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Fiscal Policy Institute

WHO IS LEAVING NEW YORK STATE?

PART II: SOCIAL AND LABOR CHARACTERISTICS

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Key Findings:

Affordability — in particular housing and the cost of raising a family — are increasingly driving State population loss:

- Households with young children are more than 40% more likely to leave the state — and twice as likely to move out of New York City — as households without young children.

- 36% of households leaving New York State are moving in search of more affordable housing — more than twice the share before Covid.

- 90% of New York State's population loss is driven by NYC, the most expensive part of the state.

- The highest income New Yorkers leave the State at lower rates than all other income brackets (see FPI's migration series, part I).[i]

Black and Hispanic New Yorkers are leaving at higher rates:

- Black New Yorkers are leaving New York State at more than 50% the rate of white New Yorkers — a pattern reflecting the fact that 85% of state out-migration is from New York City, which has a disproportionate number of Black residents relative to the state as a whole.

- Hispanic New Yorkers have become increasingly likely to leave, with out-migration rates 38% higher than white New Yorkers in the years since the pandemic.

Since Covid, households who can more easily relocate or have weaker ties to the State are increasingly leaving:

- New Yorkers born in other states are two-and-a-half times more likely to move out.

- Young adults are twice as likely to move out than the rest of the population.

- People with more career mobility such as work from home are more likely to leave.

Introduction

New York State has experienced significant population loss since the beginning of the Covid-19 pandemic. Between 2020 and 2023 the State's population fell by 533,200, or 2.7 percent — the sharpest drop of any state in the U.S.[ii] This trend raises long-run fiscal and economic concerns. Further, heightened out-migration is reflective of a policy failure: the State is not ensuring that families can afford to grow and establish financial security while remaining in New York.

FPI's analysis of the economic and social dynamics underlying New York's out-migration since Covid reveals three broad features. First, the State's pattern of out-migration is primarily a result of an affordability crisis in the state, particularly for families with young children. Housing affordability, particularly in New York City, has become untenable for many and is now the leading driver of one's decision to move. The most up-to-date data shows that it is not the wealthiest New Yorkers that are leaving, but instead the working and middle class who face increasingly unaffordable housing.

Second, a disproportionate number of out-migrants from New York are Black or Hispanic. This trend is largely due to high out-migration from New York City, which is home to many Black and Hispanic New Yorkers. Out-migration of both groups was amplified by the pandemic, with a particularly notable uptick in out-migration amongst Hispanic New Yorkers.

Third, New Yorkers with greater career mobility and weaker ties to the state, including young adults, have become increasingly likely to out-migrate since the pandemic. Worker characteristics including work-from-home status have emerged as common characteristics of out-migrants. Out-migrants are also increasingly those who were born outside New York, and often return to their state of birth.

Previously, FPI's analysis of migration and income trends revealed that New Yorkers making $800,000 or more typically leave the State at one-quarter the rate of all other residents. In other words, working and middle-class families are far more likely to leave than the highest income residents. Taken together with FPI's previous analysis, this new data suggests that in the face of affordability challenges, working and middle-class New Yorkers who can more easily leave are increasingly doing so.

The New Yorkers most exposed to the state's affordability crisis, and those with the greatest ability to relocate, are increasingly leaving the state. While the state's affordability crisis has long strained New Yorkers, it has taken on greater salience in the wake of the Covid pandemic. For this reason, elevated out-migration and population loss requires urgent policy action. Without ambitious policy action that addresses the cost of housing, especially in New York City, and the costs of raising children in the state, affordability will continue to weigh on families' ability to remain in New York State.

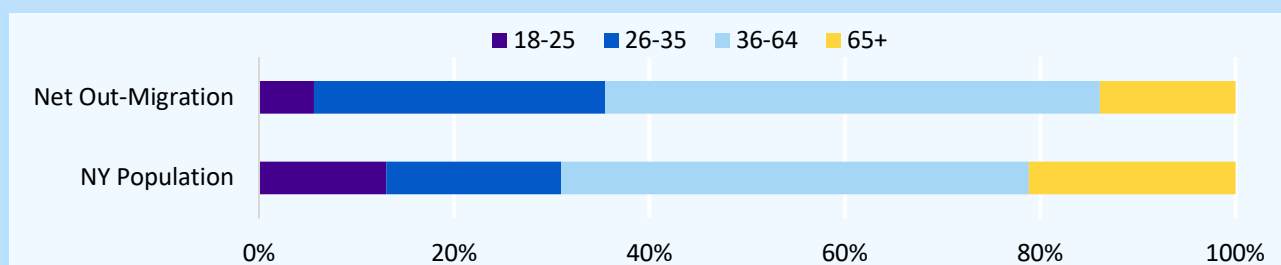## Profile of New York's Out-Migrants

New Yorkers leaving for other states differ from the state's overall population along key social characteristics. First, Black and Hispanic New Yorkers are disproportionately likely to leave the state, making up 19 and 24 percent of out-migrants, respectively, compared to just 14 and 19 percent of the overall state population. That is, Black New Yorkers are 45 percent more likely to out-migrate than the rest of the population and Hispanic New Yorkers are 34 percent more likely to out-migrate than the rest of the population.

Figure 1. New York's out-migrants compared to overall population by Race
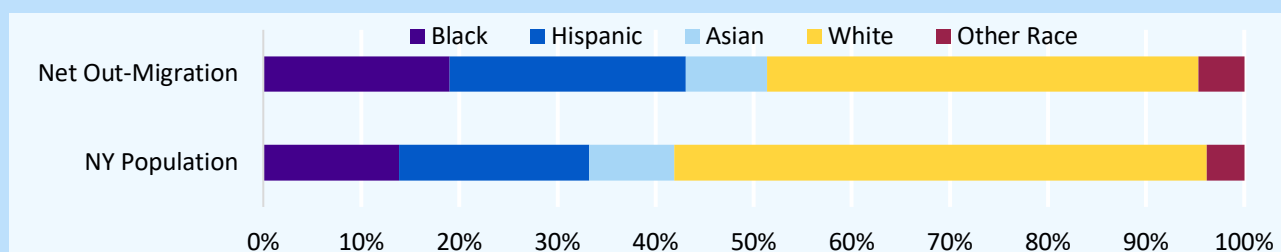
Second, New Yorkers between the ages of 26 and 35 make up 30 percent of out-migrants but just 18 percent of the overall population, making them almost twice as likely to out-migrate than the rest of the population. By contrast, young adults (ages 18 to 25) and older adults (aged 65 and over) are underrepresented among out-migrants.

