# UPWARD MOBILITY

## In sight for more New Yorkers still out of reach for most

AUGUST 2018

Community Service Society
Fighting Poverty
Strengthening
New York

THE UNHEARD Third

## About the Authors

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**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.

**We gratefully acknowledge the Oak Foundation for its generous support of our Unheard Third survey research.**

Community Service Society | Fighting Poverty Strengthening New York

THE UNHEARD Third

**The Community Service Society of New York** (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers.  CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

**www.cssny.org**

**The Unheard Third** is an annual scientific survey, begun in 2002, that tracks the hardships of New York City's low-income population and their views on what would help them get ahead.  Developed and administered in collaboration with Lake Research Partners, a leading national polling firm, The Unheard Third also surveys middle- and higher-income New Yorkers to see how their experiences and views line up with or diverge from those of low-income residents. By conducting the only regular public opinion poll of low-income households in the nation, CSS seeks to ensure that the priorities of our city government reflect the needs of all New Yorkers.  Our findings have been the basis for successful campaigns to pass paid sick days and establish half-price transit fare for the poor in New York City.

Low-income residents are defined as those with household incomes at or below 200% of the federal poverty level. This includes the poor and the near-poor between 100 and 200% of poverty. In 2017, the federal poverty guideline for a family of four was $24,600.

For more on how the survey was conducted see page 27.

# UPWARD MOBILITY

## In sight for more New Yorkers, still out of reach for most.

**Eight years after the end of the Great Recession, we are finally seeing a glimmer of hope for upward mobility among low-income New York City residents.**

For the past several years, as part of the Community Service Society's annual Unheard Third survey, we have asked New York City residents where they felt they stood on the economic ladder: "climbing up, stuck, or slipping further down."

For the first time in four years, we found a notable increase in 2017 in the proportion of low-income New Yorkers who reported that they were making economic progress.

Though two-thirds of low-income New Yorkers still see themselves as stuck or losing ground, 26 percent of low-income New Yorkers said that they were climbing up the economic ladder, up from just 16 to 18 percent who felt optimistic about their economic prospects in the preceding three years.

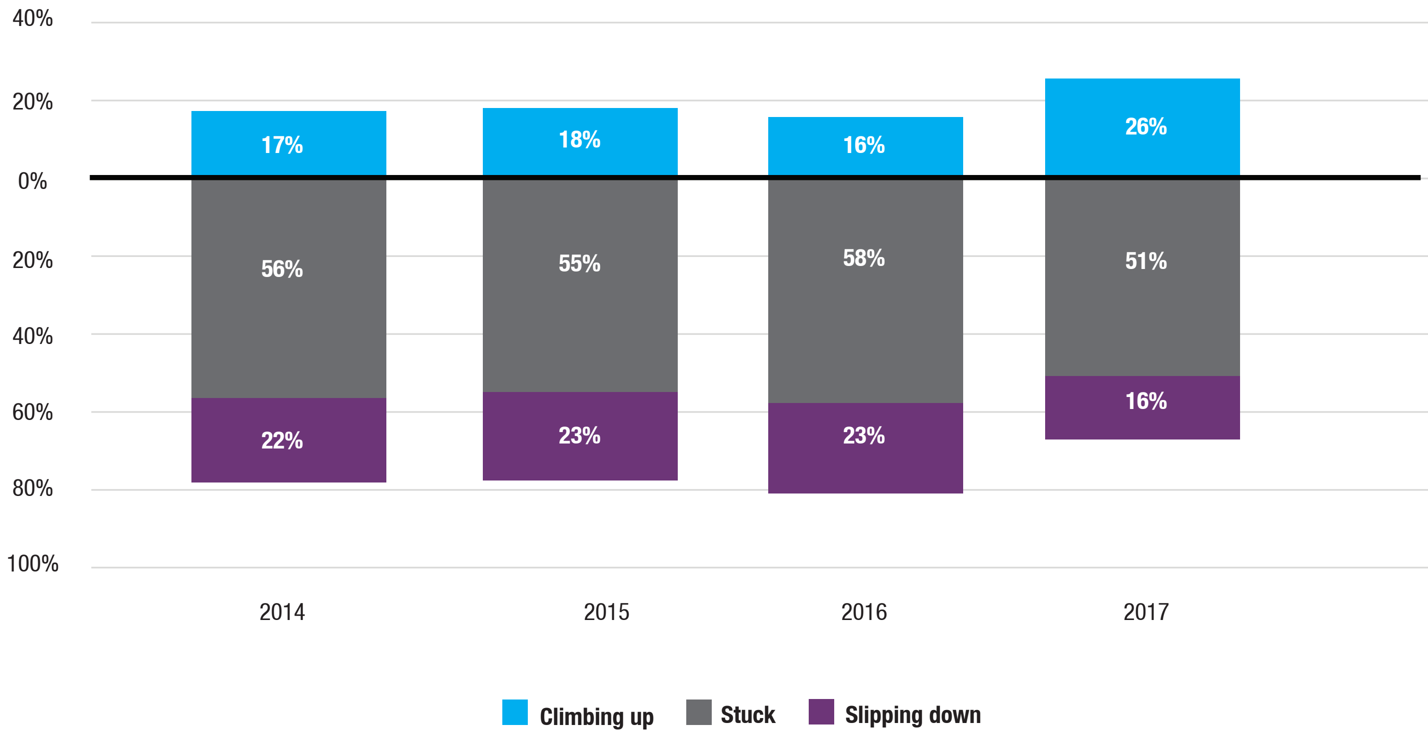
Optimism was even higher among low-income employed city residents, with over a third (35 percent) who said that they were climbing up the economic ladder, compared to just a quarter who felt this way in 2014. And among the working poor who are paid hourly wages, the share who said that they were moving up the economic ladder (30 percent) is double the share who felt this way in 2014; this group likely benefited from gradual increases in the minimum wage as it moves toward $15 an hour by the end of 2019 for employers of all sizes in New York City.

For more charts on changes in attitudes toward economic mobility, please refer to supplementary charts at www.cssny.org/upwardmobility2018
For more information on how the Unheard Third survey is conducted, see page 27.

Q

Would you say you and your family's economic situation is best described as climbing up the economic ladder, slipping down the economic ladder, or stuck on the economic ladder?

