

# **This is Nassau**

## **BLACK ECONOMIC EQUITY**

**OFFICE OF THE NASSAU COUNTY COMPTROLLER**

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# INTRODUCTION

Nassau County is home to more than 1.3 million residents, world class research institutions, and an expanding economy. The New Deal and post-war policies laid the foundation for economic prosperity on Long Island. Strategic public investment in infrastructure, subsidized homeownership, and public education, developed the nation's first suburb. This paved the way for an affordable middle-class lifestyle. However, racial and ethnic minorities were systematically excluded from the deal of realizing the American dream on Long Island. Consequently, the policies of the past continue to fuel today's racial economic disparities.

Wealth is a key determinant in quality of life and access to opportunity. Individuals use their wealth to put a downpayment on a house, cover unexpected expenses, help with college tuition, and retire with dignity. According to the Federal Reserve Bank, the median household net worth of a white family is nearly ten times the net worth of a Black family. In Nassau County, Black residents are more likely to experience unemployment and be underpaid. They are less likely to own a home, attain a bachelor's degree, and participate in the County procurement process.



The racial economic gap is a threat to Nassau County's long-term financial success as demographic trends project that Long Island will become majority-minority within the next 15 years.<sup>2</sup> Research highlighted in *An Equity Profile of Long Island* by **Policy Link** and **Urban League of Long Island**, shows that Long Island's economy could have been nearly \$24 billion stronger in 2014 if racial gaps in income were eliminated. In addition to depriving many residents of the opportunity to achieve the American dream, the subsequent decrease in economic activity increases demand on governmental services while negatively impacting tax revenue.

## Key Indicators

- Population Growth
- Entrepreneurship
- Educational Attainment
- Unemployment
- Income and Wages
- Homeownership
- Access to Credit



UPDATED AS OF JANUARY 2020

The purpose of this report is to highlight key variables that fuel the racial economic gap in Nassau County. In 2019, we are presented with great challenges, many of them captured in this report. Working with community partners, policy makers and the public, Nassau County has the unique opportunity to create innovative solutions to expand equity and shared economic prosperity.

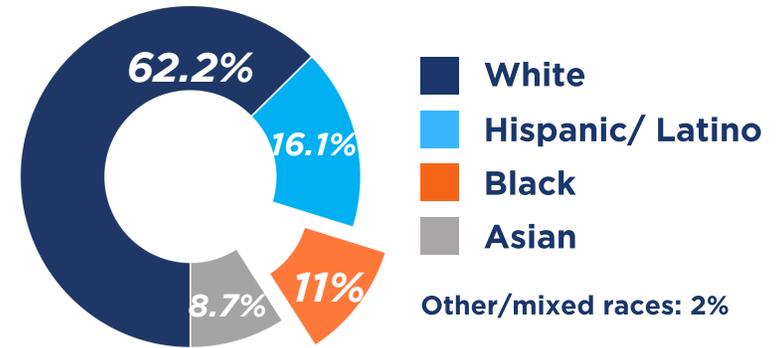


# POPULATION GROWTH

## Increasing Diversity

Nassau County is home to more than 1.3 million residents. From 2006-2016, Nassau County’s population increased by 2.3% or 31,139 residents.<sup>3</sup> This growth has been driven by minority communities. As of 2016, there were 155,583 Black residents in Nassau County. This population has a diverse set of backgrounds and experiences that are explored in this report.

## 2016 Population by Race



## Overview

In 2016, 62.2% of Nassau County’s population was white.<sup>4</sup> This equates to a decrease of over 72,000 white residents. The Latino population has been the fastest growing group, and added over 58,000 residents during the same time period. The Asian population grew by over 26,000 residents. Consequently, today the minority population makes up nearly 4 in 10 residents. An analysis by Policy Link and Urban League Long Island projected that Long Island will become majority-minority in the less than 15 years, well ahead of the United States.<sup>2</sup>

## Black Migration

Black residents in Nassau County have varying paths of migration. Most are the descendants of American slaves and the Great Migration, a period in which Black Americans moved from southern states in pursuit of economic opportunity during the mid-twentieth century.<sup>6</sup> However, many Black residents are from Caribbean Nations (56,794 residents) and Sub Saharan Africa (7,145 residents). It is important to note that census classifications undercount Afro-Latino identities and impacts this report.<sup>7</sup>

## 2016 Ancestry

Nassau County Residents<sup>5</sup>



Haitian	23,757
Jamaican	21,605
Guyanese	6,539
Trinidadian and Tobagonian	4,542
Nigerian	1,943

## Language Access

Nassau County Residents<sup>8</sup>



**15,241**

French Creole Speakers

**6,445**

Speak English Less Than Very Well

# ENTREPRENEURSHIP

## Ongoing Challenges

Nassau County's Minority and Women Owned Business Enterprise (MWBE) program was created, in part, to strengthen equal opportunity in County contracting. The Office of the Comptroller analyzed the program's process and needs.

