

What it Takes to Thrive in New York City: How Many Public School Students' Neighborhood Incomes Meet the True Cost of Economic Security?

The Purpose of Measuring Student Poverty Rates

For decades, schools across the U.S. have measured student poverty to allocate meals and provide additional educational support. This practice began in the [mid-1940s](#) with the passage of the National School Lunch Act, which provided free lunches—and eventually breakfasts—to low-income students through the U.S. Department of Agriculture (USDA). In the [mid-1960s](#) the [Elementary and Secondary Education Act \(ESEA\)](#) established Title I, a federal program that channels extra funding to schools serving large populations of low-income students. Title I eligibility is based on the Federal Poverty Level (FPL), a national threshold determined by the cost of food and other essentials and adjusted for family size. Though the FPL is revised annually using the Consumer Price Index (CPI-U), which measures inflation and therefore reflects rising costs over time, this adjustment only accounts for general prices, not shifts in living standards or consumption patterns. Because the basic structure of the FPL has not changed since it was established in the 1960s (when the cost of food represented the largest household expense) and does not account for regional variations in costs, a family's pre-tax income that exceeds the poverty line may still be insufficient to cover expenses in that region. More details on the limits of the FPL can be found in a previous [IBO report](#).

The New York City Department of Education (DOE) uses the FPL to qualify for Title I funds. By 2007, DOE had incorporated this poverty measure primarily for elementary schools as a proxy for academic need into the Fair Student Funding (FSF) formula—the City's student need-weighted funding model. Similarly, New York State's Foundation Aid formula has used the FPL in its funding calculations in previous years. DOE identifies students in poverty based on a form in which parents/guardians report their household income, also known as the school lunch form. Students whose household income as reported on the lunch form is up to 1.85 times the FPL qualify for a school lunch subsidy. Additionally, due to imperfect response rates on lunch forms, DOE's FSF formula also verifies student poverty based on direct certification by the Human Resources Administration (HRA) for programs such as food or cash assistance,

which also use the FPL or similarly stringent metrics. Though all students qualify for free meals as of 2017, the lunch form is still an integral part of poverty identification, as Title I funds are still distributed solely based on the school lunch form.

In 2022, New York City voters approved a referendum to go beyond measuring poverty as a minimum threshold, and instead focus on a standard that reflects what families need to thrive. This City Charter change intended to lay the groundwork for distributing services based on a more comprehensive measure of economic well-being. To date, a new measure has not been implemented. In 2024, the Urban Institute, in partnership with the Federation of Protestant Welfare Agencies and the Community Service Society of New York, both part of the True Cost of Living Coalition, introduced the [True Cost of Economic Security \(TCES\)](#), a new county-specific cost index.¹ In this report, the Independent Budget Office (IBO) examines how students are distributed across neighborhoods based on the TCES threshold, offering a deeper understanding of economic security in New York City.

True Cost of Economic Security: Moving Beyond Poverty

According to 2023 DOE data, nearly three quarters of New York City's public school students (72%) come from households whose income is considered in poverty based on the FPL (the school lunch form with the maximum eligibility 185% of the FPL and direct certification). While the FPL provides a uniform standard to determine eligibility for government assistance, it only captures acute poverty based on a single dimension of costs; whereas the [True Cost](#)

[Title I](#) funding can be used for school-wide programs ([ranging from](#) after-school academic support, bilingual programs, health services, and parent involvement efforts) serving all students in the school, or targeted assistance programs focusing on students who are not meeting educational standards. Students in poverty are measured using three different metrics: the number and concentration of students living below the Federal Poverty Level, the number of children in foster care, and the number of children receiving Temporary Assistance for Needy Families (TANF). Both DOE schools and charter schools receive Title I funds.

DOE implemented the Fair Student Funding (FSF) formula in the 2007-2008 school year as the primary funding mechanism for traditional K-12 public school budgets in New York City. FSF is a weighted student funding formula, which means funding is allocated per-student based on various categories of student need (e.g., academic performance, special education, and English language learner). Schools with higher poverty weights receive additional funding per student, enabling them to allocate resources to address the specific needs of students in poverty. FSF is used to fund almost all traditional public schools. Schools that only serve special education students, alternative schools, and charter schools are funded separately, and do not receive FSF. For more details, see [IBO's recent report on FSF](#).

of Economic Security (TCES) represents the price of a more comprehensive set of goods and services in the area that families must cover to thrive in the local economy, including food, clothing, housing, health care, childcare, transportation, technology, postsecondary education, debt service, savings both for unexpected expenses as well as for retirement, and additional miscellaneous costs. In addition to being a more inclusive measure, the TCES threshold is more granular in its estimate of costs at the county level, as opposed to at the national level.