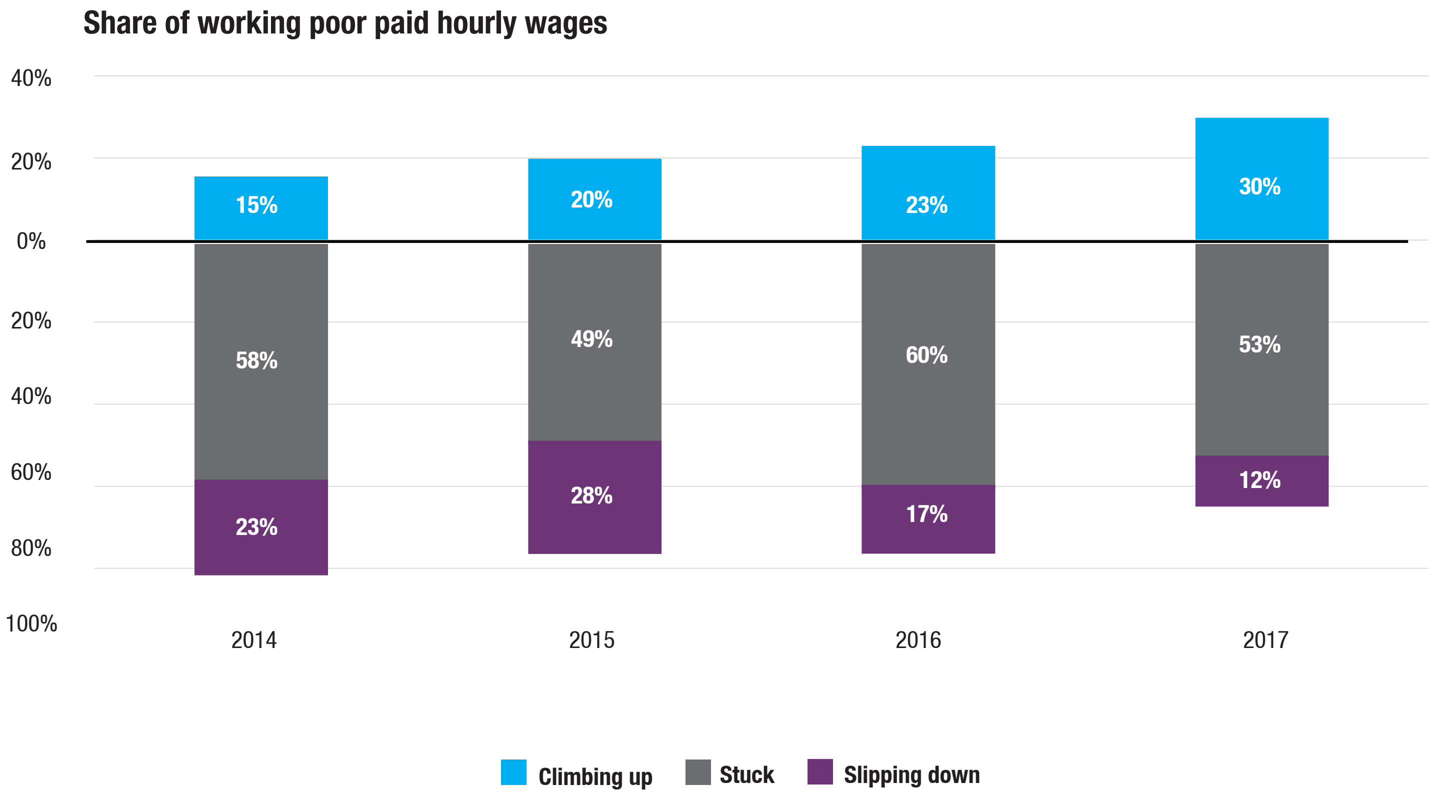
**Share of low-income* New York City residents**




* Low income is defined as at or below 200 percent of the federal poverty level.

Q

Would you say you and your family's economic situation is best described as climbing up the economic ladder, slipping down the economic ladder, or stuck on the economic ladder?

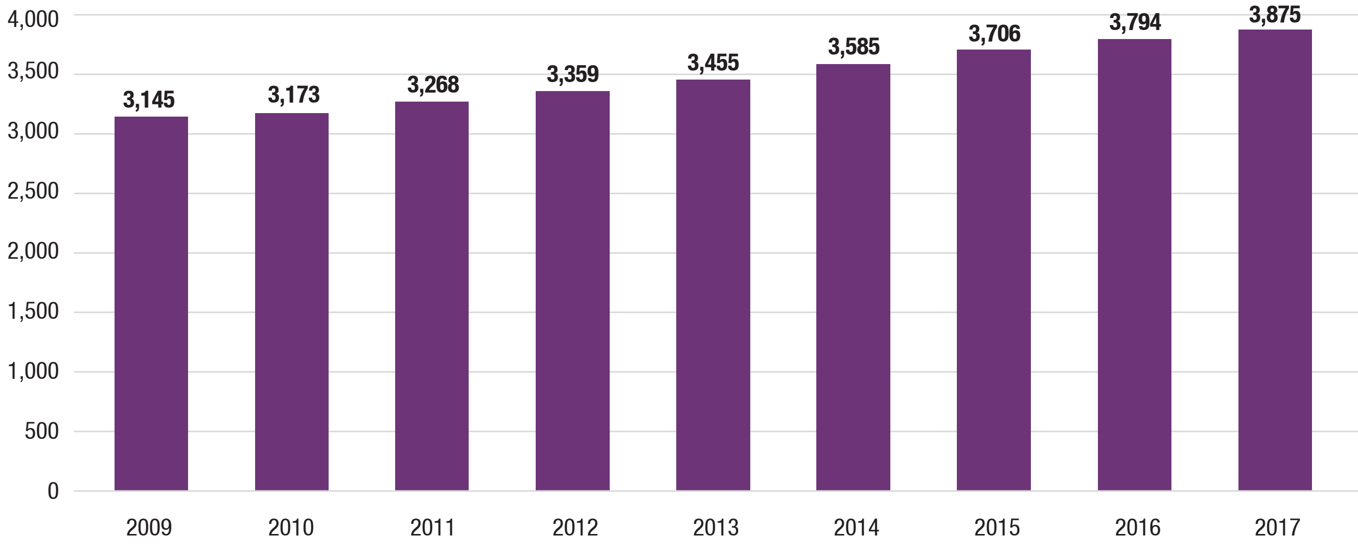


# What’s behind the rising optimism?

## Steady private-sector job growth since the end of the Great Recession

Why are more low-income New Yorkers feeling optimistic about their economic situation? We chalk up part of this to a strong economic recovery. Private-sector employment in New York City increased by 23 percent between 2009 and 2017, with 730,000 new jobs added over this period.[1]

