Social Indicators and the Study of Inequality

Marcia K. Meyers and Irwin Garfinkel

As we near the close of the twentieth century, communist regimes have collapsed and the productivity of capitalism is universally acclaimed. In all the Western democracies, welfare state institutions are being challenged. The challenge is, arguably, the most fundamental in the United States. Proposals to privatize public education and old-age insurance are now mainstream. The 1996 Personal Responsibility and Work Opportunities Reconciliation Act represents the most recent, and is likely to be the most influential, change in public policy for the poor. By eliminating the historical entitlement to welfare, and devolving responsibility for welfare programs to the states, the Personal Responsibility Act dramatically changes the nature, level, and locus of government responsibility for the poor. Other policy changes—such as the creation of the Children's Health Insurance Program and Child Care and Development Block Grant—have expanded resources and state-level discretion for the provision of support.

Supporters of the retrenchment and devolution of federal programs predict that these changes will improve the fortunes of the most disadvantaged Americans and help close the growing gap between the rich and the poor. Critics predict that these same changes will harm the poor and increase inequality. The disagreement stems, in part, from different expectations about the intermediate impact of devolution on government, community, and family systems. Some observers argue that government has displaced support from the family, community, and voluntary sectors; they expect government retrenchment to enhance the capacity and contribution from these nongovernmental systems. Others argue that government has a unique capacity to support disadvantaged populations and to promote greater equality in economic and social outcomes; they fear that government retrenchment will create a level of need that will overwhelm private systems and force individuals to turn to unreliable and unacceptable alternatives.

Efforts to confirm or disprove predictions such as these are creating new opportunities, along with new challenges, for scholars who are interested in questions about economic security and equality. New opportunities are arising with the "natural experiments" that are created as state and local governments revise, redesign, and reduce a variety of income assistance and social service programs. New challenges are arising as analysts attempt to track the rapidly changing policy landscape and collect data with which to evaluate the impact of the changes.

Marcia K. Meyers is the associate director and Irwin Garfinkel the chair of the New York City Social Indicators Survey Center of Columbia University. The views expressed are those of the authors and do not necessarily reflect the position of the Federal Reserve Bank of New York or the Federal Reserve System.

The New York City Social Indicators Survey (SIS) project represents one effort to track the consequences of policy reform and devolution for inequality and well-being in the largest and most diverse city in the United States. The project uses a telephone survey to collect data from a repeated cross-sectional sample of the entire city population. The survey will collect detailed information on families' economic resources, assets, external support, and health and well-being. By analyzing these data by population and over time, we hope to address questions that are at the core of current debates about inequality in the United States: How great is inequality? Does income inequality exaggerate, or reflect, inequality in material and social living conditions, health, and well-being? Is inequality on these dimensions growing or shrinking? And what effect have devolution and social policy "reform" had on the magnitude of income and other forms of inequality?

In the following sections, we present first-year findings from the project. We begin with an overview of the issues that motivated the project and a brief summary of our measures and data-collection methods. The next sections use data collected in 1997 to tell the story of income and outcome inequality in the city—first, in terms of comparisons between the well-being of New Yorkers and the rest of the U.S. population; second, in terms of the well-being of poor and economically secure residents of the city. We conclude by describing future research plans for the Social Indicators project.

Background

The New York City Social Indicators Survey demonstrates the use of social indicators—repeated, population-based measures of economic, social, and health outcomes—to answer questions about inequality and well-being. Social indicators were widely embraced in the 1960s, fueled by the recognition that social and health policymakers needed better tools for monitoring and reporting on social and health conditions (Carley 1981). Government agencies and academic institutions took advantage of a vastly improved capacity for data collection and storage to amass information on a variety of social and economic processes and outcomes. Analysts hoped to use these data to document trends and progress toward increasing well-being and reducing inequality in income, health, and other outcomes. These efforts largely disappointed their sponsors' highest hopes. Social indicators based on aggregate data—such as poverty rates, infant mortality, or child abuse and crime victimization reports—proved to be both insufficiently sensitive, as measures of policy impact, and overly aggregated, as indicators of the well-being of populations at the subnational level (Andrews 1989; Bulmer 1989; Johnston 1989).

A number of factors have combined to fuel a resurgence of interest in the use of social indicators to track well-being and inequality. Dramatic changes in welfare, health, and social policies are raising questions about whether these reforms will reduce or exacerbate the trend toward greater inequality of income and of outcomes across groups. Meanwhile, the devolution of social and health policies downward, to lower levels of government, and outward, to new government and private entities, has increased the need for reliable measurement of outcomes at the subnational level.

Even as demand for more and better data on income and other outcomes has grown, however, traditional measures and approaches have come under growing criticism. Existing outcome data—available from public administrative records and household surveys—are limited in terms of *what* is measured, *how well* it is measured, the extent to which various measures can be *aggregated* at the individual and household level, and the possibilities for *desegregating* these analyses to policy-relevant geographic areas.

Measurement and Data Issues

Disagreements begin with the question of what to measure. The most widely used indicator of economic well-being and inequality is household income relative to need, measured in terms of the federal poverty threshold. As a measure of income, the official poverty measure, based on current before-tax cash income, is criticized for both over- and underestimating family resources (Citro and Michael 1995). The poverty measure overestimates resources because it fails to adjust for nonelective expenditures—such as taxes, medical costs, and work expenses—that reduce disposable income. At the same time, by excluding in-kind transfers such as Food Stamps or housing assistance, the poverty measure underestimates resources that directly improve economic living conditions. The threshold used in the official definition of poverty has also been criticized. Based on a formula established in the 1950s, the threshold is variously criticized for failing to reflect changes in consumption patterns, differences in the rate of inflation for essential expenditures such as housing, and geographic differences in the cost of living (Ruggles 1990; Citro and Michael 1995). Calculations of both income and the threshold are also highly sensitive to measures of prices, and some analysts argue that current measures overstate inflation and the extent and growth of poverty and inequality since the 1960s (see Mayer and Jencks [1995] and Mayer [1997]).

