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# TRUE COST OF ECONOMIC SECURITY

Policy Implications for New York City

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# About FPWA

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FPWA is a leading anti-poverty, social policy and advocacy organization dedicated to strengthening human services organizations and faith institutions and advancing economic opportunity and justice for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the structural and systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity. Learn more and join us at [fpwa.org](https://fpwa.org).

## About the National True Cost of Living Coalition

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The National True Cost of Living Coalition was founded in 2024 by two leading anti-poverty and advocacy organizations: the Federation of Protestant Welfare Agencies (FPWA) and the Community Service Society of New York (CSS).

Concerned about the nation's inability to accurately measure what it costs individuals and families to live in America in the 21st century, they brought together a broad-based group of policy experts and labor, business, philanthropic and community leaders to advocate for the adoption of a national true cost of living measure that would inform policy and programming at all levels of government, and help ensure that economic security is an attainable goal for all Americans.

The Coalition commissioned the Urban Institute to develop this new True Cost of Economic Security measure using its leading research and methodological analysis. Its efforts are supported by the Ford Foundation, The New York Women's Foundation, Stardust Fund, Trinity Church Wall Street, the W.K. Kellogg Foundation and others. Learn more at [nationaltruecostofliving.org](https://nationaltruecostofliving.org).

## Acknowledgements

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# Introduction

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The nation's official poverty measure and other measures centered in acute deprivation and used by government to set social policy undercount and conceal the complete picture of how families are faring. To remedy this, in 2020, the Federation of Protestant Welfare Agencies (FPWA) began calling for a true cost of living measurement. Our research and advocacy led to the 2022 New York City Charter revision, requiring the City of New York to annually calculate the true cost of living in the city. Now, using county-level data, the City is required to compute and report yearly what it costs for individuals and families living in the five boroughs to meet their basic needs and plan and save for their futures, and to use the data to inform City policy and planning.

Recognizing the same value in measuring true costs nationwide, in 2023 FPWA and the Community Service Society launched the **National True Cost of Living Coalition** and commissioned the Urban Institute to develop the first national **True Cost of Economic Security measure (TCES)**. Today we have the measure, which defines economic security as having the resources necessary to meet a comprehensive set of regular household costs, set aside savings both for future planning and for short-term emergencies, and manage debt. According to costs and resources data compiled for every county in the United States, the TCES reveals that 52 percent of Americans are not economically secure.

The City's Charter established March 21, 2024 as the date for the initial release of the City's measure and accompanying report analyzing costs and resources; however, the current Mayoral Administration has not yet fulfilled its obligation to New Yorkers. Fortunately, because the national TCES measure compiles and analyzes county level data, we have New York City and borough specific results. Looking across New York City counties, 62 percent of individuals and families, low- and middle-income, are economically insecure.<sup>1</sup>

As nearly two thirds of New Yorkers struggle financially to get and stay ahead, affordability is a top concern for them because it impacts their economic security day to day. Without the resources to cover both typical household costs for housing, food, transportation, healthcare and childcare, which are constantly on the rise with inflation and with family size, and essential expenses such as retirement savings, college savings, debt, emergency savings and more, **families who can are leaving the city**. In short, they want more for themselves than they can afford in New York City. They want economic security.

In this brief, we demonstrate how the True Cost of Economic Security can be used as a tool to understand how and why economic security is out of reach for so many New Yorkers, and to provide a policy roadmap enabling all families to thrive.

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[1] Unpublished Urban Institute TCES data, held at FPWA.

# An Overview of Economic Security in New York City

According to the True Cost of Economic Security measure, a staggering 62 percent of New Yorkers do not have the resources to cover their living costs.<sup>2</sup> For families with children, the rate is even higher: 72 percent are economically insecure. Examining borough-level data, TCES tells us that the average gap in resources for households with children is more than \$50,000 a year.

Figure 1 – TCES Rates of Economic Security in New York City for Families with Children

Summary of TCES Data for Families with Children			
	Share Below TCES	Median Total Family Costs	Average Family Resource Gap
<b>United States</b>	58%	\$134,800	<b>\$37,900</b>
<b>New York City</b>	72%	\$165,300	<b>\$52,600</b>
<b>Bronx</b>	88%	\$151,200	<b>\$54,400</b>
<b>Brooklyn</b>	74%	\$166,900	<b>\$55,200</b>
<b>Manhattan</b>	50%	\$186,700	<b>\$49,000</b>
<b>Queens</b>	71%	\$163,200	<b>\$48,700</b>
<b>Staten Island</b>	59%	\$180,000	<b>\$53,500</b>

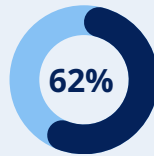
**Notes and Source:** Urban Institute TCES Data. Data is for families with only adults under age 65 and children present

While these topline numbers would likely not come as a surprise to New Yorkers who are struggling financially, the TCES measure and complementing analysis provide critical insights into their pain points – which households are struggling, and how, why and where.

[2] Unpublished Urban Institute TCES data, held at FPWA.

