

# FISCAL POLICY INSTITUTE

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Testimony of  
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Before the  
**New York City Council**  
**Committee on Aging**

## **NYC Labor Market Challenges Facing Older Workers**

New York City  
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Good afternoon, my name is James Parrott, Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI). The Fiscal Policy Institute is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York City and State residents. FPI regularly prepares reports on the state of the New York City economy and the economic condition of workers and their families, and on city budget, tax and economic policy issues. Thank you for the opportunity to testify today.

There has been some general economic improvement in New York City since the 2008-2009 recession reached a low point at the end of 2009, but job growth remains weak and unemployment is still much higher than before the recession. Over the first year of recovery, New York City's rate of payroll job growth was a little better than the nation as a whole. But during the second year of recovery, the city's job growth was about the same as the nation's, and for the last few months there hasn't been much job growth in either the city or the U.S. Job growth remains exceptionally weak, in part because public worker job declines are offsetting much of what private sector job growth the economy can muster in the city and around the nation.

The reported decline in New York City's unemployment rate is deceiving. Were it not for discouraged workers dropping out of the workforce, New York City's unemployment rate in July 2011 would have been 10.1 percent, nearly a percent-and-a-half higher than the official 8.7 percent unemployment rate for that month. This would put it higher than in late 2009, the period considered the recession low point for the labor market.

Hundreds of thousands of New York families are struggling to make ends meet and to keep a roof over their heads. The latest data released today by the Census Bureau show that in 2010, New York City experienced sharply lower median family incomes (which fell by 6 percent) and higher poverty, particularly among single mother households with children.

Worker skills are eroding, and the likelihood that tens of thousands of long-term unemployed workers will never productively re-enter the work force grows with each passing month. Our economy is squandering the productive labor of unemployed men and women on a colossal scale, and our homegrown small businesses that depend on local sales are put in jeopardy because the unemployment crisis deprives them of customers.

Nationally, this recovery is the weakest on record since World War II in terms of the growth in GDP and net employment. As the past year demonstrates, New York City cannot escape the broader forces like weak consumer spending that are holding back national job growth.

In New York City as in the U.S., high long-term unemployment likely will persist for some time. New York City's unemployed have been jobless for 41 weeks on average. Over half of the unemployed have been without jobs for over six months, and nearly 30 percent have been out of work for over a year. The share of those working part-time but who want full-time work has continued to increase during the recovery. Under-employment, which adds discouraged workers and involuntary part-time workers to the unemployed, is higher among adult workers in New York City than in the nation (14.3 percent vs. 14.0 percent) despite the fact that the city's overall unemployment rate is lower.

Even though it has been more than two years since the official end of the recession, New York City workers are still losing jobs at a rate 25 percent greater than at the start of the recession. This reflects continued instability and a high rate of churning in the economy, with continuing job loss accompanying slight job gains. In fact, the city's *employment rate* (the ratio of employed to working-age population, also known as the employment-population rate), has not increased at all during the "recovery."

### ***Older workers hit harder during the recovery***

Clearly, the New York City economy is still in the midst of a severe unemployment crisis. The only age group that has seen significant job gains in the recovery are young adults, ages 22-27, although their unemployment rate for the first half of 2011 was still 10.2 percent, compared to the official unemployment for all workers in the city of 8.7 percent during the first half.

The recovery's first year and a half has been harshest for older workers. Unemployment for older workers has continued to increase during the recovery. City residents age 55 and older had a 0.5 percentage point unemployment increase (from 5.4 to 5.9 percent), and a 1.8 percentage point employment rate decline. Among older workers, unemployment is continuing to worsen for both those 55-64 and those 65 and older. For New York City workers ages 55-64, *unemployment* rose from 6.0 percent at the end of 2009 to 6.4 percent for the first half of 2011. The *employment rate* for the 55-64 group declined from 60.1 to 58.7 percent. For workers 65 and over, *unemployment*

rose from a very low 2.8 percent to 4.1 percent, and the *employment rate* fell by a percentage point.

And many older workers who are still employed have seen their hours, and their weekly pay, reduced. Under-employment, which adds to those officially unemployed, discouraged workers and the involuntary part-time employed, rose for city workers ages 55-64 from 10.3 percent in the last half of 2009 to 12.5 percent in the first half of 2011. Thus, both unemployment and under-employment for older workers ages 55-64 are sharply higher now than before the recession began, and higher than at the “trough” of the recession.

