

EMPLOYMENT in New York State

George E. Pataki, Governor

March 2003

Linda Angello, Commissioner

Colleges and Universities Vital to State's Economy...

Education Engine Drives New York State

The economic contribution of private and public colleges and universities often goes unnoticed, but their presence typically yields a pronounced effect on local economies throughout New York State. In 2001, colleges and universities employed almost 240,000, and paid out almost \$10 billion in total wages, according to state unemployment insurance (UI) tax records. These figures, however, vastly understate the true economic contribution of this industry, as many on-campus student jobs are not covered by unemployment insurance and therefore do not appear in UI records. Moreover, such figures cannot

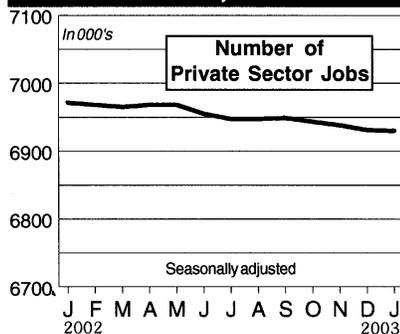
account for the substantial secondary economic effects generated by college and university-related spending. These secondary effects are often much larger than the immediate direct effects of college spending and prove crucial to the economic health of the surrounding community.

Most counties that have a high proportion of their employment and wages concentrated in colleges and universities are located in the rural areas of Upstate New York (see table). Tompkins County, home to Cornell University, Ithaca College and Tompkins Cortland Community College, had, by far, the highest concen-

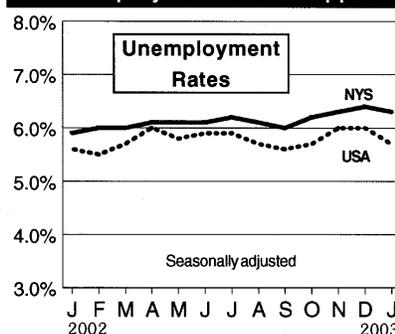
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IN JANUARY...

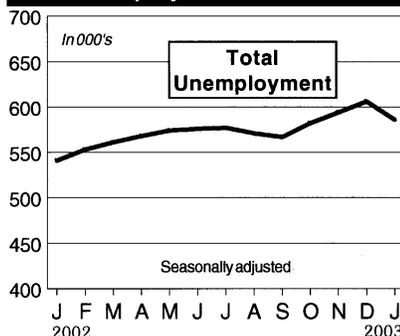
...Private sector jobs declined



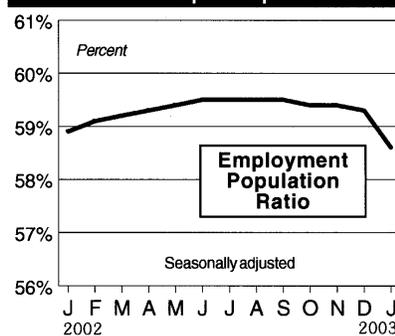
...Unemployment rates dropped



...Unemployment decreased



...Labor force participation fell



At a Glance

In January 2003, New York's seasonally adjusted unemployment rate was 6.3 percent, down from 6.4 percent in December. (The nation's unemployment rate was 5.7 percent in January.) In January 2003, the state had 8,414,700 nonfarm jobs, including 6,930,300 private sector jobs. In January, the number of private sector jobs was nearly unchanged, edging down 400. (The nation's private sector job count declined 139,000 over the month.) From January 2002 to January 2003, the number of private sector jobs decreased 0.4 percent in the state and 0.3 percent in the nation. In addition, the employment population ratio, a measure of labor force participation, declined to its lowest level since February 1997. (Above data are seasonally adjusted.)

