

## **Poverty in New York City, 2004: Recovery?**

**A CSS Annual Report**

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Three years after the end of the 2001 recession and poverty is still climbing. In 2004 – the latest data from the U.S. Bureau of the Census indicate – one-in-eight Americans were poor. This marks the fourth consecutive increase in the nation’s poverty rate, to 12.7 percent from a pre-recession low of 11.3 percent in 2000. Nearly all of the rise in poverty from 2003 – it is important to note – was due to an increase in the number of poor working age adults, the segment of the population that should have most directly benefited from last year’s improvement in the job market.

Here in New York, the benefits of an expanding economy are also missing in action; more than one-in-five of the city’s residents continues to live below the federal poverty line. The poverty rate in 2004/2003 was 21.8 percent.<sup>1</sup> Like the nation, the city’s poverty rate has climbed each year since a 19.8 percent low in 2000/1999. Although each of the year-to-year increases in the city poverty rate has been too small to be statistically significant, the 2.1 percentage point rise (the difference is taken from un-rounded numbers) from 2000/1999 is large enough to pass statistical muster.<sup>2</sup>

Over the last several years the increase in the nation’s poverty rate could be readily explained by the recession in 2001 and then a year and a half of “recovery” that failed to generate jobs. The latest data, however, cover a period in which employment was, at long last, on the rise. But the Census Bureau’s report provides a clue to why the U.S. poverty rate continued to climb

despite this job growth: wage and salary earnings fell by 2.3 percent for men and 1.0 percent for women.<sup>3</sup>

Trends in work and pay take center stage in this year's CSS annual report on poverty in New York City. The report begins by tracing the rise in poverty and declines in annual earnings, hours worked, and hourly wage rates from the peak of the economic expansion of the 1990s (2000/1999) to the latest years for which data are available (2004/2003). Key findings in this section are:

- The share of 18 through 64-year-old New Yorkers who had no work at all over the course of the year rose from 27.6 percent in 2000/1999 to 30.6 percent in 2004/2003.
- Over that period annual earnings and hourly wage rates dropped dramatically for workers in the bottom third of the pay scale. From 2000/1999 to 2004/2003, annual earnings fell by 5.2 percent and hourly wages declined by 6.5 percent for workers the lowest earnings tier.
- The continued decline in wages for workers at the bottom of the earnings ladder (by 5.2 percent from 2003/2002 to 2004/2003) indicates that the tepid pace of job growth the city has experienced since the summer of 2003 has failed to generate poverty-reducing employment and earnings gains.
- The importance of both more work and higher pay to declines in poverty is reinforced by the experience of the second half of the 1990s, when the city poverty rate fell dramatically as a rising share of the working age population found full-time, year round employment and workers at the bottom of the earnings distribution enjoyed impressive gains in annual hours and earnings.

The second part of the report compares poverty in the city to poverty in the nation along a number of demographic dimensions, such as race, nativity, age, family type, education, and work experience. The comparisons highlight deep disparities between the city and the nation as well as those between groups of city residents. Key findings in this section are:

- New York City's poverty rate has averaged 1.7 times the U.S. poverty rate over the past quarter century.
- Poverty rates for people of color are twice those of Non-Hispanic Whites. In New York poverty rates stood at 12.9 percent, 28.8 percent, 29.4 percent for Non-Hispanic Whites, Non-Hispanic Blacks, and Hispanics, respectively.
- Nearly one-in-three (32.5 percent) of the city's children lives in poverty. New York children living in single mother families endure a 55.8 percent poverty rate.
- Among working age adults, poverty varies dramatically by levels of educational attainment. The poverty rate for people who lack a high school degree (32.4 percent in New York) is four times higher than it is for those with a bachelors degree or higher level of education (8.1 percent).
- Much of the reason why the city poverty rate towers above the nation's is demographic: New York is disproportionately home to the kinds of people (such as those living in single mother families) who are likely to be poor. But with few exceptions, New Yorkers with the same attributes as their national counterparts have higher poverty rates. The poverty rate, for example, for children living in single mother families in New York is 15.2 percentage points higher than it is for the total U.S. (55.8 percent against 40.6 percent).

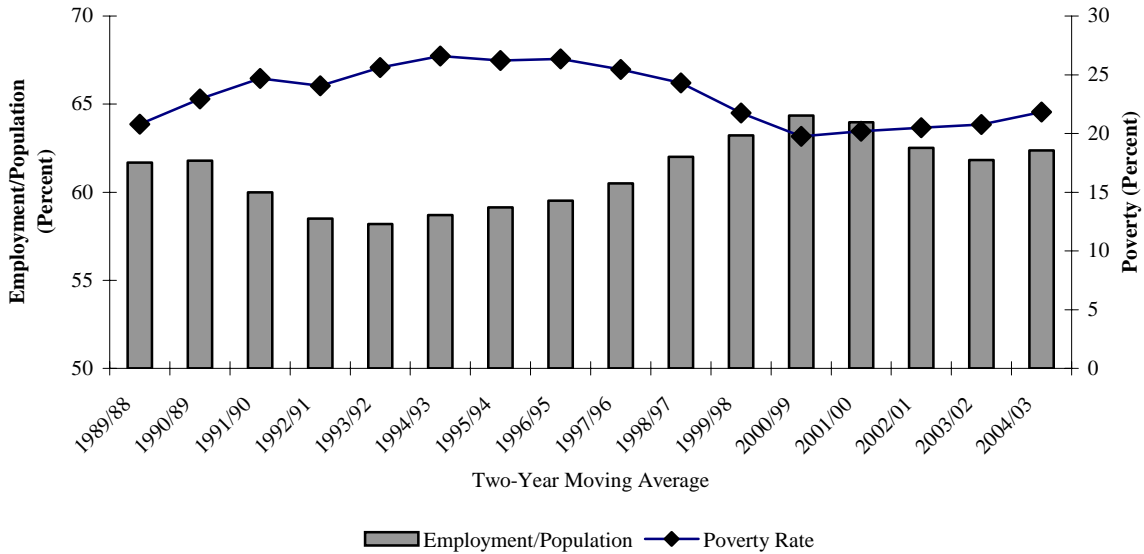
The implication of the trends over the last decade and the dramatic New York City/U.S. differences is that, although the most recent rise in poverty has yet to match the increase that the city suffered in the early 1990s, there is no reason for complacency. The outlook for the rest of 2005 and forecasts the next several years offer New Yorkers small hope for a return to the “hot” economy and declines in poverty of the late 1990s. There is ample reason to anticipate that – and to act as if – the city’s high poverty rate will show little improvement in the foreseeable future. An appendix discusses differences between the data used in this report, which are derived from the U.S. Bureau of the Census’ Annual Economic and Social Supplement to the Current Population Survey, and data published by the Bureau from its American Community Survey.

