

**Youth Full Employment Effects From COVID-19
Unemployment Aid in New Jersey**

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Executive Summary

This research study, titled ‘Youth Full Employment Effects From COVID-19 Unemployment Aid in New Jersey’, explores the impact of unemployment aid on the ability of young individuals (aged 18-29) in New Jersey to switch careers. Specifically, the study investigates how savings or paying down debt, facilitated by unemployment aid, can serve as leverage for obtaining better benefits at their current place of employment or for transitioning to new employers that better meet their needs, such as higher pay, improved paid time off, and work-from-home opportunities.

The study employs in-depth anonymous internet surveys to gather data from young adults in New Jersey. These surveys gathered information on participants' employment status before and after receiving unemployment aid, their decision-making processes regarding career transitions, and the factors influencing their choices.

The findings of this research are expected to provide valuable insights for policymakers, employers, and individuals regarding the effectiveness of unemployment aid in facilitating career transitions and improving overall job satisfaction among young adults. Additionally, the study aims to highlight the importance of financial stability in empowering individuals to make positive career changes, ultimately contributing to a more resilient and dynamic workforce in New Jersey.

Introduction

This research is inspired by the compelling economic model implemented in Sweden during the 20th century, the Rehn-Meidner model. This model emphasized the importance of monetary stimulus from the government and employers, enabling workers to accumulate savings. This economic mobility, in turn, empowered individuals to negotiate better terms within their current employment or transition to new opportunities that better suited their needs. The COVID-19 pandemic and its aftermath in the United States, particularly in states like New Jersey, have provided a unique backdrop to observe similar dynamics. The government's stimulus checks and state unemployment aid bonuses during the pandemic created a situation akin to the Swedish model, where individuals could leverage these financial resources to improve their career prospects and work-life balances.

This study seeks to delve deeper into this phenomenon, particularly among young adults in New Jersey. By examining how these economic stimuli have influenced their ability to switch careers or negotiate better terms with employers, we aim to shed light on the role of financial stability in fostering economic mobility and job satisfaction. The findings from this research have implications for understanding the impact of COVID-19 relief measures and provide insights for future monetary policies promoting workforce flexibility and empowerment. By drawing parallels with successful economic models like

the Rehn-Meidner model, we hope to contribute to the discourse on creating a more resilient and dynamic workforce in the United States.

Amidst the deluge of national and international data streams, the nuances of local dynamics can often fade into obscurity, creating a glaring information gap at the state and regional levels. Nowhere is this more pronounced than in understanding the trajectory of New Jersey's youth and how they utilized economic stimuli and unemployment aid to improve employment prospects. New Jersey, a microcosm of diverse economic challenges and opportunities, remains shrouded in relative silence within this narrative. To truly grasp the intricacies of this narrative, a spotlight must be cast upon the state-level intricacies that shape these journeys, illuminating the often overlooked intersections of policy, economics, and individual aspirations.

In order to understand and analyze the narrative of unemployment and the state's role in empowering young adults in New Jersey, this thesis employs a blueprint of four parts:

1. **Quantifying the Impact:** Determine how unemployment aid has influenced young individuals' ability to switch careers or negotiate better terms with current or new employers.

2. **Identifying Leverage Factors:** Identify the financial and personal leverage factors, such as savings or debt reduction, that have enabled participants to pursue career changes.

3. **Evaluating Career Satisfaction:** Assess the level of satisfaction among participants who have made career transitions, and compare it to their previous employment situations.

4. **Understanding Decision-Making:** Gain insights into the decision-making process of young individuals when considering career changes, including the relative importance of financial incentives versus other factors.

Literature Review

The concept of functional artificial public savings, as seen in the Swedish Rehn-Meidner model and potentially mirrored in the COVID-19 economic recovery in the United States, highlights the significance of financial stability in facilitating career transitions and improving overall job satisfaction. This literature review explores the core tenets of this research, focusing on how individuals utilize savings and debt repayment to enhance their bargaining power in the job market, leading to a more equitable society and a more dynamic labor market.

Functional artificial public savings refer to the ability of individuals to create a financial cushion through government stimulus checks and unemployment aid bonuses. While not traditional, these funds function as temporary savings that can be used to pay down debts or cover expenses during periods of economic uncertainty, such as the COVID-19 pandemic.

