

EMPLOYMENT

in
New York State

George E. Pataki, Governor

July 2004

Linda Angello, Commissioner

Number of self-employed increasing...

Entrepreneurs Expand in NYS

In recent months, the two major federal government surveys that track month-to-month changes in the nation's labor markets – the Current Population Survey (CPS) of households and the Current Employment Statistics (CES) survey of business establishments – have given differing signals about the strength of the economic recovery in both the state and nation. Between November 2001 (the official end of the national recession) and May 2004, New York State gained 98,000 more jobs as measured by the CPS than in the CES survey.

What accounts for the divergence in job growth? One factor often cited is the rise in self-employment. Generally, self-

employment usually increases during economic downturns, and the self-employed are counted as employed by the CPS, but not included in the CES survey.

In the CPS, employed persons are counted in one of three categories: wage and salary employment, self-employment, or unpaid family work. Persons who identify themselves as self-employed are then asked if their business is incorporated. If respondents answer "yes," they are included in the wage and salary category, while those answering "no" are classified as self-employed. The self-employed in incorporated businesses are considered to be wage and salary workers because legally they are employees of their own business.

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At a Glance

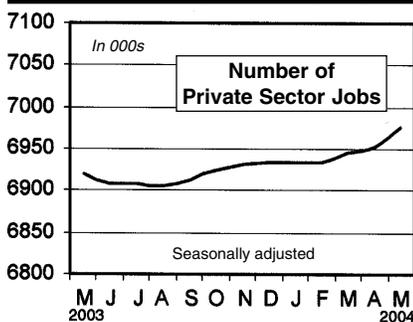
In May 2004, New York's seasonally adjusted unemployment rate was 5.8 percent, down from 6.2 percent in April. (The nation's unemployment rate was 5.6 percent in May.) In May 2004, the state had 8,460,400 nonfarm jobs, including 6,975,200 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.3 percent from April. (The nation's private sector job count also rose 0.3 percent over the month.) From May 2003 to May 2004, the number of private sector jobs increased by 0.7 percent in the state and increased by 1.3 percent in the nation (not seasonally adjusted). In addition, New York's employment-population ratio, a measure of labor force participation, was unchanged in May.

Change in Nonfarm Jobs May 2003 - May 2004 (Data not seasonally adjusted, numbers in thousands)

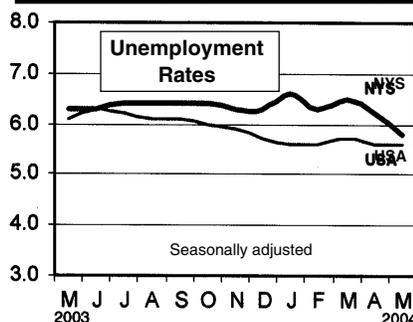
	Net	%
Total Nonfarm Jobs	51.4	0.6%
Private Sector	48.2	0.7%
Goods-Producing	-16.5	-1.7%
Nat. res. & mining	0.0	0.0%
Construction	2.4	0.7%
Manufacturing	-18.9	-3.1%
Durable gds.	-7.3	-2.1%
Nondurable gds.	-11.6	-4.4%
Service-providing	67.9	0.9%
Trade, trans., & util.	3.7	0.3%
Wholesale trade	-3.8	-1.1%
Retail trade	9.3	1.1%
Trans., whrs., & util.	-1.8	-0.7%
Information	-4.0	-1.4%
Financial activities	5.5	0.8%
Prof. & bus. svcs.	12.1	1.2%
Educ. & health svcs.	33.6	2.2%
Leisure & hospitality	13.4	2.0%
Other services	0.4	0.1%
Government	3.2	0.2%

IN MAY...

