



Employment Trends in New York State

August 2013

Executive Summary

New York State's economy, like that of the nation, has taken a roller coaster ride since the start of the 21st century. The national recession of 2001 and its aftermath hit the Empire State with job losses proportionally larger than those in most states. Following more than five years of steady recovery from the 2001 downturn, New York was again hit hard by the Great Recession – losing more than 300,000 jobs in 2008 and 2009.

For a five year period beginning in 2007, before the Great Recession, and continuing through 2011, the Empire State's employment performance outpaced the nation's. Private sector job trends in the State were more favorable than the national average – with New York showing stronger gains or smaller losses – for five consecutive years, from 2007 through 2011. The State has not previously seen such a sequence of above-average employment results in the 74 years since the federal government began its current series of statistics on employment in the states. After more than three years of gains, New York's job count is above its pre-recession level – while the nation as a whole remains below its pre-recession peak.

New York's relatively strong employment performance during and after the Great Recession is likely related, in part, to differences in regional housing markets. Compared to some other states, New York experienced smaller gains in housing values during the years leading up to the recession – and avoided the collapse in residential construction that followed in many regions.

The State has continued to benefit from steady job growth in 2012 and the first half of 2013 – but the national economy is once again outpacing New York, as it has done during most of the post-World War II era. Overall private-sector employment rose 1.5 percent in the State during the year ending in June 2013, compared to 2.1 percent nationwide. In the past year, New York failed to match the national growth rate in major sectors including manufacturing, professional services, financial activities, and trade/transportation/utilities, but outperformed the nation in education and health services.

The information in this report is intended to provide a broad framework for discussion both of New York's economy and of the State's efforts to help stimulate economic growth and encourage the creation of the jobs New Yorkers need.

Other key findings of this report, which examines employment and other economic indicators, include:

- Over the five years ending in December 2012, New York performed measurably better than the nation in major employment sectors including construction, information, professional services, and leisure and hospitality. Sectors where the State proportionally lost more jobs or gained fewer than the nation during the period included government, and mining and logging.
- New York lost nearly 100,000 manufacturing jobs from 2007 through 2012, a decline of 16.9 percent that compared to a national average loss of 14.1 percent. For the year ending in June 2013, manufacturing employment rose modestly across the nation as a whole but declined further in New York, with a year-over-year drop of 3.6 percent.
- Per capita personal income in New York has long been higher than the national average, and the State's advantage on this measure has increased in the past decade. As of 2012, New York's per capita personal income was \$52,095, or 22 percent above the U.S. average of \$42,693.
- The finance and insurance sector remains the most important single contributor to New York State's overall economic output, representing 15.9 percent of State gross domestic product in 2011 – a proportion more than double its share of employment.
- International immigration remains a bright spot for the Empire State's economy. Over the past decade, New York gained more than 1 million residents from other countries. The State's total population rose by barely a quarter of the nation's pace over the decade ending in 2011, and New York would have seen its Census count decline by more than 680,000 over the period if not for immigration from outside the United States. Both New York City and Upstate New York gain economically from international migration.
- Ithaca, Glens Falls and the Capital Region have seen relatively high private employment growth, compared to the rest of the State, over the last two decades. New York City and Long Island also saw private-sector job gains of more than 10 percent over the period, while most other upstate regions experienced either modest gains or employment losses. All regions except Ithaca saw private employment grow more slowly than the national average over the period.
- Over the five years through 2012, most metropolitan areas both downstate and upstate outperformed the nation's employment trends. However, the Binghamton, Kingston, Syracuse and Utica-Rome regions saw job losses around the same rate as or larger than the national average during the period.

Employment counts, average income and measures of output and population are all important indicators, but they are not the only ways to assess changes in the economy. As with the nation as a whole, every region of New York State remains challenged to generate adequate numbers of well-paying, secure jobs for workers at varied levels of skill and experience. The information in this report is intended to provide a broad framework for discussion both of New York's economy and of the State's efforts to help stimulate economic growth and encourage the creation of the jobs New Yorkers need.

New York Employment Compared with the United States

Employment Trends

New York, like the nation as a whole, has experienced two large drops in private sector employment since 2000 (Figure 1). The first began in 2001 and lasted through 2003. The second, associated with the Great Recession, began in 2008 and bottomed out in 2009.

There is a significant difference between these two periods of employment decline in terms of New York's relationship to the nation as a whole. During the 2001-03 period, New York saw a measurably larger proportional loss in employment when compared with the U.S. In sharp contrast, during the 2008-09 period, the situation was reversed as the U.S. suffered a greater proportional loss, dropping from a greater height to a lower depth than New York.

The table in Figure 2 breaks the employment data down into two discrete five-year periods – from 2002 to 2007 and from 2007 to 2012 – for each of the major sectors that constitute overall employment. The detailed data confirm that while the U.S. outperformed New York in the earlier period, New York has been ahead of the nation in recent years. New York added private sector jobs at a rate of 1.5 percent in the five years through 2012 while employment declined by 3.1 percent nationally.

New York's employment performance over the 2007-2012 period was better than that of the nation in trade, transportation and utilities, the largest sector of private employment, as well as in the key sectors of construction, information, professional services, and leisure and hospitality. Meanwhile, government and manufacturing employment declined more swiftly in New York than in the nation as a whole. Both the nation and New York enjoyed increases in employment in the education and health sector, and in leisure and hospitality, during each of the two five-year periods.

