

## **NEWS from the FISCAL POLICY INSTITUTE**

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### **New York's Working Families Still Waiting for Prosperity *Wages and Incomes Lag for Most New York City Residents***

"While workers in most of the nation are experiencing strong wage and income growth, the situation facing New York's working men and women is improving at a snail's pace," said Frank Mauro, executive director of the Fiscal Policy Institute. Mauro's comments were based on the new edition of ***The State of Working America***, advance copies of which are being released today by the Washington-based Economic Policy Institute (EPI), the nation's foremost independent monitor of the impact of economic trends on American workers. The Fiscal Policy Institute (FPI) is a non-partisan research and education organization focusing on New York tax, budget, and economic and related public policy issues.

***The State of Working America***, which is published biennially by EPI, is an invaluable resource for anyone interested in knowing what is happening to jobs, unemployment, family income, wealth and poverty levels and why. ***The State of Working America*** pulls together, in one encyclopedic volume, all of the data available on these topics, together with the insightful analysis of EPI's staff of top-notch economists. The new 454-page volume, ***The State of Working America 2000-2001***, was prepared by Lawrence Mishel, Jared Bernstein and John Schmitt, and is being published by Cornell University Press.

***The State of Working America*** provides an extensive set of data on state level economic trends during the 1990s. In addition, FPI compiled New York City data on wage and income trends to analyze the relative performance of the City's economy.

Nationally, wages for jobs in the middle and at the low end of the wage distribution increased during the 1990s, up 2.4% and 5.6%, respectively, after adjusting for inflation. In New York City, however, the wages for such jobs were actually much lower at the end of the decade than they had been at the beginning of the 1990s, down 7.6% for jobs in the middle of the pack and down 9.5% for those at the 20<sup>th</sup> percentile of the wage distribution. Their New York State counterparts had declines of 4.2% (median-wage workers) and 5.4% (low-wage workers).

"The experience in New York City and State simply doesn't measure up to what could and should be happening in this extended economic expansion, and what has been happening in the rest of the nation," said James Parrott, the Fiscal Policy Institute's deputy director and chief economist. "The new edition of ***The State of Working America*** should serve as a wake-up call for New York's public and private sector leaders. Many economic indicators herald a resurgence in New York City, but when you break it down, you find that too many workers and their families all over the state are still waiting for prosperity," Parrott noted. The FPI economist continued, "Surging Wall Street profits and tourism levels have not translated into rising wages or living standards for most New York workers on this Labor Day, 2000."

On the basis of many indicators of economic well-being, a familiar pattern emerges: in the robust national economic expansion of the last decade, most New York State residents have not fared as well as their counterparts nationally, and generally, New York City residents have fared worse. Family income displays a trend similar to the wage developments cited above: families in the middle and low end of the spectrum have much lower incomes, on average, than in the 1980s, with only the richest families enjoying sizable income gains. The gap between rich and poor families is wider in New York State than in any other state in the nation, and it is even higher in New York City. Compared to the other northern industrial states, New York State has the highest poverty and unemployment rates. (Figure 1)

Data from *The State of Working America* and additional analyses by FPI provide the following information on trends in New York in terms of wages, family incomes, income inequality, employment, and unemployment.

***WAGES: In New York City and State in the 1990s, inflation-adjusted wages declined for workers at the middle and low-end of the wage distribution, even as wages of comparable workers rose at the national level.***

- New York State has the 2<sup>nd</sup> highest average wage among all states, and the average wage (adjusted for inflation) rose by 20% in the City and 11% in the State from 1989 to 1998. However, workers in middle- and low-wage jobs are not paid as well as their counterparts were a decade ago. Average wages in New York City and State have been growing so much because highly paid workers have received big increases.
- Moreover, the median wages for New York State workers in 1999 were still 4.2% below the 1989 level, while for New York City residents, median wages were 7.6% lower in the late 1990s compared to 1989/90. Nationally, median hourly wages increased by 2.4% over the decade. (Figure 2)
- During the entire 1990s, wages for New York State's low-wage workers dropped by 5.4%. In New York City, the wage fall-off over the decade was 9.5%. Nationally, such workers saw a 5.6% increase. (Figure 3)
- Among the 10 northern industrial states, New York has the highest proportion (25.6%) of workers earning poverty-level wages. (Figure 4)
- In a trend that parallels the falling real wages for most New Yorkers, there has been a steep fall-off in the percent of persons with employer-based health insurance in the 1990s from 67.1% in 1989 to 61.7% in 1998. In New York City, the share of all uninsured increased from 19.8% in 1991 to 27.2% in 1998. (Figures 5a and 5b)

***FAMILY INCOMES: For most New York families, average incomes are below where they were in the late 1980s, and the erosion of real incomes contrasts sharply with the strong growth experienced during the 1980s.***

- Although the growth in median family income in New York State matched the nation's over the 1995-98 period, real family income in New York is still 0.5% below 1989 levels whereas, nationally, median family income rose 4.6% from 1989 to 1998. (Comparable data are not available for New York City.) (Figure 6)

