INDUSTRIAL MIGRATION

SUFFOLK COUNTY

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3/20/80 OT

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PURPOSE

In 1978, County Executive John V. N. Klein approved a resolution establishing the Department of Economic Development to provide an official County source of information concerning business, industry, and the general economy of Suffolk County, to aid existing enterprises and to encourage the economic development of Suffolk County. As part of that function, the Bureau of Economic Research conducted a survey of firms that have moved to Suffolk in the past five years as well as those that relocated or expanded within Suffolk in the same time period. The purpose of the questionnaire was fourfold: to establish what factors were important in attracting these firms to Suffolk, to asess industry's awareness of government sponsored programs, to get an indication of industrial expansion plans, and finally to assess industry's relationship with government.

POPULATION DESCRIPTION

Monthly data on firms which moved to Suffolk since 1973 and expansions and relocations within Suffolk during that same time period were provided by LILCO. (See Table I) Lists of both the origins and the destinations of all the firms were compiled. A detailed explanation of the population distribution and sample selection process can be found in the Appendix.* A significant relationship was found between type of industry and destination.** In terms of industrial migration, Table II indicates which towns had more than a proportionate representation of a given industry.

*See Page 18
**$x^2 df_{72}=1.85$ $p<.05$

TABLE I

MOVES BY YEAR

YEAR	NEW TO SUFFOLK	EXPANSIONS AND RELOCATIONS	WAREHOUSES AND WHOLESALERS[b]	TOTAL
1973	62	72	35	169
1974	33	33	21	87
1975	32	39	18	89
1976	27	20	12	59
1977	24	43	20	87
1978[a]	23	34	13	70
TOTAL	201	241	119	561

[a]The totals for 1978 only include moves made through July.

[b]It was thought that Warehouses and Wholesalers might have different considerations and problems than manufacturers and should be viewed separately.

TABLE II

RELATIVE DISTRIBUTION OF INDUSTRY BY TOWNSHIP

**SIC CODE	BABYLON	BROOKHAVEN	HUNTINGTON	ISLIP	SMITHTOWN	TOTAL
20	.88*	0	0	.12	0	8
22	.44	.19*	0	.12	.25*	16
23	.75	.13*	.12*	0	0	8
24	.75	0	.06	.19	0	16
25	.70	.06	.06	.12	.06	17
26	1.00*	0	0	0	0	8
27	.47	.03	.12*	.18	.21	34
28	.40	0	0	.20	.40*	15
30	.67	.05	.1	.19	0	21
31	.40	.20*	0	.20	.2	5
32	.66	0	.17*	0	.17	6
33	.63	0	0	.12	.25*	8
34	.57	.06	.02	.17	.17	52
35	.71	.06	.01	.14	.08	90
36	.40	.04	.04	.30*	.21	67
37	.45	.18*	0	.27	.09	11
38	.50	.03	0	.17	.30*	30
39	.52	0	.12*	.16	.20	25
73	1.00*	0	0	0	0	3
TOTAL FIRMS	256	22	18	77	67	440

PERCENT OF TOTAL FIRMS MOVING TO EACH TOWNSHIP

	(58%)	(5%)	(4%)	(18%)	(15%)	(100%)

*The numbers in parenthesis at the bottom of each column represent the percentage of firms moving to that particular town. Anything falling more than half that percentage above the percentage for that particular town represents a disproportionate number of a given industry that moved to that location and is marked with an asterisk.

**Standard Industrial Classification Code. See Table A-4 for further clarification.

AN ANALYSIS OF QUESTIONNAIRE RESULTS

MOVEMENT FACTORS

An examination of critical movement factors has indicated that occupancy costs were the most important factor considered in making a move. Labor availability was also a critical factor. Less important and with no appreciable difference between them were the other factors. (See Tables III-A and III-B)

Manufacturers show occupancy costs and labor availability as prime factors and being of about equal importance. For warehouses and wholesalers occupancy cost was overwhelmingly the most important factor while transportation was rated second. (See Tables III-C and III-D)

