



Tioga County's Economic Analysis & Forecasting: 2004

Tioga County Development Corporation

Special Edition Summer 2005

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The *Tioga County Development Corporation* presents, as a Public Service, ***Tioga County's Economic Analysis & Forecasting: 2004***. This Special Edition is the third in a series of Annual Reports on changes in the health and structure of the Tioga County. This year's issue includes an update of changes in the economy from 2001 to 2004, as well as a section on changes which occurred during the 2004 calendar year and a forecast of economic change for 2005 and beyond.

The review of the period from 2001 to 2004 is made necessary by a change in the way the federal government classifies and groups industries. In 1997 the federal data collection agencies adopted a new classification system known as the *North American Industrial Classification System (NAICS)*. This system replaced the decades old *Standard Industrial Classification Code (SIC)*. The two systems are very different and do not allow comparison from one to another. *NAICS* is much more useful than the previous system. It is more logically organized and it breaks out activities based on commonality of process rather than the somewhat arbitrary clustering of activities defined in the old system. Further, the number of sectors of economic activity has been increased from nine to twenty-one. This allows much more useful comparisons of economic activity at this broad level of analysis.

NAICS SECTORS OF ECONOMIC ACTIVITY

11	Agriculture, Agricultural Support, Hunting & Fishing
21	Mining
22	Utilities
23	Construction
31	Manufacturing
42	Wholesale Trade
44	Retail Trade
48	Transportation and Warehousing
51	Information
52	Finance & Insurance
53	Real Estate and Rental & Leasing Services
54	Professional, Scientific, & Technical Services
55	Management of Companies & Enterprises
56	Administrative Services and Waste Management & Remediation
61	Education Services
62	Health Care & Social Services
71	Arts, Entertainment, & Recreation
72	Accommodations & Food Services
81	Other Services (Except Public Administration)
82	Public Administration
99	Unclassified Establishments

Unfortunately, there are only six years of federally published *NAICS* data at this time. This limits the timeframe for analysis. More importantly, the data collection agencies of the Commonwealth of Pennsylvania did not adopt the *NAICS* system until 2001; continuing to use instead the older *Standard Industrial Code* system. Hence, for the period from 1998 to 2001, the only data on employment, wages and establishments which allows Tioga County and Pennsylvania to be compared to the US, is the federally published *County Business Patterns*. That data was previously used in the review of the economy from 1998 to 2001.

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The Tioga County Economy, 2001 – 2004: Sectoral Overview

This Report summarizes the performance of Tioga County's Economy from the first quarter of 2001 through the first quarter of 2004. Data for the remaining quarters of 2004 are also shown. The Overview deals with Employment and Wages at the sector level and compares changes in the local economy to that of the Commonwealth of Pennsylvania. Data for this Report was provided by the *Pennsylvania Department of Labor and Industry*.

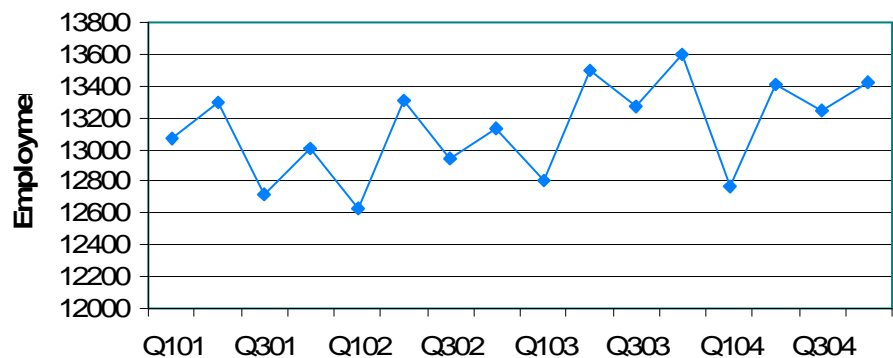
Changes in Total Employment

Tioga County's economy has faced difficult times in the past few years but has responded with significant resilience. In the first quarter of 2001 Tioga County had 13,139 employees covered by Unemployment Compensation working within its borders. The Tioga Region (defined as Tioga, Potter, Clinton, Lycoming, Sullivan, and Bradford Counties) had a total of 111,349 workers. Hence, the Tioga Region in Pennsylvania was only a small portion of the total state economy, with about two percent of all employees.

