

New York Workers and the National Economy

**Putting the Expansion of the 1990s, the Recent Economic Downturn
and the September 11th Attacks into Overall Context**

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Executive Summary

This Labor Day, New York's workers face an economy weakened by the combined effects of the national recession and the economic devastation wrought by the attack last September on the World Trade Center. The state has lost 132,000 jobs (-1.5%) since the peak level reached in December 2000. The national recession began in March of 2001. Most of the state's job loss has been concentrated in New York City, the area most directly affected by the September 11th attack. Unemployment has risen and thousands of people are exhausting their unemployment benefits each week.

In the latter part of the late 1990s expansion in New York, prior to the onset of the economic slowdown, the state's job growth record had improved. But, as this report and the new edition of the Economic Policy Institute's *The State of Working America 2002-03*, show, by many indicators of economic well-being, the late 1990s economic expansion was not sufficient to significantly improve the living standards of many New York workers and their families. Moreover, many indicators show that New Yorkers generally did not fare as well as workers and their families in the rest of the nation.

FAMILY INCOME

While the median income (adjusted for inflation) for all families rose 9.5% nationally during the 1990s, it rose just 0.2% in New York. In the 1980s, in contrast, the median income for New York families rose by 22.5%, much faster than the 10.0% gain for all families nationally (*See Figure 1.*)

When the comparison between the state and the nation during the 1990s is done on the basis of four-person family incomes, New York fares better but still lags the U.S. Median four-person family income in New York rose by 7.4% from the late 1980s to the late 1990s. At the national level, a similar family saw a 13% increase, nearly double New York's. (*See Figure 2*)

Between 1989 and 2000, New York's poverty rate rose 0.8 percentage points, to 13.4%. In contrast, the national poverty rate fell 1.5 percentage points, to 11.3%. (*See Figure 7*)

Reflecting New York's higher cost of living, when the Census Bureau adjusts state poverty rates to take into account the variations in costs of living across regions, New York's 1999 poverty rate increases 2.8 percentage points to 16.9%. Under this adjusted poverty calculation, New York State had the 3rd highest poverty rate in the country in 2000, trailing only New Mexico and California. Using the conventional poverty rate calculation, New York has the 9th highest poverty rate. (*See Figure 8*)

While the average income of families with children increased across all quintiles nationally during the 1990s, it decreased for New York's bottom two quintiles. The middle fifth of families in New York experienced only a 1.9% gain in average income between the late 1980s and the late 1990s. Nationally, the middle fifth of such families had a 10.7% increase in income. (*See Figures 9 and 10*)

The gap between the rich and the poor is wider in New York State than in any other state with the average income of the richest one-fifth of families, at \$161,858, nearly 13 times greater than that of the poorest 20% of families whose average income was \$12,639. *(See Figures 11 and 9)*

WAGES and BENEFITS

New Yorkers' median inflation-adjusted hourly wages increased just 1.6% from 1989 to 2001. This compares to the 8.2% increase in median hourly wages nationally during the same period. In the 1980s in contrast, New York's median hourly wage rose by 9.8%, while at the national level, median wages dropped slightly (-0.2%). *(See Figure 3.)*

While New York's low-wage workers, represented by the wages of the 20th percentile worker, experienced a 2.1% increase in their median hourly wages during the 1990s, low-wage workers nationally saw their median hourly wages rise 12.9%. *(See Figure 4.)*

There was a significant rise in the proportion of New Yorkers without health insurance during the 1990s. The proportion of New Yorkers without health insurance rose from 12.1% in 1988 to 17% in 2000. Whereas, New York had a lower rate of uninsured than the U.S. in 1988, since 1996, the state has had a higher rate of uninsured. *(See Figure 5.)*

The proportion of private-sector New Yorkers with employer-provided health insurance declined dramatically during the 1990s. The share with employer-provided health insurance declined 8.5 percentage points to 55.3% in the late 1990s, from 63.8% in the late 1980s. This decline was nearly three times the 3.1 percentage point decline nationally over the same period. *(See Fig. 6)*

While the share of private-sector employees with employer-provided pension coverage increased 5.6 percentage points nationally during the 1990s, it rose just 1.3 percentage points in New York. For both employer-provided health insurance and employer-provided pensions, New York had better coverage rates than the nation at the end of the 1970s, but lower coverage rates than the nation 20 years later. *(See Figure 6.)*

