

Tioga County Development Corporation

eNews Insider



Summer 2010

Special Edition

Tioga County's Economic Analysis & Forecast: 2009

The *Tioga County Development Corporation* presents, as a public service, ***Tioga County's Economic Analysis & Forecast 2009***. This Special Edition is the eighth in a series of Annual Reports on changes in the health and structure of Tioga County. This year's issue includes an update of changes in the economy from the second quarter of 2008 through the second quarter of 2009. The report is now part of the annual review of the ***Tioga County Enterprise Zone*** and will be included with the Measure of Attainment document.

The report is based on the performance of the County economy (by sector) in terms of jobs, wages and establishments. The County is compared to the Commuting Region (contiguous counties) and the Commonwealth, to put Tioga County's performance in context. This year, it additionally tracks changes in total wages paid. Total payroll (also called the wage bill) is calculated by multiplying the number of workers by their average weekly wage. This is an important measure in that it indicates the impact that the sector has on the total economy. Only private sector activities are reported in the data; hence government employment is not considered in this analysis, but it is reflected in total employment.

Marcellus...New Study Indicates Even More Impact

Tioga County has become one of the centers of development in the Marcellus Shale Natural Gas play. With more than 230 wells drilled or planned, the County stands to be one of those most directly impacted by the extraction of gas from the field which underlies portions of New York, Pennsylvania, and West Virginia.

A new Penn State study released on May 26, updates the study which was completed last year. Some of the conclusions of the study include:

- For every \$1 that the Marcellus natural gas community spends in the state, \$1.90 of total economic output is generated.
- Natural gas production in Pennsylvania from the Marcellus Shale could generate more than \$8 billion in economic benefits this year alone and another \$10 billion in 2011.
- Natural gas will add more than 88,000 jobs in Pennsylvania in 2010 – doubling the number created in 2009. The opportunities could expand to over 111,000 jobs during 2011.
- By 2015, natural gas could add more than \$14 billion in value to the state's economy.

Tioga County stands to be one of the most counties directly impacted

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Tioga County...a place to call home

Marcellus continued . . .

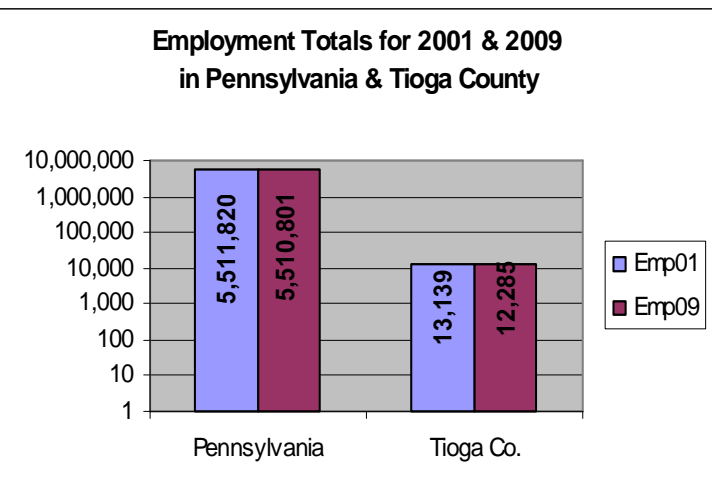
To give an idea of how fast the drilling activity is expanding in the local area, the three counties of Bradford, Tioga and Susquehanna had about 63 spuds (starts) of new wells in 2008, but 282 wells in 2009. As of April 20, 2010, Tioga alone had approximately 230 wells drilling or in operation according to the Tioga County Gas Exploration website.

The local economic impact is enormous but difficult to measure at this time because few official statistics have been released. Based on estimates from the Penn State study, the gas industry spent \$4.5 billion in 2009 to drill 710 Marcellus Shale wells. On that basis, each well had an estimated economic impact of \$6.2 million. **The total direct impact of the 230 wells in Tioga County is on the order of \$1.4 billion.** If only 20% of that accrues directly to Tioga County in the form of wages, materials, leases, etc. (a percentage used in other economic impact analyses), then in the past two or three years, about \$280 million has passed through the local economy. The local multiplier has been variously stated as between 1.3 and 1.5. Therefore, the total impact, including indirect and induced spending, is about \$390 million.

And this is just the beginning. Even if the new severance tax and/or reduction in natural gas pricing slows the Pennsylvania rate of development by the full 30% predicted by some studies, there should be at least 1,100 new Pennsylvania wells in 2010 – 2011. If 40% are drilled in the three County Region (Bradford, Tioga and Susquehanna) as was the case in 2009, then, over 430 wells is a good estimate with a total regional impact of at least \$7.3 billion .

