

Research Bulletin

No. 1 • September 2006

EMPIRE



CENTER

FOR NEW YORK STATE POLICY

A project of the
Manhattan Institute for Policy Research

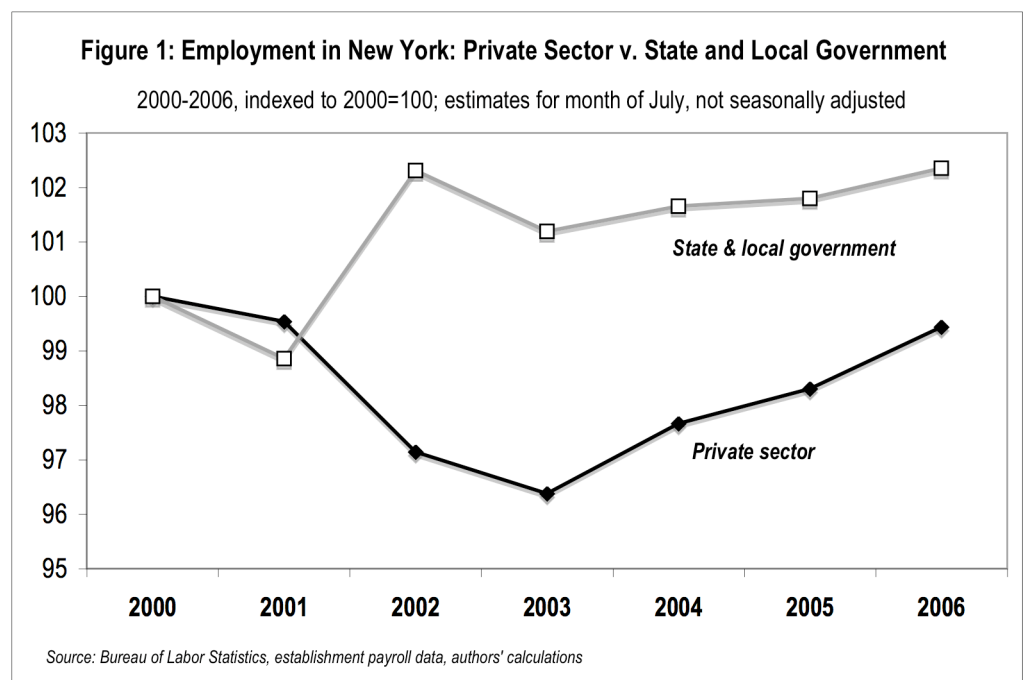
Government Workers in New York: Empire State's Favored Class?

Employment and wage trends in New York State since the beginning of this decade could be described as a tale of two sectors: public and private.

According to the latest available data:

- While private payrolls have yet to recover to their 2000 pre-recession peak, New York has more state and local government employees than ever. (Recent rates of change in both categories are shown in Figure 1 below).
- In 51 of New York's 62 counties, the average salary for state and local government jobs is higher than the private-sector average.
- When comparisons are narrowed to hourly wages for similar occupations, government workers earn more than employees of private firms in most job categories in the state's largest regions.
- Public employee union membership in New York has reached an all-time high of more than 1 million. One out of every eight New York workers is a unionized government employee; the ratio averages one out of 19 in the rest of the country.

(continued on page two)



Employment Trends

Private-sector employment in New York hit a record 7.2 million in late 2000, then plummeted in the wake of a national economic recession, the World Trade Center attack and a sharp downturn in the stock market. After losing more than 300,000 private jobs between 2000 and 2003, the state began a slow economic recovery that has trailed the national average. As of July 2006, private payrolls in New York remained about one-half of a percentage point below their July 2000 levels – a difference of some 40,300 jobs.

By contrast, despite plunging tax revenues early in the same period, state and local government employment in most regions of New York was barely affected by the economic shocks of 2001-03. On a year-to-year basis, the number of state and local government jobs in New York has risen by 30,700 since July 2000. The preliminary July 2006 estimate of 1.33 million state and local employees is the highest ever for that month; the 1.37 million average for the first seven months of this year (reflecting seasonal fluctuations) also indicates that government employment in New York is headed for a new record high in 2006.

