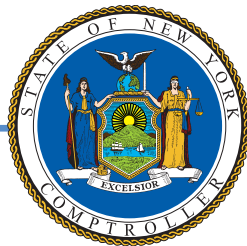
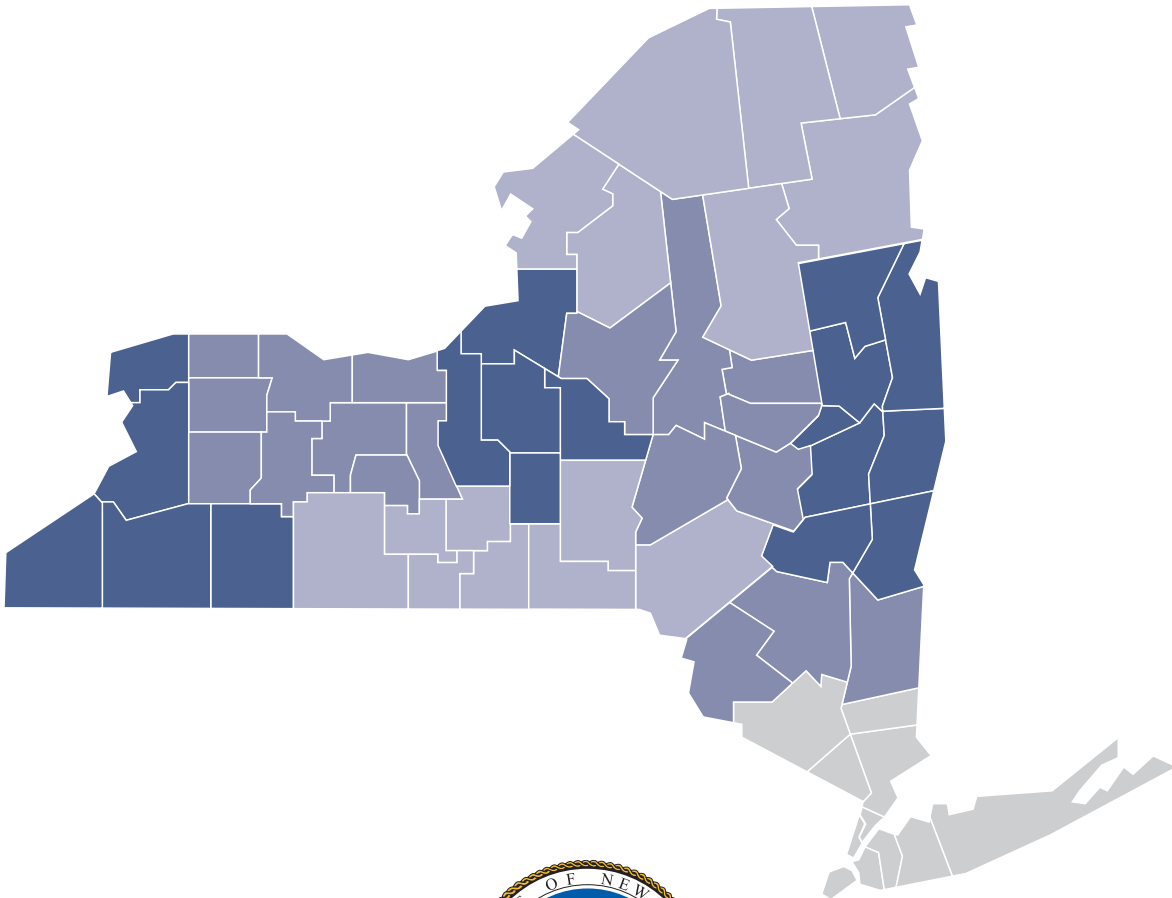

Uneven Progress: Upstate Employment Trends Since the Great Recession



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Message from the Comptroller



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An economic recession, as the old saying goes, is when your neighbor becomes unemployed—and a depression is when it happens to you. A similar logic applies to economic recoveries: whatever the experts may say about the national outlook, most of us are especially concerned about good jobs and good wages in our own communities.

This report explores employment and wage trends in upstate New York as a whole, and within specific regions. It identifies some bright signs. For example, wages increased throughout upstate New York from 2010 through 2015 by an overall average of 12.4 percent. The Finger Lakes, the Capital Region, Western New York and Central New York enjoyed wage growth well above the inflation rate, meaning increased purchasing power for families and individuals. Upstate wage growth accelerated in 2014 and again in 2015, and the overall average gain of 3.3 percent in 2015 outpaced both downstate and national averages. In addition, comparing the 12 months ending in June 2016 to the previous year, almost every upstate region saw an increase in jobs.

