

Employment

IN NEW YORK STATE

Andrew M. Cuomo, Governor
Peter M. Rivera, Commissioner

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At a Glance

In September 2012, New York's seasonally adjusted unemployment rate decreased over the month from 9.1% to 8.9%. The nation's unemployment rate was 7.8% in September 2012. New York State had 8,825,000 nonfarm jobs in September 2012, including 7,337,000 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by less than 0.1% between August and September, while those in the nation increased by 0.1%. From September 2011 to September 2012, the number of private sector jobs increased by 1.9% in the state and 1.7% in the nation. New York's Index of Coincident Economic Indicators decreased at an annual rate of less than 0.1% in September 2012.

Change in Nonfarm Jobs

September 2011 - September 2012
(Data not seasonally adjusted, net change in thousands)

	Net	%
Total Nonfarm Jobs	135.2	1.6
Private Sector	134.3	1.9
Goods-producing	-17.1	-2.2
Nat. res. & mining	-0.1	-1.8
Construction	-12.5	-3.8
Manufacturing	-4.5	-1.0
Durable gds.	1.7	0.6
Nondurable gds.	-6.2	-3.3
Service-providing	152.3	1.9
Trade, trans. & util.	18.0	1.2
Wholesale trade	7.4	2.2
Retail trade	14.7	1.7
Trans., wrhs. & util.	-4.1	-1.5
Information	-6.6	-2.5
Financial activities	6.0	0.9
Prof. & bus. svcs.	63.2	5.6
Educ. & health svcs.	41.7	2.4
Leisure & hospitality	17.3	2.2
Other services	11.8	3.2
Government	0.9	0.1

Benefits Now Account for 18.6% of Worker Compensation...

Employer-paid Benefits Grew Faster than Wages in NYS Over Past Decade

A recent analysis by the State Department of Labor's Division of Research and Statistics found that employee benefits grew faster than wages in New York State over the past decade. Since 2000, employer-paid benefits in the state climbed at a 5.2% annual rate, while wages and salaries rose by an average of 2.9% each year. That works out to a benefits increase of \$3,327 per wage and salary worker, or 37%, between 2000 and 2011, after adjusting for inflation. In contrast, inflation-adjusted wages grew by a total of \$3,918 over those 11 years, an 8% increase.

Breaking it down further, compensation per wage and salary worker in New York State averaged \$74,944 in 2011, including \$61,042 in wages and \$13,902 in benefits. The figures

cited here were compiled by the U.S. Bureau of Economic Analysis (BEA). They focus on three broad areas of employer-paid benefits: health insurance; retirement benefits; and employer contributions for Social Security and Medicare (FICA) -- all of which are about equal in size. The BEA does not include in its calculations the value of certain common employee benefits, such as paid vacation or paid sick leave.

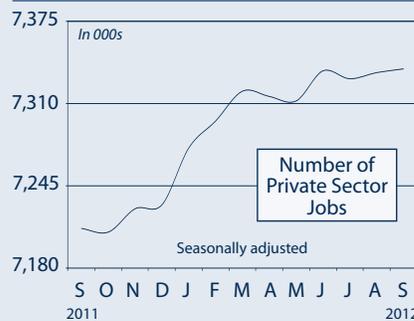
Wage and Benefit Trends

The graph on page 3 shows the growth in employer-paid benefits as a percentage share of compensation in New York State since 2000. Last year, benefits accounted for 18.6% of compensation for wage and salary workers

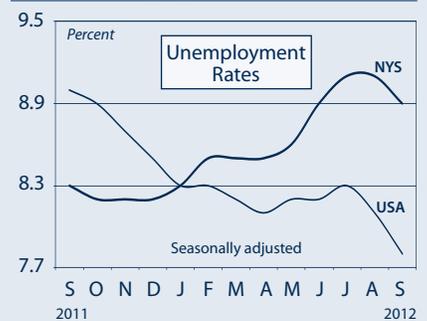
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IN SEPTEMBER...

