# *Labor Market Conditions and Election 2000*

*by Gregory DeFreitas*

Election years always draw added attention to economic trends and proposals. This has been especially true in New York, with the high-profile senate candidacy of a sitting first lady, as well as a governor hoping to be chosen his party's candidate for Vice-President. As the campaign season entered its final months, signs of continued resilience in job and income growth were shadowed by scattered indications of a possible slowdown on the horizon.

The New York City region entered the summer of 2000 with the highest monthly job growth of any metropolitan area in the country. Over the 12-month period through June, 89,300 new payroll jobs were created in New York City and the unemployment rate dropped a full percentage point. Especially large improvements in jobholding were made by two groups long left behind by the expansion, African Americans and teenagers.

At the same time, new research findings indicate an increase in the number of working poor and a worsening of the city's income inequality. Improved job opportunities and soaring Wall Street incomes have brought with them an increasingly painful downside: skyrocketing real estate prices. Prime office space in Midtown and Lower Manhattan now rents for at least $50 per square foot, pricing out more and more space-hungry businesses. Workers and their families are caught in the worst housing crisis in decades. Citywide, the median rent has jumped 33% (after inflation adjustments) since 1975, but the median renter's real wage is up just 3%. Rentals for under $500 per month have declined in number by over half in the past eight years Even a small 1-bedroom apartment in most parts of the city rarely rents for under $2000 a month. The Census Bureau estimates that one-fourth of households now must devote over half of all income to rent alone. And the waiting list for public housing stretches to 130,000.[1]

The region's vulnerability to Wall Street gyrations, and the market's sensitivity to inflation and interest rate movements have made recent actions by the Federal Reserve Board a source of continuing concern. The inflation alert sounded loudly on Wall Street in mid-April when a surprising 0.7 percent monthly jump in the Consumer Price Index sparked a record 610 point drop in the Dow Jones industrial stock index. The fact that the core inflation rate (excluding volatile fuel and food costs) was 0.4 % – double its monthly average over the past two years – led many to warn that price pressures were spreading beyond those facing motorists at gas stations. At its May meeting, the Federal Reserve reacted by pushing up the federal funds rate by a half point – its sixth rate hike in the last year and its largest in five years. With scattered signs of slowing economic activity in May and June, the Fed refrained from yet another rate increase at its June meeting. But most financial analysts predicted that this was probably just a pause before additional tightening at the Fed's August meeting.

However, while above-normal fuel prices have continued to push up the overall C.P.I., the core inflation rate since March has fallen back to the moderate 0.2% monthly level and the 12-month average at mid-year was just 2.4%. According to the Energy Department, gasoline prices peaked on June 19 and production figures suggested that the ensuing decline could persist for months. With price inflation so low, it is difficult to see any serious justification for further interest rate hikes. As this region's current labor market indicators reviewed below suggest, recent gains have been impressive, but there remains much room for wage and employment progress in the current expansion.

**Job Growth**

New York City led the nation in over-the-year job growth in May, adding more new jobs (113,900) than any other metropolitan area in the country.[2] June saw a slackening of its employment pace from the prior month. But the June 1999-to-June 2000 addition of 89,300 positions exceeded (by 15,000) the job creation of the same period in 1998-99. This 2.5 percent growth rate surpassed both the state (2.1 percent) and the national pace (2.4 percent). The city's private sector alone accounted for 78,800 of all the new jobs, representing a 2.6 percent sectoral increase.

Taking a closer look at the specific sources of these new jobs reveals that two-thirds of them (61,000) were in service industries (Figure 1). Of these, by far the largest number (25,700) were in business services, followed by health care (7000), social services (6700), and engineering and management services (5200). Construction hiring remained robust, adding 6800 new jobs, a 5.9%

increase. Some of the new building activity produced new hotel rooms for the thriving tourist business. Hotel employment rose by 1700 over the last 12 months. In addition to tourist expenditures on goods and services, local domestic demand was likely fueled by the ending in March of sales taxes on clothing purchases of $110 or less. Retail trade jobs increased by 8500, led by new hiring at restaurants and bars.

Wall Street's volatility over recent months has not yet had much of a dampening effect on industry employment. The number of securities and commodities brokers rose by 7700. Although Wall Street riches have been a major force driving the real estate boom, employment in real estate crept up by less than one percent. Even that was better than the deteriorating situation in commercial banks and other depository institutions. Continued downsizing eliminated another 3300 bank jobs over the 12-month period. For example, June began with Chase Manhattan bank announcing that it was moving its staff from 55 Water Street in lower Manhattan to two new office buildings at the Newport complex on the Jersey City waterfront. It will be joined there by new office towers for Goldman Sachs, Merrill Lynch, and Paine Webber. Their exodus sparked a new round of criticism of City Hall's sole reliance on multibillion-dollar "retention deals" while neglecting to develop large blocks of affordable space where such firms could move backoffice staff.

