Testimony of Commissioner Lorelei Salas
New York City Department of Consumer Affairs

Before the
New York City Council Committee on Consumer Affairs and Business Licensing

Hearing on
Fiscal Year 2019 Preliminary Budget

March 9, 2018

Introduction

Good morning Chair Espinal and members of the Committee on Consumer Affairs and Business Licensing. My name is Lorelei Salas and I am the Commissioner of the Department of Consumer Affairs (DCA). I am joined today by several of my colleagues from DCA. I would like to take this opportunity to congratulate both the new and returning members of this important committee. Chair Espinal and Council Member Koslowitz, I look forward to continuing our successful partnership in the new session. Council Members Chin, Koo, and Lander, I look forward to working with all of you to protect consumers and workers and educate businesses in your districts and across New York City.

DCA's mission is to protect and enhance the daily economic lives of New Yorkers to create thriving communities. We do this by licensing more than 81,000 businesses across more than 50 industries and enforcing key consumer protection, licensing, and workplace laws that apply to countless more. Today, I will share with you some of DCA's major successes for New Yorkers over the past year and show you where the agency plans to go in 2018.

In last year's testimony, I shared the story of Rhoda Branche, a New Yorker who came to DCA for help when she was taken advantage of by a used car dealer. We were able to get Rhoda $4,800 in restitution, which helped her repair the car she needed to get to work and take care of her family. This year, I'd like to start with the story of thousands of small business owners across New York-striving to succeed in what they know is the greatest city on Earth in the face of high rents, high expenses, and what feels like lots of rules to follow. DCA enforces some of those rules, and we wanted to find a way to help small businesses understand and comply with the law, while preserving and enforcing all the protections it affords consumers and workers. Here's what we came up with.

Video will be shown at this point in the testimony.

Business Education

The Visiting Inspector Program (VIP) is an exciting new initiative to educate small businesses about City laws and rules through free, no-fine inspections. Under VIP, new brick-and-mortar licensees can schedule these inspections within three months of receiving their license. At a VIP inspection, a senior DCA inspector will educate the business about how to comply with the laws and rules DCA enforces and identify any potential violations for the business to fix before their first official inspection. VIP inspections are conducted in the business' language of choice. More than 3,500 businesses- from tobacco retail dealers to sidewalk cafes to retail laundries- receive a new license from DCA each year. VIP helps these small businesses understand the law and fix problems before they receive fines. This program is an important part of Mayor de Blasio's continuing commitment to reduce fines on small businesses and, as you just heard, the reviews are good so far.

In addition to VIP, DCA continues to improve and expand our efforts to educate businesses about their obligations through direct outreach and engagement. In 2017, DCA held open houses for cigarette retail dealer and laundry businesses affected by recent changes in the law. These events gave businesses the chance to talk directly to DCA staff about how new requirements would affect their business and submit questions for the agency to answer. More than 260 businesses attended these sessions, which were held across the five boroughs and included live interpretation into languages other than English.

Over the past year, DCA's outreach team conducted 21 Business Education Days, during which we visited almost 1,800 businesses. When DCA holds a Business Education Day, we invite the local Council Member, merchant associations or Business Improvement Districts, as well as representatives from the Departments of Small Business Services and Sanitation. These events educate businesses about DCA's laws and rules while strengthening the relationships between the agency and the neighborhood business communities that are crucial for promoting a culture of compliance.

Of course, DCA knows that education isn't a one-way street. People who live, work, shop, and own businesses in a community know best what challenges and opportunities exist there. That's why we've made it a priority to listen to business owners and create new venues for them to talk to DCA in a friendly, informal setting. Last fall, DCA held a Small Business Roundtable in Sunset Park with business owners, community leaders, and merchant associations as part of Mayor de Blasio's City Hall in Your Borough series in Brooklyn. The event was a unique opportunity for business owners to bring their challenges and suggestions directly to me. I deeply appreciated the attendees' thoughtful feedback on how the City could better support businesses like theirs and was impressed by the sense of responsibility they felt for the wellbeing of consumers and workers in their community. The event was such a success that we decided to expand the program to other neighborhoods and last month I held another roundtable for businesses in Southeast Queens in partnership with Council Member I. Daneek Miller. I look forward to holding more roundtables in other communities across the city.

Approach and Accomplishments

Over the past year, DCA has taken aggressive action to protect consumers and workers and hold businesses who wrong them accountable. When I testified before you last year, I identified predatory lending by used car dealers as a major problem for consumers like Rhoda Branche and a primary target for DCA. I am proud to say that DCA and the Council have worked together to notch several important accomplishments in this area. Thanks to our partnership, used car buyers in New York City now have important new protections that are among the strongest anywhere in the nation.

In October, Mayor de Blasio signed Local Laws 197 and 198. These laws, introduced by Chair Espinal and former Council Member Dan Garodnick, expand protections for consumers who buy used cars and combat predatory sales and financing practices in the used car industry. During the development of these bills, which started with a public hearing I co-led with Chair Espinal in 2016, DCA heard from many consumers that they were rushed into purchases and loans they later regretted using high-pressure sales tactics. Because of these laws, many consumers will, for the first time, be offered the option to review and think over a contract for a reasonable period of time before taking the car home. Common predatory practices, like price-packing contracts by slipping in expensive add-ons or accessories, are now prohibited. The passage of these laws is a major accomplishment for consumers and I commend the committee for its hard work and wise judgment in making that happen.

Public awareness is an important tool in DCA's efforts to protect consumers. Our multipronged approach to educating the public about predatory lending in the used car industry included a steady flow of press announcements about enforcement and legislative milestones and a campaign to arm current and prospective used car owners with the knowledge they need to avoid predatory practices. DCA's multilingual campaign ads ran on targeted bus shelters, telephone kiosks, and LinkNYC towers, as well as in community and ethnic newspapers, on radio, and online. DCA's robust public awareness efforts are proof of our commitment to educating consumers and workers across all media and in ways that are accessible to every community.

DCA's Office of the General Counsel also scored major victories for consumers in court and at the negotiating table. In March, we announced charges against the used car dealership Major World, a case that is still underway at the Office of Administrative Trials and Hearings. In November, we announced a settlement agreement with three financing companies that engaged in deceptive and unlawful trade practices in connection with subprime auto loans offered through used car dealerships. That settlement secured more than $300,000 for 50 consumers who were given high interest loans and opened the door for more consumers to come forward and claim restitution. When DCA learned that the group A New Beginning for Immigrant Rights and its President, Carlos Davila, were charging immigrant New Yorkers up to $200 for an identification card they falsely claimed would protect buyers from immigration enforcement agents, we took action. Our case against Mr. Davila and his group charges them with engaging in deceptive and illegal practices to profit from the fear and desperation of immigrant consumers. Cases like these send a strong message: businesses who scam, deceive, or steer consumers into predatory loans will be held to account.

DCA is also committed to educating consumers and working families about their rights, helpful resources available to them, and the steps they can take to protect themselves from harm. DCA regularly develops multilingual educational materials covering key issues and laws, and we actively pursue paid and earned media opportunities to educate New Yorkers about their rights as consumers and workers, the services DCA provides, and the best ways to protect themselves from predatory conduct. For example, last year DCA used funding provided by the Council to partner with the Department of Housing Preservation and Development to provide financial counseling for New Yorkers seeking to apply for affordable housing. When the Equifax data breach was revealed, we alerted consumers to steps they could take to protect their identities. We warned immigrant New Yorkers about predatory providers that lure people in with false promises of an easy "ten year visa," without disclosing that applicants must satisfy several strict conditions and place themselves in deportation proceedings to qualify for the benefit.

Our focus on predatory lending and protecting the most vulnerable New Yorkers helped us to learn more about the challenges confronting consumers and workers. One of our major initiatives was a series of presentations to educate the public about predatory lending and provide strategies for identifying and avoiding it. DCA reached almost 4,000 New Yorkers through 95 community-centered presentations across the city. At these events, which took place at neighborhood gatherings, places of worship, and community board meetings, we had the opportunity to hear directly from consumers and workers about what was affecting them, their friends, their families, and their communities.

Through these events and others, we've heard a lot from consumers and workers. Fast food and retail workers told us how unpredictable schedules make it hard to save and plan for the future. Clients at our Financial Empowerment Centers told us how unstable costs and income make it hard to get a handle on household finances and drive families to turn to costly alternative financial services to make ends meet. We started thinking about what we heard and how we could tie the stories people told us about the challenges they face into broader issues and economic forces. After a while, we began to notice a theme that resonated in both the personal stories of New Yorkers and emerging economic research: income volatility.

Income Volatility

DCA hopes to be able to use the tools at our disposal to help New Yorkers cope with, and overcome, income volatility. Your income is volatile if the amount you take home increases or decreases by 25 percent or more from one month to the next. A volatile income can make it hard for families to plan and save for the future and presents a host of other challenges. Families with volatile incomes are more likely to experience food insecurity, delay important spending like bill payments, and use alternative financial services. The hardship and unpredictability that come with a constantly shifting income can make it impossible for a family to feel safe, stable, and secure. Without a sense of how much money is coming in each month, families can't budget or plan for their futures. Income volatility is a big problem with many causes and many potential solutions. In order to address it, DCA will need the assistance of partners, experts, stakeholders, and New Yorkers themselves.

In the year ahead, helping New Yorkers experiencing income volatility will be a critical element of DCA's decision making process. We want to ask ourselves whether, and how, we can integrate methods for reducing income volatility into all parts of DCA's existing work and develop new programs and initiatives helpful to New Yorkers experiencing income volatility. In some cases, we've found that executing and expanding on what we already do is the best way to combat income volatility. That is certainly the case with DCA's popular NYC Free Tax Prep program. I will let some of the New Yorkers who are using the program this year tell you about their experiences.

Video will be shown at this point in the testimony.

Office of Financial Empowerment

Since 2015, when the de Blasio administration made its first investment in the program, more than 425,000 returns have been filed quickly, safely, and without charge using NYC Free Tax Prep services. These services have brought more than $500 million in refunds and tax preparer fee savings to hard working New Yorkers. This important program is just one piece of DCA's Office of Financial Empowerment (OFE)'s approach to helping New Yorkers with low or volatile incomes. OFE also develops and offers innovative programs and services to increase access to high-quality, low-cost financial education and counseling, and safe and affordable mainstream banking. With the help of our community partners, OFE maintains more than 20 Financial Empowerment Centers across the five boroughs. OFE's Financial Empowerment Centers help New Yorkers tackle debt, save for the future, open a bank account, improve credit, and take charge of their financial futures. In 2017, OFE's financial counseling programs provided almost 15,500 free, one-on-one financial counseling sessions to almost 9,300 New Yorkers. Earlier this year, Mayor de Blasio announced the launch of EmpoweredNYC, a new initiative to strengthen the health of New Yorkers with disabilities by testing, adopting, and promoting new financial empowerment strategies focused on the specific needs of individuals with disabilities living across the five boroughs.

OFE also leverages its in-house expertise and partnerships with outside experts and advocates to produce research and analysis on the issues that matter most to the financial health of new Yorkers. In December, DCA released *Student Loan Borrowing Across NYC Neighborhoods*, the first neighborhood-level examination of student loan outcomes in New York City. The report found that although New Yorkers, on average, have student loan delinquency and default rates that are slightly lower than the national average, certain neighborhoods experience significantly higher rates despite low overall loan balances. OFE launched targeted student loan clinics in these neighborhoods in January, a key illustration of how OFE's research and analysis can drive issue conversations forward and spur the development of creative initiatives to help New Yorkers in the ways they need most. Also in December, we released *How Neighborhoods Help New Yorkers Get Ahead*, a report of findings from the Collaborative for Neighborhood Financial Health, a partnership between OFE, the New Economy Project, and the Bedford-Stuyvesant Restoration Corporation aimed at understanding how neighborhoods impact residents' financial health and stability. The report made key findings about how the resources, services, and opportunities a neighborhood provides can shape the financial futures of its residents. We look forward to using these data to inform further research and targeted initiatives to pioneer new approaches for helping residents and neighborhoods thrive financially. This thoughtful, strategic approach also guides the work of DCA's other divisions, including the Office of Labor Policy and Standards.

Office of Labor Policy and Standards

Over the past year, DCA's Office of Labor Policy and Standards (OLPS) has overseen the implementation of groundbreaking new policies and continued to enforce the key municipal labor laws New Yorkers depend on. In October, months of ground laying work by OLPS, which included conducting outreach to over 1,000 fast food and retail businesses and providing training to about 150 fast food franchise owners to help them prepare for implementation, culminated in Mayor de Blasio's Fair Workweek package of laws going into effect. Because of these laws, and the outreach, education, and enforcement work done by OLPS, thousands of fast food and retail workers across New York City will benefit from more stable schedules that allow them to save, plan for their futures, and spend more time with their families. This stability will, in turn, help to smooth income volatility and the problems it causes for these workers. By successfully implementing progressive solutions like the Fair Workweek laws in one of the biggest and busiest cities on earth, DCA's Office of Labor Policy and Standards continues to build on New York's historic role as a laboratory for innovative policies. OLPS' work implementing and enforcing these laws furthers its mission to spur the creation of a new generation of minimum labor standards that will focus on protecting vulnerable workers.

When OLPS was created, workers in New York City gained, for the first time, a dedicated voice in their City government. DCA takes its commitment to serve as a central resource for working New Yorkers to assert their rights under the law seriously. To deliver on that commitment, we needed to hear directly from New Yorkers about what issues were most pressing in their lives. In March 2017, OLPS brought together more than 100 home care workers, nannies, caregivers, and housecleaners for the first of several convenings to hear their stories and inform the work of the Paid Care Division. The next month, we convened a public hearing on the state of workers' rights in New York City. Through these forums, we heard from over 200 workers and organizations reflecting the rich diversity that makes our city such a unique and vibrant place. These stories documented some of the extraordinary challenges New Yorkers face just trying to make ends meet. These challenges included wage theft, hazardous conditions, abusive treatment by employers, and, of course, volatile wages and compensation. I am so appreciative of, and inspired by, all the people who bravely shared their stories with us at these events.

Thanks to the leadership of the City Council, and particularly those on this committee, the City's protections now extend beyond those workers who are in traditional employment situations. Freelancers- among them the writers, editors, artists, photographers, and other workers who make New York City a global capital of arts, entertainment, fashion and media- all too often face difficulty securing timely and complete payment of the money they've earned. Under the Freelance Isn't Free Act, freelancers in New York City now enjoy first of their kind protections that are not available anywhere else in the nation. Since the law went into effect in May of last year, OLPS has been hard at work educating freelancers about their rights, guiding them through the complaint process, and providing important information about how to pursue claims in court. To date, OLPS has assisted nearly 500 freelancers, 86 of whom have reported payment of a total of over $180,000 in compensation after contacting DCA. We look forward to providing the Council with a complete picture of the Freelance Isn't Free Act's first year in the report we will submit later this spring.

Importantly, in addition to implementing new laws, educating employers, and expanding its advocacy on behalf of workers, OLPS continues to actively enforce key labor laws like paid sick leave and commuter benefits. To date, OLPS has obtained over $7 million in restitution and penalties for almost 23,000 workers whose rights under the paid sick leave law were violated.

Protecting and Enhancing

Fulfilling our mission means protecting and enhancing the daily economic lives of all types of New Yorkers. Consumers, workers, and business are all key parts of the thriving neighborhoods and communities we aim to support. I've already described DCA's extensive outreach and education efforts, but that is only part of the story of the work we do to help consumers and businesses. DCA is constantly working to streamline the licensing process for businesses and improve the experience of interacting with the agency, both at the licensing window and in the field during an inspection. We are also always looking for ways to refine our consumer mediation process to help consumers and businesses resolve their disputes to mutual benefit.

I'm proud to report that DCA continues to meet or exceed our targets for customer service and mediation. Response times for consumer complaints and licensing requests are prompt- New Yorkers waited less than ten minutes for service at our licensing center last year, on average, while the agency processed almost 50,000 license or renewal applications. We are also in the process of reviewing our existing license applications and identifying places where we can simplify or eliminate paperwork. In fact, we've already reviewed and streamlined application or renewal packages for 43 of our license categories. DCA's Consumer Services division, which assists consumers by helping them work out disputes with businesses, resolved almost 1,500 complaints to the satisfaction of both consumers and businesses last year.

DCA is committed to deploying all the tools at our disposal to protect and enhance the daily economic lives of New Yorkers. Some of those tools have not been updated since they were created decades ago. In this day and age, technology and economic behavior change rapidly and government must work diligently to keep pace. The threats to consumers and workers have evolved, and DCA's tools should evolve to meet them. In this new session of the Council, I look forward to working with this committee to ensure that DCA has the tools we need to protect consumers and workers, hold predatory actors accountable, and promote a culture of compliance among New York City businesses.

Conclusion

Thank you for the opportunity to share some of DCA's successes and tell you about our path toward addressing income volatility and other issues affecting consumers and workers. As always, we look to the City Council as a close partner in these efforts. At DCA, we know that the metrics, indicators, and dollar figures we bring to the City Council are important, but that's not how we ultimately measure our success. Instead, we find our success in the stories of the New Yorkers we're able to help. The fast food worker who can start planning to finish her degree at night because her schedule is more stable. The struggling young person who learns how to manage his student loans, get his taxes in order, and finally begins to see a path toward taking charge of his financial future. The bodega owner who needs help understanding the law, not a violation for failing to grasp it. To us, these stories are the measures of success. Thank you. I will be happy to answer any questions.

Consumer Affairs

Preliminary Budget Hearing

March 9, 2018
Lorelei Salas, Commissioner

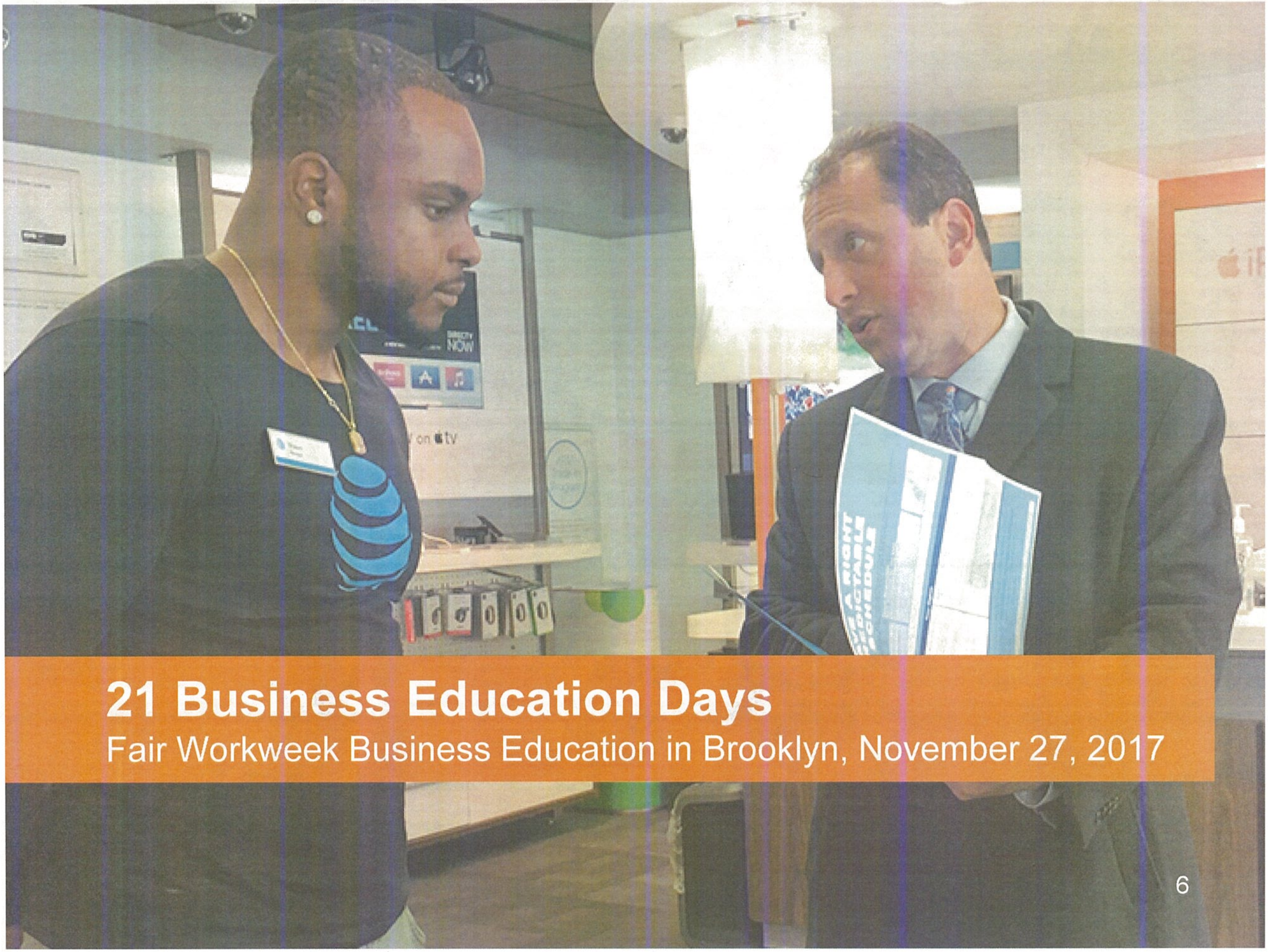
DCA Mission Statement

To protect and enhance the daily economic lives of New Yorkers to create thriving communities.


NYC Consumer Affairs
Last year, we met Rhoda.
3

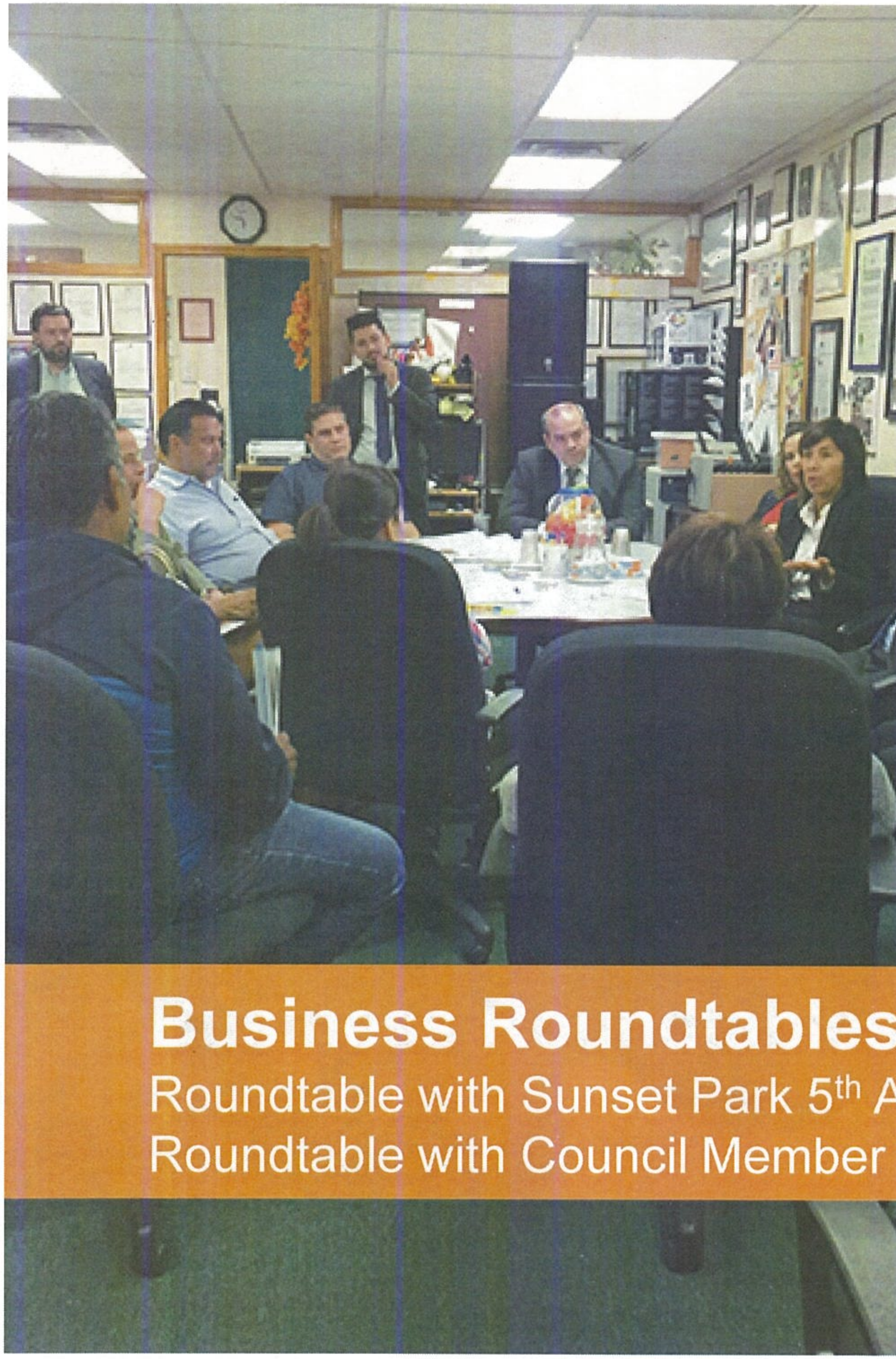
NYC Consumer Affairs

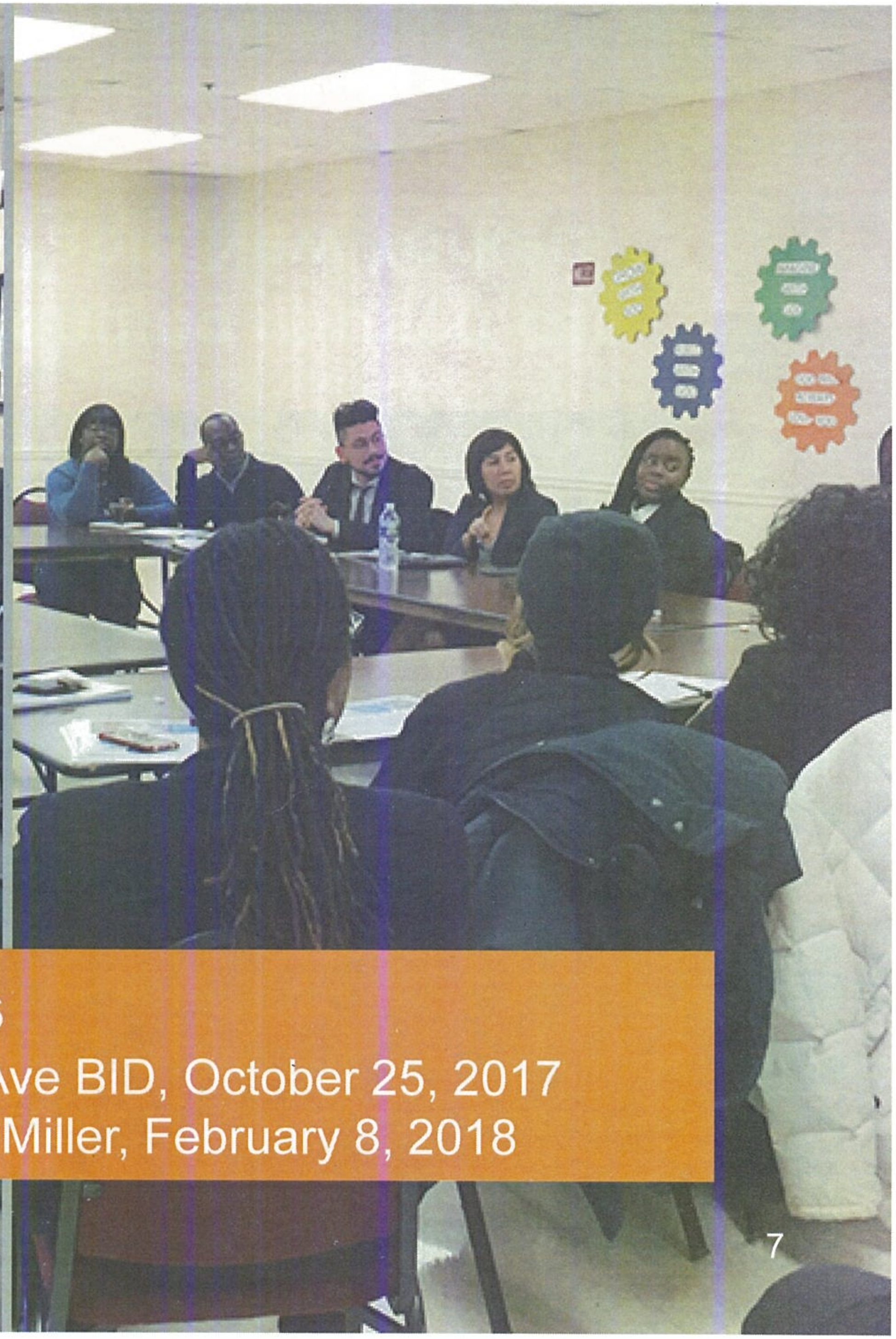
Open Houses for New Licensing Laws



21 Business Education Days

Fair Workweek Business Education in Brooklyn, November 27, 2017

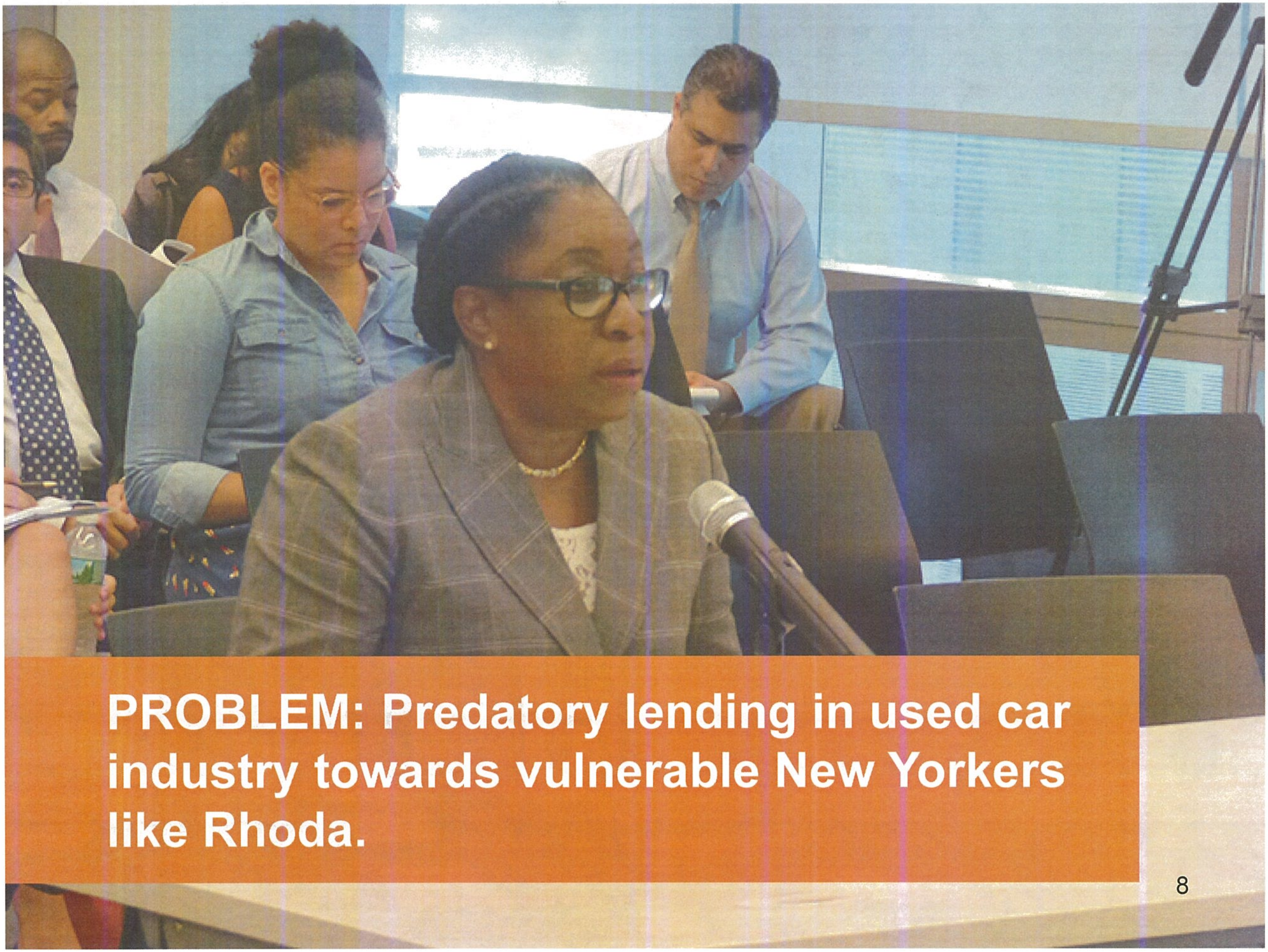


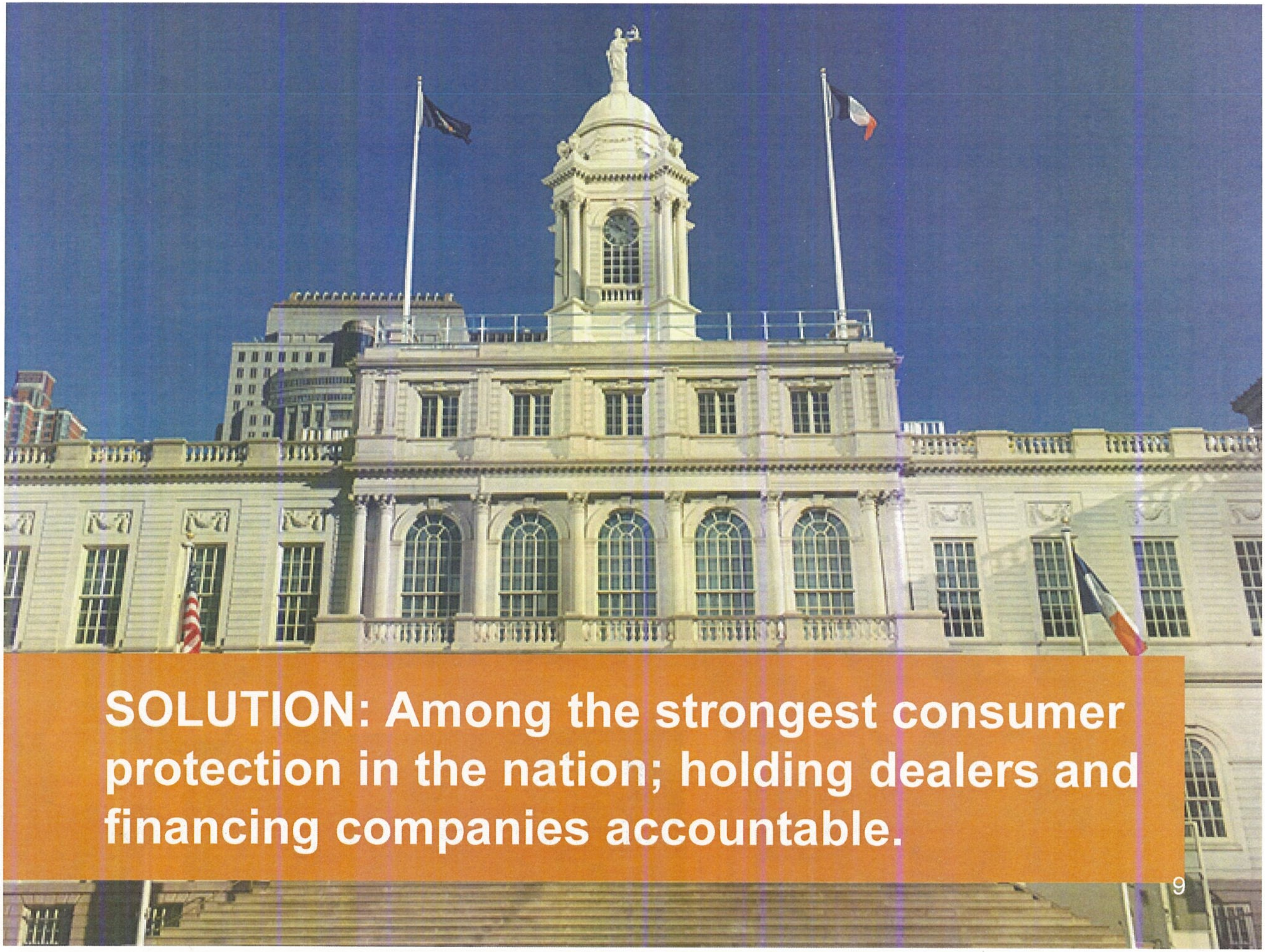


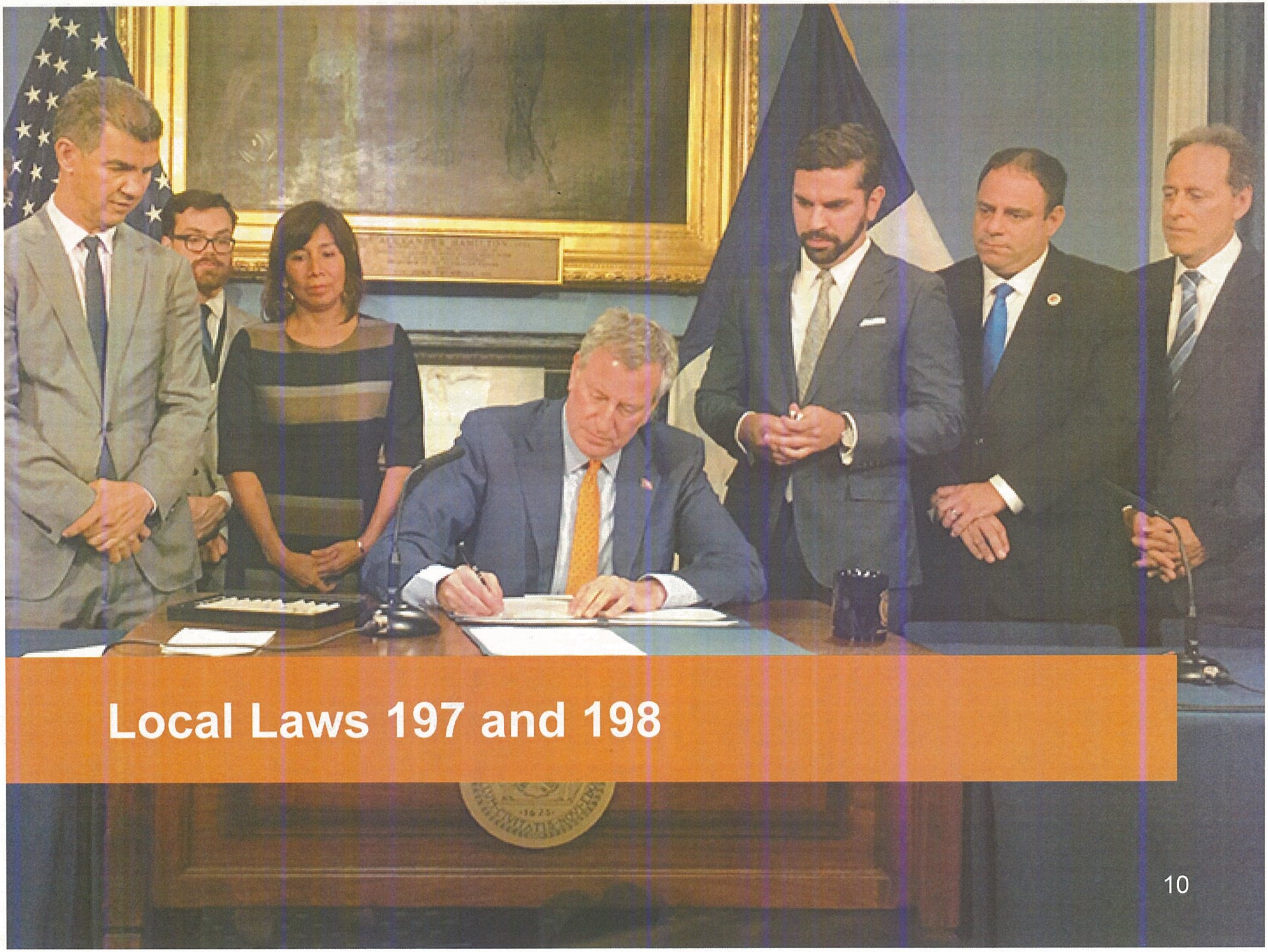
Business Roundtables

Roundtable with Sunset Park 5th Ave BID, October 25, 2017

Roundtable with Council Member Miller, February 8, 2018


PROBLEM: Predatory lending in used car industry towards vulnerable New Yorkers like Rhoda.


SOLUTION: Among the strongest consumer protection in the nation; holding dealers and financing companies accountable.


Local Laws 197 and 198

- **Public awareness campaign** to warn used car buyers about predatory lending practices.
- **Legal action** to hold dealers and financing companies accountable.


DCA Secures Almost
$400,000 for 50 Victims

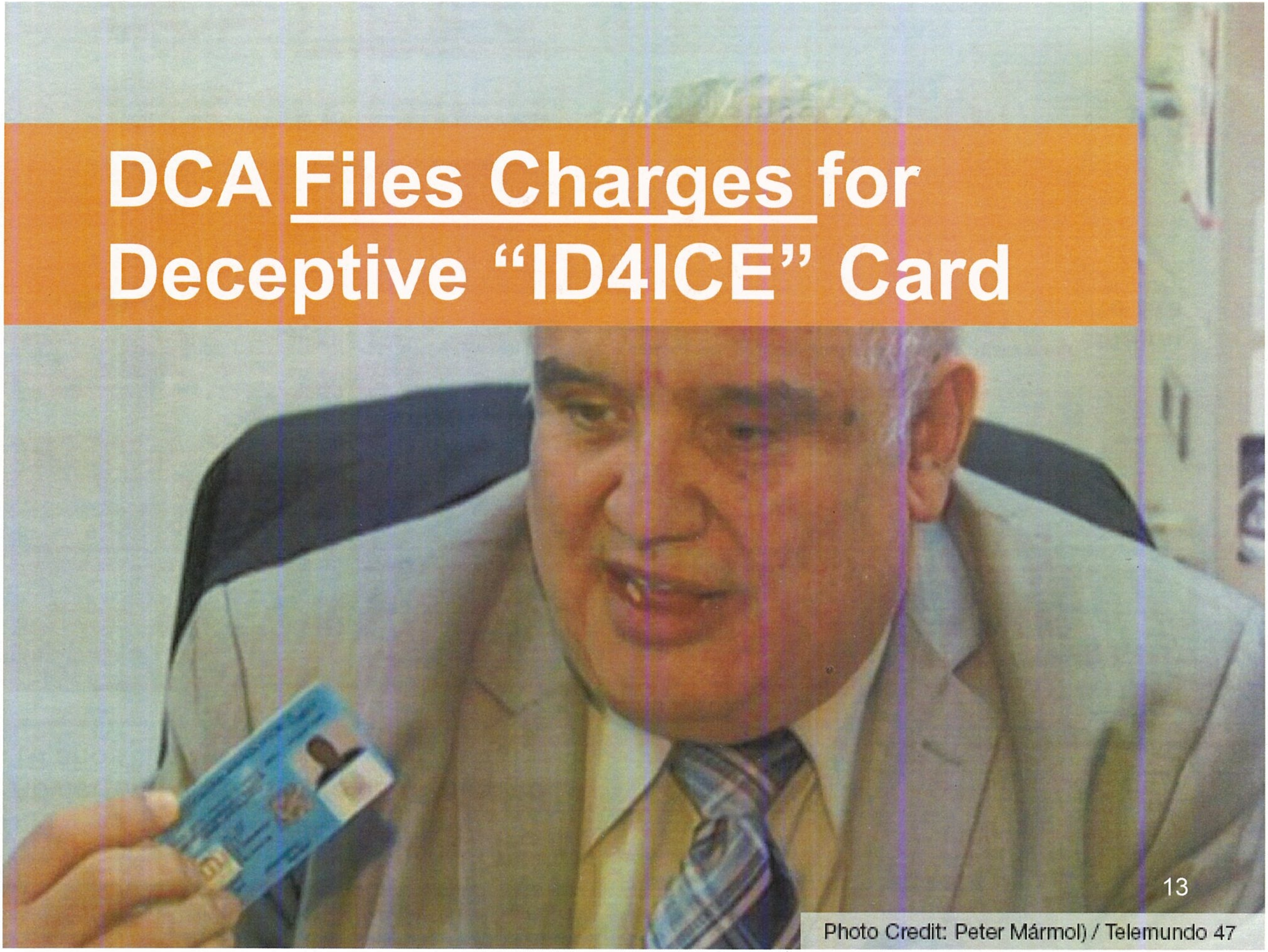


Photo Credit: Peter Mármol) / Telemundo 47

EL DIARIO

Tiroteo en Florida | Epidemia flu | Nueva York | Inmigración | Donald Trump | Rusia 2018

Advierten sobre "estafa de la visa de 10 años"

El Departamento de Asuntos del Consumidor reveló que desaprensivos tramitadores se están aprovechando del clima antiinmigrante

Los indocumentados que han víctimas de la estafa terminan acelerando su proceso de deportación.

