

A Crisis of Black Male Employment Unemployment and Joblessness in New York City, 2003

A CSS Annual Report

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The word on the street is “recovery.” Led by a rebound on Wall Street, a revival of tourism, and a robust housing market, the consensus is that the New York City economy is now emerging from a nearly three-year slump. Recovery is one thing; a return to prosperity is quite another. The local job market remains weak. Although the city has stopped hemorrhaging jobs, sustained employment growth is not yet evident. And unemployment remains high. Perhaps the greatest uncertainty about New York’s labor market is whether a return to growth will alleviate the crisis of joblessness facing the city’s Black men, barely half of whom were employed in 2003.

This CSS annual report profiles the New York City labor market by providing annual average estimates of unemployment and jobholding derived from the U.S. Bureau of Labor Statistics’ Current Population Survey. It compares 2000 – the peak year of the prior expansion – to 2003, what is expected to be the trough year of the economic contraction. The report, however, is not simply a retrospective tally of New Yorkers in distress. Given forecasts of modest economic growth over the next several years, those groups of city residents who have suffered a disproportionate share of the decline in employment during the downturn will likely be burdened by a continued lack of job opportunities for some time to come.

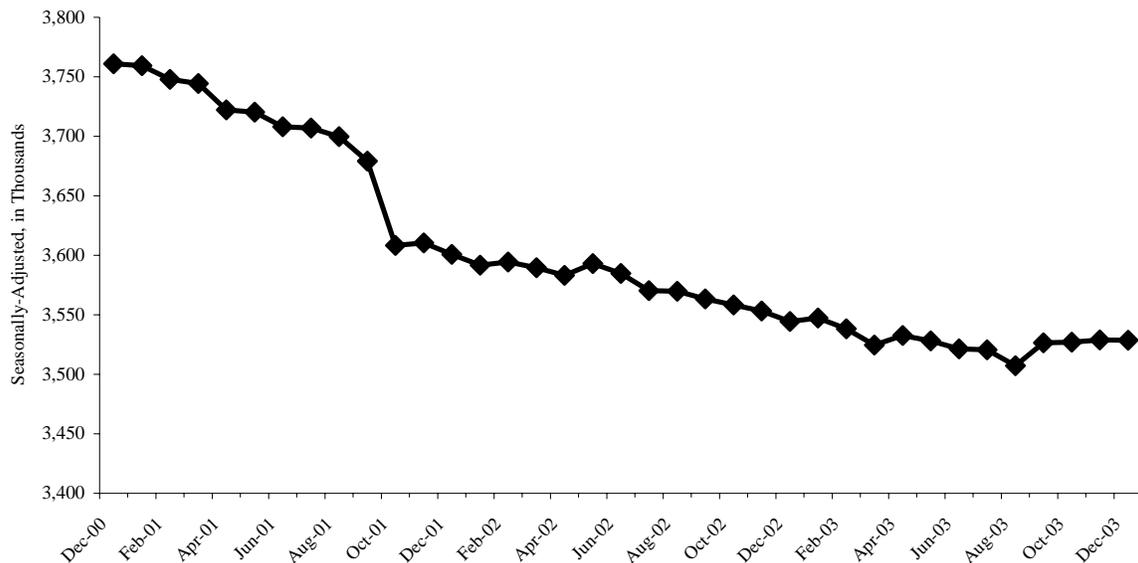
The Study's Key Findings

- The citywide unemployment rate stood at 8.5 percent in 2003. But for many groups of New Yorkers it was considerably higher. That includes: teens, 28.7 percent; young adults, 13.1 percent; Blacks, 12.9 percent; Hispanics, 9.6 percent; people with less than a high school degree, 11.2 percent; and blue collar workers, 10.1 percent.
- Compared with 2000, a larger share of the unemployed has been jobless for more than 26 weeks, the period for which they are eligible for Unemployment Insurance benefits. In 2000, less than three-in-ten (28.0 percent) of the city's unemployed city residents had been out of work for more than 26 weeks. In 2003, that proportion climbed to four-in-ten (39.7 percent).
- Declines in jobholding since the business cycle peak of 2000 have been particularly steep for men. The employment-population ratio (the proportion of the working age population with a job) for male city residents tumbled by 5.4 percentage points compared to a 2.2 percentage point fall for women. Among New York's men the sharpest declines in employment-population ratios were for the young (a 11.6 percentage point fall), Hispanics (a drop of 7.1 percentage points) and Blacks (a 12.2 percentage point plunge). Jobholding among women has been sustained by the continued expansion of the educational and health care sectors of the city economy.
- The collapse in Black male employment in the recession was preceded by meager job growth in the prior expansion. As a result, African American men have lost ground relative to other groups in the city. In 2003 barely one-half (51.8 percent) of New York's Black men were employed. By comparison, 57.1 percent of the city's Black women and 75.7 percent of New York's White men were working in that year.

Background: Over Two and One-Half Years of Declining Employment

Although the recent recession will always be associated with the terrorist attack of September 11, the New York City labor market had been contracting since December of 2000. By September 2001, the number of jobs in the city (on a seasonally adjusted basis) had dropped by 81,700 from a peak of 3,761,000 nine months earlier. (See Figure One). Then came the horrific destruction of the World Trade Center. The city lost 78,300 jobs from September 2001 to December 2001. Over the course of 2002 and then through August of 2003, employment declined by another 93,700 jobs. Since an uptick from August to September 2003, employment has held steady, at a plateau of 3,528,000.¹

Figure One: NYC Payroll Employment



Source: New York City Office of the Comptroller.

