White-Collar Workers Feel Blues

Jobless NYC professionals having tough time finding work

By Patrick McGeehan
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New York — Well-paid professionals such as lawyers, accountants and architects are joining the rapidly expanding unemployment rolls in New York City, as the effects of the financial crisis have spread beyond Wall Street to not only other white-collar industries but also the construction and retail trades, a new report shows.

The number of white-collar workers outside the financial industry receiving unemployment checks was up by more than 40 percent in October from the same period last year, and the number of college graduates collecting benefits was up by 50 percent, according to the report by the Fiscal Policy Institute, a nonprofit research group.

The report comes amid continued bad news in the financial industry. Thursday, Bank of America said it planned to cut 30,000 to 35,000 positions over the next three years as it digests its acquisition of Merrill Lynch.

"Unemployment is starting to shoot up in New York City and it's affecting a spectrum of workers, both professionals and blue-collar," said James Parrott, the institute's chief economist and author of the report. "It's hitting young workers and older workers, and it's poised to rise dramatically in the weeks and months ahead."

The report, based on state and federal unemployment statistics, provides hard data confirming a trend that was until now best understood anecdotally. It also showed that New York entered the recession much later than the rest of the country, largely because hiring by law and accounting firms, media companies and tourism-related industries remained strong through the first half of the year.

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As recently as July, the number of new claims for unemployment benefits in the city was only about 10 percent higher than it had been a year earlier. But since employment peaked in August, the city has lost about 10,000 jobs. And in the 12 weeks between late August and late November, first-time unemployment claims increased by more than 40 percent over the same period the year before, the sharpest year-over-year increase since February 2002.

Parrott said the figures understated the severity of unemployment because many laid-off workers had not started collecting checks and many others did not qualify for benefits. In October, fewer than one-third of the 225,000 unemployed residents of New York City were collecting benefits, he said.

That portends an upsurge in the city's unemployment rate for months to come, Parrott said. Most forecasts of the effects of the financial crisis project that the city will lose more than 150,000 jobs during this recession. The Fiscal Policy Institute report estimates that job losses will average about 10,000 a month from November 2008 through the end of 2009.

The city's unemployment rate was 5.7 percent in October, up from 5.2 percent in October 2007. The national unemployment rate that month was 6.5 percent, up from 4.8 percent the year before.

New York's growing ranks of the well-educated unemployed seems to parallel a national trend, said Lawrence Mishel, the president of the Economic Policy Institute, in Washington. Since March 2007, the number of college graduates who are unemployed has risen at a faster rate, 75 percent, than has the number of all unemployed Americans who are 25 and older, 62 percent, Mishel said.

"This is very strong evidence that this recession is very hard on college grads, more than usual," he said.

Mishel's organization and Parrott's group work together to promote the concerns of organized labor and low-wage workers.

A separate report released Thursday by the city comptroller's office echoed the central findings of Parrott's study, doubting its projection of the number of people who will lose their jobs by August 2010, to 170,000.

The comptroller's report also estimated that total Wall Street bonuses this year would be less than half what was paid
last year, making it the smallest amount since 2002. Large-
ly as a result, city tax revenues will fall by 4.3 percent in the
next half year, the comptroller concluded.

The layoffs in New York are following a traditional re-
cessionary pattern by radiating out from the big financial
companies to other professional services and to lower-paying
businesses such as retailing, according to the report, which
uses the latest data available from the state Labor Depart-
ment.

In October, 6,428 people who had worked in professional,
technical and scientific services were receiving unem-
ployment benefits, up 42 percent from October 2007.
That total — which includes the fields of law, accounting,
consulting and engineering — exceeded the 5,935 people
from the finance and insurance industries who were receiving
benefits, the report showed.

The number of blue-collar beneficiaries was up 50 per-
cent, driven mainly by a jump in laid-off construction work-
ers.

Among those collecting benefits in the city, the small-
est increases have come in management and from the
fields of health care and social services and arts, entertain-
ment and recreation, the report found. Health care and busi-
nesses that benefit from tourism have helped to bolster the
city’s economy as the financial crisis has worsened.

But with the dollar strengthening against other currencies
and foreign economies fal-
tering, tourism has already
begun to decline, threatening
employment in that sector.

Not every unemployed per-
son has a tale of woe. Lynne
Figman, a real estate lawyer,
said she had been given only
about five minutes to clean out
her desk at Phillips Nizer
when she was laid off Nov. 5.

Her boss said he was letting
her go because the firm ex-
pected its real estate practice to
plummet next year, she said.

But Figman, who is receiv-
ing unemployment benefits,
has already begun setting up
her own practice from her
Upper West Side apartment
and expects to have a healthy
list of small businesses and
homeowners as clients. She
turns 50 today.

“I’m still going through
with the plan to party,” Fig-
man said. “My parents in-
sist.”

LYNNE FIGMAN, a real estate lawyer in New York City, was
laid off last month, joining a growing number of lawyers, ac-
countants and architects in the city who have suddenly
found themselves looking for work. Figman is now establish-
ing her own practice from her home. She turns 50 today.