

EMPLOYMENT in New York State

George E. Pataki, Governor

March 2005

Linda Angello, Commissioner

State adds 44,100 private sector jobs in 2004...

Economic Recovery Continues in New York

New York State's private sector job count averaged 6,963,300 in 2004, up 44,100 or 0.6 percent from 2003, after annual year-end revisions. Like the nation, this was the state's first year-to-year job gain since 2000. By comparison, the nation's private sector job count increased by 1.3 percent in 2004. Job data are revised at the end of each year for all states and the nation, as more comprehensive information, or benchmarks, become available from employers' unemployment insurance tax records.

Industry Job Summary

Educational and health services added, by far, the most private sector jobs

(+25,600) of any industry supersector between 2003 and 2004, with gains centered in health care and social assistance (+16,900). Leisure and hospitality gained 14,900 jobs, due to increases in accommodation and food services (+9,200). Other industry supersectors adding jobs from 2003 to 2004 (in descending order) included: professional and business services; trade, transportation, and utilities; financial activities; other services; and natural resources and mining (see table for additional detail).

Declining industries were led by manufacturing, which lost 17,400 jobs between 2003 and 2004. Manufacturing

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At a Glance

In January 2005, New York's seasonally adjusted unemployment rate was 5.0 percent, down from 5.6 percent in December. (The nation's unemployment rate was 5.2 percent in January.) In January 2005, the state had 8,481,500 nonfarm jobs, including 6,996,600 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state decreased by 0.1 percent from December. (The nation's private sector job count increased 0.1 percent over the month.) From January 2004 to January 2005, the number of private sector jobs increased by 1.3 percent in the state and increased by 1.9 percent in the nation (not seasonally adjusted). In addition, New York's employment-population ratio, a measure of labor force participation rate, increased in January.

Change in Nonfarm Jobs

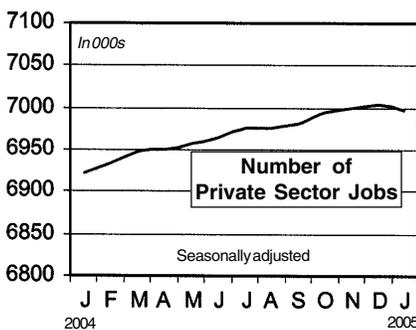
Jan. 2004 - Jan. 2005

(Data not seasonally adjusted, numbers in thousands)

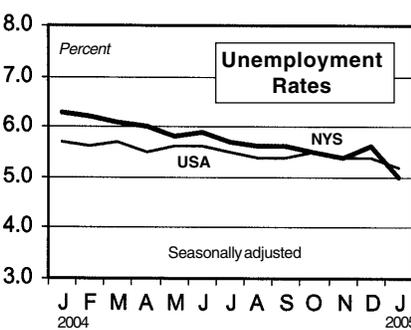
	Net	%
Total Nonfarm Jobs	89.4	1.1
Private Sector	86.6	1.3
Goods-Producing	-10.9	-1.2
Nat. res. & mining	0.3	6.4
Construction	2.9	1.0
Manufacturing	-14.1	-2.4
Durable gds.	-3.6	-1.1
Nondurable gds.	-10.5	-4.1
Service-providing	100.3	1.4
Trade, trans., & util.	18.4	1.3
Wholesale trade	-0.5	-0.1
Retail trade	16.0	1.9
Trans., whrs., & util.	2.9	1.1
Information	0.2	0.1
Financial activities	7.7	1.1
Prof. & bus. svcs.	16.0	1.6
Educ. & health svcs.	31.6	2.1
Leisure & hospitality	18.6	3.1
Other services	5.0	1.4
Government	2.8	0.2

IN JANUARY...

