

Capital District Data

November/December 2016

Volume 39, Number 6

In this Issue of Capital District Data

Incomes lose ground to inflation- even amongst the highly educated

New data from the Census Bureau's 2011-15 American Community Survey illustrates that higher education is not a panacea to declining incomes.

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Data Overview

 Improvement  Deterioration  Unchanged/
Mixed



The Region's population continues to achieve high levels of educational attainment. More than a third of the Region's population 25 and older has at least a Bachelor's Degree



There are fewer high school dropouts. In 2005-09, 9.6% of the Region failed to achieve a high school diploma, this declined to 7.7% in 2011-15.



Unemployment rates continue to decline and are approaching pre-recession levels. There is a correlation between high levels of education and low levels of unemployment



Between 2005-09 and 2011-15, higher levels of education did correspond with higher median incomes. Region-wide, in 2011-15 a Bachelor's Degree earned 36.2% more than an individual with "Some College or Associates."



From 2005-09 to 2011-15, the Region maintained its advantage on the national rate for those with a Bachelor's or higher.



The largest pluralities of educational attainment for the Region remain in "High School graduates" and "Some College or Associate", at 29.6% and 27.4% respectively.



After adjusting for inflation, Regional median incomes for those 25 and older declined from \$43,157, to \$42,613, a 1.3% decline. For those with a "Bachelor's Degree" it declined 3.0% and for those with a "Graduate or Professional" degree it declined 2.5%.



**49 Years of Service to
Albany, Rensselaer, Saratoga, & Schenectady Counties**

Higher Education is not a Panacea to Declining Income

While it is true that college graduates tend to earn more, and have lower unemployment rates, when compared to their non college educated peers; they are not immune to declines in median incomes. For much of the last 30 years, incomes have remained flat, or declined, when compared to inflation. In 1985, the national median household income was \$23,620 according to the Census Bureau¹. By the 2011-15 American Community Survey, the national median household income had increased to \$53,889. But after adjusting for inflation, 1985's median income was the equivalent of \$67,941 in 2015 dollars; a steep decline over 30 years in "real" dollars.

Over those 30 years, enrollment in the nation's colleges, has surged. In 1985, 27.8% of those between 18 and 24 were enrolled in college- by 2015 this had increased to 40.5%². With this growth, it seems counter intuitive that median incomes could be declining. Therefore, a deeper examination of the relationship between educational attainment and median incomes is necessary so that a clearer understanding of the evolution of the economic

benefits of a college education can be ascertained.

Educational Attainment

The Capital Region has long experienced high levels of educational attainment. This trend continues as educational attainment has increased from the 2005-09 to the 2011-15 ACS. Amongst the four counties, all saw the percentage of the population 25 years of age and older without a high school diploma decline. Saratoga County led the way with the lowest percentage, falling from 6.2% in 2005-09 to 5.9% in 2011-15. Albany County was second, declining from 9.2% to 7.2%. Rensselaer County saw the percentage of its population 25 years of age and older without a high school diploma decline to below the 10% threshold to 9.2%. Schenectady County experienced a more modest decline from 9.9% to 9.5%.

As a whole, the Region's percentage of those without a high school diploma declined from 9.6% to 7.7%. Compared to levels from New York State and the United States, the Capital Region does significantly

