

## **Poverty in New York, 2002: One-Fifth of the City Lives Below the Federal Poverty Line**

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The latest data from the U.S. Bureau of the Census indicate that the recession and subsequent “job loss” recovery are pushing ever more Americans into poverty. The nation’s poverty rate rose for a second year in a row, from 11.7 percent in 2001 to 12.1 percent in 2002. From its pre-recession low in 2000, the U.S. poverty rate has now climbed 0.8 percentage points.

The economic downturn has also left its mark on New York City. The recession has halted the decline in the New York poverty rate that characterized the second half of the 1990’s, leaving one-in-five city residents living below the federal poverty line. For the 2002/2001 period the city poverty rate averaged 20.5 percent, essentially unchanged from a 20.2 percent rate in 2001/2000. (Because of the limited sample size for New York City residents in the Current Population Survey, data are reported as two-year moving averages.)

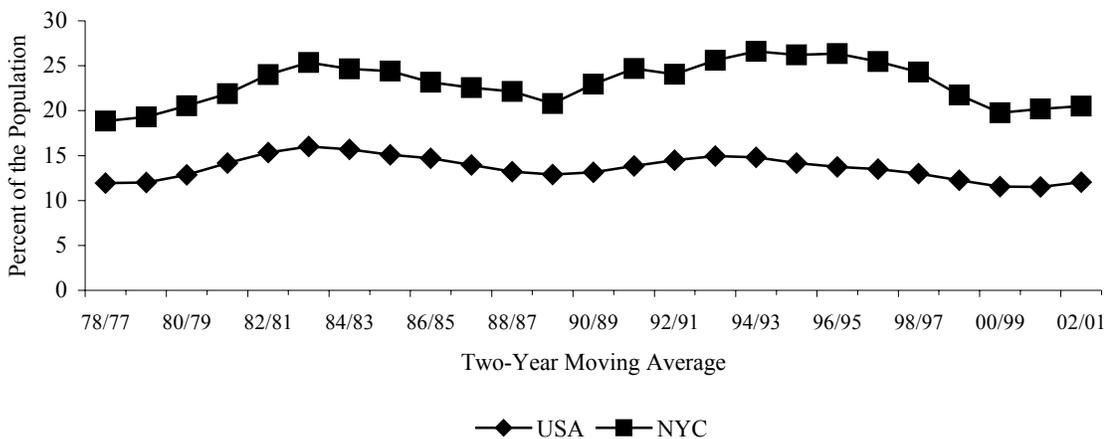
The up tick in the city poverty rate, from its boom-induced low of 19.8 percent in 2000/1999, is of a similar magnitude to the rise across the nation over the same period. The relatively small number of New Yorkers in the Current Population Survey, however, makes it impossible to conclude that the increase in the city was statistically significant. But, even if the rise had passed statistical muster, it would appear to be a modest one, considering both the severity of the local recession and the steep climb in the New York City poverty rate that accompanied the economic downturn of the early 1990’s.

The message in this year’s poverty report, then, is that a very bad situation has not become significantly worse. The levels of poverty in New York City remain staggeringly high, especially for its most vulnerable groups. But, given the weak local economy, this year’s news could have been worse. The city’s economic woes, however, are not over. There is reason to worry, and to act, as if worse could yet come.

**Poverty in New York City and the Nation**

One out of five (20.5 percent) New York City residents are poor, compared with less than one out of eight Americans (12.1 percent) nationwide. The number of New York City residents who live in poverty (a little under 1.7 million) is enormous. If they resided in their own municipality, New York’s poor would constitute the fifth largest city in the United States; only Houston, Chicago, Los Angeles, and the rest of New York would have a larger population. As illustrated in Figure 1, the city/nation disparity has been a constant one for decades. Poverty rates for New York City and the U.S. have run on two separate, but parallel, tracks from the late 1970s on – rising in recessions and falling in recoveries. Throughout the last quarter century the city poverty rate has averaged 1.7 times the nation’s.

