

# TRENDLINES

## The North Country Economic Newsletter

Vol.2, No.3 School of Business and Economics SUNY Plattsburgh May, 2009

### Local News

**The Plattsburgh International Airport** is poised for a major expansion. In 2008, the airport increased enplanements from 2,000 to 44,000 and expects enplanements to increase by 20,000 per year for the next couple years. The design phase of this project is expected to be done in 2009 with construction starting in 2010.

**The Department of Environmental Conservation** will shut down four campgrounds (two in Essex and two in Hamilton County) in the Adirondacks during 2009.

Two subcontractors of **Nova Bus** plan to open facilities in Plattsburgh. Spencer ARL New York, which will handle all materials coming into Nova Bus from North America, expects to start with 17 employees and could grow to 60 within five years. B3CG Interconnect, an assembler of complex harnesses and control panels, will open a facility with 25 workers and could grow to 50.

**Stream Global Services**, a call center in Watertown (Jefferson County), expects to add 100 to 200 jobs during 2009 to fulfill a contract from a "major satellite television producer."

A **Lowe's** Home Improvement Warehouse opened in Ticonderoga (Essex County) at the end of February with 112 employees.

Source: New York State Department of Labor

## Workforce Development and The Federal Economic Recovery Plan: New York State Responses

The Workforce Alliance's 2009 National Summit took place in Washington, DC in February. Representatives from the New York, Pennsylvania and Iowa workforce development systems discussed their state's response to the federal economic recovery legislation.

This is what **Bruce Herman**, New York Deputy Commissioner for Workforce Development, had to say about the North Country:

*"The North Country's economy has begun to feel the effects of the national recession. In response, the NYS Department of Labor is now promoting the Shared Work program, which encourages employers to retain their employees rather than lay them off. In addition, 34 rural counties in New York State have been approved for a \$250,000 program offering gas cards to unemployed job seekers."*

State Labor Commissioner **Smith** urged businesses in the North Country struggling with

the current economic crisis to use the Department of Labor's Shared Work Program, which gives employers an alternative to layoffs as they face a temporary decline in business. Rather than lay off a percentage of workers to cut

### Program Lets Employees Collect UI, Keep Health Benefits on a Reduced Work Schedule

costs, an employer can use this program to

reduce the hours of all or a particular group of employees. In turn, employees can receive partial unemployment insurance benefits to compensate for their lost wages.

employees do not see a reduction in their health insurance, retirement, vacation pay, or other fringe benefits.

### Shared Work Plan

New York is one of 17 states currently utilizing this program, which helps employers avoid some of the burdens that accompany a layoff. In 2008, 462 employers statewide participated, up from 291 in 2007, with 11 programs active in the North Country. This translates to 14,775 employees enrolled in Shared Work in 2008, up from 10,300 in 2007, with 454 of these in the North Country.



quickly gear up as soon as business conditions improve. This spares the business the expense and delay of recruiting, hiring, and training new employees.

The employer must have at least five full-time (35-40 hours/week) employees, and paid (or its predecessor paid) UI tax contributions for at least a year before applying to the Liability & Determination Section at least two weeks before the start of the program.

A Shared Work plan must include: a reduction in work hours between 20 - 60%, benefits may not be used to pay existing part-time employees, no reduction in fringe benefits, no extension beyond 53 weeks, approval by the NYSDOL Liability & Determination Section before implementation, the employer cannot hire more workers for the group covered by the plan, the plan must be in

lieu of a layoff of an equivalent percentage of the workforce, all employees in an affected unit reduce their hours by the same extent (different units may reduce varying percentages), in union shops, the collective bargaining unit must agree to the Shared Work Program.

An employee making \$400 per week might get \$200 a week if totally unemployed. If the company takes part in Shared Work, the employee's wages and hours could be reduced 20 percent to 60 percent. At 20 percent, the employee would still get \$320 from the employer and \$40 in Shared Work benefits.

Bombardier and Schonbek Worldwide Lighting (Clinton

County) are among the employers taking part in the Shared Work program.