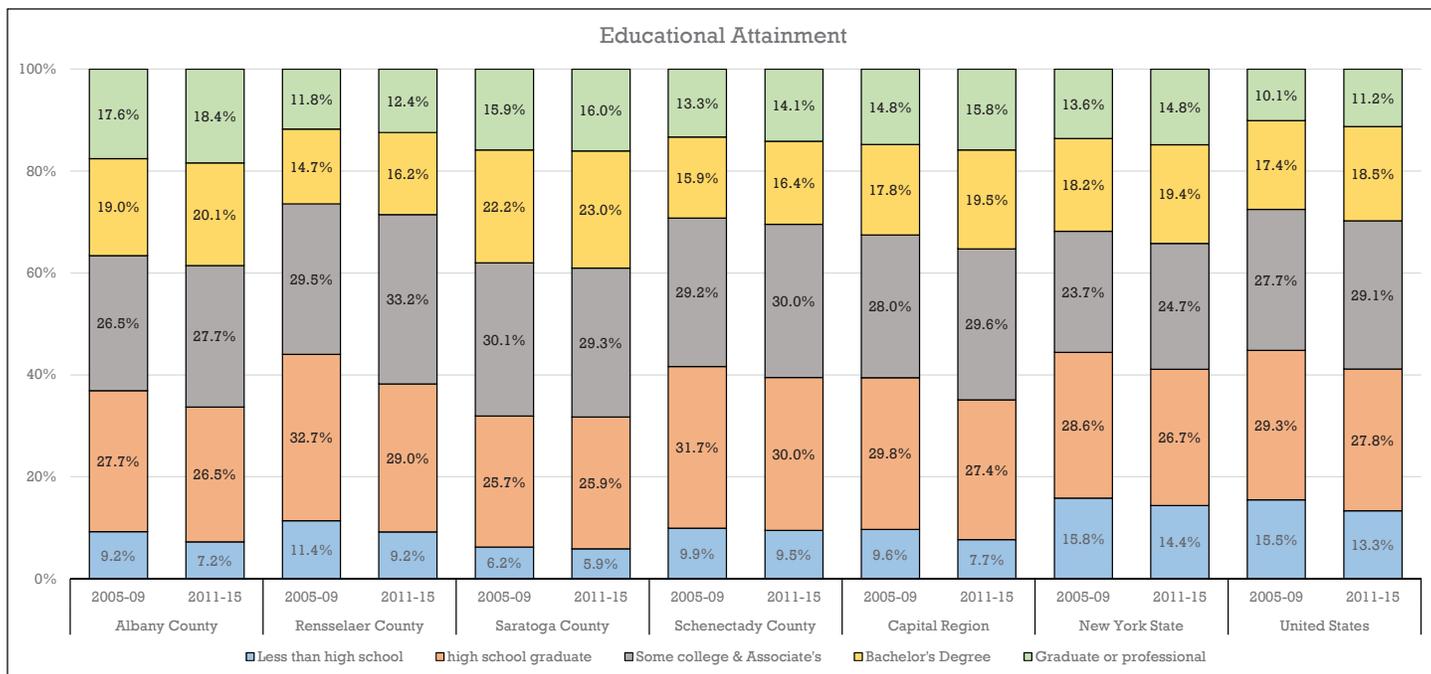


Figure 1. In general, the Region and the four counties all saw improvements to educational attainment. In the most critical attainment level, those without a high school diploma, the Region and its counties far outperformed the State and the nation.

¹- "Current Population Reports- Money Income of Households, Families, and Persons in the United States: 1985." Bureau of the Census <https://www2.census.gov/prod2/popscan/p60-156.pdf>

