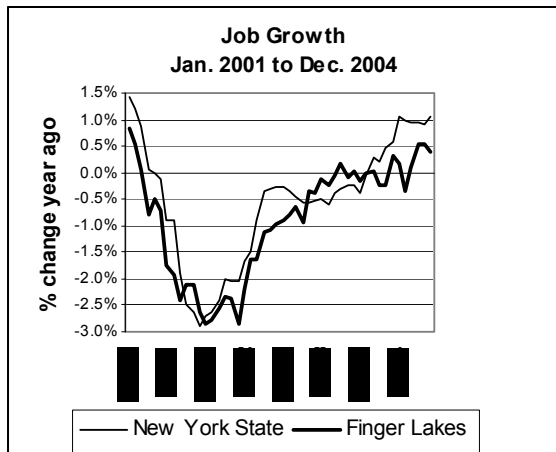
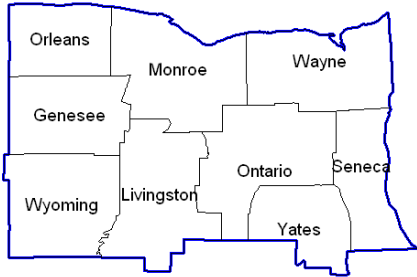


The Finger Lakes

The Finger Lakes region is comprised of nine counties, five of which are contained in the Rochester Metropolitan Statistical Area and account for 95 percent of the total non-farm jobs in the region.



Finger Lakes Data Bank			
	FNL	NYS	US
Population			
2004 Estimate	1,203,918	---	---
%Change 2000-2004	0.36%	1.32%	4.35%
Employment			
1st Half 2005-2004 (%Chg)			
Rochester	-0.75%	0.95%	1.70%
Unemployment			
2005 1st Half(#)	30,250	472,583	---
2005 1st Half(rate)	5.0%	5.1%	5.3%
# of Private business('03)	FNL	NYS	
Establishments	26,890	530,527	
Total Payroll (Bil\$)	\$15.8	\$326.0	
(Bil \$)			
Per Capita Income('03)	2003	93-'03 %Chg	
USA	\$31,472	47.4%	
New York State	\$36,112	43.6%	
Rochester	\$31,057	38.6%	

Demography

Between 2000 and 2004, population in the Finger Lakes region grew by 4,300 persons, or 0.4%, well below the state average. Genesee, Monroe and Wyoming counties experienced a loss in population. The region's net domestic out-migration of 20,700 was partially offset by net international migration of 9,600.

Manufacturing continues to determine employment decline

Manufacturing continues to be major segment of the economy, and was responsible for most of the jobs that were lost between 2000 and 2004. Health care and social services and retail are the other main sectors in the regional economy. Between 2000 and 2004, the Finger Lakes economy lost over 19,000 jobs, or a decline of 3.4%. It ranks second along with the Southern Tier, but behind New York City, in job losses during the period. Both these regions performed worse than other economies in the region. Job losses included: 22,700 in

manufacturing, 3,100 in the administrative service, 2,500 in retail trade, 1,200 in wholesale trade and 1,200 in construction. Educational services (+4,900), health care and social services (+2,500), other services (+1,900) were the major gainers.

Between the 1st half of 2001 and 1st half of 2005, employment in the Rochester MSA declined by 4.7%, a greater decline than Buffalo-Niagara and Syracuse MSAs, which declined by 1.3% and 1.5% respectively.

Educational, healthcare and social services lead recent growth

Between 2003 and 2004, employment in the Finger Lakes region grew by less than one tenth of one percent—on net, only 500 jobs were added during the period. Major job-gaining sectors included health care and social services (+1,600), education services (+1,400) and professional, scientific and technical services (+1300). Construction added 500 jobs, as did transportation and warehousing. However job losses continued to occur in manufacturing (-3,200) and large number of jobs were lost in information (-1,000).

SUPERSECTOR	% 2004		Change		% Change
	2004	Total	2003-2004	2003-2004	
Total	542,782	100.0%	518	0.1%	
Private	453,586	83.6%	1,674	0.4%	
Public	89,196	16.4%	-1,156	-1.3%	
Natural Resources & Mining	609	0.1%	64	11.7%	
Utilities	2,253	0.4%	-11	-0.5%	
Construction	18,777	3.5%	515	2.8%	
Manufacturing	87,497	16.1%	-3,247	-3.6%	
Wholesale Trade	17,934	3.3%	36	0.2%	
Retail Trade	63,062	11.6%	-579	-0.9%	
Transportation & Warehousing	11,910	2.2%	444	3.9%	
Information	12,410	2.3%	-1,076	-8.0%	
Finance & Insurance	15,488	2.9%	269	1.8%	
Real Estate and Rental and Leasing	7,489	1.4%	-120	-1.6%	
Professional, Scientific, and Technical Services	23,546	4.3%	1,315	5.9%	
Management of Companies and Enterprises	10,629	2.0%	-70	-0.7%	
Administrative and Support Services	22,424	4.1%	404	1.8%	
Waste Management and Remediation Services	1,310	0.2%	-448	-25.5%	
Educational Services	22,281	4.1%	1,396	6.7%	
Health Care and Social Assistance	70,471	13.0%	1,611	2.3%	
Arts, Entertainment, and Recreation	8,101	1.5%	299	3.8%	
Accommodation	3,721	0.7%	57	1.6%	
Food Services and Drinking Places	31,714	5.8%	-132	-0.4%	
Other Services	18,138	3.3%	279	1.6%	
Not Elsewhere Classified	1,162	0.2%	140	13.7%	

