

The Retail Sector—New  
York’s Biggest Low-wage  
Employer Needs to Provide  
Higher Wages



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## **Executive Summary**

Among all sectors, retail trade has the most low-wage workers in New York State. Over a half million (555,200) retail workers will benefit from an increase in the statewide minimum wage to \$15 an hour. These workers make up nearly a fifth (18 percent) of the 3.2 million workers receiving a wage boost, although retail jobs represent one in nine of all New York jobs.

With the phased-in \$15 minimum wage floor, 61 percent of all women retail workers would receive higher wages, as would 55 percent of all men retail workers. Retail workers are overwhelmingly adults (91 percent), only 9 percent are teenagers.

Fifty-three percent of the retail workers who would benefit are white, non-Hispanic, and 47 percent are persons of color. Of all African-American retail workers, 62 percent would receive a wage increase, as would 65 percent of all Latino retail workers.

More than one-quarter (27 percent) of all retail workers are parents struggling to raise families on very low wages. Over half of all retail workers (53 percent) who would benefit from an increase in the minimum wage receive some form of public assistance because their retail wages are so low.

Median hourly pay for New York's retail workers has fallen by 7-9 percent since 2002, adjusted for inflation, this is far greater than the 1 percent decline in the overall median wage.

The median hourly wage statewide in May 2014 (latest occupational data available) for retail salespersons (the largest occupational group within retail) was \$10.32, and wage levels are fairly uniform in both upstate and downstate regions.

The hourly earnings needed to support a basic family budget in 2021 across New York well exceeds the proposed \$15 an hour minimum wage floor.

Large chain employers that average 970 employees per firm account for 60 percent of all retail employment in New York, and these large employers pay some of the lowest wages, nearly a quarter less than retail companies with between 5 and 500 workers.

These large retail chains are prominent all across the state and their low-wage practices are a significant factor in local labor markets in every region and metro area.

The largest retail chains are extremely profitable and reward their CEOs with compensation more than 900 times as great as the pay of the average retail worker in New York.

## Introduction

Since Governor Andrew Cuomo first proposed a statewide \$15 minimum wage for New York, a number of significant reports have been prepared to help inform the policy discussion in New York. The Economic Policy Institute modeled the phasing-in through mid-2021 of the higher minimum wage and analyzed the demographic characteristics of the workers who would benefit from the higher wage floor.<sup>1</sup> A research group from the University of California at Berkeley Labor Center estimated the number of New York's low-wage workers who receive public assistance and the total cost to government of that public assistance, including an estimate for the portion borne by New York State and local governments.<sup>2</sup> The National Employment Law Project's report analyzes regional living costs across New York State and shows that by 2021 all regions will need at least \$15 an hour just to afford the basics.<sup>3</sup>

A broader research team at UC-Berkeley, under the direction of noted economist Michael Reich, conducted a path-breaking comprehensive analysis of the impact of the proposed minimum wage increase on workers, businesses, and consumers.<sup>4</sup> The Reich report carefully weighed the effects in both directions, taking into account reduced turnover, automation, productivity improvements, prices and consumer spending, and concluded that while there would be no net negative employment effect, living standards would measurably improve for over one-third of the state's workforce.

This report draws on the key findings from these studies, and incorporates additional research on wages, employment size, and profits to more closely examine the impact on the state's retail sector, the sector with the greatest number of workers who would be affected by and benefit from the higher wage floor.

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<sup>1</sup>David Cooper, *Raising the New York state minimum wage to \$15 by July 2021 would lift wages for 3.2 million workers*, Economic Policy Institute, January 5, 2016, <http://www.epi.org/publication/raising-new-york-state-minimum-wage-to-15/>

<sup>2</sup>Ken Jacobs, Ian Perry and Jenifer MacGilvary, *The Public Cost of Low Wages in New York*, UC Berkeley Center for Labor Research and Education, January 2016. <http://laborcenter.berkeley.edu/pdf/2016/Public-Cost-of-Low-Wages-in-New-York.pdf>

