

RUTGERS

Center for Advanced Infrastructure
and Transportation

Rutgers Regional Report

Fast Track Research Notes Issue Number 1: June 2020

Coronavirus Economic Shocks: NJ versus The Nation

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Introduction

We are in “uncharted territory.” This often-evoked phrase has been typically employed in the past to describe severe, highly unusual conditions or conditions whose future directions are extremely uncertain. (Cynically, we could suggest that it is used as a face-saving way of saying “we don’t have a clue!”) However, never before in modern American economic history has the nation experienced anything comparable to today’s version of “uncharted territory.” The pandemic-driven economic disruption ravaging New Jersey and the country is truly “uncharted.” Its severity is revealed by the surfeit of adjectives that has been used to describe it: “carnage,” “calamity,” “cataclysmic,” “collapse,” “convulsive,” “devastating,” and “staggering” are just a few. It’s important to review the key economic baselines that justify the use of such terms.

The Baseline Economic Pivot

The United States economy officially exited the Great 2007-2009 Recession in June 2009, although the nation’s total employment did continue to decline for another eight months (until February 2010).¹ The nation then embarked on both a record-long *economic* expansion that would last for 128 months (as measured from June 2009 to February 2020), and a record-long *employment* expansion that would last for 120 months (as measured from February 2010 to February 2020). It was a robust period of employment growth – one that before it so abruptly ended in February 2020 “still had game.” The nation’s unemployment rate was 3.5 percent and labor shortages stood as the major obstacle inhibiting future job growth.

Then, suddenly, things fell very badly apart. The global coronavirus pandemic immediately caused a series of convulsive economic phenomena. There was a fundamental breakdown of life’s everyday rhythms as the “world of work” was subjected to unprecedented shocks both in scale and scope. The economy swung on a “great pivot,” dominated by a sharp disintegration of the hottest, drum-tight labor market in decades as hiring markets were suddenly transformed from bidding wars to massive layoffs.

¹ U.S. business-cycle expansions and contractions are determined by the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER). Contractions (recessions) start at the peak of a business cycle and end at the trough. Expansions start at the trough of a business cycle and end at the peak. Employment peaks and troughs usually, but not always, correspond closely to business cycle peaks and troughs, which are determined by a series of comprehensive economic indicators.

We are labelling the series of staggering economic events that are well underway as the *Great Coronavirus-Driven Contraction*. It is now the final member of what can be called the “economic trilogy” – the three worst economic downturns of the twentieth and twenty-first centuries. It was preceded by the *Great Depression* of the 1930s and the *Great Recession* of 2007-2009. Thus, at this stage, the *Great Contraction* appears to be a suitable descriptive moniker.

Plummeting Employment Metrics

The basic employment tabulations of the U.S Bureau of Labor Statistics for the nation and New Jersey tell the startling tale of economic freefall. The United States economy added 22.8 million jobs in the ten-year (120-month) employment expansion (February 2010 to February 2020). Then, in just two months (March and April of 2020), more than 21.4 million jobs were lost, or 94 percent of the job increase of the expansion. ***Thus, a two-month breathtaking collapse almost fully erased ten years of national employment gains.***

But this stunning reversal is dwarfed by what occurred in the Garden State. New Jersey gained 406,000 jobs in the ten-year (February 2010-February 2020) employment expansion. Then, in March and April of 2020, the state lost 833,000 jobs, an unprecedented employment decline. ***In just two months, New Jersey’s job loss was more than double its ten-year employment gain.***

From a February 2020 all-time record peak of over 4.2 million jobs, the state’s total employment plummeted to 3.4 million jobs by April 2020. ***This was the lowest employment level in New Jersey since 1985! The state’s economy has been thrust back to where it was 35 years ago.***

As of this writing, much of the brunt of the national and state employment collapse reached full force in April 2020. To paraphrase President Franklin D. Roosevelt: *“April 2020, a month that will live in economic infamy.”* In that single thirty-day period, the nation shed 20.5 million total payroll jobs, a scale of decline without precedent. The American economy simply fell off a steep cliff and had yet to hit bottom.

For further historical perspective, the worst monthly employment loss in the United States prior to April 2020 was a decline of 1.96 million payroll jobs in September 1945, when an

economy geared to massive production for World War II began a rapid transition to peace. During the Great 2007-2009 Recession, the largest monthly employment loss was 800,000 jobs in March 2009. ***The decline of 20.5 million jobs in April 2020 was twenty-six times greater than the March 2009 loss and ten times as large as the loss incurred in September 1945.***

In New Jersey, the previous worst employment loss was, like the nation's, also in September 1945, with the beginning of the dismantling of the "Arsenal of Democracy" (-98,500 jobs).² During the Great Recession, the state's largest monthly employment contraction was also in March 2009 (-24,500 jobs). ***New Jersey's decline of 757,700 jobs in April 2020 was thirty-one times greater than its March 2009 loss and almost eight times greater than its September 1945 loss.***³

Another comparative metric is worth noting. During the Great 2007-2009 Recession and its aftermath, New Jersey suffered a painful employment loss of more than one-quarter of a million (-252,300) jobs over 25 months. Particularly impacted negatively were members of the millennial generation (Gen Y), many of whom still have yet to make up the economic ground that they lost.⁴ ***The employment contraction incurred in March and April 2020 (-832,800 jobs) was more than triple (3.3 times) that (-252,300 jobs) of the Great Recession.*** The potential impact of the Great Coronavirus-Driven Contraction on Gen Z (post-millennials) could be even more staggering.

Finally, ***New Jersey and New York State comprise one of the epicenters of the national economic carnage, a consequence of being the two states hit hardest (to date) by the coronavirus. Both New York (-19.8 percent) and New Jersey (-19.6 percent) lost nearly one-fifth of their employment bases in just two months.***

² This is an estimate based on data that is not seasonally adjusted.

³ New Jersey lost 757,700 jobs in April after losing 75,100 jobs in March. The two-month contraction totaled 832,800 jobs.

