

EMPLOYMENT

in New York State

Eliot Spitzer, Governor

September 2007

M. Patricia Smith, Commissioner

New York Outpaces Nation...

Labor Productivity Favorable in New York State

A recently-released report from the International Labor Organization (ILO) found that American workers are the world's most productive (followed by Ireland and Luxembourg). The report from the United Nations agency casts a spotlight on a topic that rarely makes the business press headlines.

Productivity growth is critical to the long-term success of an economy because "it helps keep inflation in check, makes it easier for American businesses and workers to compete, raises standards of living, and reduces the difficulty of meeting long-run demographic challenges by increasing the total amount of

resources available." (2007 *Economic Report of the President*) Gains in labor productivity stem from three main sources: capital deepening; advances in worker skill levels; and efficiency gains. Capital deepening is the growth in the amount of capital (machines and technology) that workers have available for use. Advances in worker skill levels reflect increased education and training, while efficiency gains involve obtaining more output with the same amount of input.

A nation's labor productivity is calculated by dividing its gross domestic product (the value of all goods and services produced within its borders) by the number

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At a Glance

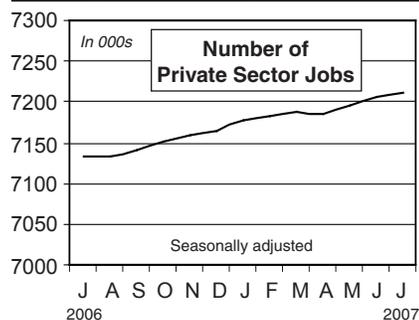
In July 2007, New York's seasonally adjusted unemployment rate was 4.9 percent, up from 4.7 percent in June 2007. (The nation's unemployment rate was 4.6 percent in July.) In July 2007, the state had 8,707,100 nonfarm jobs, including 7,212,500 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state increased by 0.1 percent from June. (The nation's private sector job count increased by 0.1 percent over the month.) From July 2006 to July 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 July.

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

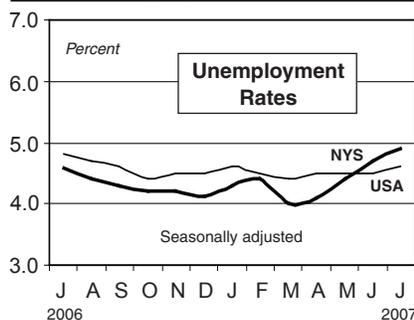
	Net	%
Total Nonfarm Jobs	95.6	1.1
Private Sector	87.5	1.2
Goods-producing	1.9	0.2
Nat. res. & mining	0.6	9.0
Construction	15.5	4.4
Manufacturing	-14.2	-2.5
Durable gds.	-1.1	-0.3
Nondurable gds.	-13.1	-5.5
Service-providing	93.7	1.2
Trade, trans., & util.	9.3	0.6
Wholesale trade	-2.1	-0.6
Retail trade	9.0	1.0
Trans., whrs., & util.	2.4	0.9
Information	-4.5	-1.7
Financial activities	11.3	1.5
Prof. & bus. svcs.	24.5	2.2
Educ. & health svcs.	29.5	1.9
Leisure & hospitality	12.8	1.8
Other services	2.7	0.8
Government	8.1	0.6

IN JULY...

