

Unheard Third 2008: Financial Development and Economic Insecurity

**The Other Financial Crisis –
New Yorkers are Struggling and Worried as They Watch Wall Street
Collapse**

September 19, 2008

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Summary of Findings

New Yorkers are Worried about the Economy

- Think it is harder to make ends meet
- Worried about the current economic downturn and meeting expenses
- Insecure about meeting future family, health, and retirement needs

Low-Income New Yorkers Have Minimal Savings/All New Yorkers United in Debt

- More than half of low-income New Yorkers report less than \$500 in savings
- Nearly half of all New Yorkers face credit card debt
- Approximately 20% of low- and middle-income New Yorkers report medical debt

Low-Income New Yorkers Struggle to Meet Basic Needs

- Low-income New Yorkers used their tax refunds/rebates for basic needs, such as food
- Middle-income New Yorkers used tax refunds/rebates to pay back debt
- Majority of low-income respondents experienced economic, food, health, or housing hardships
- Low-income New Yorkers more likely to use non-banking financial services and less likely to use financial services at a bank than middle- and high-income counterparts

Methodology

The Community Service Society (CSS) in collaboration with Lake Research Partners designed this survey, which Lake Research Partners administered by phone using professional interviewers. The survey reached a total of 1523 New York City residents. The survey is divided into two samples of 1015 low-income residents (up to 200% of federal poverty standards or approximately \$35,000 annually for a family of three) and 508 higher income residents of New York City (above 200% of federal poverty standards), age 18 or older. The survey was conducted from June 8 to July 3, 2008.

The low-income sample included two populations – **529 poor respondents** (earning below 100% of the federal poverty standard) and **486 “near poor” respondents** (earning between 100% and 200% of the federal poverty standard). We refer to these two groups collectively as “**low-income**”. The high-income sample also included two populations – **203 “middle-income” respondents** (earning between 200% and 400% of poverty) and **305 “high-income” respondents** (earning above 400% of poverty).

Telephone numbers for the low-income sample were drawn using random digit dial (RDD). The data were weighted slightly by gender, age, region, party identification, immigration status, education and race in order to ensure that it accurately reflects the demographic configuration of these populations. In the combined totals respondents in the low-income sample were weighted down to reflect their actual proportion among all residents.

In interpreting survey results, all sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The size of the sampling error depends upon both the total number of respondents in the survey and the percentage distribution of responses to a particular question. The margin of error for the low-income component is +/- 3.1%. The margin of error for the higher income component is +/-4.3%.

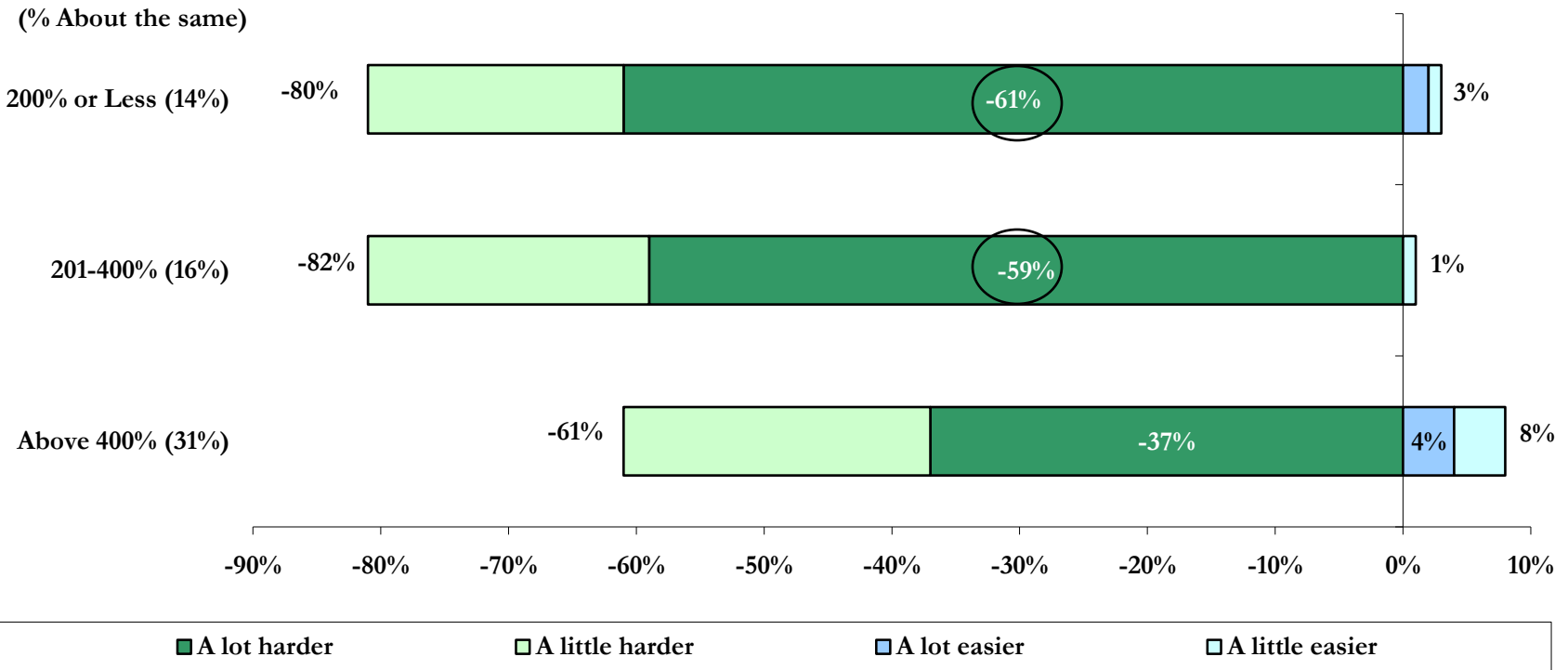
Part 1 –
Worries and Economic Insecurity

Making Ends Meet

More than 6 in 10 New Yorkers say that it has gotten harder to make ends meet over the last five years.

Making Ends Meet: 8 in 10 low- and middle-income New Yorkers say that it has been harder to make ends meet over the past five years. 6 in 10 of these New Yorkers say that it has been *a lot harder* to make ends meet.

Thinking about the last five years, do you think it is harder or easier to make ends meet for you and your family or is it about the same?

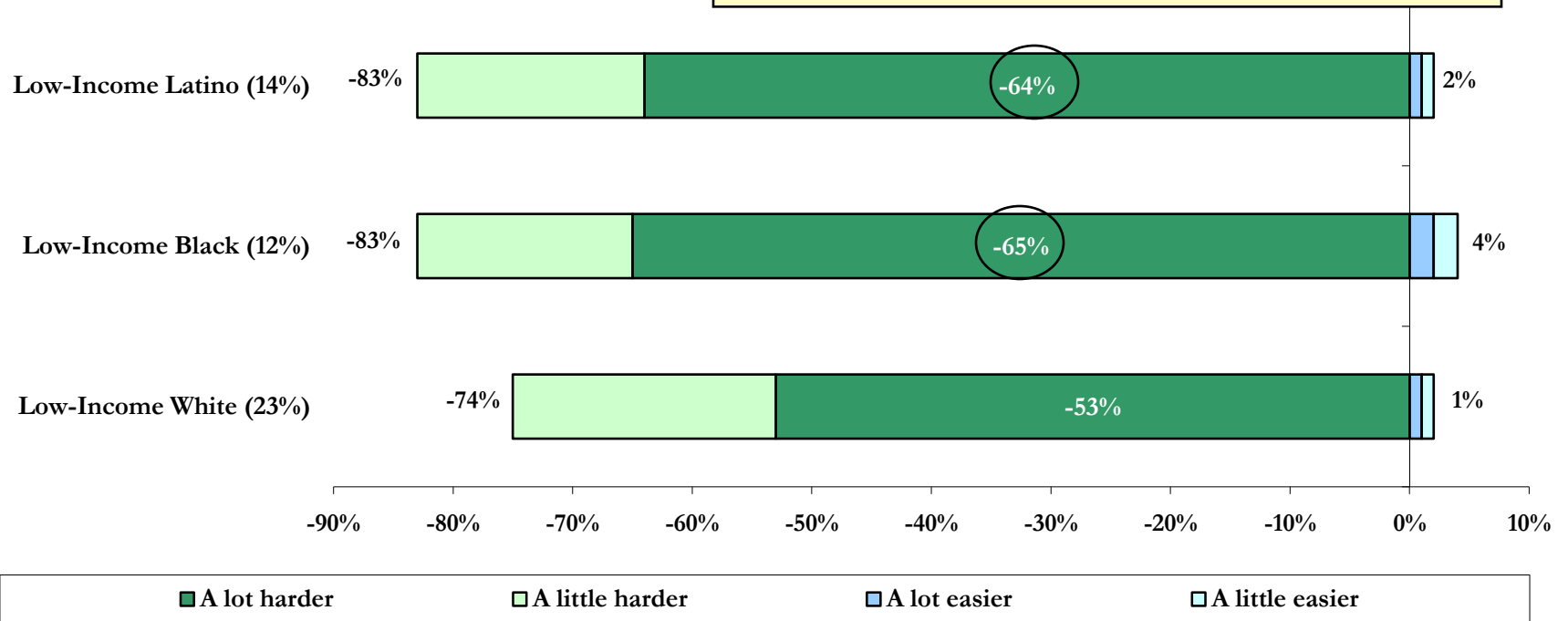


Making Ends Meet: Minorities prove more likely to say that it has become more difficult to make ends meet over the last five years, though majorities of all races say it has gotten *a lot harder*.

Thinking about the last five years, do you think it is harder or easier to make ends meet for you and your family or is it about the same?

