



NEWS from the Fiscal Policy Institute

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Wages for Young New York Workers Stuck at 1979 Levels *Union representation means higher wages, more benefits*

Despite being better educated, young workers in New York now earn no more than their counterparts did in 1979. Over the past three decades, workers between the ages of 18 and 29 have been affected by political and economic changes that have held down wages and have severed the link between economic growth and improving living standards.

“What happens to young workers tells us a lot about the health of the larger labor market,” said James Parrott, chief economist and deputy director at the Fiscal Policy Institute. “Over the past 30 years, young workers have seen their wages stagnate, after adjusting for inflation. And the quality of their jobs has deteriorated.”

These findings come from a new report, *Unions and Upward Mobility for Young Workers*, released today by the Fiscal Policy Institute and the Center for Economic and Policy Research (CEPR). According to John Schmitt, senior economist at CEPR and the report’s author, “The wage stagnation experienced by young workers is linked to the erosion of institutions that once ensured a broad sharing of economic prosperity.”

“Because young workers have less experience, they tend to be highly susceptible to the economic cycle and larger structural forces,” added Schmitt. “The decline in the value of the minimum wage, the growth in low-wage work, changes in trade policies, deregulation—all of these factors have exacted a heavy toll from young workers.”

The study found that unionization makes a substantial difference in how young workers fare in the job market. Young New Yorkers represented by unions earn 13 percent more than their non-union peers, and are much more likely to receive health and pension benefits. (These findings include controls for age, education and industry.)

However, just 16 percent of young workers in New York are represented by labor unions—compared to over 30 percent of all New York workers. For young women in

New York, who are less likely than men to hold union jobs, the wage benefit of unionization is even greater: union jobs pay fully 15.5 percent more than non-union jobs.

According to FPI's Parrott, union representation also means better benefits. He said, "Among New York's young workers represented by a union, 58.3 percent have employer-sponsored health insurance, while only 42.7 percent of young workers not represented by a union have health insurance."

"Union jobs provide young workers with the foundation to become self-sufficient members of the workforce," said Mike Fishman, president of Local 32BJ, the largest private sector union in New York. "With solid wages, benefits and job security, young people can support themselves and their families and save for the future."

The study released today is the latest in a series of studies looking at the effects of unionization on different parts of the workforce. Earlier studies by FPI and CEPR showed that unionization has substantial benefits for Hispanic workers and black workers, and that low-wage workers (of all races and ethnicities) benefit significantly from unionization.

The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the tax, budget, and economic public policy issues that affect the quality of life and the economic well being of New York State residents.

The Center for Economic and Policy Research is a nonprofit, nonpartisan Washington, D.C.-based organization conducting research on economic and social issues.

Data tables for New York State are below.

The CEPR report is available at <http://www.cepr.net>.

To arrange interviews with young workers (union or non-union), please contact Jo Brill at 914-671-9442 or brill@fiscalpolicy.org.

TABLE 1
Hourly wages and union share for young workers, New York, 2004-2007

	Union share (percent)	Median hourly wage (2007 dollars)		Health insurance (percent)		Pension (percent)	
		Union	Non-union	Union	Non-union	Union	Non-union
All	16.0	15.93	11.52	58.3	42.7	44.8	28.3
Men	17.1	15.82	12.00	n.a.	n.a.	n.a.	n.a.
Women	14.9	16.50	11.00	n.a.	n.a.	n.a.	n.a.
In low-wage occupations	15.1	10.62	8.78	n.a.	n.a.	n.a.	n.a.

Notes: CEPR analysis of CEPR extract of the Current Population Survey Outgoing Rotation Group and UNICON extract of March Current Population Survey data. Union refers to union membership or union coverage. Health insurance refers to participation in an employer- or union-sponsored plan where the employer pays some or all of the premium. Pension refers to participation in an employer-sponsored plan, with or without employer contribution. Health and pension coverage refer to 2004-2006; wages refer to 2004-2007. Ages 18-29.

TABLE 2
Regression-adjusted union wage, health, and pension premiums for young workers, New York, 2004-2007

	Share union (percent)	Hourly wage (percent)	Union premium	
			Health-insurance coverage (p.p.)	Pension coverage (p.p.)
All	16.0	13.1	10.8	16.9
Men	17.1	11.2	n.a.	n.a.
Women	14.9	15.5	n.a.	n.a.
In low-wage occupations	15.1	8.6	n.a.	n.a.

Notes: All regressions include controls for age, education, gender (where appropriate), state, and two-digit industry. Union wage premiums in percent are converted from log points; all are statistically significant at at least the one-percent level. Union-health insurance and pension coverage figures are the percentage-point (p.p.) increases associated with union coverage or membership; all estimates are significant at the one-percent level. Health and pension coverage refer to 2004-2006; wages refer to 2004-2007. Ages 18-29.