New York workers paying a high price for persistent unemployment in the weakest modern recovery

New York workers are paying a high price for persistent unemployment four years into the weakest recovery since the Great Depression, according to the Fiscal Policy Institute's (FPI) 2013 edition of The State of Working New York. The report notes that in addition to lost job opportunities and health benefits, New York workers are suffering from prolonged periods of joblessness, and high rates of underemployment (or “hidden unemployment”), reflecting more discouraged workers who have given up looking for work. Moreover, out-of-work New Yorkers are at risk of various forms of adversity associated with long-term unemployment: poor health, depression, divorce, suicide, and much lower lifetime earnings.

“We’ve just come through a record 48 consecutive months when unemployment stayed above eight percent,” stated James Parrott, FPI’s Deputy Director and Chief Economist and the reports principal author. “Yes, New York State is in recovery,” Parrott continued, “but we’re still not able to walk across the room without crutches, not to mention, start training for a marathon.”

The FPI report found that the average period of joblessness among 718,000 unemployed New Yorkers is 37 weeks, a month longer than the national average. Also, the “layoff rate” for the first half of 2013 was still higher than during the 2001-2003 recession. The layoff rate measures the degree to which workers are losing their jobs and applying for unemployment insurance.

According to the FPI report, while New York State has recovered the jobs lost during the recession, and then some, the state still has a “job deficit” of 156,000. That is the number of additional jobs needed given population growth to match the pre-recession ratio of jobs to the working age population.

On the other hand, the nation has still not recovered all the jobs lost during the recession. In fact, New York managed the sixth best job growth performance among all 50 states since the recession began. New York has fared better than most states on the job front because it lost fewer jobs in the recession, thanks mainly to the taxpayer bailout of Wall Street.

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Within New York, jobs have grown much faster in New York City than in the city’s suburbs and upstate. New York City has 4.7% more jobs than before the recession, while the rest of the state is still 1.6% below the pre-recession level. Only Long Island and the Ithaca metro area have had faster job growth than the nation.

In the last four years of recovery, the 52-county upstate area (all of the state north of Rockland and Putnam counties) had total job growth of 1.2%. That’s only one-third the pace of national job growth in the recovery. Among the major upstate metro areas, Rochester (with 3.0% total job growth) and Buffalo (2.5%) have done better during the four years of recovery than Syracuse (1.1%) and Albany (1.0%), while the Binghamton metro area has seen a 3.6% job decline.

Among the report’s other findings:

- Unemployment in the major upstate cities averaged 9.5% in the first half of 2013, two percentage points higher than in the surrounding suburbs.
- Most of the net job growth, in New York as well as for the nation overall, has occurred among industries like restaurants and retail that pay lower wages. The pre-recession decline in middle-wage jobs continues.
- The loss of middle-wage jobs has been compounded by state and federal budget austerity policies that have reduced the number of government employees. The number of public servants has dropped by more in much of New York than in the U.S. as a whole, with steep drops of 7% or more in the northern NYC suburbs and throughout the Hudson Valley region.
- Had there been no decline in the number of teachers or other state and local public workers, NYS’s total job growth would have been 5% instead of 4.1% over the past four years. Had the number of public servants kept pace with the state’s population growth, there would be an additional 150,000 jobs in NYS today, including the private sector jobs supported by government spending. This would come close to wiping out New York’s “job deficit.”
- The past 10 years have essentially been a “lost decade” for typical New York workers since median wages have dropped by almost 7% for men and about 1% for women.
- Among young New Yorkers aged 18-24, fewer than half have jobs—only 45% compared to 50% before the recession. Statewide, more than one in six of those aged 18-24 are unemployed, and 29% now suffer from underemployment, compared to 20% five years ago.

The FPI report is available at: http://www.fiscalpolicy.org/state-of-working-new-york-2013

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.