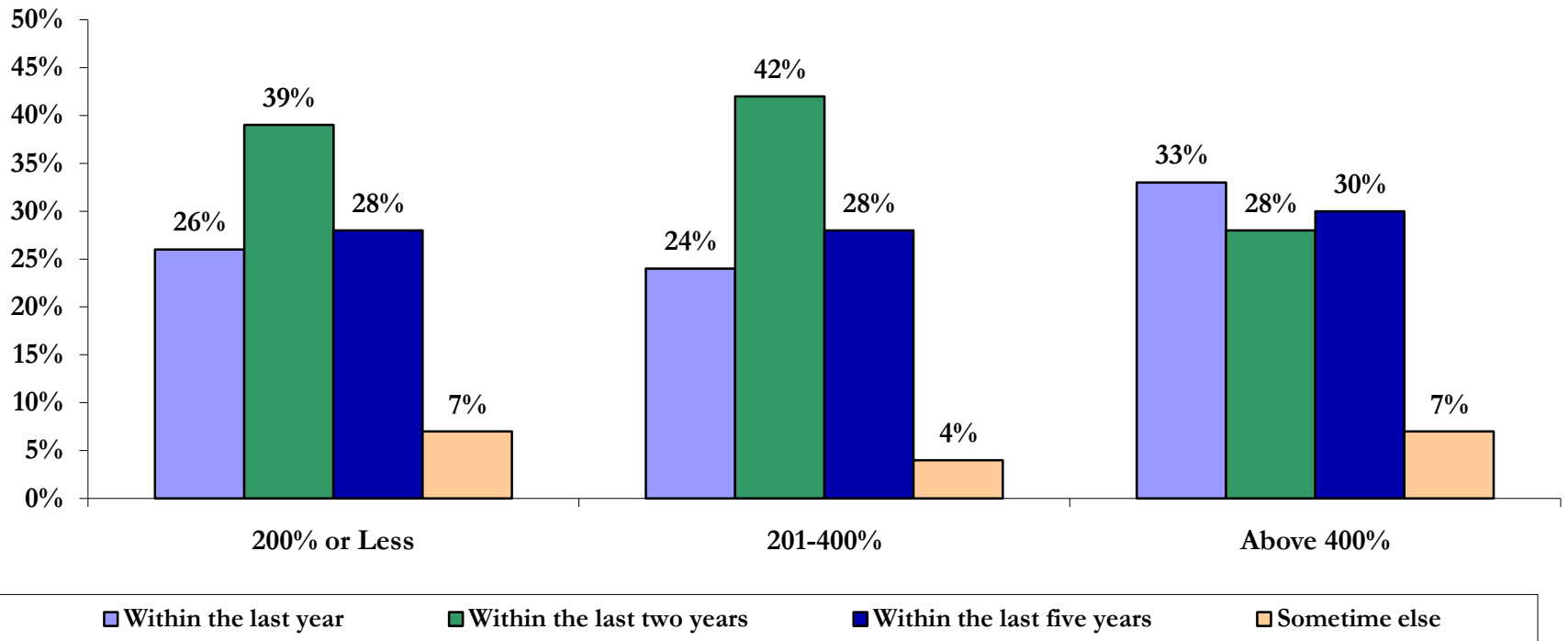
(% About the same)

2 in 3 *low-income working families with children* say it has gotten a lot harder to make ends meet for themselves and their family over the last five years (91 percent harder, 67 percent a lot harder).



Making Ends Meet: Pluralities of respondents – across all income bands – say it started getting harder to make ends meet within the last year or within the last two years.

When did it start getting harder to make ends meet for you and your family– within the last year, within the last two years, within the last five years, or sometime else?



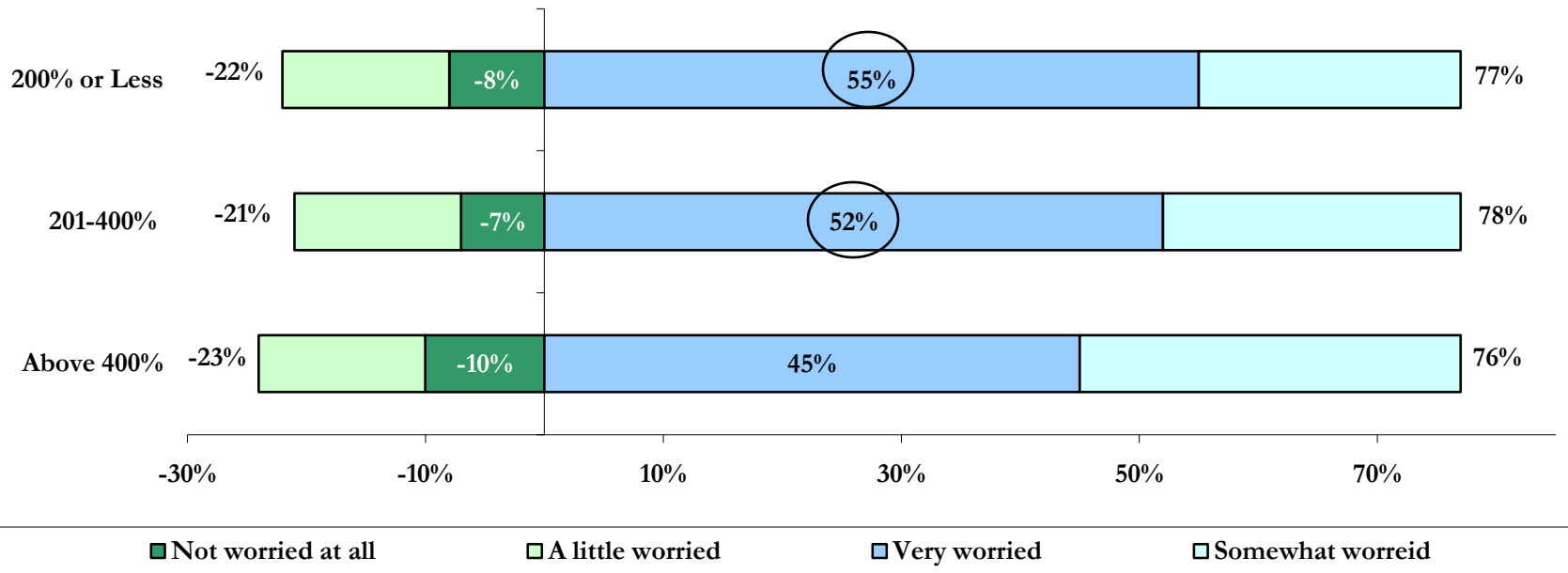
Current Economic Downturn and Meeting Future Needs

New Yorkers are very concerned about current economic downturn and meeting expenses. More than half of low-income residents say they do not feel secure about meeting their future health, retirement and family needs.

Economic Worries: Most New Yorkers are worried about the recession, with the majority of residents below 400% poverty saying they are *very worried* about the current economic recession.

How worried are you about the current economic recession - very worried, somewhat worried, a little worried, or not worried at all?

Latinos are more likely than whites and blacks to say they are very worried (low-income Latino: 81 percent worried, 61 percent very worried; high-income Latino: 80 percent worried, 59 percent very worried). Also, 78 percent of low-income working mothers* say they are *very worried*.
*small n



Economic Worries: Low-income New Yorkers are most worried about housing costs or losing their homes. Middle-income New Yorkers are also worried about housing – as well as rising gas and home heating prices, and losing their jobs.

What are you most worried about?* (Asked only of those who said they were very or somewhat worried about the current economic recession)

*Respondents asked to pick only one

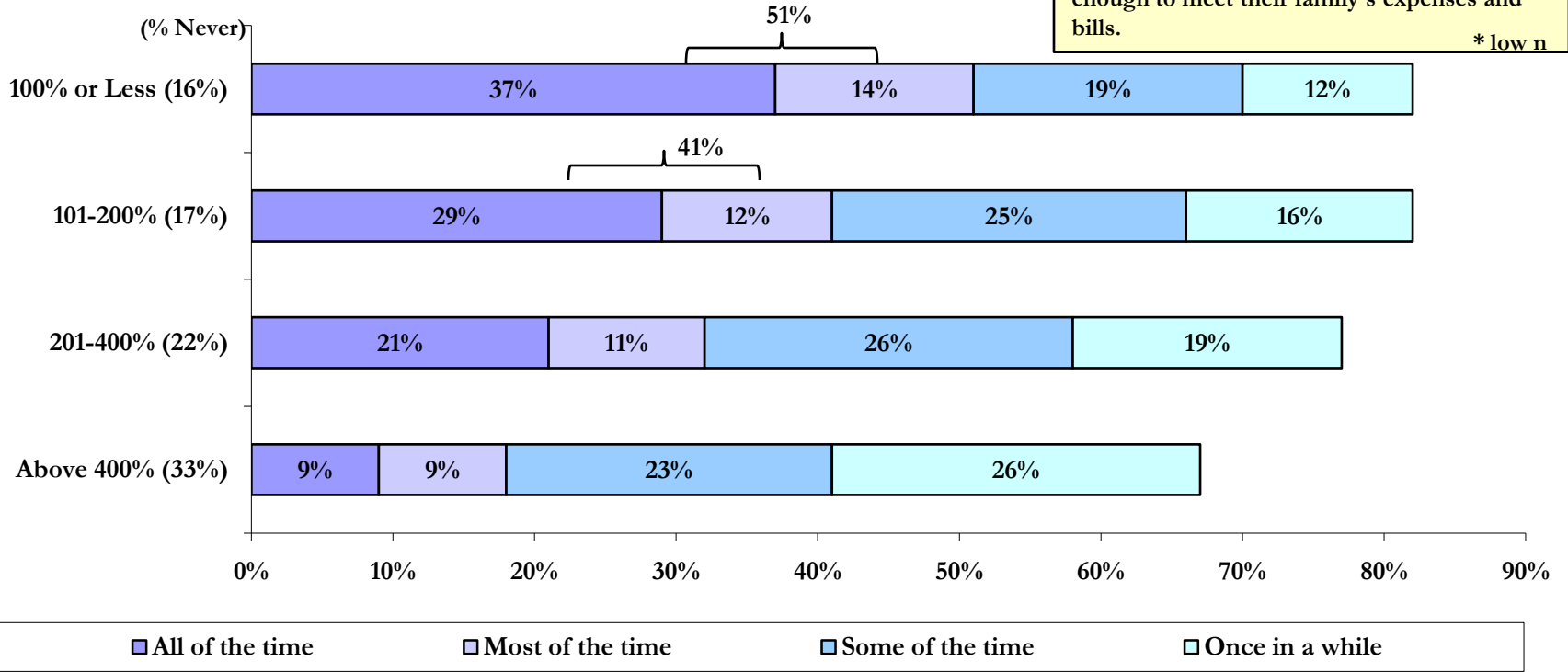
Almost 3 in 10 low-income blacks who are worried about the current recession say they are most worried about keeping up with housing costs or losing their homes (29 percent).

