

Article can be found at <http://www.crainsnewyork.com/article/20130310/OPINION/303109994>

Letters to the Editor: March 11, 2013

James A. Parrott of the Fiscal Policy Institute has a different view of NY's inequality numbers.

Published: March 10, 2013 - 5:59 am

Greg David's March 4 column ("Inequality debate doesn't reflect reality") could have been titled "Economists agree NYC's inequality is very high and poverty is up; some think it's a problem."

Fiscal Policy Institute reports have documented this reality: The local economy has fared better than the nation overall in the recovery, yet inflation-adjusted median incomes here have plummeted by 8%, more than for the U.S. overall, and poverty has increased as much here as for the nation overall.

Also, income polarization has soared over the past 30 years even more in the city than for the nation overall. Nothing in the New York City Economic Development Corp. (EDC) report that Mr. David cites suggests otherwise.

Using 2009 income-tax data, the city's Independent Budget Office reported that the city's richest 1% of tax filers had 33.8% of all income, more than the combined incomes of the 80% of tax filers with incomes under \$68,000. This suggests a high degree of income polarization. State tax data point to further income concentration since 2009.

Using a poverty measure that accounts for the city's high housing costs and public assistance, the Mayor's Center for Economic Opportunity (CEO) estimates that 23% of city families with children lived in poverty in 2010, up from 20.2% in 2008. For families near its poverty threshold, earnings dropped by 11% to 15%.

According to the American Community Survey—the data source used by EDC—rental housing costs are 26% higher in New York than the average of the next four largest cities in EDC's study. Mr. David maintains that poverty is lower in New York than in the other large cities. That picture would change if a CEO poverty measure were used that factored in relative housing costs.

--James A. Parrott
*Deputy director and chief economist
Fiscal Policy Institute*