

EMPLOYMENT in New York State

Eliot Spitzer, Governor

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M. Patricia Smith, Commissioner

Focal Point for State and Regional Analysis...

Industry Clusters: Key to Economic Development

Industry cluster analysis is an important tool for understanding the economy of New York State and its 10 regional labor markets. Clusters are “geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure” (University of Minnesota). It’s important to note, too, that cluster industries export services and products to customers outside their home market, which helps to generate income and employment in the local economy. The idea behind clusters traces back to Michael

Porter’s 1990 book, *The Competitive Advantage of Nations*.

The Empire State Development Corporation (ESDC) has identified and defined 16 industry clusters in the state. The clusters framework is increasingly used by the State of New York to study important industry linkages in the state and regional economies. This article looks at the 16 ESDC clusters, using recently released 2006 data (preliminary) from the Quarterly Census of Employment and Wages. (See table on page 2 for additional information.)

Some regional clusters in the state are well known, such as financial services in New York City, electronics manufacturing

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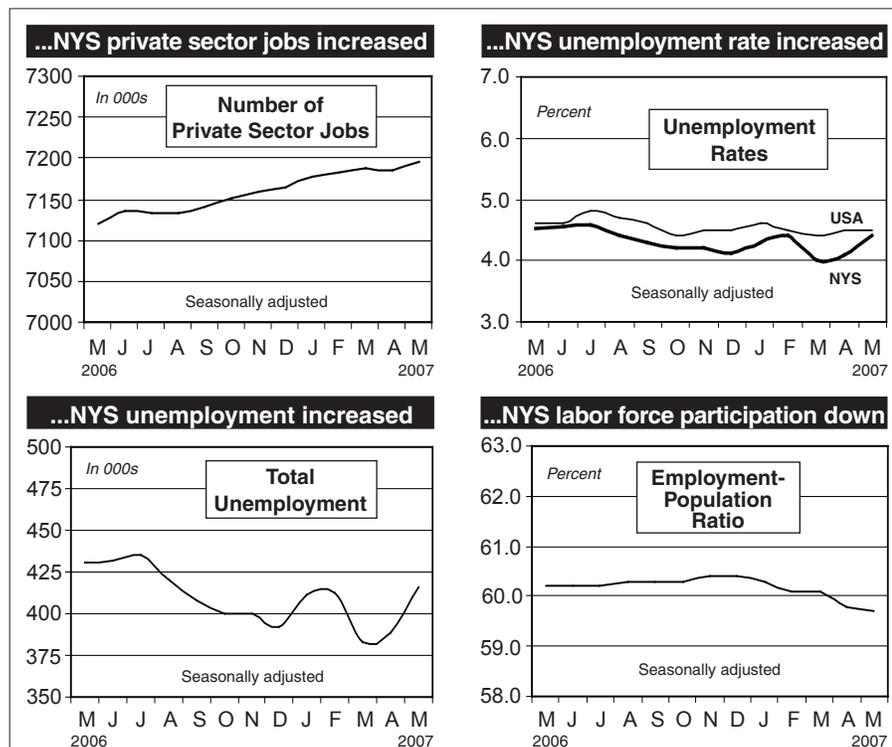
At a Glance

In May 2007, New York’s seasonally adjusted unemployment rate was 4.4 percent, up from 4.1 percent in April 2007. (The nation’s unemployment rate was 4.5 percent in May.) In May 2007, the state had 8,683,300 nonfarm jobs, including 7,196,300 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.1 percent from April. (The nation’s private sector job count increased by 0.1 percent over the month.) From May 2006 to May 2007, the number of private sector jobs increased by 1.2 percent in the state, and increased by 1.4 percent in the nation (not seasonally adjusted). In addition, New York’s employment-population ratio, a measure of labor force participation, decreased in May.