As shown below, the most recent growth in state and local payrolls has occurred entirely outside New York City. Within the city, both private- and public-sector payrolls remain smaller than they were in 2000.

Table 1: Percentage Change in Employment by Region, July 2000 – July 2006

Area	Private Industry	State & Local Government	State Government	Local Government
New York Statewide	-0.6%	2.4%	0.2%	2.9%
New York City	-1.2%	-3.1%	-3.0%	-3.1%
Rest of State	0.0%	6.1%	1.0%	7.9%
Albany-Schenectady-Troy	3.3%	2.9%	-0.4%	7.1%
Binghamton	-8.9%	7.0%	13.1%	4.0%
Buffalo-Niagara Falls*	-3.7%	2.4%	8.7%	0.2%
Elmira	-7.5%	-6.0%	0.0%	-8.0%
Glens Falls	5.0%	—	—	9.7%
Ithaca	3.7%	-1.3%	-11.5%	3.9%
Kingston	-0.2%	8.5%	14.6%	5.7%
Nassau-Suffolk	2.2%	9.5%	-5.5%	12.5%
Poughkeepsie-Newburgh-Middletown	7.4%	12.9%	-0.9%	18.0%
Rochester	-6.1%	6.2%	9.2%	5.6%
Syracuse	-0.5%	6.7%	7.8%	6.3%
Utica-Rome*	-6.5%	20.2%	-2.7%	29.8%
Putnam-Rockland-Westchester	3.2%	8.8%	-5.6%	11.8%

* Indian nation employees in these regions were counted as private at beginning of period and local government at end of period.

Source: The U.S. Bureau of Labor Statistics. Current Employment Statistics survey: Employment Hours and Earnings. State and Local Employment. 2000 to 2006 July annual average not seasonally adjusted. www.bls.gov

Private-sector employment increases in the Hudson Valley and Long Island have been offset by job losses upstate over the last six years, resulting in virtually no net change in private employment for regions outside New York City. But state and local government employment in these same regions has grown by 7.9 percent since 2000. Even after subtracting Indian tribal payrolls¹ – which the federal government reclassified as “local government” during this period – we estimate the net growth in state and local government jobs outside New York City has exceeded 6 percent since 2000.

State government employment has not increased significantly on a statewide basis, reflecting the impact of a 2002 early retirement incentive and a hiring freeze instituted the same year. The bulk of the public-sector increase has been concentrated in local governments. Local public schools have added over 20,000 employees, accounting for about half the net increase in local government employment outside New York City. The rest is scattered among other categories not broken out in the official labor data – counties, cities, towns and villages.

New York's recent growth in public-sector jobs is consistent with national trends. State and local government employment across the country is up 7.4 percent over the past six years – nearly four times the 2 percent increase in private-sector jobs during the same period.

Public-private pay comparisons

Government jobs are not only virtually recession-proof – on average, in most New York communities, they pay more, too.

The latest estimated statewide average salary for all jobs in the state and local government sector is \$45,956 – only 87 percent of the private sector's \$52,966 salary average. However, the private-sector figure is inflated by a large concentration of very highly paid jobs in Manhattan's financial sector. When average salaries are broken down by place of work on a regional basis, a different picture emerges: in 51 out of 62 counties, government workers collect higher average salaries than private-sector employees, as detailed in Table 2.

