FEDERAL RESERVE BANK *of* NEW YORK | ECONOMIC RESEARCH

UPDATED THROUGH DECEMBER 2025 | REGIONAL

# ECONOMIC HETEROGENEITY INDICATORS

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

# Table of Contents

# 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.

# INFLATION

UPDATED THROUGH DECEMBER 2025 | REGIONAL

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

# Takeaways | Inflation

- Inflation in the region in December 2025 stood at 3.4%, as compared to 2.7% in the nation. Food inflation is just below the regional average, transportation inflation is below the regional average, and housing inflation is above the regional average.

- AAPI households experienced inflation that was around 0.64 percentage point above the regional average in December 2025, while Black households experienced inflation 0.27 percentage point above the regional average. Hispanic households had inflation 0.22 percentage point above regional average and white households experienced inflation 0.27 percentage point below the regional average.

- Lower-income households experienced inflation 0.34 percentage point above the regional average in December 2025. Households with heads aged 55+ experienced inflation 0.25 pp above the regional average. The inflation differential between college graduate and nongraduate households was small.

- Inflation gaps in the region were larger during the 2021-22 inflationary episode, when groups with high exposure to transportation inflation (Hispanic, middle- and high-income, non-college, and middle-aged households) had inflation well above the regional average. These gaps have now subsided.

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

# Data & Methods

- Data on inflation by demographic groups are not produced by the Bureau of Labor Statistics.

- To calculate demographic inflation, the Consumer Expenditure Survey (CEX) is used to compute spending shares of various consumption categories (for example, cereal, rent, and used cars) by demographic group (for example, Black, Hispanic, some college, and aged 45-54).

- The region in the CEX is defined to be the union of the New York-New Jersey metro area (excluding counties in Pennsylvania) with all other counties in New York state.

- To compute the contribution of a consumption category in a particular city to demographic inflation for a specific group, that group's spending share on that category in that city (from the CEX) in the previous year is multiplied by the twelve-month inflation rate for that consumption category in that city (from the Consumer Price Index).

- All the contributions are then summed to get an inflation index for the demographic group.

- This method is similar to the previous literature, for example, Hobijn and Lagakos (2005), McGranahan and Paulson (2006), and Jaravel (2019). The EHIs are the first to exploit price variation across cities whereas the aforementioned studies assume people in different demographic groups and cities face the same prices.

- Demographic inflation gaps are calculated as demographic inflation less regional overall inflation.

## Inflation by Sector



12-Month CPI Inflation (%), by Sector

Legend: Headline, Food, Transportation, Housing
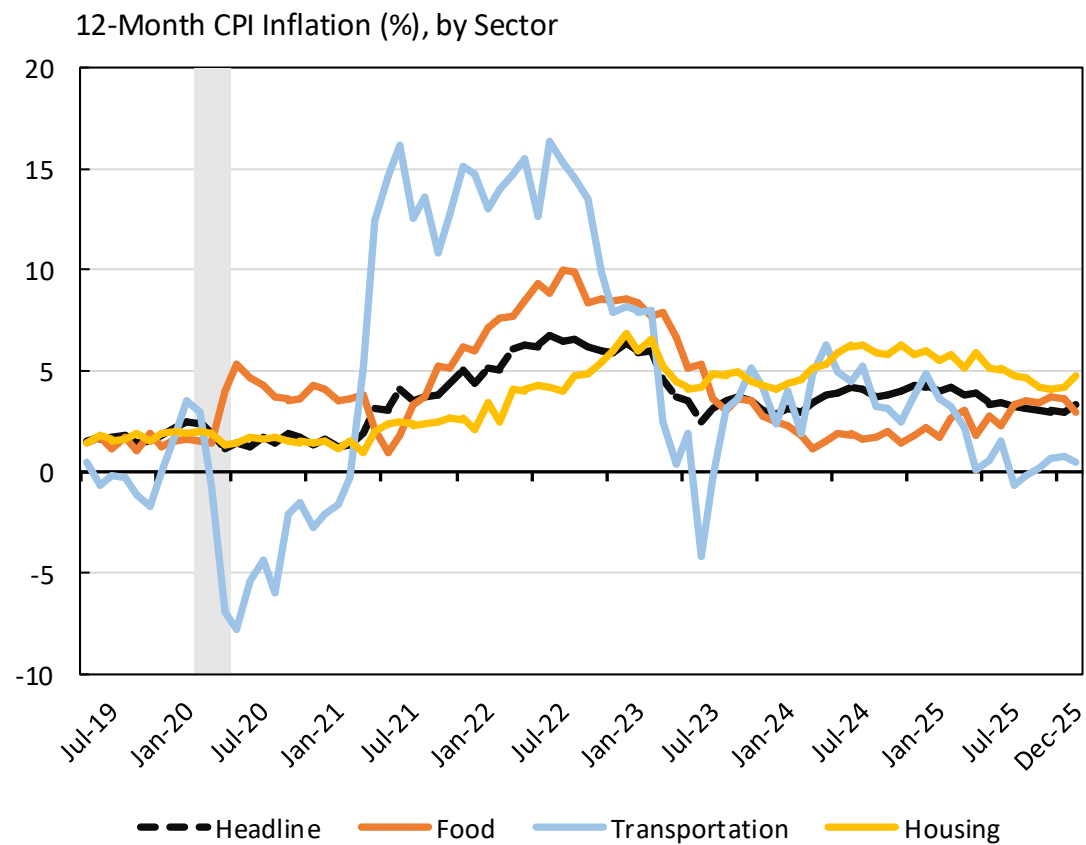
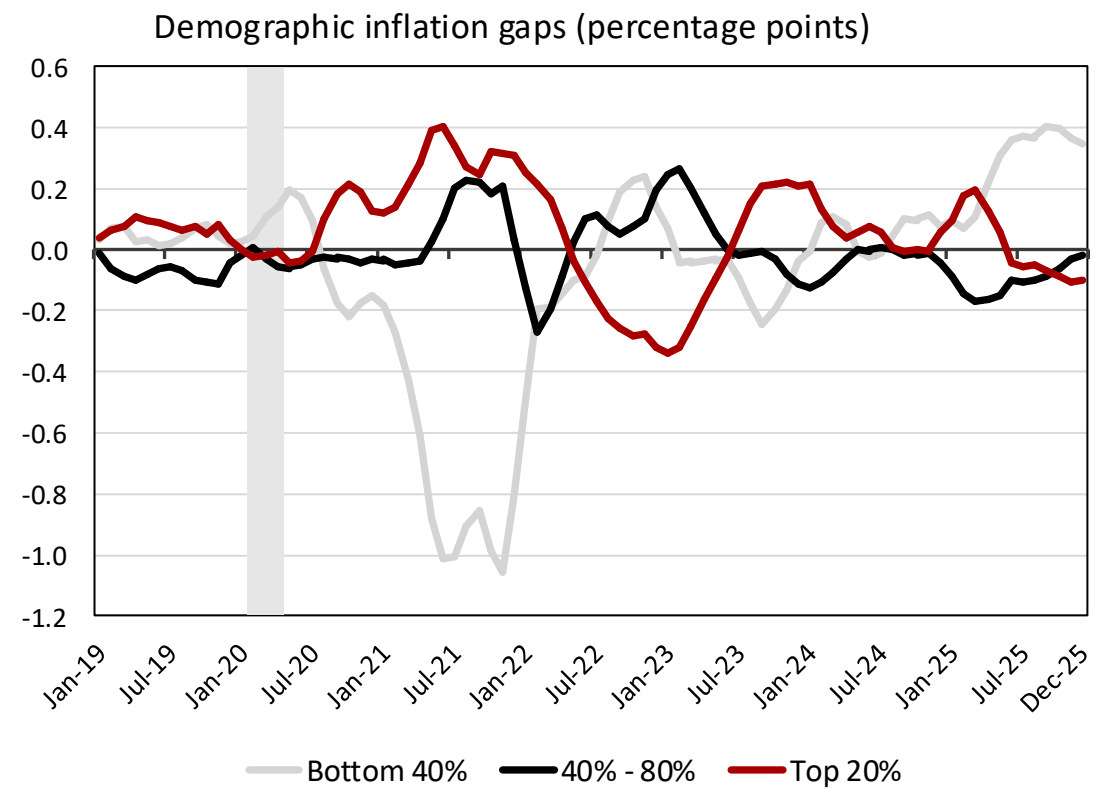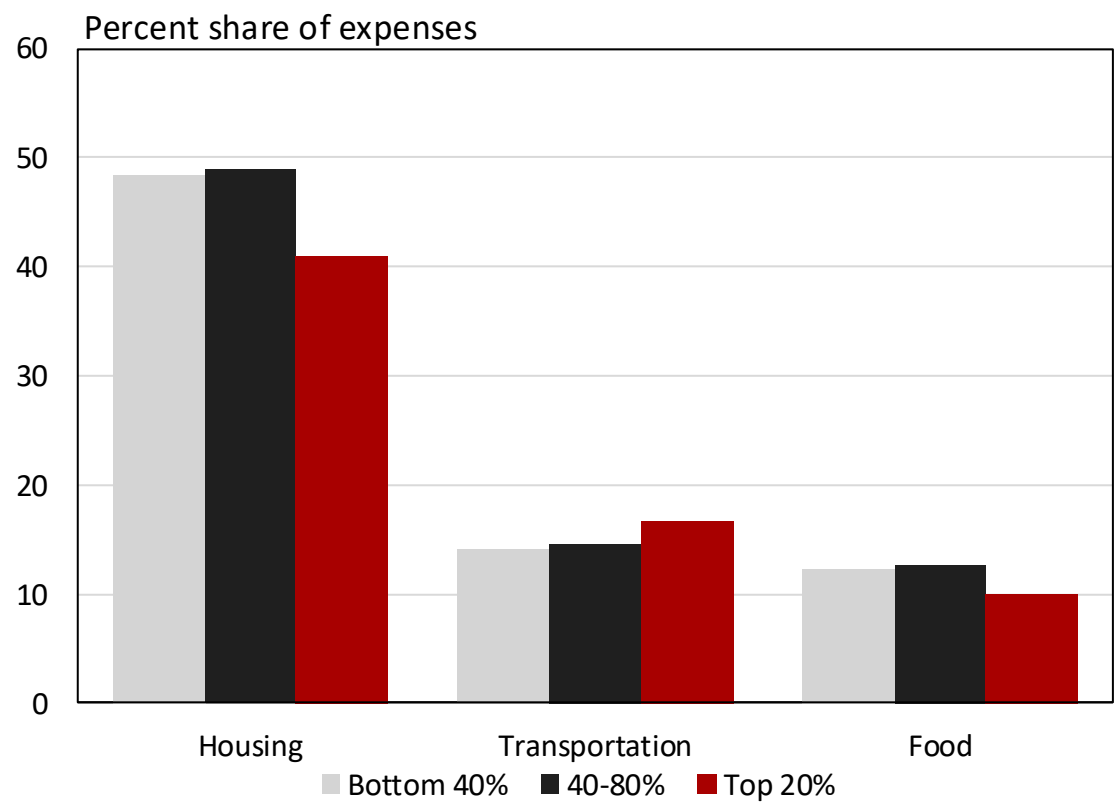Sources: CPI via Haver Analytics; authors' calculations.

Notes: 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.
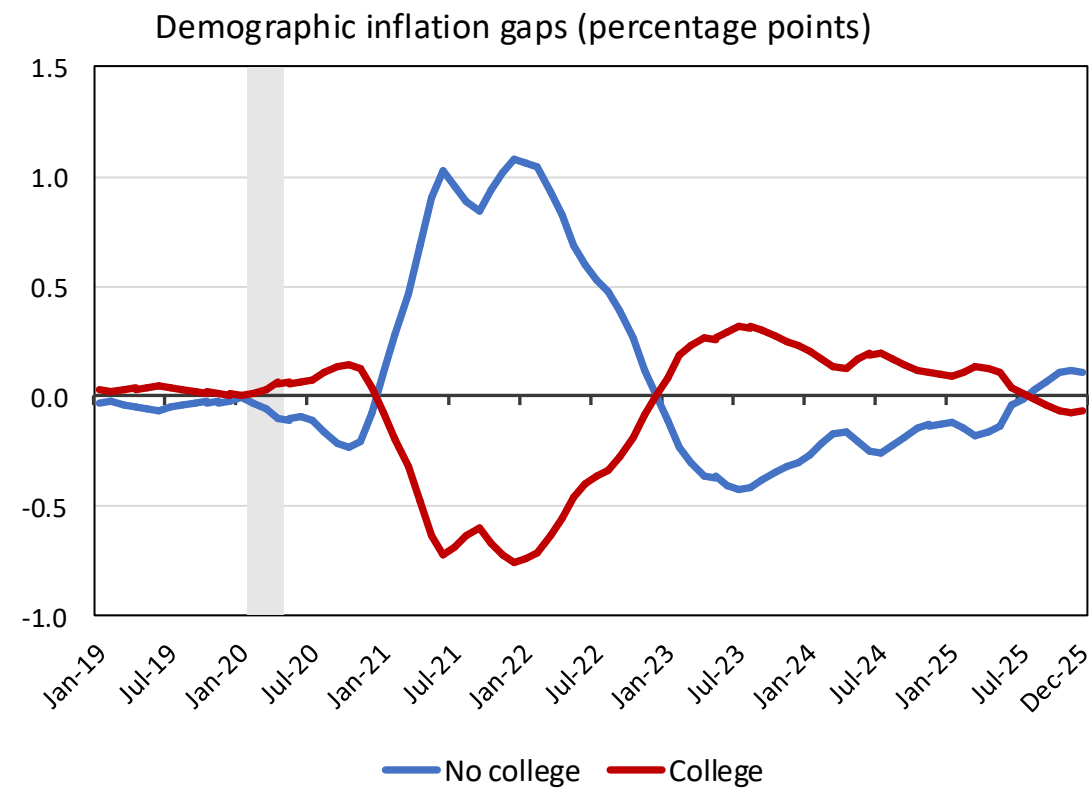
# Demographic Inflation by Race/Ethnicity
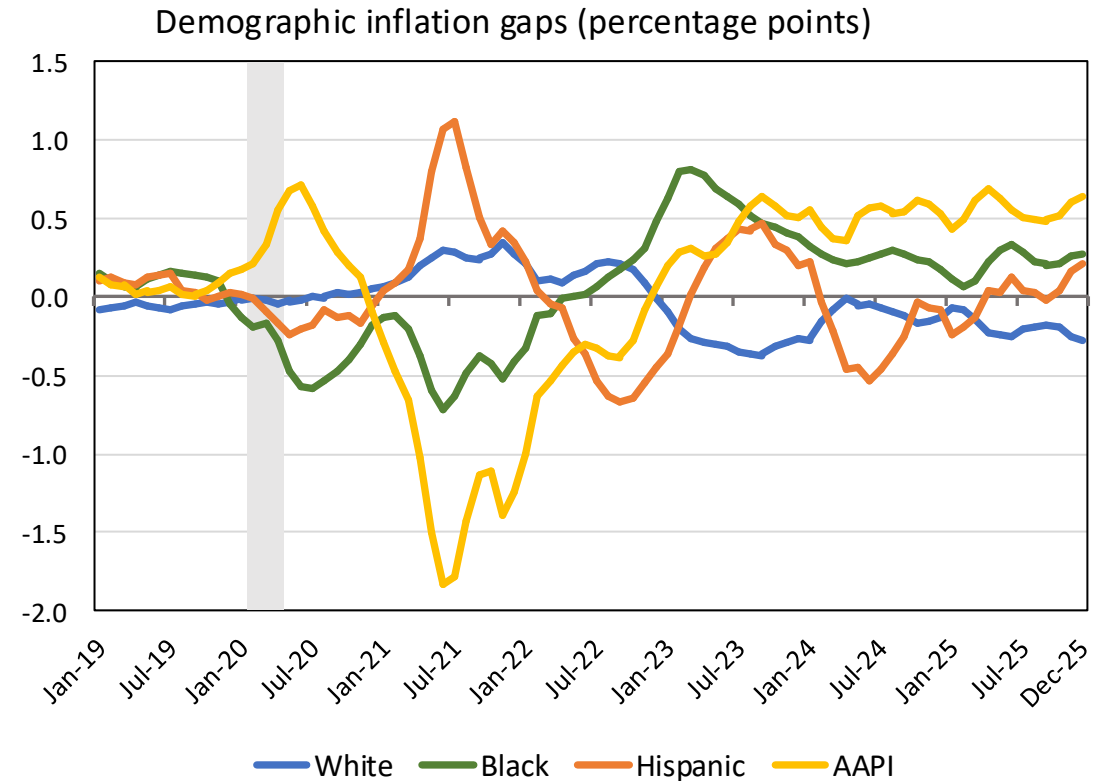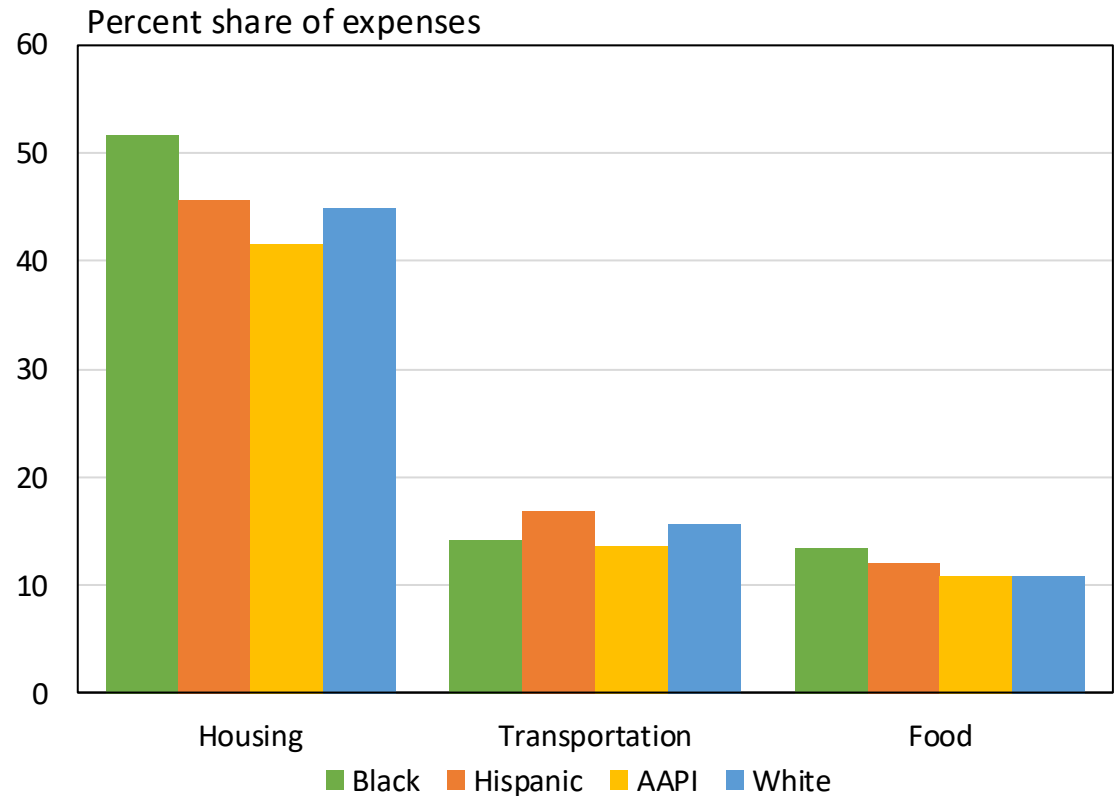


Percent share of expenses
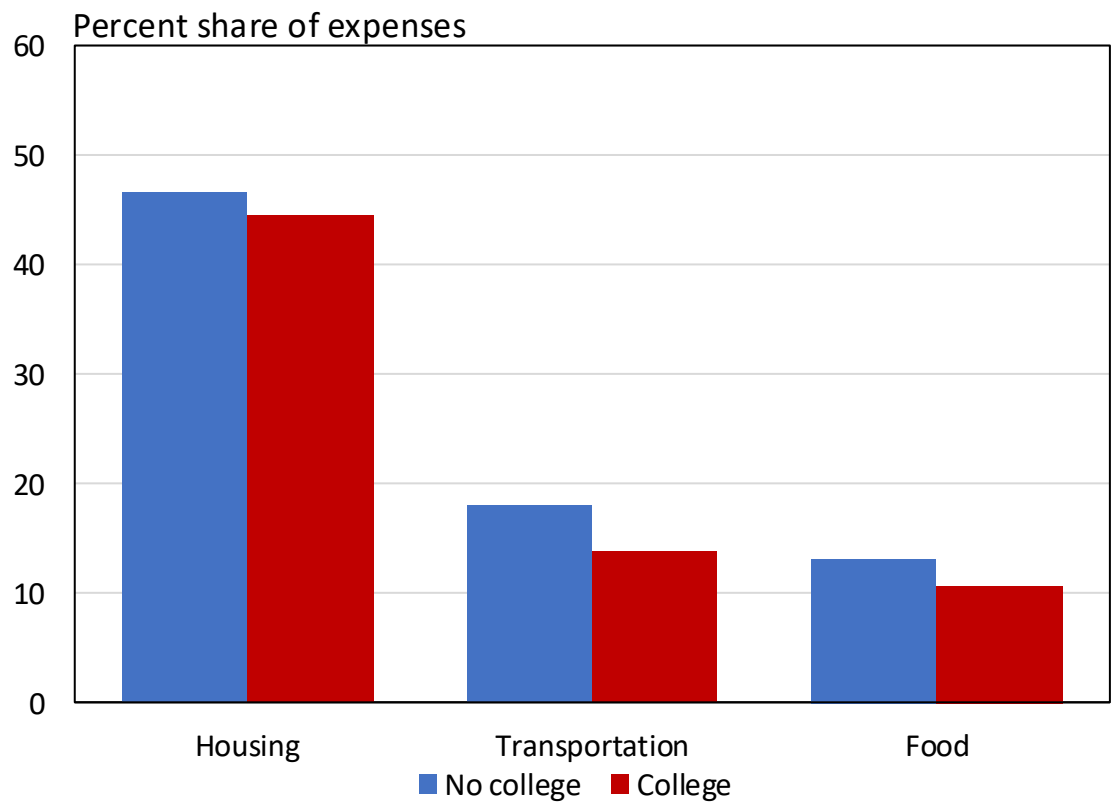
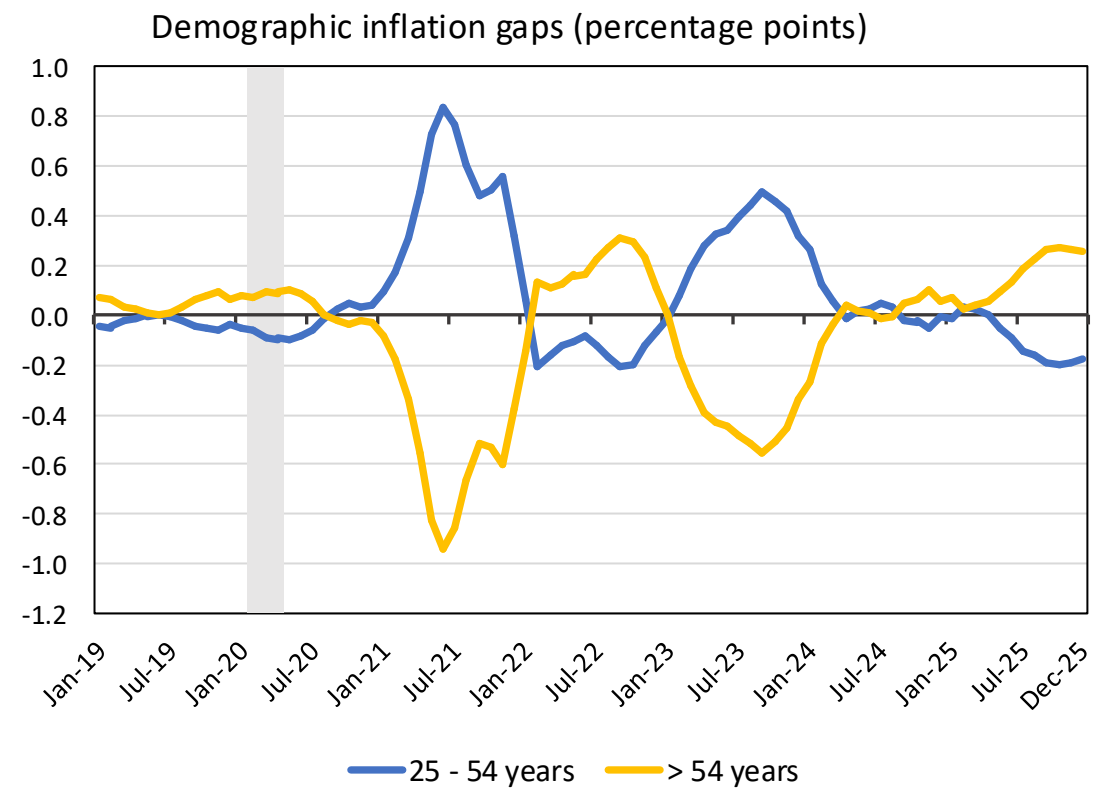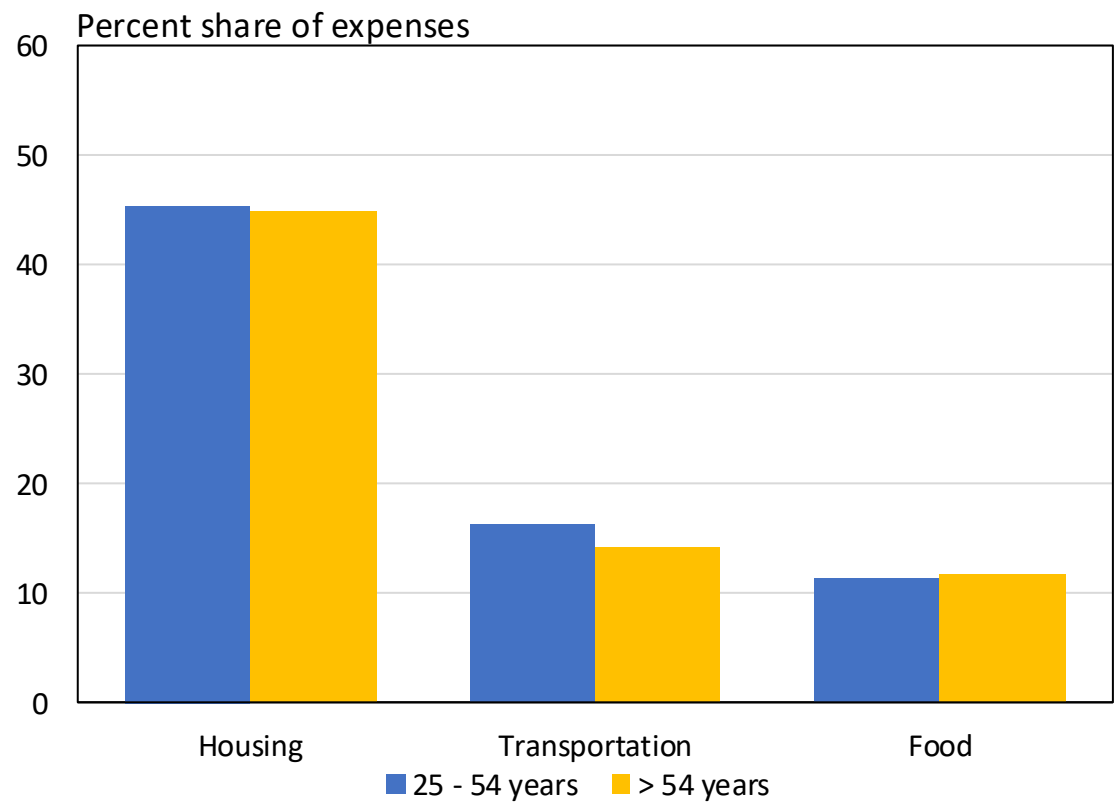Demographic inflation gaps (percentage points)

Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. 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.

## Demographic Inflation by Income



Percent share of expenses

Demographic inflation gaps (percentage points)

Bottom 40%  40-80%  Top 20%

Bottom 40%  40% - 80%  Top 20%

Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. 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.

## Demographic Inflation by Education



Percent share of expenses

Demographic inflation gaps (percentage points)

Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. 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.

# Demographic Inflation by Age



Percent share of expenses

25 - 54 years    > 54 years



Demographic inflation gaps (percentage points)

25 - 54 years    > 54 years

Sources: BLS Consumer Expenditure Survey microdata; BLS Consumer Price Indexes.

Notes: Expenditure shares use 2021 CEX microdata. 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.

# EARNINGS

**UPDATED THROUGH DECEMBER 2025 | REGIONAL**

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

# Takeaways | Earnings

- Similarly to the rest of the nation, real earnings in the region peaked during the pandemic recession and have fallen since, and disparities (both nominal and real) are largest across education categories, with smaller but still substantial gaps across racial and ethnic categories, gender, and age.

- The average earnings for the region are higher than the rest of the country.

- Black and Hispanic workers earn about 65-80% of white workers' earnings. Earnings of Black workers stand at 81.2% of the earnings of white workers in the region in December 2025 and have risen since August 2025.

- Among workers, women earn 81.8% of the earnings of men in the region in December 2025, an increase from 81.4% in August 2025.

- Workers without a bachelor's degree earn 53.6% of the earnings of workers with a bachelor's degree. The college premium in the region tends to be somewhat higher than in the nation as a whole.

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

# Data & Methods

- Real earnings are computed by deflating nominal earnings for each demographic using the EHI estimates of demographic-specific inflation.

- Black, Hispanic, and AAPI earnings ratios are defined as the ratio of earnings of workers of the race or ethnicity in question to the earnings of white workers.

- The non-college earnings ratio is defined as the ratio of non-college graduates' earnings to college graduates' earnings.

- The women's earnings ratio is defined as the ratio of women's to men's earnings.

- The race by gender earnings ratios are defined as the ratio of earnings of workers of the race or ethnicity and gender in question to the earnings of white men.

- We define the region in the CPS to be the union of the New York-New Jersey metro area (excluding counties in Pennsylvania) with all other counties in New York state.

# Real/Nominal Earnings by Race/Ethnicity
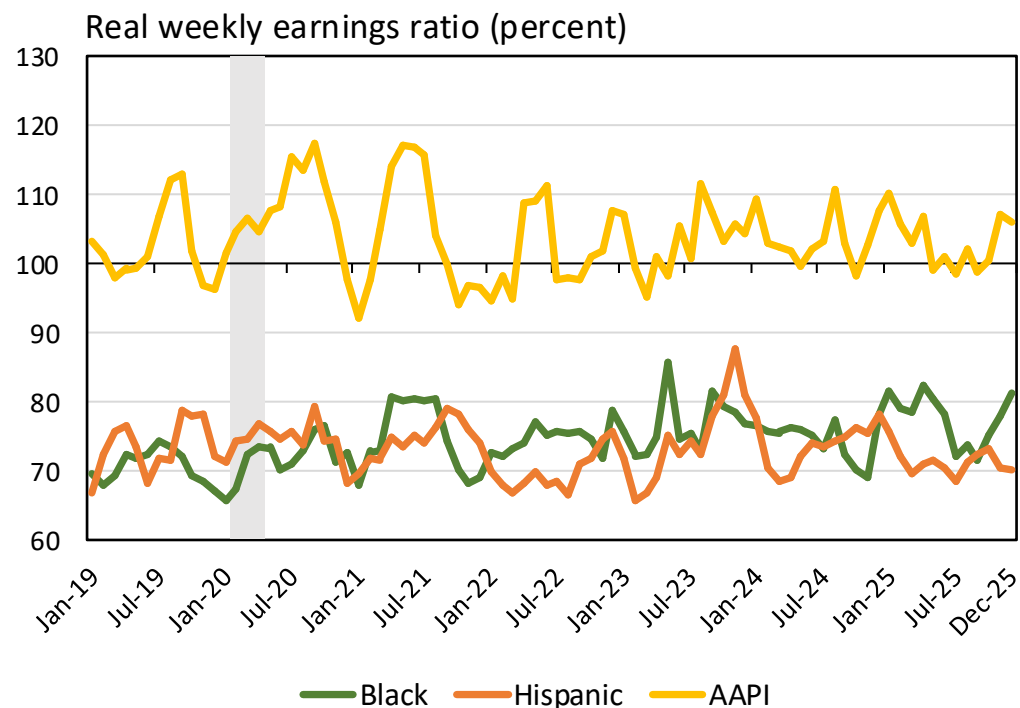
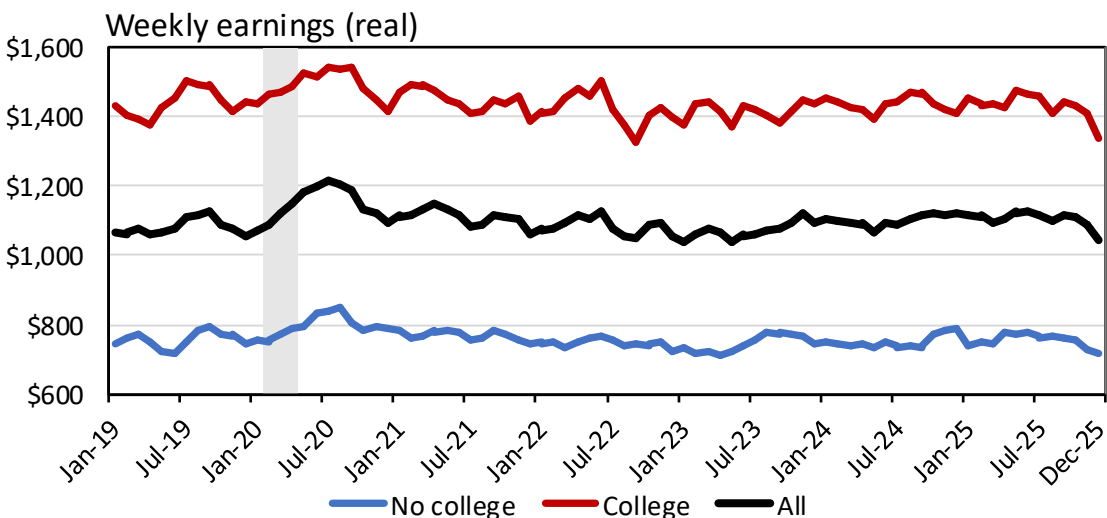### Real weekly earnings ratio (percent)



### Weekly earnings (nominal)



### Weekly earnings (real)



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

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The weekly earnings ratio by race is defined here as the ratio of earnings of workers of the race or ethnicity in question to the earnings of white workers. For instance, a ratio of 80% implies that the average Black/Hispanic/AAPI American earns 80% of the average white American.

