

POLICIES MATTER

Hardships Decline for Low-Income New Yorkers in 2016

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**THE UNHEARD
Third**

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Policies Matter

Hardships Decline for Low-Income New Yorkers in 2016

Low-income New Yorkers experienced fewer economic hardships in 2016. We know this because the Community Service Society (CSS) tracks the difficulties experienced by city residents each year using an annual survey, the Unheard Third.¹ We ask families whether they have gone hungry, fallen behind in the rent, been threatened with eviction, not been able to fill a needed prescription or get medical care because of lack of money or insurance, suffered a job loss, or faced several other serious difficulties.

The rate of such hardships among the city's poor has steadily declined since 2014. While half reported three or more serious difficulties in 2014, this figure fell to 37 percent in 2015 and to a third last year, a dramatic decline over three years. For the near-poor, with incomes between 100 and 200 percent of the federal poverty level (FPL), the proportion with three or more hardships fell from 41 percent to 27 percent over the same period.

What happened?

For starters, after several years of a sluggish recovery from the Great Recession, the city experienced robust job growth, with 650,000 jobs added since 2010, including 292,000 since the beginning of 2014.² Nationally, the tightening labor market is finally starting to push wages up, although adjusted for inflation median household incomes are still below their pre-recession 2007 peak.³ In New York City, there has been an even stronger recovery in median household incomes. After barely budging since the end of the recession, the city's unemployment rate is at its lowest since 2008, with job stability finally improving.

That matters, since job loss is a big driver of other hardships. The share of low-income New Yorkers we surveyed who said they or another earner in the household lost their job during the past year has hovered around 25 percent since 2009. It fell to 17 percent in 2016. And fewer low-income working New Yorkers saw their hours or wages go down. The proportion reporting shrinking

paychecks has gradually declined from a third of respondents in 2009 to 21 percent last year.

While the recovery is surely helping alleviate economic hardships, progressive policies enacted at the federal level, as well as by New York State and City, have made a real difference. Thanks to Governor Andrew Cuomo and his convening of special wage boards, low-paid workers got a raise last year. Three separate minimum wage increases went into effect December 31, 2015. The minimum wage received by tens of thousands of tipped hospitality workers, including restaurant servers and others who work for tips, rose from levels ranging from \$4.90 to \$5.65 an hour to \$7.50 an hour. An estimated 55,000 workers employed by fast food chains in New York City saw their wages increased to at least \$10.50 an hour thanks to a separate wage board ruling.⁴ And 690,000 workers in New York City got a raise as a result of three successive annual increases in New York State's regular minimum wage, which was boosted from \$7.25 in 2013 to \$9 at the end of 2015.⁵ In 2016, the Governor went on to champion the union-supported Fight for Fifteen movement that will result in further increases, with the minimum wage reaching \$15 in New York City for employers of all sizes by the start of 2020.

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Wages make a difference, but so do benefits. As a result of the Affordable Care Act, New York's statewide uninsured rate was cut in half from ten to five percent in three short years.⁶ We also saw a dramatic drop in health hardships. The New York State of Health Marketplace was launched in 2013 and began to sign people up for coverage starting January 2014. New York is one of a handful of states that developed an integrated Marketplace website that enables people to enroll not just in private health plans, but in

Medicaid, as well as a generously subsidized low-cost “Essential Plan” geared to those with low and moderate incomes. Outreach and marketing, combined with a robust in-person Navigator and assistor program that helps people apply, has created a “welcome mat” effect, encouraging over 3.4 million eligible New Yorkers to sign up for public or private coverage. Full disclosure, CSS, which leads the state’s largest Navigator network, has helped more than 150,000 New Yorkers enroll in coverage directly and through our statewide partners. All told, enrollment in New York’s Medicaid program increased from 4.5 million in 2013 to 6.2 million in 2016⁷ and enrollment in the Essential Plan reached 635,909 by December 2016.

The share of the city’s poor households lacking health coverage for some part of the year declined from 37 percent in 2013 to 28 percent in 2016 according to our survey. And among households of modest means (between 100 and 400 percent of the FPL), the share without coverage dropped from 29 to 16 percent. Growing coverage has brought down health hardships. Among the working-age poor, the fraction unable to fill a needed prescription fell significantly from 35 percent in 2013 to 19 percent in 2016. And the share of poor families who delayed or failed to get medical care or surgery dropped from 24 to 18 percent. Health hardships also went down for those in households at 100 to 400 percent of the poverty level.

Both health and financial woes will be further eased by two new city and state laws. Passage of paid sick days in New York City in 2013, and its expansion by Mayor Bill de Blasio in 2014, means that fewer low-wage workers risk losing pay or getting fired when illness strikes. Enactment of paid family leave by Governor Cuomo and the state legislature last year will further strengthen the economic stability of working families when it goes into effect starting January 2018.

Now support is growing for a proposal to subsidize half-price subway and bus fares for New Yorkers living below poverty. Making public transit more affordable would promote upward mobility for those struggling to commute to jobs and higher education.

Finally, changes in local housing policies are associated with downward trends in housing hardships. In June 2015, the Rent Guidelines Board (RGB), the body appointed by Mayor de Blasio that sets allowable rent increases for the city’s one million rent-stabilized apartments, voted to impose an unprecedented freeze on one-year leases. Increases on two-year leases were limited to two percent, a historic low. The RGB announced a second consecutive freeze on one-year leases in June 2016. Since decisions go into effect the October following the vote, we would expect to see benefits from affordability in the next survey year. And in fact, we found that for low-income tenants living in rent-stabilized apartments, the share who said they had fallen behind in their rent—which can be a precursor to homelessness—fell from 30 percent in 2015 to 20 percent in 2016, and the share who reported moving in with other people due to financial problems fell from 21 percent in 2015 to 13 percent in 2016.

