

## Extended mass layoffs after 2001: a comparison of New York and the Nation

*BLS data reveal that layoff activity in New York was somewhat elevated in the years that followed the 2001 recession; a rising level of job cuts due to contractual turnover among growth industries helped transform the mass layoff experience in the metropolitan area*

Bruce J. Bergman

**W**ith the largest metropolitan workforce in the Nation, the New York area<sup>1</sup> is at or near the top of many lists. Separations due to layoffs, or, simply, layoff separations, are no exception: between 2001 and 2006, New York consistently ranked among the top 10 metropolitan areas in this category. Viewed over the longer period of 11 years for which comparable data are available, extended mass layoff actions<sup>2</sup> caused hundreds of thousands of New York area employees to be involuntarily separated from their workplaces. A question that arises, then, is, Was the New York area a standout in terms of layoffs, or did it not differ qualitatively from the Nation in that regard? To answer that question, this article examines data made available for the first time from the Bureau of Labor Statistics (BLS).

### Was New York different?

BLS data reveal that the New York area mass layoff experience not only deviated from national trends, but also underwent a significant change after 2001. While the total number of layoffs in the United States declined to the lowest levels recorded since they were first tracked in 1996, New York layoff activity remained at a relatively high level after 2001. Following widespread

worker dislocation caused by the recession and the September 11 terrorist attacks that year, what differed between the New York area and the Nation that led to divergent trends in layoff activity after 2001? The analysis that follows examines both the type of layoff and the reasons for its occurrence in the context of varying employment trends among industry sectors.

First, data from the BLS Mass Layoff Statistics program that summarize extended mass layoff activity are used to measure both the primary reasons for layoff events and the magnitude of layoffs resulting from permanent closures of the worksites.<sup>3</sup> Then the distribution of layoff separations by sector is examined, with the New York experience evaluated within the framework of employment growth and the local industry mix.

### New York and national layoff events

*Eleven-year layoff totals.* From 1996 through 2006, the New York area had 2,629 extended mass layoff events, roughly 4.5 percent of the national total. Although that figure amounted to a relatively high total for New York compared with other metropolitan areas, slightly more than 6 percent of all business establishments with at least 50 employees (the scope of the study<sup>4</sup>) were located in the New York area.

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Layoff events in the New York area resulted in separations of 439,198 employees, with approximately 1 out of every 5 events (about the same as the national proportion) resulting from a permanent worksite closure.

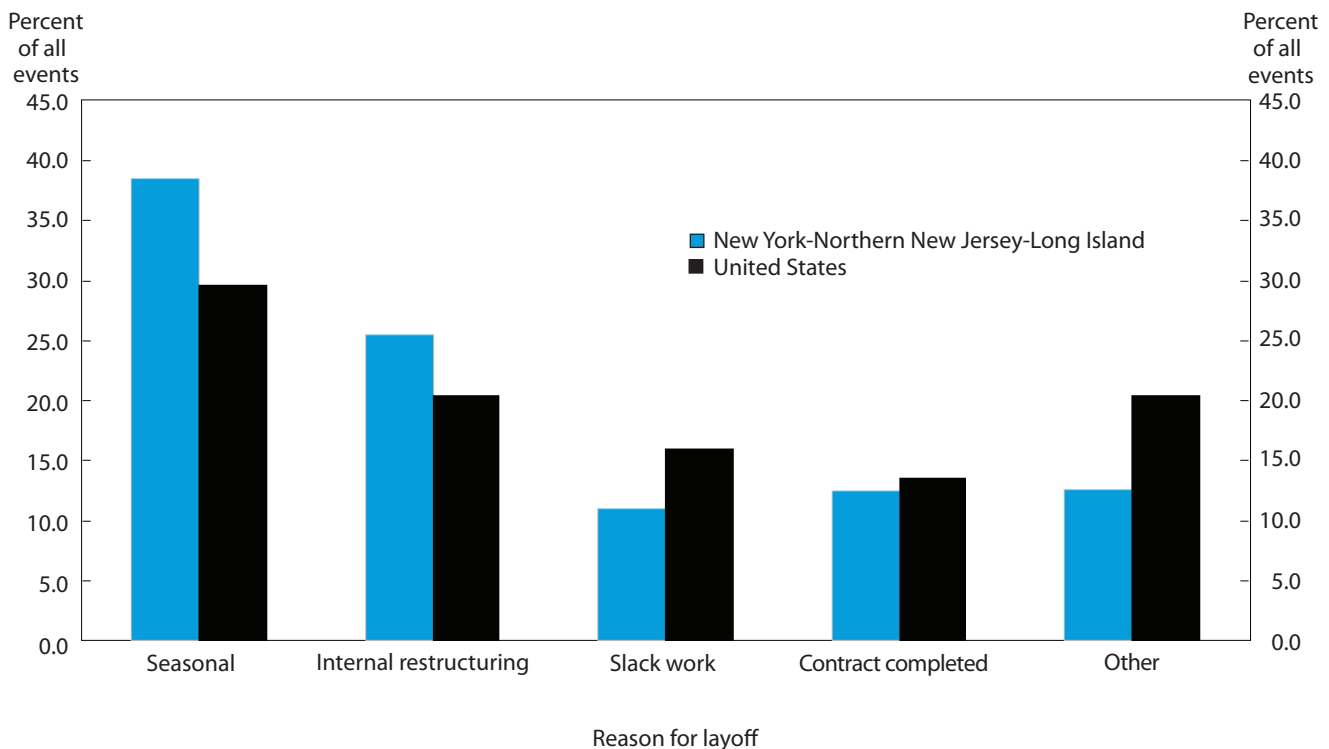
With respect to the leading causes of layoffs, a similar pattern existed between the New York area and the Nation, but with notable differences in magnitude.<sup>5</sup> (See chart 1.) Seasonal layoffs accounted for 39 percent of the extended layoff actions in the New York metropolitan area during the 11-year period. Twenty-five percent of the layoff events had to do with internal company restructuring, a category that includes all events involving financial difficulty, bankruptcy, ownership change, and reorganization. Nationally, seasonal factors and internal company restructuring accounted for a respective 30 percent and 20 percent of all layoff actions.

The other two leading justifications for job cutbacks involved slack work, indicating nonseasonal insufficient demand for the company's products or services, and the completion of a contract. In the New York area, about 12 percent of layoff events resulted from each of these factors, while nationally, slack work accounted for a greater share (16 percent) of major cutbacks.

*Annual levels and the convergence of rates.* On an annual basis, major layoff events in the New York area ranged from 147 in 1996 to 305 in 2005. (See table 1.) Although these layoffs more than doubled in 10 years, when they are compared with the number of establishments the change is seen to be less dramatic. Approximating a rate of such events per 100 establishments reveals relatively little change over the period examined:<sup>6</sup> the New York area layoff event rate remained close to 1.0, below the comparable national rate. Nationally, a spike in the layoff event rate from 1.2 to 1.9 occurred in 2001. Within 3 years, the national rate returned to its prerecession range, whereupon it continued to decline further. Less pronounced, but more protracted, was the impact in New York: the rate of layoff events rose from 0.8 to 1.2, but it stayed close to that level for the next 3 years. These differing trends eventually led to the rate in the New York area (1.3) slightly exceeding that of the Nation (1.2) in 2005. (See chart 2.)

Much has been written about the "jobless" recovery from the recession, and BLS data indicate that, in the wake of job destruction during the last recession, job creation slowed. Nevertheless, during the years after the 2001 recession, in both New York and the Nation, the unemployment rate

**Chart 1. Percent distribution of extended mass layoff events, by reason, New York-Northern New Jersey-Long Island and United States, 1996-2006**



**Table 1. Reasons for extended mass layoff events in New York-Northern New Jersey-Long Island and in the United States, 1996–2006**

Measure	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>New York-Northern New Jersey-Long Island</b>											
Total, private nonfarm.....	147	200	233	158	200	290	288	253	296	305	259
Seasonal.....	72	111	108	68	89	53	100	89	101	117	103
Total, nonseasonal, nonvacation.....	75	89	125	90	111	208	188	163	195	188	156
Contract completed.....	8	15	8	5	14	22	33	42	55	62	63
Internal company restructuring.....	42	44	53	48	54	139	77	45	67	52	47
Slack work.....	13	15	21	9	17	25	40	47	31	39	33
Other reasons.....	12	15	43	28	26	22	38	29	42	35	13
<b>United States<sup>1</sup></b>											
Total, private nonfarm.....	4,760	4,671	4,859	4,556	4,591	7,375	6,337	6,181	5,010	4,881	4,885
Seasonal.....	1,487	1,637	1,430	1,427	1,548	1,439	1,558	1,630	1,678	1,808	1,613
Total, nonseasonal, nonvacation.....	3,222	2,955	3,348	3,025	2,968	5,817	4,699	4,447	3,222	2,976	3,160
Contract completed.....	512	700	670	642	575	630	754	874	772	692	1,056
Internal company restructuring.....	1,012	798	829	926	958	1,894	1,609	1,272	989	773	818
Slack work.....	816	655	740	563	599	1,925	1,282	949	579	566	597
Other reasons.....	882	802	1,109	894	836	1,368	1,054	1,352	882	945	689
<sup>1</sup> Data on layoffs were reported by employers in all States and the District of Columbia.											
SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.											

fell to relatively low levels. But in terms of the frequency of mass layoffs, the New York area remained close to (within 14 percent of) the elevated level of layoffs that occurred in 2001, while national levels declined by more than 14 percent in 2002 and continued to decline to prerecession levels after that.

*Five-year comparisons: pre- and post-2001.* Another way to view the 2001 turning point is to compare layoffs during the 5 years prior to the recession with those occurring during the 5 years after. Prior to the recession, the New York area averaged fewer than 100 nonseasonal, nonvacation mass layoff events; by contrast, the post-2001 average was 178. Nationally, a comparison of 5-year averages also shows an increase, but much less pronounced—at 19 percent, from 3,104 to 3,701. (See table 2.)

