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Population Out-Migration from Upstate New York

Upstate New York's persistently slow economic growth is often viewed as the result of local disadvantages, such as the region's heavy reliance on a declining manufacturing sector, elevated business costs, or lack of high-tech business services. Economic policy is often aimed at addressing these concerns. This type of emphasis, however, may overlook an important long-term trend shaping the region's economic conditions and prospects: the significant out-migration of the population over the past three decades. This outflow—part of a simultaneous shift of jobs and people from the region—represents a self-reinforcing trend that is gaining momentum and exerting a drag on upstate New York's economy and growth potential.

This issue of The Regional Economy of Upstate New York identifies the nature and extent of the out-migration from the region and examines its economic impact. Our analysis begins with an explanation for the outflow. Next, we describe population growth trends and estimate the extent of the out-migration. We conclude by showing how out-migration is reshaping upstate New York's economy and demographics, and is resulting in limited growth and a population that is aging faster than most U.S. populations. Given these trends, the regional consequences of slow population growth and an aging population should be an important component of future economic policy discussions.

The Causes of Out-Migration

Much of upstate's stagnant population growth is rooted in generally slow population growth in the Northeast—the result of a simultaneous movement of jobs and people to the South and West. Over the past century, there has been a gradual dispersion of people from the densely populated Northeast, where population centered around a few key port cities in the early twentieth century, to the rest of the United States as the nation expanded. More recently, a simultaneous shift of population and employment out of the Northeast has accelerated. People have been moving to locations that offer desirable amenities, such as a favorable climate, and to areas where employment opportunities abound. At the same time, jobs have been shifting to lower cost areas and to locations with large and growing populations, following people as a source of labor and a source of demand for goods and services. As people pursue jobs and vice versa, these forces have become intertwined and have gained momentum.

The loss of jobs in the Northeast has in part tracked the fate of manufacturing. Over the past several decades, the industry, historically an extremely important source of jobs, has been shifting to the South and West. In 1950, nearly 40 percent of the nation's manufacturing jobs were in the Northeast; today, just 20 percent can be found there.[1] Manufacturing employment has been moving from the Northeast to other parts of the country to pursue lower cost resources, such as labor and land, and has tended to avoid unionized labor in the Northeast.[2] Service sector employment in support of manufacturing, such as transportation and warehousing jobs, has followed.

In addition, jobs typically have followed the population as they have migrated out of the Northeast. Locally available amenities, natural and man-made, are an important determinant of where people live. For example, a temperate climate—one that offers ample sunshine, warm winter temperatures, and little precipitation—greatly influences the choice of residential location.[3] Other natural amenities, such as scenic vistas and coastlines, are also attractive. The Northeast, including upstate New York, generally possesses fewer natural amenities than do other areas of the country, and the population there has been opting for locations in the South and West that offer those amenities in greater abundance.[4]

Another factor impacting population growth upstate is the scarcity of locally available consumer amenities relative to those of larger metropolitan areas.[5] Attractions such as restaurants and theaters are more diverse and more widely available in large cities such as New York and San Francisco. By comparison, upstate's small and mid-sized cities offer fewer consumer amenities and less variety.[6]

In addition to pursuing amenities, people seek locations where jobs are growing. Thus, population and employment shifts have reinforced one another to create a powerful trend: people following jobs out of the region and jobs following people. As employment has declined in upstate New York, people have sought jobs elsewhere, and as people have left the region, so have employers. Areas of growth in the United States therefore possess momentum: as they expand, they increase job opportunities and widen their consumer markets to support a variety of amenities, attracting even more people and additional jobs. Residents of upstate New York are being pulled to these areas by this considerable force.

Population and Migration Trends in the Region

As far back as the first part of the twentieth century, upstate's population has undergone significantly slower growth than populations elsewhere in the country (Chart 1). Between 1900 and 1960, population grew at a pace that was, on average, only 60 percent of the national pace. By 1970, growth had all but ceased. In addition, while the nation's population expanded 38 percent between 1970 and 2000, upstate New York's increased a scant 2 percent.