Still, progress remains uneven. The pace of job growth upstate continues to lag well behind downstate New York's and the nation as a whole. Overall upstate employment has not yet recovered fully from the losses associated with the Great Recession. Employment in two major sectors, information and government, declined noticeably upstate from 2010 to 2015.

Upstate New York is certainly not the only region of the country where employment trends remain a concern, and we can expect that the influence of global and national trends will be felt in often unpredictable ways.

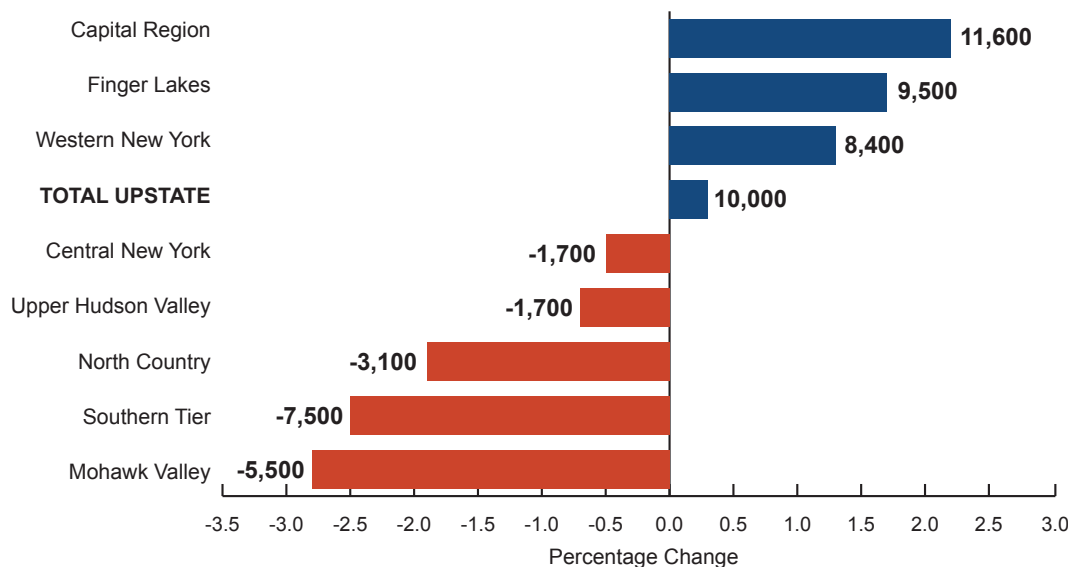
Policy makers at all levels continue to debate the best ways to promote job growth, from tax policy and business incentives to infrastructure investment and high-quality schools. Such discussions must include a clear understanding of what is happening in the economy—in other words, what is happening to working New Yorkers—across the State. This report is intended to help promote such understanding.

Thomas P. DiNapoli
State Comptroller

Upstate Employment Trends

Seven years into the current economic expansion, employment trends both nationwide and in New York State show a mixed picture. The period of labor market recovery and expansion following the Great Recession has been characterized as among the weakest in recent decades. Within the context of a slowly growing U.S. economy, job trends have varied dramatically not only across the nation but within the State as well. This report examines employment and wage trends across upstate New York in the period since the end of the recession in June 2009. Data in the report are from the Current Employment Statistics survey and Quarterly Census of Employment and Wages, as discussed further below.

FIGURE 1: Change in Total Employment, Upstate Regions, June 2009-June 2016



Source: New York State Department of Labor, Current Employment Statistics

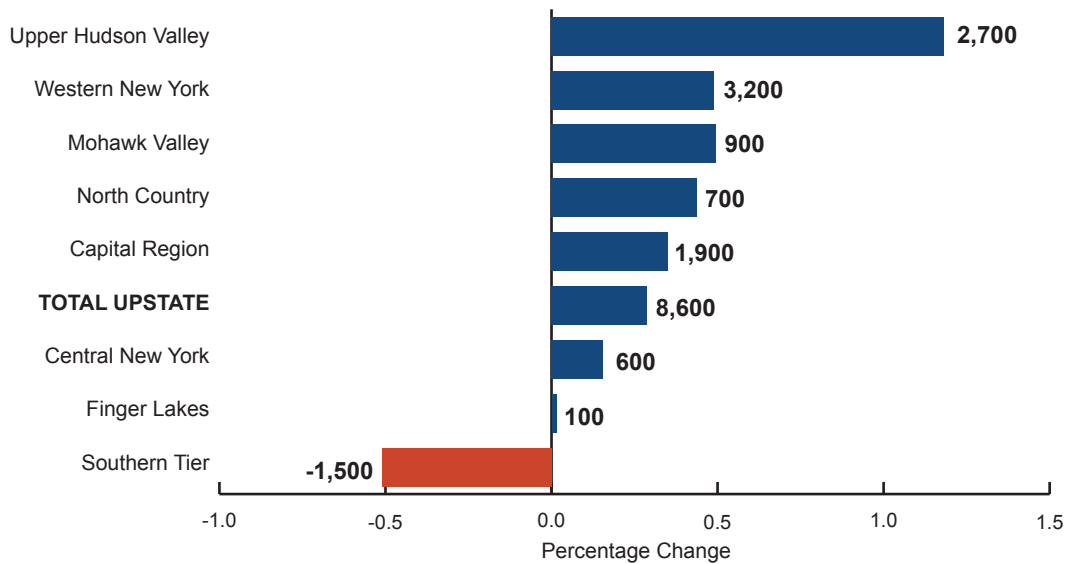
Figure 1 shows the percentage employment growth or decline in each upstate region from June 2009, when the last U.S. recession is generally considered to have ended, through June 2016.¹ Over that seven-year period, total upstate employment as reported by the Current Employment Statistics survey rose

