

EMPLOYMENT

in New York State

George E. Pataki, Governor

February 2005

Linda Angello, Commissioner

Industry and Occupational Analysis (Part II)...

Information Technology in New York State

Last month, we discussed how the IT sector is simultaneously a set of industries and a mix of occupations. We also saw how IT job titles fall into three broad skill levels, based on education and training requirements. Overall, IT occupational employment in New York State is expected to increase by 7.1% between 2002 and 2012, according to projections prepared by the New York State Department of Labor. This rate is somewhat lower than the 8.6% growth projected for all occupations in New York State over this period.

Projected IT growth rates in the state vary widely by skill level. *High-skill* IT employment, which is about 60% of state-wide IT jobs, is expected to grow at a rate

much faster – 18.3% – than overall IT positions between 2002 and 2012.

In contrast, *Moderate-* and *Low-skill* IT employment, which collectively are about 40% of IT jobs in New York, are expected, like their counterparts at the national level, to decline through 2012; *Moderate* by -7.4% and *Low* by -9.1%. Many occupations in the *Moderate* and *Low* categories are susceptible to being replaced by technology. The “Digital Economy 2003” report suggests, for example, that recognition technology and on-line telephone directories will reduce telephone operator employment.

As noted earlier, IT occupations occur throughout the economy. However,

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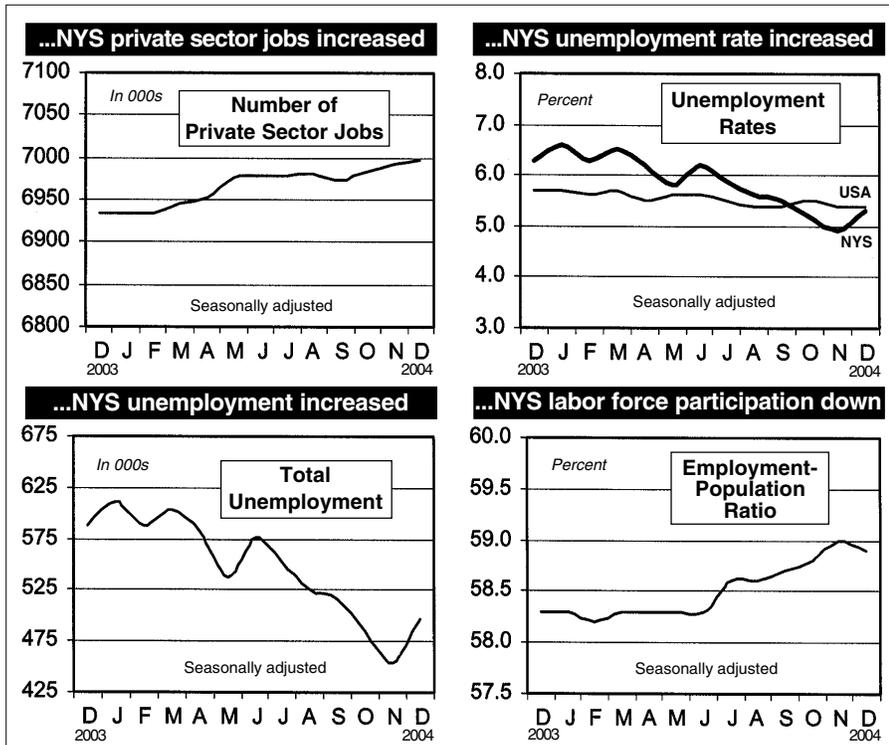
At a Glance

In December 2004, New York’s seasonally adjusted unemployment rate was 5.3 percent, up from 4.9 percent in November. (The nation’s unemployment rate was unchanged at 5.4 percent in December.) In December 2004, the state had 8,476,700 nonfarm jobs, including 6,996,300 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.1 percent from November. (The nation’s private sector job count also increased by 0.1 percent over the month.) From December 2003 to December 2004, the number of private sector jobs increased by 0.9 percent in the state and increased by 1.8 percent in the nation (not seasonally adjusted). In addition, New York’s employment-population ratio, a measure of labor force participation, went down slightly in December.