	≤200% FPL	201-400% FPL	400%+ FPL
Keeping up with housing costs or losing your home	23%	15%	7%
Losing your job	13%	17%	16%
Rising gas and home heating prices	15%	18%	9%
A secure retirement	5%	10%	18%
Rising health care costs	9%	7%	7%
Expenses related to your child/child care or tuition	9%	9%	6%
Higher taxes	9%	6%	6%
Stock market decline	3%	5%	12%
Debt payments	6%	5%	6%
Other	5%	8%	10%

Economic Worries: Half of poor residents and more than 4 in 10 near-poor residents worry *all or most of the time* that their family income will not be enough to meet expenses and bills.

How often do you worry that your total family income will not be enough to meet your family's expenses and bills – all of the time, most of the time, some of the time, once in a while, or never?

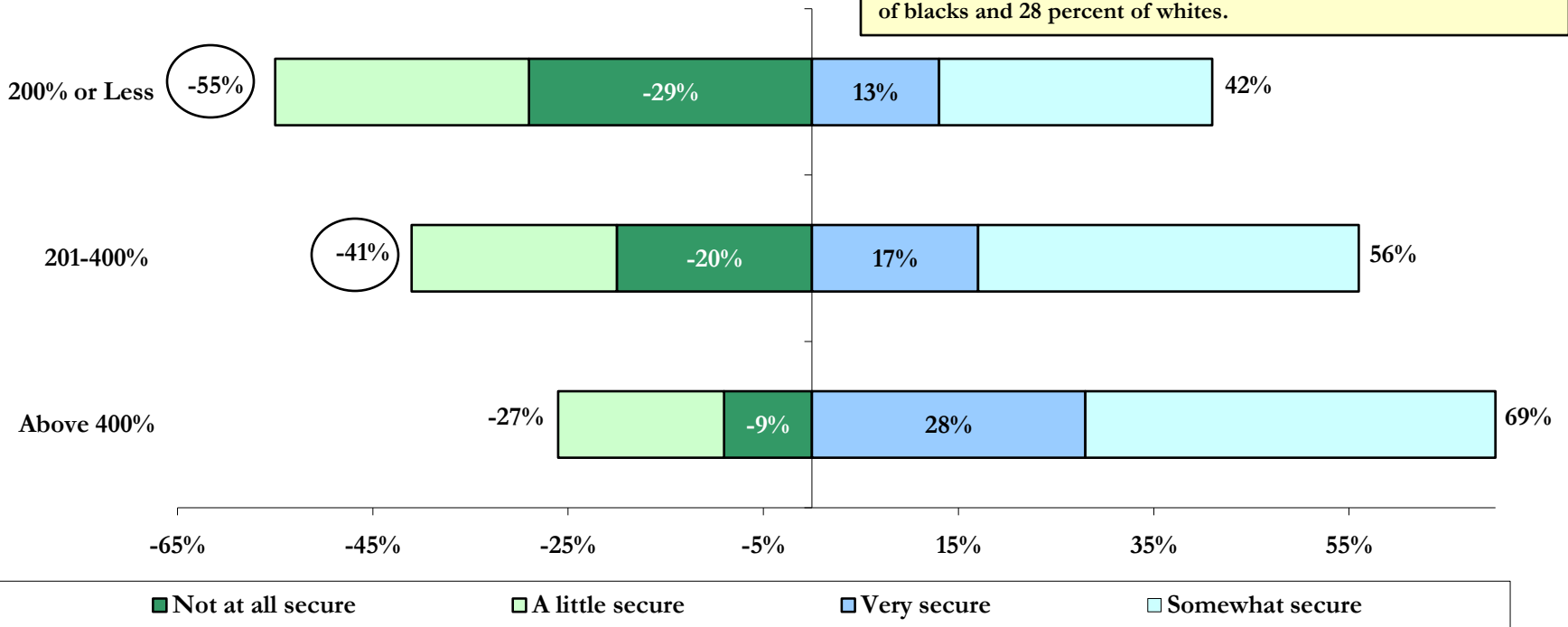
51 percent of low-income working mothers* say they worry *all of the time* about having enough to meet their family's expenses and bills. * low n



Economic Insecurity: More than half of low-income and 4 in 10 middle-income New Yorkers do not feel secure about meeting their future family needs.

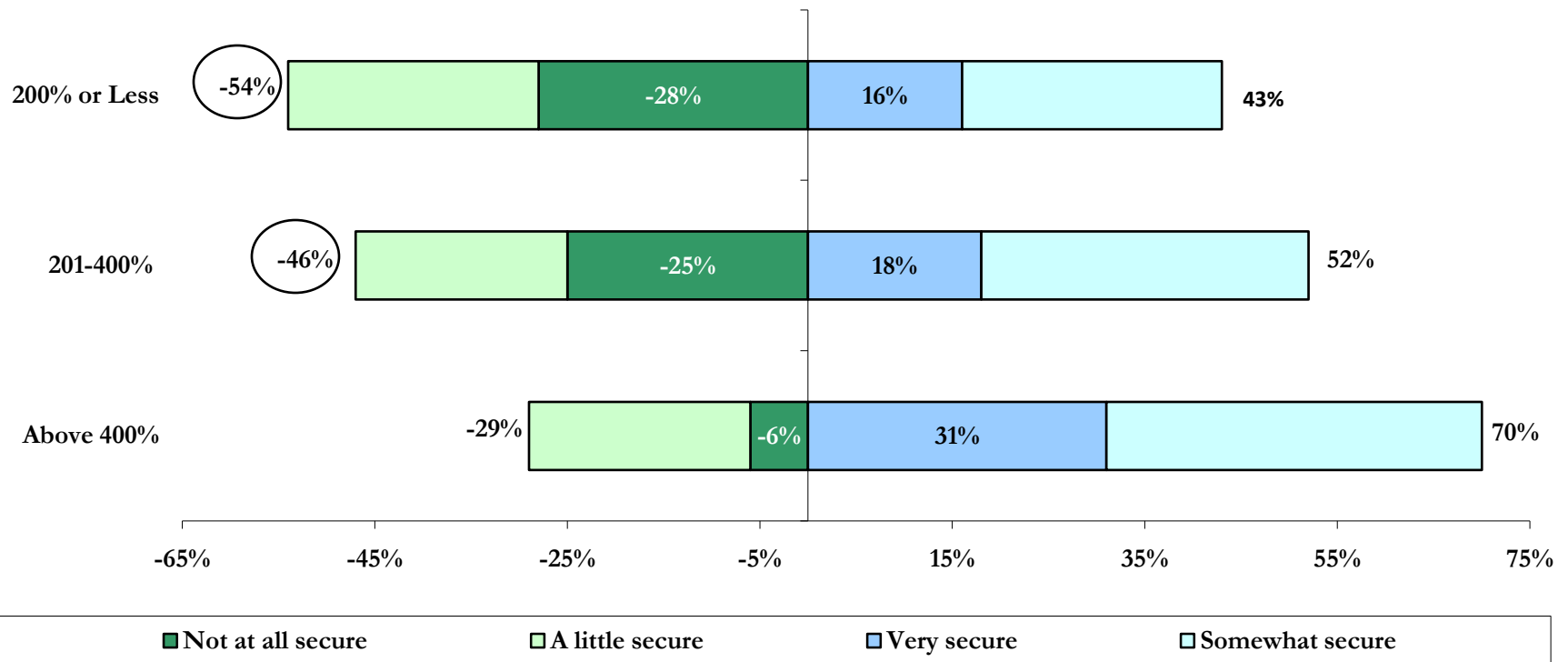
Thinking about the future, how financially secure do you feel to meet future family needs - do you feel very secure, somewhat secure, a little secure, or not at all secure?

Across all income groups, Latinos feel less secure about meeting their future family needs than blacks or whites. Notably, 47 percent of middle- and high-income Latinos do not feel secure about meeting their future family needs, compared to 29 percent of blacks and 28 percent of whites.



