

Employment

IN NEW YORK STATE

David A. Paterson, Governor
M. Patricia Smith, Commissioner

At a Glance

In February 2009, New York's seasonally adjusted unemployment rate was 7.8 percent, up from 7.0 percent in January 2009. (The nation's unemployment rate was 8.1 percent in February.) In February 2009, the state had 8,671,600 nonfarm jobs, including 7,168,400 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state decreased by 0.4 percent from January, while the U.S. private sector job count decreased by 0.6 percent. From February 2008 to February 2009, the number of private sector jobs decreased by 2.0 percent in the state and decreased by 3.9 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators decreased in February 2009.

Change in Nonfarm Jobs

Feb. 2008 - Feb. 2009

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	-143.7	-1.7%
Private Sector	-141.0	-2.0%
Goods-producing	-51.9	-6.0%
Nat. res. & mining	0.1	1.9%
Construction	-20.3	-6.1%
Manufacturing	-31.7	-5.9%
Durable gds.	-23.5	-7.3%
Nondurable gds.	-8.2	-3.8%
Service-providing	-91.8	-1.2%
Trade, trans. & util.	-46.2	-3.1%
Wholesale trade	-16.2	-4.6%
Retail trade	-20.6	-2.3%
Trans., wrhs. & util.	-9.4	-3.4%
Information	-4.3	-1.6%
Financial activities	-28.9	-4.0%
Prof. & bus. svcs.	-32.3	-2.8%
Educ. & health svcs.	24.0	1.5%
Leisure & hospitality	-4.4	-0.7%
Other services	3.0	0.8%
Government	-2.7	-0.2%

Alternative Measures Now Available...

Tracking Unemployment and Under-Employment in NYS

May 2009 will mark the 17th month of the national recession that began in December 2007, officially making this the lengthiest economic downturn since World War II. The severity of the current downturn in New York is reflected in the recent dramatic spike in unemployment. From December 2007 through February 2009 (latest month available), the number of unemployed New Yorkers climbed by more than 71 percent to 762,600, a level not seen since 1992 (seasonally adjusted). Over the same period, the state's unemployment rate jumped from 4.6 percent to 7.8 percent.

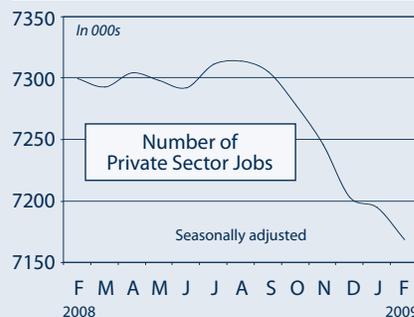
Official labor force statistics do not tell the

whole story. The numbers cannot fully capture the circumstances of certain segments of the population that are jobless or "underemployed." For example, the number of unemployed does not include marginally attached workers. These are people who currently are neither working nor looking for a job, but indicate they want a job, are available and have looked for work recently. Discouraged workers, who form a subset of the marginally attached, are another group not included in official unemployment counts. They have given a job-market related reason for not currently seeking a job (i.e., They do not expect to be successful at finding employment.). This reason is in contrast to

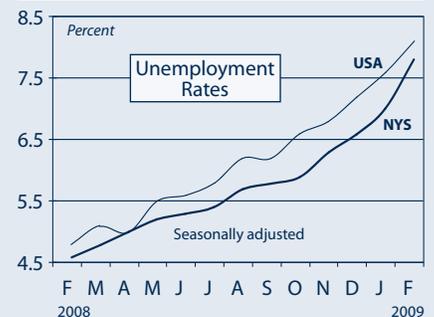
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IN FEBRUARY...