Crucially, TCES shows us the scale of the problem:

- Citywide, a staggering 62 percent of New Yorkers are economically insecure, meaning their resources are insufficient to cover their daily needs, and save and plan for future needs and emergent circumstances



- Families with caregiving responsibilities face greater challenges

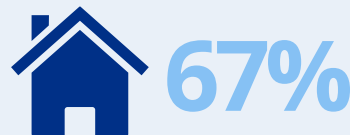


3 out of 4 families are economically insecure

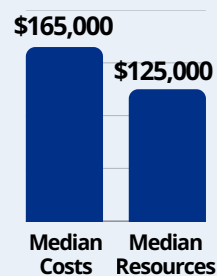
Nearly 3 out of 4 (72 percent) of families with children fall below the TCES threshold, rising to an unconscionable 91 percent for single-parent households



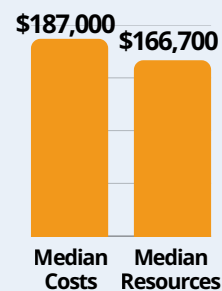
67 percent of three-generation households (those with at least one child and one adult over 65) are also economically insecure



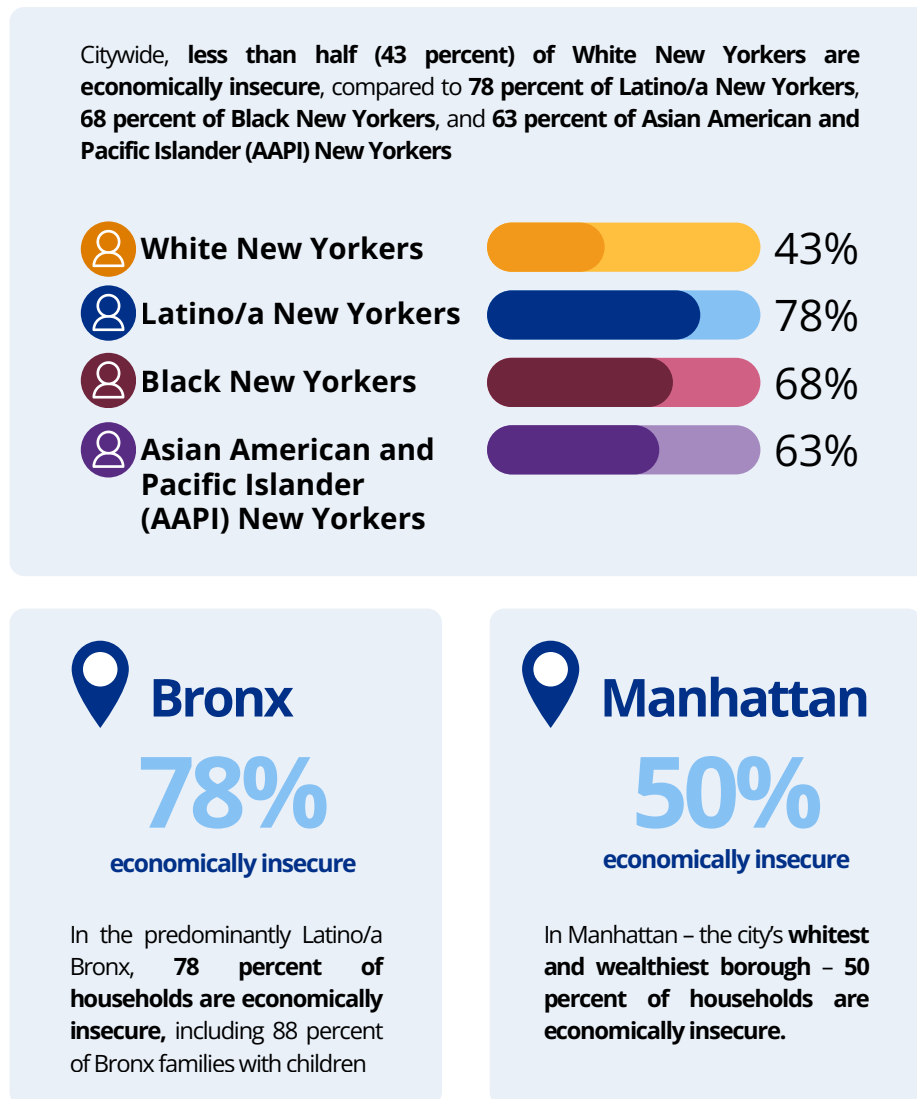
The median New York City household with children faces annual costs of over \$165,000 but has only \$125,000 in resources



Three-generation households have an average of \$187,000 in annual costs but have only \$166,700 in resources



- Geographic and racial inequalities are stark and pervasive:



- Particularly alarming is the gap that economically insecure New York City households face:
  - On average, NYC households below the TCES threshold would need an additional \$40,600 a year to be economically secure
  - For families with children, that gap grows to a staggering \$52,600<sup>3</sup>

Simply put, economically insecure New York City households aren't just teetering – they're tens of thousands of dollars away from true security, and piecemeal policy changes alone will not be enough to change their circumstances.

