

Living Standards in New York City – The Foundation of Quality of Life

Any discussion of quality of life in New York City needs to consider what is happening to living standards. Indeed, a decent income that provides for basic human material needs – shelter, food, medical care, clothing, etc. - should be the starting point for gauging a community's "quality of life". In this sense, living standards are the foundation upon which "quality of life" rests.

Over the last two years, New York City has been enjoying a record pace of private sector job creation. Continued high levels of activity on Wall Street have boosted total income growth and fueled record City budget surpluses. Yet, the benefits of the City's economic prosperity have been highly concentrated at the top of the income spectrum and living standards for many have not kept pace. For a number of New Yorkers, living standards, even after several years of economic expansion, do not appear to provide for a reasonable "quality of life".

Declining Middle Class in the 1990s

- As of 1997, the latest year for which data are available, the economic boom of the 1990s has shrunk the size of New York City's middle class and increased the proportion of families in the low income category. This trend prevails among non-Hispanic white New York City families as well as for Black and Hispanic families. (New York City Council)

Increase in the Number of Working Poor Families

- In New York State,¹ the number of working families with children who are poor has increased by almost 60% since the late 1980s, with the poverty rate for working families with children increasing at a pace four times the national average from the late 1980s to the mid-1990s. (Fiscal Policy Institute)

Wage Gains for Low Wage Workers Lag the Nation

- While real hourly wages for low-wage workers (defined as those workers paid at the 20th percentile of the wage distribution) increased in New York State from 1996 to 1998, the increase (+2.2%) was much less than nationally (+6.0%). Moreover, wages for low wage workers in New York, when adjusted for inflation, remain well below the 1989 level (-6.3%) while nationally, such workers have experienced a gain of 3.5%. (Economic Policy Institute)

Real Incomes for the Poor Have Fallen over the Decade

- Over the last decade, incomes for the poorest 20% of families with children in New York State have fallen by 20% after adjusting for inflation, while the

¹ Where NYC-specific data are not available, statewide data for New York, which reasonably reflect NYC trends, are used.

incomes of the richest 20% of the population rose by 23% (data are for 1985-87 and 1994-96). Middle income families also experienced a decline (-4%) in average real incomes. (Center on Budget and Policy Priorities)

Widening Gap Between the Rich and the Poor

- New York State not only has by far the widest income gap between the rich and the poor of all 50 states, with the average income for the high income group 20 times that of the poorest, it also has the widest gap between the rich and the middle class. In both cases, those gaps have widened over the past decade at the 3rd fastest pace among all 50 states. (Center on Budget and Policy Priorities)

Earnings Inequality Has Risen Faster in the Metro Region than Nationally

- From 1989-96, the gap in earnings between upper income and lower income year-round, full-time workers grew more in the NYC metro area than in the U.S. in general. (Federal Reserve Bank of New York)

NYC Poverty Rate Remains High in the 1990s, Especially Among Children

- The poverty rate in New York City in 1997 was nearly 25%, roughly the same as during the recession years of 1990-1992. The poverty rate among New York City children was 38.1% in 1997, nearly twice the national average. (Community Service Society)

Rise in Number of People without Health Insurance

- The share of NYC's population without health insurance increased from 19.8% in 1991 to 27.8% in 1996 (the latest year for which data are available). The rate of uninsured in NYC is more than twice the national average. (United Hospital Fund)

Working Age Minorities Are at High Risk of Being Uninsured

- Uninsured rates among NYC's working age minority adults are 50% higher than the average among the City's white non-Hispanic adults. Most of the uninsured work, have low incomes, and had been without health coverage for a year or more. (Commonwealth Fund)

Minority Unemployment Still Very High

- The NYC unemployment rate, although declining in 1998 to 8.0% from 9.4% in 1997, remains well above the national average and is particularly high for Blacks (12.7%) and Hispanics (10.1%). (New York State Dept. of Labor)

Many New Yorkers are Financially Distressed

- More than four in 10 New York City families have zero financial assets (including home equity and other forms of wealth) or even a negative net worth, a far higher proportion than the national average. (Columbia Univ.)

Housing Problems and Hunger Disproportionately Felt in NYC

- According to a 1997 survey, the proportion of New York families who go hungry is more than twice the national average, and the proportion living in overcrowded housing is three times the national average. (Columbia Univ.)

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