



Tioga County's Economic Analysis & Forecasting: 2005

Tioga County Development Corporation

Special Edition Summer 2006

Tioga County's Economic Analysis & Forecasting: 2005

The Tioga County Development Corporation presents, as a public service, ***Tioga County's Economic Analysis & Forecasting: 2005***. This Special Edition is the fourth 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 2005.

The review of the period from 2001 to 2005 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

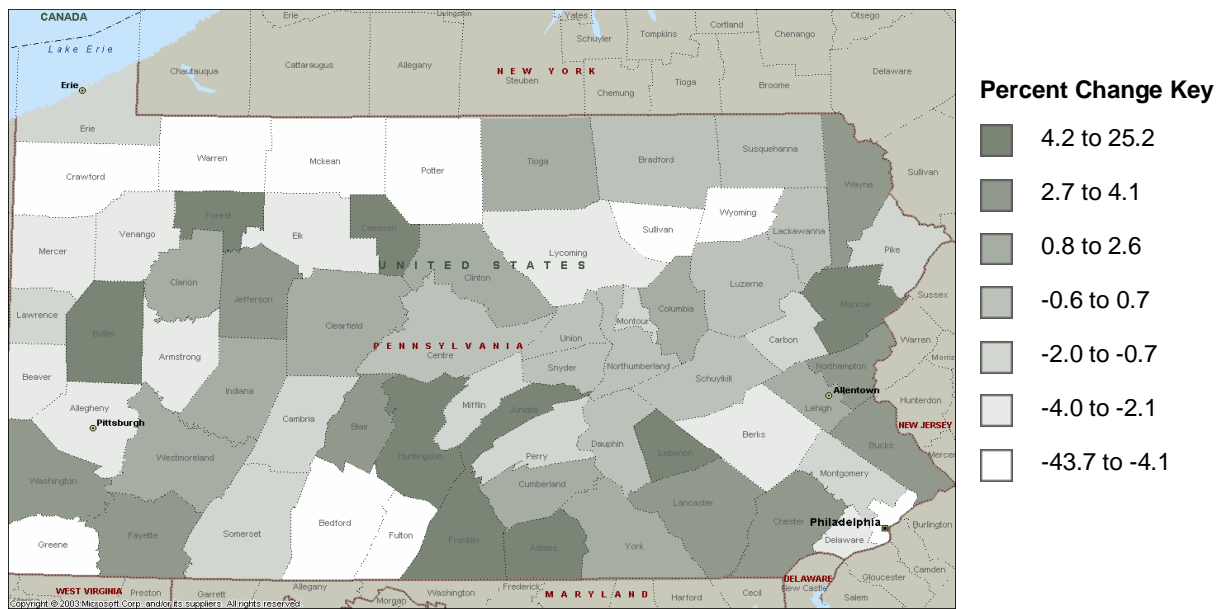
The Pennsylvania Department of Labor and Industry has released annual employment, wage, and establishment data for 2005. This analysis examines the changes in these important indicators of economic health for Tioga County, the surrounding Region, and the Commonwealth for the period from 2001 through 2005. This year's report differs from the previous editions because the State has begun reporting the *average annual* employment, wages, and establishments in addition to the quarterly data. Although the quarterly data is interesting, seasonal variations obscure the actual long-term change. Further, in order to establish a baseline of the changes in the annual data, the 2005 statistics are compared to the 2001 annual data. Only private sector activities are reported in the annual data; hence government employment is not considered in this analysis but it is reflected in total employment.

Tioga County's Annual Economic Analysis & Forecasting:

