

The Upstate Jobs Crisis

A Review of Employment Trends

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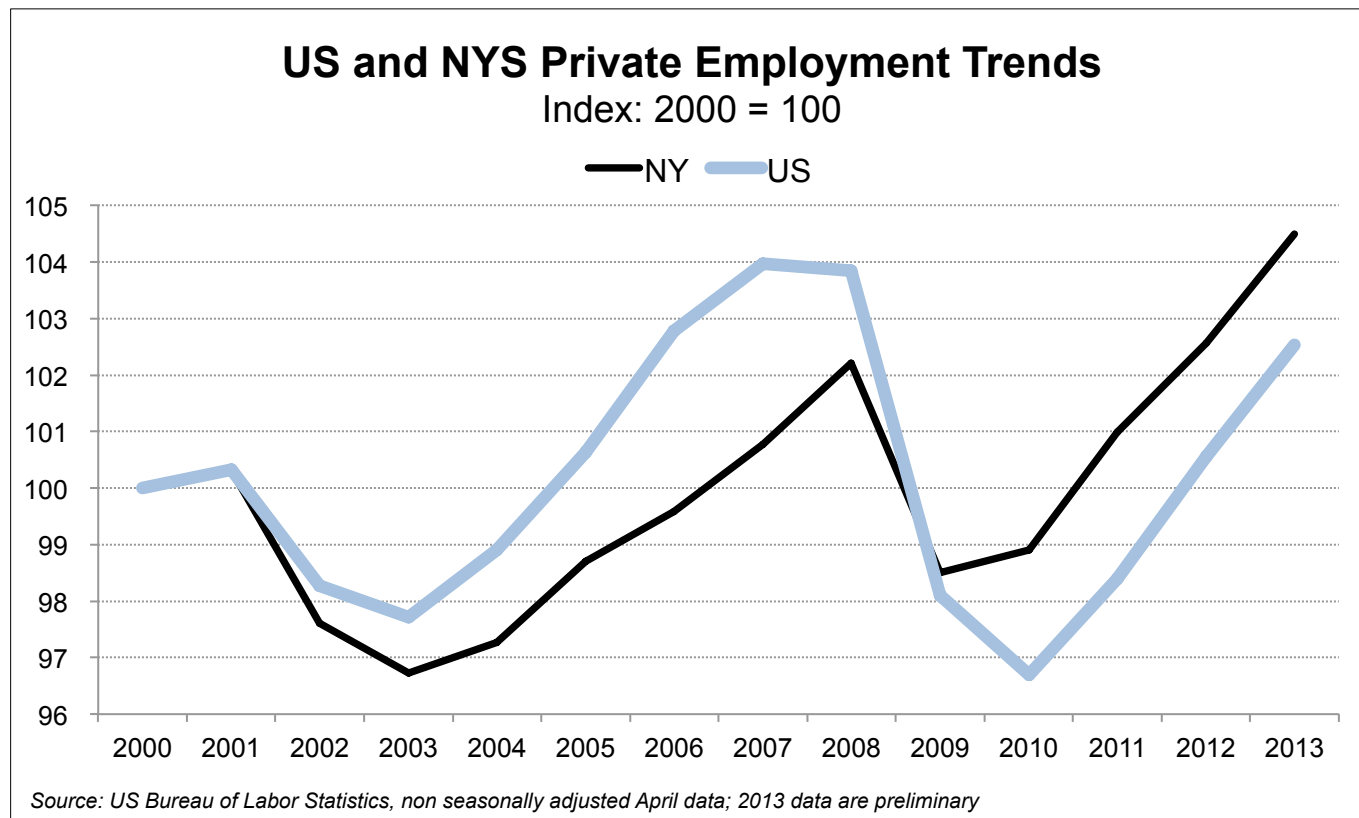


A Tale of Two States

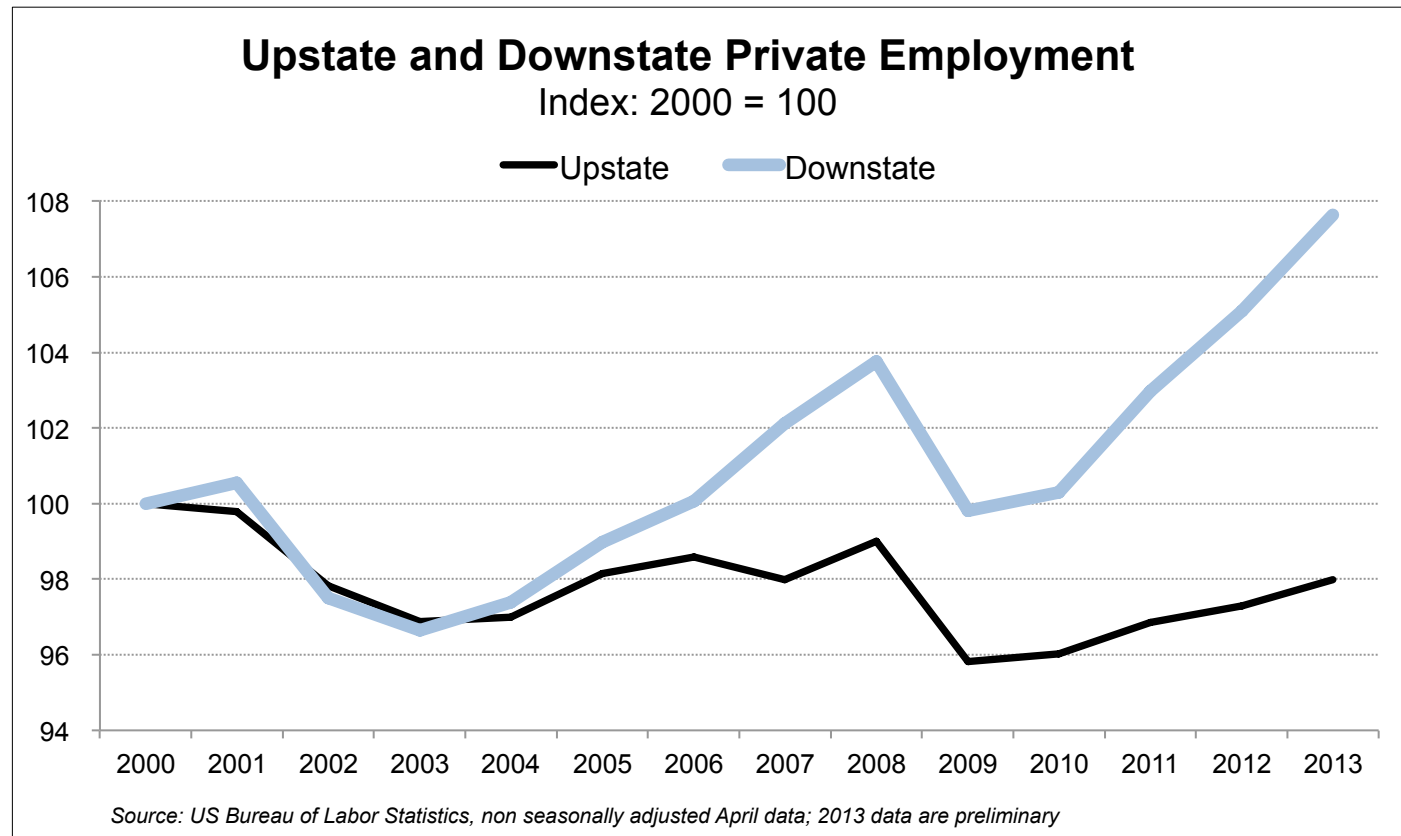
New York's recent employment statistics highlight reflect a sharp regional divergence in economic performance. During a generally sluggish economic recovery, New York City, Long Island and the lower Hudson Valley have matched or exceeded the national pace of job creation. But in the 50 counties of upstate New York, once a breeding ground of industrial innovations that changed the world, employment growth has continued to trail far behind both downstate and national trends.*