[3] Additional key findings and implications can be found at Appendix 2.

## NO ONE POLICY WILL ENSURE ECONOMIC SECURITY

True Cost of Economic Security data and analysis for New York City tells us that the scale of the problem must be matched with scale of policy ambition. No single policy will be a panacea to bring about economic security. A combination of policies designed to increase household resources, lower specific costs, and dismantle the structures and systems that inhibit economic security is required.

### Increasing Household Resources

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With typical household costs for housing, food, transportation, healthcare, and childcare, and essential expenses for education supports, clothing and more constantly on the rise with inflation and family size, the most often-cited cause of financial instability and economic insecurity is unaffordability: the cost of goods and services is too high for individuals and families to afford. But to only or even primarily consider costs is to disregard the impact of stagnant wages and lack of wealth-building opportunities for households.

The recent wage growth among low- and middle-wage earners that was experienced nationally was not reflected in the earnings of New Yorkers. Nationally, **earners in the bottom half of the income distribution experienced historically high wage growth between 2019 and 2023**, with workers in the bottom 10th percentile experiencing the fastest wage growth of all groups (13.2%). In New York City, however, **low- and medium-wage workers experienced real wage loss of 2.8 percent and 2.4 percent respectively**, while wage gains have been **concentrated among the highest earners**.

The importance of household resources is made plain when looking at the rate of economic insecurity across the five boroughs. Whereas Manhattan is the most expensive borough in to live in New York City, the economic insecurity rate of its residents is the lowest because on average Manhattan residents have the highest wages of the five boroughs. Costs alone are not the issue – scarce resources are as much, if not more, of the challenge.

# Wages

For the majority of New Yorkers, wages make up the lion's share of household income, but their wages are not sufficient to meet the costs of living.

At \$16.50/ hour as of January 1, 2025, New York City has one of the highest minimum wages in the country. Despite this, TCES illustrates how far away this still is from economic security. The minimum wage in New York City annualizes to approximately \$34,320. By comparison, a single-person household with no children would need double that (resources of \$71,300) to live with economic security in NYC. TCES tells us that the current minimum wage traps people in economic insecurity. It also tells us that even workers working above the minimum wage are locked out of economic security, struggling to afford daily expenses and invest in their future.

The City must explore policies that will raise wages for both low- and middle-income earners. First, the sub-minimum wage for tipped workers and workers with disabilities must be eliminated. Beyond that, the City should explore options to support raising wages for workers making above the minimum wage, using TCES as a guidepost. Potential options may include tax code-based incentives for providing wages that support economic security and disincentives for wages that fall below. The City may also wish to explore its procurement powers to incentivize family-sustaining wages.

Additionally, City government must address the structures and systems that perpetuate wage inadequacy. These policies are explored in the section 'Breaking Down Systems and Structures that Perpetuate Economic Insecurity'.

FPWA research demonstrates that a reserve of resources (savings) is requisite for economic security. This reserve, or "essential wealth", is necessary to protect against unexpected financial shocks, avoid reliance on high interest debt that can further erode economic security, and save for other future goals like retirement. Policies that are designed and implemented with the intention of ensuring low- and middle-income earners can pay their daily expenses while saving for the future and, ultimately, investing in wealth-building opportunities, are crucial.

TCES can assist policymakers in crafting such policies. By providing a thorough understanding of the sources and amount of resources families access and the sources and costs of goods and services they need, as well as determining a sufficient level of savings necessary to protect families and ensure the ability to grow and thrive, TCES shows us the gaps and the needs. With this understanding, advocates and policymakers are able to develop targeted solutions that can increase wealth-building opportunities for families who are currently left behind.

For example, while homeownership has long been promoted as a way for families to build wealth, TCES provides county-level data on which families are least likely to have the assets necessary to purchase a home. With wages and other resources failing to keep pace with the cost of living, families fall farther behind and are unable to save or invest in wealth-building opportunities like homeownership. The results of this cycle are visible in boroughs across New York City where homeownership rates map against rates of TCES. Specifically, **homeownership rates range** from 20 percent in the Bronx (78 percent below TCES) to 67 percent in Staten Island (54 percent below TCES).

TCES can also inform asset limit threshold setting for public assistance programs. Basic savings are vital for achieving and maintaining economic security, but asset limits prohibit people receiving income supports from saving even a small amount for emergencies. In addition, individuals with even a **modest amount of savings are frequently unable to access critical support programs**. These restrictions trap families in a cycle of economic insecurity.

As part of the FY22-23 state budget, the New York State Legislature made some progress in increasing asset limits when it increased the amount of assets public assistance applicants can have from \$2,000 to \$2,500 (and from \$3,000 to \$3,750 for households where any member is age 60 years or older). Despite this, these changes do not go far enough. The TCES measure illustrates the importance of savings and assets as a way of maintaining economic security. Denying people the ability to build these while receiving public assistance traps them in a cycle of instability.