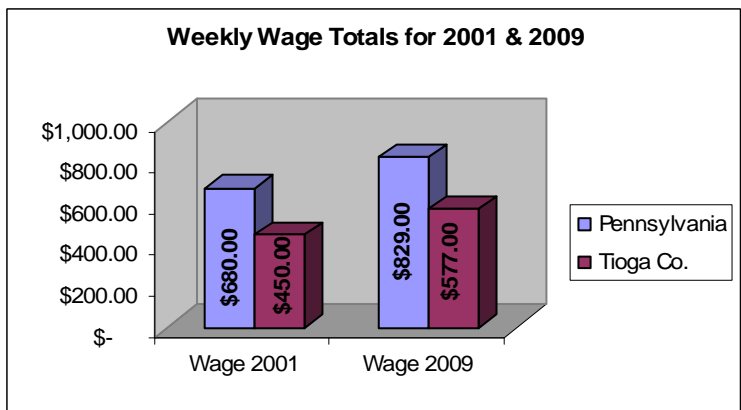
Recession Causes Major Job Losses

Total employment in Tioga County fell again in 2008. The County lost 666 jobs or 5.1% of its employment from the second quarter of 2008 to the same quarter of 2009. This continues a trend set more than five years ago but employment loss this year was exacerbated by the national Recession. Between the second quarter of 2003, when local employment was at its peak, and the second quarter of 2008, Tioga lost 578 jobs or 4.3% of the 2003 total. The 2008 – 2009 loss exceeds that five year loss by a substantial margin. Overall, since 2001, (when the current NAICS database replaced the previous system) the level of total employment is down 6.5%. Although, most sectors have gained in employment and wages over the eight year period, many declined in the past year.



The state has performed somewhat better over the past eight years, but was not immune to the effects of the Recession. During the 2001 through 2008 period Pennsylvania gained employment through 2007, but like the County, lost it during 2008. In fact, the Commonwealth ended the period with almost exactly the same employment that it had in 2001.

However, overall wage gains for employees in Tioga County were significant between 2001 and 2009. In 2001, the average worker earned \$450 per week. In 2009, the average weekly wage was \$577. This was an increase of 28.2%. Hence, since payroll is the result of employment multiplied times wages, that measure has increased by 19.9% over the same period.



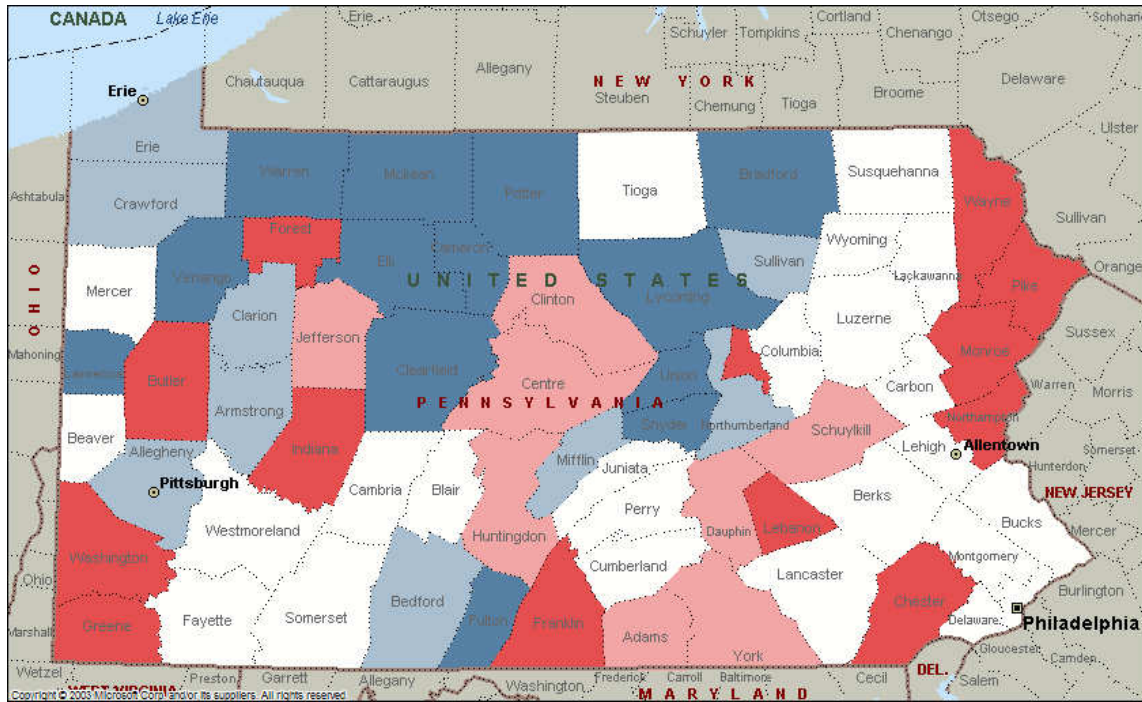
The average wage for workers statewide was \$680 per week in 2001 and \$829 in 2009; the increase then for Pennsylvania workers was 21.9%. Therefore, even though there is still a lot of ground to be made up, workers in the County are gaining on the state average.

As unfortunate as the overall loss of employment has been, it is a hopeful sign that most of that loss has occurred in just a few sectors and that others have grown strongly in both employment and payroll.

But Relatively Speaking...

Less immediately obvious than the County's loss of total employment over the past several years is its performance compared to all of the surrounding counties. Compared to Bradford (-7.5%), Lycoming (-7.9%), Potter (-28.5%), Steuben (-11%) and Chemung (-9.0%), Tioga has fared quite well. **In fact, other than the Poconos Counties in the northeastern corner of the state, Tioga has outperformed all but two of the Pennsylvania counties north of I-80.** A smaller percentage of Tioga workers have lost their jobs and those who are employed have seen major increases in their wages.