Together, an improving economy combined with a series of progressive federal, state and city actions has driven down hardships and helped hundreds of thousands of New Yorkers struggling to get ahead. It’s important that we take note that progressive public policies actually do work, most especially now, when the federal government is poised to block expansion of similar measures nationally and dismantle labor, health, and housing policies that are making a positive difference. With Washington shifting into reverse, it will be up to localities to continue to lead the way forward.

– Nancy Rankin and Irene Lew

¹ The Community Service Society has been surveying New York City adults annually since 2002. The 2016 survey was designed in collaboration with Lake Research Partners. This year’s findings are based on telephone interviews with 1,717 New York City residents reached by landlines and cell phones between July 5th to August 10th, 2016. For more details on how the survey was conducted, see Methodology.

² BLS Current Employment Statistics

³ US Census, CPS

⁴ The minimum wage for fast food employees will continue to rise each year until it reaches \$15 an hour effective December 31, 2018 in New York City, and December 31, 2021 in the rest of the state.

⁵ Estimates for the number of workers affected by minimum wage increases are from James Parrott, Fiscal Policy Institute.

⁶ NYS DOH Press Release, January 6, 2017 for these and enrollment figures.

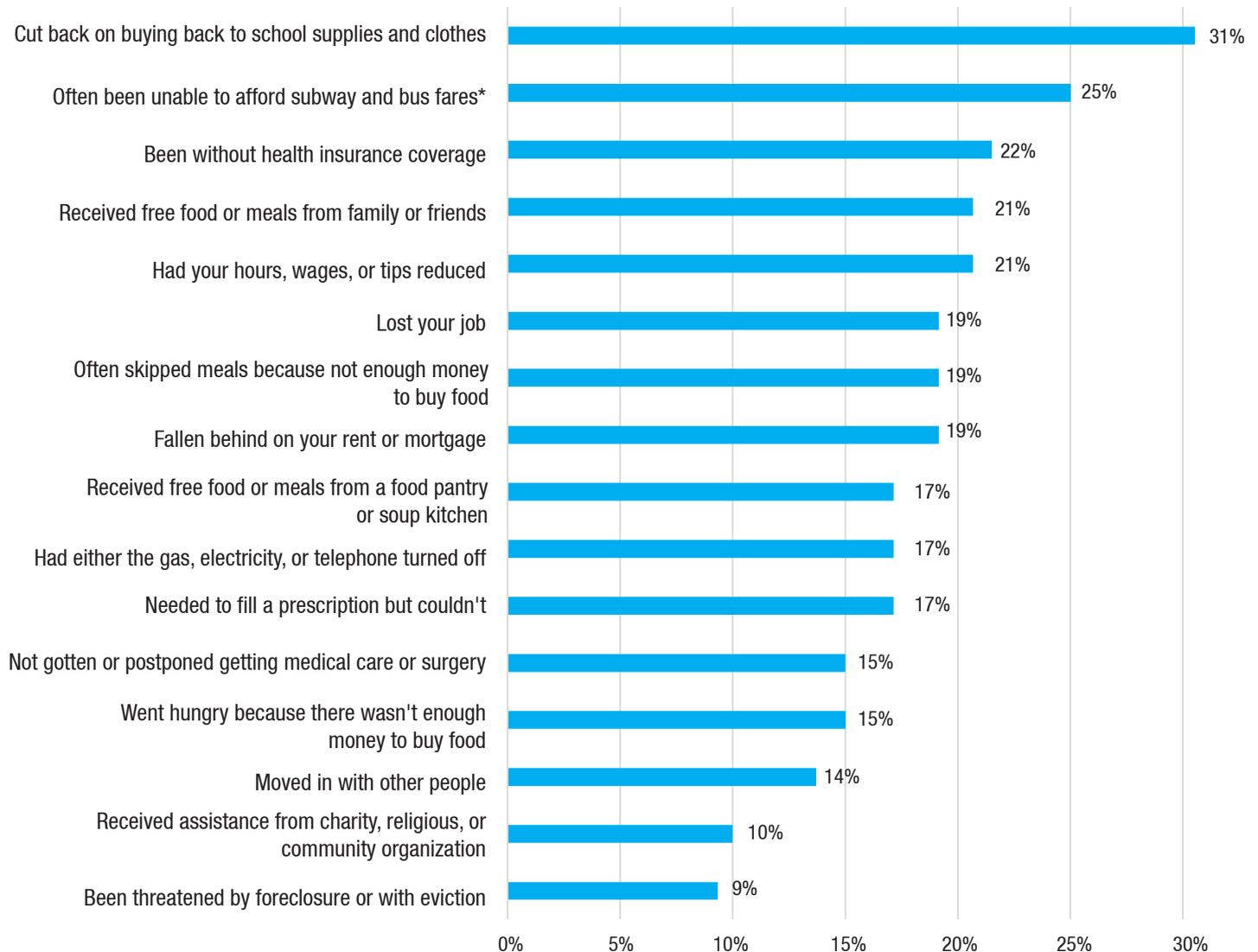
⁷ Medicaid enrollment figures are from the NYS Department of Health.

Each year we ask New Yorkers whether they have experienced any of a list of serious hardships.

Over a third of the poor say they've faced three or more of these difficulties in the past year.

