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City gaining jobs, but at lower pay

New jobs offer less of a boost to the economy, tax revenues.

By Ronnie Lowenstein

While New York City has already regained more than 40% of the jobs lost during the recession, the mix of jobs added is not the same as the ones that disappeared. The most important difference is that many of the jobs we're regaining don't pay as well as the lost jobs. Lower pay means less money to spend and less of a boost to the local economy.

By the fourth quarter of 2010, the city had regained roughly 58,000 of the 132,000 private-sector jobs lost from the peak of employment in the third quarter of 2008 through the recession's trough in the third quarter of 2009. The latest projections from the Independent Budget Office estimate that the city will gain another 73,200 jobs in 2011 (fourth-quarter 2010 through fourth-quarter 2011).

Although a quarter of the private-sector jobs lost in the recession were in the financial industry, the IBO projects that finance will generate only about 9% of the jobs added this year. But at the same time, this industry will generate 60% of the increase in the city's aggregate wages. The securities sector alone is expected to account for nearly 36% of the increase—not a surprise, given that securities is the city's highest-paying major industry. Securities sector wages (including bonuses) averaged an estimated \$347,000 in 2010.

Professional and business services is expected to be the biggest jobs gainer in 2011. The sector is relatively high-paying, with average 2010 wages of \$102,000. After a gain of 23,600 jobs in 2010, another 20,400 are forecast for this year, more than half of them accountants, lawyers and other professionals.

But two other sectors responsible for a large share of the anticipated job gains don't pay nearly as well. The education and health services sector (which doesn't include public schools and colleges and public hospitals) is projected to add 16,400 jobs in 2011, on top of the 21,200 added last year. Pay averaged \$50,000 in 2010, modest compared with the financial or even professional services sectors.

The leisure and hospitality industry pays even less, averaging \$43,000 in 2010. The IBO anticipates this sector will add 10,800 jobs this year, after gaining 10,600 in 2010.

The expected job gains could be upended by a number of factors. New Wall Street regulations are still being written and could affect financial industry profitability and, as a result, hiring. National health care reform and state-level Medicaid changes are also just taking shape and could lead to fundamental changes in an industry that added jobs through recent downturns.

The city is benefiting from a broad-based recovery, with private-sector job gains in all industries except manufacturing. But to the extent that the added jobs are less highly paid than the jobs that were lost, they will provide less of a boost to the economy and tax revenues.

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