### Overview

In 2002, the Nassau County enacted legislation to promote MWBE participation in the County procurement process by establishing the Office of Minority Affairs and commissioning a disparity study.<sup>10</sup> Since 2005, the program currently only has 162 registrants, down from the 977 registrants throughout the program's history. Of the County's top 20 awarded capital contracts only two were awarded to MWBEs. Both companies were owned by white women.

### MWBE Steering Committee

The Office of the Nassau County Comptroller's MWBE Steering Committee is tasked with supporting and improving MWBE participation in County bidding and contracts by advising on enforcement of current MWBE compliance.<sup>11</sup> The MWBE Steering Committee met throughout 2018 and helped guide research conducted by the Comptroller's Office.



## Nassau County Business Owners

12,370

Black Owned Businesses

44,392

Minority Owned Businesses

Information from the Survey of Business Owners<sup>9</sup>

## Disparity Study

Local governments conduct disparity studies to identify barriers in participation and to create MWBE aspirational goals to redress potential marketplace discrimination.<sup>12</sup>

The County has not conducted a disparity study since 2003, even as the minority population expanded. It is essential for the County to fund a disparity study and support the Office of Minority Affairs, so that the County can acquire a deeper understanding of the unique obstacles MWBE's face when attempting to grow their businesses.

## Nassau's MWBE Certification

977

Total in  
Program History

162

Active Registrants



# READINESS

## Educational Attainment

Education can play a crucial role in expanding social mobility. A person with a bachelor's degree can earn more than \$570,000 more than those with only a high school diploma throughout the course of their career.<sup>13</sup> Those with a degree are less likely to be unemployed or underemployed.

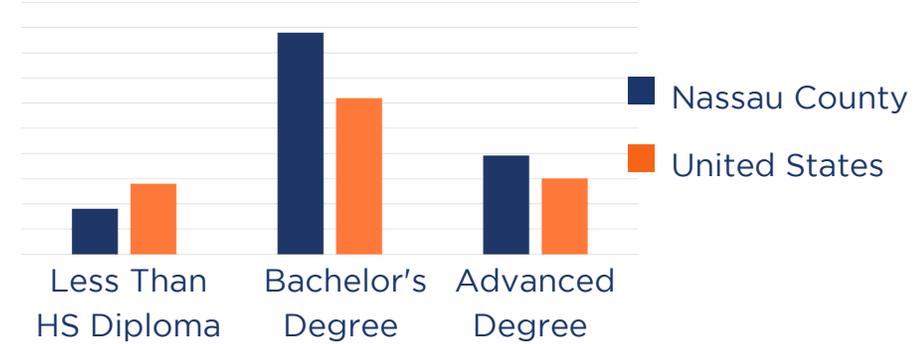
### Overview

Nassau County is home to more than a dozen colleges and universities, as well as 56 public school districts and many parochial and private academies.<sup>14</sup> In both Nassau County and the United States, 9/10 of the population have acquired a high school diploma or equivalent.<sup>15</sup> However, the County is outperforming the nation in advanced degree attainment by 13%. In 2016, 44% of Nassau's population had a bachelor's degree or higher, compared to 31% of Americans. Over the past few decades, the American public has become more educated, but the racial gap has remained persistent.<sup>16</sup>

### Achievement Gap

Nassau County's progress in educational achievement has not been equitable across racial lines. In fact, 5% more of the share of the white population have earned a high school diploma or equivalent compared to the Black population. When analyzing advanced degrees, the County's racial attainment gap is a staggering 17%. Consequently, many Black Nassau County residents are less prepared for the economy of the future.