⁴ James W. Hughes and Joseph J. Seneca, "Move Over Millennials; New Jersey's Unfolding Generational Disruptions" (Rutgers Regional Report Number 40, July 2019).
<https://rucore.libraries.rutgers.edu/rutgers-lib/60534/PDF/1/play/>

Explanatory Note

This is the first of a series of monthly fast-track Rutgers notes on the changing pandemic-driven economic conditions impacting New Jersey and the nation.⁵ For the foreseeable future, close repetitive economic monitoring will prove to be vital and not an intermittent option. It is often said that “you can’t manage a problem unless you can measure it.” And that is what this series of monthly notes will attempt to do. This first issue focuses on the initial employment data baselines in order to establish and interpret future monthly statistical retreats (short term) and then subsequent statistical advancements (longer term). Also, in subsequent issues, individual economic sectors will be examined as will potential longer-term structural changes in the economy produced by the pandemic.

Two preliminary assumptions are being made. First, while the National Bureau of Economic Research will make the ultimate determination, it is assumed as of this writing that the Great Expansion peaked and came to an end in February 2020. In comparison to the termination of many earlier expansions, this was not caused by a bubble (created by economic or financial excesses) bursting, but by a “black swan” event – an unpredicted and highly disruptive catastrophic global occurrence with severe consequences.⁶ The coronavirus pandemic hit the world economy with unprecedented fury as March 2020 unfolded. The public policy and market responses were abrupt “stay-at-home” induced economic shutdowns. A sizzling labor market immediately evaporated, and the economy came to a screeching halt. Economic indicators began plummeting at a pace and scale never experienced before. COVID-19 appears to be attempting to

⁵ Due to its timeliness, monthly payroll employment data will initially be the key indicator. National employment data for a specific month is released on the first Friday of the following month (except if Friday is the first day of the month), while state data for the same month is released about two to two and one half weeks later. This series of fast-track notes will follow several days after the release of state data.

There will be revisions to 2020 monthly data moving forward, which requires close attention. These will be made clear in each report. However, the base period (the February 2010-February 2020 employment expansion), first presented in this issue, will not change until benchmark revisions are released early in 2021. In contrast, the recessionary job totals post-February 2020 will be changing month to month.

⁶ There are arguments of whether the COVID 19 pandemic “qualifies” as a black swan event, since there were warnings of potential global pandemics as well as recently experienced pandemics in various parts of the world (e.g., SARS and Ebola).

take on the role of “the Doctor Kevorkian of the New Jersey Economy.” The state’s economic heart is about to confront full cardiac arrest.

Benchmarking and Tracking Economic Freefall: Boom to Bust

This section examines in depth the effect on the employment markets of the United States and New Jersey of two different stages of the economic cycle: the 120-month long record employment expansion (February 2010 to February 2020), and the first two months of the Great Coronavirus-Driven Contraction (February 2020 through April 2020). The analysis begins with an examination of the magnitude, share and rate of increase of the job gains by employment sector during the boom (expansion) period in both the nation and state.⁷ Average annual pay is presented for each of the employment sectors. This establishes one of the key baselines for evaluating the severity of the economic downturn.

The same analytical framework is repeated for the two-month bust which follows. Identified are those employment sectors in the nation and in New Jersey that have lost more than, all of, or less than, the employment increases of the previous expansion. It is important to stress at this point that the pandemic employment losses have only recently begun and are expected by most observers to continue at least for the remainder of the second quarter of this year before an economic stabilization/recovery of some type begins.⁸

⁷ The analysis examines payroll employment by sector during these two periods. The sources of the data are the U.S. Bureau of Labor Statistics (BLS) and New Jersey Department of Labor and Workforce Development (Economic and Demographic Research). It is important to note that several measures of labor market conditions exist. The BLS reports monthly on employment trends from two surveys: a survey of households and a survey of establishments. The former concentrates on households (approximately 60,000) and provides data on the number of people that are employed, unemployed, and that are in the labor force, along with their demographic characteristics. It includes self-employed individuals.

The survey of establishments (approximately 145,000 establishments in both the private and public sectors for the nation and 4,000 establishments for New Jersey) reports payroll numbers, hours worked, and earnings by employment sector. The establishment survey data are used in this report because they allow an analysis to be made of employment levels and changes by employment sector. Such an analysis is not possible using the household survey data.

⁸ Great uncertainty exists as to the timing, the rate, and the durability of any recovery. Enormous fiscal and monetary policies into the trillions of dollars have been implemented to cushion the economic damage of the pandemic. More are expected. Public health officials deeply caution about the possibility of renewed outbreaks, virus mutations, and, despite herculean efforts, the still distant likelihood of an effective vaccine and/or therapy. Longer term repercussions of the pandemic in terms of the demand for commercial space, changes in commuting and residential patterns, reduced energy use, new travel protocols, declines in housing markets, and many other

Thus, the analysis here is only an initial look at the relative job impacts of the pandemic by employment sector. It is not meant to be, and cannot be at this point, a definitive report on those losses, because they are not only likely to increase substantially in the near future, but also because they are expected to spread beyond the hardest hit initial sectors, such as accommodation and food services (within leisure and hospitality), retail trade and travel (within trade, transportation and utilities), administrative support (within professional and business services), and other service industries immediately and severely impacted by the lockdown orders throughout the country. Moreover, the post-February 2020 monthly data will be subject to sustained revisions as the monthly payroll employment reports are released going forward.

Employment Expansion: February 2010 to February 2020

Tables 1 and 2 list the changes in employment by sector for New Jersey for the 120-month long employment expansion, along with average annual pay. The state experienced a total employment gain of 405,900 jobs (+10.6 percent). Reflecting the rebound from the severe private-sector losses suffered during the 2007-2009 Great Recession, higher levels of employment were added in the private sector (+441,300 jobs, or +13.8 percent). This 13.8 percent rate of increase is one benchmark for evaluating the performance of the individual economic sectors.

Noteworthy rates of employment increases during this period (i.e., significantly greater than the statewide private-sector average) occurred in construction (+27.3 percent or +35,700 jobs); transportation, warehousing and utilities (+40.0 percent or +64,600 jobs); professional and business services (+17.9 percent or +104,800 jobs); education and health services (+21.8 percent or +130,600 jobs); and leisure and hospitality (+22.6 percent or +74,500 jobs).

