

# EMPLOYMENT in New York State

George E. Pataki, Governor

May 2006

Linda Angello, Commissioner

## Critical Factor in Today's Economy...

### Math and Science Education in the Global Economy

*"U.S. high school students score below students in most other advanced countries in their math and science skills. To remain competitive in the global economy, the United States needs to improve the education and skills of its residents and prepare them for jobs that will be available in the future."*

2006 Economic Report of the President

**M**ath and science education has emerged as a critical factor in today's increasingly competitive global environment. Many of the skills needed to compete successfully in today's economy will require students to have a solid comprehension of math and science principles.

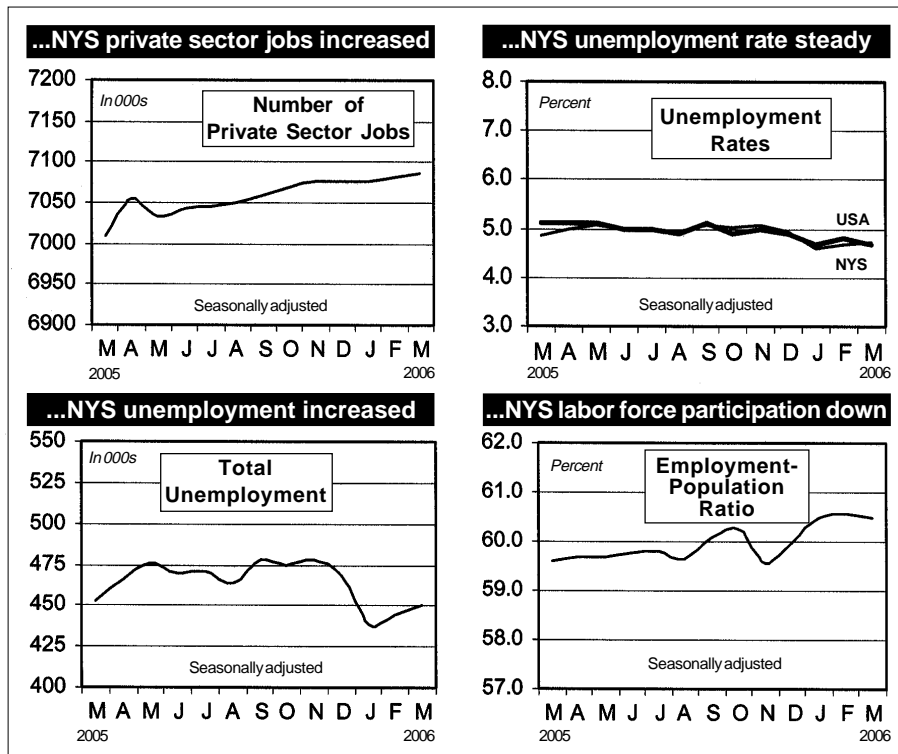
According to the National Science Foundation (NSF), of the 2.38 million university degrees conferred at the associate, bachelor's, master's, or doctoral level in the U.S. in 2002, only 335,000,

or 14 percent, were in the natural sciences or engineering fields. Moreover, fewer bachelor's degrees in 2002 than in 1983 were actually conferred in certain technical fields, such as engineering, despite the fact that the overall number of degrees awarded in all fields (all levels) increased by 35 percent.

The number of degrees awarded in technical fields in many emerging countries has expanded much faster than in the U.S., putting our nation at a potential

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## IN MARCH...



### At a Glance

In March 2006, New York's seasonally adjusted unemployment rate was 4.7 percent, unchanged from February 2006. (The nation's unemployment rate was also 4.7 percent in March.) In March 2006, the state had 8,574,700 nonfarm jobs, including 7,087,500 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.1 percent from February. (The nation's private sector job count increased by 0.2 percent over the month.) From March 2005 to March 2006, the number of private sector jobs increased by 1.2 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, decreased in March.

