

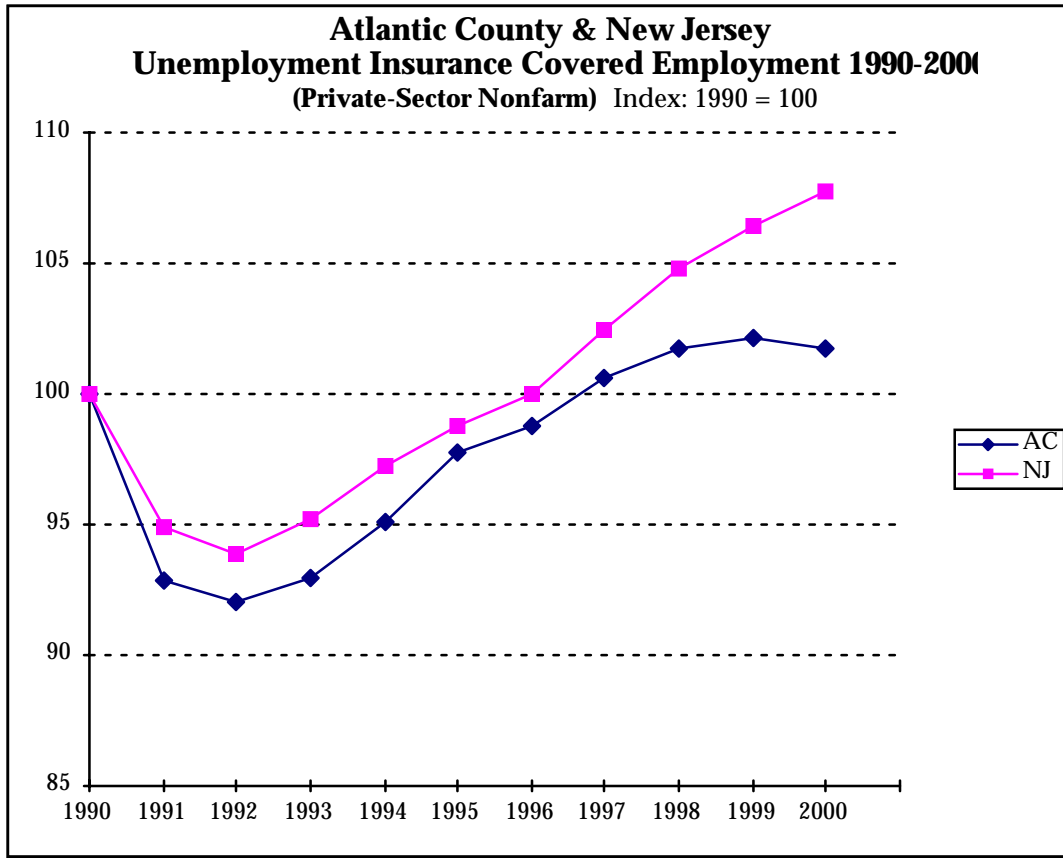
Employment Developments by Industry, 1990 - 2000

The employment data used in this section are a count of employees as reported by employers covered by the New Jersey Unemployment Compensation Law. Because covered employment data are collected primarily for administrative purposes, no revisions are made to previously released data. Because of this and other limitations, such as legal changes or industry code changes, care should be used when undertaking analysis of these employment numbers.

Having reached a then record level of 118,100 in 1990 due to the opening of the Taj Mahal, Atlantic City's twelfth hotel-casino, Atlantic County's level of nonfarm private-sector employment fell sharply during 1991 as a national recession took hold. Expanding capacity coupled with the recession, led to a decline in gaming revenues, which negatively impacted county payrolls ⁽¹⁾.

As in the state, employment in the county fell to a recession low point in 1992 (108,600), a drop of 9,500 or 8.0 percent from 1990. The state, which had reached its peak a year earlier in 1989, also experienced an employment decline of 8.0 percent during its recessionary period.

