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New York's Working Families Still Waiting for Prosperity *Wage and Income Gains Lag for Most New Yorkers*

"While workers in most of the nation are experiencing strong wage and income growth, the situation facing New York's working men and women is improving at a snail's pace," said Frank Mauro, executive director of the Fiscal Policy Institute. Mauro's comments were based on the new edition of ***The State of Working America***, advance copies of which are being released today by the Washington-based Economic Policy Institute (EPI), the nation's foremost independent monitor of the impact of economic trends on American workers. The Fiscal Policy Institute (FPI) is a non-partisan research and education organization focusing on New York tax, budget, and economic and related public policy issues.

The State of Working America, which is published biennially by EPI, is an invaluable resource for anyone interested in knowing what is happening to jobs, unemployment, family income, wealth and poverty levels and why. ***The State of Working America*** pulls together, in one encyclopedic volume, all of the data available on these topics, together with the insightful analysis of EPI's staff of top-notch economists. The new 454-page volume, ***The State of Working America 2000-2001***, was prepared by Lawrence Mishel, Jared Bernstein and John Schmitt, and is being published by Cornell University Press.

Nationally, wages for jobs at the middle and low end of the wage distribution increased during the 1990s, up 2.4% and 5.6%, respectively, after adjusting for inflation. In New York State, however, the wages for such jobs were actually lower in 1999 than they had been in 1989, down 4.2% for jobs in the middle of the pack and down 5.4% for those at the 20th percentile of the wage distribution.

"The experience in New York State simply doesn't measure up to what could and should be happening in this extended economic expansion, and what has been happening in the rest of the nation," said James Parrott, the Fiscal Policy Institute's deputy director and chief economist. "The new edition of ***The State of Working America*** should serve as a wake-up call for New York State's public and private sector leaders. Many economic indicators herald a resurgence in New York, but when you break it down, you find that too many workers and their families all over the state are still waiting for prosperity," Parrott noted. The FPI economist continued, "Surging Wall Street profits and tourism levels have not translated into rising wages or living standards for most New York workers on this Labor Day, 2000."

Even during the second half of the 1990s, when wages nationally have risen, New York has lagged substantially behind the rest of the nation. Nationally, the median (50th percentile) wage rose 7.3%, and the 20th percentile wage gained by 8.8% from 1995 to 1999. During this same period, the comparable wages in New York State barely increased – up by only 1.2% from \$12.62 to \$12.77 in the middle of the distribution and virtually flat (from \$7.44 to \$7.45) at the 20th percentile.

The State of Working America's extensive collection of data on economic developments at the state level also shows that New York's middle-income families have trailed their counterparts in most other states in the country in income growth, and that the gap between rich and poor families is wider in New York State than in any other state in the nation. Compared to all 50 states, New York has high average wages and per capita income, but over the past decade the Empire State has had among the weakest growth in wages, median family incomes, and jobs. Moreover, New York experienced the 3rd greatest increase in poverty among all states. Compared to the other northern industrial states, New York has the highest poverty and unemployment rates. (See Figure 1)

Data from ***The State of Working America*** and additional analyses by EPI and FPI provide the following information on what is happening in New York State in terms of wages, family incomes, family income inequality, employment, and unemployment and underemployment.

WAGES: In New York in the 1990s, inflation-adjusted wages declined for workers in the middle and at the low-end of the wage distribution, even as wages of comparable workers rose at the national level.

- New York has the 2nd highest average wage among all states, and the average wage (adjusted for inflation) rose by almost 11% from 1989-98, but workers in middle- and low-wage jobs are not sharing in the economy's growth.
- Nationally, median hourly wages, adjusted for inflation, rose by 7.3% from 1995 to 1999. In New York, on the other hand, median wages increased by only 1.2% over this period. (Figure 2)
- Moreover, the median wages for New York workers in 1999 were still 4.2% below the 1989 level. Nationally, median hourly wages increased by 2.4%. (Figure 2) Over the decade, in 44 states the trend in median hourly wages surpassed that of New York's.
- Since 1995, the real wages for low-wage workers in the U.S. rose by 8.8%, whereas in New York State, the pay for low-wage workers has stagnated. During the entire 1990s, wages for New York's low-wage workers dropped by 5.4% while their counterparts fared better in 46 states and, nationally, such workers saw a 5.6% increase from 1989-99. (Figure 3)
- Among the 10 northern industrial states, New York has the highest proportion (25.6%) of workers earning poverty-level wages. (Figure 4)
- In a trend that parallels the falling real wages for most New York workers, there has been a steep fall off in the percent of persons with employer-based health insurance in the 1990s (61.7% in 1998 down from 67.1% in 1989). This has been a major contributor to the growth in the number of New Yorkers who lack health insurance coverage (19.7% in 1998). (Figures 5a and 5b)

FAMILY INCOMES: For most New York families, average incomes are below where they were in the late 1980s, and the stagnation in real incomes contrasts sharply with the strong growth experienced during the 1980s.

- Although the growth in median family income in New York matched the nation's over the 1995-98 period, real family incomes in New York are still below 1989 levels whereas, nationally, median family incomes rose 4.6% from 1989 to 1998. (Figure 6)
- Since 1989, median family incomes in New York have declined by 0.5%, while in 45 states, median family incomes have risen.