Lagging sectors included manufacturing, where employment was basically unchanged for the decade (-0.7 percent or -1,800 jobs); information (-16.4 percent or -13,000 jobs); and financial activities (+1.7 percent or +4,200 jobs). Government employment declined during the

potential impacts also have implications for the nature of the recovery. Thus, an alphabet soup of possible recovery patterns has been presented – V shaped, U shaped, W shaped, L shaped, Nike Swoop shaped, and square root shaped. The truth is no one knows with any certainty at this point what the recovery will look like, both in the near term and over the next several years.

Table 1				
New Jersey				
2010 and 2020 Nonagricultural Wage and Salary Employment				
Seasonally Adjusted (2019 Benchmark)				
(In Thousands)				
	2010	2020	Change: 2010-2020	
	Feb	Feb	Number	Percent
TOTAL NONFARM	3,836.0	4,241.9	405.9	10.6
TOTAL PRIVATE SECTOR	3,192.7	3,634.0	441.3	13.8
Goods-Producing	387.1	421.1	34.0	8.8
Mining, Logging, and Construction	132.3	168.0	35.7	27.0
Mining and Logging	1.5	1.5	0.0	0.0
Construction	130.8	166.5	35.7	27.3
Manufacturing	254.8	253.0	-1.8	-0.7
Durable Goods	114.4	118.2	3.8	3.3
Non-Durable Goods	140.4	134.8	-5.6	-4.0
Service-Providing	3,448.9	3,820.8	371.9	10.8
Private Service-Providing	2,805.6	3,212.9	407.3	14.5
Trade, Transportation, and Utilities	802.7	894.6	91.9	11.4
Wholesale Trade	207.2	215.6	8.4	4.1
Retail Trade	433.9	452.8	18.9	4.4
Transportation, Warehousing, and Utilities	161.6	226.2	64.6	40.0
Information	79.4	66.4	-13.0	-16.4
Financial Activities	249.3	253.5	4.2	1.7
Finance and Insurance	194.9	191.2	-3.7	-1.9
Real Estate and Rental & Leasing	54.4	62.3	7.9	14.5
Professional and Business Services	585.5	690.3	104.8	17.9
Professional, Scientific, and Technical Services	276.6	303.6	27.0	9.8
Management of Companies and Enterprises	74.9	88.6	13.7	18.3
Adm./Suppt. and Waste Mgt./Remed. Services	234.0	298.1	64.1	27.4
Education and Health Services	600.0	730.6	130.6	21.8
Educational Services	87.8	116.0	28.2	32.1
Health Care and Social Assistance	512.2	614.6	102.4	20.0
Leisure and Hospitality	329.5	404.0	74.5	22.6
Arts, Entertainment, and Recreation	51.3	74.7	23.4	45.6
Accommodation and Food Services	278.2	329.3	51.1	18.4
Other Services	159.2	173.5	14.3	9.0
GOVERNMENT	643.3	607.9	-35.4	-5.5
Federal Government	58.8	49.1	-9.7	-16.5
State Government	153.4	142.0	-11.4	-7.4
Local Government	431.1	416.8	-14.3	-3.3

Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research

Table 2		
New Jersey		
2010 -2020 Employment Change; 2018 Average Annual Pay		
Seasonally Adjusted (2019 Benchmark)		
(In Thousands)	Employment Change	Average Annual Pay
	2010-2020	2018
TOTAL NONFARM	405.9	\$ 65,727
TOTAL PRIVATE SECTOR	441.3	\$ 65,353
Goods-Producing	34	\$ 76,088
Mining, Logging, and Construction	35.7	NA
Mining and Logging	0	NA
Construction	35.7	\$ 72,658
Manufacturing	-1.8	\$ 80,088
Durable Goods	3.8	
Non-Durable Goods	-5.6	
Service-Providing	371.9	NA
Private Service-Providing	407.3	\$ 63,895
Trade, Transportation, and Utilities	91.9	\$ 53,723
Wholesale Trade	8.4	\$ 88,753
Retail Trade	18.9	\$ 34,618
Transportation, Warehousing, and Utilities	64.6	\$ 54,246
Information	-13	\$ 114,630
Financial Activities	4.2	\$ 115,066
Finance and Insurance	-3.7	\$ 130,606
Real Estate and Rental & Leasing	7.9	\$ 67,104
Professional and Business Services	104.8	\$ 90,784
Professional, Scientific, and Technical Services	27	\$ 112,049
Management of Companies and Enterprises	13.7	\$ 170,665
Adm./Suppt. and Waste Mgt./Remed. Services	64.1	\$ 45,074
Education and Health Services	130.6	\$ 53,402
Educational Services	28.2	\$ 51,594
Health Care and Social Assistance	102.4	\$ 53,650
Leisure and Hospitality	74.5	\$ 26,316
Arts, Entertainment, and Recreation	23.4	\$ 37,383
Accommodation and Food Services	51.1	\$ 23,948
Other Services	14.3	\$ 36,518
GOVERNMENT	-35.4	\$ 68,003
Federal Government	-9.7	\$ 83,702
State Government	-11.4	\$ 75,706
Local Government	-14.3	\$ 63,526

Source: Quarterly Census of Employment and Wages

ten-year period by 5.5 percent (-35,400 jobs). Losses occurred in all three governmental subsectors, with a particularly large relative decline in federal jobs (-16.5 percent or -35,400 jobs).

The last column in table 2 lists the average annual pay in New Jersey by employment sector in 2018. The average annual pay in all private-sector jobs in 2018 was \$65,353. Several of New Jersey's strongest relative employment gains occurred in sectors with above average annual pay: construction (\$72,658) and professional and business services (\$90,784). However, other sectors also with strong relative employment gains had below average annual pay levels: education and health services (\$53,402) and leisure and hospitality (\$26,316). Significantly, manufacturing (\$80,088) and information (\$114,630), both sectors that lost jobs over the decade, had above average annual pay levels.

