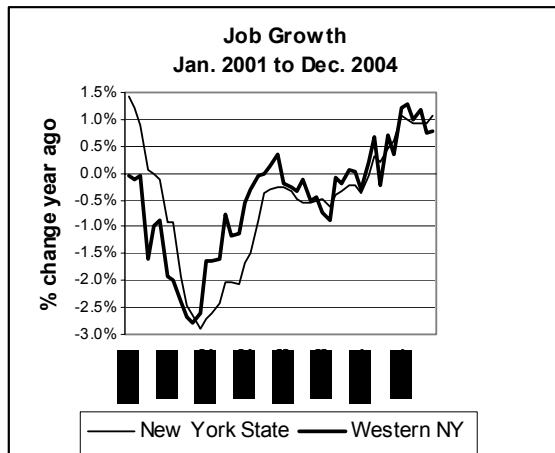
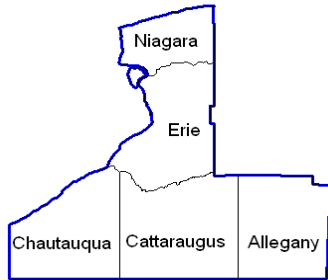


Western New York

Western New York encompasses the Buffalo-Niagara Falls MSA (Erie and Niagara) and Allegany, Cattaraugus, and Chautauqua Counties.



Western New York Data Bank			
	WNY	NYS	US
Population	1,425,399	---	---
2004 Estimate			
%Change 2000-2004	-1.27%	1.32%	4.35%
Employment			
1st Half 2005-2004 (%Chg)			
Buffalo-Niagara Falls	-0.01%	0.95%	1.70%
Unemployment			
2005 1st Half(#)	39,250	472,583	---
2005 1st Half(rate)	5.5%	5.1%	5.3%
# of Private business('03)	CAP	NYS	
Establishments	32,598	530,527	
Total Payroll (Bil\$)	\$16.2	\$326.0	
Per Capita Income('03)	2003	93-'03 %Chg	
USA	\$31,472	47.4%	
New York State	\$36,112	43.6%	
Buffalo-Niagara Falls	\$29,145	44.2%	

Demography

Between 2000 and 2004, the population in the region declined by 1.3% or about 18,000 persons. Erie, Chautauqua, Niagara and Cattaraugus counties all experienced a loss in population. Allegany was the only county in the region that experienced an increase. With the exception of Allegany, all geographic areas in region experienced a net out migration of persons from the area.

Manufacturing declines dominate Western region job change

Reflecting its still-significant manufacturing base—which accounts for nearly 14% of all jobs in the region—the Western Region of New York experienced significant job losses during the last recession. Manufacturing still had 85,200 workers in 2004. Employment in the region declined by nearly 12,000 between 2000 and 2004. This represented nearly a 2% decline—about the same rate as the state. The Western Region has fared better than its neighbors, the Finger Lakes and the Southern Tier. Both of these manufacturing-dependent regions declined by 3.4%. The retail trade, and transportation and warehousing sectors also experienced sharp job

losses during the 2000-2004 period. Whereas the region's retail sector lost nearly 3,800 jobs (4.9%), its transportation and warehousing sector's 2,700 job decline over the period represented a loss of over 12%. Bucking the recession, as well as the banking industry's intense consolidation pressures, the region's finance and insurance sector recorded significant job gains between 2000 and 2004. The 4,400 increase in finance and insurance jobs in the region represented an 18% increase. Between the 1st half of 2001 and 1st half of 2005, employment in the Buffalo-Niagara MSA dropped by 1.3% compared to declines of 4.7% in the Rochester MSA and 6.7% in the Binghamton MSA.

Administrative support and health care pace recent job gains

The Western New York region's employment grew by .6% from 2003 to 2004. Manufacturing losses have continued as nearly 2500 jobs have been lost in the region. The other major loss is in transportation and warehousing. Since 2003, major job gains have occurred in administrative support and health care and social assistance—over 1,600 jobs apiece. Finance and insurance, which has made significant gains in the region, continued to add jobs (+700) in 2004. The construction industry, whose 2004 job level was still below that of 2000, added nearly 900 jobs in 2004. Other sectors with gains include educational services (+600), and arts, entertainment and recreation (+500). Recent job losses occurred in accommodations and eating and drinking places. The public sector accounted for a third of the net job gains in the region.

