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THE OTHER FINANCIAL CRISIS: NEW YORKERS UNITED IN DEBT AND ECONOMIC INSECURITY

NEW YORKERS ARE ALREADY STRUGGLING AS THEY WATCH WALL STREET COLLAPSE

Today the Community Service Society (CSS) released *Financial Development and Economic Insecurity, Part 2 of its 2008 Unheard Third*, which shows that New York City residents – across all incomes – are united in economic insecurity and debt. As the economy continues to decline, the findings from *The Unheard Third 2008* foretell worse days to come for low and middle income New Yorkers who are already worried and struggling. These findings also underscore the need for policy-makers to ensure low and middle income New Yorkers are able to meet their basic needs.

As the financial sector unravels, New York is bracing for a surge in joblessness and financial hardships. In addition to financial executives, many low and middle income financial sector workers – as well those in the service industries which support the financial sector – will lose their jobs and be forced to dip into savings and pay for health insurance.

David R. Jones, President and CEO of CSS stated, “The financial collapse this week has pushed Americans’ economic fears to the forefront, adding to the hardship many, particularly low-income New Yorkers are already facing. Approximately 6 in 10 low- and middle-income New Yorkers believe that it has become a lot harder to make ends meet, and we expect the imminent job losses to compound these worries.”

This severe downturn occurs at a time when New Yorkers’ safety net is already precarious. More than half of low-income New Yorkers have less than \$500 to fall back on if tough times were to hit their families. Nearly half of all New Yorkers face credit card debt, and approximately 20 percent of low- and middle-income New Yorkers report medical debt.

High rates of debt and lack of savings in a climate where inflation is high and wages are stagnant has caused low-income New Yorkers to use their tax refunds and rebates to pay for basic needs, such as food, and middle-income residents to pay back debt. This situation is most severe for low-income

African Americans and Latinos, who report less savings and more debt than their White counterparts, according to the Unheard Third.

New Yorkers' economic insecurity threatens their basic survival. In the last year, close to half of all low income working households with children (46%) faced three or more economic, food, health, and housing hardships. Nearly half cut back on buying school supplies or clothes; 4 in 10 fell behind in their rent or mortgage; 1 in 3 went without a prescription; and 1 in 4 went hungry.

The current economic downturn occurs in a climate where New Yorkers are already very worried about the economy. Approximately 6 in 10 low- and middle-income New Yorkers believe that it has become a lot harder to make ends meet in the last five years; most believe it has gotten harder in the last year or two. Low and middle income New Yorkers across race are most worried about keeping up with housing costs or losing their home, losing their job, and rising gas and home heating prices.

“The Unheard Third,” conducted by CSS and fielded by the national polling firm Lake Research Partners, is a unique snapshot of the policy preferences and experiences of low-income New Yorkers. The survey is partially funded through the generous support of the Independence Community Foundation, The New York Times Company Foundation, The New York Community Trust, and The Rockefeller Foundation. CSS has used the survey to inform and guide its research, direct service programs, and policy recommendations. It has served to narrow the focus of the agency's agenda on the working poor and reinforce its belief that public policy aimed at this population must, in part, be guided by the life experiences and ideas of New Yorkers living in poverty.

Learn more about this year's survey at www.cssny.org.

The Community Service Society (CSS) has been the leading voice on behalf of low-income New Yorkers for 160 years and continues to advocate for the economic security of the working poor in the nation's largest city. The *Unheard Third* is the only survey nationally to track the concerns and hardships of New York City's low-income residents and their views on what programs and policies would help them get ahead.