<sup>3</sup>National Employment Law Project, *How Much Do New York's Workers Need? At Least \$15 per hour—Both Upstate and Down*, January 2016. <http://www.nelp.org/content/uploads/Fact-Sheet-How-Much-New-York-Workers-Need-15.pdf>

<sup>4</sup>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://irl.berkeley.edu/cwed/briefs/2016-01.pdf>

## **Retail sector has the most lower-wage workers that would benefit from a minimum wage increase**

Workers in many different sectors of the economy would greatly benefit from an increase in the minimum wage. Over 3.2 million New York workers would benefit from a \$15 minimum wage by 2021, according to the nationally prominent Economic Policy Institute (EPI). In all, more than one-third (37 percent of the state's wage and salary workforce) would stand to benefit.

Among all the sectors in New York State, retail trade stands out as the sector with the greatest number of workers who would benefit from an increase in the statewide minimum wage to \$15 an hour. EPI estimates that over a half-million retail workers—555,200—would see a wage increase; that's nearly three out of every five (58 percent) retail workers.

While retail trade represents one in nine New York workers overall, more than one in six (18 percent) of the total number who would benefit from the \$15 minimum wage work in retail.

## **Characteristics of retail workers benefitting from the minimum wage increase**

Overall, more female workers would benefit from an increase in the minimum wage than male workers across all sectors, which is especially true in the retail sector. Approximately 61 percent of all women retail workers would receive higher wages, as would 55 percent of all men retail workers. (See Figure 1)

Opponents of a wage floor increase often suggest that minimum wage workers are mainly teenagers or those who work only part-time or just have a casual attachment to the workforce. In fact, nothing could be further from the truth, including in the retail sector. Retail workers who would benefit from a \$15 minimum wage are overwhelmingly adults (91 percent), only 9 percent are teenagers. The number of workers 55 and older who would benefit from a \$15 minimum wage is 50 percent greater than the number of teenagers who would benefit.

More than one-quarter (27 percent) of all retail workers are parents struggling to raise families on very low-wages. Nearly a quarter (24 percent), have a college degree (either an associate's or a bachelor's). Over half (53 percent) of all retail workers benefiting from an increase in the minimum wage to \$15 an hour work full-time, and another 36 percent work mid-time, between 20 and 34 hours a week. Only a small share (11 percent), are part-time working fewer than 20 hours a week.

Persons of color would also see significant wage increases in the retail sector. While 53 percent of retail workers who would benefit are white, non-Hispanic, 47 percent are persons of color. Of all African-American retail workers, 62 percent would receive a wage increase, as would 65 percent of all Latino retail workers.

**New York State retail trade, total workforce and estimated number of workers who would benefit from a phased minimum wage increase to \$15 an hour.**

**FIGURE 1**

|                     | <b>Total NY<br/>retail<br/>workforce</b> | <b># workers who<br/>would benefit</b> | <b>Share of<br/>those<br/>benefitting</b> | <b>Share of each<br/>category who<br/>benefit</b> |
|---------------------|--|--|---|---|
| Total               | 962,800                                  | 555,200                                | 100%                                      | 58%   |
| Female              | 463,700                                  | 281,500                                | 51%                                       | 61%   |
| Male                | 499,000                                  | 273,700                                | 49%                                       | 55%   |
| 20 + years          | 891,300                                  | 504,600                                | 91%                                       | 57%   |
| Under 20 years      | 71,500                                   | 50,600                                 | 9%  | 71%   |
| < 25 years old      | 257,200                                  | 195,100                                | 35%                                       | 76%   |
| 25 to 39 years old  | 318,200                                  | 172,500                                | 31%                                       | 54%   |
| 40 to 54 years old  | 236,200                                  | 112,500                                | 20%                                       | 48%   |
| 55+ years old       | 151,300                                  | 75,100                                 | 14%                                       | 50%   |
| White               | 545,200                                  | 295,700                                | 53%                                       | 54%   |
| Black               | 128,200                                  | 79,200                                 | 14%                                       | 62%   |
| Hispanic            | 188,700                                  | 123,300                                | 22%                                       | 65%   |
| Asian               | 79,800                                   | 44,300                                 | 8%  | 56%   |
| Other               | 20,900                                   | 12,700                                 | 2%  | 61%   |
| < High school       | 113,000                                  | 81,500                                 | 15%                                       | 72%   |
| High school         | 284,700                                  | 182,200                                | 33%                                       | 64%   |
| Some college        | 250,500                                  | 158,100                                | 28%                                       | 63%   |
| Assoc degree        | 96,200                                   | 54,800                                 | 10%                                       | 57%   |
| Bachelors or higher | 218,500                                  | 78,600                                 | 14%                                       | 36%   |
| Married parent      | 215,100                                  | 102,800                                | 19%                                       | 48%   |
| Single parent       | 75,300                                   | 46,900                                 | 8%  | 62%   |
| Married, no kids    | 142,900                                  | 68,900                                 | 12%                                       | 48%   |
| Single, no kids     | 529,400                                  | 336,500                                | 61%                                       | 64%   |
| Part time (< 19h)   | 99,200                                   | 62,600                                 | 11%                                       | 63%   |
| Mid time (20-34)    | 255,300                                  | 198,000                                | 36%                                       | 78%   |
| Full time (35+)     | 608,300                                  | 294,600                                | 53%                                       | 48%   |

