

# POVERTY TRACKER

MONITORING POVERTY AND WELL-BEING IN NYC



Columbia  
Population  
Research  
Center

ROBINHOOD

# DYNAMICS OF DISADVANTAGE IN NEW YORK CITY

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CHRISTOPHER WIMER

IRWIN GARFINKEL

KATHRYN NECKERMAN

STEPHANIE PHILLIPS

JULIEN TEITLER

JANE WALDFOGEL

DAVID WUTCHIETT

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# EXECUTIVE SUMMARY

Robin Hood's mission is to fight poverty in New York City, and that requires a full and accurate picture of what it actually means to be poor in the five boroughs. Because other surveys fail to provide such a portrait, Robin Hood—in partnership with Columbia University—launched the Poverty Tracker, a survey of 2,300 New York City residents at all income levels. The survey involved a series of check-ins over the course of two years to discern the portion of the population facing issues of disadvantage at any given moment, as well as their coping strategies during those times. This report is based on responses from survey participants from the baseline survey conducted at the start of the Poverty Tracker, and their follow-up responses one year later.

## TOP-LINE FINDINGS:

- ▶ **A MAJORITY OF NEW YORKERS (63%) EXPERIENCED AT LEAST ONE OF THE THREE DEFINING CRITERIA OF DISADVANTAGE**—poverty, material hardship, or poor health—at some point during the survey period.
- ▶ **SEVERE MATERIAL HARDSHIP, AN ACUTE INABILITY TO MEET DAILY NEEDS, WAS THE MOST PERSISTENT TYPE OF DISADVANTAGE**, with 23% of New Yorkers reporting it at both baseline and one year later. Persistence was lower for poor health (17%) and poverty (9%).
- ▶ **POVERTY IS DYNAMIC IN NATURE.** Only 9% of New Yorkers experienced poverty throughout the entire survey period, while nearly one quarter (22%) reported incomes below the poverty line at either the baseline survey or the follow-up survey one year later.
- ▶ **ASSET LEVELS ARE PREDICTIVE OF VULNERABILITY TO BOTH POVERTY AND MATERIAL HARDSHIP:** the fewer assets a person owns the more likely their chances of facing either poverty or hardship. Conversely, the more debts a person holds, the more likely are their chances of facing hardship. But, those with higher debt were less likely to face poverty, probably because households need higher incomes to qualify for some kinds of loans.
- ▶ **ALTHOUGH SEEKING HELP HAS ONLY A SMALL EFFECT ON ESCAPING POVERTY OR HARDSHIP, IT SEEMS TO PROTECT AGAINST EXPERIENCING DISADVANTAGE IN THE FIRST PLACE.**

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# INTRODUCTION

Descriptions of New York City's most disadvantaged are usually based on official measurements of poverty that assess only income. As such, they are too simplistic, failing either to capture the magnitude of disadvantage or to fully describe the struggles New Yorkers face in trying to make ends meet. The Poverty Tracker considers three distinct but interrelated disadvantages:

- ▶ **INCOME POVERTY:** Annual resources (post-tax cash income plus in-kind benefits minus necessary expenditures for medical care and work expenses) that fall below a poverty line specific to New York City. Based on the Census Bureau and Bureau of Labor Statistics' Supplemental Poverty Measure, this benchmark reflects a better measure of poverty than official statistics, which rely only on measures of pre-tax cash income and fail to account for the high cost of living in New York City.
- ▶ **MATERIAL HARDSHIP.** Chronic or acute inability to make ends meet, e.g., running out of food or having utilities cut off for failure to pay bills.<sup>1</sup>
- ▶ **POOR HEALTH.** Self-described poor health or the report of a condition that limits the kind or amount of work one can do.

Full details on the construction of each of these measures can be found in the Spring 2014 report.

This trio of metrics is the basis of the Poverty Tracker. Undertaken by Columbia University's Population Research Center and Robin Hood, the Poverty Tracker is an ongoing survey of the wellbeing of New York City residents. The first report yielded baseline data indicating that an alarming number of New Yorkers struggle to meet basic needs, from paying for food and other household bills to finding

*1 While the Poverty Tracker measures both severe and more moderate material hardship, for the remainder of this report, when referencing material hardship we include only severe hardship. For full definitions of what constitutes moderate versus severe hardship, see Wimer et al., 2014*