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

	Net	%
Total Nonfarm Jobs	59.0	0.7
Private Sector	63.9	0.9
Goods-Producing	-9.3	-1.0
Nat. res. & mining	0.0	0.0
Construction	6.3	2.0
Manufacturing	-15.6	-2.6
Durable gds.	-4.9	-1.4
Nondurable gds.	-10.7	-4.1
Service-providing	68.3	0.9
Trade, trans., & util.	2.8	0.2
Wholesale trade	-3.1	-0.9
Retail trade	5.9	0.6
Trans., whrs., & util.	0.0	0.0
Information	-0.9	-0.3
Financial activities	5.9	0.8
Prof. & bus. svcs.	22.8	2.2
Educ. & health svcs.	26.1	1.7
Leisure & hospitality	12.4	1.9
Other services	4.1	1.2
Government	-4.9	-0.3

IN DECEMBER...



Focus on Western New York

Region Poised for Future Growth

by John Slenker, Labor Market Analyst, Western New York

The Western New York economy continues to reposition itself for the future, with job creation increasingly driven by companies in service-providing industries. In 2004, service-providing industries (excluding government) accounted for 80 percent of all private sector employment in the region. As recently as the mid-1970s, manufacturing's share of private sector jobs stood at almost 40 percent. By 2004, this figure had declined to 16 percent. These figures are not directly comparable, due to a change in industry classification that moved some former manufacturing industries to non-manufacturing industries beginning with 1990 data. However, they underscore the dramatic transformation of the region's employment base.

The rise of employment in service-providing industries and the parallel decline of blue-collar jobs have important implications. During the national economic downturn in the early 1990s, about 10 percent of goods-producing jobs and 1 percent of private service-providing jobs in the region were shed between 1990 and 1992. In contrast, during the national recession and subsequent "jobless recovery" spanning 2001-2003, the area only lost goods-producing jobs (about 10 percent), while actually registering a small (1 percent) gain in service-providing employment (excluding government).



"The continued improvement in the national economy is beginning to have a positive impact in Western New York."

*Samuel J. Drago,
Regional Administrator
Western Region*

The financial activities sector added 400 jobs over the past year. On the insurance front, GEICO opened its new Amherst service center, which is expected to eventually employ 2,500. In a \$100 million deal, which is the largest private sector development in downtown Buffalo since 1967, BlueCross BlueShield of Western New York is moving its 1,200 workers to the former Buffalo Gas Light Company site.

Retail trade employment is in for a big boost with Bass Pro Shops expecting to open a large establishment in the former Memorial Auditorium in downtown Buffalo. This new store, which will be approximately 250,000 square feet, is being hailed as a cornerstone attraction and is

expected to help revitalize the downtown area and draw customers from both the U.S. and Canada.

A number of retail firms recently entered or expanded in Western New York. Retailers currently increasing their presence in the region include: discount grocers Save-A-Lot and Aldi Food Stores, which have opened or plan to open a total of 8-10 area stores; Kohl's department stores, which plans three new stores for the region; closeout retailer Big Lots, which recently added its tenth area store; and Lowe's Home Improvement Warehouse, which opened one store and plans two more.

The Seneca Allegany Casino that opened in Salamanca (Cattaraugus County) in 2004 created 1,100 jobs according to published reports. Total employment at the two Seneca casinos in the region is now almost 3,500. The new casino attracts customers from nearby states, as well as New York, and its proximity to ski areas should expand opportunities for the future development of this resort area. The planned opening of a third Seneca casino in Erie County is still being negotiated.

The total economic impact of the casinos goes well beyond their direct employment. The opening and expansion of the casinos boosted construction activity. Work started last spring on a 26-

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New, Improved Methodology for Estimating Labor Force Statistics

In an effort to improve the accuracy of monthly Local Area Unemployment Statistics (LAUS) estimates for state and local areas, the New York State Department of Labor has begun using a statistically improved model, known as the 3rd generation model, developed by the U.S. Bureau of Labor Statistics (BLS). Estimates based on the new model, which will be adjusted each month using "real-time" data, will first be released with the publication of January 2005 data in March.

Currently, monthly estimates of resident employment and unemployment, and the resulting unemployment rate are prepared for states, counties, metropolitan areas and places with population of 25,000 or more.

