



New York State Employment Trends

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Executive Summary

Six years after the end of the Great Recession, economic growth continues across the United States and in New York. The State has enjoyed four consecutive calendar years of comparatively steady job gains after suffering a recessionary decline in 2009 and only slight growth in 2010. With employment rising by 143,000 in 2014, New York's average jobs count over the year was its highest ever, reaching nearly 9.1 million. The State's 1.6 percent employment gain in 2014 was the strongest since 2000.

However, the uneven distribution of employment growth across the Empire State – including persistent weakness in some regional job markets – remains cause for concern. New York City has enjoyed particularly robust gains, representing roughly three in four new jobs statewide from 2009 through 2014. Employment in the city rose by 11.3 percent – nearly double the nation's increase – but elsewhere within the State, only Long Island came close to the national pace. Other regions of New York showed either smaller job growth or job losses over the five-year period.

While employment levels are among the most closely watched economic indicators, related measures such as wage growth and labor force participation also reflect the economy's impact on workers and households.

From 2009 through 2014, overall average wages in New York rose by 14 percent, well ahead of the 10.3 percent overall U.S. inflation rate. Six of the State's 10 labor markets – including Western New York and the Southern Tier – enjoyed average wage growth above or equal to the inflation rate for the period. New York's 5.1 percent increase in total wages during the most recent year studied, 2014, was the strongest since 2007 and was comfortably ahead of the nation's 4.5 percent gain, despite the State's more modest job growth that year.

Both nationally and in New York, the proportion of working-age individuals who were in the labor force experienced a sixth consecutive drop in 2014. Such declining labor force participation may reflect broader trends such as an aging population and workers' difficulty in finding desirable jobs. Long-term continuation of the trend could limit prospects for overall economic growth, according to some economists.

This report examines trends in employment, wages, and labor force participation in the major regions of New York, and across the State as a whole, with selected comparisons to the nation. Like all the states, economic activity in New York takes place within the context of the national and global economies. National, regional and industry sector comparisons may provide insights into how the statewide economy and specific areas are faring relative to potential growth, and may inform policy makers' efforts to enhance business and job growth throughout New York. The report focuses primarily on trends in the five years from 2010 through 2014, starting after the official end of the Great Recession.

Statewide, New York added 538,000 jobs during the period, for a growth rate of 6.3 percent, compared to 6 percent nationwide. The U.S. Bureau of Labor Statistics reports employment in 11 major industry sectors. In seven of those, New York outperformed the nation during the five-year period. The State's job growth was far ahead of the national pace in one sector – leisure and hospitality – with more modest advantages in educational and health services, construction, financial activities, information, and trade/transportation/utilities. In three major

sectors – professional and business services, manufacturing, and natural resources – New York either lost jobs while such employment expanded nationally, or added jobs at a slower pace than the nation as a whole. Government employment fell both in the State and the nation over the five years, with a larger decline in New York.

Education and health services represent the largest employment sector in the State, accounting for more than one in five jobs, and contributed some 40,000 net new jobs during 2014, the most of any sector. The trade, transportation and utilities sector is the second largest, at more than 17 percent of the total. The government sector ranked second to education and health services before 2009, but shed more than 87,000 jobs over the following five years and now is third-largest in the State.

Other key points in this report include:

- Two major employment sectors in New York, financial activities and information, saw average wages increase by more than 25 percent – well over twice the inflation rate – from 2009 to 2014. Average wage gains in four other sectors were above inflation: professional and business services; leisure and hospitality; government; and trade, transportation and utilities. Growth in average wages was modestly below inflation in sectors including education and health services, construction, and manufacturing.
- While manufacturing employment statewide continued to decline during the five-year period, two regions – Western New York and the Capital Region – saw increases in manufacturing jobs. As of 2014, manufacturing provided more than 10 percent of jobs in the Southern Tier, the Finger Lakes, and Western New York.
- New York’s labor force participation rate in 2014 was 60.7 percent, the lowest level in more than a decade and roughly 2 percentage points below the national figure. The North Country had the lowest participation rate at 55.1 percent while Long Island had the highest, 67.5 percent. The labor force participation rate among those aged 16 to 19 has fallen by more than one-quarter over the past decade, while the rate among individuals 65 and over has increased modestly.
- The State’s average unemployment rate of 6.4 percent for 2014 reflected improvement from 8.7 percent in 2012, but was still well above the 4.4 percent rate for 2006, the last full calendar year before the Great Recession. Including such unemployed individuals along with workers who are employed only part-time or are marginally attached to the workforce, the underutilization rate for New York workers averaged more than 12 percent in 2014.
- New York’s labor force is aging – a trend that is only partly explained by the aging of the general population. The numbers of both young New Yorkers (aged 16 to 24) and prime working-age individuals (aged 25-64) who were in the labor force declined from 2009 to 2014. The number of individuals aged 65 and over in the labor force jumped by nearly 24 percent, significantly more than the 14 percent increase in that age group’s population.

Employment Trends in New York State

Introduction

Trends in labor markets, whether at the state or national level, are key indicators of the overall condition of the economy. The strength of labor markets, in turn, is measured not only by jobs created or lost, but also by gains or declines in wages as well as changes in labor force demographics. This report examines recent trends in New York employment, wages and measures of the labor force, with comparisons to the national economy and among regions and business sectors within the Empire State.

Over the past five years, New York State has added well over half a million jobs to reach an annual average of nearly 9.1 million jobs in 2014. Employment statewide rose by 538,000 from 2009 through 2014, a gain of 6.3 percent.¹ However, the total labor force in New York declined by 78,000 workers, or 0.8 percent, over the period. With employment increasing and the labor force shrinking, unemployment fell from 8.7 percent in 2009 to 6.4 percent in 2014.

These changes in employment and the labor force were uneven across the State and across industries. The downstate regions, especially New York City, experienced strong employment growth over the five-year period, while more than half of the upstate regions experienced job losses. New York City was the only region that experienced growth in its labor force, with the labor force declining in all the other regions of the State.

The leisure and hospitality industry realized the largest proportional employment growth over the past five years, with jobs increasing by over 21 percent. The educational and health services industry, the State's largest employer, added over 194,000 jobs over the period, the most of any industry sector.

Overall Employment and Wage Growth

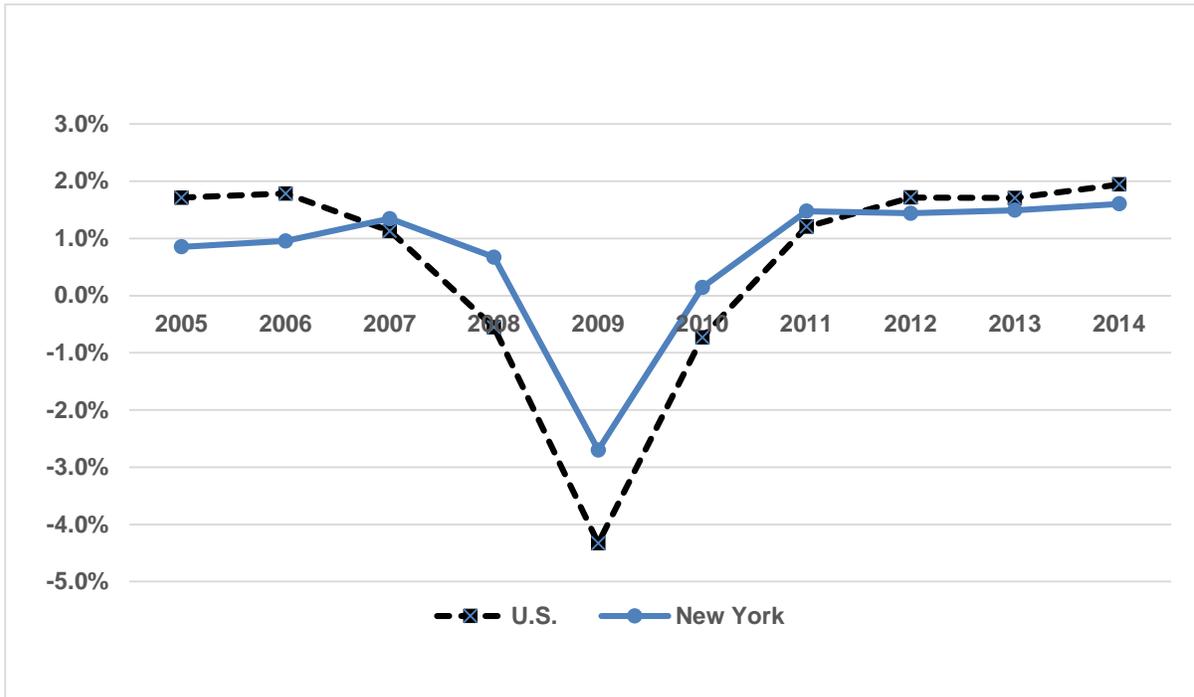
During the recession and into the recovery, the nation experienced three years of job losses, as shown in Figure 1. New York, on the other hand, only experienced one year of declining employment during this same period. As the recovery took hold, New York continued to fare better in employment trends than the rest of the nation, recovering jobs lost during the recession at a quicker pace.

However, as the expansion gained momentum, employment gains in New York fell slightly behind the national pace in each of the last three calendar years, 2012 through 2014. In 2014, total non-farm employment rose by 1.9 percent nationally, and 1.6 percent in New York. Even though New York lagged the nation in 2014, it realized its strongest rate of employment growth in fourteen years.

¹ Except where otherwise noted, employment figures in this report reflect U.S. Bureau of Labor Statistics annual average, non-seasonally adjusted data. Regional employment and wage figures reflect New York State Department of Labor Quarterly Census of Employment and Wages annual data.

Figure 1

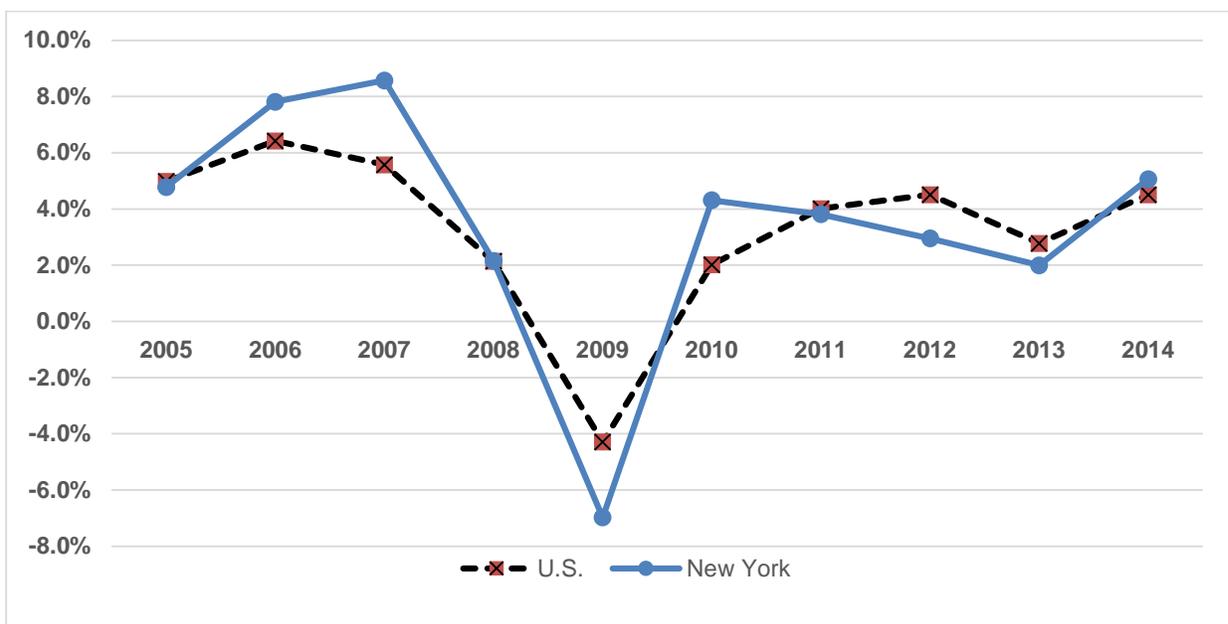
Non-Farm Employment Growth or Decline, New York and U.S., 2005-14



The recession drove declines in wages both nationally and in New York in 2009, as shown in Figure 2. The decline was much sharper in New York than nationally, primarily due to a large decline in bonuses paid to securities industry employees in the first quarter of 2009 compared to the previous year.

