

EMPLOYMENT IN NEW YORK STATE

RESEARCH AND STATISTICS



At a Glance

New York State had 9,492,300 total nonfarm jobs in July 2022, including 8,030,300 private sector jobs, after seasonal adjustment. The state's seasonally adjusted private sector job count increased by 0.5% in June-July 2022, while the number of private sector jobs in the nation increased by 0.4% over this period. From July 2021 to July 2022, the number of private sector jobs increased by 5.5% in the state and by 4.5% in the nation (not seasonally adjusted).

In July 2022, New York State's seasonally adjusted unemployment rate held steady at 4.4%. The comparable rate for the nation in July 2022 was 3.5%.

New York State's seasonally adjusted labor force participation rate increased from 60.1% to 60.3% in July 2022.

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CHANGE IN NONFARM JOBS | NEW YORK STATE

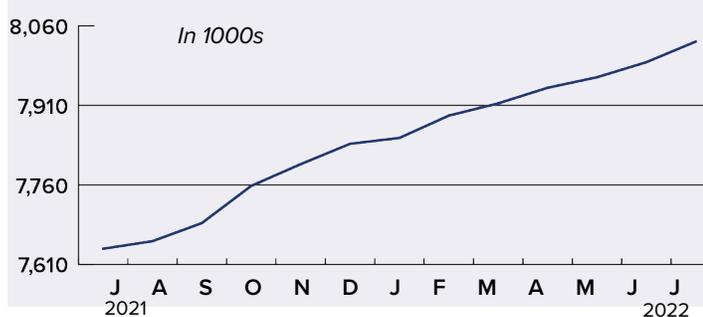
July 2021 - July 2022

(Data not seasonally adjusted, net change in thousands)

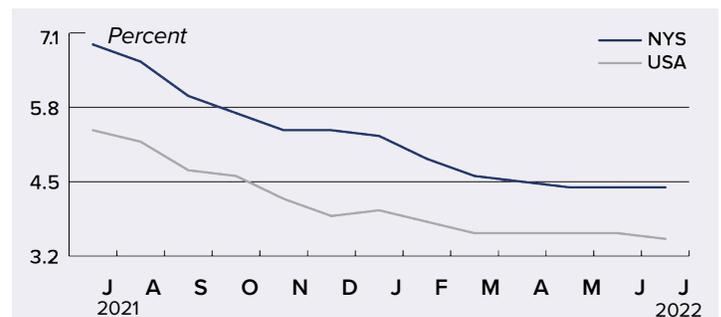
	NET	%
TOTAL NONFARM JOBS	451.1	5.0
PRIVATE SECTOR	421.5	5.5
Goods-producing	10.7	1.3
Nat. res. & mining	-0.2	-3.5
Construction	0.3	0.1
Manufacturing	10.6	2.6
Durable gds.	5.9	2.5
Nondurable gds.	4.7	2.7
Service-providing	440.4	5.3
Trade, trans. & util.	52.0	3.7
Wholesale trade	7.9	2.6
Retail trade	25.4	3.1
Trans., wrhs. & util.	18.7	6.6
Information	23.8	8.4
Financial activities	10.0	1.4
Prof. & bus. svcs.	90.6	7.0
Educ. & health svcs.	88.6	4.4
Leisure & hospitality	117.6	14.7
Other services	28.2	7.7
Government	29.6	2.1

IN JULY 2022...