From the first quarter of 2001 through the first quarter of 2004, total employment in Tioga County declined by 305 workers or 2.3 percent. During the same period the Commonwealth of Pennsylvania lost 109,722 jobs or two percent of its 2001 workforce. Potter, Sullivan, and Lycoming Counties also lost employment in the Region while Bradford and Clinton gained. The changes for all counties except Potter were slight. Potter County's employment fell from 8,378 to 6,411, a massive decline of 23.5 percent. Lycoming County lost almost 3.0 percent. Sullivan County lost 104 employees, which was a significant portion (6.3 percent) of its (1,662 employee) workforce. Clinton County's employment stayed almost constant with a gain of 49 employees or 0.4 percent. Bradford gained 640 workers or 2.8 percent. Overall, the Regional employment fell from 111,349 to 108,046, which was 3.0 percent of the 2001 employment.

Significant improvement occurred in the local economy during 2004. By the end of 2004, the total employment was 13,424 (2.7 percent higher than it was during the first quarter of 2001) throughout Tioga County. This was a three-quarter improvement of over 5.0 percent. The state, by contrast, gained only 3.2 percent, slightly above the initial 2001 total employment. Bradford, Clinton, and Sullivan Counties also finished the period with an increase from the 2001 employment level. Overall, the Region had 110,939 employees at the end of the period, down just 0.4 percent. There is usually some decline between the last quarter of one year and the first quarter of the next. Tioga County's long-term gain still remains to be seen.

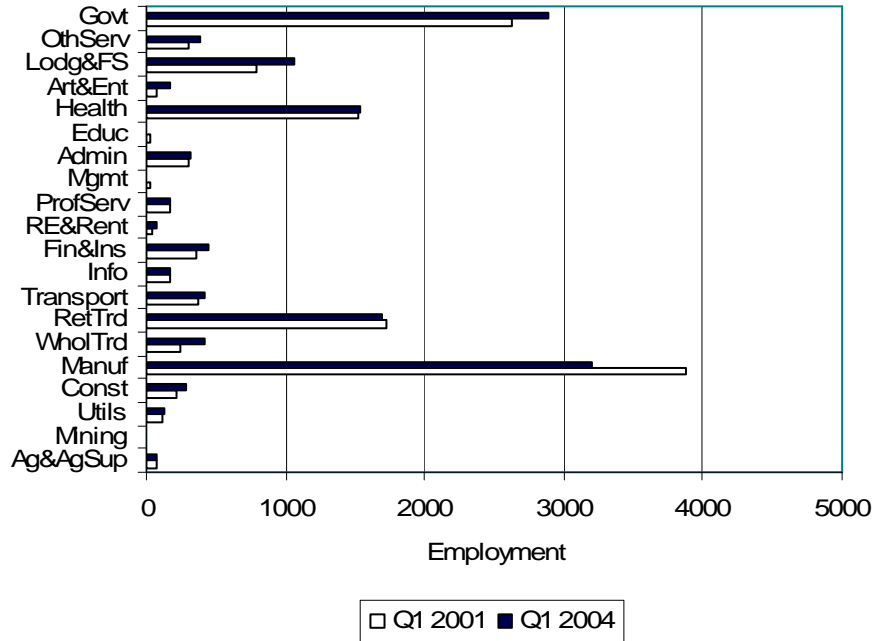
**Total Employment
2001-2004**



Major Sectors of Employment in the Tioga County Economy

The graph (right) shows Employment for the Major Sectors of Tioga County's economy during the first quarter of 2001 and the first quarter of 2004. The only sector in Tioga County with a major numerical loss of employment over this period was Manufacturing. The only sectors to show significant gains were Lodging and Food Service, Wholesale Trade, Construction and Governments.

