State Profile: New York

What are New York's "older industrial cities?"

The term older industrial cities is used here to describe a specific set of communities that are lagging their peers on a set of eight indicators of economic health and well-being (see table on page 3). We began with an analysis of 302 U.S. cities—eight of which were in New York—that in either 1990 or 2000: (1) had a population of at least 50,000 and were the largest city in a metropolitan area; (2) were at least 50 percent of the population of the largest city in a metropolitan area; or (3) had a population of at least 150,000 regardless of whether they were the largest city in a metropolitan area. This analysis revealed that New York has seven economically struggling cities: Albany, Binghamton, Buffalo, Rochester, Schenectady, Syracuse, and Utica.[1]

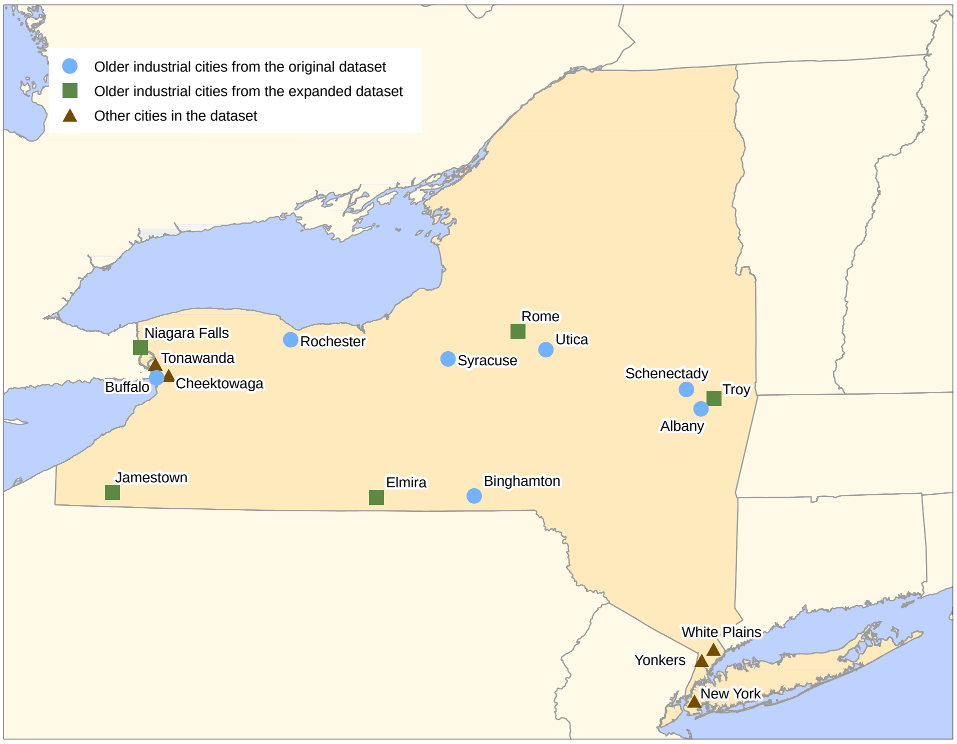
The list grows longer if we examine some of the state's smaller cities. When we expanded our dataset to include an additional 74 cities—nine of which were in New York—that had at least 30,000 people and that were either central cities in 1990 or principal cities in 2000, we found that Elmira, Jamestown, Niagara Falls, Rome, and Troy are experiencing some of the same economic challenges as their other Upstate counterparts.[2]

All told, then, 12 of the 17 New York cities we examined are among 80 U.S. cities identified as economically weak relative to the other 296 cities in the complete dataset. These 12 cities—referred to here as "older industrial cities"—had a total population of 1.1 million in 2000, and were home to approximately 6 percent of New York residents.

What are the economic characteristics of New York's older industrial cities?

Taken together, New York's 12 older industrial cities were characterized by slow—or declines in—economic growth from 1990 to 2000. On average, these 12 cities lost almost 15 percent of their jobs from 1990 to 2000, while employment actually grew by over 15 percent in the other 296 cities in the dataset. Binghamton, for example, lost nearly 22 percent of its jobs over the decade; Buffalo lost over 17 percent. These 12 older industrial cities saw their real average payroll increase by just 6 percent, while their number of business establishments actually declined by almost 5 percent; this compares to average growth rates of 42 percent and 16 percent, respectively, among the other cities.[3]

These 12 cities' performance on measures of residential economic well-being looks much the same. Their average per capita income in 2000 was 78 percent of the average for the other 296 cities ($16,196 compared to $20,886), while their average median household income was just 69 percent of the average for the other cities ($27,512 compared to $39,999). These older industrial cities had an average unemployment rate of nearly 10 percent and a labor force participation rate of 59 percent, compared to an average 6 percent unemployment and 65 percent labor force participation rate in the other cities. The average poverty rate in these 12 cities was over 22 percent, compared to an average of just 14 percent in the other cities in the dataset.