**Private-sector employment in New York City** (Thousands)



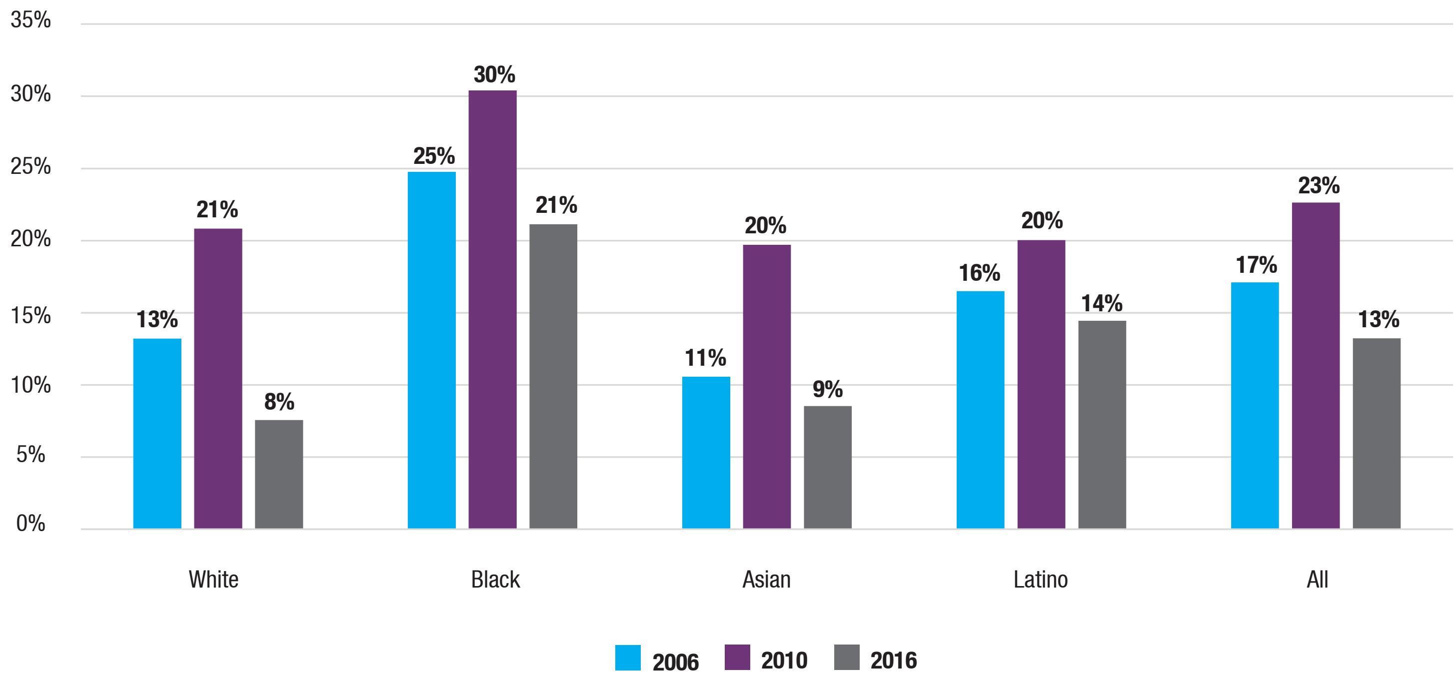

Source: Bureau of Labor Statistics' Current Employment Statistics (CES) data accessed from the NYS Department of Labor. Based on annual averages.
Note: CES data includes all private-sector workers in NYC regardless of where they live.

# What’s behind the rising optimism?

## Record-low unemployment with fewer unemployed low-income New Yorkers

After peaking at 10.2 percent in October 2009, the unemployment rate in the city as tracked by the New York State Department of Labor fell to 4.0 percent in March 2017, the lowest level since record keeping began in 1976.[2] Fewer low-income, working-age residents are unemployed, with the unemployment rate for this group plummeting from 23 percent in 2010 to 13 percent by 2016, according to the most recent American Community Survey data.[3] Among low-income New Yorkers, unemployment rates have also declined across all racial and ethnic groups since the end of the 2008 recession. Between 2010 and 2016, low-income white and Asian residents saw the steepest drops in unemployment (11 and 13 percentage points) compared to Latinos and blacks with similar incomes (6 and 9 percentage points).

## Unemployment rates among low-income New York City residents aged 18–64 by race/ethnicity




Source: U.S. Census Bureau, American Community Survey data.

## What's behind the rising optimism?

### An unprecedented expansion of workers' rights at the city and state levels

In recent years, there has been a wave of changes at the city and state levels to advance workers' rights, including state legislation passed in 2016 to gradually raise the minimum wage to $15 an hour. As our recent report, *Expanding Workers' Rights*,[4] shows, low-income workers are already reaping the benefits of a higher minimum wage: in 2017, more than a third of hourly wage workers in poor households said that they were better off due to recent minimum wage increases.

In addition to a $15 minimum wage, new measures for workers have also included expanded paid sick leave in New York City and two laws that went into effect after the 2017 Unheard Third survey was fielded: "Fair Workweek" legislation that provides fast food and retail workers in New York City with the right to predictable schedules, effective November 2017; and the implementation of job-protected paid family leave for nearly all private-sector employees in New York State beginning January 1 of this year. These new laws have enormous potential for the city's workforce. Yet low-income workers, especially immigrants and those in low-wage industries, may not be reaping the full benefits due to low awareness of the new laws, off-the-books employment, and concerns about lodging complaints with employers and enforcement agencies due to fear of employer retaliation.

> In 2017, more than a third of hourly wage workers in poor households said that they were better off due to recent minimum wage increases.