The worrisome decline in the city's manufacturing base appears to be accelerating. Since last June, 4800 jobs were lost in this sector, a 1.9% reduction. This exceeds the decline over the same period in 1998-99, both in absolute (-3500 jobs) and relative terms (-1.1%).[3] The garment industry was hardest hit, cutting 3900 jobs of which most were in women's and misses outerwear. Small hiring gains were posted in magazine publishing and chemicals. The printing industry, battered by rising commercial rents in Manhattan, was offered some belated aid from City Hall in May. The Giuliani administration announced that, in return for agreeing to stay in the city for at least five years, printers and graphic arts companies would be given up to half of their moving costs (up to a maximum of $200,000 per firm).

The fact that the city had an extra 10,500 public sector positions this summer compared with last reflects almost entirely the massive Census 2000 effort. The number of federal government positions in the city rose slowly from just 64,500 last June to 67,600 by April, then shot up to 88,600 in May, before receding to 74,500 in June. Even with this sharp one-month drop, the June-to-June difference in the entire public sector was +10,500 jobs, compared to the slow shrinkage of government positions experienced in the previous 12-month span.

The fall-off in federal jobs had little offset in local government, despite the introduction of mandatory summer school for large numbers of New York elementary and secondary school students. School staffing grew by a feeble 1500 over the 12 months, likely reflecting a growing teacher shortage worsened by below-average salaries. Downsizing, through both layoffs and retirement incentives, continues to threaten public hospital workers. The New York Health and Hospitals Corporation has responded to federal spending cuts by eliminating 1000 beds in city hospitals and adopting a hiring freeze. In the fiscal year that began July 1st, workforce reductions of about 1000 employees are planned.[4] Private hospitals have scaled back as well, and St. Luke's-Roosevelt, Beth Israel, and Mt. Sinai have all announced planned staff reductions. If the city hiring freeze announced in July proves long-lasting, other agencies may be threatened with a similar fate.

Over the same period, Long Island_had job growth of 2.5 percent, adding another 30,500 net new jobs. Of these, most were in service industries, where 9300 new positions accounted for a 2.4% expansion over the past 12 months. Close behind was the trade sector, which generated 7800 new slots at retailers and another 1200 at wholesalers. Wall Street's echo effect, coupled with the booming real estate market, helped add 99 net new jobs in the FIRE sector, despite the elimination of 400 banking positions.

The construction job boom continues, if at a more moderate pace. In contrast to its 9.6% job growth in 1998-99, industry employment rose 6.7% over the same period through June 2000. Still, this represented another 4100 jobs in trades already experiencing excess demand for skilled labor. In contrast, Long Island manufacturing has remained flat, with losses in durable goods since last summer partially offset by modest hiring upticks at apparel, chemicals, and food producers.

The impact of temporary census hires is evident in the 12.4% jump in federal government employment. Federal jobs increased from 21,000 in June 1999 to a May 2000 peak of 26,000, then decreased to 23,600 the following month. While this pattern is similar to that downtown, the public sector job count on Long Island was less dependent on census temps thanks to a far more successful hiring effort among teachers. Over twice as many new public school staff were hired in Nassau and Suffolk counties than in the far larger but lower paying city system.

**Unemployment and Underemployment**

At a time when the U.S. unemployment rate stood at 4.2%, New York City's level was 5.4%. Still, the city's mid-year rate was a full percentage below its level 12 months earlier, and was the lowest rate the city has seen since 1988. Looking at the individual boroughs in Table 2 reveals that all five had at least a percentage point reduction. But Brooklyn's 6.3% joblessness and the 6.7% rate in the Bronx still exceed the average level in the rest of the city by nearly two percentage points.

In order to develop clearer comparisons than those available in current government publications, in Table 3 we present separate estimates of unemployment rates, employment-population ratios, and underemployment rates by gender, race, Spanish Origin, age, and immigration status for the 20 center cities of the largest metropolitan areas and the suburbs of all metropolitan areas, as well as New York City and Long Island. To produce large enough samples to permit reliable statistical estimates of these geographic and demographic subsets, we pooled the most recent three months (the first quarter of 2000) of raw CPS household data, obtained from the U.S. Census Bureau.

The jobless rates in the first, leftmost column of the table reveal that, not only is New York's unemployment nearly twice that of major suburban areas, but it also exceeds the big-city average. Since the unemployment rate is defined only to include persons counted in the active labor force, it needs to be supplemented by alternative measures. The middle rows of Table 3 show our calculations of the fraction of the entire adult population with a job in each area. By this measure, the gap between New York and the other largest cities is much greater. Nearly 64% of big city residents hold jobs, but only 56.4% of New Yorkers. However, compared with our estimate of the city's employment rate (54%) for the first quarter of 1999, jobholding in New York has increased over the past year and edged closer to the urban average.