Q: Now I'd like to talk about some of the problems that families have faced making ends meet in the last year. In the last year have you or any member of your household:

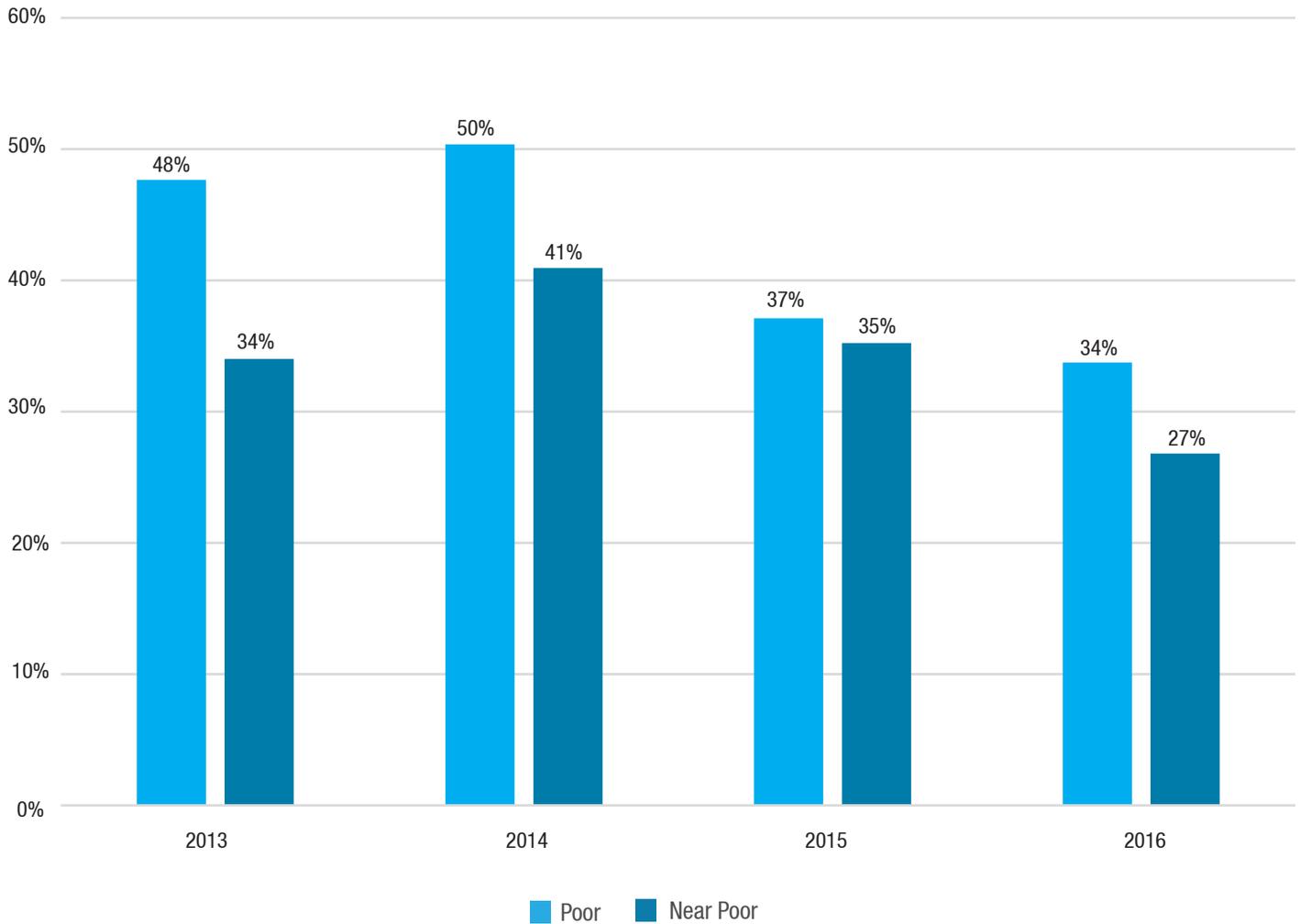
% of poor households experiencing hardship in past year



* Transit affordability was added to the hardship series in 2014, so it is excluded from the analysis of trends over time in the proportion of New Yorkers reporting multiple hardships.

After years of a sluggish recovery, we are finally seeing a decline in hardships among low-income households in NYC.

