

EMPLOYMENT

in
New York State

George E. Pataki, Governor

August 2004

Linda Angello, Commissioner

NYS Gains More Than 35,000 Jobs...

Expansion in First Half of 2004

During the first six months of 2004, New York State's private sector job count averaged 6,901,700 — up 35,100, or 0.5 percent — over the same period in 2003 (not seasonally adjusted). By comparison, the nation's rate of growth was 0.8 percent over the same time period. Among all states and the District of Columbia, New York ranked 9th in net private sector job growth between the first half of 2003 and the first half of 2004; a significant improvement from 2002-03, when the state ranked 45th.

Both the Downstate and Upstate New York areas experienced stronger year-to-year private sector job growth between the first half of 2003 and the first half of 2004, than between the comparable periods in

2002 and 2003. Downstate experienced the largest turnaround in private sector jobs, improving from a loss of 0.8 percent in 2002-03 to a gain of 0.6 percent in 2003-04. Upstate also demonstrated marked improvement, going from a job loss of 0.4 percent in 2002-03 to a gain of 0.3 percent in 2003-04.

Between the first half of 2003 and the first half of 2004, private sector job growth improved in 13 of 16 New York State metropolitan areas relative to the same period in 2002-03. Over the 2003-04 period, the average private sector job count increased in 11 metropolitan areas, decreased in four, and was unchanged in one. The private sector job count increased most rapidly in Putnam (+4.8 percent),

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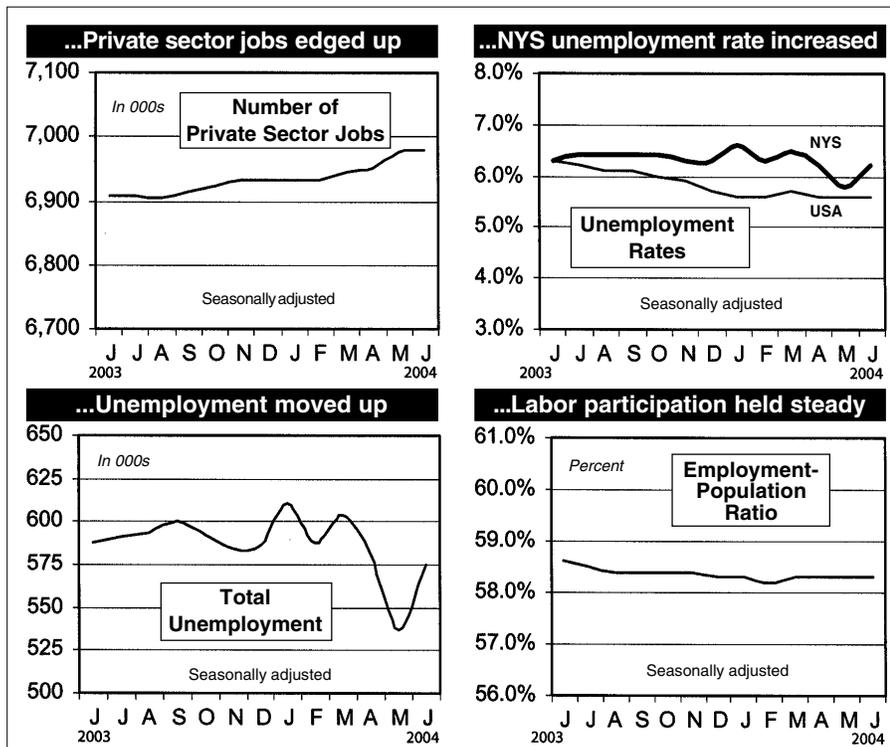
At a Glance

In June 2004, New York's seasonally adjusted unemployment rate was 6.2 percent, up from 5.8 percent in May. (The nation's unemployment rate was 5.6 percent in June.) In June 2004, the state had 8,465,100 nonfarm jobs, including 6,978,100 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by less than 0.1 percent from May. (The nation's private sector job count rose 0.1 percent over the month.) From June 2003 to June 2004, the number of private sector jobs increased by 1.0 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, was unchanged in June.