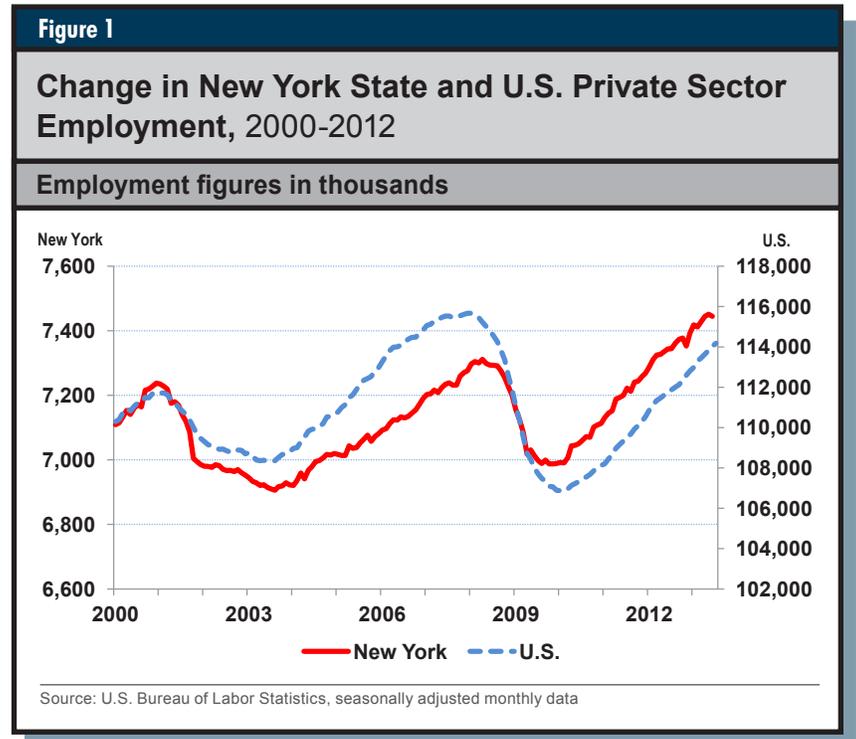


Figure 2

New York and U.S. Employment Change, Major Sectors, 2007-2012

Employment figures in thousands

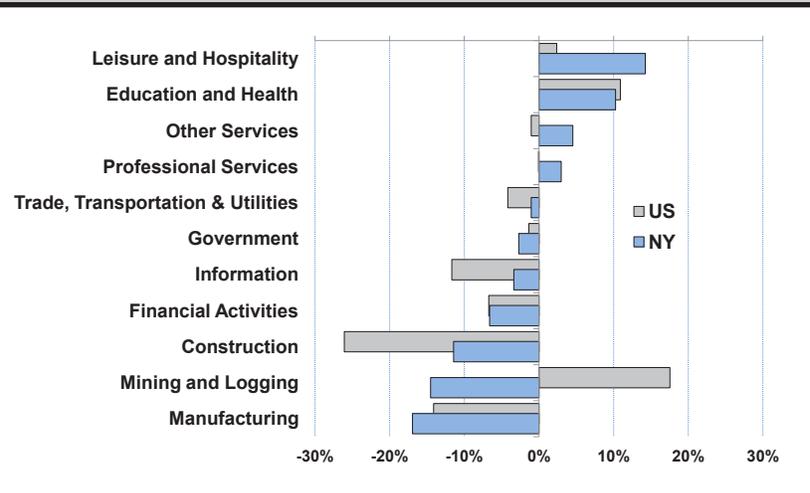
	United States					New York				
	2002	2007	Change 2002 to 2007	2012	Change 2007 to 2012	2002	2007	Change 2002 to 2007	2012	Change 2007 to 2012
Total Private	108,937	115,427	6.0%	111,822	-3.1%	6,970	7,233	3.8%	7,340	1.5%
Mining and Logging	583	724	24.2%	851	17.5%	5	6	21.6%	5	-14.5%
Construction	6,716	7,630	13.6%	5,641	-26.1%	322	352	9.4%	312	-11.4%
Manufacturing	15,259	13,879	-9.0%	11,919	-14.1%	651	552	-15.2%	458	-16.9%
Trade, Transport & Utilities	25,497	26,630	4.4%	25,516	-4.2%	1,479	1,525	3.1%	1,509	-1.0%
Information	3,395	3,032	-10.7%	2,678	-11.7%	297	270	-9.3%	261	-3.4%
Financial Activities	7,956	8,348	4.9%	7,786	-6.7%	705	731	3.7%	683	-6.6%
Professional Services	15,976	17,942	12.3%	17,930	-0.1%	1,055	1,134	7.6%	1,168	3.0%
Education and Health	16,199	18,322	13.1%	20,319	10.9%	1,469	1,599	8.8%	1,763	10.3%
Leisure and Hospitality	11,986	13,427	12.0%	13,746	2.4%	640	701	9.6%	801	14.2%
Other Services	5,372	5,494	2.3%	5,437	-1.0%	347	363	4.4%	379	4.5%
Government	21,513	22,218	3.3%	21,917	-1.4%	1,492	1,501	0.6%	1,460	-2.7%

Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted
 Note: Sectors do not add to total.

The bar chart in Figure 3 provides a graphic illustration of the most recent five-year results. The sectors are sorted, with New York's best performing sectors at the top and the worst at the bottom. The sectors with gains are all service-oriented while those seeing losses include both service- and goods-producing sectors. The larger decline in construction at the national level is due to the housing construction collapse associated with the Great Recession, which hit many other states harder than New York. The large increase in employment at the national level in the mining and logging sector is related to increases in natural resource extraction. Manufacturing declined at both the national and State levels, with New York dropping slightly more than the U.S. as a whole.¹

Figure 3

Percentage Change in Employment by Sector, 2007-2012



Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

¹ For a more detailed review of changes in New York's manufacturing base, see *The Changing Manufacturing Sector in Upstate New York: Opportunities for Growth*, Office of the State Comptroller, June 2010, available at <http://www.osc.state.ny.us/localgov/pubs/research/manufacturingreport.pdf>.

