

Executive Summary Self-Sufficiency Standard for the City of New York 2004

What is the Self-Sufficiency Standard?

How much income do working families in New York City need to meet their basic expenses? The federal government tells us that a family of three earning \$15,670 per year anywhere in the continental United States is considered to be “not poor”. However, New Yorkers know that \$15,670 annually—or about \$1300 monthly—is barely enough to pay the rent on a two-bedroom apartment, let alone enough to afford child care, health care, food, taxes and basic household needs. *The Self-Sufficiency Standard for the City of New York 2004* moves beyond the one-size-fits-all approach of the Federal Poverty Guidelines to document what New Yorkers truly need to make ends meet by accounting for the unique economic circumstances of living and working in New York City.

The Self-Sufficiency Standard for the City of New York 2004 calculates a bare-bones budget of costs that a working family in New York City faces. It includes costs for housing, child care, food, transportation, health care, miscellaneous expenses (clothing, shoes, household items, telephone, etc.) and federal, state and local taxes. The result is a measure set at a level that is neither luxurious—or even comfortable—nor so low that it cannot adequately provide for a family. The Standard is calculated for 70 different family types each in Brooklyn, The Bronx, Staten Island, Queens, North Manhattan and South Manhattan. *The Self-Sufficiency Standard for the City of New York 2004* also provides vital information about the way work supports, such as Medicaid, Food Stamps, child care and housing assistance, can lower costs so that families can make ends meet in the short-term while they gain skills and experience to advance to better-paying jobs.

2004 Annual Self-Sufficiency Standard Wages for Four Family Types, by Borough

	One Adult	One Adult One Preschooler	One Adult One Preschooler One Schoolage	Two Adults One Preschooler One Schoolage
The Bronx	\$20,575	\$37,443	\$49,874	\$55,546
Brooklyn	\$21,920	\$38,983	\$51,567	\$57,234
Manhattan, South	\$40,048	\$60,902	\$77,957	\$78,741
Manhattan, North	\$19,406	\$36,481	\$48,995	\$54,590
Queens	\$24,583	\$42,136	\$54,961	\$60,028
Staten Island	\$23,730	\$41,211	\$53,874	\$58,814

The Self-Sufficiency Standard for the City of New York 2004 is an updated version of the report originally released in September 2000. With funding from United Way of New York City, both reports were developed for the Women’s Center for Education and Career Advancement in conjunction with Wider Opportunities for Women and authored by Dr. Diana Pearce. Since 2000, New York City and the region have undergone dramatic changes due to local, state, national and global events, including a recession and massive terrorist attack. *The Self-Sufficiency Standard for the City of New York 2004* demonstrates that the basic costs working families face have continued to rise during this tumultuous time, even as jobs have disappeared from the region, services to working families have been frozen or cut, and earnings for low-wage workers have remained stagnant.

Challenges Facing New York City

A family that works hard yet earns less than a self-sufficient income will be forced to make tough, and often unhealthy, decisions. Going hungry, living in overcrowded housing, relying on substandard child care, living without health insurance and accruing debt are only a few of the hardships faced by workers whose low wages do not provide the means to make ends meet. More and more working families are likely to face these problems as expenses continue to rise.

The 2004 Self-Sufficiency Standard research shows that since 2000 living expenses in New York City have gone up for all family types in all boroughs. Other findings include the following:

- Housing costs, a perennial problem in New York City, have increased between 19% and 40% (depending on location and apartment size) over the past four years.
- Based on the Standard's calculation of expenses, families with children under 12 years of age must spend more than fifty percent of their income on housing and child care alone.
- While costs for families have risen substantially, single adults' costs have increased up to 43% more than all other family types because of the increases in housing costs and their ineligibility for recent tax cuts and tax credits, which target families with children.

These findings illustrate the scope of the economic challenges facing low-wage workers in New York City. They also suggest that it is only through the three-tiered approach of increasing wages and expanding access to both work supports and education and training that a family can meet all their basic needs, stay in the workforce and attain true economic self-sufficiency here in New York City.