One caveat is that the TCES threshold represents both the costs that families incur and the resources they have to meet those costs, including non-cash resources such as insurance coverage and tax credits, based on imputations from the Urban Institute's proprietary microsimulation model. Because IBO does not have this model, IBO's application of the TCES cost threshold to neighborhood family income does not include non-cash resources. Consequently, the estimates of students living below the TCES threshold in this report may be inflated.

Measures of Resources

To assess a potential new mechanism for resource allocation among the City's public school students, IBO applied the TCES threshold to the income level of students' census tract of residence from the 2022-2023 school year. While DOE does not have data on every student's own family income, DOE does have a near complete collection of student address information, and research shows neighborhood socioeconomic status significantly impacts academic achievement and access to school-based resources.² There are two key differences between the TCES threshold's measure of income and the income estimate IBO used. First, IBO used 2023 5-year average American Community Survey (ACS) census tract data from the U.S. Census Bureau to examine the pre-tax median family income across New York City neighborhoods. While the TCES income measure is based on household members under age 65, IBO's family income estimate is inclusive of all ages. Second, the TCES threshold's family income measure includes income for non-family household members. Because this is a specifically defined category created by the Urban Institute, it is not the same as the Census Bureau's household income estimate. By contrast, IBO used family income because it is generally higher than household income and thus captures more variation in the percentage from the TCES threshold at the neighborhood level. The U.S. Census Bureau defines families as a group of two or more people related by birth, marriage, or adoption residing together; therefore, individuals living in non-family households such as roommates or single persons are not reflected in the family income estimate.

Methodology

In New York City, where costs are considerably higher than the nation's average, the TCES thresholds are as shown in Figure 1. These thresholds, which represent households with children present and no adults over age 65, are as much as six times the FPL, which was \$30,000 for a family of four as of 2023.

To examine the variation in neighborhood incomes across the City, IBO calculated quartiles of students' neighborhoods' median family income for families of all ages below and above the TCES threshold for each borough as shown in Figure 1, and the share of families and students residing in neighborhoods within each of these quartile ranges. For example, in the Bronx where the TCES threshold is approximately \$151,000, incomes 75% of that threshold are \$113,374, while in Manhattan where the TCES threshold is higher, incomes 75% of that threshold are as much as \$139,996. The TCES Threshold for the other boroughs are approximately: \$163,000 in Queens, \$167,000 in Brooklyn, \$180,000 in Staten Island, and \$187,000 in Manhattan.

Sample

First, IBO presents analysis of the neighborhoods of all New York City families, which includes 1.6 million families across the five boroughs. Next, IBO presents the distribution of neighborhood family income for the neighborhoods of New York City public school students. IBO's sample includes 876,000 students in 3-K through grade 12 across the 32 public school districts, including charter school students and students for whom DOE has an address located in a tract with a statistically reliable income estimate.³

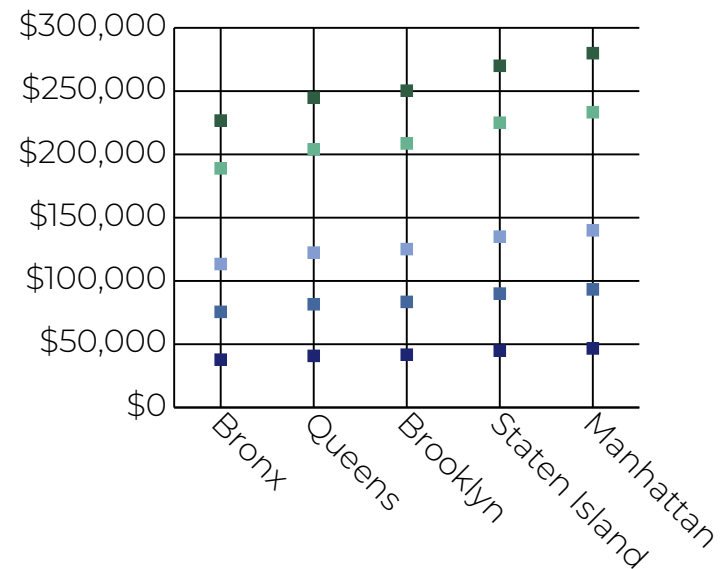
New York City Neighborhood Family Income

In New York City, the average family resides in a neighborhood whose median family income is approximately \$113,000 and ranges from \$22,000 to above \$250,000—the maximum amount recorded by the U.S. Census Bureau. Citywide, the share of families below the TCES threshold is similar for both groups: 85% of the City's families compared with 87% of the City's public school students. However, differences between students' and families' neighborhood

FIGURE 1

TCES Threshold by Borough

- 25% TCES ■ 50% TCES ■ 75% TCES
- At and up to 125% TCES
- 125% to 150% TCES



SOURCE: IBO analysis of American Community Survey 2023 5-year average data and Department of Education 2022-2023 student records

