

EMPLOYMENT in New York State

George E. Pataki, Governor

December 2005

Linda Angello, Commissioner

New Data Series Provides Greater Insights...

Business Employment Dynamics in New York State

The monthly jobs report from the U.S. Bureau of Labor Statistics (BLS) is a closely-watched barometer of the economy. While this report offers the latest snapshot of net employment changes in the U.S., it does not say anything about the underlying labor market dynamics that contribute to these changes.

The new Business Employment Dynamics (BED) series from the BLS helps to shed light on this process and increase our understanding of job flows in the labor market. It tracks the aggregate hiring and firing activity of companies using firm microdata from the Quarterly Census of Employment and Wages.

In the BED program, *gross job gains* are increases in employment resulting from expansions of employment at existing establishments or from the opening of establishments. *Gross job losses* are declines in employment at existing establishments or from the closing of establishments. The difference between the number of gross jobs gained and the number of gross jobs lost is the *net* change in employment.

Seasonally adjusted data from opening and expanding establishments are used to calculate the percentage change in quarterly gross job gains which is expressed as a *Job Creation Index (JCI)*.

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At a Glance

In October 2005, New York's seasonally adjusted unemployment rate was 4.9 percent, down from 5.3 percent in September. (The nation's unemployment rate was 5.0 percent in September.) In October 2005, the state had 8,541,800 nonfarm jobs, including 7,057,500 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state decreased by 0.1 percent from September. (The nation's private sector job count increased by less than 0.1 percent over the month.) From October 2004 to October 2005, the number of private sector jobs increased by 0.9 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, increased in October.

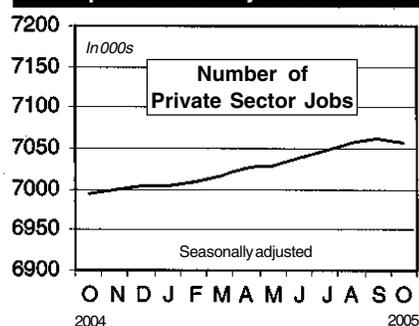
Change in Nonfarm Jobs Oct. 2004 - Oct. 2005

Data not seasonally adjusted,
numbers in thousands)

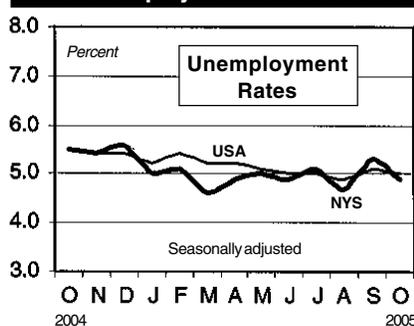
	Net	%
Total Nonfarm Jobs	64.3	0.8
Private Sector	64.6	0.9
Goods-producing	-12.5	-1.3
Nat. res. & mining	0.4	6.5
Construction	3.1	0.9
Manufacturing	-16.0	-2.7
Durable gds.	-6.7	-2.0
Nondurable gds.	-9.3	-3.7
Service-providing	76.8	1.0
Trade, trans., & util.	2.4	0.2
Wholesale trade	-1.6	-0.5
Retail trade	6.7	0.8
Trans., whrs., & util.	-2.7	-1.0
Information	-1.6	-0.6
Financial activities	13.0	1.8
Prof. & bus. svcs.	23.4	2.2
Educ. & health svcs.	26.3	1.7
Leisure & hospitality	10.1	1.5
Other services	3.5	1.0
Government	-0.3	-0.0

IN OCTOBER...

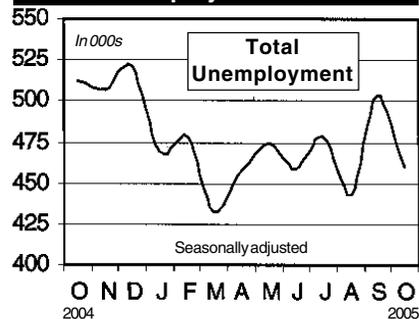
...NYS private sector jobs decreased



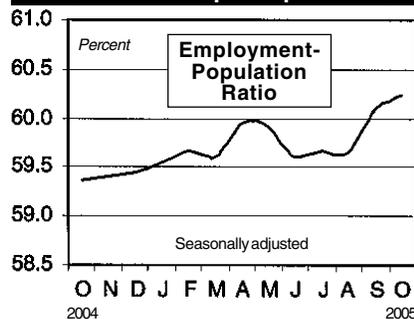
...NYS unemployment rate decreased



...NYS unemployment decreased



...NYS labor force participation rose



Focus on Western New York

Region Stages Economic Turnaround

by John Slenker, Labor Market Analyst, Western New York



“The job market in the Western New York region continues to expand with growth in various industry sectors.”

