

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON
COMMUNITY DEVELOPMENT

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HELD AT: Council Chambers
City Hall

B E F O R E:
ALBERT VANN
Chairperson

COUNCIL MEMBERS:
Brad Lander
Vincent J. Gentile
Melissa Mark-Viverito

A P P E A R A N C E S (CONTINUED)

Mark Lavatan
CEO

Kristen Morse
CEO

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COMMITTEE ON TRANSPORTATION

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CHAIRPERSON VANN: Good morning, ladies and gentleman. I'm Councilman Al Vann. As you know, I chair the Committee on Community Development. And this Committee has labored to keep the poverty stricken and poverished, the underrepresented and disadvantaged members of our great city, at least within the conversation of city government. Of course it's not been an easy task because the subject is a difficult subject.

The low income and impoverished in our city suffer significantly. The burdens they carry and the responsibility we as lawmakers have need to be reexamined closely and obviously need to improve. The New York City Center for Economic Development was born from Mayor Bloomberg's fundamental contribution to the discussion on poverty. The Center has gained national acclaim for its many innovative pilot programs and its extraordinary research efforts. Among the Center's finest accomplishments, however, is its development of the CEO Poverty Measure, which provides a significant upgrade to the measurement and study of the condition of poverty in our city.

2 In today's hearing we will consider
3 Intro 891A by Council Member Brad Lander. This
4 bill will require the national submission of a --
5 an annual submission of a report on poverty to the
6 Council. While this in and of itself is not a
7 great complex feat, at the same time it is
8 something that is not being required, but forcing
9 the Center of Economic Opportunity over the past
10 four years has provided the public the benefit of
11 its research on poverty.

12 This they did without, obviously the
13 requirement of law. Though the next administration
14 may be of the same mind of this one, there is no
15 guarantee; and therefore, it is incumbent upon the
16 Committee and the Council to at least require that
17 the condition of the poor be examined, understood
18 and remain in the discussion of those who make the
19 law.

20 At this point I would like to call on
21 the Bill's sponsor, Council Member Brad Lander for
22 comments.

23 COUNCIL MEMBER LANDER: Thank you very
24 much, Chair Vann. And I want to start by saying
25 what an honor it is to be moving this bill forward

2 together with you as primary co-sponsors and to be
3 doing it in your committee. Your history as a
4 leader on the fight against poverty is an
5 extraordinary one in the country, in New York City,
6 in Brooklyn, as someone who has grown up in the
7 community development movement, you know, and tells
8 those stories, you know, when Bed-Stuy Restoration
9 Corporation was founded. In many ways connected to
10 things that were happening here when Mike
11 Spharadoff [phonetic] who was the HRA Commissioner
12 and then Ford was active with Senator Kennedy in
13 founding the movement for community development and
14 in thinking about innovative ways to confront
15 poverty.

16 Central Brooklyn has been such an
17 important part of that story and you've been such
18 an important part of that story. So it's an honor,
19 even though this bill is a measurement bill, to be
20 doing it together. And I want to say thank you for
21 your leadership historically on these issues and in
22 moving this forward today.

23 As the Chair said, Intro 891 will
24 another New York City Charter to require future
25 mayors to annually submit a report to the city

2 council, to the borough presidents and community
3 boards describing the City's efforts to reduce
4 poverty in utilizing the new poverty measure
5 developed by the Center for Economic Opportunity.
6 And I think it's really an important bill for the
7 long term.

8 As we often talk about you -- you
9 manage -- we manage based on what we measure and
10 you want, therefore, it not just to be something
11 that's, you know, a nice organization that was set
12 up as some kind of special initiative, but written
13 in to the charger as a thing we measure every year.
14 Not just a set of social indicators, but real
15 attention to poverty. But not only measuring it,
16 and I think people will have read the Times
17 yesterday and know that we -- the work done to
18 think about how to measure it and why that's
19 important and why we want to call out and put into
20 law the new measure, but about efforts to reduce
21 it. And that's what the bill calls for. Not just
22 a reflection on where we stand with poverty based
23 on the measure but what is the City doing to reduce
24 it.

2 And the fact that they'll be an annual
3 requirement under this bill to narrate the City's
4 efforts to reduce poverty means that at least once
5 a year, in a real oversight way, this council,
6 future councils, as well as borough presidents and
7 committee boards can count on getting a report in
8 which the mayor comes forward and says, here are
9 the steps that we took in the past year to reduce
10 poverty. And you can evaluate whether they were
11 good enough and you can push back. And we've
12 already seen the impact that the work that CEO has
13 done on this way. On the one hand, pushing forward
14 some innovative pilot programs and getting some
15 things tested. And on the other hand, asking big
16 picture policy questions. Certainly one of my
17 favorite continues to be the policy effects poverty
18 report that was done that really looked at the
19 difference, in that case, that the stimulus made in
20 preventing millions of Americans and hundreds of
21 thousands of New Yorkers from falling into poverty.

22 And that in the future, whether it's
23 federal or state policy, but especially looking at
24 City policy, this bill will at least mean that you
25 know those things are going to be measured and

2 reported, so you'd be wise as an administration to
3 set up a series of policies and programs that give
4 you something good to say when that report comes
5 around. And then if you don't have it this year,
6 you should count on us to have a hearing that says,
7 we said we're going to measure this, we said this
8 was important. Our efforts to reduce poverty are
9 looking great and should be continued or are really
10 inadequate and not getting to what we need and need
11 to be strengthened next year.