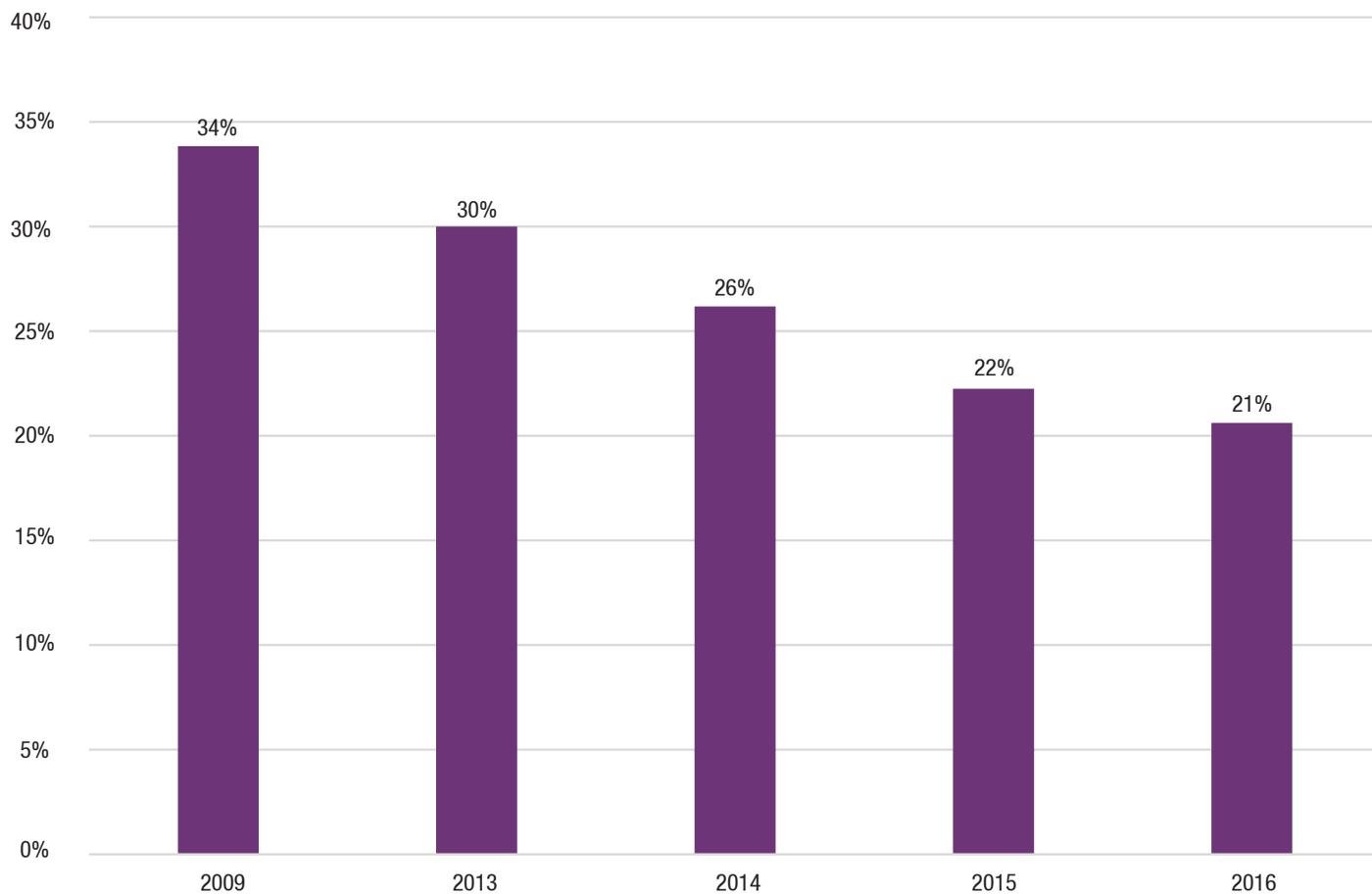
Share of low-income households with 3 or more hardships



Note: Hardships refer to those experienced by respondent or any member of the household. A few hardships were asked only in specific years; these are excluded when calculating trends.

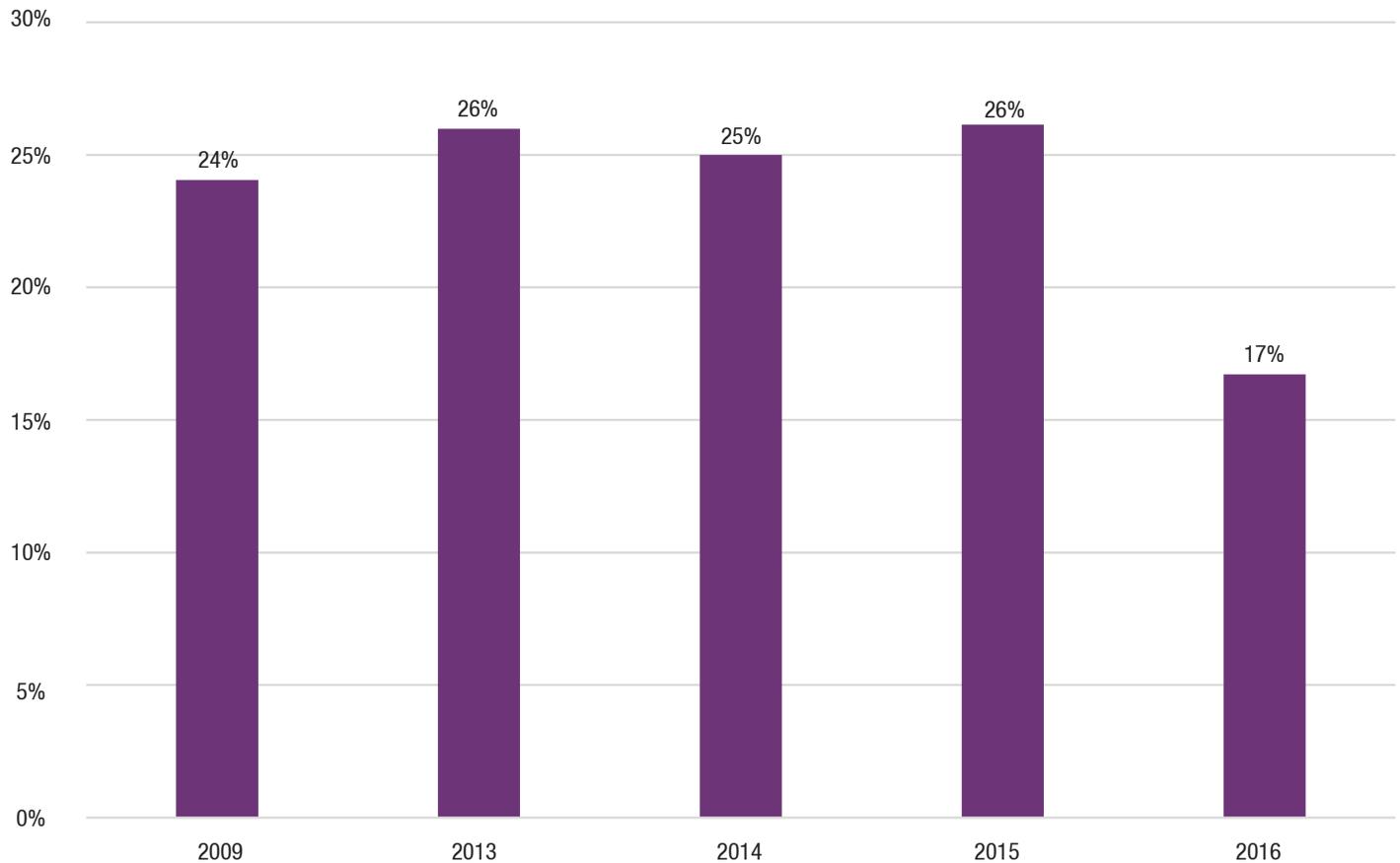
As the economic recovery has gained steam, fewer low-income working New Yorkers are seeing reductions in hours or earnings.

