



# 2020 Economic Review

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AN ANNUAL REVIEW OF NEW JERSEY'S ECONOMY

**ISSUE 1 | APRIL 2021**

“From the lowest unemployment rates in recorded history in 2019 to the highest in 2020, New Jersey’s workforce experienced a turbulent year. Forget the Great Recession. Economists have compared 2020 unemployment to rates likely seen only during the Great Depression.”

- NICOLE M. SANDELIER, EXECUTIVE DIRECTOR

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# A Note from Focus NJ

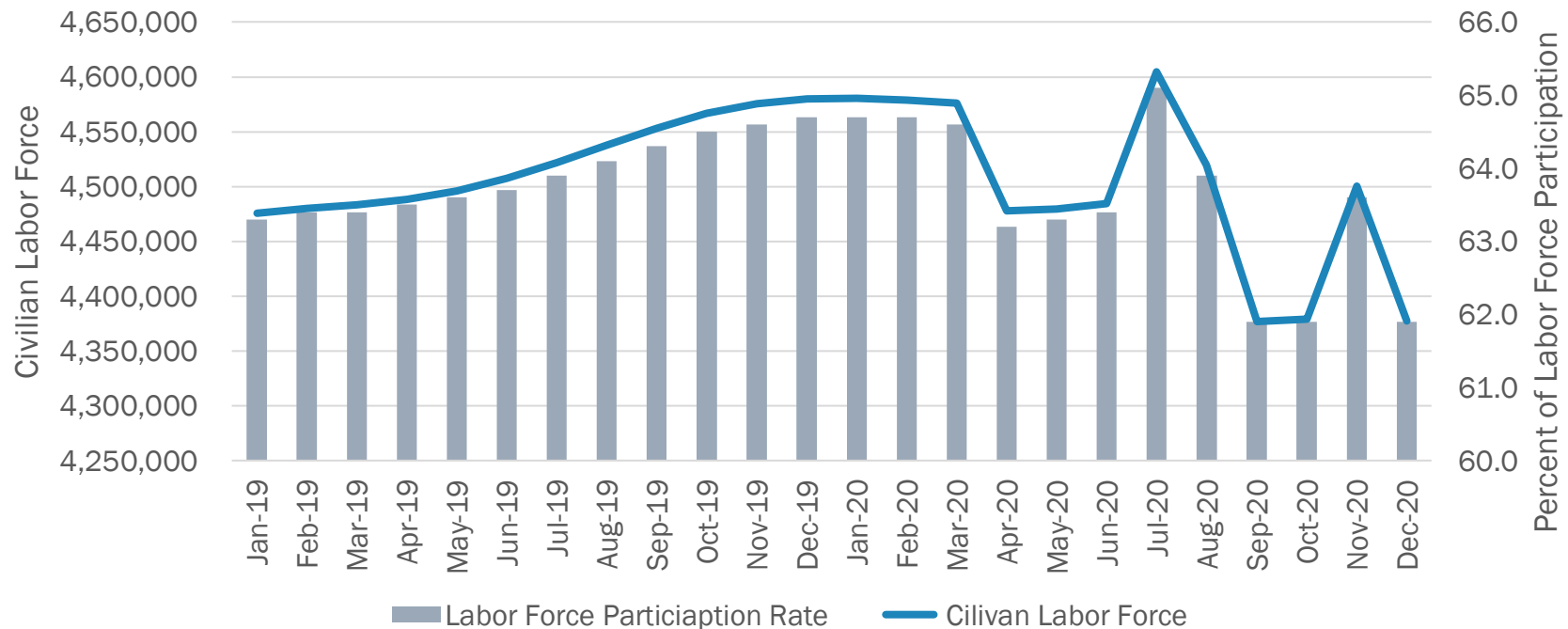
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The goal of this document is to provide readers with a detailed review of key statistics on New Jersey's economic activity, otherwise known as economic indicators. These indicators help to judge the overall health of an economy. This document does not report every economic indicator used to analyze economic health. Many sources have yet to report 2020 data, including the U.S. Census Bureau. As such, this is a working document that will be modified to include statistics relating to race, gender and households when updated data becomes available.

Please note, an asterisk (\*) next to a number represents the reporting of a preliminary data by the primary source. All numbers were the most-up-to-date statistics available at the time of this analysis and are subject to change upon primary source revision. Unless otherwise noted, all graphs and charts are based on New Jersey statistics.

For clarity on statistical meaning, please refer to the definitions at the end of the document.

# Civilian Labor Force

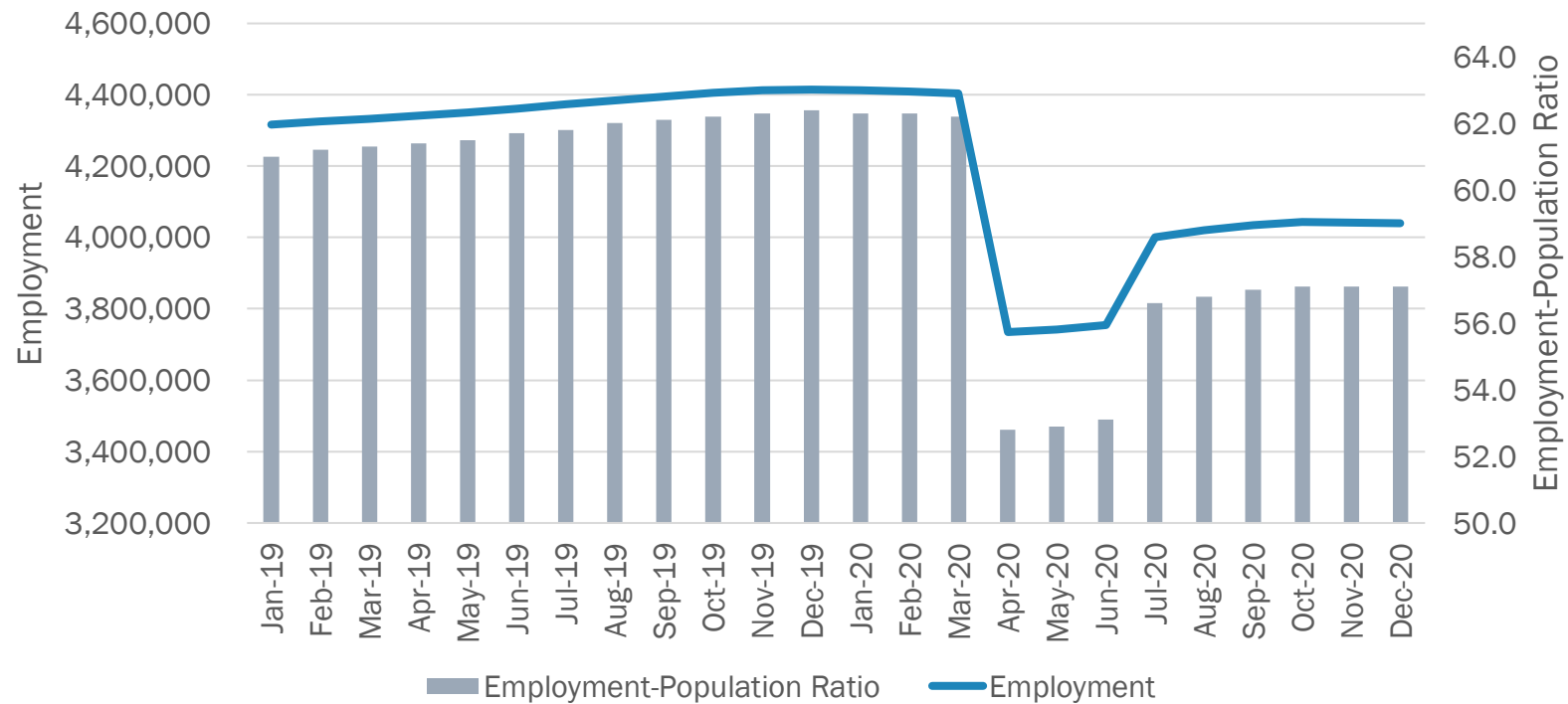


Prior to the pandemic, New Jersey's Civilian Labor Force (CLF) was comprised of nearly 4.6 million individuals.