Map 1: Employment Change by County 2001 – 2009



Percentage of Employment Change by County

- 4.0 to 46.2
- 1 to 3.9
- -5.9 to 0
- -7.5 to -6.0
- -28.6 to -7.6

Manufacturing Continues to Bear the Brunt of Employment Losses

In what clearly reflects an ongoing national problem, the manufacturing sector in Tioga County has lost employment every year since 2001. In the second quarter of that year the County had 3,588 manufacturing employees and by 2009 it had just 2,047. This is a loss of almost 43% of all jobs in that sector. During the same period Pennsylvania lost almost 32% of its manufacturing employment and in the six years between 2001 and 2007 the US lost over 16%.

Of immediate concern to the County is that during 2008, Tioga manufacturing lost 471 jobs or 18.7% of its second quarter 2008 total. In other words, this sector accounted for over 70% of the total jobs lost in the County during 2008. Most of the recent loss of employment can be attributed to the Recession which caused similar percentage declines in the state and the nation.

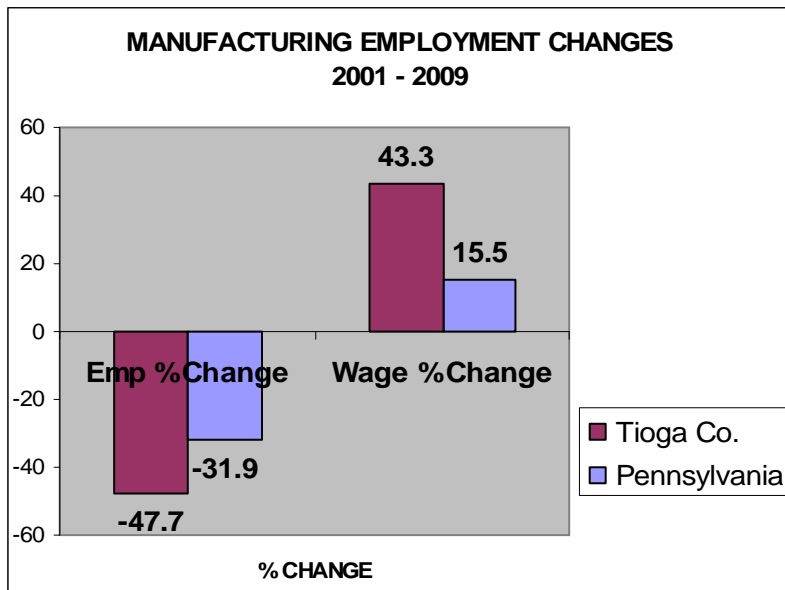
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Manufacturing Continues...

Although Manufacturing sector wages in Tioga County grew strongly over most of the eight year period, they took a significant tumble between the second quarter of 2008 and the same quarter of 2009. Wages in the sector had grown from \$473 per week in 2001 to \$730 per week in 2008. This was an increase of 54.3%. They fell to \$678 per week by the second quarter of 2009, a decline of 7.1%. **Still, wages in Tioga were up 43.3% as compared to just 15.5% statewide.**

The combination of lost jobs and lower wages caused the total sector payroll to decline to just 75% of the 2001 total. (Wages in this sector depend upon the average hours worked by each employee; even a slight recovery from the Recession will lead to an increase in hours, wages, and, therefore, payroll).

Manufacturing still makes up over 16.4% of all employment in the County. And it is still the largest private sector employer. In Pennsylvania the sector is only 10.5% of the total. Tioga County manufacturing wages are only 71.6% of the state average. However, that is a significant gain compared to 2001, when county wages in the sector were only 57.7% of the state average.

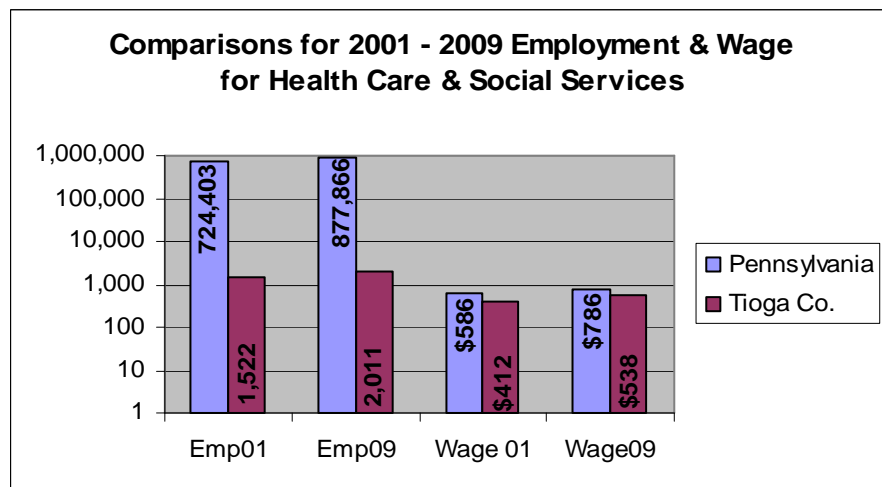


	Employment 2001	Employment 2009	Wage 2001	Wage 2009
Pennsylvania	845,988	576,214	\$820	\$947
Tioga County	3,913	2,047	\$473	\$678

Health Care & Social Services Remains Strong

The second largest sector of employment in Tioga County (excluding government) is **Health Care has been a strong performer throughout the decade.** Between 2001 and 2009 it added 32% to its employment and wages increased by almost 31%. In 2001 the sector had 1,522 workers; this number increased to 2,011 by the second quarter of 2009. Wages grew from \$412 per week to \$538. Payroll grew by 72.5% over the period. Further, seasonal and cyclical changes have been minor, leading to a greater stability in employment and wages than has been seen in most sectors.