Share of low-income employed respondents under age 65 that reported having hours, wages or tips reduced in past year



After barely budging since the recession, the share of low-income New Yorkers reporting job loss fell sharply from about a quarter to 17% in 2016.

Share of low-income respondents under age 65 who said that they or someone in their household lost their job in previous year



In 2016, NYC's tipped workers, fast food workers, and low-wage workers in other sectors all got a raise as three state minimum wage increases took effect.

Minimum Wage for Tipped Hospitality Workers

General Minimum Wage and Minimum for Fast Food Workers in NYC



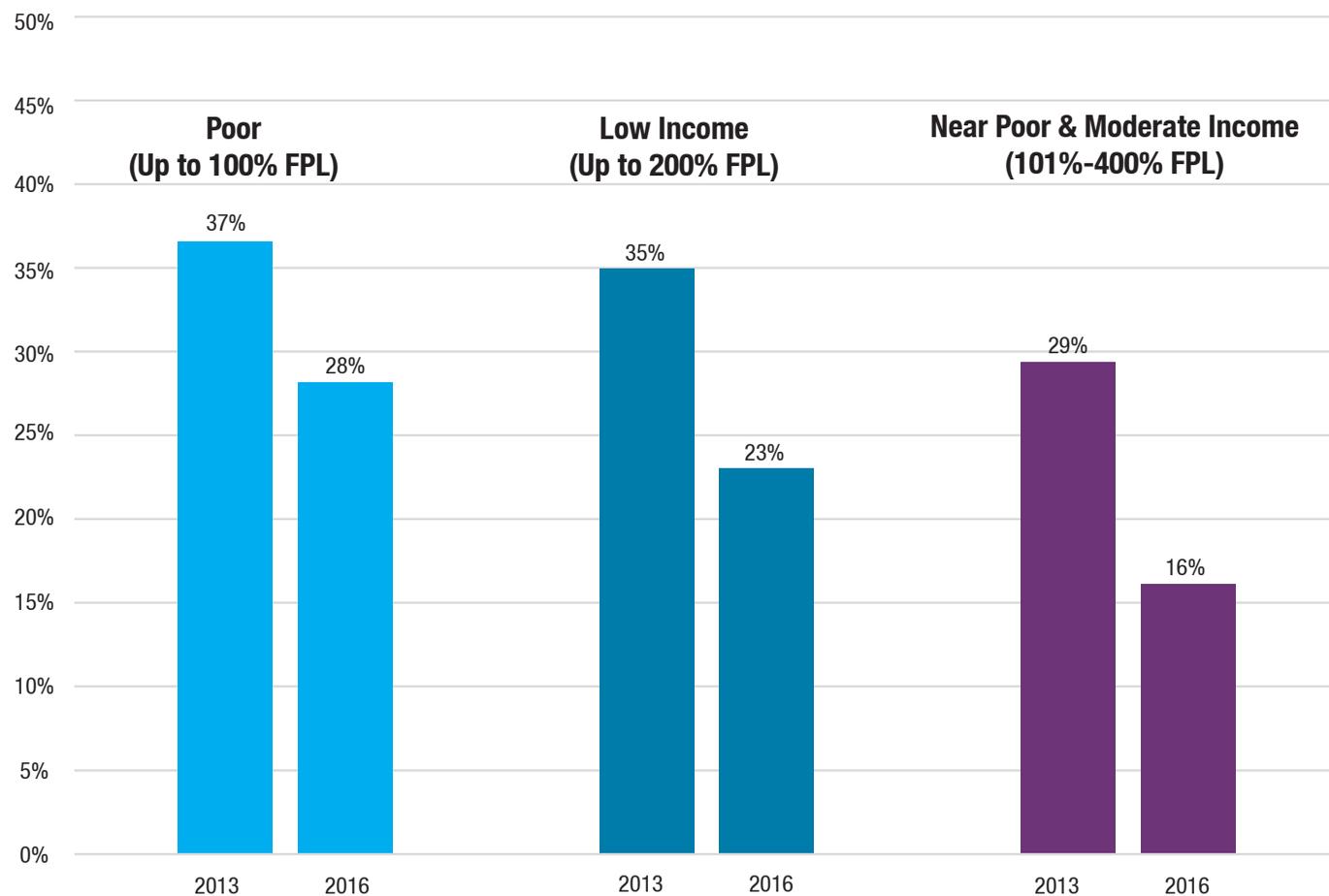
Tipped Hospitality Workers: A wage board convened by Governor Cuomo combined three categories of tipped hospitality workers into a single group and raised their minimum wage to \$7.50, effective 12/31/2015. In NYC, the wage for tipped food service workers will gradually increase, reaching \$10 an hour on 12/31/18 for employers of 11 or more and on 12/31/19 for employers of 10 or less.

Employees of Fast Food Chains: July 2015, a second wage board convened by Governor Cuomo approved a minimum wage increase for fast food workers that will reach \$15 on 12/31/2018 in NYC and on 12/31/21 in the rest of the state. Prior to this, fast food workers were covered by the statewide general minimum wage.