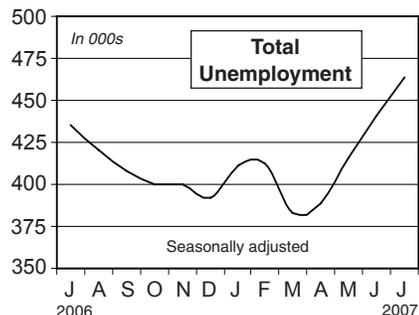
...NYS private sector jobs increased



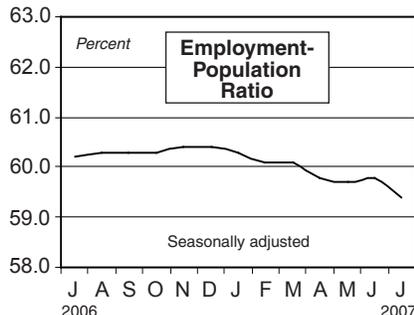
...NYS unemployment rate increased



...NYS unemployment increased



...NYS labor force participation down



Focus on the Southern Tier

Growing Manufacturing Sector Anchors Regional Economy

by Christian Harris, Labor Market Analyst, Southern Tier

Job counts in the Southern Tier have recently shown significant gains, reversing losses from the early 2000s. Private sector employment grew by 3,900 between 2003 and 2006, reaching a level not seen since 2002. In 2007, continued job growth coupled with a moderate decline in the region's labor force have resulted in tight labor market conditions.

Nearly 40 percent of the net private sector job gain in the region over the 2003-2006 period was due to resiliency in manufacturing (+850) and professional and technical services (+670). Average wage levels in both manufacturing (\$50,400) and professional and technical services (\$56,900) were well above the average for all non-farm jobs (\$36,500) in the region in 2006. These new, high-wage jobs bode well for the local area, as these workers' salaries are spent and re-spent throughout the regional economy. Moreover, these two industries tend to 'export' or sell their products or services to customers outside the region, which brings 'new' money into the region, leading to the creation of additional income and jobs in the Southern Tier.

Region's Manufacturing Base Grows

The manufacturing sector has been a key contributor to the area's recent job



“The Department of Labor and our Workforce Partners continue to assess the skills needed by our local workforce in those industry clusters -- such as manufacturing -- that help us compete in the global economy.”

*Kelli Owens,
Division of Employment Services,
Southern Tier Region*

sput. The job count at Southern Tier factories increased by 2.0 percent from 2003 to 2006. In contrast, both the state (-7.4 percent) and the nation (-2.4 percent) experienced declines over this period. Sector job gains have been centered in computer and electronic product manufacturing (+1,440) and transportation equipment manufacturing (+860). These two particular industries demonstrate that the region's manufacturing base has, in large part, shifted from low-skill, assembly-line factory businesses to high-tech, high-skill production.

Major job-growth contributors in computer and electronic product manufacturing

include: Lockheed Martin (Broome and Tioga counties), IBM (Broome County), BAE Systems Solutions (Broome County), Endicott Interconnect (Broome County), and Amphenol (Broome and Delaware counties). Lockheed Martin led the advance, thanks in large part to a \$1.7 billion federal contract received in 2005 to update the presidential helicopter fleet. Initial published estimates placed the number of new jobs due to the contract at about 750, although a continual influx of other contract work more than likely will push this figure upward.

In transportation equipment, railcar industry manufacturers Alstom Transportation (Steuben County) and TTA Systems (Steuben County); aircraft manufacturer Schweizer Aircraft Corp. (Chemung County); and the auto-component manufacturing arm of Corning Inc. all experienced employment upticks from 2003 to 2006. These expansions contributed to a 20 percent jump in the region's transportation equipment manufacturing job count. This made the Southern Tier the best performer in that industry cluster among all 10 labor market regions in the state.

Professional Services Advance

Another high-skill, high-wage industry

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Real Gross Domestic Product (Value Added) per Worker (inflation-adjusted 2000 dollars), New York and U.S., 2005