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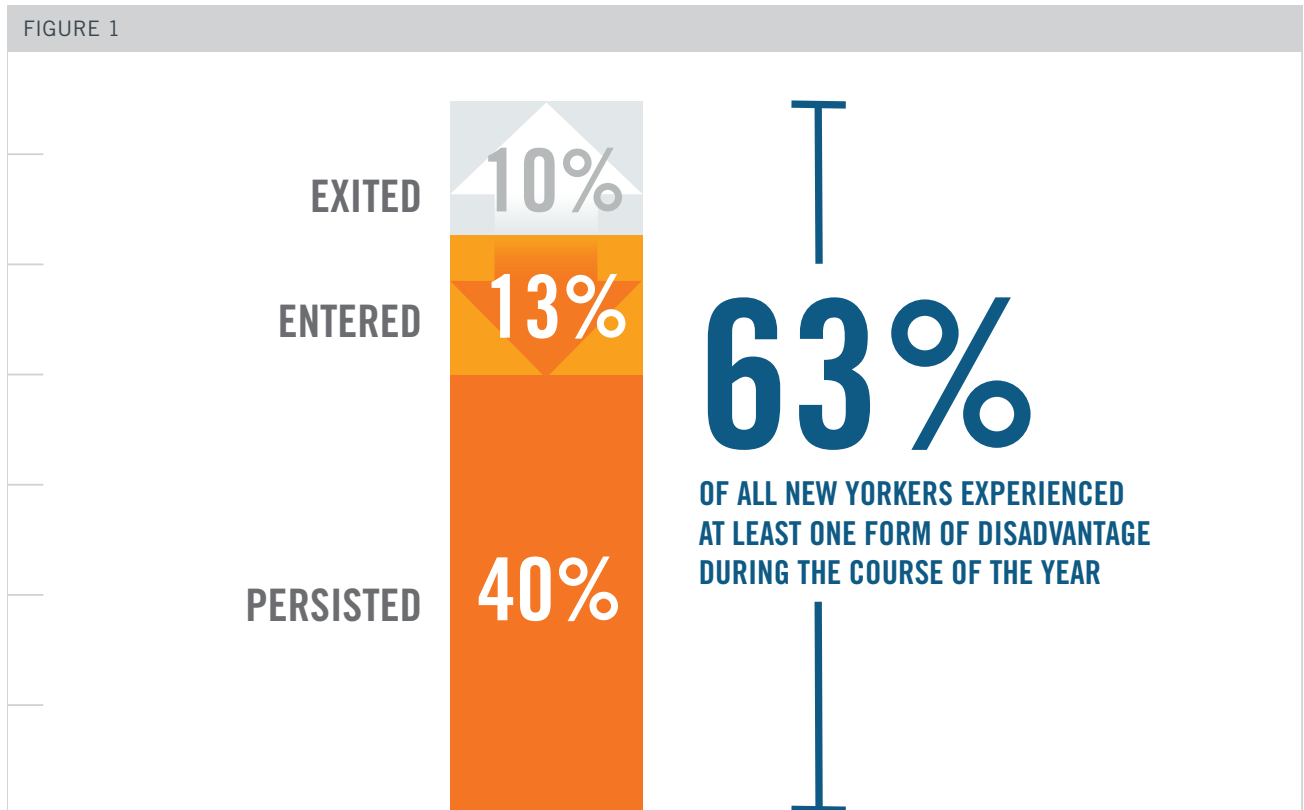
help for physical or mental health problems. Data featured in the second report unearthed equally troubling facts about private and public efforts to ameliorate poverty: Many needy households don't get help either from government programs for which they are eligible or from private philanthropy, and many who receive help don't obtain nearly enough to resolve their problems.

This report focuses on the dynamics and persistence of poverty, material hardship and health problems over time. The report also describes how assets and debt and assistance from government or social service agencies predict whether households enter or exit from poverty or material hardship.

# FINDINGS

## 1. A MAJORITY OF NEW YORKERS EXPERIENCED SOME FORM OF DISADVANTAGE AT SOME TIME DURING THE PERIOD COVERED BY THE SURVEY.