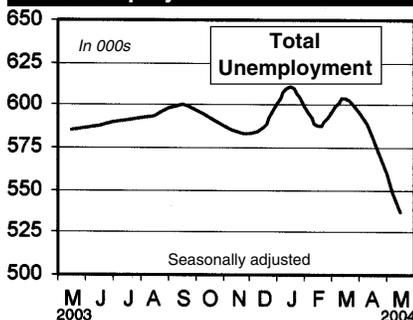
...Private sector job count jumped



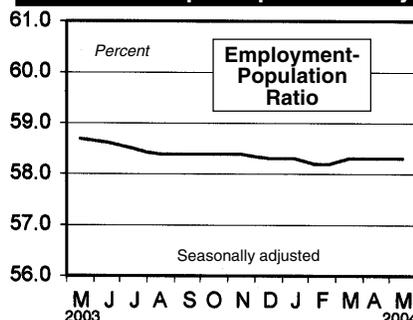
...NYS unemployment rate dropped



...Unemployment moved down



...Labor force participation steady



Focus on the Capital Region

Growing Capital Region Faces Future Challenges

by Justine Gordon, Research Analyst, Capital Region

An overview of the Capital Region's economy reveals both promising developments and potential challenges. By drawing on a variety of data sources – employment by industry, educational attainment, occupational projections, population projections by age group – we have a detailed picture of current conditions in the area, along with an indication of its future direction.

Both total nonfarm and private sector employment increased steadily between 1990 and 2003 in the 11-county Greater Capital Region (which includes the Albany-Schenectady-Troy and Glens Falls metro areas, and Columbia, Greene, and Fulton counties), reaching record job levels in 2003. At the same time, the area's unemployment rate stayed below, but followed the trend of the national unemployment rate – increasing rapidly in the early 1990s, falling consistently through 2001, and then increasing again with the national downturn.

Service-providing industries have been the source of private sector job growth in the Greater Capital Region in recent years. Over the 1990-2003 period, educational and health services added the most jobs, up 28,800, or more than 70 percent of the net private sector job gain in the region. Professional and business services was second, gaining 11,500 jobs. Other supersectors adding jobs during the period (in descending order of gain) include: other services; trade, transportation, and utilities; leisure and hospitality; financial activities; and information.



“The New York State Department of Labor looks forward to working with the local Workforce Investment Boards to strengthen the current workforce, enabling the region’s economy to prosper.”

*Joyce B. Kelley
Acting Regional Administrator*

Over this period, following the national trend, manufacturing lost the most jobs (-19,600). Natural resources, mining and construction also lost jobs.

Among the region's residents 25 years and older, almost 50 percent had completed high school or some college in 2000. In addition, between 1990 and 2000, the number of people with a college degree (associate and above) increased by over 52,000, or 23.3%. The number of high school graduates in the Greater Capital Region is expected to peak in 2009 and then decline through 2013 (the last year for which projections are available), as the youngest members of the Echo Boom generation (those born between 1977 and

1994) begin to graduate, according to the State Education Department.

According to occupational projections for the Capital Region (Greater Capital Region less Fulton, Montgomery and Schoharie counties), the area will gain almost 50,700 jobs between 2000 and 2010. Approximately two-thirds of these new jobs (32,200) will be in titles that currently pay more than the region's \$30,150 median annual wage.

Much of the expected job growth will be clustered in a relatively few occupational categories. For example, the job count in just three categories – education, training and library occupations (+7,970), healthcare practitioners and technical occupations (+5,560), and computer and mathematical occupations (+5,040) – is projected to increase by 18,570, or 23.1 percent. These three job categories alone are expected to account for over one-third of the net increase in Capital Region employment between 2000 and 2010.

Demographic forces will pose significant challenges for maintaining the region's labor supply, especially with the looming retirement of many Baby Boomers (those born between 1946 and 1964). Since 1990, the population aged 45 – 64 has grown at the fastest rate, by far, of any working-age group, 27.3 percent. Between 2005 and 2010, the number of people aged 50-64 is projected to increase by 10 percent, while

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SHRM Meeting in Saratoga Springs

Change was in the air at the New York State Society for Human Resource Management (SHRM) annual meeting held in Saratoga Springs from July 18-20. At a series of meetings and seminars held under the slogan “HR: The Reins of Change,” more than 230 attendees gathered to consider their role in helping employers to manage and promote their workforce. They viewed nearly 90 exhibits and heard from a roster of speakers who addressed leadership, career development, diversity and technology.