Even if these measurement problems can be solved, many analysts argue that income poverty will still be a poor indicator for tracking the underlying dimensions of economic security and inequality. Using data from a Chicago survey, Mayer and Jencks (1988), for example, find that a family's official income-to-needs ratio (poverty) explained only 24 percent of variance in the amount of material hardship they experienced on dimensions as basic as hunger, housing adequacy, and medical care. The poverty measure may be an especially flawed indicator of the effectiveness of government efforts to improve economic well-being and reduce inequality. Since the mid-1960s, the major growth in government anti-poverty spending has been for in-kind benefits—through Food Stamps, Medicaid, and housing programs—and for other social service and human capital programs. It is argued by many that, while these programs have made important contributions to the well-being of poor families and may have helped close the gap in material security between the poor and the nonpoor, their success has been underestimated because the income poverty is not sensitive to changes in material well-being (for example, see Mayer and Jencks [1988] and Jorgenson [1998]).

In light of these problems, some scholars have recommended replacing income measures with measures of household expenditure or consumption. Household-level surveys typically find that reported consumption is higher than reported income, and analysts using consumption or expenditure data typically find lower rates of poverty and inequality across households—suggesting that noncash resources may in fact help close some of the gap in cash income between poor and nonpoor households (Cutler and Katz 1992; Slesnick 1993). Consumption measures also capture differences across families who, while they have similar incomes, have quite different consumption needs. Consumption studies comparing the welfare and working poor, for example, reveal that the latter are often *worse* off (at the same income level) because they have higher nonelective expenses such as transportation, child care, and private medical insurance (Passero 1996; Edin and Lein 1997).

Even more direct indicators of economic well-being are provided by various measures of material conditions. Using eight national surveys, Federman et al. (1996), for example, demonstrate the worst material well-being of poor—relative to nonpoor—children by comparing the groups on dimensions ranging from housing quality to crime victimization, disabilities, hunger, and the presence of books and computers in the home. While direct measures such as these cannot resolve the normative issue of how much material inequality or distress is "too much," they can begin to give concrete meaning to the magnitude of the difference between groups and trends over time. Mayer and Jencks (1995) and Mayer (1997), for example, have argued that while differences in material circumstances of poor and nonpoor children remain large, inequality in some measures of material well-being has actually declined in magnitude over time. Using multiple data sources, they find that between 1969 and 1989, while adjusted incomes declined for the poorest families with children, some measures of concrete well-being—such as housing crowding, housing quality, and access to health care—actually improved. Other measures—such as home ownership, access to a car, and neighborhood safety—declined during the same period.

A final measurement issue concerns the use of outcomes other than economic well-being to estimate the gap between advantaged and disadvantaged individuals. Economic resources and material deprivation are important indicators of well-being and inequality in their own right.

They are useful predictors of other outcomes as well, because poor individuals, particularly children, have far worse prospects than nonpoor individuals on a range of outcomes, from physical health to educational attainment and socioemotional functioning (Duncan and Brooks-Gunn 1997). Even the best measures of economic well-being are imperfect proxies for these outcomes, however. To track well-being and inequality on health, developmental, social, and other outcomes, it is critical to measure these outcomes directly. We would ideally like across-group and over-time data not only on economic and material circumstances, but also on outcomes such as health, disabilities, educational success, socioemotional adjustment, mental health, and family functioning.

These outcomes are arguably the most important indicators for evaluating well-being and inequality. They may also be the best measures of the impact of public programs, from health insurance to preschool, that are designed to improve the life chances of "at-risk" individuals. They are also the most difficult and expensive indicators to measure and track. As a result, existing individual-level outcome indicators have a number of important limitations.

One of the most severe limitations is that of the data. By far the largest source of data are the administrative records of government programs. These records provide a wealth of information that has been used in recent years to describe the characteristics and circumstances of individuals in public welfare, mental health, child welfare, and other public systems. Although vast, these administrative data are typically quite limited, both by the sample observed (including only individuals who receive government services) and by the type of information collected (designed for program management rather than for tracking individual outcomes). One consequence can be compromises in data quality—data that are either insensitive measures (not reflecting the construct they are intended to measure) or biased by missing data or nonrepresentative samples (Brown and Corbett 1997). Poor data quality has created substantial problems, to use some recent examples, when receipt of an intervention has been substituted for the underlying condition (such as using child-abuse reports as a proxy for child maltreatment); when trends in the data have unclear or ambiguous meaning (for example, recent declines in Food Stamp and Medicaid caseloads); or when data have been available only for a nonrandom subset of the population of interest (for instance, in the use of state employment tax records to measure employment among welfare exiters).

Household-level surveys are the primary alternative to administrative data, and a number of population surveys conducted at the national level collect data on individual outcomes ranging from economic security (such as the Current Population Survey) to material well-being (such as the American Housing Survey and the Survey of Income and Program Participation), neighborhood quality (such as the National Crime Victimization Survey), child adjustment and family functioning (such as the Panel Study of Income Dynamics and National Longitudinal Survey of Youth), and health (such as the National Maternal and Infant Health Survey).

