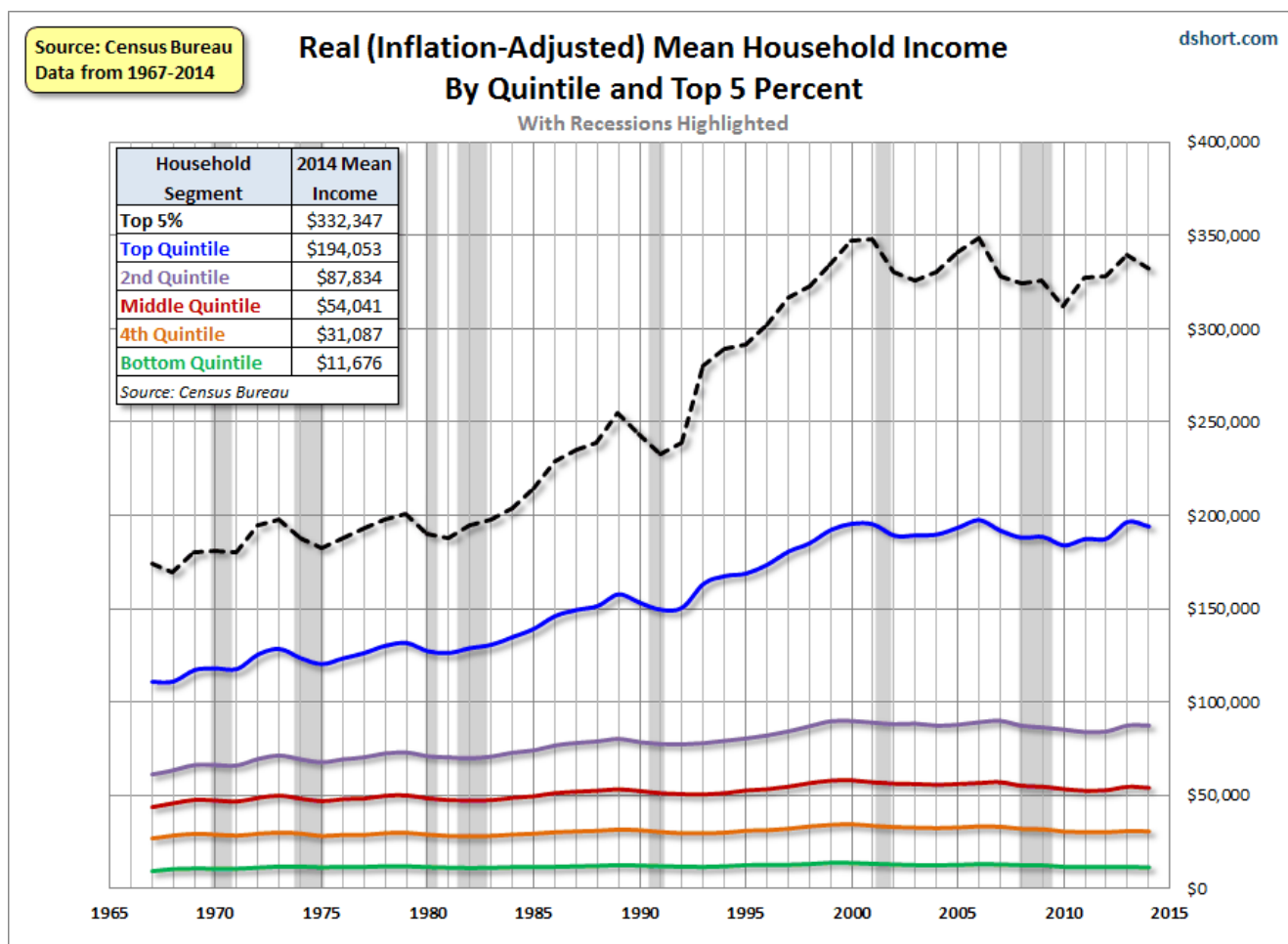


# The Shrinking Middle Class in New York State – Cities and Suburbs

Pew Research has been releasing a series of studies showing that the percentage of Americans who have middle class incomes has been declining. The most recent of these is [America's Shrinking Middle Class: A Close Look at Changes Within Metropolitan Areas](#). The report received extensive coverage in many newspapers, including the [New York Times](#). It concluded that in nine of ten metropolitan areas, the middle class lost ground – from 61% of the population in 1971 to 49.5% in 2014.