Compartir

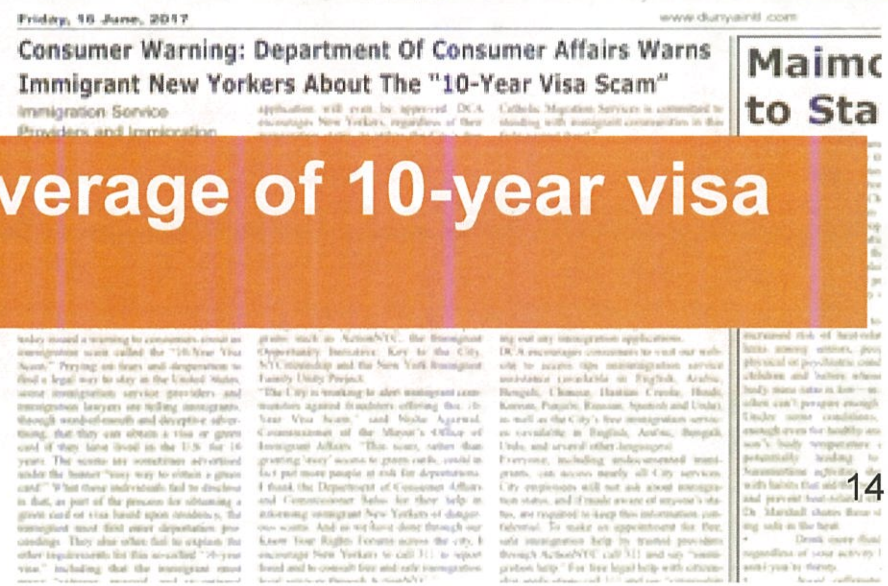
07 JUNIO 2017

publicidad engañosa, en el sentido de que pueden obtener esa visa o el estatus de residente si lleva residiendo en EEUU 10 años.

La comisionada del **Departamento de Asuntos del Consumidor (DCA**, por sus siglas en inglés), **Lorelei Salas**, emitió este miércoles una advertencia a los neoyorquinos indocumentados sobre esta estafa de inmigración.

"Algunos proveedores de servicios de inmigración y abogados se aprovechan de que los inmigrantes son presa de la desesperación y el miedo por buscar una vía legal para poder estar legalmente en el país", dijo Salas.

10年旅遊簽可在美拿綠卡？美政府提醒民眾勿上當



Friday, 16 June, 2017

www.dunyaintl.com

Consumer Warning: Department Of Consumer Affairs Warns Immigrant New Yorkers About The "10-Year Visa Scam"

Immigration Service Providers and Immigration

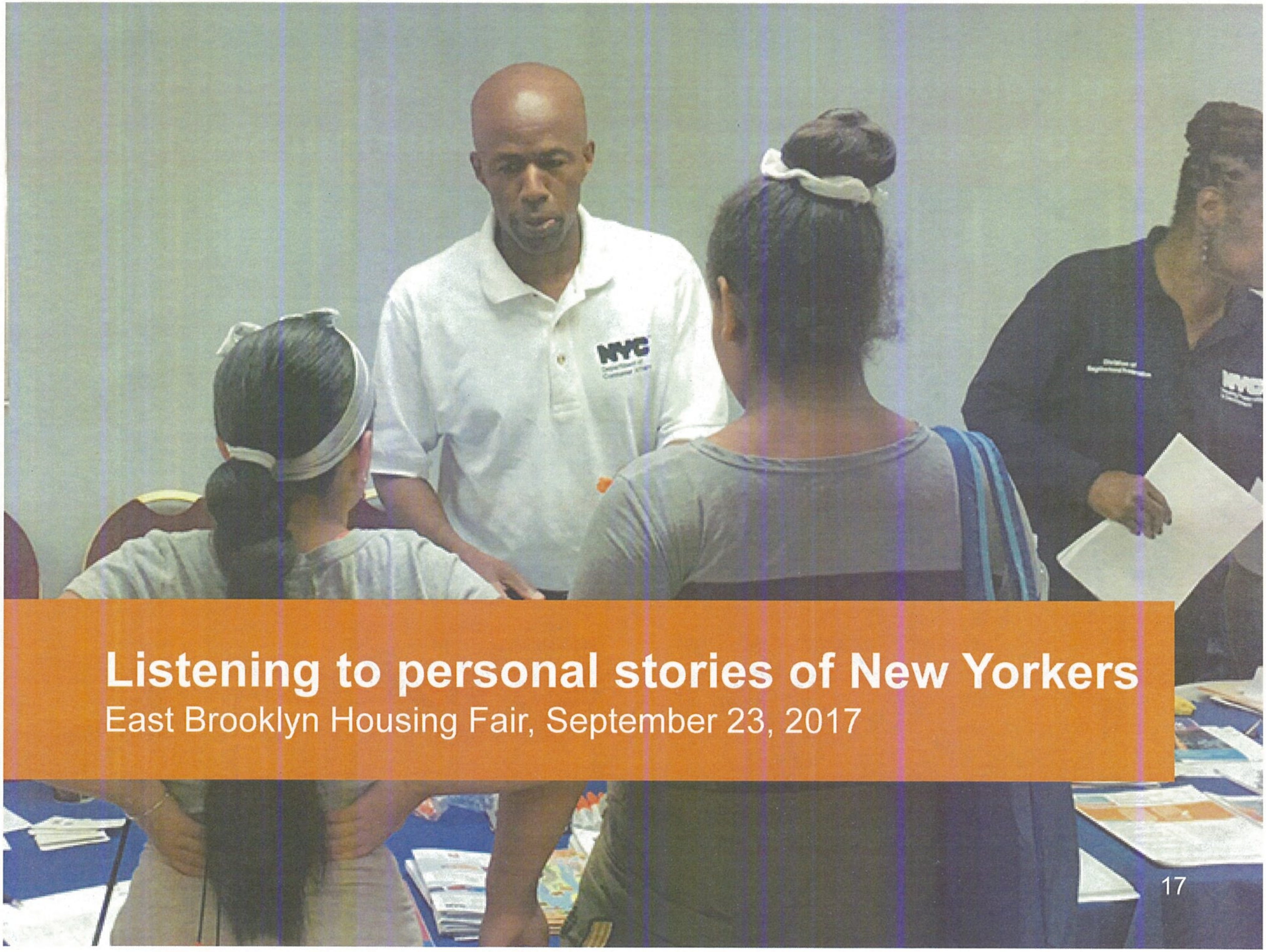
Maimo to Sta

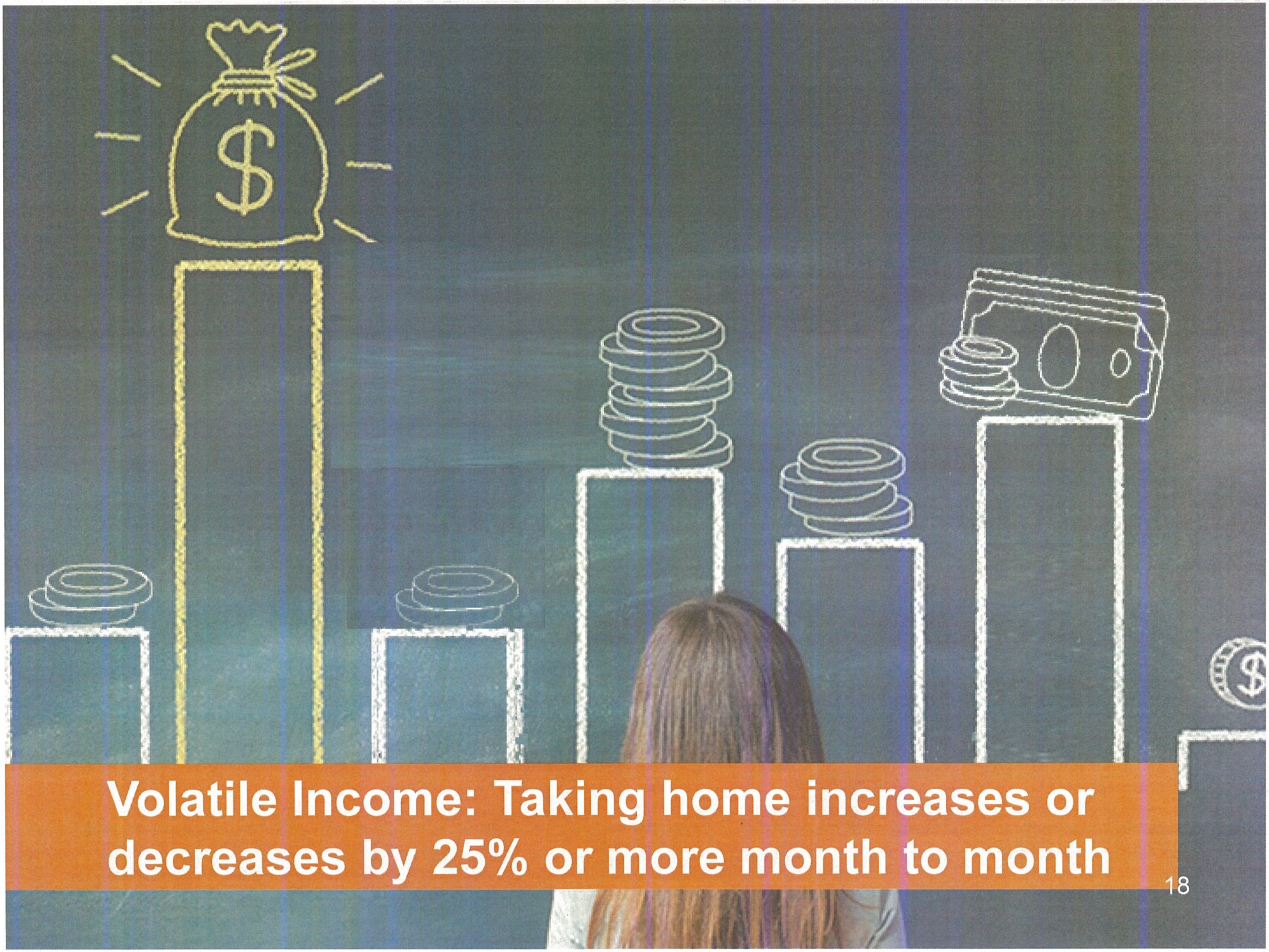
Community media coverage of 10-year visa scam, June 2017

Town Hall for Immigrant Small Businesses

July 18, 2017

95 predatory lending presentations and counting

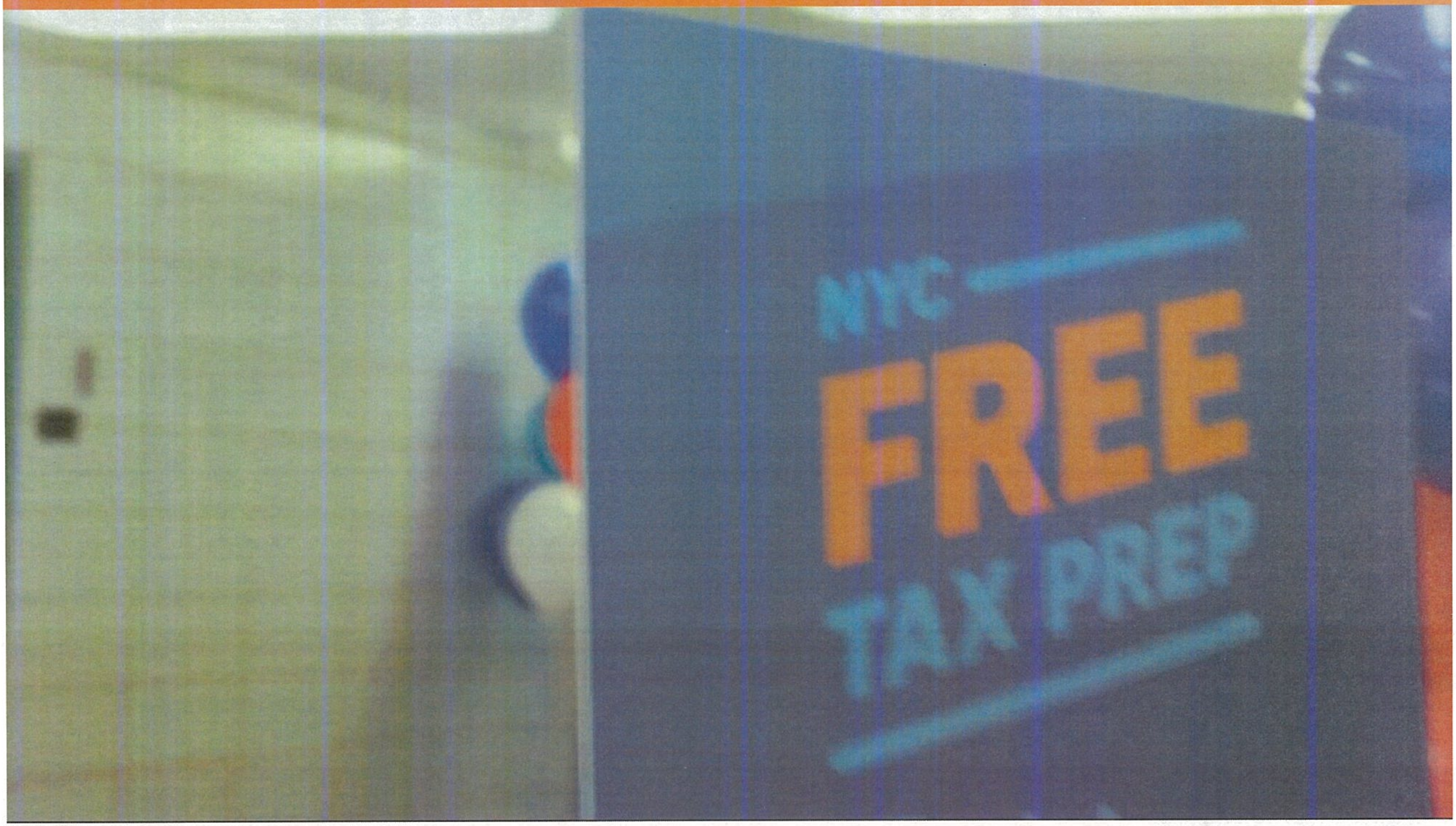

Listening to personal stories of New Yorkers
East Brooklyn Housing Fair, September 23, 2017


Volatile Income: Taking home increases or decreases by 25% or more month to month

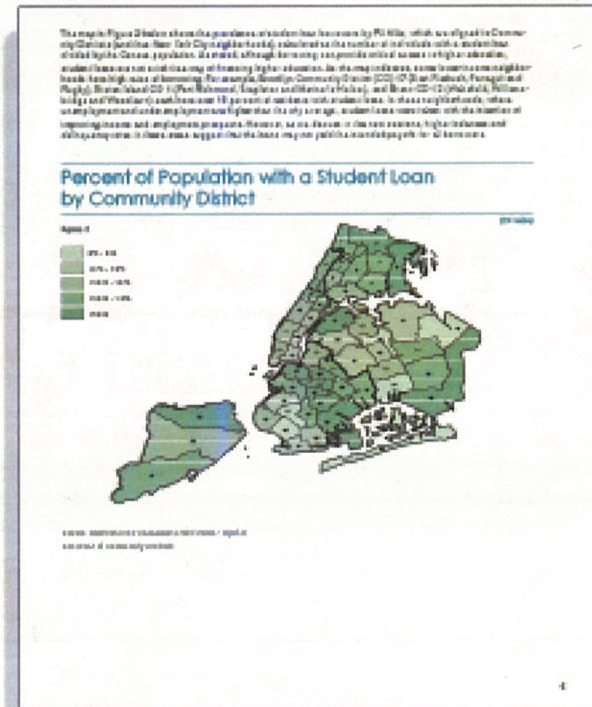
Families with volatile incomes are more likely to:

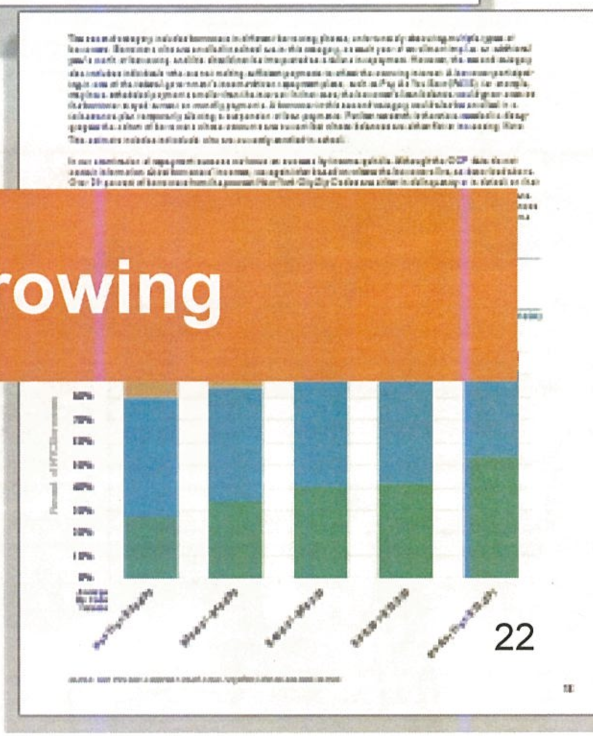
- Experience food insecurity
- Delay important spending
- Use costly alternative financial services

Consumer Affairs

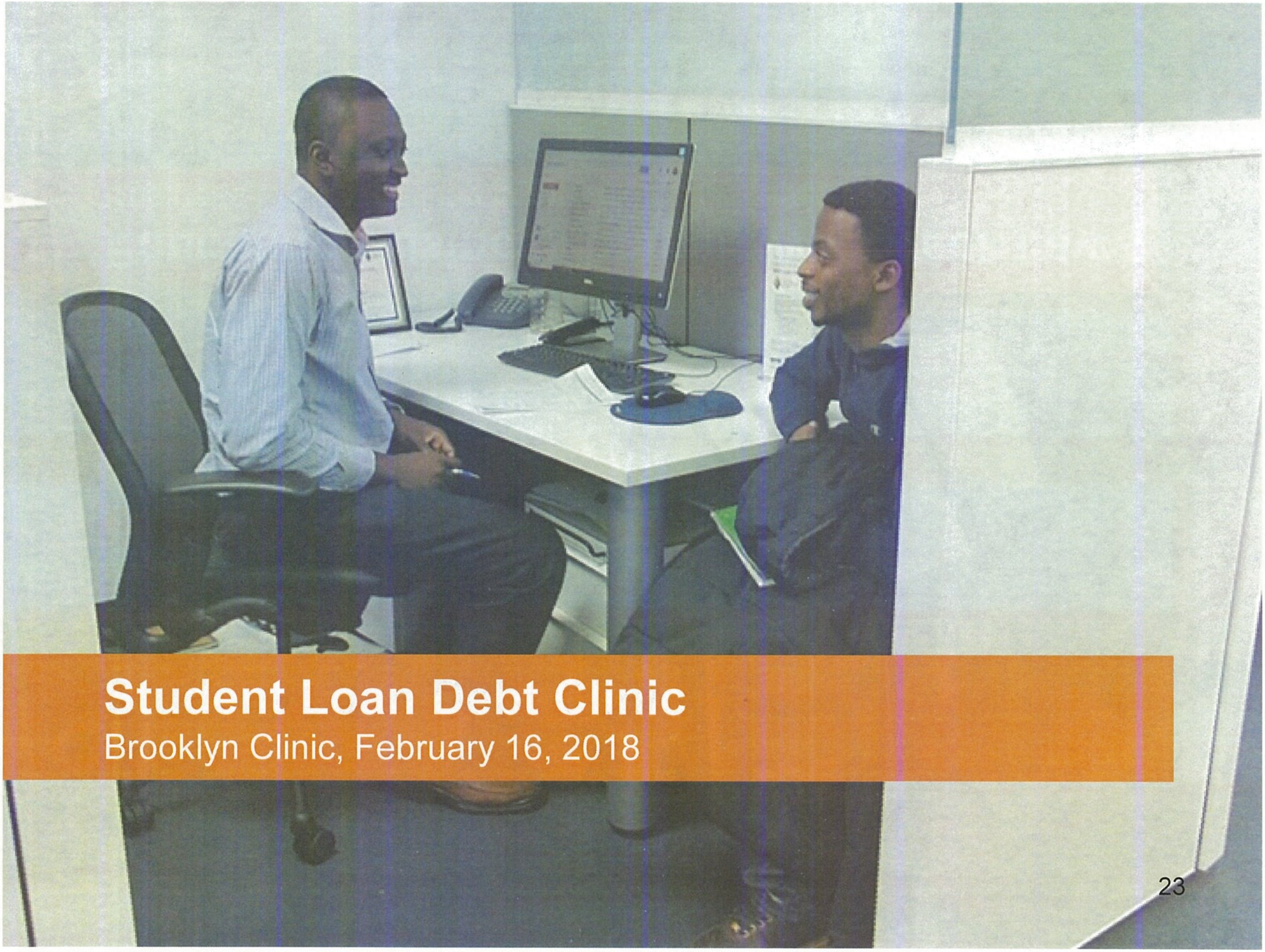


NYC Financial Empowerment Centers



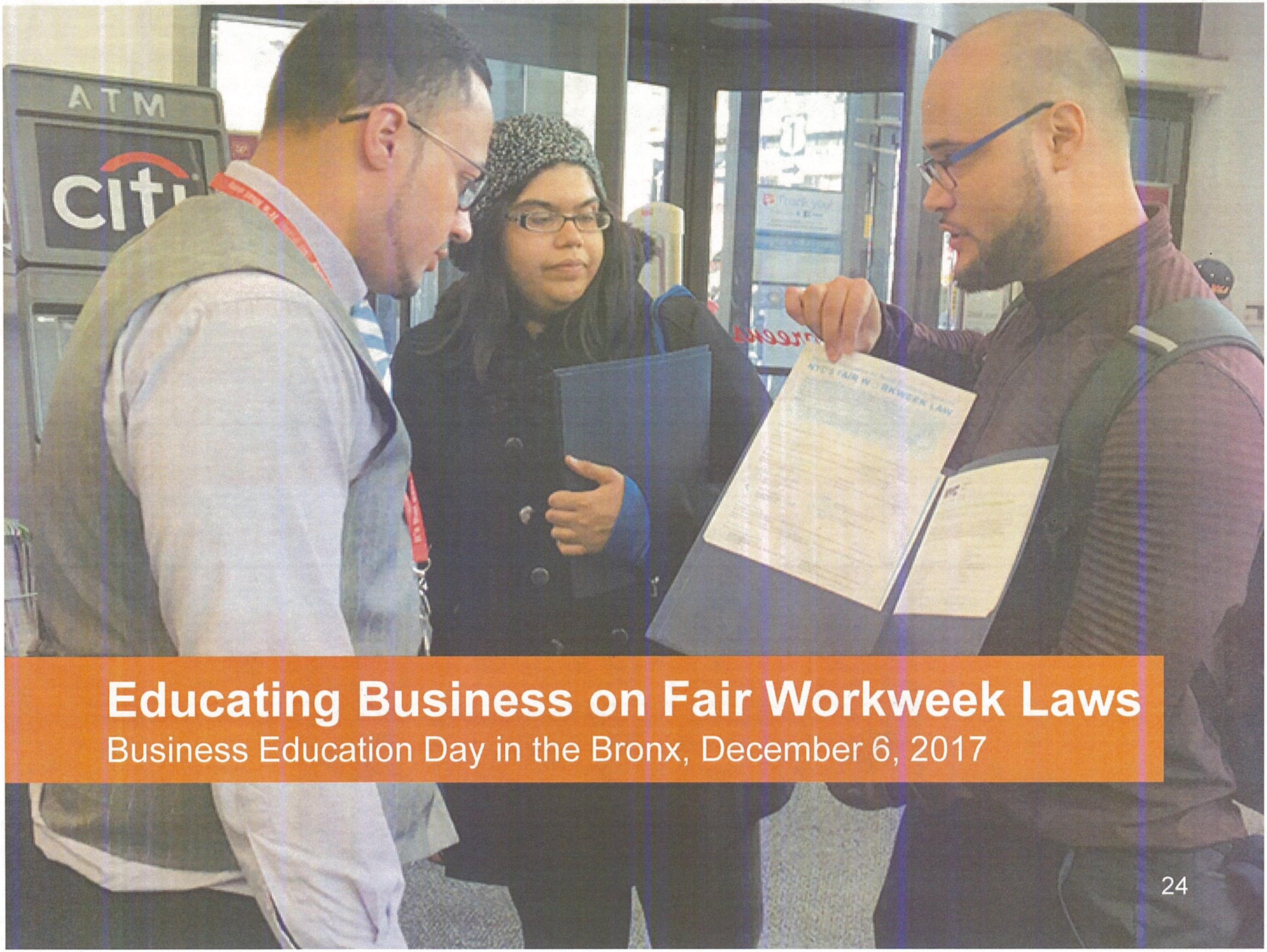


Research on Student Loan Borrowing



Student Loan Debt Clinic

Brooklyn Clinic, February 16, 2018



Educating Business on Fair Workweek Laws

Business Education Day in the Bronx, December 6, 2017

Yesenia Galindo Barrios/NDWA

Being a Dedicated Voice for Workers

NY and NJ Domestic Worker Convention, November 4, 2017

Rise Up NY! For Immigrant and Workers' Rights, May 1, 2017

Edwin J. Torres/Mayoral Photo Office

Protecting Freelance Workers

Day of Action on Freelance Isn't Free Act, May 15, 2017

If you **shop** at a business, **own** a business, or **work** at a business, DCA touches your life nearly every day.

PAID SICK LEAVE: WHAT EMPLOYERS NEED TO KNOW

Certain employers must comply with New York City's Earned Sick Time Act (Paid Sick Leave Law) starting April 1, 2014. Under the law, covered employees have the right to use sick leave for the care and treatment of themselves or a family member.

The Department of Consumer Affairs (DCA) prepared this sheet to provide guidance to employers about their responsibilities under the law. DCA will update this sheet as appropriate. Please note the date at the bottom of the sheet. To read the law and Frequently Asked Questions about the law, go to **nyc.gov/PaidSickLeave**.

EMPLOYERS WHO MUST PROVIDE SICK LEAVE

Number of Employees	Amount of Sick Leave per Calendar Year	Paid or Unpaid Sick Leave	Rate of Pay
5 or more *Must work 80+ hours a calendar year**	Up to 40 hours	Paid	Regular hourly rate but no less than the minimum wage
1-4 *Must work 80+ hours a calendar year*	Up to 40 hours	Unpaid	Not Applicable
1 or more domestic workers *Must work 80+ hours per calendar year and have been employed by the same employer at least 1 year*	2 days	Paid	Regular hourly rate but no less than the minimum wage

*Note: "Calendar Year" means any regular and consecutive 12-month period of time determined by an employer.

Note: If you have an existing policy allowing employees to use sick leave, your policy must meet or exceed the requirements of the law.

EMPLOYERS WHOSE EMPLOYEES ARE NOT COVERED BY THE LAW

The law does not cover employees who work 80 hours or less a calendar year; students in federal work study programs; employees whose work is compensated by qualified scholarship programs; employees of government agencies; physical therapists, occupational therapists, speech language pathologists, audiologists who are licensed by the New York State Department of Education if they call in for work assignments at will, determine their own work schedule, have the ability to reject or accept any assignment referred to them, and are paid an average hourly wage, which is at least four times the federal minimum wage; independent contractors who do not meet the definition of an employee under New York State Labor Law; participants in Work Experience Programs; certain employees subject to a collective bargaining agreement. In the case of collective bargaining agreements, employees are not covered by the law if the agreement expressly waives the law's provisions and provides comparable benefits. However, for employees in the construction or grocery industry covered by a collective bargaining agreement, the law does not apply if the agreement expressly waives the law's provisions. For guidance on collective bargaining agreements, read Frequently Asked Questions at **nyc.gov/PaidSickLeave**.

NOTICE OF EMPLOYEE RIGHTS

Employee	Date Written Notice Due to Employee
New *First employed on or after April 1, 2014*	First day of employment
Existing *Already working for employer before April 1, 2014*	May 1, 2014

You must provide each employee with written notice of the employee's right to sick leave, including accrual and use of sick leave, the right to file a complaint, and the right to be free from retaliation. The notice must state your calendar year, including Start Date and End Date. Employees have a right to the notice in English and, if available on the DCA website, their primary language. The notice is available at nyc.gov/PaidSickLeave.

SICK LEAVE ACCRUAL AND USE – IMPORTANT DATES

	Rate of Accrual	Date Accrual Begins	Date Sick Leave Available for Use
Employee	1 hour for every 30 hours worked	**April 1, 2014** *(Existing employee)*	**July 30, 2014** *(Existing employee)*
		First day of employment *(New employee)*	**120 days after first day of employment** *(New employee)*
Domestic Worker	2 days after 1 year on the job	DCA will provide guidance at nyc.gov/PaidSickLeave	DCA will provide guidance at nyc.gov/PaidSickLeave

Exception: If an employee is covered by a collective bargaining agreement that is in effect on April 1, 2014, the employee begins to accrue sick leave under City law beginning on the date that the agreement ends.

RECORD KEEPING

You must keep and maintain records documenting compliance with the law for at least three years. You must keep any health related information confidential unless the employee permits you to disclose it or disclosure is required by law. You must make the records available to DCA upon notice at an agreed upon time of day.

ADVANCE NOTICE

If the need is foreseeable, you can require up to seven days advance notice of an employee's intention to use sick leave. If the need is unforeseeable, you may require an employee to give notice as soon as practicable (reasonable).

DOCUMENTATION

You can require documentation from a licensed health care provider if an employee uses more than three consecutive workdays as sick leave. The Paid Sick Leave Law prohibits you from requiring the health care provider to specify the medical reason for sick leave. Disclosure may be required by other laws. You may require an employee to provide written verification that the employee used sick leave for sick leave purposes.

UNUSED SICK LEAVE

An employee can carry over up to 40 hours of unused sick leave to the next calendar year. However, you are only required to let an employee use up to 40 hours of sick leave per calendar year. You can choose—but are not required—to pay an employee for unused sick leave at the end of the calendar year. Employees cannot carry over sick leave if you pay them for the unused sick leave AND you provide the employee with an amount of paid sick leave that meets or exceeds the requirements of the law for the new calendar year on the first day of the new calendar year.

RETALIATION

You cannot retaliate against employees for requesting or using sick leave. Retaliation includes any threat, discipline, discharge, demotion, suspension, or reduction in an employee's hours, or any other adverse employment action against an employee who exercises or attempts to exercise any right guaranteed under the law.

COMPLAINTS

If an employee files a complaint with DCA, DCA will contact you by mail for written response. You must respond to DCA within 30 days.

NOTICE OF VIOLATION

If you receive a notice of violation, you will have the opportunity to settle the violation without a hearing or you can appear before an impartial judge at a City Tribunal.

Questions? Want to attend a training to understand the law?

Contact DCA in the following ways:

- Online Live Chat, available at nyc.gov/BusinessToolbox
- Email PaidSickLeave@dca.nyc.gov
- Call 311 (212-NEW-YORK outside NYC) and ask for information about Paid Sick Leave

Working in NYC

Results from the 2017 Empire State Poll

NYC Office of the Mayor | Consumer Affairs Lorelei Salas Commissioner | Cornell University ILR School | THE WORKER INSTITUTE ADVANCING WORKER RIGHTS AND COLLECTIVE REPRESENTATION

Working in NYC: Results from the 2017 Empire State Poll

Bill de Blasio
Mayor

Lorelei Salas
Commissioner

Acknowledgments

The Department of Consumer Affairs (DCA) acknowledges the authors of this research brief: Sarah Leberstein and Sam Krinsky from DCA's Office of Labor Policy & Standards and Sanjay Pinto from The Worker Institute at Cornell.

We also recognize the following DCA and Cornell staff who contributed to this brief: Hsiu Mei Cheung, Debra Halpin, Steven Kelly, Abigail Lootens, and Liz Vladeck from DCA and Prerna Sampat and Lara Skinner from the ILR School at Cornell University.

Background

Under the leadership of Mayor Bill de Blasio, in 2016, New York City established the Office of Labor Policy & Standards (OLPS), the largest municipal labor standards enforcement office in the country. Housed within the Department of Consumer Affairs, OLPS enforces the City's labor standards laws and seeks to improve conditions for low-wage and vulnerable workers, regardless of immigration status. As part of its founding mission, OLPS is charged with conducting research on labor market conditions and the challenges facing working New Yorkers. OLPS uses research to inform the public about the state of workers' rights and guide the Office in developing enforcement strategies and innovative policy reforms. OLPS has a particular interest in understanding how enforcement gaps, contingent work arrangements, and economic inequality may frustrate workers' attempts to get ahead.

About the Survey

In early 2017, OLPS and the Worker Institute at Cornell partnered to add a series of questions to the Empire State Poll, a representative phone survey of 800 New York State residents conducted annually by the Cornell Survey Research Institute.

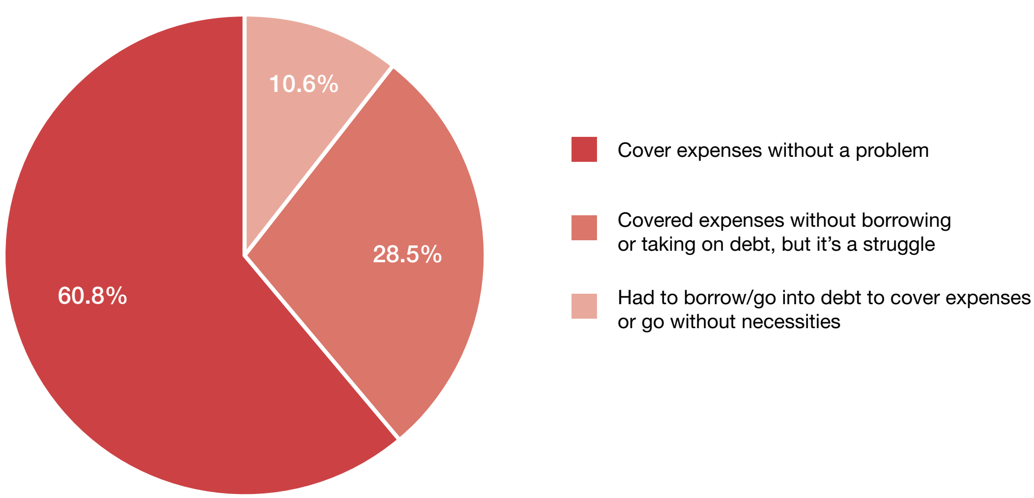
The survey questions developed by OLPS and the Worker Institute addressed a range of issues related to inequality, working conditions, and the role of city and local government in protecting immigrants and defending worker rights.

Interviews for this year's Empire State Poll were conducted between February and April 2017. Key Findings are based on interviews with 277 New York City residents, including 174 who were employed at the time of the survey. See the Appendix for more information.

Key Findings

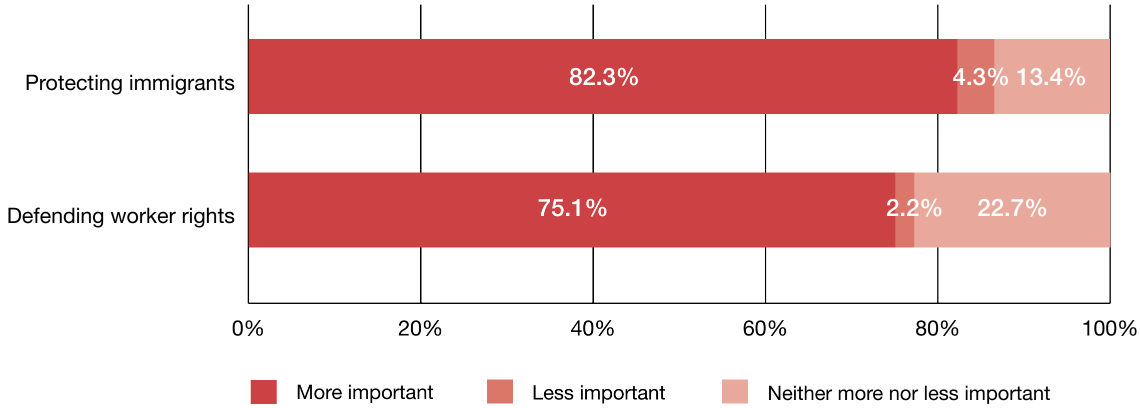
The survey results paint a vivid portrait of the challenges that many working New York City residents face, including reported violations of wage and hour law and difficulties around work schedules. The results also show that around 2 in 5 New Yorkers struggle to cover basic household expenses (see Figure 1 below), and that an overwhelming majority of New Yorkers would like their City government to do more to protect immigrants and defend worker rights following the 2016 presidential election (see Figure 2 on page 5).

Figure 1: How NYC households fare in covering basic expenses



Note: Numbers reflect rounding.

Figure 2: NYC residents' views on the role of local government following the 2016 election



Many New Yorkers experienced possible employment-related legal violations in the past year.

- 13 percent of working NYC residents say they were not paid what they were owed.
- 10 percent say they did not receive paid sick leave.[1]
- 10 percent say they experienced harassment at work.
- 6 percent say they were paid below the minimum wage.

Many New Yorkers work in non-standard work arrangements that leave them without access to steady income or a range of work protections and benefits.

- 29 percent of working NYC residents do not work full time on a year-round basis. This includes 21 percent who work part time, and 8 percent who work on a seasonal, temporary, or contract basis.
- Nearly 1 in 6 working NYC residents are paid either as independent contractors (10 percent) or in cash or by check with no tax reporting (6 percent).

Many working New Yorkers face scheduling-related challenges.

- Most working NYC residents are happy with the hours they typically work (64 percent), but there are many who would like to work more hours (14 percent) or fewer hours (22 percent) if they could.
- A majority of New Yorkers say their schedules are more or less the same from week to week (55 percent). Many (32 percent) report that their schedules vary, but that they maintain control of their working hours, and some (13 percent) say that their schedules vary without their being able to exert control over their working hours.

Most working New Yorkers think the economy is tilted in favor of a few at the top.

- A large majority of working NYC residents (67 percent) believe that "it's mainly just a few people at the top who have a chance to get ahead" in today's economy, with a much smaller share (33 percent) saying that anyone "can get ahead."

1 Almost all workers in New York City are covered by the Paid Sick Leave Law. The Law took effect in April 2014 and provides workers with 40 hours of sick leave per year to care for themselves or a family member. The time must be paid if the employer has five (5) or more employees.

Discussion

New York City's labor market has improved significantly in recent years. Through the first five months of 2017, the city's unemployment rate averaged 4.2 percent, the lowest level since the late 1960s. Wages have been rising, and they should continue to rise for many workers as a series of state minimum wage increases go into effect at the end of 2017, 2018, and 2019.[2]

Still, the survey findings suggest that many New Yorkers continue to struggle financially, and that most working New Yorkers believe today's economy is not one in which everyone has an equal chance to get ahead. And, despite minimum wage increases, the extension of paid leave requirements, and other City and statewide labor standards reforms, the survey results reveal legal enforcement issues that are particularly acute for New Yorkers on the lower end of the income spectrum.

The survey findings also indicate that, even as unemployment has decreased and labor force participation has risen to its highest level in many years, a sizable share of working New Yorkers are in non-standard work arrangements, such as independent contractor arrangements or part-time work, which leave them without dependable hours, income, or benefits. Responding to this set of challenges requires discussion of multiple approaches—increasing access to predictable and full-time hours, strengthening protections and benefits for all workers, and further developing benefit arrangements that are not tied to a person's current employment status.

Particular challenges for New Yorkers on the lower end of the income spectrum

New Yorkers with household incomes under $50,000 are more likely to confront various work-related and financial challenges compared to those with household incomes above $50,000. For example, they are:

- 2.9 times more likely to experience wage theft.
- 2.5 times more likely not to receive paid sick leave.
- 3.4 times more likely to have to go without things they need or borrow/go into debt to cover basic household expenses.

The poll results provide useful insight not only into existing problems faced by New York City workers but also the kind of response that New Yorkers would like to see from their City as the national political environment shifts. The fact that significant majorities of New Yorkers think it is more important for local government to protect immigrants and defend worker rights following the 2016 presidential election suggests broad public support for efforts by OLPS and other City agencies to help forge a more just and inclusive New York City.

2 Parrott, James. Setting the Context for the Minimum Wage Increase in New York State and New York City. July 2017. Workforce Professionals Training Institute. Available at: https://philanthropynewyork.org/sites/default/files/resources/Monitoring-Min-Wage-Brief-July2017.pdf

Appendix: Selected Survey Findings with 95 Percent Confidence Intervals*

Question (N = number of respondents)	Possible responses	Proportion responding
Following the 2016 presidential election, how important do you think it is for your city or local government to protect workers' rights on the job? (N=277)	More important than before the election Less important than before the election Neither more nor less important	.751 [.696, .799] .022 [.010, .048] .228 [.182, .281]
Following the 2016 presidential election, how important do you think it is for your city or local government to protect immigrants? (N=277)	More important than before the election Less important than before the election Neither more nor less important	.823 [.773, .864] .043 [.025, .075] .133 [.098, .179]
How are you paid at your primary job? (N=174)	Hourly wage as a W-2 employee Salary as a W-2 employee Paid via 1099 Personal or vendor's check with no tax reporting In cash None of the above	.356 [.288, .431] .460 [.386, .535] .098 [.061, .152] .017 [.060, .053] .046 [.023, .090] .023 [.009, .060]
Which of the following best describes your main job? By main job we mean the one at which you usually work the most hours. (N=174)	Full-time, all year round Part-time, all year round Temporary Seasonal or part year Contract or on call	.707 [.634, .770] .213 [.158, .280] .034 [.015, .075] .011 [.002, .045] .034 [.015, .075]
Have you experienced any of the following work-related problems in the past year? (N=174)	Paid below the minimum wage Yes No Not paid what I was owed Yes No Subject to harassment or discrimination at work Yes No Did not receive paid sick time Yes No	 .063 [.035, .111] .937 [.889, .965] .126 [.084,.185] .873 [.815, .916] .103 [.066, .156] .896 [.841, .934] .103 [.066, .159] .896 [.841 ,.934]
Are you satisfied with the number of hours you work in a typical week? (N=173)	No, I would like to work more hours No, I would like to work fewer hours Yes, I am happy with the hours I currently work	.144 [.099,.205] .219 [.163,.287] .638 [.563, .706]
Which of the following best describes your schedule? (N=173)	My schedule is more or less the same from week to week My schedule varies from week to week, but I have control over my hours My schedule varies from week to week, and I *don't* have control over my hours	.549 [.474, .622] .324 [.258, .398] .127 [.085, .186]
Which comes closer to your view? In today's economy, everyone has a fair chance to get ahead in the long run, or in today's economy, it's mainly just a few people at the top who have a chance to get ahead? (N=174)	Anyone can get ahead Just a few people at the top have the chance to get ahead	.333 [.267, .407] .667 [.593, .733]
Over the past year, was your household income sufficient to cover your family's basic expenses (for example, rent or mortgage payments, car or other transport costs, food, childcare, and healthcare, to name a few)? (N=273)	My household was able to cover its expenses without a problem My household was able to cover our expenses without borrowing or taking on any additional debt, but it was a struggle For all or part of the past year, my household had to go without things we needed or borrow money from someone, take out a loan, or go into credit card debt to cover our basic expenses	.608 [.549, .665] .286 [.235,.343] .106 [.075, .149]

*Bracketed values are 95 percent confidence intervals. These intervals can be understood as estimated ranges of the plausible values that might be obtained were all New Yorkers to be surveyed.

