

# Employment

## IN NEW YORK STATE

David A. Paterson, Governor  
Colleen C. Gardner, Commissioner

### At a Glance

In March 2010, New York's seasonally adjusted unemployment rate was 8.6 percent, down from February's 8.8 percent. (The nation's unemployment rate was 9.7 percent in March.) In March 2010, the state had 8,504,000 non-farm jobs, including 7,004,700 private sector jobs, after seasonal adjustment. The number of seasonally adjusted private sector jobs in the state increased by 0.1 percent from February, while the U.S. private sector job count also increased 0.1 percent. From March 2009 to March 2010, the number of private sector jobs decreased by 1.2 percent in the state and decreased by 2.0 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators increased at an annual rate of 3.8 percent in March 2010.

### Change in Nonfarm Jobs

March 2009 - March 2010

(Data not seasonally adjusted,  
net change in thousands)

	Net	%
Total Nonfarm Jobs	-112.7	-1.3
Private Sector	-86.5	-1.2
Goods-producing	-56.2	-7.0
Nat. res. & mining	-0.2	-4.1
Construction	-25.4	-8.3
Manufacturing	-30.6	-6.3
Durable gds.	-23.8	-8.2
Nondurable gds.	-6.8	-3.5
Service-providing	-56.5	-0.7
Trade, trans. & util.	-23.7	-1.6
Wholesale trade	-14.6	-4.4
Retail trade	-2.3	-0.3
Trans., wrhs. & util.	-6.8	-2.6
Information	-4.6	-1.8
Financial activities	-23.8	-3.5
Prof. & bus. svcs.	-20.8	-1.9
Educ. & health svcs.	29.0	1.7
Leisure & hospitality	12.7	1.9
Other services	0.9	0.2
Government	-26.2	-1.7

### Pivotal Industry Faces Many Challenges...

## A Turbulent Ride for New York City's Airline Industry

In recent years, the U.S. airline industry has been battered by one problem after another. These include:

- Post-9/11 security concerns
- The worst global recession in 75 years
- High fuel prices (the industry's largest single cost)
- The H1N1 flu outbreak in 2009 and
- The recent eruption of a volcano in Iceland

### Industry Picture

The federal government deregulated the airline industry in the late 1970s. Over the past 30 years, the rise of low-cost carriers has reshaped the domestic industry. For example, 5 of the 10 largest U.S. carriers in

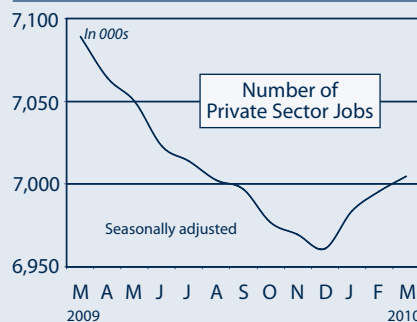
1980 -- Eastern, TWA, Pan American, Republic and Western -- eventually merged with other airlines or went out of business. (See table on page 2.) New York City was home to 3 of those 5 (Eastern, TWA and Pan American). As a result, the area lost many airline jobs.

In 2009, 3 of the 10 largest U.S. carriers (based on the number of passengers) -- Southwest, AirTran and JetBlue -- were low-cost airlines. This reflects the shifting mix of domestic airlines. In early May 2010, United (ranked 4th largest in 2009) and Continental (6th largest) agreed to merge to form the world's largest airline.

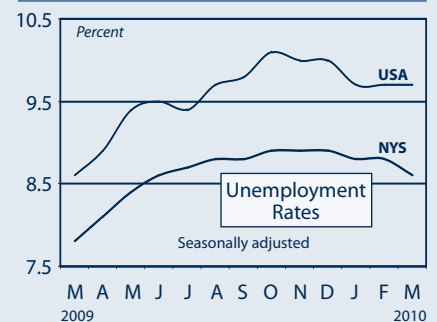
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### IN MARCH...