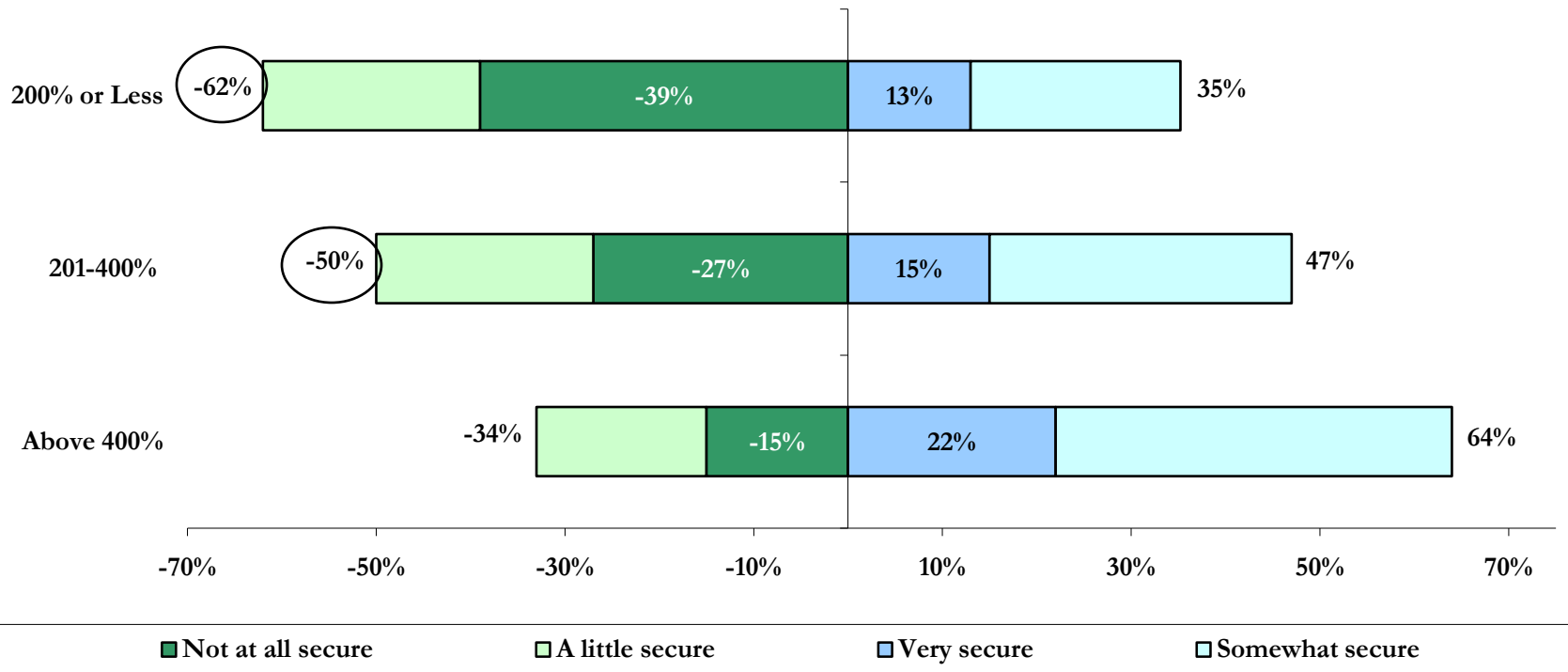
Economic Insecurity: Approximately half of residents below 400% poverty say they do not feel secure about meeting future health needs.

Thinking about the future, how financially secure do you feel to meet future health needs - do you feel very secure, somewhat secure, a little secure, or not at all secure?



Economic Insecurity: New Yorkers across income show the greatest insecurity around future retirement needs. Approximately 6 in 10 low-income and half of middle-income residents do not feel secure.

Thinking about the future, how financially secure do you feel to meet future retirement needs - do you feel very secure, somewhat secure, a little secure, or not at all secure?



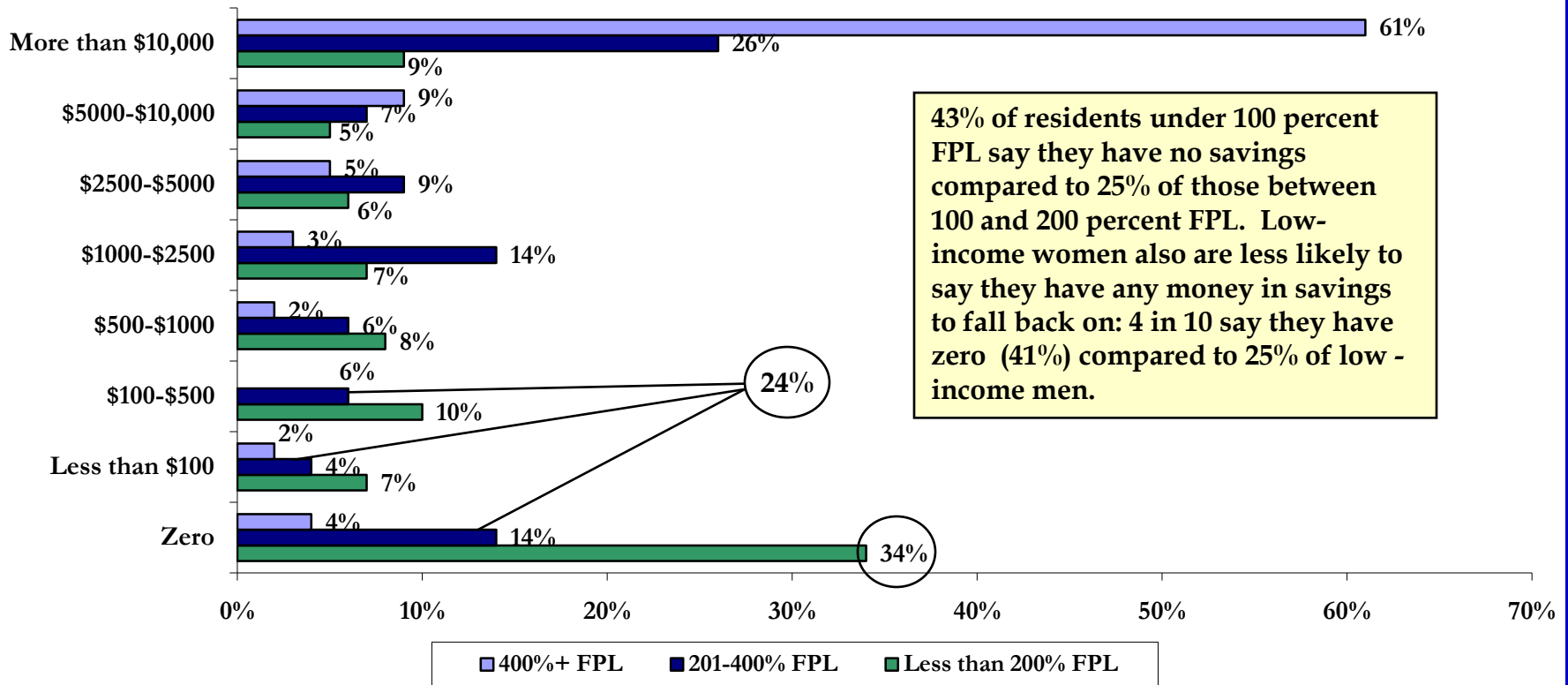
Part 2 – Savings and Debt

Savings

More than half of low-income New Yorkers have less than \$500 in savings.
Low-income Latinos fare worse than their white and black counterparts.

Savings: One-third of low-income New Yorkers report having no savings. About 1 in 4 moderate income residents say they have \$500 or less.

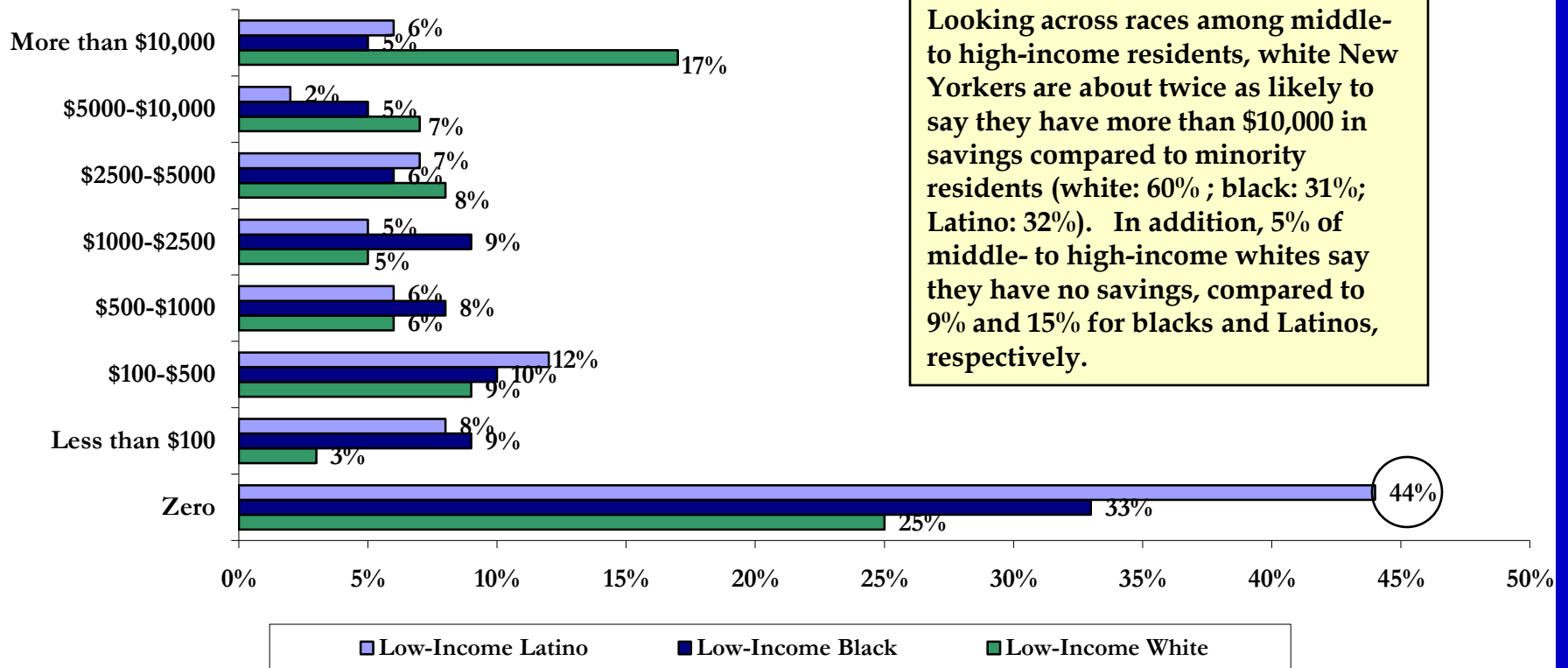
If tough times were to hit you and your family, how much money in savings do you currently have to fall back on?



