

## **Unemployment and Joblessness in New York City, 2004 Better, But Still a Long Way to Go**

**A CSS Annual Report**

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In 2004 New York City's labor market grew stronger. Measured by annual averages, 2004 marks the first year of recovery from three years of recession. From the business cycle peak of 2000 through the cyclical trough of 2003, New York's unemployment rate rose from 5.7 percent to 8.5 percent and the share of the city's working age population that was holding a job declined from 65.1 percent to 61.4 percent. Both indicators showed improvement in 2004. For the year, the unemployment rate stood at 7.1 percent and the employment-population ratio rose to 63.3 percent. These gains, however, did not erase the effects of the recent recession. The 2004 unemployment rate is 1.4 percentage points above and the year's employment-population ratio is 1.8 percentage points below their 2000 levels.

As the CSS annual reports on unemployment and joblessness in New York City have emphasized, the impact of economic contractions and recoveries is never spread evenly across the population. Last year's report focused on which groups of city residents had suffered the greatest job loss in the 2000 through 2003 economic downturn and highlighted the sharp drop in jobholding among the city's Black men. With a shift in the economic winds, the question addressed this year is, which groups of New Yorkers are benefiting from the renewed growth? The report finds that the pattern of growth in jobholding during the expansion appears as the mirror image of the pattern of job loss during the recession. Comparing 2004 to 2003, men have seen greater gains than women. And among men, Black males have enjoyed the largest increase

in jobholding rates. The 2004 rise, however, does little to alter the message in last year's report; relative to their White and Hispanic counterparts, there has been steady erosion in the share of New York's African American males who are employed. As measured by two-year averages, the Black-White jobholding gap grew from 14.6 percentage points in 1993/1992 to 19.9 percentage points in 2004/2003.

The report paints its picture of the city labor market with estimates derived from the Bureau of Labor Statistics' monthly Current Population Survey. Its analysis of short-run trends compares the ground gained from 2003 to 2004 to the losses incurred from 2000 to 2003. Longer-run trends are explored by tracking changes since the early 1990s, a comparable period in the previous business cycle. Progress, or the lack of it, is measured by two indicators, the unemployment rate and the employment-population ratio.<sup>1</sup> Readers should be mindful that these two measures are not two sides of the same coin. The unemployment rate offers a picture of the degree to which those who are jobless, and are actively seeking work, can find it. From the perspective of the employment-population ratio, the jobless includes both those who are now looking for and those who are not currently seeking employment.

The study proceeds as follows. It first presents estimates of how the recovery has impacted unemployment and jobholding across a variety of demographic groups. A second part provides some interpretation of the data, focusing on the changing fortunes of males and females in recession and recovery; the apparent volatility of the employment-population ratio for the city's Black men; and whether another year of data warrants a revision to the conclusion drawn in last year's report that the city faces a crisis in Black male employment. The report then discusses

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<sup>1</sup> The unemployment rate is the ratio of the number of working age adults who are jobless, available for, and actively seeking work to the labor force, the sum of the employed and the unemployed. The employment-population ratio is the share of the working age population that is holding a job.

some implications for local policy making. An Appendix discusses a wide variety of issues about the data.

### **The Study's Key Findings**

- The citywide unemployment rate stood at 7.1 percent in 2004, a notable improvement from the 2003 rate of 8.5 percent, but still well above New York's 5.7 percent unemployment rate in 2000. Despite the recent decline, many groups of New Yorkers continue to suffer double or near double-digit unemployment rates. That includes: teens, 23.0 percent; young adults, 12.6 percent; Blacks, 10.6 percent; Hispanics, 8.6 percent; as well as people with less than a high school degree, 9.1 percent.
- Although the unemployment rate has fallen, there has been no decline in the share of the unemployed who have been jobless for more than 26 weeks, the period for which they are no longer eligible for Unemployment Insurance benefits. In 2004, over of a third (35.9 percent) of the unemployed had been out of work for 27 weeks or longer, a virtually identical proportion to 2003 when it was 36.2 percent. But, in a sign of growing confidence in the local economy, there was an increase in the share of the unemployed who were new or reentrants in the job market. This fraction of the unemployed grew from 37.7 percent in 2003 to 42.7 percent in 2004.
- Along with declines in unemployment have come gains in the share of the city's residents who are working. From 2003 to 2004 the citywide employment-population ratio rose from 61.4 percent to 63.3 percent. The increase benefited men, while women were largely left behind. The employment-population ratio for New York's males increased from 67.5 percent to 70.8 percent, while the change for women was statistically negligible, 55.9 percent to 56.5 percent. Among men, Blacks enjoyed the greatest

increase in jobholding, an 8.9 percentage point leap from 51.8 percent to 60.7 percent.

Among women, Hispanics experienced a gain in jobholding, a 4.6 percentage point rise to 52.3 percent. The employment gains for men are related to renewed growth in majority-male industries such as Business Services, Information, Trade, as well as Leisure and Hospitality.

- The rise in jobholding among Black men is welcome news, but must be seen in a larger context. The Black male employment-population ratio (at 60.7 percent in 2004) remains well below that for that for Latinos (67.7 percent) and Whites males (76.6 percent). And more important than any one year of improvement or decline is the long-run trend. Over the past decade African American men have steadily lost ground in jobholding relative to other groups in the city. In 1993/1992, the Black male jobholding rate was 14.6 percentage points below that of Whites; by 2004/2003, it had grown to 19.9 percentage points. In 1993/1992, Blacks had a slight edge in jobholding over Hispanics, 1.2 percentage points. By 2004/2003 the Black-Hispanic gap was 10.5 percentage points.
- New York's crisis of Black male employment remains a challenge to the city's leadership. There are areas where local leaders can make a difference.
  1. They can voice their opposition to the cuts to job training and vocational educational programs that are contained in President Bush's budget request.
  2. They can more aggressively address the effects of past and present discrimination.
  3. They can press the governor to end further delay and reach agreement with the State Legislature to create the new school funding mandated by the Campaign for Fiscal Equity lawsuit.

## The Impact of the Recovery on Unemployment Rates

The unemployment rate for New York City residents (16 through 64 years of age) dropped from an 8.5 percent annual average in 2003 to 7.1 percent in 2004. The improvement is welcome, but still leaves the city's unemployment rate well above its 5.7 percent average at the 2000 business cycle peak. And many groups in the city – young people, Blacks, Hispanics, and those without a high school degree – continue to suffer recession-level rates of unemployment.

