

EMPLOYMENT

UPDATED THROUGH DECEMBER 2025 | REGIONAL

Rajashri Chakrabarti, Thu Pham, Beck Pierce, and Maxim Pinkovskiy

Data & Methods

- Employment is calculated using weighted estimates from the Current Population Survey (CPS).
- Comparable nonveterans are male high school graduates reweighted by age, race, and birthplace to match veterans.
- Gaps are defined as the percentage point difference in employment, labor force participation, and unemployment rate between different groups.
- The gender gap is defined as the outcome for men minus the outcome for women.
- The racial gaps are defined as the outcome for white workers minus the outcome for the given race or ethnicity.
- The college gap is the outcome for workers with a bachelor's degree minus the outcome for workers without one.
- We define the region in the CPS for all labor market charts to be the union of the New York-New Jersey metro area (excluding counties in Pennsylvania) with all other counties in New York state.



**EMPLOYMENT:
EMPLOYMENT-TO-
POPULATION RATIO**

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Takeaways | EPOP

- The employment-to-population ratio (EPOP) in the region is following many of the trends observed in the nation. In particular, EPOP stands at 81.5% in December 2025, slightly higher than in December 2019 (80.1%).
- As in the nation, demographic employment gaps in the region are largest for Black workers, followed by Hispanic and AAPI workers. These all rose in the pandemic and have since declined to roughly pre-pandemic levels. However, there does not seem to be a secular trend of declining Black employment in the region as there is in the nation.
- The gender employment gap has fallen to 7.23 percentage points in December 2025 while the college employment gap has risen to about 13.7 percentage points in December 2025, up from a recent low of 11.3 percentage points in June 2025.

Gaps and all other relevant definitions can be found on the data and methods slide.

Full Report Highlights

- **INFLATION**

Relative to the 2021-22 inflationary episode, inflation rates have converged across groups with different incomes, ages, and education levels. However, low-income households in the region have had higher inflation in 2025 Q4 than high-income households.

- **EARNINGS**

Average real earnings are higher in the region compared to the national average. Real earnings gaps across racial and ethnic groups, educational groups, and between men and women have generally remained in their long-run ranges.

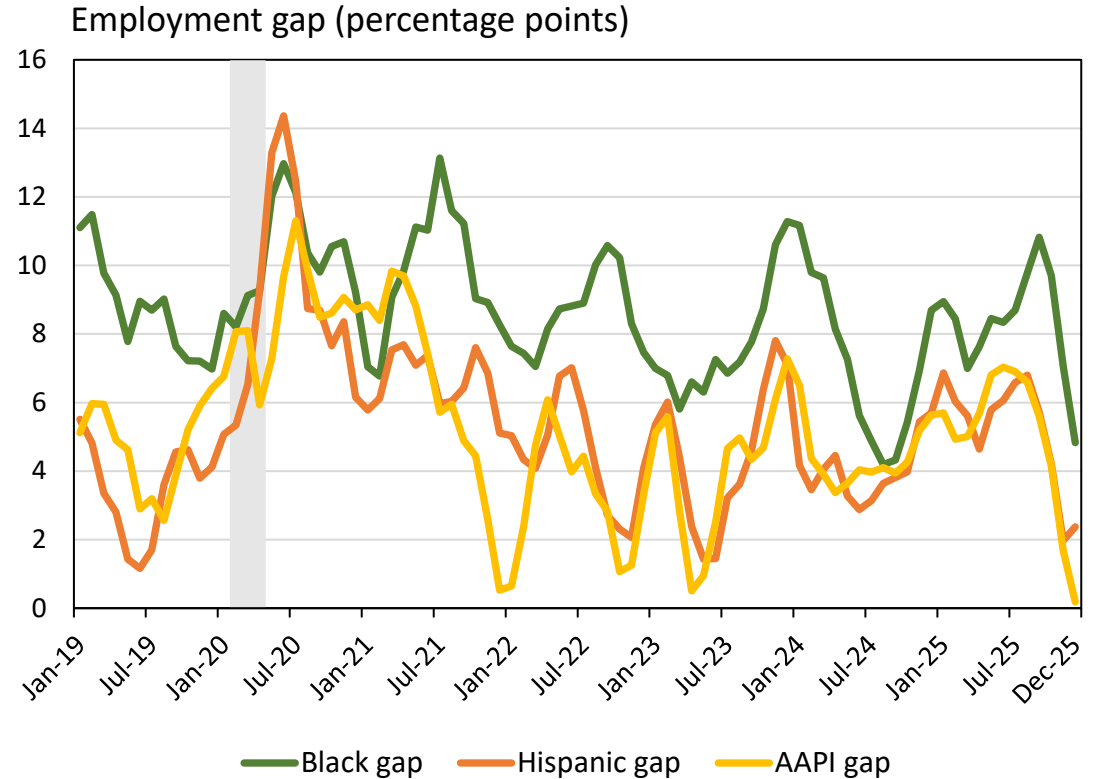
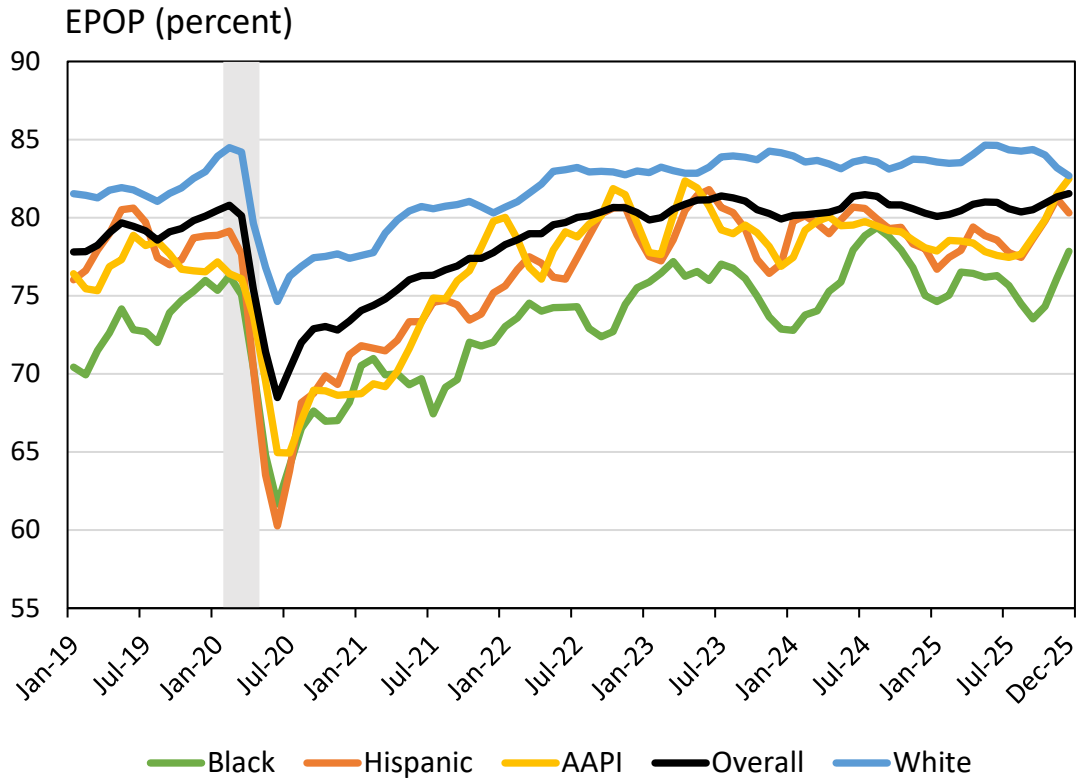
- **EMPLOYMENT**

Labor market gaps have declined in the region at rates similar to those of the nation as a whole. However, the gender employment gap in the region has tended to decline faster and be lower than the national gender employment gap. Currently, racial and gender gaps have been decreasing, and education gaps have partially rebounded from record lows in accordance with national trends.

- **SMALL BUSINESS**

Small businesses, and particularly the very smallest firms, in the region took a bigger hit during the COVID-19 pandemic with employment and revenue growth yet to catch up to national averages. Furthermore, smaller regional firms report difficulties adapting to technology.

EPOP by Race/Ethnicity

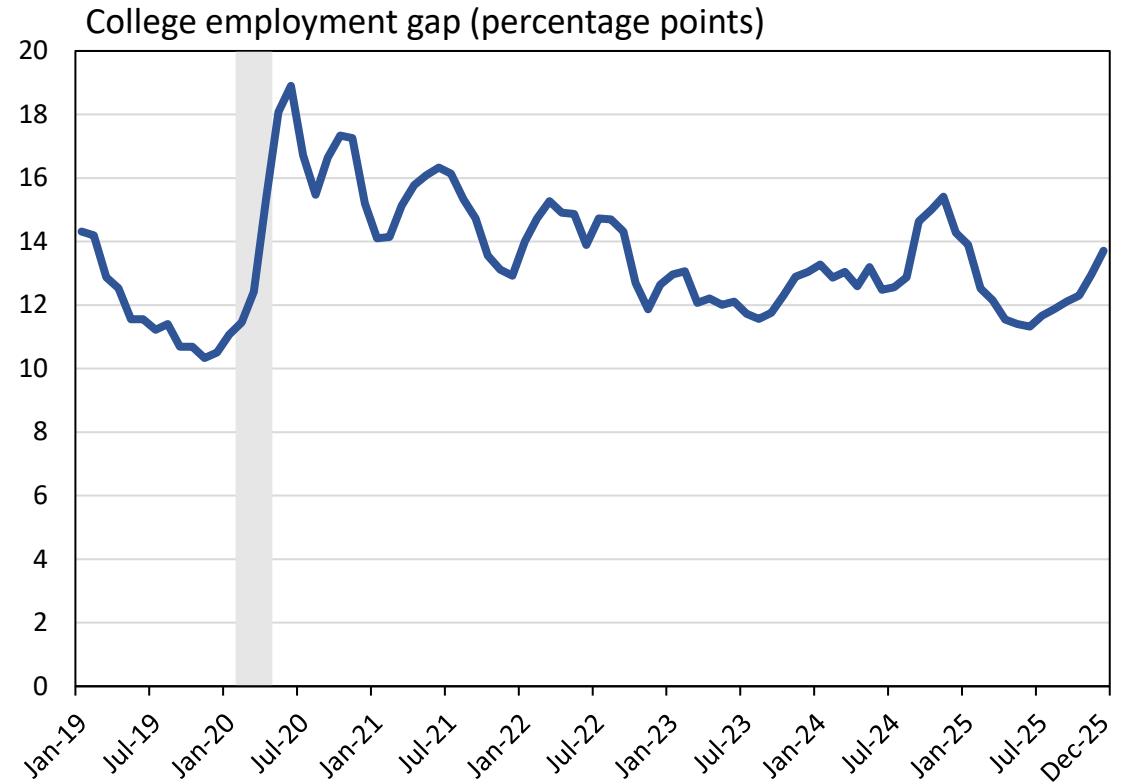
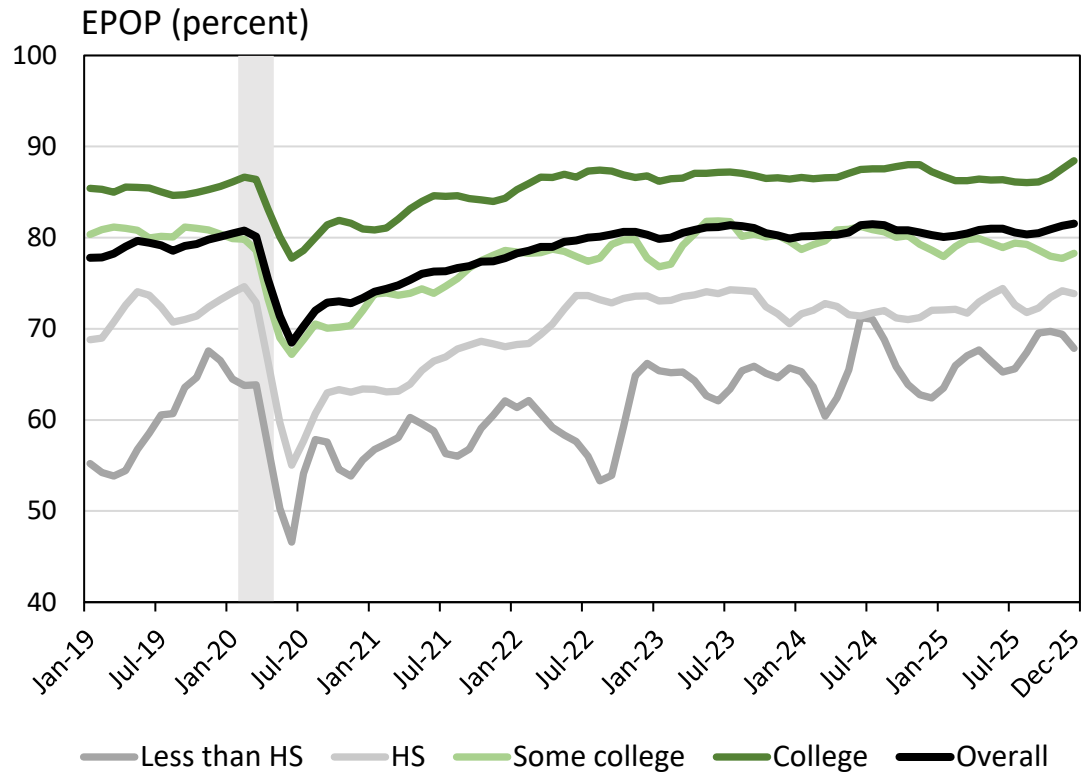


Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.

Notes: Restricted to prime-age individuals (25-54). Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.

The racial gaps are defined as the employment of white workers minus the employment of the given race or ethnicity.

EPOP by Education

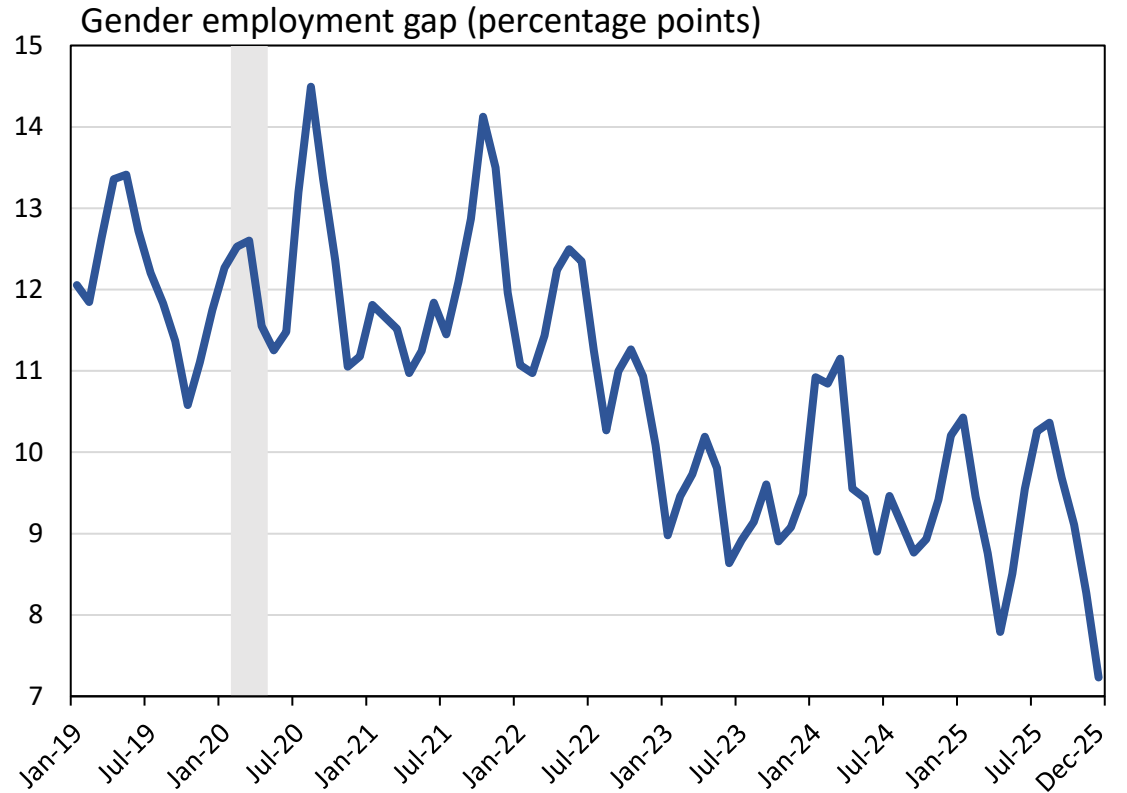
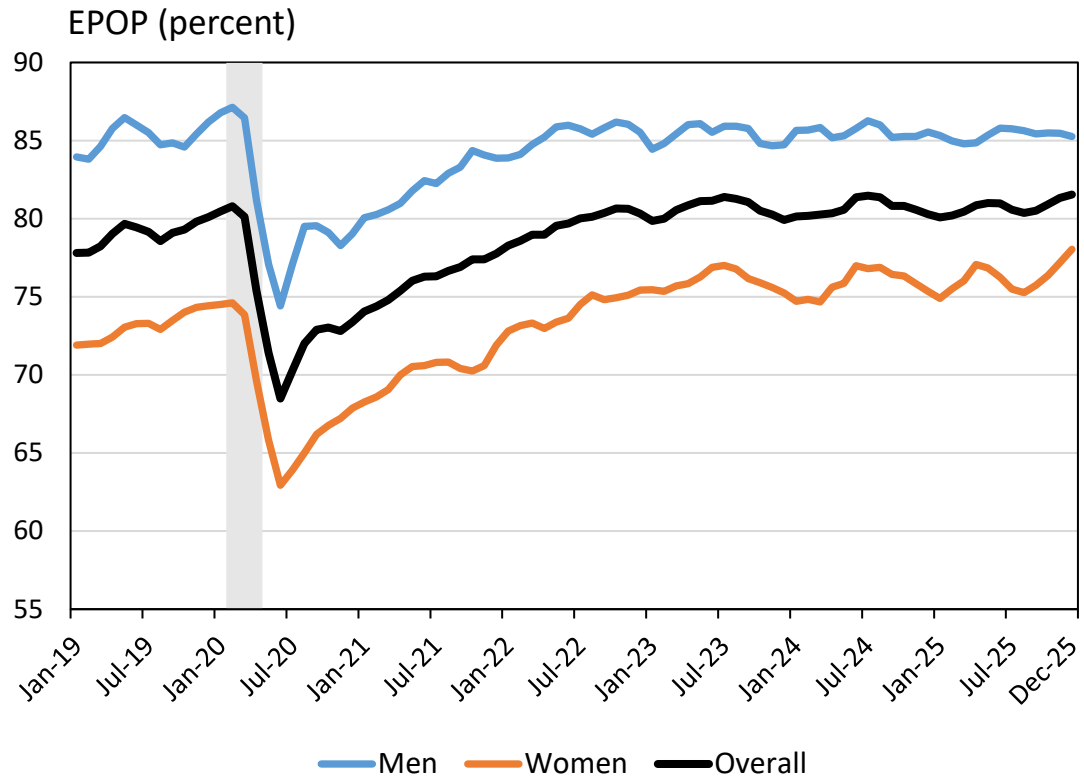


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EPOP by Gender

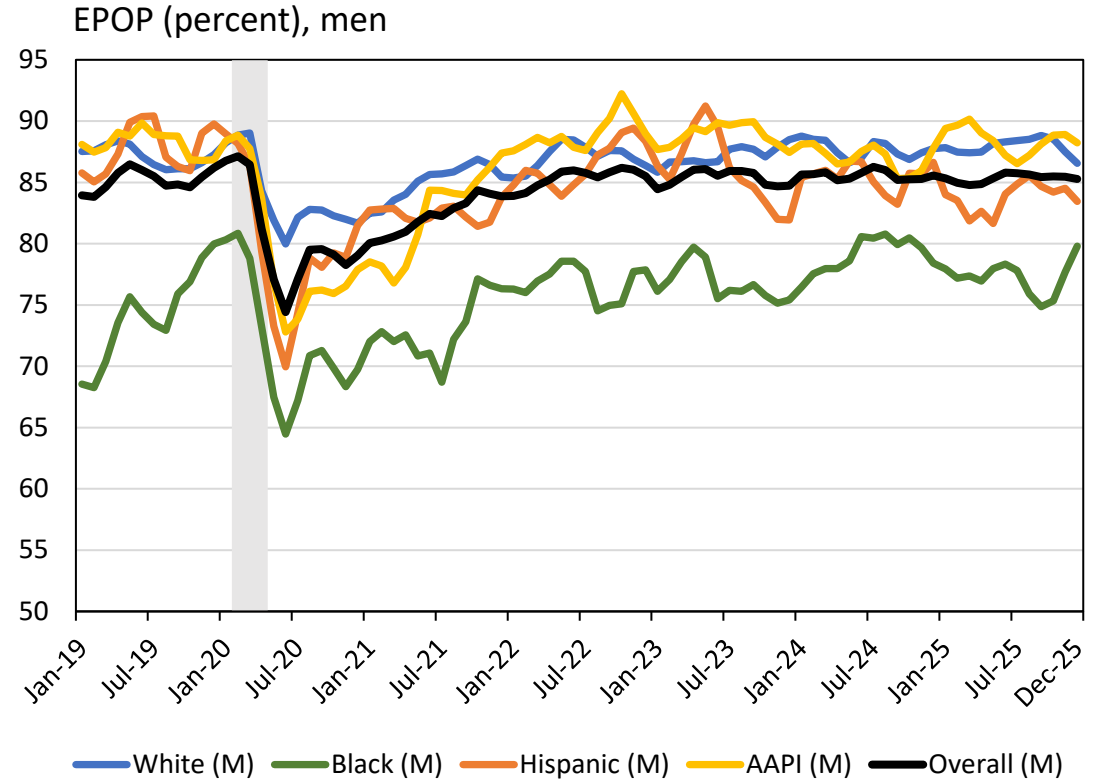
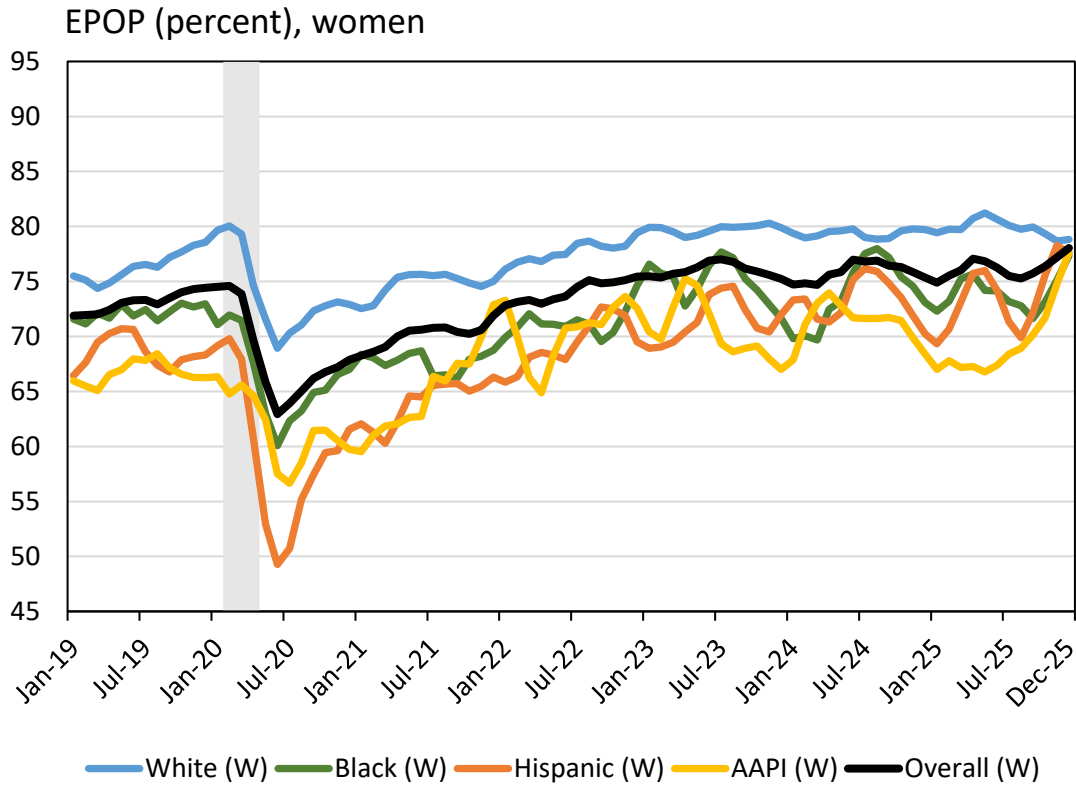


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The gender gap is defined as the employment of men minus the employment of women.

