

Immigrant Workers Displaced by the September 11 World Trade Center Attacks

Prepared for the New York Immigration Coalition
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Introduction

This report analyzes the displacement of immigrant workers in the wake of the September 11 terrorist attacks on the World Trade Center. The Fiscal Policy Institute (FPI) undertook this study at the request of the New York Immigration Coalition. James A. Parrott, Ph.D., FPI's Deputy Director and Chief Economist, prepared this report.

The September 11 terrorist attacks on the World Trade Center took a phenomenal and unprecedented toll in human lives in New York City. The attacks also resulted in substantial economic damage in terms of the physical destruction of buildings, infrastructure and equipment, and in the loss of jobs, wages, and business revenues. The relief efforts undertaken in New York City by government agencies as well as by several national and local charities and human service organizations were also unprecedented in their emergency nature. Relief organizations responded to this profound crisis—the tragedy of the loss of human lives in the thousands, and the extensive economic dislocation—with immense dedication, commitment, and caring.

Since the week following September 11, FPI has devoted considerable attention in analyzing the economic damage in the aftermath of the attacks. On September 28, 2001, FPI released the first comprehensive report estimating the job, output and income loss resulting from the September 11 terrorist attacks.¹ In subsequent reports, FPI has sought to incorporate the latest information and data to update estimates of the economic impact of the attacks. An FPI report released on November 5, 2001, found that 60 percent of the jobs lost were held by workers earning low wages, defined in that report as occupations where the average wage was \$11.00 an hour or less.² The most recent FPI report, released on March 8, 2002, documented that 73,900 workers lost their jobs during the fourth quarter of 2001 as a result of the attacks on the World Trade Center.³ All of the FPI estimates of the impact have sought to separate out recession-related job and income losses.

This report focuses on the dislocation of immigrant workers. First, an estimate is developed of the numbers of immigrants who lost jobs as a result of the September 11 attacks. Second, using the best information available, an estimate is made of the number of undocumented immigrant workers included in the total number of dislocated immigrants. Any methodology attempting to estimate the number of undocumented workers is necessarily imperfect. In making this latter estimate, recent survey work of

¹ Fiscal Policy Institute, *Economic Impact of the September 11 World Trade Center Attack: Preliminary Report*, September 28, 2001. Prepared for the New York City Central Labor Council and the Consortium for Worker Education.

² Fiscal Policy Institute, *World Trade Center Job Impacts Take a Heavy Toll on Low-Wage Workers: Occupational and Wage Implications of Job Losses Related to the September 11 World Trade Center Attack*, November 8, 2001. Prepared for the New York City Central Labor Council and the Consortium for Worker Education.

³ Fiscal Policy Institute, *The Employment Impact of the September 11 World Trade Center Attacks: Updated Estimates based on the Benchmarked Employment Data*, March 8, 2002.

immigrant communities by the Urban Institute is drawn upon, supplemented by FPI's own analysis of the immigrant density of detailed industries.

Several studies have been conducted of the economic and employment impact of the September 11 terrorist attacks on the World Trade Center. Eight organizations have produced such reports. In addition to the Fiscal Policy Institute, September 11 economic impact analyses have been prepared by the Comptroller of the City of New York, the NYS Division of the Budget, DRI-WEFA, the NYS Assembly, the New York City Partnership, the New York Federal Reserve Bank, and the Milken Institute.⁴ These reports generally focused on the aggregate economic impact—the total number of jobs lost, lost income and economic output. In terms of employment and the characteristics of lost jobs, most of these reports provided estimates of job dislocation by, at best, industry category. Only the November 5, 2001, report by the Fiscal Policy Institute attempted to estimate the employment impacts by occupation and wage level. That report found that 60 percent of workers losing their jobs worked in occupations that paid average wages of \$11.00 or less—i.e., were generally “low-wage” workers.

None of these previous reports have investigated the question of the immigrant status of September 11 dislocated workers. This report is the first to present a detailed estimate of the number of immigrant workers who lost their jobs in the aftermath of September 11.

FPI's March 8, 2002, Report

Most of the reports cited above, including the September 28, 2001, and the November 5, 2001, reports by the FPI, were prepared before official employment data (or even preliminary employment data) for the months of October through December of 2001 became available. The March 8, 2002, FPI report used the actual, benchmarked 2001 employment data released March 5, 2002, by the New York State Department of Labor.

December of 2000 was the peak month for seasonally adjusted total nonagricultural employment in New York City before the current recession began. Thus, for New York City, the current recession is deemed to have begun in January of 2001. To separate out the likely effects of the recession on employment in the fourth quarter of 2001, FPI projected forward through the last three months of 2001, on an industry basis, the recession trajectory for employment that prevailed through the first nine, pre-September 11 months of 2001.