Table One provides 2004, 2003, and 2000 annual average unemployment rates for city residents by gender, age, race/ethnicity, and educational attainment. Its final two columns report the percentage point growth in the group's unemployment rate over the course of the recession (comparing 2003 to 2000) and any change from the trough of the recession to the current year (from 2003 to 2004).<sup>2</sup>

- Gender: The unemployment rate for the city's males fell to 6.8 percent, a 1.9 percentage point decline from 2003. By contrast, there was little change for females; their unemployment rate was essentially unchanged and stood at 7.5 percent in 2004. Both of these 2004 unemployment rates were well above the male 5.3 percent and female 6.1 percent unemployment rates in 2000.
- Age: Unemployment rates for younger New Yorkers remain in double digits. The unemployment rate for teens stood at 23.0 percent in 2004, despite a 5.7 percentage point drop from the prior year. Young adults (20 through 24 years of age) suffered a 12.6 percent unemployment rate for the year. Older workers had markedly lower rates of unemployment, 6.3 percent for 25 through 54-year olds and 4.7 percent for city residents 55 through 64.

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<sup>2</sup> Readers should interpret small year-to-year changes with caution. See the Appendix for more discussion of sample size and statistical significance.

- Race/Ethnicity:<sup>3</sup> The Black unemployment rate was 10.6 percent in 2004. Next highest was the rate for Hispanics, at 8.6 percent, followed by Whites whose unemployment rate was 4.9 percent. Despite a 2.3 percentage point decline, the Black unemployment rate remains 3.1 percentage points above its 2000 average.
- Education: With the exception of those New Yorkers with some college (but not a four-year degree), unemployment rates fall with higher levels of educational attainment. City residents without a high school degree endured a 9.1 percent unemployment rate in 2004. At the opposite end of the educational attainment spectrum, the unemployment rate for New Yorkers with a bachelor's degree or higher level of education was 4.3 percent. With the exception of the Some College category, unemployment rates for each educational group are not much different from 2000.<sup>4</sup>

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<sup>3</sup> 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 and 2004 reflect new Census race definitions. See the Appendix for more details.

<sup>4</sup> Tabulations by educational attainment are most meaningful if they are restricted to people who have by and large completed their education. The elimination of younger people, who have relatively volatile rates of unemployment, dampens changes over the business cycle.

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

	Annual Average			Change	
	2004	2003	2000	04-03	03-00
<i>All</i>	7.1	8.5	5.7	-1.4	2.8
<b>By Gender</b>					
Male	6.8	8.7	5.3	-1.9	3.3
Female	7.5	8.4	6.1	-0.8	2.3
<b>By Age</b>					
16-19	23.0	28.7	18.9	-5.7	9.7
20-24	12.6	13.1	10.3	-0.5	2.8
25-54	6.3	7.8	4.8	-1.5	3.0
55-64	4.7	4.7	2.9	0.0	1.8
<b>By Race/Ethnicity</b>					
Non-Hispanic White	4.9	6.2	3.6	-1.3	2.6
Non-Hispanic Black	10.6	12.9	7.5	-2.3	5.3
Hispanic, Any Race	8.6	9.6	8.0	-1.0	1.6
<b>By Education, persons age 25 through 64</b>					
Less than H.S.	9.1	11.2	8.6	-2.1	2.7
H.S. Degree	5.9	6.6	5.1	-0.8	1.5
Some College	7.4	9.7	4.3	-2.4	5.4
Bachelors and Higher	4.3	5.2	2.4	-0.9	2.8

Note: 2003 & 2004 data reflect new Census race definitions.  
 Changes are percentage points taken from unrounded numbers.  
 Source: CSS tabulations from the Current Population Survey.

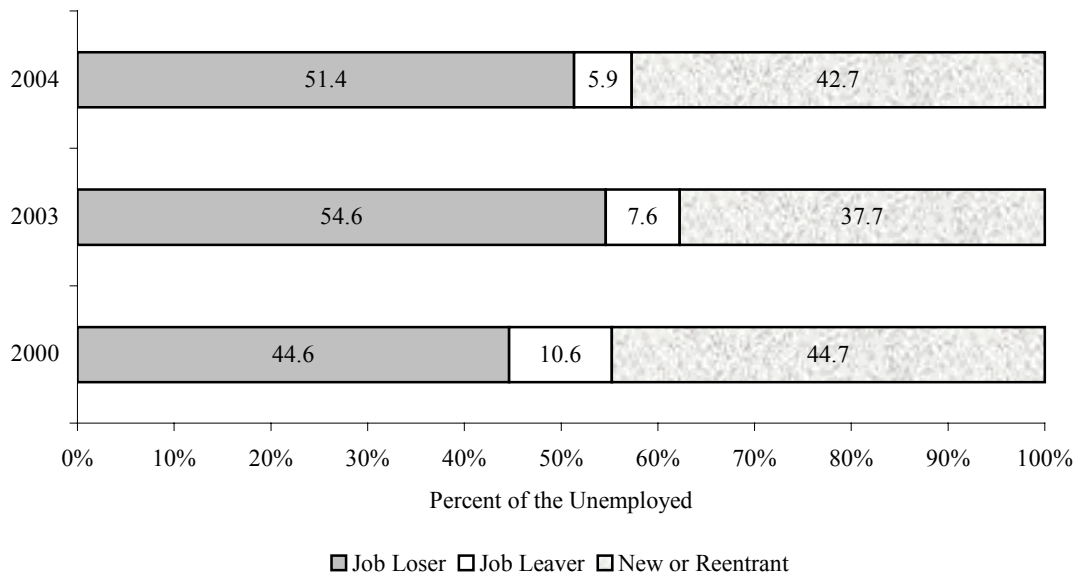
### **The Impact of the Recovery on the Nature of Unemployment**

Some degree of unemployment is inevitable in a dynamic market economy. Even during economic expansions, some firms are shedding workers. People who have been jobless and 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. But the mix of job losers, leavers, and labor market entrants changes as the economy expands and contracts. When the job market is strong,

most of the unemployed are either job leavers or entrants. When job opportunities are scarce, a larger proportion of job seekers are unemployed because they have lost their jobs.

Figure One illustrates the share of the city’s unemployed who were job losers, leavers, or new or reentrants in 2004, 2003, and 2000. The recovery has had some impact on the reasons why job seekers are unemployed. In 2004, on average, just over half (51.4 percent) of the unemployed were job losers, over four-in-ten were new or reentrants, the remaining 5.9 percent were job leavers. The largest difference between 2003 and 2004 was the increased share of the unemployed who were entering the job market, an indicator of some degree of greater optimism about the labor market. But 2004 should also be compared against 2000. At the peak of the business cycle, only 44.6 percent of the unemployed were job losers against 51.4 percent of the unemployed in 2004.