A comparison within the manufacturing group was done by destination of the move. An analysis of factors within townships shows that in Islip and Smithtown labor availability was the most important factor. Occupancy cost was the most important factor in Babylon and Huntington, while in Brookhaven labor availability and occupancy costs were rated as equally the most important. A comparison of factors across townships shows occupancy costs as being most important in Babylon and Brookhaven. Familiarity with the area was most important in Islip. Residential environment for employees, labor availability, and transportation were most important in Smithtown while transportation was least important in Huntington. In terms of proximity to major market, it was Babylon that was the leading town.* (See Tables III-E and III-F)

A third comparison of new firms was made between those coming from Nassau County and those coming from New York City. Occupancy costs were first, labor second, and transportation third in order of importance of those coming from New York City. Of those coming from Nassau occupancy costs and labor availability were first and about the same in importance. Residential environment for employees was third. (See Table III-G and III-H)

*A chi-square analysis showed townships to differ significantly on movement factors. $x^2 df_{20}=44.032$ $p<.01$

TABLE III-A

PERCENTAGE OF RESPONSE - MOVEMENT FACTORS

	VERY IMPORTANT	MODERATELY IMPORTANT	NOT CONSIDERED
OCCUPANCY COST	63%	31%	6%
FAMILIARITY WITH AREA	33	42	25
RESIDENTIAL ENVIRONMENT FOR EMPLOYEES	36	37	27
LABOR AVAILABILITY	65	22	13
PROXIMITY TO MAJOR MARKETS	27	37	35
TRUCK, RAIL TRANSPORTATION SYSTEM	32	39	29

TABLE III-B

WEIGHTED RESPONSE* - MOVEMENT FACTORS

OCCUPANCY COST	84
FAMILIARITY WITH AREA	59
RESIDENTIAL ENVIRONMENT FOR EMPLOYEES	60
LABOR AVAILABILITY	79
PROXIMITY TO MAJOR MARKETS	51
TRUCK, RAIL TRANSPORTATION SYSTEM	57

*See Appendix P. 18 for explanation of Weighted Responses

TABLE III-C

MOVEMENT FACTORS - MANUFACTURERS VS. WAREHOUSES AND WHOLESALERS

TABLE III-F

*WEIGHTED MOVEMENT FACTORS FOR MANUFACTURERS BY DESTINATION

	ISLIP	HUNTINGTON	SMITHTOWN	BABYLON	BROOKHAVEN
OCCUPANCY COST	69	71	78	87	89
FAMILIARITY WITH AREA	68	48	60	62	55
RESIDENTIAL ENVIRONMENT FOR EMPLOYEES	57	45	78	60	55
LABOR AVAILABILITY	74	58	94	83	89
PROXIMITY TO MAJOR MARKETS	45	25	40	56	45
TRUCK, RAIL TRANSPORTATION SYSTEM	58	8	62	55	45

*See Appendix P. 18

TABLE III-G

MOVEMENT FACTORS (BY ORIGIN) OF FIRMS NEW TO SUFFOLK

	NASSAU			NEW YORK CITY		
	VI	MI	NC	VI	MI	NC
OCCUPANCY COST	61%	39%	0%	80%	0%	20%
FAMILIARITY WITH AREA	35	35	29	27	45	27
RESIDENTIAL ENVIRONMENT FOR EMPLOYEES	39	44	17	55	9	36
LABOR AVAILABILITY	72	22	6	73	0	27
PROXIMITY TO MAJOR MARKETS	33	28	39	17	50	33
TRUCK, RAIL TRANSPORTATION SYSTEM	25	50	25	55	18	27

Key: VI - Very Important
MI - Moderately Important
NC - Not Considered

TABLE III-H

*WEIGHTED MOVEMENT FACTORS (BY ORIGIN) OF FIRMS NEW TO SUFFOLK

	NASSAU	NEW YORK CITY
OCCUPANCY COST	87	80
FAMILIARITY WITH AREA	58	57
RESIDENTIAL ENVIRONMENT FOR EMPLOYEES	68	61
LABOR AVAILABILITY	87	73
PROXIMITY TO MAJOR MARKETS	52	50
TRUCK, TAIL TRANSPORTATION SYSTEM	58	67

*See Appendix P. 18

PROGRAM AWARENESS

Question number two deals with the awareness of various government programs aimed at helping industry. Job Training Programs, N. Y. Job Development Authority (JDA) and Small Business Administration Programs (SBA) respectively are the most widely known. Figure I depicts program awareness by the various destinations. Awareness of JDA seems to be fairly uniform throughout the County with the exception of Brookhaven, which appears to be more aware than the others. Huntington leads the way with respect to awareness of the Industrial Development Agency Act (IDA) while Babylon and Islip are last and next to last respectively. Huntington and Brookhaven are first in awareness of job training programs while Islip is last. There is no appreciable awareness in any township of the Trade Adjustment and Assistance Act (TAA). Small Business Administration Programs are most widely known in Smithtown, least known in Islip. Brookhaven, Huntington, and Islip all fare better than the County average with respect to awareness of Real Property Tax Abatement Programs.

