

**Testimony by James A. Parrott, Ph.D.  
Deputy Director and Chief Economist  
Fiscal Policy Institute**

**Hearing before the Council of the City of New York  
Immigration Committee**

**Immigrants and the New York City Labor Force**

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Good afternoon. My name is James Parrott and I am the Deputy Director and Chief Economist of the Fiscal Policy Institute. The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York City and State residents. FPI has prepared several studies in recent years on the economy of New York City and its labor force, including many that have looked at the role of immigrant workers. Thank you for the opportunity to present FPI's views on this topic.

First, I would like to say that we applaud the work of the Department of City Planning in both helping the Census Bureau improve the reliability of the decennial Census enumeration and in documenting the characteristics of New York City's immigrant population. The Newest New Yorkers 2000, like earlier volumes in this series, is a treasure trove of critical information to enable experts and the public alike to better understand the nature, role and importance of immigrants in New York City. One can only wish that in other areas where the City has vital information needs, such as workforce development or economic development to name only two, that there was an authoritative City agency report that helped establish such a critical baseline of essential data needed to inform City policy and actions.

I would like to focus today on some aspects of the City's labor market and the role played by immigrants. Because more of the immigrant population is of working age and due to a higher labor force participation rate among immigrants, The Newest New Yorkers report indicates that immigrants account for 43 percent of the city's labor force compared to immigrant's 36 percent share of the city's population overall. Immigrants play a disproportionate role in three of the city's leading sectors, Manufacturing, where immigrants account for 64 percent of all workers, Construction (58 percent), and Accommodation and Food Service (54 percent). On the other hand, immigrants are under-represented in Information (24 percent) and Public Administration (25 percent). In Professional, Management and Administrative sector, and in the Finance sector, immigrant workers account for shares close to the 36 percent immigrant share of the city's overall population.

Among all major sectors of the city's economy, the largest number of immigrants works in Education, Health and Social Services. City Planning notes that there are 311,000 immigrants in this sector, 41 percent of the total, with sizable numbers in hospitals (89,000), elementary and secondary schools (47,000), home health care (34,000), nursing facilities (26,000), and colleges and universities (25,000).

The City Planning Department's report notes that median household income for immigrant households was \$35,000 in 2000, 88 percent of the \$39,900 median household income for households with a native-born head. Yet, the ratio of immigrant to non-immigrant wages in 2000 was considerably less: 64.3 percent for full-time male workers, and 70.3 percent for full-time female workers. The incomes of immigrant households were boosted by the fact that immigrant households on average included 1.2 workers whereas native households averaged only 1.0 worker.

This disparity in wages is also evident in work we have done analyzing data from the Current Population Survey (CPS). The CPS is a monthly survey conducted by the U.S. Census Bureau that is used to calculate the unemployment rate. While the sample size is limited for New York City, by combining data over several months, analysts can improve the reliability of the survey results. We pooled data over four years, 2000 to 2003, to examine the pattern of hourly wages for immigrants and all workers in the New York City labor force.

Based on our analysis of CPS data, it appears that hourly wages for immigrant workers are about three-fourths of those of non-immigrants. Thus, expressed in terms of 2003 dollars, the mean hourly wage for immigrant workers in New York City was \$15.40 compared to \$20.24 for non-immigrant workers (76.1 percent).

Immigrants are heavily concentrated at the low-end of the wage scale. Nearly 40 percent of New York City's immigrant workers were paid \$10 an hour or less in 2003 dollars over the 2000 to 2003 period. In contrast, less than one-fourth (23.6 percent) of non-immigrant workers were paid \$10 an hour or less. Another way to consider the data is to compare the immigrant share of the city labor force according to the CPS data with the share earning very low wages. For this period, immigrants constituted 47.8 percent of the city's workforce, but accounted for 60.7 percent of all very low-wage workers (those earning \$10 an hour or less).

In a report that we prepared last year for the New York Immigration Coalition in connection with the effort to broaden understanding of the need to increase the New York State minimum wage, we identified the five industries employing the greatest number of immigrant workers at low wages. (See the table at the top of the next page.) This list is headed by restaurants, the part of the health care sector that includes nursing homes and home health care companies, and apparel and related manufacturing. All of these industries have very high immigrant worker densities.

NYC Industries Employing the Greatest Number of Low-wage Immigrant Workers			
2000-2003			
Industry	No. Immigrant Workers	Immigrant Share of Industry's Total Employment	Median Hourly Wage of Industry's Immigrant Workforce (\$2003)
Eating and drinking places	125,470	73%	\$8.55
Health services, n.e.c.	71,670	64%	\$8.69
Apparel and accessories manufacturing (except knit)	54,160	89%	\$8.39
Grocery stores	38,670	64%	\$8.01
Private Households	38,360	85%	\$7.96

Source: Fiscal Policy Institute analysis of CPS ORG files. Pooled data, 2000-2003.

I know the Council is very focused on the situation of these three sectors. The Restaurant Opportunities Center of New York (ROC-NY) recently released the first major study of the city's restaurant industry, Behind the Kitchen Door: Pervasive Inequality in New York City's Thriving Restaurant Industry (January 2005). The Council's Economic Development Committee is holding a hearing this afternoon on Strengthening and Protecting the Apparel Industry.<sup>1</sup> Home healthcare workers constituted the main group of workers who benefited from the Living Wage Local Law passed by the Council in 2002.

The increase in the state minimum wage, the first step of which occurred this past January 1, will be an essential means to improve the living standards for the city's sizable immigrant workforce. It is important that the Council support efforts to ensure that employers are aware of the increase and that the state Labor Department aggressively enforce fair labor standards to ensure that all workers are paid in accordance with the wage and hour provisions of state law.

Thank you for the opportunity to testify today on this critical issue for New York City.

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<sup>1</sup> See, e.g., Fiscal Policy Institute, NYC's Garment Industry, A New Look?, August 2003, and a final report to be released in March 2005 together with the Garment Industry Development Corporation.