HR&A was engaged by the Nassau County IDA and Suffolk County IDA to:

- Develop a dynamic approach to measure the real-time economic impact of COVID-19 on the regional economy in terms of both depth & distribution

- Understand the specific geographies, populations, and business sectors that have been disproportionately impacted by the COVID crisis, and how this might in turn impact local governments

- Use these findings to inform local decision-making, requests for resources, and near- and long-term resilience planning
COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY

KEY FINDINGS

• The unprecedented nature of the crisis is rewriting the fundamental patterns of local economies in real-time, requiring new and dynamic approaches to measuring impact.

• Long Island has been particularly hard hit by the dual health + economic crises, shedding jobs at a faster rate compared to NYC and surrounding suburbs during early months of the crisis.

• Net job losses to-date total 220K and may reach as high as 375K in 2020, reducing local earnings by as much as $21B and local economic activity by $61B.

• As a multi-year economic crisis, earnings and spending losses may be even greater in 2021 owing to prolonged recovery within some sectors coupled with expiring unemployment benefits.

• COVID-related job and earnings losses will have a tremendous impact on sales tax revenues, the primary source of revenue for both counties. These impacts will be felt in 2020, 2021, and beyond.

• Job losses are concentrated among low-paying jobs, workers with low levels of education, and Hispanic/Latino workers on Long Island. Existing economic disparities, including disparate access to credit, opportunity and mobility, and affordable housing may make it more difficult for these populations to recover.

• County governments are working to leverage state and federal resources to support business operations, restore consumer confidence, and assist hard-hit sectors, but additional Federal resources are crucial to the region’s recovery.
We are facing a dual crisis—an unprecedented global health emergency coupled with the fastest rise in unemployment on record.

Source: New York State Department of Labor, Suffolk and Nassau County Departments of Health
The unprecedented nature of the COVID crisis is rewriting the fundamental patterns of local economies in real-time, requiring new approaches to projecting impact. Our analysis therefore:

- Draws upon a variety of data sources to project the initial economic shock from COVID-19 by sector, including documented monthly job losses from the U.S. Bureau of Labor Statistics and weekly initial Unemployment Insurance claims from the New York State Department of Labor.
- Expands upon precedent impact studies and methodologies and consults other economic forecasts to identify differential rates of recovery.
- Considers the perspectives of local industry groups and civic organizations to project “new normal” levels of economic activity.

Total economic and fiscal impacts reflect the combined industry effects across the three phases of economic shock, recovery, and stabilization.
COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY

SHOCK + RECOVERY

ECONOMIC SHOCK

RATE OF RECOVERY

NEW NORMAL

How deep is the initial impact of business shutdowns and reductions in consumer demand?

When will businesses reopen and how well-positioned are they to resume full operations?

What share of pre-COVID jobs will be recovered at stabilization?
Long Island businesses shed jobs at a faster rate compared to NYC, its northern suburbs, New York State, and the U.S. as a whole during the initial months of the crisis.

Source: U.S. Bureau of Labor Statistics
COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY

SHOCK

TOTAL JOB LOSSES FROM COVID-19 ON LONG ISLAND
PROJECTED AT TROUGH ABSENT SIGNIFICANT POLICY INTERVENTION

270,000
TOTAL INITIAL COVID-RELATED JOB LOSSES ON LONG
ISLAND (FEB - APR 2020, NON-SEASONALLY ADJUSTED)

145,000 – 175,000*
POTENTIAL ADDITIONAL JOB
LOSSES OWING TO ONGOING
EFFECTS OF THE ECONOMIC
SLOWDOWN (MAY 2020-ONWARD)


- Long Island businesses shed 270K jobs during the first 2 months of the crisis. Businesses recouped 48K jobs in May, as some economic activity curtailed during the pandemic resumed
- Continued supply chain disruptions and reductions in consumer demand are expected to result in an additional job losses beyond those recorded to-date. Total job losses in 2020 are expected to reach 375K relative to pre-COVID levels
- The regional economy is expected to continue showing net job losses through 2021, though the pace of job loss will be moderate as segments of the economy begin to recover

* Reflects total gross job losses through the end of the economic shock period. As some sectors are expected to resume growth faster than others, total net job loss relative to pre-COVID levels are likely to be less than the 415K-445K at any point in time as new jobs will have been added.
**COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY**

