



Federation of Protestant Welfare Agencies

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The Real Impact of Poverty:

A closer look at the 2006 Census data for
The United States, New York State, and New York City

A new report released by the U.S. Census Bureau on August 28 shows the change in poverty rates and income for the U.S. population in 2006. While poverty rates in the U.S. declined slightly from 2005 to 2006 (12.3% in 2006; 12.6% in 2005), the overall poverty rate is still much higher than 11.5%, which was the official U.S. poverty rate in 2001. In comparison to the rest of the nation, poverty rates in New York continue to fare worse. The 2005-06 U.S. average poverty rate was 12.5%; in New York it was 14.3%. This designates New York as having the highest poverty rate of all Northeastern and Midwestern states.

“The new data makes it obvious that government officials need to develop more creative approaches to reducing poverty,” said Fatima Goldman, Executive Director of the Federation of Protestant Welfare Agencies. “While State and City agencies are developing some new initiatives to promote economic security for the working poor, the fact remains that far too many families in New York remain trapped in the cycle of poverty. In both urban and rural areas of our State we see the impact of the escalating costs of living. Particularly for poor New York City residents, the costs of housing, health care, child care, transportation, and other basic necessities have become so burdensome that many families must turn to emergency services just to survive. Unless we begin to make substantial investments to increase the value of public benefits provided to poor families and to expand access to education and training for jobs that pay a sustainable wage, I fear that this trend may continue.”

While the real median income of white households in the U.S. rose by 1.1% between 2006 and 2005, the same rise in real median income did not occur for Hispanic and African American households. These households also continued to experience higher overall poverty rates. In the past 12 months, the poverty rate for African American households was 25.3%, and for Hispanic households it was 21.5%.

In analyzing the new data, it becomes apparent that poverty's toll continues to impact specific local areas and sub-populations within New York State far more than others. The percent below poverty in New York State in the past 12 months was 14.2% according to the 2006 American Community Survey (ACS). In New York City boroughs, the breakdown was as follows:

- Bronx – 29.1%
- Brooklyn – 22.6%



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- Manhattan – 18.3%
- Queens – 12.2%
- Staten Island – 9.2%

New York State also fares worse than the nation on measures of extreme poverty (below 50% of poverty) and near poverty (below 125% of poverty). While the U.S. extreme poverty rate in the past 12 months was 5.8%, it was 6.3% for New York. Similarly, for those living near poverty in the past 12 months, the U.S. rate was 17.6%, while in New York it was 18.1%.

In addition, several upstate cities, including Buffalo and Syracuse, are listed among those with the lowest income levels and highest poverty rates in the country. And across the nation, poverty rates continued to be significantly higher among women and children. For single female-headed households, the 2006 poverty rate was 28.3%, not statistically different from 2005. The child poverty rate was 17.4% for 2006, also not statistically different from 2005. But in certain areas of the State, these statistics are staggering. In the South Bronx, an alarming 54% of children were living below poverty in 2006. And across New York City, 30.4% of households headed by women were in poverty, a slight decline from 2005, but still a significantly larger percentage than the overall New York City poverty rate of 19.1%.

Another lingering problem that the data presents is the continuation of income inequality and the gender wage gap. New York State and New York City still have the highest measures of income inequality in the nation, which means that the promise of economic mobility is not a reality for many who strive to rise up from poverty. In Manhattan, the ratio of the top 20% to the bottom 20% of wage earners was 39.7. To translate this into dollars, this means that the richest 20% of people made approximately \$351,000 a year on average, or 40 times more than the poorest 20%, who made approximately \$8,800 a year on average.

In addition, among adults age 25 and over with earnings, women across the U.S. earned only 67.4% of men's earnings in 2006. This gender wage gap is exaggerated even more at lower education levels. Women with only a high school degree or GED earned 65.1% of men's earnings, while women without a high school degree or GED, earned only 59.8% of men's earnings. However, in certain trade occupations such as construction, women can earn as much as 95.1% of men's earnings. This statistic clearly illuminates the potential of promoting non-traditional employment opportunities for women as a means of increasing their earnings and reducing poverty levels.

Our government leaders must confront these statistics head-on by creating new strategies that give families living below the federal poverty level real opportunities to increase their earnings through career advancement. For those unable to secure permanent full-time employment that pays a sustainable wage, we must provide a level of assistance adequate to meet a family's immediate basic needs.



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To meet these goals, FPWA recommends an increase in the basic public assistance grant to reflect the rise in inflation and the expansion of education and training opportunities for welfare recipients and families facing multiple barriers to work. In addition, FPWA suggests that State and City officials work together to increase the percentage of public assistance recipients placed in vocational educational training, and to design innovative transitional jobs programs that allow families in poverty to gain work experience while continuing their education and skills development.

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