

Household Incomes in City Fall 5%

Nearly One in Three Children Living in Poverty, Data Show

By Joseph De Avila and Sumathi Reddy, Wall Street Journal
September 22, 2011

The financial downturn took a bite out of New York pocketbooks last year as incomes across the city fell by nearly 5%, according to Census data released Thursday.

Manhattan was the hardest hit: Median household income dropped by nearly 9% from the previous year, to \$63,832, while mean income fell to \$119,199 from \$131,704. Only Staten Island saw an increase in median income.

No income group was immune, said Mark Mather, a demographer at Population Reference Bureau, a Washington, D.C.-based nonprofit research group. "There was a drop for those making \$200,000 or more," he said. "That shows that there are people at the upper end who are also seeing declines."

New York City showed resiliency during the initial phases of the economic downturn, which affected other parts of the nation sooner. But in 2010, the fault lines in the city's economy began to widen, the data show, with the effects felt mainly among the poor.

"For the average person, this is a severe recession in New York City," said James Parrott, chief economist for the left-leaning Fiscal Policy Institute. "There's no getting around that."

The data come from the U.S. Census Bureau's annual American Community Survey, which polls people nationwide. The survey differs from the Census, the official count of the population done every 10 years.

One of the most startling developments in the ACS this year, experts said, is a rise of three percentage points in the childhood poverty level, which now stands at about 30% citywide and is even higher in the Bronx and in Brooklyn. A family of four making less than \$22,314 a year—before the addition of any government assistance—is considered below the poverty line.

"Poverty among children is always higher than for a population as a whole. But it really comes out strongly in weak economic times," said Christopher Jones, vice president of research at the Regional Plan Association.

He highlighted the Bronx's child-poverty rate of 43%, which increased from 40% in 2009. Jilly Stephens, executive director of City Harvest, a group that provides food for needy New Yorkers, said her organization saw a 5% leap in demand last year.

The declines in income are reflected in several areas, Mr. Mather said. He pointed to a two-point jump in the percentage of renters who are spending 35% or more of their income on housing.

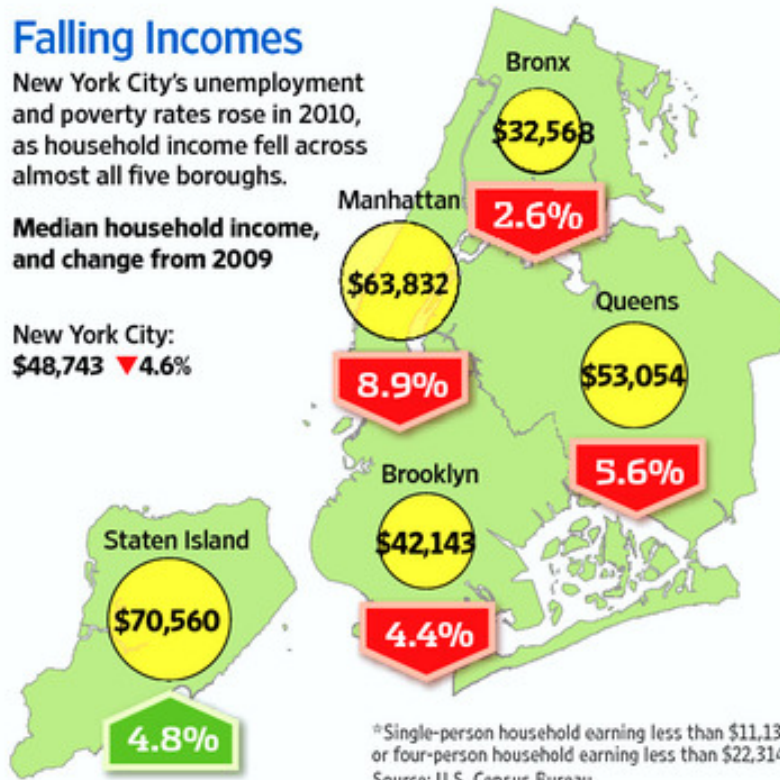
"Those with less income, those who are younger, have been hit harder," he said.

Falling Incomes

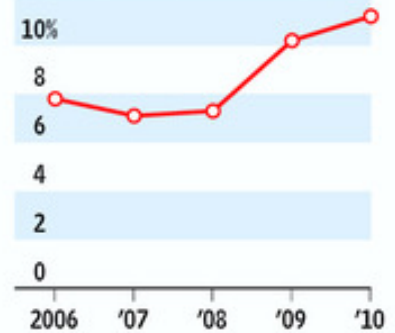
New York City's unemployment and poverty rates rose in 2010, as household income fell across almost all five boroughs.

Median household income, and change from 2009

New York City:
\$48,743 ▼4.6%



CITY UNEMPLOYMENT RATE



POVERTY RATE*



Income dropped as many laid-off New Yorkers found new, lower-paying jobs. For some, such as Manish Vora, that smaller paycheck was by choice.

Mr. Vora, 31 years old, worked on Wall Street for six years and earned a six-figure salary. He quit his job in 2008, before many of the financial-sector layoffs began, to start his own business. He now earns about one-tenth his old salary.

He weighed the cost of graduate school and opted to start a digital marketing business serving the art world. It's a route that has become more common among young urban professionals who are taking more risks in the shaky economy rather than working corporate jobs, Mr. Vora said.

"This is something that is going to set me up in the future," he said.

Others on the more fragile edges of the economy aren't necessarily living there by choice.

A disability has kept Bronx mother Marisol Deleon, 46, out of the job market for more than a decade. But she didn't go on food stamps until two years ago. She said she has been trying to help her children by sending them to college, but making the payments has strained her already-crunched budget.

Her oldest son is in a premedical program and was only able to get a part-time job working as a security guard, Ms. Deleon said. "He's trying to find work, and he can't find work. This is a bright young man," she said. "He's stressed, and I'm stressed."

Staten Island was the only borough to see a rise in median household income with a 4.8% rise to \$70,560. Mr. Parrott, the economist, said the increase may be attributed to Staten Island's more stable middle-class population.