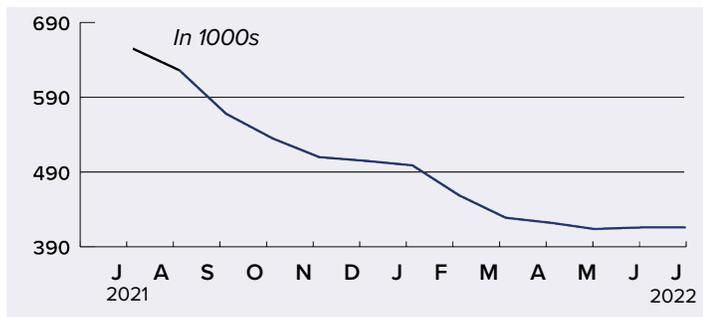
NYS PRIVATE SECTOR JOBS* | INCREASED



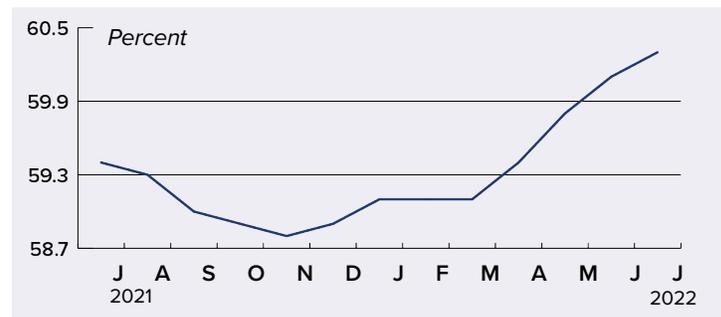
NYS UNEMPLOYMENT RATE* | HELD STEADY



NYS UNEMPLOYMENT* | HELD STEADY



NYS LABOR FORCE PARTICIPATION RATE* | INCREASED



*Seasonally adjusted

Recessions: Analysts Debate Whether We Are in One Now

Labor indicators show few signs of current weakness....

by Steven Koczak, PhD, Program Research Specialist II and Kevin Jack, Deputy Director

“I would be surprised if there were a recession without much job loss.”

*Prof. Gregory Mankiw
Harvard U., July 4, 2022*

Despite a strong labor market and rising wages, several recent headwinds—the highest inflation rate in 40 years, record-low consumer sentiment, and record-high pessimism among small-business owners—all point to a slowing U.S. economy. The big question among many analysts now is whether the U.S. economy is in, or is headed into, a recession.

In this article, we consider alternative recession definitions, who decides if we're in one, how the severity of recessions is measured, and the primary causes of recessions. We close with a brief discussion of leading economic indexes.

What is a Recession and Are We in One Now?

One informal definition used to describe a recession is two consecutive quarters of decline in real (inflation-adjusted) gross domestic product (GDP). Real GDP decreased at an annual rate of 0.9% in the second quarter of 2022, following a decrease of 1.6% in the first quarter. By this informal definition, the U.S. economy went into recession in 2022.

Prof. Robert Barro of Harvard observes that since 1948 the U.S. economy showed 10 periods with two or more consecutive quarters of negative real GDP growth, all of which correspond to the eventual declaration of a recession. However, the booming labor market in 2022 gives little indication of currently being in recession. From January to July 2022, the nation's unemployment rate fell from 4.0% to 3.5%, matching its 50-year low. Moreover, the U.S. economy added 3.3 million jobs over this seven-month period, which exceeds the amount of employment creation in most years.

Another informal recession indicator is the “Sahm Rule,” which holds that most U.S. recessions since World War II have featured at least a 0.5 percentage point jump in the three-month moving average of the unemployment rate relative to its lowest point in the previous 12 months. This has not occurred yet.

As noted, neither the Sahm Rule nor the two-quarters notion are official indicators of recession. Further, they're in conflict with each other. So, by these two well-known informal standards, the evidence for the U.S. being in a recession is mixed at best.

Who Dates Recessions?

The National Bureau of Economic Research (NBER), a non-partisan research organization, developed a more flexible recession definition: “A significant decline in economic activity spread across the economy, lasting more than a few months.” This rather broad definition gives the NBER wide latitude in defining a recession. Many analysts prefer the NBER's definition since, in their view, a single statistic cannot measure something as complex as the U.S. economy. The NBER has, by common agreement by most economists and most others who study these matters, been the arbiter of business cycles in this country for roughly 100 years.

Specifically, the cycles are dated by the NBER's Business Cycle Dating Committee (BCDC), which is comprised of eight academic economists. The BCDC examines many economic indicators, including (but not limited to) personal income, various measures of employment, retail sales, and industrial production.

In evaluating the severity of a downturn, the BCDC examines these three recession D's:

- **Depth:** How bad is it? This is often gauged by the decline in real GDP or increase in the unemployment rate.
- **Duration:** How long does it last? The median length of recessions since 1980 is eight months.
- **Diffusion:** Is economic weakness widespread across many industries?

What Causes Recessions?

The Congressional Research Service lists three main causes of recessions:

- **Overheating:** Refers to an economy that is growing faster than it can sustain, thus causing inflation, which triggers a spiral of factors that cause a contraction.
- **Asset Bubbles:** These occur when market prices in some sector increase over time and trade far higher than fundamentals would suggest. The dot-com bubble of the late 1990s and the mortgage-based derivatives bubble of the 2000s both led to recessions.
- **Economic Shocks:** This refers to negative and unexpected events that are external to the economy. For example, the two OPEC oil price shocks of the 1970s.

