

# TRENDLINES

## The North Country Economic Newsletter

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### Local News

**The New York Power Authority** is planning to build new power lines and upgrade old lines to accommodate the importation of power from Canada as well as other sources including the numerous wind farms that have been built in Northern New York over the last few years. The project is expected to be phased in over six to eight years and cost from \$4 billion to \$6 billion.

**The Lake Placid Visitors Bureau** and the World Triathlon Corporation agreed to a contract that will bring an Ironman competition to Lake Placid for the next three years. The annual competition brings over 10,000 visitors to Lake Placid in July.

**The D'Arcinoff Group**, a Washington, DC-based company, proposed converting the General Motors manufacturing plant in Massena into a windmill components manufacturing plant. This proposal is part of a broader 15-plant plan that would also include the New Process Gear plant in Syracuse.

**Laurentian Aerospace Corp.** is still interested in opening an airplane maintenance, repair, overhaul operation on the former Plattsburgh Air Force Base. The company said 200 to 300 workers would be hired initially, with the possibility of up to 900 when the site is fully operational.

Source: New York State Department of Labor

## Overview of the North Contry Economy

### Regional Indicators

This overview of the regional economy assesses the employment base and competitive industries in the North Country region made up of Clinton, Essex, Franklin, Lewis, Jefferson, Hamilton and St. Lawrence counties. The analysis explores a group of regional indicators. Two sets of indicators are presented in the current issue of the newsletter.

The first set covers business establishments in the private sector, local employment and average wages. They help determine the geographic

distribution and characteristics of employment in the region. In addition, data on recent employment and population growth rates is used to evaluate the region's potential for creating employment opportunities and attracting and retaining people.

The second set of indicators looks at the share of retirement age workers in the region by sector.

### Business Establishments, Employment and Wages

•Employment in the region (141,674) accounts for 1.5% of private sector employment New York State (7.1 million).

•Average private sector wages in the region (\$30,868) are 50% lower than the state average of \$61,402.

The tri-county area (Clinton, Essex and Franklin counties) accounts for 44% of the region's private sector employment.

•Clinton and St. Lawrence counties' private sector average wage (\$33,130 and \$31,884 respectively) is above the regional average of \$30,868.

•Hamilton County was the only county in the area where private sector average wage (\$18,645) is significantly below (40%) the region's average of \$30,868.

Table 1. Private Sector Establishments, Employment and Wages, 2007

County	Establ.	Employment	Average Wage	% of Region Employment	% of Region Avg. Wage
Clinton	1,964	26,640	\$33,130	24%	107%
Essex	1,204	10,495	\$29,305	10%	95%
Franklin	1,095	10,507	\$28,149	10%	91%
Lewis	524	4,236	\$29,073	4%	94%
Jefferson	2,586	30,477	\$30,213	28%	98%
Hamilton	221	1,207	\$18,645	1%	60%
St. Lawrence	2,080	26,581	\$31,884	24%	103%
North Country Region	11,815	141,674	\$30,868	100%	100%
New York State	563,450	7,122,485	\$61,402	NA	NA

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics

## Employment and Population Growth

- Employment growth in Franklin (5.7%) and Jefferson (7.4%) counties exceeded the state's employment growth rate of 3.9%.
- Franklin and Jefferson counties are in the top half of all New York State counties (62) in employment growth from 2004 to 2007.
- Clinton and Essex counties were the only two counties in the region to have negative employment growth.
- Essex County's employment decline was the fourth largest of all New York State counties.
- Jefferson County had the largest population growth

**Table 2. Percentage Change in Employment and Population, 2004-2007**

County	Employment	Population	Employment Growth Rank	Population Growth Rank
Jefferson	7.4%	3.1%	5	1
Franklin	5.7%	0.0%	11	25
Hamilton	5.2%	-2.6%	13	61
St. Lawrence	2.6%	-0.4%	30	35
Lewis	2.2%	0.6%	34	19
Clinton	-0.5%	0.8%	51	15
Essex	-2.0%	-1.3%	58	52
New York State	3.9%	0.7%	NA	NA

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics and U.S. Census Bureau, Population Division

(3.1%) of all NYS counties and the largest employment growth (7.4%) of all counties in the region.

- Essex, Hamilton and St. Lawrence counties had population declines.

- Essex County was the only county in the region with both employment decline (-2%) and population decline (-1.3%) for the period between 2004 and 2007.