Some noteworthy aspects of the average salary comparison:

- While government salaries average barely half the private level in Manhattan, government pay easily exceeds private-sector averages in the city's other four boroughs.
- The region with the greatest differential between public and private salaries is the Mohawk Valley, where state and local government jobs pay 124 percent more than private-sector jobs, on average. The runner-up in this category is Long Island, where the average state-local salary is 121 percent of the average private-sector salary.
- The highest-paying local government jobs in New York State are found in New York City, Long Island and the lower Hudson Valley.
- Aside from Manhattan, the 11 counties in which private-sector salaries exceed government salaries tend to be those with a large concentration of high-wage jobs in corporate management and the professions (Westchester), private colleges and universities (Tompkins), or manufacturing (Steuben) – or some combination of all three (Monroe).
- The Southern Tier is the only region other than New York City in which average private salaries are higher than government salaries. This reflects the relatively high wages paid by manufacturers in the region, such as Corning and Lockheed-Martin.
- The highest state government wages are found in counties dominated by state prisons, such as Orleans, Greene and Schuyler counties.

**Table 2: Average Annual Salary in 2005
New York State and Local Government v. Private Sector**

	State Government	Local Government	State & Local Government	Private Sector	State & Local Government as Percent of Private
Statewide	\$48,741	\$45,341	\$45,956	\$52,966	87%
Capital Region	\$52,016	\$34,097	\$42,693	\$36,455	117%
Albany	\$50,738	\$36,055	\$46,771	\$38,967	120%
Columbia	\$60,309	\$28,372	\$34,009	\$30,334	112%
Greene	\$79,584	\$33,548	\$48,889	\$26,742	183%
Rensselaer	\$72,585	\$33,536	\$38,960	\$36,054	108%
Saratoga	\$40,732	\$34,085	\$35,256	\$32,984	107%
Schenectady	\$40,864	\$36,598	\$37,529	\$41,675	90%
Warren	\$51,883	\$33,769	\$34,872	\$30,207	115%
Washington	\$77,911	\$28,551	\$39,993	\$30,230	132%
Central New York	\$40,022	\$35,325	\$36,542	\$35,311	103%
Cayuga	\$67,217	\$33,818	\$42,533	\$28,997	147%
Cortland	\$42,757	\$34,151	\$36,588	\$27,675	132%
Madison	\$41,938	\$29,359	\$31,737	\$28,809	110%
Onondaga	\$37,382	\$37,412	\$37,403	\$37,227	100%
Oswego	\$27,494	\$32,473	\$31,675	\$32,959	96%
Finger Lakes	\$50,897	\$35,580	\$38,181	\$36,840	104%
Genesee	\$58,300	\$30,487	\$34,058	\$26,797	127%
Livingston	\$41,977	\$31,706	\$36,306	\$26,275	138%
Monroe	\$46,709	\$38,574	\$39,632	\$39,946	99%
Ontario	\$65,270	\$32,830	\$34,428	\$30,841	112%
Orleans	\$76,323	\$34,302	\$46,576	\$23,878	195%
Seneca	\$47,130	\$29,670	\$34,281	\$28,094	122%
Wayne	\$62,856	\$30,138	\$32,418	\$30,464	106%
Wyoming	\$56,487	\$28,692	\$40,112	\$28,010	143%
Yates	\$70,810	\$33,332	\$34,203	\$24,270	141%
Long Island	\$49,354	\$52,682	\$52,256	\$43,161	121%
Nassau	\$52,567	\$55,335	\$55,194	\$44,449	124%
Suffolk	\$48,652	\$50,118	\$49,837	\$41,846	119%
Mid-Hudson	\$51,444	\$47,939	\$48,575	\$45,768	106%
Dutchess	\$54,727	\$38,689	\$43,967	\$40,848	108%
Orange	\$65,260	\$41,162	\$44,366	\$32,451	137%
Putnam	\$60,732	\$52,896	\$53,111	\$37,751	141%
Rockland	\$41,414	\$48,408	\$46,701	\$42,236	111%
Sullivan	\$75,950	\$40,737	\$47,404	\$27,140	175%
Ulster	\$41,881	\$34,373	\$36,626	\$28,881	127%
Westchester	\$50,838	\$55,604	\$55,093	\$55,724	99%
Mohawk Valley	\$54,656	\$29,554	\$35,426	\$28,555	124%
Fulton	\$48,042	\$31,347	\$34,976	\$28,895	121%
Hamilton	\$51,330	\$25,520	\$28,036	\$18,036	155%
Herkimer	\$57,520	\$28,324	\$29,712	\$25,902	115%
Montgomery	\$50,173	\$29,878	\$31,574	\$28,128	112%
Oneida	\$56,486	\$29,325	\$37,131	\$29,309	127%
Schoharie	\$47,081	\$32,346	\$36,769	\$26,267	140%
New York City	\$49,602	\$50,939	\$50,823	\$70,803	72%
Bronx	\$45,657	\$48,825	\$48,288	\$37,329	129%
Kings	\$45,005	\$53,315	\$50,599	\$34,584	146%
New York	\$49,999	\$50,847	\$50,801	\$92,269	55%
Queens	\$52,043	\$52,898	\$52,663	\$39,636	133%
Richmond	\$60,256	\$48,373	\$53,806	\$35,064	153%