Source: Economic Policy Institute analysis using 2014 American Community Survey.

## Many retail workers turn to public assistance because of low wages

Over half of all retail workers (53 percent) who would benefit from an increase in the minimum wage receive some form of public assistance because their wages are so low. In effect, this means that taxpayers are asked to subsidize the low-wage business practices of retailers. (See Figure 2)

A two-parent working family in retail in New York City needed each parent to earn \$19.65 an hour in 2014, yet received only \$10.41, a shortfall of over \$9 per hour. In one eight hour work-day alone, this family falls behind on their basic costs by \$144. In a year, this deficit adds up to over \$38,000, a significant shortfall leading hard working families to turn to public assistance.

Retail workers account for 19 percent of all low-wage workers receiving public assistance in New York. According to the Berkeley study of the public assistance costs of low-wage work, total government public assistance expenditures received by the families of retail workers is about \$1.75 billion annually; \$560 million is borne by New York State and local government.

## Over half of New York’s retail trade workers who are paid less than \$15 an hour receive some form of public assistance.

FIGURE 2

|  | Share of workers who are paid less than \$15 an hour who receive public assistance |
|--|--|
| All Industries                         | 56%  |
| <b>RETAIL TRADE</b>                    | <b>53%</b>   |
| <b>OTHER LARGE LOW-WAGE INDUSTRIES</b> |  |
| Social assistance                      | 64%  |
| Health services                        | 64%  |
| Other services                         | 61%  |
| Food Services                          | 59%  |
| Leisure and accommodation              | 47%  |

Source: Ken Jacobs, Ian Perry and Jenifer MacGillvary, *The Public Cost of Low Wages in New York*, UC Berkeley Center for Labor Research and Education, January 2016.

