



New York's Unemployment Crisis

*An Update from the
Fiscal Policy Institute*

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Declines in labor force participation explain slight drops in unemployment rates

In January 2010, nearly 852,000 New Yorkers were unemployed. Within New York City, the number of unemployed was almost 413,000.

The state's unemployment rate, adjusted for seasonal variations in employment patterns, declined from 8.9 percent in December 2009 to 8.8 percent in January 2010. However, the improved picture was illusory—the unemployment rate decreased only because about 2,600 workers dropped out of the labor force. Had the number of people in the labor market stayed the same as in December, the unemployment rate would have remained at 8.9 percent.

In New York City, January's unemployment rate was 10.4 percent, down from 10.5 percent the previous month. The decline in the city's unemployment rate, though, was accounted for by the decline in labor market participation. There was a net decrease in employment, and nearly 6,000 workers left the labor force, thus reducing the reported number of unemployed and the unemployment rate.

Unemployment Rates (Seasonally Adjusted)

	<u>January 2010*</u>	<u>December 2009</u>	<u>January 2009</u>
New York State	8.8%	8.9%	7.1%
New York City	10.4%	10.5%	7.5%
United States	9.7%	10.0%	7.7%

*See explanation above regarding the reported decline in NYS and NYC unemployment in January 2010.

Source: New York State Department of Labor.

Payroll job loss

Between July 2008 (the peak month for the state's payroll employment during the last business cycle) and January 2010, New York's seasonally adjusted number of payroll jobs declined by nearly 343,000, a 3.9 percent drop.

In New York City, payroll employment fell by about 159,000 jobs between August 2008 (the city's peak month) and January 2010, a 4.2 percent decrease over this period.

Tens of thousands of New Yorkers file new U. I. claims every week

Weekly initial claims for Unemployment Insurance in New York are still at very high levels. As of mid-January, over 30,000 New Yorkers were filing new claims each week, with nearly 11,000 in New York City.

Race and gender disparities in unemployment

Looking at unemployment rates by race and gender reveals striking differences. Both at the state level and in New York City, unemployment rates are highest among men, blacks, and Hispanics.

Unemployment Rates 2009 Fourth Quarter (Not Seasonally Adjusted)

	<u>New York State</u>	<u>New York City</u>
Total	8.6%	10.2%
Male	9.6%	10.9%
Female	7.6%	9.4%
White non-Hispanic	6.8%	7.5%
Black non-Hispanic	14.0%	14.7%
Hispanic	12.3%	12.0%
Asian & other	6.7%	6.1%

Source: Fiscal Policy Institute analysis of Current Population Survey.

Two out of five unemployed New Yorkers have been out of work for more than six months

Forty percent of New York's unemployed workers have been out of a job for over six months, as of the fourth quarter of 2009. About one in six (16.2 percent) of the unemployed have been out of work for over a year. Long-term unemployment is worse in New York City, where 46 percent of the unemployed have been without a job for more than six months, and 17 percent have gone over a year without finding employment.

Unemployment rates don't tell the whole story

Unemployment rates count people who are actively seeking employment. Some people would take a job if one was offered, but they are not currently looking for one. Some have become so discouraged about their prospects that they have dropped out of the labor market entirely. Other workers have a part-time job but want a full-time one. When these people are taken into account, it reveals the broader extent of unemployment.

In New York, the broader unemployment rate was 14.6 percent in fourth quarter 2009. For black non-Hispanic New Yorkers, it was 21.8 percent, and for Hispanic New Yorkers it was 23 percent. In New York City, the underemployment rate during this same time was 17 percent. Again, it was highest for black non-Hispanic and Hispanic New York City residents (23 percent and 22 percent, respectively).

The Fiscal Policy Institute (www.fiscalpolicy.org is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.

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