## Challenges remain for low-income New Yorkers

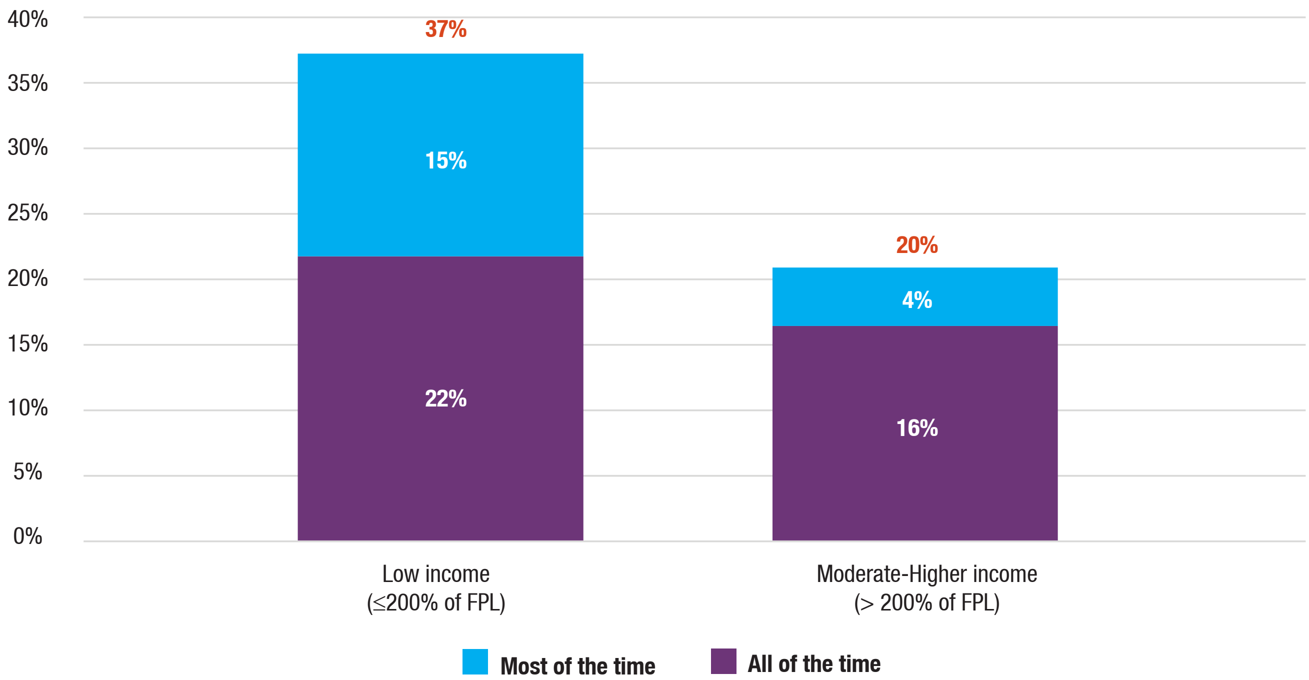
Despite a booming local economy, falling unemployment, and the implementation of a wave of new progressive labor standards, many low-income New Yorkers, even those who are employed, grapple with pervasive financial instability and have little to no savings if an unexpected crisis were to hit them. Low-income, working New Yorkers, especially those in low-paying service and retail jobs, still aren't making enough to fully cover the rising cost of necessary expenses related to housing, transportation, food, and health care. This puts them at higher risk for experiencing material hardships such as falling behind on the rent, going hungry, or postponing necessary medical care.

### Financial insecurity is prevalent among low-income households

Four out of every 10 low-income, working-age (18–64) city residents said that they worried all or most of the time about having sufficient income to meet necessary expenses and bills. Financial instability also remains pervasive among low-income, employed New Yorkers, with 37 percent who said they worried all or most of the time about having enough income to meet their household's expenses and bills, nearly double the share of moderate- and higher-income workers who felt this way.

Q How often do you worry that your total family income will not be enough to meet your family's expenses and bills—all of the time, most of the time, some of the time, once in a while, or never?

**Share of working respondents under age 65 who said they worry "all or most of the time" about their family's finances**



# Challenges remain for low-income New Yorkers

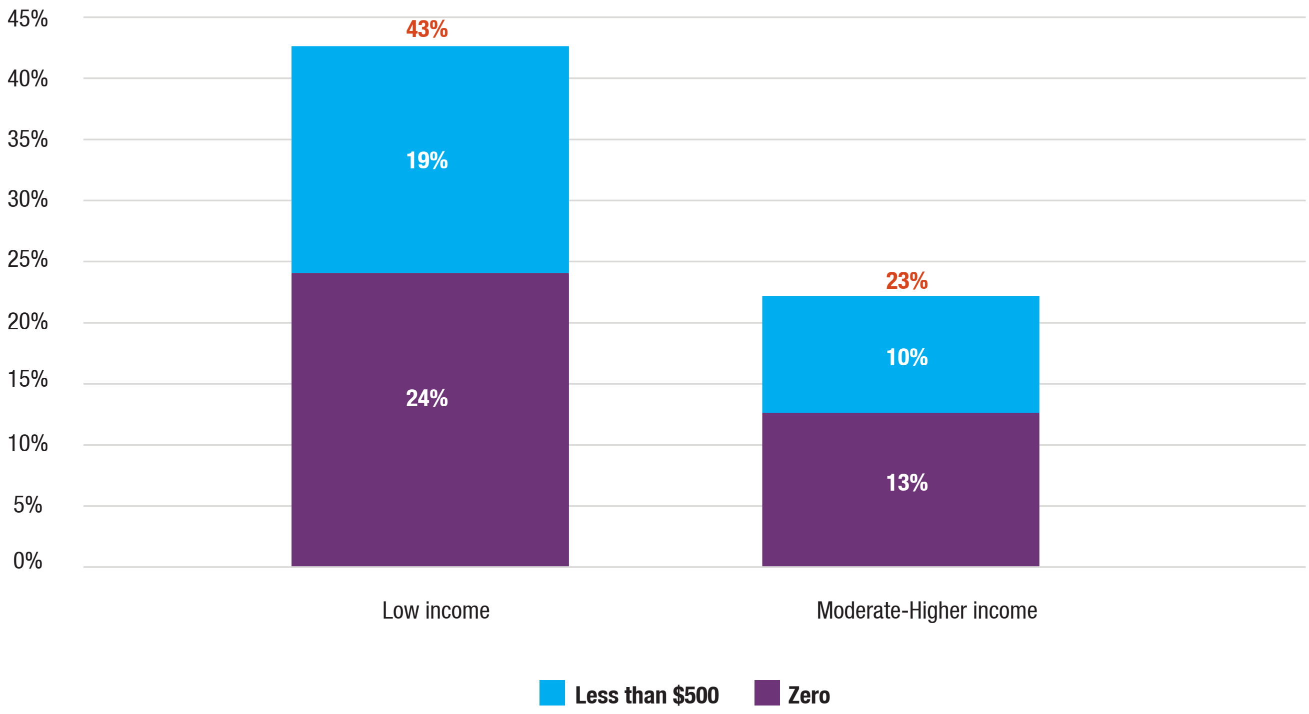
## Little to no financial cushion among the city's low-income households

Accumulating emergency savings can help cushion families from material hardships by helping them pay for unanticipated expenses such as emergency room visits and bounce back from disruptions such as involuntary job loss or a significant rent increase. But half of all low-income, working-age respondents said they had zero or less than $500 in savings to fall back on if tough times were to hit them, putting them one crisis away from the risk of homelessness. Even among low-income working respondents, 43 percent said they had zero or less than $500 in savings to fall back on if tough times were to hit them, nearly double the share of moderate- and higher-income workers with such low savings levels.

Q

If tough times were to hit you and your family, how much money in savings do you currently have to fall back on?