From March 2020 to December 2020, the CLF experienced volatility.

At year end, the Civilian Labor Force totaled about 4.4 million people.

# Employment



In March 2020, 4.4 million workers were employed in New Jersey.

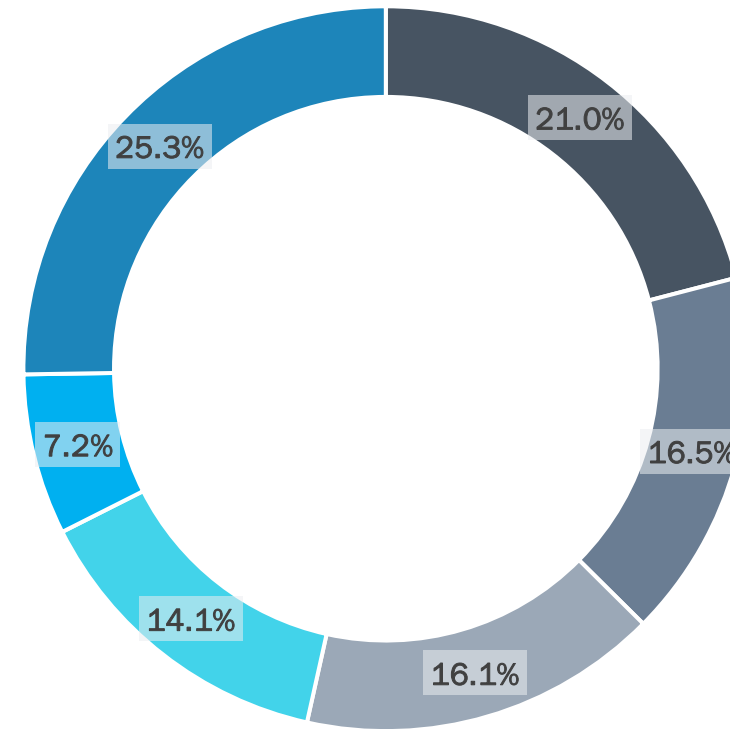
From April 2020 to June 2020, the State experienced a sharp decline in employment. The number of employed workers rebounded in July and remained steady for the duration of the year.

At year end, 4.04 million individuals were working in New Jersey.

# Top 5 Largest Industry Employers

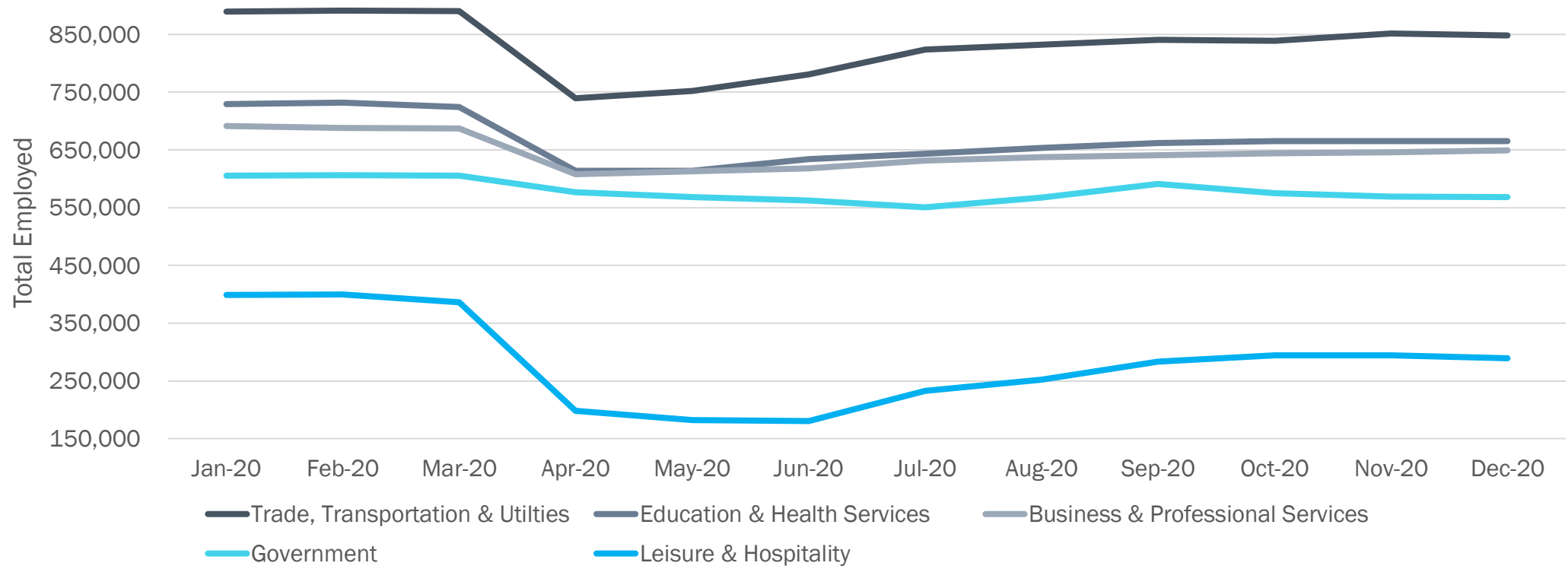
As of December 2020, the Trade, Transportation & Utilities industry was the largest employer industry in the state, providing 848,100 jobs throughout the state. This equates to 21% of New Jersey's workforce.

New Jersey



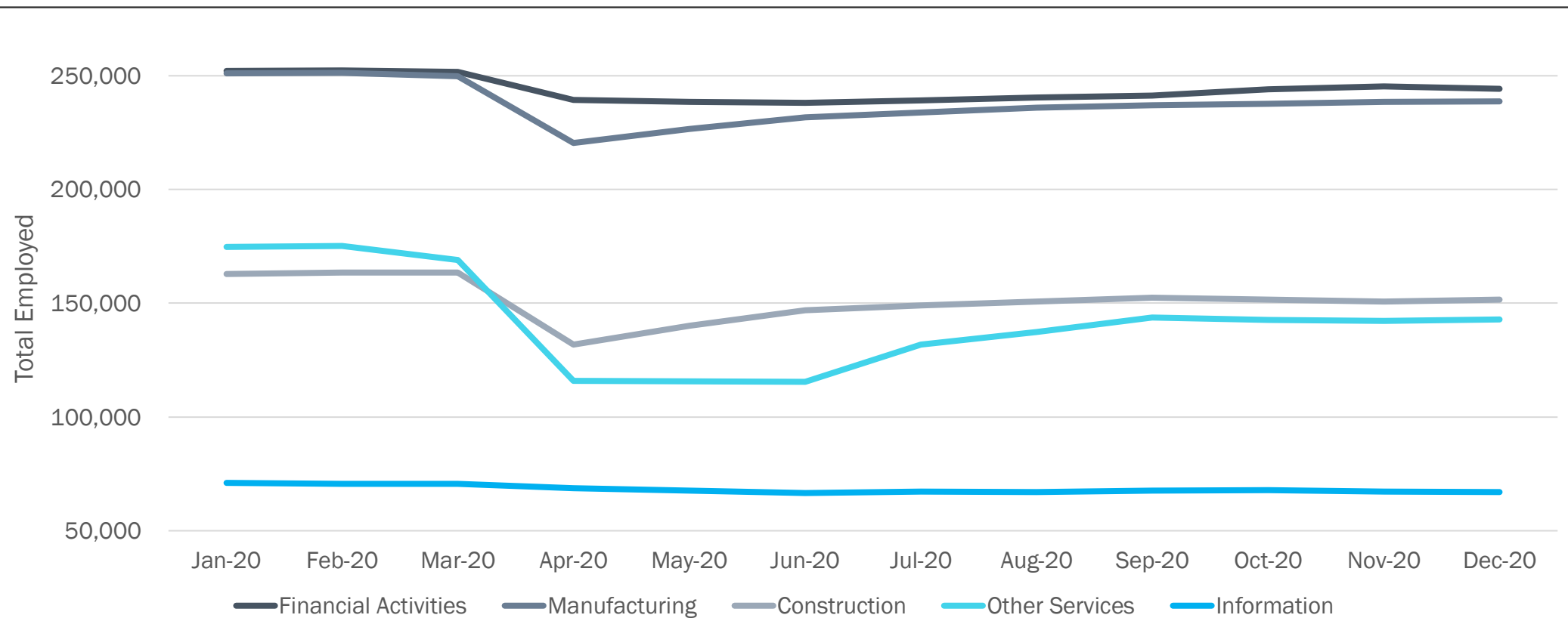
- Trade, Transportation & Utilities
- Education & Health Services
- Business & Professional Services
- Government
- Leisure & Hospitality
- All Others

