



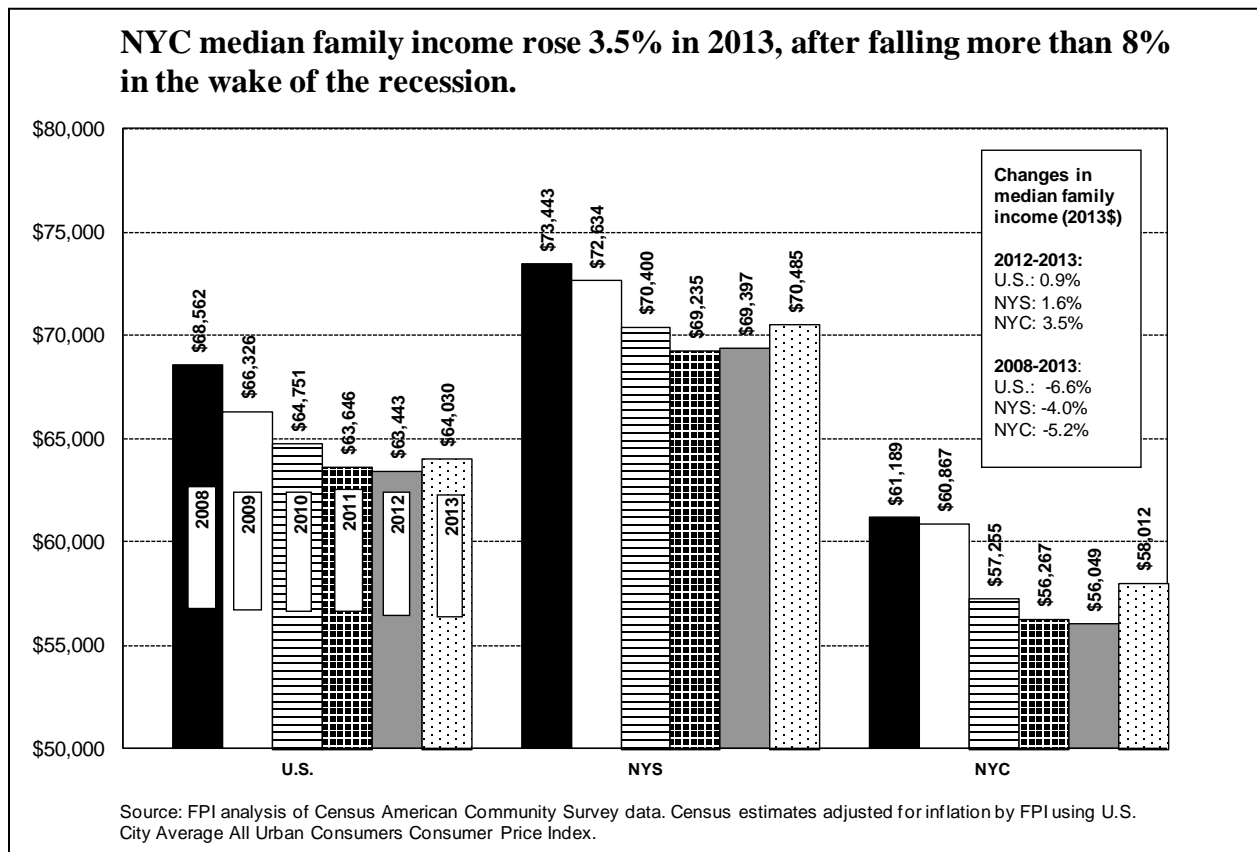
# NYC Median Family Income Up for First Time since Great Recession

*Net in-migration of higher-income families contributed to median's rise*

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After five years of decline, median family income in New York City rose by 3.5 percent between 2012 and 2013 in inflation-adjusted terms, according to recently-published Census data.<sup>1</sup> This compares with increases of 0.9 percent at the national level and 1.6 percent for all of New York State, including the city.



<sup>1</sup> FPI analysis of Census American Community Survey data. Census estimates adjusted for inflation by FPI using U.S. City Average All Urban Consumers Consumer Price Index.

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While the city's increase far surpassed the nation's and state's, median family income in the city was still 5.2 percent lower in 2013 than it had been in 2008 at the start of the Great Recession. The corresponding national and state declines for the 2008 to 2013 span were 6.6 and 4.0 percent, respectively.

What explains this fairly solid one-year increase in family income? Did the finances of the typical New York City family, while not yet having made up the ground lost since 2008, get a healthy boost? An examination of other new Census data provides a mixed picture. Yes, there was improvement in some labor market outcomes, indicating that some of the city's families did indeed see their incomes rise. The new data, however, suggest that an out-migration of low- and middle-income families and an in-migration of higher-income families also partially accounts for the increase in city median family income.

First, the good news—several indicators show that 2013 saw some improvements in the city's labor market. For New York City residents, the employment rate—the number of people employed relative to the population aged 16 and up—increased by nearly half a percentage point from 2012, rising from 56.8 to 57.2 percent. The state's employment rate also rose by the same amount, whereas the national rate dipped by 0.4 percentage points. The city's increase continues a steady climb back from the 55.8 percent low seen in 2010. Having a larger share of the city's working-age population employed obviously benefits family incomes.

Further, median wage and salary earnings, adjusted for inflation, increased by 1.5 percent, rising from \$34,526 to \$35,057. Over the same period, median earnings increased at a much lower rate (0.6 percent) at the national level and fell by 2.4 percent statewide.