**Figure One: Distribution of the NYC's Unemployed, By Reason**

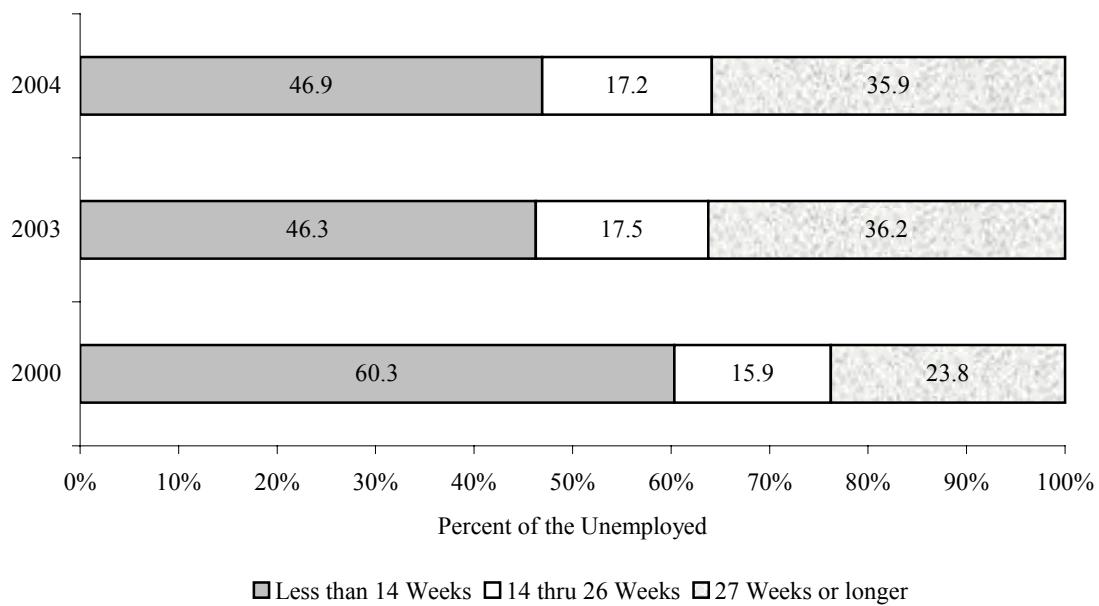


Source: CSS tabulations for the Current Population Survey.

Recessions and recoveries also affect how long it takes job seekers to find work. Figure Two compares the number of weeks the city’s unemployed were out of work in 2004, 2003 and 2000.

Recovery notwithstanding, there has been virtually no change in duration of unemployment from 2003 to 2004. In both years over a third (35.9 percent in 2004 and 36.2 percent in 2003) of the city's unemployed had been out of work for over 26 weeks, long enough to have exhausted their Unemployment Insurance benefits. In 2000, by contrast, only one-in-four (23.8 percent) of the unemployed had been jobless for 27 weeks or longer.

**Figure Two: Distribution of NYC's Unemployed, By Duration**



Source: CSS tabulations from the Current Population Survey.

## **The Impact of the Recovery: Rising Rates of Jobholding**

Changes in the employment-population ratio are the most appropriate indicator of differences in the impact of the business cycle across demographic groups. Unemployment rates only identify those jobless who are currently available for work and are actively seeking employment. In recessions, some of the unemployed become discouraged over their job prospects and give up the hunt for work. Others, who are not already in the job market, conclude that searching for employment 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. And 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.

In recoveries, by contrast, the unemployment rate can remain stubbornly high because the expected fall in the number of unemployed is offset by new job seekers who are now encouraged to enter the job market by the improving likelihood of finding work. Under these conditions, changes in the unemployment rate would understate the degree of improvement. The employment-population ratio “cuts to the chase” by directly answering the question, what share of the working age population was actually holding a job?

New York City’s employment-population ratio rose from 61.4 percent in 2003 to 63.3 percent in 2004. The rise leaves the city’s jobholding rate 1.8 percentage points below 2000, when 65.1 percent of the 16 through 64 population was employed. Underlying these citywide changes was a varied pattern of increasing or stagnant rates of jobholding across demographic groups. As reported in Table Two, changes in employment-population ratios from 2003 to 2004

are largely a mirror image of the pattern of job loss in the 2000 to 2003 downturn. After a 5.4 percentage point decline in jobholding in the recession, men have been the chief beneficiaries of the rise in employment. Their employment-population ratio rose by 3.3 percentage points. Among men, Blacks and those with less than a high school degree have seen the greatest increases. By contrast, with the exceptions of Hispanics and those without a high school degree, there was virtually no improvement in the employment-population ratio for the city's women.

- Age: The rise in jobholding among men was spread evenly across age groups. The increase for 16 through 24-year-olds was 3.0 percentage points; those who were older saw a 2.9 percentage point rise. The 2003 to 2004 gain for younger males made up little of the ground lost since the 2000 business cycle peak. In 2004, their employment-population ratio stood at 38.2 percent compared to 46.7 percent in 2000. By contrast, there was little change in jobholding among women within either age group.
- Race/Ethnicity: Jobholding among Black men leaped upward by 8.9 percentage points from 2003 to 2004. While the increase narrowed the racial disparities in jobholding among men, they were hardly eliminated. In 2004, 76.6 percent of Whites, 67.7 percent of Hispanics and 60.7 percent of Blacks were employed. The one-year rise in jobholding for Black men follows a fall of 12.2 percentage points from 2000 to 2003. Thus their employment-population ratio remains considerably below its 2000 peak of 64.0 percent. Among women, Hispanics were the only race/ethnic group that experienced a year-to-year improvement; their employment-population ratio rose by 4.6 percentage points. Despite that increase, Latinas continue to suffer the lowest rate of jobholding among women, 52.3 percent compared with 56.3 percent for Black women and 60.8 percent for White women.

