March 2014 will go into the record books for two historic milestones: the national economy racked up its 50th straight month of private sector job growth, and it regained its total pre-recession job count (116 million). Even with continued government cuts, payrolls overall have expanded by 2.2 million in the 12 months since last March (Table 1). This has helped drive down the unemployment rate to 6.8 percent, the lowest in over five years.

Sadly, few Americans are in the mood to celebrate the March records. It has taken far too long – over four-and-one-half years – just to replace the 8.8 million jobs lost in 2008-10 and creep back to the pre-recession level. Meanwhile, growth in the working-age population has added another 7.8 million to the ranks of potential jobseekers. Even college graduates continue to face daunting odds. The Class of 2014 enters a labor market in which 8.5 percent of young college grad ages 21 to 24 are currently unemployed (one-third higher than the pre-recession rate). And the below-par pay and benefits of most of the new jobs created so far, as well as the persistence of long-term underemployment of millions, have done nothing to reverse ongoing trends of pay paralysis and more extreme income inequality.

The New York Metropolitan Area approaches the fifth anniversary of recovery this summer with some clear advantages over many other parts of the state and the country. Despite some business slowdowns over the harsh winter, the city’s employers added 73,600 more jobs over the past 12 months, a 1.9% increase. This pace of new hiring exceeds both the national (1.6 percent) and statewide rates (1.2 percent). While the country as a whole has only just recovered its pre-recession job count, New York now has 218,000 more jobs (or 5.8 percent) than at this same time in 2008 (Table 1).

Detailed industry data reveal that almost every major sector has increased payrolls since last spring. By far the major sources of new hires have been services (+55,100) and retail (+12,200). Within the services supersector, the job leaders have been: home health care (+8,400), bars and restaurants (+8,200), colleges (+8,200), computer systems (+5,400), hospitals (+2,800) and social assistance (+2,700).

New Yorkers’ job prospects in coming months could brighten in some high-tech fields as planned expansions get underway by a large number of firms, including IBM, Google, Facebook, Microsoft, LinkedIn, Spotify, Dropbox and ADP Technology. Online retail giants Amazon and eBay have also both just announced that they plan to expand their Manhattan footprints – at the same moment that bankrupt old-line retailer Loehmann’s closed all its stores in March, laying off 300 here.

Government stands out as the sector that has contracted most over the past 12 months. As of March, there are 3,500 fewer public sector jobs in the city, nearly all local school teacher and support staff positions. New York’s current government work force of 541,300 is 22,000 less than at this same time in 2008 and is the lowest it has been in over 25 years. The other large sector with above-average pay levels, financial services, has slowly regained

### Table 1

<table>
<thead>
<tr>
<th>Place of Work</th>
<th>March 2014</th>
<th>March 2013</th>
<th>March 2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>137,136.0</td>
<td>134,917.0</td>
<td>137,003.0</td>
<td>0.1</td>
</tr>
<tr>
<td>NY State</td>
<td>8,898.0</td>
<td>8,794.4</td>
<td>8,720.3</td>
<td>2.0</td>
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<tr>
<td>NYC</td>
<td>3,998.0</td>
<td>3,924.4</td>
<td>3,780.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Long Island</td>
<td>1,260.6</td>
<td>1,250.0</td>
<td>1,252.1</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Table 1 source: Establishment survey data from US Department of Labor. Note that data reflect regular revisions by Dept. of Labor.
about 10,000 positions lost in the Great Recession. But it still has
33,000 fewer jobs than five years ago, and its lagging growth
today offers faint hope that it will regain them anytime in the near
future.

Compared to the depths of the Great Recession, the city’s latest job
stats may seem to indicate a relatively strong recovery is well
underway, at least in most of the private sector. Since February
2009, the number unemployed has fallen by over 70,000, the
unemployment rate has dropped 2 percentage points (from 10
percent), and the fraction of the adult population with a job (employment-population rate) has risen from 53.9 percent to 55.4
percent. Yet in a slightly longer perspective, the lingering damage
from the 2008 financial meltdown is still painfully evident. New
York’s unemployed today number 328,197 – still 80 percent more
than at this time six years ago (181,949). The unemployment rate
then was just 4.7 percent, compared to 8 percent now (Figure 1).
And the employment-population rate (56.6 percent) was over a
percentage point higher than now.

