

The New York City Commission for Economic Opportunity  
Report to Mayor Michael R. Bloomberg

September, 2006

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# INCREASING OPPORTUNITY AND REDUCING POVERTY IN NEW YORK CITY

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# COMMISSION FOR ECONOMIC OPPORTUNITY



September 18, 2006

Dear Mayor Bloomberg,

Enclosed is the report on reducing poverty in New York City prepared by the Commission for Economic Opportunity.

In the months since you charged us with our work, we have undertaken a comprehensive examination of poverty in our city, analyzing its causes, scope and consequences. We have engaged in discussions with a broad spectrum of people from different professions and communities, including business, labor, government, academia, foundations, and neighborhood and religious organizations. We have looked closely at a full range of anti-poverty programs and paid particular attention to those that had a measurably positive impact.

*It is our fundamental conclusion that poverty in New York City can be reduced. Exactly how large that reduction will be depends on a number of variables, including the critical role of federal and state policies outside the City's control. Yet, if firm commitments are made, if specific goals are identified and measurements for progress spelled out, if accountability is built into the decision-making process, we are confident the reduction in poverty can be significant.*

*It is also a basic finding of this Commission that the time to act is now. The City's overall economy is strong. New York's role as a global center of media, finance, and culture continues to grow. New industries are being formed. Established businesses are working hard to re-invent themselves. Perhaps most significantly, your Administration has created an environment that enables this work to occur. The premium you have placed on accountability in government, the results you have achieved in education, housing, and job development, and the willingness you show to test new strategies to overcome our most intractable problems all are essential.*

## COMMISSION FOR ECONOMIC OPPORTUNITY

Reducing poverty will lessen the toll that deprivation takes on families and individuals. Just as important, it will add to the supply of educated, adaptable and highly employable workers so critical to building on the City's momentum and securing its economic future. Given the time and effort already invested in reforming and redirecting our schools – and the successes that have resulted – we believe this is the right moment to put in place a far-reaching strategy to enhance and extend those reforms.

In framing its recommendations, the Committee kept in mind the funding limitations that exist. *While we neither anticipate nor advocate massive new expenditures by New York's public or private sector, it is clear that new strategic investments are a required part of any targeted approach to reducing current levels of poverty.* Equally, we believe it is imperative that the large amounts already being spent be leveraged for greater impact and, where appropriate, redirected to produce the needed outcomes.

*We have focused on rethinking and redirecting existing programs and initiatives in order to replicate programs with a demonstrable record of success, test well-designed alternatives that have the potential to make a difference, and encourage a disciplined and coordinated approach to making investments that can deliver the greatest results.* In those areas where new investments make long-range economic sense, particularly at the neighborhood level, they will not be on a scale that strains the City's finances.

Any successful effort to reduce poverty must confront its complexities. Poverty has multiple causes and wears many faces. Some people require only short-term support in order to move up the economic ladder. Due to age, chronic illness, or mental or physical impediments, other cannot survive without a consistent level of help and support. *The Commission has identified three groups – the working poor, young adults and young children – that we believe can benefit most directly, immediately and dramatically from well-focused and coordinated interventions.*

We have not attempted to offer definitive or prescriptive proposals tied together in a single initiative. Rather, we have identified areas in which, we believe, concentrated and deliberate investment and/or intervention will produce meaningful results. The City must ultimately decide which recommendations deserve implementation as well as what legislative or administrative agendas must be followed to carry them out.

## COMMISSION FOR ECONOMIC OPPORTUNITY

*Our recommendations, however, in no way reflect a reduction in or retreat from New York City's historic commitment to helping those unable, whether temporarily or permanently, to care for themselves. We uphold and affirm that commitment, though we recognize it is distinct from that which we recommend here.*

We are grateful, Mr. Mayor, for the opportunity to consider how best to enlarge the possibilities for economic advancement for those struggling to overcome punishing, often crippling disadvantages. The issue is, unavoidably, looked at in terms of categories and statistics. But we have tried never to lose sight that behind the numbers are flesh-and-blood individuals with talents and ambitions, each part of the diverse, vital and vibrant community that makes New York the most dynamic city on earth.

Our work has reinforced our appreciation for the serious dimensions of poverty in our city, state and country. The implications are large and daunting. Yet, at the same time, we have been left with a renewed sense of optimism. No community has greater reserves of ingenuity, creativity and hope. No city has a prouder history of bold aspirations and precedent-setting achievements.

What is needed now is the willingness to put in place a plan of action with clear standards for measuring progress and assigning accountability, and the resolve to follow through. As well as helping thousands of New Yorkers improve the material condition of their lives, the City's success in reducing poverty will serve as a reminder of our ability as a society – and as a nation – to achieve constructive change. The ultimate impact will be felt far beyond the five boroughs.

Geoffrey Canada  
Co-Chairman

Richard D. Parsons  
Co-Chairman



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## INTRODUCTION

Poverty has a long history in New York. The conditions poor New Yorkers have lived under have often been extreme, and the deprivation they have endured has had consequences for the entire city. Yet, it is important to remember that what draws the poor to New York has always been the hope that here, more than any place else, they can build a better life for themselves and their children. This has been true for countless generations, no matter their religion or race, or whether they arrived from Europe, Asia, Africa, the Americas or parts of our own nation. Equally, while it is true that poverty has presented challenges for our city, poor New Yorkers also embody immense resources of ingenuity, imagination, and intellect. Over and over again, the desire and determination of New York's poor to achieve their share of the American Dream has been a source of the energy and ambition that defines our city.

*"... The desire and determination of New York's poor to achieve their share of the American Dream has been a source of the energy and ambition that defines our city."*

The fundamental purpose of our Commission has been to pinpoint concrete ways in which our city can act to ensure poor New Yorkers have the resources they need to help themselves move ahead. Obviously, the federal and state governments have critical and vital roles to play, and their involvement and support are indispensable. So, too, there are areas in which the immense talents and strengths of New York's private sector must be brought into play. But to recognize the limits city government faces in combating poverty is not to resign ourselves to inaction. On the contrary, we are convinced that by focusing on target populations, building on successful precedents and ongoing initiatives, and implementing new and innovative approaches, we can help foster a new confidence in our ability to reduce poverty in a systematic and permanent fashion.

In undertaking its work, the Commission began by recognizing that poor New Yorkers aren't a single undifferentiated mass, uniform in circumstance, experience, capacity or hope. The poor in New York and throughout the nation vary in many ways. There are no one-size-fits-all solutions. Strategies intended permanently and significantly to reduce their numbers must be flexible and nuanced.

Analysis of the data led the Commission to conclude that there is great value in focusing renewed attention and targeted resources on the segments of the community positioned to move out of poverty, and we recognize that care must continue for New Yorkers unable to care for themselves. Caring for the least able among us is a proud tradition in New York – a legacy of generations whose struggle is reflected in our public institutions and social policies – and must be made as fair, efficient and humane as possible.

## COMMISSION FOR ECONOMIC OPPORTUNITY

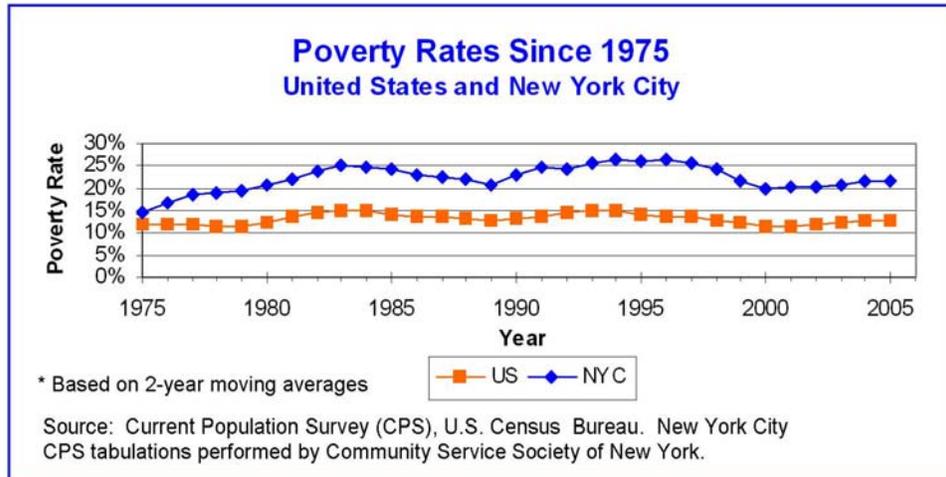
We know from past and recent history that poverty isn't an intractable problem. Along with the wealth-creating prowess of the free market and the poverty-reducing effects of economic boom times, we've seen government programs in education, housing, nutrition, and small business developments that have helped improve the material condition of many in need. The Commission has concentrated its attention not on the speculative but on strategies that have a proven record of results.

Our intent is to bring together New York's public and private resources in coordinated and concentrated efforts that build on successful precedents and have a measurable impact. The immediate beneficiaries will be those provided with the help and encouragement they need to rise out of poverty. Ultimately, however, by reducing need, rewarding personal initiative, and reaffirming hope, we will create a future that benefits every New Yorker.



## POVERTY IN A HISTORICAL CONTEXT

Despite the vibrancy of the American economy, poverty remains a fact of life for millions of people throughout the United States. Many of the same macro-economic factors that have contributed to poverty at the national level have acted upon New York. Although poverty rates in New York have exceeded the national average, they have followed similar trends.



New York is not alone. High rates of poverty that exceed the national average are the case in many urban areas. A comparison of select U.S. cities shows that the vast majority have poverty rates above the national average. New York City's rate is somewhere in the middle of the field, less than Detroit, Los Angeles, Houston and Chicago, but above the rates of Phoenix, Columbus and San Francisco.



## POVERTY IN CONTEXT

Changes in poverty levels have long been tied to cycles in the larger economy. It is both obvious and true that when the economy is strong, poverty tends to go down; in weaker economic times, it swings upward. Between the end of World War II and the 1970s, when the economy was strong, labor productivity in the private sector went up, wages grew, and the percentage of Americans in poverty fell by half.

