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The Socioeconomic Status of Hispanic New Yorkers: Current Trends and Future Prospects

by

Francisco L. Rivera-Batiz
Associate Professor of Economics and Education
Department of Economics
Columbia University

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By Francisco L. Rivera-Batiz, Columbia University

EXECUTIVE SUMMARY

This research report presents data showing the major demographic and socioeconomic changes in the Hispanic population of New York in the 1990s. It shows that despite gains in some areas, on average, Hispanics in New York were not significantly better-off in 2000 than in 1990. Using Current Population Surveys and 1990 and 2000 U.S. Census of Population and Housing information, the study demonstrates that:

(1) *The Hispanic population residing in New York City rose rapidly in the 1990s.* As a proportion of the total population in the city, Hispanics increased from 24.4 percent in 1990 to 27 percent in 2000, overtaking the Black population and becoming the largest minority population in the city. (2) The Hispanic population rose because of the massive influx of Dominican, Mexican and other Hispanic immigrants. On the other hand, the 1990s saw a significant out-migration of Puerto Ricans from the city and a sharp decline of the Puerto Rican population residing in New York.

(3) *The household income per capita of Hispanic New Yorkers increased only slightly in the 1990s, compared to a much stronger expansion among White New Yorkers.* By 2000, Hispanics displayed per-capita income of about one-third that of the non-Hispanic White population. (4) The poverty rate among Hispanics was at about 30 percent in the late 1990s, approximately equal to the poverty rate in 1989. (5) The roots of the lack of change in Hispanic overall socioeconomic status in the 1990s lie, first, in the major demographic changes in the city, as reflected in an influx of relatively unskilled immigrants and an exodus of relatively skilled, high-income Hispanic New Yorkers; it also responds to the sluggish economic recovery of the city from one of its most severe recessions this century.

The unemployment rate among Hispanic New Yorkers jumped to over 13 percent in the early 1990s and it was still comparatively high, at 8.2 percent, in the year 2000, compared to 3.1 percent among non-Hispanic Whites. Among Dominicans, the unemployment rate was 11 percent in 2000. (6) The unemployment rate has become significantly higher for women than for men in New York. Among Hispanics, women had an unemployment rate that was twice the one prevailing among men. This is a matter of concern since women have a greater role as heads of household among Hispanic New Yorkers. (7) The proportion of female-headed households among Hispanics was 32 percent in the year 2000. This sharply exceeds the equivalent percentage for the White population, equal to 9.3 percent in 2000.

(8) *The educational status of Hispanic New Yorkers rose significantly in the 1990s but it still failed to keep pace with the growing schooling of the non-Hispanic White population.* For instance, the proportion of the population with a college degree or more rose from 8.8 percent to 13.7 percent, but for the non-Hispanic White population the corresponding increase was from 33.6 percent to 45 percent. (9) The rates of return to education and experience are substantially higher among New Yorkers than among other Americans, which implies that the lower years of experience and schooling of Hispanic New Yorkers places them at a substantial competitive disadvantage in the city's labor market.

(10) *Based on the experience in the 1990s, the currently deepening recession will have a sharply negative effect on Hispanic socioeconomic status.* Based on that experience, it is projected that the New York city unemployment rate will rise to between 9 and 11 percent by December 2002, depending on the persistence of the September 11th debacle, with the Hispanic unemployment rate rising to between 12.8 and 15.2 percent by the end of 2002, a result of the predominantly unskilled, less-experienced Hispanic workers that will be laid-off or fired during the recession. These changes should be of grave concern for policymakers.

THE SOCIOECONOMIC STATUS OF HISPANIC NEW YORKERS: CURRENT TRENDS AND FUTURE PROSPECTS

I. INTRODUCTION

This research report presents data analyzing the current socioeconomic status of Hispanics in New York City, the changes occurring in the 1990s, and the prospective changes in the near future. It shows that although substantial economic progress was achieved by the city in the late 1990s, this progress was slow to spillover into the Hispanic population and represented mostly a catch-up from the losses suffered in the early 1990s. The Hispanic population of New York continues to display income per-capita sharply lower than the average for the city, dismally high poverty rates, and above-average unemployment rates. If past patterns are followed, the current recession is likely to have a severe negative impact on Latino New Yorkers, plunging this population into serious economic distress.

The report examines the trends in income, poverty, labor force status, and other economic and demographic indicators. The various Latino sub-groups are discussed and differences based on immigration status, gender, and education analyzed. A comparative perspective on the situation of Hispanics relative to the non-Hispanic White, Black and Asian populations is also presented.

The study utilizes data from the 1980, 1990 and 2000 U.S. Census of Population, the yearly March supplement of the Current Population Survey, and the 1999 New York City Housing and Vacancy survey. Although data from the 2000 Census is currently available only on a limited basis, the combination of sources provides a rich and reliable database for analyzing socioeconomic trends up to the present.

II. THE GROWING HISPANIC POPULATION OF NEW YORK

In absolute numbers, the Latino population has been the fastest-growing population in New York city over the last 20 years. As Table 1 shows, in the 1990s, the Hispanic population of New York grew by approximately 377,000 people, an increase which was basically identical to the growth in the 1980s. By the year 2000, there were 2,160,554 Hispanic New Yorkers, out of the 8,008,278 persons residing in the city. This constitutes about 27 percent of the total population of New York City.

Table 2 shows the decomposition of the resident population of New York City in 1990 and 2000 on the basis of race and ethnicity. Hispanics now constitute the second largest group in New York, second only to the non-Hispanic White majority and overtaking the Black population for the first time in the city's history.

The composition of the Hispanic population in New York has also dramatically changed over the years and the 1990s continued the demographic shifts among Latino New Yorkers. Table 3 presents the decomposition of the Hispanic population in New York into its major sub-groups. These figures represent the actual 2000 Census counts for Puerto Ricans, Mexican Americans and for the overall Hispanic/Latino population. The data for Dominicans and for the "other Hispanic" category, on the other hand, are revisions of the official Census data. The reason for the revisions lie in the changes that the Census introduced in the year 2000 to catalog Hispanics/Latinos, which many experts believe caused a substantial number of Dominicans not to identify themselves specifically as Dominican but to instead place themselves in the general category of "other Hispanic." Back in 1990, the Census included in its form "Dominicans" as one of a broad group of examples of Hispanic group, but in 2000 there were no such examples printed, other than the main groups (Mexican/ Mexican American/Chicano, Puerto Rican and Cuban). As a result, many Dominicans did not identify their specific identity, entering it as "other Hispanic." The count of persons who explicitly stated their ethnicity as Dominican in

New York city in 2000 was 407,473, according to the U.S. Bureau of the Census, but most experts consider this a substantial undercount. Sociologist John R Logan, of the University at Albany, has provided an estimate of 593,000 Dominicans (Scott, 2001). Based on earlier analyses of the Dominican population in the 1990s, Table 3 places the Dominican population of New York in the year 2000 at 555,000 (see Hernandez and Rivera-Batiz, 1996). This number is second only to Puerto Ricans, who constitute the largest Hispanic sub-group in New York.

