



Numbers that Count

What do the new Census population numbers tell us about New York's economy?

In December, the Census Bureau reported the first batch of population estimates from the 2010 Census, indicating changes in population for each of the 50 states since the 2000 Census. New York ranked 46th in population growth among the 50 states, showing an increase of 2.1 percent over the previous decade. (See Figure 1.)

One ramification was indisputable: The share of the 435 seats in the House of Representatives would be reapportioned to reflect shifts in the nation's population among the 50 states, and New Yorkers learned that the state would lose two of its 29 seats.

Some commentators, though, saw implications beyond electoral representation. New York State Republican Party Chairman Edward Cox pronounced that the Census Bureau report "confirms in black and white, that over-taxation, ballooning government and an utter failure to create private sector jobs is fueling an exodus from our borders."¹ Diana Furchtgott-Roth, an adjunct fellow at the Manhattan Institute, looking at the national picture presented by the Census data, opined that, "The American people have been voting with their feet ... leaving states with heavy union influence and choosing to live in 'right-to-work' states with higher job growth where they cannot be forced to join a union as a condition of employment."²

Furchtgott-Roth cites New York among the states falling victim to this tide. The exodus theme was taken up this month by Kathryn Wylde, President and CEO of the Partnership for New York City, a business advocacy group, who stated that, "At this point, people and jobs are leaving New York because of high costs and high taxes."³

These claims, while varying in their particulars, follow a similar logic. First, assume New York's population growth is a good barometer of the state's economic health. Next, convert modest population growth into an alarming outflow of the state's residents and its jobs. Finally, attribute said outflow to the business climate—burdensome taxes, regulation, and unionization—without troubling to provide any actual evidence of a causal relationship.

Is there a more thoughtful way to understand the new Census data on New York's population growth?

When put into context both with respect to its regional neighbors and the nation's long-term demographic shifts, there is nothing remarkable about New York's 46th place ranking for population growth between 2000 and 2010. None of the states of the northeast region registered above 32nd place. Meanwhile, all of the top ten fastest growing states were in the west and south, reflecting in large part the ongoing growth of the Sunbelt states and fast-growing Hispanic populations.