- In contrast to the stagnation of median family income in New York in the 1990s, during the 1980s, the median 4-person family in New York experienced a 23.7% increase in income from 1979 to 1989. (Figure 7)
- For the U.S., the poverty rate has dropped every year for the last 5 years and is back to where it was in 1989. In contrast, in New York State, the poverty rate has not declined over the past 5 years and is now 3.6 percentage points above the national poverty level (16.6% vs. 13.0%). In 1989, New York's poverty level was just under the national level. (Figure 8)
- Nationally, most American families are slightly better off than they were a decade ago. On the other hand, most families in New York State have much lower incomes, on average, than in the late 1980s. The average income of the middle fifth of New York families fell by 7.0% in inflation-adjusted terms from the late 1980s to the late 1990s. The fifth of New York families with the lowest incomes saw a 15.5% drop in average family incomes in the 1990s. Only the top fifth of families have enjoyed sizable increases (+15%) in both the state and the nation. (Figure 9)

FAMILY INCOME INEQUALITY: With only the richest one-fifth of New York families experiencing an increase in incomes since the late 1980s, the gap between the rich and the poor, and the rich and those in the middle, widened further in the 1990s.

- The gap between the rich and the poor is wider in New York State than in any state in the union, with the incomes of the richest one-fifth of families 14.1 times greater than that of the poorest 20% of families. (Figure 10a) The gap between the rich and the poor widened by a greater amount than in all but 4 states in the 1990s.
- The highest income fifth of New York families had average incomes in the late 1990s that were 3.3 times the average incomes of the middle fifth of families. New York's rich-middle income gap was exceeded by only two states, Arizona and New Mexico. (Figure 10b)
- When capital gains are taken into account – the family income data cited above are from the U.S. Census Bureau and do not include capital gains – income disparities are even greater in the nation and New York State. From 1990 to 1997, state tax data analyzed by the Independent Budget Office indicate that capital gains received by New York State residents increased by 249% while total wages and salaries grew by only 26% (growth rates in real terms). According to the Internal Revenue Service, over 75% of the \$30 billion in 1997 capital gains income was attributable to the 7.6% of New York taxpayers with incomes over \$200,000.

EMPLOYMENT: New York's job growth has lagged the national growth pace in the 1990s, and most of the state's job gains have occurred in the downstate region.

- New York State's job growth ranking among the 50 states has improved to 34th for the 1995-99 period, but NYS still ranks 48th over the decade. (Figure 11)
- New York's job growth is still concentrated in the downstate region, as it has been throughout the recovery. From 1995-99, downstate increased employment by 8.5% while upstate job growth was 5.1%. If upstate were a separate state, its job growth for the 1995-99 period would have ranked 50th out of 51 (counting upstate New York and downstate New York separately). (Figure 12)

- Among the major upstate metropolitan areas, Rochester, Syracuse and Albany all registered roughly 5% employment growth over the 1995-99 period, while Buffalo saw only a 2.8% increase. For the 1st half of 2000 compared to the 1st half of 1999, job growth has slowed in all of the state's areas, with the sole exception of Jamestown. Job growth in the upstate metropolitan areas slowed to 1.5% (from 2.3% over the 1st half 1998-99 period) and slowed in the downstate region to 2.4% (from 3.0% for the 1st half 1998-99). (Figure 13)
- The weakness in the upstate economy has been a factor in the declining population of the upstate area. According to estimates from the U.S. Census Bureau, the upstate population has declined each year since 1993, dropping by a total of 137,000, or 2%, since then. (Figure 14)

UNEMPLOYMENT AND UNDEREMPLOYMENT:

- While the unemployment rate has come down in New York, it remains above the national average. In contrast, at the peak of the previous business cycle, 1989, New York's unemployment rate was below the national average. (Figure 15)
- Unemployment and underemployment, a concept which adds to the unemployed discouraged workers and marginally employed persons, are much higher for those at a disadvantage in the labor market, particularly young adults (18-35 years old) with at most a high school diploma. In New York, their unemployment and underemployment rates are much higher than national levels. Young black adults are at a particular disadvantage in securing full-time employment. For example, the unemployment rate for young black males without a high school diploma was 32% in NYS over the 1996 to 1999 period, while their underemployment rate was 48%. (Figure 16)

Last year, the Fiscal Policy Institute prepared an extensive report, **The State of Working New York** that was modeled on the Economic Policy Institute's **The State of Working America**. The FPI report documented for New York State the development of many of the wage, income and employment trends highlighted above. The report is available on the Internet at: http://www.fiscalpolicy.org/research_02b.stm. FPI will prepare an updated edition of **The State of Working New York** report for release on Labor Day of 2001.

Advance galleys of **The State of Working America 2000-2001** are being distributed to the news media for release on September 3, 2000. The book will be published by Cornell University Press (January 2001). To order copies of **The State of Working America 2000-2001**, contact EPI at 1-800-EPI-4844. The executive summary and introduction will be available on-line September 3rd by visiting EPI's World Wide Web site at: <http://epinet.org>.

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THE STATE OF WORKING NEW YORK, 2000

Figure 1

New York is a rich state as measured by its high per capita income and average weekly wage, but most workers and their families have seen few gains in the 1990s.