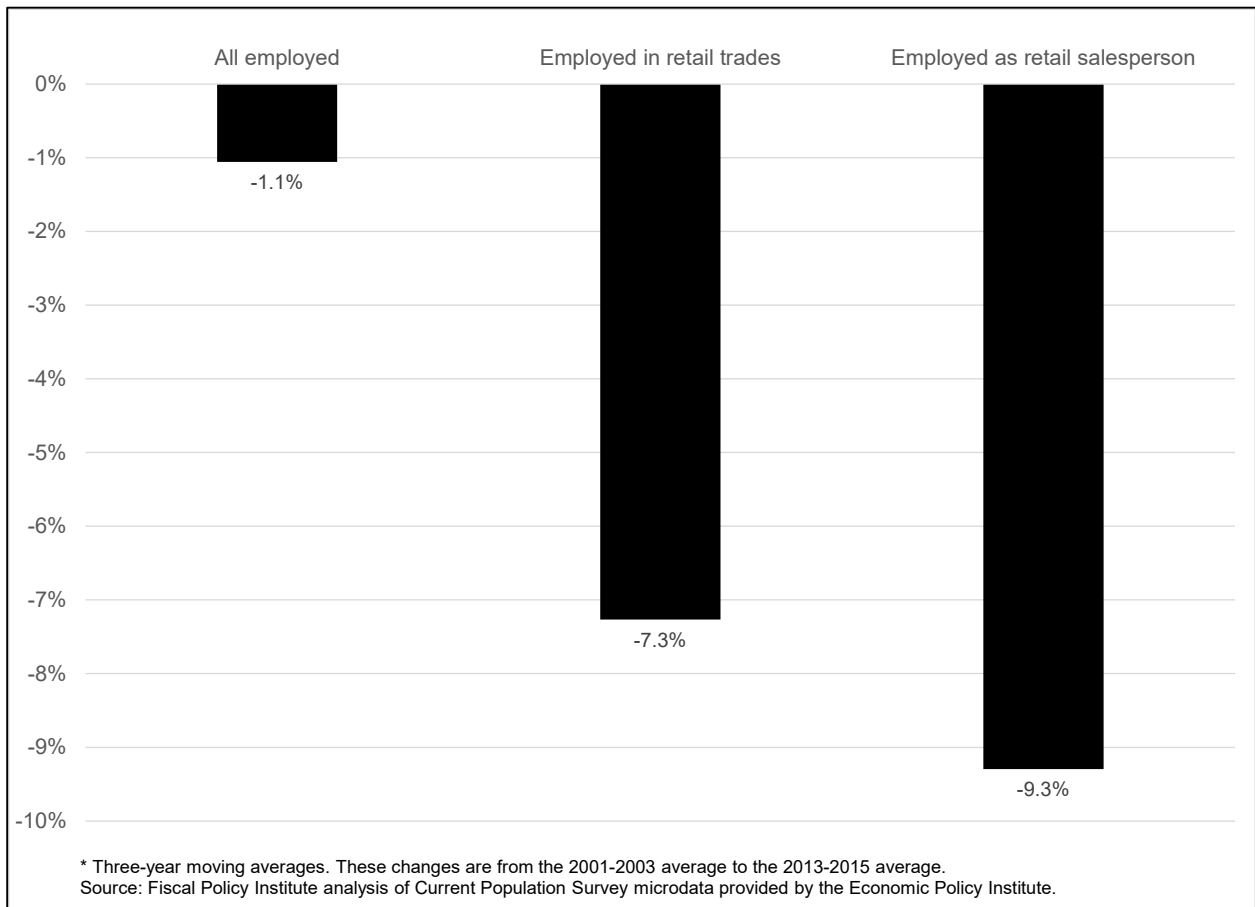
## **Retail wages in New York State have fallen sharply since the early 2000s**

In 2014, the median hourly wage (50 percent of workers make less than the median, 50 percent make more) in retail trade in New York State was \$11.92 an hour. On an annual basis for a full-time worker, that comes to less than \$25,000 (\$24,794). Generally, New York workers have not fared well. Since the early 2000s wages and family incomes have fallen. For all those employed in New York, median hourly wages in 2014 were 1.1 percent lower after adjusting for consumer inflation than in 2002.

However, New York workers in retail trade fared far worse, with inflation-adjusted median hourly wages dropping by 7.3 percent from 2002 to 2014. And for workers in the retail salespersons occupation, by far the largest occupation within the retail trade sector, real median hourly wages were 9.3 percent lower in 2014 than in 2002. This represents a significant decline in wages and living standards for the state's retail workforce.