In New York State, labor force statistics are calculated using a model that takes into account: 1) data from the Current Population Survey (CPS), a monthly nationwide survey that interviews about 3,000 households in the state; 2) data from a monthly nationwide survey of business establishments, (including 18,000 in New York State) that BLS uses for its monthly employment report; and 3) unemployment insurance claims data. Model estimates are then adjusted at the end of each year.

The existing model has overestimated employment and underestimated unemployment in states and metro areas, which has led to significant end-of-year revisions. It also has failed to capture the state-level

impact of "shocks" to the economy, such as the September 2001 terrorist attacks.

In addition to using a new model to make its estimates, BLS will adjust, or "benchmark," the estimates using a series of inputs on a monthly basis rather than waiting until the end of the year. With the new methodology, economic shocks will be reflected in the state estimates on a real-time basis, and end-of-year revisions should be significantly smaller. The new methodology also addresses problems related to estimating unemployment created by the difficulty of measuring new entrants to the labor market and persons re-entering the labor market after an absence at the sub-state level.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	DEC '03	DEC '04		DEC '03	DEC '04		DEC '03	DEC '04
New York State	6.2	5.2	Hudson Valley	4.1	3.7	Southern Tier	5.8	5.1
Capital District	4.0	3.8	Dutchess	3.7	3.6	Broome	5.7	5.3
Albany	3.5	3.3	Orange	4.6	4.1	Chemung	6.5	5.2
Columbia	3.4	3.0	Putnam	3.1	2.9	Chenango	6.7	5.8
Greene	5.1	5.0	Rockland	3.9	3.2	Delaware	4.6	4.3
Rensselaer	4.4	3.9	Sullivan	6.3	5.7	Otsego	5.5	4.9
Saratoga	3.7	3.6	Ulster	4.6	4.4	Schuyler	8.8	7.3
Schenectady	3.8	3.9	Westchester	3.9	3.5	Steuben	8.1	6.8
Warren	6.4	6.1	Mohawk Valley	6.4	5.4	Tioga	5.9	5.5
Washington	4.7	5.1	Fulton	6.1	5.7	Tompkins	3.3	3.1
Central New York	6.1	5.7	Herkimer	9.9	6.5	Western New York	6.7	6.1
Cayuga	6.5	6.2	Madison	6.8	6.1	Allegany	8.6	7.5
Cortland	8.5	8.2	Montgomery	7.6	6.5	Cattaraugus	7.8	7.1
Onondaga	5.1	4.8	Oneida	5.3	4.6	Chautauqua	6.7	5.7
Oswego	9.0	8.3	Schoharie	5.9	5.5	Erie	6.2	5.9
Finger Lakes	5.8	5.4	North Country	7.9	7.9	Niagara	7.8	6.8
Genesee	7.9	7.5	Clinton	6.6	6.2	Long Island	4.1	3.6
Livingston	6.6	6.2	Essex	6.5	6.9	Nassau	3.7	3.4
Monroe	5.2	4.8	Franklin	7.7	7.4	Suffolk	4.4	3.9
Ontario	6.1	6.2	Hamilton	8.8	9.1	New York City	8.0	6.1
Orleans	7.4	7.1	Jefferson	9.0	8.6	Bronx	10.5	7.9
Seneca	6.2	5.8	Lewis	9.2	9.8	Kings	8.7	6.7
Wayne	6.9	6.6	St. Lawrence	8.3	8.8	New York	7.7	5.7
Wyoming	7.5	6.8				Queens	6.5	5.1
Yates	4.6	4.6				Richmond	7.1	5.1

Western New York...

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Information Technology...

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story hotel at the Seneca casino in Niagara Falls. In addition, the wide range of companies that sell goods and services to the casinos and their related hotels and restaurants are enjoying increased sales.

Although Western New York lost 2,800 manufacturing jobs over the year, there are positive signs on the horizon. For example, manufacturers are still making significant investments in the region. Among the most notable, the Ford Stamping Plant in Hamburg is installing a new \$62-million press that will speed up production. Time Release Sciences, a manufacturer of foam products, plans to hire an additional 200 workers over the next two years. Dairy processor Upstate Farms Cooperative, Niagara Chocolates and furniture maker Bush Industries are other examples of manufacturers that have recently expanded or invested in the region.