Figure 2. New York's out-migrants compared to overall population by age

Finally, households with children under the age of 6 comprise 18 percent of out-migrants and just 13 percent of the population, making them 47 percent more likely to out-migrate than the rest of the population.

Figure 3. New York's out-migrants compared to overall population by parental status
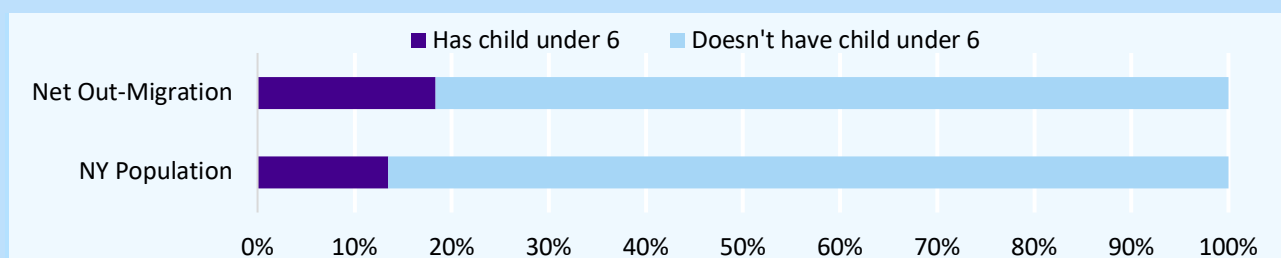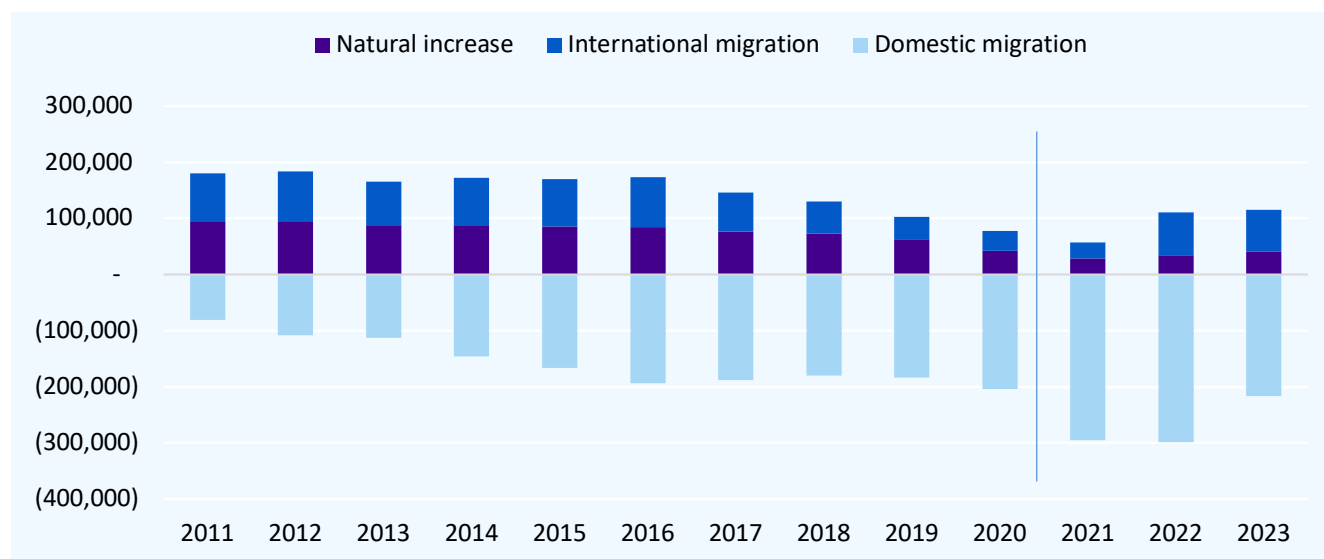
New York's recent population loss

Driven by New York City, the State leads the nation in population loss

New York's population loss has been driven by elevated net out-migration — more people leaving the State than moving into New York. New York has long experienced out-migration. Prior to Covid, net out-migration coincided with both population growth and economic growth. Since Covid, however, out-migration has accelerated, resulting in outright population loss for the State.

The most recent U.S. Census Bureau data, which estimates the State's population as of July 1, 2023, suggests New York's population loss is slowing — the 102,000 year-over-year population decline is substantially lower than the preceding two years — yet the State's rate of population loss remains the highest in the nation. While international immigration appears to have returned to pre-Covid averages, the number of births remains depressed, dampening a traditional source of population growth. Net out-migration between 2022 and 2023 was 217,000, a step down from the outflow of nearly 300,000 in both 2021 and 2022, but still above pre-Covid levels.

Figure 4. Components of New York State population change, 2011 to 2023

Note: Annual estimates for 2020 and subsequent years are not directly comparable to years before 2020. Pre-2020 annual Census estimates substantially undercounted New York State's population.

Population loss in New York has been concentrated in New York City. Between 2020 and 2023, the City's population loss of 482,000 represented a 5.5 percent drop. This accounted for the vast majority (90.4 percent) of the statewide population loss and domestic out-migration (85.1 percent), despite the City making up just 42.2 percent of the state's population. Upstate New York and Downstate suburbs experienced substantially lower population loss and out-migration that was in line with Northern New Jersey and Western Connecticut. While the pace of City's population loss slowed in 2023, it remains high relative to its neighbors and pre-Covid levels.

Social characteristics and migration

The pandemic amplified pre-existing social patterns, which saw young adults, Black and Hispanic New Yorkers, and households with young children leave at higher rates

Prior to Covid, individuals' social characteristics constituted the dominant patterns underlying domestic migration. Young adults tended to move out of New York at higher rates than other age groups, as did Black New Yorkers, and households with children under age six. In the years since Covid, out-migration rates across demographic groups rose at similar rates such that underlying patterns have remained in place.

Age is more strongly associated with migration than any other demographic characteristic. People tend to move between states most often as young adults. As individuals' professional and family lives become more settled, their likelihood of making inter-state moves begins to fall. While many might expect out-migration to be driven by retirement, those aged 65 and over have lower rates of moving into and out of the state than any other group.

Both before and after Covid, New Yorkers' net out-migration rate peaks between the ages of 26 and 35. While younger adults, aged 18 to 25, have a higher gross out-migration rate, they also have a far higher in-migration rate than any other group. Following Covid, this high in-migration remained in place for those aged 18 to 25, while falling for those aged 26 to 35, driving that group's net out-migration higher. Nonetheless, the pattern of age-based migration remains consistent before and after Covid, with out-migration increasing for all groups.