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.
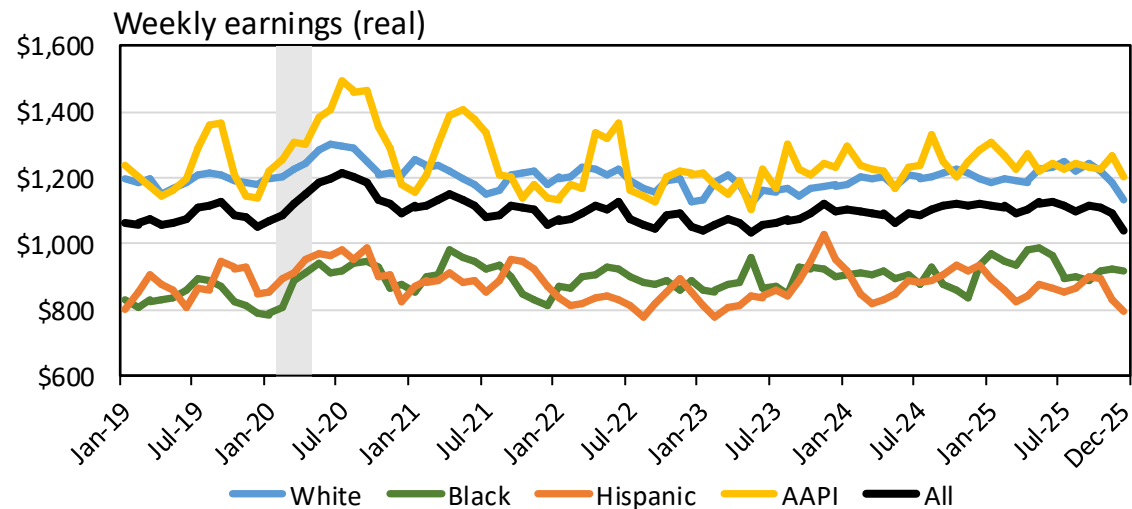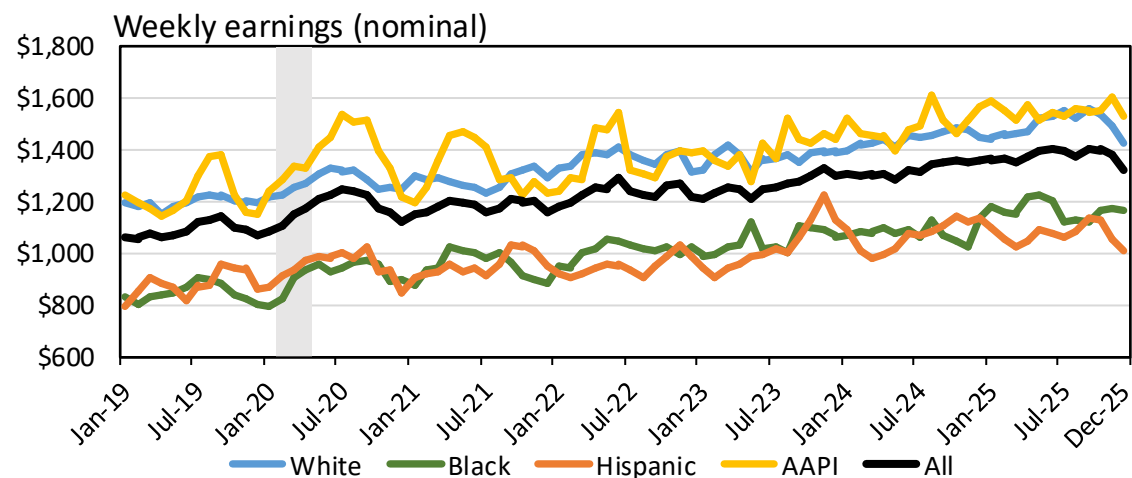
Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.
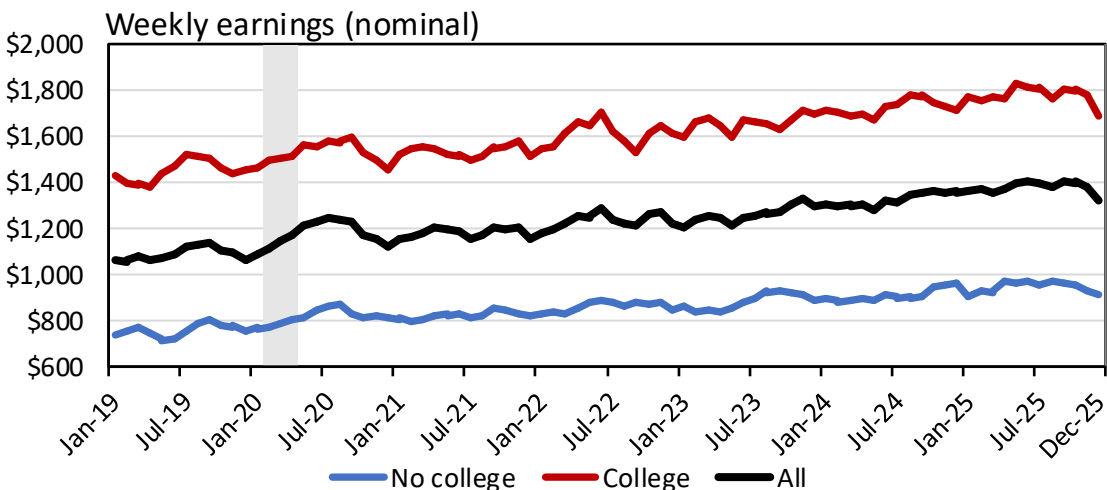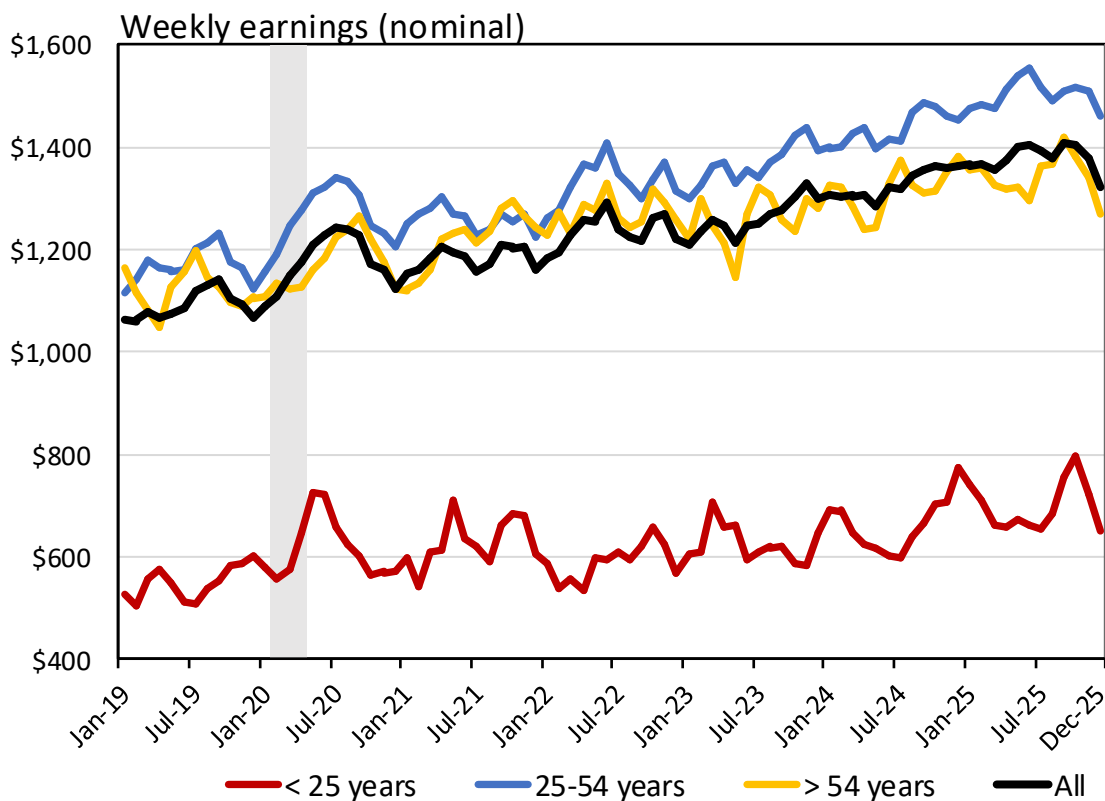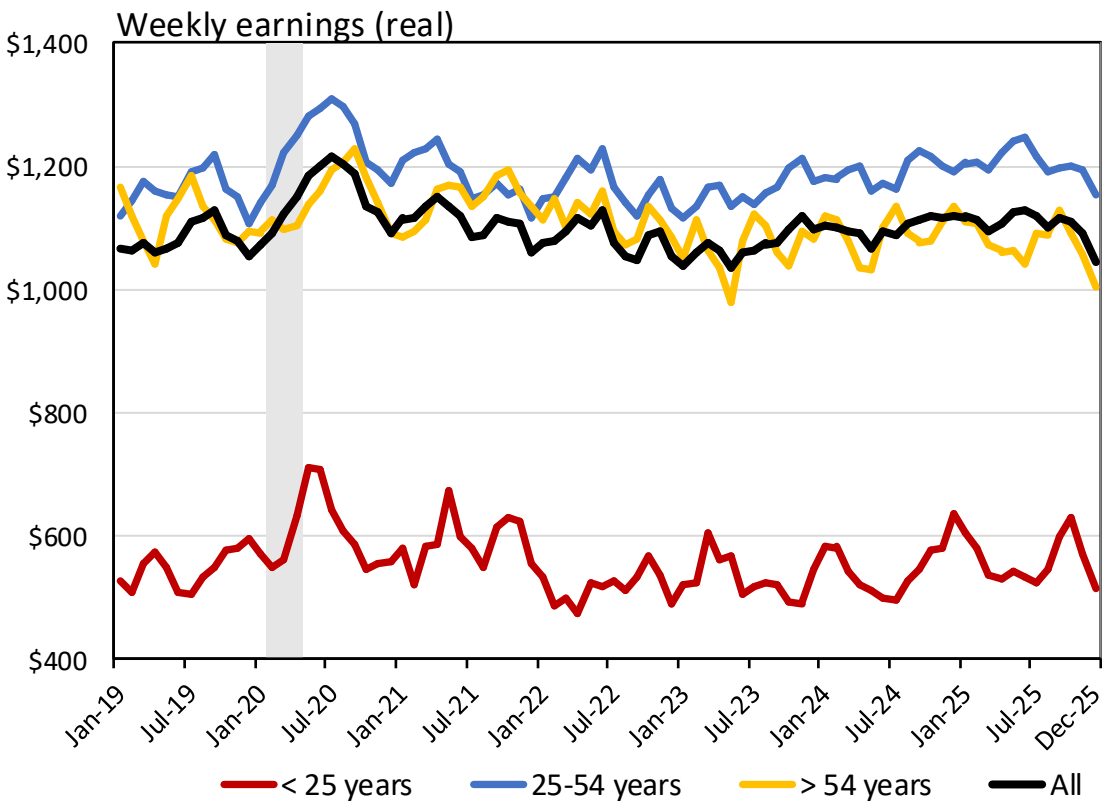
# Real/Nominal Earnings by Education
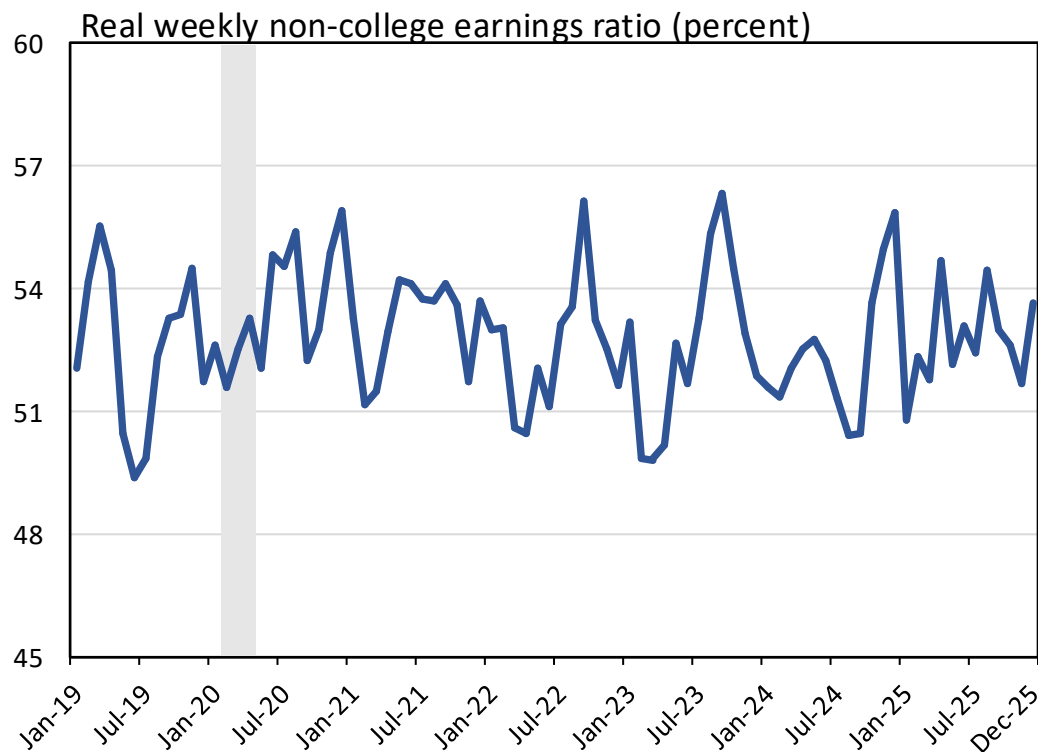
### Real weekly non-college earnings ratio (percent)



### Weekly earnings (nominal)
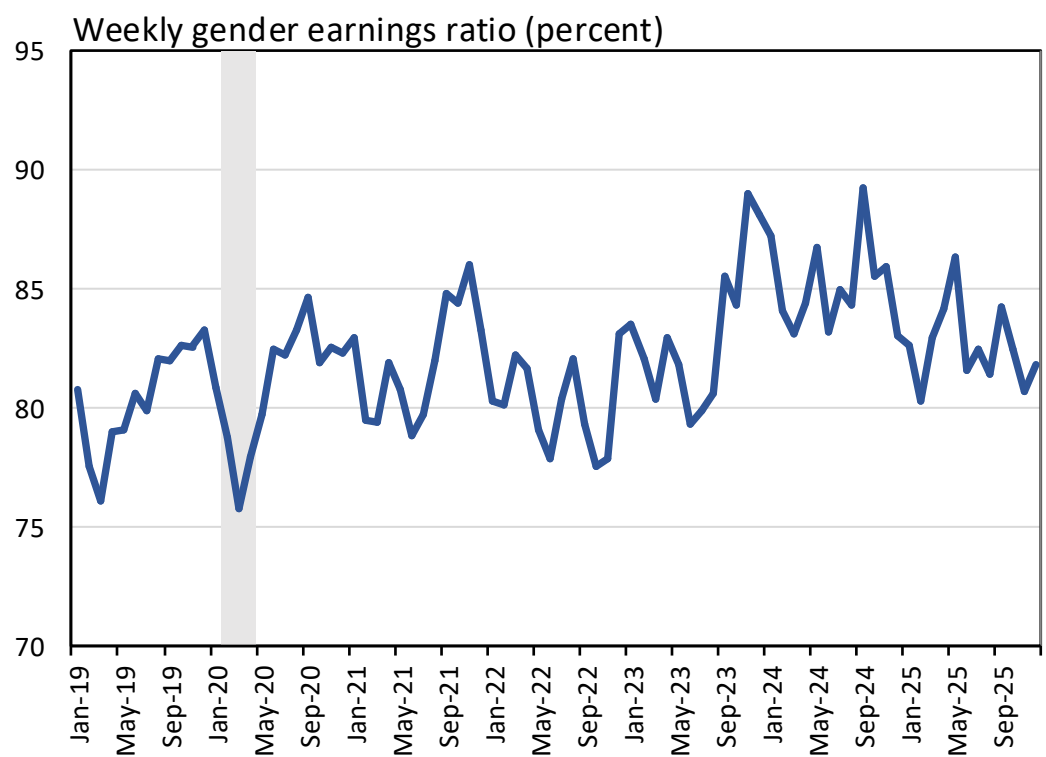


### Weekly earnings (real)



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

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The college earnings ratio is defined as the ratio of non-college graduates' earnings to college graduates' earnings. For instance, a ratio of 80% implies that the average non-graduate earns 80% of the average graduate.

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.
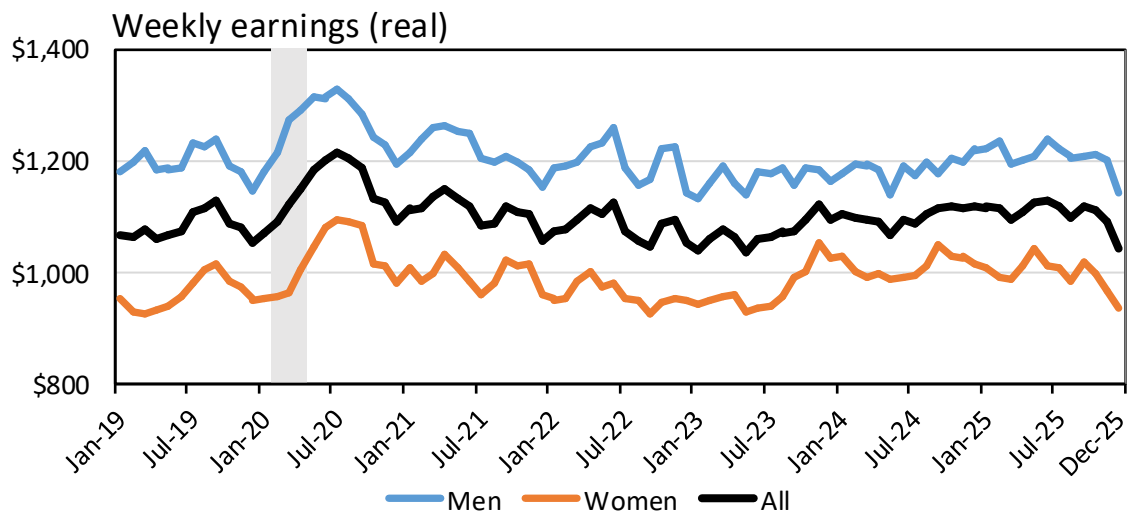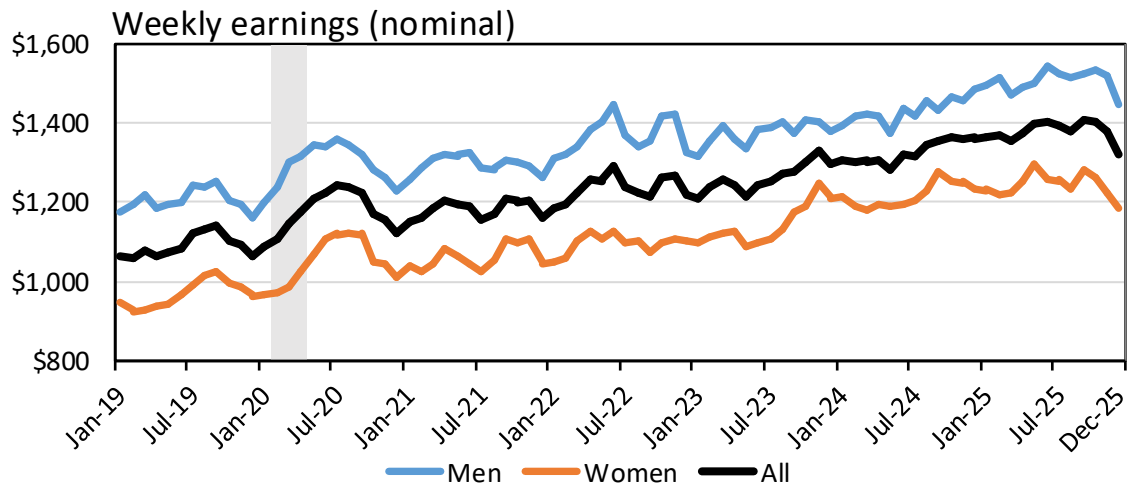
Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.

## Real/Nominal Earnings by Age



Weekly earnings (nominal)

Legend: ■ < 25 years  ■ 25-54 years  ■ > 54 years  ■ All

Weekly earnings (real)

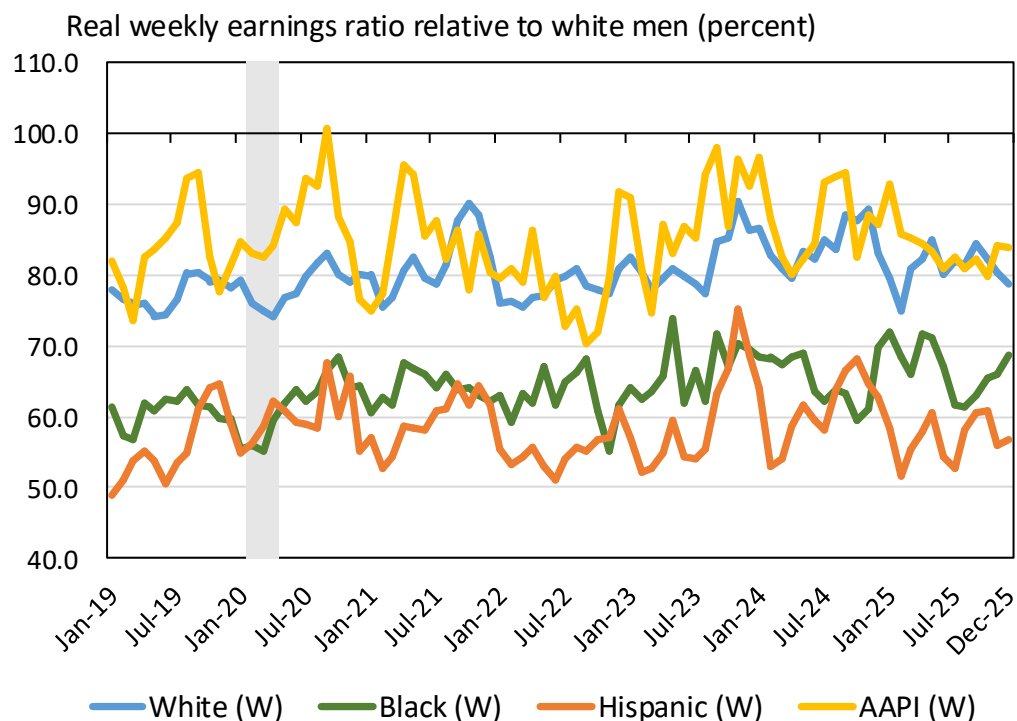Legend: ■ < 25 years  ■ 25-54 years  ■ > 54 years  ■ All

Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.
Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. 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.
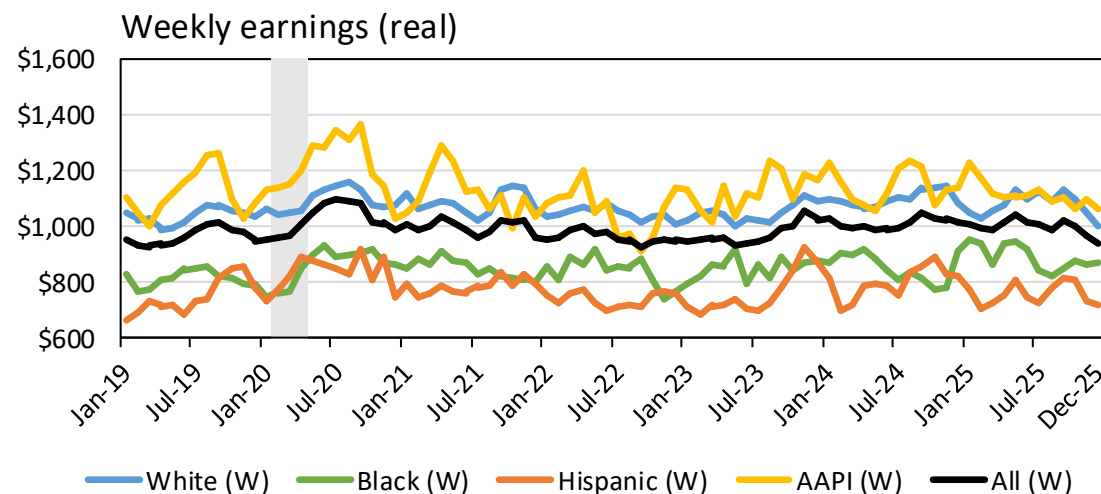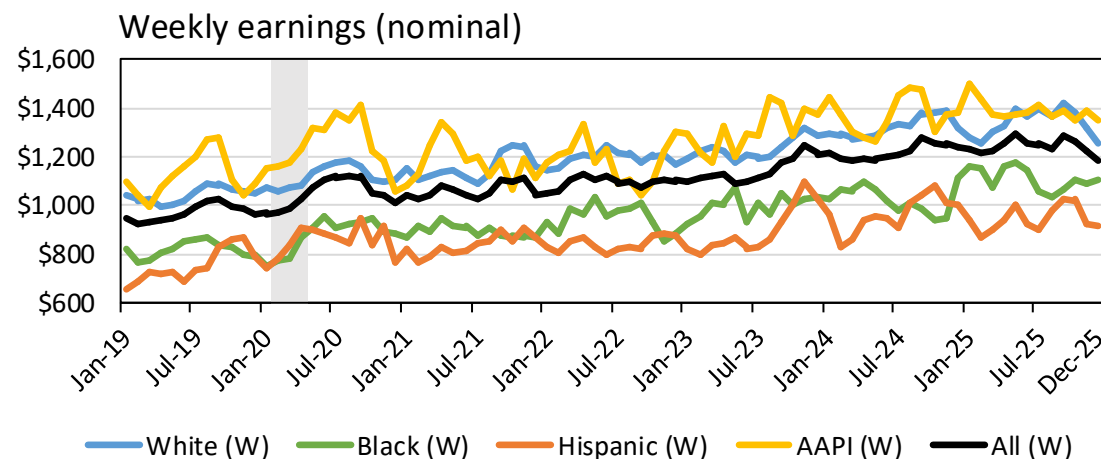
Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.

# Real/Nominal Earnings by Gender

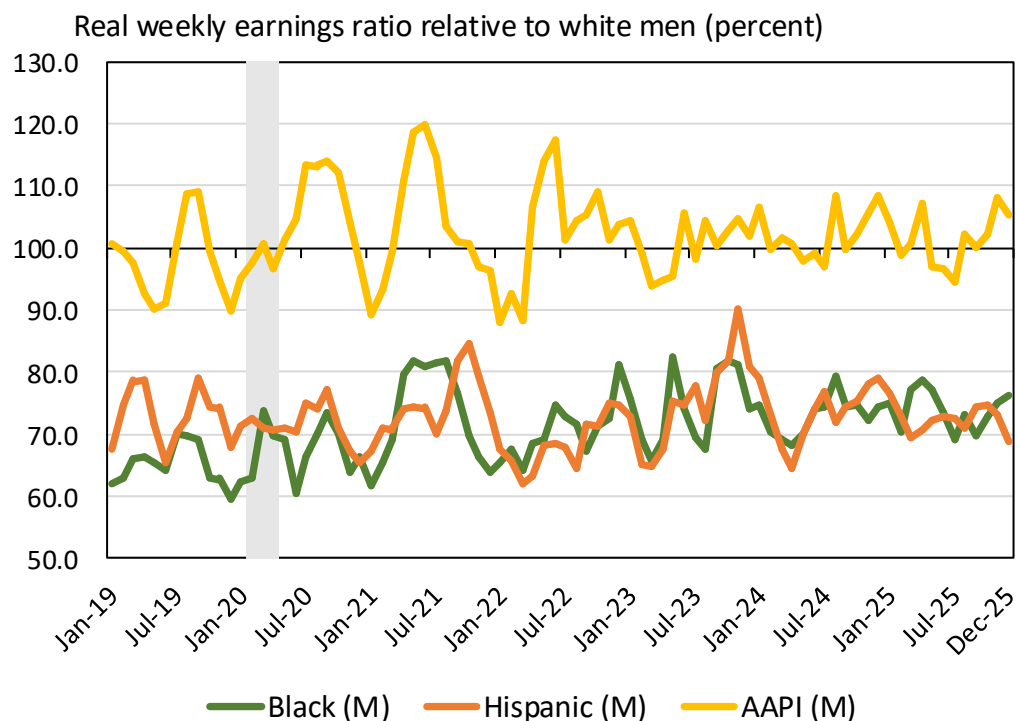### Weekly gender earnings ratio (percent)



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

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The gender earnings ratio is defined as the ratio of women's to men's earnings. For instance, a ratio of 80% implies that the average woman earns 80% of the average man. 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.
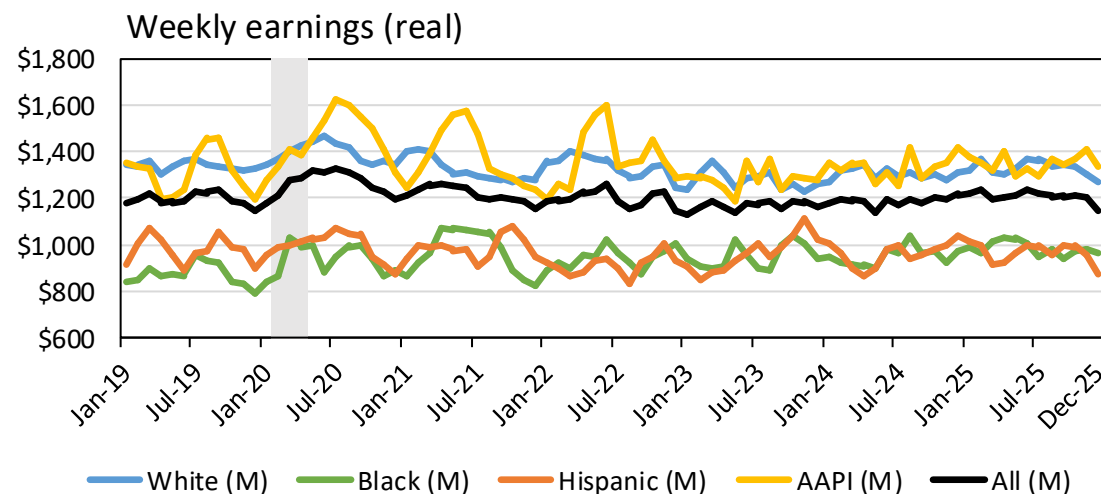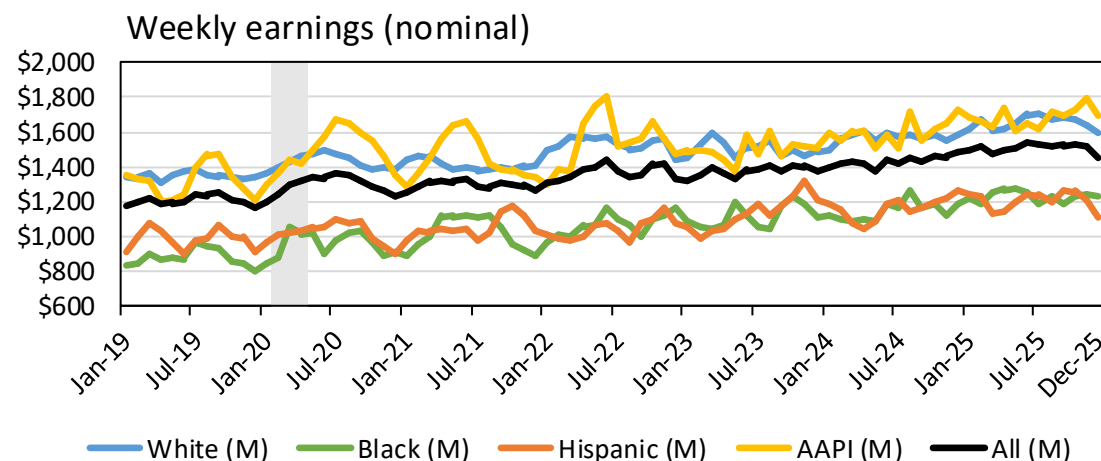
### Weekly earnings (nominal)



### Weekly earnings (real)



Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.

