

Poverty in New York City, 2005: *More Families Working, More Working Families Poor*

A CSS Annual Report

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After four consecutive increases, the nation's poverty rate has stabilized at 12.6 percent. While one-in-eight Americans are poor, over one-in-five New York City residents live below the federal poverty line. The city's poverty rate in 2005/2004 stood at 21.6 percent.¹ The city's poor number roughly 1.7 million. If they resided in their own municipality they would constitute the fifth largest city in the United States. Like the nation, the city's poverty rate had climbed each year since the end of the hot economy of the 1990's, reaching 21.8 percent in 2004/2003. The decline apparent in the latest data is too small to be considered statistically significant.

The best that can be said of the recent past is that the rise in the city's poverty since 2000/1999 was considerably more modest than the spike in the poverty rate during the early 1990's.² In addition, the current recovery has finally generated sufficient employment growth to halt a further increase in poverty. However, the economic expansion has not generated the earnings increases needed to bring poverty down.³ The continuing decline in earnings for a

¹ 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 2005/2004 poverty rate reported here is somewhat higher than the 19.1 percent city poverty rate for 2005 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.

² See Levitan, Mark. *Where Was the Recession? Where Was the Recovery? Poverty in New York City 2003*. Community Service Society. September 2004.

³ See Levitan, Mark. *Recovery? Poverty in New York City 2004*. Community Service Society. September 2005.

considerable fraction of working families is a particularly disturbing development; it is swelling the ranks of the working poor.

This year's Community Service Society annual report on poverty in New York City examines the connections between work, pay, and poverty among families with children, a group at the center of recent debates and developments in public policy.

The first section of the study identifies a sharp decline in annual earnings and a resultant rise in working poverty. The section also reports a recent decline in employment and increase in poverty among single mother families. In addition, the section makes a brief, but sorely needed, comment on the role that recent immigrants are said to play in the city's poverty rate. Key findings in this section are:

- A growing share of the city's families with children is working. The proportion of families who engage in the equivalent annual hours of a full-time, year-round worker has risen from 72.9 percent in 2000/1999 to 80.0 percent in 2005/2004.
- Annual earnings for these working families plunged during the economic downturn. From 2000/1999 to 2003/2002, median family earnings fell by 14.9 percent. In the subsequent recovery earnings have increased somewhat for families at the middle rung of the pay scale (by 5.0 percent from 2003/2002 to 2005/2004). However, there have been no pay gains for families at the lowest quartile of the earnings distribution during the recent recovery.
- The decline in earnings has direct implications for poverty trends. A growing share of working families does not earn enough to make it over the federal poverty line. Earnings poverty has climbed from 11.1 percent to 14.4 percent from 2000/1999 to 2005/2004. Total income poverty rose in tandem, reaching 11.8 percent in 2005/2004.

- Single mother families constitute two-thirds of New York's poor families with children. After experiencing a dramatic rise in employment and fall in poverty since the mid-1990's, recent trends have reversed much of that progress. Employment by single mothers is trending downward and the poverty rate for single mother families has climbed by 9.9 percentage points since 2002/2001.
- The growing immigrant presence in New York is commonly cited as an explanation for the city's high poverty rate. But the poverty rate for New Yorkers who were born abroad is actually lower than the poverty rate for the city's native-born. Only immigrants who have entered the U.S. from 2000 have a poverty rate that is higher than the native-born population. This group, however, comprises 7.2 percent of the New Yorker City population, far too small a share to offer a simple explanation for why poverty in the city is so high.

The second section 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, and educational attainment. 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 roughly 2.5 times those of Non-Hispanic Whites. In New York poverty rates stood at 11.5 percent, 30.2 percent, 29.1 percent for Non-Hispanic Whites, Non-Hispanic Blacks, and Hispanics, respectively.
- Nearly one-in-three (31.9 percent) of the city's children lives in poverty. New York children living in single mother families endure a 54.0 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 (33.0 percent in New York) is over four times higher than it is for those with a bachelors degree or higher level of education (7.9 percent).
- Much of the reason why the city's 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 12.9 percentage points higher than it is for the total U.S. (54.0 percent against 41.1 percent).

The trends over the several years and the dramatic New York City/U.S. differences should inform policy making. More poor families are working families. Their ability to earn their way up the income ladder depends, it is increasingly clear, not only on steady work but family-supporting wages. Success will depend not only on the strength of the labor market, but also on an expansion of workforce development programs and a strengthening of the web of public policies that are intended to “make work pay.”

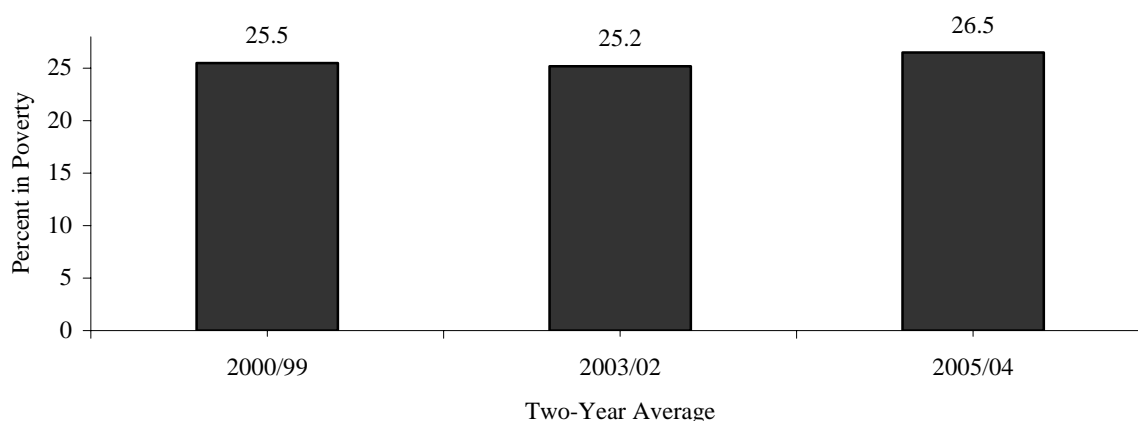
Appendix A of the report examines the impact of the federal and state Earned Income Tax Credits on measures of working poverty. Appendix B discusses differences between the data used in this report, which are derived from the U.S. Bureau of the Census' Annual Economic and Social Supplement to the Current Population Survey, and data published by the Bureau from its American Community Survey.