### **Change in real median wage, New York State, 2002 to 2014\***

**FIGURE 3**



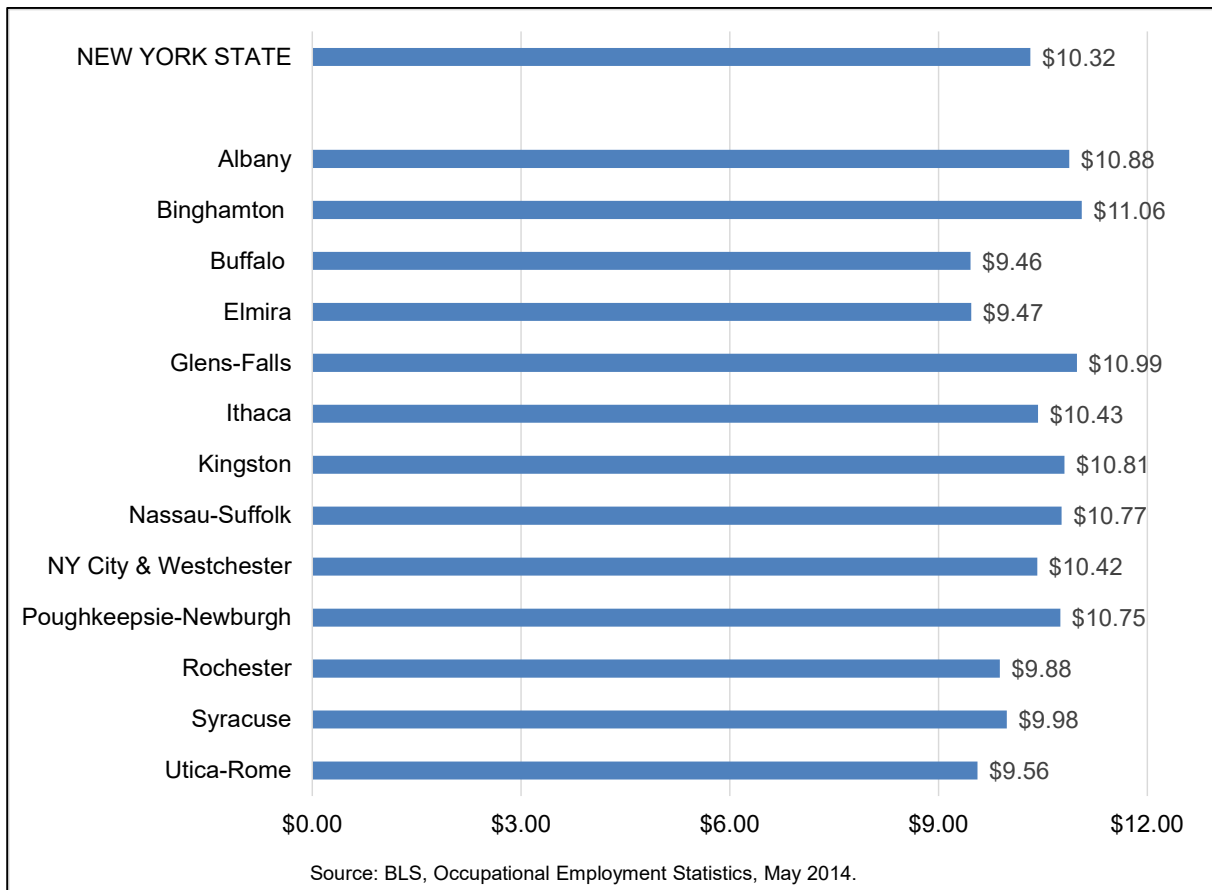
## Median retail wages fairly similar among New York's 13 metro areas

Hourly wages within retail are uniformly low across New York State. The median hourly wage statewide in May 2014 (latest Labor Department occupational data available) for retail salespersons (the largest occupational group within retail) was \$10.32. All area median wages are within +/- 8 percent of the statewide median wage for retail salespersons. The highest wage area for retail salespersons was Binghamton at \$11.06 (7 percent above the state median) and the lowest was the Buffalo area at \$9.46 (8 percent below the state median.) The New York City metro area at \$10.42 is very close to the statewide median hourly rate.

It is indicative of the wage trends in the lowest-wage occupations in New York that wages are not uniformly lower in upstate areas than in the downstate area. Binghamton, Glens-Falls, and the Albany area have the highest median wages for retail salespersons while the Buffalo and Elmira areas have the lowest wages. The New York City metro area and Long Island are in the middle range for median hourly wages statewide.

## Hourly wages for the largest retail occupation are low, and fairly similar across all metro areas within New York State.