Employment gains in the County were substantially higher than those in the Commonwealth as a whole. The state added only 21.2% to its 2001 employment. Statewide, wages increased slightly faster than in the County with a 34% gain. Still, the health sector's overall payroll in the state grew by only 62.5% compared to the 72.5% growth in Tioga.



The Health Care and Social Services sector comprises 16.4% of all employment in the County and 15.9% of all state employment. Due to the aging populations of both the state and County it is likely that the sector will continue to grow in both. The great disparity between the sector in the state and County is the level of average wages. In Pennsylvania, the average worker in health care earns \$786 per week compared to just \$538 in Tioga. This is an urban/rural dichotomy that is common across counties in the state and is unlikely to disappear any time soon.

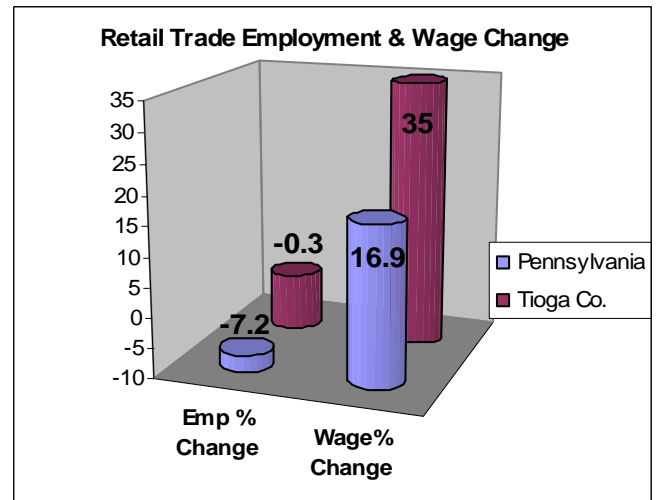
Retail Trade: Steady Employment – Growing Wages

Retail Trade employment in Tioga County has shown little change over the eight year period from 2001 through 2009. In the second quarter of 2001, the sector had 1,791 employees in Tioga County. This grew to 1,811 by the second quarter of 2008, but employment was down to 1,740 workers in the second quarter of 2009. During the entire period the largest number of employees in the sector was 1,826 in the third quarter of 2007 and the smallest was 1,584 in the first quarter of 2004. Although no strong secular (long-term) growth or decline can be seen, the sector shows significant seasonal variation with the first quarter typically the smallest and the third and fourth quarters somewhat higher.

While Retail employment was essentially constant in Tioga (leaving aside minor short-term fluctuations) it has been noticeably declining in the Commonwealth. From the second quarter of 2001 to the second quarter of 2009, the state lost 7.2% of its job base; further, this has been a fairly steady and constant decline.

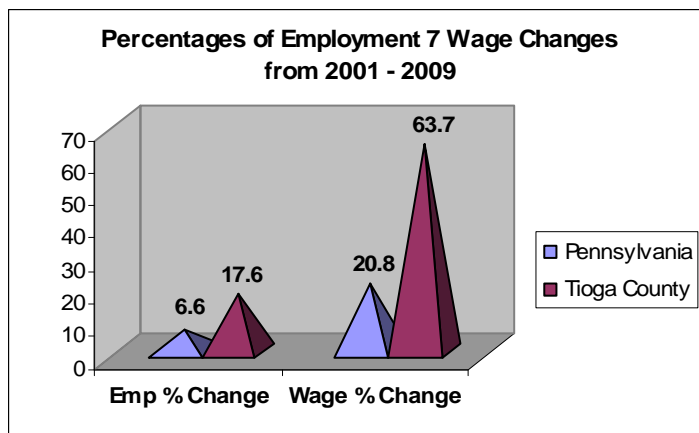
Wages across the period have increased greatly in the sector in the County. In 2001 the average weekly wage for retail employees in Tioga County was just \$277 per week. In 2009, the average was \$374. This was an increase of 35%. Total payroll was up 36%. However, in Pennsylvania, wages have grown only by 16.9% and payroll by just 8.5%.

Retail employment is 14.1% of total County jobs, but just 11.3% of the state's total.



Accommodations & Food Services Show Strong Growth

Very rapid employment and wage growth makes this sector one of the performance stars of Tioga County in the past eight years. Employment grew from 949 in the second quarter of 2001 to 1,116 in the same quarter of 2009. Wages grew from \$157 per week (not including tips) to \$257 per week. This was a 17.6% increase in employment and a 63.7% in wages. Payroll, then, was up 92.5%.



Pennsylvania saw much slower growth. Employment grew by just 6.6% and wages by 20.8%. Because sector wages in the state grew more slowly than those in Tioga County, this is one of the few sectors where County wages are over 90% of the state average.

These statistics suggest that tourism growth in the County has fueled most of these increases because the local portion of Accommodations & Food Service sales is akin to Retail Trade which has not shown rapid growth. Further, the sector now makes up 9.1% of all employment in the County compared to 7.5% of state employment. This makes it an important contributor to the economic base of the County.