EPOP by Race x Gender

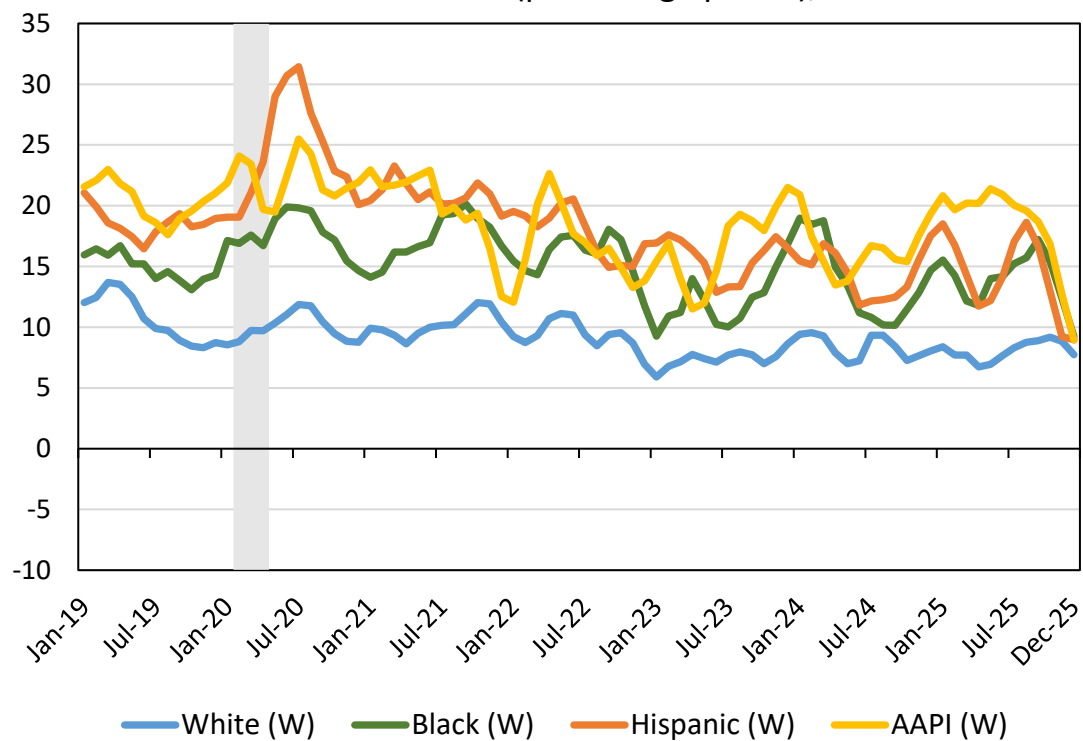


Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.

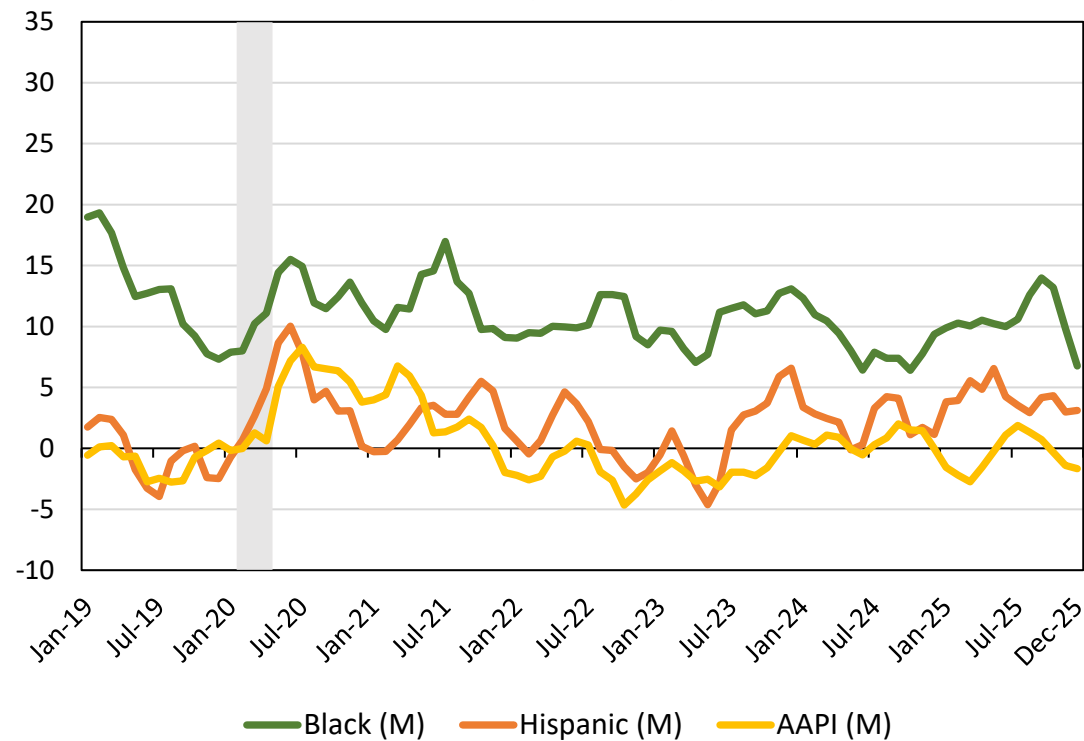
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EPOP Gaps by Race x Gender

EPOP relative to white men (percentage points), women



EPOP relative to white men (percentage points), men

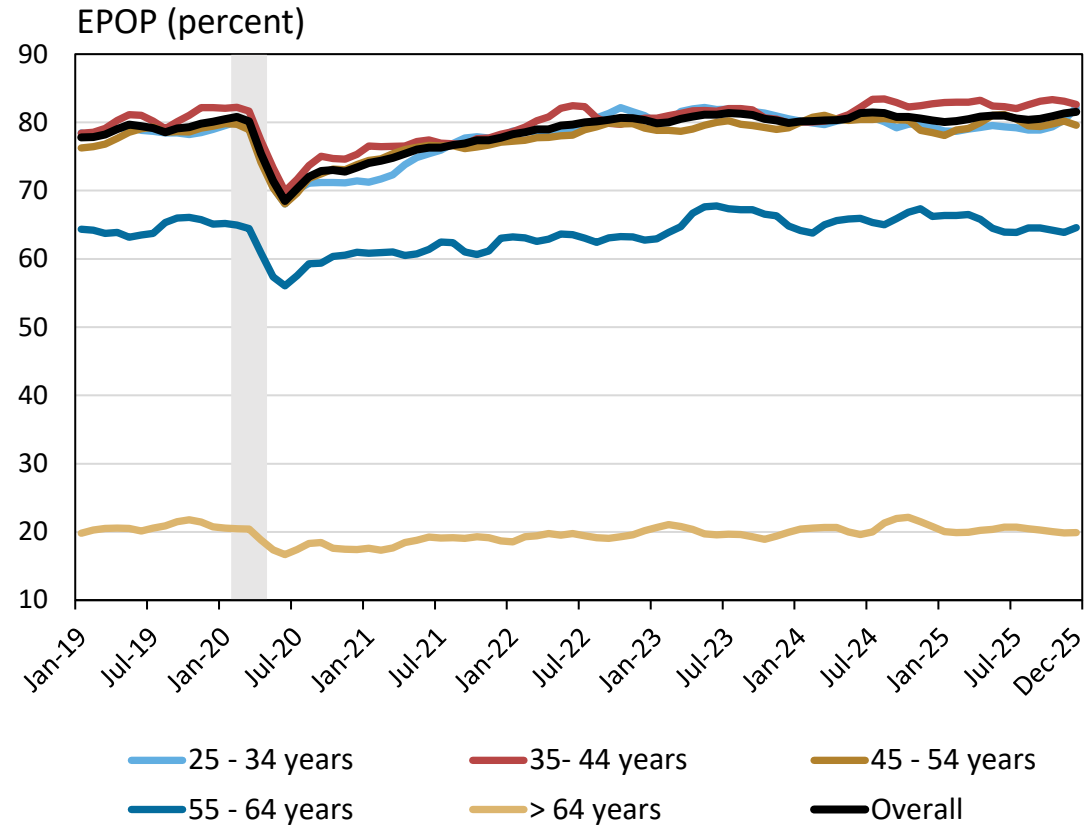


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Notes: Restricted to prime-age individuals (25-54). Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.

The race by gender gap is defined as the employment of white men minus the employment of women or men of the given race or ethnicity.

EPOP by Age



Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.

Notes: Overall line uses prime-age (25-54) sample. Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.