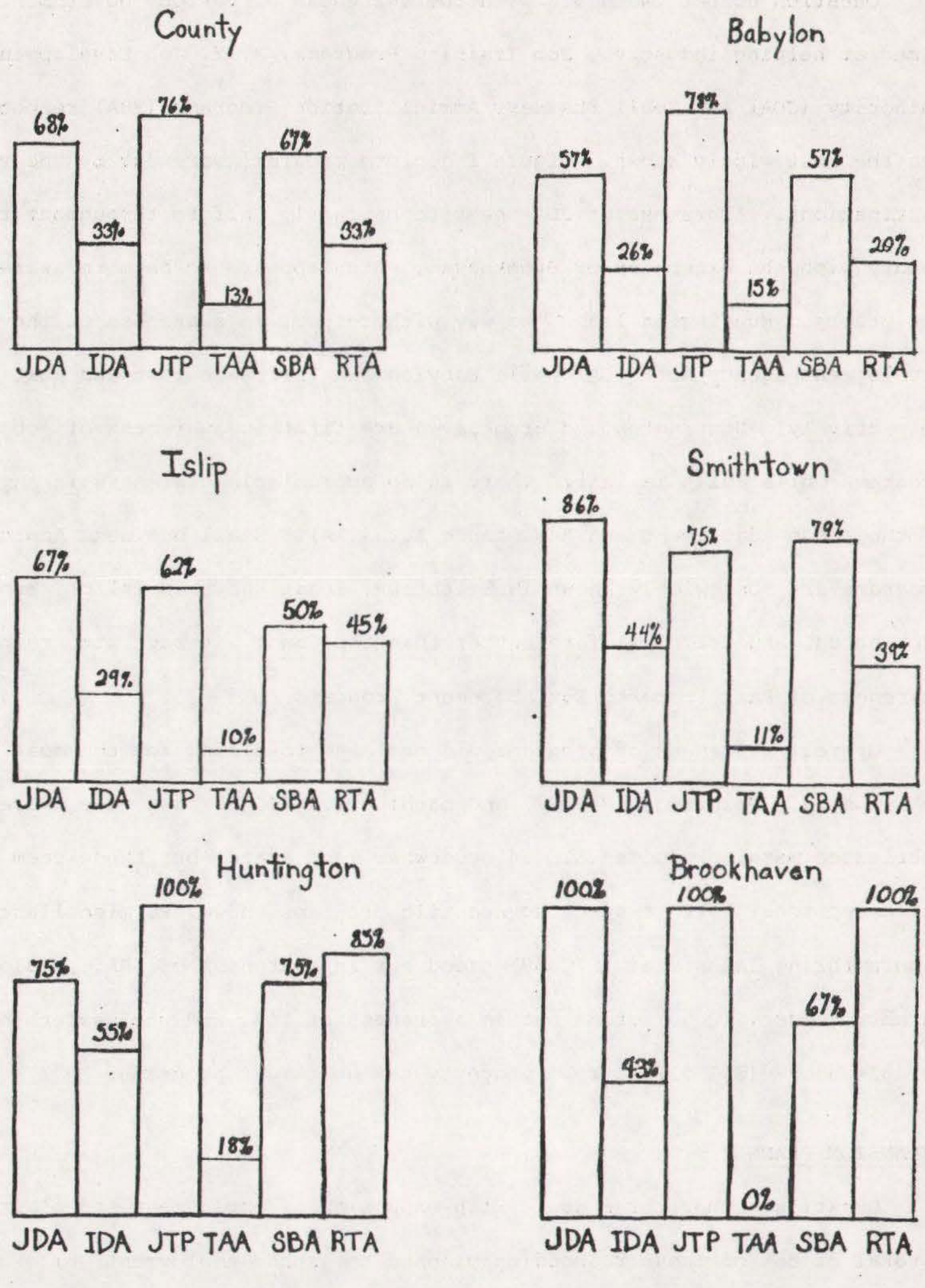
Overall awareness of programs did not seem to differ for the most part by industry. Printing, (SIC 27) and machinery, (SIC 35) are more aware and fabricated metal products (SIC 34) somewhat less aware, but these seem to be the exceptions. With respect to specific programs, however, miscellaneous manufacturing industries (SIC 39) stood out in awareness of SBA. Wholesalers-durable goods (SIC 50) stood out in awareness of IDA, and wholesalers-non-durable goods (SIC 51) in real property tax abatement programs.

