The Tie Between Wages and Material Hardship:

Evidence from the Poverty Tracker

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Previous studies from the Poverty Tracker show that the prevalence of material hardship—or difficulty meeting routine expenses—is largely similar among New Yorkers in poverty and those living between 100% and 200% of the poverty line. Relatively persistent rates of material hardship below 200% of the poverty line suggest that moving above the poverty line is no guarantee of financial security or protection from material hardship.

Similarly, many argue that full-time work in New York City is also not a guarantee of financial security, with many jobs providing wages too low to secure basic needs. But at what wage do we see workers maintaining financial security and not enduring material hardships, such as not being able to afford food for one's family, not seeking medical care because it's too expensive, or having utilities shut off because one cannot afford the payment? There is no perfect answer to this question given that the financial demands on workers are far from uniform; they vary based on their family composition and responsibilities, their social networks, their health, among countless other differences across workers. While it is difficult to identify the hourly wage that would protect all workers from hardship, we can look at the data to see whether and how experiences of hardship vary by wages, and where in the wage distribution experiences of material hardship become less common.

This analysis harnesses the latest data from the Poverty Tracker to examine the relationship between wages and material hardship, identifying where declines in hardship are most pronounced—is it when wages rise above $18 per hour, $20, $25? The pattern of this relationship can provide policymakers with insights into how to reduce material hardship among workers in New York City. Such reductions appear possible through policies that ensure wages provide meaningful financial stability, as well as those that connect workers to stable jobs in high-growth sectors that are likely to pay well today and in the future.

KEY FINDINGS

- **More than 65% of workers earning between $16.50 and $25 per hour experienced at least one material hardship in 2023.**
- **Experiences of material hardship only begin to meaningfully taper off for workers with wages above $25 per hour.**
- **This pattern is also evident when examining more specific forms of hardship, particularly housing, food, and financial hardship.**

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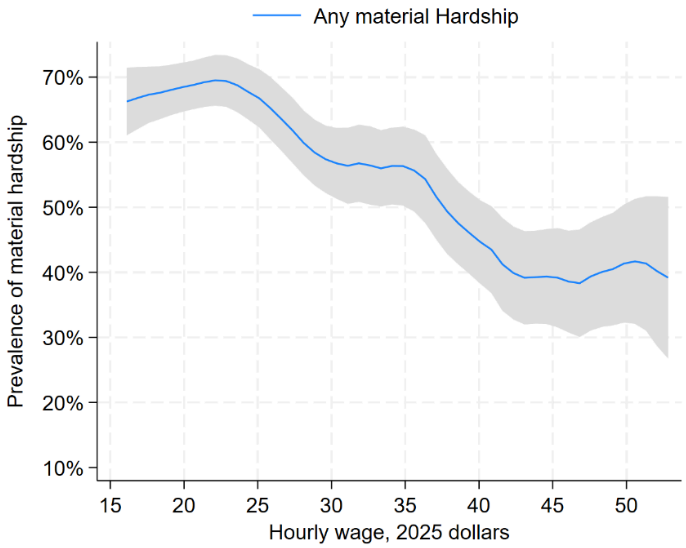
POVERTY TRACKER Powered by ROBIN HOOD

Every year, the Poverty Tracker[1] collects data on New Yorkers' experiences of material hardship across five domains: food, financial, bills, housing, and medical hardship (see textbox). At the same time as gathering hardship data, the Poverty Tracker surveys ask the same New Yorkers about their salaries and hourly wages,[2] providing us with the unique opportunity to evaluate how experiences of material hardship vary among workers with different wage rates. And the results show substantial variation in the prevalence of hardship across the wage distribution.

Figure 1. Prevalence of material hardship by hourly wage (2023)



Source: Poverty Tracker cross-sectional data representative of calendar year 2023. Blue line represents average rates of hardship at a given wage rate, and grey bands represent the 95% confidence interval around these estimates.

More than 65% of workers with wages between $16.50 and $25 per hour experienced material hardship in 2023 (Figure 1), the latest year for which we have representative data; note that the hourly wage rates on the x-axis in Figure 1 are adjusted for inflation and presented in 2025 dollars. **Overall, experiences of material hardship were just as common among those with a $20 per hour wage as a $16.50 per hour wage,** and rates of hardship do not begin to taper off until wages rise above $25 per hour.