Upstate's relative economic decline is not a new story. But the region's persistent weakness has troubling implications in what shapes up as an era of slower growth for the broader economy.

* Throughout this briefing book, "downstate" is defined as the Metropolitan Commuter Transportation District of New York City, Long Island (Nassau and Suffolk counties), and the lower Hudson Valley (Dutchess, Orange, Putnam, Rockland and Westchester counties).



New York State trailed the national job creation rate during the 2003-07 expansion, but lost fewer jobs in the Great Recession and has bounced back more quickly from the downturn.



Private employment upstate in April 2013 was still 2% below the 2000 level. Downstate, by contrast, now has 8% more private jobs than in 2000.

Net Change in Private Employment Since 2000

(thousands of jobs)

	2000	2013	Number	Percent
US Total	110,431	113,232	2,801	2.5%
New York State	7,099	7,419	320	4.5%
Downstate MSAs	4,793	5,159	366	7.6%
<i>Nassau-Suffolk</i>	1,021	1,080	59	5.8%
<i>Poughkeepsie-Newburgh-Middletown</i>	189	205	16	8.3%
<i>New York City</i>	3,129	3,398	269	8.6%
<i>Putnam-Rockland-Westchester</i>	454	476	23	5.0%
Upstate MSAs	2,306	2,260	(47)	-2.0%
<i>Albany-Schenectady-Troy</i>	326	343	17	5.1%
<i>Binghamton</i>	94	83	(11)	-11.4%
<i>Buffalo-Niagara Falls</i>	464	456	(8)	-1.7%
<i>Elmira</i>	35	33	(3)	-7.6%
<i>Glens Falls</i>	40	43	3	7.4%
<i>Ithaca</i>	51	60	9	18.6%
<i>Kingston</i>	50	46	(3)	-6.8%
<i>Rochester</i>	450	432	(19)	-4.1%
<i>Syracuse</i>	269	258	(11)	-4.0%
<i>Utica-Rome</i>	106	95	(11)	-10.5%
Upstate Non-MSA	421	411	(10)	-2.4%

Source: US Bureau of Labor Statistics, non seasonally adjusted April totals; 2013 data are preliminary

Binghamton (Broome and Tioga counties) has experienced the biggest private job losses of any New York metropolitan area since 2000, while Ithaca (Tompkins County) has had the strongest job growth.

Employment Change by Sector, 2000-2013 (thousands of jobs)

	UPSTATE			DOWNSTATE		
	Change Since 2000			Change Since 2000		
	Total	Number	Rate	Total	Number	Rate
Total Private	2,260	(47)	-2.0%	5,159	366	7.6%
Mining, Logging and Construction	96	(4)	-4.4%	219	2	0.8%
Manufacturing	256	(142)	-35.7%	189	(163)	-46.3%
Wholesale	90	(21)	-18.6%	242	(18)	-6.8%
Retail	322	(10)	-3.1%	596	61	11.5%
Transportation and Utilities	75	(7)	-8.6%	190	(7)	-3.6%
Information	44	(29)	-40.1%	215	(27)	-11.2%
Financial Activities	129	1	0.9%	545	(68)	-11.1%
Professional and Business Services	291	2	0.8%	907	92	11.3%
Educational and Health Services	584	133	29.4%	1,241	293	30.9%
Leisure and Hospitality	257	26	11.0%	551	161	41.4%
Other Services	116	6	5.2%	266	39	17.3%
Government	580	(2)	-0.3%	886	(24)	-2.6%

Source: US Bureau of Labor Statistics, non seasonally adjusted April totals; 2013 data are preliminary

In every sector except finance, upstate lost more jobs or gained fewer jobs than downstate between 2000 and 2013.