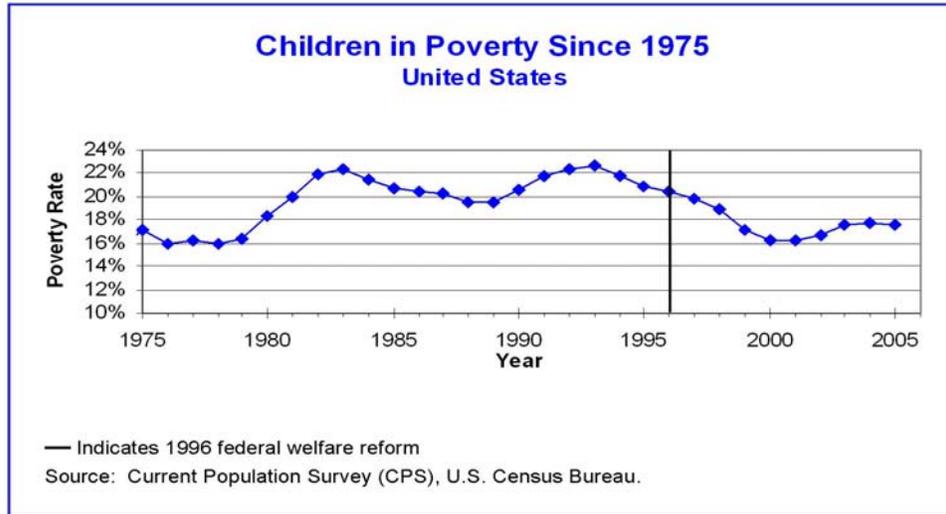
Today, the picture is more complicated. Over the thirty year-period between 1973 and 2003, while productivity continued to increase, wages actually declined for some workers. For men with less than a high school education, real hourly wages dropped 20 percent. Over the same period, earnings of college graduates rose by 19 percent. This has caused a rapidly widening gap between the richest and poorest Americans.

The decline in the real value of the federal minimum wage has also contributed to the increase in wage inequality. The federal minimum wage of \$5.15 per hour is only one-third the average hourly wage of all American workers. Adjusted for inflation, the purchasing power of the minimum wage has declined to its lowest level in fifty years.

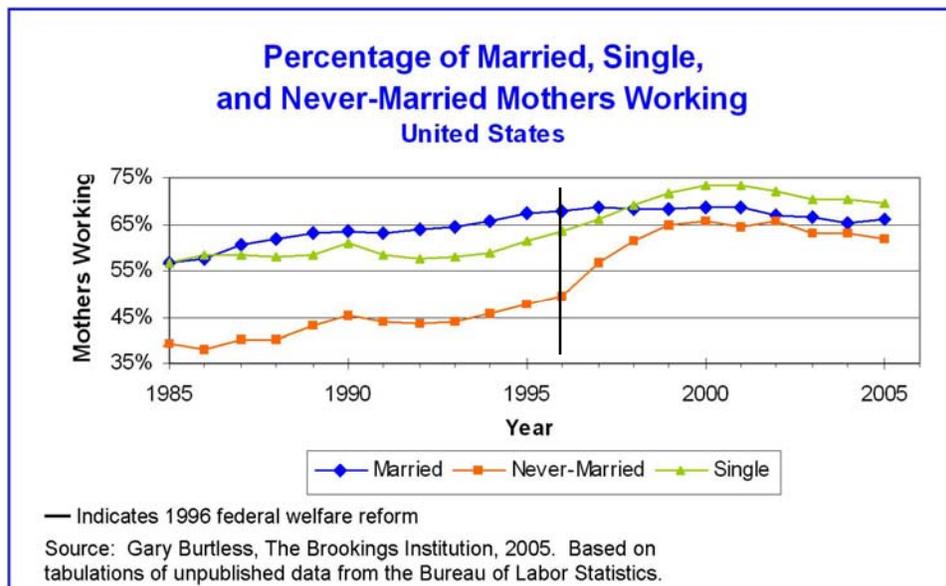
Between 1973 and 1993, the poverty rate increased from 11.1 percent to 15.1 percent. The poverty rate began to drop again in the late 1990's, not only as a result of a strong economy, but as a result of welfare reform and the expansion in work support benefits, such as child care and the Earned Income Tax Credit, that accompanied welfare reform. After decades of growth in the welfare caseload, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced the former policy of welfare entitlement with a program emphasizing the importance of work and time-limited assistance. Welfare reform brought about dramatic caseload declines. From 1996 to 2006, the nationwide number of welfare recipients declined by over 60 percent, to 4.2 million. The sustained drop in welfare caseloads, and corresponding drop in poverty far exceed what could have been expected from the strength of the economy alone. By 2000, the poverty rate reached 11.3 percent, the lowest rate since 1974.



# POVERTY IN CONTEXT



While critics of welfare reform had argued that the stricter requirements would lead mothers and children to destitution, experience has proved otherwise. In fact, child poverty has fallen from 20.8 percent in 1995 to 16.2 percent in 2000, and employment, especially among single mothers, has surged. From 1993 to 2000, the percentage of low-income single mothers with a job grew from 58 percent to nearly 75 percent.



## POVERTY IN CONTEXT

Although welfare reform has been successful on a number of fronts, an increasing number of working families still cannot earn their way out of poverty. Also, since welfare reform was mainly targeted to help single mothers with children find employment, there has been a gap in programs that target men in the same way.



# POVERTY IN NEW YORK CITY

## POVERTY IN NEW YORK CITY

In spite of great economic growth and expansion in New York City, one out of five New Yorkers and a third of New York's children live in poverty.

A snapshot of poverty in New York includes the following basic facts:

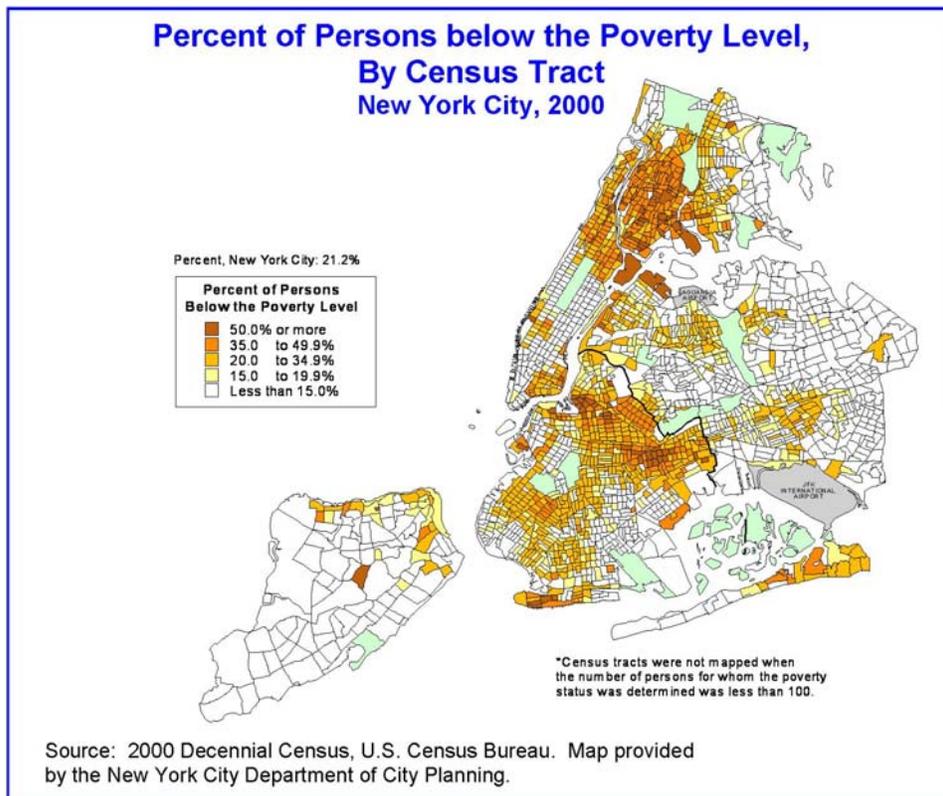
*“Over 1.5 million people – almost three times the entire population of the City of Boston – live below the poverty line in New York City.”*

- **Poverty is pervasive.** Over 1.5 million people – almost three times the entire population of the city of Boston – live below the poverty line. This represents 19.1 percent of New York City residents.
- **Poverty disproportionately affects children.** Over 185,000 children five years old or younger are being raised in a family living below the federal poverty line: for example the poverty threshold for a mother and two children in 2005 was \$15,735. In the Morrisania/East Tremont section of the Bronx, 60 percent of young children are living at or below the federal poverty line.
- **Poverty is tied to the condition of our families.** The poverty rate for single female-headed households is 41 percent, as compared to 11 percent for married couples with children.
- **A disproportionate share of New York's immigrant workers earn low wages.** In 2000, 19 percent of native-born workers earned less than \$10 an hour. On the other hand, almost 35 percent of foreign-born workers earned an hourly wage under \$10.
- **Our nation's legacy of racial discrimination endures.** The poverty rate for African Americans and Hispanics is higher than the city average – 21.4 percent for African Americans and 28.6 percent for Hispanics.
- **Poverty is clearly related to education.** Almost a third of those who lack a high school diploma or GED live below the federal poverty line. However, additional education decreases the likelihood that a person will live in poverty. For example, among those who graduate high school or obtain a GED, the poverty rate drops to 17 percent.
- **Many of the poor are employed.** In over 46 percent of households living below the poverty level, the head of household is working.

## POVERTY IN NEW YORK CITY

- **Poverty is concentrated geographically.** In New York City there are 248 census tracts classified as in “extreme poverty” in which more than 40 percent of the population lives below the poverty line.
- **A significant number of New Yorkers live on the borderline of poverty.** While just over 19 percent of New Yorkers live below the federal poverty line, another 19 percent are considered low-income because their earnings are between 100-199 percent of the poverty line.

These numbers offer just a glimpse into levels of poverty and economic exclusion that we cannot accept. Poverty keeps tens of thousands of children every year from reaching their full potential in school. Tens of thousands of young adults are not connected with school or work and are at risk of drifting into unproductive lives. And for more and more families, hard work is no longer sufficient to move out of poverty. Poverty diminishes the ability of 1.5 million of our fellow New Yorkers to reach their full potential and keeps us, as a city and a society, from reaching our full potential.