### 2016 Educational Attainment



### Segregation and Suspension

Diversity in classrooms benefit all students.<sup>17</sup> However, from 2004-2016, Long Island students attending an intensely segregated school (less than 10% white) tripled from 5% to 15%.<sup>18</sup> Furthermore, the U.S. Government Accountability Office found that Black students are disproportionately disciplined, which diminishes their ability to perform.<sup>19</sup> Nationally, they make up 15.5% of the student body but 39% of suspensions. Research from UCLA found that 10th grade suspensions alone resulted in 67,000 additional high school dropouts nationally, which costs taxpayers over \$35 billion in lost taxes and other social costs.<sup>20</sup>

### Bachelor's Degree or Higher by Race



**White: 48%**

**Black: 31%**

# UNEMPLOYMENT

## Nassau County's Economic Recovery

The County is continuing its ongoing recovery from the Great Recession and Superstorm Sandy. Unemployment has been reduced to prerecession levels. However, national trends highlight that inequity in employment remains persistent. Black residents, especially teenagers, are more likely to experience joblessness.

### Overview

In December 2018, Nassau County's unemployment rate was 3%.<sup>21</sup> The County has the second lowest unemployment rate in New York State, behind only Columbia County. However, over the past ten years, many working families lost their jobs and they are still struggling to make up for those losses in an expanding economy. As illustrated in the chart to the right, between 2008 and 2009, the County's average annual unemployment rate jumped from 4.7% to 6.9%.<sup>22</sup> During the height of the recession, the national unemployment rate skyrocketed to 10.1%. Nassau County's peaked in January 2010 at 7.8%.<sup>23</sup>

### Underemployment

Analyzing the unemployment rate does not give a comprehensive overview of the job market. According to research at New Paltz University, underemployment can be defined as individuals who involuntarily work part time or are overqualified for their current position.<sup>24</sup> These individuals are more likely to not earn a living wage and not have health insurance. For the past three decades, 33% of college graduates aged 22-65 have been underemployed.<sup>25</sup>

### Nassau's Unemployment Rate



### Black Unemployment

Although the County has seen tremendous progress in its economic recovery, opportunity for financial success has not been equally attained. Data from the U.S. Bureau of Labor Statistics reveals that job growth in the Black community has improved, but has not overcome the racial unemployment gap. During the 4th quarter of 2018, the national unemployment rate in the Black community was almost double the unemployment rate of the white community.<sup>26</sup> More specifically, the Black unemployment rate is 6.1% while the white unemployment rate is 3.2%.

### Teenage Unemployment Rate



19%

Black Teenagers

10%

White Teenagers

Ages: 16 to 19 years



# INCOME & WAGES

## Nassau County Income Inequality

Although unemployment in Nassau County is low, acquiring a job does not guarantee financial prosperity. Income and wage inequality makes it difficult for many working families to cover living expenses. This is especially true when analyzing income levels by race and gender.

### Overview

Research from the Long Island Index, found that wages for jobs located on Long Island grew by 9.5% from 2001-2016.<sup>27</sup> This wage growth has been concentrated among the highest earners, making it harder for working families to improve their quality of life.<sup>28</sup> Federal Reserve Bank of St. Louis data shows that income inequality has expanded in Nassau County in recent years. In 2017, the average income for the top 20% of earners was 14.5 times higher than that of the bottom 20% of workers.<sup>29</sup> In 2010, this figure was 13.2%.

### 2015 Median Hourly Earnings



### Median Household Income

Nassau County <sup>31</sup>



**\$107,465**

White Households



**\$88,107**

Black Households

### Pay Gap

Inequality affects economic growth by undermining educational opportunities, restraining social mobility, and lowering skill development.<sup>32</sup> Nationally, for every dollar that a white man earns, a white woman earns 77 cents, a Black woman earns 61 cents, and a Hispanic woman earns 53 cents.<sup>33</sup> In New York, this equates to a \$21,437 annual wage gap.<sup>34</sup>

### Impact on the Economy

The **Urban League of Long Island** and **Policy Link** reported extensively on the missed economic activity because of the racial income gap.<sup>2</sup> If the gap was closed, aggregate Black income would grow by \$4.5 billion. In addition to the human benefit, this is tax revenue Nassau County cannot afford to lose.

# HOMEOWNERSHIP

## Wealth Building Opportunities

Homeownership has been an engine for wealth creation in the United States.<sup>35</sup> It is a vital component for sustainable communities.

### Overview

In the United States, the Federal Housing Authority (FHA) administered programs that transformed the population from renters to homeowners.<sup>36</sup> Starting during the midst of the Great Depression, the FHA began guaranteeing the mortgages of nearly 40 million homes.<sup>37</sup> This program provided financial security and fueled suburbanization on Long Island. However, during the Jim Crow Era, the FHA enforced segregation policies that stifled the ability of minority groups to participate in homeownership programs. Black Americans were systematically excluded from purchasing real estate in growing neighborhoods through practices called redlining and racial covenants.<sup>38</sup>

### Housing Cost Burden

Individuals experiencing a higher rent burden are less likely to transition to homeownership. Nationally, the percent of households that were rent burdened increased from 19% in 2001 to 38% in 2015.<sup>39</sup> An astonishing 17% of households spend more than half of their income on rent.