Table 3 summarizes the rates of change in New Jersey's employment sectors versus those of the nation for the ten-year expansion. (Table 4 provides the full tabulation for the nation that is comparable to table 1 for the state.) As positive as the decade was for New Jersey, the U.S. employment markets, in general, performed even better. Nationally, total payroll employment increased by 17.6 percent (+22.8 million jobs) compared with 10.6 percent in New Jersey. Private-sector employment rose by 21.0 percent (+22.5 million jobs) compared with 13.8 percent in New Jersey. The absolute job gains for the nation presented in table 4 stand as a record for a ten-year period.

As shown in table 3, New Jersey had especially strong growth relative to the nation in transportation, warehousing, and utilities employment (+40.0 percent versus +32.9 percent), reflecting the state's position as one of the nation's most powerful logistics and distribution hubs. New Jersey approached the national rate of increase in the education and health services sector (+21.8 percent versus +23.9 percent) and lagged somewhat in leisure and hospitality (+22.6 percent versus +30.5 percent) and in construction (+27.3 percent versus +38.9 percent). However, New Jersey's performance in information was distinctly below the growth of the nation (-16.4 percent versus +5.7 percent), as was that of financial activities (+1.7 percent versus +14.5 percent), and government (-5.5 percent versus +1.2 percent).

Table 3		
New Jersey versus United States Percent Change		
2010 and 2020 Nonagricultural Wage and Salary Employment		
Seasonally Adjusted (2019 Benchmark)		
(In Thousands)		
	2010 - 2020 Percent Change	
	NJ	US
TOTAL NONFARM	10.6	17.6
TOTAL PRIVATE SECTOR	13.8	21.0
Goods-Producing	8.8	20.3
Mining, Logging, and Construction	27.0	35.3
Mining and Logging	0.0	5.9
Construction	27.3	38.9
Manufacturing	-0.7	12.2
Durable Goods	3.3	15.4
Non-Durable Goods	-4.0	7.3
Service-Providing	10.8	10.8
Private Service-Providing	14.5	21.1
Trade, Transportation, and Utilities	11.4	13.8
Wholesale Trade	4.1	10.3
Retail Trade	4.4	8.9
Transportation, Warehousing, and Utilities	40.0	32.9
Information	-16.4	5.7
Financial Activities	1.7	14.5
Finance and Insurance	-1.9	12.4
Real Estate and Rental & Leasing	14.5	20.8
Professional and Business Services	17.9	29.9
Professional, Scientific, and Technical Services	9.8	30.0
Management of Companies and Enterprises	18.3	31.6
Adm./Suppt. and Waste Mgt./Remed. Services	27.4	29.3
Education and Health Services	21.8	23.9
Educational Services	32.1	23.0
Health Care and Social Assistance	20.0	24.1
Leisure and Hospitality	22.6	30.5
Arts, Entertainment, and Recreation	45.6	31.1
Accommodation and Food Services	18.4	30.4
Other Services	9.0	11.8
GOVERNMENT	-5.5	1.2
Federal Government	-16.5	-0.2
State Government	-7.4	1.0
Local Government	-3.3	1.5
Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research United States Bureau of Labor Statistics		

Table 4				
United States				
2010 and 2020 Nonagricultural Wage and Salary Employment				
Seasonally Adjusted (2019 Benchmark)				
(In Thousands)				
	2010	2020	Change: 2010-2020	
	Feb	Feb	Number	Percent
TOTAL NONFARM	129,698.0	152,463.0	22,765.0	17.6
TOTAL PRIVATE SECTOR	107,222.0	129,718.0	22,496.0	21.0
Goods-Producing	17,627.0	21,205.0	3,578.0	20.3
Mining, Logging, and Construction	6,174.0	8,353.0	2,179.0	35.3
Mining and Logging	674.0	714.0	40.0	5.9
Construction	5,500.0	7,639.0	2,139.0	38.9
Manufacturing	11,453.0	12,852.0	1,399.0	12.2
Durable Goods	6,985.0	8,058.0	1,073.0	15.4
Non-Durable Goods	4,468.0	4,794.0	326.0	7.3
Service-Providing	112,071.0	131,258.0	19,187.0	17.1
Private Service-Providing	89,595.0	108,513.0	18,918.0	21.1
Trade, Transportation, and Utilities	24,461.0	27,830.0	3,369.0	13.8
Wholesale Trade	5,379.3	5,934.2	554.9	10.3
Retail Trade	14,397.1	15,672.0	1,274.9	8.9
Transportation, Warehousing, and Utilities	4,684.2	6,224.2	1,540.0	32.9
Information	2,737.0	2,894.0	157.0	5.7
Financial Activities	7,724.0	8,845.0	1,121.0	14.5
Finance and Insurance	5,772.7	6,486.4	713.7	12.4
Real Estate and Rental & Leasing	1,951.7	2,358.5	406.8	20.8
Professional and Business Services	16,591.0	21,550.0	4,959.0	29.9
Professional, Scientific, and Technical Services	7,466.2	9,707.6	2,241.4	30.0
Management of Companies and Enterprises	1,859.4	2,447.3	587.9	31.6
Adm./Suppt. and Waste Mgt./Remed. Services	7,265.2	9,395.0	2,129.8	29.3
Education and Health Services	19,839.0	24,586.0	4,747.0	23.9
Educational Services	3,112.5	3,828.5	716.0	23.0
Health Care and Social Assistance	16,726.9	20,757.7	4,030.8	24.1
Leisure and Hospitality	12,927.0	16,867.0	3,940.0	30.5
Arts, Entertainment, and Recreation	1,885.9	2,472.4	586.5	31.1
Accommodation and Food Services	11,041.1	14,394.1	3,353.0	30.4
Other Services	5,316.0	5,941.0	625.0	11.8
GOVERNMENT	22,476.0	22,745.0	269.0	1.2
Federal Government	2,872.0	2,867.0	-5.0	-0.2
State Government	5,147.0	5,199.0	52.0	1.0
Local Government	14,457.0	14,679.0	222.0	1.5
Source: United States Bureau of Labor Statistics				

Table 5 provides the distributional share of employment by sector in New Jersey and in the nation in February 2020, the end of the decade's long economic expansion. Overall, the profiles are not markedly different. However, there are larger shares of employment in New Jersey in the private service-providing sector relative to the nation (75.7 percent versus 71.2 percent). Higher shares are also evident in trade, transportation and utilities (21.1 percent versus 18.3 percent), financial activities (6.0 percent versus 5.8 percent), professional and business services (16.3 percent versus 14.1 percent), and education and health services (17.2 percent versus 16.1 percent). Lower relative employment shares in New Jersey occurred in information (1.6 percent versus 1.9 percent), leisure and hospitality (9.5 percent versus 11.1 percent), and in government (14.3 percent versus 14.9 percent). The latter difference is partially due to the underrepresentation of high-paying federal government jobs in the state (just 1.2 percent in New Jersey versus 1.9 percent nationally).