“Many policymakers were concerned that the high levels and long durations of UI payments might deter workers from returning to work. These concerns became particularly pronounced in the spring of 2021 when employers started to experience labor shortages. UI became a prime suspect in the case of the missing workers when, in March 2021, job openings surged above pre-pandemic levels to

roughly 8 million while there were still 8 million fewer employed workers than before.” (Ganong, Peter, et al. pg 80).

This quote highlights how individuals leveraged these funds to force better terms from employers to create new job opportunities that offer higher wages or better benefits.

One of the key ways individuals have used their stimulus checks and unemployment aid bonuses is to pay down debts, particularly medical and credit card debts. Debt repayment improves individuals' financial health and increases their bargaining power in the job market. With reduced debt burdens, individuals can take risks, such as switching careers or negotiating for better terms, knowing they have a financial buffer to fall back on.

During the COVID-19 pandemic, specific industries experienced significant growth, while others saw a decline.

“Given the role that PPE plays in mitigating the spread and reducing the impacts of COVID-19, PPE demand has spiked both globally and domestically, while supply has been undercut by rapid consumption and supply chain disruptions.” (Cecire, M. H., et al. pg 2)

This citation shows that significant growth due to increased demand for products and services helped propel Industries such as technology, healthcare, and e-commerce. On the other hand, industries like hospitality, tourism, and retail faced challenges due to

lockdowns and restrictions. This uneven growth and flight of industries have created opportunities for individuals to transition to growing sectors where their skills are in high demand.

“Conditional transfers are particularly effective because they are directed to the unemployed who have a high marginal propensity to consume. In addition, as our analysis highlights, they limit income risk associated with unemployment, and thus help to avoid recessionary spirals” (Bayer, C., Born, B., Luetticke, R., & Müller, G. J pg 28)

By allowing individuals to leverage programs like unemployment insurance to negotiate better terms with employers, functional artificial public savings can contribute to a more equitable society. Increased wages, better benefits packages, and more work-from-home opportunities are some of the outcomes that can result from this leverage. This not only improves the financial well-being of individuals but also reduces wage suppression, ensuring that workers are fairly compensated for their contributions.

“The metaphor of the capitalist labor market as a “lobster trap” was never more obvious as during the current COVID-19 crisis in the industrial countries with the labor force being highly vulnerable to fears of loss of employment and income, unless receiving transfers directly from the state” (Mario Seccareccia, pg 544)

An active labor market with more jobs than people can fill can help combat wage suppression. This quote highlights that employers are incentivized to offer competitive wages and benefits to attract and retain talent when individuals have the financial stability to pursue career transitions or negotiate for better terms. This creates a more dynamic and competitive labor market where workers have more options and bargaining power.

Research Goals

The COVID-19 pandemic has brought about unprecedented challenges for the workforce, particularly for young adults aged 18-29. However, it has also presented opportunities for individuals to leverage savings and debt repayment to improve their career prospects. This research explores how young adults in New Jersey have utilized financial resources, such as stimulus checks and unemployment aid bonuses, to negotiate better terms with employers or transition to new job opportunities.

The key goals of this research are to:

1. Examine how young adults in New Jersey have used savings and debt repayment to enhance their bargaining power in the job market.
2. Assess how savings and debt repayment have facilitated a more equitable society by allowing for wage increases, better benefits packages, and more work-from-home opportunities.
3. Understand the impact of financial stability on job satisfaction and career mobility among young adults in New Jersey.

Methodology

For this survey, data has been collected to identify and analyze key themes and trends related to young adults' employment experiences in New Jersey. These data points are aligned with the research thesis, which focuses on the role of financial stability in facilitating career transitions and improving job satisfaction. Specifically, the data has been collected so as to look for patterns that indicate how savings and debt repayment have influenced young adults' ability to negotiate better terms with employers, or transition to new job opportunities. Additionally, we examine how these factors have contributed to a more equitable society by fostering wage increases, better benefits packages, and more work-from-home opportunities.

By analyzing these narratives, this paper aims to understand how the pandemic has shaped young adults' employment preferences and how financial stability has influenced their career decisions. These findings will be instrumental in understanding the broader implications of the COVID-19 pandemic on the labor market and workforce dynamics in New Jersey.