**Emergency savings among working respondents under age 65**

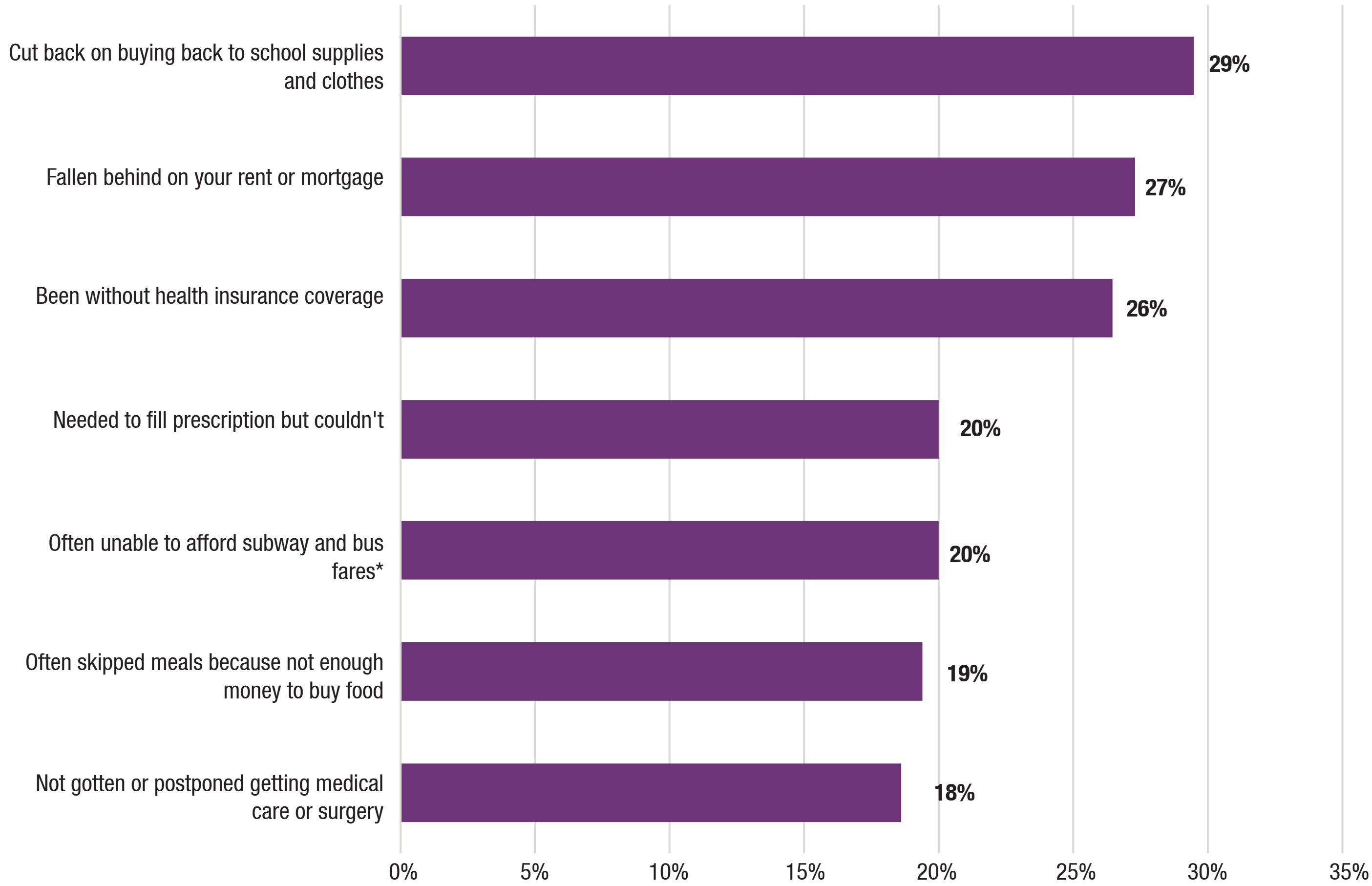


## Challenges remain for low-income New Yorkers

### Working households are forced to make difficult spending tradeoffs and cutbacks

With such tenuous finances, many low-income, employed, working-age households must make difficult decisions when it comes to critical expenses related to housing, transportation, health care, and food. For example, 26 percent of low-income, working households said that at least one member in their household went without health insurance coverage during the past year; and nearly one out of every five frequently skipped meals. Public transit affordability is also a problem among low-income working households, with 20 percent of this group noting they were often unable to afford the cost of subway or bus fare. However, an even higher share of poor, working-age households—25 percent of those earning less than poverty wages—struggle to afford the cost of public transit.

