

# **The State of Working New York**

The Illusion of Prosperity: New York in the New Economy

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## CHAPTER 3

# Jobs

New York's prosperity depends on the jobs its economy offers. This chapter will look at the changing nature of jobs in New York: sectoral changes in employment, the performance of export industries that bring income into the state's economy, and the growth in contingent and other non-standard forms of employment. This chapter closes with a look at the labor market implications of the ongoing experiment in welfare reform.

New York did not regain its 1989 total employment level until early in 1999. As Table 3.1 indicates employment fell 6.3 percent during the recession and took six years to recover. The state has lost 276,000 manufacturing jobs since 1989, while 416,000 jobs were added in services. Employment in construction, wholesale trade and FIRE are still well below 1989 levels. The transportation, communications and utilities sector and agricultural services both added a few thousand jobs.

### Expansion period sees continued manufacturing decline, services growth and transformation within FIRE

The shift in employment from manufacturing to services has persisted through the recovery and expansion

since 1992. The industries that added the most jobs in the state between 1992 and 1998 were predominantly in services and several of the industries losing jobs during the expansion were in manufacturing. The FIRE sector underwent continued transformation as the banking and insurance industries lost jobs and the securities and real estate industries added employment.

As Table 3.2 shows, 12 of the 15 industries adding the most jobs between 1992 and 1998 were services, primarily business or health services. Of these, the fastest growing industry in the state was personnel supply services. Adding nearly 55,000 jobs, this industry primarily consists of temporary employment agencies and accounts in part for the rise in contingent work. Second, third, and fourth were computer and data processing services, eating and drinking places, and security and commodity brokers, which each contributed approximately 40,000 jobs to the economy from 1992-98. Those sectors with the fastest rates of growth during this time period were motion picture production and services, which grew by 91 percent, and computer and data processing services in which employment grew by 83 percent.

Depository institutions, an industry that is largely banking, reduced employment by nearly 45,000 and

TABLE 3.1

Employment Change, New York, 1989-98						
	Employment 1998	Absolute Change 1989-92	Absolute Change 1992-98	Percent Change 1989-92	Percent Change 1992-98	Percent Change 1989-98
TOTAL	8,093,649	-513,027	475,126	-6.3%	6.2%	-0.5%
Agricultural Services, Forestry, Fishing, Mining	51,544	-1,436	7,704	-3.2%	17.6%	13.8%
Construction	281,894	-89,920	38,007	-26.9%	15.6%	-15.6%
Manufacturing	909,134	-175,334	-101,133	-14.8%	-10.0%	-23.3%
Transportation, Communication and Utilities	405,168	-7,268	15,184	-1.8%	3.9%	2.0%
Wholesale Trade	434,454	-55,120	9,373	-11.5%	2.2%	-9.5%
Retail Trade	1,220,085	-104,865	80,615	-8.4%	7.1%	-1.9%
Finance, Insurance, and Real Estate	732,904	-50,744	2,505	-6.5%	0.3%	-6.2%
Services	2,667,752	1,824	414,780	0.1%	18.4%	18.5%
Government	1,357,908	-24,935	-6,441	-1.8%	-0.5%	-2.3%
Nonclassified establishments	32,773	-5,228	14,534	-22.3%	79.7%	39.7%

SOURCE: NYS DOL, insured employment series.

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topped the list of the 15 industries with the greatest employment declines from 1992-98. (Table 3.3) However, 11 of the 15 declining industries are in the manufacturing sector and include apparel, computer equipment, photographic equipment, and military-related manufacturing such as aircraft and parts and search

and navigation equipment. Several of these declined by 20 percent or more.

