

EMPLOYMENT in New York State

George E. Pataki, Governor

February 2004

Linda Angello, Commissioner

Diversified Counties Less Volatile...

County Industry Diversification in NYS

Like many investors in the past few years, many labor areas where employment is concentrated in a few key industries have learned the importance of diversification. They suffered far greater employment volatility than those areas with an employment base spread across an assortment of industries.

One common yardstick of industrial diversity is how closely a local area's distribution of employment matches the industrial structure of the United States. The Modified Hachman Index (MHI) is one tool available to quantify this comparison.

The MHI ranges in value from 0 to 100: a value of 100 means a county's employment mix exactly matches the U.S. mix (and is considered more diversified), while a value of 0 indicates that the county's employment mix is totally unlike the U.S. mix (and is considered not diversified).

County MHI values vary considerably across New York State. The five most diversified counties (highest MHI scores) are in metropolitan areas and have large employment bases (more than 450,000). In fact, the three counties with the highest MHI scores (Erie, Suffolk, Onondaga)

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At a Glance

In December 2003, New York's seasonally adjusted unemployment rate was 6.3 percent, the same as in November. (The nation's unemployment rate was 5.7 percent in December.) In December 2003, the state had 8,418,200 nonfarm jobs, including 6,933,000 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by less than 0.1 percent from November. (The nation's private sector job count also increased by less than 0.1 percent over the month.) From December 2002 to December 2003, the number of private sector jobs decreased 0.6 percent in the state and decreased by less than 0.1 percent in the nation (not seasonally adjusted). In addition, New York's employment-population ratio was down slightly in December.

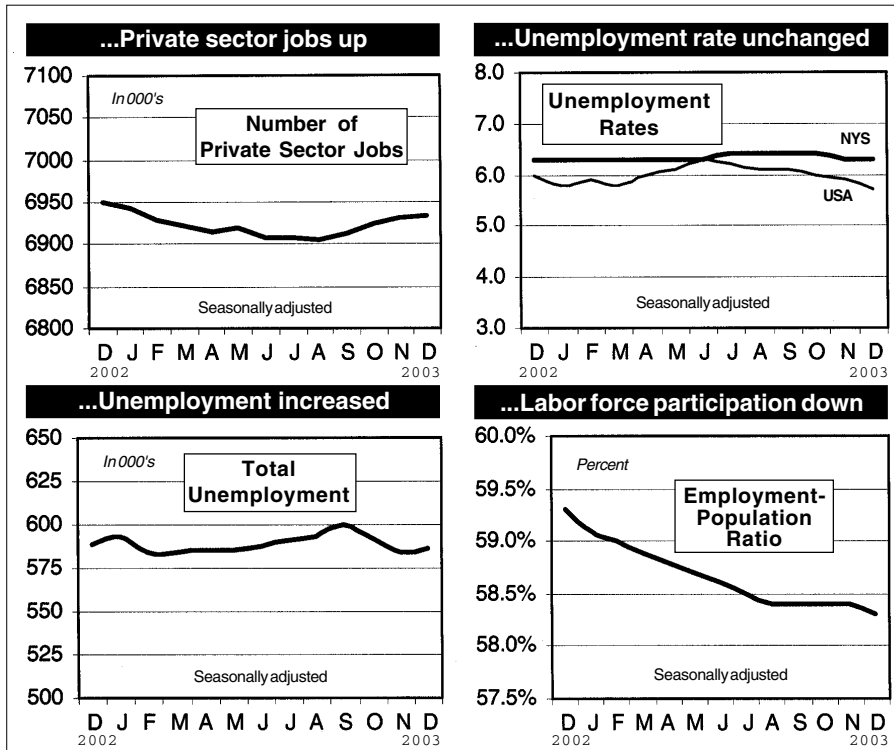
Change in Nonfarm Jobs

Dec. 2002 - Dec. 2003

(Data not seasonally adjusted, numbers in thousands)

	Net	%
Total nonfarm jobs	-55.9	-0.7
Private sector	-41.6	-0.6
Goods-producing	-35.0	-3.6
Nat. res. & mining	0.2	4.1
Construction	-2.2	-0.7
Manufacturing	-33.0	-5.2
Durable gds.	-19.7	-5.4
Nondurable gds.	-13.3	-4.9
Service-providing	-20.9	-0.3
Trade, trans. & util.	-10.2	-0.7
Wholesale trade	-5.1	-1.4
Retail trade	-2.3	-0.3
Tran., wrhs. & util.	-2.8	-1.0
Information	-12.3	-4.2
Financial activities	-1.7	-0.2
Prof. & bus. svcs.	-11.0	-1.0
Educ. & health svcs.	24.2	1.6
Leisure & hospitality	5.6	0.9
Other services	-1.2	-0.3
Government	-14.3	-0.9

IN DECEMBER...