12 So in some ways it's no more than a
13 measurement bill, but in many ways it's also
14 something that sets the platform for strong
15 progress forward. So I'm honored to be doing it
16 with you and very excited that we're having this
17 hearing today, and I hope we'll be able to move
18 this forward into law. Thank you very much.

19 CHAIRMAN VANN: Okay. Excellent
20 testimony from the sponsor of the legislation. Now
21 we're going to hear from -- not strangers for sure,
22 representatives of the CEO Mark Lavatan [phonetic]
23 and Kristen Morse. If you all will come forward
24 and tell us what you think about this legislation
25

2 and the continuation of CEO in some form if that's
3 admiral.

4 MS. KRISTEN MORSE: Good morning. I'm
5 Kristen Morse. I'm the Executive Director of CEO
6 and I have a formal statement that I'm presenting.
7 But really today I just want to say thank you very
8 much. We are honored to have collaborated with
9 this committee over several years. We appreciate
10 your leadership Chairman Vann. And we thank you,
11 Council member Lander for spearheading this bill.

12 Hands down, I would say that the
13 poverty measure is one of the most important things
14 that CEO has accomplished. It is more than an
15 analytical exercise. I think for generations we
16 have done ourselves locally and nationally a real
17 disservice by not appropriately measuring poverty.
18 What that has led to is a real profound sense of
19 nothing we do ever works. I think what this
20 research shows is what is working. From it we know
21 that employment matters, housing assistance
22 matters, tax assistance matters, work supports
23 including food stamps, all of these are profound
24 levers that do, in fact, help to reduce poverty in
25 New York City and across the country.

2 We also know that factors like
3 immigration status, family compensation, medical
4 needs and expenses, are also important drivers of
5 poverty. So, again, we thank you. We think that
6 the real value of this is to continue to support
7 and inform public policy. It gains value each and
8 every year as we're able to really see trends and
9 to see trends within different populations and in
10 different communities. And it remains critical
11 that we look at these trends year end, year out,
12 whether the news is good or bad.

13 I think, you know, one of the things
14 that it underscores and we've seen over the last
15 several years is the persistence of poverty. And
16 we need to measure that and we do need to be held
17 accountable for that. And so we thank you for this
18 legislation. And we think that this work and these
19 reports will continue to help inform the City's
20 efforts. So I want to turn it over to my colleague
21 Mark Lavatan.

22 MR. MARK LAVATAN: Good morning. I'm
23 Mark Lavatan, CEO's Director for Poverty Research.
24 Let me begin by echoing Kristen's remarks. We are
25 deeply appreciative of the effort by the cosponsors

2 of the bill. I would say of all the potential
3 accomplishments we've made, this would be the
4 capstone. I mean, the most important thing is to
5 see that the work continues and becomes ever more
6 useful in how the City approaches this very chronic
7 problem.

8 So I want to just briefly -- which has
9 not always been my way before this committee --
10 touch upon the following: The reason why CEO
11 developed an alternative poverty measure, how we
12 measure poverty, and I also want to provide a few
13 examples of how the CEO poverty measure provides
14 new insights into the effects of public policy on
15 poverty in our city.

16 It's widely agreed that the current
17 official policy measure is willfully out of date.
18 The only economic resource it recognizes is cash
19 income before taxes. Although taxes and in kind
20 benefits have been a growing share of government
21 anti poverties -- policies for decades, these
22 supports to low-income families are uncounted in
23 the official measure.

24 The official poverty threshold has also
25 failed to keep up with the changing society and has

2 become disconnected from any underlying rationale.
3 The poverty line -- the official poverty line,
4 which is originally based on the cost of food, no
5 longer reflects family expenditures for
6 necessities. Housing has replaced food as the
7 largest item in a typical family's budget. The
8 threshold has also lost touch with the American
9 standard of living.

10 When it was first established, the
11 poverty line for a family of four equaled 50
12 percent of median family income for a four-person
13 family. The poverty line now comes to less than 30
14 percent of that median. Finally, the official
15 poverty form across the United States. The
16 threshold that defines who is poor in Manhattan is
17 the same as that in rural Mississippi. The need to
18 account for New York City's relatively high cost of
19 living is obvious in light of the tight squeeze
20 that local housing costs put on family budgets.

21 If the primary reason for measuring
22 poverty is to inform public policy, these
23 weaknesses must be addressed. The definition of
24 resources needs to include the effective tax
25 programs like the earned income and child tax

2 credits that support low income working families.
3 The value of in-kind benefits such as food stamps
4 and housing subsidies that can be used like cash to
5 secure food and shelter should also be counted.
6 The advocacy of family resources also need to be
7 measured against the more realistic sec of poverty
8 thresholds.

9 We've concluded that CEO should base
10 its measure on recommendations that had been
11 developed by the National Academy of Sciences panel
12 on poverty and family assistance. We issued our
13 first report on poverty in New York City in August
14 2008. In the fall of 2011, the U.S. Bureau of the
15 Census issued an initial report on poverty using a
16 similar method called the Supplemental Poverty
17 Measure or SPM for short. Our subsequent annual
18 reports include several revisions we have made so
19 that our estimates for poverty in New York City are
20 now comparable to the Census SPM poverty rates or
21 the nation.

22 The CEO and Census Bureau's SPM poverty
23 threshold are based on family needs for clothing,
24 shelter, utilities as well as food. For 2011, this
25 methodology produces a U.S. wide poverty threshold

2 for a family composed of two adults and two
3 children at \$24,999. Then CEO adjusts this
4 threshold to reflect inter area differences in
5 living costs. The New York City CEO threshold at
6 \$30,945 is 24 percent higher than the U.S. wide SPM
7 threshold and 36 percent higher than the official
8 threshold.

