

Poverty Level Work in Western New York

Sam Magavern
November 16, 2008

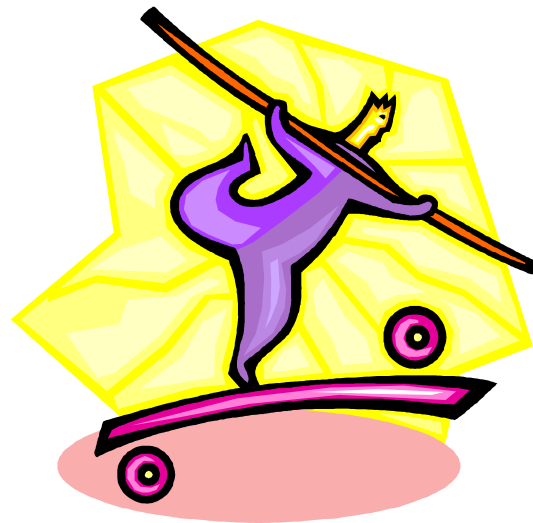
A large percentage of the jobs in western New York do not pay enough to keep a family safely out of poverty. Roughly 125,000 workers are in occupations for which the median wage is less than \$20,000 per year – including salespeople, cashiers, security guards, and child care workers. Another 40,000 workers are in jobs where the median wage falls between \$20,000 and \$23,000 – including janitors, home health aides, pre-school teachers, and teachers assistants.

Work that does not pay enough is the most widespread cause of poverty. According to the National Center for Children in Poverty, in New York state, 74% of children living in low-income families have at least one employed parent.ⁱ

How much is enough to be out of poverty? In 2008, the federal poverty guideline for a family of four is \$21,200.ⁱⁱ Most experts agree that this guideline is set artificially low, and that a family of four needs an income substantially higher than \$21,200 to escape poverty.ⁱⁱⁱ For many anti-poverty programs, income eligibility is set at 150% or 175% of the federal guideline; for example, the eligibility threshold for the 2008 Home Energy Assistance Program (HEAP) is

175% of the guideline, or \$37,100 for a family of four.

The City of New York recently researched and defined its own poverty guidelines.^{iv} New York's guidelines, based on a system developed by the National Academy of Sciences (NAS), measure whether a household's income is less than 80% of the median expenses for basic needs such as food, shelter, clothing, child care, transportation, and out-of-pocket medical expenses. For 2006, the official federal line for a family of four was \$20,444. The NAS measure for the U.S. as a whole was \$21,818; adjusting it for New York City's cost of living, New York developed a figure of \$26,138 for 2006.



The City of Buffalo's Living Wage Ordinance, which is designed to keep a family of three – rather than four – out of poverty, sets the living wage for 2008 at \$9.90 per hour for a worker with health benefits, yielding an annual wage of \$20,592. The rate is \$11.11 per hour for a worker with no health benefits, resulting in an annual wage of \$23,109.^v

The Self-Sufficiency Standard, a national tool customized for individual regions, measures how much income a family needs to meet basic living costs without any public or private assistance or subsidies. In 2005, a single parent with an infant needed to make \$11.58 per hour, or \$24,086 per year, to be self-sufficient in Erie County.^{vi} Penn State University's Living Wage Calculator, by contrast, calculates that a single parent with one child must earn \$29,340 per year to escape poverty.^{vii}

The National Center for Children in Poverty has developed a Basic Needs Calculator measuring how much a family needs to pay for basic needs such as adequate food, stable housing, and health care. According to it, in 2008 a single parent in Buffalo with one child, age one, needs to make \$38,320 per year, or \$18 per hour, to meet basic needs. A single parent with two children, ages 3 and 6, needs to make \$45,109, or \$22 per hour.^{viii}

In 2006, the Buffalo-Niagara Falls metropolitan area had 915,243 people age 16 years or over. Of these, 562,713 (61%) were in the labor force, and 352,530 (39%) were not. Of those in the labor force, 528,613 were employed and 34,100 were unemployed, for an unemployment rate of 6.1%.

The poverty rate (based on the standard federal measure) for all people in the area was 14.2%; for those under 18 years, it was 21%. The median household income was \$42,831, with 43,571 households with income less than \$10,000, 32,353 with income between \$10,000 and \$14,999, and 56,071 with between \$15,000 and \$24,999, for a total of 131,995 households with income below \$25,000.^{ix}

In the city of Buffalo in 2006, there were 203,602 people age 16 or over, of whom 116,031 (60%) were in the labor force and 87,571 (40%) were not. Of those in the labor force, 105,681 were employed and 10,350 were unemployed, for an unemployment rate of 8.9%.

The poverty rate for all people in the city was 29.9%; for those under 18 it was 42.9%. The median household income was \$27,850, with 22,914 households earning less than \$10,000, 11,453 earning between \$10,000 and \$14,999, and 15,990 with income between \$15,000 and \$24,999, for a total of 50,357 households with income less than \$25,000.

The table below lists the 2007 median wages for some common western New York jobs paying less than \$26,000 per year.^x These workers account for 216,720, or 34.1%, of the 634,700 workers identified by the Department of Labor. The figures below include only jobs with over 1,000 workers. There are many other low-wage workers in less common jobs, such as the 370 pharmacy aides with a median wage of \$19,210, the 420 people doing tire repair for a median wage of \$19,010, and the 700 EMT/Paramedics with a median wage of \$24,620.