Focus on Central New York

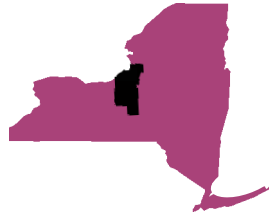
Technology and Recreation Work Together in Central New York

by Roger Evans, Labor Market Analyst - Central New York

While technology and recreation may not seem to have much in common at first glance, the two industries enjoy a symbiotic relationship that fostered and fueled recent economic growth in Central New York. On one hand, increased leisure and recreation opportunities and related quality-of-life enhancements often help attract high-tech industries and their workers. In turn, a growing number of high-paying technology jobs increases the demand for recreational opportunities and other amenities.

The leisure and hospitality supersector, which includes recreation industries, was one of the largest job producers (+900) in Central New York in the 12 months ending December 2003. Although not counted as a separate industry sector, high-tech jobs contributed heavily to the area's over-the-year growth in professional and business services (+3,100) and construction (+500). High-tech opportunities even existed in sectors that lost jobs over the year, such as manufacturing (-2,000).

High-tech exerts a ubiquitous force in the Central New York economy, but its presence is most pronounced in manufacturing, where investment in, and commitment to, technological innovation can stave off job loss. For example, Central New York had two major auto industry employers in 1993, New Venture Gear and the General Motors Fisher Body plant. The Fisher Body Plant grew outmoded and closed in 1993, displacing 1,400 workers. Conversely, in the early 1980s,



"Labor Department staff and our Workforce Development partners are working together to prepare job seekers for the high-tech jobs that are emerging in the new economy across Central New York."

*Kelli Owens,
Regional Administrator*

All jobs figures in this issue, unless otherwise noted, are based on revised data released on March 3, 2004. More complete details will be presented in a future issue.

New Venture Gear retooled its operations. The company now employs more than 3,000 workers, and sells transfer cases to General Motors, which gave New Venture Gear its highest quality rating ever in 2002.

Despite the overall decline in factory jobs, three of the area's largest manufacturers expanded and added jobs in 2003, with additional hiring planned for 2004. Lockheed Martin has begun hiring 100 to 200 new engineers at its Salina facility to build the next generation of radar for the

Navy's E-2C Hawkeye patrol plane. Furniture maker Sticklely will build a state-of-the-art warehouse at its Manlius plant as part of a \$6 million expansion that will create 30 jobs. Pharmaceutical company E.R. Squibb & Sons, which completed a \$61 million high-tech expansion in 2003, hired 60 engineers and plans to hire 90 to 95 more.

The DestiNY USA project showcases how technology and recreation can become intertwined. The developer of the entertainment and retail complex predicts that, if built, DestiNY USA will catalyze tourism and "create more than 122,000 new jobs statewide." (Plans for DestiNY USA currently include a 100-acre indoor park, 20,000 hotel rooms, the world's largest marine life experience, a 15,000-seat amphitheatre, over 400 retailers and 30 restaurants.)

In addition to boosting leisure and hospitality employment, the planning and construction of DestiNY USA can serve as a "living" classroom on how to incorporate the latest green technologies into new construction. Pending federal energy legislation includes a provision for the issuance of tax-exempt "Green Bonds" to aid companies in the construction of energy-efficient buildings in return for their use of costly, but environmentally sound materials and energy sources. DestiNY USA is one of only four nationwide retail and entertainment projects that would be eligible for these bonds. The bonds could save as much as \$100 million in financing costs for the proposed \$2.2 billion project.

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Site Selection Gives New York Its Strongest Rating Ever

The March 2004 issue of *Site Selection* magazine reports that New York State has moved up to 2nd in the nation in attracting new and expanded corporate facilities – its strongest rating ever in the magazine's annual survey. In 2003, New York attracted 552 new projects and expansions.

In addition to its annual ranking of the states, *Site Selection* also released its list of America's Top Small Towns for New and Expanded Facilities in 2001-2003, ranking areas based on their

records of attracting new and expanded corporate facilities.

Six of New York's small cities made this prestigious list:

- Plattsburgh placed 2nd, up from 3rd, in the country;
- Watertown was ranked 18th (up from 55th);
- Ithaca was ranked 55th (up from 92nd);
- Johnstown tied Ithaca at 55th place; and
- Cortland and Ogdensburg were also tied at 74th place.