## THE WORK OF THE COMMISSION

### THE WORK OF THE COMMISSION FOR ECONOMIC OPPORTUNITY

In his State of the City address, Mayor Michael R. Bloomberg announced the City's commitment to reduce the number of men, women and children living in poverty. A new task force, the Commission for Economic Opportunity, was formed and charged with studying the nature of poverty in New York City and devising a blueprint to reduce poverty and increase access to opportunity. Since March 2006, we have undertaken an extensive process to survey the field, engage interested and knowledgeable participants, and foster an open and inclusive dialogue about the issues and solutions required for reducing poverty in New York City.

*"... We explored the most effective ways to rethink and improve city services, build on initiatives already underway, and couple them with new initiatives to give an increasing number of New Yorkers the chance to rise out of poverty."*

Underlying our work were a core set of shared values:

- **Hard work and personal responsibility fuel our economy;**
- **All New Yorkers should share in the rewards of economic growth and prosperity;**
- **Wherever possible, government and the private sector must work together to reward work and support working families;**
- **Context is critical – poverty cannot be reduced outside the network of families, religious institutions, schools, and other community institutions.**

The Commission's 32 civic leaders divided into workgroups focused on several key areas related to poverty: education, job growth, health and housing, workforce development, social service supports, and data collection and evaluation. Through a series of brainstorming sessions and meetings, we explored the most effective ways to rethink and improve city services, build on initiatives already underway, and couple them with new initiatives to give an increasing number of New Yorkers the chance to rise out of poverty.

During the planning process, with support from the United Way of New York City and The Graduate Center of the City University of New York, we hosted a two-day conference that brought together national and international experts, service providers, government officials and community members. In addition, we consulted with key business and labor leaders, as well as academic and research experts, and held a series of roundtable discussions with low-income New Yorkers to illuminate key concerns.

We believe that the City faces a simple and stark choice: We can either continue to shoulder the day-to-day costs of maintaining large numbers of New Yorkers in the dead end of poverty or we can make long-term investments in offering increasing numbers of the poor access to economic advancement, thus providing valuable new resources of talent, skill and creativity for New York's future growth.

## THE WORK OF THE COMMISSION

### A CONTEXT FOR REDUCING POVERTY

Since March, the Commission for Economic Opportunity workgroups have engaged in a series of intensive conversations with experts in the field and analyzed a set of over 60 diverse strategies for reducing poverty. As a result, we have framed our recommendations in the context of three working assumptions.

- **First, we believe that preparing the next generation to contribute to the workforce and compete for decent paying jobs is central to reducing poverty in a sustainable way.** Education is a fundamental prerequisite of any solution. Orchestrated efforts to increase education and build skills among the poor must be a priority. So, too, the City must concentrate its efforts to help people overcome a variety of systemic barriers such as a lack of access to adequate food, nutrition, healthcare, and housing, as well as other barriers that prevent them from reaching or moving up the economic ladder. This includes limited English proficiency, discrimination by employers, and intergenerational poverty.
- **Second, we believe that “work must pay.”** Welfare reform moved thousands of people from dependency to work. The challenge today is that many families work hard but remain poor. Because we want to continue encouraging work and bring more people into the workforce, we must devise and put in place strategies that help working poor households move up the economic ladder.
- **Third, we believe that with over 1.5 million people living in poverty in New York City, a successful strategy must focus on the populations where we can make the most improvement.** The City should focus its initiatives to address the challenges that acutely affect certain groups of people. We recommend that New York City intensify its poverty-reduction strategies with a pragmatic balance of short-term and long-term strategies, taking actions that seek immediate results and investing with the expectation of future dividends.



### RECOMMENDATIONS

New York's 1.5 million poor people are as diverse in race, culture and tradition as the City itself. What they share in common is the lack of skills, education, and capital necessary to achieve a better future. The Mayor's charge to the Commission was to identify strategies to help more New Yorkers realize their aspirations by supporting their ability to secure meaningful employment at decent wages. In taking up this charge, we looked closely at the population in poverty and made efforts to understand the diversity of experiences and needs. As a result we quickly agreed that multiple approaches would be required.

We also took seriously the Mayor's request that we identify pragmatic, achievable approaches that could make a meaningful impact on poverty – in real terms for real people. This led us to emphasize two priorities: first, to look for actions that can produce quick results – such as investments that could help move people out of poverty quickly; and second, to include a commitment to make deeper investments for the longer term.

*"The Commission decided to focus our strategies on three distinct, yet overlapping, populations with high degrees of poverty: working poor adults; young adults aged 16 to 24; and children 5 years old and younger."*

For these reasons, the Commission decided to focus our strategies on three distinct, yet overlapping, populations with high degrees of poverty: working poor adults; young adults aged 16 to 24; and children 5 years old and younger. Together, these groups represent nearly 700,000 New Yorkers living in poverty. They reflect the many faces of New Yorkers living in poverty – newcomers and native born, people of many races, colors and religions, living in practically every neighborhood throughout the City.

- **Working Poor Adults**

There has been in recent years a large growth in the number of people who work but remain in poverty. There are over 340,000 working New Yorkers who are living in poverty. They constitute 46 percent of poor households in 2005 – up from only 29 percent of poor households in 1990. An ever-widening skills gap and stubborn wage stagnation require strategic approaches to raise the living standards of low-wage workers. Playing by the rules and being rewarded for hard work must be the ticket to financial security for our city's families.

## TARGET POPULATIONS

- **Young Adults – Ages 16 to 24**

Of the nearly 900,000 young adults ages 16 to 24 years in New York City, almost 25 percent live below the federal poverty line, compared with 19 percent of all New Yorkers, regardless of age. At the same time, one in six young adults is not connected to school or work. Many are one bad decision away from a lifetime in poverty. A strong and well-coordinated approach by both the public and private sectors is needed to prepare these young adults for the increasingly competitive and high-skilled labor market of the future. Failure to invest in these critical years compromises New York City's future economic standing. It would also exclude our young adults from the new and lucrative opportunities emerging on the City's economic horizon.

- **Young Children – Ages 0-5**

Over 185,000 young children – nearly one out of every three children ages five years and under in New York City – lives in poverty. While some will experience better futures as their parents' education levels and wages increase, too many will be raised in households without economic advancement. Investments in improving the life chances of young children in poor households might not show immediate payoffs in reducing poverty. The value of making those investments, however, is both eminently apparent and critical if we are to break the cycle.

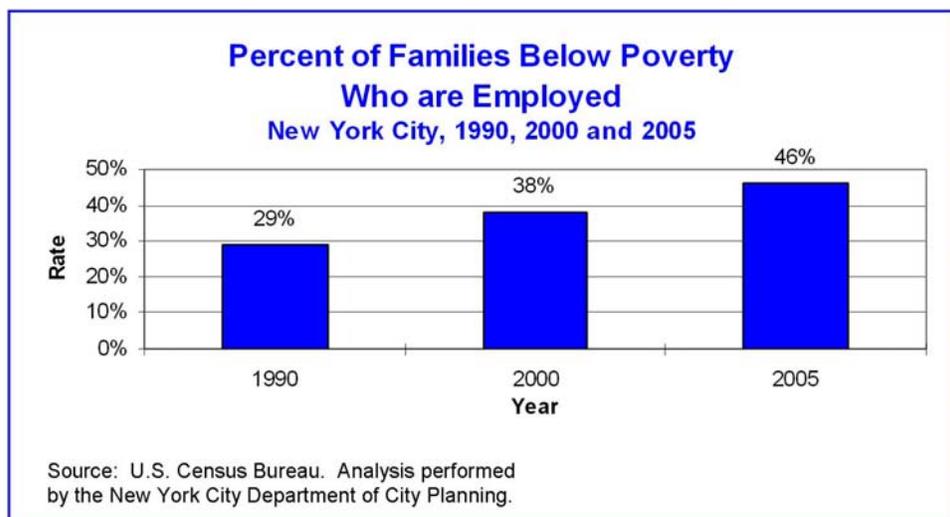
We firmly believe a targeted approach will produce the best results. We recognize that many of those we are trying to reach are already in contact with one, or often several, city agencies. Whether through the City's Human Resources Administration, Department of Small Business Services, or Department of Education, we urge the City to use its existing relationships to directly connect whenever possible.



## WORKING POOR ADULTS

New York City has long been a magnet for those hoping to build a better life and has a proud tradition of honoring and rewarding work. But for too many families, work is no longer a ticket out of poverty. Although the U.S. economy has been growing, wages have been falling. It is estimated that wages are down by a quarter for the bottom wage earners. It is no longer true that the rising tide lifts all boats.

The share of working individuals that do not earn enough to move above the poverty line continues to grow. In more than 46 percent of New York City households in poverty, the head of the household worked at least part of the year. This is compared to 29 percent in 1990.



Both composition of a household and type of work play important roles in the relationship between work and poverty. Increases in the low-wage labor force in New York City and nationally also correspond to the large number of single mothers entering the workforce as a result of welfare reforms enacted in the late 1990s. While poverty rates for this population dropped during the period of welfare reform, single female-headed households have the highest rate of poverty of all family types in the labor force.

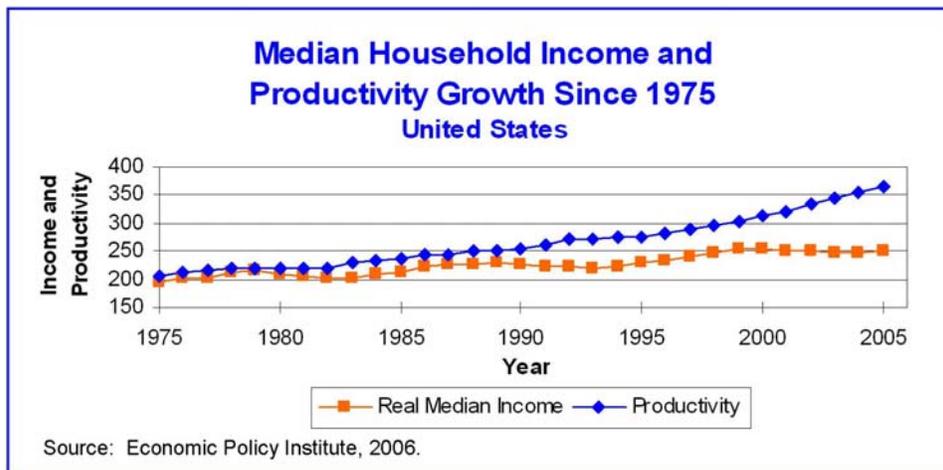
Over the past decades, a massive expansion of the service sector has provided a huge increase in jobs, but often with wages and benefits that do not match those of the declining manufacturing sector. Nationally, about a third of the working poor hold service jobs. The poverty rate among them is double the average rate for all workers. Additionally, low-wage service workers are much less likely to receive health insurance through an employer as compared to all workers (19 percent versus 34 percent).