9 One the appropriate poverty lines had
10 been drawn, they must be compared against the
11 family's resources to determine if its members are
12 poor. Our measure of income begins with cash
13 before taxes but goes on to include the effect of
14 income and payroll taxes in the value of in-kind
15 benefits. Our income measure also accounts for
16 what families spend for transportation to and from
17 work, childcare and medical care that must be paid
18 for out of pocket. We refer to this more inclusive
19 definition of family resources as CEO income.

20 Although this income measure consists
21 of reductions as well as additions, CEO income is
22 higher for families in the lower tier of the income
23 distribution than the official resource measure of
24 pre-tax cash. In 2011, for example, CEO income at
25 the 20th percentile of its distribution equaled

2 \$30,195. Pre-tax cash income at the 20th
3 percentile of this distribution was \$22,944. When
4 we applied the expanded definition of resources
5 against the higher CEO thresholds, we find that
6 21.3 percent of the New York City population was
7 poor in 2011. This is two percentage points higher
8 than the corresponding official poverty rate of
9 19.3 percent.

10 CEO's poverty measure consistently
11 places a larger share of the city's population
12 below the poverty line than does the official
13 measure. This is an attention getting difference
14 indicating that the effect of using a higher and
15 more realistic threshold outweighs the effect of
16 using a more inclusive definition of family
17 resources. But this is only the beginning of
18 either a new understanding of poverty or a more
19 informed assessment of the adequacy of anti-poverty
20 programs.

21 Going on finding from our most recent
22 report, here are a few examples of what the new
23 measure has told us. Comparing the CEO to official
24 poverty rates by age group, we find that tax
25 credits and income benefits have a considerable and

2 hither to unappreciated effect on the incidents of
3 poverty among children. Although children remain
4 poorer than adults under our measure, the CEO
5 poverty rate for children was 24.7 percent in 2011,
6 four percentage points lower than the corresponding
7 official poverty rate.

8 Compared against the official poverty
9 measure, the CEO poverty measure finds fewer New
10 Yorkers in extreme poverty but more New York City
11 residents near poverty than does the official
12 measure. In 2011, 7.9 percent of the city
13 population was living below 50 percent of the
14 official poverty threshold. The corresponding
15 share using the CEO measure was only 5.6 percent.
16 On the other hand, the CEO measure finds a larger
17 proportion of New Yorkers that are living below 150
18 percent of the poverty threshold. 45.8 percent
19 instead of 30.6 percent found in the official
20 measure.

21 Looking at how poverty has grown since
22 the onset of the Great Recession we find that
23 federal economic stimulus programs, especially
24 President Obama's economic -- American Recovery and
25 Investment Act, blunted what would've been an

2 otherwise very steep rise in this city's poverty
3 rate. Absent the expansion of tax credit programs,
4 the cut in payroll taxes and an increase in food
5 stamp benefit levels, we estimate that the CEO
6 poverty rate would have reached 23.6 percent in
7 2011, 2.3 percentage points higher than its actual
8 21.3 percent.

9 We also find that non-citizen New
10 Yorkers have been particularly hard hit in the
11 recent recession and its aftermath. From 2008 to
12 2011, the CEO poverty rate for all New York City
13 residents rose by 2.3 percentage points. The
14 poverty rate for New Yorkers who are not citizens,
15 a group that is highly dependent on earned income,
16 climbed by 4.2 percentage points over this period.

17 We believe that the New York City
18 Center for Economic Opportunity has developed a
19 metric that offers insights into the effect of
20 current policies on poverty. It can also be used
21 to estimate the impact of new initiatives such as
22 the impending increase in New York State minimum
23 wage as well as other initiatives that could lift
24 the wage floor in New York City. It can also be
25 employed to forecast and track the effects of

2 cutbacks to programs vital to low income families
3 such as those being contemplated in congress for
4 the food stamp program.

5 In short, an improved poverty measure
6 can restore credibility to counting who and how
7 many New Yorkers fall below the poverty line.
8 Perhaps more important --and this is a point made
9 earlier this morning. Perhaps more important it can
10 help create accountability for how well our efforts
11 to address poverty are succeeding or falling short.
12 Thank you again for your continued support. It's
13 been a pleasure.

14 CHAIRMAN VANN: Thank you. Thank you
15 very much. Let me start with a question or two.
16 If mayor elect DiBlasio, well he'll be here let's
17 say after January. And among of the first meetings
18 he will be reviewing, questions and everything, and
19 he says, look, I'm aware of CEO and what you've
20 done. I know we have a poverty measure. I am
21 committed. I would like to eliminate or at least
22 begin to show serious reduction in poverty in New
23 York City. And since you've been around for all
24 these years and you study it and you've had the
25 initiatives, what advice would you give me? What

2 policies should I enact? What should I do to
3 demonstrate a serious reduction of poverty in our
4 city? What would you tell the mayor.

5 MS. KRISTEN MORSE: Great question.
6 Thank you very much. One of the things that we've
7 thought about and in particular having looked very
8 closely at Mark's research and just continuing to
9 look at the labor market data is we have a real
10 crisis in this city and, frankly, nationally with
11 low wage work. We're seeing finally and welcome
12 the return of more jobs, but many of those jobs are
13 low wage jobs. So I think if we had the
14 opportunity, we would want to work with the Mayor
15 and talk about how we can support an agenda that
16 both helps more people to become employed but also
17 looks very critically at all of the ways that we
18 can either lift the floor on wages or provide
19 supports via tax credits, housing assistance or
20 food stamps and other types of benefits that
21 recognize that those wages are likely to remain low
22 for many and that we need to do more to help lift
23 people out of poverty.