### **New York City Poverty: Bust and Boom**

Figure One provides a perspective on the relationship between the business cycle and poverty in the city by plotting the employment/population ratio (the share of 16 through 64-year-old New Yorkers who are employed) and the poverty rate from the late 1980s to the present. The poverty rate is plotted against the right hand axis of the graph and is depicted by a line. The employment/population ratio is plotted on the left hand axis and is depicted by bars. The relationship between trends in employment and poverty is no mystery; when the economy weakens, fewer city residents are working, and more fall below the poverty line. But a close look at the recent past indicates that the correlation between increases in jobholding and declines in poverty is not perfect. Most recently, an uptick in jobholding from 61.8 percent in 2003/02 to 62.4 percent in 2004/03 did nothing to halt the rise in poverty. And during the mid-1990s, the city poverty rate was stuck at 26 percent although the employment rate had been recovering (albeit at a tepid pace) since 1993/1992. The impressive decline in poverty from 26.4 percent in

1996/1995 to 19.8 in 2000/1999 did not commence until the city job market finally caught fire, and the employment/population ratio rose sharply from 59.5 percent to 64.3 percent.<sup>4</sup>

**Figure One: Jobholding and Poverty in New York City**



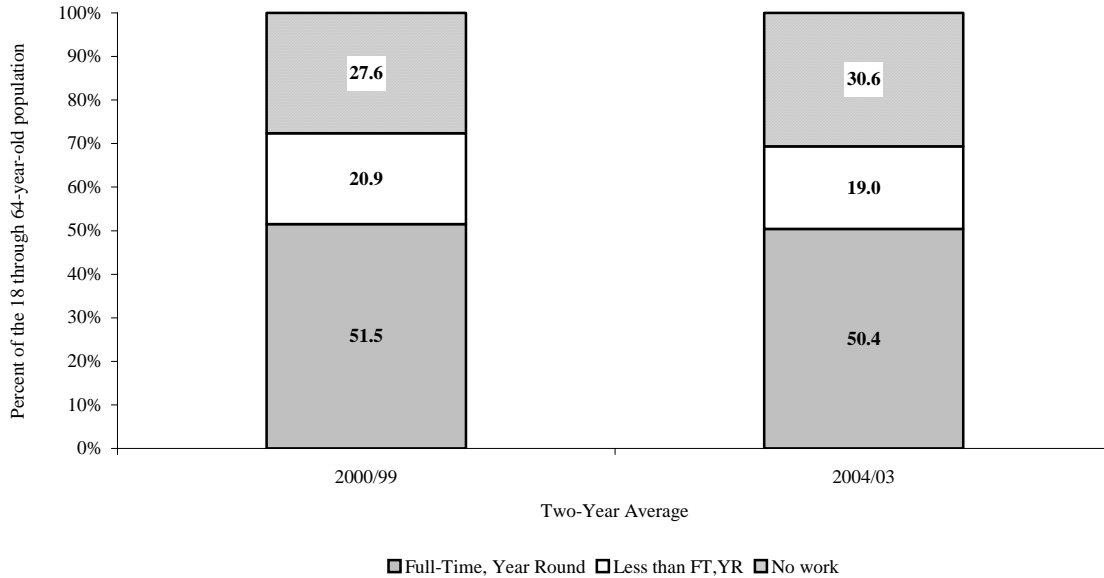
Source: CSS tabulations from the Current Population Survey.

**Bust**

Figure Two and Table One depict trends in work and pay from the business cycle peak of 2000/1999 to 2004/2003. Figure Two illustrates the annual work experience of New Yorkers age 18 through 64. It groups the city’s working age adults into three categories: those who worked full-time, year around (at least 35 hours per week, for at least 50 weeks of the year); those who worked either less than the full year or worked part-time (or some combination of the two); and those who did not work at all. As the figure illustrates, over the period, the share of working age adults who had no work at all over the year grew by 3.0 percentage points (from 27.6 percent to 30.6 percent). The somewhat greater decline in the less than full-time, year round share (1.9 percentage points against 1.1 percentage points for the full-time, year round

group) suggests that it has been the more marginally attached who were most negatively affected by the economic downturn.

**Figure Two: Annual Work Experience, 2000/99 and 2004/03**



Source: CSS tabulations from the Current Population Survey.

Table One assigns anyone who worked over the course of the year into “earning thirds” defined by their annual wage and salary income. Panel A in the table provides estimates of median inflation-adjusted annual earnings and indicates that since 2000/1999 workers in the bottom and middle thirds suffered roughly equal declines of 5.2 percent and 4.6 percent, respectively. Workers in the top third, by contrast, suffered no fall in annual wage and salary earnings.