## Income Supports and the Safety Net Are a Crucial Resource

Eligibility for many government-funded safety net programs, including cash and food assistance, Housing Voucher Access Program, City rent supplements, and childcare programs, is determined using the woefully inadequate official poverty measure (OPM). As of September 2025, the OPM is \$32,150 for a family of four with two adults and two children living anywhere in the contiguous 48 states, nearly \$140,000 less than what it takes for a family of four to be economically secure in New York City.

Rather than rely solely on this insufficient measure, which fails far too many New York families, both the City and State should explore expanding eligibility for income support programs using the TCES as a benchmark or guide. By using a higher threshold and removing asset limitations, we can begin to set New York families on a path to economic security.

TCES can further guide City and State eligibility decisions for programs including legal services, priority admissions to Department of Education schools on the basis of income, and free-and-reduced price lunch.

Utilizing TCES thresholds and data, New York lawmakers should also visit and revisit targeting and expanding tax credit policies such as the Working Families Tax Credit and the Child Tax Credit to reach families with children, given the significantly higher cost of living when children are in the household.

Income support and refundable tax credit programs could help pave the way for programs such as a guaranteed basic income structured on a sliding scale using TCES thresholds. Different than a universal basic income, such a program would ensure that New York families falling below the TCES threshold were provided the resources they needed to be economically secure and to thrive.

# Addressing High Costs

Reducing costs is as important as increasing resources. Using TCES data, policymakers can address the most significant cost drivers of economic insecurity.

## Addressing New York's housing crisis

While housing is expensive across the country, prices are particularly high in New York City. For the median family with children, nationally, housing costs consume about 15 percent of annual resources, according to TCES. In New York City, housing costs for the median family with children are nearly twice that amount, at 28 percent, and for New York City families falling under the threshold of economic security, housing costs are a staggering 45 percent of their annual resources.

Robust debate about what drives the ever-increasing cost of housing in New York City is ongoing, and though TCES does not resolve this question it does underscore how dire the problem is for families along the income ladder. Both demand-side solutions to housing costs – such as increased, wider-reaching subsidy programs – and supply-side solutions – such as increased social or public housing development and income-targeted development – would benefit from a TCES analysis. Specifically, policymakers can score the effects of proposed policies against the measure of economic security provided by TCES.

## Supporting Households with Children

**Households with and without children, percent below TCES**

	Households without Children	Households with Children
<b>United States</b>	46%	58%
<b>New York City</b>	53%	72%
<b>Bronx</b>	71%	88%
<b>Brooklyn</b>	53%	74%
<b>Manhattan</b>	44%	50%
<b>Queens</b>	55%	71%
<b>Staten Island</b>	44%	59%

**Notes and Source:** Urban Institute TCES Data

Due largely to the need for multiple bedrooms, higher insurance costs, and the introduction of childcare costs, in every New York City borough, households with children have higher costs. Because most do not have equal resources, consequently, they have higher rates of economic insecurity.

As City and State leaders consider policy options to reduce childcare costs for families, a thorough examination of which families, based on resources, would benefit most from partially or wholly government-funded care allows development of a program that does not exacerbate wealth inequality. Using a TCES analysis, the City could fully fund childcare programs, guaranteeing childcare, afterschool, and pre-K for all three- and four-year-olds based on a sliding scale determined by family resources. By first targeting families at the lowest end of the TCES scale and gradually expanding upward, policymakers would ensure that its limited resources reach the families most in need.

Healthcare is the second largest cost for households with children, and one that many families will be feeling more acutely because of impending federal cuts. The federal budget reconciliation restricts New Yorkers' access to Medicaid by imposing work requirements, introducing burdensome paperwork requirements, and limiting enrollment eligibility. NYC Health + Hospitals (H+H), the City's public hospital system, is particularly threatened by these funding cuts. Over 70 percent of H+H patients rely on Medicaid or have no insurance. With fewer Medicaid patients, less government funding, and lower payment rates, H+H Hospitals, which already operate under narrow margins, will be at risk of closure and reduced services. The City may need to step in to increase NYC Health + Hospitals funding to fill any gaps and ensure hospitals stay open for families who need healthcare, particularly those families who are economically insecure.

## Taxes

TCES data demonstrates that taxes account for a significant portion of household costs. Whereas taxes are an essential part of a functioning society, with TCES we could ensure that families below the economic security threshold are not bearing a disproportionate tax burden, especially vis-a-vis wealthier households. By utilizing TCES, policymakers can ensure that taxes and tax reform do not further exacerbate economic insecurity. Tax cuts should go to those who need them most, rather than those who are well above the TCES level, and refundable tax credits should be used to provide resources to those below the level of economic security.

## Breaking Down Structures and Systems That Perpetuate Economic Insecurity

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Try as we might, policies that would increase resources and lower costs alone would likely not end economic insecurity sustainably because there exist structural and systemic laws, norms and practices on which these policies are based, and which work to extract wealth from low- and middle-income earners. Highlighted below are a few examples of the ways in which laws, norms, and practices maintain economic insecurity for New Yorkers.