Samuel J. Drago, Regional Administrator,
Western Region

Western New York’s economy improved markedly in 2005, resulting in both lower unemployment and improved private sector job figures. Unemployment has trended down in the Western New York region, which includes Allegany, Cattaraugus, Chautauqua, Erie and Niagara counties. In October 2005, the region’s unemployment rate was 4.4 percent, its lowest October level since 2000.

Private sector job growth has been steady, with the region experiencing over-the-year increases every month (except March 2005) since February 2004. In October 2005, the region’s private sector job count grew over the year by 2,400 to 546,200, its highest level for the month since 2000. Area job growth was sparked by several key industries, including finance and insurance, which is part of the financial activities sector.

Finance was bolstered by expansion at Greater Buffalo Savings Bank, a subsidiary of Great Lakes Bancorp Inc., that is on track this year to open nine local branches and hire more than 100 new employees. Citicorp is planning to build a 90,500 square-foot office building in Amherst to house its global payments data center. Several hundred jobs are expected to be added to the company’s existing 400 positions in Erie County.

Insurer GEICO recently moved into its new \$40 million operations center, shifting nearly 800 employees from temporary offices. The move allows the company to expand more quickly towards reaching its final employment target of 2,500. Over the next 15 months, 600 new claims representatives will be hired, with a total of 1,400 employees in place by the end of 2006.

Minnesota-based health benefits company Definity Health is also expanding and opened a new service center in Tonawanda. HealthNow New York, the parent company of BlueCross BlueShield of Western New York, unveiled plans for a new headquarters in downtown Buffalo. When completed in the spring of 2007, the new 425,000 square-foot building, which will house 1,300 employees, will represent one of the largest private sector investments in decades for Buffalo.

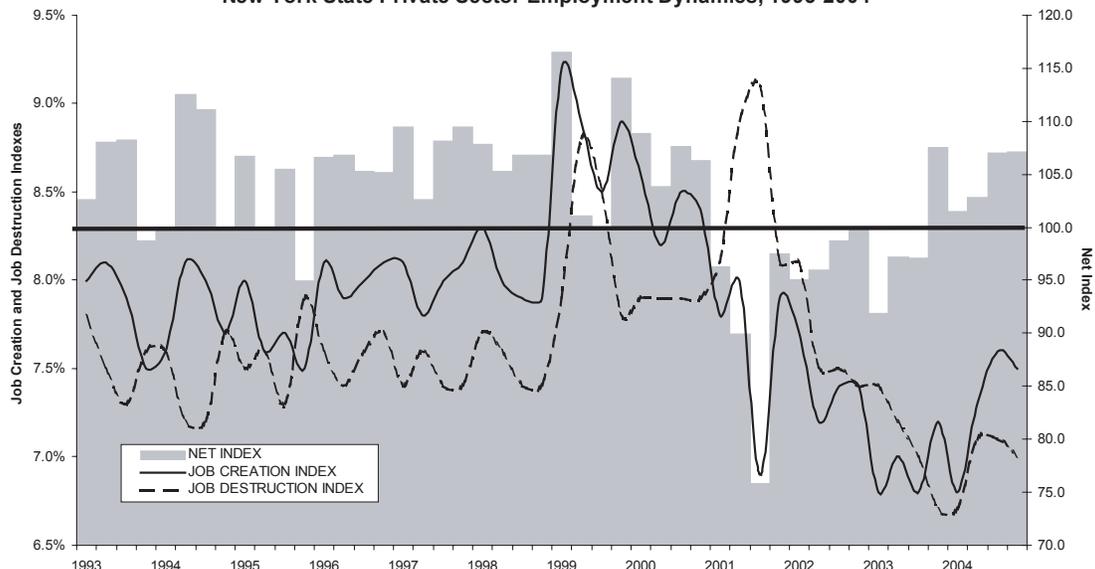
Retail trade also experienced robust activity in 2005. The region is attracting more big-box retailers, such as Lowe’s and Kohl’s. Each company built three stores in the local market; combined, they created close to 1,000 jobs in the area. Wal-Mart, Sam’s Club, Tops, Bed, Bath & Beyond, and Wegmans Food Markets are also expanding in the region. Bass Pro Shops generated much publicity with its planned \$123 million Buffalo harborfront project. An important development for the Buffalo area, the project is expected to create a tourist destination employing close to 400.