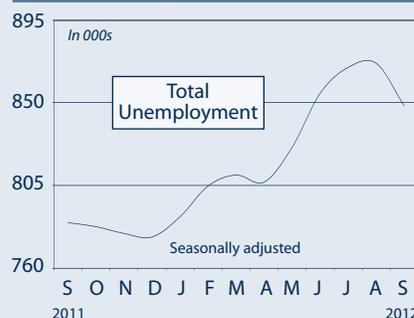
...NYS private sector jobs increased



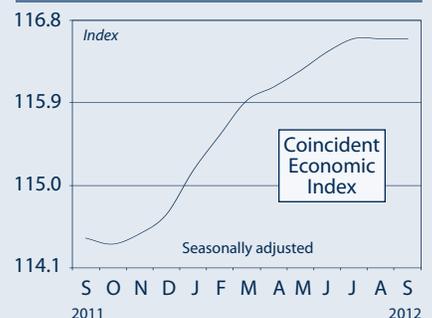
...NYS unemployment rate decreased



...NYS unemployment decreased



...NYS economic index decreased



Focus on the Capital Region

A Look at the Capital Region's Economic Recovery
by James Ross, Labor Market Analyst, Capital Region

From the first quarter of 2010 to the first quarter of 2012, the Capital Region's job count grew by 3,800, or 0.8%. However, this was slower than the nation's growth rate (+3.0%) over the same period. Why did this occur?

Shift-share analysis is one tool that helps us analyze this question. This technique is based on the assumption that a region's overall job growth is explained by the combined effect of three components: National Growth (NG); Industrial Mix (IM); and Regional Competitiveness (RC). Shift-share accounts for a region's competitiveness, and also provides a picture of how well a region's mix of industries is performing.

National Growth: The NG component measures how much local employment changed due to growth in the U.S. over the same period. If the Capital Region had added jobs at the same rate as the U.S. (+3.0%) in 2010-2012, our NG would be positive (+14,500 jobs) for this two-year period.

Industrial Mix: The IM effect tells us how much growth can be attributed to the region's unique mix of industries. This effect identifies fast- or slow-growing industries in the region, based on the national growth rates for individual industries. Over the past two years, the local area's IM effect was negative (-2,800 jobs), due largely to job losses in government (-6,700). The largest local

IM job gains were in professional and business services (+2,400), educational and health services (+1,000), and leisure and hospitality (+1,000).

Regional Competitiveness: The RC component may be the most important of the three, as it tells us about leading or lagging local industries. It compares a local industry's growth rate with the growth rate for that same industry at the U.S. level. This component also shows the impact of some special advantage or disadvantage of a region. Some local examples include:

- R&D centers (e.g., commercialization opportunities)
- Colleges and universities (e.g., high-tech spin-offs)
- Slow population growth (e.g., less demand for education and health care)

After accounting for the NG and IM effects, the Capital Region's RC effect between 2010 and 2012 was negative (-8,000 jobs). In fact, most local major industries had negative RCs over this period. The most significant job losses were in government (-4,600). Manufacturing (+1,100) was the only sector in the region with a positive RC effect over this period.

As previously outlined, the local area grew slower than the nation over the past two years



due to negative IM and RC effects. For the most part, this is a reversal of what occurred in 2008-2010, when the local area outperformed the nation, which was hemorrhaging jobs.

Looking Ahead

Our region's high concentration of jobs in state government, education, and health has helped to insulate us from business cycle fluctuations in the past. This was due to a significant, positive IM effect. However, tight government budgets are causing public sector staffing levels to stagnate or even decline across the country, and made the local IM effect turn negative over the past two years.

Education and health care jobs tend to be driven by population. Since our local population has grown more slowly than the nation's, these local sectors will likely continue to have negative RC effects. However, as high-tech companies and related industries continue to grow locally, they will help to keep the region competitive. ■

Employer-paid Benefits Grew Faster... from page 1

in New York State. That's up from 15.2% in 2000 and less than 12% in the early 1970s. This measure peaked at 18.7% in 2009.

Much of the increase in employers' benefit costs stems from the large run-up in health insurance premiums, due in part to rising health care costs. Since 2000, the cost of health care in the U.S. has increased about 50% faster than the overall cost of living, according to the BEA's Personal Consumption Expenditure deflator. In addition to higher medical prices, other factors contributing to higher insurance costs include: insurers raising premiums in anticipation of an economic recovery that would spur greater use of health care services; fewer young and healthy people in the insurance pool; and new preventive benefits required under the Affordable Care Act.