## Age Demographics by Industry

- The North Country region has a smaller share of retirement age workers (18%)

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

### Clinton County

Employment Growth (NSA)	2007	2008	Q2 2008 YTD	Q2 2009 YTD
	-0.6%	-1.0%	-1.0%	-2.0%
Unemployment Rate	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	6.3%	7.2%	10.5%	9.6%
Personal Bankruptcy Failing Rate Per 1000, Chapters 7&13	2006	2007	2008	Rank in NY
	1.88	2.13	3.29	22
Total Housing permits	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Single Family Housing	17	20	0	9
Multi Family Housing	7	125	0	7

### Essex County

Employment Growth	2007	2008	Q2 2008 YTD	Q2 2009 YTD
	-0.8%	-1.3%	-1.0%	-3.0%
Unemployment Rate	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	5.4%	7.8%	11.3%	9.5%
Personal Bankruptcy Failing Rate Per 1000, Chapters 7&13	2006	2007	2008	Rank in NY
	1.41	1.48	2.49	45
Total Housing permits	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Single Family Housing	na	na	na	na
Multi Family Housing	na	na	na	na

### Franklin County

Employment Growth	2007	2008	Q2 2008 YTD	Q2 2009 YTD
	0.1%	-0.4%	-0.6%	-2.1%
Unemployment Rate	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	6.2%	7.6%	10.4%	8.6%
Personal Bankruptcy Failing Rate Per 1000, Chapters 7&13	2006	2007	2008	Rank in NY
	1.85	4.52	2.83	31
Total Housing permits	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Single Family Housing	11	14	2	4
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)

than the state average across all industries (20%).

• The region's share of retirement age workers in Financial Services,

Information, Natural Resources and Mining, Retail Trade, and Other Services industries is higher than the statewide.

• The industries with the highest share of retirement age workers in the region are Natural Resources and Mining

(23%), and Other Services (Public Administration included) (26%).

**Table 3. Age demographics by Industry, 2007**

Sector	New York State			North Country Region		
	Age14-19	Age 55+	%	Age 14-19	Age 55+	%
Construction	339,975	46,551	14%	6,400	692	11%
Education and Health Services	1,391,931	485,052	35%	45,218	8,914	20%
Financial Activities	563,062	73,263	13%	2,371	443	19%
Information	272,081	40,879	15%	1,964	394	20%
Leisure and Hospitality	705,563	80,651	11%	14,331	1,361	9%
Manufacturing	554,436	114,092	21%	14,382	2,395	17%
Natural Resources and Mining	26,235	5,161	20%	1,683	386	23%
Other Services (with Public Adm.)	782,458	178,552	23%	19,473	5,026	26%
Prof. and Business Services	1,347,954	216,700	16%	9,726	1,450	15%
Retail Trade	879,973	126,160	14%	18,262	2,731	15%
Transportation and Utilities	341,604	69,793	20%	5,151	914	18%
Wholesale Trade	363,472	65,427	18%	3,361	513	15%
All	7,568,744	1,502,281	20%	142,322	25,219	18%

Source: Local Employment Dynamics, New York State department of Labor

## Industry Clusters

Industry clusters are forms of industrial agglomeration that have recently become popular in the area of economics development. Industrial agglomeration was introduced by Alfred Marshall in 1890 as a form of regional specialization resulting from cost savings realized by businesses located in close proximity to both markets of goods and markets of inputs (supplies and labor).

Globalization has had a negative effect on industrial agglomeration undercutting some of its advantages, such as easier mobility, lower transportation and communication costs. In his book "The Competitive Advantage of Nations" (1990), Michael Porter was the first to suggest that competitive advantages still arise from agglomeration economies but

in the form of industry clusters. In 1998 Porter published "On Competition" where he gives a definition of industry clusters (p 197) describing them as "geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that compete but also cooperate."

The clusters-based approach to economic development has been used recently by the State of New York to study important industry linkages on the state and local level. The Empire State Development Corporation (ESDC) has identified and defined 16 industry clusters in New York

State. This article looks at the 16 ESDC clusters, using recently released 2007 data from the Quarterly Census of Employment and Wages, and compares the clusters on state and regional level. See Table 4 for a list of industry clusters statewide and for the North Country Region with information on number of establishments, employment, total and average wages.

In 2007, cluster industry employment in the North Country totaled 37,000, representing 26% of all jobs, while cluster wages were \$1,367 million, or just over 30 percent of all wages paid in the region.

Four industry clusters predominate in the area: Forestry Products, Food Processing, Material Processing, and Distribution. Distribution has the most

employment, 3,800 jobs, of any cluster in the North Country. The cluster pays \$36,800, which is almost at the level of the average wage for the region \$36,900.

The cluster with the second highest job count in 2007 was Materials Processing (3,700). This cluster is also notable because it has the second highest average wage, \$54,200, of any cluster in the North Country (the highest wage, \$58,500, was paid by Biomedical). The cluster also paid a wage higher than the average statewide.

The jobs provided by Forest Products are 7.86% of the jobs in the whole State of New York, while the wages paid by this cluster are 7% higher than the wages statewide.