EXPANSION PLANS

Question number three deals with expansion of employment and plant size. A total of 68% of those responding planned to expand employment while 38% planned to expand plant size. With respect to employment, 29% planned no

FIGURE I

Program Awareness



*KEY

JDA - NY Job Development Authority
IDA - Industrial Development Agency Act
JTP - Job Training Programs
TAA - Trade Adjustment and Assistance Act
SBA - Small Business Administration Programs
RTA - Real Property Tax Abatement Programs

change and 3% planned to cut back. At the same time 61% planned no change in plant size and 1% planned to cut back. Question 5A indicates that of those interested in expanding plant size, 62% are capable of expanding on their current site while the rest must look elsewhere to expand. Question 5B dealt with the space needed to expand for those unable to do so on the present site. Responses to this question were too few to be of any value.

A look at employment and plant expansion by destination shows Islip as planning the most expansion in employment. Similarly, Smithtown leads the way for expansion of plant sites. (See Table IV-A)

Table IV-B takes a look at expansion plans by industry. A rating system was used in comparing the relative plans of one industry to expand as compared to another. The ratings can range from negative one (all firms cutting back) to positive one (all firms expanding). Further explanation of this system is given in the Appendix. (P. 20)

TABLE IV-A

EXPANSION PLANS BY TOWN

	EMPLOYMENT			PLANT SIZE		
	Expand	No Change	Cut Back	Expand	No Change	Cut Back
BABYLON	69%	28%	4%	40%	59%	1%
ISLIP	86	14	0	36	64	0
SMITHTOWN	61	36	4	43	57	0
HUNTINGTON	55	45	0	18	82	0
BROOKHAVEN	62	38	0	25	75	0
TOTAL	68%	29%	3%	38%	62%	1%

TABLE IV-B

EXPANSION RATINGS*

SIC	EMPLOYMENT RATING	PLANT SIZE RATING
22	1.00	.50
27	.70	.50
30	1.00	.60
34	.56	.39
35	.40	.27
36	.80	.60
38	--	.14
39	.89	.11
50	.48	.19
51	.78	.33

*A t-test showed the above ratings were significantly different from zero at 95% confidence or better. Those industries whose ratings were not significant are not shown. SIC 38 had a significant plant size rating, but with respect to employment, the rating was not significant.

RELATIONSHIP WITH GOVERNMENT

Question six deals with relationship with government. The results are shown in Table V below.

TABLE V

RELATIONSHIP WITH GOVERNMENT

	GOOD	BAD	INDIFFERENT	NOT APPLICABLE
COUNTY	34%	5%	24%	38%
TOWNSHIP	28	10	25	38
VILLAGE	24	5	21	50

A look at government by industry shows apparel (SIC 23), printing (SIC 38), and wholesalers-durable goods (SIC 50) have a favorable relationship with government. It should be noted that not favorable means any relationship other than a favorable one, but not necessarily an unfavorable one.* Textiles (SIC 22), furniture (SIC 25), leather (SIC 31), metal products (SIC 34), electrical supplies (SIC 36), miscellaneous manufacturers (SIC 39), and wholesalers - non-durable goods (SIC 51), do not have a favorable relationship with government.

A look at those firms which relocated, indicated they presently have a favorable relationship with county government.** This suggests that the reason for relocation or expansion within Suffolk County is other than a poor relationship with county government.

A comparison was also made between relationship with government and program awareness. A chi-square analysis (See Table A-3) showed that when

*See Appendix for further clarification (P. 20)
**$t=6.135$ $p<.05$

awareness was high, relationship with government as a whole was favorable. When awareness was low, relationship with government was not favorable. The same held true for county government. With respect to town and village government, no significant relationship was found.