The annual average cost of an employer-sponsored family health coverage policy in the U.S. climbed 4% in 2012 to \$15,745, according to the Henry J. Kaiser Family Foundation in Menlo Park, 2

CA. On average, workers paid \$4,316, or 27%, toward the cost of their family coverage.

Similarly, the cost of retirement benefits has also risen in recent years. Part of this increase is due to the huge influx of aging baby boomers; the Pew Research Center estimates that 10,000 baby boomers will turn age 65 every day between 2011 and 2030. In response, many companies -- including some of the largest in the U.S. -- have underfunded their pension plans. For example, the pension plans of companies in the S&P 500 had obligations of \$1.68 trillion and assets of just \$1.32 trillion, for a collective underfunding of \$355 billion, according to a recent report from Standard & Poor's. Analysts cite poor, long-term returns in the stock market, which have dampened the value of pension assets, as a primary reason why companies underfunded their retirement plans.

These recent trends in wages and benefits represent a reversal from the 1980s and 1990s, when wages and salaries in New York State rose

faster than benefits. For example, in the 1980s wages climbed at a 6.5% annual rate, while benefits rose by 5.8% per year. This trend continued into the 1990s, when wages and salaries increased at a 4.1% annual clip and benefits were up 3.4% per year.

In 2011, employer-paid benefits in New York State totaled more than \$122 billion, including \$84.4 billion for employee retirement benefits and medical insurance funds plus \$38.4 billion in contributions for government social insurance programs. That \$122 billion figure is larger than the 2011 Gross Domestic Product (GDP) of 17 states!

Taxing Matters

One of the major reasons why employer-paid benefits have grown much more quickly than wages and salaries in recent years is taxes; employee wages are taxed, while many of their company-paid benefits, like health insurance, are not. The untaxed benefits represent a loss of

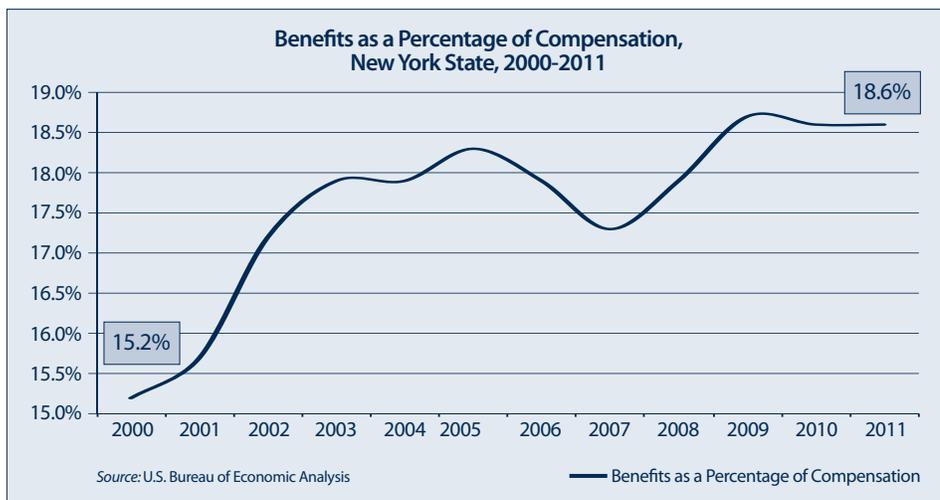
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Unemployment Rates in New York State

