



# The Racial Dimension of New York's Income Inequality

Data Brief, March 2017

It is well-known that New York State has one of the highest degrees of income inequality among all fifty states, and that the share of income received by the richest 1% of New Yorkers is far higher today than it was 20 years ago. In 1994, the richest 1% accounted for 18 percent of all income received in New York, while by 2014 that share was 30 percent.<sup>1</sup>

What has not received very much attention is the fact that there is a serious racial and ethnic dimension to income polarization in New York.<sup>2</sup>

- Average and median family incomes are much higher for white, non-Hispanics<sup>3</sup> than for blacks and Latinos. Asian families track the overall family income distribution. (See Figure
  - o The average income for white families in New York State was \$122,200 during the 2014-15 period, 77 percent greater than the average family income for blacks (\$69,100), and 93 percent greater than the average for Latino families (\$63,500). (See Figures 1 and 2)
  - o The average income for Asians (\$102,400) is close to the overall family average (\$103,200), but the median Asian income is 8 percent below the overall median. (See Figures 1 and 2)
  - o The higher average incomes for whites means that white families account for nearly 71 percent of all family income in the state, while they represent only 60 percent of all families. Blacks and Latinos have smaller income shares than their share of families, and Asian families have an income share very close to their share of families. (See Figure 1)

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<sup>1</sup> Estelle Sommeiller and Mark Price, *The Increasingly Unequal States of America, Income Inequality by State, 1917 to 2012*, Economic Policy Institute EARN Report, January 2015; 2013-14 estimates by the Fiscal Policy Institute based on 2013 IRS data and NYS Division of the Budget projections for 2014 income growth, January 2016.

<sup>2</sup> The following analysis of family income by race and ethnicity is based on the U.S. Census Bureau's American Community Survey for 2014 and 2015, the most recent two years of data. See the Methodology section at the end.

<sup>3</sup> Hereafter, "white, non-Hispanics" will be referred to in the text as "whites."

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- Blacks and Latinos are concentrated in the lower half of the income distribution while Asians are fairly evenly dispersed across the income spectrum, and whites are overrepresented at the upper end of income ranges. (See Figure 3)
  - 63 percent of black families in New York are in the bottom half of the income distribution, while 70 percent of Latino families are in the bottom half. (Figure 3)
  - Blacks and Latinos are only about one-quarter as likely to be in the richest 10 percent of all families as whites, while Asians are proportionately represented in the top tenth. (See Figure 3)
  - A similar picture emerges when all decile groups (each representing a tenth of the population) are divided into low-, middle- and high-income groups. Latinos are concentrated in the low-income group, blacks are better represented than Latinos in the middle-income group, but—and also— over-represented in the low-income group, while Asians are fairly evenly dispersed. White families are over-represented in the high-income group and, to a lesser extent, in the middle-income group as well. (See Figure 3, bottom panel)
  - Reflecting lower incomes on average, nearly 60 percent of immigrant families (defined as those “headed” by a foreign-born person) were in the bottom half of the income distribution, while only 46 percent of families headed by a native born person were in the income distribution’s bottom half.
- The richest tenth of all families (incomes above \$200,550) account for 36 percent of total income (according to the Census Bureau income definition). (See Figure 4)
  - White and Asian families within the richest tenth of all families account for about 40 percent of all income for those groups. Among black and Latino families, those in the richest tenth overall have 14 and 17 percent, respectively, of total incomes among each of those groups. (See Figure 4)
  - Among the richest tenth of all families, whites are 79 percent of the total, Asians 11 percent, and blacks and Latinos each account for about 5 percent. (Figure 4)
  - White and Asian families in the top tenth also have considerably higher average incomes than do blacks and Latinos. (See Figure 4)

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- All of New York's race-ethnic family groups saw real income gains from 2011-13 to 2014-15. (FPI prepared an earlier family income analysis using the 2011-13 3-year pooled ACS data.) Most of the income gains recorded in the latest 2-year period is due to stronger income growth in 2015 than in 2014.
  - o New York's black, Latino and Asian families had slightly better median inflation-adjusted income gains (4.2, 3.9, and 4.8 percent, respectively) than white families (2.9 percent) from 2011-13 to 2014-15.
  - o However, because of more rapid income growth among high-income white and Asian families, average inflation-adjusted white (5.6 percent) and Asian incomes (5.5 percent) gained more than average black (3.5 percent) and Latino family incomes (4.4 percent).
  - o Between the 2011-13 and 2014-15 periods, there was a slight change in the race-ethnic composition of New York's families. The share of all families who were white declined from 61.2 percent to 59.8 percent, while the Latino share rose from 16.2 to 17.0 percent. The Asian share also gained slightly, rising from 9.2 to 9.8 percent while the black share stayed roughly the same, 13.5 percent in the earlier period and 13.4 percent in the more recent period.