EMPLOYMENT

Along with the slowing national economy, job growth began to taper off in New York in the latter part of 2000. Between the first half of 2001 and the first half of 2002, all upstate regions except the Albany and Newburg areas showed job declines. New York City, which experienced the brunt of the September 11th job loss, had a 3.2% loss. Only the New York City suburbs recorded small job gains over this period. *(See Figures 13 and 14)*

During the expansion from 1994 to early 2001, New York State's total job growth was 10.1%, a growth pace that ranked 41st among all 50 states. Reflecting the uneven course of job growth in the state during the expansion, the 10-county downstate area recorded a 12.1% job growth over this period, a rate that would place it in the 33rd rank if considered separately. The upstate area saw slower overall job growth, 7.1% from 1994 to 2001, a performance that would place it 50th among 51 states if upstate and downstate New York were ranked separately. *(See Figure 12)*

Typical New York families saw only slight improvement in their income in the 1990s, while their national counterpart recorded a 9.5% rise in income. In the 1980s, median family income in New York grew much more (22.5% vs. 10.0%) than in the nation as a whole.

FIGURE 1

Median Income, All Families (\$1999)

	1979	1989	1999	Total Change	
				1979 to 1989	1989 to 1999
New York	\$42,112	\$51,578	\$51,691	22.5%	0.2%
United States	\$41,563	\$45,717	\$50,046	10.0%	9.5%

Source: U. S. Census Bureau.

These distinctions between New York and the rest of the nation held true for four-person families as well.

FIGURE 2

Median Income, Four-Person Families (\$2000)

	1978-79	1988-89	1999-2000	Total Change		Average Annual Change	
				1980s	1990s	1980s	1990s
New York	\$47,087	\$58,798	\$63,141	24.9%	7.4%	2.2%	0.6%
United States	\$49,468	\$54,959	\$62,112	11.1%	13.0%	1.1%	1.1%

Source: EPI's analysis of Census Bureau data.

Unlike the rest of the nation, New Yorkers experienced little growth in their median hourly wages during the 1990s. This lies in stark contrast to the 1980s, when New Yorkers recorded gains in median hourly wages despite declines at the national level.

FIGURE 3

Median Hourly Wages (\$2001)

	1979	1989	2001	Total Change		Average Annual Change	
				1979 to 1989	1989 to 2001	1979 to 1989	1989 to 2001
New York	\$12.46	\$13.68	\$13.89	9.8%	1.6%	0.9%	0.1%
United States	\$11.93	\$11.90	\$12.88	-0.2%	8.2%	0.0%	0.7%

Source: EPI's analysis of CPS data.

During the 1980s, New York's low-wage workers experienced increases in their median hourly wages, bucking the national trend. During the 1990s, however, New York's low-wage workers lost significant ground relative to other low-wage workers.

FIGURE 4

20th Percentile Hourly Wages (\$2001)

	1979	1989	2001	Total Change		Average Annual Change	
				1979 to 1989	1989 to 2001	1979 to 1989	1989 to 2001
New York	\$7.94	\$8.08	\$8.25	1.8%	2.1%	0.2%	0.2%
United States	\$7.63	\$7.15	\$8.07	-6.4%	12.9%	-0.7%	1.0%

Source: EPI's analysis of CPS data

FIGURE 5

New York began the 1990s with a smaller share of its population without health insurance than the national average, but rose above the national average in the latter part of the decade.

