

The Need for a Real Living Wage in New York City and What It Should Be

Real Living Wage NYC Educational Breakfast Forum
Community Church of New York

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A Constitutional (NYS) View of Labor

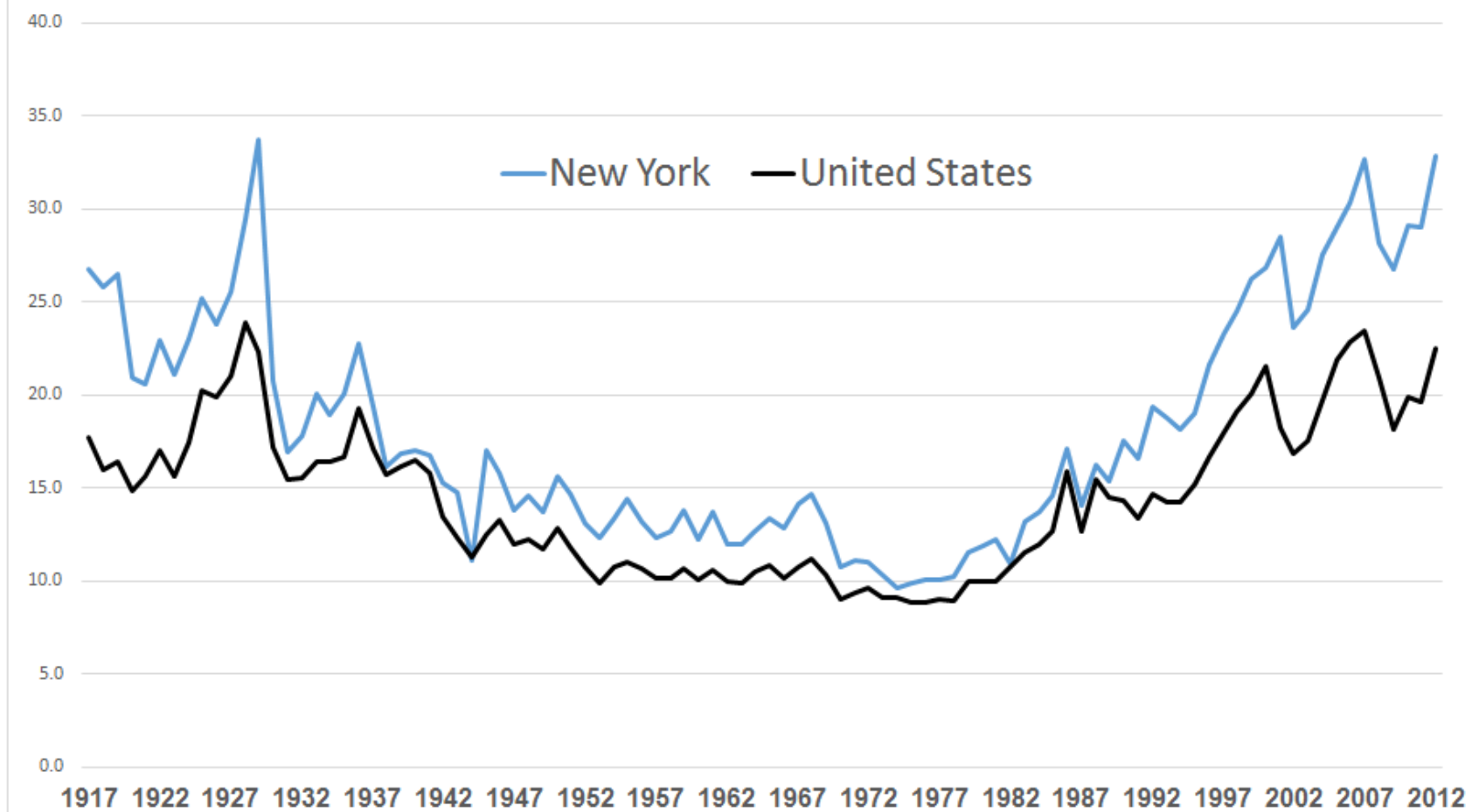
NYS Bill of rights, Article 1:

§17. Labor of human beings is not a commodity nor an article of commerce and shall never be so considered or construed.