The March 8 report found that, by the end of the fourth quarter of 2001, 73,900 workers were likely to have been displaced from jobs in New York City as a direct result of the September 11 attacks. This analysis separated out the 13,000 jobs (largely from the financial sector) that were moved from the immediate World Trade Center vicinity to locations outside of New York City, primarily to northern New Jersey.

⁴ A May, 2002, report by the U.S. General Accounting Office discussed the September 11 economic impact reports prepared by these eight organizations.

As noted in the March 8 report, the 73,900 workers losing their jobs were dislocated from a wide range of industries, led by restaurants (-12,500), air transportation (-10,800), retail trade (-10,600), wholesale trade (-4,600), and hotels (-3,500). Altogether, estimates were made for 22 separate industry groupings. Businesses and industries located some distance from Ground Zero were heavily affected, particularly in the air transport and tourist-related industries. The estimates of September 11-related dislocation were made from the end of the fourth quarter, i.e., December, 2001. Employment in some industries, such as restaurants and hotels, had already started to rebound slightly in November and December from the low points reached in the immediate aftermath as reported in the revised data for the month of October.

It should be noted that the analysis of economic dislocation in FPI's March 8 report utilized a different methodology than FPI's September 28 or November 5 reports. FPI's March 8 report also used a different methodology than the reports by the other seven organizations cited above. The March 8 report relied on actual employment data for the final 3 months of 2001 from the New York State Department of Labor. The earlier reports were prepared based on dozens of interviews with industry representatives to gauge direct economic impacts, and utilized an input-output model to capture the indirect and induced effects (that is, the total economic impacts) stemming from the direct effects. The September and November reports were prepared before any official employment data for any of the final three months of 2001 were available. All three reports attempted to separate out the ongoing effects of the recession that began in New York City at the start of 2001.

Despite the differences in the approaches between the March and the two earlier reports, the estimates of employment dislocation are fairly similar, both in the aggregate and as distributed by industry. It should also be noted that for most of the various economic impact reports cited earlier, allowing for the fact that they were produced at different points in time, there is a fair degree of consensus as to the range of economic dislocation. Few of the analysts involved in preparing these various reports would take exception to the conclusion that the magnitude of September 11-related job dislocation was in the neighborhood of 75,000.

Estimating the September 11-Related Dislocation of Immigrant Workers

The current report builds on the March 8 FPI report that estimated that 73,900 workers lost their jobs during the fourth quarter of 2001 as a direct result of the September 11 attacks. A report released in early April by the Asian American Federation of New York (AAFNY) made extensive use of data on individual workers and businesses from a broad range of relief organizations to gauge the economic impact on Chinatown.⁵ The report also noted that since some portion of economic activity in Chinatown is strictly on a cash economy basis, it is under-reported in official economic and employment data.

⁵ Asian American Federation of New York, *Chinatown After September 11th: An Economic Impact Study, An Interim Report*, April 2002.

In light of the AAFNY report's finding that many more apparel manufacturing jobs were lost in Chinatown as a result of September 11 than State Labor Department data would otherwise have indicated, FPI adjusted upward the estimated apparel manufacturing job loss from the 1,700 figure contained in FPI's March 8 report to reflect the loss of cash economy jobs. An adjustment was also made for similar reasons for the restaurant industry, the second largest industry (after apparel manufacturing) in Chinatown.

Based on these adjustments, the fourth quarter 2001 World Trade Center-related job dislocation estimate was raised to 77,300. See the first column in Table 1 for the estimates for 22 industry groupings.

To estimate the immigrant densities for these 22 industries, FPI pooled three years of monthly data from the Current Population Survey (CPS), for the years 1999 to 2001. The CPS is the main, monthly government survey used to calculate the unemployment rate and to report a range of other socio-economic data. Since microdata is not yet available from the 2000 Census to calculate immigration densities by industry, the CPS is the best available source for this purpose. For three industries where reasonably more precise estimates of immigrant densities were available from union sources (restaurants, hotels and apparel manufacturing), these estimates were substituted for the CPS densities. The second column of Table 1 reports these immigrant densities by industry.

These estimates of industry-level immigrant densities range from a low of 24 percent for commercial printing to a high of 95 percent for apparel manufacturing. The immigration densities were then applied to the job dislocation estimate for each industry to calculate the immigrant job loss by industry. This procedure yields an overall estimate of September 11-related job loss among immigrant workers of 43,288. This figure translates into 56 percent of all September 11-related job loss, and is much higher than the overall immigration density for New York City of 46 percent (based on the CPS). These industry level estimates are provided in the third column of Table 1.

The fact that immigrants were disproportionately affected by September 11-related job loss stems largely from the fact that four of the industries hardest hit in the aftermath—restaurants, hotels, building services, and apparel manufacturing—have very high immigrant densities. Since the majority of September 11 dislocated workers were low-wage, and many immigrants receive low wages, it is not surprising that immigrants were more heavily affected.