National surveys are a rich source of information about how individuals and households are faring. But single-purpose surveys remain severely limited for the purpose of tracking *multiple* outcomes simultaneously at the individual level. For example, in order to answer the question "What does it mean to be poor in America?" Federman et al. (1996) drew upon eight different national surveys. Although useful, this analysis is still limited because, as the authors point out, surveys that address only one or a few aspects of well-being cannot be used to understand either the correlations across various dimensions of well-being or the accumulation of risk factors at the individual level. This is a particularly severe limitation as studies of inequality move beyond simple income comparisons. To understand what it means to be poor, for example, or how the poor are faring relative to the nonpoor, it is important to understand whether a single indicator of hardship (such as hunger or housing adequacy) represents a household-level choice about the allocation of limited resources, or whether it is one aspect of an accumulation of hardship across multiple dimensions. With a few notable exceptions, population surveys do not provide this range of measures.

The use of national surveys to study inequality and well-being is often further limited by sample size. Large population samples, or specialized subsamples, are needed to compare well-being across groups, and samples of some of the most vulnerable groups—such as families with young children, or low-income workers, or insecurely housed individuals—are often too small for this purpose. Opportunities to link outcomes to policy variation are also limited, because most national data sets do not have sufficiently large or representative samples for the geographic areas in which policy is now being formulated—the state, county, and even local levels.

The New York City Social Indicators Survey

What is needed for the study of policy reform, well-being, and inequality—and what the New York City Social Indicators Survey is designed to provide—is micro-level outcome data that measure a range of critical outcomes, over time, across the entire population, and within a single policy jurisdiction. The SIS will be administered every two years, using a repeated cross-sectional sampling design. The SIS measures family and individual well-being on a wide range of economic and noneconomic dimensions.

We begin with *individual and family assets*—the human, financial, and social resources that individuals accumulate starting in childhood. They are a critical component of well-being because they constitute not only the wealth of the present but also "capital" for the future. The SIS measures include human assets (health and disability, educational achievement), financial assets (net worth, debt, home ownership, equity), and social assets (access to capital in an emergency, reliance on neighbors, neighborhood support for children).

Because the well-being of children is a particularly important indicator of social health and welfare, the SIS includes a wide array of *child outcome* indicators. These are supplemented by measures of parenting practices and family routines that are predictive of child outcomes. Specific measures include child outcomes (child health and disability, child socioemotional development, child school progress, adolescent risk behaviors) and parenting practices and organization of family routines (supervision of children, familiarity with children's friends, organization of family meals, reading to children).

Human assets and child outcomes provide good indicators of well-being in the present and children's development of human capital for the future. But New Yorkers live in the present. SIS indicators of family *living conditions* describe the immediate life circumstances of families and their members. These measures cover both economic conditions (income, difficulty paying utility bills, income-related hunger) and social conditions (housing quality and crowding, crime victimization, neighborhood quality and safety).

Individuals and their families are never entirely self-sufficient. All rely on some forms of *external support* to assure their well-being, and the availability and quality of these supports are important factors in security and well-being. The source of support—from government, family, community, or the workplace—has other implications for both the adequacy of support and for families' patterns of reliance. To capture these dimensions, the SIS includes additional measures of institutional support (health insurance coverage, quality and safety of children's school, use of formal child care) and financial and concrete assistance with child care, educational, medical, housing and food needs from government, family, community programs, and government.

The SIS will be used to collect these measures from a random sample of all New York City households on a biannual basis. Each data set will be a fully representative cross-section of the city's population; over time, samples may be combined to increase the sample of small subpopulations. The data will be used in a variety of ways to describe, track, and analyze well-being and inequality in the city over the coming years.

Methodological Issues

In 1997, the first round of SIS data was collected from a random sample of 2,224 New York City households, using random digit dialing techniques. The sample was designed to be representative of all families in the city. We have used statistical methods to correct the final sample for potential sampling biases. We have corrected for the underrepresentation of households that do not have regular phone service by giving extra weight to those who have intermittent service. Other biases, including disproportionate participation by more highly educated respondents, have been corrected by post-stratification weighting using U.S. Census Bureau data. Some limitations in the representativeness of the sample could not be overcome. Most notable is the exclusion of individuals who could not be interviewed in English or Spanish. Of all households within the random sampling frames who were determined to be eligible for the survey, nearly half (48 to 49 percent) refused to participate. Although this may cause some unmeasured biases in the final sample, once the data are correctly weighted, the sample very closely approximates Census Bureau data for the city on major demographic and economic characteristics.

Some specific characteristics of the New York City Social Indicators Survey influence the comparability of its data to other data sources. First, we consider respondents to be partnered whether or not they are legally married to their domestic partners. Estimates from the survey may therefore show higher rates of two-adult and two-parent families than estimates based on other definitions and data sources. Second, we count all individuals in our survey as part of a family. Individuals without partners or resident children are treated as a "family of one," even if they are sharing a residence with other non-nuclear family members (such as adult children) or nonrelated adults (such as roommates). This definition differs from the one used in many statistics relying on Census data (such as the poverty rate) that are based on households that count all adults and children related by blood or marriage who share a residence. For extended families sharing a residence, the SIS definition does not assume shared resources. Our unit of analysis will therefore count fewer resources and may produce higher estimates of financial hardship for these families. Finally, the respondent for the survey is always a randomly selected adult in the family unless there are resident children, in which case we select the primary caregiver for those children. Our adult respondents are therefore more likely to be female than those in other data sources.