One impact of the Recession is that people have been traveling less, for both business and for pleasure. The state and the County each lost employment between the second quarter of 2008 and the same quarter of 2009. Tioga lost 18 employees over the year which was 1.6% of its total. The state lost 11,299 or 2.9%.

	Emp 2001	Emp 2009	Wage 2001	Wage 2009
Pennsylvania	388,741	414,449	\$235	\$279
Tioga County	949	1,116	\$157	\$259

Tioga County Development Corporation
Tioga County, Pennsylvania

UNEMPLOYMENT RATES: 2009/FINAL

Tioga County Labor Market Area

March 2010

Month	Year	Tioga County	Pennsylvania	Difference	United States	Difference
January	2009	8.3	7	1.3	7.6	.07
February	2009	12	7.8	4.2	8.5	3.5
March	2009	11.5	7.8	3.7	8.9	2.6
April	2009	9.5	8.2	1.3	9.4	0.1
May	2009	10.5	8.2	2.3	9.4	1.1
June	2009	10.8	8.5	2.3	9.4	1.4
July	2009	9.2	8.6	0.6	9.7	-0.5
August	2009	10.5	8.8	1.7	9.8	0.7
September	2009	9	8.8	0.2	10.2	-1.2
October	2009	9.2	8.5	0.7	10	-0.8
November	2009	8.8	8.9	-0.1	10	-1.2
December	2009	9.3	8.8	0.5	9.7	-0.4
ANNUAL AVERAGE		9.88	8.33	1.56	9.38	0.50

Source: Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis

Tioga County Development Corporation
Tioga County, Pennsylvania

UNEMPLOYMENT RATES: 2008/FINAL

Tioga County Labor Market Area

March 2009

Month	Year	Tioga County	Pennsylvania	Difference	United States	Difference
January	2008	5.3	4.9	0.4	4.8	0.5
February	2008	5.7	4.9	0.8	5.1	.06
March	2008	5.5	5.0	0.5	5.0	0.5
April	2008	5.5	5.2	0.3	5.5	0
May	2008	5.8	5.2	0.6	5.5	0.3
June	2008	5.4	5.4	0	5.7	-0.3
July	2008	5.2	5.4	-0.2	5.7	-0.5
August	2008	6.4	5.7	0.7	6.1	0.3
September	2008	5.9	5.8	0.1	6.5	-0.6
October	2008	6.8	6.1	0.7	6.7	0.1
November	2008	7.2	6.7	0.5	7.2	0
December	2008	9.1	7	2.1	7.6	1.5
ANNUAL AVERAGE		6.15	5.61	0.54	5.95	0.20

Source: Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis

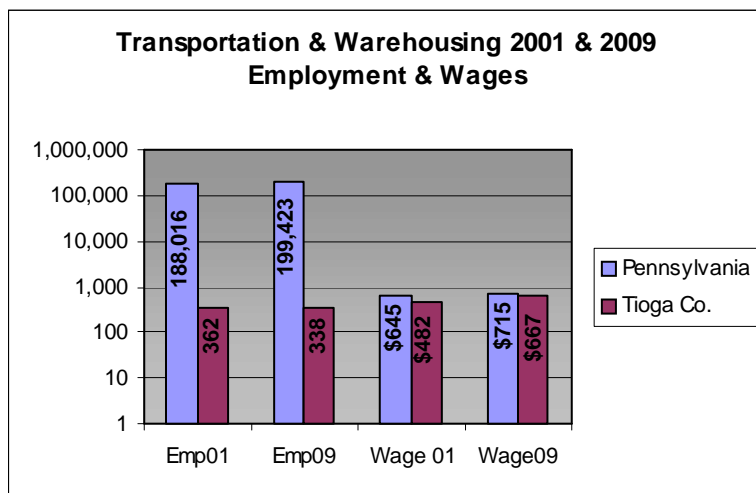
Transportation & Warehousing: Mixed Results

The Transportation and Warehousing sector depends, to a certain extent, on the amount of local goods to be shipped and stored. The decline of the Manufacturing sector has taken a toll on this sector in Tioga County despite improvements to the road network and the increase in Wholesale Trade employment. Between 2001 and 2009, the Transportation and Warehousing sector lost 11.5% of its employment, falling over the period from 362 workers in the second quarter of 2001 to 338 workers in the same quarter of 2009. Wages, however, have grown faster than the average County wage. The weekly wage in 2001 was \$482, but by 2009 were \$667. This was an increase of 38.4%. Therefore, despite the job loss, total payroll was up by over 35%.

A very different scenario has played out in the state as a whole. Employment in the sector was up by 6.1% between the second quarter of 2001 and the second quarter of 2009. Wages, however, were up just slightly, from \$645 to \$715 or 10.9%. Hence, payroll actually grew more slowly in the Commonwealth than in the County at 21.1%.