Figure 4**Annual Change in Total Private Sector Employment, 2000-2012**

Employment figures in thousands

Year	United States	Change	New York	Change
2000	111,091	2.1%	7,171	2.2%
2001	110,800	-0.3%	7,127	-0.6%
2002	108,937	-1.7%	6,970	-2.2%
2003	108,517	-0.4%	6,923	-0.7%
2004	109,888	1.3%	6,981	0.8%
2005	111,943	1.9%	7,048	1.0%
2006	114,151	2.0%	7,133	1.2%
2007	115,427	1.1%	7,233	1.4%
2008	114,342	-0.9%	7,277	0.6%
2009	108,321	-5.3%	7,032	-3.4%
2010	107,427	-0.8%	7,056	0.3%
2011	109,411	1.8%	7,206	2.1%
2012	111,822	2.2%	7,340	1.8%

Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

The table in Figure 4 provides annual data for total private sector employment over the entire period and shows the year-to-year changes that occurred. For the five consecutive years ending in 2011, New York outperformed the nation as a whole. The federal Bureau of Labor Statistics' comprehensive state-level data on employment extend back to 1939. Not once before in that period did New York outpace the nation for four consecutive years, let alone five.²

During two of these five years, both the State and the nation added jobs, and New York's job gains were higher than average. In 2009, while the ravages of the Great Recession brought job losses across the country, New York's losses were smaller than average. And in 2008 and 2010, New York achieved modest growth in private sector employment despite net losses nationwide.

The figures for 2012 show that New York's rate of job gains slowed somewhat both compared with 2011 and relative to the nation. Meanwhile, the national rate of job creation continued to accelerate, and surpassed New York's in 2012 for the first time in six years.

² For more on New York's recent and long-term employment performance relative to the nation, see *The Surprise Economy: Why Has New York Been Outperforming the Nation?*, Nelson A. Rockefeller Institute of Government, August 31, 2011, available at http://www.rockinst.org/pdf/government_finance/2011-08-31-The_Surprise%20_Economy.pdf.

Figure 5

Change in Employment, Major Sectors, June 2012-June 2013

Employment figures in thousands

	United States			New York State		
	June 2012	June 2013	Change	June 2012	June 2013	Change
Total Private	111,694	114,025	2.1%	7,408	7,518	1.5%
Mining, Logging & Construction	6,475	6,670	3.0%	329	338	2.5%
Manufacturing	11,935	11,969	0.3%	464	447	-3.6%
Trade, Transport & Utilities	25,467	25,921	1.8%	1,521	1,545	1.6%
Information	2,675	2,691	0.6%	264	257	-2.7%
Financial Activities	7,788	7,893	1.3%	690	687	-0.4%
Professional Services	17,913	18,550	3.6%	1,182	1,218	3.0%
Education and Health	20,296	20,662	1.8%	1,729	1,767	2.2%
Leisure and Hospitality	13,716	14,186	3.4%	845	872	3.2%
Other Services	5,429	5,483	1.0%	384	389	1.3%
Government	21,915	21,851	-0.3%	1,472	1,456	-1.1%

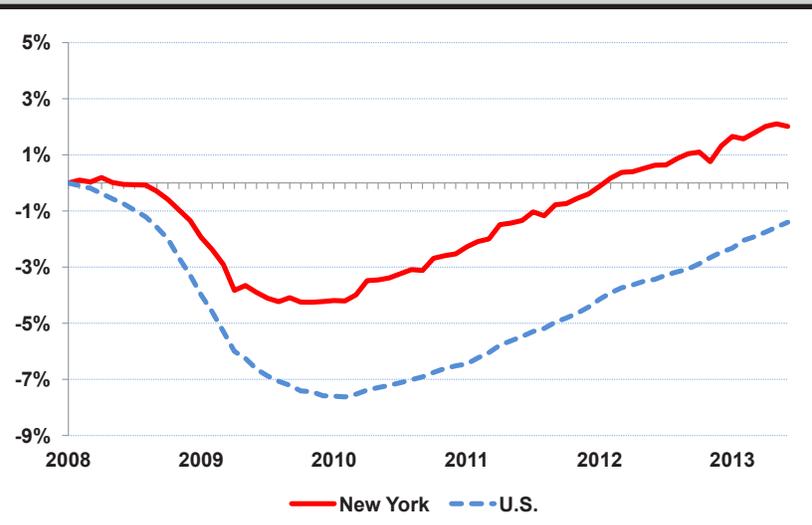
Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

Note: Mining and Logging are combined with Construction by the Bureau of Labor Statistics in this data series.

Data for the first half of 2013 extend this trend. Figure 5 compares June 2013 data with that from a year before. New York continued to enjoy strong growth relative to most other years since the start of the new century, adding roughly 110,000 jobs. Still, in nearly every sector, national job growth rates exceeded those in New York. Further, while manufacturing employment at the national level increased over the last year, it continued to decline in New York.