Uneven Recoveries

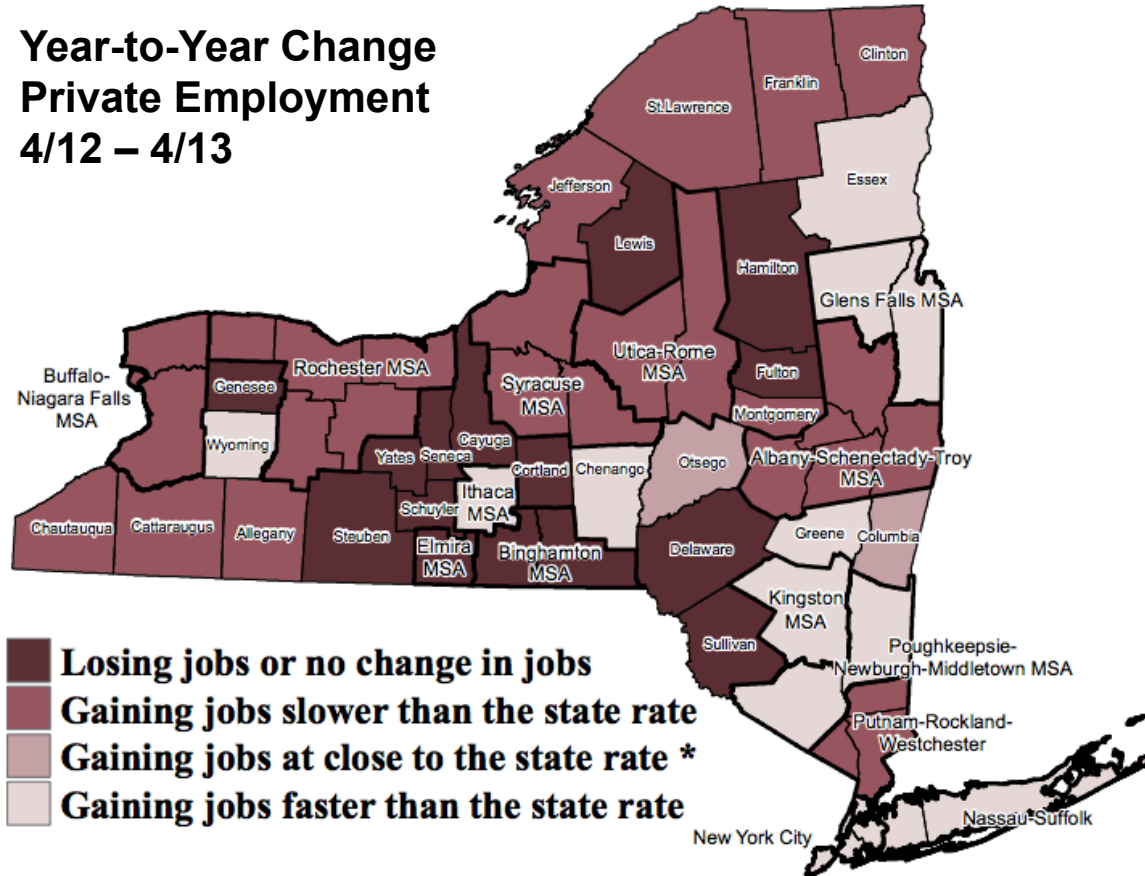
Private Sector Employment

	Apr-10	Apr-13	Total	Percent
US	106,778	113,232	6,454	6.0%
New York State	7,022	7,419	397	5.7%
<i>Downstate</i>	<i>4,807</i>	<i>5,159</i>	<i>352</i>	<i>7.3%</i>
<i>Upstate</i>	<i>2,215</i>	<i>2,260</i>	<i>45</i>	<i>2.0%</i>

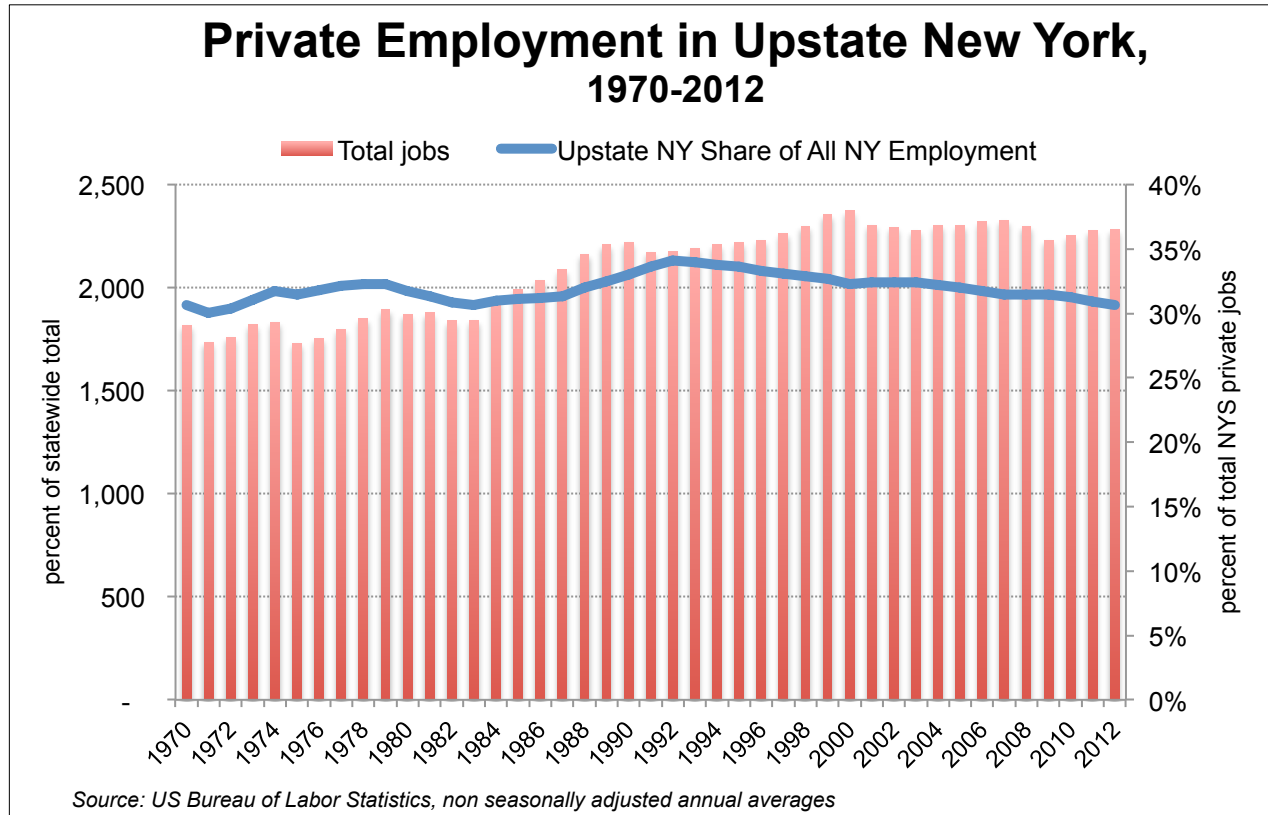
Source: US Bureau of Labor Statistics; 2013 data are preliminary

The upstate region has gained jobs at one-third the national rate in the last three years, while downstate has grown faster than the US average. If upstate had kept up with the US in this period, it would have 90,000 more private jobs.