The Pew findings are a result of the widely reported increase in income inequality that has developed in the United States since about 1980.



Source: [Doug Short – U. S. Household Incomes: A 47 Year Perspective](#).

The data shows that income gains were concentrated among those with higher incomes. In fact, middle to low income households have seen no significant real (inflation adjusted) income gains since 1967. And, since 2000, real household incomes have stagnated at all levels. Because income gains between different income groups have diverged, the percentage of Americans who live in the middle class has declined.

### **The Shrinking Middle Class in New York State’s Metropolitan Areas**

Pew found that in New York State, each metropolitan area studied saw a decline in the percentage of residents whose incomes were classified as middle class. For the purpose of their study, middle class was defined as the range between two thirds of the median household income and twice the median.

Albany-Schenectady-Troy showed the largest decrease- 5%. On average, the percentage of residents with middle class incomes decreased by 3.9%.

Five of the seven metropolitan areas saw increases in the percentage of residents with high incomes – Albany-Schenectady-Troy, Glens Falls, New York-Newark-Jersey City, Syracuse and Utica. Four of seven metropolitan areas saw increases in the percentage of low income residents, with Buffalo-Niagara Falls showing the largest increase – 8.3%.

<b>Change In Income Distribution</b>			
<b>New York State Metros 2000-2014</b>			
	<b>Low</b>	<b>Middle</b>	<b>High</b>
Albany-Schenectady-Troy	(1.90)	(5.00)	7.00
Buffalo-Niagara Falls	8.30	(7.40)	(0.90)
Glens Falls	0.10	(3.30)	3.00

New York-Newark-Jersey City	(0.10)	(2.60)	2.70
Rochester	3.00	(2.90)	(0.20)
Syracuse	(1.20)	(2.10)	3.30
Utica	0.50	(3.80)	3.30

Source: [Pew Research Center – America’s Shrinking Middle Class: A Close Look at Changes within Metropolitan Areas.](#)

The 3.9% average decrease in middle class residents in upstate metropolitan areas was very close to the 4% decrease that Pew found nationally. But the Pew data does not examine the way the increase in income inequality affects city residents compared to residents of suburban areas around them. This is a significant issue because cities in New York state have become increasingly separated economically from their suburbs.

For example, in upstate New York in 1969, cities had rates of poverty that were only slightly higher than for the state as a whole. But, by 2013, most upstate cities had rates of poverty that were at least two times the state rate.

Percent of Residents Living in Poverty				
	1969	1989	1999	2013
Albany	14.20%	N/A	21.50%	25.30%
Buffalo	15.20%	25.60%	26.60%	31.40%
Rochester	12.40%	23.50%	25.90%	33.90%
Syracuse	14.10%	22.70%	27.30%	36.50%
Schenectady	N/A	N/A	20.80%	24.80%
Troy	N/A	N/A	19.10%	27.30%
Utica	N/A	N/A	24.50%	31.70%
New York State	11.10%	13.00%	14.60%	15.60%

(Data for cities with populations of less than 100,000 were not available for years before 1999).

### **Inflation Adjusted Median Household Income Change in Cities**

## and Suburbs

The same dynamic played out with respect to household incomes in cities and their suburbs. Between 1999 and 2014, the median inflation adjusted household income for residents of 14 New York cities declined, while those of households outside those cities in the counties within which they were located increased in all but two cases. Moreover, those cities with poorer populations saw greater income losses on average, while those suburbs with higher incomes saw larger income gains.