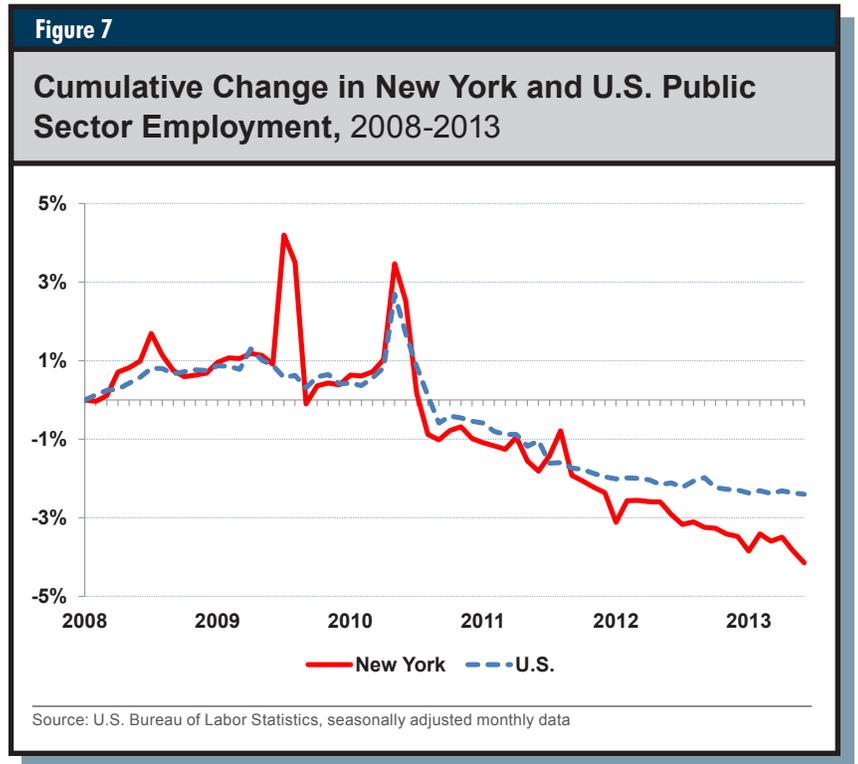
Figure 6

Cumulative Change in New York and U.S. Private Sector Employment, 2008-2013



Source: U.S. Bureau of Labor Statistics, seasonally adjusted monthly data

Economic policy makers and analysts continue to debate the cause of the nation's slow recovery from the Great Recession, in comparison to previous downturns. While employment conditions in New York remain a challenge as well, the State has experienced a more favorable employment pattern than the U.S. as a whole since the start of the Great Recession, as shown in Figure 6, which illustrates the cumulative percentage change in employment since the start of 2008.³ While both New York and the nation experienced dramatic declines in private sector employment during this period, the cumulative percentage loss for the nation was greater than for New York. Similarly, while New York has risen well above the break-even level in terms of total jobs, the U.S. has yet to reach this level.



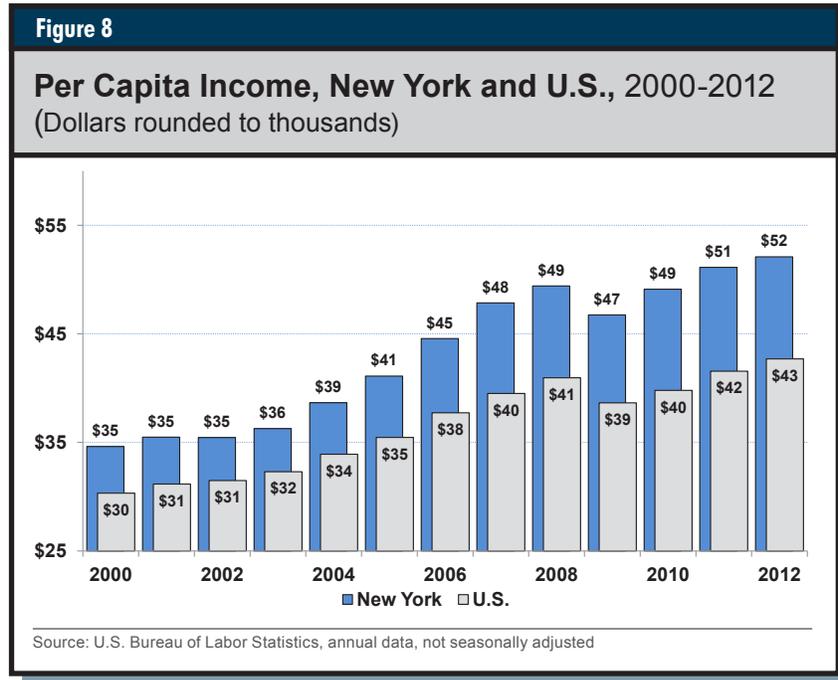
Another way to look at New York's relative success compared with the nation is to consider what the nation's sharper decline in employment means. Overall, as of June 2013, New York had some 332,300 private-sector jobs more than it would have had if its rate of job gains and losses had matched that of the nation as a whole since 2007.

The opposite pattern emerges when it comes to government employment. The chart in Figure 7 shows that government employment patterns in New York paralleled those of the nation as a whole from the start of 2008 through 2011, with a small increase at the outset coinciding with federal stimulus spending. There was also a spike in government employment – unique to New York – that was related to a summer jobs program in 2009. The second employment spike in 2010, which coincides with a similar spike in total government employment in the U.S., is related to temporary Census employment. In the past year and one-half, government jobs in New York have been cut at a faster rate than in the U.S. That rate of decline has accelerated in recent months, with the greatest recent loss occurring in State-level employment.

³ The National Bureau of Economic Research dates the duration of the last recession as December 2007 through June 2009. New York State continued to gain employment, on a seasonally adjusted basis, until April 2008.

