

Employment

IN NEW YORK STATE

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

At a Glance

In June 2009, New York's seasonally adjusted unemployment rate was 8.7 percent, up from 8.2 percent in May 2009. (The nation's unemployment rate was 9.5 percent in June.) In June 2009, the state had 8,582,200 nonfarm jobs, including 7,078,300 private sector jobs, after seasonal adjustment. The number of seasonally adjusted private sector jobs in the state decreased by 0.2 percent from May, while the U.S. private sector job count decreased by 0.4 percent. From June 2008 to June 2009, the number of private sector jobs decreased by 2.8 percent in the state and decreased by 5.1 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators decreased at an annual rate of 2.3 percent in June 2009.

Change in Nonfarm Jobs

June 2008 - June 2009

(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	-214.9	-2.4%
Private Sector	-209.0	-2.8%
Goods-producing	-68.1	-7.4%
Nat. res. & mining	-0.3	-4.3%
Construction	-23.9	-6.4%
Manufacturing	-43.9	-8.1%
Durable gds.	-34.3	-10.7%
Nondurable gds.	-9.6	-4.4%
Service-providing	-146.8	-1.8%
Trade, trans. & util.	-62.5	-4.1%
Wholesale trade	-21.7	-6.1%
Retail trade	-27.1	-3.0%
Trans., wrhs. & util.	-13.7	-4.9%
Information	-12.3	-4.6%
Financial activities	-40.0	-5.5%
Prof. & bus. svcs.	-50.3	-4.3%
Educ. & health svcs.	31.9	2.0%
Leisure & hospitality	-7.2	-1.0%
Other services	-0.5	-0.1%
Government	-5.9	-0.4%

NYS DOL Releases New Report...

The Meltdown on Wall Street: An Update

During the summer of 2008, this newsletter ran a two-part series that examined the crises in the nation's housing, credit and financial markets and their impact on New York's financial services sector. Since then, the negative impacts of the U.S. economic downturn have been magnified in New York State by the deepening turmoil on Wall Street and the overall restructuring of the financial services sector. Perhaps the clearest impact of Wall Street's implosion on the state's economy was the steep drop in bonuses paid by brokerage firms, which declined from \$32.9 billion in 2007 to \$18.4 billion in 2008.

The New York State Department of Labor's Division of Research and Statistics currently

heads up a three-state research initiative (with New Jersey and Connecticut) to examine the impact of financial sector turmoil on the greater metropolitan New York City area (Tri-State Region). The Federal Reserve Bank of New York is also participating. This article summarizes our preliminary research findings, which were recently released.

Study Methods

Labor market analysts from the three states involved were asked to forecast employment and wage changes (by industry) that would occur in their region's financial sector between 2007 and 2012. This would account

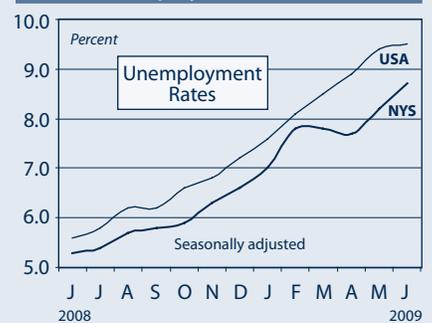
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IN JUNE...

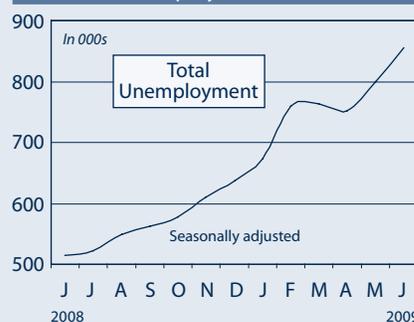
...NYS private sector jobs decreased



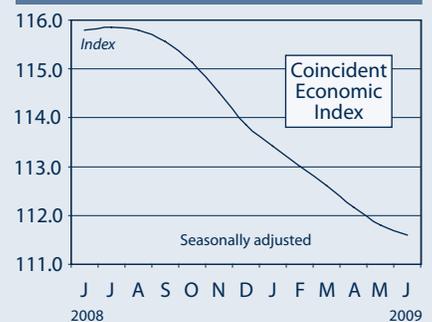
...NYS unemployment rate increased



...NYS unemployment increased



...NYS economic index decreased



Focus on Long Island

Long Island's Growth Opportunities: 2010 and Beyond
by Gary Huth, Labor Market Analyst, Long Island Region