SECTION I: WORK, PAY, AND POVERTY FOR FAMILIES WITH CHILDREN

Over one-in-four New York families with children live in poverty.⁴ The analysis that follows focuses on employment, earnings, and poverty for this key segment of the population. Data are presented for three time periods: the peak of the expansion (2000/1999), the trough of the recession (2003/2002), and the period of recovery to date (2005/2004). These two-year averages provide the basis for measuring the impact of the recession (comparing 2003/2002 with 2000/1999) and the extent to which the last two years of employment growth have affected work, pay, and poverty in the city (holding 2005/2004 against 2003/2002).

Trends in work and poverty for these families do not always parallel those for the city population as a whole. Unlike the citywide poverty rate, the poverty rate for New York's families with children did not rise during the recession. However, the family poverty rate does echo the more recent citywide trend. It has not fallen in the period of renewed job growth and stands at 26.5 percent in 2005/2004. (See Figure One.)

**Figure One: Poverty Rate
For NYC Families with Children**



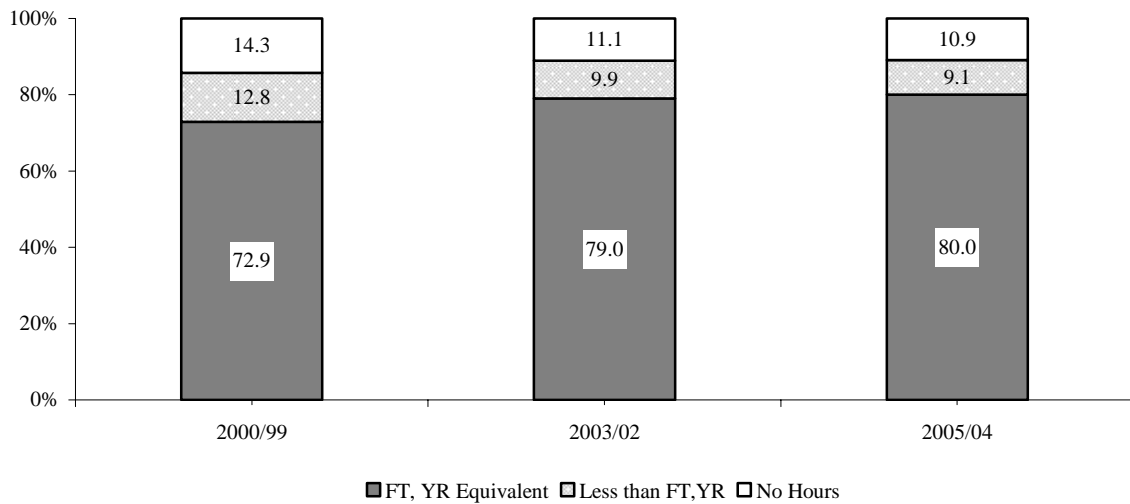
Source: CSS tabulations from the Current Population Survey.

⁴ A family with children is defined as a family that includes at least one child less than 18 years of age.

New York City Families with Children: More Work, Declining Pay

The most obvious reason why the family poverty rate did not climb in the recession is that, despite a decline in employment across the city, a growing share of the city’s families with children were becoming full-time, year-round working families. These are families whose members collectively worked at least 1,750 hours in a given year, the equivalent of 50, 35 hour weeks of employment.⁵ (To avoid cumbersome terminology, these families will henceforth be referred to as working families.) As illustrated in Figure Two, the proportion of families with children whose total annual hours spent on the job meets this standard rose from 72.9 percent in 2000/1999 to 79.0 percent in 2003/2002 and held steady at 80.0 percent in 2005/2004.

Figure Two: Annual Hours Worked By NYC Families with Children



Source: CSS tabulations from the Current Population Survey.

⁵ The report uses the U.S. Census Bureau’s standard for defining a full-time, year-round worker (a person who has worked at least 50, 35 hour weeks) as its standard for families. Families whose members have collectively worked 1,750 hours or more in a year are classified as full-time, year-round working families.

The rise in work by this segment of the population is the reason why the family poverty rate did not climb in the recession.⁶ The lack of growth in employment since 2003/2002, on the other hand, is one reason why poverty has yet to decline in the recovery. The other central factor is pay.

Annual earnings for working families plunged during the recession.⁷ As Table One reports, from 2000/1999 to 2003/2002 inflation-adjusted earned income fell by 8.6 percent, 14.9 percent, and 12.2 percent, respectively, for families at the 75th, 50th, and 25th percentile of the earnings distribution.⁸ Since 2003/2002, there has been some recovery at the middle rung the earnings ladder (a rise of 5.0 percent), but families further down the distribution (those most vulnerable to poverty) have seen no improvement in their pay since the trough of the downturn.

Table One: Real Earnings for NYC Working Families

(Earnings are stated in 2005 dollars)

Percentile	Two-Year Average			Percentage Change		
	2000/99	2003/02	2005/04	00/99-03/02	03/02-05/04	00/99-05/04
25th	29,964	26,295	25,682	-12.2%	-2.3%	-14.3%
50 th (Median)	53,478	45,507	47,762	-14.9%	5.0%	-10.7%
75th	88,154	80,614	80,321	-8.6%	-0.4%	-8.9%

Source: CSS tabulations from the Current Population Survey.