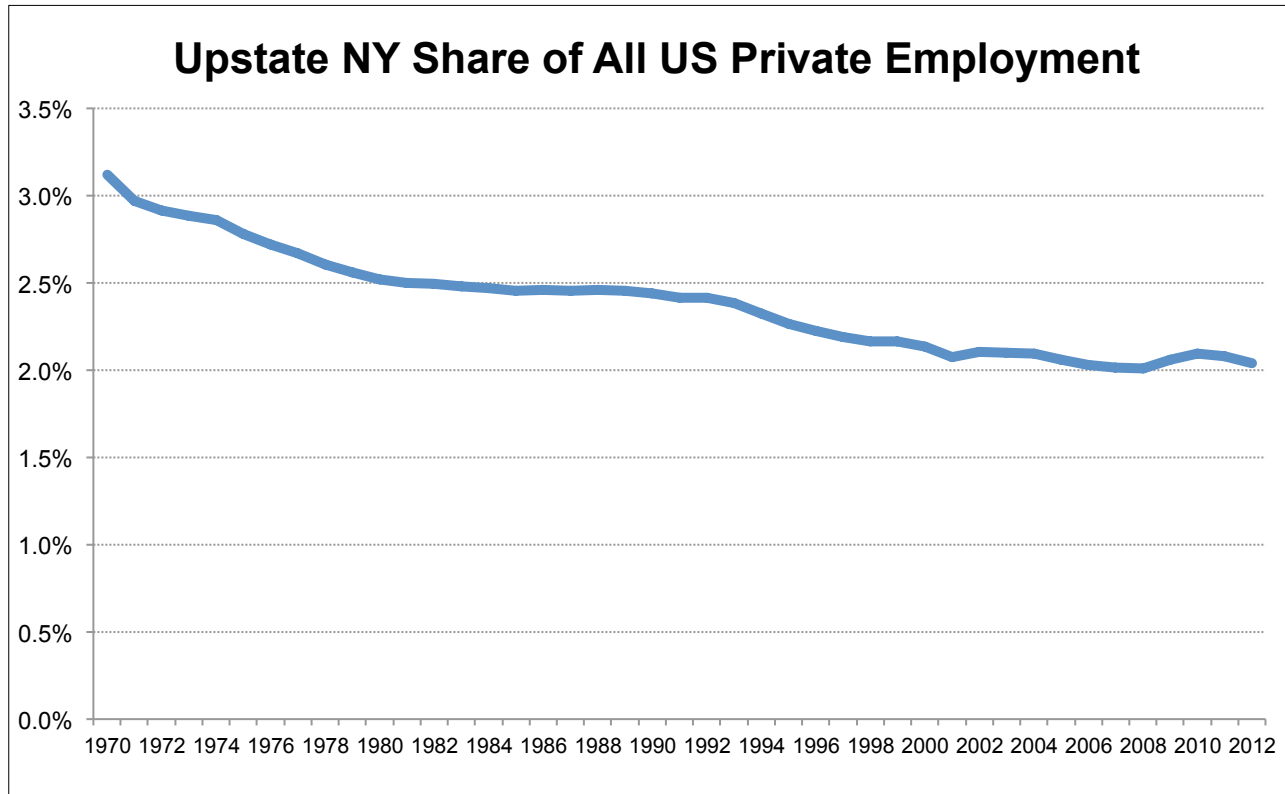
Year-to-Year Change Private Employment 4/12 – 4/13