Methods of Data Collection

The study for this thesis employed anonymous internet surveys to gather data from young adults across the state of New Jersey. Questions were designed to elicit in-depth perspectives from participants regarding their employment experiences before and after

the COVID-19 pandemic. The survey collected responses that could be classified as binary choices (yes or no), and short, descriptive answers to provide detailed narratives about the needs, aspirations, and desired outcomes young adults in the state have for their jobs.. By keeping the questions open-ended, we aimed to capture the nuanced experiences of young adults in New Jersey and understand how their employment preferences have evolved in response to the pandemic.

The survey was disseminated via Google Forms to ensure an open, accessible platform for engagement. The forms were set up to allow for anonymous responses to ensure participants felt comfortable sharing their perspectives openly. The survey consisted of thirty-five questions, of which twenty-five were multiple-choice and ten asked for open-ended responses.

Structured to develop a narrative of young adults' employment experiences, questions in the survey were broadly divided into four categories: the first, to gather demographic information such as race, age, and gender; the second, to note participants' status of employment and employment aid before and after the COVID-19 pandemic; the third, to understand how unemployment aid during the pandemic impacted job opportunities, professional growth, and personal well-being for youth; and fourth, to gauge the ease with which participants could access unemployment aid, and information relating to state financial aid packages, during the COVID-19 pandemic. The survey was promoted through networks of youth aged 18-29 years old in New Jersey. It was open to collect responses for one month, from March 24, 2024, to April 24, 2024.

Research Findings

103 total participants responded to the survey for this thesis. The findings below have been organized to present respondent demographics, specifically race and ethnicity, age, gender, and county of residence; quantitative data on unemployment, such as the duration of unemployment, the value of aid received, reliance on local and community aid; qualitative data to reflect on participants' experiences with unemployment, including impacts on their job search efforts, career paths, sense of work-life balance; and participants' perceptions of the state's response to foster economic equity.

Demographics

The racial composition of participants was evenly distributed amongst majority/minority groups. 55 percent of participants identified as a race/ethnicity that the United States Census Bureau classifies as "minority populations", such that: 15 percent identified as Black or African American, 17 percent identified as Asian, including people having origins in the Far East and Southeast Asia, 20 percent identified as Hispanic or Latino, and less than 2 percent identified as Pacific Islanders. Almost 45 percent of participants identified as White (not Hispanic or Latino). This distribution closely mirrors the racial composition documented in the state of New Jersey as of the American Community Survey (ACS) 2022, and can thus be construed to represent a holistic range of ethnic groups (see Table 1).

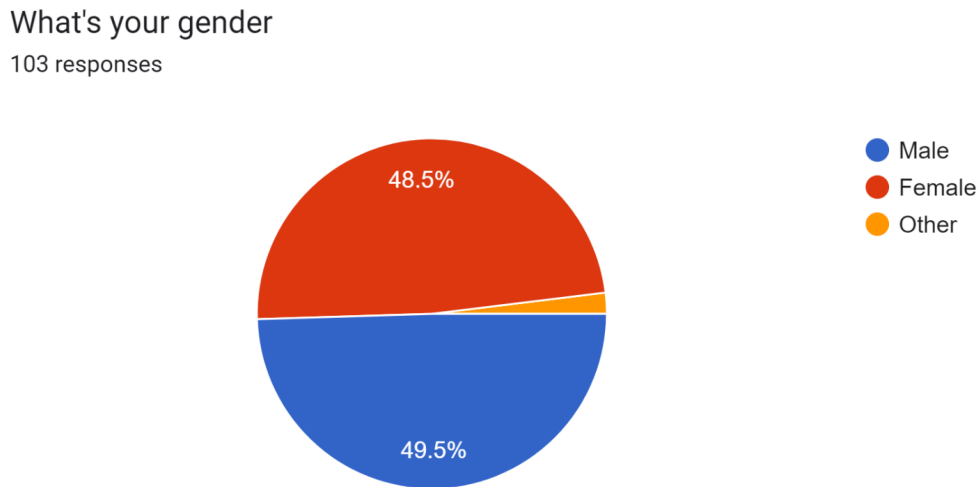
Table 1

Comparison of Racial Composition Amongst Survey Participants and the State of New Jersey

Race and Ethnicity of Survey Participants		Race and Ethnicity in New Jersey, ACS 2022 (United States Census Bureau, 2022)	
White Alone (not Hispanic or Latino)	44.7%	White Alone (not Hispanic or Latino)	52.9%
Black or African American	15.5%	Black or African American	15.4%
Asian	17.5%	Asian	10.5%
Hispanic or Latino	20.4%	Hispanic or Latino	21.9%
Native American	0.0%	American Indian and Alaska Native	0.7%
Pacific Islander	1.9%	Native Hawaiian and Other Pacific Islander	0.1%

