



OCTOBER 2019 | HV OUT OF ALIGNMENT ISSUE BRIEF

NEW JOBS AND LOWER INCOME

A fundamental shift occurred in the Mid-Hudson Valley's employment composition between 2008 and 2017. Many high-paying jobs that had anchored the middle class in the past disappeared, and more than 12,000 new jobs were created, many of which cannot sustain the cost of living in the Mid-Hudson Valley. A review of New York State Department of Labor data shows that 16,352 jobs were lost in industries with an average annual wage of more than \$50,000 from 2008-2017. There were 1,564 jobs added in other high paying sectors with average annual wages of \$50,000 or more during the same period. The bulk of the new jobs (95%) were in industries with an average annual wage of less than \$50,000, and 25% were in industries with average annual wages between \$20,000 and \$30,000.

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Today, the industries that are growing the most offer low to mid-range salaries while the highest paying industries are losing jobs. Administrative & Waste Services, Transportation & Warehousing, and Educational Services, all with average annual wages below \$40,000 in 2017, have grown. People working in these sectors at these low salaries will struggle to get by in the Mid-Hudson Valley. Accommodation & Food Services, one of the fastest growing industries, offers wages much below the cost of living. With low-wage jobs on the rise and high and middle-wage jobs disappearing, it is reasonable to ask if the current Mid-Hudson Valley economy can sustain a middle-class in the future.

WAGES AND EMPLOYMENT

The Mid-Hudson Valley is especially reliant on the Government sector, which is the largest employer in the study area and offers relatively good wages. While government jobs accounted for 19.2% of the study area’s total employment in 2017, the number of jobs in this sector declined by 8% from 2008. During this period, wages in the Government sector went up by 8%, averaging \$77,677 in 2017. Government jobs were a \$4.76 billion industry in the study area in 2017.

The Health Care & Social Assistance sector retained its spot as the second largest employer in the study area, and has grown rapidly, mirroring a national trend. Though jobs in this sector increased 20%, wages made a modest 7% jump and vary widely in how much they pay. While doctors and physician assistants are on the high end of the income range, many workers in this industry, like home health and nursing aides, earn far less. The average annual wage in Health Care and Social Assistance in 2017 was \$47,189, indicating that with high earners skewing the number up, many earn well below this figure.

AVERAGE ANNUAL WAGES AND # OF JOBS BY SECTOR: 2008-2017

| | 2008 Wages (Adjusted for Inflation) | 2017 Wages | Wages Change 2008-2017 | Wages % Change 2008-2017 | 2008 # of Jobs & % of Total Employment | | 2017 # of Jobs & % of Total Employment | | Change in # of Jobs 2008-2017 | 2008-2017 Change in % of Total Employment |
|---|---|-----------------|---------------------------|-----------------------------|---|--------------|--|--------------|----------------------------------|---|
| Agriculture, Forestry, Fishing & Hunting | \$31,549 | \$33,602 | \$2,053 | 7% | 3,785 | 1.0% | 4,329 | 1.1% | 544 | 14% |
| Mining | \$72,126 | \$69,846 | -\$2,280 | -3% | 476 | 0.1% | 538 | 0.1% | 62 | 13% |
| Utilities | \$95,638 | \$124,338 | \$28,701 | 30% | 590 | 0.2% | 794 | 0.2% | 204 | 35% |
| Construction | \$52,353 | \$57,105 | \$4,752 | 9% | 19,033 | 4.9% | 18,254 | 4.5% | -779 | -4% |
| Manufacturing | \$76,109 | \$69,667 | -\$6,442 | -8% | 30,228 | 7.7% | 24,986 | 6.2% | -5,242 | -17% |
| Wholesale Trade | \$58,553 | \$58,275 | -\$278 | 0% | 12,650 | 3.2% | 13,672 | 3.4% | 1,022 | 8% |
| Retail Trade | \$29,639 | \$30,197 | \$558 | 2% | 56,275 | 14.4% | 56,213 | 13.9% | -62 | 0% |
| Transportation & Warehousing | \$41,316 | \$39,869 | -\$1,447 | -4% | 11,937 | 3.0% | 12,878 | 3.2% | 941 | 8% |
| Information | \$55,384 | \$56,504 | \$1,121 | 2% | 6,642 | 1.7% | 5,408 | 1.3% | -1,234 | -19% |
| Finance & Insurance | \$59,080 | \$64,708 | \$5,628 | 10% | 10,371 | 2.6% | 8,298 | 2.1% | -2,073 | -20% |
| Real Estate, Rental & Leasing | \$35,384 | \$43,224 | \$7,840 | 22% | 4,697 | 1.2% | 4,762 | 1.2% | 65 | 1% |
| Professional & Technical Services | \$56,252 | \$63,195 | \$6,942 | 12% | 13,179 | 3.4% | 13,162 | 3.3% | -17 | 0% |
| Management of Companies & Enterprises | \$78,996 | \$71,714 | -\$7,282 | -9% | 2,900 | 0.7% | 3,176 | 0.8% | 276 | 10% |
| Administrative & Waste Services | \$35,236 | \$37,998 | \$2,762 | 8% | 14,410 | 3.7% | 16,986 | 4.2% | 2,576 | 18% |
| Educational Services | \$40,787 | \$39,976 | -\$811 | -2% | 10,968 | 2.8% | 12,875 | 3.2% | 1,907 | 17% |
| Health Care & Social Assistance | \$44,657 | \$47,189 | \$2,532 | 6% | 57,950 | 14.8% | 69,655 | 17.3% | 11,705 | 20% |
| Arts, Entertainment, & Recreation | \$24,124 | \$25,000 | \$876 | 4% | 6,898 | 1.8% | 7,493 | 1.9% | 595 | 9% |
| Accommodation & Food Services | \$18,293 | \$20,937 | \$2,644 | 14% | 29,008 | 7.4% | 35,596 | 8.8% | 6,588 | 23% |
| Other Services, Ex. Public Admin | \$29,088 | \$32,677 | \$3,589 | 12% | 14,283 | 3.6% | 16,168 | 4.0% | 1,885 | 13% |
| Total, All Government | \$57,251 | \$61,336 | \$4,085 | 7% | 84,684 | 21.6% | 77,677 | 19.2% | -7,007 | -8% |
| Unclassified | \$33,158 | \$33,760 | \$601 | 2% | 514 | 0.1% | 740 | 0.2% | 226 | 44% |
| Total | | | | | 391,478 | | 403,660 | | 12,182 | 3% |