Long Island, like much of New York State, entered the current economic downturn later than the nation as a whole. However, the Island's labor market has been catching up with the U.S., as private sector job losses in the region have been mounting in recent months. As recently as September 2008, local over-the-year private sector job losses were relatively small (-700). By December 2008, the loss had ballooned to 24,100, and by June 2009 had escalated to 40,400. This represented the region's largest over-the-year job loss since October 1991. At that time, the area was battered by the combination of a national recession and structural changes in the region's economy caused by downsizing in Long Island's defense sector.

Between June 2008 and June 2009, trade, transportation and utilities (-14,900) experienced the largest job loss of any sector on Long Island, with declines centered in the economically sensitive retail trade industry (-8,600).

Other sectors with large job losses included natural resources, mining and construction (-8,800), professional and business services (-6,500), and manufacturing (-5,100).

The Long Island economy includes several key industry sectors -- health care and biosciences, information technology, advanced manufacturing, and energy. They should position the region well, once overall economic conditions in the U.S. begin to improve. The Island has several well-known research institutions including Cold Spring Harbor Laboratory, Brookhaven National Laboratory, Stony Brook University and the North Shore-Long Island Jewish (North Shore-LIJ) health system. Not only is there a large hospital

network in the region, but the Island also has one of the country's largest ambulatory health care networks.

Long Island's strength in information technology (IT) fits well in an economy where technology continues to contribute to innovation, efficiency and cost containment for a variety of industries. This is especially true for energy, health care, manufacturing, cyber-security and media and entertainment. IT will be critical for making electrical grids more efficient. It helps to maintain and upgrade the large grids required for the distribution of solar

and wind energy, as well as the smaller grids that allow businesses and residences to manage electrical use and costs. CA, formerly known as Computer Associates, the Center of Excellence in Wireless and Information Technology at Stony Brook University, and Motorola are only a few of the region's more dominant players in IT.

Despite significant downsizing in recent years, Long Island's manufacturing sector still had 76,900 employees in June 2009, and thus remains a potent force in the local economy. It should serve as a catalyst for economic growth going forward. This sector has developed important technologies and improved business procedures later adopted by other sectors. Nearly all of the technologies that drive innovation and growth in other sectors still start in the manufacturing sector. The pressures to adapt, innovate and economize have produced a lean, efficient regional manufacturing sector. Growth potential in the region's manufacturing sector is particularly strong in electronic and communications equip-

"The LI economy is well-positioned, once overall economic conditions begin to improve."



"During the current downturn, the NYS Department of Labor and its workforce partners continue to assist laid-off workers searching for a new job. We also offer training and career services to help individuals take advantage of emerging trends in the labor market."

Bruce Herman,
Deputy Commissioner for Workforce Development

ment, energy production and management. The renewed federal commitment to space exploration, homeland security and cyber-security should strengthen these regional industries, too.

Long Island's economy should reap significant benefits from increased energy efficiency and innovation. The area's energy costs are among the highest in the country, making the return on investment in energy conservation and innovation more valuable. The region's IT and manufacturing industries position the region to be an energy innovator, for both residential and commercial applications.