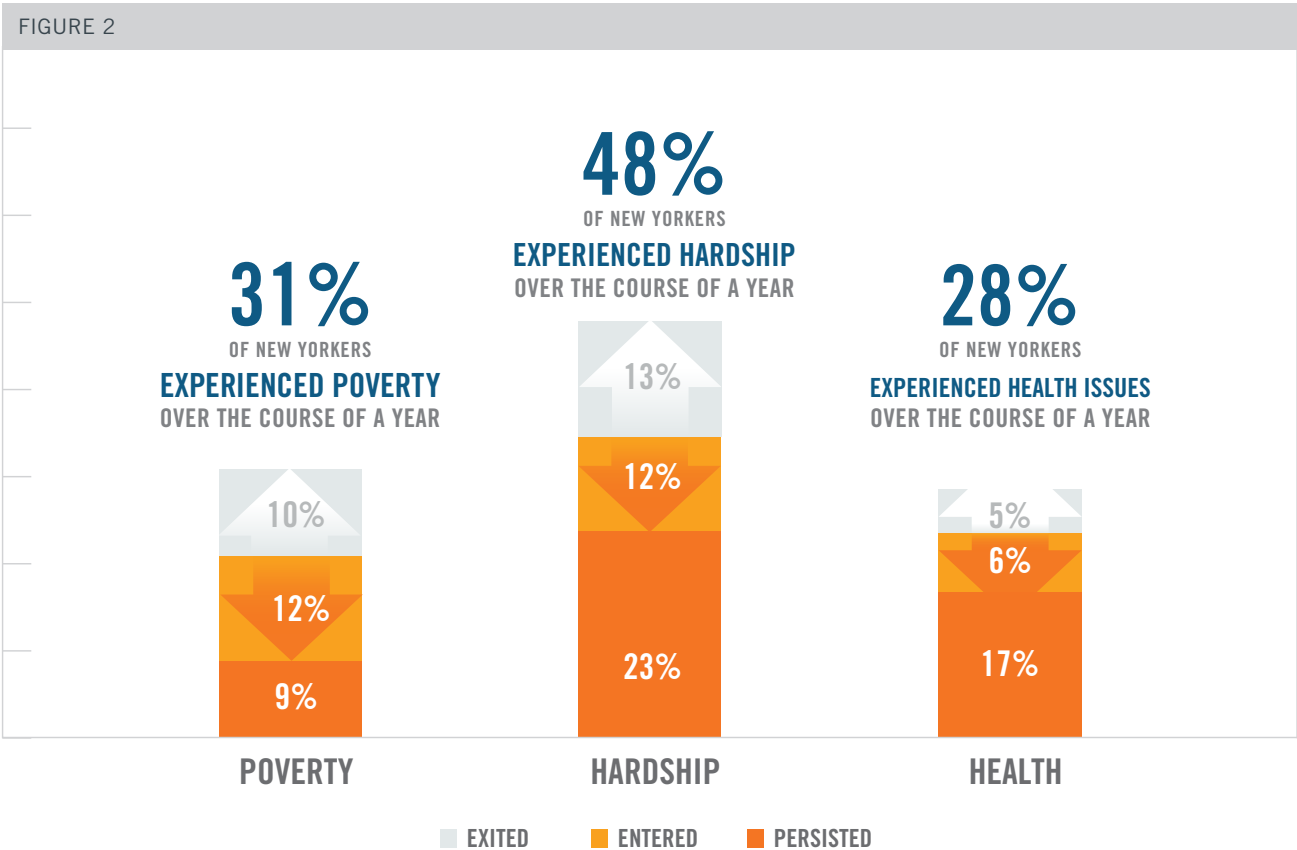
Nearly two-thirds (63%) of New Yorkers experienced poverty, material hardship or poor health either at the baseline survey, one year later, or at both points (*Figure 1*). Of those, 40% reported experiencing at least one type of disadvantage at both time points (“persistent” disadvantage). An additional 23% either entered or exited from experiencing a disadvantage during that time. Thus only 37% of New York City residents experienced no disadvantage over the survey period.



**2. OF THE THREE FORMS OF DISADVANTAGE, MATERIAL HARDSHIP WAS THE MOST PERSISTENT (23%), FOLLOWED BY POOR HEALTH (17%). IN CONTRAST, POVERTY WAS THE MOST DYNAMIC, WITH MORE PEOPLE MOVING IN AND OUT OF POVERTY THAN REMAINING BELOW THE POVERTY LINE.**

A full 23% of New Yorkers reported experiencing persistent severe material hardship at both the baseline and follow-up survey one year later. An additional 25% either entered (12%) or exited (13%) material hardship, resulting in 48% of New Yorkers facing severe material hardship at some point over the survey period (Figure 2).

Only 9% of New Yorkers experienced persistent poverty, with incomes below the poverty line at both the baseline and one year later. Slightly greater numbers of New Yorkers entered (12%) or exited (10%) poverty during that time. In addition to providing valuable insight about the more transitory nature of income, we see that the total number of New Yorkers who reported income poverty at at least one point during the survey period was 31%, significantly higher than the roughly one in five New Yorkers that are found to be poor by an annual snapshot, such as the official poverty measure. Overall we see that significantly more New Yorkers have some experience with disadvantage—in any of its forms— than simple snapshots might lead us to believe.



