

# EMPLOYMENT

## in New York State

George E. Pataki, Governor

March 2004

Linda Angello, Commissioner

**Annual Revisions Show 2003 Much Better than 2002...**

## New York's Private Sector Jobs in 2003

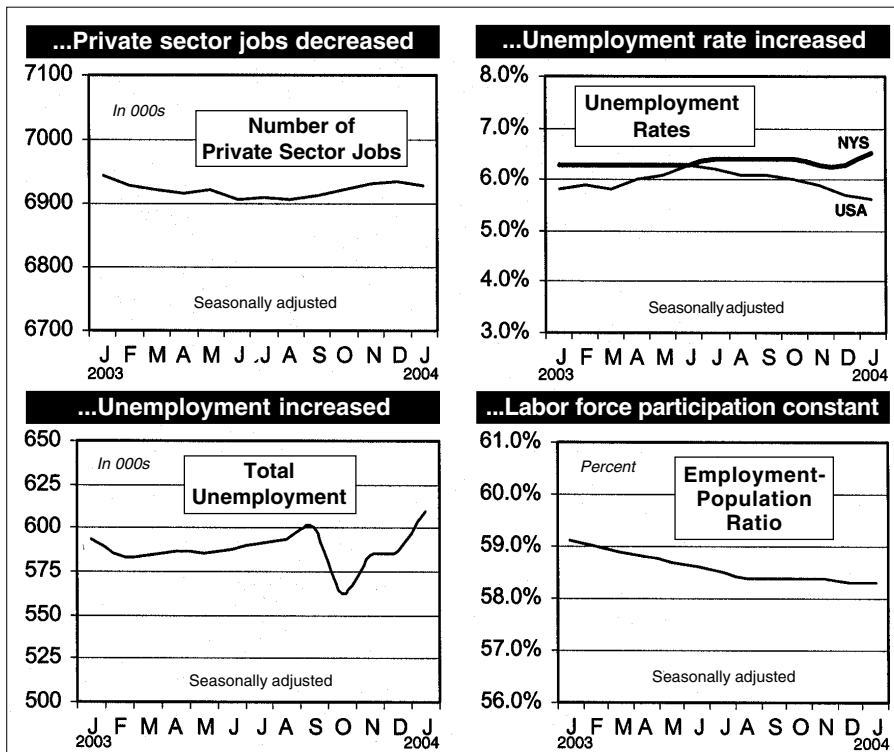
**N**ew seasonally adjusted jobs data for 2003 show a positive trend of substantial job growth occurring in the second half of the year. New York State's private sector job count averaged 6,917,700 in 2003, down 48,700 or 0.7 percent from 2002, after annual year-end revisions. The over-the-year job change in 2003 was a marked improvement over 2002, when the annual average private sector count fell 157,500, or 2.2 percent. By comparison, the nation's private sector job count fell by 0.4 percent in 2003. Statewide employment data for the previous 18 months are revised at the end of each year, as more complete information becomes available from unemployment insurance tax records.

### Industry Job Summary

Most of the decrease in the nonfarm job count between 2002 and 2003 occurred in manufacturing (-37,600), information (-19,200), and professional and business services (-12,800). The majority of manufacturing losses were in durable goods, specifically machinery manufacturing (-6,800) and computer and electronic product manufacturing (-4,900). The decline in non-durable goods employment was centered in apparel manufacturing (-7,000). Information employment declines were concentrated in telecommunications (-8,500) and motion picture and sound recording (-5,000). Most of the employment losses in

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## IN JANUARY...



### At a Glance

In January 2004, New York's seasonally adjusted unemployment rate was 6.5 percent, up from 6.3 percent in December. (The nation's unemployment rate was 5.6 percent in January.) In January 2004, the state had 8,411,300 nonfarm jobs, including 6,928,500 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state decreased by 0.1 percent from December. (The nation's private sector job count increased by 0.1 percent over the month.) From January 2003 to January 2004, the number of private sector jobs decreased by 0.1 percent in the state and increased by 0.1 percent in the nation (not seasonally adjusted). In addition, New York's employment-population ratio, a measure of labor force participation, was unchanged in January.