Median Income Comparison									
Poorer Cities			2000	2014	Change		2000	2014	Change
Binghamton city	Broome County	New York	\$ 36,444	\$ 30,828	\$ (5,616)		\$ 50,193	\$ 51,563	\$ 1,370
Rochester city	Monroe County	New York	\$ 38,515	\$ 30,784	\$ (7,731)		\$ 63,745	\$ 61,276	\$ (2,469)
Elmira city	Chemung County	New York	\$ 38,755	\$ 29,865	\$ (8,890)		\$ 51,709	\$ 58,420	\$ 6,711
Utica city	Oneida County	New York	\$ 35,381	\$ 31,173	\$ (4,208)		\$ 50,991	\$ 55,247	\$ 4,256
Syracuse city	Onondaga County	New York	\$ 35,500	\$ 31,566	\$ (3,934)		\$ 58,003	\$ 64,263	\$ 6,261
Buffalo city	Erie County	New York	\$ 34,841	\$ 31,668	\$ (3,173)		\$ 54,765	\$ 59,040	\$ 4,275
Jamestown city	Chautauqua County	New York	\$ 36,689	\$ 31,128	\$ (5,561)		\$ 47,510	\$ 46,415	\$ (1,095)
Niagara Falls city	Niagara County	New York	\$ 38,056	\$ 33,009	\$ (5,047)		\$ 54,153	\$ 54,207	\$ 54
		AVERAGE	\$ 36,772	\$ 31,253	\$ (5,520)		\$ 53,884	\$ 56,304	\$ 2,420
Wealthier Cities									
Newburgh city	Orange County	New York	\$ 43,071	\$ 33,125	\$ (9,946)		\$ 73,922	\$ 73,636	\$ (286)
Auburn city	Cayuga County	New York	\$ 42,999	\$ 38,399	\$ (4,600)		\$ 53,232	\$ 59,318	\$ 6,086
Poughkeepsie city	Dutchess County	New York	\$ 44,022	\$ 38,973	\$ (5,049)		\$ 79,519	\$ 76,714	\$ (2,805)
Schenectady city	Schenectady County	New York	\$ 41,717	\$ 38,916	\$ (2,801)		\$ 59,269	\$ 70,384	\$ 11,114
Albany city	Albany County	New York	\$ 42,658	\$ 41,099	\$ (1,559)		\$ 60,968	\$ 68,993	\$ 8,026
Troy city	Rensselaer County	New York	\$ 42,378	\$ 39,526	\$ (2,852)		\$ 60,925	\$ 69,485	\$ 8,560
Watertown city	Jefferson County	New York	\$ 40,369	\$ 41,197	\$ 828		\$ 48,289	\$ 51,283	\$ 2,994
Kingston city	Ulster County	New York	\$ 47,325	\$ 41,719	\$ (5,606)		\$ 63,738	\$ 61,378	\$ (2,360)
		AVERAGE	\$ 43,068	\$ 39,119	\$ (3,948)		\$ 62,483	\$ 66,399	\$ 3,916

(Income adjusted by CPI-U for 1999 and 2014 – Northeast Urban Class B&C Metropolitan Areas).

Several cities saw particularly large adjusted median income declines between 1999 and 2014. Adjusted household income declined by 23% in Elmira and Newburgh, and 20% in Rochester.

Overall, households in poorer cities lost 15% of inflation adjusted income, while those in wealthier cities lost 9.2% of income between 1999 and 2014.

In contrast, suburban areas saw gains, on average, with suburban areas around wealthier cities seeing increases of 6.3% on average, while those around poorer cities saw increases of 4.5% on average. Household income in suburbs

outside Elmira increased by 13%, compared to the 23% decline in the city. In suburbs around Syracuse, adjusted household income increased by 10%, while in the city, it decreased by 9%.

Chautauqua County outside Jamestown, Dutchess County, outside Poughkeepsie, Monroe County, outside Rochester, and Ulster County outside Kingston saw declines in inflation adjusted median household income. But, even here, central cities far worse than suburbs. In Rochester, adjusted median household income declined by 20%, while Rochester suburbs decreased by 3.8%. In Poughkeepsie, real median household income declined by 11.4%, while in the rest of Dutchess County, median income declined by 3.5%. Jamestown saw a 15% decline, while the remainder of Chautauqua County saw a decrease of 2.3%.