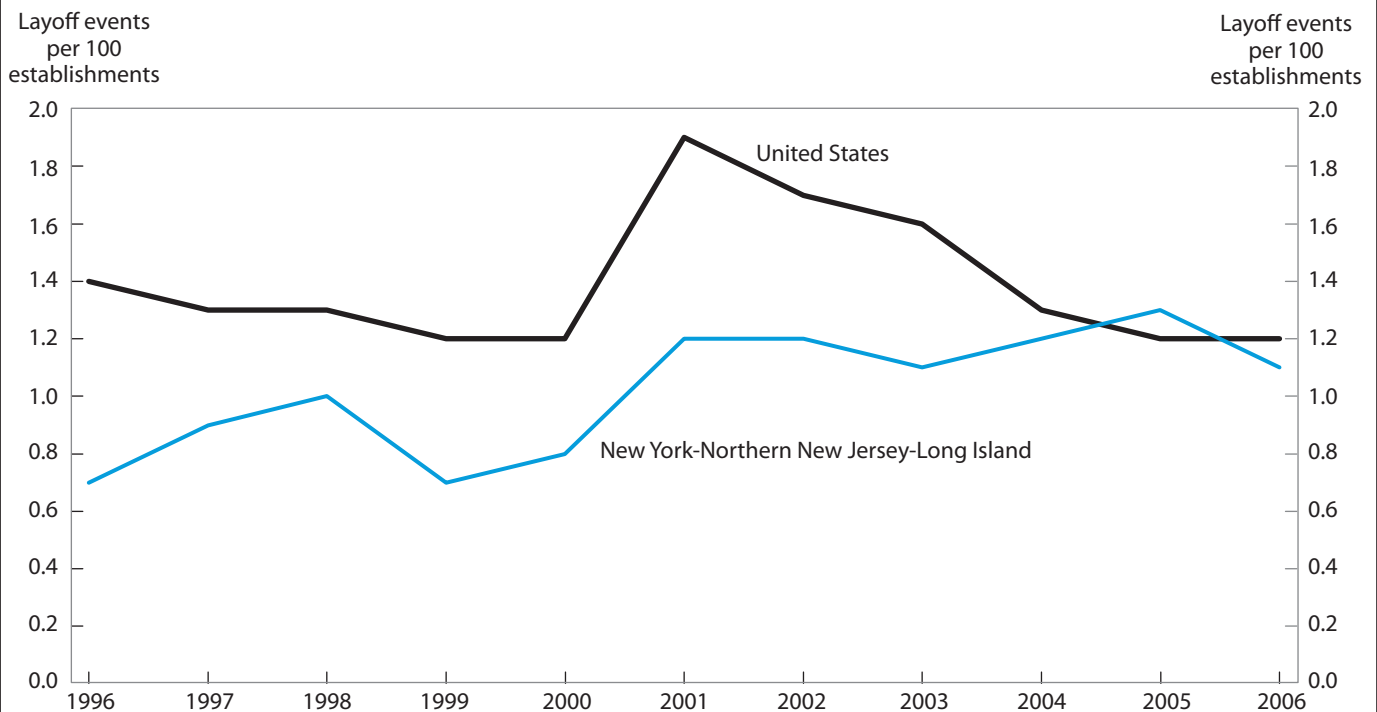
Besides identifying the magnitude of the total increase, a comparison of the two time segments reveals another difference between New York and the Nation. Nationally, internal restructuring accounted for about 20 percent of the layoff events in both periods, while contract completion remained close to 14 percent. In the New York area, the share of layoff actions due to internal restructuring fell to 21 percent over the 2002–06 period, from 26 percent during 1996–2000. Job cutbacks due to contract completion increased dramatically between the two periods: from 2000 to 2006, this reason was associated with 18 percent

of layoff events, whereas in the earlier period, only 5 percent of layoffs in the New York area were due to contract completion. More significantly, in both 2005 and 2006, contract completion caused more layoff events than did internal restructuring.

Layoffs related to contract completion in the New York area were less common prior to 2001 not only relative to the period that followed, but also compared with the Nation: during the more recent 5-year period, a greater percentage of layoffs was due to completed contracts in the New York area than in the United States as a whole.

With the increased importance of contract completion and the diminished frequency of major job cuts due to internal restructuring came a reduced likelihood of layoffs due to worksite closure.<sup>7</sup> Of the layoffs involving companies that underwent internal restructuring due to financial difficulty, reorganization, bankruptcy, or a change in ownership between 1996 and 2006, permanent worksite closings factored into about 45 percent of the events in both the New York area and the Nation. In contrast, permanent worksite closures accounted for about 3 percent of layoff events related to contract completion in the Nation. A result of an increasing share of layoffs due to contract completion was that, although the New York area tended to have a higher percentage of layoffs due to permanent worksite closures, those events became less frequent in

**Chart 2. Rate of extended mass layoff events, New York-Northern New Jersey-Long Island and United States, 1996–2006**



SOURCE: BLS Mass Layoff Statistics program; and U.S. Census Bureau, County Business Patterns.

the post-2001 period. During the 5 years prior to the recession, permanent closures accounted for 36 percent of the nonseasonal, nonvacation layoff events. In the 5 years that followed 2001, that number dropped to 25 percent. Nationally, the percentage was about 22 percent in both periods. (See tables 2 and 3.)

### What distinguished the New York area?

Historically, economic downturns were typically accompanied by an increase in the rate of layoffs. In better times, with increased production, rates tended to decrease. National data confirm this pattern, but variation may exist among areas. Locality differences in business startup activity and in labor turnover and attrition, along with resulting labor market flows, influence the extent of both unemployment and layoffs in the face of industry-level shocks.<sup>8</sup> New York's experience testifies that even with an improving economy, layoffs might increase. An examination of both employment growth and business activity, as measured by establishment entry and exit, offers some explanation.

*Business startup and migration.* BLS employment data show that overall job growth during most of the 1996–2001 period remained close to or above that of the Nation. An analysis of major metropolitan areas prepared for the Appalachian Regional Commission shows that, during that period, the New York area had relatively high business outmigration rates: about 1 percent of new and existing firms had relocated elsewhere by the end of the period.<sup>9</sup> Nevertheless, aggregate business startup rates in the New York area were even with national levels, indicating some level of strength, despite the relocations.

*Employment growth and a slow recovery.* Total nonfarm employment in the New York area grew at a rate of more than 2 percent annually between 1997 and 2000. Slowing started in early 2001, but after the terrorist attack of September 11 and through the first half of 2002, job loss in the metropolitan area accelerated to a rate of 2 percent during the first half of 2002. Job loss persisted, albeit to a lesser degree, until continuous over-the-year job growth resumed in the second quarter of 2004. In most industry sectors, employment followed a similar pattern of a de-

**Table 2. Comparisons of extended mass layoff events in New York-Northern New Jersey-Long Island and the United States, 5- and 11-year averages, 1996–2006**

Measure	11-year average	1996–2000 average	2002–2006 average
<b>New York-Northern New Jersey-Long Island</b>			
All events, number .....	239	188	280
Percentage involving internal restructuring.....	25.4	25.7	20.6
Percentage involving contract completion.....	12.4	5.3	18.2
Percentage with recall expected..	49.3	56.1	46.6
Nonseasonal, nonvacation events, number.....	144	98	178
Percentage involving permanent worksite closure.....	28.8	36.1	24.9
<b>United States<sup>1</sup></b>			
All events, number .....	5,282	4,687	5,459
Percentage involving internal restructuring.....	20.4	19.3	20.6
Percentage involving contract completion.....	13.6	13.2	15.2
Percentage with recall expected .....	50.7	55.9	48.8
Nonseasonal, nonvacation events, number.....	3,622	3,104	3,701
Percentage involving permanent worksite closure.....	21.8	22.1	21.5
<sup>1</sup> Data on layoffs were reported by employers in all States and the District of Columbia.			
SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.			

layed return to prerecession (1996–2000) growth levels. (See table 4.)

BLS Business Employment Dynamics data provide additional information about the nature of the slow recovery. In New York State, a sustained period of expansion occurred from the first quarter of 1996 through the fourth quarter of 2000. During that time span, job creation outpaced job destruction.<sup>10</sup> The situation changed in 2001, and not until the fourth quarter of 2003 would the pace of job creation again be greater than that of job destruction. At the national level, data also show both an increase in job losses and a decline in job gains that characterize the 2001 recession. Employment in created jobs amounted to 8 percent of the total workforce in the mid-1990s; 10 years later, the job creation rate was below 7 percent. Despite a slow rate of job creation, total nonfarm employment returned to its prerecession peak sooner in the United States as a whole than it did in the New York area.

A slow local recovery is echoed in the layoff separa-

tion data. Nonseasonal, nonvacation layoffs reached their peak in 2001. (See table 5.) That year, almost 38,000 such separations were reported. Prior to 2001, the New York area had had fewer than 16,000 in 4 out of 5 years, but not until 2006 did the area total again fall below 25,000. Although the U.S. layoff peak also was in 2001, the number of separations nationally in both 2005 and 2006 was the lowest recorded between 1996 and 2006.

Initial claims for unemployment insurance related to extended mass layoffs largely followed the pattern of separations:<sup>11</sup> elevated levels during the years following 2001, not returning to prerecession levels. But between 2003 and 2005, when claims related to extended layoffs were declining throughout the Nation, claims in the New York area increased. (See table 6.)

*How much impact did these factors have on regional layoffs?*

A graph of initial claims indexed to 1996 levels shows clearly that initial claims in the New York area seemed to ratchet up, even following the 2001 slowdown. (See chart 3.) At the national level, both the initial claims total and the number of initial claims due to major layoffs returned to earlier levels. So, too, did a similar return occur in 2 of the 3 States in which the New York area is located: New Jersey and Pennsylvania. These two States, as well as the Mid-Atlantic Census Division as a whole, did not experience as sharp a spike in claims due to the recession as did the Nation, and the number of claims returned closer to pre-2001 levels.

That the relative growth in initial claims from the Mid-Atlantic Census Division was more similar to U.S. growth, as opposed to that of the New York area, is somewhat surprising, given that about 45 percent of the division's unemployed resided in the New York area, and about the same percentage of the division's employed worked there. In terms of layoff separations, however, New York contributed only between one-quarter and one-third of the division's total.

In light of these numbers, some might interpret the indexes of initial claims to imply that New York area layoffs did not have a significant impact on the regional economy. BLS data on displaced workers, however, suggest that the impact of the layoffs might go beyond the number of initial claims.<sup>12</sup> Between 2003 and 2005, 431,000 New York, New Jersey, and Pennsylvania workers permanently lost jobs they had held for 3 or more years due to closures, termination of their positions or shifts, or insufficient work. Nineteen percent of all displaced workers in the Mid-Atlantic division were collecting unemployment benefits in 2006, compared with 13 percent throughout the Nation.