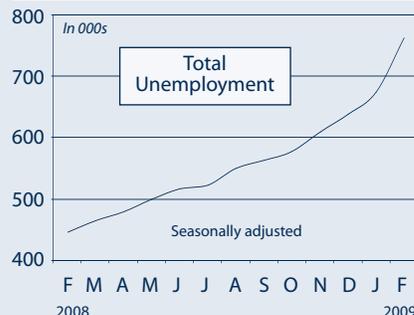
...NYS private sector jobs decreased



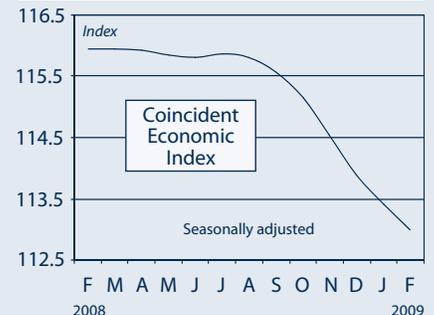
...NYS unemployment rate increased



...NYS unemployment increased



...NYS economic index decreased



Focus on Western New York

National Recession Finally Hits Western New York

by John Slenker, Labor Market Analyst, Western New York

Like many other areas in New York State, the Buffalo-Niagara Falls metro area continued to grow through much of 2008, while the rest of the nation sank into an ever-deepening recession. As recently as the third quarter of 2008, the metro area added 6,400 private sector jobs (+1.4 percent) on a year-over-year basis. However, toward the end of 2008 the local economy began to weaken and the rate of job loss accelerated. By February 2009, the area was showing a year-over-year loss of 10,900 private sector jobs.

Another sign of a weakening local economy is the rapid climb in the Buffalo-Niagara Falls unemployment rate, which jumped from 6.3 percent in February 2008 to 9.6 percent in February 2009. The number of unemployed area residents increased by 54 percent in the last year.

Construction Slows

One of the proximate causes of the national recession was the bursting of the housing bubble, brought on by the dramatic run-up in real estate prices in many markets around the country. Data from the Office of Federal Housing Enterprise Oversight indicate that from 2001 to 2006 national housing prices increased an average of 49 percent. In contrast, housing prices in the local metro area only increased about half that amount (+26 percent) over the same period.

With housing prices not as overextended as they were elsewhere in the country, the region was partially insulated from the fallout related to the national downturn in housing prices. While construction employment was falling throughout the nation, 2008 was the local construction sector's strongest year since 2001. The local sector has begun to slow, however, as several building projects scheduled for 2009 have been delayed

or cancelled. For the 12-month period ending February 2009, the local construction job count was down 1.2 percent, while the nation suffered an 11.9 percent decline.

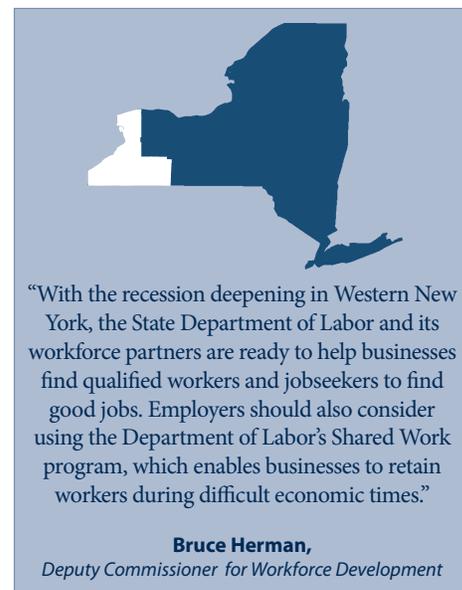
Manufacturing Continues Decline

The local manufacturing employment base has been in long-term decline, shedding almost 38 percent of its jobs between 1990 and 2008. Nonetheless, manufacturing retains an important role in the local economy. It still accounts

Although the local manufacturing employment base has been in long-term decline, it still accounts for about 1 in 7 private sector jobs.

for about 14 percent of the area's private sector jobs. Auto-related production, in particular, is an important segment of the local manufacturing sector. It has a larger proportion of local private sector jobs (1.6 percent) than in the nation as a whole (0.9 percent) and pays above-average wages (\$93,600 in 2007). The current economic downturn has been very hard on this key sector, as its job count fell more than 1,500, or 24 percent, between the third quarter of 2007 and the third quarter of 2008.

