

# COVID-19 Economic Recovery Capital Region Public Sector Impacts *CDRPC Planning and Zoning Webinar*

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# DISCLAIMER

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“New York State on PAUSE” was enacted on March 22<sup>nd</sup> and reopening begins on May 16<sup>th</sup> in some regions.

There is still a great deal of uncertainty about the regarding the recovery and the longer term impacts.

Information presented here is based on what we know as of May 14<sup>th</sup>.

# Regional Unemployment Impacts

REDC	UI Filers March 8-May 2	Q2:2019 Employment	Share of 2019 Employment
Capital Region	77,146	533,261	14%
Central NY	66,578	350,299	19%
Finger Lakes	94,801	567,283	17%
Hudson Valley	167,218	948,725	18%
Long Island	261,070	1,313,094	20%
Mohawk Valley	34,726	193,903	18%
New York City	830,948	4,480,430	19%
North Country	27,575	152,945	18%
Southern Tier	43,631	261,278	17%
Western New York	199,552	639,798	22%

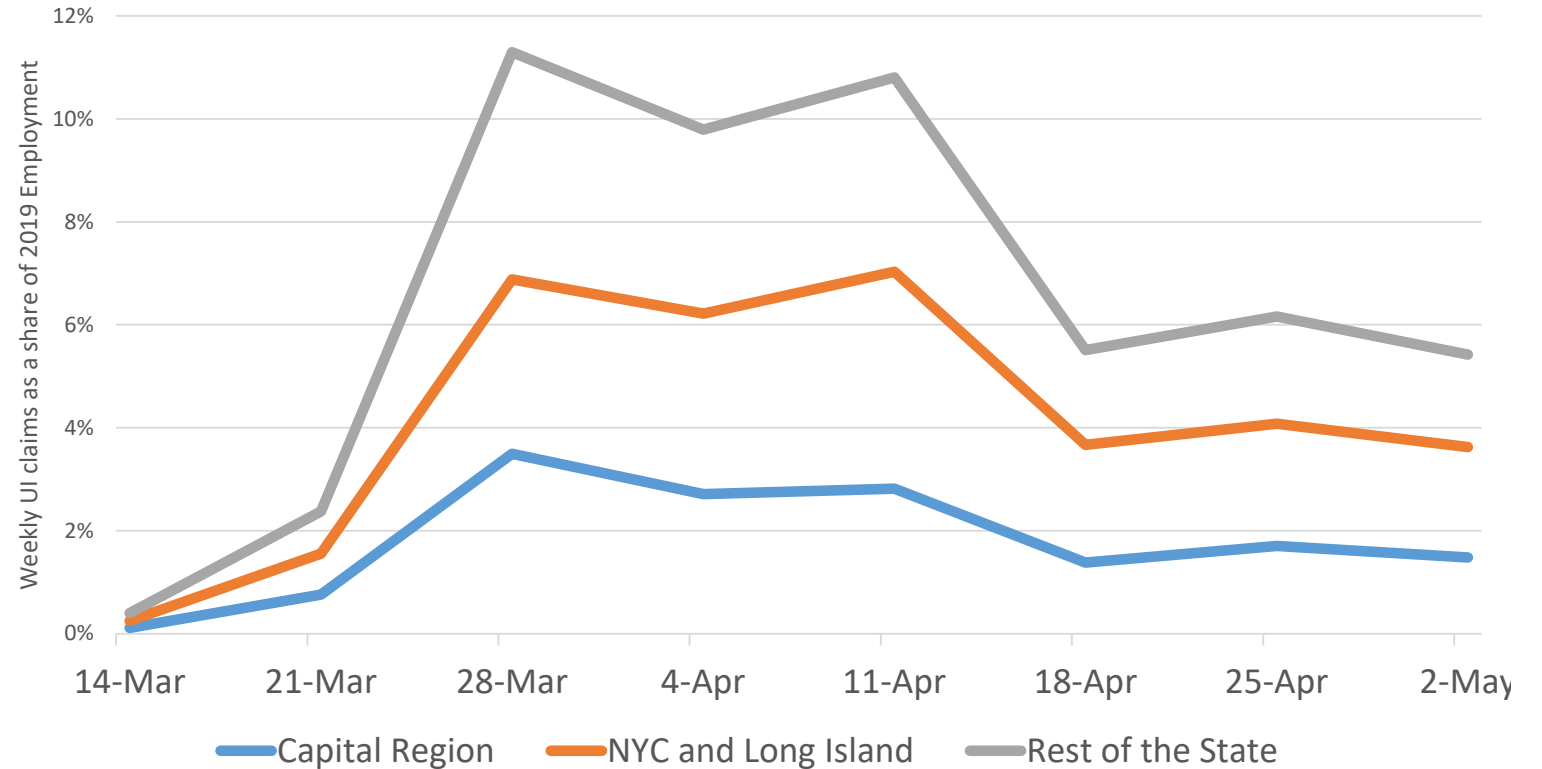
Source: Rockefeller Analysis NYS Department of Labor UI Claims Report and QCEW