The Great Coronavirus-Driven Contraction: February 2020 to April 2020

The country – and the world – have been knocked off their axes, overwhelmed by the public health and economic carnage caused by the COVID-19 virus. Not since 1918 has such a massive pandemic swept the planet bringing large-scale death and stunning economic damage. Everyday life has been placed on indefinite pause.

In one month, April 2020, the American economy lost 20.5 million payroll jobs. As noted earlier, the worst monthly employment loss in the United States prior to this was a decline of 1.96 million payroll jobs in September 1945 as the wartime economy sharply transitioned to a peacetime economy. During the Great Recession of 2008-2009, the largest monthly loss was 800,000 jobs in March 2009, just three months before the technical end of the downturn (June 2009). Thus, the decline of 20.5 million jobs in April 2020 was twenty-six times greater than this loss and ten times as large as the September 1945 loss.

United States

Table 6 shows the loss in jobs by employment sector for the United States from February to April 2020 as a result of the vast pandemic-induced social and economic lockdown. The precipitous and staggering drop of 21.4 million payroll jobs is unprecedented in national annals –

Table 5		
New Jersey versus United States Percent Distribution		
February 2020 Nonagricultural Wage and Salary Employment		
Seasonally Adjusted (2019 Benchmark)		
	NJ	US
TOTAL NONFARM	100.0	100.0
TOTAL PRIVATE SECTOR	85.7	85.1
Goods-Producing	9.9	13.9
Mining, Logging, and Construction	4.0	5.5
Mining and Logging	0.0	0.5
Construction	3.9	5.0
Manufacturing	6.0	8.4
Durable Goods	2.8	5.3
Non-Durable Goods	3.2	3.1
Service-Providing	90.1	86.1
Private Service-Providing	75.7	71.2
Trade, Transportation, and Utilities	21.1	18.3
Wholesale Trade	5.1	3.9
Retail Trade	10.7	10.3
Transportation, Warehousing, and Utilities	5.3	4.1
Information	1.6	1.9
Financial Activities	6.0	5.8
Finance and Insurance	4.5	4.3
Real Estate and Rental & Leasing	1.5	1.5
Professional and Business Services	16.3	14.1
Professional, Scientific, and Technical Services	7.2	6.4
Management of Companies and Enterprises	2.1	1.6
Adm./Suppt. and Waste Mgt./Remed. Services	7.0	6.2
Education and Health Services	17.2	16.1
Educational Services	2.7	2.5
Health Care and Social Assistance	14.5	13.6
Leisure and Hospitality	9.5	11.1
Arts, Entertainment, and Recreation	1.8	1.6
Accommodation and Food Services	7.8	9.4
Other Services	4.1	3.9
GOVERNMENT	14.3	14.9
Federal Government	1.2	1.9
State Government	3.3	3.4
Local Government	9.8	9.6
Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research United States Bureau of Labor Statistics		

Table 6				
United States				
February 2020 - April 2020 Nonagricultural Wage and Salary Employment				
Seasonally Adjusted (2019 Benchmark)				
(In Thousands)				
	2020	2020	Change: Feb-Apr	
	Feb	Apr	Number	Percent
TOTAL NONFARM	152,463.0	131,045.0	-21,418.0	-14.0
TOTAL PRIVATE SECTOR	129,718.0	109,308.0	-20,410.0	-15.7
Goods-Producing	21,205.0	18,776.0	-2,429.0	-11.5
Mining, Logging, and Construction	8,353.0	7,288.0	-1,065.0	-12.7
Mining and Logging	714.0	657.0	-57.0	-8.0
Construction	7,639.0	6,631.0	-1,008.0	-13.2
Manufacturing	12,852.0	11,488.0	-1,364.0	-10.6
Durable Goods	8,058.0	7,124.0	-934.0	-11.6
Non-Durable Goods	4,794.0	4,364.0	-430.0	-9.0
Service-Providing	131,258.0	112,269.0	-18,989.0	-14.5
Private Service-Providing	108,513.0	90,532.0	-17,981.0	-16.6
Trade, Transportation, and Utilities	27,830.0	24,719.0	-3,111.0	-11.2
Wholesale Trade	5,934.2	5,568.5	-365.7	-6.2
Retail Trade	15,672.0	13,520.3	-2,151.7	-13.7
Transportation, Warehousing, and Utilities	6,224.2	5,629.9	-594.3	-9.5
Information	2,894.0	2,636.0	-258.0	-8.9
Financial Activities	8,845.0	8,580.0	-265.0	-3.0
Finance and Insurance	6,486.4	6,451.1	-35.3	-0.5
Real Estate and Rental & Leasing	2,358.5	2,128.8	-229.7	-9.7
Professional and Business Services	21,550.0	19,305.0	-2,245.0	-10.4
Professional, Scientific, and Technical Services	9,707.6	9,166.7	-540.9	-5.6
Management of Companies and Enterprises	2,447.3	2,365.4	-81.9	-3.3
Adm./Suppt. and Waste Mgt./Remed. Services	9,395.0	7,773.2	-1,621.8	-17.3
Education and Health Services	24,586.0	21,941.0	-2,645.0	-10.8
Educational Services	3,828.5	3,334.5	-494.0	-12.9
Health Care and Social Assistance	20,757.7	18,606.7	-2,151.0	-10.4
Leisure and Hospitality	16,867.0	8,715.0	-8,152.0	-48.3
Arts, Entertainment, and Recreation	2,472.4	1,124.4	-1,348.0	-54.5
Accommodation and Food Services	14,394.1	7,590.3	-6,803.8	-47.3
Other Services	5,941.0	4,636.0	-1,305.0	-22.0
GOVERNMENT	22,745.0	21,737.0	-1,008.0	-4.4
Federal Government	2,867.0	2,887.0	20.0	0.7
State Government	5,199.0	4,973.0	-226.0	-4.3
Local Government	14,679.0	13,877.0	-802.0	-5.5

Source: United States Bureau of Labor Statistics

a decline of 14.0 percent in just two months. The rate of decrease in private-sector employment (-15.7 percent) was even more rapid.