24 CHAIRMAN VANN: If he needed more
25 advice?

2 MR. MARK LAVATAN: I would add, you
3 know, two other things to the agenda. Not only
4 what Kristen said but, you know, another piece of
5 it is not just what we're doing for the low-wage
6 workers but how the city can impact the evolution
7 of the local economy. And there, I think, we need
8 to redouble our efforts to try to promote
9 industries and occupations that offer, you know,
10 what have been called, you know, middle tier jobs.
11 That is jobs that pay a living wage to workers who
12 don't have a Bachelor's degree and who are still
13 going to be a majority of our city's population.
14 You know, people with a high school degree, people
15 with Associate's degree. That really needs to be a
16 focus. And that's going to be a long and hopefully
17 well thought out process that will take some
18 patience to bear fruition. But it's vital.

19 The second thing and this is not news
20 to anybody in the room, it's certainly not news to
21 the mayor elect, is the issue of affordable
22 housing. When we think about what makes New York a
23 tough place to live, it's the rock of low wages
24 against the hard place of high housing costs. And
25 the mayor elect has spoken to those issues. And,

2 you know, I think going forward the questions will
3 be, well, where do we find the resources to develop
4 more affordable housing, especially in light of,
5 you know, my own pessimism and probably realism
6 about whatever aid we might or might not get from
7 the federal government going forward. We're going
8 to have to create more home-grown resources for
9 affordable housing.

10 CHAIRMAN VANN: And we've been doing
11 that council member Gentilly [sp?], thank you,
12 thank you brother. How reliant would we be on the
13 federal government in our efforts to deal with this
14 crisis with reduction of poverty? I guess my point
15 I'm trying to make is what -- within what we have
16 in our city, within the power that we have in our
17 city, are we maximizing what we can do
18 understanding that there obviously is a need for
19 federal resources, for example, whatever, whatever?
20 But are we maximizing what we can do? It's one
21 thing to say, well, you know, the federal
22 government they cut funding to NITRA, you know,
23 they cut funding here and it's true and it has an
24 impact. But on the other hand, we still have a
25 responsibility to look after New York citizens, New

2 York City citizens. So are we maximizing the power
3 that we have to reduce poverty or are we just
4 relying solely on what we know what to be coming
5 from our federal government?

6 MS. KRISTEN MORSE: I think I share
7 with Mark the pessimism that those federal
8 resources are likely to remain flat. And so we do
9 have an opportunity and, in fact, an obligation to
10 use those resources more effectively along with the
11 very significant resources that New York City
12 continues to put into these efforts. Another
13 program that we've done that we're enormously proud
14 of is CUNY ASAP. Obviously an important pathway
15 out of poverty is getting a college degree. CUNY
16 is increasingly looking to its own resources and is
17 expanding that program using the money that it gets
18 already from the city and the state. And I think
19 that there are, throughout government, still more
20 opportunities to continue to build on what we are
21 learning is effective and make sure that the
22 resources are allocated to the practices and
23 programs that have the biggest impact.

24 CHAIRMAN VANN: One other question
25 before we go to Brad. Do you feel that you have

2 protected your measurement of poverty or is there
3 something else you would do? Is there any new
4 addition or additions?

5 MR. MARK LAVATAN: Well, I'm a
6 researcher so it's never it. I would say in broad
7 outlines this is it. I would say that there only
8 is technical details that can be done in a somewhat
9 different way. We're always thinking those things
10 over. You know, since we've put out our report a
11 number of research organizations across the country
12 have done similar work. We're in constant
13 communication and conversation with those folks.
14 How did you approach this? How did you approach
15 that? What did you do about this technical issue?
16 We learn from each other. And, you know, we should
17 continue to incorporate best practice going
18 forward. But I would describe any changes that
19 would be made as technical rather than
20 methodological.

21 CHAIRMAN VANN: Obviously, the primary
22 use of your research is for policymakers, if you
23 will, to see if the government can, you know,
24 establish its priorities, where the money goes, so
25 on and so forth to deal with the crisis. Is there

2 a value to your research also being made available
3 to common folks, people -- you know, in the city,
4 in the street? And if so, what could we do with
5 it?

6 MR. MARK LAVATAN: Well, there are
7 three ways they're available. One is our reports.
8 The second thing is we now have online two tools.
9 One is -- we're calling it Table Creator. So
10 anyone can go to the CEO website and click a few
11 buttons and generate poverty rates by neighborhood
12 or education or work experience, you know, using
13 our measure. The third thing we have is something
14 we specialize for research -- for researchers,
15 which are the data files that include the CEO data.
16 So if somebody at the City University or Columbia
17 or whatever wanted to, you know, say, you know, the
18 CEO folks did this, but I kind of want to look at
19 it from a different angle, they could readily take
20 our data and use the dataset to explore things
21 that, you know, haven't occurred to or we haven't
22 had time to get to. And, you know, we welcome the
23 use of that. We want -- we want people to use our
24 data.

2 CHAIRMAN VANN: All right. Let me
3 yield to the sponsor of this legislation. Brad.

4 MR. BRAD LANDER: Thank you so much,
5 Mr. Chairman. Thank you both for the testimony
6 and, of course, much more for the -- all the great
7 work behind it. So I want to ask a couple of
8 questions about how you see this being best used
9 going forward. CEO came from a -- kind of a
10 particular moment in time. It was created with
11 sort of energy that brought people together across
12 agencies and drove some policy innovation and
13 established the research, you know, looking forward
14 to become something different. And, you know, I'm
15 -- I'll be excited to have this report and as long
16 as I'm in the council I'll work hard to make sure
17 we have a hearing on it every year and we dig down
18 into what we're learning. But, I guess, I'd also
19 like your reflections in some ways a similar
20 question to what Council Member Vann asked.