### Change in Nonfarm Jobs March 2005 - March 2006 (Data not seasonally adjusted, numbers in thousands)

	Net	%
Total Nonfarm Jobs	86.2	1.0
Private Sector	80.6	1.2
Goods-producing		
Nat. res. & mining	-8.9	-1.0
Construction	0.4	8.0
Manufacturing	8.0	2.7
Durable gds.	-17.3	-3.0
Nondurable gds.	-9.4	-2.8
Durable gds.	-7.9	-3.2
Service-providing	95.1	1.3
Trade, trans., & util.	14.6	1.0
Wholesale trade	0.8	0.2
Retail trade	10.9	1.3
Trans., wrhs., & util.	2.9	1.1
Information	2.0	0.8
Financial activities	16.8	2.4
Prof. & bus. svcs.	17.3	1.6
Educ. & health svcs.	27.8	1.8
Leisure & hospitality	6.2	1.0
Other services	4.8	1.4
Government	5.6	0.4

# Focus on New York City

A Good Start Toward A Strong Year

by Jim Brown, Labor Market Analyst, New York City

**N**ew York City averaged 3,048,500 private sector jobs in the first quarter of 2006, an increase of 1.8 percent from the first quarter of 2005. This strengthening job market is reflected in the unemployment rate, which fell to 5.7 percent in the first quarter of 2006 from 6.0 percent in the first quarter of 2005.

Leisure and hospitality enjoyed the fastest job growth of any sector (+3.1 percent) between the first quarter of 2005 and the first quarter of 2006. This sector has been a key source of strength for the local economy, and is on track for its third straight year of record-high employment. Manhattan's 85 percent hotel occupancy rate in 2005 contributed to this growth. The three main components of the sector – amusement and recreation, accommodation, and especially food services and drinking places – all added jobs.

Financial activities was the second-best performing sector with growth of 2.9 percent over the year. Securities and



**“The Department of Labor and its workforce development partners have made invaluable contributions to job growth in New York City.”**

John Harloff,

Regional Administrator,  
New York City Region

commodities and related activities (+5.9 percent), credit intermediation (+2.6 percent) and real estate and rental (+1.1 percent) all grew, while funds and trusts (-7.6 percent) and insurance (-1.6 percent) lost jobs. The securities industry, in particular, profited from rising stock and commodities markets and increased mergers and acquisitions activity.

Employment in educational and health services climbed by 2.9 percent. This sector, which includes many non-profit

organizations, is the City's largest, accounting for about one in five private sector jobs. Social assistance (+3.6 percent), educational services (+3.0 percent), and health care (+2.6 percent) all registered strong job growth. Benefiting from a strong local economy, job growth in these industries is also being driven by demographic and sociological trends such as population growth, an aging population, and an increase in the portion of the population seeking college degrees.

Natural resources, mining and construction, which only started showing year-to-year growth in late 2004, increased employment by 1.3 percent. Growth was concentrated in construction of buildings (+5.5 percent), while specialty trade contractors (electrical, carpentry, and plumbing contracting firms etc.) actually lost jobs. The sector's economic outlook is positive, as a tightening market for office space, numerous hotel projects, and a variety of large projects

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## Sizing Up the Workforce

**W**ho employs the most workers – small, large, or midsized firms? This and many related questions can be answered with size-of-establishment data, which can be used to confirm or dispel popular conceptions about the economy.

For instance, conventional wisdom has held for many years that most jobs are maintained in small businesses. However, while the vast majority (about 80%) of the state's 492,000 private sector business establishments are classified as very small (i.e., they employ fewer than 10 workers), they accounted for only 1.0 million – just 14% – of the 7.1 million private sector jobs in New York in the fourth quarter of 2005.

In contrast, in New York there were almost 1,600 establishments with 500 or more employees. While these firms represented only 0.3% of establishments, they employed 37% of private sector workers (see table). Among firms with at least 500 employees, seven sectors—health care and social assistance (594,900), retail trade (488,600), finance and insurance (316,500), manufacturing

(198,500), administrative and support services (181,900), educational services (165,000), and information (152,500)—had at least 150,000 employees. The

three largest industry sectors together accounted for 1.4 million jobs, or more than 50% of all employment in this size class.

