



NEWS from the Fiscal Policy Institute

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Thirty Percent of New Yorkers in Working Families Can't Cover Basic Needs with Their Wages *Work Supports Can Make a Difference, But More Must Be Done*

Schenectady, NY (June 11, 2008) Many families in New York—even those with one or two workers—now go without basics such as health insurance and safe, enriching child care. That was the message delivered in Schenectady on Thursday at the first of the regional town meetings convened by Governor Paterson's Economic Security Cabinet. Trudi Renwick, senior economist at the Fiscal Policy Institute, testified that for thirty percent of people in working families (5.7 million New Yorkers), family earnings fall short of basic family budget standards.

A new report from the Fiscal Policy Institute (FPI) measures the “hardship gap” for New York families: the difference between the basic family budget and monthly income. The median hardship gap is a staggering \$1,079 a month in New York—wider than the gap in all but one of the 45 states included in the analysis.

Public programs such as food stamps, Child Health Plus and the Earned Income Tax Credit are intended to help these working families, and FPI's analysis finds that these public “work support” programs do cover 41 percent of the gap. But even after adding in the value of the work support programs to median income, most economically insecure families still can't make ends meet.

Renwick said that one reason these numbers might surprise people is that many analyses of economic insecurity rely on the federal poverty level, which does not take into account any regional variations in the costs of living. “The federal poverty level is the same whether the family lives in Manhattan or rural Mississippi. That makes it an especially inappropriate measure for New York, where the cost of living is high,” she said.

In contrast, the basic family budget standard varies with the local cost of living. In New York, the basic budgets are higher than in most other states, and range from just over \$41,000 for a four-person family in rural areas to over \$60,000 in Nassau and Suffolk

counties. The basic family budget standard in the Albany-Schenectady-Troy area falls in between, at \$48,900 for a four-person family.

According to the report, the primary cause of New York's hardship gap is anemic wage levels at the low end of the job spectrum. Renwick said, "Clearly, state programs are helping—they make the difference for a good number of families—but more needs to be done." She said that improving the quality of jobs available in New York is even more important than improving work support programs, noting that the purchasing power of the minimum wage has fallen over the last 35 years.

The Fiscal Policy Institute's report can be found at <http://www.fiscalpolicy.org>.

The Schenectady meeting was the first of eleven regional Town Hall Meetings scheduled throughout June and July by the governor's Economic Security Cabinet to receive comments on the state's efforts to protect and enhance the economic security of low-income families. The schedule of upcoming meetings is available at <http://economicsecurity.us/>.

The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on tax, budget, and economic issues that affect the quality of life and the economic well being of New York State residents. FPI reports are available at <http://www.fiscalpolicy.org/>.

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