In manufacturing, much attention has been focused on the Chapter 11 bankruptcy protection filing of auto parts maker Delphi Corp. in early October. Delphi was formerly a subsidiary of General Motors and is one of Western New York’s largest employers. The company is seeking large wage and benefit concessions from its unionized workforce as part of a financial reorganization, in hopes of competing with lower-cost suppliers.

The picture is considerably brighter for many other local manufacturers. For example, New Era Cap, which will move its headquarters to the former Federal Reserve Bank Building in Buffalo, expects to create 240 positions. Fire truck manufacturer American LaFrance began filling orders for a new

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New York State Private Sector Employment Dynamics, 1993-2004



Unemployment Rates in New York State

Data Not Seasonally Adjusted

	OCT '04	OCT '05		OCT '04	OCT '05		OCT '04	OCT '05
New York State	5.1	4.6						
Capital	3.7	3.5	Hudson Valley	4.0	3.7	Southern Tier	4.3	3.9
Albany	3.7	3.4	Dutchess	3.7	3.5	Broome	4.5	4.2
Columbia	3.7	3.1	Orange	4.2	3.8	Chemung	5.0	4.4
Greene	4.3	4.0	Putnam	3.6	3.4	Chenango	4.5	4.2
Rensselaer	3.8	3.6	Rockland	4.0	3.7	Delaware	3.7	3.6
Saratoga	3.3	3.1	Sullivan	4.4	4.0	Otsego	3.7	3.5
Schenectady	4.0	3.7	Ulster	4.3	3.7	Schuyler	4.7	4.4
Warren	3.9	3.7	Westchester	4.0	3.7	Steuben	5.1	4.6
Washington	3.9	3.5	Mohawk Valley	4.4	4.2	Tioga	4.3	3.9
Central New York	4.7	4.2	Fulton	4.7	4.7	Tompkins	3.2	2.8
Cayuga	4.3	4.0	Herkimer	4.5	4.3	Western New York	4.9	4.4
Cortland	4.6	4.0	Madison	4.4	3.9	Allegany	4.7	4.4
Onondaga	4.6	4.0	Montgomery	4.7	4.5	Cattaraugus	4.8	4.2
Oswego	5.3	5.2	Oneida	4.3	4.1	Chautauqua	4.4	3.9
Finger Lakes	4.6	4.1	Schoharie	4.1	3.9	Erie	5.0	4.5
Genesee	4.6	3.8	North Country	5.1	4.5	Niagara	5.0	4.7
Livingston	4.5	4.3	Clinton	4.8	4.2	Long Island	4.1	3.7
Monroe	4.6	4.2	Essex	4.2	4.2	Nassau	4.1	3.7
Ontario	4.2	3.8	Franklin	5.1	4.6	Suffolk	4.1	3.8
Orleans	5.0	4.6	Hamilton	4.3	3.7	New York City	6.4	5.7
Seneca	4.3	3.8	Jefferson	5.6	4.8	Bronx	8.2	7.5
Wayne	4.9	4.0	Lewis	5.1	4.5	Kings	6.9	6.2
Wyoming	4.8	4.2	St. Lawrence	5.3	4.5	New York	5.7	5.1
Yates	3.7	3.5				Queens	5.7	5.2
						Richmond	5.6	5.0

Western New York...

from page 2

Business Employment Dynamics... from page 1

kind of truck called the homeland security vehicle, which should lead to job expansion. Delaco Steel Corp. plans to build a factory and warehouse, and employ about 100 workers. Greatbatch, a maker of pacemaker batteries, is expanding and will add about 150 workers. Other manufacturers including DuPont, Allegheny Technologies, BMP America, Associated Brands, and Cobey have announced expansion plans that are expected to occur over the next several months.