**SHOCK**

**TOTAL PROJECTED JOB LOSSES ON LONG ISLAND BY INDUSTRY, FEB 2020 THRU TROUGH (NON-SEASONALLY ADJUSTED)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Initial Job Losses (Feb - Apr 2020)</th>
<th>Follow-On Job Losses (May 2020 - Trough)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality</td>
<td>(82K)</td>
<td>(2K)</td>
</tr>
<tr>
<td>Health Care + Social Assist.</td>
<td>(52K)</td>
<td>(3K)</td>
</tr>
<tr>
<td>Retail</td>
<td>(59K)</td>
<td>(2K)</td>
</tr>
<tr>
<td>Construction</td>
<td>(27K)</td>
<td>(14K)</td>
</tr>
<tr>
<td>Admin. + Waste</td>
<td>(26K)</td>
<td>(12K)</td>
</tr>
<tr>
<td>Personal Services</td>
<td>(24K)</td>
<td>(9K)</td>
</tr>
<tr>
<td>Real Estate</td>
<td>(22K)</td>
<td>(12K)</td>
</tr>
<tr>
<td>Transpo. + Warehousing</td>
<td>(17K)</td>
<td>(17K)</td>
</tr>
<tr>
<td>Manuf.</td>
<td>(14K)</td>
<td>(12K)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>(12K)</td>
<td>(12K)</td>
</tr>
<tr>
<td>Leisure</td>
<td>(9K)</td>
<td>(12K)</td>
</tr>
<tr>
<td>Education</td>
<td>(3K)</td>
<td>(2K)</td>
</tr>
<tr>
<td>Professional + Technical</td>
<td>(12K)</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>(9K)</td>
<td></td>
</tr>
<tr>
<td>Finance + Insurance</td>
<td>(12K)</td>
<td></td>
</tr>
<tr>
<td>Mgmt. of Co.</td>
<td>(17K)</td>
<td></td>
</tr>
<tr>
<td>Information</td>
<td>(12K)</td>
<td></td>
</tr>
</tbody>
</table>

- >90% of initial job losses were in sectors directly impacted by the health crisis
- 2/3 of total projected job losses within directly impacted sectors occurred during the first 2 months of the crisis, when economic activity was severely curtailed by COVID and efforts to contain it
- A majority of follow-on job losses, or those in sectors primarily impacted through the effects of economic slowdown, are expected to occur after the initial shock period

Projected job losses are heavily concentrated among low-earning professions.

The region’s lowest-paying sector—Hospitality—experienced the greatest decline during initial months of the crisis, with employment down two-thirds.

Hispanic + Latino workers make up a disproportionate share of Hospitality workers on Long Island (27% vs. 17% of all workers), indicating disparate impacts felt among minority populations.
Job losses on Long Island are heavily concentrated among workers without a post-secondary education and those earning less than $35,000 per year.

In addition to bearing a disproportionate share of job losses, lower-income households and communities of color may suffer from slower recovery rates owing to pre-existing inequities like limited credit access, lower mobility and access to opportunity, and lack of affordable housing.

Source: EMSI
Though the region appears prosperous in aggregate, a macro view masks underlying inequities that can compound the challenges of COVID-related job losses. Wealthier communities with better credit access tend to recover faster from disasters such as Superstorm Sandy. Areas of concentrated poverty + restricted capital access should be considered as part of place-based approaches to COVID recovery.

Source: U.S. Census Bureau; Federal Reserve Bank of New York, Long Island Credit Profile, 2017.
TOTAL ANNUAL ECONOMIC IMPACT OF COVID-19 ON LONG ISLAND (2020)

375K
NET JOB LOSSES ON LONG ISLAND (VS. PRE-COVID LEVELS)

$21 BILLION
EARNINGS LOSSES AMONG LONG ISLAND WORKERS

$61 BILLION
REDUCED ECONOMIC ACTIVITY ON LONG ISLAND
Recovery will occur in waves, with the starting point (trough) and duration differing by industry depending on public policy interventions, industry adaptivity, firm-worker dynamics, and business size.