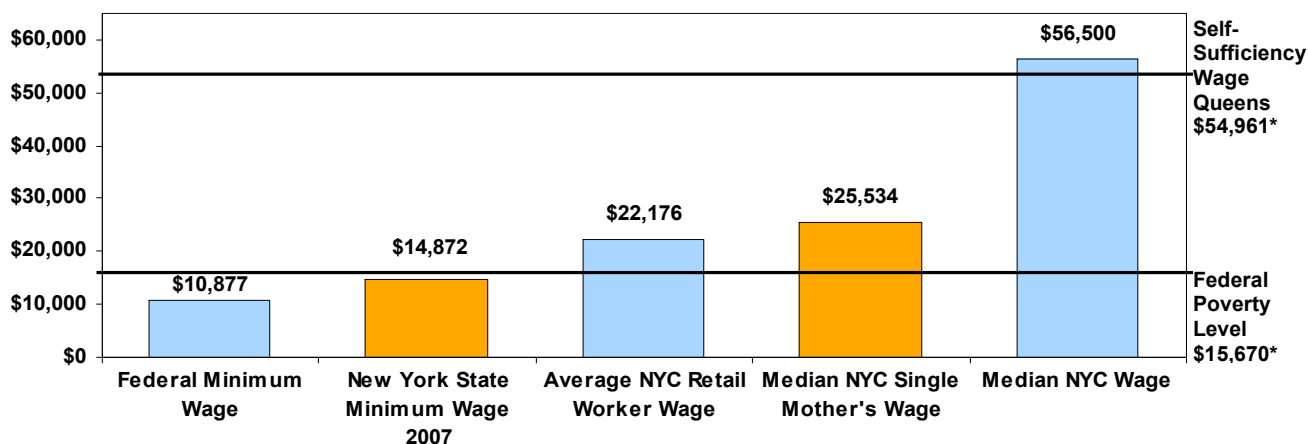
I. Wages

275,000 New York City workers, 9.1% of the city's labor force, earn between \$5.15 per hour and \$7.10 per hour, two-thirds of them working full-timeⁱ. Despite the fact that most of the job growth in the last two years has been at the low-end of the wage spectrum, average weekly low-income workers' earnings in New York City fell by 3.7% in real terms from 2000 to 2003ⁱⁱ.

New York State's gradual minimum wage increase—from \$5.15 to \$6.00 on January 1, 2005, \$6.75 in 2006 and \$7.15 on January 1, 2007—will have a positive impact on the earning potential of many of these low-income workers. Yet, as the chart below shows, a significant gap remains between minimum wage earnings—even at \$7.15 per hour—and economic self-sufficiency.

Elected officials, employers, and other stakeholders must continue to work together to develop innovative strategies such as Sector initiatives and targeting non-traditional employment for women that will both raise

Comparing the 2004 Self-Sufficiency Standard for New York City to the Federal Poverty Level and Local Wage Benchmarks



*One Adult, One Preschooler, and One Schoolage Child in Queens

**Federal Poverty Level 2004, Family Size 3

Average NYC Retail Worker Wage \$10.50 from Moshe Adler, Public Interest Economics.
Median NYC Single Mother's Wage \$12.09 from Mark Levitan, Community Service Society.

the wage floor and help move low-income workers into jobs paying higher wages. For example, Lower Manhattan revitalization contracts will increase the local pool of relatively high-paying construction and administrative jobs. If directed to companies that employ residents of the five boroughs, such community redevelopment efforts would put money in the pockets of low-wage workers and the NYC communities in which they live.

II. Education and Training

People who lack a high school degree experience lower wages and higher unemployment rates than even those with a high school degree. Unemployment rates for this group are double those of high school grads and four times those of college graduates. Wages, on the other hand, fall short, with non-high school graduates averaging earnings that are approximately two-thirds of high school graduates and 43% of college graduates (see page 29 of the Standard). Yet, one quarter of New York workers lack even a high school degree or equivalent.

Clearly, education and training are important avenues into the workforce and out of poverty. A recent survey demonstrates that New Yorkers agree that “skills acquisition (training and higher education)” is the most important government benefit to help poor families get aheadⁱⁱⁱ. Yet work first policies and increases in community college tuition continue to present barriers for low-wage workers’ trying to improve their skills. For these and other reasons, since 1995, City University of New York has lost over 23,000 students who received public assistance^{iv}.

Education and training can help families attain stable jobs and move out of poverty, but federal and state policies must emphasize the importance of adult literacy programs, job training and post-secondary courses and expand low-income workers’ access to these much needed programs.

III. Work Supports for Low-Wage Workers

The Self-Sufficiency Standard shows that for most low-income families the achievement of economic self-sufficiency is likely to be a long process. Access to work supports such as food stamps, health insurance or child care is critical to ensuring the health, safety and work readiness of New Yorkers moving toward the goal of economic independence.

Even the eventual New York state minimum wage of \$7.15 per hour (which will be in effect in 2007) is not enough income to support a single adult—much less a family. However, as the chart below shows, work supports play a crucial role in helping low-income families make ends meet as they work toward jobs with higher wages, more stability, and employer-subsidized health benefits.

- In fact, a single parent with two children in Queens earning New York State’s 2007 minimum wage of \$7.15 per hour can only meet 34% of their basic expenses if they do not receive any work supports.
- The same Queens family would meet 63% of their basic needs if they receive Food Stamps, Child Care Assistance, and Child Health Plus and Family Health Plus.
- With all of these supports plus a housing subsidy, the same family would meet 96% of their needs.