As expected, particularly large employment losses (-8.2 million jobs) occurred in leisure and hospitality (a stunning decline of nearly one half or -48.3 percent); trade, transportation and utilities (-3.1 million jobs, or -11.2 percent); and education and health services (-2.6 million jobs or -10.8 percent). The sector that fills much of the nation's office space – professional and business services – lost 2.2 million jobs (-10.4 percent). Together, these sectors shed 16.1 million jobs, or three quarters (75.2 percent) of the total national employment decline (-21.4 million jobs) during this two-month period. Other services contributed an additional loss of 1.3 million jobs, a stunning 22.0 percent decline.

The construction and manufacturing sectors also lost considerable employment with the closing of facilities and disruptions in supply chain support. Construction employment fell by 1.0 million jobs (-13.2 percent), and manufacturing employment declined by 1.4 million jobs (-10.6 percent). Both sectors are expected to lose more jobs in the future as the economic effects of the pandemic echo into the housing and commercial office markets, and manufacturing activity drops further as consumer spending, especially on durable goods, slows. It is also noteworthy that government employment fell by 1.0 million jobs (-4.4 percent) with all of it accounted for by losses at the state and local level.

Table 7 provides a comparison of the ten-year expansion's job gains versus the two-month pandemic's job losses for the nation. The numbers are indeed extremely alarming. In only a few months, the gains of a record-breaking decade of employment expansion have been nearly eliminated! The ratio of the pandemic-induced total employment losses (-21.4 million jobs) to the expansion's gains (+22.8 million jobs) is .94 as shown in the table's third column, indicating that 94 percent of the ten-year employment gains were lost.

Table 7			
United States			
Expansion Gains Vs. Pandemic Losses			
Seasonally Adjusted (2019 Benchmark)			
(In Thousands)			
	Expansion	Pandemic	Ratio:
	Gain	Loss	Loss to Gain
TOTAL NONFARM	22,765.0	-21,418.0	0.94
TOTAL PRIVATE SECTOR	22,496.0	-20,410.0	0.91
Goods-Producing	3,578.0	-2,429.0	0.68
Mining, Logging, and Construction	2,179.0	-1,065.0	0.49
Mining and Logging	40.0	-57.0	
Construction	2,139.0	-1,008.0	0.47
Manufacturing	1,399.0	-1,364.0	0.97
Durable Goods	1,073.0	-934.0	0.87
Non-Durable Goods	326.0	-430.0	1.32
Service-Providing	19,187.0	-18,989.0	0.99
Private Service-Providing	18,918.0	-17,981.0	0.95
Trade, Transportation, and Utilities	3,369.0	-3,111.0	0.92
Wholesale Trade	554.9	-365.7	0.66
Retail Trade	1,274.9	-2,151.7	1.69
Transportation, Warehousing, and Utilities	1,540.0	-594.3	0.39
Information	157.0	-258.0	1.64
Financial Activities	1,121.0	-265.0	0.24
Finance and Insurance	713.7	-35.3	0.05
Real Estate and Rental & Leasing	406.8	-229.7	0.56
Professional and Business Services	4,959.0	-2,245.0	0.45
Professional, Scientific, and Technical Services	2,241.4	-540.9	0.24
Management of Companies and Enterprises	587.9	-81.9	0.14
Adm./Suppt. and Waste Mgt./Remed. Services	2,129.8	-1,621.8	0.76
Education and Health Services	4,747.0	-2,645.0	0.56
Educational Services	716.0	-494.0	0.69
Health Care and Social Assistance	4,030.8	-2,151.0	0.53
Leisure and Hospitality	3,940.0	-8,152.0	2.07
Arts, Entertainment, and Recreation	586.5	-1,348.0	2.30
Accommodation and Food Services	3,353.0	-6,803.8	2.03
Other Services	625.0	-1,305.0	2.09
GOVERNMENT	269.0	-1,008.0	3.75
Federal Government	-5.0	20.0	4.00
State Government	52.0	-226.0	4.35
Local Government	222.0	-802.0	3.61
Source: United States Bureau of Labor Statistics			

In terms of individual sectors, leisure and hospitality's employment increases during the expansion (+3.9 million jobs) were swamped by its massive losses during the pandemic (-8.2 million jobs) for a ratio of losses to gains of 2.07. Retail trade also lost considerably more jobs (-2.2 million) during the pandemic to date compared with its gain (+1.3 million) during the decade of expansion, yielding a ratio of losses to gains of 1.69.

Losses in other services (-1.3 million jobs) were more than double (2.09) the expansion's gains (+625,000 jobs). The largest relative loss-to-gain ratio (3.75) was in government, where employment losses (-1.0 million jobs) overwhelmed the very modest jobs gains of the expansion (+269,000 jobs). Similar high ratios existed within the three government subsectors – federal (4.0), state (4.3) and local (3.6).⁹

New Jersey

Table 8 details the payroll employment experience for New Jersey during the first two pandemic months (February to April 2020). The state lost 832,800 jobs in that period (-19.6 percent) or nearly one-out-of-five. This rate of decline was significantly greater than the 14.0 percent drop in national employment. That higher rate of loss is not surprising given that New Jersey was the second most impacted state by the pandemic in terms of deaths and total cases.