### New York's employment shifts have reduced wage levels

In general, the shift from manufacturing to service industries has reduced average wage levels in many

TABLE 3.2

SIC	Industry	Employment 1992	Employment 1998	Absolute Change	Rate of Change	1998 Avg. Wage
Total Private Employment		6,254,174	6,735,741	481,567	7.7%	\$37,147
736	Personnel supply services	95,398	150,069	54,671	57.3%	\$27,154
737	Computer and data processing services	48,271	88,134	39,863	82.6%	\$63,689
581	Eating and drinking places	356,148	395,063	38,915	10.9%	\$13,716
620	Security and commodity brokers	140,784	179,414	38,630	27.4%	\$187,286
738	Miscellaneous business services	109,456	137,061	27,605	25.2%	\$28,658
801	Offices and clinics of medical doctors	92,533	119,302	26,769	28.9%	\$53,840
832	Individual and family services	113,611	138,193	24,582	21.6%	\$19,208
805	Nursing and personal care facilities	109,513	130,601	21,088	19.3%	\$24,626
781	Motion picture production and services*	14,796	39,729	18,933	91.0%	\$54,808
874	Management and public relations	42,074	60,583	18,509	44.0%	\$71,977
799	Misc. amusement, recreation services	41,790	57,558	15,768	37.7%	\$16,823
836	Residential care	52,940	68,197	15,257	28.8%	\$21,249
808	Home health care services	57,483	72,653	15,170	26.4%	\$18,829
650	Real estate	137,235	150,704	13,469	9.8%	\$36,621
835	Child day care services	34,561	44,965	10,404	30.1%	\$16,543
<b>TOTAL, these 15 private growing industries</b>		<b>1,446,593</b>	<b>1,832,226</b>	<b>379,633</b>	<b>26.7%</b>	<b>\$34,285</b>

\* Calculations for change in employment in this industry take into account adjustments made in the classification of establishments in 1993.

Note: Average wage for total private and for the total of the 15 growing industries excludes securities.

SOURCE: NYS DOL, insured employment series.

TABLE 3.3

SIC	Industry	Employment 1992	Employment 1998	Absolute Change	Rate of Change	1998 Avg. Wage
Total Private Employment		6,254,174	6,735,741	481,567	7.7%	\$37,147
600	Depository institutions	232,658	187,790	-44,868	-19.3%	\$69,962
230	Apparel and other textile products	114,050	92,895	-21,155	-18.5%	\$28,377
357	Computer and office equipment	37,538	23,964	-13,574	-36.2%	\$80,741
386	Photographic equipment and supplies	58,961	46,957	-12,004	-20.4%	\$63,097
490	Electric, gas, and sanitary services	60,735	49,976	-10,759	-17.7%	\$65,070
372	Aircraft and parts	16,669	6,226	-10,443	-62.6%	\$58,251
630	Insurance carriers	118,698	108,638	-10,060	-8.5%	\$56,860
381	Search and navigation equipment	20,104	11,370	-8,734	-43.4%	\$62,162
200	Food and kindred products	65,616	58,440	-7,176	-10.9%	\$42,361
533	Variety stores	13,056	7,722	-5,334	-40.9%	\$18,958
275	Printing	47,111	42,257	-4,854	-10.3%	\$40,328
260	Paper and allied products	36,760	31,922	-4,838	-13.2%	\$39,758
351	Engines and turbines	9,855	6,568	-3,287	-33.4%	\$63,832
310	Leather and leather products	8,641	5,404	-3,237	-37.5%	\$29,230
364	Electric lighting and wiring equipment	13,812	11,646	-2,166	-15.7%	\$39,141
<b>TOTAL, these 15 private growing industries</b>		<b>854,264</b>	<b>691,775</b>	<b>-162,489</b>	<b>-19.0%</b>	<b>\$56,610</b>

SOURCE: NYS DOL, insured employment series.

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parts of the state. The securities industry pays such high wages —\$187,000 annually, or five times the average of all other industries — that it is best to leave it aside when looking at average wage trends. The private industries that lost the most employment during the 1990s expansion had average 1998 wages of \$56,600, 53 percent above the statewide average of \$37,100. On the other hand, industries adding the most jobs had average wages of \$34,800, 6 percent below the state average, and 40 percent below the average for the major industries losing jobs.

While some growing service industries, such as computer and data processing services or motion picture production and services, are high wage, most pay wages well below the statewide average. Of the 15 growing industries from Table 3.2, eight of the nine industries (eating and drinking places is the exception) with wages less than 80 percent of the state average (\$29,700) were services.

