Chapter 2 - Regional Patterns of Stagnation, Growth and Polarization

New York's economic performance in the nineties did not create conditions necessary for either an equitable or a balanced economic future. The state experienced job growth, but most of it was in low paying jobs. And the state continued to lose jobs that paid well. The disparity in the types of jobs being created was matched by the uneven economic performance regionally. The skewed growth in New York City's economy that increased dependence on Wall Street was particularly devastating for the city's economy and the fiscal conditions of the state and the City. These trends were compounded by the loss of a significant portion of the state's manufacturing base in regions where it was the main source of decent wages and local income. In turn, the loss of employment opportunities and economic stagnation in many upstate areas contributed to the thinning of the young work force, a development that is not irreversible but that will limit future growth.

New York is made up of three economies

Analysts usually divide New York State into 10 regions following the approach taken by the New York State Labor Department. In the next chapter, the report looks at regional developments at the level of these 10 regions. The pattern of economic and population growth in the state during the last decade, however, suggest that the state is made up of three broad regional economies: **New York City**; **Eastern New York** (the Capital District, Hudson Valley and Long Island); and, **Western and Northern New York** (North Country, Mohawk, Central New York, the Southern Tier, the Finger Lakes, and Western New York.) [1]

New York City continues to be the most dynamic and volatile region, experiencing substantial population, employment and income growth in the nineties, but also severe job losses in the current recession. Eastern New York is less dynamic, but continues to grow. In contrast, Western and Northern New York is stalled—experienced population decline and weak employment growth in the 1990s.

Table 2.1: New York's Three "Super" Regions

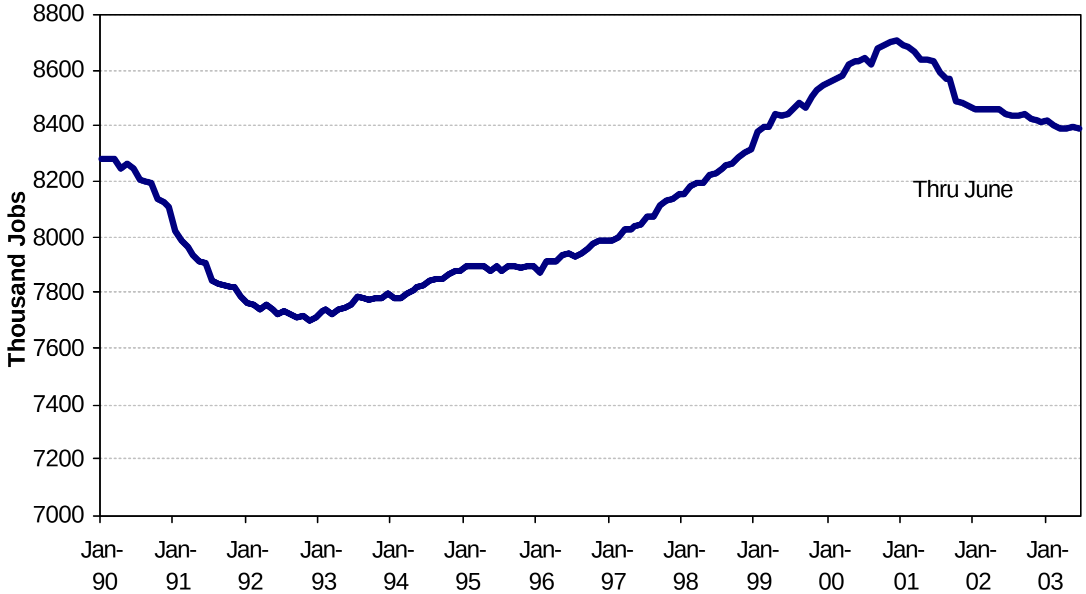
				1992-2000	
	2000 Population	% of state	1990-2000 Pop. Chg %	Employment Change %	Total Wage Change %
New York State	18,976,457	100	5.5	11.2	29.4
New York City	8, 008,278	42	9.4	12.0	38.4
Eastern New York	5,963,029	32	5.7	11.7	21.4
Western and Northern New York	5,005,150	26	-0.5	5.9	10.4

Wage change in inflation adjusted terms.
Source: Bureau of Census, NYS Department of Labor

In the nineties, New York's job performance lagged the U.S.

New York State's employment growth performance in the 1990s (Chart 2.1) will make it difficult for it to rebound from the 2001-2003 recession for several reasons: (1) the erosion of its manufacturing base; (2) its inability to develop new healthy industries fast enough to replace older ones; (3) the shift to low wage industries which contributes to lower local incomes; (4) the out-migration of the younger workforce cohort; and (5) the worsening economic and fiscal conditions in most upstate large and medium sized cities.

Chart 2.1: Nonfarm Employment, New York State
Jan. 1990-June 2003
(Seasonally Adjusted)



Source: Bureau of Labor Statistics.

Between 1992 (the trough of the last recession) and 2000, New York State's total employment grew by 11.2% compared to 20.9% for the nation. New York's total wages grew by 29.4%. Among super regions, New York City (38.4%) dominated total wage growth, Eastern New York (21.4%) and Western and Northern New York (10.4%) were far behind. And while average wages grew faster in New York than for the U.S., 16.4% and 13.4% respectively, the average measure masked the concentration of wage earnings at the top principally in New York City.

During these years, the employment and wage performance across the state was not even. Except in 1999, the state grew at a slower rate than the nation in every year from 1990 to 2002. Employment growth during the decade was concentrated in the downstate region. New York City employment grew by 12% and Eastern New York more or less matched this rate of growth. Western and Northern New York, however, grew by only 5.9%, or about half the state's rate.

Reflecting the high salary structure in the financial sector, average wages in New York City grew by 23.7%, considerably higher than the growth for the other two parts of the state, 8.8% and 4.2% for Eastern New York, Western and Northern New York respectively. Within Eastern New York, Long Island and New York's northern suburbs grew the fastest. The average wage growth for Western and Northern New York was only one fourth of the New York State average wage growth rate of 16.4%

New York lost high wage jobs while gaining low wage jobs.

Between 1992 and 2000, the state added 857,678 jobs, or an increase of 11.2%. Of these, the 15 industries with the largest gains accounted for 671,808 jobs or 80 percent of the net new jobs. These jobs on average paid $41,270 annually. (Note the extremely high paying securities industry is not included because it skews the average.) In contrast, the 15 industries with the largest job losses (total loss of 203,866 jobs) paid an average of $60,588. That means the 15 declining industries on average paid fully 46% more than the 15 expanding industries. Job losses were concentrated in manufacturing industries giving rise to the growing disparity among workers and regions in the state. Manufacturing losses were particularly bad for the upstate regions of the state because these areas have traditionally been more dependent on these industries. In 1998, the manufacturing wage share of total wages in the upstate region was nearly 25%. For the Finger Lakes region it was 35.1%, in the Southern Tier it was 30.2% and in Western New York it was 25.8%.[2] (During the 1989-92 recession, the state lost 510, 606 manufacturing jobs.)

Table 2.2: New York State 15 Industries with Largest Employment Growth, 1992-2000

Industry (SIC)	Change #	Change%	Avg. Ann. Wage(2000)
Total Private and Public Employment	857,678	11.3%	$40,658
Construction Trades	82,917	34.0	$43,859
Personnel Supply Services	80,896	84.9	$30,290
Computer and Data Processing Services	75,754	157.1	$73,876
Eating and Drinking Places	63,294	17.8	$14,993
Security and Commodity Brokers	58,243	41.3	$221,538
Individual and Family Services	49,977	44.0	$20,375
Offices and Clinics of Medical Doctors	37,969	41.0	$54,016
Government	37,430	2.7	$40,865
Management and Public Relations	33,585	79.7	$76,659
Miscellaneous Business Services	33,126	30.3	$31,947
Nursing and Personal Care Facilities	28,211	25.8	$26,535
Motion Picture Production and Services*	25,602	173.0	$57,699
Wholesale trade, durable and nondurable	21,799	5.1	$53,384
Miscellaneous Amusement, Recreation Services	18,694	44.7	$17,952
Real Estate	18,311	13.3	$40,026
Total, these 15 growing industries	671,808	20.1%	$41,270