In general, the same industries in New Jersey as those nationally were particularly devastated in terms of their rate of job loss. Sectors experiencing the largest employment declines were leisure and hospitality (-261,000 jobs or -64.6 percent); trade, transportation and utilities (-162,400 jobs or -18.2 percent); education and health services (-122,700 jobs or -16.8 percent); and professional and business services (-100,200 jobs or -14.5 percent).¹⁰ The employment decline in these industries (-646,300 jobs) accounted for 77.6 percent of the state's

⁹ There is large potential for major additional job losses in state and local government going forward as sales, income and property tax revenues are plummeting and, in the absence of significant additional federal assistance, state and local governments can be expected to reduce services and employment in response.

¹⁰ It should be noted that retail trade (-91,000 jobs) accounted for more than one-half of the total employment loss (-162,400 jobs) in the trade, transportation, and utilities sector. Within professional and business services, the sharpest decline was in the administrative support subsector. It accounted for 72,500 of the total 100,200 professional and business services job loss.

Table 8				
New Jersey				
February 2020 - April 2020 Nonagricultural Wage and Salary Employment				
Seasonally Adjusted (2019 Benchmark)				
(In Thousands)				
	2020	2020	Change: Feb-Apr	
	Feb	Apr	Number	Percent
TOTAL NONFARM	4,241.9	3,409.1	-832.8	-19.6
TOTAL PRIVATE SECTOR	3,634.0	2,829.3	-804.7	-22.1
Goods-Producing	421.1	342.9	-78.2	-18.6
Mining, Logging, and Construction	168.0	123.8	-44.2	-26.3
Mining and Logging	1.5	1.4	-0.1	-6.7
Construction	166.5	122.4	-44.1	-26.5
Manufacturing	253.0	219.1	-33.9	-13.4
Durable Goods	118.2	99.4	-18.8	-15.9
Non-Durable Goods	134.8	119.7	-15.1	-11.2
Service-Providing	3,820.8	3,066.2	-754.6	-19.7
Private Service-Providing	3,212.9	2,486.4	-726.5	-22.6
Trade, Transportation, and Utilities	894.6	732.2	-162.4	-18.2
Wholesale Trade	215.6	183.0	-32.6	-15.1
Retail Trade	452.8	361.8	-91.0	-20.1
Transportation, Warehousing, and Utilities	226.2	187.5	-38.7	-17.1
Information	66.4	60.6	-5.8	-8.7
Financial Activities	253.5	237.8	-15.7	-6.2
Finance and Insurance	191.2	185.7	-5.5	-2.9
Real Estate and Rental & Leasing	62.3	52.1	-10.2	-16.4
Professional and Business Services	690.3	590.1	-100.2	-14.5
Professional, Scientific, and Technical Services	303.6	283.1	-20.5	-6.8
Management of Companies and Enterprises	88.6	81.4	-7.2	-8.1
Adm./Suppt. and Waste Mgt./Remed. Services	298.1	225.6	-72.5	-24.3
Education and Health Services	730.6	607.9	-122.7	-16.8
Educational Services	116.0	94.4	-21.6	-18.6
Health Care and Social Assistance	614.6	513.5	-101.1	-16.4
Leisure and Hospitality	404.0	143.0	-261.0	-64.6
Arts, Entertainment, and Recreation	74.7	19.9	-54.8	-73.4
Accommodation and Food Services	329.3	123.1	-206.2	-62.6
Other Services	173.5	114.7	-58.8	-33.9
GOVERNMENT	607.9	579.8	-28.1	-4.6
Federal Government	49.1	48.8	-0.3	-0.6
State Government	142.0	138.6	-3.4	-2.4
Local Government	416.8	392.4	-24.4	-5.9

Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research

total employment losses (-832,800 jobs). In addition, employment in other services decreased by 58,800 jobs (-33.9 percent) while construction lost 44,100 jobs (-26.5 percent).

Table 9 compares New Jersey's February 2010-February 2020 expansion job gains to the job losses suffered between February 2020 to April 2020, and the ratio between the two. The data reveal the even deeper devastation of the pandemic on the state's labor market and economy compared with the national experience. New Jersey's pandemic induced total payroll employment losses (-832,800 jobs) were more than twice its expansion gains (+405,900 jobs), for a ratio of 2.07. This compares to a 0.94 ratio experienced by the nation. It also means that for every job gained in New Jersey during the expansion, 2.07 jobs were lost in the two-month downturn.

Pandemic job losses exceeded expansion period job gains in the following sectors: leisure and hospitality (-261,000 jobs versus +74,500 jobs); construction (-44,100 jobs versus +35,700 jobs); trade, transportation and utilities (-162,000 jobs versus +91,900 jobs); financial activities (-15,700 jobs versus +4,200 jobs), and other services (-58,800 jobs versus +14,300 jobs).

Further results of deep concern involve manufacturing, a sector where employment had stabilized during the expansion period (with a loss of only 1,800 jobs over ten years); it shed 33,900 jobs in only two months! Professional and business services lost only slightly less than all of its employment gains (-100,200 jobs versus +104,800 jobs) while government shed almost as many jobs in just two months of the pandemic as it did in the prior decade (-28,100 jobs versus -35,400 jobs).

New Jersey's Share of National Contraction

As a final comparison between New Jersey and the nation, Table 10 lists the state's payroll employment losses as a share of the national job losses. For perspective, New Jersey's economy represents 3.01 percent of the national economy as measured by Gross Domestic Product (GDP) in 2019.¹¹ Thus, the initial row of table 9 shows that New Jersey's job losses

¹¹ New Jersey GDP (in current dollars) in 2019 was \$644.84 billion out of a total US GDP of \$21,427.1 billion, according to the Bureau of Economic Analysis, U.S. Department of Commerce.