NYSDOL Executive Deputy Commissioner Dennis P. Ryan addressed the group, which encompassed human resource profession-

als, executives, small business owners, trainers and business leaders interested in maximizing human capital and personal performance. He touched on the forward-looking strategies that the Labor Department is using to promote the team approach of One-Stop Career Centers working with our Workforce Development partners.

The Executive Deputy Commissioner also highlighted the various grant programs that the Labor Department provides to support training and development for employees. He noted that the Building Skills in New York State (BUSINYS) grants that have helped hundreds of New York companies have now been joined by NY Skilled Manufacturing Resource Training

(NY SMART) grants. The new program targets segments of the manufacturing sector with \$19.5 million in funding to upgrade skills on the factory floor.

Three Labor Department employees chaired a Business Development Forum session on “Workforce NY: Put Us to Work For You.” They touched on other employment development initiatives available from the department, how to access timely labor market information and answered questions from the attendees.

As a result of this conference, computer links between SHRM and NYSDOL will be expanded from local chapters to statewide and there will be a new link between the Society's State Chapter website and the NY Job Service Employer Committee website.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAY '03	MAY '04		MAY '03	MAY '04		MAY '03	MAY '04
New York State	6.0	5.5	Hudson Valley	3.8	4.0	Southern Tier	5.5	5.2
Capital District	3.7	3.8	Dutchess	3.7	4.0	Broome	5.5	5.0
Albany	3.5	3.5	Orange	4.5	4.7	Chemung	6.4	6.3
Columbia	3.2	3.2	Putnam	3.2	3.1	Chenango	6.0	6.0
Greene	4.4	4.8	Rockland	3.8	3.8	Delaware	4.6	4.3
Rensselaer	4.0	4.4	Sullivan	4.6	4.9	Otsego	3.9	4.0
Saratoga	3.4	3.4	Ulster	3.6	4.3	Schuyler	7.0	5.9
Schenectady	3.8	3.9	Westchester	3.7	3.9	Steuben	8.3	7.0
Warren	4.5	4.6	Mohawk Valley	5.1	5.2	Tioga	5.8	5.4
Washington	4.1	4.2	Fulton	5.5	5.6	Tompkins	3.1	3.7
Central New York	5.8	6.0	Herkimer	5.1	5.6	Western New York	6.3	6.3
Cayuga	5.8	5.6	Madison	5.1	5.6	Allegany	8.0	8.3
Cortland	6.5	7.5	Montgomery	6.7	5.7	Cattaraugus	6.8	7.3
Onondaga	4.9	5.4	Oneida	4.8	4.7	Chautauqua	6.4	5.9
Oswego	8.9	8.5	Schoharie	4.2	4.8	Erie	5.9	6.1
Finger Lakes	5.7	5.5	North Country	6.8	7.1	Niagara	7.3	6.8
Genesee	6.4	6.6	Clinton	6.1	6.6	Long Island	3.9	3.9
Livingston	6.1	6.5	Essex	4.5	5.1	Nassau	3.8	3.7
Monroe	5.7	5.4	Franklin	6.6	6.6	Suffolk	4.0	4.1
Ontario	5.2	4.9	Hamilton	4.5	6.0	New York City	7.9	6.6
Orleans	6.7	6.8	Jefferson	6.7	7.4	Bronx	9.5	8.5
Seneca	5.4	5.1	Lewis	7.0	7.1	Kings	8.8	7.3
Wayne	6.1	5.4	St. Lawrence	8.3	8.3	New York	7.8	6.2
Wyoming	5.5	6.0				Queens	6.7	5.6
Yates	3.9	3.5				Richmond	6.6	5.8

Capital Region...

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the number of people aged 25-49 is expected to decline by six percent, according to Cornell University projections. Looking longer term, between 2000 and 2030, the number of people aged 20-54 is projected to decrease by over 97,000, or almost 20 percent.

