

New York's Unemployment System Depends on Continued Federal Assistance

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FOLLOWING THE GREAT RECESSION, New York's Unemployment Insurance Trust Fund only achieved a positive fund balance for the first time in fiscal year 2016. On January 1, 2020, the balance stood at \$2.65 billion, but the fund was nearing insolvency according to a report by the U.S. Department of Labor.

Over 1.7 million New Yorkers Filed Jobless Claims During PAUSE

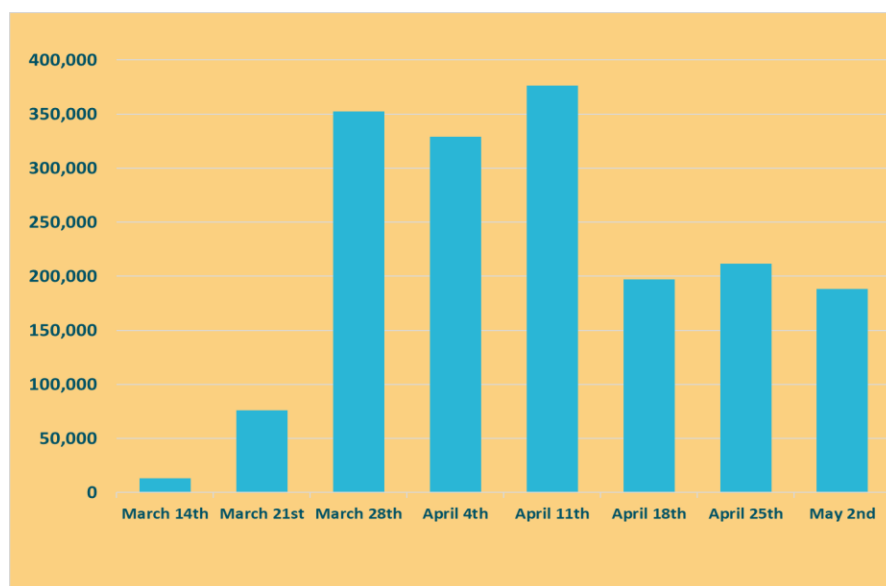


FIG. 1 Source: Initial Unemployment Insurance Claims by Week (Ending), New York Residents, New York State Department of Labor, <https://labor.ny.gov/stats/weekly-ui-claims-report.shtm>
Fiscal Policy Institute

Since the COVID-19 pandemic mitigation began eight weeks ago, over 1.7 million New York residents have filed for unemployment, which is roughly 5 percent of the nation's total filings and represents more people than the entire population of the Bronx. As jobless claims grew, the state was not well-positioned to deal with such a dramatic increase in filings.

To help address rising unemployment throughout the nation, Congress passed the CARES Act, which was signed into law in late March. CARES provided New York with \$16 billion in unemployment insurance funding to help it meet the needs of residents experiencing job loss. To date, New York has paid over \$5.8 billion in benefits to filers.

Funding provided to states in the CARES Act helps states expand their ability to pay unemployment insurance benefits to more workers. The Pandemic Unemployment Assistance (PUA) program allows

those who would normally be ineligible for unemployment benefits to receive them. This includes workers in the “gig” economy, workers who have been misclassified as independent contractors, and workers who have already exhausted their regular unemployment benefits.

CARES also included a notable expansion to the unemployment insurance program - an extra \$600/week to laid-off workers through July 31, 2020. That compensation, known as Pandemic Unemployment Compensation (PUC), has been rightly heralded for mitigating the economic impact of the coronavirus pandemic.

However, in many areas of New York State, unemployment compensation, even when coupled with PUC, still does not provide enough to cover housing costs. For example, a laid-off minimum wage worker living in Nassau County who had been earning \$520 weekly would receive roughly \$320 in unemployment benefits, plus the short-term PUC. Given that the median rent in Nassau County is \$1728/month, this laid-off worker’s unemployment compensation still has them spending 47 percent of their monthly benefit on housing, well above the 30 percent affordability threshold.

With more and more people experiencing COVID-19-related job loss and an eviction moratorium that will expire in August, our state must call on the members of its congressional delegation to ensure adequate funding for our unemployment program, which includes an extension of the PUC past July 31.

Recommendations

- Pass federal legislation that extends PUC benefits beyond July 31, 2020.
- Base federal unemployment funding on state labor market conditions.

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The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.