New York’s Unemployment Crisis and Income Polarization: Looking to State Policy for Solutions

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Unemployment has topped 700,000 for nearly 3 years. The number has come down only because discouraged workers have dropped out of the labor force.

Source: New York State Department of Labor seasonally adjusted labor force statistics
The number of discouraged workers, and those working part-time involuntarily soared during the recession in New York State, and have continued to increase during the recovery.

Trough (Jul. 2009-Dec. 2009) 768,100
1st half of 2011 449,900

Number unemployed

Number discouraged or marginally attached (dropped out of labor force) 97,500 177,600 183,500

Number working part-time involuntarily 185,900 358,100 418,100


Average unemployment duration continues to rise in the recovery. It is now nearly 40 weeks in New York State, greater than for the U.S. overall.

Source: FPI analysis of CPS; 3 month moving average ending on date.
New York's maximum weekly unemployment benefit has not changed in over a decade and now lags behind all of our neighboring states.

Source: State Labor Department for each state.
For 30 years from 1950 to 1980, the middle class expanded and living standard rose in the U.S. Since then, the income share of the wealthiest 1% has risen sharply - particularly in New York.

Source: U.S. income distribution data from Piketty-Saez (http://elsa.berkeley.edu/~saez); FPI's estimates of NYS and NYC based on NYS personal income tax data.
If New York State had experienced shared prosperity since 1990, with family incomes at different levels rising together, the median family income would have been $96,000 in 2007 - that is, 50%, or fully $32,000, higher than it actually was.

Source: FPI analysis of Census ACS and NYS Department of Taxation tax return data. The hypothetical median family income is calculated by applying the growth in the overall average NYS AGI per return.
Overall, the wealthiest 1% of households pay a much smaller share of their income in state and local taxes than do all other New Yorkers, even with the temporary income tax increase.

Taxes as a percent of family income, for non-elderly taxpayers, after federal deduction offset

- Permanent Law Through October 2009
- With Impact of Temporary Income Tax Increase

NYC's 1% pays a smaller share of their income in city personal income, residential property and sales taxes than their share of all income, 2007

source: FPI analysis of NYS Tax and Finance data.