### **New York experiences high labor displacement in the 1990s**

New York experienced a significant degree of structural, as opposed to cyclical, economic change in the 1990s. Several major industries have scaled back employment by 20 percent or more over the last few years, resulting in substantial economic dislocation. Periodic surveys of dislocated workers by the U.S. Bureau of Labor Statistics indicate that New York's share of dislocated workers is higher in the 1990s than in the 1980s. (Table 3.4) Whereas worker dislocation declined nationally by 6.7 percent from the 1980s to the 1990s, in New York it increased by 21.3 percent.

For most of those affected, dislocation meant substantial lost income. Of the 283,000 New York workers who had three or more years of tenure when they lost their jobs over the 1993 through 1995 period, over three-fifths were without a job or reported earnings less

than on their previous job. Thirty percent were either unemployed or had dropped out of the labor force at the time they were surveyed in February of 1996. Of those who lost full-time jobs and were re-employed, 21.6 percent were either self-employed or working part-time, and of those working full-time and reporting earnings, nearly half, 48.1 percent, were making less than they were on the job they were displaced from.<sup>1</sup>

Table 3.5 lists major industries that have reduced employment since 1989 and the regions within New York most affected. For example, the 29 percent employment drop in the manufacture of photographic equipment and supplies has affected the Finger Lakes Region. Because of job reductions at I.B.M. headquarters and production facilities, several communities in the Hudson Valley and Southern Tier have been affected. New York City has been affected most heavily by the decline in apparel and knitwear production as well as by bank consolidation. Military production cutbacks and corporate reorganizations had their greatest impact on Long Island and in Central New York. The reduction in government employment hit hardest in New York City, and, to a lesser extent, the Capital District.

The industries listed in Table 3.5 that experienced substantial job loss pay, on average, solid middle income wages. Generally, little specific information is available to shed light on the fate of individual

TABLE 3.4

<b>Displaced Workers, New York and U.S., 1979-97</b>				
Survey Date	Years when Displacement Occurred	Number Displaced U.S.	Number Displaced N.Y.	N.Y. Share of U.S. Displaced Worker
Jan. 1984	1979-83	5,091,000	271,000	5.32%
Jan. 1986	1981-85	5,130,000	263,000	5.13%
Jan. 1988	1983-87	4,629,000	223,000	4.82%
Jan. 1990	1985-89	4,326,000	236,000	5.46%
Jan. 1992	1987-91	5,584,000	384,000	6.88%
Feb. 1994	1991-93	4,553,000	330,000	7.25%
Feb. 1996	1993-95	4,171,000	283,000	6.78%
Feb. 1998	1995-97	3,578,000	208,000	5.81%
<b>Average</b>				
	<b>1984-90</b>	4,794,000	248,250	5.18%
	<b>1992-98</b>	4,471,500	301,250	6.74%
	<b>Change</b>	-6.7%	21.3%	

Note: Data are for workers 20+ years of age who had 3 or more years on lost job  
Survey date refers to month when CPS supplement was administered.  
SOURCE: BLS, CPS Biennial Displaced Workers Supplement.

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workers.<sup>2</sup> But the aftereffects of major, geographically concentrated job reductions are apparent for several years within the state's regions, and manifest themselves in numerous ways, as Chapter Five indicates.

There is some research on the effects on certain demographic groups of downsizing in New York City. Within commercial banking, for example, which continues to contract due to merger-induced consolidation and the wider implementation of automatic teller machines, employment declined by 14.4 percent from 1992-97, according to Equal Employment Opportunity Commission data. Blacks accounted for 35.9 percent of the decline, although they only represented 22.5 percent of employment in 1992.<sup>3</sup>

In the electric and gas utility industry, which has been reducing employment in an environment of deregulation, the number of jobs fell by 15.7 percent in New York City from 1992-97. White males have traditionally dominated this industry, accounting for 64.2 percent of employment in 1992, and they also bore the brunt of the downsizing, accounting for 84.4 percent of the job reduction. Developments like this one are behind the drop in real wages for less-educated males.