In the 1994 *Site Selection* Survey, when New York State had only 75 new projects, the State placed a disappointing 20th.

Site Selection is celebrating its 50th anniversary, making it the longest-running publication dedicated to corporate real estate and economic development, and is regarded by corporate real estate analysts as the "industry scoreboard." The trade magazine's circulation consists of over 44,000 executives involved in corporate site-selection decisions, most at the CEO/President/CFO/COO level.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	DEC '02*	DEC '03		DEC '02*	DEC '03		DEC '02*	DEC '03
New York State	6.3	6.2	Hudson Valley	5.9	4.1	Southern Tier	6.0	5.8
Capital District	3.8	4.0	Dutchess	3.8	3.7	Broome	6.2	5.7
Albany	3.1	3.5	Orange	4.0	4.6	Chemung	6.6	6.5
Columbia	3.2	3.4	Putnam	3.1	3.1	Chenango	6.2	6.7
Greene	4.6	5.1	Rockland	3.6	3.9	Delaware	5.2	4.6
Rensselaer	4.2	4.4	Sullivan	5.6	6.3	Otsego	4.8	5.5
Saratoga	3.6	3.7	Ulster	4.1	4.6	Schuyler	9.2	8.8
Schenectady	3.8	3.8	Westchester	3.9	3.9	Steuben	8.5	8.1
Warren	6.7	6.4	Mohawk Valley	5.6	6.4	Tioga	6.2	5.9
Washington	5.1	4.7	Fulton	5.3	6.1	Tompkins	3.1	3.3
Central New York	5.7	6.1	Herkimer	6.2	9.9	Western New York	6.2	6.7
Cayuga	6.0	6.5	Madison	6.4	6.8	Allegany	6.8	8.6
Cortland	7.4	8.5	Montgomery	6.7	7.6	Cattaraugus	6.8	7.8
Onondaga	4.8	5.1	Oneida	5.1	5.3	Chautauqua	6.3	6.7
Oswego	8.4	9.0	Schoharie	5.5	5.9	Erie	5.8	6.2
Finger Lakes	6.0	5.8	North Country	7.3	7.9	Niagara	7.5	7.8
Genesee	7.2	7.9	Clinton	5.1	6.6	Long Island	4.1	4.1
Livingston	6.7	6.6	Essex	6.9	6.5	Nassau	3.8	3.7
Monroe	5.5	5.2	Franklin	6.9	7.7	Suffolk	4.4	4.4
Ontario	5.9	6.1	Hamilton	8.3	8.8	New York City	8.3	8.0
Orleans	8.2	7.4	Jefferson	8.9	9.0	Bronx	10.2	10.5
Seneca	6.0	6.2	Lewis	8.5	9.2	Kings	9.1	8.7
Wayne	7.7	6.9	St. Lawrence	7.5	8.3	New York	8.4	7.7
Wyoming	6.5	7.5				Queens	6.8	6.5
Yates	5.5	4.6				Richmond	6.8	7.1

*Sub-state area rates data based on old benchmark. Revised 2002 data due out in late April.

Focus...

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Original plans for New York State's newest Center of Excellence in Syracuse called for a \$37 million investment in a 60,000 sq. ft. building that would house 100 engineers and scientists working to develop technologies for indoor environmental systems. However, Governor Pataki has recently called for the plans to be broadened to include research on clean and renewable energy systems. The center's expanded mission will help position New York in the forefront of an emerging worldwide market for clean energy technologies.

Moreover, the U.S. Department of Labor will provide \$1.2 million to fund the creation of professional certificate programs in biotechnology, engineering design tools, renewable energy design and construction, and indoor environmental quality at the State University College of Environmental Science and Forestry in Syracuse. The grant also will subsidize tuition for 120 students who enter the new programs.

The Pyramid Cos., developer of DestiNY USA, have stepped up efforts to begin construction in 2004 due to recently approved zoning changes by the City of Syracuse and likely financial incentives from the Empire Zone program. As technology and recreation continue to nurture and complement the other's growth, Central New York can look forward to another promising year in 2004.

Diversified...

were more diversified than the overall state (MHI score of 85.6). Several of the most-diversified counties were once dominated by manufacturing. However, the steady erosion of blue-collar jobs, and the subsequent burgeoning of the service-providing sector, has recast the economies of these counties to appear closer to the national average.