Figure 1: Poverty Rates in the US and NYC

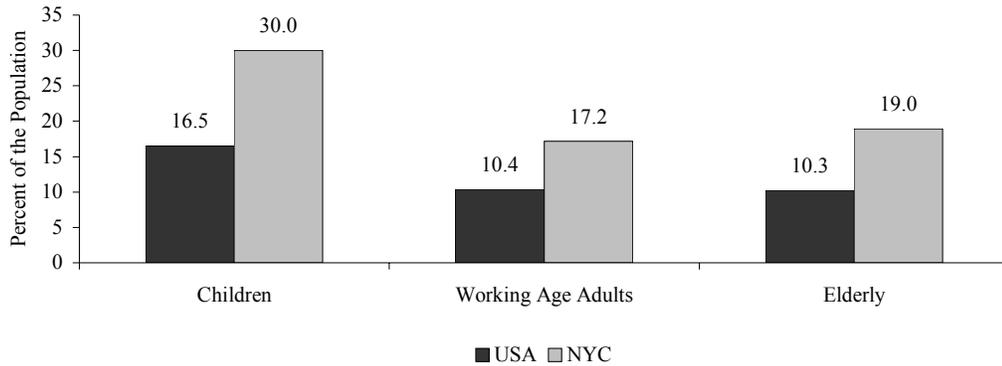


Source: CSS tabulations from the Current Population Survey.

### Comparisons Across Specific Groups

*Comparing Poverty Rates by Age Group:* The wide New York City/United States disparity is constant across age groups. As Figure 2 shows, nearly one-third (30.0 percent) of New York City’s children live in poverty compared to one-in-six children (16.5 percent) in the nation as a whole. For working age adults (persons 18 through 64 years of age), the poverty rate for the city is 17.2 percent compared to 10.3 percent for the nation. The poverty rate for elderly New Yorkers is 19.0 percent, against 10.4 percent for the U.S.

Figure 2: Poverty Rates by Age Group, 2002/2001

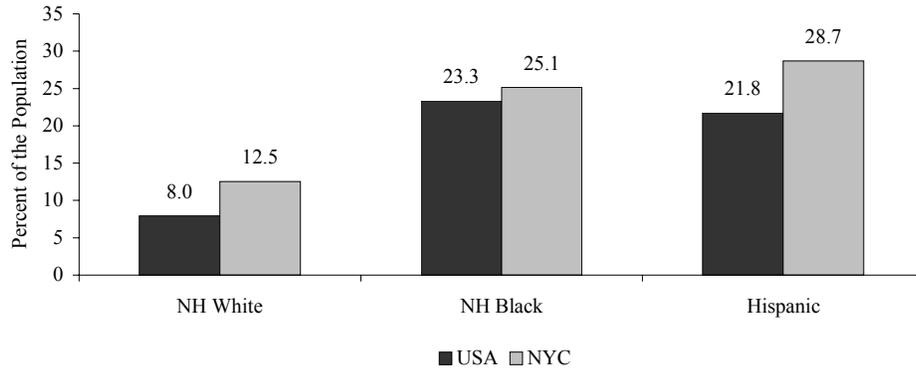


Source: CSS tabulations from the Current Population Survey.

*Comparing Poverty Rates by Race/Ethnic Group:* Analyses of urban poverty often focus on the concentration of poverty prone populations, such as racial and ethnic minorities, among the nation’s city dwellers. But New York City’s relatively high poverty rate is not simply a result of its racial composition. New York City residents, Figure 3 indicates, of one race or ethnic group often have higher poverty rates than their national counterparts. Non-Hispanic White New Yorkers and Hispanic New Yorkers have higher poverty rates than Non-Hispanic Whites and Hispanics nationally; 12.5 percent versus 8.0 percent for the former group and 21.8 percent versus 28.7 percent for the latter. Poverty rates for Non-

Hispanic Blacks in the city and the nation, by contrast, are far more similar, 23.3 percent in the U.S. compared to 25.1 percent in New York City.