Figure 1

Distribution of Gender Amongst Survey Participants

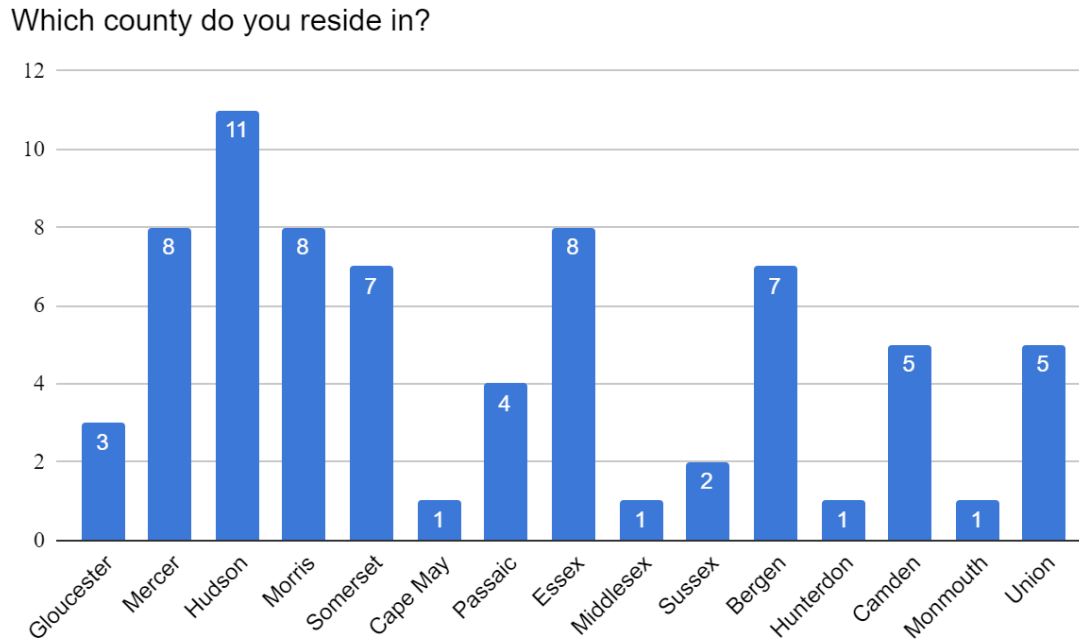


The study scope limited the age group of participants to 18-29 year olds. Participants who took the survey were predominantly between 21-29 years old. At the time of this survey, those between 30-33 years of age would have been in the age group this study classifies as “youth” in 2020, at the start of the COVID-19 pandemic (Center for Disease Control and Prevention, 2023)¹. Eight participants reported ages older than 32 years up to 47 years. An almost equal number of participants identified as male and female, at 49.5 percent and 48.5 percent, respectively. About 2 percent identified as a gender other than male or female.

¹ The Center for Disease Control and Prevention (CDC) officially recounts the start of the COVID-19 pandemic as March 11, 2020.

Figure 2

County of Residence for Survey Participants



Participants who took the survey largely reside in counties towards northern New Jersey. 52 percent of the survey sample live in seven New Jersey counties, namely, Hudson, Mercer, Morris, Essex, Somerset, Bergen, and Union counties. These counties are closer to major employment centers in the state, such as Trenton, Newark, Jersey City, and New York City, and are also home to populations ranging from 346,875 in Somerset County to 952,997 people in Bergen County. Towards the southern part of the state, about 8 percent of participants reside in Camden and Gloucester counties.

