

EMPLOYMENT

in New York State

George E. Pataki, Governor

June 2006

Linda Angello, Commissioner

Demographic and Structural Factors at Work...

Baby Boomers and Their Children Affect Labor Force

While baby boomers age and some older workers stay in the workforce longer, their children and grandchildren are putting off careers. What effect will these factors have on the economy?

An upcoming Federal Reserve study suggests that many long-term U.S. economic forecasts may need to be revised down due to a confluence of several long-term demographic and structural changes.

These trends include: aging of baby boomers, extended education for older teenagers and young adults, and more workers 65 and over who delay retirement or return to work afterward. The

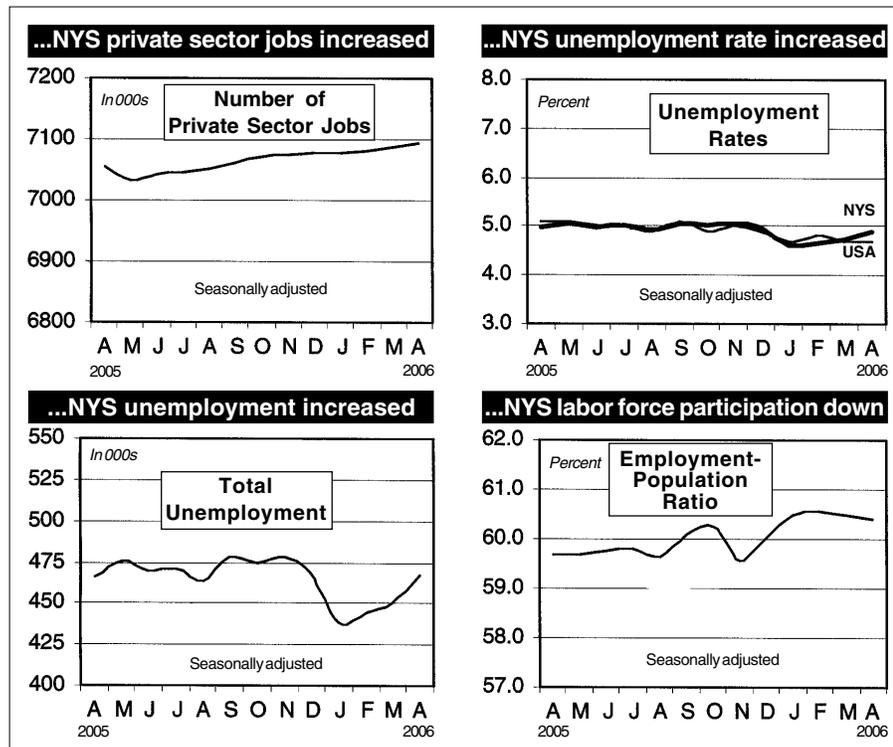
expected impact of the changes is lower overall labor force participation and reduced economic growth in the nation as a whole.

The most significant change highlighted in the study is the aging of the large baby boomer generation (those born between 1946 and 1964). There are just over five million baby boomers in New York State in 2006, according to U.S. Census Bureau statistics. As they mature, there will be 400,000 more people aged 55-64 in New York over the next decade.

The change is expected to depress overall labor force participation rates in the state and nation. People in this age

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IN APRIL...



At a Glance

In April 2006, New York's seasonally adjusted unemployment rate was 4.9 percent, up from 4.7 percent in March 2006. (The nation's unemployment rate was 4.7 percent in April.) In April 2006, the state had 8,583,500 nonfarm jobs, including 7,094,300 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.1 percent from March. (The nation's private sector job count also increased by 0.1 percent over the month.) From April 2005 to April 2006, the number of private sector jobs increased by 0.7 percent in the state and increased by 1.5 percent in the nation (not seasonally adjusted). In addition, New York's employment-population ratio, a measure of labor force participation, decreased in April.