First-Year Findings

The inaugural report of the New York City Social Indicators Survey provides a first look at the well-being of New Yorkers using a wide array of measures. Like the Dickens novel, *A Tale of Two Cities*, we find that for some New Yorkers this is the best of times and for others it is perhaps the worst of times. In a city as full of contrasts as New York, the story is inevitably even more complex than this. The story of New York City in 1997 is not a tale of two cities, but a tale of many cities.

New York City and the United States

We find both good news and bad news about two of the most fundamental human assets of New Yorkers: health and education (Table 1). The news about health is good. More than three-fourths of adults report either good or excellent health. Even more encouraging is the finding that more than 90 percent report their children's health to be good to excellent. Comparable data from nationally representative surveys suggest that New Yorkers are about as healthy as Americans are on the whole.[1]

With respect to education, there is less cause for cheer and, in fact, cause for worry. The good news is that the majority of New York children are at or above the grade level for their age. Although children seem to be doing pretty well in school on average, the fact that as many as 16 percent are falling behind or in special education is cause for concern. Even more worrisome is the fact that school achievement declines steadily with age. While 88 percent of New York children under age ten are at grade level, only 79 percent of those between ages fifteen and eighteen are doing as well. The large number of New York children who are falling behind as they approach graduation is consistent with indicators of educational achievement among adults in the city. The proportion of New York adults with college or post-graduate degrees is about the same as the national average of 22 percent.[2] But almost one-third of the New York City adults in our survey had only a high school education and about the same proportion had not completed high school—a rate much higher than the national dropout rate of 19 percent.[3]

Due to small sample sizes and measurement difficulties, our data on financial assets must be interpreted cautiously. Even the most sophisticated surveys of wealth tend to understate the true value of financial assets, and the simple measures used in this survey are likely to undercount wealth even more. Respondents who refuse to answer sensitive questions about their family finances exacerbate the problem. Keeping in mind these limitations, the SIS begins to paint a portrait of inequality in the city.

Table 1
SOCIAL INDICATORS FOR NEW YORK CITY, 1997

Indicator	Response	Percent	Indicator	Response	Percent
Adult's health is...	Excellent	30	Family...	Owns home	26
	Good	46		Rents home	67
	Fair	19		Is just "staying there"	8
	Poor	5			
			Family income relative to poverty line...	More than 10 times poverty	5
Adult has condition that...	No limiting condition	81		Between 4 and 10 times	22
	Limits work	10		Between 2 and 4 times	24
	Prevents work	9		Between 1 and 2 times	20
				At or below poverty	29
Adult's highest education is...	College degree or more	21			
	Some post–high school	19	Due to (lack of) money, utility bills were...	Always paid on time	82
	Only high school/GED	31		Sometimes late	17
	Less than high school	30		Utilities shut off	1
Child's health is...	Excellent	63	Due to (lack of) money, family members...	Never went hungry	94
	Good	30		Sometimes went hungry	7
	Fair	5			
	Poor	1	Family's housing is...	Not substandard	84
				Substandard	16
Child has disability that limits...	No limiting condition	94			
	Activities a little	3	Rooms per person in family housing...	2.2 or more	33
	Activities a lot	3		Between 1 and 2.2	55
				Less than 1	12
Child is...	At or above grade level	84			
	Below grade level	16	Adult rates neighborhood as...	Very good	29
				Pretty good	36
Parent reports child has...	No behavior problems	42		Only fair	27
	At least one problem	29		Poor	9
	Two or more problems	29			
Family could borrow from a relative or friend...	At least $10,000	20	Walking in neighborhood at night, adult feels...	Very safe	30
	$1,000 but not $10,000	31		Somewhat safe	43
	$100 but not $1,000	33		Somewhat unsafe	14
	Not even $100	16		Very unsafe	13
Family's total assets are...	$100,001 or more	16	In prior year, family members were...	Not crime victims	89
	$5,001 to $100,000	21		Robbed or burglarized	11
	$1 to $5,000	19			
	$0 or negative	44			

Source: Garfinkel and Meyers (1999).

In terms of the good news, it is noteworthy that 16 percent of New York families report a net worth, including home equity and other forms of wealth, of more than $100,000. Many New York families are clearly doing very well. This good news is tempered, however, by the fact that comparable data for the country as a whole indicate that as many as 30 percent of all families have assets in excess of $100,000.[4] The worst news about the financial assets of New Yorkers is the very large proportion of families who have zero or negative net worth. Forty-four percent of families report no assets. One-half of these families have no net worth and the other half owe more than they own. This proportion is much higher than the 12 percent of all U.S. families that report zero or negative wealth,[5] suggesting that on average, New York families lag well behind the rest of the country in their accumulation of assets.

One important factor in the gap between New York and the rest of the country are the much lower rates of home ownership in the city. Home equity is the most common form of wealth for U.S. families, but nearly three-quarters of New Yorkers do not own their homes. This is more than twice the national average of 35 percent.[6]

Access to capital from family and friends is a form of social asset. In small amounts, loans from family or friends may be a critical form of support when families face a financial crisis or need to make a routine transition such as a residential move. In larger amounts, such loans can provide opportunities for starting small businesses and other forms of investment. About half of New York families believe they have access to at least a small financial cushion of at least $1,000; 20 percent have access to $10,000 or more. In sharp contrast, as many as 16 percent of families do not believe they could borrow even $100 in an emergency.

Given the growth of income inequality, some observers have described New York City as "hollow in the middle." Our indicators of human, financial, and social assets suggest that the city may be better described as "bloated at the bottom" by the large number of families who lack basic education and who have failed to accumulate any financial wealth. Indicators of current economic well-being tell a very similar story.