# Employment by Industry





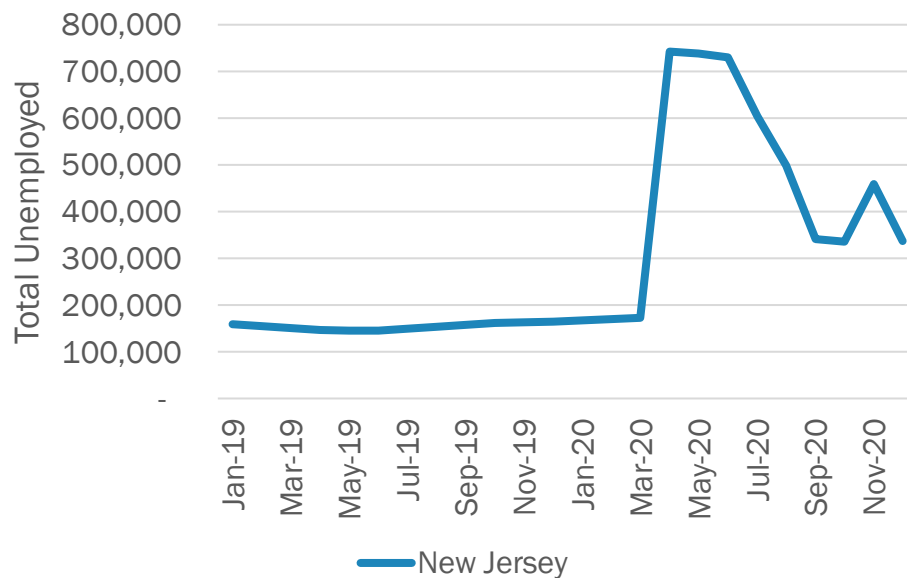
# Employment by Industry Cont.



# Unemployment

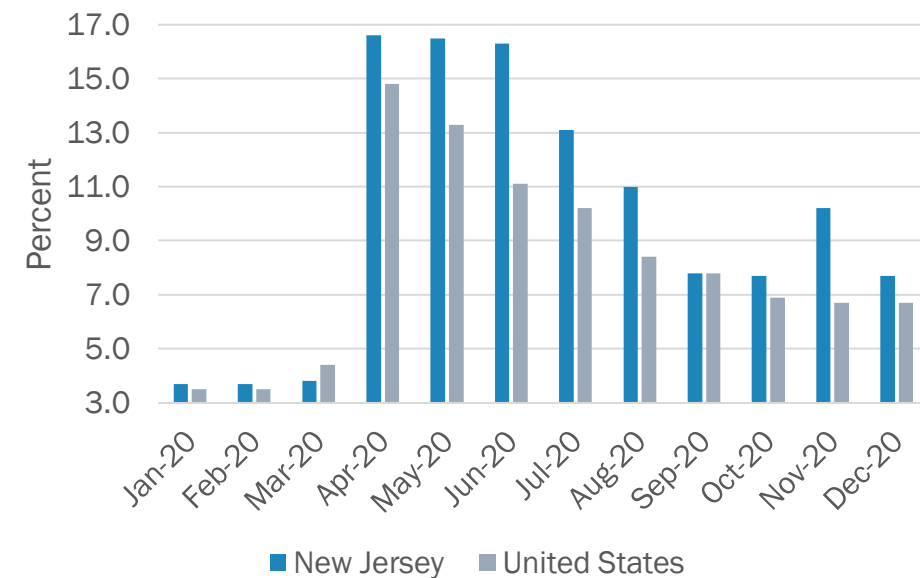
## STATE LEVEL UNEMPLOYMENT

(SEASONALLY ADJUSTED)



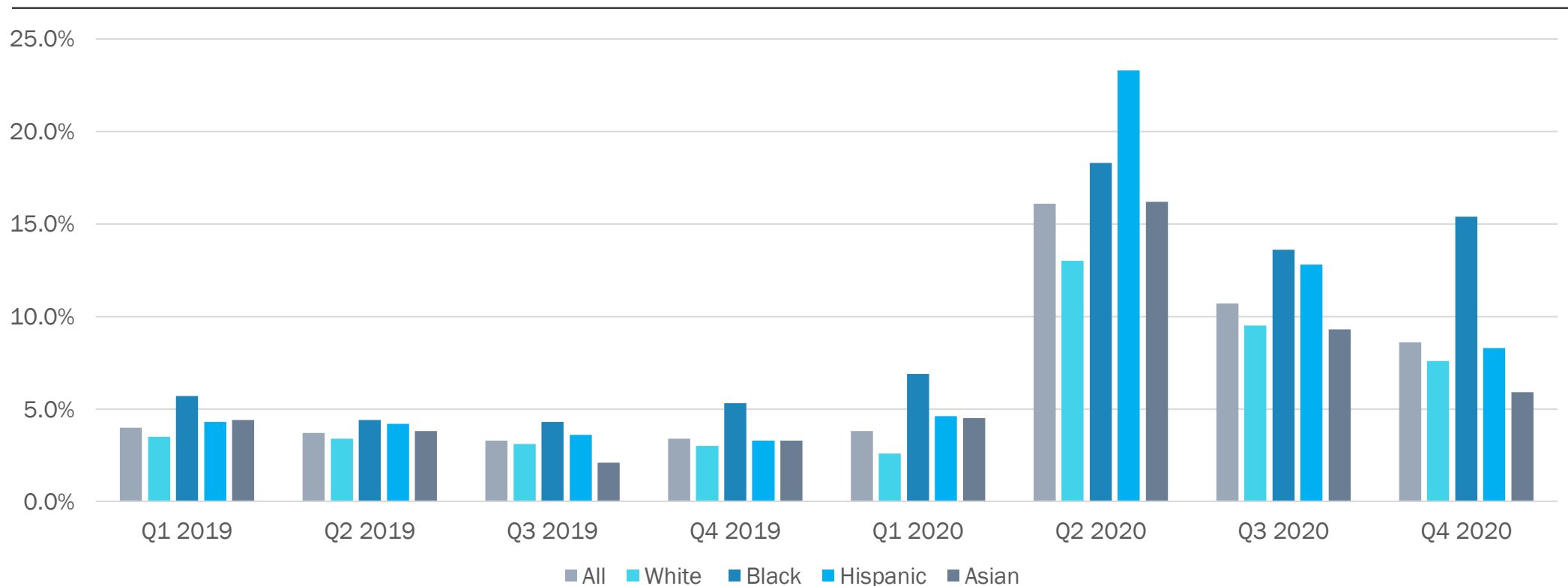
## UNEMPLOYMENT RATE

(SEASONALLY ADJUSTED)



New Jersey's unemployment hit record highs in Q2 2020. Although New Jersey's unemployment numbers dropped thereafter, nearly 340,000 individuals were still unemployed at the end of 2020.