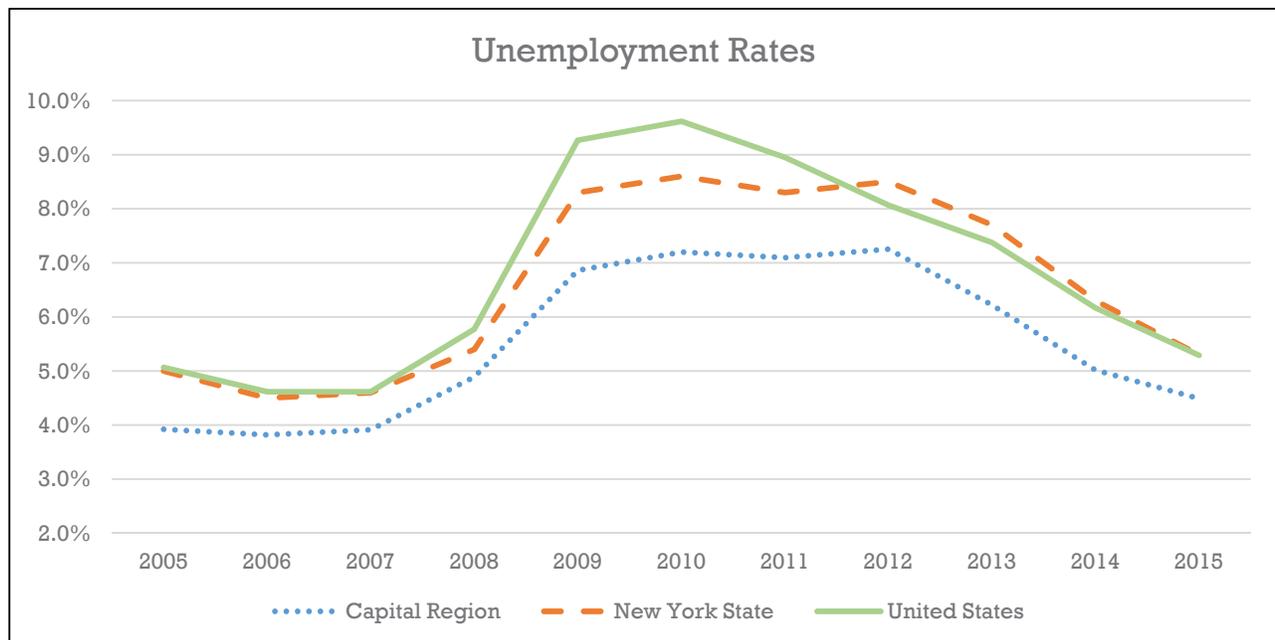
²- "Percentage of 18-to 24 year olds enrolled in degree granting postsecondary institutions", Table 302.60. National Center for Education Statistics. https://nces.ed.gov/programs/digest/d16/tables/dt16_302.60.asp

better in getting students through high school. While the percentages declined for both the State and Nation, their rates are still much higher than that of the Capital Region. State-wide, the percentage declined from 15.8% to 14.4%, while Nation-wide the percentage declined from 15.5% to 13.3%.

Amongst the four counties, Albany, Saratoga, and Schenectady experienced very slight changes to their educational attainment distribution. Rensselaer County, on the other hand, saw a notable shift towards higher educational attainment. Those with only a high school diploma declined from 32.7% to 29.0%, while those with “Some College or Associates” increased from 29.5% to 33.2%, and those with a Bachelor’s Degree increased from 14.7% to 16.2%. While it is

educational attainment. Schenectady and Rensselaer counties saw their percentages increase to 14.1% and 12.4% respectively.

The percentage of the Capital Region with either a Bachelor’s Degree or a Graduate/Professional degree improved to meet and exceed percentages State-wide and Nation-wide. From 2005-09, those with a Bachelor’s Degree improved from 17.8% to 19.5%, on par with the State’s rate of 19.4% and the Nation’s of 18.5%. Meanwhile, those in the Capital Region with a Graduate/Professional degree increased from 14.8% to 15.8%, a larger share of the population than either State-wide, or nationally.



not immediately clear why Rensselaer County would see substantial changes while the rest of the region experience more subtle changes, it could be related to changing trends in the City of Troy. Troy is at the forefront of the Region’s urban renaissance, and that could be responsible for attracting those with higher education.

In the highest educational attainment group, those with a Graduate or professional degree, there were gains as well. Albany, Rensselaer, and Schenectady County all saw modest gains in this category with Albany County leading the way with 18.4% of its population achieving this high level of education. Saratoga County was virtually unchanged from 2005-09 and 2011-15, with 16.0% of its population achieving this level of

Educational Attainment & Unemployment

The relationship between educational attainment and unemployment rates is a key indicator in the value of pursuing a college degree. Evidence suggests that those with higher education have lower rates of unemployment, and that when unemployment rates increase (such as during the Great Recession), more people pursue higher education.

According to unemployment statistics (from the NYS DOL, and the Bureau of Labor Statistics) unemployment spiked between 2009 and 2012. Regionally, in 2005 the unemployment rate was 3.9%. From 2008 to 2009, the Region saw unemployment rates

jump two percentage points from 4.9% to 6.9%. For the next three consecutive years, rates would remain elevated above 7.0% before beginning to decline in 2013.