Change in Nonfarm Jobs

Jan. 2002 - Jan. 2003
(Data not seasonally adjusted, numbers in thousands)

	Net	%
Total nonfarm jobs	-36.6	-0.4%
Private sector	-29.1	-0.4%
Nat. resources & mining	0.3	6.8%
Construction	-2.3	-0.8%
Manufacturing	-35.9	-5.5%
Durable goods	-25.9	-6.8%
Nondurable goods	-10.0	-3.6%
Trade, trans. & utilities	9.7	0.7%
Wholesale trade	-1.7	-0.5%
Retail trade	10.4	1.2%
Trans., warehous. & util.	1.0	0.4%
Information	-19.9	-6.6%
Financial activities	-7.7	-1.1%
Services	26.7	0.8%
Prof. & bus. services	-13.3	-1.3%
Educ. & health services	21.4	1.5%
Leisure & hospitality	16.0	2.7%
Other services	2.6	0.8%
Government	-7.5	-0.5%



FOCUS ON LONG ISLAND REGION

Job Loss Widens, but Region Still Outperforms Nation

by Gary Huth, Labor Market Analyst
Long Island Region

According to the latest revised data, Long Island's annual average private sector employment fell by 8,000 jobs in 2002, a 0.8 percent decline for the year. National private sector employment fell 1.3 percent for the same period, with revised national data to be reported on in June 2003. Long Island's over-the-year job losses rose sharply in the second half of 2001 and continued into 2002. Annual average private sector employment fell over the year by 3,200 jobs in 2001. Job data are revised at the end of each year as more complete information becomes available from employers' unemployment insurance tax records.

Growth Industries

Despite the overall economic slowdown, some Long Island sectors showed growth in 2002. Educational and health services employment increased 5,200, with the largest gains in health services, particularly in hospitals, home health care, nursing and residential care, and offices of physicians. Private colleges and universities added to growth in the private education sector.

Natural resources, mining and construction added 1,400 jobs for the year as low interest rates and rising home prices made home-buying an attractive option in 2002. There was limited building in new commercial construction, but some activity continued in retrofitting existing space for new uses. Leisure and hospitality employment was up 1,100 in 2002, with food services and drinking places adding employment over the year. Financial activities employment gained 700 jobs in 2002. Insurance companies showed surprisingly solid growth and mortgage services and credit services boosted employment in the sector. A significant expansion in retail branch banking helped

“Our offices provide a range of services that can help your business and workforce stay competitive in a tight economy and be prepared to take advantage of growth opportunities. We can assist you in locating and hiring skilled workers and in identifying low-cost skill training options.”

Stephen Salhus,
Regional Administrator

NAICS Industry Classification

Starting with the release of job data for January 2003, all state and area industry employment reports will use the new North American Industry Classification System (NAICS) (see the September and October 2002 issues of this newsletter for NAICS-related articles). NAICS is aggregated into industry groupings called “supersectors.”

The top five supersectors on Long Island, based on private industry employment, are trade, transportation and utilities; education and health services; professional and business services; manufacturing; and leisure and hospitality.

Five Largest Supersectors Long Island, 2002

Trade, Transportation and Utilities	268,500
Educational and Health Services	186,100
Professional and Business Services	152,400
Manufacturing	91,900
Leisure and Hospitality	89,800

Source: Current Employment Statistics Survey

offset restructuring and job losses in larger bank operations.

Where the Losses Were

Manufacturing was the hardest hit industry sector, both nationally and locally, where it dropped by 7,000 jobs in 2002, a loss of 7.1 percent. Computer and electronic product manufacturing showed the sharpest losses, with a drop of 2,600 over the year. Fabricated metal products, paper products and graphic printing operations also had significant employment declines.

Employment in the professional and business services supersector fell by 5,300, with two sectors within this group accounting for most of the losses. Professional, scientific and technical services fell by 2,600, due primarily to weakness in management consulting and computer consulting businesses. Administrative and support services declined by 2,700 jobs over the year, mostly due to fewer openings at temporary help agencies. Employment in building maintenance and direct mail services also declined.

Wholesale trade employment, which is closely tied to manufacturing, was down 1,600. There were significant job losses at wholesale trade companies that deal with computers and electronic parts and equipment.

Employment in the new information supersector fell by 800 due to drops in two component sectors, publishing and telecommunications. Long Island's telecommunications job losses came later and were less severe than in other areas of the country. Cablevision, Worldcom and Verizon had sizeable cutbacks that emerged in the last half of 2002. Long Island appears to have escaped the brunt of the dot-com implosion, with only limited local job losses directly attributable to that event.