### Change in Nonfarm Jobs

Jan. 2003 - Jan. 2004

(Data not seasonally adjusted, numbers in thousands)

	Net	%
Total Nonfarm Jobs	-12.5	-0.2%
Private Sector	-3.7	-0.1%
Goods-Producing		
Nat. res. & mining	-0.1	-2.3%
Construction	-3.1	-1.1%
Manufacturing	-29.9	-4.8%
Durable gds.	-13.3	-3.7%
Nondurable gds.	-16.6	-6.2%
Service-providing	20.6	0.3%
Trade, trans., & util.	-1.7	-0.1%
Wholesale trade	-3.2	-0.9%
Retail trade	5.5	0.6%
Trans., whrs., & util.	-4.0	-1.5%
Information	-8.2	-3.0%
Financial activities	2.4	0.3%
Prof. & bus. svcs.	0.4	0.0%
Educ. & health svcs.	29.9	2.0%
Leisure & hospitality	7.9	1.3%
Other services	-1.3	-0.4%
Government	-8.8	-0.6%

# Focus on the North Country

## North Country Calling...Call Centers Setting Up Shop in Region

by Katie Brennan, Research Analyst - North Country Region

**P**rivate sector employment in the North Country region rose over the year by 500, or 0.5 percent, to 108,600 in January 2004. Employment gains were led by leisure and hospitality (+400) and retail trade (+400). Leisure and hospitality employment received a boost from increased capital spending and renewed promotion efforts that helped attract new and repeat visitors. Private sector job declines were centered in natural resources, mining and construction (-400) and manufacturing (-300). Bad news from the manufacturing sector includes the planned closing in June of the Kraft cheese plant in Canton (60 jobs) and the recent loss of 107 jobs at the Alcoa plant in Massena.

### Call Centers

With the proliferation of mega-retailers and online shopping, many U.S. retailers in recent years have radically altered the way they deliver post-purchase customer service concerning warranties, product support, and other issues. Instead of visiting their local retail store, customers are increasingly picking up the telephone or sending an e-mail to ask questions about products or services. In many instances, customers are dealing with customer service agents at third-party companies located in call centers. This trend has been enabled, in large part, by technological advances and steep drops in communications costs. In many instances sales and service people no



**“We are very fortunate to have two call centers in the region; each one acts as an important economic engine in their respective area. Both operations have high rates of productivity and offer competitive compensation packages to their employees.”**

*John Masella,  
Division of Employment  
Services Manager*

longer need to be in the same physical location as their customers.

The North Country has begun to capitalize on this trend with the opening of two large call centers in the region. Stream International located one of its in-bound call centers in Watertown (Jefferson County) in 2002 and now employs around 400 people at the site. More recently, Mountain Valley Teleservices arrived in Ausable Valley (Essex County). The company employs over 70 people and plans to expand well beyond this figure. Each of these businesses has done much to lift employment in their respective locations.

What do call center companies look for when scouting potential locations? Research revealed that areas with the following characteristics are among those most in demand: a readily available labor pool consisting of dependable individuals with a modest education; competitive labor costs; an up-to-date telecommunications infrastructure that can accommodate large amounts of both voice and data transmissions; and low property costs. Moreover, in many instances, executives at call center companies have a personal connection with the area where they choose to locate their operations.

In many ways, the demographics of the North Country's workforce dovetail with the hiring preferences of call center companies. According to the 2000 Census, there are more than 200,000 North Country residents 25 years and older who do not possess a college degree. Labor costs, which account for 60 to 80 percent of overall costs, are another major consideration for call center companies. According to the latest available data, the North Country's median wage across all occupations (\$26,160) is about 20 percent less than the comparable figure for New York State (\$32,590). However, firms are not simply looking for inexpensive labor, but a stable staff that will have low turnover.

Initially, most call centers were located in urban and suburban areas because they possessed the advanced

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## Manufacturing Grants Offered

**T**he State Labor Department now offers the New York Skilled Manufacturing Resource Training (NY SMART) program to help businesses keep their workers up-to-date on the latest manufacturing technology. The NY SMART program offers new job training assistance to help small manufacturing firms upgrade the skills of both new and incumbent workers.

New York Skilled Manufacturing Resource Training (NY SMART) grants are designed to aid manufacturing firms with worker training initiatives. The money supporting the training will come from state-level funds under the Federal Workforce Investment Act, administered by the State Department of Labor.

SMART grants have \$8.5 million allocated for manufacturing firms that employ fewer than 100 workers. Under the guidelines of SMART grants, these firms can apply for grants of up to \$50,000.

For consideration, a firm must be a private-sector, for-profit manufacturing business with fewer than 100 employees working in New York State. The business must have headquarters or least one physical location in New York State at the time of the application. To qualify for an award, management staff must attend a free Department of Labor-sponsored seminar on Lean Manufacturing or Six Sigma, or have received equivalent training within a year. The State Labor Department will award contracts for a

period of one year. Companies may apply until June 30, 2005.