Employment Growth Exceeds Regional Average

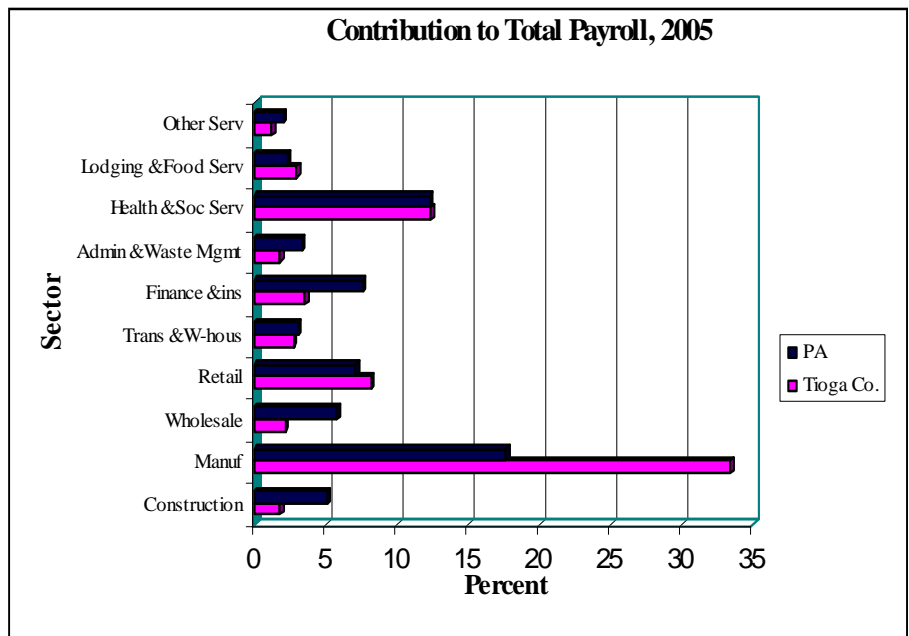
Overall, Tioga County had better economic performance between 2001 and 2005 than any county in its commuting region. Bradford County lost 197 jobs (0.9%) and saw a 5.2% increase in establishments and a 10.2% increase in weekly wages paid per employee. Lycoming County lost 1,860 employees (3.5%). It also lost 6.4% of its total establishments and gained just 10.5% in wages paid per employee. Potter County, largely due to the decline in employment at Adelphia, lost 16.9% of its employment (down 1,316 jobs) and 1.2% of its establishments. Wages per employee grew by just 7.6%. Tioga also had significantly better performance than either of the two New York State counties in its commuting region (Chemung or Steuben). Between 2001 and 2005, Steuben County lost 4,855 workers or 11.8% and Chemung lost 3,017 workers or 7.4%.

Percent Change in Total Employment 2001 – 2004 (Note: does not include 2005 data)



Major Sectors in Tioga County & the Region: 2001 — 2006

This Report summarizes the performance of Tioga County's Economy from the first quarter of 2001 through the first quarter of 2005. 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.



Manufacturing

Manufacturing remains the largest sector in Tioga County. Even though the sector lost 634 workers and seven establishments in Tioga County there were still 2,943 employees in 49 establishments in 2005. This was almost 22.6% of all employment compared to manufacturing's 12.3% share of total employment in the Commonwealth. The sector lost 17.7% in employment and 12.5% in establishments in Tioga County. Statewide the sector lost 17.1% in both employment and establishments. Tioga County losses in manufacturing accounted for slightly more jobs than all those gained by other sectors. Many of the manufacturing jobs lost, however, were in the lower paying industries in the sector. Wages per employee increased by 20.8% over the period; this was among the largest sector increases in the County and well above the State's average increase in manufacturing wages of 14.1%. The County's average weekly wage in 2005 was \$651 compared to the State average of \$909. In terms of total contribution to the economy (as measured by wages times employment) manufacturing represented one-third of total payroll in Tioga County in 2005. Manufacturing was just 17.7% of the total State payroll.

Health Care & Social Services

By 2005, Health Care and Social Services had become the second largest sector of employment in Tioga County with 1,678 employees. This was 12.9% of total employment. In Pennsylvania health care is the largest sector with 14.4% of all employment. Between 2001 and 2005 the sector added 123 employees in Tioga County. This was an increase of 7.9%. The sector grew even faster statewide with an increase of 9.1%. The wage paid per employee grew faster in the County than in the State with an increase of 16.8% versus 15.4%. However, the average weekly wage was still much lower in Tioga than the State average. In 2005, the State paid an average of \$711 per employee while the County paid just \$555. In terms of payroll, health care is 12.3% of the total in both the State and the County.