Looking ahead, many indicators suggest the region's labor market is poised for a turnaround in 2005. The region's over-the-year job losses totaled only 400 in December 2004, considerably less than over-the-year losses earlier in the year. In addition, the number of unemployment insurance beneficiaries has been below year-ago levels every month since February 2004, while the region's unemployment rate has been below year-ago levels since July 2004. An improving national economy bodes well for the Western New York economy.

New York State IT Employment by Sector and Skill Level, 2003 (fourth quarter)

Sector	Skill Level			Total
	High	Moderate	Low	
Prof. & Tech. Services	59,400	5,300	7,700	72,400
Information	25,100	22,100	5,400	52,600
Manufacturing	28,000	20,100	3,000	51,100
Trade, Trans. & Utilities	17,500	14,400	8,900	40,800
Educ. & Health Services	17,100	3,200	19,700	40,100
Financial Activities	30,200	3,300	6,500	40,000
All Other Industries	<u>34,800</u>	<u>14,900</u>	<u>13,600</u>	63,200
Total	212,100	83,200	64,900	360,300

Note: Data may not add to totals due to rounding; Source: Occupational Employment Statistics survey

approximately one-half of all IT occupational employment is found in just three sectors—professional and technical services (P&TS), information and manufacturing (see table). Within the P&TS sector, by far the most IT employment is found in the Computer Systems Design and Related Services industry, which has 39,700 IT jobs. Over 90% of this industry's IT workers are in *High*-skill job titles.

Other individual industries with more than 10,000 IT workers include: Wired Telecommunications Carriers (18,700), Management of Companies and Enterprises (14,300), and Professional and Commercial Equipment and Supplies Wholesalers (10,400).

There are four industries in which IT occupations comprise at least 50% of all jobs. Besides the aforementioned Computer Systems Design and Related Services (66.1%), IT jobs represent a majority

of all employment in Software Publishers (57.1%), ISPs and Web Search Portals (51.5%), and Computer and Peripheral Equipment Manufacturing (50.2%).

by Kevin Jack and Kevin Hannel

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REGIONAL ANALYSTS' CORNER

FINGER LAKES WILLIAM RAMAGE 585-258-8870

Private sector employment in the Rochester area declined 4,100, or 0.9 percent, over the year to 445,400 in December 2004. Job gains in educational and health services (+700), professional and business services (+500) and financial activities (+400) were outpaced by losses in manufacturing (-3,300) and leisure and hospitality (-1,200).

CENTRAL NY ROGER EVANS 315-479-3388

Private sector employment in the Syracuse area rose 3,400, or 1.2 percent, over the year ending in December 2004. Professional and business services, leisure and hospitality, and educational and health services added the most jobs over the year. Job growth is expected to continue with Lockheed Martin, AXA Financial and Sutherland Global Services planning to add a combined total of 925 jobs this year.

MOHAWK VALLEY MARK BARBANO 315-793-2282

Private sector employment in the Utica-Rome metro area rose 900, or 0.9 percent, to 101,000 for the 12-month period ending December 2004. Gains in educational and health services (+300), manufacturing (+300), and leisure and hospitality (+200) offset declines in professional and business services (-200). Government employment (+600) grew mostly at the local level due to expansion at the Turning Stone Casino.

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Private sector employment in the North Country region increased over the year by 1,300, or 1.1 percent, to 114,700 in December 2004. The largest gains were in trade, transportation and utilities (+1,300), educational and health services (+400), and professional and business services (+400). Losses were centered in manufacturing (-600).

CAPITAL DISTRICT JAMES ROSS 518-462-7600

From December 2003 to December 2004, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 5,400, or 1.5 percent, to 358,400, a record high for the month. Job gainers were led by educational and health services (+1,500), professional and business services (+1,000), natural resources, mining and construction (+800), financial activities (+600), information (+600) and other services (+500).

HUDSON VALLEY SEAN MacDONALD 914-997-8798

Private sector employment increased 12,800, or 1.7 percent, to 767,000 over the 12 months ending December 2004. Jobs were added in trade, transportation and utilities (+4,100), professional and business services (+2,100), leisure and hospitality (+1,900), educational and health services (+1,600), natural resources, mining and construction (+1,400), financial activities (+1,300), and other services (+1,300). Manufacturing (-700) lost jobs over the year.