Figure 2

Wage Growth or Decline, New York and U.S., 2005-2014



Source: U.S. Bureau of Economic Analysis

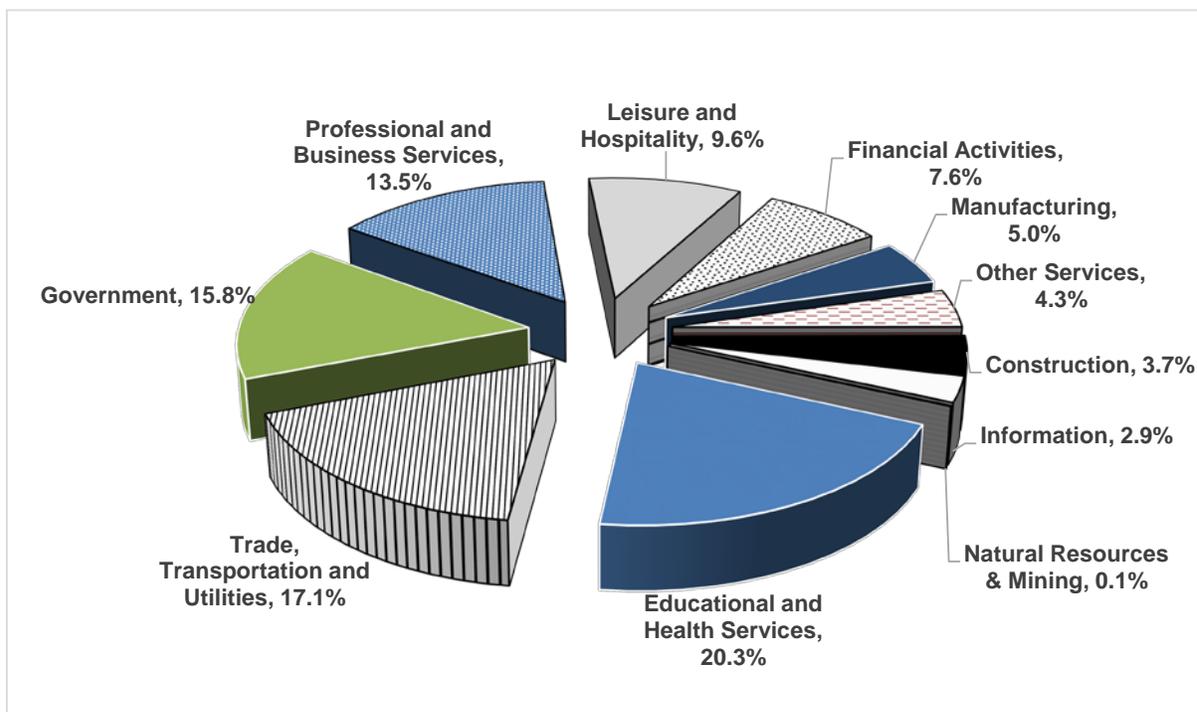
Strong wage growth in New York during 2010 was followed by three years of smaller gains, before a resurgence that brought New York’s wage growth once again above the national pace in 2014. Overall increases in wages during 2014 were the strongest since 2007, both in New York and nationally. New York’s stronger wage growth was due primarily to more robust financial sector bonuses that were paid at the beginning of the year, rather than stronger wage growth overall.

Employment by Industry

As measured by the U.S. Bureau of Labor Statistics, the labor market is broken down into eleven major industry sectors: construction; educational and health services; financial activities; government; information; leisure and hospitality; manufacturing; natural resources and mining; professional and business services; trade, transportation and utilities; and other services. As shown in Figure 3, over half of New York’s labor market comprises workers in education and health services; trade, transportation, and utilities;² and government. Educational and health services is the largest sector in the State, employing more than 1.8 million people and providing one in every five jobs in 2014.

Figure 3

New York Employment by Industry Sector, 2014



Source: New York State Department of Labor, 2014 annual average, non-seasonally adjusted.

Before 2009, the government sector was the second largest employer in the State. However, from 2009 through 2014, the government sector shed over 87,000 jobs, a decline of 5.7

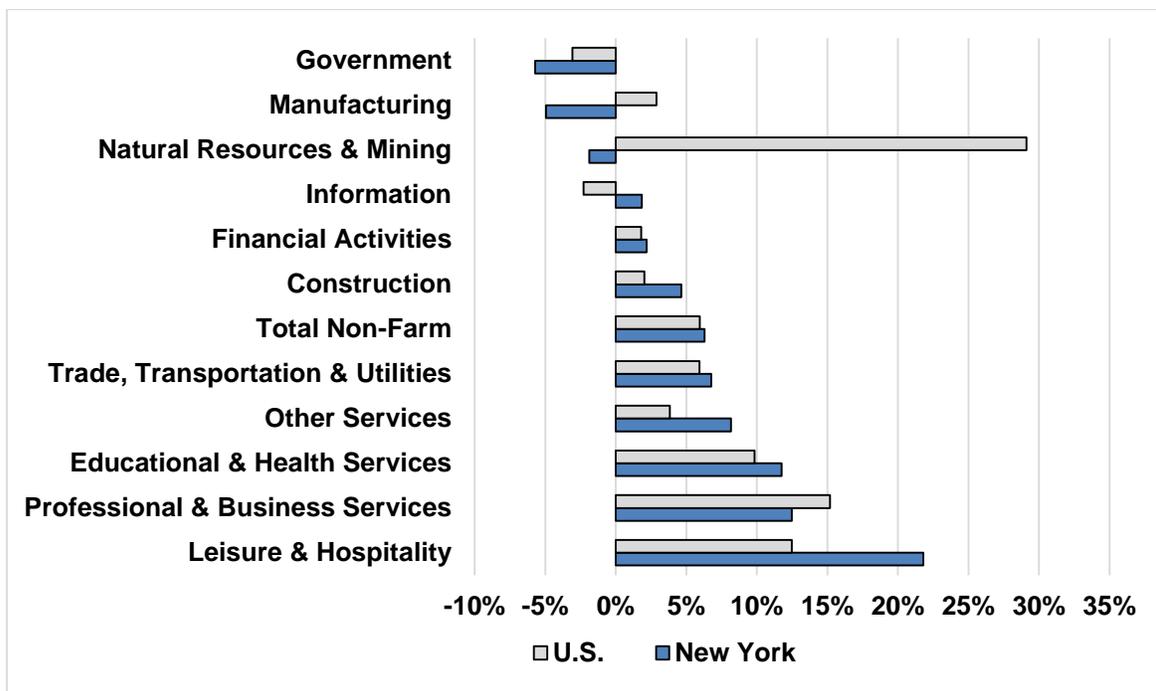
² The trade, transportation and utilities sector includes retail trade, wholesale trade, transportation and warehousing, and utilities.

percent. Over the same five-year period, the trade, transportation, and utilities sector created over 98,000 jobs, an increase of 1.7 percent. As a result, it was the State’s second largest sector in 2014, while the government sector fell to third.

In the current economic expansion, employment in some industry sectors has fared better than others both nationally and in New York. Figure 4 illustrates such sectoral trends from 2009 through 2014. For example, in New York, the leisure and hospitality industry outpaced all other sectors with gains of almost 22 percent – growth significantly above the comparable figure nationwide. Growth in leisure and hospitality jobs was particularly strong in New York City, increasing by almost 33 percent, but regions outside the City also added nearly 60,000 jobs in this sector, an increase of 15 percent, during the period.

Employment growth in New York exceeded national growth in six of the other ten industry sectors, with construction and the “other services” sector also exhibiting much stronger growth in New York than the nation as a whole.³ Employers in the information sector added jobs in New York over the period, while national employment in this sector declined.⁴ Employment in natural resources and mining increased by almost 30 percent nationwide over the period, while declining modestly in New York. Since this industry sector includes oil and gas extraction, the large increase in domestic oil and natural gas production over the past five years contributed to this significant employment growth at the national level.

Figure 4
Employment Growth in New York and Nationwide by Industry Sector
2009-2014



Sources: U.S. Bureau of Labor Statistics, NYS Department of Labor, non-seasonally adjusted annual averages.

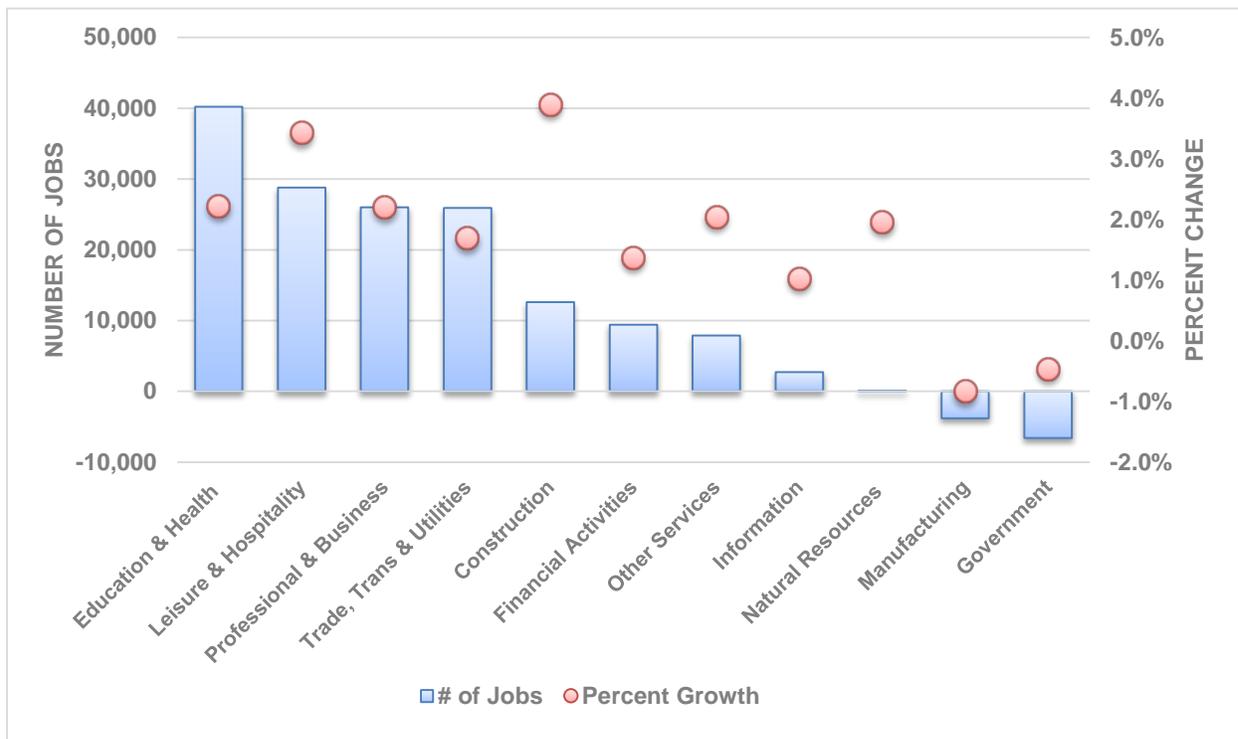
³ The other services sector includes personal care services, equipment repair services, dry cleaning and laundry services, and grant making and advocacy services.

⁴ The information sector includes publishing, motion picture and sound recording, broadcasting, telecommunications, Internet service providers, and software and data processing services.

Manufacturing jobs declined by 5 percent in New York over the five years, as compared to growth of almost 3 percent nationally. The government sector (total employment in federal, state and local governments) contracted both statewide and nationally, with a larger decline in New York.

From 2008 to 2011, changes in New York’s overall employment figures were better than those nationally. In 2009, the decline of jobs in the State was smaller than the nation’s. In both 2008 and 2010, New York added jobs while the U.S. as a whole lost them, and in 2011, the State’s gain of 1.5 percent outpaced the national increase of 1.2 percent. Growth in total non-farm employment in New York over the five-year period was slightly stronger than the national employment trend, as the State’s stronger performance in 2010 and 2011 outweighed more robust growth nationally during 2012, 2013 and 2014.

Figure 5
Employment Change in New York by Industry Sector, 2014



Source: NYS Department of Labor, non-seasonally adjusted annual average.

Figure 5 shows 2014 employment by sector for New York, comparing the change in the number of jobs to the percentage change in employment. Although the construction industry exhibited the largest percentage growth in employment in 2014, the most jobs were created in educational and health services. Similar to the five-year period described above, New York lost manufacturing jobs in 2014 while such employment increased nationally. Although manufacturing showed the largest percentage decline in New York, more government jobs (6,600) were eliminated during the year. Employment trends in New York lagged the national pace in 7 of 11 industry sectors during 2014.