Retail Trade

Retail Trade is now the third largest employment sector in Tioga County with 12.7% of the total (1,662 employees) in 2005. In Pennsylvania the sector has an 11.9% share. During the analysis period retail lost 5.8% of its 2001 employment in the County, 102 employees. In the State, retail lost 1.6% of its employment. However, the growth of wages paid per employee was higher in the County than in the State. Retail workers in Tioga County in 2005 earned an average of \$324 in 2005 up 12.1% over 2001. In Pennsylvania the average worker earned \$444 per week, up 9.1% from 2001. The retail payroll in Tioga County in 2005 was 8.2% of the total payroll compared to just 7.1% of the State total.

Lodging & Food Service

Lodging and Food Services is the only other sector in Tioga County to employ more than 1,000 workers. In 2005, it had 1,059 workers or 8.2% of the total. In Pennsylvania the sector is not quite as important to the overall economy with just 7.3% of employed workers. Lodging and Food Services has been an important growth sector for the County in the past four years. Between 2001 and 2005 it added 166 new jobs or 18.6% to its employment. In Pennsylvania the sector grew by just 5.5%. Wages are low in this sector across the board, in part because tips make up a significant portion of earnings and these gratuities are not reported. In 2005, the average weekly wage in the County was \$232 and in the State the average was \$258. Wages paid per employee increased by 43.2% in the County compared to 8.9% statewide. The contribution of the sector to total payroll was 3.0% in Tioga and just 2.3% in the State.

Wholesale Trade

Wholesale Trade is rapidly becoming a major sector in Tioga County. In 2005, it had 403 employees or 3.1% of all employment. Statewide, almost 4.2% of all employment is in this sector. However, the rate of growth in Tioga County has been quite high while the sector is fairly stagnant at the State level. The County added 146 employees or 56.8% to its 2001 base while the State's employment in wholesale trade grew by just 3.1%. Establishments in the County increased by almost 43% compared to just 2.8% statewide. Each wholesale employee in the County also made about 22% more in wages in 2005 than in 2001. This increase was just a bit greater than the State gain of 19.4%. However, the wages paid elsewhere in the State are much higher than they are in Tioga County. The average wholesale trade employee in the County made \$600 per week compared to the Pennsylvania average of \$1,072. The wage differential impacts the share of total payroll. In the State wholesale contributes 5.8% of total payroll while the sector in Tioga County is just 2.2% of the total.

Other Important Sectors: 2001 — 2005

Transportation & Warehousing

Transportation and Warehousing had 374 employees in Tioga County in 2005, up from 353 in 2001. This was an increase of 5.9%. Statewide the sector grew by 3.8%. However, despite the growth, the sector had only 2.9% of all Tioga employment compared to 3.5% of the Commonwealth's total. The average wage increased by 10.8% in the County and just 6.4% in the State. Wages in the County are still substantially below the State level. In 2005 the average wage in the sector was \$553 per week in the County and \$694 in Pennsylvania. Transportation and warehousing contributed 2.8% of Tioga County's total payroll compared to 3.1% of the Pennsylvania total.

Finance & Insurance

Finance and Insurance employment has declined in Tioga County in the past four years. In 2001, the sector had 380 employees in 39 establishments. By 2005, this total had decreased to 323 workers in just 22 establishments. Much of this decline is due to mergers and to the changing structure of the banking industry. The loss of 57 employees was a 15.0% decrease. In Pennsylvania, the changes have not been so dramatic. The Commonwealth's employment in the Finance and Insurance sector declined by 1.2% over the period. The sector represents just 2.5% of Tioga County employment compared to 4.8% of the State's total. Wages per employee in the County increased 11.6% compared to 17.6% in Pennsylvania. Although the \$655 per week average 2005 wage is the highest of the major sectors in the Tioga County economy it is far below the Pennsylvania average of \$1,194. Overall, the contribution of the sector to the Tioga County payroll was 3.6%. In 2005 finance and insurance made up 7.6% of the total State payroll.

Administration & Waste Management

Administration and Waste Management grew by 16.1% in Tioga County between 2001 and 2005 to 317 employees. The sector grew by just 1.6% in the State. However, most of the growth in employment in the County must have occurred in the lower paying jobs in the sector, since wages declined by \$25 per week over the period to \$472. This was a decline of 5.0%. Wages in the State increased by 10.5% to \$527. The sector makes up 2.4% of Tioga County employment and 1.8% of total payroll. In the State, administration and waste management is 5.0% of employment and 3.4% of payroll.