**3. AS WOULD BE EXPECTED, PEOPLE WITH HIGHER LEVELS OF HOUSEHOLD ASSETS ARE LESS LIKELY TO FACE EITHER POVERTY OR MATERIAL HARDSHIP. THOSE WITH HIGHER LEVELS OF DEBT, ON THE OTHER HAND, ARE MORE VULNERABLE TO HARDSHIP.**

The Poverty Tracker measured assets and debts approximately nine months following the baseline survey, inquiring about real estate, vehicles, checking and savings accounts, stocks, bonds, mutual funds, retirement accounts, life insurance policies and other assets; and credit card, medical, educational, mortgage and other debts. We used the Poverty Tracker to predict entry into and exit from poverty and hardship at varying levels of assets and debts.<sup>2</sup>

Having more assets was associated with only a small decrease in the probability of entering poverty. At the highest asset levels, only 11% entered poverty vs. 18% for those with no assets (Figure 3A). The relationship between assets and entering material hardship, however, was much stronger. Of those initially not in hardship, 60% with no assets entered hardship within the year, whereas only 10% of those with substantial assets did. Not surprisingly, owning assets provided a significant buffer against the risk of entering material hardship.

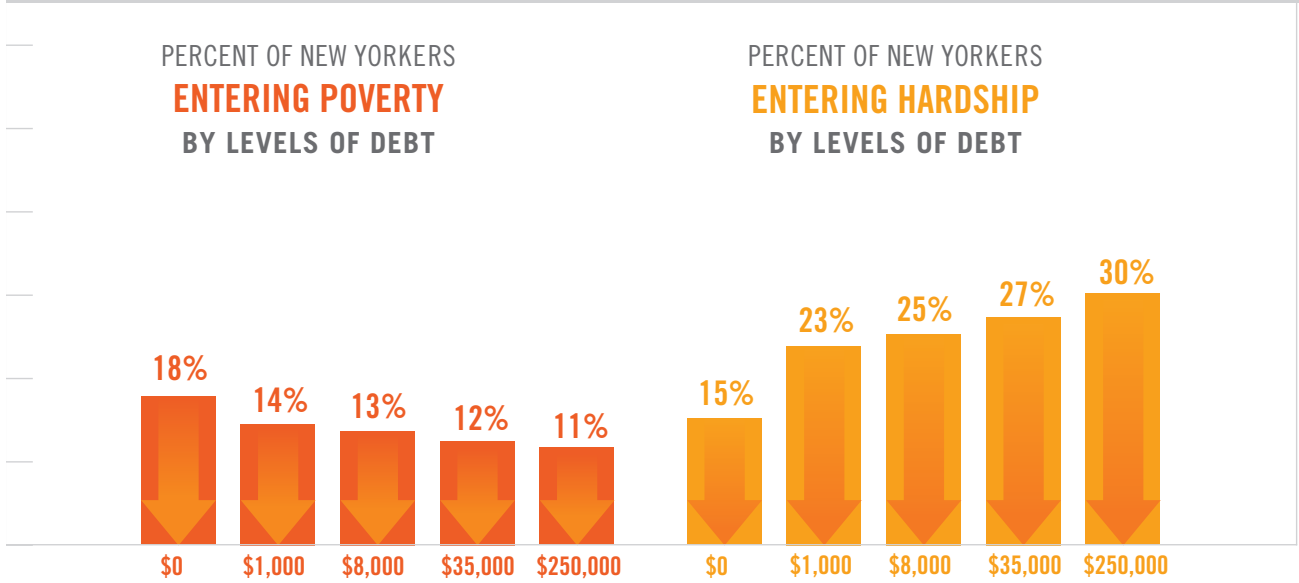


<sup>2</sup>Using reported data, we stratified the nonzero levels of assets and debts into quartiles. For the purposes of the charts included in this report, we rounded the median value of the quartile.

