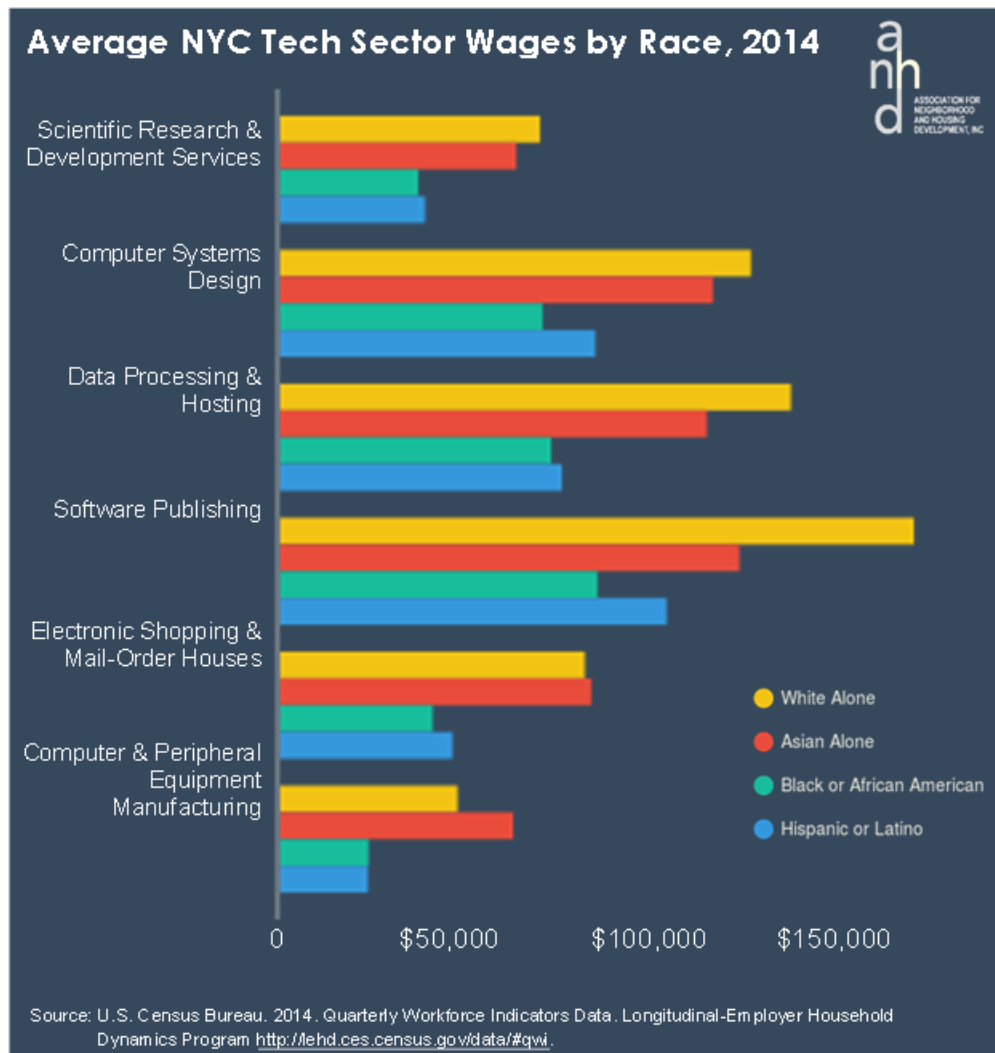# Pay Gap Tells Tale of Two Techs

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New research from ANHD reveals a major pay gap within New York City's growing tech sector, with average wages of nonwhite workers significantly less than their white workers employed in the same sector. As a part of ANHD's ongoing examination of New York City economic development, we analyzed specific trends within the tech-sector, an industry in which New York City has chosen to invest heavily. **Recent data on the share of employees in the NYC tech sector and average wages earned tells a striking story that people of color are benefiting less from NYC's tech boom.**

Average NYC Tech Sector Wages by Race, 2014

Source: U.S. Census Bureau. 2014. Quarterly Workforce Indicators Data. Longitudinal-Employer Household Dynamics Program http://lehd.ces.census.gov/data/#qwi.