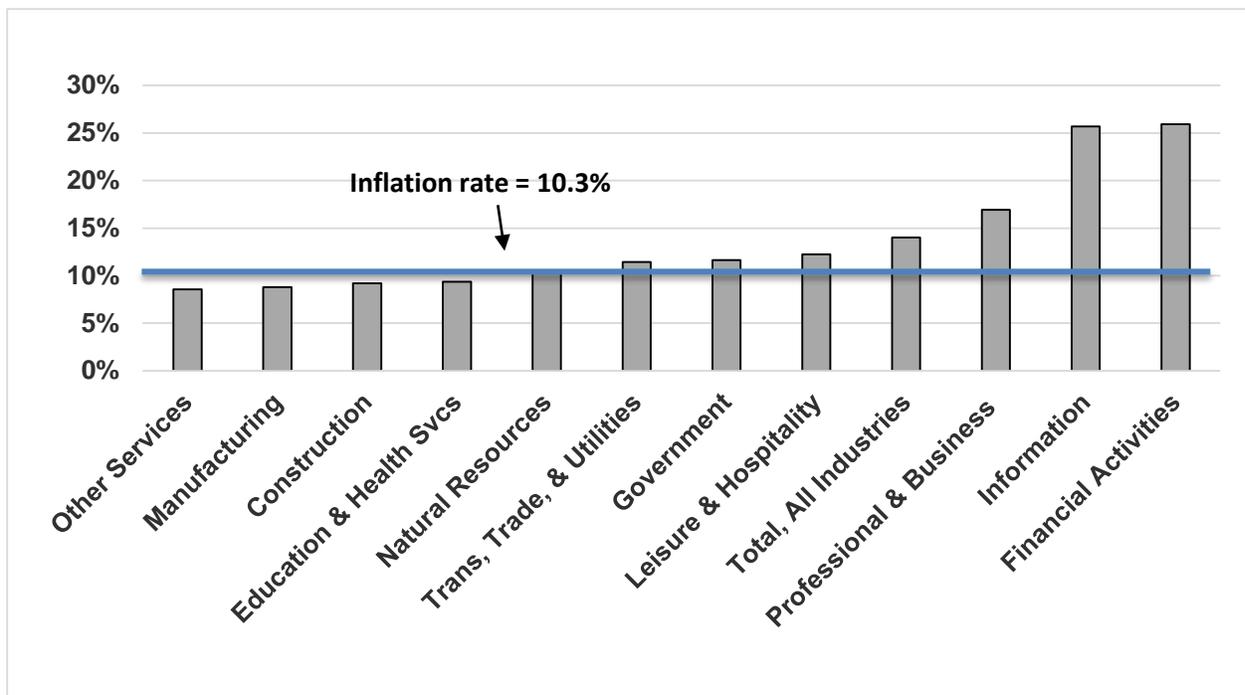
Wages by Industry

As employment growth varied across industry sectors over the past five years, wage growth varied across sectors as well. In addition, strong employment growth within an industry did not necessarily equate to a similar rate of wage growth.

Wage data used in this report is derived from the Quarterly Census of Employment and Wages (QCEW), a cooperative program between the Bureau of Labor Statistics, the U.S. Department of Labor, and state employment security agencies. Average wages, as reported by the QCEW, equal the total amount of wages paid to all employees within a specific industry sector or region divided by the total number of employees within that sector or region.

Figure 6

Growth in Average Wages in New York by Industry Sector, 2009-2014

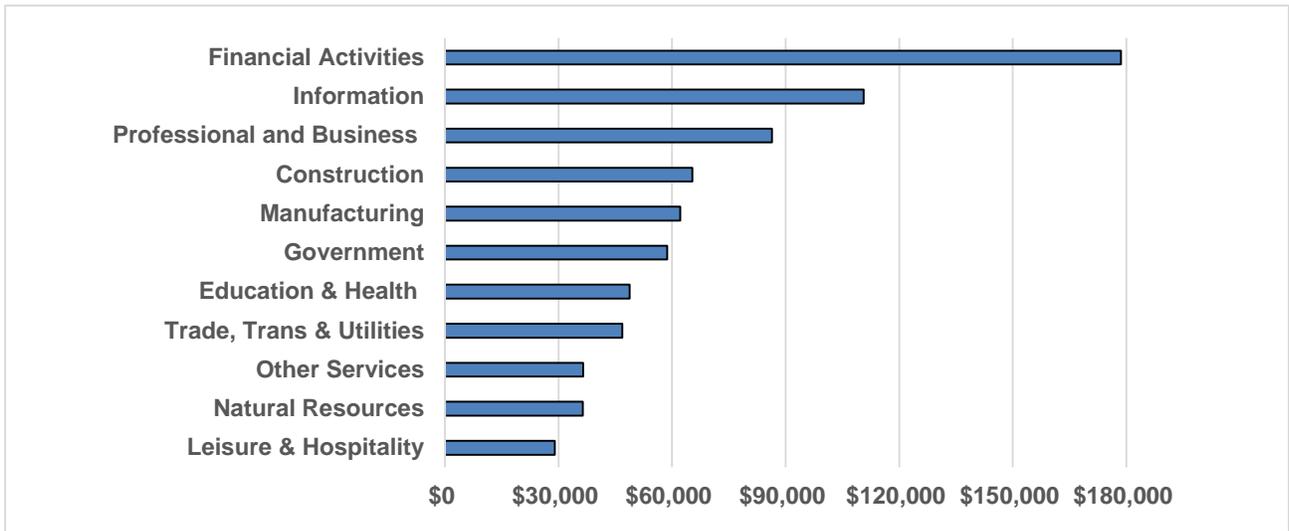


Sources: NYS Department of Labor, QCEW data

Figure 6 shows the growth in average wages in New York for each industry sector, and for all industries combined, over the past five years. As shown, three industries – financial activities, information, and professional and business services -- had wage growth significantly higher than the inflation rate for the same time period. These industries accounted for 24 percent of the total employment in New York as of 2014. The professional and business services sector also exhibited significant employment growth over the five-year period. Three other sectors that together represented 43 percent of statewide employment in 2014 experienced wage growth that was modestly above inflation. In four sectors representing 33 percent of employment in New York, wage growth over the period was slightly below inflation. Figure 7 shows the statewide annual average wage for each industry sector in 2014.

Figure 7

Average Annual Wages in New York by Industry Sector, 2014

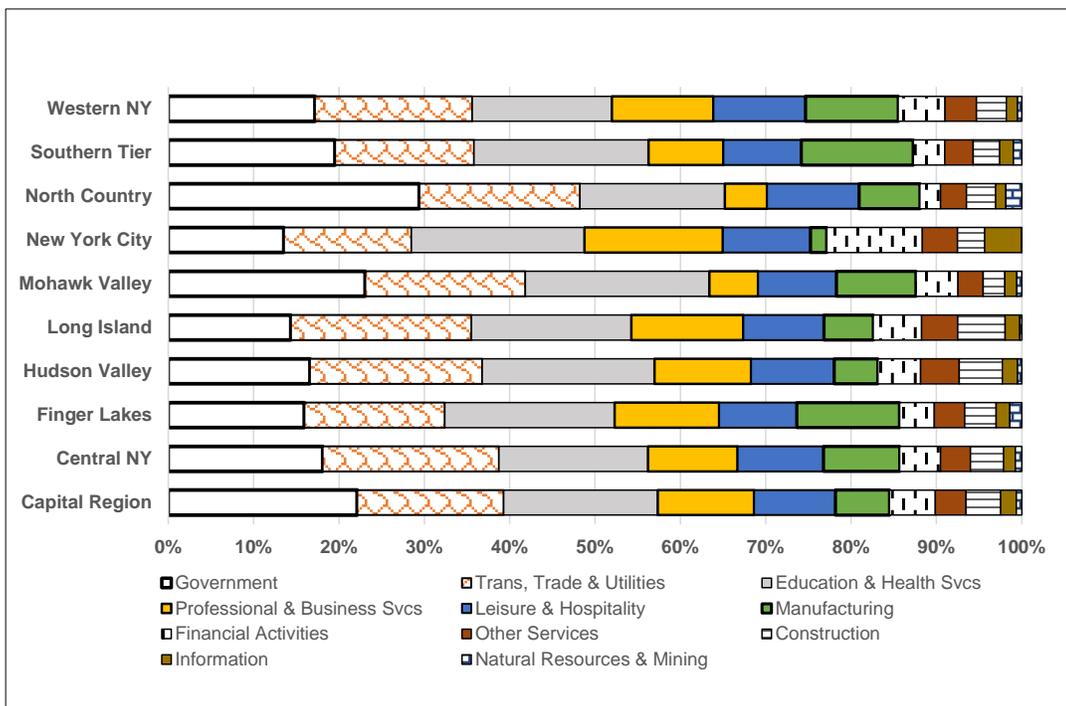


Employment and Wages by Region

As defined by the State Department of Labor, New York consists of ten labor market regions: Capital Region, Central New York, Finger Lakes, Hudson Valley, Long Island, Mohawk Valley, New York City, North Country, Southern Tier, and Western New York. Figure 8 shows the distribution of employment in these regions by industry sector.

Figure 8

Employment in New York by Region and Industry, 2014



Source: NYS Department of Labor. QCEW annual data

Similar to the State as a whole, in all regions except New York City, more than half of total employment is concentrated in the government, education and health, and transportation/trade/utility sectors. These three sectors comprise almost two-thirds of total employment in the North Country and the Mohawk Valley. New York City, as a global finance capital, has the highest share of employment in financial activities, with more than 10 percent of its total employment in the financial activities sector.

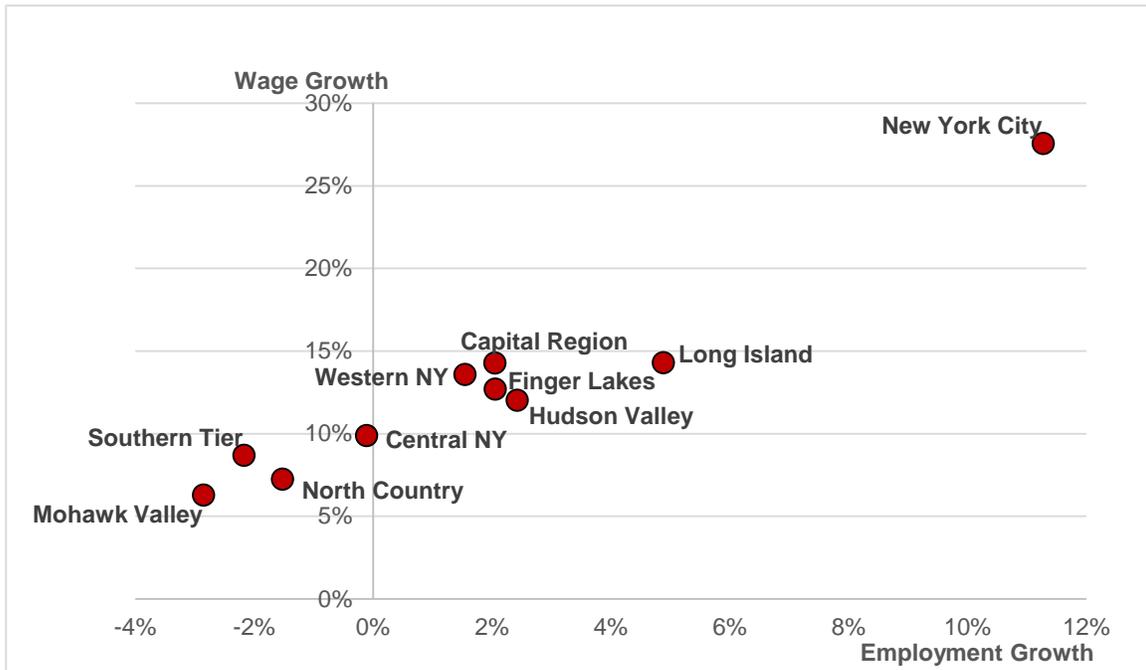
In comparison, employment in financial activities accounts for less than 5 percent, on average, of total employment in the other regions of the State. New York City also has the highest share of employment in the information and the professional and business services sectors.

Growth rates for both employment and total wages were uneven across the State from 2009 to 2014, as shown in Figure 9. New York City has exhibited strong gains in both employment and total wages over the course of the economic expansion.⁵ While other areas have not enjoyed such strong growth, six regions experienced both overall job gains and above-inflation increases in total wages over the period.

Employment gains outside New York City were strongest over the period in Long Island at 4.9 percent, while the Hudson Valley, Capital Region and Finger Lakes regions increased jobs by 2 percent or more. While lagging these other regions, Western New York exhibited both employment and wage growth over the period. The Southern Tier, Mohawk Valley, Central New York and North Country regions all experienced employment declines over the five years, with lower rates of total wage growth.

Figure 9

Change in Employment and Total Wages, Regions of New York State, 2009-14



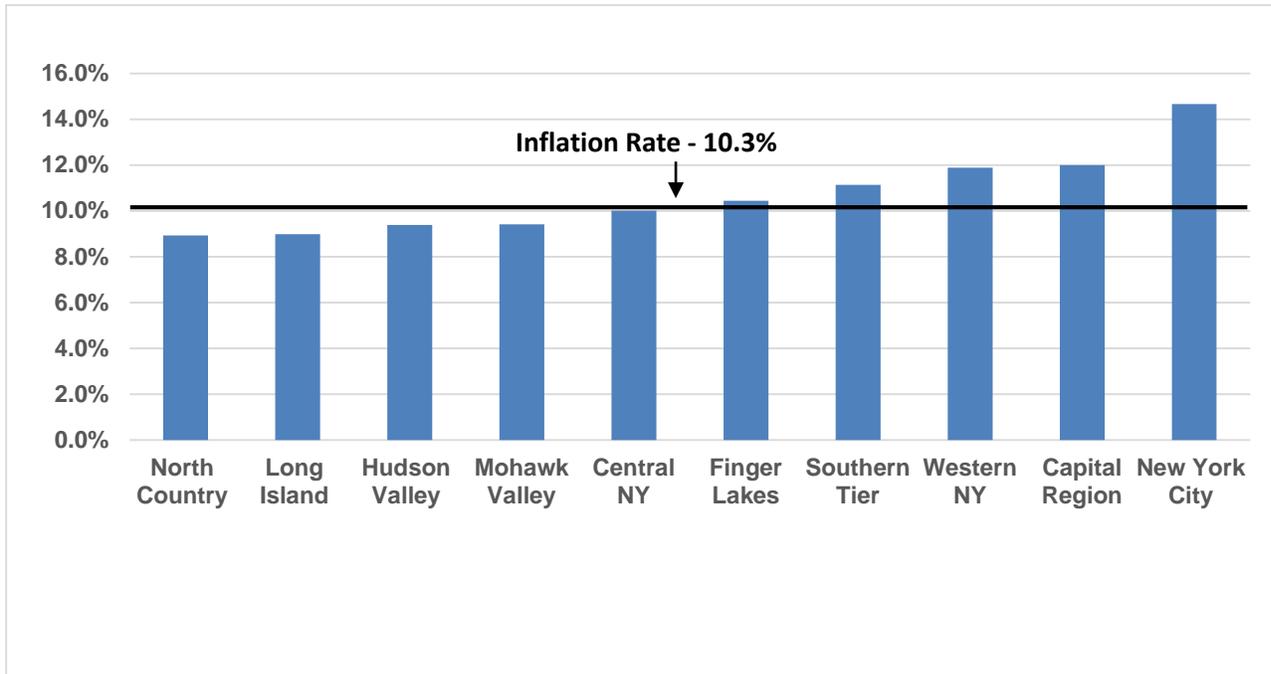
Sources: NYS Department of Labor, QCEW annual data

⁵ Total wage growth reflects the change in the amount paid to individual workers in a particular region as well as the change in the number of employees within the region.