Working Poverty Is on the Rise in New York

The decline in pay at the 25th percentile of working family earnings distribution has direct implications for poverty; a growing share of these families does not earn enough to lift them over

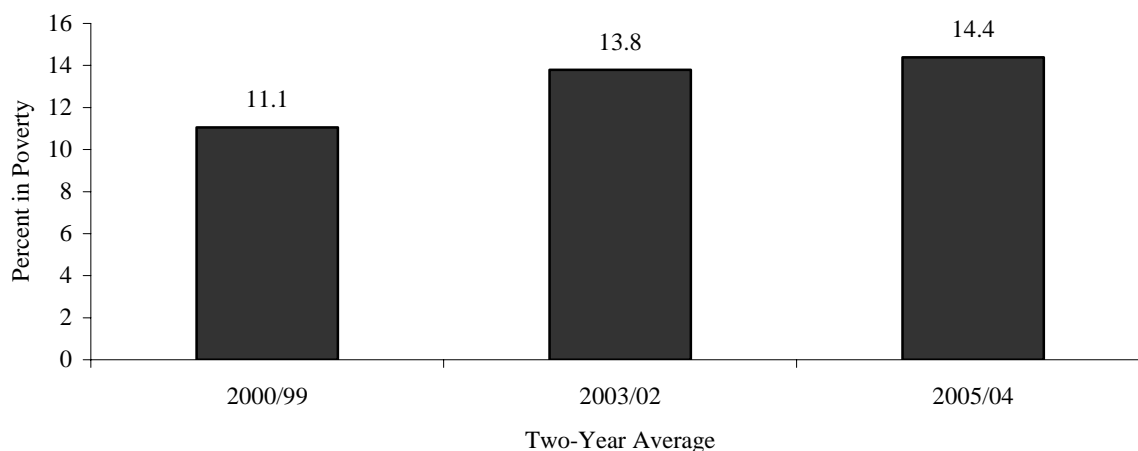
⁶The fall in earnings, detailed below, provides an explanation for why the sharp increase in employment from 2000/1999 to 2003/2002 did not lead to a decline in poverty.

⁷ Earnings include all income from wages and salaries as well as self-employment for all family members over the year. The earnings are stated in 2005 dollars using the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Areas (CPI-U).

⁸ The 75th percentile represents the earnings of the family that earned more than 75 percent, but less than 25 percent, of all families. The 50th percentile (or median) represents the earnings of the family in the mid-point of the earnings distribution. The 25th percentile represents the earnings of the family that made more than 25 percent, but less than 75 percent, of all families.

the poverty threshold. As Figure Three illustrates, the proportion of families who are “earnings poor” increased from 11.1 percent in 2000/1999 to 13.8 percent in 2003/2002 and stood at 14.4 percent in 2005/2004.⁹

Figure Three: Earnings Poverty Rate for NYC Working Families



Source: CSS tabulations from the Current Population Survey.

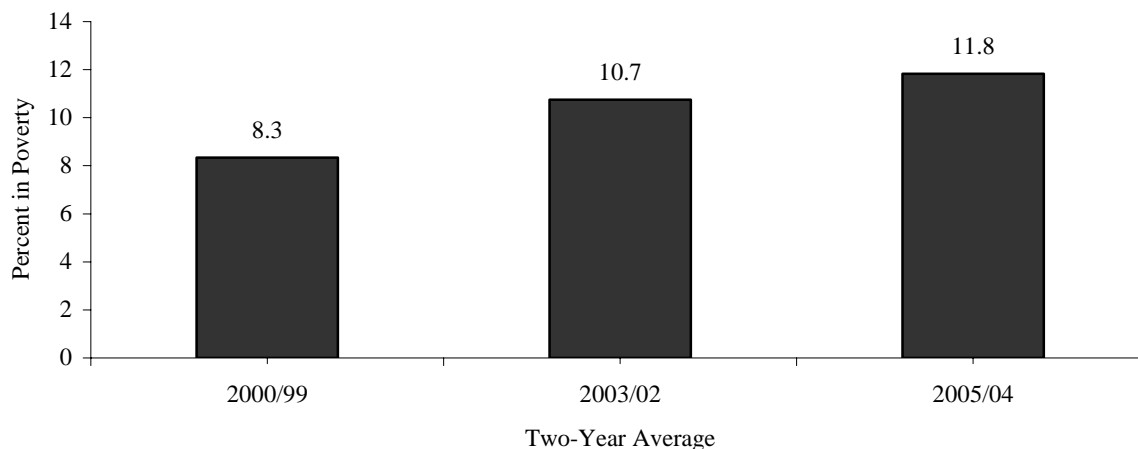
Since earnings constitute the lion’s share of total income for these families, the rise in earnings poverty has also meant a rise in total income poverty.¹⁰ In 2000/1999 the poverty rate for the city’s full-time, year-round working families was 8.3 percent. By 2005/2004, 11.8 percent of these families were poor. For an increasing large share of the city’s families, steady work alone is no guaranteed ticket out of poverty.¹¹

⁹ Earnings poverty is calculated by comparing a family’s earned income to the appropriate federal poverty threshold.

¹⁰ Earned income was 93.6 percent of total family income for this group in 2005/2004. Total income refers to pre-tax income from all sources, including earnings, cash transfer payments, etc. This is the definition of income used by the Census Bureau for its poverty estimates.

¹¹ An important question in this context is whether the official definition of poverty ignores the considerable resources available to working families through the federal and state Earned Income Tax Credit. See the appendix for a discussion of this issue.