General Minimum Wage: NYS's general minimum wage rose in three steps from \$7.25 in 2013 to \$9 starting in 2016. The general minimum wage was increased further in 2016. For workers employed by small businesses of 10 or fewer employees in New York City, the general minimum wage rose to \$10.50 at the end of 2016, and will go up \$1.50 each year after that, reaching \$15 on 12/31/2019. For workers in NYC employed by large businesses of 11 or more employees, the general minimum wage rose to \$11 at the end of 2016, and will go up \$2 each year after that, reaching \$15 on 12/31/2018.

The share of working-age New Yorkers without public or private health care coverage has declined since the Affordable Care Act was implemented January 1, 2014.

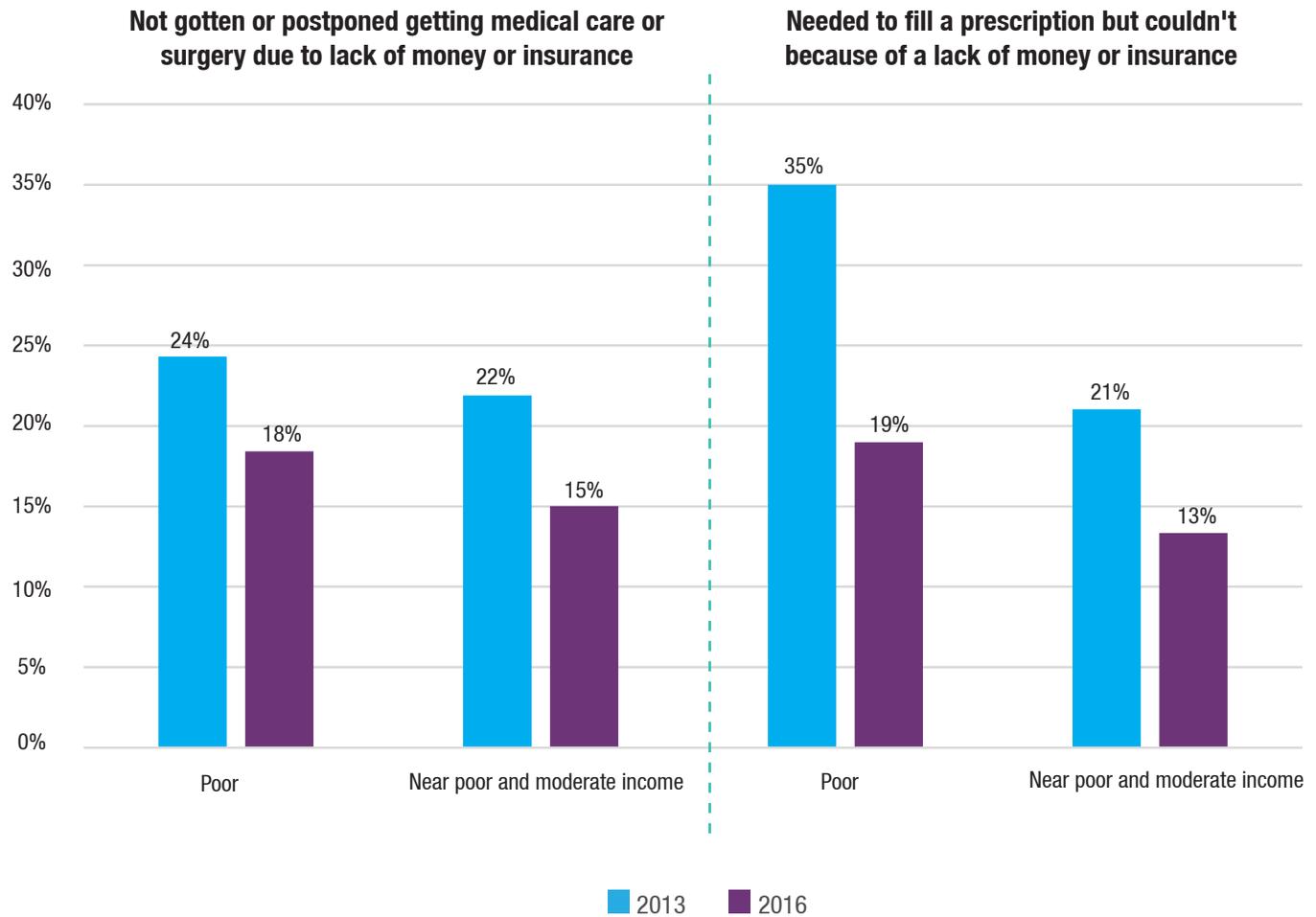
Share of households without health coverage during some part of the last year



Note: Respondents aged 65 and over are excluded because they would be covered under Medicare.

Health hardships have declined among poor and lower middle class New Yorkers since the rollout of the Affordable Care Act.