Next, the share of city residents holding private wage and salary jobs versus being self-employed also rose in 2013. Private wage and salary jobs in New York City, on average, have earnings 60 percent greater than self-employed earnings. As a share of the total job pool, those holding private wage and salary jobs increased by nearly one percentage point (rising from 79.8 to 80.7 percent), while the share who are self-employed dropped by nearly half a percentage point (from 6.6 to 6.2 percent). Again, this is a positive shift from the standpoint of family incomes. (The share holding government wage and salary jobs also declined in 2013.) In contrast to the city, the national and state data show roughly half-percentage point gains in the share of jobs held by private wage and salary earners, and very small 0.1 percentage point declines in the self-employment share.

Looking at the employment of city residents by occupation and industry, two other statistics also suggest why the incomes of the city's families may have increased. Among the five broad occupational groupings, the largest increase between 2012 and 2013 was in Management, Business, Science, and Arts. This category comprises relatively high-paying jobs, and the share of resident workers employed in these fields increased by nearly one percentage point (0.9 of a percentage point). This occupational grouping also ranked first with respect to growth nationally and statewide, but the respective share increases (0.2 and 0.7 of a percentage point) were smaller.

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In terms of changing shares of jobs by industry, of the 13 broad industry groups, the largest share increase in the city (half of a percentage point) was for Professional, Scientific, and Management, and Administrative and Waste Management Services (reported as one broad industry grouping). Generally, this category is associated with relatively high-paying jobs. The share of jobs falling under this umbrella also registered the largest increase at the state level (0.5 of a percentage point) and nationwide (0.2 of a percentage point).

While these developments—increased employment rate, increased share of jobs held by private sector wage and salary earners, and increase in the share of jobs in relatively high-wage occupations and industries—offer clues as to why the city’s median family income rose in 2013, the new Census data also suggest that the increase in median family income may reflect both the in-migration of higher-income families and the out-migration of lower-income ones.

As shown in the table below, the number of families in the top Census Bureau income bracket—\$200,000 and up—increased by 19,000, nearly 14 percent, approximately double the rate of increase at the national level and more than one-and-a-half times the rate of increase statewide. There was an overall 10,000 net increase in the number of New York City families from 2012 to 2013.

**The distribution of family income, 2012 and 2013, New York City, with comparisons for the 2012-2013 change to NYS and the U.S.**

	New York City				NYC	NYS	U.S.
	2013	2012	2013	2012	Percentage change, 2012-2013		
Families							
Less than \$10,000	7.2%	7.6%	132,442	139,065	-4.8%	-3.9%	-1.8%
\$10,000 to \$14,999	5.0%	5.2%	91,973	95,150	-3.3%	2.9%	0.2%
\$15,000 to \$24,999	10.4%	10.9%	191,305	199,448	-4.1%	-2.6%	-2.2%
\$25,000 to \$34,999	9.7%	9.3%	178,428	170,171	4.9%	2.4%	0.2%
\$35,000 to \$49,999	11.9%	12.3%	218,897	225,065	-2.7%	-1.8%	-0.5%
\$50,000 to \$74,999	15.8%	16.1%	290,636	294,598	-1.3%	-1.8%	0.2%
\$75,000 to \$99,999	11.1%	11.1%	204,181	203,108	0.5%	-0.1%	-0.5%
\$100,000 to \$149,999	14.0%	13.9%	257,526	254,342	1.3%	-0.7%	0.9%
\$150,000 to \$199,999	6.4%	6.0%	117,726	109,788	7.2%	2.5%	3.5%
\$200,000 or more	8.6%	7.6%	158,194	139,065	13.8%	8.1%	6.8%
	<b>100%</b>	<b>100%</b>	<b>1,841,307</b>	<b>1,829,800</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>0.2%</b>

Source: FPI analysis of Census American Community Survey data.

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All of the top four New York City income brackets saw gains in the number of families. An influx of high earners accounts for some of the increase in the median family income and is consistent with the growth in higher-wage jobs and educational attainment. The share of city residents with at least a bachelor's degree increased by 1.1 percentage points, far outstripping the national 0.7 percentage point increase and the 0.5 percentage point statewide increase.

At the other end of the income spectrum, the number of families in the city's three lowest income brackets shrank. While some families likely moved up the income ladder over the past year, the much larger magnitude of the net increase among the top three income brackets compared to the net decline among the bottom three brackets (a gain of over 27,000 vs. a decline of nearly 18,000), suggests a net influx of families with high incomes. The net decline in the number of lower-income families may reflect some out-migration. Some of the job growth in high-paying occupations and industries benefitted new in-migrants, particularly given that the disproportionate increase in just one year in the share of city residents who are highly educated is most likely associated with in-migration.

In conclusion, the reversal of the five-year recession-related decline in the city's median family income offers some encouragement. Between 2008 and 2012, New York City's median family income fell by \$5,100, an 8.4 percent drop. In 2013, the median gained by nearly \$2,000, a 3.5 percent rebound. The new Census figures show some clear positive signs of an improving job market. However, in looking at the broader picture painted by the Census data, it appears that a significant part of the income rebound reflected a demographic shift with respect to income levels of the city's families.

Taking into account the much more rapid growth in high incomes in New York City than in the nation, and the greater proportionate decline in the share of families with lower incomes, this shift means that roughly 10,000 families moved from below the median in the \$56,000-to-\$58,000 range to above the median. Given that there are roughly 10,000 families in each \$1,000 increment of the city's income distribution in the range from \$50,000 to \$60,000, this change alone would have lifted the median point from \$56,000 to \$57,000, an increase of 1.8 percent. *Thus, we conclude that about half of the city's 2013 3.5 percent median family income growth is due to the in-migration of higher-income families and the out-migration of lower-income families.*

*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.*