Figure 3: Poverty Rates by Race/Ethnic Group, 2002/2001

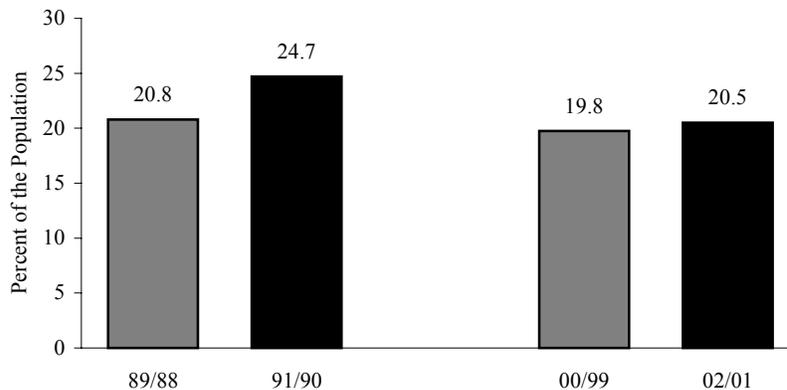


Source: CSS tabulations from the Current Population Survey.

### New York City Poverty, Then and Now

The city poverty rate has been remarkably stable in the face of the recession that began in early 2001. The city poverty rate, by contrast, climbed much more rapidly over a similar period in the prior recession, jumping by 3.9 percentage points from 1989/1988 to 1991/1990 (See Figure 4).

Figure 4: New York City Poverty Rate in Two Recessions



Source: CSS tabulations from the Current Population Survey.

The current economic downturn has been more severe locally than nationally. The city unemployment rate, for example, averaged 7.9 percent in 2002 compared with 5.9 percent for the nation. Yet, one reason why poverty has not climbed as it did in the early nineties is that, for New York City, the prior recession was somewhat more severe than the current one. Over the first two years of the early nineties recession, New York lost 287,000 jobs compared with 233,000 in the current downturn. And the city's unemployment rate averaged 7.8 percent in 1991/1990 compared with 7.0 percent in 2002/2001.

Another important difference between the two recessions is the kind of people who have been impacted by them. This recession has had a far greater effect on jobholding among men, particularly younger men, than women.<sup>1</sup> One possibility is that the city's single mothers, who made great strides in jobholding from 1996 through 2000, have been able to hold on to their employment gains despite the downturn. This would keep many vulnerable-to-poverty families above the poverty line, and retard the rise in the citywide poverty rate.<sup>2</sup>

### **Implications for Public Policy**

Although the data do not point to a significant rise in New York City's poverty rate, this is hardly a time for complacency. The city's economic downturn is not over. The local job market has been contracting through first three quarters of 2003 and prospects for robust employment growth are nowhere to be seen.

Responsibility for responding to the continued failure of the economy to generate jobs lies, first and foremost, with the federal government. Rather than another round of tax cuts, the best pump-priming Washington can engage in would be fiscal relief for state and local governments.

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<sup>1</sup> Mark Levitan. *A Portrait of Inequality: Unemployment and Joblessness in New York City, 2002*. Community Service Society. February 2003.

<sup>2</sup> See Mark Levitan and Robin Gluck. *Mothers' Work: Single Mothers' Employment, Earnings, and Poverty in the Age of Welfare Reform*. September 2002, which indicates that job holding among New York City's single mothers did not decline from 2000 to 2001.

The revenue sharing would ease their fiscal crises, help them continue to maintain programs that serve the needy, and stave off recession-prolonging cutbacks in local public sector spending.

Local government can also do its part. Funding exists to create a large-scale publicly subsidized job creation program. The Labor Community Advocacy Network (LCAN) has fashioned a detailed proposal, using uncommitted funds available to the Lower Manhattan Development Corporation, for the creation of a “Liberty Jobs” program. The Mayor and the Governor should support the plan.