Change in Nonfarm Jobs June 2003 - June 2004 (Data not seasonally adjusted, numbers in thousands)

	Net	%
Total Nonfarm Jobs	64.4	0.8%
Private Sector	66.8	1.0%
Goods-Producing	-12.7	-1.3%
Nat. res. & mining	-0.1	-1.8%
Construction	4.5	1.4%
Manufacturing	-17.1	-2.8%
Durable gds.	-5.4	-1.5%
Nondurable gds.	-11.7	-4.4%
Service-providing	77.1	1.0%
Trade, trans., & util.	5.1	0.3%
Wholesale trade	-2.3	-0.6%
Retail trade	8.2	1.0%
Trans., whrs., & util.	-0.8	-0.3%
Information	3.0	1.1%
Financial activities	6.1	0.9%
Prof. & bus. svcs.	14.3	1.4%
Educ. & health svcs.	34.2	2.3%
Leisure & hospitality	16.4	2.4%
Other services	0.4	0.1%
Government	-2.4	-0.2%

IN JUNE...



Focus on Long Island

Economy Grows in First Half of 2004

by Gary Huth, Labor Market Analyst, Long Island

The first half of 2004 has been very positive for the Long Island economy. By April, the region had recovered all of the jobs lost during the recent economic downturn, and by June the Island's private sector job count was setting record highs for the month.

The employment recovery on Long Island was broad-based. Between the first half of 2003 and the first half of 2004, educational and health services added the most jobs (+4,100). Gains were centered in educational services (+1,800), ambulatory health care (+1,100), and hospitals (+900). Trade, transportation and utilities (+2,700), which encompasses a diverse mixture of more than 270,000 jobs on Long Island, enjoyed a series of positive developments. Wholesale trade, which lost 2,500 jobs between the first half of 2001 and the first half of 2002, added 1,000 for the same period in 2004. Retail trade had a similar reversal: an over-the-year decline of 3,300 in the first half of 2002, but a gain of 2,000 in the first half in 2004. Significant new retail development projects are underway, including plans for a large, upscale mall in Deer Park and a large mall at the former Cerro Wire plant in Syosset, both of which should bolster future retail employment growth.

The resurgence of the Island's leisure and hospitality (+1,900) sector is especially welcome in light of its dramatic slowdown following 9/11. The building of new hotels and expansion of existing ones has been accompanied by growth at restaurants, bars and other food-related



"As the economy gains momentum, businesses need well-trained workers with the right skills, while job seekers are looking for high-paying jobs that match their skills. Both parties should use the services of Workforce New York and our electronic job bank to help meet their needs and to grow the Long Island economy."

*Stephen Salhus,
Regional Administrator*

services. Mortgage financing and refinancing and improving conditions in the insurance industry swelled employment in financial activities (+1,700). Job losses due to bank mergers and consolidations were largely offset by the opening of retail branches by banks new to the region such as Commerce Bank and Washington Mutual.

Professional and business services added 1,200 jobs during the first half of

this year in contrast to a drop of 6,100 between the first halves of 2001 and 2002. Contributing to this sharp growth was legal services, which rose a remarkable 5.6 percent over the year. Low interest rates and a lack of overbuilding in the commercial real estate markets at the end of the 1990s helped the natural resources, mining and construction supersector to escape relatively unscathed during the recent economic slowdown. Employment grew in the first half of 2004, up 1,000 jobs over the year.

Amidst all of this good news, the "best turnaround award" would have to go to manufacturing. Although total industry employment in 2004 is still down 2,200 relative to the first half of 2003, it is much improved from the first half of 2002, when it had a year-to-year loss of 7,800. Defense-related spending has helped reinvigorate the Island's manufacturing sector. The Island had a \$9.4 billion backlog in defense contracts according to a recent estimate from the Long Island Forum for Technology (LIFT).

EDO Corporation, BAE Systems, Telephonics and CPI Aerostructures are some of the local companies that have recently been awarded defense contracts. However, recent developments at Northrop Grumman are probably the most eye-catching for Long Islanders. Earlier this year, the company leased back space it had sold years ago in Bethpage, where it was a dominant fixture for many years.

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UI Interception Supports Children

The State Labor Department is helping to direct unemployment insurance benefits to the support of children, as New York continues to aggressively prosecute deadbeat parents. The total year-to-date collection from Unemployment Insurance benefits is \$24,998,406. In July 2004 alone, nearly \$3 million was forwarded to New York State County Child Support Units. An additional \$98,000 was sent to child support agencies in other states.