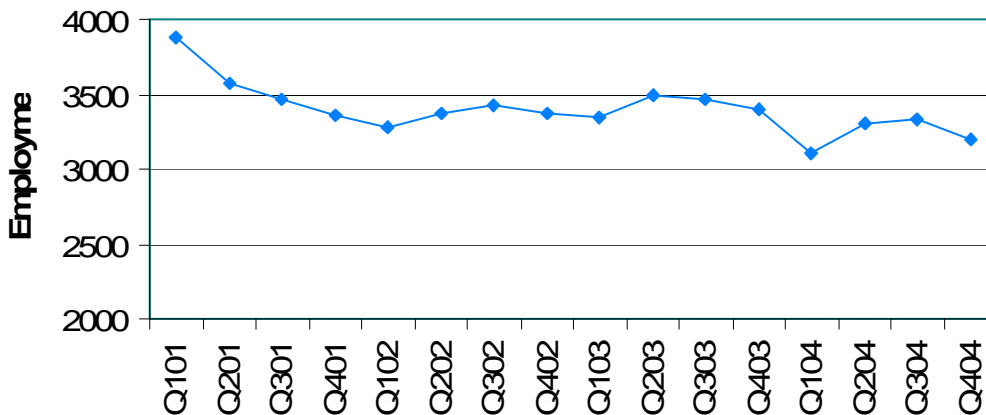
Tioga County Employment by Sector



Manufacturing has remained the mainstay of Tioga County's economy for many years. In quarter one of 2001, it still employed 3,878 workers or 29.7 percent of the County's workforce. However, many of the specific manufacturing industries located in Tioga County have recently suffered from intense international competition and declining demand for their products. The weakness of this sector locally became apparent in 2001; between the first quarter and the fourth quarter of the year the sector lost almost 400 jobs. This was a recessionary period and one marked by the attacks of September 11th. It was widely expected that the sector would recover most of the lost jobs within a few months. Unfortunately, this has not occurred. Despite periodic resurgence in employment levels, the overall performance through the period ending in the first quarter of 2001 continued to be negative. Layoffs and plant closings put total employment down 19.8 percent, losing 767 jobs. A slight rebound during the remainder of 2004 led to the creation or reinstatement

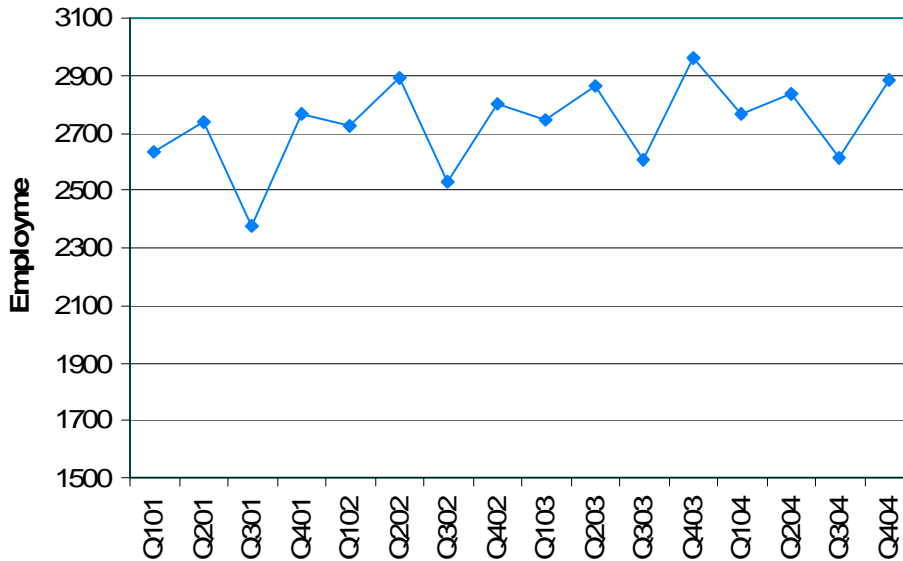
of 95 jobs. The County finished 2004 with 3,206 manufacturing workers.