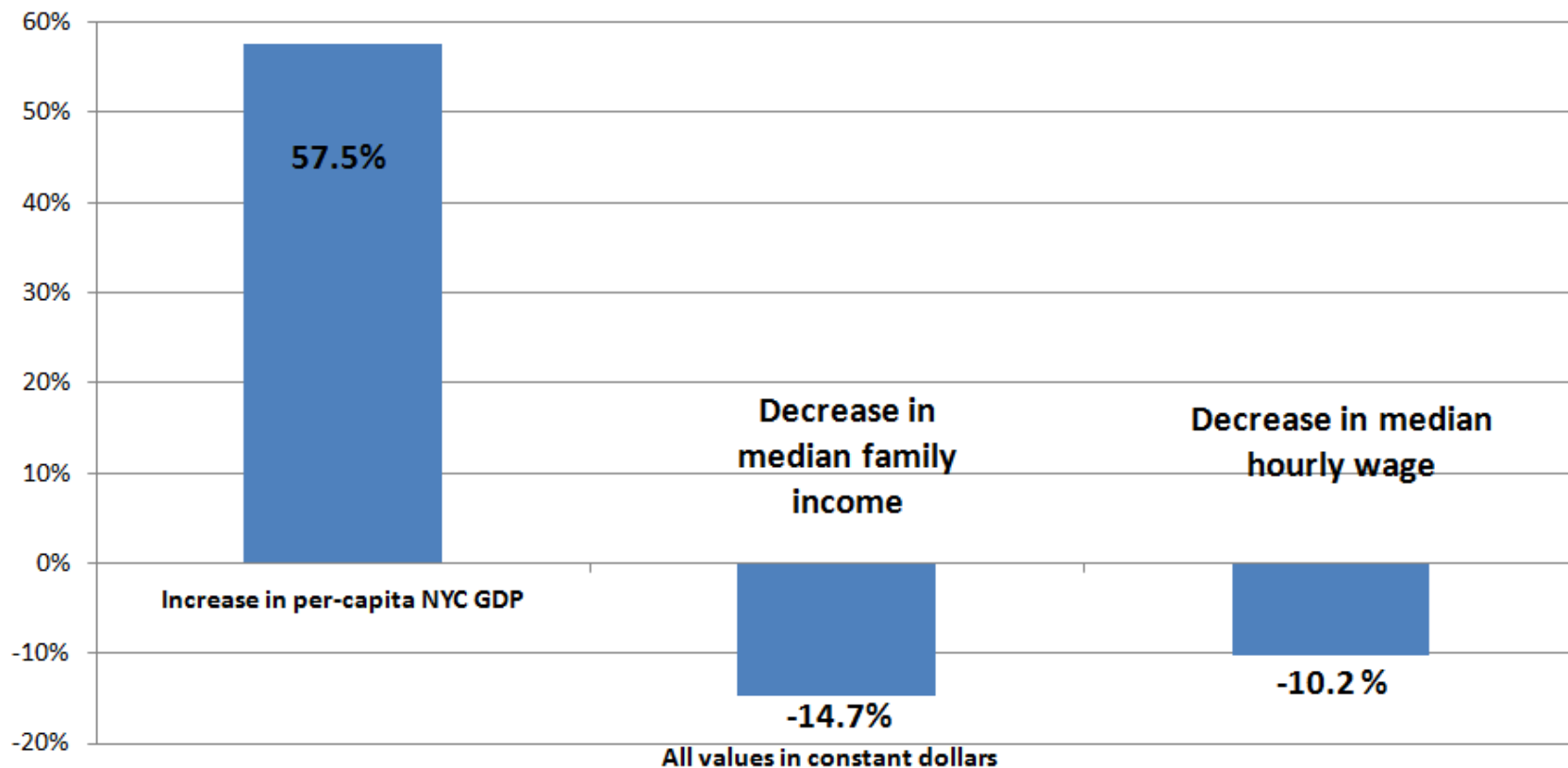
. . .

Employees shall have the right to organize and to bargain collectively through representatives of their own choosing.

Income share for the wealthiest 1% highest since 1920s in both New York State and the United States.