However, work supports are often hard to come by in New York City. For the two biggest costs in New York City, housing and child care, assistance remains especially difficult to access. The Section 8 Voucher program has a long waiting list that is closed to most new applicants, and Public Housing has waiting lists of up to 10 years. In 2003 there were 23,005 children on the waiting list for ACS child care assistance^v. Other work supports are also difficult to attain and/or are underutilized:

- 700,000 NYC residents who are income-eligible for Food Stamps are not currently receiving benefits;
- 230,000 New York City residents qualify for the federal and state EITC but do not file;
- 900,000 New York City residents in 2002 were income-eligible but not receiving Medicaid, Child Health Plus, or Family Health Plus^{vi}.

While acute shortages of affordable housing and child care will not be resolved without long-term planning and investments of federal, state and local resources, other work supports can be made more readily available simply by improving outreach and removing barriers to application. To increase information and access to crucial work supports, the Women’s Center for Education and Career Advancement released in February 2002 the online **Self-Sufficiency Calculator for New York City** that estimates eligibility and benefit amount for work supports available to low-wage New Yorkers and information about how to access these benefits (available at www.wceca.org.) The Self-Sufficiency Calculator and training is available to New

York City non-profits at no cost, and is currently being utilized by thousands of counselors and caseworkers to help low-wage workers keep their jobs and alleviate family food, health and economic insecurity.

Wage Adequacy at New York State Minimum Wage 2007				
(Excerpt from Table 10 Self-Sufficiency Standard for the City of New York)				
	#1	WAGES with WORK SUPPORTS		
	No Work Supports	#2 Child Care	#3 Child Care, Food Stamps, CHP & FHP	#4 Housing, Child Care, Food Stamps, CHP & FHP
TOTAL MONTHLY INCOME:	\$1,250	\$1,250	\$1,250	\$1,250
Monthly Costs:				
Housing	\$1,163	\$1,163	\$1,163	\$375
Child Care	\$1,396	\$13	\$13	\$13
Food	\$491	\$491	\$263	\$376
Transportation	\$70	\$70	\$70	\$70
Health Care	\$227	\$227	\$0	\$0
Miscellaneous	\$335	\$335	\$335	\$335
Taxes	\$29	\$135	\$135	\$134
Earned Income Tax Credit (-)	*	*	*	*
Child Care Tax Credit (-)	\$0	\$0	\$0	\$0
Child Tax Credit (-)	\$0	\$0	\$0	\$0
TOTAL MONTHLY COSTS:	\$3,711	\$2,434	\$1,979	\$1,303
Monthly SHORTFALL (-) or SURPLUS	-\$2,461	-\$1,184	-\$729	-\$53
Monthly WAGE ADEQUACY (Total Income/Total Expenses)	34%	51%	63%	96%
Total Federal and State EITC (annual)	\$5,329	\$5,329	\$5,329	\$5,329
Total CTC (annual/refundable)	\$450	\$450	\$450	\$450

Single Parent with One Infant and One Preschooler Queens (Queens County)
Table excerpted from Page 23 of The Self-Sufficiency Standard for the City of New York 2004

How Is the Standard Being Used?

The Self-Sufficiency Standard for the City of New York is a tool used by elected officials, business leaders, service providers, educators and the non-profit sector to better inform the way they work with and serve low-income families in New York City and to target eligibility for services and assistance to those most in need. Universities, foundations, unions, and policy makers use the Standard to educate the public on what it truly costs to live and work in New York City and how wide the gap can be between earnings and self-sufficiency. Counselors are using the Standard to advise low-wage workers on short-term budgeting and long-term career and income planning. The Standard is currently being used in similar ways in 35 other states across the country.

The Self-Sufficiency Standard for the City of New York is part of the national Family Economic Self-Sufficiency Project, convened by Wider Opportunities for Women, www.sixstrategies.org, to provide state-level advocates and governments with the tools to help them strengthen government investments in low-income families. To find out more about the New York City Project please contact Merble Reagon or Jennifer Shaffer at 212.964.8934 or visit our website at www.wceca.org.

ⁱ Minimum wage characteristics, Current Population Survey data for 2003 analyzed by the Economic Policy Institute.

ⁱⁱ James A. Parrott and Oliver D. Cooke, "The Economic Impact of 9/11 on New York City's Low-Wage Workers and Households," chapter in a volume edited by Howard Chernick for Russell Sage Foundation, forthcoming, spring 2005.

ⁱⁱⁱ Community Service Society, "The Unheard Third: Bringing the Voices of Low-Income New Yorkers to the Policy Debate."

^{iv} Lynne Weikart, Keeping Welfare Recipients Out of College (Gotham Gazette, February 10, 2003)

^v Administration for Children's Services, Child Care Profile Extracts (August 2003)

^{vi} Cut the Red Tape: Simplifying Applications for Medicaid and Other Publicly Funded Health Insurance Programs. Barry Skura: City of New York, Office of the Comptroller, Office of Policy Management (October 1, 2002).