Figure 10 shows five-year growth in average wages paid by employers in the different regions of the State. In 5 of 10 labor markets – New York City, the Capital Region, Western New York, the Southern Tier and the Finger Lakes – average wages rose by more than the inflation rate over the period. Wage growth in Central New York was virtually the same as inflation, while four regions experienced increases that did not keep pace with inflation.

Figure 10

Average Wage Growth by Region, 2009-2014



Sources: NYS Department of Labor, QCEW annual data

Aside from trends in overall employment growth, the industrial sector in which jobs are added or lost impacts the average wages paid in the region. For example, while Long Island increased its total employment over this time period, most of the jobs added were in the leisure and hospitality sector and the education and health sector. The region lost jobs in the information and government sectors. As a result, some jobs in industries with wage growth in excess of the inflation rate were effectively replaced with others in industries with wage growth less than the inflation rate, limiting the overall average wage growth in the region.

On the other hand, while most of the employment growth in Western New York was in the leisure and hospitality sector, it also experienced job growth in nine of the eleven industry sectors, only losing jobs in the government and information sectors. It was also one of only two regions with increased manufacturing employment as of 2014 – a gain of more than 900 jobs from 2009. As a result, average wage growth in the region benefitted from increased employment in those industries where wage growth exceeded the inflation rate, and from increased employment in those industries with a higher average wage (such as manufacturing and construction jobs).

While employment in the Mohawk Valley declined over the period, the jobs lost were not concentrated in one or two specific industries. Instead, job losses were spread across almost all industry sectors, except for the leisure and hospitality sector and the education and health sector, both of which exhibited job gains. Besides New York City, the Southern Tier was the only region in the State to add information sector jobs over the five-year period. It was also the only region in the State to lose education and health services jobs and one of the few regions to lose transportation and trade jobs. The additional information sector jobs as well as increased professional services jobs – both in higher wage sectors with wage growth in excess of the inflation rate – resulted in larger average wage growth in the Southern Tier, even though total employment declined.

Labor Force and Labor Participation Rate

While total employment figures report the number of jobs within a specific geographical area or industry, they do not distinguish whether such jobs are full-time, part-time, or temporary. In addition, employment data does not take into account whether one person may be working more than one of these jobs or whether the employee resides in the region where the job is located. As a result, job counts alone do not portray the total employment picture in the State.

Additional insights emerge from analysis of U.S. Bureau of Labor Statistics (BLS) data on the labor force. BLS defines the labor force as the portion of the working age population that is either employed or officially considered unemployed. The working age population is defined as those persons aged 16 and older who are neither inmates of institutions nor on active duty in the Armed Forces. The unemployed population does not include those who are voluntarily not working in paid employment, such as students and stay-at-home parents. The labor force participation rate is the labor force as a percentage of the working age population.

An increase in the labor force can be both an indicator of economic growth, demonstrating availability of more jobs, and a driver of growth, given that additional workers may generate increases in overall economic output. “Labor force growth is an important supply constraint on overall economic growth,” according to the Bureau.⁶

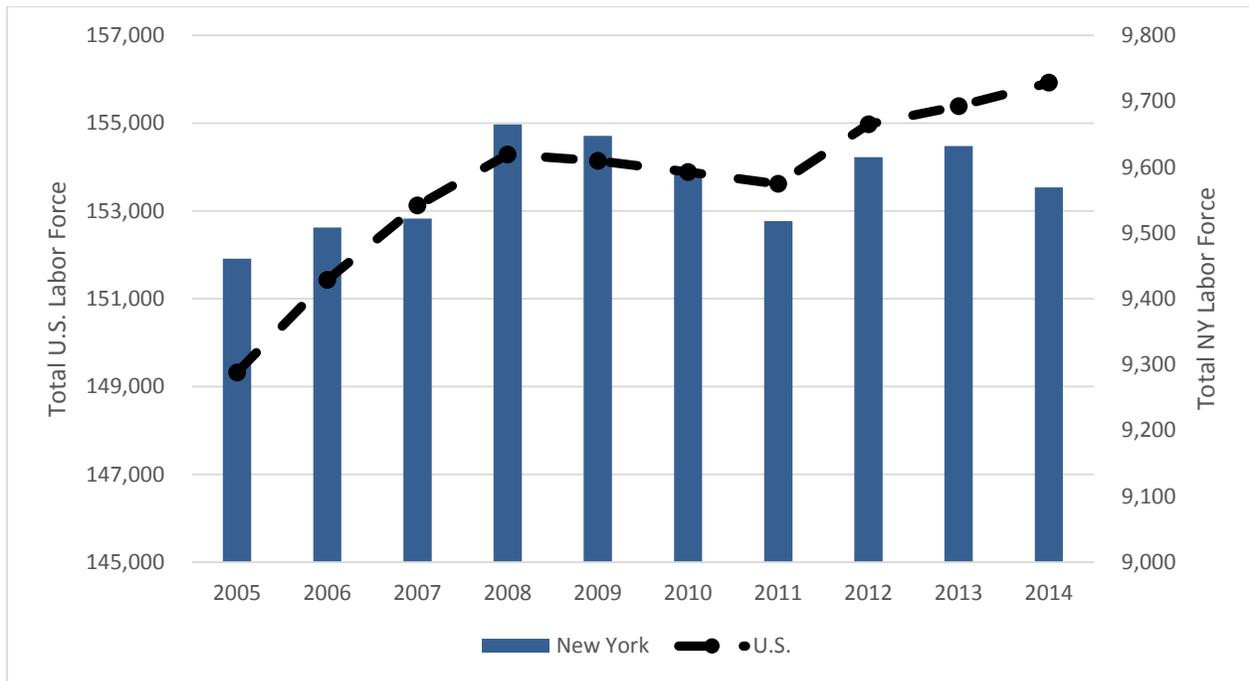
Labor Force

As shown in Figure 11, both the State and the national labor forces were steadily expanding in the years immediately before the last recession. Once the recession hit, labor forces at both the State and national levels contracted and continued to do so into the recovery. The ongoing decline in the labor force likely reflected, in part, continuing weakness in employment growth during the earlier years of recovery. Once the economic expansion strengthened and the job market improved, the labor forces expanded. However, as of 2014, while the national labor force exceeded its pre-recession level, New York’s remained below its 2008 peak (figures reflect annual averages).

⁶ “Labor Force Projections to 2022: the labor force participation rate continues to fall,” Monthly Labor Review, December 2013, available at <http://www.bls.gov/opub/mlr/2013/article/labor-force-projections-to-2022-the-labor-force-participation-rate-continues-to-fall.htm>.

Figure 11

Total Labor Force, New York and U.S., 2003-2014 (thousands)



Source: U.S. Bureau of Labor Statistics

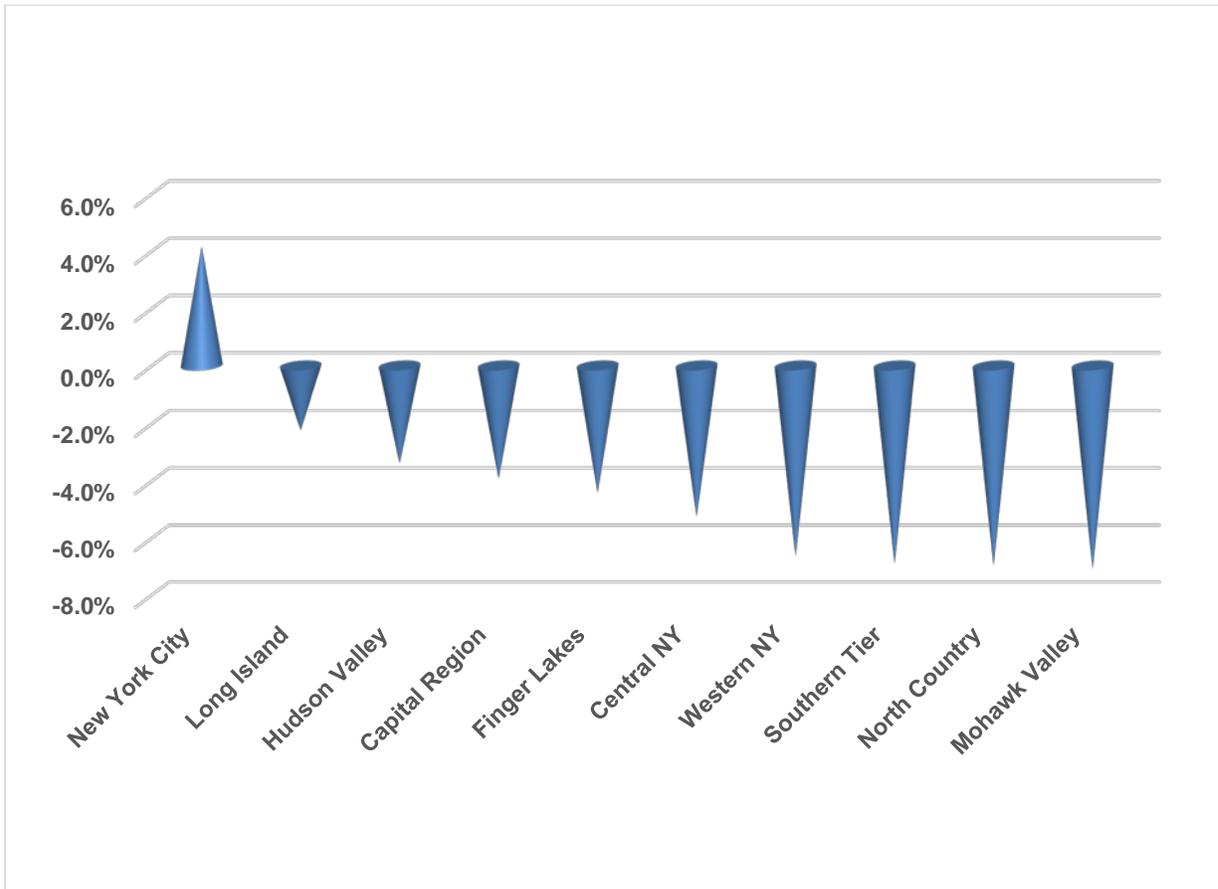
After the end of the recession, the labor force in New York and the nation continued to contract. While the labor force declined nationally by 0.3 percent from 2009 through 2011, the drop was 1.3 percent in New York. In 2012 and 2013, labor force growth returned, increasing by 0.6 percent nationally and by 1.3 percent in New York. However, in 2014, while growth continued nationally, the labor force declined in New York, a decrease of almost 1 percent. Overall from 2009 through 2014, the labor force in New York decreased by 78,000 workers to just over 9.5 million – a decline of just less than 1 percent – while the nation’s labor force increased by almost 2 million workers, or 1.2 percent.

As stated above, employment data is based on the jobs offered by businesses within the various regions of the State. These jobs are not necessarily filled by workers who reside in the region or even the State. For example, employment in New York City includes workers from the Hudson Valley and Long Island regions, as well as from Connecticut and New Jersey. Since labor force data is based on workers, employment growth and labor force growth in a particular region do not necessarily coincide.

As with employment and wage growth, labor force growth has been uneven throughout the State. The only region in the State that expanded its labor force over the post-recession period was New York City, as shown in Figure 12. While labor force counts in the other regions closer to New York City contracted, these regions lost a much smaller percentage of workers than the upstate regions. In addition to the declines in employment that occurred in the Southern Tier, the North Country and the Mohawk Valley, these regions also exhibited the largest labor force declines as well.