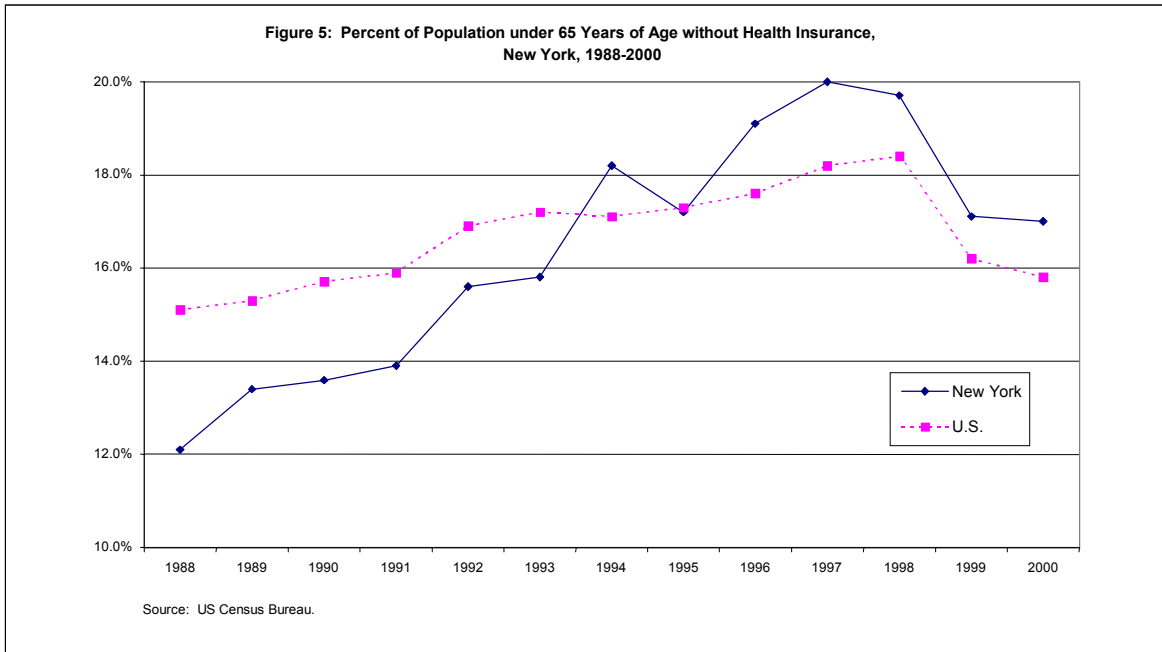


FIGURE 6

New York employer-based health insurance fell considerably during the 1990s, and is now below the national level.

Despite a modest rise during the 1990s, New York employer-based pension coverage is now below the national level. This represents a stark turnaround from the late 1970s and 1980s, when the state's pension coverage was above the national level.

**Change in Private Sector Employer-Provided Health Insurance and Pension Coverage
New York State and U.S., 1979-2000**

				Percentage Point Change		
	1979-81	1987-89	1998-2000	79/81 to 87/89	87/89 to 97/99	79/81 to 98/00
Health Insurance Coverage						
New York	71.5%	63.8%	55.3%	-7.7	-8.5	-16.2
United States	70.9%	61.4%	58.3%	-9.5	-3.1	-12.6
Pension Coverage						
New York	51.9%	45.2%	46.5%	-6.7	1.3	-5.4
United States	49.3%	42.3%	47.9%	-7.0	5.6	-1.4

Note: Private sector, wage and salary workers, ages 18-64, who worked at least 20 hours per week and 26 weeks per year. Data are combined for three-year periods.

Source: CPS data analyzed by EPI.

FIGURE 7

While the national poverty rate declined during the 1990s, New York’s poverty rate in 2000 was still above its 1989 level. In 2000, 2.4 million New Yorkers lived in poverty. New York has the 9th highest poverty rate and the highest poverty rate, by far, among northern industrial states.