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

	Net	%
Total Nonfarm Jobs	48.9	0.6
Private Sector	46.8	0.7
Goods-producing	-14.2	-1.6
Nat. res. & mining	0.1	1.8
Construction	5.2	1.7
Manufacturing	-19.5	-3.4
Durable gds.	-11.2	-3.3
Nondurable gds.	-8.3	-3.4
Service-providing	63.1	0.8
Trade, trans., & util.	10.1	0.7
Wholesale trade	0.1	0.0
Retail trade	7.2	0.8
Trans., whrs., & util.	2.8	1.1
Information	3.3	1.2
Financial activities	10.3	1.5
Prof. & bus. svcs.	10.1	0.9
Educ. & health svcs.	23.8	1.5
Leisure & hospitality	1.0	0.2
Other services	2.4	0.7
Government	2.1	0.1

Focus on the Mohawk Valley

The Mohawk Valley Economy - Breaking the Myth

by Mark Barbano, Labor Market Analyst, Mohawk Valley



On the Discovery Channel's *MythBusters* program, co-hosts Adam and Jamie examine a popular idea, and test whether it is true or false. Topics have ranged from whether helium-filled footballs fly further to whether you can escape from Alcatraz using a raft made of rain ponchos.

A popular—but incorrect—myth concerning the Mohawk Valley is that the region's economy is losing high-paying jobs and replacing them with low-paying ones.

On the surface, this myth may seem plausible given that the region, like the nation, has lost a large number of high-paying manufacturing jobs over the past 15 years. If this had occurred, then we would expect the average wage to have declined over time. However, the opposite is actually true!

From 1990 to 2005, the average wage in the Mohawk Valley region increased from \$19,780 to \$30,430, a gain of 53.8 percent, while inflation (as measured by the CPI) rose 49.4 percent. Thus, real wages in the region expressed in inflation-adjusted 2005 dollars rose 2.9 percent, from \$29,560 in 1990 to \$30,430 in 2005.

“The Mohawk Valley region has rebounded, adding high-paying jobs. The Department of Labor and its partner agencies continue to work together to promote job growth in this region.”

Kelli Owens,
Regional Administrator,
Central/Mohawk Valley Region

Growth in High-Wage Industries

Over the 1990-2005 period, the total number of jobs in the Mohawk Valley region increased from 184,200 to 193,000 in 2005, a gain of 8,800 or about 5 percent. If the new jobs were really paying less than the ones they replaced, then the average pay for the region would decline over time. Not only have the number of jobs grown in the region, but the average pay has increased, even after factoring in the effects of inflation.

What industries in the region have added the jobs that have pushed up wages

over the past 15 years? Warehousing and storage employment has experienced incredible expansion, growing from 200 jobs in 1990 to more than 3,600 in 2005. Most gains stemmed from the opening of numerous distribution centers in the region. Major operations include Wal-Mart distribution centers in Oneida, Fulton and Schoharie counties, a Target distribution center in Montgomery County, and a Rite-Aid distribution center in Oneida County. The industry paid an average wage of \$30,420 in 2005, and appears to offer a viable employment option for many dislocated factory workers (These figures do not reflect the Family Dollar distribution center in Oneida County, which opened in 2006.)

Employment in educational services (public and private) rose from 19,400 in 1990 to 22,500 in 2005, a gain of 3,100 or 16 percent. The average wage was \$32,050 in the region in 2005. Employment gains in this sector were centered in elementary and secondary schools. Colleges and universities employment grew almost 30 percent over the period, expanding from 2,400 in 1990 to 3,100 in 2005.

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The Labor Force Participation Rate: An Overlooked Indicator

The labor force participation rate (LFPR) is one of the most important, yet overlooked, gauges of labor market conditions. The LFPR refers to the fraction of the non-institutionalized civilian population 16 years and older who are working or actively seeking employment. It is

important because changes in the LFPR can affect overall economic growth rates.

As the data below demonstrate, LFPRs vary considerably among age groups, and a particular demographic group's LFPR can change over time. Over the past half century, the U.S. labor force participation rate has gradually risen from just under 60

percent to 66 percent. Most of this increase was driven by more women in the labor force. From 1950 to 2005, the LFPR for women increased from 34 percent to 59 percent. In contrast, over the same period, the LFPR for men dropped, from more than 86 percent to just over 73 percent.