¹ Data provided by the New York City Office of the Comptroller. These employment statistics are derived from a survey of business establishments. They measure seasonally adjusted payroll employment, the number of jobs located in New York City.

Although the payroll employment data may soon be revised upward, it is clear that the local job market is not bounding out of its long downhill slide.² Expectations are that employment will grow in 2004, but growth will be modest. Forecasts from the Office of the New York City Comptroller, the New York City Independent Budget Office, and the New York City Office of Management and Budget all estimate increases, in the range of 20,000 to 40,000 jobs.³ Looking further into the future, projected employment gains for 2005 through 2008 vary from of 30,000 to 50,000 annually.⁴ Even the high end of these forecasts are a far cry from the job growth the city enjoyed in the late 1990s, when payrolls were rising by nearly 90,000 per year. If these projections are on target, it will take the city roughly five years to regain its pre-recession level of employment. This suggests that the troubling picture of unemployment and joblessness that follows cannot be dismissed as yesterday's news.

The Impact of the Recession: Higher Unemployment Rates

The unemployment rate for New York City residents (16 through 64 years of age) jumped from a 5.7 percent annual average in 2000 to an 8.5 percent average in 2003.⁵ Table One provides unemployment rates for a variety of groups within the city's population. The first column, labeled "Ave. 2003," provides the group's average unemployment rate over the 12 months of 2003. The table's second column, labeled "Ave. 2000," gives the group's unemployment rate during the peak year of the economic expansion. The table's third column, labeled "Change," is the percentage point growth in the group's unemployment rate.

² Each March estimates from the survey of payroll employment are subject to annual revision. At times when the economy is moving out of a period of recession, the revisions can report somewhat stronger employment growth than originally estimated.

³ Office of the Comptroller. *The State of the City's Economy and Finances 2003*. December, 2003. New York City Independent Budget Office. *Fiscal Outlook*. December 2003. The City of New York Office of Management and Budget. *January 2004 Financial Plan*. January 2004.

⁴ Out year projections are from the Independent Budget Office and Office on Management and Budget reports cited above.

⁵ The 8.5 percent unemployment rate is slightly higher than the average obtainable from the monthly data published by the Bureau of Labor Statistics. See the notes on the data for an explanation.

The table tells two stories. When the city labor force is parsed by demographic characteristics such as gender, age, and race/ethnicity, there are significant variations in the growth of unemployment. These changes either widened or created new disparities in unemployment rates between groups. But when the labor force is detailed by measures of “skill” such as educational attainment or occupation, the growth of unemployment is markedly more uniform across groups. Here the pattern of change preserved the pre-existing pattern of disparity.

- Gender: Male unemployment grew more rapidly than female unemployment. The unemployment rate for men rose by 3.3 percentage points, from 5.3 percent in 2000 to 8.7 percent in 2003. The rise in the unemployment rate for women was more modest, a 2.3 percentage point increase from 6.1 percent in 2000 to 8.4 percent in 2003.
- Age: Unemployment among teenagers rose dramatically compared to unemployment for adult workers. The unemployment rate for teens leapt by 9.7 percentage points from 2000 and stood at 28.7 percent in 2003. The unemployment rate for young adults (20 through 24 years of age) rose a more modest 2.8 percentage points to 13.1 percent. The rise in the unemployment rate for New Yorkers 25 through 54 years of age was 3.0 percentage points to 7.8 percent. Older city residents (55-64) experienced the smallest uptick in their unemployment rate, 1.8 percentage points, and continued to have the lowest unemployment rate of any age group, 4.7 percent.
- Race/Ethnicity:⁶ Unemployment grew most rapidly among New York’s Blacks. The Black unemployment rate jumped by 5.3 percentage points to 12.9 percent in 2003, the highest rate among the city’s largest race/ethnic groups. The unemployment rate for

⁶ The racial/ethnicity categories used in this report are mutually exclusive: Non-Hispanic Whites, Non-Hispanic Blacks, and Hispanics of any race. To avoid cumbersome terminology, the terms White, Black and Hispanic are used in the text. The data for 2003 reflect new Census race definitions. See the notes on the data for more details.

Whites, by contrast, rose 2.6 percentage points to 6.2 percent. *The result of these changes was a widening of the Black/White disparity, from 3.9 percentage points in 2000 to 6.7 percentage points in 2003.* Although Hispanics had the smallest increase, a 1.6 percentage point rise, this came on top of an already high 8.0 percent unemployment rate in 2003. Thus, their 2003 unemployment rate was 9.6 percent.