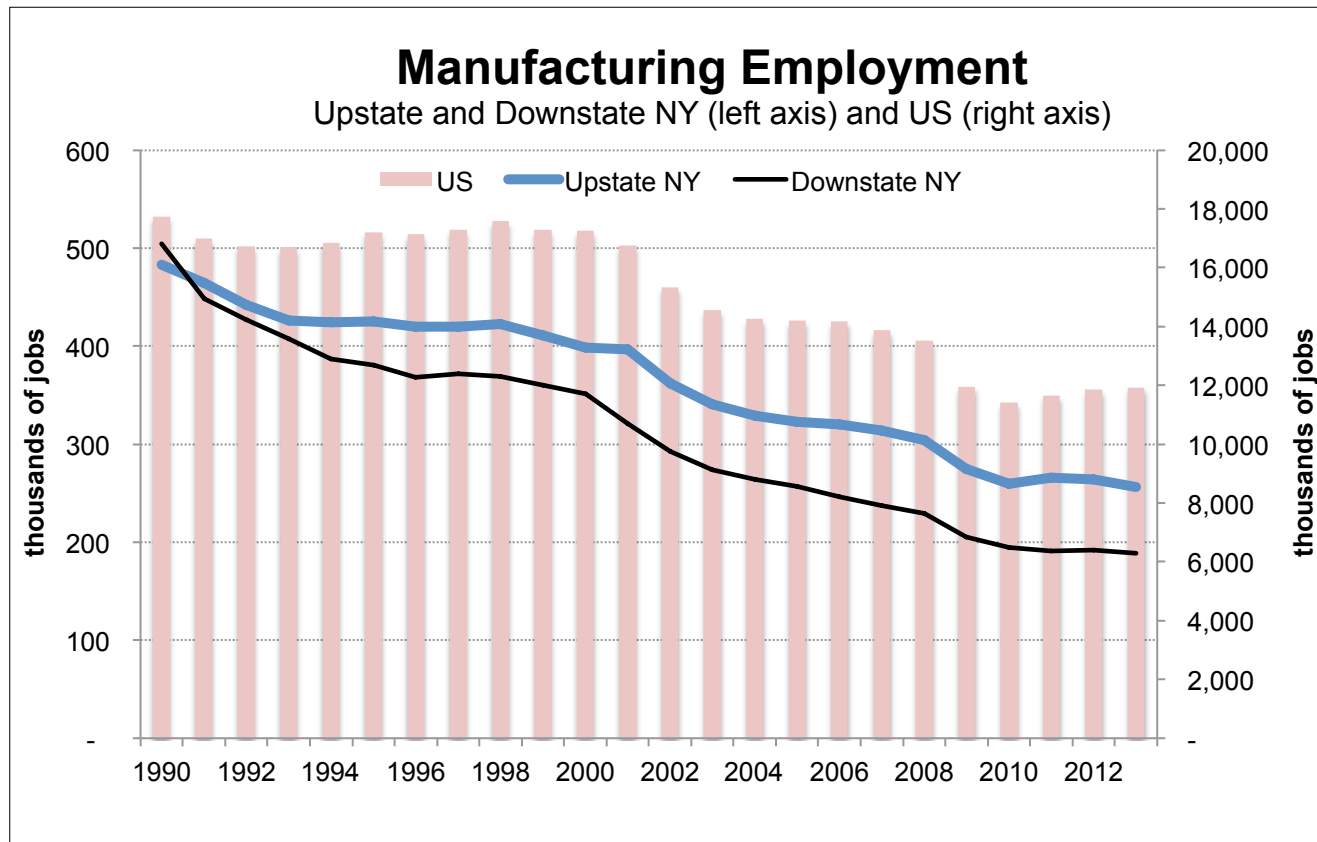
New York State Department of Labor



Upstate's share of total private employment in New York peaked at 34% in 1994 and has declined almost every year since, to a 2012 level of about 31%. Average annual private-sector employment in New York peaked in 2000, at just under 2.8 million jobs.



Relative to the US as a whole, upstate New York's share of total employment has dropped by one-third since 1970. Most of that decline came in two decades: the 1970s and the 1990s.



Since 1990, upstate New York has lost 227,000 manufacturing jobs. Manufacturing employment has declined even faster downstate (-316,000) — but those losses were offset by gains in other sectors.

Net Change in Manufacturing Employment, 2000-2010

(thousands of jobs)

	2000	2010	Number	Percent
US Total	17,249	11,425	(5,824)	-34%
New York State	750	454	(296)	-39%
Downstate MSAs	399	194	(204)	-51%
<i>Nassau-Suffolk</i>	105	73	(32)	-31%
<i>Poughkeepsie-Newburgh-Middletown</i>	31	18	(13)	-42%
<i>New York City</i>	179	77	(102)	-57%
<i>Putnam-Rockland-Westchester</i>	37	27	(10)	-28%
Upstate MSAs	399	260	(139)	-35%
<i>Albany-Schenectady-Troy</i>	29	20	(9)	-30%
<i>Binghamton</i>	23	15	(8)	-37%
<i>Buffalo-Niagara Falls</i>	83	49	(34)	-41%
<i>Elmira</i>	9	6	(3)	-34%
<i>Glens Falls</i>	8	6	(1)	-17%
<i>Ithaca</i>	4	3	(1)	-28%
<i>Kingston</i>	6	4	(3)	-44%
<i>Rochester</i>	102	59	(43)	-42%
<i>Syracuse</i>	45	27	(18)	-40%
<i>Utica-Rome</i>	19	11	(8)	-40%
Upstate Non-MSA	72	61	(11)	-15%

Source: US Bureau of Labor Statistics, non seasonally adjusted April totals; 2013 data are preliminary

Rochester, Syracuse and Buffalo lost at least 40% of their manufacturing jobs between 2000 and 2010. The more rural, non-metropolitan areas of upstate experienced a slower rate of decline.

Net Change in Manufacturing Employment, 2010-13

(thousands of jobs)

	2010	2013	Number	Percent
US Total	11,425	11,930	505	4.4%
New York State	454	445	(9)	-2.1%
Downstate MSAs	194	189	(6)	-2.9%
<i>Nassau-Suffolk</i>	73	72	(1)	-0.8%
<i>Poughkeepsie-Newburgh-Middletown</i>	18	18	(0)	-0.6%
<i>New York City</i>	77	74	(2)	-2.9%
<i>Putnam-Rockland-Westchester</i>	27	24	(2)	-9.1%
Upstate MSAs	260	256	(4)	-1.4%
<i>Albany-Schenectady-Troy</i>	20	23	3	13.4%
<i>Binghamton</i>	15	13	(2)	-13.8%
<i>Buffalo-Niagara Falls</i>	49	51	2	3.5%
<i>Elmira</i>	6	5	(1)	-8.8%
<i>Glens Falls</i>	6	6	(0)	-1.6%
<i>Ithaca</i>	3	3	0	6.5%
<i>Kingston</i>	4	3	(0)	-11.1%
<i>Rochester</i>	59	57	(2)	-3.7%
<i>Syracuse</i>	27	24	(2)	-8.6%
<i>Utica-Rome</i>	11	11	(0)	-3.6%
Upstate Non-MSA	61	60	(0)	-0.7%

Source: US Bureau of Labor Statistics, non seasonally adjusted April totals; 2013 data are preliminary

A gain of 505,000 jobs over the past three years has prompted talk of a manufacturing employment “renaissance” nationally – but most areas of New York, upstate and down, saw continued declines.