Figure 5. Net out-migration rate by age
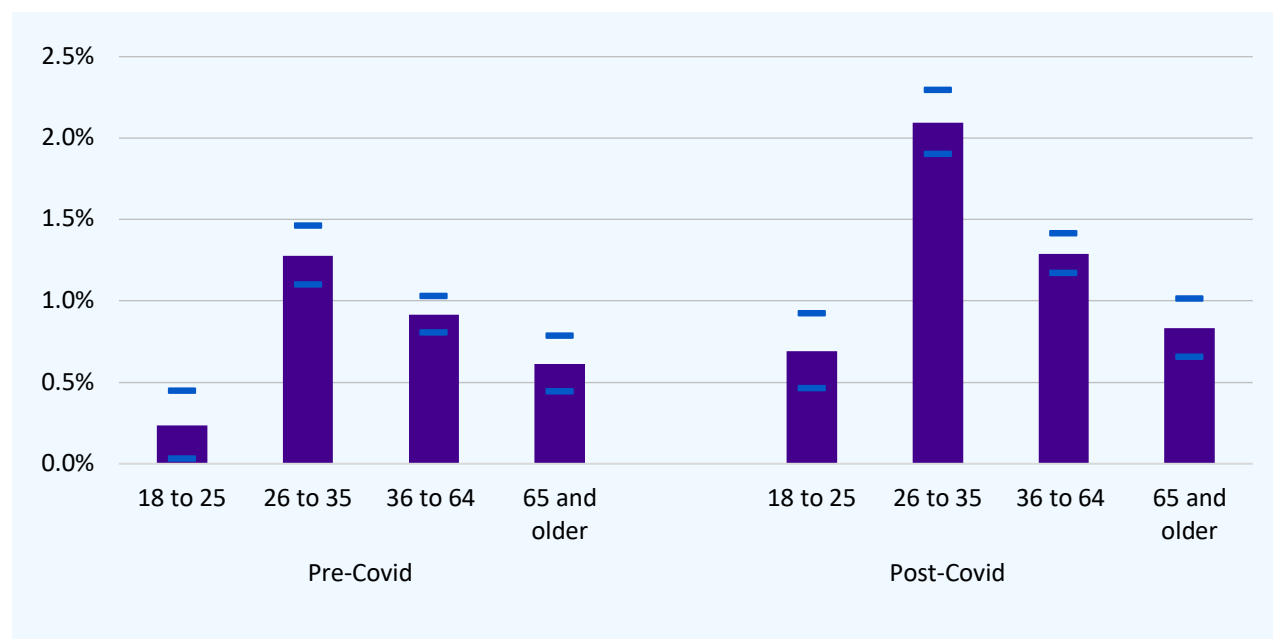
Race is strongly associated with migration to and from New York. Prior to Covid, Black New Yorkers' net out-migration rates were significantly higher than non-Black New Yorkers. This was largely driven by a low Black in-migration rate, the lowest of any group. Following Covid, each group's net out-migration rate rose, remaining the highest for Black New Yorkers. Black New Yorkers were 79 percent more likely to leave the state than white New Yorkers prior to Covid and 51 percent more likely after Covid. Further, the out-migration rate of Hispanic New Yorkers became higher than the white out-migration rate at a statistically significant level, from 30 percent higher than white New Yorkers' out-migration rate before Covid to 38 percent after. While the pre-Covid out-migration rate for Asian New Yorkers appeared slightly higher than the white out-migration rate, the difference was not statistically significant.

Racial migration patterns may be driven in part by the racial wealth gap. Because in-migrants to New York are often young, establishing stable housing and employment may often be supported by family resources, especially in high-cost New York City. In the U.S., these resources are disproportionately held by white and Asian households.[iii]

Figure 6. Net out-migration rate by race and ethnicity
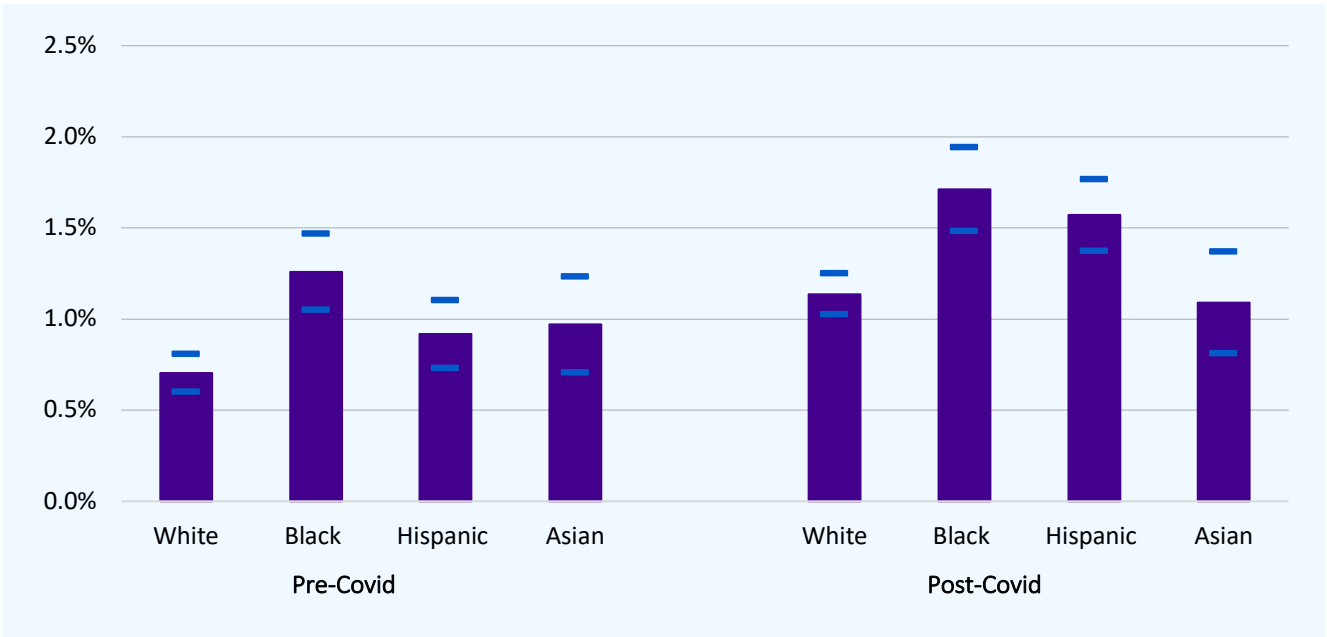
Similarly, both before and following Covid, New Yorkers with children under six left the state, on net, at a more than 40 percent greater rate than those without young children. This effect is limited to families with young children – those with children 6 or older move at the same rate as childless households. This indicates that the costs uniquely associated with young children — childcare and the need for more space — are acute drivers of out-migration.