While correlation is not causation, there does seem to be a connection between increased unemployment and increases in educational attainment during this period. It is possible that a difficult economy provided incentive for more people to pursue higher education in an attempt to become more competitive in the workplace.

This theory is further supported with the evidence from the State and Nation where a similar pattern emerges. As unemployment spiked after 2008, educational attainment increased state-wide and nation-wide in the 2011-15 ACS. Therefore, it seems likely that there is a relationship between a poor economy and increased educational attainment.

The good news for those with at least a Bachelor's degree is that their unemployment rates are much lower than those with less education. According to the 2011-15 ACS (the 2005-09 ACS did not provide this data for comparison) the unemployment rate for those with a Bachelor's or more was 2.8% in the Capital Region. In terms of unemployment rate, there did not seem to be much of a gain between those with just a high school diploma and those with "Some College or Associates", regionally, their unemployment rates were 6.7% and 5.7% respectively.

When compared to State and National rates, the Capital Region unemployment rate of 2.8% for those with a Bachelor's or higher was stronger than rates for the State and Nation. State-wide, unemployment rates for those with a Bachelor's or higher was 3.7% while it was 4.3% Nationally.

Those without a high school diploma had the highest rates of unemployment, with the Capital Region performing worse than the National and State rates. Regionally, the unemployment rate for those without a high school diploma was 17.4%, compared to 12.6% and 12.0% for the Nation and State respectively.

All this data proves that the old advice regarding education and employment is very true. Those with higher levels of educational attainment have substantially lower rates of unemployment compared to those with low levels of educational attainment. But for those with a job, does a higher level of educational

attainment insulate them from trends of stagnant, or declining, income?

Educational Attainment & Median Income

Examining median income for individuals 25 years of age and older will establish a baseline from which to draw comparisons. As Figure 2 shows, median income has declined in most areas. Nationally, median income declined from \$37,561 in 2005-09 to \$36,231. Median incomes were higher for the State and Region, but still saw declines in the most recent ACS. Regionally, median incomes declined from \$43,157 to \$42,613 after adjusting for inflation. Locally, median incomes were a mixed bag. Saratoga County continues to have the highest median income and saw a slight increase from 2005-09 to \$45,812. Rensselaer County experienced a more substantial increase, from \$40,000 to \$41,074. Meanwhile, both Albany and Schenectady counties saw their median incomes decline; Albany declining to \$43,196 and Schenectady to \$38,334.

With the baseline median incomes established, now it is possible to more clearly identify how educational attainment advances income. As Figure 3 shows, those with advanced degrees far out earn those with lower levels of educational attainment. Nationwide, while the median income was \$36,231 in 2011-15, it was over \$50,000 for those with a Bachelor's Degree, and over \$66,000 for those with a Graduate or professional degree. The situation is much the same at the State and Regional level. State-wide, those with a Bachelor's Degree earned a median income of over \$54,000, while those with a Graduate or professional degree earned a median income of over \$71,000. Regionally, the median income for those with a Bachelor's Degree is \$53,670, while those with a Graduate/Professional degree earn a median of \$65,550.

As we would expect, the median income increases dramatically from those without a Bachelor's Degree to those with a Bachelor's Degree. Nationally, median incomes for those with a Bachelor's Degree were 49.6% higher than the median incomes for those with just "Some College or Associate's." Meanwhile, Graduate/professional degrees saw median incomes that were 97.7% higher than the median incomes for those with "Some College or Associate's." Rates were a little lower Regionally, with median earnings for Bachelor's Degrees