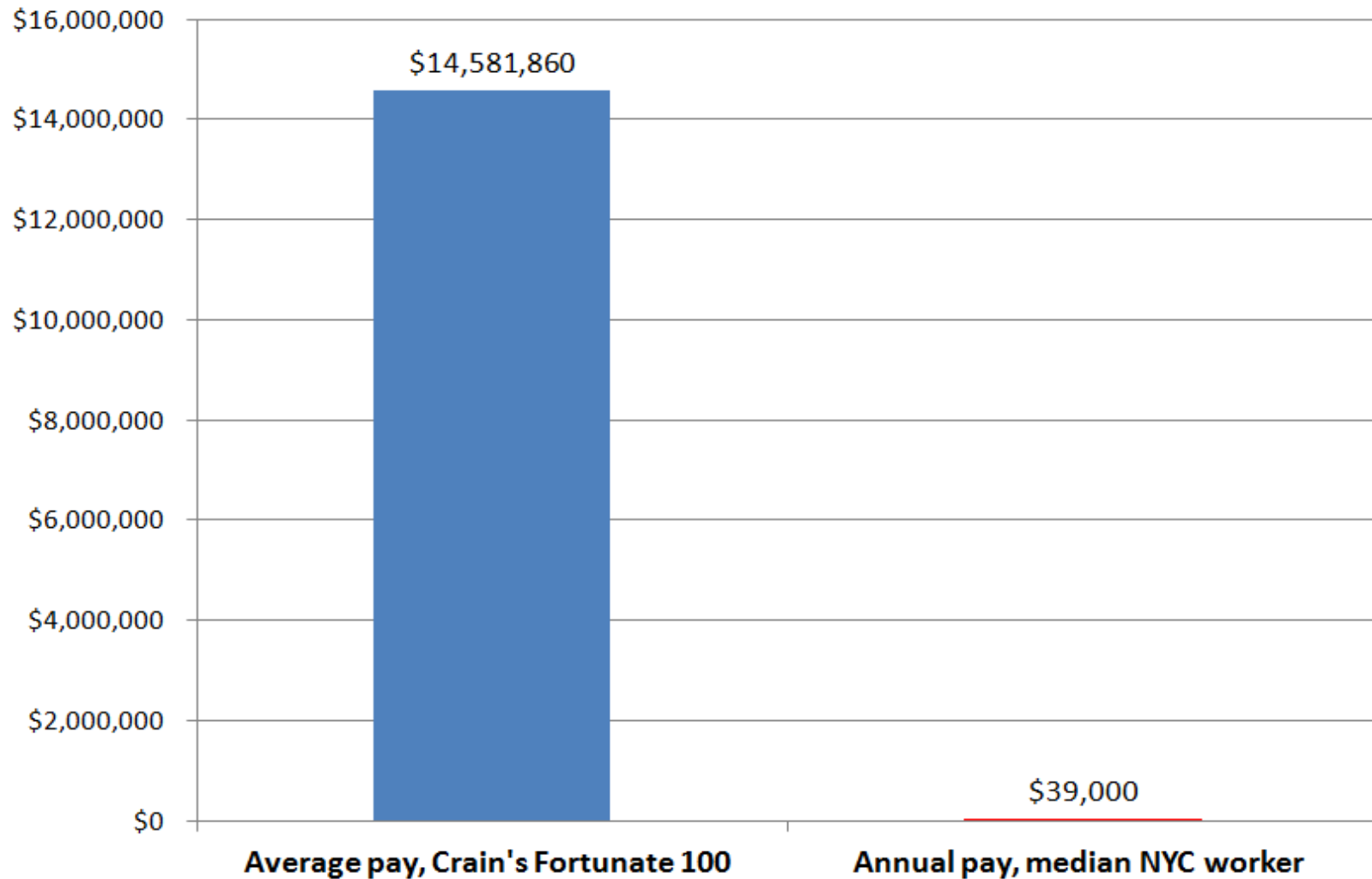


**Most people are not benefitting from NYC's growth.
Per capita real GDP grew by 58% from 1990 to 2012,
but real median family income and hourly wages fell
sharply.**



Fiscal Policy Institute analysis of data from NYC Office of Management and Budget, NYC Independent Budget Office, NYC City Planning Department; U.S. Census Bureau; Analysis of CPS microdata. Income and wages deflated using NY Metro CPI.

