

Executive Summary

Labor Market Assessment of Cattaraugus County, New York

Prepared for:

Buffalo Niagara Enterprise

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Prepared by:

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INTRODUCTION

This labor market executive summary report of Cattaraugus County is the product of a contract between the Wadley-Donovan Group (WDG) and the Buffalo Niagara Enterprise (BNE). It provides a summary of the labor market conditions in Cattaraugus County for industrial, office, and other operations. WDG's findings come, in large part, from a larger evaluation of the Buffalo Niagara region as part of a separate assignment for the Buffalo Niagara Enterprise. Under this BNE assignment, WDG evaluated the operating conditions of the BNE region and each of its eight counties: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, and Wyoming.

This executive summary uses the following material gathered for the BNE assignment:

- **An orientation map of the county**, showing the county's location in the region. The map is included in this report as Figure 1.
- **Demographic maps that show a 30-minute commute zone from two separate locations in Cattaraugus County.** The zones present the effective geographic labor shed for employers located at the following sites:
 - Vacant Plaza on Route 417 in Allegany (Lat: 42.098 Lon: -78.510) and,
 - Ashford Office Complex, Route 219 in Ashford (Lat: 42.396 Lon: 78.675)The 30-minute commute zone is the most realistic commute time for most employers, as our survey data shows that most area residents are willing to commute up to 30 minutes one way. These maps are presented in Appendix A and Figure 2.
- **A survey of employers with 20 or more employees in all business sectors in the county, except for retail and public administration, on issues critical to overall business operating conditions.** Surveys were sent to employers with 50 or more employees in the retail sector and 100 or more in the public administration sector. Questions were asked on labor, training, recruiting, and operating environment. 111 surveys were sent to employers in Cattaraugus County, of which 17 were returned, for a statistically valid response rate of 15.3%. The summary findings from this survey are included in this report as Exhibit B.
- **Statistical data for the county, the commute zones, the BNE region, the state, and the U.S. for benchmarking purposes.** This data is provided, where available, in Exhibits C of this report. Research sources used include among others, the U.S. Bureau of the Census, the U.S. Bureau of Labor Statistics, the U.S. Departments of Education and Commerce, and the BNE. Environmental Systems Research Institute Business Information Solutions (ESRIBIS) Inc.—a leading demographic data vendor—was used for 2004 and 2009 demographic, occupational, and related data estimates and projections.
- **Two labor-yield calculations for a clerical, administrative, and customer-service workforce and a manufacturing/distribution workforce.** The calculated yield indicates the number of qualified applicants an employer could expect to attract if located in each of the identified commute nodes. The labor yield is for the first year of operation of a new facility, and it assumes that: the employer is providing a competitive salary and benefit package; that the operating environment is attractive; and that human resource policies are at least standard for the area. An exceptionally high-paying employer with high positive name recognition could expect to attract more qualified job applicants than what is indicated in the calculation.

EXECUTIVE SUMMARY

Overview

Cattaraugus County offers a white-collar or service employer or an industrial employer a mature, well-educated workforce with modest wage or salary demands that are below the national average. Labor availability is satisfactory to good in many office/administrative related occupations, including call center agents, customer service representatives, accounting clerks/bookkeepers, office clerks, and secretaries/administrative assistants. Other available occupations include janitors, truck drivers, and non-retail salespeople. Currently, the occupations in greatest demand include janitors, registered nurses, and licensed practical nurses. WDG has calculated that an office employer offering a median area wage and salary package, competitive benefits, and a stable employment opportunity could expect to staff up to 170 qualified employees in the first year of operation. A general manufacturing employer paying the median area rate and offering an attractive work environment could expect to hire up to 240 qualified employees during the first year of operation. According to data provided by surveyed employers, a starting median rate for secretaries/administrative assistants in the county is approximately \$9.40/hr. The starting median rate for call center agents is reported to be \$7.88/hr. Average wage rates for manufacturing positions in the entire BNE region start at \$8.00/hr. for entry-level positions. Standard benefit packages include company paid health insurance, life insurance, short- and long- term disability, and a retirement plan (company-sponsored or other).

Location and Employment Base

The county is located in western New York. Interstate 86 (I-86) runs through the county, with the Erie/Cattaraugus County boundary to the north and the State of Pennsylvania to the south. The county is shown in Figure 1.