Change in Nonfarm Jobs May 2006 - May 2007 (Data not seasonally adjusted, numbers in thousands)

	Net	%
Total Nonfarm Jobs	89.5	1.0
Private Sector	84.6	1.2
Goods-producing	-2.4	-0.3
Nat. res. & mining	0.2	3.1
Construction	13.4	3.9
Manufacturing	-16.0	-2.8
Durable gds.	-1.7	-0.5
Nondurable gds.	-14.3	-6.0
Service-providing	91.9	1.2
Trade, trans., & util.	9.1	0.6
Wholesale trade	-0.9	-0.3
Retail trade	8.9	1.0
Trans., whrs., & util.	1.1	0.4
Information	-2.0	-0.7
Financial activities	12.6	1.7
Prof. & bus. svcs.	23.9	2.2
Educ. & health svcs.	33.0	2.1
Leisure & hospitality	7.9	1.1
Other services	2.5	0.7
Government	4.9	0.3

IN MAY...



Focus on the North Country

Region Growing, but Future Prospects Less Certain
by Alan Beideck, Labor Market Analyst, North Country

The North Country economy is in the midst of its fourth consecutive year of employment growth. Moreover, in 2007 the region experienced its lowest May unemployment rate, 5.0 percent, since 2000. The region's future economic outlook is less certain, however, as two large manufacturers plan to shut down local operations over the next two years.

The region's private sector job count reached 117,300 in May 2007, a record for the month. In fact, this was the 12th consecutive month the North Country reached an employment high for the corresponding month. The private sector industries adding the most jobs over the May 2006-May 2007 period included natural resources, mining, and construction (+700) and trade, transportation, and utilities (+500). The region's manufacturing sector lost 100 jobs over this period.

Growing Industries

Employment in the natural resources, mining, and construction sector rose 700 over the year to 8,200, an all-time high for the month of May. Construction employment bolstered this sector of the economy. Numerous residential and commercial construction projects related



“With the opening of the Plattsburgh International Airport and expansion at Fort Drum, the North Country shows it is a great place to live, work and grow.”

*John Masella,
Employment Services Team Leader,
Northern Region*

to the Army's expansion at Fort Drum (Jefferson County) led to increased construction employment over the last four years. In addition, HudBay Minerals reopened its Balmat (St. Lawrence County) zinc mine in 2006 and, to date, has hired about 200 workers.

With total employment of 30,100 in May 2007, the trade, transportation, and utilities (TTU) sector accounts for more than one in four of the area's private sector jobs, and is the largest single private sector industry group in the North Country. Most TTU growth has been in retail trade. Over the last

four years, “big-box” retailers, including Wal-Mart, Best Buy, Kohl's and Lowe's, opened stores throughout the North Country. Retail growth is expected to continue through 2007, although at a slightly slower pace.

Also part of the TTU industry group is Laurentian Aerospace Corp. of Quebec. The company intends to build an aircraft maintenance, repair, and overhaul facility at the former Plattsburgh Air Force Base in Clinton County. The facility is scheduled to open in April 2008, and is expected to employ 700 within five years. Depending on market conditions, the company might build a second facility of similar size by 2011.

Manufacturing Declines

Like many areas in the Upstate region, the North Country has suffered from an eroding manufacturing employment base in recent years. From 1999 to 2006, the factory job count in the North Country dropped 22.4 percent to 14,200, its lowest level on record (current data extend back to 1990). This trend is of particular concern since the pay scale in manufacturing (\$45,600 in 2006) is more than 40 percent above the region's average wage (\$32,300).

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Industry Cluster Employment and Wages, New York State, 2006