Labor Force Participation Rates, U.S., by Age Group, 1950-2005

Age Group	1950	1960	1970	1980	1990	1995	2000	2005
Total, all ages 16+	59.2	59.4	60.4	63.8	66.5	66.6	67.1	66.0
Males, 16+	86.4	83.3	79.7	77.4	76.4	75.0	74.8	73.3
Females, 16+	33.9	37.7	43.3	51.5	57.5	58.9	59.9	59.3
16-24	59.9	56.4	59.8	68.1	67.3	66.3	65.8	60.8
25-34	63.5	65.4	69.7	79.9	83.6	83.8	84.6	82.8
35-44	67.5	69.4	73.1	80.0	85.2	84.6	84.8	83.8
45-54	66.4	72.2	73.5	74.9	80.7	81.4	82.5	81.7
55-64	56.7	60.9	61.8	55.7	55.9	57.2	59.2	62.9
65+	26.7	20.8	17.0	12.5	11.8	12.1	12.9	15.1

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	APR '05	APR '06		APR '05	APR '06		APR '05	APR '06
New York State	4.8	4.7	Hudson Valley	3.8	4.0	Southern Tier	4.6	4.6
Capital	3.9	4.0	Dutchess	3.6	3.8	Broome	4.7	5.0
Albany	3.6	3.8	Orange	3.9	4.2	Chemung	5.4	5.1
Columbia	3.6	3.8	Putnam	3.4	3.7	Chenango	4.9	5.3
Greene	4.7	4.9	Rockland	3.7	3.9	Delaware	4.0	4.5
Rensselaer	3.9	4.1	Sullivan	4.9	5.1	Otsego	4.1	4.4
Saratoga	3.4	3.5	Ulster	3.9	4.2	Schuyler	5.7	5.5
Schenectady	4.0	4.1	Westchester	3.8	3.9	Steuben	5.8	5.5
Warren	4.8	5.3	Mohawk Valley	5.1	5.0	Tioga	4.7	4.4
Washington	4.4	4.1	Fulton	5.2	5.6	Tompkins	2.9	2.9
Central New York	4.8	4.8	Herkimer	5.3	5.6	Western New York	5.3	5.3
Cayuga	4.6	5.2	Madison	5.2	4.9	Allegany	5.4	5.2
Cortland	5.2	5.2	Montgomery	5.5	5.8	Cattaraugus	5.7	5.6
Onondaga	4.5	4.4	Oneida	5.0	4.5	Chautauqua	4.8	4.8
Oswego	5.9	6.0	Schoharie	4.6	4.9	Erie	5.2	5.2
Finger Lakes	4.6	4.7	North Country	6.2	6.4	Niagara	5.6	6.1
Genesee	5.0	5.0	Clinton	5.5	6.0	Long Island	3.9	4.0
Livingston	5.0	5.1	Essex	5.7	7.0	Nassau	3.8	3.8
Monroe	4.4	4.5	Franklin	6.5	6.4	Suffolk	3.9	4.2
Ontario	4.4	4.8	Hamilton	7.0	8.3	New York City	5.5	5.1
Orleans	5.8	6.2	Jefferson	6.7	6.4	Bronx	7.1	6.7
Seneca	4.8	4.8	Lewis	6.9	6.5	Kings	6.0	5.5
Wayne	5.1	5.0	St. Lawrence	6.1	6.3	New York	4.8	4.6
Wyoming	5.4	5.3				Queens	5.1	4.7
Yates	4.3	4.4				Richmond	4.8	4.4

Mohawk Valley...

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Another sector experiencing healthy job growth was ambulatory health care services, which expanded from 4,200 in 1990 to 6,700 in 2005. This fast-growing industry paid an above-average wage of \$40,480 in 2005. Employment gains were centered in offices of physicians, physical, occupational, and speech therapists, outpatient mental health, medical laboratories, home health care services and ambulance services.

Professional, scientific and technical services employment rose from 4,100 in 1990 to 5,000 in 2005, a gain of 900 or 22 percent. The average wage in the region in 2005 was \$41,250. Growth in this industry was centered in high-technology fields such as custom computer programming, computer systems design, research and development, various accounting services and marketing research.

