Labor Market Trends in the Region

Jaison R. Abel, Research Officer

Investing in America’s Workforce: Perspectives from Western New York
Buffalo, NY; March 27, 2017

The views expressed here are those of the presenter and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.
Overview

• Regional economic conditions have improved noticeably in recent months, particularly in the manufacturing sector.

• Job growth in upstate NY has been slow and steady through the expansion, with Buffalo faring better than many of its upstate peers.

• As job growth has picked up, especially in the middle of the wage distribution, businesses in the region report widespread difficulty finding workers with all types of skills.
Recent Economic Performance
Current Economic Conditions
FRBNY Regional Business Surveys

Source: Federal Reserve Bank of New York.
Regional Employment Trends

Total Employment Through Jan 2017, Seasonally Adjusted

Index (December 2007 = 100)

Dashed Line Indicates U.S. Employment Trough (February 2010)

Shading indicates NBER recession

Buffalo Job Growth by Sector
12-Month Change Through January 2017

Upstate Manufacturing Trends

Indexes of Manufacturing Employment, Seasonally Adjusted

Index (Jan1990=100)

Shading indicates NBER recessions

The Return of Middle-Wage Jobs
Job Categories
Based on 2015 Median Wages, United States

Job Gains and Losses in the United States

Net Change in Total Employment, Thousands

Middle-Wage Jobs Returning

• Growth in traditional blue collar jobs:
  - Construction
  - Production
  - Transportation
  - Installation & Repair

• Education jobs growing again as local government fiscal pressures have subsided.

• Rebound in Administrative Support jobs.
Job Gains and Losses in Downstate NY

Net Change in Total Employment, Thousands

2007 to 2010

2010 to 2013

2013 to 2015

Job Gains and Losses in Upstate NY

Net Change in Total Employment, Thousands

2007 to 2010

-72

2010 to 2013

-25

2013 to 2015

19

Job Gains and Losses in Buffalo NY

Net Change in Total Employment, Thousands

2007 to 2010

-16

Middle Wage

Lower Wage

2010 to 2013

-6

Middle Wage

2013 to 2015

3

Middle Wage

A Shrinking Middle
Share of Jobs by Wage Group, 2007 and 2015

Difficulty Finding Skilled Workers

FRBNY Supplemental Survey Report, April 2015

Percentage Reporting Difficulty

<table>
<thead>
<tr>
<th>Skill</th>
<th>Empire State Manufacturing Survey</th>
<th>Business Leaders Survey</th>
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<tr>
<td>Advanced Computer</td>
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<td>45</td>
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<tr>
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<td>Punctuality/Reliability</td>
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<td>34</td>
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