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Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JAN '02	JAN '03		JAN '02	JAN '03		JAN '02	JAN '03
New York State	6.5	6.9	Hudson Valley	4.5	4.3	Southern Tier	7.0	6.7
Capital District	4.6	4.4	Dutchess	4.4	4.4	Broome	7.0	6.8
Albany	3.5	3.5	Orange	4.9	4.5	Chemung	7.5	7.0
Columbia	4.1	3.8	Putnam	3.4	3.5	Chenango	7.9	7.3
Greene	5.8	5.2	Rockland	3.9	3.9	Delaware	6.2	6.4
Rensselaer	5.5	4.9	Sullivan	6.8	6.0	Otsego	6.4	5.6
Saratoga	4.5	4.2	Ulster	4.9	4.6	Schuyler	10.8	10.1
Schenectady	4.3	4.4	Westchester	4.5	4.3	Steuben	9.4	9.5
Warren	7.8	7.5	Mohawk Valley	6.8	6.5	Tioga	6.8	7.0
Washington	6.3	6.1	Fulton	6.4	6.0	Tompkins	4.0	3.5
Central New York	6.6	6.3	Herkimer	7.2	7.1	Western New York	7.1	6.8
Cayuga	7.0	7.1	Madison	7.9	7.2	Allegany	7.6	8.0
Cortland	10.2	8.5	Montgomery	8.3	8.3	Cattaraugus	8.6	7.6
Onondaga	5.5	5.2	Oneida	5.8	5.7	Chautauqua	7.3	6.9
Oswego	9.0	9.5	Schoharie	9.1	7.2	Erie	6.5	6.3
Finger Lakes	6.5	6.6	North Country	9.0	8.6	Niagara	8.6	8.4
Genesee	8.4	8.6	Clinton	6.3	6.2	Long Island	4.5	4.5
Livingston	7.8	8.2	Essex	8.4	7.5	Nassau	4.3	4.1
Monroe	5.8	5.8	Franklin	8.6	8.2	Suffolk	4.7	4.9
Ontario	7.1	6.9	Hamilton	8.5	8.9	New York City	7.8	9.1
Orleans	8.4	9.6	Jefferson	10.5	9.8	Bronx	8.7	11.1
Seneca	6.6	6.8	Lewis	11.2	10.6	Kings	8.4	9.9
Wayne	8.1	8.4	St. Lawrence	9.8	9.4	New York	8.3	9.0
Wyoming	8.4	7.8				Queens	6.6	7.6
Yates	6.3	6.6				Richmond	5.9	7.7

Long Island...

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Outlook

An improvement in total employment is expected in 2003. However, the pace of job growth is expected to be modest and will most likely occur in the second half of the year. Some growing industries such as real estate, construction and auto sales may, in fact, see some moderation in growth. Other areas such as manufacturing, publishing, telecommunications, and advertising and related business services should see some gradual pick-up in hiring. Spending on defense-related manufacturing and homeland security is already adding some stability in manufacturing. Computer products and services is another industry that should experience increased hiring in the second half of the year as businesses, which have strictly limited their purchases of information technology over the past several years, are likely to begin to invest in new equipment and related services.

In the current economic climate, the overwhelming majority of companies will remain focused on improving productivity and efficiency to control costs and remain competitive, with an eye toward improving overall profitability. As the economy begins to grow and hiring activity increases, labor and skills shortages, which were important concerns in the late 1990s, will likely re-emerge as critical issues in the Long Island labor market.

Education engine...

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trations. Allegany County, home to Alfred University, Alfred State College and Houghton College, and Madison County, home to Colgate University, SUNY-Morrisville and Cazenovia College, ranked second and third, respectively.

Counties with Highest Concentration of College and University Employment and Wages New York State, 2001

	Percent Share of Total Employment
Tompkins	31.9%
Allegany	10.6%
Madison	9.5%
St. Lawrence	7.2%
Rensselaer	6.4%
Otsego	6.3%
Cortland	5.5%
Onondaga	5.0%
Bronx	4.9%
Schoharie	4.7%
	Percent Share of Total Wages
Tompkins	40.5%
Allegany	13.6%
Madison	11.7%
Cortland	10.2%
St. Lawrence	9.8%
Rensselaer	9.4%
Otsego	8.1%
Schoharie	6.4%
Livingston	5.8%
Monroe	5.1%

Source: Unemployment Insurance Tax Records

Colleges and universities have a stabilizing effect on the economies of the Upstate areas hit hard by the erosion of their local manufacturing base. In fact, post-secondary education in New York State has been a growth industry over the past decade, as increasing numbers of Generation Y (those born from 1977 to 1994) reached college age and many adults sought to continue their education. For example, between 1995 (when the oldest Generation Y members turned 18) and 2002, combined employment at public and private colleges and universities in New York State grew 27 percent, making it one of the fastest growing sectors of the economy over this period.