WESTERN NY JOHN SLENKER 716-851-2742

Private sector employment in the Buffalo-Niagara Falls area fell by 2,700, or 0.6 percent, to 453,600 over the 12 months ending December 2004. Employment gains registered in educational and health services (+400), financial activities (+200) and professional and business services (+200) were more than offset by losses in manufacturing (-1,800), trade, transportation and utilities (-500), and leisure and hospitality (-500).

SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

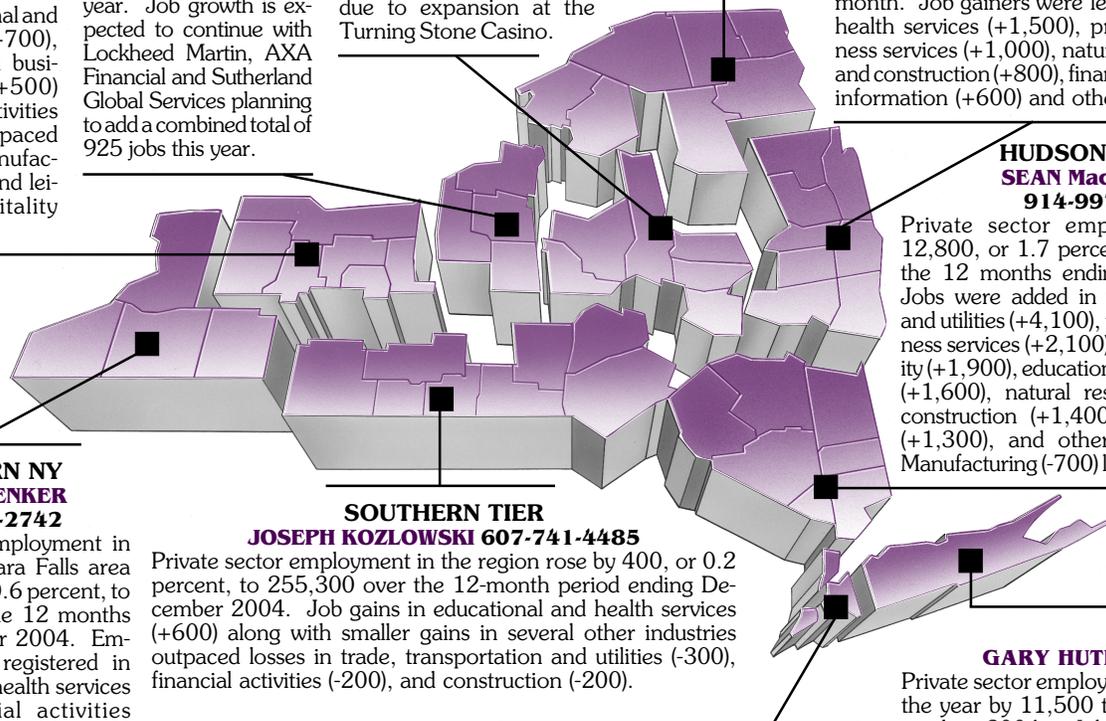
Private sector employment in the region rose by 400, or 0.2 percent, to 255,300 over the 12-month period ending December 2004. Job gains in educational and health services (+600) along with smaller gains in several other industries outpaced losses in trade, transportation and utilities (-300), financial activities (-200), and construction (-200).

NEW YORK CITY JAMES BROWN 212-621-9353

New York City finished 2004 on a positive note, with private sector employment rising over the year by 1.3 percent and the unemployment rate dropping from 8.0 percent in December 2003 to 6.1 percent in December 2004. Tourism and professional and business services played key roles in the City's improved economic performance.

LONG ISLAND GARY HUTH 516-934-8533

Private sector employment increased over the year by 11,500 to 1,057,500 in December 2004. Job gains were led by educational and health services (+4,100), professional and business services (+3,100), leisure and hospitality (+2,500), trade, transportation and utilities (+1,200), and financial activities (+600). Employment fell over the year in information (-700).



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