Out-migration has contributed to this relative slowness. Regional population growth stems from two sources: natural increase (births less deaths) and net migration (in-movers less out-movers). When net migration is below zero, a net out-migration has occurred.[7] For our analysis of upstate New York, historical net migration data are not available at the local level, so we estimate these figures using data on population growth, births, and deaths, all of which are available for 1980-2002.[8]

As Chart 2 shows, most upstate metro areas have lost population since 1980 and nearly all have experienced significant out-migration. Moreover, population growth in all metro areas was well below the nation's 27 percent. Growth did occur in four areas: Glens Falls, by a substantial 14 percent; Albany and Rochester, by roughly 7 percent; and Syracuse, by 1.4 percent. The other metro areas lost people. Overall, upstate's population rose only 1.8 percent.

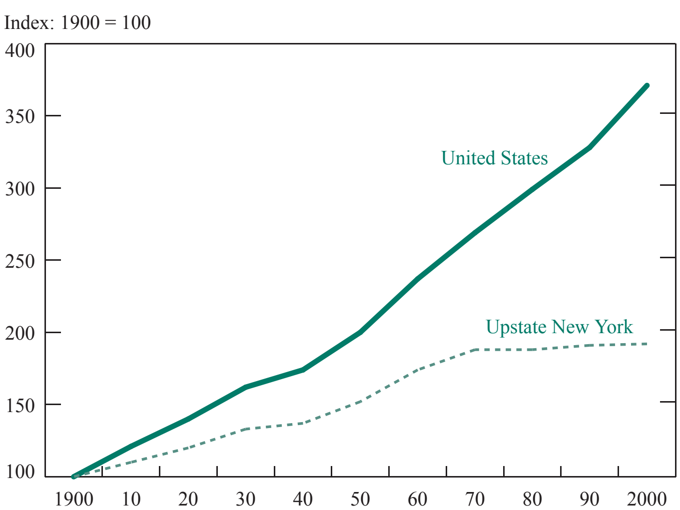
Substantial out-migration was also evident over the period: out-movers outnumbered in-movers by nearly 400,000, or 6.5 percent of the population. All upstate metro areas but Glens Falls experienced a net outflow. In fact, out-migration was substantial—greater than 10 percent—in all areas except Rochester, Albany, and Glens Falls.

Out-Migration among the Young

Out-migration has not been equal across all age groups, a phenomenon that is changing the region's age demographic. Although sufficient data are unavailable for estimating out-migration by age group, population growth by age cohort indicates that upstate New York is losing its young, prime-age workers (see table). Between 1980 and 2000, it lost roughly 20 percent of people twenty to thirty-four, mostly during the 1990s. By comparison, this age group held steady nationwide. The region also experienced below-average growth, of just over 45 percent, among people thirty-five to fifty-four, compared with about 70 percent national growth.

Chart 1

Population Trends

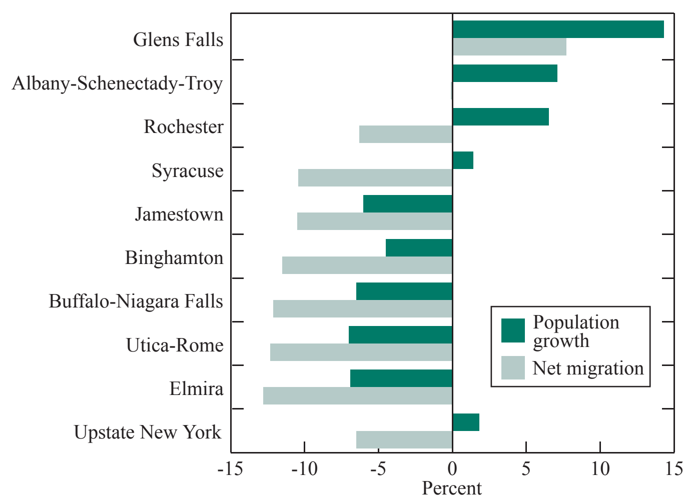


Source: U.S. Bureau of the Census.

Note: Upstate New York refers to a total of forty-nine counties in New York State. It does not include New York City; Westchester, Putnam, and Rockland Counties; Dutchess, Orange, and Sullivan Counties; and Nassau and Suffolk Counties on Long Island.

Chart 2

Population Growth and Net Migration: 1980-2002



Sources: U.S. Bureau of the Census; author's calculations.

Note: Net migration is total in-movers minus out-movers; it is estimated as the residual of the difference between population growth and births/deaths.