# Unemployment Rate by Race

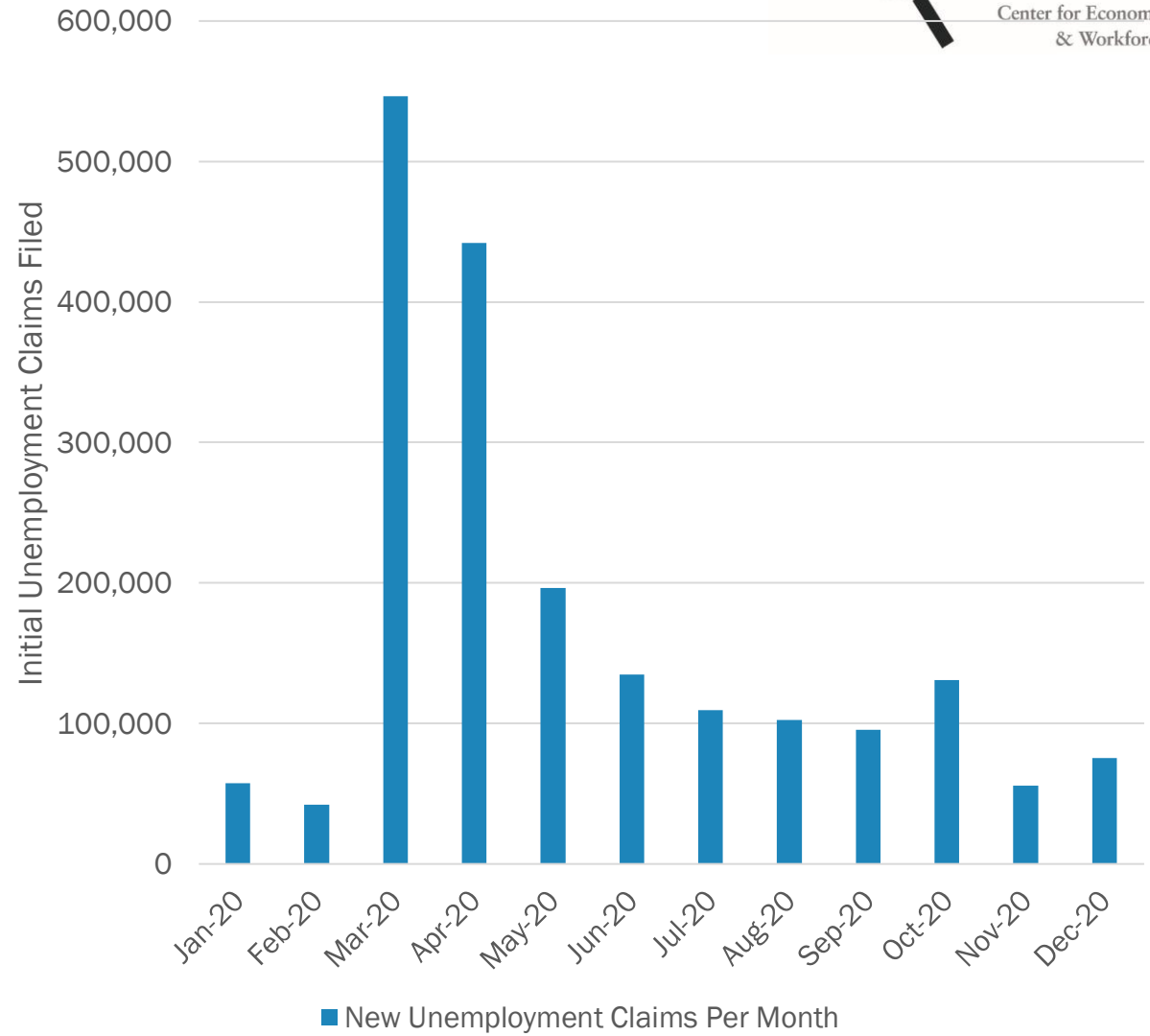


Since the onset of the pandemic, Black and Hispanic workers experienced higher rates of unemployment compared to White and Asian workers.

# Initial Unemployment Claims Filed

As a result of the pandemic, 1,915,597 workers filed initial unemployment claims in 2020. This equates to nearly 42% of New Jersey's pre-pandemic civilian labor force.

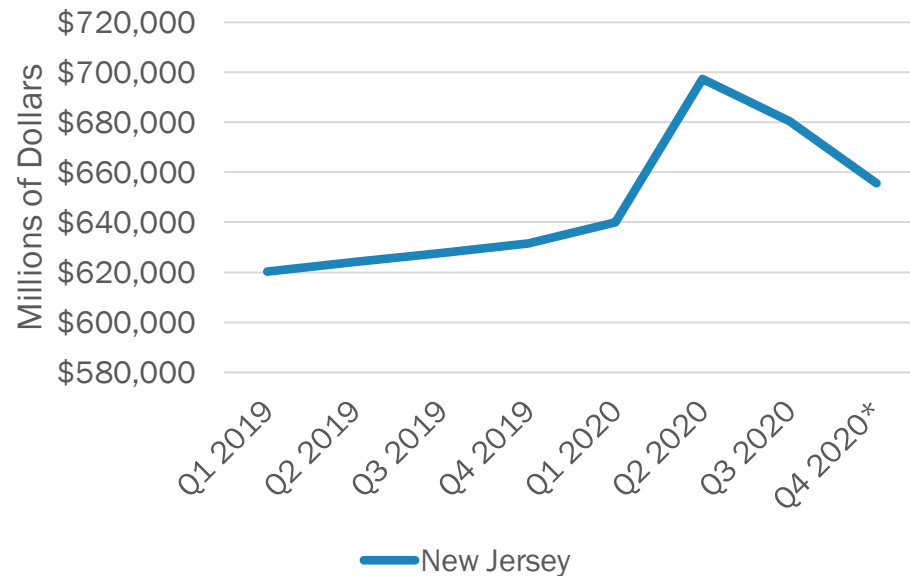
The Garden State distributed \$20.7 billion in unemployment benefits in 2020.



# Personal Income

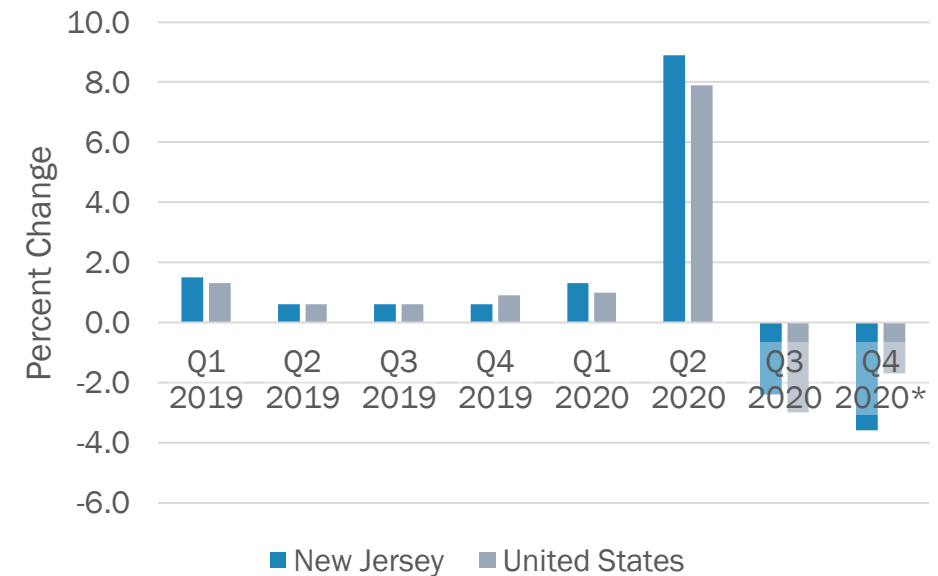
## STATE LEVEL PERSONAL INCOME

(SEASONALLY ADJUSTED AT ANNUAL RATE)