Richard Calo, Chair of the New York State Workforce Investment Board and Vice President of Workforce Relations at IBM, said, “These NY SMART grants will help New York State's manufacturers increase their potential to compete on a global scale. The Workforce New York network will work closely with manufacturing firms and local officials to ensure that manufacturers secure these important training funds for their workers.”

Documents and details pertaining to the NY SMART grants are on the Workforce New York website at [www.workforcenewyork.com](http://www.workforcenewyork.com). In addition, interested firms can call 1-800-HIRE-992 for more information.

## Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JAN '03	JAN '04		JAN '03	JAN '04		JAN '03	JAN '04
<b>New York State</b>	<b>7.0</b>	<b>7.2</b>	<b>Hudson Valley</b>	<b>4.3</b>	<b>4.8</b>	<b>Southern Tier</b>	<b>6.8</b>	<b>7.1</b>
<b>Capital District</b>	<b>4.6</b>	<b>4.9</b>	Dutchess	4.4	4.7	Broome	6.9	6.9
Albany	3.8	4.0	Orange	4.6	5.3	Chemung	7.2	7.6
Columbia	4.1	4.3	Putnam	3.6	3.6	Chenango	7.2	8.4
Greene	5.3	5.7	Rockland	3.9	4.2	Delaware	6.5	6.2
Rensselaer	5.0	5.5	Sullivan	6.2	7.1	Otsego	6.0	7.0
Saratoga	4.4	4.6	Ulster	4.7	5.8	Schuyler	10.2	10.5
Schenectady	4.2	5.0	Westchester	4.3	4.6	Steuben	9.5	9.6
Warren	7.6	7.7	<b>Mohawk Valley</b>	<b>6.7</b>	<b>7.5</b>	Tioga	7.3	7.4
Washington	5.6	6.5	Fulton	6.4	7.3	Tompkins	3.7	4.1
<b>Central New York</b>	<b>6.4</b>	<b>7.2</b>	Herkimer	7.2	8.1	<b>Western New York</b>	<b>6.8</b>	<b>8.0</b>
Cayuga	7.1	8.5	Madison	7.1	8.8	Allegany	8.3	10.4
Cortland	8.9	10.7	Montgomery	8.8	10.1	Cattaraugus	7.5	9.2
Onondaga	5.3	5.8	Oneida	6.0	6.4	Chautauqua	6.8	8.0
Oswego	9.7	10.8	Schoharie	6.9	8.5	Erie	6.3	7.4
<b>Finger Lakes</b>	<b>6.6</b>	<b>7.1</b>	<b>North Country</b>	<b>8.6</b>	<b>9.8</b>	Niagara	8.5	9.4
Genesee	8.5	10.0	Clinton	6.8	8.0	<b>Long Island</b>	<b>4.5</b>	<b>4.8</b>
Livingston	8.1	8.7	Essex	6.7	8.3	Nassau	4.1	4.3
Monroe	5.7	6.2	Franklin	8.3	9.2	Suffolk	4.9	5.2
Ontario	6.9	7.5	Hamilton	8.8	9.6	<b>New York City</b>	<b>9.1</b>	<b>8.9</b>
Orleans	9.7	9.1	Jefferson	9.8	11.1	Bronx	11.1	11.5
Seneca	7.3	7.5	Lewis	10.2	12.1	Kings	10.0	9.7
Wayne	8.2	8.3	St. Lawrence	9.4	10.6	New York	9.0	8.3
Wyoming	8.0	10.1				Queens	7.6	7.6
Yates	6.4	6.1				Richmond	7.7	7.7

### North Country...

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telecommunications networks necessary to handle a large volume of voice and data transmissions. However, as telecommunications capabilities expanded, call centers opted to set up shop in less populated areas, especially those with relatively low property costs. In many cases, incentives offered by regional economic developers improved an area's chances of enticing prospective employers.

A personal connection on the part of managers and executives at Mountain Valley Teleservices played a role in their decision to consider this region. This, as well as a desire for a rural U.S. location, overwhelming community support, and the assistance of regional development agencies combined to cement the decision to locate in the North Country.

### The Outlook

While some companies are moving their call center jobs to foreign countries, many remain in, or return to, the U.S. because they find worker productivity rates and dedication to be superior here. The best combination of these two attributes is often found in rural settings, where there are usually fewer alternative employment opportunities and the local community provides strong support to the firm. Recent successes in drawing such companies to the North Country bode well for the local economy and provide another perspective on the issue of job relocation.