Figure 7. Net out-migration rate by presence of children
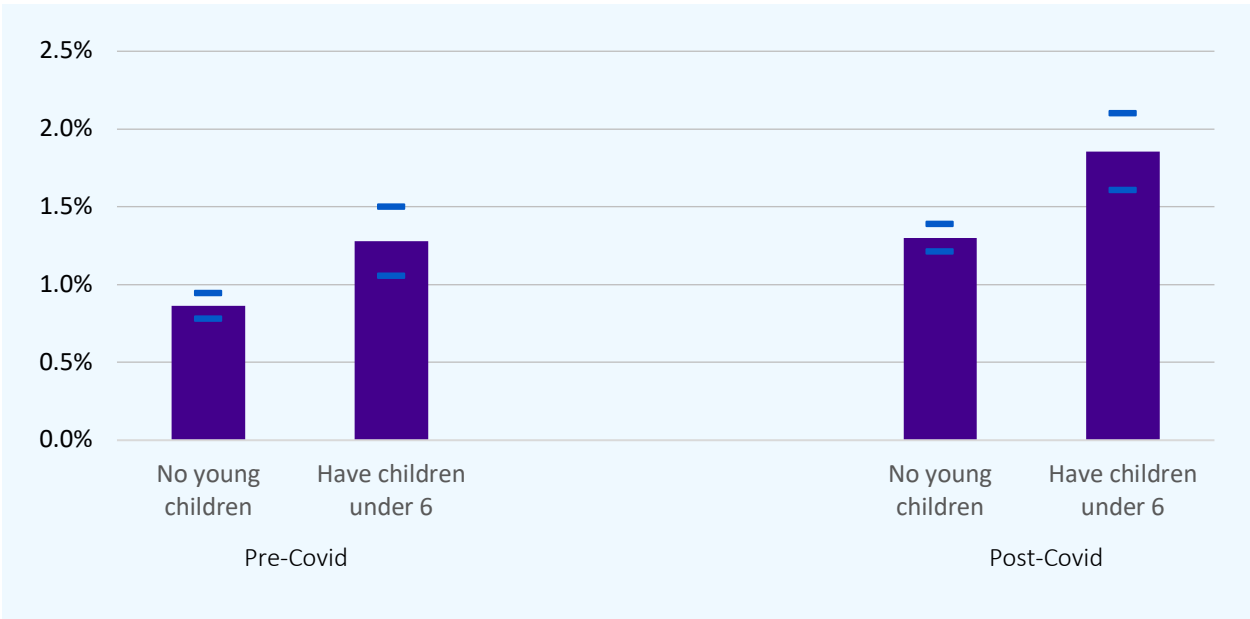
Florida and New Jersey are the most common destination states for New York's out-migrants. New York's other neighboring states and the largest two U.S. states round out the top eight destinations, which collectively account for two-thirds of New York out-migration. This pattern remained through Covid.

Table 1. Top destination states for all and Top 1 percent earning New York out-migrants

All out-migrants		Top 1% out-migrants	
Florida	14.7%	Connecticut	27.0%
New Jersey	13.8%	New Jersey	24.8%
Pennsylvania	9.5%	California	18.8%
California	7.3%	All other	29.4%
Connecticut	6.9%		
North Carolina	5.5%		
Massachusetts	4.7%		
Texas	4.4%		
All other	33.2%		

New social drivers of out-migration: Housing costs & origin state

Two significant social drivers of migration emerged post- Covid: housing costs and state of birth

New York State's out-migration is primarily out of the New York City metro area, which has among the highest housing costs in the U.S. Prior to Covid, New York's out-migrants did not report that housing-related factors were dominant drivers of migration. 16 percent of New York out-migrants reported seeking better or more affordable housing as the primary reason for moving the state, a level on par with U.S. interstate movers as a whole. Rather than housing, greater shares New York out-migrants report family- and employment-related factors motivated their moves out of the state.

Out-migrants' reasons for leaving New York changed dramatically after the onset of Covid. 36 percent of out-migrants from New York said they were leaving in search of better or more affordable housing. This was more than double the share who left because of housing prior to Covid (16 percent). By contrast, for the U.S. as a whole, motivations for leaving changed little before and after Covid.

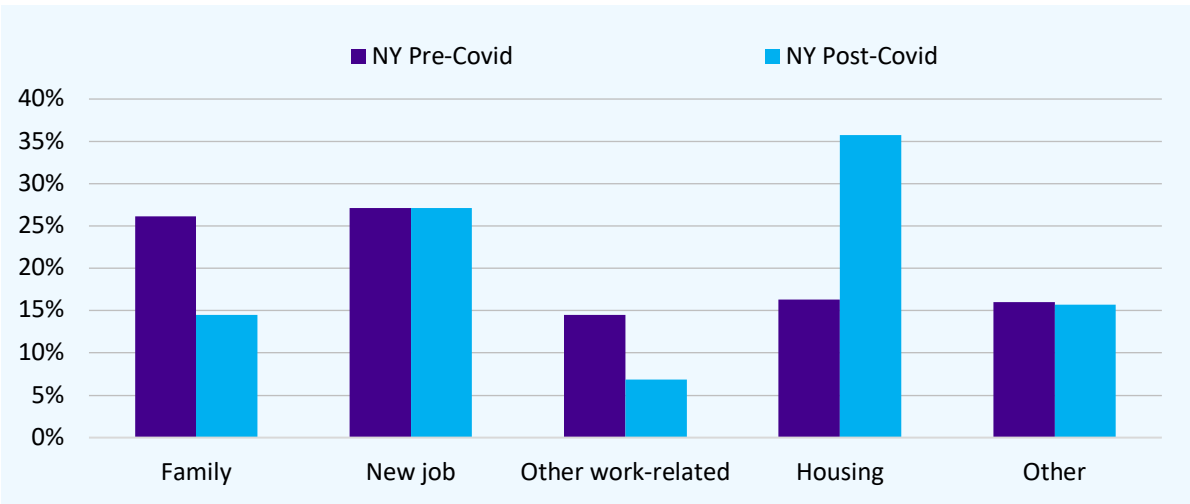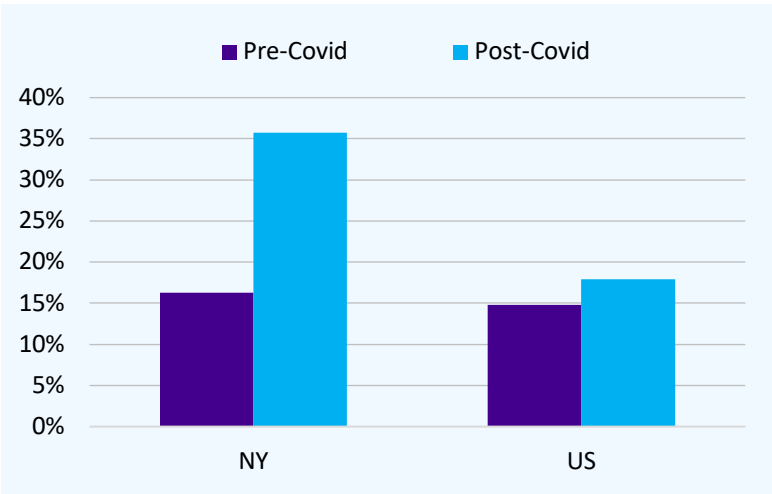Figure 8. New York domestic migrants' reasons for moving, pre- and post-Covid