# Real/Nominal Earnings by Race x Gender (Women)

Real weekly earnings ratio relative to white men (percent)



Legend: White (W), Black (W), Hispanic (W), AAPI (W)

Weekly earnings (nominal)



Legend: White (W), Black (W), Hispanic (W), AAPI (W), All (W)

Weekly earnings (real)



Legend: White (W), Black (W), Hispanic (W), AAPI (W), All (W)

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

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The earnings ratio by race x gender (women) is defined as the ratio of earnings of women in a particular race or ethnicity to the earnings of white men. For instance, a ratio of 60% implies that the average Black/Hispanic/AAPI/white woman earns 60% of the average white man. 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.

Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.

# Real/Nominal Earnings by Race x Gender (Men)

## Real weekly earnings ratio relative to white men (percent)



Legend: Black (M), Hispanic (M), AAPI (M)

## Weekly earnings (nominal)



Legend: White (M), Black (M), Hispanic (M), AAPI (M), All (M)

## Weekly earnings (real)



Legend: White (M), Black (M), Hispanic (M), AAPI (M), All (M)

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

Notes: Real earnings uses corresponding demographic prices, indexed to June 2019. Shaded region indicates the COVID-19 recession. The earnings ratio by race x gender (men) is defined as the ratio of earnings of men in a particular race or ethnicity to the earnings of white men. For instance, a ratio of 80% implies that the average Black/Hispanic/AAPI man earns 60% of the average white man. 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.

Individual weekly earnings from April 2023 onward are top coded to $2,884.61, in accordance with pre-April 2023 CPS data conventions for continuity.

# 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

UPDATED THROUGH DECEMBER 2025 | REGIONAL

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

# 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.*

# EPOP by Race/Ethnicity
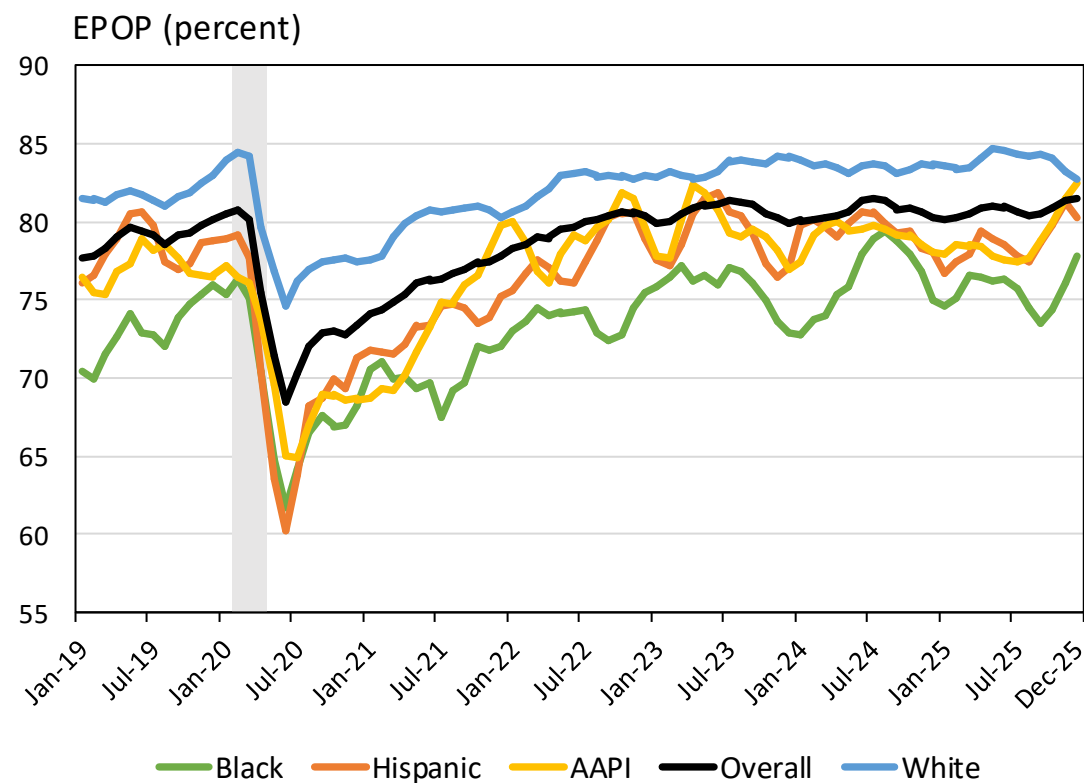


EPOP (percent)

Legend: Black, Hispanic, AAPI, Overall, White

Employment gap (percentage points)

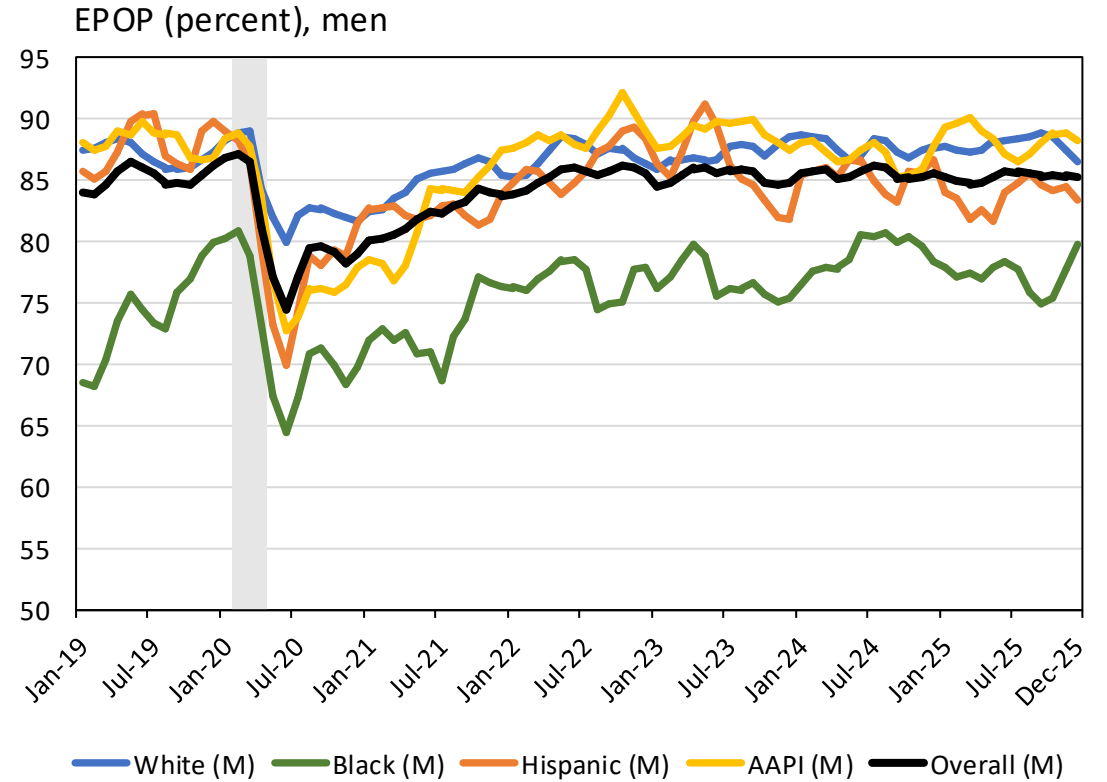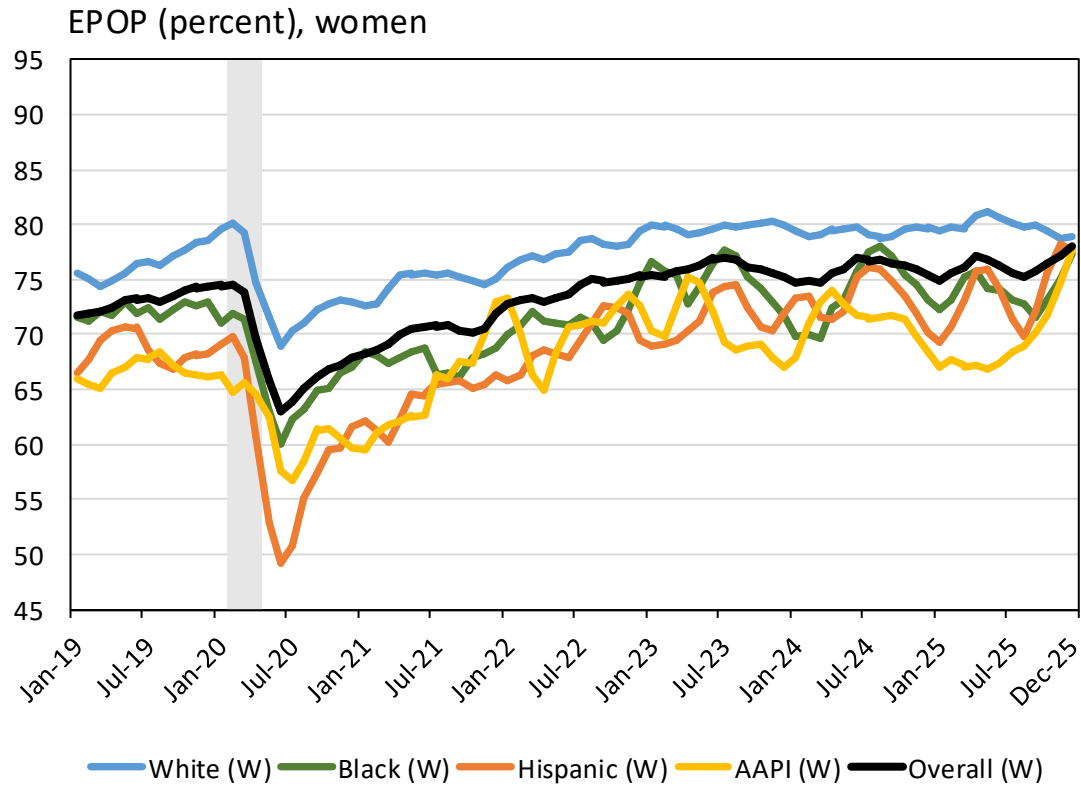Legend: Black gap, Hispanic gap, AAPI gap
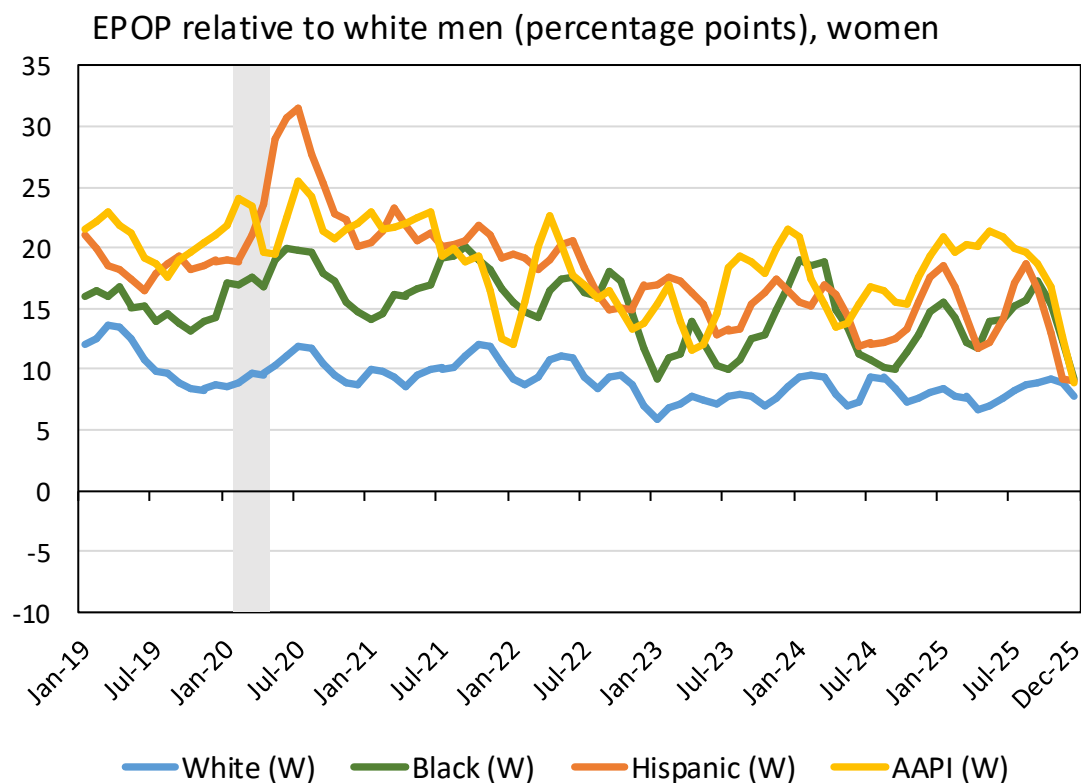
Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.
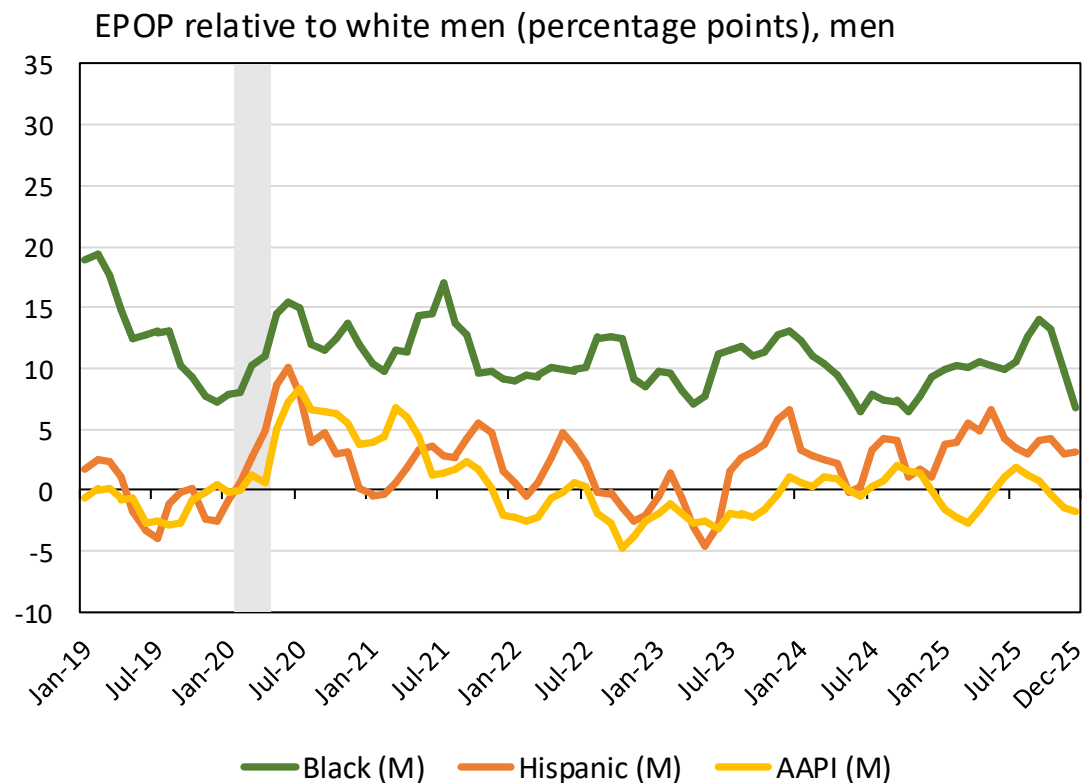
Notes: Restricted to prime-age individuals (25-54). Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.
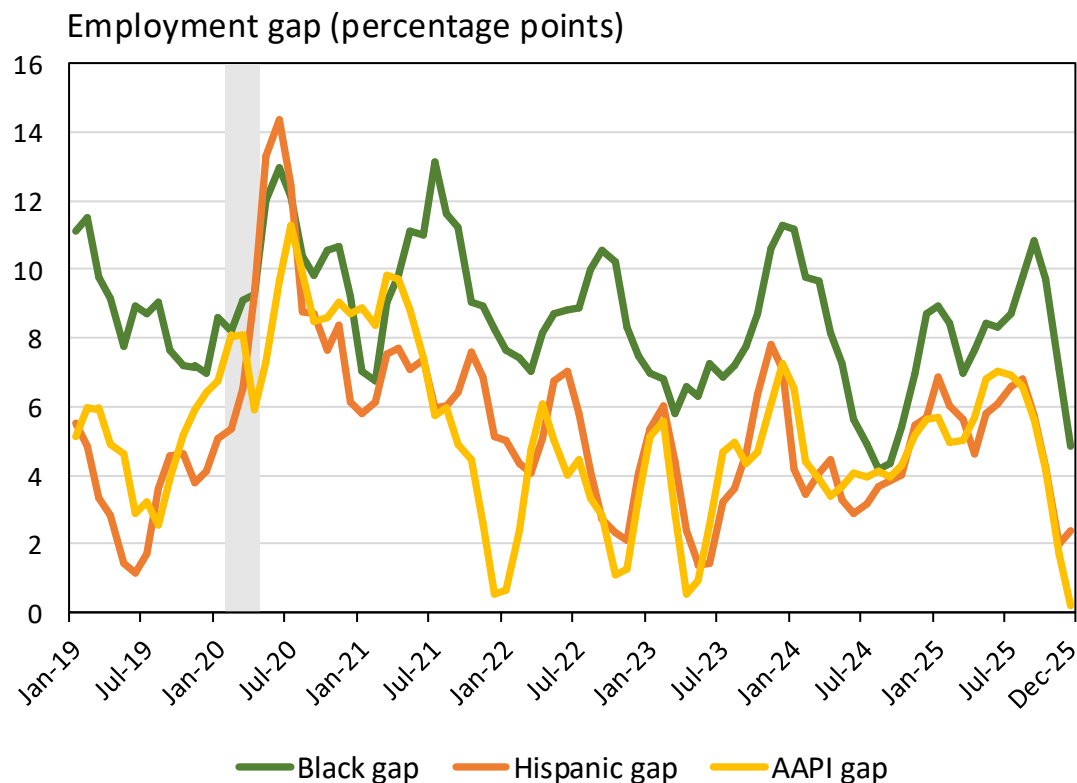
The racial gaps are defined as the employment of white workers minus the employment of the given race or ethnicity.

## EPOP by Education
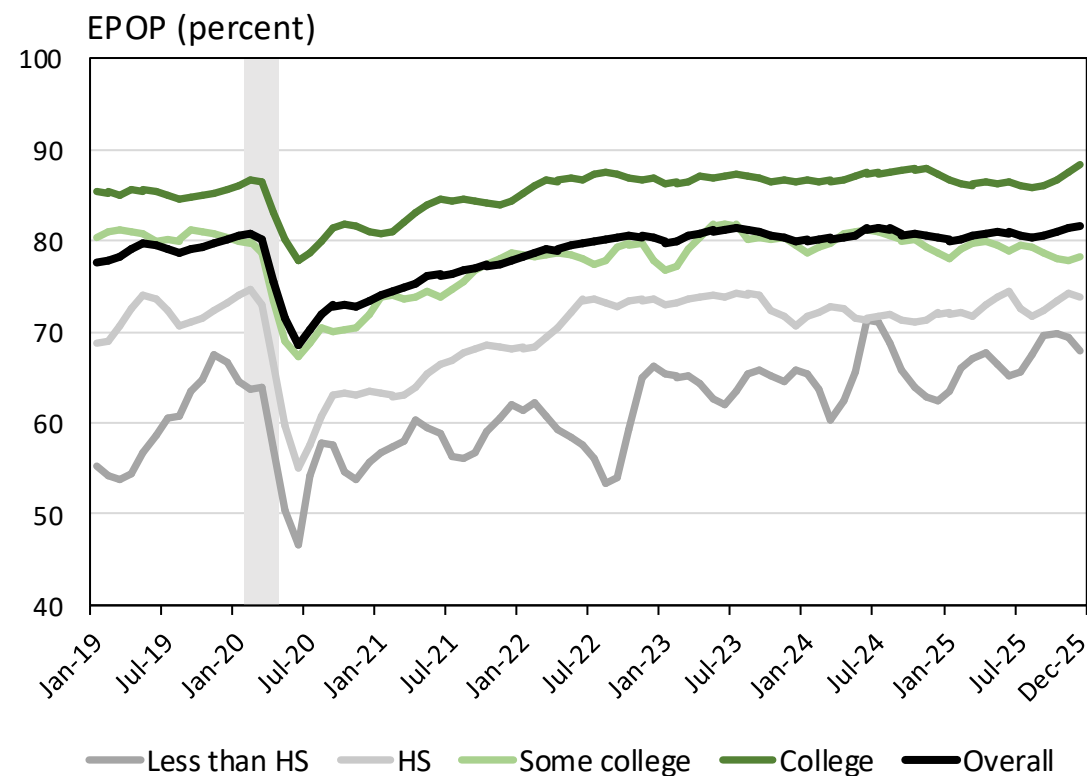


EPOP (percent)

Less than HS — HS — Some college — College — Overall



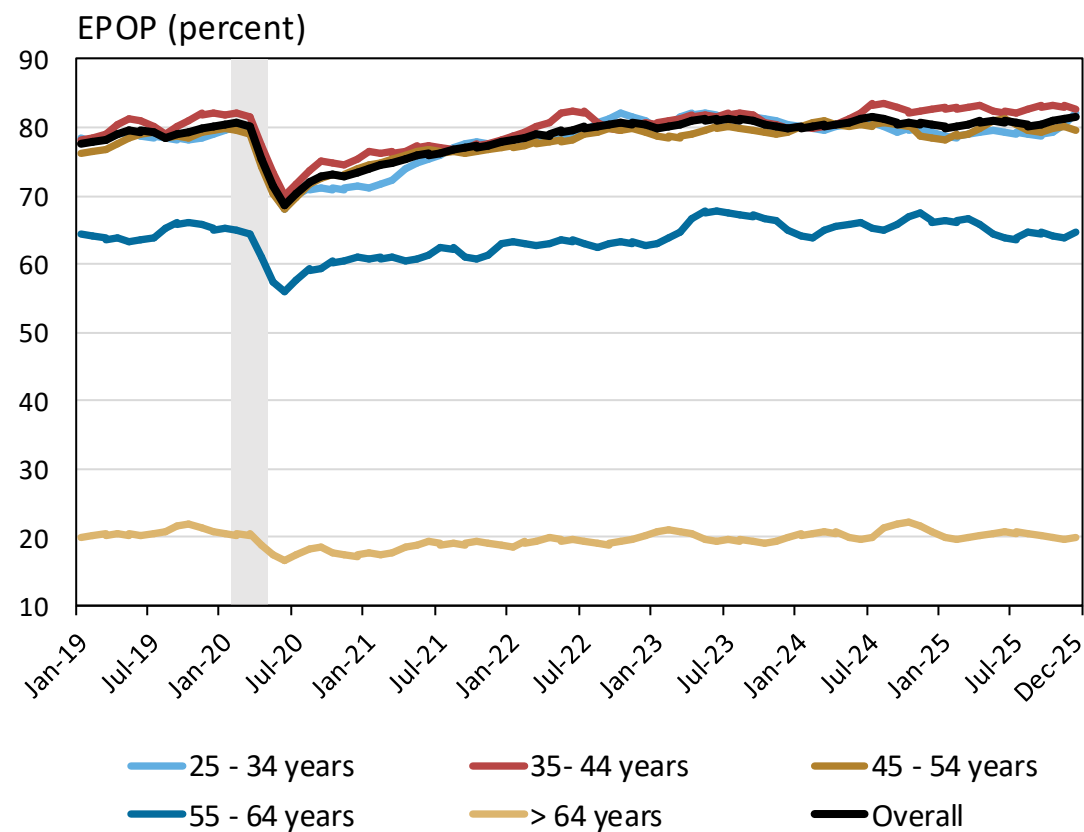College employment gap (percentage points)

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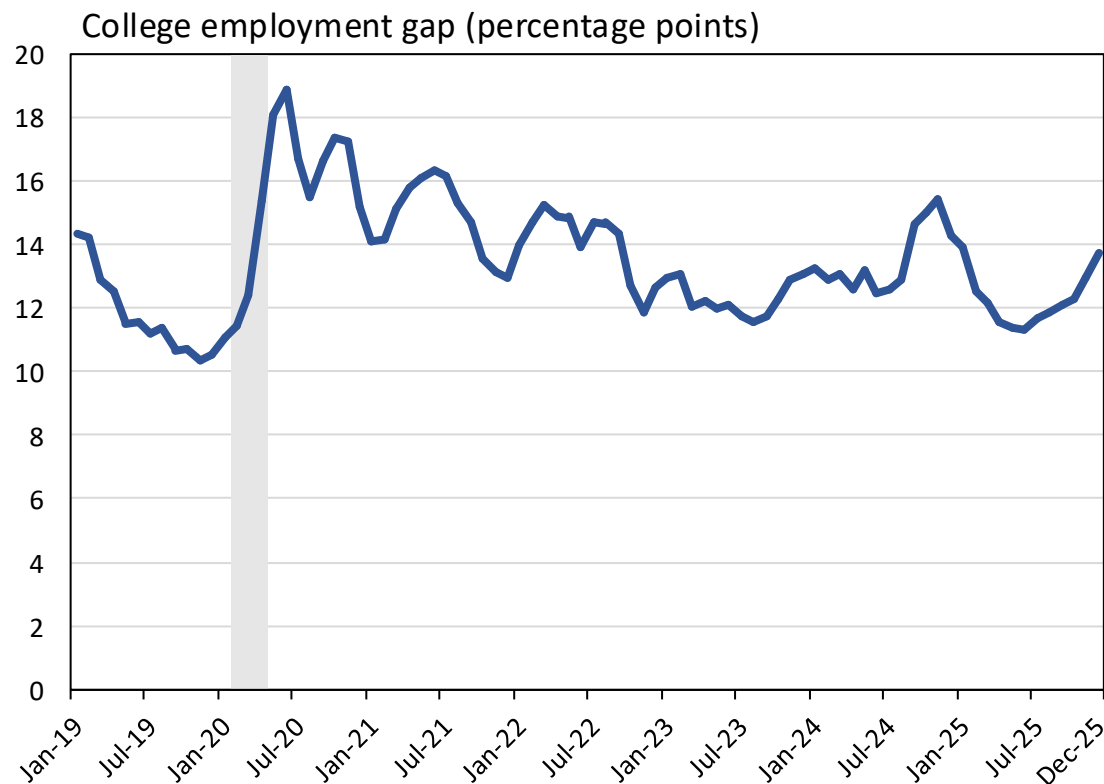
The college gap is the employment of workers with a bachelor's degree minus the employment of workers without one.

# EPOP by Gender
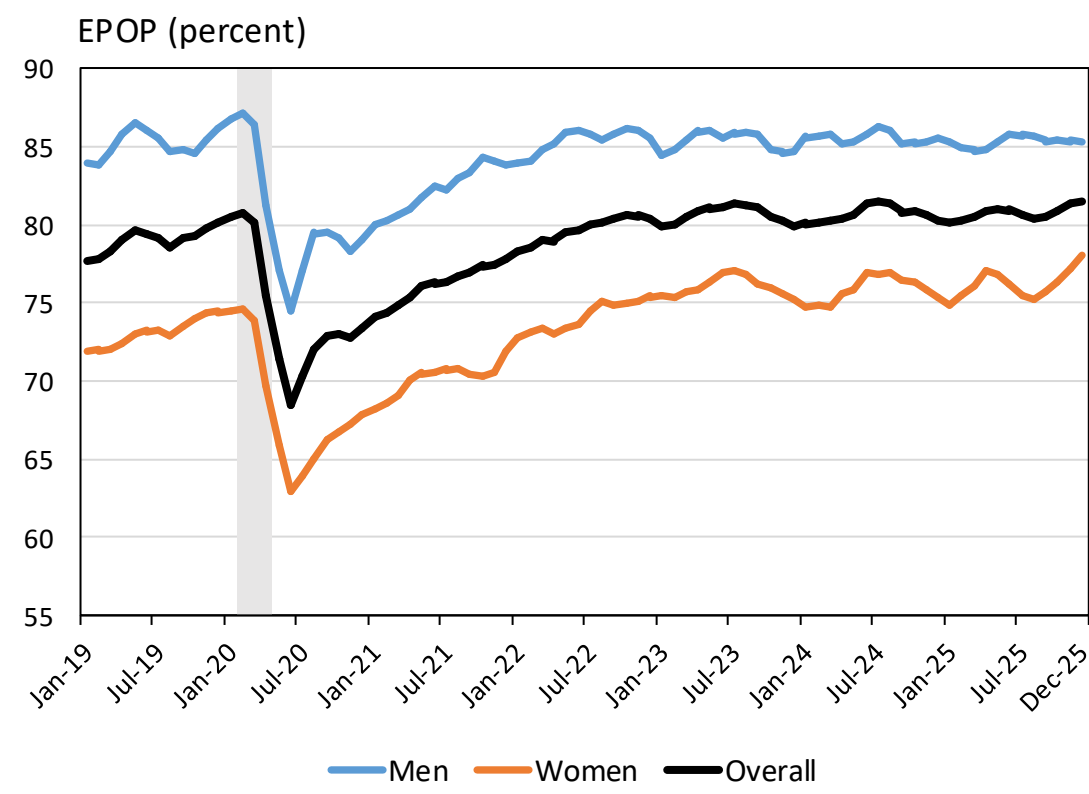


EPOP (percent)

Men — Women — Overall



Gender employment gap (percentage points)

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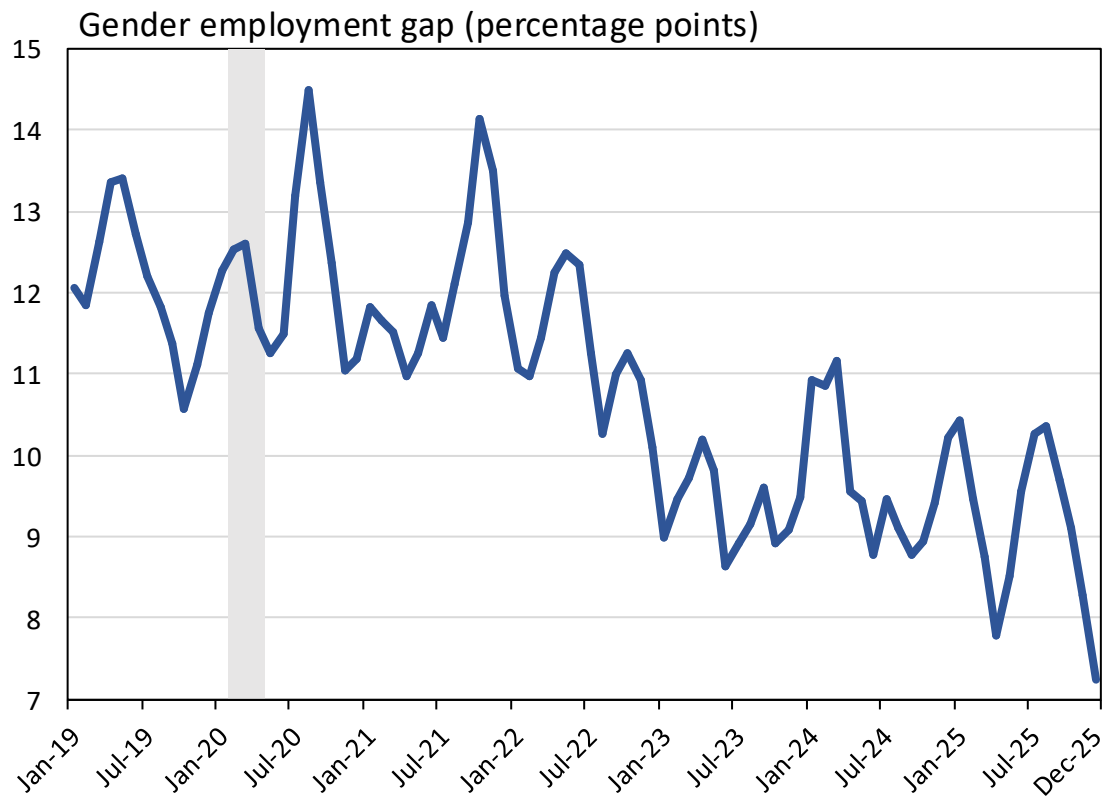
The gender gap is defined as the employment of men minus the employment of women.