As Governor Pataki has said, "We have made the collection of child support a priority and the results speak for themselves. Child support is a matter of basic

fairness for children and, as a result of our efforts, hundreds of thousands of families across the State are receiving the financial support they deserve."

The New York State Department of Labor's Child Support Intercept Program matches the names of people who owe child support with the names of individuals who are receiving unemployment insurance benefits. Where there is a match, the child support is withheld from the unemployment insurance benefit and then transmitted to the child support program for distribution to the families. The program intercepted \$50.8 million in 2003, and has captured more than \$274 million since 1995.

According to State Labor Commissioner Linda Angello, "The Labor Department's Child Support Intercept program continues to be an effective measure to ensure child support payments are met and children have the resources they need." It is part of a network of state programs that emphasize the element of personal responsibility in parents' obligation to provide for the support of their children. Utilizing aggressive action against non-paying parents and forging new partnerships among government agencies, New York's child support system has been elevated to a new prominence, benefiting families and receiving national recognition.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JUN '03	JUN '04		JUN '03	JUN '04		JUN '03	JUN '04
New York State	6.0	5.9	Hudson Valley	4.2	4.3	Southern Tier	5.4	5.1
Capital District	3.6	3.8	Dutchess	3.5	3.8	Broome	5.6	5.2
Albany	3.5	3.6	Orange	5.1	5.2	Chemung	6.7	6.5
Columbia	3.2	3.6	Putnam	3.3	3.4	Chenango	5.9	5.9
Greene	4.3	4.9	Rockland	4.7	4.2	Delaware	4.3	4.1
Rensselaer	4.0	4.3	Sullivan	4.5	4.9	Otsego	3.5	3.6
Saratoga	3.2	3.3	Ulster	4.1	4.9	Schuyler	6.5	5.3
Schenectady	3.7	3.8	Westchester	4.0	4.2	Steuben	8.4	7.4
Warren	4.0	4.0	Mohawk Valley	5.1	5.2	Tioga	5.5	5.4
Washington	4.0	4.3	Fulton	5.5	5.7	Tompkins	2.3	2.8
Central New York	5.8	6.1	Herkimer	4.9	5.6	Western New York	6.4	6.6
Cayuga	5.6	5.5	Madison	5.1	5.7	Allegany	7.8	7.8
Cortland	5.9	7.2	Montgomery	6.5	5.5	Cattaraugus	6.5	7.1
Onondaga	5.0	5.5	Oneida	5.0	4.9	Chautauqua	6.5	5.9
Oswego	9.1	8.7	Schoharie	4.2	5.1	Erie	6.1	6.6
Finger Lakes	5.7	5.5	North Country	6.3	6.8	Niagara	7.4	6.7
Genesee	6.0	6.1	Clinton	6.0	6.4	Long Island	4.1	4.2
Livingston	6.0	6.4	Essex	3.7	5.1	Nassau	4.1	4.1
Monroe	5.8	5.6	Franklin	6.4	6.3	Suffolk	4.2	4.3
Ontario	5.0	4.9	Hamilton	2.8	4.1	New York City	7.9	7.4
Orleans	6.7	6.6	Jefferson	6.3	7.0	Bronx	9.7	9.5
Seneca	5.3	5.6	Lewis	6.5	6.8	Kings	8.6	8.1
Wayne	5.9	5.1	St. Lawrence	7.5	8.0	New York	8.0	7.1
Wyoming	5.1	5.6				Queens	6.4	6.2
Yates	4.0	3.8				Richmond	7.2	6.6

Long Island...

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This resurgence has created shortages of skilled labor, including engineers, sheet metal workers, specialty welders, and other occupations for which few workers or training programs currently exist.

Workforce New York, a partnership of the New York State Department of Labor and the Island's three Workforce Investment Boards, has partnered with businesses in strategic industry sectors to engage in projects that help ensure the region's economy remains competitive. One activity used by this consortium is called "skill mapping." This involves defining position requirements, core competencies and critical skills in key industries. Once the skill needs of an industry are identified, they can then be publicized so training programs can be established and potential workers can acquire the necessary preparation for career advancement.