Employment Status and Aid Through the Pandemic

Figure 3

Employment Status Before the COVID-19 Pandemic

Were you employed full-time or part-time before the COVID-19 Pandemic?
103 responses

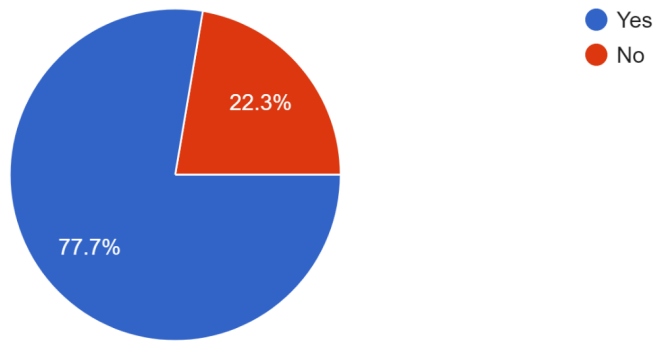
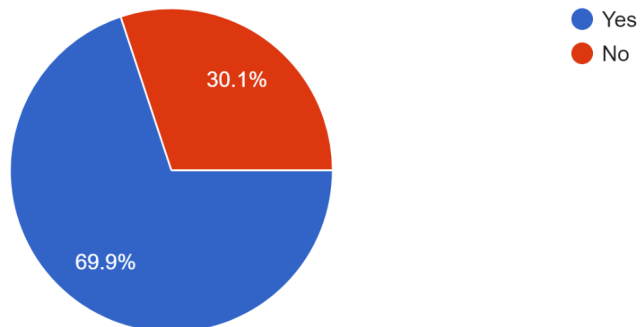


Figure 4

Job Loss During the COVID-19 Pandemic

Did you lose your job during the COVID-19 pandemic in New Jersey?
103 responses



About 78 percent of survey participants were employed either full-time or part-time before the COVID-19 pandemic, while 22 percent were not used. Almost 70 percent of survey participants lost their jobs during the COVID-19 pandemic. 12 percent stated that were unemployed for more than one year, while the remaining 88 percent were unemployed for less than one year, such that: 12 percent were unemployed for less than one month, 32 percent were unemployed for one to three months, 28 percent were unemployed for three to six months, and 15 percent were unemployed for six months to one year.

Figure 5

Unemployment Aid Received During the COVID-19 Pandemic

How much unemployment aid did you receive during the pandemic?

103 responses

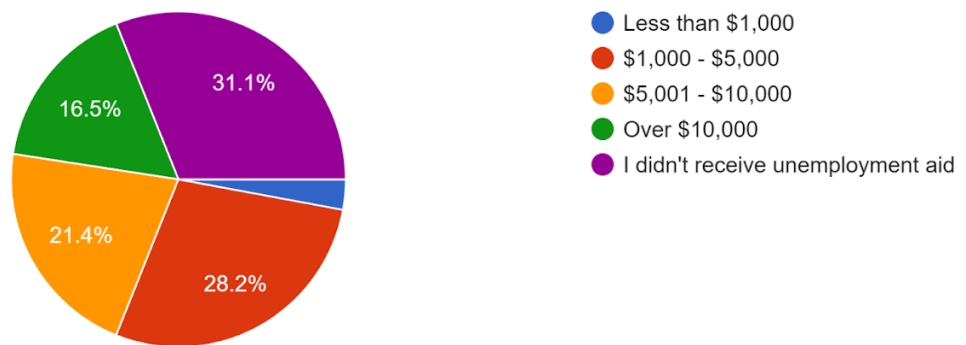
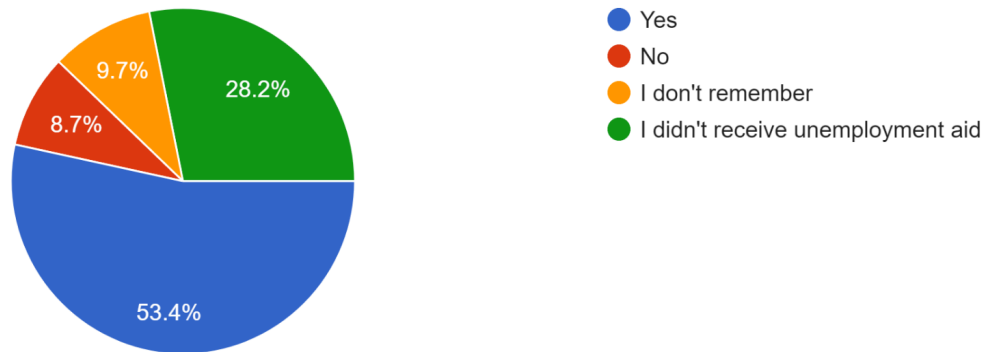


Figure 6

Ability of Unemployment Aid to Cover Basic Needs

Did you find the unemployment aid sufficient to cover your basic needs?