Table 9			
New Jersey			
Expansion Gains Vs. Pandemic Losses			
Seasonally Adjusted (2019 Benchmark)			
(In Thousands)			
	Expansion	Pandemic	Ratio:
	Gain	Loss	Loss to Gain
TOTAL NONFARM	405.9	-832.8	2.05
TOTAL PRIVATE SECTOR	441.3	-804.7	1.82
Goods-Producing	34.0	-78.2	2.30
Mining, Logging, and Construction	35.7	-44.2	1.24
Mining and Logging	0.0	-0.1	
Construction	35.7	-44.1	1.24
Manufacturing	-1.8	-33.9	(18.83)
Durable Goods	3.8	-18.8	4.95
Non-Durable Goods	-5.6	-15.1	2.70
Service-Providing	371.9	-754.6	2.03
Private Service-Providing	407.3	-726.5	1.78
Trade, Transportation, and Utilities	91.9	-162.4	1.77
Wholesale Trade	8.4	-32.6	3.88
Retail Trade	18.9	-91.0	4.81
Transportation, Warehousing, and Utilities	64.6	-38.7	0.60
Information	-13.0	-5.8	(0.45)
Financial Activities	4.2	-15.7	3.74
Finance and Insurance	-3.7	-5.5	(1.49)
Real Estate and Rental & Leasing	7.9	-10.2	1.29
Professional and Business Services	104.8	-100.2	0.96
Professional, Scientific, and Technical Services	27.0	-20.5	0.76
Management of Companies and Enterprises	13.7	-7.2	0.53
Adm./Suppt. and Waste Mgt./Remed. Services	64.1	-72.5	1.13
Education and Health Services	130.6	-122.7	0.94
Educational Services	28.2	-21.6	0.77
Health Care and Social Assistance	102.4	-101.1	0.99
Leisure and Hospitality	74.5	-261.0	3.50
Arts, Entertainment, and Recreation	23.4	-54.8	2.34
Accommodation and Food Services	51.1	-206.2	4.04
Other Services	14.3	-58.8	4.11
GOVERNMENT	-35.4	-28.1	(0.79)
Federal Government	-9.7	-0.3	(0.03)
State Government	-11.4	-3.4	(0.30)
Local Government	-14.3	-24.4	(1.71)

Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research

Table 10			
New Jersey			
Share of U.S. Pandemic Employment Loss			
Seasonally Adjusted (2019 Benchmark)			
(In Thousands)			
	NJ	US	NJ Loss:
	Loss	Loss	Share of Nation
TOTAL NONFARM	-832.8	-21,418.0	3.9%
TOTAL PRIVATE SECTOR	-804.7	-20,410.0	3.9%
Goods-Producing	-78.2	-2,429.0	3.2%
Mining, Logging, and Construction	-44.2	-1,065.0	4.2%
Mining and Logging	-0.1	-57.0	0.2%
Construction	-44.1	-1,008.0	4.4%
Manufacturing	-33.9	-1,364.0	2.5%
Durable Goods	-18.8	-934.0	2.0%
Non-Durable Goods	-15.1	-430.0	3.5%
Service-Providing	-754.6	-18,989.0	4.0%
Private Service-Providing	-726.5	-17,981.0	4.0%
Trade, Transportation, and Utilities	-162.4	-3,111.0	5.2%
Wholesale Trade	-32.6	-365.7	8.9%
Retail Trade	-91.0	-2,151.7	4.2%
Transportation, Warehousing, and Utilities	-38.7	-594.3	6.5%
Information	-5.8	-258.0	2.2%
Financial Activities	-15.7	-265.0	5.9%
Finance and Insurance	-5.5	-35.3	15.6%
Real Estate and Rental & Leasing	-10.2	-229.7	4.4%
Professional and Business Services	-100.2	-2,245.0	4.5%
Professional, Scientific, and Technical Services	-20.5	-540.9	3.8%
Management of Companies and Enterprises	-7.2	-81.9	8.8%
Adm./Suppt. and Waste Mgt./Remed. Services	-72.5	-1,621.8	4.5%
Education and Health Services	-122.7	-2,645.0	4.6%
Educational Services	-21.6	-494.0	4.4%
Health Care and Social Assistance	-101.1	-2,151.0	4.7%
Leisure and Hospitality	-261.0	-8,152.0	3.2%
Arts, Entertainment, and Recreation	-54.8	-1,348.0	4.1%
Accommodation and Food Services	-206.2	-6,803.8	3.0%
Other Services	-58.8	-1,305.0	4.5%
GOVERNMENT	-28.1	-1,008.0	2.8%
Federal Government	-0.3	20.0	-1.5%
State Government	-3.4	-226.0	1.5%
Local Government	-24.4	-802.0	3.0%

Source: New Jersey Department of Labor and Workforce Development, Economic & Demographic Research
United States Bureau of Labor Statistics

(-832,800 jobs) comprised 3.9 percent of the nation's job losses (-21.4 million jobs). This exceeded New Jersey's share of the nation's GDP and indicates that the pandemic affected the state to a relatively greater extent than the size of its economy would indicate.¹²

If the state's 3.9 percent share of total national payroll jobs lost is used as an alternative benchmark, then the following New Jersey employment sectors were overrepresented in their share of U.S. employment declines: construction (4.2 percent); trade, transportation and utilities (5.2 percent); financial activities (5.9 percent); professional and business services (4.5 percent); education and health services (4.6 percent); and other services (4.5 percent).¹³ Somewhat surprisingly, New Jersey's share of national job losses in leisure and hospitality (3.2 percent) was below its share of total job losses, indicating that as devastated as that sector was in New Jersey, the losses were relatively less than those that occurred nationally.¹⁴

The economic devastation apparent in these aggregate numbers belies the deep and extraordinary distress put on the individuals and families behind the job losses. The sheer scale of the loss of jobs due to the pandemic that is documented here also reveals in a glaring and harsh light the need for continued major federal monetary, fiscal, and other policy actions to restore public health and economic viability to the nation and to New Jersey.

Fast Track Research Notes Issue Number 2 is scheduled to be released on June 22, 2020. It will incorporate new May 2020 data as well as revised April 2020 data. It will also provide a preliminary glance at potential new "normals" that are emerging or perhaps new "abnormals."

¹² If New Jersey shared in the national job losses proportionate to the size of the state's economy, we would expect only a 3.01% loss in New Jersey's employment, a difference of nearly 170,000 jobs from what actually occurred.

¹³ Noteworthy within these large sectors were New Jersey's shares of the nation's losses in wholesale trade (8.9 percent), finance and insurance (15.6 percent), and management of companies and enterprises (8.8 percent).

¹⁴ As an explanation, leisure and hospitality represented 9.5 percent of total payroll employment in New Jersey in February 2020. Its share nationally was 11.1 percent in the same month.