## EPOP by Race x Gender



EPOP (percent), women

White (W) — Black (W) — Hispanic (W) — AAPI (W) — Overall (W)

EPOP (percent), men

White (M) — Black (M) — Hispanic (M) — AAPI (M) — Overall (M)

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.

# EPOP Gaps by Race x Gender



EPOP relative to white men (percentage points), women

Legend: White (W), Black (W), Hispanic (W), AAPI (W)



EPOP relative to white men (percentage points), men

Legend: Black (M), Hispanic (M), AAPI (M)

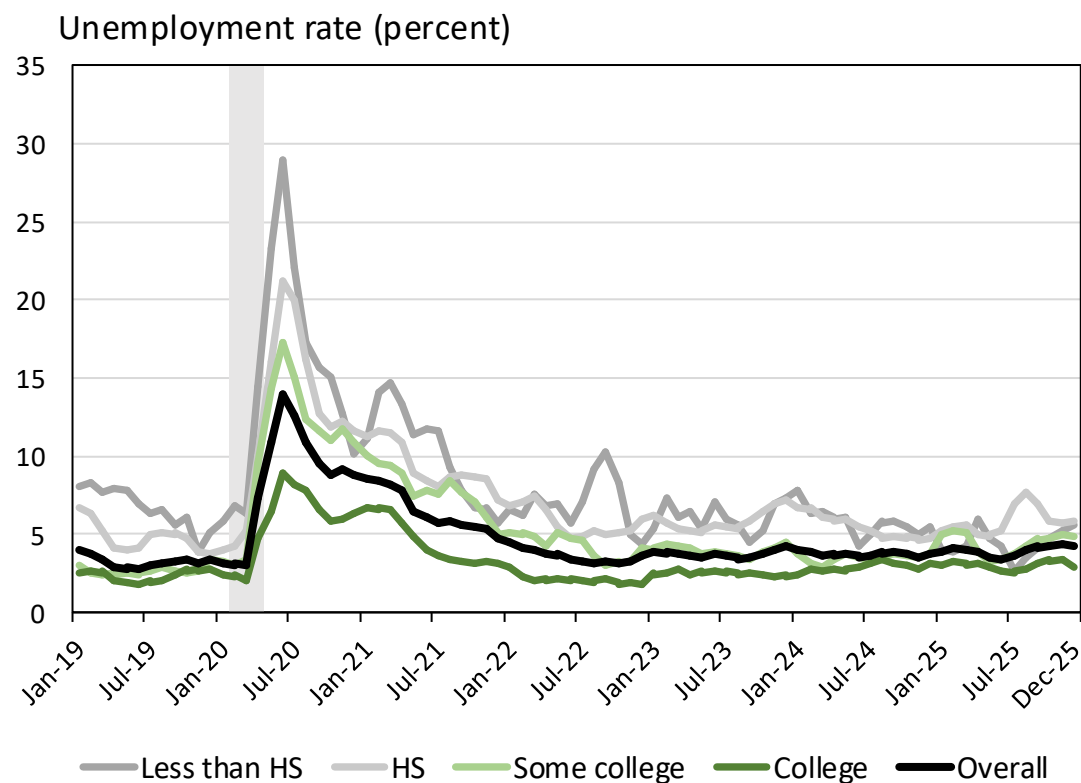Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.

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 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



EPOP (percent)

Legend:
- 25 - 34 years
- 35 - 44 years
- 45 - 54 years
- 55 - 64 years
- > 64 years
- Overall

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.
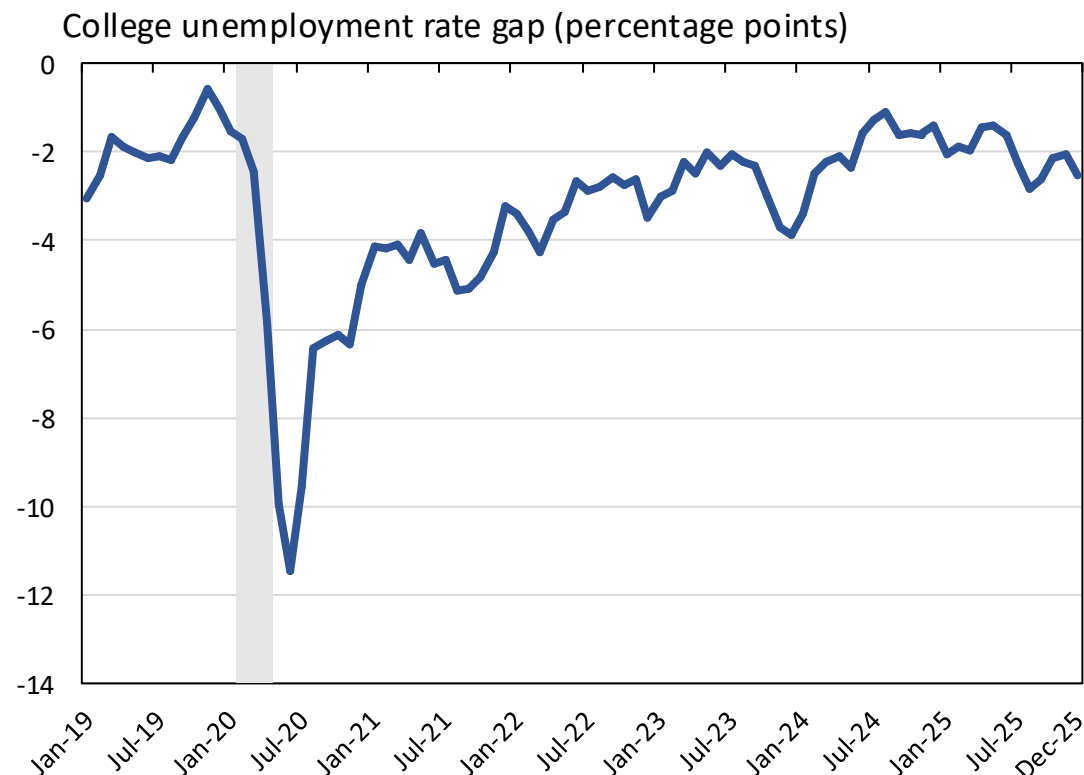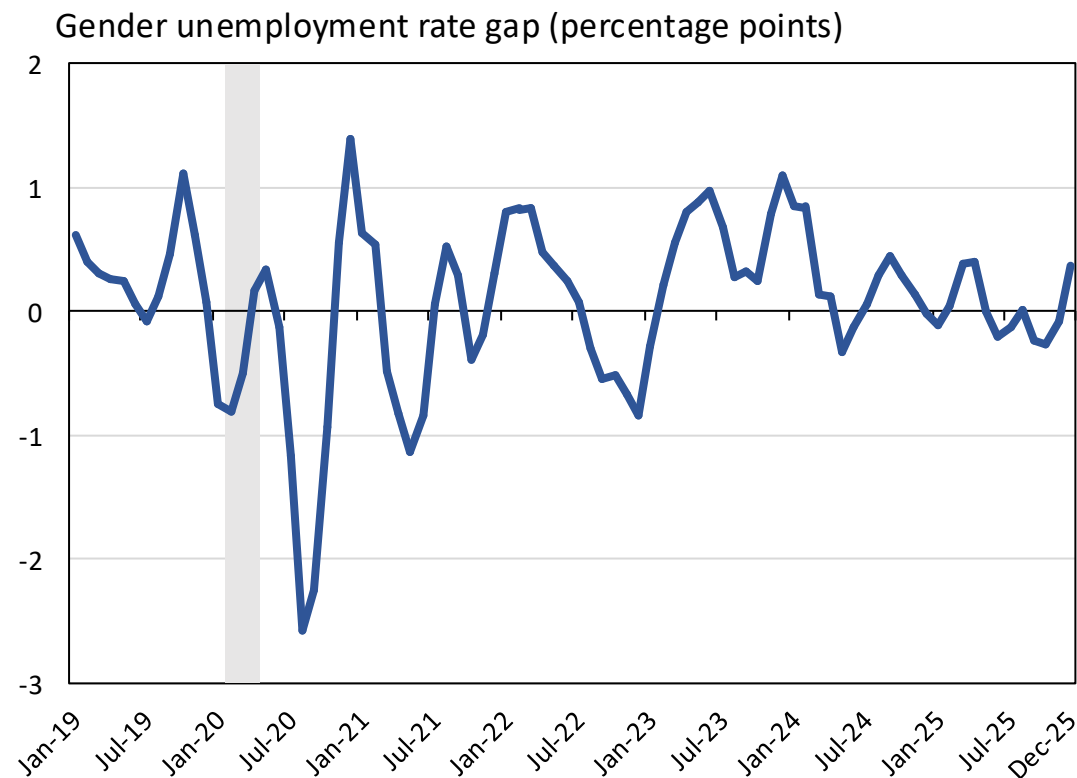
# EMPLOYMENT: UNEMPLOYMENT RATE

**UPDATED THROUGH DECEMBER 2025 | REGIONAL**

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
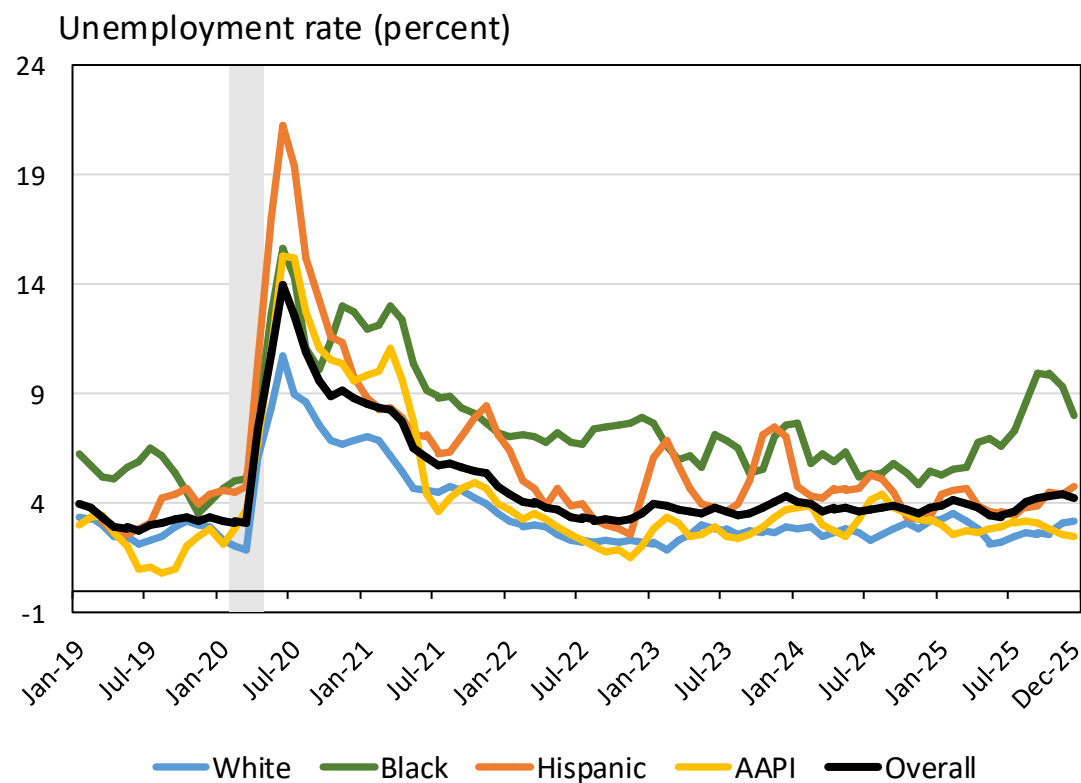


Unemployment rate (percent)

White   Black   Hispanic   AAPI   Overall

Unemployment rate gap (percentage points)
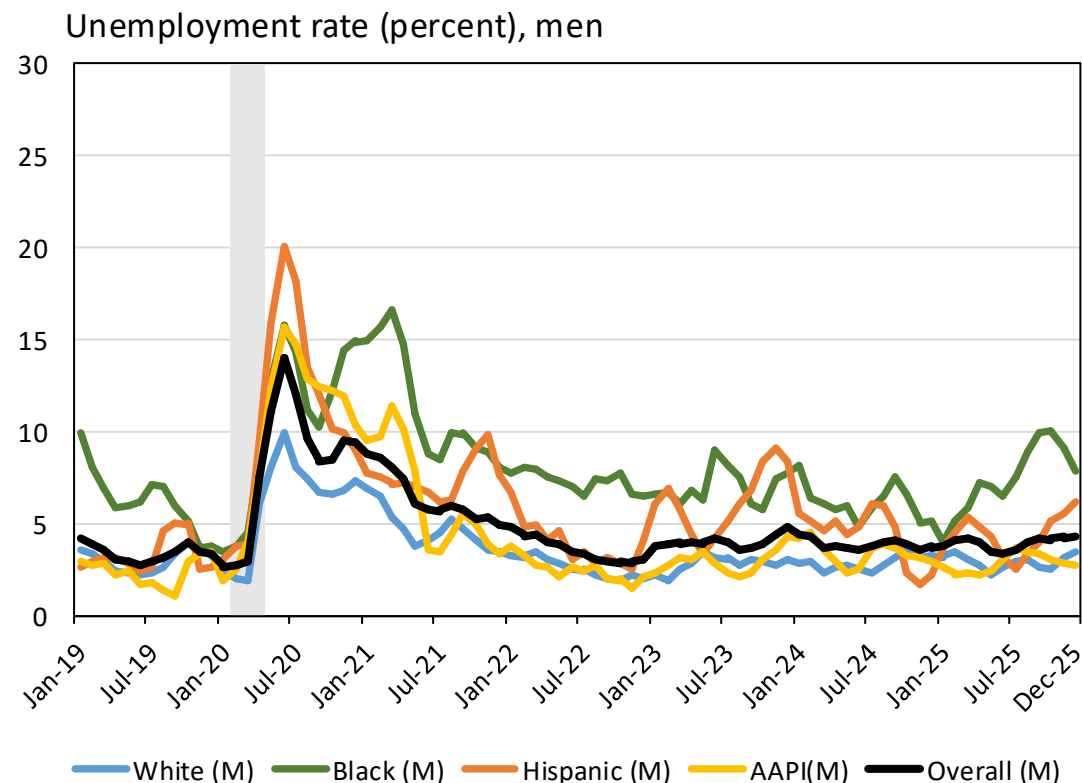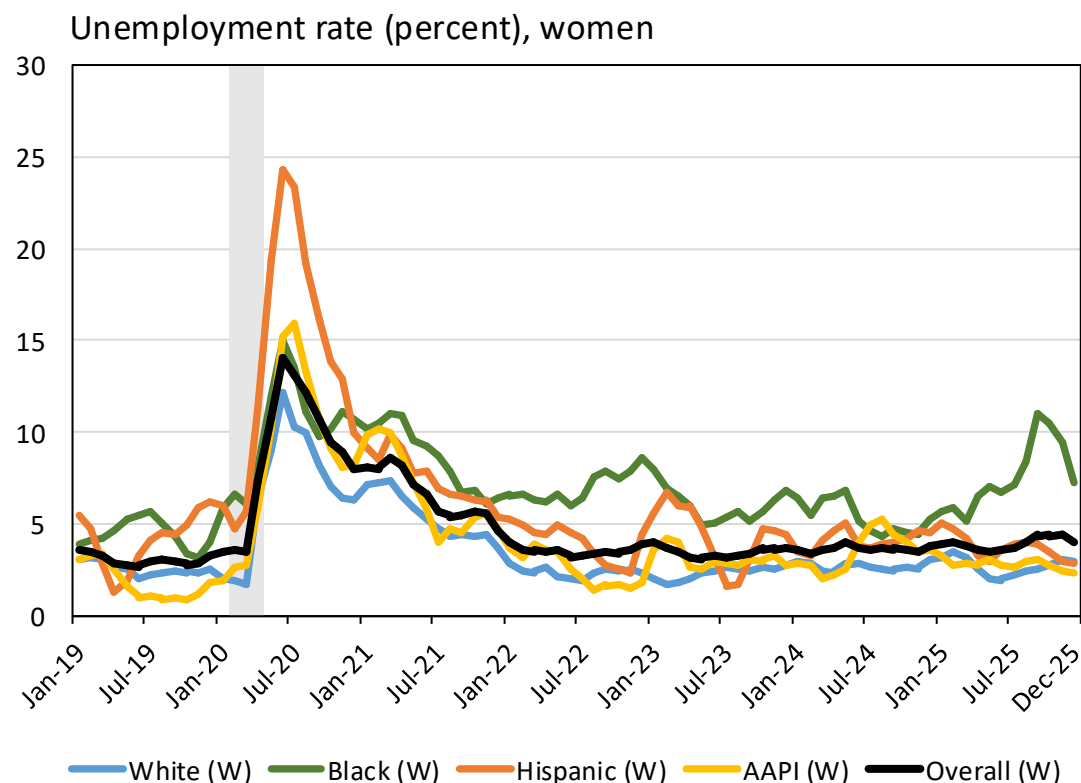
Black gap   Hispanic gap   AAPI gap
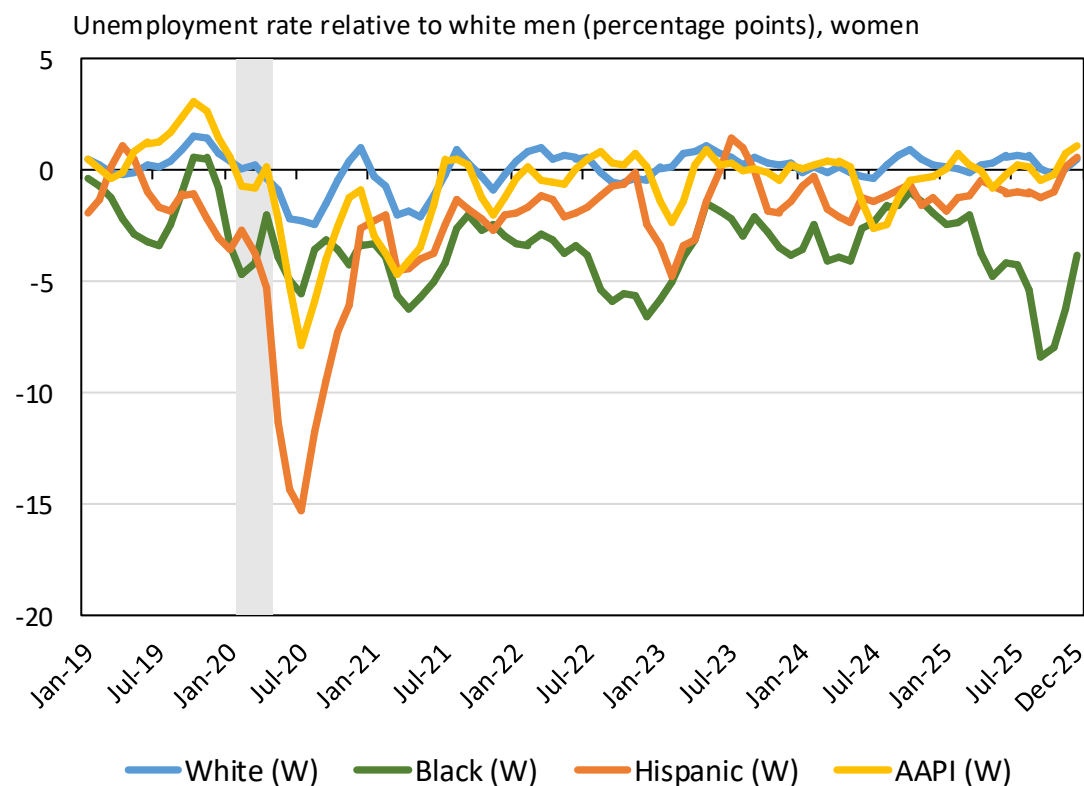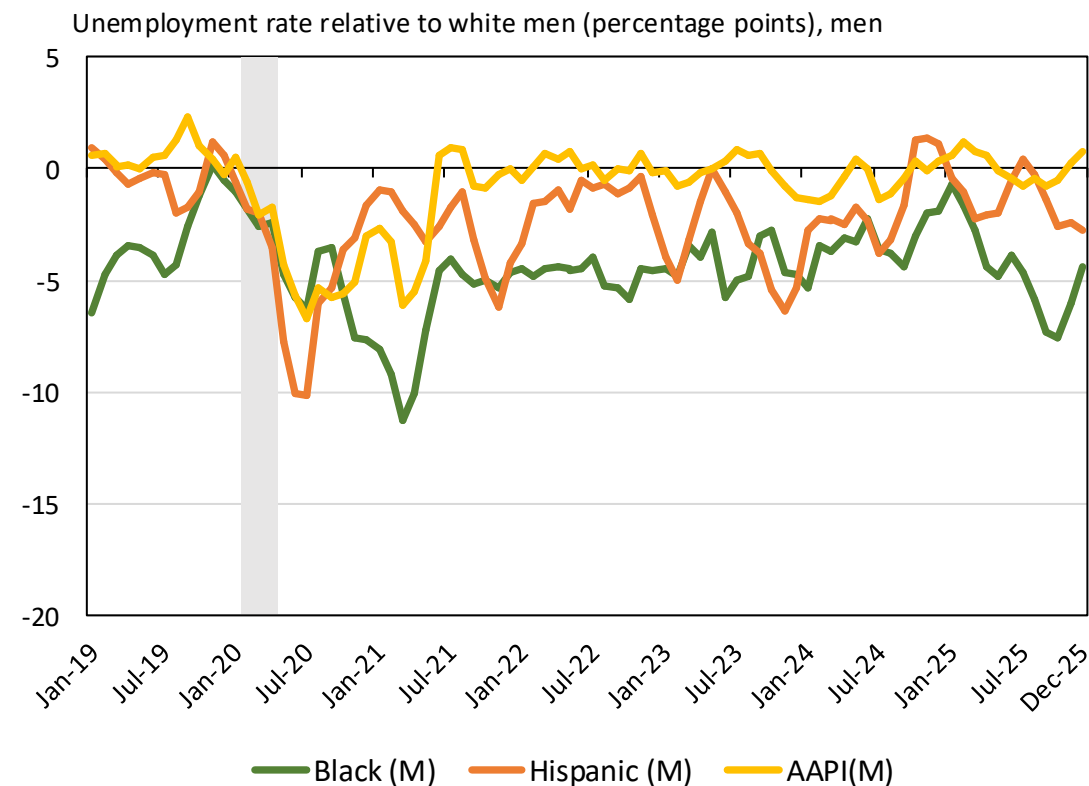
Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations, three-month moving averages.
Notes: Restricted to prime-age individuals (25-54). Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.
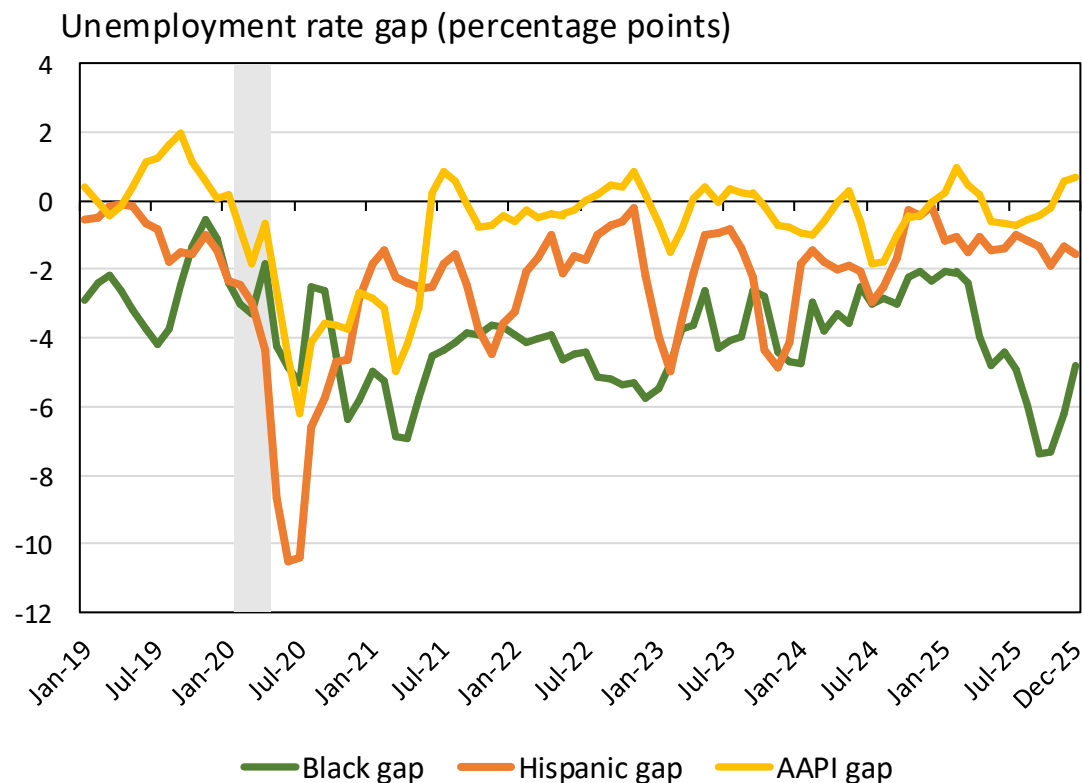
The racial gaps are defined as the unemployment rate of white workers minus the unemployment rate of the given race or ethnicity.

## Unemployment Rate by Education



Unemployment rate (percent)

College unemployment rate gap (percentage points)

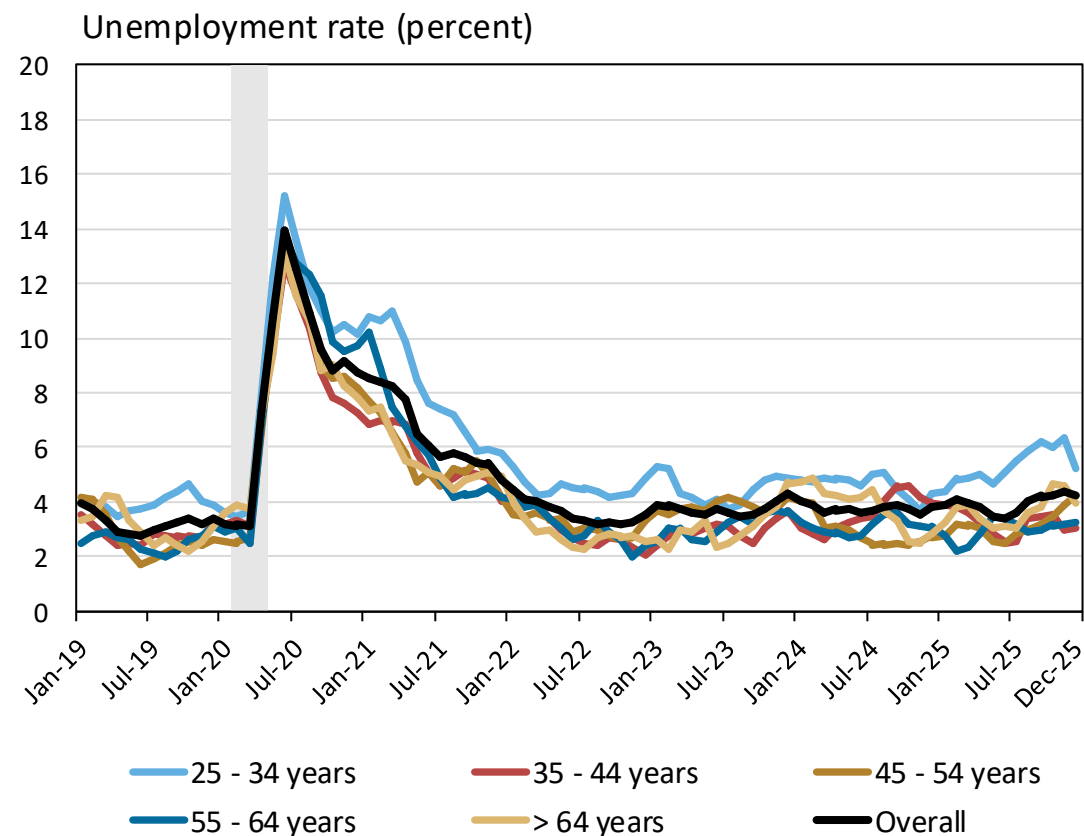Legend: Less than HS — HS — Some college — College — Overall

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 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
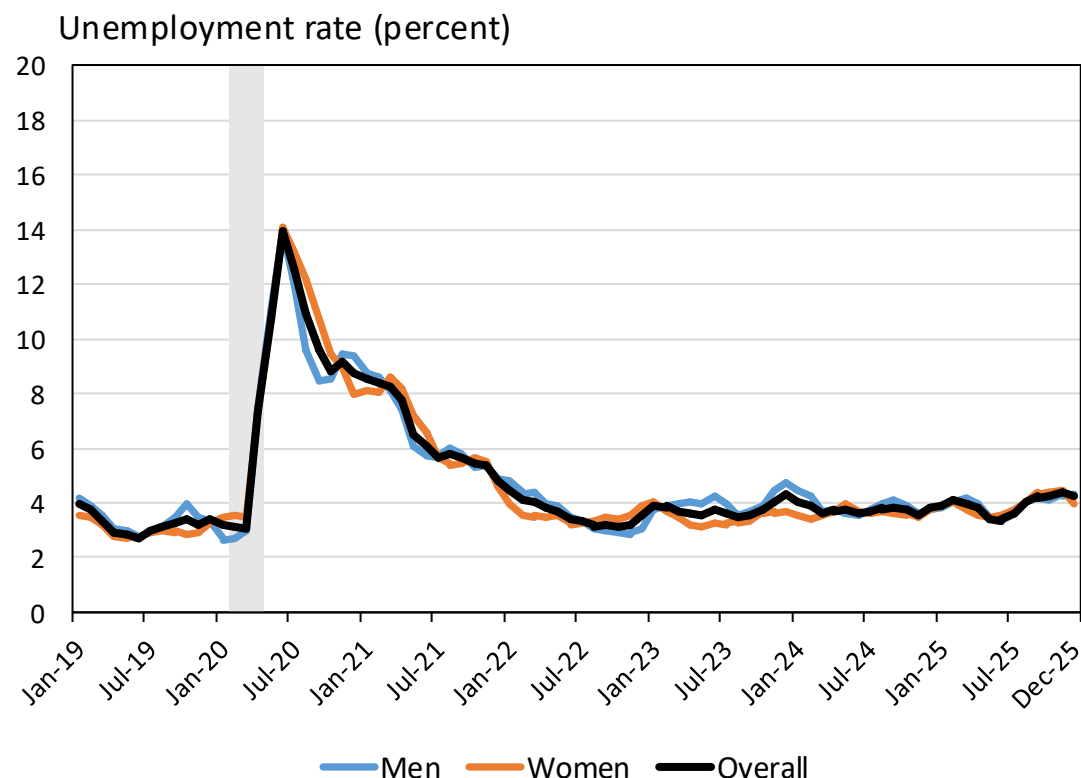


Unemployment rate (percent)



Gender unemployment rate gap (percentage points)

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

# Unemployment Rate by Race x Gender



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.