Data Not Seasonally Adjusted

	SEP '11	SEP '12		SEP '11	SEP '12		SEP '11	SEP '12
New York State	8.2	8.2	Hudson Valley	7.2	7.6	Finger Lakes	7.5	7.8
Capital	7.2	7.5	Dutchess	7.4	7.9	Genesee	6.9	7.1
Albany	7.2	7.4	Orange	7.9	8.2	Livingston	6.8	7.1
Columbia	7.2	7.4	Putnam	6.7	6.7	Monroe	7.8	8.1
Greene	8.8	8.9	Rockland	6.7	6.8	Ontario	6.5	6.7
Rensselaer	7.4	7.6	Sullivan	8.8	9.3	Orleans	8.2	9.9
Saratoga	6.4	7.0	Ulster	8.1	8.6	Seneca	7.2	7.5
Schenectady	7.5	8.0	Westchester	6.9	7.3	Wayne	7.2	7.8
Warren	7.1	7.4	Mohawk Valley	8.2	8.4	Wyoming	7.4	7.7
Washington	7.3	7.5	Fulton	9.8	10.6	Yates	6.5	6.6
Central New York	8.0	8.3	Herkimer	7.3	7.8	Western New York	7.8	8.3
Cayuga	7.2	7.5	Montgomery	9.5	9.9	Allegany	7.9	7.7
Cortland	7.7	7.8	Oneida	8.0	8.1	Cattaraugus	8.4	8.3
Madison	7.5	7.8	Otsego	7.2	7.2	Chautauqua	7.5	8.2
Onondaga	7.9	8.2	Schoharie	9.4	8.0	Erie	7.7	8.4
Oswego	9.3	9.5	North Country	9.0	9.0	Niagara	7.7	8.5
Southern Tier	7.9	8.1	Clinton	9.3	9.1	Long Island	7.1	7.3
Broome	8.2	8.5	Essex	8.1	8.9	Nassau	6.9	7.2
Chemung	8.0	9.0	Franklin	8.4	8.9	Suffolk	7.3	7.5
Chenango	8.2	7.8	Hamilton	5.6	6.3	New York City	9.1	8.8
Delaware	8.6	8.3	Jefferson	8.9	8.8	Bronx	12.5	12.1
Schuyler	6.8	7.7	Lewis	8.6	8.5	Kings	9.9	9.4
Steuben	9.0	9.5	St. Lawrence	9.8	9.5	New York	7.6	7.5
Tioga	8.5	8.3				Queens	8.1	7.8
Tompkins	5.9	5.7				Richmond	8.1	8.0

Employer-paid Benefits Grew Faster...from page 2



revenue to the federal government. Budget analysts measure the size of this revenue loss due to the exclusion of certain employer-paid benefits from the taxable compensation of employees. In fiscal year 2011, the individual income tax collected \$1.1 trillion in revenue, but lost \$953 billion due to these tax breaks (more formally known as “tax expenditures”).

Health care benefits are the single largest tax expenditure in the U.S., according to the Joint Committee on Taxation. This exemption resulted in an estimated \$128 billion loss in tax revenues in

2012. The No. 2 tax break is retirement savings. The government lost \$123 billion in tax revenues in 2012 due to breaks for pensions, retirement plans for the self-employed, and employer-sponsored 401(k) plans.

Understanding Your Benefits

Workers often do not fully appreciate the value of their fringe benefits. Some firms, including about 50% of Fortune 500 businesses, now inform employees of the cost and value of their personal fringe benefits. Sometimes, the information is posted on internal company web sites

or sent to workers in an annual e-mail. Other companies include the value of benefits on workers’ pay stubs.

The Affordable Care Act will require employers to report the cost of coverage under an employer-sponsored group health plan on yearly W-2 tax forms starting in January 2013. Despite the change in reporting, health coverage benefits will not become taxable to employees then.

For More Information

To learn more about the BEA wage and benefits data discussed in this article, visit www.bea.gov.

by Kevin Jack

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CAPITAL

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The Capital Region's private sector job count grew over the year by 4,700, or 1.2 percent, to 413,200 in September 2012. Job gains were largest in manufacturing (+1,400), professional and business services (+1,400), and educational and health services (+1,300). Losses were greatest in trade, transportation and utilities (-800) and information (-200).

CENTRAL NY

Karen Knapik-Scalzo — 315-479-3391

For the 12-month period ending September 2012, the private sector job count in the Syracuse metro area rose 100 to 256,600. Growth was concentrated in trade, transportation and utilities (+1,200), educational and health services (+800), and professional and business services (+600). The largest job losses were in manufacturing (-1,400) and natural resources, mining and construction (-800).

FINGER LAKES

Tammy Marino — 585-258-8870

Private sector employment in the Rochester metro area increased over the year by 8,900, or 2.1 percent, to 438,900 in September 2012. Gains were largest in professional and business services (+4,900), educational and health services (+2,200), trade, transportation and utilities (+1,200), leisure and hospitality (+1,000) and financial activities (+800). Losses were greatest in manufacturing (-900) and construction (-500).

HUDSON VALLEY

John Nelson — 914-997-8798

Private sector jobs in the Hudson Valley increased 7,000, or 0.9 percent, to 749,400 for the 12-month period ending September 2012. Job gains were largest in educational and health services (+6,300), professional and business services (+2,800), trade, transportation and utilities (+2,500), and financial activities (+1,200). Losses were centered in natural resources, mining and construction (-4,100) and manufacturing (-1,800).