## PERCENT CHANGE FROM PRECEDING QUARTER

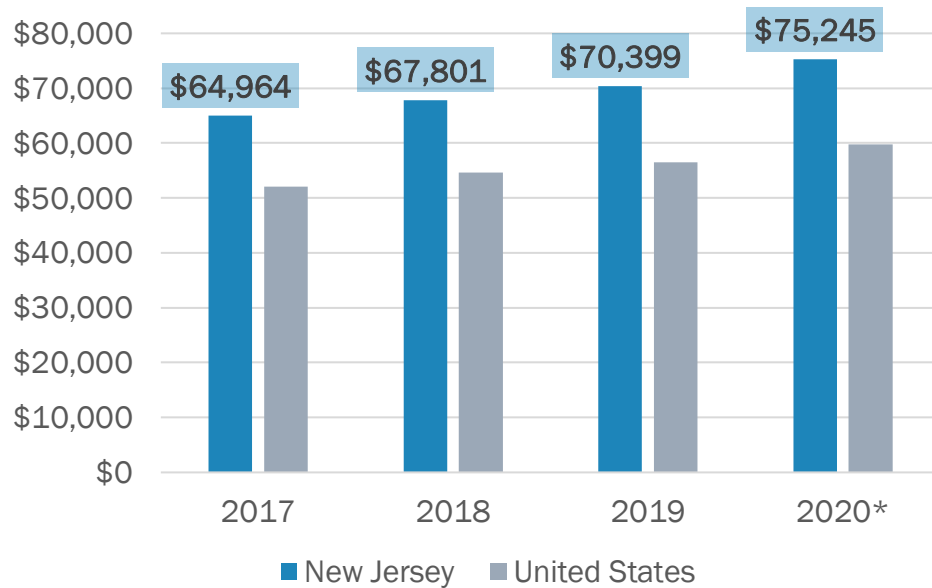
(SEASONALLY ADJUSTED AT ANNUAL RATE)



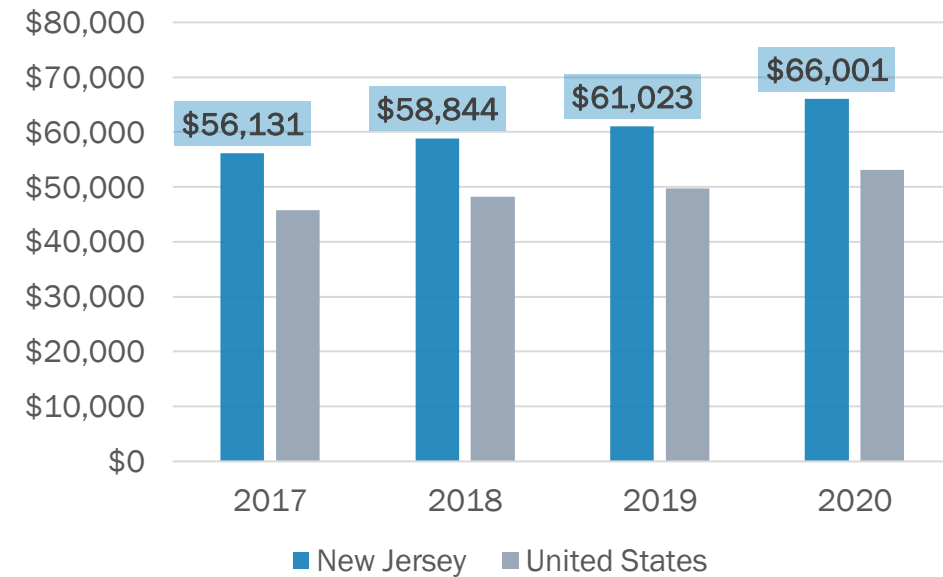
New Jersey experienced an 8.9% increase in state level personal income in Q2 2020 compared to Q1 2020. The influx, which was fueled by state and federal stimulus dollars to individuals, resulted in two quarters of declining personal income levels thereafter.

# Personal Income

**PER CAPITA ANNUAL INCOME**



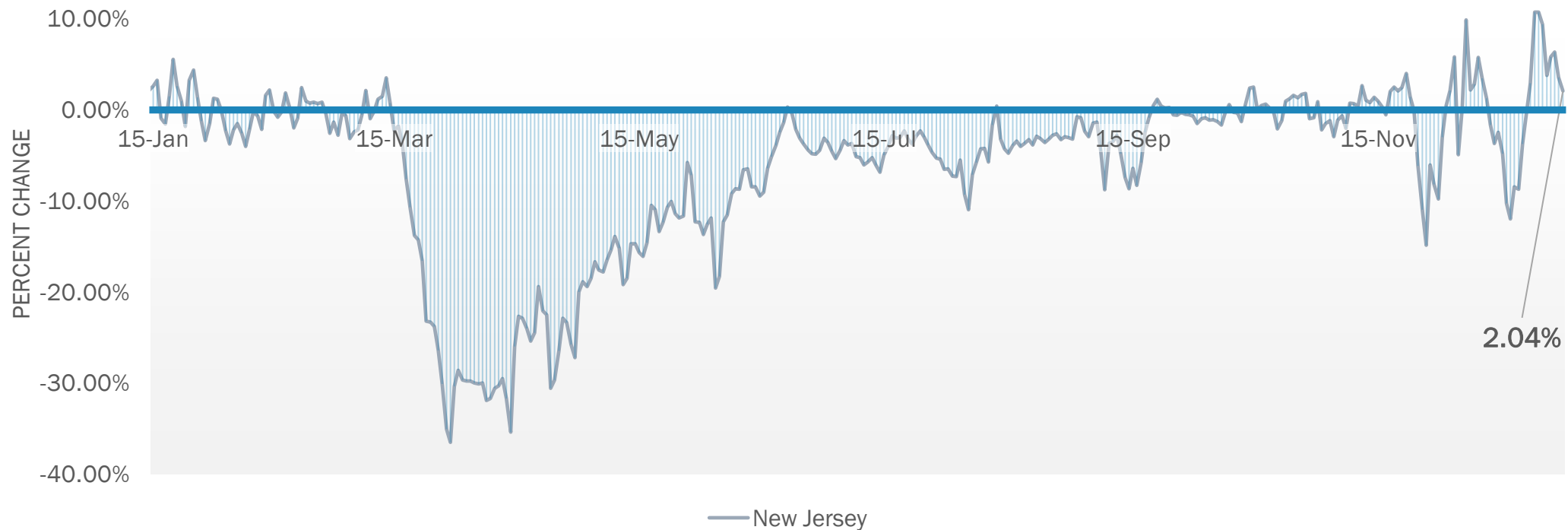
**PER CAPITA ANNUAL DISPOSABLE INCOME**



Despite record high unemployment, per capita income increased by nearly \$4,850 and per capita disposable income increased by nearly \$4,980 in 2020.

# Consumer Spending

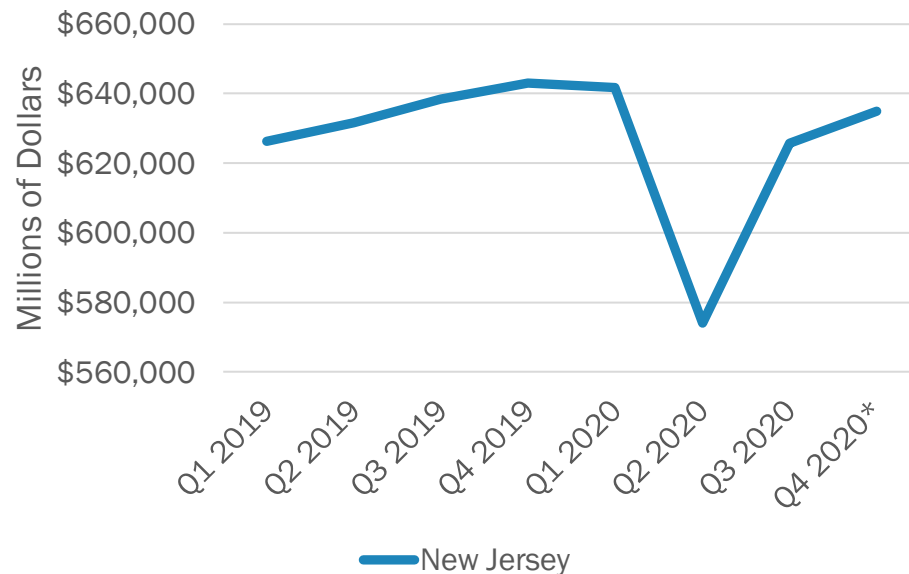
As of December 31, 2020, total spending by all consumers increased by 2.04% in New Jersey compared to January 2020.