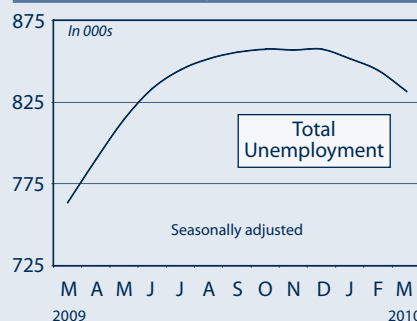
#### ...NYS private sector jobs increased



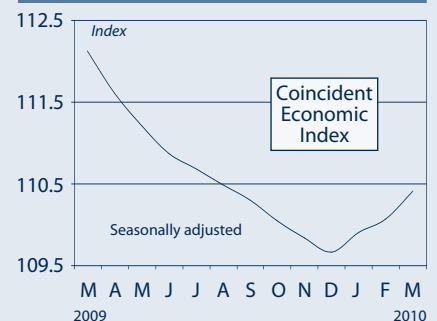
#### ...NYS unemployment rate decreased



#### ...NYS unemployment decreased



#### ...NYS economic index increased



# Focus on the Capital Region

Why Did We Outperform the Nation?

by Jim Ross, Labor Market Analyst, Capital Region

Over the past two years (March 2008 - March 2010), the total nonfarm job count in the Albany-Schenectady-Troy metro area fell much less (-2.6%) than in the U.S. (-5.9%). During the same time, our average unemployment rate was much lower (6.1%) than the nation's (8.0%). Why has the local labor market held up better than the nation's for the past two years?

## What is Shift-Share?

Shift-share analysis is one tool we use to answer this question. It divides an area's job growth into three parts:

- National growth (NG)
- Industrial mix (IM) and
- Regional competitiveness (RC)

NG measures the change in local jobs that would occur if the

region grew or declined at the same rate as the U.S. Matching the national rate of decline would have caused a loss of 26,200 jobs here over the last two years.

IM accounts for the change in jobs due to a region's unique mix of industries. This means regions with many high-growth industries will have a positive IM. If a region has lots of low-growth industries, then it will have a negative IM effect. Over the past two years, this area had a positive IM effect.

Of the three parts, RC may be the most important. It tells us about the impact of some special advantage a local area has. Some examples include:

- Natural resources (e.g., hydro power)
- Colleges and universities (e.g., high-tech spin-offs)

A positive RC means that, after we account for the NG and IM effects, our region's rate of job creation beat the nation's.

## What Does This Mean?

The Albany-Schenectady-Troy area added 8,000 jobs over the past two years due to a favorable IM. Educational and health services (+8,200) and government (+6,600) had the most positive effects. The worst job losses due to the region's industrial mix were in natural resources, mining and construction (-2,800), manufacturing (-2,100) and professional and business services (-1,100).

*"The local labor market held up better than the nation's for the past two years."*

The area's positive RC effect added 6,700 jobs between March 2008 and March 2010. Almost all local major industry groups had

positive RCs over this period. The best were:

- Natural resources, mining and construction (+3,500)
- Leisure and hospitality (+1,500)
- Professional and business services (+1,400)
- Manufacturing (+800) and
- Information (+700)

The RC effect was poor for only two groups: government (-2,300) and educational and health services (-400). Within government, the negative effect was focused at the State level (-2,300). Within education and health, losses in health and social assistance (-900) pulled down the overall sector figure.

## A Familiar Pattern

As outlined above, this area did better than the national labor market over the past two years



*"Workforce development and economic development go hand-in-hand. Working together is the only way businesses, workers, and educational institutions can improve a region's overall prosperity."*

**Colleen C. Gardner,**  
Commissioner

due to positive IM and RC effects. The same factors led to the local area's stronger job creation during the recession earlier this decade.

Certain industry groups have changed, however. During the 2001 recession, for example, the IM effect was positive for both financial activities (+1,400) and natural resources, mining and construction (+600). The RC effect was negative for many more industries this time. The industry with the most negative RC effect during the 2001 recession was manufacturing (-1,000).