## Share of low-income working households under age 65 experiencing hardship in past year



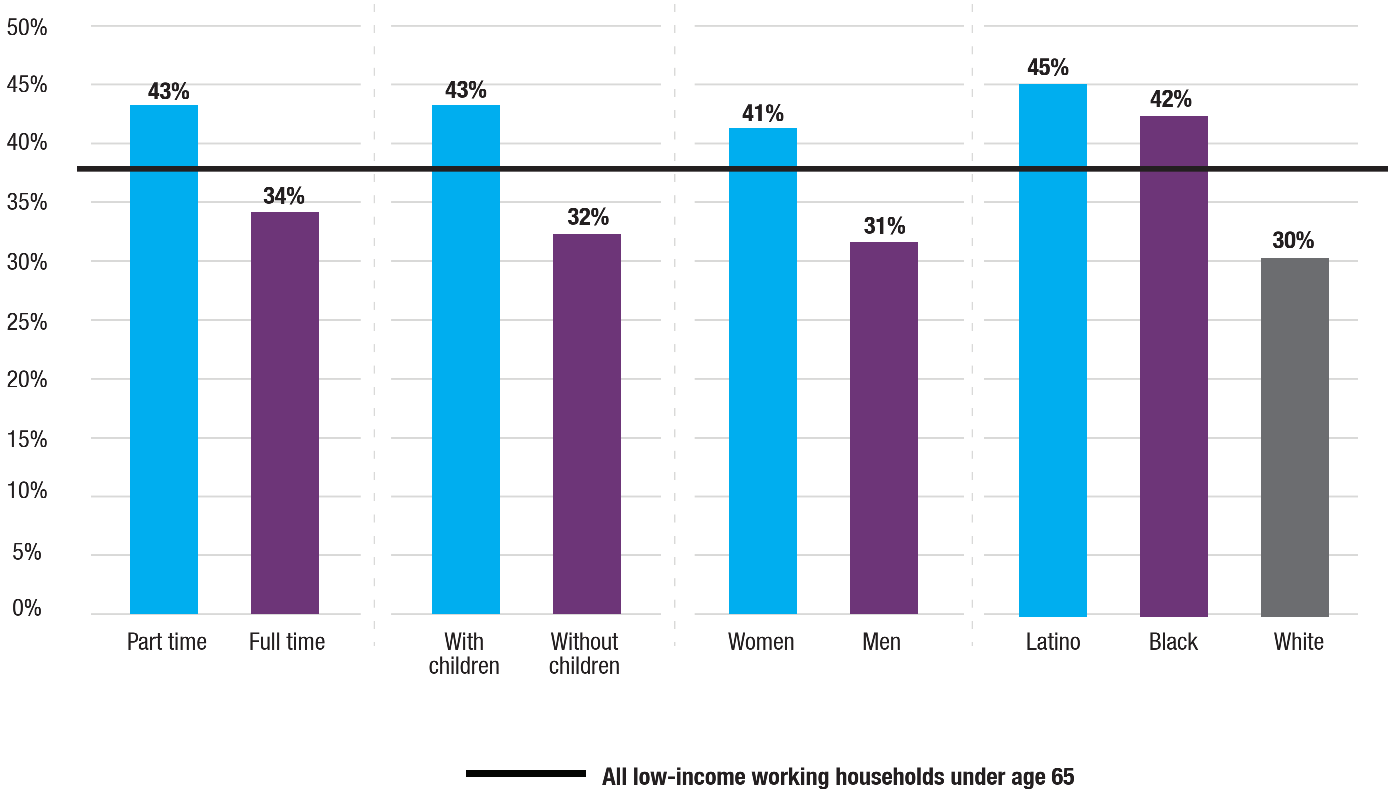

* For consistent historical comparison over time, this question was not included in calculations of number of hardships.
Note: Excludes responses of Don’t know/Does not apply. Working households refers to households where either the respondent or spouse/unmarried partner are employed.

# Challenges remain for low-income New Yorkers

## Disproportionate impact of hardships on vulnerable workers

Nearly four out of 10 employed, low-income households under age 65 report experiencing three or more material hardships within the past year. However, compared to low-income working households overall, multiple hardships are more prevalent among workers of color, those in part-time jobs, women, and families with children.

**Share of low-income working households under age 65 who experienced three or more hardships in past year, by demographic characteristic**




Note: Working households refers to households where either the respondent or spouse/unmarried partner are employed.
For a complete list of hardships included in the Unheard Third, please refer to supplementary charts at www.cssny.org/upwardmobility2018

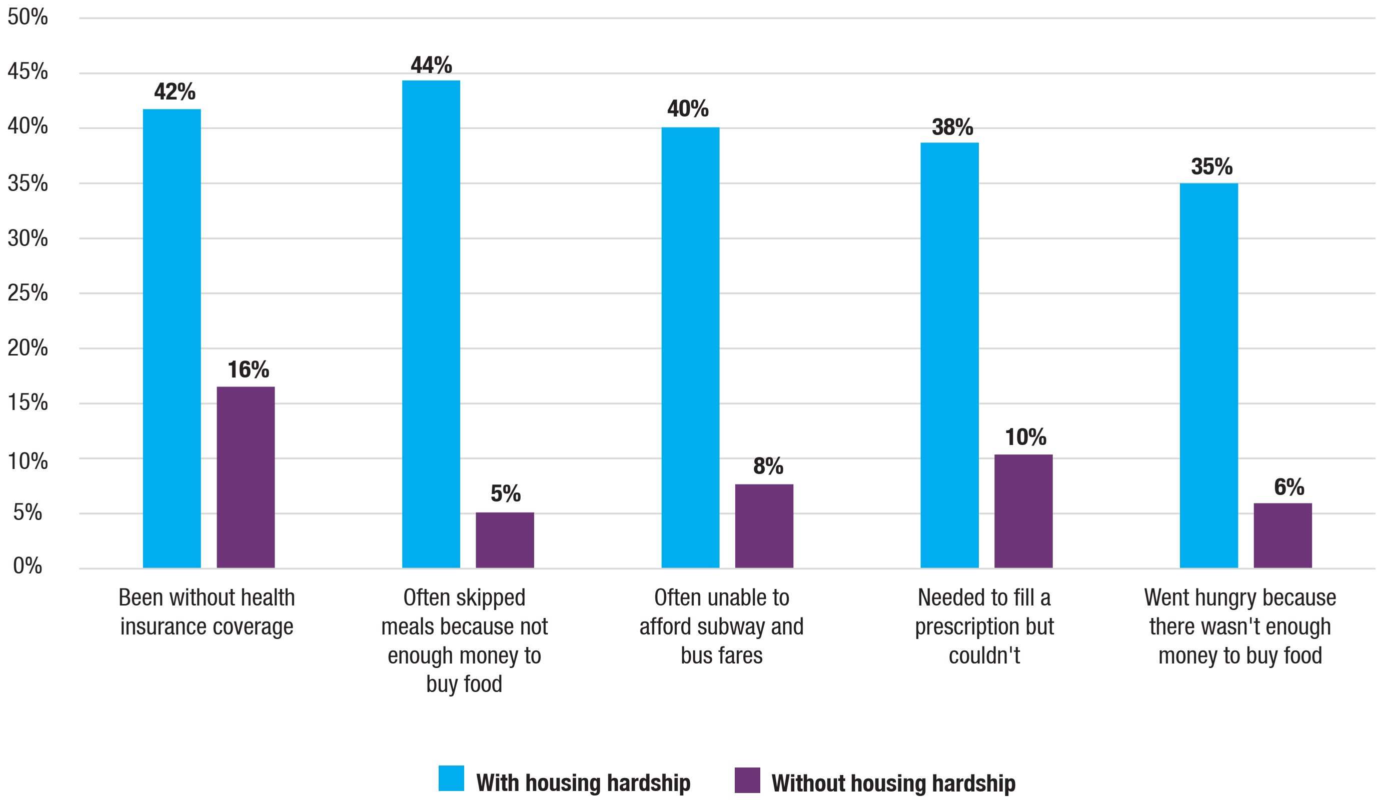
## Challenges remain for low-income New Yorkers

### Employed low-income households with housing hardships are more likely than those without them to have other economic hardships

Since housing typically consumes the largest share of the household budgets of low-income families, those struggling to meet the rent or pay their utility bills often end up being forced to cut back on other necessities.  And in fact, we found shockingly high levels of additional hardships among those experiencing housing hardships compared to those without them.

This finding underscores the reality that even as the poverty rate in New York City has declined in recent years, rents continue to rise, leading to a persistent affordable housing shortage that is contributing to the city's current homelessness crisis. The median asking rent for a vacant unit in New York City in 2017 was $1,875, a 30 percent increase from 2014 in inflation-adjusted terms, according to preliminary findings from the 2017 NYC Housing and Vacancy Survey. Nearly half (49 percent) of the employed, low-income renters we surveyed said that they could not afford a $50 increase in their monthly rent.

**Share of low-income working households under age 65 experiencing hardship in past year**




Note: Working households refers to households where either the respondent or spouse/unmarried partner are employed. Excludes responses of Don’t Know/Does not apply.