There has also been job growth in Western New York's public sector due to the expansion of Seneca Nation casinos (which are classified as part of local government) in Niagara and Cattaraugus counties. The casinos and related hotels and restaurants, when completed and fully operational, should employ over 4,000 workers. This estimate does not include a third casino planned for Erie County. These gains have helped offset job losses in the public sector, notably in the City of Buffalo and Erie County, where financial shortfalls resulted in staffing cutbacks.

In summary, the Western New York economy made great strides over the past year, with financial activities playing a large role in the area's turnaround. A combination of ongoing job growth and lower unemployment rates suggest that the region's economy should continue to do well going into 2006.

Similarly, data from closing and contracting establishments are used to create a *Job Destruction Index (JDI)*. In turn, the *Net Index (NI)* is calculated as $(JCI/JDI)*100$. If the NI is greater (less) than 100, then the economy is a net gainer (loser) of jobs over the quarter.

Data Analysis

Unpublished BED data are used here to examine trends in private sector employment (see bottom of the facing page) in New York State from first quarter 1993 through fourth quarter 2004 (note: only national BED data are published by BLS).

The state's periods of economic expansion and contraction are readily apparent by tracking the Net Index (right-hand axis). Beginning in first quarter 1996, private sector employment in the state experienced a sustained period of expansion that lasted through fourth quarter 2000, as the JCI consistently outpaced the JDI. Over this period, the NI averaged 106.9 with a peak level of 115.2 set in first quarter 1999.

By early 2001, job destruction began to outpace job creation as the "Tech Bubble" burst and the nation entered a recession. The impact of the September 11th attacks in third quarter 2001 is evidenced by the subsequent NI drop to a low of 76.9.

The seeds of the state's current jobs recovery were apparent in first quarter 2003 as the JDI slowed and the JCI began to bounce back. Since fourth

quarter 2003, job creation has surpassed job destruction in the state. Expressed in terms of job flows, New York had a net gain of 115,500 private sector jobs (seasonally adjusted) between October 2003 and December 2004 (latest data available). Breaking down this figure, there were gross job gains of 2,487,300, including 1,929,900 at expanding establishments and 557,400 at opening establishments, and gross job losses of 2,371,800, including 1,839,400 at contracting establishments and 532,400 at closing establishments.

For further background information on the BED series, please see www.bls.gov/bed.

by Brion Acton, Christian Harris
and Tammy Marino

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REGIONAL ANALYSTS' CORNER

MOHAWK VALLEY
MARK BARBANO
315-793-2282

Private sector employment in the Utica-Rome metro area fell 400, or 0.4 percent, to 100,800 for the 12-month period ending October 2005. Gains in educational and health services (+700) were outpaced by losses in manufacturing (-800) and professional and business services (-200). Government employment increased over the year (+500) due mainly to growth at the Oneida Indian Nation's business enterprises (which are classified as part of local government).

NORTH COUNTRY
ALAN BEIDECK 518-891-6680

Private sector employment in the North Country region increased over the year by 1,600, or 1.4 percent, to 117,800 in October 2005. The largest gains were in educational and health services (+500), professional and business services (+500), trade, transportation and utilities (+500), and natural resources, mining and construction (+400). Losses were centered in manufacturing (-600).

CENTRAL NY
ROGER EVANS
315-479-3388

Private sector employment in the Syracuse area rose 3,700, or 1.4 percent, to 269,000 for the 12-month period ending October 2005. Job creation was concentrated in professional and business services (+1,100), educational and health services (+800), leisure and hospitality (+700), and natural resources, mining and construction (+600). Information (-200) lost jobs over the year.

FINGER LAKES
WILLIAM RAMAGE
585-258-8870

Private sector employment in the Rochester area declined 4,400, or 1.0 percent, over the year to 426,900 in October 2005. Employment gains were centered in educational and health services (+2,500) and professional and business services (+300). Declines were largest in manufacturing (-3,200), trade, transportation and utilities (-1,600), and financial activities (-1,100).

CAPITAL DISTRICT
JAMES ROSS
518-462-7600

From October 2004 to October 2005, the number of private sector jobs in the Albany-Schenectady-Troy area increased by 4,200, or 1.2 percent, to 344,000, a record high for the month. Job gains were centered in educational and health services (+1,300), professional and business services (+1,200), trade, transportation and utilities (+800), information (+500), and financial activities (+400). Manufacturing (-200) lost jobs over the year.