At the top of the income distribution, 5 percent of New Yorkers live in families with incomes greater than ten times the federal poverty level—the same proportion that is observed in the nation as a whole.[7] But the 29 percent of New York families with incomes that fall below the federal poverty threshold is nearly twice the 15 percent of U.S. families who fall below the threshold *when we apply the same definition of family resources* to Census Bureau data. In comparison to conventional Census Bureau estimates that count all household income, the New York City Social Indicators Survey measures family income by counting only the resources of nuclear family members (respondent, spouse/partner and dependent children); this calculation overestimates poverty by approximately 4 percentage points. Nevertheless, the evidence that New York City is bloated at the bottom is unambiguous.

Rates of income poverty correspond closely to compromises in living conditions. The rate of income-related hunger is twice as high in the city as it is in the nation.[8] Given its scarcity, it is not surprising that housing inadequacies are even more acute than hunger in the city. Housing problems are also considerably more common in New York City than in the nation as a whole. The good news is that the large majority of New York families live in housing that is not considered substandard or over-crowded. But 16 percent of New York City families do live in housing with major structural problems or utility breakdowns.[9] Twelve percent of families also live in dwellings that have less than one room per household member. This is four times the national average.[10]

Physical security is one of the distinguishing features of a civil society and a powerful indicator of the quality of life. That crime rates have dropped substantially in New York City in recent years is certainly good news.[11] The SIS reveals that 11 percent of New York City families were victims of a robbery or burglary in the prior year, only slightly higher than the national average of 9 percent.[12] Whether that is good or bad news is unclear. By international standards, the United States continues to have very high crime rates. However, 30 percent of adults interviewed for the survey report that they feel very safe walking in their neighborhood at night and another 43 percent consider themselves at least somewhat safe. This is encouraging news about the city. And it provides further evidence that the experience of crime for New Yorkers may not be dramatically different from that for Americans more generally: In response to a similar question in a 1997 Gallup poll, 61 percent of U.S. residents indicated that they were not afraid to walk near their homes at night.[13]

The well-being of New Yorkers depends not only on their economic resources but also on the security and quality of a variety of external supports. Some of these supports—such as health insurance—are provided by both government and market institutions. Others—such as schools—are provided through an even more diverse combination of public, community, and religious institutions. While New Yorkers describe themselves as generally satisfied with many of these institutions, there appear to be serious problems of access and quality in some areas.

Health insurance coverage is one of the most important external supports for families and, for New Yorkers, one of the most problematic. Slightly more than two-thirds of New York families were fully insured for the whole year through either private health plans or government programs such as Medicaid and Medicare. In nearly one-quarter of families, some or all of the family members lacked insurance when contacted. In another 9 percent, at least one family member had gone without insurance at some point in the prior year. These figures are considerably higher than the 14 to 15 percent of U.S. residents who are uninsured at a point in time, and the additional 6 to 7 percent of adults who lack insurance for at least one month out of the year.[14]

However, the problem of obtaining health insurance appears to be much more acute for New Yorkers than the quality of the coverage they obtain. Among those who have some kind of health insurance coverage, about half describe themselves as very satisfied with their plan and another third are at least somewhat satisfied. New York parents are even more positive about the school their child attends. About two-thirds of parents agree that their child's school is safe and provides a good education; another one-quarter somewhat agree.

The Poor and Nonpoor: Inequality of Income and of Outcomes

Taking the "average" temperature of New York tells us that the city is different from the rest of the country. On average, its residents are poorer in income and assets, less well educated, less likely to be homeowners, more likely to be living in overcrowded housing, less likely to have health insurance, and less positive, overall, about their neighborhoods. But New York is not a city of averages; it is a city of diversity and extremes. The myth of America as a melting pot has been pervasive. The New York City Social Indicators Survey documents a different reality: In terms of assets, living conditions, and experience with the city's institutions, the diverse groups of New York City do not melt together, but remain far apart.

Some of the starkest differences are revealed when we compare New Yorkers who differ by income. Over one-quarter of all New York families have incomes at or below the federal poverty threshold and another one-fifth are near-poor, with incomes between one and two times the poverty threshold. Slightly more than one-quarter of families, in contrast, might be considered "affluent," or at least economically secure, with incomes at least four times the poverty threshold. Inequality between these families is great, not only in income, but in measures of well-being ranging from living conditions to the accumulation of assets.

In terms of human assets, the poor and near-poor of New York are struggling indeed (Table 2). The respondent in one-third or more of these families reports fair to poor health; one-quarter also report a work-limiting disability. The gap between rich and poor is vast: The odds that a poor adult is in poor health are more than eight times those of an affluent adult; his or her odds of being disabled are more than ten times greater. Educational disadvantage is also highly concentrated. In half of poor and near-poor families, one or both adults lack the equivalent of a high school education.

It is difficult to sort out the causal sequence linking adults' human assets and poverty. Poor health and education may be a consequence of income poverty and restricted opportunity; they are also an important contributing factor to low earnings and poverty. In the case of