### **Inflation Adjusted Income Change in New York City**

<b>Median Household Income Comparison</b>				
	<b>2000</b>	<b>2014</b>	<b>Change</b>	
Bronx borough	\$ 40,340	\$ 34,284	\$ (6,056)	
Brooklyn borough	\$ 46,949	\$ 46,958	\$ 9	
Manhattan borough	\$ 68,664	\$ 71,656	\$ 2,992	
Queens borough	\$ 61,961	\$ 57,210	\$ (4,751)	
Staten Island borough	\$ 80,357	\$ 74,043	\$ (6,314)	

Three boroughs in New York City saw declines in inflation adjusted household income between 1999 and 2014 – Bronx with a decline of 15%, Queens with a decrease of 7.7% and Staten Island with a decrease of 7.9%. Manhattan saw an increase, while Brooklyn’s income was stable.

### **Middle Income Shrinkage in Cities and Suburbs**

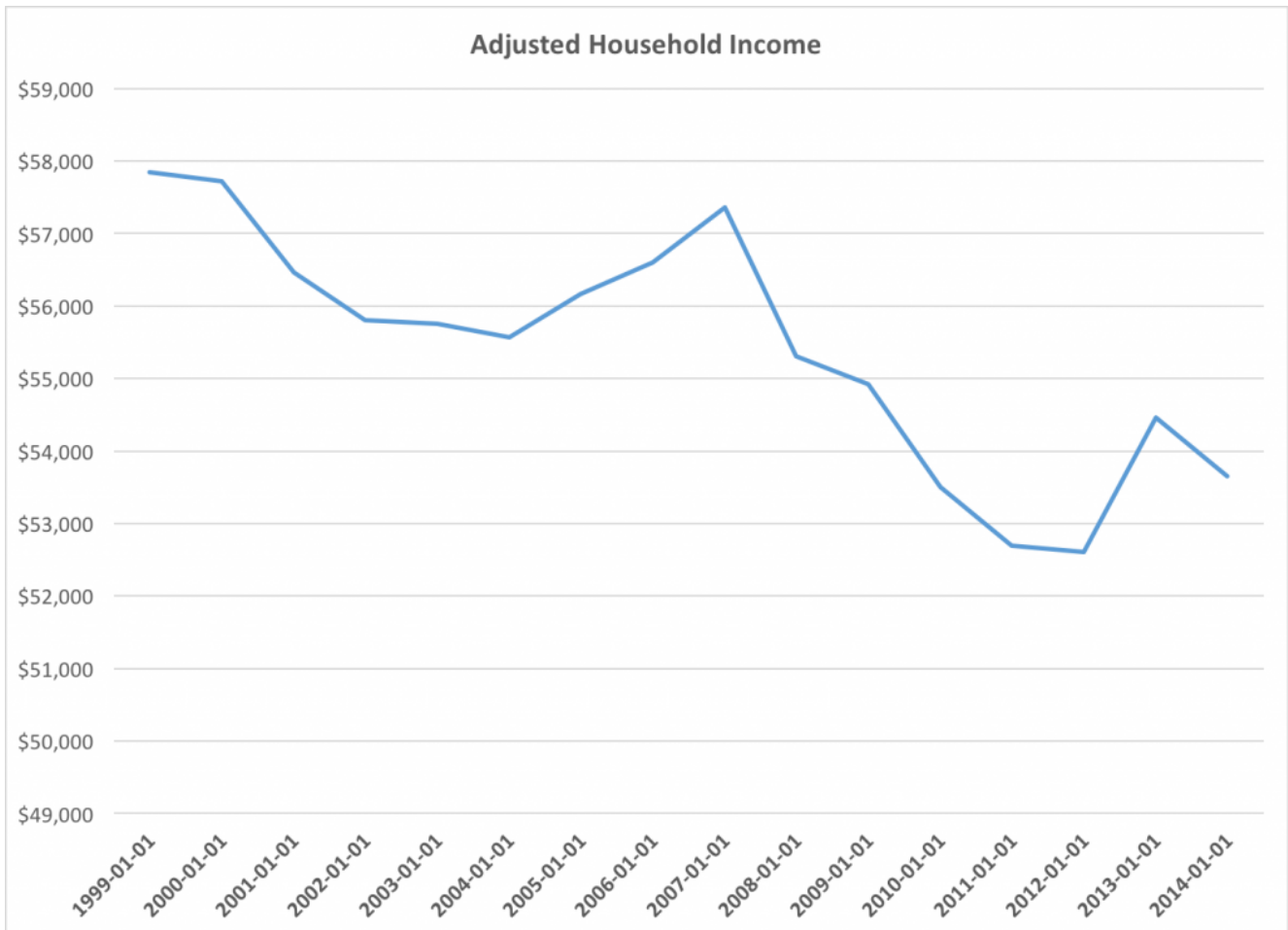
Percentage of Households that are Middle Class - 2014 vs 1999								
		2014	2000	Change		2014	2000	Change
Albany city	Albany County	36.4%	44.2%	-7.9%		50.1%	55.5%	-5.4%
Binghamton city	Broome County	32.4%	41.4%	-9.1%		50.2%	50.3%	-0.1%