EMPLOYMENT: UNEMPLOYMENT RATE

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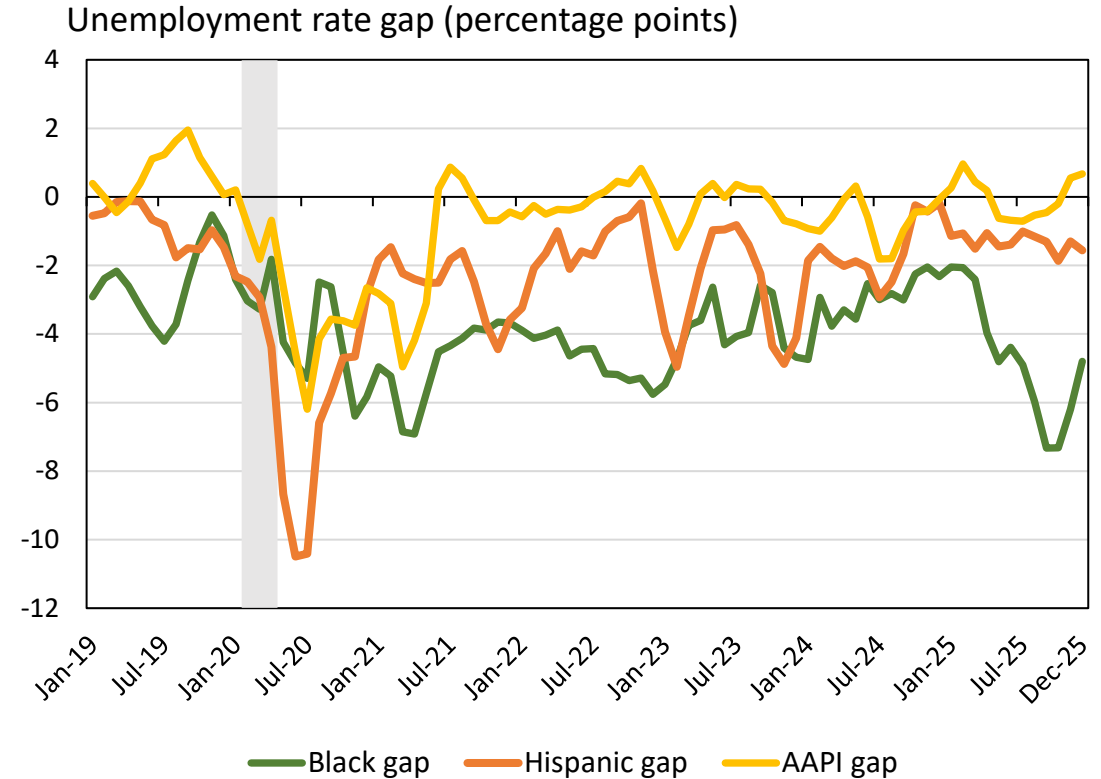
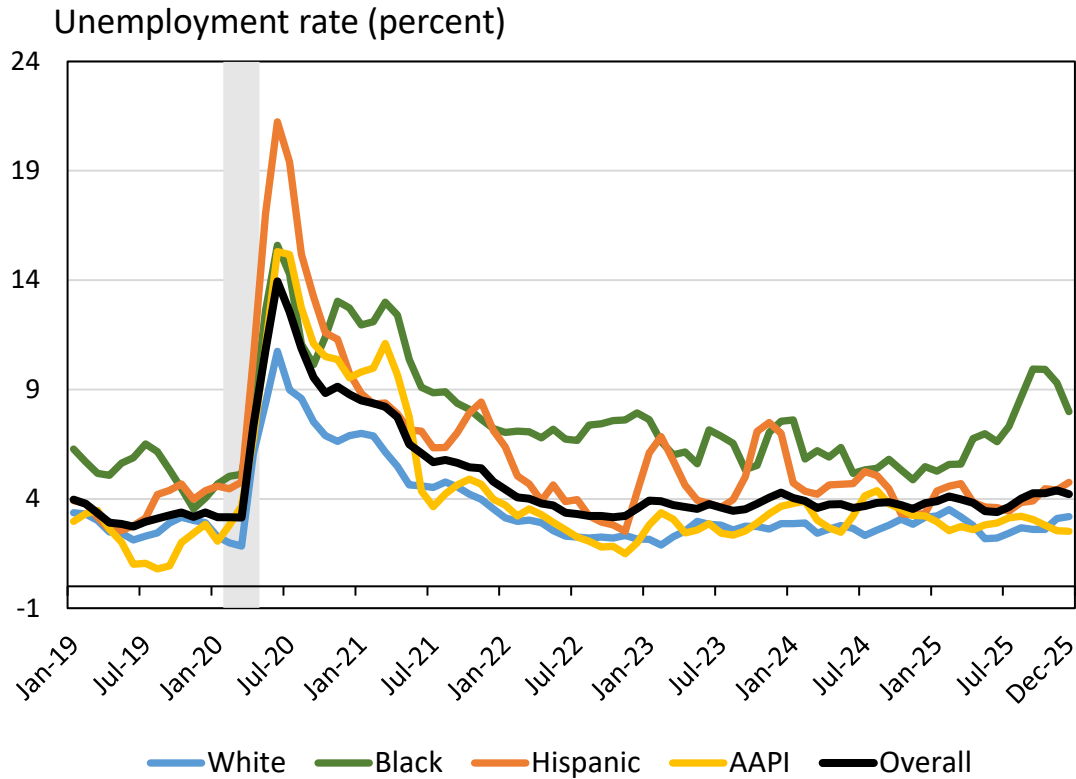
Rajashri Chakrabarti, Thu Pham, Beck Pierce, and Maxim Pinkovskiy

Takeaways | Unemployment Rate

- We define unemployment rate as the fraction of unemployed in the labor force. The overall unemployment rate in the region peaked at more than 14% during the pandemic, which was higher than the national peak at 11%. Both have returned to pre-pandemic levels.
- Unemployment rates in the region are highest for Black workers, Hispanic men, people aged 25-34 and workers without a college degree. Unemployment rates and gaps for Black workers have fallen since 2025:Q3, as has the unemployment of people aged 25-34.
- The college unemployment gap peaked at 11 percentage points during the pandemic in the region (compared to 7 percentage points in the nation) but has returned to a similar level to the nationwide gap (2.5 percentage points).

Gaps and all other relevant definitions can be found on the data and methods slide.

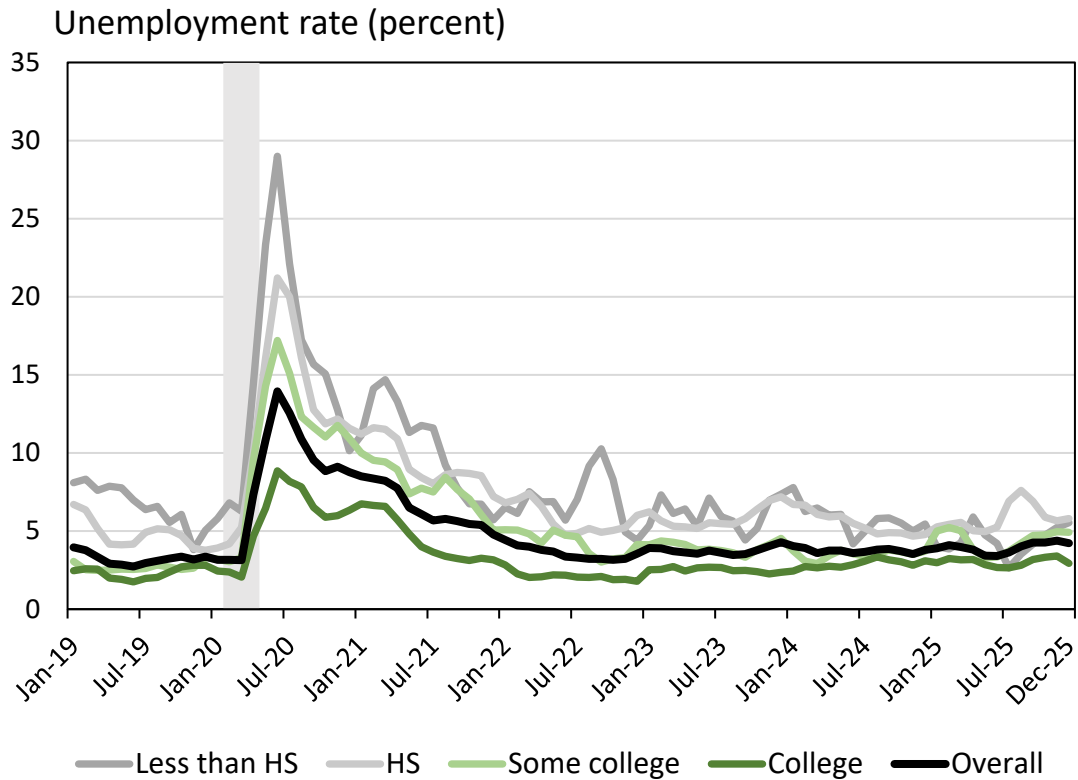
Unemployment Rate by Race/Ethnicity



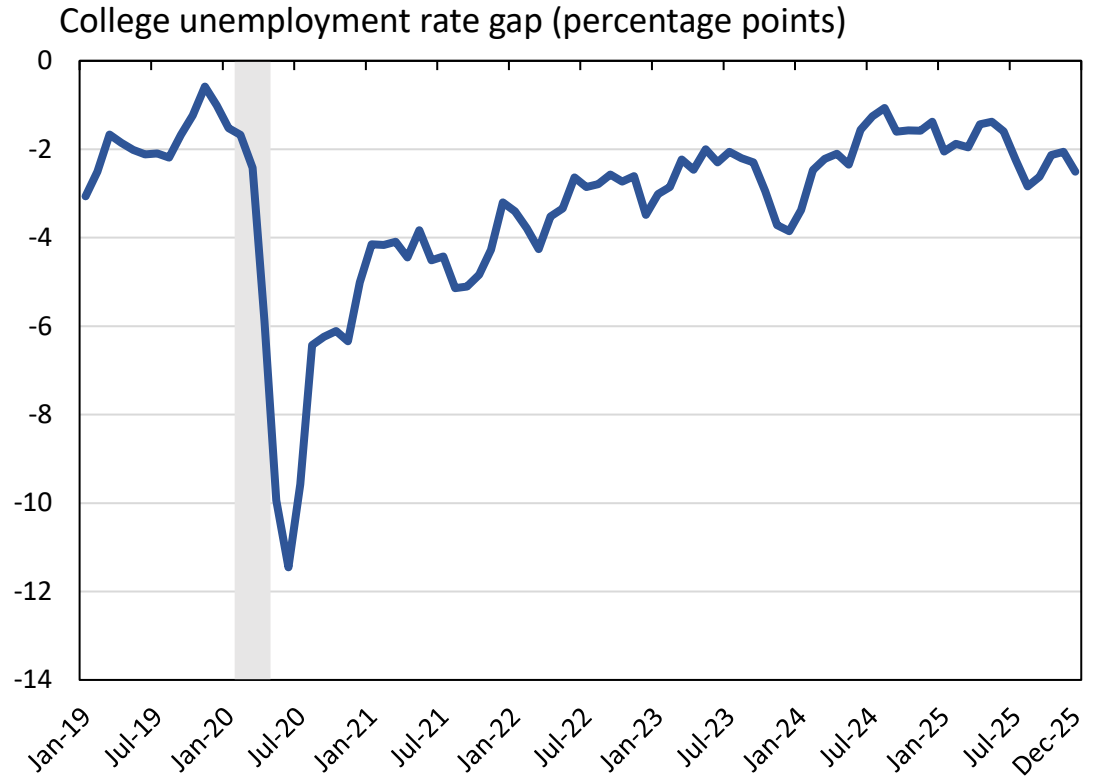
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Unemployment Rate by Education

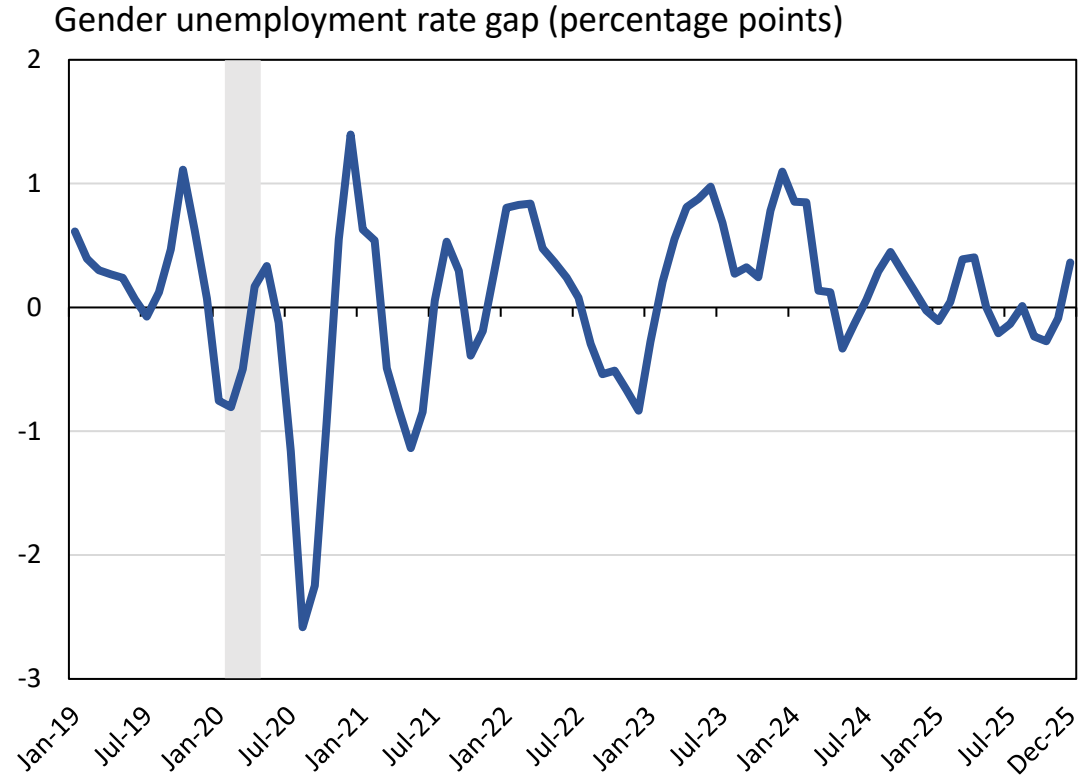


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The college gap is the unemployment rate of workers with a bachelor's degree minus the unemployment rate of workers without one.