(continued on next page)

	State Government	Local Government	State & Local Government	Private Sector	State & Local Government as Percent of Private
North Country	\$48,187	\$30,794	\$36,610	\$28,182	130%
Clinton	\$52,549	\$33,546	\$40,554	\$29,594	137%
Essex	\$41,991	\$30,692	\$34,759	\$26,244	132%
Franklin	\$44,511	\$30,527	\$36,862	\$25,809	143%
Jefferson	\$59,878	\$27,091	\$34,185	\$27,903	123%
Lewis	\$55,569	\$28,548	\$29,973	\$27,539	109%
St. Lawrence	\$45,307	\$33,482	\$37,802	\$28,840	131%
Southern Tier	\$41,151	\$30,988	\$33,291	\$34,172	97%
Broome	\$36,488	\$31,414	\$33,153	\$31,851	104%
Chemung	\$65,230	\$33,745	\$41,826	\$30,709	136%
Chenango	\$35,199	\$29,395	\$30,358	\$31,745	96%
Delaware	\$34,700	\$26,650	\$28,452	\$32,078	89%
Otsego	\$27,295	\$28,527	\$28,232	\$28,503	99%
Schuyler	\$73,212	\$30,591	\$38,600	\$25,702	150%
Steuben	\$54,272	\$31,575	\$33,456	\$44,303	76%
Tioga	\$58,406	\$28,431	\$29,399	\$42,624	69%
Tompkins	\$42,806	\$33,558	\$34,657	\$36,370	95%
Western NY	\$42,284	\$36,771	\$38,079	\$33,029	115%
Allegany	\$34,051	\$31,554	\$32,013	\$27,574	116%
Cattaraugus	\$39,178	\$31,280	\$32,465	\$27,897	116%
Chautauqua	\$33,146	\$34,227	\$34,045	\$27,199	125%
Erie	\$42,897	\$38,890	\$40,078	\$34,407	116%
Niagara	\$55,066	\$35,521	\$37,011	\$32,339	114%

Source: New York State Department of Labor. *New York State Workforce and Industry Data: Quarterly Census of Employment and Wages. NAICS Based Industry Employment and Wages New York State, Labor Market Regions, Metropolitan Areas, Local Workforce Investment Areas and Counties. 2000-2005*