Auburn city	Cayuga County	42.7%	47.9%	-5.1%		53.7%	57.7%	-4.0%
Jamestown city	Chautauqua County	37.8%	44.7%	-7.0%		52.8%	51.5%	1.4%
Elmira city	Chemung County	30.1%	45.6%	-15.5%		48.5%	54.1%	-5.6%
Poughkeepsie city	Dutchess County	27.8%	32.3%	-4.6%		54.9%	56.9%	-2.0%
Buffalo city	Erie County	37.5%	42.2%	-4.7%		48.5%	58.0%	-9.5%
Watertown city	Jefferson County	49.6%	44.6%	5.1%		52.8%	53.3%	-0.6%
Rochester city	Monroe County	37.1%	41.4%	-4.3%		48.8%	54.7%	-6.0%
Niagara Falls city	Niagara County	40.7%	46.0%	-5.3%		48.5%	58.8%	-10.3%
Utica city	Oneida County	39.0%	41.3%	-2.3%		49.3%	49.9%	-0.6%
Syracuse city	Onondaga County	35.2%	40.5%	-5.3%		48.9%	57.3%	-8.4%
Troy city	Rensselaer County	37.4%	46.2%	-8.8%		49.6%	58.5%	-8.9%
Schenectady city	Schenectady County	42.1%	42.5%	-0.4%		48.8%	57.7%	-8.8%
Kingston city	Ulster County	40.6%	47.7%	-7.0%		43.9%	54.5%	-10.6%
	<b>AVERAGE</b>	<b>37.8%</b>	<b>43.2%</b>	<b>-5.5%</b>		<b>50.0%</b>	<b>55.3%</b>	<b>-5.3%</b>

