

The PACE/SkillPROOF IT INDEX REPORT

NEW YORK COUNTY (MANHATTAN) REPORT
JULY 2010



In recent years, technical innovation has helped many companies reduce costs, increase efficiencies, and exploit new revenue opportunities. Indeed, technological innovation has been a key driver to survival during these turbulent times.

As companies begin to rebound from the recession, IT employment opportunities are likely to increase. Leveraging this innovation and ongoing capitalization of growth opportunities ensures the continuous need for seasoned IT professionals, particularly IT managers.

In addition, a growing trend is the need for business-savvy technologists who can readily demonstrate the value of IT as a strategic business enabler. This further solidifies the growing demand for IT professionals in what is otherwise a less than favorable employment environment.

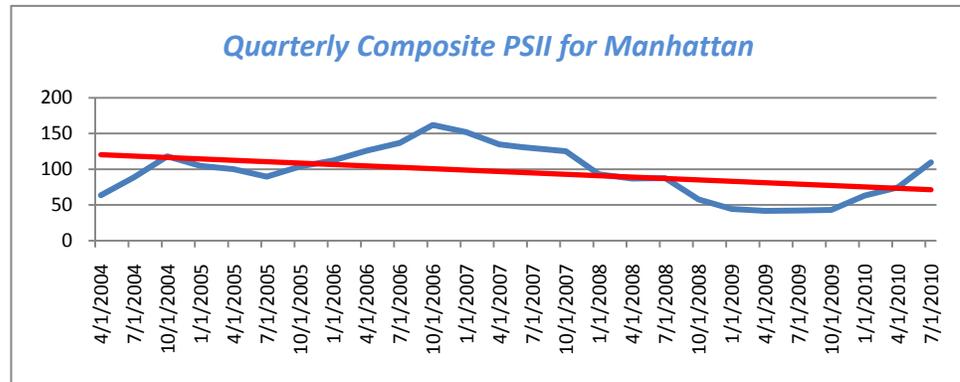
-- **Louis A. Trebino, Jr.**
Senior VP & CIO
The Harry Fox Agency, Inc.

HFA is the premier mechanical licensing agency for the music industry in the U.S.

Largest Quarterly Gain since 2004 in Manhattan IT Job Market

The Pace/SkillPROOF IT Index (PSII), an indicator of employment activity in the IT industry in Manhattan, showed remarkable strength during the second quarter. The index surged from 74 to 110, a 47 percent increase which was the largest quarterly gain since the data were first gathered in 2004. The increase is particularly reassuring because it follows three consecutive quarters of an improving job market, indicating an enduring recovery for Manhattan IT professionals.

This is in sharp contrast to the employment picture in the nation as a whole. The 290,000 new jobs reported in April, followed by 433,000 in May, triggered renewed optimism that the Great Recession was finally ending and that unemployment would continue to decline. Those hopes were dashed when only 83,000 private sector jobs were created in June, many fewer than anticipated. This discrepancy may be explained, in part, by the fact that IT professionals are well-educated and have the highest level of employment.



Jobless Rates and Education

Although overall unemployment remains unacceptably high, the numbers to some extent are “deceptive” (*The New York Times*, Saturday July 3, 2010) because of the high correlation between education and employment. For example, for the past three quarters, the unemployment rate for people 25 years old and over with a bachelor’s degree or higher has not gone above 5.0 percent, while the rate for people with less than a high school diploma exceeded 15.0 percent. Since 2000, the unemployment level for college graduates has averaged 2.6 percent.

Educational Attainment	Unemployment Rate		
	April 2010	May 2010	June 2010
No high school diploma	14.7	15.0	14.1
High school graduates, no college	10.6	10.9	10.8
Some college or associate degree	8.3	8.3	8.2
Bachelor’s degree and higher	4.9	4.7	4.4

<http://Data.bls.gov/>

EARLY BAROMETER: WHAT THE INDEX TRACKS

The Pace/SkillPROOF IT Index tracks job openings in New York County (Manhattan) and in a separate report, Westchester County, NY. Both use data obtained by SkillPROOF, Inc, based on a selection of 130 blue chip companies from a cross section of major US industries. Their names are proprietary, but all post openings for jobs in the New York area and automatically update job openings on their Web sites. Regional extrapolations are based on a formula derived from BLS data and other calculations. For more information see www.skillproof.com. The Pace Index is calculated in three formats: the weighted average of the job postings as a snapshot of the IT job market, and year-to-year and month-to-month changes in major categories as diffusion indexes. For more information about the methodology visit the PSII Web site at <http://www.pace.edu/psii>.