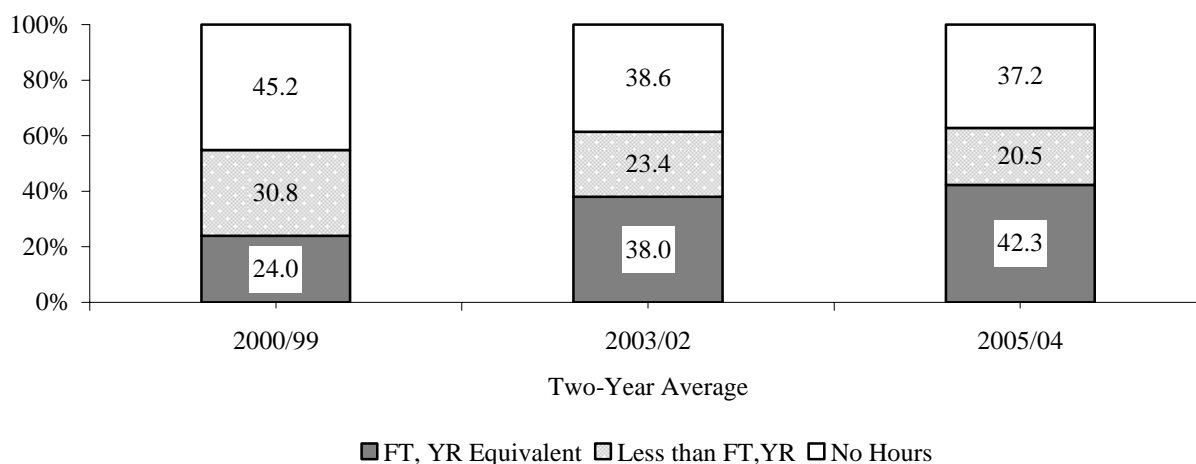
Figure Four: Poverty Rate for NYC Working Families



Source: CSS tabulations from the Current Population Survey.

As declining earnings have pushed more working families into poverty, they have become an increasing share of the city's poor families with children. As Figure Five illustrates, in 2000/1999 most poor families with children engaged in some paid employment during the course of a year, while 43.1 percent worked no hours at all. However, only a quarter (24.0 percent) of them worked the equivalent number of hours of a full-time, year-round worker. That proportion has risen steadily. By 2005/2004, 42.3 percent of city's poor families with children had reached that threshold of hours worked per year. Less than four-in-ten (37.2 percent) of all poor families with children did not engage in any paid employment in those years. Since 2000/1999, in sum, more of the city's working families have become poor and more of New York's poor families are working families.

**Figure Five: Annual Hours Worked
By Poor NYC Families with Children**



Source: CSS tabulations from the Current Population Survey.

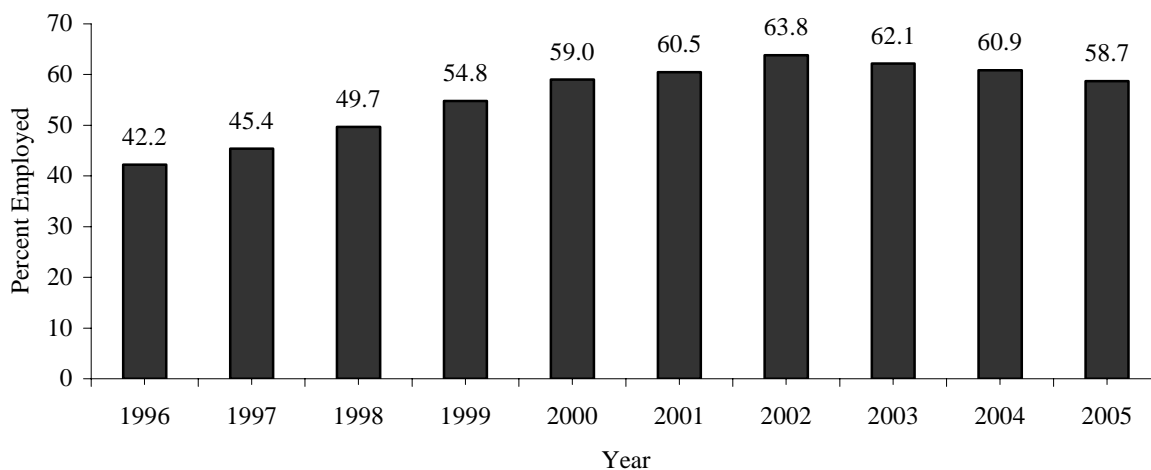
Single Mother Family Poverty Is Rising

Roughly two-thirds of New York’s poor families with children are families headed by a single female. So trends in employment and poverty for this group of families have a considerable impact on family poverty in the city. During the second half of the 1990’s, changes in policy and a strong labor market spurred an impressive rise in single mother employment in New York City. From 42.2 percent in 1996, the single mother employment/population ratio leapt to 59.0 percent in 2000.¹² The recession that began in 2001 did not reverse this progress. Indeed, jobholding by single mothers continued to rise, reaching 63.8 percent in 2002.¹³ (See Figure Six.)

¹² For an extensive description of employment trends for New York City’s single mothers see Levitan, Mark and Robin Gluck. *Mothers Work: Single Mothers’ Employment, Earnings, and Poverty In the Age of Welfare Reform*. Community Service Society. September 2002.

¹³ This trend is consistent with, and bolstered, the rising share of all families with children that were engaged in year-round, full-time work during the recession. The ability of single mothers to increase their jobholding during the recession is a reflection of the particular industrial distribution of employment declines from 2000 to 2003. During that period, the burden of job loss was disproportionately shouldered by men, particularly younger males.