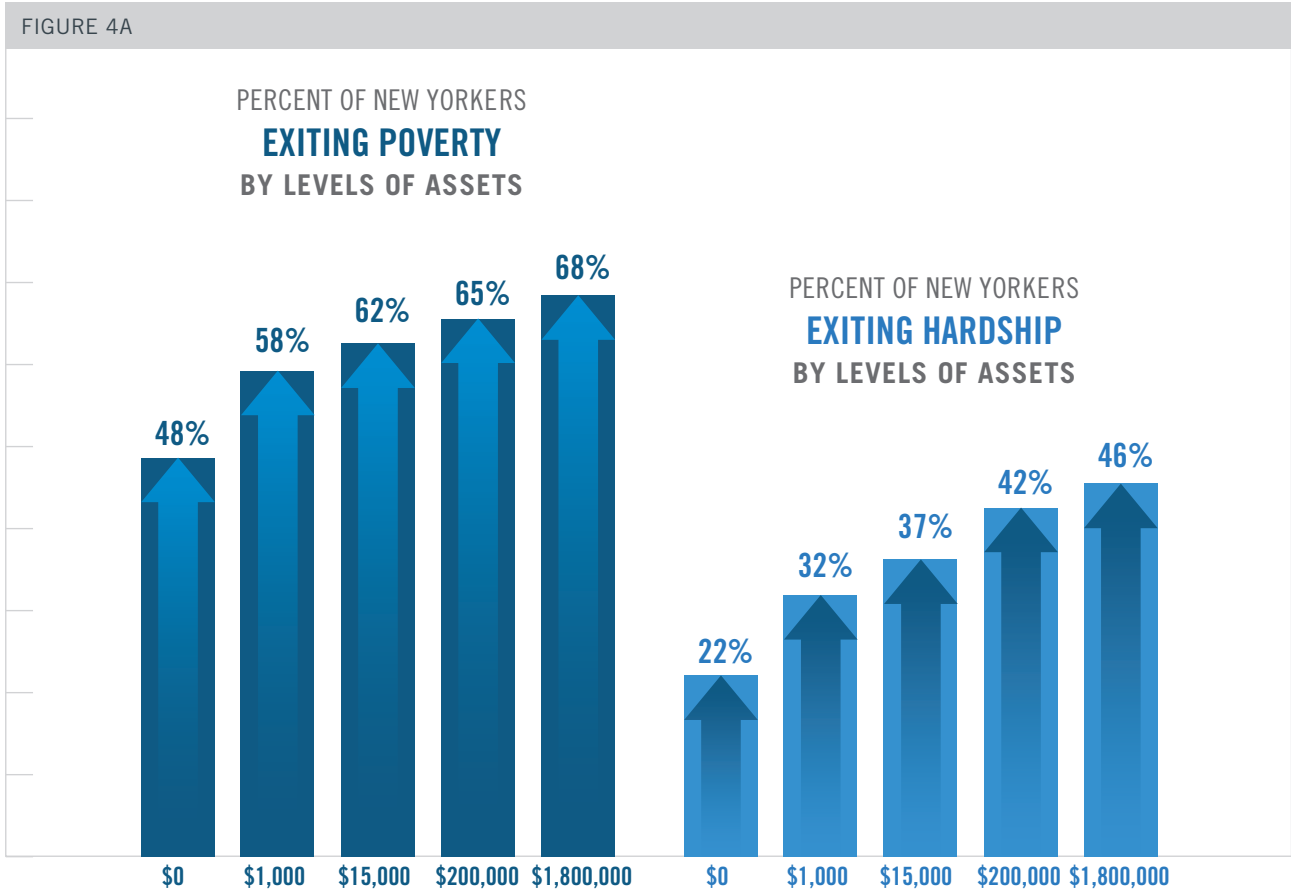


There is a similar, but intriguing, relationship between levels of debt and entering poverty. Those who hold more debt were actually less likely to enter poverty than those with lower levels of debt (Figure 3B). While seemingly counterintuitive, this aligns with the fact that many of those with large amounts of debt had to meet income thresholds to qualify for loans. Not surprisingly, however, holding more debt is strongly predictive of entering material hardship. Among those who had no severe hardship at baseline, only 15% with no debt reported severe hardship a year later, compared with 30% of those with the highest levels of debt. These findings highlight the importance of looking beyond income to measure disadvantage – using income measures only would miss that some households with incomes above the poverty line are struggling under large debt burdens and being driven towards severe material hardship.

