

JOBS 2004

How to Keep New York Working

The Poverty Paradox

Why are New Yorkers' incomes staying steady when so many are unemployed?

By Tracie McMillan

WHEN THE LATEST poverty statistics came out in August, the numbers didn't make very big waves. With the Republican Party roaring into New York, the fact that poverty had gone up nationally—no surprise for an economy just creeping out of a recession—barely made it to the local news at all. But a close look at New York City's share of the numbers showed a quirk: Poverty here didn't go up. It stayed flat.

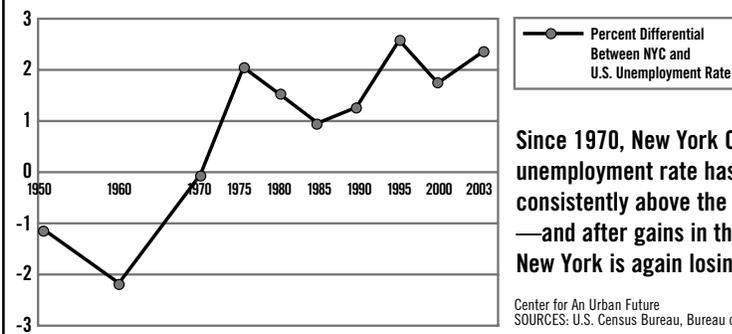
Even more curious were the unemployment numbers. Though poverty didn't go up in the Big Apple, unemployment plowed steadily upward; in September, it was 6.9 percent. Nationally, unemployment also rose, but on a much smaller scale. Nothing like what one would expect. After all, the more people lose jobs, the more people should be poor; and if fewer people are losing jobs, then fewer people should fall into poverty—right?

Not so this time around. And the reasons why, posit some observers, tell us a lot about who's moving ahead in the current economic landscape and who's being left behind. Even more important, they help illustrate the difficulties of not just keeping poverty at bay, but actually reducing it.

To understand why poverty stayed stable while unemployment rose, it's important to take a look at who was able to stay employed. Job-holding rates declined dramatically for young men in the city, by nearly 12 percent from 2000 to 2003. This trend mimics the nation as a whole, where young men saw their job holding decrease by about 7 percent, according to an analysis of census and labor data by Mark Levitan, senior policy analyst for the Community Service Society of New York. That unemployment was higher here is typical for New York; we generally outpace the national average by several percentage points (see chart).

What happened to young women is more interesting. Jobholding for females under age 25 dropped by only 3 percent during the same period. And not only did young New York women experience less job loss than men, they hung onto more jobs than their counterparts nationwide. Young women across the country saw jobs drop by nearly 5 percent, a striking contrast to the city.

The Unemployment Gap



Since 1970, New York City's unemployment rate has been consistently above the U.S. average—and after gains in the 1990s, New York is again losing ground.

The disproportionate unemployment among young men is the key to understanding why New York's poverty rate barely budged, says Levitan. "Younger men typically are either on their own, or living with their parents, so the effect on the poverty rate of that group losing their jobs is pretty small," he explains. "We've had a tremendous amount of job loss in this city, but it's fallen on people who by and large are not supporting families."

Since women are largely the ones heading households solo, keeping them at work is likely to make the quickest inroads into stalling poverty. And if there's one area in which New York has shone, it's been moving single mothers into jobs. The powerful combination of work-focused welfare reform and a booming economy in the late 1990s led women into the workforce en masse. Even amid the recession and an overall loss of jobs, a higher proportion of the city's single mothers were working in 2003 than in 2000.

That's not to say that working women are living large. They tend to dominate employment in fields like health and education services—the only sectors to see significant expansion in New York City during the recession—where the average annual income hovers around \$25,000. Broadly increasing incomes could be a boon to working families that are no longer in poverty, but are not far from it, either. "There are things we might do ... like increase the earned income tax credit, the minimum wage," says Lawrence Mead, professor of politics at New York University and a former consultant to the Giuliani

administration on welfare policy. Still, whether those options are realized or not, says Levitan, former welfare recipients "have a bit more money than they had when they were on welfare."

But that is where the city's success comes to a grinding halt. "If there's a poster child for the recession, it's a younger African-American man who's probably living with parents, or on his own," says Levitan, who authored a widely cited report last fall documenting the rampant lack of jobs among the city's black men, nearly half of whom are not working. "Among younger men, it's been men of color, particularly African-American men, that have lost their jobs."

And part of the reason, say observers, is that women have been the center of debate. "Women are doing better than the men," says Mead. "But one reason for that is that they've been the objects of recent welfare reform, so they're getting more attention." Between government's preoccupation with moving women into jobs, and the rapid expansion of employment in fields dominated by women, it's little wonder that men have faced a tougher time.

In the end, figuring out how to move young men into steady employment may make the difference between keeping poverty rates stable and actually reducing them. "We can go back and forth about whether [more men in jobs] is a big advance for these families," says Levitan, noting the tenuous hold on economic stability of many working families. "But it's clear that the poor as a group are not going to advance unless more men are working." ●