- ***Wages of middle-earning and low-wage workers in New York declined considerably over the decade, even as average weekly wages increased twice as fast as national wage rates and ranked second highest among all states.***
- ***While New York has one of the highest per capita income levels in the nation, most family incomes did not grow during the decade. The state's median family income declined and the poverty rate climbed faster than most states. The result: widening income inequality among New Yorkers and the highest inequality index nationwide.***
- ***At the same time, job growth has stagnated over the decade, placing New York almost last with one of the highest unemployment rates.***

	New York State	US	New York State Ranking vs: 50 States 10 Northern Industrial States* (1 = highest ranking)	
Wages				
Average weekly wage, 1998	\$782	\$614	2nd	2nd
Growth in average weekly wage, 1989-98	10.9%	5.3%	3rd	2nd
Median Wage, 1999	\$12.77	\$11.87	10th	4th
Median Wage Change, 1989-99	-4.2%	2.4%	45th	10th
20th Percentile Wage 1999	\$7.45	\$7.35	29th	10th
20th Percentile Wage Change, 1989-99	-5.4%	5.6%	47th	9th
% Workers at Poverty Level Wages, 1999	25.6%	26.8%	27th	1st
Incomes				
Per Capita Income 1998	\$32,108	\$27,203	4th	4th
Median 4-person Family Income, 1998	\$57,142	\$56,061	19th	9th
Total Growth in Median 4-person Income, 1989-1998	-0.5%	4.6%	46th	10th
Income Inequality Ratio: Top to bottom-earning 20%	14.1	10.6	1st	1st
Income Inequality Ratio: Top to middle-earning 20%	3.3	3.0	3rd	1st
Poverty Rate, 1997/98	16.6%	13.0%	7th	1st
Change in Poverty Rate: 1988/89 to 1997/98	3.6%	0.1%	3rd	2nd
Employment and Unemployment				
Total Employment Growth, 1989-99	2.5%	19.4%	48th	9th
Total Employment Growth, 1995-99	7.1%	9.9%	34th	4th
Unemployment Rate, 1999	5.2%	4.2%	5th tied	1st

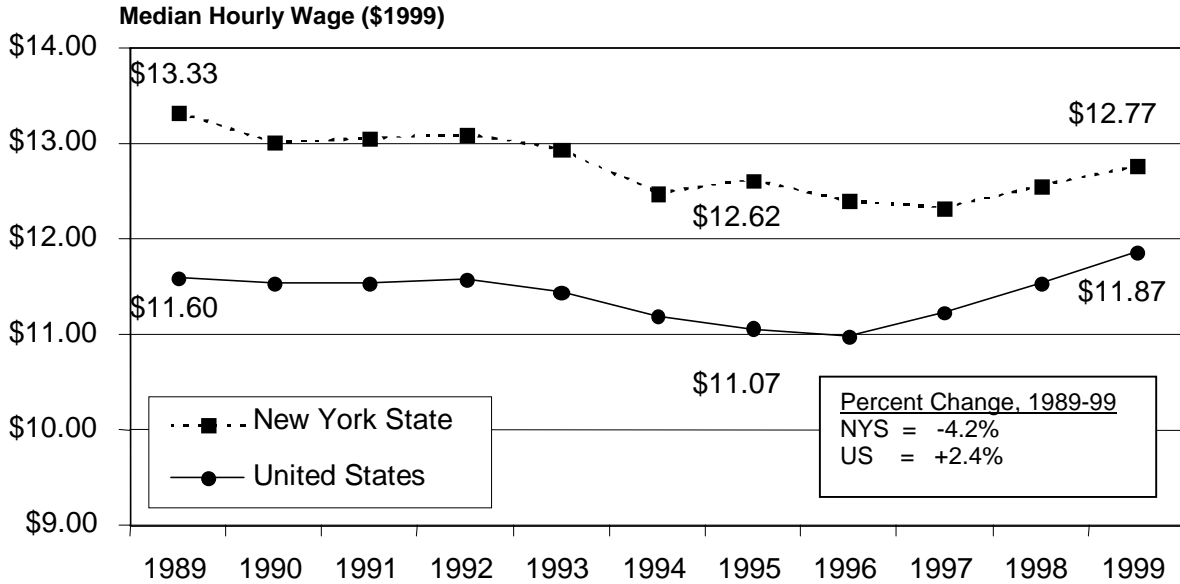
*10 Northern Industrial States: Connecticut, Illinois, Indiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania and Wisconsin.

Note: In this and all figures, dollar values are adjusted to constant dollars for the latest year shown in the figure.