To estimate the number of undocumented immigrants losing jobs in the wake of September 11, FPI relied on a recent report prepared by the Urban Institute that developed estimates for the undocumented share of working-age adults in immigrant families in New York City.⁶ With modifications, including that undocumented working age adults are likely to have a higher labor force participation rate, this data resulted in an estimated undocumented share of all immigrant workers of 15.1 percent. Estimates for

⁶ Randy Capps, Leighton Ku and Michael Fix, "How are Immigrants Faring After Welfare Reform? Preliminary Evidence from Los Angeles and New York City." Washington, D.C.: Urban Institute, March 4, 2002.

the undocumented share of immigrant workers by industry were developed, largely in proportion to each industry's immigration density on the assumption that industries with higher immigration densities are likely to be more conducive to the employment of undocumented workers. The one exception to this general rule was the restaurant industry. In this case, industry information suggested that the undocumented share of immigrant workers would be higher than in the apparel manufacturing industry despite the fact that apparel has a 95 percent immigration density compared to an 85 percent immigrant density in restaurants.

These industry estimates of the undocumented share of immigrants (column 4 in Table 1) were then applied to the estimates of dislocated immigrants (column 3). The results are shown in column 5, "Estimated undocumented immigrant job loss." Overall, this produced an estimated total of 8,007 undocumented workers who lost jobs as a result of September 11. This number is slightly over 10 percent of the total job displacement of 77,300. (This also results in an implicit overall undocumented share of immigrants, given the industry weights of immigrant job loss, of 18.5 percent).

The above estimates of workers losing their jobs does not include the tens of thousands of workers who, although they did not suffer job loss, experienced reduced wage earnings as a result of lost business activity and/or shorter hours. The November 5 FPI report estimated that at least 75,000 workers—this estimate was based on just three industries: apparel manufacturing, taxi and livery service drivers, and graphic artists—suffered reduced wage earnings during the fourth quarter of 2001 as a direct result of the September 11 attacks. The Asian American Federation's report on the economic impact on Chinatown provides some estimates of earnings loss for workers who did not lose their jobs. The Federation's report found that, five months after September 11, 70 percent of all garment workers (11,400) and 35 percent of all restaurant workers (725) in Chinatown were still working reduced hours and, consequently, receiving reduced pay.⁷

⁷ Asian American Federation of New York, *Chinatown After September 11th: An Economic Impact Study, An Interim Report*, April 2002.

TABLE 1
Estimated Number of Post-9/11 Dislocated NYC Immigrant Workers

Industry	Revised WTC Estimated 4th Q job loss	Immigration Density	Estimated Immigrant Job Loss	Est. Undoc. Share of Immigrants	Est. Undoc. Immigrant Job Loss
TOTAL	77,300	56%	43,289	18.5%	8007
Industries with major relocations outside of New York City					
Securities	1,800	31%	558	0%	0
Computer/Data Processing	2,500	40%	1,000	8%	75
Insurance Carriers	300	25%	75	1%	1
Major industries where job impacts likely involve layoffs					
Restaurants*	12,900	85%	10,965	30%	3290
Hotels*	3,500	80%	2,800	20%	560
Air Transportation	10,800	34%	3,672	8%	275
Retail Trade	10,600	47%	4,982	18%	897
Building Services	3,200	71%	2,272	18%	409
Apparel Manufacturing*	4,700	95%	4,465	25%	1116
Wholesale Trade	4,600	41%	1,886	10%	189
Temporary Services	2,200	42%	924	15%	139
Theatrical Producers	1,000	34%	340	2%	7
Advertising	700	27%	189	1%	2
Accounting	2,000	39%	780	6%	44
Other Business Services	1,900	36%	684	6%	38
Commercial Printing	1,500	24%	360	6%	20
Additional employment losses by major sectors					
Construction	300	62%	186	20%	37
Other Manufacturing	1,800	53%	954	15%	143
Other Transport, Communications, Utilities	2,000	43%	860	10%	86
Other FIRE Industries	2,500	42%	1,050	5%	53
Other Services	5,900	69%	4,071	15%	611
Other	600	36%	216	8%	16

Notes:

Immigrant Density derived from 1999-2001 Current Population Survey data.

Revised WTC job loss estimates based on 2001 benchmarked NYS Labor Department employment, adjusted for FPI estimates of 4th quarter recession-related job losses and estimates of likely 2002 benchmark revisions.

Undocumented immigrants dislocated estimated using modified Urban Institute methodology; see Randy Capps, Leighton Ku and Michael Fix, "How Are Immigrants Faring After Welfare Reform? Preliminary Evidence from Los Angeles and New York City," Urban Institute, March 4, 2002.

* For these three industries, estimates for immigration density were provided by labor union sources based on direct contact with dislocated workers.

Source: Source: Fiscal Policy Institute analysis based on NYS Department of Labor employment data, news sources, and interviews.