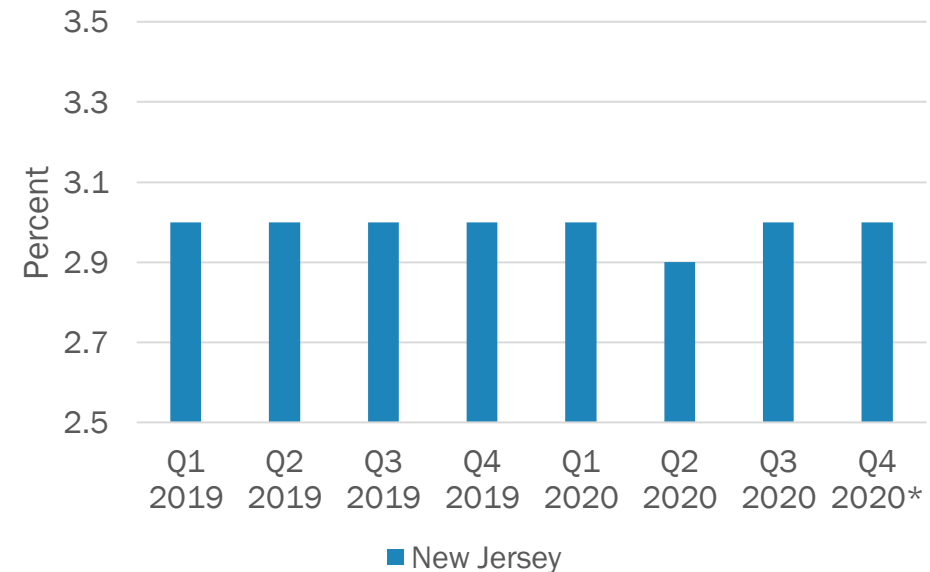
# Gross Domestic Product (GDP)

## CURRENT-DOLLAR GDP

(SEASONALLY ADJUSTED AT ANNUAL RATES)



## PERCENT OF THE UNITED STATES GDP

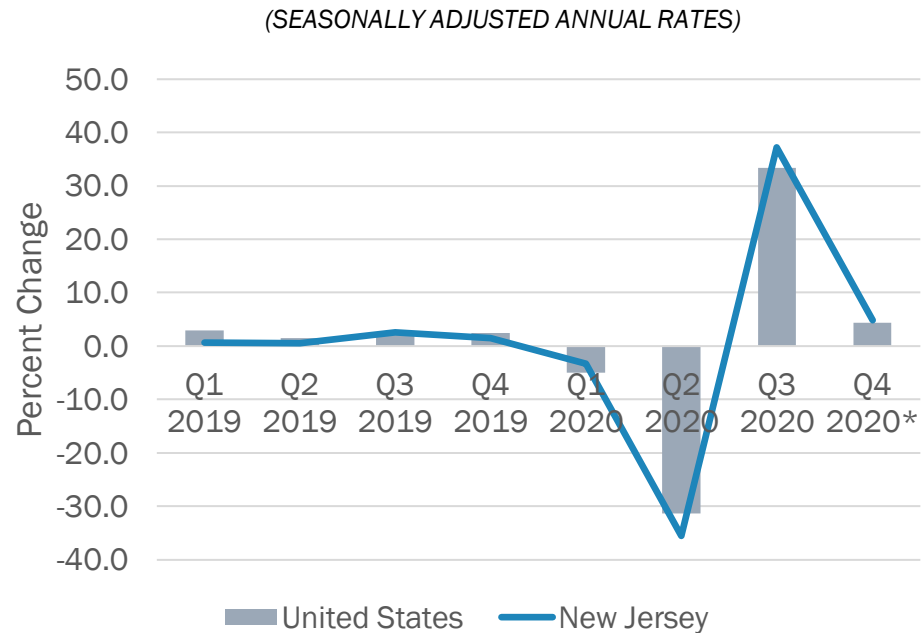


New Jersey's GDP experienced record contraction in Q2 2020 followed by a quick rebound in Q3 2020. The decline in Q2 resulted in New Jersey's percent of U.S. GDP to drop to 2.9%, although only for a single quarter. New Jersey rebounded to 3% of U.S. GDP in Q3 and Q4 of 2020.