Industry Cluster	Employment		Total Wages		Average Wage
	2006 level (in 1000s)	% Change, 2003-2006	2006 level (\$ billions)	% Change, 2003-2006	
Back Office & Outsourcing	161.7	3.4%	\$6.5	13.9%	\$40,200
Biomedical	58.9	2.8%	\$3.7	16.9%	\$63,500
Commun., Software & Media Services	272.4	-2.8%	\$20.8	10.0%	\$76,400
Distribution	255.2	2.3%	\$13.9	14.2%	\$54,300
Electronics & Imaging	71.5	-10.3%	\$5.5	0.4%	\$77,200
Fashion, Apparel & Textiles	87.2	-11.8%	\$5.5	4.5%	\$62,600
Financial Services	495.7	5.6%	\$92.5	51.4%	\$186,500
Food Processing	61.0	-4.6%	\$2.3	2.9%	\$38,400
Forest Products	42.2	-4.9%	\$1.8	4.5%	\$42,300
Front Office & Producer Services	579.5	7.1%	\$52.3	23.0%	\$90,300
Industrial Machinery & Services	134.4	-3.6%	\$7.3	9.5%	\$54,000
Information Technology Services	98.3	5.3%	\$8.9	25.3%	\$90,300
Materials Processing	74.0	-6.9%	\$3.7	2.7%	\$50,300
Miscellaneous Manufacturing	23.5	-10.7%	\$0.9	0.2%	\$39,200
Transportation Equipment	34.8	-8.0%	\$2.3	-2.7%	\$65,900
Travel & Tourism	346.8	4.1%	\$12.2	16.0%	\$35,300
Total, All Clusters	2,797.2	1.7%	\$240.1	21.1%	\$85,800

Sources: Quarterly Census of Employment and Wages, Empire State Development Corporation

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	MAY '06	MAY '07		MAY '06	MAY '07		MAY '06	MAY '07
New York State	4.4	4.1	Hudson Valley	3.8	3.5	Southern Tier	4.3	4.1
Capital	3.8	3.6	Dutchess	3.7	3.6	Broome	4.5	4.0
Albany	3.8	3.6	Orange	4.1	3.9	Chemung	4.9	4.6
Columbia	3.6	3.7	Putnam	3.5	3.1	Chenango	4.8	4.5
Greene	4.7	4.4	Rockland	3.6	3.4	Delaware	4.1	4.4
Rensselaer	3.9	3.7	Sullivan	4.8	4.6	Otsego	4.0	3.7
Saratoga	3.3	3.3	Ulster	4.0	3.7	Schuyler	4.4	4.4
Schenectady	4.0	3.7	Westchester	3.7	3.3	Steuben	5.0	4.5
Warren	4.3	3.9	Mohawk Valley	4.5	4.2	Tioga	3.9	4.3
Washington	3.8	3.8	Fulton	5.3	5.3	Tompkins	3.3	3.1
Central New York	4.5	4.1	Herkimer	4.6	4.5	Western New York	4.8	4.3
Cayuga	4.4	4.1	Madison	4.4	3.9	Allegany	5.0	5.1
Cortland	4.8	4.3	Montgomery	5.2	4.9	Cattaraugus	5.0	4.6
Onondaga	4.3	3.9	Oneida	4.2	3.7	Chautauqua	4.3	4.0
Oswego	5.2	4.7	Schoharie	4.3	4.2	Erie	4.8	4.2
Finger Lakes	4.4	4.0	North Country	5.2	5.0	Niagara	5.1	4.7
Genesee	4.2	3.8	Clinton	5.2	5.3	Long Island	3.8	3.4
Livingston	4.5	4.3	Essex	5.5	5.2	Nassau	3.8	3.4
Monroe	4.3	4.1	Franklin	5.3	4.8	Suffolk	3.8	3.5
Ontario	4.1	3.7	Hamilton	5.5	5.3	New York City	4.7	4.6
Orleans	5.3	4.9	Jefferson	5.0	4.8	Bronx	6.1	6.1
Seneca	4.3	3.8	Lewis	4.9	4.5	Kings	5.0	5.0
Wayne	4.4	4.0	St. Lawrence	5.4	5.2	New York	4.1	4.0
Wyoming	4.3	3.9				Queens	4.3	4.1
Yates	3.8	3.5				Richmond	4.2	4.1

North Country...

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Announced layoffs by two large area manufacturers -- General Motors and Wyeth Pharmaceuticals -- mean this trend will likely continue. GM plans to close its manufacturing plant in Massena (St. Lawrence County) by the end of 2008, and move the work to Michigan, Indiana, and Ohio. The plant, which makes cylinder heads for auto engines, currently employs 450-500. Representing more than 3 percent of manufacturing jobs in the North Country region, these factory workers account for an even higher portion of the region's total manufacturing wages, due to GM's above-average pay scale.

