



Upstate-Downstate Wage Differentials are Relatively Small in Low-Wage Occupations

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In the course of the debate about raising the minimum wage in New York State, it has sometimes been said that since wages are much lower in upstate areas that a phased-in \$15 minimum wage is untenable there. However, this argument is made using overall median wage levels that are subject to distortion by the presence of a large number of high-wage jobs in the downstate area. When an upstate-downstate comparison is made using wages on a detailed occupational basis for the low-wage occupations (like retail salespersons, cashiers or stock clerks) that would be affected by a higher minimum wage, the pattern shows a fairly high degree of uniformity in wage levels across New York State.

This uniformity in wage levels across the state for specific jobs in particular industries suggests that business practices are probably not that much different around the state and that upstate employers would not have a harder time adapting to a higher minimum wage than downstate employers. The recent report by noted labor economist Michael Reich and colleagues at the University of California at Berkeley explained how businesses would respond to the relatively slight increase in operating costs and concluded that New York businesses could adapt to a phased-in \$15 minimum wage without an adverse impact on overall net employment.¹

The overall median hourly wage level for a full-time worker in 2014 was \$22.57 statewide, and ranged from \$18.35 in the Utica-Rome metro area to \$24.69 in New York City.² Thus, the lowest area median wage was 19% below the statewide median, and 26% below the highest area median. Yet, when you look at pay patterns across the state for five of the largest low-wage occupations, the differentials shrink dramatically—ranging from 2% to 8% between the lowest area median and the statewide median.³ For example, among cashiers, an occupation with more than 190,000 workers in New York, the statewide median wage was \$9.16 and only 2% less at \$8.98 in the Buffalo area, the area with the lowest median. The highest median wage for cashiers was on Long Island at \$9.31, only 15 cents above the statewide median.

¹ Michael Reich, Sylvia Allegretto, Ken Jacobs and Claire Montialoux. *The Effects of a \$15 Minimum Wage in New York State*, University of California at Berkeley Institute for Research on Labor and Employment, March 2016, <http://irle.berkeley.edu/cwed/briefs/2016-01.pdf>. The Reich report noted that productivity increases and savings from reduced turnover, coupled with modest price increases averaging 0.14 percent annually, would combine with the greater consumer spending of 3.2 million minimum wage workers to produce an overall positive economic effect for New York's workers, businesses and state economy.

² Unpublished analysis of American Community Survey data by Michael Reich and colleagues cited in footnote 1.

³ The occupational wage data discussed in this brief are from the BLS Occupational Employment Statistics program, http://www.bls.gov/oes/current/oes_ny.htm.

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For the retail salespersons occupation, the largest low-wage occupation in the state (307,000 workers), the Buffalo median wage was \$9.46, about 8% below the statewide median of \$10.32. The area with the highest median wage was not even downstate, it was Binghamton with a median wage of \$11.06. Binghamton’s median pay in retail was 6% greater than in the New York City area and 3% higher than on Long Island.

5 large low-wage occupations with small downstate-upstate wage differentials⁴

| occup. code | detailed occupation | # NYS workers | Statewide median | Lowest area median | lowest area % below state median | Highest area median | lowest area % below highest area median |
|-------------|--|---------------|------------------|--------------------|----------------------------------|---------------------|---|
| 35-3021 | Comb. Food Prep & Serving Workers, incl. Fast Food | 155,750 | \$8.94 | Elmira \$8.78 | -2% | Kingston \$9.42 | -7% |
| 41-2011 | Cashiers | 191,770 | \$9.16 | Buffalo \$8.98 | -2% | Long Island \$9.31 | -4% |
| 35-3031 | Waiters and Waitresses | 148,080 | \$9.28 | Utica-Rome \$8.75 | -6% | NYC area \$9.54 | -8% |
| 41-2031 | Retail Salespersons | 308,970 | \$10.32 | Buffalo \$9.46 | -8% | Binghamton \$11.06 | -14% |
| 31-1011 | Home Health Aides | 166,760 | \$10.37 | NYC area \$10.17 | -2% | Utica-Rome \$12.91 | -21% |

This pattern of relative uniformity in wage trends between upstate and downstate is very similar for a broader set of low-wage occupations. For this analysis we identified 24 detailed occupations, each with more than 25,000 workers around the state and with median hourly wages less than \$15 an hour. In total, these 24 occupations encompass nearly 2.6 million workers, more than one-quarter (26%) of all statewide payroll employment. Occupational wages were compared for the 13 metropolitan areas identified in the Occupational Employment Statistics—together these 13 areas account for 94% of statewide employment. Thus, this analysis covers the bulk of all low-wage workers in New York. Also, by and large, these 24 occupations indicate that most of the low-wage jobs likely to be affected by a high-wage minimum wage are in industries that serve a local market, not an export market that would put New York businesses in competition with businesses in states that might have a lower minimum wage.

The table on the next page summarizes the results of this analysis. The 13 metro areas are divided into three groups. The NYC metro area, which includes the northern suburbs, and Long Island comprise the “downstate” group. Of the 11 remaining metro areas, 4 areas (including the 3 from the Hudson Valley, Poughkeepsie-Newburg, Kingston and Albany, plus the Ithaca metro area) generally have slightly higher wage levels than the remaining seven (Glens Falls, Utica-Rome, Syracuse, Rochester, Buffalo, Binghamton, and Elmira). The table refers to these two latter groups as the “higher-wage upstate areas” and the “lower-wage upstate areas.”