<table>
<thead>
<tr>
<th>Impact Category</th>
<th>Industries</th>
<th>Trough</th>
<th>Recovery Period</th>
<th>Percent of Jobs Recovered</th>
</tr>
</thead>
</table>
| First Wave      | • Finance + insurance  
                  • Management of co. + enterprises  
                  • Professional + technical services  
                  • Government  
                  • Information | Q3 2020     | 6 months (Q1 2021)   | 95%                       |
| Second Wave     | • Real estate  
                  • Retail  
                  • Admin + waste services  
                  • Agriculture  
                  • Construction/utilities  
                  • Education  
                  • Health care + social assistance  
                  • Manufacturing  
                  • Wholesale trade  
                  • Other services | Q2 2021     | 12 months (Q2 2022)  | 85%                       |
| Third Wave      | • Accommodation + food services  
                  • Transportation + warehousing  
                  • Arts, entertainment, recreation | Q4 2021     | 24 months (Q4 2023)  | 75%                       |
COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY

RECOVERY

SURVEY FINDINGS

Business Recovery:

- **62%** of Nassau County businesses expect to recover in 2021; **10%** expect to recover in 5+ years (Hofstra)
- **6 of 10** higher education institutions on Long Island expect to recover in 5 years (LIRACHE)
- **34%** of real estate firms on Long Island expect to recover in 2021; **29%** expect to recover in 2-5 years (ABLI LIBI Real Estate Survey)

Business Closure:

- **8% of small businesses** (<25 employees) in Nassau County may close this year, compared to **3%** of businesses with more than 25 employees. (Hofstra)
- **50%** of businesses in Suffolk County have closed temporarily; **1%** of businesses have closed permanently (BRU Survey)
- **12%** of real estate firms report that **21%-50% of tenants** are closing down their business (ABLI LIBI Real Estate Survey)
- **One-third** of industrial businesses on Long Island are at risk of closing (HIA-LI)
COVID-19 ECONOMIC IMPACT | EXECUTIVE SUMMARY
ROADMAP TO RECOVERY

TIMELINE OF RECENT EVENTS + COUNTY ACTIONS

- Mar 1: First New York case of COVID-19 confirmed
- Mar 7: Gov. Cuomo declares State of Emergency
- Mar 16: Schools closed statewide
- Mar 22: New York State on PAUSE takes effect
- Apr 3: 100K confirmed cases of COVID-19 in New York
- May 14: 5 regions enter Phase I reopening
- May 16: 100K confirmed cases of COVID-19 in New York
- May 22: $100M NY Forward Loan fund launched
- May 26: Boost Nassau recovery program announced
- May 27: Long Island authorized for Phase I reopening
- May 28: Suffolk County EDC launches small business loan fund
- June 10: Phase 2 reopening
- June 24: Phase 3 reopening

- Offering **stabilization loans** to small businesses, M/WBEs, and non-profits that did not receive federal stimulus funds
- Addressing **PPE supply needs** through procurement protocols and free PPE for certain small businesses, non-profits, and M/WBEs
- **Surveying local businesses** to understand needs and inform approaches to recovery
- Convening a Coronavirus **Economic Advisory Council** and **Fiscal Impact Task Force**
- Creating a **virtual “one stop shop”** for reopening resources and employment assistance
- **Leveraging open space, streets, and temporarily vacant structures** to expand access to outdoor programming, dining, and entertainment to restore consumer confidence
Additional financial resources are needed to advance the Long Island region’s recovery, including budgetary relief for local governments as well as additional support for people, businesses, and places, to include:

- **Federal funding** as outlined in the HEROES Act passed by the House, which included $375B in budgetary relief for local governments to help avoid cuts to public services, layoffs, and/or tax increases, all of which could further negatively impact the local economy.

- **Extension of benefits** for workers and businesses given the on-going impacts of the pandemic and the likelihood of multi-year impacts.

- **Federal infrastructure funds** to address long-term impacts to the built environment, spur job creation, and transform the region to become more resilient in the face of future cataclysmic events and economic shocks.

- Continued federal relief programs to support small businesses, encourage new businesses, and recover heavily impacted industries.

- Assistance to states and counties for workforce development, job retraining, and equity initiatives in disproportionately affected communities and populations.
Other interventions to advance this recovery framework include:

**Regulatory**

- Streamlining local approvals and permitting processes to ensure ‘shovel ready’ construction work is in the pipeline.
- Developing policy changes and revitalization strategies that target heavily impacted industries (e.g. Hospitality, Healthcare, Retail, and Construction) and commercial corridors (e.g. village downtowns and Main Streets).

**Programmatic**

- Investing in training and reskilling for workers disproportionately impacted by the crisis, many of whom will be limited in their ability to find alternative job opportunities given a mismatch between existing skills and those needed to access jobs in sectors quickest to recover.
- Partnering with local businesses and institutions to develop on-the-job training programs.