21 If you could reflect a little on how
22 you see it being used most productively with the
23 agencies so that it doesn't just, you know, kind of
24 go out into the -- you know, where either from your
25 experiences working with particular agencies where

2 the research helped something get picked up or
3 corrected or bring two people together or across
4 agencies, how do we make sure -- how does the other
5 -- how does the next administration make sure this
6 is used in a way that helps drive good policy
7 decision making.

8 MS. KRISTEN MORSE: Certainly we think
9 that this work will continue to inform the next
10 administration, and we'll be eager to see how they
11 choose to use it. In terms of how we have
12 interacted with the agencies to date, I think we
13 can point to a number of different collaborations.
14 Certainly the finding that poverty is, in fact,
15 higher among the elderly has led to a lot of really
16 fruitful conversations with the Department for the
17 Aging. And I know there's a hearing next week to
18 talk in particular about poverty among older women.

19 We've also worked with HPD and they
20 have, of course, been very eager to see borne out
21 in this how important and critical continued
22 investments in housing are. Just yesterday several
23 of us had a meeting with the folks from the Mayor's
24 Office of Immigrant Affairs. After Mark's report
25 last year when we saw a real significant increase

2 in poverty among immigrants, in particular people
3 who weren't naturalized, we started collaborating
4 with MOYA with the Office of Financial Empowerment
5 and subsequently learned that New York is among the
6 worse states in terms of naturalizing citizens.
7 We've got roughly 700,000 people in the city who
8 are eligible to be naturalized and who haven't.
9 And for some, the \$700 naturalization fee really is
10 a big burden.

11 And so we developed a pilot program
12 with them. They just presented the data to us
13 yesterday of how it's going so far. Where
14 essentially we have offered to pay and waive that
15 fee resulting in people getting naturalized. So I
16 think that, you know, in every single report there
17 have been real nuances, whether about particular
18 populations or particular communities. And I think
19 really give us all a reason to sit down and roll up
20 our sleeves and think about what we can do about
21 it, whether it is sort of very specific, you know,
22 pilot projects around paying fees for a group or,
23 you know, more broader strategies around addressing
24 particular community needs.

2 MR. BRAD LANDER: Interesting. You
3 know, your comment about HPD makes me think almost
4 by definition -- you know, that your definition,
5 the vast majority of people who would move into
6 subsidized housing, sort of HP -- you know, the
7 kind of housing that HPD and it's, you know, for
8 profit and not for profit developers create as well
9 as Section 8 and NYCHA. The vast majority of them
10 are probably moving out of poverty. I don't know
11 they're still -- many of them are still low income
12 but using the subsidized housing definition, have
13 you guys looked at all at sort of -- you know, I
14 think of that as an interesting set of people to
15 imagine, those folks who are making that move and
16 what it sets up. There have been some of these
17 studies nationally coming out of the Chicago Moving
18 to Opportunity Experiment. But it strikes me that
19 that would be kind of a fruitful area of
20 investigation. I wonder have you talked with them
21 at all about --

22 MR. MARK LAVATAN: I haven't. I mean,
23 I can share with you just some preliminary work
24 we've done that sort of speaks to this. So because
25 it's a natural question flowing out of our work,

2 sort of the connection how does housing assistance
3 help low wage working families. We've begun to
4 look at families with children who across the
5 family work the equivalent of one full-time, year-
6 around worker. And what -- one of those people,
7 what proportion of them would just be poor if they
8 were just reliant on their earnings. And it's a
9 pretty large proportion, it's over 20 percent. I'm
10 just -- don't hold me to that number.

11 And then we said, well, okay, so then
12 how many of them are poor when we count all their
13 other resources? And most of those families are
14 lifted out of poverty when we count those other
15 resources but what's -- what's the key difference
16 between the families that get lifted out of poverty
17 and don't get lifted out of poverty? And the key
18 difference is their participation in housing
19 programs.

20 So the thing about the HPD, you know,
21 it's not the poorest of the poor. You know, it's
22 people who are probably, you know, close -- under
23 but close to the poverty threshold so it -- the
24 housing assistance gets them over that line.

2 COUNCIL MEMBER LANDER: Interesting.

3 And then that's let's true say for families living
4 in NYCHA because their incomes are lower so their
5 housing assistance keeps them from being extremely
6 poor but lifts fewer of them above the poverty
7 measure?

8 MR. MARK LAVATAN: Well, actually, when
9 we look at the people getting means to the housing
10 assistance, the effects on their poverty status is
11 really pretty dramatic. I mean, they still remain
12 a very poor group but, you know, for NYCHA, off the
13 top of my head we're talking like a 20 percentage
14 point difference. And that's because for those
15 folks the subsidies are so deep, right. So when we
16 add that to the value of food stamps and, you know,
17 that's really becoming a big bump for those folks.

18 You know, for people in other housing
19 assistance, the subsidy is not that deep so you
20 have to keep that into --

21 COUNCIL MEMBER LANDER: What do you
22 measure down from as the market rate -- so when you
23 measure the value of the housing subsidy into your
24 measure, what's it -- like what do you use the
25 market rate -- like what's the --

2 MR. MARK LAVATAN: Yeah, so what we're
3 doing is we're looking at people who we think are
4 not paying market rate. So it would be people own
5 their home free and clear and then among renters it
6 would be the people participating in the means
7 tested programs like Section 8 or public housing
8 and then basically all the folks who are in some
9 form of rent regulation. And that could be, you
10 know, in HPD housing because those folks, you know,
11 get brought into the rent regulation system.