SIC stands for Standard Industrial Classification, a nomenclature used to organize economic activity/industry information. Beginning in January 2003, the SIC system has been replaced by the North American Industrial Classification System (NAICS).
Average annual wage excludes the securities industry.
Source: ES202. New York State Department of Labor

Table 2.3: New York State's 15 Industries with Largest Employment Losses, 1992-2000			
Industry (SIC)	**Change #**	**Change%**	**Avg. Ann. Wage(2000)**
Total Private and Public Employment	857,678	11.3%	$40,658
Depository Institutions	-52,231	-22.9	$78,346
Apparel and Knitwear	-28,843	-29.8	$30,419
Photographic Equipment and Supplies	-19,947	-33.8	$61,581
Computer and Office Equipment	-13,210	-35.3	$98,518
Insurance Carriers	-12,690	-10.7	$63,346
Electric, gas and sanitary supplies	-12,273	-20.3	$67,936
Aircraft and Parts	-10,897	-65.4	$56,892
Motor Vehicles and Equipment	-10,731	-34.6	$59,926
Search and Navigation Equipment	-8,617	-42.9	$64,480
Food and Kindred Products	-7,085	-11.2	$43,612
Paper and allied products	-6,840	-18.8	$43,316
Knitting Mills	-6,372	-49.2	$29,076
Printing	-6,313	-13.4	$42,810
Gasoline Service Stations	-4,074	-15.8	$18,911
Engines and Turbines	-3,743	-38.0	$69,040
Total, these 15 declining industries	-203,866	-23.6%	$60,588

SIC stands for Standard Industrial Classification. See note in previous table.
Source: ES 202. New York State Department of Labor.

Employment and wage growth were sluggish in most areas in the 1990s

To facilitate comparisons between and within regions, we mapped economic conditions and trends that occurred in the last decade at the county level. Employment trend comparisons are for years 1992-2000 because 1992 was the trough of the previous business cycle. For other indicators, the time frame we chose was 1990-2000, the decennial census years for which data were available. Since the census asks households to report their income from the previous calendar year, poverty and income data in the 1990 and 2000 census are for 1989 and 1999 respectively. Appendix A provides the data used to compile the maps.

During the 1990s expansion, as Map 2.1 clearly indicates, employment growth did not occur uniformly within and across labor market regions. Many counties in the state had an employment growth rate of less than 8%, well below the statewide rate of 11.2%. Employment growth was concentrated in New York City, its northern suburbs and Long Island. In general, those counties that experienced high growth rates upstate were sparsely populated. Centers within labor market regions with large populations had significantly lower growth rates than the state. For example, the following counties grew more slowly than the state as a whole over the decade: Albany (6.1%), Schenectady (-1.7), Monroe (5.3%), Dutchess (4.1%), Westchester (10%), Nassau (9.7%), Clinton (5.8%), Broome (0.4%), and Erie (5.6%).

Total real wage and salary growth—dependent on change in employment level and pay rate—grew very slowly in the 1990s. Between 1990 and 2000, most counties experienced a total growth rate of less than 12%, which over a 10 year period translates into an average annual growth rate of about 1.1% (Map 2.2) Many areas, mostly north of New York City, had a ten-year growth rate in wages and salaries that was less than 3%. Oswego, Seneca, Ulster, Broome, Allegany, Sullivan, and Dutchess counties actually saw a decline in total real wages and salaries during the period.

In the nineties, median family income stagnated and poverty rates increased

The shift from higher to lower paying jobs has long term negative implications for families across the state in terms of both income and poverty status. Between 1990 and 2000, median family income for New Yorkers, adjusted for inflation, hardly changed. It grew by just two-tenths of 1% from $55,648 to $55,786—compared to a nationwide increase of 9.5%. During the period, median family income in New York City and a few upstate counties actually declined while increases in upstate were generally slight.

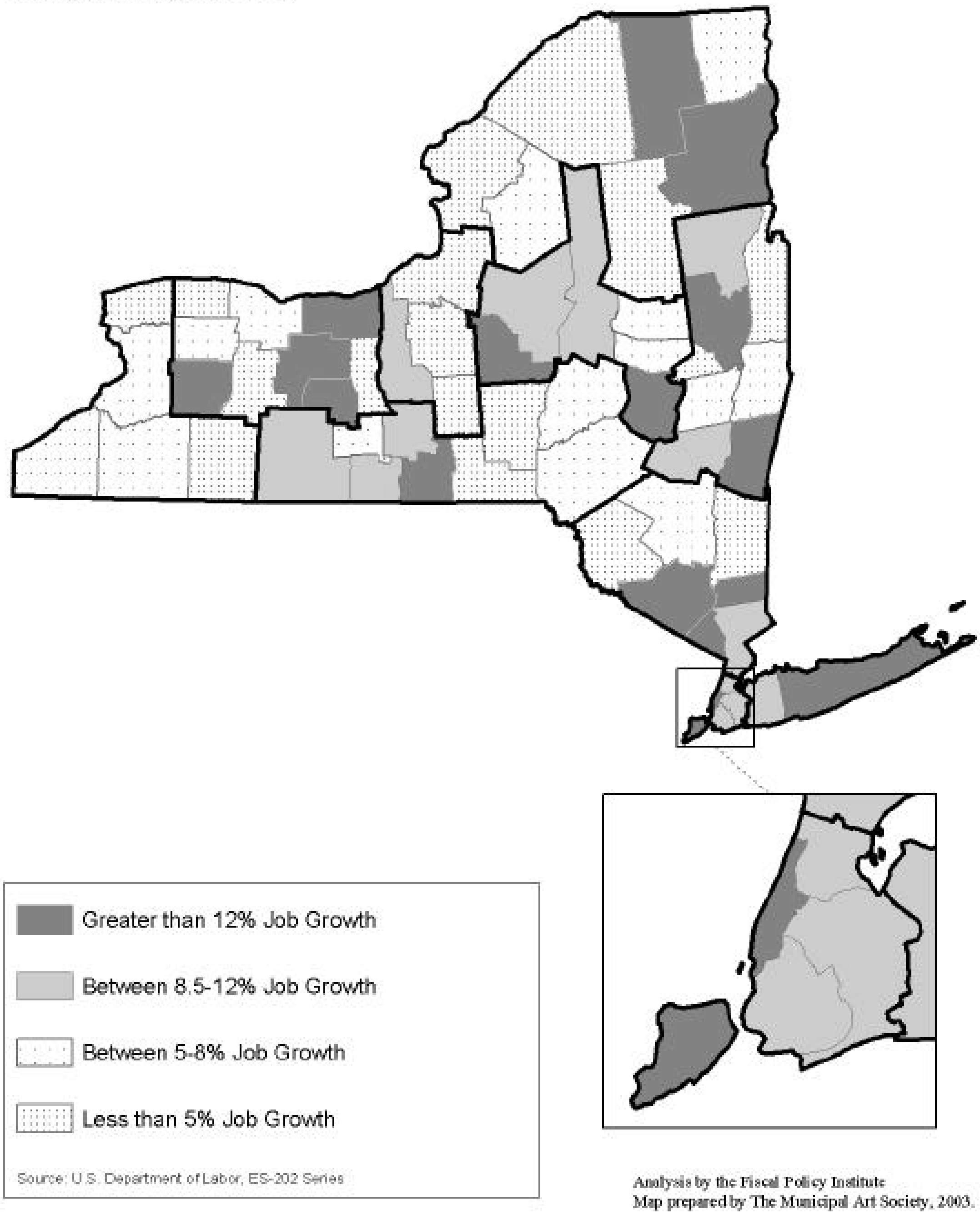
Between 1990 and 2000, the rate of poverty in the state increased from 13% to 14.6%, and was up in every region of the state. In contrast, the poverty rate for the U.S. declined from 13.1% to 12.4% in 2000. Poverty increased in all super regions. The largest percentage point increase was in New York City, followed by the Eastern New York and Western and Northern New York. In 2000, there were a quarter million children in New York State living below the federal poverty line, a slight decrease from 1990.