**New York State,  
Distribution of Private Sector Firms and Employment,  
by Class Size,  
4<sup>th</sup> Quarter 2005**

<u>Size Class (employees)</u>	<u># of Firms</u>	<u>Employment</u>
0-9	404,483	1,001,300
10-49	70,005	1,396,400
50-99	8,986	614,600
100-249	5,379	818,200
250-499	1,801	629,200
500-999	877	603,000
1,000-2,499	501	761,100
2,500-4,999	126	429,000
5,000-7,499	36	210,100
7,500-9,999	16	136,400
10,000-14,999	12	142,300
15,000+	16	324,200
<b>Total</b>	<b>492,238</b>	<b>7,065,900</b>

Source: Quarterly Census of Employment and Wages

## Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAR '05	MAR '06		MAR '05	MAR '06		MAR '05	MAR '06
<b>New York State</b>	<b>5.1</b>	<b>5.0</b>	<b>Hudson Valley</b>	<b>4.2</b>	<b>4.1</b>	<b>Southern Tier</b>	<b>5.2</b>	<b>5.0</b>
<b>Capital</b>	<b>4.3</b>	<b>4.3</b>	Dutchess	4.0	4.0	Broome	5.3	5.2
Albany	3.9	3.9	Orange	4.5	4.3	Chemung	6.1	5.3
Columbia	4.1	4.3	Putnam	3.8	3.7	Chenango	6.0	5.9
Greene	4.9	5.1	Rockland	4.5	3.9	Delaware	4.8	4.7
Rensselaer	4.5	4.5	Sullivan	5.4	5.4	Otsego	4.6	4.9
Saratoga	3.8	3.9	Ulster	4.4	4.3	Schuyler	5.8	6.3
Schenectady	4.4	4.3	Westchester	4.1	4.1	Steuben	6.5	6.0
Warren	5.1	5.7	<b>Mohawk Valley</b>	<b>5.7</b>	<b>5.6</b>	Tioga	5.9	5.0
Washington	5.3	4.8	Fulton	6.1	6.1	Tompkins	3.2	3.2
<b>Central New York</b>	<b>5.3</b>	<b>5.1</b>	Herkimer	6.2	6.2	<b>Western New York</b>	<b>5.6</b>	<b>5.5</b>
Cayuga	5.3	5.5	Madison	6.1	5.7	Allegany	6.2	5.7
Cortland	5.9	5.8	Montgomery	5.9	6.4	Cattaraugus	5.9	5.9
Onondaga	4.8	4.6	Oneida	5.3	4.9	Chautauqua	5.2	5.1
Oswego	6.8	6.4	Schoharie	6.0	6.0	Erie	5.5	5.4
<b>Finger Lakes</b>	<b>5.1</b>	<b>5.1</b>	<b>North Country</b>	<b>6.6</b>	<b>6.9</b>	Niagara	6.2	6.2
Genesee	5.7	5.7	Clinton	5.7	6.3	<b>Long Island</b>	<b>4.2</b>	<b>4.1</b>
Livingston	5.4	5.8	Essex	6.0	6.8	Nassau	4.1	4.0
Monroe	4.7	4.6	Franklin	6.7	6.9	Suffolk	4.3	4.2
Ontario	5.0	5.5	Hamilton	6.4	8.5	<b>New York City</b>	<b>5.6</b>	<b>5.5</b>
Orleans	6.6	6.8	Jefferson	7.3	7.1	Bronx	7.3	7.1
Seneca	5.6	5.5	Lewis	7.4	7.6	Kings	5.9	5.9
Wayne	5.7	5.7	St. Lawrence	6.6	6.8	New York	5.0	4.8
Wyoming	6.4	6.6				Queens	5.0	5.1
Yates	4.9	4.9				Richmond	5.0	4.8

**New York City...**

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including baseball stadiums, the Second Avenue subway line and downtown reconstruction should boost employment going forward.

Trade, transportation and utilities employed an average of 543,200 jobs in the first quarter of 2006, up 1.3 percent over the year. Growth was concentrated in retail trade (+2.3 percent). Job cuts are continuing in the air transportation industry. Most airlines are losing money due in part to higher fuel prices, even as the number of people flying reaches record levels.