- Education: Jobholding rates vary considerably with education, although the gap from least to most educated is much greater for women than for men. Thus, in 2004, employment-population ratios for males ranged from 70.1 percent for those with less than a high school degree to 88.4 percent for those with a bachelor's degree or more educational attainment. Among women, employment-population ratios varied from 44.3 percent for the least educated to 73.0 percent for the most educated group. For both males and females, the largest year-to-year gain in jobholding was for those who do not have a high school degree

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

	MALES					FEMALES					
	Annual Average			Change		Annual Average			Change		
	2004	2003	2000	04-03	03-00	2004	2003	2000	04-03	03-00	
<i>All</i>	70.8	67.5	72.9	3.3	-5.4	<i>All</i>	56.5	55.9	58.1	0.6	-2.2
<i>By Age</i>						<i>By Age</i>					
16-24	38.2	35.1	46.7	3.0	-11.6	16-24	37.3	38.3	41.4	-1.0	-3.1
25-64	78.3	75.4	80.1	2.9	-4.7	25-64	61.1	60.2	62.0	0.9	-1.7
<i>By Race/Ethnicity</i>						<i>By Race/Ethnicity</i>					
Non-Hispanic White	76.6	75.7	77.8	0.9	-2.1	Non-Hispanic White	60.8	61.4	64.0	-0.5	-2.6
Non-Hispanic Black	60.7	51.8	64.0	8.9	-12.2	Non-Hispanic Black	56.3	57.1	58.9	-0.7	-1.8
Hispanic, Any Race	67.7	65.7	72.8	2.0	-7.1	Hispanic, Any Race	52.3	47.7	51.9	4.6	-4.2
<i>By Education, persons age 25 through 64</i>						<i>By Education, persons age 25 through 64</i>					
Less than H.S.	70.1	62.8	70.2	7.3	-7.4	Less than H.S.	44.3	39.8	39.5	4.5	0.3
H.S. Degree	74.5	72.9	77.2	1.6	-4.2	H.S. Degree	55.9	56.6	58.2	-0.7	-1.6
Some College	74.8	74.5	79.3	0.3	-4.8	Some College	64.7	62.8	69.2	1.9	-6.4
Bachelors and Higher	88.4	85.5	89.1	2.9	-3.5	Bachelors and Higher	73.0	74.4	77.0	-1.5	-2.6

Note: 2003 & 2004 data reflect new Census race definitions.  
 Changes are percentage points taken from unrounded numbers.  
 Source: CSS tabulations from the Current Population Survey.

## **The Impact of Changes in Industry Employment on Male and Female Jobholding**

The shifting fortunes of men and women during the recession and first year of recovery trace a familiar pattern. Because males tend to work in industries that are more sensitive to the ups and downs of the business cycle, they suffer larger declines in jobholding during contractions, but make greater gains when employment begins to expand. Thus, the employment-population ratio for the city's females declined by only 2.2 percentage points from 2000 to 2003, while the fall in jobholding among males was a more dramatic 5.4 percentage points. In the first year of recovery, it has been males who have experienced the gains in jobholding, while females (as a group) have been left behind.

Table Three details the changes in employment by major industrial sector from 2000 to 2003 and 2003 to 2004. It also provides the percentage of the industry's resident workforce that is male. As the Table illustrates, the gender shift in jobholding trends is clearly tied to the changing pattern of job loss and gains among the city's various industries.

Women experienced relatively small declines in jobholding during the recession in large measure because the heavily (73.3 percent) female health and educational services sector was impervious to the 2000 to 2003 downturn, adding 39,000 jobs at a time when employment citywide was declining by 194,600. This largest-of-all sector now accounts for just under one-quarter (23.8 percent) of resident employment and over one-third (37.6 percent) of female resident employment.<sup>5</sup> Males, by contrast, tend to work in more cyclically sensitive industries, such as financial activities; professional and business services; information; transportation, warehousing and utilities; as well as wholesale and retail trade. All these sectors suffered large

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<sup>5</sup> CSS tabulations from the Current Population Survey for 2004. Readers should bear in mind that these employment data come from the Current Employment Survey, while the percentage that are male only captures those employees who are city residents.

declines in employment from 2000 to 2003. Thus, the brunt of the recession-related job loss fell on men.

Now that the city is gaining jobs, majority male sectors are once again expanding. This includes wholesale and retail trade, information, professional and business services, and leisure and hospitality. All told, over eight-in-ten (82.3 percent) of the jobs gained from 2003 to 2004 were in majority male industries.

**Table Three:  
The Industrial Composition of NYC Employment Loss and Recovery**

Industry	Annual Average Employment (In Thousands)			Change (In Thousands)		Percent Male
	2004*	2003	2000	04-03	03-00	
Total	3,549.2	3,528.5	3,723.1	20.7	-194.6	53.6%
Construction	107.3	112.4	120.4	-5.1	-8.0	92.4%
Manufacturing	118.2	126.2	176.8	-8.0	-50.6	48.0%
Trade, Wholesale & Retail	419.4	415.3	436.6	4.1	-21.3	65.0%
Transp., Warehousing, & Utilities	117.1	118.1	133.0	-1.0	-14.9	76.8%
Information	170.6	164.1	187.3	6.5	-23.2	56.4%
Financial Activities	432.4	434.1	488.8	-1.7	-54.7	59.4%
Professional and Business Services	546.4	535.6	586.5	10.8	-50.9	57.1%
Educational and Health Services	668.3	659.1	620.1	9.2	39.0	26.7%
Leisure and Hospitality	266.9	258.0	256.7	8.9	1.3	62.2%
Other Services	151.4	148.9	147.4	2.5	1.5	45.2%
Government	551.1	556.7	569.5	-5.6	-12.8	53.0%

\* 2004 data are subject to revision.

Sources: Employment data are from the NYS Department of Labor, Current Employment Survey.

Percent male is from CSS tabulations from the Current Population Survey.

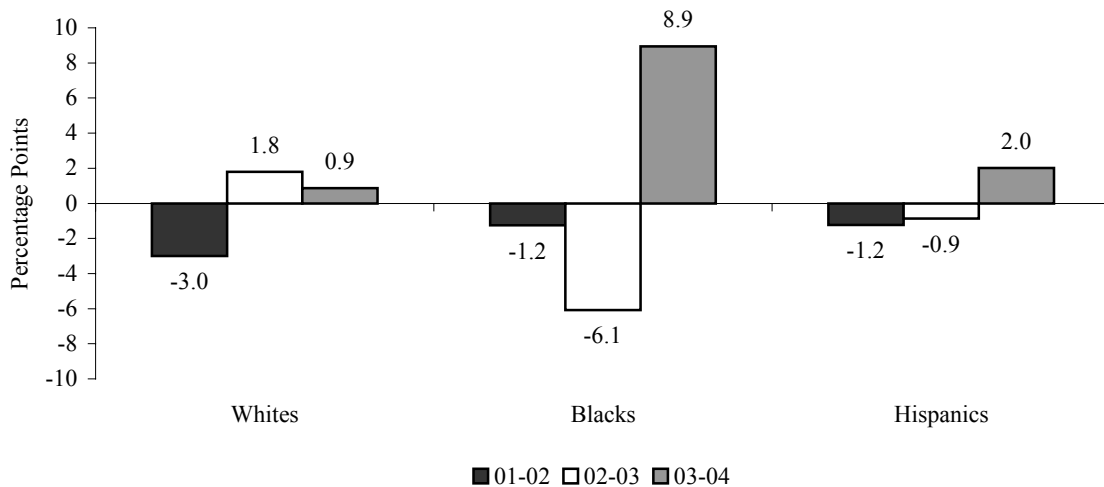
### **A Look at the Volatility of the Black Male Employment-Population Ratio**