Summary

While it probably will never appear on an upcoming episode of *MythBusters*, the perception that the Mohawk Valley Region is losing high-paying jobs and replacing them with low-paying positions should be classified as a myth.

Although the region has lost some high-paying factory jobs over the past 15 years, it is also true that overall employment and wage totals have grown. In fact, wages have outpaced inflation, partly due to growth in the industries mentioned.

Baby Boomers...

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group traditionally have much lower participation in the labor force (60 percent) than the "core working-age" population aged 35-54 (80 percent). (See table on facing page.)

A second, but less significant, trend also is expected to negatively affect overall labor force participation. This is the greater numbers of older teenagers and young adults who choose to stay in school longer rather than go to work. Participation rates among 16-24 year-olds in both the U.S. and New York have dropped since the 1990s. Over the 2000-2005 period in New York, participation rates of 16-19 year olds decreased from 43 percent to 35 percent, while those of 20-24 year olds dropped to 66 percent from 71 percent. At the national level, participation rates of this age group have now dropped for five consecutive years (2001-2005), which is unprecedented in the post-World War II era.

A third demographic development—more workers 65 and over delaying retirement or reentering the labor force following retirement — is expected to help provide a small boost to the overall participation rate. However, its anticipated positive impact is dwarfed by the negative effects of the first two trends outlined above.

Older workers are now participating in the labor force at higher rates than in the 1990s. For example, from 1998 to 2005, the participation rate of people 65 and

older in New York increased from 11 percent to 16 percent. While participation rates for the U.S. have also increased in recent years, they remain far below levels set in the late 1940s, when the rate was in the 25-27 percent range.

In summary, the new study from the Federal Reserve predicts that overall labor force participation rates in the U.S. will likely decline in the coming years, due to a combination of demographic and structural factors. Reduced participation rates may, in turn, translate into lower rates of economic growth. While the study does not specifically address the New York State economy, it is likely that some of these national changes will affect the Empire State.

by Kevin Jack

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REGIONAL ANALYSTS' CORNER

FINGERLAKES TAMMY MARINO 585-258-8870

Private sector employment in the Rochester area declined 8,300, or 1.9 percent, over the year to 423,500 in April 2006. Employment gains in educational and health services (+900) were more than offset by declines in manufacturing (-6,000), leisure and hospitality (-1,600), information (-400), and professional and business services (-400).

CENTRAL NY ROGER EVANS 315-479-3388

The private sector job count in the Syracuse metro area rose 2,400, or 0.9 percent, to 263,700 for the 12-month period ending April 2006. Job creation was concentrated in trade, transportation, and utilities (+800), educational and health services (+800), professional and business services (+500), and leisure and hospitality (+400). Information (-300) lost jobs over the year.

MOHAWK VALLEY MARK BARBANO 315-793-2282

In April 2006, the private sector job count in the Utica-Rome metro area was 99,000, unchanged from one year earlier. Gains in trade, transportation, and utilities (+400) and educational and health services (+200) offset losses in manufacturing (-300) and professional and business services (-200).

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Private sector employment in the North Country region fell over the year by 500, or 0.4 percent, to 111,100 in April 2006. The largest gains were in trade, transportation, and utilities (+700) and professional and business services (+500). Losses were centered in manufacturing (-900) and leisure and hospitality (-600).

CAPITAL DISTRICT JAMES ROSS 518-462-7600

From April 2005 to April 2006, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 2,500, or 0.7 percent, to 339,700. Job gains were centered in trade, transportation and utilities (+1,300), other services (+500), educational and health services (+400), and natural resources, mining and construction (+400). Losses were largest in manufacturing (-700).

HUDSON VALLEY JOHN NELSON 914-997-8798

The private sector job count in the Hudson Valley increased over the year by 5,600, or 0.8 percent, to 744,700 in April 2006. Employment gains were largest in natural resources, mining and construction (+2,400), trade, transportation and utilities (+1,800), financial activities (+1,700), and professional and business services (+1,600). Leisure and hospitality (-1,600) and manufacturing (-1,400) declined over the year.