Since 1994, the New York City government has reduced employment in many agencies, notably social services, and increased staffing levels in the Police

Department and the Board of Education. On net, these changes only slightly reduced total employment in Mayoral agencies (which excludes the Board of Education), yet there has been a sharp reduction in Black employment. Largely because of the staffing cutbacks in social services, from 1992-97, Black female employment in Mayoral agencies fell by 4,300 or 15 percent, and Black male employment dropped by 3,200 or 10 percent. Due to job gains in the Police Department, Hispanic and Asian City employment rose over this period as did White, non-Hispanic male employment.<sup>4</sup>

### Leading export industries lag the nation in employment growth

Export industries are the backbone of the state's economy since they are responsible for bringing income into the state through the sale of goods or services. These export sales go to other states as well as other countries, and are in contrast to the sales of local market industries that predominantly take place within the state, and largely within a metropolitan area. Because export firms have to compete on a larger scale, nationally and often internationally, they tend to be more efficient producers, better managed and pay higher wages. In analyzing regional economic development, export industries can be identified as those with an employment concentration in the state that is at

TABLE 3.5

Major Industries with Declining Employment, New York, Since 1989						
Industry	Peak Year since 1989	Peak Employment	1998 Employment	Job Decline from Peak	Percent Decline from Peak	Regions most Affected
Depository Institutions	1989	260,604	187,790	72,814	-27.9%	NYC
Electric, Gas & Sanitary Services	1991	46,495	35,495	10,848	-23.3%	NYC Central NY
Military Production						
Aircraft & parts	1989	22,601	6,226	16,375	-72.5%	Long Island
Search & navigation equipment	1989	30,905	11,370	19,535	-63.2%	Central NY Long Island
Other Manufacturing						
Apparel & knitwear	1989	135,286	92,895	42,391	-31.3%	NYC
Photographic equipment	1989	66,442	46,957	19,485	-29.1%	Finger Lakes
Engines & turbines	1992	9,855	6,568	3,287	-33.4%	Capital
Computer equipment	1989	44,259	23,964	20,295	-45.9%	Hudson Valley Southern Tier
Government	1990	1,473,400	1,414,900	58,500	-4.0%	Capital NYC

SOURCE: NYS DOL insured employment series; except for Government, establishment survey series.

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least 50 percent greater than their share of employment nationally.<sup>5</sup> Table 3.6 lists the 19 specific New York industries that meet this criterion and employ at least 7,500 workers.

New York is fortunate to have export industries that range across several broad sectors, from manufacturing, to transportation, communication and public utilities, FIRE, and services. Wages for these industries averaged \$53,500 in 1997, 38 percent above the state-wide average in that year.<sup>6</sup> Unfortunately, most of New York's export industries have lost U.S. market share in the 1990s. Only six of the 19 export industries had a more favorable employment performance in New York than the same industry nationally over the 1992-97 period.

Motion pictures had the fastest job growth and gained jobs at a pace one-and-a-half times the nation. And although the women's apparel indus-

try lost jobs over this period, it declined much less in New York than nationally and as a consequence, the state increased its share of U.S. employment to 21.7 percent in 1997 from 18.7 percent in 1992. The securities industry did not increase employment as rapidly in New York as nationally from 1992-97, since much of the increase outside of New York has been among retail brokerage operations. Yet, New York has maintained, and possibly increased, its share of higher-value (and higher wage) securities activities, such as investment banking and mergers and acquisitions related advising.

TABLE 3.7

### Wages of Selected Nonstandard Workers, Compared to Regular Full-Time Workers, New York and U.S., 1995/97 (hourly wages as percent of regular full-time workers)

Work Arrangement	Women		Men	
	New York	U.S.	New York	U.S.
Regular Part-Time	-22.2%	-12.9%	-21.7%	-20.0%
Self Employed, Other	-27.6%	-20.5%	-13.9%	-4.3%

*Note: Data are combined for the two-year period 1995/97.*

SOURCE: CPS Contingent Work and Alternative Employment Supplement data, analyzed by EPI.