# Unemployment Rate Gaps by Race x Gender



Unemployment rate relative to white men (percentage points), women

White (W) — Black (W) — Hispanic (W) — AAPI (W)

Unemployment rate relative to white men (percentage points), men

Black (M) — Hispanic (M) — AAPI(M)

Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations, three-month moving averages.
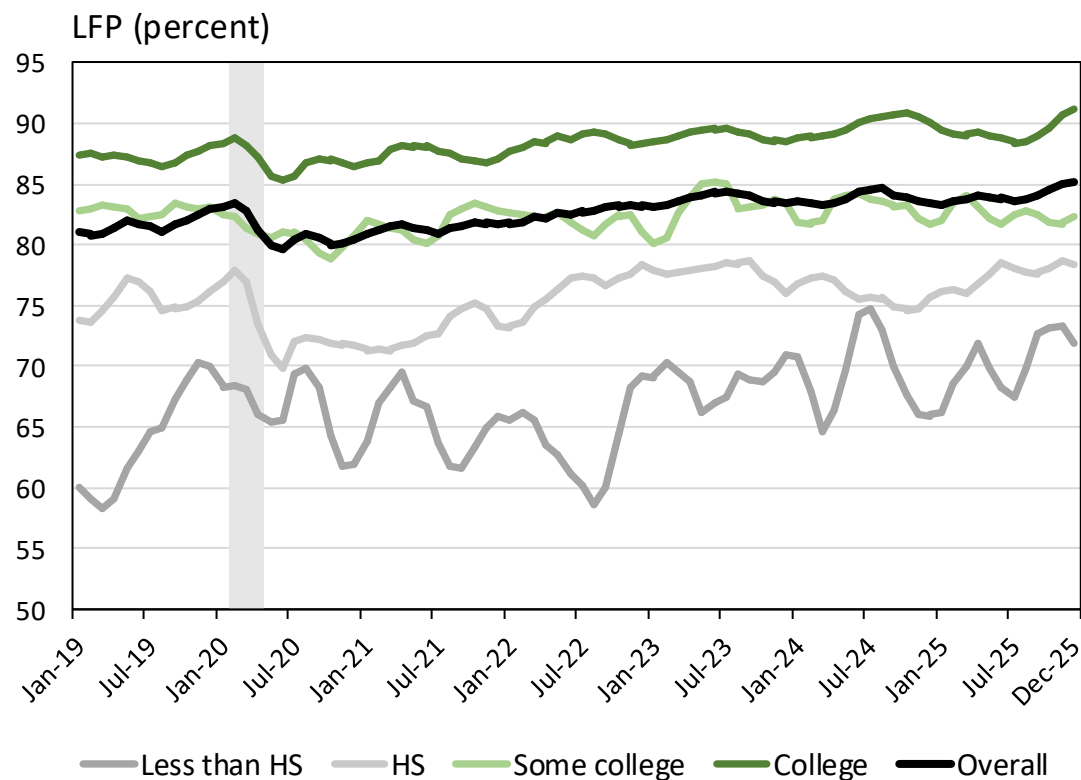Notes: Restricted to prime-age individuals (25-54). Shaded region indicates the COVID-19 recession. Includes all counties belonging to the Federal Reserve Second District excluding Puerto Rico, the U.S. Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.

The 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



Unemployment rate (percent)

Legend: 25 - 34 years · 35 - 44 years · 45 - 54 years · 55 - 64 years · > 64 years · Overall

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.
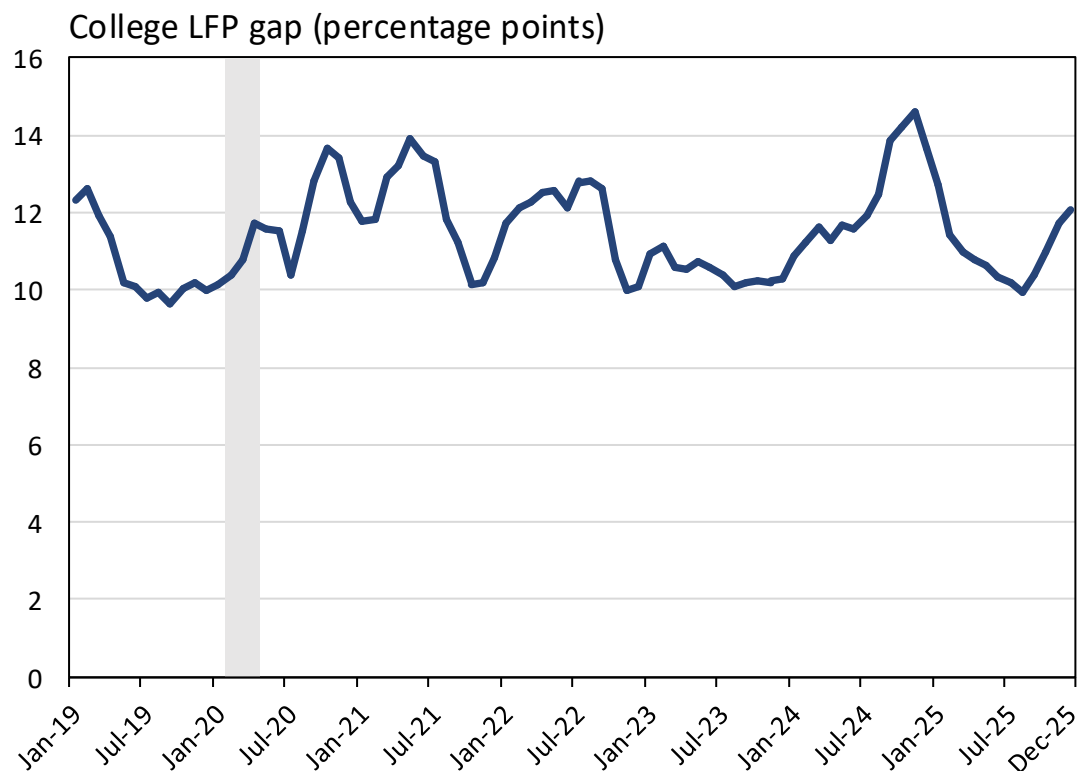
# EMPLOYMENT: LABOR FORCE PARTICIPATION

**UPDATED THROUGH DECEMBER 2025 | REGIONAL**

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

# 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
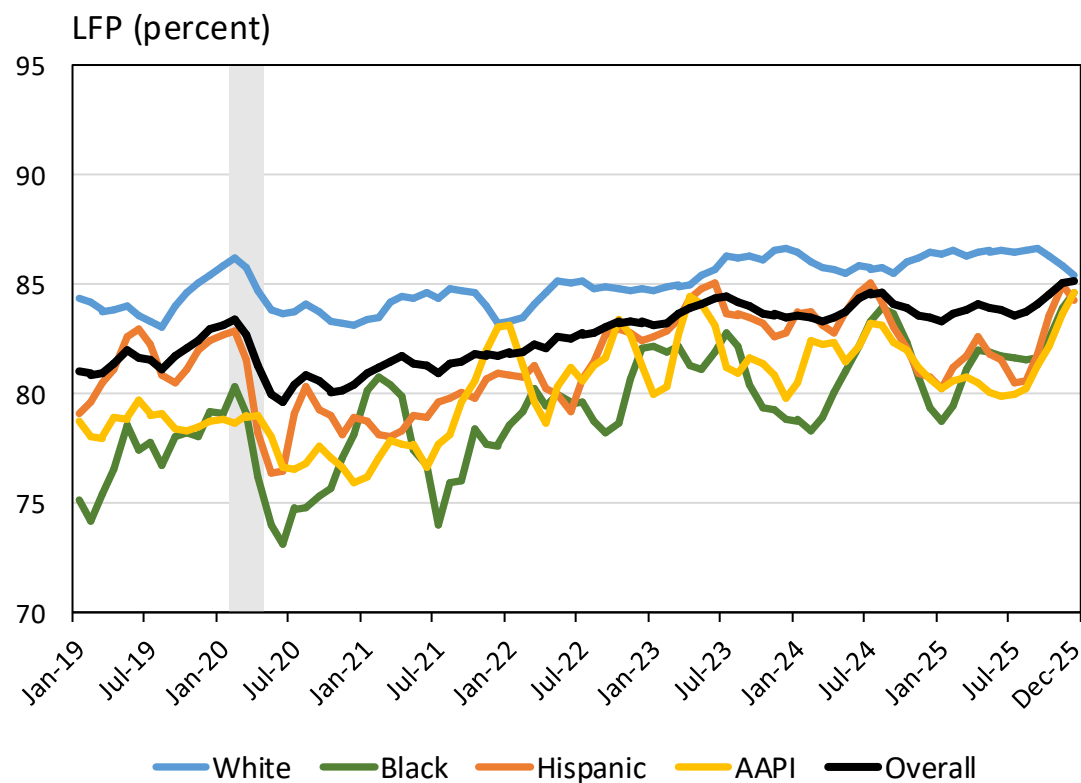


LFP (percent)

White    Black    Hispanic    AAPI    Overall



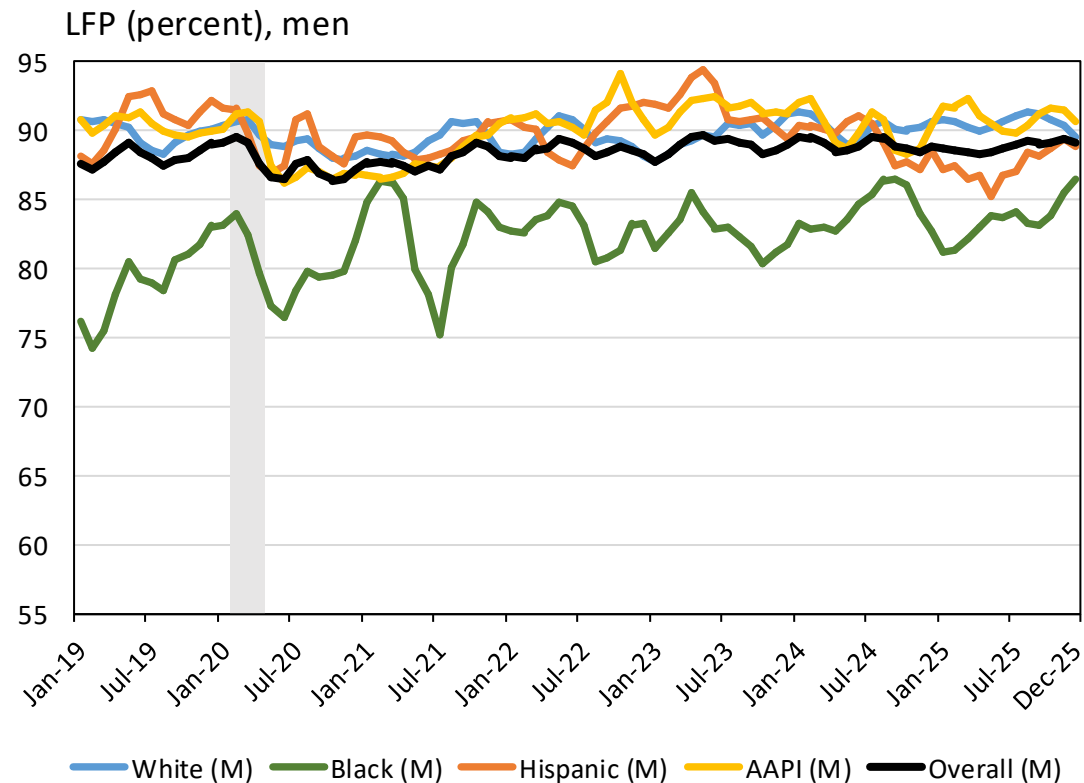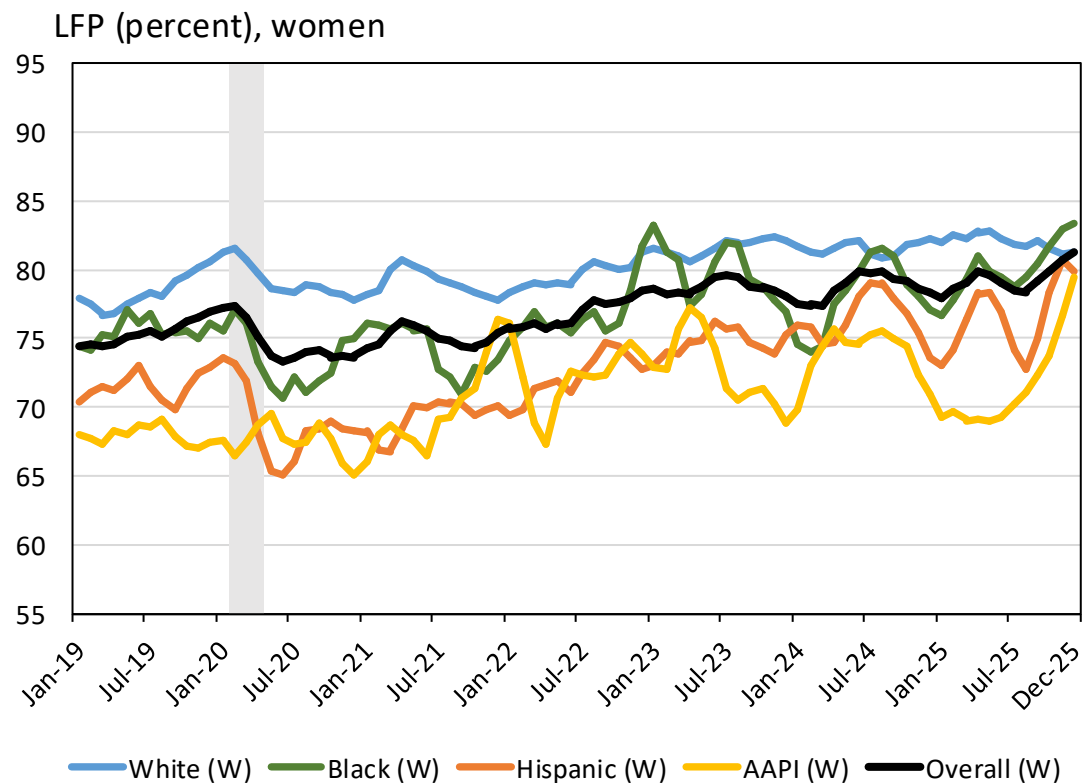LFP gap (percentage points)

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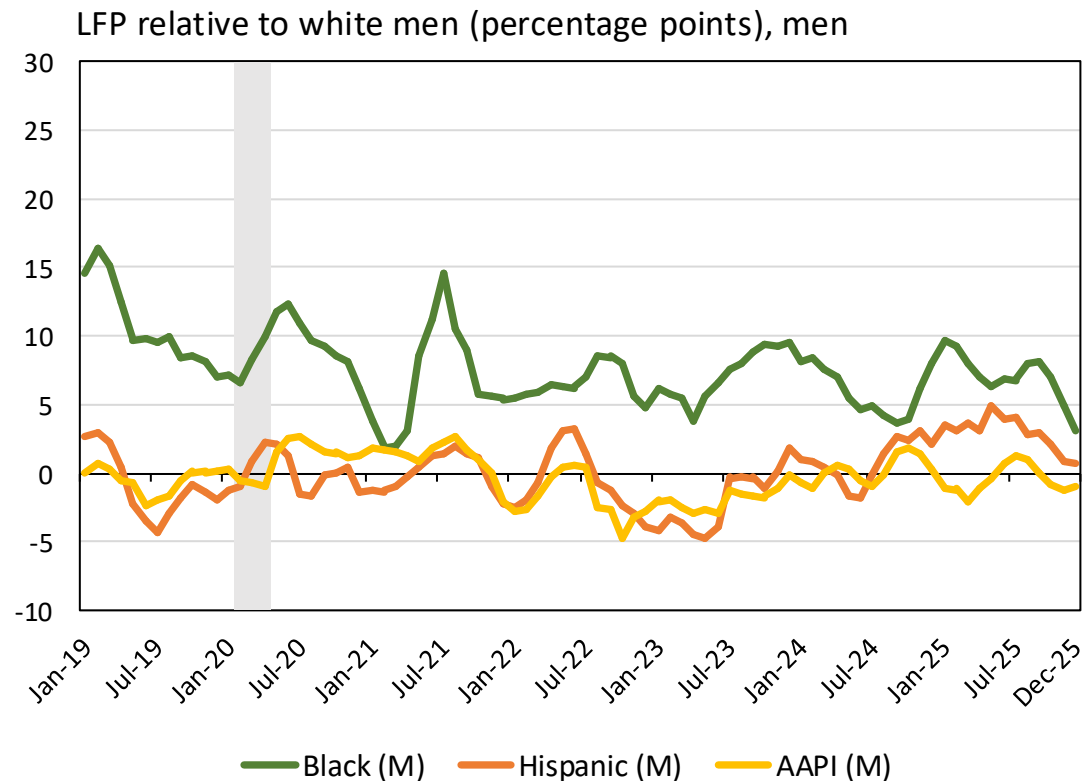
Sources: U.S. Census Bureau/BLS - Current Population Survey microdata; authors' calculations; three-month moving averages.

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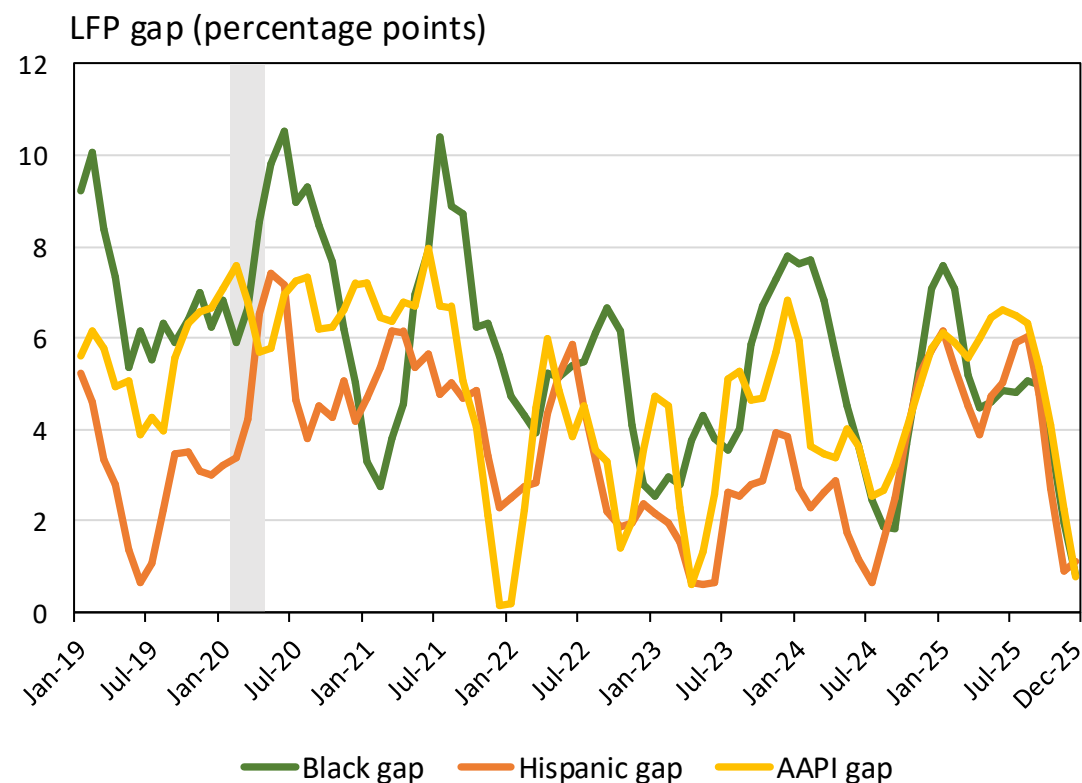
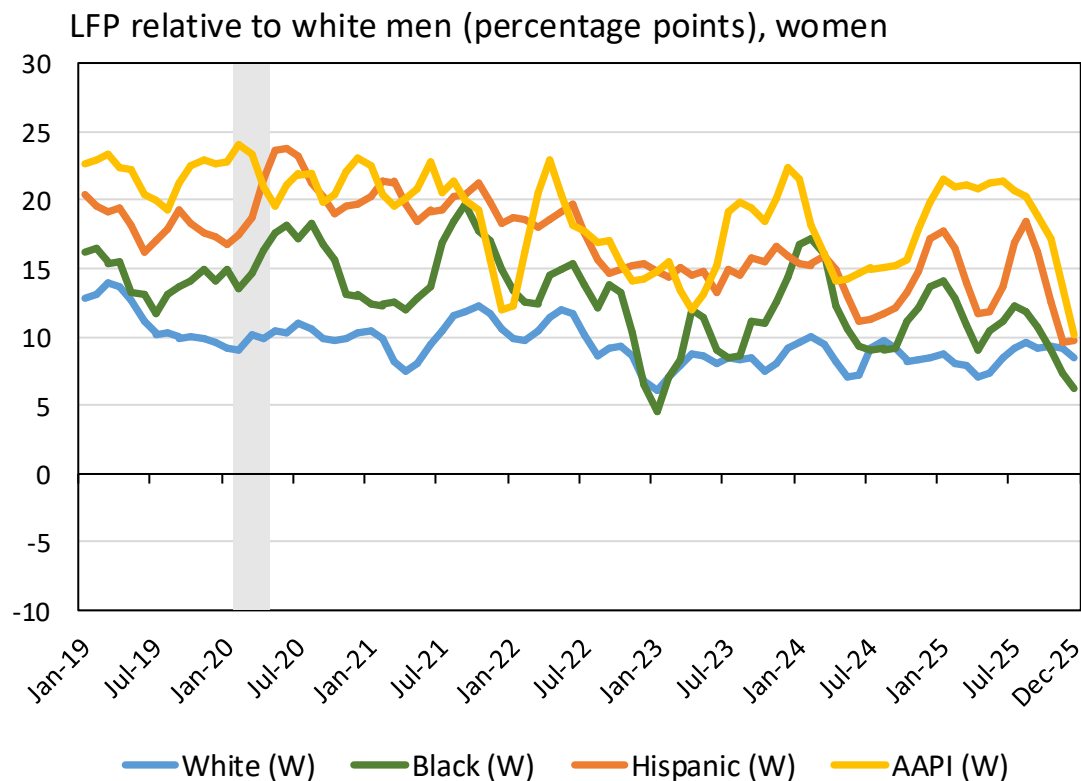The racial gaps are defined as the LFP of white workers minus the LFP of the given race or ethnicity.

## Labor Force Participation by Education

LFP (percent)



Legend: Less than HS — HS — Some college — College — Overall
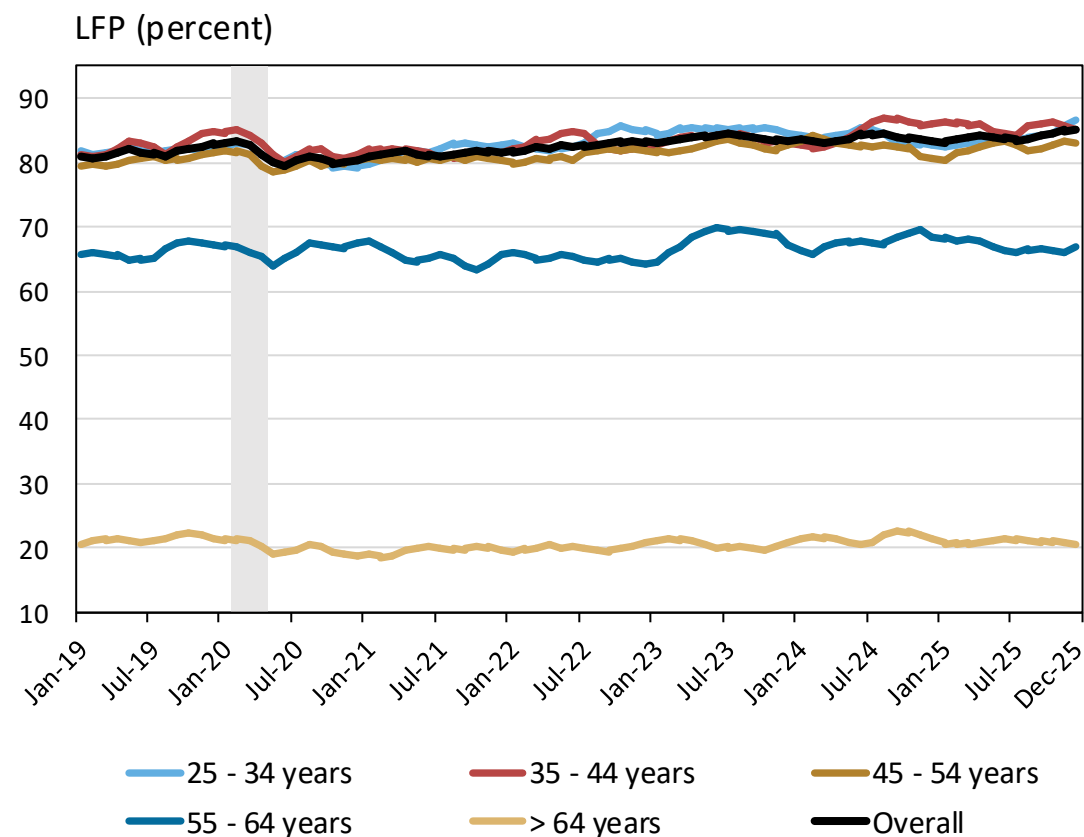
College LFP gap (percentage points)



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 US Virgin Islands, Warren County, NJ, and Fairfield County, CT, and additionally including Ocean County, NJ.

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

## Labor Force Participation by Gender
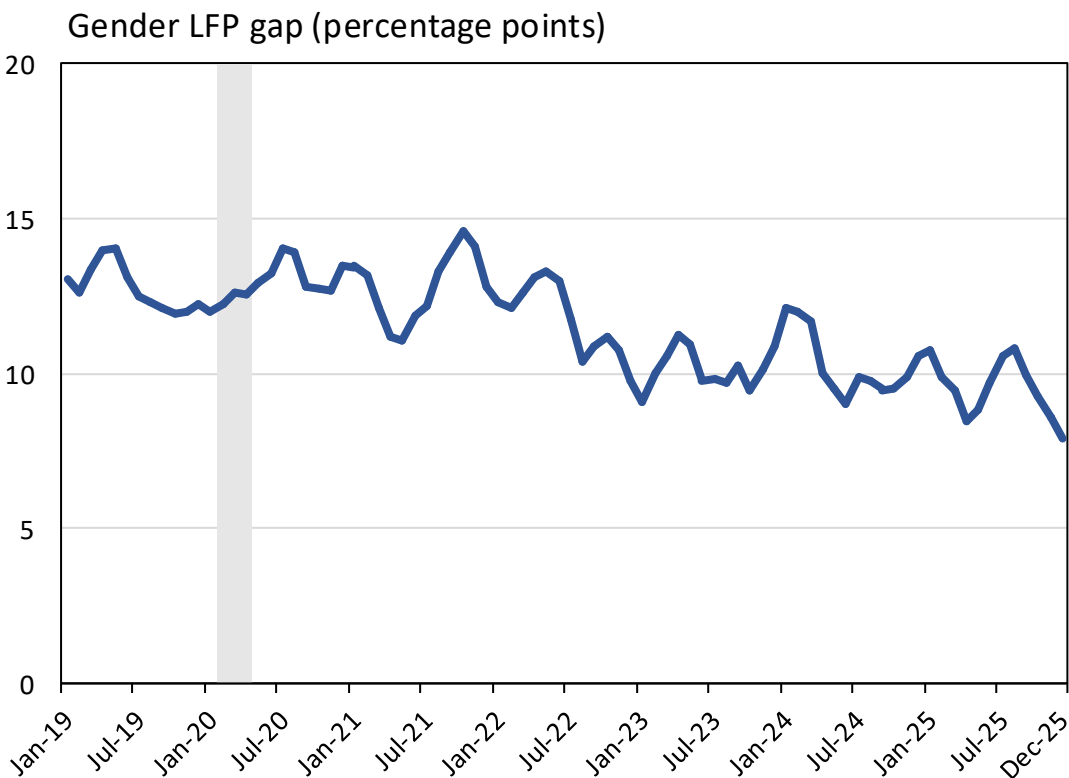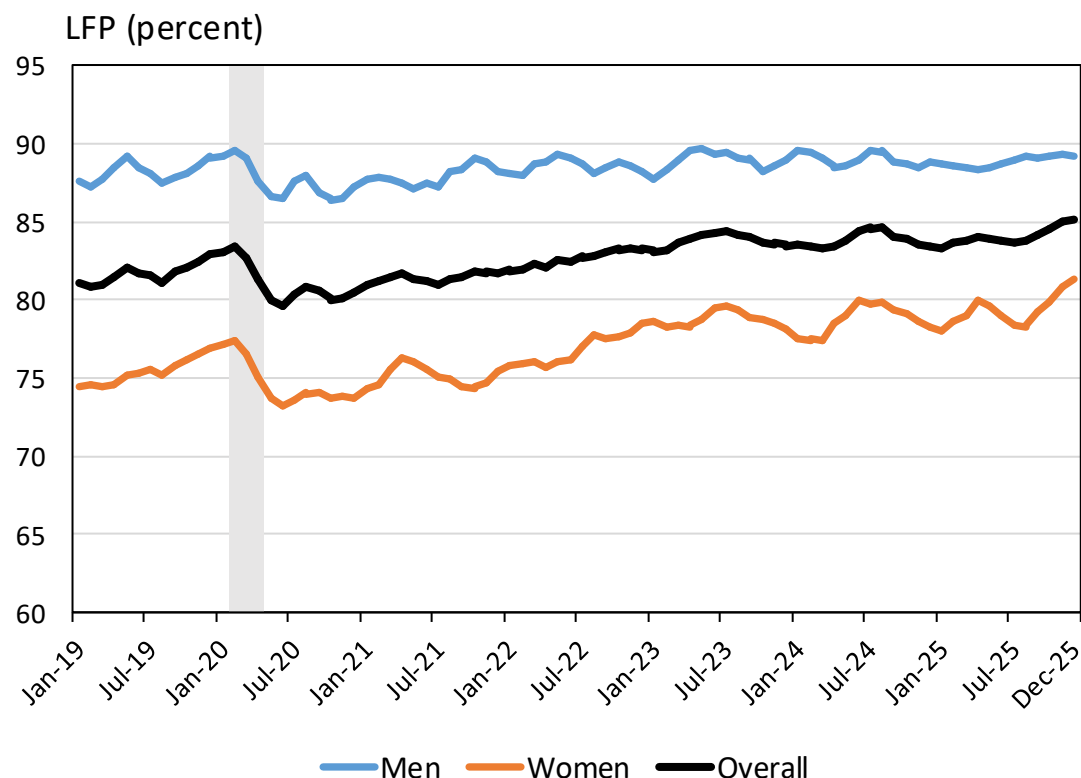


LFP (percent)

Men — Women — Overall

Gender LFP gap (percentage points)

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 gender gap is defined as the LFP of men minus the LFP of women.

## Labor Force Participation by Race x Gender



LFP (percent), women

White (W) — Black (W) — Hispanic (W) — AAPI (W) — Overall (W)

LFP (percent), men

White (M) — Black (M) — Hispanic (M) — AAPI (M) — Overall (M)

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.

## Labor Force Participation Gaps by Race x Gender



LFP relative to white men (percentage points), women

Legend: White (W), Black (W), Hispanic (W), AAPI (W)

LFP relative to white men (percentage points), men

Legend: Black (M), Hispanic (M), AAPI (M)

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

## Labor Force Participation by Age



LFP (percent)

Legend:
- 25 - 34 years
- 35 - 44 years
- 45 - 54 years
- 55 - 64 years
- > 64 years
- Overall

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.

# SMALL BUSINESS

UPDATED FROM 2025 RELEASE OF 2024 SURVEY | REGIONAL

Asani Sarkar

# Takeaways | Small Business

- Small businesses in the region, especially those with fewer than 10 employees, performed worse than national firms during the COVID-19 pandemic and have continued to struggle since then. In December 2020, the net share of firms in the region reporting losses was more than twice as high as the national share, and profitable firms did not outnumber unprofitable firms again until 2022. In December 2023, the net share of firms in the region reporting profits was only 6%, below the national share of 11%.