NOTICE OF EMPLOYEE RIGHTS

Under New York City's Earned Sick Time Act (Paid Sick Leave Law), certain employers must give their employees sick leave. Go to **nyc.gov/PaidSickLeave** to learn which employees are covered by the law.

Employers with five or more employees who are hired to work more than 80 hours a calendar year in New York City must provide paid sick leave. Employers with less than five employees must provide unpaid sick leave.

Employers who have one or more domestic workers who have been employed at least one year and who work more than 80 hours a calendar year must provide paid sick leave.

By law, employers who must provide sick leave must give this written notice to new employees when they begin employment and to existing employees by May 1, 2014.

YOU HAVE A RIGHT TO SICK LEAVE, WHICH YOU CAN USE FOR THE CARE AND TREATMENT OF YOURSELF OR A FAMILY MEMBER.

AMOUNT OF SICK LEAVE:

- Your employer must provide up to 40 hours of sick leave every calendar year. Your employer's calendar year is:

  Start of Calendar Year: ____________________ End of Calendar Year: ____________________

- **Domestic workers**: Your employer must provide two days of paid sick leave in addition to the three days of paid rest to which you are entitled under New York State Labor Law. Go to **labor.ny.gov** and search "Domestic Workers' Bill of Rights" for more information.

RATE OF ACCRUAL:

- You accrue sick leave at the rate of one hour for every 30 hours worked, up to a maximum of 40 hours of sick leave per calendar year.
- **Domestic workers**: You must have worked for the same employer for at least one year to earn two days of paid sick leave under City law. DCA will provide guidance on rate of accrual at nyc.gov/PaidSickLeave.

DATE ACCRUAL BEGINS:

You begin to accrue sick leave on April 1, 2014 or on your first day of employment, whichever is later.

Exception: If you are covered by a collective bargaining agreement that is in effect on April 1, 2014, you begin to accrue sick leave under City law beginning on the date that the agreement ends.

DATE SICK LEAVE IS AVAILABLE FOR USE:

- You can begin using sick leave on July 30, 2014 or 120 days after you begin employment, whichever is later.
- **Domestic workers**: DCA will provide guidance on when sick leave is available for use at nyc.gov/PaidSickLeave.

ACCEPTABLE REASONS TO USE SICK LEAVE:

You can use sick leave when:

- You have a mental or physical illness, injury, or health condition; you need to get a medical diagnosis, care, or treatment of your mental or physical illness, injury, or condition; you need to get preventive medical care.
- You must care for a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition, or who needs preventive medical care.
- Your employer's business closes due to a public health emergency or you need to care for a child whose school or child care provider closed due to a public health emergency.

FAMILY MEMBERS:

The law recognizes the following as family members:

- Child (biological, adopted, or foster child; legal ward; child of an employee standing *in loco parentis*)
- Grandchild
- Spouse
- Domestic partner
- Parent
- Grandparent
- Child or parent of an employee's spouse or domestic partner
- Sibling (including a half, adopted, or step sibling)

ADVANCE NOTICE:

If the need is foreseeable, your employer can require up to seven days advance notice of your intention to use sick leave. If the need is unforeseeable, your employer may require you to give notice as soon as practicable.

DOCUMENTATION:

Your employer can require documentation from a licensed health care provider if you use more than three consecutive workdays as sick leave. The Paid Sick Leave Law prohibits employers from requiring the health care provider to specify the medical reason for sick leave. Disclosure may be required by other laws.

UNUSED SICK LEAVE:

Up to 40 hours of unused sick leave can be carried over to the next calendar year. However, your employer is only required to let you use up to 40 hours of sick leave per calendar year.

YOU HAVE A RIGHT TO BE FREE FROM RETALIATION FROM YOUR EMPLOYER FOR USING SICK LEAVE.

Your employer cannot retaliate against you for:

- Requesting and using sick leave.
- Filing a complaint for alleged violations of the law with DCA.
- Communicating with any person, including coworkers, about any violation of the law.
- Participating in a court proceeding regarding an alleged violation of the law.
- Informing another person of that person's potential rights.

Retaliation includes any threat, discipline, discharge, demotion, suspension, or reduction in your hours, or any other adverse employment action against you for exercising or attempting to exercise any right guaranteed under the law.

YOU HAVE A RIGHT TO FILE A COMPLAINT.

You can file a complaint with DCA. To get the complaint form, go online to nyc.gov/PaidSickLeave or contact **311** (212-NEW-YORK outside NYC).

DCA will conduct an investigation and try to mediate your complaint. DCA will keep your identity confidential unless disclosure is necessary to conduct the investigation, mediate the complaint, or is required by law.

Keep a copy of this notice and all documents that show your amount of sick leave and your sick leave accrual and use.

Note: The Earned Sick Time Act sets the minimum requirements for sick leave. Your employer's leave policies may already meet or exceed the requirements of the law.

You have a right to be given this notice in English and, if available on the DCA website, your primary language.

For more information, including Frequently Asked Questions, go to nyc.gov/PaidSickLeave or call **311** and ask for information about Paid Sick Leave.

NYC **Consumer Affairs**

Bill de Blasio
Mayor

Lorelei Salas
Commissioner

NYC Consumer Affairs

Introducing the Visiting Inspector Program (VIP)

Understanding the laws that apply to your business is key to operating your business responsibly and avoiding fines. The Department of Consumer Affairs (DCA) licenses dozens of industries and inspects tens of thousands of businesses to ensure compliance with many different local and state laws. As a new business, it can be hard to know what you need to do to comply. DCA's Visiting Inspector Program (VIP) provides a free inspection by a senior inspector who will visit your business and advise you on what you need to know to comply with DCA regulations and avoid violations.

Frequently Asked Questions

Which businesses are eligible for VIP?

Starting July 1, 2017, if you receive a DCA license in one of the industries listed below, you will receive the free compliance inspection.

- Amusement Arcade
- Amusement Device (Permanent)
- Auction House
- Catering Establishment
- Cigarette Retail Dealer
- Dealer in Products for the Disabled
- Electronic & Home Appliance Service Dealer
- Electronics Store
- Employment Agency
- Gaming Café
- Garage
- Garage and Parking Lot
- Parking Lot
- Industrial Laundry
- Industrial Laundry Delivery
- Newsstand
- Pawnbroker
- Pool or Billiard Room
- Retail Laundry
- Secondhand Dealer – Auto
- Secondhand Dealer – General
- Scale Dealer/Repairer
- Scrap Metal Processor
- Sidewalk Café
- Stoop Line Stand
- Storage Warehouse

How does VIP work?

Within three months of receiving your new license, DCA will contact you to schedule an appointment for your compliance inspection. During the appointment, a senior inspector will provide you with important information about how to comply with the laws that DCA enforces that apply to your business, including licensing laws, the City's Consumer Protection Law, and workplace laws like the City's Paid Sick Leave Law. After the compliance inspection, the inspector will give you a "Certificate of Inspection." DCA encourages you to fix any potential violations quickly.

Continued on back >

How much does the inspection cost?
The compliance inspection is free.

Can the inspection be in a language other than English?
Yes. You can request whatever language you want, and DCA will coordinate interpretation services for the inspection.

When will my business next be inspected?
Your business will next be inspected within a year.

What should I do if I need to reschedule or have a question for the inspector after my inspection?
Send an email to VIP@dca.nyc.gov to reschedule your inspection or contact the VIP Inspector.

Where can I learn more about how to comply with the laws that DCA enforces?
DCA's website, nyc.gov/dca, has Inspection Checklists for many industries and in many languages, as well as sample forms, signs, and templates. DCA also hosts and attends many events and conducts Business Education Days. If you're interested in DCA attending an event or conducting a Business Education Day in your neighborhood, you can submit a request online. If you have a question, you can Live Chat with a DCA representative Monday through Friday, 9:30 a.m. to 5 p.m. (except holidays).

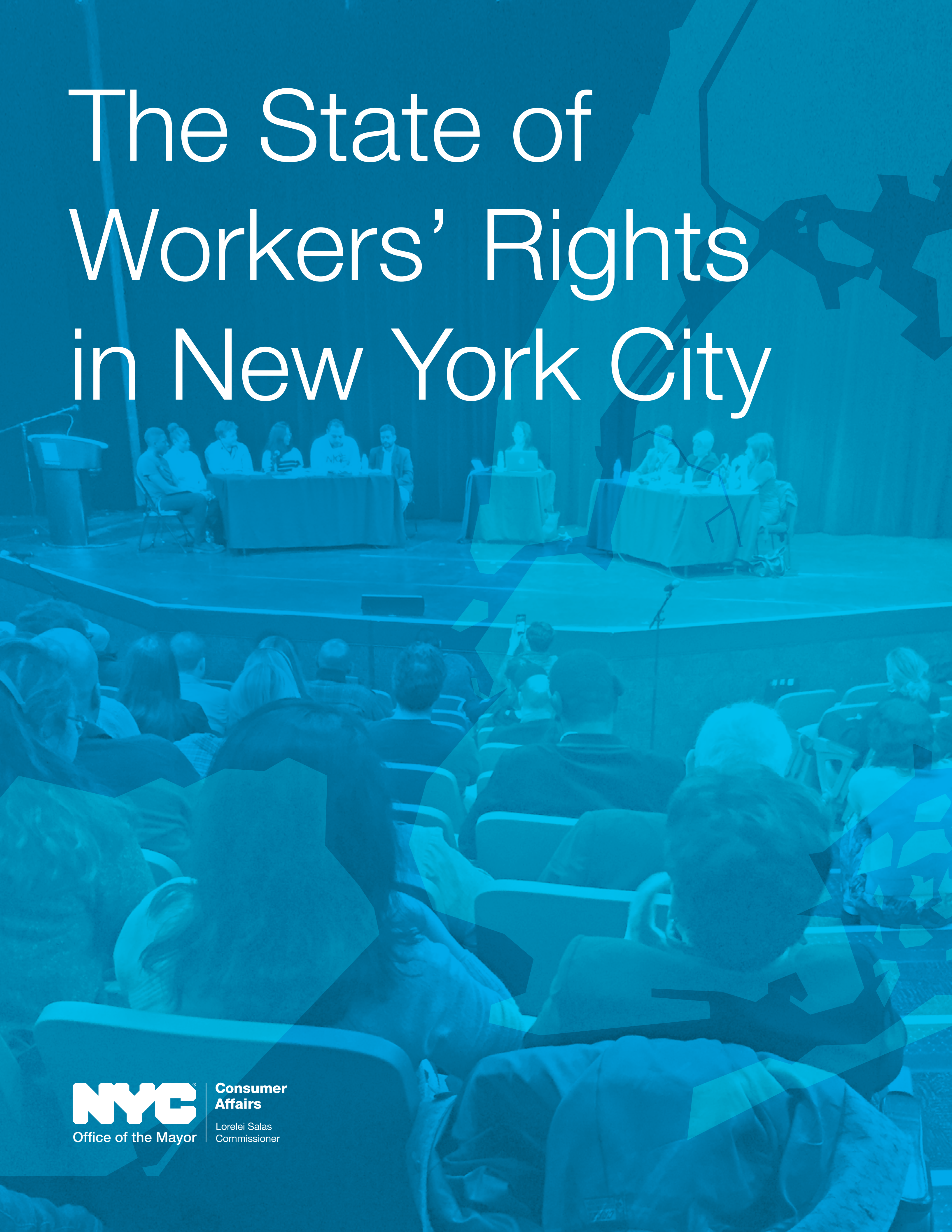
If you still have a question about laws that DCA enforces, you can speak with DCA's Business Compliance Counsel. Call 311 for the Legal Compliance Helpline for Businesses or email BusinessComplianceCounsel@dca.nyc.gov.

Where can I find out about other City laws that affect my business?
The Department of Small Business Services (SBS) offers a number of resources to help you open and operate your business. Visit nyc.gov/business or contact 311 for more information.

NYC Office of the Mayor | **Consumer Affairs**
Lorelei Salas
Commissioner

The NYC Department of Consumer Affairs (DCA) protects and enhances the daily economic lives of New Yorkers to create thriving communities.

The State of Workers' Rights in New York City



NYC Office of the Mayor

Consumer Affairs
Lorelei Salas
Commissioner

The State of Workers' Rights in New York City

Bill de Blasio
Mayor

Lorelei Salas
Commissioner

Acknowledgments

The Department of Consumer Affairs (DCA) Office of Labor Policy & Standards (OLPS) thanks the workers, experts, advocates, and organizations that delivered testimony at the April 25, 2017 public hearing on the state of workers' rights in New York City, which forms the basis of this report. Specifically, we thank the following people and organizations for providing spoken and written testimony (listed in alphabetical order by organization):

Barbara Rodriguez, Helen Schaub, *1199SEIU United Healthcare Workers East*
Molly Weston Williamson, *A Better Balance*
Antonio Abreu
Tsering Lama, *Adhikaar*
Osias Davila, *Brandworkers*
Andy Horton, Ricky Pimentel, Lenore Friedlaender, *Build Up New York*
Silvia Reyes, *Carroll Gardens Association*
Alice Davis, *Catholic Migration Services*
Elizabeth Ben-Ishai, *Center for Law and Social Policy*
Mika Nagasaki, *Chinese Staff and Workers' Association*
Pamela Hazel, *CleanUpJamaicaQueens*
Bianca Cunningham, *Communications Workers of America*
Nancy Rankin, *Community Service Society*
Maria Figueroa, *Cornell Worker Institute*
Michelle Miller, *Coworker.org*
Juana Dwyer, *Damayan*
Amy Traub, *Demos NYC*
Norman Echavari
Santiago Torres, *El Centro*
Pierre Metivier, *Fast Food Justice*
Osman Ahmed, *Federation of Protestant Welfare Agencies*
Sarah Ahn, *Flushing Workers Center*
Carolina Salas, *Freelancers Union*
Amy Plattsmier, *Hand In Hand: The Domestic Employers Network*
Xi Lin Huang
Lorena Gill, *Jews for Racial and Economic Justice*
Sophie DeBenedetto, *Justice Will Be Served campaign*
Ivari Escamilla, *La Colmena*
Natasha Lycia Ora Bannan, Nathalia Alejandra Varela, *Latino Justice PRLDEF*
José Francisco, *Laundry Workers Joint Board*
Richard Blum, *The Legal Aid Society*
Nereyda Santos, Daniel Cortez, *Make The Road New York*
Maia Goodell, *MFY Legal Services*
Niloofar Mina
Bryn Austin, Sara Ziff, Austin Rodgers, Ashley Chew, Fran Torncello, Kelsey Christian, James Scully, Madeline Hill, Meredith Hattam, Rosalie Nelson, *Model Alliance*
Rocio Avila, Beatriz Cardenas, Rosanna Gucnam, Rosa Guzman, Irene Jor, Allison Julien, Tina Vu Pham, Marrisa Senteno, Summer V, *National Domestic Workers Alliance*
Brittany Scott, *National Economic & Social Rights Initiative*
Frank Gattie, Ceilidh Gao, *National Employment Law Project*
Mauricio Niebla, *National Writers Union*
Oswaldo Mendoza, *New Immigrant Community Empowerment*
Marguerite Dunbar, Nadia Marin-Molina, *New York Committee for Occupational Safety & Health*
Inderjeet Parmar, Mohammad Tipu Sultan, *New York Taxi Workers Alliance*
Pradu Sigamani, *Restaurant Opportunities Center of New York*
Adrieanna Hughes, *Retail Action Project*
Patricio Santiago, *Retail Wholesale Department Store Union, carwash campaign*
Rodney Stiles, *Taxi and Limousine Commission*
Tito Sinha, Maggie Marron, *Urban Justice Center Community Development Project*
Maria Aguilar, Hernan Ayabaca, *Workers Justice Project*
Glenda Sefla, *Workers United*
Alastair Bates, Erica Rubinsky, *Writers Guild of America East*
Eddie Wu

We acknowledge the following DCA staff who contributed to this report: Hsiu Mei Cheung, Steven Ettannani, Debra Halpin, Steven Kelly, Sam Krinsky, Sarah Leberstein, Abigail Lootens, Felice Segura, Liz Vladeck. The Office also thanks Dana Sussman from the New York City Commission on Human Rights and Sara Martin from the Mayor's Office of Immigrant Affairs for their thoughtful contributions to the report.

Many of the listed hearing participants also have been instrumental in bringing the new Office into existence and helping shape its initial programs. OLPS's present efforts on behalf of New York's workers would not be possible without their support. The Office especially thanks the workers throughout the city who every day stand up in the face of abusive treatment to demand respect and fair pay.

Acronyms

DCA	Department of Consumer Affairs
EEOC	Equal Employment Opportunity Commission
FPWA	Federation of Protestant Welfare Agencies
ICE	Immigration and Customs Enforcement
MOIA	Mayor's Office of Immigrant Affairs
NDWA	National Domestic Workers Alliance
NELP	National Employment Law Project
NESRI	National Economic & Social Rights Initiative
NYCOSH	New York Committee for Occupational Safety & Health
NYDOL	New York State Department of Labor
OLPS	Office of Labor Policy & Standards
OSHA	Occupational Safety and Health Administration
SEIU	Service Employees International Union
The Commission	New York City Commission on Human Rights
U.S. DOL	United States Department of Labor

Table of Contents

Message from Commissioner Lorelei Salas

On April 25, 2017, the Department of Consumer Affairs (DCA) Office of Labor Policy & Standards (OLPS), together with the New York City Commission on Human Rights and the Mayor's Office of Immigrant Affairs (MOIA), convened a public hearing on the state of workers' rights in New York City. At the hearing, we heard detailed testimony from workers, advocates, and policy experts about the challenges workers face in exercising their rights. The public hearing's gripping testimony from workers and advocates shines a light on the enormous challenges working people face today. New Yorkers across different industries are struggling with income instability and debt in the midst of an evolving economy. Irregular schedules, low wages, and insufficient resources to enforce labor and employment laws contribute to the worsening conditions of these workers' financial health.

As an Office charged with enforcing municipal workplace laws, we have an obligation to respond to the most urgent needs of workers and to fend off increasingly deteriorating labor standards. My professional commitment to enforcing workplace laws is intimately informed by my own personal experience as an immigrant worker employed in the retail, restaurant, and paid care industries. Admittedly, even though the pay was often low, I luckily had regular full-time schedules that allowed me to also attend and pay for school. This level of predictability made it easier for me to take control of my future and to pursue my dreams. It seems like such a fundamental right for a worker to have access to a predictable schedule and income in order to make ends meet, but instead it is now a disappearing phenomenon.

Under Mayor Bill de Blasio's leadership, New York City is moving expeditiously to establish basic protections that will make it easier for fast food and retail workers to plan their lives and for freelancers to get paid under their contracts. DCA has been enforcing the City's Paid Sick Leave Law for several years, and is now charged with implementing key new labor protections. OLPS is one of several municipal offices across the country that are stepping in to fill the gap left by state and federal agencies with diminishing budgets. OLPS's use of data and research and its broad connections with community-based organizations and workers' rights advocates result in an approach to enforcement that is targeted and strategic, as well as responsive to the most vulnerable communities.

As the Office grows, we will continue to invest heavily in outreach to workers and employers about their rights and obligations under the law. Our immediate goal is to advance a culture of compliance where law-abiding employers can thrive and workers are empowered to speak up without fear of retaliation. This is our commitment to New York City and we plan to deliver on it.

Lorelei Salas
Commissioner
Department of Consumer Affairs

Executive Summary

New York City launched the Office of Labor Policy & Standards (OLPS) in September 2016. Housed within the Department of Consumer Affairs (DCA), OLPS is charged with enforcing the City's workplace laws, developing innovative policies to raise job standards, and providing a central resource to help working New Yorkers assert their rights under local, state, and federal law. To help anchor its efforts in the concerns working New Yorkers identify as most pressing, in collaboration with the New York City Commission on Human Rights (the Commission) and the Mayor's Office of Immigrant Affairs (MOIA), OLPS convened a public hearing on the state of workers' rights in New York City on April 25, 2017 at LaGuardia Community College in Long Island City, Queens before a diverse crowd of 150. This report summarizes the rich testimony OLPS received through this hearing and describes the Office's efforts to respond to the many challenges highlighted by workers and advocates.

Through oral and written testimony, the hearing provided a forum for 110 workers and organizations reflective of the great diversity of the city's four and a half million workers to voice their concerns and share insights. The resulting public record documents a broad range of workplace violations, underscoring the extraordinary challenges New Yorkers confront in securing respect and fair pay in exchange for their labor. From writers to construction workers, adjunct professors to home health care workers, the stories shared by these workers bore striking similarities. Workers reported having their wages stolen, being forced to work in hazardous conditions, and being subjected to abusive treatment by their employers. When they overcame their fear and attempted to protect themselves, they were subjected to threats and were sometimes fired, workers said. These challenges were compounded by opaque employment relationships that left many unsure of which entity was responsible for what went on at their job, or whether they even had an employer to hold accountable.

In establishing OLPS, New York joins a small but growing list of municipalities creating local labor standards offices to help fill the gap left by state and federal failures to adequately protect workers.

This public record also captures a pivotal moment for working New Yorkers. Nine years since the end of the 2007-2008 recession, the city's economy is booming, with 300,000 jobs added since the start of the de Blasio administration. Amid record-low unemployment, wages are starting to rise even for relatively low-wage occupations, and the phase-in of the $15 minimum wage in New York State promises large additional gains over the next few years. And yet, violations of labor and employment laws are widespread, undermining workers' ability to benefit from the dynamic urban economy their labor helps propel. Though unreliable enforcement of state and federal labor protections is a longstanding problem, the words, policies, and actions of the Trump administration and Republican-controlled Congress have made matters worse. Workers and advocates voiced near-universal consensus that immigrant New Yorkers now work with a fear palpably stronger than anything experienced in recent years. While coverage under labor and employment laws generally does not depend on immigration status, this new level of insecurity still greatly inhibits many immigrants' ability to assert their rights at work, including reporting wage theft.

Though New York State preempts local governments from enforcing the minimum wage and overtime laws that provide the bedrock protections New Yorkers depend on, under the de Blasio administration, the City has pursued a range of creative strategies to address the challenges underscored by the hearing testimony despite this constraint. Taken as a whole, the City's recent actions constitute a strong push to create a new generation of municipal labor standards. These include a series of innovative laws granting new substantive rights to workers and also the establishment of OLPS itself, charged both with enforcing these new rights and building on them through policy development, outreach and education, research, and referral. In establishing OLPS, New York joins a small but growing list of municipalities creating local labor standards offices to help fill the gap left by state and federal failures to adequately protect workers. A recent survey conducted by OLPS and the Worker Institute at Cornell confirmed the strong public demand for these efforts: an overwhelming majority of New Yorkers want local government to do more to protect workers and immigrants following the November 2016 presidential election.[1]

The hearing further revealed that New Yorkers are largely being failed by the current patchwork of state and federal workplace protections. This failure occurs because existing law omits essential aspects of job quality, such as scheduling or sick leave; because paid caregivers, independent contractors, and other large groups of workers are exempted from coverage under many laws; and also because weak enforcement and insufficient deterrence leave workers unable to exercise their core labor rights, such as payment at or above minimum wage, time and a half pay for overtime, and the right to form a union, even where these requirements apply unambiguously. Strikingly, these problems are not isolated to historically low-wage industries, but are evident throughout the city's economy.

Despite these challenges, the rich set of policy recommendations recorded in the hearing testimony, together with the City's recent experience pursuing new labor protections, point toward real opportunities for New Yorkers to make substantial improvements. Working New Yorkers' strong sense of fairness and high level of civic engagement, both displayed vividly in the testimony, offer the surest sign that significant progress is within reach.

I. In Their Own Words: Testimony from the OLPS State of Workers' Rights Hearing

At the April 25 hearing, DCA Commissioner Lorelei Salas, Commission Chair and Commissioner Carmelyn P. Malalis, and MOIA Assistant Commissioner Kavita Pawria-Sanchez heard from dozens of workers and advocates about workplace conditions, labor and employment violations, and the political climate following the election of President Donald Trump. The hearing began with three panels of workers speaking about the issues faced by immigrant workers; workers in the paid care industry, including domestic, home care, and housekeeping workers; and members of what is often called the "contingent" workforce, a category that captures the large number of workers contending with irregular and unstable employment arrangements.

During the open portion of the hearing, which followed the panel presentations, the Commissioners heard testimony from workers, worker center and union representatives, legal services and policy advocates, and staff from City government about a broad range of issues and industries.

All told, 43 people presented testimony in person, and another 67 submitted written testimony. More than 20 occupations were represented, including adjunct faculty, building service workers, car wash workers, construction workers, day laborers, domestic workers, food production and bakery workers, fast food workers, home care workers, laundry workers, models, nail salon workers, nonfiction television associate producers and producers, retail clothing store workers, retail wireless phone workers, restaurant workers, taxi and app-based drivers, window cleaners, social workers, and writers.

New York City Workers Speak Out

Workers' testimony touched on a wide range of issues, with several common threads running through the hearing. Speakers raised concerns about serious workplace violations, from hazardous workplace conditions resulting in serious injuries, to wage theft, harassment, and discrimination. Many workers talked about their employers' attempts to insulate themselves from liability for employment violations by adopting abusive subcontracting arrangements, misclassifying workers as independent contractors, or closing in the face of a judgment and reopening under a different corporate name. Speakers highlighted the great risks workers take when they attempt to assert their rights, from intimidation to firings, and noted that employers' threats have intensified since the fall presidential election. One of the most notable aspects of the testimony was the universality of the problems presented, affecting a diverse group, including blue-collar and professional workers and American- and foreign-born workers alike. Practices that have proliferated in low-wage industries have clearly also taken root in traditionally higher-paying professional fields: day laborers, laundry workers, writers, and academics all described a culture of noncompliance with basic labor standards and a general lack of employer accountability.

Immigrant workers face exceptional challenges in asserting their rights under law

The hearing opened with a panel of immigrant workers who described how employers in a range of industries take advantage of workers' immigration status to withhold pay and commit other violations. Though most workplace laws apply regardless of a worker's legal status, workers who are insecure about their status are naturally more hesitant to make demands of their employer or reach out to the government or courts for assistance. And when they do, an employer threat to call U.S. Immigration and Customs Enforcement (ICE) can be an especially chilling form of retaliation.

Laundry worker and union member José Francisco spoke about the abusive work environment in nonunion laundries across the city, including an incident where an employer threw coffee in a worker's face, another employer's demands that employees work extra hours without pay, and how workers are not provided with necessary protective gear and are exposed to infection.[2] Car wash worker Patricio Santiago testified that his employer steals workers' tips, does not provide benefits, and attempts to humiliate his immigrant workforce.[3] Former Tom Cat bakery worker Osias Davila was part of a group of long-term employees fired by an employer who was the target of an ICE enforcement action, which told the employer to dismiss workers based on their immigration status.[4] And Santiago Torres, who works as a day laborer in the construction industry, described the increasingly hostile anti-immigrant climate in Staten Island, where he recently confronted an employer who failed to pay him his wages, and was told that "he couldn't pay anything because I didn't have any rights in this country."[5]

Transgender restaurant worker Nereyda Santos spoke about the multiple layers of discrimination faced by transgender immigrant workers, as well as the hope offered by the actions of City government:

> "Creo que mi historia es la de muchos trabajadoras y trabajadores inmigrantes, que nos vemos marginados en trabajos precarios donde el robo de salarios y la discriminación es pan de cada día. Ello aumenta en el caso de que la expresión de género no corresponda con la imagen que la población en general tiene. Muchas veces la posibilidad de encontrar oportunidades laborales es escasa. … [L]a ciudad de Nueva York ha realizado muchísimo por las personas cuya expresión de género no corresponde a la socialmente asignada, más aún para los inmigrantes como yo. Sin embargo, aún queda un camino largo por recorrer para que todas las personas que habitamos esta maravillosa ciudad vivamos en igualdad de condiciones.[6]"

"I believe that my story is the story of many workers and immigrant workers, who find ourselves marginalized in precarious jobs where wage theft and discrimination are an everyday thing. This increases in the case where [the worker's] gender expression does not correspond with the image that the general public has. Many times, the possibility of finding work opportunities is scarce. …[T]he City of New York has accomplished so much for people whose gender expression does not correspond to the socially assigned [gender], even more so for immigrants like me. Nevertheless, there is still a long way to go so that all the people who inhabit this wonderful city live in equal conditions."

Santos sought help from the Commission after being sexually assaulted by her employer. After filing a complaint at the agency, she secured a settlement in her discrimination claims (which her employer was able to negotiate down by declaring bankruptcy), she obtained a U visa certification form from the Commission, and she successfully changed her name with the help of Make the Road New York.[7]

Other speakers echoed the first panel's concerns over the heightened risks immigrant workers face following the election of President Trump. According to Tsering Lama, a domestic worker organizer at Adhikaar, the Trump administration's aggressive immigration enforcement has emboldened employers and discouraged workers from asserting their rights, raising the risk of workplace exploitation.[8] Similarly, Maia Goodell from MFY Legal Services lamented that she and her colleagues "can no longer assure clients that immigration authorities will not be waiting at the courthouse, the emergency room, that information filed with agencies will not be shared with federal authorities or that Immigration and Customs Enforcement will not respond to a call from the employer who has called them because workers asserted their workplace rights."[9]

Testimony from the National Employment Law Project (NELP) provided additional context to the experiences workers and advocates described. According to NELP's testimony, the Trump administration's expansion of the categories of undocumented immigrants prioritized for deportation and increase in the number of immigration enforcement agents have drastically increased fear in immigrant communities, posing a challenge to labor standards enforcement.[10]

Workers' rights organizations outlined several practices and policies to address the rising attack on immigrant workers:

- A Better Balance, The Legal Aid Society, National Domestic Workers Alliance (NDWA), and others proposed that City agencies adopt policies and practices that safeguard immigrant workers' ability to submit anonymous complaints and tips, while The Legal Aid Society also asked the agencies to coordinate on revising their intake practices to eliminate questions that might relate to immigration status and to develop an effective interagency referral system.[11] MFY Legal Services urged that all City agencies should adopt these practices for safeguarding immigrants' identities.[12]
- The Legal Aid Society advised that the City should coordinate and cooperate with state agencies whenever possible.[13]
- NDWA noted the need for government agencies to ensure that their investigators "understand and practice how to work with very vulnerable populations" and to develop protocols that deter ICE from entering workplaces to conduct arrests.[14]
- NELP suggested agencies conduct a full worksite audit for labor violations of businesses where ICE has conducted a workplace raid and apprehended immigrant workers.[15]

City's Privacy Policy

Workers' immigration status is irrelevant to their employment rights under City laws. City agencies are not permitted to collect or retain personally identifying information like Social Security numbers in the course of providing City services except under very limited circumstances. Executive Orders 34 and 41 act as a confidentiality policy that allows all New Yorkers, regardless of immigration status, to access important City services like enforcement of City labor laws.

Several groups testified about how workforce development programs could support immigrant workers in gaining access to high-quality employment opportunities. The Federation of Protestant Welfare Agencies (FPWA) testified that thoughtfully designed programs can ensure "immigrant workers are not only skilled but also organized and educated about their rights on the job," noting the success of two New York City Council-funded programs in which FPWA has been a partner: the Day Labor Workforce Initiative and the Worker Cooperative Business Development Initiative.[16] Testimony provided by La Colmena, a Staten Island-based worker center, also stressed the need for workforce development opportunities for the immigrant workers who "are an integral part of the Staten Island economy," as well as the need for improved public transportation.[17]

Snapshot of Immigrant Workers in New York City

Number of foreign-born workers in New York City:

2,007,978

Percentage of the workforce:

45%

Places of origin:

West Indies (27%)	South America (14%)	China (11%)	India (7%)
Mexico (7%)	Former USSR (6%)	Africa (5%)	Central America (4%)
Philippines (2%)	Korea (2%)	Other (16%)	

Average annual earnings:

$46,896

Source: Authors' analysis of the 2015 American Community Survey, obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Immigrant Workers Experience Wage Theft at Elevated Rates

Low-wage immigrant workers in New York are more than twice as likely as other low-wage workers in the city to experience minimum wage violations:

25 percent vs. 12 percent

Source: Annette Bernhardt, Diana Polson, & James DeFillippis, Working Without Laws: A Survey of Employment and Labor Law Violations in New York City (National Employment Law Project 2010), http://www.nelp.org/content/uploads/2015/03/WorkingWithoutLawsNYC.pdf.

Paid Care workers provide critical services but are undervalued and vulnerable to abuse

The immigrant worker panel was followed by a panel speaking about the unique issues facing paid care workers who provide critical in-home services to children, older New Yorkers, and people with disabilities, and also house cleaners who work in the home and perform many of the same tasks as other care workers. Several panelists described the lack of respect accorded to workers employed in these occupations:

Maria Aguilar, a member of the Workers Justice Project, for example, spoke of the humiliation she felt waiting to get work as a day laborer in the domestic work industry: "On the corner, I felt that I was losing my dignity because people were looking at us, the bosses would look at us as if we were slaves and we lived a lot of discrimination."[18]

Beatriz Cardenas, a child care worker for 14 years, used similar words to describe her experience: "[S]ociety sees us as slaves…"[19]

Yet the panelists also expressed a deep sense of pride in their work and their importance to the children they helped raise and the elderly people for whom they cared, as well as their families. "To value our work is very important because we take care of their children so they can go to work," child care provider Silvia Reyes explained.[20]

Among other problems, the panelists spoke of the extreme job insecurity they experienced in their jobs. Reyes talked about how a family for whom she had worked long hours dismissed her without warning via a text message, which left her feeling "desperate."[21]

Other hearing participants outlined a range of structural problems driving low pay and violations in the home care and domestic work industries. Testimony submitted by Local 1199 of the Service Employees International Union (1199SEIU), which represents several tens of thousands of home care workers employed in New York's Medicaid home care system, made clear that even in this heavily regulated setting, employers routinely violate the state's Wage Parity Act, which requires certain publicly funded agencies to pay workers a base wage and provide a benefits package, as well as comply with state and federal wage and hour laws.[22] According to 1199SEIU, violations are widespread among the state's licensed home care services agencies (LHCSAs).[23]

Several hearing participants testified about home care employers' mistreatment of workers assigned to 24-hour shifts, commonly referred to as "live-in" shifts in the industry. It is standard industry practice for home care agencies to pay workers an hourly wage for 12 or 13 hours of the 24-hour shift, treating the remainder of the time as unpaid time, but many workers and advocates charge that this practice can violate New York State Labor Law.[24] The Chinese Staff and Workers' Association testified that mandatory 24-hour shifts create social and emotional problems for workers, "depriving these women of the fundamental right to family and civic participation by isolating them in private homes, with no time off."[25]

Proposals presented by NELP, NDWA, and Hand in Hand: The Domestic Employers Network to tackle these problems include:

- more robust education to both workers and employers (stressing that some employers want but lack the knowledge to comply with standards);
- prioritizing labor standards enforcement in the home care and domestic work industries;
- investigating claims with an eye toward identifying and holding liable all potential employers, not just the employer that hires or pays the worker;
- substantial investments in the child care and home care systems;
- promoting Occupational and Safety Health Administration (OSHA) recommendations for the home care industry;
- more sustainable scheduling practices.[26]

Snapshot of Paid Care Workers in NYC

	Number of Workers	Average Annual Earnings
Home care aides	143,565	$21,190
Nannies	15,533	$18,036
House cleaners	26,002	$17,773
Total	**185,100**	**$20,456**

Source: Authors' analysis of the 2015 American Community Survey, obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Violation Rates among Paid Care Workers in NYC

	Paid Less than the Minimum Wage	Not Paid Time and a Half for Overtime	Worked Off the Clock without Pay
Home care aides	8%	83%	86%
Child care workers *(private household only)*	50%	--	--
Maids and housekeepers	26%	--	--
Child care workers, teacher's assistants, maids and housekeepers	--	82%	72%

Source: Annette Bernhardt, Diana Polson, & James DeFillippis, Working Without Laws: A Survey of Employment and Labor Law Violations in New York City (National Employment Law Project 2010), http://www.nelp.org/content/uploads/2015/03/WorkingWithoutLawsNYC.pdf.

Contingent workers face irregular employment and unique obstacles in holding employers accountable

The participants in the contingent economy panel spoke about unpredictable schedules and abrupt shifts in income, and the difficulties they face holding their employers accountable for unpaid wages and working conditions. Both fast food worker Pierre Metivier and retail worker Adrieanna Hughes have struggled to get the regular, full-time hours necessary to support a family. Metivier recalled how his employer required him to "wait on line on a Saturday or Sunday to find out what day I'm on the schedule for [the next week]."[27] Such practices are distressingly common. In a recent survey conducted by OLPS, in collaboration with the Worker Institute at Cornell, 13 percent of working New Yorkers reported that their work hours vary week-to-week and are outside of their control.[28]

Fluctuating income also plagues freelance workers like Carolina Salas who testified that, "As a freelancer in multiple gigs, you must constantly be looking for new work and saving for possible dry spells. Unpredictable income is challenging when dealing with monthly bills and even worse when clients don't pay on time."[29]

"The ambiguous legal status of many workers in contracted jobs is one of the central factors driving lower wages and poor working conditions in our economy today."

Uber driver Inderjeet Parmar described how the heavy business expenses he carries because he is treated by Uber as an independent contractor, combined with declining income and Uber's moves to raise its commission, left him with subminimum wages.[30] The New York City Taxi and Limousine Commission similarly testified that drivers citywide complain of decreasing income, increasing expenses, and a lack of transparency in driver recruitment and compensation.[31] Parmar urged that Uber "should follow the law and treat us as employees instead of expendable contractors with no guaranteed income."[32]

Parmar and his fellow panelists also described their challenges getting the companies for which they work to accept responsibility for them. Metivier described how his fast food chain makes billions of dollars off of its workers' labor but passes blame for conditions to its franchisees, just as the media company for which Alastair Bates wrote denied responsibility for conditions and blamed a smaller production company: "The production companies claim they must do more with less, while networks like A&E take no responsibility for wages and working conditions in the industry and point to the production companies."[33]

Oswaldo Mendoza described an additional form of evasion for violations in the construction industry: "[E]mployers feel more empowered and they will do whatever they wish irregardless of consequences since they don't care about their minimal fee or change the company without a problem later on."[34]

Discussion of the use of contingent work structures to insulate employers from liability was not limited to the contingent work panel, but also ran throughout the hearing, summed up neatly by one worker's comment that, "[A] lot of the time we don't even know who our employer actually is."[35] This sentiment was echoed by testimony from the Model Alliance, which similarly explained that, "A consequence of the industry employment structure is that models often encounter difficulty identifying who to seek to hold liable for injuries they suffer."[36] Similar to Metivier's and Bates' complaints about leading corporations' abdication of responsibility, Bianca Cunningham from the Communications Workers of America complained that, "both Verizon and T-Mobile actually dictate the working conditions at these authorized dealers, yet they claim to have no responsibility" for wage theft that occurs in their stores.[37]

Workers' lack of clarity over who is in charge of their workplaces and answerable for violations is not an accidental result of the evolution of work, but rather, according to the testimony, a deliberate employer effort to undermine standards and enforcement. As Brittany Scott from the National Economic & Social Rights Initiative (NESRI) put it, "The aggressive practices of U.S. corporations … have been deployed to legally distance themselves from the exploitative parts of their business."[38] And these practices are spreading, testimony

Snapshot of Contingent Workers in NYC

The term *contingent worker* is used to describe the freelancers, taxi drivers, day laborers, and others who lack a consistent employment relationship with the entity that sets their pay and working conditions. This includes independent contractors, as well as the large number of New Yorkers who are subject to on-call scheduling, part-time employment, and seasonal hiring, or who work in subcontracted or labor leasing arrangements that obscure the responsible employer. The retail and food service sectors are both large employers of contingent workers in the city.

Type of Contingent Work	Number of Workers	Percentage of Workforce
Independent contractors	293,503	6.6%
Retail workers	422,129	9.5%
Food or drink service workers	320,176	7.2%

Notes: Figures for independent contractors are limited to respondents coded as "self-employed, not incorporated" for their main job.

Source: Authors' analysis of the 2015 American Community Survey, obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Violation Rates among Contingent Workers

Percentage of freelancers reporting unpaid wages:

14%

Percentage of employees reporting pay below the minimum wage:

Food or Drink Service Employees:

17.5%

Retail Employees:

6.7%

Notes: Minimum wage violations measured weekly; freelancer nonpayment measured annually.

Sources: William M. Rodgers III, The Threat of Nonpayment: Unpaid Wages and New York's Self-Employed (Rutgers, The State University of New Jersey 2010), available at http://www.fu-res.org/pdfs/advocacy/2010-unpaid-wages-report.pdf; David Cooper & Teresa Kroeger, Employers Steal Billions from Workers' Paychecks Each Year 10, 11 (Economic Policy Institute 2017), available at http://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data-show-millions-of-workers-are-paid-less-than-the-minimum-wage-at-significant-cost-to-taxpayers-and-state-economies/.

from Ceilidh Gao at NELP explained: "The number of industries in which companies contract out responsibility for overseeing workers is growing rapidly … The ambiguous legal status of many workers in contracted jobs is one of the central factors driving lower wages and poor working conditions in our economy today."[39]

Among the recommendations to address independent contractor and subcontracting abuses, NELP suggested:

- establishing a presumption in workplace laws that work creates an employment relationship with attendant rights and responsibilities;
- establishing provisions in workplace laws that establish joint liability for "lead companies" along with contractors in certain heavily outsourced industries;
- creating interagency task forces and studies to examine independent contractor misclassification and coordinate enforcement responses;
- enacting enforcement and coverage mechanisms for particular sectors with rampant misclassification.[40]

NESRI echoed NELP's call for greater accountability for corporations that contract out work to labor intermediaries, arguing that workplace laws should have a "vigorous employer standard" that requires corporate powerholders at the top of supply chains to provide oversight of labor intermediaries or, in some cases, an outright prohibition of outsourcing for certain hazardous jobs.[41]

To address the lack of benefits for "gig" workers, or independent contractors, NDWA advocated for the creation of portable benefits plans adhering to the following principles:

- employer contributions to the plan should be high enough to not only pay for benefits but also make up the cost to workers of self-employment, including their higher payroll tax liability and business expenses;
- inclusion of health and safety protections, such as a provision for workers' compensation insurance;
- for any publicly administered program, inclusion of worker representatives on a board of directors;
- workers participating in the plan should receive meaningful benefits without sacrificing their rights under labor and employment laws.[42]

State and Federal Labor Protections Fail a Wide Range of New Yorkers

Wage theft is pervasive and wage and hour law enforcement is inadequate

As the hearing testimony makes clear, wage theft is a pervasive problem in New York City, in part because workers and advocates often face such challenging obstacles in securing redress for violations. This means that higher wage and job standards alone do not translate automatically into better conditions for workers. As Alice Davis, a Senior Staff Attorney at Catholic Migration Services, explained, "[t]he current labor laws are, in many ways, extremely favorable to workers. However, despite these statutory protections, wage theft continues to be a very serious issue in both its pervasiveness in low-wage industries, and the barriers that claimants face in collecting those wages."[43]

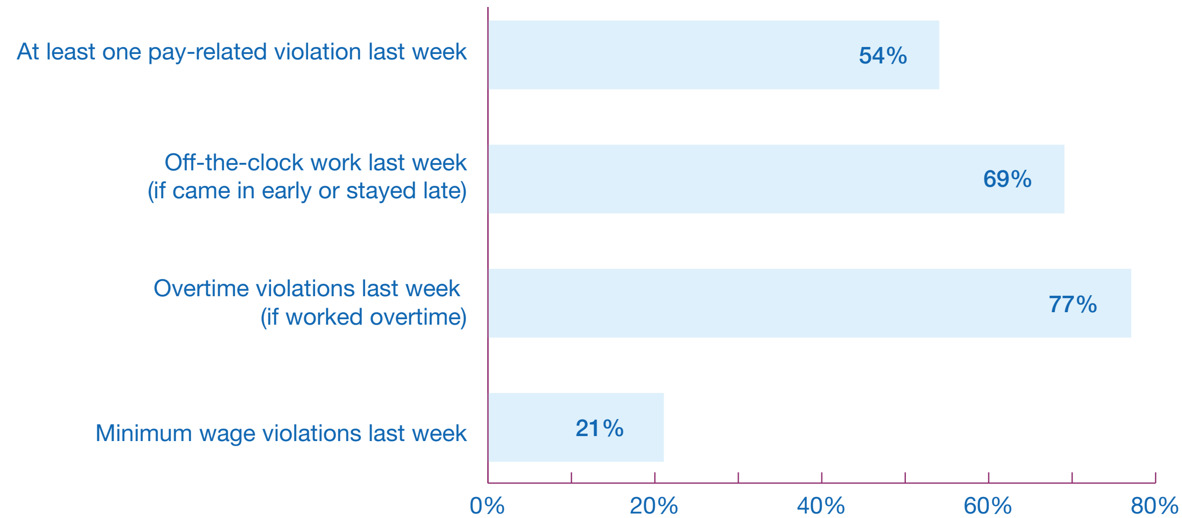
Wage Theft in New York

From 2013-2015, an estimated $965 million was stolen annually from New York State residents in the form of minimum wage violations. This amounts to 22.8 percent of the wages owed to the affected workers.