New York ranks second highest among seven states based on the share of its cities identified as "older industrial cities"

State	Number of older industrial cities in original analysis (percent)	Number of older industrial cities in additional analysis (percent)	Total number of older industrial cities (percent)
Pennsylvania	9 of 10 (90%)	3 of 4 (75%)	12 of 14 (86%)
New York	**7 of 8 (87.5%)**	**5 of 9 (56%)**	**12 of 17 (71%)**
New Jersey	2 of 3 (67%)	3 of 9 (33%)	5 of 12 (42%)
Ohio	8 of 11 (73%)	1 of 11 (9%)	9 of 22 (41%)
Michigan	4 of 8 (50%)	2 of 16 (12.5%)	6 of 24 (25%)
Connecticut	3 of 7 (43%)	0 of 8 (0%)	3 of 15 (20%)
Massachusetts	3 of 5 (60%)	1 of 17 (6%)	4 of 22 (18%)

Source: Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University

Why "older industrial cities?"

New York's cities share an economic history dominated by manufacturing. In 1970, the average share of residents in the 12 older industrial cities employed in manufacturing was almost 28 percent, with all but one of the 12 (Albany) having a share of at least 20 percent. But deindustrialization over the past several decades has left these cities still struggling to find their economic niche: From 1970 to 2000, the average decline in the number of residents employed in manufacturing in these cities was 56 percent so that by 2000, only about 14 percent held jobs in the sector.

Due to data limitations, the data utilized to identify the older industrial cities are from 1990 and 2000 (condition indicators are based on year 2000 data, while change indicators reflect change from 1990 to 2000). However, a look at more recent data indicates that trends have remained consistent. According to American Community Survey (ACS) data, for example, in 2005 the average poverty rate for the four older industrial cities in New York for which data was available (Albany, Buffalo, Rochester, and Syracuse) was almost 29 percent, an increase of over 8 percentage points since 2000. The growth of wages and in the number of establishments, meanwhile, has continued to trail that of other cities. County Business Patterns data reveal that from 2000 to 2004 real annual payroll in the 12 older industrial cities fell by an average of nearly 3 percent, while it grew by more than 2 percent in the other dataset cities. The number of establishments in the 12 older industrial cities grew by not quite 2 percent during this period, while the number of establishments grew just over 4 percent in the other cities.

What is the relationship of New York's older industrial cities to their regions?

While cities are vital entities in and of themselves, markets don't adhere to the arbitrary boundaries that separate them from their surrounding jurisdictions. A look at the economic condition of the 376 sample cities' metropolitan areas demonstrates the relationship between cities and their surrounding regions. By dividing the cities' metros into "weak," "moderate," and "strong" groups based on their rank on a MSA Economic Condition index—which in this case included the change in MSA-level employment, wages, and gross metropolitan product from 1990 to 2000, and the gross metropolitan product per job in 2000—the strong link between the economic health of cities and that of their metropolitan areas becomes evident.

All 12 of New York's older industrial cities are located in "weak" metropolitan areas. This means that, all told, in 2000 nearly 4.5 million people—nearly a quarter of the state's total population—were living in economically anemic communities, a fact that should surely alarm state leaders concerned about New York's long-term competitiveness. It also demonstrates the need for government, civic, and business leaders within and across metropolitan regions to work together to advance a new state agenda for revitalizing the Upstate economy.

What are some of these cities' assets?

For all their economic challenges, New York's older industrial cities possess numerous physical, economic, and cultural attributes that, if fully leveraged, could be converted into vital competitive assets. These 12

New York's older industrial cities are lagging other U.S. cities on several indicators of economic health and well-being