Job Change in Major Sectors, 2003-2004, Western New York				
SUPERSECTOR	% 2004		Change 2003-2004	% Change 2003-2004
	2004	Total		
Total	628,445	100.0%	3,967	0.6%
Private	513,771	81.8%	2,660	0.5%
Public	114,674	18.2%	1,307	1.2%
Natural Resources & Mining	671	0.1%	34	5.4%
Utilities	2,892	0.5%	-199	-6.4%
Construction	22,069	3.5%	887	4.2%
Manufacturing	85,185	13.6%	-2,458	-2.8%
Wholesale Trade	23,452	3.7%	281	1.2%
Retail Trade	73,548	11.7%	292	0.4%
Transportation & Warehousing	20,081	3.2%	-930	-4.4%
Information	10,778	1.7%	-107	-1.0%
Finance & Insurance	28,725	4.6%	723	2.6%
Real Estate and Rental and Leasing	7,811	1.2%	116	1.5%
Professional, Scientific, and Technical Services	24,218	3.9%	-113	-0.5%
Management of Companies and Enterprises	9,059	1.4%	-47	-0.5%
Administrative and Support Services	31,015	4.9%	1,637	5.6%
Waste Management and Remediation Services	2,145	0.3%	85	4.1%
Educational Services	13,591	2.2%	626	4.8%
Health Care and Social Assistance	80,426	12.8%	1,681	2.1%
Arts, Entertainment, and Recreation	8,256	1.3%	508	6.6%
Accommodation	5,069	0.8%	-287	-5.4%
Food Services and Drinking Places	43,226	6.9%	-129	-0.3%
Other Services	22,272	3.5%	-246	-1.1%
Not Elsewhere Classified	1,175	0.2%	187	18.9%

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

Western New York's Changing Job Quality

The quality of jobs being created in the region has deteriorated. Although there were gains in higher paying jobs in finance and insurance (\$50,500) and management of companies (\$53,600) between 2000 and 2004, the new jobs created had an average wage of \$36,900. While this is higher than the region's overall average wage in 2004, it is well below the \$43,100 average wage in industries that lost job share over this period. Large job losses in manufacturing were the principal cause for declining wages in the region. Government, healthcare and social assistance, and educational services, which traditionally pay lower wages, were industries with job gains. However, the Western Region's overall decline in the job quality ratio (negative -0.18) was better than the job quality change in neighboring regions (Southern Tier and the Finger Lakes).

Western New York 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	107.9	114.7	\$38,190	6.7	gained jobs	1.40	gained share
Finance and Insurance	24.3	28.7	\$50,503	4.4	gained jobs	0.77	gained share
Health Care and Social Assistance	77.6	80.4	\$29,642	2.8	gained jobs	0.68	gained share
Educational Services	11.6	13.6	\$30,292	2.0	gained jobs	0.35	gained share
Management of Companies and Enterprises	7.3	9.1	\$53,610	1.7	gained jobs	0.30	gained share
Food Services and Drinking Places	42.2	43.2	\$11,023	1.0	gained jobs	0.29	gained share
Arts, Entertainment, and Recreation	7.4	8.3	\$30,443	0.8	gained jobs	0.16	gained share
Real Estate and Rental and Leasing	7.3	7.8	\$28,836	0.5	gained jobs	0.10	gained share
Administrative and Support Services	31.4	31.0	\$23,908	-0.3	lost jobs	0.04	gained share
Subtotal, industries gaining job share	317.1	336.8	\$36,907	19.7		4.1	
Manufacturing	104.7	85.2	\$48,531	-19.5	lost jobs	-2.78	lost share
Transportation and Warehousing	22.8	20.1	\$37,231	-2.8	lost jobs	-0.37	lost share
Retail Trade	77.3	73.5	\$19,779	-3.8	lost jobs	-0.36	lost share
Accommodation	6.0	5.1	\$14,927	-1.0	lost jobs	-0.13	lost share
Wholesale Trade	24.8	23.5	\$43,011	-1.3	lost jobs	-0.13	lost share
Other Services	23.4	22.3	\$19,078	-1.1	lost jobs	-0.11	lost share
Utilities	3.4	2.9	\$69,618	-0.5	lost jobs	-0.07	lost share
Waste Management and Remediation Services	2.5	2.1	\$51,887	-0.4	lost jobs	-0.05	lost share
Information	11.2	10.8	\$42,136	-0.4	lost jobs	-0.03	lost share
Professional, Scientific, and Technical Services	24.9	24.2	\$43,483	-0.6	lost jobs	-0.03	lost share
Construction	22.7	22.1	\$39,117	-0.6	lost jobs	-0.03	lost share
Subtotal, industries losing job share	323.7	291.7	\$43,140	-31.9		-4.1	
Total	640.4	628.4	\$33,764	-12.0			
*Analysis excludes natural resources and mining and not elsewhere classified.						Job Quality Ratio	
** Percentage point change.						-0.18	
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.							

What is happening to personal income?

Real total personal income in the Western New York region was still below the 2000 peak level in 2003, the latest year for which data are available. Compared to the 1980s and 1990s, when total personal income grew by 1.6% and 1.0%, respectively, personal income has declined by 0.2% on an annual average basis from 2000 to 2003. The wage and salary component of total personal income at \$21.6 billion has remained at the same level since 2001. In 2003, wages and salaries accounted for 54% of personal income compared to 60% in the 1980s. Transfer payments, on the other hand, have grown steadily and since 2000 have grown by an annual average of 3.3%. In 2003, transfer payments made up 21% of total personal income compared to about 15% in the 1980s and 1990s.