In NYC, the ratio of CEO pay to average pay is about 374:1

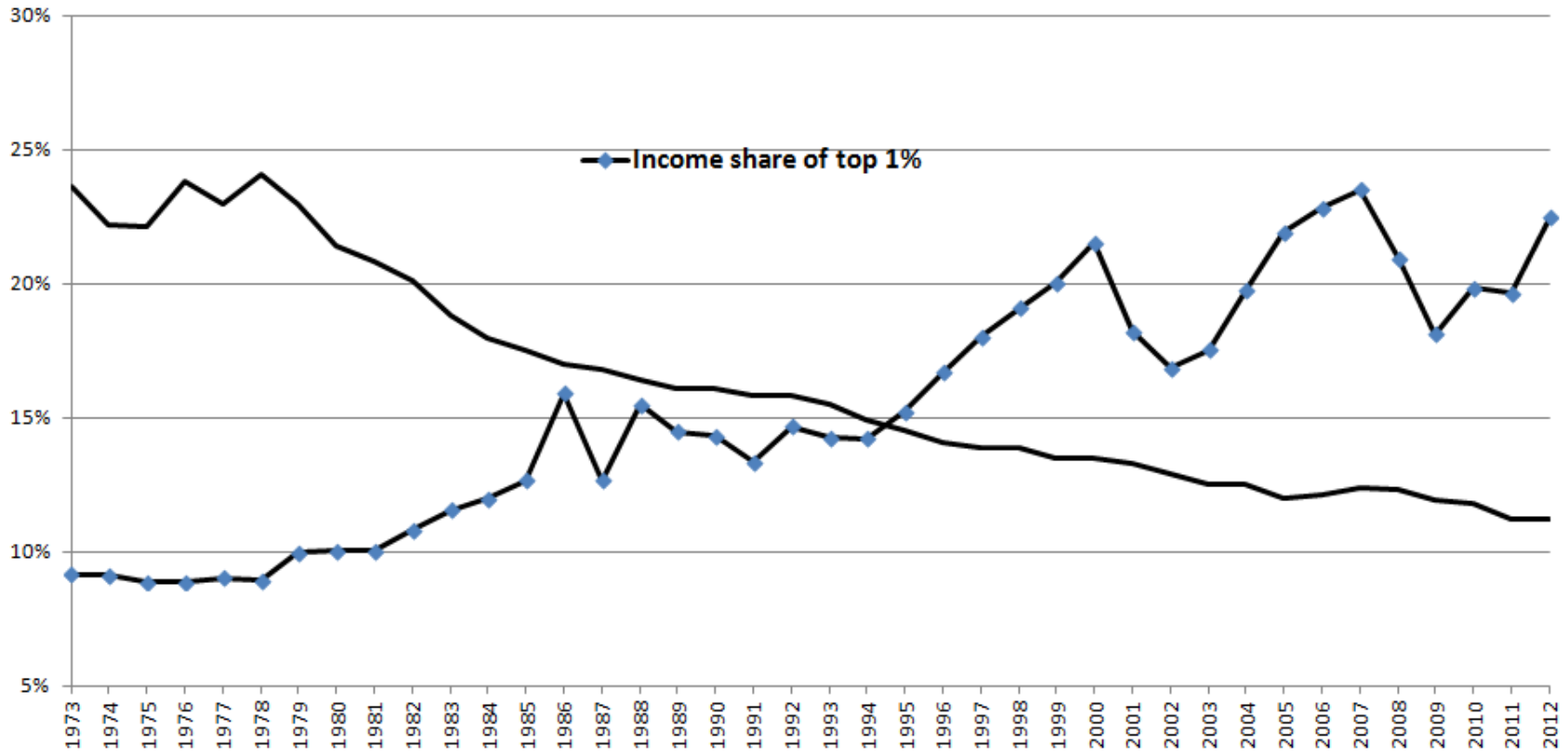


Source: Crain's 2015 Book of Lists; Median pay from Current Population Survey.

**Getting a college education is smart, but it is not a solution to income polarization.
Mostly, we just have better educated poor workers.**

- In 1990, 23% of workers paid $< \$10$ an hour had a minimum of some college attendance. By 2010, 39% had some college.
- The share of NYC workers with a 4-year degree rose from 32% in 1990 to 47% in 2014.
- Educational attainment has risen rapidly over the past decade, but real median hourly pay for college graduates still fell $> 7\%$.