#### Gas Cards

On March 2, Governor Paterson announced that 34 rural counties in New York State have been approved to participate in a \$250,000 initiative to make gas cards available to unemployed job seekers. Due to the economic

conditions, the NYS Department of Labor, in conjunction with the Governor and the State Workforce Investment Board, will be issuing state level funds to the local areas in order for them to provide gas cards to participants who are in need of them, particularly for those Local Workforce Investment Areas who lack a

comprehensive mass transit system and/or have significant rural based populations. Those eligible for funds are Counties with Percent Rural Population of 33.3% or more on the 2000 County Typology as identified in the "Socioeconomic Trends and Well-Being Indicators in New York State, 1950-2000." (This would include Oneida, Cayuga, Fulton, Genesee, Madison, Montgomery, Ontario, Oswego, Wayne, Cattaraugus, Chautauqua, Clinton, Cortland, Jefferson, Otsego, St. Lawrence, Steuben, Tompkins, Ulster, Warren, Columbia, Greene, Herkimer, Livingston, Orleans, Schoharie, Schuyler, Seneca, Tioga, Washington, Wyoming, Yates, Allegany, Chenango, Delaware, Essex, Franklin, Hamilton, Lewis and Sullivan).

Companies can find more information and apply for the Shared Work program at [www.labor.ny.gov](http://www.labor.ny.gov)

### Featured Economic Indicators for the Tri-County Area (Clinton, Essex, and Franklin Counties)

#### Clinton County

<b>Employment Growth (NSA)</b>	<b>2007</b> -0.9%	<b>2008</b> -0.3%	<b>Q4 2007 YTD</b> -0.9%	<b>Q4 2008 YTD</b> -0.3%
<b>Unemployment Rate</b>	<b>Q1 2008</b> 6.9%	<b>Q2 2008</b> 6.2%	<b>Q3 2008</b> 6.3%	<b>Q4 2008</b> 7.0%
<b>Personal Bankruptcy Failing Rate</b> Per 1000, Chapters 7&13	<b>2005</b> 5.42	<b>2006</b> 1.87	<b>2007</b> 2.11	<b>Rank in NY</b> 41
<b>Total Housing permits</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>
Single Family Housing	1	9	17	20
Multi Family Housing	0	2	7	125

#### Essex County

<b>Employment Growth</b>	<b>2007</b> -0.5%	<b>2008</b> -0.4%	<b>Q4 2007 YTD</b> -0.5%	<b>Q4 2008 YTD</b> -0.4%
<b>Unemployment Rate</b>	<b>Q1 2008</b> 7.9%	<b>Q2 2008</b> 6.3%	<b>Q3 2008</b> 5.3%	<b>Q4 2008</b> 7.7%
<b>Personal Bankruptcy Failing Rate</b> Per 1000, Chapters 7&13	<b>2005</b> 4.58	<b>2006</b> 1.40	<b>2007</b> 1.46	<b>Rank in NY</b> 54
<b>Total Housing permits</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>
Single Family Housing	na	na	na	na
Multi Family Housing	na	na	na	na

#### Franklin County

<b>Employment Growth</b>	<b>2007</b> 0.4%	<b>2008</b> 0.5%	<b>Q4 2007 YTD</b> 0.4%	<b>Q4 2008 YTD</b> 0.5%
<b>Unemployment Rate</b>	<b>Q1 2008</b> 7.8%	<b>Q2 2008</b> 6.6%	<b>Q3 2008</b> 6.2%	<b>Q4 2008</b> 7.4%
<b>Personal Bankruptcy Failing Rate</b> Per 1000, Chapters 7&13	<b>2005</b> 4.49	<b>2006</b> 1.84	<b>2007</b> 4.49	<b>Rank in NY</b> 5
<b>Total Housing permits</b>	<b>Q1 2008</b>	<b>Q2 2008</b>	<b>Q3 2008</b>	<b>Q4 2008</b>
Single Family Housing	4	8	11	14
Multi Family Housing	0	0	0	0