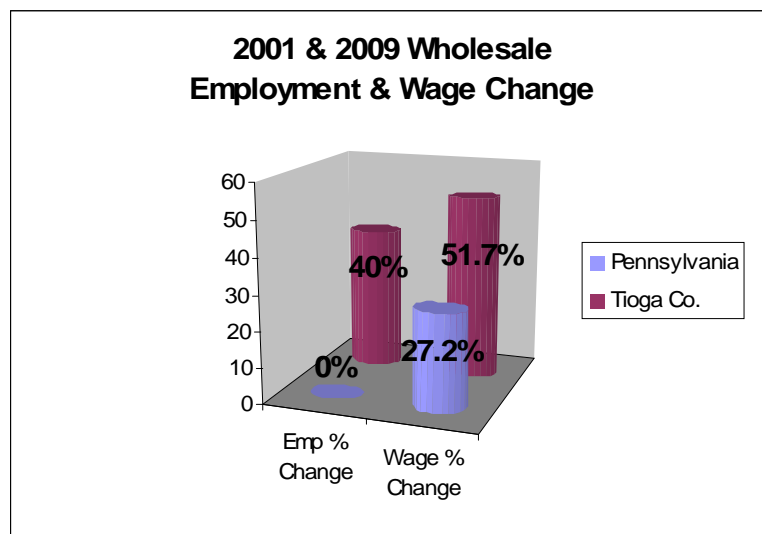
As was true in many other sectors, the current Recession has taken a toll on Transportation and Warehousing. In 2008 the sector lost 21 jobs or 5.9% of its employment in Tioga County and 4.5% in Pennsylvania. Wages were also down slightly: 4.2% in the County and about 1.0% in the state.

In Pennsylvania, the Transportation and Warehousing sector is about 3.6% of total employment. In Tioga it is just 2.8%. Wages in the County are over 93% of the state average for the sector.



Wholesale Trade: Proven Performance

With an employment increase of 40% and a wage increase of over 50%, it is little wonder that Wholesale Trade led the way among all Tioga sectors in the past eight years. Employment grew from 253 in the second quarter of 2001 to 353 in 2009. The average sector wage grew from \$470 per week to \$713. Overall payroll grew by almost 200%.



The Tioga experience was in sharp contrast to that of the state as a whole. Pennsylvania had no growth in employment and only a 27.2% in wages paid per employee. Hence, the total payroll increase was also about 27%.

Even though the overall trend has been strongly favorable, Tioga lost 28 jobs, or 7.4%, in the sector during 2008. Pennsylvania, which had been up by 6.2% from its 2001 base, lost all of that gain during the year.

Despite the rapid increase in employment and wages, Tioga is still underrepresented and underpaid compared to the Commonwealth. In Pennsylvania, Wholesale Trade comprises 4.1% of total employment, but in Tioga County only 2.9%. The average wage in the state was \$1,155 in 2009 compared to \$713 in the County.

Professional Services: More Jobs & Much Better Pay

The Professional Services sector includes law offices, accountants, and many of the functions of business support. The sector is small in Tioga County, only 1.6% of total employment. It grew by 11% from the second quarter of 2001 through the second quarter of 2009 (from 181 employees to 201). There is very little seasonality in employment and longer term fluctuations over the period have been minor. Wages have grown from \$500 per week in 2001 to \$723 in 2009. This is a fairly major increase: 44.6%. Payroll, therefore, grew by 60.5%.

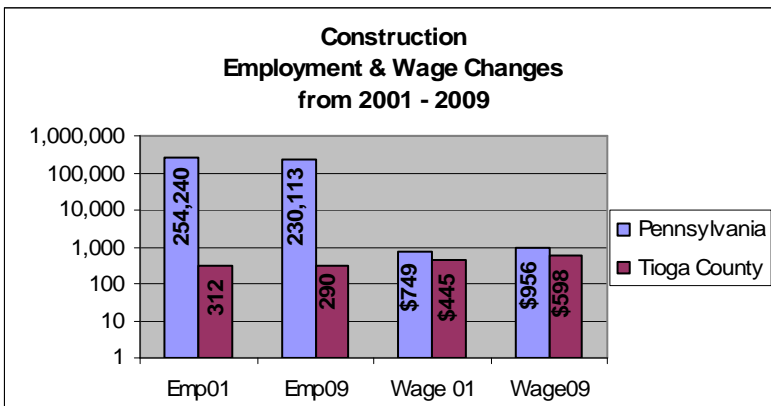
Most Professional Services are concentrated in urban areas as is evidenced by the fact that 5.6% of the total Pennsylvania workforce is in the sector. Furthermore, urban wages tend to be much higher in the sector, leading to an average wage in 2009 of \$1,355 per week. Still, the sector did not have strong employment growth between 2001 and 2009. The state saw an increase of just 8.0%. Wages per employee, on the other hand, increased by 31.9%. This led to a payroll increase of 42.4%.

Professional Services sector grew by 11% from 2001 to 2009.

The Recession has had minor impacts on the Professional Services sector in Tioga County. Employment fell by just 1.0% from the second quarter of 2008 to the same quarter of 2009. And wages actually saw strong gains (8.4%). Pennsylvania had a greater employment loss (-3.4%) and a small growth in wages (1.8%).

Place	Emp01	Emp09	Wage 01	Wage09	Emp % Change	Wage % Change
Pennsylvania	181	201	\$500	\$723	11.0	44.6
Tioga Co.	283,790	306,615	\$1,028	\$1,355	8.0	42.4

Construction: Cyclical Fluctuations Outweigh Long-Term Change



Although the Construction sector in Tioga County has had some employment peaks and valleys over the eight year period most of the variation in employment has been seasonal. Variation from quarter one (winter) to quarter three (summer) was often on the order of 70%. Quarter two employment never varied by more than 10% across the whole period. From quarter two of 2001 through quarter two of 2009, employment fell from 312 to 290, a loss of 7.1%. Second quarter wages trended constantly upward, rising from \$445 per week in 2001 to \$598 in 2009. This was an increase of \$153 or 34.4%. Overall, payroll grew by 24.8%.