Wyeth Pharmaceuticals recently announced its intention to keep the plant in Rouses Point (Clinton County) open until the end of 2009. The company previously announced the plant would close by the end of 2008, affecting over 1,000 workers. Wyeth is actively seeking to sell the plant and, according to current employees, has two potential buyers.

Summary

Looking ahead to the second half of 2007, the North Country is expected to continue setting employment records, with job gains centered in retail trade and construction. However, the North Country's labor market picture for 2008 and 2009 looks less clear, as the potential loss of two large manufacturers and their 1,500 employees will have significant negative impacts on the region.

Industry Clusters...

from page 1

in the Southern Tier, and transportation equipment in Western New York, while others are more obscure. Some of ESDC's industry clusters contain more than 100 industries (at the 6-digit NAICS level). Most clusters are further divided into sub-clusters. In some clusters, data for certain industries are pro-rated because not all jobs in that industry are associated with that cluster. For example, only 10 percent of employment in motion picture theaters is counted as part of the travel and tourism cluster.

In 2006, statewide cluster industry employment totaled 2.8 million, representing about one in three jobs, while cluster wages were \$240 billion, or just over 50 percent of all wages paid in the state. Between 2003 and 2006, topside cluster employment in New York increased by 1.7 percent, slightly lagging growth in overall industry employment, which was 2.1 percent. Total cluster wages grew by 21.2 percent over this period, due largely to growth in financial services, which expanded by 51.4 percent. Overall industry wages were up by a similar amount -- 20.2 percent -- during 2003-2006.

With almost 580,000 jobs, front office and producer services had the most employment of any cluster in New York in 2006. Employment in this cluster is concentrated in two sub-clusters: business services and headquarters. The cluster also sports an above-average wage level (\$90,300) because of the relatively high

wages paid in the headquarters sub-cluster (\$123,500 average).

The cluster with the second highest job count in 2006 was financial services (495,700). The securities, commodities, and investments and banking and credit sub-clusters account for most jobs in financial services. This cluster is also notable because it has the highest average wage, \$186,500, of any cluster in New York, due largely to the \$320,800 average salary in securities, commodities and investments.

Additional information, including data on regional industry clusters, is available on the Workforce and Industry data section of the New York State Department of Labor's web site.

by Kevin Jack

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FINGER LAKES TAMMY MARINO 585-258-8870

Private sector employment in the Rochester area rose 1,600, or 0.4 percent, over the year to 436,700 in May 2007. Gains were concentrated in educational and health services (+2,400), and professional and business services (+1,500). Over-the-year losses were centered in manufacturing (-3,000).

CENTRAL NY ROGER EVANS 315-479-3388

For the 12-month period ending May 2007, the private sector job count in the Syracuse area rose 2,500, or 0.9 percent, to 266,400. Growth was concentrated in professional and business services (+1,300), educational and health services (+1,100), and natural resources, mining and construction (+700). Losses were largest in trade, transportation, and utilities (-500).

MOHAWK VALLEY MARK BARBANO 315-793-2282

For the 12-month period ending May 2007, the private sector job count in the Utica-Rome metro area increased 500, or 0.5 percent, to 100,000. Job gains were focused in educational and health services (+700). Over-the-year employment losses were heaviest in manufacturing (-400).

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Private sector employment in the North Country region rose over the year by 1,600, or 1.4 percent, to 117,300 in May 2007. The largest gains were in natural resources, mining, and construction (+700), and trade, transportation, and utilities (+500).

CAPITAL DISTRICT JAMES ROSS 518-462-7600

From May 2006 to May 2007, the number of private sector jobs in the Albany-Schenectady-Troy metro area rose by 2,200, or 0.6 percent, to 343,800. Over-the-year gains were concentrated in educational and health services (+2,100), and leisure and hospitality (+1,300). Losses were centered in financial activities (-800).