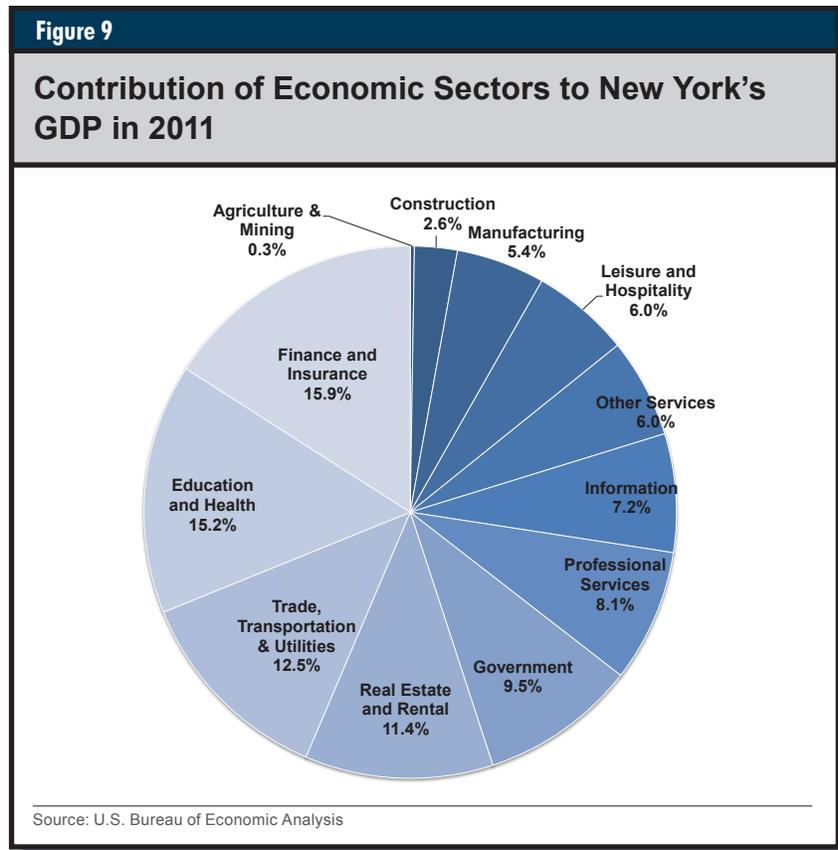
Income Trends

New York continues to set a pace well ahead of the nation when it comes to per capita income. Figure 8 shows that the Great Recession had no discernible impact on this pattern. And while per capita income declined for both in 2009, New York regained its 2008 level in 2010, while the U.S. as a whole had to wait until 2011 to equal its previous high point. In recent years, personal income per capita in New York has been more than 20 percent higher than the national average, a larger advantage for the State than a decade ago.



Components of New York's Gross Domestic Product

Figure 9 shows the comparative contributions of various economic sectors to New York's total economic output, or gross domestic product (GDP). The largest share comes from finance and insurance activities, which provided 15.9 percent of the State's GDP in 2011, the most recent year for which data is available. The health and education sector comes next, with 15.2 percent. Trade, transportation and utilities, which collectively constitute the provision of most retail and wholesale commerce, provide 12.5 percent, while real estate and rentals comprise 11.4 percent. These four economic sectors together constitute 55 percent of the State's GDP.

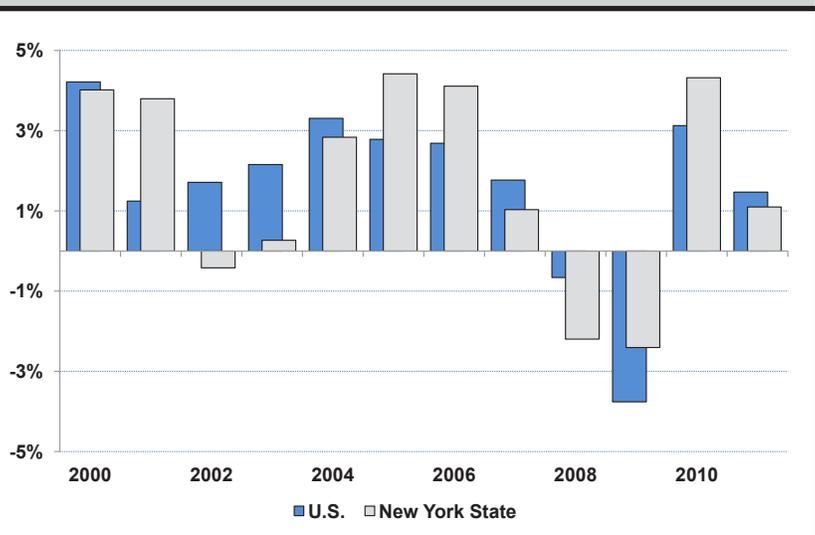


The entire financial services sector, which consists of both the finance-insurance sector and the real estate and rental sector, combined for a total of 27.3 percent of New York’s GDP – far exceeding its roughly 9.5 percent of total employment in the State in 2011. The information sector similarly provides a significantly larger share of GDP than employment in the State. In most other sectors, the picture is reversed – for example, education and health provides roughly 20 percent of private sector employment but represented 15.2 percent of overall economic activity in 2011.

Comparing New York’s total GDP growth with that of the nation since 2000, as in Figure 10, we can see New York underperformed the nation in 2002 through 2004 and suffered a greater loss during 2008, at the start of the Great Recession. However, New York’s losses in 2009 were relatively less than the nation’s, and its gains in 2010 were greater, as shown in Figure 10.

Figure 10

Change in Real Gross Domestic Product, New York and U.S., 2000-2011



Source: U.S. Bureau of Economic Analysis

Population

New York's population has been shrinking, as a proportion of the nation's, for more than half a century. Over the decade ending in July 2011, the State's overall population rose by 2.4 percent, slightly more than a quarter of the national gain of 9.0 percent. New York's loss of residents due to net domestic migration – the difference between population gained and lost due to interstate moves – is consistently among the highest in the nation.

International immigration is a bright spot for the State's economy, however. Over the past decade, New York gained 1,036,368 residents from other countries. If not for these gains, the State's population would have declined by 682,244 over the period. Figure 11 shows gains and losses due to domestic and foreign migration, as well as births and deaths, over the most recent decade for which Census estimates are available.