WAGES

Figure 2

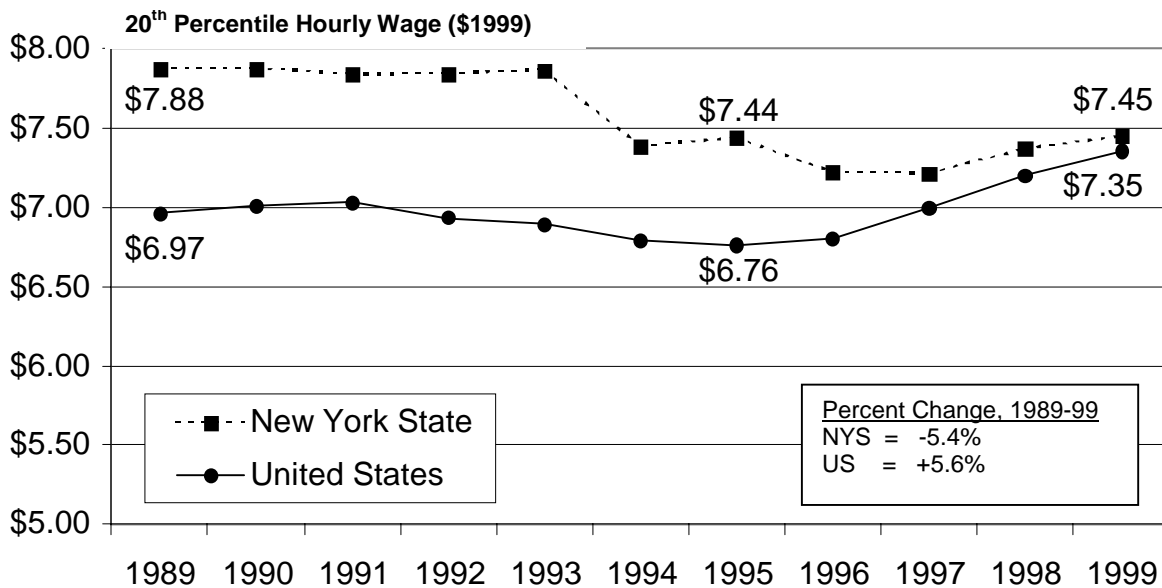
While the wages of typical workers in the United States and New York State have risen in the most recent years, in New York State they are still below (-4.2%) the 1989 level.



Source: Fiscal Policy Institute analysis of data presented in Table 6.8, *The State of Working America, 2000-01*, and data for additional years provided by Economic Policy Institute (EPI).

Figure 3

Since 1995, the wages for low-wage workers have rebounded much more strongly in the United States (+8.7%) than in New York State (+0.1%).



Source: Fiscal Policy Institute analysis of data presented in Table 6.7, *The State of Working America, 2000-01*, and data for additional years provided by EPI.

WAGES

Figure 4

New York State has the highest proportion (25.6%) of workers earning poverty-level wages among the 10 northern industrial states.

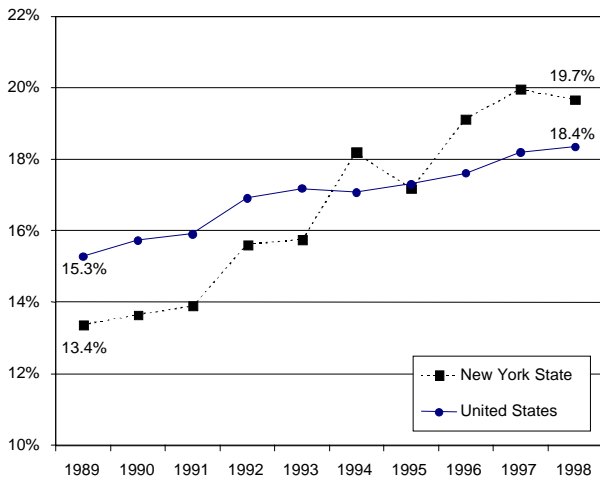


Source: Fiscal Policy Institute analysis of data from Table 6.10, *The State of Working America, 2000-01*. For this chart, the poverty-level wage is the wage level needed to lift a family of four above the federal poverty threshold with full-time, full-year work.

Figure 5a

The proportion of uninsured individuals in New York State climbed over the decade, surpassing that of the U.S.

% Without Health Insurance Coverage (< 65 yrs. old)

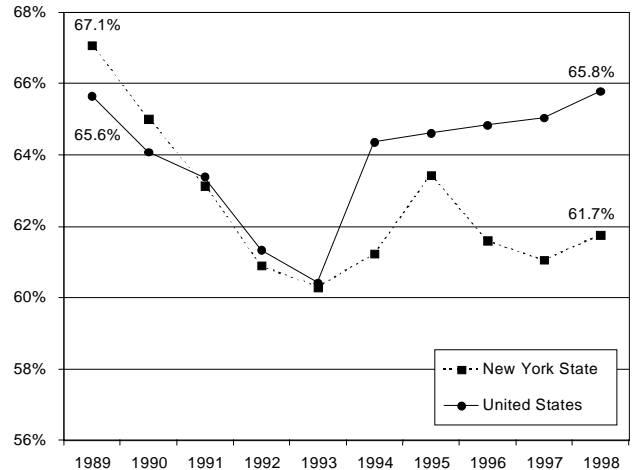


Source: Fiscal Policy Institute analysis of data from the US Bureau of the Census.

Figure 5b

New York employer-based health insurance has dropped considerably in the 1990s and is now well below United States levels.

% Employer-provided Insurance (< 65 yrs. old)