TABLE 3.6

### Employment and Wages in Leading Export Industries, New York, 1992-97

SIC	Industry	Employment New York 1997	Annual Average Employment Change, N.Y. 1992-97	Annual Average Employment Change, U.S. 1992-97	Average New York Wage 1997
	Total Private Employment	6,588,100	1.0%	2.7%	\$38,697
608	Foreign bank and branches and agencies	21,700	-2.5%	-2.2%	\$106,749
609	Functions closely related to banking	11,800	-1.8%	5.4%	\$83,556
386	Photographic equipment and supplies	51,600	-2.6%	-2.0%	\$59,898
62	Security and Commodity Brokers and Services	170,100	3.9%	6.4%	\$169,261
391	Jewelry, silverware, and plated ware	13,600	1.1%	-0.2%	\$31,259
67	Holding and Other Investment Offices	21,200	1.0%	3.4%	\$132,987
513	Apparel, piece goods, and notions	55,600	-0.5%	1.3%	\$59,850
271-274	Publishing	93,100	0.0%	0.4%	\$57,479
233	Women's and misses' outerwear	54,500	-1.6%	-4.5%	\$24,584
731	Advertising	44,300	1.8%	2.8%	\$72,939
822	Colleges and universities*	130,400	1.3%	1.3%	\$32,778
651	Real estate operators and lessors	89,400	1.2%	1.0%	\$29,928
781, 782	Motion pictures*	37,499	13.1%	9.5%	\$66,359
84	Museums, Galleries, Botanical & Zoological Gardens	12,500	3.4%	4.5%	\$27,777
811	Legal services	106,200	0.2%	0.7%	\$58,409
284	Soap, cleaners, and toilet goods	16,900	0.9%	0.2%	\$63,569
483	Radio and television broadcasting	25,600	0.1%	1.2%	\$67,071
365	Household audio and video equipment	8,200	8.1%	0.1%	\$84,029
484	Cable and other pay TV services	17,200	6.1%	6.2%	\$55,027
	Average Wage:				\$53,456

\* Calculations for concentration and change in employment in this industry take into account adjustments made in employment classification.

*Note: Export industries include those with an employment concentration in New York at least 50 percent greater than New York's share of total U.S. employment, and with 7,500 or greater employment.*

*Average wage excludes securities.*

SOURCE: BLS and NYS DOL, insured employment series.

**Contingent workers and those in nonstandard work arrangements receive lower wages and fewer fringe benefits**

Across the country, firms have sought to reduce costs through the increased use of contingent workers. Some employers prefer contingent workers as a way to avoid providing health and other benefits or to save on training costs. These employment arrangements, however, tend to lower the quality of jobs, in terms of benefits, wages and job security. Fewer jobs are permanent, and career ladders for entry-level workers are less likely to exist when workers are hired on a temporary basis. As noted earlier in this chapter, temporary employment agencies account for much of the employment in personnel supply services, the industry that added more jobs than any other in the state from 1992-98.

Just over 9 percent of all New York workers are employed in contingent work arrangements.<sup>7</sup> Two additional “non-standard work arrangements” are considered here: self-employment and regular part-time employment. New York’s pattern of non-standard work arrangements (NSWAs) is roughly the same as in the U.S. overall, with 29.1 percent of all workers in NSWAs, and 70.9 percent in regular full-time employment. About half of nonstandard workers are employed in regular part-time jobs.

While some workers prefer nonstandard work arrangements, they generally earn significantly lower wages than their counterparts with similar skills who have regular full-time jobs. The difference between the wages of regular full-time workers and non-standard workers is much greater in New York than nationally, especially for the self-employed and part-time workers. (Table 3.7) A regular part-time female worker earns 22.2 percent less per hour than her counterpart in a regular full-time job, while self-employed women earn 27.6 percent less.<sup>8</sup> These differentials are significantly greater than the national differentials for women.

Contingent and part-time workers are much less likely than regular full-time workers to have health insurance and pension coverage provided by their employer. Just under 70 percent of regular full-time workers in the U.S. and New York receive health insurance through their employers, but only 12.7 percent of NSWA workers do. (Table 3.8) Temporary help workers

are the worst off — in New York only 3.6 percent can rely on their employers for health coverage. While some contingent workers may have health insurance under a spouse’s plan, the infrequency of employer-provided benefits is an indication of poor job quality.

Relatively few workers in non-standard work arrangements are covered by pensions. While 63 percent of regular full-time workers have pension coverage through their employer, only 12.8 percent of NSWA workers do. For regular part-time workers only one in five have pension coverage, and among temp workers, only 3.6 percent have employer-provided pensions.