- Occupation: Percentage point increases in unemployment rates were fairly uniform across occupational groups. But they came on top of a widely varied base. As a result, unemployment rates remained relatively modest for managers and professionals, 5.2 percent and 5.9 percent, respectively. At the other end of the occupational spectrum blue-collar workers endured a 10.1 percent unemployment rate in 2003. Although the largest declines in payroll employment have occurred in the financial and business services industries, unemployment rates for those in the upper tier of the white-collar world – managers and professionals – remained lower in the recession than the blue-collar unemployment rate at peak of the boom.⁷
- Education: With the exception of the larger than average rise in unemployment for New Yorkers with some college (but without a four-year degree), increases in unemployment rates were fairly similar across educational groups. City residents without a high school degree (who suffer the highest unemployment rate, 11.2 percent in 2003) experienced a 2.7 percentage point rise in unemployment. New Yorkers with no more than a high school degree saw their unemployment rates rise 1.5 percentage points to 6.6 percent. By contrast, the unemployment rate for the some college group climbed by a relatively large 5.4 percentage points, to 9.7 percent. City residents with a Bachelor’s Degree or higher

⁷ The sharp decline in these industries, no doubt, contributed to the perception that this was a “white-collar” recession. Table Three, below, provides employment data by industrial sector.

level of education experienced a 2.8 percentage point unemployment rate increase to 5.2 percent.

Table One:
Unemployment Rates
For Working Age NYC Residents
 (Numbers are percent of the labor force 16 through 64)

	<u>Ave. 2003</u>	<u>Ave. 2000</u>	<u>Change</u>
All	8.5	5.7	2.8
By Gender			
Male	8.7	5.3	3.3
Female	8.4	6.1	2.3
By Age			
16-19	28.7	18.9	9.7
20-24	13.1	10.3	2.8
25-54	7.8	4.8	3.0
55-64	4.7	2.9	1.8
By Race/Ethnicity			
Non-Hispanic White	6.2	3.6	2.6
Non-Hispanic Black	12.9	7.5	5.3
Hispanic, Any Race	9.6	8.0	1.6
By Occupation			
Management, business, and financial	5.2	2.0	3.3
Professional and related	5.6	2.5	3.1
Office and administrative support	7.9	6.1	1.9
Sales and related	9.0	5.7	3.2
Service	7.7	5.7	2.0
Blue-Collar*	10.1	7.8	2.3
By Educational Attainment (persons 25-64 years old)			
Less than H.S.	11.2	8.6	2.7
H.S. Degree	6.6	5.1	1.5
Some College	9.7	4.3	5.4
Bachelor's and Higher	5.2	2.4	2.8

Note: 2003 data reflect new Census race definitions.

Changes are taken from unrounded numbers.

Source: CSS tabulations from the Current Population Survey.

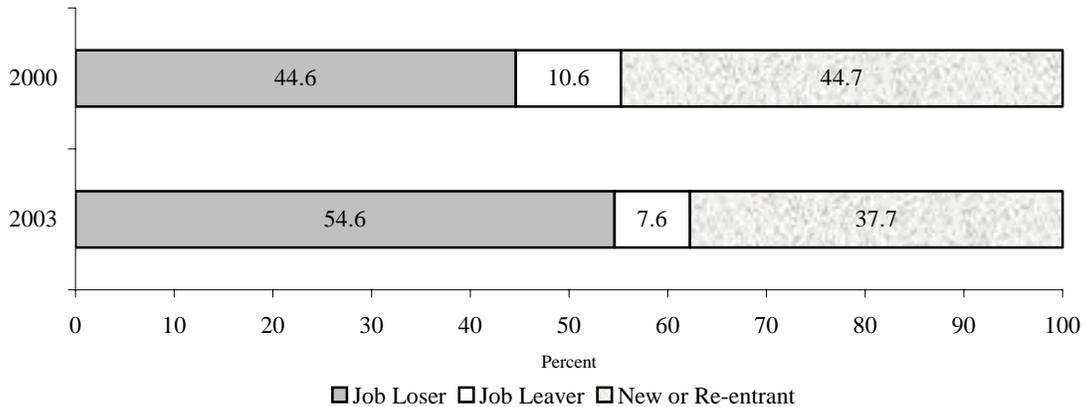
* Blue-collar combines construction and extraction; installation, maintenance, and repair; production; and transportation and material moving occupations.

The Impact of the Recession: The Changing Nature of Unemployment

Some degree of unemployment is inevitable in a dynamic market economy. Even during economic expansions, some firms are shedding workers. People who have been out of the labor market are deciding to look for paid employment. And some workers are leaving their jobs to seek out better positions in other firms. This mix of job losers, leavers, and labor market entrants changes when the economy contracts. More workers are unemployed because they have lost their jobs and less of the unemployed are people who have either voluntarily left their jobs or have chosen to enter the labor market.

Figure Two compares the reasons why people were unemployed in 2000 against 2003. In 2000, on average, only 44.6 percent of the unemployed were job losers and an equal proportion (44.7 percent) were first-time or re-entrants into the labor market. A reflection of optimism about the availability of work was that one-in-ten (10.6 percent) of the unemployed had left their former jobs by choice. In 2003, by contrast, over half (54.6 percent) of the unemployed were job losers; less than four-in-ten were new or re-entrants (37.7 percent); and only one-in-twelve (7.6 percent) were job leavers.