Summing Up

While Long Island has a strong foundation for economic growth for 2010 and beyond, workers in all industries must remain committed to improving their skills. Moreover, with employers demanding that their employees possess ever-increasing skill levels and with growth in the local working-age population slowing, it is critical for businesses and educators to forge a strategic alliance to meet the growing needs of the region's workforce. ■

The Meltdown on Wall Street... from page 1

Estimated Economic Impact of the Financial Sector Meltdown, New York State and New York City, 2007-2012

Direct Financial Sector Job Losses by Industry	NYS	NYC
Credit Intermediation/Funds & Trusts	-20,800	-18,800
Securities & Commodities	-61,800	-60,000
Insurance	-10,800	-9,000
Real estate	-13,800	-12,000
Total	-107,200	-99,800
Total Economic Impact		
Total Employment, All Industries	-283,200	-243,300
Labor Force	-162,300	-105,200
Population	-222,800	-155,600
Total Gross Regional Product (Billions, Fixed 2000 \$)	-\$58.4	-\$55.2
Personal Income (Billions, Nominal \$)	-\$41.6	-\$31.3

Source: New York State Department of Labor, Division of Research & Statistics, REMI analysis

for both cyclical change (due to lower employment levels) and structural change (due to declining average wages), which are expected to affect the financial sector for a number of years to come.

Researchers applied the dynamic forecasting model from Regional Economic Models, Inc. (REMI) to capture both the direct and the associated ripple impacts of the forecasted changes in financial sector employment and wages on overall economic activity in the Tri-State Region. The REMI model was used to address hypothetical scenarios and projections about the regional economy.

Continued on page 3

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JUN '08	JUN '09		JUN '08	JUN '09		JUN '08	JUN '09
New York State	5.1	8.6	Hudson Valley	5.0	7.8	Finger Lakes	5.3	8.3
Capital District	4.8	7.4	Dutchess	5.2	8.1	Genesee	4.9	7.4
Albany	4.9	7.3	Orange	5.4	8.5	Livingston	5.6	8.6
Columbia	4.8	7.9	Putnam	4.4	7.0	Monroe	5.3	8.5
Greene	5.6	8.9	Rockland	4.8	7.5	Ontario	4.7	7.4
Rensselaer	5.0	7.9	Sullivan	6.0	8.8	Orleans	6.3	9.5
Saratoga	4.4	6.7	Ulster	5.3	8.2	Seneca	5.1	7.9
Schenectady	5.0	7.8	Westchester	4.7	7.5	Wayne	5.3	8.4
Warren	4.6	7.1	Mohawk Valley	5.4	8.1	Wyoming	5.0	8.4
Washington	4.7	7.8	Fulton	5.7	9.6	Yates	4.6	7.2
Central New York	5.3	8.7	Herkimer	5.4	7.4	Western New York	5.6	8.9
Cayuga	5.0	8.4	Montgomery	6.2	9.2	Allegany	6.4	9.7
Cortland	5.7	9.6	Oneida	5.1	7.7	Cattaraugus	5.5	9.0
Madison	5.1	8.3	Otsego	5.2	7.5	Chautauqua	5.2	8.7
Onondaga	5.1	8.3	Schoharie	5.9	8.7	Erie	5.5	8.7
Oswego	6.6	10.2	North Country	6.1	9.1	Niagara	6.0	10.0
Southern Tier	5.2	8.7	Clinton	6.3	10.0	Long Island	4.7	7.5
Broome	5.4	8.6	Essex	5.7	8.7	Nassau	4.6	7.4
Chemung	5.3	9.7	Franklin	6.2	8.5	Suffolk	4.7	7.5
Chenango	5.6	8.9	Hamilton	4.1	6.1	New York City	5.1	9.3
Delaware	5.7	8.9	Jefferson	5.8	8.3	Bronx	6.9	11.7
Schuyler	4.8	7.9	Lewis	5.3	8.1	Kings	5.5	9.9
Steuben	5.3	10.3	St. Lawrence	6.8	10.2	New York	4.5	8.6
Tioga	4.8	8.3				Queens	4.6	8.5
Tompkins	4.6	6.8				Richmond	4.7	8.2

The Meltdown on Wall Street... from page 2

Direct Effects

The top half of the table on page 2 shows the forecasted cumulative employment change occurring in New York State and New York City, by financial industry. We project that by 2012, cumulative direct financial sector job losses in New York State will total more than 107,000 positions. More than 90 percent (99,800) of these lost jobs are expected to occur in New York City.

When examined by specific financial sector industry group, the majority (58 percent) of the projected direct financial job losses in New York State will be in the securities and commodities industry. Job losses in this financial industry have a particularly large impact on the State and City economies due to their very high average salaries, which topped \$400,000 in 2007.

