New Jersey & COVID-19

A Decade of Trickle Down & A Lack of Preparedness Present a Grave Threat to the Garden State’s Future

Brandon McKoy, President, New Jersey Policy Perspective
Over 7 Percent of New Jersey’s Labor Force Applied for Unemployment Insurance During March 2020

Percent of labor force applying for unemployment insurance, March 1990 - 2020

Source: NJPP analysis of U.S. Department of Labor unemployment insurance (UI) weekly claims and seasonally adjusted labor force numbers from the Bureau of Labor Statistics.
Weekly Unemployment Claims During Great Lockdown Drastically Surpasses Weekly Claims of Past Two Recessions

Weekly UI claims in Great Lockdown, Great Recession, and Early 2000s Recession

The Great Lockdown has seen more unemployment claims in the first 5 weeks than the 5 top peak weeks in the last 2 recessions.
The 5 largest of weekly UI claims during each recession.

- **The Great Lockdown**: 534,367
- **The Great Recession**: 113,524
- **Early 2000s Recession**: 68,536

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<tbody>
<tr>
<td>Restaurant and Bar</td>
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<td>Museums, Historical Sites, Parks</td>
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<td><strong>Total</strong></td>
<td><strong>796,692</strong></td>
<td><strong>$25.9</strong></td>
<td><strong>$45,017</strong></td>
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Source: NJPP and Rutgers Center for Innovation in Worker Organization analysis of Bureau of Labor Statistics, Quarterly Census of Employment and Wages
### Estimated Undocumented Workforce in Major Private Sector Industries at Risk of Direct Impacts from COVID-19 Pandemic

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Source: NJPP and Rutgers Center for Innovation in Worker Organization analysis of Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Migration Policy Institute, Profile of the Unauthorized Population
Summary of Federal Bills

• Coronavirus Preparedness and Response Supplemental Appropriations Act
  • Signed into law March 6\textsuperscript{th}
  • Provides $8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak

• Families First Coronavirus Response Act
  • Signed into law March 18\textsuperscript{th}
  • Provides paid sick leave, tax credits, free COVID-19 testing, expanded food assistance and unemployment benefits, and increases in Medicaid funding

• CARES Act – Coronavirus Aid, Relief, and Economic Security Act
  • Signed into law March 27\textsuperscript{th}
  • $2 trillion package to provide relief to the workers, families, small businesses and major corporations, state and local governments. Includes cash payments to families and support for public health, education, and the safety net.
  • Up to an additional $600/week in Unemployment Insurance payments to supplement state support
HEROES Act (Pending)

- **Fiscal Aid to States and Local Governments**
  - $900 billion total ($500 to states, $375 to local governments, $40 to Native American tribes and territories) to help prevent layoffs, service/program cuts, and regressive tax increases.

- **Second Round of Direct Payments to Citizens**
  - $1,200 per family member (including children) up to $6,000 per household.

- **Labor Protections**
  - $200 billion “heroes fund” to provide Hazard Pay for “essential workers”.
  - Extends $600/week supplemental Unemployment Insurance support through January 2021 (previously terminated at end of July 2020).

- **Housing Assistance**
  - $175 billion to states to help low-income renters and homeowners afford housing costs.

- **Education**
  - $100 billion to states, school districts, and universities to defray additional pandemic-related costs.
HEROES Act: Changes for Non-Profits

• Major changes to:
  • Unemployment Insurance program
  • Expansion of Paycheck Protection Program eligibility
  • Including mid-sized nonprofits in the Main Street Lending Program
  • Extend paid leave provisions for nonprofits with over 500 employees

• Detailed breakdown at CouncilofNonprofits.org
  • Article title: “Review and Recap of Nonprofit Provisions in the HEROES Act”

Major challenge for Non-Profits:
Needs to do much, much more with a decreasing amount of resources
New Jersey’s Ability to Act Severely Hampered

- **Severe underfunding of critical assets, programs, and services**
  - Particularly pronounced since the Great Recession

- **Tax and Budget policies that avoid adequate investment in assets that grow the economy**
  - Higher education, NJ Transit, affordable housing construction never recovered from the Great Recession
  - New Jersey has ranked #1 in foreclosure rates for the past decade without seriously tackling the problem

- **Critical state departments have fewest resources and staff levels on hand in decades**
  - Departments of Health, Human Services, and Labor are needed more than ever and don’t have the resources necessary to respond fully and adequately

- **Essentially zero savings on hand entering the Coronavirus Pandemic**
  - Rainy Day Fund tapped out during Great Recession
  - Governor Murphy made first investment in more than a decade ($401 million/4 days)
Cumulative Change in Staffing Levels and State Funding, New Jersey Departments of Health and Human Services

Cumulative percent change since 2008

Source: NJPP analysis of OLS Summary of Appropriations Act and FY 2008 to FY 2019 CAFR, Office of Management and Budget, NJ Treasury

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Cumulative Change in Staffing Levels and State Funding, New Jersey Department of Labor and Workforce Development

Cumulative percent change since 2008

Source: NJPP analysis of OLS Summary of Appropriations Act and FY 2008 to FY 2019 CAFR, Office of Management and Budget, NJ Treasury

NEW JERSEY POLICY PERSPECTIVE NJPP.ORG
Cumulative Change in Staffing Levels and State Funding, New Jersey Department of Community Affairs

Cumulative percent change since 2008

Source: NJPP analysis of OLS Summary of Appropriations Act and FY 2008 to FY 2019 CAFR, Office of Management and Budget, NJ Treasury
Staff Levels for All New Jersey State Level Departments in the Executive Branch (FY2000 - FY2018)
Middle Class Families Pay a Higher Share of Income in Taxes Than Top 1%

Share of family income paid in state and local taxes in New Jersey

- Lowest 20% (< $24k): 8.7%
- Second 20% ($24k - $45k): 8.6%
- Middle 20% ($45k - $75k): 10.1%
- Fourth 20% ($75k - $132k): 10.7%
- Next 15% ($132k - $313k): 10.1%
- Next 4% ($313k - $897k): 9.6%
- Top 1% (> $897k): 9.8%

Source: Institute on Taxation and Economic Policy, ITEP microsimulation model.
NJ Budget Total Appropriations

Inflation-Adjusted (2019 Dollars)