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UNEMPLOYMENT INSURANCE IS FIRST AND FOREMOST A WAY TO HELP WORKERS through a difficult financial period. It is simultaneously, however, a way to help local economies by putting money in worker's pockets.

In the current pandemic, unemployment benefits were expanded in important ways for most New Yorkers who lost their jobs. However, the federal aid and state unemployment benefits still left tens of thousands of New Yorkers without support. New York State should fill this gap by creating a supplementary program to provide the equivalent of unemployment insurance to New Yorkers who are left behind.

A bill has been introduced to do this by Senator Jessica Ramos and Assemblymember Carmen De La Rosa, allowing people left out of traditional unemployment insurance get the equivalent of the minimum weekly compensation, currently \$750 per week, from a supplementary New York State unemployment compensation fund.

The cost of the program, and the corresponding benefits to local economies as people receive and spend unemployment compensation, would be driven primarily by two groups of excluded workers: undocumented immigrants left out because of their immigration status, and people leaving incarceration left out because they are unlikely to have qualifying recent work experience. The Ramos/De La Rosa bill also addresses the needs of other excluded workers, such as people who are not eligible for other aid and are in a household that lost a major source of income due to a family member's COVID-related death or disability, or certain people working in the cash economy who do not qualify for other benefits. However, these other groups are comparatively small in number, and do not significantly change our overall estimates of costs and benefits.

Statewide, **if 15 percent of undocumented immigrants were unemployed and received benefits each month, on average 80,000 immigrant workers each month would receive unemployment compensation.** (If the average rate were 10 percent, it would affect on average 53,000 people each month.) Since these are monthly averages, the total number of people benefiting would be higher, since in any given month over the course of the program some people would get jobs while others would become unemployed.¹

The Fiscal Policy Institute estimates that adding people leaving incarceration starting in October 2019 to the excluded workers fund would help about another 40,000 people. This

rough estimate is based on the number of people released from *state prison* each year. It assumes that a similar proportion of people are released from other forms of incarceration, and assumes that people are released at a relatively steady rate each month.

Individuals who were recently released from incarceration always face a difficult job market upon release.² Although some people released from incarceration will find jobs, the coronavirus pandemic makes reentry for these individuals much harder because finding a job when so many businesses are closed is nearly impossible.

Under this scenario, an average of 120,000 people would benefit from the fund and it would cost a total of \$3.1 billion—and more than 120,000 would receive some benefit, since a portion of workers would be unemployed for only part of the period covered. (If we assume that 10 percent instead of 15 percent of undocumented workers receive the benefit, the combined cost would be \$2.3 billion.)

How Many People Would Benefit from the Excluded Workers Fund And How Much Would that Boost the Local Economy?

	If Avg. of 15 Percent Get Unemployment Benefits Each Month	Estimated People Released from Incarceration and Unemployed	Combined Number of People Who Would Benefit	Impact of Payments on Local Economy
New York City	60,000	20,000	80,000	\$2.0 Billion
Bronx	11,000	5,000	16,000	\$390 Million
Brooklyn	14,000	7,000	21,000	\$540 Million
Manhattan	8,000	4,000	12,000	\$320 Million
Queens	21,000	3,000	24,000	\$690 Million
Staten Island	2,000	1,000	3,000	\$50 Million
Long Island	11,000	3,000	14,000	\$380 Million
Hudson Valley	12,000	6,000	18,000	\$450 Million
Northern and Western New York	2,000	11,000	13,000	\$260 Million
New York State Total	80,000	40,000	120,000	\$3.1 Billion

FIG. 1 Source: Fiscal Policy Institute analysis. See Methodology for details.

If the money to pay for this fund is raised by a tax on the very wealthy, such as the Mark-to-Market tax described in the [Fiscal Policy Institute’s Three-Point Plan for Re-Building New York](#), and as included in the Ramos/De La Rosa Bill, the state economy would benefit as funds flow from a handful of billionaires to support individuals in need and local economies around the state.