The manufacturing, health care/social services, and educational services sectors comprises the largest industry components of the local employment base. Conversely, administration, arts and entertainment, finance and insurance, professional services, information, public administration, transportation and warehousing, wholesale trade, and real estate are represented at percentages below state and U.S. averages.

FIGURE 1
CATTARAUGUS COUNTY IN THE CONTEXT OF NEW YORK

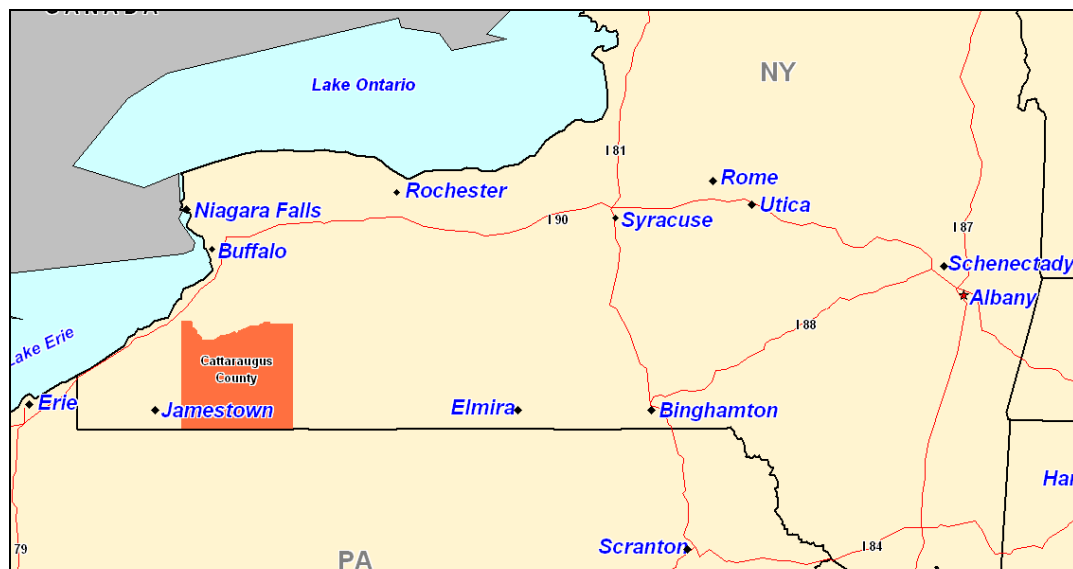
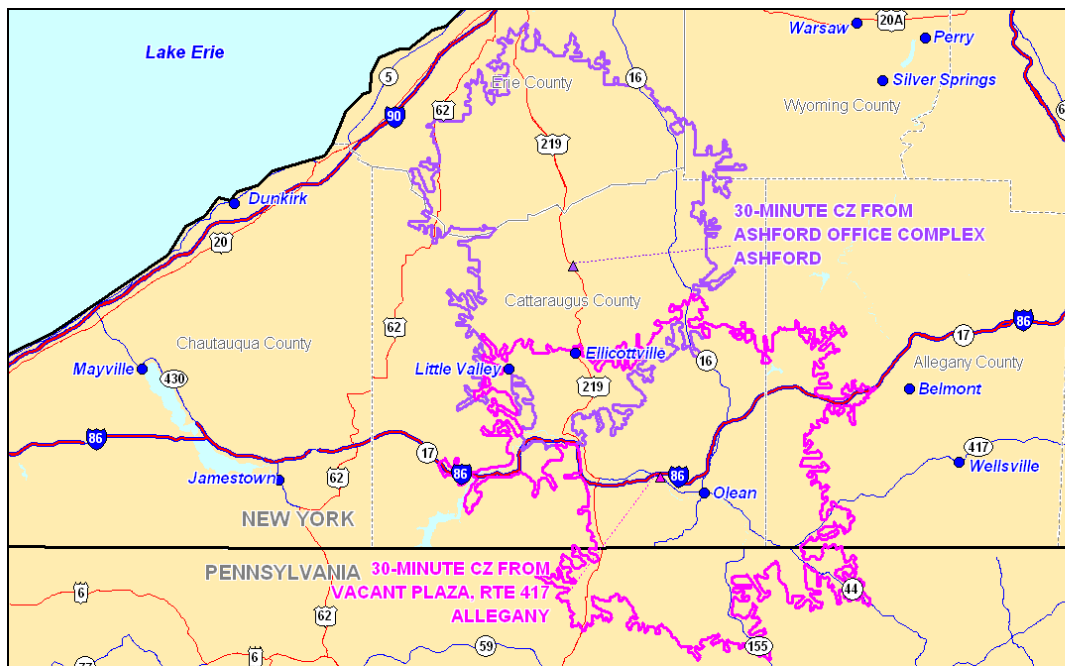