¹ For purposes of this report, upstate is defined as all areas of New York other than Long Island, New York City, and Westchester, Orange and Rockland counties where Current Employment Statistics data is used. Where Quarterly Census of Employment and Wages data is used, because of differences in the data sets, Putnam County is also excluded from upstate. A list of counties included in each region appears in Appendix I.

The Business Cycle Dating Committee of the National Bureau of Economic Research determined in September 2010 that a trough in business activity occurred in the U.S. economy in June 2009, marking an end to the recession that began in December 2007. As the committee observed, "Economic activity is typically below normal in the early stages of an expansion, and it sometimes remains so well into the expansion." The Committee's report is available at <http://www.nber.org/cycles/sept2010.html>.

modestly, by 0.3 percent, reaching just over 3 million in June 2016.² The largest overall job growth, 2.2 percent, was in the Capital Region. Somewhat smaller gains occurred in the Finger Lakes and Western New York. Five regions lost jobs over the period, with the most pronounced declines occurring in the Mohawk Valley (down 2.8 percent) and the Southern Tier (a loss of 2.5 percent). The North Country, the Upper Hudson Valley and Central New York also experienced overall employment declines from June 2009 through June 2016.

FIGURE 2: Change in Total Employment, Upstate Regions, June 2015-June 2016

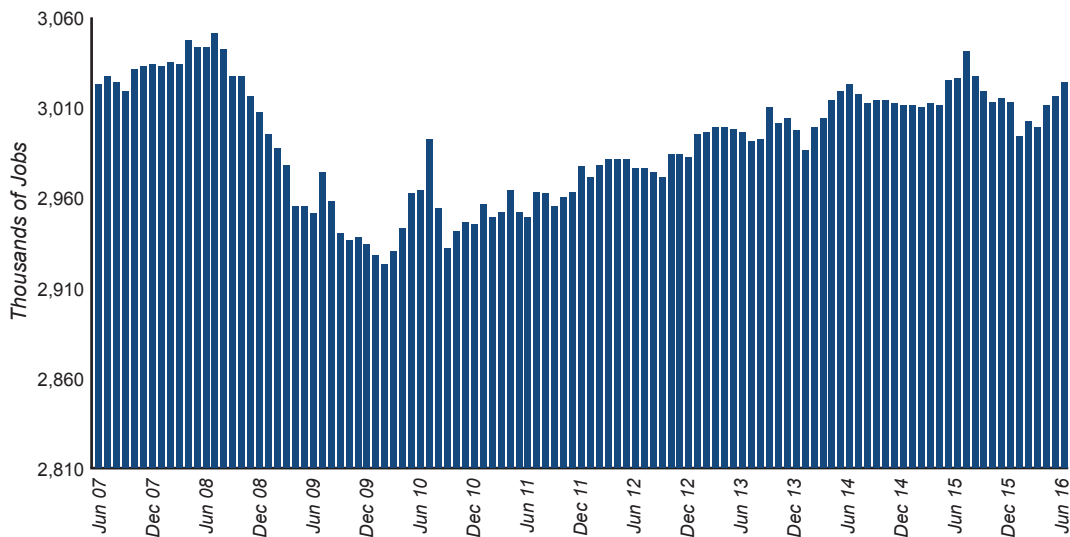


Source: New York State Department of Labor, Current Employment Statistics

Regional trends continued to vary widely in the most recent year, from June 2015 through June 2016, as shown in Figure 2 (numbers in Figures 1 and 2 reflect 12-month averages for the period ending in June each year). The Upper Hudson Valley (Dutchess, Sullivan, and Ulster counties) led upstate regions with employment growth of 1.2 percent during the year, while Western New York was second at 0.5 percent and led in the number of jobs gained at 3,200. Employment also rose in most other regions. However, employment in the Finger Lakes region was relatively unchanged over the year, after outperforming most upstate areas over the preceding six years. Total employment declined in the Southern Tier during the most recent year, continuing its overall trend since June 2009. Overall, upstate regions added a net total of 8,600 jobs over the year.