43% of residents under 100 percent FPL say they have no savings compared to 25% of those between 100 and 200 percent FPL. Low-income women also are less likely to say they have any money in savings to fall back on: 4 in 10 say they have zero (41%) compared to 25% of low-income men.

Savings: Low-income Latinos are much more likely than whites and blacks to report having no money in savings.

If tough times were to hit you and your family, how much money in savings do you currently have to fall back on?

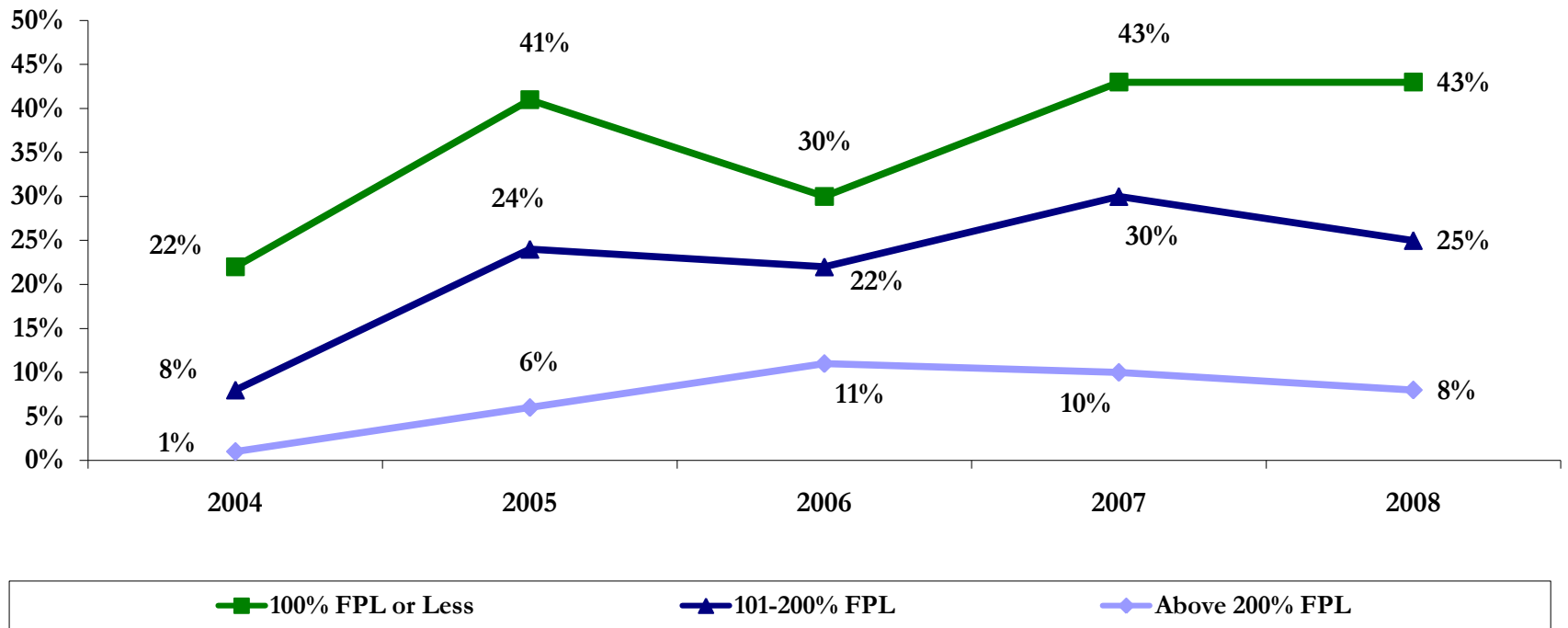


Looking across races among middle- to high-income residents, white New Yorkers are about twice as likely to say they have more than \$10,000 in savings compared to minority residents (white: 60% ; black: 31%; Latino: 32%). In addition, 5% of middle- to high-income whites say they have no savings, compared to 9% and 15% for blacks and Latinos, respectively.

Savings: Across income bands, more New Yorkers report zero savings than they did 4 years ago. Over 4 in 10 poor respondents report zero savings for second year in a row.

If tough times were to hit you and your family, how much money in savings do you currently have to fall back on?

Zero Savings



* 200%+/Moderate to High Income cannot be broken out for past years

Debt

While all New Yorkers are united in debt, the type of debt varies greatly by income. Low-income New Yorkers are most likely to have “bad debt”, such as medical bills. Middle-income New Yorkers are most likely to have credit card debt.

Debt: New Yorkers are united in having debt, although the type of debt varies greatly by income band. Low-income New Yorkers report highest levels of medical debt.

Now let me read you some types of debt. Of these, please tell me which types of debt you have. Do you have...

	200% FPL or Less	201-400% FPL	Above 400% FPL
Good Debt:			
Student loans	12%	18%	15%
Mortgage	10%	19%	44%
Car loan	7%	12%	16%
Bad Debt:			
Tax	8%	7%	8%
Credit card	40%	52%	43%
Child support back payments	3%	2%	-
Medical bills	22%	17%	9%
Rent or mortgage back payments	17%	6%	4%

Debt: About 1 in 4 low-income blacks and Latinos have debt because of medical bills. Nearly half of low-income blacks have credit card debt.

Now let me read you some types of debt. Of these, please tell me which types of debt you have. Do you have...

	Low - Income White	Low- Income Black	Low- Income Latino
Good Debt:			
Student loans	7%	12%	12%
Mortgage	12%	8%	6%
Car loan	7%	8%	5%
Bad Debt:			
Tax	6%	10%	9%
Credit card	34%	44%	37%
Child support back payments	4%	1%	5%
Medical bills	15%	25%	24%
Rent or mortgage back payments	14%	19%	17%

Debt: New Yorkers are united in debt. The majority of low-income residents have 1 or more forms of “bad” debt, while only 1 in 4 have a form of “good” debt. The majority of high-income residents have at least one form of good debt and no forms of bad debt.

Now let me read you some types of debt. Of these, please tell me which types of debt you have. Do you have...

	≤100% FPL	101-200% FPL	201-400% FPL	400%+ FPL
Good Debt (Student Loans, Mortgage, Car Loan)				
None	80%	72%	63%	43%
One	16%	22%	25%	41%
Two or More	4%	6%	11%	16%
Bad Debt (Tax, Credit Card, Child Support Back Payments, Medical Bills, Rent or Mortgage Payments)				
None	44%	43%	39%	52%
One	32%	32%	41%	35%
Two	17%	17%	16%	9%
Three or More	8%	8%	4%	3%

Debt: Over half of low-income whites do not have any type of bad debt. Approximately 6 in 10 low-income minority respondents have one or more forms of bad debt.

Now let me read you some types of debt. Of these, please tell me which types of debt you have. Do you have...

	Low-Income White	Low - Income Black	Low-Income Latino
Good Debt (Student Loans, Mortgage, Car Loan)			
None	80%	76%	80%
One	15%	20%	17%
Two or More	6%	4%	3%
Bad Debt (Tax, Credit Card, Child Support Back Payments, Medical Bills, Rent or Mortgage Payments)			
None	55%	37%	42%
One	25%	35%	33%
Two	14%	21%	16%
Three or More	6%	8%	9%

Debt: Moderate income blacks and Latinos are more likely than whites to report at least one form of good debt. However, moderate income whites are less likely than minorities to report any types of bad debt.

Now let me read you some types of debt. Of these, please tell me which types of debt you have. Do you have...

	201-400% FPL White*	201-400% FPL Black*	201-400% FPL Latino*
Good Debt (Student Loans, Mortgage, Car Loan)			
None	69%	60%	64%
One	21%	31%	25%
Two or More	10%	9%	11%
Bad Debt (Tax, Credit Card, Child Support Back Payments, Medical Bills, Rent or Mortgage Payments)			
None	49%	37%	28%
One	36%	45%	40%
Two	12%	15%	25%
Three or More	3%	3%	8%

*Small n size

Part 3 –
Low-income New Yorkers Struggle to Meet Basic Needs.

Hardships

Low-income New Yorkers used their tax refunds and rebates to cover basic living expenses, including food. Low-income New Yorkers continue to face multiple economic, food, health, and housing hardships.

Economic Stimulus Policy: 1 in 3 low-income residents say they used their tax rebate or refund to pay for food.

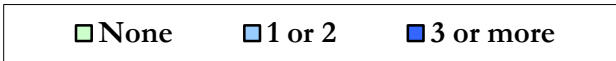
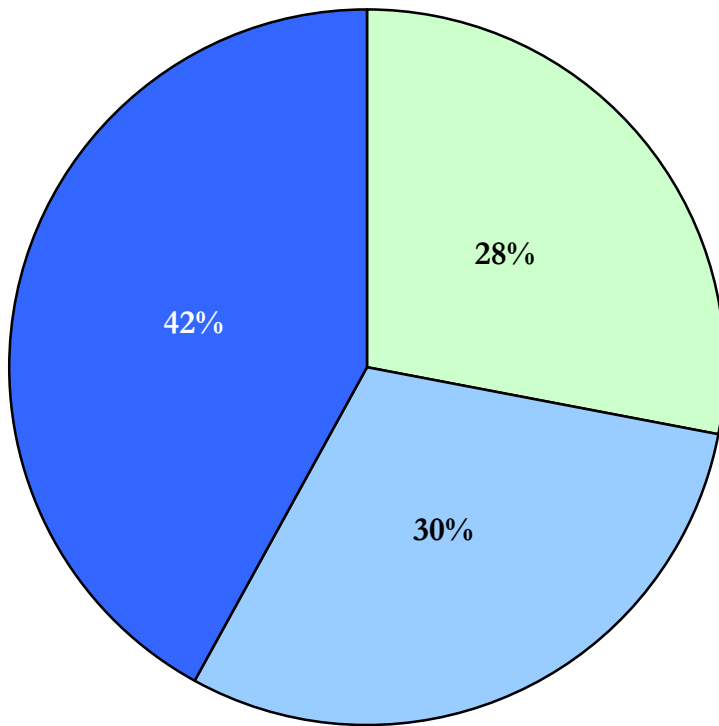
I'll read you a list and please tell me how you used the money you got back. You can say more than one.