Comparing averages of median wages for the “lower-wage upstate areas” to the average for the downstate area shows that in 9 occupations (generally the lowest wage among the 24 occupations in this study) the lower-wage areas are within 5% of the downstate average, in 3 occupations (home health aides, laborers, and team assemblers) the lower-wage areas actually have a higher average than downstate, in 7 occupations, the lower-wage areas have averages within 12% to 17% of downstate, and in 5 occupations there are larger differentials but that is due to either a

⁴ The 5 low-wage occupations in this table have combined employment of nearly 1 million workers, a sizable portion of the state’s low-wage workforce likely to be affected by an increased minimum wage.

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much higher degree of unionization downstate in those occupations (maids, janitors, and security guards), or where local government and not the private market largely determines pay rates (childcare workers and substitute teachers.)

In comparing the “higher-wage upstate areas” with the “lower-wage upstate areas,” averages are within 10% of the higher-wage areas in 18 of the 24 occupations, in 1 occupation (team assemblers) wages are higher in the low-wage areas, and in the remaining 5 occupations, wages are within 13% to 16% of the wages of the higher-wage upstate areas.

Conclusion: For the bulk of low-wage occupations most likely to be affected by a higher minimum wage, wage levels are fairly uniform between upstate and downstate. Phasing in the minimum wage increase over 6 years to 2021 for the upstate areas as opposed to 3 years for downstate provides ample time for upstate businesses whose wage levels generally are 5% to 10% lower than downstate to adjust to the higher wage floor.

Considerable uniformity among median wage comparisons for low-wage occupations, upstate and downstate, 2014

| occup code | detailed occupation | 2015 NYS empl. | NYS | average of metro area medians | | | | |
|------------|--|----------------------|----------------|---------------------------------------|--------------------------------------|-----------------------------------|--|---|
| | | | | 4 higher wage upstate metros | 7 lower wage upstate metros | downstate (NYC and suburbs) | ratio 7 low upstate to 4 high upstate | ratio 7 low upstate low to downstate |
| 35-3021 | Combined Food Preparation and Serving Workers, Including Fast Food | 155,750 | \$8.94 | \$9.06 | \$8.85 | \$9.07 | 0.978 | 0.976 |
| 35-9021 | Dishwashers | 34,380 | \$9.12 | \$9.13 | \$8.95 | \$9.29 | 0.981 | 0.964 |
| 41-2011 | Cashiers | 191,770 | \$9.16 | \$9.18 | \$9.04 | \$9.28 | 0.984 | 0.974 |
| 35-3022 | Counter attendants | 27,740 | \$9.18 | \$9.22 | \$9.01 | \$9.16 | 0.977 | 0.983 |
| 35-9011 | Dining room & cafeteria attendants | 33,550 | \$9.20 | \$10.34 | \$10.01 | \$10.29 | 0.968 | 0.973 |
| 35-3031 | Waiters and Waitresses | 148,080 | \$9.28 | \$9.28 | \$9.03 | \$9.52 | 0.973 | 0.949 |
| 41-2031 | Retail Salespersons | 308,970 | \$10.32 | \$10.72 | \$10.06 | \$10.60 | 0.938 | 0.949 |
| 31-1011 | Home Health Aides | 166,760 | \$10.37 | \$11.40 | \$11.39 | \$10.59 | 1.000 | 1.076 |
| 35-2021 | Food Preparation Workers | 60,180 | \$10.44 | \$11.14 | \$9.37 | \$11.29 | 0.841 | 0.830 |
| 43-5081 | Stock Clerks and Order Fillers | 122,370 | \$10.51 | \$10.70 | \$10.32 | \$10.65 | 0.965 | 0.970 |
| 39-9021 | Personal Care Aides | 167,490 | \$10.98 | \$12.00 | \$11.11 | \$11.44 | 0.926 | 0.971 |
| 39-9032 | Recreation workers | 29,700 | \$11.75 | \$13.92 | \$12.12 | \$14.28 | 0.871 | 0.849 |
| 35-2014 | Cooks, Restaurant | 61,330 | \$11.82 | \$12.36 | \$11.08 | \$13.37 | 0.896 | 0.829 |
| 39-9011 | Childcare Workers | 87,860 | \$12.07 | \$10.54 | \$9.21 | \$12.88 | 0.874 | 0.716 |
| 53-7062 | Laborers and Freight, Stock, and Material Movers, Hand | 99,750 | \$12.42 | \$12.55 | \$12.13 | \$12.08 | 0.967 | 1.005 |
| 37-2012 | Maids and Housekeeping Cleaners | 76,660 | \$13.12 | \$10.03 | \$9.28 | \$14.50 | 0.925 | 0.640 |
| 51-2092 | Team assemblers | 34,310 | \$13.18 | \$13.48 | \$14.63 | \$13.61 | 1.085 | 1.075 |
| 43-3071 | Tellers | 30,830 | \$13.31 | \$12.72 | \$12.67 | \$14.60 | 0.996 | 0.868 |
| 37-2011 | Janitors and Cleaners, Except Maids and Housekeeping Cleaners | 212,800 | \$13.44 | \$12.93 | \$10.84 | \$13.79 | 0.838 | 0.786 |
| 43-4171 | Receptionists and Information Clerks | 92,660 | \$13.93 | \$13.65 | \$12.57 | \$14.22 | 0.921 | 0.884 |
| 37-3011 | Landscaping & groundskeeping workers | 57,880 | \$13.93 | \$14.54 | \$13.22 | \$15.45 | 0.909 | 0.856 |
| 43-9061 | Office Clerks, General | 226,520 | \$14.11 | \$14.20 | \$12.78 | \$14.51 | 0.900 | 0.880 |
| 33-9032 | Security Guards | 106,920 | \$14.42 | \$15.43 | \$13.20 | \$14.64 | 0.855 | 0.902 |
| 25-3098 | Substitute teachers | 54,080 | \$14.86 | \$14.40 | \$14.11 | \$19.02 | 0.980 | 0.742 |