If there was one number that stood out from last year's report it was the shockingly low employment-population ratio, a mere 51.8 percent for the city's African American men.<sup>6</sup> The report noted that Black males suffered the largest-of-all race/ethnic group decline from the 2000 pre-recession high. The 2003 ratio also represented a sharp year-to-year decline (of 6.1

<sup>6</sup> Levitan, Mark. *A Crisis of Black Male Employment: Unemployment and Joblessness in New York City, 2003*. Community Service Society. February 2004.

percentage points) from 2002. The 2004 estimate indicates that this large decline has been followed by an even more dramatic 8.9 percentage point rise. As illustrated in Figure Three, compared with other groups, these year-to-year changes are unusually large. Furthermore, these are the largest year-to-year changes in this data series over the entire 1979 to 2004 period. This raises two distinct questions. Why has this particular indicator been so volatile? And what does the large rise in Black male jobholding mean for the argument made in last year's report that the city faces a crisis in Black male employment? This section examines the issue of volatility. The question of crisis is reexamined next.

**Figure Three: Year-to-Year Change  
Employment-Population Ratios,  
NYC Males by Race/Ethnicity**



Source: CSS tabulations from the Current Population Survey.

Table Four provides CPS-derived estimates of the numbers that serve as the denominator and numerator of the employment-population ratio for the working age population citywide and New York's Black males for 2002, 2003, and 2004. In 2002, the city's overall employment-population ratio was 62.2 percent and the Black male employment-population ratio was 57.9 percent. From 2002 to 2003, the citywide jobholding rate fell by 0.8 percentage points while the

employment-population ratio for Black males plunged 6.1 percentage points. The large disparity between these two declines results from large differences in the CPS estimates of changes in the population and the number employed. Citywide, there was a 4.4 percent increase in the population and a 3.1 percent increase in the number of New Yorkers who were employed from 2002 to 2003. The increase in the Black male population count was dramatically larger (12.1 percent). At the same time, there was virtually no increase (0.3 percent) in the CPS estimate of the number of Black men who were employed. Because the rise in the population was so much greater than the rise in employment, the Black male employment-population ratio dropped sharply.

Comparing 2003 to 2004 tells the story in reverse. Citywide, there was a small change in the population (0.5 percent) and a large gain in the number of employed (3.6 percent). This lifted the New York City employment-population ratio by 1.9 percentage points. For Black males the rise in population tracked that for the entire city, a 0.7 percent increase. But the CPS-based employment estimate for this group soared by an astounding 18.0 percent. That rise propelled the 8.9 percentage point jump in their employment-population ratio.

**Table Four**  
**The Arithmetic of Volatility**

<b>All New York City Residents, 16 through 64 years of age</b>				
Annual Ave.	Population	Employment	E/P Ratio	Change in E/P
2002	5,149,431	3,202,720	62.2%	
2003	5,375,359	3,302,754	61.4%	-0.8
2004	5,403,228	3,422,778	63.3%	1.9
	Percent Change		Two-Year Moving Average	
2002-03	4.4%	3.1%	61.8%	
2003-04	0.5%	3.6%	62.4%	
<b>Black Male New York City Residents, 16 through 64 years of age</b>				
Annual Ave.	Population	Employment	E/P Ratio	Change in E/P
2002	528,740	305,883	57.9%	
2003	592,765	306,850	51.8%	-6.1
2004	596,805	362,051	60.7%	8.9
	Percent Change		Two-Year Moving Average	
2002-03	12.1%	0.3%	54.8%	
2003-04	0.7%	18.0%	56.2%	

Source: CSS tabulations from the Current Population Survey.

As explored in the Appendix, three factors have played some role in these unusually large year-to-year changes: changes in the city labor market that are reflected in the CPS sample, the introduction of new population weights that are used to translate the sample's observations into counts that represent the city population, and sampling error. The discussion of these factors, however, still begs the very practical question of how to incorporate these outsized changes in population and employment into a picture of change over time. Because the 2002 to 2003 and 2003 to 2004 jumps are offsetting (the large population rise is followed by a large employment rise), the obvious response is to smooth out the volatility of the year-to-year changes by creating a series of two-year moving averages. In such a series, each data point is an average of 24 monthly surveys. The subsequent data point drops the earliest 12 months and incorporates the next 12 months of the survey. This method spreads one-year changes over a longer time span. While it will dampen the impact of short-run changes on the reported data, it provides a sounder

basis than focusing on one year's estimate for appreciating long-term trends. As indicated in Table Four, this would yield Black male employment-population ratios of 54.8 percent for 2003/2002 and 56.2 percent for 2004/2003.

### **A Crisis in Black Male Employment?**

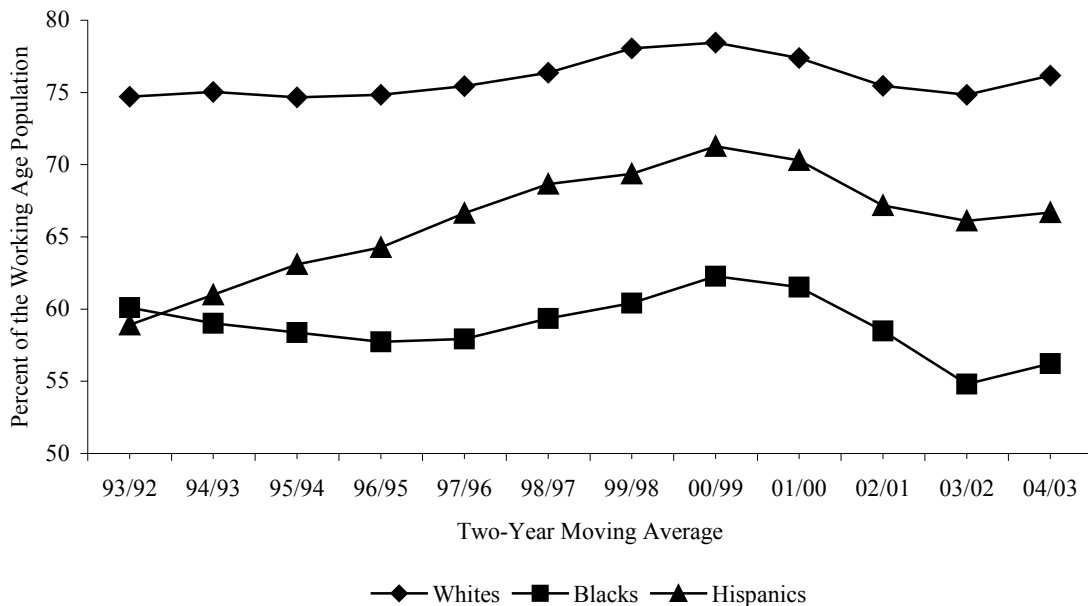
The claim in last year's report that the city faced a crisis of Black male employment was dramatically illustrated by 2003's 51.8 percent employment-population ratio. But the argument did not rest on that number. The report's claim was based on trends over time. Not only had Black men suffered the largest decline in jobholding during the 2000 to 2003 recession; they had enjoyed the smallest gains in jobholding during the prior economic expansion. The combined result of these two disparities had steadily widened the gap in jobholding rates between Blacks and other groups of men. Smoothing out the impact of the 2003 and 2004 estimates has no effect on that argument.