Almost 4 in 10 poor residents (below 100% poverty) say they used their tax rebate to pay for food.

	≤200% FPL	201-400% FPL	400%+ FPL
To pay for food	34%	21%	10%
To pay off debts	31%	36%	33%
To pay for utility bills	30%	24%	14%
To make house or rent payments	28%	13%	17%
Put in savings	25%	23%	45%
To buy clothes	18%	16%	9%
To pay for gasoline and energy	15%	11%	10%
To pay off back rent or back utilities	15%	7%	-
To buy things like appliances and furniture	13%	16%	9%
To pay for education	11%	11%	9%
To pay for medical expenses, medical bills, or medical debt	13%	9%	6%
For a vacation	5%	9%	9%
Help pay for purchasing a house or apartment	5%	7%	3%
To purchase a car/make care payments/care repairs	6%	2%	6%
Other	3%	4%	8%

Hardships: Close to 3 in 10 New Yorkers below 100% poverty report skipping meals, falling behind on housing payments and not being able to fill a prescription. More than 4 in 10 face three or more hardships.

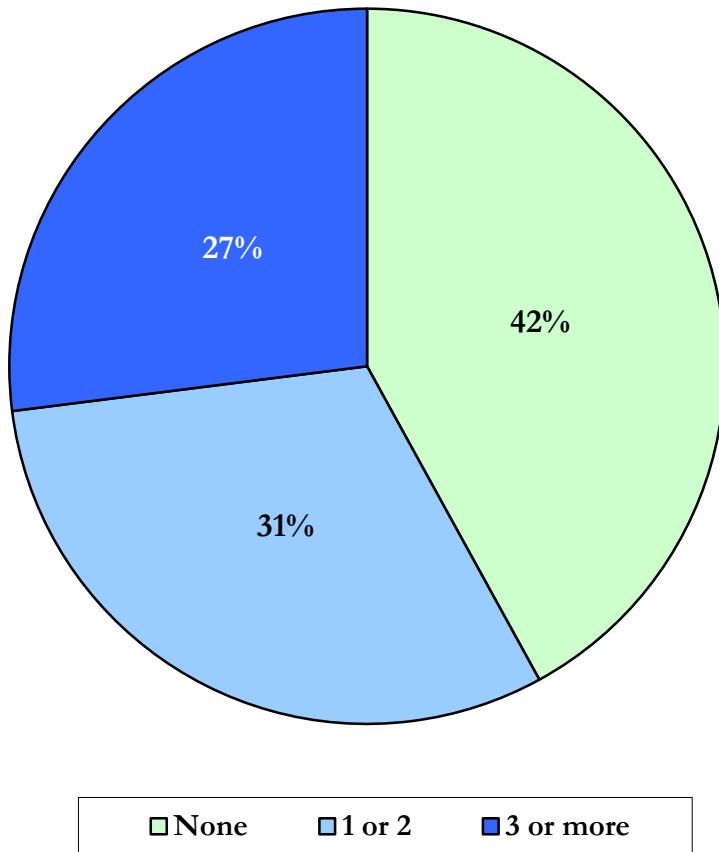
**Multiple Hardships for the Poor:
Below 100% FPL**



- **Economic**
 - 35% Cut back on buying back-to-school supplies and clothes
 - 18% Lost job
 - 16% Had hours, wages or tips reduced
 - 12% Received assistance from charity/religious/community org.
- **Food**
 - 28% Often skipped meals because there wasn't enough money to buy food
 - 24% Received free food or meals from family or friends
 - 24% Went hungry because there wasn't enough money to buy food
 - 20% Received free food or meals from a food pantry, soup kitchen or meal program
- **Health**
 - 30% Needed to fill a prescription but couldn't because of a lack of money or insurance
 - 21% Not gotten or postponed getting medical care or surgery because of a lack of money or insurance
- **Housing**
 - 29% Fallen behind in your rent or mortgage in the last year
 - 21% Had either the gas, electricity, or telephone turned off because the bill was not paid
 - 15% Moved in with other people even for a little while because of financial problems
 - 8% Stayed at a shelter, in an abandoned building, an automobile, or any other place not meant for regular housing even for one night because you didn't have enough money for a place to live

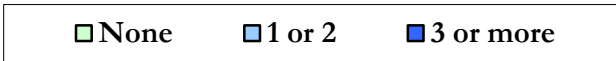
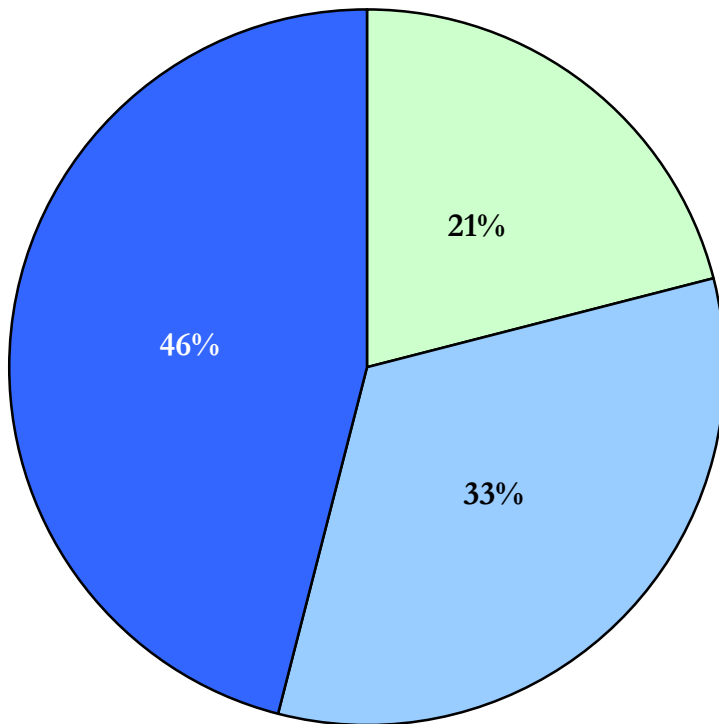
Hardships: 1 in 4 residents between 100% and 200% poverty report hardships around filling a prescription, while nearly 1 in 5 went without or postponed medical care. More than half faced at least one hardship.

**Multiple Hardships for the Near Poor:
101% – 200% FPL**



- **Economic**
 - 27% Cut back on buying back-to-school supplies and clothes
 - 15% Had hours, wages or tips reduced
 - 14% Lost job
 - 5% Received assistance from charity/religious/community org.
- **Food**
 - 15% Often skipped meals because there wasn't enough money to buy food
 - 12% Received free food or meals from family or friends
 - 11% Received free food or meals from a food pantry, soup kitchen or meal program
 - 11% Went hungry because there wasn't enough money to buy food
- **Health**
 - 24% Needed to fill a prescription but couldn't because of a lack of money or insurance
 - 18% Not gotten or postponed getting medical care or surgery because of a lack of money or insurance
- **Housing**
 - 19% Fallen behind in your rent or mortgage in the last year
 - 14% Had either the gas, electricity, or telephone turned off because the bill was not paid
 - 10% Moved in with other people even for a little while because of financial problems
 - 1% Stayed at a shelter, in an abandoned building, an automobile, or any other place not meant for regular housing even for one night because you didn't have enough money for a place to live

Multiple Hardships for Low-Income Working Families with Children: Below 200% FPL

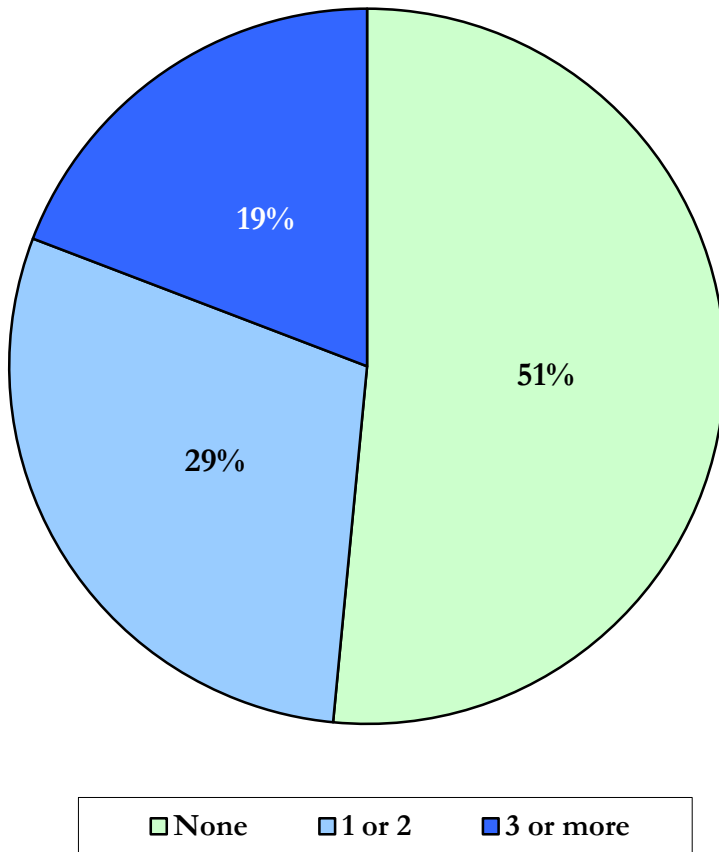


Hardships: Nearly half of *low-income working families with children* faced 3 or more hardships. Almost half cut back on school supplies and clothes. Approximately 1 in 3 went without a prescription. Approximately 1 in 4 skipped meals.