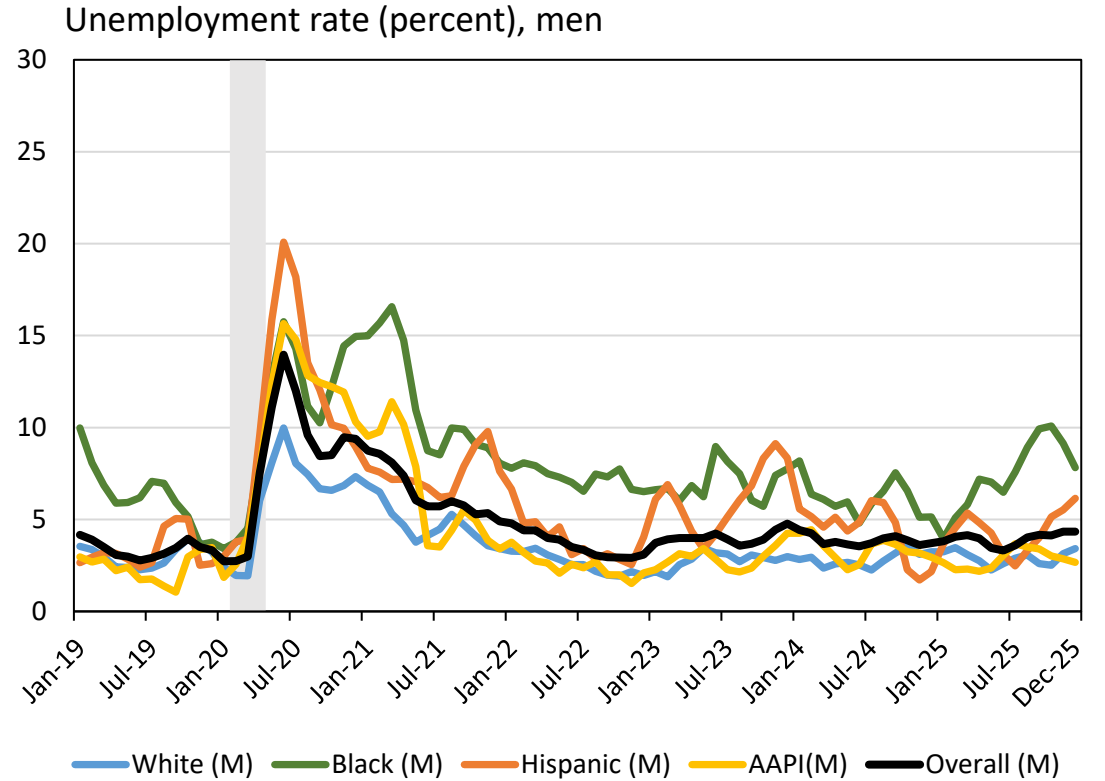
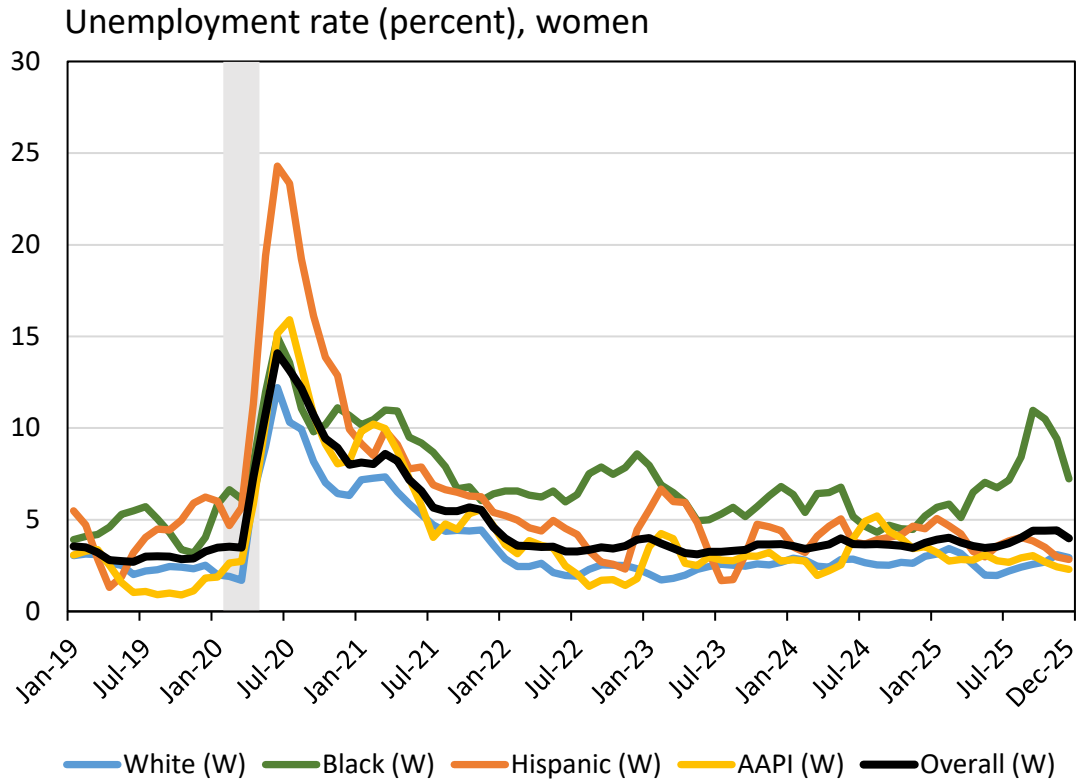
Unemployment Rate by Gender



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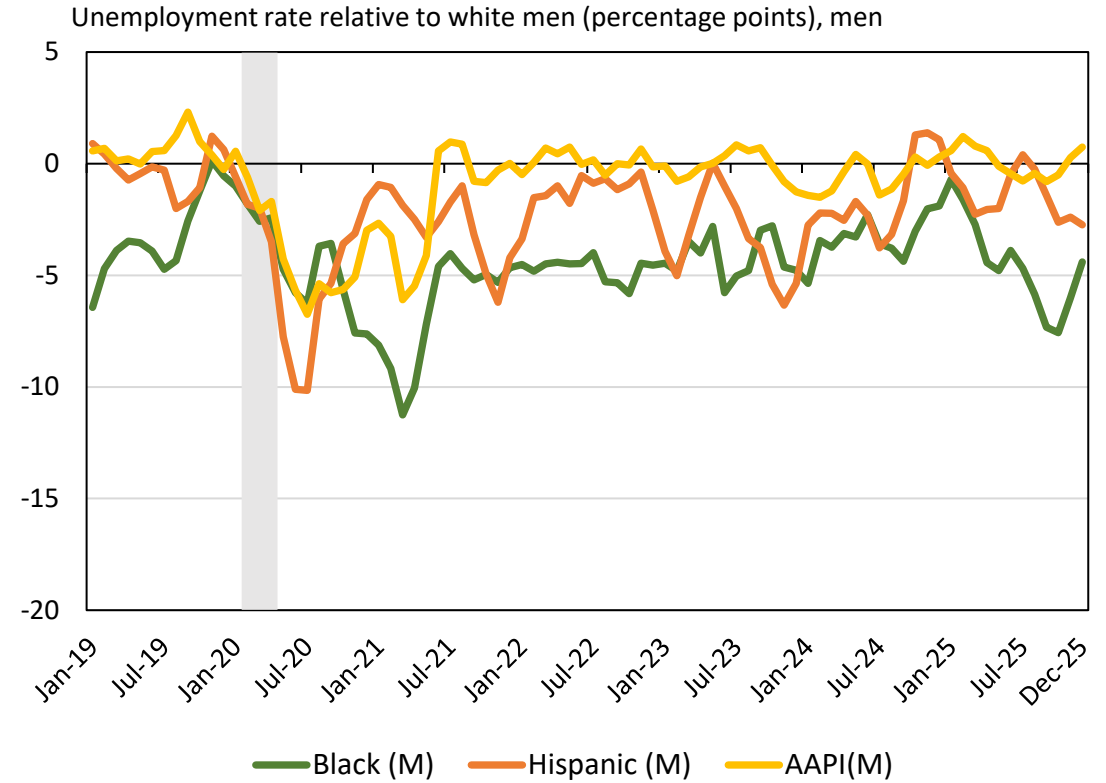
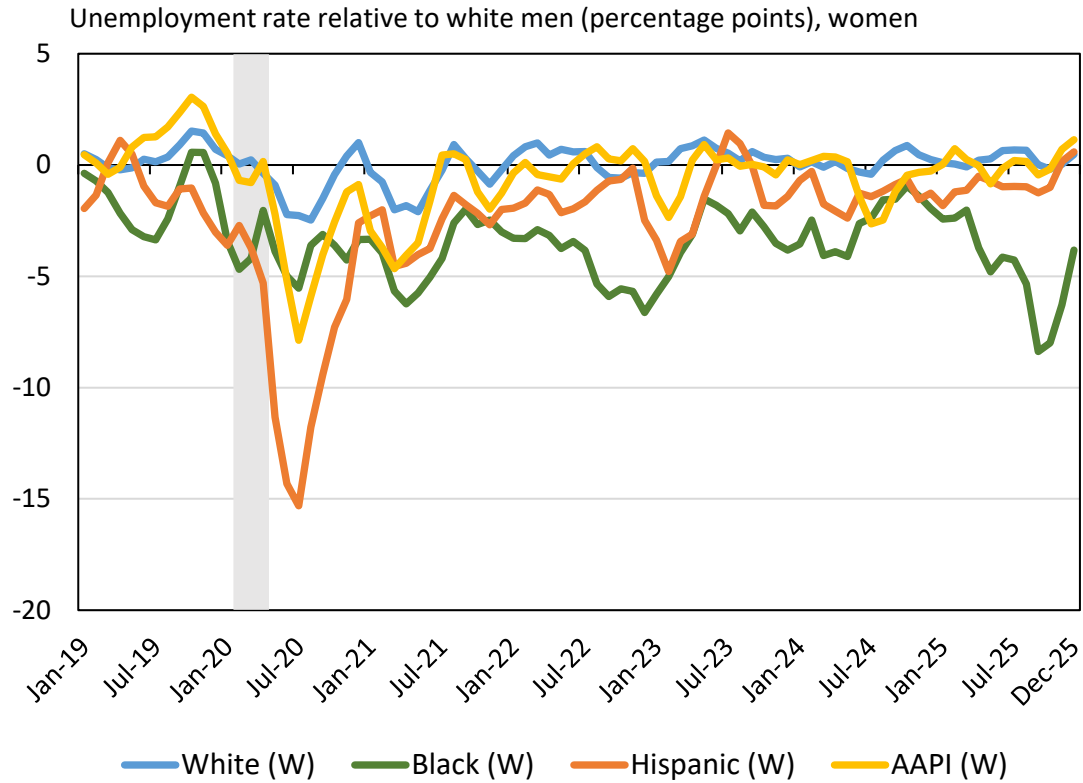
The gender gap is defined as the unemployment rate of men minus the unemployment rate of women.