103 responses



Nearly 70 percent of survey participants received unemployment aid during the pandemic from March 2021 to May 2023. More than half found that the unemployment aid they received was enough to cover their basic needs. Of the respondents who received unemployment aid, about 16 percent received more than \$10,000 during the pandemic, 21 percent received \$5,001 to \$10,000 during the pandemic, 28 percent received \$1,000 to \$5,000 during the pandemic, less than 3 percent received under \$1,000 of unemployment aid during the pandemic.

Figure 7

Time Frame of Unemployment During the COVID-19 Pandemic

How long did it take for you to find a new job if you were unemployed?

103 responses

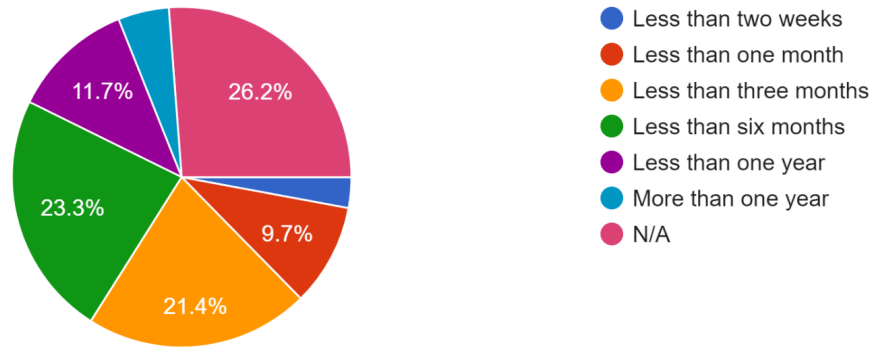
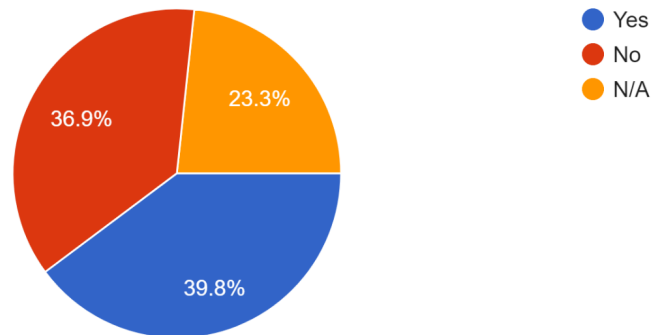


Figure 8

Dependence on State Programs and Services to Seek Employment

Did you seek assistance from any state programs or services to help with your job search?

103 responses



While navigating unemployment, 69 percent of survey respondents were able to find a job in less than a year of losing their jobs, while only about 5 percent took more than one year to find a new job. About 40 percent sought help from state programs and/or

services for job searches, while 37 percent did not. About 3 percent took less than two weeks to find a new job, 10 percent took two weeks to a month, 21 percent took one to three months, 23 percent took three to six months, and almost 12 percent took between six months to a year.

About half the survey participants also benefited from community-focused aid to meet essential needs such as food and healthcare during the pandemic. This aid came from local food banks, church groups, soup kitchens, and neighborhood vaccination drives. Participants also turned to groups such as the Salvation Army for clothing and school supplies, and to local church groups and charities for bath supplies, haircuts, and children's toys. One participant highlighted the critical role played by community volunteers in delivering groceries to people with disabilities,

“I had volunteers from my brother's Church bring up my groceries for me. I'm in a wheelchair so it was already hard to get groceries.”

Perceptions of State Unemployment Aid

Figure 9

Perceptions of Improvements in the Employment Landscape

Have you noticed any improvements in the employment landscape in New Jersey since the pandemic?

103 responses

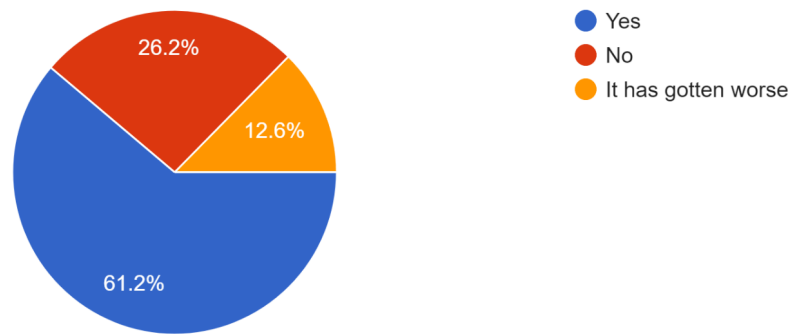


Figure 10

Perceptions of State Response to the Labor Market Crisis During the COVID-19 Pandemic

How did you perceive the state's response to the labor market crisis during the pandemic?