FIGURE 2
COMMUTE ZONES IN CATTARAUGUS COUNTY



Population and Population Growth

The 2004 population of the county is estimated at 83,820, while the populations of the commute zones are estimated at 81,180 (Route 417 site, Allegany) and 71,637 (Ashford Office Complex, Ashford). The county declined in population by -0.3% between 1990 and 2000, which is lower than the state (5.5%) and national rates of 13.2%. The population also declined in the Allegany commute zone (-3.5%), while the Ashford commute zone saw a population growth rate of 6.2%.

The area's population growth forecasts for the next five years show rates that trail the national average. Between 2004 and 2009, forecasts for the county show a decline in population of 0.1% versus an increase of 6.3% in the nation. Meanwhile, the Allegany and Ashford commute zones are both expected to see a decline of 0.4% during the same period. Unless conditions change, these below-average growth trends, coupled with an aging population base, will inhibit the county's ability to see any significant future economic growth and will limit the labor resources available to local employers.

Demographic Characteristics

The county's residents are significantly older, and have lower incomes and higher educational attainment than the national standard. The median age of the area's residents (38.3) is higher than the national average (36.0), and the median household income is below the national average (\$36,345 versus \$48,619). The proportion of households earning less than \$35,000 annually is significantly higher than state or national figures, indicating a higher likelihood of residents that would be interested in upgrading their jobs and career advancement opportunities, working second jobs, or working as second-income earners. The educational levels of the county's residents are higher than the national average, with 66.3% of the county residents having a high school diploma and some post-secondary education less than a four-year degree, versus 56.0% the U.S.

TABLE 1
COMPARATIVE DATA ON CATTARAUGUS COUNTY, THE REGION,
THE STATE, AND THE U.S

Source: ESRIBIS, Inc.

Demographic Indicator	Cattaraugus County	BNE Region	NY	US
Population 2004	83,820	1,588,529	19,316,116	295,628,353
Projected change (5-yr)	-0.1%	-0.1%	2.2%	6.3%
Age 20-34 yrs.	18.4%	18.4%	20.4%	20.7%
Median Age	38.3	38.8	36.7	36.0
No HS diploma	18.8%	17.6%	20.9%	19.6%
12 to 15 years of ed.	66.3%	61.2%	51.7%	56.0%
Median HH income	\$36,345	\$41,902	\$49,309	\$48,619
HHs earning < \$35K	47.9%	42.2%	36.3%	36.0%
Workforce, 2004	42,459	776,017	9,355,135	147,445,200
% Unemployed, 2004	7.4%	6.6%	5.8%	5.5%
Workforce Participation	63.1%	62.2%	61.0%	63.7%
Proj. Wrkg Age Pop Growth (5-Yr) (20-34)	1.7%	0.8%	0.9%	3.8%

Labor Availability and Demand

Cattaraugus County contains a sizeable labor force of 42,459 workers. From the Route 417 site in Allegany, employers have access to a workforce of roughly 41,383 workers within a 30-minute drive time. From the Ashford Office Complex in Ashford, employers will have access to approximately 35,598 workers.

The county's workforce is growing at rates below the national average, with a growth rate over the last five years of approximately 0.4% per annum, which, interestingly, is higher than the area's population growth rate. The labor-force growth rates in the commute zones, meanwhile, have been higher, ranging between 1.1% and 1.25% per year, but with even wider differentials between the growth rates of the labor force and population than in the county as a whole.

Current data (March 2005) shows the county's unemployment rate is 5.7%, equating to about 2,425 unemployed residents. This is 0.8% percentage points above the state rate and 0.5% points above the national rate. The labor force participation rate in the county is 63.1%, on par with the national average and well above the state participation rate.

