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The Transportation Sector Workforce: Good Paying Jobs for Workers with Limited Education

EXECUTIVE SUMMARY

- ▶ New York City's transportation sector will offer tens of thousands of career opportunities over the next ten years, as older workers retire.
- ▶ Entry-level jobs in the sector are accessible to workers with limited formal education, and yet pay above the 45th percentile for all occupations.
- ▶ Workers with limited education earn more in the transportation sector than in most other sectors, and currently represent two-thirds of the sector's workforce.
- ▶ The sector currently employs 200,000 workers as truck, bus and taxi drivers; mechanics; subway and rail workers; and postal workers.
- ▶ Transportation jobs are more likely to be full-time and, with the exception of self-employed taxi drivers, more likely to be union-represented.
- ▶ Transportation workers tend to be non-white, male, and/or immigrants.
- ▶ New York City is host to several very large transportation employers, including the Transit Authority, the Postal Service, FedEx and UPS.
- ▶ Even in a globalizing economy, the transportation sector is likely to continue as a relatively stable source of good-paying jobs for less-educated New Yorkers.

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INTRODUCTION

It is increasingly challenging, in New York City and nationally, to provide good-paying jobs for workers with limited formal education. As globalization pushes many employment opportunities overseas, most good-paying jobs in the City require higher levels of education and training.

However, jobs in the City's transportation sector continue to offer good wages for workers with limited education. Nearly 200,000 New Yorkers work in the sector, many of whom possess no more than a high school education, and who reflect the pronounced diversity of the City. Transportation-related occupations thus represent a significant and fairly stable source of decent-paying jobs for workers with limited skills, and cannot easily be sent elsewhere, including offshore.

However, transportation has traditionally been overlooked by New York City workforce policy makers, due to two limitations in government data. First, the most widely used source of employment data for the transportation industry, the New York State Department of Labor (NYSDOL)'s establishment employment series, counts only those employed in the private sector. This figure excludes workers in two large public enterprises, the New York City Transit Authority (with its affiliate Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA)), and the United States Postal Service. Second, NYSDOL employment data exclude the self-employed, including a large majority of taxi drivers. These two factors have led to a significant understatement of the transportation sector's magnitude.

SECTOR SNAPSHOT

New York City employs 200,000 transportation workers, and three quarters of these are drivers positions.

Roughly three quarters of New York City's 200,000 transportation workers are drivers. Out of 145,000 drivers, 42% are driver/sales workers and truck drivers; 41% are taxi drivers and chauffeurs; and 14% are bus drivers (Table 1). After drivers, the sector employs 26,000 vehicle mechanics, mostly automotive service technicians and mechanics. The U.S. Postal Service (USPS) employs 19,000 city residents as postal service clerks, mail carriers, and mail sorters and processors. A remaining 8,000 blue-collar transportation workers are found in rail transportation, including subway and commuter rail workers, and industrial truck and tractor operator occupations. As noted above, many of these occupations are omitted from the NYSDOL transportation sector figures, as they comprise self-employed workers (taxi and limousine drivers), government enterprises (MTA and USPS), and certain categories of automobile mechanics, but are included in this analysis.

Transportation workers tend to be male, immigrants, and/or minorities.

Men hold 92% of transportation jobs in New York City, while men comprise only 53% of the overall workforce. Transportation workers are also more likely to be immigrants. Whereas 48% of the New York City workforce is comprised of immigrants, 62% of transportation workers are immigrants. Over three quarters (77%) of transportation workers are non-white or Hispanic, while these minority groups comprise 62% of the City's workforce. Hispanics represent 30% of transportation employees, while non-Hispanic blacks represent 27% (see Table 2).

Black non-Hispanic workers are highly concentrated among rail transportation workers and bus drivers and slightly more concentrated among postal clerks and mail carriers. Hispanic workers are highly concentrated among industrial truck and tractor operators, automotive repairers, and drivers/sales workers. Hispanics are slightly more concentrated among automotive mechanics and mail sorters. White non-Hispanic workers are very highly concentrated among bus and truck mechanics (see Table 3.)

Transportation workers tend to be less educated and full-time.

The average transportation worker has limited formal education and works full-time. Sixty-seven percent of transportation workers possess a high school education or less, compared with 44% of the City's overall workforce. Only 12% of transportation workers have a bachelor's degree or higher. More are full-time (88%) than jobs in general (80%) (see Table 3). Overall, more transportation jobs are union-represented (38%) than the average for the city (27%). If self-employed tax drivers are excluded, nearly half (46%) of transportation workers are unionized.