On Long Island, more than three-fifths of Black and Latino renters pay more than 30% of their incomes in rent.<sup>2</sup>

### U.S. Homeownership Rates by Race<sup>41</sup>



72%



41%

White Homeownership    Black Homeownership

## Black Homeownership

The housing policies of the past, continue to fuel the racial homeownership disparities of today. There have been many targeted programs to increase minority homeownership, nevertheless the racial homeownership gap persists. As of the third quarter of 2018, the national gap between Black and white homeownership was over 30%. Furthermore, the Great Recession negatively impacted Black homeownership rates more than any other racial or ethnic group. As illustrated in the chart below, between 2006 and 2016, the Black homeownership rate decreased by a staggering 5.6%. The economic recovery has failed to improve Black homeownership rates.

### Great Recession and Homeownership

	2006	2016	Percentage Change
<b>Black</b>	<b>47%</b>	<b>41%</b>	<b>-6%</b>
<b>White</b>	<b>74%</b>	<b>71%</b>	<b>-3%</b>
<b>All</b>	<b>67%</b>	<b>63%</b>	<b>-4%</b>

This time period includes the Great Recession of 2009

# CREDIT ACCESS

## *Financial Opportunities*

Credit worthiness determines whether an individual will be able to borrow to make purchases. Long Island is a high performing region, but there are disparities.



## Overview

Credit scores are calculated by considering the number of accounts a person has, type of accounts, credit utilization, length of credit history, and payment history.<sup>41</sup> When an individual applies for credit, lenders analyze their credit score in order to determine their ability to make payments on time.<sup>42</sup> Low credit scores are considered high risk. A credit score is also used to shape the terms of a lending agreement, such as the amount and the interest paid on the loan.

A good credit score can be used to rent an apartment, buy a home, refinance student loans, get a credit card, and get a job.<sup>43</sup>

## *Financial Literacy*

Basic financial concepts and budgeting are not widely taught in school. Financial literacy promotes financial stability for families.<sup>44</sup>

Governments have begun taking a proactive role in expanding financial literacy to empower individuals to make sound financial choices.

These efforts should be expanded in Nassau County and have a focus on Black communities.



## Credit Profile

In 2017, the Federal Reserve Bank of New York produced a credit profile for Long Island. The profile found that when analyzing credit metrics, Long Island is one of the highest performing regions in the country.<sup>45</sup> However, when looking at specific communities, 18 on Long Island rank among the lowest performing in the nation. These communities are concentrated in areas that have large Black populations. The neighborhoods in Nassau County are identified below. In this report, the Federal Reserve called upon partners from all sectors to expand credit access so that increase opportunity on Long Island.

### **Credit Access Problems:**

Glen Cove (11542) and Old Westbury (11568)

### **High Revolving Credit**

Freeport (11520) and Uniondale (11553)

### **Credit Access and Debit Management Issues**

Freeport (11520) and Uniondale (11553)

\*Numbers in parenthesis are zip code

# CONCLUSION



Nassau County's long-term financial success is reliant upon a strong middle class, and one that is not stratified along racial lines. The racial gaps that exist in wealth, furthered by disparities in income, unemployment, homeownership, and educational attainment, need to be addressed to ensure economic prosperity. When certain communities are locked out of wealth creation, the entire County suffers. When Long Islanders are not able to achieve their potential, the tax base is diminished and there is greater need for government services. Thus policymakers, community leaders, and residents must act with urgency to close racial gaps that have formed throughout our history.

## Key Indicators

- Population Growth
- Entrepreneurship
- Education
- Unemployment
- Income and Wages
- Homeownership
- Access to Credit



It is our hope that this report adds value by helping to define the scope of the problem so that leaders can identify and implement equitable, innovative solutions. Reducing the racial economic gap would produce major fiscal returns. Nassau County cannot afford complacency or inaction. To make the deal of living an affordable middle-class lifestyle on Long Island available to all, we must use this data to promote policies that will ensure an inclusive and equitable economy. Let's get to work!



**More Information:**

UPDATED AS OF JANUARY 2020



[NassauCountyNY.gov/Comptroller](http://NassauCountyNY.gov/Comptroller)



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