**Table 4. Establishments, Employment and Wages by Industry Cluster, North Country Region, 2007**

Industry Cluster	Establishments		Employment*		Total Wages* (\$ mlns.)		Average Wages	
		% of NYS Establ.		% of NYS Empl.		% of NYS Wages		% of NYS Ave. Wage
Back Office & Outsourcing	44	1.16%	2,400	1.59%	\$48.9	0.77%	\$20,100	47.90%
Biomedical	35	1.73%	1,900	3.11%	\$109.1	2.67%	\$58,500	87.43%
Communications, Software & Media Services	194	1.78%	2,600	0.99%	\$90.8	0.43%	\$35,100	43.29%
Distribution	584	1.51%	3,800	1.55%	\$140.0	1.03%	\$36,800	66.35%
Electronics & Imaging	7	0.98%	100	0.15%	\$4.3	0.08%	\$29,300	35.83%
Fashion, Apparel & Textiles	27	0.38%	500	0.59%	\$17.5	0.32%	\$32,400	49.61%
Financial Services	268	1.21%	2,000	0.40%	\$83.8	0.08%	\$41,300	18.76%
Food Processing	138	5.91%	2,600	4.20%	\$78.7	3.27%	\$30,600	78.61%
Forest Products	149	7.32%	3,200	7.86%	\$149.2	8.44%	\$46,200	106.36%
Front Office & Producer Services	469	0.96%	3,500	0.60%	\$173.5	0.31%	\$49,100	50.56%
Industrial Machinery & Services	54	1.29%	1,500	1.11%	\$59.5	0.79%	\$40,200	72.44%
Information Technology Services	58	0.60%	200	0.21%	\$8.3	0.09%	\$47,300	48.05%
Materials Processing	70	3.59%	3,700	5.12%	\$199.8	5.27%	\$54,200	103.27%
Miscellaneous Manufacturing	18	1.38%	500	2.16%	\$13.4	1.44%	\$29,200	72.76%
Transportation Equipment	10	2.37%	800	2.40%	\$43.5	1.96%	\$52,200	78.43%
Travel & Tourism	1,801	2.84%	7,700	2.18%	\$147.1	1.13%	\$19,200	52.35%
<b>Total</b>	<b>3,926</b>	<b>1.79%</b>	<b>37,000</b>	<b>1.34%</b>	<b>\$1,367.3</b>	<b>0.52%</b>	<b>\$36,900</b>	<b>47.90%</b>

Source: Quarterly Census of Employment and Wages, New York State Department of Labor

\* Data may not add to total due to rounding.

## Local Economic Conditions

The New York State Department of Labor reported that for the 12-month period ending June 2009,

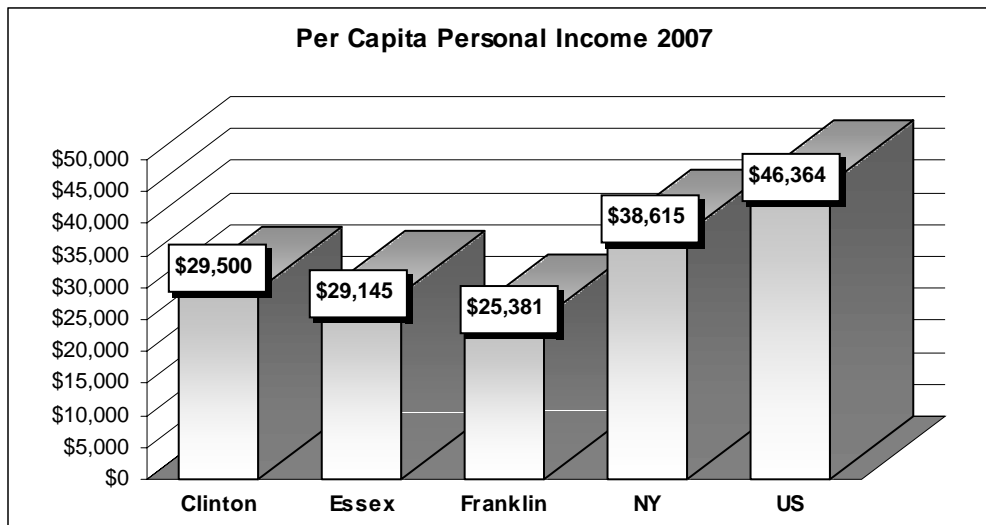
the private sector job count in the North Country fell by 2,500, or 2.1 percent, to 115,500. Over-the-year employment declines were greatest in manufacturing (-900), natural resources, mining and construction (-700), leisure and hospitality (-500), and other services (-200).

Source: NYSDOL

**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.

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**Per Capita Personal Income 2007**



Source: FDIC