### Methodology

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This analysis of family income by race and ethnicity is based on the U.S. Census Bureau's American Community Survey for 2014 and 2015, the most recent two years of data. Throughout this report, racial-ethnic definitions are based on the self-report of the survey respondent, conventionally referred to as the "head of household." "Latinos" are those who self-report as Latino, Latina, or Hispanic of any "race." "Black" refers to those who self-report as Black, African-American, or Caribbean-American. "Latinos" are considered here as a mutually exclusive group, and neither white nor black. The rest of families, most of whom report themselves as Asian, include those whose respondents report themselves as being of multiple "races."

The Census definition of income excludes realized capital gains, which accounted for about 12 percent of IRS adjusted gross incomes 2014-15, and which is highly concentrated with 85 percent of capital gains received by resident tax filers with incomes over \$500,000 (i.e., the richest 1.7 percent of New York families), according to data from the NYS Department of Tax and Finance.

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FIG. 1 New York State family incomes, by race and ethnicity

| Race/ethnicity of "householder" | Number of families | Share of all families | Average income   | Median income   | Aggregate income (\$millions) | Share of aggregate income |
|---------------------------------|--------------------|-----------------------|------------------|-----------------|-------------------------------|---------------------------|
| White non-Hispanic              | 2,719,224          | 59.8%                 | \$122,200        | \$87,600        | \$332,371                     | 70.8%                     |
| Black non-Hispanic              | 610,651            | 13.4%                 | \$69,100         | \$53,700        | \$42,213                      | 9.0%                      |
| Latino                          | 773,897            | 17.0%                 | \$63,500         | \$44,400        | \$49,126                      | 10.5%                     |
| Asian and all others            | 445,327            | 9.8%                  | \$102,400        | \$67,100        | \$45,588                      | 9.7%                      |
| <b>All families</b>             | <b>4,549,098</b>   | <b>100.0%</b>         | <b>\$103,200</b> | <b>\$72,600</b> | <b>\$469,298</b>              | <b>100.0%</b>             |

Source: FPI analysis of 2014-2015 American Community Survey microdata; all dollar values expressed in 2015 dollars

FIG. 2 Average and median family incomes by race and ethnicity, New York State, 2011-2013