Table 2
SOCIAL INDICATORS BY INCOME RELATIVE TO POVERTY

Indicator	Percentage Poor	Percentage Near-Poor	Percentage Middle Class	Percentage Affluent	Odds Ratio: Poor versus Affluent
Respondent in fair to poor health	35	43	11	6	8.0
Respondent disabled	28	22	10	4	10.2
Any adults without high school	51	51	13	6	15.4
Child in fair to poor health[a]	8	8	5	5	1.6
Child disabled[a]	13	9	6	6	2.3
Child not at or above grade level	33	10	7	7	6.6
Child has behavior problem(s)[a]	38	26	25	22	2.1
Zero or negative assets	69	44	35	25	6.7
Could not borrow $100	33	11	8	4	10.9
Hunger in prior year	11	4	N.A.	N.A.	N.A.
Late utility payments in prior year	25	24	N.A.	N.A.	N.A.
Overcrowded housing	23	12	6	4	6.5
Substandard housing	27	14	N.A.	N.A.	N.A.
Family members victims of crime[a]	11	8	12	8	1.3
Property (break in)	4	2	7	7	0.5
Personal (robbery)	7	7	6	2	4.3
Feel unsafe in neighborhood	36	40	21	13	3.8
Rate neighborhood fair to poor	49	38	31	16	5.1
Adult(s) lacks health insurance	26	23	19	18	1.6
Child(ren) lacks health insurance	20	30	11	6	4.0
Parent rates child's school as poor	22	24	16	12	2.1
Preschool child not in formal care	81	53	57	51	4.3
Memo:					
Unweighted number	287	220	406	435	
Percentage weighted	30	20	24	27	

Source: Garfinkel and Meyers (1999).

Note: Unless otherwise noted, group differences are statistically significant at the 95 percent confidence level.

[a]Group differences are not statistically significant at the 95 percent confidence level.

children, however, the significance of compromises in human assets is much more straightforward. It cannot be argued that children's poor health or education cause their income poverty. Compromises in children's human assets are much more clearly a consequence of poverty and, perhaps more importantly, a predictor of economic difficulties in the future.

On the whole, children in poor New York families are much healthier than adults. Children are also much less likely to be disabled than adults. It is good news that as many as 85 to 90 percent of poor children are in good health and free from activity-limiting problems. This suggests that children in poor families may not have paid as great a price as adults in terms of their health status. Whether this bodes equally well for the future depends on how well these children fare as they age. Here the news is not so reassuring.

The prevalence of childhood physical health, mental health, and learning problems generally increases with age. The jump is particularly sharp during the school years, when children are identified for special services within the school system. National data show, for example, that 2 percent of children under age three have identified disabilities, and the proportion rises steadily with age until it reaches 6 percent of school-age children and 9 percent of adolescents (Aron, Loprest, and Steuerle 1996). A similar pattern is evident in the New York data (Table 3). Among all children, the proportion with some form of health problem or disability increases substantially from early childhood to adolescence. This increase would be expected, as health and learning problems are manifested and diagnosed throughout childhood.

What should not be expected is that as the prevalence of childhood difficulties grows, so too does the gap between the advantaged and disadvantaged. Translated into the language of odds, among children under age six, the odds that a poor child is disabled or in bad health are about the same as those of an affluent child; among older children, the odds of disability and health problems are nearly two to three times greater among poor children.

Poor children's school performance and behavioral adjustment are also far behind those of their more affluent peers (Table 2). On the whole, children in New York are doing pretty well. Problems are highly concentrated, however, among children in the poorest families. In comparison to affluent children, the odds that a poor child is behind at least one grade are more than six times greater; the odds that he or she has adjustment problems are two times greater. Like health, school and behavior problems are worse among older children, and the difference between advantaged and disadvantaged children is wider. By age seventeen, the odds of being behind a grade are more than six times greater for poor children than for affluent children, and the odds of having behavior problems are more than three times greater.

These data show that poor adults and children in New York are lagging far behind their richer counterparts in terms of human assets. We should not be surprised to find that poor families are also far behind in the accumulation of any financial assets. Over two-thirds of poor New York families report zero or negative assets. Families at the bottom of the economic ladder are also poor in terms of access to resources that might help them weather a financial crisis or routine transition, such as a move or the start of a new job. One-third of the poorest families do not have access to even $100 in emergency funds. This is a sobering reminder of how disadvantage accumulates: Poor families are disadvantaged not only in their own resources but also in their ability to get, or give, financial help to kith and kin.

Financial insufficiency translates into a number of compromises in the economic and living conditions of the poorest New Yorkers. Food insufficiency is highly concentrated among the poor, affecting 11 percent of families. One-quarter of the poor have faced difficulty with utility payments. About one in four poor New York families is also living in overcrowded housing and 27 percent live in housing that had serious structural, plumbing, or heating problems.

Income is less predictive of crime victimization. The SIS suggests that the much-heralded drop in the crime rate has benefited most New Yorkers. While the poor are somewhat more likely than the rich to have been crime victims in the prior year, their overall odds of victimization are not much greater than those of other families. Differences are evident, however, in the type of victimization. Poor families are only about half as likely as rich families to have been subject to property crime in the form of having their homes broken into. Their odds of having been the victim of a robbery, in contrast, are four times greater. Given these differences, it is not surprising that one-third of the poorest New Yorkers feel that their neighborhoods are unsafe and one-half rate their neighborhoods negatively.

We would hope that public services and supports would offset these income-related forms of inequality. The evidence for this, however, is not reassuring. In fact, the poorest families are often the most disadvantaged in the adequacy of institutional supports as well.

This is most notable in children's health insurance. Children in 20 percent of the poorest families lack health

Table 3
CHILD OUTCOMES BY POVERTY BY AGE

Outcome	Percentage Poor	Percentage Affluent	Odds Ratio: Poor versus Affluent
Child disabled			
Age zero to five	3	3	1.0
Age six to seventeen	20	9	2.6
Child in fair to poor health			
Age zero to five	5	5	1.0
Age six to fourteen	10	5	1.7
Memo:			
Unweighted number	287	435	
Percentage weighted	30	27	

Source: Garfinkel and Meyers (1999).

