



## Over one-third of New York City employees are paid less than \$14 an hour; workers of color are twice as likely to be low-wage

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In a new analysis, the Fiscal Policy Institute finds that 1.2 million wage and salary workers in New York City are paid less than \$14 an hour. This number represents 36 percent of all public and private wage and salary workers who reside in New York City. (Data include both full- and part-time workers, but excludes the self-employed.)

The sectors with the greatest number of low-wage workers are Leisure & Hospitality and Retail Trade. These two sectors employ 376,000 low-wage New Yorkers, nearly one out of every three local low-wage workers. **Table 1** shows FPI's estimates, based on four years of data from the Current Population Survey, for the number and shares of workers paid less than \$14 an hour for each of the major sectors in the local economy.

Both Leisure & Hospitality and Retail Trade include union and non-union workers. Within Retail Trade, pay, benefits and working conditions vary considerably between workers at H&M or Macy's, where workers are represented by the Retail, Wholesale and Department Store Union (RWDSU), and those at Abercrombie & Fitch or The Gap, which are not unionized. Some union workers in the hospitality sector, such as hotel housekeepers represented by the Hotel Trades Council, are currently paid \$27 an hour or more.<sup>1</sup> The Leisure & Hospitality sector also includes the fast-growing fast food restaurant industry where most workers are paid \$8 to \$10 an hour.

As a share of all wage and salary workers in each sector, those paid less than \$14 an hour range from 14 percent in Information, to 74 percent in Home Health Care. Sixty-one percent of all Leisure & Hospitality workers and 55 percent of all Retail workers are low-wage by the less-than-\$14-an-hour standard. One in five workers in the Finance, Insurance and Real Estate sector (FIRE) is low-wage. Overall, the FIRE sector employs more low-wage workers than 10 of the 15 sectors comprising the private market economy; on the other hand, many FIRE sector workers are very handsomely paid since the average annual wage in that sector topped \$210,000 in 2013.

At \$14 an hour, a worker employed full-time, year-round would have annual earnings of \$29,120. This is \$1,919 less than the \$31,039 poverty threshold for a New York City family, as determined by the Mayor's Office for 2012, the latest year available. The poverty threshold is

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<sup>1</sup> The Hotel Trades Council recently negotiated a five-year extension of their contract covering 32,000 New York City hotel workers under which the pay of a housekeeper would rise to almost \$38 an hour in 10 years. See Patrick McGeehan, "New York City Hotel Workers' Contract May Grow More Lucrative," [The New York Times](#), June 10, 2014.

derived from the national Federal Supplemental Poverty Measure and is adjusted for local costs such as housing, food, clothing, energy, etc.

An individual sector’s relative reliance on low-wages can be determined by dividing the share of workers in that sector paid less than \$14 an hour by the overall 36 percent share of low-wage workers across all sectors. From this, it is clear that Home Health Care is the most low-wage intensive sector, followed by Leisure & Hospitality, Retail Trade, and Social Services. (See the last column in Table 1.)

**Table 1 1.2 million New York City wage & salary workers are paid less than \$14 an hour. About one-third come from two sectors, Leisure & Hospitality, and Retail Trade, sectors where more than half of all workers are low-wage.**

sector	Number of workers	Sector share of all workers	Number of workers paid less than \$14 an hour	Share of workers in sector paid less than \$14 an hour	Share of all workers paid less than \$14 an hour	Low-wage intensity (each sector's < \$14 share divided by overall < \$14 share)
<b>All private and government wage &amp; salary workers</b>	<b>3,311,200</b>	<b>100%</b>	<b>1,207,400</b>	<b>36%</b>	100%	1.00
<b>All private wage &amp; salary workers</b>	<b>2,814,400</b>	<b>85%</b>	<b>1,098,600</b>	<b>39%</b>	91%	1.07
Leisure & Hospitality	338,600	10%	206,400	61%	17%	1.67
Retail trade	310,200	9%	169,400	55%	14%	1.50
Professional & business services	401,700	12%	111,700	28%	9%	0.76
Other services	161,400	5%	82,300	51%	7%	1.40
FIRE	356,400	11%	72,900	20%	6%	0.56
Transportation & utilities	156,500	5%	68,100	44%	6%	1.19
Home health care	83,800	3%	62,000	74%	5%	2.03
Health, ex. hospitals & home health care	168,800	5%	61,800	37%	5%	1.00
Social services	109,900	3%	57,500	52%	5%	1.43
Manufacturing	128,400	4%	56,300	44%	5%	1.20
Construction	143,400	4%	48,600	34%	4%	0.93
Hospitals	148,100	4%	33,500	23%	3%	0.62
Educational services	130,200	4%	30,100	23%	2%	0.63
Wholesale trade	64,600	2%	22,700	35%	2%	0.96
Information	112,300	3%	15,300	14%	1%	0.37
<b>All gov't. wage &amp; salary workers</b>	<b>496,900</b>	<b>15%</b>	<b>108,800</b>	<b>22%</b>	9%	0.60

Source: Fiscal Policy Institute analysis of Current Population Survey data, 2010-2013.

### *Workers of color are twice as likely as white workers to be low-wage*

New York City’s private sector low-wage workers are overwhelmingly persons of color. Seventy-nine percent of all resident workers paid less than \$14 an hour are either black, Latino, or Asian or others. See **Table 2**. While 39 percent of all private wage and salary workers are low-wage, 48 percent of all black workers are low-wage and 55 percent of all Latino workers are

paid less than \$14 an hour. Workers of color are twice as likely as a white, non-Hispanic worker, to be low-wage (48 percent vs. 23 percent.)

**Table 2 Among New York City private sector wage and salary workers, nearly half of all workers of color are paid less than \$14 an hour, and workers of color are twice as likely to be paid low wages as white, non-Hispanic workers.**

	Number of workers	Workers paid less than \$14 per hour	Workers paid less than \$14 as share of all private workers
<b>Private wage &amp; salary workers (for-profit &amp; non-profit)</b>	2,814,361	1,098,594	39%
<b>Gender</b>			
Males	1,476,908	547,210	37%
<i>Males as a share of all workers</i>	<i>52%</i>	<i>50%</i>	
Females	1,337,453	551,384	41%
<i>Females as a share of all workers</i>	<i>48%</i>	<i>50%</i>	
<b>Race-ethnicity</b>			
White non-Hispanics	1,019,450	234,343	23%
Black non-Hispanics	575,106	273,821	48%
Latinos	752,440	417,220	55%
Asian non-Hispanics	453,618	168,091	37%
Total persons of color	1,781,164	859,133	48%
<i>Persons of color, as share of all private sector workers</i>	<i>64%</i>	<i>79%</i>	

Source: Fiscal Policy Institute analysis of Current Population Survey data, 2010-2013, resident NYC workforce; race/ethnicity information not available for nearly 14,000 workers.

Women and men each comprise half of the city’s low-wage private sector workforce, but the percent of all women who are low-wage is higher than that for men (41 percent vs. 37 percent.) Thus, women are about 10 percent more likely than men to be low-wage workers.

### ***Policy recommendations***

Legislation being considered in Albany would allow New York City to establish a minimum wage above the state minimum wage level. Currently, the state minimum wage is \$8.00 and it is scheduled to increase to \$8.75 on December 31, 2014, and to \$9.00 on December 31, 2015. Legislation has also been introduced to increase the state minimum wage to \$10.10 an hour. Given the critical difference that unionization makes to the pay and benefits of workers, public and private policy measures that better enable workers to exercise their right to form labor unions would also help address the crisis of low-wage employment.