- **Economic**
 - 48% Cut back on buying back-to-school supplies and clothes
 - 23% Had hours, wages or tips reduced
 - 20% Lost job
 - 11% Received assistance from charity/religious/community org.
- **Food**
 - 26% Often skipped meals because there wasn't enough money to buy food
 - 25% Received free food or meals from family or friends
 - 20% Went hungry because there wasn't enough money to buy food
 - 13% Received free food or meals from a food pantry, soup kitchen or meal program
- **Health**
 - 35% Needed to fill a prescription but couldn't because of a lack of money or insurance
 - 21% Not gotten or postponed getting medical care or surgery because of a lack of money or insurance
- **Housing**
 - 40% Fallen behind in your rent or mortgage in the last year
 - 22% Had either the gas, electricity, or telephone turned off because the bill was not paid
 - 13% Moved in with other people even for a little while because of financial problems
 - 4% Stayed at a shelter, in an abandoned building, an automobile, or any other place not meant for regular housing even for one night because you didn't have enough money for a place to live

Hardships: Nearly half of middle-income respondents also reported at least 1 hardship, the most common being health hardships and cutting back on school supplies.

**Multiple Hardships for Middle-Income:
201% - 400% FPL**



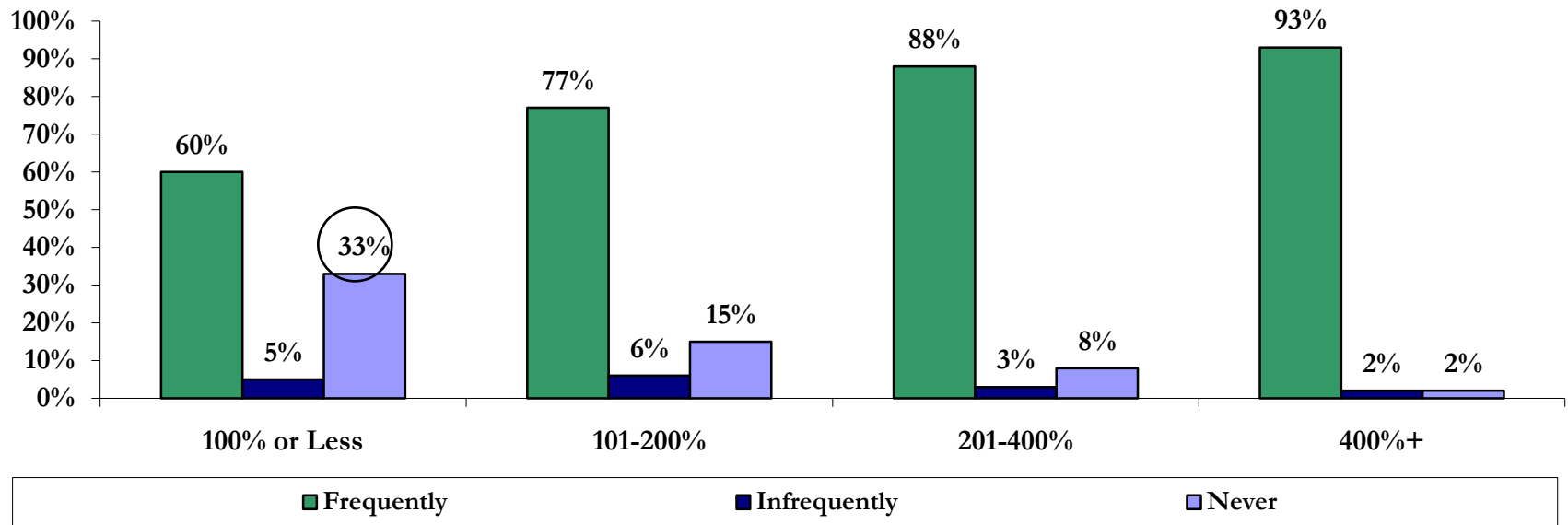
- **Economic**
 - 27% Cut back on buying back-to-school supplies and clothes
 - 14% Had hours, wages or tips reduced
 - 12% Lost job
 - 3% Received assistance from charity/religious/community org.
- **Food**
 - 7% Went hungry because there wasn't enough money to buy food
 - 7% Often skipped meals because there wasn't enough money to buy food
 - 4% Received free food or meals from family or friends
 - 3% Received free food or meals from a food pantry, soup kitchen or meal program
- **Health**
 - 20% Needed to fill a prescription but couldn't because of a lack of money or insurance
 - 17% Not gotten or postponed getting medical care or surgery because of a lack of money or insurance
- **Housing**
 - 13% Fallen behind in your rent or mortgage in the last year
 - 8% Had either the gas, electricity, or telephone turned off because the bill was not paid
 - 6% Moved in with other people even for a little while because of financial problems
 - 0% Stayed at a shelter, in an abandoned building, an automobile, or any other place not meant for regular housing even for one night because you didn't have enough money for a place to live

Financial Services

Low-income New Yorkers are more likely to use non-banking financial services – such as check-cashing and payday loans – and less likely to use financial services at a bank than their middle- and high-income counterparts. Low-income minority New Yorkers are most likely to use non-banking financial services.

Financial Services: One-third of New Yorkers below 100 percent FPL say they never use financial services at a bank.

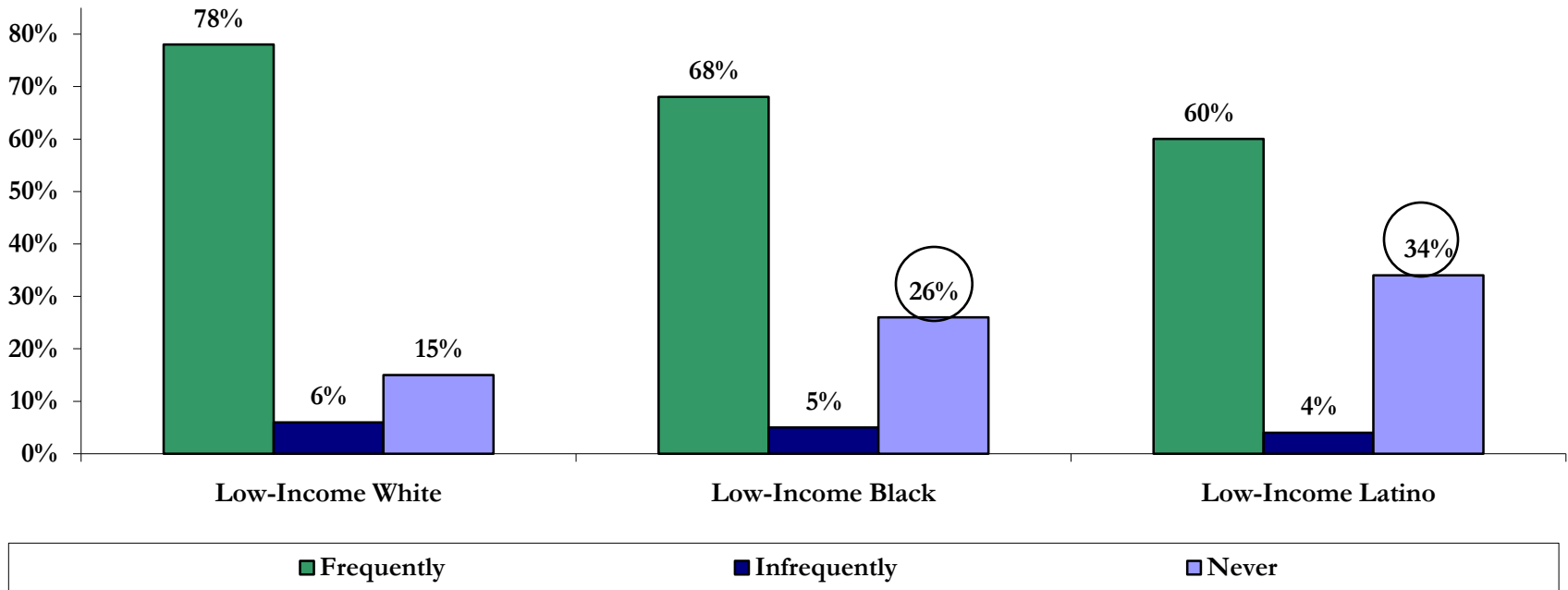
How often do you use **financial services at a bank**, such as savings or checking account services – do you use them every week, a few times a month, about once a month, several times a year, once a year, or do you not use financial services at a bank, such as savings or checking account services?



Note: "frequently" is defined as every week, a few times a month or once a month; "infrequently" is defined as several times a year or once a year.

Financial Services: Low-income minorities are much more likely to never use financial services at a bank than their white counterparts – 1 in 3 low-income Latinos never uses these services.