## Looking Ahead

Many believe that a large number of jobs in the government (particularly the State), education and health industries protect the area from fluctuations in the economy. This is due, as the analysis points out, to a significant IM effect. But these industries tend to be driven by population. As our population grows slower than the nation, these industries have had a negative RC effect.

We don't expect this pattern to change over the next few years. However, high-tech companies and related industries will continue to keep the region competitive. ■

## A Turbulent Ride... from page 1

### Top 10 U.S. Airlines, Ranked by Number of Passengers, 1980 and 2009

Rank	1980	2009
1	Eastern	Southwest
2	Delta	American
3	United	Delta
4	American	United
5	TWA	US Airways
6	Pan American	Continental
7	US Airways	Northwest
8	Republic	AirTran
9	Northwest	JetBlue
10	Western	SkyWest

Source: U.S. Bureau of Transportation Statistics

## Traffic Patterns

New York City plays a vital role in the nation's air transportation network. It is the largest aviation market in the U.S. -- with 9 of the 10 most-traveled domestic city-pairs. The City has two major airports, John F. Kennedy (JFK) International Airport and LaGuardia Airport (both in Queens). Together, JFK and LaGuardia served more than 67 million passengers in 2009 (see graph on page 3). More international passengers boarded planes at JFK than at any other U.S. airport in 2009.

These two airports were not immune to the recent dismal economic climate. Combined passenger traffic dropped 5.4% in 2009. This came

on the heels of a 2.6% decline in 2008. With the recent pickup in the economy, 198,000 more people (+3.7%) flew out of the two airports during the first quarter of 2010 compared with the same period last year.

In a vote of confidence for the City's airports, the airlines have invested in new terminals in recent years. For example, in 2009 JetBlue spent \$743 million on a new terminal at JFK. In addition, American Airlines opened a new \$1.3 billion JFK facility in 2007.

## The Local Industry

In 2009, New York City's airline industry employed 26,400 workers. This was more than 80%