During the nineties, the state's poor and near-poor population—people living in households with incomes less than 200% of the poverty income threshold--increased as a share of the total population from 27.9% to 30.5%. (See Table 2.4)

In New York the 200% of the federal poverty income threshold is a more realistic measure of income necessary to meet living expenses than the official poverty threshold. In 2000, the poverty threshold as defined by the U. S. Census was $17,463 annually for a family of four. This figure is not adjusted for the cost of living, which differs across regions of the country. Given the cost of living in New York State, this figure is unrealistically low. A research team at the University of Washington headed by Dr. Diana Pearce has developed a "Self-Sufficiency Standard" for each of the counties in New York State. The standard computes the income level necessary to meet basic family needs (i.e., housing, child care, food, transportation, and health care) without public or private subsidies. By this standard the income needed to meet basic needs is 2 or 3 times the poverty threshold defined by the federal government. For example, for a family of four in Monroe County with two adults, an infant, and a preschooler, the monthly self-sufficiency wage is $3,552 or about $42,624 annually. (In some of the other areas the annual self-sufficiency wage is: Nassau ($65,148); Brooklyn ($49,668); and Rockland ($52,344.) [3]

Map 2.1 Job Growth During the 1990s Expansion

1992 to 2000, by County



Map 2.2 Total Wage and Salary Growth

1990 to 2000, by County

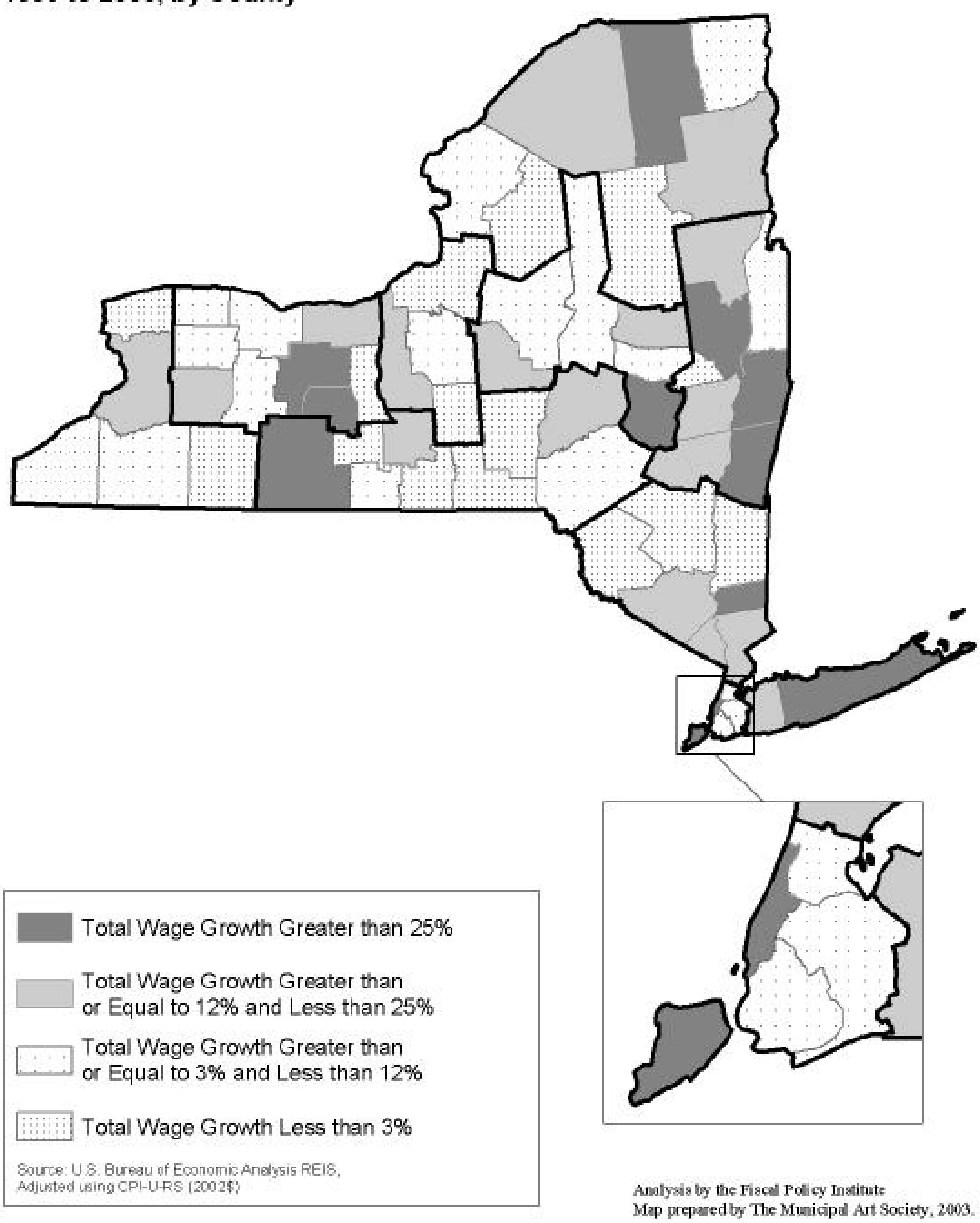


Table 2.4: Share of Population Earning Less than 200 Percent of Poverty Income Threshold, 1990 and 2000

Region	1990 Share %	2000 Share %	Change (%pt)
U.S.	31.0	29.6	-1.3
New York State	27.9	30.5	2.7
New York City	36.0	39.8	3.8
Eastern New York	15.9	18.6	2.7
Western and Northern New York	29.3	29.8	0.5

Source: U. S. Bureau of Census

Every economic super region saw an increase in the poverty rates of working families, including Eastern New York, where the share of the poor and near poor population increased the most. In 2000, there were over five and half million individuals in households with incomes less than 200% of the poverty line. New York City accounted for 3.1 million, Eastern New York 1.0 million and Western and Northern New York 1.4 million.

Over the decade, about 30 counties experienced a decline in the poor and near poor population (Map 2.3.) Even those areas that had a poor and near-poor rate below that of the state experienced an increase in the number of poor and near-poor, including Long Island and suburbs north of New York City. Several counties in the North Country and the Southern Tier labor market region saw a decline in the number of poor and near-poor, but had more of them as a proportion of the population than the state. The largest increase in the rate of 200% of poverty income was in New York City, and ranged from 6.8% in Queens to 4.1% in the Bronx. Rockland also saw a large increase. Not surprisingly most central cites experienced an increase in the number of poor and near poor.

New York's metropolitan areas were far behind other metropolitan areas in per capita income growth

Despite the fact that the population declined or grew slowly in many areas of the state, per capita income growth in the state's Metropolitan Statistical Areas (MSAs) was, in most cases, below that of the nation. Between 1994-- the beginning of the economic expansion-- and 2001, only three of the state's MSAs experienced growth in per capita income greater than the nation's and the growth rate for most ranked far below other metropolitan areas in the country (Table 2.5).