Construction

Construction has undergone a decline in Tioga County in recent years. In 2001, there were 299 employees in this sector in the County; this declined to 274 by 2005, a loss of 8.4%. The number of establishments decreased by 13.8%. Statewide the sector increased by 1.7% in employment but lost 4.7% of its establishments. Wages in the County increased by 5.9% compared to 12.2% in Pennsylvania. In 2005 the average weekly wage in the construction sector in Tioga County was \$430 compared to \$867 in the State. Overall, the contribution of the sector in the Tioga County economy was just 1.8% of the total compared to 4.6% in the State.

Other Services

Other Services includes both personal services (such as barber and beauty shops) as well as non-degree services such as auto repair. It has been a high growth sector in the County over the past four years. In 2001 there were 302 employees in Tioga County. This increased to 373 by 2005, a growth of 23.5%. In Pennsylvania employment in the sector increased by just 3.3%. Wages in the County also increased faster than in the State as a whole. The average weekly wage grew from \$243 in 2001 to \$284, an increase of 16.9%. The average sector wage in Pennsylvania grew by 13.2%. However, statewide the average wage in the sector is still much higher than it is in the County, \$464.

Minor Sectors: 2001—2006

There are several sectors for which data is reported that have fewer than 200 employees in Tioga County. These are briefly considered below.

Agriculture

Agriculture is actually one of the major sectors in the Tioga County economy but it does not appear as such in the Department of Labor and Industry data, which reports only employment covered by unemployment compensation (UC). According to the *2000 Census of Population and Housing*, there were over 850 persons employed in agriculture in that year. Only 89 were covered by UC in 2005; the remainder was self-employed family farmers or casual labor for whom no unemployment tax was paid. Total covered employment was up from 70 in 2001.

Other Minor Sectors

The **Utilities** sector had 119 employees in both 2001 and 2005. The employees in that small sector are quite well paid, however; the average wage in 2005 was \$1,091, highest in the County. **Real Estate and Rental and Leasing** is a small but growing sector in the County. In 2005, it had 70 employees, up from 47 in 2001. **Arts, Entertainment and Recreation** declined slightly in the County between 2001 and 2005. At the beginning of the period it had 134 employees but by 2005 there were only 112 employees. The **Information Services** sector gained five employees from 164 to 169 between 2001 and 2005. Sectors not reported for Tioga County include: mining, professional services, management, and education. None of these sectors have more than 200 employees.

Tioga County Agricultural Statistics

Number of Farms

973 farms; 986 farms in 1997

Land in Farms

200,041 acres in 2002; 203,147 acres in 1997

Average Size of Farm

206 acres in 2002; 206 acres in 1997

Market Value of Production

\$48,610,000 in 2002; \$45,879,000 in 1997

Crop sales accounted for \$6,381,000 of 2002 total

Livestock sales accounted for \$42,229,000 of 2002 total

Market Value of Production, Average Per Farm

\$49,958 in 2002; \$46,531 in 1997

Source: 2002 Census of Agriculture conducted by the United States Department of Agriculture (USDA) National Agricultural Statistics Service (NASS)