Figure Four plots the two-year moving average for the employment-population ratio for New York City males by race/ethnicity from 1993/1992 to 2004/2003. These end points are comparable phases in the business cycle, combining the last year of recession and first year of recovery from the 1989-1992 and 2000-2003 recessions, respectively. From the beginning of recovery in 1993/1992 until the peak years of 2000/1999, jobholding grew for all three race/ethnic groups, but not at equal rates. The employment-population ratio rose by 3.8 percentage points for Whites, 12.4 percentage points for Hispanics, but only 2.2 percentage points for Blacks. During the subsequent economic downturn (2000/1999 to 2003/2002), the employment-population ratio fell by 3.6 percentage points for Whites, 5.2 percentage points for Hispanics, and 7.5 percentage points for Blacks.

Over the entire 1993/1992 to 2004/2003 period, jobholding edged up by 1.5 percentage points for Whites and 7.8 percentage points for Hispanics, but fell by 3.9 percentage points for

Blacks. As a result, the jobholding gap between Blacks and other males has steadily widened. In 1993/1992, the Black male jobholding rate was 14.6 percentage points below that of Whites; by 2004/2003, it had grown to 19.9 percentage points. In 1993/1992, Blacks had a slight edge in jobholding over Hispanics, 1.2 percentage points. By 2004/2003 the Black-Hispanic gap was 10.5 percentage points.

**Figure Four: Employment-Population Ratios, NYC Males by Race/Ethnicity**

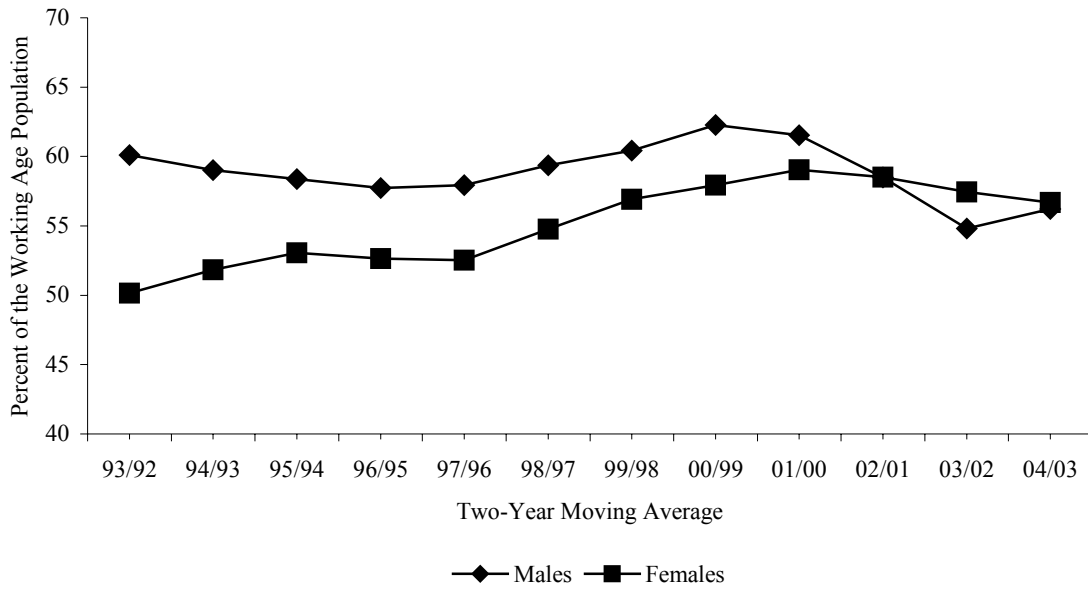


Source: CSS tabulations from the Current Population Survey.

Another perspective on Black male jobholding is offered by comparing it with the growth of employment among Black women. As Figure Five illustrates, Black women have been gaining ground on Black men since 1993/1992. In the early nineties, Black men held a 10.0 percentage point jobholding advantage over Black women (60.1 percent against 50.1 percent). By 2004/2003, the gap had been eliminated (a 56.2 percent employment-population ratio for males and a 56.7 employment-population ratio for females). While Black male jobholding had

declined by 3.9 percentage points over this period, Black female jobholding had risen by 6.5 percentage points.

**Figure Five: Employment-Population Ratios,  
NYC Blacks, By Gender**



Source: CSS tabulations from the Current Population Survey.

In sum, looking at the employment-population trends through the prism of two-year averages reveals a scene of ever-widening disadvantage. Relative to their White and Hispanic counterparts and compared against Black women, New York City’s Black males are losing ground.

## Some Implications for Public Policy

Continued recovery may mean continued gains in jobholding for the city's Black men. But the lesson of the 1990's, when the city was enjoying a best-in-30 years boom, is that there is little reason to believe that a growing economy alone will narrow the relative disparity between New York's African American males and their White and Hispanic counterparts.<sup>7</sup> Progress will depend on public policy. While the city's political leadership has little power over geo-political events, large-scale demographic trends, or long-term technological changes that shape urban life, it can not excuse itself from a commitment to doing what it can to provide all its residents with a fair chance at work and a living wage. Below are three areas where New York's leaders can make an important difference.