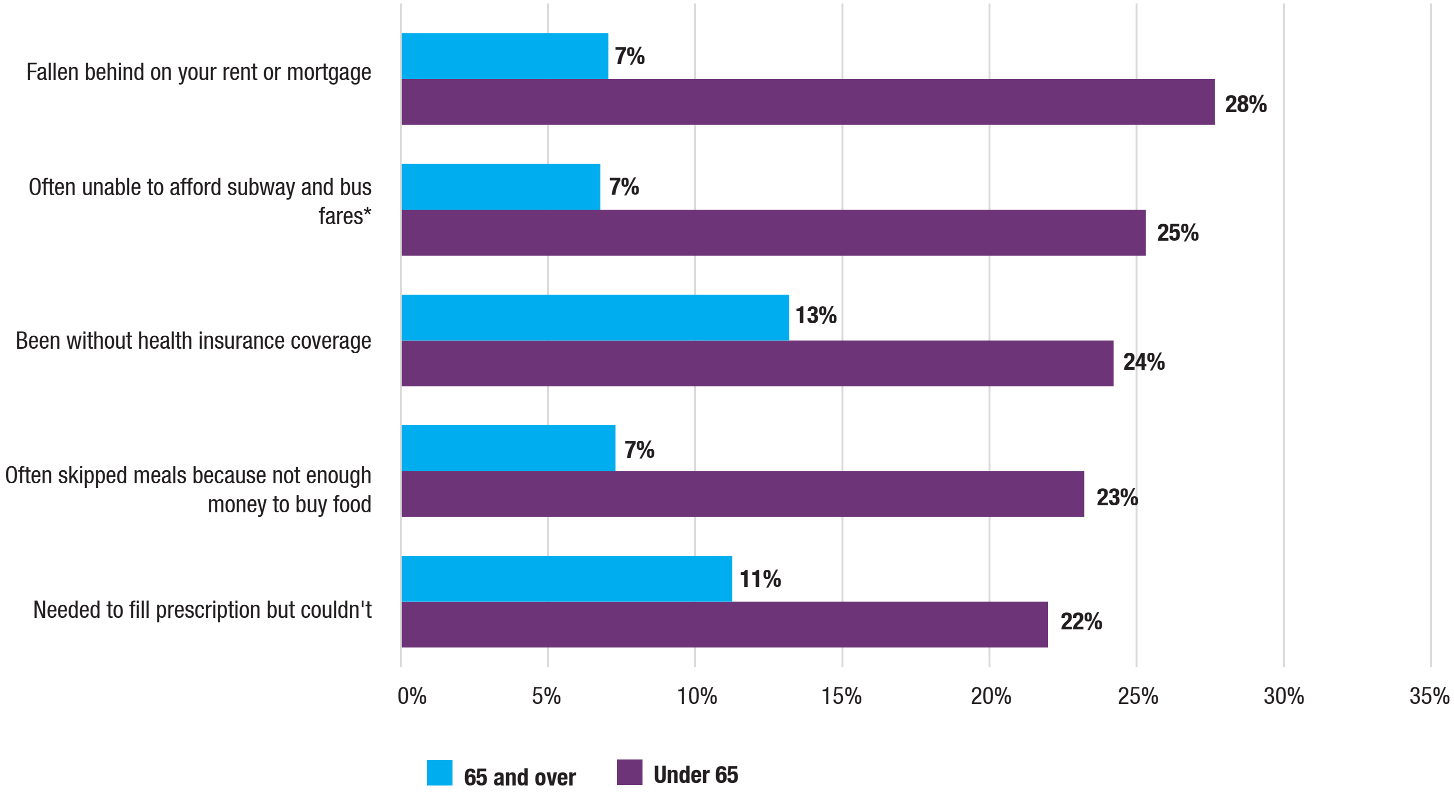
# Challenges remain for low-income New Yorkers

## Safety net for seniors is more effective in reducing hardships among the poor

Among those living below the poverty line, households headed by an adult aged 65 and over were much less likely than under-65 households to report experiencing hardships,* with hardship rates two to four times lower than those for working-age households. The gap in hardship rates is widest when it comes to public transit and housing affordability. Reduced subway and bus fares for seniors aged 65 and over, as well as programs like the Senior Citizen Rent Increase Exemption program (SCRIE), which freezes rents for rent-regulated tenants aged 62 and over, appear to be helping alleviate transit and housing-related hardships among the city's seniors.

*For a full list of hardships by age and income, please refer to the supplementary charts.

**Share of poor households experiencing hardship in past year**




* For consistent historical comparison over time, this question was not included in calculations of number of hardships.
Note: Excludes responses of Don't know/Does not apply.

## How can the city and state alleviate hardships among the city's low-income workers?

The grim reality is that the prevalence of multiple hardships may increase over the coming year. President Trump's budget for FY 2019 proposes to further erode the safety net for low-income New Yorkers by slashing billions of dollars in funding for food stamps, Medicaid, and federal housing assistance. Even with the looming threat of these devastating budget cuts, which disproportionately impact the poor, there are actions the city and state can take to help reduce hardships among low-income workers in New York City.

### Move to a more uniform minimum wage

Planned increases in the minimum wage to $15 an hour will continue to alleviate hardships among low-income workers, but some groups, like tipped workers, have been left out. Tipped workers including restaurant servers, car wash attendants, and nail technicians are currently paid a separate, lower minimum wage than non-tipped workers. If tips fail to bring earnings up to the minimum wage, employers are supposed to make up the difference. The One Fair Wage coalition, of which CSS is a member, is calling for one minimum wage for all workers in New York State and is pushing to raise the lower minimum wage for tipped workers so that it is line with the state's general minimum wage.[5]

The phase-in schedule for the minimum wage, which varies by industry, region, and firm size, can be complex and confusing for workers and employers, making it difficult to ensure that workers are receiving the minimum wage to which they are legally entitled. Moving toward one minimum wage for all workers in New York would also aid in enforcement and help reduce the prevalence of wage theft.

## Alleviate housing hardships through rental assistance, stronger rent stabilization laws, and rent freezes

Although low-income workers feel more optimistic about their economic mobility prospects, housing hardships remain a central concern as housing costs continue to climb. A statewide rental assistance program[6] is one bold policy solution that could help address housing hardships in New York City. The recently enacted New York State budget for FY 2019 has allocated $15 million for a "Fair Market Rent" rent subsidy pilot program[7] targeted to the homeless and those at risk of homelessness that would cover the full difference between the recipient's public assistance shelter allowance and the fair market rent standard set by the federal government. Though small in scale, this is a promising step toward addressing the city's homelessness crisis. We favor Home Stability Support,[8] proposed state legislation that would establish a similar, but more robust, statewide rental assistance program that would cost $40 million annually and be phased in over five years. Just recently the city announced plans to consolidate its rent voucher programs and remove the five-year time limit on subsidies—positive steps that should help families exit homeless shelters.