The age distribution of the area's working-age population has important implications for the overall labor force. Generally, participation in the labor force falls swiftly after age 54 (from over 80% to under 60%). This development, combined with the ongoing retirement of Baby Boomers and the decreasing number of area high school graduates after 2009, could all negatively affect the area's labor supply.

Summary

The total nonfarm and private sector job counts and real (inflation-adjusted) average wage levels are at all-time highs in the Greater Capital Region. In addition, approximately two-thirds of the projected net job growth from 2000 to 2010 will be in occupations that currently pay above-average wages. While the region's working-age population with more advanced education can fill many of these anticipated openings, the current labor supply has fallen to near-historic lows, and a cascade of retirements could result in labor shortages. To avoid the limitations a tight labor supply would place on economic growth, efforts to draw more individuals into the labor pool will need to be heightened.

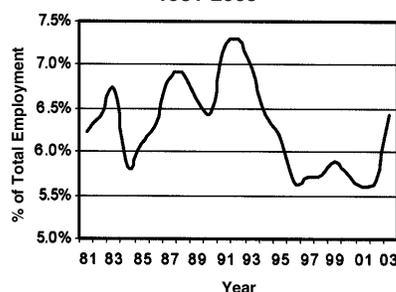
Self-Employment...

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The state's economy was in recession between December 2000 and September 2003, according to the Federal Reserve Bank of New York's business cycle index. Concurrently, between 2001 and 2003, the number of self-employed in New York increased by over 75,000 to 562,000, representing 6.4 percent of all employed state residents in 2003 (see Figures 1 and 2). This latest rise in self-employment parallels similar increases during economic downturns experienced in New York in 1981-83 and 1989-92 (*note: seasonally adjusted monthly self-employment data are unavailable, necessitating the use of annual average figures; 1981 is the earliest year available*). In summary, this latest increase in self-employment likely explains, in part, the recent divergence in employment estimates found in the CPS and CES surveys.



Figure 2: Self-Employed as a Share of Total Resident Employment, New York State, 1981-2003



by Kevin Jack

Employment in New York State

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REGIONAL ANALYSTS' CORNER

FINGER LAKES WILLIAM RAMAGE 585-258-8870

In the Finger Lakes region, private sector jobs declined by 1,600 over the past 12 months. Losses in manufacturing (-4,300), trade, transportation and utilities (-1,500) and professional and business services (-600) overshadowed hiring in educational and health services (+3,600), construction (+600) and financial activities (+400).

CENTRAL NY ROGER EVANS 315-479-3388

Private sector jobs in the Syracuse area rose by 3,200, or 1.1 percent, over the 12 months ending May 2004. Job gains were centered in educational and health services, leisure and hospitality, professional and business services, and trade, transportation and utilities. Manufacturing employment fell 1,700 over the year.

MOHAWK VALLEY MARK BARBANO 315-793-2282

Private sector employment in the Utica-Rome metro area declined over the year by 500, or 0.5 percent, to 100,000 in May 2004. Gains in educational and health services (+300) were negated by losses in manufacturing (-400) and professional and business services (-200). Ongoing expansion at Oneida Indian Nation enterprises contributed to increased government employment, which was up 200 over the year.

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Over the year, the North Country's private sector job count rose 700 to 114,600 in May 2004, a new high for the month. The largest gains were in educational and health services (+800) and trade, transportation and utilities (+300). Losses were centered in manufacturing (-500).

CAPITAL DISTRICT JAMES ROSS 518-462-7600

From May 2003 to May 2004, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 3,500, or 1.0 percent, to 352,100, a record high for the month. Educational and health services (+700), financial activities (+700), trade, transportation and utilities (+700), leisure and hospitality (+500), and natural resources, mining and construction (+500) led job gainers.