² Except where otherwise indicated, Current Employment Statistics figures in this report are based on 12-month averages using non-seasonally-adjusted data.

FIGURE 3: Total Upstate Employment, 2007–2016



Source: New York State Department of Labor, Current Employment Statistics, seasonally adjusted; OSC analysis

Figure 3 shows upstate employment totals by month from June 2007 through June 2016, using seasonally adjusted data to allow month-to-month comparisons. Overall employment reached a peak of more than 3.05 million jobs in mid-2008 and declined almost continuously over the following 19 months to a recessionary trough of 2.9 million in February 2010. As of June 2016, upstate had regained 79 percent of the total 128,000 jobs lost during and after the recession.

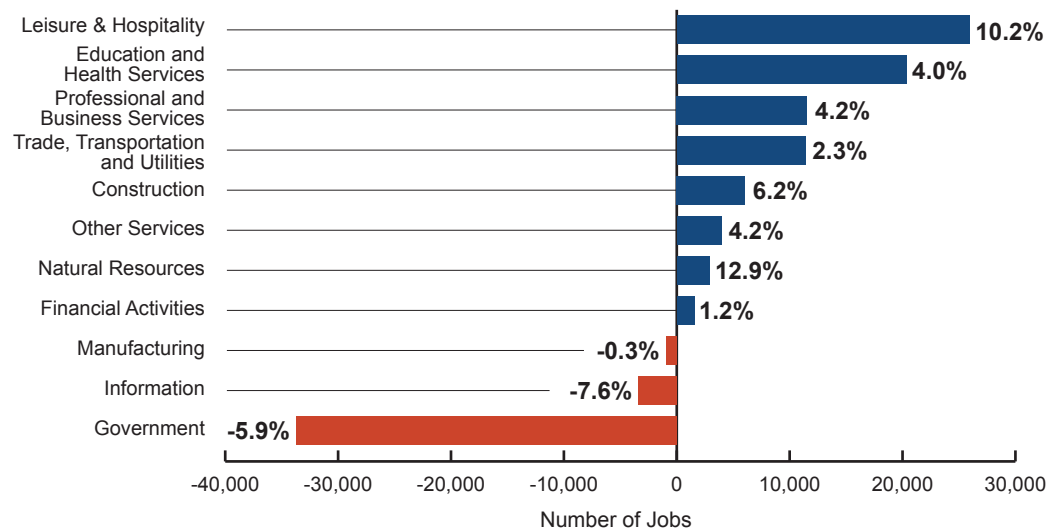
Total employment across upstate New York stood at slightly over 3 million in June 2016, representing 32 percent of all jobs statewide.

While Current Employment Statistics data provides the most current data on job numbers, its separate Quarterly Census of Employment and Wages (QCEW) permits more in-depth analysis of certain labor market trends, including assessment of relative wages in sectors that are growing or declining. QCEW data discussed below are final for calendar years 2010 through 2014 and preliminary for 2015.

Among industry sectors, upstate New York's largest employment growth during the period from 2010 through 2015 was in leisure and hospitality, which added almost 26,000 jobs, as shown in Figure 4. Of this job growth, 87 percent was added in the accommodation and food services industry (over 22,000 jobs). Education and health services contributed more than 20,000 jobs. Both the professional and business services sector and the trade-transportation-utilities sector also grew by more than 10,000 jobs over the period. The largest percentage increase among major sectors was in natural resources (which includes mining, agriculture and other activities), at 12.9 percent. Despite that comparatively large percentage gain, the overall employment increase was among the smallest of any sector because of the limited extent of natural resources employment in New York.

By far the largest job losses of any sector during the period were those in government, with a decline of 5.9 percent or almost 34,000 jobs. Such reductions were widespread across upstate regions, as discussed further below. The information sector also experienced a noticeable drop in percentage terms, while manufacturing employment fell slightly over the period.