### Private Sector Jobs...

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professional and business services were in administrative and support services (-9,100). Employment also decreased in financial activities; government; trade, transportation and utilities; and construction.

Among industries adding jobs, educational and health services (private sector) gained, by far, the most employment; up 30,700 over the year. Most of the sector's gains were in health care and social assistance (+20,100), while educational services added 10,600. Employment also increased in leisure and hospitality; other services; and natural resources and mining.

### Area Job Summary

Although both the Upstate and Downstate areas experienced private sector job count declines in 2003, their relative performance was significantly better than in 2002. Among metropolitan areas in 2003, the annual average private sector job count increased in seven areas, decreased in eight and was unchanged in one area. The areas with the fastest growth rates were Glens Falls (+3.2 percent), Newburgh (+1.6 percent) and Putnam County (+1.6 percent). Private sector jobs declined most rapidly in Utica-Rome (-2.7 percent), Binghamton (-2.5 percent), and Elmira (-1.5 percent). Of special note in 2003 were the Albany-Schenectady-Troy, Dutchess, Glens Falls, Nassau-Suffolk, and Westchester areas, all of which reversed the over-the-year job losses they experienced in 2002.

### Change in Annual Average Jobs by Industry, NYS 2002-2003 (in thousands)

	Net Change	% Change
Total Nonfarm	-55.5	-0.7%
<b>Private Sector</b>	<b>-48.7</b>	<b>-0.7%</b>
Natural Resources & Mining	0.2	3.9%
Construction	-2.5	-0.8%
Manufacturing	-37.6	-5.8%
Durable Goods	-24.2	-6.5%
Nondurable Goods	-13.4	-4.8%
Trade, Trans. & Utilities	-6.4	-0.4%
Wholesale Trade	-3.1	-0.9%
Retail Trade	-1.2	-0.1%
Trans., Wrhs. & Utilities	-2.2	-0.8%
Information	-19.2	-6.5%
Financial Activities	-7.7	-1.1%
Professional & Business Svcs.	-12.8	-1.2%
Educational & Health Svcs.	30.7	2.1%
Leisure & Hospitality	5.0	0.8%
Other Services	1.6	0.5%
Government	-6.8	-0.5%

by Joseph Nardone

### Employment in New York State

is published 12 times a year. For a change of address, write to the Publications Unit at the address below and provide your old as well as new address.

Division of Research and Statistics  
New York State Department of Labor  
Building 12, State Campus  
Albany, N.Y. 12240

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## REGIONAL ANALYSTS' CORNER

### FINGER LAKES WILLIAM RAMAGE 585-258-8870

Private sector employment in the Finger Lakes region declined 1,800, or 0.4 percent, over the year to 456,500 in January 2004. Cutbacks in manufacturing (-9,200) and trade, transportation and utilities (-300) overshadowed hiring in educational and health services (+4,200), financial activities (+900) and natural resources, mining and construction (+800).

### CENTRAL NY ROGER EVANS 315-479-3388

Private sector jobs in the Syracuse area rose by 900, or 0.3 percent, over the 12 months ending January 2004. Job gains were centered in professional and business services, educational and health services, and leisure and hospitality. Manufacturing employment fell 1,700 over the year.

### MOHAWK VALLEY MARK BARBANO 315-793-2282

Over the year, private sector jobs in the Utica-Rome area declined by 1,100 and total nonfarm jobs declined by 300. Losses were greatest in manufacturing, primarily in the durable goods sector. Gains were greatest in the government sector, due to the continued expansion of the Oneida Indian Nation's Turning Stone Casino.

### NORTH COUNTRY ALAN BEIDECK 518-891-6680

The region's private sector job count rose 500 over the year to 108,600 in January, a new high for the month. Gains were largest in trade, transportation, and utilities (+500) and leisure and hospitality (+400). Growth in retail trade is expected to continue, as Wisebuys, a local department store chain, announced plans to open a store in Tupper Lake, and Wal-Mart intends to build a "Supercenter" near Lowville.

### CAPITAL DISTRICT JAMES ROSS 518-462-7600

Private sector jobs in the Albany-Schenectady-Troy area rose by 5,000, or 1.5 percent, over the 12 months ending January 2004. Job gains were centered in educational and health services (+2,000), leisure and hospitality (+1,100), and professional and business services (+900). Losses were centered in manufacturing (-300).