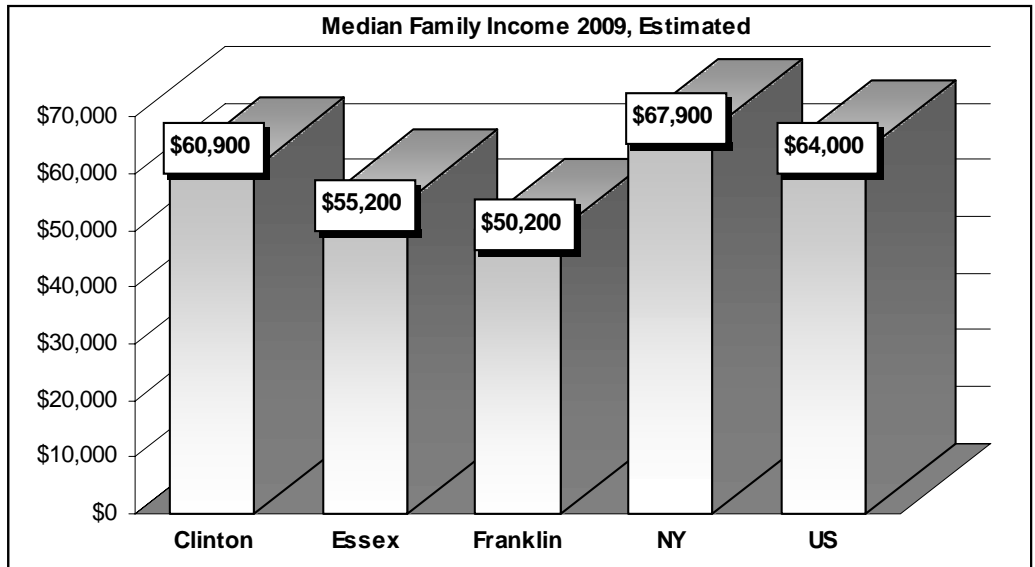
Quarterly Data is the year-to-date percentage change from the previous year's YTD data

Source: Regional Economic Conditions Reported by the Federal Deposit Insurance Corporation (FDIC)

## Local Economic Conditions

The New York State Department of Labor reported that Private sector employment in the North Country fell over the year by 2,200, or 2.0 percent, to 110,000 in March 2009. The largest declines occurred in manufacturing (-700), natural resources, mining, and construction (-700), and leisure and hospitality (-600). Government (+300) added jobs over the year. (new one)

Source: NYSDOL



Source: FDIC

## Signs of National Recession

The slow, steady employment growth in the North Country was finally affected by the national economic slowdown. This became obvious during the second half of 2008. In the March edition of the Employment in New York State Newsletter the NYSDOL reports that “as recently as the first quarter of 2008, the North Country was up almost 900 private sector jobs (+0.7 percent) over the year. By the fourth quarter of 2008, however, the situation had turned around, and the region had lost 1,000 jobs, or 0.8 percent, compared with the same period in 2007”.

The same trend continues in 2009. “For the 12-month period ending January 2009, the region’s private

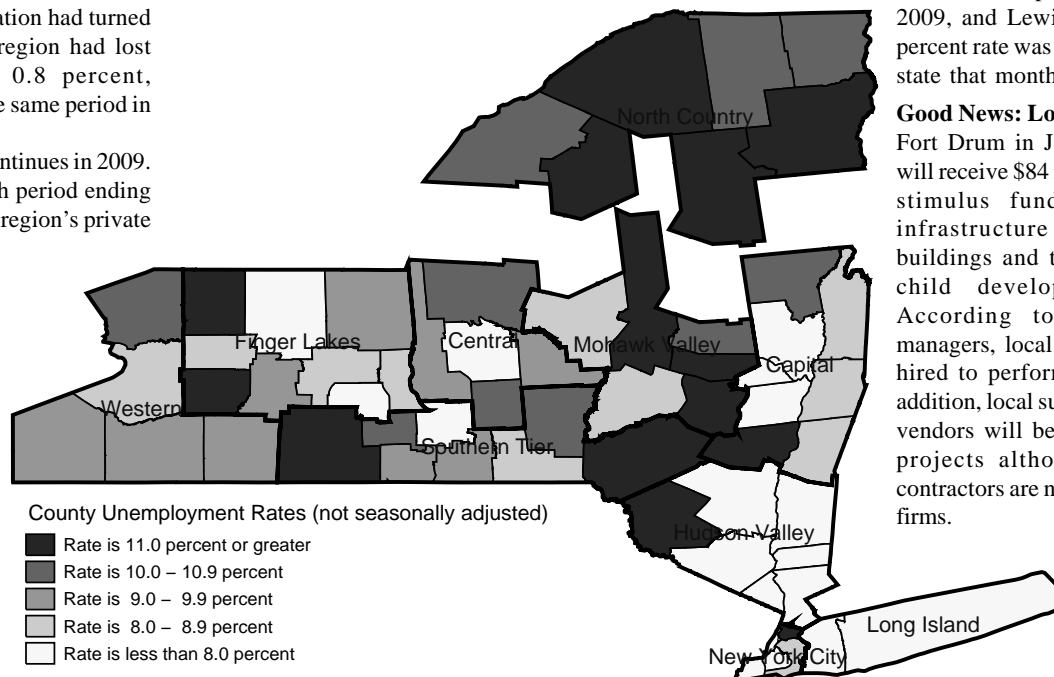
sector count declined by 1,700, or 1.5 percent, to 110,000, its lowest January level since 2005. The region’s manufacturing sector has been especially hard hit, losing 600 jobs between January 2008 and January 2009. This recent employment drop in the North

Country’s factory job count extends a long-term decline; from 1990 to 2008, the region lost 35 percent of its manufacturing employment.”