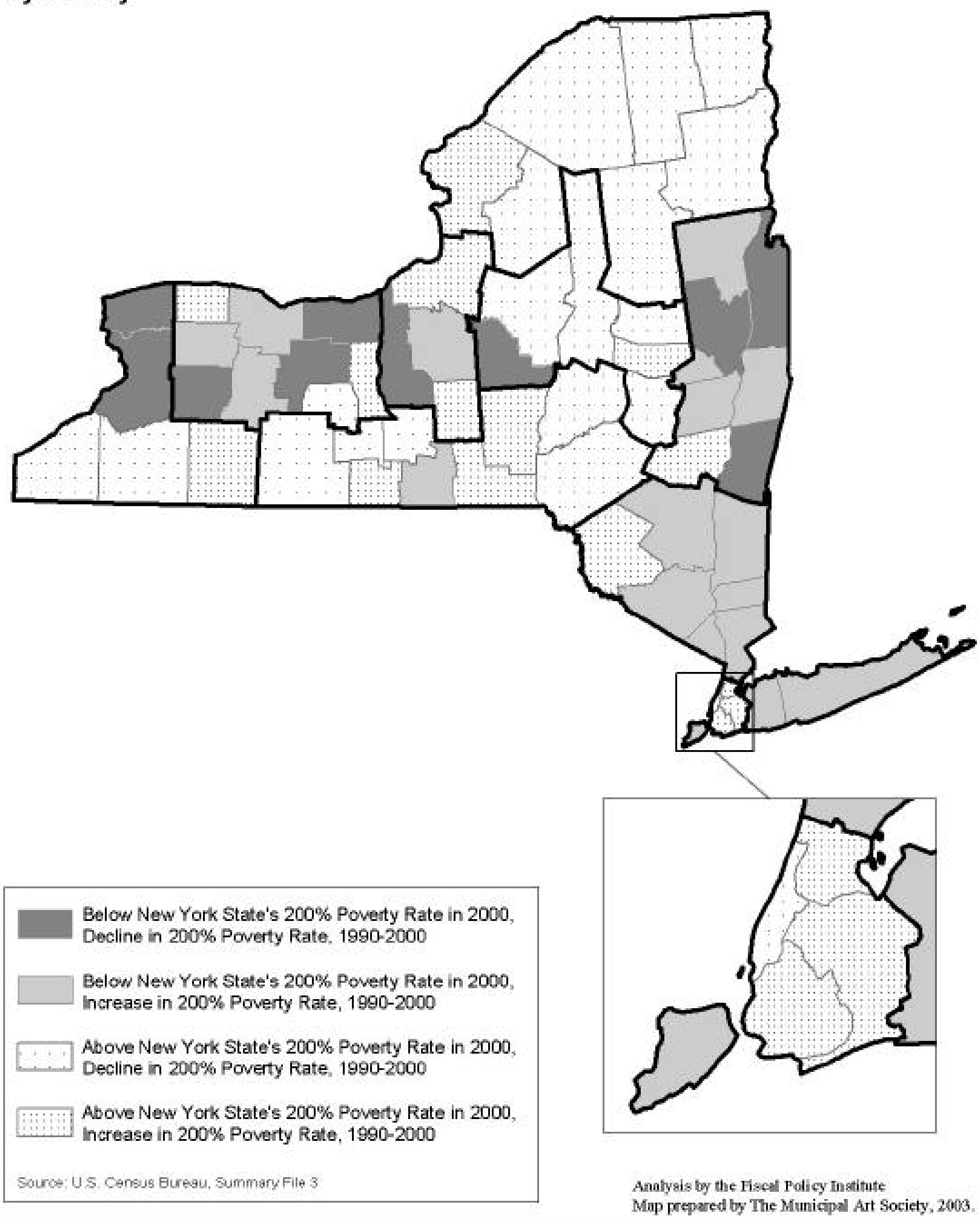
Table 2.5: Growth in Per Capita Income: How New York's Metropolitan Areas Ranked Among US Metropolitan Areas, 1994-2001

	2001 Per Capita Income	% Change 1994-2001	Rank*
New York City	$39,257	18.7%	26
Dutchess County	32,863	18.0	33
Albany-Schenectady-Troy	32,295	15.8	55
Elmira	26,046	14.7	83
Nassau-Suffolk	42,220	14.4	88
Utica-Rome	24,841	11.4	157
Buffalo-Niagara Falls	28,295	11.2	161
Binghamton	26,077	11.0	169
Syracuse	27,451	10.5	176
Glens Falls	24,333	10.4	179
Rochester	30,345	9.7	193
Newburgh	27,778	9.4	198
Jamestown	22,245	5.7	240
US	$30,897	15.2%	--

Rank out of 263 major US metropolitan areas in terms of growth in per capita income between1994-2001. Universe includes all areas designated as either Metropolitan Statistical Areas (MSAs) by the Bureau of Economic Analysis.
Source: Bureau of Economic Analysis, Regional Economic Information System.

Map 2.3 Changes in the Poor and Near Poor Over the 1990s

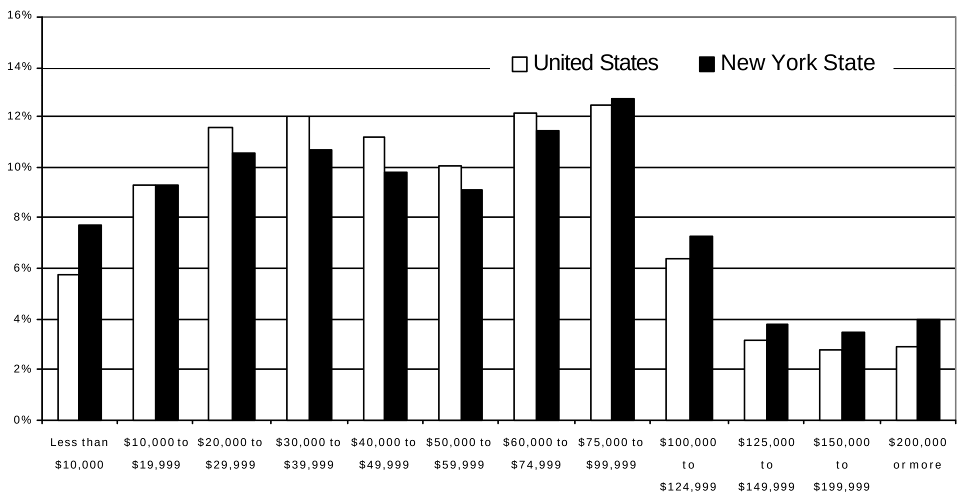
By County



The distribution of income in New York was worse than for the nation

Previous FPI reports have noted the wide and growing disparity in income distribution in New York and that New York's gap between the richest and poorest is greater than other states. New data from the 2000 census provides definite confirmation of these conclusions. A comparison of income distribution in the U.S. and New York (Chart 2. 2) shows that New York has a greater share of families in the highest income ranges and significantly more families in the lowest income bracket than the nation as a whole. There are more families with incomes above $150,000 in the New York than in the U.S. The percentage of families in the lowest income bracket was greater in the state (nearly 8%) than in the nation (about 6%). New York had a smaller percentage of families in the middle income range--$30,000 to $75,000—than the nation, suggesting a weakened economy, a decline in real wages, and fewer economic opportunities for New Yorkers at the lower end of the income spectrum.

Chart 2.2: Distribution of Family Income, 2000



Source: U.S. Census Bureau

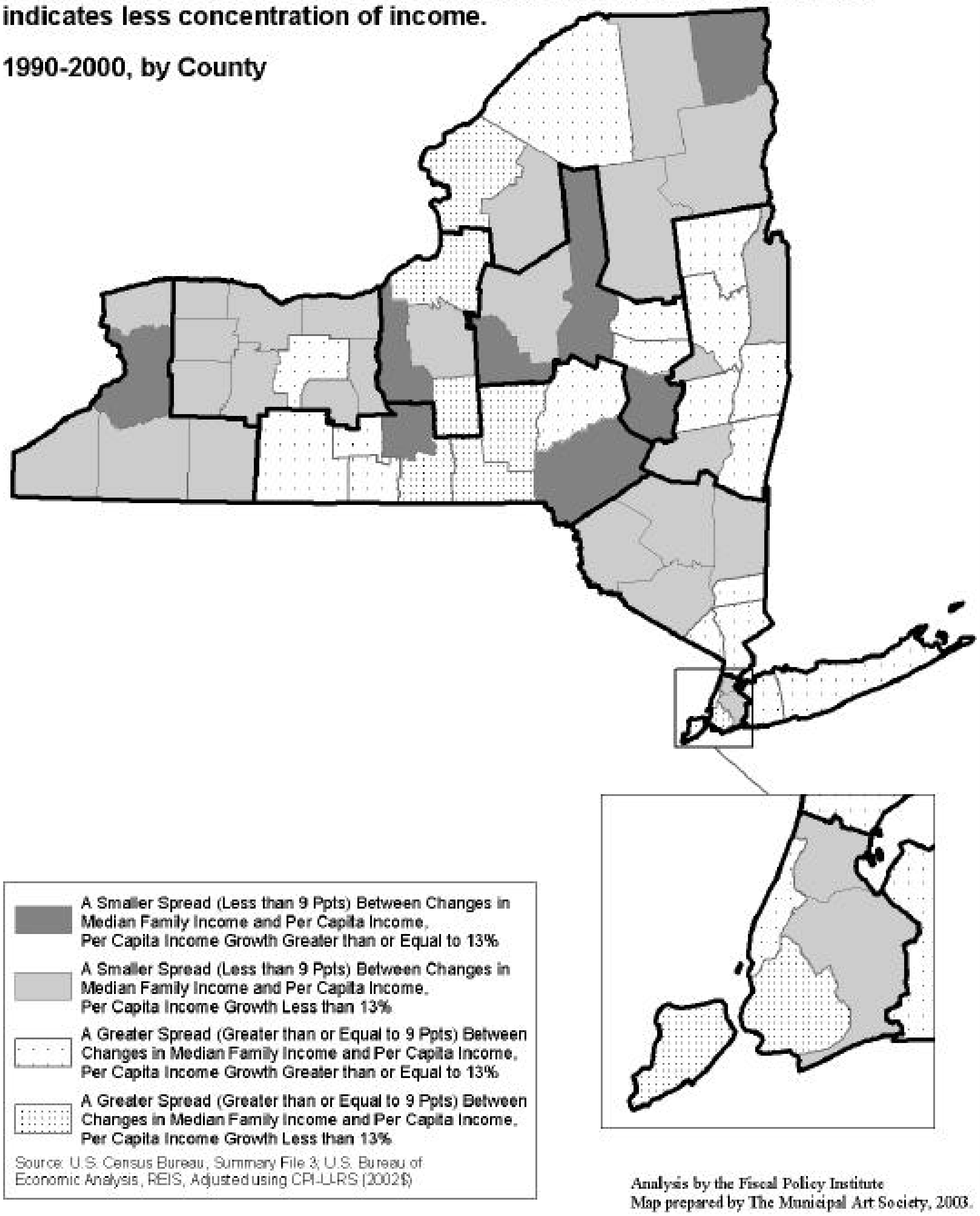
Slower growth in median income than per capita or average income is the result of income distribution becoming increasingly skewed; it means that incomes at the top are rising the most. In New York's counties, Map 2.4 shows modest income polarization and per capita income growth for the Finger Lakes and the Western New York labor market regions. However, many counties in the Southern Tier, the Capital District and the downstate area show increased polarization of income and slower per capita income growth rates. In Albany County, for example, median income grew by 4.9% over the decade but average per capita income grew by 19.3%--a difference of 14.4% percent points. In New York City, median incomes actually fell in all counties, except for Manhattan (New York County), and per capita income rose.

