

FISCAL POLICY INSTITUTE

11 Park Place, Suite 701, New York, NY 10007

212-721-5624 www.fiscalpolicy.org

Retail Wages in New York City

Testimony of
Michele Mattingly
Research Associate
Fiscal Policy Institute

Before the

Bronx Community Board 7 Public Hearing on the Kingsbridge Armory Project

June 24, 2009

Thank you for the opportunity to address the Community Board. My name is Michele Mattingly, and I am a research associate with the Fiscal Policy Institute here in New York City. FPI conducts research and policy analysis on New York city and state economic issues, especially those affecting low- and middle-income New Yorkers.

Given our organization's focus, New York City's retail jobs are of great interest, and we published a study on the subject in 2008. Retail jobs are one of the top three fastest growing sources of private sector employment in the city. Nearly one in ten of the city's private sector jobs is in retail. However, retail jobs hold another distinction—the industry is also the city's largest low-wage employer. One in seven New York low-wage workers is employed in retail. For anyone concerned with addressing poverty and income inequality in our city, improving wages for retail workers is essential.

The typical—that is, the median—wage of a New York City retail worker in a non-professional, non-managerial occupation is only \$10.78. Working 40 hours a week, 52 weeks a year, an individual earning this wage will barely gross over \$22,000. And almost one-quarter of retail workers fall far below this level, earning \$8 an hour or less.

These wages are not sufficient to support a family, especially in New York, but that's just what many retail workers here struggle to do. More than 90,000 children in New York City have parents employed in retail. On average, retail workers in families with children

FPI Testimony on Retail Wages in New York City

contribute 56 percent of their family's earned income. Nearly one out of three of these retail workers is the family's sole provider.

Some people may have the impression that retail employees are primarily teens, working part-time to get some spending money. The reality is that the vast majority of our city's retail workers are adults. Nearly 80 percent are 25 and older, and 50 percent are 35 and older. More than 80 percent work full-time.

The inadequacy of retail workers' wages can lead to dependence on public assistance. At the state level, retail ties with health services as the industry whose workers receive the largest share of public benefits. These benefits include food stamps, Medicaid, and Temporary Assistance to Needy Families (TANF).

Retail jobs don't have to be low-wage. Unionizing retail jobs is one step in moving away from the low-wage, low-road model. In New York City, median wages for unionized retail workers are 18 percent higher than for their non-union counterparts—a \$2 an hour difference. Higher wages, better benefits, and improved working conditions do not only benefit workers. Employers benefit—better jobs can lower employee turnover, reducing the expense employers incur in recruitment and training. Better jobs can result in increased worker productivity and higher quality service for customers. And, by lessening the difficulties retail workers face when trying to support their families in a high-cost-of-living-city, better retail jobs will contribute to the stability of these workers' communities.

As the city leaves behind an economic era characterized by a financial sector distorted by reckless speculation, it is imperative that we rebuild our city's economy on the basis of good, family-supporting jobs that create and sustain the middle-class.