New York City is the primary magnet for international immigration to the State. Over 75 percent of the 94,797 immigrants coming to New York in 2008 settled in the five boroughs of New York City. Yet foreign-born residents contribute economically to other regions of the State, as well. A 2007 study by the Federal Reserve Bank of New York found that more than 200,000 immigrants resided in the upstate metropolitan areas of Buffalo, Rochester, Syracuse, Albany, Glens Falls and Utica. These immigrants had relatively high concentrations of college or post-graduate degrees and were employed disproportionately in scientific, medical and computer-related fields – areas where the State seeks to expand its national and international competitive standing.⁴

Figure 11

The Importance of Immigration to New York: Elements of Population Change, 2001 - 2011

Year	Total Population Change	Natural Events			Net Migration		
		Net Increase	Births	Deaths	Total	Foreign	Domestic
July 2001 - July 2002	22,046	99,610	260,076	160,466	(76,589)	128,286	(204,875)
July 2002 - July 2003	55,822	89,644	253,133	163,489	(33,856)	136,185	(170,041)
July 2003 - July 2004	14,663	100,184	255,913	155,729	(85,595)	129,260	(214,855)
July 2004 - July 2005	(26,097)	98,760	253,695	154,935	(123,827)	108,811	(232,638)
July 2005 - July 2006	(9,538)	91,222	247,783	156,561	(101,395)	124,371	(225,766)
July 2006 - July 2007	15,741	95,473	249,203	153,730	(78,158)	111,607	(189,765)
July 2007 - July 2008	60,981	98,100	251,952	153,852	(31,412)	94,797	(126,209)
July 2008 - July 2009	73,664	95,016	249,132	154,116	(23,079)	75,099	(98,178)
July 2009 - July 2010	68,408	99,968	244,504	144,536	(30,424)	63,236	(93,660)
July 2010 - July 2011	69,991	96,108	242,972	146,864	(25,626)	64,716	(90,342)

Source: U.S. Census Bureau

Note: Total Population change includes a residual. This represents the change that cannot be attributed to any specific cause.

⁴ James Orr, Susan Wieler, and Joseph Pereira, "The Foreign-Born Population in Upstate New York," Federal Reserve Bank of New York, Current Issues in Economics and Finance: Second District Highlights, October 2007.

Private Employment Patterns Since 1990

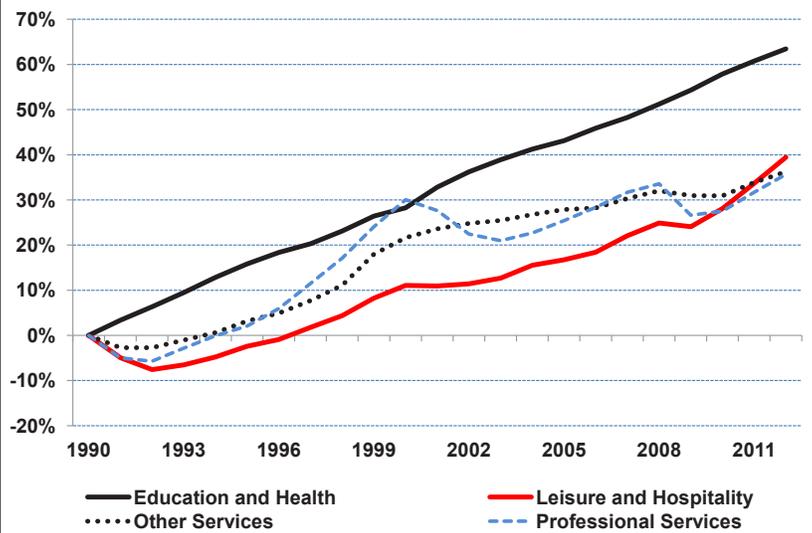
Most of the employment trends we have seen in recent years have been developing over a long period. If we look back to 1990, we can see that trends are fairly consistent in most individual employment sectors. The following two charts, Figures 12 and 13, divide the State's private employment sectors into two groups. The first consists of those that have shown gains since 1990, while the second comprises those with job losses over the period.

Among the gainers, the sector with the most consistent growth has been education and health. The other three sectors – leisure and hospitality, professional services, and the “other services” category (including equipment repair, religious activities, advocacy, laundry services, personal care services, funeral services, pet care services, photofinishing, temporary parking, and dating services) have all shown significant but more volatile growth.

Five other major sectors have shown declines in the total number of jobs since 1990, as illustrated in Figure 13. Two of these (information; and mining, logging and construction) have occasionally risen into positive territory but then slipped below their 1990 level. The remaining three (manufacturing; trade, transportation and utilities; and financial activities) have all remained consistently below their 1990 levels of employment.

Figure 12

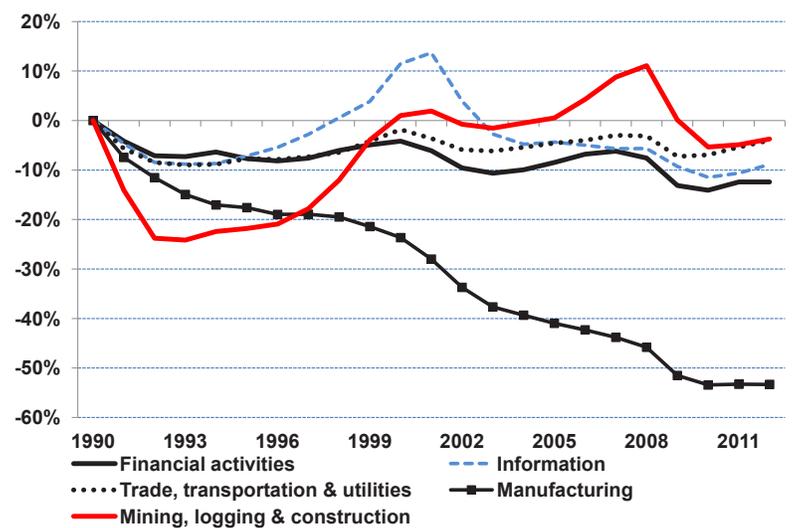
Cumulative Percentage Changes in Private Employment—Sectors with Gains



Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

Figure 13

Cumulative Percentage Changes in Private Employment—Sectors with Losses



Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted.