- Revenue growth of firms in the region fell more relative to national firms during the pandemic and has yet to recover. More regional firms reported lower than higher revenues in every year since 2020, with those having 9 or fewer employees struggling the most. In 2024, a higher share of firms in the region reported weak sales. Larger shares of firms in the region expected revenues to decline in 2025 than in 2024.

- In spite of declining inflation, regional firms with 9 or fewer employees reported higher input and wage costs as a financial challenge in 2024.

- Firms in the region have struggled to generate employment since the pandemic as more firms reported negative than positive employment growth in every year since 2020, except for 2023. Firms with less than 10 employees have had the least employment growth, and a higher share of these firms downsized and had hiring difficulties in 2024 than in 2023. The share of large firms expecting to generate employment in 2025 declined.

- Contrary to national trends, debt per employee increased in 2024 for all firms. Among firms with less than 10 employees, lower shares received less than the full amount that they applied for than in 2023. The fraction of firms that did not apply on the grounds that they did not need funds also declined.

- In the region, more firms of all sizes reported difficulties with utilizing technology while, mirroring national trends, the share of firms reporting supply chain issues continued to decline.

# Data & Methods

- Outcomes are reported from the Small Business Credit Survey (SBCS), a national survey of firms with fewer than 500 employees administered by the twelve Federal Reserve Banks annually between September and November of each year.

- The "region" refers to the entire states of New York, New Jersey, and Connecticut for this analysis.

- Profitability questions refer to profit levels for year-end before the survey year, which is reflected in the profitability charts. For example, the 2024 survey responses refer to profit levels at the end of 2023. All other questions refer to the twelve months preceding the survey.

- Survey respondents provide a range for their debt levels. We take the mid-point of this range as the respondent's debt level.

- The core survey questions remain consistent from year to year, covering firm demographics, performance, and financing. The questionnaire follows a "branching process," in which firms are directed to complete different modules based on previous answers.

- This analysis focuses on the subsample of "employer" firms, which have at least one part-time employee on payroll, in addition to the business owner.

# Data & Methods (continued)

- Because the sample includes a non-random set of firms contacted directly by community organizations, the survey responses are weighted by industry, location, and demographics so that the adjusted sample distribution of firms mirrors the U.S. population of small firms.

## Profitability, End of Year
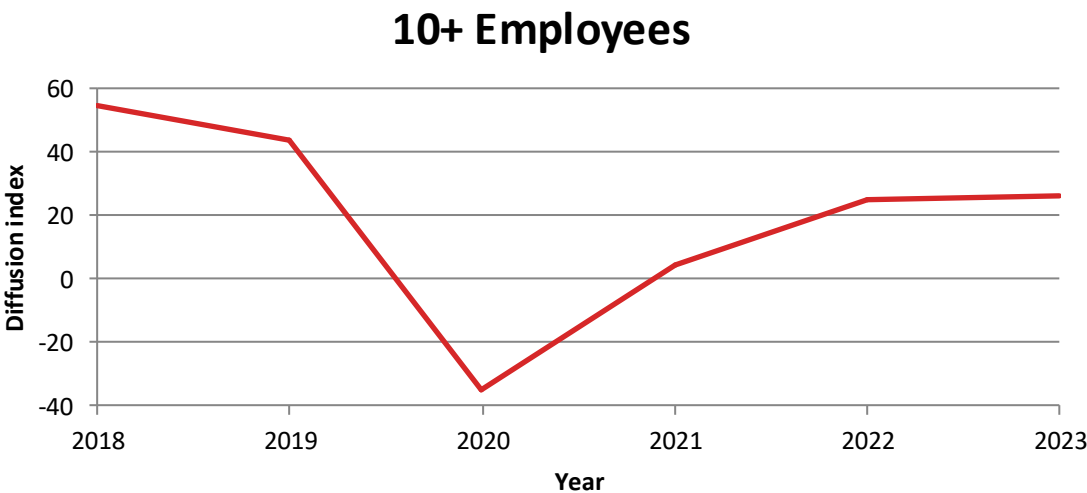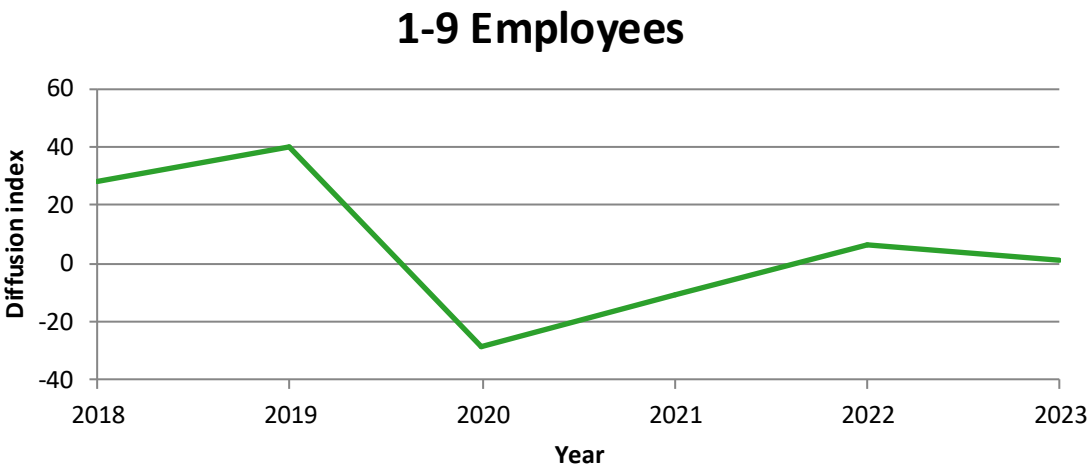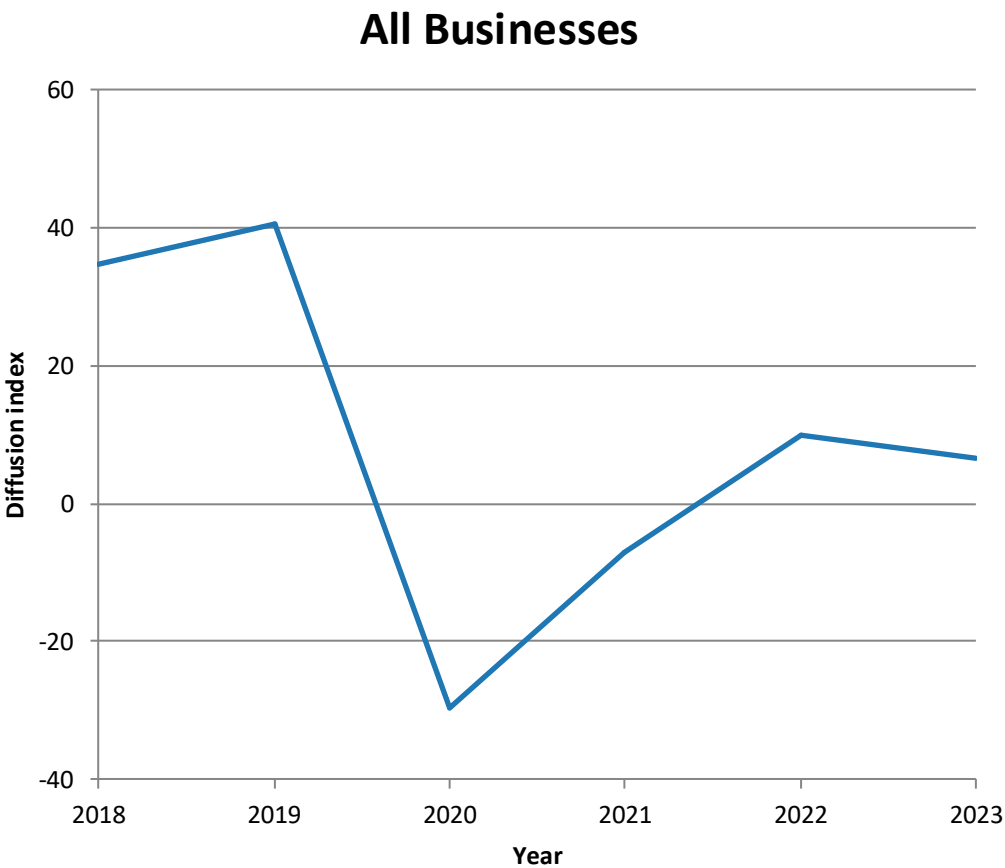
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

Notes: The chart plots the diffusion index (% At a profit - % At a loss) of responses to the question: "At the end of [this] year, was your business operating at a profit, break-even, or loss?"

Total number of respondents by year: 2018, 336; 2019, 1156; 2020, 1680; 2021, 1058; 2022, 592; 2023, 805.

Number of respondents with 1-9 employees by year: 2018, 218; 2019, 845; 2020, 1177; 2021, 737; 2022, 409; 2023, 541.
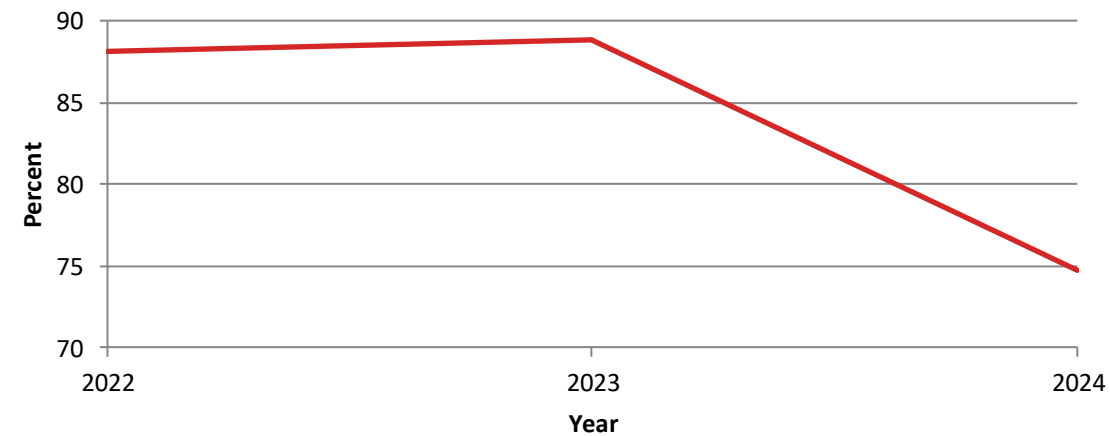
## Revenue, Past 12 Months
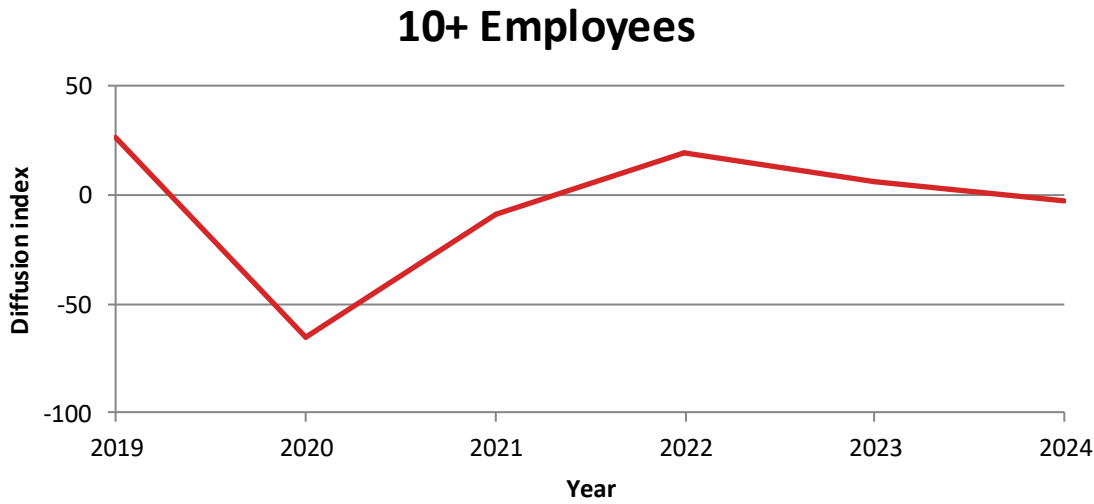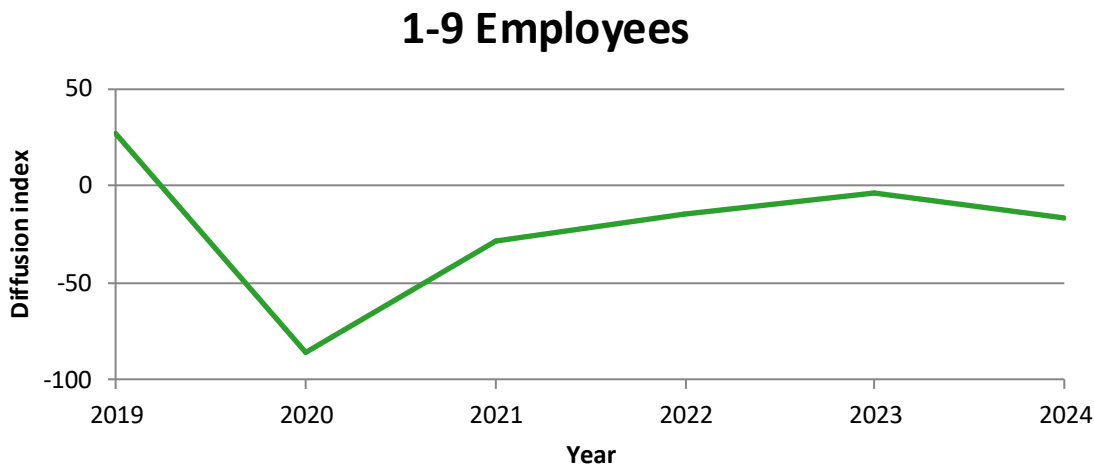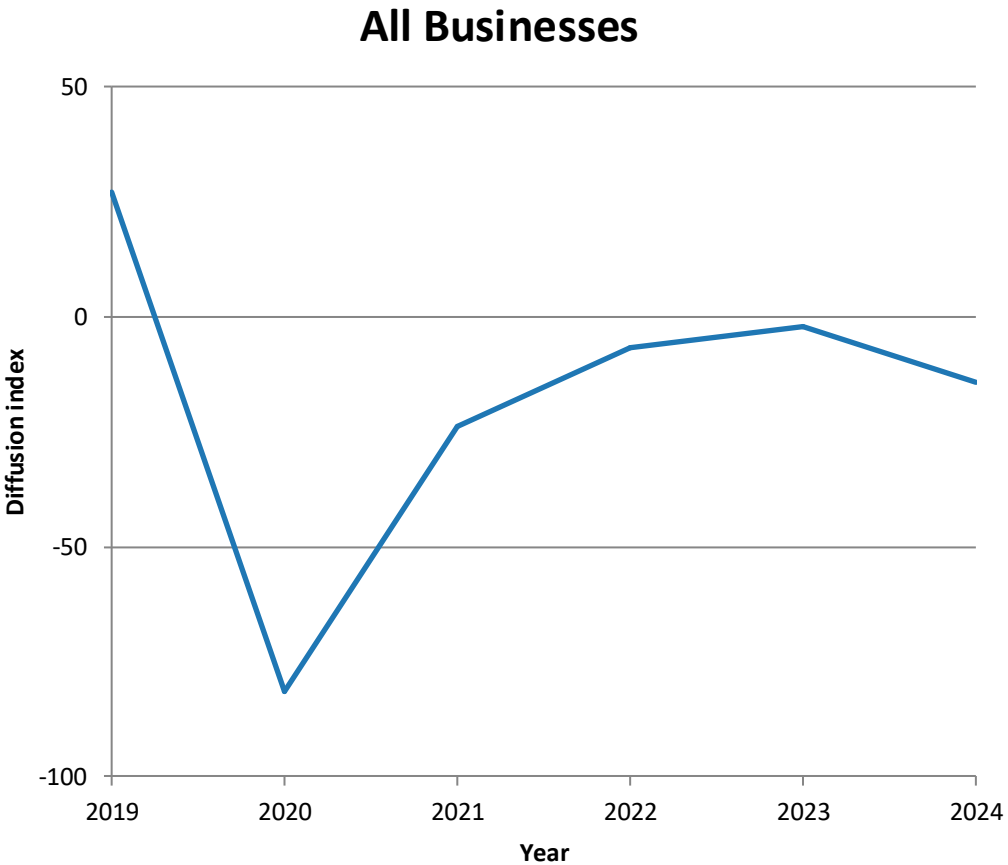


### All Businesses

### 1-9 Employees

### 10+ Employees

Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your revenue change over the past 12 months?"

Total number of respondents by year: 2019, 336; 2020, 1213; 2021, 1745; 2022, 1074; 2023, 594; 2024, 81.

Number of respondents with 1-9 employees by year: 2019, 222; 2020, 895; 2021, 1231; 2022, 756; 2023, 412; 2024, 556.
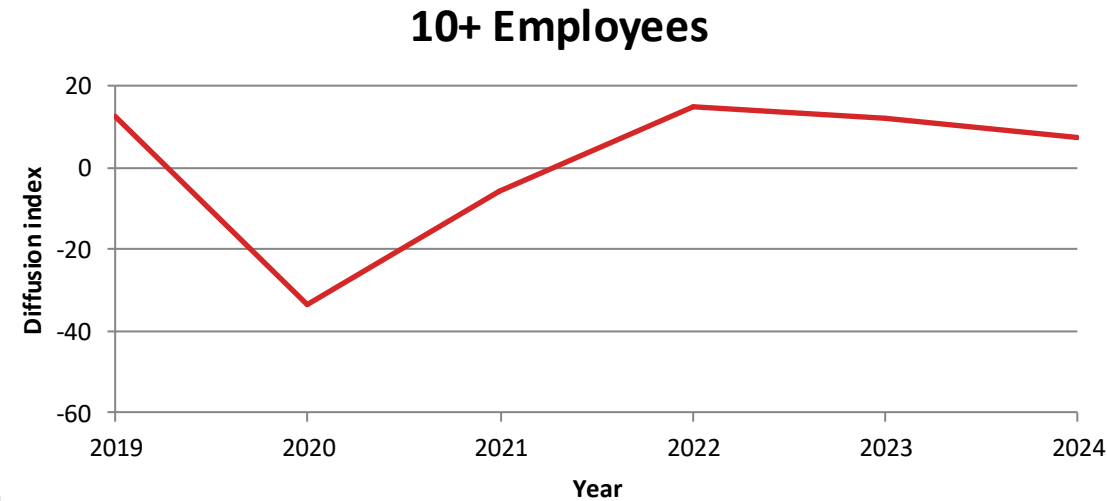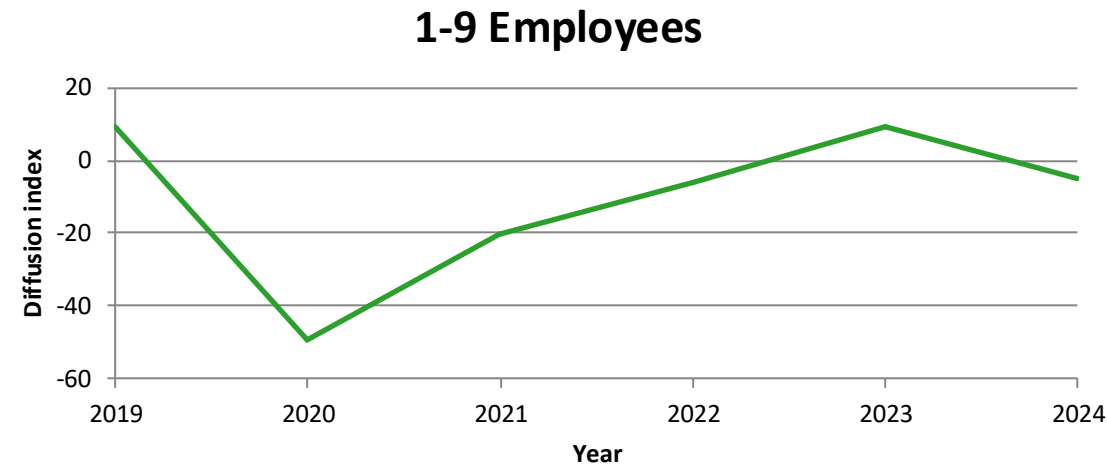
## Revenue, Next 12 Months
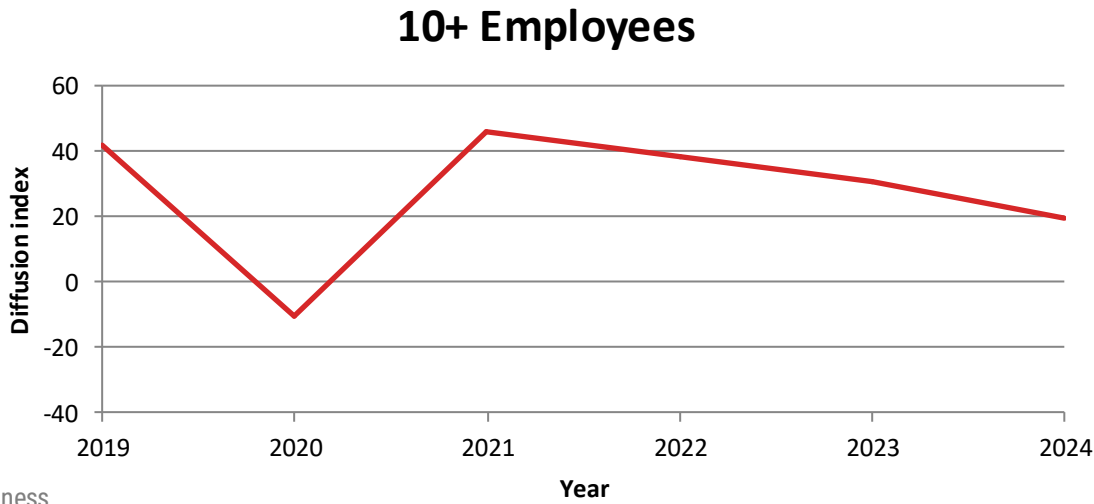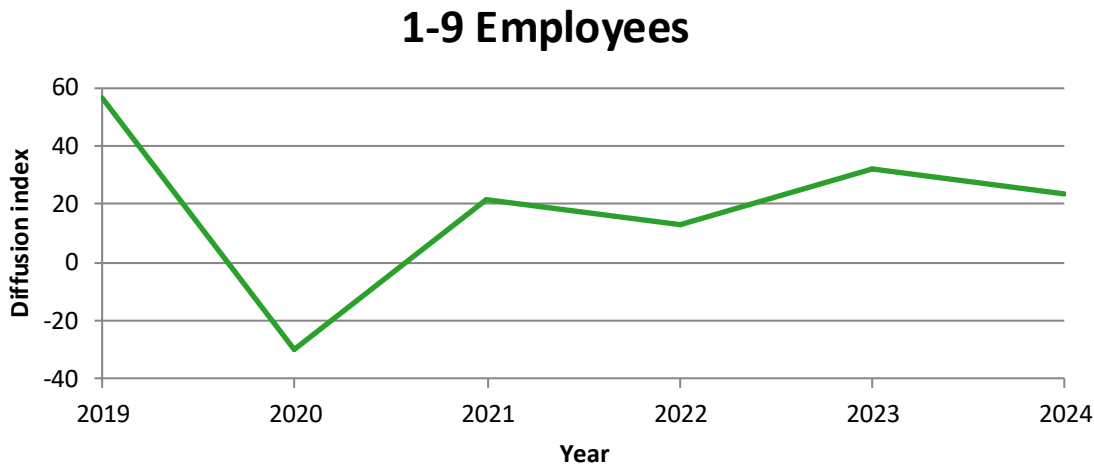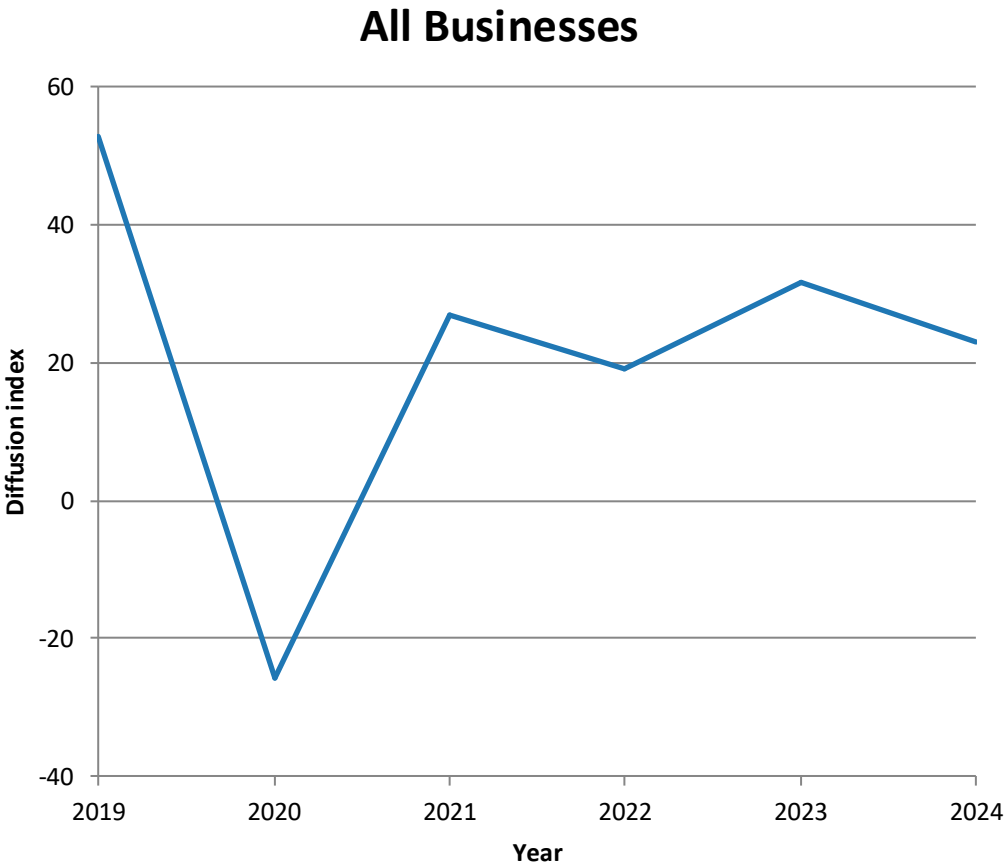
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its revenue to change over the next 12 months?"

Total number of respondents by year: 2019, 332; 2020, 1215; 2021, 1758; 2022, 1085; 2023, 603; 2024, 826.

Number of respondents with 1-9 employees by year: 2019, 217; 2020, 897; 2021, 1239; 2022, 765; 2023, 419; 2024, 566.