These trends have caused a significant shift in the region's age demographic. In 1980, upstate New York's age distribution was virtually identical to the nation's. Yet by 2000, upstate had a greater share of its population over sixty-five than the nation had, as well as a corresponding lower percentage in younger age groups (see table). Although these gaps are only on the order of a few percentage points, they represent a considerable demographic difference that, if trends continue, will likely widen. The region's stagnant population growth—coupled with a decline in the young, working-age population and an older age demographic of those who remain—has major economic implications.

The Impact of Out-Migration on Upstate New York's Economy

A key impact of out-migration stems from the effects of an aging population structure. Although the nation will face these effects with the graying of the baby-boom generation, out-migration will cause them to manifest sooner and be more severe upstate. The region's share of the population over sixty-five is already about 2 percentage points higher than the national percentage, a difference attributable largely to the out-migration of persons in younger age cohorts.

The economic implications of this trend will be most evident on the growth and age structure of the upstate labor force. As baby-boomers reach retirement age, the trend will tend to reduce the availability of labor—especially in high-skill occupations—as fewer younger workers will be on hand to replace retirees. An aging population also has fiscal implications for local upstate communities. The shifting demographic, owing to out-migration, is quickly increasing the number of elderly persons relative to workers. Rapid growth among the elderly will heighten the need for social, medical, and transportation services at the local level. At the same time, slow growth in the working-age population will limit the number of people available to pay for those services. This phenomenon will likely result in fiscal pressures on local governments, and it may already be evident in the budget problems emerging in counties across upstate.

Table

Population by Age Cohort: 1980-2000

	Percentage Change		**Percentage of Population in 2000**	
Age Group	United States	Upstate New York	United States	Upstate New York
19 and under	11.2	-8.6	28.5	28.0
20-34	0.3	-21.3	20.9	18.7
35-54	71.3	46.3	29.5	30.3
55-64	12.3	-10.6	8.7	8.9
65 and over	36.5	21.8	12.4	14.1
Total	24.2	1.7		

Sources: U.S. Census Bureau; author's calculations.

Note: Percentage of the population is measured in 2000; Upstate New York refers to a total of forty-nine counties in new York State. It does not include New York City; Westchester, Putnam, and Rockland Counties; Dutchess, Orange and Sullivan Counties; and Nassau and Suffolk Counties on Long Island.

Conclusion

Over the past thirty years, a simultaneous movement of jobs and people out of upstate New York has led to stagnant population growth. Employment has been leaving to pursue lower costs and expanding populations while people have been seeking amenities and job opportunities. These forces have fueled an out-migration of roughly 6.5 percent of the population since 1980. In particular, the region's loss of young, working-age adults has produced an older demographic and a population significantly older than the national average. Significantly, these trends are resulting in limited labor force growth along with a greater share of the population in need of support—factors that put a continuing strain on the region's economy and local fiscal conditions.

Because the causes of out-migration are primarily structural and self-reinforcing, these migration patterns are likely to remain into the near future. Consequently, out-migration is apt to continue contributing to slow economic growth. Given these trends, while efforts to heighten local economic performance may indeed improve segments of the region's economy, the resultant effect on upstate New York's net growth is likely to be limited. Policymakers therefore might wish to consider this underlying tow when addressing regional economic issues.

Notes:

1 U.S. Bureau of Economic Analysis.

2 Robert W. Crandall, Manufacturing on the Move, Washington, D.C.: Brookings Institution Press (1993); Howard Howe and Mark Leary, "New York State's Merchandise Export Gap," Federal Reserve Bank of New York Current Issues in Economics and Finance 2, no. 12 (1996).

3 Edward Glaeser, Jed Kolko, and Albert Saiz, "Consumer City," Journal of Economic Geography 1, no. 1 (2001).

4 These differences are quantified in a "natural amenities scale" created by the U.S. Department of Agriculture's Economic Research Service (<http://www.ers.usda.gov/Data/NaturalAmenities/>).

5 Glaeser, Kolko, and Saiz (2001).

6 Following Glaeser, Kolko, and Saiz (2001), we estimated an index that ranks the relative amenity value of 154 metro areas, including Buffalo, Rochester, Albany, and Syracuse—all of which ranked below average. The rankings were: Buffalo, 81; Albany, 129; Syracuse, 147; Rochester, 149.

7 We do not differentiate between domestic and international migration.

8 Since population growth equals births less deaths, plus net migration, net migration can be inferred because data from all other terms in the equation are available for 1980-2002.

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This publication is available online at: www.newyorkfed.org/research/regional_economy/upstatenews.html