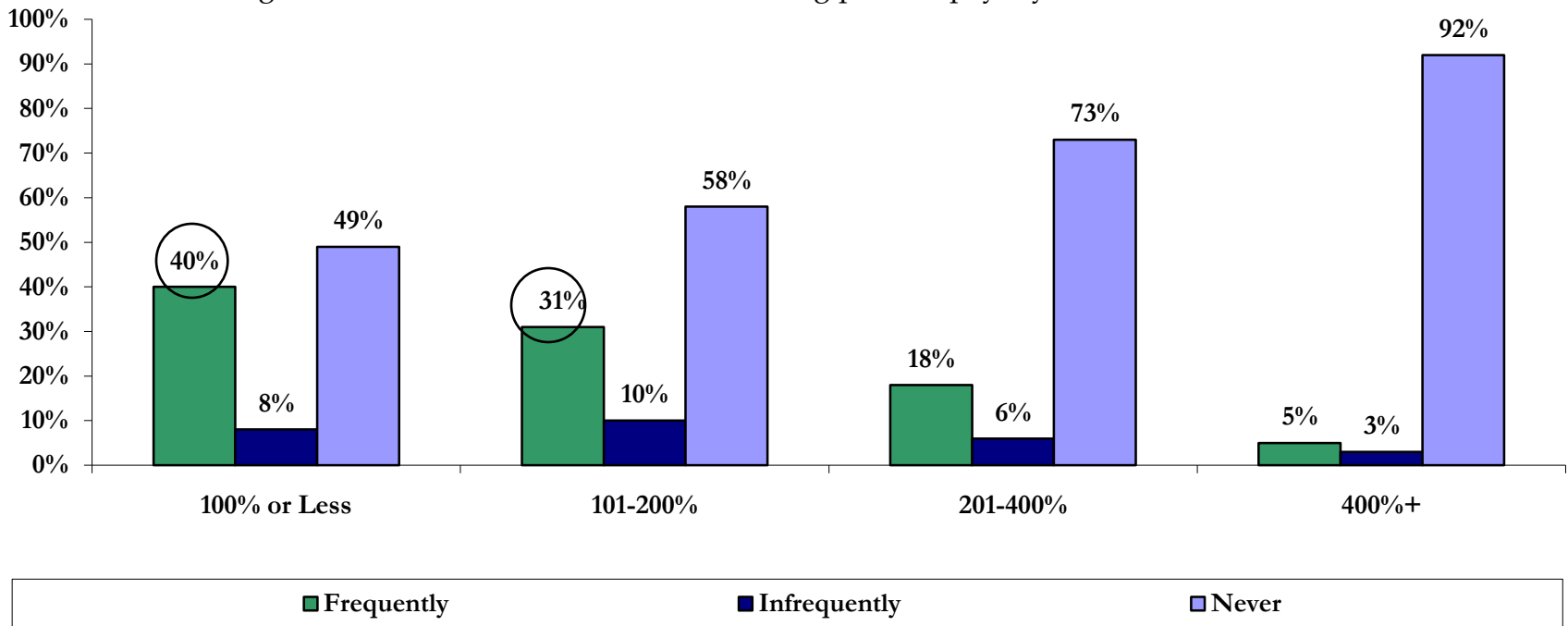
How often do you use **financial services at a bank**, such as savings or checking account services – do you use them every week, a few times a month, about once a month, several times a year, once a year, or do you not use financial services at a bank, such as savings or checking account services?



Note: "frequently" is defined as every week, a few times a month or once a month; "infrequently" is defined as several times a year or once a year.

Financial Services: Low-income residents, especially those below 100 percent FPL, are more likely than middle- and high-income New Yorkers to use non-banking financial services.

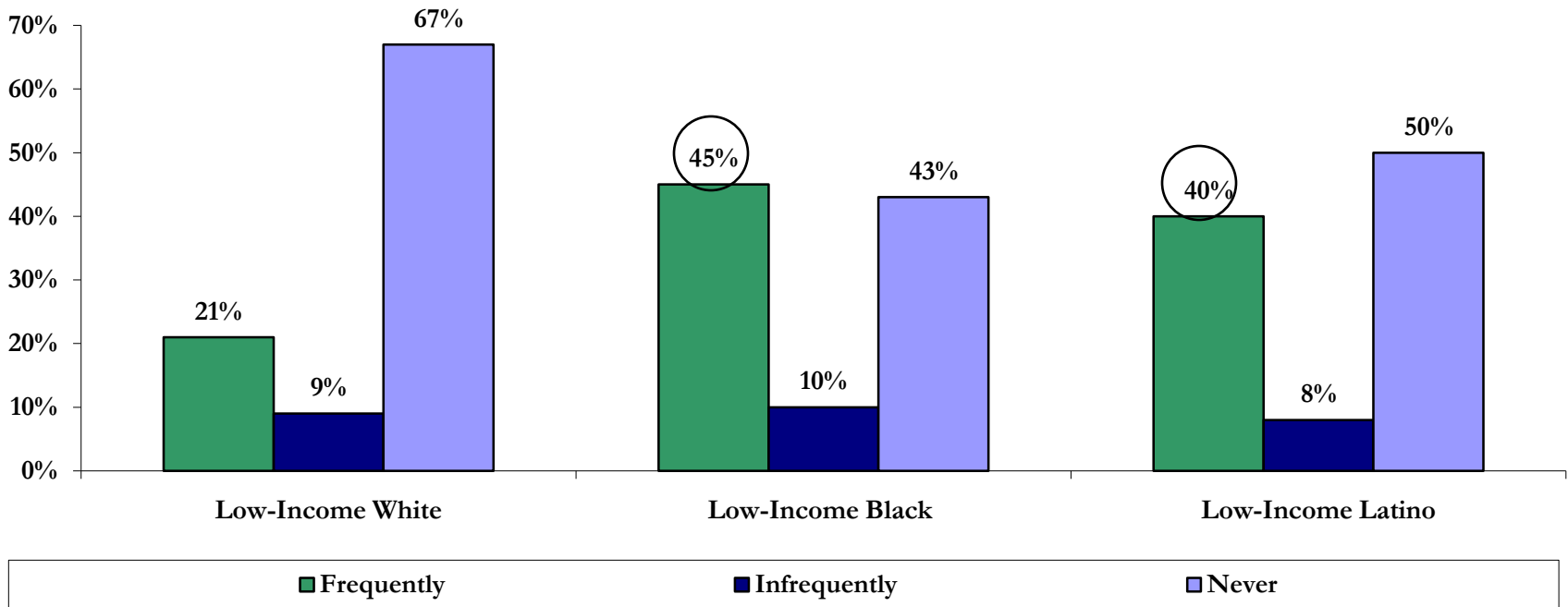
How often do you use **non-banking financial services**, such as a check-cashing place or payday loans – do you use them every week, a few times a month, about once a month, several times a year, once a year, or do you not use non-banking financial services, such as a check-cashing place or payday loans?



Note: "frequently" is defined as every week, a few times a month or once a month; "infrequently" is defined as several times a year or once a year.

Financial Services: More than 4 in 10 low-income minorities frequently use non-banking financial services, compared to 2 in 10 low-income white residents.

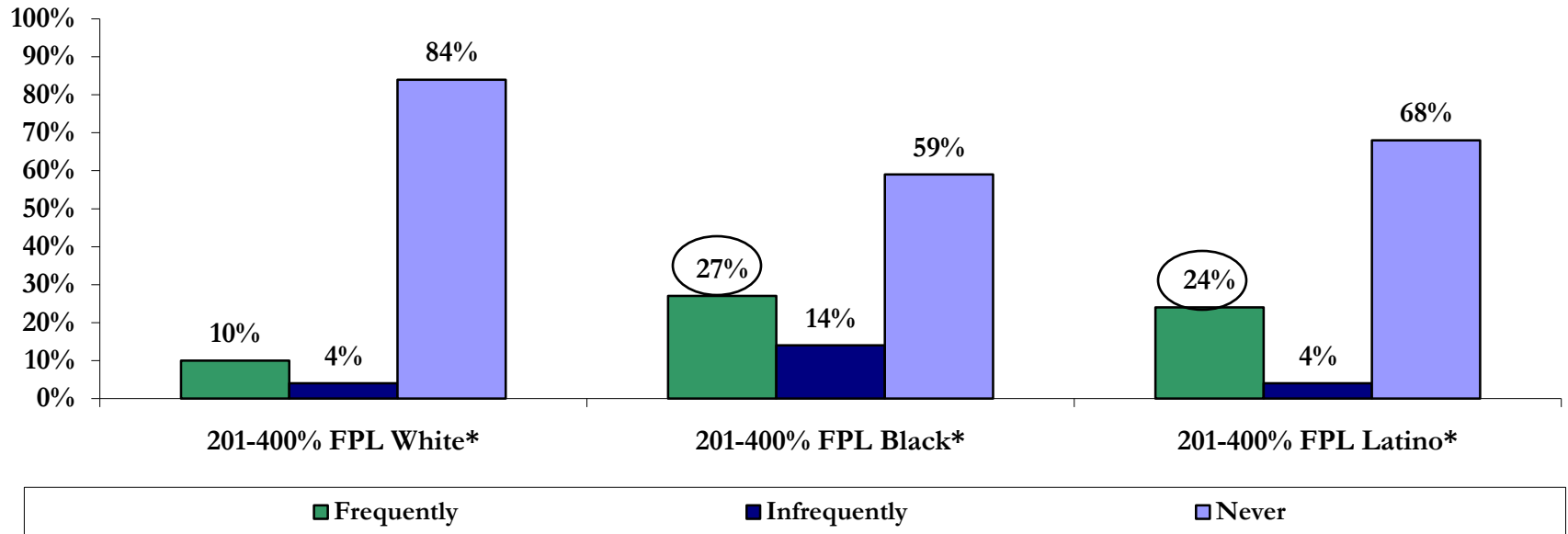
How often do you use **non-banking financial services**, such as a check-cashing place or payday loans – do you use them every week, a few times a month, about once a month, several times a year, once a year, or do you not use non-banking financial services, such as a check-cashing place or payday loans?



Note: "frequently" is defined as every week, a few times a month or once a month; "infrequently" is defined as several times a year or once a year.

Financial Services: Moderate income minority residents are more than twice as likely as their white counterparts to frequently use non-banking financial services.

How often do you use **non-banking financial services**, such as a check-cashing place or payday loans – do you use them every week, a few times a month, about once a month, several times a year, once a year, or do you not use non-banking financial services, such as a check-cashing place or payday loans?



Note: "frequently" is defined as every week, a few times a month or once a month; "infrequently" is defined as several times a year or once a year.

*Small n size

Community Service Society

www.cssny.org

- ❖ For 160 years, CSS has been the leading voice on behalf of low- and moderate-income New Yorkers. Our mission is to bring the voices of low- and moderate-income New Yorkers to the policy conversation.
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- ❖ For more information, please contact Jeremy Reiss, jreiss@cssny.org, 212.614.5472.