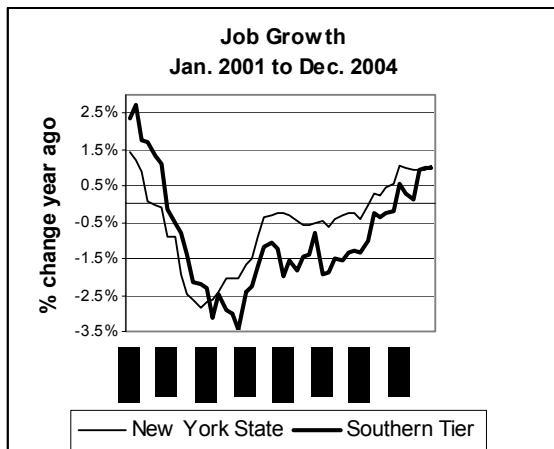
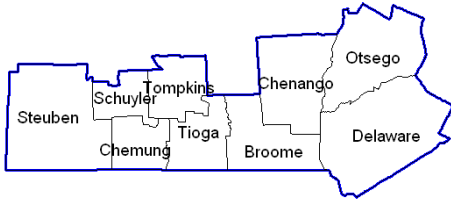


Southern Tier

The Southern Tier region consists of two metropolitan statistical areas, Binghamton (Broome and Tioga County) and Elmira (Chemung County), and six additional surrounding counties.



Southern Tier Data Bank			
	SOU	NYS	US
Population	719,376	---	---
2004 Estimate			
%Change 2000-2004	0.06%	1.32%	4.35%
Employment			
1st Half 2005-2004 (%Chg)			
Elmira	-1.8%	0.95%	1.7%
Binghamton	-0.37%	----	----
Ithaca	1.7%	----	----
Unemployment			
2005 1st Half(#)	17,350	472,583	----
2005 1st Half(rate)	5.0%	5.1%	5.3%
# of Private business('03)	SOU	NYS	
Establishments	14,753	530,527	
Total Payroll (Bil\$)	\$7.4	\$326.0	
Per Capita Income('03)	2003	93-'03 %Chg	
USA	\$31,472	47.4%	
New York State	\$36,112	43.6%	
Elmira	\$24,349	37.8%	
Binghamton	\$25,747	35.2%	
Ithaca	\$26,042	45.3%	

Demography

Between 2000 and 2004, population in the Southern Tier region grew by 0.06%, which ranked it 8th in population growth among the state's labor market regions; only the Western New York and the Mohawk regions grew less. The population in Broome and Chemung declined by 2,900 and 1,100 respectively. The region had a net domestic migration of -7,300, which was offset by net international migration of 6,100 and a natural increase of about 2000.

Manufacturing continues to decline in the Southern Tier

Manufacturing is still the largest sector in the economy and accounts for 14.9% of the regions job base. Healthcare and retail services, which account for about 13% and 12% of the job base, are the other important sectors in the regional economy. The public sector accounts for 20% of the employment in the region. Between 2000 and 2004, the region lost over 10,000 jobs, a decline of 3.4%, matching the decline in the Finger Lakes region and second only to New York City in job loss. Job losses included 10,000 in manufacturing, 3,600 in

administrative services, 1,800 in transportation and warehousing, 1,100 in information, 1,400 in professional, scientific and technical services, and 1,000 in retail.

Between the 1st half of 2001 and 1st half of 2005, employment in the Binghamton and the Elmira MSAs declined by 6.7% and 9.9% respectively—far more than any MSA in the state. Neighboring MSAs, Rochester and Buffalo Niagara declined by 4.7% and 1.3% respectively.

The economy remains flat overall, with some growth in education, healthcare and social services

Between 2003 and 2004, employment grew in food services (+200), educational services (+ 300), health care and social services (+100), matching their longer-term performance. Manufacturing (+200) and wholesale (+200) also added jobs. Transportation and warehousing lost 1,800 jobs during the period, followed by administrative services, where employment declined by 300.