Figure 9. Proportion of domestic migrants who state housing as reasons for moving, NY vs US

Prior to Covid, New York residents born in New York State had the same net out-migration rate as those born elsewhere in the U.S. In the aftermath of the pandemic, the net out-migration of New York-born residents remained relatively constant, while soaring to two-and-a-half times the rate for those born in other states. Further, 42.5 percent of out-migrants from other states return to their state of birth. The emergence of this dynamic suggests non-economic social rootedness has become an important determinant of migration decisions since Covid.

Figure 10. Net out-migration rate by state of birth
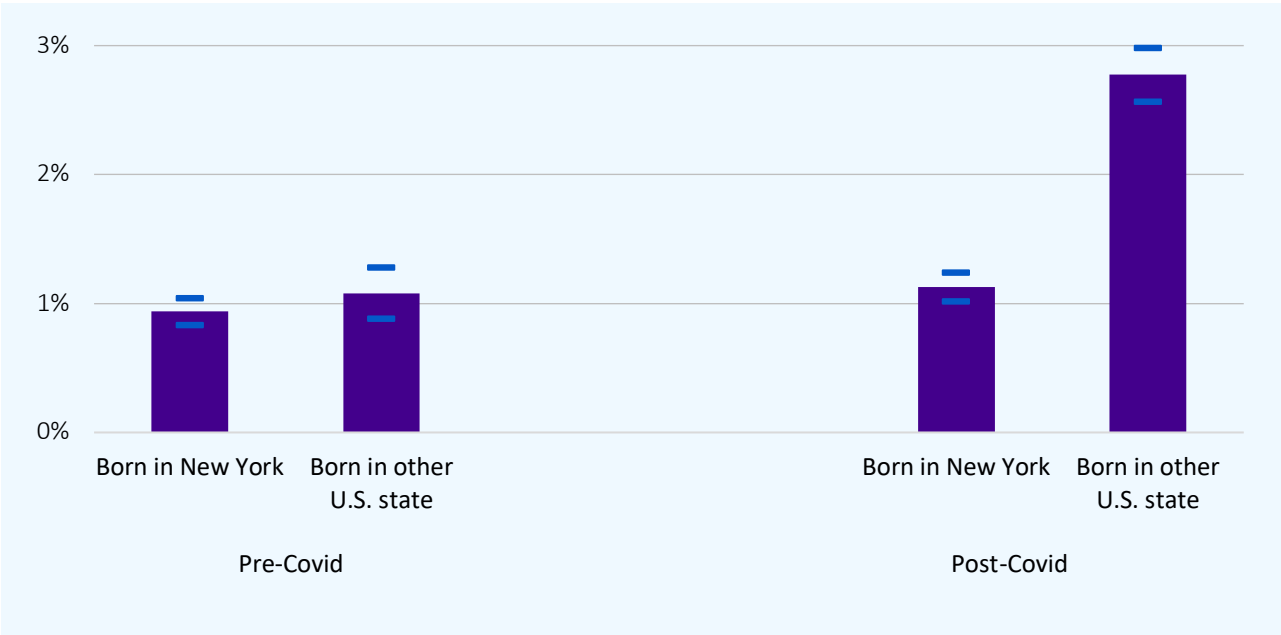
Labor characteristics and migration

Post-Covid movers more likely to work from home, have a college education and work in a professional services occupation

New York's elevated out-migration in the aftermath of Covid followed several new patterns that had not existed prior to the pandemic. These new patterns are, for the most part, related to labor market characteristics. Compared to before the pandemic, post-Covid movers are more likely to work from home, have a college education, and work in a professional services occupation. College-credentialed professional sector workers are more able to work from home and enjoy lower unemployment in cities across the country making them more able to transfer to a new labor market without a disruption to their earning potential.[iv]

Whether a member of a household works from home became correlated with the household's likelihood of leaving the state. After Covid, households in which at least one member could work from home were 41 percent more likely to out-migrate than non-work-from-home households. Interestingly, the in-migration of work-from-home households also increased after Covid. This increase, however, was not enough to offset the greater increase in their out-migration.