Note: Group differences are statistically significant at the 95 percent confidence level.

insurance; their odds of going uninsured are four times greater than those in the most affluent families. It is not the poorest families, however, but the near-poor families who fare the worst in this dimension, with a full 30 percent unable to insure their children. The problem remains most acute for these families at the margin of self-sufficiency, who often fall between the cracks of public programs and employment-based insurance. Poorer families also do much worse than their affluent counterparts in terms of educational resources for their children. Parents in 22 percent of the poorest families rate their children's school as unsafe and/or providing poor education, in comparison with only 12 percent of parents in the most affluent families; children in more than 80 percent of the poorest families are not in formal child care, in contrast to 50 percent of their counterparts in affluent families.

Conclusions

Taken together, these findings help explain why New York, on "average," is so different from the rest of the country. The United States has more economic inequality than virtually all other Western industrialized nations; and among U.S. cities, New York City appears to be the most unequal. Great inequality is not a new phenomenon for the country or the city. The dramatic pulling apart of rich and poor is new, however. In the last twenty years, as the rich have gotten richer, economic and social policy changes have left the poor further and further behind. New York stands out among U.S. cities as being the most unequal and as experiencing the greatest rise in inequality during this period (Larin and McNichol 1997).

Whether this inequality matters—whether it is or should be a shared concern for all New Yorkers—depends in part on its concrete manifestations. It is not a surprise that the poorest New Yorkers are worse off in their economic and social living conditions. It may not be surprising that the poorest New Yorkers are also worse off in terms of their health and educational attainment. Evidence of inequality in socially controlled external supports and services—from schools and health insurance to police protection—is more surprising and less defensible. Even if we are no longer surprised by the existence of inequality and hardship, the concrete manifestations and the magnitude of the difference between rich and poor New Yorkers remain shocking.

Looking Ahead

A major contribution of the New York City Social Indicators Survey is to provide a rich description of the well-being of New Yorkers and of the magnitude of income and concrete inequality in the city. With each cross-sectional sample, we will use the data to compare well-being across groups that differ by demographic characteristics, family structure, income, and other features. Over time, we will be able to track whether well-being is converging or diverging for these groups—that is, whether inequality is increasing or declining. Because the survey includes a variety of measures of individual- and family-level well-being, ranging from the economic to the interpersonal and social, we will be able to track inequality on multiple dimensions simultaneously and to analyze the accumulation of advantage—and disadvantage—at the individual level.

Our ambitions go beyond description, in that we hope to link changes in well-being and inequality to changes in public policies. One key to this analysis is the collection of data from a large representative sample of households within a single "policy jurisdiction." The household level data in the SIS will be supplemented by detailed information on changes in social policies and programs in New York City and New York State.

Isolating the effects of policy change from other factors that are likely to influence well-being and inequality—such as changes in the local economy and job market—will present the greatest methodological challenge. We will capitalize on several features of the SIS design to strengthen our ability to make causal interpretations. The collection of data from repeated cross-sections of the entire population will allow us to compare the situations of individuals and families with those of similar respondents in a different policy context. For example, to isolate the effects of changing welfare eligibility rules and administration, we will use the population sample to identify families who are eligible for welfare in 1999 and families who are *in*eligible in 1999 but who *would have been* eligible under the 1996 rules. Differences in the economic strategies and well-being of these two groups will provide insight into the effect of eligibility rule changes.

The challenges of measuring well-being and inequality are vast. The opportunities to contribute to our understanding of these issues are also great. The SIS project represents one effort to push beyond the limitations of current data sources in order to collect the data necessary to answer questions not only about *whether* America is becoming more or less unequal, but about what inequality *means* in concrete terms and how government policies affect its magnitude and consequences.

ENDNOTES

1. Authors' calculation, based on the U.S. Bureau of the Census, Current Population Survey, 1996-97.

2. Authors' calculation, based on the U.S. Bureau of the Census, Current Population Survey, 1996-97.

3. Authors' calculation, based on the U.S. Bureau of the Census, Current Population Survey, 1996-97.

4. Authors' calculations, based on the U.S. Census Bureau's Current Population Survey (CPS), Asset Ownership of Household Report, 1993. Measures of assets in the CPS are more extensive than those in the New York City Social Indicators Survey, so the magnitude of the difference between the United States and New York City may be exaggerated in these comparisons. The low levels of home ownership in New York City are consistent with the conclusion that a small proportion of New York families has assets above $100,000.

5. Authors' calculations, based on the U.S. Census Bureau's Current Population Survey, Asset Ownership of Household Report, 1993.

6. American Housing Survey, 1995 (Table 2-1).

7. Authors' calculation, based on the U.S. Bureau of the Census, Current Population Survey, 1996-97.

8. U.S. Department of Agriculture Nationwide Food Consumption Survey (NFCS): Decennial Survey, 1977-80; Supplemental Low-Income Survey, 1987-88; U.S. Department of Agriculture Continuing Survey of Food Intakes by Individuals (CSFII), 1985-86, 1989-91. For U.S. households, food insufficiency (measured as family members going hungry) remained steady, at 2 to 4 percent, between 1977 and 1991.

9. American Housing Survey, 1995. Nationwide, 7.5 percent of occupied homes have structural problems (holes in floor, open cracks in the interior, exposed wiring); 5.0 percent have inadequate heating; 1.5 percent lack some or all plumbing facilities.

10. American Housing Survey, 1995 (Table 2-3). This survey uses more than one person per room as a measure of overcrowding; the New York City Social Indicators Survey measure is based on rooms per person.

11. New York State Division of Criminal Justice Services, *Criminal Justice Indicators by Percent Change: New York City, 1995-96*. New York experienced a 3 percent drop overall in reported crime, a 17 percent drop in burglaries, and a 16 percent drop in robberies during this period.