FIGURE 4: Change in Upstate Employment by Industry Sector, 2010-2015

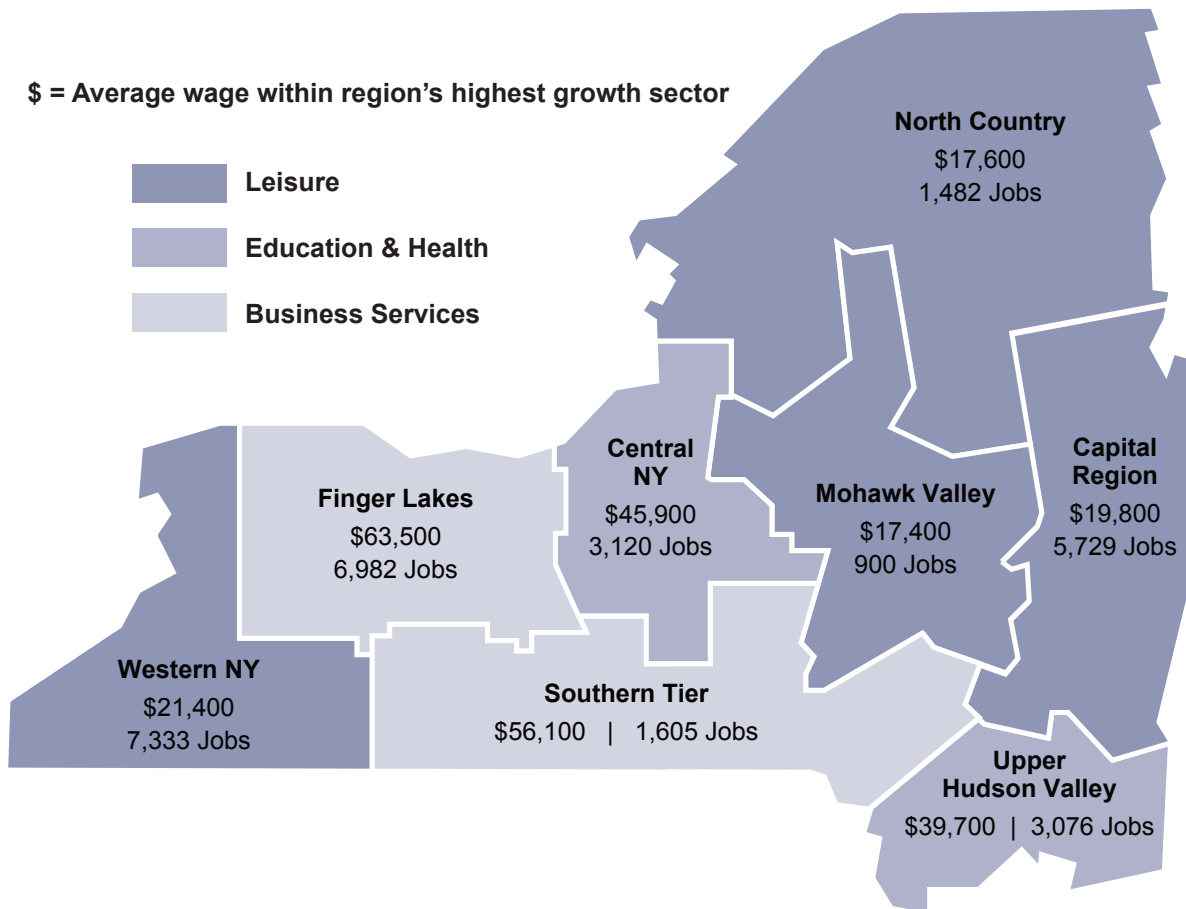


Source: New York State Department of Labor, Quarterly Census of Employment and Wages

While overall job trends vary among upstate regions, each enjoyed growth in one or more industry sectors. Figure 5 displays the sector in each region with the largest number of jobs added from 2010 to 2015, with dollar figures indicating the average annual wage in that sector in the particular region.

In two regions, the Finger Lakes and the Southern Tier, the largest numbers of new jobs over the period were in the highly paid professional and business services sector (including legal and accounting services, among others), with annual average wages in 2015 of \$63,500 and \$56,100, respectively. Central New York and the Upper Hudson Valley each added more than 3,000 jobs in education and health services. In the four other upstate regions, the largest concentrations of new jobs were in the leisure and hospitality sector, with comparatively lower wages.