See the attached chart.

Within the 55-64 age group, unemployment is much higher among men (8.9 percent) than for women (4.2 percent). Interestingly, while generally unemployment is higher among less educated workers—overall for New York City’s workforce, unemployment is more than twice as high for those with a high school education or less than for those with a four-year college degree—among workers 55-64, the level of education makes little difference in unemployment rates.

The average length of unemployment for New York City workers 55-64 was 38 weeks during the first half of 2011. For workers 64 and older, the average is nearly a year. It is widely understood, that many workers who are re-employed after a long spell of joblessness suffer considerable wage loss, and that a growing number will find it extremely difficult to find new employment.

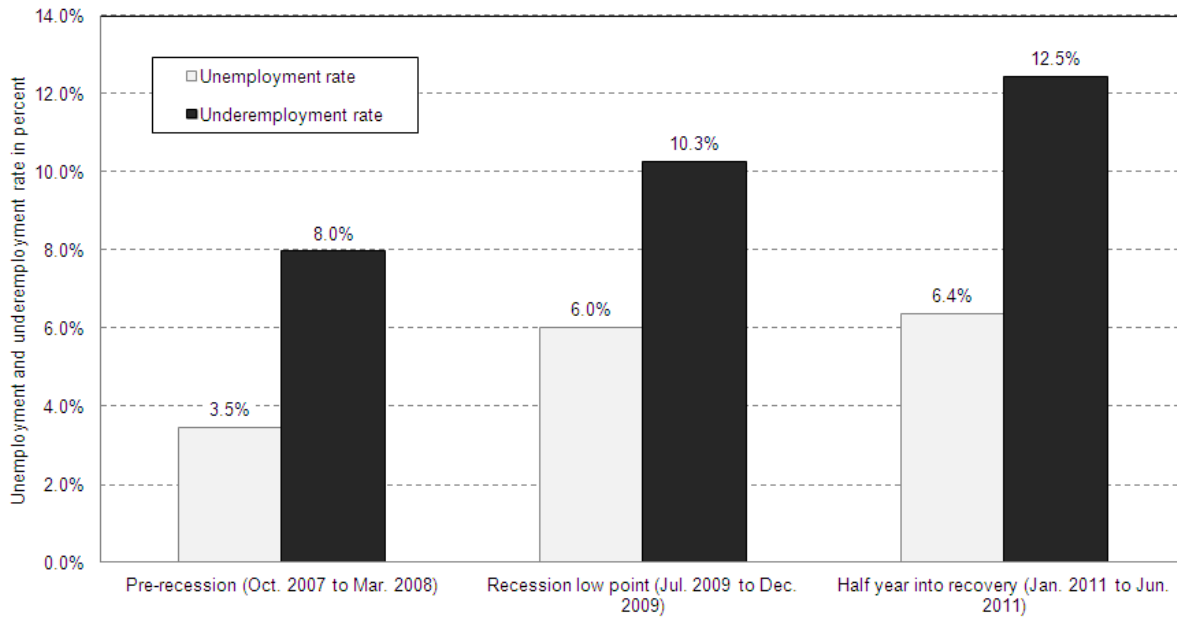
Because of the aging of the baby boom generation, and the pressures to remain in the workforce to compensate for inadequate retirement income, older workers are constituting a rising share of New York City’s workforce. From the start of the recession (late 2007-early 2008) until the first half of 2011, the share of the city workforce that is 55 and over rose from 16.1 percent to 19.2 percent. There are over 750,000 older workers in the city’s labor force.

Clearly, the city’s severe unemployment crisis warrants determined action by city government. City efforts need to take account of the increased importance of older workers in the workforce and the fact that a growing number of older workers are experiencing a lack of viable employment opportunities.

Thank you for the opportunity to testify today.

*The Fiscal Policy Institute ([www.fiscalspolicy.org](http://www.fiscalspolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.*

**New York City's unemployment and under-employment rates for those who aged between 55 and 64 are much greater than before the recession, and have risen during the "recovery."**



Source: FPI analysis of CPS and NYS DOL LAUS Labor Force Statistics for NYC; U.S BLS definition of unemployment rate includes unemployed plus marginally attached workers and those who are working part-time involuntarily