WESTERN NY JOHN SLENKER 716-851-2742

The private sector job count in the Buffalo-Niagara Falls metro area decreased by 100 to 449,600 over the 12 months ending April 2006. Job gains were centered in professional and business services (+1,700), financial activities (+1,400), and other services (+500). Losses were largest in manufacturing (-2,400), natural resources, mining and construction (-500), leisure and hospitality (-300), and trade, transportation and utilities (-300).

SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

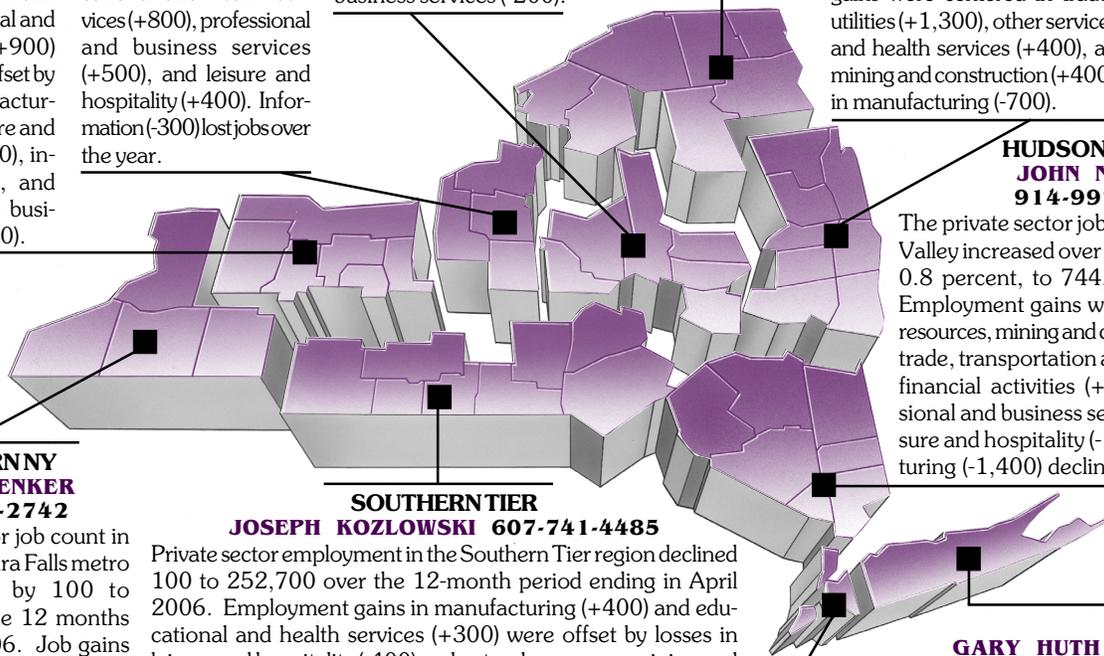
Private sector employment in the Southern Tier region declined 100 to 252,700 over the 12-month period ending in April 2006. Employment gains in manufacturing (+400) and educational and health services (+300) were offset by losses in leisure and hospitality (-400) and natural resources, mining and construction (-200).

NEW YORK CITY JAMES BROWN 212-621-9353

Private sector employment in New York City rose 44,000, or 1.5 percent, to 3,077,200 for the 12-month period ending April 2006. Job growth was centered in educational and health services (+18,600), financial activities (+7,200), leisure and hospitality (+5,200), trade, transportation and utilities (+5,100), information (+4,600), and professional and business services (+4,600). Manufacturing (-5,200) lost jobs over the year.

LONG ISLAND GARY HUTH 516-934-8533

Long Island's private sector job count increased over the year by 3,800, or 0.4 percent, to 1,040,400 in April 2006, a new record for the month. Gains were largest in professional and business services (+2,000), educational and health services (+1,100), natural resources, mining and construction (+700), and trade, transportation and utilities (+500). Manufacturing (-900) and financial activities (-600) lost jobs over the year.



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