"Underemployment rates" are presented in the lower third of the table. This measure takes into account not only the officially unemployed, but also discouraged labor force dropouts and part-time employees unable to find full-time work. At 10.2%, underemployment in New York City is four percentage points higher than the city's standard unemployment rate. But it too has fallen (from 12.2%) since the first quarter of last year year.

Similar improvements are suggested by the employment estimates for African American and Latino New Yorkers. From the early months of 1999 to the same period this year, the proportion of non-Hispanic blacks employed rose from 49.4% to 54.3%. The fraction of the city's adult Latino population with a job also improved, from 49% to 52%. While these gains narrowed the gap in employment-population rates between whites and minorities, a sizable white advantage remains in New York, as well as in other big cities. The racial/ethnic gaps in unemployment and underemployment rates are even more pronounced. The Latino unemployment rate is 10.4% and their underemployment rate 16%, both far higher than the comparable white rates (3.9% and 6%, respectively).

About 7.2% of black non-Hispanics in the city are unemployed (down from 12.5% last year) and over 13% are underemployed (compared to one-fifth a year ago). These still high, if improved rates help explain the findings of a new "State of Black New York" poll of households in the five boroughs.[5] Between June 5 to 16, Blum and Weprin Associates interviewed a random sample of 801 adult black New Yorkers. When asked to identify their leading problems, respondents most often cited: economic development, jobs, and unemployment. In one-fourth of the households, someone had been unemployed in the past year. Even among households with incomes above $75,000, 14% experienced recent joblessness.

Discrimination and racism were ranked by the blacks polled as their second most serious problem. Almost two out of three felt that black employees are denied equal wages with whites because of racial discrimination. Nearly three out of four stated that discrimination unfairly limited black workers' promotional opportunities for middle-level and executive positions. And the perception of discrimination was most common among higher income respondents.

Despite strong job growth for many adults, New York City teenagers have long had persistently low employment levels. But strong labor demand appears to finally be driving employers to offer more youth entry-level opportunities. Over one-fourth of the city's teens (27.6%) were employed early this year, compared to just 19 percent at this same time in 1999.

Even with this welcome increase in the youth employment rate, New York City still lags far behind the average level of teenage jobholding (35.7%) in the other largest cities. Mounting concern with the problem and with delayed planning for a summer jobs program spurred the city in April to dedicate an additional $3.5 million in public funds to subsidizing more public sector slots for youth. By June, according to the mayor's Youth Empowerment Services Commission, a total of 48,638 summer job openings had been found for eligible young people (14 – 21 years of age). All but 7153 of these were provided by government or non-profits, but this represented half again as many more jobs than the private sector found for the program in 1999.[6]

**Policy Gains and Losses**

With both the state and New York City enjoying multibillion dollar budget surpluses, by late spring many observers sensed growing public support for new policy efforts to aid those workers still left behind by the economic boom. Some newly released economic studies appeared to add more momentum to these efforts. A new analysis of Census Bureau data found a sharp increase in the number of working poor in New York.[7] Looking at 3-year income averages for 1986-88 and 1996-98, the Community Service Society found a steep jump in the poverty rates of families with at least one worker: the fraction of such families below poverty line rose from 11% in the late 1980s to 19.2% a decade later. As a share of all of the city's poor, the working poor increased from 28.9% in the late eighties to 47.3% by the late 1990s.

The decline of the city's middle class and worsening income inequality were the focus of a June study by the Independent Budget Office.[8] Based on New York State income tax returns, the IBO analysis revealed that the share of all city residents' income going to middle income New Yorkers ($20,000 to $125,000) shrank from 55.3% to 44.9% in just the brief period 1994-97. In contrast, the income share of millionaires nearly doubled (from 11.3% to 20.1%) over the same years.

A number of local multimillionaires were ranked among the nation's best-paid businessmen in *Business Week's* annual CEO survey.[9] Highest paid of all was Charles Wang of Long Island-based Computer Associates, whose total compensation for the year was a staggering $655 million. His colleague Sanjay Kumar, though not a CEO, was paid over $359 million. The company was forced to take a $675 million charge against earnings, driving the stock price down sharply and provoking a dozen lawsuits. Nationwide, the average CEO received $11.9 million in 1999. This means that the typical CEO is now paid *476 times* more than the average blue-collar worker, compared to a ratio of just 85:1 in 1990.

Sky-high CEO pay emerged as a hot political issue in the 1992 Presidential campaign, when Bill Clinton attacked the fact that the average executive's salary of $3 million was 100 times what the typical employee earned. Despite the fact that average CEO pay last year was 4 times higher than in 1992, it has been invisible in the current campaigns of both George W. Bush and Al Gore. This is all the more remarkable in light of the revelation in mid-April that 1999 was also the first year in which poor Americans were more likely than the rich to have their tax returns audited by the Internal Revenue Service. In a front-page report, the *New York Times* revealed that audit rates for people with annual incomes under $25,000 have jumped one-third since 1988, while dropping 90 percent for those making over $100,000.[10] Over the same period, audits of small unincorporated businesses have also become more likely than at large corporations. IRS Commissioner Charles Rossotti blames the shift in audit focus on sharp cuts in agency staff and on a Republican Congressional push (begun by Newt Gingrich in 1995) to target alleged misuse of the complicated earned income tax credit. The EITC was designed to give tax incentives to the poorest working families, but more and more are being wrongly denied the credit on technicalities, and they cannot afford the legal help needed to reclaim it. Even Commissioner Rossotti admits to concern, stating that cuts in high-income audit rates were "risking the entire tax system."