HUDSON VALLEY SEAN MacDONALD 914-997-8798

Private sector employment increased 12,400, or 1.7 percent, over the year to 748,300 in May 2004. Job gains were largest in trade, transportation and utilities (+3,600), educational and health services (+3,300), leisure and hospitality (+2,300), professional and business services (+1,900), and financial activities (+1,400). Manufacturing (-900) and information (-400) lost jobs.

WESTERN NY JOHN SLENKER 716-851-2742

Private sector employment in the Buffalo-Niagara Falls area declined by 2,100, or 0.5 percent, to 450,600 over the 12 months ending May 2004. New hiring occurred in professional and business services (+700) and educational and health services (+500), but was outdistanced by losses in manufacturing (-2,300) and natural resources, mining and construction (-900).

SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

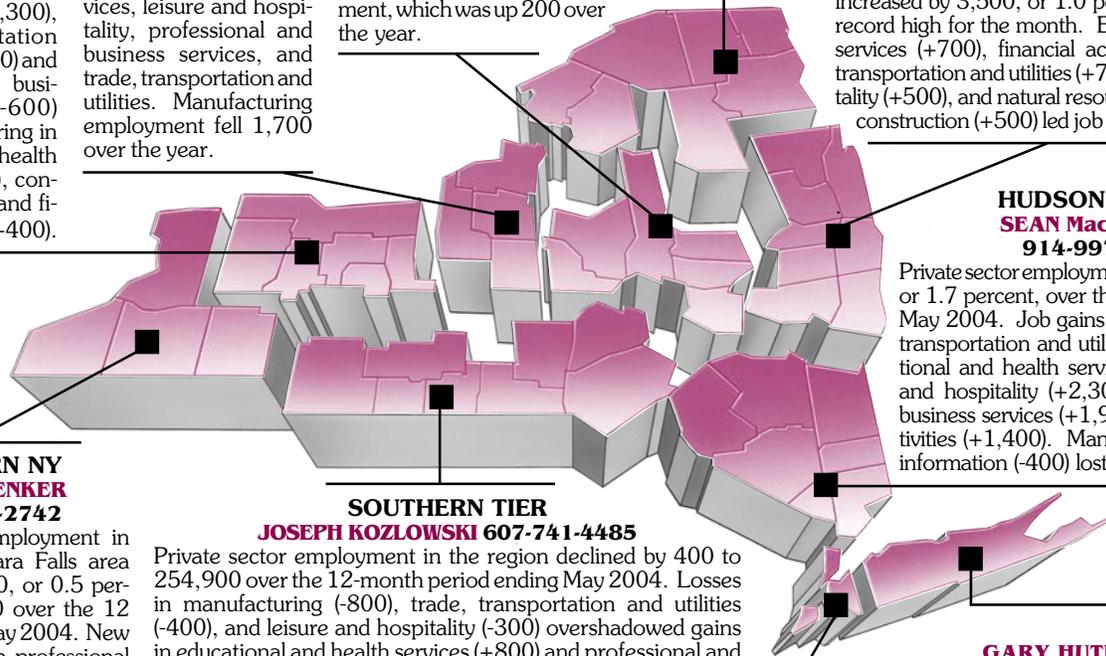
Private sector employment in the region declined by 400 to 254,900 over the 12-month period ending May 2004. Losses in manufacturing (-800), trade, transportation and utilities (-400), and leisure and hospitality (-300) overshadowed gains in educational and health services (+800) and professional and business services (+400).

NEW YORK CITY JAMES BROWN 212-352-6666

Over the month, the City added 19,200 private sector jobs in May, significantly above the 10-year April-May average job gain. Professional and business services and leisure and hospitality are the sectors that showed the most strength. The leisure and hospitality sector added 7,100 jobs in May, its second-best showing over the last ten years.

LONG ISLAND GARY HUTH 516-934-8533

Private sector jobs grew 1.1 percent over the year to 1,037,600 in May, a new record for the month. Employment gains were largest in educational and health services (+4,400) and trade, transportation and utilities (+3,100). Although manufacturing lost 1,300 jobs over the year, defense-related projects are spurring the creation of new jobs in the sector.



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