Figure 1
Population, Employment, and Personal Income Change by State

Total Resident Population by State 2000-2010			Total Employment by State 1999-2009			Per Capita Personal Income by State 1999-2009		
State	Percentage change	Rank	State	Percentage change	Rank	State	Percentage change	Rank
United States	9.7%		United States	7.6%		United States	39.9%	
Nevada	35.1%	1	Nevada	26.1%	1	Wyoming	77.2%	1
Arizona	24.6%	2	Wyoming	23.2%	2	North Dakota	73.3%	2
Utah	23.8%	3	Utah	21.3%	3	Louisiana	67.1%	3
Idaho	21.1%	4	Texas	19.5%	4	Montana	57.8%	4
Texas	20.6%	5	Arizona	19.0%	5	Oklahoma	57.5%	5
North Carolina	18.5%	6	Alaska	17.6%	6	New Mexico	54.8%	6
Georgia	18.3%	7	Idaho	17.3%	7	South Dakota	54.0%	7
Florida	17.6%	8	Montana	15.1%	8	Hawaii	53.2%	8
Colorado	16.9%	9	Florida	14.6%	9	West Virginia	52.3%	9
South Carolina	15.3%	10	Hawaii	14.2%	10	Alaska	51.4%	10
Delaware	14.6%	11	New Mexico	14.1%	11	Arkansas	50.4%	11
Wyoming	14.1%	12	Maryland	12.2%	12	Maryland	49.8%	12
Washington	14.1%	13	Colorado	12.2%	13	Virginia	49.0%	13
Alaska	13.3%	14	North Dakota	12.0%	14	Rhode Island	49.0%	14
New Mexico	13.2%	15	Virginia	11.8%	15	Vermont	48.5%	15
Virginia	13.0%	16	Washington	11.4%	16	Mississippi	48.0%	16
Hawaii	12.3%	17	Georgia	11.0%	17	Iowa	47.3%	17
Oregon	12.0%	18	Oklahoma	10.2%	18	Kansas	46.4%	18
Tennessee	11.5%	19	South Dakota	9.3%	19	Texas	46.0%	19
California	10.0%	20	New Jersey	9.1%	20	Nebraska	45.4%	20
Montana	9.7%	21	South Carolina	8.9%	21	Alabama	45.3%	21
Arkansas	9.1%	22	New York	8.4%	22	Maine	45.0%	22
Maryland	9.0%	23	North Carolina	8.4%	23	Massachusetts	43.2%	23
Oklahoma	8.7%	24	New Hampshire	8.4%	24	New York	42.4%	24
South Dakota	7.9%	25	Oregon	7.9%	25	Florida	42.3%	25
Minnesota	7.8%	26	Louisiana	7.5%	26	Connecticut	42.2%	26
Alabama	7.5%	27	Delaware	7.4%	27	Pennsylvania	41.7%	27
Kentucky	7.4%	28	Vermont	6.7%	28	New Jersey	41.4%	28
Missouri	7.0%	29	Connecticut	6.4%	29	Washington	40.7%	29
Nebraska	6.7%	30	Maine	5.7%	30	Kentucky	40.3%	30
Indiana	6.6%	31	California	5.6%	31	California	38.7%	31
New Hampshire	6.5%	32	Pennsylvania	5.5%	32	Utah	37.8%	32
Kansas	6.1%	33	Nebraska	5.4%	33	Delaware	37.4%	33
Wisconsin	6.0%	34	Minnesota	5.3%	34	South Carolina	37.3%	34
Connecticut	4.9%	35	Arkansas	5.1%	35	New Hampshire	37.2%	35
North Dakota	4.7%	36	Kansas	5.1%	36	Missouri	37.1%	36
New Jersey	4.5%	37	West Virginia	4.8%	37	Minnesota	37.0%	37
Mississippi	4.3%	38	Alabama	4.8%	38	Illinois	36.9%	38
Maine	4.2%	39	Tennessee	4.3%	39	Idaho	36.1%	39
Iowa	4.1%	40	Massachusetts	3.8%	40	Colorado	35.3%	40
Pennsylvania	3.4%	41	Rhode Island	3.6%	41	Wisconsin	35.2%	41
Illinois	3.3%	42	Wisconsin	3.1%	42	Arizona	35.2%	42
Massachusetts	3.1%	43	Kentucky	3.0%	43	Tennessee	35.0%	43
Vermont	2.8%	44	Missouri	3.0%	44	Oregon	33.7%	44
West Virginia	2.5%	45	Iowa	2.8%	45	North Carolina	31.9%	45
New York	2.1%	46	Illinois	1.5%	46	Indiana	30.9%	46
Ohio	1.6%	47	Mississippi	1.2%	47	Ohio	30.4%	47
Louisiana	1.4%	48	Indiana	-2.2%	48	Nevada	27.1%	48
Rhode Island	0.4%	49	Ohio	-3.3%	49	Georgia	26.9%	49
Michigan	-0.6%	50	Michigan	-8.3%	50	Michigan	23.2%	50

Population growth alone is a poor measure of economic health: Nevada, the fastest growing state over the past decade, now has the nation's highest unemployment rate.

Note: All entries for the United States include population, employment, and personal income data for the District of Columbia.
Source: Census Bureau; Bureau of Economic Analysis.

New York's Gross Domestic Product per worker is the highest among the nation's ten most populous states.

Who was in the very top slot? Nevada, with a stellar 35 percent growth in residents over the decade. What this number doesn't reveal is that the state was also leading the way in the housing boom and its subsequent bust. Today, Nevada has the nation's highest unemployment rate by far (14.3 percent in November, well ahead of Michigan and California, both at 12.4 percent). And, while the boom drew people to the state, the bust is now driving some away.⁴

The Nevada case shows that population growth taken in isolation fails the test as a good measure of the health of a state's economy. What other data, then, can one use to evaluate New York's economy? Is the state actually bleeding jobs and falling hopelessly behind other states, as some would argue?