**Table 3. Permanent worksite closures: extended mass layoff events and separations in New York-Northern New Jersey-Long Island and in the United States, 1996–2006**

Measure	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>New York-Northern New Jersey-Long Island</b>											
Events:											
Total, private nonfarm .....	28	26	51	38	34	63	48	39	42	57	45
Internal company restructuring.....	22	17	31	29	24	45	31	16	28	31	27
Separations:											
Total, private nonfarm .....	6,620	6,034	9,545	6,565	3,655	13,011	10,326	7,395	8,079	10,202	7,423
Internal company restructuring.....	5,762	4,278	5,763	5,532	2,842	8,606	6,792	2,742	5,883	6,657	5,359
<b>United States<sup>1</sup></b>											
Events:											
Total, private nonfarm .....	757	595	662	671	755	1,240	1,155	919	746	560	621
Internal company restructuring.....	435	326	356	405	492	760	677	536	500	371	417
Separations:											
Total, private nonfarm .....	181,589	151,966	151,526	181,970	183,335	377,360	298,634	210,903	159,867	107,399	153,718
Internal company restructuring.....	109,331	86,550	87,131	121,915	134,584	266,042	192,982	132,615	110,732	76,408	112,341
<sup>1</sup> Data on layoffs were reported by employers in all States and the District of Columbia.						SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.					

More research is needed to determine whether metropolitan area mass layoffs were responsible for the higher economic cost of job displacement in the Mid-Atlantic region.

*Key patterns in reasons for layoff separations.* Up to now, this article has focused on the overall levels and types of extended mass layoff events and the related initial claims for unemployment insurance. Data show a clear difference between the 5-year periods before and after 2001 in the New York metropolitan area. An examination of local employment growth rates yields a similar dichotomy between the two periods. Data on separations by reason for layoff and by industry help validate these findings and also may help answer the question, “Was a slow local recovery solely to blame for increased job cuts?”

Separations data confirm that two significant factors contributed to the shift in layoff activity in the New York area: (1) increased slack work, reflecting a period of reduced demand *after 2001*; and (2) an increase in completed contracts, suggesting an increased number of shorter term employment contracts. Layoffs resulting from slack work peaked in New York in 2002–03, contrasting with the national total, which peaked in 2001. Beyond this factor, New York layoffs related to contract completion reached their highest levels in 11 years during 2004–05. Nationally, separations due to completed contracts were at relatively average levels during those years. Chart 4 illustrates these differences between the New York area and the Nation in the distribution of layoff separations by reason. Slack work and contract completion piggybacked

on the primary reason for major cutbacks—internal restructuring—resulting in a sustained elevated level of separations. The number of separations due to internal company restructuring peaked both nationally and in New York in 2001.

*Layoffs separations by industry.* To complete the evaluation of what distinguished the New York area, a closer look at layoff data by industry is necessary. Although data that quantify reasons associated with layoffs are not available for local industries, comparisons with national figures reveal some interesting findings.

Between 1996 and 2006, manufacturing accounted for 97,256 (or 22 percent of all) extended mass layoff separations in the New York area, followed by transportation and warehousing with 62,449 (or 14 percent) of the separations. More than 40,000 separations occurred in both the construction and the arts, entertainment, and recreation sectors. Finance and insurance, as well as accommodation and food services, recorded over 30,000 mass layoff separations, and both the information and administrative and waste services sectors experienced more than 20,000 layoffs.

Economic circumstances of sectors differ, especially with regard to competition, the use of contingent workers, and business demand. Accordingly, the 2001 slowdown did not affect all sectors in the same way. In fact, the recession was not responsible for the largest number of layoffs in every sector either. For example, manufacturing had almost 34,000 separations due to major layoffs between 1996 and 1998, the worst 3-year period the industry had

**Table 4. Percent distribution of employment among industries, and over-the-year employment change, private sector, New York-Northern New Jersey-Long Island and United States, 1996–2006**

Industry	Share of total employment	Over-the-year employment change as a percentage of base-year employment										
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>New York-Northern New Jersey-Long Island</b>												
Total private nonfarm .....	100.0	1.6	2.4	2.7	2.7	2.5	0.0	-2.0	-0.5	0.5	0.7	1.3
Construction and mining.....	4.5	2.5	4.6	7.1	9.3	5.9	3.1	.1	-1.1	1.4	.8	3.9
Manufacturing .....	8.4	-2.0	.1	-9	-2.3	-2.3	-6.8	-8.3	-5.5	-3.5	-3.8	-2.7
Trade, transportation, and utilities .....	22.7	.5	1.4	1.5	2.4	2.2	-.8	-2.2	-.2	.3	.1	.6
Wholesale trade.....	6.3	.0	1.2	1.3	1.0	.5	.7	-3.5	-.2	-.4	-.3	.2
Retail trade .....	11.8	1.2	1.7	2.0	3.2	3.2	-1.4	-.5	.3	.9	.7	.4
Transportation and warehousing .....	4.2	-.1	2.3	1.7	2.8	2.2	-1.9	-5.2	-2.2	-.2	-1.0	1.6
Information .....	4.4	2.8	3.3	2.5	3.4	6.5	4.8	-9.0	-6.3	-2.6	.0	1.3
Financial activities.....	11.3	-.1	1.0	2.3	1.3	1.3	-2.3	-3.5	-.7	.6	1.2	1.5
Finance and insurance .....	8.6	-.6	.7	2.2	1.0	1.3	-2.6	-4.2	-1.4	.2	1.3	1.7
Professional and business services .....	17.4	4.7	5.2	5.5	4.8	4.4	.6	-4.0	-1.3	.6	1.2	2.1
Professional and technical services.....	8.6	3.6	5.6	7.0	5.7	5.6	-.1	-4.9	-2.2	.9	2.4	4.4
Administrative and waste services.....	6.8	7.3	5.6	5.2	4.9	4.8	1.4	-4.1	-1.1	.4	-.5	-.1
Education and health services ....	18.3	2.7	2.1	2.9	2.7	1.8	2.2	3.1	2.1	1.4	1.6	2.1
Health care and social assistance .....	14.9	1.8	2.1	2.6	2.8	1.9	1.7	3.1	2.9	1.2	1.7	2.0
Leisure and hospitality.....	8.2	2.0	3.2	2.9	2.8	3.4	1.9	.7	2.3	2.8	1.4	2.0
Accommodation and food services.....	6.5	1.6	2.8	2.7	2.3	2.9	1.5	-.1	3.3	2.5	1.9	2.0
Other services, except public administration .....	4.8	2.7	2.6	3.0	4.7	2.8	1.4	1.4	1.1	2.1	2.9	.3
<b>United States<sup>1</sup></b>												
Total private nonfarm .....	100.0	2.4	.3	2.8	2.5	2.1	-.3	-1.7	-.4	1.3	1.9	2.0
Construction and mining.....	6.7	4.4	4.8	5.1	5.1	3.4	.6	-1.8	.1	3.6	5.2	5.1
Manufacturing .....	14.7	.0	1.1	.8	-1.4	-.3	-4.8	-7.2	-4.9	-1.3	-.6	-.2
Trade, transportation, and utilities .....	23.5	1.7	1.9	2.0	2.3	1.8	-.9	-1.9	-.8	1.0	1.7	1.0
Wholesale trade.....	5.3	1.6	2.6	2.3	1.7	.7	-2.7	-2.1	-.8	1.0	1.8	2.3
Retail trade .....	13.8	1.8	1.7	1.5	2.5	2.1	-.3	-1.4	-.7	.9	1.5	.3
Transportation and warehousing .....	3.9	2.5	2.3	3.5	3.2	2.6	-.9	-3.4	-.9	1.5	2.6	2.4
Information .....	3.0	3.4	4.9	.4	6.2	6.2	-.1	-6.4	-6.1	-2.2	-2.8	-.2
Financial activities.....	7.1	2.1	3.0	4.0	2.5	.5	1.6	.5	1.7	.7	1.5	2.6
Finance and insurance .....	5.3	1.6	2.9	4.3	2.5	.2	1.6	.8	1.8	.4	1.2	2.7
Professional and business services .....	14.7	4.8	6.5	5.7	5.3	4.4	-1.1	-3.0	.1	2.6	3.4	3.5
Professional and technical services.....	8.6	4.6	6.0	6.5	5.9	5.6	2.5	-3.3	-.7	2.2	4.1	4.5
Administrative and waste services.....	7.1	6.0	8.2	6.0	5.9	4.2	-4.2	-2.6	1.0	2.9	3.1	2.8
Education and health services ....	14.5	3.0	3.0	2.5	2.4	2.1	3.5	3.5	2.4	2.2	2.5	2.7
Health care and social assistance .....	12.2	2.9	2.8	2.4	2.2	1.9	3.3	3.2	2.5	2.1	2.4	2.6
Leisure and hospitality.....	11.0	2.6	2.2	1.9	2.8	2.8	1.5	-.4	1.6	2.6	2.6	2.6
Accommodation and food services.....	9.4	2.4	1.8	1.8	2.6	2.4	1.4	-.1	1.5	2.7	2.6	2.7
Other services, except public administration.....	4.8	2.6	2.9	3.1	2.2	1.6	1.7	2.2	.5	.1	-.3	.7

<sup>1</sup> Data on layoffs were reported by employers in all States and the District of Columbia.

SOURCE: Bureau of Labor Statistics, Current Employment Statistics program.