**Proprietors have increased the ranks of the self-employed**

The above data are from the BLS monthly household survey and supplements and classify individuals according to their primary work activity. Data on the number of proprietors, which come from the BEA, reflect individuals with income from small business operations. Thus, it is possible for individuals to have proprietors’ income, but because that person’s primary activity was wage and salary employment, they are not counted by the BLS as self-employed. The number of sole proprietors, or the unincorporated self-employed,

TABLE 3.8

Share of Contingent and Part-Time Workers Receiving Employer-Provided Benefits New York and U.S., 1995/97		
	New York	U.S.
<b>Health Insurance</b>		
All Workers	53.0%	52.7%
Regular Full-Time	69.5%	69.2%
All workers in NSWAs	12.7%	12.5%
<b>Pensions</b>		
All Workers	48.3%	46.0%
Regular Full-Time	63.0%	59.8%
All workers in NSWAs	12.8%	12.4%
NSWA: Nonstandard Work Arrangements WS: Wage and Salary		
Note: Data are combined for the two-year period 1995/97. Only selected NSWA categories are shown. SOURCE: CPS Contingent Worker and Alternative Employment Supplement data, analyzed by EPI.		



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grew in New York by almost 300,000 from 1989 to 1.5 million in 1997, an increase of 24.3 percent.<sup>9</sup> Upstate there was a 30 percent increase in the number of proprietors; yet proprietors' income averaged \$15,500, about half of average upstate wages. Given low proprietors' earnings and weak wage employment opportunities, self-employment could represent the best available labor market option, other than leaving the region.

### Unemployment and underemployment remain high

At 5.4 percent for the first half of 1999, New York's unemployment rate remains higher than the national 4.4 percent rate. Black men in New York experienced far higher unemployment rates, 12.5 percent, compared to white men, 4.0 percent. Black and Hispanic women had unemployment rates three times higher than the 3.8 percent white female unemployment rate. (Table 3.9)

Underemployment is a broader measure of people's ability — or inability — to obtain employment. People are considered underemployed if they are either unsuccessfully seeking work (unemployed), are working part-time but would rather work full-time, are not seeking work because they are discouraged about their job prospects, or have sought work in the past year but are not currently looking for reasons such as lack of child care. (Table 3.9) In New York, 10.2 percent of the workforce was underemployed in 1998 compared to 8.5 percent nationally.

Underemployment is greatest among Black men, who had a 20.3 percent underemployment rate, more than twice the underemployment rate for all men. Hispanic women have the next highest underemployment rate, at 19.3 percent. Black women fare only slightly better, with an 18 percent underemployment rate.

These high underemployment

rates put into question whether New York's labor markets can adequately absorb the state's labor force. The underemployment figures suggest that job growth has not been sufficient to keep up with workers' need for employment.

### Welfare reform has generated additional challenges for the low-skill labor market

Since 1995, far-reaching changes in public assistance policies at all levels of government have dramatically reduced public assistance rolls. New York City's Work Accountability and You program, or WAY, initiated welfare policy changes in 1995. With the enactment of the Personal Responsibility and Work Opportunities Act in 1996, Washington put an end to a federal public assistance entitlement for poor families with children and transferred fiscal and program responsibility to state capitals. Welfare for families with children was renamed Temporary Assistance to Needy Families.

In New York State more than 650,000 people have left the welfare rolls since January, 1995.<sup>10</sup> This represents about a 38 percent decline from the high of 1.7 million 1994 in the wake of the recession. New York City, home to 72 percent of the State's public assistance population, has seen a comparable decline. Of those leaving the state's welfare rolls, an estimated 340,000 to 360,000 are adults, many of whom might be expected to enter the labor force at some point.