There is wide disparity in terms of median family income across the State (Map 2.5). Most areas reflect median incomes below that of the state median, although many of these counties appear to have experienced an increase in median family incomes in the last decade. Richer counties are concentrated in the downstate region, although there are pockets of income growth in the Capital District, parts of the Finger Lakes, and a county in the Mohawk Valley. New York City, the Mohawk Valley, a part of the Southern Tier, and Sullivan County are worst off; median income levels there are below the state median, and median incomes declined during the decade.

Map 2.4 Income Growth, Shared or Concentrated at the Top?

A narrow spread between per capita and median family income growth indicates less concentration of income.

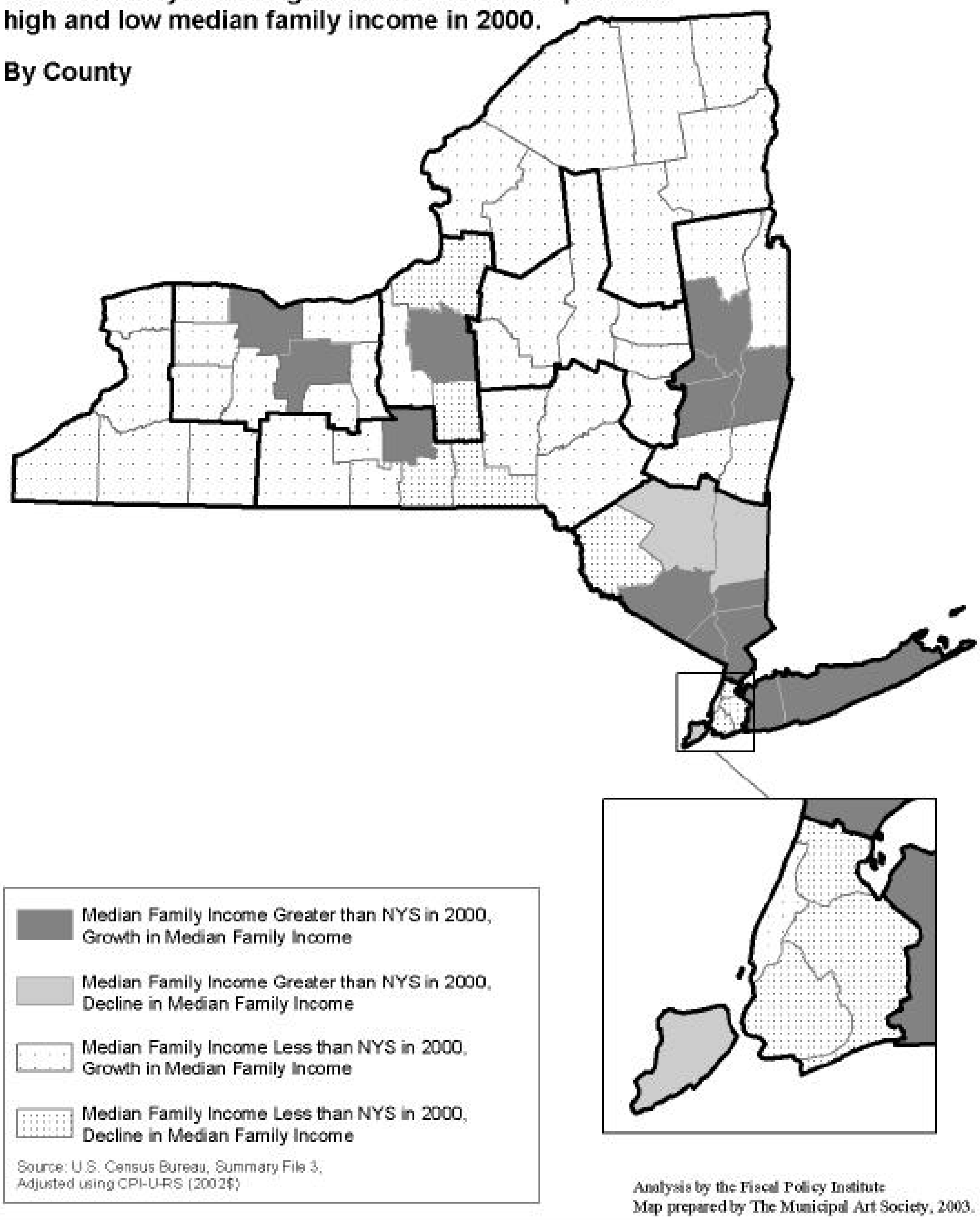
1990-2000, by County



Map 2.5 The Rich Getting Richer, the Not-So Rich Sometimes Doing Better During the 1990s

Median Family income growth or decline compared to high and low median family income in 2000.