Figure Two: Distribution of NYC's Unemployed, By Reason

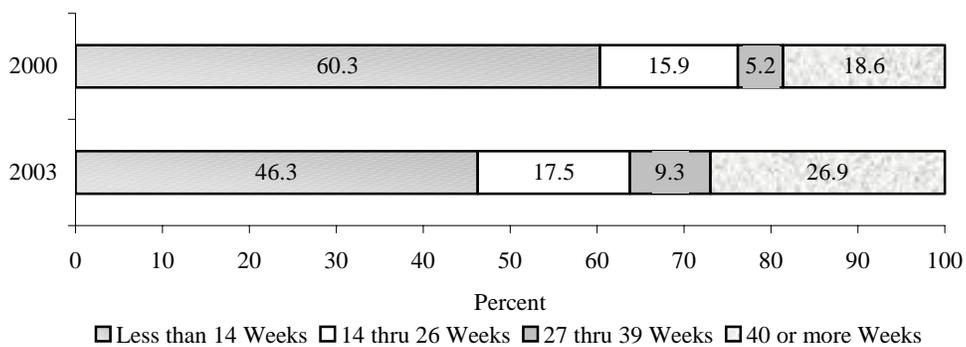


Source: CSS tabulations for the Current Population Survey.

Recessions also increase how long it takes job seekers to find work. Figure Three compares estimates of the number of weeks the city’s unemployed were out of work in 2000 against 2003. On average, in 2000, six-in-ten (60.3 percent) of the unemployed were out of work for fewer than 14 weeks and a little less than one-in-four (23.8 percent) had been without a job for 27 weeks or more. In 2003, less than half (46.3 percent) of the unemployed were jobless for less than 14 weeks and nearly four-in-ten (39.7 percent) had been out of a job for 27 weeks or longer. In that year, over one-fourth (26.9 percent) of the unemployed had been out of work for 40 or more weeks.

The increasing share of job losers and long-termed job seekers within the ranks of the unemployed should be well-noted by Congress and the President who have allowed the Temporary Extended Unemployment Compensation program to expire in December of 2003. It provided 13 weeks additional Unemployment Insurance to individuals who had exhausted their regular 26 weeks of UI.

Figure Three: Distribution of NYC's Unemployed, By Duration



Source: CSS tabulations from the Current Population Survey.

The Impact of the Recession: Declining Rates of Jobholding

Unemployment rates may not capture the full extent of a recession's impact across demographic groups. The unemployed are only those jobless that are actively seeking work. And looking for a job in the midst of a recession is a discouraging experience. Some workers give up the hunt. Others, who are not already in the job market, conclude that searching for work would be futile. Such people may be jobless, and they may want to work, but the Bureau of Labor Statistics does not classify them as unemployed. So their joblessness is not captured by the unemployment rate. To the extent that members of groups with high unemployment rates are more likely than others to become discouraged and stop actively seeking work, increases in unemployment rates will understate the disparate effect of a recession across demographic groups. Declines in the employment-population ratio (the proportion of the working age population with paid employment) provide a more complete measure of rising joblessness because they are not impacted by the "discouraged worker" effect.⁸

A change in perspective from unemployment rates to employment-population ratios reveals some dramatic differences between men and women. The male employment-population ratio dropped 5.4 percentage points from 2000 to 2003. The decline for women over the same period was much more modest, 2.2 percentage points. Table Two further develops the picture of which demographic groups have been disproportionately affected by the recession by providing employment-population ratios for men and women by age and race/ethnicity. *It indicates that across each demographic breakdown, the drop in the jobholding rate for males was greater than*

⁸ This ratio has another advantage in measuring joblessness with the limited sample available from the CPS for New York City. The relatively small number of unemployed limits the degree of demographic detail that can be meaningfully estimated. By construction, both the numerator (the number of employed) and the denominator (the population) of the employment population ratio are drawn from a larger sample than that of the unemployment rate. This allows for a more detailed breakdown among groups. It should also be noted that the Current Population Survey's definition of the population does not include either persons in the military or in penal institutions.

the corresponding decline for females. Within each demographic dimension among men, the most disadvantaged groups invariably suffered the steepest declines. By far, the most dramatic declines in employment are those for younger, Black, and Hispanic males.

- Age: There has been a dramatic fall in jobholding among younger men. The employment-population ratio for males age 16 through 24 plunged by 11.6 percentage points to 35.1 percent. The jobholding rate for men 25 through 64, by contrast, declined 4.7 percentage points to 75.4 percent. The drops in employment-population ratios for women in each age group were far less extreme – a 3.1 percentage point fall for younger women to 38.3 percent and a slip of 1.7 percentage points to 60.2 percent for women 25-64. *The dramatic collapse in jobholding by young men puts their employment-population ratio 3.2 percentage points below that of their female counterparts.*
- Race/Ethnicity: Jobholding among Black and Hispanic men has plummeted. The employment-population ratio for Black men collapsed by 12.2 percentage points since 2000, to 51.8 percent in 2003. The drop for Hispanic men was 7.1 percentage points to 65.7 percent. The decline for White men was a distinctly more modest 2.1 percentage points, to 75.7 percent.