The dramatic spike in U.S. fuel prices in spring 2008 sharply depressed new sales of sport utility vehicles (SUVs), which in turn led in a steep drop in demand by automakers for SUV components produced by local firms. This falloff in SUV purchases affected all automakers in the region to some degree, but especially American Axle. The company once had more than 1,500 workers at three plants in the region. They have since closed one area plant in late 2007 and another in 2008. Continued sluggish demand has led to layoffs and furloughs at all automakers in the region. There have been assurances, however, from senior management at General Motors that the Tonawanda engine plant is not set to close.



The downturn in the region's manufacturing sector has expanded beyond the automotive sector. For example, steelmaker ArcelorMittal, furniture maker Bush Industries, energy equipment producer Derrick Equipment Co. and toymaker Fisher Price have all announced pending layoffs.

It is not all bad news in manufacturing. Dresser-Rand, which is a leading manufacturer of compressors and turbines used in the production, transmission and refining of oil and natural gas, intends to expand its plant in Olean (Cattaraugus County). Other regional manufacturers that announced expansions include ECR International, Friendship Dairies, and Starline USA Inc.

Summary

The outlook for the Western New York regional economy is closely linked to the national level. Most forecasters predict the U.S. economy is not likely to begin a recovery until sometime next year, and even then, recovery in the labor market will lag behind the broader economy. Consequently, many analysts think the U.S. unemployment rate will hit double digits by 2010. As the recession fades and our economy improves, opportunities for local jobseekers should increase, especially for people with requisite skills and training. ■

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some people who have voluntarily withdrawn from the labor force for personal reasons, such as homemakers. A third group not reflected in official statistics is the "underemployed." These are persons employed part-time for economic reasons, who want and are available for full-time work, but have had to settle for a part-time schedule.

Alternative Measures Now Available

The U.S. Bureau of Labor Statistics (BLS) publishes labor force statistics for the nation based on

data from the Current Population Survey (CPS), a monthly survey of households. They publish six alternative measures of labor underutilization (known as U-1 through U-6) for the U.S. to account for the groups described above; these measures are defined in the table on page 3. Each higher number is broader and more inclusive than the previous. Measure U-3 is based on the same definition of unemployment used to calculate the official unemployment rate.

Due to small state sample sizes, monthly state CPS data do not meet BLS publication stan-

dards. Accordingly, alternate measures of labor underutilization based on these data have not been available at the state level. However, beginning with the release of annual average estimates for 2007 and 2008, the BLS is making these available for the first time. The BLS plans to continue to release state-level data on an annual basis, but not on a monthly basis.

The table shows New York State data for 2007 and 2008. The U-3 measure shown is derived directly from state-level CPS data, while published

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Unemployment Rates in New York State

Data Not Seasonally Adjusted

	FEB '08	FEB '09		FEB '08	FEB '09		FEB '08	FEB '09
New York State	5.0	8.4	Hudson Valley	4.8	7.7	Finger Lakes	5.8	8.7
Capital District	5.2	7.9	Dutchess	4.9	8.0	Genesee	6.8	9.5
Albany	4.7	7.0	Orange	5.2	8.2	Livingston	6.8	9.7
Columbia	5.0	8.2	Putnam	4.2	6.8	Monroe	5.3	8.1
Greene	6.2	9.1	Rockland	4.5	7.0	Ontario	5.8	8.6
Rensselaer	5.4	8.2	Sullivan	7.2	10.5	Orleans	7.7	11.0
Saratoga	4.8	7.4	Ulster	5.5	8.4	Seneca	6.5	9.1
Schenectady	5.2	7.8	Westchester	4.6	7.5	Wayne	6.7	9.9
Warren	6.6	10.5	Mohawk Valley	6.7	9.6	Wyoming	7.8	11.4
Washington	6.4	9.4	Fulton	7.4	11.0	Yates	5.8	8.6
Central New York	5.9	9.1	Herkimer	7.5	10.1	Western New York	6.3	9.6
Cayuga	6.1	9.8	Montgomery	8.6	11.6	Allegany	7.2	10.1
Cortland	6.9	11.0	Oneida	5.7	8.5	Cattaraugus	6.9	9.9
Madison	6.5	9.6	Otsego	6.4	9.4	Chautauqua	5.8	9.1
Onondaga	5.1	8.1	Schoharie	8.8	11.6	Erie	6.0	9.1
Oswego	7.9	11.6	North Country	7.8	11.3	Niagara	7.4	11.5
Southern Tier	5.7	9.1	Clinton	7.0	10.9	Long Island	4.7	7.5
Broome	5.6	8.9	Essex	8.2	11.7	Nassau	4.4	7.1
Chemung	5.5	9.9	Franklin	8.1	10.7	Suffolk	4.9	7.9
Chenango	7.2	10.8	Hamilton	9.0	12.3	New York City	4.5	8.4
Delaware	6.5	10.1	Jefferson	8.1	11.1	Bronx	6.1	10.8
Schuyler	7.1	10.4	Lewis	8.5	12.8	Kings	4.8	8.8
Steuben	6.8	10.9	St. Lawrence	7.5	11.4	New York	3.9	7.7
Tioga	5.9	9.4				Queens	4.0	7.6
Tompkins	3.5	5.9				Richmond	4.0	7.3