Panel B, which reports mean annual hours, indicates that workers at the top of the pay scale were able to escape a decline in annual earnings, despite a 3.4 percent drop in their annual hours. Hours for workers in the bottom tier edged down (by 1.5 percent) and were unchanged for workers in the middle third. The pattern of change in annual earnings and hours implies that

hourly wages fell for those in the bottom two-thirds, but rose for those at the top. This is confirmed in Panel C, which reports that median hourly wages fell by 6.5 percent for workers in the bottom tier, edged down by 2.3 percent for workers in the middle tier, and rose by 3.1 percent for workers at the top of the pay scale.<sup>5</sup>

**Table One.**  
**Trends in Work and Pay During the Bust**  
**By Earnings Thirds**

A. Median Annual Wage and Salary Earnings\*

	2000/1999	2004/03	Change
Bottom	10,693	10,133	-5.2%
Middle	28,434	27,116	-4.6%
Top	59,062	59,799	1.2%

B. Mean Annual Hours

	2000/99	2004/03	Change
Bottom	1,390	1,370	-1.5%
Middle	2,042	2,041	0.0%
Top	2,281	2,204	-3.4%

C. Median Hourly Wage Rates\*

	2000/99	2004/03	Change
Bottom	7.71	7.22	-6.5%
Middle	13.97	13.65	-2.3%
Top	27.42	28.27	3.1%

\* In 2004 dollars.

Source: CSS tabulations from the Current Population Survey.

Because it compares 2000/1999 to 2004/2003, Table One gives no indication as to whether last year's employment growth affected the downward trend in hours or earnings for workers on the lowest rungs of the earnings ladder. As noted above, the most recent data indicate that any improvement in jobholding has yet to reverse the upward climb in the city poverty rate. Table Two offers a reason why: wages for workers in the bottom third of the pay scale were falling.

Annual earnings for this group declined by 5.1 percent, although there was virtually no change in their annual hours. Earnings declined because the group's hourly wages fell by 5.5 percent.

**Table Two.**  
**Annual Earnings, Hours, and Hourly Wages**  
**For Workers in the Bottom Earnings Third**

	Annual Earnings	Annual Hours	Hourly Wage
2003/02	10,677	1,364	7.64
2004/03	10,133	1,370	7.22
Change	-5.1%	0.4%	-5.5%

Notes: Earnings and Wage data are medians stated in 2004 dollars.

Hours are means.

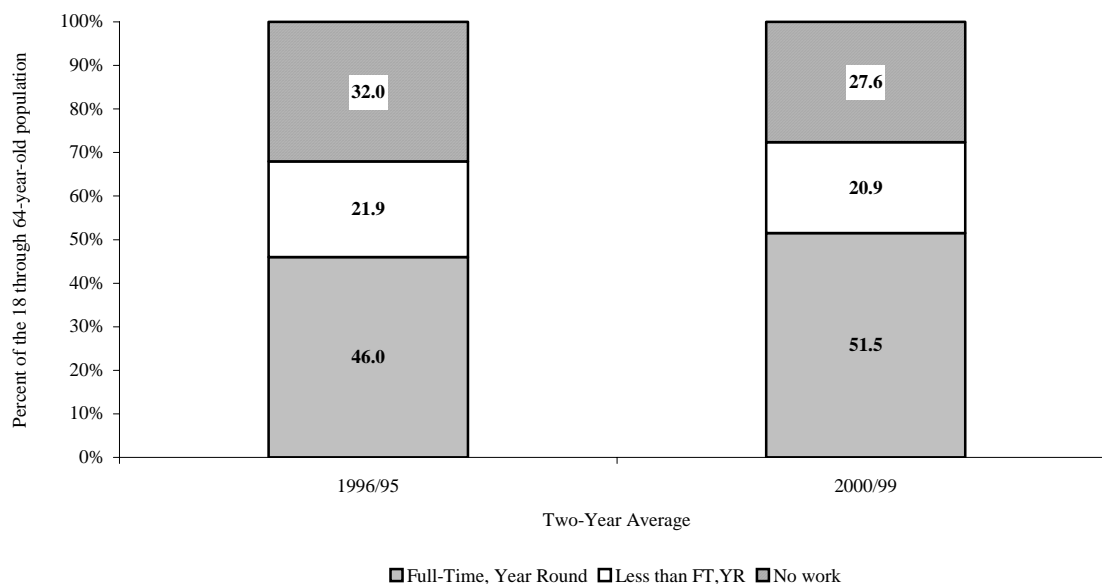
Source: CSS tabulations from the Current Population Survey.

## **Boom**

In a robust labor market not only are more people at work, but a larger share of workers are working full-time throughout the year. And when the labor market gets tight enough, employers must offer higher wages even to those at the bottom of the pay scale. The 1996/95 to 2000/99 period is a case in point. From the mid-nineties to the end of the boom, Figure Three indicates, the share of working age adults who were employed full-time, year round grew from 46.0 percent to 51.5 percent. Most of the decline came from a drop in the proportion of the 18 through 64-year-old population that did not work at all.



**Figure Three: Annual Work Experience, 1996/95 and 2000/99**



Source: CSS tabulations from the Current Population Survey.