The unemployment rate in the region is another sign that the local economy experiences the effects

on national recession. “From January 2008 to January 2009, the North Country’s rate jumped from 7.6 percent to 10.6 percent. Not only did the North Country have the highest unemployment rate among the state’s 10 labor market regions in January 2009, but the rate was also the highest January rate for the region since 1998. All seven North Country counties registered unemployment rates over 10 percent in January 2009, and Lewis County’s 11.7 percent rate was the highest in the state that month.”

### Unemployment Rates by County, New York State March 2009



New York State rate = 8.1 percent  
Source: New York State Department of Labor

**Good News: Local Expansions**  
Fort Drum in Jefferson County will receive \$84 million in federal stimulus funds to upgrade infrastructure and existing buildings and to build another child development center. According to the contract managers, local workers will be hired to perform the work. In addition, local subcontractors and vendors will benefit from these projects although the prime contractors are not locally-owned firms.

Mississippi-based Steel Development Company expressed interest in opening a steel mill in Massena (St. Lawrence County). The Ogdensburg Bridge and Port Authority recently endorsed the company's proposal which includes an application for 35 megawatts of power from the New York Power Authority. Company officials said the plant would create 200 jobs.

The American Recovery and Reinvestment Act (the federal stimulus package) should soon provide a boost to the North Country economy. Villages, towns, and counties throughout the region are in line to receive significant funding for projects. Newton Falls Fine Paper in St. Lawrence County applied for two megawatts of low-cost power from the New York Power Authority. If the paper mill receives this allocation of power, then an additional 54 jobs are expected to be created at the mill which currently employs 118. Tulmar Manufacturing, a defense-related contractor that makes vehicle seating, stowage equipment, and military tentage, plans to open a manufacturing facility in Ogdensburg (St. Lawrence County) in April 2009. The company will employ 45 workers.

The St. Lawrence Seaway Development Corporation will receive \$17 million from the federal government for repairs and maintenance of bridges and locks.

**Local Manufacturers Experience Decline**

Pharmaceutical manufacturer Wyeth slashed 120 jobs at its plant

in Rouses Point (Clinton County) in January 2009 and will turn operations over to Akrimax Manufacturing at the end of 2009. Three transportation manufacturing firms have cut back staffing. The General Motors plant in Massena (St. Lawrence County) is slated to close on May 1, 2009. In 2007, the plant employed upwards of 450, but its job count was down to 37 workers in early 2009. Bombardier, a manufacturer of rail cars in Plattsburgh, cut the hours of 160 of its 350 workers in 2008. The company decided against layoffs because they want to retain their workforce to fulfill upcoming contracts. These include a contract for 400 cars from the Chicago Transit Authority scheduled to begin in 2009, as well as options for additional cars provided under a current contract with New Jersey Transit. In addition, New York Air Brake, which supplies control systems for the railroad industry, trimmed staffing at its Watertown (Jefferson County) plant by 25 in January 2009.

Alcoa, which operates two aluminum smelters in Massena,

recently announced the elimination of 64 hourly positions. In addition, the company reduced the hours of 140 hourly and 30 salaried employees to 32 hours per week. This will allow Alcoa to take advantage of the State Department of Labor's Shared Work program. These reductions in hours are over and above the 120 layoffs that were announced in November 2008. (After the latest round of cuts, Alcoa will have about 1,140 jobs at its Massena plants.) Despite the recent layoffs and cut in hours, Alcoa's future in Massena seems solid, as the company remains committed to a \$600 million upgrade of the local plants. The company is also committed to keeping at least 900 workers on the payroll, a condition of their subsidized power contract with the New York Power Authority. Two North Country firms moved production to China. One was Jarden Plastic Solutions, which closed its factory in Tupper Lake (Franklin County) during the first half of 2008. The company lost a contract to make poker chips in fall 2007 and cited competition from China for the closing. The factory

employed 68 workers. The second firm, healthcare device manufacturer Covidien (the former Tyco Healthcare), cut about 70 jobs at its facility in Watertown in 2008. In March 2009, the company announced that it was closing the plant, affecting the remaining 250 workers.