Unfair taxation of the working poor in New York City was a major finding of the Independent Budget Office's analysis of the city's Personal Income Tax . In its report, *NYC's Tax on the Working Poor*, IBO found that over 99,000 households (including 273,000 persons) were too poor to owe any NY State or federal income tax in 1998, but were still forced to pay New York City income taxes.[11] Single-parent households are hardest hit: they account for 71% of affected households and must pay average city taxes of $125 per year. After evaluating several policy options to correct the problem, IBO concluded in favor of establishing a new city-based Earned Income Tax Credit (EITC) for low-wage workers, coupled with a local child care credit.

As New York State lawmakers put the finishing touches on new legislation in June, a number of promising pro-worker bills seemed poised for passage. Media coverage stressed the unprecedented bipartisan support for "leftward" moves on several policy issues. According to the *NY Times*: "A persistent theme of the session was the Senate Republicans' moving further than ever to the left, fearful of their prospects in November. They only grudgingly accepted bills on gun control, hate crimes, pesticide notification, and other subjects long embraced by the Assembly Democrats."[12]

By mid-summer, the state of the main policy initiatives was, in brief:

***Tax Relief*.** In Albany, the legislature passed and the governor signed into law a $125 million expansion of the state's existng EITC. Its passage was eased by the fact that it is to be financed, not by the state, but with federal antipoverty funds. In addition, the tax credit for child care expenses of working parents was expanded, albeit by a modest $25 million. And college tuition payments (at any accredited college in any state) were made fully deductible from state income taxes.

In New York City, as the estimated budget surplus rose to $3.1 million, Mayor Giuliani reached a compromise with the City Council on a major $329 million plan to cut in half the city's personal income tax surcharge. The Council succeeded in restructuring the tax cut so that the largest share of benefits went to lower income groups. He also backed off from earlier planned spending cuts in libraries and museums. However, in mid-July, the mayor abruptly announced a "postponement" of the tax cut until next January, as well as a hiring freeze. He defended this sudden belt-tightening by claiming that, despite record surpluses over the past three years, new studies suggested that the city faced future deficits of $3 billion per year by 2002. He blamed the future deficits on the latest public sector union contracts and on the revenue losses created as earlier tax cuts swing into effect. Hence, the city enters the new fiscal year with no tax relief for the working poor and with sizable cuts in social services disproportionately affecting lower-income groups; including, a $2 million reduction for Legal Services, a $6.5 million cut in the City University of New York's budget, and $14.5 million less for Youth Services.

***Minimum Wage***. By late spring, the NY State legislature appeared close to approving a sizable hike in the state's minimum wage. After lagging far behind the national minimum for years, the state played catch-up late last year by finally hiking the state minimum to $5.15 per hour. As this increase was going into effect in March, a new effort was gaining momentum among both Democrats and some

Republicans to push the state's hourly wage floor above the national level, to $6.75. Proponents of the Nolan-Spano bill argued that such an increase would benefit over a million working poor, mostly adults. Four northeastern states already have set their minimum above the federal level: Connecticut ($6.70 as of 2002); Massachusetts ($6); Rhode Island ($5.65); and Vermont ($5.75). And recent economic research has found little or no negative employment effects of either local or national increases in the wage floor.[13] However, by the close of the state legislative session on June 23, its alleged "leftward movement" had failed to extend very far into the labor market. No agreement was reached to raise the state minimum wage, not even a last-minute proposal for setting it at only $6.15. Remarkably, the Governor and his senate allies actually lowered the previously legislated minimum wage increase for tip-earning food-service workers. Under a Labor Department ruling, the state's hourly minimum for waiters, busboys, and bartenders was to automatically go up (from $2.90) to $3.52, once the state minimum for other workers was raised to $5.15. But, citing opposition from small business, opponents managed to cut it down to just $3.30.

***Pensions.*** Public employees did win a notable victory for improved pensions. After more than a year of statewide rallies and mass lobbying by the Civil Service Employees Association (CSEA), DC37, NYS United Teachers (NYSUT), the Public Employees Federation and other public sector unions, the state legislature approved permanent, automatic cost-of-living increases for all current and future retirees. Effective Sept. 1, there will be a one-time catch-up pension hike for pre-1997 retirees. The new COLA system starts Sept. 1, 2001 with annual adjustments set at half of the increases in the Consumer Price Index. In addition, after their tenth year in government service, public employees will no longer be required to contribute to their pensions.