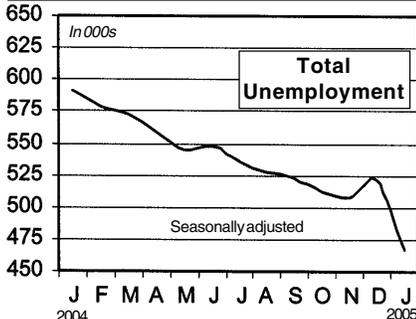
...NYS private sector jobs decreased



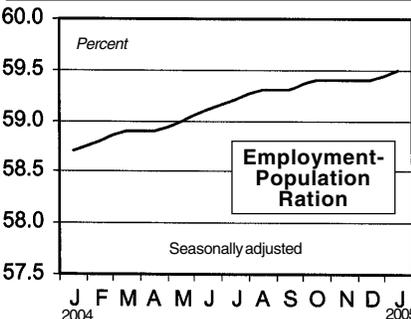
...NYS unemployment rate fell



...NYS unemployment dropped



...NYS labor force participation rose



Focus on Southern Tier

Lockheed to Add 750 New Jobs

by Joe Kozlowski, Regional Analyst, Southern Tier

Economic momentum in the region took a giant leap forward with the U.S. Navy's selection of Lockheed Martin as the prime contractor to build the next generation of presidential helicopters. The company has begun construction on a \$30 million, 176,000 square-foot facility at its Owego plant (Tioga County) and has started to fill some of the 750 jobs that the project is expected to generate this year.

Lockheed's Owego facility will outfit the airframes with complex electronics, with the first helicopter expected to come off the production line in 2008. Hiring will be concentrated in the professional, technical and managerial fields. The occupations are expected to pay, on average, over \$50,000 per year. According to published reports, this could generate \$50 million in payroll and add up to \$21 million elsewhere in the community. Due to the specialized, technical nature of the jobs, the company will recruit nationwide. As a result, the project will draw many new workers and their families to the area.

A February job fair held in Binghamton by Lockheed Martin drew 2,500 job seekers from across the Southern Tier, and as far away as Connecticut, New Jersey and North Carolina. The increase in people and wages will ripple throughout the region's economy. The federal government estimates that another 825 jobs will



"The Southern Tier received a huge boost when Lockheed Martin was selected to produce the next generation of presidential helicopters. The project will result in hundreds of high-paying jobs for our region for years to come."

John Flynn, Regional Administrator, Southern Tier

be added to the local economy as workers spend their incomes on housing, entertainment, groceries, home furnishings, transportation and education, which, in turn, will stimulate job growth in other sectors of the regional economy.

The \$1.7 billion contract is just the first phase of a procurement process that will eventually total \$6.1 billion for Lockheed Martin and its partners. The region is slated to reap the economic benefits of the helicopter contract for many years to come.

Defense Spending

Businesses in the Southern Tier have benefited from the recent national

expansion in defense spending. (See related article below). Total procurement contracts awarded by the U. S. Department of Defense to Southern Tier firms increased from \$453.8 million in 2001 to \$695.8 million in 2004, a gain of \$242 million or 53 percent. In 2004, Southern Tier contractors received 13 percent of total awards in New York State. On a per capita basis, the Southern Tier region (\$963) received a much higher proportion than the state (\$273) or the nation as a whole (\$699), and ranked second only to the Capital region (\$1,128) among New York State's ten labor market regions.

Of the 150 Southern Tier companies awarded defense contracts in 2004, Lockheed Martin in Tioga County received the largest (\$502.7 million), while Tyler Fire Equipment in Chemung County received the smallest (\$850). Of the Southern Tier's nine counties, Tioga received the most in defense procurement spending with \$507.4 million, or about 75 percent of the region's total, largely on the strength of Lockheed Martin. In addition, Tioga ranked fourth among all counties in New York in terms of overall procurement spending. Spending in other Southern Tier counties in 2004 was: Broome (\$125.6 million), Steuben (\$39.4 million), Delaware (\$11.5 million), Tompkins (\$3.9 million), Chenango (\$3.3

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Empire State Defense Contracts Increasing

Defense spending is on the rise in New York State. The Empire State's take of federal defense contracts has increased more than 50 percent since 2001. In 2004, more than 4,000 New York firms received over \$5.2 billion in procurement contracts, which are used by the U.S. Department of Defense to buy a wide array of goods and services. This total places the state 12th in overall ranking across the nation. Total U.S. defense procurement spending topped \$212 billion in 2004.

Seven defense plants in New York received contracts of more than \$100 million last year. In Schenectady County, Bechtel Plant Machinery received \$951.4 million and Knolls Atomic Power Laboratory received \$132.9 million. Lockheed Martin received contracts totaling \$502.7 million in Tioga County

and \$241.5 million in Onondaga County. Northrop Grumman was awarded \$406.3 in Nassau County. In Orange County, American Auto Logistics won contracts totaling \$204.4 million and in Monroe County, \$173.4 million went to Harris RF Communications.