Since 1992, the county's pace of job growth has differed from that of the state. During the expansion's first three years (1993-1995), Atlantic County created jobs at a slightly faster rate than the state (+6.3% vs. +5.2%) while more recently (1996-2000), the county's rate of job growth trailed that of the state (+4.0% vs. +9.1%). Atlantic County's level of private sector, nonfarm employment did not surpass its pre-recession high point (1990) until 1997.



Indexed to facilitate comparison with the state, Atlantic County’s level of private-sector nonfarm employment declined faster and further than the state’s during the last recession, grew faster than the state’s in the recovery’s early years (1993 - 1995) and more slowly than the state from 1995 to 2000.

Source: New Jersey Department of Labor, Division of Labor Market & Demographic Research, *Trends in Employment & Wages in New Jersey*, August 2001.

Overall, the number of private sector jobs in the county grew by more than 4,600 from 1995 to reach a level of 120,100 in 2000 (latest data available at the county level). An analysis of this 1995-to-2000 period reveals that 35 of the county’s 62 industries (at the two-digit Standard Industrial

Classification (SIC) level) recorded employment gains totaling 9,400 jobs.

Combined, the remaining 27 industries experienced losses totaling 4,800.

Of the 35 industries that recorded employment gains during this period, 15 added more than 125 jobs. Listed on the table below, these 15 industries accounted for eight of every 10 new private-sector jobs from 1995 to 2000.

**Private Sector Industries with Greatest Employment Growth, 1995 – 2000
Employment Covered by Unemployment Insurance**

<u>SIC</u>	<u>Description</u>	<u>Job Gain</u>
73	Business services	2,400
58	Eating & drinking places	850
17	Construction- special trades contractors	760
87	Engineering /management services	720
45	Transportation by air	560
83	Social services	480
57	Home furnishings stores	250
72	Personal services	220
51	Wholesale trade - nondurables	210
07	Agricultural/landscaping services	210
82	Educational services	190
70	Hotels and other lodging places	190

59	Miscellaneous retail	180
53	General merchandise stores	150
37	Transportation equipment	130

Source: New Jersey Department of Labor, Division of Labor market and Demographic Research, *Trends in Employment & Wages in New Jersey*, August 2001.

Eleven of these top fifteen employment growth industries fell within the county's broader trade (SIC 50-59) and services (SIC 07, 70-89) industry divisions. Overall, more than one-half (55%) of the county's new private-sector jobs were created in these two divisions during this period. In 2000, the trade and services divisions accounted for 81 percent of Atlantic County's nonfarm, private-sector employment.

One of the strongest employment-generating trends of this period in the county and the state was the continued out-sourcing by businesses of non-core functions such as data processing, janitorial and security, as well as hiring from temporary personnel supply agencies. This trend is reflected in both the business services and engineering/management services industries.

Four of the top 15 job-producers are within the retail trade industry, a reflection of regional and national chains setting up shop in the county during this period. Notable examples included Wal-Mart, Home Depot, Hard Rock Cafe, Lonestar and Outback steakhouses, Burlington Coat Factory, Marshall's and various fast-food establishments. The Consumer Square shopping center was a significant development during this period. This 800,000-sq. ft. power center located near the Hamilton (Twp.) Mall includes retailers such as BJ's Wholesale Club, Target, Best Buy, Petsmart, Old Country Buffet, Applebee's, Dick's Sporting Goods, Borders and Old Navy.

Employment in the hotels and other lodging places industry benefited during this period from major expansions of Caesar's, Bally's Park Place, Harrah's and the Atlantic City Hilton hotel-casinos. However, there were offsetting employment developments in the gaming industry due to the closing of the World's Fair portion of the Trump Plaza hotel-casino, merger-related management restructuring at several properties and the increased use of labor-saving technologies, e.g. slot machines which also dispense change. Another development that had a negative impact on

gaming employment during this period was the trend of converting table game areas and some restaurants into space for less-labor intensive slot machines.

Construction payrolls were boosted by the above-noted casino expansions and special infrastructure projects such as the \$330-million Atlantic City - Brigantine Connector roadway. Special trades contractors also benefited from the county's strong pace of residential development.