The Decline of the Puerto Rican Population

There were approximately 790,000 Puerto Ricans residing in New York in 2000. This population, however, has been declining sharply as a proportion of the total Hispanic population in the city. As Table 3 shows, in 1990 Puerto Ricans accounted for slightly over 50 percent of Hispanics in the city, but by 2000, this proportion had declined to 36.5 percent. The smaller relative size of the Puerto Rican population among Hispanics in New York is linked to (1) substantial net out-migration of Puerto Ricans from New York to other parts of the U.S. and back to Puerto Rico, and (2) massive immigration from Latin America to New York, both of which are explored next.

The Puerto Rican population of New York dropped in absolute value during the 1990s by approximately 108,000 persons. One major explanation for this demographic change lies in the waning of the older Puerto Rican population who first arrived in the city during the Great Migration period of the 1940s through the 1960s. Indeed, the percentage of the New York City Puerto Rican population who was born in the island of Puerto Rico has declined sharply in recent years. While in 1970 this percentage was close to 60 percent, by 2000 it was 34 percent. Currently, only one out of three Puerto Rican New Yorkers was born in the Island. As a result, the social, cultural, political and economic structures characterizing Puerto Rican New Yorkers have undergone a dramatic transformation. Puerto Rican New Yorkers are now reflecting more

closely the needs and ambitions of second and third generations of Puerto Ricans in the U.S., which often diverge from those of their parents and grandparents.

Although part of the drop in the Puerto Rican population is related to rising death rates among older migrants from the Island, it is also connected to a net out-migration of Puerto Ricans from New York. This is in turn associated with both an increased out-migration of Puerto Rican New Yorkers as well as a reduced migratory influx of Puerto Ricans to New York city. The shift of Puerto Ricans away from New York City itself and towards other locations in the mainland is a continuation of a long-run trend. For the last decades, Puerto Rican New Yorkers have precipitously declined in size relative to the total Puerto Rican population in the continental United States. In 1970, close to 60 percent of the Puerto Rican population in the continental U.S. was located in New York City. In the year 2000, this percentage had dropped to just 23 percent. The phenomenon began to accelerate in the 1980s, when, on a net basis, about 100,000 Puerto Ricans left the city (New York City Dept. of City Planning, 1994). But in that decade, the natural growth of the population was substantial enough to overtake the out-migration, resulting in a slight increase of the Puerto Rican population in New York. By contrast, the 1990s saw an explosion in the out-migration of Puerto Ricans away from the city, resulting in the sharp population decline reflected by the Census count.

The Rise of Latino Immigrants

Despite the decline of the Puerto Rican population in New York, a look back at Table 2 shows the sharp increase in the population of other Hispanic groups. The growth of the Dominican population from 125,380 in 1980 to 555,000 in 2000 constitutes one of the major population movements to the Northeastern United States during the second half of the twentieth century, equivalent to the massive Puerto Rican migration in the 1950s and 1960s. In addition, the Mexican population in New York doubled in the last decade and was equal to 125,150 in 2000. There has also been a significant increase in the population of Hispanics from South

America residing in New York. The largest groups here include the Ecuadorian population, estimated by the U.S. Bureau of the Census to be 123,195 in the year 2000, and the Colombian population, estimated to be 89,757.

The explanation behind this Hispanic population growth is the large number of immigrants from Latin America and the Caribbean locating in New York City in the last decades. Table 4 shows the proportion of the New York city population accounted for by persons born outside the United States. Close to 40 percent of the population of New York was born outside the mainland United States in the year 2000. Among Hispanic New Yorkers, close to 60 percent were born outside the mainland U.S. The highest proportion is among the Mexican population, which has a 70 percent share of immigrants in its midst.

The Hispanic immigrant population residing in New York has been rising for a number of decades now, but the influx accelerated in the 1990s. Close to 35 percent of all immigrants residing in New York in the year 2000 entered the U.S. in the 1990s.

III. THE SOCIOECONOMIC STATUS OF HISPANICS IN NEW YORK

What is the current socioeconomic status of the Hispanic population in New York? How did it change in the 1990s? How does it compare with that of the overall population of New York city? Are there major differences in the socioeconomic status of the various Hispanic groups?

In comparing the socioeconomic status of populations, economists and other social scientists often use household (or family) income as a basis for comparison of the average standard of living in the group. However, using household (or family) income to compare the socioeconomic status of groups has the problem that the number of people residing in a household may vary across the various groups considered. Because of this variability, two households with identical income may have widely different standards of living: if one household has ten persons living in it while the other has only three persons, the standard of living is much higher in the latter. In order to adjust for differences in household size, economists

usually divide household income by the number of persons in the household to compute per-capita household income.

Table 5 displays the changes in the average annual per-capita household income of the Hispanic population residing in New York during the 1990s, compared to that of other groups. As can be seen, Hispanics had the lowest income per-capita among the major racial/ethnic groups in the New York city population. For instance, in 1999, Hispanics had an average annual income per person equal to \$11,866, compared to \$22,993 for New Yorkers overall, \$15,513 for the non-Hispanic Black population, and \$33,588 for non-Hispanic Whites.

There are substantial differences in income per-capita among the various Hispanic groups. The group with the lowest income was the Mexican population, who had an average income per-capita of \$8,584 in 1999. The Dominican population followed closely, with an annual income per-capita of \$9,069. Puerto Ricans had a significantly higher level of income, equal to \$11,893. But the highest income was achieved by “other Hispanics”, which includes Cubans, Ecuadorians, Colombians, etc., with an average income in 1999 of \$14,333.

The per-capita income of Hispanic New Yorkers in 1999 was only slightly higher than it was in 1989, with a meager 4 percent increase over a 10-year period. This represents the slowest income growth among the major racial and ethnic groups in the population, although the Black population also displayed comparatively small gains. By comparison, the non-Hispanic White population had significant gains in the 1990s, with an average increase of 20 percent in income during the decade. The Asian population also benefited from substantial income growth.