Any discussion of poverty must center on this huge cadre of workers. The two most common responses to poverty, economic development and education, can do relatively little to reduce poverty among low-wage workers. Economic development as currently practiced means giving tax subsidies to large businesses in return for the promise to create or retain jobs. It does nothing to raise workers' incomes, and it increases their taxes by shifting the tax burden from large corporations to working people. Rather than reducing economic inequality – New York has the worst

inequality of any state in the union – it exacerbates it.^{xi}

Better education is desirable for many reasons, but it should not be offered as a cure-all for poverty. Most jobs do not require a college education: about two-thirds of the jobs in New York state require a high school diploma or less.^{xii} We will always need large numbers of food service workers, salespeople, cashiers, janitors, landscapers, security guards, home health aides, preschool teachers, and child care workers. If we do not pay these workers a living wage, they will live in poverty, regardless of their educational level.

Common Low Wage Jobs in Western New York (2007)

Occupation	Number Employed	Median Income
Below \$20,000		
Food Preparation / Serving	55,920	\$17,300
Retail Salespersons	20,170	\$19,060
Cashiers	18,780	\$16,360
Stock Clerks and Order Fillers	9,220	\$19,220
Security Guards	4,620	\$19,760
Child Care Workers	4,320	\$17,200
Maids/Housekeeping	4,040	\$18,920
Recreation Workers	2,070	\$19,560
Personal and Home Care Aides	1,620	\$19,380
Cleaners: Vehicles, Equipment	1,420	\$17,000
Laundry/Dry-Cleaning	1,250	\$17,840
Parking Lot Attendants	1,200	\$16,740
<i>Subtotal</i>	<i>124,630</i>	
Below \$23,000		
Janitors/Cleaners	12,080	\$22,090
Teachers Assistants	8,800	\$21,790
Home Health Aides	7,400	\$21,670
Landscaping/Groundskeeping	3,440	\$22,690
Helpers – Production Workers	3,140	\$21,910
Preschool Teachers	1,880	\$21,180
Counter/Rental Clerks	1,590	\$22,340
Driver/Sales Workers	1,030	\$21,380
<i>Subtotal</i>	<i>39,360</i>	
Below \$26,000		
Office Clerks	11,890	\$23,390
Nursing Aides, Orderlies	8,510	\$25,220
Team Assemblers	5,490	\$25,900
Receptionists/Information Clerks	5,420	\$23,880
Shipping Clerks	3,360	\$25,560
Tellers	2,550	\$24,140
Social Service Assistants	2,120	\$23,270
Hairdressers, Cosmetologists	1,970	\$23,510
Packaging Machine Operators	1,940	\$25,930
Electronics Assemblers	1,590	\$25,090
Rehabilitation Counselors	1,580	\$23,660
Telemarketers	1,570	\$23,450
Pharmacy Technicians	1,320	\$24,780
Data Entry	1,260	\$24,330
File Clerks	1,090	\$23,240
Sewing Machine Operators	1,070	\$24,450
<i>Subtotal</i>	<i>52,730</i>	
Total	216,720	

-
- ⁱ Michelle Chau et al, “On the Edge in the Empire State,” National Center for Children in Poverty (May 2006). “Low-income,” in this definition, means lacking enough income to meet basic needs such as adequate food, stable housing, and health care. NCCP’s definition of low-income is roughly 200% of the federal poverty line.
- ⁱⁱ <http://aspe.hhs.gov/poverty/08Poverty.shtml/> In 2007, it was \$20,650.
- ⁱⁱⁱ For a brief overview, see Jessie Willis, “How We Measure Poverty,” at <http://www.ocpp.org/poverty/how.htm>.
- ^{iv} New York Center for Economic Opportunity, “The CEO Poverty Measure,” (August, 2008); see also Neil DeMause, “City’s Poor Look Different Through a New Assessment,” City Limits Weekly, 7/21/08.
- ^v The Buffalo Living Wage Ordinance applies to a small number of employers with city contracts. For more information, see www.city-buffalo.com/Home/CityServices/Living_Wage_Commission. New York state’s minimum wage, which is not tied to a poverty line or indexed to inflation, is \$7.15 per hour, which yields an annual income of \$14,872.
- ^{vi} Regional Institute, “State of the Region Project: 1.5, Cost of Living,” (February 2005)
- ^{vii} <http://www.livingwage.geog.psu.edu/results.php?location=23687>
- ^{viii} <http://nccp.org/tools/frs/budget.php>.
- ^{ix} The poverty rates are much higher for people of color. According to 2000 census data, the metro poverty rates were 7.6% for whites, 33.5% for African-Americans, and 36.3% for Hispanics. As of 2004, the percentages of households without access to a car were 8.9% for whites, 33.7% for African-Americans, and 35.6% for Hispanics. Buffalo is the eight most segregated metro area in the nation. See www.diversitydata.org.
- ^x Department of Labor, http://www.labor.state.ny.us/workforceindustrydata/wages_pr.asp?reg=wny. Wage data are from the 2003, 2004, 2005, and 2006 OES survey, and have been adjusted to second quarter 2007 by making cost-of-living adjustments.
- ^{xi} For inequality data, see Fiscal Policy Institute, “Pulling Apart in New York” (April 2008).
- ^{xii} Fiscal Policy Institute, *The State of Working New York, 2007*, p. 23.