## Systems and Structures that Perpetuate Low Wages

The federal government's Official Poverty Measure (OPM) is a highly effective tool for maintaining wage deprivation. For families with low income and little to no assets, wages from work and income supports are their primary way of meeting costs. As of September 2025, the OPM for two adults and two children is \$32,150. If both adults work full time at the federal minimum wage of \$7.25 an hour, the family will be just below the federal poverty level. In NYC, the minimum wage is \$16.50 an hour, meaning this same family would earn approximately \$68,640, or more than 200% of the federal poverty level. Despite being well over the official level, and beyond the limit for most income support programs, these families fall far short of economic security. In fact, families earning up to **400 percent of the federal poverty level all too often struggle to meet their basic needs** and save and plan for unanticipated, emergency costs and for their futures.

TCES reveals just how much wage deprivation for people with low income and little if any other resources impacts their ability to survive and to thrive, and to have the economic security needed to plan for the future. County, state and national TCES data provides key information for fair wage setting at all levels of government. Passing federal, state and municipal legislation that requires the use of TCES as a benchmark for a wage floor and as a prevailing wage in certain industries would likely prove highly effective in dismantling structural and systemic wage deprivation.

The City and State should use TCES data to study labor market inequities such as occupational segregation. TCES can help examine which occupations have a disproportionate share of economically insecure households, and why. Such TCES analysis would be critical to efforts aimed at increasing wages in certain sectors including health and human services.

## Systems and Structures that Prevent Wealth Accumulation

As noted throughout this report, accumulating sufficient savings to invest in wealth-building activities is nearly impossible when families' resources are insufficient to keep up with daily costs. In addition, the benefits and incentives to wealth building remain out of reach for many low- and moderate-income earners. For example, retirement accounts such as 401(k), 403(b) and IRA plans offer tax benefits to contributors, helping people build retirement savings and reduce tax burdens. These plans are especially valuable when they offer employer contributions or matches. Access and ability to participate in these tax-privileged plans is unequal with **higher-income families 10 times more likely to have a retirement account than low-income families**.

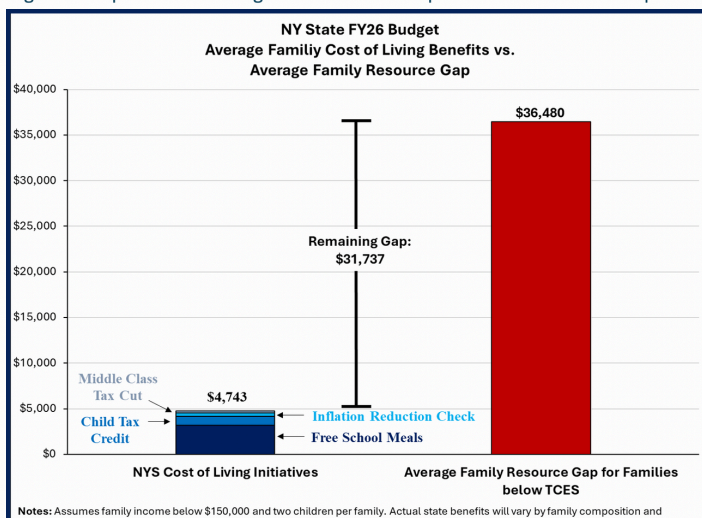
Student debt provides another example of barriers to wealth accumulation. **Higher education attainment is associated with higher earnings**, and even **entry-level “good jobs” are expected to require a degree** in the near future. At the same time, the cost of higher education continues to grow and families across all demographics are **borrowing more money to cover costs**. For families with low- and middle-incomes and the inability to tap into savings and wealth, **student loan debt can create an additional barrier to long term economic security**. This is particularly true for **Black women who are paid less than other groups with the same educational attainment** and who often carry higher levels of student debt.

One bold solution offered to support wealth-building opportunity is baby bonds. **Baby bonds are publicly funded trust accounts** provided to all children at birth and progressively funded. Accessible at adulthood, baby bonds offer “start-up capital” for young adults to invest in wealth-building opportunities such as education, homeownership, or entrepreneurship.

Understanding the gap between resources and costs, as well as the burdens and barriers to access wealth, can help policymakers develop targeted solutions to support wealth-growing opportunities for economically insecure families. Bold solutions, like baby bonds and guaranteed income, offer examples of how government can reimagine the tax code to provide individuals and families with sufficient income and capital to both meet their daily needs and invest in wealth building opportunities for the future.

## Using TCES To Assess Political Expediency Versus Policy Effectiveness

Figure 2 – Impact of State Budget Investments Compared to NYS Resource Gap



Source: [FPWA FY26 State Budget Analysis](#)

TCES has already proven an effective tool for assessing the likely impact of social and economic policies and legislation on individuals and families. In evaluating the impact of the most recent NYS budget (FY26), FPWA used the TCES to show that while key measures of the budget helped families, they only scratched the surface given the scale of economic insecurity prevalent in the state. TCES can tell us about the effectiveness of policy interventions. FPWA’s analysis showed that despite significant investments to help families with low incomes, the interventions only closed about 13 percent of the resource gap as shown in Figure 2.

Simply put: a few thousand dollars a year unquestionably helps, and it certainly can be part of the solution, but, with economically insecure families in New York facing an annual gap of tens of thousands of dollars, solutions must meet the scale.