## THE NUMBERS

# Unemployment in New York State

Capital Region has not experienced the same levels of unemployment filings seen in other regions of the state.

Siena College Research Institute survey found 26% of households had a member who had been laid off.





# Waves of Layoffs

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## Wave 1: Full contact industries

Accommodation and food services  
Arts entertainment and recreation  
Hairdressers, auto mechanics, day cares  
Retail  
Ambulatory Healthcare

## Wave 2: Production

Manufacturing  
Construction  
Wholesale trade  
Administrative and waste management

## Wave 3: White-collar workers

Management  
Finance and insurance  
Public administration/Government

# Unemployment Claims: Full Contact Industries

	Share of Total Claims	Share of 2019 Sector Employment	Share of Capital Region Employment	Share of NYS Employment
Accommodation and Food Services	20%	43%	8%	8%
Arts, Entertainment, and Recreation	4%	35%	1%	2%
Services (Hairdressers, auto mechanics, daycare)	6%	27%	4%	4%
Retail Trade	14%	26%	11%	10%
Health Care and Social Assistance	12%	13%	15%	17%

Source: Rockefeller Analysis NYS Department of Labor UI Claims Report and QCEW

- 56% of unemployment filers were employed in these five sectors.
- These sectors account ~40% of New York State and Capital Region employment.

# Unemployment Claims: Production Industries

	Share of Total Claims	Share of 2019 Sector Employment	Share of Capital Region Employment	Share of NYS Employment
Administrative/Support Services	9%	29%	4%	6%
Construction/Utilities	9%	35%	5%	5%
Transportation and Warehousing	5%	31%	2%	3%
Manufacturing	5%	21%	6%	5%
Wholesale Trade	9%	29%	4%	6%

Source: Rockefeller Analysis NYS Department of Labor UI Claims Report and QCEW

- 37% of unemployment filers have come from production-related sectors.
- These sectors account 25% New York State and 21% of Capital Region employment.

## THE NUMBERS

# Unemployment Claims: White-Collar Industries

	Share of Total Claims	Share of 2019 Sector Employment	Share of Capital Region Employment	Share of NYS Employment
Information	3%	21%	2%	3%
Real Estate and Rental and Leasing	2%	13%	1%	2%
Educational Services	3%	13%	4%	4%
Professional, Scientific, Technical Services	4%	9%	6%	7%
Management Companies and Enterprises	1%	6%	1%	2%
Finance and Insurance	1%	3%	4%	6%
Public Administration	1%	1%	22%	16%

Source: Rockefeller Analysis NYS Department of Labor UI Claims Report and QCEW

- 15% of unemployment filers have come from professional service sectors.
- These sectors account for 40% of New York State and Capital Region employment.
- Over a third of Capital Region employment industries with unemployment claims <10%



