Gauging Employment Prospects in New York City, 2009
About the NYCLMIS
The New York City Labor Market Information Service (NYCLMIS) provides labor market analysis for the public workforce system. The service is a joint endeavor of the New York City Workforce Investment Board (WIB) and the Center for Urban Research at The Graduate Center of the City University of New York. The NYCLMIS’ objectives are to:
- Develop action-oriented research and information tools that will be used by workforce development service providers and policy makers to improve their practice.
- Be the portal for cutting-edge and timely labor market data about The New York City. The NYCLMIS primarily serves the program and policy needs of the public workforce system. The NYCLMIS creates research and associated products that are of service to the broader practitioner and policy communities in their day-to-day and strategic decision-making. These products help distill, frame, and synthesize the volumes of data available for the practical use of the public workforce system’s partners and stakeholders, with the overall goal of raising public awareness of the importance of workforce development in New York City.

About the WIB
The New York City Workforce Investment Board (WIB) administers the federal Workforce Investment Act funds in New York City and oversees the public workforce system run by the Department of Small Business Services and the Department of Youth and Community Development. The WIB is made up of over 40 volunteer members, appointed by the Mayor, representing local businesses, educational institutions, labor unions, community-based organizations, and other government agencies.

About the Center for Urban Research
Working with the City University of New York Graduate Center’s faculty and students, the Center for Urban Research organizes basic research on the critical issues that face New York and other large cities in the U.S. and abroad; collaborates on applied research with public agencies, non-profit organizations, and other partners; and holds forums for the media, foundations, community organizations and others about urban research at The Graduate Center of the City University of New York.
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February 2009
Executive Summary
New York City’s public workforce development system serves two basic objectives: to help businesses meet their labor needs and to help jobseekers find stable jobs with advancement potential. Many of the system’s stakeholders pursue – explicitly or implicitly – a “sector strategy” to accomplish these dual objectives. A key feature of a sector strategy in workforce development is a focus on similar or related enterprises within a given sector. This helps everyone working within the system - account managers, career advisors, and education and training professionals - to build relationships with one another, improve mutual understanding and coordination and, ultimately develop strategies that meet employers’ needs and create opportunities for jobseekers and workers who are already on the job and seek advancement.

An important question facing workforce providers in their day-to-day operations is: How can providers and policy makers identify promising sectors for workforce development? While this question is important in a strong economy, it is critical in a recession, when job openings are scarce. At this moment, the national economy has been undergoing its longest recession in over 20 years, reflecting interrelated crises in mortgage markets, home values, credit availability, and consumer demand. City, state, and national governments are poised to take new steps to help employers and the workforce to weather this recession. Policy makers and providers are looking for help in determining what to do and where to target their efforts wisely.

Given the complexity of New York City’s labor market, a systematic review of recent and past trends can help workforce development professionals more or less identify promising sectors. This report addresses several major questions that workforce development professionals have about the labor market. The results are intended to inform and guide their policymaking, business development, education and training, and job placement choices. The questions that framed our analyses of labor market information are organized into the following categories: employment and wage levels and growth, New York City’s specializations, performance during past recessions, and occupational opportunities. The report
ends with conclusions and implications for workforce providers and policymakers. Key findings are presented here in brief:

1. EMPLOYMENT AND WAGES
- New York City’s labor market is highly concentrated in relatively few industry groups. The 25 largest groups include more than half of the jobs in the city covered by the unemployment insurance system.
- There was a negative relationship between job and wage growth in New York City’s largest industry groups between 2000 and 2007. Many industry groups that gained jobs also experienced declining average annual wages during this period.
- Based on the number of jobs, job growth, and wage growth measures alone, hospitals and legal services are the most promising industry groups for workforce development: they both gained jobs and wages between 2000 and 2007, albeit modestly.
- Based on job growth alone, full-service restaurants, colleges and universities, and individual and family services appear promising, though workforce providers may need to help employers develop stronger career pathways and wage growth strategies for people who stay in these jobs.

2. NEW YORK CITY’S SPECIALIZATIONS
- Local advantage is an important criterion for workforce development. Industries that add jobs at a faster pace in New York City than they do across the nation are more likely to thrive in the local economy going forward. However, their jobs outlooks also depend on the persistence of these local advantages: if the advantages disappear, so may the jobs.
- When compared to the nation’s labor market, New York City’s labor market is more highly specialized in finance and insurance, professional, scientific, and technical services, management of companies and other enterprises, and health care and social services.
- Other industry groups that make up a much larger share of jobs in New York City than in the nation as a whole benefit from: the creative labor force, access to communication with other global cities, or the City’s high population density.
- During the past decade, industry groups related to tourism and recreation added large numbers of jobs because of the unique advantage of the city as a travel destination and the weakness of U.S. dollar relative to other currencies.
- According to measures of specialization and local advantage alone, the most promising industry groups are publishing (periodicals, books, and directories), home health care services, and museums and historical sites. Additional industries include motion picture and video industries, urban transit, and grocery stores.