	<u>New York</u>	<u>U.S</u>	<u>New York's Productivity Advantage (%)</u>
Total, All Industries	\$ 80,800	\$ 62,700	28.9%
Construction	\$ 46,900	\$ 40,800	16.4%
Manufacturing	\$102,900	\$102,500	0.0%
Wholesale trade	\$114,700	\$104,700	9.2%
Retail trade	\$ 48,200	\$ 42,800	12.9%
Transportation and warehousing	\$ 48,800	\$ 60,800	-18.7%
Information	\$243,100	\$170,200	42.7%
Finance and insurance	\$195,300	\$104,300	88.9%
Real estate, rental, and leasing	\$285,600	\$197,600	47.8%
Professional and technical services	\$ 90,200	\$ 69,700	26.5%
Management of companies and enterprises	\$178,100	\$106,900	65.8%
Administrative and waste services	\$ 39,500	\$ 29,500	30.8%
Educational services	\$ 28,900	\$ 24,700	17.0%
Health care and social assistance	\$ 43,400	\$ 42,100	2.8%
Arts, entertainment, and recreation	\$ 30,200	\$ 27,500	10.2%
Accommodation and food services	\$ 31,600	\$ 24,200	30.0%
Other services	\$ 27,400	\$ 23,300	18.6%
Government	\$ 53,800	\$ 49,700	8.2%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JUL '06	JUL '07		JUL '06	JUL '07		JUL '06	JUL '07
New York State	4.9	5.0	Hudson Valley	4.2	4.1	Southern Tier	4.7	4.5
Capital	4.0	4.0	Dutchess	4.1	4.0	Broome	4.9	4.6
Albany	4.1	4.1	Orange	4.5	4.4	Chemung	5.1	4.9
Columbia	3.7	4.0	Putnam	3.7	3.5	Chenango	4.7	4.7
Greene	4.8	4.8	Rockland	4.1	4.0	Delaware	4.6	4.6
Rensselaer	4.3	4.3	Sullivan	4.6	4.6	Otsego	4.3	4.0
Saratoga	3.5	3.6	Ulster	4.5	4.4	Schuyler	4.6	4.8
Schenectady	4.3	4.2	Westchester	4.0	3.9	Steuben	5.2	4.9
Warren	3.6	3.7	Mohawk Valley	4.6	4.6	Tioga	4.3	4.4
Washington	4.0	3.9	Fulton	5.2	5.7	Tompkins	4.0	3.8
Central New York	4.7	4.4	Herkimer	4.3	4.3	Western New York	5.1	4.9
Cayuga	4.8	4.6	Madison	4.5	4.4	Allegany	5.7	6.0
Cortland	5.1	4.7	Montgomery	5.8	5.6	Cattaraugus	5.0	5.2
Onondaga	4.5	4.2	Oneida	4.3	4.1	Chautauqua	4.5	4.5
Oswego	5.4	5.1	Schoharie	5.2	5.0	Erie	5.1	4.8
Finger Lakes	4.6	4.5	North Country	5.2	5.2	Niagara	5.5	5.2
Genesee	4.1	4.1	Clinton	5.3	5.6	Long Island	4.2	4.1
Livingston	4.5	4.6	Essex	4.7	4.7	Nassau	4.0	4.0
Monroe	4.7	4.7	Franklin	5.1	5.0	Suffolk	4.3	4.2
Ontario	4.0	3.9	Hamilton	3.1	3.0	New York City	5.6	6.1
Orleans	5.8	5.8	Jefferson	4.9	4.8	Bronx	7.3	8.1
Seneca	4.4	4.0	Lewis	4.3	4.3	Kings	6.1	6.7
Wayne	4.5	4.3	St. Lawrence	5.9	5.8	New York	4.7	5.2
Wyoming	4.2	4.0				Queens	5.0	5.4
Yates	4.0	4.0				Richmond	5.4	5.8

Southern Tier...

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with major employment gains locally was professional and technical services. Among the top-performing component industries were payroll services, custom computer programming services, and research and development in the physical, engineering and life sciences. Corning Inc. devotes a large portion of its Steuben County workforce to the research and development side of its business. Aside from advances in its current technologies – such as LCD screens and ceramic pollution-control devices – the company utilizes emerging technologies to help diversify and expand its product base. Such R&D-intensive facilities attract a highly educated workforce, including scientists, technicians and specialists.