Figure 12

Change in Labor Force by Region, 2009-14



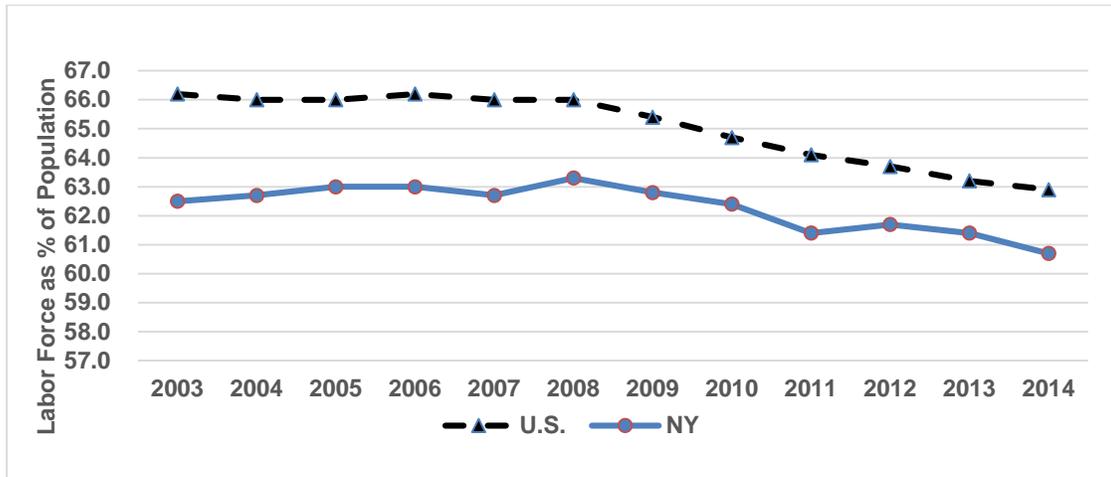
Source: NYS Department of Labor

Labor Force Participation Rate

As mentioned above, the labor force participation rate measures the labor force as a percentage of the total working age population. For several years before the Great Recession, the national labor force participation rate remained fairly level, averaging 66.1 percent. However, since 2008, the participation rate has been steadily declining, as shown in Figure 13. New York's labor participation rate has exhibited a similar trend, averaging 63 percent of the State's working age population in the years immediately preceding the recession and then declining after 2008 to 60.7 percent in 2014.

Figure 13

Labor Force Participation Rates, New York and U.S., 2003-2014

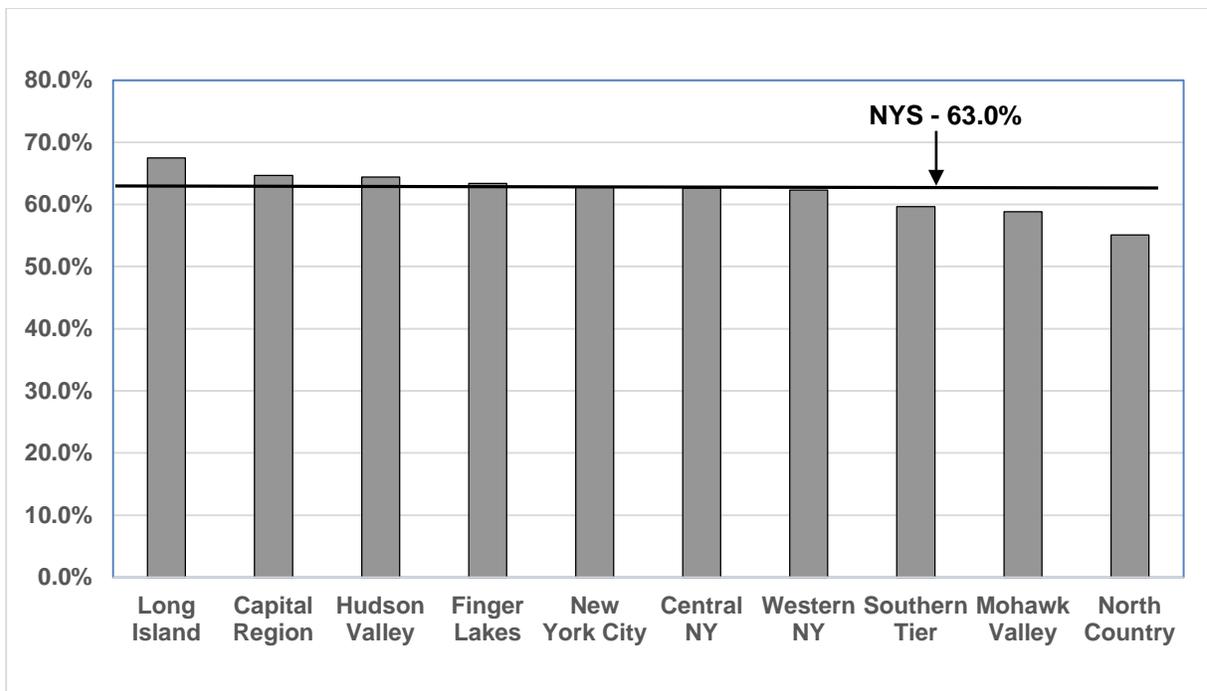


Source: U.S. Bureau of Labor Statistics

In 2013, the latest data available, Long Island, the Capital Region, the Hudson Valley, and the Finger Lakes had labor force participation rates for the population over age 18 above the statewide participation rate, as shown in Figure 14. Participation rates in New York City, Central New York, and Western New York were slightly below the statewide level, while those in the Mohawk Valley, the Southern Tier, and the North Country regions were over three percentage points below the State level. Long Island had the highest participation rate at 67.5 percent, and the North Country had the lowest at only 55.1 percent.

Figure 14

Labor Force Participation Rate of Workers Age 18 and Older by Region, 2013



Sources: NYS Department of Labor, U.S. Census Bureau, OSC analysis

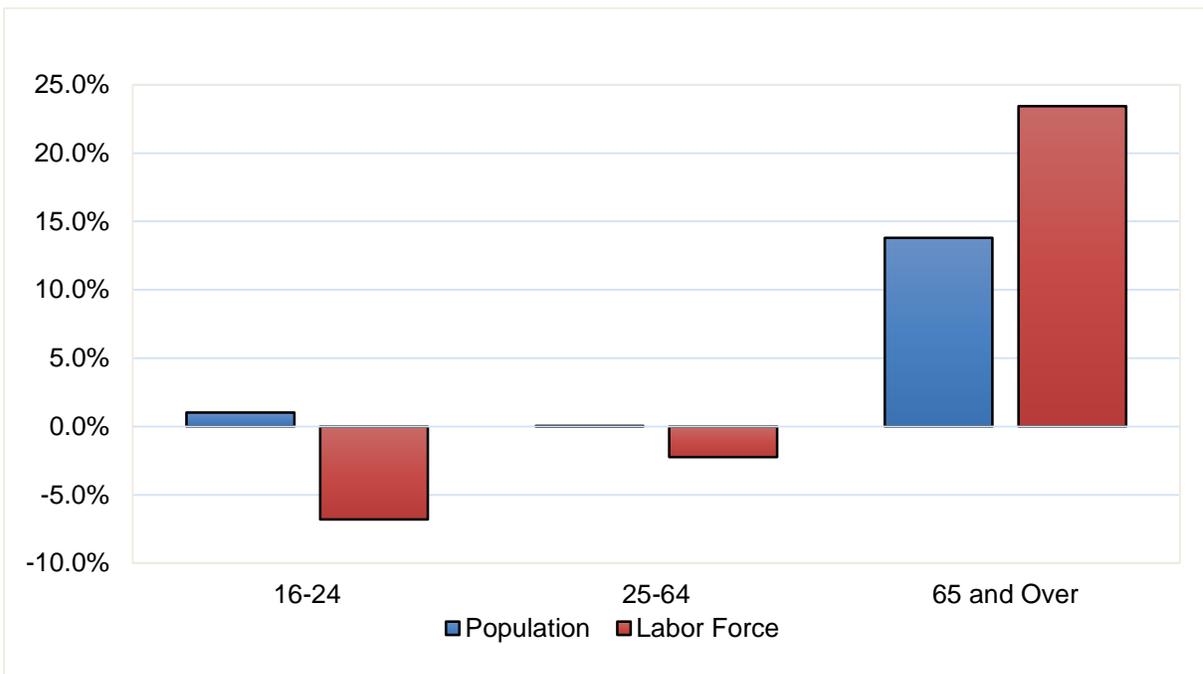
There are a number of circumstances in which a person may not participate in the labor force. Many people between the ages of 16 and 24 are likely to be in high school or college, for example, while those over the age of 65 are more likely to be retired. Other labor force nonparticipants may include stay-at-home parents, persons with disabilities, and caregivers of elderly or disabled individuals.

Nonparticipants may also include discouraged workers, those long-term unemployed workers who have stopped looking for work since they believe there are no jobs available or no jobs for which they are qualified. These discouraged workers are included neither in the official unemployment rate nor the labor force. Both of those measures only include unemployed workers who have searched for a job within the past four weeks.

The change in the composition of the working age population as well as the proportion of the population included in the labor force also impacts the overall labor participation rate. Figure 15 shows the change in New York’s working age population for various age groups as well as the change in labor force participation for these age groups. Over the past five years, the population of 16-24 year olds in New York increased by 1 percent while the population of 25-64 year olds remained the same. However, labor force participation for both these age groups declined over this same five-year period. Conversely, there was a large increase in the population aged 65 and over, as well as significant growth in the percentage of this population remaining in the labor force.

Figure 15

Change in Population and Labor Force in New York by Age, 2009-14



Source: U.S. Bureau of Labor Statistics

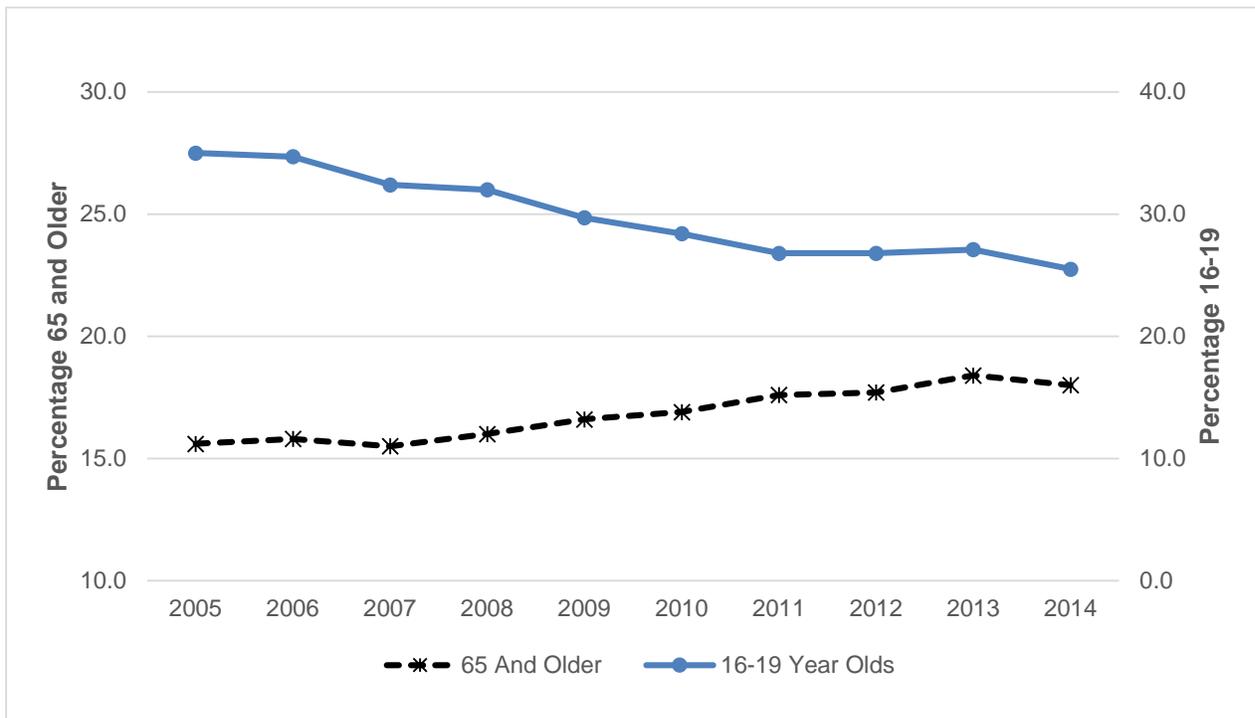
Because of a high concentration of students within the demographic, the participation rate of 16-19 year olds in the labor force has historically been low, averaging a third of the population. Similarly, the participation rate for those aged 65 and older has also been historically low, less than 20 percent.

However, the unemployment rates for these two demographics – reflecting the number of individuals who would like to be employed but are not – are much different. The 16-19 year olds had the highest unemployment rate of any group, over 20 percent, in 2014, whereas only 4.3 percent of those who were aged 65 and older and in the labor force were considered unemployed.

As shown in Figure 16, New York’s labor force participation rate for those aged 65 and older has been steadily increasing over the past ten years, while the rate for 16-19 year olds has been decreasing. Possible causes for these phenomena may include the deferral of retirement of those over 65, whether or not for economic reasons, and the increase of adults over 20 years old working part-time for economic reasons, which would decrease the part-time employment opportunities for 16-19 year olds.