Manufacturing was the only major sector to suffer an over-the-year job loss, dropping by 6,400, or 5.5 percent. Losses were particularly severe in apparel (-19.1 percent). One relatively bright spot is food manufacturing, where employment rose over the year by 1.0 percent. Firms in this industry that serve the local retail and commercial markets, such as bakeries and meat processors, showed strength, while operations serving regional or national markets were under increased competitive pressure.

New York City is enjoying a strong economic expansion, which is still gaining strength. Job growth is widespread, with professional and financial industries exhibiting particular strength. As we enter the third year of this expansion, the City's unemployment rate is near the lows reached during early 2001. However, the City's current private sector job count is still more than 100,000 below 2001 levels.

**Math and Science...**

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competitive disadvantage. Between 1987 and 2002, the number of first university degrees awarded in engineering and physical/biological sciences increased by 237 percent in China and 124 percent in South Korea, according to the NSF. In the U.S., however, the increase in the number of degrees was only 5 percent over the same period.

In his recent best seller, *The World is Flat*, Tom Friedman cites the role played by the rapid increase in the number of technically trained workers in India, China, and the former Soviet Union in helping to transform those nations' economies. Between the fall of the Berlin Wall in 1989 and 2000, these countries added about 1.5 billion new workers—many with university training in math and science—to the global workforce, according to Friedman. These foreign workers are, in turn, competing with the U.S. workforce, as increasing numbers of American companies are looking to "offshore" work to lower-cost nations.

Part of the competitive pressure currently facing the U.S. traces back to lackluster performance in science and math by many American elementary and secondary school students. Data from the U.S. Department of Education show that math scores for American 17-year-olds on international comparisons have remained flat since the early 1970s. Similar results from the Third International Math and Science Study found that

U.S. 12<sup>th</sup> graders ranked near the bottom in math and science internationally.

These alarming trends have led many government and business groups to press for national investment in math and science, similar to the call President Dwight Eisenhower made after the Soviet Union successfully launched Sputnik I in 1957. The New York State Department of Labor, working in conjunction with the New York State Business Council, is promoting the importance of math and science education to elementary and secondary school students through the use of its award-winning career exploration product, CareerZone. These efforts are designed to help prepare tomorrow's workforce for a rapidly changing global marketplace that is increasingly competitive and technology oriented.

by Kevin Jack

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Division of Research and Statistics  
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Building 12, State Campus  
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Director	David J. Trzaskos
Editor	Kevin Jack
Director of Communications	Robert Lillpopp
Graphic Design	Glory Anne Jones
Editorial Advisor	Christine Perham

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**REGIONAL ANALYSTS' CORNER**

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

The private sector job count in the Syracuse metro area rose 4,400, or 1.7 percent, to 261,100 for the 12-month period ending March 2006. Job creation was concentrated in trade, transportation and utilities (+1,100), educational and health services (+800), leisure and hospitality (+800), professional and business services (+700), and financial activities (+600). Information lost jobs (-300) over the year.

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

Private sector employment in the Utica-Rome area increased 200, or 0.2 percent, to 97,600 for the 12-month period ending March 2006. Gains in educational and health services (+600) and smaller gains in several other industries outpaced losses in information (-200), manufacturing (-200), and professional and business services (-200).

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

Private sector employment in the North Country rose over the year by 600, or 0.6 percent, to 108,700 in March 2006. The largest gains were in professional and business services (+1,000) and trade, transportation and utilities (+900). Losses were centered in manufacturing (-900) and leisure and hospitality (-500).

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

From March 2005 to March 2006, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 3,600, or 1.1 percent, to 334,400, a record high for the month. Job gains were centered in educational and health services (+1,700), trade, transportation and utilities (+1,200), and financial activities (+700). Over-the-year losses were concentrated in leisure and hospitality (-300).

**HUDSON VALLEY**  
**JOHN NELSON**  
**914-997-8798**

Private sector employment in the Hudson Valley increased over the year by 11,400, or 1.6 percent, to 736,200 in March 2006. Employment gains were largest in professional and business services (+3,100), educational and health services (+3,000), natural resources, mining and construction (+3,000), and trade, transportation and utilities (+2,300). Manufacturing (-1,500) and leisure and hospitality (-400) declined over the year.

