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New Jobs Created After Recession Pay Significantly Less Than Jobs Lost During Recession -- A 21 Percent Decline from 2003 to 2005

WASHINGTON, DC – New jobs created after the 2003 recession have paid working Americans about $9,000 less annually than the jobs lost during the recession, a U.S. Conference of Mayor’s Metro Economy Report has found.

The report, released today at Conference of Mayor’s annual winter meeting, showed that the ten sectors that lost the most jobs through the end of 2003 paid an average wage of $43,629, while the ten sectors with the largest increases in employment in 2004-2005 paid only $34,378, a 21 percent decline.

The wage gap has resulted from the combined effects of the loss of high-paying jobs, especially in the durable manufacturing industries, and post-recession employment growth that has been concentrated in services sectors that have lower wage levels.

“No one wants to experience a drop in their standard of living, but that is exactly what has happened to many families in this country, who have been forced to do more with less,” said Long Beach Mayor and U.S. Conference of Mayors President Beverley O’Neill.

“This report lays the foundation for why we need a stronger and more efficient partnership with the Federal Government: to help retrain workers and educate new entrants to the labor market. If we do not respond, we will only put our families in a more uncompetitive position,” said O’Neill.

The Conference of Mayors’ report is the latest in its Metro Economy Series, highlighting the role of metro areas in the national and global economies. Prepared by Global Insight, Inc., the report highlights the Gross Metropolitan Numbers (GMP) for the
nation’s 361 metros; the first such report after OMB re-designated and expanded the number of U.S. metros from the previous list of 319.

While the report indicates that the nation as a whole has regained the jobs it lost during the recession, labor markets have not improved uniformly across the country. By the end of 2004, 220 of the 361 metros had regained jobs lost in the recession. In 2005, an additional 24 metros are projected to have reached their peak employment. Yet only 18 will regain employment levels in 2006, including the major metro areas of Atlanta, Dallas-Fort Worth, Kansas City, New York, Seattle, and St. Louis, leaving 99 metros slated to regain their lost jobs during the 2007-2015 period.

“While metros drive the economic health of our nation, and we are pleased that the nation as a whole is growing, many of our metros are still struggling with global competitive pressures that will challenge us in the coming decade. My city of Detroit is one of those,” said Detroit Mayor Kwame M. Kilpatrick, Chair of the Council on the New American City. “We need a stronger partner in the Federal Government to help us through this period.”

Other findings in the report include:

- U.S. metros exceeded $10 trillion in economic output for the first time in 2004, representing 86.3% of Gross Domestic Product (GDP); 85.6% of employment; and 89.7% of labor income.

- Over the next decade, by 2015, the report forecasts that 88.5% of U.S. GDP, approximately $21 trillion, will be derived from U.S. metros. Metro economic growth, in inflation adjusted terms, is expected to reach 3.7% in 2005.

- The report also ranked the nation’s U.S. metro economies globally. If U.S. metros were nations, 42 would rank among the world’s largest 100 economies. New York is now the world’s tenth largest economy, followed by Los Angeles/Long Beach at eighteen, and Chicago at nineteen.

- According to the report, the nation’s top ten U.S. metros now exceed the combined economic output of 35 states.

- The sunbelt metros of Las Vegas (7.4% job growth in 2005), Orlando (4.4%) and Phoenix (4.1%) will lead the nation in job growth by wide margins over other large metro areas. Charlotte, Miami, Jacksonville, Tampa, Salt Lake City and Riverside will generate gains in excess of 5% over the 2004-2006 period.

“These numbers indicate that U.S. metro areas are the engines of our national economy,” said O’Neill. “The nation’s future growth and prosperity relies directly on healthy and robust cities that can compete in the global marketplace.”
The Report can be found in its entirety on www.usmayors.org and was prepared by Global Insight, Inc., an economic research and forecasting firm in Waltham, Mass., for the Conference’s Council for the New American City.

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*The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.*