12 And so for all those people what we're
13 doing is measuring the difference between what they
14 would be paying for their unit based on its -- the
15 condition of the building, the physical condition
16 of the unit, their neighborhood, against what
17 they're actually paying out of pocket for their
18 housing. So that difference gets added to their
19 income but it's capped. It can't exceed the
20 housing proportion of the threshold. And the
21 reason for that is that we want to make sure that
22 even if you're getting a lot of implicit income,
23 you know, from Section 8, you still have enough
24 other resources to meet your non-housing needs.

2 COUNCIL MEMBER LANDER: So like for
3 someone living in NYCHA, do they just pretty much
4 automatically go up to the maximum allowed by the
5 formula because you have an FMR there --

6 MR. MARK LAVATAN: I would say that 80
7 percent of the time people are reaching the cap.
8 And the reason for calculating their market rate
9 rent was really motivated by our desire not to give
10 people too much implicit income if they were living
11 in substandard housing. I mean, we want to --

12 COUNCIL MEMBER LANDER: Right. So what
13 do you do in public -- I mean, I guess I should go
14 look at the formula, but now I'm really curious how
15 you calculate what the market rent would be for
16 someone living in public housing in New York City.

17 MR. MARK LAVATAN: Well, we know what
18 the rents are for market rent housing. So we can -
19 - now we're really getting into the weeds, but I
20 know you're a scholar of these things so I'll
21 entertain you. So we develop a regression model
22 that says looking at market housing what is the
23 expected market rate gross rent for a unit with
24 these characteristics in this kind of building in
25 that kind of neighborhood. And then we apply the

2 model to the non-market rate units, and that gives
3 us our estimated what the market rate rent would
4 be.

5 COUNCIL MEMBER LANDER: Interesting.
6 Well, we'll follow up. I can imagine what that
7 looks like for the HPD stock pretty easily. What
8 it looks like for the NYCHA stock, I'm curious.
9 But we'll follow up on that.

10 So my last question is just obviously
11 in the mayoral campaign and in whatever. The
12 President talked about it last week in the dialogue
13 in general. The conversation around inequality has
14 really been on people's minds lately. And it's
15 obviously an overlapping but different conversation
16 than the conversation about poverty. You think
17 about it as poverty. You say, all right, what do
18 we do to help this set of people who are poor?

19 The President, the mayor elect, a lot
20 of other people have focused on the challenges
21 presented to the economy from inequality
22 specifically, which obviously is, in part, a
23 problem that there are people who are poor and
24 can't meet their subsistence needs. But it is also
25 a problem that there's -- you know, at least for

2 those of us who think of it this way, an even
3 greater moral problem if you've got an economy that
4 has great wealth and great poverty.

5 Have you guys looked at all in your
6 research on the intersections of inequality and the
7 different ways to think about? And those to some
8 extent, Kristen, your point about low wage work.
9 But I just wonder if in any of the research that
10 you've done or in any of the pilot programs you
11 thought about this particular intersection between
12 ways of thinking within the city or more broadly
13 about inequality and what that means for poverty
14 and the poverty measure.

15 MS. KRISTEN MORSE: Sure. It is
16 definitely something that we have thought about a
17 lot. I think in our work to date we have chosen to
18 interact in this issue, mostly by really focusing
19 on economic mobility. So within income inequality
20 what can we do to really look at who is poor in
21 this city and what can we do to make it as
22 transitory as possible so that this city is still a
23 place of economic opportunity and mobility and how
24 do we make sure that people are moving up that
25 ladder.

2 COUNCIL MEMBER LANDER: So maybe I
3 should have dug in on this a little more because,
4 obviously, one important question within inequality
5 is that, how much mobility is there either for
6 individuals or across generations? So have you
7 done some research on that question, around
8 mobility in New York City and either how it
9 compares historically or how it compares to part --
10 to other comparable cities or places?

11 MS. KRISTEN MORSE: There's been some
12 great research done both by Pew [phonetic] and
13 recently by Chetti [phonetic] and some other
14 scholars at Harvard and -- looking at New York City
15 and New York State. And on the whole New York
16 continues to fare pretty well. This still is a
17 place where there is pretty good economic mobility.
18 And I think, again, the big ticket there and the
19 place where I think we've seen some good recent
20 progress is education.

21 COUNCIL MEMBER LANDER: Thank you very
22 much. I really appreciate the work, appreciate the
23 time today. Mr. Chairman, I appreciate the work
24 together on the bill.

2 COUNCIL MEMBER GENTILE: Thank you, Mr.
3 Chairman and thank you for being here today. I'm
4 curious, as policymakers and as budget negotiators,
5 I think it would be helpful to us if your report
6 identified those programs that you thought were not
7 working or not working well enough and those
8 programs that you thought needed more support. But
9 from what I'm hearing, and correct me if I'm wrong,
10 your report doesn't do that; is that correct?

11 MS. KRISTEN MORSE: So we've got a
12 number of different reports that CEO produces. One
13 is the Annual Poverty Measure Report that Mark and
14 his team put out. And that looks at, again, some
15 of those big major programs like food stamps and
16 the tax credits. In terms of looking at specific
17 programs that either CEO or the city funds, we have
18 a number of other different reports and evaluations
19 that we do each year.