- In contrast to the stagnation of median family income in New York State in the 1990s, during the 1980s, the median 4-person family in the State experienced a 23.7% increase in income from 1979 to 1989. (Figure 7)
- For the U.S., the poverty rate has dropped every year for the last 5 years. In contrast, in both New York City and New York State, the poverty rate was considerably higher in 1998 than in 1989. (Figure 8)
- Nationally, most American families are slightly better off than they were a decade ago. Families in New York State and City, however, have much lower incomes, on average, than in the late 1980s. The average income of the middle fifth of New York State families fell by 7.0% in inflation-adjusted terms from the late 1980s to the late 1990s, while the lowest fifth saw a 15.5% drop in incomes. The picture is similar in New York City, where the average income of the lowest earning 3/5 of families fell by 12-16%. Only the top fifth of families have enjoyed sizable income gains in the City, State and nation (15-18%). (Figure 9)

***FAMILY INCOME INEQUALITY: With only the richest one-fifth of New York City and State families gaining income since the late 1980s, the gap between the rich and the poor, and the rich and those in the middle, widened further in the 1990s.***

- The gap between the rich and the poor is wider in New York State than in any state, with the incomes of the richest one-fifth of families 14.1 times greater than that of the poorest 20% of families. (Figure 10) In New York City, the average incomes of the richest 20% were 20 times greater than that of the poorest 20% of families.
- When capital gains are taken into account, income disparities are even greater in New York City (the family income data cited above are from the U.S. Census Bureau and do not include capital gains). From 1990 to 1997, state tax data analyzed by the Independent Budget Office indicate that capital gains received by New York City residents increased by 247% while total wages and salaries grew by only 30% (growth rates in real terms). Tax filers with incomes over \$1 million (about 8,000 out of 2.8 million tax filers) accounted for 67% of the capital gains received by City residents in 1997.
- In New York City, the richest 5% was the only group to increase its share of total income between 1987 and 1997. The income share of the top 5% exceeds that of 80% of tax filers. (The income data in Figure 11 include realized capital gains.)

***EMPLOYMENT: New York's job growth has lagged the national growth pace in the 1990s, and most of the state's job gains have occurred in the downstate region.***

- New York State's job growth ranking among the 50 states has improved to 34<sup>th</sup> for the 1995-99 period, but the state still ranks 48<sup>th</sup> in growth over the decade. (Figure 12)
- New York's job growth is still concentrated in the downstate region, as it has been throughout the recovery. From 1995 to 1999, downstate increased employment by 8.5% while upstate job growth was 5.1%. If upstate were a separate state, its job

growth for the 1995-99 period would have ranked 50<sup>th</sup> out of 51 (counting upstate New York and downstate New York separately). (Figure 13)

- Even with its fairly strong job growth in the latter part of the 1990s, New York City only reached 1989's total employment level in 1999.
- For the 1<sup>st</sup> half of 2000 compared to the 1<sup>st</sup> half of 1999, job growth has slowed in all of the state's areas, with the sole exception of Jamestown. Job growth in the upstate metropolitan areas slowed to 1.5% (from 2.3% over the 1<sup>st</sup> half 1998-99 period). It slowed in the downstate region to 2.4% (from 3.0% for the 1<sup>st</sup> half 1998-99), with the City's job growth slowing from 2.7% to 2.2%. (Figure 14)
- The weakness in the upstate economy has been a factor in the declining population of the upstate area. According to estimates from the U.S. Census Bureau, the upstate population has declined each year since 1993, dropping by a total of 137,000, or 2%, since that time. (Figure 15)

#### **UNEMPLOYMENT AND UNDEREMPLOYMENT:**

- While the unemployment rate has come down in New York City to 6.0% in the first half of 2000, it is still well above state (4.8%) and national (4.2%) levels. (Figure 16)
- Unemployment and underemployment -- a concept which adds to the unemployed discouraged workers and marginally employed persons -- are much higher for those at a disadvantage in the labor market, particularly young adults (18-35 years old) with at most a high school diploma. In New York City, their unemployment and underemployment rates are even higher than nationally. Young black adults are at a particular disadvantage in securing full-time employment. For example, the unemployment rate for young black males without a high school diploma was 33% in New York City over the 1996 to 1999 period, while their underemployment rate was 46%. (Figure 17)

Last year, the Fiscal Policy Institute prepared an extensive report, **The State of Working New York**, that was modeled on the Economic Policy Institute's, **The State of Working America**. The FPI report documented for New York State and its regions the development of many of the wage, income and employment trends highlighted above. The report is available on the Internet at: [http://www.fiscalpolicy.org/research\\_02b.stm](http://www.fiscalpolicy.org/research_02b.stm). FPI will prepare an updated edition of **The State of Working New York** report for release on Labor Day of 2001.

Advance galleys of, **The State of Working America 2000-2001**, are being distributed to the news media for release on September 3, 2000. The book will be published by Cornell University Press (January 2001). To order copies of **The State of Working America 2000-2001**, contact EPI at 1-800-EPI-4844. The executive summary and introduction will be available on-line September 3<sup>rd</sup> by visiting EPI's World Wide Web site at: <http://epinet.org>.