HUDSON VALLEY
JOHN NELSON
914-997-8798

Private sector employment in the Hudson Valley increased over the year by 15,900, or 2.1 percent, to 763,300 in October 2005. Employment gains were largest in educational and health services (+3,400), trade, transportation and utilities (+2,900), professional and business services (+2,500), financial activities (+2,400), and leisure and hospitality (+2,200). Manufacturing (-200) declined over the year.

WESTERN NY
JOHN SLENKER
716-851-2742

Over the 12 months ending October 2005, private sector employment in the Buffalo-Niagara Falls area increased by 2,300, or 0.5 percent, to 461,600. Job gains in financial activities (+1,100), other services (+800), natural resources, mining and construction (+700), and educational and health services (+300) outpaced losses in leisure and hospitality (-600) and trade, transportation and utilities (-200).

SOUTHERN TIER
JOSEPH KOZLOWSKI 607-741-4485

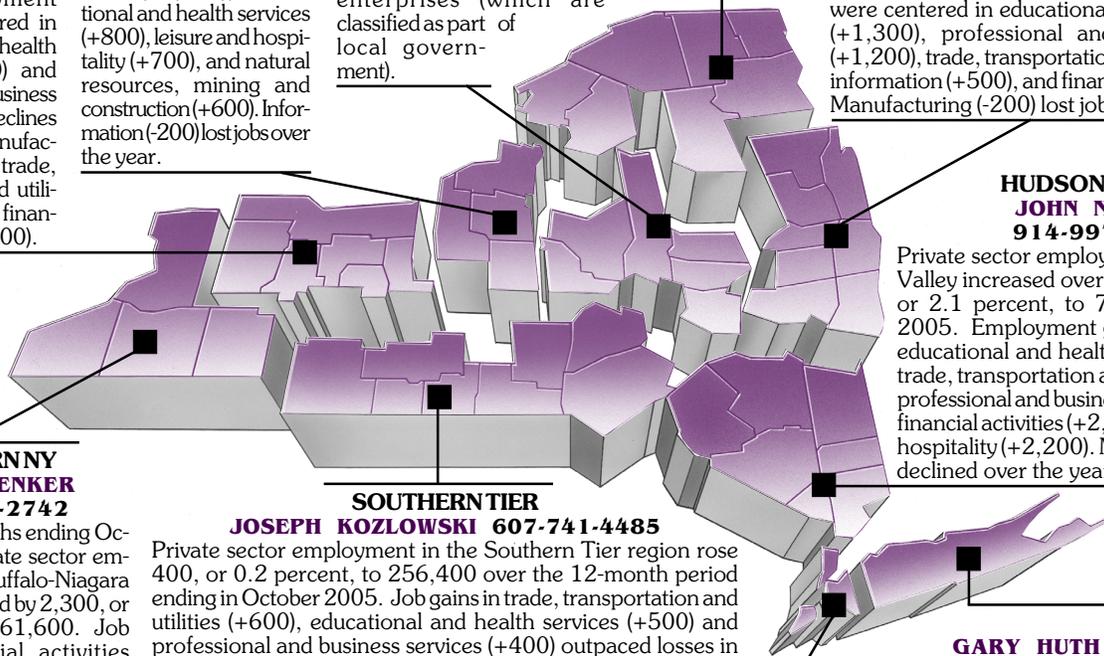
Private sector employment in the Southern Tier region rose 400, or 0.2 percent, to 256,400 over the 12-month period ending in October 2005. Job gains in trade, transportation and utilities (+600), educational and health services (+500) and professional and business services (+400) outpaced losses in manufacturing (-1,200).

NEW YORK CITY
JAMES BROWN 212-621-9353

Overall, the City continued to exhibit moderate economic strength in October. Private sector employment in New York City rose 34,800, or 1.2 percent, to 3,055,200 for the 12-month period ending October 2005. Job growth was centered in educational and health services (+15,700), professional and business services (+12,100), financial activities (+9,800), and leisure and hospitality (+9,600). Job losses were largest in manufacturing (-4,600) and trade, transportation and utilities (-4,000).

LONG ISLAND
GARY HUTH 516-934-8533

Private sector jobs on Long Island increased over the year by 10,500, or 1.0 percent, to 1,062,200 in October 2005. Gains were largest in professional and business services (+4,400), educational and health services (+3,700), other services (+900), leisure and hospitality (+600), and natural resources, mining and construction (+500).



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