	Albany	Binghamton	Buffalo	Elmira	Jamestown	Niagara Falls	Rochester	Rome	Schenectady	Syracuse	Troy	Utica	Average for 12 NY Cities	Average for Other 296 Cities in Dataset*
City Economic Condition Index (1990-2000)														
Change in Employment	-10.6%	-21.6%	-17.3%	-14.4%	-15.0%	-21.6%	-15.2%	-12.2%	-13.7%	-12.1%	-14.2%	-6.8%	-14.6%	15.3%
Change in Annual Payroll (County)	19.6%	-6.5%	13.7%	8.1%	-3.1%	-1.4%	8.9%	7.6%	-0.6%	-0.1%	19.6%	7.6%	6.1%	42.3%**
Change in Establishments (County)	2.9%	-7.5%	-2.4%	-5.2%	-5.6%	-4.2%	2.0%	-8.9%	-13.8%	-6.7%	2.9%	-8.9%	-4.6%	16.3%**
Residential Economic Wellbeing Index (2000)														
Median Household Income	$30,041	$25,665	$24,536	$27,311	$25,840	$26,805	$27,123	$33,688	$29,378	$25,000	$29,846	$24,916	$27,512	$39,999
Per Capita Income	$18,281	$17,067	$14,991	$14,495	$15,316	$15,721	$15,588	$18,604	$17,076	$15,168	$16,796	$15,248	$16,196	$20,886
Unemployment Rate	12.7%	6.7%	12.5%	12.7%	8.3%	10.1%	10.2%	7.1%	7.5%	9.3%	11.7%	8.4%	9.8%	6.3%
Labor Force Participation Rate	63.6%	56.0%	58.4%	55.0%	62.1%	57.4%	62.7%	54.0%	60.8%	58.8%	63.0%	56.0%	59.0%	65.3%
Poverty Rate	21.7%	23.7%	26.6%	23.1%	19.5%	19.5%	25.9%	15.0%	20.8%	27.3%	19.1%	24.5%	22.2%	14.4%

Sources: U.S. Department of Housing and Urban Development, State of the Cities Data Systems; U.S. Census Bureau, County Business Patterns 1990 and 2000; U.S. Census of Population and Housing 2000. Analysis by Hal Wolman, Kimberly Furdell, and Pamela Blumenthal, The George Washington University

**Doesn't include the 80 cities that were on the original (65) and expanded (15) older industrial cities list*

***Doesn't include Carson City, NV (data not available)*

cities have a total of 453 properties on the National Register of Historic Places, for example, a number that doesn't include the additional homes and businesses that together help shape the many great neighborhoods located in these communities. These cities also have a concentration of education and medical facilities in their urban core: They boast a total of 29 four-year colleges and universities and 28 two-year colleges, as well as 45 hospitals and medical centers employing approximately 74,000 people. Finally, these cities are rich with cultural amenities. With 40 museums and (in Buffalo) two major league sports teams—not to mention the dozens of galleries, theaters, music venues, and minor league sporting events—these cities offer a range of regional attractions that can help fuel the revitalization of their downtowns and surrounding neighborhoods.

After decades of painful economic restructuring, the time is ripe for New York's state and local leaders to seize upon new trends and attitudes that have begun to revalue cities' special characteristics—and to again make them innovative, competitive, high-quality communities where their residents have the choices and opportunities needed to thrive.

New York's older industrial cities boast a number of physical, economic, and cultural assets

City	Historic Properties	Four-Year Colleges and Universities	Two-Year Colleges	Hospitals and Medical Facilities	Museums	Major League Sports Teams
Albany	57	6	4	5	7	0
Binghamton	20	1	1	3	2	0
Buffalo	66	6	3	10	7	2
Rochester	111	6	4	5	8	0
Schenectady	19	2	2	4	2	0
Syracuse	70	4	5	7	6	0
Utica	22	2	3	3	1	0
Elmira	16	1	1	3	4	0
Jamestown	4	0	2	1	1	0
Niagara Falls	17	0	0	1	1	0
Rome	7	0	0	1	0	0
Troy	44	1	3	2	1	0
Total	**453**	**29**	**28**	**45**	**40**	**2**

Sources: U.S. Department of Education, National Center for Education Statistics, 2007; AHA Annual Survey Database, FY 2005; National Register of Historic Places, 2007; American Association of Museums, 2007; NFL, NBA, NHL, MLB, WNBA, MLS

Endnotes

1 For a full description of the methodology employed to identify New York's older industrial cities, please see Jennifer S. Vey, "Restoring Prosperity: The State Role in Revitalizing American's Older Industrial Cities" (Washington: Brookings Institution, 2007).

2 These 74 additional cities were located in seven states: Connecticut, Massachusetts, Michigan, Ohio, New Jersey, New York, and Pennsylvania. Additional cities in other states were not examined.

3 Due to data availability constraints, the annual payroll and establishments variables were measured at the county level for all years discussed in this document (1990, 2000, 2004).

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