Four counties in New York were home to companies that collectively received defense contracts worth at least \$500 million in 2004. The counties and the total value (in millions of dollars) of their contracts were: Schenectady (\$1,097.9), Nassau (\$590.3), Suffolk (\$564.6), and Tioga (\$507.4). They accounted for more than 50 percent of all procurement spending in the state.

This table shows the per capita value of procurement contracts for New York State's ten labor market regions in 2004. The Capital and Southern Tier regions

received, by far, the highest per capita levels of awards.

Per Capita Defense Awards, 2004

Region	Per Capita
Capital	\$1,128
Southern Tier	\$963
North Country	\$624
Central NY	\$558
Long Island	\$411
Finger Lakes	\$316
New York State	\$273
Hudson Valley	\$223
Western NY	\$213
Mohawk Valley	\$188
New York City	\$33

The five programs receiving the most funding (in millions of dollars) in 2004 were: ships (\$1,230.9), electronics and communications equipment (\$962.6), airframes and spares (\$767.4), services (\$735.6), and all other supplies and equipment (\$430.3).

Source: U.S. Department of Defense web site.

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	JAN '04	JAN '05		JAN '04	JAN '05		JAN '04	JAN '05
New York State	6.1	5.2	Hudson Valley	5.1	4.3	Southern Tier	6.8	5.8
Capital District	5.4	4.6	Dutchess	5.1	4.3	Broome	6.9	5.9
Albany	4.9	4.2	Orange	5.4	4.6	Chemung	7.7	6.6
Columbia	5.4	4.4	Putnam	4.1	3.7	Chenango	7.4	6.2
Greene	6.2	5.5	Rockland	4.7	4.0	Delaware	5.8	4.9
Rensselaer	5.6	4.8	Sullivan	6.8	5.7	Otsego	6.6	5.5
Saratoga	4.9	4.1	Ulster	5.8	4.9	Schuyler	8.4	7.4
Schenectady	5.3	4.6	Westchester	5.0	4.1	Steuben	8.7	7.3
Warren	7.0	5.9	Mohawk Valley	7.3	6.1	Tioga	6.7	6.0
Washington	6.5	5.6	Fulton	7.2	6.3	Tompkins	4.5	3.6
Central New York	6.7	5.7	Herkimer	7.4	6.7	Western New York	7.3	6.1
Cayuga	6.8	5.5	Madison	7.8	6.3	Allegany	8.3	6.9
Cortland	8.0	7.0	Montgomery	8.4	6.9	Cattaraugus	7.7	6.4
Onondaga	6.0	5.1	Oneida	6.8	5.6	Chautauqua	7.4	5.9
Oswego	9.0	7.7	Schoharie	7.7	6.2	Erie	7.0	5.9
Finger Lakes	7.1	5.9	North Country	8.7	7.3	Niagara	8.2	6.5
Genesee	7.8	6.4	Clinton	7.7	6.3	Long Island	5.5	4.7
Livingston	8.3	6.9	Essex	7.4	6.5	Nassau	5.3	4.5
Monroe	6.6	5.5	Franklin	8.7	7.2	Suffolk	5.7	4.8
Ontario	7.0	6.4	Hamilton	8.5	7.4	New York City	8.4	6.2
Orleans	8.9	7.7	Jefferson	9.5	7.9	Bronx	10.9	8.0
Seneca	7.0	6.1	Lewis	9.5	8.6	Kings	9.1	6.7
Wayne	7.7	6.9	St. Lawrence	9.0	7.4	New York	7.4	5.5
Wyoming	9.2	6.9				Queens	7.7	5.7
Yates	6.5	5.8				Richmond	7.3	5.4

Southern Tier...

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million), Otsego (\$2.3 million), Chemung (\$2.2 million), and Schuyler (\$186,211).

Lockheed Martin's success in securing a multi-billion dollar defense contract and its ongoing efforts to recruit 750 new employees underscores the changing nature of the American workplace. In particular, it reminds us that globalization and rapid advances in technology have dramatically changed the skills that workers need to get, hold and advance in careers in the 21st century. Once upon a time, it was sufficient for workers to have the most basic skills—defined as the minimum reading, writing, math, and communication skills that individuals needed to get and keep an entry-level job.

However, the ever-changing needs of the workplace now demand much higher worker skill levels. According to employer feedback garnered in several workforce development surveys, the basics now include advanced math, science, computer and communication skills. In addition, decision-making, leadership, teamwork, problem-solving, and good interpersonal skills are required.