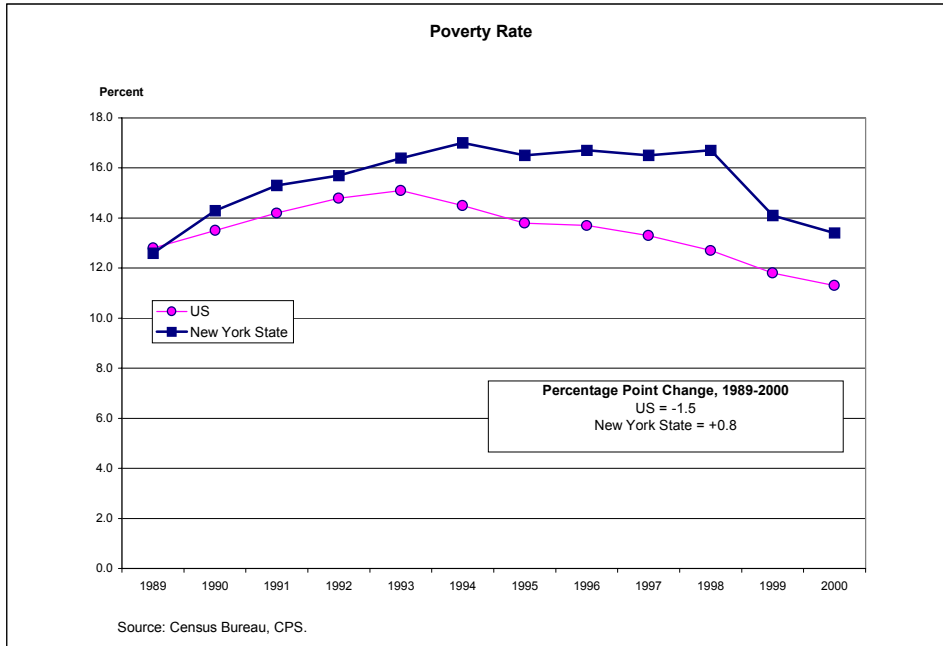


FIGURE 8

The poverty rate in Figure 7, does not reflect variations in the cost of living across regions. New York has a higher cost of living than the national average. When the Census Bureau takes this higher cost-of-living into account, it calculates that New York’s poverty rate would be adjusted upward 2.8 percentage points. Other states, like Arkansas and Mississippi, that have lower costs of living, see their poverty rates adjusted downward.

This Census Bureau adjustment means that an additional 520,550 New Yorkers would be considered to be living in poverty. New York has the 3rd highest poverty rate in the nation when cost of living differences are taken into consideration.

Official vs. Price-Adjusted Poverty Rate, New York vs. U.S., 1999

	Official Rate	Price-Adjusted Rate	Difference (pps.)	Effect of adjustment (individuals)
New York	14.1	16.9	2.8	+ 520,550
U.S.	11.8	11.9	0.1	+ 217,608

Source: Census Bureau

FIGURE 9

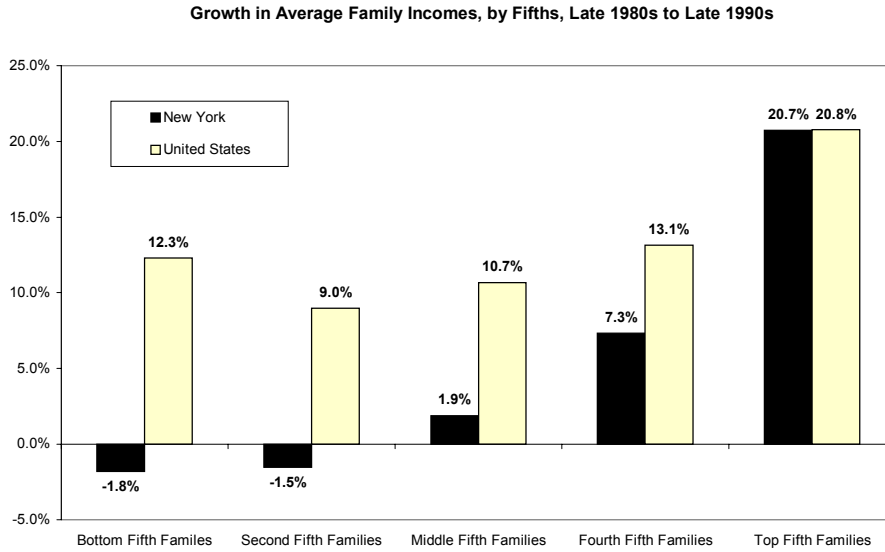
While the average income for families with children increased across all quintiles nationally during the 1990s, it decreased for New York's bottom two quintiles. The gains made by the state's middle and fourth quintiles were significantly less than the nations'.

Average Income by Quintile, Families With Children Late 1970s, Late 1980s, and Late 1990s (in \$1998/2000)							
New York State	1978/80	1988/90	1998/2000	Change		Change	
				Late 1970s to Late 1980s	Late 1980s to Late 1990s		
Bottom Quintile	\$13,433	\$12,871	\$12,639	-\$562	-4%	-\$232	-2%
Second	\$28,990	\$32,189	\$31,699	\$3,199	11%	-\$490	-2%
Middle	\$44,260	\$50,753	\$51,709	\$6,493	15%	\$956	2%
Fourth	\$60,536	\$72,553	\$77,876	\$12,017	20%	\$5,323	7%
Top	\$105,046	\$134,061	\$161,858	\$29,015	28%	\$27,797	21%
United States							
Bottom Quintile	\$13,646	\$13,018	\$14,618	-\$628	-5%	\$1,600	12%
Second	\$29,339	\$30,023	\$32,721	\$684	2%	\$2,698	9%
Middle	\$43,529	\$46,229	\$51,164	\$2,700	6%	\$4,935	11%
Fourth	\$59,593	\$65,909	\$74,573	\$6,316	11%	\$8,664	13%
Top	\$101,361	\$120,869	\$145,985	\$19,508	19%	\$25,116	21%