1. **The city's leadership must voice strong opposition to the cuts to employment services, job training, and vocational and adult education programs that are contained in President Bush's fiscal year 2006 budget request.** The Bush proposal cuts funding in Department of Labor sponsored job-training programs for adults, dislocated workers, and youth along with employment services by 4 percent. Department of Education programs are subject to even larger cutbacks; vocational and adult education funds, for example, would be slashed by 89 percent and the Adult and Family Literacy program would take a hit equal to 63 percent of last year's funding level.<sup>8</sup> Because the vast majority of city expenditures in most of these areas are dependent of

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<sup>7</sup> The extremely low rate of jobholding for New York City's 16 through 24-year-old out of school Black males provides a warning about future trends. See Levitan, Mark. *Out of School, Out of Work, ... Out of Luck? New York City's Disconnected Youth*. Community Service Society. January 2005.

<sup>8</sup> More details on the President's budget proposal are available in *President Bush Releases FY 2006 Budget: Significant Cuts in Discretionary Spending, Including Adult Education and Job Training Programs*. The Workforce Alliance. February 2005.

federal funds, cutbacks made in Washington translate directly into fewer services for New Yorkers in need.

2. **Local policy makers can more aggressively address the effects of past and present discrimination.** The mayor has announced his intention to establish a Commission on Construction Opportunity for the purpose of ensuring that the coming boom in construction activity creates “opportunities for all.”<sup>9</sup> The Commission is to be composed of representatives from the industry, its unions, senior members of the administration and Congressman Charles Rangel. With this initiative the mayor has established a clear public commitment and created a sound institutional framework by which to honor it. What is needed next is a concrete plan. The Commission should establish clear goals by which it and the public can measure its success. If the Commission’s mandate truly is opportunity for all, it must also acknowledge the difficulty many of those who need these jobs the most will have in gaining admission into an apprenticeship program.

*The Mayor’s Commission should establish a pre-apprenticeship program to create a pipeline that directly feeds into apprenticeship positions. If it is going to be helpful to the most disadvantaged among the jobless, the program will have to combine educational remediation, support services, and mentorship, along with an orientation to what work in the construction industry is like. This will require funding, coordination with the apprenticeship system, contracts with service providers, as well as efforts by organizations with roots in the city’s low-income neighborhoods to encourage people in their communities to participate.*

There are other areas of racial exclusion that city government has even more direct responsibility for. New York City’s Fire Department is the most glaring case in point;

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<sup>9</sup> Mayor Michael Bloomberg’s 2005 *State of the City* Address. January 11, 2005.

only 2.9 percent of its personnel are African American. The U.S. Department of Justice is currently investigating the department's hiring practices in response to a charge filed with the U.S. Equal Employment Opportunity Commission (EEOC) by the Vulcan Society, an organization of Black firefighters. The EEOC as well as the city's own Equal Employment Practices Commission have concluded that the Fire Department's written test is a major barrier to African American applicants and is discriminatory because there is no evidence that individuals' performance on the test predicts their ability to perform on the job. *Rather than letting the legal process drag on for years, the city should move quickly to right this wrong. It should negotiate a settlement that removes the barrier created by the written examination and includes a serious affirmative action plan to integrate the ranks of the department.*

3. **Appropriate city funds to attack long-term joblessness.** Last year, the New York City Council created a \$10 million fund to establish and evaluate pilot programs to address the needs of the long-term unemployed. Such funding should continue.
4. **Longer-run, the greatest opportunity the city has before it is the increased funding for education that will eventually result from the Campaign for Fiscal Equity lawsuit against the State of New York.** Clearly there is a strong connection between the racial gaps in jobholding documented in this report and the racial gaps in city's high school graduation rates. As reported in Table Two of this report, rates of jobholding are strongly associated with educational attainment. But a recent Department of Education study finds that less than half of Black (47.4 percent) and Hispanic (43.4 percent)

students were completing high school on time. The on-time completion rate for White students, by contrast, was 72.5 percent.<sup>10</sup>

Mayor Bloomberg's new "Learning to Work" initiative is a welcome recognition of the need to address the city's high dropout rate. This vocational program aims to keep more youth in school and to attract dropouts back into the classroom by linking classroom instruction with internships and paid work. But the initiative's modest scale underscores the distance between good intentions and hard realities. The Department of Education has indicated that in its initial year the program would serve 2,600 students.<sup>11</sup> That number should be compared to the size of the challenge it is intended to address; the Department of Education study cited above reports that 16,700 members of the class of 2003 were in a group of students who are at great risk of dropping out; they were over age, but did not have enough credits to graduate from high school on time. Another 12,890 had already dropped out. Clearly, this or other efforts to alleviate the dropout rate will need to be backed by more resources and even more far reaching innovations.

Fortunately, more resources for the city's schools are on the horizon. This month, Justice Leland DeGrasse of the State Supreme Court ruled that an additional \$5.6 billion must be spent on the city's schools each year. Another \$9.2 billion must be spent on infrastructure (such as classrooms, laboratories, and libraries) to relieve overcrowding. The issue is now back in the hands of our political leadership in Albany. The response of Governor Pataki is that he will appeal the decision. *Every sector of the city's leadership should be pressing the governor to end further delay and begin serious work with the State Legislature to create the needed funding.*

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<sup>10</sup> New York City Department of Education. *The Class of 2003 Four-Year Longitudinal Report and 2002-2003 Event Dropout Rates*. March 2004.

<sup>11</sup> "Bloomberg Claims Progress and Makes His Political Appeal." *The New York Times*. January 12, 2005.

Besides a push for constructive action in Albany, local leaders have a responsibility to begin a planning process that insures that this new level of funding is used wisely. That should begin with a discussion of priorities. *If the city is going to be true to the spirit of greater equity, it needs to make closing the racial gap in graduation rates a top priority.* More Black males with a high school degree will not address every reason why these New Yorkers are having so much difficulty in the city's labor market, but this it is a goal that the city will have added ability to achieve, and it will make a difference. It is up to all of us to see to it that this unprecedented opportunity is used to create a city of truly equal opportunity.

## Appendix: Notes on the Data

This report makes use of annual averages constructed from the Bureau of Labor Statistics' Current Population Survey (CPS). The CPS is a monthly survey of some 60,000 households across the U.S. Respondents provide data on the labor market status of household members who are 16 years of age or older. In addition, information is gathered about a host of demographic attributes for each household member, such as their age, race, gender, marital status, and educational attainment. The responses to these questions form the raw material of this study.

With the exceptions noted below, the report follows the Bureau of Labor Statistics' conceptual framework for tracking the labor force status of the population.