Figure 16

Labor Force Participation Rates of Older and Younger New Yorkers, 2005-2014



Source: U.S. Bureau of Labor Statistics

Unemployment and Underutilization

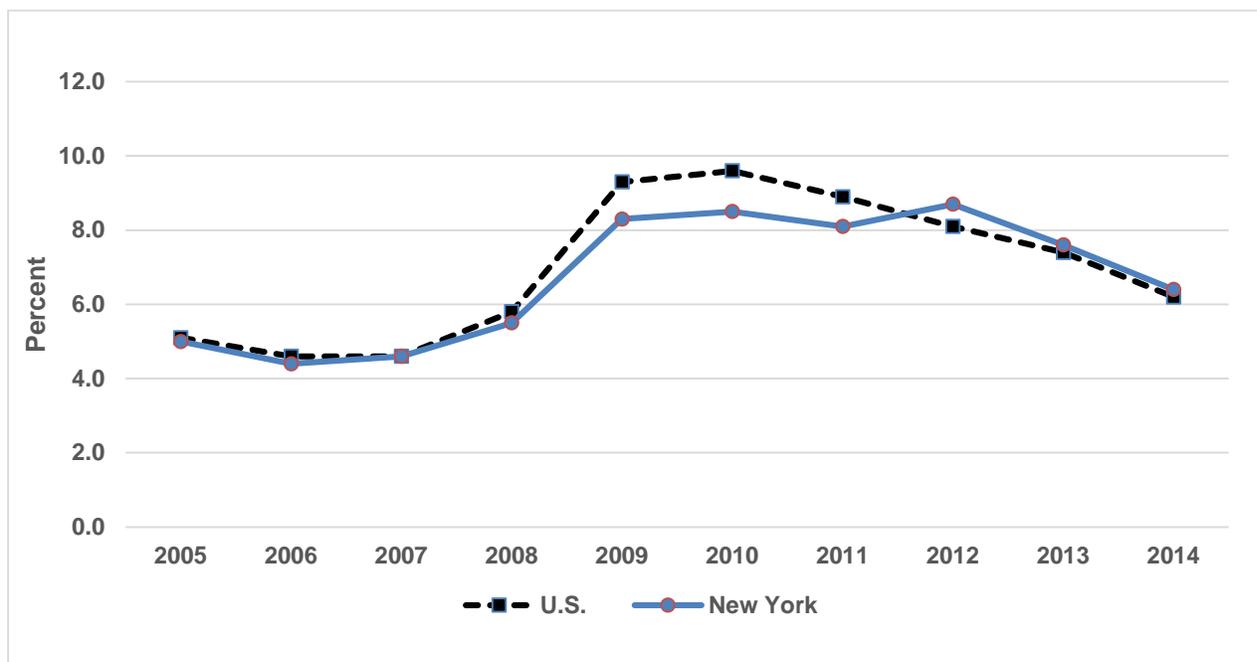
The monthly unemployment rate, as published by the Bureau of Labor Statistics, is equal to the number of unemployed persons as a percentage of the total labor force. Figure 17

compares the national and State unemployment rates for the past ten years. As shown, leading into the recession, New York's unemployment rate was not significantly different than the national rate. Due to the lower number of job losses, unemployment in New York was lower than the national rate during the recession and the initial recovery. As employment growth in New York lagged the nation over the course of the expansion, New York's unemployment rate rose modestly above the national figure.

Unemployed workers who are included as part of the labor force statistics and, in turn, are represented in the unemployment rate consist of only those persons who are unemployed and have actively sought work at least once within the past four weeks. Neither of these statistics includes workers who have dropped out of the labor force, also known as marginally attached and discouraged workers.⁷

Figure 17

Unemployment Rates, United States and New York, 2005-2014



Source: U.S. Bureau of Labor Statistics

Those workers defined as employed encompass part-time and temporary workers, including those who are working part-time for economic reasons. The latter are defined as those who want and are available for full-time work, but have had to settle for part-time work. The labor underutilization rate, or underemployment rate, includes the unemployed as well as those who

⁷ Marginally attached workers are those who are unemployed, want and are available for work, and are not currently looking for work although they have looked in the past 12 months. Discouraged workers are a subset of marginally attached workers, representing those unemployed workers who have not looked for work since they believe there are no jobs available or are no jobs for which they are qualified.

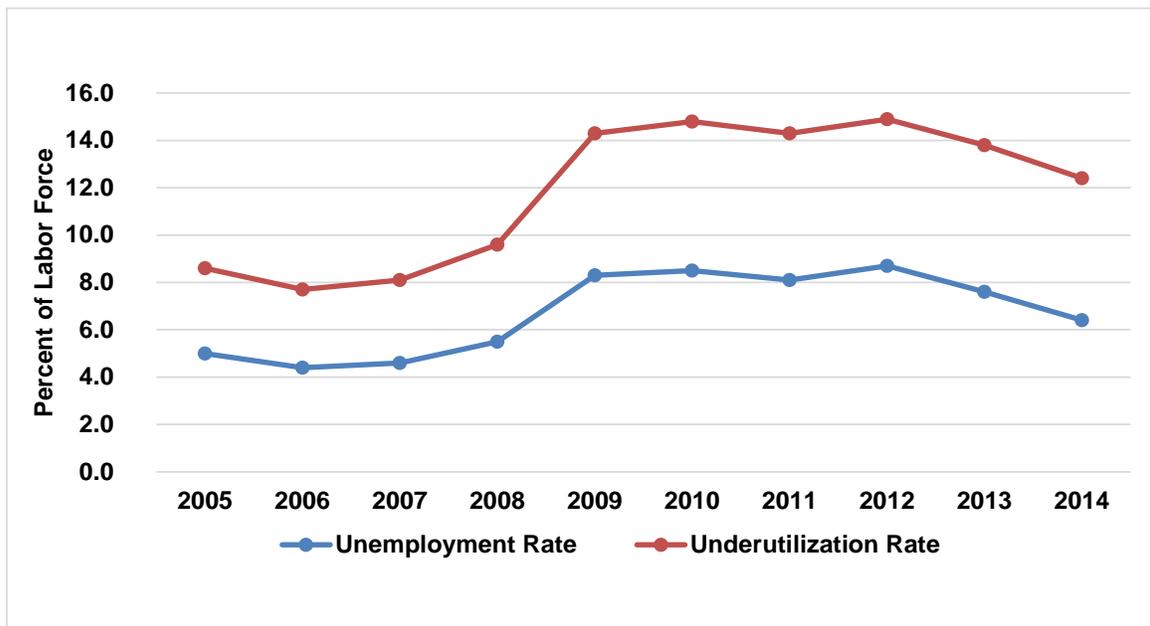
have dropped out of the labor force and those employees working part-time for economic reasons.

In the years just before the recession, the labor underutilization rate in New York was, on average, 3.6 percentage points higher than the unemployment rate, as shown in Figure 18. The gap between the two rates widened to over 6 percentage points during the recession and remained at that elevated level over the course of the current expansion. Even five years after the end of the recession, labor markets statewide did not offer enough full-time employment opportunities to allow all workers who would have liked full-time jobs to find them.

The labor underutilization rate at the national level has exhibited a similar trend. The pre-recession underutilization rate was, on average, 3.7 percentage points higher than the national unemployment rate, but this gap increased to 7 percentage points during the recession. Although the national labor underutilization rate remained elevated after the recession, it exhibited year-over-year declines over the course of the current expansion, whereas New York's underutilization rate rose from 2011 to 2012 before declining in each of the last two years.

Figure 18

Unemployment and Underutilization Rates in New York, 2005-2014

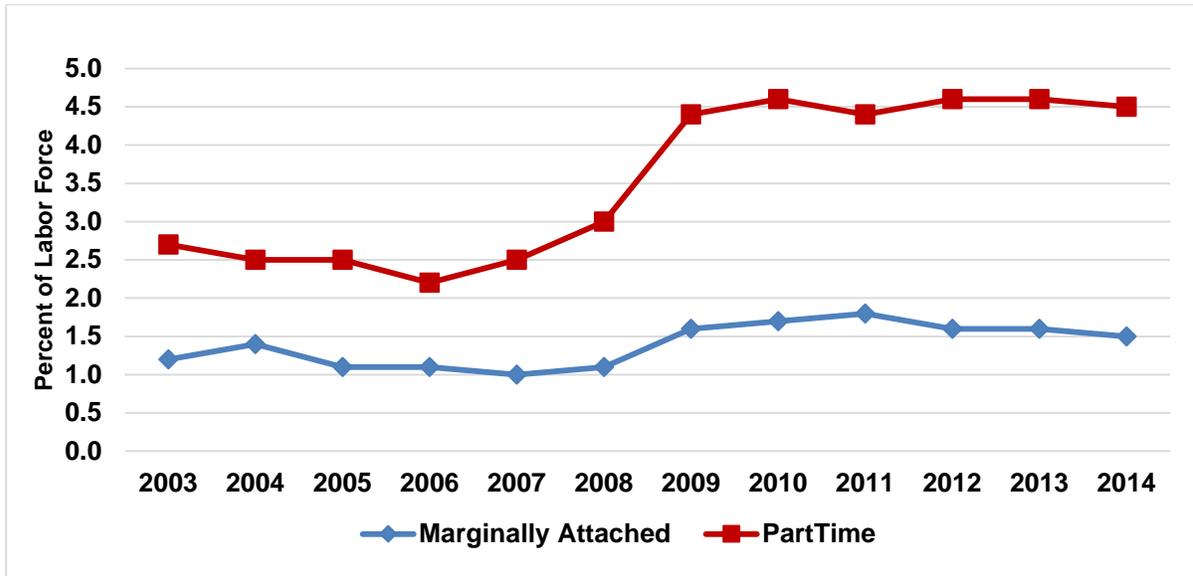


Source: U.S. Bureau of Labor Statistics

As mentioned above, the labor underutilization rate includes marginally attached workers and those who work part-time for economic reasons. Figure 19 breaks down the gap between the unemployment rate and the labor underutilization rate by these two components.

Figure 19

Components of Underutilization Rates in New York, 2003-2014



Source: U.S. Bureau of Labor Statistics

For several years before the recession, the percentages of part-time workers and marginally attached workers in New York remained relatively constant, adding 3.6 percentage points, on average, to the unemployment rate. The recession caused the proportion of marginally attached workers to rise, increasing by almost a full percentage point. The increase in the percentage of workers who had to work part-time when they would have preferred to work full-time was more significant. This population increased from 2.5 percent of the labor force, on average, in the years just before the recession to 4.4 percent in 2009. As the recession ended and the economy recovered, the percentage continued to increase to 4.6 percent, decreasing slightly to 4.5 percent in 2014.

Similarly, the percentage of marginally attached workers in New York continued to increase after the recession ended, peaking in 2011, comprising 1.8 percentage points of the total 14.3 percent underemployment rate. As the economy continued to improve, marginally attached workers began returning to the labor force, and the percentage of marginally attached workers declined to 1.5 percentage points in 2014.

As stated above, the elevated levels of marginally attached workers and part-time workers were not unique to New York. While the increase in the percentage of marginally attached workers nationally was slightly smaller than in New York during the recession, an increase of half a percentage point, the proportion of part-time workers increased by almost 3 percentage points.

Post-recession, the percentage of marginally attached workers slowly declined at the same rate nationally as in New York. However, even though the proportion of part-time workers nationally was still above pre-recession levels in 2014, this percentage has steadily declined since its peak in 2009.

Conclusion

The strength or weakness of the labor market and its influence on broader economic trends are often measured by the number of jobs created and change in the unemployment rate. Other indicators, such as increases or decreases in average wages and labor force participation, enhance understanding of whether conditions in the labor market are contributing to an improved quality of life for New Yorkers.

Comparisons to nationwide trends provide helpful context in assessing the State's progress over time. Both overall employment, and numbers of jobs in seven of 11 major industry sectors, grew faster in New York than nationally during the five-year period analyzed in this report. However, the five-year advantage for the State represents stronger performance in 2010 and 2011, while New York fell slightly behind national employment gains in each of the following three years.

While the statewide number of jobs has been growing at a healthy pace, the picture varies sharply from region to region. New York City's strong gains, 11.3 percent, pulled the State's overall growth rate above the national average. Four Upstate regions –the Southern Tier, Central New York, the Mohawk Valley, and the North Country – lost jobs over the five-year period. Other Upstate regions added jobs at rates less than half the national average.