There was far less seasonal variation in the Commonwealth as a whole. First to third quarter change was on the order of 15 to 20%. Over the eight year period second quarter employment fell from 254,240 to 230,113 which is a change of -9.5%. State average wages for the sector increased from \$749 per week to \$956. This was a growth of 27.7%.

Note that the average state wage was 37% higher than the Tioga wage in 2009. It was almost 41% higher in 2001. Parity is still a long way off, but the County is gaining. On the other hand, construction employment in Tioga was just 2.3% of total employment compared to 4.6% statewide. The sector remains a smaller portion of the total in the County than in the state largely because of stagnant population and job growth.

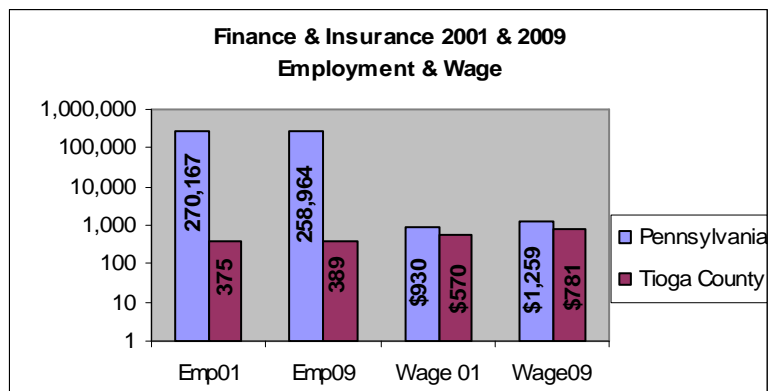
However, the current Recession has impacted construction in the state more strongly than it has in the county. Between the second quarter of 2008 and the same quarter in 2009, the state lost 12.5% of all construction jobs; the County lost only 5.2%. Wages remained roughly constant in both.

Finance & Insurance has Experienced Major Fluctuations

If only the beginning and end of the eight year period is considered, Finance and Insurance would appear to be a stable sector in Tioga County. This is not the case. At the beginning of the period, in 2001, the sector had 375 employees. In the second quarter of 2009, it had 389. This is a very minor 3.7% gain. However, in 2004 it had 450 employees but this fell to just 306 in 2007 before growing back to 408 in 2008. The change from 2001 to 2004 was a gain of 20%, followed by a loss of 32% by 2007. Hence, the recent change from 2007 to 2009, was a rapid growth of over 27%. A portion of these fluctuations were very likely caused by mergers, acquisitions, and reorganization in the local banking industry, but the rise and fall of the local economy can also be seen in the pattern of growth and decline.

Conversely, the state has not seen any substantial fluctuation in employment. Indeed, quarter to quarter over the past eight years, the trend in employment has been very slightly down. The state started the period with about 270,000 employees in Finance and Insurance. This number never rose above 271,000 and has progressively declined to approximately 256,000.

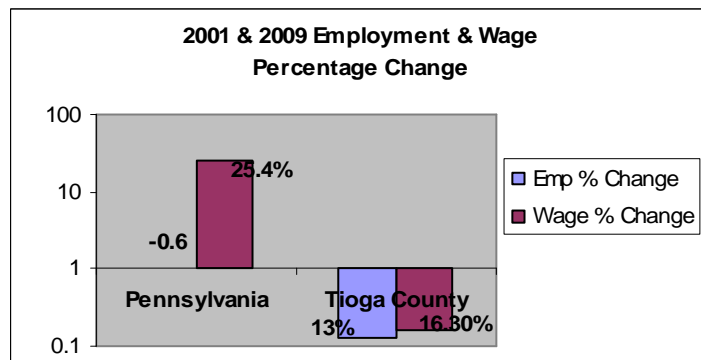
Although wages have fluctuated somewhat in Tioga County over the period, the trend has been sharply upward. In the second quarter of 2001, the average sector wage was \$570. In the same quarter of 2009 the average was \$781. This is a hefty 37% gain. In Pennsylvania, wages, unlike employment have fluctuated wildly. From the second quarter of 2001, when the weekly wage was \$930, to the second quarter of 2009, when it was \$1,259, the average grew by 35.3%. However, the state average was as high as \$1,677 in early 2008 and as low as \$1,193 just two quarters later.



Overall, the state finished the period with a payroll that was just 22.7% higher than it was at the beginning while the County saw a 42.1% increase. The sector is just 3.2% of total County employment but 4.7% of the state total. Even after the rapid growth from 2001 to 2009, Tioga wages in the Finance and Insurance sector are only 62% of the state average.

Other Services: Small Gains in Both Employment & Wages

The Other Services sector is a catch-all that includes primarily local service activities such as beauty salons, funeral homes, and other personal services. It also includes repair shops, automobile service, parking and a few business services. In Tioga County it grew from 298 employees to 337 between the second quarter of 2001 and the second quarter of 2009, about 13%. Wages in the sector have always been low (in part because many workers receive part of their compensation in tips). In 2001, the average wage was \$233 per week; by 2009 this had grown to \$271, 16.3%.



Pennsylvania has seen no growth in Other Services employment between 2001 and 2009. In fact, the sector lost 1,128 employees or 0.6% of its 2001 workforce. Wages grew by 25.4%.