In addition, this period saw a major expansion of the Atlantic City International Airport and the location and expansion there of aircraft maintenance operations. Another transportation-related area of employment growth was transportation equipment, which reflects improved business conditions within the county's boat building industry.

The industries with the greatest employment decline during the 1995-to-2000 period are listed below. Combined these ten industries accounted for 80 percent of the job losses.

**Private Sector Industries with Greatest Employment Decline, 1995 – 2000
Employment Covered by Unemployment Insurance**

SIC	Description	Job Loss
28	Chemicals manufacturing	-840
49	Public utilities	-460
63	Insurance carriers	-460
48	Communications	-430
80	Health services	-410
60	Depository institutions (banks)	-330
32	Stone, clay, glass manufacturing	-280
42	Motor freight transportation	-220
81	Legal services	-200
23	Apparel manufacturing	-160
26	Paper and allied products	-110

Source: New Jersey Department of Labor, Division of Labor Market & Demographic Research.
Trends in Employment & Wages in New Jersey, October 1996 and August 2001.

The three industries with the greatest employment declines during this period were impacted by one-time events. Employment in chemicals manufacturing fell due to the closing of the Whitehall-Robins pharmaceutical plant in Hammonton, and public utility jobs were lost due to the merger of locally-based Atlantic Electric and Delmarva Power & Light. For insurance carriers, Prudential HealthCare's decision to

consolidate operations in central New Jersey resulted in the closing of their claims processing facility in Linwood.

The decline in health services employment largely reflects the impact of reductions in medicare reimbursements in recent years that led to staffing reductions in local hospitals. More recently, employment in this industry has been impacted by a shortage of workers in some occupational categories, such as nurses, nurses' aids and home health aids.

Another significant employment decline during the 1995 - 2000 period occurred in depository institutions due to a national trend of bank mergers and consolidations. A local example was Summit Bank's takeover of Collective Bank.

The table below compares Atlantic County's and New Jersey's percent change in nonfarm, private-sector employment by major industry division for the 1995 - 2000 period. Only in construction, transportation and wholesale trade did the county outperform the state during this period.

**Atlantic County and New Jersey
Percent Change in Unemployment Insurance Covered
Private Sector Employment
By Industry Division, 1995 - 2000**

<u>Industry Division</u>	<u>Atlantic County</u>	<u>New Jersey</u>
Construction/mining	20.8	19.4
Manufacturing	-13.8	-8.4
Transportation	17.6	13.4
Communications	-33.5	2.2
Public Utilities	-27.1	-14.8
Wholesale Trade	9.6	6.9
Retail Trade	7.6	7.6
Finance/Insur/Real Estate	-16.7	11.8
Services	5.3	17.1
Total Private Sector	4.0	9.1

Source: New Jersey Department of Labor, Division of Labor Market & Demographic Research, *Trends in Employment & Wages in New Jersey*, October 1996 and August 2001.

Atlantic County slightly surpassed the state in percent growth in construction from 1995 to 2000. Casino expansions, infrastructure projects and steady residential development contributed to the advance.

As noted previously, employment in the county's transportation industry benefited most from a multi-million dollar expansion of the Atlantic City International Airport and improved business conditions within the local boat building industry. Local and suburban transit, a segment that includes operators of charter bus and school bus lines, and limousine services, was another growth component in transportation.

Another notable deviation from the state was in the county's finance/insurance/real estate industry, where employment fell sharply. Unlike the state, which benefited from decisions by financial institutions to relocate back office operations from Manhattan to northern New Jersey, Atlantic County was adversely impacted by mergers and consolidations in the banking and insurance industries. The previously noted merger of Summit and Collective banks, and Prudential's closing of their claims processing facility in Linwood, were the most notable developments in these two industries during this period.

Footnotes:

1. Although the opening of the Taj Mahal hotel-casino in 1990 resulted in an estimated 6,000 new jobs, revenues fell at most of the other gaming halls. This spurred layoffs throughout the industry, and by 1992, Atlantic City's gaming industry employed only 1,600 more than the average for 1989.