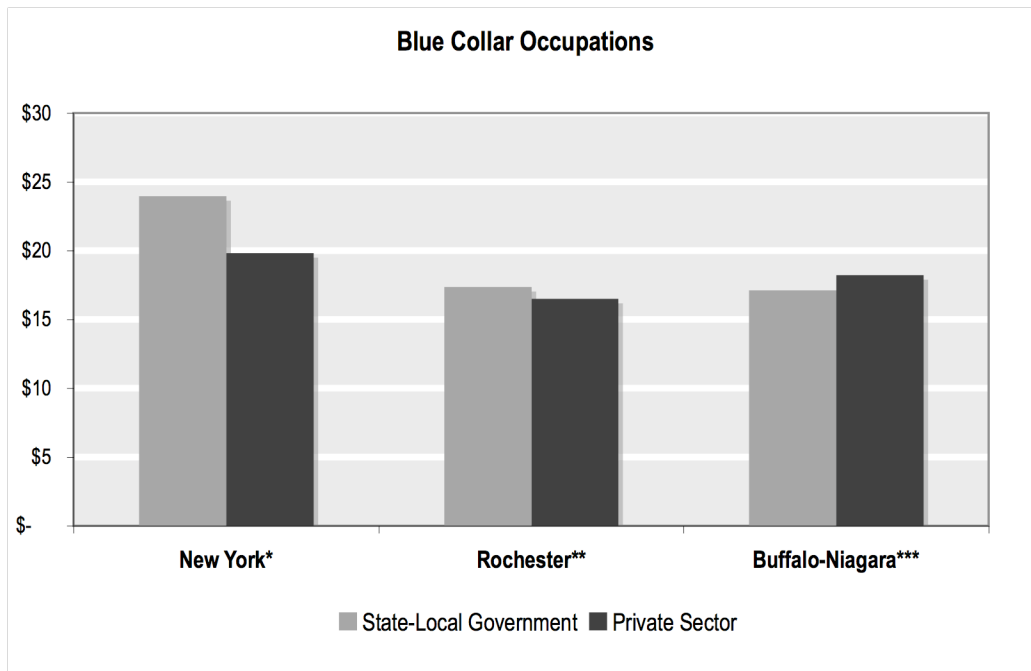
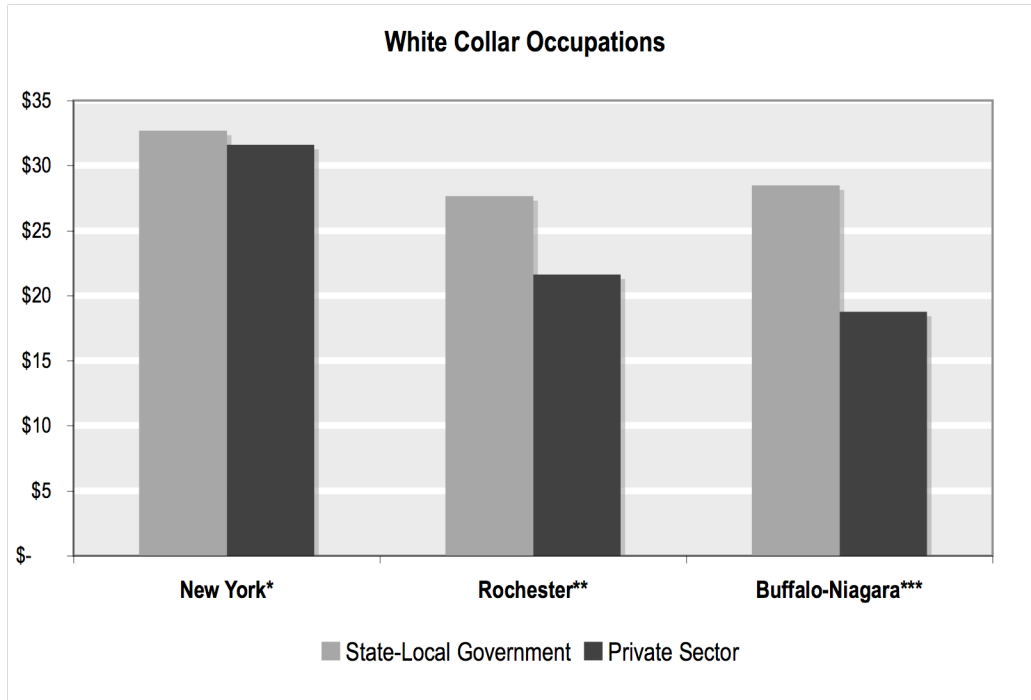
Comparing “collars”

A comparison of wages for similar occupations can be gleaned from the U.S. Bureau of Labor Statistics’ National Compensation Survey, which includes data for private sector and government job titles. Regional versions of the report are published for three metropolitan statistical areas of New York State: New York-Northern New Jersey-Long Island, Rochester, and Buffalo-Niagara Falls.