Note: Data are combined for three-year periods: 1978/80, 1988/90, 1998/2000.
Source: CPS data analyzed by EPI and the Center on Budget and Policy Priorities (CBPP).

FIGURE 10

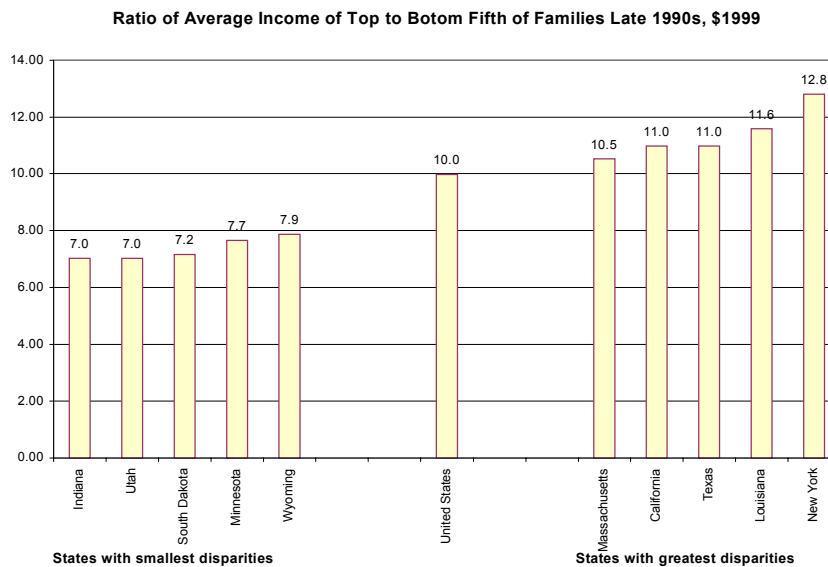
Only New York's top quintile saw gains that matched the nation's during the 1990s. The gap between the rich and the poor is wider in New York State than in any other state.



Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey. Late 1980s refers to pooled data from 1988-90 and late 1990s is pooled from 1998-2000.

FIGURE 11

The average income of the richest one-fifth of families is 12.8 times greater than that of the poorest 20% of families.



Source: Fiscal Policy Institute's analysis of Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

FIGURE 12

New York State's job growth during the late 1990s was very uneven. Most of the job gains occurred downstate, and reflected the robust growth of New York City. Upstate's growth was significantly slower than the downstate region's and just half the nation's growth.

State and Regional Employment (in thousands)										
	1982	1989	1994	2001	1982 to 1989			1994 to 2001		
					Change	% Change	Rank***	Change	% Change	Rank***
NYS	7,254	8,247	7,831	8,633	992.2	13.7%	39	801.2	10.2%	41
Downstate *	4,747	5,276	4,890	5,483	528.1	11.1%	44	593.6	12.1%	33
Upstate **	2,507	2,961	2,945	3,156	454.0	18.1%	31	210.5	7.1%	50

* Downstate: NYC, Nassau, Suffolk, Westchester, Rockland and Putnam counties.
 ** Upstate: All 52 counties north of Rockland and Putnam.
 *** Rank out of 51 states with Downstate and Upstate counted separately.
 Note: Because of changes in the specification of MSAs in the 1980s, the upstate total for 1982 was estimated as the difference between the state and the downstate totals.
 Source: Fiscal Policy Institute analysis of NYS DOL and BLS data.

FIGURE 13

In the aftermath of the September 11, 2001, terrorist attack, New York City has gone from boomtown to slowdown. Since September 11, New York City has borne the bulk of the state's job losses.