## WORKING POOR

At the same time, several emerging trends in the national economy suggest direction for planning and investment. Nationally, a labor shortage is emerging as the working population ages and fewer working-age adults are available than the positions needed to be filled. Increasingly, the jobs being created require a college education. In 2004, 24 percent of jobs required at least a college degree, while 36 percent of the new jobs in the next decade are projected to be filled by those with that level of education.

A comprehensive, multi-pronged approach is needed to address the plight of the working poor. The plan must include effective strategies to promote self-sufficiency and career ladder training for workers, while at the same time addressing the skilled labor needs of employers. It must strengthen and enhance the existing system of supports to enable and reward work. Consideration must be given to increasing household income through higher wages and tax reductions in working poor households. Asset development and financial literacy can play a large role in supporting that goal. Finally, the plan should use the City's enforcement authority to protect its citizens against unfair or discriminatory labor practices.

Implementing such a plan will require the commitment of policymakers at the city, state and federal level, as well as labor and community leaders, providers of education and training services, and workers themselves. Public-private partnerships with business leaders, who have keen insights into the changing needs of today's new economy, are essential. Corporate leaders must be actively recruited for the City's efforts to ensure a first-class workforce and to maintain New York's competitive advantage in the global economy.



### STRATEGIES FOR PROMOTING CAREER PATHS

Approximately 340,000 individuals in New York are working yet not earning enough to rise above the poverty level. A lack of skills, including limited English, and an inability to access training prevents many working poor from securing permanent well-paid jobs with growth potential.

Promotional strategies focus on training individuals for careers in rapidly growing sectors that offer real opportunity for advancement. These interventions will likely create benefits not only for the working poor, through enhanced skills, but also for employers, who will obtain an expanded pool of qualified applicants and see reduced turnover of entry-level employees.

*"To be successful these strategies must be responsive to the challenges inherent in enhancing skills and education within the competing schedules of the working poor."*

To be successful these strategies must be responsive to the challenges inherent in enhancing skills and education within the competing schedules of the working poor, and be focused on several priorities:

- **Restructure and coordinate workforce development services to promote career skills building and career advancement.** Workforce development services in the City are fragmented. The availability of multiple workforce-related resources has resulted in a proliferation of programs and access points. Currently, there are hundreds of workforce training providers throughout the City offering job skills, training, placement and retention services. At a minimum, better coordination is required to align these disparate efforts around placing people in well-paying, self-sustaining jobs in growth sectors. At the same time, the City must advance efforts to blend and streamline the myriad funding streams to achieve true integration of services.
- **Promote the expansion of apprenticeship and credentialing programs.** Apprenticeship and credentialing programs integrate on-the-job training with school-based instruction. In March 2005, the City created the Mayor's Commission on Construction Opportunity. Central to the Commission's recommendations was an agreement with the construction trade unions that 40 percent of apprentice slots would be reserved for high school graduates, minorities, women, veterans, and the disadvantaged. A key part of the construction opportunity model is a pre-apprenticeship program that offers basic workforce training and GED preparation to equip individuals with the skills necessary to enter more formal apprenticeship or credentialing programs.

The City, in cooperation with the local business leaders and labor unions, should replicate this model in other growing industries, especially those that offer higher wages and project growth in the near future, such as nursing and healthcare.

- **Establish career pathways for entry-level employees.** Researchers have shown that traditional job-training programs that focus primarily on basic education but that lack linkages to employer needs produce disappointing gains in wages and career advancement. In contrast, sectoral training strategies target growing industries, determine the needs of employers within those industries, match training strategies to fit those needs, and work closely with employers to encourage hiring of trainees. An interim evaluation of seven sectoral training programs showed that 84 percent of program graduates found employment after finishing their training. These graduates earned a median starting wage that was \$1.50 higher than at their last job prior to training.

The City should explore sector-focused career centers where jobseekers can access occupation-specific training services and get support to enter growing sectors that offer career ladder opportunities. An evaluation of 10 sectoral training programs around the country found that, on average, sectoral graduates worked three more months out of the year after program completion than in the year prior. The evaluation also found that the proportion of participants working full-time increased from 60 percent to 75 percent by the end of the program.

- **Increase access to training for those who are working.** Employer-supported training can help the working poor learn new skills that can be applied in their current work environment. Such training should be tied to clear outcomes like wage increases or promotions. The City should encourage businesses to expand career pathways for low-wage workers through training-incentive programs.

Businesses should be encouraged to establish employer-matched training accounts that can be used to fund further education and job training. The business community should expand its support of these educational training accounts, like Lifelong Learning Accounts, for low-wage workers. Limited English speakers, for example, could use funds such as educational training accounts to enroll in literacy courses.



Key to supporting workers in taking advantage of additional workplace training is removing the disincentives created when time spent in training is not compensated.

- **Create effective partnerships among labor unions, business, and government to promote career ladders.** No one sector alone can develop the skills of a new generation of workers. Public-private partnerships among labor, business and government provide effective vehicles for understanding and communicating the needs of both employers and employees. Labor unions know the needs of employers intimately and can identify the types of changes that will be necessary to prepare low-income employees for advanced positions. Employers, meanwhile, can predict occupational and industry shifts that may greatly impact the careers of working poor individuals. Within quickly growing sectors employing large numbers of working poor individuals, business, labor, and government partners can work together to raise standards for entry-level jobs and create career ladders in key industries.

*"No one sector alone can develop the skills of a new generation of workers. Public-private partnerships among labor, business and government provide effective vehicles for understanding and communicating the needs of both employers and employees."*

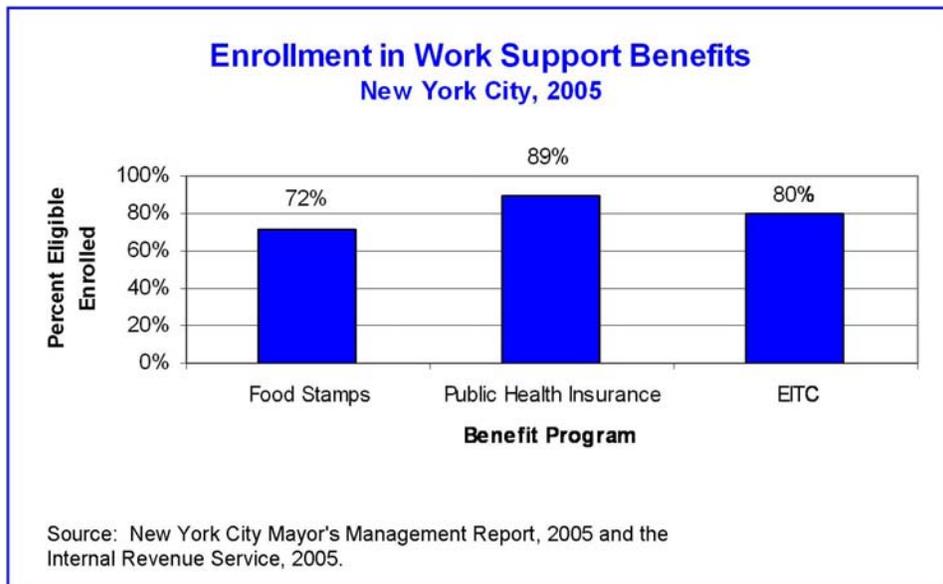
The City should work in close and continuous collaboration with employers and labor unions to identify strategies that will place working poor individuals on career paths leading to advancement in skills and wages.

- **Improving and expanding benefits that support work.** Currently, over 1 million New Yorkers receive food stamps, 2.6 million receive public health insurance, nearly 800,000 receive Earned Income Tax Credits, and more than 100,000 children are enrolled in publicly subsidized child care. However, thousands more can and should be taking advantage of these benefits. A 2004 study found that nationally over half of eligible food stamp non-participants either believed they were ineligible or were not sure they were eligible. Similarly, a study in 2005 found that, while over half of low-income parents knew about the Earned Income Tax Credit, parents with incomes below 100 percent of the federal poverty line were less likely to know.

## WORKING POOR

In a city that, among other things, is a global capital of media and information technologies, access to work support benefits should be increased through improved availability of program information, simplified application procedures, and outreach and marketing.

At the same time, every effort should be made to continue to improve the system of work supports so that low-wage workers are never discouraged from taking a job or moving to a better paying one.



- **Encourage enrollment in income-enhancing work support programs through outreach and marketing campaigns.** Though tens of thousands of low-wage workers in New York City take advantage of government work supports, many more are eligible. The chart above shows that thousands more in poverty are eligible for work support benefits, but do not use them. Making information on benefits available and embarking on targeted outreach programs to facilitate enrollment and improve retention will mean that many poor households can get the support necessary to meet immediate needs and better plan for their future.



In marketing work support programs, the City should build on the success of the Earned Income Tax Credit campaign and take it to the next level by coordinating marketing materials for multiple programs. City agencies should partner with community organizations to coordinate outreach efforts in order to serve high-need and under-enrolled communities. They should ensure that marketing materials are culturally and linguistically appropriate for New Yorkers with limited English proficiency.

Private sector employers must do their part to educate their low-wage workers on work support programs. This will help give employers access to a healthier, more stable, and productive workforce. In addition, the media should work as closely as possible with the City to ensure that low-wage workers know about all the work support benefits to which they are entitled.

- **Use technology to improve access to work supports.** New technologies are rapidly transforming how we live, work and inform ourselves. These technologies are critical tools both in giving the working poor new employment skills and in providing the means for keeping abreast of new opportunities. The full use of technology should be employed to facilitate low-wage workers' access to existing work supports.