**Figure Six: Employment/Population Ratios
For NYC Single Mothers**

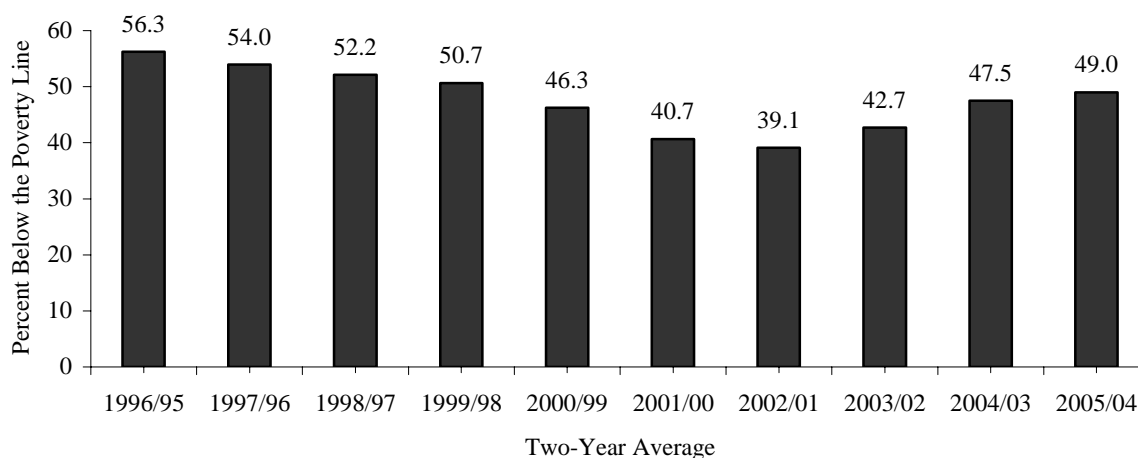


Source: Annual averages derived from CSS tabulations from the monthly Current Population Survey.

Since 2002, however, jobholding among single mothers has declined, to 58.7 percent in 2005. With the fall in employment has come a rise in poverty rates for single mother families. After experiencing a dramatic fall from a poverty rate of 56.3 percent in 1996/1995 to 39.1 percent in 2002/2001, the poverty rate for families headed by a single mother has climbed, by 9.9 percentage points, reaching 49.0 percent in 2005/2004. (See Figure Seven.)

This story is detailed in Levitan, Mark. *Poverty in New York City, 2003: Where is the Recovery? Where was the Recession?* Community Service Society. September 2004.

Figure Seven: Poverty Rate for NYC Single Mother Families



Source: CSS tabulations from the Current Population Survey.

Does Immigration Explain the High NYC Poverty Rate?

Immigration of often cited as a reason why the New York City poverty rate is so high.

People born outside the U.S. often come without much formal education or English language proficiency. They begin their lives in a new country at the bottom of the deck. The continual influx of new immigrants with high poverty rates, therefore, elevates the citywide poverty rate.¹⁴

There is some truth to this line of reasoning, but not enough to account for very much of the total New York poverty rate. Table Two indicates why. It reports poverty rates and population shares by the time period in which individuals entered the U.S. People born in the continental U.S. account for six-in-ten (59.3 percent) city residents and have a poverty rate of 22.4 percent compared with a poverty rate of 20.2 for New Yorkers born abroad. Each group of persons born abroad has a lower poverty rate than the native-born except for those who entered the U.S. from

¹⁴ See the comments by the Manhattan Institute’s Steven Malaga in “Census Figures Show Scant Improvement in City Poverty Rate,” *The New York Times*, August 30, 2006, and by New York State Commissioner of Temporary and Disability Assistance Robert Doar in “N.Y. Census Numbers Stir Debate,” *The Star Gazette*, September 4, 2006, as examples of this.

2000 to 2006. The most recent immigrants do have the highest poverty rate in the table, a finding consistent with the explanation given above.

But what is not consistent with that explanation is that these recent immigrants constitute a very small share of the city population, only 7.3 percent. Even if the poverty rate for this group was considerably lower, it could hardly have much impact on the citywide rate. If, for example, the most recent immigrant poverty rate were equal to the poverty rate of those born in the U.S., the resulting reduction in the citywide poverty rate would be 21.6 percent to 21.0 percent, a negligible change.¹⁵

**Table Two:
Poverty Rates for NYC by Year Entered U.S.**

	Poverty Rate	Population Share
Born in US	22.4	59.3
Entered:		
before 1970	20.6	6.4
1970-1979	14.0	4.5
1980-1989	17.4	9.5
1990-1999	19.2	13.0
2000-2006	30.3	7.3
<hr/> Total Born Abroad	<hr/> 20.4	<hr/> 40.7
Grand Total	21.6	100.0

Note: Born in the US are persons born in the continental United States. Individuals born in US outlying areas such as Puerto Rico are counted as born abroad.

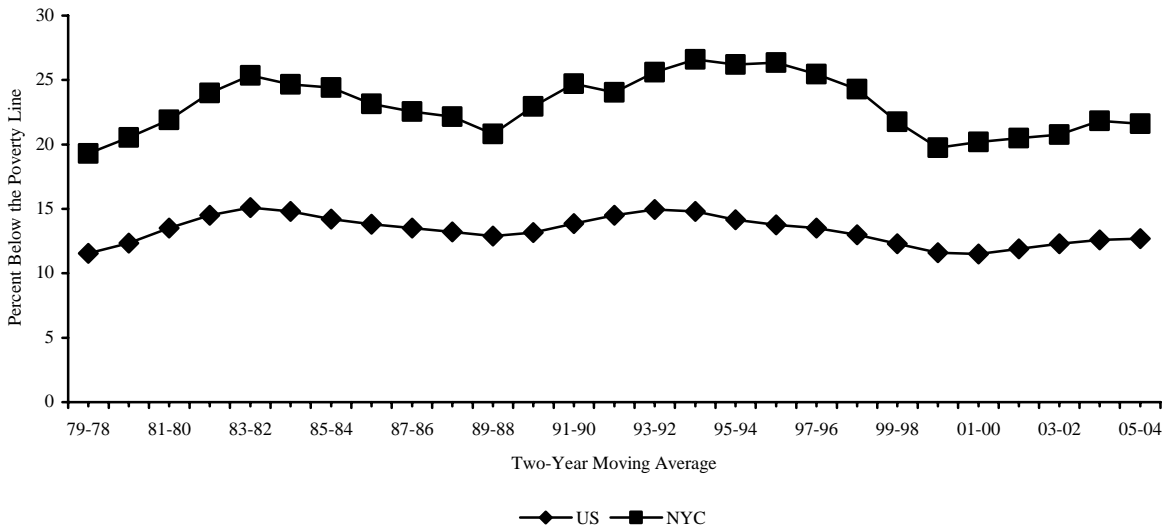
Source: CSS tabulations from the Current Population Survey.