Unemployment Rate by Race x Gender



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Unemployment Rate Gaps by Race x Gender

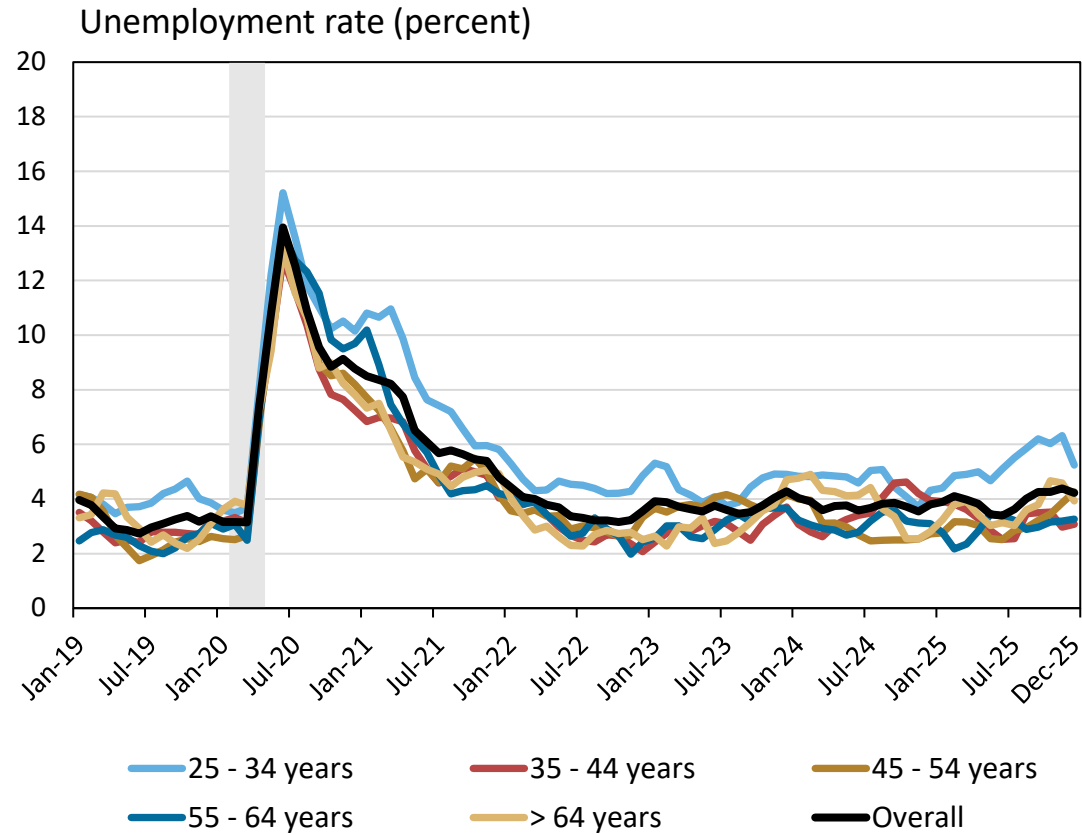


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The race by gender gap is defined as the unemployment rate of white men minus the unemployment rate of women or men of the given race or ethnicity.

Unemployment Rate Gaps by Age



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EMPLOYMENT: LABOR FORCE PARTICIPATION

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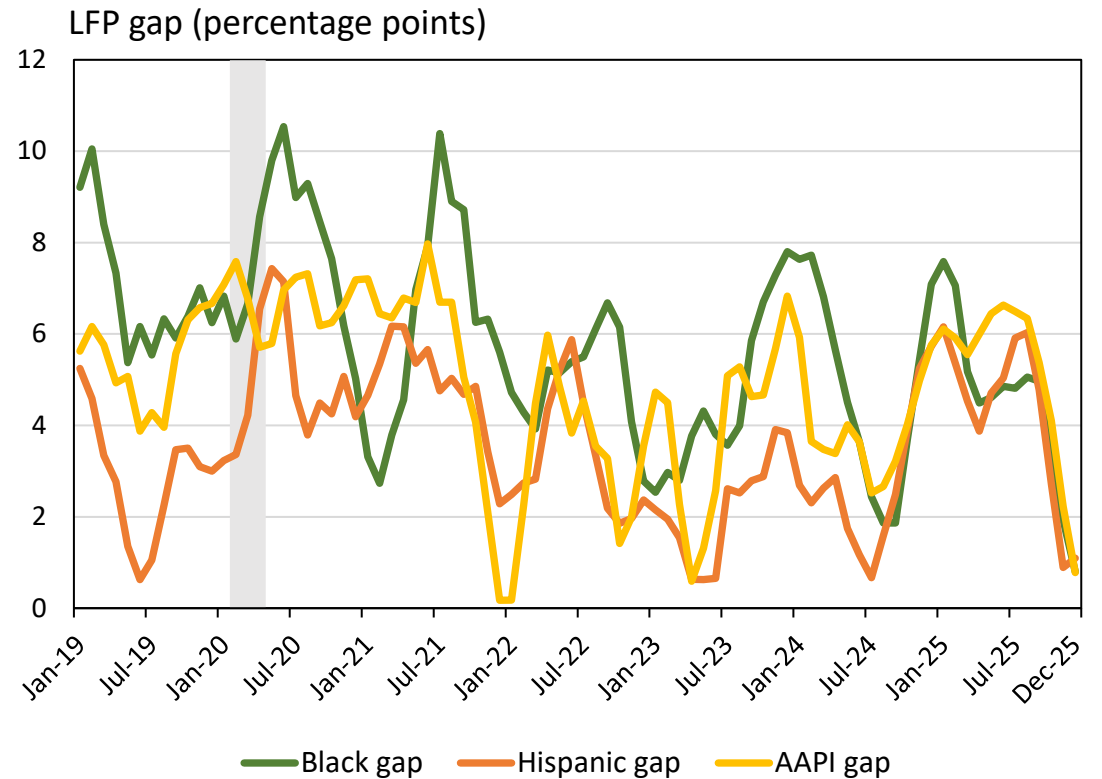
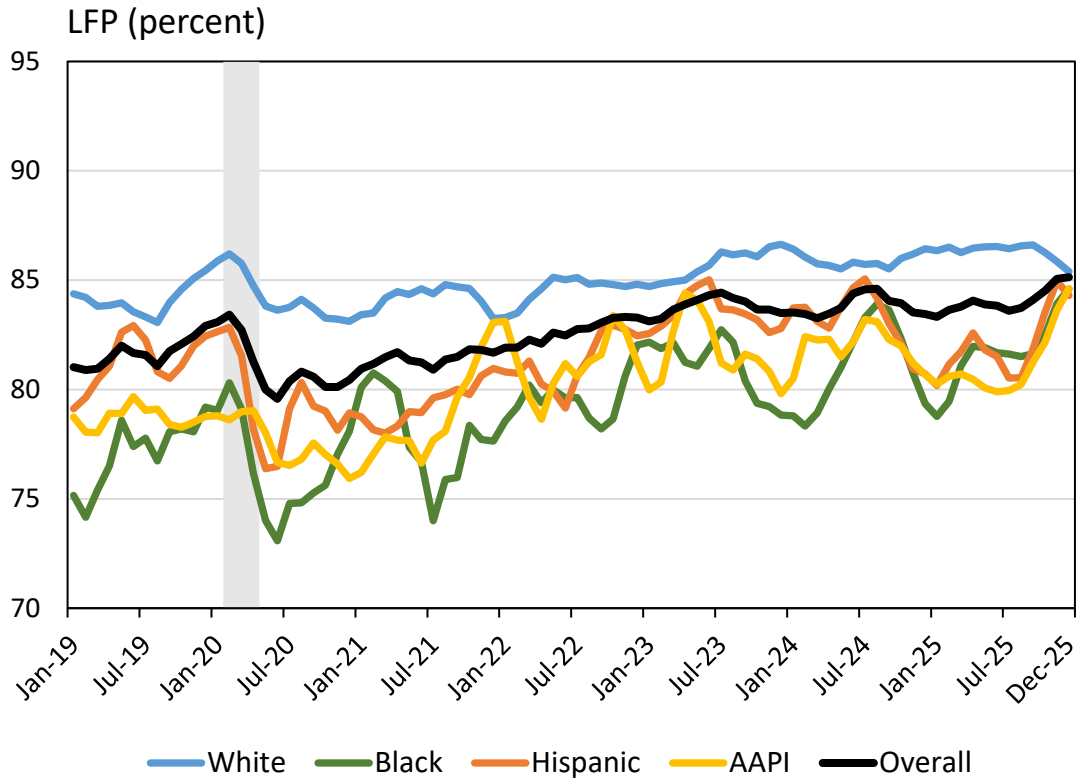
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Takeaways | Labor Force Participation

- The dynamics and heterogeneity in labor force participation (LFP) in the region mirror those of EPOP.
- LFP rates in the region are now close to their pre-pandemic levels.
- Black, Hispanic, and Asian workers have LFPs within a percentage point of white workers in December 2025. LFP gaps for different races and ethnicities relative to white workers have been volatile but generally declining over time. Black unemployment in the region remains elevated, so an atypically large fraction of nonemployed Black workers is seeking employment in December 2025.
- The college LFP gap in the region has rebounded to 12.1 percentage points in December 2025 from a recent low of 9.9 percentage points in August 2025, but is still below its prevailing level during the post-pandemic period. This is consistent with the partial rebound in the college premium in the labor market observed nationwide.
- The gender LFP gap in the region has fallen to 7.9 percentage points in December 2025. It has been on a gradual downward trend since the pre-pandemic period.

Gaps and all other relevant definitions can be found on the data and methods slide.