Skill mapping is planned for the biosciences, wireless information technology, advanced manufacturing, and health care, to name but a few local industries. It should be a valuable means to quickly determine the new workforce demands of local companies in order to make new opportunities available to job seekers. After skills mapping is completed, the next step will be to demonstrate that this activity leads to a variety of career ladders and better job opportunities for job seekers and workers on Long Island.

Expansion...

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Glens Falls (+2.8 percent), Newburgh (+2.3 percent), Rockland (+2.2 percent), and Dutchess (+2.1 percent).

The private sector job count declined in Elmira (-2.4 percent), Buffalo-Niagara Falls (-0.8 percent), and Utica-Rome (-0.6 percent). In addition, the private sector job count declined in Rochester (-0.2 percent), and was unchanged in Binghamton. However, these latter two areas demonstrated a marked improvement from 2002-03, when Rochester's private sector job count declined by 1.1 percent and Binghamton's job counted declined by 2.9 percent.

Most of the increase in nonfarm jobs in 2003-04 occurred in educational and health services, which gained 30,700 jobs. The sector's gains were centered in health care and social assistance (+22,700). Leisure and hospitality added 12,000 jobs, with gains concentrated in accommodation and food services (+7,800). Many of the gains in professional and business services sector (+8,200) were in administrative and support services, specifically employment services. Job gains at employment services firms are often an early economic indicator of an improving overall labor market. Manufacturing (-22,800) led declining industries. The majority of manufacturing losses were in non-durable goods, specifically chemical manufacturing (-6,200) and apparel manufacturing (-6,100). (Statewide data for all major sectors are presented in the table).

January - June Average Job Count by Industry, New York State, 2003-2004 (in thousands)

	Net Change	%Change
Total Nonfarm	31.6	0.4%
Private Sector	35.1	0.5%
Natural Resources & Mining	0.1	2.0%
Construction	0.6	0.2%
Manufacturing	-22.8	-3.7%
Durable Goods	-9.7	-2.7%
Nondurable Goods	-13.1	-4.9%
Trade, Trans. & Utilities	3.6	0.2%
Wholesale Trade	-2.7	-0.8%
Retail Trade	9.7	1.2%
Trans., Wrhs. & Utilities	-3.3	-1.2%
Information	-2.6	-0.9%
Financial Activities	5.9	0.9%
Professional & Business Svcs.	8.2	0.8%
Educational & Health Svcs.	30.7	2.1%
Leisure & Hospitality	12.0	1.9%
Other Services	-0.3	-0.1%
Government	-3.5	-0.2%

by Kevin Jack

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 473,100 in June 2004. Employment gains in educational and health services (+2,500), leisure and hospitality (+700) and construction (+500) were overshadowed by losses in manufacturing (-4,200) and trade, transportation and utilities (-1,800).

CENTRAL NY ROGER EVANS 315-479-3388

Private sector jobs in the Syracuse area rose by 5,100, or 1.8 percent, over the 12-month period ending in June 2004. Job gains were centered in educational and health services, professional and business services, leisure and hospitality, and trade, transportation and utilities. Manufacturing employment fell 1,600 over the year.

MOHAWK VALLEY MARK BARBANO 315-793-2282

Total nonfarm jobs in the Utica-Rome area dipped 300, or 0.2 percent, over the year to 133,900 in June 2004. Gains were greatest in educational and health services (+400) and government (+200), which grew in part, due to continued expansion at the Oneida Indian Nation's enterprises (part of local government). Manufacturing lost 400 jobs, its smallest year-to-year loss since November 2000.

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Private sector employment in the North Country region increased over the year by 0.3 percent to 116,200 in June 2004. The largest gains were in educational and health services (+400) and trade, transportation and utilities (+400). Losses were centered in manufacturing (-500). Two manufacturers—Filtran, a maker of electrical products, and pharmaceuticals packager MECPACK—announced plans to expand in the region.

CAPITAL DISTRICT JAMES ROSS 518-462-7600

Private sector jobs in the Albany-Schenectady-Troy area increased over the year by 5,300, or 1.5 percent, to 355,700, a record for the month. Adding the most jobs were leisure and hospitality (+1,300), educational and health services (+900), and financial activities (+700). Of particular note, manufacturing (+100) also added jobs.