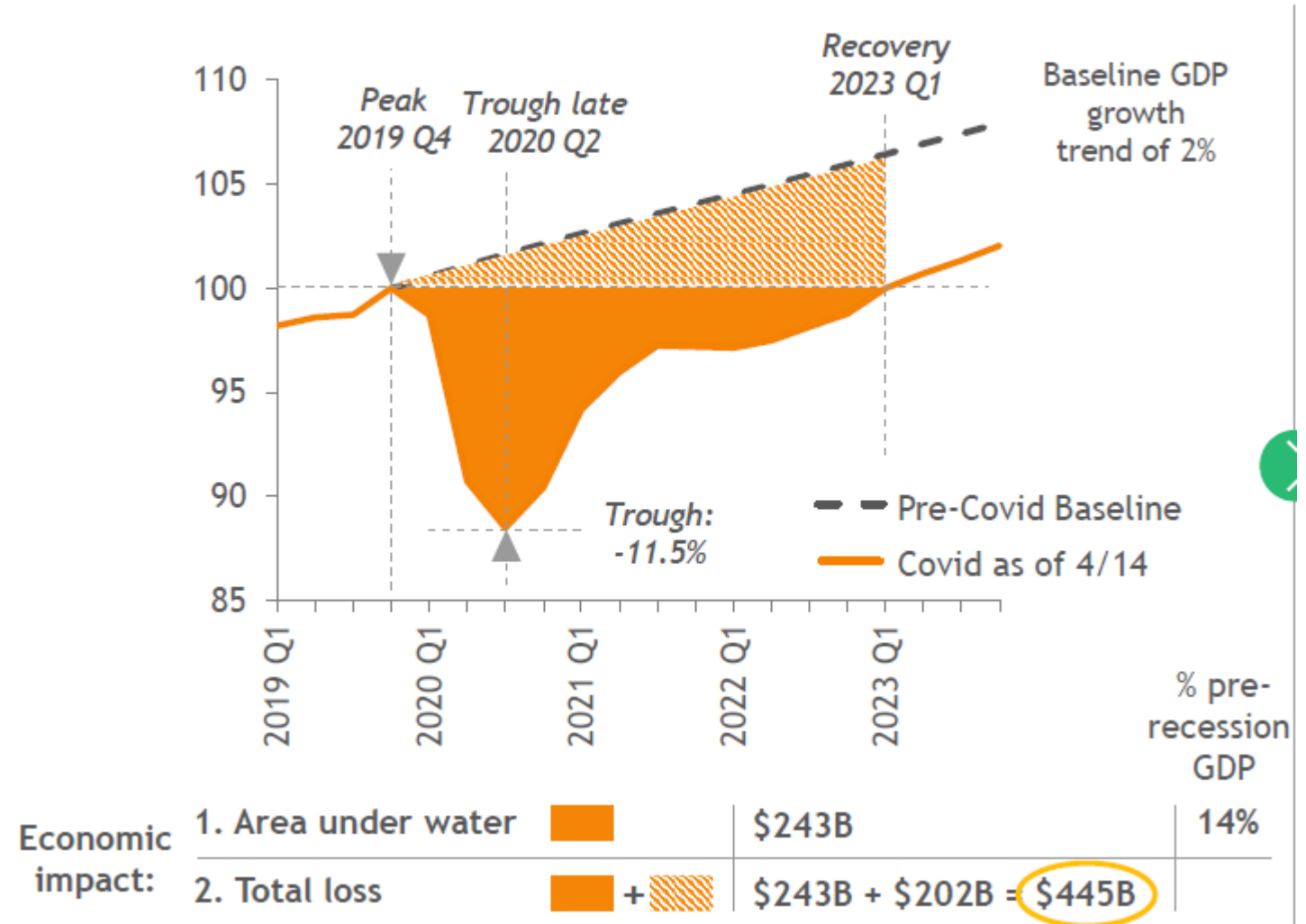
# NYS Forecasts

- Total Economic Loss in NY: \$445 B
- One third of impact felt in 2020
- Pre-COVID GDP achieved 2023 Q1

## Assumptions

- Economy is partially restarted beginning of 2020: Q3
- Gradual phase in of economic activity
- No additional shutdowns

## NY Real GDP based on 4/23 COVID scenario



## THE NUMBERS

# Sectoral GDP Forecasts

	2020 Impact	2021 and Beyond	Recovery Date
Finance and Insurance	-2.3%	-0.5%	2021 Q2
Health care (Ambulatory Services)	-6.7%	-1.9%	2021 Q2
Transportation	-10.4%	-11.3%	2023 Q2
Construction	-12.3%	-24.5%	2023 Q3
Retail	-10.3%	-17.2%	2024 Q1
Accommodation and Food Service	-15.1%	-25.5%	2024 Q3

- Recovery to pre-COVID levels in hardest hit sectors will take years.