SUPERSECTOR	% 2004			
	2004	Total	Change	% Change
Total	291,978	100.0%	133	0.0%
Public	58,818	20.1%	-165	-0.3%
Utilities	1,956	0.7%	-185	-8.7%
Construction	2,178	0.7%	-152	-6.5%
Construction	1,247	0.4%	238	23.6%
Construction	5,065	1.7%	-174	-3.3%
Construction	8,490	2.9%	-89	-1.0%
Manufacturing	43,639	14.9%	182	0.4%
Wholesale Trade	7,288	2.5%	165	2.3%
Retail Trade	35,312	12.1%	-81	-0.2%
Transportation & Warehousing	4,926	1.7%	-1,825	-27.0%
Information	4,884	1.7%	-143	-2.9%
Finance & Insurance	9,493	3.3%	-17	-0.2%
Real Estate and Rental and Leasing	2,780	1.0%	82	3.0%
Professional, Scientific, and Technical Services	9,938	3.4%	24	0.2%
Management of Companies and Enterprises	2,344	0.8%	-3	-0.1%
Administrative and Support Services	8,588	2.9%	-323	-3.6%
Waste Management and Remediation Services	425	0.1%	34	8.6%
Educational Services	19,169	6.6%	261	1.4%
Health Care and Social Assistance	38,541	13.2%	144	0.4%
Arts, Entertainment, and Recreation	3,149	1.1%	41	1.3%
Accommodation	2,707	0.9%	69	2.6%
Food Services and Drinking Places	18,212	6.2%	224	1.2%
Other Services	8,909	3.1%	-89	-1.0%

Source: New York State Department of Labor's ES-202 data.

Job quality in the region has declined

Major losses in the manufacturing sector have led to a decline in the quality of jobs in the region. Between 2000 and 2004, the average wage for industries gaining share in the economy was \$29,700, compared to \$41,000 for industries losing share. Healthcare and social services, and government and education—which dominate recent employment gains—paid wages between \$30,900 and \$42,000. The job quality ratio, which measures wages in industries gaining share to wages in industries losing share, was -0.35—going in the wrong direction, but still above the state average.

Southern Tier Job Quality 2000-2004							
(employment in thousands)							
	Employment		2004 Average	Job Change		Share Change	
SUPERSECTOR*	2000	2004	Annual Wage	Change	Gain/Loss	Change (pps.**)	Gain/Loss
Health Care and Social Assistance	36.1	38.5	\$30,893	2.5	gained jobs	1.35	gained share
Government	57.2	58.8	\$32,880	1.6	gained jobs	1.35	gained share
Educational Services	17.4	19.2	\$42,117	1.8	gained jobs	0.85	gained share
Food Services and Drinking Places	16.9	18.2	\$10,908	1.4	gained jobs	0.70	gained share
Finance and Insurance	9.2	9.5	\$42,151	0.3	gained jobs	0.23	gained share
Retail Trade	36.3	35.3	\$19,877	-1.0	lost jobs	0.16	gained share
Other Services	8.8	8.9	\$17,317	0.1	gained jobs	0.15	gained share
Arts, Entertainment, and Recreation	2.9	3.1	\$15,718	0.3	gained jobs	0.14	gained share
Real Estate and Rental and Leasing	2.6	2.8	\$23,533	0.2	gained jobs	0.10	gained share
Wholesale Trade	7.5	7.3	\$37,172	-0.2	lost jobs	0.03	gained share
Waste Management and Remediation Services	0.4	0.4	\$24,771	0.1	gained jobs	0.03	gained share
Accommodation	2.8	2.7	\$15,132	-0.1	lost jobs	0.01	gained share
Subtotal, industries gaining job share	197.8	204.8	\$29,710	7.0		5.1	
Manufacturing	53.6	43.6	\$46,542	-9.9	lost jobs	-2.70	lost share
Administrative and Support Services	12.1	8.6	\$26,328	-3.6	lost jobs	-1.06	lost share
Transportation and Warehousing	6.7	4.9	\$29,926	-1.8	lost jobs	-0.52	lost share
Professional, Scientific, and Technical Services	11.4	9.9	\$46,974	-1.4	lost jobs	-0.34	lost share
Information	5.9	4.9	\$36,607	-1.1	lost jobs	-0.29	lost share
Utilities	2.5	2.0	\$69,427	-0.5	lost jobs	-0.15	lost share
Management of Companies and Enterprises	2.6	2.3	\$75,940	-0.2	lost jobs	-0.04	lost share
Construction	8.9	8.5	\$37,259	-0.4	lost jobs	-0.01	lost share
Subtotal, industries losing job share	103.6	84.8	\$41,040	-18.9		-5.1	
Total Nonfarm	302.4	292.0	\$32,773	-10.4			
					Job Quality Ratio		-0.35
*Analysis excludes natural resources and mining and not elsewhere classified.							
** Percentage point change.							
Note: The average wage for the two groups is computed by weighting the industry average wage by each industry's share of the change in the job share for its group.							
Source: New York State Department of Labor Insured Employment series, analyzed by Fiscal Policy Institute.							