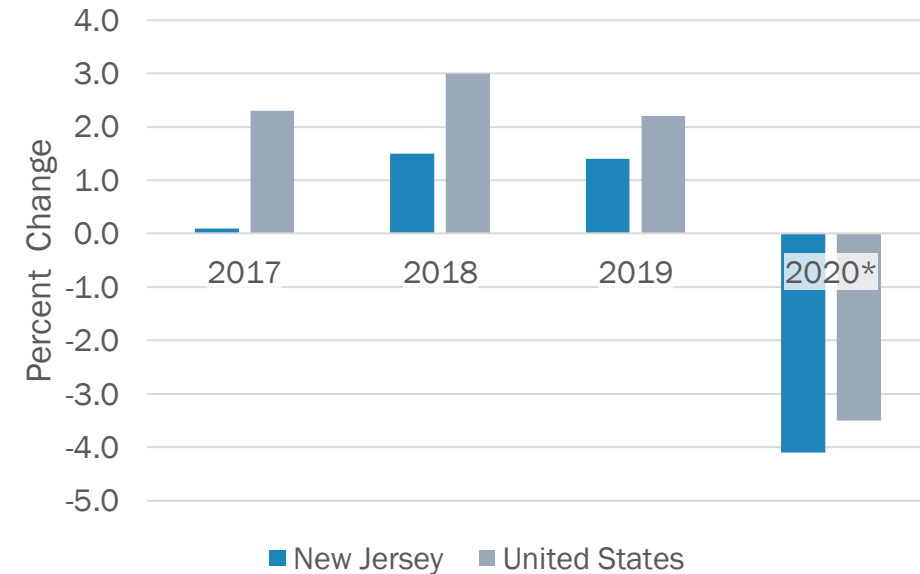


# GDP Cont.

**PERCENT CHANGE IN GDP FROM PRECEDING QUARTER**



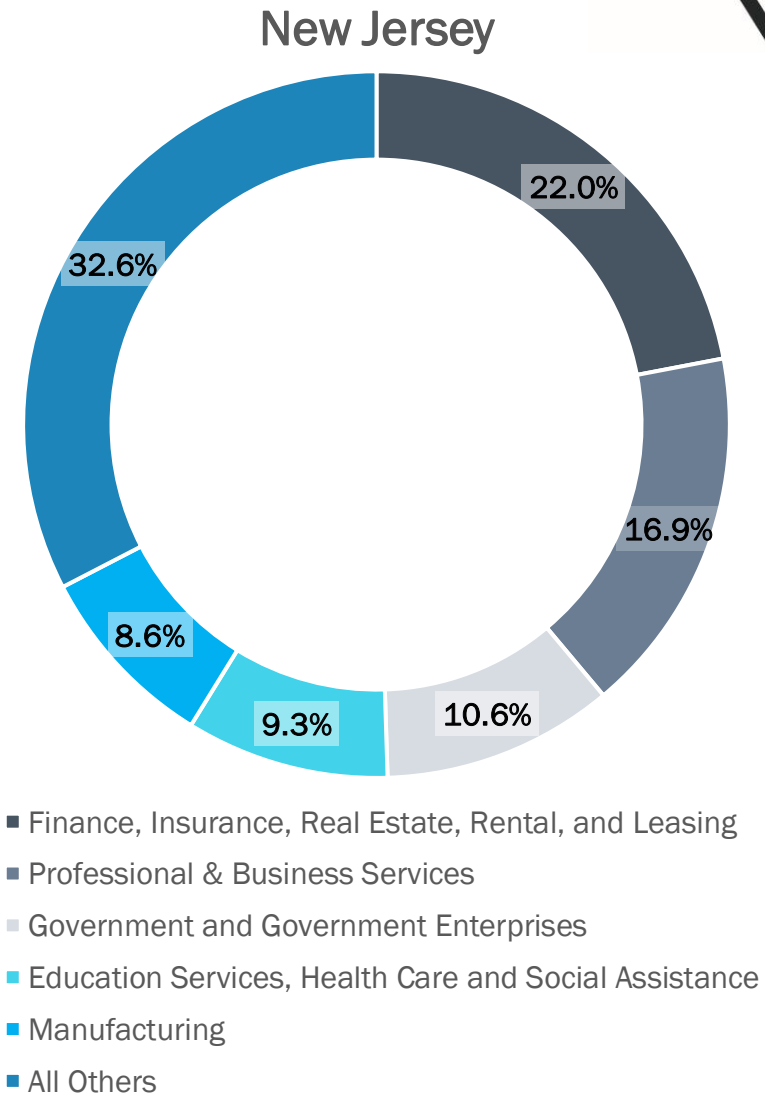
**PERCENT CHANGE IN ANNUAL REAL GDP**



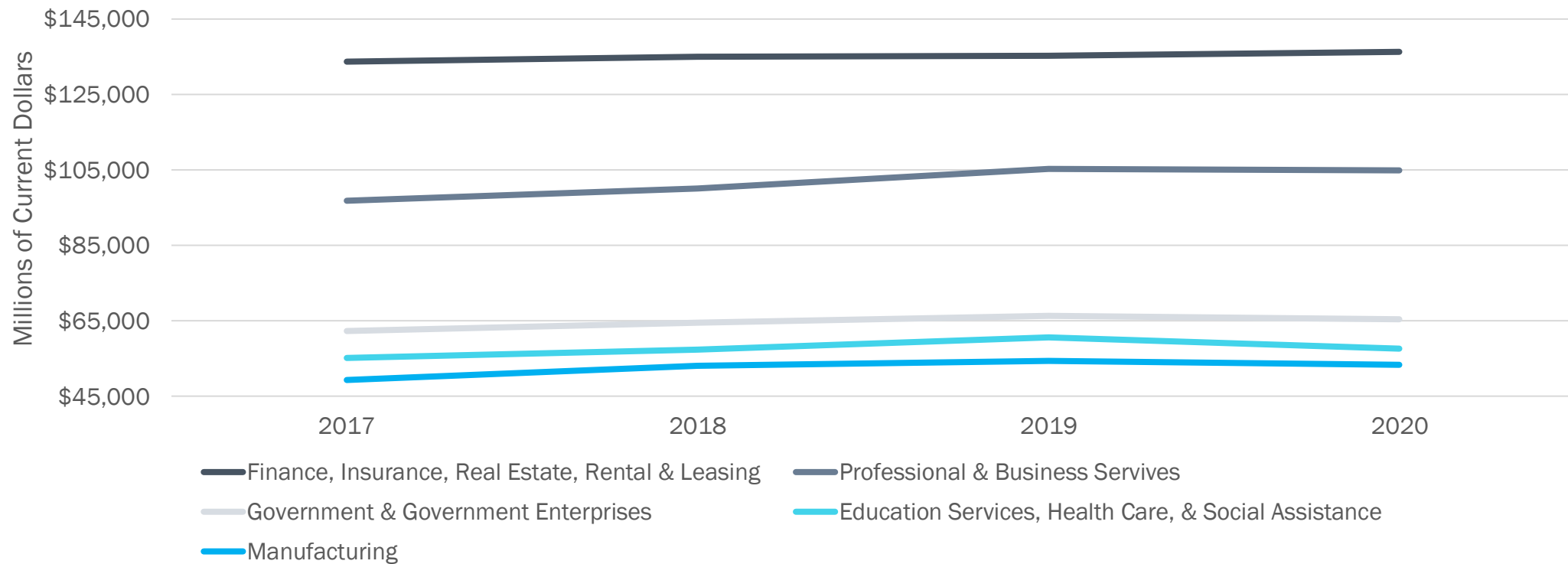
Q2's record contraction in 2020 totaled 35.6% followed by a 37.2% expansion in Q3. Despite the mid-year bounce back, New Jersey experienced a 4.1% decline in annual real GDP compared to 2019.

# Top 5 Industries as a Percent of GDP

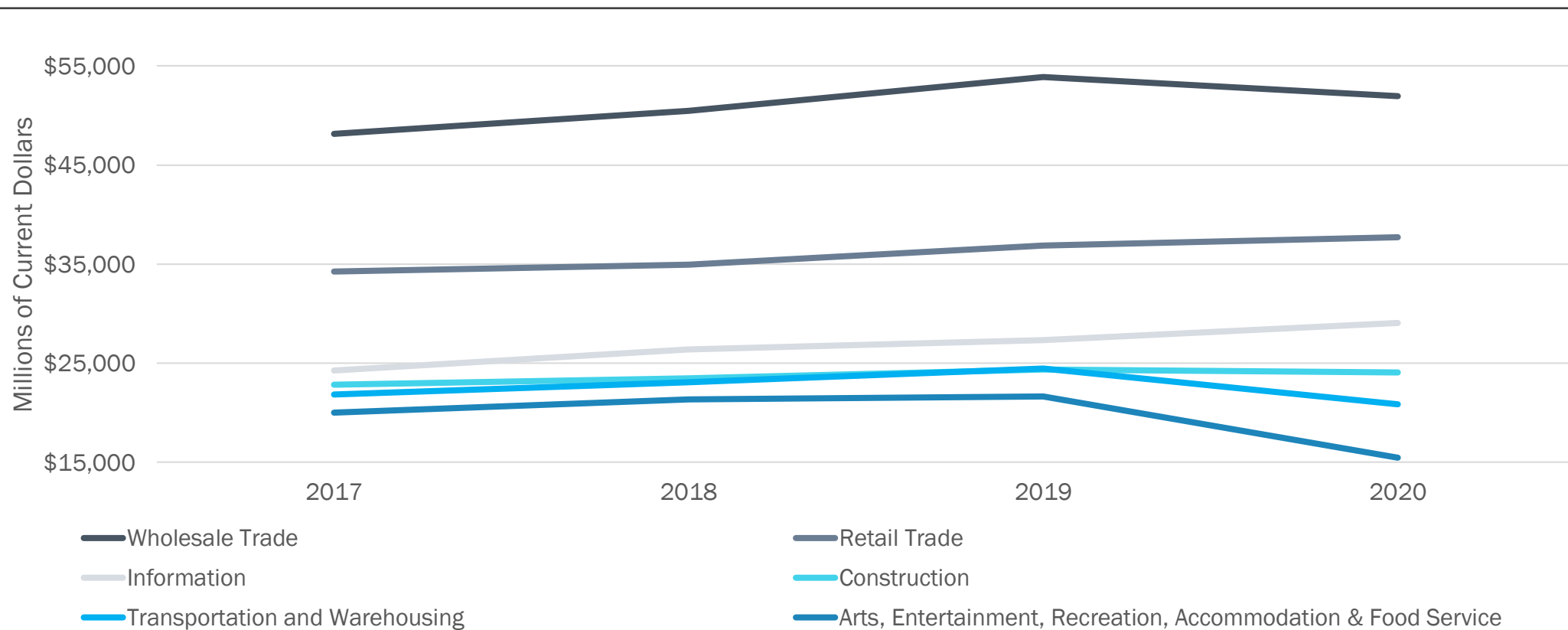
In 2020, New Jersey's largest industry as a percent of total GDP was finance, insurance, real estate, and leasing. According to the U.S. Bureau of Economic Analysis, "This industry accounted for 22% of New Jersey GDP and experienced a 1.6% real decline" compared to 2019.