Looking Ahead

The outlook for both manufacturing and professional and technical services in the Southern Tier remains positive, based on recent corporate announcements. Lockheed Martin in Owego (Tioga County) expects to hire about 500 workers this year and several hundred workers in 2008. In addition, Corning Inc. announced in April 2007 it will spend \$200 million over the next six years to expand and improve its Sullivan Park Research & Development Campus in Erwin (Steuben County). The expansion could bring 300+ new jobs. However, to assure a continued economic upswing in the face of impending retirements by Baby Boomers, it will be essential for the Southern Tier to develop a steady supply of skilled workers.

Labor Productivity...

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of workers. It is equivalent to the “value added” per person employed, and largely reflects what workers got paid. This measure provides a general gauge of a country’s overall productivity. However, since it is not expressed on a full-time equivalent worker basis, it ignores differences in the number of hours worked. In addition, this productivity measure overlooks skill levels of different workers.

Comparable calculations for states are also possible using data on gross domestic product by state (formerly called gross state product). Data from the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) indicate that labor productivity (expressed in inflation-adjusted 2000 dollars) stood at \$80,800 in New York State, 29 percent higher than the U.S. average in 2005 (the latest year for which data are available). This level of labor productivity ranked the Empire State third in the nation, trailing only Delaware (\$91,700) and the District of Columbia (\$87,000).

The table at the bottom of page 2 compares labor productivity data for broad industry groups in New York State and the U.S. in 2005. (Note: These data utilize both full- and part-time employment job estimates compiled by BEA and include farm jobs and the self-employed – two groups typically excluded in Department of Labor jobs figures.) In 16 of 17 broad industry groups, New York’s workers – equaled or surpassed the productivity of

their counterparts in the nation. Transportation and warehousing was the one sector in New York where productivity lagged its national counterpart.

Sectors with the highest labor productivity tend, on average, to be in either professional/financial services or information and also pay above-average wages. New York State is no exception to this rule as its four sectors with the greatest productivity figures are: real estate, rental, and leasing (\$285,600); information (\$243,100); finance and insurance (\$195,300); and management of companies and enterprises (\$178,100). These four sectors also top the list of industry groups in New York with the largest percentage productivity advantage relative to their national peers.

by Kevin Jack

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FINGER LAKES TAMMY MARINO 585-258-8870

Private sector employment in the Rochester metropolitan area rose 2,400, or 0.6 percent, over the year to 438,500 in July 2007. Employment gains in educational and health services (+3,100) and professional and business services (+1,000) more than offset declines in manufacturing (-3,200).

CENTRAL NY ROGER EVANS 315-479-3388

The private sector job count in the Syracuse area rose 1,600, or 0.6 percent, to 264,500 in July 2007. Growth was concentrated in educational and health services (+1,200) and natural resources, mining and construction (+1,000). Losses occurred in trade, transportation and utilities (-900) and manufacturing (-500).

MOHAWK VALLEY MARK BARBANO 315-793-2282

The private sector job count in Utica-Rome decreased over the year by 600, or 0.6 percent, to 101,500. Gains were recorded in educational and health services (+300) and financial activities (+300). Losses were greatest in manufacturing (-500) and trade, transportation, and utilities (-500).

NORTH COUNTRY ALAN BEIDECK 518-891-6680

Private sector jobs in the North Country region rose over the year by 1,700, or 1.4 percent, to 121,900 in July 2007. The largest gains were in trade, transportation, and utilities (+900) and educational and health services (+600). Losses were centered in manufacturing (-200).

CAPITAL DISTRICT JAMES ROSS 518-462-7600

From July 2006 to July 2007, the number of private sector jobs in the Albany-Schenectady-Troy area rose by 2,700, or 0.8 percent, to 345,400, a record high for the month. Gains were largest in educational and health services (+1,900) and leisure and hospitality (+1,500). Job losses were centered in financial activities (-800).