Differences in job loss among women by race/ethnicity are less dramatic than their male counterparts. There were declines of 2.6 percentage points (to 61.4 percent), 1.8 percentage points (to 57.1 percent) and 4.2 percentage points (to 47.7 percent) for White, Black, and Hispanic women, respectively. *The result of the plunge in jobholding among Black men and the relatively small decline for Black women is that in 2003 a*

higher proportion of the city's Black women were employed than Black men, 57.1 percent against 51.8 percent.⁹

Table Two:
Employment-Population Ratios for Working Age New York City Residents
 (Numbers are the percent of the population 16 through 64)

	Males			Females			
	<u>Ave. 2003</u>	<u>Ave. 2000</u>	<u>Change</u>	<u>Ave. 2003</u>	<u>Ave. 2000</u>	<u>Change</u>	
<i>All</i>	67.5	72.9	-5.4	<i>All</i>	55.9	58.1	-2.2
By Age							
16-24	35.1	46.7	-11.6	16-24	38.3	41.4	-3.1
25-64	75.4	80.1	-4.7	25-64	60.2	62.0	-1.7
By Race/Ethnicity							
Non-Hispanic White	75.7	77.8	-2.1	Non-Hispanic White	61.4	64.0	-2.6
Non-Hispanic Black	51.8	64.0	-12.2	Non-Hispanic Black	57.1	58.9	-1.8
Hispanic, Any Race	65.7	72.8	-7.1	Hispanic, Any Race	47.7	51.9	-4.2

Note: 2003 data reflect new Census race definitions.
 Differences are taken from unrounded numbers.
 Source: CSS tabulations from the Current Population Survey.

Male and Female Employment Trends in Perspective

Much of the dramatic difference between the declines in employment for men and women can be accounted for by examining which industries have been either hard hit or unscathed by the recession. Table Three details the decline in employment by major industrial sector from 2000 to 2003. It also provides the percentage of the industry's resident workforce that is female. The industries that have suffered the greatest declines in employment – manufacturing, finance, and professional services – are all industries with majority-male workforces. The one sector that has enjoyed substantial growth throughout the recession is educational and health services, which grew by nearly 40,000 jobs and now accounts for 18.7

⁹ One question that is raised by these estimates is whether they are influenced by the introduction of the new Census race definitions. As developed in the notes on the data, that appears to be very unlikely.

percent of total employment in the city. The industry group is overwhelmingly female (72.0 percent) and provides employment to one out of three of the city's working women.

**Table Three:
Industrial Distribution of NYC Employment Loss**

Industry	Employment*		Change* 2000-2003	Percent Female
	2000	2003		
Total Non-Farm Employment	3723.1	3527.5	-195.6	46.9%
Natural Resources & Mining	0.1	0.1	0.0	0.0%
Construction	120.4	117.3	-3.2	7.8%
Manufacturing	176.8	130.5	-46.3	44.8%
Trade, Wholesale & Retail	436.6	411.6	-25.0	40.8%
Transportation, Warehousing, Utilities	133.0	114.0	-19.0	21.7%
Information	187.3	164.4	-22.9	49.7%
Financial Activities	488.8	436.4	-52.4	47.2%
Professional and Business Services	586.5	533.4	-53.2	47.7%
Educational and Health Services	620.1	660.0	39.9	72.0%
Leisure and Hospitality	256.7	257.1	0.4	34.3%
Other Services	147.4	146.4	-1.0	56.1%
Government	569.5	556.4	-13.1	42.0%

* In thousands.

Employment data are annual averages calculated from the NYS Dept. of Labor payroll survey. They are subject to revision.

Percent female is for New York City residents and is calculated from the Current Population Survey.

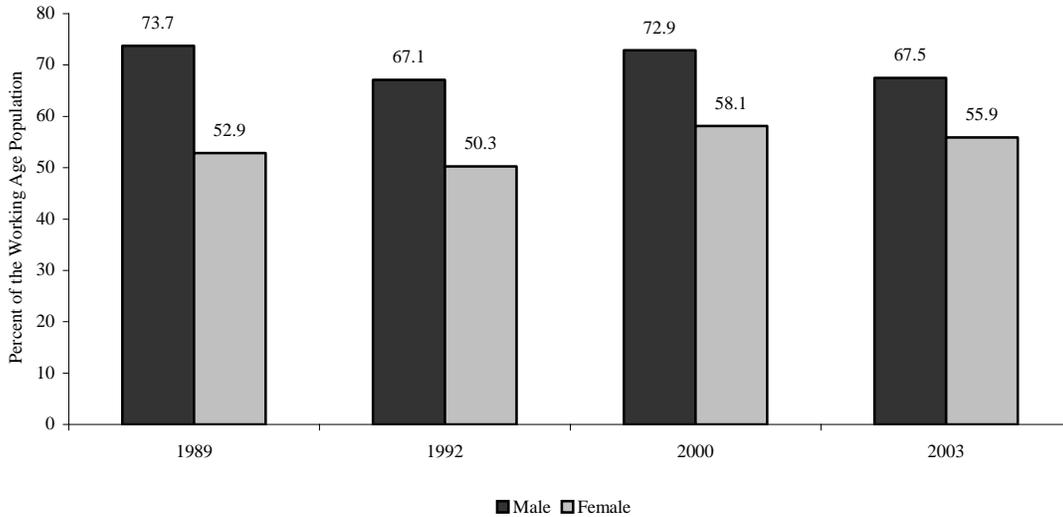
Another notable feature of the wide gender disparity in the employment declines in the most recent recession is that it is not unique. As Figure Four illustrates, in the 1989-1992 recession male jobholding fell by 6.6 percentage points (from 73.7 percent to 67.1 percent), compared with a fall of 2.6 percentage points (from 52.9 percent to 50.3 percent) for women.¹⁰ What may be more noteworthy in terms of the longer-term evolution of the city's labor force is that women have not only experienced relatively small declines in jobholding during the two most recent recessions, they also made greater gains during the period of expansion.¹¹ From 1992 to 2000, the employment-population ratio for women rose by 7.9 percentage points, to 58.1 percent, while the gain for men was 5.8 percentage points, to 72.9 percent. The combined result

¹⁰ 2000 to 2003 recession was less severe than 1989 to 1992 recession. From December 2000 to December 2003, New York City lost 240,000 jobs. Over an equally long time period, from December 1989 to December 1992, the city lost 327,000 jobs.