The relatively minor gains in Hispanic income may appear surprising, given the impressive record of economic growth displayed by the U.S. economy in the second half of the 1990s. What one must remember, however, is that there were major demographic changes occurring among Latino New Yorkers in the 1990s. The composition of the Hispanic population changed substantially during the decade. An influx of relatively unskilled immigrants (from Mexico and the Dominican Republic particularly), combined with an exodus of older, more-

skilled, higher-income families (mostly Cuban and Puerto Rican), led to a Hispanic community with a larger share of low-income families.

In addition, one must recall that the strong economic growth in the late 1990s followed a deep recession. In fact, the income per-capita of New Yorkers tumbled in the first half of the 1990s, a product of one of the severest recessions hitting the city this century. Table 5 shows the changes occurring between 1989 and 1999. The city hit rock-bottom in 1993 when per-capita income dropped to \$17,653, down from the \$21,807 level in 1989. This constituted a decline of close to 20 percent in four years! Since that time, there has been a strong recovery, with average income per-capita rising in the city from \$17,653 to \$22,993 in 1999. But much of this boom has involved a protracted recovery period, leaving only a small net improvement over the decade.

The recession impacted Blacks and Hispanics more severely, in the sense that it has taken these groups much longer to recover from the crisis than White Americans. The latter displayed a remarkable period of growth in the late 1990s, which more than compensated for the collapse in the early 1990s. But despite these gains, it remains a fact that the overall income growth in the 1990s was substantially lower for all groups in the population when compared to the 1980s. Table 6 shows the comparative situation in the two decades. As can be seen, New York city's income per-capita growth in the 1980s was equal to 27.1 percent but in the 1990s it was only 5.4 percent. Among non-Hispanic Whites, the drop in decennial growth was from close to 40 percent to about 20 percent. Among Hispanics, income growth declined from close to 20 percent in the 1980s to less than 4 percent in the 1990s.

As a result of these trends, the poverty levels among Hispanics in New York did not improve during the 1990s. Following the Census Bureau guidelines, a household of four (two adults, two children) in 1999 was under the poverty level if it received less than \$16,665 as annual income. Table 7 shows that the proportion of Hispanic persons living in households with income below the poverty line was about 30 percent both in 1989 and in 1999. But since there were more Hispanics in 1999 than in 1989, this acted to increase the overall city poverty rate, which rose from about 17 percent in 1989 to about 20 percent in 1999. Among the various

Hispanic groups, the Dominican population displayed the highest poverty rate in 1999, equal to about 38 percent.

This dismal picture of poverty among New Yorkers has been confirmed by other, recent studies. A study released by the Community Service Society in October, 1999 described the overall poverty picture in the city, concluding that: “despite the strongest economy in years, nearly one out of four New York City residents had incomes below the Federal Government’s threshold last year, a rate that has barely dipped since the last recession and that is twice as high as the national average”[Bernstein (1999)].

The economic situation of Hispanics in New York is also significantly worse than that in the rest of the nation. Table 8 shows the average income per-capita among the various racial and ethnic groups in New York and in the overall United States. While Puerto Rican New Yorkers had average annual household per-capita income equal to \$11,893 in 1999, the corresponding figure for Puerto Ricans outside of New York City was \$13,896. This situation also holds for Dominican and Mexican New Yorkers, with only “other Hispanics” having greater income in New York than elsewhere. This lower income of Hispanic New Yorkers is a pattern that does not apply to the non-Hispanic White population, which displays significantly higher income in New York than in the rest of the nation.

IV. WHAT EXPLAINS THE RELATIVELY LOW SOCIOECONOMIC STATUS OF HISPANIC NEW YORKERS?

What forces explain the low per-capita income and high poverty rates of Hispanic New Yorkers? One possible force is demographic.

The Role of Demographics

The age structure of a population can have a significant impact on income: except for the very old, as people age they generally tend to have higher income than when they were younger. As a result, the lower the average age of a population, the lower its average income per-capita.

Hispanic New Yorkers in general are a young population. As Table 9 shows, in the year 2000, the average age of Hispanics in New York was about 31, compared to almost 36 for the city overall, and 41 for the non-Hispanic White population.

This partly helps explain the lower socioeconomic status of Hispanic New Yorkers when compared to other groups: workers with more experience tend to have greater earnings and higher income. They also have stronger labor market attachment and success: labor force participation rises and unemployment rates drop substantially as persons age, particularly when they achieve their 20s and 30s. The next section explores the labor market situation of Hispanics.

Labor Force Participation Rates

Table 10 displays labor force participation rates for the major ethnic and racial groups in the New York city population. Low and declining participation rates could be linked to economic malaise since it implies a greater portion of the population is not working or seeking employment. But male Hispanic labor force participation rates are above the city average. And although Table 10 shows that these rates have been declining, so have male participation rates among all groups in New York City.

On the other hand, Hispanic female labor force participation rates are below average in New York, particularly among Puerto Ricans. But they have been rising over time, moving ever closer to the city average.

Given the counter-balancing trends, it appears that low –or declining-- labor force participation rates when compared to other groups are not the likely culprit behind the sluggish

economic progress of Hispanic New Yorkers. Instead, as we shall document next, it is the changes in the employment situation of New York City during the 1990s that are the key explanation for the lack of substantial Hispanic economic gains. These changes impacted more negatively the Hispanic population, when compared to other groups in the city.

The Unemployment Crisis of the Hispanic Labor Force

The comparatively high unemployment rates prevailing in New York during the 1990s represented the most significant barrier to economic progress among Hispanics as well as other ethnic and racial minorities. The U.S. recession of 1989-1993 not only had a deep impact on the New York City labor market: it also left deep scars that have not healed so quickly. Figure 1 displays the behavior of the New York City unemployment rate since 1970. Unemployment rose above 10 percent in the late 1970s, but it generally declined until 1988, when the recession sharply turned things around. Unemployment in New York climbed from 4.5 percent in May 1988 to 11.6 percent in September 1992, placing the unemployment picture in New York substantially bleaker than in the rest of the nation, as Figure 1 depicts. Since that time, unemployment has dropped, but only gradually, to 10 percent in July 1997, to 6.8 percent in June 1999 and, finally, to a low of 4.9 percent in May 2001. Throughout the 1990s, New York unemployment remained well above the national average.