# Division of the Budget Projections April 2020

Total budget gaps over the plan period from SFY 2021-24 increased from \$8B to \$69B (\$B) as a result of COVID-19



Source: NYS Division of the Budget



# New York Sources of General Revenue

Revenue source	NY State Gov 2017 Contribution	NY Local Govs 2017 Contribution	Projected Impacts
Federal government	37%	4%	Unknown
State government	-	30%	-20%
Property taxes	0%	30%	Not immediate
Sales taxes	16%	10%	-10-25%
Individual income taxes	27%	6%	-10-20%
Corporate income taxes	2%	3%	-10%
Other taxes	3%	2%	Varies
Charges and misc. revenue	14%	16%	-15-40%

Source: Census Survey of State and Local Government Finances

# Local Budgets

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With no federal funding:

- Mild case: 10% loss in local government revenues
- Worst case: 17% loss in local government revenues
- Depends on revenue sources and economic situations in individual municipalities

Does not include additional expenditures

- Healthcare response
- Overtime
- Additional medical care
- Equipment investments
- Longer term costs still unknown.



# City nearly halfway through expected budget cuts

By McKENZIE DELISLE Press-Republican May 4, 2020



PLATTSBURGH — The city plans to cut expenses by more than \$3 million to make way for anticipated budget shortfalls and officials say, despite recent staff reductions, the municipality was less than halfw

## Erie County Comptroller declares budget deficit for county

## Albany faces projected budget shortfall of up to \$20 million



COUPON

## Buffalo facing big budget deficit

*COVID-19 has driven up costs and denied the city revenue. Cash reserves were drained by previous deficit spending.*