Among those who worked, Table Three indicates, those at the bottom of the pay scale enjoyed the largest increases in annual wage and salary earnings, hours worked per year, and hourly wage rates. The table’s Panel A reports the change in median annual earnings from 1996/95 to 2000/1999. Gains were widespread, but the percentage increase for those in the bottom third (32.4 percent) was over twice as large as that for the middle third and three times as large as the top third’s. The rise in annual earnings resulted from increases in hours worked as well as earnings per hour. Panel B indicates a hefty increase in hours worked per year for the bottom third (13.7 percent). The rise in annual hours for the other earnings thirds were much more modest, in part because they had little room for growth.<sup>6</sup> Panel C reports that the difference between the growth in annual earnings and annual hours was filled by the rise in earnings per hour. The sharp rise in hourly wage rates for workers in the bottom third (12.0

percent) is particularly impressive, especially given the large influx of jobseekers in the low-wage labor market due to immigration and the rapidly declining welfare rolls.<sup>7</sup>

**Table Three.**  
**Trends in Work and Pay During the Boom,**  
**By Earnings Thirds**

A. Median Annual Wage and Salary Earnings\*

	1996/95	2000/1999	Change
Bottom	8,074	10,693	32.4%
Middle	25,038	28,434	13.6%
Top	53,569	59,062	10.3%

B. Mean Annual Hours

	1996/95	2000/99	Change
Bottom	1,223	1,390	13.7%
Middle	1,998	2,042	2.2%
Top	2,242	2,281	1.7%

C. Median Hourly Wage Rates\*

	1996/95	2000/99	Change
Bottom	6.89	7.71	12.0%
Middle	13.18	13.97	6.0%
Top	25.15	27.42	9.0%

\* In 2004 dollars.

Source: CSS tabulations from the Current Population Survey.

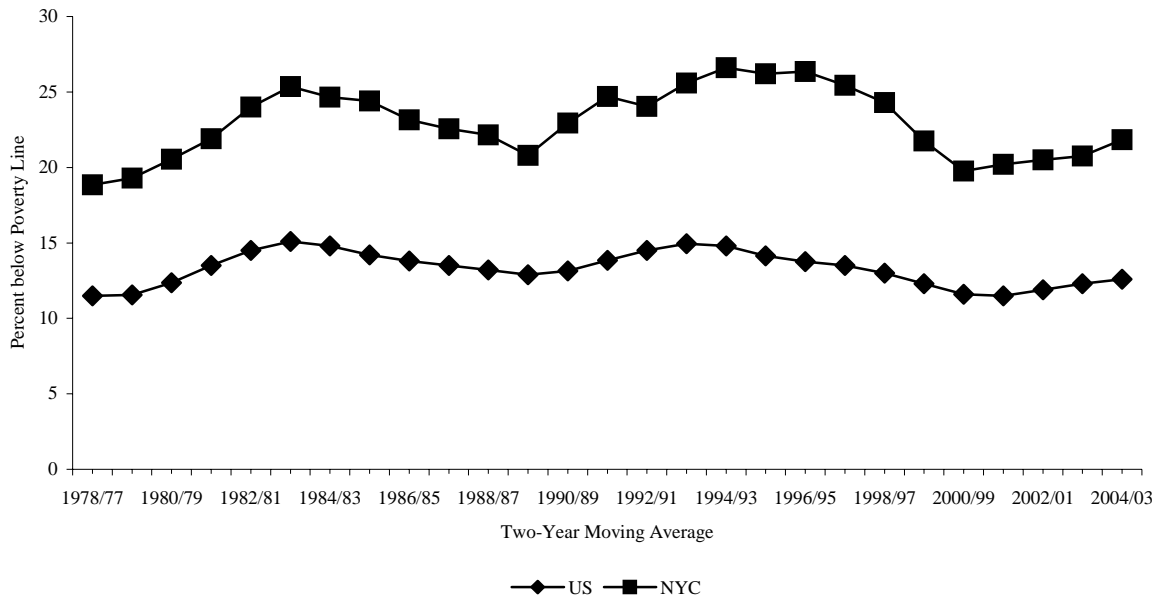
Comparing the gains made in the boom with the losses incurred in the bust offers something of a silver lining to the clouds that continue to hang over the city economy. The recent declines in work and pay have (thus far) been less severe than the increases workers, especially workers at the bottom of the pay scale, enjoyed during the second half of the 1990s. This goes some distance in offering an explanation as to why the city poverty rate has not increased as much in the current period as it did in the first half of the 1990s.<sup>8</sup> However, the experience of the second half of the 1990s suggests that significant reductions in poverty requires a pace of employment growth well in excess of the current rate. Since growth began in the summer of 2003, payroll

employment (the number of jobs located in the city) has been growing at a meager 1 percent per year. This stands in sharp contrast with the 2.5 percent annual rate the city enjoyed from 1996 through 2000. Indeed, this pace of job growth is reminiscent of the early to mid-1990s, a period in which the city's poverty rate was rising.

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

Over one in five (21.8 percent) New York City residents is poor, compared with one out of eight Americans (12.7 percent) nationwide. The number of New York City residents who live in poverty (approaching 1.8 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 Four the city/nation disparity has been a constant one for decades. Poverty rates for New York 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 national rate.

**Figure Four: Poverty Rates for the US and NYC**



Source: CSS tabulations from the Current Population Survey.

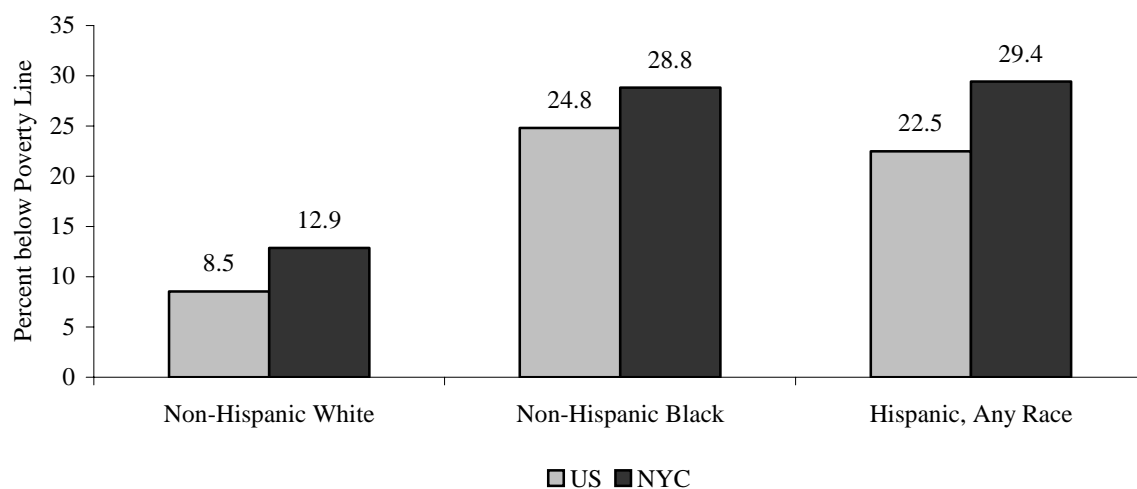
**Comparing New York City to National Poverty Across Demographic Groups**