Percent Change in Payroll Employment				
	** Upstate	NYC	NYC Suburbs *	US
July 1999 to July 2000	1.2%	2.6%	2.2%	2.1%
July 2000 to July 2001	0.2%	-0.5%	0.7%	0.2%
July 2001 to July 2002	-0.6%	-2.3%	0.3%	-1.0%

* NYC Suburbs: Nassau-Suffolk, Westchester, Rockland & Putnam counties
 ** Upstate: All 52 counties north of Rockland & Putnam.
 Source: Fiscal Policy Institute analysis of NYS DOL and BLS data.

FIGURE 14

	Regional Employment Growth											
	Employment					1989-1994		1994-2001		1st Half 2001 - 1st Half 2002		
	<u>1989</u>	<u>1994</u>	<u>2001</u>	<u>1st Half 2001</u>	<u>1st Half 2002</u>	<u>Change</u>	<u>% Change</u>	<u>Change</u>	<u>% Change</u>	<u>Change</u>	<u>% Change</u>	
New York State	8,246.8	7,831.4	8,632.6	8,619.1	8,504.2	-415.4	-5.0%	801.2	10.2%	-114.9	-1.3%	
10 County Downstate Area	5,275.6	4,889.5	5,483.1	5,485.1	5,374.8	-386.1	-7.3%	593.6	12.1%	-110.4	-2.0%	
New York City	3,608.2	3,322.3	3,702.2	3,719.0	3,601.7	-285.9	-7.9%	379.9	11.4%	-117.3	-3.2%	
Long Island	1,137.6	1,074.6	1,224.8	1,214.6	1,220.9	-63.0	-5.5%	150.2	14.0%	6.3	0.5%	
Putnam County	19.1	18.9	23.7	23.3	23.7	-0.2	-1.0%	4.8	25.4%	0.3	1.4%	
Rockland County	101.9	98.9	111.0	110.3	110.4	-3.0	-2.9%	12.1	12.2%	0.0	0.0%	
Westchester Cty	408.8	374.8	421.4	418.0	418.3	-34.0	-8.3%	46.6	12.4%	0.3	0.1%	
Upstate Metropolitan Areas	2,442.7	2,417.5	2,577.8	2,567.3	2,549.5	-25.2	-1.0%	160.3	6.6%	-17.8	-0.7%	
Alb-Sch-Troy MSA	421.7	430.3	461.5	459.0	460.8	8.6	2.0%	31.2	7.3%	1.7	0.4%	
Binghamton MSA	121.1	112.4	118.9	119.9	117.2	-8.7	-7.2%	6.5	5.8%	-2.7	-2.3%	
Buf-Nia Falls MSA	542.2	534.6	554.2	550.4	548.1	-7.6	-1.4%	19.6	3.7%	-2.3	-0.4%	
Dutchess Cty MSA	121.0	102.0	118.4	118.4	117.6	-19.0	-15.7%	16.4	16.1%	-0.7	-0.6%	
Elmira MSA	41.6	40.8	43.4	43.5	42.7	-0.8	-1.9%	2.6	6.4%	-0.8	-1.8%	
Glens Falls MSA	48.1	49.2	51.4	50.6	49.8	1.1	2.3%	2.2	4.5%	-0.8	-1.5%	
Jamestown MSA	57.4	56.8	58.8	58.3	57.5	-0.6	-1.0%	2.0	3.5%	-0.8	-1.3%	
Newbg NYPA MSA	114.3	115.9	133.1	132.3	132.5	1.6	1.4%	17.2	14.8%	0.1	0.1%	
Rochester MSA	512.1	517.6	551.5	550.8	541.3	5.5	1.1%	33.9	6.5%	-9.5	-1.7%	
Syracuse MSA	336.2	330.8	351.9	350.1	348.2	-5.4	-1.6%	21.1	6.4%	-1.9	-0.6%	
Utica-Rome MSA	127.0	127.1	134.7	134.0	133.9	0.1	0.1%	7.6	6.0%	-0.1	-0.1%	
Nonmetropolitan Counties	518.4	527.8	578.0	574.3	572.6	9.4	1.8%	50.2	9.5%	-1.7	-0.3%	
52 County Upstate Area	2,961.1	2,945.3	3,155.8	3,141.5	3,122.1	-15.8	-0.5%	210.5	7.1%	-19.5	-0.6%	

Fiscal Policy Institute analysis of NYSDOL data.