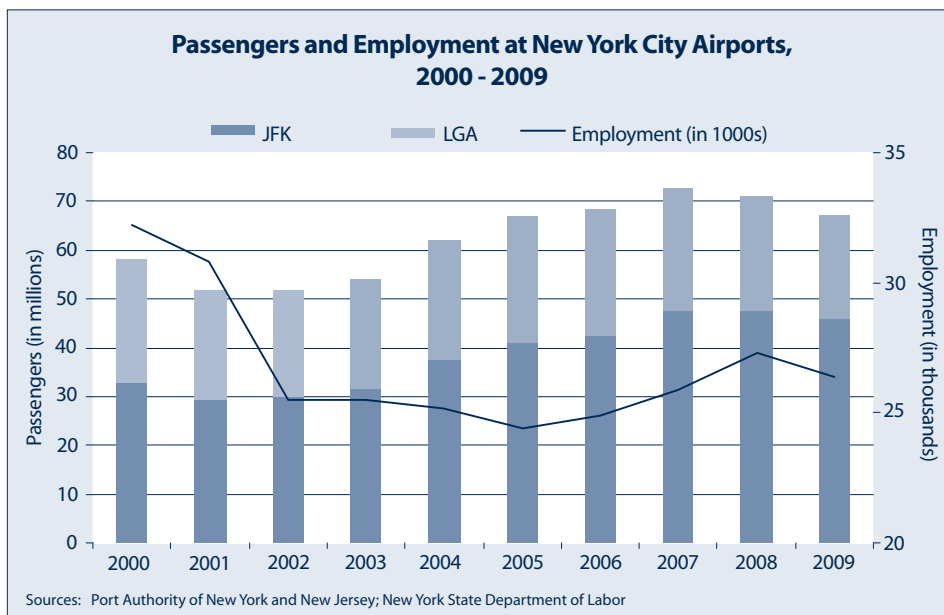
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## Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAR '09	MAR '10		MAR '09	MAR '10		MAR '09	MAR '10
<b>New York State</b>	<b>8.2</b>	<b>8.8</b>	<b>Hudson Valley</b>	<b>7.3</b>	<b>7.5</b>	<b>Finger Lakes</b>	<b>8.3</b>	<b>8.2</b>
<b>Capital District</b>	<b>7.3</b>	<b>7.4</b>	Dutchess	7.5	7.7	Genesee	8.7	8.4
Albany	6.5	6.5	Orange	7.8	8.1	Livingston	9.2	9.6
Columbia	7.8	7.8	Putnam	6.6	6.7	Monroe	7.8	7.7
Greene	8.8	8.6	Rockland	6.7	6.9	Ontario	8.1	8.4
Rensselaer	7.7	7.9	Sullivan	9.7	9.9	Orleans	10.8	10.1
Saratoga	6.8	7.0	Ulster	7.7	8.0	Seneca	8.6	8.4
Schenectady	7.3	7.5	Westchester	7.1	7.2	Wayne	9.5	9.5
Warren	9.6	9.6	<b>Mohawk Valley</b>	<b>8.9</b>	<b>8.7</b>	Wyoming	10.9	10.8
Washington	8.5	8.6	Fulton	10.5	10.5	Yates	7.6	7.2
<b>Central New York</b>	<b>8.5</b>	<b>8.6</b>	Herkimer	9.3	9.6	<b>Western New York</b>	<b>8.9</b>	<b>8.7</b>
Cayuga	9.4	9.3	Montgomery	10.8	10.1	Allegany	9.3	9.3
Cortland	10.5	9.7	Oneida	7.9	7.7	Cattaraugus	9.0	9.2
Madison	9.0	8.7	Otsego	8.6	8.2	Chautauqua	8.8	9.2
Onondaga	7.6	7.9	Schoharie	10.7	10.2	Erie	8.5	8.3
Oswego	10.5	10.8	<b>North Country</b>	<b>10.4</b>	<b>10.5</b>	Niagara	10.3	9.9
<b>Southern Tier</b>	<b>8.6</b>	<b>8.6</b>	Clinton	10.1	10.4	<b>Long Island</b>	<b>7.2</b>	<b>7.2</b>
Broome	8.3	9.0	Essex	10.8	10.6	Nassau	6.9	6.9
Chemung	9.5	8.7	Franklin	9.8	9.9	Suffolk	7.4	7.6
Chenango	9.8	9.9	Hamilton	10.3	11.6	<b>New York City</b>	<b>8.6</b>	<b>9.9</b>
Delaware	9.3	9.3	Jefferson	10.2	10.4	Bronx	10.9	13.3
Schuyler	9.8	9.8	Lewis	11.2	10.9	Kings	9.1	10.6
Steuben	10.6	10.3	St. Lawrence	10.6	10.7	New York	7.9	8.4
Tioga	8.8	8.7				Queens	7.9	9.2
Tompkins	5.6	5.5				Richmond	7.5	9.0

### A Turbulent Ride... from page 2



of the state's airline jobs and just under 6% of industry jobs in the U.S. in 2009.

The events of 9/11 and the 2001 recession led to a drop of 7,800 jobs in the Big Apple's airline industry between 2000 and 2005. The subsequent economic recovery led to an increase of 2,900 jobs through 2008. But record-high fuel prices and the global recession forced the

industry to shed 900 jobs between 2008 and 2009 (see graph).

The industry has a large impact on the downstate region's economy. According to 2004 estimates (latest available) prepared by the Port Authority, the JFK and LaGuardia airports together generate:

- 328,300 jobs (both direct and indirect)
- \$13.8 billion in wages
- \$38.5 billion in sales and
- \$7.5 billion of cargo per year

### Outlook

New York City received good news in March. JetBlue, by far the Big Apple's busiest carrier, chose to keep its corporate headquarters here rather than move to Orlando. This saved about 1,000 local jobs. The United-Continental merger should have little impact here; Continental's local hub is at Newark Airport in New Jersey. Looking ahead, a modest economic recovery and stable fuel prices should help boost hiring in the air transportation industry. ■

by Shital Patel

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## REGIONAL ANALYSTS' CORNER

### CAPITAL DISTRICT

#### James Ross — 518-462-7600

For the 12-month period ending March 2010, the private sector job count in the Albany-Schenectady-Troy area fell 4,000, or 1.2 percent, to 328,400. Gains were focused in leisure and hospitality (+1,000), educational and health services (+600) and natural resources, mining and construction (+600). Losses were greatest in trade, transportation and utilities (-2,700), manufacturing (-1,000) and professional and business services (-900).