As union density has declined in the U.S., income polarization has risen.

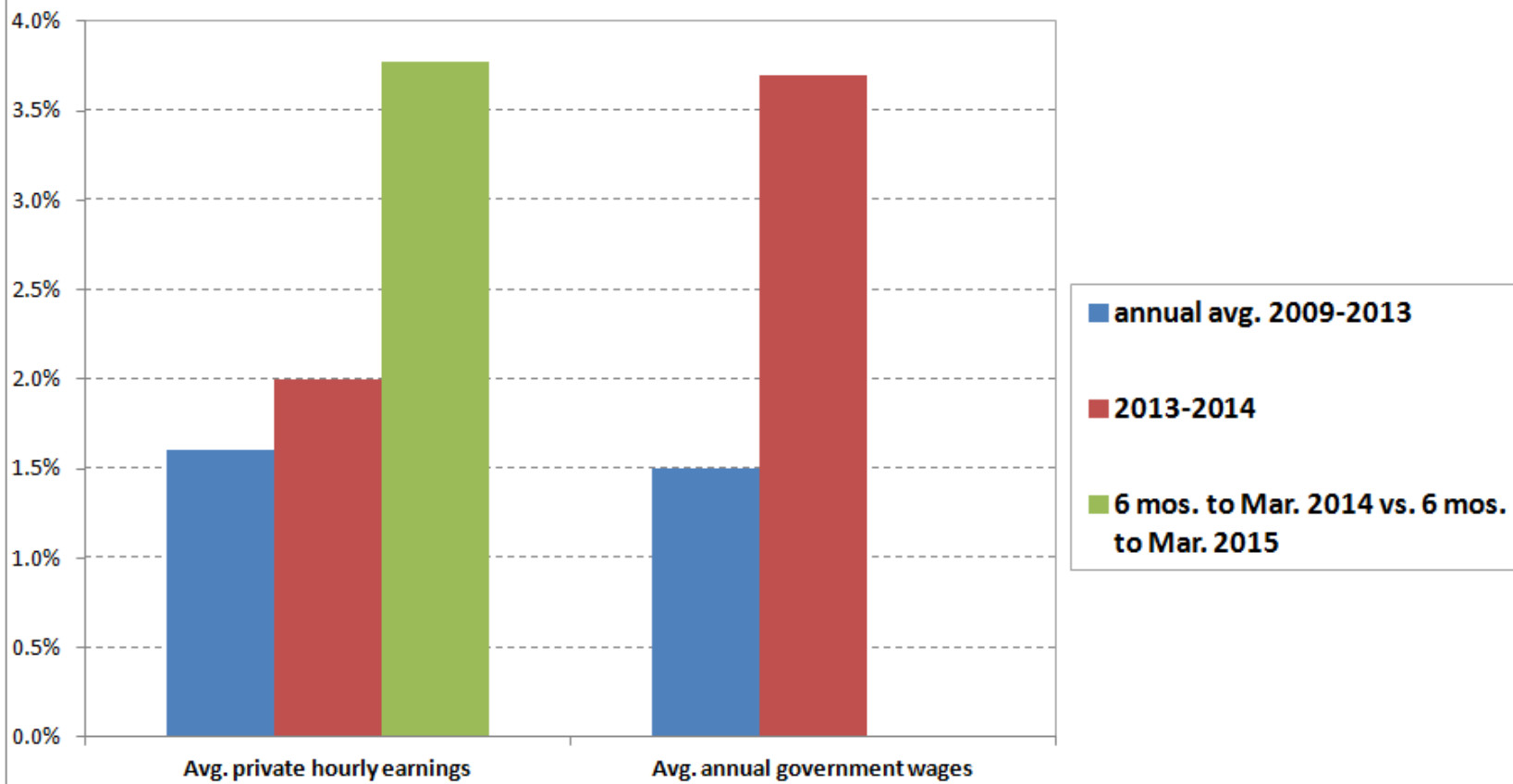


Sources: Union density from Hirsch and Macpherson, 2014; income shares from Emanuel Saez, 2013

Good wages matter—a lot.

