

Job Growth and Pay Declines in New York and Nationwide

by Gregory DeFreitas

Three years since the start of the Great Recession, both New York and the nation still struggled in Fall 2010 to recover from deep job and income losses. While the output recession officially ended when GDP bottomed out in mid-2009, the “jobs recession” has persisted far longer than in similar phases of past business cycles. As of this October, the cumulative net job losses since December 2007 still total nearly 8 million jobs nationwide, and the national unemployment rate has remained just under double digits. In fact, preliminary November estimates show the rate actually rose to 9.8 percent. In some recoveries, renewed job growth encourages discouraged workers to rejoin the jobseeking labor force – thereby temporarily raising the official unemployment rate. But this was not the source of the latest unemployment increase. Rather, it was more layoffs, particularly in state and local governments slashing budgets to cope with looming deficits.

The latest federal stimulus plan, unexpected bounces in holiday retail spending and home sales, and declines in initial claims for unemployment benefits

National opinion polls confirm that most Americans still see little if any improvement in their living standards or job security. This concern is understandably deepest among the 14.8 million people officially counted as unemployed in October – a 9.6% national unemployment rate, even after seasonal adjustment. That rate was 0.5 percentage points lower than at the sa

sector job gains. Within services, the hiring leaders were: professional and business services (+17,300, most in legal, accounting and employment services); health care and social assistance (+11,600); retail trade (+8,400); and food and drinking places (+4,800). Smaller but welcome job gains occurred in finance, insurance and credit (+3,600); real estate (+3,400); construction (+1,800); and transportation, warehousing and utilities (+1,000, mostly in airline services)

Job declines continued in manufacturing (-1,400), where the once huge apparel industry lost another 2,100 jobs (-11.8% !) Wall Street lost over 10,000 securities jobs. And the information sector was down by 2,600 positions from a year earlier. Publishing alone shrank by 3,100 jobs, and another 2,000 were lost in the city's motion picture industry. Only television and radio registered gains (+1,100) in this sector.

The steepest job plunge has been in government: there were 13,800 fewer jobs in this sector than a year ago. Job losses have been felt in both federal and state employment in the city, but most have been experienced by local government staffs. And more public sector layoffs are expected as the city and state wrestle with recession-ravaged budgets. For example, the NYC Health and Hospitals Corporation, faced with a \$1 billion deficit, plans to shrink its workforce by another 2,600 jobs in the current fiscal year (half by attrition). Budget cuts are closing some programs outright and merging others. HHC, the country's biggest public hospital system, is the primary health care resource for 1.3 million mostly low-income New Yorkers. But the city's hospital crisis is not confined to the public sector, as the closure of St. Vincent's Hospital Center in Greenwich Village demonstrated recently. Since 2000, 17 of the city's hospitals have closed and more will likely do so in the near future. Their debt loads and annual losses are far worse than the national average. Serving large low-income and elderly populations heavily dependent on Medicare and Medicaid for unusually lengthy in-patient care, local hospitals have been especially vulnerable to inadequate government reimbursements, state aid cuts, skyrocketing pay packages of top administrators, and the costly competition unleashed by former Governor Pataki's deregulation program in the 1990s.ⁱⁱⁱ As more shut their doors, thousands of X-ray technicians, maintenance and other hospital staff will doubtless have a far more difficult transition than will laid-off doctors and nurses.

the long-term unemployed account for nearly half of all jobless New Yorkers: 49.3% have not had work in over half a year. And one in four of the unemployed have now been jobless one year or more.^{iv}