# THE STATE OF WORKING NEW YORK, 2000

Figure 1

**New York City and New York State have high per capita incomes and average weekly wages, but most workers and their families have seen few gains in the 1990s.**

- *Wages of middle-earning and low-wage workers in both New York City and the State declined considerably over the decade, even as State average weekly wages increased twice as fast as nationally, and City average wages grew 4 times as fast as in the nation.*
- *While per capita income is high in the City and the State, most family incomes did not grow during the decade. The State's median family income declined and the poverty rate climbed faster than in most states. The result: widening income inequality among New Yorkers and the highest inequality index nationwide.*
- *During the 1990s, relative job growth in New York City and New York State has been weak and unemployment rates have remained above the national average.*

	New York City	New York State	US	New York State Ranking vs. 50 States	10 N. Industrial States* (1 = highest ranking)
<b>Wages</b>					
Average weekly wage, 1998	\$1,000	\$782	\$614	2nd	2nd
Growth in average weekly wage, 1989-98	20.1%	10.9%	5.3%	3rd	2nd
Median Wage, 1999**	\$12.74	\$12.77	\$11.87	10th	4th
Median Wage Change, 1989-99**	-7.6%	-4.2%	2.4%	45th	10th
20th Percentile Wage 1999**	\$7.37	\$7.45	\$7.35	29th	10th
20th Percentile Wage Change, 1989-99**	-9.5%	-5.4%	5.6%	47th	9th
% Workers at Poverty Level Wages, 1999	N/A	25.6%	26.8%	27th	1st
<b>Incomes</b>					
Per Capita Income 1998	\$35,006	\$32,108	\$27,203	4th	4th
Median 4-person Family Income, 1998	N/A	\$57,142	\$56,061	19th	9th
Total Growth in Median 4-person Income, 1989-1998	N/A	-0.5%	4.6%	46th	10th
Income Inequality Ratio: Top to bottom-earning 20%	20.0	14.1	10.6	1st	1st
Income Inequality Ratio: Top to middle-earning 20%	4.0	3.3	3.0	3rd	1st
Poverty Rate, 1997/98	24.3%	16.6%	13.0%	7th	1st
Change in Poverty Rate: 1988/89 to 1997/98	3.5%	3.6%	0.1%	3rd	2nd
<b>Employment and Unemployment</b>					
Total Employment Growth, 1989-99	0.2%	2.5%	19.4%	48th	9th
Total Employment Growth, 1995-99	8.3%	7.1%	9.9%	34th	4th
Unemployment Rate, 1999	6.7%	5.2%	4.2%	5th tied	1st

\*10 Northern Industrial States: Connecticut, Illinois, Indiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Wisconsin.

\*\* Median and 20<sup>th</sup> Percentile wage data for New York City are derived from the averages for two years: 1989 and 1990, and 1998 and 1999. Note: In this and all figures, dollar values are adjusted to constant dollars for the latest year shown in the figure.

## WAGES

**Figure 2**

***While the wages of typical workers in the United States have risen since 1989, in New York City and State they are still below the level of a decade ago.***

<b>Median Wages, Late 1980s-Late 1990s, \$1999</b>			
	1989	1999	Change, 1989-99
New York City*	\$13.78	\$12.74	-7.6%
New York State	\$13.33	\$12.77	-4.2%
United States	\$11.60	\$11.87	2.4%

\*Data for New York City are derived from the averages for two years: 1989 and 1990, and 1998 and 1999.

Source: Data presented in Table 6.8, *The State of Working America, 2000-01*, and FPI analysis of BLS data for New York City.

**Figure 3**

***In the late 1980s 20<sup>th</sup> percentile workers in New York City and State earned significantly higher wages than in the nation, but due to wage declines over the last decade New Yorkers' wages converged with those of United States low-wage workers by 1999.***

<b>20<sup>th</sup> Percentile Wages, Late 1980s-Late 1990s, \$1999</b>			
	1989	1999	Change, 1989-99
New York City*	\$8.14	\$7.37	-9.5%
New York State	\$7.88	\$7.45	-5.4%
United States	\$6.97	\$7.35	5.6%

\*Data for New York City are derived from the averages for two years: 1989 and 1990, and 1998 and 1999.

Source: Data presented in Table 6.7, *The State of Working America, 2000-01*, and FPI analysis of BLS data for New York City.

# WAGES

**Figure 4**

**New York State has the highest proportion (25.6%) of workers earning poverty-level wages among the 10 northern industrial states.**

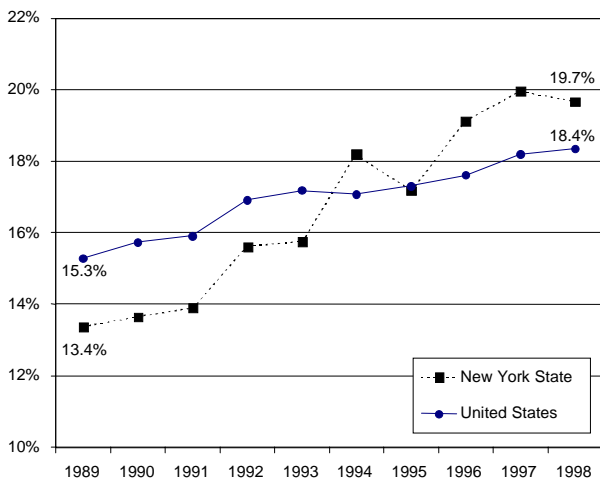


Source: Fiscal Policy Institute analysis of data from Table 6.10, *The State of Working America, 2000-01*. For this chart, the poverty-level wage is the wage level needed to lift a family of four above the federal poverty threshold with full-time, full-year work.

**Figure 5a**

**The proportion of uninsured individuals in New York State climbed over the decade, surpassing that of the U.S.**

% Without Health Insurance Coverage (< 65 yrs. old)

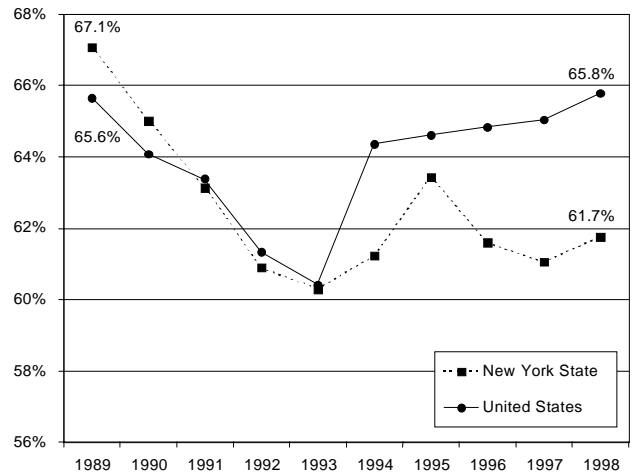


Note: The rate of the uninsured in New York City in 1998 was 27.2% compared to the New York State rate of 19.7%.  
Source: Fiscal Policy Institute and The Commonwealth Fund analysis of data from the US Bureau of the Census.

**Figure 5b**

**New York employer-based health insurance has dropped considerably in the 1990s and is now well below United States levels.**

% Employer-provided Insurance (< 65 yrs. old)

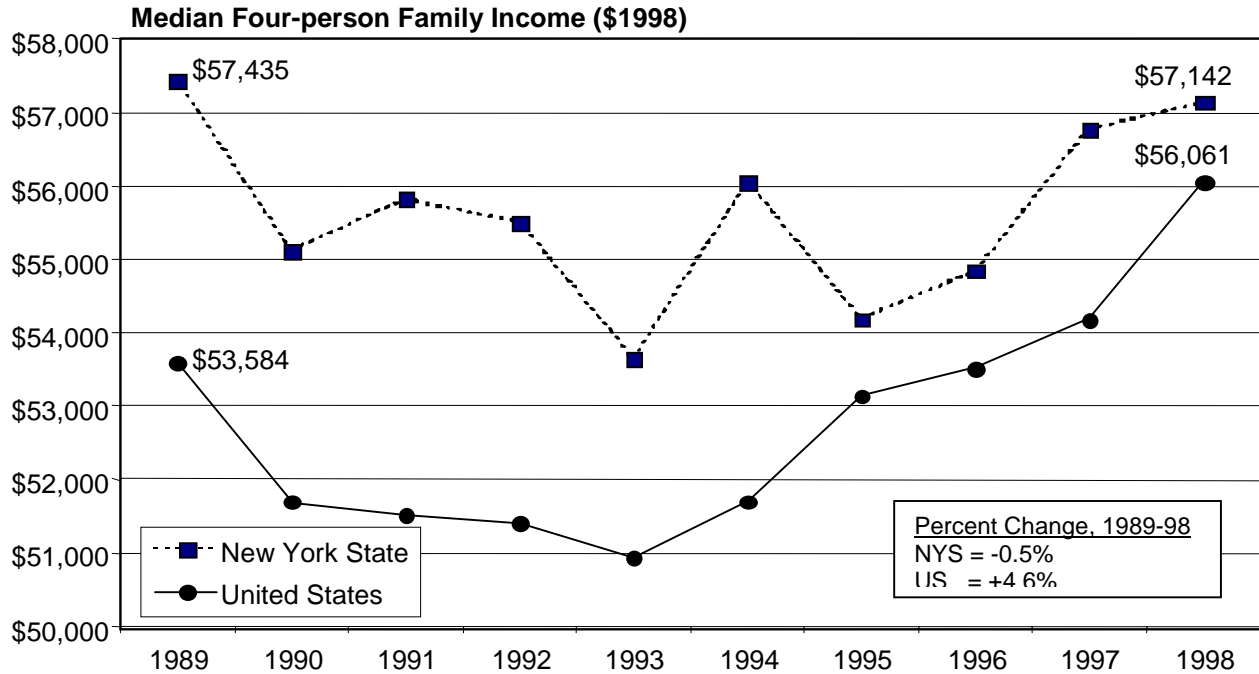


Source: Fiscal Policy Institute analysis of data from the US Bureau of the Census.

## FAMILY INCOME

**Figure 6**

**Median family income in the United States increased by 4.6% from 1989 to 1998, while it remained flat in New York State.**



Source: Fiscal Policy Institute analysis of data presented in Table 6.2, *The State of Working America, 2000-01*, and data for additional years obtained from the US Bureau of the Census.

**Figure 7**

**In sharp contrast to the 1980s, when the median New York State family income rose by 24%, New York State median family incomes have not improved over the last decade.**

### Growth in Median Four-person Family Income (\$1998)

	1979	1989	1998	Total Percent Change	
				1979-89	1989-98
New York State	\$ 46,437	\$ 57,435	\$ 57,142	23.7%	-0.5%
United States	\$ 49,330	\$ 53,584	\$ 56,061	8.6%	4.6%

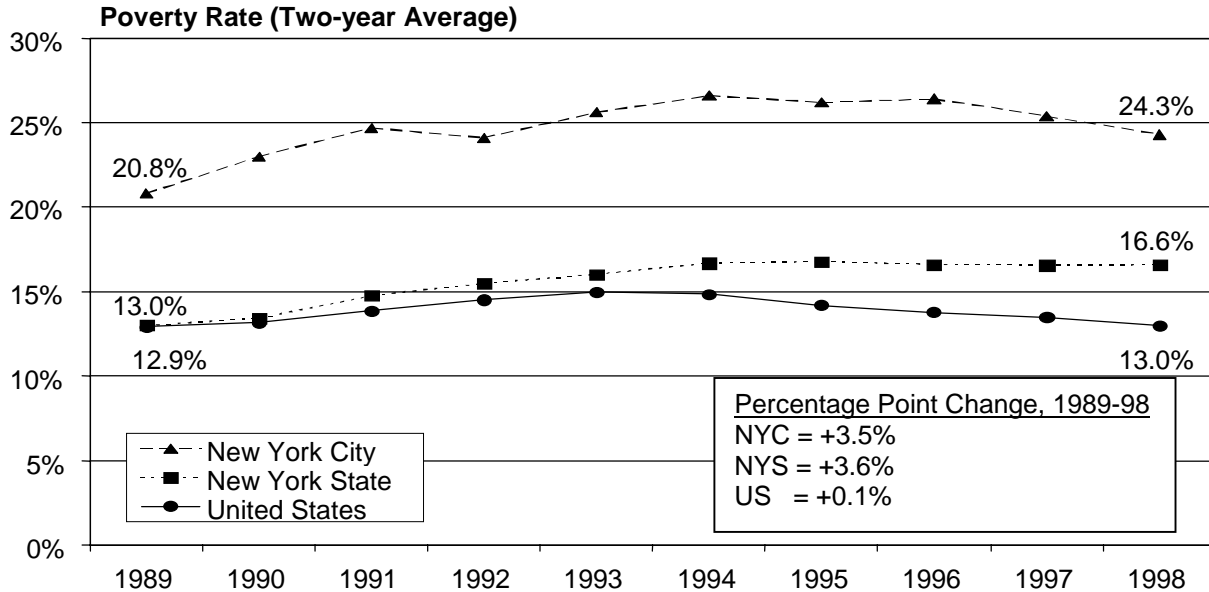
Source: Fiscal Policy Institute analysis of data presented in Table 6.2, *The State of Working America, 2000-01*.



# FAMILY INCOME

**Figure 8**

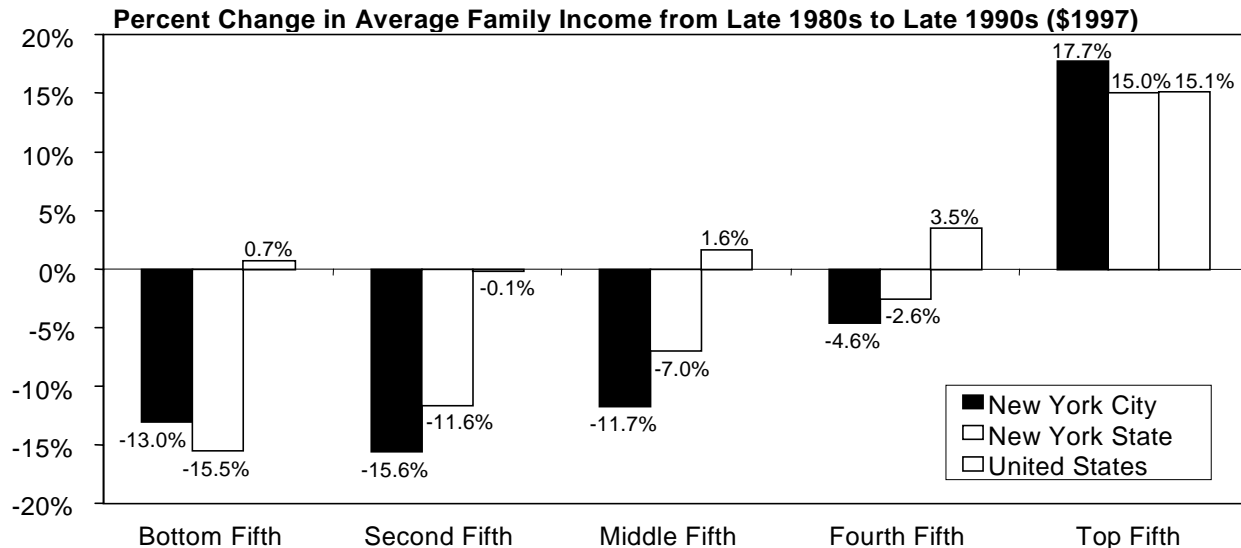
**Although the national poverty rate in 1998 was about the same as in 1989, in New York City and State poverty was much higher in 1998 than a decade earlier. In 1998, approximately 1 in 4 New York City residents lived in poverty.**



Source: Fiscal Policy Institute analysis of data presented in Table 6.14, *The State of Working America, 2000-01*, and data for additional years obtained from the US Bureau of the Census, and the Community Service Society.

**Figure 9**

**Most families in New York City and New York State have much lower incomes, on average, than in the late 1980s, with only the richest families enjoying sizable income gains.**

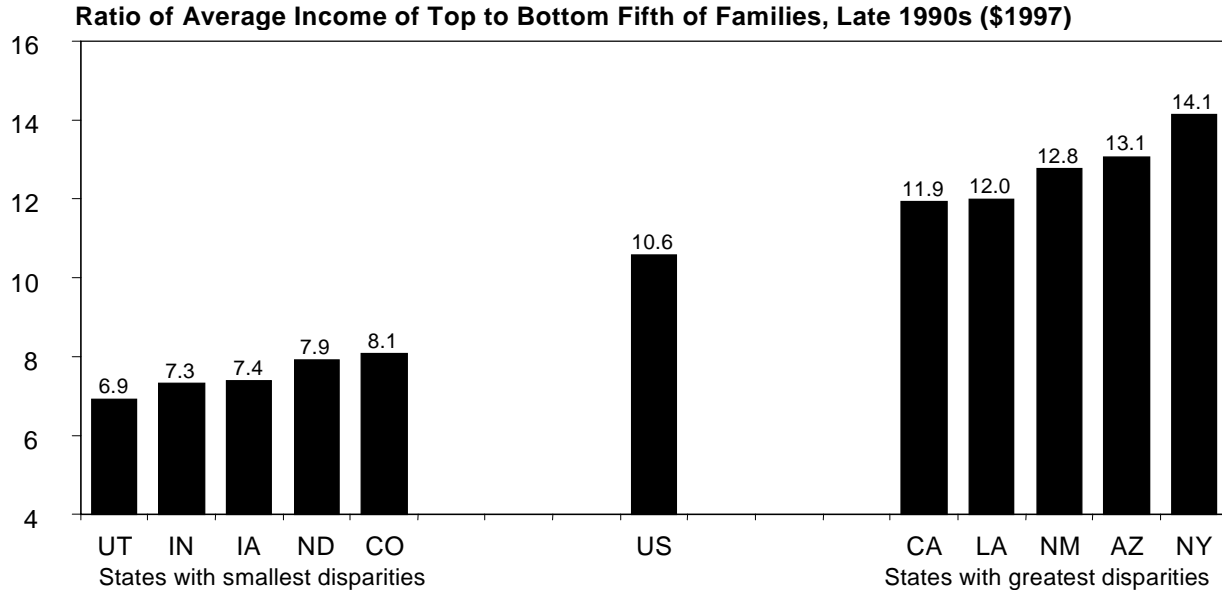


Source: Fiscal Policy Institute analysis of data from *Pulling Apart: A State-by-State Analysis of Income Trends*, Appendix Table 5, January 2000 (Center for Budget and Policy Priorities and EPI), and data for New York City provided by EPI. Late 1980s refers to pooled data from 1988-90 and late 1990s refers to pooled data from 1996-98. Each fifth represents 20% of all individuals living in families, ranked by family income.

# INCOME INEQUALITY

**Figure 10**

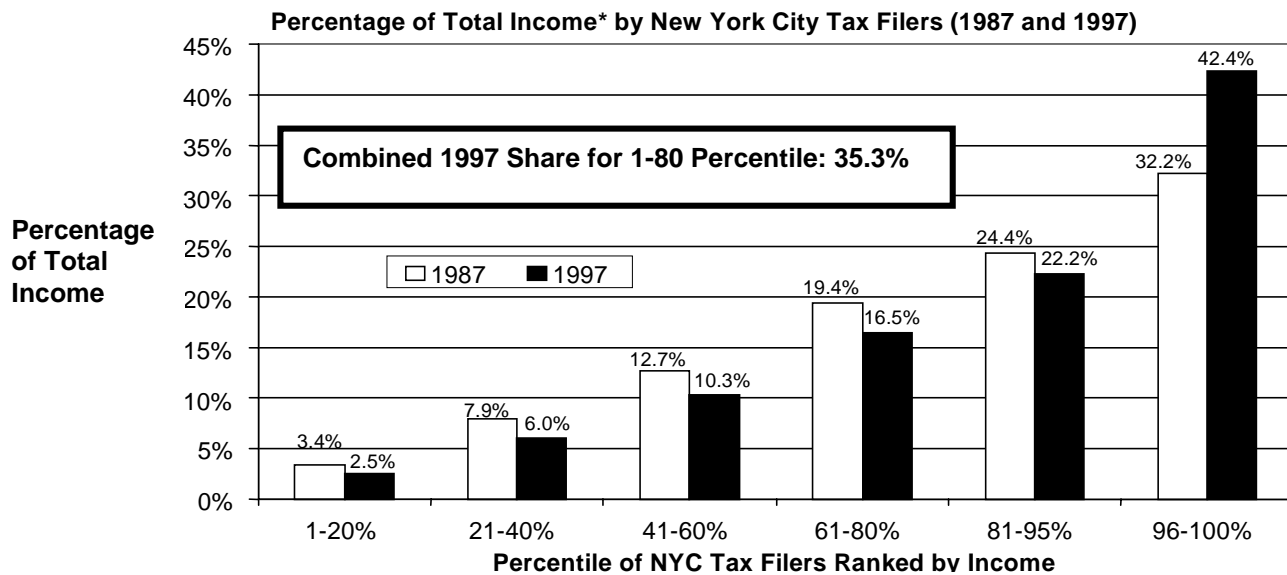
**The gap between the rich and the poor is wider in New York State than in any other state. Incomes of the richest one-fifth of families are 14.1 times greater than that of the poorest 20% of families.**



Source: Fiscal Policy Institute analysis of data presented in Table 6.3, *The State of Working America, 2000-01*. Late 1990s refers to pooled data from 1996-98.

**Figure 11**

**In New York City, the richest 5% was the only group to increase its share of total income from 1987 to 1997. The income share of the top 5% exceeded that of 80% of tax filers (42.4% vs. 35.3%).**



Source: New York City Independent Budget Office analysis of New York State Tax and Finance Department data.  
 \* Federal adjusted gross income, including realized capital gains. Excludes tax filers who were reported as dependents on another tax return.

## EMPLOYMENT

**Figure 12**

***New York State's job growth ranking among the 50 states has improved to 34<sup>th</sup> for the 1995 to 1999 period, but NYS still ranks 48<sup>th</sup> in growth over the decade.***

***New York City's job growth exceeds that of the state from 1995-1999 but lags far behind in growth since the late 1980s peak of the previous business cycle.***

### Job Growth

Total Job Growth	NYC	NYS	US	NYS's ranking among 50 states
1995-1999	8.3%	7.1%	9.9%	34 <sup>th</sup>
1989-1999	0.2%	2.5%	19.4%	48 <sup>th</sup>

Source: Fiscal Policy Institute analysis of data from the US Bureau of Labor Statistics.

**Figure 13**

***New York's job growth has been concentrated in the downstate region. From 1995-99, downstate increased employment by 8.5% while upstate job growth was 5.1%.***

***If upstate were a separate state, its job growth (1995-99) would have ranked 50<sup>th</sup> out of 51 (counting upstate New York and downstate New York separately).***

### New York State Average Employment (in thousands)

	1999	1995-1999		Job Growth Ranking Among States
		Absolute Change	% Change	
NYS	8,453.7	561.5	7.1%	34 <sup>th</sup>
Downstate*	5,347.8	418.0	8.5%	27 <sup>th***</sup>
Upstate**	3,117.0	151.5	5.1%	50 <sup>th***</sup>

\*Downstate: NYC and Nassau, Suffolk, Westchester, Rockland and Putnam Counties.

\*\*Upstate: All of the 52 counties north of Rockland and Putnam Counties.

\*\*\* Ranking out of 51 states, with downstate and upstate New York counted separately.

Source: Fiscal Policy Institute analysis of data from NYS Department of Labor.

## EMPLOYMENT

**Figure 14**

***During the recent economic expansion, employment gains downstate far surpassed upstate job growth.***

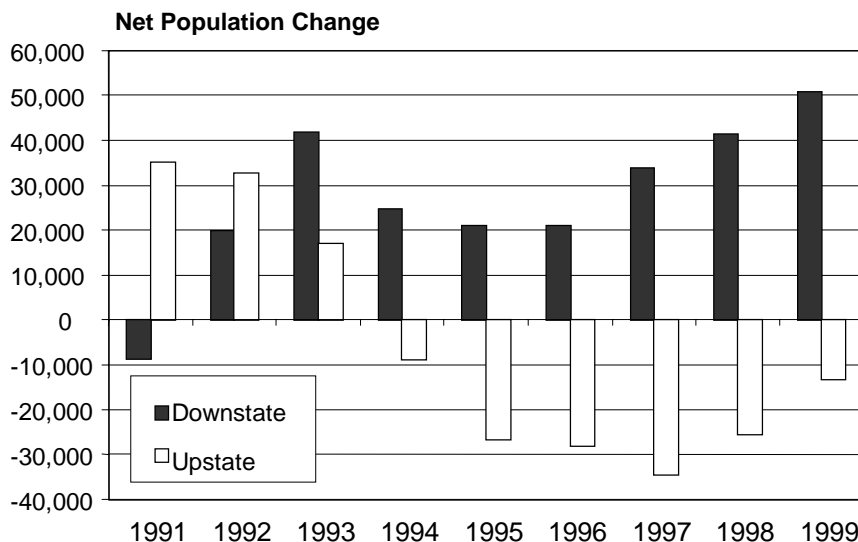
Employment Growth	Total % Change 1995-99	1st Half 1998-99	1st Half 1999-2000
<b>New York State</b>	<b>7.1%</b>	<b>2.7%</b>	<b>2.1%</b>
<b>10 County Downstate Area</b>	<b>8.5%</b>	<b>3.0%</b>	<b>2.4%</b>
<b>New York City</b>	<b>8.3%</b>	<b>2.7%</b>	<b>2.2%</b>
Putnam County	17.0%	6.2%	2.2%
Rockland County	10.5%	5.0%	2.9%
Westchester County	7.4%	2.6%	2.4%
Nassau-Suffolk MSA	9.0%	3.8%	2.7%
<b>Upstate Metropolitan Areas</b>	<b>4.9%</b>	<b>2.3%</b>	<b>1.5%</b>
Albany-Schenectady-Troy MSA	5.1%	2.7%	1.5%
Binghamton MSA	5.6%	2.7%	2.1%
Buffalo-Niagara Falls MSA	2.8%	1.4%	0.7%
Dutchess County MSA	9.3%	3.5%	3.2%
Elmira MSA	7.8%	2.7%	0.4%
Glens Falls MSA	1.0%	2.6%	2.0%
Jamestown MSA	3.2%	-0.9%	2.2%
Newburgh NY-PA MSA	10.1%	4.6%	1.7%
Rochester MSA	5.0%	1.8%	1.4%
Syracuse MSA	4.8%	2.6%	1.8%
Utica-Rome MSA	4.9%	3.5%	2.0%
<b>Nonmetropolitan Counties</b>	<b>6.3%</b>	<b>2.9%</b>	<b>2.4%</b>
<b>52 County Upstate Area</b>	<b>5.1%</b>	<b>2.4%</b>	<b>1.7%</b>

\*MSA refers to the US Bureau of the Census-defined Metropolitan Statistical Area.

Source: Current Employment Statistics, NYS DOL.

**Figure 15**

***The weakness of the upstate economy has been a factor in the declining population upstate, even as the downstate regions' population growth accelerated since 1997.***

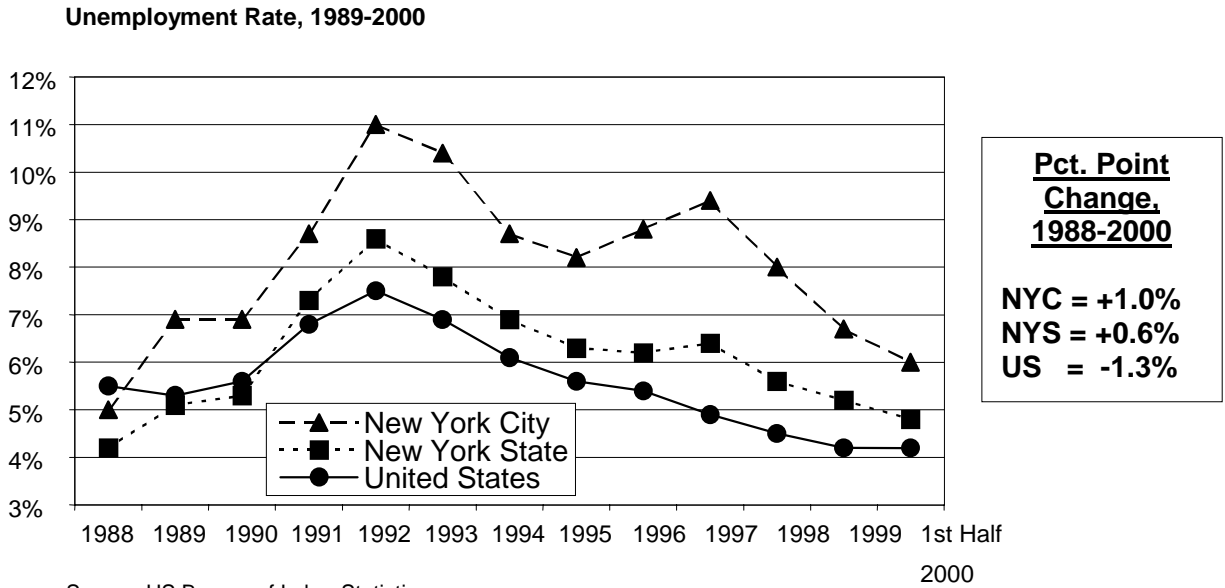


Source: US Bureau of the Census.

## UNEMPLOYMENT AND UNDEREMPLOYMENT

**Figure 16**

*The unemployment rates in New York City and New York State are still higher than in the United States. In 1989, however, the City and State unemployment rates were below the national average.*



**Figure 17**

*Rates of unemployment and underemployment for young adults with a high school diploma or less are much higher in New York City than in the nation as a whole.*

*Blacks in this category experienced far higher levels of both un- and underemployment regardless of gender and level of education.*

Unemployment and Underemployment, 18-35 Year-olds, by Gender, Education and Race, 1996-1999

	Female				Male			
	Unemployment		Underemployment		Unemployment		Underemployment	
	LTHS*	HS**	LTHS	HS	LTHS	HS	LTHS	HS
<b>All</b>								
US	17%	8%	29%	15%	12%	7%	21%	12%
NYS	22%	10%	34%	18%	15%	9%	25%	15%
<b>NYC</b>	<b>25%</b>	<b>13%</b>	<b>38%</b>	<b>22%</b>	<b>15%</b>	<b>11%</b>	<b>24%</b>	<b>18%</b>
<b>Black</b>								
US	30%	15%	45%	24%	28%	14%	41%	22%
NYS	37%	15%	53%	27%	32%	16%	48%	27%
<b>NYC</b>	<b>39%</b>	<b>18%</b>	<b>56%</b>	<b>29%</b>	<b>33%</b>	<b>18%</b>	<b>46%</b>	<b>29%</b>
<b>Hispanic</b>								
US	16%	10%	29%	19%	9%	7%	17%	13%
NYS	19%	13%	31%	22%	10%	7%	17%	13%
<b>NYC</b>	<b>20%</b>	<b>15%</b>	<b>32%</b>	<b>23%</b>	<b>11%</b>	<b>9%</b>	<b>18%</b>	<b>15%</b>

\*LTHS refers to individuals with less than a high school diploma.

\*\*HS refers to individuals with a high school diploma.

Source: *The State of Working America*, 2000-2001, Table 6.12. EPI pooled data across 4 years in order to generate larger samples.