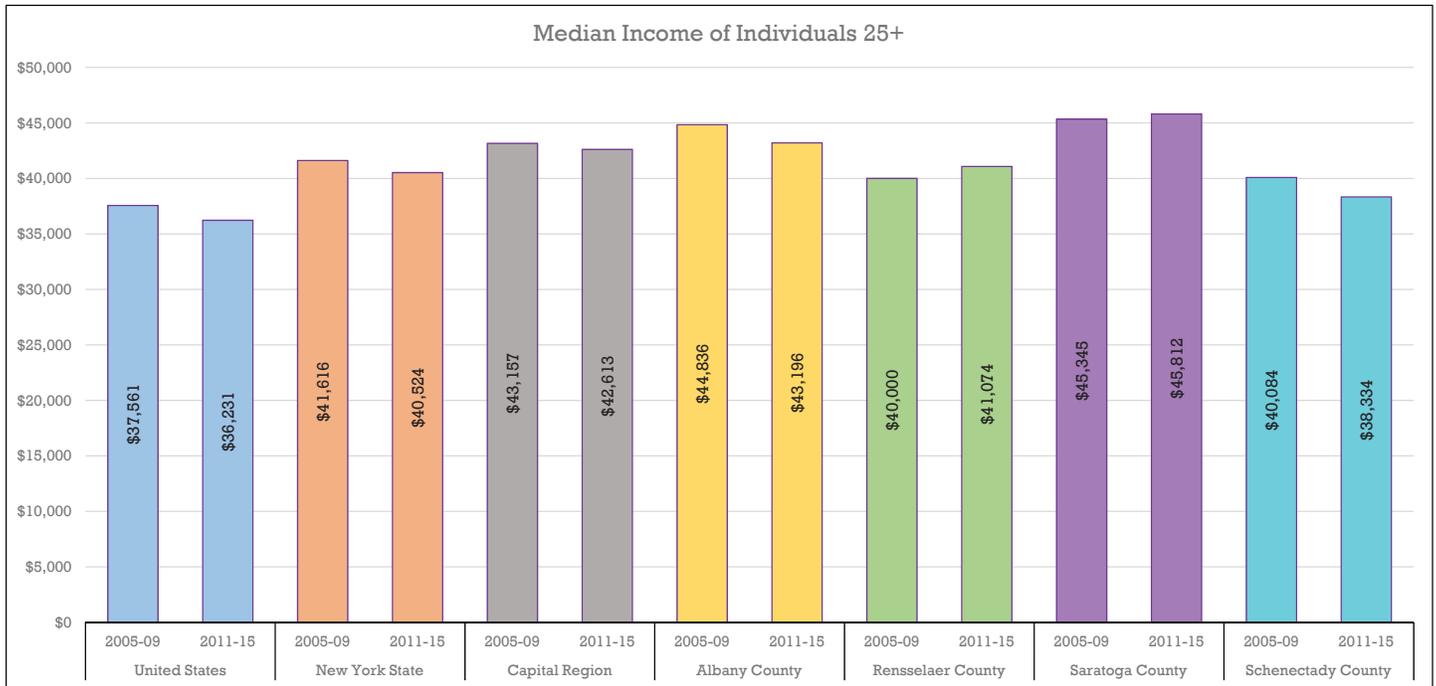


Figure 2. Rensselaer and Saratoga counties are bucking the trend of declining median individual income. In general, incomes for individuals 25 years of age and older are declining. Saratoga County is often the outlier in the Region, but the results in Rensselaer County are unexpected and warrant further investigation.