# Annual Industry GDP

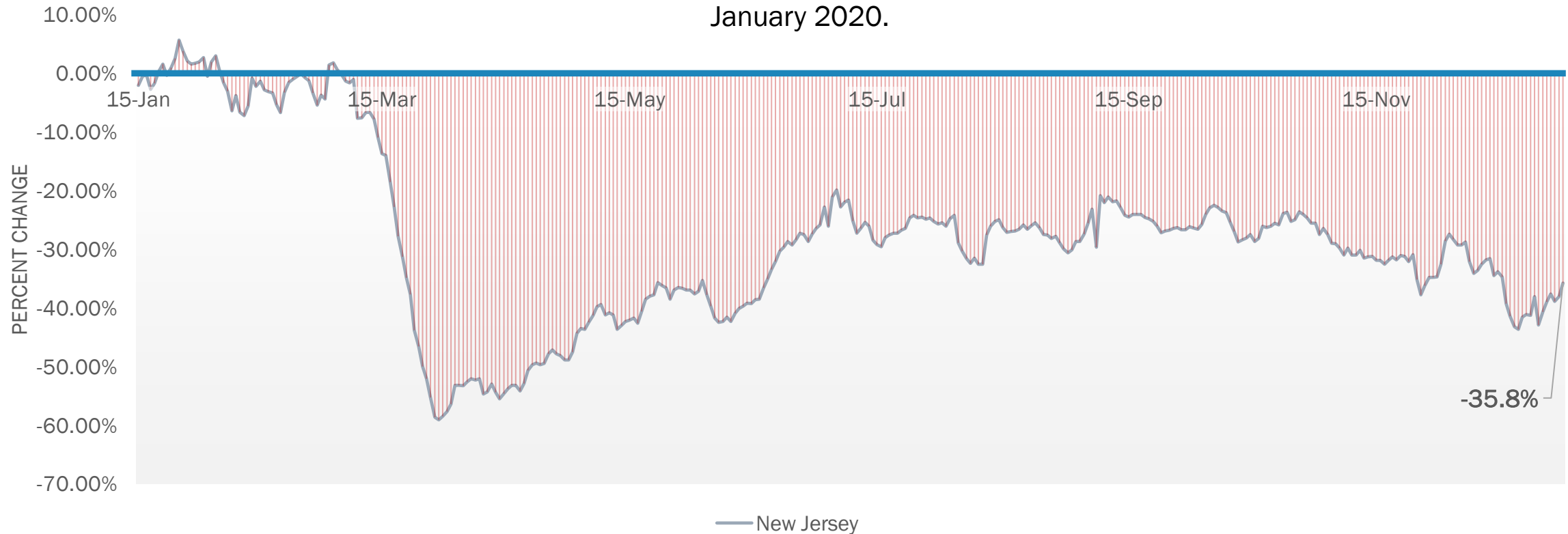


# Annual Industry GDP Cont.



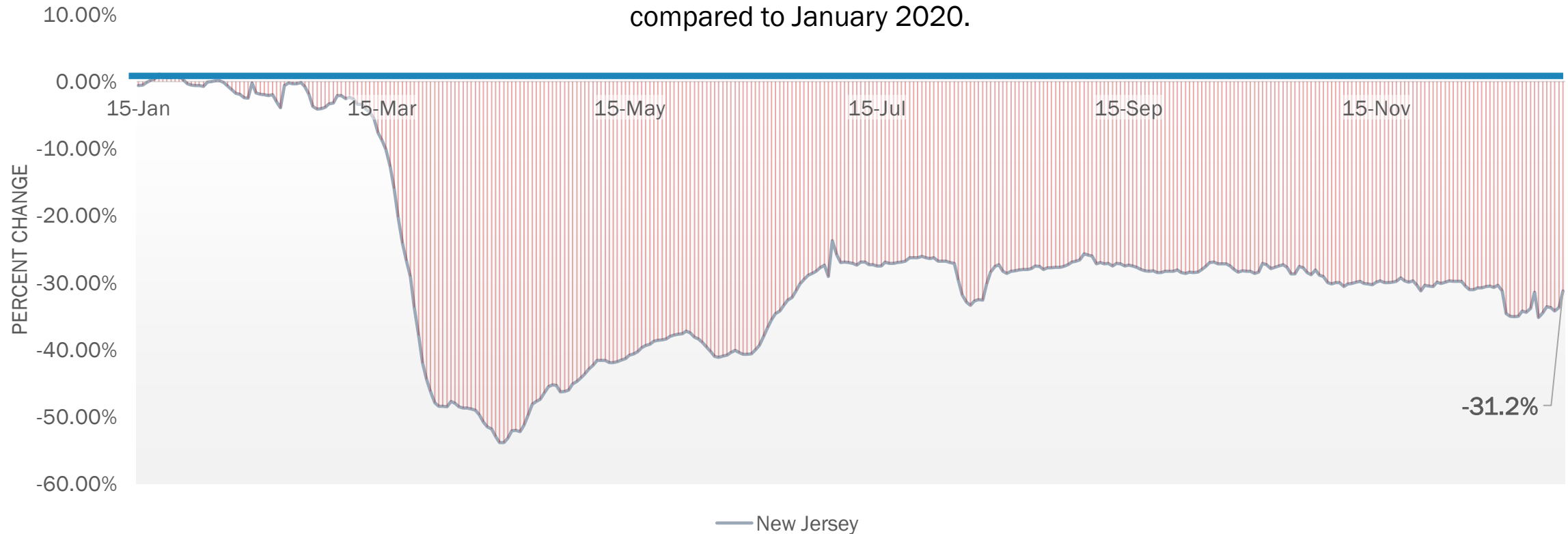
# Percent Change in Small Business Revenue

As of December 31, 2020, small business revenue in New Jersey decreased by 35.8% compared to January 2020.



# Percent Change in Small Businesses Open

As of December 31, 2020, the number of small businesses open in New Jersey decreased by 31.2% compared to January 2020.



# In Summary

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2020 was a year unlike any other we've experienced during our lifetime. The novel coronavirus pandemic caused havoc on New Jersey's public health and economy. The pandemic caused government-mandated, non-essential business closures and stay-at-home orders that were in effect from mid-March to mid-June 2020 in the Garden State with many businesses continuing to operate at restricted capacity through year end.

- This resulted in record high unemployment rates and record contraction in GDP.
- Small businesses were devastated and many were forced to shut their doors, either temporarily or permanently.
- Early data indicates that the pandemic had a disproportional impact on minority workers and workers of color.
- In total, over 1.9 million people filed unemployment claims and received more than \$20 billion in unemployment benefits.
- Personal income increased despite record high unemployment, due to state unemployment benefits, extended benefits, and federal stimulus monies.

# Definitions

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**Civilian Labor Force:** The labor force level is the number of people who are either working or actively looking for work.

**Current Dollars:** The market value of an item. It reflects prices and quantities of the period being measured.

**Employment-Population Ratio:** The percentage of the population that is currently working.

**Gross Domestic Product (GDP):** The market value of goods and services produced by labor and property in the United States, regardless of nationality.

**Labor Force Participation Rate:** The percentage of the population that is either working or actively looking for work.

**Per Capita:** For each person in a population.

**Real Dollars:** Income after adjustment for inflation.

**Real GDP:** A macroeconomic measure of the value of economic output adjusted for price changes.

**Personal Income:** Income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments.



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