Alternative Measures of Labor Underutilization New York State

Measure	Description	Rate in:	
		2007	2008
U-1	Persons unemployed 15 weeks or longer (the long-term unemployed), as a percent of the civilian labor force.	1.8%	2.1%
U-2	Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.	2.3%	3.1%
U-3	Total unemployed, as a percent of the civilian labor force (the same definition of unemployment used to calculate the official unemployment rate).	4.6%	5.5%
U-4	Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.	5.0%	5.9%
U-5	Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers.	5.6%	6.6%
U-6	Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.	8.1%	9.6%

Source: BLS

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unemployment rates for every state are developed by statistical models from the Local Area Unemployment Statistics (LAUS) program. As a result, these U-3 measures may differ from official LAUS-based state unemployment rates.

Generally speaking, all six measures of underutilization tend to move together during business cycles. Though these data pertain to the recently-ended calendar year, the deterioration in the labor market in late 2008 was so rapid and pronounced that many of these measures understate the degree of labor market underutilization in early 2009. Thus, we expect under-employment in New York is actually now higher across the board. ■

by Kevin Jack

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New York State Department of Labor
Division of Research and Statistics
Building 12, State Office Campus
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Director	Peter A. Neenan
Editor	Kevin Jack
Director of Communications	Leo Rosales
Graphic Design	Jeff Mosher
Labor Publications Supervisor	Christine Perham



REGIONAL ANALYSTS' CORNER

CAPITAL DISTRICT

James Ross -- 518-462-7600

From February 2008 to February 2009, the number of private sector jobs in the Albany-Schenectady-Troy area fell 5,500, or 1.6 percent, to 331,200. Job gains were limited to educational and health services (+400). Losses were largest in trade, transportation and utilities (-1,500), leisure and hospitality (-1,100), professional and business services (-900), manufacturing (-800), and natural resources, mining and construction (-700).

CENTRAL NY

Roger Evans -- 315-479-3388

For the 12-month period ending February 2009, the private sector job count in the Syracuse metro area fell 2,800, or 1.1 percent, to 258,700. Growth occurred in natural resources, mining and construction (+400), educational and health services (+300), and leisure and hospitality (+200). The largest job losses were in manufacturing (-1,900), trade, transportation and utilities (-900) and professional and business services (-500).

FINGER LAKES

Tammy Marino -- 585-258-8870

Private sector employment in the Rochester metro area declined over the year by 2,200, or 0.5 percent, to 425,700 in February 2009. Job gains occurred in educational and health services (+3,000), construction (+300) and other services (+200). Job losses were greatest in manufacturing (-3,200), trade, transportation and utilities (-1,800), information (-400) and leisure and hospitality (-200).

HUDSON VALLEY

John Nelson -- 914-997-8798

Private sector employment in the Hudson Valley decreased 12,500, or 1.7 percent, to 725,500 for the 12-month period ending February 2009. Gains were limited to educational and health services (+4,400). Job losses were largest in trade, transportation and utilities (-6,300), natural resources, mining and construction (-2,500), professional and business services (-2,500), and manufacturing (-2,400).