Added to the mix is learning to learn, which helps workers continuously acquire new skills and knowledge that they can apply at work. Workers must embrace learning as a life-long process. Those who learn and adapt quickly to new technologies and changing work processes have a significant advantage over less flexible and less-skilled workers.

Economic Recovery...

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declines were centered in non-durable goods (-10,000), specifically chemical manufacturing (-3,900). The job count also declined over the year in information; government; and construction.

Area Job Summary

Both Downstate and Upstate areas, as well as 9 of 14 metropolitan areas, experienced stronger private sector job performance in 2004 than in 2003. Improvement in private sector job growth was especially notable in Buffalo-Niagara Falls, New York City and Syracuse, all of which rebounded from job declines in 2003 to post gains in 2004. In addition, although the private sector job count declined slightly in Binghamton and Utica-Rome in 2004, these areas demonstrated a marked improvement from 2003.

Among metropolitan areas, the private sector annual average job count increased in nine areas and decreased in five between 2003 and 2004. The private sector job count increased most rapidly in Glens Falls (+2.7 percent), Ithaca (+1.5 percent), Poughkeepsie-Newburgh-Middletown (+1.5 percent), and Putnam-Rockland-Westchester (+1.5 percent). The private sector job count declined in Elmira (-2.4 percent), Kingston (-1.4 percent), Binghamton (-0.5 percent), Utica-Rome (-0.2 percent) and Rochester (-0.1 percent).

By Kevin Hannel

Change in Annual Average Jobs by Industry NYS 2003-2004 (in thousands)

	Net Change	% Change
Total Nonfarm	39.6	0.5%
Private Sector	44.1	0.6%
Natural Resources & Mining	0.4	7.5%
Construction	-0.7	-0.2%
Manufacturing	-17.4	-2.8%
Durable Goods	-7.5	-2.2%
Nondurable Goods	-10.0	-3.8%
Trade, Trans. & Utilities	8.7	0.6%
Wholesale Trade	-1.2	-0.3%
Retail Trade	10.3	1.2%
Trans., Warehousing & Utilities	-0.5	-0.2%
Information	-5.6	-2.0%
Financial Activities	5.0	0.7%
Professional & Business Services	10.8	1.0%
Educational & Health Services	25.6	1.7%
Leisure & Hospitality	14.9	2.3%
Other Services	2.4	0.7%
Government	-4.5	-0.3%

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REGIONAL ANALYSTS' CORNER

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WILLIAM RAMAGE
585-258-8870
 Private sector employment in the Rochester area declined 4,700, or 1.1 percent, over the year to 414,800 in January 2005. Job gains in educational and health services (+1,600) were outpaced by declines in manufacturing (-4,900), information (-300), and financial activities (-300).

CENTRAL NY
ROGER EVANS
315-479-3388
 Private sector employment in the Syracuse area increased by 3,300, or 1.3 percent, to 256,500 over the 12 months ending January 2005. Job creation was concentrated in educational and health services (+1,200), professional and business services (+1,000), leisure and hospitality (+900), and trade, transportation, and utilities (+900). Manufacturing (-1,000) lost jobs over the year.

MOHAWK VALLEY
MARK BARBANO
315-793-2282
 Private sector employment in Utica-Rome rose 900, or 0.9 percent, to 97,500 for the 12-month period ending January 2005. Gains were centered in educational and health services (+700) and manufacturing (+300) with declines in professional and business services (-300) and smaller losses in several other industries. Government (+1,200) rose due to expansion at Oneida Indian Nation enterprises and additional gains in local education.

NORTH COUNTRY
ALAN BEIDECK 518-891-6680
 Private sector employment in the North Country region increased over the year by 1,700, or 1.6 percent, to 109,200 in January 2005. The largest gains were in trade, transportation and utilities (+1,200) and educational and health services (+500). Losses were centered in manufacturing (-400).

CAPITAL DISTRICT
JAMES ROSS
518-462-7600
 From January 2004 to January 2005, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 3,700, or 1.1 percent, to 329,700, a record high for the month. Job gainers were led by educational and health services (+1,500), manufacturing (+600), professional and business services (+600), trade, transportation and utilities (+600), and other services (+400). Information (-400) fell over the year.