Manufacturing Employment 2001-2004



The experience of Tioga County mirrors that of the Commonwealth. Between the first quarter of 2001 and the first quarter of 2004, the state lost 18.8 percent of its manufacturing employment but regained some of it during 2004.

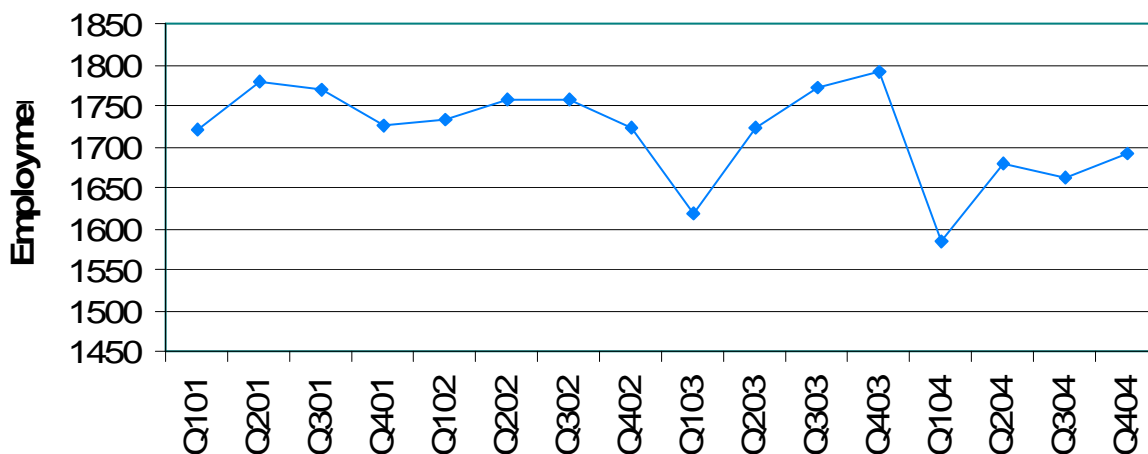
Government Employment 2001-2004



Government total employment at all levels has increased during the 2001-2004 period. In 2001, government was the second largest sector in Tioga County with 2,635 employees. This increased to 2,763 by the first quarter of 2004 (4.9 percent) and to 2,883 by the end of the year. In Pennsylvania, the government’s employment growth was more moderate. Pennsylvania saw an increase 2.0 percent through the first quarter of 2004.

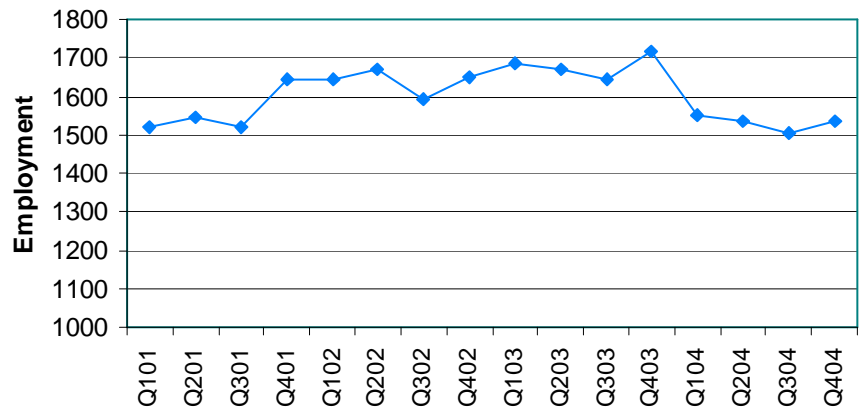
Retail Trade remains the third largest employer in the County with 1,720 employees in quarter one of 2000. However, the loss of employment in manufacturing and low consumer confidence levels led to a decrease of 136 workers by quarter one of 2004. This was a loss of 7.9 percent. The rebound during 2004 caused the sector to regain almost all the jobs it had lost in the previous three years. Retail trade finished the period with 1,692 jobs, down 28 positions (1.6 percent). The Commonwealth lost a smaller percentage of employment during the 2001 to 2004 period (-1.7 percent). It finished 2004 with a slight gain over the first quarter of 2001.