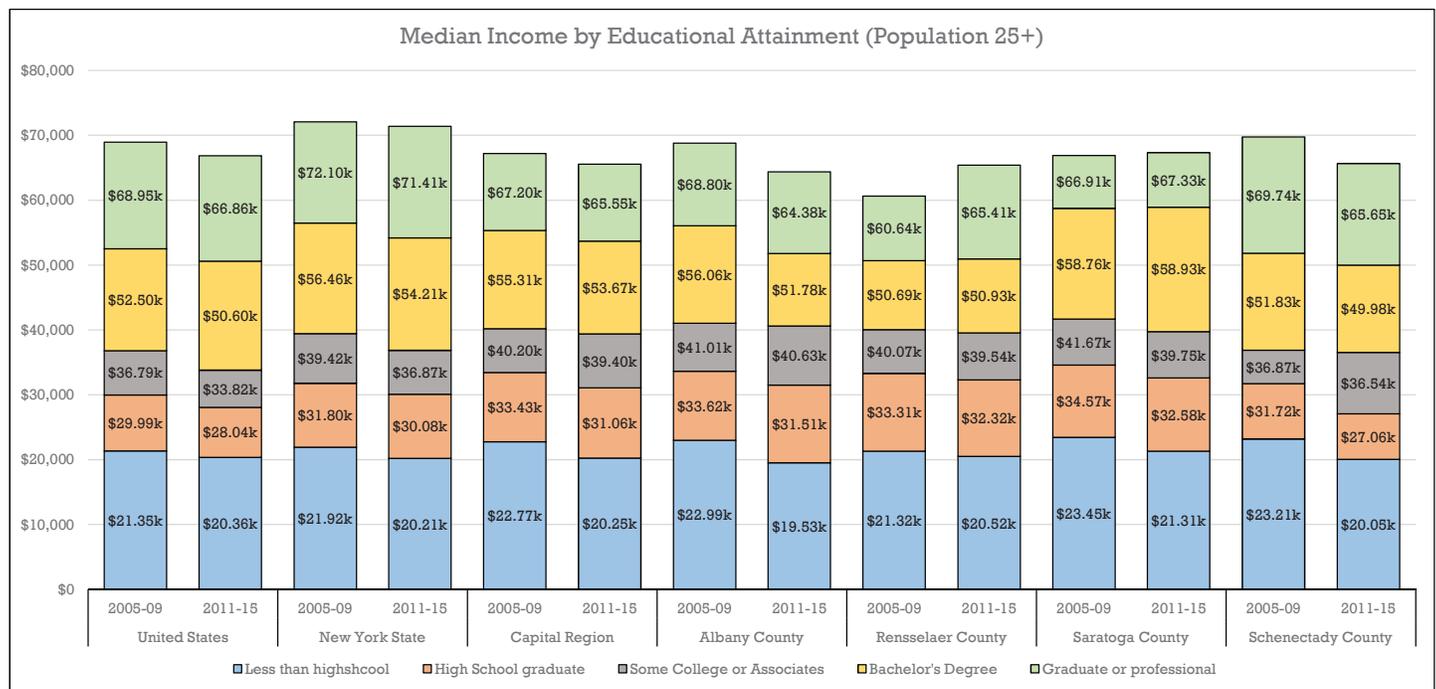


Figure 3. The median income for individuals 25 years of age and older, organized by educational attainment. This is the clearest evidence yet that high levels of education does correlate to higher income, but that it does not prevent the steady decline in wages after adjusting for inflation. The major outlier, those with a Graduate or Professional degree in Rensselaer County provides further evidence that the County has unique pressures influencing trends.

outpacing “Some College or Associate’s” by 36.2%, and median earnings for Graduate/professional degrees outpacing “Some College or Associate’s” by 66.4%.

Locally, the counties varied greatly in how much of an advantage higher degrees afforded. Of the four counties, Albany had the highest median income for those without an advanced degree at \$40,630. A Bachelor’s Degree earned an individual a median income only 27.4% higher, while those with a Graduate/professional degree earned 58.4% more. Saratoga County, in contrast, sees larger margins. Those with a Bachelor’s Degree earn a median salary of \$58,930, 48.2% more than those with “Some College or Associate’s”, while those with a Graduate/Professional Degree earn a median salary of \$67,330, 69.4% higher than those with “Some College or Associate’s.” The largest margin exists in Schenectady County where those with a Graduate/Professional degree earn a median income of \$65,650, 79.7% more than those with only “Some College or Associate’s.”

Unfortunately, while higher levels of educational attainment do correlate to higher median incomes, advanced degrees are not insulated from wage stagnation or declines. As Figure 3 shows, median incomes for even those with Graduate/Professional degrees have declined from 2005-09 after adjusting for inflation.

In 2005-09, the National median income for those with a Graduate/Professional degree was \$68,950, 3.1% higher than what it was in 2011-15. State-wide, median incomes for the top education bracket remained virtually unchanged, but for the Region they declined more noticeably. From 2005-09 to 2011-15, the median income for those with a Graduate/Professional degree declined from \$67,200 to \$65,550, a decline of 2.5%.