Table 11 presents the changes in the unemployment rate in New York between 1990 and 2000, decomposed by race and ethnicity. The unemployment rate among Hispanics was 13 percent by mid-1990, in the middle of the recession, and remained relatively high until 1997, when it was still 12.2 percent. Since that time, unemployment receded, to 8.2 percent in 2000. Throughout the decade, though, the unemployment of the Hispanic population sharply exceeded the city average. The Hispanic unemployment rate has been at times more than twice the non-Hispanic White unemployment rate. High unemployment has particularly affected the

Dominican population. As Table 11 shows, unemployment among Dominicans remained between 17 and 19 percent until 1997, when it began to drop significantly.

Gender and Family Composition

Table 12 decomposes New York unemployment rates on the basis of gender. The table displays the substantially higher unemployment rates among women. For Hispanics, women had almost twice the unemployment rate of men. This pattern holds for every major racial and ethnic group except the Black population. It is not a situation reproduced at the national level, where male and female unemployment rates are much closer to each other.

The unemployment crisis facing Hispanic women, combined with lower relative earnings even after taking into account differences in education and experience, is one of the key factors linked to Hispanic economic distress. This is related not only to the significant –and rising– role of female Hispanic laborers as part of two-earner families. It is also linked to the major importance of households where women is the head, with no male householder present. Table 13 shows that in the year 2000, 32 percent of all Hispanics in New York City were residing in female-headed households. Only the non-Hispanic Black population had a higher percentage. By comparison, only 9.3 percent of non-Hispanic White New Yorkers resided in female-headed households.

The relatively high proportion of female-headed households among Latinos implies that the comparatively adverse labor market conditions facing female workers in New York city in the 1990s have had a disproportionate impact on that population. The average annual household income per-capita among female-headed households in New York was \$11,359 in the year 2001. Among other households, the per-capita income was \$27,295. Similarly, the poverty rate among female-headed households in New York was 34.2 percent, compared to 12.9 percent among other households. These inequities cut across racial and ethnic lines. They are not a pattern exclusive of Hispanics or minorities. For instance, among White New Yorkers, female-headed

households had an average annual per-capita income of \$19,194, but other households had an income per-capita of \$36,113.

The inequities generated by the labor market situation in New York in the 1990s are not limited to gender. The labor market situation has been most difficult for those at the lowest income levels. As Solidelle Wasser, a senior economist with the Bureau of Labor Statistics has noted: “an analysis of payrolls in New York city between 1992 and 1996 ...supports the idea that the recession here disproportionately hurt those at the bottom while the recovery disproportionately benefitted those at the top” [Bernstein (1999, p. B1)]. Those at the bottom were generally unskilled workers with low levels of schooling while those at the top were skilled laborers with high levels of schooling. This issue is discussed next.

Educational Attainment and the Returns to Education

The Hispanic labor force was more sharply affected by the labor market situation in New York during the 1990s because of its comparatively low educational attainment. With labor demand for college graduates and professionals expanding rapidly, and rates of return to college education and professional degrees booming in New York City in the second half of the 1990s, Hispanic workers lagged economically. Table 14 shows the proportion of Hispanics 25 years of age or older with a college diploma or greater in 1999, compared to other racial and ethnic groups in New York. Approximately 14 percent of Hispanics 25 years of age or older had a college degree in 1999, compared to about 32 percent among New Yorkers in general and 45 percent among White Americans.

Table 14 shows that the educational attainment of the Hispanic population increased significantly in the 1990s. The proportion with a college degree or more rose from less than 9 percent in 1990 to close to 14 percent in 1999. But the educational gap between Hispanics and the White population has grown. The proportion of Hispanic New Yorkers with a college degree

rose by close to 5 percentage points in almost 10 years. By comparison, the White population's college completion rose by close to 11 percentage points.

Table 15 shows the rate of return to education in New York city and in the United States. The table presents the average annual pay received by full-time workers in the year 2000. Among New Yorkers with less than a high school diploma, the earnings were \$20,998 while for persons with more than a college education (professional or post-graduate degrees), the earnings were \$87,158 on average. By comparison, the earnings of those with more than a college degree were \$72,663 in the United States overall. A simple regression analysis of the annual earnings of New Yorkers and those of Americans in general (available from the author by request) shows that rates of return to education above high school are generally higher in New York than elsewhere. They also show that the returns to experience are substantially higher in New York.

Low educational attainment continues to constitute a serious barrier for Hispanic workers in the labor market, both in terms of employment and in terms of pay. The earnings of college graduates remain substantially above those of other educational groups and this differential pay has continued to rise in the 1990s. As a policy issue, raising the quantity and quality of schooling among Hispanic adults as well as youth continues to be the highest priority.

V. PROSPECTS FOR THE FUTURE

Despite expectations to the contrary, the New York City economy continued to grow rapidly until mid-2001. As recently as May 2001, the city had achieved a 4.9 percent unemployment rate, the lowest rate since 1988. Since that time, the U.S. economy's recession appears to be having a sharply negative effect on the New York labor market. And after September 11th and its aftermath, the city suffered from a collapsing economy, losing close to one hundred thousand jobs in the months of October and November. By November 2001, the unemployment rate had climbed back up to 6.8 percent.

Judging by the effects of the last recession and the recovery in the 1990s, the impact of the current recession will be magnified among Hispanics. Indeed, the brunt of the short-term adjustments made by many service, transportation and commerce sectors in New York during the previous three months have been borne by relatively unskilled laborers. A study released in November showed that the top 7 occupations affected by the recession after September 11th included: waiters and waitresses, cleaning and maintenance workers, retail sales persons, food preparation workers, cashiers, housekeeping workers, and fast food servers (as reported by Eaton and Wyatt, 2001). This was followed by smaller losses in more-skilled occupations, such as general managers, top executives, sales supervisors and service supervisors. Given the comparatively low current educational attainment of Hispanic New Yorkers, they are more prone to be laid-off or fired.