***Welfare to Work.*** New York's City Council passed into law, over Mayor Guiliani's veto, the "Transitional Jobs Act," a 3-year pilot welfare-to-work program modeled on programs in Baltimore and San Francisco. About 2500 jobs will be created, in both the public and non-profit sectors, designed to give hard-to-employ welfare recipients real jobs and provide an average of 8 hours per week in job training. Participants will be limited to one year in the program, and most costs will be covered by federal Welfare to Work funds.

***Anti-Sweatshop Bill.*** In April, New York City Council Speaker Peter Vallone proposed a bill to ensure that the City's $70 million in annual spending on public employee uniforms could only go to clothing and textile manufacturers who adhere to fair labor standards and pay non-poverty wages. The bill is co-sponsored by Council members Kathryn Freed, Guillermo Linares, and Christine Quinn, among others. Over 30 municipalities across the country already have similar laws. The bill reads, in part: "Acting with the discretion allowed any private participant in the market, the City should choose to allocate its purchasing dollars in order to enhance, rather than degrade, the economic and social well-being of its citizens, while at the same time assure the public that the City is acquiring the maximum quality for the lowest possible cost. Furthermore, it is essential to the public interest that the City require manufacturers, who contract to provide the City with apparel and textile goods, to submit information necessary for the determination of responsibility. Accordingly, the Council finds that it is in the best interests of the city of New York to procure apparel and textile goods from responsible contractors and subcontractors that provide a safe, non-discriminatory work environment and compensate their employees with a non-poverty wage."

If the bill is made law, the City Comptroller will be authorized to determine (and to annually adjust) the precise level of the non-poverty wage, and to ensure that it is at least $8.15 per hour (of which $7 must be in hourly wages) and never less than the level of wages and health benefits needed for a full-time worker to earn the federal poverty income level for a family of four. Contractors or subcontractors found to have violated the city's wage and other standards will be liable for a civil penalty of at least $5000 as well as other sanctions.

***Training Overhaul***. On July 1, a new era in the nation's worker training programs began as the "Workforce Investment Act" went into effect. Signed into law by President Clinton in 1998, WIA is intended to replace the previous complex array of some 70 federal training programs with a comprehensive new framework of federal guidelines and standards. At its core are three main features: (1) "One-Stop" local centers where educational, training, and employment services are consolidated; (2 ) "Individual Training Accounts (ITAs)," a voucher-style system that aims to give qualified adults and dislocated workers more choice in the types of training they can obtain. And (3) devolution of most planning, implementation, and funding decisions to local Workforce Investment Boards (WIBs).

New York City is scheduled to receive the largest chunk of WIA funding ($125.6 million over the next 12 months) of any local delivery area in the country. However, serious concerns have been voiced among policymakers and community-based organizations in recent months that the city government has been too slow to prepare and undemocratic in designing its own WIA program. As of mid-summer, the city still had not put in place its Workforce Investment Board, as required by the new law to implement the program. At hearings before the City Council's General Welfare Committee in May, City Hall officials were sharply criticized, not only for this lack of preparation, but also for stacking the planning process with mayoral appointees who simply grafted the welfare system's "work first" priorities onto the embryonic system; that is, rapid job placement seems to be getting far higher priority than the enhanced career counseling and job training emphasized in the WIA.

In contrast to New York City, its surrounding suburban counties are among the 30 localities in New York State to date that have organized Workforce Investment Boards. Long Island's boards consist of Hempstead/Long Beach City, an Oyster Bay Consortium, and Suffolk County. In the first year of the program, they are to receive funding streams of: $4.7 million, $2.6 million, and

$10.3 million, respectively. However, the allocation of these funds will be in the hands of WIBs heavily dominated by business and government representatives. Only two to three positions on each Long Island board are held by labor union members.[14]

***Nassau County Bailout*.** Governor Pataki won legislative approval of his plan, first announced only in May, to give Long Island's debt-ridden Nassau County $105 million in state aid over the next five years. In return, the county government is required to find $52 million in budget cuts and new revenues this year, as well as another $70 million in each of the next three years. The new law also creates a new entity, the Nassau Interim Finance Authority, headed by Frank Zarb, chairman of Nasdaq. If county officials fail to enact the required budget cuts, NIFA will be transformed into a financial control board of the sort that controlled New York City in its 1970s fiscal crisis. All spending and taxing decisions would be seized from elected officials.

Even with the bailout underway, Standard and Poor's downgraded the county's bond rating to BBB, the last rating level above junk-bond status. The other credit rating agency, Moody's, had already dropped its rating for the county to the same low level in February, and saw no reason to alter its low regard of the county's credit worthiness after the bailout plan began. Burdened by a cumulative debt of over $2 billion, the low credit ratings translate into millions more in interest payments for local taxpayers.