Over the past decade NYC's tech sector has exploded. A July 2015 report by the Federal Reserve Bank of New York found **the number of NYC tech sector jobs increased by 58% between 2007 and 2014**.

The de Blasio Administration has continued former Mayor Bloomberg's emphasis on tech industry investment, continuing a policy that has successfully diversified the City's employment and tax base, and brought new, high paying employment opportunities for New Yorkers. **While New York City has made some strides diversifying the**

tech sector, it is clear that the present racial wage gap and employment gap suggests that an economic development strategy reliant on tech sector growth presents a significant equity challenge.

Tech is a developing industry and encompasses many different subsectors. ANHD's analysis uses the Federal Reserve Bank of New York's definition of tech, with the exception of Internet Publishing & Broadcasting & Web Search Portals because data for this subsector is currently not publically available at the county level. The Federal Reserve Bank of New York defines tech as: Computer Manufacturing, Electronic Shopping, Software Publishing, Data Processing & Hosting, Internet Publishing & Broadcasting & Web Search Portals, Computer Systems Design and Scientific R&D Services, and Internet Publishing & Web Search Portals.
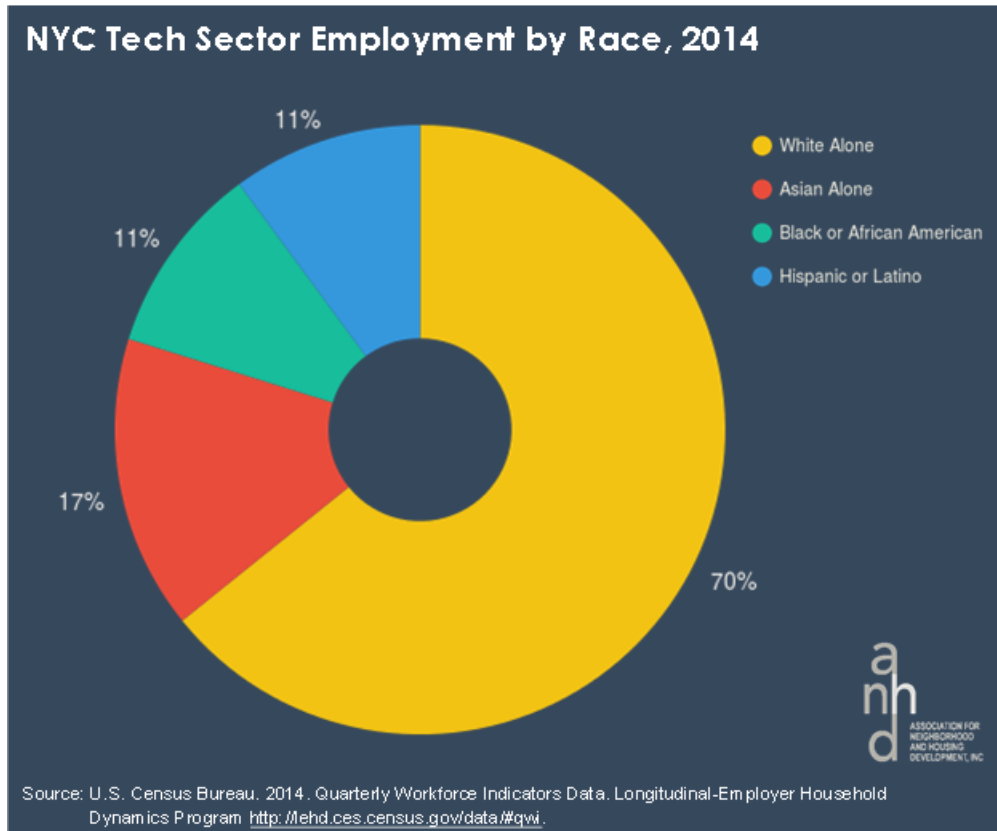
The average annual income of tech sector workers was $107,661 in 2014. **However, these wages vary drastically by both subsector and by race**. Whites earned by far the most, with an average income of $116,200. In comparison Asians earned an average of $107,800. But Latinos earned an average of just $69,400 and Blacks earned an average of $58,600, almost half of their White counterparts.