Although any analysis at this point is exploratory and subject to a margin of error, one could use the experiences from the recession and recovery of the 1990s to make projections about the impact of the current recession. The recession of the early 1990s resulted in Hispanic unemployment rates that were much higher relative to citywide unemployment rates, perhaps twice as high as under more prosperous times (see Table 11). Similarly, the city boom between 1997 and mid-2001 reduced the unemployment rate of Hispanics by a much greater proportion than that of other groups. Based on these experiences in the 1990s, we have carried out some simple projections of the relative changes in unemployment rates to be faced by the major racial and ethnic groups in New York for any given overall unemployment hike in the city. We then computed the likely changes in city unemployment over the next year, up to December 2002. Three possible scenarios were examined. The most pessimistic one assumes that the pattern of job loss and unemployment rise between May 2001 and November 2001 will continue at least until the end of 2002. In this case, the November 2001 unemployment of 6.8 percent would be expected to rise to 10.9 percent by December 2002. This represents a worse-case scenario since it assumes that the ripple effects of the September 11th debacle will continue throughout the year. This is not an unlikely possibility. A recent report by the Milken Foundation suggests that there

will be strong negative effects of September 11th in New York City through the next two to three years. On the other hand, such forecasts also depend on the delays that the rebuilding process in lower Manhattan will take. If there is a speedy rebuilding, then the economic overcast associated with the terrorist attacks will dissipate more quickly and the job loss and unemployment forecasts have to be reduced accordingly.

We have calculated an alternative, more optimistic, projection where the unemployment rate rises during 2002 at a rate equivalent to that prevailing during the 1990s recession. In this scenario, unemployment would rise to 9.0 percent by the end of 2002. A third, intermediate, scenario, takes the average of the optimistic and pessimistic forecasts, and it assumes that the effects of September 11th will continue until mid-2002, after which the unemployment forecast is based on the pattern followed by the 1990s recession. In this case, New York City unemployment is predicted to rise to 9.9 percent by the end of 2002.

With these three unemployment forecasts, and the relative pattern of unemployment changes on the basis of race and ethnicity prevailing in the 1990s, we calculated the likely unemployment rate that the Hispanic population of New York would face by the end of 2002. The forecasts are presented in Table 16. We again stress that these forecasts should be taken as exploratory since they are based on what is a very young recession.

Table 16 shows that the unemployment rate for the Hispanic population in New York city would increase to between 12.8 and 15.2 percent by the end of 2002. Since the unemployment rate in March 2000 for Hispanics was 8.2 percent, this constitutes a severe blow to Hispanic progress in New York. By comparison, the unemployment rate among White New Yorkers is projected to rise to between 5.8 and 7.4 percent, a substantial but still sharply lower shock compared to the impact on Hispanics. The Hispanic group that would be most deeply affected by the recession is the Dominican population, whose unemployment rate is anticipated to rise to between 15.5 and 18.1 percent by the end of 2002. These high unemployment rates reproduce the rates prevailing among Dominicans at the worst of the mid-1990s recession. They reflect the lower relative educational attainment of Dominicans in a labor market that gives a premium to

skill. On the other hand, the unemployment rate among Puerto Ricans would rise to between 13.5 percent and 16 percent, also a substantial rise relative to the 9 percent unemployment rate prevailing in 2000.

These forecasts suggest that the current recession is likely to have severe negative impacts on the employment –and income and poverty-- of Hispanic New Yorkers. They should be a matter of serious concern for policymakers in the city and in the nation.

V. SUMMARY AND CONCLUSIONS

1. The Hispanic population residing in New York City rose from 1,783,511 in 1990 to 2,160,554 in 2000. As a proportion of the city’s population, Hispanics increased from 24.4 percent in 1990 to 27 percent in 2000, overtaking the Black population and becoming the largest minority population in the city.

2. Despite the rising Hispanic population, there was a sharp decline of the Puerto Rican population residing in New York, from 896,763 in 1990 to 789,172 in 2000. This is explained by (a) rising death rates among the older Puerto Rican migrants who arrived in New York in the “Great Migration” wave of the 1940s through the 1960s, (b) massive out-migration, partly to the island of Puerto Rico and partly to the rest of the nation. The result of these changes is that the Puerto Rican population in New York is now predominantly born in the U.S., composed of second and third generations with needs and views that may be very different from those of their parents and grandparents.

3. The Hispanic population in New York rose because of the massive growth of Dominican, Mexican and other Hispanic groups. The Dominican population in New York grew from 332,713 in 1990 to an estimated 550,000 people in the year 2000. The Mexican population increased from 61,722 to 125,150, representing a doubling of this group in the city between 1990 and 2000. Other Hispanic groups also grew significantly, with Ecuadorians and Colombian representing the largest sub-groups among this population.

4. Immigration was the key demographic force that led to the massive growth of the Hispanic population of New York during the 1990s. Among Mexicans, close to 70 percent of the population in New York in the year 2000 consisted of persons born outside the U.S. Among Dominicans, the corresponding proportion was close to 60 percent.
5. The household income per capita of Hispanic New Yorkers increased only slightly in the 1990s. Adjusted for inflation, the average annual household income per-capita of Hispanics rose from \$11,419 to \$11,866 during the period (measured in 2000 dollars). By comparison, White New Yorkers displayed a much more significant increase in income per-capita, rising by 20 percent, from \$30,767 in 1990 to \$33,588 in 2000. As a result, the income gap between Hispanics and Whites expanded in the 1990s, with Hispanics displaying per-capita income of about one-third that of the White population in the year 1999.
6. The poverty rate among Hispanics was at about 30 percent, both in 1989 and 1999, representing the long-term socioeconomic distress facing Hispanic New Yorkers during the decade. The 30 percent Hispanic poverty rate for 1999 is more than three times the 9 percent rate for non-Hispanic Whites that year.
7. The roots of the lack of change in Hispanic overall socioeconomic status in the 1990s lie, first, in the major changes in the composition of the Hispanic population of the city, as reflected in an influx of relatively unskilled immigrants and an exodus of relatively skilled, high-income Hispanic New Yorkers. In addition, the lack of economic progress responds to fundamental demographic and economic forces.
8. Hispanics are much younger than the average New Yorker. The mean age in the year 1999 among Hispanics was approximately 31 years while it was about 41 years for non-Hispanic Whites. As a result, Hispanic workers have relatively lower years of experience, which results in lower earnings and partly explains the comparatively lower household income figures for this population.
9. The labor force participation rates of Hispanic men were above the average for the city and that for women below the average. In addition, the participation rate among Hispanic men

declined and that of Hispanic women rose in the 1990s, which follows a citywide change during the decade. Given these counter-balancing forces, the comparatively difficult economic situation of Hispanics in New York is due to forces other than labor force participation rates.