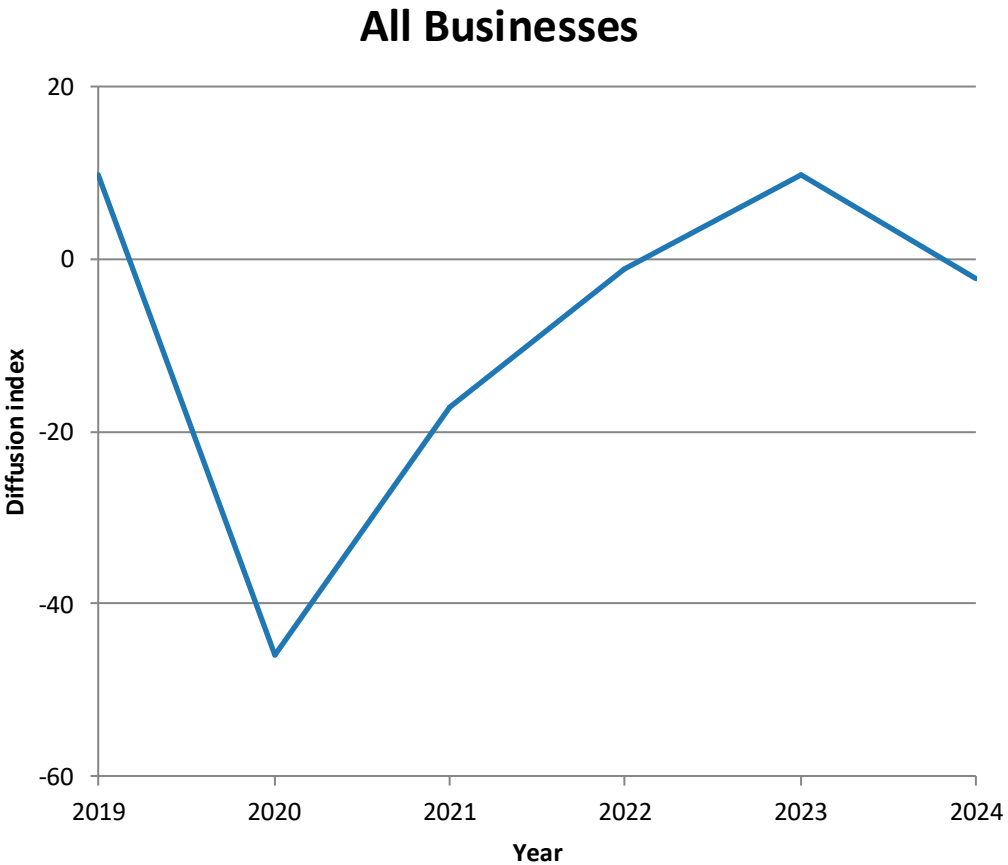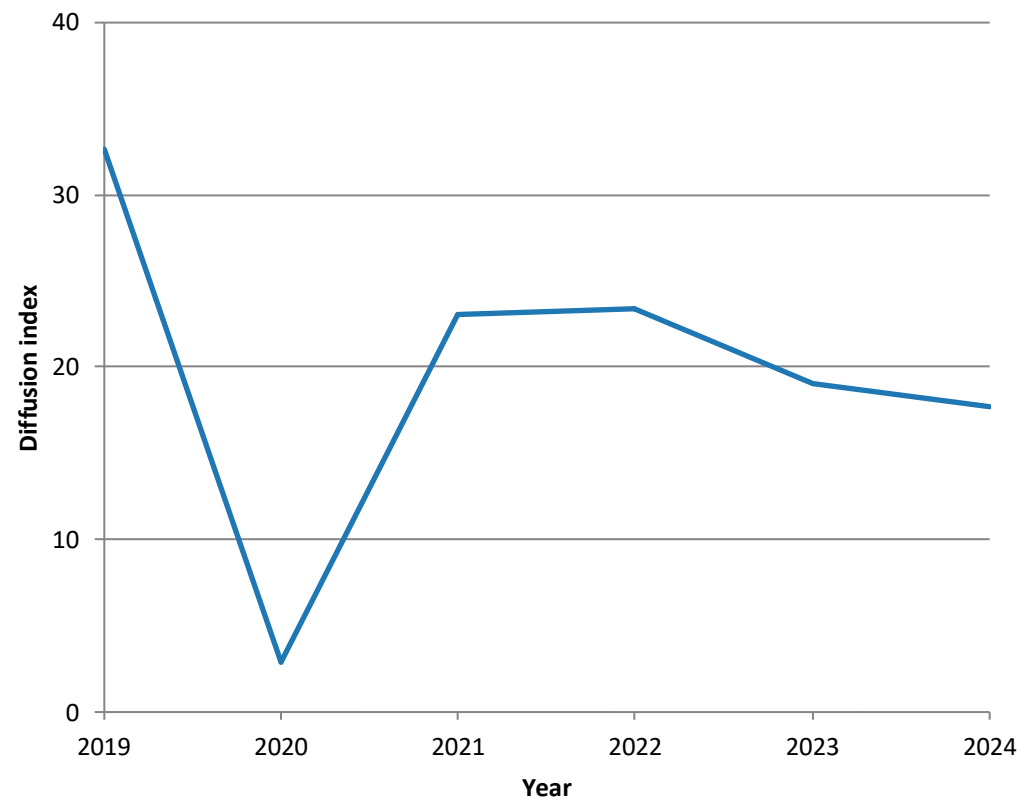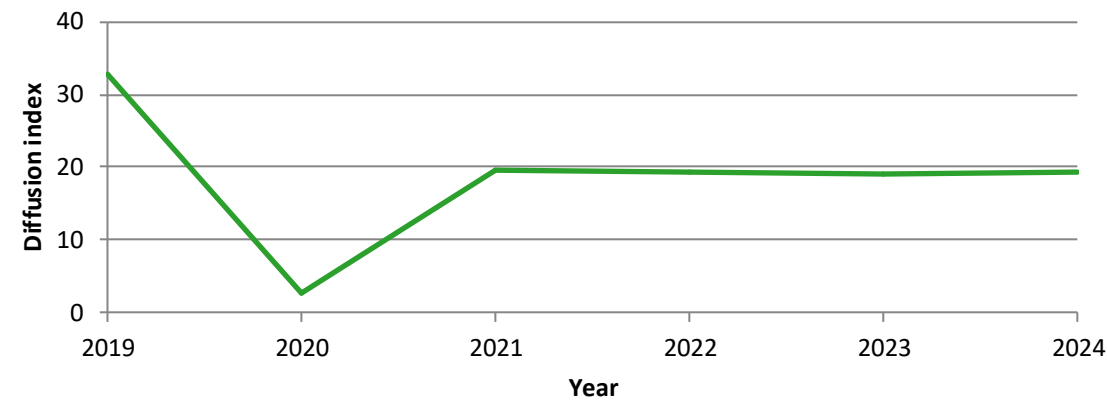## Raised Prices
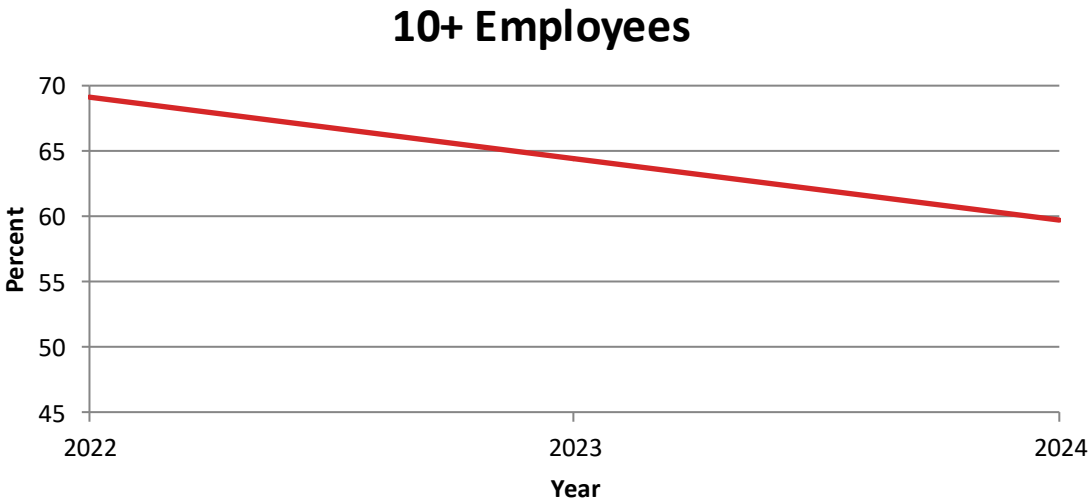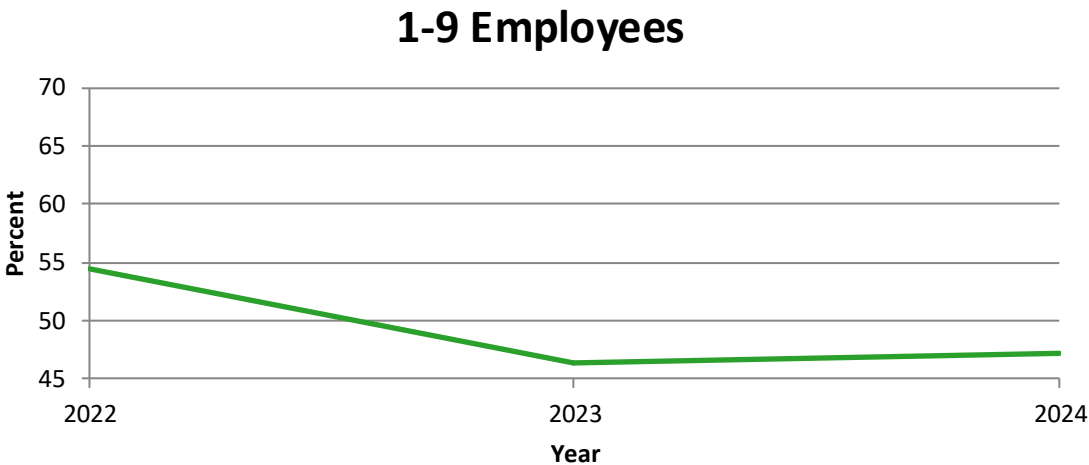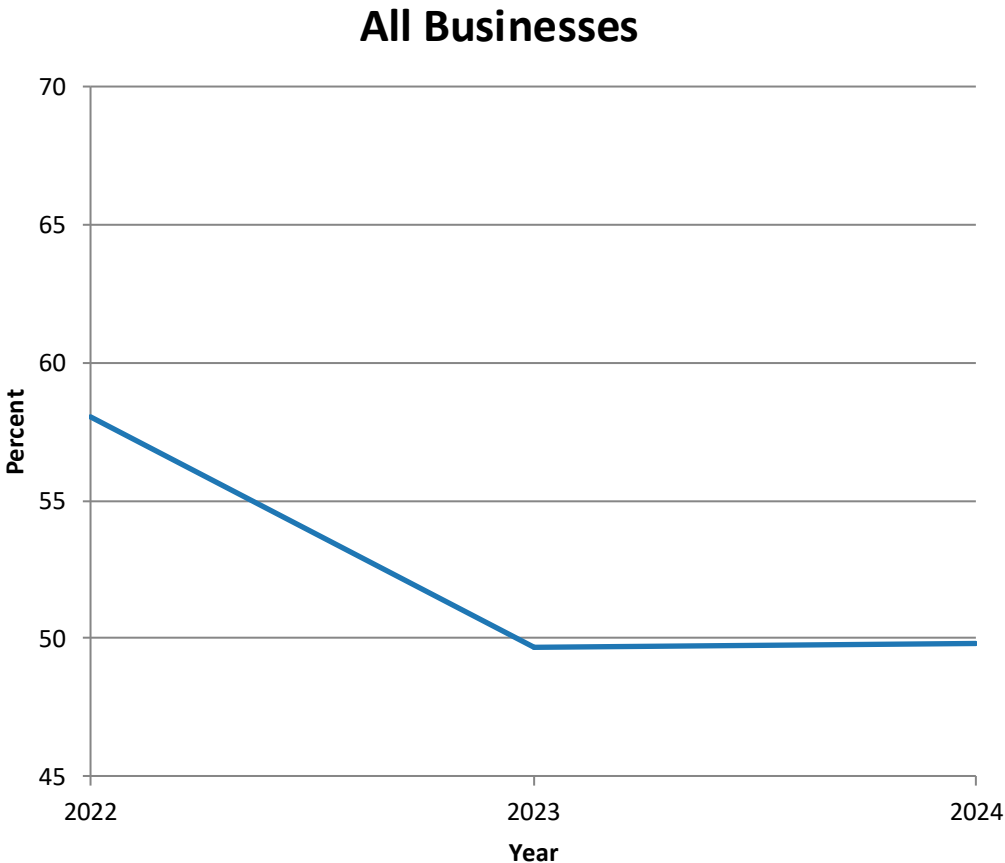
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2022-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "raised prices the business charges" as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2022, 1073; 2023, 585; 2024, 792.

Number of respondents with 1-9 employees by year: 2022, 754; 2023, 412; 2024, 543.

## Weak Sales
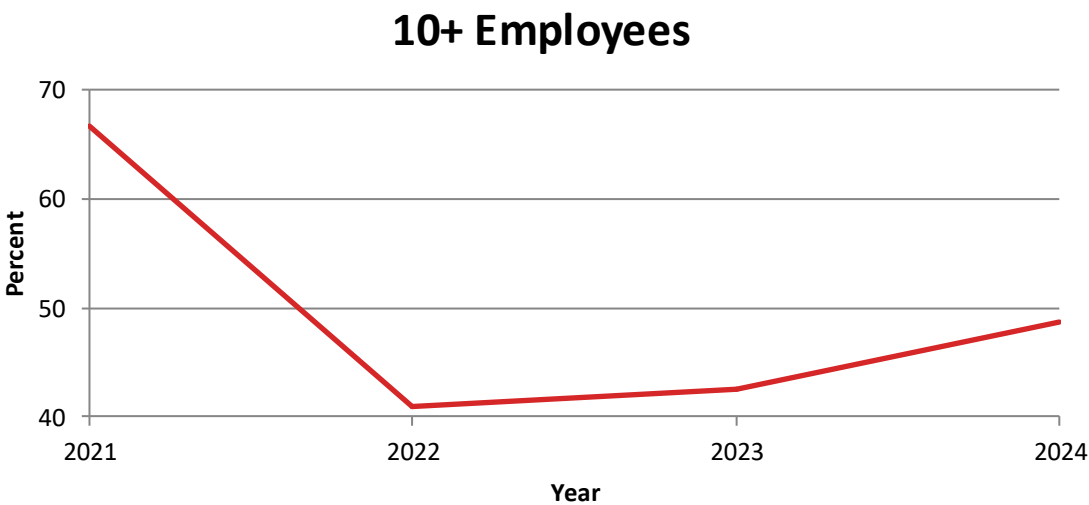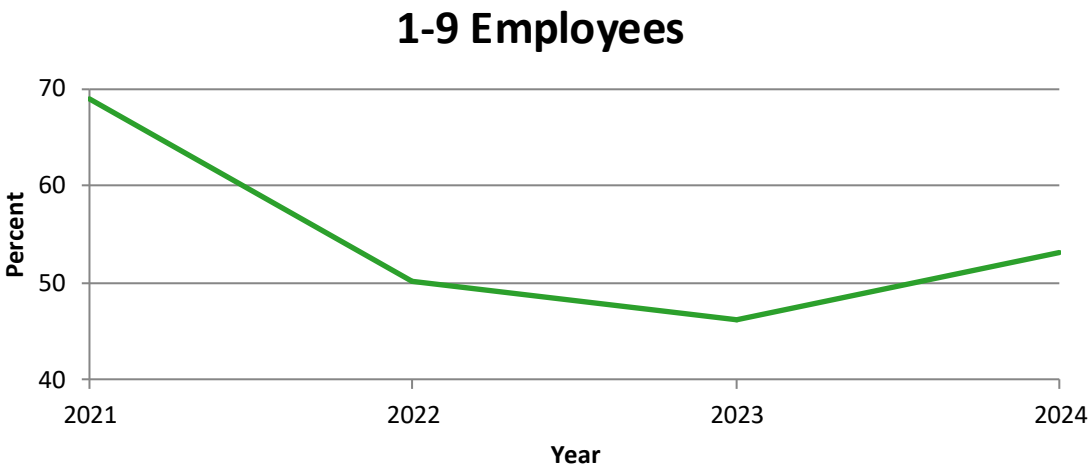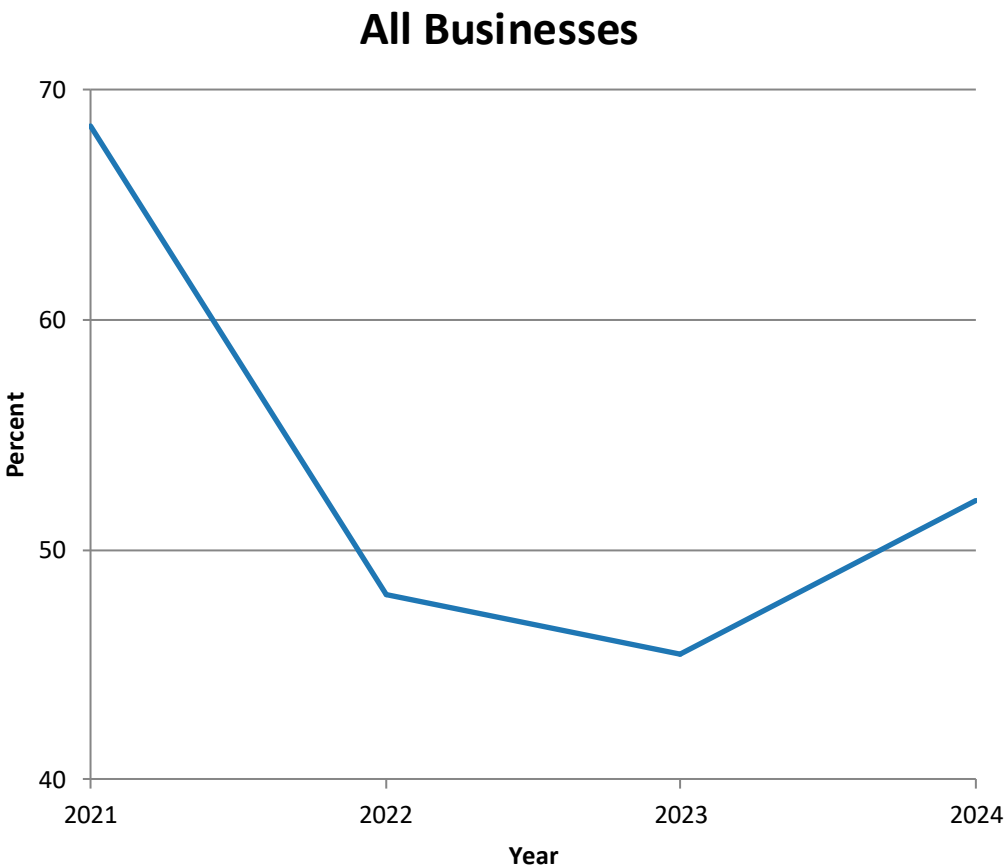
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "weak sales" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1779; 2022, 1107; 2023, 611; 2024, 841.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 779; 2023, 424; 2024, 571.

## Increased Costs

### All Businesses
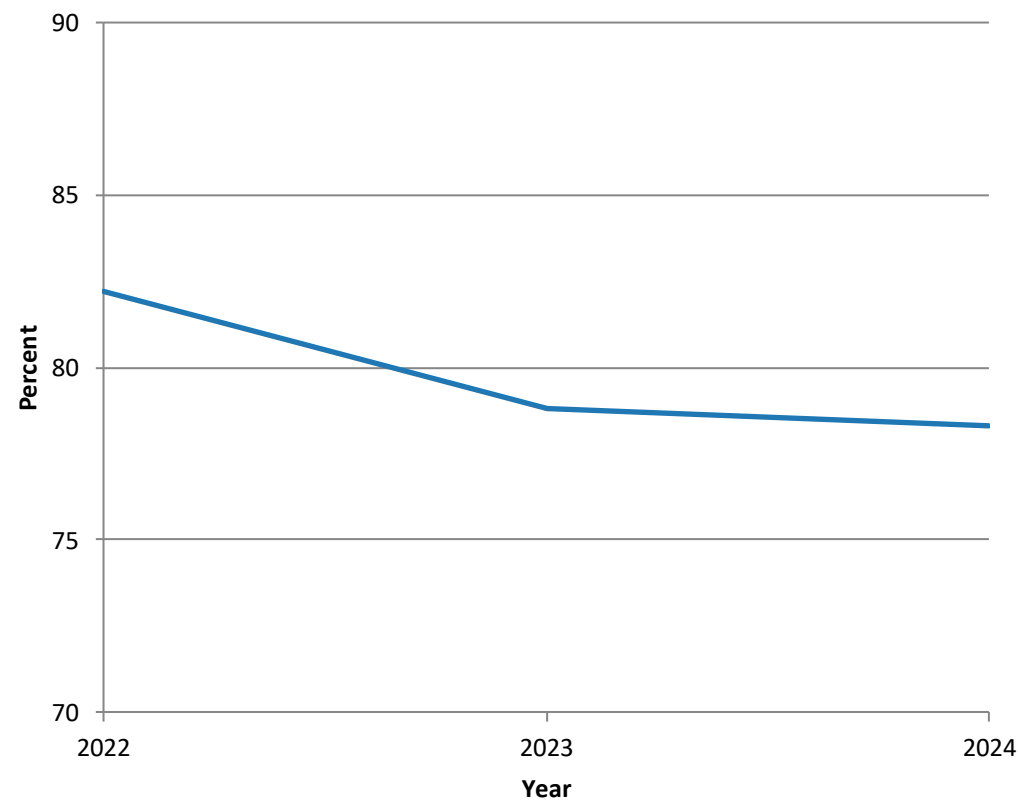


### 1-9 Employees
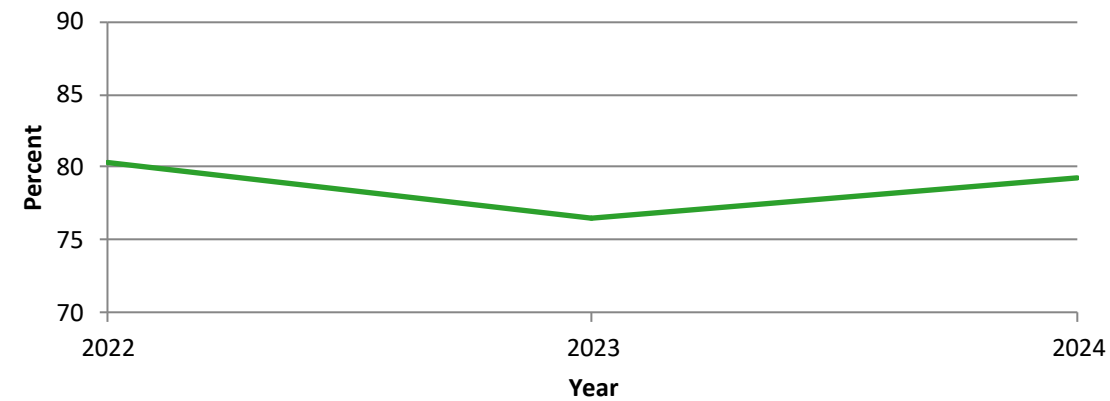


### 10+ Employees
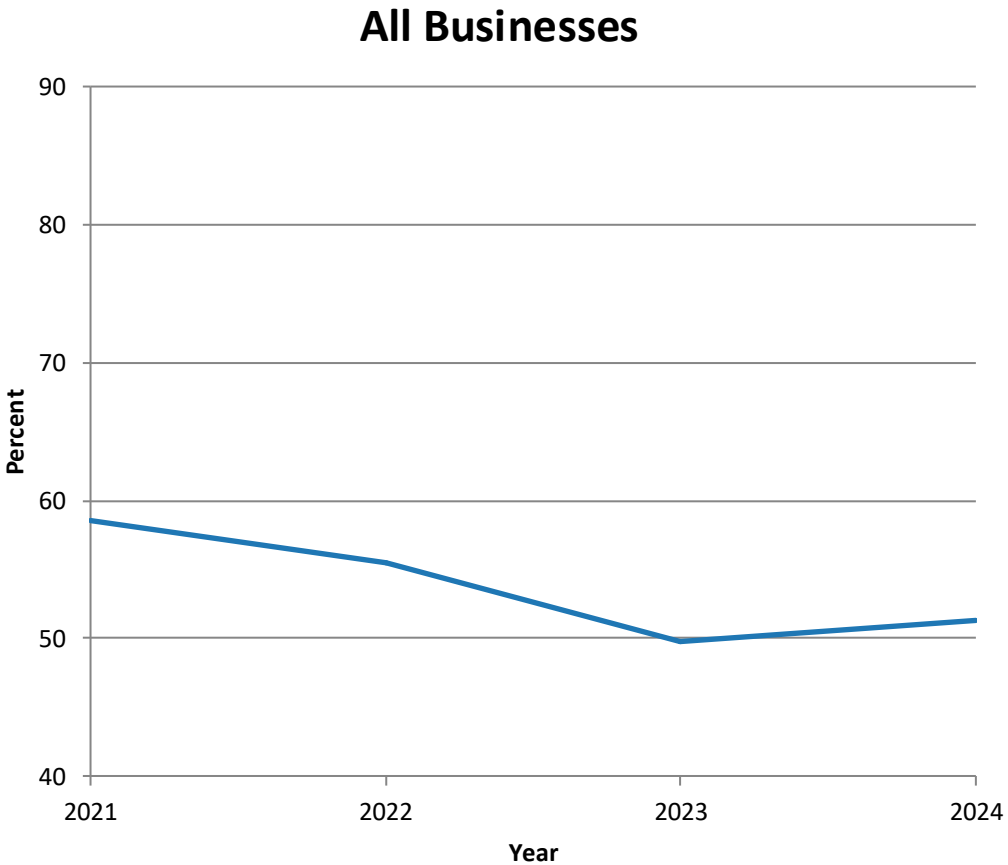


Sources: Federal Reserve Banks, 2022-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "increased cost of goods, services, and/or wages" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2022, 1107; 2023, 611; 2024, 841.

Number of respondents with 1-9 employees by year: 2022, 779; 2023, 424; 2024, 571.

## Employment, Past 12 Months



**All Businesses**

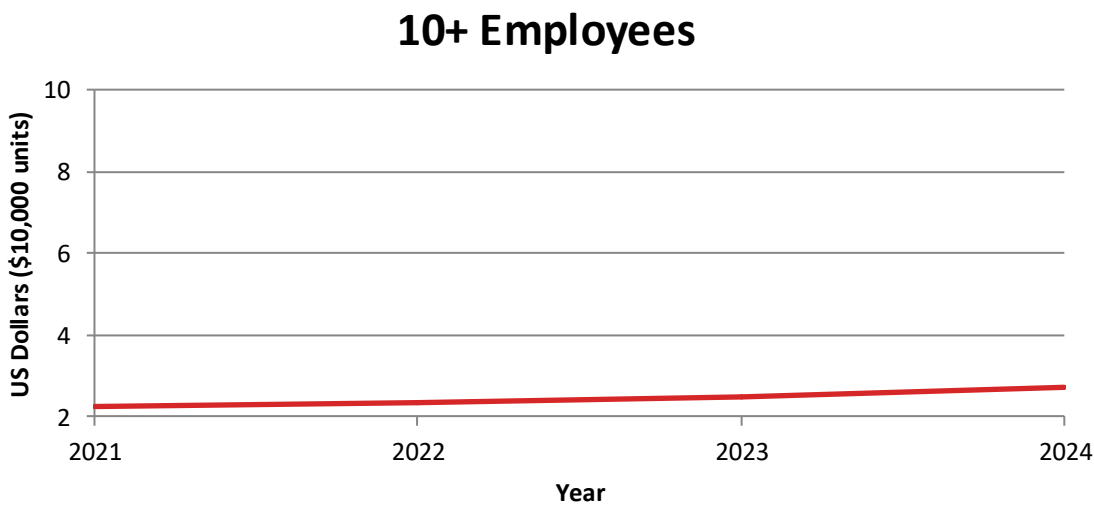**1-9 Employees**

**10+ Employees**

Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your number of employees change over the past 12 months?"

Total number of respondents by year: 2019, 310; 2020, 1173; 2021, 1722; 2022, 1057; 2023, 600; 2024, 812.

Number of respondents with 1-9 employees by year: 2019, 202; 2020, 859; 2021, 1206; 2022, 733; 2023, 415; 2024, 547.

## Employment, Next 12 Months

### All Businesses
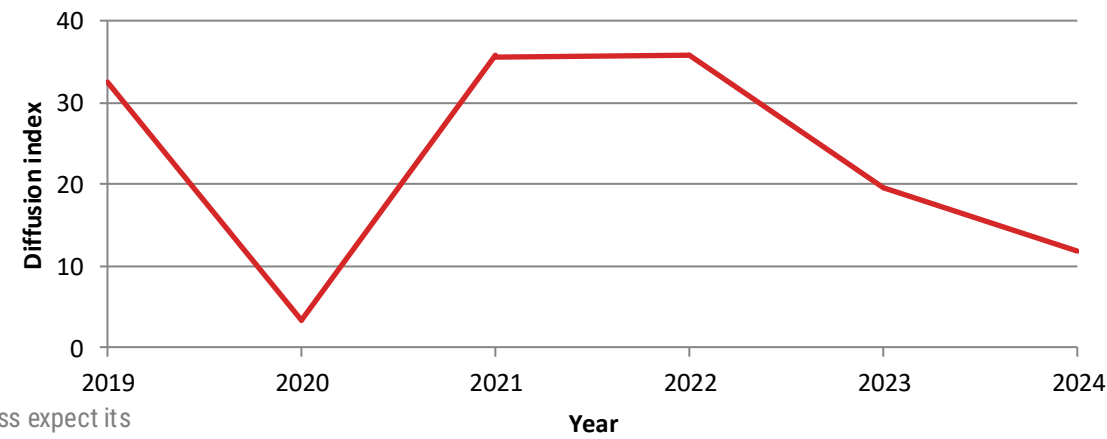


### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its number of employees change over the next 12 months?"

Total number of respondents by year: 2019, 333; 2020, 1177; 2021, 1737; 2022, 1069; 2023, 605; 2024, 812.

Number of respondents with 1-9 employees by year: 2019, 217; 2020, 863; 2021, 1219; 2022, 744; 2023, 420; 2024, 547.

## Difficulty Hiring Staff
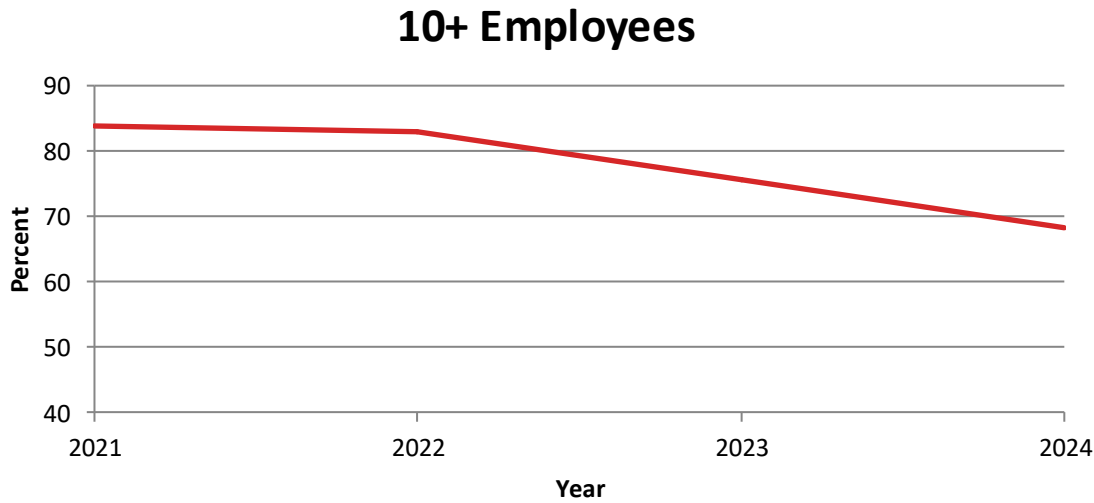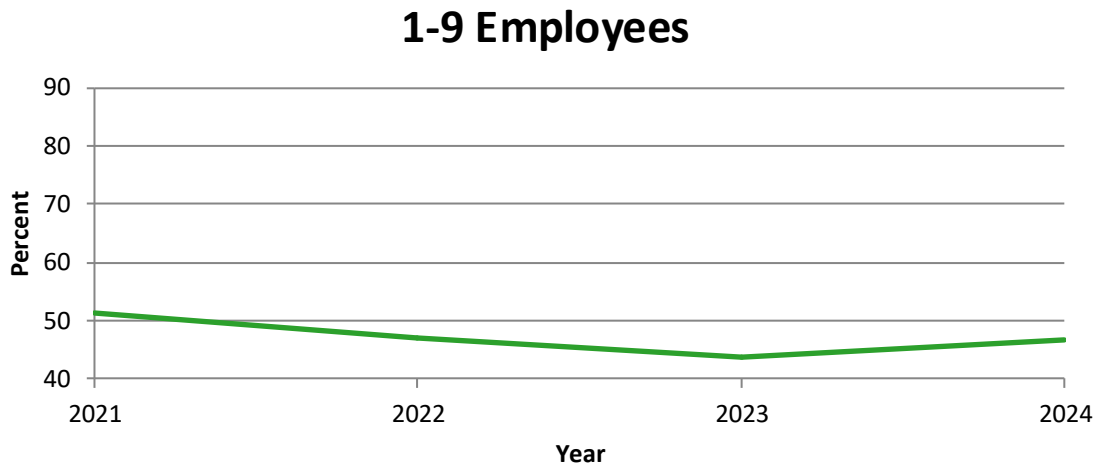
### All Businesses
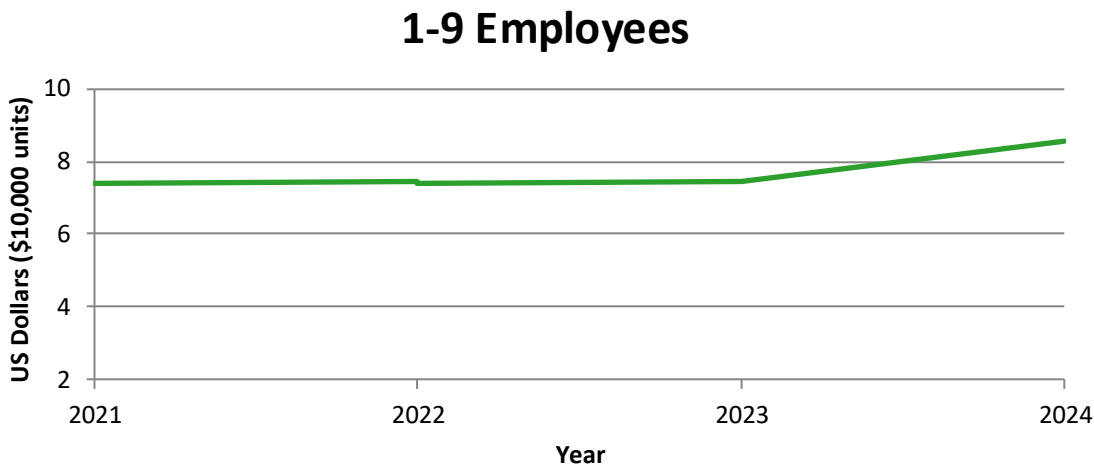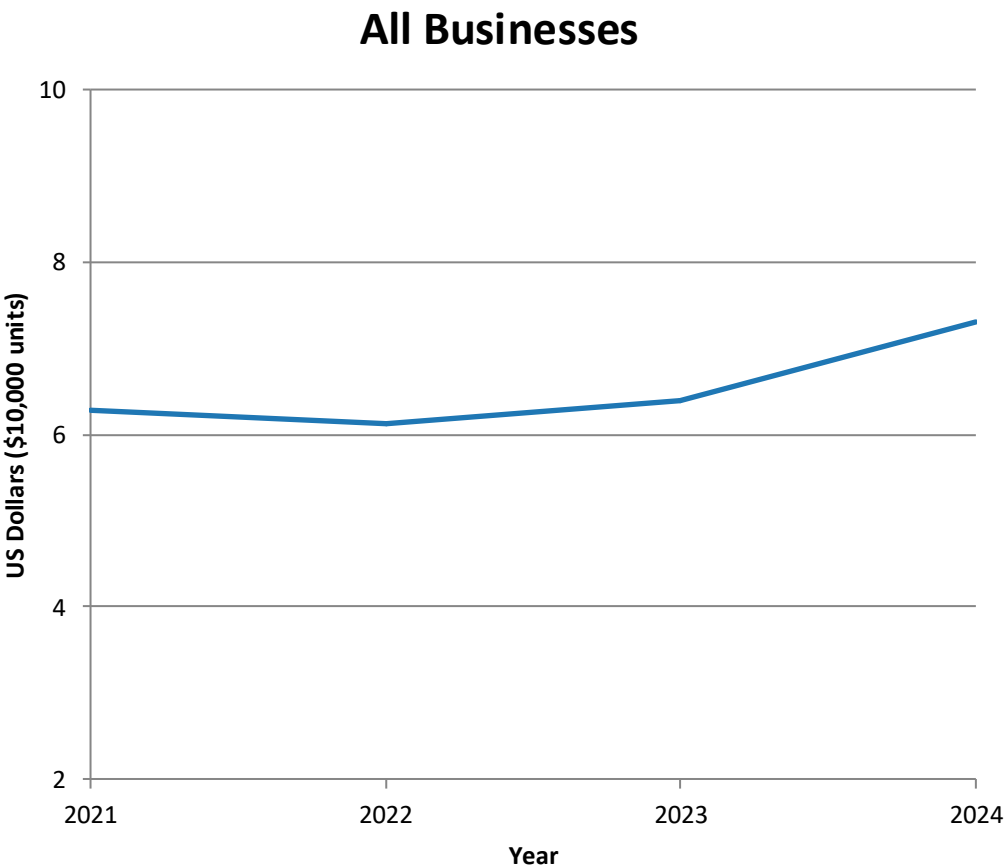


### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "hiring or retaining qualified staff" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.