Locally, Albany County saw the largest decline in median income for those with a Graduate/Professional degree. In 2005-09, the median income for the top educational bracket was \$68,800; this declined by more than \$4,000 (6.4%) by 2011-15 to \$64,380. Albany was followed by Schenectady County which saw the median income for the same educational bracket decline from \$69,740 to \$65,650, a decline of over \$4,000 (5.9%) as well. Conversely, Rensselaer County saw the median income

for those with a Graduate/Professional degree increase by almost \$5,000 from \$60,640 to \$65,410, an increase of 7.9%.

Meanwhile, those with a Bachelor’s Degree saw similar trends. Region-wide, incomes from 2005-09 to 2011-15 declined 3.0% to \$53,670, slightly lower than declines experienced for the State and Nation. Locally, Albany County experienced the sharpest declines, with incomes declining 7.6% to \$51,780.

Does this change how we view the pursuit of a higher education?

When taking into account the debt that can accrue from attending college, the declines in median income are a source of concern. With median incomes declining for those with a college education, the economic benefits of a college degree may need to be reevaluated. The positives of a college degree, including lower unemployment and higher wages, are significant, but so too is the debt. With tuition constantly increasing, the return on investment needs to be a critical component when deciding on the pursuit of higher education. The New York Times Magazine in 2015 highlighted the explosive growth in college tuition. In 1974, after adjusting for inflation, annual tuition for a public university was \$2,500, while for a private university it was \$10,300³. In 2015, tuition had increased to \$9,000 and to \$31,000 respectively. A graduate program at a public university in 1989 cost \$3,726, and increased to \$10,979 in 2014⁴.

While there are certainly considerations beyond the dollars and cents of a college education, potential students should understand the realities of the situation before they sign on the dotted line. It is important, for anyone, to have a clear understanding of the economic realities before they pursue any course of action. While it may seem trite to complain about declining incomes for the college educated when those without a college education suffer with much lower incomes, we do not do potential students any favors by ignoring economic realities.

³- “Is College Tuition Really Too High?” Adam Davidson, *The New York Times Magazine*. September, 8th, 2015. <http://www.nytimes.com/2015/09/13/magazine/is-college-tuition-too-high.html>

⁴- “Average graduate tuition and required fees in degree-granting postsecondary institutions”, Table 330.50, *National Center for Education Statistics*. https://nces.ed.gov/programs/digest/d15/tables/dt15_330.50.asp

Employment, Unemployment, & Unemployment Rates

The Capital Region's unemployment rate remained very stable over the 12 month period from November 2015 to November 2016 at around 4.0%. November 2016 did record an unemployment rate of 3.8%, the lowest since May, but it also recorded only 410,600 employed individuals, a decline of 4,300 since November 2015. This suggests that, despite the low unemployment rate, there is still a fundamental weakness in the labor force participation rate, a trend that has been observed

nationally.

Locally, there is not a great deal of difference between the counties unemployment rates. Of the counties, Saratoga County continues to have the lowest unemployment rate at just 3.6% in November 2016, while Rensselaer and Schenectady County have the highest rates at 4.0%.