The compensation survey presents hourly wages and weekly hours for two dozen occupations, which in turn are grouped into the general categories of “white collar” and “blue collar.” Figure 2 illustrates summary figures for both categories in each of the New York regions covered by the national survey.

In all three New York regions covered by the national survey, hourly wages for white-collar occupations are higher in government than in the private sector. The difference is smallest in the New York City region, where government workers earn \$3.42 an hour more, but the government pay advantage for white collar occupations widens to \$6.02 in the Rochester region and a whopping \$10.04 per hour in Buffalo-Niagara Falls. The work week is also at least three hours shorter for white-collar employees of state and local government in all three regions.

Figure 2.
Average Hourly Earnings, State and Local Government v. Private Sector



Source: The U.S. Bureau of Labor Statistics, National Compensation Survey: Occupational Wages in New York- Northern New Jersey- Long Island, NY-NJ-CT-PA: Mean Hourly Earnings Table 2-1. Mean Weekly Hours Table 3-1. December 2005; Occupational Wages in Buffalo-Niagara Falls, NY: Mean Hourly Earnings Table 2-1. Mean Weekly Hours Table 3-1. March 2006; Occupational Wages in Rochester, NY: Mean Hourly Earnings Table 2-1. Mean Weekly Hours Table 3-1. December 2005. All available at www.bls.gov/ocs

* New York region includes New York City and seven counties in New York State (Long Island and the lower Hudson Valley); 14 counties in northern New Jersey; one county in Pennsylvania; and all or part of three counties in Connecticut.

** Buffalo-Niagara region includes Erie and Niagara counties.

*** Rochester region includes Genesee, Livingston, Monroe, Ontario, Orleans, and Wayne Counties.

The differences are smaller for blue-collar occupations. Government workers in blue-collar jobs earn \$4.14 more per hour in New York-Northern New Jersey-Long Island, but the government edge narrows to 87 cents per hour in the five-county Rochester region. In Buffalo-Niagara Falls region, blue-collar workers in the private sector earn \$1.10 per hour more than state and local governments workers in similar occupations – a difference that stems in large part from relatively high private-sector wages in the region’s “precision, production, craft and repair” jobs. The work week is longer for private-sector blue collar workers in all three regions, but the differences between the two sectors are small, ranging from a half hour less in Buffalo-Niagara Falls to 1.4 hours in Rochester.

Compensation: the broader view

Wages and salaries are only part of the compensation story. Government employees also enjoy an edge in several other significant respects:

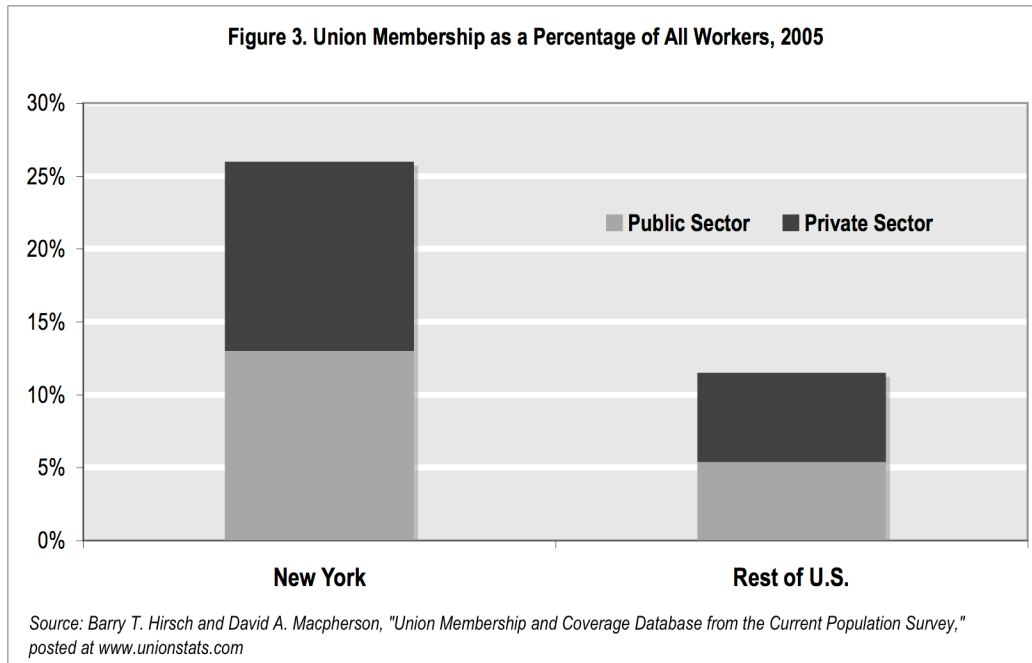
More time off – Most government workers in New York are entitled to 12 paid holidays – two more than the average allowed by private employers.² Many government workers (for example, those employed by New York State and New York City) can qualify for four weeks of paid vacation (plus holidays) after as little as seven years; in the private sector, most workers need to put in 15 years before getting four weeks of vacation.³ For school district employees, of course, time off per year is measured in months rather than weeks.

