

## 4.6 Wages and Income vs. Cost of Living

### The Importance

In a democracy, economic success must be measured by the standard of living of the citizens. Wage rates and household income levels, measured over time, are a significant indicator of a community's economic progress. The measurement of income and wages must also be compared to the Region's cost of living in order to reveal whether the Region's residents have improved their standard of living.

By examining both the wage rates and the household income, we may also reveal an indication of whether the Region's residents are working more than one job to maintain their standard of living.

### About this Indicator

This indicator examines the standard of living in the Capital District using income and earnings data from the U.S. Census Bureau and private sector weekly wage data from the NYS Dept. of Labor. It also gages the data against the inflation rate, home values, and contract rent rates.

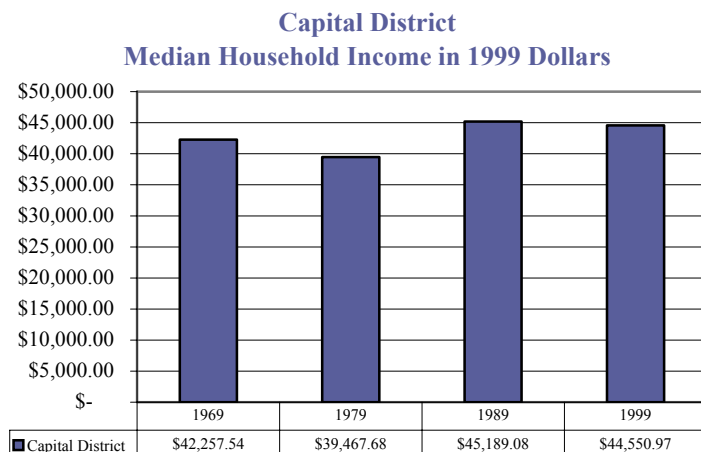
Unfortunately, there are no good measurements comparing the cost of living in different metropolitan areas. American Chambers of Commerce Researchers Association (ACCRA) does publish an annual cost-of-living index comparing metro areas, but their process relies on self-reporting. The accuracy of the ACCRA data is frequently not born out by more precise data sources and common sense.

### Sources for this Indicator

- 1970, 1980, 1990, and 2000 Censuses
- NYS Department of Labor.
- Inflation adjustments are made using the Consumer Price Index (CPI-U).

### Wages and Income in the Capital District

Household income in the Capital District, adjusted for inflation, has increased moderately since 1969 and 1979. In 1989, Household income had increased significantly over the 1979 level while the 1999 income level was slightly lower than 1989. Considering that the number of persons-per-household in the Capital District has dropped significantly over the past 30 years, these figures may be interpreted as an even larger rise in the Region's median income.

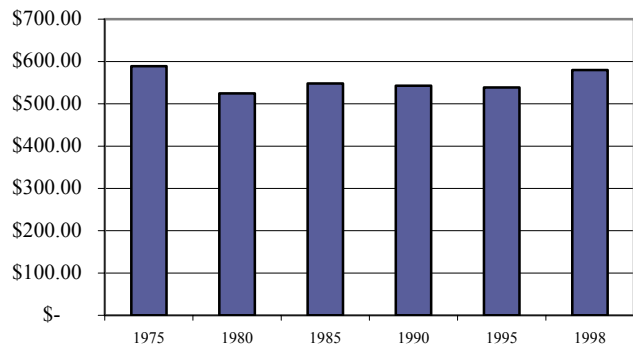


## 4.6 ECONOMICS

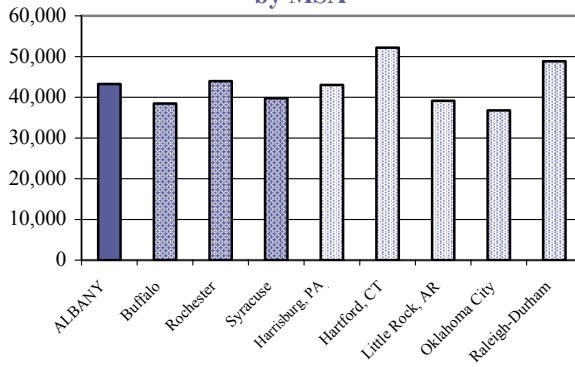
Adjusted for inflation, private sector weekly wages have remained fairly steady in the Capital District since 1975. Although there was an 11% drop in wages during the late 1970's, the Region regained more than half of that drop by 1999.

Compared with its peer group, the Albany MSA's household income only significantly trails Raleigh-Durham and Hartford. It also trails Rochester, but only slightly. It should also be considered that the Albany MSA has the lowest number of persons-per-household in the peer group, meaning that fewer people have to be supported by the household income. Another indication of this trend is that the median individual earnings in the Albany MSA fares much better against the peer group than the median household income.

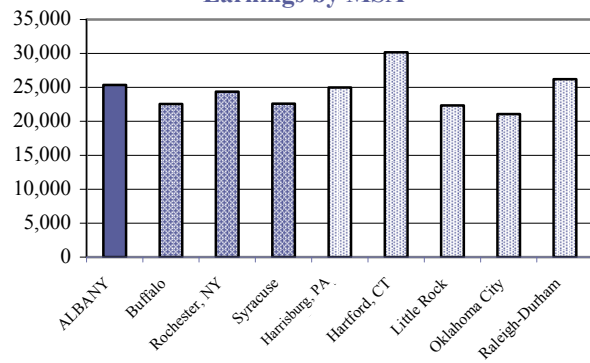
**Capital District Average Private Sector Weekly Wages in 1998 Dollars**



**1999 Median Household Income by MSA**

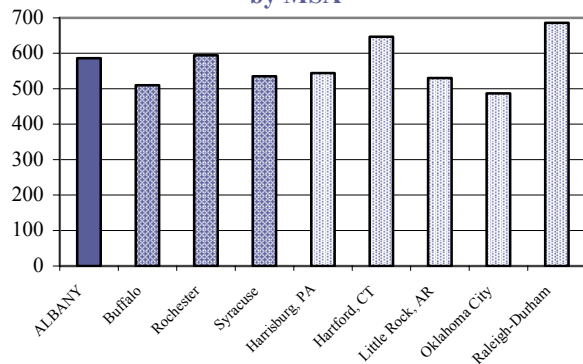


**1999 Median Earnings of Those with Earnings by MSA**



While Raleigh-Durham and Hartford seem considerably more prosperous than the rest of the group, the cost of living in those MSA's may reduce that prosperity. When the median contract rents and home prices are compared with the household incomes, it becomes clear that while Raleigh-Durham and Hartford have higher incomes, their housing costs are much higher than the rest of the group. At the same time, the Albany MSA has reasonable housing costs while maintaining strong income levels.

**2000 Median Gross Rent by MSA**



**2000 Median Value of Owner-Occupied Housing Units by MSA**