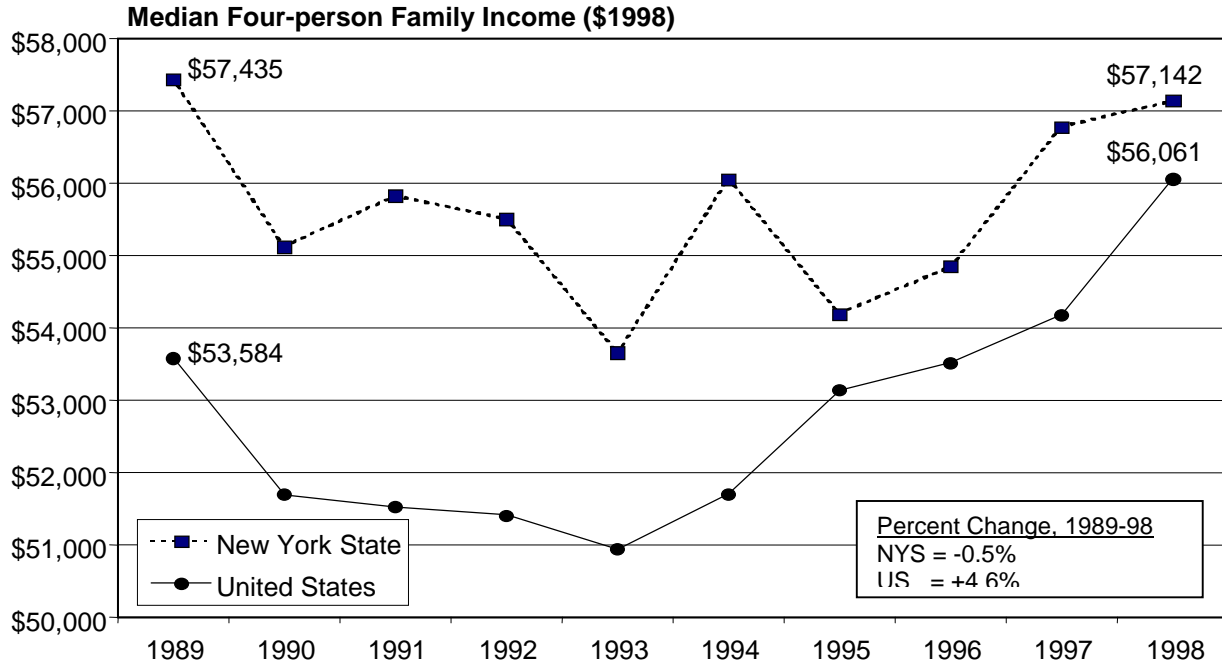


Source: Fiscal Policy Institute analysis of data from the US Bureau of the Census.

FAMILY INCOME

Figure 6

Median family income in the United States increased by 4.6% from 1989 to 1998, while it remained flat in New York State.



Source: Fiscal Policy Institute analysis of data presented in Table 6.2, *The State of Working America, 2000-01*, and data for additional years obtained from the US Bureau of the Census.

Figure 7

In sharp contrast to the 1980s, when the median New York State family income rose by 24%, the typical New York State family has not improved over where they were a decade ago.

Growth in Median Four-person Family Income (\$1998)

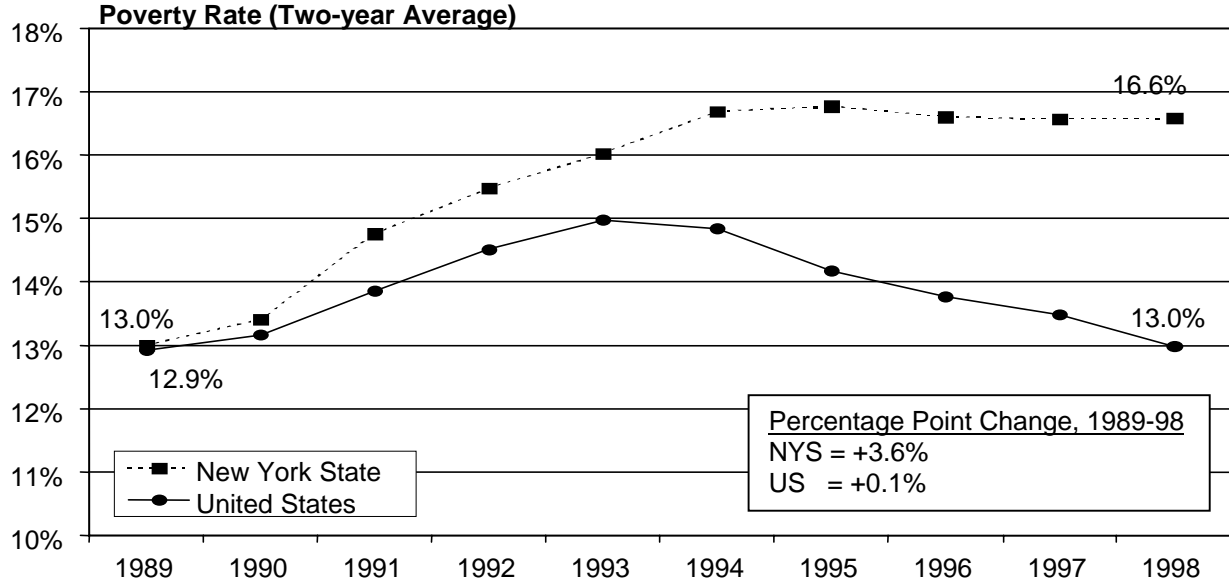
	1979	1989	1998	Total Percent Change	
				1979-89	1989-98
New York State	\$ 46,437	\$ 57,435	\$ 57,142	23.7%	-0.5%
United States	\$ 49,330	\$ 53,584	\$ 56,061	8.6%	4.6%

Source: Fiscal Policy Institute analysis of data presented in Table 6.2, *The State of Working America, 2000-01*.