20 We have typically focused mostly on
21 looking at the programs the CEO funds. We have in
22 the last year, and this is certainly something that
23 we have been talking about doing more of, we've
24 begun to look more into putting our critical eye
25 not just on the small pilots that we fund but on

2 the different activities that the different city
3 agencies do. And how can we better serve those
4 commissioners to look across their portfolios and
5 better understand what's effective.

6 COUNCIL MEMBER GENTILE: Has that
7 analysis changed in light of the new poverty
8 measure that you've come up with on the CEO report?

9 MS. KRISTEN MORSE: I think it's really
10 been an important input across many years. I think
11 it continues to inform what we do. For example, a
12 program that we've recently started is to test what
13 would an expanded EITC for single adults look like.
14 That is absolutely informed by seeing how powerful
15 the EITC has been for families and if we offer
16 similar to single tax filers, would we see a
17 similar reduction in poverty and an increase in
18 employment.

19 Part of that also comes out of the
20 interest from the young men's initiative and really
21 looking at, frankly, decades of stagnated and
22 falling wages in particular for low-skilled men.
23 So absolutely, I think it continues to form our
24 work.

2 COUNCIL MEMBER GENTILE: Okay, great.
3 I'm just curious, it says here in our briefing
4 paper -- I just want to be sure that this is
5 correct. The under the official poverty measure
6 the percentage of the City's population living in
7 extreme poverty in 2011 was 7.9 percent. The CEO
8 poverty measure produced a rate of 5.6 percent.
9 That's accurate? So it's lower on the CEO?

10 MR. MARK LAVATAN: That's right.

11 COUNCIL MEMBER GENTILE: And is there a
12 ration --

13 MR. MARK LAVATAN: I can explain why.

14 COUNCIL MEMBER GENTILE: Yeah.

15 MR. MARK LAVATAN: We're counting a lot
16 more resources.

17 COUNCIL MEMBER GENTILE: I see.

18 MR. MARK LAVATAN: So the official
19 measure is only looking at folk's pre-tax cash and
20 we're accounting for tax credits, food stamps,
21 housing assistance. So we find -- even though we
22 have a higher threshold, we find a very powerful
23 effect from just a more inclusive definition of
24 income. I mean, just to expand on the point, what
25 our measure does relative to the official measure

2 is that it lifts some people up towards the poverty
3 threshold.

4 On the other hand, looking at people
5 above the threshold, it moves some people over here
6 above the threshold down towards the threshold,
7 which is why we see a much larger group of people
8 in that near poor category. And that's being
9 driven by the different way we're measuring income.

10 COUNCIL MEMBER GENTILE: Okay. So it -
11 - I see that. Well, thank you. Thank you for your
12 good work too. Thank you.

13 MR. MARK LAVATAN: Thank you.

14 CHAIRMAN VANN: Are there more people
15 in poverty now than 12 years ago or less?

16 MR. MARK LAVATAN: I'm sorry. I didn't
17 catch the --

18 CHAIRMAN VANN: Are there more poor
19 people in New York City now than there were 12
20 years ago?

21 MR. MARK LAVATAN: Well, since the
22 population of the city is growing, that's likely
23 the case, but I don't have any data to really
24 confirm that for you. Our poverty measure begins
25

2 in 2005, and we only have data from 2005 through
3 2011 as frustrating as that is.

4 CHAIRMAN VANN: How do you quantify our
5 impact on poverty in the past 12 years or can you
6 quantify?

7 MR. MARK LAVATAN: We can't. We
8 don't have the tool.

9 CHAIRMAN VANN: What can we say
10 we've done or not done?

11 MR. MARK LAVATAN: Well, when you
12 say we?

13 CHAIRMAN VANN: As a result of the
14 research, there's got to be some indication
15 that we've made an impact or we haven't made an
16 impact; right?

17 MR. MARK LAVATAN: Well, we can look
18 across the city and identify the program areas
19 that have a significant impact on folk's
20 poverty status. You know, we are looking at
21 poverty from -- you know, as people sometimes
22 says, you know, 30,000 feet. We're not -- this
23 is not a measure that's capable of doing
24 detailed program evaluation, that's not its
25 purpose. You know, we can look at poverty

2 across demographic groups. We can look at the
3 impact of major programs like food stamps and
4 housing assistance. We can see how the effect
5 of those programs has evolved over time. But
6 we can't use our dataset to directly say, you
7 know, this city program has worked in this way.
8 It's -- you're asking something of the measure
9 that it's not designed to generate.

10 CHAIRMAN VANN: Does that mean you
11 need additional measures?

12 MR. MARK LAVATAN: Absolutely.

13 CHAIRMAN VANN: If I was a cynic,
14 and I'm not but if I were, and say okay you've
15 got the CEO, you've got this, that and the
16 other and the same level of poverty, as far as
17 we can tell, is still with us so what -- so
18 what does that all mean? You know what I'm
19 saying? If I was cynic, how do you address the
20 cynics in our city? What do we say to them?

21 MR. MARK LAVATAN: Well, I think you
22 just touched on something very important, which
23 is that this city is what can be described as
24 an income adequacy measure of poverty. We're
25 looking at people's income in a given year

2 against the poverty threshold and deciding on
3 that comparison whether they're poor or not.
4 There are lots of other ways to understand
5 material deprivation in our city. And as I
6 read the legislation it calls for that
7 information being brought into the picture.
8 And, you know, we would welcome that. There is
9 a vast amount of data generated by the city
10 agencies that needs to be brought to the table
11 that can round out our understanding of what's
12 going on.