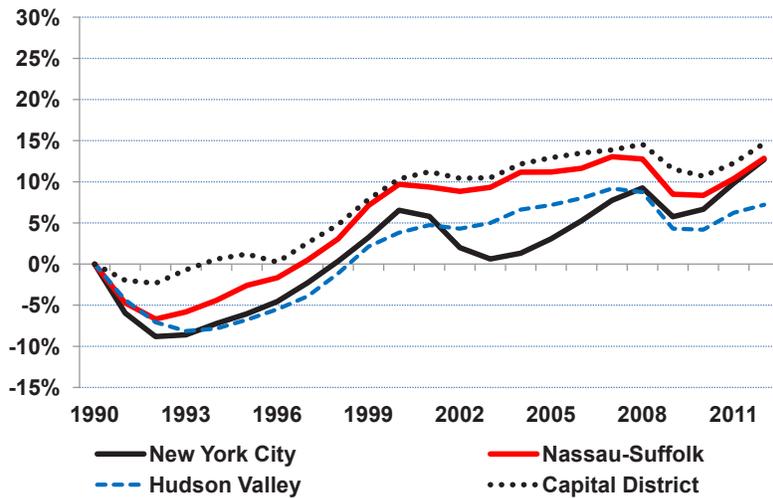
Note: Mining and Logging are combined with Construction by the Bureau of Labor Statistics in this data series.

Regional Analysis

Another way to analyze employment gains and losses is to look at New York in terms of its geographic regions. Over an extended period, going back to 1990, the regional picture shows significant disparities among areas of New York State. The four charts that follow – Figures 14 through 17 – show changes in private employment since 1990 in the major metropolitan areas of the State. There are two charts showing the larger and smaller regions with relatively higher rates of job growth, and two charts for those regions that have seen only modest gains or job losses over the period.

Figure 14

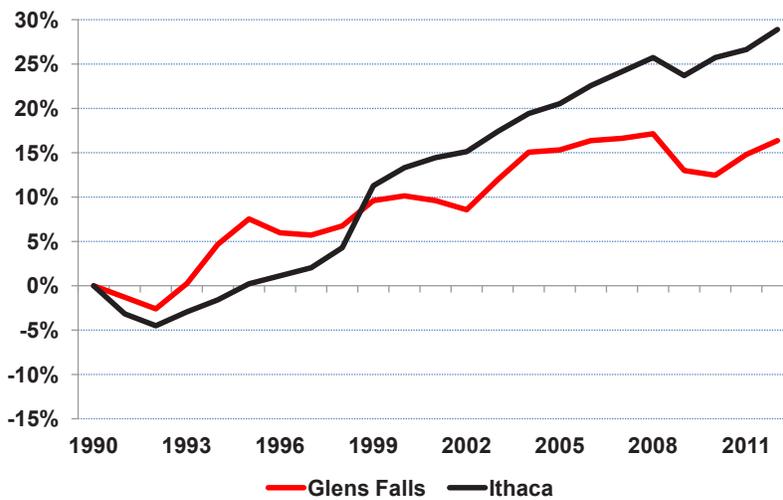
Larger Urban Areas with Stronger Job Growth, 1990 - 2012



Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

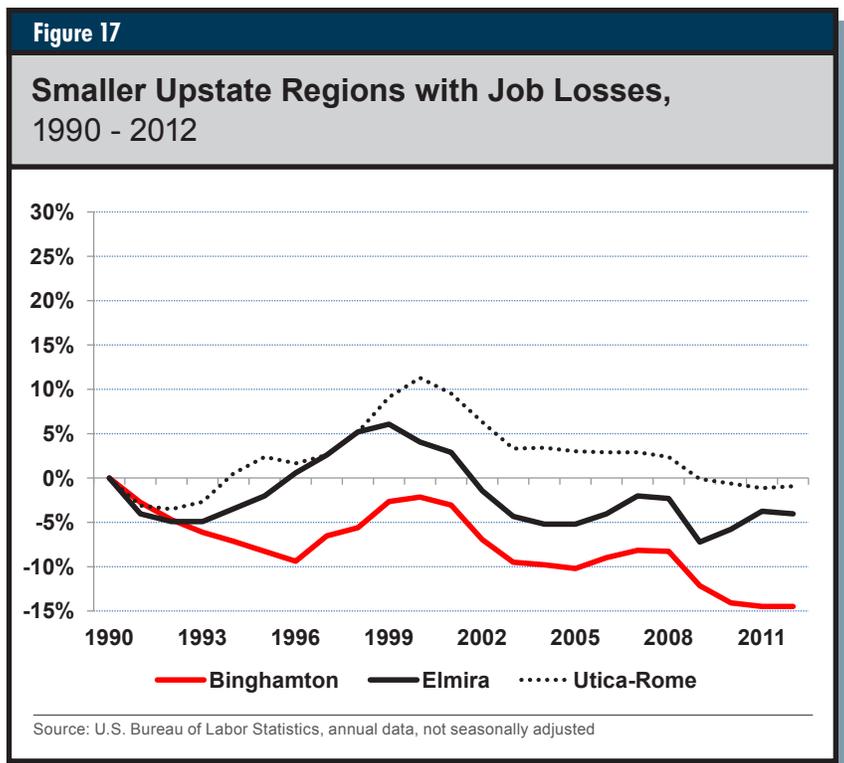
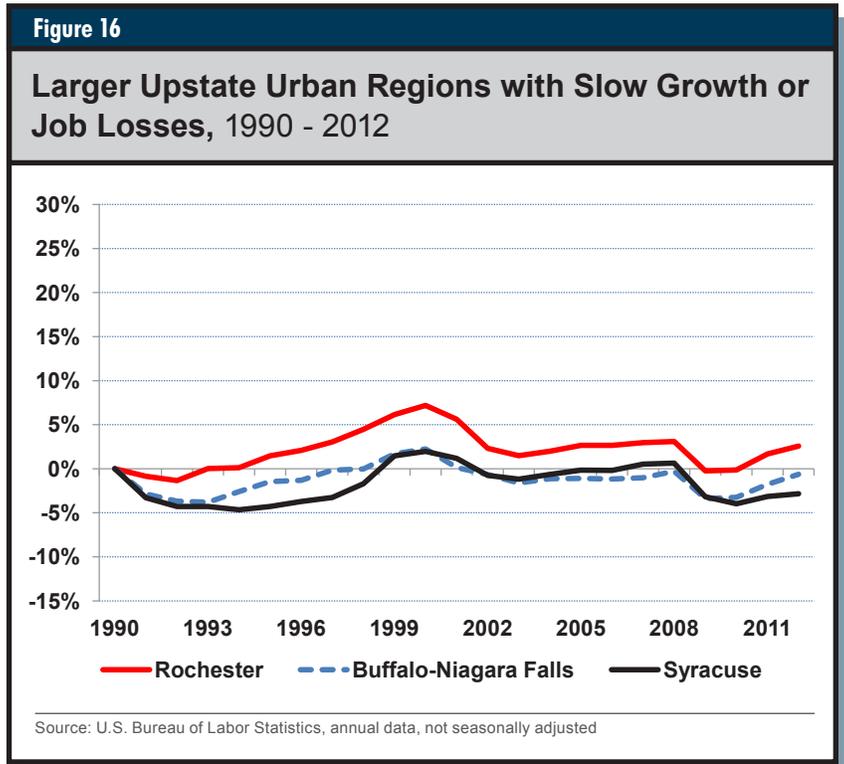
Figure 15