10. The unemployment rate among Hispanic New Yorkers in the labor force was 8.2 percent in the year 2000, compared to 3.1 percent among non-Hispanic Whites. Among Dominicans, the unemployment rate was even higher, equal to 11 percent in 2000. A major force behind Hispanic lack of progress in the 1990s was the slow economic recovery of the city from one of its most severe recessions this century. At its worst, the recession caused New York unemployment to spiral upwards, to close to 12 percent citywide in early 1993. But, even worse, was the sluggishness with which the unemployment declined over time. By early 1998, unemployment was still over 9 percent citywide and it was substantially higher among Hispanics. New York city unemployment rate remained drastically above the national average throughout the 1990s and in the early 2000s.

11. The unemployment rate has become significantly higher for women than for men in New York. Among Hispanics, women had an unemployment rate twice the one prevailing among men. This is a matter of grave concern due to the greater importance of women as heads of households in the Hispanic population.

12. The proportion of female-headed households among Hispanics was 32 percent in the year 2000. This sharply exceeds the equivalent percentage for the non-Hispanic White population, equal to 9.3 percent in 2000.

13. The educational status of Hispanic New Yorkers rose significantly in the 1990s, but it still failed to increase as sharply as that of non-Hispanic Whites in the city during the 1990s. For instance, the percentage of the Hispanic population with a college degree or more rose from 8.8 percent to 13.7 percent. But for the White population, the corresponding increase was from 33.6 percent to 45 percent. So, despite rising educational attainment citywide, the gap between the Hispanic and non-Hispanic years of schooling keep rising.

14. The rates of return to education and experience are substantially higher among New Yorkers than among other Americans. This implies that the lower years of experience and schooling

prevailing among Hispanic New Yorkers imposes a great economic competitive burden for this group in the city's labor market.

15.Based on the severity of the current recession affecting the city, we forecast that the year 2002 will bring sharply negative effects on Hispanic socioeconomic status. Based on the unemployment experience of Latinos in New York in the recession of the 1990s, our projections show that the unemployment rate of the Hispanic labor force in New York City will increase to between 12.8 and 15.2 percent by the end of December 2002. Since the unemployment rate in March 2000 for Hispanics was 8.2 percent, this constitutes a severe blow to Hispanic progress in New York. By comparison, the unemployment rate among White New Yorkers is projected to rise to between 5.8 and 7.4 percent, a substantial but still sharply lower shock compared to the impact on Hispanics. The Hispanic group that would be most affected by the recession is the Dominican population, whose unemployment rate is anticipated to rise to between 15.5 and 18.1 percent by the end of the year 2002. These high unemployment rates reproduce the rates prevailing among Dominicans at the worst of the mid-1990s recession. They reflect the lower relative educational attainment of Dominicans in a labor market that gives a premium to skill. On the other hand, the unemployment rate among Puerto Ricans would rise to between 13.5 percent and 16 percent, also a substantial rise relative to the 9 percent unemployment rate in the year 2000. The consequences of these unemployment increases should be of grave concern for policymakers in the city and in the nation.

APPENDIX: DATA SOURCES

The research described in this report is based on a combination of sources. The information for 1989 and 1990 is taken from the 1990 U.S. Census of Population, with demographic data from the Census counts and economic data obtained from the 1990 Public Use Microdata Samples (PUMS). Demographic information for 2000 is from the recently released data of the 2000 U.S. Census of Population. Because of the limited availability of 2000 Census data, some of the figures for 1999 or 2000 are based on the combination of samples from the 1999-2001 March Current Population Surveys (CPS) and the 1999 New York City Housing and Vacancy Survey. Similarly, the data for inter-census years, say 1997, was obtained by pulling data for three consecutive years, with the midpoint represented by the year in question; so, for unemployment in 1997, the CPS data on unemployment for 1996, 1997 and 1998 was pulled together. This was carried out to increase sample sizes and, therefore, reduce confidence intervals.

The 1990 PUMS data consists of a random sample of 5 percent of the population in New York City, with 339,789 persons in the sample. The March CPS includes a random sample of about 5,000 observations for New York City. The New York City Housing and Vacancy Survey is based on a random sample of 15,417 households with about 50,000 persons in the sample.

Note that, even when we combine the 1999-2001 March CPS and NYC Housing surveys, the resulting sample is substantially smaller than the 1990 Census PUMS. Still, the U.S. Department of Commerce routinely uses the CPS to provide public information about the population and socioeconomic status of Americans in between each decennial Census. And the 1999 NYC Housing and Vacancy Survey is a substantial sample of New Yorkers. An analysis of the two data sets (the Census versus the combined CPS/NYC Housing and Vacancy surveys) shows that they provide similar profiles. As a result, we are confident of the analysis presented in this paper. However, we must warn that the confidence intervals around each economic variable calculated for 2000 or 1999 are higher than for Census-based data.

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TABLE 1

THE HISPANIC POPULATION OF NEW YORK CITY, 1920-2000

Year	New York City Population, Total	Hispanic Population of New York City
1920	5,620,048	41,094
1930	6,930,446	110,223
1940	7,454,995	134,252
1950	7,891,957	350,000
1960	7,781,984	757,231
1970	7,896,862	1,278,630
1980	7,071,639	1,406,389
1990	7,322,564	1,783,511
2000	8,008,278	2,160,554

Source: Decennial U.S. Census of Population and Haslip-Viera and Bayer (1996). The definitions of Hispanic have varied over the years and the data for years before 1980 constitutes an estimate –often a rough one--of the populations that are currently considered to be part of the Hispanic/Latino population.

TABLE 2
THE POPULATION OF NEW YORK CITY, 1990 - 2000

Population Group	1990 Population	% of NYC Population	2000 Population	% of NYC Population
New York City	7,322,564	100.0%	8,008,278	100.0%
Non-Hispanic White	3,163,125	43.2	2,801,267	35.0
Non-Hispanic Black	1,847,049	25.2	1,962,154	24.5
Hispanic	1,783,511	24.4	2,160,554	27.0
Asian and Pacific	489,851	6.6	783,058	9.8
Other	39,028	0.6	301,245	3.7

Source: The 1990 data are from the population count of the U.S. Department of Commerce, *1990 United States Census of Population and Housing*; the 2000 data are from the population count of the 2000 U.S. Census of Population and Housing; the Non-Hispanic White and Black data for 2000 are based on mutually exclusive race categories.