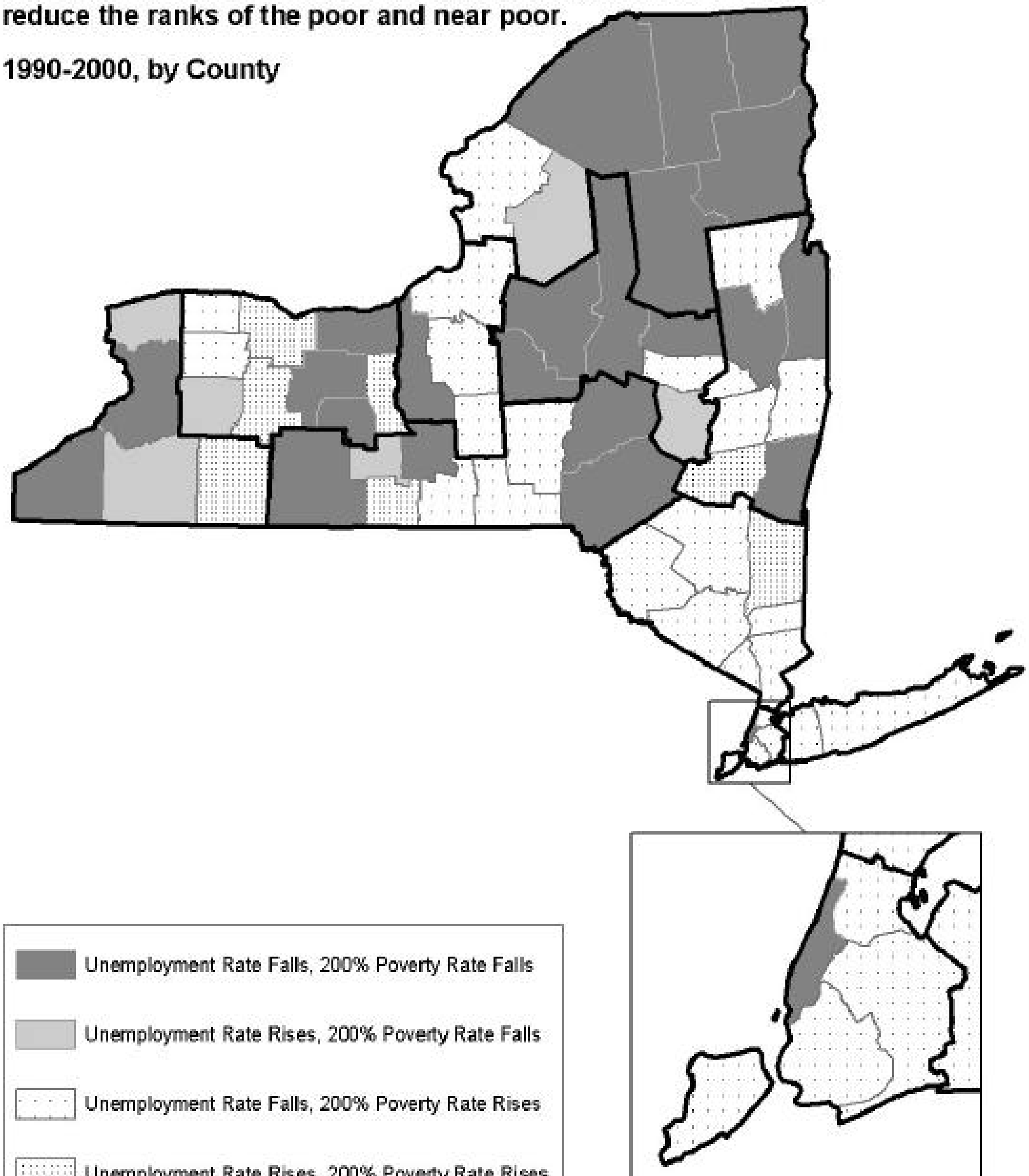
By County



Map 2.6 Does a Decline in Unemployment Lead to Fewer Poor and Near Poor?

In New York in the 1990s, declining unemployment did not often reduce the ranks of the poor and near poor.

1990-2000, by County



Source: U.S. Census Bureau, Summary File 3; U.S. Department of Labor, Local Area Unemployment Statistics

Analysis by the Fiscal Policy Institute
Map prepared by The Municipal Art Society, 2003.

Decreasing unemployment does not necessarily improve conditions for the poor and near poor. What is important is the pay level of the jobs created. Map 2.6 shows unemployment rate and median income trends in counties and regions across the state. In the 1990s, some areas, the less populated ones, experienced a decrease in the number of poor and near poor when unemployment rates declined. However, this was not the case in many counties and regions where the number of poor and near poor increased regardless of unemployment rate trends, suggesting that many of New York's poor and near-poor had access only to low paying jobs.

Stagnant population

Population dynamics have a substantial influence on the economy and fiscal conditions in New York State and its regions. Population growth is important to economic activity and sustaining and expanding an economy's workforce. Census data essentially support the view that many regions in the state continue to falter. Stagnant population growth and the pattern of migration within and outside the state suggest that many regions, particularly cities, will continue to face difficult economic and fiscal challenges in the future.

Table 2.6: Population Change by Age, 1990-2000

Region	1990	2000	% Change
U. S.			
Total	248,709,873	281,421,906	13.2
16-64	160,578,562	182,157,374	13.4
20-34	62,196,244	58,855,725	-5.4
New York State			
Total	17,990,455	18,976,457	5.5
16-64	11,826,584	12,348,932	4.4
20-34	4,547,087	4,001,633	-12.0
New York City			
Total	7,322,564	8,008,278	9.4
16-64	4,862,861	5,336,794	9.7
20-34	1,945,991	1,957,852	0.6
Eastern New York			
Total	5,639,028	5,963,029	5.7
16-64	3,741,774	3,821,781	2.1
20-34	1,364,680	1,092,403	-20.0
Western and Northern New York			
Total	5,028,863	5,005,150	-0.5
16-64	3,221,949	3,190,357	-1.0
20-34	1,236,416	951,378	-23.1

Source: U.S. Census

As Table 2.6 indicates, from 1990 to 2000, the state's population grew by 5.5% compared to the U.S. growth rate of 13.2% (42% higher than New York). The actual change in the state's population is in fact overstated as a consequence of improved coverage of New York City residents in the 2000 Census relative to the 1990 census. Improved coverage and a high level of international immigration to the downstate region were largely responsible for the increase (1 million) in the state's reported population over the decade.

During the 1990s, all regions in Eastern New York showed population gains, albeit smaller in percentage terms than the nation. In contrast, every region in the Western and Northern New York, except for the Finger Lakes and North Country regions, experienced a decline in population. On an individual MSA basis, six of New York State's 13 MSAs lost population, and all but four experienced a net out-migration of its residents. The MSAs that lost population were all located in Western and Northern New York. Ninety seven percent of the state's population gain occurred inside MSAs, with New York City accounting for 80% of it.

Dramatic decline in working age population

New York State's slow population growth is compounded by a changing age composition. Together, these factors have significant implications for the economy. The working age population—ages 16 to 64—grew by only 4.4% in New York State compared to 13.4% nationally. Nearly every region showed declines in the working age population. More significantly, the younger portion of the working age population—ages 20-34—dropped by more than twice the national rate (Map 2.7). With the exception of New York City, where there was a slight gain, every region in the State experienced a decline of residents in this age group three or four times greater than the national rate. Eastern and Western and Northern New York declined by 20.0% and 23.1% respectively.

A portion of the decline is explained by national demographic trends, for example, lower fertility rates, and an aging population resulting in large part from the exiting of baby boomers from the 20-34 age group. In New York the sluggish economy is an additional factor that is accelerating the thinning of the cohort. Discussions with business and economic development officials suggest that people in the 20-34 age cohort are leaving because of poor job prospects locally, and greater opportunities in other parts of the country. In Long Island, the high cost of housing may be an additional factor driving individuals in this age group out of the region.

The thinning of the 20-34 age cohort has implications for the local economy beyond its importance to the local workforce. Individuals in this group are also prime consumers of "big ticket" commodities, such as houses, cars, and other durable items. The movement of this cohort outside the state reduces consumption spending and thus economic activity in the state.