FIGURE 3B

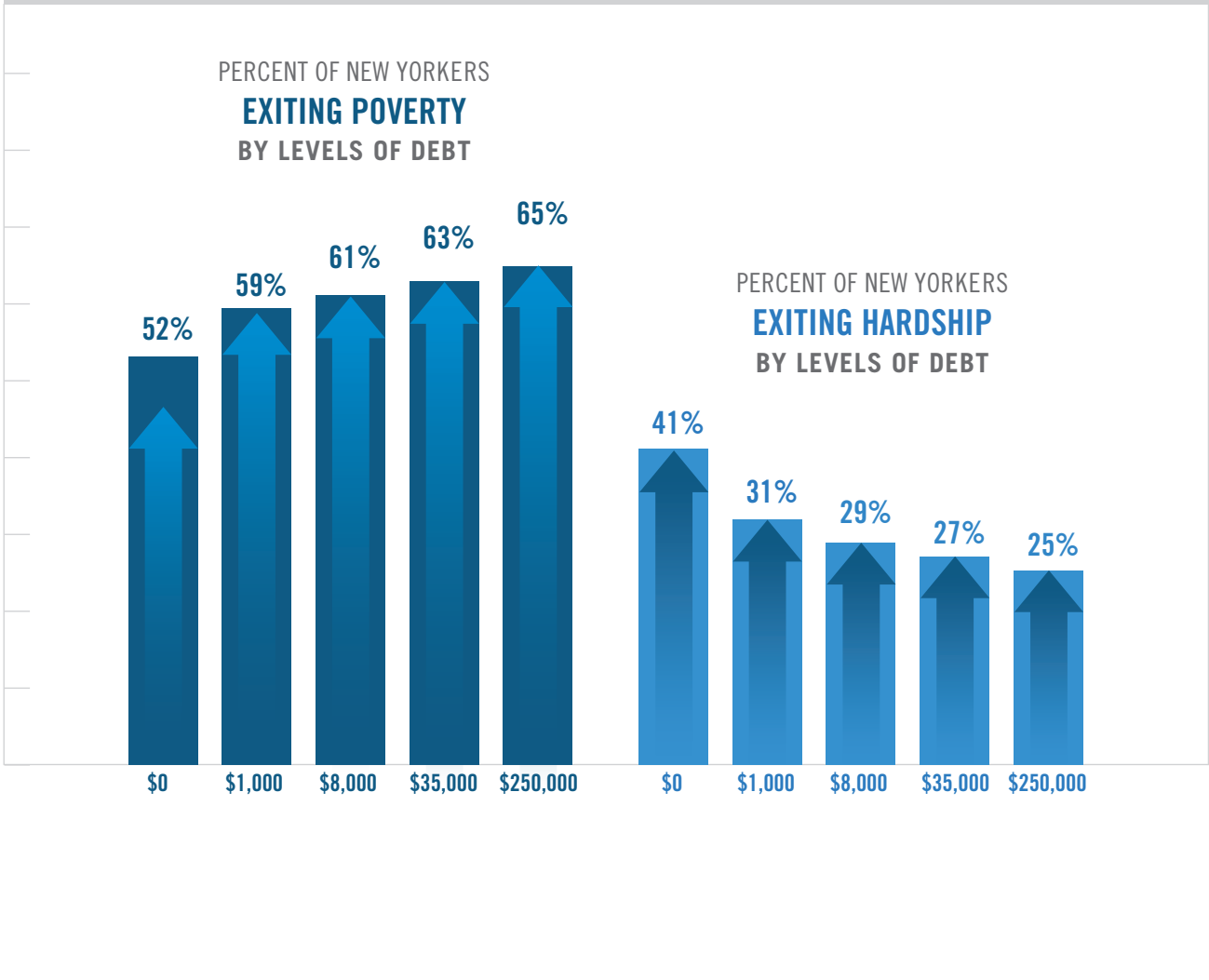


Figures 4A and 4B show corresponding rates for exiting poverty and material hardship. As expected, levels of assets and debts work in the opposite way when considering how they might drive improvements in either poverty or hardship. This makes sense because whatever assets or debts push one into poverty and material hardship should likewise help one escape these states. The Poverty Tracker reveals that holding significant assets only marginally increases the probability of exiting poverty, but a much stronger association exists between assets and exits from hardship. Among those in hardship, more than 46% of New Yorkers with the highest levels of assets exited that hardship compared with 22% of New Yorkers with no assets (Figure 4A).