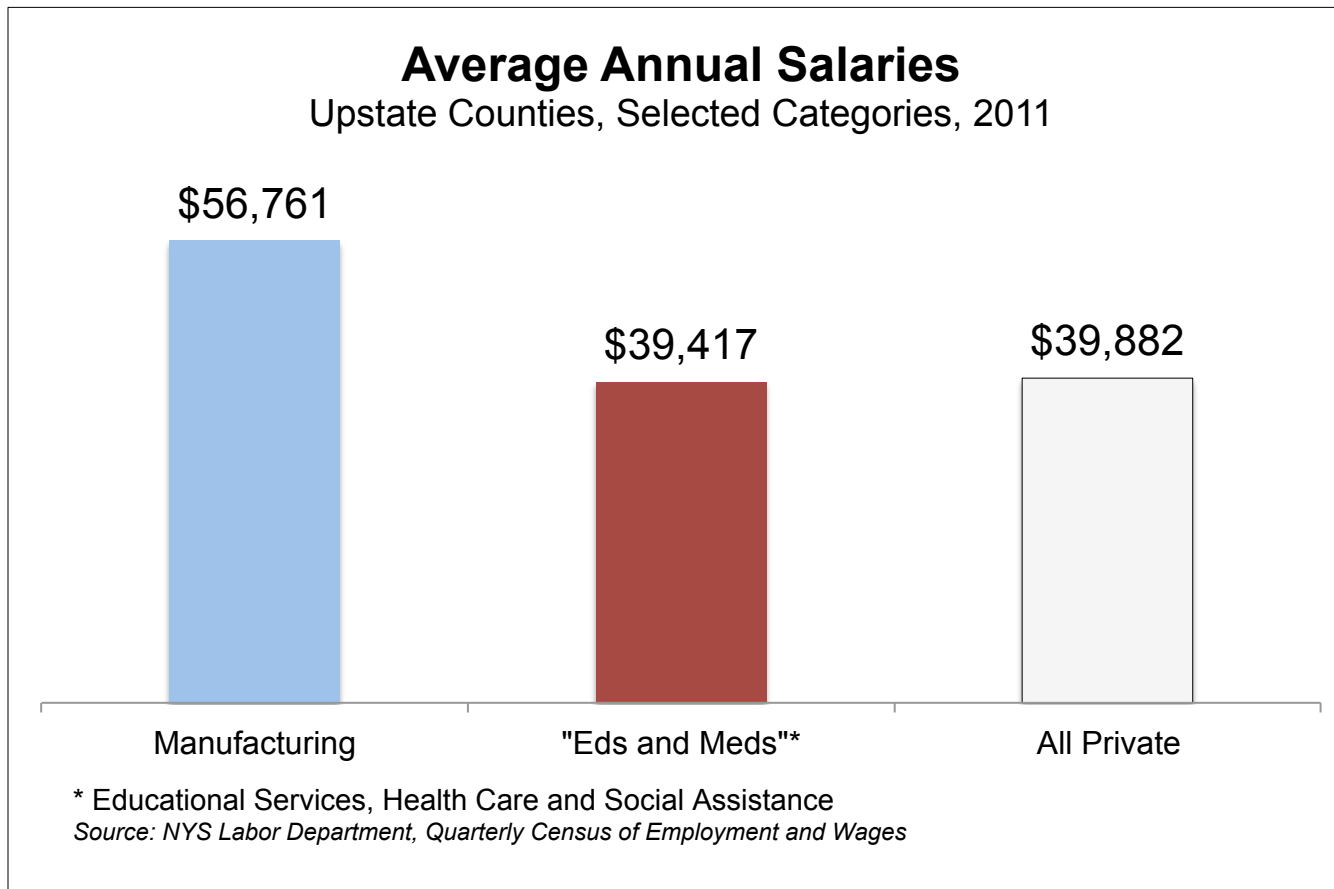
Education and Health Services Employment, 2000-2013

(thousands of jobs)

	2000	2013	Number	Percent
US Total	15,158	20,785	5,627	37%
New York State	1,399	1,825	426	30%
Downstate MSAs	947	1,241	293	31%
<i>Nassau-Suffolk</i>	184	238	55	30%
<i>Poughkeepsie-Newburgh-Middletown</i>	40	53	13	31%
<i>New York City</i>	623	793	170	27%
<i>Putnam-Rockland-Westchester</i>	101	120	19	19%
Upstate MSAs	451	584	133	29%
<i>Albany-Schenectady-Troy</i>	71	94	23	32%
<i>Binghamton</i>	15	17	2	11%
<i>Buffalo-Niagara Falls</i>	84	95	11	13%
<i>Elmira</i>	7	8	1	8%
<i>Glens Falls</i>	7	9	1	18%
<i>Ithaca</i>	29	38	9	31%
<i>Kingston</i>	10	11	1	9%
<i>Rochester</i>	93	118	25	27%
<i>Syracuse</i>	51	64	13	26%
<i>Utica-Rome</i>	21	28	6	30%
Upstate Non-MSA	62	103	41	65%

Source: US Bureau of Labor Statistics, non seasonally adjusted April totals; 2013 data are preliminary

Education and health services is the largest and fastest growing sector in terms of employment. “Eds and meds” growth in New York since 2000 has been behind the national pace, upstate and down.



Upstate manufacturing jobs on average pay 44% more than jobs in education and health care, and 42% more than the overall private average in the region.