12. Authors' calculations, based on the 1994 General Social Survey (GSS). The GSS asked if the respondent was the victim of burglary or robbery; the New York City Social Indicators Survey asks whether the family was victimized. This may inflate our figure relative to the national data.

13. *The Gallup Poll Monthly*, Princeton, N.J.: no. 318, pp. 51-2; no. 339, p. 20; no. 371, p. 37.

14. Current Population Reports; *Dynamics of Economic Well-Being: Health Insurance, 1993-95. Who Loses Coverage and for How Long?* According to 1994 Survey of Income and Program Participation data, 21 percent of adults lacked insurance for at least one month and 8 percent had no insurance for the twelve-month period.

REFERENCES

Andrews, F. M. 1989. "The Evolution of a Movement." JOURNAL OF PUBLIC POLICY 9, no. 4: 401-5.

Aron, L., P. Loprest, and E. C. Steuerle. 1996. SERVING CHILDREN WITH DISABILITIES. Washington, D.C.: The Urban Institute Press.

Brown, B., and T. Corbett. 1997. "Social Indicators and Public Policy in the Age of Devolution." University of Wisconsin-Madison, Institute for Research on Poverty Special Report no. 72.

Bulmer, M. 1989. "Problems of Theory and Measurement." JOURNAL OF PUBLIC POLICY 9, no. 4: 407-12.

Carley, M. 1981. SOCIAL MEASUREMENT AND SOCIAL INDICATORS: ISSUES OF POLICY AND THEORY. London: George Allen and Unwin.

Citro, F., and R. Michael, eds. 1995. MEASURING POVERTY: A NEW APPROACH. Washington, D.C.: National Academy Press.

Cutler, D., and L. Katz. 1992. "Rising Inequality: Changes in the Distribution of Income and Consumption in the 1980s." AMERICAN ECONOMIC REVIEW (May): 546-51.

Duncan, G., and J. Brooks-Gunn, eds. 1997. CONSEQUENCES OF GROWING UP POOR. New York: Russell Sage Foundation.

Edin, K., and L. Lein. 1997. MAKING ENDS MEET. New York: Russell Sage Foundation.

Federman, M., T. Garner, K. Short, et al. 1996. "What Does It Mean to Be Poor in America?" MONTHLY LABOR REVIEW 119, no. 5 (May): 3-17.

Garfinkel, Irwin, and Marcia K. Meyers. 1999. A TALE OF MANY CITIES: NEW YORK CITY SOCIAL INDICATORS 1997. New York: Columbia University School of Social Work.

Jencks, C., and S. Mayer. 1996. "Do Official Poverty Rates Provide Useful Information about Trends in Children's Economic Welfare?" Northwestern University, Center for Urban Affairs and Poverty Research Working Paper no. 94-14.

Johnston, D. F. 1989. "Some Reflections on the United States." JOURNAL OF PUBLIC POLICY 9, no. 4.

Jorgenson, D. 1998. "Did We Lose the War on Poverty?" JOURNAL OF ECONOMIC PERSPECTIVES 12, no. 1: 79-96.

Koshel, J. 1997. "Indicators as Tools for Managing and Evaluating Programs at the National, State, and Local Levels of Government." University of Wisconsin-Madison, Institute for Research on Poverty Special Report no. 73.

Larin, K., and E. McNichol. 1997. PULLING APART: A STATE-BY-STATE ANALYSIS OF INCOME TRENDS. Washington, D.C.: Center on Budget and Policy Priorities.

Mayer, S. 1997. "Trends in the Economic Well-Being and Life Chances of America's Children." In G. Duncan and J. Brooks-Gunn, eds., CONSEQUENCES OF GROWING UP POOR. New York: Russell Sage Foundation.

Mayer, S., and C. Jencks. 1988. "Poverty and the Distribution of Material Hardship." JOURNAL OF HUMAN RESOURCES 24: 88-113.

———. 1995. "Has Poverty Really Increased among Children since 1970?" Northwestern University, Center for Urban Affairs and Poverty Research Working Paper no. 94-14.

Passero, W. 1996. "Spending Behavior of Families Receiving Welfare or Public Assistance." Paper presented at the Forty-Second Annual Conference of the American Council on Consumer Interests, Nashville, Tenn., March 27-30.

Rector, R. 1992. "How the Poor Really Live: Lessons for Welfare Reform." The Heritage Foundation Backgrounder no. 875, January 31.

Ruggles, P. 1990. DRAWING THE LINE—ALTERNATIVE POVERTY MEASURES AND THEIR IMPLICATIONS FOR PUBLIC POLICY. Washington, D.C.: The Urban Institute Press.

Sherman, A. 1994. THE CHILDREN'S DEFENSE FUND REPORT ON THE COSTS OF CHILD POVERTY. Boston: Beacon Press.

Slesnick, D. 1993. "Gaining Ground: Poverty in the Postwar United States." JOURNAL OF POLITICAL ECONOMY 101, no.1 (February): 1-38.

Smeeding, T., and P. Gottschalk. Forthcoming. "Empirical Evidence on Income Inequality in Industrialized Countries." In A. B. Atkinson and F. Bourguignon, eds., HANDBOOK OF INCOME DISTRIBUTION. Amsterdam: Elsevier/North-Holland.

U.S. Department of Health and Human Services. Office of the Assistant Secretary for Planning. 1998. TRENDS IN THE WELL-BEING OF AMERICA'S CHILDREN AND YOUTH. Washington, D.C.: U.S. Department of Health and Human Services.