Source: David Cooper & Teresa Kroeger, Employers Steal Billions from Workers' Paychecks Each Year 10, 11 (Economic Policy Institute 2017), available at http://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data-show-millions-of-workers-are-paid-less-than-the-minimum-wage-at-significant-cost-to-taxpayers-and-state-economies/.

Several organizations cited statistics from a landmark 2010 study of wage theft in low-wage industries in New York City, which found that 21 percent of workers were paid less than the legally required minimum wage in the previous workweek; 77 percent of respondents who had worked more than 40 hours during the previous week were not paid the legally required overtime rate by their employers; and 69 percent of workers who worked "off-the-clock" before and/or after their regularly scheduled shifts were not paid for that time.[44] As the models, writers, adjunct professor, and other white-collar workers testified, blatant wage theft is not limited to low-wage industries, but has also clearly taken root in traditionally higher-paying jobs. An associate producer working in nonfiction television, for example, testified that his bosses forced him to work off the clock without pay and told him that he could not receive paid overtime, no matter how long he worked.[45]

Figure 1. Percent of low-wage workers who reported violations



Source: Annette Bernhardt, Diana Polson, & James DeFillippis, Working Without Laws: A Survey of Employment and Labor Law Violations in New York City (National Employment Law Project 2010), http://www.nelp.org/content/uploads/2015/03/WorkingWithoutLawsNYC.pdf.

Citing a 2011 U.S. Department of Labor (U.S. DOL) study that estimated that workers in New York State were losing $10-20 million per week exclusively to violations of the federal minimum wage, Amy Traub from the nonprofit organization Demos testified that, "When workers are cheated out of wages, the city bears a greater burden as fewer taxes are collected, impoverished workers turn to public programs to support their families, and workers have less money to spend supporting neighborhood businesses and the local economy."[46] Losses to workers have lasting effects as "strained family budgets negatively impact the next generation of New Yorkers."[47]

Seeking to remedy these violations is an uphill battle, due not only to workers' fear or lack of knowledge of their rights and remedies, but also because of limitations in the existing labor law enforcement regime. These include case processing times that make speedy resolution of claims difficult, penalty schemes that often prove insufficient to operate as an adequate deterrent to repeat violations, challenges in holding actual responsible parties accountable for violations, and difficulties collecting even in those cases where litigation has been successful. "New York State Department of Labor investigations are typically extremely lengthy … [M]any workers will wait three years or more for their case to proceed through every stage of the investigation and appeals process, only to receive a judgment that will sit for more than five years awaiting enforcement," said Davis from Catholic Migration Services.[48] She explained that by the time she meets with workers, they have often been waiting on New York State Department of Labor (NYDOL) claims filed years earlier. "Some of these cases are over 10 years old by the time the workers come to us. Once at this stage, we have to inform these workers that their cases may never be successfully enforced."[49]

Citing findings from a report by the Urban Justice Center and NELP, Davis said that from 2003-2013, NYDOL was unable to collect more than $101 million determined to be owed by employers.[50] To help address these shortcomings, The Flushing Workers Center, the Restaurant Opportunities Center and its Justice Will Be Served campaign, The Legal Aid Society, the Urban Justice Center–Community Development Project (UJC-CDP) all testified in support of the state *Secure Wages Earned Against Theft Bill.*[51] The SWEAT bill would increase workers' ability to recover unpaid wages by allowing both government agencies and private attorneys to place a wage lien—essentially, a hold—on employers' property and assets on the onset of a wage theft investigation to ensure there is something to collect if the employer is found to have underpaid his or her workers. Davis noted that these findings "highlight the need for greater

City-level enforcement efforts for wage and hour and other basic workplace protections, especially as the budget of the federal Department of Labor faces severe cuts and potentially a shift in priorities away from enforcing core workplace rights. The much-needed increases in New York State's minimum wage that are now being phased in will only be effective to the extent that the minimum is meaningfully enforced."[52]

Violations are routine across a broad range of workplace laws

Beyond wage theft, the hearing testimony also indicates that workers routinely experience discrimination and harassment on the job. As testimony from Latino Justice explained, discrimination and harassment are commonly deployed against workers of color, pregnant women, and the formerly incarcerated, in each case compounding the other abuses workers described.[53] Data from the Equal Employment Opportunity Commission (EEOC), the main federal agency charged with employment discrimination, suggests that violation rates remain stubbornly high (see Table 1). Locally, the Commission acted on 480 complaints alleging employment discrimination in 2016, up from 443 in 2015.

Several speakers noted workers' vulnerability to sexual harassment and abuse, often exacerbated by the nature of their work arrangement. According to Natasha Lycia Ora Bannan, Associate Counsel at Latino Justice, abuses are "even more evident in some sectors where workers are subject to harassment because of the nature of their work, which can take place in geographically more isolated areas or in private settings," such as domestic work in private homes.[54] Testimony provided by the Model Alliance described how the "young, female, and uniquely vulnerable" models often experience "inappropriate touching on the job and pressure to have sex with someone in the workplace; many also report being instructed to pose nude without advance notice or prior consent."[55]

In a recent survey, conducted by the Worker Institute at Cornell in collaboration with OLPS, 10 percent of working New Yorkers reported having been subjected to harassment or discrimination at work in the preceding year.[56]

Table 1. Charges filed with the Equal Employment Opportunity Commission in New York State

	Fiscal Year 2011	Fiscal Year 2016	Increase (decrease)
TOTAL CHARGES	3,802	3,740	(62)
Retaliation (All)	1,415	1,604	189
Retaliation (Title VII)	1,238	1,401	163
Sex	1,100	1,202	102
Race	1,162	1,084	(78)
Disability	989	1,061	72
Age	883	865	(18)
National Origin	675	601	(74)
Color	221	208	(13)
Religion	225	180	(45)
Equal Pay Act	47	57	10
Genetic Information	5	13	8

Source: See EEOC Charge Receipts for New York, U.S. Equal Employment Opportunity Commission. https://www1.eeoc.gov/eeoc/statistics/enforcement/charges_by_state.cfm#centercol (last visited Sept. 14, 2017).

Many workers also described their employers' failure to abide by health and safety rules and the resulting hazards posed to workers. Nail salon worker Glenda Sefla testified that employers in her industry routinely ignore regulations, do not provide and may even prohibit workers from using the required masks and gloves, and have workers re-use nail files.[57]

Marguerite Dunbar from the New York Committee for Occupational Safety & Health (NYCOSH) testified that, "From January 2016 to [April 25], 34 New York City workers have been killed on the job, and this doesn't begin to count the workers who suffered long-term illnesses and death due to exposure to chemicals and substances, such as asbestos, silica or a toxic mix of substances after 911…"[58]

Other testimony relating to health and safety concerns was provided by the Build Up NYC campaign, which offered statistics relating to the construction industry. According to Build Up, 48 percent of all New York City workplace fatalities in 2014 were construction-related; 75 percent of construction fatalities in New York City in 2014 occurred on job sites where workers didn't participate in state-approved training and apprenticeship programs; and 50 percent of construction fatalities involved immigrant workers or workers who spoke a language other than English.

The Trump administration's proposal to cut the budget of the U.S. DOL, which includes OSHA, as well as its policies regarding immigrant workers, threaten to undermine enforcement even further, as Dunbar from NYCOSH explained.[59]

II. New York City's Recent Efforts to Strengthen Workers' Rights

The Political and Economic Context for Local Action on Workers' Rights

The abusive conditions described at the workers' rights hearing are not just symptoms of a weak labor market. Rather, these endemic violations are occurring against the backdrop of a booming local economy. With 300,000 jobs added since the start of the de Blasio administration, the city unemployment rate dipped down to 4.0 percent in March 2017, a 40-year low.[60] New York City is finally showing signs of broad-based wage growth, helping offset the losses since the 2007-2008 recession.[61] From 2013 to 2016, the median real hourly wage increased 8.4 percent in the city, three times the median increase for the United States as a whole.[62] These gains are driven in part by low unemployment, but also by recent increases in the minimum wage pushing up standards from the bottom. With further increases up to a $15 minimum wage scheduled through 2019, the next few years promise substantial additional increases for the estimated 1.4 million New Yorkers at or near $15 per hour.[63]

This historic progress notwithstanding, New York City is still home to large numbers of low-wage and other vulnerable workers who have seen a systematic erosion of their rights. In just its first few months, the Trump administration:

- proposed a 20 percent funding cut for the U.S. DOL;[64]
- blocked Obama administration rulemaking that would have expanded federal overtime protections;[65]
- took two executive actions narrowing the effective scope of federal wage and hour law;[66]
- announced a ban on transgender people serving in the military (which, among other things, is a large and influential employer);[67]
- argued in court that workplace discrimination on the basis of sexual orientation is legal under federal law.[68]

The administration's anti-immigrant rhetoric and actions, together with well-publicized efforts both to curtail legal immigration and expand deportations, pose an acute challenge for the 45 percent of the New York City workforce that is foreign-born. See Table 2, which shows NYC workforce demographics.

Table 2. NYC workforce demographics

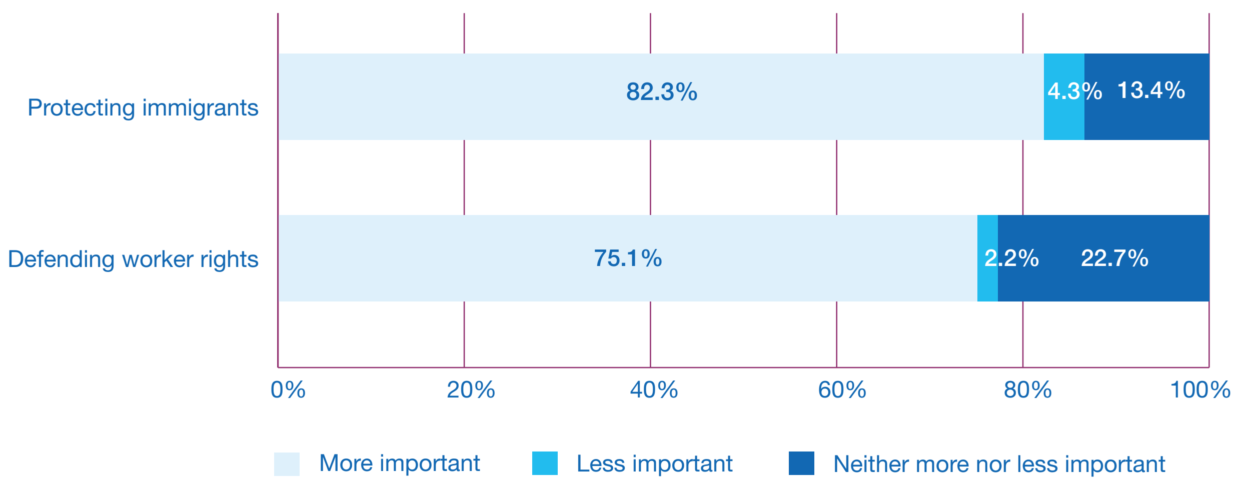
Total workforce		4,439,927
	Immigrant	45%
	Female	49%
Ethnicity	White non-Hispanic	36%
	Hispanic (of any race)	28%
	Black non-Hispanic	22%
	Asian non-Hispanic	15%
Education	Less than high school	13%
	High school graduate	22%
	Some college, but no degree	16%
	Associate's degree	7%
	Bachelor's degree	26%
	Advanced degree	17%
Earnings	Average	$57,205
	Median	$36,000
	$0-24,999	36%
	$25,000-49,999	25%
	$50,000-99,999	23%
	$100,000+	12%
Industry	Educational, Health and Social Services	26%
	Professional, Scientific, Management, Administrative, and Waste Management Services	13%
	Arts, Entertainment, Recreation, Accommodations, and Food Services	11%
	Retail Trade	10%
	Finance, Insurance, Real Estate, and Rental and Leasing	8%
	Transportation and Warehousing	6%
	Other Services (Except Public Administration)	5%
	Construction	5%
	Other	16%

Source: Authors' analysis of the 2015 American Community Survey, obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

In the face of federal attacks on labor rights, a growing number of states and cities has pursued a range of innovative strategies to raise job standards and enhance protections in recent years, most notably new laws that establish markedly higher minimum wages.[69] Many of these cities also have established their own local labor standards offices to ensure that new rights can be successfully claimed in practice. While this pattern started well before the recent election, the urgency has grown. Though federal action is still sorely needed, careful evaluations have shown both that violation rates vary substantially across states and that well-chosen policy interventions can lead to meaningful improvements.[70]

Recent polling suggests that New Yorkers largely agree with this assessment, with three-quarters (75 percent) agreeing that it is "more important" for local or City government to "protect workers' rights on the job" following the election, and more than 4 out of 5 (82 percent) agreeing that it is "more important" for local or City government to "protect immigrants."[71]

Figure 2. NYC residents' views on the role of local government following the 2016 election



Source: Working in NYC: Results from the 2017 Empire State Poll. September 2017 (NYC Department of Consumer Affairs and The Worker Institute at Cornell).

As the $15 minimum wage phases in, employers' opportunities and incentive to steal from workers will expand dramatically. Though the present moment represents perhaps the best window in a generation for securing large and enduring increases in the real wages of working New Yorkers, new interventions are also clearly needed to ensure that New Yorkers can successfully seize this opportunity.

OLPS One Year In

Under Mayor de Blasio and a progressive City Council, New York City government has pursued a series of innovative initiatives intended to boost wages and protect New Yorkers' rights at work. Most importantly, policymakers in Albany heeded the Mayor's call for a $15 minimum wage, which is being phased in gradually through 2019. The increases are just beginning in 2017, but will ultimately deliver raises to 1.4 million workers in the city (1 out of every 3), with an average increase of $5,700.[72]

Other key reforms include:

- guaranteed right to paid sick leave for most workers;
- new protections for freelancers against unpaid wages;
- a pair of innovative licensing laws in industries with endemic labor violations;
- new measures to protect workers in the retail and fast food industries from on-call scheduling and involuntary part-time work.

In establishing OLPS, New York City is seeking to ensure successful implementation of these initiatives, but also to build an enduring infrastructure to help City government play a leading role in raising job standards for workers. One of the first municipal labor standards enforcement offices in the nation,[73] OLPS also has one of the broader mandates, encompassing original research and policy development, outreach, investigations and enforcement, as well as intake and referrals for claims outside its jurisdiction.

OLPS is now a year into the process of developing its role as a central municipal labor standards office. Working in deep collaboration with New York City's workers' rights and community-based organizations, OLPS is pursuing an ambitious program to address the concerns raised in the April 25 hearing. Key initiatives include:

- a set of innovative measures to combat wage theft;
- strengthened enforcement of the Paid Sick Leave Law;
- implementation of new legislation to ensure fair scheduling practices in the retail and fast food industries;
- development of an education, outreach, and referral program;
- new efforts to raise standards in the paid care industry.

In all of its work, OLPS emphasizes that workers are covered by City laws and have access to City services regardless of immigration status, and seeks to ensure access to enforcement is meaningful even for the most vulnerable.

Innovative strategies to combat wage theft

Perhaps the most troubling theme that emerged from the workers' rights hearing testimony is the extraordinary obstacles workers face in seeking redress for stolen wages. As mentioned, New York State preempts the City from taking direct action on most types of wage and hour violations, greatly constraining OLPS's ability to act. Nonetheless, the Office is pursuing innovative strategies to combat wage theft, working around this constraint with whatever tools fall under its jurisdiction.

For instance, the Freelance Isn't Free Act, in effect since May 2017, is a first-of-its-kind law that provides wage protections to independent contractors. The law guarantees workers hired or retained as independent contractors the right to a written contract (for services valued at $800 or more) that must include key terms, including what work is to be performed, how much the worker is to be paid, and when payment is due.[74] Critically, the law gives freelance workers the right to collect double damages for contract violations, as well as attorneys' fees. The last provision, in particular, creates a strong incentive for hiring parties to abide by contracts, as attorneys' fees make it financially viable for attorneys to represent freelance workers in court, and begins to shift the power imbalance between freelance workers and the companies for whom they work.

Beyond the direct benefit the law provides to workers hired as independent contractors, it also helps mitigate employers' incentive to misclassify workers who should really be treated as employees under labor and employment laws, enabling these workers to enjoy a wider set of protections, as well.

To implement the law, OLPS:

- conducted a public education campaign, which included social media, webinars for freelance workers and hiring parties, and informational materials;
- provides intake and court navigation services to assist workers with their claims;
- is responsible for rulemaking and other guidance interpreting the law's provisions.

Through its intake, the Office is gathering information on income, work conditions, and problems faced by freelancers and creating a detailed data set on a group of workers who have been poorly studied and understood; this research can pave the way for further policy innovations to address the slew of problems facing a workforce that is generally excluded from existing labor and employment protections.

Through its court navigation services, the Office ensures that, when workers' claims aren't resolved, workers have both a clear pathway and the knowledge they need to successfully seek recovery.

Separately, the City is using its authority to issue business licenses in order to improve compliance with labor standards in certain low-wage industries in an effort that builds on comments submitted by a number of hearing participants. Noting the difficulties workers and their attorneys face in collecting judgments from employers, several organizations argued that the City should exercise its licensing authority to help enforce labor standards and hold employers accountable for unpaid wages:

- The Urban Justice Center (UJC) recommended that DCA gather information on employers' labor law compliance from a variety of sources and "either deny licenses to and/or penalize businesses that have failed to pay a final judgment for wage theft issued by a court or enforcement agency."[75]
- UJC also urged the Agency to make information about licensees' labor law compliance publicly available.[76]

Lenore Friedlaender from the Build Up NYC campaign pointed to local licensing ordinances in New Jersey as promising models.[77]

But, as NESRI and others noted, the "worst offenders" skip licensing requirements, among other methods, to evade regulatory detection, an observation shared by the Model Alliance's statement that modeling agencies are dodging their licensing requirements under the New York General Business Law by exploiting a loophole in the law.[78] Recognizing both the potential of licensing and its limitations in addressing violations, NESRI urged that "agency-driven investigations alone are not enough and … workers are essential frontline monitors of rights at work."[79]

Cognizant of these limitations, New York City is pursuing this strategy in the industrial laundry and car wash industries, where workers have been especially active in demanding higher standards in recent years. The *City Laundry Equity and Accountability Act* (CLEAN Act), which went into effect in January 2017, requires industrial laundries and laundry delivery services operating in New York City to obtain a license from DCA.[80] Additionally, the law requires that industrial laundry applicants certify that there are no outstanding final judgments against the applicant in any civil, criminal, or administrative action involving nonpayment or underpayment of wages.[81] The CLEAN Act also authorizes DCA to deny a license application after a finding that the applicant failed to pay in full any civil penalty arising out of a CLEAN Act violation[82] or received a final determination of liability in a civil, criminal, or administrative action involving egregious or repeated nonpayment or underpayment of wages.[83]

Similarly, the *Car Wash Accountability Law* (CWAL) would provide DCA with oversight of the city's car wash industry.[84] As adopted, the CWAL would, among other things, allow DCA to suspend or revoke a car wash license for egregious or repeated nonpayment or underpayment of wages, or other illegal acts or omissions by a car wash business. The CWAL is subject to ongoing litigation but, if allowed to take effect, would require city car washes to obtain licenses from DCA.

Both the CLEAN Act and the CWAL also require employers to obtain bonds which would cover, among other things, fines for violations of the car wash licensing law and unpaid judgments in wage cases.

Strategic enforcement of the Paid Sick Leave Law

New York City's Paid Sick Leave Law was the first major expansion of workplace protections under the de Blasio administration, and its implementation in April 2014 made New York City only the seventh jurisdiction in the nation with such a law. DCA has been charged with implementing and enforcing the law since its outset, and now does so through OLPS. The law covers an estimated 3.9 million workers employed in the city, 1.4 million of whom did not have access to paid sick leave before the law's enactment.[85]

DCA conducted a massive public education campaign to inform New Yorkers about this new right, and in its first three years of enforcement secured more than $6 million in restitution and penalties for close to 18,500 workers. During this period, OLPS's enforcement was driven mostly by complaints from workers who have called, written, or come into the Office on their own initiative. While the numbers represent a huge return to aggrieved workers, experience and research suggest an opportunity to do more. In industries that have generated a high number of complaints to OLPS, including home care, the volume of complaints has not slowed over time despite OLPS's aggressive enforcement and recoveries, suggesting that home care employers continue to routinely break the law because the odds of detection are still tolerably low. In other low-wage industries that research has shown are rife with workplace violations, few or no workers have come forward with complaints, suggesting that OLPS's enforcement has not reached significant pockets of vulnerable workers.

OLPS in its first year has recalibrated its enforcement practices to proactively target problematic workplaces, focusing investigative resources where the Office can have the greatest impact.

Consistent with a growing call by advocates and policy experts to address the problem of the most vulnerable workers lacking access to effective enforcement, OLPS in its first year has recalibrated its enforcement practices to proactively target problematic workplaces, focusing investigative resources where the Office can have the greatest impact. Economist and former U.S. DOL Wage and Hour Administrator David Weil has written extensively about the need to make the best use of limited labor standards enforcement resources to change employer behavior on an ongoing and sustained basis. "Enforcement policies that take into account both the underlying likelihood of problems and the capacity of the intervention to change employer behavior in significant and lasting ways have the potential of appreciably reducing the number of workers who do not receive the pay they are entitled," he urged in a 2010 paper directed at U.S. DOL's Wage and Hour Division.[86]

OLPS's shift to this strategic enforcement model aims to incorporate Weil's principles, as well as respond to proposals made by OLPS's community partners in the hearing testimony and in other conversations:

- First, OLPS is choosing industry and workplace targets that, based on research and information provided by community partners, are rife with workplace violations, but also where the Agency's enforcement is more likely to have lasting effects because it builds upon existing efforts to improve industry conditions, such as organizing and advocacy activities by workers' rights groups that hold the promise of larger changes. Industries that OLPS has targeted for proactive enforcement include home care, a large industry with a high number of complaints but continued compliance issues, and others that have generated almost no paid sick leave complaints but have documented high violation rates. In its enforcement work, OLPS emphasizes contact with worker organizing groups that have deep knowledge of industry structures and problematic workplaces, as well as strong relationships with workers in the relevant industries.
- Second, OLPS targets diverse groups of employers with the goal of spreading the word about investigations broadly throughout employer communities.
- Third, OLPS has, since before the shift in its enforcement model, required employers to demonstrate that they have adopted or modified their paid sick leave policies to comply with the law after they enter into a settlement agreement; in other words, enforcement is forward-looking.
- Fourth, as OLPS expands its research and policy capacity, it will be able to map employers by geography, industry, and community networks, as well as to study the market and regulatory forces that drive compliance, so as to most effectively direct enforcement and policy efforts.
- Fifth, by rigorously auditing sick leave practices, OLPS is increasing the likelihood that it will encounter evidence of wage and hour violations in the course of its investigations, facilitating strong referrals to legal service providers or the U.S. and state Departments of Labor.

In July 2017, OLPS issued Notices of Investigation, the first step in OLPS's paid sick leave investigation process, to 39 home health care agencies. As made clear in the hearing testimony, the documented prevalence of violations, 1199SEIU's extensive organizing of the workforce, and the union's and other stakeholders' deep knowledge of problematic workplaces provide a strong basis for the launch of an enforcement sweep in the industry. The issuance of the Notices of Investigation came after careful preparation; in addition to research to choose appropriate targets, OLPS worked to implement a triage system to redirect resources toward proactive investigations and provided staff trainings on the industries and workforces. The proactive enforcement program is still early in its rollout; the next year should provide valuable insight into the model's potential to expand the Office's reach and move the needle on compliance in industries with a history of labor and employment law violations.

This new approach to enforcement of the Paid Sick Leave Law also is supported by the hearing testimony delivered by the Community Service Society (CSS). CSS provided statistics showing that the Paid Sick Leave Law has significantly increased low-income workers' access to paid sick leave, but that a substantial percentage of vulnerable low-income workers still cannot use this important benefit and many do not even know about the law.[87] The percentage of low-income workers in New York City without paid time off has declined significantly since the law took effect, dropping from 53 percent of eligible low-income workers surveyed by CSS in 2013, to 38 percent of eligible low-income workers in 2016.[88] And yet, many vulnerable low-income workers still lack access to this critical benefit: 43 percent of eligible low-income Latino workers, 48 percent of immigrant low-wage workers, 65 percent of low-income part-time workers, and 61 percent of low-income restaurant and retail workers report that they still do not have paid sick leave.[89] Despite progress, clearly there is still a substantial need for increased and targeted enforcement of this important right.

New legislation to ensure fair scheduling practices in retail and fast food

In 2017, OLPS is also set to implement a package of new laws that takes aim at abusive practices in the retail and fast food industries: unpredictable schedules. The goal of the City's Fair Workweek legislation, adopted in May 2017, is to ensure that fast food and retail workers have access to predictable, reliable, and adequate hours and paychecks, so they can support themselves and be able to plan for child care, school, and other needs.[90] The law will require that fast food employers give workers advance notice of their work schedules, including, at the start of their employment, an estimate of their hours and schedules, and regular accurate written schedules from then on. Workers will be entitled to premium pay when the employer changes their schedule with less than two weeks' notice.

A separate law bans the practice of scheduling workers to close a store late at night and re-open it in the morning, unless the worker agrees and receives a $100 premium to their pay.

The Fair Workweek laws hold tremendous promise to create more dependable and stable jobs in industries that had turned sharply toward part-time and unpredictable work.

The legislation includes a measure that requires employers to offer any new hours to their existing workforce, rather than hiring new workers, encouraging employers to provide workers with access to full-time jobs and cut down on part-time employment. Retail employers will also be greatly restricted from scheduling workers on an on-call basis with no guarantee of hours or pay, and will no longer be allowed to force workers to keep their schedules open for work with no guarantee of hours or pay. The Fair Workweek laws hold tremendous promise to create more dependable and stable jobs in industries that had turned sharply toward part-time and unpredictable work.

Finally, an innovative measure included in the Fair Workweek package paves the way for fast food workers to have voluntary contributions deducted from their pay to support organizations of their choice, including those with whom they may wish to engage in organizing and advocacy to drive better standards in their industry. This first-of-its-kind law in the country could hold promise for helping workers have a stronger voice at work.[91]

Education, outreach, and referral to increase workers' access to enforcement

As many organizations stressed in their hearing testimony, insufficient enforcement resources at the state and federal levels have made it difficult for workers to seek timely and adequate redress for violations. But while OLPS lacks the authority directly to enforce state and federal workplace laws, it is expanding the supports it can provide to workers by developing a new intake and referral system.

With the support of a legal services coordinator, OLPS's staff now routinely assesses what violations workers are experiencing, and directs them to the other agencies or legal services providers that are best poised to help them.

In addition to filling deficiencies in intake capacity at state and federal enforcement agencies, OLPS's new system also helps confront the problem, articulated by several advocates in the hearing testimony, that workers may lack knowledge of their rights on the job; armed with new training, OLPS staff can effectively screen for a range of violations even when workers may not be aware of the specific law that their employer has broken. The Office has developed an extensive listing of government agencies, legal services providers, private attorneys, and other resources to provide workers seeking help on issues not within OLPS's jurisdiction. In certain cases, OLPS will seek to jointly enforce multiple workplace laws with other agencies, such as the Commission or the New York State Office of the Attorney General, eliminating the need for workers to independently seek out help from other agencies, which can be an insurmountable roadblock for workers with limited time and resources.

OLPS is also increasing its capacity to conduct intake outside the Office at worker center or union meetings and other events. Meeting workers at their own community organizations, and in the presence of trusted worker center and union staff, can help ease the fear that prevents many workers from proactively contacting a government agency, a problem that appears to be on the rise. To support this program, OLPS staff performs constant education and outreach, providing know-your-rights trainings and engaging community partners to help spread awareness of OLPS's programs and the resources available to help workers pursue their claims.

To further these efforts, speakers at the hearing called for more labor standards enforcement funding. Molly Weston Williamson from A Better Balance called upon the City to significantly increase funding, particularly to hire more staff.[92] The Center for Law and Social Policy (CLASP), NYCOSH, and other organizations argued for increased funding specifically to support OLPS's partnerships with community-based organizations, which play a vital role in supporting vulnerable workers to come forward to file claims and providing OLPS with information on low-wage industries to inform enforcement efforts, but which often struggle to do their work due to limited funding and capacity.[93] Under the de Blasio Administration, the City has provided funding to legal services organizations that represent workers with a variety of issues, helping to redress violations of state and federal labor laws that the City otherwise does not have the power to resolve.

In addition to wage theft, OLPS's education, outreach, and referral program is helping address other workplace violations, such as health and safety violations, despite the federal government's OSHA having primary jurisdiction over this field. Studies have found that when workers are aware of their rights in the workplace and of the legal consequences employers face for violations, they are better equipped to identify and report issues that require government attention, including health and safety violations.[94] Further, increased oversight and enforcement in adjacent areas of labor and employment law can have indirect but beneficial effects on health and safety, motivating employers to come into compliance, inhibiting low-road employers' price advantage in their markets, and bringing illegal health and safety practices to the attention of the regulators that do have jurisdiction. And, more broadly, when workers know their rights, and understand how to use them, it becomes harder for employers to cut corners.

OLPS's Division of Paid Care: a new kind of program focusing on a historically excluded workforce

On August 31, 2016, Mayor de Blasio signed legislation creating within OLPS the Paid Care Division, dedicated to improving conditions for home care and domestic workers. The new division is the result of sustained efforts by workers' and advocates' campaigns to raise standards for this workforce at the City, state, and federal levels. Care occupations, overwhelmingly populated by immigrants and women of color, historically have been excluded from the protections afforded to most other workers. The OLPS Division of Paid Care is an important correction to this legacy.

In the past decade, workers and advocates secured passage of the New York State Domestic Worker Bill of Rights (2010), a New York City law requiring employment agencies to disclose job standards and limit fees for placements in domestic work; the New York State Wage Parity Act (2010), requiring certain Medicaid-funded home care agencies to pay a higher base wage rate and provide benefits to workers; and the issuance of the U.S. DOL Home Care Rule (issued in 2013, effective 2015), extending federal wage and hour standards to home care workers, who had previously been exempted from the Fair Labor Standards Act (FLSA).[95]

Despite greatly expanding domestic and home care workers' rights under the law, legal reforms have not universally translated into higher job standards for workers, and advocates have rallied for increased, concentrated outreach and enforcement resources to ensure workers have the knowledge and support to realize their rights. With a mayoral administration and City Council already sensitive to these concerns, the bill creating a Paid Care Division within OLPS passed and went into effect in February 2017. OLPS hired a Paid Care Advocate to lead a multidisciplinary effort, consisting of outreach and education, research, and policy development. Highlights through the first six months include:

- drafting and dissemination of educational materials on paid care workers' labor and employment rights;
- a series of worker convenings to provide leadership development and rights training;[96]
- an intake and referral process tailored to the specific issues paid care workers confront in their work;
- ongoing survey and focus group research to better understand this workforce's experiences and needs;
- proactive investigation of paid sick leave violations in the home care industry;
- the launch of an external working group charged with recommending new policies to improve job quality.

In all of these efforts, OLPS has partnered closely with the active and diverse set of worker centers, unions, and advocacy organizations engaged with this workforce. Though even in the Division's absence the issues confronting paid care workers would still fall squarely within OLPS's mission, its presence ensures that the unique challenge of securing labor rights in the home receive appropriate consideration, and are handled with the multidisciplinary, holistic approach that decades of legal and social exclusion have necessitated.

In its first six months, the Paid Care Division already has responded to some recommendations made in the hearing testimony, namely engaging in broad educational efforts and shifting to strategic enforcement. Policy recommendations proposed in several organizations' testimony have and will continue to inform the Division's policy development. The hearing testimony urged a focus, in particular, on worker cooperative development as a strategy for raising standards in this sector, reporting on positive experiences at Cooperative Home Care Associates, the largest worker-owned cooperative in the country, as well as the many new home care and domestic worker cooperatives established in recent years. The Division is in the process of learning more about these models and is beginning to work with its external partners on the Paid Care Working Group to identify appropriate policy recommendations concerning worker cooperatives and other initiatives that can strengthen standards for workers in these sectors.

Other NYC Efforts to Strengthen Working New Yorkers' Rights and Protections

OLPS works in frequent collaboration with several other City agencies whose jurisdictions relate to New Yorkers' rights on the job, the Commission and MOIA in particular. Their recent efforts to safeguard New Yorkers' rights at work are described in the following sections.

Growth and strategic restructuring drive Commission enforcement of the nation's strongest Human Rights Law

The New York City Human Rights Law (NYCHRL), which provides protections against employment-based and other forms of discrimination, is one of the most expansive in the nation. The law is meant to ensure that all those who live in, work in, or visit New York City are treated fairly and with dignity and respect, regardless of race, color, age, religion/creed, national origin, disability, gender identity and expression, sexual orientation, or any other protected class.

Over the past two years, the Commission has expanded its ability to reach the city's underserved communities and most vulnerable residents through outreach, educational opportunities, mobile intake clinics in partnership with community-based organizations, and other forms of community engagement. The Commission continues to grow and to strategically restructure key programs to effectively address significant public demand in the current political climate, most notably:

- adding staff to its Law Enforcement Bureau (LEB) and Community Relations Bureau (CRB);
- substantially increasing Commission-initiated investigations and complaints through testing and other investigative means;
- building out key operational areas of the agency to support its expanding work;
- committing significant resources to multilingual public awareness campaigns.

The Commission receives more employment discrimination claims than claims in any other area of its jurisdiction. And, employment discrimination claims continue to increase. Claims alleging discrimination based on race, national origin, religion, and immigration status have increased significantly in the past year. Claims of discrimination based on

Snapshot of Complaints

Complaints Alleging Employment Discrimination

Fiscal Year	Number of Complaints
2015	443
2016	480

LEB Data – Fiscal Year 2017

Total Complaints (all areas of jurisdiction)	806
Total Recovery	$1,801,966
Total Active Caseload	1,643
Percent Increase	25%
Tests Performed	826
Entities	540
Employment	240
Housing	265
Public Accommodations	35
Protected Categories Tested	Gender identity, disability access, race, gender, pregnancy, criminal history, source of income, presence of children
Commission-initiated Complaints	25
Pre-complaint Successful Interventions	19

Snapshot of Campaigns and Media Outreach

I am Muslim: Designed to promote solidarity and protect Muslim communities in New York City.

You DO have Rights: Intended to educate some of the city's most vulnerable communities (ethnic, immigrant, and religious) on their rights under NYCHRL and how to get assistance from the Commission.

The Commission also coordinated media outreach on domestic violence protections in housing and employment; protections for people with disabilities and women; racial discrimination; fair housing; and discriminatory harassment. These efforts generated more than 170 million views across paid media platforms. Over 50 percent of press placements in the second half of Fiscal Year 2017 were in ethnic and community media outlets.

gender identity and criminal history have also significantly increased. For the past year, the Commission has accepted requests for U visa certifications, which has allowed it to deepen its engagement with immigrant workers who face discrimination, abuse, and harassment in the workplace.

Finally, the Commission enforces the City's new "Fair Chance Act," which makes it illegal for most employers in New York City to ask about the criminal record of job applicants before making a job offer. This is a critical new protection, as several formerly incarcerated workers made clear at the hearing. Ricky Pimentel, a laborer and part of the Build Up NYC campaign, explained that:

> In my current job, I'm working safe and getting paid a good wage with benefits. It hasn't always been like that, especially for someone like me who was formerly incarcerated … (A) condition of my parole is to maintain employment … I really love construction work, but some of the jobs I had were hard because some of the employers often take advantage of you and your situation … (T)hey look for people like that, you know, they say, hey, we know we can pay you less, we know you're going to work hard, we know that you're afraid of going back to prison if you don't maintain employment, they'll promise you pay raises that just won't come.[97]

In 2016, the Commission initiated 190 investigations into arrest or conviction record discrimination, and acted on dozens of complaints alleging claims of arrest record discrimination (62 claims) and conviction record discrimination (76 claims). In one case where the Commission found probable cause that an employer denied an applicant a position based on his earlier minor convictions, the employer, complainant, and Commission ultimately reached a conciliation agreement requiring the employer to pay $50,000 in damages to the complainant and a $15,000 civil penalty, and to train its more than 10,000 managerial, supervisory, and personnel staff regarding the NYCHRL generally, and the Fair Chance Act specifically.

MOIA has taken action to advance the rights of immigrant New Yorkers

Recognizing that obtaining legal status significantly improves immigrants' access to employment and economic security, New York City has invested an unprecedented amount of public dollars—$31 million in Fiscal Year 2018—to provide free immigration legal services to immigrant New Yorkers. This level of investment has allowed the City to provide a continuum of immigration legal services in immigrant communities, including information about immigrants' rights; legal screenings; legal services for different types of cases through a variety of City-funded programs, including ActionNYC and NYCitizenship.

ActionNYC, a partnership among MOIA, the Human Resources Administration (HRA), and the City University of New York (CUNY), connects immigrants to a network of community and legal service organizations for free, safe immigration legal services. Beginning in May 2017, New Yorkers have been able to receive the help of experienced attorneys and accredited Board of Immigration Appeals representatives on a range of cases, including but not limited to citizenship, green card applications and renewals, Deferred Action for Childhood Arrivals (DACA), and Temporary Protected Status.

NYCitizenship provides free, safe citizenship and financial counseling services at select libraries and HRA locations around the city. This program has enormous potential to help New York City's 650,000 lawful permanent residents gain citizenship, which can raise pay, homeownership rates, and political participation, among other benefits.

In addition to these large-scale initiatives, many City agencies, including the Commission, have worked to connect their immigrant clients to U and T visas. U nonimmigrant status (U visa) is a visa program for victims of certain crimes who have suffered mental or physical abuse, and who assist law enforcement in the investigation or prosecution of criminal activity. The T visa is for victims of human trafficking and allows them to stay in the United States to assist with the investigation or prosecution of human trafficking cases. Both visa programs are an extremely useful safeguard for immigrant crime victims, including victims of labor trafficking and wage theft.

Conclusion

The powerful record created by the state of workers' rights hearing will continue to inform OLPS's work. Above all, the hearing testimony underscores both the daunting obstacles that stand in the way of establishing a more effective regime of workplace protections in the city and the urgent need to do so. The home health aides, construction workers, restaurant workers, nannies, professors, and others who shared their struggles for fair treatment are the backbone of our economy and our society. Too often, they report being excluded entirely from the framework of labor protections set up generations ago; more commonly, they report that the laws which do apply still fall short, as employers routinely steal wages with little threat of meaningful sanction.

Under the leadership of Mayor de Blasio and a progressive City Council, New York has risen to this challenge, pursuing a number of innovative strategies to strengthen workers' rights while still navigating around the constraints imposed by state and federal preemption. OLPS was created to further these efforts, and has made significant progress in the year since its launch. OLPS looks forward to years of partnership with the many people and organizations dedicated to the cause of workers' rights in the city, and stands with all New Yorkers asserting their right to work with dignity and respect and receive honest payment in return.

Endnotes

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[2] *State of Workers' Rights: Public Hearing before Commissioner Lorelei Salas et al.* (April 25, 2017) (Written Testimony) at 207-208 [hereinafter *Written Testimony*]; *State of Workers' Rights: Public Hearing before Commissioner Lorelei Salas et al.* (April 25, 2017) (Hearing Transcript) at 10-12 [hereinafter *Hearing Transcript*].

[3] *Hearing Transcript*, at 15-17.

[4] *Hearing Transcript*, at 14-15. *See also* Rosa Goldensohn, *Tom Cat Bakery Workers Targeted by ICE March in Front of Trump Tower*, Crain's (April 7, 2017, 12:24 PM), http://www.crainsnewyork.com/article/20170407/POLITICS/170409906/tom-cat-bakery-workers-targeted-by-ice-to-protest-at-march-in-front-of-trump-tower.

[5] *Hearing Transcript*, at 18.

[6] *Written Testimony*, at 104.

[7] *Written Testimony*, at 103-104.

[8] *Written Testimony*, at 15-16.

[9] *Hearing Transcript*, at 113.

[10] *Written Testimony*, at 178-79.

[11] *Written Testimony*, at 12, 96, 161.

[12] *Written Testimony*, at 107.

[13] *Written Testimony*, at 97.

[14] *Written Testimony*, at 162.

[15] *Written Testimony*, at 179.

[16] *Written Testimony*, at 82.

[17] *Written Testimony*, at 90.

[18] *Hearing Transcript*, at 21.

[19] *Hearing Transcript*, at 25.

[20] *Id.* at 29.

[21] *Hearing Transcript*, at 28.

[22] *Written Testimony*, at 1-8.

[23] *Id.*

[24] *Written Testimony*, at 1-8 (statement of 1199 SEIU), at 60 (statement of Chinese Staff and Workers Association); *Hearing Transcript*, at 99-101 (statement of Rosanna Gucnam). Note that federal regulations interpreting the Fair Labor Standards Act allow employers to treat up to eight hours of a 24-hour shift as uncompensable sleep time, but only if the employee agrees to the arrangement; is provided with adequate sleeping facilities; and is usually able to get an uninterrupted night's sleep. *See* 29 C.F.R. § 785.20-23. Employers may additionally treat an additional three hours of the 24-hour shift as unpaid meal breaks if the employee is actually able to take three hour-long work-free meal breaks, meaning that a home care employer may discount up to 13 hours of pay from a 24-hour shift if the above conditions are satisfied. *See* Federal Minimum Wage and Overtime Protections for Home Care Workers (National Employment Law Project 2015), *available at* http://www.nelp.org/content/uploads/NELP-Fact-Sheet-Companionship-Rules-Reform.pdf. New York Department of Labor (NYDOL) regulations, on the other hand, provide that employers must pay an employee at least the minimum wage for each hour an employee is "required to be available for work at a place prescribed by the employer" except that a "residential employee—one who lives on the premises of the employer" need not be paid "during his or her normal sleeping hours solely because he is required to be on call" or "at any other time when he or she is free to leave the place of employment." 12 NYCRR 142–2.1. The regulations do not provide further guidance on who qualifies as a "residential employee," but for many years home care agency employers have relied on a 2010 NYDOL Opinion Letter that provides that third-party employers of 24-hour home care attendants may pay their employees for 13 hours of a 24-hour shift, provided the employee is afforded eight hours of sleep, five of which are uninterrupted, and three uninterrupted hours for meals. NYDOL Opinion Letter, RO-090169 (March 10, 2011). Recent decisions by the New York State Supreme Court have rejected the NYDOL's interpretation of the New York Labor Law, finding instead that sleep and meal periods must not be excluded from the hourly wages of a home attendant who does not "reside" in the home of his or her client. *Andryeyeva v. New York Home Attendant Agency*, 45 Misc. 3d 820 (N.Y. Sup. 2014); *Tokhtaman v. Human Care*, LLC, 149 A.D.3d 476 (N.Y. App. Div 2017). Both decisions are currently pending appeal.