¹¹ The steep drop in the welfare rolls during the late 1990s played some role in this story. See Mark Levitan and Robin Gluck. *Mothers' Work: Single Mother Employment, Earnings, and Poverty in the Age of Welfare Reform*. Community Service Society. September 2002.

of smaller losses in recession and larger gains in recovery is that the gap between male and female jobholding rates has closed dramatically. In 1989 the male employment rate exceeded the female rate by 20.8 percentage points. By 2003, the gap had narrowed to 11.6 percentage points.

**Figure Four: Employment-Population Ratios
NYC Residents, By Gender**



Source: CSS tabulations from the Current Population Survey.

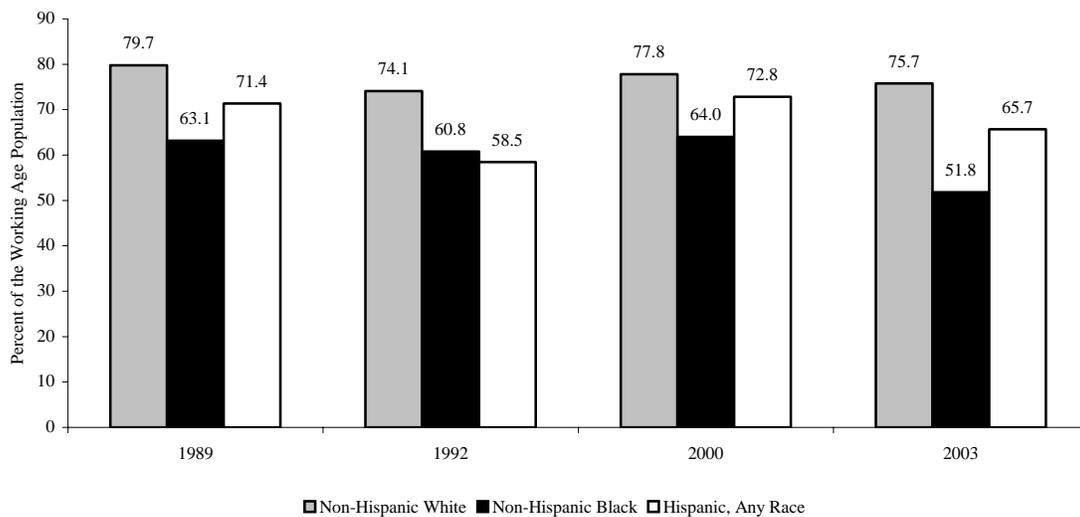
A Crisis in Black Male Employment?

The economic downturn of 2000-2003 took its largest toll on Black, Hispanic, and younger men. These are not unrelated populations; some 27.0 percent and 35.1 percent of New York men 16 through 24 years of age are African American and Latino, respectively. But there is good reason to focus on the sharp drop in the employment-population ratio for Black men as perhaps the most troubling trend in the recession. One way to appreciate its severity is to place it in a longer time frame and to compare it to the experience of other groups of New Yorkers. Figure Five provides employment-population ratios for the city’s men by their race/ethnic group. It shows that a double-digit decline in jobholding is not unprecedented. In the 1989-1992 recession, however, the most dramatic fall in jobholding was on another race/ethnic shoe. The employment-population ratio for male Hispanic New Yorkers plummeted by 12.9 percentage points (from 71.4 percent to 58.5 percent), while the decline for Blacks was a markedly smaller 2.3 percentage points (from 63.1 percent to 60.8 percent). But during the 1992 through 2000

period of recovery and boom, employment rates for Hispanic men rebounded, by 14.4 percentage points (to 72.8 percent). Black male jobholding, by contrast, rose by only 3.2 percentage points during the expansion (to 64.0 percent). From the peak of the 1980s economic expansion, 1989, to the peak of the 1990s economic expansion, 2000, the pattern of employment disparities among men was fairly unchanged.

Then came the recession and the plunge in Black male jobholding. By the end of the 14-year period described in Figure Five, employment rates for Black men have fallen relative to White and Hispanic rates. In 1989 the Black male employment-population ratio was 16.6 percentage points below the White male ratio and 8.3 percentage points behind the ratio of Hispanic men. By 2003, the Black/White gap had grown to 23.9 percentage points and the Black/Hispanic gap had expanded to 13.9 percentage points.