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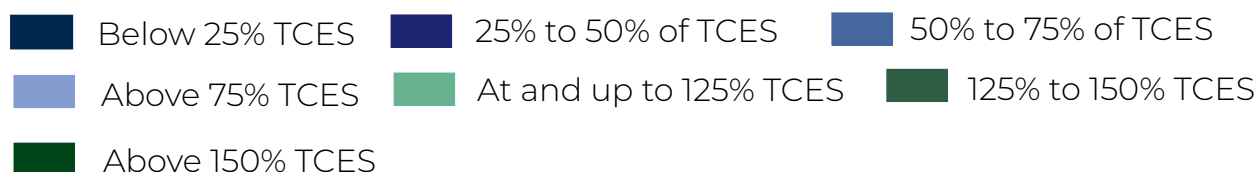
FIGURE 2

NOTE: Throughout this report, dollar amounts below the TCES threshold are shown in blue. Dollar amounts that include and exceed the TCES threshold are shown in green.

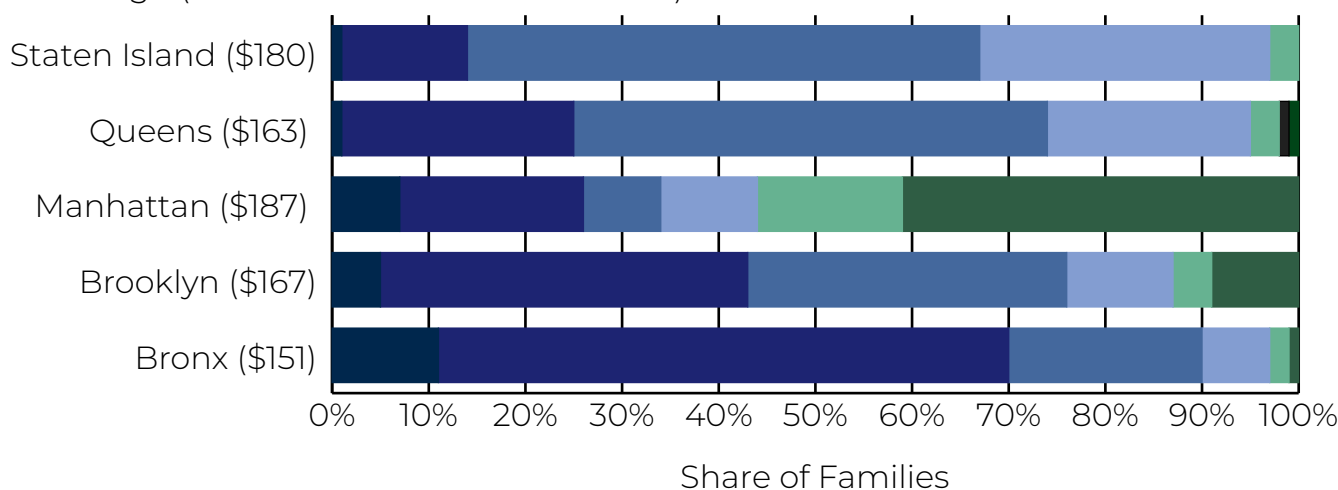


FIGURE 3

NYC Families' Neighborhoods' Percentage from the TCES Threshold (1.6 Million Families)



Borough (Threshold dollars in thousands)



SOURCE: IBO analysis of American Community Survey 2023 5-year average data and Department of Education 2022-2023 student records

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incomes emerge when examining their share below or above the threshold by borough, as shown in Figures 2 and 4.

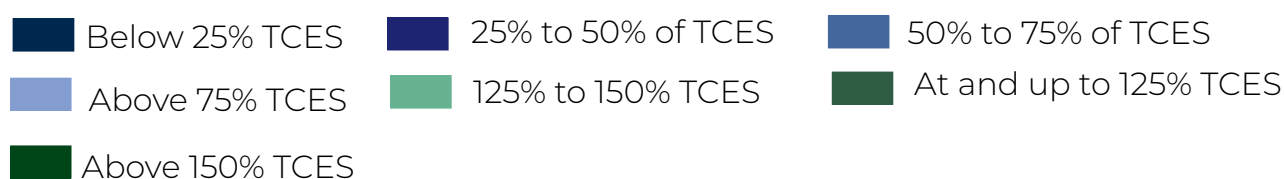
Commonly held notions of borough-level wealth are reflected in the distribution of the City's neighborhood family income. Over half of Bronx families reside in a neighborhood whose median income is between 25% and 50% of their borough's TCES threshold, while over half of Manhattan's families live in a neighborhood at or above the TCES threshold. Manhattan contains a smaller share of families living in the middle range of the income distribution compared with the other boroughs.