The TCES can also be used by independent actors in their own policy analysis, as the Independent Budget Office has done with its paper focused on economic security for students: **What it Takes to Thrive in New York City**. Using the TCES in this way provides a powerful tool for policymakers and evaluators to ensure policies are centered on what matters most for households.

## Using TCES for Place-based Responses - Eyes on the Bronx

The effects of economic insecurity are not distributed equally. TCES data can be used to identify geographic areas that require targeted, place-based policy responses. For example, the data paints an upsetting picture of household finances in the Bronx, where 78 percent of all families and 88 percent of households with children are below the threshold for economic security. The City and State must explore place-based policies to support these households – recognizing the historical practices of discrimination, environmental disruption, and disinvestment in the borough.

Place-based policy solutions could take several shapes, but all must be guided by a focus on improving the lives of those most economically insecure. For example, lawmakers may be able to overlay a TCES analysis with communities cut off by the construction of highways through the Bronx in the middle of the 20th century to understand how best to reinvest in public transportation that would reduce air pollution that causes disparate health impacts in the community and make the borough more accessible to and from other parts of the city. A similar approach of geospatial analysis using the TCES data could help to show where to target social safety net programming and social services, which could also serve as remedies to the over-policing and criminalization of poverty that have perpetuated economic insecurity in the borough.

## Using TCES as a Corrective Benchmark

FPWA's research into the role of wealth in economic security lays bare the connection between wealth concentration and structural economic deprivation.<sup>4</sup> Asset concentration – when a small group of individuals accumulate the vast majority of a particular asset, such as through large estates or monopolization of housing by property owners – leads to price increases for those who do not own those assets. Systemically, annual TCES data could be used to evaluate and modulate asset concentration.

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[4] Coined by FPWA CEO Jennifer Jones Austin, structural economic deprivation is defined as a social construct created to normalize and enable systemic limitations on the ability of lower income people and communities to access financial, health, education and social resources that build and sustain wealth, thereby all but ensuring a socio-economic strata with individuals, families and communities living perennially in or near poverty.

By considering both assets and income, TCES provides a lens by which inequitable outcomes can be addressed through the tax code. Such policies could include adjusting taxes on households based on TCES rates to slow down overconcentration of asset ownership and promote asset ownership for the most economically insecure.

## The “Big Picture”

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The True Cost of Economic Security findings present a challenge to lawmakers and advocates in New York City. Is this a place where anyone who’s born or moves here can thrive, or **only those with generational wealth?**

This paper outlines potential policy applications for the TCES and our city. The policies proposed are just a starting point for how we as a city can begin to close the vast gap in economic security for 62 percent of New Yorkers.

The data give us a roadmap. Now we have to use it.

# Appendix 1 - About the True Cost of Economic Security (TCES)

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TCES differs from other measures of economic need in that it does not just measure basic needs or bare-bones self-sufficiency. Besides accounting for the cost of household budget essentials, it also includes reasonable savings targets and the ability to manage certain types of debt. It recognizes that economic security means being able to weather emergencies and invest in the future – not just get by day-to-day or paycheck-to-paycheck.

The methodology relies on publicly available datasets, anchored to the 2022 American Community Survey (the most recently available dataset at the time of the analysis).

- On the household cost side, it accounts for housing, a reasonable food budget, healthcare (including premiums and out-of-pocket expenses), center-based childcare, regionally specific transportation, technology, taxes owed, service of certain types of debt, savings targets, and other miscellaneous costs. All costs are adjusted based on family composition and geography, down to the county level.
- On the household resource side, it's similarly comprehensive, accounting for income from labor earnings and self-employment income, some types of passive investment income, pensions and retirement income, government social insurance programs like Social Security, Medicare, Medicaid, and SNAP, as well as employer-provided healthcare contributions.

By looking at costs and resources together – based on family size and makeup – TCES can tell us if a family is meeting the threshold for thriving. By calculating the data for all American families to the county level, the Urban Institute has provided a powerful tool for national and local policymakers.