The New York/U.S. disparity is partly a result of differences in demographic mix. The city is home to a greater share of the kind of people who are more likely to be poor, such as persons of color, non-citizen immigrants, high school dropouts, children living in single mother families, and adults without work. The following comparisons indicate that people with these characteristics do, indeed, have higher poverty rates than those who do not. But they also suggest that the city/nation disparity is not simply a reflection of these differences. With few exceptions, New Yorkers with the same attributes as their national counterparts have higher poverty rates.

*Poverty Rates by Race/Ethnic Group:* As Figure Five indicates, in both the nation and the city poverty rates for persons of color are over twice those of Non-Hispanic Whites. In New York poverty rates stood at 12.9 percent, 28.8 percent, and 29.4 percent for Non-Hispanic

Whites, Non-Hispanic Blacks, and Hispanics, respectively. Within each race/ethnic group, the poverty rate for New Yorkers is higher than their national counterparts. The New York/U.S. disparity is 4.3 percentage points for Non-Hispanic Whites, 4.0 percentage points for Non-Hispanic Blacks, and 6.9 percentage points for Hispanics, respectively.

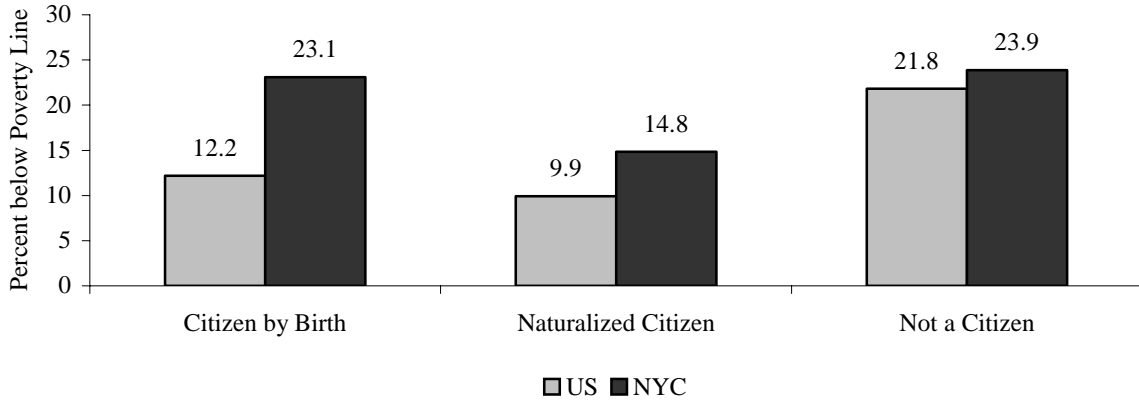
**Figure Five: Poverty Rates by Race/Ethnicity, 2004/2003**



Source: CSS tabulations from the Current Population Survey.

*Poverty Rates by Citizenship Status:* Figure Six illustrates that across the U.S. non-citizens have a much higher poverty rate (21.8 percent) than do native-born (12.2 percent) or naturalized citizens (9.9 percent). This pattern does not hold for the city. In New York 14.8 percent of naturalized citizens live below the poverty line, while the poverty rate for citizens by birth and non-citizens are virtually identical, at 23.1 percent and 23.9 percent, respectively.<sup>9</sup>

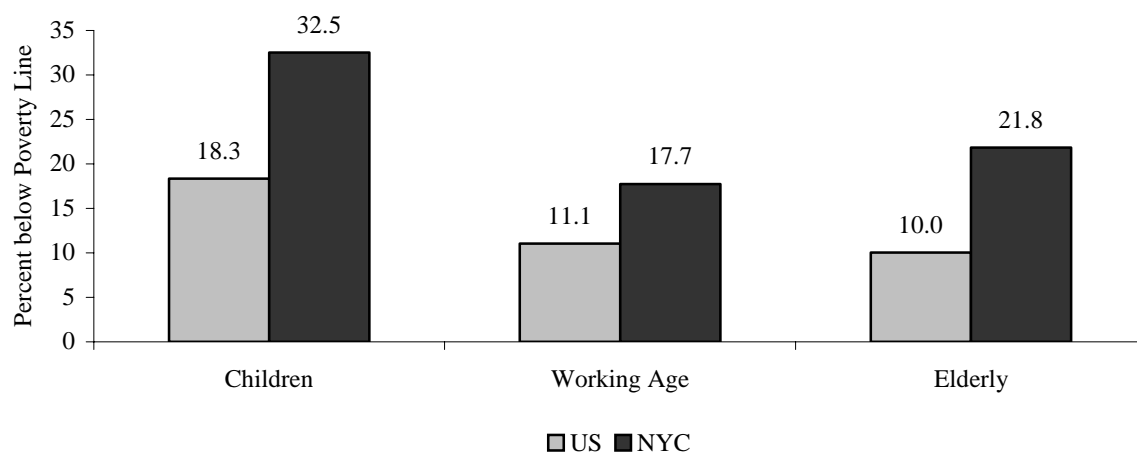
**Figure Six: Poverty Rates, By Citizenship,  
2004/2003**



Source: CSS tabulations from the Current Population Survey.