Within tech, the subsectors with the highest average wages also had the highest percentage of White workers. Conversely, the lowest paying subsectors had comparatively higher percentages of workers of color. **Beneath the NYC tech sectors' racial and ethnic diversity are two techs: one with higher wages for Whites and one with lower wages for people of color**.

Software Publishers earned the most among tech subsectors, with an average annual salary of $156,300. Again we see large discrepancies in wages by race and ethnicity. Whites in software publishing earned an average of $171,400, while Asians earned 30% less at $124,200, Latinos 40% less at $104,500, and Blacks earned half of what their White counterparts earned at just $85,000. This indicates that, despite the apparent racial and ethnic diversity within New York's tech industry, people of color continue to experience unequal pay.

Similar trends exist within lower wage tech subsectors. **Computer and Peripheral Equipment Manufacturing had the lowest average wages within tech at $44,200; it is also the subsector with the largest percentage of people of color**. Nonwhite workers comprised 31% of the Computer and Peripheral Equipment Manufacturing workforce. Yet we still see that Blacks and Latinos working in this industry subsector, despite having more representation than in any other subsector, earned just $23,800 or just half of the average annual salary for the subsector.

New York City officials are correct to point out that New York's tech sector is more diverse than Silicon Valley. **As of 2014, New York City's tech sector was 70% White**. Asians comprised 17% of the sector, while Blacks and Latinos represented only 17% and 11% respectively. These numbers are better than tech diversity in other US cities. However, they are still far from representative of the city's diverse demo-graphic make-up, where less than 40% of the population is White. And they fail to convey that the high-income benefits from NYC's tech boom are largely going to Whites.

NYC Tech Sector Employment by Race, 2014

- White Alone — 70%
- Asian Alone — 17%
- Black or African American — 11%
- Hispanic or Latino — 11%

Source: U.S. Census Bureau. 2014. Quarterly Workforce Indicators Data. Longitudinal-Employer Household Dynamics Program http://lehd.ces.census.gov/data/#qwi.

Bridging the pay gap and employment diversity in tech is critical given the City's economic development plans. Core to the City's economic development strategy is to bringing in tech industry job growth. However, it is clear that even within such a booming and lucrative field, inequity is a central issue. **The highest paying jobs within the sector are not going to nonwhite workers, and even within those subsectors, people of color earn substantially less than their White counterparts**.

A prime example is the New York City Economic Development Corporation (NYCEDC) commitment to spend $7.2 million to create two Urban Technology Growth Hubs in Brooklyn and Manhattan, one in the Sunset Park neighborhood of Brooklyn, which is only 22% White and one in the Inwood neighborhood of Upper Manhattan, which is only 17% White. **This raises questions about the City's plan to pursue a tech-based economic development strategy that overwhelmingly employees and pays White workers in two neighborhoods where residents are overwhelmingly people of color**. Who will benefit from this investment? Will it increase economic opportunity for current residents of these communities?

A tech-centric strategy will not address the tale of two cities that continues to leave behind communities of color from accessing economic opportunities and growth. Job training, neighborhood level opportunities, and employment strategies that benefit local residents are needed for tech to truly work for New Yorkers.
Without substantial efforts to ensure that investment in tech will be beneficial to all City residents, and concurrent efforts to invest in and expand industries that have provided better employment opportunities for people of color, tech-focused economic development can exacerbate NYC income inequality and raise local equity issues.

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