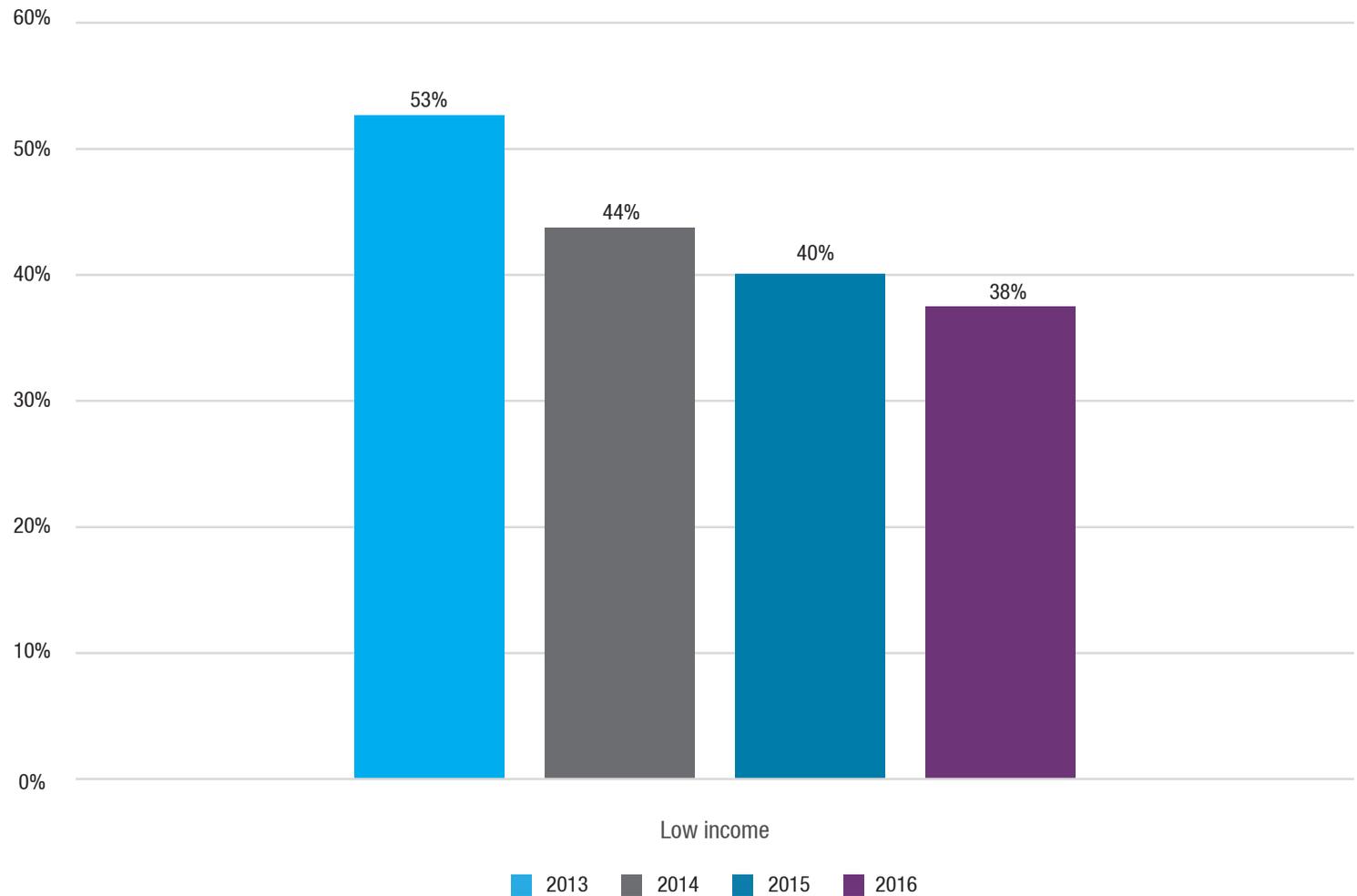
Share of households under age 65 with health hardship



Note: Respondents aged 65 and over are excluded because they would be covered under Medicare and less affected by the ACA.

The share of low-income workers in NYC without paid sick days has declined since the sick time law went into effect in 2014. But persistence of lack of leave among covered workers shows more outreach and enforcement are needed.

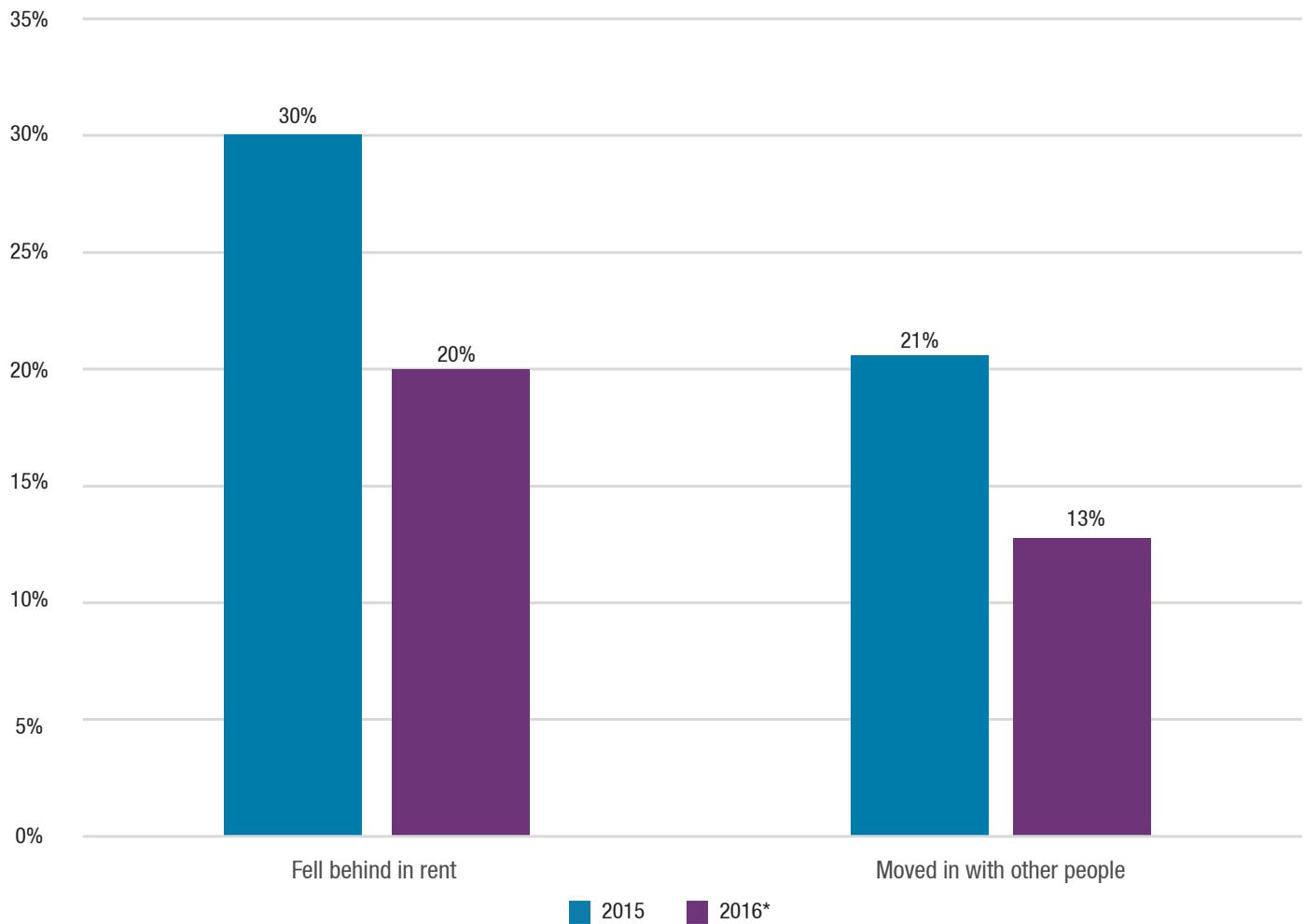
Share of covered workers* without any paid time off for sickness or vacation