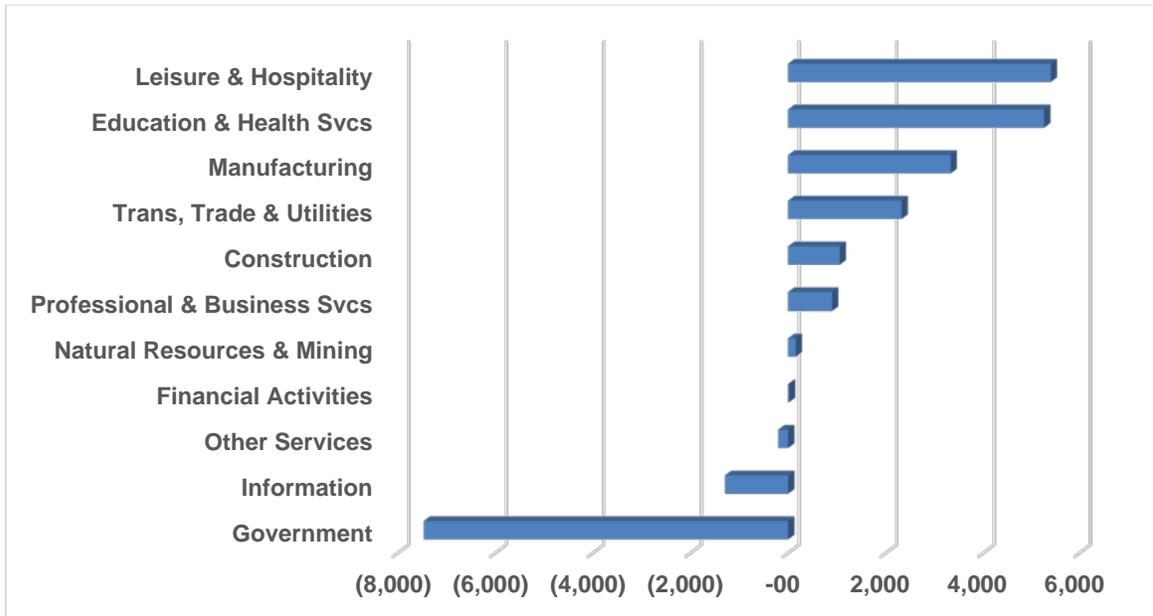
Wage growth was broadly positive over the period. Two major employment sectors, financial activities and information, saw average wage increases above 25 percent, more than twice the inflation rate. Wages in four other sectors were more than enough to keep pace with inflation. In addition to New York City, four Upstate regions enjoyed wage growth above the inflation rate. Western New York, where economic indicators have more often been sobering than cause for celebration in recent decades, saw both strong growth in average wages and a gain of more than 900 manufacturing jobs over the five-year period.

Historically, a large, comparatively well-skilled workforce has been a key contributor to the Empire State's economic fortunes. New York, like the nation, has seen its labor force participation rate – the share of working-age individuals who hold or are seeking jobs – decline noticeably in recent years. At the same time, government statistics reveal higher proportions of workers who are considered marginally attached to the labor force or who would like to work full time but can only find part-time employment. Creating good jobs, and ensuring clear connections between workers and desirable employment, remain key concerns for New York State.

