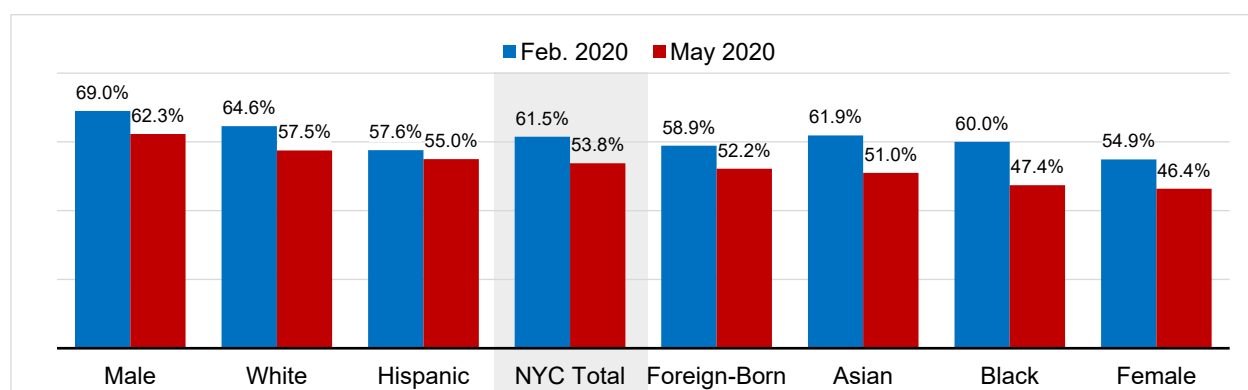
The lockdown that struck the City's economy so suddenly and with such ferocity not only dramatically increased the number of unemployed, but also led to a sharp increase in the number of persons not in the labor force – with the biggest change among those who report “other” reasons than retirement, disability, school, or home care responsibilities. The City's labor force participation rate dropped an unprecedented 7.6 percentage points since February 2020, from 61.5% to 53.8%. In contrast, U.S. labor force participation declined from 63.4% in February to

60.8% in May. This is an unfortunate reversal for the New York City rate, which, in contrast to the national-level trend, had been rising slowly but steadily for the last decade.

Labor force participation experiences significant drops among every demographic group (Chart 4). Male labor force participation dropped to 62.3% in May from 69% in February. Women experienced a slightly higher drop, 8.5 percentage points. The rate for foreign-born workers dropped by 6.7 percentage points to 52.2%.

The largest decline was among African-Americans, whose labor force participation rate fell 12.6 percentage points to 47.4%. Whites and Asians and others experience declines of 7.1 and 10.6 percentage points, respectively, while Hispanics had a 2.7 percentage point drop.

Chart 4: Change in Labor Force Participation Rate, February to May, by Demographic Group



SOURCE: Office of the Comptroller from Current Population Survey.
NOTE: Figures not seasonally adjusted.

Recommendations

The dire unemployment situation requires a response from both the federal government and the City. At the federal level, it is imperative to extend the \$600 weekly unemployment benefit under the Pandemic Unemployment Compensation program beyond its current expiration next month, as well as to provide desperately-needed general fiscal relief to state and local governments, who continue to face the urgent service needs of their residents without adequate resources.

At the City level, the extremely high unemployment rate among youth could be mitigated by restoring the Summer Youth Employment Program, which was cut by the de Blasio administration in April. This would provide income and job opportunities to 75,000 City youth. The City should restart the stalled capital program as a means of generating good-paying jobs, expanding the workforce, and meeting our growing infrastructure demands. Finally, the City needs to increase and streamline opportunities for minority and women-owned businesses who have suffered the most during the city's slowdown. As our country and our city look toward reopening, we cannot leave behind the businesses and workers that keep the nation's economic engine running.

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