A significant source of the new funds Nassau County needs to qualify for the state aid comes from a lag payroll agreement with the Civil Service Employees Association. Under the threat of imminent layoffs, CSEA Local 830 members voted (2961 for, 1760 against) to accept a deferred salary system, resulting in the deferral of 10 days of base pay for each 11-day work period during the calendar year 2000. If a worker separates from County service, payment will be made at the salary rate at the time of separation. All deferred monies will be pensionable salary.

In return, CSEA won the County's pledge that: "The County shall not terminate by layoff or furlough during the calendar year 2000. In the event the County initiates layoffs or furloughs at any time through the year 2002, ALL deferred monies from the 'lag payroll' salaries shall be paid forthwith to the employees of ALL bargaining units at the then current rate."

In reporting the results of the vote to his members, CSEA's Regional President, Nick LaMorte said: "We believe this lifeline offered by the state may be the only way to get the county back on solid land. You have accepted the lag payroll and you have done your part to help with the fiscal crisis. Now the county must make the hard cuts by getting rid of patronage and personal contracts. If they don't, they may be looking at a full-fledged control board, which is risky at best."[15]

The sight of a suburban Republican governor offering taxpayer-financed aid to a high-income suburban county long controlled by fellow Republicans, has not failed to attract criticism. After all, many point out, it was barely a year ago that the same governor helped repeal New York City's commuter tax. The millions in lost city revenue go directly into the pockets of Nassau and other suburban residents who daily fill hundreds of thousands of jobs downtown. Hunter College economist Howard Chernick aptly summarizes the income redistribution critique: "The proposal marks but the most recent – and, of course, the most thoroughgoing – occasion in which the state of New York has intervened to the advantage of comparatively affluent citizens in free-spending Nassau – and to the detriment of the poorer residents and taxpayers of New York City. Hard as it may be for Nassau residents to hear at a time when their county government passes into de facto public receivership, their political leaders are continuing to reap the rewards of an unjust regional financing structure."[16]

**Table 1**
**Number of Nonfarm Jobs (in thousands) by Place of Work: 1999-2000**

| | June 2000 | June 1999 | % CHG |
|---|---|---|---|
| U.S. | 132860.0 | 129767.0 | 2.4% |
| NY State | 8702.8 | 8521.2 | 2.1 |
| New York City | 3706.2 | 3616.9 | 2.5 |
| Nassau-Suffolk | 1240.1 | 1209.6 | 2.5 |

Source: Establishment data ( not seasonally adjusted) from NY State Dept. of Labor.
Note that these data reflect regular revisions made by the Dept. of Labor.

**Table 2**
**Civilian Labor Force, Employment & Unemployment:**
**New York City, Nassau-Suffolk & All U.S., June 1999 – June 2000**
(in thousands, not seasonally adjusted)

| | Labor Force | | Employed | | Unemployed | | Unemp. Rate | |
|---|---|---|---|---|---|---|---|---|
| AREA | June 2000 | June 1999 | June 2000 | June 1999 | June 2000 | June 1999 | June 2000 | June 1999 |
| U.S. | 142132.0 | 140666.0 | 136192.0 | 134395.0 | 5940.0 | 6271.0 | 4.2% | 4.5% |
| NYC | 3474.5 | 3435.5 | 3287.7 | 3210.5 | 186.8 | 225.0 | 5.4 | 6.5 |
| Brooklyn | 971.5 | 961.1 | 909.9 | 888.6 | 61.6 | 72.5 | 6.3 | 7.5 |
| Bronx | 467.5 | 462.2 | 436.0 | 425.8 | 31.5 | 36.4 | 6.7 | 7.9 |
| Manhattan | 836.6 | 826.5 | 797.4 | 778.6 | 39.2 | 47.9 | 4.7 | 5.8 |
| Queens | 1000.8 | 990.1 | 955.3 | 932.8 | 45.5 | 57.3 | 4.5 | 5.8 |
| Staten Island | 198.1 | 195.5 | 189.1 | 184.7 | 9.0 | 10.8 | 4.5 | 5.5 |
| Nassau-Suff. | 1467.3 | 1430.1 | 1424.0 | 1380.6 | 43.3 | 49.5 | 3.0 | 3.5 |
| Nassau Co. | 721.9 | 702.1 | 701.0 | 679.6 | 20.9 | 22.5 | 2.9 | 3.2 |
| Suffolk Co. | 745.4 | 727.9 | 723.0 | 700.9 | 22.4 | 27.0 | 3.0 | 3.7 |

Source: CPS household survey data from NY State Department of Labor, 2000. Note that these data reflect regular revisions made by the Dept. of Labor.