New York City Neighborhood Family Income Among Public School Students

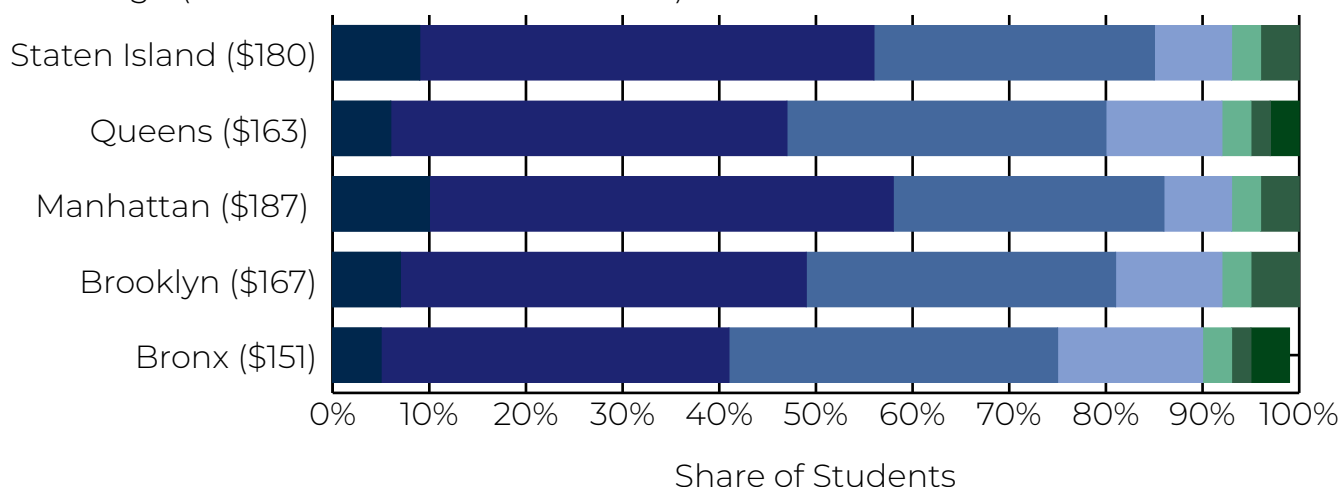
When viewing the distribution of public school students' neighborhood family income, compared with the City's distribution, the pattern flips: just 7% of Manhattan's students reside in a neighborhood whose income is at or above the TCES threshold and over half of Manhattan's students reside in a neighborhood whose income is between 25% and 50% of

FIGURE 4

NYC Public Students' Neighborhood Percentage From the TCES Threshold (876K students)



Borough (Threshold dollars in thousands)



SOURCE: IBO analysis of American Community Survey 2023 5-year average data and Department of Education 2022-2023 student records

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the TCES threshold. The larger share of public school students at the lower end of Manhattan's neighborhood income distribution may reflect private school enrollment among Manhattan's wealthier families, which is not represented in this sample. The Bronx was the only borough whose share of students from neighborhoods between 25% and 50% of the TCES threshold (36%) was smaller than its share of all New York City families (58%). In every other borough this share was greater among students' neighborhoods as compared with the City's families' neighborhoods. Staten Island's increase between the two groups represented the largest among the boroughs, from 13% of families up to 47% of students living at 25%-50% of the TCES threshold. There was little difference in the variation between Brooklyn's family and student neighborhood income distributions. Overall, a greater share of the City's public students live in lower-income neighborhoods as compared with the City's families.

When comparing students across the boroughs, fewer Bronx students than Manhattan students—just under one-third—reside in a neighborhood whose income is between 25% and 50% below the TCES threshold. While this may seem surprising, Manhattan has the highest TCES threshold, and therefore neighborhood incomes within that range are higher than incomes within the same range in the Bronx.

Conclusion

As compared with the Federal Poverty Level—which determines eligibility for school lunch aid and Title I funds—a bare minimum threshold for meeting expenses, the TCES threshold goes beyond the FPL to instead estimate what it would cost to thrive by incorporating a wider range of expenses based on local costs. Under the TCES threshold, more New York City families and most students—ranging from 90% of Bronx students to 93% of Manhattan students—live in neighborhoods whose median income is below the TCES threshold. Therefore, using a measure of students' neighborhood family income and its percentage from the TCES threshold could allow the DOE to target resources to help a wider range of students succeed in school.



Endnotes

¹ <https://www.fpwa.org/resource-center/in-the-news/nyc-has-to-now-measure-the-true-cost-of-living/>

² [The Role of Exposure to Neighborhood and School Poverty in Understanding Educational Attainment - PMC](#)

³ IBO's reliability threshold is based on a coefficient of variation, or the percent of sampling error associated with an estimate, at or below 30%, which is the maximum threshold [recommended](#) by the U.S. Census Bureau.