But not all adults dropped from the welfare rolls enter the labor force — because of disabilities or other

TABLE 3.9

	New York 1998			U.S. 1998		
	Employed	Unemployed	Underemployed	Employed	Unemployed	Underemployed
<b>All</b>	59.7%	5.7%	10.2%	64.3%	4.5%	8.5%
<b>Male</b>	67.6%	5.5%	9.5%	71.8%	4.4%	8.0%
<b>White</b>	69.3%	4.0%	7.1%	72.6%	3.5%	6.4%
<b>Black</b>	56.8%	12.5%	20.3%	63.1%	9.1%	15.0%
<b>Hispanic</b>	67.4%	7.1%	12.2%	75.2%	6.4%	11.6%
<b>Female</b>	52.6%	5.9%	10.9%	57.3%	4.6%	9.1%
<b>White</b>	54.9%	3.8%	7.9%	58.1%	3.5%	7.1%
<b>Black</b>	52.6%	11.2%	18.0%	57.7%	9.0%	15.5%
<b>Hispanic</b>	42.3%	11.4%	19.3%	51.3%	8.2%	16.0%

SOURCE: CPS data analyzed by EPI.



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complications, some have had to rely on the resources of others or simply try to get by without public assistance. Nationally, tracking studies have found that 40-70 percent of all adult former welfare recipients are working when surveyed, and their average earnings are between \$10,000 and \$14,000.<sup>11</sup> The Urban Institute found that 29 percent of the adults who left welfare for at least a month between 1995 and 1997 had returned to welfare by the time they were interviewed in 1997. Of those former recipients who remained off welfare, 25 percent are not working and do not have a spouse who is working.<sup>12</sup>

In New York, very little is known about how welfare leavers have fared. New York City's Human Resources Administration (HRA) conducted its own analysis in 1998 of those who left welfare. HRA found that two thirds of respondents had worked at some point during the six months after leaving welfare, and for those who had worked, the median wage was \$7.50 per hour. At the time of HRA's survey, 58 percent of respondents were working. Considering that the respondents to the City's survey were better educated and spent less time on welfare compared to the TANF population overall, the general population of welfare leavers is less likely to be employed and probably has a lower hourly wage.

While many welfare leavers do seem to be finding jobs, these jobs are often unstable and do not pay enough to bring a family out of poverty. In many cases, welfare leavers are unable to find employment because they have had little opportunity to develop marketable skills. New York City's workfare program requires welfare recipients to work for their benefits but is ineffective at building marketable job skills. Workfare can even hinder the educational advancement of some recipients who must now struggle to manage workfare requirements in addition to their coursework and, in many cases, childcare. Furthermore, workfare workers are at an economic disadvantage to other low skill workers. Despite the similarity between their work and that of former city employees, workfare participants are not entitled to the benefits of regular employees such as health insurance, workers' compensation, or the right to organize. Nor can participants count their workfare compensation as earnings for the purposes of receiving Earned Income Tax Credits.

The growing use of emergency food programs reflects a decline in the number of food stamp recipients. This decline has occurred despite the fact that eligibility for food stamps is independent of eligibility for public assistance. In New York City, from June 1996 to July 1999, food stamp use dropped by over 370,000 or 27.5 percent to under one million participants,<sup>13</sup> although it is projected that nearly two million New Yorkers are eligible.<sup>14</sup> This decline can be attributed in part to the City's policy of discouraging eligible New Yorkers from participating in the federal Food Stamp program.<sup>15</sup> A survey done in New York City in January of 1999 found that over 74,000 people were turned away from emergency food programs during that month, a 27 percent increase over the previous year.<sup>16</sup> This indicates that a large and growing number of residents are unable to support themselves and their families on the wages they are earning in the labor market.

The changes associated with welfare reform in New York have affected not only welfare leavers, but have made it harder for many other low income households to get by. The influx of welfare leavers into the labor market has exacerbated the unmet demand for child care. Low income households just above welfare eligibility levels face increased competition from working poor welfare leavers who are given priority by the City in securing child care slots.

Medicaid rolls also have been declining, at the same time that the number of people without health insurance has risen. In New York, the number of people on Medicaid has dropped by 9 percent since 1996. This decline might be the result of administrative practices discouraging current and former welfare recipients from applying for benefits of any kind.<sup>17</sup>

While the past two years have seen significant job growth, it has not been fast enough, according to the State Comptroller's office, to keep pace with the growing need for low-skill job creation.<sup>18</sup> Furthermore, the findings of HRA's study suggest that those who do find employment are having difficulty staying employed. The wage and income trends reviewed in previous chapters indicate that those who succeed at getting jobs are unlikely to receive wages that are adequate to support a family.