Strengthening New York State's rent stabilization laws is another important way to help reduce housing hardships, maintain housing affordability, and protect low-income tenants. Repealing vacancy deregulation and the vacancy bonus, as well as reforming other rent law loopholes such as preferential rents would slow the future loss of regulated units. Furthermore, as our 2017 *Policies Matter*[9] report highlighted, two consecutive years of a citywide rent freeze for rent-stabilized tenants in 2015 and 2016 helped reduce the prevalence of housing hardships. For the second year in a row, however, the Rent Guidelines Board has approved rent increases, this year ranging from 1.5 percent for one-year leases to 2.5 percent for two-year leases.

## Improve enforcement and awareness of new worker protections

Both New York City and State should ramp up outreach to workers to inform them of their rights to paid sick days, paid family leave, the higher minimum wage, and the recent laws that combat unpredictable scheduling. In order for workers to truly benefit from these worker protections, they, along with their employers, need to know about their new rights and how the laws work. Specific recommendations are offered in our *Expanding Workers' Rights* report.[10] For example, claims for prenatal visits submitted under Medicaid and by other private insurers should trigger a patient notification of their right to paid family leave, and information on the right to paid sick days should be posted at all pharmacies.

In June 2018, New York City achieved a critical milestone in becoming a more equitable city when Mayor Bill de Blasio and City Council Speaker Corey Johnson reached an agreement[11] to fully fund Fair Fares,[12] a proposal to provide half-price MetroCards for New York City residents with annual incomes at or below poverty. Starting in January 2019, this historic discount fare program will provide immediate, significant economic relief and savings in daily expenses for the one in four poor, working-age New Yorkers who struggle to afford the cost of riding the city's buses and subways. Given the low levels of public awareness of recently implemented labor laws, we urge the city to invest in outreach to ensure that the estimated 800,000 New Yorkers who would qualify for Fair Fares are aware of it and that signing up is easy.

New worker protections such as the expansion of paid sick time, coupled with increases in the minimum wage and a stronger economy, are translating into growing optimism among low-income New Yorkers about their chances for upward mobility. Furthermore, the city's recent adoption of the Fair Fares program will help address the lack of public transit affordability, one of the most common hardships experienced by our city's poorest residents. However, the prevalence of other types of material hardships, as well as pervasive financial insecurity among low-income working New Yorkers, underscores the need to do more to address the other barriers that prevent low-income New Yorkers from moving up the economic ladder.

New worker protections such as the expansion of paid sick time, coupled with increases in the minimum wage and a stronger economy, are translating into growing optimism among low-income New Yorkers about their chances for upward mobility.

# Endnotes


1. Bureau of Labor Statistics' Current Employment Statistics (CES) data accessed from the NYS Department of Labor and is based on annual averages. CES data includes all private-sector workers in NYC regardless of where they live.

2. The city unemployment rate is based on seasonally adjusted data from the NY State Department of Labor, which draws upon data from the US Bureau of Labor Statistics (BLS). The BLS is the most common source for local and national unemployment rates.

3. The NY State Department of Labor data does not provide information on unemployment rates by household income categories or other demographic characteristics. Therefore, American Community Survey microdata was used to tabulate unemployment rates by income category and racial/ethnic group.

4. Nancy Rankin and Irene Lew. *Expanding Workers' Rights: What it Means for New York City's Low-Income Workers.* Community Service Society, January 2018, http://www.cssny.org/publications/entry/expanding-workers-rights.

5. See http://onefairwage.com/ny/ for more information on the New York state coalition.

6. Mironova, Oksana. *Closing the Door: Subsidized Housing at a Time of Federal Instability.* Community Service Society, February 2018. http://www.cssny.org/publications/entry/closing-the-door

7. Lovett, Kenneth. "NY politicians create $15m affordable housing pilot program to battle homelessness." April 9, 2018. http://www.nydailynews.com/news/politics/n-y-politicians-create-15m-pilot-program-battle-homelessness-article-1.3922956

8. See http://www.homestabilitysupport.com/ for more information on the proposal.

9. Nancy Rankin and Irene Lew. *Policies Matter: Hardships Decline for Low-Income New Yorkers in 2016.* Community Service Society, January 2017, http://www.cssny.org/publications/entry/policies-matter

10. See endnote 4.

11. Community Service Society press release. "Low-income Transit Riders and Advocates Celebrate Agreement to Fund Half-priced Transit Fares for the Poor." http://www.cssny.org/news/entry/low-income-transit-riders-and-advocates-celebrate-agreement-to-fund-half-pr

12. Community Service Society, http://www.cssny.org/fairfares

# 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 12 to August 15, 2017.

The survey reached a total of 1,761 New York City residents, age 18 or older, divided into two samples:

- 1,132 low-income residents (up to 200% of federal poverty standards, or FPL) comprise the first sample:
  - 587 poor respondents, from households earning at or below 100% FPL
  - 545 near-poor respondents, from households earning 101% - 200% FPL
- 629 moderate- and higher-income residents (above 200% FPL) comprise the second sample:
  - 428 moderate-income respondents, from households earning 201% - 400% FPL
  - 201 higher-income respondents, from households earning above 400% FPL

This year's survey also included an oversample of 528 cell phone interviews among adult residents at up to 400% FPL up to 400% FPL and an oversample of 629 immigrant New Yorkers who have been in the country 15 years or less and are under the 200% FPL.

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 $40,840. Telephone numbers for the 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, and race in order to ensure that it accurately reflects 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%. The margin of error for the higher income component is 4.0%.

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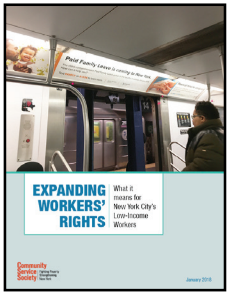
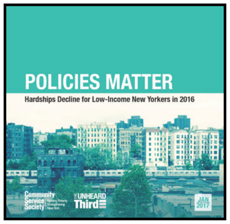



**Expanding Workers' Rights: What it means for New York City's Low-Income Workers**
By Nancy Rankin, Irene Lew
January 2018




**Policies Matter: Hardships Decline for Low-Income New Yorkers in 2016**
By Nancy Rankin, Irene Lew
January 2017


**Getting Ahead: An Upward Mobility Agenda for New Yorkers in 2016**
By Apurva Mehrotra, Nancy Rankin
January 2016


**Stuck: Low-Income New Yorkers Don't See Themselves Moving Up and Support Policies to Drive Economic Mobility**
By Nancy Rankin, Apurva Mehrotra
June 2015

# Community Service Society of New York

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