Predicting the Future

If you want to infer the future direction of the economy, which indicator(s) should you use? One solution is to combine several measures that exhibit changes before the overall economy does, known as “leading” indicators, into a composite leading economic index (LEI) of future economic activity. The Conference Board (TCB) has created a popular LEI that combines 10 separate indicators that reflect employment, household income, industrial output, and business revenue that tend to lead the U.S. economy. The LEI is used to predict peaks and troughs in the business cycle by about seven months ahead.

Movement in the LEI, which is highly correlated with changes in real GDP, is used by investors, policymakers, analysts, and others to help predict the direction of economies and financial markets. In July 2022, the LEI declined for a fifth consecutive month. According to TCB, this suggests “recession risks are rising in the near term” and “that economic weakness will intensify and spread more broadly throughout the U.S. economy.” The figure on page 3 shows trends in the LEI since 1980.

Continued on page 3

Analysts continue to be divided on the issue of whether the U.S. is headed for an economic downturn. For example, 40% of economists surveyed by *Blue Chip Indicators* in August 2022 believed the U.S. would enter a recession in 2022, while 53% thought this would occur in 2023.

Regardless of when or why they occur, recessions create economic hardship with more people out of work and businesses struggling for customers. Fortunately, recessions are infrequent and tend to be short when they occur. In the words of the NBER, “[e]xpansion is the normal state of the economy.”

LEADING ECONOMIC INDEX

THE CONFERENCE BOARD'S U.S. LEADING ECONOMIC INDEX

January 1980 - July 2022



Source: The Conference Board

UNEMPLOYMENT RATES IN NEW YORK STATE

UNEMPLOYMENT RATES IN NEW YORK STATE

Data Not Seasonally Adjusted

	JUL '21	JUL '22		JUL '21	JUL '22		JUL '21	JUL '22
New York State	7.1	4.8	Hudson Valley	4.9	3.4	Finger Lakes	5.0	3.6
Capital	4.5	3.2	Dutchess	4.7	3.3	Genesee	4.3	3.0
Albany	4.6	3.3	Orange	4.9	3.5	Livingston	4.4	3.4
Columbia	3.9	2.9	Putnam	4.4	3.2	Monroe	5.4	3.9
Greene	5.1	3.6	Rockland	4.7	3.2	Ontario	4.3	3.1
Rensselaer	4.6	3.3	Sullivan	4.9	3.2	Orleans	5.5	4.2
Saratoga	3.9	2.8	Ulster	4.8	3.4	Seneca	4.6	3.0
Schenectady	5.1	3.6	Westchester	5.1	3.5	Wayne	4.5	3.3
Warren	4.5	3.2	Mohawk Valley	5.3	3.9	Wyoming	4.3	3.0
Washington	4.4	3.2	Fulton	5.6	4.1	Yates	3.8	2.8
Central New York	5.1	3.7	Herkimer	5.7	3.9	Western New York	5.6	4.0
Cayuga	4.8	3.6	Montgomery	5.8	4.3	Allegany	5.5	4.1
Cortland	5.4	4.0	Oneida	5.2	3.8	Cattaraugus	5.5	4.2
Madison	4.7	3.4	Otsego	4.7	3.5	Chautauqua	5.5	4.1
Onondaga	5.1	3.6	Schoharie	4.7	3.5	Erie	5.5	4.0
Oswego	5.7	4.3	North Country	5.0	3.9	Niagara	5.7	4.1
Southern Tier	5.0	3.7	Clinton	4.9	3.7	Long Island	4.7	3.3
Broome	5.5	4.1	Essex	4.5	3.1	Nassau	4.7	3.2
Chemung	5.4	4.0	Franklin	4.9	3.6	Suffolk	4.8	3.4
Chenango	4.5	3.3	Hamilton	3.5	2.6	New York City	10.1	6.6
Delaware	5.1	3.9	Jefferson	5.0	3.9	Bronx	13.7	9.1
Schuyler	4.6	3.2	Lewis	4.8	3.6	Kings	10.4	6.8
Steuben	5.1	3.7	St. Lawrence	5.7	4.6	New York	7.8	5.2
Tioga	4.6	3.2				Queens	9.8	6.1
Tompkins	4.3	3.2				Richmond	9.1	6.4

FOCUS ON New York City

Legalization of Recreational Cannabis Expected to Boost City's Economy

by Elena Volovelsky, Labor Market Analyst, New York City Region

Last year, New York became the 15th state in the U.S. to legalize recreational cannabis. An economic assessment conducted by the State Department of Taxation and Finance estimated that recreational marijuana sales could balloon to \$7 billion once the market is fully established. In turn, this would generate about \$340 million in additional taxes annually and create up to 60,000 jobs. New York City, which is home to four out of ten New Yorkers, is expected to be the prime beneficiary of the legalization of recreational marijuana.