TABLE 3
THE HISPANIC POPULATION OF NEW YORK CITY, 1990 - 2000

Hispanic Population Group	1990 Population	% of Hispanic Population in NY	2000 Population	% of Hispanic Population in NY
Hispanic Population Of New York City	1,783,511	100.0%	2,160,554	100.0%
Puerto Rican	896,763	50.3%	789,172	36.5%
Dominican	332,713	18.7	555,000	25.7
Mexican	61,722	3.5	125,150	5.8
Other Hispanic	492,313	27.5	691,232	32.0

Source: The 1990 data are from the population count of the U.S. Department of Commerce, *1990 United States Census of Population and Housing*; the figures for 2000 are from the count of the 2000 U.S. Census of Population and Housing.

TABLE 4
IMMIGRANTS IN THE NEW YORK CITY POPULATION

All persons in the population group, 2000

Population Group	Proportion of the Population Born Outside The Mainland United States
New York, overall	37.6%
Non-Hispanic White	23.6
Non-Hispanic Black	27.4
Asian	76.2
Hispanic	55.7
Puerto Rican	36.9
Dominican	57.3
Mexican	67.7
Other Hispanic	67.0

Source: Data from the 1999, 2000 and 2001 CPS. For Puerto Ricans, the proportion is for persons born in the island of Puerto Rico; for all other groups, it is for persons born outside the United States.

TABLE 5
HOUSEHOLD INCOME PER CAPITA IN NEW YORK,
1989-1999
All Households

Population Group	Household Income Per-Capita			
	1989	1993	1996	1999
New York Overall	\$21,807	\$17,653	\$19,753	\$22,993
Non-Hispanic White	30,767	24,304	28,075	33,588
Non-Hispanic Black	14,452	11,240	11,721	15,513
Asian	18,037	17,465	19,853	21,132
Hispanic	11,419	9,586	10,222	11,866
Puerto Rican	10,737	9,997	10,917	11,893
Dominican	8,587	6,505	7,179	9,069
Mexican	--	--	--	8,584
Other Hispanic	14,187	11,928	13,102	14,333

Source: Author's tabulations of 1990 Census data, Current Population Surveys (CPS) and 1999 NYC Housing and Vacancy Survey. The figures for 1993 and 1996 are an average of March CPS data for three years, with the midpoint year as stated. The figures for 1999 represent the average of the CPS for the three years with a 1999 midpoint plus the 1999 NYC Housing and Vacancy Survey data. All income numbers have been adjusted for inflation and expressed in 2000 dollars. No data are available for the Mexican population before 1999 due to small sample sizes. The "other Hispanic" category does not include the Mexican population in any year.

TABLE 6
THE 1980s VERSUS THE 1990s: CHANGES IN INCOME PER CAPITA
OF THE POPULATION IN NEW YORK
All Households

Population	Percentage Change in Household Income Per-Capita,	
	1979-1989	1989-1999
New York City average	27.1%	5.4%
Non-Hispanic White	40.1	19.6
Non-Hispanic Black	25.0	7.3
Asian	17.0	17.1
Hispanic	19.9	3.9
Puerto Rican	28.8	10.8
Dominican	7.9	5.6
Other Hispanic	–	1.0

Sources: as in Table 3 plus the 1980 U.S. Census of Population.

TABLE 7
COMPARATIVE HISPANIC POVERTY IN NEW YORK, 1989-1999
All persons

Population Group	Poverty rate	
	1989	1999
New York City, Overall	16.9%	19.3%
Non-Hispanic White	8.2	9.1
Non-Hispanic Black	22.6	26.2
Asian	14.3	15.8
Hispanic	31.0	30.0
Puerto Rican	36.5	33.1
Dominican	36.3	37.9
Other Hispanic	–	20.7

Source: The poverty rate is the percentage of persons in the group residing in households whose income is below the poverty level. The data sources are the same as those in earlier Tables. The poverty level data for 1989 is from the 1990 U.S. Census; for 1999 it is from a combination of the 1999, 2000 and 2001 March CPS.

TABLE 8
LATINOS IN NEW YORK CITY VERSUS THE U.S.: INCOME COMPARISONS
1999
All Households

Year	Per-Capita Household Income	
	NYC Average	U.S. National Average
New York City, Overall	\$22,993	\$21,811
Non-Hispanic White	33,588	24,564
Non-Hispanic Black	15,513	15,067
Asian	21,132	22,439
Hispanic	11,866	12,358
Puerto Rican	11,893	13,896
Dominican	9,069	11,013
Mexican	8,584	10,767
Other Hispanic	14,333	15,688

Sources: 1990 US Census of Population; March 1999, 2000 and 2001 Current Population Surveys, and 1999 NYC Housing and Vacancy Survey (for NYC).

TABLE 9
AGE OF THE NEW YORK CITY POPULATION, 1999
All persons in the population

Population Group	Mean Age in Years, 1999
New York overall	35.6
Non-Hispanic White	41.3
Non-Hispanic Black	32.4
Asian	33.9
Hispanic	30.9
Puerto Rican	31.7
Dominican	29.2

Source: Data from the 1999 NYC Housing and Vacancy Survey.

TABLE 10**LABOR FORCE PARTICIPATION RATES IN NEW YORK, 1990 - 1999**

Persons 16 years of age or older in the labor force

Population Group	Labor Force Participation Rate (%)			
	1990		1999	
	Male	Female	Male	Female
New York, overall	72.7%	55.0%	70.4%	54.7%
Non-Hispanic White	72.9	53.9	70.8	53.5
Non-Hispanic Black	69.5	60.5	65.5	59.6
Asian and other	77.0	60.7	75.2	55.9
Hispanic	73.9	49.4	72.1	51.5
Puerto Rican	67.4	43.3	63.7	47.6
Dominican	73.3	48.8	69.3	52.1
Other Hispanic	80.9	58.3	75.9	54.6

Source: Data for 1990 are from the 1990 U.S. Census of Population; data for 2000 are from the 1999 NYC Housing and Vacancy Survey.

TABLE 11**UNEMPLOYMENT RATES IN NEW YORK, 1990 - 2000**

Persons 16 years of age or older in the labor force

Population Group	Unemployment Rate (%)			
	1990	1994	1997	2000
New York, overall	8.3%	9.0%	9.9%	5.7%
Non-Hispanic White	5.3	6.9	7.3	3.1
Non-Hispanic Black	12.2	11.1	16.7	8.9
Asian	6.0	7.3	4.6	4.2
Hispanic	13.1	13.0	12.2	8.2
Puerto Rican	13.7	12.5	13.0	9.0
Dominican	17.3	18.0	18.6	10.9

Other Hispanic	10.1	9.8	9.2	6.8
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Source: Data for 1990 are from the 1990 U.S. Census of Population; data for 1994-2000 are from the CPS, calculated on the basis of a three-year average, with the midpoint as stated. Data for 2000 also incorporates the 1999 NYC Housing and Vacancy Survey data.