## Appendix 2 – Other Key Findings and Implications

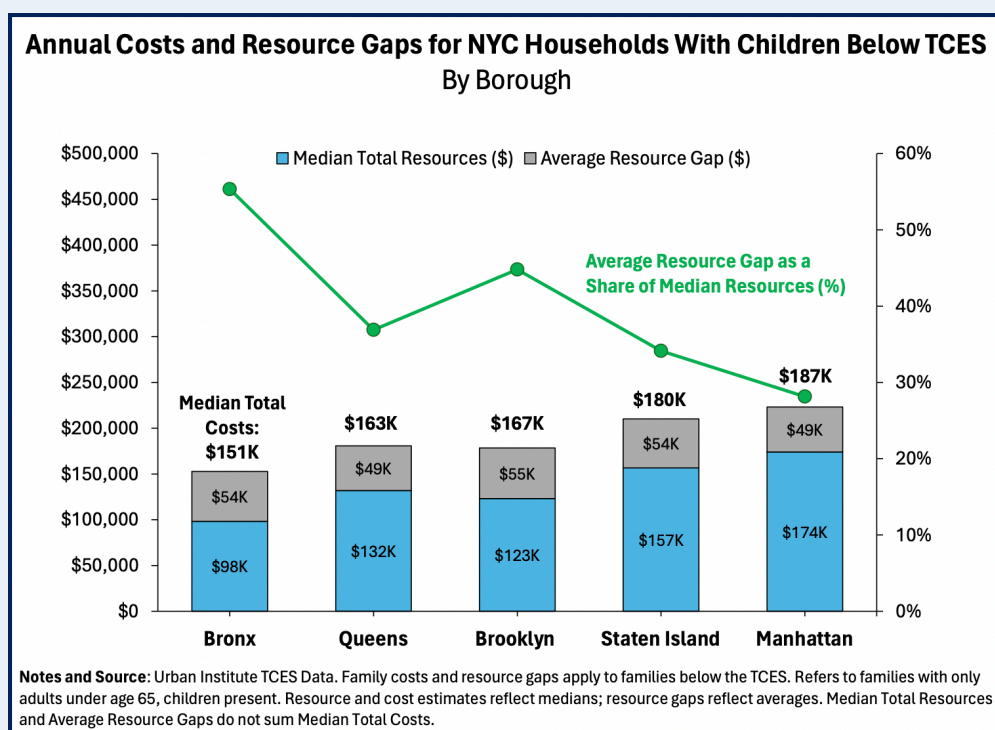
The TCES analysis helps us understand economic insecurity – what drives it, what holds families back, and what might help more families reach security.

### Costs versus Resources in Driving Economic Insecurity

There's no question that New York is an expensive place to live. Depending on family type, costs are tens of thousands of dollars a year higher in New York City than the national median. However, when looking across the five boroughs, inequality emerges as a key element of insecurity.

Consider this: Manhattan is the most expensive borough, where the median household with children has annual costs of around \$187,000. But all five boroughs are in a relatively tight band, with the Bronx being the cheapest at around \$151,000, a difference of about \$36,000, and the other three boroughs being within roughly \$20,000 of Manhattan.

However, *resources* for the five boroughs vary much more dramatically. Median annual household resources for Manhattan families with children are nearly \$70,000 more than for the Bronx. Compared to Queens and Brooklyn, Manhattan families earn well over \$40,000 more. That explains why Manhattan is the most economically secure of the five boroughs, despite also being the most expensive.



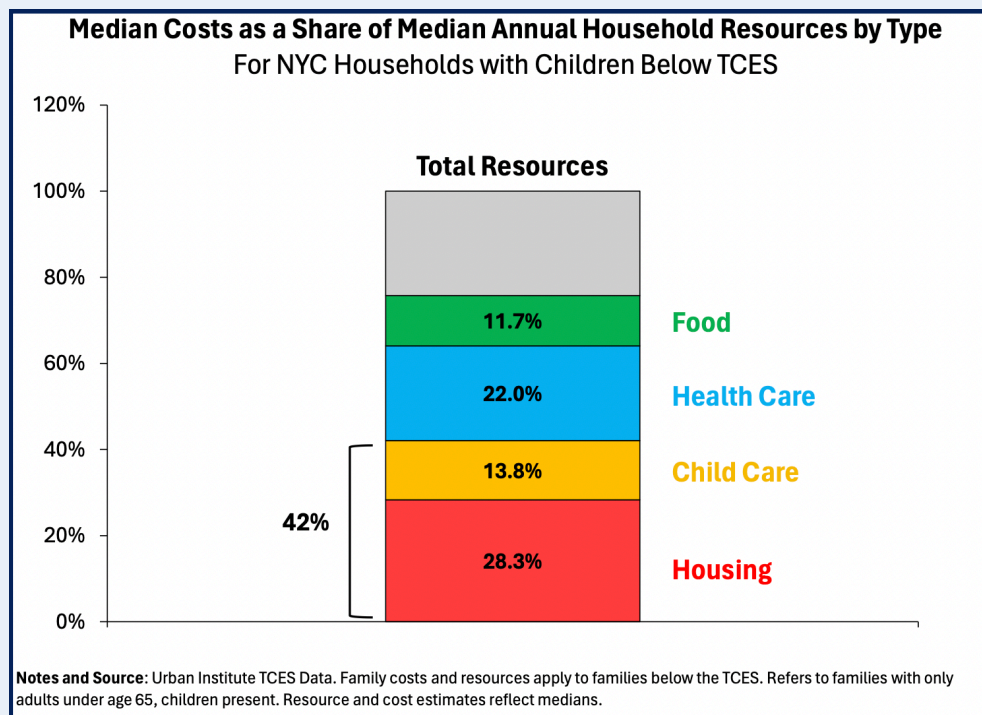
The upshot: yes, New York is expensive, but it is low wages or a lack of wealth, not just high costs, that is driving the affordability crisis for struggling New Yorkers.

## Key Cost Drivers in NYC

New York City's cost-of-living crisis has several drivers, and different types of families experience these pressures in distinct ways.