Transportation jobs offer above average wages for less educated workers

Median hourly wages for transportation occupations in New York City range from \$10.75 for industrial truck and tractor operators to \$20.35 for bus and truck mechanics. Between 2000 and 2004, the median wage for transportation occupations was \$13.11 an hour, placing these jobs at the 45th percentile of all wages in New York City (see Table 4.) For less educated workers, transportation occupations generally offer higher wages than other jobs. The median wage for less educated workers (those possessing a high-school education or less) in the transportation sector was \$12.58, compared with the \$10.73 median hourly wage across all occupations for less educated local resident workers.

Once individuals have gained employment in the transportation sector, they can expect to see their wages rise with experience. Several transportation occupations offer “experienced” workers annual wages of \$40,000 and higher¹. “Experienced” postal workers, auto mechanics, and tractor-trailer drivers earn annual salaries ranging from \$40,000 to \$50,000. “Experienced” transit and inter-city bus drivers and bus and truck mechanics earn salaries over \$50,000. Entry-level postal workers earn \$40,000, about twice the entry-level wage of \$19,500 for all New York City occupations (see Table 5).

As noted above, the majority of transportation workers possess no more than a high-school education. Many of these workers, especially vehicle mechanics, have completed some formal vocational training, and often gain skills while on the job. High schools, community colleges, and public and private vocational schools offer automotive service technician training. Bus and truck mechanics need one to two years of additional training, involving both on-the-job experience and informal training with experienced workers. Those seeking entry-level positions with the MTA and USPS must pass a competitive examination.

Roughly one in five transportation workers will retire within 10-15 years.

It is likely that some transportation occupations will have significant turnover in the coming years. About one in five transportation workers is nearing retirement in the next 10-15 years. Over a quarter (26%) of bus drivers, who represent one of the largest occupational categories in the sector, are over age 50, and will likely retire before in the next few years. (The aging of the transit workforce and the looming prospect of retirement for thousands of New York City Transit workers contributed to the intensity of concern regarding health and retirement benefits during the recent transit strike.) Nearly half (47%) of rail transportation workers, nearly a third (30%) of postal clerks, and almost one quarter (24%) of mail sorters are facing retirement over the next decade. Heavy retirement in the transportation sector may lead to tens of thousands of jobs unlikely to be moved out of New York City. The introduction of new technologies likely will continue to be a factor re-shaping the nature of many transportation jobs, particularly in the transit and postal service areas.

¹ The State Labor Department determines annual wages for *experienced* workers by taking the average of the top two-thirds of wages in an occupation. *Entry* wages represent the average for the bottom third of wages in an occupation.

RECOMMENDATIONS

1. Workforce planners should consider transportation a key sector. While the sector itself is unlikely to grow overall, the projected availability of thousands of good-paying jobs due to retirement and turnover make transportation a sector of particular importance to policy makers and workforce development specialists.

2. Policy makers and workforce development specialists should help New Yorkers with limited education access jobs in the transportation sector. Job placement specialists should develop and maintain contact with the personnel departments at transportation sector employers, so they will be able to direct job applicants into these decent-paying jobs. Collaborative partnerships should be sought with large employers such as the MTA, the U.S. Postal Service, United Parcel Service and Fed Ex.

3. Policy makers should seek new and innovative approaches to labor market information in order to identify critical opportunities and to guide efforts to improve the functioning of the city's labor market in ways benefiting workers, job seekers and employers. This labor market profile demonstrates the need for closer examination of labor market information, to identify broader implications of related occupations. As seen in this report, the NAICS industry classification describes a transportation sector including merely 100,000 workers, while more inclusive criteria would double that amount. In order to generate targeted workforce interventions, it is critical to look beyond traditional employment statistics to better understand relevant labor trends.

A NOTE ON METHOD

In order to develop a more comprehensive picture of the city's transportation sector, this labor market profile supplements the traditional New York State Labor Department employment, occupational and wage data with data from the U.S. Census Bureau's Current Population Survey (CPS) and the 2000 Population Census. Because of limitations in the size of the monthly Census Bureau's Current Population Survey for New York City, monthly data were pooled over a five-year period (2000 through 2004). The transportation sector is specified here on an occupational basis, and includes truck, bus and taxi drivers; mechanics; subway and commuter rail transportation workers; and postal workers. As Table 3 notes, a number of smaller occupational categories are also included. This specification of the transportation sector includes self-employed workers, employees of government enterprises (MTA and USPS), and certain categories of automobile mechanics. This specification includes some workers who are not in the NYSDOL-specified "transportation and warehousing" sector such as auto mechanics working in car dealerships. It excludes the air transportation industry, which shares little in common with the transportation sector as defined in this report. The City has a separate, and special focus on the air transportation industry. The Current Population Survey is residence based so it does not reflect all jobs in these occupations in New York City. Differences in data sources providing residential occupational versus establishment employment within NYC make it difficult to determine the number of non-residents working in NYC by detailed industry or occupational category.