Both cities and suburbs had smaller percentages of middle income residents in 2014 than in 1999, but started from different positions. In cities in 1999, on average only 43% of residents were middle class, compared with 55% in suburban areas. In 2014, 38% of city residents on average were middle class compared with 50% in suburbs. So, both cities and suburbs lost the same percentage of middle income residents.

## Implications

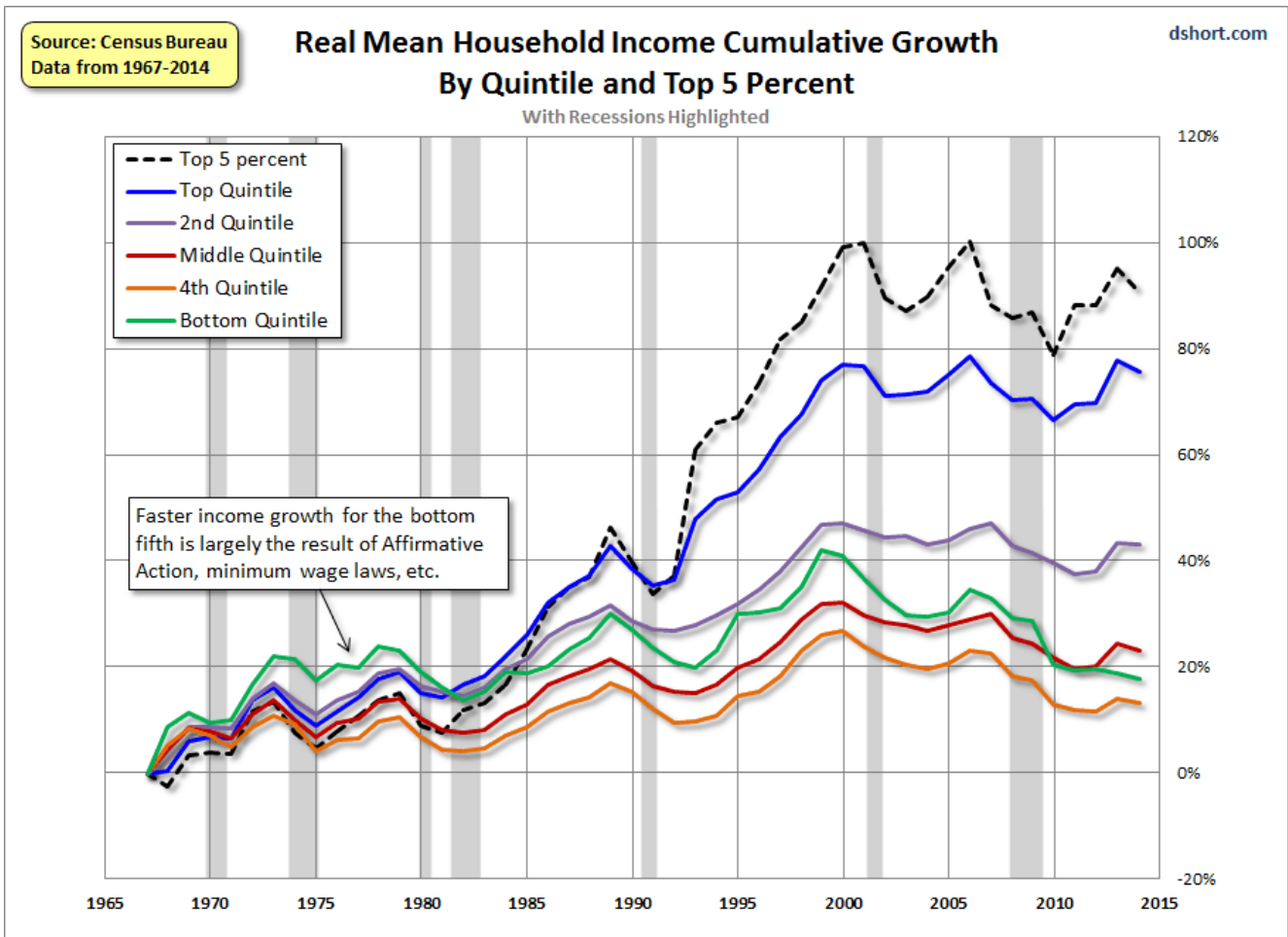
The decline of middle income households is a significant concern, but, even more significant are the overall growth of inequality, and the overall decline in real household income that has taken place this century.

For the United States as a whole, by 2014, inflation adjusted median household income had decreased by 8% from 1999. While more recent data suggests that incomes have recovered since 2014, the lack of growth in median household incomes is a significant concern.



Source: [Federal Reserve Bank of St. Louis](#)

But the impact of income stagnation has been unequal. The chart and table below show that the impact of recent income declines has been greatest on lower income groups.



Real Household Income Declines from Peak Year				
Household Segment	Peak Year	Peak Income	2014 Income	Percent Change
Top 5%	2006	\$349,215	\$332,347	-4.8%
Top Quintile	2006	\$197,466	\$194,053	-1.7%
2nd Quintile	2007	\$90,331	\$87,834	-2.8%
Middle Quintile	2000	\$58,058	\$54,041	-6.9%
4th Quintile	2000	\$34,863	\$31,087	-10.8%
Bottom Quintile	1999	\$14,092	\$11,676	-17.1%

Source: Census Bureau, chained in 2014 dollars

Source: [Doug Short – U. S. Household Incomes: A 47 Year Perspective](#)

Because of the concentration of low income residents in cities, city households saw significant declines in inflation adjusted income over the past fifteen years – averaging a decrease of 12%, compared with an increase of 6% in suburban areas. As a result, the average difference in household incomes between cities and suburbs increased from 46% in 1999 to 74% in 2014.



Our society has become increasingly divided economically over the past 35 years. More recently, the U. S. economy has not provided income growth for the country's residents. In New York State, the impact of these changes has been significantly different for suburban residents, who have been largely insulated from these economic problems, and for city residents who have suffered from them.