Figure 11. Net out-migration rate by work-from-home status
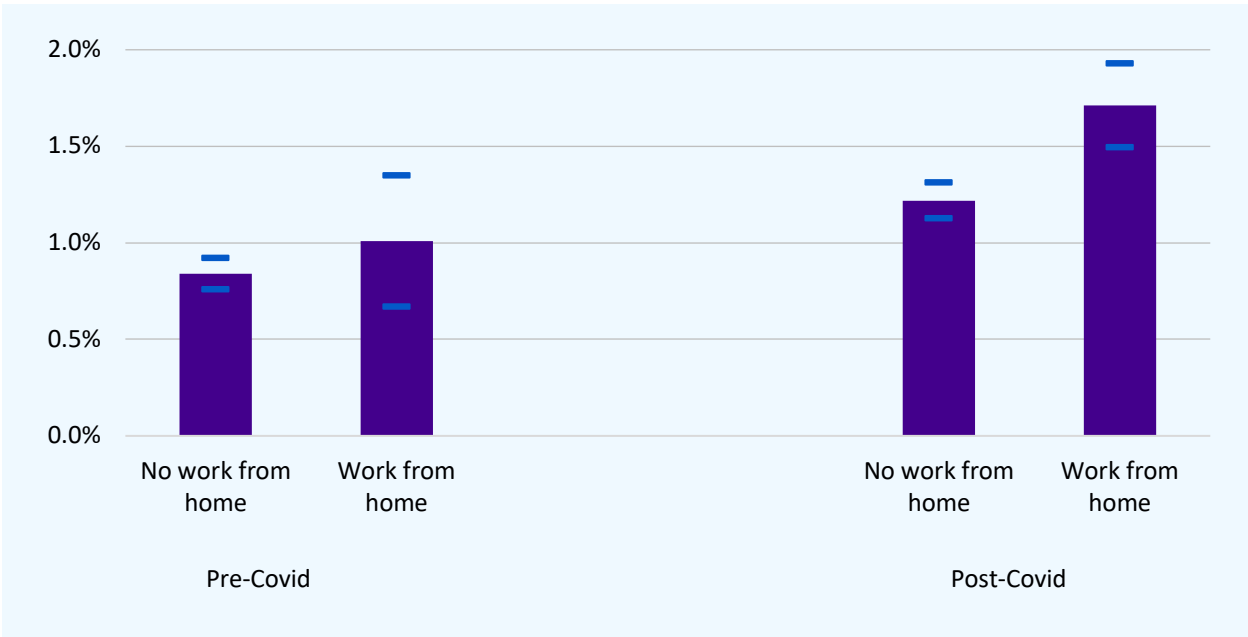
Prior to Covid, there was no statistical difference in the net out-migration rate of workers between those with a college degree and those without. While college educated workers left the State at a higher rate, they also moved in at a higher rate, fully offsetting the difference. Since Covid, college educated workers have become 59 percent more likely to leave the state as those without degrees.

Figure 12. Net out-migration rate by education status
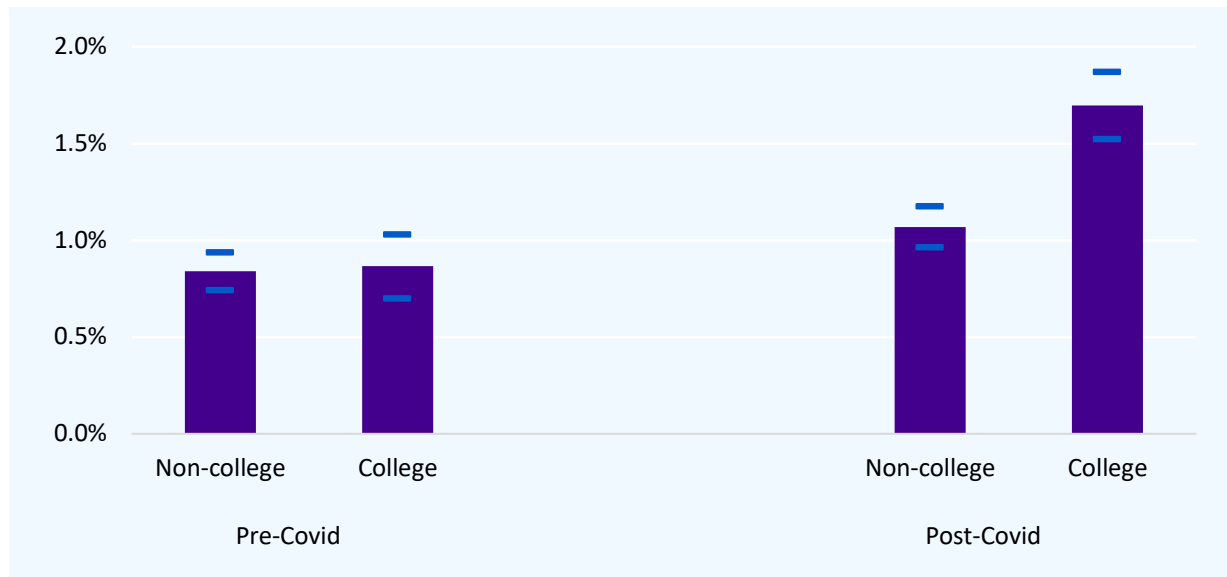
Finally, a similar dynamic emerged for workers in professional services occupations, which include occupations that are typically more able to work from home. As with college educated workers, professional services workers prior to Covid both moved into and out of the State at higher rates than workers with service sector or goods producing occupations (a category including manufacturing, construction, and transportation) that are less able to work from home. In the aftermath of Covid, professional services workers' out-migration rate rose faster than other workers, becoming 30 percent more likely to out-migrate, a statistically significant difference.

Figure 13. Net out-migration rate by occupation

These emerging trends initially appear to demonstrate that recent out-migrants are relatively high earners, given the fact that they are more highly educated and hold typically more highly paid jobs. However, FPI's previous work — reviewed in the next section —— has demonstrated that, with the exception of 2020 and 2021, top earners leave the state at far below the rate of working- and middle-class New Yorkers. Further, while college degree holders have higher average incomes than those without college degrees, 80 percent of college degree holders earn less than $214,000 in annual household income, far below what would be considered New York's high earner class.

Additionally, across all years, the college degree holders that do out-migrate earn less than those who stay, indicating that affordability concerns, not income and taxes, are the main drivers of out-migration. In 2022, the most recent year of data, the median income of college degree holders that out-migrated was about $111,000 whereas the median household income of college degree holders who stayed in New York was $125,000. Outside of 2020 and 2021, college degree holders who out-migrated were more likely to make less than $200,000 in annual household income than those who stayed in New York. Taken together, these facts demonstrate that while college degree holders have been more likely to leave since the start of the pandemic, these individuals are predominantly those with moderate incomes.