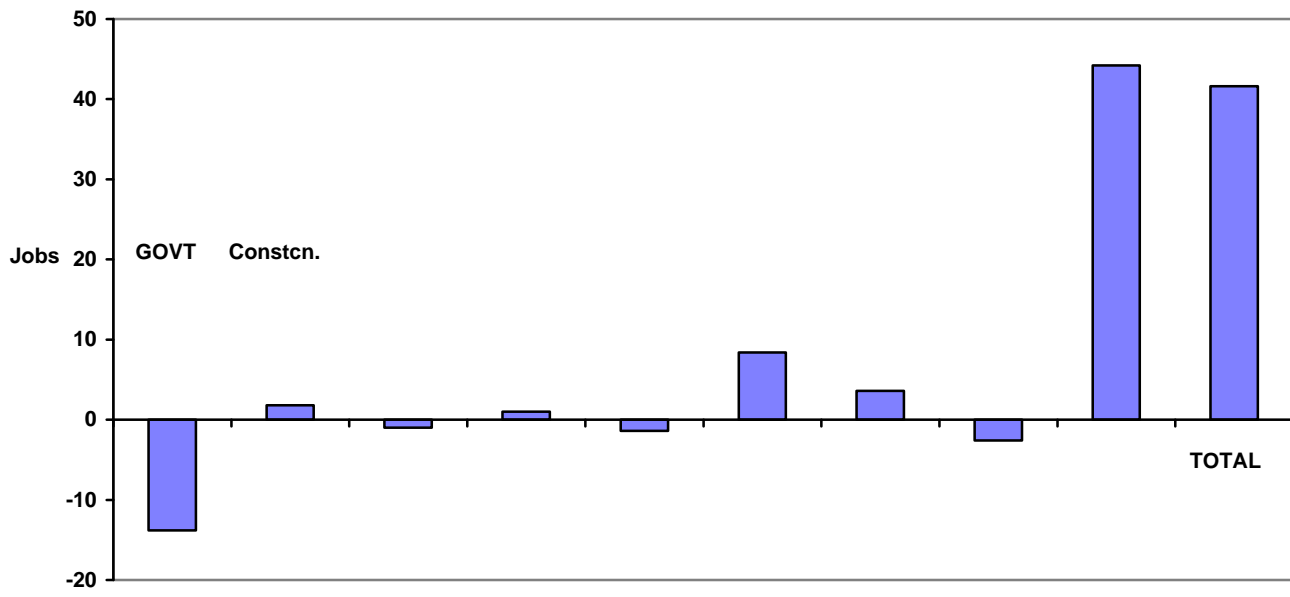
Have other parts of the metropolitan area fared any better or worse lately than New York City? Tables 2 - 3 and Figure 2 show job growth and unemployment trends for Long Island's Nassau and Suffolk counties over the same 12-month period. Like most higher-income suburban areas, even during recessions, unemployment there has long averaged well below the center-city levels. Over the 2009-2010 span, the jobless rate dipped slightly to 6.9%, well below either the NYC or national level. Long Island's job growth rate (0.5%) matched the national pace, but was half as fast as downtown. Like the city, its 12-month job gains (+5,700) reflected modest private sector hiring that outweighed sharp cuts in government jobs (-5,200). Services was the largest single sector in net hires, up by 7,000 positions (1.3%), with most in health care, education, and food and drink. Other improvements came in wholesale trade (=4,300 jobs), retail (+1,900) and construction (+1,600). Some 3,900 private sector jobs were lost in manufacturing; information; transportation, warehousing and utilities; and finance, insurance and real estate.

With the state, the city and the suburbs all struggling with tough choices on balancing their individual budgets, there is faint hope of any near-term new hiring in the public sector to supplement recent private sector growth. Even the more optimistic economic forecasts see little acceleration in the modest pace of improvement in private payrolls. For example, the Independent Budget Office now predicts that -- even if the city avoids a double-dip recession and enjoys revenue growth well above that expected by the Mayor's office -- job gains in 2011 will be little better (+41,700 jobs, or +1.1%) than in the past 12 months.^v These trends underscore the finding that in this Great Recession, even in a state like New York in which signs of potential recovery have appeared sooner than in most others, any firm conclusions about the depth or persistence of economic improvements are still premature.

Table 4
NYC Unemployment by Age,
Race/Ethnicity & Education, 2008-2010
 (3rd quarter each year)

| | 2010 | 2009 | 2008 |
|------------------------------|------|-------|------|
| ALL | 9.5% | 10.7% | 5.6% |
| <i>Age and</i> | | | |
| <u><i>Race/Ethnicity</i></u> | | | |
| White | 5.2 | 7.7 | 3.4 |
| Black | 15.3 | 16.4 | 9.2 |
| Hispanic | 13.3 | 12.5 | 7.2 |
| Ages 16–24 | 17.7 | 29.6 | 15.3 |
| Ages 25–54 | 8.7 | 9.1 | 4.8 |
| Ages 55 & over | 6.7 | 5.5 | 3.3 |
| <u><i>Education:</i></u> | | | |
| No HS Diploma | 16.1 | 15 | 12.1 |
| HS g | | | |

Figure 1
NYC Job Growth by Industry: Oct. 2009 – Oct. 2010
(in thousands of jobs, and percent change)



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NOTES

- i Comptroller Thomas DiNapoli, quoted in "Income Posts a Rare Drop," *Wall Street Journal* (10/05/2010).
- ii US Dept. of Commerce, Bureau of Economic Analysis, *GDP: 3rd Quarter 2010* (11/2010): <www.bea.gov>
- iii Levine, Mark, "St. Vincent's is te Lehman Brothers of Hospitals," *New York Magazine* (10/17/2010).
- iv New York City Comptroller's Office, *Persistent Disparities in NYC Unemployment* (10/28/2010).
- v NYC Independent Budget Office, While Tax Revenues Improve, Cuts in State Aid Could Widen Gaps," *Fiscal Outlook* <www.ibo.nyc.ny.us>