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

The Buffalo-Niagara Falls metro area's private sector job count increased by 2,400, or 0.5 percent, to 445,900 over the 12 months ending March 2006. Gains were centered in professional and business services (+2,700), financial activities (+2,000), educational and health services (+1,000), and other services (+400). Losses were largest in manufacturing (-2,500) and natural resources, mining and construction (-400).

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

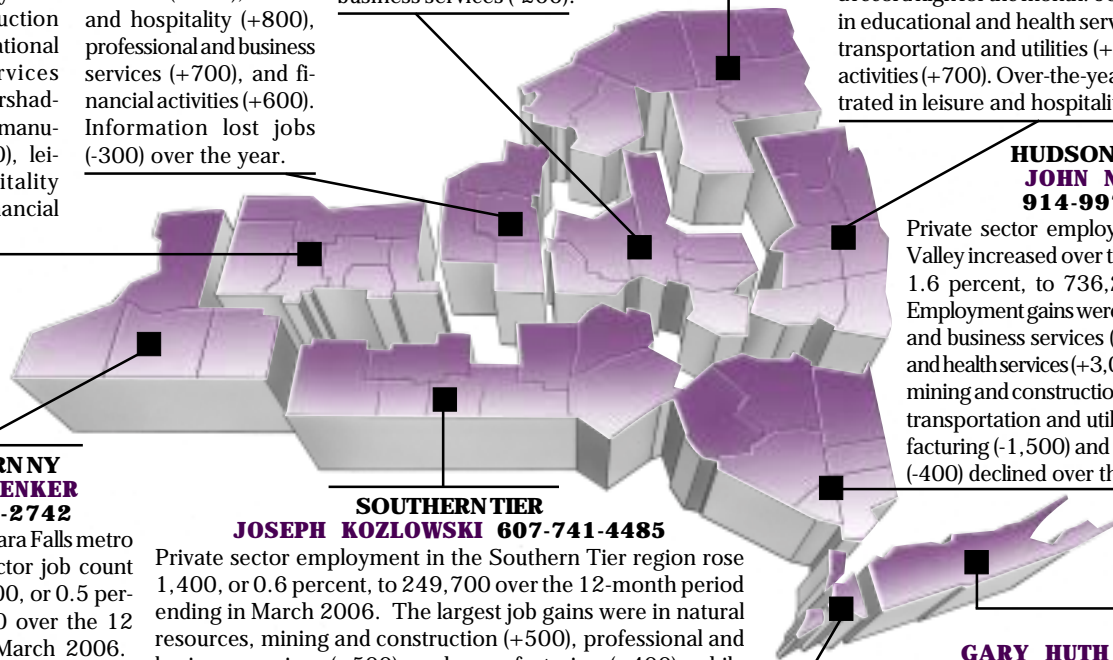
Private sector employment in the Southern Tier region rose 1,400, or 0.6 percent, to 249,700 over the 12-month period ending in March 2006. The largest job gains were in natural resources, mining and construction (+500), professional and business services (+500), and manufacturing (+400), while several other sectors experienced smaller job losses.

**NEW YORK CITY**  
**JAMES BROWN 212-621-9353**

The City's private sector job count grew 1.8 percent between first quarter 2005 and first quarter 2006. In fourth quarter 2005, private sector growth averaged 1.5 percent. The City's unemployment rate averaged 5.7 percent over the last three months, down from 6.0 percent for the same period last year. Educational and health services (+17,800) and financial activities (+12,400) added the most jobs over the year in March 2006.

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

Private sector jobs on Long Island increased over the year by 8,200, or 0.8 percent, to 1,024,300 in March 2006, a record for the month. Gains were largest in professional and business services (+4,100), leisure and hospitality (+1,700), natural resources, mining and construction (+1,600), other services (+900), and educational and health services (+600). Financial activities (-600) and manufacturing (-500) lost jobs over the year.



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