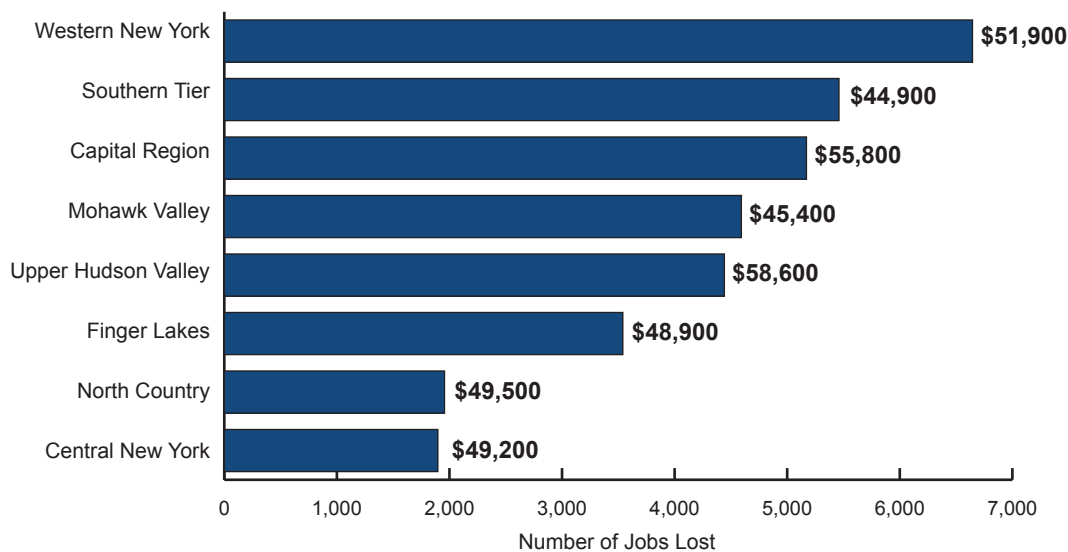
FIGURE 5: Highest Growth Industries in Each Region, 2010-2015



Source: New York State Department of Labor, Quarterly Census of Employment and Wages

In every upstate region, the largest numbers of job losses from 2010 to 2015 were in the government sector, as illustrated in Figure 6. Western New York, the largest overall labor market in the group, had the largest numerical decline at more than 6,500 jobs. The Southern Tier and the Capital Region also each lost more than 5,000 public sector jobs over the period. Annual average wages in this sector ranged from \$44,900 in the Southern Tier to \$58,600 in the Upper Hudson Valley.

FIGURE 6: Decline in Government Jobs by Region, 2010-2015
(Dollar figures are average annual wages for government jobs in 2015)



Source: New York State Department of Labor, Quarterly Census of Employment and Wages

While the largest job losses over the past five years were in government, this sector is still the largest employer overall upstate. In every upstate region, the government sector—including jobs in public school districts, municipalities, the State court system and certain other State and federal agencies—is a major source of employment and, in three regions, it is the largest. In the North Country, the government sector provided more than one in every four jobs overall in 2015, as shown in Figure 7. The concentration of public sector jobs upstate, averaging 21 percent, is significantly higher than the 14 percent average in the downstate region.

The education and health services sector, including the hospitals that are among the largest individual employers in many communities, represents the second-largest sector overall in upstate New York. The trade, transportation and utilities sector is important in every region, as well.

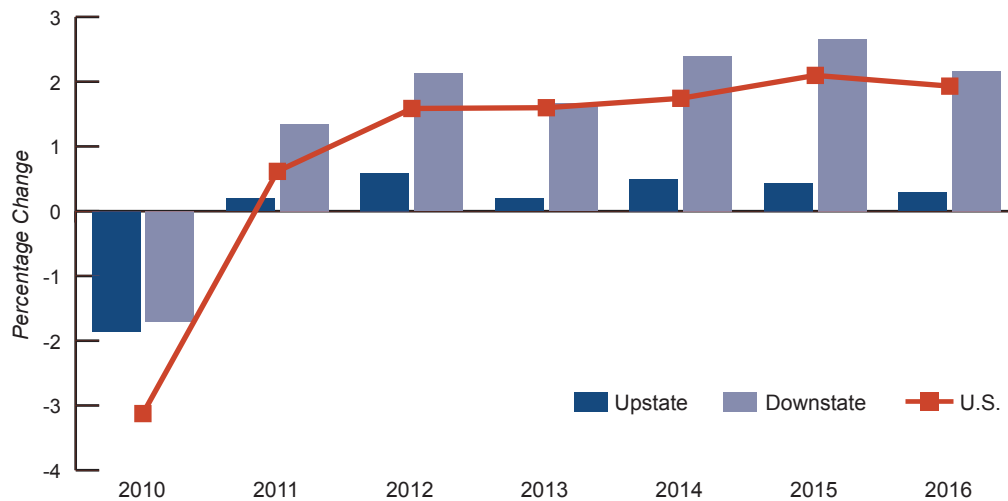
FIGURE 7: Distribution of Employment by Industry in the Upstate Regions, 2015

	Capital Region	Central New York	Finger Lakes	Mohawk Valley	North Country	Southern Tier	Upper Hudson Valley	Western New York
Government	22%	18%	16%	23%	29%	19%	20%	17%
Education & Health Services	18%	18%	20%	22%	17%	21%	22%	16%
Trade, Transportation & Utilities	17%	21%	16%	19%	19%	16%	18%	18%
Professional & Business Services	11%	10%	12%	6%	5%	9%	7%	12%
Leisure & Hospitality	10%	10%	9%	9%	11%	9%	11%	11%
Manufacturing	6%	9%	12%	9%	7%	13%	7%	11%
Financial Activities	5%	5%	4%	5%	2%	4%	4%	6%
Construction	4%	4%	4%	3%	4%	3%	4%	4%
Other Services	4%	3%	4%	3%	3%	3%	4%	4%
Information	2%	1%	2%	1%	1%	1%	1%	1%
Natural Resources	1%	1%	1%	1%	2%	1%	1%	0%