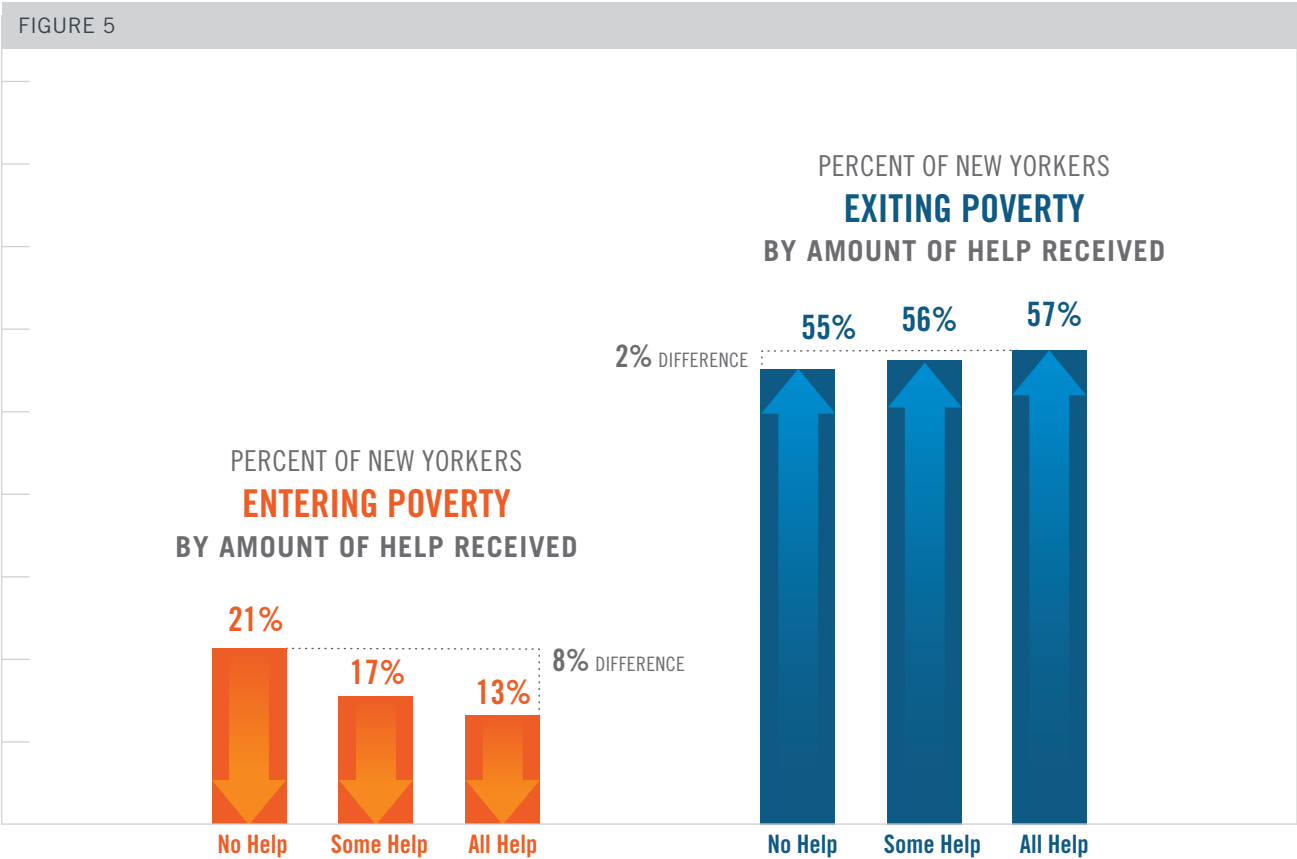
Again, in parallel with our entries findings, those with high levels of debt were more, not less, likely to exit poverty. When debt was tracked against material hardship, however, those with high levels of debt were substantially less likely to exit hardship, only 25%, compared with 41% of those with no debt (Figure 4B). This is further evidence that while assets are likely a significant buffer against entering material hardship, high levels of debt may make it more difficult to escape hardship.

FIGURE 4B



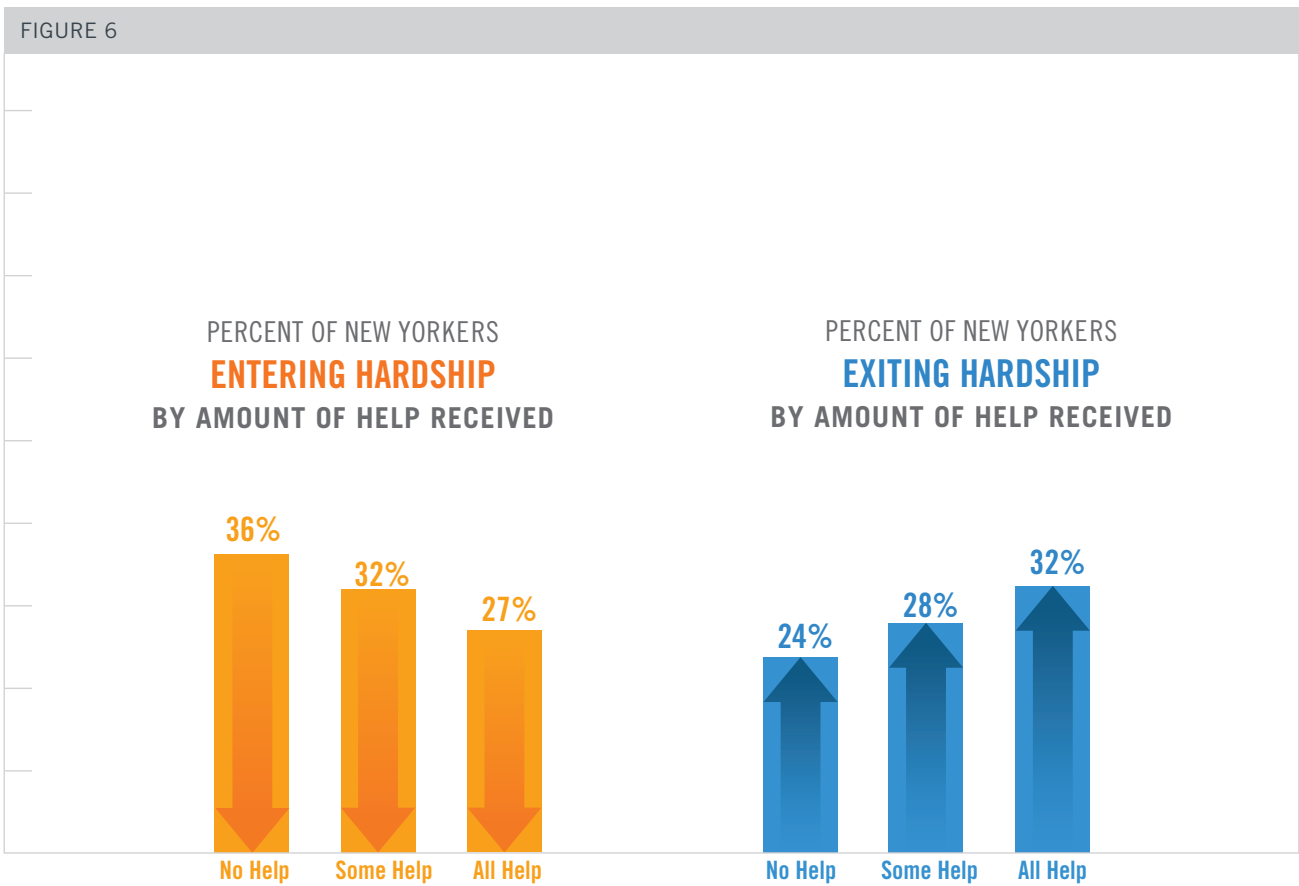
**4. GOVERNMENT AND SOCIAL SERVICE ASSISTANCE MAKES A DIFFERENCE IN HELPING NEW YORKERS ESCAPE DISADVANTAGE, BUT IS MORE EFFECTIVE IN KEEPING THEM OUT OF HARDSHIP OR POVERTY IN THE FIRST PLACE.**