### HUDSON VALLEY SEAN MacDONALD 914-997-8798

Private sector employment increased 11,700, or 1.6 percent, over the year to 722,800 in January 2004, a new record for the month. Growth was largest in educational and health services (+4,200), trade, transportation and utilities (+3,800), and professional and business services (+2,200). Information (-1,600) and manufacturing (-1,500) posted losses over the year.

### WESTERN NY JOHN SLENKER 716-851-2742

The private sector job count in the Buffalo area decreased by 5,900, or 1.3 percent, over the year to 436,700 in January 2004. Gains were centered in educational and health services (+600) and professional and business services (+600). However, these gains were outweighed by losses in manufacturing (-3,800), natural resources, mining and construction (-1,100), leisure and hospitality (-700), and trade, transportation and utilities (-600).

### SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

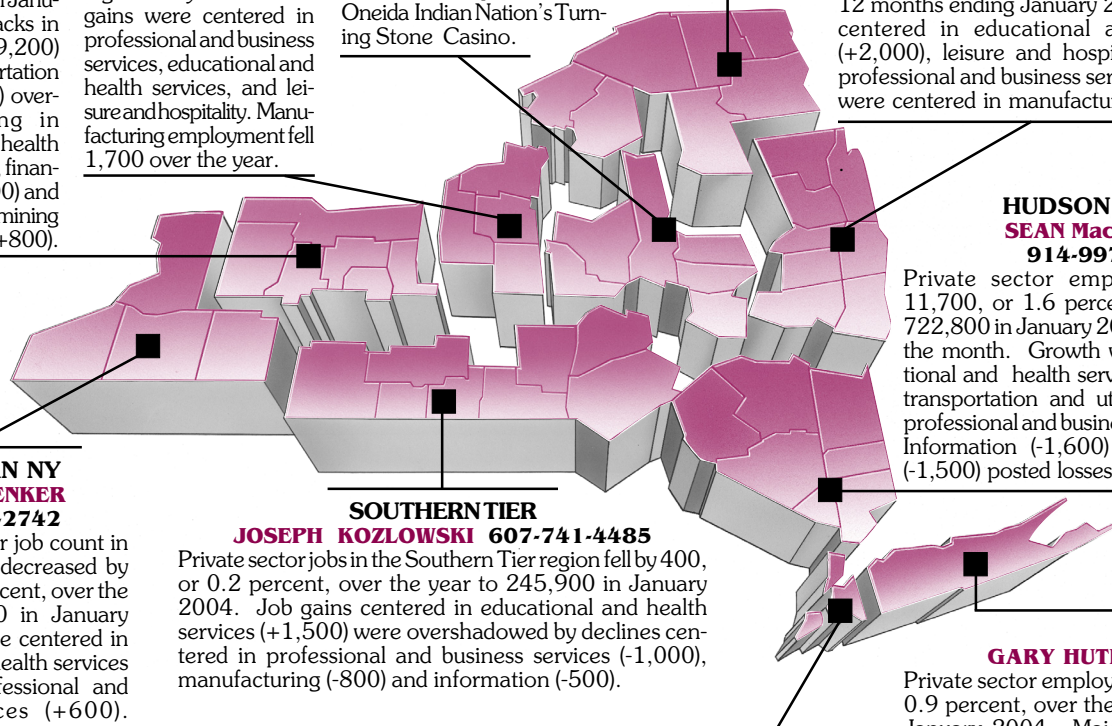
Private sector jobs in the Southern Tier region fell by 400, or 0.2 percent, over the year to 245,900 in January 2004. Job gains centered in educational and health services (+1,500) were overshadowed by declines centered in professional and business services (-1,000), manufacturing (-800) and information (-500).

### NEW YORK CITY JAMES BROWN 212-352-6698

Against a backdrop of seasonal layoffs, key sectors of the economy continue to recover. Employment in the economically sensitive information sector, which fell sharply in 2000-2002, is now modestly above its year-earlier level. At the same time, losses in retail trade and professional and business services have narrowed dramatically.

### LONG ISLAND GARY HUTH 516-934-8533

Private sector employment rose 8,700, or 0.9 percent, over the year to 999,900 in January 2004. Major gains occurred in educational and health services (+5,000), trade, transportation and utilities (+2,800), financial activities (+2,400), leisure and hospitality (+1,400), and professional and business services (+1,000). Sectors with over-the-year losses included manufacturing (-2,900) and information (-1,700).



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