One cost that affects virtually every New York City household is housing, which is roughly twice the national median and is the single largest cost for all types of families. Nationally, for the median family with children, housing costs consume about 15 percent of annual resources. In New York City, it's nearly twice that at 28 percent.

For New York City households with children, childcare is another major cost burden, taking up roughly 14 percent of annual resources. Taken together, housing and childcare account for 42 percent of these households' annual resources – an enormous share that helps explain why nearly three-quarters of those families are economically insecure.



## The Role of Savings and Debt in Economic Security

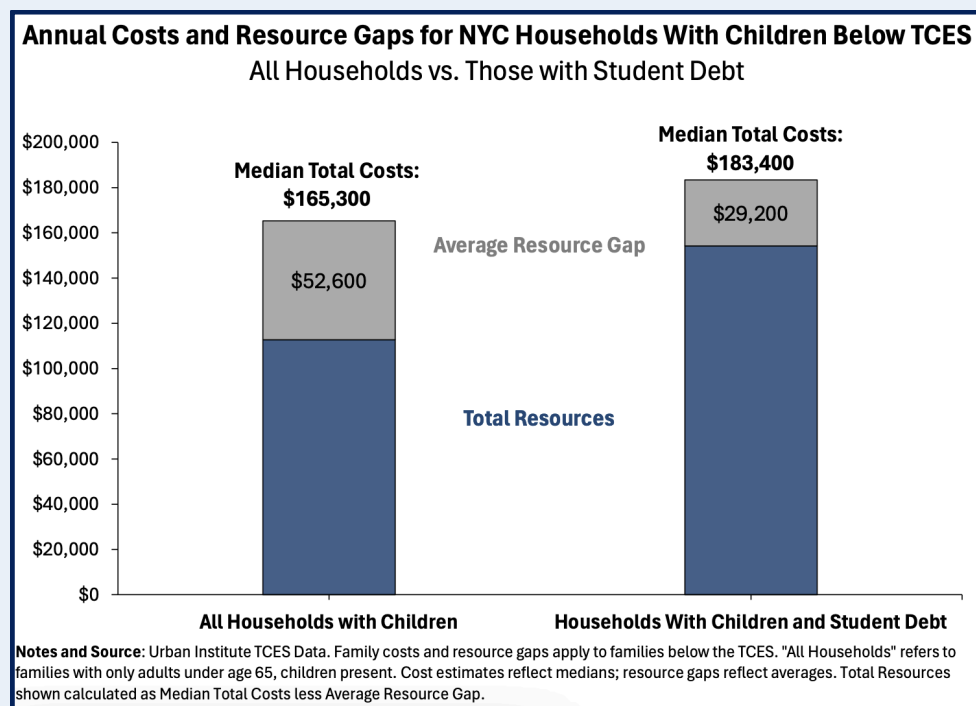
Savings, debt, and overall wealth play a crucial role in achieving economic security. You aren't economically secure if you aren't able to save for emergencies and long-term investments like retirement and homeownership.

And while debt (particularly runaway interest) poses an additional cost that must be accounted for, well-managed debt, such as a mortgage, is often a tool used by more well-off households to build wealth. The True Cost of Economic Security provides insight into how both debt and savings factor into the economic landscape for New Yorkers.

The TCES measure pegs savings targets to a household's costs, understanding that emergency and retirement savings are meant to cover future expenses. That creates a compounding challenge for New York City households: given the city has substantially higher costs than much of the rest of the country, savings targets must be higher too. Savings targets for a New York City family with children are about \$3,000 higher annually than the national median.

**Prior research by the Urban Institute** underscores the importance of even modest savings to household economic security. A 2016 report found that households with as little as \$250 in emergency savings were "less likely to be evicted, miss a housing or utility payment, or receive public benefits when income disruptions occur." The same study showed that low-income families with emergency savings were more financially resilient than middle-class families with no emergency savings. In short: savings aren't a luxury – they're a basic necessity for economic security. But New York's high cost-of-living makes it harder for families to save.

The Urban Institute TCES report also highlights how debt can function as both a cost and an asset. While servicing debt adds to household expenses, certain types of debt – like student loans – are often associated with higher future resources. For example: as previously referenced, 72 percent of all New York City households with children fall below the TCES threshold, with median annual costs of \$165,300 and an average resource gap of \$52,600. However, if you look just at New York City households with children who also carry student loan debt, the economic insecurity rate drops to 62 percent. Even though their median costs rise to over \$183,000 annually, their average resource gap is smaller, falling to \$29,200.



Why? Because college education generally leads to higher wages, allowing those households to earn enough to offset higher costs and ultimately be better off than their peers. This illustrates how the right kinds of debt, when managed well, can be a pathway to greater economic stability – even in a high-cost city like New York.

The FPWA logo is centered in the upper half of the image. It features a stylized white 'F' with a curved, wing-like element on its left side, followed by the letters 'PWA' in a clean, sans-serif font. The background is a dark blue-tinted photograph of a city skyline with various skyscrapers and a train in the foreground.

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