With respect to new jobs, New York ranked 22nd nationally in growth in employment between 1999 and 2009, according to the Department of Commerce's Bureau of Economic Analysis (see Figure 1). This data series includes proprietors, a group not included in more widely cited payroll employment data.⁵

Over the same years, the state ranked 24th in growth in per capita income (see Figure 1). This placed New York ahead of all but one of the ten states with the fastest gains in population, again illustrating that rapid population growth does not necessarily translate into superior economic performance. New York's growth in per capita income was not just a downstate phenomenon.

Figure 2
GDP per Worker for the Ten Most Populous States

State	2007 GDP	Rank
United States	\$73,172	
New York	\$92,320	1
California	\$85,029	2
Illinois	\$78,052	3
Texas	\$75,902	4
North Carolina	\$69,640	5
Pennsylvania	\$68,569	6
Georgia	\$68,476	7
Michigan	\$67,862	8
Florida	\$67,553	9
Ohio	\$65,320	10

Note: Real 2007 GDP in millions of chained 2005 dollars.

Source: Census Bureau; Bureau of Economic Analysis.

Between 2005 and 2009, seven upstate metro areas, including Buffalo and Syracuse, were among the top 50 metro areas nationally with respect to per capita income growth. The greater New York City metro area, including portions of neighboring states, was the lowest ranking of the New York metro areas, yet it was in the top third nationally.⁶

Further, in 2007, New York's Gross Domestic Product (GDP) per worker—\$92,320—was the highest among the nation's ten most populous states. (See Figure 2.)



New York has a highly urbanized economy. To the extent that it is a “high tax” economy, one can argue that the tax base supports the urban infrastructure that enables its firms and workers to achieve this high level of productivity.

These three indicators—employment growth, per capita income growth, and GDP per worker—are appropriate measures to use to begin to gauge the robustness of New York’s economy. They tell us how well the state is creating jobs, how fast its income is growing relative to its population, and how productive its workforce is.

These statistics hardly suggest that New York’s economy is facing a fundamental crisis or lagging behind those of other states. In fact, they speak to the strength of the state’s economy and the notable productivity of its workers.

To be sure, New York’s economy faces challenges—the unemployment and fiscal impact of the Great Recession and widening income inequality, to name just two. But tackling these problems effectively requires an honest assessment of the state economy’s strengths and weaknesses, not the manipulation of an isolated statistic in order to advance a regressive political agenda.

The Fiscal Policy Institute 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.

Those who claim various adverse consequences resulting from New York’s tax burden or other aspects of its economic environment should be pressed to provide a credible analysis to inform their statements. Sound data and analysis are needed to inform public understanding and policy-making. Reckless rhetoric only does harm.

¹ Edward Cox, “Shrinking Empire – High Taxes, Poor Business Climate Force Continued Exodus from New York.” December 21, 2010.

<http://www.nygop.org/page/shrinking-empire---high-taxes-poor-business-climate-force-continued-exodus-from-new-york>.

² Diana Furchtgott-Roth, “Where Unions Are, Americans Aren’t.” Real Clear Markets. December 21, 2010.

http://www.realclearmarkets.com/articles/2010/12/23/where_unions_are_americans_arent_98809.html.

³ Kathryn Wylde, “The Brian Lehrer Show,” WNYC. January 5, 2011.

<http://www.wnyc.org/shows/bl/2011/jan/05/>.

⁴ Adam Nagourney, “Behind Census Figures Showing Boom in Nevada, a Story of Bust.” New York Times. December 22, 2010.

<http://www.nytimes.com/2010/12/23/us/23nevada.html>.

⁵ The Bureau of Labor Statistics Current Employment Statistics (CES) payroll data show similar results. Eight of the ten top ranking states in the BEA series are also in the top ten of the CES series. New York ranks 28th in the CES series.

⁶ While per capita income—all income divided by the number of residents—is useful for gauging the strength of the aggregate New York economy, it masks the concentration of income gains at the very top of the income spectrum. For more on income inequality in New York, see *Grow Together or Pull Further Apart? Income Concentration Trends in New York*.

http://www.fiscalpolicy.org/FPI_GrowTogetherOrPullFurtherApart_20101213.pdf.

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