## Downsized
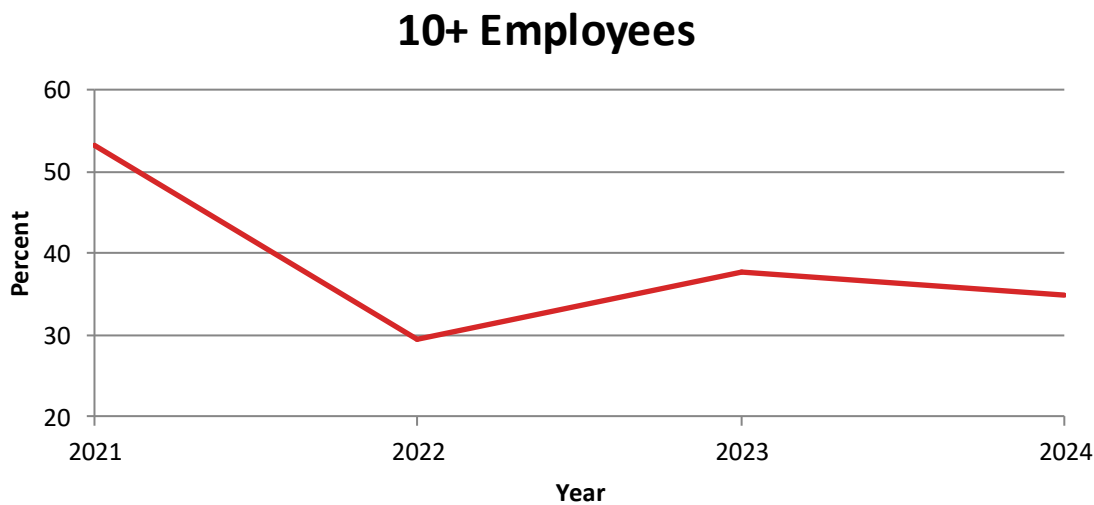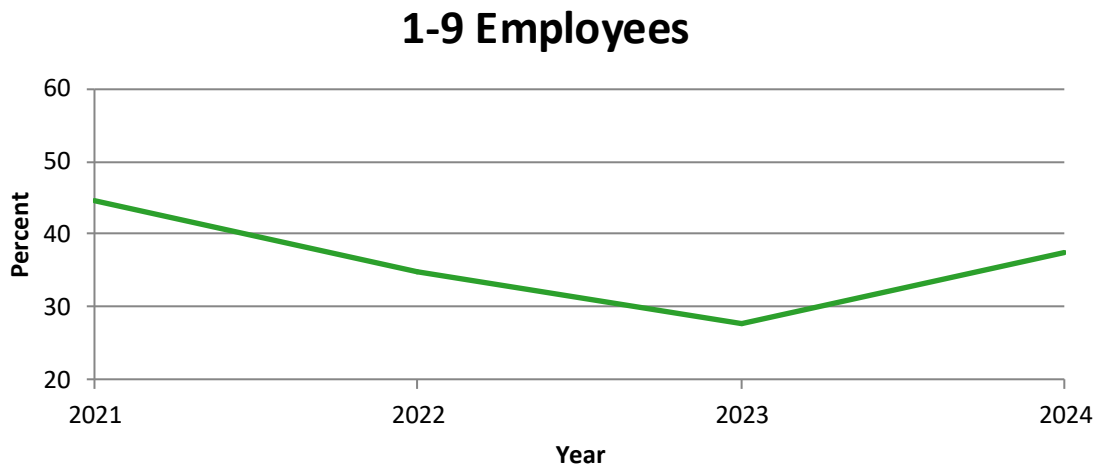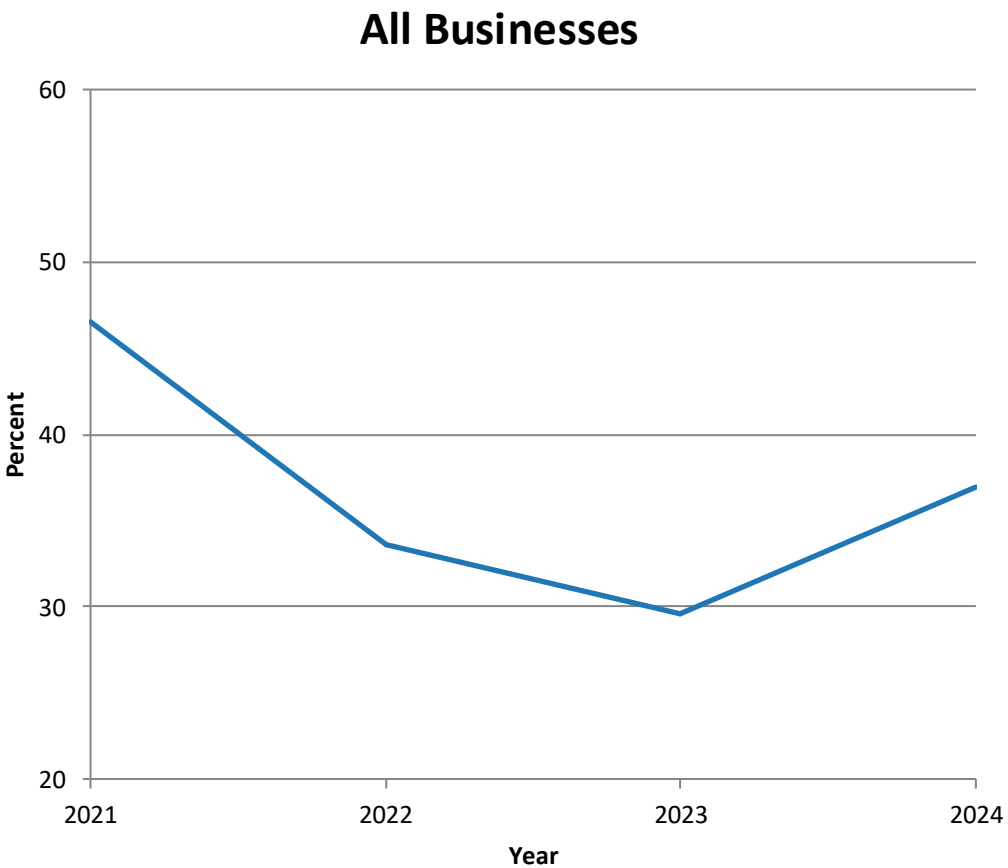
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "cut staff, hours, and/or downsized operations" as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2021, 1660; 2022, 1073; 2023, 585; 2024, 792.

Number of respondents with 1-9 employees by year: 2021, 1181; 2022, 754; 2023, 412; 2024, 543.

## Debt Per Employee

### All Businesses



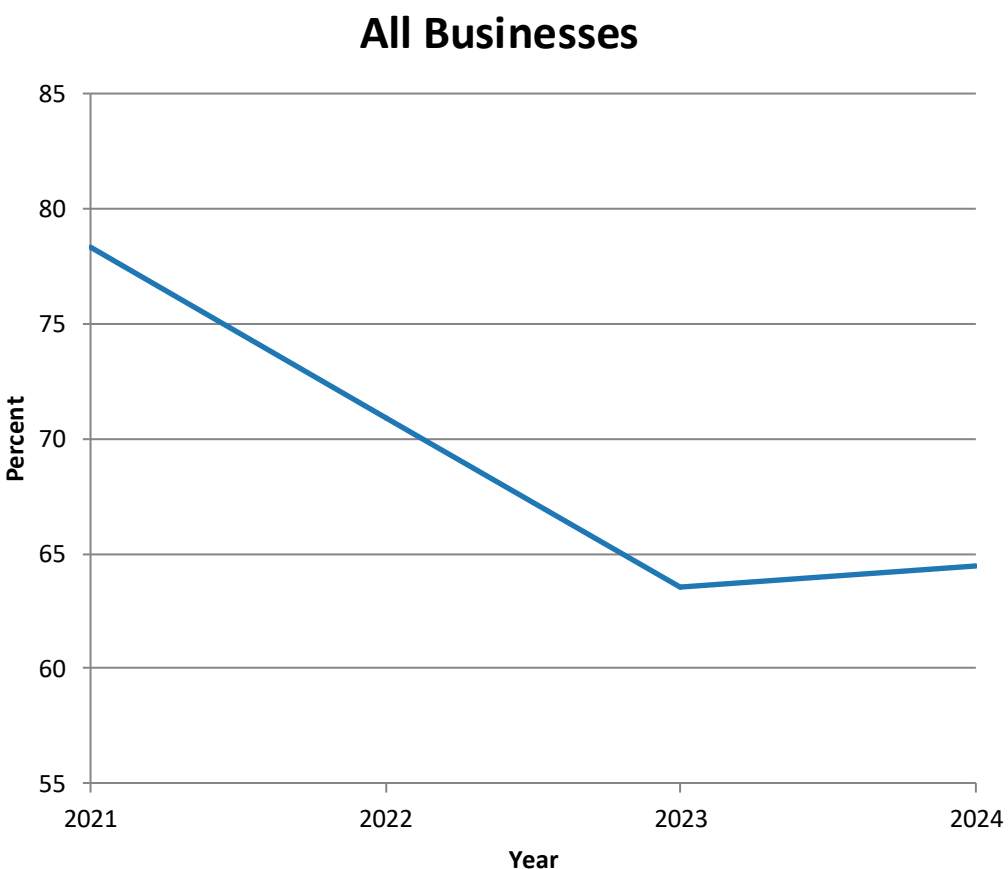### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the average total debt outstanding divided by number of employees. Debt amounts are estimated as the mid-point of the range provided by respondents.

Total number of respondents by year: 2021, 1361; 2022, 855; 2023, 477; 2024, 646.

Number of respondents with 1-9 employees by year: 2021, 955; 2022, 600; 2023, 331; 2024, 440.

## Received Less Than Full Amount of Financing Requested
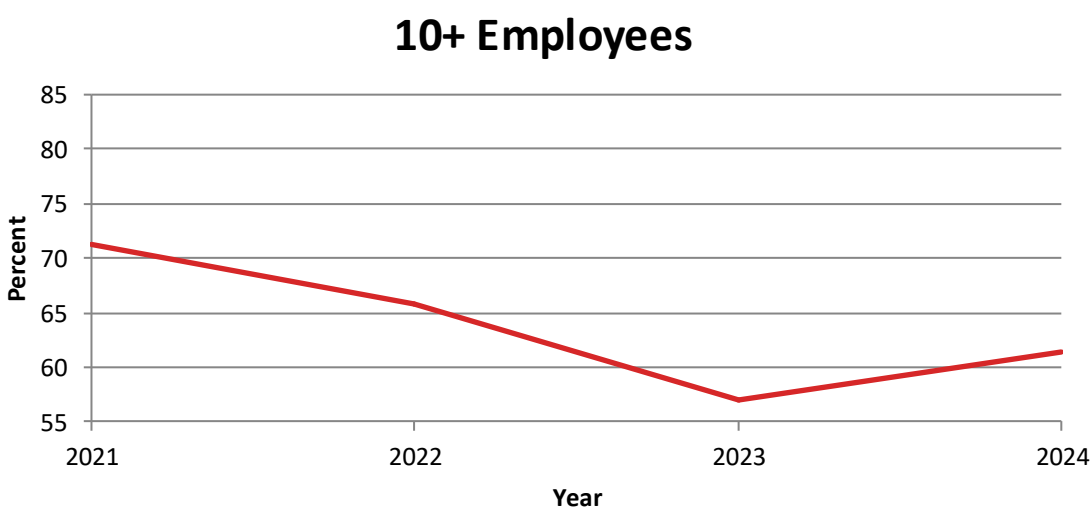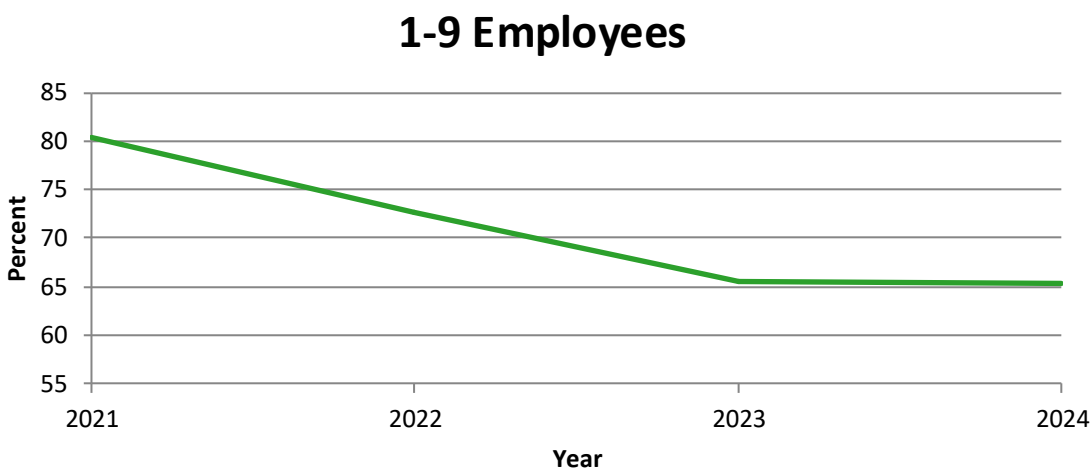
### All Businesses



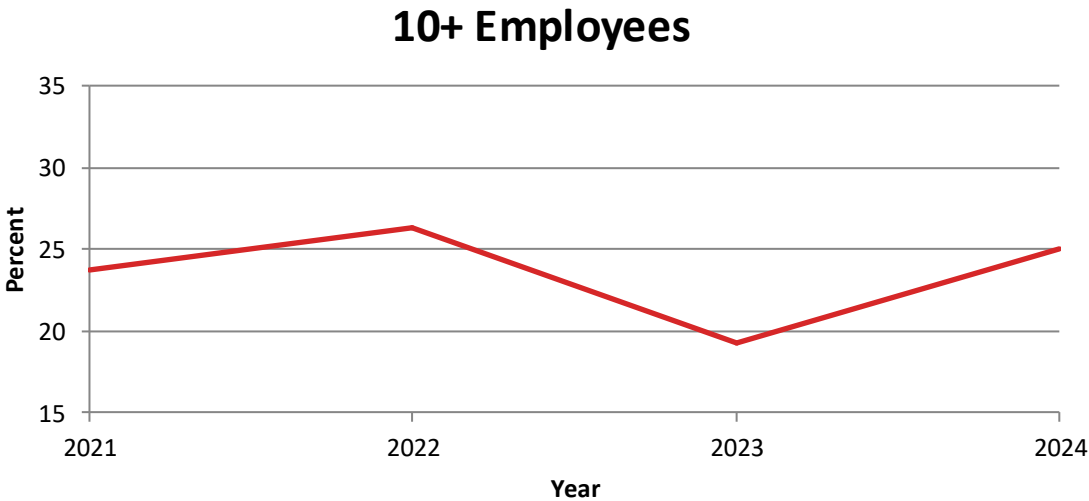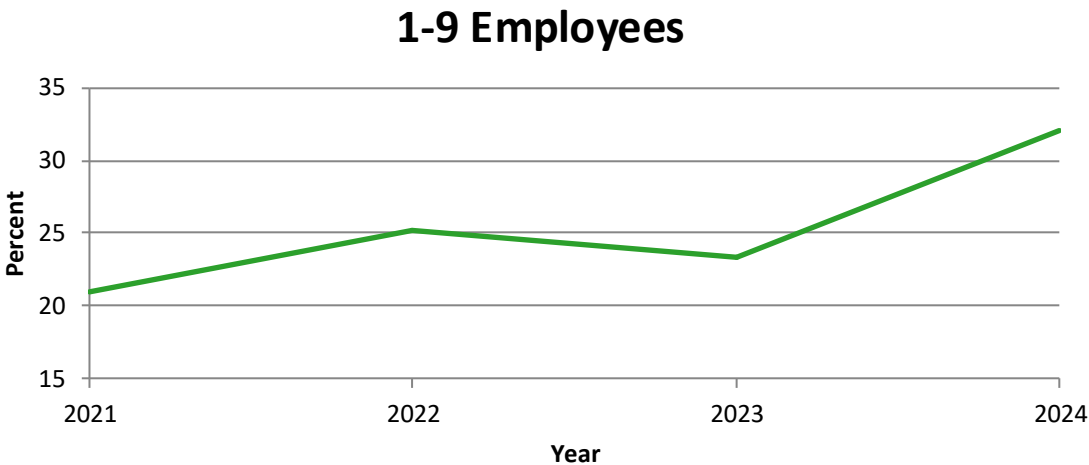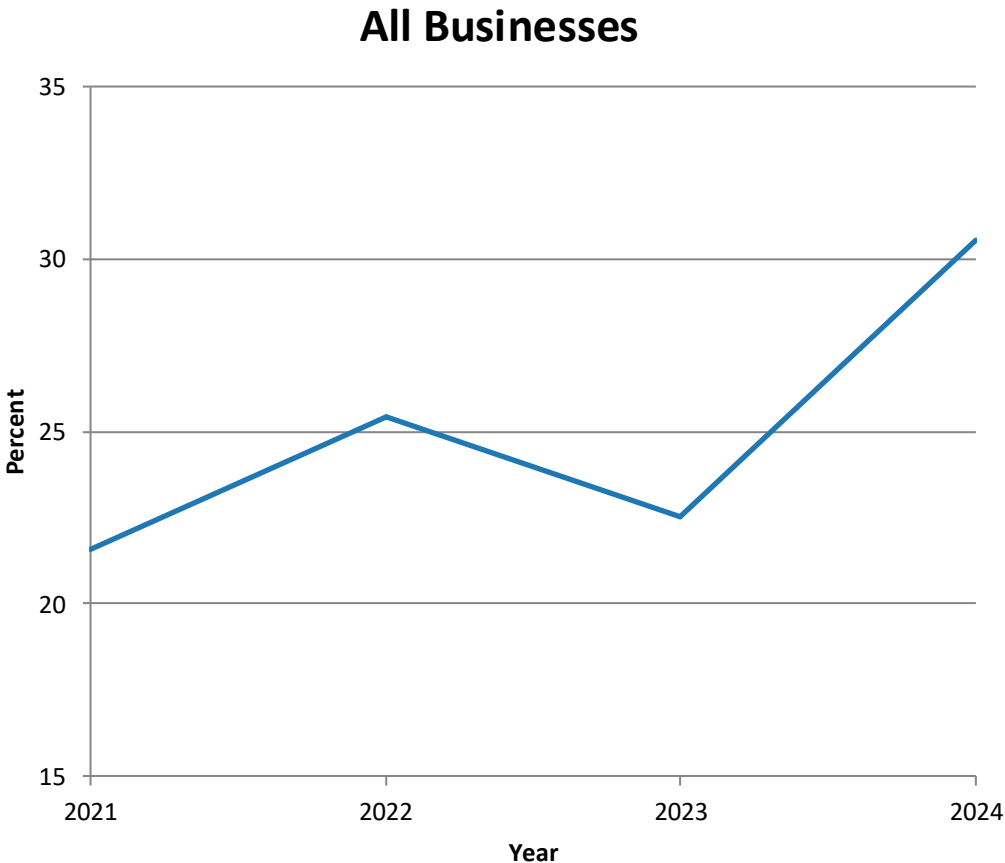### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms that applied for financing in the past 12 months who received less than 100% of the total financing dollars sought.

Total number of respondents by year: 2021, 528; 2022, 664; 2023, 320; 2024, 435.

Number of respondents with 1-9 employees by year: 2021, 368; 2022, 464; 2023, 212; 2024, 290.

## Nonapplicants With No Need for Funds
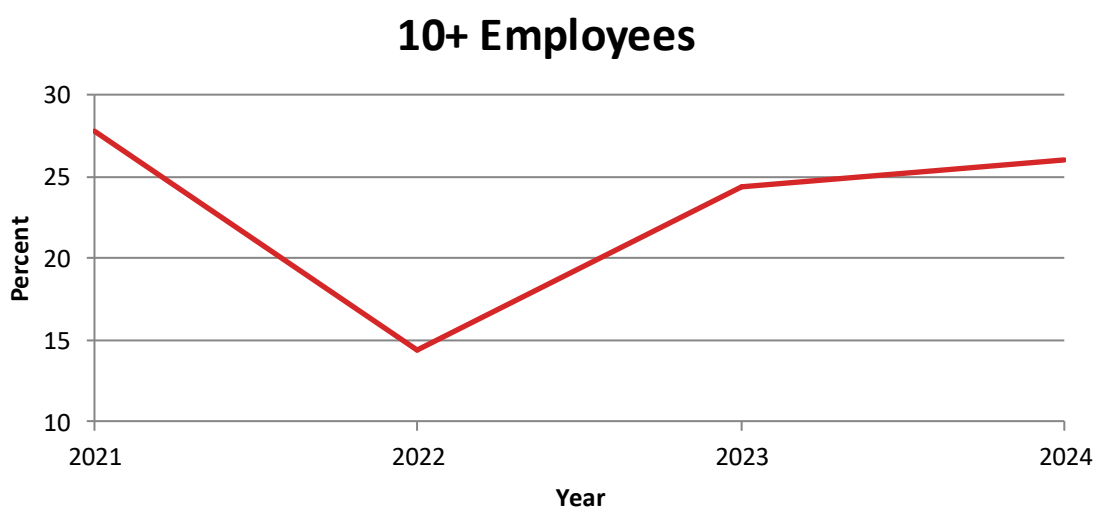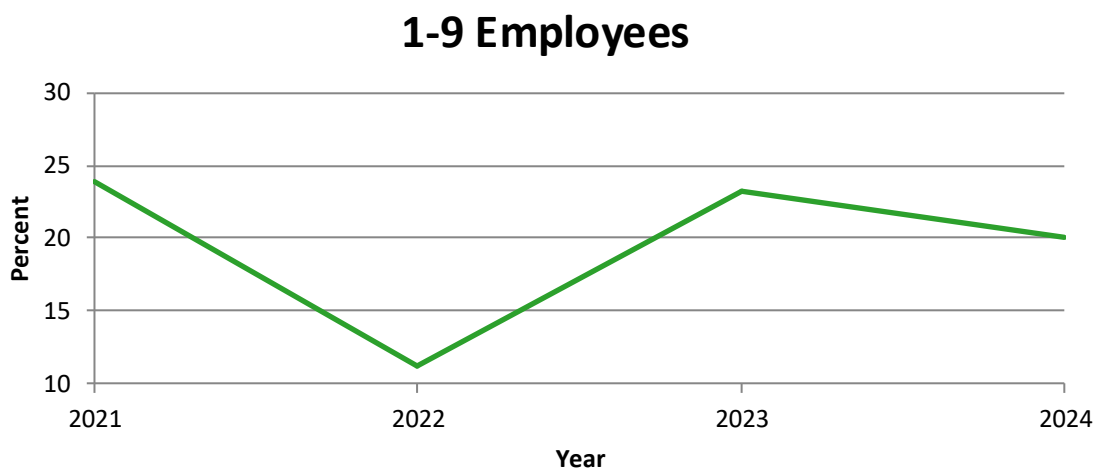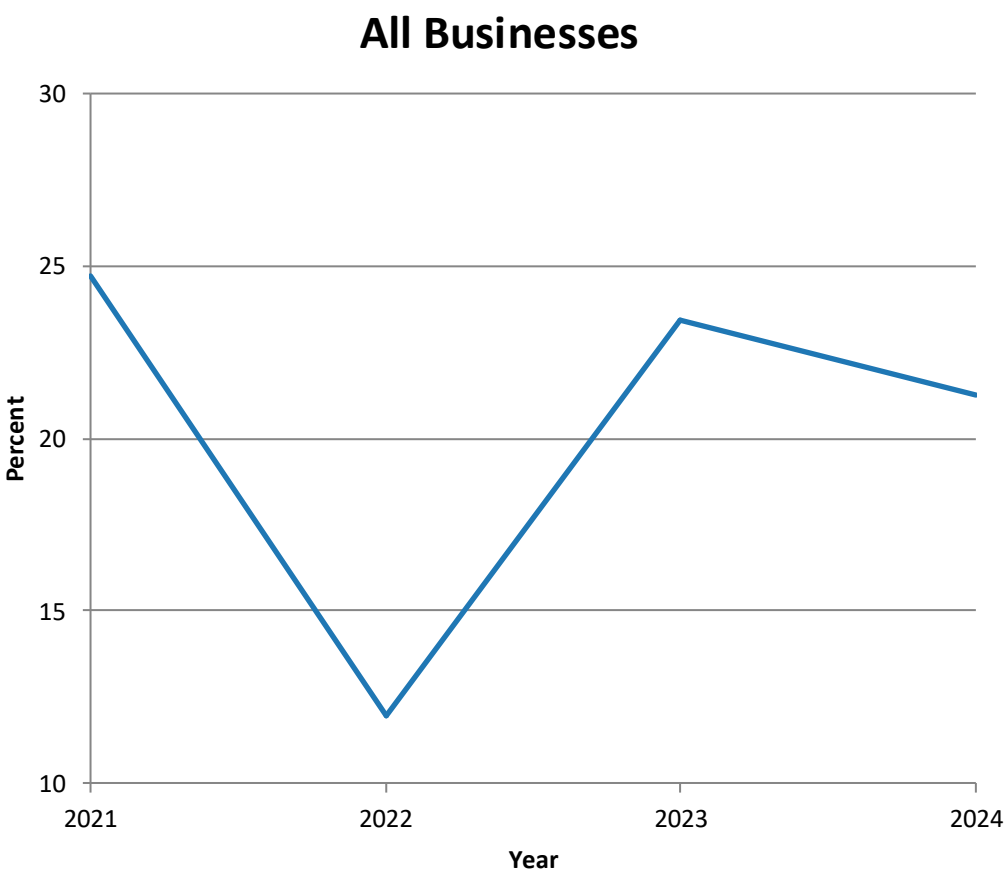


### All Businesses

### 1-9 Employees

### 10+ Employees

Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms who selected that financing was "not needed" and thus did not apply for any type of financing.

Total number of respondents by year: 2021, 1790; 2022, 1112; 2023, 613; 2024, 843.

Number of respondents with 1-9 employees by year: 2021, 1263; 2022, 782; 2023, 426; 2024, 573.

## Technological Difficulties

### All Businesses



### 1-9 Employees
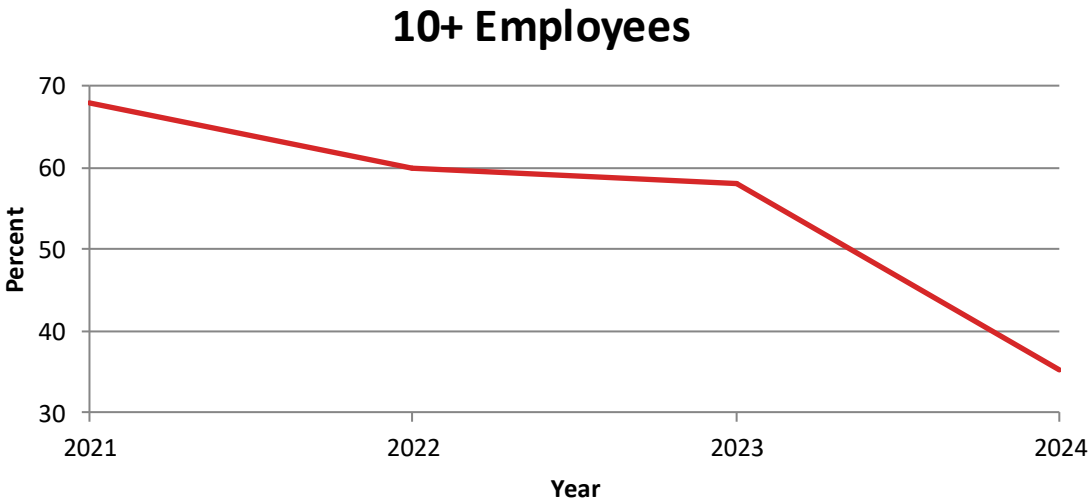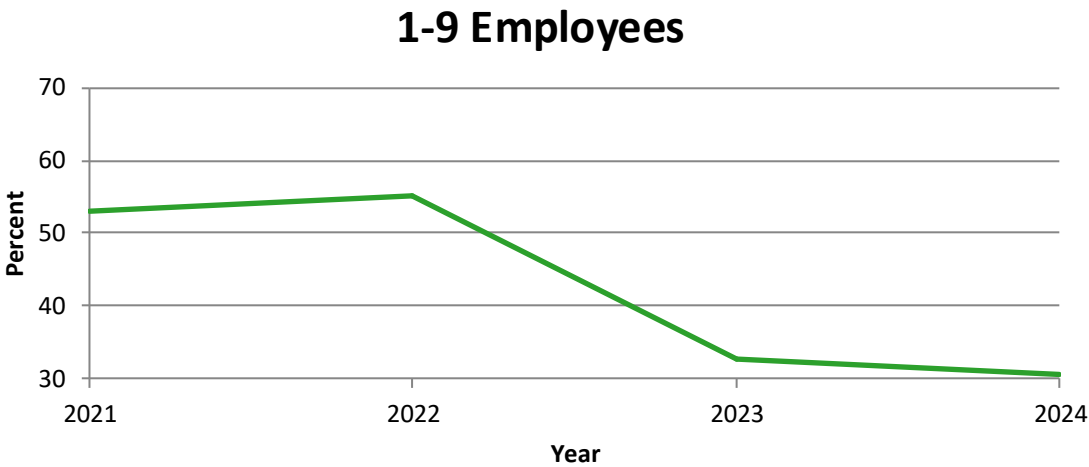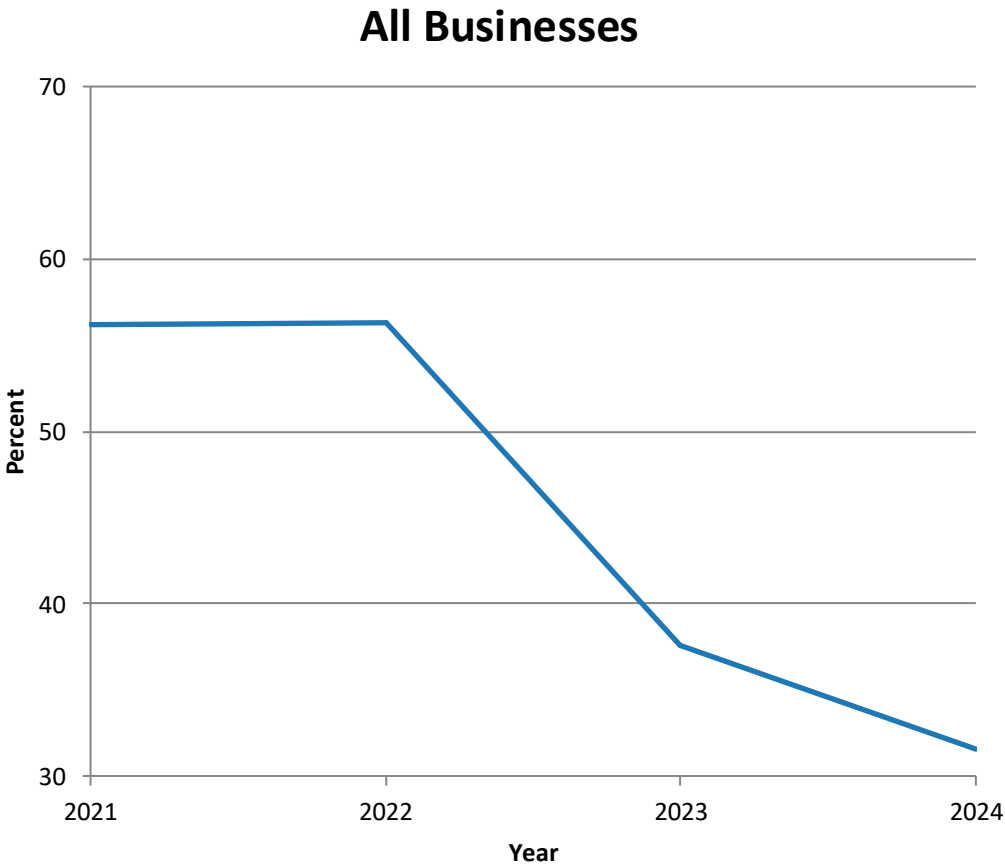


### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "utilizing technology (e.g., website, social media, ecommerce, cybersecurity)" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.

## Supply Chain Difficulties

### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "supply chain issues" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.