Bigger retirement benefits – It has been well documented that both pensions and health benefits for retired public-sector workers in New York are significantly more generous than those available to private-sector workers. On average, government workers can retire earlier and receive more from their former employers in retirement, including guaranteed pensions and health benefits, on top of federal Social Security and Medicare.⁴

Greater job security – Union contracts and civil service guidelines provide most government workers with the equivalent of tenure. Layoffs are rare, even in severe economic downturns. More often than not, elected officials respond to budget shortfalls by raising taxes, freezing hiring and offering experienced employees even more generous pensions as an incentive to retire early.

Unionization trends

Although union membership is in a long-term decline throughout the country, New York remains the nation’s most heavily unionized state – by a large margin. Just over 2 million New York State workers are union members, and fully half of them work in the public sector.⁵ One out of every eight workers in the Empire State is a unionized government employee; in the rest of the country, the ratio is roughly one out of 19 workers.



Between 1995 and 2005, union membership in New York’s manufacturing sector dropped by 55 percent (roughly twice the overall rate of decline in the state’s manufacturing employment base), yet total private-sector union membership in New York increased roughly 4 percent during the same period. Union success in organizing workers in the state’s fast-growing health and human services sector no doubt has played a role in this trend.

Conclusion

While New York’s private sector economy has yet to fully recover from its last downturn, state and local government employees are more numerous than ever, economically more secure, and generally better compensated than private sector workers. If state officials continue to embrace key legislative objectives of unions representing government workers and employees of government-subsidized non-profits, the relative strength of New York’s public sector is only likely to continue increasing--at the inevitable expense of the private sector.

— by **E.J. McMahon**, *Director*, and **Kathryn McCall**, *Research Associate*

¹ Previously counted in the private sector, Indian Enterprises were reclassified as “local government” between 2003 and 2005, but are not reported as a separate category in the government sector. According to their economic impact statements, the Oneida, Seneca and St. Regis Mohawk tribes employ about 7,700 people, mainly at casinos and hotels, in Onondaga, Oneida, Madison, Franklin, Niagara and Cattaraugus counties.

² U.S. Department of Labor, Bureau of Labor Statistics, “Employee Benefits in Large and Medium Private Establishments, 1997.”

³ Ibid.

⁴ See, for example, the June 2006 Special Report of the Empire Center, *Defusing New York's Public Pension Bomb: A fair Approach for Workers and Taxpayers*, at www.empirecenter.org, and the Citizens Budget Commission report, *Old Assumptions, New Realities: The Truth About Wages and Retirement Benefits for Government Employees*, at www.cbcn.org.

⁵ Source for all unionization data is Barry T. Hirsch and David A. Macpherson, *Union Membership and Coverage Database from the Current Population Survey*, posted at www.unionstats.com.