### CENTRAL NY

#### Roger Evans — 315-479-3388

For the 12-month period ending March 2010, the private sector job count in the Syracuse metro area fell 3,000, or 1.2 percent, to 251,800. Job growth was concentrated in educational and health services (+1,600), leisure and hospitality (+600), and natural resources, mining and construction (+500). Job losses were largest in trade, transportation and utilities (-2,100), manufacturing (-1,600) and financial activities (-1,000).

### FINGER LAKES

#### Tammy Marino — 585-258-8870

Private sector employment in the Rochester metro area declined over the year by 7,500, or 1.8 percent, to 411,000 in March 2010. Employment gains were concentrated in educational and health services (+2,000). Job losses were centered in manufacturing (-5,300), professional and business services (-1,500), trade, transportation and utilities (-1,500), and leisure and hospitality (-600).

### HUDSON VALLEY

#### John Nelson — 914-997-8798

Private sector employment in the Hudson Valley decreased 19,200, or 2.7 percent, to 694,600 for the 12-month period ending March 2010. Job gains were focused in educational and health services (+1,800). Losses were centered in natural resources, mining and construction (-6,400), trade, transportation and utilities (-4,100), manufacturing (-3,600) and professional and business services (-3,500).

### LONG ISLAND

#### Gary Huth — 516-934-8533

The private sector job count on Long Island declined over the year by 5,400, or 0.5 percent, to 1,003,000 in March 2010. Job gains were largest in educational and health services (+4,600) and leisure and hospitality (+4,000). Losses were greatest in manufacturing (-4,100), natural resources, mining and construction (-3,500), professional and business services (-3,100) and financial activities (-1,500).

### MOHAWK VALLEY

#### Mark Barbano — 315-793-2282

For the 12-month period ending March 2010, the private sector job count in the Utica-Rome metro area increased 400, or 0.4 percent, to 94,900. Job gains occurred in educational and health services (+1,100) and leisure and hospitality (+400). Losses were centered in manufacturing (-800) and financial activities (-300).

### NEW YORK CITY

#### James Brown — 212-775-3330

Private sector employment in New York City fell by 35,400, or 1.1 percent, to 3,095,400 for the 12-month period ending March 2010. Job growth occurred in educational and health services (+16,500) and leisure and hospitality (+7,300). Losses were greatest in financial activities (-19,300), professional and business services (-14,900), and natural resources, mining and construction (-10,900).

### NORTH COUNTRY

#### Alan Beideck — 518-523-7157

Private sector employment in the North Country fell over the year by 3,700, or 3.4 percent, to 105,000 in March 2010. Educational and health services (+300) added jobs. The largest declines were in trade, transportation and utilities (-1,400), manufacturing (-1,200), natural resources, mining and construction (-500) and professional and business services (-500).

### SOUTHERN TIER

#### Christian Harris — 607-741-4485

Private sector employment in the Southern Tier declined over the year by 4,300, or 1.9 percent, to 224,200 in March 2010. Employment gains were focused in educational and health services (+600) and other services (+200). Job losses were largest in manufacturing (-3,900), trade, transportation and utilities (-500), financial activities (-300) and information (-300).

### WESTERN NY

#### John Slenker — 716-851-2742

Private sector jobs in the Buffalo-Niagara Falls metro area fell over the year by 4,600, or 1.1 percent, to 432,000 in March 2010. Job gains were centered in other services (+800) and professional and business services (+400). Employment declines were largest in manufacturing (-4,300), leisure and hospitality (-600), financial activities (-400) and information (-300).