*Poverty Rates by Age Group:* The wide New York City/United States disparity is most pronounced for children and the elderly. As Figure Seven indicates, nearly one-in-three (32.5 percent) of New York City’s children lives in poverty compared to a bit more than one-in-six children (18.3 percent) in the nation. The poverty rate for elderly New Yorkers is 21.8 percent against 10.0 percent for the U.S. The disparities are more modest for working age adults (persons 18 through 64 years of age); the poverty rate for the city is 17.7 percent compared to 11.1 percent for the nation.

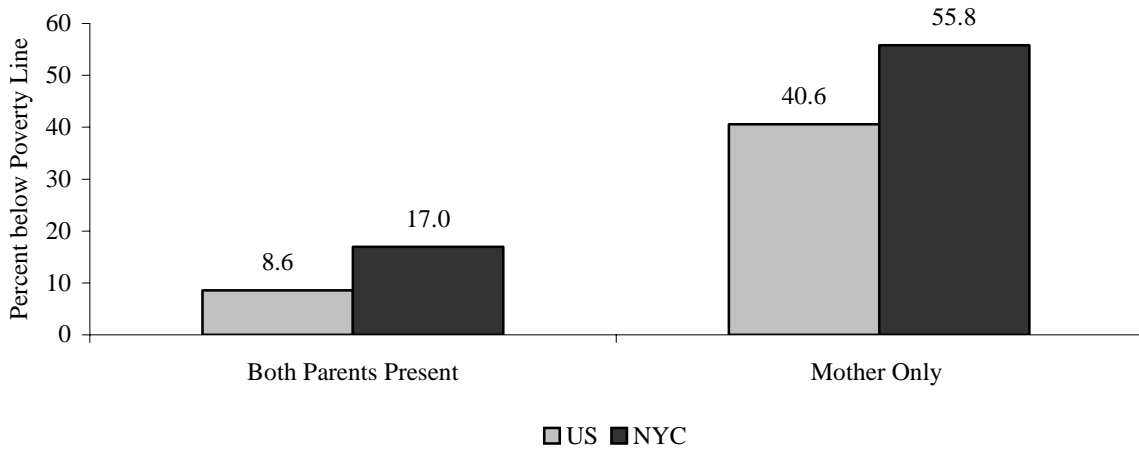
**Figure Seven: Poverty Rates by Age Group,  
2004/2003**



Source: CSS tabulations from the Current Population Survey.

*Poverty Rates for Children by Presence of a Parent:* Children living in single mother families have dramatically higher rates of poverty than do those who are living with two parents. But Figure Eight also shows that children in the city are poorer than children in the nation, no matter the number of parents they are living with. The poverty rate for children living with both parents was 8.6 percent in the nation, compared with 17.0 percent in the city. For children living with only their mother, the U.S. poverty rate was 40.6 percent while the New York City poverty rate was a heartbreaking 55.8 percent.

**Figure Eight: Poverty Rates for Children,  
By Presence of Parent, 2004/2003**

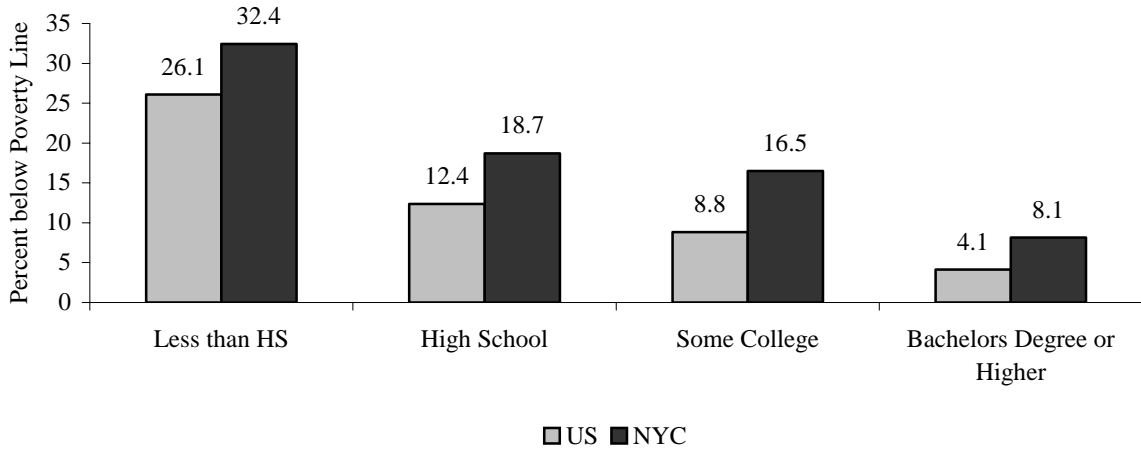


Source: CSS tabulations from the Current Population Survey.

*Poverty Rates for Working Age Adults by Educational Attainment:* In both the city and the nation, poverty rates for 18 through 64-year-olds who lack a high school degree are four times higher than for working age adults who have a bachelors degree or higher level of educational attainment. As illustrated in Figure Nine, within each educational category, once again, a larger share of New Yorkers live below the poverty line. Differences range from 32.4 percent versus 26.1 percent for people without a high degree to 8.1 percent against 4.1 percent for those with a bachelors degree or more education.