Labor Force Participation by Race/Ethnicity

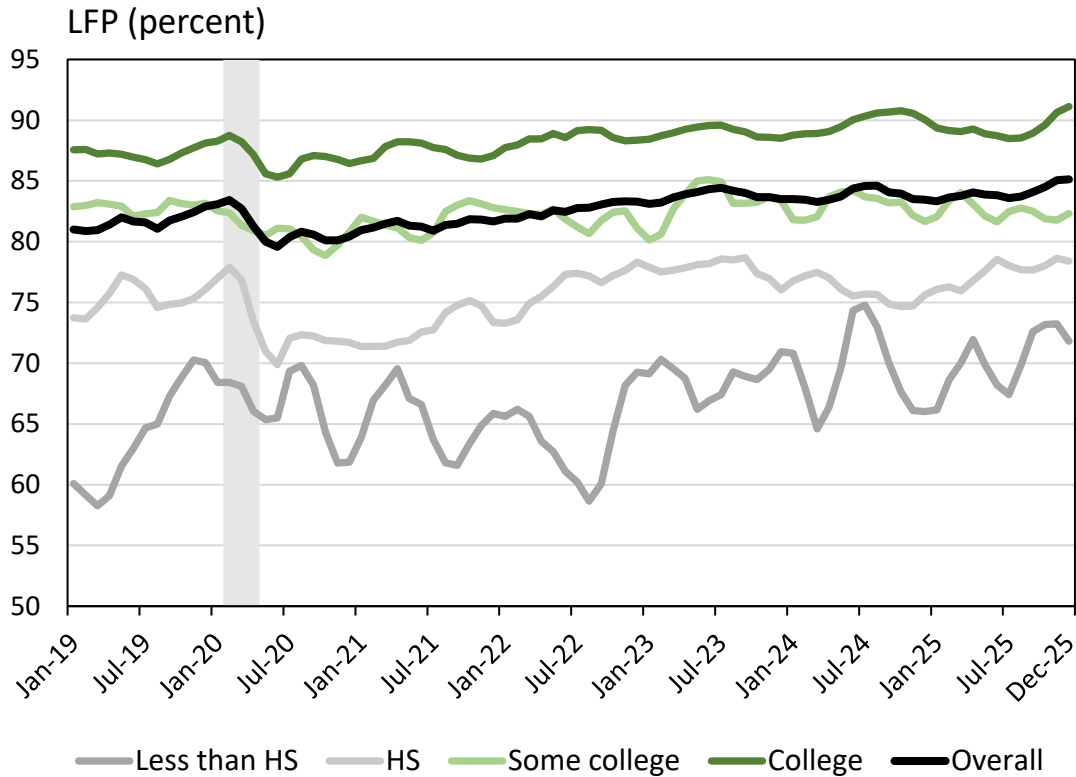


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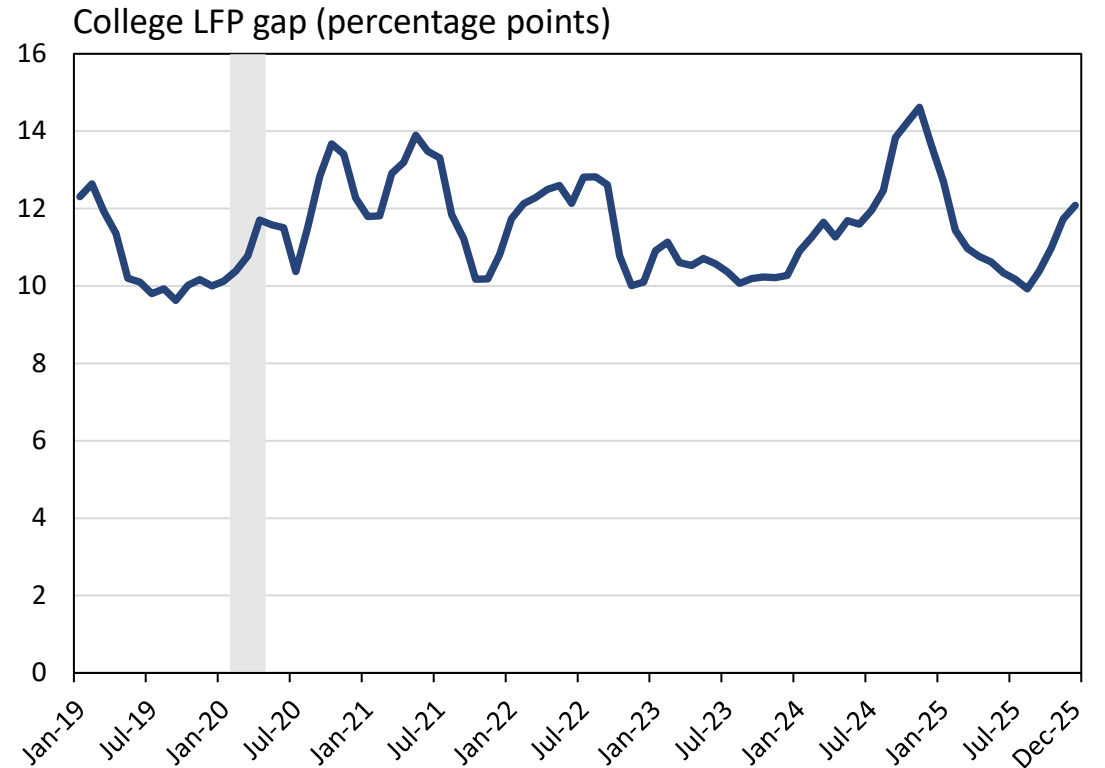
The racial gaps are defined as the LFP of white workers minus the LFP of the given race or ethnicity.

Labor Force Participation by Education



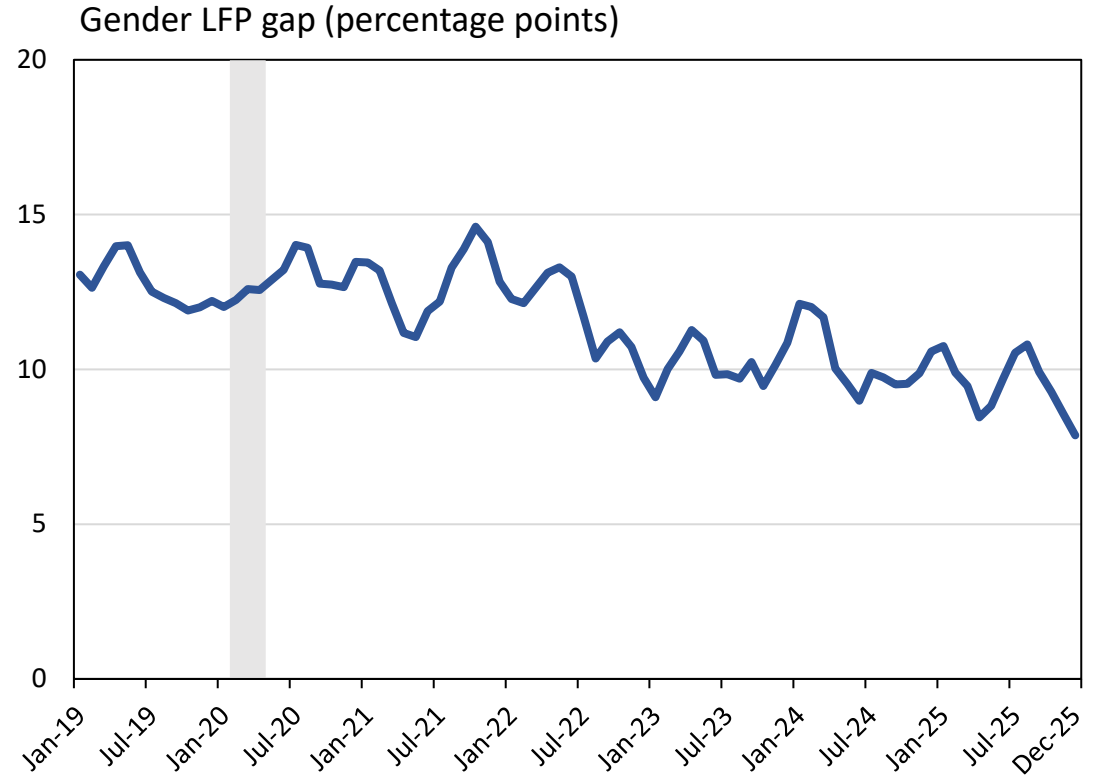
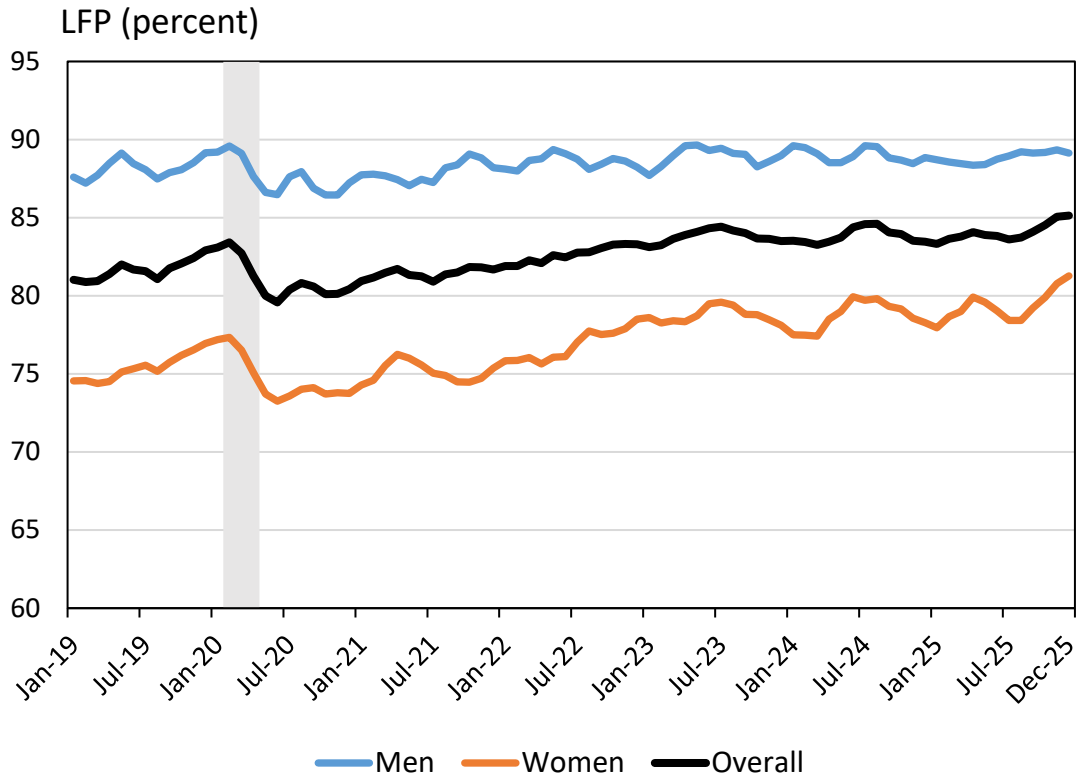
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Labor Force Participation by Gender