FIGURE 15

The ten industries that registered the largest employment gains in absolute terms between 1992 and 2000 had an average wage of \$42,154. This compares to an average wage of \$63,813 in the ten industries that recorded the largest employment losses over this same period. Such employment trends were part of the state's widening income inequality.

SIC	Industry	Employment 1992	Employment 2000	Absolute Change	Rate of Change	2000 Avg. Wage
	Total Private and Public Employment	7,621,738	8,479,416	857,678	11.3%	\$40,658
150	Construction Trades	243,882	326,799	82,917	34.0%	\$43,859
736	Personnel Supply Services	95,241	176,137	80,896	84.9%	\$30,290
737	Computer and Data Processing Services	48,233	123,987	75,754	157.1%	\$73,876
581	Eating and Drinking Places	356,184	419,478	63,294	17.8%	\$14,993
620	Security and Commodity Brokers	141,011	199,254	58,243	41.3%	\$221,538
832	Individual and Family Services	113,563	163,540	49,977	44.0%	\$20,375
801	Offices and Clinics of Medical Doctors	92,534	130,503	37,969	41.0%	\$54,016
900	Government	1,364,223	1,401,653	37,430	2.7%	\$40,865
874	Management and Public Relations	42,119	75,704	33,585	79.7%	\$76,659
738	Miscellaneous Business Services	109,383	142,509	33,126	30.3%	\$31,947
	Total	2,606,373	3,159,564	553,191	21.2%	\$42,154

FIGURE 16

Reflecting the weakness of the state's manufacturing sector, seven of the ten industries that suffered the largest employment losses between 1992 and 2000 were manufacturing industries. The heavy loss of manufacturing jobs not only helps explain the state's rising income inequality, but also the upstate region's poor performance.

SIC	Industry	Employment 1992	Employment 2000	Absolute Change	Rate of Change	2000 Avg. Wage
	Total Private and Public Employment	7,621,738	8,479,416	857,678	11.3%	\$40,658
600	Depository Institutions	227,953	175,722	-52,231	-22.9%	\$78,346
230	Apparel and Knitwear	96,695	67,852	-28,843	-29.8%	\$30,419
386	Photographic Equipment and Supplies	58,962	39,015	-19,947	-33.8%	\$61,581
357	Computer and Office Equipment	37,384	24,174	-13,210	-35.3%	\$98,518
630	Insurance Carriers	118,475	105,785	-12,690	-10.7%	\$63,346
490	Electric, gas and sanitary supplies	60,442	48,169	-12,273	-20.3%	\$67,936
372	Aircraft and Parts	16,670	5,773	-10,897	-65.4%	\$56,892
371	Motor Vehicles and Equipment	31,005	20,274	-10,731	-34.6%	\$59,926
381	Search and Navigation Equipment	20,081	11,464	-8,617	-42.9%	\$64,480
200	Food and Kindred Products	63,420	56,335	-7,085	-11.2%	\$43,612
	Total	731,087	554,563	-176,524	-24.1%	\$63,813

Source: New York State Department of Labor

FIGURE 17

Since New York State has failed to raise the state's minimum wage level above the national rate of \$5.15 an hour, New York now has the lowest ratio (23.8%) of minimum wage weekly earnings to statewide average weekly wages compared to all the other high-wage states.

Because increases in the federal and New York minimum wages have failed to keep pace with increases in the cost of living, the current purchasing power of the federal and New York minimum wages is 36% below their 1968 levels.

Minimum Wage Relative to Average Wage for High-Wage States			
State	Average Weekly Wages, 2000	Current Minimum Wage	Minimum Wage Weekly Earnings as Share of Average Weekly Wages *
Washington	\$713	\$6.90	38.7%
Delaware	\$705	\$6.15	34.9%
California	\$792	\$6.75	34.1%
Alaska	\$675	\$5.65	33.5%
Massachusetts	\$852	\$6.75	31.7%
Connecticut	\$874	\$6.70	30.7%
Maryland	\$699	\$5.15	29.5%
Michigan	\$712	\$5.15	28.9%
Illinois	\$732	\$5.15	28.1%
New Jersey	\$840	\$5.15	24.5%
New York	\$864	\$5.15	23.8%

* Calculation based on 40-hour work week.
Source: U.S. Department of Labor and BLS.