*"... Technologies are critical tools both in giving the working poor new employment skills and in providing the means for keeping abreast of new opportunities."*

Information on benefits as well as workforce development can be improved through on-line access to eligibility requirements and enrollment. We understand that the City will soon unveil ACCESS NYC, a web-based pre-screening tool for over 20 City, State and Federal benefit programs. ACCESS NYC provides users with the ability to learn more about these programs and their eligibility criteria. The number of programs included in this initiative should be expanded, and the marketing enhanced to encourage usage by low-wage workers. Community organizations, workplaces and labor unions can all serve as resource and information centers. On-line pre-screening and application tools should be used to avoid lengthy and duplicative application forms and pave the way for enrolling workers in multiple work support programs in a single session.

To make the best use of these tools and increase benefit enrollment, this longer-term vision should allow electronic application filing whenever possible. This will most often require action by the state and federal government, which must take the lead in this important advancement.

- **Expand and restructure work support programs to assist and encourage participation in the labor force.** Currently, low-wage workers face what some economists call a “marginal tax rate.” Rather than an actual tax imposed on low-income families, there is a cumulative impact when a variety of benefit programs are phased out at the same time. Families begin to lose eligibility for work support benefits as their earnings increase. Often the loss of benefits occurs before earnings alone are enough to pay for basic expenses, such as child care and health insurance. Multiple benefits may phase out or end at the same time, which may leave a family with fewer resources. While great progress has been made in eliminating benefit “cliffs,” there remains much work to be done to ensure that increased hours and responsibility translates into greater resources for workers.

The City, State and Federal governments need to consider proposals to phase eligibility levels for key work supports over a wider range of earnings and ensure that eligibility rules and phase-out across programs work in tandem.

- **Increase access to health insurance coverage.** For many low-income workers, hourly wages do not cover expenses. As a result, many of these workers struggle to make ends meet. When employees are not covered by employer-subsidized medical coverage, their health care costs may be exorbitant, forcing them to either go without needed care or to draw down on what savings they may have. Employer provision of fringe benefits, such as subsidized health insurance, could enable low-income workers to divert some of these expenditures to savings and asset building, ultimately allowing workers to move up the economic ladder. The City should work to expand eligibility of small businesses for subsidized health care costs for their employees.



### ASSET BUILDING AND FINANCIAL LITERACY

Nearly 800,000 City residents do not have bank accounts. They rely instead on the nearly 600 check-cashing locations concentrated in low-income and immigrant neighborhoods. Many of these residents also pay for tax-preparation services to receive the Earned Income Tax Credit. The benefit of this and other tax credits, which should contribute to a family's assets, can be quickly eroded by the fees charged by tax preparers and refund anticipation loans.

Low-income families also often fall victim to predatory lenders and are subject to disproportionately higher mortgage and insurance rates. Further, low-income communities frequently lack mainstream businesses and pay higher prices for goods than other communities than other communities pay.

Savings and assets have a range of important positive effects on families and communities and decrease the economic strain on households. Access to low-income banking and savings programs is essential to self-sufficiency and long-term economic success.

- **Preserve assets, improve financial literacy and encourage capital accumulation.** People in communities in which poverty is concentrated suffer not from an absence of ambition but from a chronic lack of access to capital. A significant proportion of working poor households depends on check-cashing outlets and do not utilize free or low-cost banking. The City should continue to educate the public on low-income banking and other services and create new programs to promote comparison shopping, savings and asset building. Banking institutions should boost outreach to low-income neighborhoods, and the City should work with community organizations to increase the availability of free tax-preparation sites. To increase assets and savings, however, low-wage workers must obtain financial planning skills to better manage cash flow, savings and debt.
- **Facilitate the expansion of small and micro-business lending.** Many of the City's low-wage workers depend on micro-enterprises and small businesses for employment. In fact, approximately 30 percent of residents in boroughs other than Manhattan are employed by businesses staffed by one to four people. Furthermore, research has shown that over 50 percent of micro-entrepreneurs move over the poverty line within 5 years. Yet, since traditional lending institutions are often unable to provide loans under \$75,000, many small and micro-businesses have limited access to capital. The City should support efforts that increase the financial resources for these small and micro-businesses. This will encourage growth and foster investments in low-income areas, creating jobs for small business owners and employees.

- **Enforce consumer protection and labor laws directed at low-income families and workers.** Low-income families frequently pay hundreds if not thousands of dollars more for everyday necessities. This is partially due to the often predatory financial practices of businesses that develop and thrive in lower-income communities. According to a recent study from the Brookings Institution, reducing the additional costs that lower-income families pay for standard household goods and services is a powerful and widely underutilized opportunity to improve their financial situation. Nationally, a 1 percent reduction in the cost of living for low-income families adds up to \$6.5 million in new spending power for these families.

The City, State and Federal government should focus on designing, tightening and strictly enforcing regulations that end these types of exploitive practices. In addition, both private and public lenders need to encourage mainstream businesses to serve lower-income communities. They should also empower these communities with the tools and education they need to make more informed financial decisions.



### CREATING AFFORDABLE HOUSING FOR LOW-WAGE WORKING FAMILIES

Safe, decent, affordable housing helps lay the foundation for a family's economic security. While housing quality across New York has increased dramatically in the last decade, poor housing conditions remain in a number of low-income neighborhoods. At the same time, housing affordability has become a pressing issue citywide, with more than 60 percent of low-income families paying more than 30 percent of their income towards rent.

The Commission recognizes the tremendous advances represented by the Mayor's New Housing Marketplace Plan, which will create and preserve 165,000 units of affordable housing. Without decent, affordable housing, families may experience instability, be unable to maintain employment, have difficulty building assets, or suffer health problems. These efforts to improve the affordability and quality of New York's housing stock are basic parts of any successful effort to ensure vibrant communities in which families can live, work and invest. At the same time, a large share of the poor and near-poor have difficulty affording these housing units, which typically require incomes above poverty level. Promising efforts have paired employment and savings supports with housing assistance to lift families out of poverty. Such initiatives will require sustained cooperation among the public, private and not-for-profit sectors.

- **Enhance and expand programs that transition families enrolled in Section 8, towards self-sufficiency.** The Section 8 housing voucher program subsidizes the cost of rent for low-income households. Families receiving Section 8 rental assistance need enhanced pathways toward self-sufficiency. The City should expand programs such as the Family Self-Sufficiency (FSS) program, which targets families who receive Section 8 assistance with employment and training resources as well as a powerful asset-building tool: an amount equal to the rent increase that a resident receives due to new or higher-paying employment is placed into an escrow account for the resident. A review of the program found that, nationwide, the median income for participants rose over the five-year contract, and that more than half of the participants had obtained stable employment during that time. Moving families toward economic independence will require the expansion of public and not-for profit networks that increase access to needed training resources, intensive case management, and financial incentives for families to build and maintain assets.

- **Target affordable housing to poverty-level households.** The City's \$7.5 billion New Housing Marketplace Plan is the largest municipal housing plan in the nation's history. With the goal of building or rehabilitating 165,000 units of housing over 10 years, the plan presents a critical opportunity to significantly increase the number of affordable housing options available to the lowest-income families and preserve the existing housing stock that lowest-income families rely upon today. It is often difficult to reach households below the poverty line because the income available from the tenants is insufficient to pay maintenance, operating costs, and debt-service obligations of the developments. By investing in new funding sources and working with the State and Federal governments to find flexible uses for current funding, the City can work to ensure that a significant portion of these units are available for the lowest-income New Yorkers.
- **Support the creation of mixed income developments.** Research shows that providing low-income households with access to mixed-income communities positively affects the well-being of families and the life outcomes of children. While the neighborhood-based approach to poverty reduction advocated in this report focuses primarily on assisting households in neighborhoods with high concentrations of poverty, the City should simultaneously explore using new and existing tools, such as inclusionary zoning, to create new opportunities for mixed-income developments. The City should support the development of mixed-income communities that are affordable for families with a diverse range of incomes and background.

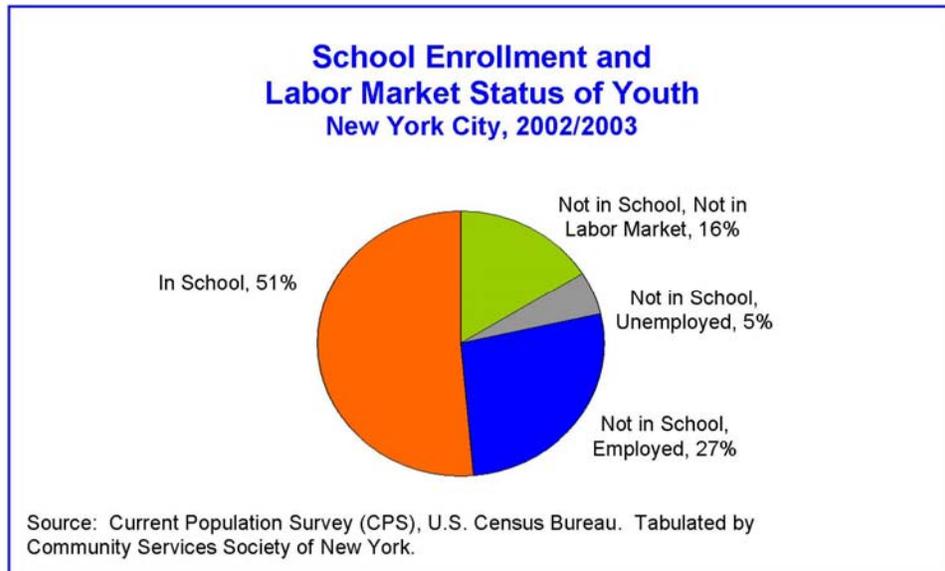


## YOUNG ADULTS (16 TO 24 YEARS)

We live in a society where positive workforce engagement and economic self-sufficiency are hallmarks of adulthood and where educational attainment is essential to upward mobility. In creating an economic opportunity strategy that will move people out of poverty, it is critical to focus on young adults ages 16 to 24 and to reduce the risk factors that undermine their economic success. These activities include dropping out of high school, becoming involved in the juvenile and adult penal systems, and prematurely becoming a parent.