Source: New York State Department of Labor, Quarterly Census of Employment and Wages

While upstate New York has been gaining jobs, its rate of employment growth remains considerably below that achieved downstate, and well below the national pace. In contrast, downstate New York outperformed overall U.S. employment growth for each of the three years ending in June 2014, 2015 and 2016, as shown in Figure 8.

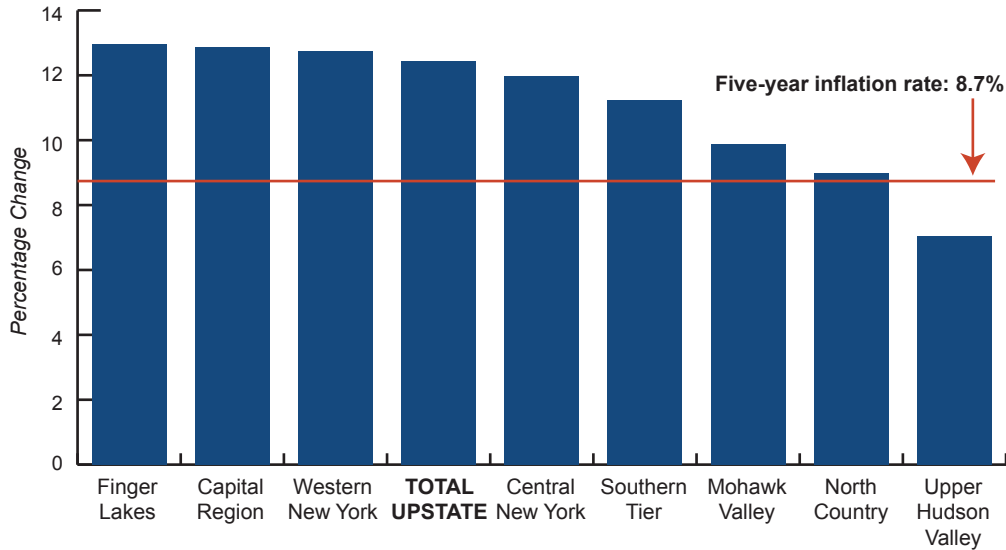
FIGURE 8: Employment Losses and Gains, Upstate and Downstate (12-month averages for each year ending in June)



Source: U.S. Bureau of Labor Statistics and New York State Department of Labor, Current Employment Statistics

Despite continuing economic challenges reflected in some of the employment figures in this report, most upstate regions enjoyed average wage growth that outpaced inflation from 2010 through 2015, as shown in Figure 9.

FIGURE 9: Average Wage Growth by Upstate Region, 2010-2015

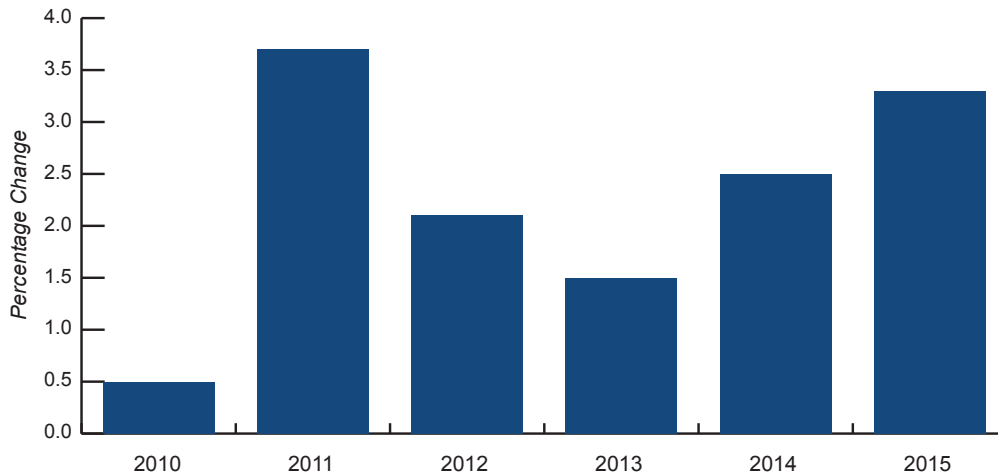


Source: New York State Department of Labor, Quarterly Census of Employment and Wages

With inflation over the period totaling 8.7 percent (represented by the horizontal line in Figure 9), the overall average upstate wage gain of 12.4 percent represented increased purchasing power for many households across upstate New York. While the average wage change, by definition, includes some workers who experienced higher wage gains and others whose wages were flat or even declining, these figures are one important, positive indicator for the upstate economy. Four regions—the Finger Lakes, the Capital Region, Western New York and Central New York—enjoyed average wage increases of 12 percent or more over the period. The Southern Tier, the Mohawk Valley and North Country regions saw average wages rise by the inflation level or more, while only the Upper Hudson Valley experienced average wage growth at a rate below inflation for the period.