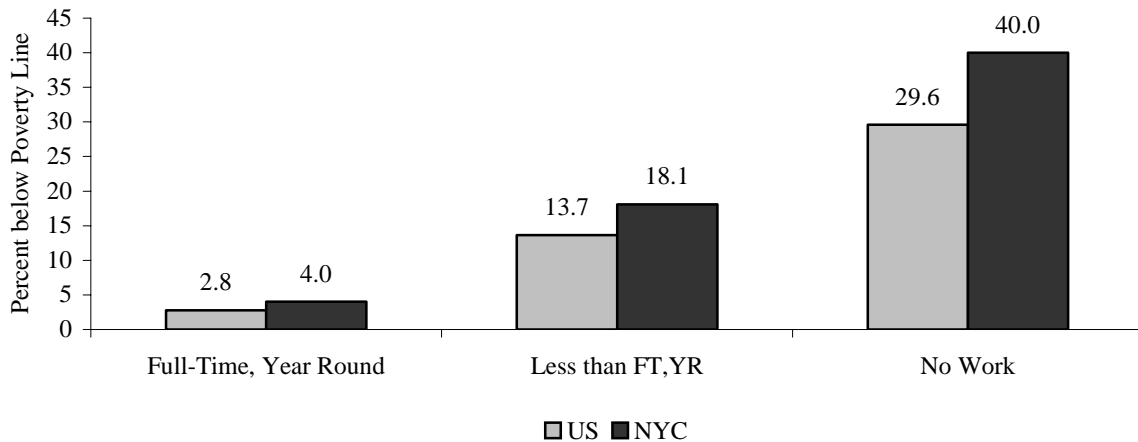
**Figure Nine: Poverty Rates for Working Age Adults, By Educational Attainment, 2004/2003**



Source: CSS tabulations from the Current Population Survey.

*Poverty Rates for Working Age Adults by Work Experience:* Figure Ten indicates that few people (2.8 percent in the nation and 4.0 percent in the city) with full-time, year round work are poor. Poverty rates are considerably high for workers with less steady work (13.7 percent in the U.S. and 18.1 percent in New York). Among adults who did not work, three-in-ten Americans (29.6 percent) and four-in-ten New Yorkers (40.0 percent) lived in poverty.

**Figure Ten: Poverty Rates for Working Age Adults, By Work Experience, 2004/2003**



Source: CSS tabulations from the Current Population Survey.

## **Conclusion**

This is hardly a time for complacency. Here in New York, the city is likely to face more years of slow job growth, which is sure to keep the city's poverty rate high. Forecasts from the Mayor's Office of Budget and Management, for example, project employment gains averaging 32,000 annually through 2009.<sup>10</sup> This is a far cry from the 90,000 jobs per year rate the city enjoyed in the late 1990s when the local poverty rate was in decline.

But right now attention belongs on the federal government. This report is being written as Congress comes back from its summer recess. Lawmakers left the capital expecting to return to an agenda that included "budget reconciliation" – a process that set in motion cuts of \$35 billion over five years in "mandatory" spending. That was to include programs that serve the needy such as Medicaid, Food Stamps, and capital grants for housing rehabilitation and preservation.

But Congress is coming back to a different America. The poverty data that were released on August 30<sup>th</sup> should have been enough to give legislators pause before they cut programs for the poor. But the news from the Census Bureau has been quickly overtaken by the images from New Orleans. What the nation has witnessed is how public sector neglect turned a foreseen natural disaster into a massive social calamity. As in every such event, it has been the poor who have borne a disproportionate share of the catastrophe. The public is looking to its political leaders to do their part in helping the survivors rebuild their lives. And, many believe, the nation's consciousness about poverty and the need for an adequate social safety net for every American has been raised. Congress should now catch up with the public. At the very least, legislators should do the poor no further harm and shelve the budget cuts, extend welfare legislation as written, and refrain from more tax reductions for the well to do, which will only cripple the federal government's capacity to address human need in the years to come.

## **Appendix**

This year, when the Bureau of the Census released its annual report on poverty and income from data derived from its Annual Social and Economic Supplement to the monthly Current Population Survey (CPS), it also published income and poverty estimates from the 2004 American Community Survey (ACS). Both surveys contain data that can be used to compute New York City poverty rates. The Census Bureau has provided descriptions of differences between the two surveys and recommendations for their use. The Bureau advises that the CPS be used for national and state estimates of poverty (using two or three-year averages for the latter). For one-year state and sub-state areas the Bureau recommends the ACS.<sup>11</sup>

The American Community Survey is a new Census Bureau program intended to provide an annual source of income and related data for small geographical areas. The first round of data from the ACS for New York City was collected in 2000. This report, like prior CSS reports on poverty in New York City, uses data from the CPS. What follows is a discussion of the most pertinent differences between the two surveys in the context of New York City. Its purpose is not to argue that one survey is superior to the other and should be used as the sole source of data, but rather to explain why there is continued value in using CPS-derived estimates.

An immediate question is how do the estimates of poverty in this report compare with those from the ACS? Table Four provides New York City poverty rates from the five survey years of the ACS and CPS-derived estimates using two-year averages. Because of the rolling sample methodology of the ACS (explained below) each of these estimates cover roughly the same time frame. The picture of poverty in the two surveys is quite similar. The poverty rates are of the same order of magnitude (roughly one-fifth of the population in poverty, although the ACS estimates are somewhat lower than those from the CPS) and exhibit a similar trend over time.

**Table Four:  
Comparing Poverty Rates For NYC**

	ACS Survey Year					Change
	2004	2003	2002	2001	2000	2004-2000
	20.3	19.0	19.0	19.2	17.9	2.4
	CPS Two-Year Average					Change
	2004/2003	2003/2002	2002/2001	2001/2000	2000/1999	04/03-00/99
	21.8	20.7	20.5	20.2	19.8	2.1
CPS-ACS Difference	1.5	1.7	1.5	1.0	1.9	-0.3

Source: U.S. Bureau of the Census and CSS tabulations from the CPS.

Change and Differences are taken from un-rounded numbers.

There are several differences between the ACS and CPS that suggest that the CPS should still be considered as a tool for analyzing poverty in New York City.