Total Employment, Wages, and Establishments

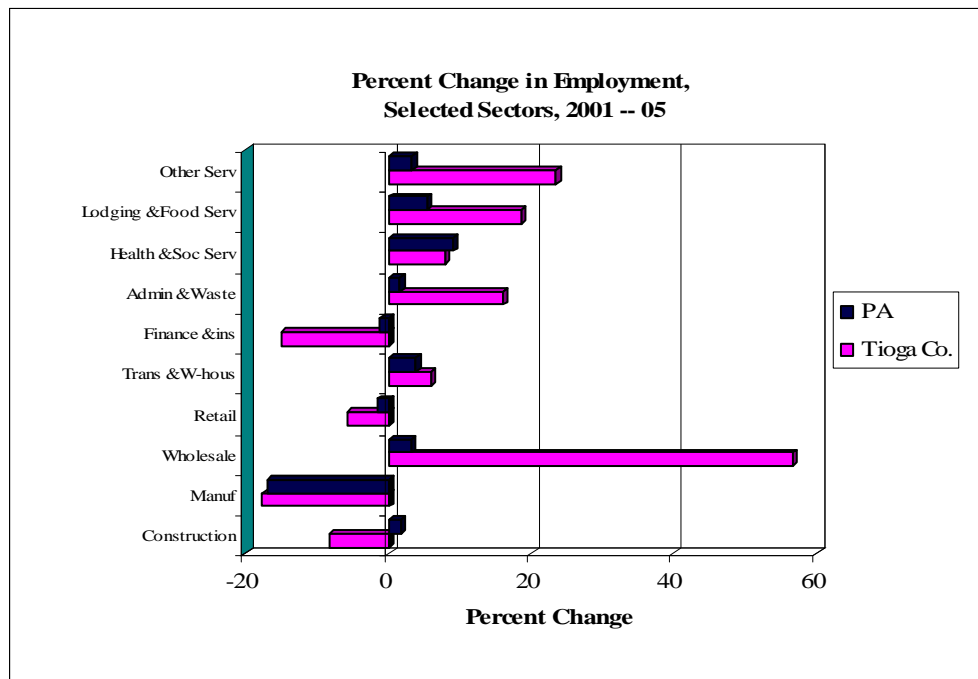
In early 2001, Tioga County had 13,064 workers covered by Unemployment Compensation. Employment declined during the 2001 through 2003 period by about 2.0%, then recovered during 2004. Unfortunately, manufacturing employment losses caused the County to lose employment in 2005. The average employment in Tioga County during 2005 was 13,043, down 0.2% from 2001. The County’s experience mirrors that of the Commonwealth. The State’s overall employment level fluctuated between 2001 and 2005 but finished the period essentially where it started, with no percentage change. As was the case for the County, gains in other sectors were offset by losses in manufacturing.

Wages paid per employee were up in both Pennsylvania and the County. The average wage in Tioga County in 2001 was \$474 per week; by 2005 this had increased to \$535. The average employee in the County saw a 12.9% increase in weekly pay over the four-year period. However, wages in Pennsylvania were substantially higher than those in the County at the beginning and end of the period. The average weekly wage across the Commonwealth was \$673 in 2001 and \$763 in 2005, an increase of 13.4%. The average County wage was just over 70% of the average State wage in both 2001 and 2005.

One area in which Tioga County clearly out-performed the Commonwealth was in the creation of new establishments. During the 2001 through 2005 period the County added 78 establishments, up from 937 to 1,015; this was an increase of 8.3%. By contrast, the number of business establishments in Pennsylvania fell over the period by 0.3%. In fact, of the 67 counties in Pennsylvania, Tioga had the third fastest growth in establishments. This is significant because most employment growth tends to occur in new establishments.

Summary

The last four years have tested the strength of the Tioga County economy. In particular, the loss of manufacturing jobs has provided a damper to economic expansion and has reduced the potential total payroll significantly. This has reduced incomes and has lowered employment in retail, construction, and other local serving activities. However, growth of employment and income in Wholesale Trade, Health Care and Social Services, Lodging and Food Services, and Transportation and Warehousing has been strong. Overall, the County has shown balance and resilience in the face of adverse times.



UNEMPLOYMENT RATES: 2005 FINAL

Tioga County Labor Market Area
February 2006

Tioga County Development Corporation

Tioga County, Pennsylvania

Month	Year	Tioga County	Pennsylvania	Difference	United States	Difference
January	2005	5.8	5.2	0.6	5.4	0.4
February	2005	5.9	4.9	1.0	5.2	0.7
March	2005	5.9	4.9	1.0	5.2	0.7
April	2005	5.7	4.8	0.9	5.1	0.6
May	2005	5.6	5.0	0.6	5.0	0.6
June	2005	5.5	5.1	0.4	5.0	0.5
July	2005	6.1	5.0	1.1	4.9	1.2
August	2005	5.5	4.8	0.7	5.1	0.4
September	2005	5.6	4.6	1.0	5.0	0.6
October	2005	5.3	5.1	0.2	5.0	0.3
November	2005	6.1	4.9	1.2	4.9	1.2
December	2005	5.2	4.4	0.8	4.7	0.5
	2005 ANNUAL AVERAGE	5.68	4.89	1.16	5.04	1.13
	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

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The *Tioga County Development Corporation* is pleased to present our 4th Annual Economic Analysis Summary of the Economy of Tioga County, Pennsylvania... ***Tioga County's Annual Economic Analysis & Forecasting: 2005***. 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