103 responses

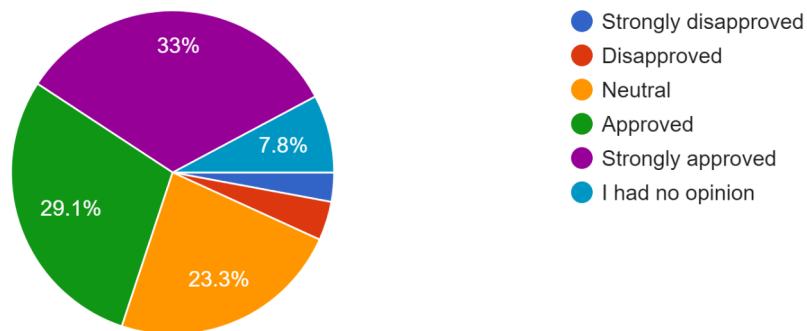
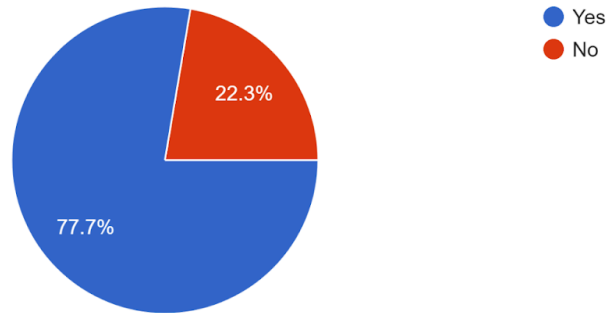


Figure 11

Awareness of New State Laws and Financial Aid Options During the COVID-19 Pandemic

Were you aware of the new laws and financial aids implemented in New Jersey during the pandemic?
 103 responses



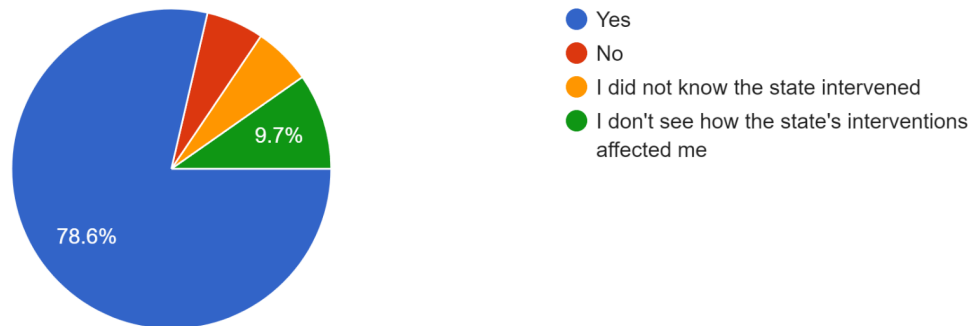
Almost 80 percent of respondents were aware of new laws and financial aid options implemented in New Jersey during the pandemic. Further, out of all 103 respondents, nearly 63 percent approved of the state’s response to the labor market crisis during the pandemic, including 33 percent who “strongly approved”. In contrast, less than 7 percent of respondents disapproved of the state’s response. 61 percent of participants also noticed improvements in the employment landscape in New Jersey since the pandemic.

Figure 12

Support Offered by State Interventions During the Pandemic

Did you feel supported by the state's interventions during the pandemic?

103 responses



Impacts of Unemployment Aid

Almost half the surveyed participants said that unemployment aid provided them financial stability by covering essential expenses such as housing, food, and healthcare. Participants also stated that aid packages prevented them from incurring significant debt and/or helped them continue to pay back existing debt as they searched for employment. One participant mentioned the ability to pay their car payment while looking for work. Another said,

“The unemployment aid gave me a large enough safety net to get back on my feet and find a job in a reasonable amount of time.”