Source: New York State Department of Labor

Retail Trade is another major industry sector, ranking third in job numbers for the Mid-Hudson Valley and a major employer for most of the seven counties. In 2008, Manufacturing was fourth on the list for regional job numbers, but it lost more than 5,000 jobs by 2017 and wages fell by 10%. As a result, Accommodation & Food Services has taken the fourth spot. This sector grew by 6,588 jobs (23%) in the study area over a ten year period.

In addition to Manufacturing, the Mid-Hudson Valley saw six other industries lose jobs between 2008 and 2017: Construction, Retail, Information, Finance and Insurance, Professional & Technical Services, and Other Services, Ex. Public Administration. With a decline of between 17%-20% in job numbers from 2008 to 2017, the well-paying industries of Manufacturing, Information, and Finance & Insurance were hardest hit.

Jobs that are Unclassified (businesses that did not report a NAICS code to the Department of Labor) increased by 44% between 2008 and 2017. Utilities also grew significantly with a 30% increase and a 35% rise in wages.

The three highest paying industries, Mining, Management of Companies & Enterprises, and Manufacturing, all saw a drop in average annual wages from 2008-2017: -3%, -9%, and -8% respectively.

There were 12,182 new jobs added for a 3% net gain from 2008 to 2017 in the study area. The bulk of these new jobs were in Healthcare & Social Assistance, and Accommodation & Food Services. Administrative & Waste Services, Educational Services, Other Services, Ex. Public Admin, and Wholesale Trade also had significant growth in jobs.

ECONOMIC DEVELOPMENT POLICY

While some of the sectors are growing in job numbers and are therefore increasingly important as industries within the Mid-Hudson Valley economy, low wages mean people employed in these sectors may struggle to support themselves and their families.

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The Accommodation & Food Service sector grew by 23% and was the second quickest growing industry. This growth was accompanied by a wage increase of 14% between 2008 and 2017. Still, the average person employed in this sector made only \$20,937 in 2017. With the high cost of living in the study area, these wages make it difficult to support a family. A single parent working in the Accommodation & Food Service industry will likely have to work multiple jobs or rely on government subsidies to make ends meet.

The Mid-Hudson Valley economy would grow and provide a middle class income to area residents if jobs grew in industries with wages over \$50,000. On the chart below, these are the industries in the upper left box, which currently have low job numbers but offer high wages and are established industries in the study area: Management of Companies & Enterprises; Manufacturing; Mining; Finance & Insurance; Professional & Technical Services; Wholesale Trade; Construction; and Information. Real Estate, Rental & Leasing, which has seen high wage increases (25%), should also be encouraged as a valuable emerging industry.

Further, given the growth in tourism that has occurred in the Mid-Hudson Valley, economic development policy should leverage the increase in tourists and the Valley’s tourism amenities into growth that will bring higher paying jobs.

STUDY AREA WAGES AND EMPLOYMENT BY NAICS SECTOR SHIFT - 2008 AND 2017