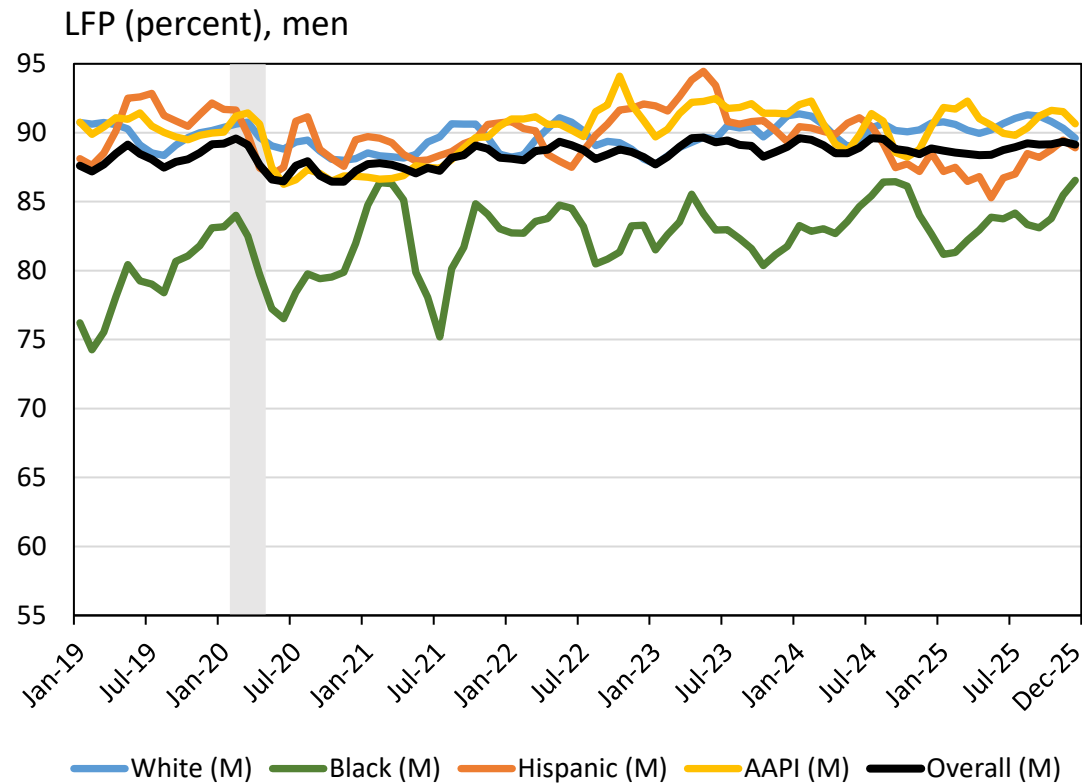
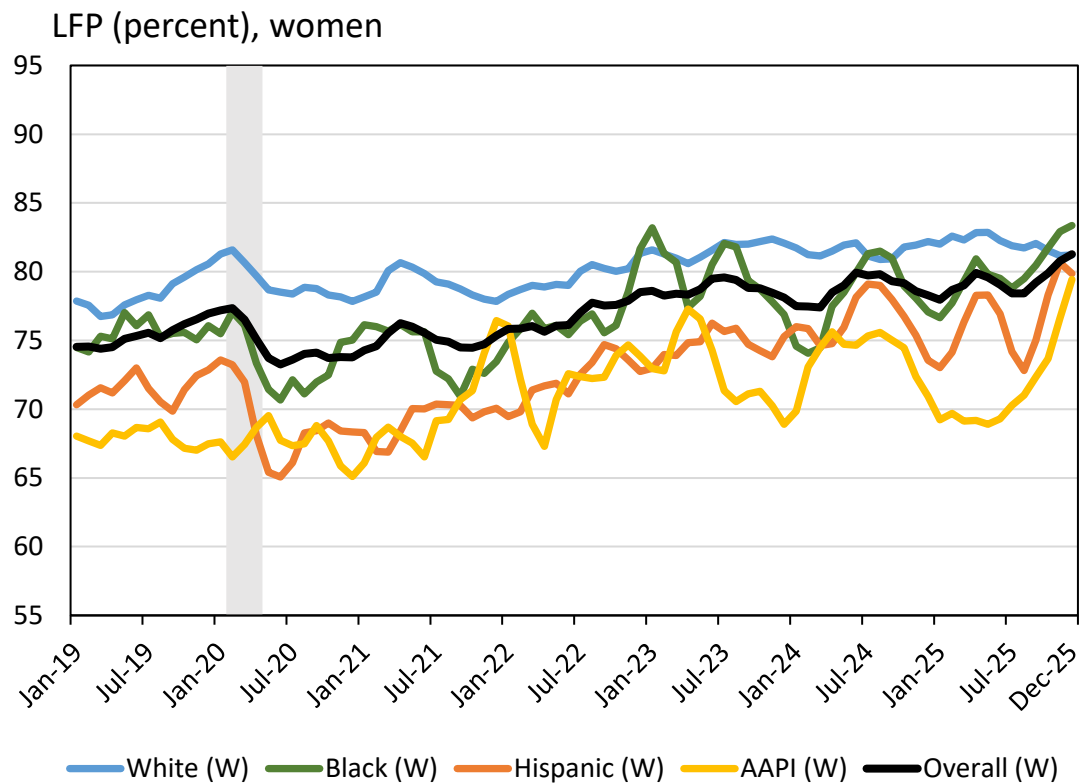


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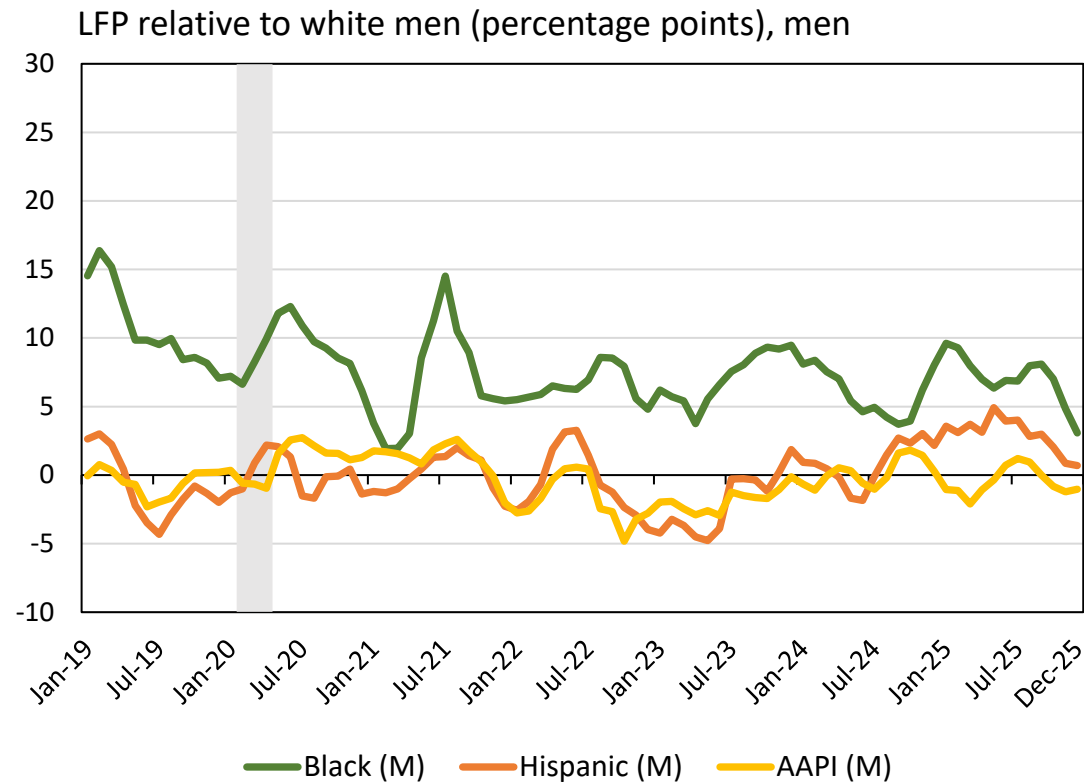
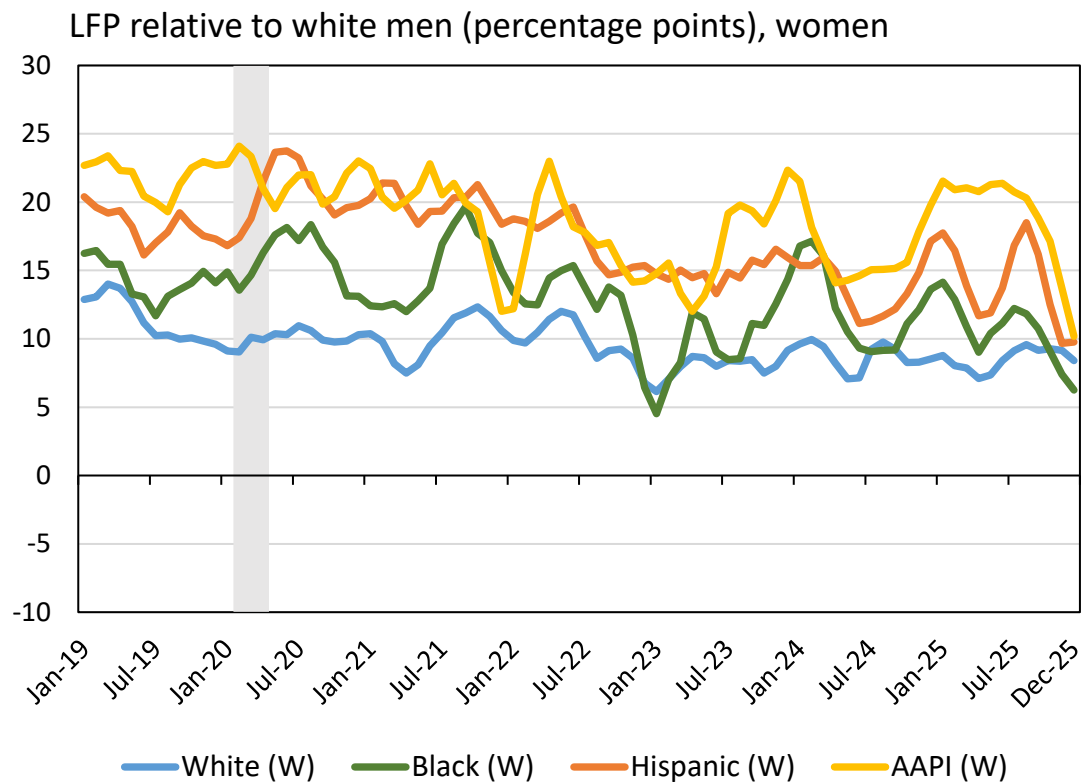
Labor Force Participation by Race x Gender



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Labor Force Participation Gaps by Race x Gender

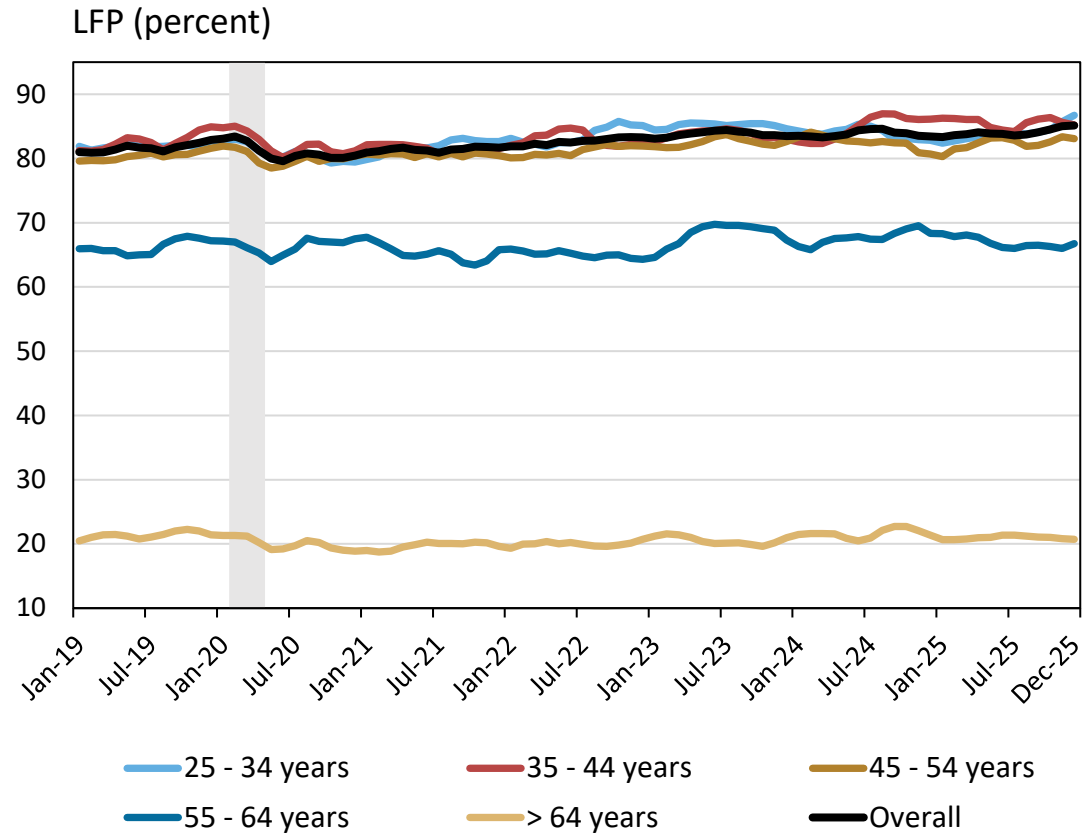


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Labor Force Participation by Age



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