There were over 200,000 New Yorkers between 16 to 24 years of age living in poverty, a poverty rate of almost 25 percent. Poor young adults ages 16 to 24 disproportionately lack the family supports necessary to make the transition from adolescence to adulthood: In 2000, while 21 percent of young adults who live with their family are below poverty, 35 percent of those living on their own are poor.

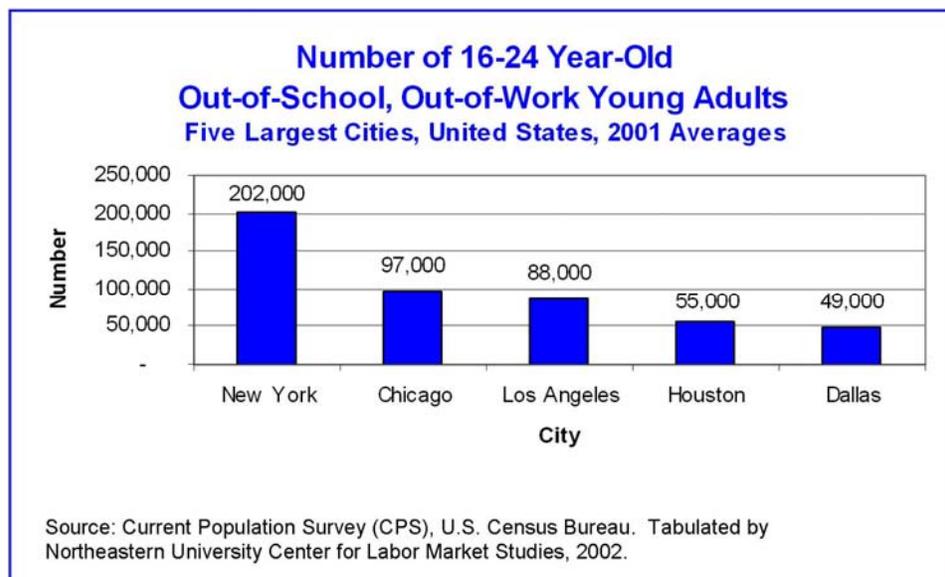
Young adults who are poor are also more likely to be disconnected from work or employment. Nationally and locally, young adults face a range of labor-market challenges. This situation will only worsen as employers increasingly demand higher levels of education and skill.



## YOUNG ADULTS

Chronic unemployment plagues the thousands of youth who return to their communities every year after serving sentences in the City's jails. Last year alone, 5,000 sentenced offenders returned from City jails. Given their low levels of educational attainment and literacy, limited occupational skills, weak workforce ties, and high social service needs, these disconnected youth have tremendous difficulty securing employment.

In 2004, there were 8,415 live births to teenagers in New York City. In an overwhelming majority of cases, the mother was unmarried and poor. While the rate of teen births in New York City has been declining over the past ten years – from a rate of 120 per 1,000 teens in 1995 to 33 per 1,000 in 2004 – the strong correlation between teen pregnancy and poverty continues to require our continued attention. The same community districts that have the highest rates of poverty have the highest rates of teen pregnancy. For example, the community district that has the highest poverty rate, Mott Haven in the Bronx, also has the highest rate of teen pregnancy, at 16 percent.



## YOUNG ADULTS

*“A successful strategy for 16 to 24 year-olds should be based on a three-pronged approach: first, ensuring youth complete high school; second, re-engaging youth who are already disconnected from school and work; and third, providing work and career supports for vulnerable young adults.”*

Considering the strong connection between work opportunities and success in school, it is important to focus on those who are most vulnerable to being stuck in the cycle of poverty. A successful strategy for 16 to 24 year-olds should be based on a three-pronged approach: first, ensuring youth complete high school and do not engage in behavior that can compromise their ability to complete schooling successfully; second, re-engaging youth who are already disconnected from school and work; and third, providing work and career supports for vulnerable young adults.

This effort requires a collaborative approach – guided by a shared vision – among the City’s youth-serving entities, including city agencies, community-based organizations, philanthropy and the business sector.

### STRATEGIES TO PREVENT YOUTH DISENGAGEMENT FROM SCHOOL AND WORK

Education and services for young adults are necessary both to prevent risk behaviors and also support positive development. Of working-age adults who have less than a high school diploma, 31 percent are poor. This is compared to 17 percent who have a high school diploma or GED; 13 percent with some college; and six percent with a bachelors degree. The link between higher levels of education and reductions in poverty is clear. It is also necessary to provide activities that help youth to develop their assets by engaging them in community building activities. In doing so, youth see schooling as a means of being connected to their communities, the economy and the world of work.

- **Expand the availability of specialty settings for youth at risk of dropping out of high school.** One of the most challenging problems we face is youth disengaging from schools. The Department of Education estimates based on the latest graduation rate data from 2005 that 58.2 percent of high school students graduate within 4 years, and nearly 70 percent within 7 years. The Department has seen promising results in programs that offer multiple pathways to graduation including transfer schools, Young Adult Borough Centers, and Learning to Work programs. We encourage the City to expand these alternative diploma and GED programs, and rigorously track the progress of these emerging national models.
- **Expand school-community collaborations to foster positive youth development in our neediest communities.** National evaluations of school-community collaborations have shown that quality programs result in positive outcomes for youth. For instance, Service Learning Programs focus on youth development by keeping young people engaged as participants in their schools and communities through community service activities that create learning opportunities. One program, the Teen Outreach Program (TOP), which operates in multiple sites across the nation, achieved a 30 percent decrease in the pregnancy rate among TOP participants, compared to a two percent decrease among control group participants. Expanding these extracurricular options for youth in working families can help alleviate the disincentives that hinder stable parental employment. They can also lead to improved outcomes for disadvantaged youth.



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- **Expand school-based health and reproductive health services.** School-based health and reproductive health programs provide confidential reproductive health services including counseling, education, referrals for additional services, and the reinforcement of activities aimed at reducing teen pregnancy. Studies have shown decreased rates of pregnancy when school-based or school-linked health programs include reproductive health services (including educational materials, one-on-one counseling, and the provision of contraceptives). To ensure better access to these health services, the City should expand school-based reproductive health services in high schools.
- **Expand on collaborations that connect youth in high school to college.** Low-income students are less likely to complete a post-secondary education, placing them at greater risk of ongoing poverty. Youth who graduate from high schools must be prepared for the academic rigor of post-secondary education. A solid foundation already exists in collaborative programs that bridge the gap between high school and college for New York City students, and the City should build on these.

### STRATEGIES TO PROMOTE RE-ENGAGEMENT AMONG DISCONNECTED YOUTH

An effective 16 to 24 strategy cannot solely focus on the needs of youth in school. One out of every five poor youth ages 16 to 24 is neither working nor in school. Although these youth are currently disconnected, many of them have a high school diploma (almost 50 percent of disconnected youth – young adults age 16 to 24 who are neither working, looking for work nor in school – have at least a high school degree). However, over half drop out of high school, and many of them do not have the literacy skills necessary to participate in a GED program. Thus, it is important to devise and implement strategies that meet the variety of workforce development as well as educational and literacy needs of the population, and are innovative in their recruitment and retention strategies.

- **Increase the availability of GED-to-College programs and other support services for young adults to continue with post-secondary education.** GED-to-College programs offer out-of-school youth between the ages of 16 and 18 an opportunity for full-time study for the purposes of re-entering high school or qualifying for admission to college by obtaining a General Equivalency Diploma (GED). The key to the success of these programs is the recognition that enrollees have low basic-literacy skills. These programs must focus on increasing participants' literacy levels to a point where GED completion is possible and post-secondary educational attainment is achievable.

Additional services are also necessary to support young adults who have high school diplomas but are not currently working or studying in a post-secondary education program. Such services should re-engage disconnected youth by providing technical assistance around programs of study and planning for successful participation in college.



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### **Increase the availability of work opportunities such as internships.**

Work opportunities, such as internships, should be expanded to serve more of the young adults age 16 to 24 who are disconnected. These structured work opportunities should be targeted in communities that experience a high poverty rate among 16 to 24 year-olds, have concentrations of disconnected youth, experience high rates of juvenile arrest, detention, and incarceration and have high teen-pregnancy rates. Providing vulnerable young adults with work opportunities allows them to envision a future role for themselves in the labor force, as well as increases their potential for becoming securely placed in the workforce.

### STRATEGIES TO SUPPORT VULNERABLE YOUNG ADULTS

Among young adults 16 to 24 who are in poverty, there are several specific groups at high risk of becoming disconnected from school and work. These include youth aging out of foster care, youth exiting detention, and young people returning from incarceration.

Each year more than 1,200 young adults 18 and older leave the New York City foster care system, but only 22 percent are reunified with their families or adopted. Historically, more than one in four becomes homeless and receives city shelter.

More than 3,500 youth return to their communities from youth detention and face extreme difficulty in transitioning to higher education and securing meaningful work. Chronic unemployment also plagues the thousands of youth who re-enter the community after incarceration. There are 28,000 jail stays each year in this age cohort alone, and thousands of additional prison incarcerations which separate young people from their communities and strain family ties.

At present, the City's programs that support high-risk youth are spread across seven agencies with minimal coordination. A comprehensive and targeted strategy, including workforce development activities, jobs and educational supports, should be developed to ensure more youth gain the necessary life skills to be self-sufficient. Long-term investments in these youth will yield far greater dividends in the future.

- **Create career pathways for youth aging out of foster care.** The City must do all that it can to support young people leaving foster care without a family to support them. The City should move aggressively to better prepare them to handle the challenges of adulthood and live independently.
- **Create career pathways for youth exiting detention.** For detained youth, the City should use the time a young person is detained to provide workforce development and ensure that youth are connected to the programs available upon their release.
- **Increase opportunities for non-custodial fathers to participate in the workforce.** While labor force participation rates for women rose significantly in the years following welfare reform, with the largest increases occurring among single mothers, the employment rate for single men without a high school education remained constant. This has



serious vocational consequences for the men themselves and their ability to pay child support to their families. While many non-custodial fathers want to be actively involved in the lives of their children, they face many barriers – joblessness, challenges in parenting and child-support disincentives.