**Table 5. Extended mass layoff separations by industry and reason for layoff, private nonfarm sector, New York-Northern New Jersey-Long Island, 1996–2006**

Measure	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total, private nonfarm .....	34,828	36,942	37,823	22,153	27,430	54,928	52,335	39,527	51,118	47,597	33,517
<b>Industry</b>											
Construction .....	4,006	5,599	1,305	( <sup>1</sup> )	1,009	1,159	5,007	5,468	6,041	7,982	4,353
Manufacturing .....	7,594	10,754	15,643	6,628	8,689	9,948	10,236	8,960	6,578	7,220	5,006
Wholesale trade.....	430	1,296	758	1,160	727	1,003	510	2,129	1,053	945	715
Retail trade .....	1,387	1,693	1,124	1,087	609	1,967	1,204	635	2,022	1,372	1,113
Transportation and warehousing .....	5,296	4,801	6,867	5,812	7,062	11,193	4,595	3,806	5,581	2,622	4,814
Information .....	–	( <sup>1</sup> )	1,886	246	718	2,211	4,925	3,386	6,394	3,090	2,040
Finance and insurance .....	2,554	771	2,881	1,283	1,095	6,424	7,382	1,724	4,596	2,045	570
Real estate and rental and leasing.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	554	1,775	1,350	( <sup>1</sup> )	1,784	310	–
Professional and technical services .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	475	446	3,096	1,810	1,712	2,466	4,109	1,721
Administrative and waste services .....	2,019	1,044	1,512	944	512	2,646	3,911	2,075	2,248	2,204	3,497
Health care and social assistance.....	1,774	2,196	1,033	1,015	1,594	948	704	1,607	3,095	2,603	1,503
Arts, entertainment, and recreation.....	5,267	4,260	1,561	1,209	2,381	4,147	5,117	4,925	4,048	4,307	3,810
Accommodation and food services .....	2,012	747	1,486	1,445	515	6,681	3,443	893	4,249	7,469	3,708
Other services, except public administration.....	330	946	915	459	996	926	695	628	465	376	( <sup>1</sup> )
<b>Reason</b>											
Seasonal .....	19,123	21,473	17,106	10,245	13,511	17,094	17,307	11,581	14,200	16,145	13,756
Total, nonseasonal, nonvacation.....	15,705	15,469	20,717	11,908	13,919	37,834	35,028	27,946	36,918	31,452	19,761
Contract completion.....	1,801	2,757	885	604	1,339	3,014	7,704	8,104	10,522	8,935	6,235
Internal company restructuring .....	9,571	8,309	8,152	7,578	6,038	25,013	13,920	7,979	12,187	10,453	7,934
Slack work.....	2,304	2,080	2,773	858	3,177	5,296	6,421	5,989	5,947	3,627	3,247

<sup>1</sup> Data do not meet BLS or State agency disclosure standards.

SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.

NOTE: Dash represents zero.

during the 11 years studied. By contrast, the worst 3-year period for construction was from 2003 through 2005, when the industry recorded 19,000 separations.

The extent of layoffs related to permanent worksite closure, accounting for about 20 percent of New York area layoff separations, also is instructive regarding the variation among industries that exists with business turnover. About one-third of the annual average of 2,866 manufacturing separations per year involved closures. Of all industries, manufacturing had the highest number of separations due to workplace closings every year, with the exception of 1996 and 2001. (See table 7.) Nevertheless, in 6 of the 11 years studied, another industry in decline—wholesale trade—had a higher *percentage* of layoffs due to permanent closures. In retail trade, a large industry characterized by high turnover, closures caused about half of the layoff separations, on average, and this percentage also exceeded that of manufacturing in 6 of the 11 years examined.

### Construction separations

Looking at extended mass layoff activity in relatively high layoff sectors in the context of overall employment growth highlights additional differences between New York and the Nation. A healthy real estate market, along with in-

tensive efforts to rebuild lower Manhattan, fueled growth among the building trades. Between 1999 and 2004, New York area construction employment grew by about 13 percent, while the number of establishments grew by 14 percent. Nationally, the employee and establishment counts both grew by less than 10 percent. (See table 8.)

As regards layoffs, construction accounted for at least 10 percent of the separations in the United States every year except 2001 and 2002. In New York, a similar situation existed: during the 5 years after 2001, the construction sector averaged more than 5,500 separations per year due to extended mass layoffs, amounting to 12 percent of the total separations in the New York area. (See table 9.)

In both the New York area and the United States, the quantity of construction layoffs was disproportionate to the sector's employment. Nationally, construction accounted for about 6 percent of total private nonfarm employment. Among establishments with at least 50 employees, from which the layoff statistics were derived, construction employees amounted to yet a smaller percentage of all employees. The disparity between relative shares of total layoffs and total employment was even more evident in the New York area, where construction had a location quotient of 0.72, indicating less industry concentration compared with that of the Nation.<sup>13</sup>



**Table 6. Initial claimants for unemployment insurance resulting from extended mass layoffs, private nonfarm sector, selected areas in the Mid-Atlantic Census Division and the United States, 1996–2006**

Area	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
United States .....	805,810	879,831	1,056,462	796,917	846,267	1,457,512	1,218,143	1,200,811	903,079	834,533	950,157
Mid-Atlantic Division .....	156,959	134,635	152,283	122,073	116,224	201,435	210,161	189,699	181,403	158,413	178,957
New Jersey .....	30,489	35,347	31,910	22,353	25,945	39,114	41,868	38,747	33,841	28,075	30,517
New York .....	38,416	26,113	37,478	27,260	28,481	54,877	79,493	73,111	75,146	75,311	79,472
Pennsylvania .....	88,054	73,175	82,895	72,460	61,798	107,444	88,800	77,841	72,416	55,027	68,968
New York-Northern New Jersey- Long Island .....	21,302	27,262	32,346	21,242	27,368	46,964	47,988	36,467	51,846	50,222	40,867

SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.

This pattern of relatively high layoff activity also was reflected in national layoff and discharge rates, as captured by the BLS Job Openings and Labor Turnover Survey (JOLTS):<sup>14</sup> between 2001 and 2006, construction recorded the highest layoff and discharge rates among all sectors.

With the use of extended mass layoff separations data, a rate similar to the turnover rate can be computed in the context of relative employment levels to help gauge extended mass layoff activity over time among establishments with at least 50 employees. This measure, too, confirms that construction tended to have the highest rate of separations among national sectors. With the exception of 2001, construction led the other sectors, with a separation rate that ranged from 4.5 percent to 7.8 percent. From 2003 through 2006, the national rate declined each year, from 5.8 percent to 4.5 percent. (See table 10.)

Rather than reflecting an industry in decline, construction layoff activity was more indicative of the short-term employment relationship that has become more characteristic of the industry. National data indicate that more than 85 percent of all construction layoffs were due to the ending of seasonal work and the completion of contracts, with specialty trade contractors having a high percentage of separations due to contract completion. Furthermore, construction employers expected a recall in 59 percent of the layoff events in the United States, above the 52-percent average for private industry as a whole. Laid-off construction workers were reemployed relatively quickly: construction had one of the shortest average jobless durations among all sectors.

## Manufacturing layoffs

In the late 1990s, manufacturing employment declined in New York, as it did throughout the Nation, but the rate of job loss worsened with the 2001 recession. Over-the-

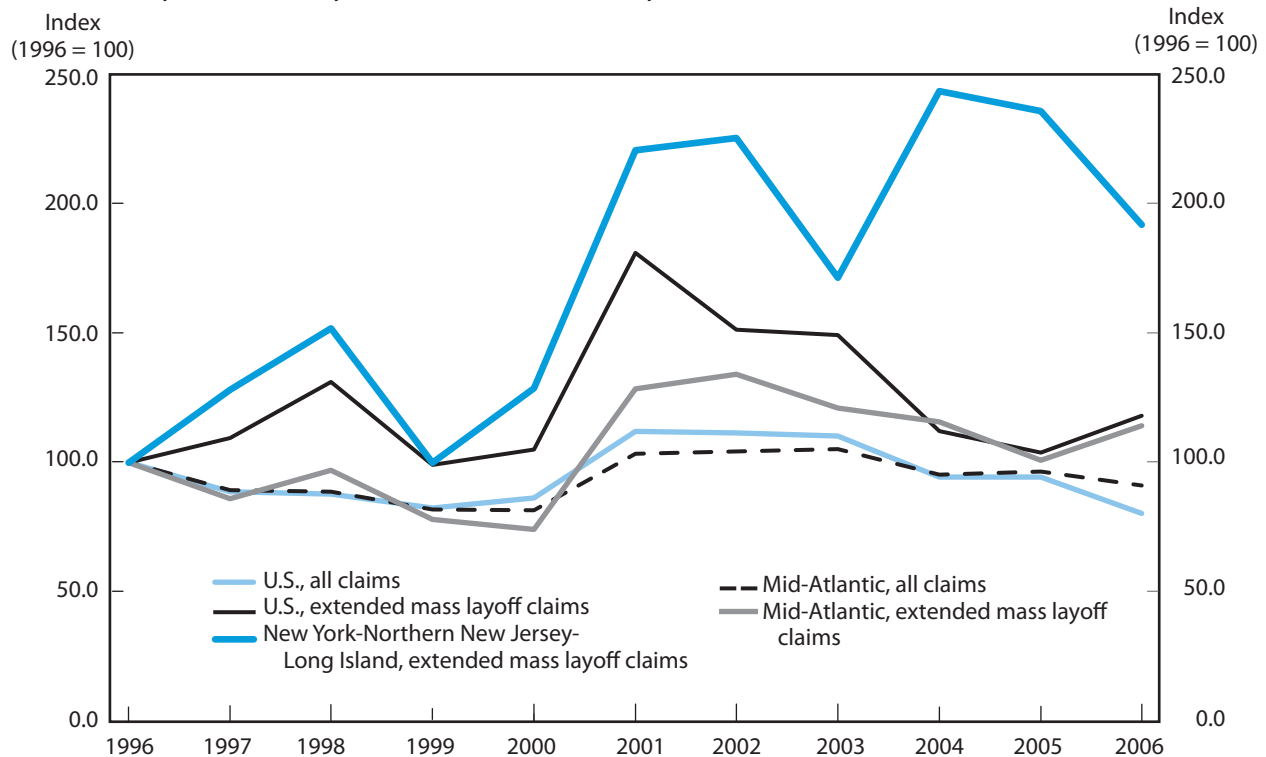
year job loss accelerated in the New York area, while it moderated nationally. The deterioration in manufacturing was particularly pronounced in the New York area, as a comparison of 2004 with 1999 figures indicates. Seventeen percent fewer manufacturing establishments were in New York, while the decline in the Nation was 6 percent. Among establishments employing at least 50 employees, the decline was more significant: by 2004, the number of manufacturers of that size contracted by 23 percent in the New York area, while the number of like-sized manufacturing establishments in the United States dropped by 14 percent.

Manufacturing accounted for a dwindling, but significant, share of national employment, declining steadily from about 25 percent in 1996 to about 18 percent in 2006. Meanwhile, at least 25 percent (ranging up to 47 percent in 1998) of all extended mass layoff separations occurred in the sector each year. In New York, the story was different: the only years that manufacturing accounted for at least one-quarter of the separations were between 1997 and 2000, when the area economy was adding jobs at its fastest pace during the 11 years studied. Since 2004, when manufacturing amounted to 7 percent of total New York area employment, the sector has accounted for 15 percent or less of the layoff separations in New York.