Substantial personal income decline

Between 2000 and 2003, real total personal income in the region declined at an average annual rate of 1.5%, in contrast to the 1980s and 1990s when personal income growth averaged 2.7% and 1.2% respectively. On an annual average basis, the wage and salary component of personal income grew by 2.2% in the 1980s and 1.1% in 1990s, compared to -2.8% between 2000 and 2003. On the other hand, transfer payments grew at an annual average rate of 4.3% between 2000 and 2003, compared to 2.7% in the 1980s and 2.8% in the 1990s.

Southern Tier Change in Personal Income and Components, Selected Years (in billions of 2003 dollars)								
Year	<i>Earnings by place of work</i>							
	Personal Income	Wages & Salaries	Supplements to Wages & Salaries*	Proprietors Income	Contributions for gov't soc. ins.**	Dividends, Interest, Rent	Transfer Payments	Residency Adjustment
1980	12.9	7.7	1.7	0.8	-1.0	2.0	2.0	-0.3
1990	16.7	9.6	1.9	1.1	-1.5	3.2	2.6	-0.3
2000	18.8	10.8	2.2	1.1	-1.6	3.4	3.4	-0.4
2001	18.5	10.5	2.1	1.0	-1.6	3.3	3.5	-0.3
2002	18.1	10.1	2.2	0.9	-1.6	2.9	3.8	-0.3
2003	17.9	9.9	2.3	0.9	-1.6	2.8	3.9	-0.3
1980-1990 Change	3.9	1.9	0.3	0.3	-0.5	1.3	0.6	0.0
Ann Avg % Change	2.7%	2.2%	1.4%	3.2%	3.8%	5.0%	2.7%	-1.7%
1990-2000 Change	2.1	1.2	0.2	0.0	-0.1	0.1	0.8	-0.1
Ann Avg % Change	1.2%	1.1%	1.1%	0.0%	0.9%	0.4%	2.8%	3.6%
2000-2001 Change	-0.3	-0.3	-0.1	-0.1	0.0	-0.1	0.1	0.1
% Change	-1.7%	-2.8%	-2.4%	-13.0%	-1.6%	-1.8%	4.0%	-21.0%
2001-2002 Change	-0.4	-0.3	0.1	-0.1	0.0	-0.4	0.3	0.0
% Change	-2.1%	-3.2%	6.1%	-11.3%	-0.4%	-11.0%	7.5%	-6.9%
2002-2003 Change	-0.1	-0.2	0.1	0.0	0.0	-0.1	0.1	0.0
% Change	-0.8%	-2.4%	4.6%	5.0%	-1.4%	-4.5%	1.3%	-5.6%
2000-2003 Change	-0.9	-0.9	0.2	-0.2	0.1	-0.6	0.5	0.1
Ann Avg % Change	-1.5%	-2.8%	2.7%	-6.8%	-1.1%	-5.8%	4.3%	-11.4%

* Includes employer contributions to pensions and social security. Supplements are added to earnings by place of work.
** Includes employer and employee contributions to social security. These contributions are subtracted from personal income.
Source: BEA. Deflator applied by Fiscal Policy Institute.