Questions four, seven, and eight do not lend themselves particularly to any statistical tests. A verbal summary is the best we can offer here. The greatest demand for employment seems to be in the warehouse/factory area with a high need for both semi and unskilled workers. Machinists, production and control workers, printers, assemblers, mechanics, electricians and electrical workers, clerical, administrative, and sheet metal workers follow in that order.

Responses on questions seven and eight were combined since the respondents as a group did not distinguish between complaints (question seven) and suggestions (question eight). Tax problems were reported most often. These were followed by general complaints of government indifference and lack of communication with business. Job training, snow removal, traffic problems, small business help, and poor road conditions respectively, were the other most commonly mentioned problems.

A copy of the questionnaire is also included in the Appendix.

APPENDIX

SAMPLE SELECTION

Our sample was 50% of the population compiled from the LILCO listings or a total of 280 firms. We had hoped for about 50% response which would, therefore, represent about 25% of the firms on our list. Firms were stratified by origin and destination. They were further stratified by function (manufacturer vs. warehouse and wholesaler) and movement status within the manufacturing group. This combination created six separate groups. Table A-1 shows the number of firms in each category, the corresponding percentage of the total group, and the number from each group chosen for our sample.

Specific firms were chosen randomly from each group and then were checked to see if they were listed in the telephone book. If the firm could not be confirmed in existence, either by the telephone book, or by telephone contact, it was then replaced on our sample list by another firm from the same group, chosen randomly from that group, and then confirmed by either a listing in the telephone book, or by a telephone call.

After one month's time, a follow-up letter was sent out to those firms who had not yet responded. The total response to our survey was 151 firms, slightly higher than we expected.

MOVEMENT FACTORS

A weighting system was devised to assess the overall importance of a factor. Each percentage of response was multiplied by a coefficient in the following manner: A coefficient of +3 for very important, +2 for moderately important, and zero for not considered. The sum of the products was then divided by 3 yielding a score from 1 to 100.

TABLE A-1

SAMPLE STRATIFICATION

WITHIN SUFFOLK - ORIGIN	NUMBER OF FIRMS	PCT	NUMBER CHOSEN FOR SAMPLE
Babylon	168	70%	42
Brookhaven	19	8	5
Huntington	18	8	5
Islip	20	8	5
Smithtown	16	6	3
TOTAL	241	100%	60
WITHIN SUFFOLK - DESTINATION			
Babylon	137	57%	34
Brookhaven	18	7	4
Huntington	9	4	3
Islip	47	20	12
Smithtown	30	12	7
TOTAL	241	100%	60
NEW TO SUFFOLK - ORIGIN			
Hicksville	10	5%	3
New York City	23	12	6
Plainview	20	10	5
Brooklyn	23	12	6
Freeport	7	4	2
Bronx	7	4	2
North Bellmore	5	3	1
Roslyn	5	3	2
Long Island City	7	4	2
Queens	13	6	3
Upstate/Out of State	13	6	3
Other Nassau	63	31	15
TOTAL	201	100	50
NEW TO SUFFOLK - DESTINATION			
Babylon	123	61%	30
Brookhaven	5	2	1
Huntington	9	4	2
Islip	30	15	7
Smithtown	32	16	8
Riverhead	1	1	1
Southold	1	1	1
TOTAL	201	100%	50
WAREHOUSES/WHOLESALERS - ORIGIN			
Babylon	38	32%	10
Islip	4	3	1
Smithtown	5	4	2
Huntington	6	5	2
New York City	9	8	2
New Jersey	7	6	2
Brooklyn	5	4	1
Hicksville	5	4	1
Plainview	11	9	3
Other Nassau	29	24	7
TOTAL	119	99%	30
WAREHOUSES/WHOLESALERS - DESTINATION			
Babylon	71	60%	18
Brookhaven	4	3	2
Huntington	14	12	3
Islip	12	10	3
Smithtown	18	15	4
TOTAL	119	100%	30

EXPANSION RATINGS

A coefficient of +1 was assigned to all those firms who planned to expand. The coefficient zero was assigned to all those firms who had no changes planned, and finally a coefficient of -1 was assigned to those firms with plans to cut back. By dividing this weighted sum by the number of firms in that industry, a uniform rating system was devised that would range from -1 (all firms cut back) to a +1 (all firms expand). A t-test was conducted to test the significance of these ratings from zero. Those listed in the table significantly differ from zero with 95% confidence or better.