Measures of Material Hardship Collected by the Poverty Tracker

- Any **financial hardship** includes sometimes or often running out of money before the end of the month or between paychecks.
- Any **food hardship** includes sometimes or often running out of food without money for more or worrying food would run out without money for more.
- Any **bills hardship** includes falling behind on utility bills because there was not enough money or had utilities shut off because of back payments.
- Any **housing hardship** includes falling behind on rent because there was not enough money, having to move in with others because of cost, or having to stay in a shelter or place not meant for housing because there was not enough money.
- Any **medical hardship** includes being unable to see a doctor because of cost.

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[1] See: Poverty Tracker Research Group at Columbia University. 2025. *State of Poverty and Disadvantage in NYC, vol. 7.*
[2] See Appendix for details on salary and wage data collected by the Poverty Tracker, as well as the methodology

Figure 2 shows that the pattern observed in Figure 1—where rates of hardship remain relatively constant among those earning less than $25 per hour and only begin to meaningfully taper off above this threshold—is consistent across all domains of hardship (see textbox for definitions of hardship by domain). This is particularly true for housing, food, and financial hardship. Further, Figure 2 highlights the particularly high rates of hardship among workers earning between $16.50 and $25 per hour, with nearly half facing food hardship and more than half facing financial hardship. Figure A1 in the appendix shows that these patterns are consistent when we look at the most severe experiences of material hardship (defined in Appendix Table A1).

Figure 2. Prevalence of material hardship by domain and hourly wage (2023)

Source: Poverty Tracker cross-sectional data representative of calendar year 2023. Blue line represents average rates of hardship at a given wage rate, and grey bands represent the 95% confidence interval around these estimates. See textbox for hardship definitions.

While these results cannot be used to claim that a worker's exposure to hardship is guaranteed to fall if their wage rose above $25 per hour, **these findings suggest that small or modest increases in wages for workers whose wages are currently below $25 per hour, while producing an important income boost, may not significantly reduce material hardship.** More substantial wage increases may be necessary to meaningfully reduce the risk of material hardship.

APPENDIX

About the Poverty Tracker

Launched in 2012, the Poverty Tracker surveys a representative sample of New Yorkers several times a year, providing critical information on the dynamics of poverty and other forms of disadvantage in the city. Unlike other surveys, the Poverty Tracker explores how New Yorkers experience poverty and material hardship over time, rather than in a single day, month, or year. In addition, the Poverty Tracker focuses on more than just income poverty; we also collect data on other core measures of disadvantage, such as material hardships and health problems. We use these alternative measures to understand how certain disadvantages, or multiple, overlapping disadvantages, make it harder for New Yorkers to survive. The Poverty Tracker also collects data on other aspects related to New Yorkers' well-being, from asset and debt accumulation to social service program utilization to spending and consumption patterns, in order to form a better understanding of how New Yorkers make decisions about their own lives.

About Analyses in this Data Spotlight

This analysis draws on the Poverty Tracker cross-sectional data, which is representative of the New York City population in 2023. Poverty Tracker survey respondents who are working at the time of the survey are asked if they are paid hourly or by salary. Those who report that they are paid hourly are then asked to report their hourly wage, and those with a salary are asked to report their usual hours worked and their weekly, bi-weekly, or annual pay. From these responses, we calculated hourly wages for all workers in the sample. These workers were asked about their experiences of material hardship in the previous 12 months in the same survey on which they report their wage or salary information. We estimated rates of material hardship across the wage distribution using a local polynomial smoother.

Table A1. Measures of Material Hardship Collected by the Poverty Tracker

Severe financial hardship includes often running out of money before the end of the month or between paychecks.

Severe food hardship includes often running out of food without money for more or worrying food would run out without money for more.

Severe bills hardship includes having utilities shut off because of back payments.

Severe housing hardship includes having had to move in with others because of cost, or having to stay in a shelter or place not meant for housing because there was not enough money.

Figure A1. Prevalence of severe material hardship by domain and hourly wage (2023)

Source: Poverty Tracker cross-sectional data representative of calendar year 2023. Blue line represents average rates of hardship at a given wage rate, and grey bands represent the 95% confidence interval around these estimates. See textbox for hardship definitions.

SUGGESTED CITATION

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