Focus on Social Justice

The new cannabis laws are intended to not only generate revenues for the state, but also to reverse some of the negative impacts of the "Rockefeller drug laws" of the early 1970s, which were considered the harshest in the country. Under the new legislation, 50% of cannabis licenses are to be issued to "social equity applicants," or those from communities who were disproportionately impacted by cannabis criminalization. In addition, New York committed to reinvesting 40% of annual tax revenue into affected communities, with another 40% earmarked for public education, and the remaining 20% going toward drug treatment, prevention, and education.

Cannabis Jobs and Wages

As more states have legalized the medical and recreational use of marijuana, the industry has grown rapidly. The Economic Policy Institute estimated that, in 2020, legal cannabis supported between 240,000 and 321,000 full-time equivalent jobs nationally. This is roughly equivalent to the number of professional firefighters (about 317,000) in the U.S.

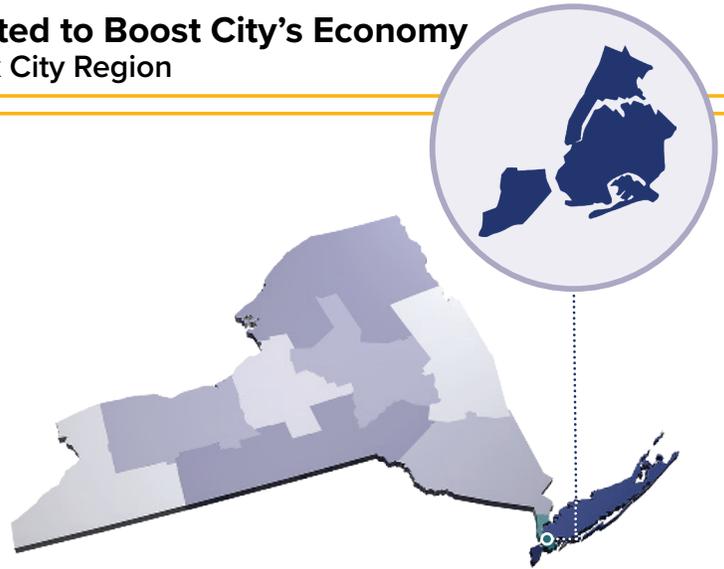
The cannabis industry can be divided into three broad lines of business:

- Cultivation of raw materials
- Processing of those materials into goods
- Distribution and sale of those goods to consumers

In New York City, most cannabis industry jobs are in warehousing and retail, with smaller shares in operations, management, and other categories. Most jobs in warehousing and retail do not require an advanced degree and pay close to the minimum wage, although union-negotiated wage floors are generally about \$3 above minimum wage.

Denver-based Vangst, the cannabis industry's largest recruiting platform, recently released the results of a 2021 salary survey. It found that the number of managerial and corporate jobs had grown, although only about 3.5% of all professional cannabis jobs in the nation are currently based in New York City.

In 2021, positions in cannabis warehousing, retail, and delivery pay wages similar to those seen in the previous year. Professional cannabis occupations offered compensation comparable to other industries, suggesting an absence of any social stigma that would require higher pay. Currently, Vangst lists about 30 open positions in New York City, many of them professional opportunities in management and operations.



NYC is expected to be the prime beneficiary of the legalization of recreational marijuana.

Impact on Tourism

A recent research study showed legal cannabis consumption rose in the U.S. during the COVID pandemic, with some people turning to marijuana to cope with business lockdowns and broken routines. This has contributed to a booming global cannabis market, which is projected to be worth \$90 billion by 2026. One major beneficiary from this rapid growth and the legalization of recreational cannabis in the state is New York City's tourism sector.

Compared to previous decades, fewer people consider marijuana to be harmful. Work by MMGY Travel Intelligence found that about one in five Americans qualify as "cannabis-motivated travelers." This means they actively seek out and are interested in cannabis-related activities on vacation. This appears to be part of a growing trend. Nine months after Illinois legalized recreational cannabis in January 2020, nearly 30% of cannabis purchases were made by non-residents.

New York City has always been a global tourist destination and will remain one regardless of cannabis consumption laws. However, adding an "Amsterdam vibe" to the city's ample charms will help spur the recovery of the still-lagging leisure and hospitality sector as well as other tourism-affiliated industries. In expectation of increased tourism interest, entrepreneur Robert Frey plans to open a museum dedicated to cannabis, called the House of Cannabis NYC, in the SoHo district in Manhattan. While there won't be any on-site consumption of cannabis, the museum's plans include exhibits about the history, educational programs, and community events.

