

Low-Wage Work in Rochester

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I. Overview

Low-wage work is not new to Rochester, NY¹ or the nation. Even during times of economic growth and prosperity, teachers' aide, cashier, home health aide, wait staff, housekeeper and janitor were low-pay occupations that served the needs of the area's better-off workers; they have always been essential yet devalued lines of work. What has been new for the past three decades for both Rochester and the nation, however, is the growth of low-wage service-sector occupations and the decline of processing-sector jobs, especially manufacturing and related occupations that provide high pay and good benefits but require little or no postsecondary education.

For Rochester, one-half of its good-paying manufacturing jobs were lost over the past fifteen years.² The decline of Kodak and two others of the former "big three" is obviously a major reason for this, as any Rochesterian knows, but many smaller production firms, such as Delphi, Delco, General Railway Signal and Schlegel also reduced their workforce, and sometimes lowered the wages of those they kept.

By the early twenty-first century, business and political leaders were optimistic that a new economy would emerge based on cleaner, knowledge-based work in the fields of high-technology and health care, and the University of

¹ All data are for the Rochester, NY Statistical Metropolitan Area which includes the city plus Livingston, Monroe, Ontario, Orleans, Wayne and Yates counties.

² New York Federal Reserve Bank, accessed 11/5/14, <2014http://www.ny.frb.org/research/data_indicators/index.html>

Rochester was the model: it became the region's largest employer in 2005, and it would act as the new economic growth engine by partnering with business to create business incubators, technology start-ups, patents and medical breakthroughs in its labs.³ In short, it was an example of the "eds and meds" to which many postindustrial northeast cities turned to escape economic decline. As one business group saw it:

In many respects, the bell towers of academic institutions have replaced smokestacks as the drivers of the American urban economy. As America transitions to a knowledge-based economy, institutions of higher education have become engines of economic growth.⁴

In fact, of Rochester's top ten establishments ranked by size of workforce, five are universities, hospitals and health insurance providers.⁵ The area's two largest universities have explicitly included the role of "economic growth engine" in their long-term plans. And, like the nation as a whole, Rochester did find an increase in so-called "good" service work, often connected with higher education and medical fields, such as in financial services, engineering, computers and health care.

These occupations gain most of the attention of business observers, but the full story is the large growth of low-paying, "bad" service jobs. For, in line with the nation, what Rochester has experienced since the 1990s is an "employment polarization" whereby secure, good-paying jobs that helped create its "middle-class" have contracted and are being replaced by service work of "low-quality" jobs at one end, and service work of "high-quality" jobs at the other. By 2010, for

³ Karin Fischer, "The University As Economic Savior," Chronicle of Higher Education, July 14, 2006

⁴ Initiative for a Competitive Inner City and CEOs for Cities, 2006.

⁵ Matthew Daneman, "Rochester's New 'Big 3' Focus on Health Care, Groceries," Democrat and Chronicle, 6/28/14.

example, of the approximately thirty start-up companies nurtured by our universities that demand highly-educated professional and technical skill, most employed five or fewer employees. On the other hand, jobs in the fields of educational services, health care support, personal care and hospitality are expanding. Contingent work constitutes a significant portion of jobs in these fields, such as adjunct professors in Rochester's largest employer, and part-time cashiers in the second- largest employer, Wegmen's.⁶ Low-wage work, as defined by the National Employment Law Project as between \$7.69 and \$13.83 an hour, constituted about 59% of Rochester's job growth between 2010 and 2012. The most recent data from the Bureau of Labor Statistics show that 3 out of 10 Rochester workers are in low-wage occupations, earning less than \$29,000 annually.

II. Rochester Follows National Occupational Trends: Low-Wage Service Jobs

In its ten-year forecast for the top 30 occupations with the most job growth for 2012 to 2022, the Bureau of Labor Statistics forecasts that 13 of these, or 43%, will pay below the low-wage annual salary of \$28,766. A majority, 17, pay below the national median annual salary of \$34,750.

While it currently promotes itself as an "innovation center," Rochester's occupational structure is consistent with the national outlook.⁷

⁶ Ibid. Wegmen's stated that 56% of its local workforce is part-time.

⁷ Bureau of Labor Statistics, 2014, "May, 2013 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Rochester, NY."