FAMILY INCOME

Figure 8

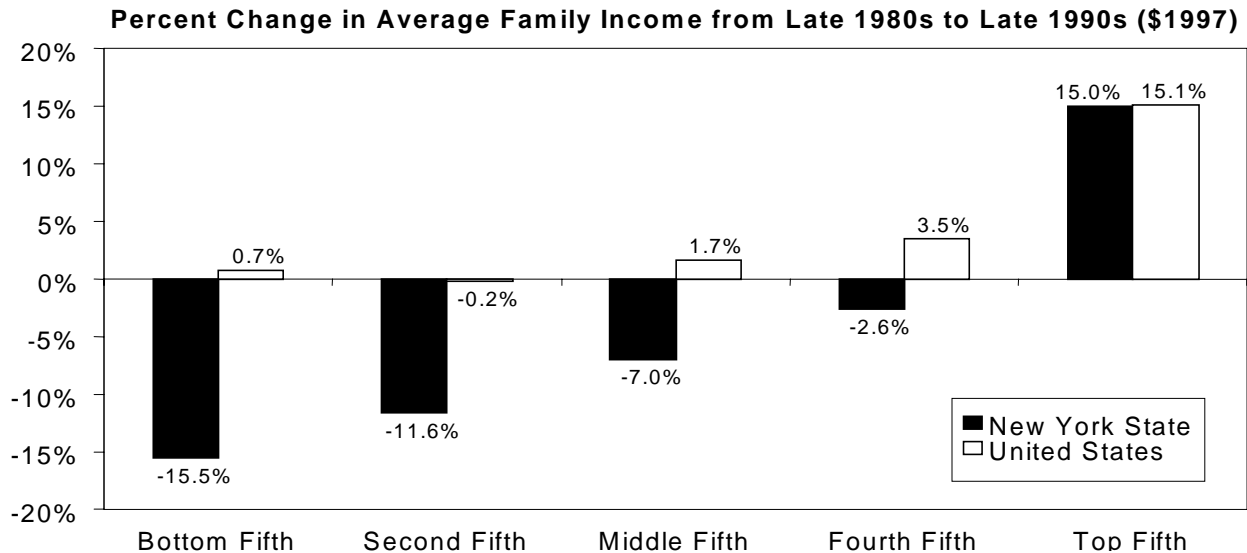
While the national poverty rate has been declining over the past 5 years, in New York State it has not and is now much higher than the United States poverty rate (16.6% vs. 13.0%).



Source: Fiscal Policy Institute analysis of data presented in Table 6.14, *The State of Working America, 2000-01*, and data for additional years obtained from the US Bureau of the Census.

Figure 9

Most families in New York State have much lower incomes, on average, than in the late 1980s, with only the top fifth of families enjoying sizable income gains (+15%).

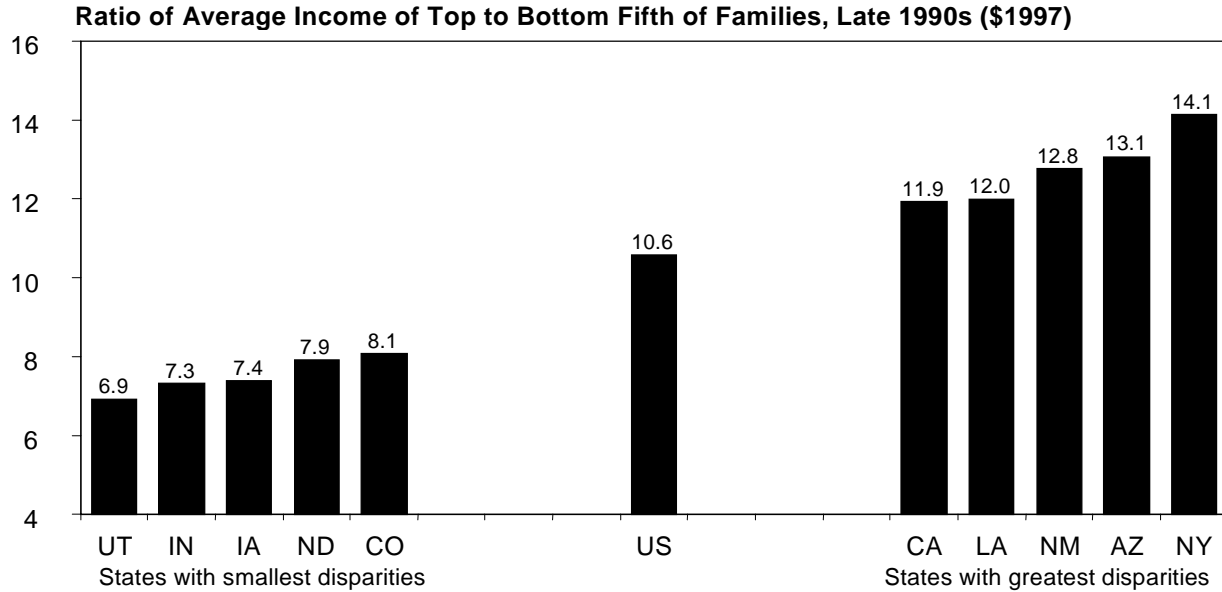


Source: Fiscal Policy Institute analysis of data from *Pulling Apart: A State-by-State Analysis of Income Trends*, Appendix Table 5, January 2000 (Center for Budget and Policy Priorities and EPI). Late 1980s refers to pooled data from 1988-90 and late 1990s refers to pooled data from 1996-98. Each fifth represents 20% of all individuals living in families, ranked by family income.