¹⁵ This does not rule out the possibility (described by Malaga) that the presence of immigrants lowers wages and raises the poverty rate of the native-born. That issue currently roils the field of labor economics, but is beyond the scope of this brief report.

SECTION II: POVERTY IN NEW YORK CITY AND THE NATION

Over one-in-five (21.6 percent) New York City residents is poor, compared with one out of eight Americans (12.6 percent) nationwide. As illustrated in Figure Eight 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 1970's 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 Eight: Poverty Rates in NYC and US



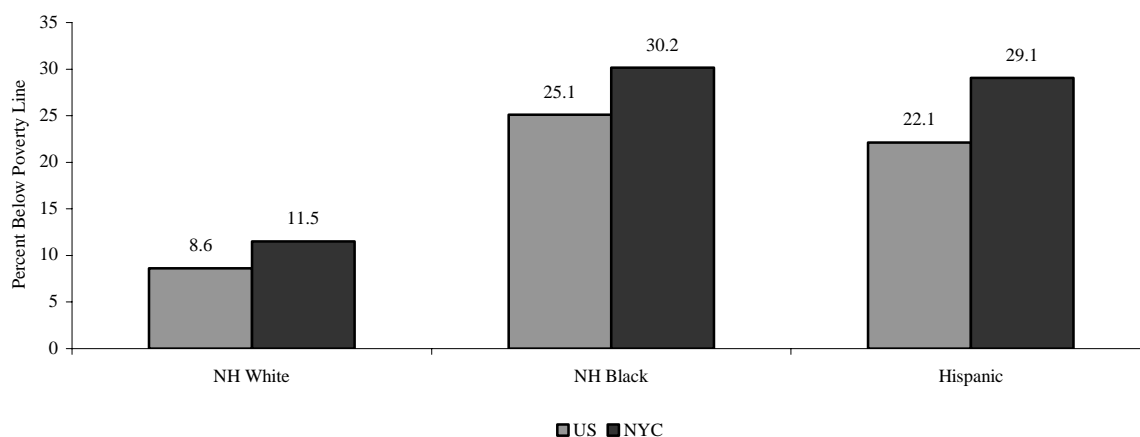
Source: CSS tabulations from the Current Population Survey.

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 Nine indicates, in both the nation and the city, poverty rates for persons of color are well over twice those of Non-Hispanic Whites. In New York, poverty rates stood at 11.1 percent, 30.2 percent, and 29.1 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 2.9 percentage points for Non-Hispanic Whites, 5.0 percentage points for Non-Hispanic Blacks, and 6.9 percentage points for Hispanics.

**Figure Nine: Poverty Rates by Race/Ethnicity,
2005/2004**

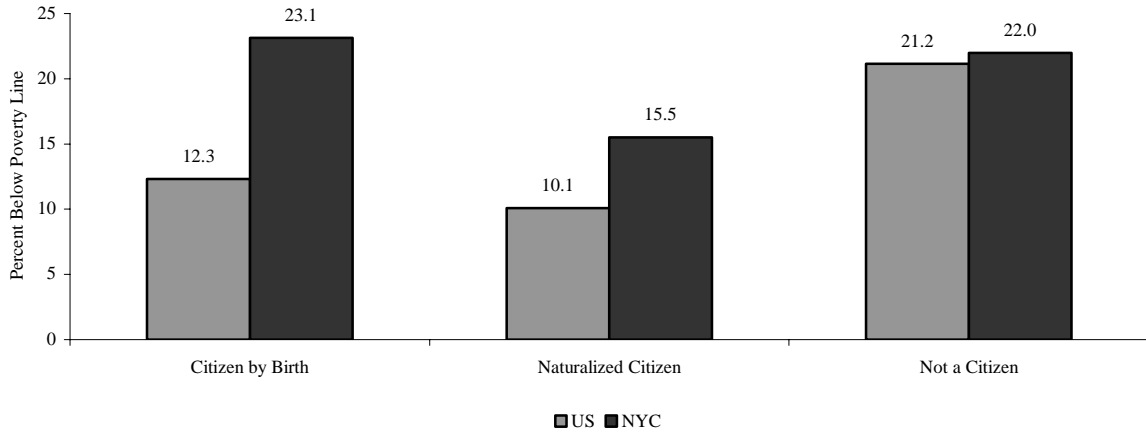


Source: CSS tabulations from the Current Population Survey.

Poverty Rates by Citizenship Status: Figure Ten illustrates that across the U.S. non-citizens have a much higher poverty rate (21.2 percent) than do native-born (12.3 percent) or naturalized citizens (10.1 percent). This pattern does not hold for the city. In New York 15.5 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 22.0 percent, respectively.¹⁶

¹⁶ 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.

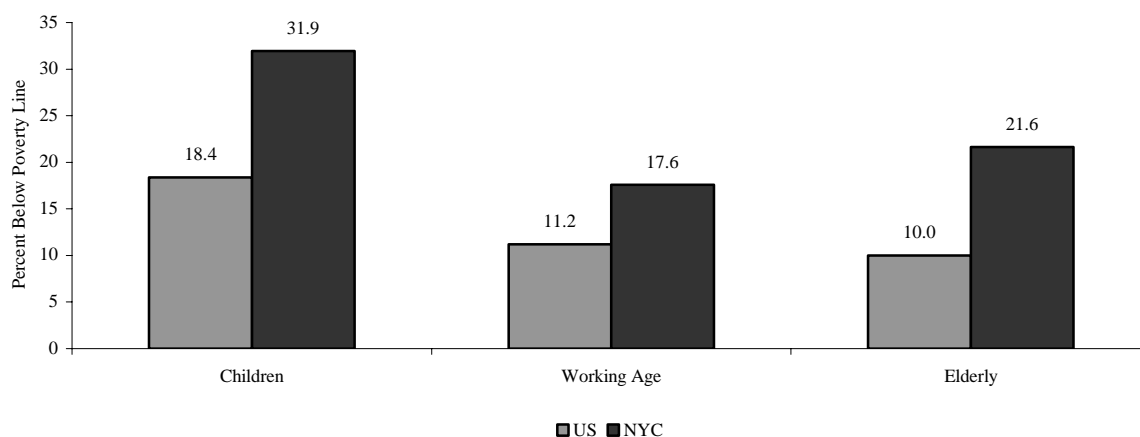
Figure Ten: Poverty Rates by Citizenship, 2005/2004