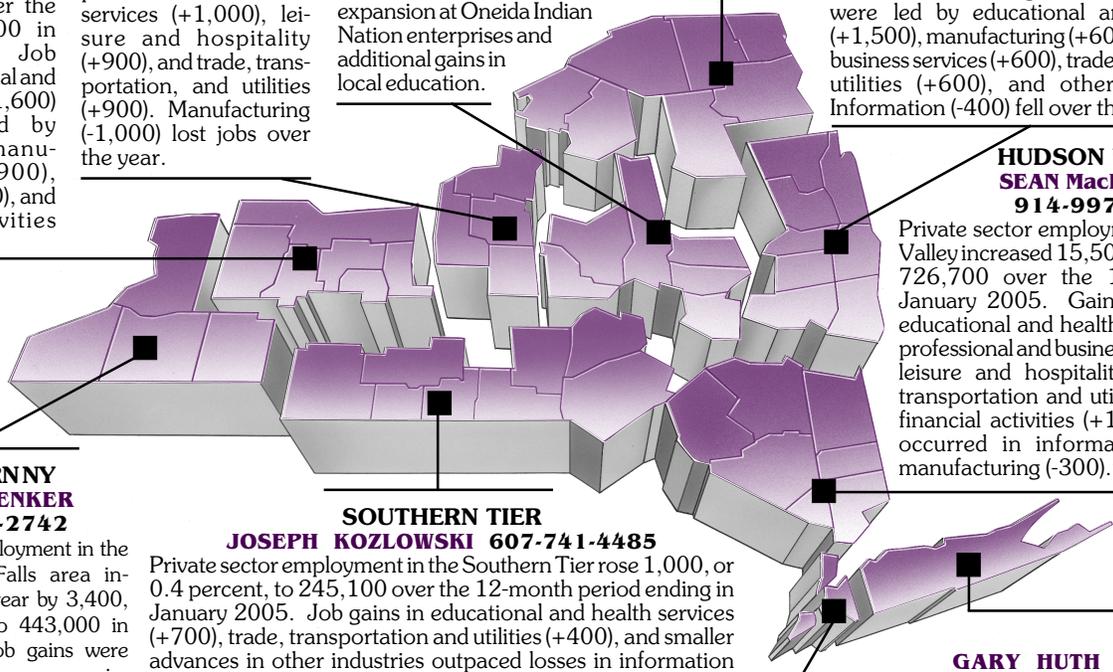
HUDSON VALLEY
SEAN MacDONALD
914-997-8798
 Private sector employment in the Hudson Valley increased 15,500, or 2.2 percent, to 726,700 over the 12 months ending January 2005. Gains were centered in educational and health services (+4,600), professional and business services (+3,200), leisure and hospitality (+2,900), trade, transportation and utilities (+2,500), and financial activities (+1,700), while losses occurred in information (-1,000) and manufacturing (-300).

WESTERN NY
JOHN SLENKER
716-851-2742
 Private sector employment in the Buffalo-Niagara Falls area increased over the year by 3,400, or 0.8 percent, to 443,000 in January 2005. Job gains were centered in natural resources, mining and construction (+1,000), professional and business services (+1,000) financial activities (+900), educational and health services (+800), and leisure and hospitality (+700). Manufacturing (-1,000) recorded the largest decline.

SOUTHERN TIER
JOSEPH KOZLOWSKI 607-741-4485
 Private sector employment in the Southern Tier rose 1,000, or 0.4 percent, to 245,100 over the 12-month period ending in January 2005. Job gains in educational and health services (+700), trade, transportation and utilities (+400), and smaller advances in other industries outpaced losses in information (-300) and smaller losses in several other industries.

NEW YORK CITY
JAMES BROWN 212-621-9353
 The City added 39,200 private sector jobs over the 12-month period ending in January 2005. Jobs were added over the year in educational and health services (+13,400) and leisure and hospitality (+10,000), while strength in retailing lifted employment in trade, transportation and utilities (+9,100). Manufacturing (-8,700) was the key area of weakness.

LONG ISLAND
GARY HUTH 516-934-8533
 Long Island's private sector job count increased over the year by 15,300, or 1.5 percent, to 1,011,100 in January 2005. Job gains were led by professional and business services (+3,800), educational and health services (+3,600), leisure and hospitality (+3,500), trade, transportation and utilities (+2,200), and natural resources, mining and construction (+700).



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