**Figure 1**
**NYC Job Growth by Industry: June 1999 – June 2000**
**(in thousands of jobs, and percent change)**

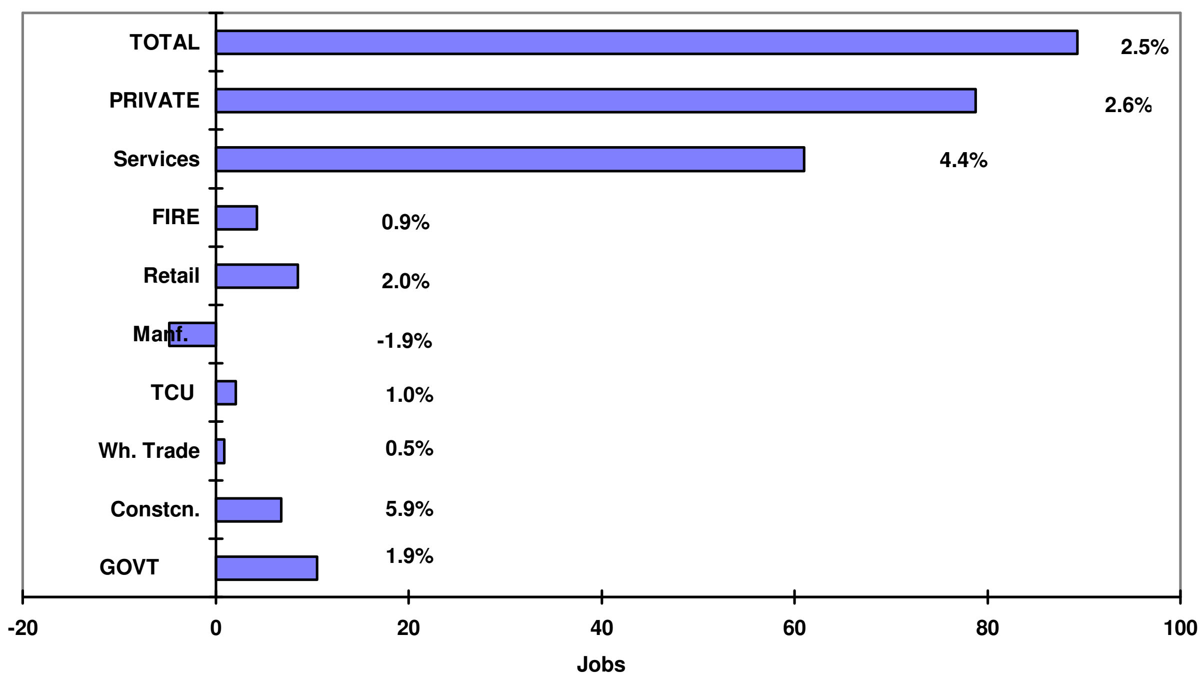
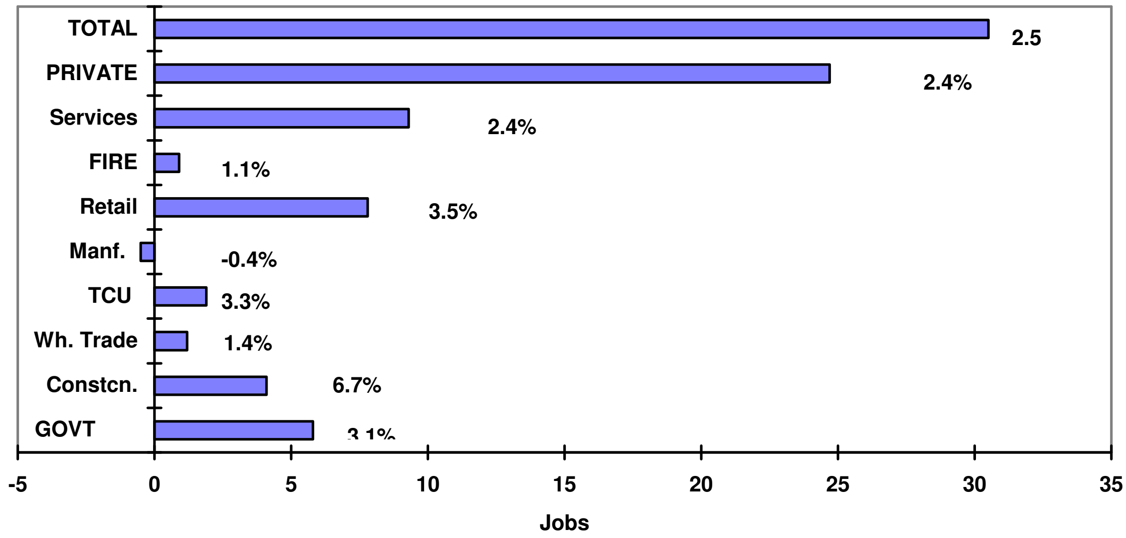


**Figure 2**
**Nassau-Suffolk Job Growth by Industry: June 1999 – June 2000**
**(in thousands of jobs, and percent change)**




Source: NY State Department of Labor. FIRE = Finance, Insurance, Real Estate; TCU = Transport, Communications, Utilities.
Year-to-year changes, not seasonally adjusted.