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[26] *Written Testimony*, at 181-83.
[27] *Hearing Transcript*, at 34.
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[30] *Hearing Transcript*, at 51-54 (statement of Inderjeet Parmar, presented by Mohammad Tipu Sultan).
[31] *Written Testimony*, at 209.
[32] *Hearing Transcript*, at 54 (statement of Inderjeet Parmar, presented by Mohammad Tipu Sultan).
[33] *Hearing Transcript*, at 40-44.
[34] *Hearing Transcript*, at 49-50.
[35] *Hearing Transcript*, at 105 (statement of Hernan Ayabaca).
[36] *Written Testimony*, at 116.
[37] *Written Testimony*, at 61-62.
[38] *Written Testimony*, at 189.
[39] *Written Testimony*, at 179-80.
[40] *Written Testimony*, at 179-81
[41] *Written Testimony*, at 188-90, 194.
[42] *Written Testimony*, at 165-169
[43] *Written Testimony*, at 37.
[44] Annette Bernhardt, Diana Polson, & James DeFillippis, Working Without Laws: A Survey of Employment and Labor Law Violations in New York City, 2-3, 18, 20, 22, 29, 31 (National Employment Law Project 2010), http://www.nelp.org/content/uploads/2015/03/WorkingWithoutLawsNYC.pdf.
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[46] *Written Testimony*, at 67-72.
[47] *Id*.
[48] *Written Testimony*, at 37-41.
[49] *Id*.
[50] *Id*.
[51] *Written Testimony*, at 78-79, 88, 95, and 215.
[52] *Id*.
[53] *Hearing Transcript*, at 101-102 (statement of Nathalia Alejandra Varela).
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[58] *Hearing Transcript*, at 130.
[59] *Hearing Transcript*, at 131.
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[62] James Parrott, *Monitoring the Minimum Wage, Setting the Context for the Minimum Wage Increase in New York State and New York City*, Brief No. 1 (The Workforce Field Building Hub 2017), *available at* https://philanthropynewyork.org/sites/default/files/resources/Monitoring-Min-Wage-Brief-July2017.pdf.
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[64] Budget of the U.S. Government: A New Foundation for American Greatness, Fiscal Year 2018, at 42 (2017), *available at* https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/budget.pdf.
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[75] *Written Testimony*, at 215-16 (statement of the Urban Justice Center).

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[78] "Modeling agencies typically claim that they are primarily management agencies (meaning that their primary role is to manage models' careers, rather than to find them jobs), and that therefore they fall under the statute's 'incidental booking exception,' which applies 'when finding employment is only incidental to [the agencies'] agreements with the models.'" *Written Testimony*, at 114-15 (statement of the Model Alliance) (*citing* Shelton v. Elite Model Mgmt., Inc., 812 N.Y.S.2d 745, 756 (NY Sup. Ct. 2005) (discussing defendant modeling agencies' argument)).

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[81] Title 20 of the Administrative Code of the City of New York, Section 20-297.3(b)(5).

[82] Title 20 of the Administrative Code of the City of New York, Section 20-297.3(d)(1).

[83] Title 20 of the Administrative Code of the City of New York, Section 20-297.3(d)(3)(b).

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[89] *Written Testimony*, at 47-54.

[90] Intro. 1396-2016 (2017); Intro. 1395-2016 (2017); Intro. 1387-2016 (2017).

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[93] *Written Testimony*, at 43-44.
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Appendix

Timeline: NYC Efforts to Strengthen Worker Rights

2014

February

Mayor Bill de Blasio appoints Nisha Agarwal as Commissioner of the Mayor's Office of Immigrant Affairs (MOIA).

April

Paid Sick Leave Law goes into effect after Mayor de Blasio signs his first bill into law to expand its coverage.

Photos by Rob Bennett/Mayoral Photography Office

Ed Reed/Mayoral Photography Office

June

Contract agreements reached with over 60 percent of City workforce, on path to 99.6 percent coverage by September 2017.

September

Mayor de Blasio signs Living Wage Executive Order.

November

Mayor de Blasio appoints Carmelyn P. Malalis as Chair of the NYC Commission on Human Rights (the Commission).

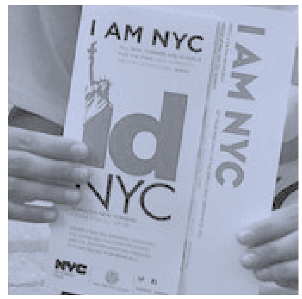
December

Laws go into effect limiting NYC's cooperation with overbroad federal immigration enforcement practices and ending presence of Immigration and Customs Enforcement (ICE) at all City facilities, including Rikers Island.

2015

January

The City of New York launches IDNYC Municipal ID Card Program.



June

- Mayor de Blasio establishes the NYC Commission on Gender Equity, co-chaired by First Lady Chirlane McCray.
- Mayor de Blasio signs Car Wash Accountability Law (CWAL) into law.

October

Fair Chance Act goes into effect.

2016

January

- Commuter Benefits Law goes into effect.
- Mayor de Blasio signs Paid Parental Leave Personnel Order for 20,000 workers employed by the City of New York.
- Mayor de Blasio announces a $15 minimum wage for all City employees and social service contractors, affecting 50,000 workers.

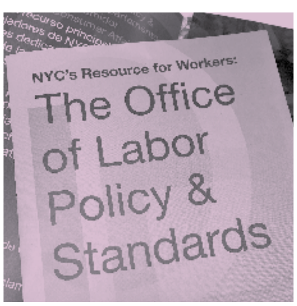
March

Mayor de Blasio signs Executive Order 16 requiring City agencies to ensure that employees and members of the public are given access to single-sex City facilities consistent with gender identity and expression, without being required to show identification, medical documentation, or any other form of proof or verification of gender.

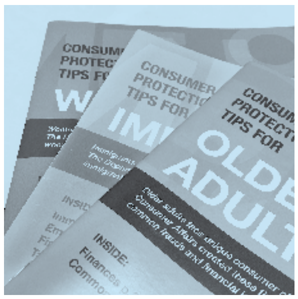
May

- Mayor de Blasio appoints Lorelei Salas as Commissioner of the Department of Consumer Affairs (DCA).

- Human Rights Law expands to protect caregivers from employment discrimination.
- Grocery Workers Retention Act goes into effect.
- Displaced Building Service Workers Protection Act goes into effect.



- Office of Labor Policy & Standards (OLPS) is placed within DCA.



August

Laws requiring DCA to provide consumer protection education for immigrants, women, and seniors go into effect.

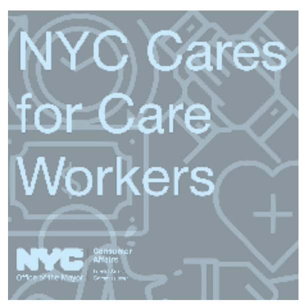
October

Law requiring single-occupant bathrooms be usable by persons of any gender goes into effect.

2017

January

City Laundry Equity and Accountability (CLEAN) Act goes into effect.



February

Law establishing a Division of Paid Care within OLPS goes into effect.

April

DCA, MOIA, and the Commission convene the public hearing on the State of Workers' Rights in New York City.

May

Freelance Isn't Free Act goes into effect.

October

Law prohibiting employers from inquiring about a prospective employee's salary history goes into effect.

November

- Fair Workweek Laws go into effect.
- Wage Deductions Law goes into effect.

Visit **nyc.gov/dca** for more information about the laws that DCA enforces.

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THE CITY IS HERE TO SUPPORT OUR SMALL BUSINESS OWNERS.

We know that it's difficult to be a small business owner here for a lot of reasons. Some of them are financial. It can be tough to keep your personal and business finances separate. And many small business owners rely on their personal credit scores to secure loans.

Our NYC Financial Empowerment Center counselors can help. We offer free financial counseling so that you're starting your business off with a well-organized personal financial plan.

To find out more:
Call **311** and ask for "Financial Empowerment Center"
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See back for more >>

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Sabemos que resulta difícil ser un pequeño empresario por muchas razones. Algunas de esas razones son las finanzas. Puede ser difícil separar a sus finanzas personales de las de su empresa. Ademas, muchos propietarios de pequeñas empresas dependen de su crédito personal para asi obtener prestamos para el negocio.

Los consejeros del Centro de Poder Financiero de la Ciudad de Nueva York pueden ayudar. Ofrecemos asesoramiento personal financiero gratuito de modo que puede iniciar su negocio con un plan financiero personal bien organizado.

Para obtener más información:
Llame al **311** y pregunte por el "Centro de Poder Financiero"
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Important Information for
Fast Food Employers/Workers:

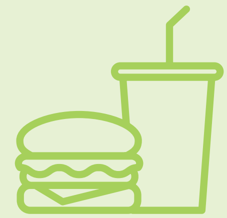
NYC'S FAIR WORKWEEK & FAST FOOD DEDUCTIONS LAWS

NYC Consumer Affairs

The Department of Consumer Affairs (DCA) Office of Labor Policy & Standards (OLPS) enforces NYC's Fair Workweek and Fast Food Deductions laws, which took effect on November 26, 2017. DCA created this overview for employers and employees. Visit **nyc.gov/dca** for more information, including Frequently Asked Questions.

NOTE:

- Employers cannot punish, penalize, retaliate, or take any action against employees that might stop or deter them from exercising their rights under the law. Workers should immediately contact OLPS about retaliation. See back of booklet.
- The law covers workers regardless of immigration status.



About the Laws

Under the ***Fair Workweek Law***, fast food employers in NYC must give workers predictable work schedules and the opportunity to work newly available shifts before hiring new workers.

Under the ***Fast Food Deductions Law***, fast food employers must honor employee requests to deduct voluntary payments from their paychecks to send to nonprofits that have a registration letter from DCA. The law covers nonprofits, as well. The law does not allow contributions to labor organizations.

Covered Employers

Employers—including subcontractors and temporary help firms—whose workers perform certain tasks at a fast food establishment in NYC. *See Covered Employees section.*

A fast food establishment:

- Primarily serves food and beverages.
- Is where customers pay before eating on or off premises.
- Offers limited service.
- Is part of a chain. AND
- Is one of 30 or more establishments nationally, including as part of an integrated enterprise or as separately owned franchises.

Fast food establishments located inside other types of establishments, such as malls, are covered by the law.

Covered Employees

Employees who perform at least one of the following tasks at a fast food establishment in NYC:

- customer service
- cooking
- food or drink preparation
- delivery
- security
- stocking supplies or equipment
- cleaning
- routine maintenance

Notice of Rights

Employers must post the notices described below where employees can easily see them at each NYC workplace.

- YOU HAVE A RIGHT TO A PREDICTABLE WORK SCHEDULE*
- YOU HAVE A RIGHT TO MAKE CONTRIBUTIONS TO NONPROFITS THROUGH YOUR EMPLOYER

*Employers must post this notice in English and in any language that is the primary language of at least 5 percent of the workers at a workplace if available on the DCA website **nyc.gov/dca**.

Overview of Employee Rights

Fair Workweek Law

Good Faith Estimate and first work schedules in writing on or before first day of work

14 days' (2 weeks') advance notice of work schedule

Written worker consent for any additions to a written schedule within 14 days of the start of the shift

Premium pay for all schedule changes with less than 14 days' notice – SEE TABLE BELOW

Written worker consent plus $100 premium to work *clopening** shifts

Priority to existing workers to work newly available shifts before employer hires new employees

*A *clopening* involves working 2 shifts over 2 days when the first shift ends a day and there are less than 11 hours between shifts.

Deductions Law

Receive disclosures from nonprofit

Authorize employer to deduct voluntary payments from paycheck to send to a nonprofit

Automatic deduction and payment to nonprofit after DCA registers nonprofit

Revoke authorization to deduct voluntary payments

Premium Pay Rates for Last-Minute Schedule Changes:

Amount of notice before the change is effective	Additional work time or shifts	Change to shifts but no change to total work time	Reduced work time or shifts
Less than 14 days' notice	$10 per change	$10 per change	$20 per change
Less than 7 days' notice	$15 per change	$15 per change	$45 per change
Less than 24 hours' notice	$15 per change	$15 per change	$75 per change

Premium pay is not required when:

1. Employer closes due to: threats to worker safety or employer property; public utility failure; shutdown of public transportation; fire, flood, or other natural disaster; government-declared state of emergency.
2. Worker requests a schedule change to a specific shift.
3. Worker trades shifts with another employee.
4. Employer must pay overtime for changed shift.

Recordkeeping

Employers must retain the electronic compliance records described below for the noted period of time. If an employer fails to retain or produce records, employees receive a "rebuttable presumption" in their favor when they bring their complaint in court. This means that the burden will be on employers to show they did not violate the law.

Fair Workweek Law

Employer must retain records of:

- Worker **hours each week**
- Each worker's **shifts worked**, including date, time, and location
- **Good Faith Estimates** of work hours provided to workers
- Workers' **written consent** to work *clopenings* and to schedule changes when required
- **Each written schedule** provided to workers
- **All premium payments** to workers, including dates and amounts

Retain records for three (3) years.

Deductions Law

Employer must retain records of:

- All authorizations, revocations, deductions, and contributions to nonprofits
- Proof of distribution of required notice of rights

Retain records for two (2) years.

Over >

Complaints

File a complaint with OLPS. Go to **nyc.gov/dca** or **contact 311** (212-NEW-YORK outside NYC) and ask for "Fair Workweek Law" or "Deductions Law." OLPS will conduct an investigation and try to resolve a complaint. **OLPS will keep a complainant's identity confidential unless disclosure is necessary to complete an investigation or is required by law.**

File an action in court. However, employees cannot have a complaint with OLPS and a claim in court at the same time.

Contact OLPS

Visit **nyc.gov/dca**, email **FWW@dca.nyc.gov**, or **contact 311** and ask for "Fair Workweek Law" or "Deductions Law."

NYC® Office of the Mayor | **Consumer Affairs**
Lorelei Salas
Commissioner

The NYC Department of Consumer Affairs (DCA) protects and enhances the daily economic lives of New Yorkers to create thriving communities.

11/2017

HOW NEIGHBORHOODS HELP NEW YORKERS GET AHEAD

FINDINGS FROM THE COLLABORATIVE FOR NEIGHBORHOOD FINANCIAL HEALTH



NYC
Office of the Mayor
Consumer Affairs
Lorelei Salas
Commissioner

HOW NEIGHBORHOODS HELP NEW YORKERS GET AHEAD:
Findings from the Collaborative for Neighborhood Financial Health

Bill de Blasio
Mayor

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ACKNOWLEDGMENTS

The Department of Consumer Affairs (DCA) Office of Financial Empowerment (OFE) thanks the following organizations and individuals whose support and collaboration made the Collaborative for Neighborhood Financial Health (CNFH) possible:

- Citi Foundation
- Mayor's Fund to Advance New York City, New Economy Project, and Bedford-Stuyvesant Restoration Corporation, key project partners
- Additional partners and project participants across East Harlem and Bedford-Stuyvesant:

  East Harlem Collaborators: Little Sisters of the Assumption (LSA) Family Health Service, Lower East Side People's Federal Credit Union, Community Voices Heard, Picture the Homeless, Carter Burden Senior Center, Union Settlement, WE ACT, Cada Paso, Jefferson Senior Center, GrowNYC, Jobs Plus, Community Board 11, Manhattan Borough President's Office, Office of NYC Council Speaker Melissa Mark-Viverito

  Bedford-Stuyvesant Collaborators: Urbane Development, Center for Financial Services Innovation, Local Initiatives Support Corporation (LISC) NYC, Bridge Street Development Corporation, City Harvest, Highbrid Media, IMPACCT Brooklyn, Public School 54, Brooklyn Borough President's Office, NYC Council Member Robert E. Cornegy Jr.

Additionally, we thank our interagency advisors for their guidance and support:

- Matthew Klein, Executive Director, Mayor's Office of Economic Opportunity
- David Berman, Director of Programs and Evaluation, Mayor's Office of Economic Opportunity
- Minden Koopmans, Senior Management Advisor, Mayor's Office of Economic Opportunity
- Molly Hartman, Senior Advisor for Food Policy, Mayor's Office of Food Policy
- Leila Bozorg, Chief of Staff, NYC Department of Housing Preservation & Development
- Lauren Gray, Deputy Director, Research Management & Analysis, New York City Housing Authority

Special thanks to Debra-Ellen Glickstein for her leadership.

Finally, we thank the hundreds of residents in East Harlem and Bedford-Stuyvesant who participated in interviews, community workshops, and pilot interventions, making our research and this report possible.

ACRONYMS

BSRC	Bedford-Stuyvesant Restoration Corporation
CBO	Community-Based Organization
CD	Community District
Center	NYC Financial Empowerment Center
CFPB	Consumer Financial Protection Bureau
CFSI	Center for Financial Services Innovation
CNFH	Collaborative for Neighborhood Financial Health
DCA	Department of Consumer Affairs
DCP	Department of City Planning
DOHMH	Department of Health and Mental Hygiene
HPD	Department of Housing Preservation & Development
LESPFCU	Lower East Side People's Federal Credit Union
Mayor's Fund	Mayor's Fund to Advance New York City
NFH	Neighborhood Financial Health
NYCHA	New York City Housing Authority
OFE	Office of Financial Empowerment
PUMA	U.S. Census Public Use Microdata Area
RFP	Request for Proposals
WHO	World Health Organization

TABLE OF CONTENTS

MESSAGE FROM COMMISSIONER LORELEI SALAS

Building financial health is at the core of the Department of Consumer Affairs' (DCA) new mission: to protect and enhance the daily economic lives of New Yorkers to create thriving communities. With household debt and income volatility on the rise, our interventions must rapidly escalate to counteract the growing financial stress that the average American faces. Over the last decade, DCA's Office of Financial Empowerment (OFE) has helped more than 50,000 New York City residents build their financial health through our Financial Empowerment Centers, and hundreds of thousands more through our partnerships to provide free tax preparation and safe and affordable financial products. Yet, one-on-one counseling does not address systemic issues within an individual's neighborhood that may be impacting that individual's financial health. The granular data we obtained through our Financial Empowerment Centers over the years and an analysis of this data by ZIP Code show patterns within neighborhoods that merit further study and provide guidance as we align our resources to respond to the most urgent needs of our communities.

To elevate our work to the next level, we must dedicate resources to invest in and experiment with neighborhoodwide strategies that will help lift New Yorkers out of poverty. While we see that neighborhoods struggle to build up the individual financial health of residents from every economic background, there is tremendous potential for these economic and social actors to positively influence the long-term financial outcomes for residents. The Collaborative for Neighborhood Financial Health project implemented strategies chosen by residents in two neighborhoods to address everyday structural challenges that put their entire communities at a financial disadvantage. Financial health can no longer be measured just by looking at an individual client's progress—we have to *build neighborhoods that build assets and empower their residents*.

OFE has undertaken the Collaborative for Neighborhood Financial Health project with the support of our collaborators at the Mayor's Fund to Advance New York City and the Citi Foundation. Together with our partners the New Economy Project and Bedford-Stuyvesant Restoration Corporation, we are scaling up our efforts to improve the financial health of individual New Yorkers to reach entire New York City neighborhoods and cement strong ongoing collaborations among OFE, other City agencies, community-based organizations, residents, and stakeholders.

This project can only succeed if it is fed by the knowledge and lived experience of community members, neighborhood stakeholders, and field experts. We are grateful to the many residents in East Harlem and Bedford-Stuyvesant who participated in interviews, community workshops, and pilot interventions. Their insights and contributions guided the Collaborative's work and will be crucial to furthering their collective economic well-being as we explore a new frontier in financial health.

Sincerely,

EXECUTIVE SUMMARY

Throughout a decade of work advancing strategies to improve the financial health and well-being of New Yorkers with low and moderate incomes, the Office of Financial Empowerment (OFE) within the NYC Department of Consumer Affairs (DCA) has consistently identified systemic issues within neighborhoods that are often at the core of an individual's financial health challenges, but that cannot be addressed through individual financial health interventions alone. The structural and place-based impediments to financial empowerment that OFE has identified are, in many ways, beyond the scope of financial counseling or other one-on-one interventions. Additionally, the variables within neighborhoods that most influence individual financial health have not been well studied or documented, and few municipal policies or programs exist to improve the impact that neighborhoods have on the financial health of residents.

Under Mayor Bill de Blasio's leadership, the City of New York is committed to addressing systemic issues that trigger income inequality. As part of this work, OFE sought to better understand neighborhood conditions and build our capacity to address neighborhood-based issues impacting financial health. To accomplish these goals, OFE launched the Collaborative for Neighborhood Financial Health (CNFH), a first-of-its-kind initiative, in 2016 in partnership with the New Economy Project and Bedford-Stuyvesant Restoration Corporation (BSRC). The objectives of the initiative included understanding how neighborhood resources, actors, and institutions, as well as residents' beliefs and practices about financial health, influence—and can be harnessed to support—residents' financial health and stability.

Drawing on research from an array of sources, including 10 years of OFE's own studies, OFE and our collaborators set out to explore:

- the intersection of individual financial health, community development, and broad socioeconomic systems in order to measure the ways these variables interact to support or hinder individual and communal financial and economic capability;
- how individuals construct financial systems that can enhance or detract from their financial health;
- what the field of municipal financial empowerment could learn from the public health field's studies about social and place-based determinants of health.

CNFH represents a new approach to financial health that explicitly recognizes how place and community affect individuals' financial health and opportunities. The initiative's participatory and grassroots research methods, cross-sectoral collaboration, and development of community allies and place-based strategies to improve financial health offer insights for the financial health, community development, and asset building fields.

Over the course of a year, project teams worked in East Harlem and Bedford-Stuyvesant—two neighborhoods identified by OFE research as having some of the highest percentage of unbanked households—to carry out a participatory, community-led inquiry into neighborhood financial health. The teams engaged hundreds of neighborhood residents as well as stakeholders from across civil society, the private sector, and New York City government in interviews, focus groups, and interactive community workshops, eliciting rich feedback about neighborhood conditions and how residents perceive those conditions as supporting or hindering individual financial health.

This valuable community input, along with a literature review and quantitative research, directly informed the creation of a framework for understanding and addressing how neighborhoods impact individual residents' financial health. This framework consists of:

- A definition of neighborhood financial health (NFH)
- Goals for what a financially healthy neighborhood offers its residents
- Indicators that compare how well neighborhoods are achieving those goals
- A set of practices and tools for working with communities to understand and improve their neighborhood's financial health

Through the CNFH, OFE and our collaborators developed a working definition for "neighborhood financial health" as follows:

> *Neighborhood financial health means that neighborhood conditions promote long-term financial resiliency and opportunity for residents and provide resources that residents use to spend, save, borrow, and plan for life. In turn, financial health among residents contributes to a strong and cohesive neighborhood and local economy. Neighborhood financial health can be measured by the prevalence of supportive institutions, actors, and goods and services in a community, as well as residents' collective financial health.*

The CNFH initiative built upon this working definition by developing a set of five goals to describe a financially healthy neighborhood, as well as a set of indicators that measure a neighborhood's success in achieving those goals. For OFE, a financially healthy neighborhood is a neighborhood where residents have:

1. Access to affordable, high-quality financial services
2. Access to affordable, high-quality goods and services
3. Access to quality jobs and income supports
4. Stable housing and capacity to limit financial shocks
5. Opportunities to build assets and plan for the future

To develop a set of practices and tools for government and community-level action, CNFH sought community-level data. After collecting baseline indicator data for both neighborhoods and a comparison neighborhood, the project teams worked with residents and stakeholders in the study neighborhoods to co-design and implement place-based interventions. Each neighborhood's intervention aimed to improve one or more financial health indicators.

These interventions and the participatory process of creating the NFH framework led the Collaborative to a number of key findings.

KEY FINDINGS

FINDING #1:
NEIGHBORHOODS INFLUENCE THE FINANCIAL HEALTH AND ASSET BUILDING OUTCOMES OF THEIR RESIDENTS.

Throughout CNFH's research, community members and stakeholders described their neighborhood as strongly influencing the financial health and long-term outcomes of residents. Stakeholders attributed this influence to three sources:

1. the neighborhood economic landscape (housing stock, available financial services, grocery stores, etc.);
2. the social services available in the neighborhood;
3. the neighborhood's existing social networks, which propagate systems of shared beliefs and practices.

Significantly, an increasing body of quantitative research shows strong correlations between residents' neighborhoods and their long-term financial health; however, further research is needed to demonstrate a causal relationship and, most important, to identify neighborhood conditions that most effectively lead to positive financial health outcomes for New Yorkers with low and moderate incomes.

FINDING #2:
THE PRESENCE IN A NEIGHBORHOOD OF A PRODUCT OR SERVICE THAT SUPPORTS INDIVIDUAL FINANCIAL HEALTH DOES NOT NECESSARILY TRANSLATE TO ACCESS.

Residents and stakeholders repeatedly cited the *presence* of a beneficial product, such as affordable savings accounts, but revealed nuanced reasons why those services or products were inaccessible to many residents.

For example, the *presence* of a bank or credit union branch in a community does not translate to *access*—measured by CNFH in terms of the presence, quality, and accessibility of services, as well as the trust neighborhood residents have in services—if there are perceived and/or structural barriers, including:

1. if the bank or credit union imposes identification or minimum balance requirements that are prohibitive to most residents;
2. if residents share a perception that most mainstream financial institutions are untrustworthy, confusing, expensive, or unwelcoming.

These reported systemic issues within neighborhoods reflect findings from OFE's *Immigrant Financial Services Study*, which looked specifically at the financial needs and practices of recent immigrants.

FINDING #3:
A RELATIVELY SMALL NUMBER OF ECONOMIC ENTITIES IMPACT A NEIGHBORHOOD'S FINANCIAL HEALTH DIRECTLY AND SIGNIFICANTLY.

One of CNFH's most important findings is that grocery stores, financial services businesses, childcare, and affordable housing have a direct and significant impact, both adverse and beneficial, on a neighborhood's financial health. Excluding housing, these entities represent a relatively small number of marketplace actors that nevertheless have an outsize impact on neighborhood financial health.

FINDING #4:
AS ONE WOULD EXPECT, LOWER INCOME NEIGHBORHOODS CORRELATE WITH LOWER NEIGHBORHOOD FINANCIAL HEALTH; HOWEVER, THE WAYS IN WHICH LOWER FINANCIAL HEALTH MANIFESTED IN LOWER INCOME NEIGHBORHOODS DIFFERED SIGNIFICANTLY.

Although both East Harlem and Bedford-Stuyvesant report lower median incomes, how suboptimal neighborhood financial health reveals itself in each neighborhood is different. For example, East Harlem has substantially better access to groceries in terms of supermarket square footage per 100 residents compared to Bedford-Stuyvesant, but Bedford-Stuyvesant has fewer check cashers and pawnshops relative to bank and credit union branches compared to East Harlem.

Additionally, the CNFH found that the responses to qualitative questions differed significantly in the two neighborhoods, which resulted in designing different interventions to increase neighborhood financial health.

FINDING #5:
OWNERSHIP—ESPECIALLY STABLE, AFFORDABLE, AND OWN-ABLE HOUSING—IS FUNDAMENTAL TO AN INDIVIDUAL'S ABILITY TO BUILD FINANCIAL HEALTH AND ASSETS OVER TIME.

Rapidly rising housing prices make it difficult for families with low incomes to own an apartment or house and save for the future, and this dearth of permanently affordable housing keeps residents from building assets. Similarly, high rents, difficulty accessing financing, and other challenges make it difficult for many New York residents and nonprofits to access business ownership as asset building and community change tools. These ownership challenges are beginning to be addressed by City agencies in the Housing New York 2.0 plan, as well as through the Worker Cooperative Business Development Initiative, but the structural forces acting to limit access to ownership are significant. These forces can be seen at work in Bedford-Stuyvesant and East Harlem where the residential sales price per square foot has risen 139 percent and 158 percent, respectively, from 2010 to 2015. Longtime residents in rapidly changing neighborhoods fear that rising rents, along with tenant harassment and other pressures, will displace them from their neighborhoods, deprive them of social capital, and diminish community efficacy. The effect of displacement on financial health is significant in that displacement can disrupt other informal and formal systems that support relative financial stability, such as access to credit and childcare.

In brief, our findings highlight the importance of a neighborhood's products, services, and communal beliefs and practices in shaping residents' financial health. Though residents and community-based organizations have developed many systems to aid in coping with financial stress, the CNFH showed that residents could further benefit from new opportunities to build assets and access pathways to economic opportunity in their own neighborhood.

Indeed, CNFH's findings underscore the importance of viewing financial health through a broad lens, considering the central role of neighborhoods in influencing outcomes for individuals. Like many NYC neighborhoods, East Harlem and Bedford-Stuyvesant are experiencing a rapid rise in housing costs and a corresponding change in population demographics. "Neighborhood change" came up throughout the project as contributing to acute financial insecurity for many longtime residents. In this context, CNFH's new approach to financial health is particularly timely and valuable for it explicitly recognizes how place and community affect individuals' financial health and opportunities.

The initiative's participatory and grassroots research methods, cross-sectoral collaboration, and development of partnerships and place-based strategies to improve financial health offer examples and insights for the financial health, community development, and asset building fields.

INTRODUCTION

Launched in 2006, the Office of Financial Empowerment (OFE) within the Department of Consumer Affairs (DCA) is the first local government initiative in the country with the mission to educate, empower, and protect New Yorkers and neighborhoods with low incomes so they can improve their financial health and build assets. We focus on five core strategies:

1. Boosting Income and Building Assets
2. Providing Free, High-Quality, One-on-One Financial Counseling and Coaching
3. Increasing Access to Safe and Affordable Financial Products and Services
4. Advocating for Consumers in the Marketplace
5. Empowering Neighborhoods to Generate Wealth

A cornerstone of OFE's work is the development and operation of a network of neighborhood-based NYC Financial Empowerment Centers (Centers), which provide free financial counseling and coaching targeted to the specific financial situation of the individual. Every year, counselors deliver professional one-on-one financial counseling to more than 8,500 New Yorkers at more than 20 Centers.

Although the demand for NYC Financial Empowerment Centers has continued to grow and their demonstrated impact has remained strong, the Center network has not been able to reach and serve all of New York City's residents in need. And even if one-on-one financial counseling could be available to all New Yorkers with low incomes, one-on-one financial counseling is not able to holistically address the systemic issues within a neighborhood—or city—that may be at the heart of an individual's financial instability or insecurity. These issues may be structural; for example, the prevalence and convenience of fringe financial institutions like check cashers, a mismatch between the services offered by mainstream financial institutions and the needs of the community, a lack of affordable fresh food, or the limited ways in which rent payments are collected. These issues may also be rooted in belief systems across a neighborhood or segments of a neighborhood that can prevent or deter residents from engaging with opportunities and services, which might promote financial empowerment and financial health.

In addition, one-on-one counseling as a stand-alone approach is not able to effectively leverage a neighborhood's unique assets to further residents' economic well-being. These assets might include its collective purchasing power, strong social networks, or existing financial institutions. That said, a few organizations have been working diligently to advance financial inclusion through the lens of community development, positing the notion that neighborhoods—as economic systems—affect individual financial security. This notion is now beginning to take hold in academic literature.

A desire to better understand and document such neighborhood systems and conditions—and to identify alternative and more holistic means to fulfill our mission—prompted OFE to launch the Collaborative for Neighborhood Financial Health (CNFH) project in 2016. Drawing on research from an array of sources, including OFE studies, OFE and our collaborators in the CNFH project set out to explore the intersection of individual financial health, community development, and broad socioeconomic systems in order to measure the ways these variables interact to support or hinder individual and communal financial and economic capability. To begin with, we were inspired by findings documenting the correlation between neighborhood distress and the long-term financial distress of residents. Our work also drew on research into how individuals construct financial systems that can enhance or detract from their financial health. In addition, OFE drew inspiration from studies in the public health field that have enumerated social and place-based determinants of health.

At the core of the CNFH project was the hypothesis that a neighborhood's economic and social structures impact its residents' financial health outcomes. The CNFH sought to test this hypothesis and, if test results supported the hypothesis, to create a framework for OFE to understand and address a neighborhood's impact on individual residents' financial health. At the start of the CNFH, this framework was envisioned to include:

- the drafting of a definition of neighborhood financial health (NFH);
- the development of neighborhood-level indicators using quantitative data that would document NFH; and
- the enumeration of a set of proposed interventions that could improve NFH.

BACKGROUND AND LITERATURE REVIEW

Emerging research and the growing number of findings that document the correlation between distressed neighborhoods and the long-term financial distress of residents informed the research aims of the CNFH project.

A recent study by Pew Charitable Trusts (Pew Charitable Trusts, 2016), for example, found that neighborhood poverty affects families' savings levels and sense of financial security, regardless of income and other demographics.

Additionally, Raj Chetty and his collaborators have shown how differences in childhood neighborhoods result in significant gaps in future earnings and economic opportunity ((Chetty, Hendren, Kline, & Saez, 2014); (Chetty, Hendren, & Katz, The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment, 2016)).

OFE's own internal analysis of NYC Financial Empowerment Center clients shows widely disparate individual financial health systems and outcomes across geographic regions. For example:

- Clients at a Bronx Center (ZIP Code 10451) have 45 percent *less* debt than the average Financial Empowerment Center client (all Financial Empowerment Centers citywide); whereas, clients at the Bedford-Stuyvesant Center (ZIP Code 11216) have 32 percent *higher* debt than the average client.
- Clients at the Long Island City Center (ZIP Code 11101) are 92 percent more likely *not* to have a checking account than the average client; whereas, clients at the Bedford-Stuyvesant Center are 16 percent *more* likely to have a checking account than the average client.

The disparate effects of these neighborhood impacts have been traced by academics and activists to decades of systemic disinvestment from neighborhoods—disinvestment that perpetuated racial and economic inequality ((Graham & Sharkey, 2013); (Wilson, 1987)).

A second area of research that informed the CNFH includes the growing number of studies that examine the personal financial systems individuals employ. This emerging field has been defined as financial well-being by the Consumer Financial Protection Bureau (Consumer Financial Protection Bureau, 2015) and as Financial Health by the Center for Financial Services Innovation (CFSI). CFSI's 2015 report (Gutman, Garon, Hogarth, & Schneider, 2015) explores the state of Financial Health in America by examining individual capacity, attitudes, and behaviors. CFSI defines Financial Health as having been achieved when "an individual's day-to-day financial system functions well and increases the likelihood of financial resilience and opportunity."

Subsequent reports have elaborated on this concept by proposing eight indicators to measure individual financial health. These indicators measure the individual's ability to spend, save, borrow, and plan for the future (Parker, Castillo, Garon, & Levy, 2016). This research has already fueled some of OFE's research efforts, including a 2015 brief commissioned by OFE and conducted by the Urban Institute (Ratcliffe C., McKernan, Kalish, & Martin, 2015) that mapped individual savings and debt levels across New York. The research brief also included qualitative data from interviews with 30 New Yorkers with low incomes. While this study aggregated measures of individual financial health in communities, its findings did not illuminate neighborhood conditions and how they influence outcomes for residents.

Finally, a third research area provided the CNFH with a potential framework for connecting individual financial health outcomes and the social and economic aspects of a neighborhood. This research area is rooted in the growing understanding of social determinants of health and, in particular, place-based social determinants of health.

Since the 1970s, public health organizations, including the World Health Organization (WHO), have increasingly focused on the social contexts for poor health, and on intervening in the systems that create those contexts, rather than focusing solely on targeting specific diseases (Solar O, 2010).

- **Social determinants** of health represent "non-medical factors that affect both the average and distribution of health within populations including distal determinants (political, legal, institutional, and cultural) and proximal determinants (socioeconomic status, physical environment, living and working conditions, family and social network, lifestyle or behavior, and demographics)."

- **Physical environmental determinants** of health include safe water and air, safe housing, and the presence of public parks.

- **Social support network determinants** include support from families, cultural customs and traditions, and the beliefs of families and communities.

  ((World Health Organization, 2017) (NYC Department of Health and Mental Hygiene, 2015))

Research on the social and place-based determinants of physical health inspired OFE's interest in the social and place-based determinants of financial health.

This existing research, coupled with the observations OFE made through one-on-one counseling at NYC Financial Empowerment Centers, led OFE to establish the CNFH and further explore the relationship between neighborhoods and individual financial health.

METHODOLOGY

To conduct the CNFH, OFE selected two teams via a Request for Proposals (RFP) process to lead yearlong inquiries into how neighborhoods shape—and are in turn shaped by—financial health outcomes for residents. OFE and the Mayor's Fund issued an RFP to request proposals from organizations with deep ties in one of several neighborhoods where New Yorkers have the lowest perceptions of their financial health. We identified these neighborhoods based on OFE's 2015 research partnership with the Urban Institute that documented how residents of New York City's Community Districts (CDs) perceived their own financial security (Ratcliffe C., McKernan, Kalish, & Martin, 2015).

From the RFP respondents, OFE selected teams led by the New Economy Project and Bedford-Stuyvesant Restoration Corporation. Both teams included community-based organizations (CBOs) with long histories of delivering services in their neighborhoods and of engaging residents in dialogues about community needs. Each team also included respected organizations in the financial health and community development fields.

New Economy Project, a nationally recognized economic justice organization, provided overall leadership for the initiative in close coordination with OFE. New Economy Project has long worked at the intersection of community development, financial justice, and civil rights, and was excited to support OFE in developing a place-based frame for our work. The CNFH builds in part on New Economy Project's extensive documentation of neighborhood disparities with respect to banking and credit access and other economic conditions.

New Economy Project led a project team focused on East Harlem, with support from the Lower East Side People's Federal Credit Union, a cooperatively owned community development financial institution that operates a branch in East Harlem, and Dr. Hilary Botein, a professor at the Austin W. Marxe School of Public and International Affairs at Baruch College - The City University of New York. The project team worked with a number of CBOs anchored in East Harlem, among them LSA Family Health Service, Community Voices Heard, and Picture the Homeless, to engage longtime community residents—many of them immigrants—in the CNFH project.

The Bedford-Stuyvesant team was anchored by Bedford-Stuyvesant Restoration Corporation (BSRC), the nation's first community development corporation, and was supported by Urbane Development, the Local Initiatives Support Corporation (LISC) NYC, and the Center for Financial Services Innovation. The Bedford-Stuyvesant project team focused its study area on two census tracts, one occupied by the Marcy Houses public housing development and the other comprising a mix of low-income subsidized housing and public housing. The team worked with a number of Bedford-Stuyvesant based stakeholders and organizations, including Bridge Street Development Corporation, IMPACCT Brooklyn, Council Member Robert E. Cornegy Jr., and Highbrid Media, among others.

One goal of the CNFH was for each project team to gather on-the-ground research to inform the creation of a framework for understanding and addressing how neighborhoods impact individual residents' financial health. This framework was intended to support the generation of neighborhood data that can drive both citywide and neighborhood-specific action. The data would give a picture of the financial health landscape in New York's neighborhoods.

STAKEHOLDER ENGAGEMENT

To develop the framework for OFE to understand NFH, the teams employed intensive stakeholder engagement. The teams conducted in-depth interviews of 38 stakeholders, including local residents, nonprofit service delivery staff, community organizers, nonprofit and government leaders, and local business owners. This phase of the project also included input from an advisory group composed of staff from New York City agencies, including the Mayor's Offices for Economic Opportunity and Food Policy, the Department of Housing Preservation & Development (HPD), the New York City Housing Authority (NYCHA), and the Department of Health and Mental Hygiene (DOHMH).

At the close of the stakeholder engagement phase of the CNFH, OFE and the project teams determined that the framework would need a set of NFH goals to more clearly describe the role of a neighborhood in supporting individual financial health and to provide further structure to the neighborhood financial indicators.

See Sample Community Workshops on Page 20.

NEIGHBORHOOD INTERVENTIONS

Following the development of a draft definition of NFH; NFH goals and indicators; and six interactive community workshops, each designed to explore one or more of the NFH goals, the CNFH project teams advanced from research into practice by co-developing a series of interventions in each neighborhood. These proposed interventions were built on learnings from the workshops, the preliminary indicator data, as well as from additional stakeholder input, and were designed to test different ways and means of improving a neighborhood's impact on resident financial health. The teams piloted one intervention in each neighborhood, focusing on neighborhood-specific challenges identified in interviews and refined during the community workshops. Critically, the community workshops provided the CNFH project teams with valuable insight into residents' beliefs and practices regarding their own financial health—beliefs and practices that may be propagated via social networks in the neighborhood and that represent critical areas of effective intervention both for the CNFH and future research.

DEFINING "NEIGHBORHOOD FINANCIAL HEALTH" (NFH) AND APPLYING DRAFT INDICATORS TO NEW YORK CITY NEIGHBORHOODS

The teams used insights from the pilot interventions to revise the definition of NFH, as well as the goals and indicators, to reflect the knowledge gleaned throughout the project. Finally, OFE and our partners collected indicator data for four New York City CDs in order to conduct a full assessment of each CD's financial health, using the definitions, goals, and indicators developed through the CNFH project. In addition to the two neighborhoods studied, data was collected for two comparison neighborhoods. Both comparison neighborhoods were near a pilot neighborhood, but residents of the comparison neighborhoods had reported much higher levels of financial security in the 2015 Urban Institute study. New Economy Project collected the data for Manhattan CD 11, referred to in this paper as East Harlem, which is composed of the neighborhoods of East Harlem, Randall's Island Park, and Wards Island Park.

BSRC collected the data for Brooklyn CD 3, referred to in this paper as Bedford-Stuyvesant, which is composed of the neighborhoods of Bedford-Stuyvesant, Stuyvesant Heights, and Tompkins Park North.

OFE collected the data for two comparison neighborhoods: Manhattan CD 8, referred to in this paper as the Upper East Side and composed of the Upper East Side, Carnegie Hill, Lenox Hill, Roosevelt Island, and Yorkville; and Brooklyn CD 6, referred to in this paper as Park Slope and composed of Carroll Gardens, Cobble Hill, Columbia Street Waterfront District, Gowanus, Park Slope, and Red Hook.


Roadblocks vs. Stepping Stones:
The Path to Financial Health Workshop


East Harlem Community Walkshop

SAMPLE COMMUNITY WORKSHOPS

To engage residents more deeply in informing the outcomes of this project, each project team hosted three community workshops. The **Money Mapping** workshop took place in both East Harlem and Bedford-Stuyvesant. Each project team designed two additional workshops unique to the neighborhood's needs and stakeholders. All workshops in East Harlem were in English and Spanish. Teams hosted a total of six workshops—three in each of the two study neighborhoods.

MONEY MAPPING

Designed as a way for neighborhood residents to introduce project teams to residents' experience of the financial landscape of the neighborhood, this workshop was a semi-structured place-making activity. With the help of a visual notetaker, residents were invited to draw the physical and social spaces within their neighborhoods where money is spent, saved, and borrowed. Prior to the workshop, project teams created a large-scale map of the neighborhood that featured community landmarks, such as commercial corridors, financial institutions, churches, and public housing complexes, identified by residents and stakeholders during the interview phase of the project.

ROADBLOCKS VS. STEPPING STONES: THE PATH TO FINANCIAL HEALTH

This workshop was an interactive role-playing activity. Two different scenarios, each based on neighborhood conditions, were proposed to participants and participants were then asked to identify which life events contribute to financial health and which to financial instability. In the first scenario, the group heard the story of a financially healthy individual who faces a number of challenges that result in financial instability. In the second scenario, residents were told the story of a financially unstable individual who makes use of services, products, and systems within the neighborhood to achieve financial stability. Drawing from their own experiences and their knowledge of what is available within the neighborhood, residents were invited to identify which steps they would take to achieve financial health, including the different institutions, services, and networks they would rely upon.

COMMUNITY 'WALKSHOP'

This workshop was structured as a facilitated walk through the neighborhood, during which participants were invited to supply the narration on a tour of key sites that contribute to the financial health of the neighborhood, providing information relevant to them and their financial health about each location visited. The route of the WalkShop was informed by feedback received through interviews and the Money Mapping community workshop, and covered places, spaces, routes, and institutions that residents cited as being important to their daily economic lives.

DEFINING NEIGHBORHOODS

One of the key challenges of the CNFH was finding a definition of neighborhood that:

- was meaningful for the residents of a community;
- allowed the neighborhood to be studied using previously existing data sets (in order to create a set of indicators of NFH); and
- would provide data that could be compared across New York City neighborhoods.