The City should expand programs that help prepare fathers for job opportunities, skills-building and the legal, financial and emotional responsibilities of parenthood. The State took an important step in creating a non-custodial parent Earned Income Tax Credit. Reinforcing this with promising approaches in arrears forgiveness to further incentivize employment may lead to greater results. For instance, in Maryland's Arrears Leveraging Pilot Program participants worked more, earned more, and paid more child support more often than before the program started.

- **Mandate and expand literacy and work readiness to individuals in prisons and jails.** According to a recent study by the U.S. Department of Education, participation in state correctional education programs lowers the likelihood of re-incarceration by 29 percent. A federal Bureau of Prisons study found a 33 percent drop in recidivism among federal prisoners who participated in vocational and apprenticeship training. Studies have also found that an individual with a job is less likely to commit another crime following release from incarceration. In an evaluation of the Windham School District, a prison educational system in Texas, 70 percent of individuals in the program were employed during their first year of release. Of those, the employed individuals had a recidivism rate of 15 percent, significantly lower than the rate for the general prison population. The City should expand work readiness and literacy during incarceration and post-discharge which can help young inmates access jobs or other learning opportunities once they leave.
- **Create transitional jobs for ex-offenders.** The majority of ex-offenders returning to New York City come back to poverty-stricken neighborhoods with few job opportunities and little social capital. The prognosis for their future is poor: without intervention, two-thirds are likely to be arrested again. However, there are increasingly promising results coming out of transitional job programs across the county. The Civic Justice Corps is an example of an innovative new concept that focuses on connecting ex-offender youth with the communities to which they return. The Civic Justice Corps proposal marries the experience of New York City transitional jobs programs for individuals leaving jail and prison with the

## YOUNG ADULTS

successful mentoring and training components of the Community Jobs program in Washington State, which has shown impressive results in employment placement and retention for high risk youth. We recommend a high priority be placed on creating new opportunities like these to support youth as they return to their home communities.



### YOUNG CHILDREN (0-5 YEARS)

Over 12 percent of the 1.5 million New Yorkers living in poverty are children five years old and under. In New York City, child poverty is highest in the Bronx and Brooklyn, and varies among racial and ethnic groups, with Hispanic children experiencing the highest rate of child poverty (39 percent). The child poverty rates for Blacks, Asians, and Whites are 30 percent, 23 percent and 19 percent, respectively.

*"To place young children on a path towards improved outcomes, it is absolutely essential that we ensure they grow up healthy, reach age-appropriate developmental milestones, and are prepared to learn in school."*

While poverty alone does not place children's development at risk, children living in poverty face a disproportionate number of risk factors that jeopardize their well-being and life outcomes. Research shows that interventions made during the early years of life lead to improved educational, health, and developmental outcomes, thereby increasing children's life chances to become self-sufficient adults. Furthermore, evaluations of long-term expenditures have shown that investments made early in a child's life can dramatically reduce dependency on public benefits and services later in life, producing significant savings for the government.

A comprehensive approach that focuses on child development and well-being is critical if we are to mitigate the myriad of risk factors faced by young children living in poverty and help them develop a strong foundation for future success. To place young children on a path towards improved outcomes, it is absolutely essential that we ensure they grow up healthy, reach age-appropriate developmental milestones, and are prepared to learn in school.

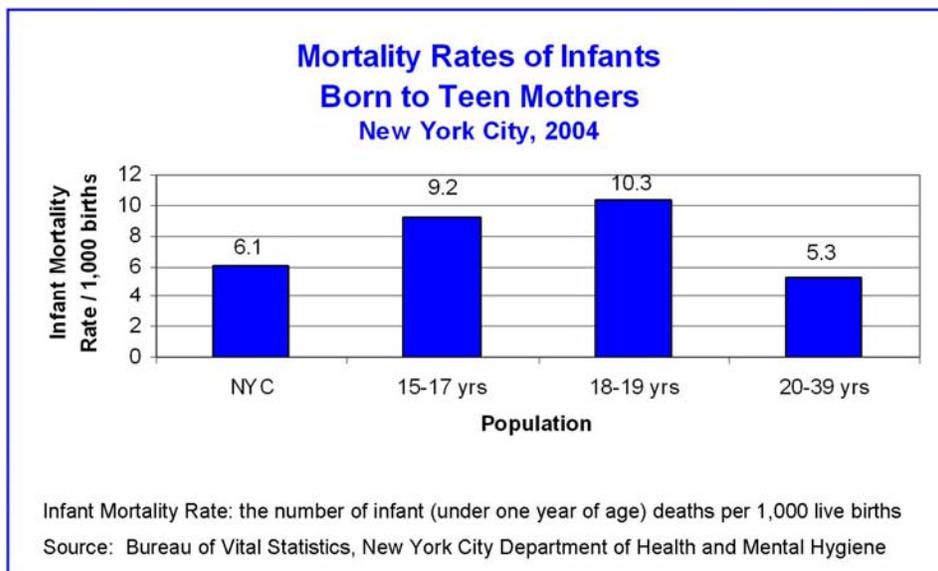
While investments in the working poor and young adult populations are likely to produce more immediate results, investments in young children by definition are an investment in the future. Some of the strongest evidence points to the value of these investments in breaking the debilitating cycle of intergenerational poverty and compels us to recommend action now.

## STRATEGIES TO ENSURE GOOD STARTS

In New York City, each year over 63,000 children are born into poverty. This represents more than half of all births. Children born into poverty are more likely to have had late or inadequate prenatal care, and face a higher risk of low birth-weight and infant mortality. Such risk factors, strongly correlated with poverty, make children susceptible to a host of problems that if not addressed early on will have negative consequences for cognitive, social, and adaptive functioning in later years.

A workable strategy to ensure a good start to life and help disadvantaged children reach their full potential must focus both on health and developmental outcomes.

- **Expand the Nurse Family Partnership program.** The Nurse Family Partnership (NFP) is a national program that makes it possible for nurses to pay regular home visits to high-risk, first-time mothers, their infants, and families. It provides assistance in six key areas: personal health; environmental health; friends/family networks; maternal role; parenting skills; and Life Course Development. NFP aims to lower infant mortality rates, increase maternal employment, improve school readiness, and prevent child abuse and neglect. Secondary benefits include increased household socio-economic status, increased intervals between pregnancies, reduced domestic violence, increased child intellectual functioning, and improved social networks/social capital. Each of these benefits directly and indirectly impact poverty. The City should invest in expanding the NFP program to reach more at-risk first-time mothers in an effort to improve health outcomes of young children born into poverty.



- **Extend health insurance coverage for children and families.** Over the past eight years the State of New York has addressed the important issue of maintaining health insurance for the working poor by expanding coverage. New York expanded its Child Health Plus program to include inpatient services, added Family Health Plus for adults just above poverty, and created Healthy New York for businesses and employees with low-wage jobs. Despite these efforts, the cost of health insurance continues to be a barrier to sustained full-time employment. Also, for those workers who are low-income, lack of affordable health insurance puts them at risk of falling into poverty should a member of their family get sick.

Therefore, it is crucial that the State consider allowing participants with higher incomes to qualify for these important insurance programs as well as decreasing the premiums required. The application and recertification processes for New York's public health insurance programs should also be streamlined to reduce the barriers that eligible individuals face when they attempt to enroll in and maintain coverage.

### STRATEGIES TO PROMOTE EARLY LEARNING

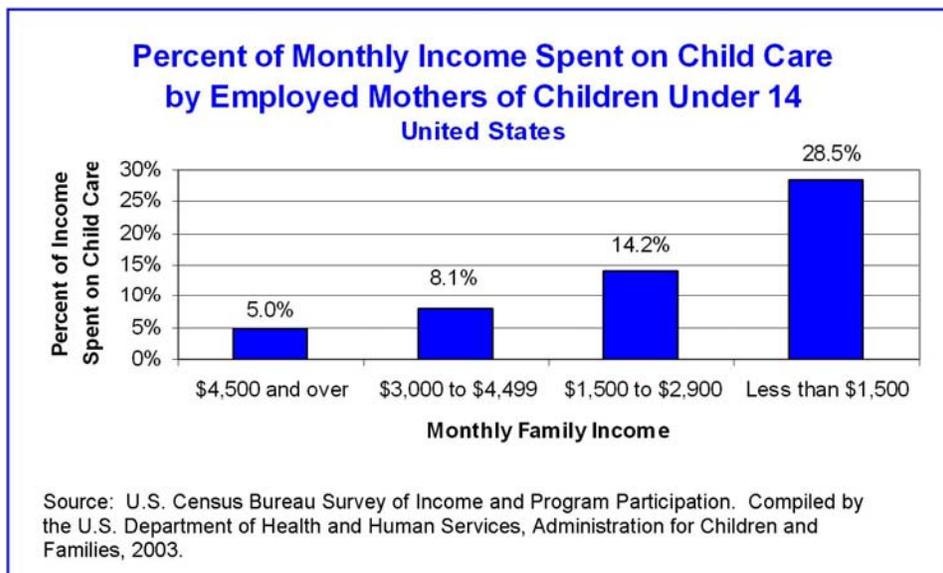
The early years of a child's life are the basis for all for future learning and achievement. We know that nearly 50 percent of a child's learning occurs during the first five years of life. However, only a third of poor children between the ages of 3 – 5 are enrolled in school, compared with 70 percent for children of the same age living above the poverty line. Moreover, the evidence is clear that quality early care and education services provide children with the skills they need to achieve later in life. We must prepare young children living in poverty for future academic success by providing early childhood services as a springboard for improved educational outcomes.

- **Expand resources available for working families to access child care.** New York City administers the largest publicly subsidized early childhood system in the nation. In 2003, close to 200,000 children five and under received child care and early education services. Despite the numerous early childhood services options in our city, many families with young children have child care needs that go unmet. The short supply of quality early childhood services has two detrimental effects on the City's economic well-being: first, disadvantaged children miss out on enriching experiences needed to develop school readiness skills; and, second, unmet child care needs often threaten parents' ability to maintain stable

employment or to enter the workforce altogether. The City must do all it can to leverage available revenue streams to support child care services, encourage the enrollment of children by their parents in quality child care programs and expand child care facilities.