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 Eleven indicates, nearly one-in-three (31.9 percent) of New York City’s children lives in poverty, compared to more than one-in-six children (18.4 percent) in the nation. The poverty rate for elderly New Yorkers is 21.6 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 17.6 percent compared to 11.2 percent for the nation.

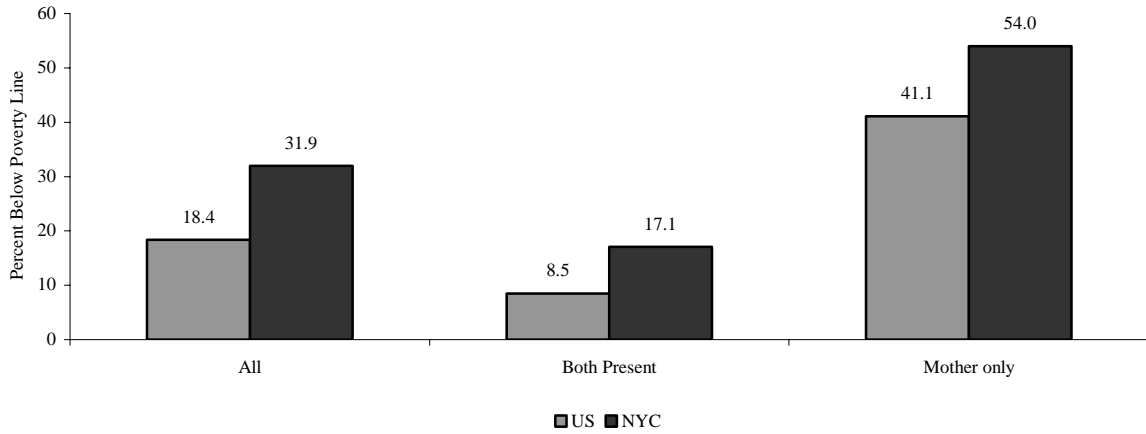
Figure Eleven: Poverty Rates by Age Group, 2005/2004



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 Twelve 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 8.5 percent in the nation, compared with 17.1 percent in the city. For children living with only their mother, the U.S. poverty rate was 41.1 percent while the New York City poverty rate was a heartbreaking 54.0 percent.

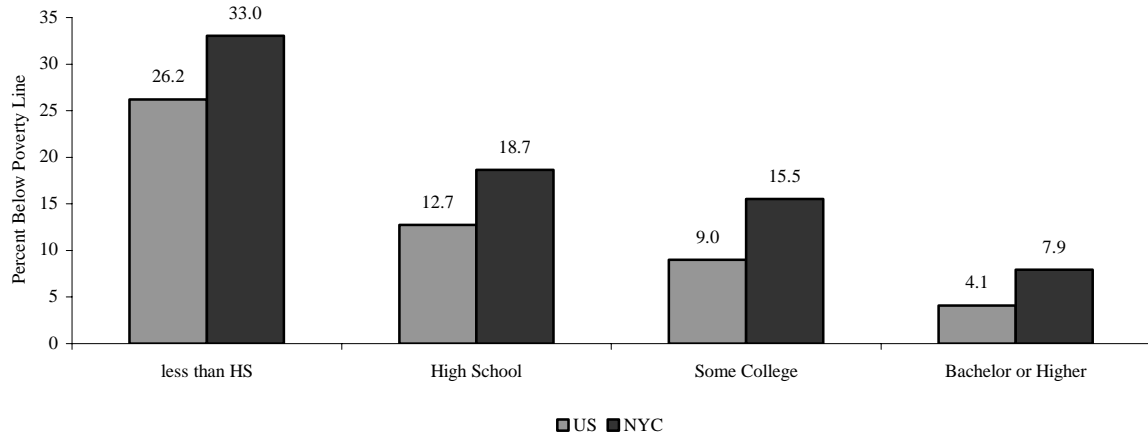
**Figure Twelve: Poverty Rates for Children,
By Presence of Parent, 2005/2004**



Source: CSS tabulations from the Current Population Survey.

Poverty Rates for Working Age Adults by Educational Attainment: In New York City, 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. This disparity is even more pronounced in the nation at large (over six times) due to the relatively low poverty rate for Americans with at least a four-year degree. As illustrated in Figure Thirteen, within each educational category, a larger share of New Yorkers live below the poverty line. Differences range from 33.0 percent versus 26.2 percent for people without a high degree to 7.9 percent against 4.1 percent for those with a bachelors degree or more education.

**Figure Thirteen: Poverty Rates for Working Age Adults,
By Educational Attainment, 2005/2004**



Source: CSS tabulations from the Current Population Survey.

CONCLUSION

This report is being issued just as New York City Mayor Michael Bloomberg's Commission for Economic Opportunity has released its findings and recommendations for combating poverty in the city.¹⁷ The establishment of the Commission was an action without recent precedent. The Commission's report declares that "if firm commitments are made...the reduction in poverty can be significant".¹⁸ Thus, it has put poverty on the municipal agenda in a way that has not been seen in a generation.

The report identifies three populations it believes the city policy makers should target, the working poor, young adults, and young children. The findings of this report support the argument that working poverty is growing and that new policy initiatives are required to address it. The Commission report offers two broad remedies to working poverty that have been advanced by many, expanded opportunities for low-wage workers to acquire skills that will allow them to move up the job ladder and greater access to benefit programs that would provide additional resources to low-income families.