At the outset of the project, New Economy Project and BSRC identified specific census tracts in which they would eventually conduct the CNFH's research and implement the pilot intervention as part of the project. New Economy Project chose to work specifically in census tracts 164, 170, and 180 in East Harlem, and BSRC chose to work specifically in census tracts 255 and 283 in Bedford-Stuyvesant.

The definition of a neighborhood as a very small number of census tracts roughly aligns with the concept of a "20-minute neighborhood," which has been used by cities, such as Portland and Detroit, to measure the extent to which a neighborhood provides the majority of key goods and services, as well as access to parks and other community amenities. This definition of neighborhood also matched closely with how residents reported experiencing their neighborhoods throughout the CNFH's engagement activities. According to interviews, residents stated that they may only regularly interact with a small "community of neighbors" and commercial zones circumscribed by a 10-minute walking radius from their house.

While a multi-census tract definition closely matched the experiences of the residents interviewed, the CNFH partners recognized that measuring and planning interventions based on such a small geographic area would prove infeasible when translating the project from two neighborhoods to every neighborhood in New York City, which contains over 2,000 census tracts. In consideration of scaling the findings of the CNFH beyond East Harlem and Bedford-Stuyvesant, as well as providing a scorecard that would include comparable data across neighborhoods, two other potential neighborhood measures provided by the NYC Department of City Planning (DCP) were considered:

- CDs, which closely correspond to the U.S. Census Public Use Microdata Areas (PUMAs)
- Neighborhood Tabulation Areas (a DCP unit of approximately half a PUMA/CD)

Taken together, CDs and Neighborhood Tabulation Areas form the basis of unit of neighborhood measurement with a wealth of data already available from the DCP, other City agencies, and the U.S. Census. Based on the availability of both City and U.S. Census data on CD/PUMAs and their existence as both a common data and geopolitical unit—each CD in New York City has its own Community Board tasked with certain business permit approvals as well as having an advocacy and community organizing role—CDs emerged as the definition of neighborhood, which was used throughout the CNFH initiative in general and to measure the NFH indicators in particular.

One of the challenges of equating a CD to a neighborhood is that there may be significant variation in the way that residents' financial health is impacted across a single CD. This variation may arise from the availability of goods and services, the arrangement of transportation routes, or the differing perceptions of financial health practices present across cultural communities. This was the case in Bedford-Stuyvesant, whose northern and southern portions differ considerably, with Atlantic Avenue and Fulton Street functioning as commercial corridors. However, these intraCD variations can be identified and accounted for via qualitative research within a neighborhood. For example, hosting community workshops during the research phase of any potential project aiming to impact NFH can assist policymakers and service providers in more fully understanding heterogeneous CDs.

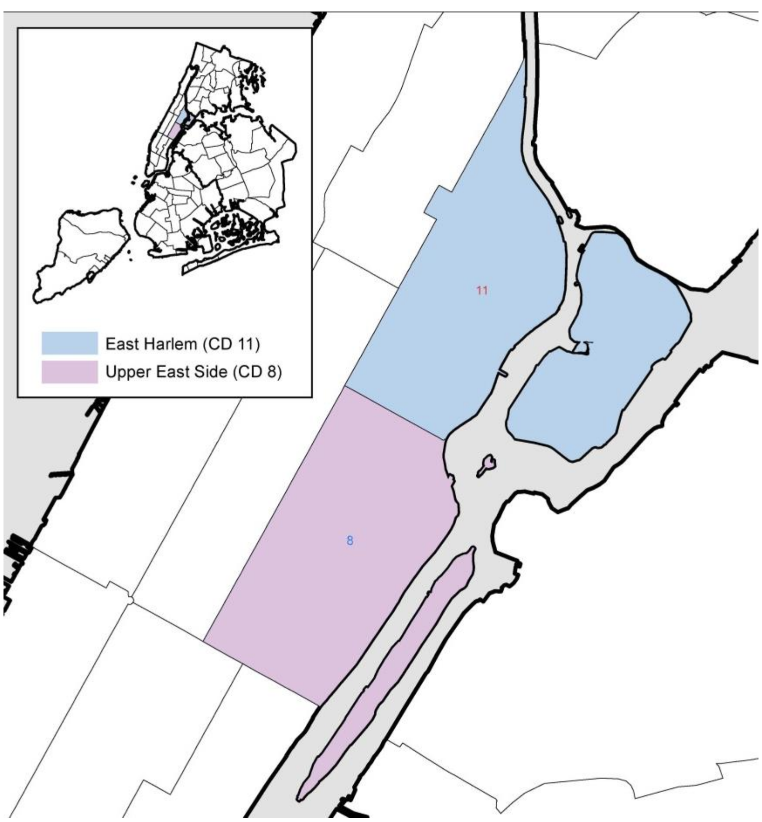
NEIGHBORHOOD SNAPSHOTS: BEDFORD-STUYVESANT AND EAST HARLEM

In the early phases of the CNFH, OFE and our partners chose to collaborate with the communities of East Harlem and Bedford-Stuyvesant based on the self-reported financial insecurity of residents in those neighborhoods as described in a 2015 brief commissioned by OFE (Ratcliffe C., McKernan, Kalish, & Martin, 2015) and because of the project teams' strong community connections in each of the two neighborhoods.

EAST HARLEM

East Harlem, also known as *El Barrio* and located in Upper Manhattan, has a population of 117,000 that is nearly 50 percent Latino and 31 percent Black. One in 10 residents lives in a limited English-speaking household. The median household income in East Harlem, $27,000, is among New York City's lowest, and the area's poverty rate is fifth highest among the city's PUMAs. NYCHA is the neighborhood's largest single landlord, controlling nearly a quarter of the community's land and 35 percent of the total rental housing units.

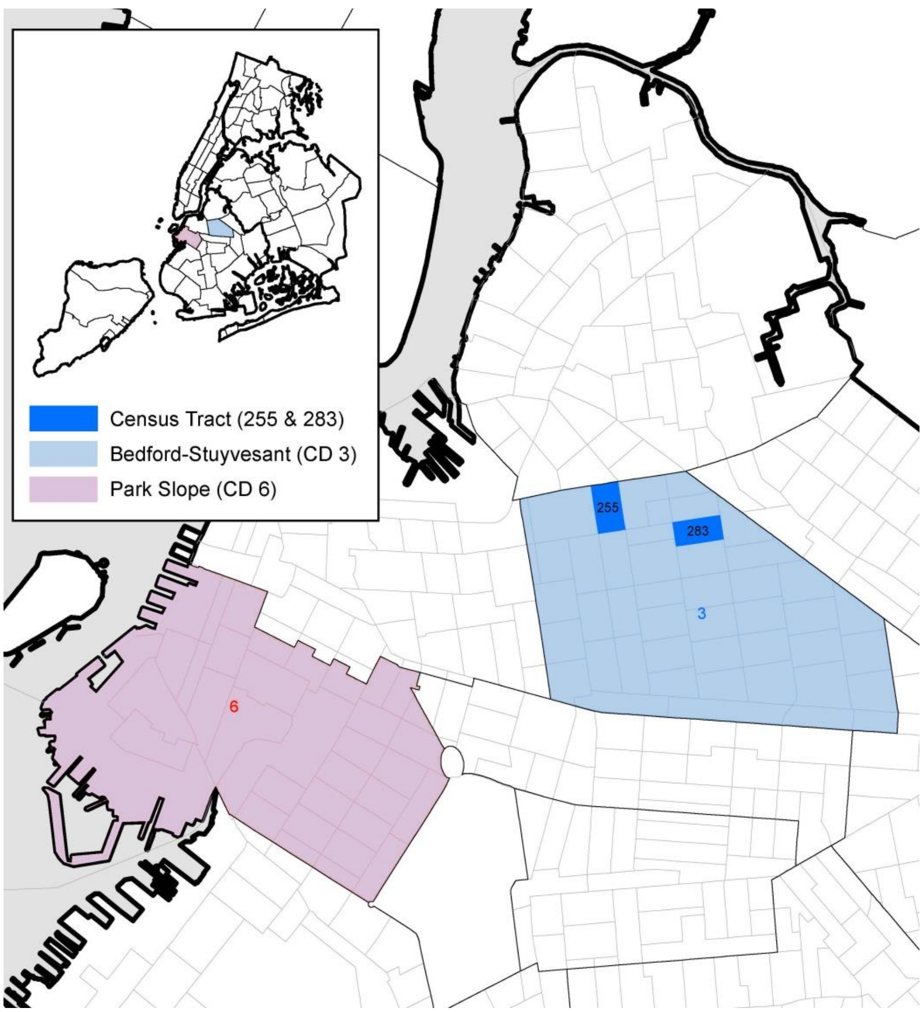
In terms of financial services, pawnshops and check cashers outnumber bank and credit union branches. Nineteen percent of residents do not have a bank account (compared to 12 percent for New York City as a whole) (Ratcliffe C., McKernan, Kalish, & Martin, 2015).



BEDFORD-STUYVESANT

Bedford-Stuyvesant, located in north central Brooklyn, is home to approximately 150,000 residents. It is one of the country's most historic Black communities. Roughly 50 percent of residents identify as Black, 27 percent as White, and 18 percent as Hispanic. Only one in 20 residents lives in a limited English-speaking household. The median household income is $35,000, with a poverty rate that is the seventh highest of New York City's 55 PUMAs. NYCHA is also the largest landlord in Bedford-Stuyvesant, controlling 21 percent of the total housing units.

The financial services available in Bedford-Stuyvesant are roughly balanced between check cashers and pawnshops and banks and credit unions, though a number of the local credit union branches in the area are only open a few days a week. Twenty-one percent of residents do not have a bank account.



MEASURING NEIGHBORHOOD FINANCIAL HEALTH: APPROACH & FINDINGS

To measure NFH, the CNFH took a multidisciplinary approach and pulled from the fields of public health, financial inclusion, and community development to inform our work. The framework and approach draw heavily on the evolving field of public health, especially the concept of social and place-based determinants of health. DOHMH has been on the forefront of using these concepts to inform their policy and programmatic work, and their 2015 Community Health Profiles recognize that "Health is rooted in the circumstances of our daily lives and the environments in which we are born, grow, play, work, love and age. Understanding how community conditions affect our physical and mental health is the first step toward building a healthier New York City." (NYC Department of Health and Mental Hygiene, 2015).

Similarly, the CNFH recognizes the places where New Yorkers live have a sizable impact on how New Yorkers build their financial health and assets over time. Through the stakeholder and community engagement phases of this project, the CNFH identified a definition for NFH and five broad goals for neighborhoods to support residents' financial health. The definition of NFH and the five NFH goals remain open for revision going forward as OFE continues working with partners to understand the impact of neighborhoods on residents' financial health.

The CNFH project developed the following working definition of "neighborhood financial health":

> *Neighborhood financial health means that neighborhood conditions promote long-term financial resiliency and opportunity for residents, and provide resources that residents use to spend, save, borrow, and plan for life. In turn, financial health among residents contributes to a strong and cohesive neighborhood and local economy. Neighborhood financial health can be measured by the prevalence of supportive institutions, actors, and goods and services in a community, as well as residents' collective financial health.*

This definition is further supported by the five NFH goals. A financially healthy neighborhood is a neighborhood where residents have:

1. Access to affordable, high-quality financial services
2. Access to affordable, high-quality goods and services
3. Access to quality jobs and income supports
4. Stable housing and capacity to limit financial shocks
5. Opportunities to build assets and plan for the future

As the CNFH partners set out to measure these goals, it became apparent that the overall extent and geographic and demographic nuance of a neighborhood's impact could not be measured via existing quantitative data alone. For example, no data point was found that reliably reports the opinion of a specific CD's residents with respect to banks and credit unions, nor was a data point found that tracks the availability of affordable, quality groceries within a given walking radius.

Further, some quantitative data can be misleading. For example, in Bedford-Stuyvesant, although data based on the built environment of the neighborhood indicates relatively good access to subway stations—as measured by the amount of area within a 10-minute walk of a subway station—interviews with residents revealed that those subway lines do not conveniently connect residents to needed resources, such as grocery stores or financial services, and that the bus service in the neighborhood was intermittent.

As a result, in an effort to capture both the broad strokes of NFH and the nuances within neighborhoods, the CNFH partners pursued a hybrid approach, relying on an original set of indicators that use publically available data to point to how successfully a neighborhood is supporting the financial health and stability of its residents, as well as a set of community workshops that allowed residents to speak to how the NFH goals are being met in their neighborhoods. In the case of some indicators, OFE and CNFH project teams are still pursuing data from potential partners, such as in the case of the Access to Credit indicators, or hope to conduct further surveys to collect data, such as in the case of the Emergency Savings indicator. Therefore, as with the NFH definition and goals, the indicators and their data sources remain open for revision in the second phase of this work.

The findings from the CNFH's research in the neighborhoods of East Harlem and Bedford-Stuyvesant, as well as the indicators for each goal, are described below.

1. ACCESS TO AFFORDABLE, HIGH-QUALITY FINANCIAL SERVICES

Affordable and high-quality financial services support NFH by bolstering residents' capacity to manage day-to-day finances, plan for the future, and build financial assets. Through the community workshops and stakeholder interviews, residents in East Harlem and Bedford-Stuyvesant consistently expressed that having access to basic financial services near their homes allowed residents to more easily access, understand, and build trust in the services provided. Through its work in East Harlem and Bedford-Stuyvesant, the CNFH identified indicators that track:

- the presence and use of banks and credit unions;
- the ratio of banks and credit unions to check cashers and pawnshops;
- the availability of low-cost accounts;
- the rate of neighborhood reinvestment;
- the acceptance of IDNYC (New York City's municipal ID card program) by banks and credit unions;
- residents' confidence in banks and credit unions; and
- the use of mobile banking.

Evidence from both communities suggests that many residents with low incomes do not feel they have adequate access to affordable and appropriate financial services. In terms of sheer presence, the combined number of check cashers and pawnshops (22) in East Harlem dwarfs the number of bank and credit union branches (12) in the same area. In Bedford-Stuyvesant, there is fewer than one bank or credit union branch per 10,000 residents (compared to the citywide average of 2.2 branches per 10,000 people), and several of those branches are small, church-based credit unions that do not offer services five days a week. Notably, there was broad understanding among residents and stakeholders in both neighborhoods that banks and credit unions offer a wide range of savings, borrowing, and other opportunities, and that lower-income neighborhoods had less access and fewer opportunities in this regard because of the fewer number of appropriate financial institutions. Many residents and stakeholders described how their neighborhoods were "flooded" with storefronts that preyed on people with few other options when it comes to banking and other financial services.

"We're … flooded with check cashers and pawn shops. Whatever little left that poor families have, (these places are) just stripping them of value … because families are in desperate need."

- *J.M., East Harlem resident*

Community beliefs and experiences also limited the use of banks and credit unions. Residents in both neighborhoods expressed concern about bank accounts causing them to run afoul of asset limits imposed by benefit programs. Several people reported that caseworkers had advised them to close bank accounts, or that their benefits or their children's benefits had been reduced for this reason. The complex and distinct rules governing various programs contribute to confusion about whether and how much people can save in accounts.

At the same time, many community residents reported using fringe financial services over banks and credit unions because of the more accessible locations and hours of operation among fringe financial service providers. The relatively low number of bank and credit union branches also contributes to long lines and wait times in branches, and many residents cited poor customer service, all of which have become deterrents to using local banks and credit unions.

Among immigrant residents interviewed, it was not uncommon for residents to deal primarily in cash, avoiding both check cashers and banks. Identification requirements were a concern, particularly for many immigrant community residents who reported that lack of a Social Security number or photo ID prevented them from opening bank accounts. While City, state, and federal banking laws permit individuals to open accounts using a wide range of documents regardless of immigration status, some banks continue to impose restrictive identification requirements that create barriers to entry. Despite avoiding check cashers and banks, this population did report occasional use of the post office to purchase money orders.

Beyond the physical presence and proximity of banks and credit unions, the cost of banking was a major barrier. Many residents with low incomes and income volatility reported that they did not earn enough money to maintain minimum account balances and avoid fees. Income volatility also created a need to more closely manage their cash flow than a bank account would allow (due to pending transactions), an issue cited in many other studies about banking access. New York State law requires all banks and credit unions to provide basic accounts with a maximum $3 monthly fee; however, when the CNFH contacted bank branches in East Harlem and Bedford-Stuyvesant, only 14 percent and 12.5 percent, respectively, provided information about these basic accounts—reinforcing local perceptions that banks are costly and not interested in serving residents with low incomes.

Prior OFE studies, spanning the *Neighborhood Financial Services Study* (2008) to *Immigrant Financial Services Study* (2013), have provided similar insights. The *Neighborhood Financial Services Study* examined residents' attitudes and behaviors related to basic banking services, savings, and credit, and the role of financial education in two New York City neighborhoods: Jamaica, Queens and Melrose, Bronx. The *Immigrant Financial Services Study* looked specifically at the financial needs and practices of recent immigrants.

2. ACCESS TO AFFORDABLE, HIGH-QUALITY GOODS AND SERVICES

Affordable, high-quality goods and services support residents by enabling them to meet essential needs while managing cash flows. Over the course of interviews and community workshops, neighborhood residents indicated their preference for having key goods and services available in the neighborhood. These goods and services include groceries, childcare, and primary care. Residents also indicated that easy access to other areas of spending, such as clothing, felt unimportant to their financial health, since purchases of those items can represent social events worth traveling outside the neighborhood for on some occasions.

The CNFH team further narrowed the types of goods and services important to NFH by examining the percentage of household budgets spent by New Yorkers and by households with low and moderate incomes on goods and services recommended by residents. This led to the elimination of some types of goods and services from the NFH indicators. For example, we eliminated access to pharmacy items as an indicator because these items constitute less than 2 percent of household spending (U.S. Bureau of Labor Statistics, 2015). The final NFH indicators within this category track residents' access to essential needs, such as subsidized childcare, groceries, and health care, as well as the cost of transportation.

"Rent has increased. Mom and pop stores are closing down, restaurants are shutting down. There are lots of places coming in but they aren't hiring from the community."

- *Charmel L., East Harlem resident*

Most residents of East Harlem and Bedford-Stuyvesant, when asked about neighborhood financial health, immediately focused on the need for affordable and high-quality goods and services in their communities. People see a neighborhood as a place to live but also a place to access and purchase life's necessities. Shopping is a social activity, and the process of buying goods and services makes residents feel connected to their neighbors. In both study neighborhoods, residents reported doing most of their grocery shopping within a few blocks of their homes.

Over the past year, East Harlem has experienced a wave of grocery store closures, and residents lamented the scarcity of food that is both affordable and high quality, arguing that affordable and high-quality food is now only available on the outskirts of East Harlem at grocery outlets, such as Costco.

In Bedford-Stuyvesant, by contrast, residents reported that goods and services of sufficient quality were available in the southern edge of the neighborhood, but that for residents in the far north of the neighborhood, poor transit linkages made those goods and services hard to access. Additionally, residents cited cultural barriers as an additional factor that limited their ability and comfort in accessing the goods and services available in the commercial areas of Southern Williamsburg.

Bedford-Stuyvesant residents also repeatedly identified lack of access to childcare as a major pain point and a source of stress on residents' ability to keep jobs and secure income. As is true in many New York City neighborhoods, day care facilities in Bedford-Stuyvesant are overenrolled. Where day care is available, the cost (up to $2,000 a month) and limited hours of operation (some day cares open too late and close too early for working parents with longer commutes) prove an insurmountable barrier. Participants reported relying on friends and family to provide childcare support, as this option is often less expensive and more flexible.

3. ACCESS TO QUALITY JOBS AND INCOME SUPPORTS

Residents, stakeholders, and experts in the fields of economic and workforce development interviewed by OFE agreed that it was not practical or desirable for a neighborhood to employ all its residents within the bounds of the neighborhood, or to provide hard job skills training inside the neighborhood for all residents. However, they also agreed that the neighborhood's economic and social systems play a key role in preparing its residents for the workforce. Neighborhoods can support residents in engaging with the workforce and achieving household stability by linking them to quality jobs, while neighborhoods can also fail to support residents in engaging with the workforce. For residents who are unable to work or for whom the only available jobs will not support their households, public benefits offer stability.

Through its work in East Harlem and Bedford-Stuyvesant, as well as through interviews with workforce and economic development practitioners, the CNFH project team identified indicators to assess access to quality jobs and income supports within a given neighborhood. These indicators include:

- public benefits utilization;
- job training and job placement support;
- unemployment rates;
- job quality;
- tax credit utilization;
- educational attainment; and
- jobs with health insurance.

The CNFH's neighborhood-based research revealed that residents have a strong interest in strategies to support access to jobs and income supports within their communities. Residents are eager to stabilize their individual incomes, and are keenly aware of the connection between the availability of high-quality jobs and the long-term financial health of their neighborhoods. Among people interviewed in East Harlem, many mentioned the need for job training and job placement—particularly for younger residents—as well as for services targeted specifically to men with criminal records who faced barriers to securing good jobs. Residents and stakeholders also referred to the "side hustle" of informal employment as an inevitable survival strategy.

Mobile/street vending and informal businesses are important to many residents—both for income-producing opportunities and for the access they provide to lower-cost goods and services. Residents cited DJ-ing at parties and cutting hair to catering and selling food and merchandise as important elements of East Harlem's local economy, and ways that residents attempted to make up income shortfalls.

Similarly, when asked what services they feel are lacking and needed in Bedford-Stuyvesant, several residents mentioned workforce development programs to combat high unemployment, as well as more quality jobs with higher wages and better benefits. Stakeholders in both neighborhoods felt that even though there are new businesses moving into the neighborhood, many of the new employers are looking for skills and talent that are not currently represented in the community.

"I take turns leaving one bill unpaid each month. I try to do a lot of cutbacks to make ends meet."

- *Rosa C., Bedford-Stuyvesant resident*

In Bedford-Stuyvesant, residents reported heavy reliance on public assistance, such as food stamps and cash assistance, as well as on formal and informal safety nets. Workshop participants cited these government programs as the main coping mechanism for acute financial stressors, such as job loss, disability, or long-term loss of housing. However, the community workshops revealed reluctance among some residents to avail themselves of some government support systems, citing pride as a main barrier to seeking out support services.

4. STABLE HOUSING AND CAPACITY TO LIMIT FINANCIAL SHOCKS

The financial health field increasingly recognizes that it is financial shocks, and a lack of resilience in the face of them, that drive families into poverty or prevent them from moving to long-term financial health. Indeed, OFE's report series—*Municipal Financial Empowerment: A Supervitamin for Public Programs* (2011- 2013)—builds the case that fully integrating financial empowerment and asset building strategies into public programs is necessary to help those with financial instability gain financial knowledge and access to affordable financial products and services to build cushions against financial shocks and downturns.

Over the course of the CNFH, residents and stakeholders identified housing as a key source of financial shocks in their lives, as well as their most significant source of expense and anxiety. These shocks take the form of surprise evictions, unexpected costs arising from poor maintenance on the part of property managers, or the expenses of moving after a rent increase render a resident's current housing unaffordable.

Residents also reported that the neighborhood degraded or supported their financial resilience in other ways, such as being targeted by debt collectors or scam artists on the one hand or providing access to financial counseling to help them weather crisis situations on the other.

Through its work in East Harlem and Bedford-Stuyvesant, the CNFH identified indicators that measure the extent to which neighborhoods provide stable housing and support residents' abilities to limit the adverse effects of financial shocks. These indicators are:

- housing stability;
- health insurance access;
- emergency savings;
- rent burden;
- home foreclosures;
- ability to borrow at low cost; and
- the availability of financial counseling.

In East Harlem, virtually everyone interviewed cited the cost and quality of local housing as one of the most severe challenges facing neighborhood residents. Workshop participants noted that local incomes do not support the rising rents, and several shared stories about neighbors who had to move to the Bronx or farther away. Several residents in community workshops noted that recent rent increases have moved them from being able to accumulate emergency savings to living more permanently paycheck to paycheck. With few exceptions, interviewees and workshop participants were rent-burdened (if not severely rent-burdened), spending greater than 30 or 50 percent of their income on rent, respectively. Many also complained about the state of disrepair of their buildings. One East Harlem resident identified rent stabilization as the linchpin of his financial health, noting, "If I didn't live in a rent stabilized place, I'd be in a shelter."

HPD and NYCHA are major property owners in East Harlem and, therefore, contribute to individual and neighborhood financial health. HPD owns the greatest share of the neighborhood's total property tax lots, while NYCHA is the primary owner in terms of total rental housing units (nearly 35%) (PLUTO Shapefile for Manhattan, 2017). Residents expressed both positive and negative opinions of NYCHA when reflecting on their financial health: while public units stabilize occupants' rent payments, permitting them to remain in the neighborhood despite increases in housing costs, the design of the developments themselves can create insulated environments that may make residents feel cut off from the wider social networks of the neighborhood.

Bedford-Stuyvesant is similarly experiencing an increase in housing prices and an influx of more affluent residents. According to a report published by NYU's Furman Center in 2016, home values in the area have risen by 194 percent since 2004, to a median value of more than $1 million. However, despite these increases in property values and new investments in the area, the NYC Community Health Profile

“Before, we could save, but now everything goes to rent.”

- *Many East Harlem and Bedford-Stuyvesant residents*

published in 2015 revealed that Bedford-Stuyvesant is the eighth-poorest neighborhood in the city. In fact, during one workshop, residents cited the combination of increasing housing prices and lack of rental subsidies as one of the greatest stressors on the community. Several residents said they were evicted after landlords sold their buildings because the residents were made to believe their leases were no longer valid. As a result, families were forced to relocate to parts of the neighborhood where they perceived safety as a concern, resulting in a large decrease in their perceived quality of life.

In both East Harlem and Bedford-Stuyvesant, the CNFH found that residents understood the importance of emergency savings and access to low-cost credit as tools for limiting the impact of financial shocks. Workshop participants reported, however, that their efforts to save were frequently thwarted by unexpected expenses related to health emergencies, taxes owed, or home repairs, among other examples. Some business owners and people with stable incomes reported participating in *tandas* (lending circles) with coworkers and family members as a way to facilitate extra savings; this was not common among residents struggling to make ends meet.

In Bedford-Stuyvesant, some participants mentioned borrowing from family and friends to avoid the fees and fines associated with traditional lending practices. Residents also revealed they often purchased goods on credit from local corner stores. This practice, however, is becoming less common, as bodega owners struggle to pay rent and cover bills in neighborhoods with rising commercial rents.

Residents and stakeholders in both neighborhoods emphasized the need for more high-quality financial counseling and education, and greater promotion and publicity for existing services, such as those offered by NYC Financial Empowerment Centers and community development credit unions in both neighborhoods.

5. OPPORTUNITIES TO BUILD ASSETS AND PLAN FOR THE FUTURE

The fifth goal reflects the potential inherent in the concept of NFH. It makes the case that if a neighborhood can nurture its residents in the present, it should also be able to support them in planning for the future. The potential of the neighborhood as a positive force in the lives of its residents was a constant theme in the community workshops and stakeholder interviews. While residents often associated this potential in previous goals, such as access to job training, education, and financial services, residents often envisioned themselves in the community workshops as building assets in their neighborhood, both individually and as a community. Accordingly, indicators for this goal include:

- homeownership rates;
- the presence of minority and women-owned business enterprises;
- retirement security;
- community efficacy (described later in this section); and
- neighborhood tenure.

In the community workshops some residents cited opening a small business as a means of asset building or making ends meet, and many residents aspired to business ownership. Many of the workshop participants also described running small businesses, which they conceptualized as second jobs—for example, being an independently employed cleaner—or as “side hustles.” Stakeholders also cited small businesses as key sources of NFH, as well as sources of local jobs, goods, and services—especially grocery stores. Many residents and stakeholders cited a set of challenges to establishing or maintaining a small business, including a lack of access to small business training, access to capital, and rising commercial rents.

Similarly, homeownership was an aspiration of many workshop participants and interviewees, though it was often seen as only possible if the resident was able to afford to move out of their current neighborhood.

Residents and stakeholders in both neighborhoods also often referenced a desire to more effectively shape their own neighborhood’s financial health, not just to have the neighborhood’s financial health shape their fortunes. Many CNFH participants saw the opportunities for shared or community ownership of assets as an effective tool for pursuing this goal, especially in East Harlem, which has a strong network of community gardens, shared equity housing cooperatives, and community land trust advocates. The models referenced included credit unions, cooperative stores, and employee-owned businesses that residents felt could be used more effectively to advance individual asset building—as in the case of shared equity homeownership—as well as to advance NFH through access to goods and services, such as in a community-owned grocery store.

Based on literature reviews and stakeholder interviews, community efficacy emerged as a second factor in residents’ ability to impact their own neighborhood’s financial health. Community efficacy can be seen as a combination of social capital in a community and “community activity infrastructure,” which enables communities to turn that social capital into concrete action (Kilpatrick & Abbott-Chapman, 2005). The CNFH indicators measure the second aspect of community efficacy via a single indicator, the number of CBOs in the target neighborhoods. No current measure for neighborhood social capital or social cohesion exists for New York City, although DOHMH and the Department of Cultural Affairs are both working to create measures ((NYC Mayor's Office of Operations, 2016) (NYC Department of Health and Mental Hygiene, 2015)).

In East Harlem, the community’s civic investment is considered by many residents to be one of its most significant assets. In two community workshops, residents ranked “community organizations” as the neighborhood’s most important strength. Several local organizations were cited repeatedly as widely trusted, effective institutions that provide vital services and sustain the neighborhood’s long history of activism. These organizations are also valuable to East Harlem residents because they offer physical space in which to gather and socialize—an acute need given the shortage of open space in East Harlem.

In Bedford-Stuyvesant, where longtime residents are similarly feeling threatened by the risk of displacement from their homes, local community organizations are working to provide residents with the resources they need to support their communities. Residents are familiar with their offerings, citing these institutions as providing needed supports and services to the community, particularly around workforce development and job placement support. However, residents recognize a need for broader and large-scale changes, such as increasing the minimum wage, eradicating financing and housing discrimination practices, and providing an easier runway for asset building; they are unsure of the extent to which these organizations can advocate for their needs.

Finally, neighborhood tenure measures the length of time residents stay put in their neighborhood. Residents “vote with their feet,” and long tenure indicates a desire to stay in one's community. Indeed, 48 percent of East Harlem residents have lived in their homes for 10 or more years, higher than the citywide average. Community rootedness, measured by neighborhood tenure, is a clear indication of neighborhood financial health both as an ability to stay in and a desire to belong to one's community.

FROM INDICATORS TO PROTOTYPE INTERVENTIONS

Alongside the development of a set of qualitative and quantitative measurement tools for NFH, the CNFH also aimed to develop strategies for OFE to work with neighborhood partners to increase the NFH of Bedford-Stuyvesant and East Harlem as a prelude to OFE's goals of bringing this work to neighborhoods across the city. Both neighborhood teams proposed short-, medium-, and long-term interventions to improve one or more NFH goals—see Pages 38 and 39—and to support residents in increasing their own individual financial health. New Economy Project and BSRC both piloted one intervention during a three-month period in early 2017. Interventions were chosen based on feedback from stakeholders and residents, with the criteria that the efforts must both impact NFH and also provide meaningful data on the potential for the project if it were shaped into a longer term intervention.

EAST HARLEM

In East Harlem, New Economy Project partnered with the Lower East Side People's Federal Credit Union (LESPFCU) to implement a three-month intervention aimed at increasing community members' use of banks/credit and awareness of banking rights and options. The intervention used "pop-up" credit union branches as extensions of the already existing LESPFCU's East Harlem branch as well as a "*promotoras*" peer-education campaign. The East Harlem team designed the intervention in close consultation with Spanish-speaking immigrant community members who face particular barriers to achieving financial health and to accessing basic financial services, barriers OFE describes in our *Immigrant Financial Services Study*.

The first component of the hybrid intervention was the deployment of a weekly "pop-up" branch of the LESPFCU at the offices of LSA Family Health Service, a social services organization and advocacy hub for Spanish-speaking and immigrant community residents. The pop-up was designed to increase the credit union's visibility in this part of the community and engage local Spanish-speaking immigrant community members at a convenient and trusted location. In interviews and community workshops, many community residents and stakeholders were either not aware of the credit union at all or held the perception that it served only members of the social services organization inside which the LESPFCU branch is housed. At the "pop-ups," residents were able to open bank accounts and receive one-on-one education about youth accounts, the benefits of establishing a credit history, and what it means to "bank" at a community-based cooperative.

As a second component of the intervention, the project team recruited and trained eight immigrant women from the community to become "financial health promoters," or *promotoras*, to publicize the credit union pop-up and raise awareness of people's banking rights and options. The *promotoras* campaign adapted a peer-education model widely used in the public health field and proven to improve health outcomes in Latino communities. New Economy Project and LESPFCU trained the *promotoras* to provide basic know-your-rights education and information about the credit union's services and held weekly meetings with the *promotoras* team to report on outreach goals and strategies, exchange feedback, answer questions, and collaborate on outreach.

The *promotoras* reached more than 500 community members, through presentations and informal street outreach, from January to March 2017. During that time, the LESPFCU's East Harlem branch opened twice as many new accounts compared to the same time period in previous years. The credit union's staff credits this increase to the outreach conducted through this pilot intervention. Key to the *promotoras*' effectiveness was their understanding of the local community and their ability to deliver information in a linguistically and culturally appropriate manner. The *promotoras* also dispensed information about low-cost "basic banking" accounts at mainstream banks and were seen as trusted and impartial sources of information. The women conducted outreach to their networks, including at their children's schools and at their churches; to neighbors in their apartment buildings; and to staff and clients at LSA and other community organizations. The *promotoras* had notable success reaching street vendors and other hard-to-reach populations. In one instance, a street vendor opened an account and immediately applied for and received his first loan from the credit union as a result of the *promotoras* outreach.

Crucially, the *promotoras* also channeled input about community needs and preferences back to LESPFCU to inform and shape credit union products, services, and marketing in the neighborhood. Over the course of this brief intervention, the *promotoras* brought several issues to the attention of the credit union, which the staff then used to adjust account policies and customer service protocols.

The women identified, for example, an inconsistency regarding stated identification requirements to open savings and checking accounts. The credit union clarified its policy of accepting identification numbers from any valid government-issued ID, including IDNYC, to ensure that membership and accounts are accessible to many more community members.

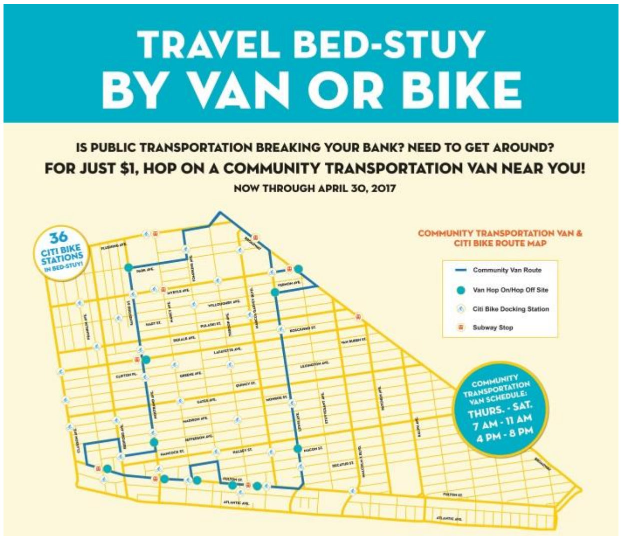
BEDFORD-STUYVESANT

In Bedford-Stuyvesant, the BSRC team partnered with Highbrid Media—an organization that operates a fleet of "Dollar Vans"—to create a Community Transportation Van dubbed the "Bed-Stuy Shuttle" in order to provide accessible and affordable travel between the residential areas of Northern Bedford-Stuyvesant and the commercial corridors of Southern Bedford-Stuyvesant.

During the CNFH community workshops, the spatial disconnect between residents and services had been identified as a source of added expenses, and even of physically unhealthy consumption choices.

The disconnect means that many residents spend money on private transportation in order to access healthier food options.

The original van route was designed with the aim of shuttling residents to services along major business corridors within Bedford-Stuyvesant (along Nostrand Avenue, Fulton Street, and Lewis Avenue) and to connect residents to major subway lines (A, C, G, J, M, and Z trains). The van operated from Wednesday to Saturday, from 7 a.m. to 11 a.m. and 4 p.m. to 8 p.m. for eight weeks starting in March 2017. For marketing purposes, the van offered free rides for the first week following its launch. In subsequent weeks, rides were just $1 per ride regardless of distance.



Over the course of the intervention, the van was used as a tool for data collection from neighborhood residents and for outreach by BSRC and other community partners. The van was staffed with one driver and one "community coach" from BSRC's existing community programs to help with outreach to riders during each van shift. Community coaches, who are residents of the target areas, trained in outreach, and knowledgeable of local social services, were responsible for capturing basic contact information from van riders.

Although residents, business owners, and field partners anecdotally expressed excitement and interest in having a "Dollar Van"-like service available in Bedford-Stuyvesant, the data on actual participation shows that it takes time to generate momentum for such initiatives. Additionally, the operational complexity of deploying a new public transportation option requires several iterations to perfect, which was not possible during the short life span of this intervention. Based on customer feedback, BSRC adjusted the hours of operation (removing Saturday early morning hours) and extended the route to connect to other "Dollar Van" services that run along Flatbush Avenue in Brooklyn. These changes and increased marketing drove an increase in ridership late in the intervention, which in total reached 414 unique residents, with many residents using the service multiple times.

After the CNFH pilot ended, BSRC offered a second eight weeks of Community Van service, which saw a significant increase in van use, suggesting that, if offered as an ongoing and reliable transportation option, a similar van service could make significant community impact.

Additionally, the Community Van established an interesting method of neighborhood data collection as it allowed significant time for community coaches to interview riders about NFH. This finding led members of BSRC's project team to explore deploying this intervention in other neighborhoods in New York City and in a second city as a potential tool to connect residents to goods and services, collect neighborhood data, and conduct community outreach.

NEIGHBORHOOD FINANCIAL HEALTH INTERVENTIONS PROPOSED BY PROJECT TEAMS

The CNFH project teams proposed a suite of interventions to positively impact NFH in East Harlem and Bedford-Stuyvesant. Each intervention focused on one or more of the NFH goals and ranged from being practical (able to implement in the short term) to requiring multiple years of planning and policy work prior to implementation.

EAST HARLEM

Pop-up Credit Union: Designed to improve access to high-quality financial products and services, this intervention would deploy a full-service mobile bus as a "pop-up" credit union at strategic neighborhood locations in collaboration with community stakeholders. The pop-up branch would increase the credit union's visibility in the community; engage residents at convenient and trusted locations; and leverage collaborations with social services providers and membership organizations to integrate financial services into their programming.

***Promotoras* Outreach Campaign:** East Harlem residents expressed lack of trust in financial institutions as a key barrier to accessing financial services. The *promotoras* outreach campaign would adapt a widely used community outreach/peer educator model to improve health outcomes in Latino communities with lower incomes. Community residents would be trained as *promotoras de salud financiera* (financial health promoters) to provide support to other neighborhood residents on matters, such as banking, credit, and financial goal setting. *Promotoras* would liaise between community members and service providers, channeling feedback to improve and increase the use of services.

Food and Financial Cooperative: Aimed at increasing access to financial services as well as groceries, this long-term intervention would entail a partnership to support creation of a food cooperative in East Harlem to provide affordable, healthy groceries and other needed resources to neighborhood residents. A local financial co-op and certified community development financial institution would provide needed financing and work with community stakeholders to build it out, ultimately becoming a tenant of the food co-op and operating a full-service branch inside the store. The joint co-op would ideally be sited on a local community land trust, which seeks to acquire residential property with commercial storefront space, to support collaboration and long-term sustainability.

Youth Farm/Community Supported Agriculture: Designed as both a soft skills jobs training program and as a means to increase access to healthy food in East Harlem, this intervention would launch a school-based, youth-operated farm or garden, enabling students to grow food and acquire job skills and an understanding of food systems, building a foundation for activism. This intervention would address the scarcity of high-quality and affordable food, as well as the lack of jobs and training opportunities for youth in a neighborhood.

Cooperative Neighborhood Development Pilot: This intervention would aim to increase the capacity of the East Harlem community to improve its own NFH through the development and integration of worker, housing, consumer, and financial cooperatives. It would consist of a concerted initiative by NYC government, in collaboration with local groups, funders, and other stakeholders, to promote cooperative economic development in East Harlem (or a subarea) through policy, funding, and programmatic strategies. By focusing on a single neighborhood, NYC and other stakeholders could coordinate and test various strategies to support place-based, cross-sectoral cooperative development. The intervention would support the development of affordable, own-able cooperative housing, consumer and financial services cooperatives, as well as employee-owned businesses.

BEDFORD-STUYVESANT

Bed-Stuy Shuttle: To address the need for intraneighborhood transportation, the lack of which blocks access to financial and consumer goods and services, this intervention would support the development of a "Dollar Van" to connect residents to fresh and affordable groceries, shops, and services, which are currently difficult for residents to access.

Reduced Citi Bike Membership: This intervention would address the costs associated with intraneighborhood travel—many residents rely on black cars—by providing reduced cost Citi Bike memberships and tracking savings benefits associated with being a Citi Bike member. Local community organizations could promote reduced-cost Citi Bike membership, work with Citi Bike to locate docking stations to maximize community use, and use Citi Bike's existing technology to monitor Citi Bike usage for individuals enrolled in the program to determine overall impact.

NeighborMap: This intervention can increase awareness of the array of goods and services in a neighborhood that can contribute to an individual's financial health by partnering with MapsCorps, an organization that trains youth to be "citizen data scientists." Local youth would be trained on how to create a multilingual digital and print map of the neighborhood to help residents learn about services and stores in their neighborhood, including what they offer, hours of operation, and payment forms accepted.

Neighborhood Investment Campaign: This intervention could provide neighborhood residents with an opportunity to own a business of their choosing to better serve their community and give local residents neighborhood financial efficacy. Residents would have an opportunity to attend workshops on investment and business development and learn the benefits of community ownership models. Following business planning, community members would solicit investments from other residents and businesses and could pursue other funding from local institutions and partner organizations through a matching program or charitable gifts.

Neighborhood Entrepreneurship Incubator: This intervention could provide residents with an opportunity to launch new businesses that improve the NFH of the local community while boosting residents' individual financial health. The intervention would provide a multistage small business incubator, starting with a small business training course and followed by a pitch competition open to businesses that improve the neighborhood's impact on the financial health of all of its residents or that commit to hiring local residents. The winners of the pitch competition would gain access to a second round of support, including further training, mentorship, exposure for their business idea, feedback from seasoned entrepreneurs, and potentially access to financing.

Services Made Mobile: The purpose of this intervention would be to increase enrollment in programs that provide income supports and access to jobs by making enrollment in multiple programs easier and more private. During the CNFH workshops, residents reported that the stigma of enrolling for benefits was a significant barrier to using various public programs. In this program, rather than having residents travel to different offices to enroll for medical benefits, food stamps, childcare, financial counseling, etc., these services would be made available via an ambulatory van that would travel throughout the neighborhood and park in locations convenient for residents.

OVERALL FINDINGS

Our methodical approach to engaging the study neighborhoods, stakeholders, and residents yielded not only the definition of NFH, indicators, framework, and resulting interventions, but also a number of findings. Beyond the five Key Findings described in the Executive Summary, we outline additional findings in this section.

FINDING #1
NEIGHBORHOODS INFLUENCE THE FINANCIAL OUTCOMES OF THEIR RESIDENTS.

Throughout CNFH's research, community members and stakeholders described their neighborhood as strongly influencing the financial health and long-term outcomes of residents. Stakeholders attributed this influence to three sources:

1. the neighborhood economic landscape (housing stock, available financial services, grocery stores etc.);
2. the social services available in the neighborhood;
3. the neighborhood's existing social networks, which propagate systems of shared beliefs and practices.

For example, the CNFH intervention in East Harlem leveraged belief systems and community practices in an attempt to inspire residents' further engagement with some of the economic resources available in the neighborhood.

The CNFH intervention in Bedford-Stuyvesant operated outside the reach of commonly held beliefs and practices to provide residents with an alternative resource to help mitigate financial distress.

Significantly, an increasing body of quantitative research shows strong correlations between residents' neighborhoods and their long-term financial health; however, further research is needed to demonstrate a causal relationship and, most important, to identify neighborhood conditions that most effectively lead to positive financial health outcomes for New Yorkers with low and moderate incomes.