Western New York								
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	30.8	18.2	4.2	1.8	-2.4	4.5	4.7	-0.1
1990	36.1	20.0	4.2	2.5	-3.2	6.6	6.1	-0.1
2000	40.1	22.1	4.6	2.5	-3.4	6.8	7.6	0.0
2001	39.7	21.6	4.6	2.3	-3.4	6.6	7.9	0.0
2002	39.5	21.6	5.1	2.1	-3.5	6.0	8.2	0.0
2003	39.8	21.6	5.5	2.2	-3.5	5.7	8.3	0.0
1980-1990 Change	5.3	1.9	0.1	0.7	-0.8	2.1	1.3	0.0
Ann Avg % Change	1.6%	1.0%	0.1%	3.3%	2.8%	3.8%	2.5%	-4.5%
1990-2000 Change	3.9	2.1	0.4	0.0	-0.3	0.2	1.5	0.1
Ann Avg % Change	1.0%	1.0%	0.8%	0.1%	0.8%	0.2%	2.2%	-15.6%
2000-2001 Change	-0.4	-0.5	0.1	-0.3	0.0	-0.1	0.3	0.0
% Change	-1.0%	-2.3%	1.1%	-10.0%	-1.4%	-1.7%	4.6%	-191.2%
2001-2002 Change	-0.1	0.0	0.4	-0.2	-0.1	-0.6	0.3	0.0
% Change	-0.3%	-0.1%	9.7%	-8.9%	2.0%	-9.5%	4.4%	-50.2%
2002-2003 Change	0.3	0.0	0.4	0.1	0.0	-0.3	0.1	0.0
% Change	0.8%	0.0%	8.8%	5.2%	0.9%	-4.6%	0.8%	-180.6%
2000-2003 Change	-0.2	-0.5	0.9	-0.3	0.0	-1.0	0.8	0.0
Ann Avg % Change	-0.2%	-0.8%	6.5%	-4.8%	0.5%	-5.3%	3.3%	-28.5%

* 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

The Western New York Region has a diverse economy and a broad range of industry clusters that sustain the regional economy. There is a large presence of motor vehicle related manufacturing, metal manufacturing, food processing and warehouse distribution. The banking sub-cluster has begun to show signs of growth in recent years

The large scale loss of well paid manufacturing jobs in the region has serious negative implications for the economy. Negative personal income growth will continue to put pressure on fiscal resources in the region. Increasingly, the Western New York economy has been replacing manufacturing jobs with service related jobs-- in 2004 service related jobs accounted for 80 percent of private sector employment. According to the NYS Department of Labor, the financial service sector has increased its importance in the region and in 2004 added about 700 jobs. The insurance giant GEICO has begun operations at a service center in Amherst and is expected to hire 2,500 workers when the center is fully operational. Blue Cross Blue Shield of Western New York has committed \$100 million to a downtown facility in Buffalo and is expected to move 1,200 workers there.

Retail activity is also expected to increase in Buffalo as a result of the opening of new Bass Pro Shops store which is targeted to regional and Canadian customers. Discount grocers—A-Lot and Aldi Food stores are also expected to open retail outlets. Kohl's and Big Lot stores are also planning expansions in the region. The recently opened casino in Salamanca-- the Seneca Allegany Casino-- added 1,100 jobs in the region. The two

Seneca Casinos now employ nearly 3,500 workers. These investments have created construction jobs and casino related goods and service jobs throughout the region. There has also been some new investment in manufacturing including a new Ford Stamping facility. Expansions and new investments are also expected in food processing and furniture manufacturing and metal fabrication, among others. The region has a strong educational infrastructure including numerous private and public colleges.

Major Employers in the Western New York Region

- | | |
|---------------------------------|---|
| Acc Operations Inc Cable | Kenmore Town/Tonawanda School District |
| American Axle & Mfg Inc | Manufacturers & Traders Trust Co |
| Buffalo General Hospital | Mercy Hospital |
| Buffalo State University | Moog Manufacturing Company |
| City Of Buffalo | NYS Office Of Mental Retardation/West Seneca Center |
| City Of Buffalo School District | Seneca Niagara Casino |
| County Of Chautauqua | Sisters Of Charity Hospital |
| County Of Erie | SUNY At Buffalo |
| County Of Niagara | SUNY Research Foundation |
| Delphi Automotive Systems Inc | Tops Supermarkets |
| Employer Services Corp | U.S. Postal Service |
| Ford Motor Co | VA Medical Center Buffalo |
| General Motors Assembly Plant | Wal-Mart Inc |
| Home Depot | Wegmans Food Markets Inc |
| HSBC Bank USA | Williamsville Central School District |

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