- **Growth**
 - **Opportunity**
 - **Community**
 - **Democracy**

Wages started to rise in NYC in 2014. Hopefully, it's not just cyclical.



Source: BLS and NYS DOL, 2013-14 government wages based on 1st three quarters.

What is a “real” living wage?

- For too long, the minimum wage has been minimal—many workers paid at that level needed to turn to various forms of public assistance to get by. This forces us to subsidize low-wage employers.
- A “living wage” should not involve subsidies to employers.
- A “real living wage” should be enough to support a family without relying on public assistance.

Self-Sufficiency Standard Budget, NYC 2014

Monthly budget for 4-person family

2 adults, preschooler + school-age child

Brooklyn except Brooklyn Heights, Cobble Hill, Park Slope

Housing	\$1,340
Child care	\$1,538
Food	\$859
Transportation	\$224
Health care	\$598
Miscellaneous	\$456
Taxes	\$1,266
Earned income tax credit	\$0
Child care tax credit	-\$100
Child tax credit	-\$167
Monthly total	\$6,013
Annual budget	\$72,160

*Average hourly self-sufficiency wage,
each adult*

\$17.08

Hourly wage needed to meet average family budget, NYC

Family type

1 adult, 1 child	\$22.90
2 adults, 2 children	\$16.21 <i>(for each adult earner)</i>

Note: weighted by borough and age of child(ren)

Source: Center for Women's Welfare, Univ. of Washington, ***Overlooked and Undercounted. The Struggle to Make Ends Meet in New York City***, Prepared for Women's Center for Education and Career Advancement, with support from The United Way of New York City, The New York Community Trust, and City Harvest, Dec. 2014.

Available at: <http://selfsufficiencystandard.org/docs/NYCity2014.pdf>

NYC households with incomes below self-sufficiency standard

<u>Household characteristic</u>	<u># households</u>	<u>below self-sufficiency</u>	<u>% of total</u>
Total NYC households	2,235,018	941,856	42.1%
<i>race and ethnicity</i>			
Asian/Pacific Islander	311,400	151,147	48.5%
Black	489,914	232,611	47.5%
Latino	554,081	336,391	60.7%
White	853,640	208,566	24.4%
American Indian, and Other Race	25,983	13,141	50.6%
<i>households with 1 or more children</i>	839,903	497,901	59.3%
<i>households with 1 or more workers</i>	2,052,604	780,114	38.0%

Source: Center for Women's Welfare, Univ. of Washington, ***Overlooked and Undercounted. The Struggle to Make Ends Meet in New York City***, Prepared for Women's Center for Education and Career Advancement, with support from The United Way of New York City, The New York Community Trust, and City Harvest, Dec. 2014.

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How much is a “real living wage” in NYC?

Answer: \$20 in 2015

Why that amount?

- Roughly what it takes to be meet “self sufficiency standard”
- It’s also about half of the average NYC wage—a benchmark that used to prevail in the late 1960s/early 1970s.
 - That’s also a standard often used in Europe.

And to keep its value from being eroded by inflation, the real living wage should be adjusted each year for the change in the average wage.

Who makes less than \$20 an hour in NYC today?

Category	Estimated Wage-earning Workforce	Workers paid less than \$20 an hour	% of those paid < \$20 an hour	% in category directly affected
Total	3,497,300	1,857,500	100%	53%
<i>Borough</i>				
Bronx	439,700	281,300	15%	64%
Brooklyn	1,010,500	586,600	32%	58%
Manhattan	792,000	306,500	17%	39%
Queens	1,086,800	610,500	33%	56%
Staten Island	168,200	72,600	4%	43%
<i>Race/ethnicity</i>				
White non-Hispanic	1,259,700	449,600	24%	36%
Black	759,600	481,400	26%	63%
Hispanic	933,500	622,200	33%	67%
Asians & others	544,500	304,200	16%	56%
<i>Industry</i>				
Retail	336,600	246,900	13%	73%
Professional & business services	490,600	202,500	11%	41%
Educational, health & social services	942,100	491,000	26%	52%
Leisure & hospitality	326,900	249,200	13%	76%
<i>Education</i>				
High school or less	1,171,200	884,700	48%	76%
Some college or more	2,326,100	972,800	52%	42%

Source: Fiscal Policy Institute analysis of Current Population Survey, 2014