## Schenectady police may see cuts due to COVID-19 budget impacts

## Syracuse 2021 budget projects nearly \$10 million deficit, \$6 million sales tax loss due to coronavirus

Westchester could face up to \$90M budget gap due to coronavirus slowdown

Monroe County faces staggering budget shortfall

## Coronavirus: Oneida County faces possible layoffs, furloughs

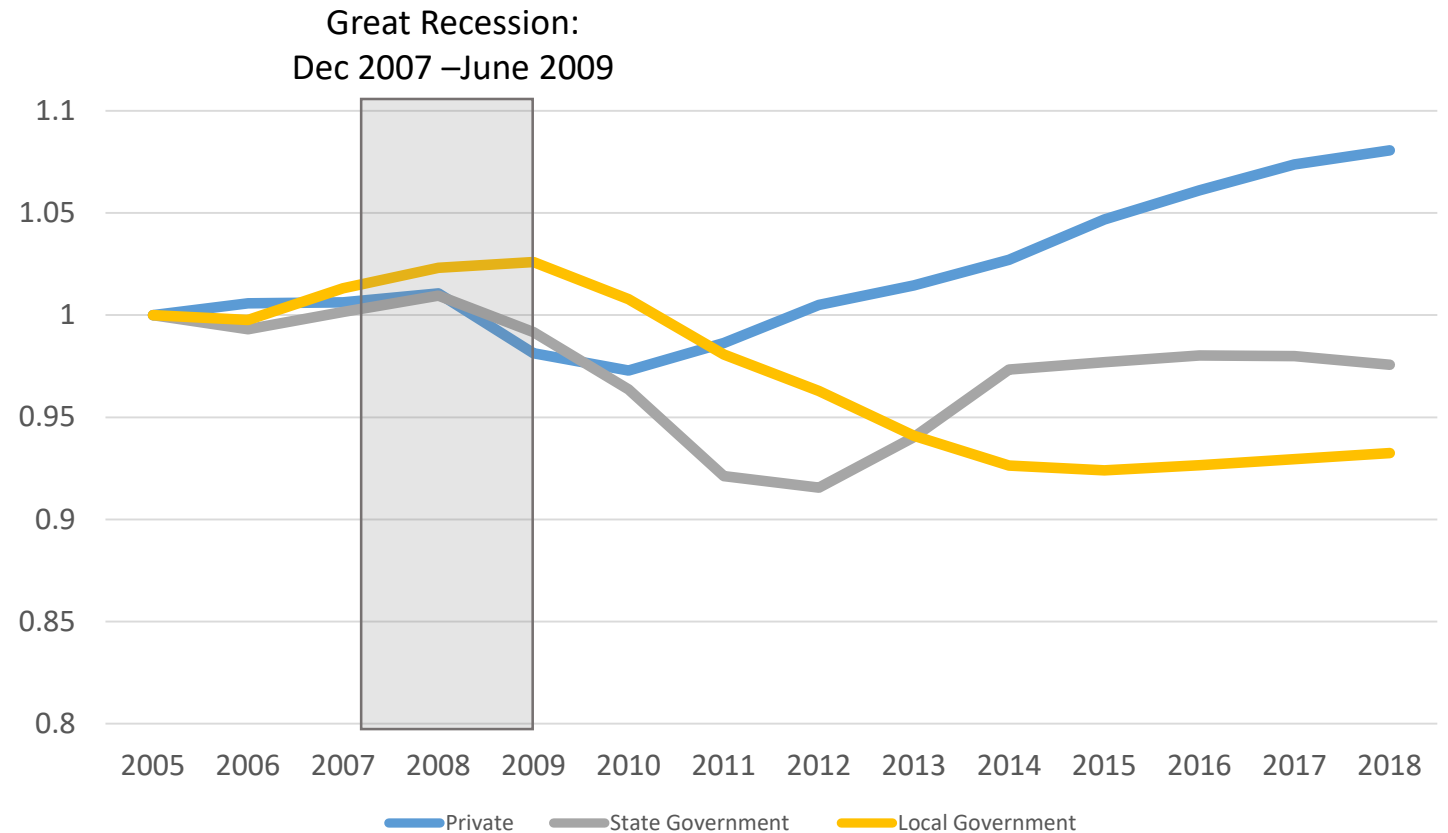


# Municipal Layoffs

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- + League of Cities anticipates **300,000 to 1 million** in public-sector furloughs nationwide if no federal assistance.
- + All municipalities and school districts are discussing reducing workforce to close budget gaps.
- + Attrition, retirement incentives, temporary furloughs, permanent layoffs are likely.
- + Impact on budgets will likely last years.

# Capital Region: Public Employment and the Great Recession



Source: Rockefeller Analysis of NYS DOL QCEW Data

- Private employment fell during the recession but started to rebound shortly after.
- State government employment fell by 8% and has only returned to 98% of pre-recession levels
- Local employment did not begin to fall until after the recession and is only 93% of pre-recession levels



# Lessons learned from the Great Recession

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- + Governments play a critical role in local economies.
- + Employs 22% of Capital Region's workers and generates 18% of GDP
- + Cutbacks in state and local spending and investment lengthened the recovery compared with other downturns.
- + State and local governments will need federal support to avoid repeating mistakes.



# Conclusions

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- While recovery will likely start soon, but the impacts will last years.
- New York State projects revenue challenges for four years.
- Municipalities must be planning for long term.
- Without aid, municipalities could see revenue shortfalls of up to 20%



The background of the image is a photograph of the Rockefeller Institute of Government building, a large, multi-story brick structure with many windows and a prominent central tower. The image is overlaid with a solid blue filter. The text 'Rockefeller' is in a large, white, serif font, with 'SUNY' in a smaller, white, sans-serif font inside a white circle that is part of the 'R'. Below 'Rockefeller' is the text 'Institute of Government' in a white, sans-serif font.

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