In New York City, 50% of Working-Age Households Aren’t Earning Enough to Meet Basic Needs

Fund for the City of New York in Partnership with United Way of New York City Release

2023 NYC True Cost of Living Report

NEW YORK – April 25, 2023 – The Fund for the City of New York (Fund) in partnership with United Way of New York City (UWNYC) released the 2023 NYC True Cost of Living report (TCL),* the seventh edition of the report since 2000. Since launching, the report has identified the extent and nature of income inadequacy by geographic location, race and/or ethnicity, family composition, immigration status and work levels. The TCL has become an indispensable tool for policymakers, employers and advocates in their efforts to promote economic equity in New York City.

The 2023 report finds that 50% of working-age households in New York City do not earn enough to meet basic needs. This equates to 1,298,212 households or 2,991,973 people and marks a 38% increase from the 2021 TCL report, showing the profound economic impact the COVID-19 pandemic had on New York City working-age households. People of color, immigrants (particularly Latine) and single mothers are among the most financially insecure populations.

“This report comes at a critical time for organizations supporting the community because it helps us to gain a more comprehensive understanding of how many New Yorkers are deeply affected by increasing economic insecurity and more specifically, where services are most needed,” said Grace Bonilla, President & CEO of UWNYC. “While the Official Poverty Measure (OPM) is broadly used, it’s become outdated. The NYC True Cost of Living report gives us the insight we need to meet New Yorkers where they are and to create pathways for them to thrive.”

The TCL is a better indicator of the actual cost of living because it prices each individual budget item, and determines the income needed to make ends meet without public and/or private assistance, taking into account geographic location and family composition. The continued use of the OPM, which is based on decades-old methodology, leads to misunderstandings regarding wage adequacy and extremely low eligibility thresholds for essential programs like SNAP, CHIP, and the National School Lunch Program.

"New York City can’t afford to maintain the status quo when 50% of working-age households struggle to make ends meet,” said Lisette Nieves, President of the Fund for the City of New York. “We urge policymakers and employers to use this report as a guide to develop solutions that will lead to a stronger, healthier, more equitable New York. The Fund is the home—and steward—of the NYC True Cost of Living report and we look forward to working with partners to promote its continued use. The report lays the foundation for change and is a powerful policy tool."

The NYC 2023 True Cost of Living (TCL) Report’s key findings include:

- In New York City, 1,298,212 households or 2,991,973 people are struggling to make ends meet.
  Using the NYC cost of living and applying it to working-age households (excluding adults over 65,
people with work-limiting disabilities, and those living in “group quarters”), reveals that 50% of households do not have earnings to meet the minimum cost of living in New York City.

- The rate of income inadequacy has grown significantly since the last report in 2021, going from 36% to 50%. This amounts to a 38% increase in a two-year period.
- The highest rates of households struggling with income inadequacy are found in the Bronx, particularly the central Bronx, and parts of Brooklyn, including Brownsville and Ocean Hill.
- People of color are disproportionately more likely to struggle with economic insecurity. In New York City, 65% of Latine, 60% of American Indian households, 58% of Black, and 51% of Asian, Native Hawaiian, and Pacific Islander households struggle to make ends meet. Latine communities have rates of income inadequacy that are more than double the rate of white households (32%).
- Being foreign-born is associated with higher rates of economic insecurity. 64% percent of noncitizen householders in New York City do not have incomes that meet their basic needs.
- Households with children are at a greater risk of not meeting their basic needs, accounting for more than half of households with incomes below the TCL.

The NYC 2023 True Cost of Living Report was produced by the Center for Women’s Welfare at the University of Washington. Partners from the following organizations provided issue-area expertise:


Methodology and Data Sources

The report was produced with data from a variety of sources. The primary data source was the 2021 1-Year American Community Survey by the U.S. Census Bureau which provides social, housing, and economic characteristics for demographic groups covering a broad spectrum. The report also contains data from The New York State Child Care Market Rate Survey, produced by the New York State; Office of Children and Family Services; and the Fiscal Year (FY) Fair Market Rents (FMRs) data, produced by the U.S. Department of Housing and Urban Development (HUD).

This demographic study of New York City includes a total of 2,618,228 households. It’s worth noting that this year’s study utilized a new methodology that expanded the number of households included in the dataset compared to previous years.

Recommendations
Topline recommendations to combat economic insecurity within the five boroughs:

- Increase wages to assist New Yorkers struggling to meet basic needs amid rising costs.
- Improve access to, and increase, benefits to help New Yorkers afford housing, childcare, food and more.
- Update the Official Poverty Measure to:
  - Ensure that employers have a clear understanding of wage adequacy based on the cost of living.
  - Offer local municipalities a more comprehensive perspective of where emergency assistance is needed.
  - Address the fact that income eligibility thresholds for essential benefits and programs are extremely low, disqualifying many New Yorkers from accessing the support they need.

For more information about the report, including demographic and geographic breakdowns by borough, visit TrueCostOfLiving.org

*Formerly known as the New York City Self-Sufficiency Standard.

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**About The Fund for the City of New York**

The Fund for the City of New York was established by the Ford Foundation in 1968 with the mandate to improve the quality of life for all New Yorkers. For 55 years, in partnership with government agencies, nonprofits, and foundations, the Fund has developed and helped to implement innovation in policy, programs, practices and technology in order to advance the functioning of government and nonprofit organizations in New York City and beyond. Signature Fund programs include the: Cash Flow Loan Program, Partner Project Program, Sloan Public Service Awards, Sloan Awards for Excellence in Teaching Science and Mathematics, and Community Planning Fellowship Program. To learn more visit Fund for the City of New York.

**About United Way of New York City**

For 85 years, United Way of New York City (UWNYC) has been at the forefront in the fight to ensure New Yorkers live with dignity no matter their zip code by taking on the toughest challenges and creating new solutions to old problems. We win by helping families shift from barely surviving to thriving. We unite by mobilizing the best ideas, relevant data, internal and external experts, and resources. UWNYC maximizes impact by coordinating and aligning service providers, companies, local government, and New Yorkers to help families eliminate barriers and gain the agency to improve their lives for the better. To learn more, visit United Way of New York City’s website.