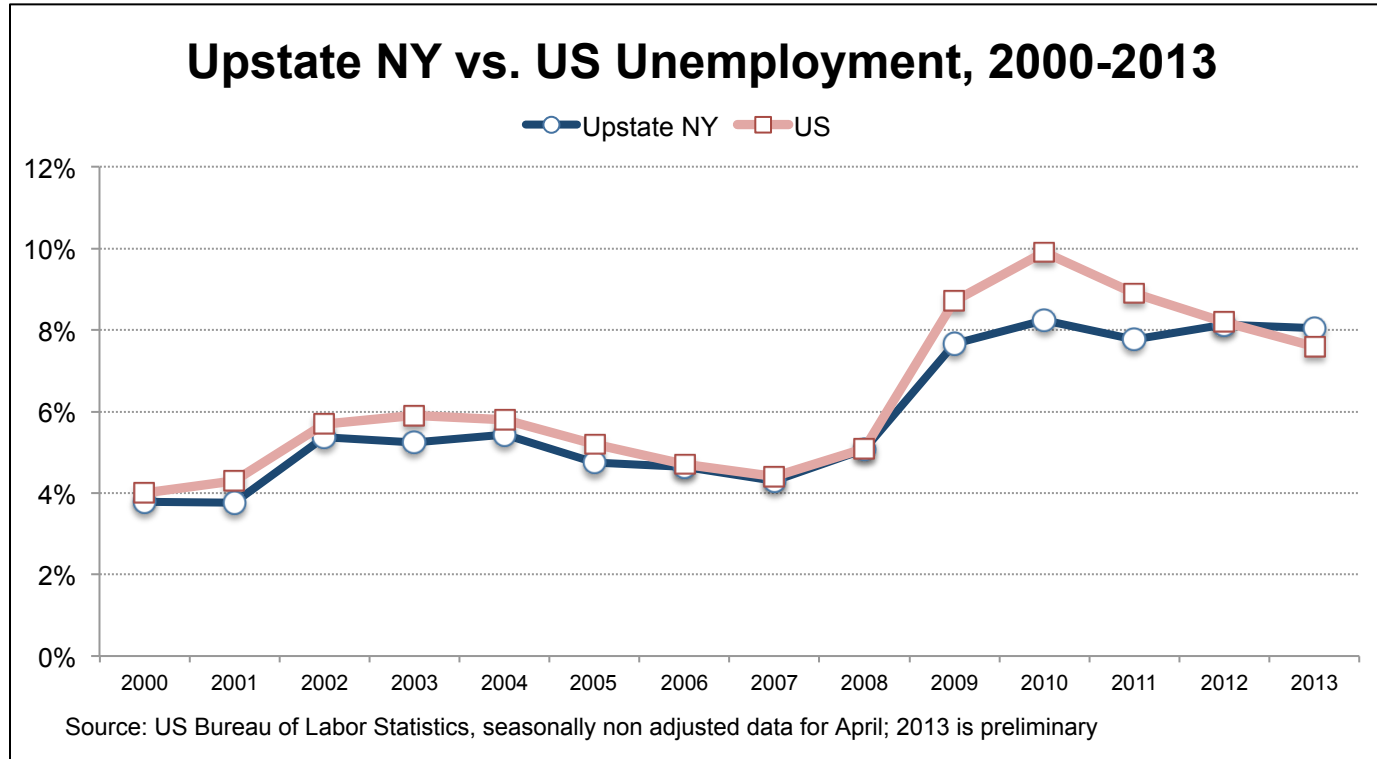
Average Private Salary (2011 Dollars)

<i>Labor Market Region</i>	<i>2000</i>	<i>2011</i>	<i>Change</i>
Capital	41,512	43,465	4.7%
Central	40,309	40,957	1.6%
Finger Lakes	43,060	41,917	-2.7%
Hudson Valley	50,920	52,530	3.2%
Long Island	49,352	50,865	3.1%
Mohawk Valley	32,282	34,469	6.8%
New York City	80,409	83,704	4.1%
North Country	31,987	33,303	4.1%
Southern Tier	41,710	41,385	-0.8%
Western New York	38,477	38,601	0.3%

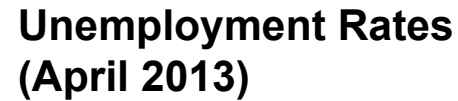
Source: NYS Labor Department, Quarterly Census of Employment and Wages






Between 2000 and 2011,* adjusting for inflation, the average annual private-sector salary decreased in the Finger Lakes and Southern Tier and barely rose in Western New York.

* Latest year which data from this source are available

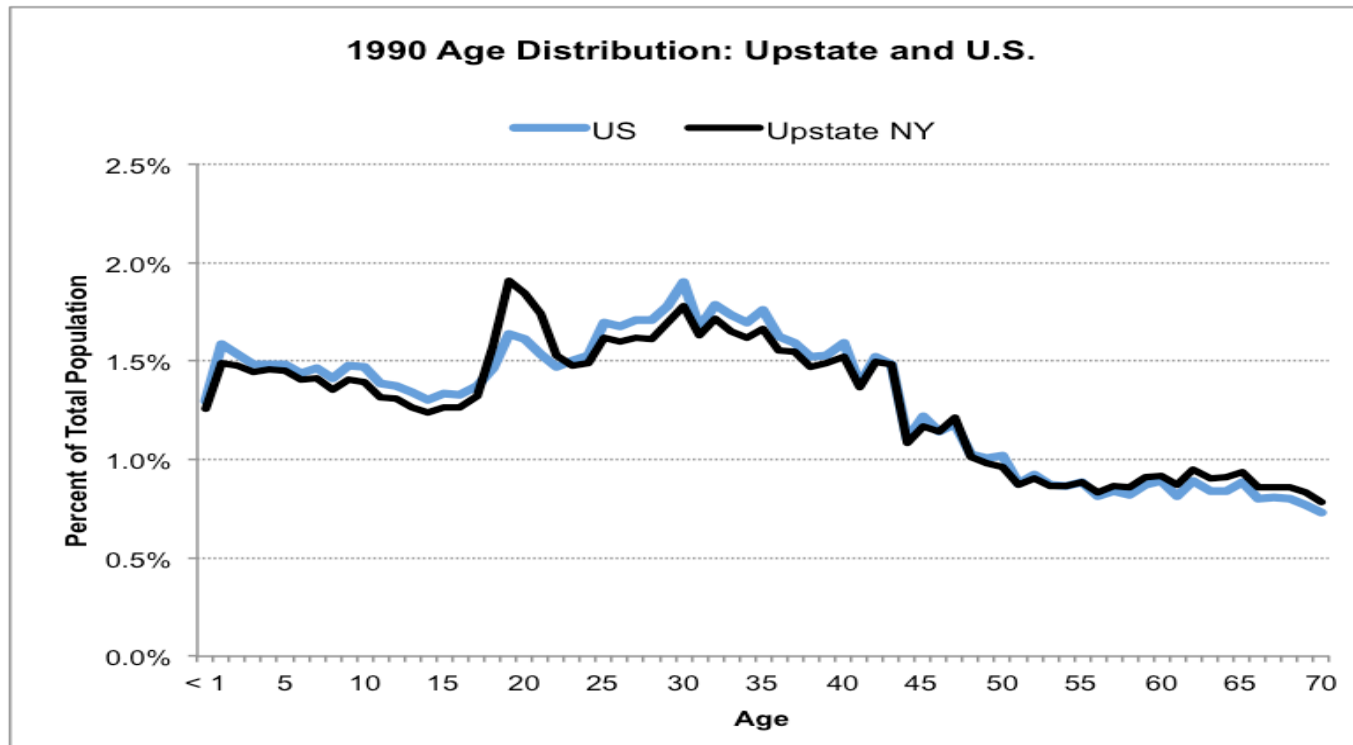


Despite the region's net job losses, the unemployment rate in upstate New York was at or below the national average from 2000 to 2012 — suggesting that job-seekers move elsewhere.