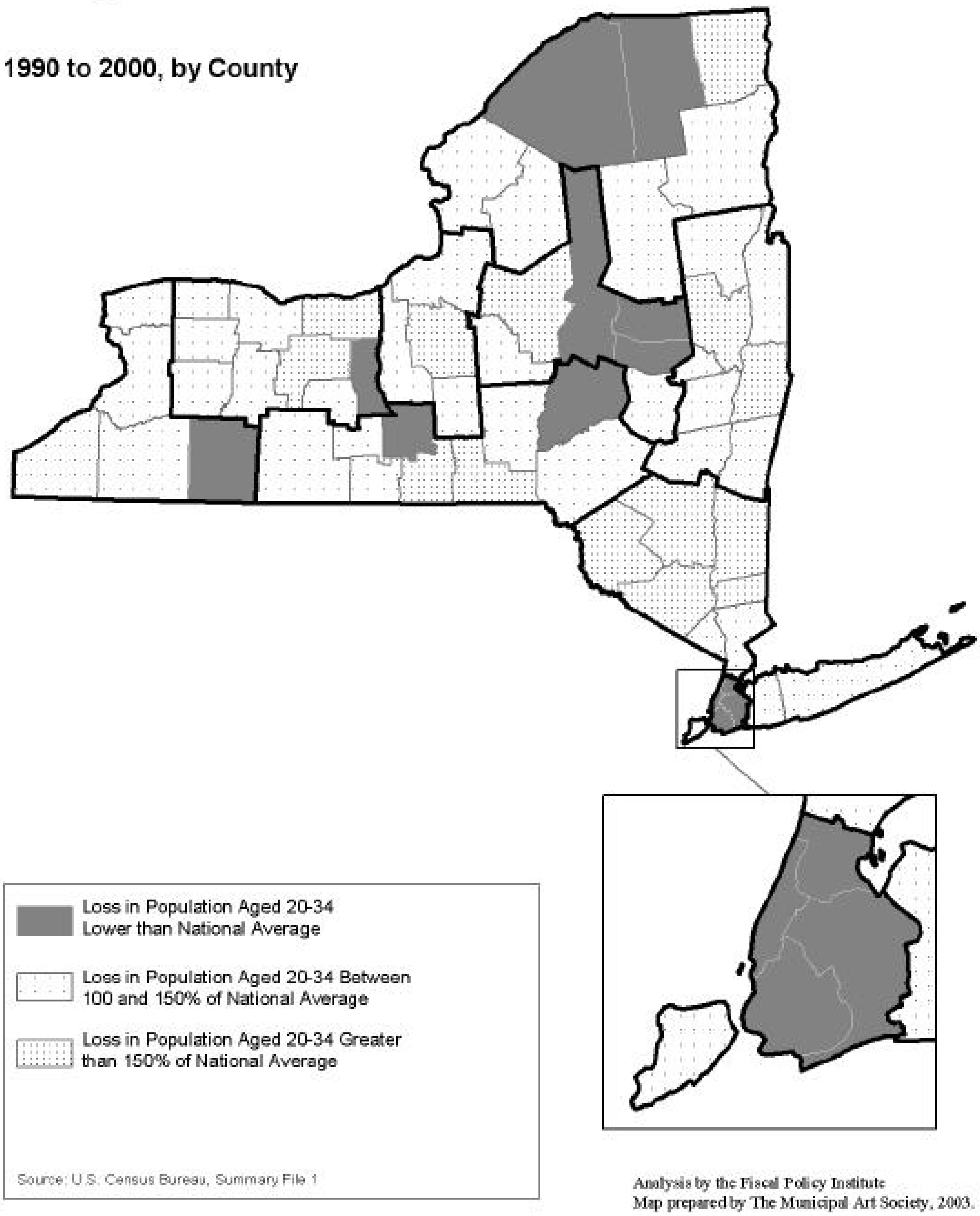
New Yorkers migrated out in record numbers

Between 1995 and 2000, the state experienced net domestic out-migration of 874,248—the difference between 726,477 domestic in-migrants and 1.6 million out-migrants More people left New York than any other state. The major destinations for individuals leaving New York were Florida (308,000), New Jersey (207,000), Pennsylvania (112,000), North Carolina (101,000), California (96,000), Connecticut (76,000), Virginia (75,000), Massachusetts (73,000), and Georgia (67,000). International migration into New York totaled 721,000 in the five year period.

Of those that left the state during the period, only 149,662 were aged 65 and over, indicating that a significant number were working-age individuals. International migration, mainly to New York City, and natural growth (more births than deaths) continued to temper population loss elsewhere and replenish the state's labor force. Total population during these years increased from 18.5 million to 18.9 million between 1995 and 2000—a gain of 452,353.

Map 2.7 Most Areas (Except New York City) Lost a Disproportionate Share of Young Workers During the 1990s

1990 to 2000, by County



Is unemployment low because of a healthy economy?

During the 1990s (see Table 2.7), the civilian labor force in New York barely grew and, in fact, in many regions declined. The labor force in New York City grew faster than the labor force at the state level. Those regions that showed an increase in their civilian labor forces had growth rates far below the national average. These trends show the fact that low unemployment rates can be a misleading indicator of economic health.

Table 2.7: Change in the Civilian Labor Force, 1990-2000

Regions	Change #	Change %	June 2003 Unemployment rates
U. S.	14,195,348	11.5	6.4
New York State	33,475	0.4	5.9
Central New York	-8,125	-2.3	5.6
Long Island	-22,393	-1.6	4.1
Mohawk Valley	-3,543	-1.5	5.0
Western New York	-8,387	-1.2	6.2
Southern Tier	-3,440	-1.0	5.2
Hudson Valley	8,386	0.8	3.9
New York City	44,804	1.3	7.7
North Country	3,185	1.7	6.0
Finger Lakes	11,653	2.0	5.6
Capital District	11,335	2.2	3.5

Source: Bureau of Labor Statistics

Manufacturing and economic diversity

Stagnating economic performance, especially in the upstate region of the state, is largely a result of the region's dependence on manufacturing. Between 1992 and 2000, the upstate regions lost 161,000 manufacturing jobs. Several factors account for the trend, including international competition from low-wage countries. Manufacturing industries also are affected by exchange rate fluctuations. Outsourcing to and direct investment in low wage countries will continue to hurt the region. Although the dependence on manufacturing has eased in some upstate regions, the accelerated outsourcing of R&D, information technology, and other business services by large companies such as IBM, GE, and Kodak etc., will continue to have negative consequences.[4]

Although New York City's economic base is more diverse than many other regions of the state, its dependence on Wall Street for jobs and especially income make it susceptible to shocks emanating from the financial markets as well as restructuring in the finance sector. Since the Wall Street bubble burst, NYC lost over 240,000 jobs, with about 100,000 of that job loss occurring as a result of the Wall Street and dot-com busts. Residents of Long Island and the northern suburbs were also affected by the financial downturn since many of them commute to New York City to work in these industries. Deconcentration of the industry as a result of 9/11, scandals involving Wall Street research and sales activities, technological change, and fall-off in highly profitable mergers and acquisitions continue to sap the sector. The magnitude of the state's dependence on the sector is indicated by the fact that the securities industry accounted for 47.6 percent of the growth in New York's gross state product between 1992 and 1999.[5] The negative consequence of overdependence on Wall Street was not limited to the economy, it has also negatively affected the fiscal conditions of the state and New York City.

Suburban sprawl without growth threatens to undermine many areas

Migration within metropolitan areas from cities to newer and newer rings of suburbs and rural areas has emerged as a significant problem for the economy and fiscal health of localities. In the past, suburban sprawl *accompanied* prosperity and population and economic growth. Recent trends in land use patterns suggest that more recent sprawl has occurred without growth, as Professor Rolf Pendall of Cornell University has concluded in his analyses of this trend.[6]

Western and Northern New York lost almost 24,000 people between 1990 and 2000. (See Table 2.8). Considering that there are over 5 million people in the region, this is not a very significant decline. On the other hand, if we look at the sub-county level a different story begins to appear. Between 1990 and 2000, villages and cities lost 166,946 residents (7.4%) whereas the portion of towns, outside of villages, which include suburbs and outlying areas gained 143,128 residents (5.1%).

Suburbanization has been occurring since the post-WWII era in New York, but in the past it was always associated with economic and population growth. Today's suburbanization is occurring without growth – a redistribution of people in a manner that puts major fiscal constraints on upstate municipalities. Upstate villages and cities contain decades worth of infrastructure and public investment. The new suburbanization requires the incorporated areas to make costly capital outlays (schools/sewer/water/roads/etc.). Yet, the areas are unable to increase their tax base because of the political structure.

At the same time that more public investment in infrastructure/services is needed for economic development, these cities and villages endure tax base erosion. For poor workers and single parents, many of whom are car less and rely on public transportation, the thinning of the population and the lack of public transportation creates difficulties for commuting to a job or for things like shopping. Rural sprawl makes a bad economic situation more difficult in regions that have underperformed economically.

Table 2.8: Population Change in New York State and Selected Regions 1990-2002

	1990 Census	2000 Census	Change #	Change %
New York State	17,990,778	18,976,457	985,679	5.5%
Rest of New York	10,668,214	10,968,179	299,965	2.8%
NYC Total	7,322,564	8,008,278	685,714	9.4%
Eastern New York				
County Total	5,639,246	5,963,029	323,783	5.7%
Incorporated Places Total	1,985,157	2,058,664	73,507	3.7%
Balance Total	3,654,089	3,904,365	250,276	6.8%
Western and Northern New York				
County Total	5,028,968	5,005,150	-23,818	-0.5%
Incorporated Places Total	2,246,126	2,079,180	-166,946	-7.4%
Balance Total	2,782,842	2,925,970	143,128	5.1%

"Eastern" New York: Capital District, Hudson Valley, Long Island
"Western and Northern" New York: North Country, Mohawk, Central, Southern Tier, Finger Lakes, Western
Source: 1990 Census, 2000 Census, 7/1/2002 Population Estimate from the U.S. Census Bureau

Urban-Suburban disparities increased over the 1990s

Suburban sprawl also has increased economic disparities between urban and suburban areas. The Lewis Mumford Center at the State University of New York at Albany analyzed census data to assess the economic disparity between cites and their suburbs. The measure of disparity they developed is a composite of eight variables: median income, per capita income, poverty rate, college education, professional occupation, unemployment, owner occupied housing and housing vacancy. Each variable was weighted equally. In 2000, for example, suburban median household income in the Rochester MSA was $48,983 compared to $27,123 for the central city. (Table 2.9) Per capita income was also higher in the suburbs, as were shares of college educated individuals, professionals and homeowners. In contrast, the central city had higher rates of unemployment, poverty and vacant housing.