INCOME INEQUALITY

Figure 10a

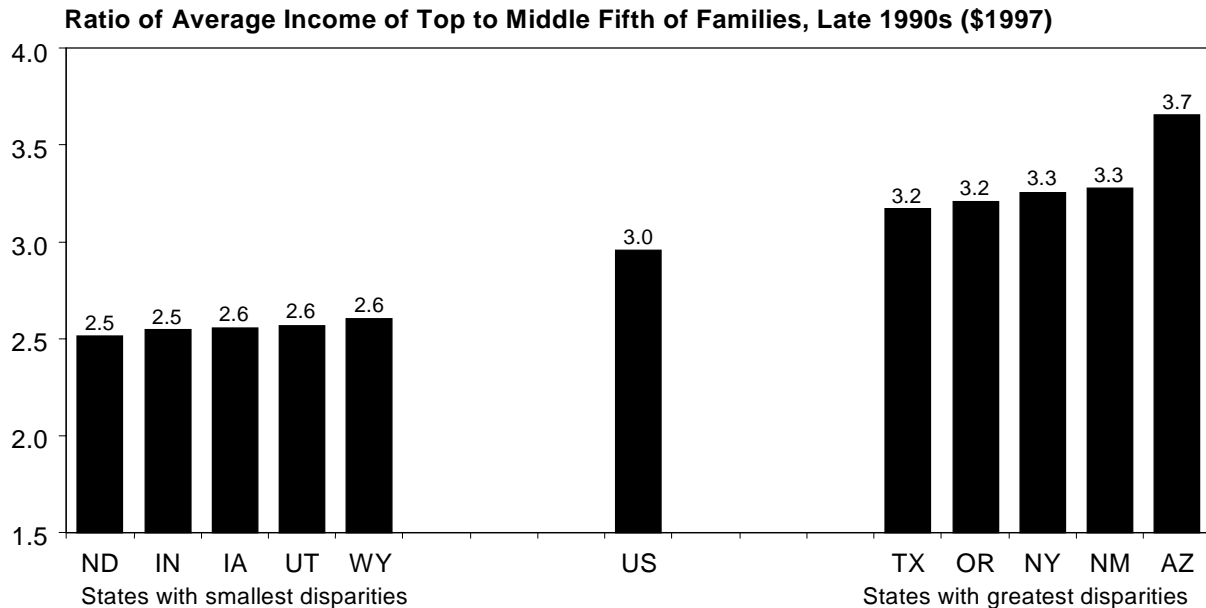
The gap between the rich and the poor is wider in New York State than in any other state. Incomes of the richest one-fifth of families are 14.1 times greater than that of the poorest 20% of families.



Source: Fiscal Policy Institute analysis of data presented in Table 6.3, *The State of Working America, 2000-01*. Late 1990s refers to pooled data from 1996-98.

Figure 10b

Furthermore, the ratio of incomes of the richest to middle fifth is 3rd highest in the nation.



Source: Fiscal Policy Institute analysis of data from *Pulling Apart: A State-by-State Analysis of Income Trends*, Table 13, January 2000 (Center for Budget and Policy Priorities and EPI). Late 1990s refers to pooled data from 1996-98.

EMPLOYMENT

Figure 11

New York State's job growth ranking among the 50 states has improved to 34th for the 1995 to 1999 period, but NYS still ranks 48th over the decade.

Job Growth: New York State vs. United States

Total Job Growth	NYS	US	NYS's ranking among 50 states
1995-1999	7.1%	9.9%	34 th
1989-1999	2.5%	19.4%	48 th

Source: Fiscal Policy Institute analysis of data from the US Bureau of Labor Statistics.

Figure 12

New York's job growth has been concentrated in the downstate region. From 1995-99, downstate increased employment by 8.5% while upstate job growth was 5.1%.

If upstate were a separate state, its job growth (1995-99) would have ranked 50th out of 51 (counting upstate New York and downstate New York separately).

New York State Average Employment (in thousands)

	1995-1999			Job Growth Ranking Among States
	1999	Absolute Change	% Change	
NYS	8,453.7	561.5	7.1%	34 th
Downstate*	5,347.8	418.0	8.5%	27 ^{th***}
Upstate**	3,117.0	151.5	5.1%	50 ^{th***}

*Downstate: NYC and Nassau, Suffolk, Westchester, Rockland and Putnam Counties.

**Upstate: All of the 52 counties north of Rockland and Putnam Counties.

*** Ranking out of 51 states, with downstate and upstate New York counted separately.

Source: Fiscal Policy Institute analysis of data from NYS Department of Labor.

EMPLOYMENT

Figure 13

During the recent economic expansion, employment gains downstate far surpassed upstate job growth.