Nationwide, manufacturing separations due to extended mass layoffs reached their height in 2001, with 627,930, a rate of 4.7 percent. Since then, both levels and rates have declined, and between 2004 and 2006, the rate of manufacturing separations in the United States was not more than 2.5 percent. Above the private-industry average, the manufacturing separations rate was still well behind that of construction.

In the New York area, however, a relatively high number of major manufacturing job cuts failed to color the total extended mass layoff picture as it did nationally. The primary reason was that manufacturing was less

**Chart 3. Indexes of initial unemployment insurance claims, New York-Northern New Jersey-Long Island, United States, and Mid-Atlantic Division, 1996–2006**



SOURCES: BLS Mass Layoff Statistics program, Employment and Training Administration, Office of Workforce Security.

concentrated in New York than throughout the Nation: a location quotient of 0.54 indicates less of a presence for the sector in the New York area than throughout the Nation.

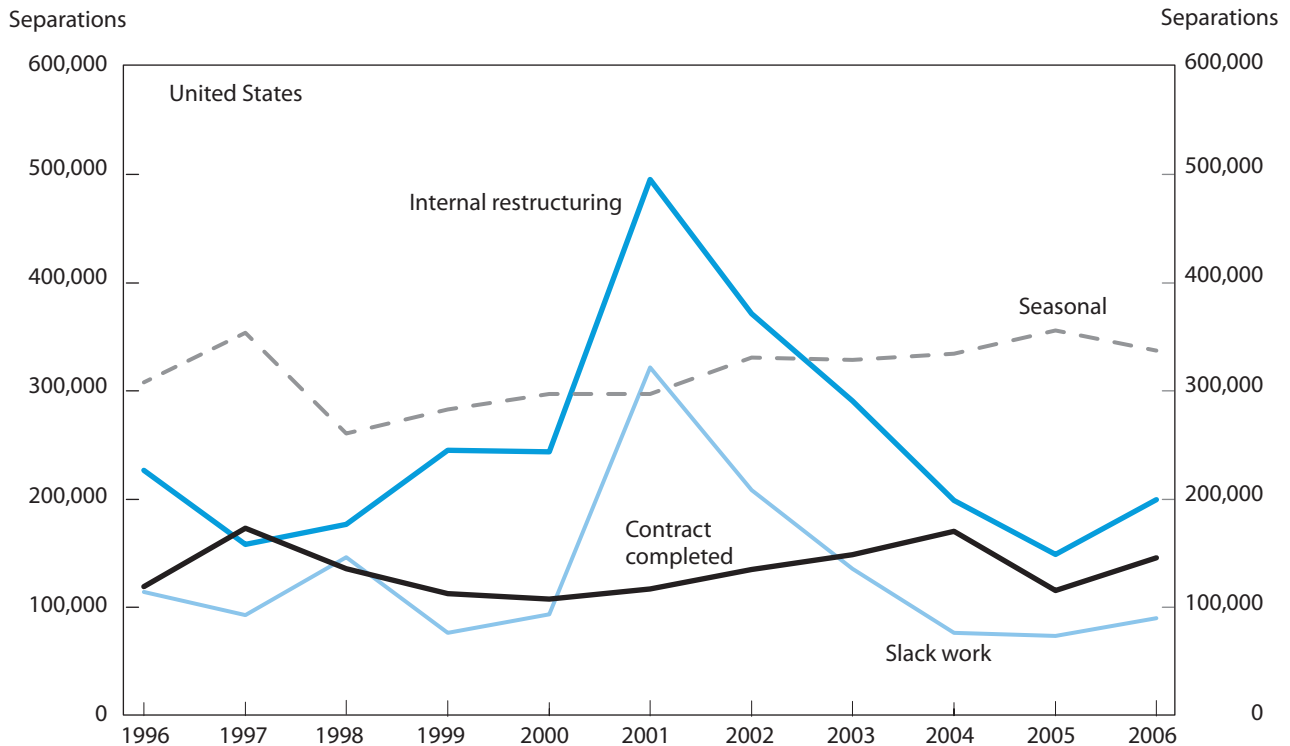
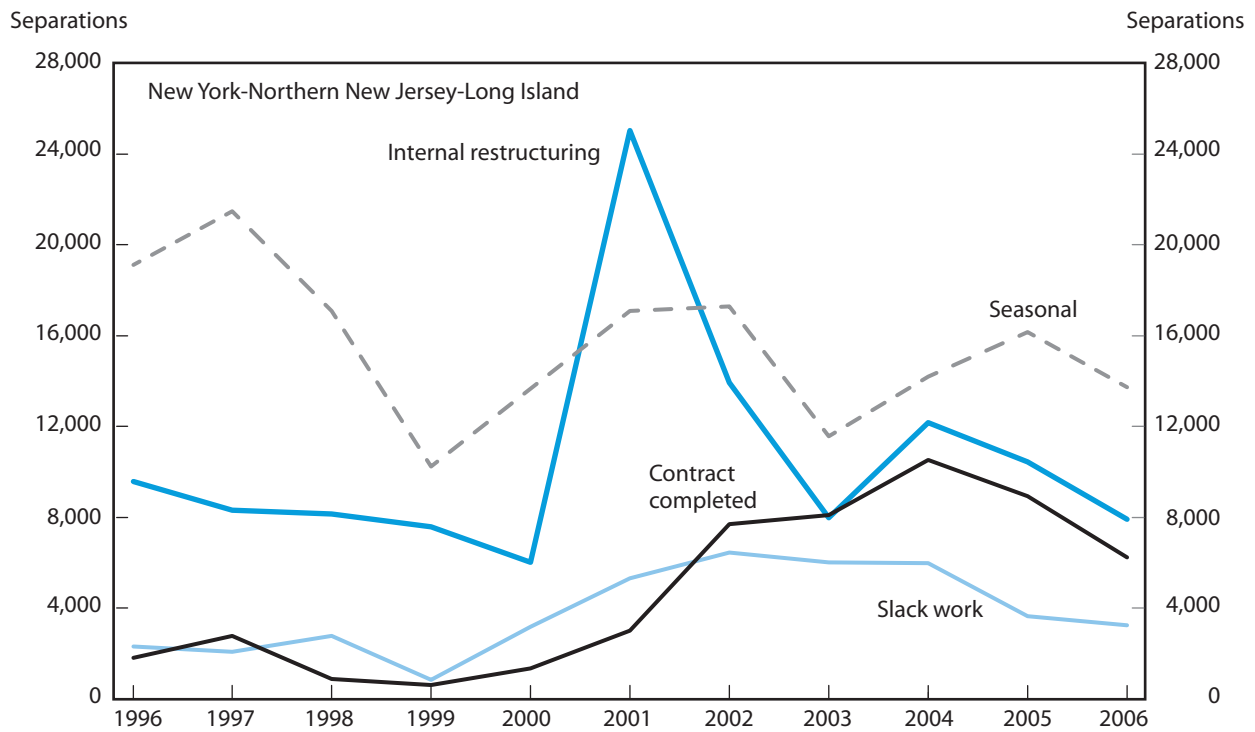
What accounted for the sharper decline in New York area manufacturing employment if not mass layoffs? Production jobs may have moved out of high-priced Manhattan to lower cost areas either within New York City or beyond the metropolitan area. If such moves were partial and gradual, and did not result in at least 50 people being laid off over a 5-week period, the job cuts would not be captured in the mass layoff numbers, but the net result would be reflected in the BLS employment data.<sup>15</sup>

Beyond less industry concentration, a different factor tempered the impact of mass layoffs in manufacturing in the New York area. Four industries accounted for half of the 97,256 extended mass layoff separations in manufacturing: apparel recorded 14,906 (15.3 percent) of the separations, followed by chemical products with 12,226 (12.6 percent), food products with 11,202 (11.5 percent), and machinery with 10,795 (11.1 percent). (See table 11.)

Although the apparel industry had the highest number of extended mass layoff separations, only 15 percent of those separations in the New York area involved permanent worksite closures. (See chart 5.) The low number of separations due to the permanent closure of New York apparel manufacturers stood in stark contrast to the situation in the Nation as a whole, where 56 percent of this industry's separations involved shutdowns.

Apparel manufacturing continued to be one of the metropolitan area's primary industries, while maintaining international prominence, even with declining employment. Between 1996 and 2001, despite low business startup activity in almost every manufacturing industry, apparel startups were high. Many of the large apparel manufacturers that had remained in the New York area adapted to changing business conditions by trimming staff, as opposed to closing down permanently.<sup>16</sup> In 1996, 23 percent of all apparel establishments in the United States were located in metropolitan New York. The percentage decreased to 19 percent in 2006, while the area's employment share for the industry grew from 12 percent to 14 percent of the U.S. total during the same period. Meanwhile, the average

**Chart 4. Extended mass layoff separations, by reason for layoff, New York-Northern New Jersey-Long Island and United States, 1996-2006**



SOURCE: BLS Mass Layoff Statistics program.

**Table 7. Permanent worksite closures: extended mass layoff separations, by selected industry, New York-Northern New Jersey-Long Island, 1996–2006**

Industry	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Construction .....	–	( <sup>1</sup> )	–	–	–	( <sup>1</sup> )	–	–	–	603	624
Manufacturing .....	2,157	2,311	3,889	3,611	1,531	2,380	3,215	4,852	2,775	2,228	2,819
Wholesale trade .....	–	636	494	930	( <sup>1</sup> )	608	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	495	410
Retail trade .....	871	–	357	927	289	1,506	644	295	835	923	436
Transportation and warehousing .....	( <sup>1</sup> )	( <sup>1</sup> )	494	( <sup>1</sup> )	–	2,423	1,500	( <sup>1</sup> )	951	423	–
Information .....	–	( <sup>1</sup> )	975	–	( <sup>1</sup> )	442	1,400	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	495
Finance and insurance .....	2,256	( <sup>1</sup> )	1,882	355	( <sup>1</sup> )	( <sup>1</sup> )	931	( <sup>1</sup> )	737	655	( <sup>1</sup> )
Administrative and waste services .....	850	( <sup>1</sup> )	( <sup>1</sup> )	–	( <sup>1</sup> )	355	999	267	–	( <sup>1</sup> )	1,399

<sup>1</sup> Data do not meet BLS or State agency disclosure standards.

SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.

NOTE: Dash represents zero.

establishment size in apparel declined in both New York and the Nation.<sup>17</sup>

The New York experience contrasted with that of the United States, in which manufacturing weighed heavily on the layoff picture. In the Nation, the sector accounted for close to 30 percent of all extended separations from 2002 to 2006. In New York, manufacturing accounted for 17 percent of the layoff separations, and between 2004 and 2006 the share fell to 14 percent.