The sector is somewhat underrepresented in the County compared to the state. In 2009, it had 2.7% of total County employment but 3.4% of state employment. The greater discrepancy is in wages. County wages were only 53% of the state average; this is actually down from about 57% in 2001.

Other Sectors...

There are several Other Sectors of private economic activity which are not individually discussed here. These include agriculture, mining, utilities, information, education, management, administration and waste management and art, entertainment and recreation. None of these are major employers in Tioga County. The largest has just 164 employees and most have fewer than 100. In fact, most are not reported separately in the ES-202 database used in this analysis. In total, they make up less than five percent of all employment in the County. Unfortunately, government – which is quite a large sector – is also not separately reported. See the Marcellus Shale article on the front page to gain a sense of the growing importance of mining to the County.

Summary & Forecast

As a nation, state and county, 2008 – 2009 was not a good year for the economy. National unemployment topped 10%, the state lost 3.6% of its 2008 employment, and the County lost 5.1%. In the County and the state most of the job loss was in manufacturing, but the Recession was serious enough to cause minor losses in several other sectors. However, it is important to keep in mind that, as severe though the current losses are, they are mostly temporary and caused by external factors that do not reflect a serious weakness in the structure of the local economy.

In fact, even leaving aside the positive impacts of the Marcellus Shale natural gas developments, the long-term future of the Tioga economy seems likely to be highly positive. This conclusion is based on the changes which occurred in the structure of the economy between 2001 and 2009. Of the ten major sectors of the private economy which were analyzed, six showed strong growth in employment; one was about the same and only three declined. Of the declining sectors, only manufacturing had employment losses great enough to pull down the overall employment. In fact, if not for the manufacturing losses employment would have grown by more than 15% over the eight year period.

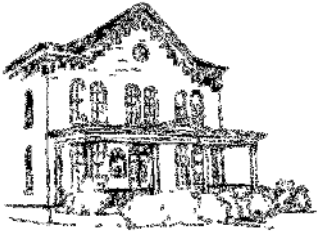
Further, the sectors which have been growing in Tioga are less likely to have significant downturns than manufacturing. They are mainly high level service sectors (health and social services, wholesale trade, professional services and finance and insurance) which indicate an urbanizing and diversifying economic structure. **When this trend in structural change is added to Tioga's relatively minor job loss compared to the surrounding counties, it appears that the County is likely to emerge from the Recession in a stronger position than its neighbors.**

County is likely to emerge from the Recession in a stronger position than its neighbors.

A final indication of the overall health of the economy is found in growth of wages and payroll, even in a time of less than stellar employment performance. The County outperformed the state in wage growth and incomes are, therefore, becoming somewhat closer to the state average.

Still, many people will argue, that manufacturing jobs are more "important" than other jobs because wages are (generally) higher and because said jobs bring in dollars to the community through the sale of product to other regions of the nation and the globe. Will those jobs come back? The traditional answer is probably not. Increasingly, many of the products consumed in America are produced "elsewhere." There has been little indication nationally that manufacturing will rebound to its previous level. However, and this is an important caveat, manufacturing is very sensitive to cost factors, including location and the availability of skilled labor. If Tioga is able to attract or create manufacturing firms to support the drilling, production and distribution of natural gas, then at least some new manufacturing jobs will be created.

The County should also be able to take advantage of the explosion of economic activity surrounding the development of natural gas. Although most of the gas field workers, at least in the short term, will probably not be local, there is an opportunity for increased sales of local goods and services to support that activity.



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For the 8th year, the *Tioga County Development Corporation* is pleased to present our Annual Economic Analysis Summary of the Economy of Tioga County, Pennsylvania... ***Tioga County's Annual Economic Analysis & Forecast: 2009.*** *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 six years of economic development planning and analysis experience. He performs similar reports for several other counties in the State. He has been under contract with TCDC since 1998 and possesses an extensive knowledge of our economy.

This is the second year we have also asked Wade to provide projected impact information on the Marcellus Shale development growing everyday in Tioga County. We have seen a major impact in trucking, housing and fuel consumption and with yet more to come. While our economy for the past year reflected the national and state recession, there is considerable evidence of the growing economic impact of the Marcellus Shale Play in Tioga County. Tioga County was the 2nd fastest growing county in job creation in 2009. Due to the lag in data, this is not reflected in this year's report. While major investments in the gas & oil industry continue to positively impact direct services to the industry such as trucking and rail, indirect services are being positively impacted as well including lodging and restaurants.

As with any development, there are both positive and negative impacts. The environmental concerns are being addressed by DEP and SRBC. Local concerns include the transportation system, housing and municipal services. Pennsylvania will be implementing a tax this fall for the Marcellus Shale Industry. We believe it should be called an Impact Tax and the proceeds from the tax go directly to the impacted area. It should not be just a tax to balance the state budget. Portions should go to DEP to add additional permit and enforcement officers; PennDOT for state roads and bridges; local governments (county, townships & boroughs and school districts) for municipal services to support this extensive vital industry. Any tax can threaten the development of an emerging industry such as Marcellus Shale and considerations need to be considered from the investment side as well as the production side. This industry will be in our county for generations to come. We all need to address the impact for the benefit of the area to ensure these generations will profit in a positive and productive manner

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

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Tioga County...a place to call home