**Average & median family incomes by race and ethnicity, New York State, 2014-2015**

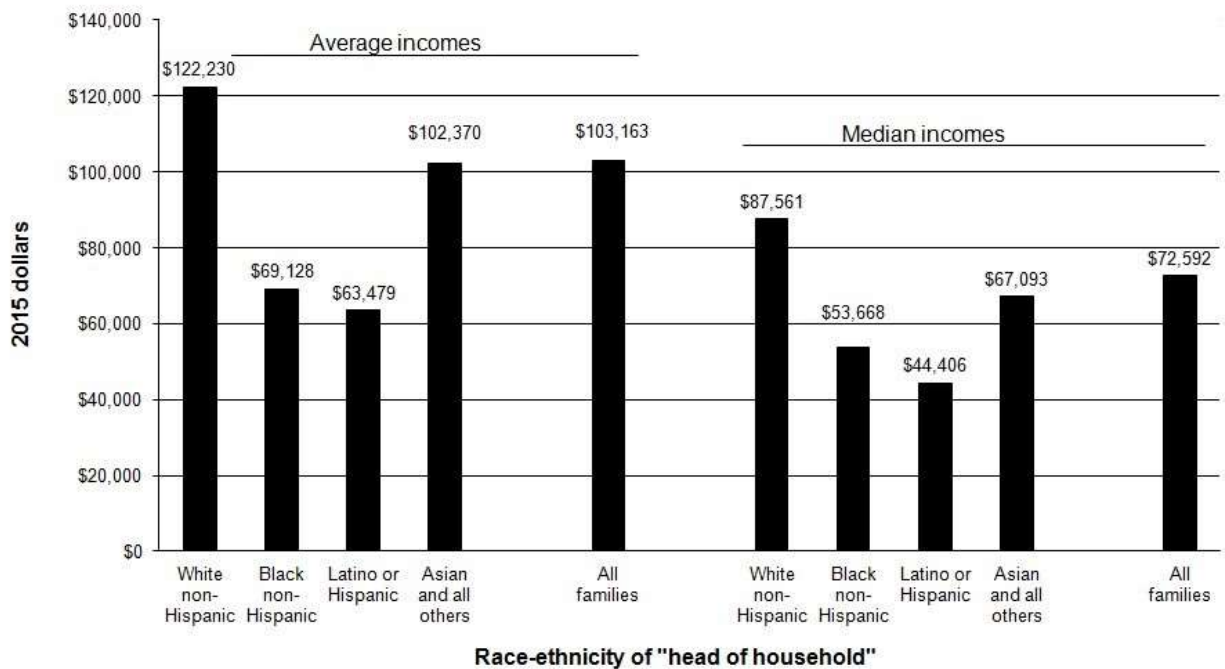


FIG. 3 New York State family incomes, by race and ethnicity

***The bottom half and the top 10 percent***

| Share of families, by race/ethnicity, in each group |                                     |                                       |
|---|-------------------------------------|---------------------------------------|
| Race/ethnicity of "householder"                     | Bottom half of overall distribution | Top 10 percent of income distribution |
| White non-Hispanic                                  | 40.9%                               | 13.3%                                 |
| Black non-Hispanic                                  | 63.0%                               | 3.5%                                  |
| Latino  | 70.3%                               | 3.2%                                  |
| Asian and all others                                | 53.1%                               | 11.0%                                 |
| <b>All families</b>                                 | <b>50.0%</b>                        | <b>10.0%</b>                          |

***Low-, Middle-, and High-income groups***

| Share of families, by race/ethnicity, in each group |                          |                                    |                       |
|---|--------------------------|------------------------------------|-----------------------|
| Race/ethnicity of "householder"                     | Bottom 30 % (< \$43,476) | Middle 50% (\$43,476 to \$142,210) | Top 20% (> \$142,210) |
| White non-Hispanic                                  | 21.1%                    | 53.6%                              | 25.2%                 |
| Black non-Hispanic                                  | 42.2%                    | 47.1%                              | 10.6%                 |
| Latino  | 49.1%                    | 42.4%                              | 8.5%                  |
| Asian and all others                                | 34.6%                    | 44.7%                              | 20.6%                 |
| <b>All families</b>                                 | <b>30.0%</b>             | <b>50.0%</b>                       | <b>20.0%</b>          |

Source: FPI analysis of 2014-2015 American Community Survey microdata; all dollar values expressed in 2015 dollars

FIG. 4 Income concentration among the richest 10% of New York families

| Race/ethnicity of "householder" | Number of families, top 10% | Share of families in top 10% | Average income, top 10% | Aggregate income, top 10% (\$ millions) | Share of aggregate income in top 10% | Top 10% share of total income |
|---------------------------------|-----------------------------|------------------------------|-------------------------|---|--------------------------------------|-------------------------------|
| White non-Hispanic              | 361,090                     | 79.2%                        | \$379,100               | \$136,898                               | 80.9%                                | 41.2%                         |
| Black non-Hispanic              | 21,224                      | 4.7%                         | \$280,700               | \$5,957                                 | 3.5%                                 | 14.1%                         |
| Latino                          | 24,406                      | 5.4%                         | \$338,200               | \$8,254                                 | 4.9%                                 | 16.8%                         |
| Asian and all others            | 49,045                      | 10.8%                        | \$368,100               | \$18,055                                | 10.7%                                | 39.6%                         |
| <b>All families</b>             | 455,764                     | 100.0%                       | \$371,200               | \$169,165                               | 100.0%                               | 36.0%                         |

Source: FPI analysis of 2014-2015 American Community Survey microdata; all dollar values expressed in 2015 dollars

*The Fiscal Policy Institute ([www.fiscalpolicy.org](http://www.fiscalpolicy.org)) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.*