**Figure Five: Employment-Population Ratios
NYC Males, By Race/Ethnicity**

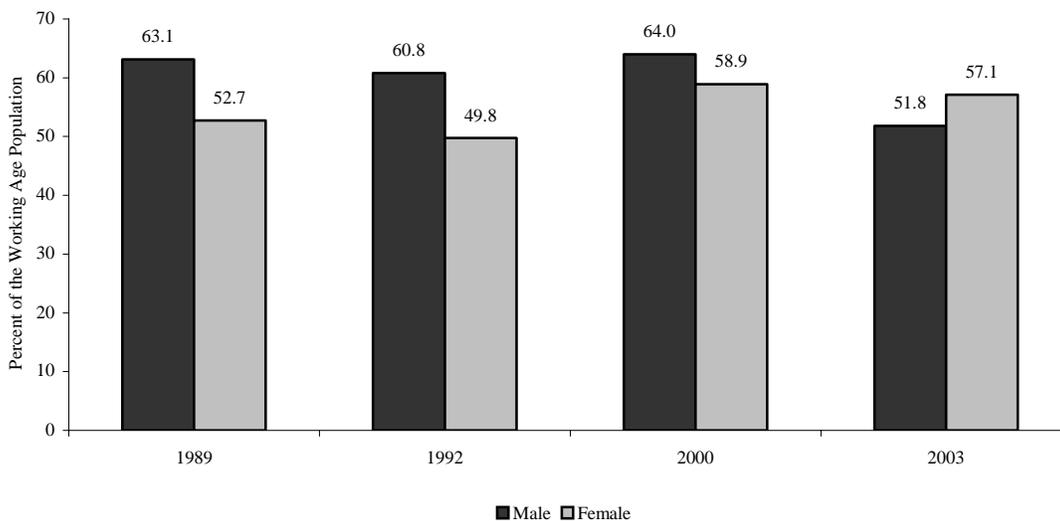


Source: CSS tabulations from the Current Population Survey.

Another perspective on Black male jobholding is gained by comparing it with the growth of employment among Black women. As Figure Six illustrates, Black women have been gaining ground on Black men since 1992. In 1989 Black men had a 10.4 percentage point advantage over Black women (63.1 percent against 52.7 percent). The 1989-1992 recession had little impact on that disparity. But the gap was halved, to 5.1 percentage points (64.0 percent compared to 58.9 percent), between the downturn’s 1992 trough and the 2000 business cycle

peak. With the sharp decline in Black male jobholding in the most recent recession, the Black female employment-population ratio exceeded the employment-population ratio for Black men by 5.3 percentage points in 2003.

**Figure Six: Employment-Population Ratios
NYC Non-Hispanic Blacks, By Gender**



The longer term and comparative perspective raises a number of issues. Foremost is whether the decline in Black male jobholding should be seen as primarily recession related or as symptomatic of a more deeply rooted dynamic that is placing them in a position of ever widening relative disadvantage. Hispanic men suffered a sharp fall in jobholding in the 1989-1992 downturn. The drop reflected the concentration of Latino males in New York’s manufacturing sector, which was decimated in that recession. Yet, Hispanic male employment was able to rebound as manufacturing jobs were replaced by (low-wage) employment in service industries later in the 90s. Job growth in the service sector, on the other hand, seems to have done little to bolster employment among Black men. That begs the obvious question: “why?” The answer, important as it is, is beyond the scope of this brief profile. Subsequent CSS reports will explore this in depth.

Along with the analytical issue is a practical concern; what to do if a revived city economy fails to alleviate this crisis level of joblessness? The question suggests that New York’s policymakers face not one, but two challenges: to address the continued hangover of unemployment from the recession *and* to find ways to bring people who we can no longer

assume will benefit from the economic expansion into employment. Finding the ways will require more research. But that is only a first step toward developing a programmatic response and building the public will to turn ideas into action. Those tasks would best be accomplished under the auspices of a high-level “roundtable” representative of a variety of viewpoints from around the city, but with a common commitment to building a local economy that provides opportunity for all New Yorkers.

ACTION IS NEEDED NOW

New York City's jobless cannot be asked to wait for the results of research and public debates over policy alternatives when there is action that can be taken now to address their needs. The three steps we outline below will not resolve all the issues that this report has raised. They will, however, make a difference.

Renew the Temporary Extended Unemployment Compensation (TEUC) program.

Congress and the President have failed to renew TEUC. Given the continued weakness of the national job market – especially the very high number of long-term unemployed – there is no justification for their inaction.¹² The Center on Budget and Policy Priorities estimates that nearly two million unemployed workers nationally (157,093 in New York State) will exhaust their 26 weeks of regular Unemployment Insurance benefits in the first six months of 2004. Even after adjusting for the growth of the labor force, this is a record high.¹³

A restoration of TEUC would not only alleviate hardship among the unemployed, it will bolster consumer spending and stimulate the economic growth that is still sorely needed in New York City. By the very nature of the program, Unemployment Insurance is an economic stabilizer. Benefits tend to flow toward areas with the greatest unemployment and unemployed workers quickly spend their benefit checks on life's necessities. As a U.S. Department of Labor study found, every dollar of Unemployment Insurance benefits, as it ripples through the economy, contributes \$2.15 to economic growth.¹⁴

Create a Transitional Jobs Program. Transitional employment programs provide publicly subsidized, time limited work to the unemployed. They can serve two purposes. One is

¹² Isaac Shapiro. "Do Recent Improvements in the Labor Market Justify Ending the Federal Unemployment Benefits Program?" Center on Budget and Policy Priorities. January 2004.

¹³ Isaac Shapiro. "Unmet Need Hits Record Level for the Unemployed." Center on Budget and Policy Priorities. February 2004.