The Watertown Daily Times, which is owned by the Johnson Newspaper Corporation, suffered a decline in advertising. To deal with this decline, the paper will require all employees to take 10-day furloughs in 2009. In addition, the company is closing its Albany bureau, suspending a 401(k) matching program, and eliminating its daily television listings.

Camp Gabriels, a minimum-security correctional facility in Franklin County, is slated to be closed on or after July 1, 2009. This closure is due to State budget cuts. The facility employs about 105 workers.

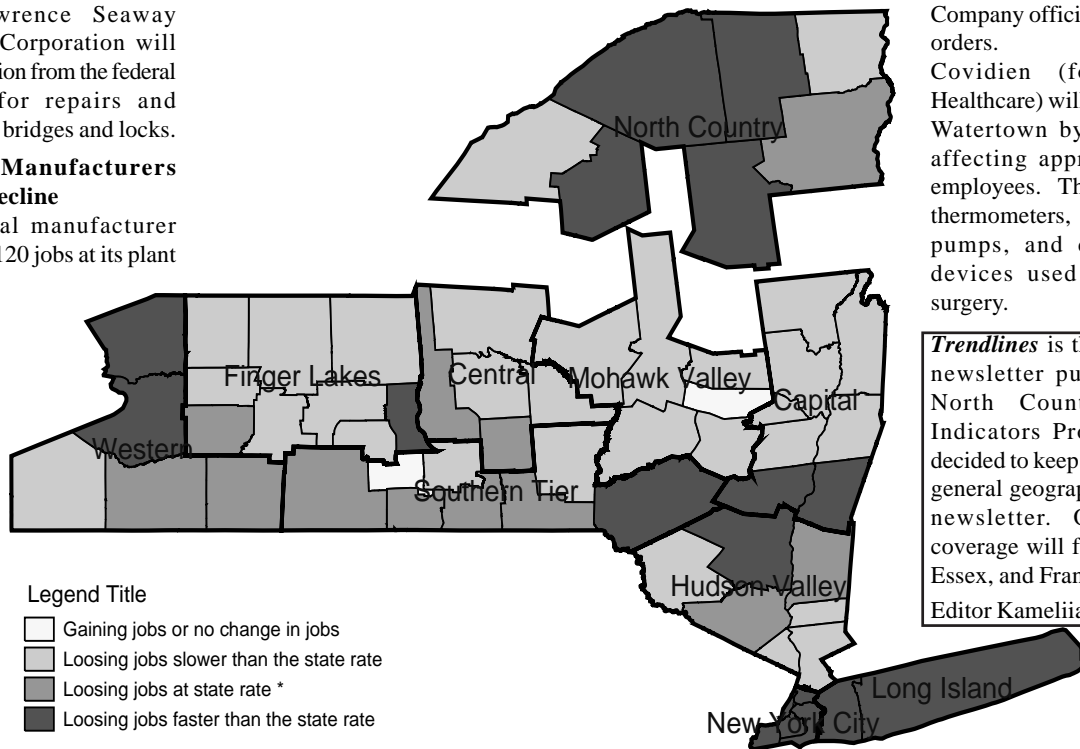
Corning shut down its plant in Dekalb (St. Lawrence County) for the first three weeks of April. The plant employs about 130 workers.

International Paper in Ticonderoga (Essex County) will shut down for two weeks in May and idle most of its 600 workers. Company officials cited a lack of orders.

Covidien (formerly Tyco Healthcare) will close its plant in Watertown by August 2010, affecting approximately 250 employees. The facility makes thermometers, vascular feeding pumps, and chest drainage devices used in open-heart surgery.

*Trendlines* is the revival of the newsletter published by the North Country Economic Indicators Project. We have decided to keep the old name and general geographic scope of the newsletter. Our statistical coverage will focus on Clinton, Essex, and Franklin counties. Editor Kameliia Petrova

Private Sector Job Growth by County, New York State March 2008 – March 2009



NOTE: \*Represents job loss of between -2.0% and 2.4% from March 2008 to March 2009  
Source: New York State Department of Labor