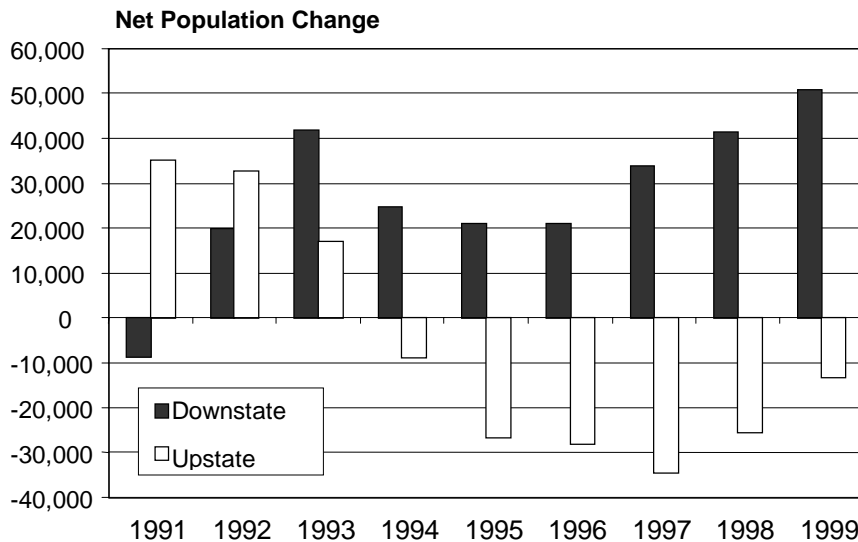
Employment Growth	Total % Change 1995-99	1st Half 1998-99	1st Half 1999-2000
New York State	7.1%	2.7%	2.1%
10 County Downstate Area	8.5%	3.0%	2.4%
New York City	8.3%	2.7%	2.2%
Putnam County	17.0%	6.2%	2.2%
Rockland County	10.5%	5.0%	2.9%
Westchester County	7.4%	2.6%	2.4%
Nassau-Suffolk MSA	9.0%	3.8%	2.7%
Upstate Metropolitan Areas	4.9%	2.3%	1.5%
Albany-Schenectady-Troy MSA	5.1%	2.7%	1.5%
Binghamton MSA	5.6%	2.7%	2.1%
Buffalo-Niagara Falls MSA	2.8%	1.4%	0.7%
Dutchess County MSA	9.3%	3.5%	3.2%
Elmira MSA	7.8%	2.7%	0.4%
Glens Falls MSA	1.0%	2.6%	2.0%
Jamestown MSA	3.2%	-0.9%	2.2%
Newburgh NY-PA MSA	10.1%	4.6%	1.7%
Rochester MSA	5.0%	1.8%	1.4%
Syracuse MSA	4.8%	2.6%	1.8%
Utica-Rome MSA	4.9%	3.5%	2.0%
Nonmetropolitan Counties	6.3%	2.9%	2.4%
52 County Upstate Area	5.1%	2.4%	1.7%

*MSA refers to the US Bureau of the Census-defined Metropolitan Statistical Area.

Source: Current Employment Statistics, NYS DOL.

Figure 14

The weakness of the upstate economy has been a factor in the declining population upstate, even as the downstate region population growth accelerated since 1997.



Source: US Bureau of the Census.

UNEMPLOYMENT AND UNDEREMPLOYMENT

Figure 15

While the unemployment rate has come down in New York, it remains above the national average. In contrast, at the peak of the previous business cycle, 1989, New York's unemployment rate was below the national average.

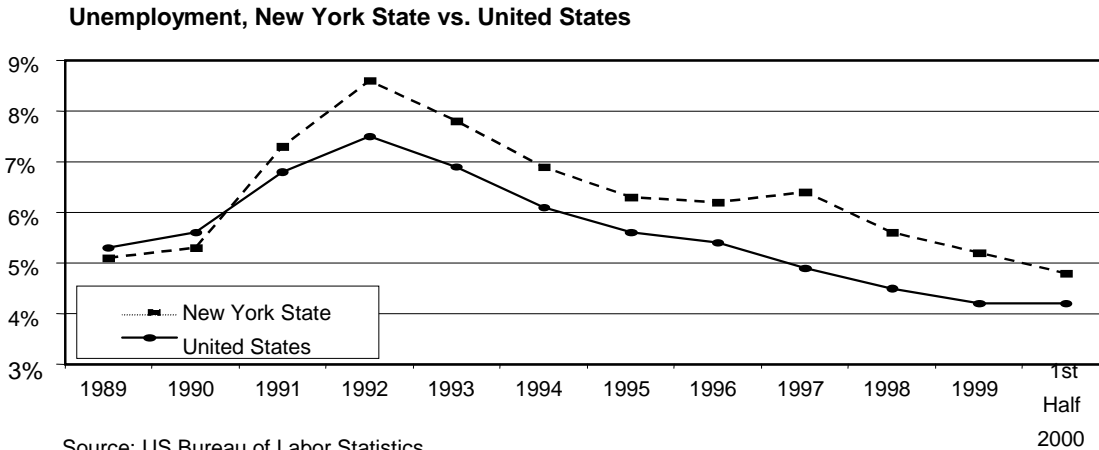


Figure 16

Rates of unemployment and underemployment for young adults with a high school diploma or less are much higher in New York State than in the nation as a whole.

Blacks in this category experienced far higher levels of both unemployment and underemployment across gender lines and levels of education.

Unemployment and Underemployment, 18-35 Year-olds, by Gender, Education and Race, 1996-1999 (pooled)

	Female				Male			
	<u>Unemployment</u>		<u>Underemployment</u>		<u>Unemployment</u>		<u>Underemployment</u>	
	LTHS*	HS**	LTHS	HS	LTHS	HS	LTHS	HS
All								
US	17%	8%	29%	15%	12%	7%	21%	12%
NYS	22%	10%	34%	18%	15%	9%	25%	15%
Black								
US	30%	15%	45%	24%	28%	14%	41%	22%
NYS	37%	15%	53%	27%	32%	16%	48%	27%
Hispanic								
US	16%	10%	29%	19%	9%	7%	17%	13%
NYS	19%	13%	31%	22%	10%	7%	17%	13%

*LTHS refers to individuals with less than a high school diploma.

**HS refers to individuals with a high school diploma.

Source: *The State of Working America, 2000-2001*, Table 6.12. EPI pooled data across 4 years in order to generate larger samples.