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Quarterly Quote

“Computing is not about computers any more, it is about living.”

Nicholas Negroponte
Co-founder and Director,
MIT Media Laboratory

Technology's Promise: Highlights from the TechCast Project

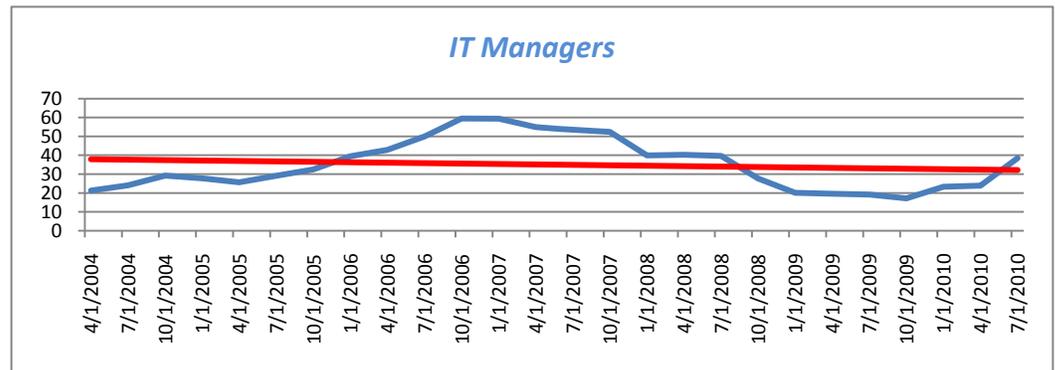
The ongoing TechCast Project pools the insights of 100 high-tech executives, scientists, engineers, and academics around the world to outline how the technology revolution is poised to transform life over the next 20 to 30 years. Among their forecasts:

- The Hydrogen Economy will seriously begin to supersede the Oil Economy by about 2020.
- The portability, power, and connectivity of media devices will make entertainment-on-demand a force to be reckoned with among mass-entertainment providers....
- Often described as Wi-Fi on steroids, WiMAX (Worldwide Interoperability for Microwave Access) will cover entire countries with a vibrant, high-speed wireless communications network. Internet and other data and video applications will be available anywhere with many applications for automobiles.

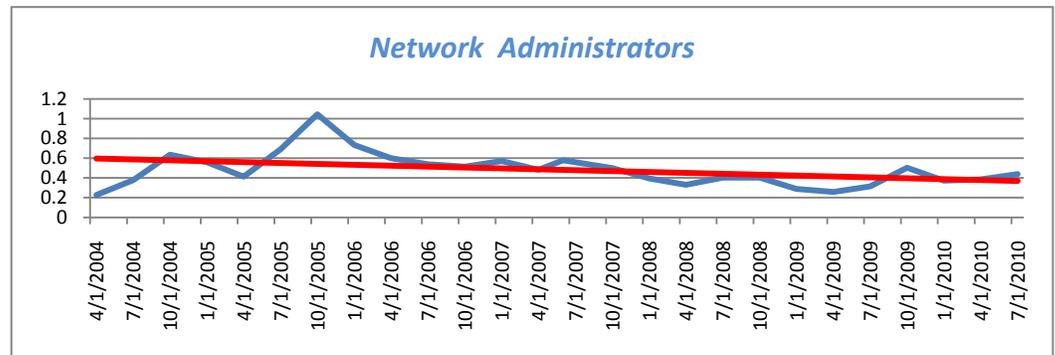
2nd Quarter Analysis

On the surface it seems that our last quarter prediction that “The dramatic growth of the IT industry in Manhattan is a significant sign of economic recovery” was ill-advised. The economy is continuing to struggle, overall job growth is anemic, and the Consumer Confidence Index has plummeted from 62.7 to 52.9. However, a closer look at the data provides more positive information. According to the Bureau of Labor Statistics (BLS), highly educated professionals, including those in the IT industry, have historically had an unemployment rate of 2.6 percent, much lower than the natural rate, and slightly over 4.6 percent in the last three quarters.

While employment was up in all BLS categories of the IT sector, there was considerable variation among occupations. The largest contributors to overall growth were **IT Managers**, at 61 percent, followed closely by **Network and Data Communications Analysts**, at 60 percent.



Categories showing smaller gains include **Database Administrators**, at 14 percent, and **Network Administrators**, at a 16 percent increase.



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