The administration deserves congratulations, but advocates for the poor would be ill-advised to declare victory. The next task is to move beyond generalities to an action plan that sets specific priorities, timetables for implementation, and funding commitments. The mayor indicated that he expects to have such a plan in the next 60 days. The scope of the action plan, the details of implementation strategy and the commitment of city dollars will be a measure of the Bloomberg administration's willingness to meet the expectations it has now raised.

¹⁷ Community Service Society President David R. Jones was a member of the Commission.

¹⁸ The Commission report is available at: http://www.nyc.gov/html/om/pdf/ceo_report2006.pdf

APPENDIX A: IS WORKING POVERTY REAL?

One of the most positive recent developments in policy making has been the expansion of the federal earned income tax credit and the establishment of a New York State earned income tax credit. Of all the programs that are intended to promote and reward work, the EITC is widely seen as the most effective. Unfortunately, its direct impact on the income of working families is not captured by the “official” poverty rate, which measures a family’s pre-tax, cash income against a family-size adjusted income threshold (the poverty line.) Another form of aid some working families receive, which is not measured by pre-tax cash income, is “near-cash” benefits, such as Food Stamps. Near-cash benefit programs can provide needy families assistance for basic necessities, like food and housing, which frees the family’s cash resources for other uses.

How does the exclusion of the impact of taxes and near-cash transfers affect our measures of poverty? Using data from the 2005 and 2004 Current Population Surveys (the last two for which the tax and benefit data are currently available), it is possible to compare the official measure of poverty against one which includes the cash-equivalent value of programs such as Food Stamps, Housing Assistance and the Free Lunch Program and the impact of federal and state income taxes (net of the effect of the earned income tax credits) and federal payroll taxes. In 2004/2003 the official poverty rate for full-time, year-round working families with children in New York City was 11.6 percent. When the effect of federal and state taxes and near-cash programs are added to family income, the poverty rate is only modestly lower, 10.5 percent.

Table Three provides hypothetical earnings for families of different composition and sizes assuming that they all include one person working 52 weeks at 35 paid hours per week (1,820 hours) at the New York State minimum wage (\$6.75). It illustrates three factors that account for the very modest effect of the tax credits and near-cash benefits on poverty. One is the low

participation rate of working families in near-cash benefit programs. The table assumes that the family receives no near-cash support. A second factor is payroll taxes, which offset much of the positive impact of the earned income tax credits. The third factor is the cap on the generosity of the EITC for larger families. The maximum credit for a one child family in tax year 2005 was \$2,662, for a family with two or more children the maximum was \$4,400. While the credit is capped, the poverty threshold rises as the number of family members increases. So the larger families in the table, those with one parent and three children and two-parent families, remain below the poverty line.

Table Three: The Effect of Earned Income Tax Credits and Payroll Taxes

Family Composition		Annual	Federal	State	Payroll	Post-Tax	Poverty	Income-
Adults	Children	Earnings	EITC	EITC	Taxes	Income	Line	Poverty
One	One	\$12,285	\$2,662	\$799	\$940	\$14,806	\$13,410	\$1,396
One	Two	\$12,285	\$4,400	\$1,320	\$940	\$17,065	\$15,735	\$1,330
One	Three	\$12,285	\$4,400	\$1,320	\$940	\$17,065	\$19,874	-\$2,809
Two	One	\$12,285	\$2,662	\$799	\$940	\$14,806	\$15,720	-\$914
Two	Two	\$12,285	\$4,400	\$1,320	\$940	\$17,065	\$19,806	-\$2,741
Two	Three	\$12,285	\$4,400	\$1,320	\$940	\$17,065	\$23,307	-\$6,242

It is assumed that each family includes one full-time, year-round worker earning the New York State minimum wage.

Post-tax income equals earnings plus the federal and state Earned Income Tax Credits minus the employee's share of federal payroll taxes.

APPENDIX B: NOTES ON THE DATA

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-ASEC), it also published income and poverty estimates from the 2005 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.

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.¹⁹ 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-ASEC. 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

¹⁹ A good overview of the ACS can be found at:
http://www.census.gov/acs/www/UseData/advance_copy_user_guide.pdf

same order of magnitude (roughly one-fifth of the population in poverty, although the ACS estimates are somewhat lower than those from the CPS).

Table Four: Comparing ACS to CPS Poverty Rates

ACS Survey Year					
2005	2004	2003	2002	2001	2000
19.1	20.3	19.0	19.0	19.2	17.9
CPS Two-Year Average					
2005/2004	2004/2003	2003/2002	2002/2001	2001/2000	2000/1999
21.6	21.8	20.7	20.5	20.2	19.8
CPS-ACS Difference					
2.5	1.5	1.7	1.5	1.0	1.9

Source: U.S. Bureau of the Census and CSS tabulations from the CPS.
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-ASEC 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 2005 survey, for example, are not annual data; a household interviewed in January of 2005 would be providing data about its income in the December 2004-January 2004 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 now samples some three million households nationally per year. The CPS-ASEC sample is roughly 100,000 households. In New York City, for example, the 2005 ACS obtained interviews from about 25,000 households, while the CPS-ASEC interviewed roughly 3,000 households in 2005 and 2004.
- Sampling error: Because of its greater sample size, standard errors and confidence intervals from ACS-derived estimates are smaller than those for the CPS-ASEC. For example, the 90 percent confidence interval for the most recent ACS estimate of the New York City poverty rate is plus or minus 0.4 percentage points. For the CPS-ASEC (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.²⁰ The CPS also includes a far richer set of questions about sources of income than the ACS.

²⁰ See the discussion in *Comparing Employment, Income, and Poverty: Census 2000 and the Current Population Survey*. U.S. Bureau of the Census. September 2003.

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 five 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.