**Table 3**
**Unemployment, Employment & Underemployment Rates, by Sex, Age, and Race/Ethnicity: New York City, Nassau-Suffolk, and Other Large U.S. Cities and Suburbs, 2000:I**

| **Unemploy. Rate** | All Ages 16 & Up | Males | Females | White, Non-Span | Black, Non-Span | Spanish Origin | Teens, 16-19 | Foreign Born |
|---|---|---|---|---|---|---|---|---|
| NYC | 6.3 | 5.8 | 7.0 | 3.9 | 7.2 | 10.4 | 16.2 | 5.7 |
| Big Cities | 5.6 | 5.8 | 5.3 | 3.6 | 9.8 | 5.8 | 16.8 | 4.8 |
| Nass/Suff. | 3.2 | 3.9 | 2.3 | 2.6 | 6.2 | 5.7 | 8.6 | 4.8 |
| Suburbs | 3.6 | 3.6 | 3.6 | 3.0 | 6.5 | 5.5 | 12.6 | 4.2 |
| **% of Pop. Employed** | | | | | | | | |
| NYC | 56.4 | 65.0 | 49.3 | 59.8 | 54.3 | 52.0 | 27.6 | 58.6 |
| Big Cities | 63.7 | 70.9 | 57.0 | 67.5 | 55.5 | 66.4 | 35.7 | 64.1 |
| Nass/Suff. | 62.3 | 70.5 | 55.2 | 61.2 | 62.4 | 75.5 | 42.6 | 57.8 |
| Suburbs | 66.4 | 73.9 | 59.4 | 66.3 | 67.6 | 66.7 | 42.9 | 65.0 |
| **Underemp. Rate** | | | | | | | | |
| NYC | 10.2 | 9.2 | 11.4 | 6.0 | 13.1 | 16.0 | 23.1 | 10.1 |
| Big Cities | 9.3 | 9.5 | 9.1 | 5.9 | 14.8 | 11.1 | 22.9 | 9.4 |
| Nass/Suff. | 5.7 | 6.6 | 4.8 | 5.2 | 11.1 | 8.5 | 13.4 | 6.1 |
| Suburbs | 6.1 | 6.1 | 6.1 | 5.2 | 10.2 | 9.5 | 17.2 | 7.8 |

Source: Authors' calculations from pooled Jan. – March 2000 Current Population Survey. The "underemployment rate" is here measured as the total officially counted as "unemployed," plus those "marginally attached" to the labor force (discouraged workers plus persons employed part time for economic reasons), expressed as a percent of the sum of the official labor force plus those counted as marginally attached. The "big cities" category consists of the subsample of center city residents in the 20 largest metropolitan areas, excluding New York City.

---

*Gregory DeFreitas is Professor of Economics at Hofstra University and Director, Center for the Study of Labor and Democracy.*

*REGIONAL LABOR REVIEW, vol. 3, no. 1 (Fall 2000): 3-11.*


NOTES

1 Bruce Lambert, "Housing Crisis Confounds a Prosperous City." *NY Times* (7/9/2000): p. 23.
2 U.S. Bureau of Labor Statistics, *Metropolitan Area Employment and Unemployment: May 2000* (Washington, D.C.: BLS, June 2000).
3 See Gregory DeFreitas, "Job Growth, Unemployment and Wages through Mid-Year 1999." *Regional Labor Review* (Fall 1999).
4 Jennifer Steinhauer, "Workers Cut as Hospitals Tighten Belts." *NY Times* (6/17/2000): p. B1.
5 NY Urban League, *The State of Black New York 2000*." NY Urban League (6/2000).
6 Office of the Mayor, Press Release (6/21/2000).
7 Community Service Society of NY, "More Work, More School,…More Poverty? The Changing Face of Poor Families in New York City," CSS *Data Brief* (April 2000).
8 NYC Independent Budget Office, *Big City, Big Bucks: NYC's Changing Income Distribution* (June 2000).
9 "Executive Pay." *Business Week* (4/17/2000).
10 David C. Johnston, "IRS More Likely to Audit the Poor and Not the Rich." *NY Times* (4/16/2000): p. 1.
11 Independent Budget Office. *NYC's Tax on the Working Poor* (3/98).
12 Richard Perez-Pena, "Summary of Major Actions of the Legislature's 223rd Session," *NY Times* (6/25/2000): p. 32.
13 Jared Bernstein and John Schmitt, "The Impact of the Minimum Wage." *EPI Briefing Paper* (6/2000).
14 "List of Certified WIBs," NY State Dept. of Labor: www.wdsny.org (July 15, 2000).
15 Quoted in *CSEA Nassau Express* (June 2000).
16 Howard Chernick, "Nassau Bailout Hurts NYC Bottom Line." *Newsday* (6/18/2000): p. B5.