LONG ISLAND

Shital Patel — 516-934-8533

The number of private sector jobs on Long Island increased over the year by 11,100, or 1.1 percent, to 1,051,200 in September 2012. The largest gains were in educational and health services (+7,700), financial activities (+4,000), and professional and business services (+3,300). The greatest losses were in natural resources, mining and construction (-5,900) and manufacturing (-1,100).

MOHAWK VALLEY

Mark Barbano — 315-793-2282

For the 12 months ending September 2012, private sector jobs in the Mohawk Valley increased by 1,600, or 1.1 percent, to 151,900. Gains were largest in educational and health services (+1,000), trade, transportation and utilities (+600), and professional and business services (+500). Losses occurred in natural resources, mining and construction (-300), information (-200), and manufacturing (-200).

NEW YORK CITY

James Brown — 212-775-3330

Private sector jobs in New York City rose by 92,600, or 2.9 percent, to 3,332,400 for the 12-month period ending September 2012. Job growth was greatest in professional and business services (+44,700), leisure and hospitality (+18,700), educational and health services (+12,900), other services (+9,000), and trade, transportation and utilities (+8,200). Job losses were centered in financial activities (-1,200).

SOUTHERN TIER

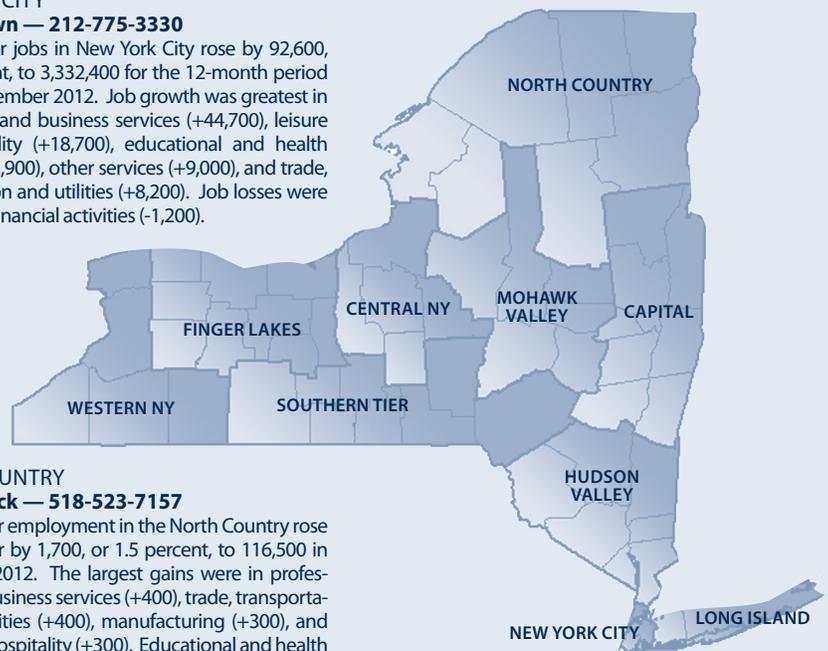
Christian Harris — 607-741-4485

Private sector employment in the Southern Tier rose over the year by 1,600, or 0.7 percent, to 233,600 in September 2012. Job gains were largest in educational and health services (+2,000) and professional and business services (+700). Losses were centered in natural resources, mining and construction (-600) and trade, transportation and utilities (-500).

WESTERN NY

John Slenker — 716-851-2742

Private sector jobs in the Buffalo-Niagara Falls metro area decreased by 300, or 0.1 percent, to 453,300 over the 12 months ending September 2012. Gains were centered in educational and health services (+4,100), trade, transportation and utilities (+1,500), manufacturing (+1,200), and natural resources, mining and construction (+800). Losses were greatest in professional and business services (-5,500) and leisure and hospitality (-1,600).



NORTH COUNTRY

Alan Beideck — 518-523-7157

Private sector employment in the North Country rose over the year by 1,700, or 1.5 percent, to 116,500 in September 2012. The largest gains were in professional and business services (+400), trade, transportation and utilities (+400), manufacturing (+300), and leisure and hospitality (+300). Educational and health services (-200) lost jobs over the year.