Prospects

Industry clusters in the region include: Electronics manufacturing, tourism, business services, industrial machinery, financial service, materials processing, ceramics, and optics and imaging.

The Southern Tier, which has been very dependent on manufacturing (15% of the jobs base), has been dramatically impacted by the national recession and international competition. The failure of Corning's fiber-optics business cost the region thousands of jobs. Over the years, the region has been plagued by large-scale layoffs. IBM, Corning, Universal Instruments, Hardinge, and Mercury Aircraft all laid off employees in recent years.

Prospects for the Southern Tier manufacturing sector do not appear to be bright as international competition and the shifting of manufacturing overseas continues to chip away at the base. The region lost nearly 10,000 manufacturing jobs between 2000 and 2004. The fall-off in manufacturing has hurt related businesses, including transportation and warehousing, administrative and support services, professional services, and scientific and technical services industries. The information sector also has lost a significant number of jobs.

Nevertheless, there are some positive developments in the region. These include an investment by Lockheed Martin to build a facility in Tioga County to manufacture the next generation of helicopters for the U.S. president. Construction of the facility is expected to cost \$30 million and the facility is projected to hire 700 workers. These jobs are technical in nature and are likely to pay high wages. The contract is worth \$1.7 billion initially and is likely to reach \$6.1 billion.

In addition to the helicopter contract, the region is benefiting from increased defense spending. According to the NYS Department of Labor, defense contracts increased from \$453.8 million in 2001 to \$695.8 million in 2004—a 53% gain. On a per capita basis, the region receives a much higher proportion of defense contracts than the state as a whole—\$963 versus \$273. One hundred and fifty Southern Tier Companies were awarded contracts in 2004.

SUNY at Binghamton, one of four major SUNY campuses, is located in the region. The Southern Tier is home to Cornell University, which houses some of the leading scientific research and development facilities in the world. However, very few of the resources at Cornell have spilled over to enhance economic development in the region; there have been very few business startups over the years. Other institutions in the region include Cortland Community College, Elmira College, Hartwick College, SUNY College at Oneonta, and Ithaca College.

Training efforts in the region should take advantage of these educational institutions, since skill levels required for manufacturing production jobs have increased substantially. A highly skilled work force is now essential to the region if it is to attract new manufacturing investment.

Major Employers in the Southern Tier, 2004	
Amphenol Corporation	IBM Corporation
Arnot & Ogden Medical Center	Ithaca College
Bae Systems Controls Inc	Lockheed Martin Corporation
Belle Sherman Elementary	Mead-Westvaco Corporation
Borg-Warner Automotive Parts	Nationwide Credit Inc
Broome Board of Cooperative Education Services	New York State Electric & Gas Co
Broome County	NY Central Mutual Fire Ins Co
Carder Elementary School	NYS Dept Transportation/Main Office
Chemung County	NYS Office Of Mental Retardation
City School Dist Of Binghamton	Our Lady Of Lourdes Memorial Hospital
Cornell University	SUNY at Binghamton
Corning Inc	The Mary Imogene Bassett Hospital
County of Steuben	Wal-Mart Inc
Elmira City School District	Wegmans Food Markets Inc
Endicott Interconnect Telephone Co	Wilson Memorial Regional Medical Center
Source: Empire State Development	
Note: Employers are not ranked by size.	