### Transportation and warehousing layoffs

Compared with its share of national employment among establishments with at least 50 employees, transportation and warehousing consistently had a higher percentage of total separations. Since 2002, the national rate of extended mass layoffs in transportation and warehousing has been relatively close to manufacturing's national rate. Separations in this sector usually have amounted to between 5 percent and 8 percent of the U.S. total since 1996.

In the New York area, however, extended mass layoff separations in the transportation and warehousing sector accounted for 10 percent of total extended mass layoff separations, or about 4,300 separations per year, on average, between 2002 and 2006. As with manufacturing, the layoff share during this period, though relatively high, was down from earlier years: from 1996 to 2001, transportation and warehousing accounted for between 13 percent and 26 percent of New York area layoffs, averaging about 6,000 separations annually. This reduced level of layoff activity contrasts with the national experience: during the 5 years before 2001, between 49,000 and 58,000 separations occurred in the sector, while the average for the 5 years ending in 2006 was 73,000.

### Leisure and hospitality turnover

In the years that followed 2001, New York area separations due to layoffs in the arts, entertainment, and recreation sector ranged from 3,810 to 5,117, averaging 8 percent of the private-industry total, compared with 3.5 percent nationally. In New York, as well as in the United States, the sector accounted for about 2 percent of total employment.

A higher incidence of layoffs also was evident in accommodation and food services. Employment in this sector in the New York area was characterized by growth over most of the 11-year period studied, similar to the rest of the United States. After 2001, the sector accounted for about 7.5 percent of New York area layoff separations, compared with 6 percent nationally.

The difference in layoff proportions between the New York accommodation and food services sector and its national counterpart may have been influenced by higher establishment growth in the metropolitan area. Employment data show that establishment growth in New York became more concentrated among smaller sizes (outside the scope of the BLS Mass Layoff Statistics program), while nationally, the sector became increasingly more consolidated among larger establishments. Between 1999 and 2004, employment growth in the sector in New York outpaced growth in both construction and retail trade. The number of establishments grew by 16 percent, but among establishments with 50 or more employees, the increase measured just 10 percent. On a national basis, the number of accommodation and food service establishments increased by 10 percent, but those with more than 49 employees increased by 17 percent.

Accommodation and food services had a relatively high

**Table 8. Change in the number of establishments, and employment by industry and establishment size, New York-Northern New Jersey-Long Island and United States, 1999–2004**

Industry	All establishments		Establishments employing at least 50 workers	
	Employment change, 1999–2004	Establishment change, 1999–2004	Employment change, 1999–2004	Establishment change as a percentage of all establishments, 2004
<b>New York -Northern New Jersey-Long Island</b>				
Total private.....	3.7	5.0	3.2	4.5
Construction.....	12.7	13.7	11.1	2.2
Manufacturing .....	-19.4	-16.6	-22.7	10.3
Wholesale trade.....	-4.2	-3.1	-5.6	4.2
Retail trade .....	12.7	5.0	24.0	4.3
Transportation and warehousing .....	.3	8.5	13.3	7.9
Information.....	10.4	6.7	4.8	10.6
Finance and insurance .....	-6	2.0	-3.1	5.7
Real estate and rental and leasing.....	12.1	11.2	8.7	1.3
Professional and technical services .....	6.9	9.0	3.3	2.8
Administrative and waste services .....	-1.5	-3	-1.1	7.2
Health care and social assistance .....	11.4	12.3	14.2	5.1
Accommodation and food services .....	13.6	15.7	9.6	4.8
Other services, except public administration .....	8.8	6.5	4.2	1.7
<b>United States</b>				
Total private.....	3.9	5.4	4.0	5.3
Construction.....	7.2	8.9	9.4	2.8
Manufacturing .....	17.0	-5.9	-14.0	16.0
Wholesale trade.....	-1.1	-4.6	-3.1	4.8
Retail trade .....	6.0	.8	7.9	5.4
Transportation and warehousing .....	13.0	10.4	21.0	7.1
Information .....	7.4	10.4	2.1	9.1
Finance and insurance .....	8.7	12.5	3.8	3.7
Real estate and rental and leasing.....	11.3	17.0	7.5	1.4
Professional and technical services .....	17.7	14.2	11.6	2.6
Administrative and waste services .....	4.1	2.4	-9	8.5
Health care and social assistance .....	14.1	12.6	14.3	6.3
Accommodation and food services .....	11.5	9.5	17.0	7.7
Other services, except public administration.....	5.1	2.3	5.4	1.7

SOURCE: U.S. Census Bureau, County Business Patterns.

number of layoffs, despite a low industry concentration. At 0.72, the area location quotient for accommodation and food services was the same as that for construction, indicating a smaller share of local, compared with national, employment. The 2002–06 period was worse than the 5 years prior to 2001 in terms of layoff separations in the industry, and that was true at both the local and national level, despite continued growth.

### Information layoffs

Increased layoff activity despite sector growth also was evident in the information sector. Annual job gains in New York were strong between 1996 and 2001, averaging from

2.5 percent to 6.5 percent. Communications industry start-up activity was 20 percent above national averages during this period. The recession, however, hit the sector particularly hard: in 2002, job losses for the year amounted to 9 percent. Although nationally the sector continued to lose jobs, in the New York metropolitan area the information industry rebounded in 2006, finally adding employment, at a rate of 1.3 percent.

JOLTS data indicate that, between 2001 and 2006, the information sector ranked among the sectors with the lowest national layoff and discharge rates. However, in terms of extended mass layoffs, the sector experienced an above-average rate exceeding 2 percent of the U.S. employed between 2002 and 2003, as it did earlier, in 1996

**Table 9. Percent distribution of extended mass layoff separations by industry, New York-Northern New Jersey-Long Island and United States, 1996–2006**

Industry	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>New York-New Jersey-Long Island</b>											
Total, private nonfarm .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Construction .....	11.5	15.2	3.5	( <sup>1</sup> )	3.7	2.1	9.6	13.8	11.8	16.8	13.0
Manufacturing .....	21.8	29.1	41.4	29.9	31.7	18.1	19.6	22.7	12.9	15.2	14.9
Wholesale trade.....	1.2	3.5	2.0	5.2	2.7	1.8	1.0	5.4	2.1	2.0	2.1
Retail trade .....	4.0	4.6	3.0	4.9	2.2	3.6	2.3	1.6	4.0	2.9	3.3
Transportation and warehousing .....	15.2	13.0	18.2	26.2	25.7	20.4	8.8	9.6	10.9	5.5	14.4
Information .....	–	( <sup>1</sup> )	5.0	1.1	2.6	4.0	9.4	8.6	12.5	6.5	6.1
Finance and insurance .....	7.3	2.1	7.6	5.8	4.0	11.7	14.1	4.4	9.0	4.3	1.7
Real estate and rental and leasing.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	2.0	3.2	2.6	( <sup>1</sup> )	3.5	.7	–
Professional and technical services.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	2.1	1.6	5.6	3.5	4.3	4.8	8.6	5.1
Administrative and waste services.....	5.8	2.8	4.0	4.3	1.9	4.8	7.5	5.2	4.4	4.6	10.4
Health care and social assistance.....	5.1	5.9	2.7	4.6	5.8	1.7	1.3	4.1	6.1	5.5	4.5
Arts, entertainment, and recreation.....	15.1	11.5	4.1	5.5	8.7	7.5	9.8	12.5	7.9	9.0	11.4
Accommodation and food services .....	5.8	2.0	3.9	6.5	1.9	12.2	6.6	2.3	8.3	15.7	11.1
Other services, except public administration.....	.9	2.6	2.4	2.1	3.6	1.7	1.3	1.6	.9	.8	( <sup>1</sup> )
<b>United States<sup>2</sup></b>											
Total, private nonfarm .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Construction .....	11.2	14.0	10.8	13.0	12.1	7.3	9.3	10.9	12.0	13.8	13.5
Manufacturing .....	37.0	34.1	47.3	39.5	40.0	41.2	35.7	31.6	25.6	25.2	29.4
Wholesale trade.....	2.1	1.6	1.4	1.9	1.9	1.9	1.9	2.5	1.6	1.5	1.5
Retail trade .....	12.3	10.1	5.9	10.2	9.6	8.7	10.7	10.5	14.5	9.0	10.7
Transportation and warehousing .....	4.6	6.1	5.7	5.5	5.5	7.7	6.4	7.2	5.9	7.6	7.5
Information .....	5.2	6.1	4.4	2.6	1.6	4.0	4.6	5.4	3.7	2.6	2.0
Finance and insurance .....	3.0	2.2	2.3	2.4	3.4	2.2	3.0	3.3	3.4	2.1	3.3
Real estate and rental and leasing.....	.4	.4	.2	.2	.2	.5	.2	.3	.4	.3	.2
Professional and technical services .....	2.7	3.5	2.2	2.7	2.4	3.4	4.6	3.3	3.3	4.7	4.7
Administrative and waste services.....	6.4	5.3	5.4	6.8	8.5	11.0	10.6	12.2	11.4	10.6	9.8
Health care and social assistance.....	3.8	3.6	3.1	3.9	4.2	1.6	2.4	2.7	4.4	4.9	3.2
Arts, entertainment, and recreation.....	3.3	5.0	3.1	2.9	2.8	2.6	3.6	3.1	3.8	5.9	4.6
Accommodation and food services .....	4.8	5.2	4.8	4.3	4.5	5.2	4.0	4.4	6.9	8.5	7.2
Other services, except public administration .....	.8	1.2	1.2	1.3	1.2	.7	1.1	1.0	1.5	1.5	1.1
<sup>1</sup> Data do not meet BLS or State agency disclosure standards.      NOTE: Dash represents zero. <sup>2</sup> Data on layoffs were reported by employers in all States and the District of Columbia.      SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.											

and 1997 (while the sector was expanding).

In the New York area, extended mass layoffs in the information sector resulted in about 4,000 separations, on average, between 2002 and 2006, or 6.7 percent of all metropolitan area separations. The largest number of separations during these years occurred in 2004, when the overall employment picture was starting to improve. Nationally, this sector accounted for 3.6 percent of all private-industry layoff separations. The disparity between local and national proportions, however, was consistent with the difference in employment shares: as indicated by a 1.47 location quotient, information sector employment was more highly concentrated in the New York area.