13 MS. KRISTEN MORSE: And I would add
14 that, you know, it is not fair to say that
15 nothing has changed. In the six years of data
16 that Mark has in the poverty measure, we really
17 do see changes in variation among different
18 populations and certainly the changing impact
19 of the recession. I also think it's not going
20 out on a limb to say poverty is too high. We
21 have not done enough. We would like to see
22 poverty decline and would like this measure
23 over years to show real significant progress.

24 CHAIRMAN VANN: I only have one
25 further inquiry. We've been joined by Council

2 Member Melissa Mark-Viverito. Thank you and
3 welcome.

4 Beyond the obvious, the obvious use
5 of your research and other research as it
6 effects public policy, you know, and most of
7 that is at a very high and broad level, whether
8 we're dealing -- you know, creating jobs,
9 inequality in wages, rent subsidy, so on and so
10 forth, they are big ticket, broad items. We
11 also know and can identify the areas of our
12 city where is the highest rate of poverty. You
13 know, we can go -- by census data we can go to
14 district or city -- whatever level, whatever
15 level we wish to identify. Does it make sense
16 then, even as we try and be able to broader
17 factors that impact poverty that there also
18 should be a strategy, perhaps geographic base
19 or however you call it, where the city
20 collaborates -- its agencies collaborate and
21 they focus on these areas where we know there
22 is high poverty and do what we can, whether
23 it's daycare or if it's -- you know, whatever
24 it is? Does that make sense or do we just rely

2 on the change of the economy and all of that
3 big stuff? What do you think?

4 MS. KRISTEN MORSE: I think we think
5 it makes a lot of sense and we would be eager
6 to support those efforts. I think we've seen
7 some of the impacts that say the Harlem
8 Children's Zone has had and certainly have
9 talked to a lot of community groups and private
10 funders and city agencies and really, I think,
11 collectively have a real growing interest in
12 thinking about how can we be more effective at
13 a community level.

14 I know just from CEO's prospective;
15 we support a number of different programs. All
16 of -- nearly all of them concentrated in high
17 poverty communities, but how can we better
18 connect those efforts? How can we make sure
19 that we're having the biggest impact that we
20 can have? I think we're interested in
21 continuing to do more of that. Our Jobs Plus
22 program that we have in specific housing
23 authority developments, I think, are an effort
24 to do that. And I think there are ways we can
25 build on that and do that broadly and better.

2 CHAIRMAN VANN: Council member, I
3 know you -- do you have any concerns or
4 questions you'd like to raise? Come on there's
5 got to be at least one? Do we have any --
6 this is the last time I'm going to see you
7 guys. I better ask everything that comes to
8 mind because I won't see you again. No, not
9 really.

10 Let me take this opportunity to not
11 only thank you for coming today but for the
12 years that we've had discussion around this,
13 you know, critical and everlasting issue of
14 poverty and to commend you on the work that
15 you've done. We've been talking all day about
16 what you've done at the poverty index. That it
17 appears that the federal government has
18 recognized that it is superior to what we've
19 been doing in the past and hopefully they will
20 even adopt that measure. That in and of itself
21 is of great worth, obviously.

22 The fact that you have piloted, if
23 you will, the initiatives and you have analyzed
24 initiatives to say these work or these may work
25 and these don't, I think that's good

2 information as well that can be issued to the
3 new administration coming in. So I think that
4 though you've done a lot of good things,
5 hopefully they can be built upon as we move
6 into the new administration.

7 So whether the new mayor will
8 continue the CEO or not, that is his or her --
9 well, his decision. But clearly, the work that
10 you've done, at least for an annual report on
11 poverty to come out, I think that's critical.
12 So we will continue to advocate that the new
13 administration would at least do that.

14 Having said that and there is no one
15 else to give testimony. Thank you. As I think
16 you I also want to thank Dottie, my staff, who
17 have been very, very focused on this issue. We
18 thank you on your diligence and focus on these
19 issues. And I cannot say enough about our
20 comments from Thomas, I guess the speaker
21 staff, but I consider him my staff because he
22 really has been on point. I've got a great
23 combination. So if some of the questions have
24 been kind of tough, don't blame me it's Thomas
25 and Dottie they came up with it. But it's all

2 been in the best interest of trying to find
3 what we can do as a city to deal with our
4 problem of poverty.

5 Of course it's not a new problem.
6 There's always been -- because there always has
7 been doesn't mean it always has to be. But we
8 also know there is a bias in our society
9 against those who are poor. And finding ways
10 to deal with that, I guess, is very deep and
11 yet that is our charge. That is our
12 responsibility. And a government that does not
13 deal with how to deal with the poor, as far as
14 I'm concerned, is not a government that is not
15 representing a people. Poor people are people
16 too and they deserve hope and opportunity and a
17 pathway that can lead the out of poverty. And
18 if we do nothing put that -- if we do that,
19 that will be critical that we can see that
20 there's a way out. And I'm not sure that's
21 possible these days. But, again, with CEO and
22 CEO type activities, perhaps, you know, that
23 day will come and hopefully it'll come soon.

24 There being no other business before
25 us, thank you. Enjoy your holidays. And you

2 will not see me again in this capacity, but
3 maybe I'll see you on the streets of New York
4 City.

5 MS. KRISTEN MORSE: I look forward
6 to that. Thank you very much.

7 MR. MARK LAVATAN: Thank you very
8 much.

9 CHAIRMAN VANN: Oh, the bill
10 signing, yeah, I'll try and be there for that.
11 If not Brad Lander will represent. Thank you
12 very much. Enjoy your holidays. Adjourned.

13 [Gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



Date 12/27/2013