Employment	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16
Albany County	151.8	151.6	151.6	152.3	152.6	151.8	152.6	153.0	151.6	151.0	149.8	150.5	150.2
Rensselaer County	78.0	77.9	77.9	78.3	78.4	78.0	78.4	78.7	77.8	77.5	77.0	77.3	77.2
Saratoga County	112.0	111.8	111.9	112.5	112.7	112.1	112.5	112.9	111.8	111.4	110.6	111.1	110.9
Schenectady County	73.1	73.0	73.0	73.3	73.5	73.1	73.5	73.8	73.0	72.7	72.2	72.5	72.3
Capital Region	414.9	414.3	414.4	416.4	417.2	415.0	417.0	418.4	414.2	412.6	409.6	411.4	410.6
Unemployment	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16
Albany County	6.3	6.2	7.0	6.7	6.5	6.3	5.9	6.4	6.6	6.3	6.5	6.2	6.0
Rensselaer County	3.5	3.5	4.0	3.9	3.7	3.4	3.1	3.3	3.5	3.4	3.4	3.3	3.2
Saratoga County	4.5	4.5	5.1	5.0	4.8	4.3	3.9	4.0	4.2	4.0	4.4	4.3	4.1
Schenectady County	3.2	3.2	3.6	3.5	3.4	3.2	3.0	3.1	3.3	3.2	3.4	3.2	3.0
Capital Region	17.5	17.4	19.7	19.1	18.4	17.2	15.9	16.8	17.6	16.9	17.7	17.0	16.3
Unemployment Rates	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16
Albany County	4.0%	3.9%	4.4%	4.2%	4.1%	4.0%	3.7%	4.0%	4.2%	4.0%	4.2%	4.0%	3.8%
Rensselaer County	4.2%	4.3%	4.9%	4.7%	4.6%	4.2%	3.8%	4.0%	4.3%	4.1%	4.2%	4.1%	4.0%
Saratoga County	3.9%	3.9%	4.4%	4.3%	4.1%	3.7%	3.4%	3.4%	3.6%	3.5%	3.8%	3.7%	3.6%
Schenectady County	4.2%	4.2%	4.7%	4.6%	4.4%	4.2%	4.0%	4.0%	4.3%	4.2%	4.5%	4.3%	4.0%
Capital Region	4.0%	4.0%	4.5%	4.4%	4.2%	4.0%	3.7%	3.9%	4.1%	3.9%	4.1%	4.0%	3.8%
New York State	4.8%	4.7%	5.4%	5.4%	5.2%	4.6%	4.2%	4.5%	5.0%	4.9%	5.1%	4.9%	4.7%
United States	4.8%	4.8%	5.3%	5.2%	5.1%	4.7%	4.5%	5.1%	5.1%	5.0%	4.8%	4.7%	4.4%

Source: New York State Department of Labor, and the U.S. Department of Labor, Bureau of Labor Statistics

Figures in 1,000s

Consumer Price Index

As 2016 draws to a close, the Consumer Price Index is looking to see a return to historical inflation increases. 2015, saw inflation remain flat, increasing just .0119% from 2014.. The year-to-year rates of increase since August 2016 have all crossed the 1% threshold and have generally continued to increase. By November 2016, the year-to-year inflation increase was 1.7% for the average U.S. City, and 1.6% for the Northeast Urban Average.

Inflation continues to increase at a higher year-to-year percentage at the US. City Average than the Northeast Urban Average. Since November 2015, there has been

slightly more of a percentage increase in the inflation rate nationwide than in the Northeast. This has managed to close the gap slightly, but the Northeast Urban Area still reports a substantially higher inflation rate than the national rate- an explanation for why prices in the Northeast are higher than in many other areas of the country. With urban centers such as New York City and Boston dominating the northeast, it is unlikely that the CPI will ever be lower in the region than it is nationally.

2014-15 Percent Change in CPI: 0.119%

Unadjusted CPI	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	July 16	Aug 16	Sept 16	Oct 16	Nov 16
U.S. City Average	237.3	236.5	236.9	237.1	238.1	239.3	240.2	241.0	240.6	240.8	241.4	241.7	241.4
Northeast Urban Average	252.6	251.7	251.7	252.3	252.9	254.3	255.0	255.5	255.4	255.5	256.1	256.6	256.5
% Change From Same Month in Previous Year	Nov 14- Nov 15	Dec 14- Dec 15	Jan 15- Jan 16	Feb 15- Feb 16	Mar 15- Mar 16	Apr 15- Apr 16	May 15- May 16	Jun 15- Jun 16	July 15- July 16	Aug 15- Aug 16	Sept 15- Sept 16	Oct 15- Oct 16	Nov 15- Nov 16
U.S. City Average	0.5%	0.7%	1.4%	1.0%	0.9%	1.1%	1.0%	1.0%	0.8%	1.1%	1.5%	1.6%	1.7%
Northeast Urban Average	0.3%	0.5%	0.7%	0.7%	0.5%	1.0%	0.9%	0.7%	0.8%	1.0%	1.3%	1.6%	1.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics 1982-84 = 100

Note: Data is NOT Seasonally Adjusted



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