Securities and commodities firms have other important economic impacts. For example, Wall Street represented almost one-half of all private sector wage growth in the City between 2003 and 2007. It accounted for approximately 20 percent of the tax revenue for the state as a whole.

Another 19 percent of statewide finance industry job losses through 2012 are expected in the combined credit intermediation/funds and trusts category, while 13 percent of losses will be in real estate and another 10 percent in insurance.

Total Effects

The bottom half of the table shows projected changes occurring in selected macroeconomic variables for New York State and New York City through 2012. These estimated total effects take into account both the “direct” effects (outlined above) and the “ripple” effects. In turn, the “ripple effects” can be broken down into “indirect” and “induced” effects. In this analysis, indirect effects refer to the loss in jobs due to reduced purchases made by financial sector firms from supporting industries (e.g., law firms). Induced effects are job losses stemming from reduced spending by employees in both the financial sector and in supporting industries (e.g., employees at financial firms and law firms cut back their spending, resulting in reduced demand for goods and services). We expect total employment losses -- due to the financial crisis -- in all of New York State to reach 283,200 in 2012. Most of them (243,300) are projected to happen in New York City.

Reduced labor force levels will accompany these job losses. As a result of the financial sector meltdown, we expect the resident labor force to be lower by approximately 162,000 and 105,000 in New York State and New York City, respectively, through 2012. The resident population in New York State is projected to fall by more than 220,000. Of this total, about 70 percent of the decline (155,000) will occur in New York City.

Gross Regional Product (GRP), a measure of the size of a regional economy, and personal income will likely suffer sizable hits due to the financial sector decline. The REMI model forecasts that between 2007 and 2012, GRP (expressed in fixed 2000 dollars) will drop by \$58 billion in New York State and \$55 billion in New York City. Personal income is expected to fall by \$42 billion and \$32 billion in New York State and New York City, respectively, over this period.

Summary

This summary of the impact of the Wall Street meltdown only scratches the surface. For a copy of the complete report, please visit www.labor.state.ny.us/workforceindustrydata/PDFs/Wall_Street.pdf.

by Kevin Jack

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REGIONAL ANALYSTS' CORNER

CAPITAL DISTRICT

James Ross -- 518-462-7600

From June 2008 to June 2009, the number of private sector jobs in the Albany-Schenectady-Troy area fell by 9,300, or 2.7 percent, to 337,500. Educational and health services (+800) added jobs. The greatest losses were in natural resources, mining and construction (-2,200), professional and business services (-2,000), trade, transportation and utilities (-1,800), manufacturing (-1,400), and leisure and hospitality (-1,100).

CENTRAL NY

Roger Evans -- 315-479-3388

For the 12-month period ending June 2009, the private sector job count in the Syracuse metro area fell by 5,600, or 2.1 percent, to 261,400. Job growth was concentrated in educational and health services (+700). Job losses were focused in manufacturing (-2,300), trade, transportation and utilities (-2,000), professional and business services (-800), financial activities (-400), and information (-400).

FINGER LAKES

Tammy Marino -- 585-258-8870

From June 2008 to June 2009, private sector jobs in the Rochester metro area decreased by 7,400, or 1.7 percent, to 433,100. Employment gains were focused in educational and health services (+2,400). Losses were greatest in manufacturing (-4,100), trade, transportation and utilities (-2,300), professional and business services (-1,700), construction (-600), financial activities (-600), and information (-400).

HUDSON VALLEY

John Nelson -- 914-997-8798

For the 12-month period ending June 2009, private sector jobs in the Hudson Valley decreased by 18,300, or 2.4 percent, to 746,400. Educational and health services (+3,400) added jobs. Losses were largest in trade, transportation and utilities (-6,200), manufacturing (-3,600), professional and business services (-3,100), leisure and hospitality (-2,500), and natural resources, mining and construction (-2,400).