## Finance and insurance separations

After a slow period in 1996 and 1997, finance and insurance employment grew between 1 percent and 2 percent annually in the New York area prior to the 2001 recession. Employment declined between 2001 and 2003, but by 2005 growth had returned to prerecession rates, unlike growth rates in most of the other sectors in the area.

Finance and insurance layoff separations varied quite a bit from year to year, with the peak occurring in 2002, when there were more than 7,000 extended separations. In 2006, the sector saw 570 separations, the lowest num-

**Table 10. Rates of extended mass layoff separations, by industry, United States,<sup>1</sup> 1996–2006**

Industry	Average percent employment in establishments with 50 or more employees	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total, private nonfarm .....	57.4	1.7	1.7	1.7	1.5	1.5	2.4	2.1	2.0	1.7	1.5	1.5
Construction .....	36.0	6.8	7.8	5.7	5.6	4.8	4.6	5.1	5.8	5.1	4.9	4.5
Manufacturing .....	79.2	2.6	2.4	3.3	2.6	2.6	4.7	3.8	3.4	2.3	2.0	2.5
Wholesale trade.....	42.0	1.0	.7	.6	.7	.7	1.2	1.0	1.3	.7	.6	0.6
Retail trade .....	50.1	1.7	1.4	.8	1.3	1.2	1.7	1.8	1.7	1.9	1.1	1.3
Transportation and warehousing .....	67.0	1.8	2.3	2.2	1.9	1.8	4.1	3.1	3.3	2.2	2.5	2.5
Information .....	72.4	2.4	2.6	1.9	1.0	.6	2.2	2.3	2.9	1.6	1.1	.9
Finance and insurance .....	57.9	1.0	.7	.7	.7	1.0	1.0	1.2	1.2	1.0	.6	.9
Real estate and rental and leasing.....	29.3	.8	.7	.3	.3	.4	1.2	.5	.6	.7	.5	.3
Professional and technical services .....	46.1	1.0	1.3	.8	.8	.7	1.5	1.9	1.4	1.1	1.3	1.3
Administrative and waste services .....	71.2	1.5	1.1	1.1	1.2	1.4	3.1	2.6	2.9	2.2	1.7	1.6
Health care and social assistance.....	66.7	.5	.4	.4	.4	.5	.3	.3	.4	.5	.5	.3
Accommodation and food services .....	42.8	1.2	1.3	1.2	.9	1.0	1.8	1.2	1.3	1.6	1.7	1.5
Other services, except public administration.....	23.3	.9	1.4	1.3	1.3	1.2	1.1	1.5	1.2	1.5	1.4	1.1

<sup>1</sup> Data on layoffs were reported by employers in all States and the District of Columbia.

SOURCES: Bureau of Labor Statistics, Mass Layoff Statistics program and Quarterly Census of Employment and Wages.

ber recorded for finance and insurance during the 11 years studied.

In the 5 years after 2001, this sector accounted for 6.7 percent of all separations in the New York area, compared with just 3.0 percent nationally over the same period. However, the metropolitan area’s share of separations was not disproportionate to its portion of total employment: in the New York area, about 8 percent of all private-industry workers were employed in finance and insurance. Nationally, the share was between 5 percent and 6 percent. Furthermore, a slightly greater percentage of finance establishments staff at least 50 employees in the New York area compared with the Nation: about 6 percent of all finance establishments in New York employed at least 50 employees, while nationally the figure was approximately 4 percent.

Thus, even though major job cuts in finance were a significant part of the layoff activity in the New York area, they were neither extraordinary (on the basis of industry concentration and size) nor permanently damaging to the sector’s local strength. Nevertheless, BLS layoff data show that finance separations were costly: in 2005 and 2006, the longest average jobless duration, based on the average number of continued claims in the United States, was experienced by claimants laid off from finance and insurance companies. Employees from that sector also exhausted their benefits at high rates.

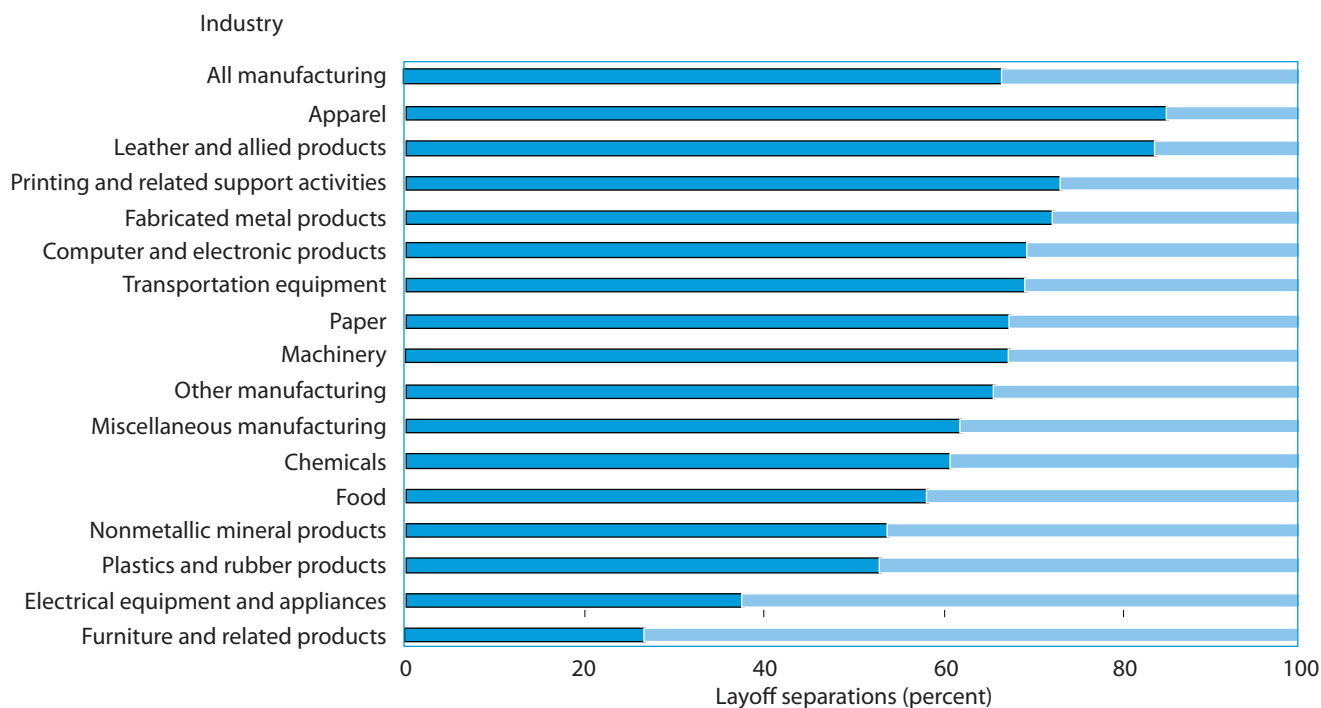
**Table 11. Total extended mass layoff separations, by selected industries, New York-Northern New Jersey-Long Island, 1996–2006**

Industry	All layoff separations	Permanent worksite closure separations
Manufacturing.....	97,256	31,768
Apparel .....	14,906	2,224
Chemicals .....	12,226	4,760
Food .....	11,202	4,666
Machinery .....	10,795	3,492
Miscellaneous manufacturing.....	9,254	3,509
Transportation equipment.....	8,760	2,681
Computer and electronic products.....	5,766	1,757
Paper .....	3,744	1,210
Printing and related support activities .....	3,520	909
Leather and allied products .....	3,318	539
Fabricated metal products.....	3,140	865
Plastics and rubber products.....	3,086	1,450
Electrical equipment and appliances .....	2,024	1,262
Nonmetallic mineral products.....	1,365	629
Primary metals .....	1,261	( <sup>1</sup> )
Furniture and related products.....	1,012	773
Textile mills .....	590	( <sup>1</sup> )
Textile product mills.....	387	( <sup>1</sup> )
Petroleum and coal products.....	325	( <sup>1</sup> )
Beverage and tobacco products....	( <sup>1</sup> )	( <sup>1</sup> )
Wood products.....	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Data do not meet BLS or State agency disclosure standards.

SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.

**Chart 5. Percent of separations not involving permanent worksite closure in manufacturing, New York-Northern New Jersey-Long Island, 1996–2006**



SOURCE: Bureau of Labor Statistics, Mass Layoff Statistics program.

### Administrative and waste services

After continued strong growth in the late 1990s, amounting to increases of between 5 percent and 7 percent a year, employment in New York area administrative and support and waste management and remediation services (or, simply, administrative and waste services) slowed with the recession and then remained relatively unchanged. Layoffs in New York in this sector reached their peak of 3,911 in 2002. In the years that followed, administrative and waste services had at least 2,000 layoffs annually, compared with an average of 1,206 during the 5 years prior to 2001.

From 2002 through 2006, separations in administrative and waste services amounted to 4.9 percent of the total in New York, while nationally, the sector accounted for almost 11 percent of all layoffs, slightly more than its share of employment among establishments with at least 50 employees. A large number of separations due to contract completion occurred in this sector, which includes temporary help agencies and professional employer organizations.

TWO SECTORS THAT WERE RESPONSIBLE for a substantial portion of layoffs in the greater New York area prior to 2001 were the manufacturing sector and the transportation and warehousing sector. The share of area separations in these two sectors declined after 2001, while layoff activity increased in four other sectors: construction; administrative and waste services; arts, entertainment, and recreation; and accommodation and food services. The differences between the manufacturing sector and the transportation and warehousing sector, reflected in the nature of, and reason for, the layoffs, as well as the extent of related permanent closures, contributed to a fundamental change in the character of job displacement in the New York area. Particularly noteworthy is the fact that layoff displacement increased among several local industries during periods of employment growth.

The mass layoff experience in the greater New York area after 2001 was qualitatively different from what it was prior to 2001, in contrast to the national pattern. Although some of the difference might be explained by the local industry mix, other factors helped transform the character of extended mass layoffs in New York. Foremost, the New York



area experienced dramatic growth in layoff actions due to the completion of employment contracts. In 2005 and 2006, contract completion accounted for more nonseasonal layoff events than internal company restructuring did, reversing the pattern of the past. A possible explanation for this shift is that increased business activity, especially within construction, coupled with a drive to keep costs down throughout industry, led to both an increase in contracting and a decrease in costly restructuring.<sup>18</sup> Furthermore, as suggested by the analysis of New York area data presented in this article, the ability of employers to adapt to both competitive pressures and slack work by trimming staffs varied by industry. For example, large employers in apparel, a key local manufacturing industry, reduced the size of their workforce more often than permanently closing down operations.