Looking at the top ten, we find that six pay low wages; only one pays above the national median salary:

Occupations with the most job growth, 2012 and projected 2022:

<u>Occupation</u>	<u>median annual salary</u>
Personal care aides	\$19,910
Registered nurses	\$65,470
Retail salespersons	\$21,110
Home health aides	\$20,820
Combined food preparation & serving, including fast food	\$18,260
Nursing assistants	\$24,420
Secretaries & administrative assistants, except legal, medical, and executive	\$32,410
Customer service representatives	\$30,580
Janitors and cleaners, except maids and housekeeping/cleaners	\$22,320
Construction laborers	\$29,990

Source: Bureau of Labor Statistics, 2014

1. Personal care aides, with 17,000 workers, this is one of Rochester's largest occupations. The overall median hourly wage for this category is \$10.53. Well over half of jobs in this category are personal care and child care aides and hair stylists, and these jobs pay between nine and eleven dollars per hour.

2. Retail sales, with over 47,000 workers, this comprises among the largest number of jobs in Rochester. The median hourly wage is \$11.40. Nearly seven out of ten jobs in this occupation are retail salespersons and cashiers that pay between nine and ten dollars per hour.

3. Home health aides in Rochester, and this is another currently large occupation that will grow as the country's baby boomers age. It has

a median hourly wage of \$12.59. Workers in this field give personal attention to the infirmed, such as bathing, feeding, cooking and light housekeeping.

4. Jobs in Rochester's **combined food preparation**, including fast food, total about 42,000, and its overall median hourly wage is the lowest at \$9.01. Fast-food workers are in this category, but so are wait staff and restaurant cooks, which together account for seventy percent of the jobs in this category, and they make between nine and eleven dollars per hour.

5. With 6,100 workers, **Nursing assistants**, (along with home health aides) dominate the health care support category in Rochester, and the median hourly wage is \$12.60. While high-paying health care practitioner occupations, such as physicians, nurses, physical therapists and medical technologists are growing, workers in these fields depend on the much lower-paying jobs like the nursing assistants and home health aids. There are about four times as many nursing assistants than physicians in Rochester; and there are nearly the same number of low-wage home health aides and nursing assistants as there are architects and engineers.

6. Building and grounds and maintenance occupations are another large Rochester occupation, and **janitors** make up almost 90 percent of the 15,000 jobs within it. Their median hourly wage is \$11.08. Many of these janitors, plus groundkeepers and cleaners, work at our local colleges and universities. Officers in these schools, like provosts, senior vice presidents and financial officers, and some professors, can earn about \$250 an hour; the presidents can make over \$400 an hour⁸.

⁸ Internal Revenue Service, 2013, Form 990

Another way to understand the significant role that low-wage service work plays in Rochester is to examine what its business community calls the “Top 100” list of local private companies⁹. These are the firms that have generated at least \$1 million in revenue in the past three years. Retail and service dominate. Service, retail sales and wholesale sales total 43 of the 100 firms, and many “technology” firms involve mostly service occupations or do not make products. For example, the number-one company for 2014, Ultimate Technology Company, is listed as a technology company, but while it serves retail companies through hardware and software, it provides business services, and it no longer manufactures anything in Rochester. The third-top company, ConServe, does debt-collection.

And, while “eds and meds” are hailed by some as the path to Rochester’s economic revitalization, we must acknowledge the low-wage jobs required by them. Full-time tenured and tenure-track college professors now make up only about twenty-seven percent of the nation’s professors. Temporary or long-term part-time instructors now dominate, and adjunct professors make about \$3,500 per sixteen-week long course. Rochester’s largest two universities, UR and RIT, rely less on part-time instructors compared to the nation, but between 30% to 35% of their courses during any given semester are taught by graduate students and adjuncts, who receive little if any medical benefits.

III. Conclusion

There are many reasons for the current rise of a polarized labor market, including business deregulation policies, offshoring, and global economic trade and

⁹ Rochester Business Alliance, “Rochester Top 100 Program,” 2014.

competition. While we are led to believe that these big transformations occur by some natural, impersonal forces, they are formed in fact through private decision-making by business owners and boards of directors, often done for short-term gain. This is far beyond the direct control of individual workers, and certainly cannot be attributed to a poor work ethic or lack of drive on the part of Rochester's workers. Low-wage workers bear the major risks of making a living in the so-called "new economy." The current faith in innovation by Rochester's political and business leaders does not offer much hope for the area's low-wage workers, and worker re-training programs seem unable to keep up with an economy based on rapid change. And, the same political and economic policies behind the employment polarization have also made it very difficult for workers to form unions and negotiate the strong contracts that helped create good living standards in the post-WWII era.

The structural changes we see nation wide and in Rochester may be better addressed by universal changes such as a mandated living wage for all workers. Addressing the full impact of low-wage work and life would require that we decouple wages from standards of living. Beyond a basic living wage, this would include in free or subsidized form such necessities as mass transportation, healthcare, childcare and college or vocational education for workers regardless of their wages.