Smaller Upstate Areas with Stronger Job Growth, 1990 - 2012



Source: U.S. Bureau of Labor Statistics, annual data, not seasonally adjusted

New York City, Long Island and the Hudson Valley saw job gains over this longer period. In the upstate regions around Albany, Glens Falls and Ithaca, private employment was up by double-digit percentages over the period. Most other upstate regions have seen private sector employment decline, with Rochester showing a modest gain. All the regions of the State, except Ithaca, were well below the national private employment growth rate of 22.8 percent over the period. As shown in the Appendix, however, most regions of the State – whether upstate or downstate – outperformed the nation during the five-year period ending in 2012.



Appendix

Employment Change in New York Metro Regions Five-Year (2007 – 2012) and Ten-Year (2002 – 2012) Intervals

Five-Year Change	Total	Private	Goods Producing	Service Providing (Private)	Government
United States	-2.84%	-3.12%	-17.20%	0.23%	-1.35%
New York State	0.75%	1.47%	-14.80%	3.81%	-2.70%
Capital District	-0.87%	0.71%	-3.63%	1.31%	-6.03%
Binghamton	-5.76%	-6.89%	-22.07%	-1.77%	-2.03%
Buffalo-Niagara Falls	-0.11%	0.40%	-11.39%	2.97%	-2.65%
Elmira	-3.16%	-2.06%	-5.00%	-1.54%	-6.94%
Glens Falls	-1.43%	-0.22%	-6.32%	1.41%	-7.08%
Ithaca	5.18%	3.82%	-12.00%	5.61%	12.50%
Kingston	-5.35%	-6.00%	-21.13%	-3.16%	-3.90%
Nassau-Suffolk	-0.32%	-0.18%	-13.09%	2.04%	-1.09%
Poughkeepsie-Newburgh-Middletown	-1.49%	-0.30%	-20.76%	3.85%	-6.18%
Rochester	-0.33%	-0.37%	-15.42%	3.64%	0.00%
Syracuse	-2.57%	-3.35%	-18.52%	-0.18%	1.04%
Utica-Rome	-3.60%	-3.72%	-14.37%	-1.69%	-2.95%
New York City	3.55%	4.60%	-16.16%	6.19%	-2.42%
Putnam-Rockland-Westchester	-2.69%	-2.01%	-21.31%	1.18%	-6.11%

Ten-Year Change	Total	Private	Goods Producing	Service Providing (Private)	Government
United States	2.52%	2.65%	-18.38%	8.14%	1.88%
New York State	3.99%	5.30%	-20.70%	9.55%	-2.12%
Capital District	1.21%	3.85%	-5.69%	5.25%	-6.89%
Binghamton	-6.50%	-8.11%	-26.38%	-1.63%	-0.41%
Buffalo-Niagara Falls	-0.15%	0.02%	-23.13%	5.92%	-0.97%
Elmira	-4.09%	-2.64%	-11.63%	0.00%	-10.67%
Glens Falls	5.13%	7.18%	-1.11%	9.45%	-2.78%
Ithaca	12.42%	11.96%	-13.73%	14.81%	15.12%
Kingston	-7.10%	-8.28%	-30.86%	-3.62%	-3.27%
Nassau-Suffolk	3.39%	3.69%	-13.43%	6.78%	1.83%
Poughkeepsie-Newburgh-Middletown	2.91%	4.87%	-26.16%	12.15%	-4.52%
Rochester	0.00%	0.25%	-26.37%	8.85%	-1.24%
Syracuse	-1.44%	-2.10%	-25.05%	3.30%	1.57%
Utica-Rome	-3.31%	-6.82%	-25.13%	-2.63%	8.94%
New York City	8.25%	10.49%	-25.00%	13.77%	-3.66%
Putnam-Rockland-Westchester	2.06%	3.12%	-18.09%	6.69%	-3.10%

Note: The Metro regions presented in these tables reflect the Metropolitan Statistical Areas used in reports from the Bureau of Labor Statistics of the U.S. Department of Commerce.

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OFFICE OF THE NEW YORK STATE COMPTROLLER

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