TABLE 12
GENDER AND UNEMPLOYMENT RATES IN NEW YORK, 1999
Persons 16 years of age or older in the labor force

Population Group	Unemployment Rate (%)	
	Male	Female
New York, overall	5.6%	7.5%
Non-Hispanic White	3.8	4.1
Non-Hispanic Black	9.5	8.7
Asian	3.3	5.7
Hispanic	6.4	12.2
Puerto Rican	7.7	10.9
Dominican	8.0	15.9

Source: Data from the 1999 New York City Housing and Vacancy Survey.

TABLE 13
FEMALE-HEADED HOUSEHOLDS IN NEW YORK CITY
All persons in the population group

Population Group	Proportion of the Population Residing in Female-Headed Households
New York, overall	23.8%
Non-Hispanic White	9.3
Non-Hispanic Black	45.3
Asian	9.4
Hispanic	32.0
Puerto Rican	37.0

Dominican	42.9
Mexican	16.3
Other Hispanic	22.1

Source: Data from the 1999, 2000 and 2001 CPS.

TABLE 14
THE EDUCATIONAL STATUS OF NEW YORKERS, 1990, 1999
Persons 25 years of age or older

Population Group	Percentage of the Population with Four Years of College or More	
	1990	1999
New York overall	24.7%	31.4%
Non-Hispanic White	33.6	45.0
Non-Hispanic Black	12.8	18.9
Asian	35.1	38.5
Hispanic	8.8	13.7
Puerto Rican	6.5	11.1
Dominican	6.1	10.5
Mexican	—	6.7
Other Hispanic	13.2	17.6

Source: Data for 1990 from the 1990 US Census of Population; data for 1999 from the 1999 NYC Housing and Vacancy Survey.

TABLE 15
EARNINGS AND EDUCATION IN NYC AND US, 2000
Full-time workers

Population Group	Annual Earnings in 2000 dollars	
	New York	U.S.

Less than high school	20,998	19,789
High school degree	28,517	27,654
Some college education	33,826	32,756
College degree	50,205	50,802
More than college degree	87,158	72,663
Average Earnings in 2000	42,843	37,052

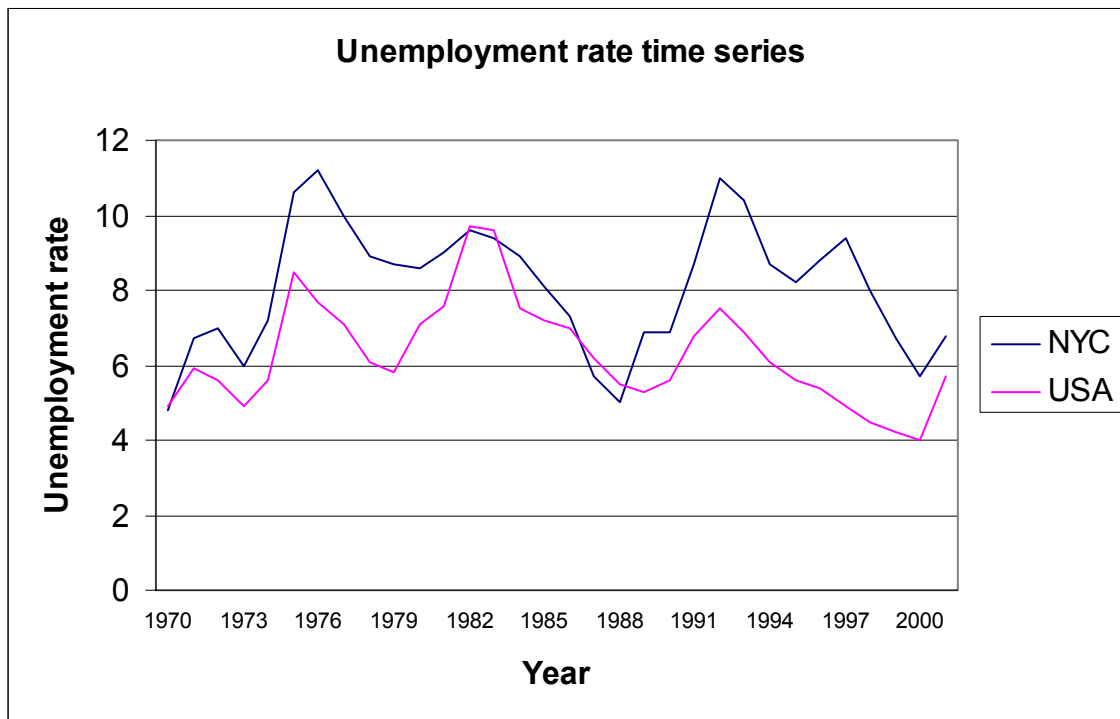
Source: Data from the March 2001 CPS.

TABLE 16
UNEMPLOYMENT PROJECTIONS: NEW YORK
Persons 16 years of age or older in the labor force

Population Group	Unemployment Rate			
	March 2000	December 2002		
		Optimistic	Pessimistic	Mid-Point
New York overall	5.7%	9.0%	10.9%	9.0%
Non-Hispanic White	3.1	5.8	7.4	6.6
Non-Hispanic Black	8.9	12.7	15.1	13.9
Asian	4.6	7.6	8.9	8.2
Hispanic	8.2	12.8	15.2	14.0
Puerto Rican	9.0	13.5	16.0	14.7
Dominican	10.9	15.5	18.1	16.8

Source: Author's projections. The optimistic projection assumes that the city unemployment rate during 2002 rises at the rate equal to 2 percentage points a year. The pessimistic projection assumes that the city unemployment rate rises during 2002 at the rate equal to the unemployment rise between May and November 2001. The Mid-point projection is an average of the optimistic and pessimistic projections. The projections for the various racial and ethnic groups are based on the behavior of the relative unemployment rates of these groups as a result of the 1990s recession.

FIGURE 1
UNEMPLOYMENT RATE TIME SERIES, NEW YORK CITY



Source: Bureau of Labor Statistics, *Historical Local Area Unemployment Statistics: New York City*, www.labor.state.ny.us/labor, December 2001.