- Method of data collection: The ACS uses a self-administered questionnaire mailed out to and in by respondents. Households that do not respond by mail are interviewed in person or by telephone. Nationally 50 percent of the ACS is via mail. The CPS is conducted exclusively by telephone or in-person interviews with Census Bureau professional staff.
- Time frame: The ACS uses a rolling sample, interviewing one-twelfth of its annual sample in each month. Respondents are asked about their income in the prior 12 months. Thus data from the 2004 survey, for example, are not annual data; a household interviewed in January of 2004, would be providing data about its income in the December 2003-January 2003 period. The CPS ASEC is conducted in February through April and asks about income in the prior calendar year.
- Degree of detail: The ACS inquires about eight sources of income as well as Food Stamps. The CPS provides data about 50 sources of income, federal and state taxes, the

Earned Income Tax Credit, and non-cash benefits such as Food Stamps, Medicaid, Housing Assistance, etc.

- Sample size: The ACS samples some 800,000 households nationally per year. The CPS ASEC sample is roughly 100,000 households. In New York City, for example, the 2003 ACS obtained interviews from 14,665 households, while the CPS interviewed a total of 3,414 households in 2004 and 2003.
- Sampling error: Because of its greater sample size, standard errors and confidence intervals from ACS-derived estimates are smaller than those for the CPS. For example, the 90 percent confidence interval for the most recent ACS estimate of the New York City poverty rate is plus or minus 0.8 percentage points. For the CPS (using a two-year average) it is plus or minus 1.5 percentage points.

Clearly each survey has different strengths and weaknesses. The key advantage of the ACS and its central purpose is that it provides a large sample for small areas. This means smaller “margins of error” and the ability to generate meaningful poverty estimates for the city’s boroughs. If quantity is the strength of the ACS, there is reason to suspect that the quality of the CPS data might be higher. The CPS is conducted exclusively via interviews conducted by Census professional staff. There is good reason to believe that such interviews produce less “measurement error” than questionnaires filled out by respondents working on their own.<sup>12</sup> The CPS also includes a far richer set of questions about sources of income than the ACS. To date the Census Bureau has conducted evaluations comparing the ACS to the decennial Census’ long form survey. Extensive comparisons to the CPS have yet to be published.

Beside these methodological issues there is a very practical reason for continuing to use the CPS for some time to come.

- Only the CPS can be used to explore long-run trends. The ACS only provides data from four surveys. Relying on the ACS would make the kind of historical comparisons used in reports such as these impossible.
- The lack of detail in the ACS limits its usefulness. Without data on many important public benefits and taxes, for example, it is more difficult to explore questions such as how well public policy is addressing the needs of low-income families.
- The ACS only provides published tables for local analysis. Micro data are not available at the sub-state level, restricting the ability of researchers to explore alternative ways of looking at the data. A report such as this could not have been written from the data provided by the Census Bureau in its published tables.

The ACS is still in its infancy. The Census Bureau is expanding the ACS sample and will continue to evaluate its results. If funding for the survey is maintained, some of these limitations may become less important. For now there is a strong case for continuing to use the CPS for analyses of New York City poverty trends.

## End Notes

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<sup>1</sup> This figure is derived from the U.S. Bureau of the Census' Annual Economic and Social Supplement to the monthly Current Population Survey. Because of the limited sample size for New York City residents in the survey, data are reported as two-year averages. The 2004/2003 poverty rate reported here is somewhat higher than the 20.3 percent city poverty rate reported by the U.S. Bureau of the Census from its American Community Survey. See the appendix for a discussion of differences between the two surveys.

<sup>2</sup> All the differences reported in this study are taken from un-rounded numbers.

<sup>3</sup> DeNavas-Walt, Carmen, Bernadette Proctor, and Cheryl Hill Lee. *Income, Poverty and Health Insurance Coverage in the United States: 2004*. U.S. Bureau of the Census. 2005.

<sup>4</sup> The rise in jobholding was not spread evenly across the city, however. On the one hand, Black men gain little from the expanding job market. On the other, there were impressive employment increases for New York City's single mothers. On the former, see Levitan, Mark. *A Crisis of Black Male Employment: New York City's Labor Market, 2003*. Community Service Society: 2004. On the latter, see Levitan, Mark and Robin Gluck. *Mothers Work: Single Mother Employment, Earnings, and Poverty in the Age of Welfare Reform*. Community Service Society: 2002.

<sup>5</sup> Earnings and wages are stated in 2004 dollars using the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI-U), the index used to make annual adjustments to the Census Bureau's poverty thresholds. Medians are used to measure earnings and wages because means often reflect a relatively few extreme values within the distribution. Means are used to measure hours because median annual hours cluster around 2080 and generally show no change.

<sup>6</sup> Forty hours of work for 52 weeks a year totals 2080 hours of annual hours. Workers who exceed this by several hundred hours (such as those in the top earnings third) must be either working overtime on a regular basis or holding a second job.

<sup>7</sup> Many labor market analysts had feared that one effect of welfare reform would be lower real wages for workers at the bottom of the pay scale.

<sup>8</sup> Another factor at play is what kind of people have been most severely affected by the pattern of boom and bust. As last year's report on poverty noted, one reason why poverty in the city has not leapt upward in this recession is that the city's single mothers have been able to retain the employment gains they achieved in the second half of the 1990s. See Levitan, Mark. *Poverty in New York City, 2003: Where was the Recession? Where is the Recovery?* Community Service Society: September 2004.

<sup>9</sup> Citizens by birth includes persons who were born in the U.S. or an "outlying area" such as Puerto Rico. A naturalized citizen is someone who was born abroad and has become a citizen

since settling here. Non-citizens are foreign-born individuals who are not citizens. The data do not indicate whether people in the last category are documented or undocumented immigrants.

<sup>10</sup> New York City Office of Management and Budget. *Monthly Report on Current Economic Conditions*. July 2005.

<sup>11</sup> See <http://www.census.gov/hhes/income/guidance081904.html>.

<sup>12</sup> See the discussion in *Comparing Employment, Income, and Poverty: Census 2000 and the Current Population Survey*. U.S. Bureau of the Census. September 2003.