Table 2.9: City-Suburban Disparity Rochester NY MSA

	Central City		**Suburb**		**Central City-Suburb Disparity**	
	1990	**2000**	**1990**	**2000**	**1990**	**2000**
Median HH Income	29,572	27,123	48,559	48,983	0.61	0.55
Per Capita Income	15,217	15,588	21,000	23,138	0.72	0.67
% Below Poverty	23.5	25.9	5.8	6.4	4.07	4.02
% College	19.0	20.1	23.9	28.7	0.79	0.70
% Professional	30.7	31.0	35.5	38.4	0.86	0.81
% Unemployed	8.8	10.2	4.2	4.7	2.09	2.15
% Homeowners	44.0	40.2	75.3	75.7	0.58	0.53
% Vacant Housing	7.5	10.8	5.6	5.8	1.32	1.85
Index Score	-1.06	-1.21	1.09	1.47	-2.15	-2.68

Source: Lewis Mumford Center State of the Cities Data, 2000. Available at: http://mumford1.dyndns.org/cen2000/data.html

For each variable, the Mumford Center created ratios of the city value to the suburb value. These ratios were then standardized, i.e., for each variable the Mumford Center calculated the standard deviation from the mean value for all U.S. MSAs. They then corrected for polarity, i.e., for indicators where a high value implies poor economic or social conditions (for example, unemployment) the value (sign) was reversed. These standardized values were summed up and divided by the number of variables(eight). The resulting index score reflects the relative position, based on all variables, of the geographic entity in relation to the mean for all U.S. MSAs (equal to zero). The further the index score is from the mean, the greater the distance from the mean for U.S. MSAs. Each entity, i.e., the central city and suburb receives index scores; the difference is the magnitude of disparity between the two entities.

Table 2.10 lists the difference or disparity between central city and suburb for each MSA in the state for 1990 and 2000. [7] The table conveys the existing disparity for each year and between years, and shows that in every MSA the central city fared poorly compared to suburbs. In 2000, the Newburgh MSA showed the greatest disparity between the central city and suburb; New York City and Buffalo followed closely. It also shows that between 1990 and 2000, the disparity between central city and suburb *increased in every* New York State MSA. This means that the position of central cities in every N.Y. MSA has deteriorated relative to its suburban areas. Glens Falls showed the greatest increase in disparity between the decennial censuses and Binghamton the least.

Table 2.10: Central City-Suburb Disparity, 1990- 2000			
	Central City-Suburb Disparity		Absolute Change
Metropolitan Area	**1990**	**2000**	**1990-2000**
Albany-Schenectady-Troy	-1.40	-2.02	-0.63
Binghamton	-1.55	-1.61	-0.06
Buffalo-Niagara Falls	-2.37	-2.73	-0.37
Elmira	-2.17	-2.33	-0.16
Glens Falls	0.18	-0.68	-0.86
Jamestown	-0.63	-0.96	-0.33
Rochester	-2.15	-2.68	-0.53
Syracuse	-1.68	-2.06	-0.38
Utica-Rome	-1.08	-1.42	-0.34
Dutchess County	-1.85	-2.53	-0.68
New York City	-2.53	-2.73	-0.20
Newburgh	-2.42	-2.97	-0.55
Source: Lewis Mumford Center for Comparative Urban and Regional Research, State University of New York at Albany			

Why are Western and Northern New York doing poorly?

The long term decline in wages, poor job growth rate, population loss, downsizing by large employers, worsening city-suburban disparities, and the loss of corporate headquarters/large establishments continue to pose a long term problem for the upstate regions. The continuing shift away from manufacturing has eroded upstate's economic base, making it one of the slowest growing large regional economies in the country.

The economic malaise, particularly west of the Hudson Valley and the Capital District labor market areas, continues unabated. Every area included in Western and Northern New York has suffered. Several factors explain the trend.

- First, technological changes in transportation have eliminated the historic comparative advantage that these locales enjoyed as transportation hubs.
- Second, many of these regions, including the Mohawk Valley, the Southern Tier, Central New York, and Western New York, were home to old industries with aging or obsolete plant and equipment and companies found it more advantageous to build new plants elsewhere than to retool plants in these regions.
- Third, many of these economies were heavily dependent on the manufacturing sector for both income and jobs. When plants closed or moved away there was nothing to replace them.
- Fourth, many of these manufacturing plants were branch plants of major manufacturers that were affected by decisions made by corporate headquarters based outside the region. Loyalty to either workers or cities usually did not have a role in the corporate decision making process. Buffalo, the best example of a branch town, lost thousands of jobs as a result. Other regions were dependent on the presence of corporate headquarters such as like IBM, Kodak, and Corning. However, even in these cases, local economies could not rapidly replace the loss of jobs as a result of relocation and/or downsizing.
- Fifth, in the sixties manufacturing industries began to face international competition as technology and capital became more internationally mobile. The trend accelerated in the eighties and nineties as new trade regimes (Canada-U.S., NAFTA, WTO) lifted trade barriers and made it easier for companies to outsource and invest in low-wage countries.

The overdependence on a few employers has made it difficult for the region to adjust to change. Unfortunately, over time, large firms and establishments have substantial influence on a region's assets, especially its workforce. Highly specialized skills are not easily transferable and the new jobs being created pay low wages.

A declining population, an aging workforce and migration of working age individuals may also be impacting workforce composition and therefore business investment. The reduction in the 20-34 cohort is an obvious, though not irreversible, problem for every region of the state excluding New York City. The problem is particularly acute in relation to well trained workers who have the skills to relocate when they do not find employment opportunities in their communities.

Urban distress is another factor that may be contributing to the economic malaise in the region. While there have been improvements in a few urban pockets west of the Hudson, the urban core in every region is in trouble. Although migration outside the center city is an old trend, it has led to concentrated joblessness and poverty in urban areas. Beside the difficulty in finding a job, a declining quality of life (deteriorating amenities such as schools, neighborhoods and recreation facilities) appears to have contributed to the decision of young workers to leave the region.

Endnotes

1 The idea to group the state into these "super" regions was suggested by Rolf Pendall, Department of City and Regional Planning, Cornell University. See Rolf Pendall Upstate New York's Population Plateau: The Third-Slowest Growing "State", Center on Urban and Metropolitan Policy, Brookings Institution, August 2003. Available at:
http://www.brookings.edu/dybdocroot/es/urban/publications/200308_Pendall.pdf

2 See The State of Working New York 1999. The Illusion of Prosperity: New York in the New Economy, Fiscal Policy Institute, September 1999, p. 41.

3 Diana Pearce with Jennifer Brooks, The Self-Sufficiency Standard for New York, New York State Self-Sufficiency Standard Steering Committee, September 2000.

4 Kelly Patricia O'Meara, "Cheap Labor at America's Expense: As U.S. corporations outsource their information-technology operations to the lower-wage countries, American workers are left on the outside looking in" News World Communications, Inc. June 09, 2003. http://meadev.nic.in/ind-ter/for-med/cheap-lab-amr.htm
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"The New Global Shift", Business Week, February 3, 2003

5 Fiscal Policy Institute, The State of Working New York 2001: Working Harder, Growing Apart, p.42.

6 The characterization "sprawl without growth" was developed by Rolf Pendall, of the Department of City and Regional Planning, Cornell University, who is working on a series of reports on the social and economic health of upstate New York over the past two decades under the aegis of the Center on Urban and Metropolitan Policy at the Brookings Institution. See Rolf Pendall, Sprawl without Growth: The Upstate Paradox, Center on Urban and Metropolitan Policy, Brookings Institution, forthcoming, October 2, 2003.

7 Lewis Mumford Center for Comparative Urban and Regional Research, State University of New York at Albany.