The pace of upstate’s average wage growth accelerated in both 2014 and 2015, as shown in Figure 10. The 3.3 percent growth in 2015 outpaced wage growth downstate and nationally, which experienced gains of 1.8 percent and 3.1 percent, respectively.

FIGURE 10: Growth in Upstate Average Wages, 2010-2015



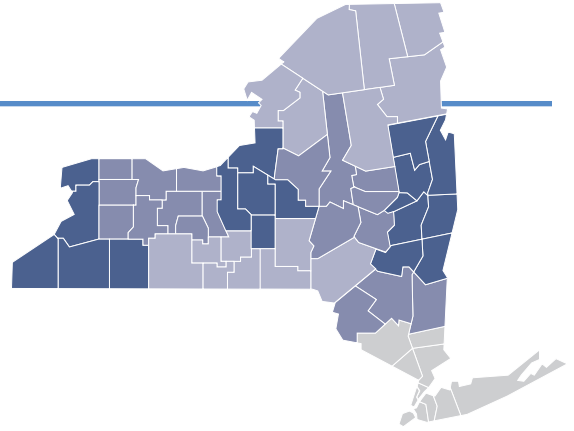
Source: New York State Department of Labor, Quarterly Census of Employment and Wages

Conclusion

Job counts and other measures of economic activity at the state and national levels command considerable public attention. However, these headline numbers can obscure significant local differences. Historically, employment trends and other indicators have varied dramatically across regions in New York State, and they continue to do so today. Since the Great Recession ended seven years ago, the downstate area has enjoyed comparatively strong overall employment gains, outpacing the nation’s job growth. Upstate regions, by contrast, have lagged well behind both the national and downstate trends, continuing a pattern that predates the recession.

The specific causes of upstate’s lingering economic challenges are beyond the scope of this report, and are the subject of ongoing analysis by economists and others. Policy makers also continue to debate the most effective approaches to rejuvenating the upstate economy and laying the foundation for the good jobs New Yorkers need. The data in this report is intended to contribute to a clearer understanding of recent trends and to enhance policy discussions going forward.

Appendix I



Upstate Counties by Region

Capital Region

Albany
Columbia
Greene
Rensselaer
Saratoga
Schenectady
Warren
Washington

Central New York

Cayuga
Cortland
Madison
Onondaga
Oswego

Finger Lakes

Genesee
Livingston
Monroe
Ontario
Orleans
Seneca
Wayne
Wyoming
Yates

Upper Hudson Valley*

Dutchess
Sullivan
Ulster

Mohawk Valley

Fulton
Herkimer
Montgomery
Oneida
Otsego
Schoharie

North Country

Clinton
Essex
Franklin
Hamilton
Jefferson
Lewis
St. Lawrence

Southern Tier

Broome
Chemung
Chenango
Delaware
Schuyler
Steuben
Tioga
Tompkins

Western New York

Allegany
Cattaraugus
Chautauqua
Erie
Niagara

* Putnam County is included within Upper Hudson Valley where Current Employment Statistics data is used.

Appendix II

Key Employment and Wage Data By Region

	TOTAL EMPLOYMENT (Thousands of Jobs)					WAGES (Average Annual)	
	June 2009	June 2015	June 2016	Change June 2009- June 2016	Change June 2015- June 2016	2015	Change 2010-2015
Capital Region	538.0	547.7	549.6	11.6	1.9	\$50,155	12.9%
Central New York	364.9	362.7	363.2	(1.7)	0.5	\$46,073	12.7%
Finger Lakes	564.7	574.1	574.2	9.5	0.1	\$47,132	13.0%
Upper Hudson Valley	233.6	229.2	231.9	(1.7)	2.7	\$46,112	7.5%
Mohawk Valley	196.1	189.7	190.6	(5.5)	0.9	\$39,361	9.9%
North Country	163.6	159.8	160.5	(3.1)	0.7	\$39,914	9.0%
Southern Tier	296.0	290.0	288.6	(7.4)	(1.4)	\$44,898	11.2%
Western New York	653.0	658.2	661.4	8.4	3.2	\$44,079	12.7%

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