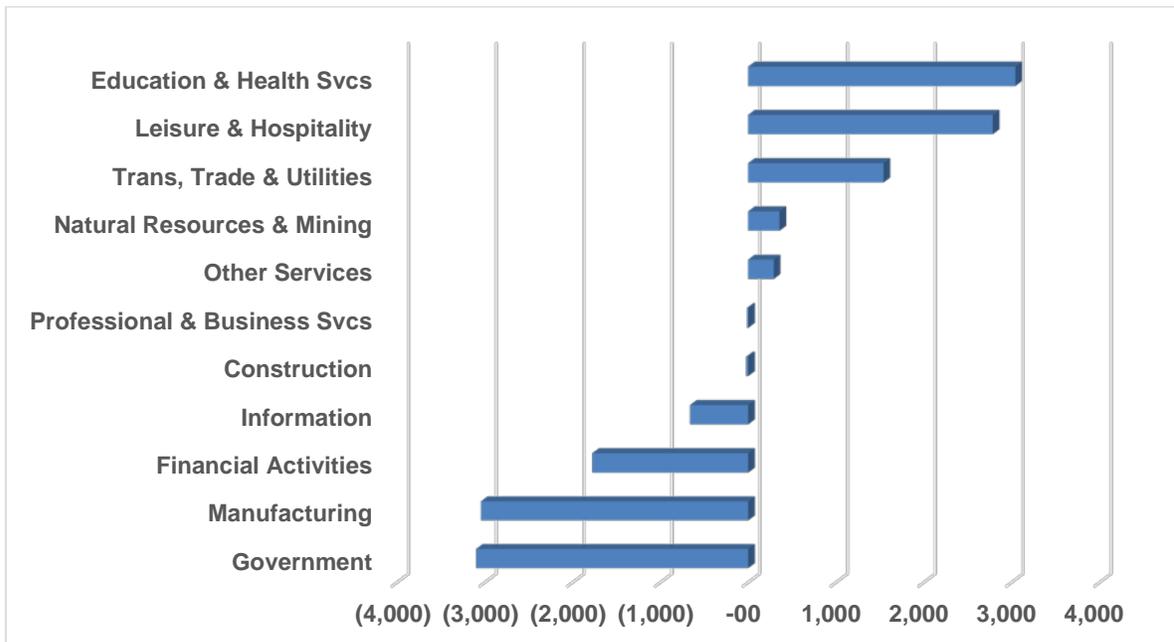
Appendix

Change in Employment, Regions of New York State, 2009-14

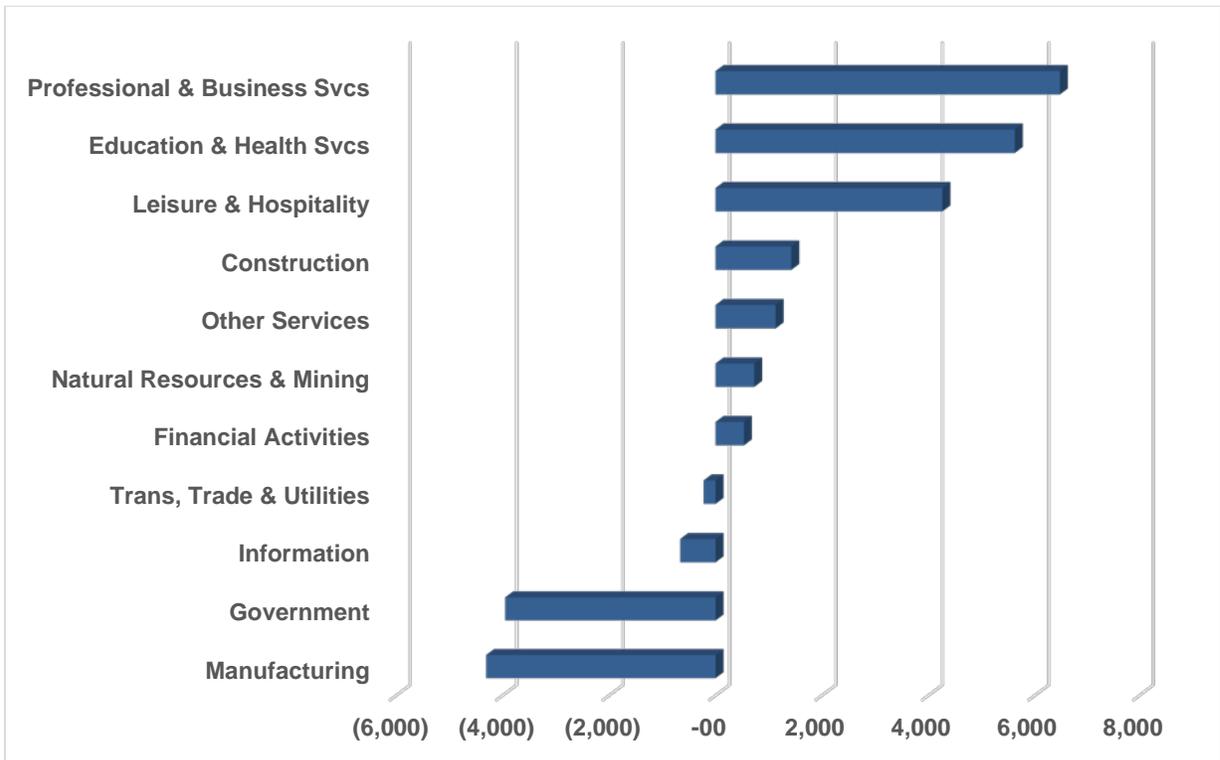
Capital Region



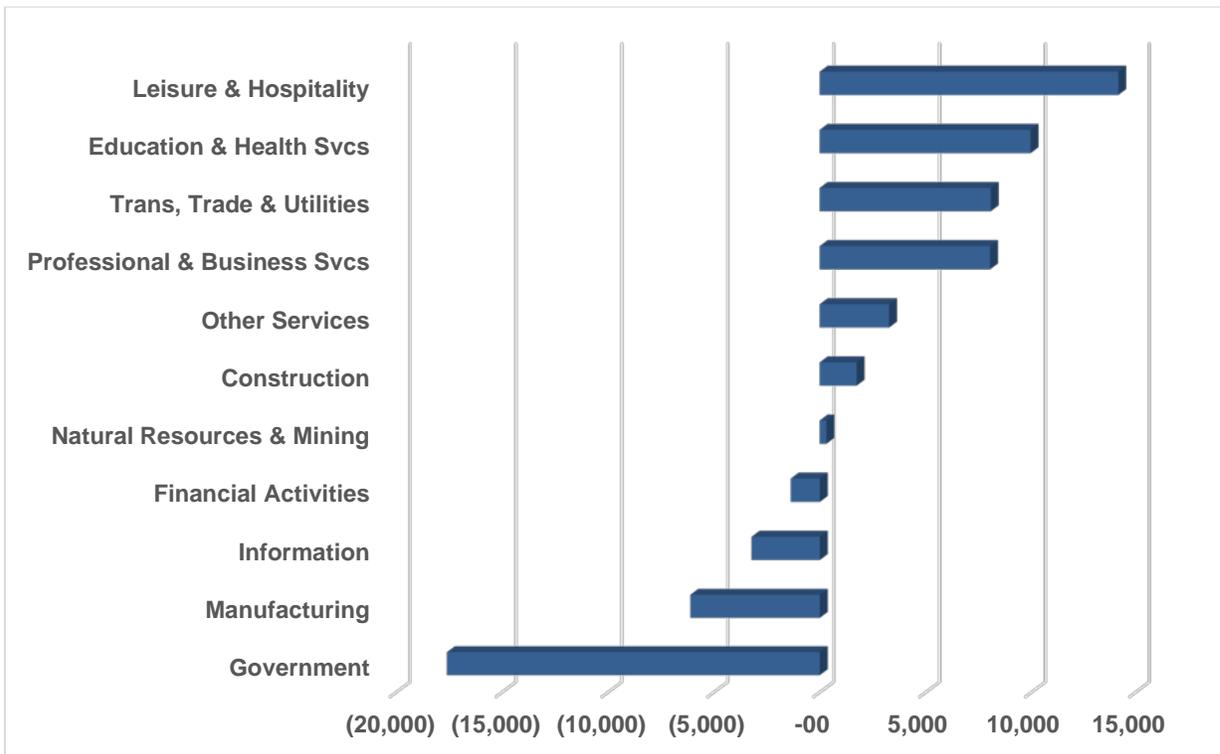
Central New York



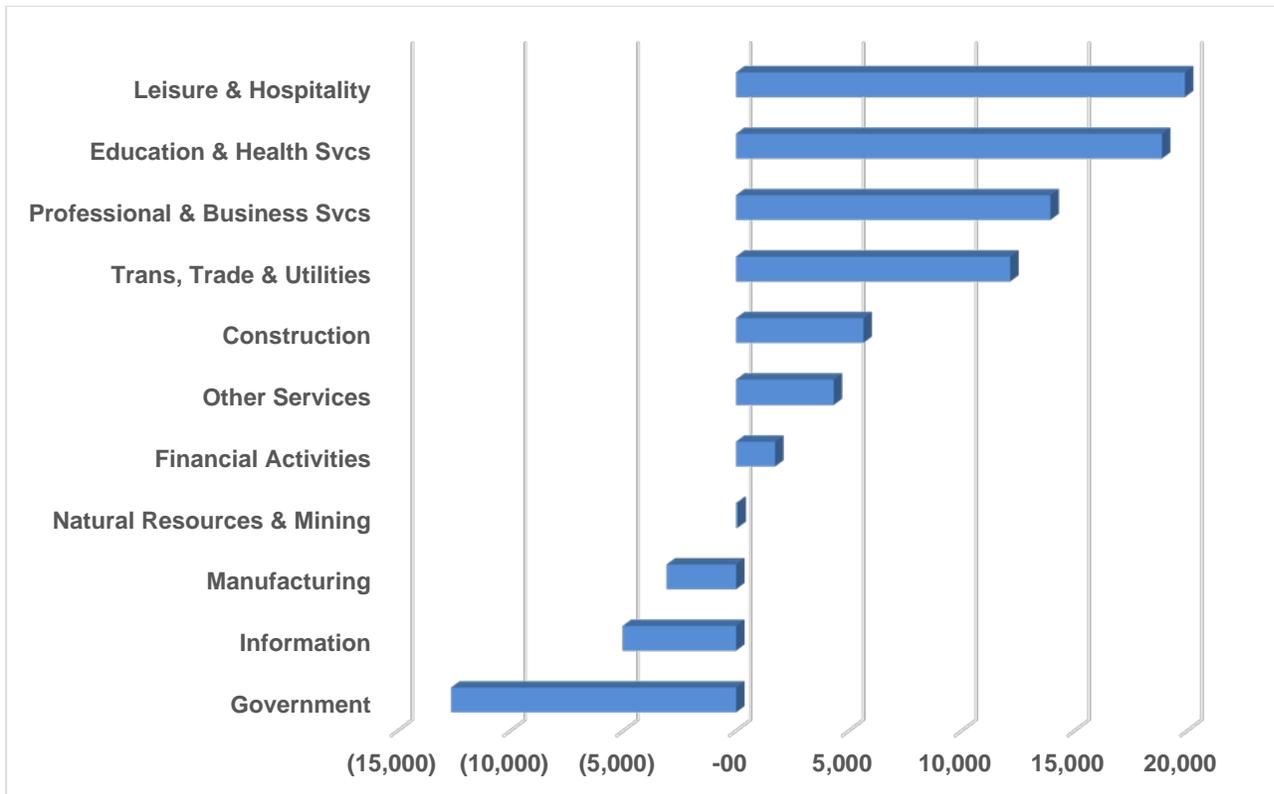
Finger Lakes



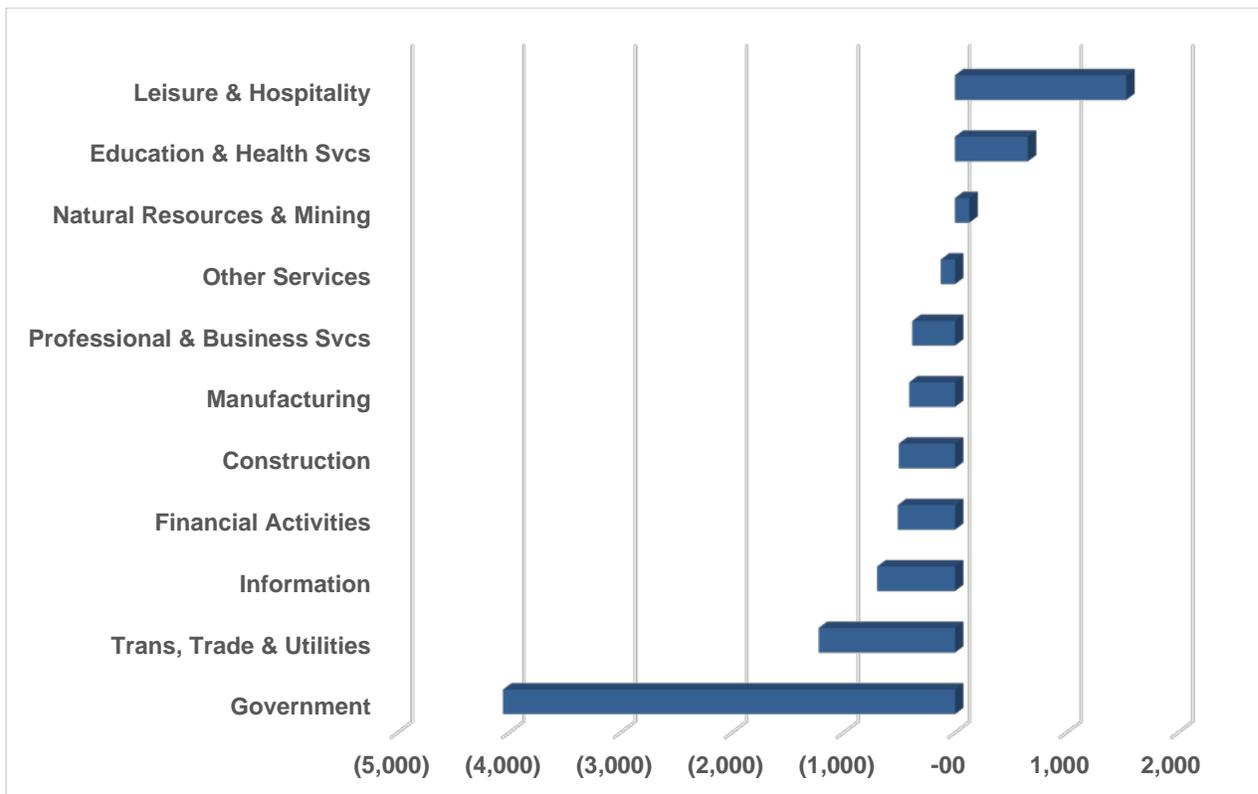
Hudson Valley



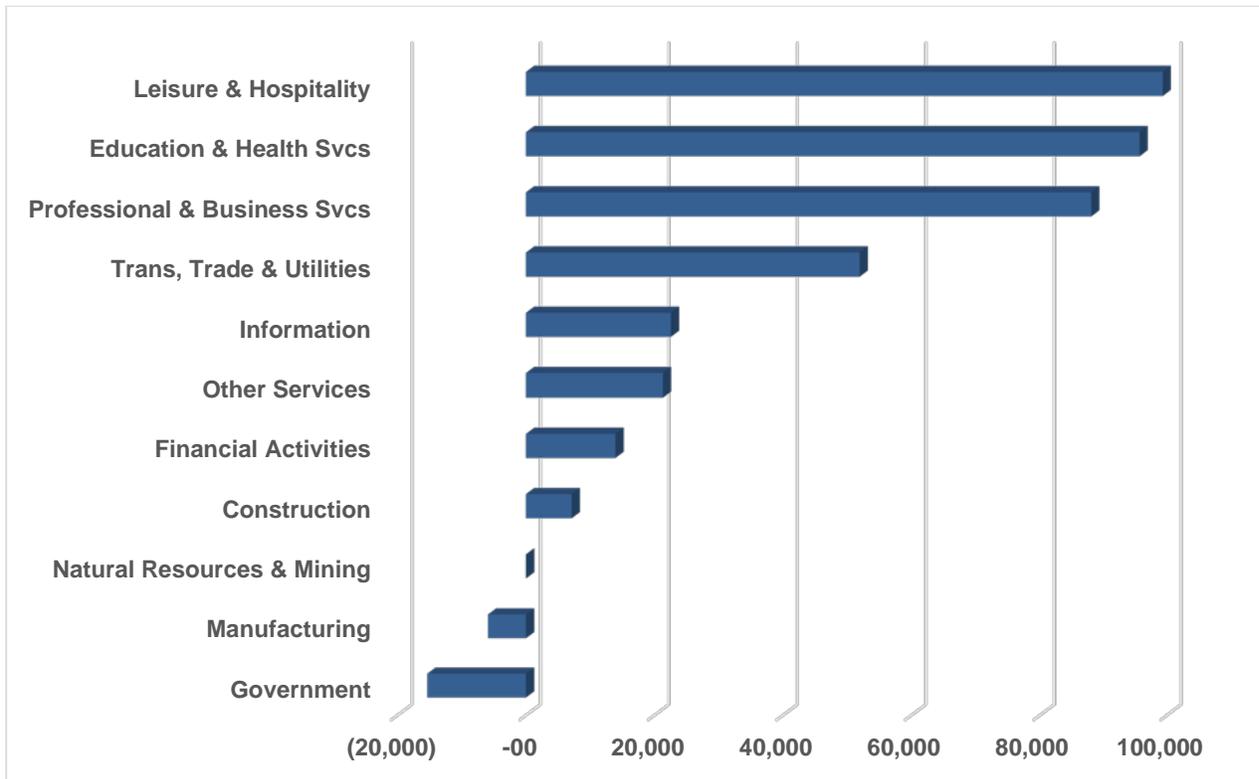
Long Island



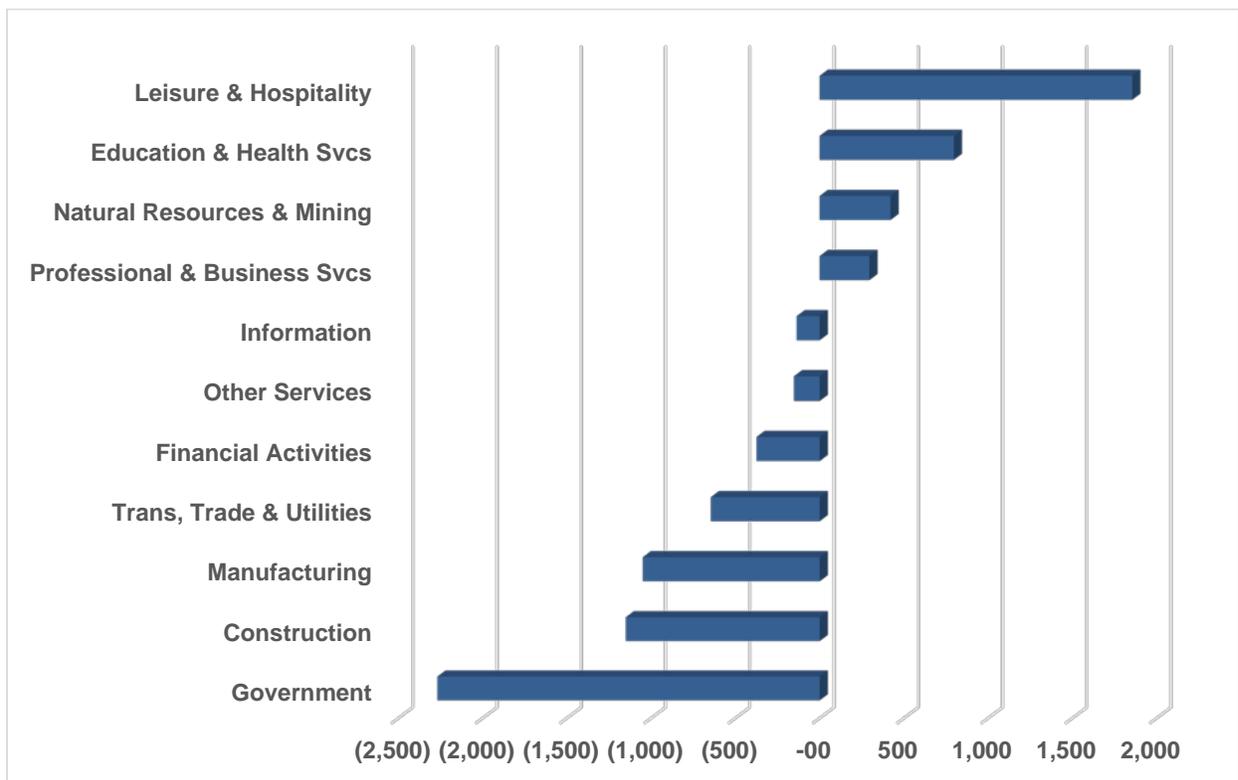
Mohawk Valley



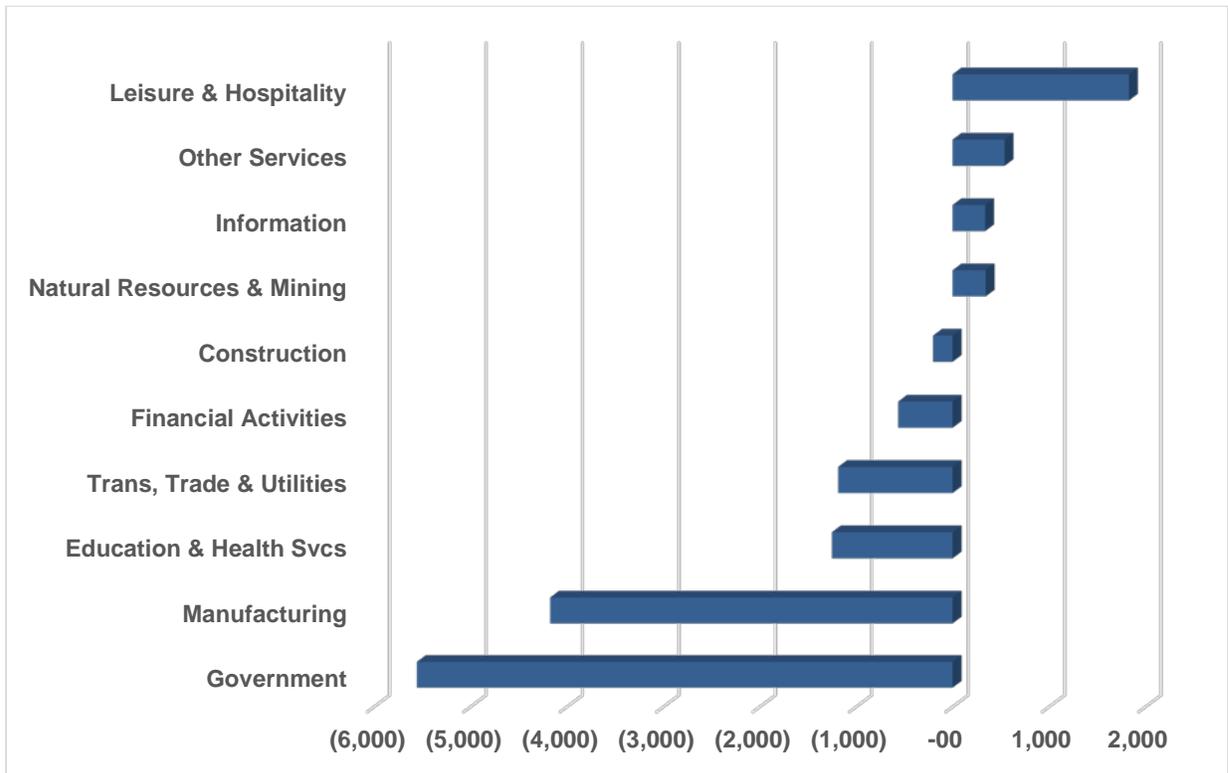
New York City



North Country



Southern Tier



Western New York