- **Expand Universal Pre-Kindergarten Program (UPK) to serve all three and four year-olds in NYC.** Experience proves that preschool education, such as UPK, leads to improved academic and social outcomes. It also indicates that while multiple policy solutions can lead to improved outcomes for disadvantaged young children, investing in quality preschool education at an earlier age is the most cost-effective strategy and yields the greatest results when targeted to at-risk populations. Additionally, vigorous evaluations of early childhood education programs demonstrate that investments made in early childhood education result in significant government savings from reduced expenditures on special education, grade retention, public assistance and other benefits.

Providing pre-kindergarten education to more young children living in poverty will ensure that they enter kindergarten with the basic cognitive, language and social skills necessary for school achievement.



### THE SETTING FOR IMPLEMENTING THESE STRATEGIES

The strategies advanced in this report range from well-tested initiatives that we believe should be scaled up to innovative new ideas that hold promise but are not yet proven. The scale of implementation will clearly depend on the resources available for investment and the pace at which the partners can effectively manage broad, systemic change. While we recognize that not every initiative can be treated as a priority, we encourage an ambitious approach to implementation.

For interventions based on programs of proven effectiveness, we recommend citywide implementation. Where citywide implementation must occur in phases, we recommend an approach that concentrates efforts first on communities of highest need. We encourage managers to adopt an approach that strongly values civic engagement at the community level. New York is rich with community, non-profit, academic, philanthropic and business leaders that have built the models of innovation and are resources for further innovation and design.

To be optimally effective, we recommend that the City's economic opportunity agenda include community initiatives that adopt program initiatives at the community level, and build upon and support community networks and resources. Many people living in poverty in New York City rely primarily upon their communities for most of their basic needs, including education, health care, child care, food, banking, individual and family supports, and social and recreational activities.

We believe the City also has the opportunity to experiment with the multiple layering of initiatives at the community level. We suggest effort be made to implement and assess whether greater improvements in outcomes can be achieved from programs combined in communities than if implemented independently. Mindful attention should be paid the sequencing of initiatives, both citywide and locally, to ensure that they will have the greatest impact when implemented. Through a combination of citywide and community-based initiatives the City can tailor each recommendation to appropriate scale with the goal of maximizing effectiveness.

The resources already in place for serving the populations we have identified are considerable. We do not believe that new resources alone can produce the kind of significant impact on poverty called for when our Commission was created. The effort will require that existing resources be leveraged for greater impact, and where appropriate, redirected to produce outcomes we need. We also

## IMPLEMENTATION

believe new investments will be required to allow this set of recommendations to go forward. These investments, we believe, are a required part of any targeted approach to reducing poverty. Building on a strong base, managed in combination with a clear vision for the outcomes demanded, strategic investments will not only produce results but will bring into existence a broader community of action to achieve our shared goals.

For that reason, we also believe that progress will be greatly enhanced by a clear and aggressive public communications campaign. Rather than conducting independent communication efforts around the various initiatives, a coordinated campaign strategy is called for. Such a campaign should leverage existing services, motivate maximum participation, and convince the greatest number of poor New Yorkers to join in this new approach.



### ACCOUNTABILITY AND MEASUREMENT

One of the most laudable hallmarks of the Bloomberg Administration has been a willingness to be held accountable through investment in the measurement of results. The implementation and measurement plans for these proposed strategies must be no different. To be successful, they will require strong coordinated management and the creation of aggressive targets that will have a material impact on poverty. They will also require rigorous evaluation to understand and calibrate the results, thus allowing for replication, or if the promised results do not emerge, discontinuance.

*"To be optimally effective, the City's plan for helping New Yorkers living below the poverty line achieve economic self-sufficiency must include a coordinated management strategy that cuts across administrative lines and joins together multiple agencies."*

### ACCOUNTABILITY

As the variety of policy recommendations makes clear, tackling poverty in New York City, cannot be the responsibility of one agency or department. Strengthening opportunities for people to be gainfully employed and to lift themselves out of poverty requires a wide range of City agencies and leaders working together.

To be optimally effective, the City's plan for helping New Yorkers living below the poverty line achieve economic self-sufficiency must include a coordinated management strategy that cuts across administrative lines and joins together multiple agencies. Upon taking office, the Bloomberg Administration took important steps toward a more coordinated government approach to service delivery with the creation of the One City Strategy, a planning process requiring agencies to work together to achieve greater efficiencies and outcomes. In the early spring of this year, the Bloomberg Administration launched the Comprehensive Neighborhood Economic Development Initiative (CNED) to bring multiple City agencies together with local community leaders to promote and support neighborhood-level economic development and increase community wealth. These actions, along with the appointment of a Deputy Mayor for Health and Human Services, have laid the framework for a cross-systems, citywide anti-poverty agenda.

Also, there have been aggressive and far reaching reform strategies – in technology, housing, education, and economic development – that form the foundation on which these recommendations are built. In many respects, this undertaking has been made possible because those reforms came first. Now it is incumbent on the many participants to weave their efforts together in the shared goal of demonstrably reducing the number of New Yorkers living in poverty.

## IMPLEMENTATION

The CEO recommends that a Mayoral policy be established requiring agencies to adopt a coordinated management approach for implementing, managing and monitoring the City's anti-poverty agenda. Key elements of the management approach should include: a set of shared outcomes for reducing poverty to which all City agencies and departments are held accountable; an accountability system, with measurements that track each agency's performance and contribution to meeting initiative outcomes; and incentives for meeting goals.

We recommend that the City identify goals by which to measure progress, related to specific initiatives and to the overall reduction in poverty. We believe the goals should be ambitious, yet achievable, and reasonably related to the activities underway to improve results. We also recommend that these indicators be tracked at the community level as well as citywide. There is a unique opportunity to understand how these actions take hold in a mix of communities with different configurations of local partners. A strategy that combines a careful tracking of outcomes with a high expectation of accountability for results should generate the local impact that forms the vision for change.



### MEASUREMENT STRATEGIES

The most widely used measure of poverty is the Federal Poverty Level (FPL), which measures absolute poverty. This national standard has been subject to much debate. There are many reasons why this measure is insufficient, particularly for New York City: the FPL, for instance, does not reflect regional differences in cost of living; incorrectly assumes that a household spends one third of its monthly budget on food (most families allocate a much smaller percentage on food each month); and only includes gross money income and does not reflect in-kind government transfers like tax credits, food stamps or housing subsidies. While we recognize that we will be bound to use the FPL in the short term, we feel it is necessary to explore other measurements that may be used in conjunction with the FPL to expand beyond income measures and provide a more nuanced picture of poverty and well-being as experienced by New Yorkers. We recommend that the City pursue the following measurement strategies:

*“New York City should develop an Opportunity Index to measure the real effects of poverty as expressed through a select group of indicators that reflect commonly held perceptions of poverty.”*

- **Use relative poverty as an additional measure of economic well-being.** Relative poverty compares the incomes of the less well off to that of the “typical household.” The threshold changes as the median income changes. Relative poverty measures are widely used in the United Kingdom and are often established at 60 to 70 percent of the median of the income distribution.
- **Create an Economic Opportunity Index.** In addition to the current poverty measures, New York City should lead the nation in developing an innovative approach. New York City should develop an Opportunity Index to measure the real effects of poverty as expressed through a select group of indicators that reflect commonly held perceptions of poverty.
- **Design and conduct a longitudinal study.** When designing policy options and targeting them to different groups, information on the length of time that people spend in poverty can be of great help. Populations affected by short poverty spells likely require different policies and programs than populations that are chronically/long-term poor. In order for New York City’s government to have the most complete picture of the those New Yorkers in poverty, an extensive, longitudinal survey should be performed on an annual basis to provide critical information on the experiences of those entering, exiting or remaining in poverty. This survey will complement existing City data and other available information. Additionally, this survey will serve to inform the body of

## IMPLEMENTATION

research on anti-poverty strategies and will allow New York City to be a leader in the field of poverty research.

- **Conduct rigorous evaluations of initiatives.** Evidence-based practice is the hallmark of any accountability structure. Developing an evaluation strategy must be an integral part of the design process itself, as it also aids in clarifying underlying assumptions. When evaluating initiatives New York City must strive for the highest standards and most rigorous methods feasible.

### STATE AND FEDERAL PARTICIPATION

Although New York City has taken on the challenge of fighting and reducing poverty on a local level, the City cannot do it alone. Poverty is a national problem. The national poverty rate is over 13 percent, as is New York State's. The City needs the support and cooperation from all levels of government in order to carryout a comprehensive strategy.

New York State and the federal government must support funding and policies aimed at fighting poverty and must put poverty reduction and economic opportunity at the forefront of their agendas. State and federal governments must assist low-income families and individuals with programs that are accessible and that promote work. Therefore, the City should aggressively pursue an advocacy agenda with the state and federal government that parallels the work being done locally across the full range of initiatives recommended here.



### CONCLUSION

We believe this is a pivotal point in the progress of our city. The critics and pessimists who claimed New York was locked in an irreversible cycle of decline have been proved wrong. The City's overall economy is in healthy shape. New York's preeminence as a global capital of finance, communications and culture has never been more pronounced.

We now have the opportunity to act in focused and practical ways to carry out an economic agenda that will secure the City's progress and add to its momentum. By pursuing a comprehensive, coordinated strategy of planned investment, with clear and rigorous standards of accountability, we can permanently reduce the numbers of New Yorkers living in poverty and expand the resources of talent, industry and creativity so vital to the City's future.

History offers us some important lessons. We know that sweeping government programs alone, no matter how well-intentioned, cannot solve the problem of poverty and, in some instances, can create rather than eradicate dependency. Similarly, the free market by itself has proved incapable of ensuring equal access to advancement and success. Our goal, then, has been to concentrate on carefully targeted, cost-effective approaches that have proved themselves in practice and that draw on the combined expertise of a broad coalition of private and public sector resources.

The Bloomberg Administration's successful insistence on increased coordination and accountability on the part of City agencies has provided a foundation on which we can build. Over the next three years, by following the recommendations in this report, we can put into action a strategy that, as well as lifting thousands of New Yorkers out of poverty, will dramatically improve the skills of our workforce, enhance the quality of life throughout our neighborhoods and renew our people's faith in the future of New York.

Ours is a city of dreams and aspirations. Across the centuries, New York has risen to every challenge it has faced and turned hope into reality. In its commitment to carry out this agenda, we are confident it will do so once again.

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## CONCLUSION