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Director	Thomas A. Rodick
Editor	Vincent DeSantis
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	Robert Lillpopp
Graphic Design	Glory-Anne Jones
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REGIONAL ANALYSTS' CORNER

FINGER LAKES
WILLIAM RAMAGE
(585)258-8870

Private sector employment in the Finger Lakes Region has fallen by 8,600 since January 2002. Job losses in manufacturing (-8,000) continued to account for most of the decline. Professional and business services; trade, transportation and utilities; and telecommunications also declined over the year. The region's unemployment rate rose slightly over the year from 6.5% to 6.6% in January 2003.

CENTRAL, NY
ROGER EVANS
(315)4793388

Private sector jobs rose 3,300 (+1.2%) in the Syracuse area over the year ending January 2003. Growth concentrated in professional and business services; leisure and hospitality; and educational and health services. Manufacturing continued down, shedding 1,400 jobs. The area's unemployment rate improved, falling to 6.2% from 6.5% in January 2002.

MOHAWK VALLEY
MARK BARBANO
(315)793-2282

Private sector employment in the Utica-Rome area increased 1,700, or 1.7%, over the year to 103,400 in January 2003. Hiring was concentrated in educational and health services (+1,300), with roughly half of the gain in healthcare. Trade, transportation and utilities rose by 1,000 due to retail trade expansion. Manufacturing (-1,000) lost the most jobs.

NORTH COUNTRY

ALAN BEIDECK (518)891-6680

Private sector employment in the region rose 1,100 to 107,900 over the 12-month period ending January 2003. It reached a new high for January, primarily due to new hiring at Stream International's call center in Watertown and a rebound in manufacturing employment. Educational and health services also added jobs over the year.

CAPITAL DISTRICT

JAMES ROSS
(518)462-7600

The area added 3,400 private sector jobs over the year. Gains were concentrated in educational and health services and professional and business services. This helped push the unemployment rate down from 4.6% in January 2002 to 4.4% in January 2003.

HUDSON VALLEY

SEAN MACDONALD
(914)997-8798

Private sector jobs increased 4,000 from a year ago to 711,300 in January 2003. Gains in construction (+3,700), professional and business services (+3,500) and trade, transportation and utilities (+2,800) offset losses in manufacturing (-2,900), leisure and hospitality (-1,600), and information (-600).

WESTERN NY

JOHN SLENKER
(716)851-2742

Private sector employment in the Buffalo-Niagara Falls area fell by 2,900 (-0.7%) over the year to 442,500. Declines were concentrated in trade, transportation and utilities (-3,000) and manufacturing (-2,500). Employment increased in financial activities (+900) and leisure and hospitality (+900). The area's unemployment rate dropped to 6.7% from 6.9% a year ago.

SOUTHERN TIER

JOSEPH KOZLOWSKI (607)741-4485

The private sector job count has declined by 4,600 over the year. Cutbacks were centered in manufacturing (-3,300) and professional and business services (-2,200). New hiring occurred in educational and health services (+500) and leisure and hospitality (+300). The region's unemployment rate declined from 7.0% in January 2002 to 6.7% this January.

NEW YORK CITY

JAMES BROWN (212)352-6698

Private sector employment fell 37,000 or 1.2% over the 12-months ending January 2003. The economic picture remains lackluster with job losses in information, manufacturing, construction, professional and business services, and financial activities. Hiring continues in educational and health services. Employment in retailing and construction is holding relatively steady.

LONG ISLAND

GARY HUTH (516)934-8533

Private sector employment dropped 1,000 (-0.1%) over the year. Employment fell in manufacturing (-6,200), information (-1,900) and professional and business services (-1,000). Employment increased in educational and health services (+2,900), trade, transportation and utilities (+2,400), leisure and hospitality (+800) and financial activities (+600). The unemployment rate was 4.5%, unchanged from January 2002.

