News from the Fiscal Policy Institute

For immediate release: July 20, 2011

Contact: James Parrott, Deputy Director and Chief Economist
212-721-5624 (desk), 917-880-9931 (mobile)


Scant recovery for workers in NYC
Young workers see gains, but unemployment worsens for older workers

New York—Over the first year of recovery, New York City workers fared a little better than their counterparts nationally, but with the city’s smaller job gains in recent months, that likely will change for the worse.

The recession hit bottom in the city at the end of 2009. A new report from the Fiscal Policy Institute (FPI) shows that since then, half of the decline in the city’s unemployment rate is due to discouraged workers dropping out of the labor force. There has been no improvement in the city’s “employment rate,” which measures the ratio of those employed to the total working age population, in the first 18 months of recovery.

The new report, The State of Working New York City 2011: Scant Recovery for Workers, presents the first detailed look at unemployment trends within the city’s workforce during the recovery. The report breaks down various trends by race and ethnicity, gender, age, education level, and nativity. Three six-month periods are compared: the employment high point prior to the recession (October 2007-March 2008); the recession low-point (July 2009-December 2009); and roughly one year into the recovery (October 2010-March 2011.)

Good news for young workers

In the recovery’s first year, the largest labor market gains in New York City were recorded by youth aged 16-21 and young adults aged 22-27. According to the principal author of the report, FPI’s Deputy Director and Chief Economist James Parrott, “Almost all of the city’s labor market improvement has been concentrated among young workers. Both youth and young adults have seen sizable gains in their employment rates and reductions in unemployment.”
Young college graduates, both white and of color, have seen the best gains. Recent college graduates of color (i.e., black, Hispanic, Asian or multi-racial) experienced a 9 percentage point employment rate increase in the first year of recovery—the biggest increase among any of the 22 age-race-education categories examined in the report.

**A darker picture for older workers**

The recovery’s first year has been harshest for older workers, age 55 and older. For these workers, unemployment rose as much in the first year of recovery (1.7 percentage points) as it did during the recession. Under-employment, which factors in discouraged workers and involuntary part-time employment, actually increased for older workers, from 9.7 percent at the recession bottom to 13.4 percent in the recovery.

The report notes, however, that there may be no connection between the gains experienced by young workers in the recovery and the worsening conditions borne by older workers. Parrott said, “Undoubtedly some young college grads may be getting hired as waiters or retail cashiers, but the data do point to many getting jobs in managerial, financial and professional occupations. We can’t tell yet if these are the same jobs that older workers are losing.”

**Differences among groups in NYC, and NYC vs. nationally**

Among many demographic groups, the recovery appears to be playing out differently for the nation as a whole than it is in New York City.

- For the U.S. overall, the 35-44 age group has benefited the most during the recovery while that age group in NYC saw unemployment increase and their employment rate fall.
- Older workers nationally made slight gains, but in NYC they fared the worst among all age groups.
- In NYC, the two young worker groups (16-21 and 22-27) fared the best, yet nationally, young workers saw their employment rates fall during the recovery.
- Recent college graduates (22-27) had a 6 percentage point employment rate increase in NYC but a slight decline in the nation overall.
- Blacks, particularly black women, saw some improvement in NYC, but nationally, black unemployment has crept higher and the black employment rate has fallen.

In New York City, blacks experienced greater relative labor market improvement than other race-ethnic groups in the recovery’s first year, although the black unemployment rate (12.7 percent) is still much higher than pre-recession (6.2 percent). Most of the improvement has been among black women. The employment rate for black men increased, but their under-employment rate rose from 23.7 percent at the recession low-point to 25.2 percent during the recovery.

There has been a dramatic increase in the share of the city labor force in the college-educated 22-27 age cohort during the recovery, suggesting that young college graduates are being drawn to the city. Recent college graduates represent 8.9 percent of the city’s workforce, well over twice the national 3.7 percent share. This magnet effect contributes to the city’s considerable overall edge in college attainment: 43 percent of the city’s workforce has a 4-year college degree or better compared to 34 percent for the nation overall.
Can the positive trends be sustained?

Parrott believes that the positive trends for New York City in the early stages of recovery may not be sustainable. “Given the string of very weak national jobs reports, it’s unlikely that the near term future will see more than very slow improvement in the city’s job market,” he said, noting that the city’s rate of job growth has trailed the nation’s since mid-2010. In fact, long-term unemployment is very high in both the city and the nation, with average unemployment in excess of 40 weeks.

Under-employment among adult workers 22 and older is slightly higher in New York City than in the nation (14.3 percent vs. 14.0 percent,) despite the fact that the conventional unemployment rate in the city is below the nation (8.9 percent vs. 9.3 percent.) “Recovery has benefited some groups, but most others continue to struggle in a bleak job market that poses fundamental challenges to policy makers,” concludes Parrott.

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