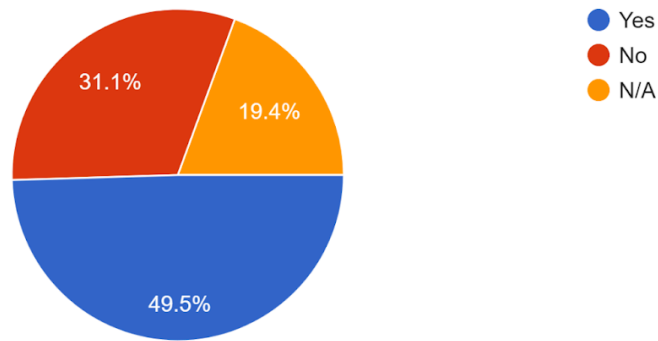
Over 16 percent of participants stated that unemployment aid also motivated them to find new jobs that either increased their earnings, aligned more closely with their professional interests or were better suited to their needs and the needs of their families. One participant quoted a job change “ that paid 20% higher” than their previous job.

Figure 13

Encouragement Provided by State-Level Interventions During the COVID-19 Pandemic

Did you feel encouraged to seek new employment opportunities because of the state-level interventions?

103 responses



Further exploration of new employment opportunities sought by, or made available to respondents through state-level interventions revealed that almost 50 percent of surveyed respondents felt encouraged to seek new employment opportunities because of state-level interventions. One participant said,

“The amount of helped [sic] I received allowed me to pursue [sic] my dream of starting my own business as I knew I had a safety net to fall back on.”

Almost half the survey respondents also reported a positive impact on their career plans, professional aspirations, and work-life balance as a result of the pandemic. In the space provided for open-ended questions in the survey, several participants shared feelings of encouragement and opportunity that emerged during the pandemic. Many were able to start their own businesses as a result of unemployment aid. One respondent said,

“The small business and income supports [*sic.*] allowed me to start my own business, flipping houses and renting them out. I feel greatly encouraged by the government's support for people like me.”

A quarter of participants reacted positively to changes in working conditions that were brought about by the COVID-19 pandemic. Specifically, participants enjoyed the flexibility of working from home, stating that it reduced everyday stress, allowed them to spend more time with family, and reduced the hours and/or pace of their jobs. One participant reflected on their professional choices and stated that the change in working conditions allowed them to find a new career,

“It made me realize how much I hated being a teacher, and it made me feel like it was okay to find a new career.”

Conversely, 55 percent of participants who answered this question shared perceptions of increased stress, isolation, and burnout during the COVID-19 pandemic,

“Wearing protective gear such as masks, gloves, using hand sanitizer, and being at a slower pace due to less staff working at once with as little contact as possible made it slightly more difficult but it wasn't impossible.”

Research Analysis

The survey was able to capture responses from a rounded demographic that was balanced in terms of gender, age, and race. A majority of participants received unemployment aid during the pandemic and were thus able to inform this study and provide an in-depth understanding of the experiences young adults in New Jersey had in relation to employment, fiscal independence, and economic mobility during the COVID-19 pandemic.

The survey results establish a clear causality between state-led interventions for unemployment aid and opportunities for career change and professional growth as it relates to the ability to find new and, in some cases, different employment. Specifically, the research carried out for this paper found that aid given by the state provided stability to unemployed young adults by allowing them to cover their essential expenses and manage debt while they searched for new jobs.

The ability to avoid debt accumulation at such a critical stage of their psychosocial development allowed young adults to focus on their professional growth. Additionally, a majority of youth surveyed in this research were empowered to navigate the landscape of unemployment during the pandemic to improve their overall job satisfaction. This included instances of youth negotiating higher salaries, transitioning to careers better suited to their professional and personal needs, and, in some cases, starting their own businesses.

Conclusion

The findings of this research provide valuable insights into the role of financial stability in facilitating career mobility among young adults in New Jersey. The analysis of young adults' experiences with unemployment aid during a global pandemic illustrates that fiscal stimulus packages from the government can empower individuals to improve their terms of employment, open up flexible avenues for professional development, and transition to new jobs better suited to their needs. Similar to the Swedish Rehn-Meidner model, this thesis shows that enabling workers to accumulate savings can create opportunities for financial growth and economic mobility.

By understanding how individuals have used savings and debt repayment to improve their job prospects, policymakers and employers can develop strategies to support workforce flexibility and empowerment. Ultimately, this research aims to contribute to a more resilient and dynamic workforce in New Jersey, and ensure that young adults have the resources they need to succeed in their careers.

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