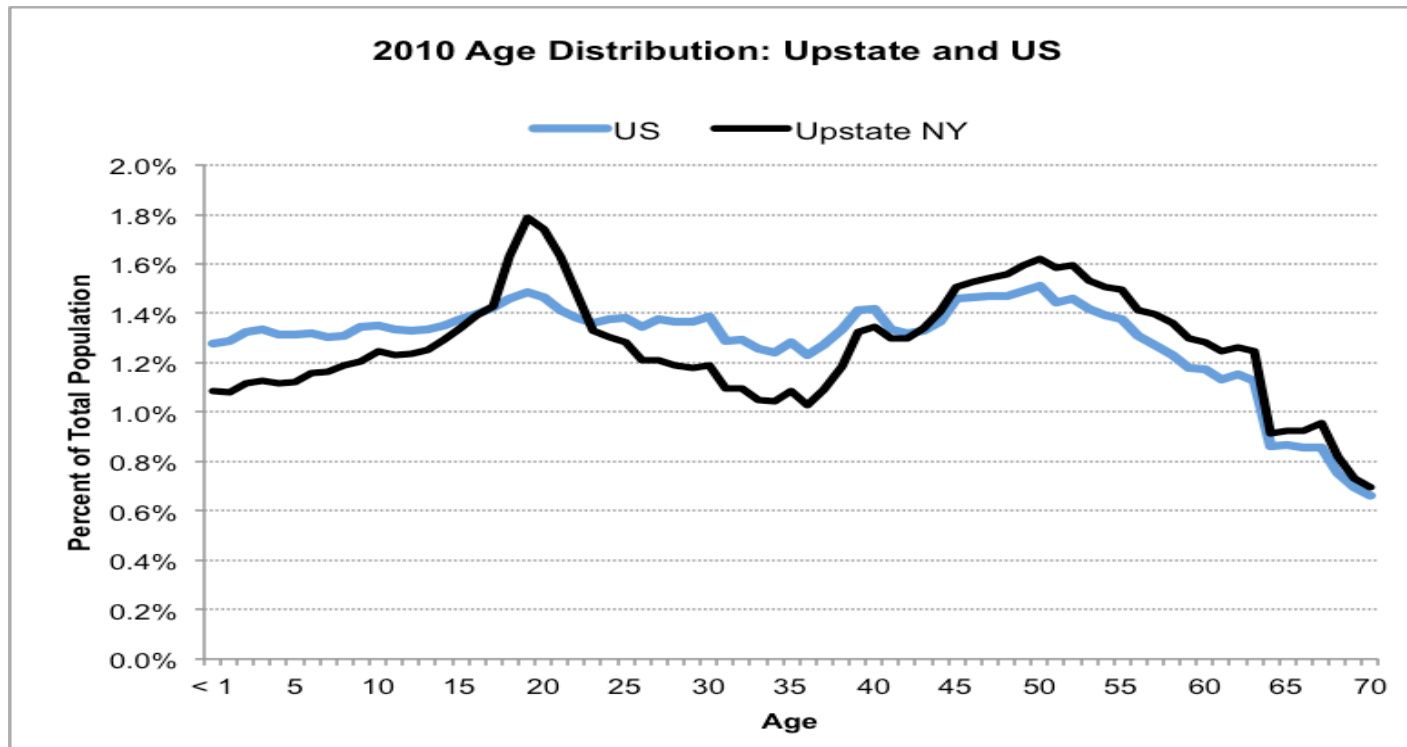


 **Rate is 10.0 percent or greater**
 **Rate is 9.0 - 9.9 percent**
 **Rate is 8.0 - 8.9 percent**
 **Rate is 7.0 - 7.9 percent**
 **Rate is less than 7.0 percent**

New York State Department of Labor



Upstate New York's age distribution closely tracked the nation's in 1990. Main deviation from the national norm was a larger percentage of residents in their late teens and early 20s, reflecting the region's exceptionally large concentration of colleges and universities.



The exodus of young adults from upstate after 1990 opened a noticeable gap between the region and U.S. in this category by 2010. With even fewer young people settling in the region, upstate's population of children also fell more sharply, while the middle-aged share increase.

Median Age of Population

	1990	2000	2010
All U.S.	32.9	35.3	37.2
New York State	33.8	35.9	38.0
<i>New York City</i>	<i>33.6</i>	<i>34.2</i>	<i>35.5</i>
<i>Downstate Suburbs</i>	<i>34.7</i>	<i>37.2</i>	<i>39.9</i>
<i>Upstate</i>	<i>33.4</i>	<i>37.1</i>	<i>40.0</i>

Source: U.S/ Census Bureau, RLS Demographics

Between 1990 and 2010, New York State aged faster than the rest of the country — and the trend was especially pronounced upstate. By 2010, Census data show, the upstate region's population included significantly fewer children, teens and young adults than the national average.



In sum

- Private employment upstate peaked in 2000 and hasn't fully recovered from the last two recessions.
- Binghamton, Elmira and Utica-Rome metropolitan areas have suffered the biggest job losses upstate since 2000.
- Real average private wages declined in the Southern Tier and Finger Lakes, and barely increased in Western New York, from 2000-2011.
- Upstate's relative economic decline is strongly related to its long-term loss of manufacturing jobs—which has exceeded the national decline—and its failure to generate sufficient new employment opportunities in other sectors.
- The lack of opportunity in upstate New York is reflected in population trends over the past two decades—especially the region's failure to retain young adults.