HUDSON VALLEY SEAN MacDONALD 914-997-8798

Private sector employment increased 14,400, or 1.9 percent, over the year to 757,800 in June 2004. Employment gains were strongest in trade, transportation and utilities (+3,700), educational and health services (+3,400), leisure and hospitality (+2,700), and professional and business services (+2,600). Manufacturing (-800) lost jobs over the year.

WESTERN NY JOHN SLENKER 716-851-2742

The Buffalo-Niagara Falls private sector job count fell over the year by 2,100, or 0.5 percent, to 453,900 in June 2004. Losses in manufacturing (-2,200) and natural resources, mining and construction industries (-700) overshadowed gains in educational and health services (+600) and professional and business services (+500).

SOUTHERN TIER JOSEPH KOZLOWSKI 607-741-4485

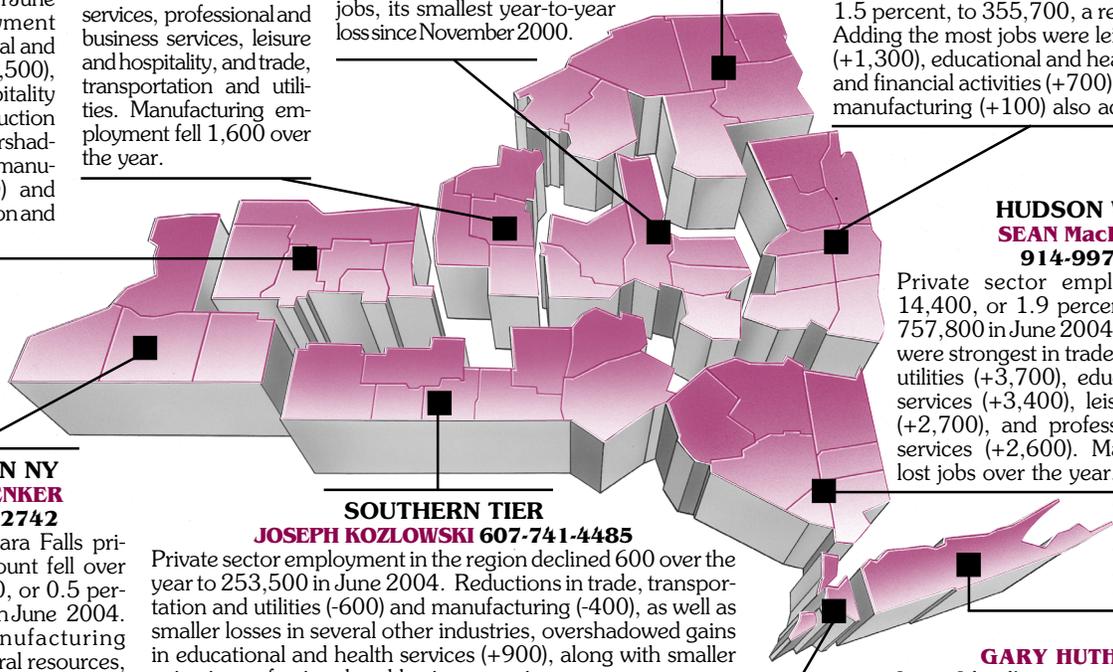
Private sector employment in the region declined 600 over the year to 253,500 in June 2004. Reductions in trade, transportation and utilities (-600) and manufacturing (-400), as well as smaller losses in several other industries, overshadowed gains in educational and health services (+900), along with smaller gains in professional and business services.

NEW YORK CITY JAMES BROWN 212-352-6666

In June, the City's private sector job count increased over the year by 1.1 percent, its best year-to-year gain since March 2001. This marks a dramatic turnaround from the 1.7 percent loss between June 2002 and June 2003. Professional and business services and leisure and hospitality showed the most strength over the year and should lead the economy in the second half of the year.

LONG ISLAND GARY HUTH 516-934-8533

Long Island's private sector job count in June reached 1,049,600, a new record for the month. Industries adding the most jobs over the year included educational and health services (+4,000) and leisure and hospitality (+2,800), which was boosted by temporary hiring for the U.S. Open at Shinnecock Hills Golf Club in Southampton. Both manufacturing (-1,800) and information (-1,100) lost jobs.



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