As with unemployment insurance for all workers, this new fund would provide money that allows people who can’t find a job to pay rent to landlords, electric bills to utility companies, and money at the register to grocery stores—all of which help keep the local economy afloat.

For New York City, 80,000 workers would benefit and \$2.0 billion would be injected into the local economy. Within New York City, the number of people and the amount of economic impact for each borough is noted in Figure 1.

On Long Island, 14,000 people would benefit and \$380 million would be contributing to the local economy. **In the Hudson Valley, 18,000 people would benefit, and \$450 million** would go into the local economy. (Hudson Valley here includes Albany, Columbia, Dutchess, Greene, Orange, Putnam, Rensselaer, Rockland, Saratoga, Schenectady, Sullivan, Ulster, Warren, Washington, and Westchester counties.) And, **in Northern and Western New York, 13,000 people would benefit and \$260 million** would support the local economy.

Methodology

The number of undocumented immigrants who would receive unemployment compensation is assumed for this analysis to be an average of 15 percent over the course of eight months, with additional calculations made for a rate of 10 percent. It could well be higher or lower depending on two factors: the unemployment rate for undocumented immigrants and the take-up rate for people applying to the program. It is important to note that what is relevant to this calculation is the *average* over eight months, not the *peak* level of benefit reciprocity rate. For reference, the overall unemployment rate in New York State was 16 percent in June 2020.

The regional breakdown of undocumented workers is based on estimates from the Center for Migration Studies for 2017. This is broken down by region using borough-level estimates provided to the Fiscal Policy Institute by the New York City Mayor's Office of Immigrant Affairs, and for the rest of the state using a prior Fiscal Policy Institute analysis of 2014 data from the Center for Migration Studies.

The Fiscal Policy Institute's estimates of the number of people released from incarceration begins by calculating the share of people in state or federal prison who are released in a given year. The rate, 47 percent, is derived by dividing the total number of annual releases in New York State by the annual total prison population found in a 2018 Bureau of Justice Statistics report. This percentage was applied to all incarcerated groups, not only people in prison, from a 2018 Prison Policy Initiative report. While the rate of release from jails might be different from the rate of release from prison, the large majority of people who are incarcerated in New York State are in state or federal prison, as that report shows. We calculate an average monthly rate of release, and assume it is evenly distributed over 14 months from October 2019 through December 2020. For the first six months of releases, we assume an unemployment rate of 45 percent, based on the findings of the study "Work and Opportunity Before and After Incarceration," by Adam Looney and Nicholas Turner,

published by the Brookings Institution in 2018. To be conservative, we assume that no one released from incarceration after March 2020 finds employment. Under this scenario, the cost of unemployment compensation for this group is \$750 million.

The regional breakdown of people released from incarceration is based on data from 2010 collected by the Prison Policy Initiative. The Fiscal Policy Institute's analysis assumes that the number of people released is proportionate to the number of people held in prison, and that the regional pattern of where people come from is similar for those in prison and those in other forms of incarceration.

Unemployment compensation is calculated at \$750 per week, which is the minimum amount under the current expanded unemployment insurance system (which adds \$600 per week to benefits). It is calculated over for 39 weeks, the equivalent of the eight months from April to December 2020, with people leaving incarceration added to the totals assuming an average rate of release throughout the period.

In all calculations, numbers may not sum to the column total because of independent rounding.

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¹ For detailed estimates, see David Dyssegaard Kallick and Jonas J.N. Shaende, "[Unemployment Relief: Including All of New York's Workers](#)," Fiscal Policy Institute, April 20, 2020. For the unemployment insurance tax contributions already made by employers of undocumented immigrants, even though the immigrants cannot receive any benefits from them, see David Dyssegaard Kallick, "[Unemployment Insurance Taxes Paid for Undocumented Workers in NYS](#)," May 14, 2020.

² See Adam Looney and Nicholas Turner, "[Work and Opportunity Before and After Incarceration](#)," Brookings Institution, March 14, 2018, for discussion of the challenges faced by people after incarceration and a specific estimate of the number of formerly incarcerated people who are unemployed after a year.