HUDSON VALLEY JOHN NELSON 914-997-8798

Private sector employment in the Hudson Valley increased over the year by 8,000, or 1.1 percent, to 756,100 in May 2007. Gains were largest in educational and health services (+3,600), natural resources, mining and construction (+2,000), and professional and business services (+2,000). Losses were centered in manufacturing (-1,000).

WESTERN NY JOHN SLENKER 716-851-2742

Private sector employment in the Buffalo-Niagara Falls metro area increased by 2,300, or 0.5 percent, to 457,600 over the 12 months ending May 2007. Job gains were centered in educational and health services (+1,900), professional and business services (+1,800), and financial activities (+1,200). Losses occurred in manufacturing (-2,000) and information (-900).

SOUTHERN TIER CHRISTIAN HARRIS 607-741-4485

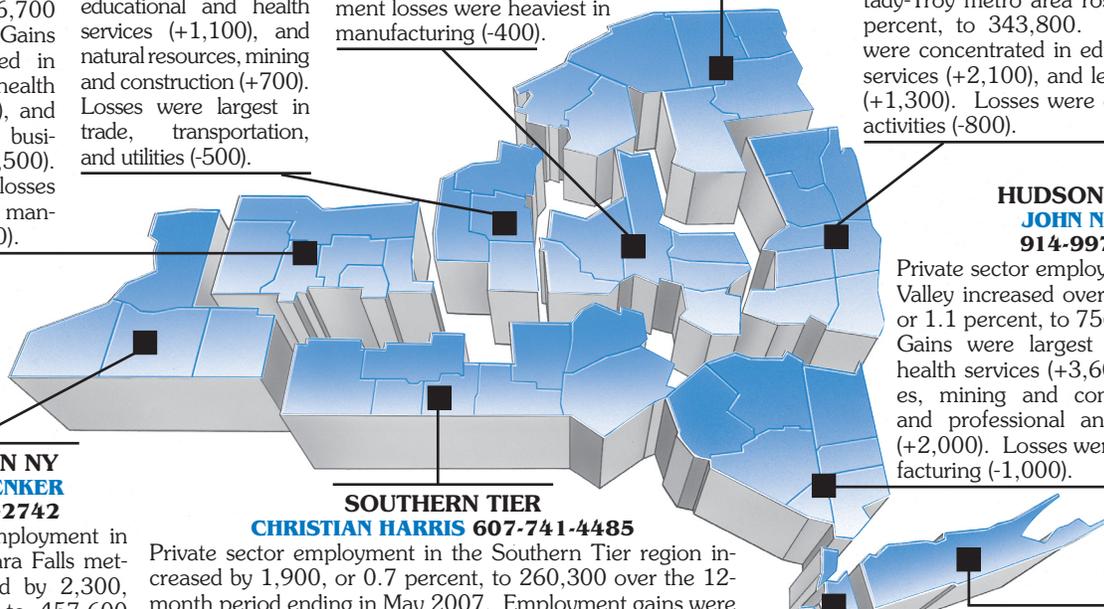
Private sector employment in the Southern Tier region increased by 1,900, or 0.7 percent, to 260,300 over the 12-month period ending in May 2007. Employment gains were largest in educational and health services (+1,200) and trade, transportation and utilities (+600). Losses were centered in leisure and hospitality (-500).

NEW YORK CITY JAMES BROWN 212-621-9353

Private sector employment in New York City rose 52,000, or 1.7 percent, to 3,163,500 for the 12-month period ending May 2007. Growth was largest in professional and business services (+13,800), educational and health services (+13,700), financial activities (+11,900), and trade, transportation and utilities (+7,400). Manufacturing (-8,600) lost jobs over the year.

LONG ISLAND GARY HUTH 516-934-8533

The number of private sector jobs on Long Island increased over the year by 7,800, or 0.7 percent, to 1,059,800 in May 2007. Gains were centered in educational and health services (+5,000), professional and business services (+2,900), and natural resources, mining and construction (+1,800). Employment declined over the year in manufacturing (-2,400).



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