Figure 14. Median household income of college degree holders, by migration status.
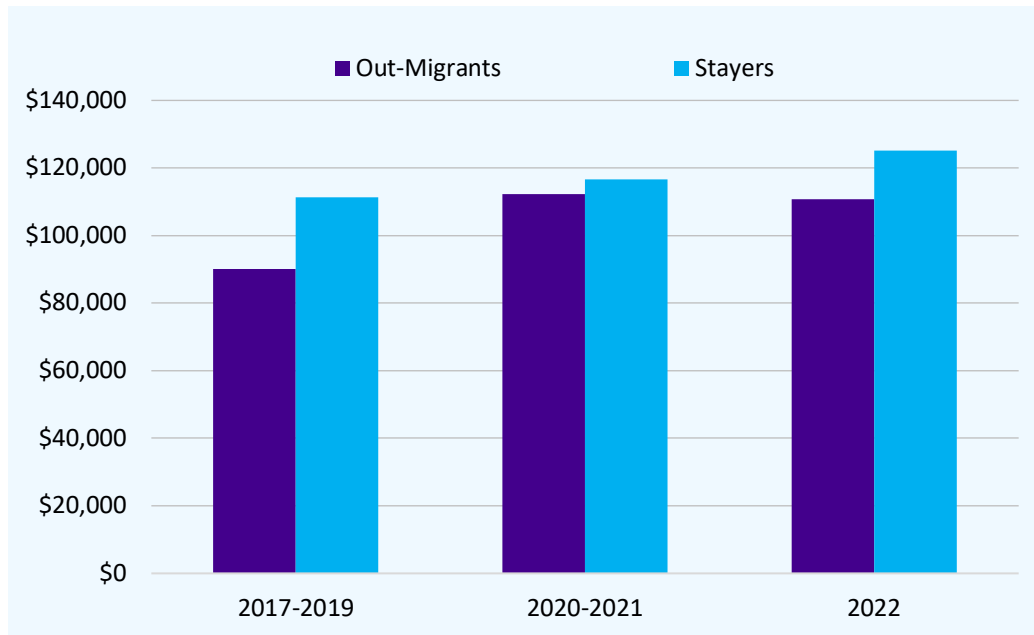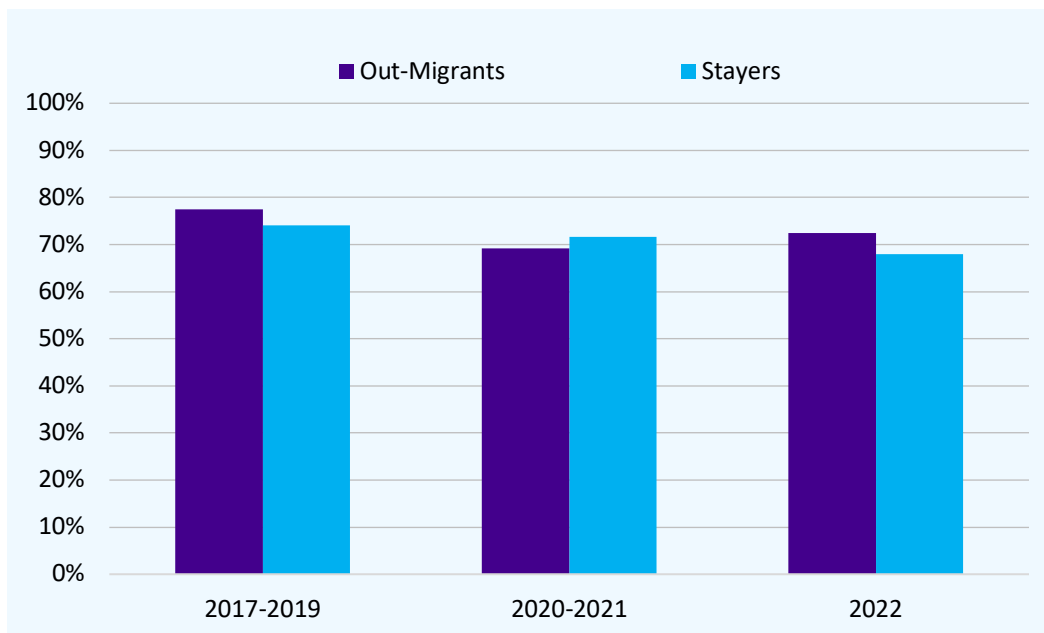

Figure 15. Share of college degree holders who earn less than $200,000, by migration status.

Out Migration and NYC

This report focuses on out-migration from New York State. While New York City makes up 85.1 percent of all out-migration from the State, the patterns of the City's out-migration differ in key respects. First, out-migration from New York City does not show the same divergence among racial groups – out-migrants from the City closely reflect the City's total population. This suggests that high out-migration from the City, and the City's relatively high share of people of color drives the state's out-sized out-migration of Black and Hispanic New Yorkers.

Figure 16. New York City's out-migrants compared to overall population by Race
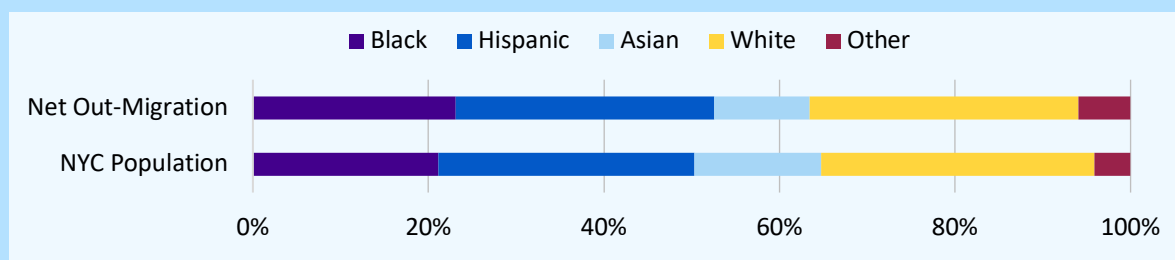
The ages of New York City out-migrants track those of the state, with 26 to 35 year-olds 46 percent more likely to leave the state.

Figure 17. New York City's out-migrants compared to overall population by age
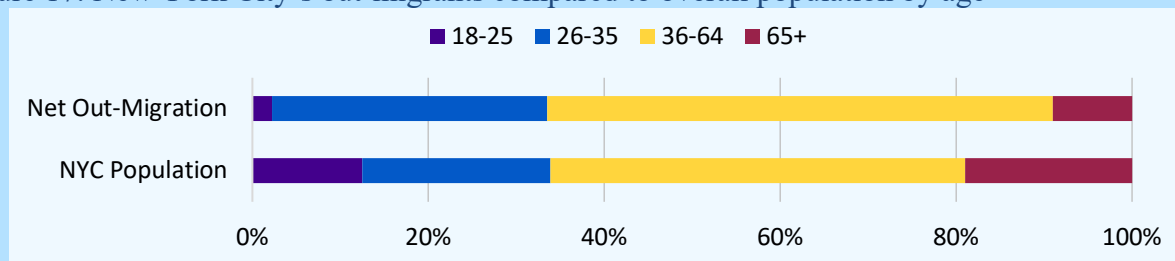
New York City households with young children are more likely to leave the city than those without. At the state level, households with young children are less than 50 percent more likely to leave the state. This difference is far more dramatic at the city level, where households with children are more than twice as likely (112 percent) to leave, comprising 30 percent of out-migrants but just 14 percent of the overall population.