3. PERFORMANCE DURING PREVIOUS RECESSIONS
- Based on their employment performance during previous recessions, the traditional “recession resistant” industries in the health care and social assistance, and education sectors –are likely to be the saf-
est harbors during this recession. Even so, providers need to monitor public sector budgets since cuts will have a negative effect on job availability in these industry groups.

- Industry groups in the information sector that performed relatively well during previous recessions were audio and video recording and production and motion picture-related services.

4. OCCUPATIONAL OPPORTUNITIES

- A few big industry groups provide thousands of jobs to people in the occupations that are accessible to the public workforce system’s jobseekers and pay more than $12.00/hour at the median. For example, home health care, limited- and full-service food services, grocery stores, banks, and law firms are dominant employers of workers in these occupations.

- A variety of occupations offer good wages with few formal educational requirements, but many of these require another form of training, either on-the-job, or through apprenticeship or certification programs, like skilled trades, nurses, commercial drivers, and supervisors and managers.

5. IMPLICATIONS FOR WORKFORCE PROVIDERS AND POLICYMAKERS

- As of this writing the nation is in the midst of a severe recession, that began in the finance and insurance and real estate sectors and has quickly spread to most other labor market sectors. New York City entered the recession later than the rest of the nation, but has quickly caught up both in terms of payroll declines and unemployment increases. This report is offered to provide an array of metrics that can be used by workforce providers to assess the various industry groups for their potential labor market weaknesses as this downturn progresses, and a number of other factors such as size, wages, occupational opportunities, and specialization in the region.

- National, state, and city policymakers have recently begun to respond to the current recession with economic recovery and stimulus packages that are intended to shorten the recession or minimize its effects. As of this writing, the outlines and impacts of these policies are not yet known. Workforce policymakers and providers should stay abreast as the exact nature of the stimulus and recovery policies become clearer and funding is allocated, so that they can assess the effects on New York City’s labor market.

- As this assessment reveals, there are tradeoffs in working with any industry
group among the number of jobs, job growth, wage levels, recession resistance, local advantage, and occupation opportunities. Providers should be aware of these and tailor their workforce strategies to their particular mix of strengths and weaknesses in the industry group with which they are working.

Health, education, and social services have been recession-resistant and are expected to fare relatively well during the current one, barring large public sector budget cuts. However, recessions are not all alike, so account managers should use market intelligence (i.e. newspapers, employer feedback, etc.) about the industry groups with which they work as well as new labor market data (from sources such as the NYS Department of Labor, U.S. Census Bureau, and U.S. Bureau of Labor Statistics) as it emerges.

Employment specialization and local advantage (location quotient and shift share, respectively) are key concepts in economic development that are useful to account managers. Having this information at their fingertips enables account managers to speak more knowledgeably with employers about the local business conditions that benefit and challenge them and inform their career advisor colleagues.

Account managers should keep their colleagues apprised about the changing workforce needs in the finance and other highly exposed sectors as investment banks, and other financial institutions undergo restructuring as a result of the current financial crisis. Restructuring is expected to change the industry-occupation mix in the finance and insurance sector. As of this writing, it is too early in the course of this restructuring recession to tell what the new occupational mix will be.

Workforce providers should position themselves to help individuals coming out of the more recession-prone industry groups: administrative and support services, professional, scientific, and technical services, construction, and finance and insurance. It would be worthwhile to build skills profiles for the key occupations and identify other industry groups that employ people with similar skills.

Workforce providers should examine occupational data, not just labor market information about businesses. With a better understanding of the industry-occupation mix and skill transferability, they can more effectively help jobseekers find jobs or move from a lost job to another job in a different industry if need be.

It would be helpful for providers to have information about job turnover during the recession. Unfortunately the available data cannot provide that information. The workforce community needs a reliable way to distinguish new jobs from replacement jobs in a timely manner, either by access to the Census Bureau’s Quarterly Workforce Indicators – soon to be available in New York State – or by gaining access to establishment level information.

There are many occupations spread across many industry groups that pay well above minimum wage and do not require a four-year college degree. Several of these do require supervision and manage-
ment skills, an area well suited for workforce development training programs.

 Thousands of well-paying jobs are in the skilled trades, requiring apprenticeship and often licensing. Policy makers should ensure that there are adequate “on ramps” to training opportunities that will enable public workforce development system’s customers to access these jobs.

 Providers who serve jobseekers with multiple barriers to employment, such as ex-offenders, or people with mental health disabilities or histories of substance abuse should review the list of occupations to identify which might be available to them and from which they might be barred.

 Many opportunities for well-paying occupations are in public sector agencies, New York City’s largest employment sector. Policy makers should consider making connections between the workforce system and the public agencies that employ thousands of people without college degrees, such as maintenance and repair workers and bus drivers in bus transportation and urban transit and paraprofessional occupations in elementary and secondary schools.

 Given the poor jobs outlook in 2009, even occupations that pay low wages can be useful for jobseekers, particularly those with little to no experience. Career advisors and education and training professionals can help workers they place in lower wage jobs by identifying and strengthening their opportunities to increase their transferable skills and begin career pathways to higher paying work.

 Restructuring will change the industry occupation mix in the finance sector....it is too early in the course of this restructuring recession to know what the new mix will be.