*Covered workers excludes those in the public sector, self-employed, and in firms with less than 5 employees. The law requires employers with under 5 employees to provide up to 5 days of unpaid sick time.

Rent freezes have led to a lower incidence of rent arrears and doubling up among low-income rent-stabilized tenants.

Share of low-income rent-stabilized tenants experiencing hardship in the past year



*Small sample size of less than 70 respondents

Methodology

The Community Service Society designed this survey in collaboration with Lake Research Partners, who administered the survey by phone using professional interviewers. The survey was conducted from July 5th to August 10th, 2016.

The survey reached a total of 1,717 New York City residents, ages 18 and older. The survey is divided into two samples of 1,079 low-income New York City residents (up to 200% of the federal poverty level) and 638 moderate- and high-income New York City residents (above 200% of the federal poverty level). This year's survey also included an oversample of 655 interviews conducted via cell phone among residents up to 400% of the federal poverty level. An additional oversample of 50 interviews conducted via cell phone and landline among low-income retail workers was also included.

Telephone numbers for the low-income sample were drawn using random digit dial (RDD) among exchanges in census tracts with an average annual income of no more than \$40,000. Telephone numbers for the moderate and higher income sample were drawn using RDD in exchanges in the remaining census tracts. The data were weighted slightly by income level, gender, region, age, party identification, education, immigrant status, and race in order to ensure that they accurately reflect the demographic configuration of these populations. Interviews were conducted in English, Spanish, and Chinese.

In interpreting survey results, all sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The size of the sampling error depends on both the total number of respondents in the survey and the percentage distribution of responses to a particular question. The margin of error for the low income component is +/- 3.0 percentage points. The margin of error for the higher income component is +/- 4.0 percentage points.

The analysis presented here excludes the small number of respondents who answered "Don't Know" or "Not Applicable" to any questions about the hardships they or any member of their household experienced in the previous year.

Surveys from previous years were conducted using a similar method. Details for sample sizes, error margins, and fielding dates can be found at: www.cssny.org/pages/UHTsurveyymethod

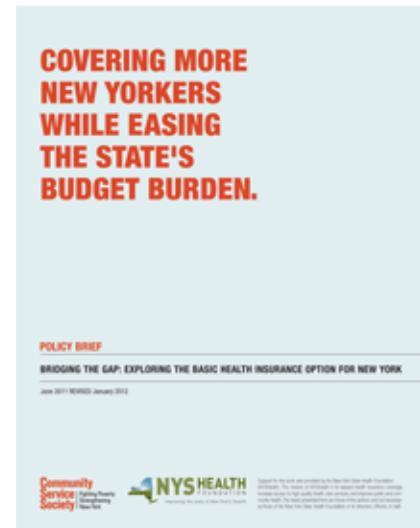
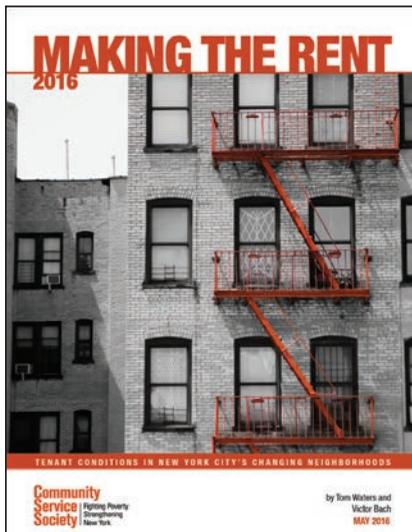
About the Authors

Nancy Rankin is Vice President for Policy Research and Advocacy for CSS, where she leads the work on labor, housing, youth, and income inequality. She is the founder of the Unheard Third survey and has written and spoken widely on issues affecting upward mobility of low-wage workers and the challenges of meeting work and family responsibilities. Nancy Rankin is a graduate of Cornell and Princeton.

Irene Lew is a Policy Analyst at CSS, where she conducts research, analyzes economic and demographic data and writes about issues impacting low-income New York City residents. Her primary area of focus is analyzing and reporting findings from CSS's annual Unheard Third survey. She received her Master's degree in Urban Policy Analysis and Management from The New School and her Bachelor's degree in English from the University at Albany, SUNY.

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