Figure 18. New York City's out-migrants compared to overall population by parental status
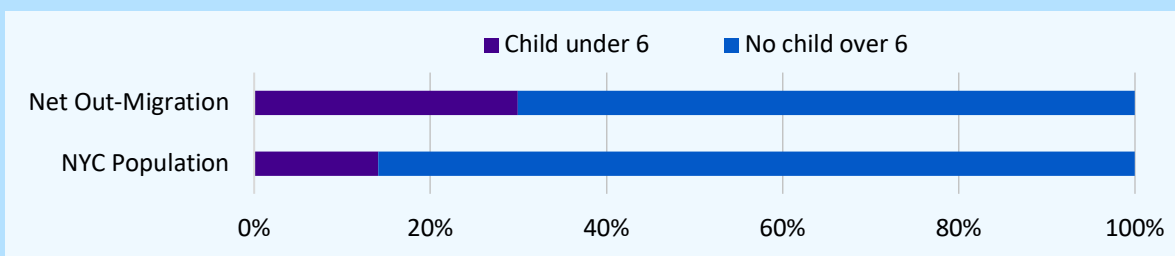
Out-migration, income, and the myth of tax migration

Top earners move out of New York at lower rates than the average New Yorker, and more often than not move to other high tax states.

The first part of FPI's analysis of migration data, published in December 2023, examined the interaction between income and migration to and from New York.[v] First, FPI found that in typical years, the top 1 percent of earners have a much lower rate of net out-migration than the rest of the income distribution. In years other than the most severe part of the Covid-19 pandemic — 2020 and 2021 — top earners left the State at one-quarter the rate of the rest of the population. This trend was reversed during Covid, with higher earners leaving at higher rates than the rest of the population. Nevertheless, the most recent data, from 2022, suggest a return to pre-pandemic patterns.

Second, FPI found that top earners are not more likely to move after their taxes increase. By studying migration rates across the income distribution before and after two recent tax increases on top incomes — the 2017 federal limitation on state and local tax (SALT) deductibility and the 2021 State imposition of new tax rate rates on incomes above $1 million — FPI found that those affected by tax changes do not leave the state more often after a tax increase.

Finally, FPI found that when top earners do leave New York State, they are more likely than the out-migrants from the rest of the income distribution to move to other relatively high tax states. While 54.7 percent of all out-migrants moved to other high tax states, 72.9 percent of top earner out-migrants did the same, with most going to New Jersey, Connecticut, and California.

Taken together, these findings provide statistically significant evidence that New York's highest earners are not disproportionately leaving the State and that taxes do not motivate migration decisions. Income was weakly correlated with migration prior to Covid and became temporarily correlated during the height of the pandemic.

Conclusion

New York's high, persistent population loss and out-migration pose a serious challenge to the State's long-run economic prospects. This report lays out the demographic profile of those leaving the State at the highest rates. The Covid-19 pandemic amplified the out-migration of Black New Yorkers, Hispanic New Yorkers, and New Yorkers with young children. This amplification accelerated pre-existing trends in the State's demographics. The pandemic also caused disruption in the labor market, changing individual's ties to New York as work-from-home became more common and many moved back to states where they grew up.

In neither of these trends do we see income as a primary driver of out-migration. Rather, the affordability of housing has emerged as the main driver of out-migration, alongside the weakening of labor market ties that previously kept people in New York. These recent trends in out-migration represent a failure to provide New Yorkers with the financial stability necessary to remain in the State as they build careers and families. This policy failure requires urgent policy action. In particular, policy interventions that increase the supply of housing across the income distribution and that support New Yorkers in affording childcare would most directly confront New York's affordability crisis.

Appendix I: Note on migration analysis sample size

FPI's December 2023 "Who's Leaving New York State" report provided an appendix detailing the data sources and methods on which the analysis relied. Some sources, however, have asserted the report's sample of data from the American Community Survey (ACS) contains only 9,000 observations, too few to support the paper's analytical conclusions. This assertion appears to be based on a misreading of a U.S. Census Bureau table showing the ACS sample size for each state.

The ACS is comprised of two components: a survey of housing units – residential units, from single family homes to apartment buildings – and group quarters units – institutional residences, including dormitories, residential healthcare facilities, and other institutional living arrangements. The final column of the Census's table – final group quarters interviews – generally reports between 9,500 and 11,000 observations each year. Group quarters, however, are a small fraction of the ACS sample. Most of the population, and therefore most ACS surveys, are in non-institutional housing units. In the years included in FPI's analysis, the ACS's New York sample included between 110,000 and 130,000 housing unit interviews. (Due to the Covid pandemic, the 2020 sample was unusually small. The Census Bureau published 2020 ACS data with experimental weights that adjust for non-response bias and advises researchers to interpret 2020 data with caution).

Further, each housing unit surveyed by the ACS may contain multiple respondents. As such, the ACS sample FPI used in its analysis contained about 200,000 observations per year. Using six years of data, FPI analyzed 1.2 million observations. Where possible, FPI pooled multiple years to increase the sample size behind key findings, including its finding that top earners move at one-quarter the rate of the rest of the population, and that top earners disproportionately move to other high tax state.

Finally, FPI included confidence intervals for each of these key findings in relevant figures in the report. Confidence intervals provide a range of certainty around statistical estimates given the size of the sample used to produce the estimate and variability of underlying data. FPI used 95 percent confidence intervals – a standard for academic research – which report the range in which the true value of an estimate will fall with 95 percent probability. These intervals provide statistically robust support for FPI's analytical findings.

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[i] Fiscal Policy Institute, "Who is Leaving New York State: Income Trends" (December 2023), https://fiscalpolicy.org/migration.
[ii] U.S. Census Bureau Population Estimate Program. PEP estimates reflect the population as of July 1 of each year.
[iii] https://www.federalreserve.gov/econres/notes/feds-notes/greater-wealth-greater-uncertainty-changes-in-racial-inequality-in-the-survey-of-consumer-finances-accessible-20231018.htm
[iv] David Autor, "Work of the Past, Work of the Future" *AEA Papers and Proceedings Vol. 109* (May 2019), https://www.aeaweb.org/articles?id=10.1257/pandp.20191110.
[v] Emily Eisner and Andrew Perry, "Who is Leaving New York State: Part I: Income Trends" *Fiscal Policy Institute* (December 2023), https://fiscalpolicy.org/wp-content/uploads/2023/12/FPI-Who-is-Leaving-Full-Report-Dec-2023.pdf.