Based on responses received from the employer survey, some entry-level and experienced workers in various fields are readily available: i.e., call center agents/representatives, customer service representatives, non-retail sales, accounting clerks/bookkeepers, janitors, truck drivers, accounting clerks, office clerks, and secretaries/administrative assistants.

Some skills were reported to WDG as being in short supply: computer systems analysts, registered nurses, and licensed practical nurses. The response rate for other occupations was too low to be statistically reliable.

An employer has the potential of accessing the graduating students from Saint Bonaventure University in St. Bonaventure. Enrolled students can serve as interns and in part-time employment positions. In 2004, the university had an approximate enrollment of 2,800 students and 700 graduates. Other post-secondary institutions in the county include Cattaraugus County BOCES School of Practical Nursing and Olean Business Institute.

According to a labor-yield model developed by WDG, a well-publicized competitive office or clerical/administrative/customer-intensive operation with a stable work environment and pleasant working conditions and human resource policies could hire between 85 and 170 employees in one year, depending on the commute zone. Meanwhile, a well-publicized competitive general manufacturing operation with a stable work environment and pleasant working conditions and human resource policies could hire between 125 and 240

employees in one year, depending on the facility's location. The following tables show the recommended maximum size for a new clerical/administrative/customer service office facility and a manufacturing facility located at each of the commute zones during the first year of operation.

A well-paying employer could possibly extend the labor draw to 45-minutes (or longer). The labor-yield estimates provided in the table are for employers offering median salaries and wages and average benefit packages for the area.

TABLE 2
CLERICAL/ADMINISTRATIVE LABOR YIELD FOR
CATTARAUGUS COUNTY COMMUTE ZONES

Source: WDG Estimates

	Factor	Maximum Year-One Size of a Clerical/Office Operation Located at	
		30-minute CZ: Rt. 417, Allegany	30-minute CZ: Ashford Office Complex, Ashford
1	Currently employed supply	1,245	1,049
2	Potential underemployment yield	1,071	891
3	Not employed	346	261
4	New labor force entrants	74	53
5	Potential labor pool	2,736	2,255
6	Applicants willing to commute	2,052	1,691
7	Available labor force	1,026	846
8	Initial pre-screened pool of qualified applicants	513	423
9	1 in 3 selectivity ratio	171	141
10	1 in 5 selectivity ratio	103	85

Explanatory Notes

1. Estimate of currently employed clerical workers unhappy enough with their current job to apply for a clerical/administrative position. WDG assumes 25% of residents employed in administrative support/clerical occupations will apply for new positions
2. Individuals currently working in low-level sales and service occupations who will apply. WDG assumes that 10% of residents currently employed in sales and service occupations will apply for new positions.
3. Not employed residents that would be interested in working in office operations. WDG assumes 10% of not employed residents would apply for office positions. It is assumed that most applicants will be female.
4. Growth component to account for new entrants into the labor force. Includes a percentage of high school graduates and new residents that are likely to apply for administrative/clerical positions.
5. Total eligible population.
6. Percentage of workers willing to commute up to 30 minutes for employment from various labor sheds – based on employer survey results, 80% of the total number of applicants (line 5) is assumed. The propensity for underemployed residents and not employed residents to commute longer distances for jobs meeting their expectations is not factored into the model. If it were, the number of potential applicants would be higher.
7. Percentage of workers (among those willing to commute as shown in line 6) who will work at new operation despite similar positions available between their residence and the original employers. In this case, it is assumed that a new office employer coming into the area would be the employer of choice and a high percentage of workers would commute to the employer's new location. As more competitors enter the market, the percentage of workers accepting work at that location is assumed to decline.
8. Number of applicants shown in line 7 passing initial screening and offered an interview. The actual percentage will vary according to the skills required by the operation, and the skill level of the available workforce. Fifty percent is considered average.
9. The number of employees an employer could hire assuming a selectivity ratio of one hire per three applicants.
10. The number of employees an employer could hire assuming a selectivity ratio of one hire per five applicants.