FIGURE 4





## **\$15 an hour will enable low-wage workers to come closer to meeting basic family budget needs**

According to the Economic Policy Institute's *Family Budget Calculator*, the hourly earnings needed to support a basic family budget in 2021 across New York well exceeds the proposed \$15 an hour minimum wage floor. In Buffalo, the area with the lowest family budget needs, a single adult with no dependents would need \$15.72 an hour to meet her basic budget needs. These budget estimates are for a bare-bones, no-frills family budget without even provision for savings of any kind, including to buy a home, for college, or retirement. In Buffalo, a two-earner family with one child would need each earner to make at least \$17.08 an hour to make ends meet.

Needed earnings levels are slightly higher in Rochester, Syracuse, Binghamton and other upstate metro areas. In the downstate area, a single adult will need at least \$22.73 in Long Island in 2021, about the same that two earners in a 3-person family in New York City would require.

### **The hourly wages needed in 2021 to meet basic family budget needs across New York State well exceed \$15 an hour.**

**FIGURE 5**

|                    | <b>Single adult</b> | <b>Single parent with one child</b> | <b>Two parents with one child</b> |
|--------------------|---------------------|-------------------------------------|-----------------------------------|
| New York City area | \$24.38             | \$41.23                             | \$22.90                           |
| Long Island        | \$22.73             | \$43.98                             | \$24.14                           |
| Binghamton         | \$16.27             | \$30.57                             | \$18.20                           |
| Buffalo            | \$15.72             | \$28.96                             | \$17.08                           |
| Rochester          | \$16.12             | \$29.39                             | \$17.62                           |
| Syracuse           | \$16.25             | \$30.87                             | \$17.96                           |

Source: National Employment Law Project, *How Much Do New York's Workers Need? At Least \$15 per hour--Both Upstate and Down*, January 2016. Based on the Economic Policy Institute's Family Budget Calculator, Elise Gould, Tanyess Cooke, and Will Kimball, *Family Budget Calculator*, Economic Policy Institute, 2015.

## **Most retail workers are employed by large chains that typically pay below-average wages**

Large chain employers account for 60 percent of all retail employment in New York, and these large employers pay some of the lowest wages. The average pay for workers in retail establishments with 500 employees or more in 2012 was \$23,500, a full 25 percent less than the average pay of retail workers at businesses employing 5 to 499 employees (\$31,900). Very small retailers—those with fewer than 5 employees—paid the lowest average wages (\$21,600) but these very small retailers accounted for only 8 percent of all retail employment.

Between 2007 and 2012, the very large chain retailers gained employment share within retail overall (with their share rising from 56 percent to 60 percent) and average pay in the chain stores dropped relative to the average pay for firms with 5-499 employees (falling from 77 percent of the average in 2007 to 74 percent of the average in 2012.)

## **Large chains employ 60% of all retail workers in New York and pay below-average wages.**

**FIGURE 6**

|  | <b>Number of firms</b> | <b>Number of employees</b> | <b>Average pay per employee</b> |
|--|------------------------|----------------------------|---------------------------------|
| All NYS retail trade firms with employees                                      | 52,272                 | 891,622                    | \$26,037                        |
| Firms with 1 to 4 employees  | 34,438                 | 73,563                     | \$21,624                        |
| Firms with 5-499 employees   | 17,282                 | 284,415                    | \$31,887                        |
| Large firms with 500+ employees  | 552                    | 533,643                    | \$23,527                        |
| Large firms share of total   | 1.1%                   | 59.9%                      | 90.4%                           |
| Large firms average wage relative to average for firms employing 5-499 workers |                        |                            | 73.8%                           |

Source: U.S. Census Bureau, 2012 Survey of Business Owners.

## **New York’s large retail chain employers are among the largest private employers in the state**

Large chain retail companies that employ a majority of New York’s retail workers stand out on the list of the 10 largest private employers in the state. There are three retail chains on the top 10 statewide list—Walmart, Home Depot, and Wegmans Food Markets. (See Figure 7) The other seven largest employers include the nation’s largest bank—JP Morgan Chase—two universities, and four hospitals.