Retail Trade Employment 2001-2004



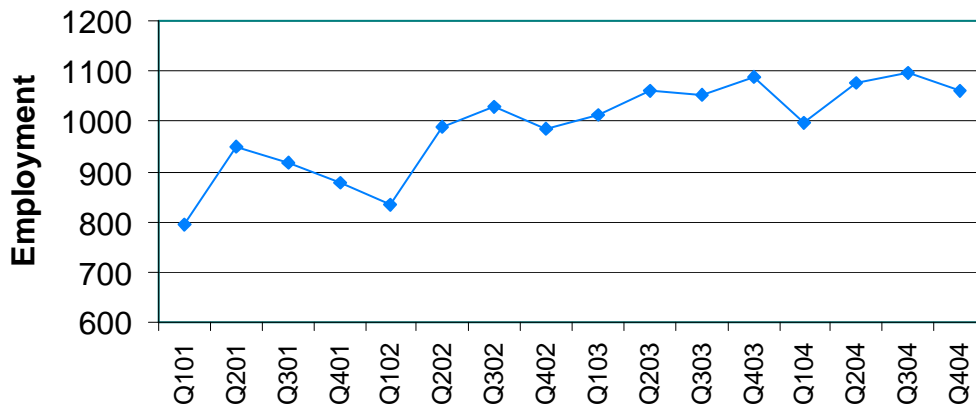
Health and Social Services is one of the new sectors defined by the switch to the *North American Industrial Classification System (NAICS)* in 2001. This sector is the fourth largest throughout Tioga County and is the second largest in the Commonwealth. It remained basically stable in employment between the first quarter of 2001 and the fourth quarter of 2004. At the beginning of the period the sector had 1,522 employees; in quarter one of 2004 it had 1,552 and at the end of the year it had 1,534. The state, on the other hand, saw a significant growth in health care of 5.9 percent through quarter one and 8.6 percent by the end of the year.

**Health & Social Sciences
2001-2004**



Lodging and Food Service has seen very rapid growth in Tioga County over the past several years. In 2001 it had 793 employees and by quarter one of 2004 it had increased to 999 employees. It finished 2004 with 1,060 employees. The 26 percent growth through quarter one was the second fastest of all major sectors. The sector has not performed nearly as well at the state level. It grew by 3.3 percent between the first quarter of 2001 and the first quarter of 2004.

**Lodging & Food Service
2001-2004**



Other Sectors with more than 100 Employees in 2004 included:

Finance and Insurance	447 Employees	Up 17.8 %
Transportation and Warehousing	416 Employees	Up 4.8 %
Other Services	382 Employees	Up 16.9%
Administrative Services and Waste Management	247 Employees	Down 16.3%
Wholesale Trade	413 Employees	Up 64.5%
Construction	288 Employees	Up 22.9%
Professional, Scientific, and Technical Services	179 Employees	Up 1.7%
Information Services	169 Employees	Same
Utilities	132 Employees	Up 14.5%

Changes in Average Wages Paid per Employee

The weekly wage in Tioga County during the first quarter of 2001 averaged \$450. By the fourth quarter of 2004, the average wage was \$555, an increase of 23.3 percent. In 2001 the average weekly wage for Pennsylvania was \$680; this grew to \$796 by the end of 2004. Therefore, the average wage in Pennsylvania increased by 17.0 percent over the period. In the first quarter of 2001 the average Tioga wage was just 66.1 percent of the state average but, by quarter four of 2004, the County wage was 69.7 percent of the state wage. While the average wage in the County remains low compared to the Commonwealth, it has shown a significant improvement. Nonetheless, within the Region only Sullivan County had a lower average wage (\$470 per week).