LONG ISLAND

Gary Huth -- 516-934-8533

Private sector jobs on Long Island declined over the year by 20,600, or 2.0 percent, to 1,015,400 in February 2009. Employment grew in educational and health services (+4,000), leisure and hospitality (+800) and other services (+400). The largest losses were in trade, transportation and utilities (-9,400), natural resources, mining and construction (-4,400), professional and business services (-4,300), and manufacturing (-3,400).

MOHAWK VALLEY

Mark Barbano -- 315-793-2282

For the 12-month period ending February 2009, the private sector job count in the Utica-Rome metro area decreased by 1,400, or 1.4 percent, to 95,400. Job gains were recorded in educational and health services (+200). Losses were greatest in manufacturing (-500), professional and business services (-500), and trade, transportation and utilities (-200).

NEW YORK CITY

James Brown -- 212-775-3330

Private sector jobs in New York City fell by 76,700, or 2.4 percent, to 3,126,300 for the 12-month period ending February 2009. Job growth occurred in educational and health services (+11,300) and other services (+2,100). Losses were greatest in financial activities (-23,300), trade, transportation and utilities (-19,300), professional and business services (-17,100), natural resources, mining and construction (-13,800), and manufacturing (-12,200).

SOUTHERN TIER

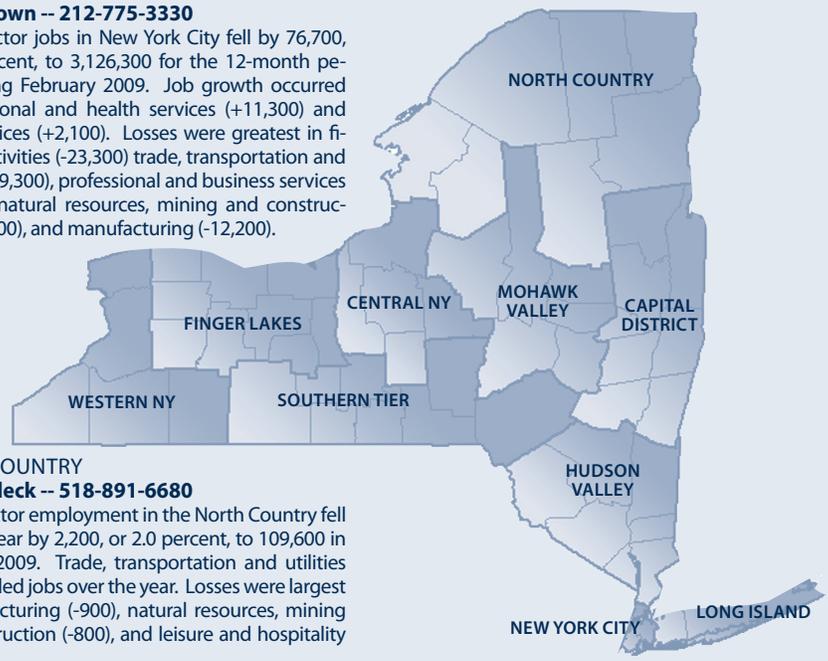
Christian Harris -- 607-741-4485

The Southern Tier's private sector job count declined over the year by 3,200, or 1.4 percent, to 232,200 in February 2009. Educational and health services (+1,200) added the most jobs. Losses were largest in manufacturing (-1,900), natural resources, mining and construction (-600), professional and business services (-600), leisure and hospitality (-500), and trade, transportation and utilities (-500).

WESTERN NY

John Slenker -- 716-851-2742

Private sector employment in the Buffalo-Niagara Falls metropolitan area decreased by 11,800, or 2.6 percent, to 433,700 over the 12 months ending February 2009. No industry added jobs. The largest losses occurred in manufacturing (-3,200), trade, transportation and utilities (-2,500), educational and health services (-2,400), and professional and business services (-2,000).



NORTH COUNTRY

Alan Beideck -- 518-891-6680

Private sector employment in the North Country fell over the year by 2,200, or 2.0 percent, to 109,600 in February 2009. Trade, transportation and utilities (+200) added jobs over the year. Losses were largest in manufacturing (-900), natural resources, mining and construction (-800), and leisure and hospitality (-500).