Outside the city, the northern and eastern suburbs have had mixed
recovery experiences. Westchester, Putnam and Rockland counties
still have 17,000 fewer jobs than at this time five years ago, and
most of their industries have had little or no payroll growth since
last spring. But Long Island regained its pre-recession job count
last year and has had forty-eight consecutive months of net job
increases. This continued in March, as private sector employers
added another 14,100 positions more than at the same time in 2013.

As in the city and much of the country, retail trade and services
were the sources of most hiring. Within these sectors, job growth
was strongest in health care services (particularly ambulatory
services like home health aids), restaurants, bars and hotels.
Wholesalers, warehouses and transportation added 5,000 to their
payrolls, in part reflecting the relative improvement in retail.
Manufacturing had a small uptick in hiring (+500 since March
2013), but it is still down by 8,000 jobs since the spring of 2008.

Job cuts were deepest in the public sector, where 3,500 fewer
were employed than one year ago. Nearly all of these were local school
teachers and support staff. As seen in Table 1, the continuing
government contraction dragged down the area’s total 12-month
job growth to +10,600, a 0.8 percent net increase (half the national
rate). Other shrinking sectors on the island over this period have
been: professional, scientific & technical services (-1,500), finance
(-1,200), information (-600) and construction (-200).

Recent declines in construction jobs contrast with the improved
hiring of 2012-13 that added 7,000 to Long Island builders’
payrolls. Some of the latest cuts reflect a winding down of
reconstruction projects after Superstorm Sandy and a sharp drop
in home sales in Nassau County since this time a year ago (-197
percent). Despite some positive signs in the housing market here
and elsewhere in the Northeast, tight mortgage lending, weak
household income growth and a fall in young people willing or
able to buy rather than rent since the depths of the financial crisis
do not bode well for residential construction. Large nonresidential
projects, like the five-year state-financed rebuilding of Jones
Beach and the huge new Nassau Coliseum complex will ultimately
create thousands of construction openings, though most are not
expected until next spring.

With most job growth in the New York Metro Area still
concentrated in lower-wage services and retail, the already high
income inequality here continues to worsen. Most New Yorkers
appear, from recent opinion polls and election results, eager to
find solutions to this troubling trend. In presenting his first
executive budget since his landslide election last fall, New York
Mayor Bill de Blasio recognized that:

“Much of the recovery has happened with some of the industries,
unfortunately, that have the lowest paying jobs...We have to
expand the economy of this city, further diversify it, create a large
number of new jobs, while pushing up the wage and benefit levels,
trying to particularly intensify those sectors that do a better job of
providing strong wages and benefits.”

In the past 20 years, he noted, the richest 1 percent of New
Yorkers have increased their slice of the city’s total income pie
from just under one-fourth in 1994 to 36 percent today. Meanwhile,
the fraction of residents who are poor or near-poor has jumped to
46 percent.

Elected on a self-described progressive agenda aimed at reducing
the city’s rising income inequality, the new mayor has already
expanded the reach of the new paid sick leave law to cover an
additional 500,000 employees, secured state funds to offer free
universal pre-K to the city’s four-year-olds, and approved modest
pay increases for transit workers and teachers in new contracts
with the TWU and UFT unions. He has also announced “Housing
New York,” a 10-year plan to build 80,000 new affordable
apartments and renovate 120,000 more. The plan depends on
rezing certain areas for higher density and using municipal
funds to leverage private development. If it succeeds, another
194,000 jobs could be added to construction payrolls over the
coming decade, according to current projections.

Any ambitious agenda by a New York City mayor is heavily
contingent on approvals from New York State. In February,
Governor Andrew Cuomo, who faces re-election this fall, proposed
what amounts to an austerity budget for 2014-15, extending and
depending state spending freezes or cuts in many education and
social service programs that have been made over the past six
years. According to an analysis by the Fiscal Policy Institute, the
State University of New York system has already had its state
funding cut by 40 percent in inflation-adjusted dollars over these
years. And, of the large reductions in business and estate taxes
in the governor’s budget, about half the total savings generated, once
the cuts are fully implemented, will go to the wealthiest New York
households.

Facing often contrary pressures from Albany and Washington, as
well as multi-billion dollar structural budget deficits after 2015,
Mayor de Blasio has pledged to forge ahead with his own agenda to expand job, educational and housing opportunities in a way that is “both progressive and fiscally prudent.” His efforts at that balancing act could have enormous labor market consequences over the next year for both the city and the wider metropolitan area.

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NOTES: