The State of Working New York 2011: Smaller Incomes, Fewer Opportunities, More Hardship

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A Fiscal Policy Institute Report
www.fiscalpolicy.org

November 29, 2011

Executive Summary

As the unemployment crisis continues more than two years following the official end of the Great Recession of 2008-2009, New York families have smaller incomes and face fewer opportunities. Many are experiencing real hardship. New Yorkers are losing more than 500,000 employment opportunities, a combination of jobs that formerly existed but have been lost, and jobs that would have existed if unemployment was at the pre-recession level. These lost opportunities mean the loss of $31 billion in earnings on an annual basis. More than 400,000 of those lost job opportunities are wage and salary positions, and nearly twenty percent—96,000—represent fledgling businesses that haven't been started because of the recession.

For those still working, many have had their weekly hours reduced.- Median weekly wages for workers in the bottom half have fallen by 3.4 percent over the past four years in New York City and by 0.8 percent in the downstate suburbs and upstate. New York City workers in business management and financial fields have seen large gains of 17.6 percent.

New York's highly-educated workers with a 4-year college degree experienced wage gains in the 1990s, the only educational group to do so. However, the more recent trend has been that they, too, are losing ground. Only a subset of that group, as noted above, has seen recent wage gains.

Since the recession began in New York in mid-2008, net job gains have been recorded only in low-wage industries, those where average annual wages are under $45,000. Industries paying low wages have added 82,000 jobs, led by restaurants, educational consulting services, and home health care services. The picture is similar in New York City. Over this period, the state has lost more than 250,000 middle- and high-wage jobs in sectors such as manufacturing, construction, government, and finance. New York City lost 120,000 middle- and high-wage jobs.

Since the last expansion began in 2003, New York's per capita GDP has grown more than three times as fast as the U.S. overall. This should have translated into real gains for New York workers. However, by dragging down wages, the Great Recession and its aftermath have widened the gap between the growth in worker productivity and the growth in wages for the average worker. New York workers are not sharing in the prosperity they help create. Since 2000, GDP per worker has grown more than twice as fast as annual average wages (even counting CEO salaries.) Where do the benefits of this high productivity go? Gross operating surplus—the basis for corporate profits—has grown over six times as fast as average wages.

Real median household income in New York State declined by 3.2 percent from 2007 to 2010. In New York City, the decline was slightly less, at 2.2 percent. But in the downstate suburbs and upstate, real median household income fell by 7.7 percent, more than in the U.S. as a whole.

Between the end of World War II and the end of the 1970s, the income share of the wealthiest one percent in the U.S. held steady at 9 or 10 percent. It started rising rapidly around 1980, reaching 23.5 percent in 2007. In New York, the share of income going to the wealthiest one percent rose to 35 percent for the state overall in 2007 and to 44 percent in New York City. The wealthiest one percent of New York State households had an average income in 2007 that was 50 times the average for all households earning from $25,000 to $120,000.

The top one percent's share fell in 2008 and 2009, the most recent years for which we have data. But there is every reason to believe it will start rising again, as happened after the last two recessions. There are several developments suggesting that this will occur. The Great Recession has caused a huge loss in wage and proprietors earnings, weekly wage earnings have increased fastest for those in business and financial occupations. Nationally, corporate profits have increased far faster than overall wages in the past two years, and the decline in net wealth from 2007 to 2009 has been greatest for those in the bottom 80 percent.

If New York State had enjoyed broadly shared prosperity over the past twenty years instead of the hyper-concentration of income that took place, incomes for families in all income ranges would have risen by 50 percent from 1990 to 2007. For a New York family with the median income, this means that their 2007 income would have been $96,000 instead of $64,000. Broadly shared prosperity would also have meant that poverty would be much lower and the minimum wage would be over $12 an hour rather than the $7.25 level that exists today.

Poverty rose sharply during the recession, increasing by well over one percent in New York City, New York State and in the U.S. from 2008 to 2010. There has also been an increase in people living in households that are "near-poor," that is, between 100 percent and 200 percent of the poverty line. Combining the current poverty and the "near-poverty" data indicates that nearly one third (31.9 percent) of the state's population are either poor or near-poor, living in households below 200 percent of poverty. Forty percent of the city's population is poor or near-poor.

Poverty is higher in New York City (20 percent) than the statewide average (15 percent), but it is much higher in the upstate cities, ranging from 28 percent in Albany to 34 percent in Rochester and Syracuse. Child poverty is higher still: 30 percent in New York City, and 43 to 51 percent in the four major upstate cities.

New York's minimum wage has not been raised since 2004 and is now the same as the federal $7.25 hourly rate. Eighteen states spread across all regions of the country now have a higher minimum. The purchasing power of New York's minimum wage is well below the levels that existed for most of the 1960s and 1970s. In 2011, a full-time minimum wage worker earns only 84 percent of the 3-person federal poverty threshold. That is about 30 percent less than the peak purchasing power level reached in 1968 and 1971.

An indication of greater hardship among New Yorkers is that 1.2 million more people are receiving food stamps than before the recession. Growth in food stamp recipiency has been similar across the state, 63 percent in New York City and 68 percent outside the city.

Since the recession began, the number of New Yorkers without health insurance has risen by 550,000 to 2.9 million. The percent without health insurance coverage—public or private—has increased much faster in New York than in the nation as a whole. The steep falloff of 500,000 in those covered by private employer-provided health insurance largely accounts for this.

Only 40.6 percent of New York's private sector workforce has employer-provided pensions. New York's private pension coverage has fallen so much, in fact, that it has the lowest coverage rate among the 21 states in the Northeast and Midwest. Only 10 states in the entire country—all in the South and West—have a lower private pension coverage rate than New York.

Introduction

Part I of *The State of Working New York 2011* documented New York State's continuing unemployment crisis two years following the official end of the Great Recession of 2008-2009. As that report showed, this is the weakest national economic "recovery" on record, job growth is at a snail's pace, and there is an epidemic of long-term joblessness and under-employment.

Such an economy can't be good for the income of the average family. This report, Part II of *The State of Working New York 2011*, examines how bad the Great Recession and the not-so-great "recovery" have been for the wages and incomes of typical New Yorkers. Wherever possible, we parse the income and wage data to look at New York City separate from the downstate suburbs and the upstate regions.[1] The report shows disparate wage trends among low- and high-paid workers and between New York City and the balance of New York State outside of New York City. The report also shows that the net job gains since the recession began have occurred mainly among low-wage jobs, and it charts the increase in poverty and hardship.

The historic concentration of income growth at the top over the past 30 years has made New York the capital of income polarization. What has happened since the recession began has only underscored that great disparity in incomes means great despair for many New Yorkers. The hyper-concentration of income in New York and the United States is not only the antithesis of broadly shared prosperity; it has been an impediment to anything approaching sustained recovery.

This report, focused on wage, income and poverty trends, represents Part II of *The State of Working New York 2011*, one of the signature annual publications of the Fiscal Policy Institute. Part I of *The State of Working New York*, "The Unemployment Crisis Two Years into Recovery," focused on employment and unemployment trends.[2] Part III will examine economic trends affecting upstate New York. These statewide reports are supplemented by *The State of Working New York City 2011*, released by FPI in July.[3]

[1] The most reliable recent data on wage and income trends from the Current Population Survey unfortunately does not permit a fine-grained, up-to-date comparison of the several distinct regions around the state.
[2] Fiscal Policy Institute, *The State of Working New York 2011: The Unemployment Crisis Two Years into Recovery*, August 31, 2011. http://fiscalpolicy.org/SOWNY2011.html.
[3] Fiscal Policy Institute, *The State of Working New York City 2011: Scant Recovery for Workers—Some See Gains but Recession Conditions Persist for Most*, July 20, 2011. http://www.fiscalpolicy.org/FPI_NewYorkCityUnemployment_20110720.pdf.

The recession plus the weak recovery have cost New York workers and small businesses 504,000 jobs and $31 billion in lost earnings through 2011.

FIGURE 1

Lost employment opportunities	
Number of wage & salary jobs lost through 2011	408,600
Number of proprietors losing small business opportunities through 2011	95,700
TOTAL number of New Yorkers losing job and small business opportunities	**504,300**
Lost earnings	
Labor compensation lost through 2011 by wage & salary workers	$ 26.9 billion
Earnings lost by proprietors through 2011	$4.2 billion
TOTAL labor compensation and earnings lost by New York wage & salary workers and proprietors	**$31.0 billion**

Notes: Estimates of cumulative lost employment opportunities for 2009-2011 are made assuming a 4.5 unemployment rate, the average 2007 NYS unemployment rate, and include an allowance for growth in New York's labor force to keep up with the growth in the working age population. Proprietors are assumed to represent 19 percent of the total lost employment opportunities, the proprietors' share of total NYS employment in 2009 and 2010. Estimate of lost earnings excludes Finance and Insurance, where the average labor compensation and average proporietors' earnings are several times that of other sectors.

Source: FPI estimates using BEA personal income series and NYS DOL Local Area Unemployment Statistics series.

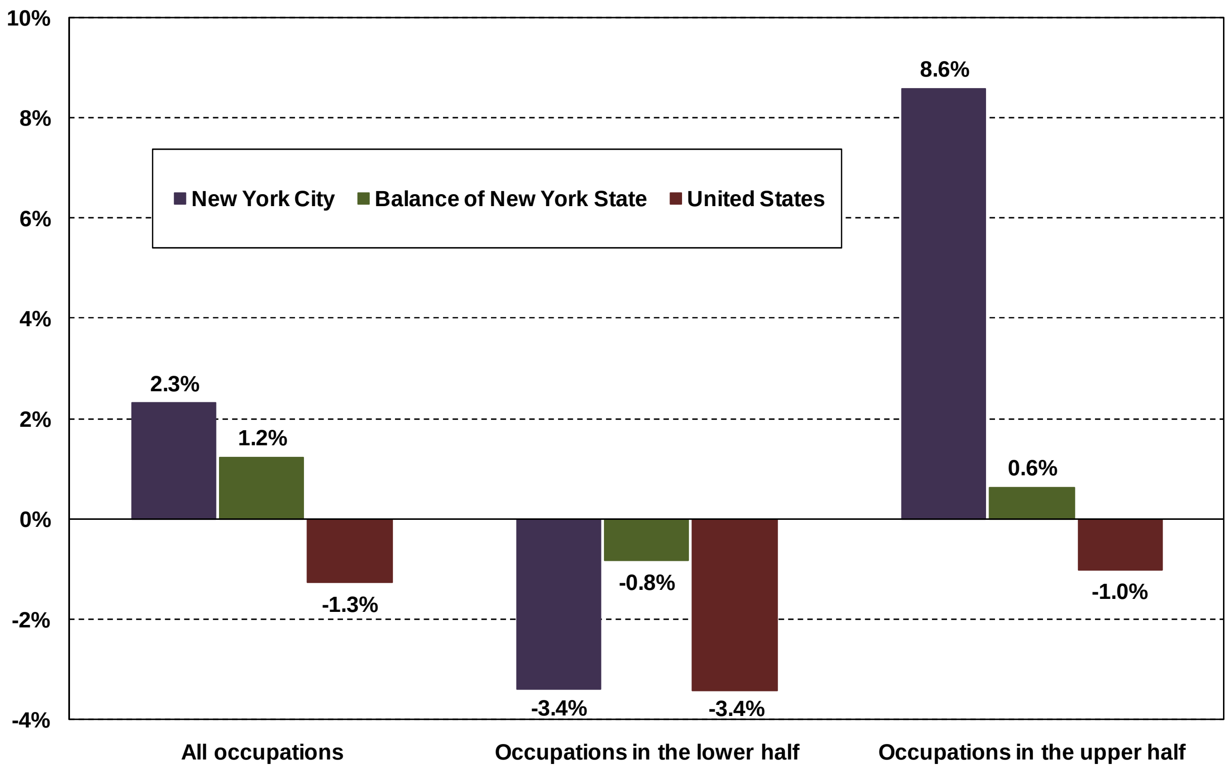
Even by the standard of the official unemployment rate, the calculation of which does not include discouraged workers or those working only part-time but who want and need full-time employment, unemployment has topped 7.5 percent for nearly three years in New York State (34 months as of October 2011). The Great Recession and the weak recovery have meant that New York workers have lost 500,000 employment opportunities since 2008. This number encompasses all job losses as well as the jobs that would have been needed, given the growth in the working age population since 2008, to put the unemployment rate back at the 4.5 percent level that was the average for all of 2007, the last full year before the recession began.

Since about 20 percent of all employment opportunities in today's economy are the jobs of proprietors going into business for themselves, nearly 96,000 fledgling businesses don't exist today in New York's economy because of the Great Recession. The other 409,000 lost employment opportunities were wage and salary jobs.

When we add together the lost earnings that these 500,000-plus employment opportunities would be generating year in and year out, New York families are losing $31 billion a year due to the recession and its aftermath. (This calculation does not include the reduced earnings of those working part-time involuntarily). The wage and salary jobs would carry with them total labor compensation of $26.9 billion, and the lost self-employment and small business opportunities translate into $4.2 billion in proprietors' earnings.

Median weekly earnings for New York workers in the bottom half of the wage distribution have fallen over the past four years.

FIGURE 2



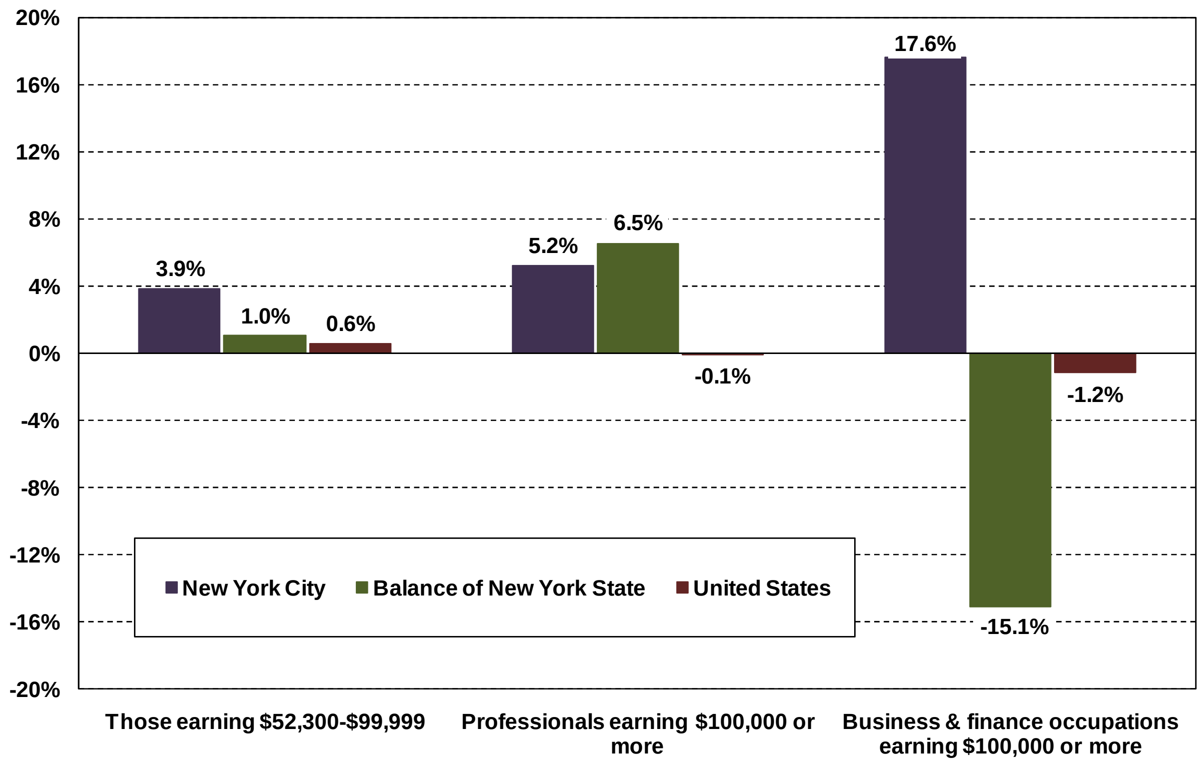
Notes: Data reflect change from the 12 months July 2006-June 2007 to the 12 months July 2010-June 2011. Occupations grouped according to New York State median wages, split at $52,300 annual earnings.
Source: Fiscal Policy Institute analysis of Current Population Survey microdata, adjusted by U.S. CPI-U.

For New York workers in the bottom half of the pay spectrum who have remained employed, inflation-adjusted median weekly earnings have fallen over the past four years. This decline is due to the fact that (1) wages have not kept pace with the 8.3 percent inflation over this period, (2) average weekly hours worked have declined with more people working part-time, and (3) job growth has been concentrated at the lower end of the pay spectrum. New York City workers in the bottom half of the wage distribution have seen the largest decline in median weekly wages, 3.4 percent, while their counterparts in the balance of the state (the downstate suburbs and upstate) have experienced an 0.8 percent decline.

The inflation-adjusted weekly wage trend is more favorable for workers in the top half of the pay spectrum. In New York City, workers in the top half have seen an 8.6 percent increase in median weekly earnings over the past four years while their counterparts in New York State outside of New York City experienced a 0.6 percent increase.

Among New York's high-wage workers, the biggest wage gains have gone to those in business and finance occupations in New York City.

FIGURE 3



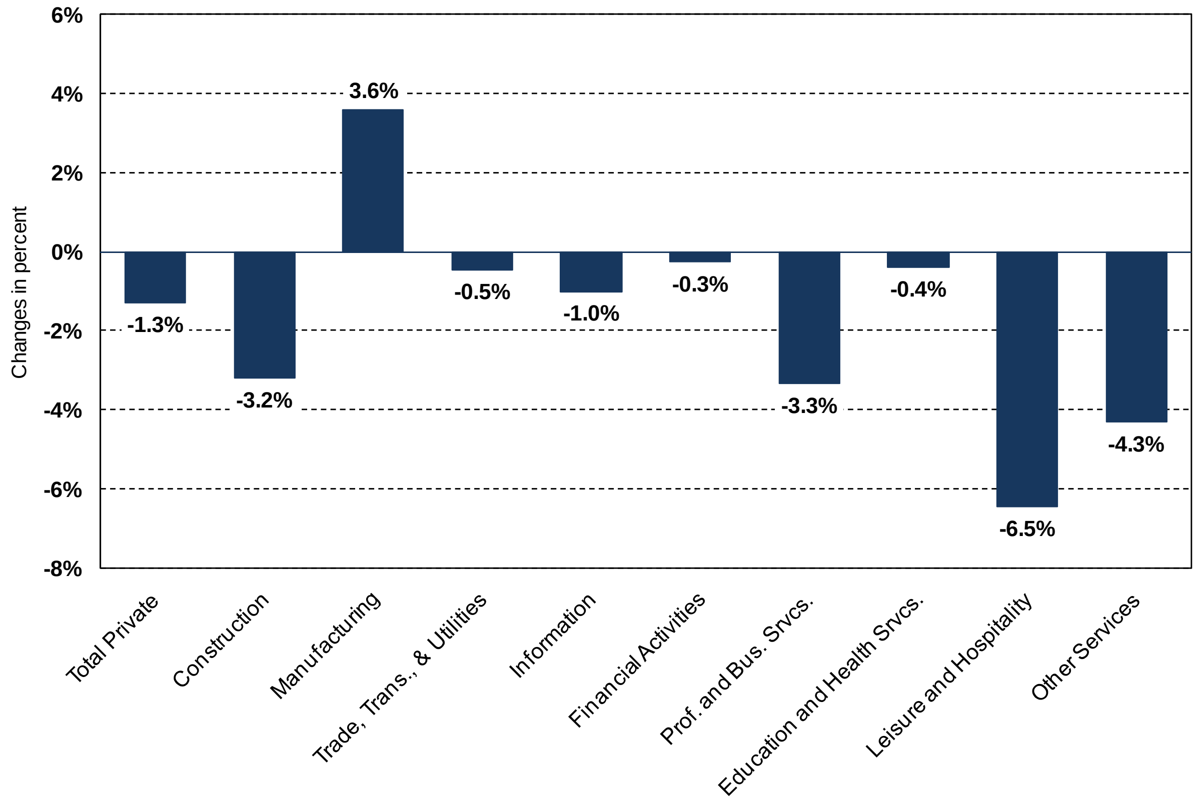
Notes: Data reflect change from the 12 months July 2006-June 2007 to the 12 months July 2010-June 2011. Occupations grouped according to New York State median wages .
Source: Fiscal Policy Institute analysis of Current Population Survey microdata, adjusted by the U.S. CPI-U.

Among those in the top half of the pay spectrum, pay gains have been greatest among New York City residents in highly paid business and finance occupations, occupations that include chief executive office, financial manager, and financial services sales agents. Those working in these occupations have seen their median pay jump by nearly 18 percent over the past four years. Median earnings for those New York City residents in occupations where pay ranges from $52,000 to $100,000 (such as K-12 teachers, accountants, registered nurses, and hotel managers) have experienced a 3.9 percent inflation-adjusted increase over the past four years, while those in highly paid professional occupations earning $100,000 or more (like doctors, lawyers and IT managers) have had earnings growth of 5.2 percent.

While highly paid professionals residing in the suburbs and upstate have seen their earnings increase by 6.5 percent over the past four years, the pay picture is much different for workers in highly-paid business and finance occupations. For suburban and upstate workers in these occupations, earnings have dropped by 15 percent over the past four years. (The firms they work for likely do not have the economic power of the New York City-based companies.)

Real average weekly wages have fallen in almost every sector in New York State over the past year.

FIGURE 4



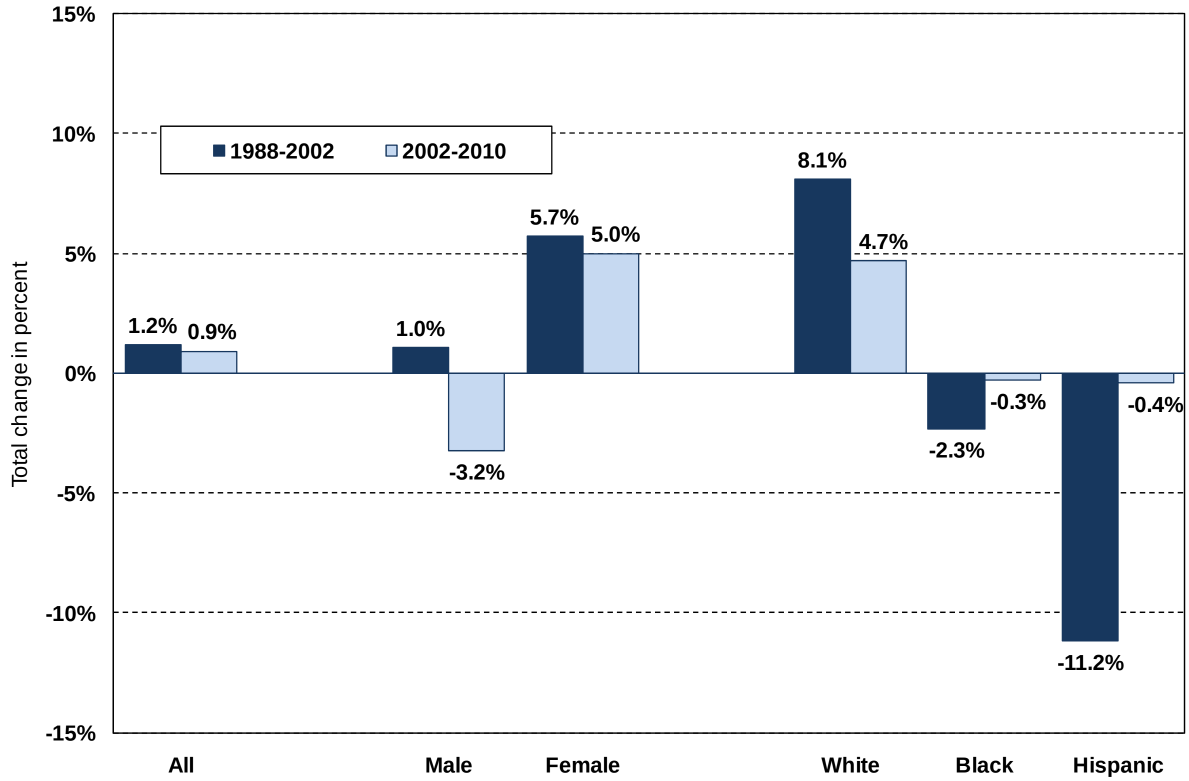
Source: New York State Department of Labor weekly earnings data adjusted using CPI-U.

The latest published data from the state Labor Department shows average pay has continued to decline in almost every sector of the state's economy. The largest declines have occurred in the leisure and hospitality sector (restaurants are the largest employer) where average wages adjusted for inflation have dropped by 6.5 percent from September 2010 to September 2011. Average weekly pay has declined 3 to 4 percent in construction, professional and business services, and in other services (a category that includes many neighborhood services such as repair shops, hair cutting businesses, and nail salons.)

Manufacturing is the only sector that has seen an increase in average weekly pay over the past year. Manufacturing job losses, which were very steep during the Great Recession, have tapered off over the past two years and some manufacturing firms have added workers. This has been one of the few bright spots in the state's economic picture, particularly for some upstate areas.

Among all New York State workers, only female and non-Hispanic whites have seen real hourly median wage gains since 1988.

FIGURE 5



Source: Economic Policy Institute analysis of Current Population Survey data.

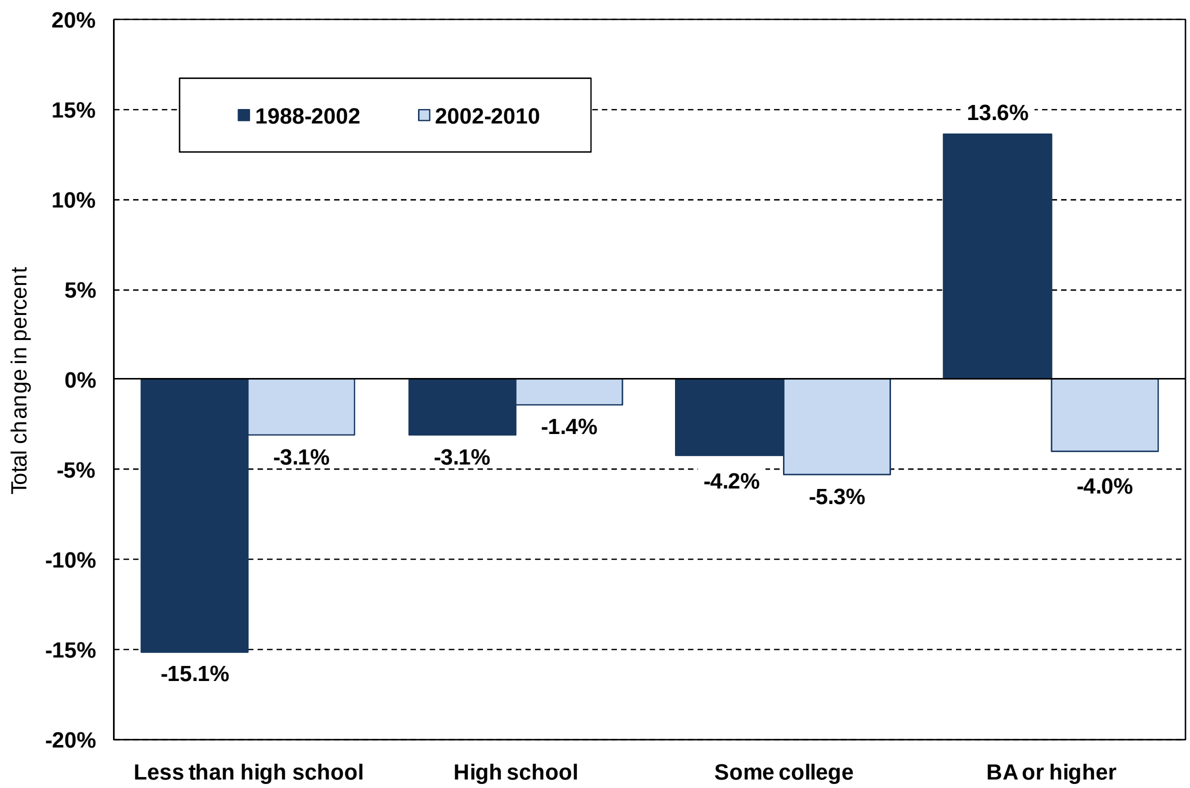
Looking at wages over a longer time frame, even though New York's economy overall averaged about 1.5 percent annual growth in per capita state Gross Domestic Product since 1988,[4] median wages for all New York workers barely budged over the past 22 years. From 1988 to 2002, the total inflation adjusted median hourly wage increased by only 1.2 percent, or about one tenth of a percent per year. The story was basically the same over the past eight years, with a total increase from 2002 to 2010 of 0.9 percent.

For males, median hourly wages were lower in 2010 than in 1988, while for women, median wages have risen, but by only about one-half percent per year, on average, since 1988. When the trends are examined by race-ethnic group, only the median hourly wages of white, non-Hispanic workers have increased over the past two decades. For blacks and Hispanics, real median hourly wages fell from 1988 to 2002, with Hispanics seeing an 11.2 percent wage drop. Median hourly wages fell slightly for both blacks and Hispanics from 2002 to 2010.

[4] New York State's per capita real Gross State Product increased by 39.3 percent from 1988 to 2010, an average of 1.5 percent annually. The annual average growth from 2002 to 2010 was 1.7 percent, while the average yearly growth from 1988 to 2002 was 1.4 percent. FPI analysis of BEA gross domestic product and population data.

Not even those with a 4-year college degree have seen wage gains in New York since 2002.

FIGURE 6



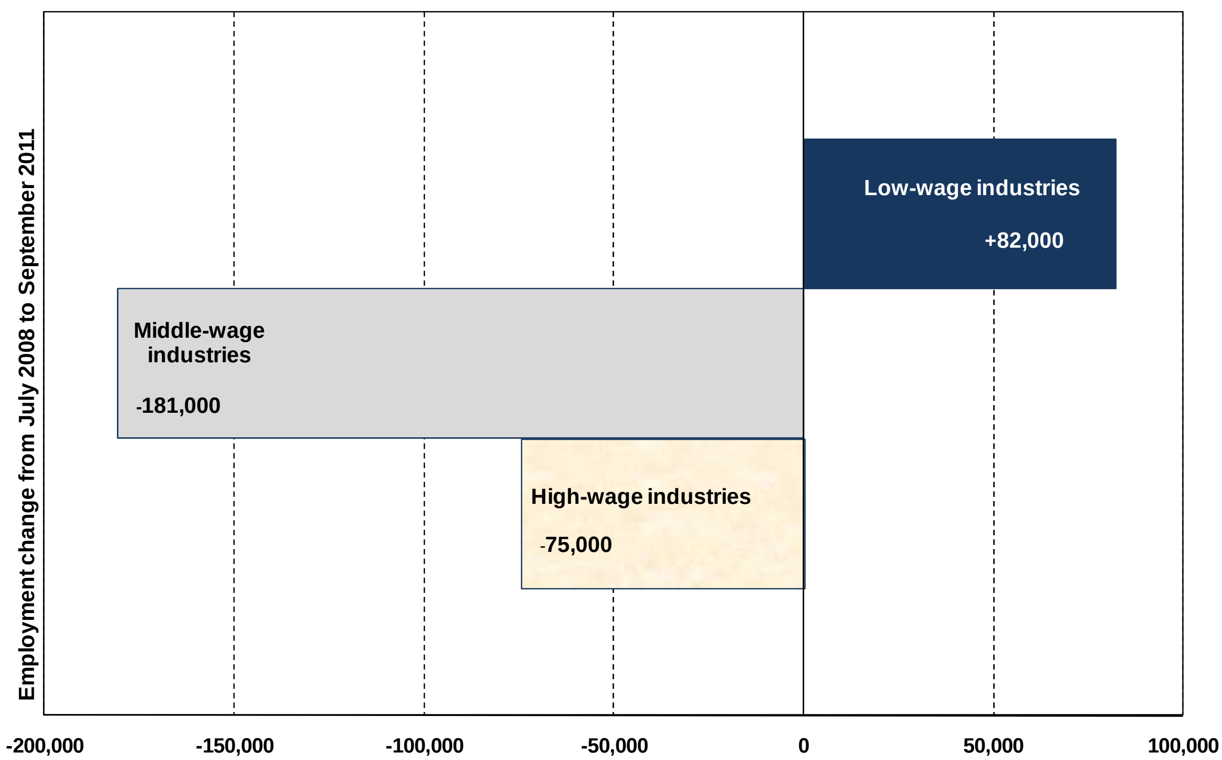
Source: Economic Policy Institute analysis of Current Population Survey data.

When New York's workers are sorted by education attainment level, it is apparent that only those with a 4-year college degree or higher have seen any increase in median hourly wages over the past 22 years. Among workers with less than a high school diploma, real median hourly wages fell by 15 percent between 1988 and 2002, and by 3.1 percent between 2002 and 2010. Workers with only a high school diploma and those with some college but not a 4-year degree experienced moderate real wage declines since 1988.

While those with a 4-year college degree or higher saw their median wages rise by 13.6 percent from 1988 to 2002, this amounted to only about 1.1 percent annually, on average, a growth rate more than one quarter less than the real growth in the state economy over that that period. Per capita real New York State Gross Domestic Product averaged 1.5 percent from 1988 to 2002. Over the past eight years, however, median hourly wages for those with a 4-year college degree or higher have fallen by four percent. That amounts to a half percentage point decline each year over a period when per capita state GDP was increasing at 1.7 percent a year.

Since the recession began in New York State in mid-2008, there have been net job gains only in industries with low average wages.

FIGURE 7



Note: Low-wage industries are those whose annual average wage is below $45,000. Middle-wage industries have annual average wages of $45,000-$75,000. High-wage industries are those whose annual average wage is above $75,000.
Source: FPI's seasonal adjustment of CES employment data and QCEW annual average wage data from NYS Department of Labor.

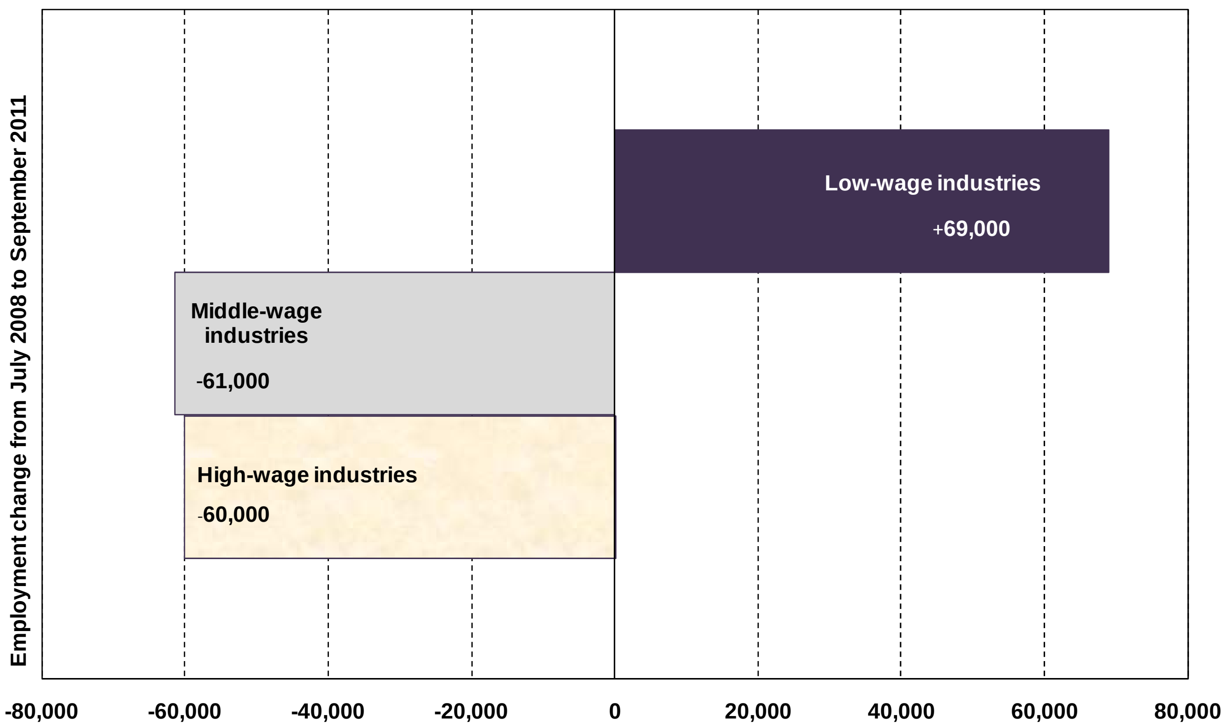
The Great Recession and its aftermath have continued trends that have existed for several years where New York has lost hundreds of thousands of middle income jobs (with average annual wages between $45,000 and $75,000) while most net job growth has occurred among industries that pay lower wages (average wages below $45,000.) Since the recession's onset, the state has lost over 250,000 middle- and high-wage jobs and a net of 82,000 jobs have been added in low-wage industries. The leading sectors for low-wage job growth include restaurants (40,500), educational services other than colleges (34,300), and home health care services (19,900).

Topping the list of industries losing the most jobs over the past three years are three middle-wage sectors: manufacturing (81,000), construction (51,800), and government (47,500). Most of the government job loss has occurred since mid-2009. With a loss of 37,700 jobs, the finance and insurance sector headed the list of high-wage sectors losing jobs over the last three years.

Some middle-wage industries such as private colleges and universities, ambulatory health services other than home health care, and hospitals, have seen net job gains, but these gains have been more than offset by large losses among other middle-wage industries.

Since the recession began in New York City in mid-2008, only low-wage industries have had net job gains.

FIGURE 8



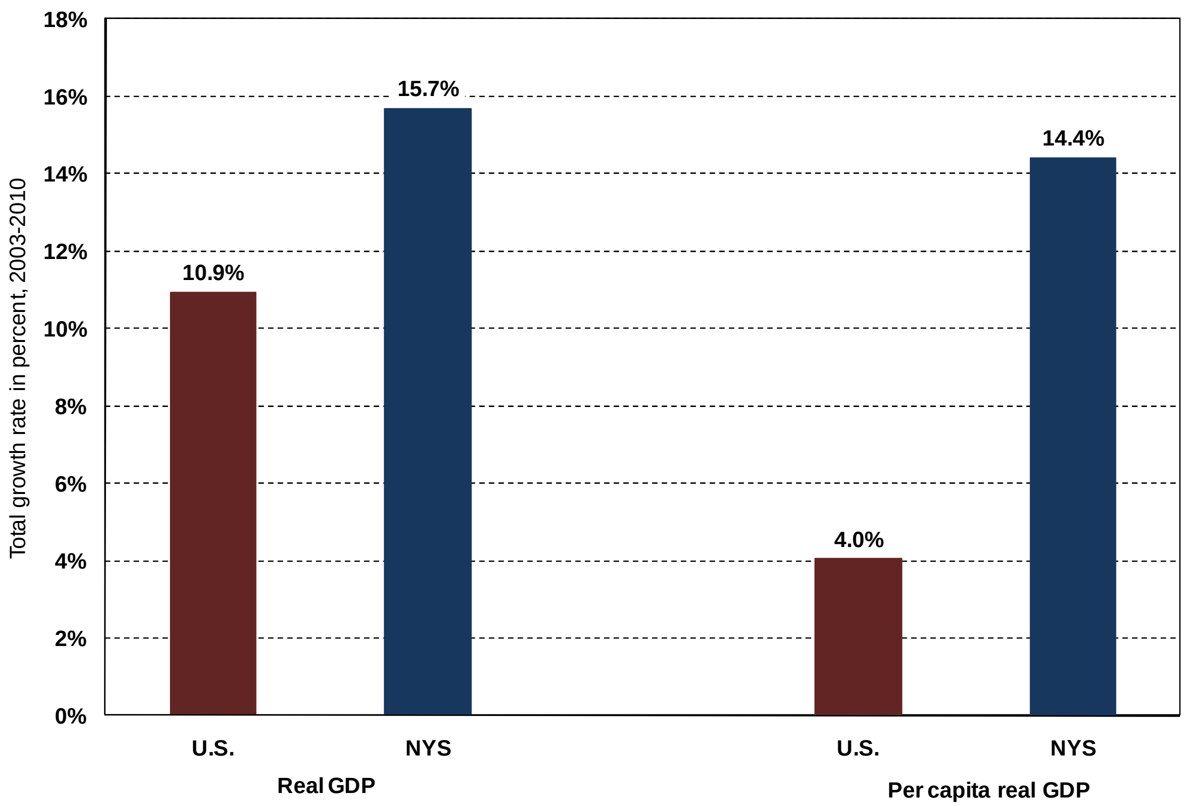
Note: Low-wage industries are those whose annual average wage is below $45,000. Middle-wage industries have annual average wages of $45,000-$75,000. High-wage industries are those whose annual average wage is above $75,000.
Source: FPI's seasonal adjustment of CES employment data and QCEW annual average wage data from NYS Department of Labor.

With respect to the state trend of most job growth occurring in low-wage industries, New York City is a microcosm of the state picture, with the same set of three industries adding the most jobs over the past three years and paying low wages: restaurants, educational services other than colleges and universities, and home health care services. Also, the leading sectors in which jobs have been lost include construction, manufacturing, government, and the finance and insurance sector—the first three middle-wage paying, and finance and insurance with the highest average wage ($261,000) of all industries.

Also reflecting the state-level trend, the private college and university industry is the one middle-wage industry in New York City that has added a significant number of jobs over the past three years.

Since the last expansion began in 2003, New York State has had much faster growth in real Gross Domestic Product (GDP), and much faster growth in per capita GDP, than the U.S. overall.

FIGURE 9



Source: U.S. Bureau of Economic Analysis.

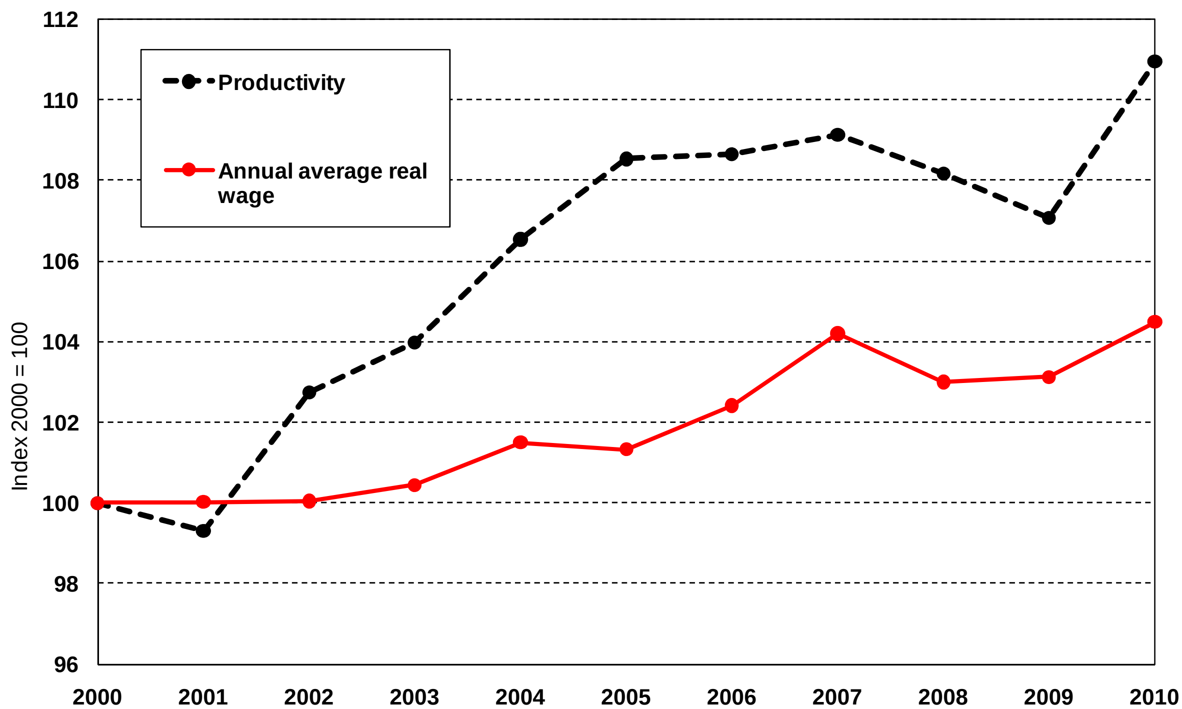
Although there's no question that, like the nation overall, New York's economy is mired in stagnation, the Empire State has fared much better than most of the country since the beginning of the last expansion in 2003. Growth in total Gross Domestic Product (GDP) has been one and a half times as great as the United States overall. On a per capita basis, New York's growth has been more than three times as great as the national average between 2003 and 2010.

New York State had the second fastest GDP growth among all states in 2010, and its GDP level for that year surpassed the 2007 level. On the other hand, total GDP in 2010 for the nation overall was still below the 2007 level.

New York State's real GDP growth on a per capita basis averaged close to two percent a year between 2003 and 2010, a period that obviously includes the Great Recession of 2008-2009.

Average real wages for New York workers have not kept pace with the state's productivity growth over the past decade.

FIGURE 10



Source: U.S. Bureau of Economic Analysis.
Notes: Excludes Finance and Insurance, and Real Esate. Productivity calculated as ratio of real GDP (2005 dollars) for New York to BEA employment. Average annual wage from QCEW, in 2005 dollars using CPI-U.

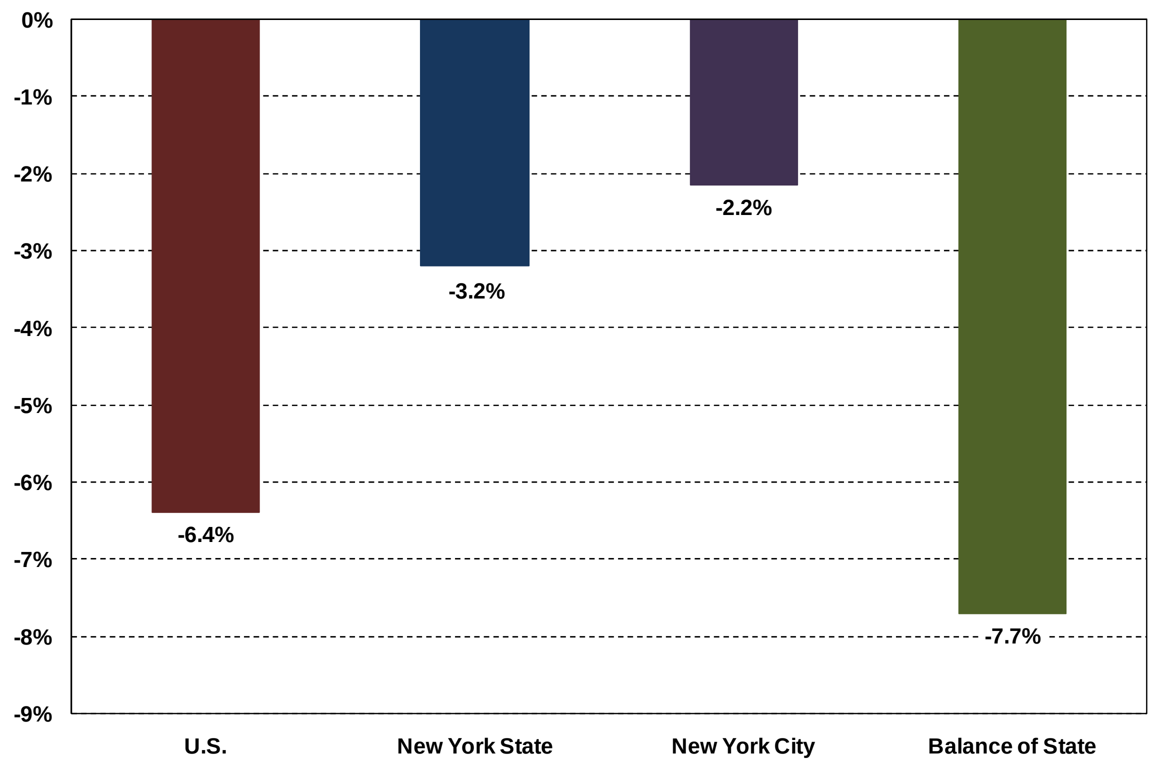
Despite the overall growth in New York's economy in recent years, the fruits of economic growth have not been widely shared. The wages of the typical worker have not risen along with New York's broader economic growth. One indication of this is that average wages have failed to keep pace with the growth in productivity, or GDP per worker, as depicted in the chart above. From 2000 to 2010, productivity grew more than twice as fast as average annual wages.

New York's GDP represents the monetary value added in the production process of goods and services produced in New York. The portion of GDP that doesn't go to labor compensation is mostly "gross operating surplus," the basis for business profits. From 2000 to 2009 (data for 2010 is not available as this is written), real gross operating surplus per worker in New York increased by 21 percent, or more than six times as fast as the growth in average real wages. Keep in mind that the data presented above *exclude* the extremely profitable Finance and Insurance and Real Estate sectors, and that the salaries of highly-paid executives are included in the average for all workers. If the average annual wage line reflected only non-executive wages and salaries, its growth would be even less than shown above.

Nationally, in the two years since GDP bottomed out in the second quarter of 2009, corporate profits have increased more than nine times as fast as labor compensation, 53.5 vs. 5.8 percent.

Real median household income declined more in the suburban areas and upstate than in New York City from 2007 to 2010.

FIGURE 11



Source: Census Bureau for U.S. and New York State, FPI analysis of Current Population Survey March Supplements Microdata for New York City and Balance of state.

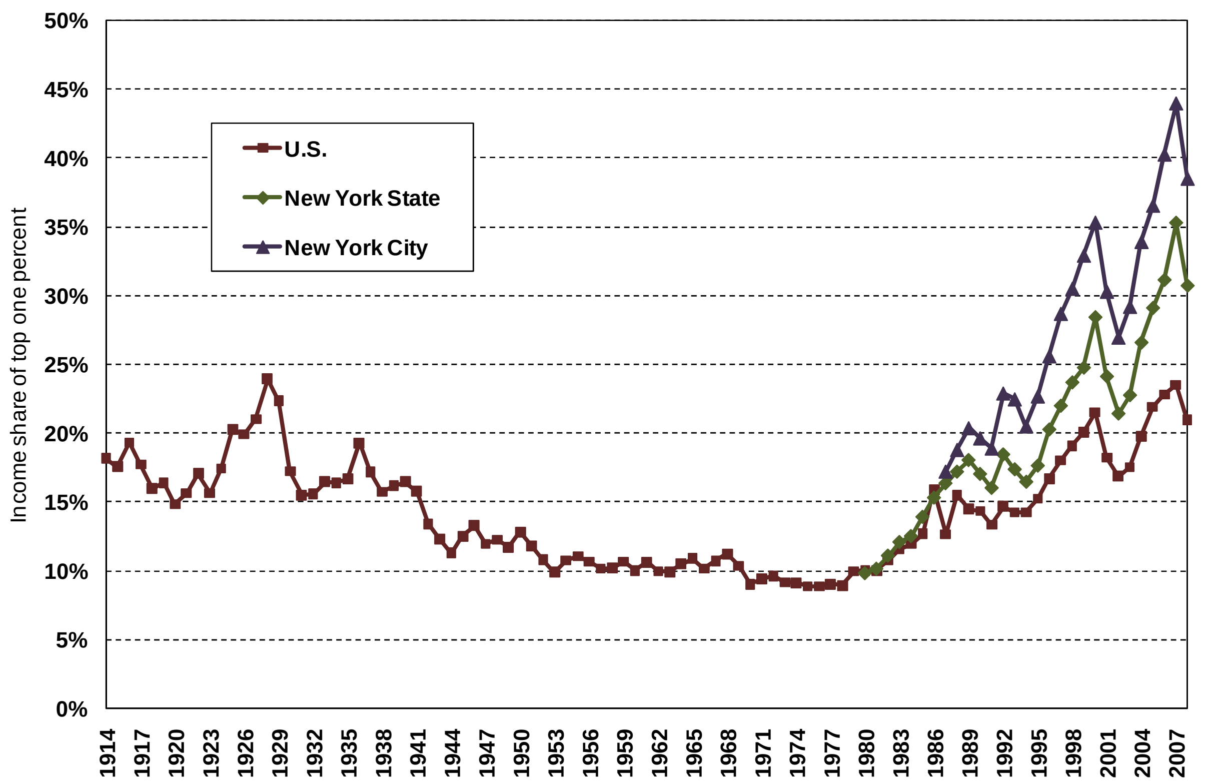
Real median household income in New York State declined by 3.2 percent from 2007 to 2010. In New York City the decline was slightly less at 2.2 percent, but in the downstate suburbs and upstate, real median household income fell by 7.7 percent. The drop in household income in the suburbs and upstate was even steeper than the 6.4 percent decline for the U.S. as a whole.

The median household income in New York State in 2010 was $49,800, with median household income in New York City at only $40,000 compared to $56,600 for the suburbs and upstate combined. For the U.S. overall, median income was $49,400, slightly below New York's level.

Government data on the wealth of New Yorkers does not exist. However, Federal Reserve data for the nation overall indicate that average household wealth (assets minus debts) declined more sharply from 2007 to 2009 for the bottom four fifths of households (39 percent) than for the wealthiest 20 percent (27 percent). Low-income households in the second quintile (21^{st} to 40^{th} percentiles) suffered a substantial 70 percent drop in their net wealth. Those in the poorest quintile, who already were net debtors in 2007, saw their negative net worth (indebtedness) nearly double between 2007 and 2009. Black households suffered a 77 percent drop in their net worth from 2007 to 2009.

For 30 years from 1950 to 1980, the middle class expanded and living standards rose in the U.S. Since then, the income share of the wealthiest one percent has risen sharply—particularly in New York.

FIGURE 12



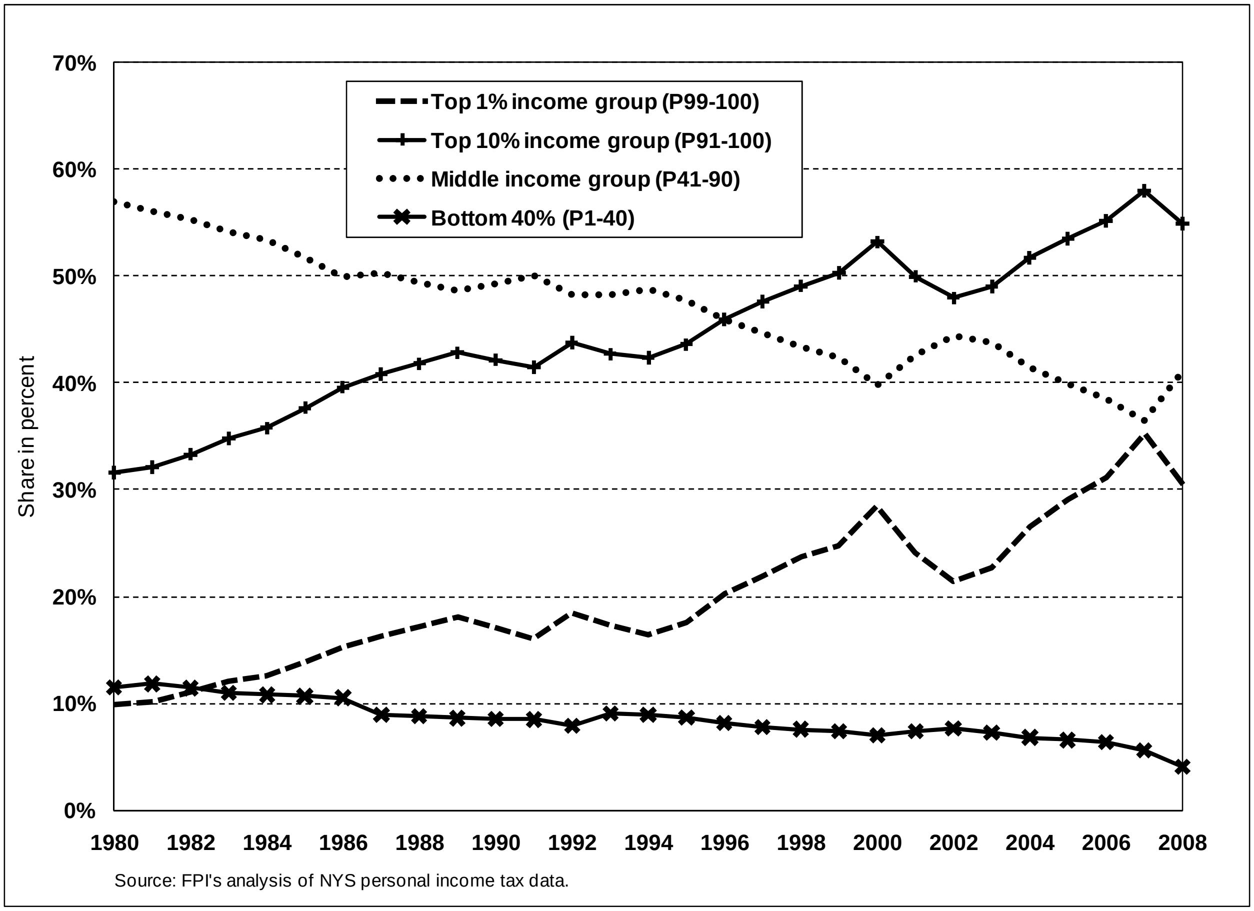
Source: U.S. income distribution data from Piketty-Saez (http://elsa.berkeley.edu~saez); FPI's estimates of NYS and NYC income share are based on NYS personal income tax data.

As the chart above indicates, after holding fairly steady for more than three decades following World War II, the income share of the wealthiest one percent began a steep upward climb around 1980. Nationally, the top one percent share rose from 10 percent in 1980 to 23.5 percent in 2007. During the two previous recessions in the early 1990s and the early 2000s, the share of total income going to the top one percent receded, mainly because of a recession-related decline in capital gains realizations. Capital gains are a highly volatile income component, and 85 percent of capital gains income in 2007 in New York was received by the wealthiest one percent.

In New York, the share of income going to the wealthiest one percent rose to 35 percent for the state overall in 2007 and to 44 percent in New York City. The top one percent share fell in 2008 (and in 2009) but, as happened following the two previous downturns, it is likely to start rising again. As noted earlier, the Great Recession has caused a huge loss in wage and proprietors' earnings for average New Yorkers, and weekly wage earnings have increased fastest in recent years for those in business and financial occupations in New York City. In addition, nationally, corporate profits have increased far faster than overall wages in the past two years, and the wealth decline from 2007 to 2009 has been much greater for those in the bottom 80 percent.

By 2007, the wealthiest one percent in New York State had 35 percent of all income, nearly the same share as the 50 percent of the population with middle incomes.

FIGURE 13

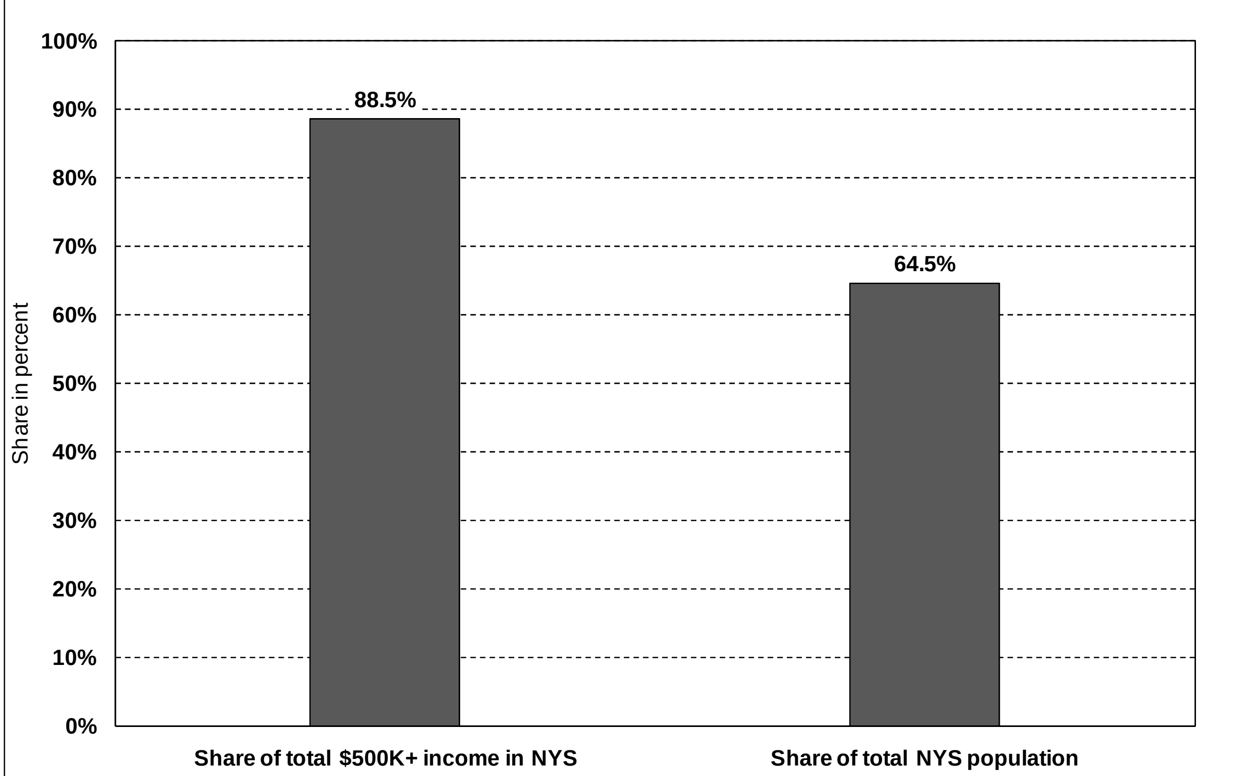


The income share going to the wealthiest one percent in New York State rose to such heights in 2007 that it was more than six times as great as the income going to the 40 percent of the state's households with the lowest incomes, and was nearly as great as the share going to the 50 percent of the state's households with "middle incomes" from $25,000 to $120,000. Another way to look at it is that the wealthiest one percent of households had an average income in 2007 that was 50 times the average for all New York households earning from $25,000 to $120,000.

The poorest 40 percent of New Yorkers have seen their combined income share reduced by half since 1980, from about 12 percent to 6 percent. The share received by the "middle" 50 percent fell from 57 percent in 1980 to 36 percent in 2007.

The 10 downstate counties (the five NYC boroughs plus the five suburban counties) account for 65 percent of the state's population—and 89 percent of the income among high-income households ($500,000 plus).

FIGURE 14

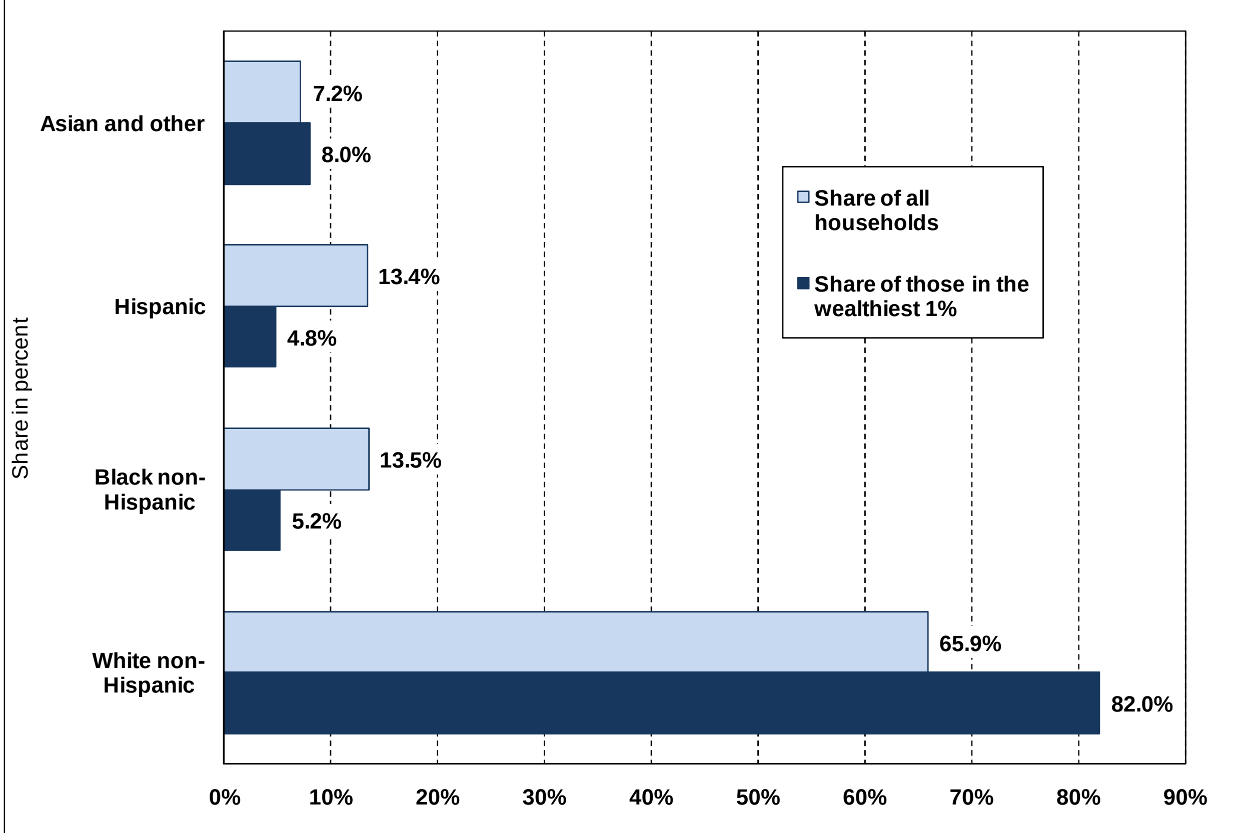


Source: 2008 ACS population estimates and New York State Department of Taxation Data. The five suburban counties are Nassau, Putnam, Rockland, Suffolk and Westchester.

It is not surprising that high income New Yorkers are heavily concentrated in the downstate counties. While New York City and the five New York suburban counties together account for 65 percent of the state's population, those 10 counties have 89 percent of high income households with incomes of $500,000 and over. Those with incomes at that level and higher represent about 1.2 percent of New York households.

The wealthiest one percent of New York State households are disproportionately white, non-Hispanic.

FIGURE 15

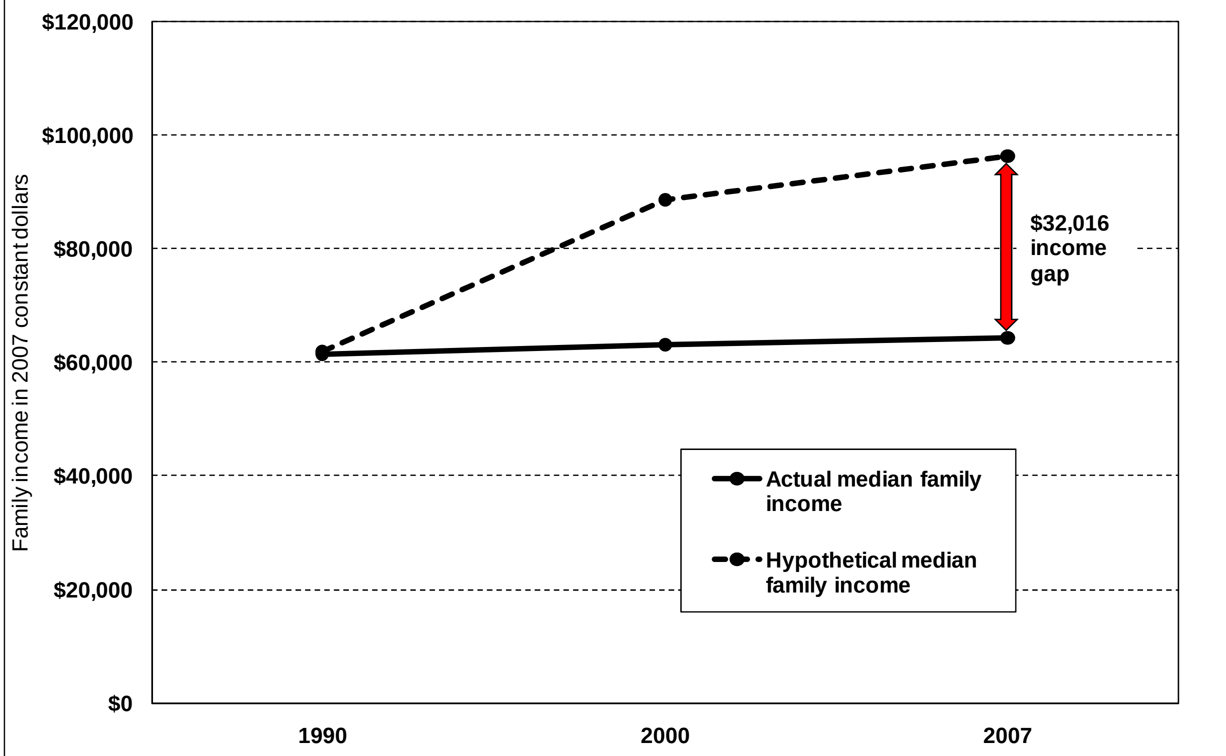


Source: FPI's analysis of American Community Survey (ACS), 2005-2009.

Statewide, almost two thirds of all households are white, non-Hispanic, but these households account for over four fifths of the wealthiest one percent of New York households. Black, non-Hispanic and Hispanic households have far smaller shares of the top one percent than their shares of the overall population, while the Asian and other category has a roughly proportionate share of the top one percent households.

If New York State had experienced shared prosperity since 1990, with family incomes at different levels rising together, the median family income would have been $96,000 in 2007—that is, 50 percent, or $32,000, higher than it actually was.

FIGURE 16



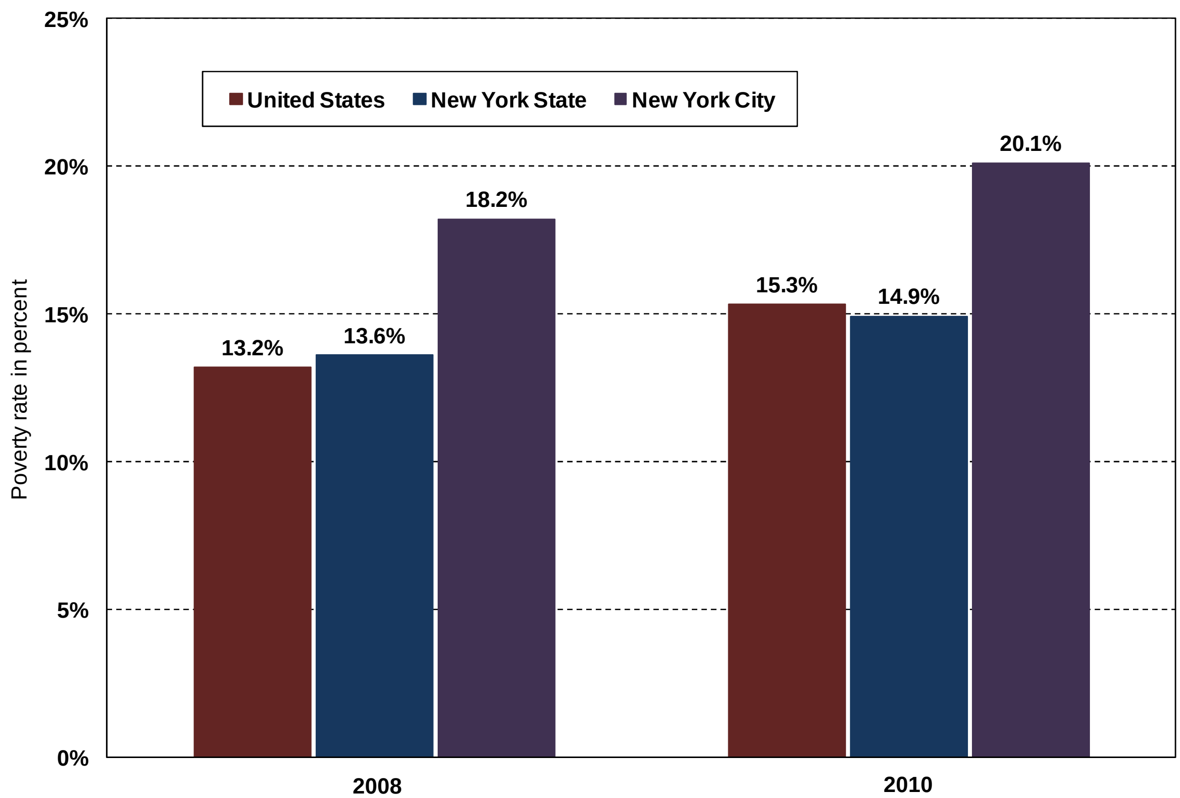
Source: FPI analysis of Census American Community Survey and NYS Department of Taxation tax return data. The hypothetical median family income is calculated by applying the growth in the overall average NYS adjusted gross income per tax return.

If New York State had enjoyed broadly shared prosperity over the past twenty years instead of the hyper-concentration of income that took place, incomes for families in all income ranges would have risen by 50 percent from 1990 to 2007. Fifty percent was roughly the growth in the inflation-adjusted average income per tax return over that time span. Therefore, for a New York family with the median income, broadly shared prosperity over the past two decades would have meant that their 2007 income would have been $96,000 instead of $64,000.

Broadly shared prosperity would also have meant that poverty would be much lower and the hourly minimum wage would be much higher. In 1980, the $3.10 minimum hourly wage in New York was 41 percent of the average wage. If that relative relationship of the minimum wage to the average wage existed today, the minimum wage would be over $12.00 an hour, rather than the $7.25 level that currently exists.

Poverty in New York and the U.S. rose sharply between 2008 and 2010.

FIGURE 17



Source: FPI's analysis of American Community Survey (ACS) estimates for 2008 and 2010.

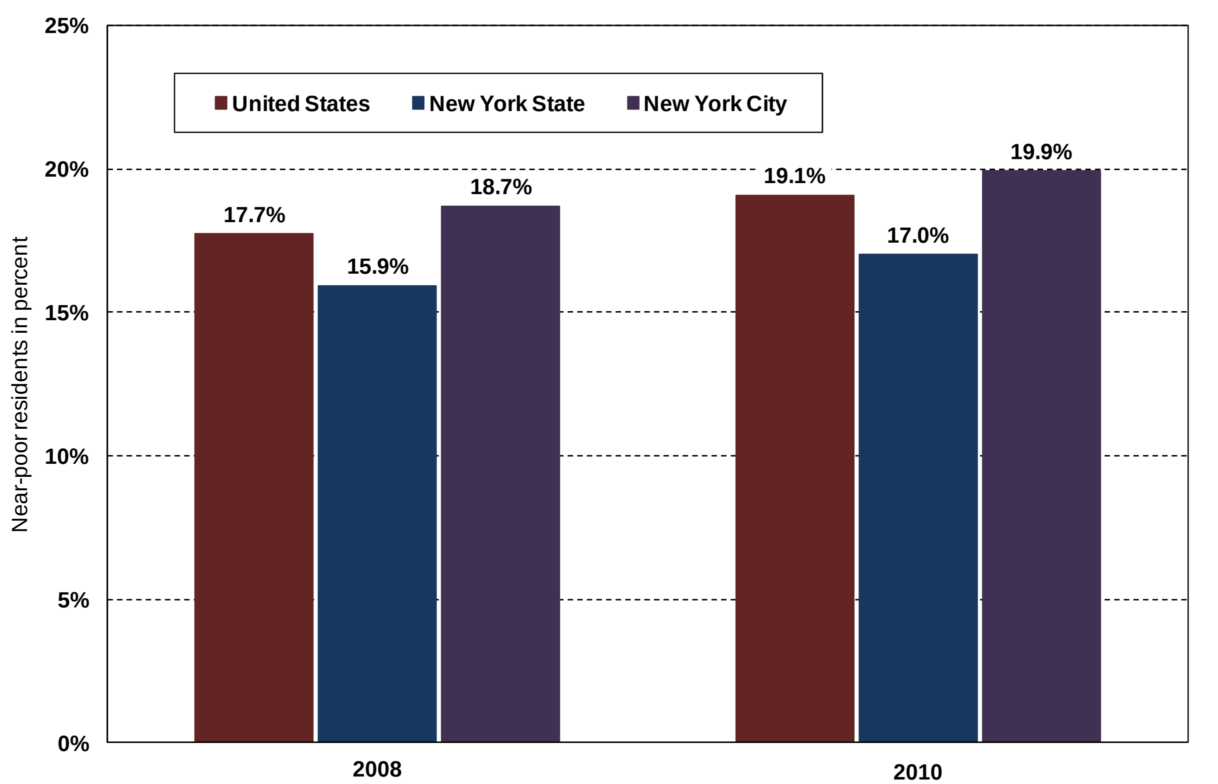
Poverty rose sharply during the recession, increasing by well over one percentage point in New York City, New York State and in the United States from 2008 to 2010. The official poverty rate is now about 15 percent in the state and 20 percent in New York City. The federal poverty threshold for a 4-person family was $22,314 in 2010, and $17,374 for a 3-person family.

Under a new measure developed by the Census Bureau, known as the Supplemental Poverty Measure, the national poverty rate would be even higher in 2010 than with the poverty measure in use for the past fifty years. The traditional poverty standard is based on money income. The supplemental measure includes non-cash income such as food stamps, subsidized school lunches and housing aid as well as the value of tax credits such as the Earned Income Tax Credit and the child care tax credit. The supplemental measure also takes into account expenses such as out-of-pocket medical costs, child care, commuting, and taxes.

Under the supplemental measure, the 4-person poverty threshold is $24,343, about $2,000 higher than the traditional measure. Based on the supplemental poverty measure, the national poverty rate in 2010 was 16.1 percent rather than 15.2 percent. State-level estimates using the supplemental measure are not yet available.

The number of people in "near-poor" households, whose income is 100-200 percent of the federal poverty threshold, also rose from 2008 to 2010.

FIGURE 18



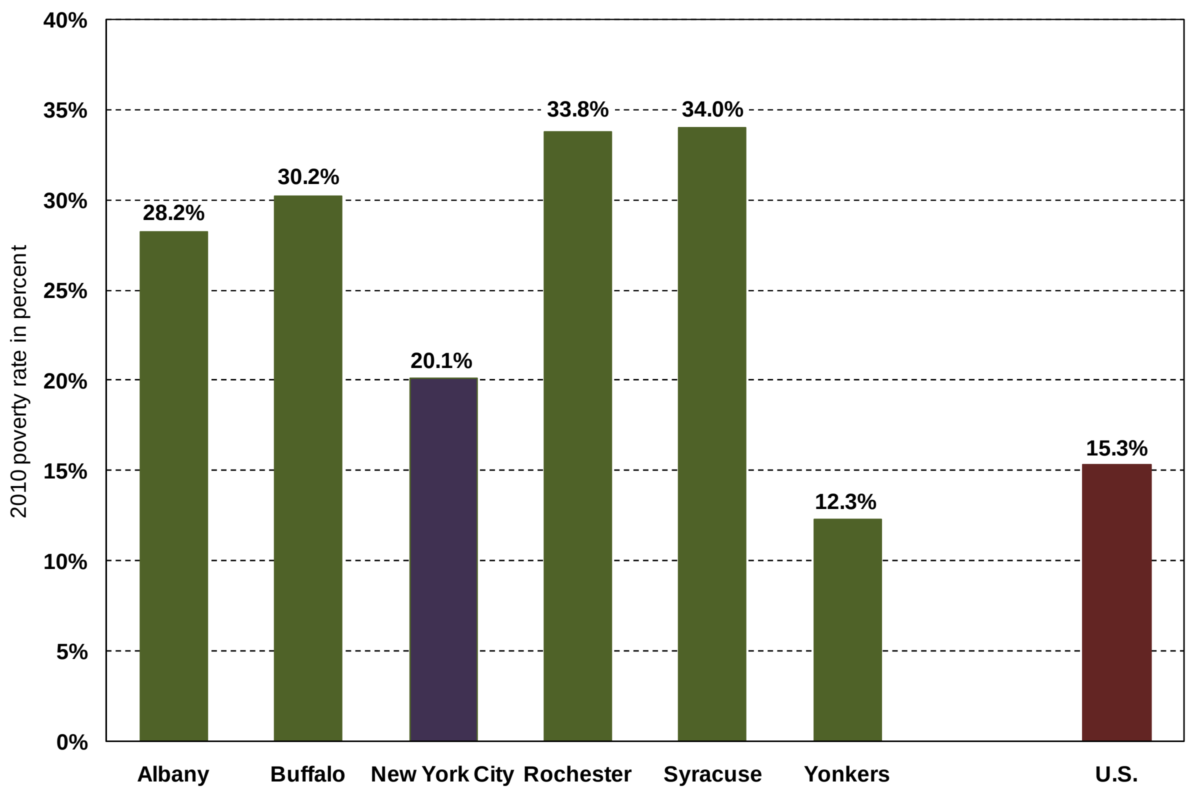
Source: FPI's analysis of American Community Survey (ACS) estimates for 2008 and 2010.

There has also been an increase over the past two years in the share of people living in households that are "near-poor," that is, between 100 percent and 200 percent of the federal poverty line according to the traditional poverty measure. Combining the current poverty (14.9 percent) and the "near-poverty" (17.1 percent) data indicates that nearly one third (31.9 percent) of the state's population are either poor or near-poor, living in households below 200 percent of the poverty line. Forty percent of New York City's population is poor or near-poor. Under the supplemental poverty measure, nearly half (47.9 percent) of Americans had incomes under 200 percent of the poverty line in 2010. Under the traditional measure, 34 percent of all Americans are under 200 percent of the poverty line.

An analysis by the Center on Budget and Policy Priorities found that, under the supplemental measure, the increase in people in poverty in the U.S. was 3 million from 2007 to 2010. However, the increase would have been 10 million were it not for expansions in several government programs enacted as part of the 2009 American Reinvestment and Recovery Act (ARRA, commonly referred to as the Obama stimulus package)—the Making Work Pay Tax Credit, the Earned Income and child care tax credits, an increase in the monthly food stamp allotment, and an expansion in the duration and level of unemployment insurance compensation.

Poverty in New York State's four major upstate cities is roughly twice the national average.

FIGURE 19



Source: FPI's analysis of the American Community Survey (ACS) 2010 estimates.

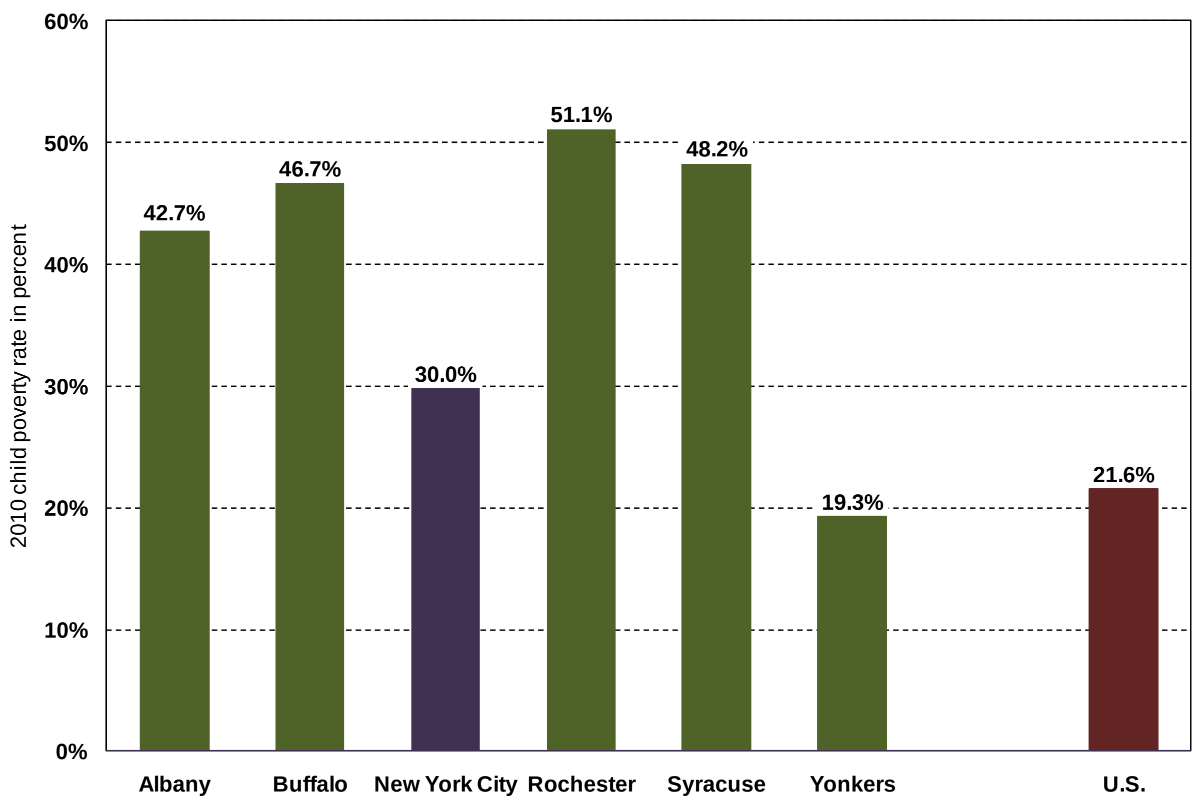
Poverty is much higher in the four major upstate cities than in New York City, and roughly twice the overall statewide poverty rate. Poverty rates range from 28 percent in Albany to 34 percent in Rochester and Syracuse.

For at least the past two decades, the major upstate cities have seen the continued decline in manufacturing which has long been critical to the economic base of most upstate metropolitan areas, but the cities have also been affected by continued suburban sprawl, even in the absence of significant metro area growth. By many measures of economic well-being—e.g., poverty, median household income, proportion of college graduates, and housing vacancy—disparities have widened between upstate cities and their surrounding suburban areas.[5]

[5] See Fiscal Policy Institute, *The State of Working New York 2003: Unbalanced Regional Economies through Expansion and Recession*, September 2003, pp. 34-37. http://www.fiscalpolicy.org/SOWNY2003/swny2003.pdf.

Child poverty is 30 percent in New York City and it ranges from 43 percent to 51 percent in the state's four major upstate cities.

FIGURE 20



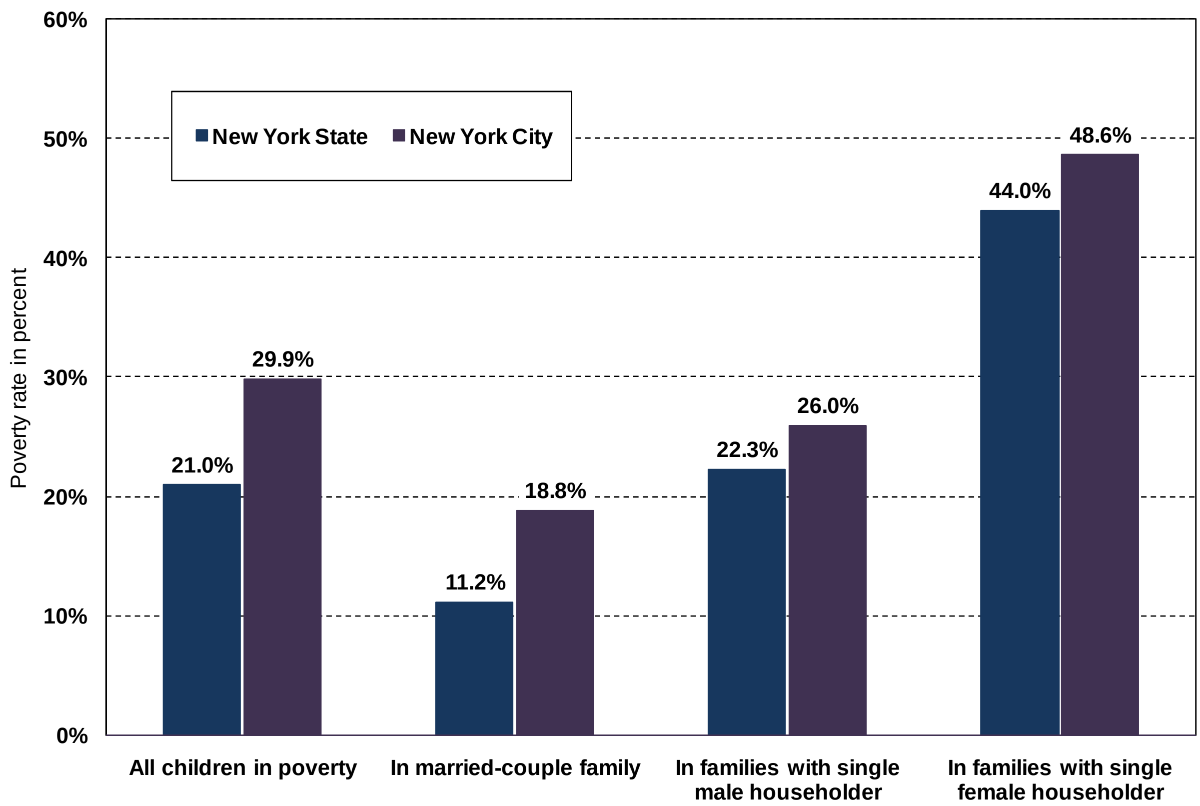
Source: FPI's analysis of the American Community Survey (ACS) 2010 estimates.

Child poverty is even higher than overall poverty, and this is particularly true for the major upstate cities. Thirty percent of New York City's children live in poverty households, but in the upstate cities, the range is from 43 percent in Albany to a staggering 51 percent in Rochester.

A sound, basic public education is one of the important ways to try to address the alarmingly high child poverty plaguing the upstate cities. New York State has one of the biggest gaps among all states between the resources available in high-poverty and low-poverty school districts. The institution in 2007 of a new "foundation aid" formula for local school aid was meant to reduce, over a four-year phase-in period, this funding gap. However, the state budgets enacted in 2009 and 2010 greatly stretched out the phase-in period, and the budget enacted in 2011 dramatically reduced local school aid over a two-year period. In addition, the 2 percent local property tax cap enacted in June 2011 likely will further exacerbate the disparity between low-wealth (typically high-poverty) and high-wealth (typically low-poverty) districts.

Child poverty is especially high in New York families with a female head of household.

FIGURE 21

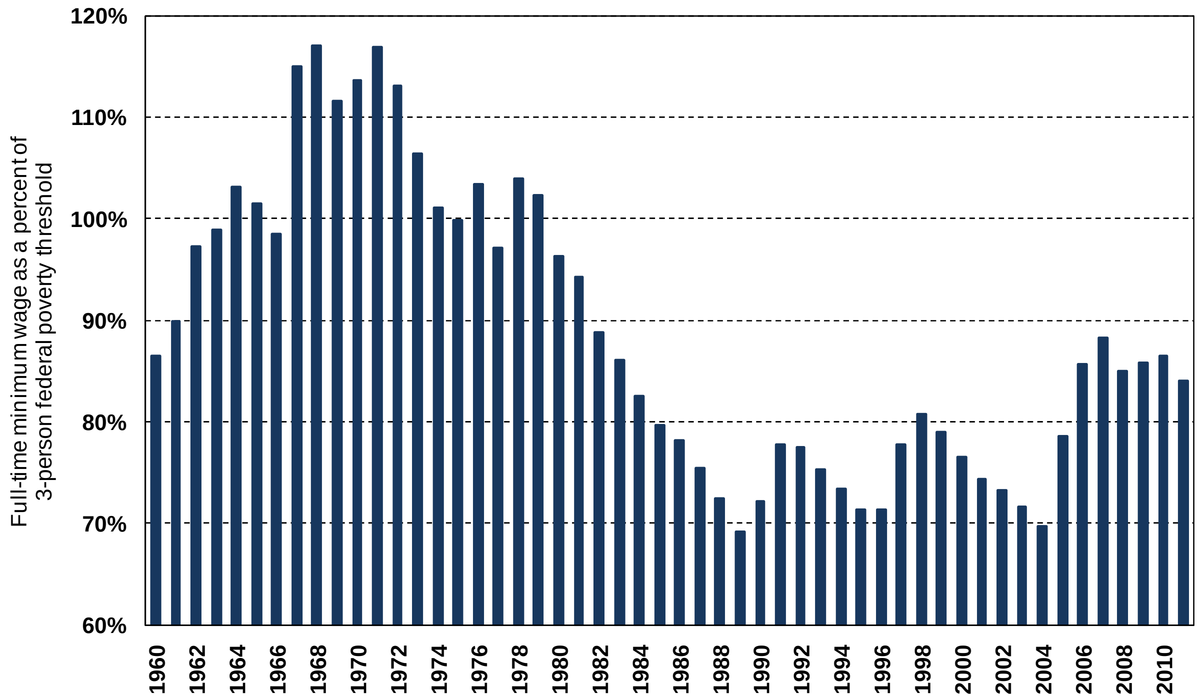


Source: FPI's analysis of the American Community Survey (ACS) 2010 estimates.

Poverty rates are particularly high for children in families with a single female head of household. For the state overall, child poverty in such families is 44 percent, more than twice the 21 percent child poverty rate for all children. In New York City, child poverty in families with a female head of household is nearly 49 percent.

The income of a full-time worker earning the New York State minimum wage falls far short of the 3-person federal poverty threshold.

FIGURE 22



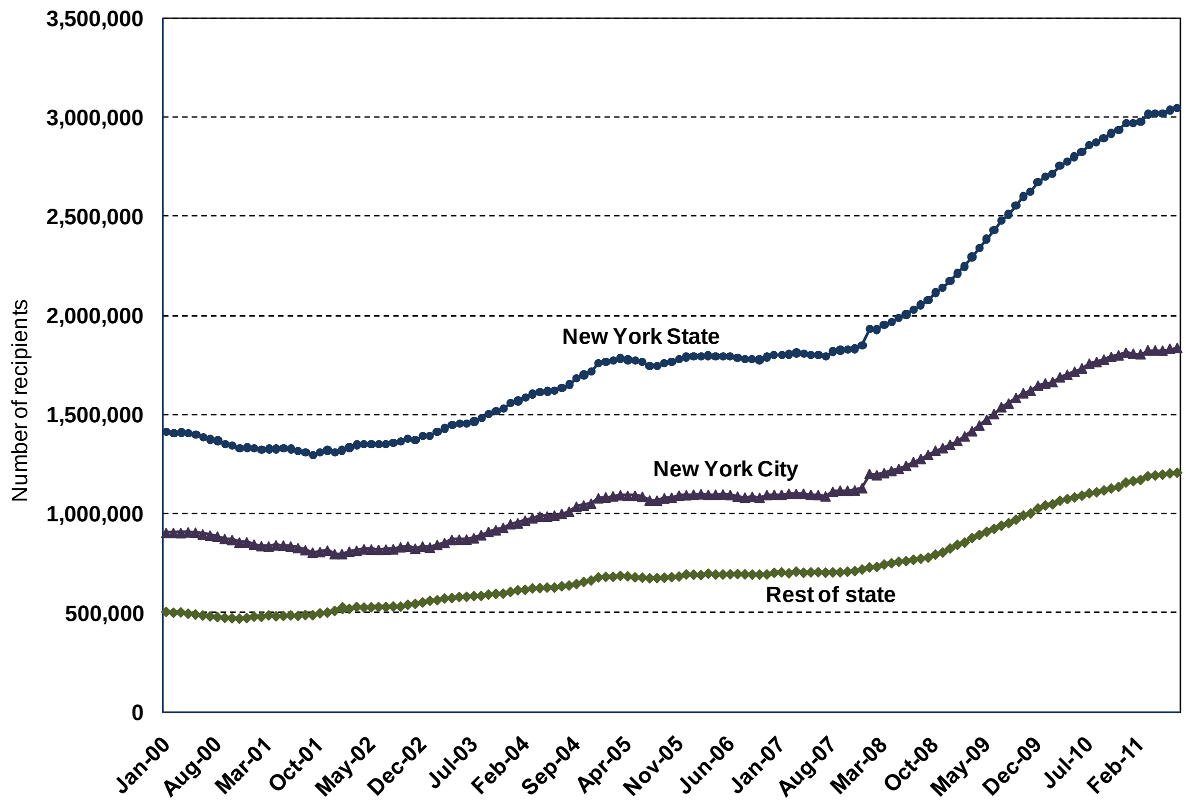
Notes: Assumes full-time (40 hours per week), full-year (52 weeks per year) work at the minimum wage as a share of the 3-person family federal poverty threshold. 2011 federal poverty threshold is estimated using change in CPI-U from Jan-Aug 2010 to Jan-Aug 2011 (3.0%).
Source: FPI analysis using federal poverty threshold from U.S. Census Bureau.

Since July 2009, New York's minimum wage has been the same as the federal $7.25 an hour. New York State last passed an increase in its minimum wage in December 2004, when a three-step increase to $7.15 an hour was enacted that phased in increases effective January 1 in 2005, 2006 and 2007. The applicable minimum wage then increased by a dime more in July 2009 when the third and final stage of an increase in the federal minimum wage took effect. Eighteen states spread across all regions of the country have a higher minimum wage than New York and the federal minimum.

The purchasing power of the minimum wage in New York is well below the levels that existed for most of the 1960s and 1970s. During most of that period, a full-time, full-year worker earning the minimum wage had an income sufficient to support a three-person family above the poverty threshold. Over the past thirty years, New York's minimum wage has not enabled a full-time worker to rise above the 3-person federal poverty threshold. In 2011, a full-time minimum wage worker earns only 84 percent of the 3-person federal poverty threshold. That is about 30 percent less than the peak purchasing power level reached in 1968 and 1971.

Over three million New Yorkers now receive food stamps, a number that has increased by nearly two thirds since the start of the recession.

FIGURE 23



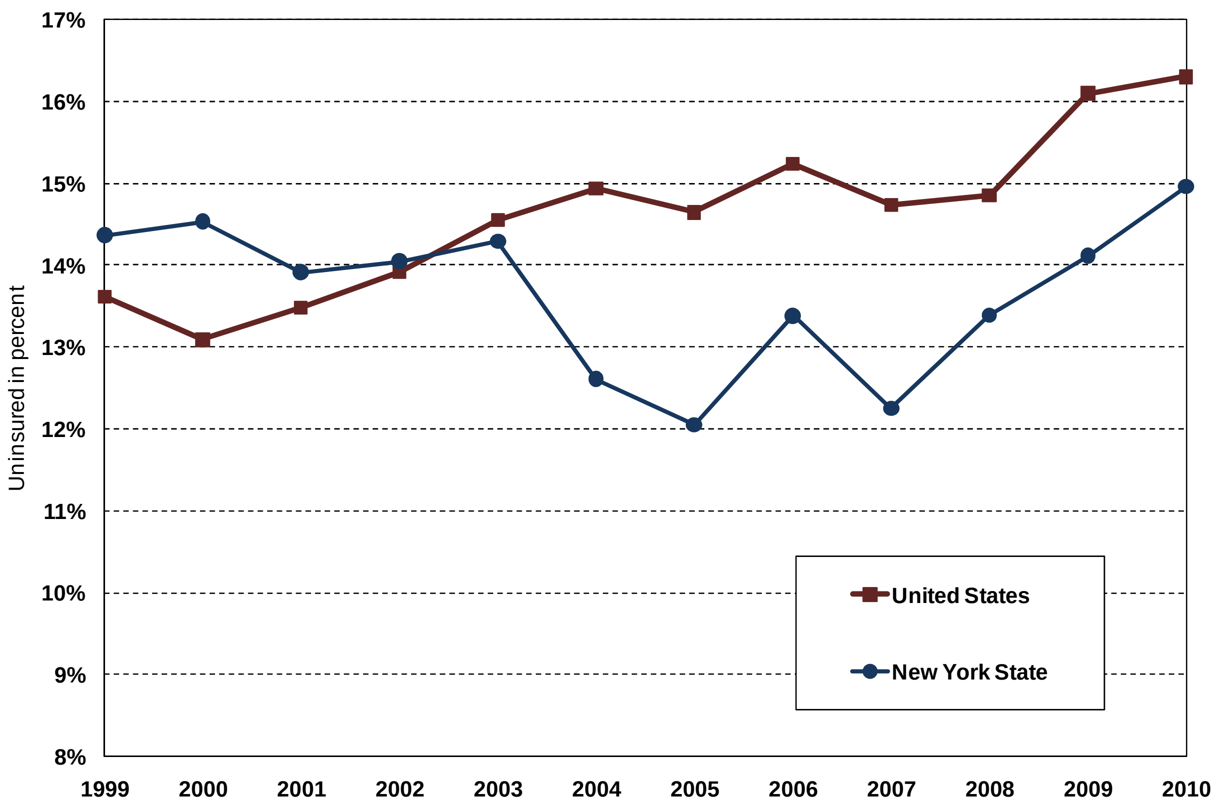
Source: NYS Office of Temporary and Disability Assistance (http://otda.ny.gov/resources/caseload/).

Reflecting markedly greater economic hardship, the Great Recession and its aftermath have pushed food stamp recipiency to record levels in New York. Over three million New Yorkers now receive food stamps, a number that has increased by nearly two thirds since the start of the recession. Food stamp recipiency has grown by 63 percent in New York City, and by 68 percent outside of New York City. From December 2007 to July 2011, 1.2 million New Yorkers were added to the food stamp rolls, with 700,000 of those from New York City and 500,000 from the downstate counties and the upstate areas.

Despite the greater prevalence of hardship in the wake of the recession, the number of New Yorkers receiving temporary assistance under the federal (TANF) or state (Safety Net Assistance) programs has increased much less than the increase in food stamps. In the suburban and upstate areas, the number receiving temporary assistance has increased by about 30 percent since the recession began. In New York City, however, mayoral policy has discouraged applications for temporary assistance. As a result, there were actually two percent fewer people receiving temporary assistance in July 2011 than before the recession in December 2007, despite the harsh effects of the recession and elevated unemployment.

Since the recession began, the percent of people without health insurance coverage has risen much faster in New York State than in the U.S.

FIGURE 24



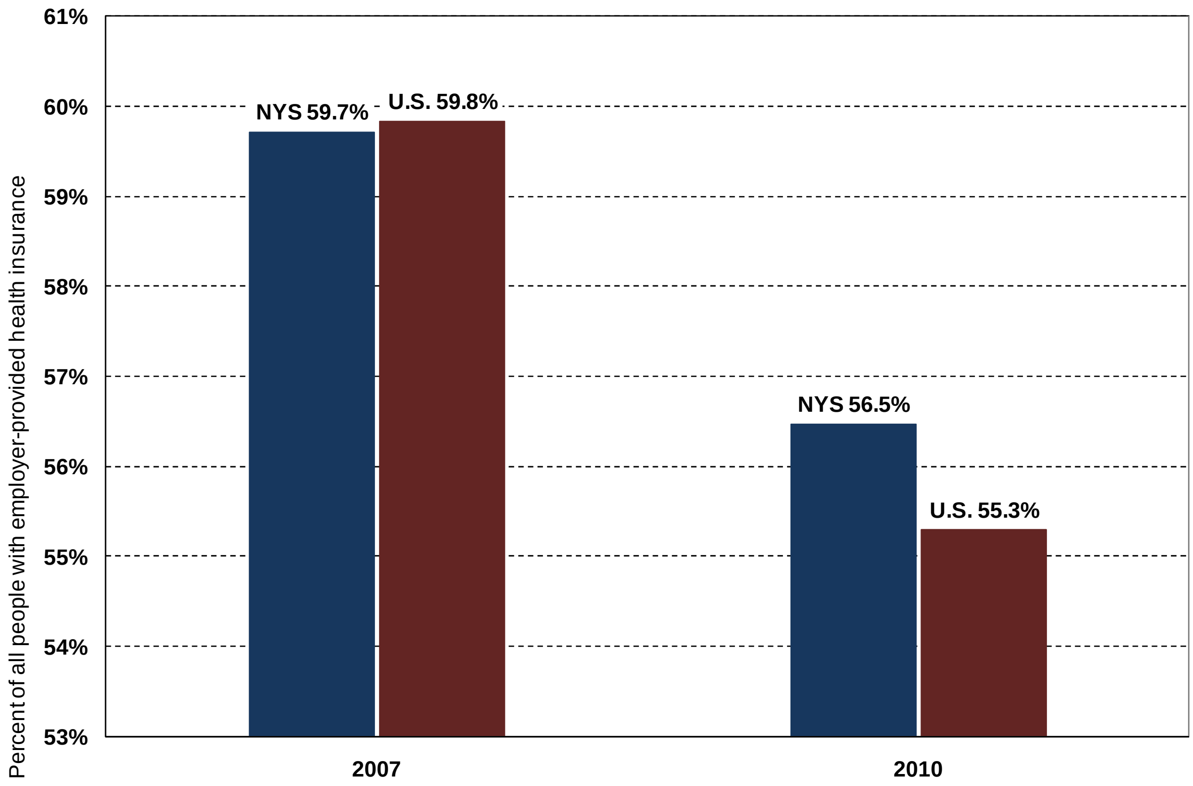
Source: Census Bureau Table HIB-4: Health Insurance Coverage Status.

Since the recession began, the number of New Yorkers without health insurance has risen by 550,000, an increase of nearly a quarter from 2.34 million to 2.89 million. The percent without any health insurance coverage—public or private—has increased much faster in New York than in the nation as a whole.

In the first half of the 2000s, from 2000 to 2005, at a time when the proportion of people without health insurance was rising steadily at the national level, New York State expanded its Child Health Plus and Family Health Plus public programs and reduced its uninsurance rate from 14.5 percent to 12 percent.

The sharp rise in those without health insurance in New York State is due to the steep falloff in private employer-provided health insurance.

FIGURE 25

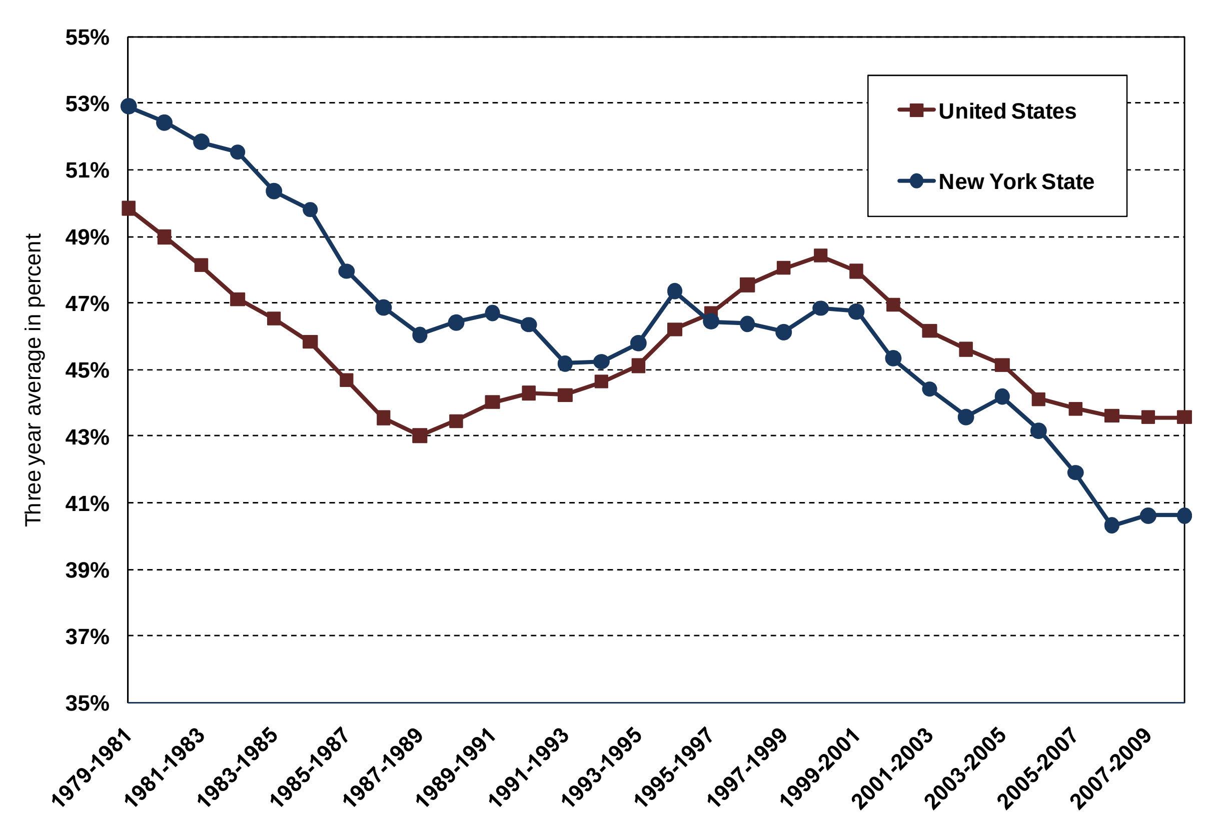


Source: U.S. Census Bureau, Health Insurance Coverage Status.

The increase in the portion of New York's population without health insurance over the past three years is largely due to a steep falloff in private employer-provided health insurance. Nearly 500,000 fewer New Yorkers were covered by private employer-provided health insurance in 2010 than in 2007.

The portion of New York State private sector workers with employer-provided pensions is much smaller than 20 or 30 years ago. In fact, it's now below the national average.

FIGURE 26



Source: Economic Policy Institute analysis of Current Population Survey March supplement.

Only 40.6 percent of New York's private sector workforce has employer-provided pensions. This is down by 12 percentage points since 1980, and now puts New York well below the national average, whereas New York's private sector workers were more likely to have employer-provided pensions 30 years ago.

New York's private pension coverage has fallen so much, in fact, that the state has the lowest coverage rate among the 21 states in the Northeast and Midwest (although New Jersey's private pension coverage rate is only a notch above New York's at 40.7 percent.) Only 10 states—all in the South and West—have a lower private pension coverage rate than New York.

Reduced private pension coverage makes Social Security even more important to most New Yorkers. Middle and lower-income New York households with a head of household 65 years of age or older rely more heavily on Social Security than do higher income households. Social Security benefits are nearly three times more important as a source of income for middle income 65+ households than for high-income households. For lower-income 65+ households, the reliance on Social Security is five times as great as for high-income households.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.