Executive Summary:***Tioga County's Annual Economic Analysis & Forecasting: 2004***

Of all of the sectors having more than 100 employees in Tioga County, nine grew and only five declined between the first quarter of 2001 and the first quarter of 2004. The overall loss of employment during the period was due almost exclusively to the loss of jobs in the manufacturing sector. Wholesale Trade showed explosive growth, but much of that change may have been due to a reclassification of one major firm from Manufacturing to Wholesale. Employment growth in Construction and Lodging and Food Services was also well above 20 percent.

The strong increase in wages and the employment gains during 2004 lead to the conclusion that the Tioga County economy is performing increasingly well and that it is poised to grow in the future. Employment growth in the various service sectors indicates that the economy is also becoming more capable of supplying its own demand in these sectors locally. This broadening of the economic base suggests that the economy is less likely to be devastated by downturns in the demand for manufactured products in the future.

UNEMPLOYMENT RATES: 2004 FINAL

Tioga County Labor Market Area
January 2005

Tioga County Development Corporation

Tioga County, Pennsylvania

Month	Year	Tioga County	Pennsylvania	Difference	United States	Difference
January	2004	7.3	5.1	2.2	5.6	1.7
February	2004	6.8	5.3	1.5	5.7	1.1
March	2004	5.5	5.3	0.2	5.6	-0.1
April	2004	5.1	5.1	0	5.6	-0.5
May	2004	5.1	5.6	-0.5	5.6	-0.5
June	2004	5.8	5.3	0.5	5.5	0.3
July	2004	5.1	5.6	-0.5	5.4	-0.3
August	2004	5.5	5.3	0.2	5.4	0.1
September	2004	4.7	5.5	-0.8	5.3	-0.6
October	2004	5.8	5.5	0.3	5.3	0.5
November	2004	5.9	5.1	0.8	5.2	0.7
December	2004	6.3	5.1	1.2	5.2	1.1
	2004 ANNUAL AVERAGE	5.74	5.32	1.08	5.45	1.05
	2003 ANNUAL AVERAGE	6.16	5.53	1.11	5.97	1.03
	2002 ANNUAL AVERAGE	6.63	5.54	1.20	5.7	1.14
	2001 ANNUAL AVERAGE	6.33	4.78	1.32	4.89	1.29

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The *Tioga County Development Corporation* is pleased to present our 3rd Annual Economic Analysis Summary of the Economy of Tioga County, Pennsylvania... ***Tioga County's Annual Economic Analysis & Forecasting: 2004***. An Annual Economic Analysis Summary for Tioga County, Pennsylvania.

Prepared under contract with *VanLandingham Consulting*, this Analysis presents an independent analysis of the economic conditions in Tioga County compared to the Region, the Commonwealth and the Nation. Wade VanLandingham has over thirty years of economic development planning and analysis experience and performs similar reports for several other counties in the State.

The *TCDC* Board of Directors, seeing the value of such an economic development instrument, has commissioned an Annual Analysis for use by our Corporation; State and Federal Legislators; County Commissioners; Private Lenders; School Districts and Business & Industry; and the General Public throughout Tioga County.

The *Tioga County Development Corporation* hopes this Analysis will assist you in developing strategies for your future growth. It is our pleasure to provide you with this economic development forecasting tool. *TCDC* is here to assist you in your growth and development in making ***Tioga County...a place to call home.***

Robert J. Blair
President/ Chief Executive Officer