However, the retailers are the only large employers who have a substantial presence in more than one region of the state. Home Depot is on the list of the 10 largest employers in the Hudson Valley and on Long Island. Wegmans makes the top 10 list in four regions—Central New York, Finger Lakes, the Southern tier, and Western New York. Walmart, which employs 37,500 New York workers, makes the top 10 list in nine out of the state’s 10 economic regions—New York City is the lone exception.

In addition, seven other retail chains account for a total of 12 appearances on regional top 10 employer lists around the state. Thus, altogether, retail chain stores hold 28 out of the 100 places for the 10 largest private employers in each of the state’s 10 regions. Compensation practices of the large chain stores have a substantial influence on local wage levels across the state.

## **Walmart and other retailers dominate the list of largest employers across New York State regions.**

**FIGURE 7**

| <b>Company Name</b>                       | <b># of regions in list of 10 largest private employers</b> |
|---|---|
| Columbia University                       | 1   |
| <b>Home Depot</b>                         | 2   |
| JPMorgan Chase Bank                       | 1   |
| Montefiore Hospital & Medical Center      | 1   |
| Mount Sinai Hospital                      | 1   |
| North Shore-LIJ Health System             | 1   |
| New York-Presbyterian University Hospital | 1   |
| University of Rochester                   | 1   |
| <b>Walmart</b>                            | 9   |
| <b>Wegmans Food Markets</b>               | 4   |

Note: There are 10 regions in New York State.  
Source: NYSDOL, Quarterly Census of Employment and Wages, as of March 2014.

## **Large chain retail employers have high profits and CEO pay that is over 900 times greater than the average retail worker's pay**

Some of the very largest chain retailers, like Walmart, Home Depot, and CVS have recorded substantial profits in recent years, partly at the expense of their workers. Over the past three years, Walmart profits have averaged about \$21 billion; Home Depot's profits have averaged about \$10 billion, and CVS profits over \$8 billion.

CEOs of national retail chains in New York who are ultimately responsible for setting the low wages of retail workers are themselves very highly paid. In 2014, for example, CEO pay at Walmart, Target and CVS averaged about \$29 million. That makes CEO pay 913 times the annual pay of \$31,450 for the average New York retail trade employee. In other words, the CEOs of the largest chains receive the annual average New York retail salary every two hours.

## **Conclusion**

Retail jobs are exceedingly significant to New York's economy: positively, as the largest sector by employment, and negatively, because retail has the greatest share of the workforce that makes under \$15 an hour. Retail's low-wage practices cast a long shadow over the state's economy. The ills of the industry are reflected at large in the general economy: income inequality, poor job quality and racial and gender disparities. An increase in the minimum wage will go a long way to remedy these broader ills.

Well over one-sixth—more than half a million—of the total number of workers who would benefit from a \$15 minimum wage are in retail. Retail workers are almost entirely adults (91 percent) not teenagers, nearly half are persons of color, and over a quarter are parents struggling to raise children on very low wages. Of the retail workers who would benefit from a minimum wage increase, 53 percent (almost 300,000 workers) are on public assistance.

Retail wages are uniformly low across the state, throughout upstate regions as well as in New York City and the downstate suburbs. In fact, upstate has both the highest and lowest salespersons wages in the state despite regional cost of living differentials. However, the hourly earnings needed to support a basic family budget currently, to say nothing of 2021 when minimum wage is scheduled to reach \$15 under the current proposal, far exceeds \$15 an hour all across New York.

There are two ways in New York that state government can raise the minimum wage. The legislature can enact a new state minimum wage for all workers or the governor can act on specific industries where the labor commissioner finds wages insufficient to sustain health and family. New York labor law states that if the commissioner finds “any substantial number of persons employed in any occupation or occupations are receiving wages insufficient to provide adequate maintenance and to protect their health, he [or she] shall appoint a wage board to inquire into and report and recommend adequate minimum wages . . . .” If politics bog down the legislature and the passing of a more appropriate minimum wage for all workers, then the governor can address the market failure with an industry specific minimum wage. Retail, the largest and lowest paid workforce in New York calls for a remedy to unsustainable wages one way or another.

The Fiscal Policy Institute ([www.fiscalspolicy.org](http://www.fiscalspolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.