FINDING #2
THE PRESENCE IN A NEIGHBORHOOD OF A PRODUCT OR SERVICE THAT SUPPORTS INDIVIDUAL FINANCIAL HEALTH DOES NOT NECESSARILY TRANSLATE TO ACCESS.

Residents and stakeholders repeatedly cited the *presence* of a beneficial product, such as affordable savings accounts, but revealed nuanced reasons why those services or products were inaccessible to many residents.

For example, the *presence* of a bank or credit union branch in a community does not translate to *access*—measured by CNFH in terms of the presence, quality, and accessibility of services, as well as the trust neighborhood residents have in services—if there are perceived and/or structural barriers, including:

1. if the bank or credit union imposes identification or minimum balance requirements that are prohibitive to most residents;
2. if residents share a perception that most mainstream financial institutions are untrustworthy, confusing, expensive, or unwelcoming.

These reported systemic issues within neighborhoods reflect findings from OFE's *Immigrant Financial Services Study*, which looked specifically at the financial needs and practices of recent immigrants.

FINDING #3
A RELATIVELY SMALL NUMBER OF BUSINESSES IMPACT A NEIGHBORHOOD'S FINANCIAL HEALTH DIRECTLY AND SIGNIFICANTLY.

One of CNFH's most important findings is that grocery stores, financial services businesses, childcare, and affordable housing have a direct and significant impact, both adverse and beneficial, on a neighborhood's financial health. Excluding housing, these entities represent a relatively small number of marketplace actors that nevertheless have an outsize impact on neighborhood financial health.

FINDING #4
AS ONE WOULD EXPECT, LOWER INCOME NEIGHBORHOODS CORRELATE WITH LOWER NEIGHBORHOOD FINANCIAL HEALTH; HOWEVER, THE WAYS IN WHICH LOWER FINANCIAL HEALTH MANIFESTED IN LOWER INCOME NEIGHBORHOODS DIFFERED SIGNIFICANTLY.

Although both East Harlem and Bedford-Stuyvesant report lower median incomes, how suboptimal neighborhood financial health reveals itself in each neighborhood is different. For example, East Harlem has substantially better access to groceries in terms of supermarket square footage per 100 residents compared to Bedford-Stuyvesant, but Bedford-Stuyvesant has fewer check cashers and pawnshops relative to bank and credit union branches compared to East Harlem.

Additionally, the CNFH found that the responses to qualitative questions differed significantly in the two neighborhoods, which resulted in designing different interventions to increase neighborhood financial health.

FINDING #5
OWNERSHIP—ESPECIALLY STABLE, AFFORDABLE, AND OWN-ABLE HOUSING—IS FUNDAMENTAL TO AN INDIVIDUAL'S ABILITY TO BUILD FINANCIAL HEALTH AND ASSETS OVER TIME.

Rapidly rising housing prices make it difficult for families with low incomes to own an apartment or house and save for the future, and this dearth of permanently affordable housing keeps residents from building assets. Similarly, high rents, difficulty accessing financing, and other challenges make it difficult for many New York residents and nonprofits to access business ownership as asset building and community change tools. These ownership challenges are beginning to be addressed by City agencies in the Housing New York 2.0 plan, as well as through the Worker Cooperative Business Development Initiative, but the structural forces acting to limit access to ownership are significant. These forces can be seen at work in Bedford-Stuyvesant and East Harlem where the residential sales price per square foot has risen 139 percent and 158 percent, respectively, from 2010 to 2015. Longtime residents in rapidly changing neighborhoods fear that rising rents, along with tenant harassment and other pressures, will displace them from their neighborhoods, deprive them of social capital, and diminish community efficacy. The effect of displacement on financial health is significant in that displacement can disrupt informal and formal systems that support relative financial stability, such as access to credit and childcare.

FINDING #6

NOTWITHSTANDING ACUTE FINANCIAL DISTRESS IN MANY NEW YORK CITY COMMUNITIES, RESIDENTS ALSO FIND WAYS TO SUPPORT ONE ANOTHER'S NEEDS, NAVIGATE SYSTEMS, AND ORGANIZE FOR IMPROVED NEIGHBORHOOD CONDITIONS.

People with low incomes living in high-cost neighborhoods employ a multitude of coping strategies to improve their own and their neighbors' financial resilience.

FINDING #7

RESIDENT ENGAGEMENT AND COMMUNITY PARTNERSHIPS ARE VITAL TO UNDERSTANDING AND IMPROVING NEIGHBORHOOD FINANCIAL HEALTH.

Residents are the experts of their own communities. The CNFH continually elicited residents' input as we developed and tested neighborhood financial health indicators, as well as piloting place-based interventions. By partnering with trusted neighborhood organizations, the CNFH engaged a broad swath of residents; this model also built capacity at local organizations.

FINDING #8

THE IMPACT OF NEIGHBORHOODS ON THE ABILITY OF RESIDENTS TO BUILD ASSETS AND ACHIEVE FINANCIAL HEALTH REVEALS THE CONNECTION BETWEEN INDIVIDUAL FINANCIAL EMPOWERMENT AND EFFORTS TO CREATE A MORE EQUITABLE ECONOMY.

The CNFH project has illuminated the connection between individual financial empowerment and such diverse fields as community development, food policy, and economic development. Adopting the lens of neighborhood financial health may allow these related fields to expand the reach and impact of their work. The findings of the CNFH further reveal the necessity of working across City agencies to increase neighborhood financial health.

FINDING #9

NEIGHBORHOOD FINANCIAL HEALTH IS INHERENTLY CONNECTED TO AND IMPACTED BY BROADER ECONOMIC SYSTEMS.

Many of the barriers to individual financial health identified in the research are not endemic to the two neighborhood subareas but instead are manifestations at the neighborhood level of systemic issues and inequality. Neighborhood financial health can create resiliency among residents, limiting the impact of changes in broader economic systems. Still, shifting regional and national economic conditions will over time create change in both individual and neighborhood financial health.

CONCLUSION: MOVING FORWARD

The Key Findings from this first phase of work examining NFH open broad new areas of research, policy, and programmatic interventions for OFE to explore with our partners across the city as we continue to expand our core strategy: *Empowering Neighborhoods to Generate Wealth*.

RESEARCH

In the coming years, we will focus our research on identifying the causal connections between a resident's financial health, whether high or low, and the characteristics of that resident's neighborhood; examining citywide trends in access to ownership; and documenting barriers in the creation of financially healthy neighborhoods.

POLICY AND PROGRAMMATIC INTERVENTIONS

It is clear that there is a role for policymakers to address issues of neighborhood financial health. While neighborhoods have distinct financial health challenges, the importance of a select few overarching goals and marketplace actors make it possible to create meaningful policies to support NFH across the city. However, it is imperative that collaboration be at the center of community wealth building policy: collaboration across City agencies that focus on housing, small business, and economic development and active collaboration with neighborhood residents, civil society, and the financial services industry. Meaningful and creative engagement of community residents and trusted organizations is essential to ensure effective program design and sustained community support. And ongoing partnerships with City agencies will enable policy and programs to increase New Yorkers' access to the businesses and services necessary in their neighborhoods to increase NFH.

Interventions should seek to support the formation of community-owned neighborhood economic actors; permanently affordable and own-able housing; and the creation and retention of grocery stores, financial services, and childcare providers to serve the needs of a neighborhood's residents. These interventions may involve strengthening existing community development tools, such as community land trusts and community or cooperatively owned property, or providing property tax relief for key marketplace actors that open in previously empty storefronts.

Additionally, these policies may build on existing policies from other cities and regions; for example, providing income tax breaks to community-owned enterprises in return for a commitment to growth or implementing new models of shared equity housing that incentivize the development of new constructions on vacant lots and City property.

These policy reforms will not only enable New York City residents to participate in shaping their community, but open up the possibility of owning property in their neighborhoods. Findings from the CNFH and other research highlight the role that property ownership plays in long-term financial stability for families. When residents own their businesses and homes, they are invested in the community in a more powerful way. Not only are they connected to their neighbors, but they are also connected to the financial success of the community. The neighborhood itself must take the lead long after City agencies have played their role.

For the next phase of CNFH, OFE is experimenting with neighborhoodwide strategies to help lift New Yorkers out of poverty and exploring interventions that will directly improve NFH:

- First, through engagement with trusted community partners, we want to work with communities to understand and shift communally held beliefs and practices about individual financial health.
- Second, we want to increase access to financial goods and services that meet the needs of a neighborhood's residents, such as financial institutions that build trust, meet short- and long-term needs, and adapt to new technological and business models for service delivery.
- Third, we want to work with community and agency partners to create tools that neighborhoods can use to increase ownership and empower their residents.

New York City has long been the city for dreamers and new beginnings, built on hope, opportunity, and a communal vision of belonging. These are at the heart of the CNFH: neighborhoods in which residents are included in decisions, have quality of life, and are empowered to own their homes and businesses. Indeed, focusing on neighborhoods—and not just individuals—gets us closer to a more equitable city, one in which neighborhoods are shaped by residents to work for residents.

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APPENDIX A:

RELATED MEASUREMENT TOOLS & RESOURCES

NEW YORK CITY RESOURCES

The Mayor's Office of Operations released its ***Social Indicators Report*** in May 2016. The report presents data from 45 indicators within eight domains addressing social conditions on New York City. The report aims to simultaneously provide an accurate picture of the city's social conditions in order to support data-driven solutions and to guide efforts to reduce disparities. The report can be found at: http://www1.nyc.gov/site/opportunity/reports/social-indicators-report.page.

CUNY's Institute for State and Local Governance has developed 96 **Equality Indicators** across six thematic areas in order to measure change toward or away from equality in these areas, with the goal of targeting and developing policy recommendations to improve outcomes for those who are disadvantaged. Descriptions of the indicators can be found at: http://islg.cuny.edu/sites/our-work/equality-indicators/.

The Citizens' Committee for Children has developed **Keeping Track of New York City's Children**, which incorporates hundreds of indicators that affect children's well-being. Descriptions of these indicators can be found at: http://data.cccnewyork.org/.

The Association for Neighborhood and Housing Development (ANHD) has created **equitable community development indicators** for New York City neighborhoods, using a variety of publicly available data sources (ANHD 2015). Indicators are categorized into "income and benefits," "employment and education," "community and infrastructure," "banking and access," and "investment." The banking and access indicators include percent of population with high credit card debt, bank branches per 10,000 people, and limited English-speaking households. Descriptions of these indicators can be found at: https://anhd.org/resources-reports/equitable-economic-development-interactive-map/.

New York City's **Community Health Profiles** examine the health of the city's 59 Community Districts by examining a broad range of neighborhood health issues. They can be found at: https://www1.nyc.gov/site/doh/data/data-publications/profiles.page.

OTHER RESOURCES

Enterprise Community Partners, a national intermediary organization, has developed a **Communities of Opportunity Index**, which identifies a set of circumstances that make it possible for people to achieve their goals. This tool is still in development, but more information can be found at: http://www.enterprisecommunity.org/research-and-resources/opportunity360.

The **San Francisco Indicator Project**, developed by the Department of Public Health, measures indicators within eight dimensions of a "healthy, equitable community," in order to support social and physical communities that meet the needs of all citizens. Descriptions of these indicators can be found at: http://www.sfindicatorproject.org/.

APPENDIX B:
NEIGHBORHOOD PROFILE DATA METHODOLOGIES AND SOURCES

POPULATION: Census American Community Survey, 2015 1-year sample

AGE DISTRIBUTION: Census American Community Survey, 2015 1-year sample

RACE/ETHNICITY: Census American Community Survey, 2015 1-year sample

% PERSONS IN LIMITED ENGLISH-SPEAKING HOUSEHOLDS: Census American Community Survey, 2015 1-year sample

% PERSONS IN POVERTY: Census American Community Survey, 2015 1-year sample

% BA+ AMONG 25+: Census American Community Survey, 2015 1-year sample

MEDIAN HOUSEHOLD INCOME: Census American Community Survey, 2015 1-year sample

PERCENT CHANGE IN RESIDENTIAL SALES PRICE PER SQUARE FOOT, 5-YEAR (2010-2015): Association for Neighborhood and Housing Development. "How Is Economic Opportunity Threatened In Your Neighborhood." 2016.

SERIOUS HOUSING CODE VIOLATIONS PER 1000 PRIVATELY OWNED RENTAL UNITS: 2015, NYU Furman Center CoreData.nyc

SERIOUS CRIME RATE: 2015, NYU Furman Center CoreData.nyc

JAIL INCARCERATION PER 100,000 ADULTS 16 AND OLDER (2014): NYC Department of Health and Mental Hygiene (DOHMH) Community Health Profiles, 2015. Based upon 2014 Department of Corrections data with processing by NYC Center for Innovation through Data Intelligence.

DISCONNECTED YOUTH: Census American Community Survey, 2015 1-year sample

PERCENT OF HOUSEHOLDS RECEIVING SNAP BENEFITS: Civis Analytics analysis done by providing estimates of the Earned Income Tax Credit (EITC) and Supplemental Nutrition Assistance Program (SNAP) eligible populations, the population density of non-participating eligible, and participation rates at the Public Use Microdata Area (PUMA) level for NYC.

HOUSEHOLD INCOME QUINTILES: Census American Community Survey, 2015 1-year sample

COMMERCIAL BUSINESS DENSITY: Department of Consumer Affairs' analysis

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12/2017

Student Loan Borrowing Across NYC Neighborhoods

December 2017

FEDERAL RESERVE BANK OF NEW YORK
RESEARCH AND STATISTICS GROUP ● MICROECONOMIC STUDIES
COMMUNICATIONS & OUTREACH ● OUTREACH AND EDUCATION

In Partnership with NYC Department of Consumer Affairs Office of Financial Empowerment

NYC Consumer Affairs

Abstract

U.S. student loan debt now totals over $1.3 trillion. However, this number obscures a diversity of consumer experiences with student debt regionally and demographically. This New York City report highlights the high rates of delinquency and default and slow repayment rates, especially among borrowers with lower student loan balances who live in lower-income areas.

Key words: student debt, financial health

Acknowledgments

Joelle Scally, Administrator of the Center for Microeconomic Data at the Federal Reserve Bank of New York, and Zayne Abdessalam, Director of Policy and Research at the NYC Department of Consumer Affairs (DCA) Office of Financial Empowerment (OFE), were the leads on this report. Claire Kramer Mills, Assistant Vice President and Community Affairs Officer at the New York Fed, provided drafting and editorial guidance. At OFE, Amelia Josephson contributed to the report drafting and Nichole Davis, Director of Programs, provided editing and technical support. Sanjay Sudhir provided data support at the New York Fed and Idisha Odama provided similar support at OFE.

The New York Fed and DCA also wish to acknowledge the following staff members for their contributions:

New York Fed:
Andrew Haughwout, Senior Vice President; Donghoon Lee, Research Officer; Wilbert van der Klaauw, Senior Vice President

DCA:
Lorelei Salas, Commissioner; Sandra Abeles, Executive Deputy Commissioner; Kenny Minaya, Chief of Staff; Nicole Perry, Deputy Commissioner for OFE; Matthew Mueller, GIS Developer for the Division of Technology and Strategic Solutions (DoTSS); and Bryan Menegazzo, GIS Specialist for DoTSS

Special thanks to Debra-Ellen Glickstein, Kimberly Goulart, Joseph Dwyer, Seth Samelson, and Adrian Franco.

About the Organizations

Part of the mission of the New York Fed's community outreach team is to provide information at the local level for decision makers and policymakers, particularly for issues that affect low- and middle-income residents of Federal Reserve System's Second District, comprising New York, northern New Jersey, Fairfield County in Connecticut, Puerto Rico, and the Virgin Islands. To that end, The New York Fed partnered with OFE to produce this report on student loan borrowing in New York City using our Consumer Credit Panel, which is based on Equifax credit report data.

OFE's mission is to educate, empower, and protect residents and neighborhoods so they can improve their financial health and build assets, which furthers DCA's mission to protect and enhance the daily economic lives of New Yorkers to create thriving communities. OFE uses data, research, policy, partnerships, and convenings to advance its mission. This report provides a strong foundation for OFE to better understand how New Yorkers are managing their student loan debt and determine which neighborhoods might benefit most from targeted assistance.

Introduction

This report is the first city-level examination of student loan debt, and provides an in-depth look at student loans across neighborhoods in New York City's five boroughs. In a city of about 6.5 million adults, approximately one million (15 percent) have a student loan, owing a collective student loan balance of $34.8 billion. In the United States as a whole, approximately 44 million adults (18 percent of the adult population) have a student loan. The national collective loan balance totaled roughly $1.3 trillion dollars at the end of 2016.[1]

In New York City, borrowers' repayment success on their student debt varies considerably by borough and neighborhood. We find that the borough with the highest rates of student loan distress, as measured by delinquency and default, is the Bronx.[2] Of the five neighborhoods with the highest percentage of borrowers whose student loans are delinquent, three are in the Bronx, while the other two are in Brooklyn. Four of the five neighborhoods with the highest student loan default rates are in the Bronx, with the fifth in Brooklyn.

Perhaps not surprisingly, higher delinquency and default rates are found among New Yorkers from lower-income areas. Delinquency rates among borrowers in the lowest income neighborhoods were 20 percent, with over half of those delinquent borrowers in default. In the highest income neighborhoods, the delinquency rate is less than half that, under 10 percent. Further, we find over half of borrowers residing in higher income areas are making payments and successfully reducing the balances on their student loans, while only about one fourth of borrowers in the lowest income neighborhoods are successfully reducing their balances, consistent with the general trends found at the national level.[3] Also consistent with earlier, national-level analysis, we find higher rates of delinquency and default among borrowers with low balances and those located in lower income neighborhoods.

Finally, older borrowers (those 45 years old and older) have higher delinquency rates than younger borrowers. Younger borrowers are more likely to be enrolled in school or eligible for tailored repayment plans, such as income-driven repayment, to ease debt burden.

[1] https://www.newyorkfed.org/microeconomics/hhdc.html
[2] Delinquency is defined as being 90 or more days past due, while default is defined as being 270 or more days late, and a subset of delinquency.
[3] https://www.newyorkfed.org/medialibrary/media/newsevents/mediaadvisory/2015/Student-Loan-Press-Briefing-Presentation.pdf

Context

Student loans are a key part of how higher education is financed in the United States, and access to higher education and investment in knowledge and skills are crucial for social and economic mobility. Although student loans can provide critical access to higher education, student loans are not a risk-free way of financing it. Indeed, loans taken for higher education that do not provide sufficient returns can have significant, negative impacts on individuals' financial health. Borrowers may find themselves with high debt burdens even when they lack the kinds of degrees that enhance earning power. Moreover, delinquent borrowers and those in default may see a spillover effect as their repayment status restricts their access to other types of credit and asset-building tools. Because defaulted student loans cannot be easily discharged in bankruptcy, the defaulted debt remains as a blemish on credit reports indefinitely. For these reasons, New York Fed and OFE's joint report pays special attention to delinquency and default rates among New Yorkers with student debt.

Our analysis finds key similarities and differences between student debt patterns in New York City and the United States. Borrowers in New York City have higher median balances than Americans overall. New Yorkers' delinquency and default rates are slightly lower than the national average. In general, these results are consistent with a concentration of individuals with advanced degrees who are managing their debts more successfully than the average student borrower. However, these balance-weighted aggregates mask underlying diversity, with high-balance borrowers in Manhattan faring better than low-balance borrowers in the Bronx, potentially reflecting variation in the quality and completion of their degrees.

While this joint report provides critical insight into the state of student debt in New York City's neighborhoods, it does not purport to provide a complete picture of borrower characteristics. Further research on this topic is needed to understand how payment status and median balance vary by key variables such as race, gender, school type, employment status, degree completion, and participation in a repayment plan.

About the Data

This report is based on the New York Fed Consumer Credit Panel (CCP), a five percent representative sample of anonymized, individual-level credit reports from the credit bureau Equifax. The CCP is the key source for the New York Fed's Quarterly Report on Household Debt and Credit, which provides national estimates for household borrowing, including student loan debt balances and delinquency on a quarterly basis. The student loan component of the data, used in this analysis, provides loan-level information on each student loan borrower, with detailed information on the balance, payment, delinquency rate, and origination date. All outstanding student debts are accounted for, including both private and federal loans, although we are not able to distinguish between the two categories. All of the figures are based on data that appeared on credit reports as of December 31, 2016.

The CCP does not contain any individual-level information on income. To supplement the data on debt, we have used data on income from the Census Bureau's American Community Survey (ACS) for neighborhood-level median income, and the Statistics of Income (SOI) Individual Income Tax Statistics from the Internal Revenue Service (IRS) for Zip Code-level income data. We have also used the ACS for Educational Attainment data and Public Use Microdata Area (PUMA) population figures.

Because the CCP does not contain any individual-level information on income, we calculate average income per tax filing at the Zip Code level using the IRS data. We have sorted the New York City Zip Codes into income quintiles, each with equal populations, with the first quintile being the lowest income and representing the 20 percent of New York City living in the lowest income Zip Codes, and the fifth quintile being the highest income representing the 20 percent who live in the wealthiest New York City Zip Codes. We match borrowers into an income-quintile based on the Zip Code on their credit report.

Borrowers

As of the end of 2016, there were approximately one million student loan borrowers in New York City. About 15 percent of adults in New York City have student loans, with an average balance of $34,900, notably higher than the U.S. average of $29,500. The median age of New York borrowers is 33, with little variation across boroughs.

Prevalence

Prevalence–the percentage of residents with student loans– varies by borough, as seen in Figure 1, a snapshot as of December 31, 2016. Much of this variation reflects underlying differences in the educational attainment in each borough; an absence of student loans can indicate either an ability to finance higher education without loans or non-pursuit of higher education. For context, we also provide the percentage of residents in each borough that is college educated.[4]

Student Loan Prevalence and Educational Attainment

(2016Q4)

Figure 1

	Highest Degree Attained		
County	Bachelor's	Graduate or professional	Percent of residents with a student loan
Bronx	12.3%	6.6%	9.2%
Brooklyn	20.1%	12.8%	15.3%
Manhattan	31.6%	28.4%	14.6%
Queens	19.3%	11.1%	12.9%
Staten Island	18.4%	12.4%	17.5%
NYC Overall	21.0%	14.6%	13.1%
United States	18.5%	11.2%	16.7%

Source: New York Fed Consumer Credit Panel / Equifax; Census Bureau

We see that rates of indebtedness do not perfectly correspond to rates of completion of higher education. Manhattan boasts high levels of post-secondary education while maintaining a relatively low percentage of adults with student loan debt. On the other end of the scale, Staten Island has the highest percentage of population with student debt, yet the borough has relatively fewer degrees to show for the debt.

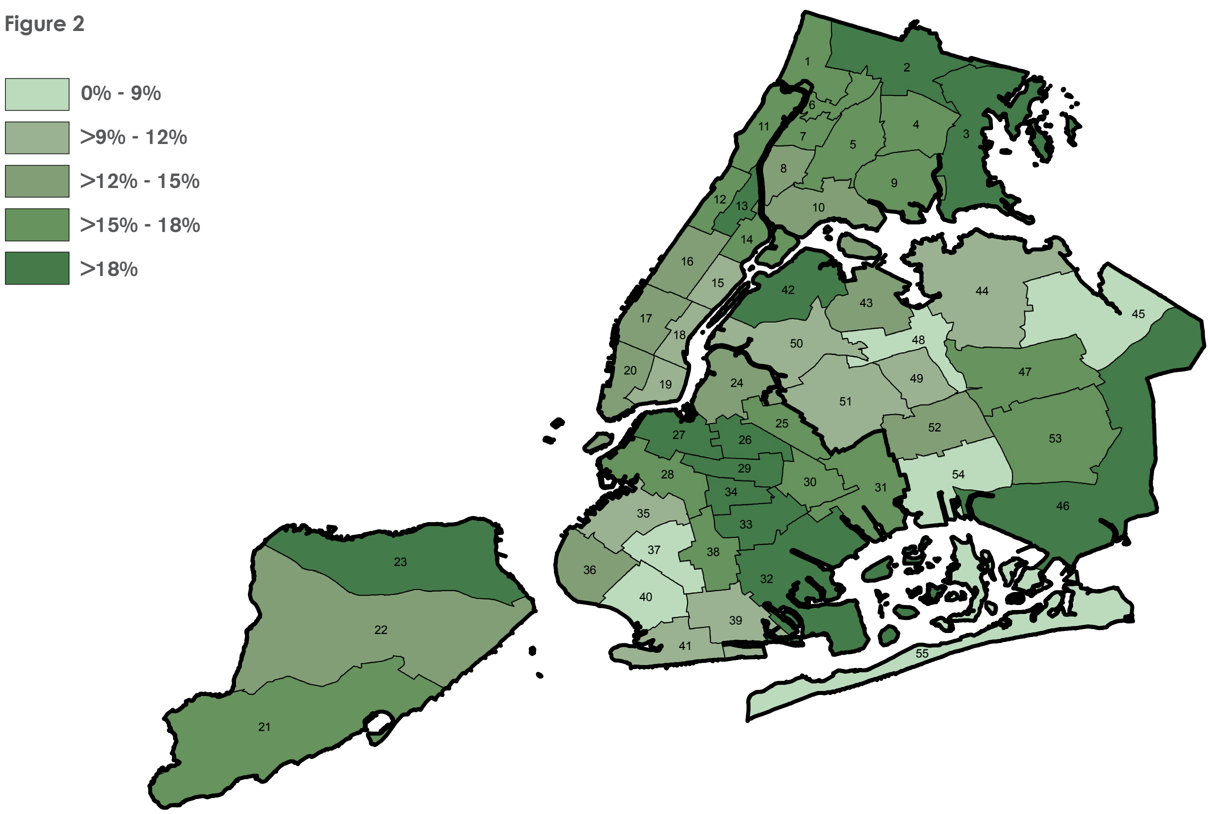
[4] As indicated by a bachelor's degree or higher. Source: Bureau of the Census American Community Survey (2011-2015)

The map in Figure 2 below shows the prevalence of student loan borrowers by PUMAs, which are aligned to Community Districts (and thus New York City neighborhoods), calculated as the number of individuals with a student loan divided by the Census population. As stated, although borrowing can provide critical access to higher education, student loans are not a risk-free way of financing higher education. As the map indicates, some lower-income neighborhoods have high rates of borrowing. For example, Brooklyn Community District (CD) 17 (East Flatbush, Farragut and Rugby), Staten Island CD 1 (Port Richmond, Stapleton and Mariner's Harbor), and Bronx CD 12 (Wakefield, Williamsbridge and Woodlawn) each have over 18 percent of residents with student loans. In these neighborhoods, where unemployment and underemployment are higher than the city average, student loans were taken with the intention of improving income and employment prospects. However, as we discuss in the next sections, higher balances and delinquency rates in these areas suggest that the loans may not yield the intended payoffs for all borrowers.

Percent of Population with a Student Loan by Community District

(2016Q4)

Figure 2



Source: New York Fed Consumer Credit Panel / Equifax
See Index of Community Districts

Balances

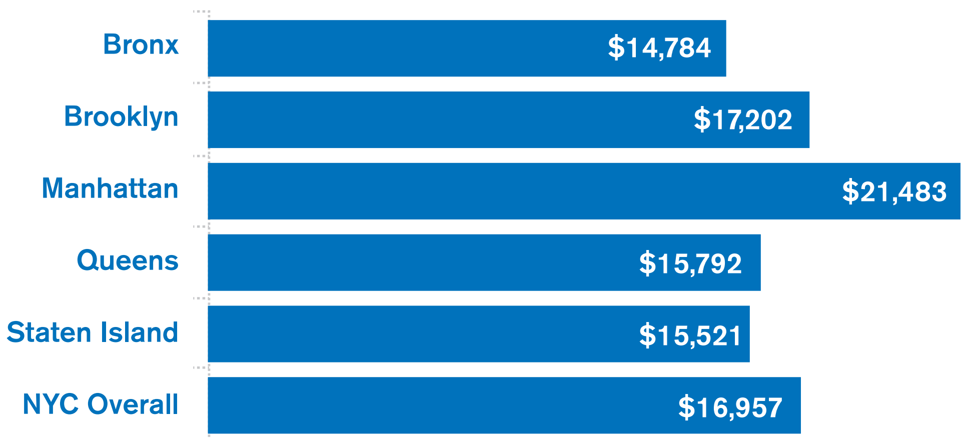
Higher educational attainment is often associated with higher loan balances, and professional degrees, which enhance earning potential, are often associated with particularly high balances.[5] Balances in Manhattan (where many highly educated–and thus highly indebted–professionals reside) are considerably higher, on average, than balances in the Bronx, where educational attainment is lower.

This pattern holds when we examine median loan balances, as seen in Figure 3 below. These medians are in keeping with Manhattan and the Bronx's respective rates of educational attainment. Because of higher levels of educational attainment in Manhattan, we would expect borrowers there to have higher median and average loan balances than borrowers in the Bronx, where only 18.9 percent of the adult population has completed a college degree.

Median Student Loan Balances among Borrowers

(2016Q4)

Figure 3



Source: New York Fed Consumer Credit Panel / Equifax

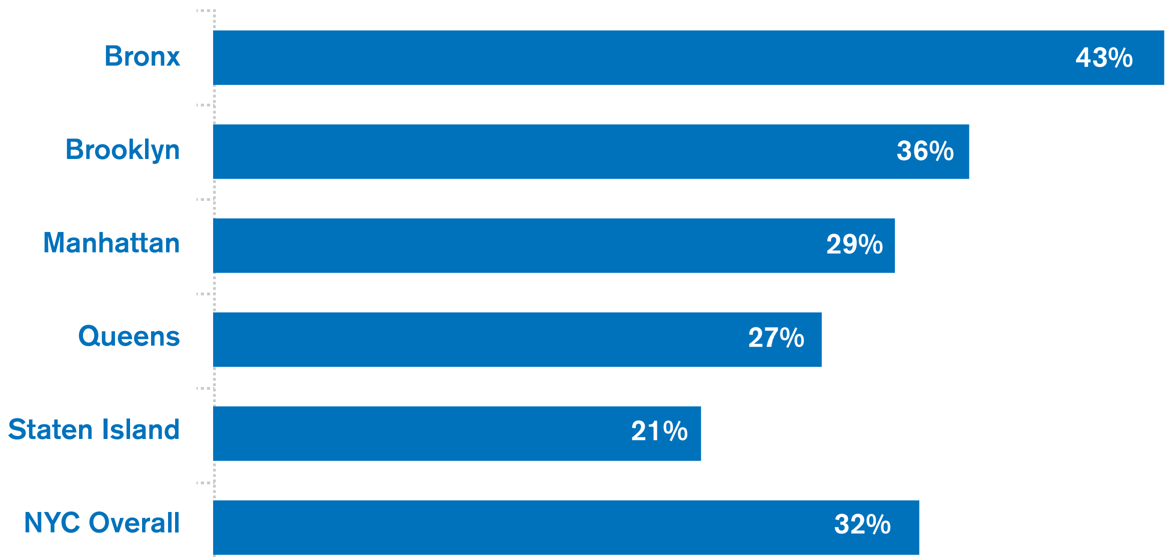
However, comparing median loan balances with median family incomes (which should be a proxy for educational attainment), Bronx neighborhoods have high loan balances relative to income. Again, comparing Manhattan and Bronx borrowers, those who reside in Manhattan owe a median student debt of $21,483, while Bronx borrowers have a median balance of $14,784, a significant difference. However, the gap in median household incomes between the Bronx and Manhattan is even more sizable than the median loan balances, suggesting that despite higher balances in Manhattan, these balances may be a smaller percent of income. The typical Bronx family owes more of their limited income to student loans, as seen in Figure 4.

[5] See https://www.urban.org/sites/default/files/publication/22591/413123-Student-Loans-Rising.PDF

Median Student Loan Balance as Percent of Median Income

(2016Q4)

Figure 4



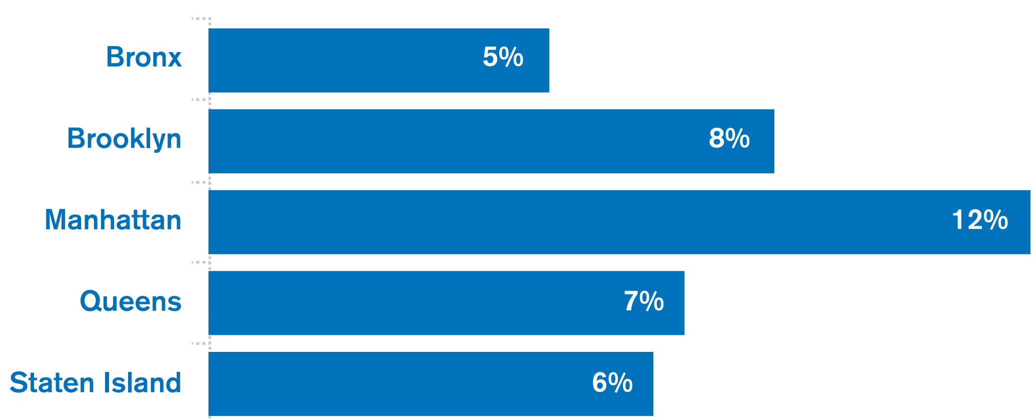
Source: New York Fed Consumer Credit Panel / Equifax; Census Bureau

Manhattan has a higher concentration of high-balance borrowers, defined here as those with balances over $100,000 (Figure 5). This concentration is consistent with a greater prevalence in Manhattan of borrowers with graduate degrees, and is not in itself a cause for concern, as long as the additional education carries a sufficiently large wage premium. Almost half of the degree holders in Manhattan have a graduate degree.[6] Manhattan's median household income of $72,871 indicates a higher ability to repay student debt.

Percent of Borrowers with Student Loan Balances Greater than $100,000

(2016Q4)

Figure 5



Source: New York Fed Consumer Credit Panel / Equifax

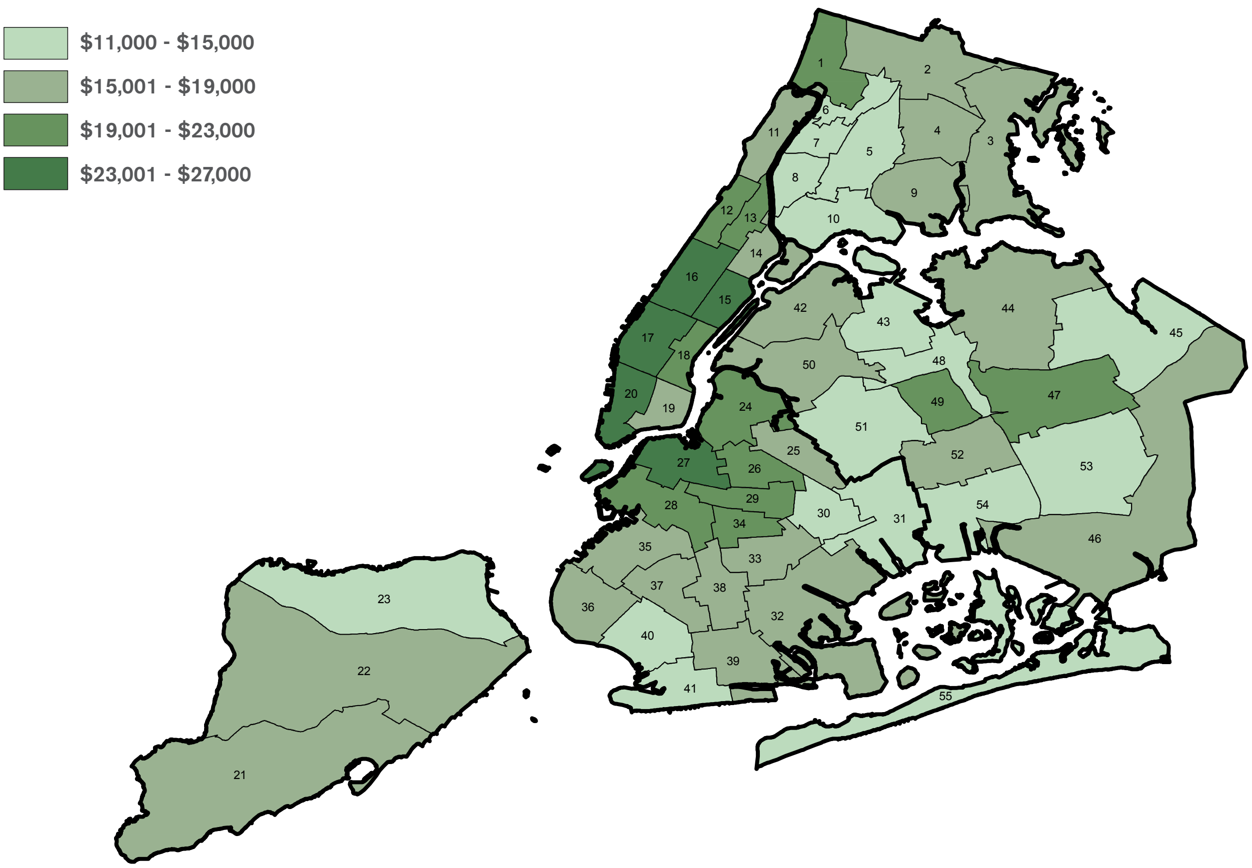
[6] 2011-2015 American Community Survey 5-Year Estimates, Educational Attainment.

The map in Figure 6 shows the median student loan balance per borrower in each of New York City's Community Districts. The contrast between Manhattan neighborhoods and all other outer borough neighborhoods is clear from the map. Residents in Manhattan's West Side, East Side, and downtown neighborhoods, as well as Brooklyn Heights tend to have significantly higher median balances.

Median Student Loan Balance per Borrower by Community District

(2016Q4)

Figure 6



Source: New York Fed Consumer Credit Panel / Equifax

See Index of Community Districts

Repayment Outcomes

Having examined who borrows and how much, we can examine outcomes of student loan debt as measured by delinquency, default, and repayment success.

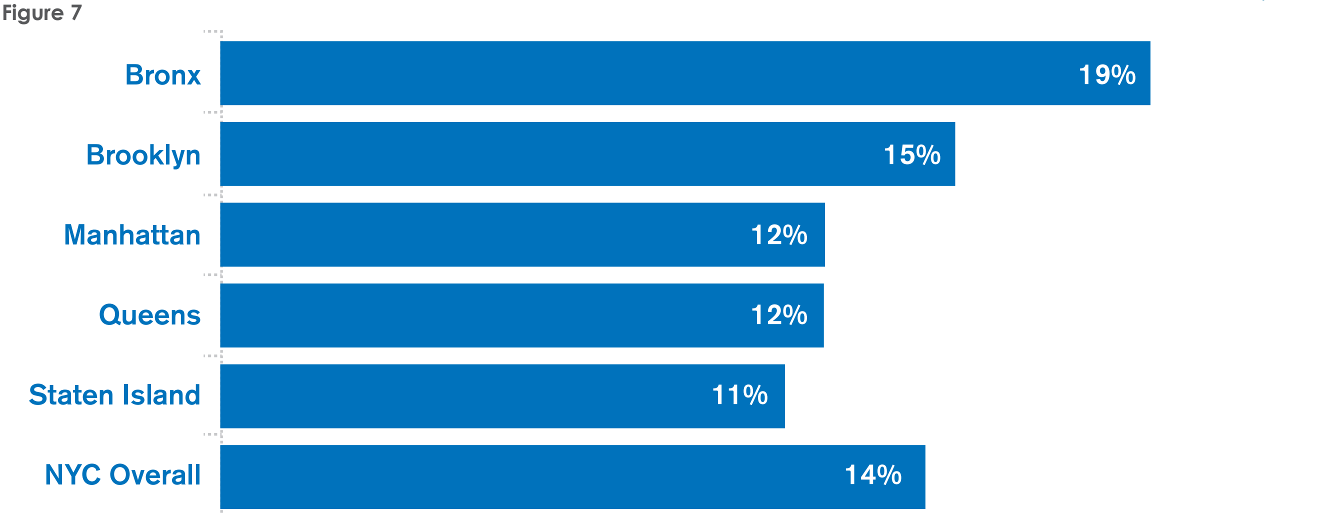
Delinquency

Delinquency, measured here as the percent of borrowers who are at least 90 days or more past due on one or more student loans, is another indicator that varies substantially by borough (Figure 7). Borrowers in the Bronx are more likely to be behind on their student loans, despite having lower median loan balances ($14,784, compared to the citywide median of $16,957).

Percent of Student Loan Borrowers 90+ Days Past Due on Student Loans

(2016Q4)

Figure 7



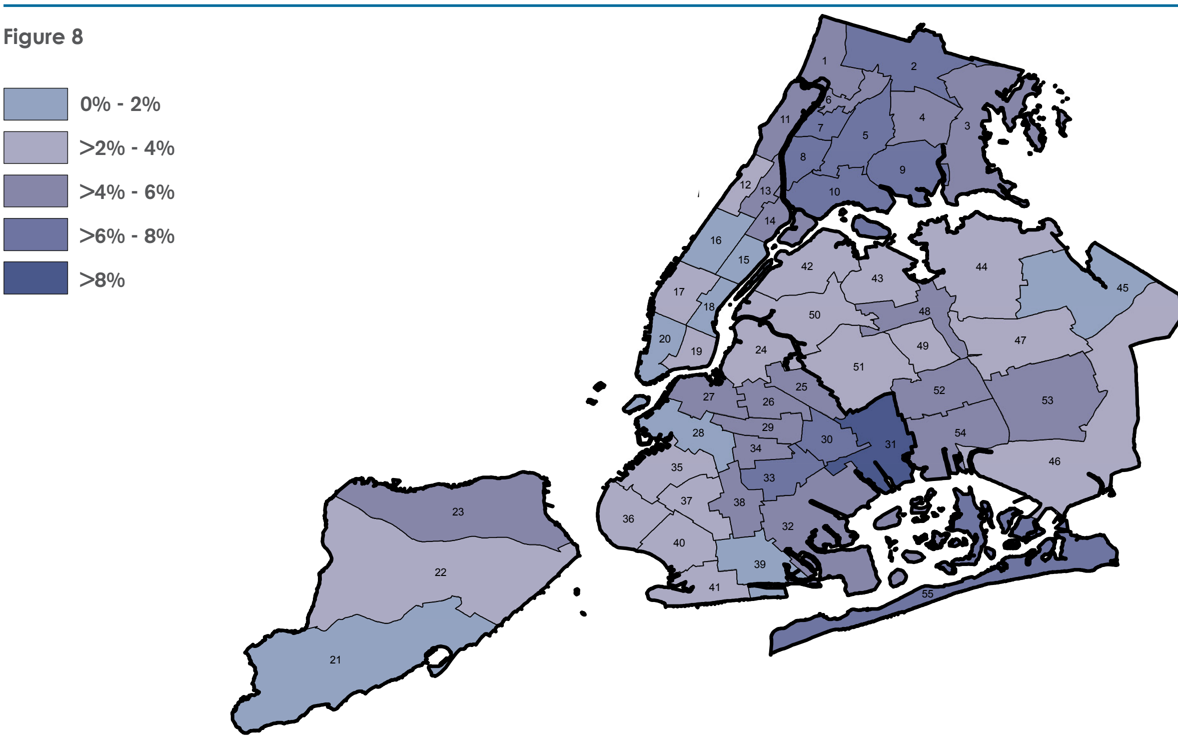
Source: New York Fed Consumer Credit Panel / Equifax

Below, in Figure 8 we provide a map indicating delinquency rates by neighborhood, from which the high delinquency rates in Brooklyn and the Bronx are evident. The community districts with the highest delinquency rates despite relatively low median loan balances are: Brooklyn CD 5 (East New York and Starrett City) -- 10%; Bronx CD 5 (Morris Heights, Fordham South and Mount Hope) -- 8%; Bronx CD 4 (Concourse, Highbridge and Mount Eden) -- 8%; Bronx CD 1 and 2 (Hunts Point, Longwood and Melrose) --7%; and Brooklyn CD 17 (East Flatbush, Farragut and Rugby) --7%. Wealthy areas of Manhattan show very low delinquency rates though median loan balances are high.