RELATIONSHIP WITH GOVERNMENT

In question six, all levels of government were grouped together and response to government was counted as either favorable (good) or not favorable (bad or indifferent). A t-test was then run to see if the scores obtained differed significantly from what would have been expected by chance. (See Table A-2) Although the number of entries used was enough to indicate significance in many industries, it is important to point out that one respondent to the questionnaire can account for up to three entries. Thus, the results derived should not be taken as an absolute, but rather as a rough indicator of direction and tendency.

TABLE A-2

FAVORABILITY BY INDUSTRY

FAVORABLE	NOT FAVORABLE
23	22
27	25
35	31
38	34
50	36
	39
	51

TABLE A-3

	High Awareness[a]		Low Awareness[b]	
	Favorable	Not Favorable	Favorable	Not Favorable
COUNTY[c]	11	6	5	10
TOWNSHIP	7	5	8	12
VILLAGE	7	6	6	11
TOTAL[d]	25	17	19	33

[a]High awareness was defined as being aware of more than four programs.

[b]Low awareness was defined as being aware of less than two programs.

[c]x^2df1=3.137 $p < .10$ for county government.

[d]x^2df1=4.815 $p < .05$ for government as a whole.

TABLE A-4

INDUSTRY AND STANDARD INDUSTRIAL CLASSIFICATION GROUP

SIC GROUP	DESCRIPTION
20	Food and Kindred Products
22	Textile Mill Products
23	Apparel & Other Finished Products Made From Fabrics & Similar Materials
24	Lumber & Wood Products, Except Furniture
25	Furniture & Fixtures
26	Paper & Allied Products
27	Printing, Publishing & Allied Industries
28	Chemicals & Allied Products
29	Petroleum Refining & Related Industries
30	Rubber & Miscellaneous Plastic Products
31	Leather & Leather Products
32	Stone, Clay, Glass & Concrete Products
33	Primary Metal Industries
34	Fabricated Metal Products, Except Machinery & Transportation Equipment
35	Machinery, Except Electrical
36	Electrical & Electronic Machinery, Equipment & Supplies
37	Transportation Equipment
38	Measuring, Analyzing & Controlling Instruments; Photographic, Medical & Optical Goods; Watches & Clocks
39	Miscellaneous Manufacturing Industries
50	Wholesalers - Durable Goods
51	Wholesalers - Non-Durable Goods
73	Miscellaneous Business Services

1. Please indicate the importance of the following factors in making your move to Suffolk County:

	Very Important	Moderately Important	Not Considered
Occupancy Costs	( )	( )	( )
Familiarity with Area	( )	( )	( )
Residential Environment for Employees	( )	( )	( )
Labor Availability	( )	( )	( )
Proximity to Major Markets	( )	( )	( )
Truck, Rail Transportation System	( )	( )	( )

Other Factor(s), Namely:

____

2. Are you aware of the following?

	Yes	No
New York Job Development Authority	( )	( )
Industrial Development Agency Act	( )	( )
Job Training Programs	( )	( )
Trade Adjustment Assistance Act	( )	( )
Small Business Administration Programs	( )	( )
Real Property Tax Abatement Programs	( )	( )

3. What are your expectations for the next 12 months?

	Plan to Expand	No Change	Plan to Cut Back
a. Employment	( )	( )	( )
b. Plant Size	( )	( )	( )

4. Answer only if 3a is positive.
   How many and what type of employees will you be looking for?

   ____

   ____

   ____

5. Answer only if 3b is positive.
   a. Will you be able to expand on your current site(s)?

	Yes	No
	( )	( )

   b. If 5a is "No" what size site will you be looking for?

   ____

6. Please indicate your experience with various levels of government.

	Good	Bad	Indifferent	Not Applicable
County	( )	( )	( )	( )
Township	( )	( )	( )	( )
Village	( )	( )	( )	( )

7. If your answer to any part of question 6 was "Bad" or "Indifferent" please describe your experience.

   ____

   ____

   ____

   ____

8. Your comments on what activities government could undertake to improve the business environment in Suffolk County would be appreciated. Please use the space below and the reverse side of this sheet, if necessary, for any comments.

   ____

   ____

   ____