¹⁴ Lawrence Chimerie et. al. "Unemployment Insurance as an Economic Stabilizer: Evidence of Effectiveness Over Three Decades." Unemployment Insurance Occasional Paper 99-8. U.S. Department of Labor. 1999.

to provide a backstop during economic downturns. The other is to provide employment experience for populations that may not benefit from economic expansion. The first of these purposes can be financed out of temporary funding mechanisms. Such a funding source exists.

The Lower Manhattan Development Corporation was created by New York State to lead the effort to rebuild downtown Manhattan. Among the funding it was provided was a \$2.7 billion federal Community Development Block Grant, roughly \$1 billion of which remains uncommitted. In light of the continuing high rates of joblessness in New York City, the mission of the Lower Manhattan Development Corporation needs to be expanded. It should establish a transitional jobs program through the expanded use of wage subsidy funds that could be phased out as the job market improves. The wage subsidies, in addition, should be utilized in conjunction with funds from the federal Workforce Investment Act to provide participants with new skills along with their new jobs. This would enhance both their ability to find unsubsidized, living-wage employment in the future and strengthen the skill-base of the city workforce – an important reason why firms are attracted to New York City and remain here.¹⁵

The second need – a jobs program targeted toward structural underemployment – requires an ongoing financial commitment and a more specialized approach. That would include extensive social services, remedial education, and vocational training along with the real world work experience a transitional job would provide. Although a large-scale program is not likely in the current political and fiscal climate, the New York State Department of Labor, through the use of Workforce Investment Act funding, could create a pilot program to test the value of this approach. As the job market improves and the need to address the cyclical component of

¹⁵ Detailed proposals for a large scale jobs program can be found in *Back to Work: Addressing the Needs of New York's Working Poor Since September 11*. Community Service Society, 2001 and *Revitalizing New York by Putting People to Work*. Labor Community Advocacy Network. July 2003.

joblessness becomes less acute, more funding could be devoted to increasing the scale of an experimental program.

Open a Door to Opportunity. City and state leaders have another policy lever by which to address joblessness. Plans are now being laid for a massive wave of major infrastructure projects such as new or expanded subway lines, sports stadiums, and rebuilding at the World Trade Center site. These will generate substantial employment opportunities for people without a college degree. Because these projects will rely on public resources, the people of New York have a right to insist that these projects meet public policy goals. This should include strong affirmative efforts to bring city residents, Blacks and Hispanics in particular, into construction industry employment by creating a path into union-sponsored apprenticeship programs.

Notes on the Data

The report makes use of annual averages constructed from the 12 monthly files from Current Population Surveys (CPS) of 2000 and 2003 to identify which groups of New Yorkers have been most severely impacted by the current economic downturn. Monthly estimates from the Survey differ from the monthly employment data published by the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program. Those data are derived from a statistical model whose inputs include data available from the state Unemployment Insurance program, the Current Employment Statistics Program (which measures payroll employment) as well as the CPS.¹⁶ The CPS-derived estimate for the average unemployment rate of 8.4 percent for persons 16 and older and 8.5 percent for persons 16 through 64 (the estimate used in this report) are somewhat higher than the annual average calculated from the current LAUS program estimates (8.3 percent). Each year the Bureau "benchmarks" its monthly estimates, revising them so that the average for the 12 monthly estimates over the prior year equal the annual average estimate from the Current Population Survey. This suggests that there will be a small upward revision for the LAUS 2003 monthly estimates.

The unemployment rates as employment-population ratios for 2000 that are reported detailed here are slightly different from those found in prior CSS publications. This is due to the use of new population weights (based on the 2000 decennial Census) that are now available for the 2000 through 2003 Current Population Survey public use files. While the new weights have a notable impact on the underlying numbers of persons used in their calculation, they had no significant impact on the rates and ratios themselves because they influenced the numbers for the population, labor force, employed and unemployed equally.

¹⁶ A description of the BLS LAUS program methodology is available at <http://stats.bls.gov/lau/laumthd.htm>.

The new Current Population Survey weights not only reflect the decennial Census, they also were created by a new set of statistical procedures that are designed to improve the precision of state and sub state-level estimates as well as to better address the problem of under coverage of groups (such as young Black males) who are often missed in household surveys. This improvement in the CPS methodology may have contributed to some of the increase in the estimates for the unemployment rate for all Blacks and the sharp drop in the employment-population ratio for Black men from 2002 to 2003. But it is important to note that, if there are larger than “normal” differences between the years, these changes exist because prior years’ data were overly sanguine.

A final new wrinkle in the data is the introduction, in 2003, of new Census Bureau race categories, which allow survey respondents to describe themselves by more than one racial category. Thus, persons who, for example, might have described themselves as Black in earlier years could now be categorized as “Black alone,” or “Black and White,” etc. The tables in the report provide data for persons who identify themselves as “White Alone,” Black Alone,” and “Hispanic,” regardless of their race. This is the only way to preserve a mutually exclusive race/ethnic categorization. The new race categories seem to have little impact on tabulations by race/ethnicity. If the 2003 employment-population ratio for Black men, for example, had been computed using people who were Black and some other race as well as Black only, it would have been 52.0 percent instead of the 51.8 percent reported in Table Two.¹⁷

¹⁷ For more details on these changes in CPS methodology see, Mary Bowler, Randy E. Ilg, Stephen Miller, Ed Robinson, and Anne Polivka. *Revisions to the Current Population Survey Effective in January 2003. Employment and Earnings*. February 2003.