TABLE 3
MANUFACTURING LABOR YIELD FOR CATTARAUGUS COUNTY COMMUTE ZONES
Source: WDG Estimates

	Factor	Maximum Year-One Size of a Mfg./Dist. Operation Located at	
		30-minute CZ: Rt. 417, Allegany	30-minute CZ: Ashford Office Complex, Ashford
1	Currently employed supply	2,219	2,016
2	Potential underemployment yield	1,132	967
3	Not employed	346	261
4	New labor force entrants	120	94
5	Potential labor pool	3,817	3,338
6	Applicants willing to commute	2,863	2,503
7	Available labor force	1,431	1,252
8	Initial pre-screened pool of qualified applicants	716	626
9	1 in 3 selectivity ratio	239	209
10	1 in 5 selectivity ratio	143	125

Explanatory Notes

1. Estimate of currently employed production, transportation/material moving, and installation/maintenance/repair workers unhappy enough with their current job to apply. WDG assumes 25% of residents employed in these occupations will apply for new positions
2. Individuals currently working in low-level sales, service, and farming occupations who will apply. WDG assumes that 10% of residents currently employed in sales and service occupations and 25% of residents currently employed in agriculture will apply for new positions.
3. Not employed residents that would be interested in working in manufacturing and distribution operations. WDG assumes 10% of not employed residents will apply for manufacturing positions. It is assumed both male and female residents will apply for positions.
4. Growth component to account for new entrants into the labor force. Includes a percentage of high school graduates and new residents that are likely to apply for manufacturing/distribution positions.
5. Total eligible population.
6. Percentage of workers willing to commute up to 30 minutes for employment from various labor sheds – based on employer survey results, 80% (of the total number of applicants (line 5) is assumed. The propensity for underemployed residents and not employed residents to commute longer distances for jobs meeting their expectations is not factored into the model. If it were, the number of potential applicants would be higher.
7. Percentage of workers (among those willing to commute as shown in line 6) who will work at new operation despite similar positions available between their residence and the original employers. In this case, it is assumed that a new office employer coming into the area would be the employer of choice and a high percentage of workers would commute to the employer's new location. As more competitors enter the market, the percentage of workers accepting work at that location is assumed to decline.
8. Number of applicants shown in line 7 passing initial screening and offered an interview. The actual percentage will vary according to the skills required by the operation, and the skill level of the available workforce. Fifty percent is considered average.
9. The number of employees an employer could hire assuming a selectivity ratio of one hire per three applicants.
10. The number of employees an employer could hire assuming a selectivity ratio of one hire per five applicants.

Currently, the occupations most in demand by local employers are janitors, registered nurses, and occupational therapists. In six months, employers anticipate needing to fill the same positions. In one year, the highest demand will be for janitors, registered nurses, and non-retail salespeople.

Labor Quality

The quality of the county's workforce is generally good; however, there are some deficiencies. Surveyed employers are satisfied with the general basic skills of job applicants, but are slightly dissatisfied with written communication, arithmetic/math, and bilingual skills. The level of basic computer skills, while viewed as satisfactory, generally

does not meet the job requirements, particularly among manufacturing and distribution personnel. Overall work ethic is viewed by employers as generally satisfactory, and absenteeism is rated by employers as low. Turnover is high (over 10%), particularly among new hires in the first year of employment.

Employers were pleased with the quality of graduates from area and regional post-secondary institutions. Those institutions receiving the highest scores include Cornell University School of Industrial and Labor Relations, Saint Bonaventure University, and SUNY at Buffalo. However, employers report that they rarely, if ever, recruit from area post-secondary institutions or use them for general or customized training programs. For high school graduates entering the workforce, employers did indicate some improvement would be desirable in communication and speaking, work ethic, and job preparedness.

Wages and Salaries

Based on occupations for which sufficient data was received, wages in Cattaraugus County are low. The median wage for accounting clerks/bookkeepers is reported at \$18,720, while the starting rate is \$17,160. The median salary for truck drivers is reported to be \$17,680, with a starting rate of \$16,640. Additional salary information as reported by employers is provided in Appendix B on pages 18 through 20.

According to secondary data sources, Cattaraugus County has wages that are below national averages in all industry sectors with the exception of the *administration-support-waste-management-and-remediation* services sector. Overall, total average annual earnings in the County are only 71.6% of the national average and 55.1% of the state average. See Exhibit C-7.

In Olean, a population center in Cattaraugus County, median annual earnings are consistently below national norms in a variety of occupations. For instance, administrative assistants in Olean earn a median salary of \$35,420 compared to \$37,010 nationally. An assembler in Olean earns \$23,804 versus \$24,334 nationally. See Exhibit C-8.