The analysis presented herein has attempted to make

comparisons between the New York metropolitan area and the Nation over time. Additional information is needed, however, to complete an assessment of extended mass layoffs, affording opportunities for future research. Information on business turnover and job creation and destruction, by firm or establishment size in metropolitan areas, would round out the employment picture and help explain layoff trends. Beyond this benefit, the information could aid in the distribution of funds for employment services<sup>19</sup> and provide a more robust picture of industry health. As the Workforce Information Council concluded in a report about local data needs, "Understanding the impact of layoffs and plant closings on labor markets, workers, and communities requires information on other dynamic aspects of the labor market."<sup>20</sup> Indeed, local layoff data, such as those presented herein, would be greatly enhanced with local job dynamics data. □

## Notes

<sup>1</sup> The New York-Northern New Jersey-Long Island Metropolitan Statistical Area (MSA), as defined by the Office of Management and Budget in Bulletin 06-01, is composed of New York City and Nassau, Putnam, Rockland, Suffolk, and Westchester Counties in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union Counties in New Jersey, and Pike County, Pennsylvania. For convenience, the New York-Northern New Jersey-Long Island MSA is referred to as the New York area, or simply New York, throughout this article.

<sup>2</sup> Each extended layoff event causes at least 50 employees to lose work for more than 30 days. If large layoffs occur gradually, in such a way that the requirement of 50 unemployment claims filed in a 5-week period is not reached, then the layoff event is not counted as an extended layoff by the Mass Layoff Statistics program. The 31-day minimum duration for qualification as a layoff limits the focus of the survey program to more permanent job dislocation. Most layoff events involving 50 or more workers last for 30 days or less. Along with the minimum required duration, in cases with no direct job loss, such as employers transferring work elsewhere without laying off workers, no information is collected, even though some displacement may result.

<sup>3</sup> The Mass Layoff Statistics program is a Federal-State program that utilizes a standardized, automated approach to identifying, describing, and tracking the effects of major job cutbacks, using data from each State's unemployment insurance database. Each month, States report on establishments with at least 50 initial claims filed against them during a consecutive 5-week period. The establishments are contacted by the State agency to determine whether these separations lasted 31 days or longer; if so, other information concerning the layoff is collected. The program also provides measures of laid-off workers' spells of unemployment to the point when regular unemployment insurance benefits are exhausted. These measures include the average number of continued claims, as well as the percentage of claimants receiving final payment. (A continued claim is a claim filed after the initial claim, either by mail, by telephone, or in person, for waiting-period credit or for payment for a certified week of unemployment.)

<sup>4</sup> An establishment is a unit at a single physical location at which predominantly one type of economic activity is conducted.

<sup>5</sup> Of the 25 categories currently used to classify justifications for a layoff, only a handful accounted for most of the separations in the New York area. Other, less frequently used reasons failed to yield publishable local-level results. Recently, the BLS concluded an in-depth review of all reasons for separation, in an effort to improve the capture and classification of economic reasons. Data published for 2007 now reflect an enhanced classification scheme. Additional and enhanced categories, as well as aggregations of related reasons, are currently available.

<sup>6</sup> Not an output of the BLS Mass Layoff Statistics program, the rates produced for these analyses were used to facilitate comparisons across years and among industry sectors. The *layoff event rate* indicates the number of layoff events per 100 establishments (in which at least 50 workers are employed). To compute this rate, establishment counts by size of establishment were derived from the U.S. Census Bureau's County Business Patterns. The *layoff separation rate*, indicating the number of extended mass layoff separations per 1,000 workers employed, was computed at the national level with employment data by size of establishment from the BLS Quarterly Census of Employment and Wages (QCEW).

<sup>7</sup> A worksite closure involves the complete shutdown of either a multiunit or a single-unit establishment, or the partial closure of a multiunit establishment wherein entire worksites affected by layoffs are closed or planned to be closed.

<sup>8</sup> See Steven J. Davis, R. Jason Faberman, and John Haltiwanger, "The Flow Approach to Labor Markets: New Data Sources and Micro-Macro Links," NBER working paper 12167 (National Bureau of Economic Research, April 2006); on the Internet at [papers.nber.org/papers/w12167.pdf](http://papers.nber.org/papers/w12167.pdf).

<sup>9</sup> "Analysis of Business Formation, Survival, and Attrition Rates of New and Existing Firms and Related Job Flows in Appalachia" (Camp Hill, PA, The Brandow Company, October 2001); on the Internet at [www.arc.gov/images/reports/bizform/analysis-final.pdf](http://www.arc.gov/images/reports/bizform/analysis-final.pdf).

<sup>10</sup> See non-seasonally-adjusted historical data on State gross job gains and losses, on the Internet at [www.bls.gov/bdm](http://www.bls.gov/bdm).

<sup>11</sup> An initial claimant is a person who files any notice of unemploy-

ment to initiate a request either for a determination of entitlement to, and eligibility for, compensation or for a subsequent period of unemployment within a benefit year or other period of eligibility.

<sup>12</sup> Important distinctions exist between extended mass layoff data and displaced worker data. In addition to tallying those who lost jobs, the displaced worker count includes workers who left jobs in anticipation of losing them. Displaced workers are persons 20 years of age and older who lost or left jobs. Displaced worker data are restricted to long-tenured employees: those who had worked for their employer for at least 3 years. Extended mass layoff data cover only separated workers, without any age or tenure restrictions. (See “Worker Displacement, 2003–2005,” BLS news release (Bureau of Labor Statistics, Aug 17, 2006), on the Internet at [www.bls.gov/news.release/archives/disp\\_08172006.pdf](http://www.bls.gov/news.release/archives/disp_08172006.pdf).)

<sup>13</sup> The location quotient is the ratio of employment in a particular industry in a certain geographical area (in this article, the New York metropolitan area) to base-industry employment (in this article, the private-sector total), divided by the ratio of employment in the same industry in the base area (the United States) to base-industry employment in the base area. For this computation, 2006 annual averages from the QCEW were used.

<sup>14</sup> “Job Openings and Labor Turnover: January 2007,” BLS news release (Bureau of Labor Statistics, Mar. 13, 2007), on the Internet at [www.bls.gov/news.release/archives/jolts\\_03132007.pdf](http://www.bls.gov/news.release/archives/jolts_03132007.pdf). Layoffs and discharges are involuntary separations initiated by the employer and include layoffs with no intent to rehire; formal layoffs lasting or expected to last more than 7 days; discharges resulting from mergers, downsizing, or closings; firings or other discharges for cause; terminations of permanent or short-term employees; and terminations of seasonal employees.

<sup>15</sup> Movement of work within the same company or to a different company, either domestically or outside the country, occurred in less than 10 percent of all nonseasonal layoff events in the United States. In 2004, the BLS Mass Layoff Statistics program added offshoring and outsourcing of work as reasons that identify job loss associated with the movement of work, within a company and to another company, domestically and out of the country. Nearly all the overseas relocations occurred in manufacturing. Nevertheless, because of publishability criteria, data on movement of work and overseas relocations were not available for the New York area. Criteria that safeguard confidentiality restrict what is published at the local level and result in the suppression of information that is available at the national level, such as additional information on relocations.

<sup>16</sup> See “New York City’s Garment Industry: A New Look?” (New York and Albany, Fiscal Policy Institute, August 2003).

<sup>17</sup> In 1996, businesses with between 50 and 999 workers accounted for 16.4 percent of U.S. apparel establishments and 71.2 percent of em-

ployment in the industry. By 2006, the share had declined to 9.6 percent of establishments and 60.8 percent of employment. It must be pointed out, however, that small apparel manufacturers, namely, those employing fewer than 50 workers (and not studied by the BLS Mass Layoff Statistics program), accounted for 90 percent of establishments in 2006.

<sup>18</sup> Without knowing the exact reasons for layoffs in each New York area industry, however, this hypothesis cannot be completely validated. Additional data limitations include employer coverage and the duration of layoffs. BLS mass layoff data cover only establishments that employ 50 or more workers. Smaller establishments were outside the scope of the survey, although layoff activity in these establishments is documented to have been significant. Between 1992 and the fourth quarter of 2006, more than half of the gross job losses were in firms with fewer than 50 employees; during that period, 87.1 percent of firms which closed were in that size class. BLS Business Employment Dynamics size class statistics are measured at the firm level rather than the establishment level. (A firm is a business organization consisting of one or more domestic establishments in the same area and industry under common ownership or control. The firm and the establishment are the same for single-establishment firms.) (See “Business Employment Dynamics: Second Quarter 2006,” BLS news release (Bureau of Labor Statistics Aug. 16, 2007), on the Internet at [www.bls.gov/news.release/archives/cewbd\\_08162007.pdf](http://www.bls.gov/news.release/archives/cewbd_08162007.pdf); and “New Quarterly Data from BLS on Business Employment Dynamics by Size of Firm,” BLS news release (Bureau of Labor Statistics, Dec. 8, 2005), on the Internet at [www.bls.gov/news.release/pdf/cewfs.pdf](http://www.bls.gov/news.release/pdf/cewfs.pdf).) Although a large percentage of job flows occurs in smaller firms, BLS data indicate that larger size classes experienced more quarters of net loss, as reflected in negative net employment change, related to the 2001 recession.

<sup>19</sup> The Workforce Reinvestment Act (Public Law 105–220—Aug. 7, 1998) mandates the development of a comprehensive workforce information system that includes “the incidence of, industrial and geographical location of, and number of workers displaced by, permanent layoffs and plant closings.” Analysis of such information, as intended by the Act, is not only for the allocation of Federal funds, but also for national, State, and local policymaking, the implementation of Federal policies, program planning and evaluation, and researching labor market dynamics.

<sup>20</sup> The Workforce Information Council is a collaboration of Federal and State agency officials that plans, guides, and oversees the U.S. workforce information system. The report, titled *Needs and Alternatives for Plant Closing and Layoff Statistics: Report to the Workforce Information Council* (Plant Closing and Layoff Statistics Work Team, Mar. 22, 2000), is on the Internet at [www.workforceinfocouncil.org/documents/wg\\_LayoffStats.zip](http://www.workforceinfocouncil.org/documents/wg_LayoffStats.zip).