HUDSON VALLEY JOHN NELSON 914-997-8798

Private sector jobs in the Hudson Valley rose over the year by 8,500, or 1.1 percent, to 763,800 in July 2007. Gains were largest in educational and health services (+4,200), professional and business services (+2,600), and natural resources, mining and construction (+2,100). Job losses were largest in manufacturing (-1,000) and information (-800).

WESTERN NY JOHN SLENKER 716-851-2742

Private sector employment in the Buffalo-Niagara Falls metro area increased over the year by 4,800, or 1.1 percent, to 458,300 in July 2007. Job gains were centered in professional and business services (+3,500), educational and health services (+3,100), financial activities (+1,100), and other services (+700). Losses were largest in manufacturing (-1,800) and information (-1,100).

SOUTHERN TIER CHRISTIAN HARRIS 607-741-4485

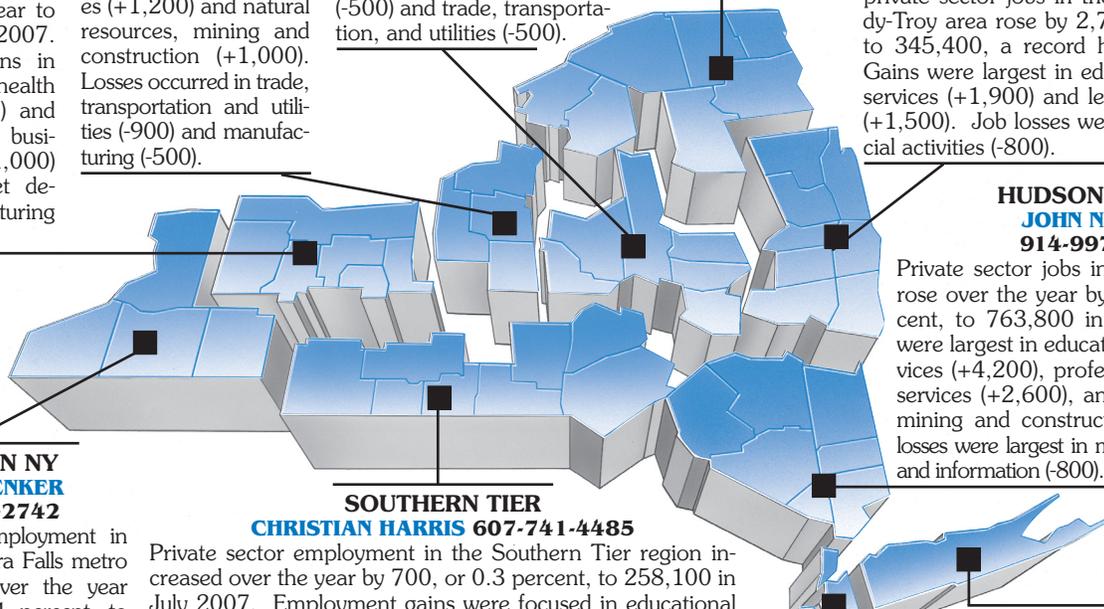
Private sector employment in the Southern Tier region increased over the year by 700, or 0.3 percent, to 258,100 in July 2007. Employment gains were focused in educational and health services (+900) and trade, transportation and utilities (+300). Employment declined in financial services (-200) and leisure and hospitality (-200).

NEW YORK CITY JAMES BROWN 212-775-3330

Private sector employment in New York City rose 51,800, or 1.7 percent, to 3,150,100 for the 12-month period ending July 2007. Growth was largest in professional and business services (+14,700), financial activities (+11,800), educational and health services (+10,700), and leisure and hospitality (+9,700). Manufacturing (-7,200) lost jobs over the year.

LONG ISLAND GARY HUTH 516-934-8533

Private sector jobs on Long Island increased over the year by 7,300, or 0.7 percent, to 1,071,600 in July 2007. The largest gains were in professional and business services (+4,000) and natural resources, mining and construction (+2,800). The largest declines were in financial activities (-1,700) and manufacturing (-1,600).



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