Conclusion

The legalization of marijuana is only just beginning to impact the New York City economy and labor market. The cannabis industry has the potential to offer many benefits to the state, from higher tax revenues to innovative medical research to workforce development opportunities. Only time will tell whether the early promises of legalization will live up to their potential.

Regional Analysts' Corner

CAPITAL

Kevin Alexander — 518-242-8245

Over the past year, the private sector job count in the Capital Region rose by 12,500, or 3.0%, to 436,100 in July 2022. Job gains were largest in educational and health services (+4,200), trade, transportation and utilities (+2,700), professional and business services (+2,000), leisure and hospitality (+1,700), financial activities (+1,200) and other services (+700). Losses were centered in natural resources, mining and construction (-300).

CENTRAL NY

Karen Knapik-Scalzo — 315-479-3391

The number of private sector jobs in the Syracuse metro area increased over the past year by 9,200, or 3.8%, to 254,400 in July 2022. Employment gains occurred in leisure and hospitality (+3,200), professional and business services (+2,500), trade, transportation and utilities (+1,300), educational and health services (+900), financial activities (+600), other services (+500) and manufacturing (+300).

FINGER LAKES

Tammy Marino — 585-258-8870

From July 2021 to July 2022, the private sector job count in the Rochester metro area rose by 11,100, or 2.6%, to 443,700. Over-the-year gains were largest in leisure and hospitality (+3,800), professional and business services (+1,600), educational and health services (+1,400), trade, transportation and utilities (+1,400), other services (+1,200), manufacturing (+900) and natural resources, mining and construction (+600).

HUDSON VALLEY

John Nelson — 914-997-8798

Over the past year, the number of private sector jobs in the Hudson Valley grew by 32,100, or 4.2%, to 803,300 in July 2022. The largest gains were in leisure and hospitality (+8,800), professional and business services (+8,200), educational and health services (+6,000), other services (+4,000), natural resources, mining and construction (+2,800), trade, transportation and utilities (+2,500) and manufacturing (+700). Losses occurred in financial activities (-1,400).

LONG ISLAND

Shital Patel — 516-934-8533

For the year ending July 2022, private sector jobs on Long Island increased by 28,800, or 2.6%, to 1,135,100. Gains were largest in leisure and hospitality (+8,900), professional and business services (+7,600), trade, transportation and utilities (+7,500), other services (+5,200) and educational and health services (+1,300). Losses were greatest in financial activities (-1,400) and natural resources, mining and construction (-400).

MOHAWK VALLEY

Brion Acton — 315-793-2282

For the 12-month period ending July 2022, the number of private sector jobs in the Mohawk Valley region rose by 2,500, or 1.8%, to 141,300. Over-the-year employment gains were greatest in leisure and hospitality (+1,400), trade, transportation and utilities (+700), financial activities (+200), manufacturing (+200) and professional and business services (+200). Job losses were greatest in information (-200).

NEW YORK CITY

Elena Volovelsky — 718-613-3971

The private sector job count in New York City rose over the past year by 297,500, or 8.1%, to 3,956,100 in July 2022. Gains were greatest in leisure and hospitality (+84,100), educational and health services (+68,700), professional and business services (+64,600), trade, transportation and utilities (+31,300), information (+21,400), other services (+14,300) and financial activities (+10,400). Losses occurred in natural resources, mining and construction (-200).

NORTH COUNTRY

Konstantin Sikhaou — 518-523-8957

For the 12-month period ending July 2022, the private sector job count in the North Country region increased by 1,400, or 1.3%, to 110,100. The largest over-the-year employment gains were registered in leisure and hospitality (+1,200) and professional and business services (+200).

SOUTHERN TIER

Christian Harris — 607-741-4480

For the year ending July 2022, the number of private sector jobs in the Southern Tier increased by 5,300, or 2.5%, to 215,700. Employment gains were greatest in educational and health services (+2,400), leisure and hospitality (+1,500), professional and business services (+500), financial activities (+400), other services (+400) and manufacturing (+300). Losses occurred in information (-300).

WESTERN NY

Timothy Glass — 716-851-2742

Over the past 12 months, the private sector job count in the Buffalo-Niagara Falls metro area rose by 17,900, or 4.0%, to 460,400 in July 2022. The largest gains occurred in leisure and hospitality (+6,200), educational and health services (+3,900), trade, transportation and utilities (+3,900), manufacturing (+1,500), other services (+1,300), professional and business services (+700) and financial activities (+400).