LONG ISLAND

Gary Huth -- 516-934-8533

The private sector job count on Long Island decreased over the year by 40,400, or 3.7 percent, to 1,041,200 in June 2009. Employment grew in educational and health services (+4,100). The largest losses occurred in trade, transportation and utilities (-14,900), natural resources, mining and construction (-8,800), professional and business services (-6,500), manufacturing (-5,100), and leisure and hospitality (-3,500).

MOHAWK VALLEY

Mark Barbano -- 315-793-2282

For the 12-month period ending June 2009, the private sector job count in the Utica-Rome metro area decreased by 1,800, or 1.8 percent, to 98,300. Job gains were recorded in educational and health services (+400). Employment losses were greatest in manufacturing (-800), leisure and hospitality (-300), professional and business services (-300), and trade, transportation and utilities (-300).

NEW YORK CITY

James Brown -- 212-775-3330

The private sector job count in New York City fell by 95,100, or 2.9 percent, to 3,155,200 for the 12-month period ending June 2009. Job growth occurred in educational and health services (+19,500) and other services (+2,700). Losses were greatest in financial activities (-33,300), trade, transportation and utilities (-28,300), professional and business services (-25,200), and manufacturing (-13,500).

SOUTHERN TIER

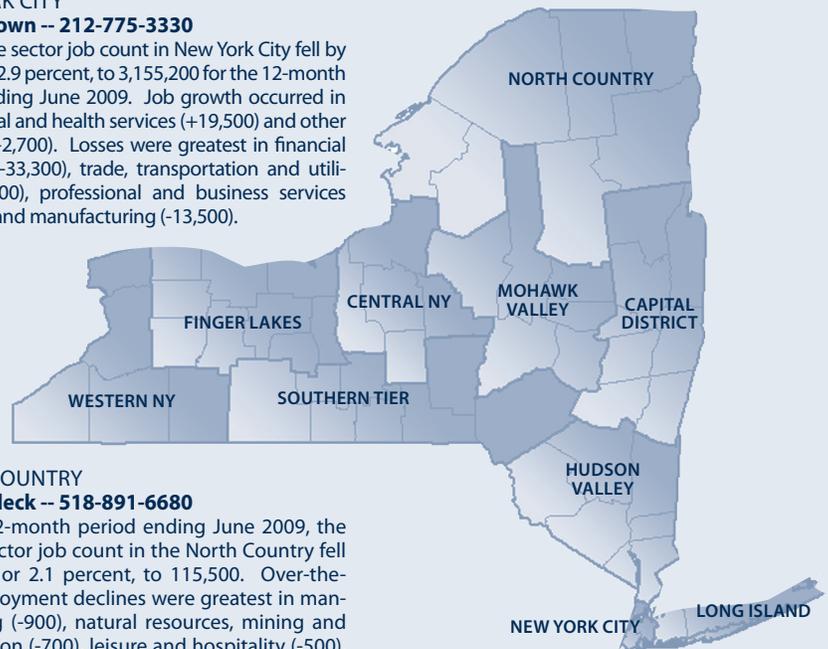
Christian Harris -- 607-741-4485

Private sector employment in the Southern Tier declined over the year by 7,100, or 2.9 percent, to 234,100 in June 2009. Growth was concentrated in educational and health services (+1,000). Employment losses were greatest in manufacturing (-3,800), professional and business services (-1,300), trade, transportation and utilities (-900), leisure and hospitality (-800), and natural resources, mining and construction (-800).

WESTERN NY

John Slenker -- 716-851-2742

The private sector job count in the Buffalo-Niagara Falls metro area decreased over the year by 13,600, or 2.9 percent, to 449,000 in June 2009. Educational and health services (+900) added jobs. Losses were greatest in manufacturing (-4,700), trade, transportation and utilities (-4,500), professional and business services (-2,100), natural resources, mining and construction (-2,000), financial activities (-500), and information (-400).



NORTH COUNTRY

Alan Beideck -- 518-891-6680

For the 12-month period ending June 2009, the private sector job count in the North Country fell by 2,500, or 2.1 percent, to 115,500. Over-the-year employment declines were greatest in manufacturing (-900), natural resources, mining and construction (-700), leisure and hospitality (-500), and other services (-200).