- The population. In BLS publications this group typically includes all individuals 16 and over who are neither in the military nor are institutionalized. This report uses the “working age” population, which is the civilian, non-institutionalized population age 16 through 64.
- The employed. This category includes those who are currently working for pay, employed persons who are temporarily absent from work, along with “unpaid family workers,” a very small group of persons who work in family-owned business establishments.
- The unemployed. This category includes individuals who are jobless, currently available for work, and have been actively seeking work in the four weeks prior to the survey.
- The labor force. The employed and the unemployed are classified as members of the labor force.
- The unemployment rate is the ratio of the number of unemployed to the labor force.

- The employment-population ratio is the ratio of the employed to the population. In this study the employed and the population is restricted to those age 16 through 64.
- Race/ethnicity. The categories used in this report reflect the two separate questions the CPS asks about a person's race and Hispanic ethnicity. All those who indicate that they are of Hispanic ethnicity are grouped together in the Hispanic category. All Non-Hispanics are then grouped into categories defined by their answer to the CPS question about race. In the report, tabulations are provided for three mutually exclusive groups: Non-Hispanic Whites, Non-Hispanic Blacks, and Hispanics of any race. Other racial groups are too small a share of the city population to generate statistically meaningful estimates. In 2003 the CPS introduced a change in its racial categorization that now allows individuals to choose more than one race. To maintain a mutually exclusive set of race/ethnic categories, the small number of persons who are Non-Hispanic and identify themselves as being of more than one race are excluded from the White and Black categories.

### **CPS Sample Size and Standard Errors**

The rates reported in the study are estimates derived from a sample. The CPS typically generates 1,000 to 1,200 completed surveys per month in New York City. This provides data on the labor force status of about 1,600 to 1,700 persons age 16 through 64. Over the course of year, the CPS New York City sample contains roughly 13,000 household and 20,000 persons.<sup>12</sup> As in any survey, the estimates derived from it are subject to “sampling error,” the difference between the estimates derived from the sample and what would be derived from a full census of the population. The size of this potential difference is measured by the standard error of the

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<sup>12</sup> Because households rotate in and out of the survey over the course of an 16-month period, these are not surveys of 13,000 different households.

estimate. There is about a 90 percent probability, or level of confidence, that the sample estimate and the “true” population value will differ by no more than 1.6 times the estimate’s sample error. This implies that small differences between estimates may not reflect actual differences in the populations from which the sample is drawn. As a rule of thumb, the 90 percent confidence interval for the citywide unemployment rate is plus or minus 0.5 percentage points. It is 1.2 percentage points for the citywide employment-population ratio. Standard errors for estimates for subgroups of the population are larger. The text draws readers’ attention to those differences that appear to be large enough to be statistically significant.

### **The Volatility of New York City Black Male Employment-Population Ratio**

The report noted that the recent swings in the employment-population ratio for New York City’s Black males are unusually large. No other group of men showed the same kind of volatility. Moreover, the 2002 to 2003 and 2003 to 2004 changes were the largest seen for Black males over the entire 1979-to-2004 period. Three factors could have played some role in these atypical changes: the labor market, the effect of adjustments in CPS population weights, and sampling error.

Changes in the labor force status of the city’s Black men. The economy contracted from 2002 to 2003 and expanded from 2003 to 2004. So direction of change in the Black male employment-population ratio is entirely consistent with citywide labor market trends. But boom and bust are not new to the New York City economy. Past shifts in economic winds have not so dramatically impacted year-to-year changes. So it is unlikely that changes in the underlying population alone are responsible for the recent volatility of this indicator.

Sampling Error. As noted above, estimates are subject to sampling error. It is therefore possible that the large swings in the employment-population ratio are not reflective of dramatic changes

in the underlying population. Rather, they are products of two years in which the CPS produced an unusually low and then an unusually high estimate relative to their true values. The 90 percent confidence interval for the employment-population ratio for Black males in New York City is plus or minus 3.8 percentage points. Thus a 55 percent employment-population ratio for 2003 and a 57 percent employment-population ratio for 2004 would both have been within those two year's margin of error. Had the CPS generated these estimates, there would be no issue of unusual volatility.

The introduction of new population weights. Each January the Bureau of Labor Statistics makes adjustments to the population weights that “scale up” observations from the CPS sample to independently derived estimates of the population. The annual adjustments reflect estimates of change in the size and composition of the population. These adjustments can create jumps in the counts of the population and the employed, but because they have equal effect on both the numerator and denominator, they have negligible influence on ratios, such as the unemployment rate or the employment-population ratio.

The adjustments introduced in January 2003 were unusually large. The impact of the new weights is evident in the 2002 to 2003 citywide increase in the population (4.4 percent) and number employed (3.1 percent). See Table Four. Few municipalities would experience such a large rate of growth over one year, and the city labor market was weaker in 2003 than 2002. The underlying condition of the labor market, however, was probably well captured by the decline in the employment-population ratio, which resulted from the increase in the reported population being larger than the increase in the number of employed.

The 2002 to 2003 change for Black males ran in the same direction as these citywide counts, but (as reported in Table Four) at a very different order of magnitude, a 12.1 percent

increase in population but only a 0.3 percent increase in the number of employed. To some extent, the large jump in the population estimate was a result of the annual adjustment, but it also appears to be the effect of a new weighting procedure that was introduced in 2003 to account for the under coverage of hard-to-enumerate populations such as young Black males, a group that has very low rates of jobholding.<sup>13</sup> As noted in last year's report, this may well have contributed to an unusually large drop in the Black male employment-population ratio from the prior year.

The effect of the adjustments introduced in January 2004 on the 2003 to 2004 change is more difficult to fathom. The change in population weights was minor as was the change in the citywide or Black male population.<sup>14</sup> Both were less than one percent. This makes the size of the increase in Black male employment (18.0 percent) both enormous and out of scale with changes in employment for other groups. The year-to-year change implies that Black males captured 46.0 percent of all the city resident job growth, although they are only 11.0 percent of working age population.

In sum, it appears that the large drop from 2002 to 2003 in the city's Black male employment-population ratio was the result of all of these factors. That is, the new weighting procedure and sampling error exaggerated what might have been a normal-for-recession size fall. The leap in jobholding from 2003 to 2004 appears as an even more of an anomaly, in which a normal-for-recovery size rise may have been grossly overstated by sampling error. All of this makes a strong case for using two-year moving averages to describe changes over time.

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<sup>13</sup> Bowler, Mary. Randy Ilg, Stephen Miller, Ed Robison, and Anne Polivka. *Revisions to the Current Population Survey Effective January 2003*. Employment and Earnings. U.S. Bureau of Labor Statistics. February 2003.

<sup>14</sup> *Adjustments to Household Survey Population Estimates in January 2004*. Employment and Earnings, U.S. Bureau of Labor Statistics. February 2004.