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

Changing industrial mix impedes wage growth

Major losses in the manufacturing sector have led to a decline in the quality of jobs in the region. The average wage for jobs gaining share in the economy between 2000 and 2004 was \$34,600, compared to the \$49,000 average wage for sectors losing share. Health care and social services, and government and education services, which dominate recent employment gains, paid wages between \$30,000 and \$42,800. The job quality ratio, which measures the overall quality of jobs gained and jobs lost, was -0.4, not quite as low as the state average.

Finger Lakes Job Quality 2000-2004							
(employment in thousands)							
SUPERSECTOR*	Employment		2004 Average Annual Wage	Change	Job Change	Share Change	
	2000	2004			Gain/Loss	Change (pps.**)	Gain/Loss
Government	85.9	89.2	\$38,019	3.3	gained jobs	1.20	gained share
Educational Services	17.4	22.3	\$42,791	4.9	gained jobs	1.03	gained share
Health Care and Social Assistance	68.0	70.5	\$30,008	2.5	gained jobs	0.93	gained share
Other Services	16.2	18.1	\$19,861	1.9	gained jobs	0.47	gained share
Arts, Entertainment, and Recreation	7.1	8.1	\$15,737	1.0	gained jobs	0.23	gained share
Finance and Insurance	15.2	15.5	\$52,592	0.3	gained jobs	0.16	gained share
Professional, Scientific, and Technical Services	23.9	23.5	\$46,644	-0.4	lost jobs	0.09	gained share
Food Services and Drinking Places	32.6	31.7	\$11,412	-0.9	lost jobs	0.06	gained share
Real Estate and Rental and Leasing	7.5	7.5	\$27,178	0.0	lost jobs	0.04	gained share
Waste Management and Remediation Services	1.2	1.3	\$44,207	0.1	gained jobs	0.02	gained share
Management of Companies and Enterprises	10.9	10.6	\$72,806	-0.3	lost jobs	0.01	gained share
Transportation and Warehousing	12.3	11.9	\$35,934	-0.4	lost jobs	0.01	gained share
Subtotal, industries gaining job share	298.3	310.3	\$34,621	12.0		4.2	
Manufacturing	110.2	87.5	\$53,260	-22.7	lost jobs	-3.47	lost share
Administrative and Support Services	25.6	22.4	\$24,707	-3.1	lost jobs	-0.41	lost share
Accommodation	4.6	3.7	\$17,158	-0.9	lost jobs	-0.13	lost share
Wholesale Trade	19.1	17.9	\$50,467	-1.2	lost jobs	-0.09	lost share
Construction	20.0	18.8	\$39,738	-1.2	lost jobs	-0.09	lost share
Utilities	2.5	2.3	\$74,572	-0.2	lost jobs	-0.03	lost share
Retail Trade	65.6	63.1	\$20,547	-2.5	lost jobs	-0.02	lost share
Information	12.9	12.4	\$49,926	-0.5	lost jobs	-0.01	lost share
Subtotal, industries losing job share	260.4	228.1	\$49,017	-32.3		-4.2	
Total	561.9	542.8	\$36,336	-19.1			
*Analysis excludes natural resources and mining and not elsewhere classified.						Job Quality Ratio	
** Percentage point change.						-0.40	
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.							

Personal income declines

Between 2000 and 2003, real total personal income in the region declined at an annual average rate of 0.2%, in contrast to the 1980s and 1990s when average annual personal income growth was 2.5% and 1.3% respectively. On an annual average basis, the wage and salary component of personal income grew by 2.0% in the 1980s and 0.8% in the 1990s, compared to -0.8% in the 2000s. On the other hand, transfer payments grew at an annual average rate of 4.1% in the 2000s, compared to 3.5% in the 1980s and 3.4% in the 1990s.