Six months after the first Poverty Tracker survey, respondents were asked about their need for help across nine domains—from health and affordable housing to legal assistance and securing public benefits. Those reporting a need for help were asked whether they sought assistance and, if so, whether they got all, some or none of the help they sought. As we did for assets and debt, we used the Poverty Tracker to predict the probability of entering or exiting poverty or hardship based on the levels of help received.



The Poverty Tracker reveals a relationship between getting help and both entering and exiting poverty. While 21% of those who got no help entered into poverty between the baseline and one year later, only 13% of those who got all the help they needed faced the same experience (Figure 5). The difference between getting no help and getting all the help requested on exiting poverty was smaller: 55% of those receiving no help had exited poverty by the follow-up survey a year later, compared to 57% of those who received all the help they asked for. While receiving help predicts both entry into poverty and rates of exit, what is notable is how much more sensitive entry to poverty is to receiving assistance.

Similarly, *Figure 6* shows the percent of New Yorkers who entered and exited material hardship based on the amount of help they received. Again, the less help received, the higher the probability of entering material hardship: 36% of those who received no help entered into material hardship a year later, versus only 27% of those who received all the help they requested. And this relationship held true for households exiting material hardship as well: while only 24% of those who received no help exited material hardship by the follow-up survey one year later, 32% of those who received help for all of their problems were able to escape material hardship at that time



Although we cannot infer a causal relationship between receipt of help and transitions into and out of poverty or material hardship, the Poverty Tracker results are encouraging. Those who report receiving the help they need are less likely to enter poverty or hardship, and more likely to escape those conditions, than those who received none of the help they sought.

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# CONCLUSION

This third report in the Poverty Tracker series is different than previous reports in a significant way: It uses the data to describe disadvantage in New York not just as a snapshot but over the entire period from the baseline to a follow-up survey one year later. The results are striking: the majority of New Yorkers either are persistently disadvantaged or were disadvantaged at least once over the survey period. Yet there are distinctions between poverty on the one hand and hardship and poor health on the other – many more New Yorkers remained in a state of severe material hardship or poor health at both the baseline and at the follow-up survey one year later than remained in poverty. In fact, only 9% of New Yorkers remained in poverty from one survey to the next.

The report also sheds light on several factors associated with moving in and out of poverty and hardship. As might be expected, ownership of assets is protective; the effect of debt, however, is more complex. Specifically, higher levels of debt are less predictive of entering poverty, most likely because the ability to borrow reflects larger income, but are more predictive of entering material hardship, most likely because income is being used to service debt.

Perhaps most important, however, is the inescapable conclusion that conventional ways of determining the number of disadvantaged people and the scope of their disadvantage are lacking, owing to the limits of point-in-time income measures. The Poverty Tracker shows that a more comprehensive, dynamic measure of well-being is needed to help identify those in need.