The five least-diversified counties stand in stark contrast to their counterparts. They are all in rural Upstate areas, have a small population and an average employment of approximately 12,000. Also, they all have at least one industry with an employment level that is a significant share of the county's employment base and local employment share that is significantly higher than it is on the national level. Tioga, the only county that is part of a metropolitan area (Binghamton), is actually the least-diversified county. It has about 30% of its employment concentrated in Computer and Electronic Product Manufacturing, a rate almost 25 times the national average.

Based on this select group of ten counties, the relationship between industrial diversification and employment volatility is clear. Between 1975 and 2002, the five least-diversified counties listed here had an average employment volatility 50% higher than the five most-diversified counties. (Volatility is calculated as the average standard deviation of 5-year rolling windows calculated monthly.)

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County Modified Hachman Index*, 2002

Rank	County	MHI
1	Erie	92.3
2	Suffolk	87.9
3	Onondaga	87.7
4	Westchester	83.6
5	Nassau	83.5
58	Schoharie	30.5
59	Delaware	26.0
60	Hamilton	22.4
61	Fulton	20.4
62	Tioga	12.6

*Calculated as the inverse of the mean location quotient across all 3-digit NAICS industries multiplied by 100.
Source: UI tax records

by Kevin Jack

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REGIONAL ANALYSTS' CORNER

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Private sector employment fell over the year, by 1,100, or 0.2 percent, to 472,700. Employment gains in educational and health services (+2,200), leisure and hospitality (+1,300), natural resources, mining and construction (+1,200), and financial activities (+900) were more than offset by losses in manufacturing (-5,700), trade, transportation and utilities (-700), and professional and business services (-700).

CENTRAL NY ROGER EVANS 315-479-3388

In the Syracuse area, private sector jobs rose 200, or 0.1 percent, over the 12 months ending December 2003. Job gains were centered in professional and business services and leisure and hospitality. Job losses were largest in manufacturing (-1,800) and trade, transportation and utilities (-1,400).

MOHAWK VALLEY MARK BARBANO 315-793-2282

Private sector employment in the Utica-Rome area fell 1,800, or 1.8 percent, to 100,100 between December 2002 and December 2003. Losses were greatest in manufacturing (-1,300), primarily due to a temporary layoff of 900 at Remington Arms. Other losses were greatest in trade, transportation and utilities (-400) and information (-300). Gains were centered in educational and health services (+300).

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Between December 2002 and December 2003, the North Country's private sector job count rose 800, or 0.7 percent, to 113,400, a new high for the month. Despite some recent job cuts in manufacturing, regional private sector job growth is expected to remain robust due to ongoing strength in retail trade and educational and health services.

CAPITAL DISTRICT JAMES ROSS 518-462-7600

The Albany metro area continued to show positive over-the-year growth in private sector jobs as the year came to an end. The 2,600 new jobs amounted to a growth rate of 0.7 percent from December 2002 to December 2003.

HUDSON VALLEY SEAN MacDONALD 914-997-8798

Private sector employment increased by 8,200, or 1.1 percent, to 754,200 in December 2003, a record high for the month. Growth was greatest in educational and health services (+4,600), professional and business services (+2,900), and trade, transportation and utilities (+1,500). Job losses continued in manufacturing (-2,700) and information (-800).

WESTERN NY JOHN SLENKER 716-851-2742

The Buffalo-Niagara Falls area private sector job count declined by 4,700, or 1.0 percent, to 456,300 between December 2002 and December 2003. New hiring was strongest in educational and health services (+1,200) and financial activities (+500). Job losses were centered in manufacturing (-4,000), natural resources, mining and constructions (-1,100), leisure and hospitality (-800), and information (-500).

SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

Private sector employment in the region declined by 2,400, or 0.9 percent, to 254,900 between December 2002 and December 2003. New hiring was strongest in educational and health services (+1,000), financial activities (+300), and other services (+300). Job losses were largest in manufacturing (-2,100) and professional and business services (-1,600).

NEW YORK CITY JAMES BROWN 212-352-6698

The City's private sector job count increased over the month by 11,100 in December, led by seasonal hiring. Employment in retailing and leisure and hospitality climbed as the City's economy enjoyed an average Christmas boost. More importantly, the professional and business services and information sectors added jobs throughout the fourth quarter. Expansion in these economically sensitive sectors bodes well for the job market in 2004.

LONG ISLAND GARY HUTH 516-934-8533

Private sector employment rose 5,700, or 0.5 percent, to 1,046,000 over the 12 months ending December 2003. Job gains were concentrated in educational and health services (+4,800), leisure and hospitality (+2,900), trade, transportation and utilities (+2,100), and financial activities (+2,000). Job losses were largest in manufacturing (-3,600) and information (-2,300).