Finger Lakes Change in Personal Income and Components, Selected Years (in billions of 2003 dollars)								
Year	Earnings by place of work							
	Personal Income	Wages & Salaries	Supplements to Wages & Salaries*	Proprietors Income	Contributions for gov't soc. ins.**	Dividends, Interest, Rent	Transfer Payments	Residency Adjustment
1980	25.0	15.7	3.2	1.5	-2.0	3.7	2.9	0.0
1990	32.0	19.1	3.8	1.9	-2.9	6.1	4.1	0.0
2000	36.3	20.7	4.1	2.5	-3.1	6.4	5.8	0.0
2001	36.3	20.6	4.2	2.3	-3.2	6.4	6.0	0.0
2002	35.9	20.2	4.6	2.1	-3.2	5.8	6.4	0.0
2003	36.1	20.2	4.9	2.3	-3.2	5.6	6.5	0.0
1980-1990 Change	7.0	3.4	0.6	0.4	-0.9	2.4	1.2	-0.1
Ann Avg % Change	2.5%	2.0%	1.7%	2.3%	3.7%	5.1%	3.5%	#NUM!
1990-2000 Change	4.4	1.6	0.3	0.6	-0.2	0.4	1.6	0.1
Ann Avg % Change	1.3%	0.8%	0.8%	2.9%	0.7%	0.6%	3.4%	#NUM!
2000-2001 Change	0.0	-0.1	0.1	-0.2	-0.1	0.0	0.3	0.0
% Change	-0.1%	-0.4%	2.9%	-8.8%	2.0%	-0.2%	4.4%	-134.7%
2001-2002 Change	-0.4	-0.4	0.4	-0.2	0.0	-0.6	0.4	0.0
% Change	-1.2%	-2.1%	9.3%	-7.6%	0.1%	-9.5%	6.8%	127.4%
2002-2003 Change	0.3	0.0	0.3	0.2	0.0	-0.2	0.1	0.0
% Change	0.8%	0.1%	6.3%	7.6%	0.9%	-3.9%	1.1%	18.4%
2000-2003 Change	-0.2	-0.5	0.8	-0.2	-0.1	-0.8	0.7	-0.1
Ann Avg % Change	-0.2%	-0.8%	6.2%	-3.2%	1.0%	-4.6%	4.1%	-197.8%

* 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

Prospects

The Finger Lakes economy has a high concentration of firms related to the optics and imaging industry, and it is a leading exporter of manufactured products in the state. Other industry clusters in the Finger Lakes region include precision manufacturing, MIS/IT business services, telecommunications, materials processing and biotechnology/pharmaceuticals/medical research.

The region has a large educational infrastructure comprised of 17 colleges and universities. The region has a very sophisticated workforce because of the historical presence of advanced manufacturing firms such as Kodak and Xerox. However, if there is no new investment in the region, it is not certain whether the region can hold on to this workforce.

Between 2001 and 2004 the region experienced its sharpest employment decline in more than fifty years, largely as a result of Kodak's restructuring. Manufacturing employment in the Finger Lakes continues to decline. The region lost 23,000 manufacturing jobs between 2000 and 2004. Eastman Kodak, Bausch and Lomb, and Xerox all face stiff international competition and have continued to lay off workers. Suppliers to Kodak are being affected as a result of increased restructuring and globalization—reducing, for example, the number of administrative, R&D and manufacturing-related jobs. While both Xerox and Kodak have entered new product market and appear to be doing better, it is uncertain how much of their activity will be based in the region.

There is a significant concentration of technology in the Finger Lakes. Research and development is taking place in energy, homeland security, nuclear technology and defence. Leading facilities include University of Rochester, Rochester Institute of Technology, and private R & D operations. General Motors has a major research effort underway in fuel cells and work is being done on nuclear fusion as a source for renewable energy by the Fusion Center at the University of Rochester. New investment by Paychex (\$10.5million) in Brighton, and a Xerox (\$50 million) investment in Webster, are some of the positive developments. A contact lens maker, Coopervision, also is planning to manufacture products in the region and to hire 225 workers.

In the health care industry there have been expansions at the Park Ridge Hospital, Strong Memorial and residential and nursing homes that will boost employment in the sector by 1,600. The sector has become important in the region as the population ages. In banking, although Fleet and Charter have laid off workers, there have been expansions by other firms. Washington Mutual, a mortgage company, has announced plans to hire workers.

The Finger Lakes economy is one of the most innovative areas in the country producing over 13,000 patents in the 1990s, or 1,234 per 100,000 residents. The three major firms—Kodak, Bausch and Lomb and Xerox—account for the bulk of these patents.

Major Employers in the Finger Lakes, 2004

- | | |
|---|---------------------------------------|
| Adecco USA Inc | Pittsford Central School |
| Apollo Middle School | Rochester City School District |
| Board of Cooperative Education Services | Rochester Gas & Electric Corp |
| City of Rochester | Rochester General Hospital |
| County of Monroe | Rochester Institute Of Technology |
| Darien Lake Theme Park | Roth Middle School |
| Delphi Automotive System Service | Tops Supermarkets |
| Eastman Kodak Company | University Of Rochester |
| Excellus Healthplan Inc | US Post Office for Rochester New York |
| Fairport Central School District | Valeo Auto Electrical Systems Inc |
| Highland Hospital | Wal-Mart Inc |
| Kelly Temp Service Inc | Webster Central School Dist |
| NYS ARC Monroe County | Wegmans Food Markets Inc |
| Park Ridge Hospital Inc | Xerox Corporation |
| Paychex of New York Llc. | YMCA |

Source: Empire State Development
 Note: Employers are not ranked by size.