Percent of Student Loan Borrowers 90+ Days Past Due on Student Loans by Community District

(2016Q4)

Figure 8



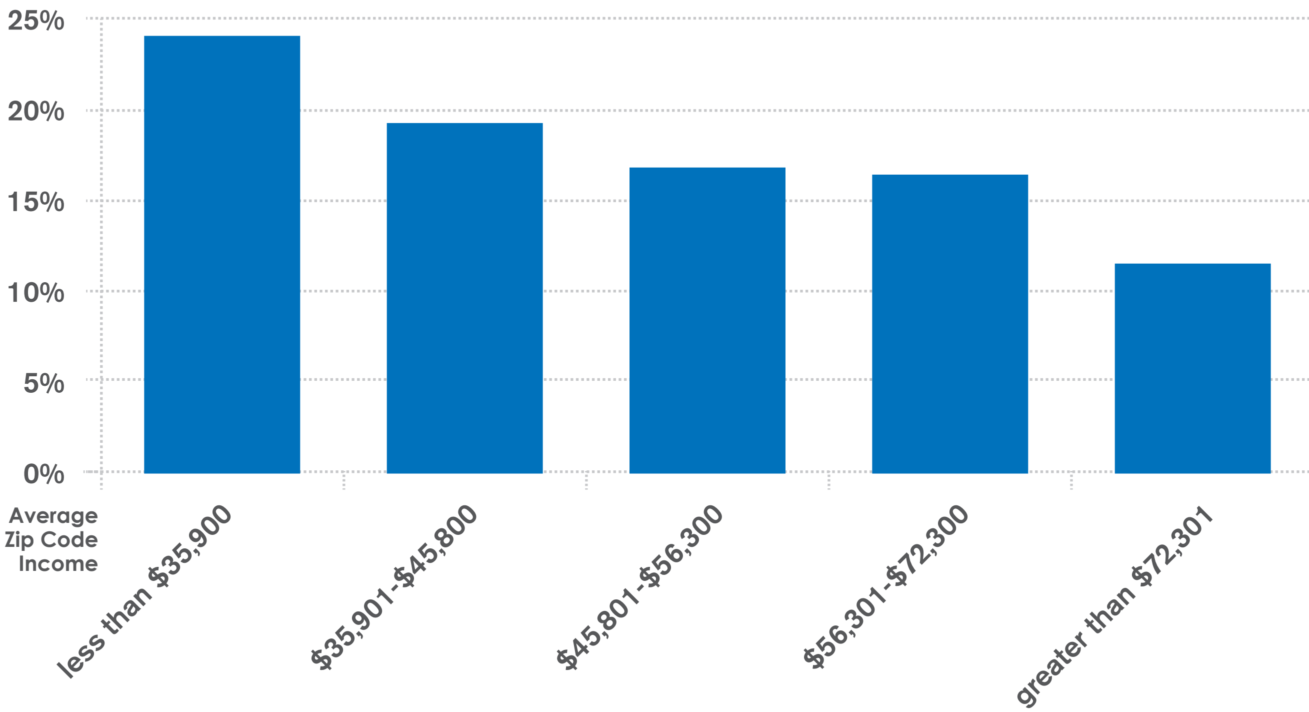
Source: New York Fed Consumer Credit Panel / Equifax   *See Index of Community Districts*

Default

Borrowers who live in lower-income areas are also more likely to default, which is defined as becoming 270 days delinquent on student loan payments. As described, we do not have income data at the borrower level and use Zip Code income from the IRS. Borrowers in the lowest quintile are twice as likely to have ever defaulted as those in the highest income quintile (Figure 9). Even though low-income borrowers typically have smaller loan balances, they are also more likely to default due to nonpayment of their balances.

Percent of NYC Student Loan Borrowers Who Have Ever Defaulted as of 2016Q4, by Neighborhood Income

Figure 9



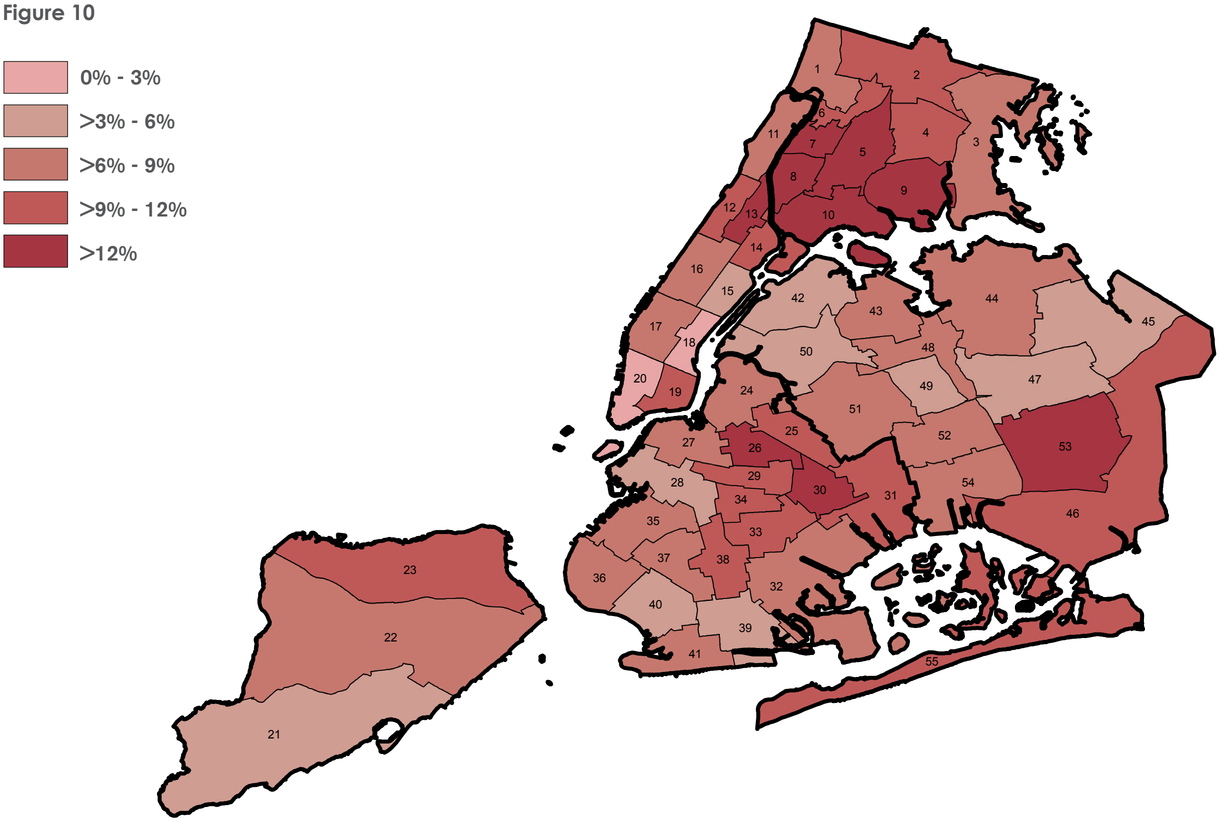
Source: New York Fed Consumer Credit Panel / Equifax

Among student loan borrowers, Brooklyn and the Bronx has high concentrations of defaulted borrowers. The five community districts with the highest borrower default rates are (see map below for all PUMAs): Bronx CD 3 and 6 (Belmont, Crotona Park East and East Tremont) -- 16%; Bronx CD 1 and 2 (Hunts Point, Longwood and Melrose) -- 15%; Bronx CD 4 (Concourse, Highbridge & Mount Eden) --15%; Brooklyn CD 16 (Brownsville and Ocean Hill) --14%; and Bronx CD 5 (Morris Heights, Fordham South, and Mount Hope) -- 14%. These findings have implications for overall community financial health in Brooklyn and the Bronx. Residents who have defaulted on student debt are likely to have difficulty accessing credit to cover emergency expenses or start a small business, for example. Defaulted federal loans may also be collected through wage or tax refund garnishment, leading to further financial insecurity among those borrowers.

Percent of Student Loan Borrowers in Default Status by Community District

(2016Q4)

Figure 10



Source: New York Fed Consumer Credit Panel / Equifax

See Index of Community Districts

The maps above show rates of delinquency and default by neighborhood, and reveal high rates in certain neighborhoods in the Bronx and Brooklyn. However, looking at the number of residents with loans in delinquency or default three other neighborhoods rise to the top, Harlem, Jamaica, and Queens Village. Manhattan CD 10 (Central Harlem) has 2980 residents in default and 1480 in delinquency; Queens CD 12 (Jamaica, Hollis, and St. Albans) has 4100 residents in default and 2080 in delinquency; and Queens DC 13 (Queens Village, Cambria Heights and Rosedale) has 3120 residents in default and 1320 in delinquency, all seen in Appendix B . Queens has some of the largest community districts by population, and these two are no exception. The high absolute numbers in Queens CD 12 and 13 simply signify the large populations of the districts. Central Harlem has nearly half the population of the Queens' neighborhoods but just as many borrowers in distress. As districts to target for populations in distress, these neighborhoods deserve highlighting.

Repayment Success

The CCP includes two categories of borrowers whose accounts are current, indicating repayment "success," broadly speaking. The first category, shown in green in Figure 11, indicates borrowers whose accounts are current and whose balances are declining. The second category, shown in blue below, indicates borrowers whose accounts are current but whose balances are either flat or increasing since the previous quarter.

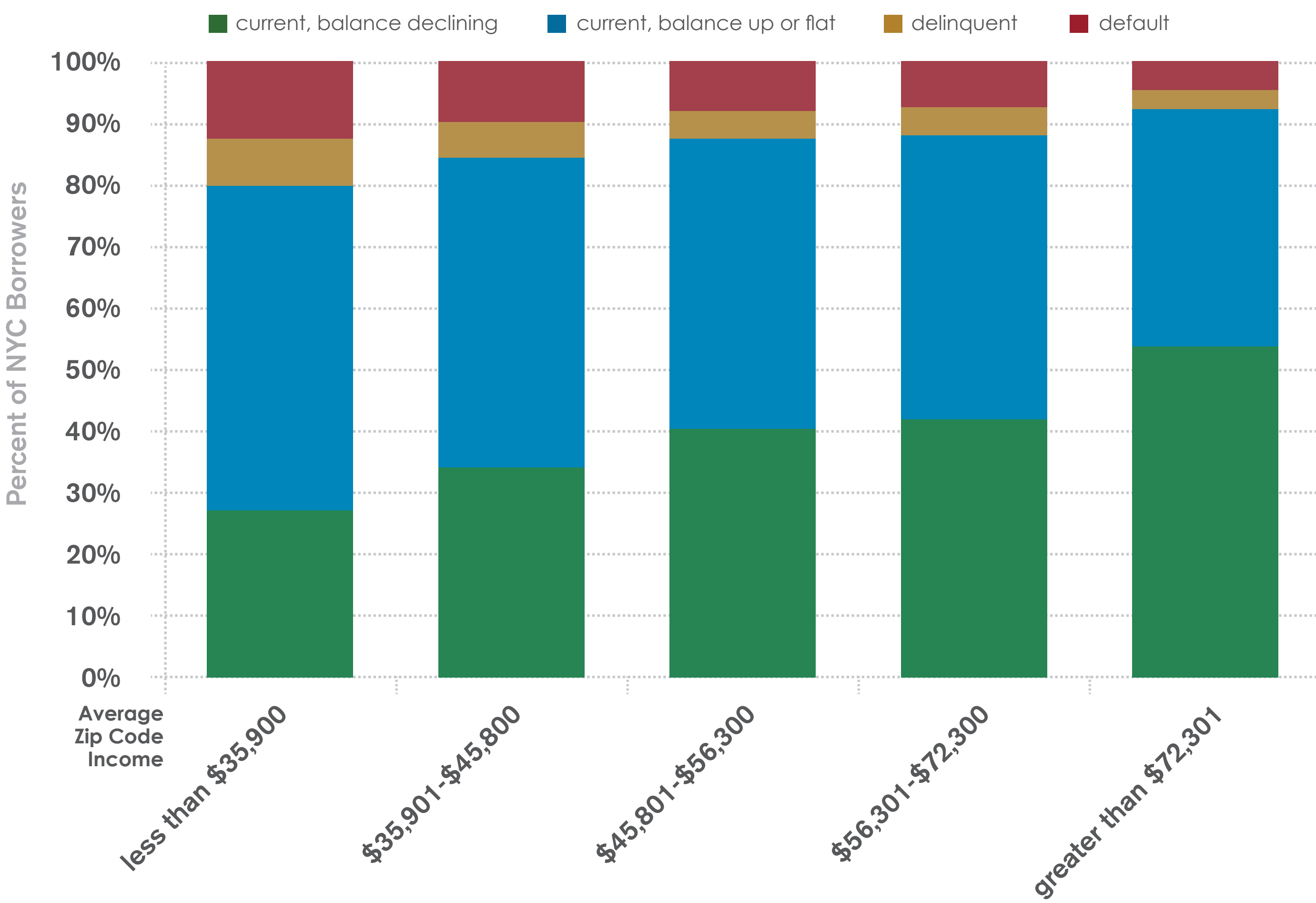
The second category includes borrowers in different borrowing phases, unfortunately obscuring multiple types of borrowers. Borrowers who are enrolled in school are in this category, as each year of enrollment implies an additional year's worth of borrowing, and this should not be interpreted as a failure in repayment. However, the second category also includes individuals who are not making sufficient payments to offset the accruing interest. A borrower participating in one of the federal government's income-driven repayment plans, such as Pay As You Earn (PAYE), for example, may have scheduled payments smaller than the interest. In that case, the borrower's loan balance would grow even as the borrower stayed current on monthly payments. A borrower in this second category could also be enrolled in a forbearance plan temporarily allowing a suspension of loan payments. Further research is therefore needed to disaggregate the cohort of borrowers whose accounts are current but whose balances are either flat or increasing. Note: This estimate includes individuals who are currently enrolled in school.

In our examination of repayment success we focus on success by income quintile. Although the CCP data do not contain information about borrowers' incomes, we again infer based on where the borrowers live, as described above. Over 20 percent of borrowers from the poorest New York City Zip Codes are either in delinquency or in default on their loans (Figure 11). Less than 30 percent of the poorest New Yorkers are making progress on paying down their loans. The remainder – over 50 percent of borrowers residing in the poorest neighborhoods –has not reduced their balances (as shown by the blue category in Figure 11 below). In contrast, less than 10 percent of borrowers in the top income quintile are either delinquent or in default on their student loan.

Student Loan Repayment Success by Neighborhood Income Among NYC Borrowers

(2016Q4)

Figure 11



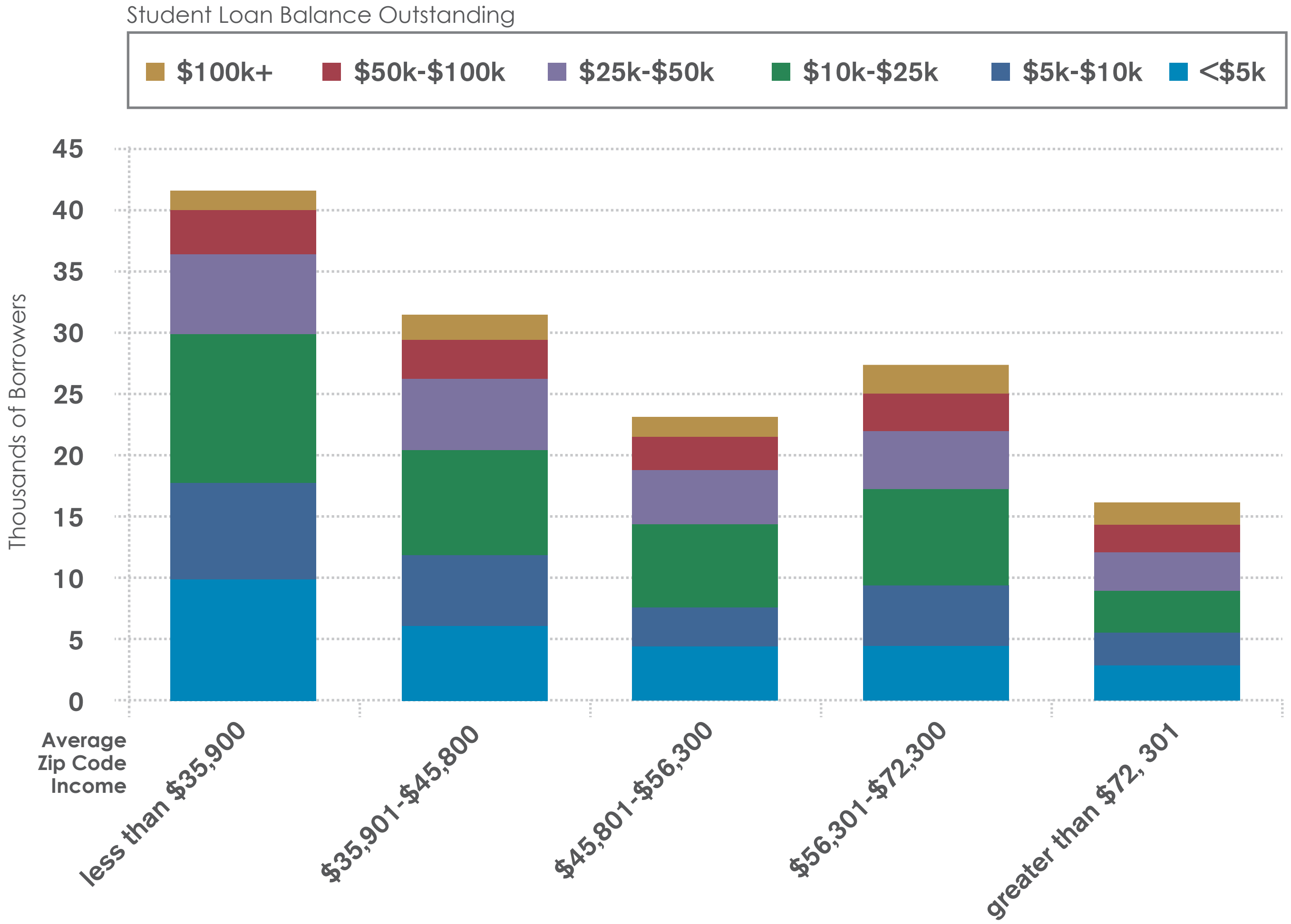
Source: New York Fed Consumer Credit Panel / Equifax; Internal Revenue Service

Figure 12 below describes the number of borrowers who are delinquent or in default status in each income quintile, as well as the size of their loan balances. As shown already, and as we may expect, the lowest income Zip Codes have the greatest number of borrowers in distress. But equally striking is the fact that nearly 25 percent of these low-income borrowers owe less than $5,000 on their student loans. This large cohort calls out for more research as to how such small loan amounts are wreaking havoc on borrowers' credit, especially among individuals who may not have finished their degrees.

Number of Delinquent and Defaulted Student Loan Borrowers in NYC by Outstanding Balance and Neighborhood Income

(2016Q4)

Figure 12



Source: New York Fed Consumer Credit Panel / Equifax; Internal Revenue Service

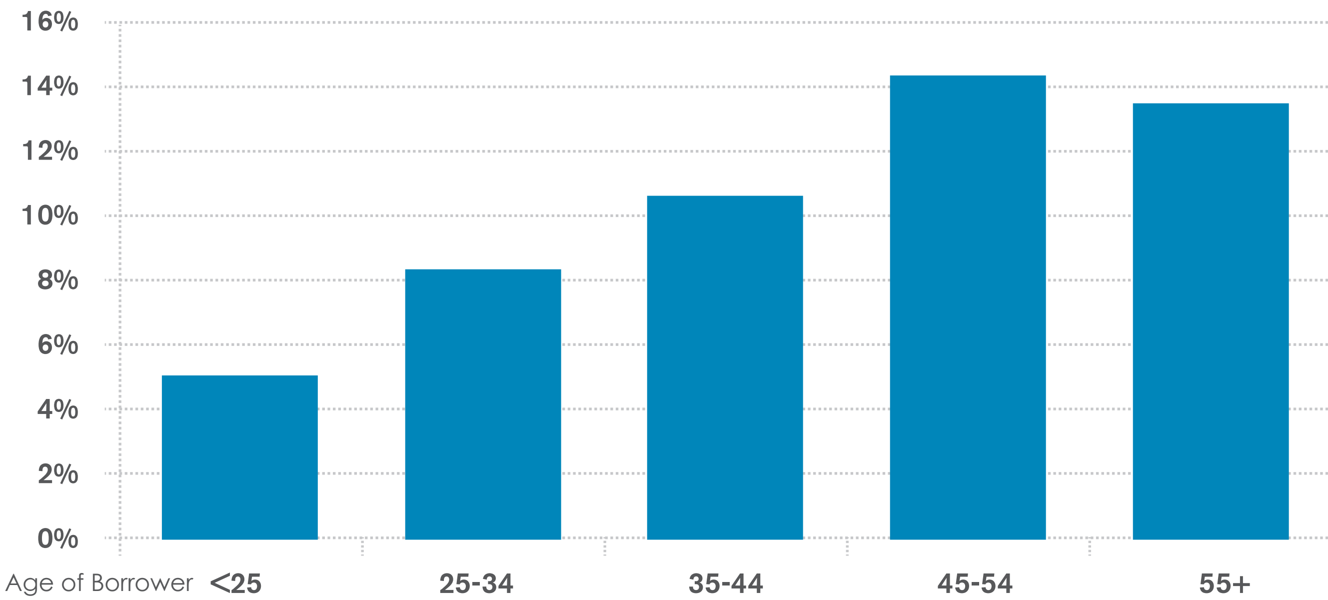
Delinquency and Default by Age

As mentioned in the introduction, older borrowers (those 45 and older) have higher delinquency rates than younger borrowers, who are more likely to be enrolled in school or eligible for income-based repayment plans that limit a borrower's monthly payments. There is some variation in delinquency and default rates broken out by the age of the borrower, and delinquency rates increase with age, with only a small decline among borrowers 55 or older (Figure 13).

Percent of Balance 90+ Days Delinquent by Borrower Age in NYC

(2016Q4)

Figure 13



Source: New York Fed Consumer Credit Panel / Equifax

While this may be surprising, one key reason for this finding is that younger borrowers are still in the borrowing phase of their loans and are not yet in the repayment cycle. Further, the fact that defaulted student loan debt balances cannot be discharged in bankruptcy means that the pool of stagnant defaulted debts grows with age, inflating the delinquency rates. Additionally, older student loan borrowers may still be in the pool because they have been delinquent and not yet successfully repaid their loans.

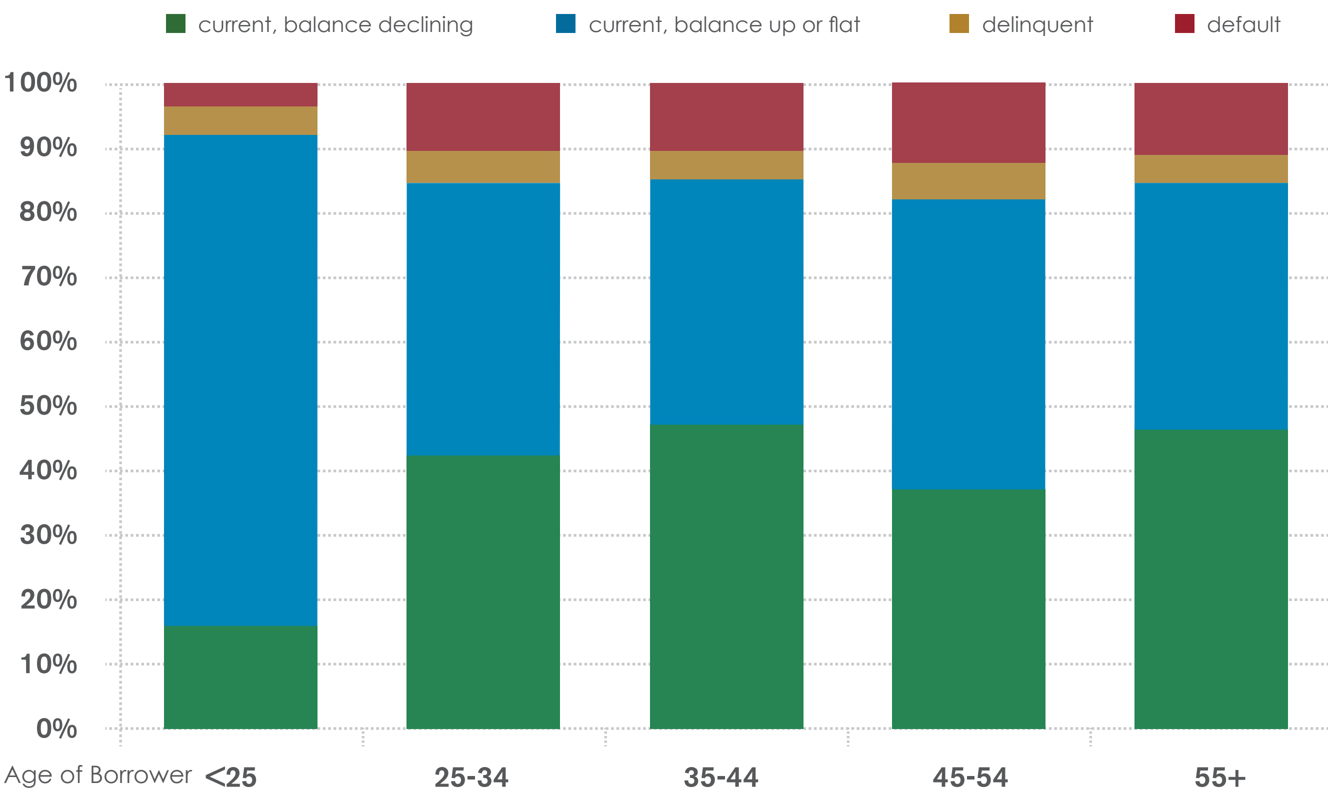
In Figure 14, we disaggregate borrowers into their repayment status by their age group, using the same repayment statuses described above. For the younger borrowers, the large blue share stands out, with 77 percent of borrowers 18-24 experiencing increasing loan balances. This reflects the fact that college-age adults are likely still enrolled. As it takes more than a year from the last enrollment for a borrower to default, the very small share of borrowers in default among the youngest borrowers is mostly because too little time has elapsed since leaving college.

The high delinquency rate observed in older borrowers is partly due to selection, such that some older borrowers are left with loans perhaps taken out for their own educations but left in delinquent status for many years. Additionally, a limitation exists in the data such that we cannot observe whether an individual has borrowed for his or her own education or to finance the education of his or her children (with a Parent PLUS loan, for example). Parent PLUS loans have higher interest rates and fewer, less borrower-friendly income-based repayment options, so can be onerous for parent borrowers. The surprising dip in borrowers in repayment among 45 to 54 year olds may be due to co-signing on private loans or loans taken out through the federal Parent PLUS program. Further research is therefore needed to understand the specific profile of older borrowers in New York City.

Student Loan Repayment Status by Borrower Age in NYC

(2016Q4)

Figure 14

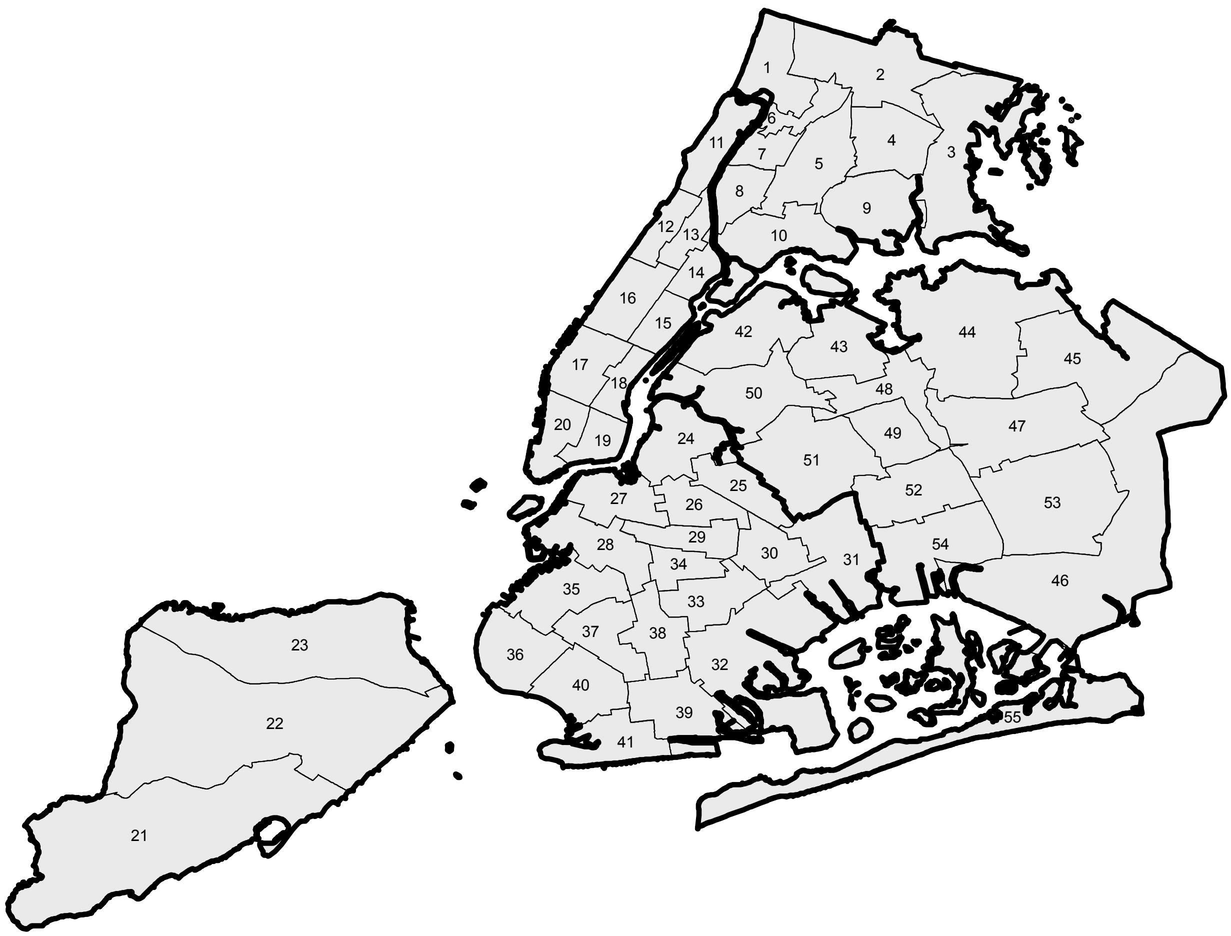


Source: New York Fed Consumer Credit Panel / Equifax

Conclusion

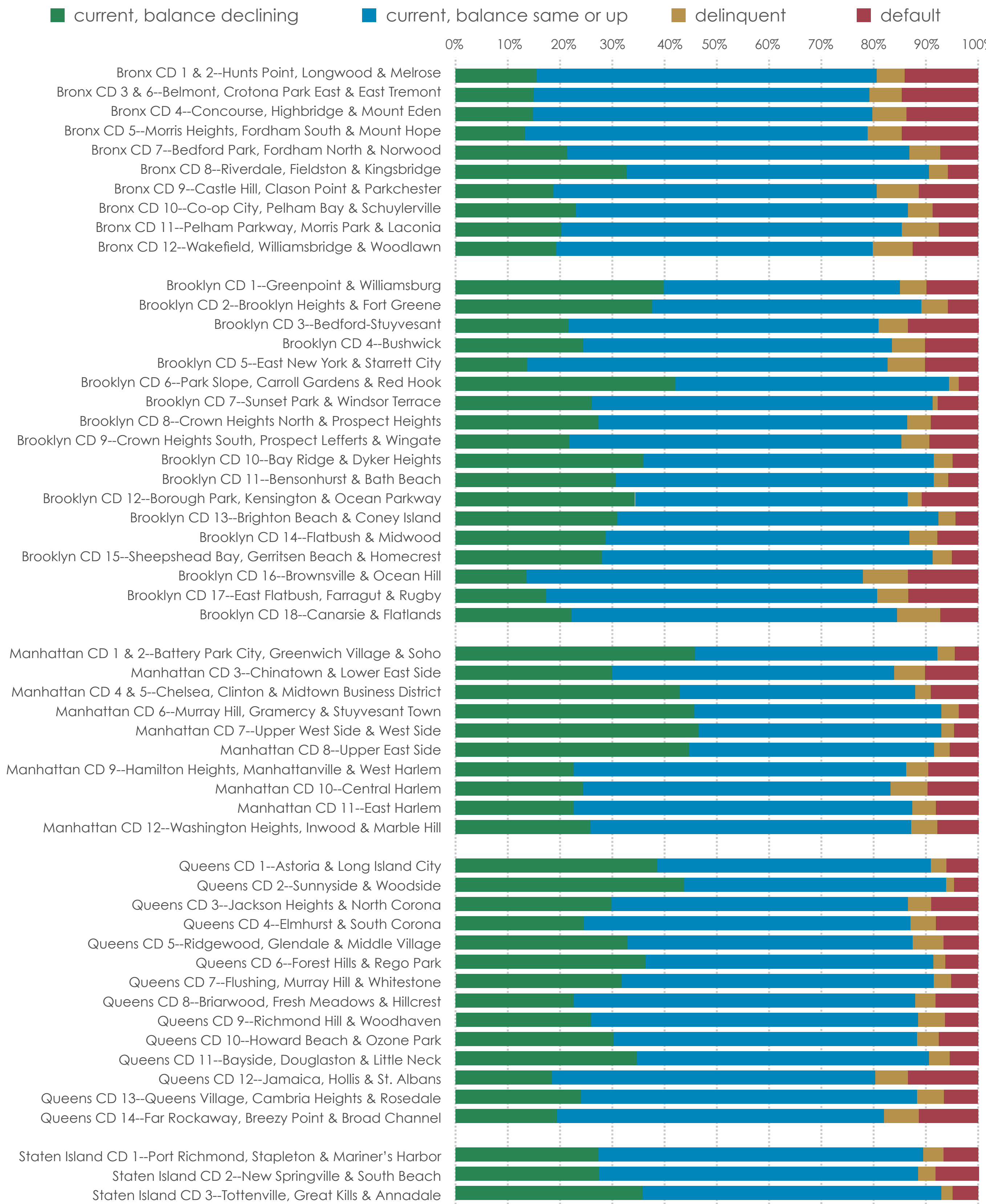
This report, the first to provide a comprehensive examination of student loan debt across New York City (or indeed any single U.S. city) at a neighborhood level, provides insight into areas likely to be of interest to policymakers, advocates, and others. Acute student loan-connected financial distress, as measured by the default rate, is troublingly high among New Yorkers from the poorest neighborhoods. We hope that this report will serve as a foundation for policymakers and other stakeholders to develop pragmatic solutions that can provide relief to struggling borrowers. Our findings here suggest that lower-income areas have disproportionately high delinquency and default rates. Borrowers in these areas may benefit from programs designed to educate troubled borrowers on the repayment programs for which they may be eligible and assist them with enrollment, with the goal of curing delinquent and defaulted loans that continue to damage city residents' credit reports. Such an intervention would enable these New Yorkers to access credit in the future. Further, providing more comprehensive information about student loans at the time of origination may assist new students with making sensible decisions about their borrowing. As noted above, opportunities for further research abound and can provide a more detailed picture of New York borrowers.

Index of Community Districts



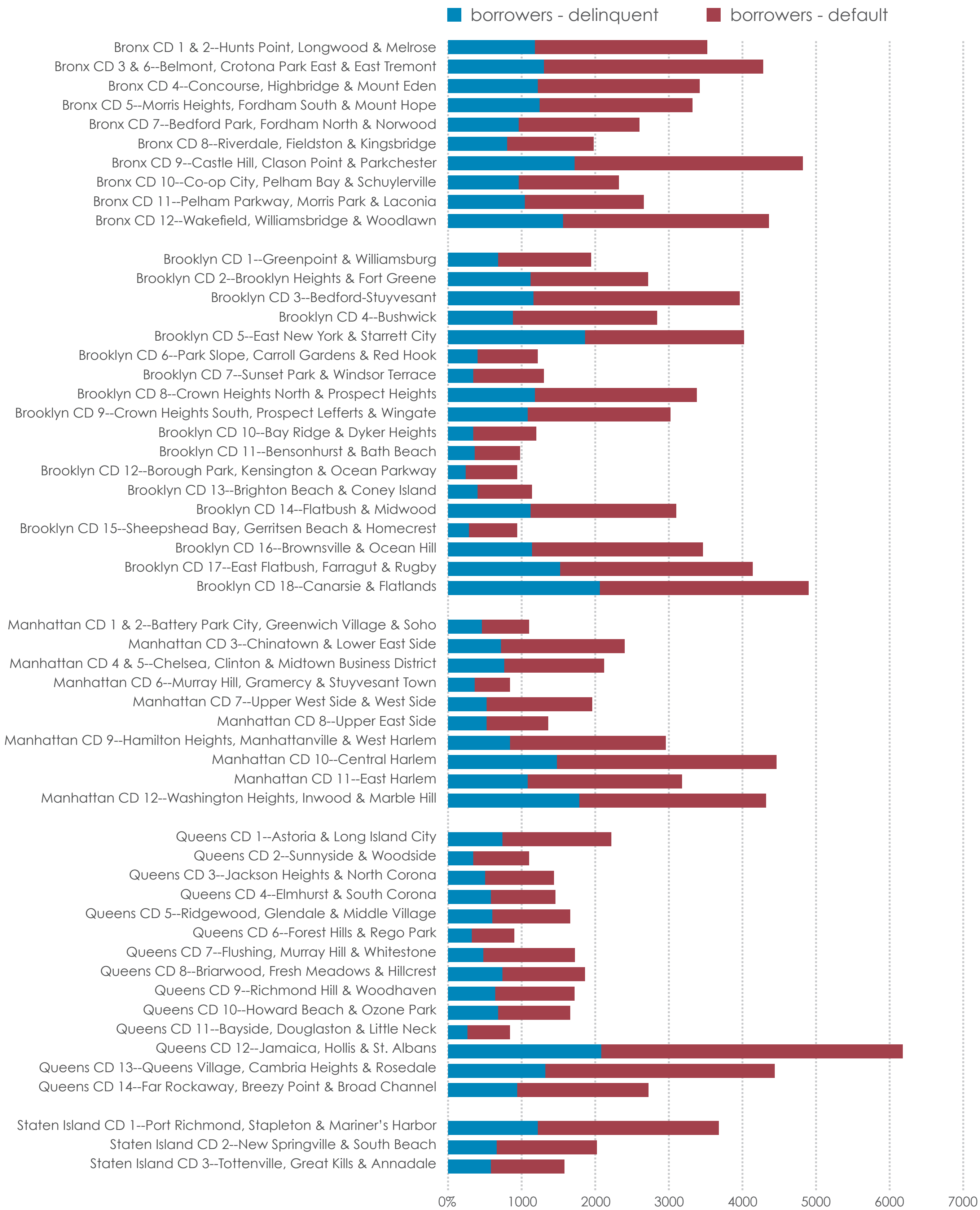
Label	PUMA	Community Districts and Neighborhoods
1	3701	Bronx CD 8--Riverdale, Fieldston & Kingsbridge
2	3702	Bronx CD 12--Wakefield, Williamsbridge & Woodlawn
3	3703	Bronx CD 10--Co-op City, Pelham Bay & Schuylerville
4	3704	Bronx CD 11--Pelham Parkway, Morris Park & Laconia
5	3705	Bronx CD 3 & 6--Belmont, Crotona Park East & East Tremont
6	3706	Bronx CD 7--Bedford Park, Fordham North & Norwood
7	3707	Bronx CD 5--Morris Heights, Fordham South & Mount Hope
8	3708	Bronx CD 4--Concourse, Highbridge & Mount Eden
9	3709	Bronx CD 9--Castle Hill, Clason Point & Parkchester
10	3710	Bronx CD 1 & 2--Hunts Point, Longwood & Melrose
11	3801	Manhattan CD 12--Washington Heights, Inwood & Marble Hill
12	3802	Manhattan CD 9--Hamilton Heights, Manhattanville & West Harlem
13	3803	Manhattan CD 10--Central Harlem
14	3804	Manhattan CD 11--East Harlem
15	3805	Manhattan CD 8--Upper East Side
16	3806	Manhattan CD 7--Upper West Side & West Side
17	3807	Manhattan CD 4 & 5--Chelsea, Clinton & Midtown Business District
18	3808	Manhattan CD 6--Murray Hill, Gramercy & Stuyvesant Town
19	3809	Manhattan CD 3--Chinatown & Lower East Side
20	3810	Manhattan CD 1 & 2--Battery Park City, Greenwich Village & Soho
21	3901	Staten Island CD 3--Tottenville, Great Kills & Annadale
22	3902	Staten Island CD 2--New Springville & South Beach
23	3903	Staten Island CD 1--Port Richmond, Stapleton & Mariner's Harbor
24	4001	Brooklyn CD 1--Greenpoint & Williamsburg
25	4002	Brooklyn CD 4--Bushwick
26	4003	Brooklyn CD 3--Bedford-Stuyvesant
27	4004	Brooklyn CD 2--Brooklyn Heights & Fort Greene
28	4005	Brooklyn CD 6--Park Slope, Carroll Gardens & Red Hook
29	4006	Brooklyn CD 8--Crown Heights North & Prospect Heights
30	4007	Brooklyn CD 16--Brownsville & Ocean Hill
31	4008	Brooklyn CD 5--East New York & Starrett City
32	4009	Brooklyn CD 18--Canarsie & Flatlands
33	4010	Brooklyn CD 17--East Flatbush, Farragut & Rugby
34	4011	Brooklyn CD 9--Crown Heights South, Prospect Lefferts & Wingate
35	4012	Brooklyn CD 7--Sunset Park & Windsor Terrace
36	4013	Brooklyn CD 10--Bay Ridge & Dyker Heights
37	4014	Brooklyn CD 12--Borough Park, Kensington & Ocean Parkway
38	4015	Brooklyn CD 14--Flatbush & Midwood
39	4016	Brooklyn CD 15--Sheepshead Bay, Gerritsen Beach & Homecrest
40	4017	Brooklyn CD 11--Bensonhurst & Bath Beach
41	4018	Brooklyn CD 13--Brighton Beach & Coney Island
42	4101	Queens CD 1--Astoria & Long Island City
43	4102	Queens CD 3--Jackson Heights & North Corona
44	4103	Queens CD 7--Flushing, Murray Hill & Whitestone
45	4104	Queens CD 11--Bayside, Douglaston & Little Neck
46	4105	Queens CD 13--Queens Village, Cambria Heights & Rosedale
47	4106	Queens CD 8--Briarwood, Fresh Meadows & Hillcrest
48	4107	Queens CD 4--Elmhurst & South Corona
49	4108	Queens CD 6--Forest Hills & Rego Park
50	4109	Queens CD 2--Sunnyside & Woodside
51	4110	Queens CD 5--Ridgewood, Glendale & Middle Village
52	4111	Queens CD 9--Richmond Hill & Woodhaven
53	4112	Queens CD 12--Jamaica, Hollis & St. Albans
54	4113	Queens CD 10--Howard Beach & Ozone Park
55	4114	Queens CD 14--Far Rockaway, Breezy Point & Broad Channel

Appendix A: Repayment Success by NYC Community District



Source: New York Fed Consumer Credit Panel / Equifax

Appendix B: Number of Borrowers in Delinquency and Default by NYC Community District



Source: New York Fed Consumer Credit Panel / Equifax

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: 3/9/2018

(PLEASE PRINT)

Name: MARIO ROCVIL JR
Address: 42 Broadway, NY, NY
I represent: Consumer AFFAIRS
Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Tamda Boyd
Address: 42 B'Way, 8 Fl NYC
I represent: DCA
Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________
☐ in favor ☐ in opposition

Date: 3/9/18

(PLEASE PRINT)

Name: Comissioner, Lorelei Salas
Address: 42 Broadway, 8th Floor
I represent: Department of Consumer Affairs
Address:

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Casey Adams / Director of City Legislative Affairs
Address: 42 Broadway, 8th Floor
I represent: Department of Consumer Affairs
Address: ______

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 3/9/18

(PLEASE PRINT)

Name: Mia Mikowicz
Address: 116 Nassau St
I represent: Anti Violence Project
Address: 116 Nassau St

Please complete this card and return to the Sergeant-at-Arms