



## SAVING OUR MIDDLE CLASS

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A SURVEY OF NEW YORK'S LEADERS  
BY THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY

DRUM  
MAJOR  
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POLICY

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This report was prepared by the staff of the Drum Major Institute for Public Policy (DMI) with special help from Valentina Ramia, Amy Traub, and Sarah Solon. Chad Marlow of the Public Advocacy Group and Bonnie Brower assisted with the initial survey formulation. DMI appreciates the insight and expertise of the 101 New York City leaders who responded to this survey. We are particularly grateful for the advice and technical support of Dr. Richard Hendra, Senior Associate at MDRC and Dr. John Mollenkopf, Professor and Director of the Center for Urban Research at the City University of New York. Special thanks to Barbara Fife and Doug Muzzio of the School of Public Affairs at Baruch College, and Amy Phee and Molly Watkins of the Glover Park Group.

## Introduction

In the summer of 2006, a study by the Brookings Institution found that New York City had the smallest proportion of middle-income families of any metropolitan area in the country, and that the number of middle-income neighborhoods in the city was shrinking rapidly.

Since then, several policy debates have brought the issue to the fore, including controversies over the actual and proposed sales of some of the city's largest middle-class housing developments, how to improve the city's public education system and what kind of tax policy is most effective at strengthening the city's existing middle class and enabling low-income New Yorkers to realize a middle-class standard of living. The Drum Major Institute for Public Policy (DMI) was therefore moved to ask: what does it take to become and remain middle class in New York City today? And what kinds of policies can support that goal?

Opinion polls on policy priorities abound, but DMI, nationally recognized for its research around the "middle-class squeeze," wanted to dig deeper. We reached out to a diverse group of New York City's leaders to lend their expertise to the question of how we strengthen and expand the city's middle class.

The analysis that emerged offers the parameters of a consensus agenda around the next steps New York must take to make our city more livable and affordable for the current middle class, and put a middle-class standard of living within the reach of more New Yorkers.

### Main Findings

Although the sample is not statistically significant *per se*, some correlations between certain variables were significant at a 95% level of confidence. These correlations and other major differences are pointed out throughout the report, especially those that highlight the variation in perspective between sectors. Some of the main findings include:

#### **HARDER TO ENTER THE MIDDLE CLASS**

- With near unanimity – 92 percent – respondents agree that it is harder to enter the middle class today than it was ten years ago. This includes over one in two who say it is "much harder."

#### **MIDDLE CLASS INCOME**

- While New York City's median family income is \$49,374 a year, the New York City leaders surveyed think that it actually takes \$75,000-\$135,000 annually for a family of four to have a middle-class standard of living in New York. For a single individual, the middle class range is \$45,000 - \$90,000.

#### **MIDDLE CLASS STANDARD OF LIVING**

- Having health insurance, owning a computer with internet access, holding a full-time job, and sending children to a quality public school are essentials of a middle-class standard of living in New York according to the leaders surveyed.
- Having reasonable housing expenses and not having to share living space with a roommate are far more likely to be seen as part of the city's middle-class standard than homeownership. Only a third of survey respondents think owning a house, condominium, or co-op is a middle-class essential in New York.

### TOP CHALLENGES FOR THE MIDDLE CLASS

- “Affordable rent” tops the list of the middle class’s biggest challenges. Two out of three respondents describe affordable rent as one of the top three middle-class concerns in the city and it is the only one to get a majority response.
- Almost one in two respondents cite health insurance as a top challenge, 44 percent say being able to buy a home is among the foremost challenges, and 41 percent say a good education for one’s children.
- Less than one percent of respondents regard high property taxes as among the most pressing challenges for New York City’s middle class.

### THE IMPACT OF PAST POLICIES ON THE MIDDLE CLASS

- The last decade of housing policies had a significant impact on the city’s middle class, for both good and ill. Affordable housing construction under Mayors Koch and Bloomberg benefited the city’s middle class, according to our respondents, while the weakening of rent control legislation and the prevalence of subsidies for luxury real estate development harmed middle-class New Yorkers.
- The city’s success in reducing crime boosted the middle class. Respondents point out that increased public safety gave New Yorkers more options of neighborhoods to live in, helped the economy by increasing tourism and consumer spending and improving the city’s investment climate, prevented middle-class flight and reduced fear.
- The decline of the city’s public schools hurt the middle class, although many of our respondents believe that mayoral control of the schools and efforts to get more funding from the state are yielding positive results.
- Middle-class New Yorkers suffered from poor economic development policies over the past ten years. Respondents say that city and state policies privileged luxury real estate development over the creation of stable middle-class jobs.

### EFFECTIVENESS OF ACTIONS TO STRENGTHEN AND EXPAND THE MIDDLE CLASS

- New York City leaders agree: building more government-funded affordable housing and increasing funding for k-12 education would be very effective at strengthening and expanding the city’s middle class.
- Other education and housing policies – reducing class size, increasing availability of after-school programs, and providing tax incentives to build more affordable housing – also rate as highly effective.
- Cutting property taxes and reducing income taxes across the board are considered the least effective in helping the city’s middle class, falling below reducing traffic congestion and well below maintaining clean parks in terms of their perceived effectiveness.

### POLICIES THAT WOULD BENEFIT THE MIDDLE CLASS

- The overwhelming consensus<sup>1</sup> among New York City leaders surveyed is that the following policies would benefit the city’s middle class:
  - A more progressive income tax structure;
  - Mandatory inclusionary zoning, requiring that the city only provide property tax breaks, public subsidies, or zoning changes if housing units are made permanently affordable to current and aspiring middle-class New Yorkers;
  - Public full-day pre-kindergarten;
  - Expanding income eligibility for state subsidized health insurance programs like Family Health Plus;
  - Requiring large businesses to provide health insurance to all employees;

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<sup>1</sup> 80 percent or more agreement.

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- Allowing welfare recipients to count hours spent pursuing education and training as work so that they can eventually qualify for jobs that will move them out of poverty.
- Strong majorities of respondents also say that enacting living wage legislation and eliminating tuition for city residents at the City University of New York would be positive for the city's middle class.
- A majority of respondents say the current practice of using public funds to assist private real estate development harms the middle class, and most also agree the middle class would be harmed by school vouchers.

### HOW TO PAY? CUTTING SPENDING/RAISING REVENUE

- Eliminating tax loopholes for businesses, a policy proposed by Governor Spitzer, is the leading choice (favored by 83 percent of respondents) for increasing revenue to pay for programs that benefit the middle class.
- Making income taxes more progressive is also widely supported.
- 83 percent of respondents advocate reducing waste, duplication and fraud in government as a way to cut public sector costs.
- The leaders surveyed oppose increasing sales or income taxes across the board, reducing spending on city programs across the board and cutting health and pension benefits for city employees.

### DIFFERENCES AMONG THE SECTORS

- Overall, the survey finds substantial convergence of opinion across the sectors of city leaders surveyed.
- However, in some areas the sectors differ. Business leaders, in particular, sometimes see things differently from other groups of respondents: majorities in the business sector regard policies like charter schools and public funding for private real estate development as positive for the middle class, while other sectors are more likely to see these proposals as negative.
- When it comes to policies like instituting a living wage, closing business tax loopholes, or requiring large companies to pay for employee health insurance, however, solid majorities of business leaders agree that their own sector could do more to benefit the middle class.
- Most respondents do not favor tax cuts as strongly as those in the political sector, which includes elected and appointed officials at the city, state, and community board level. Political leaders are also more likely to think the middle class is helped by job creation subsidies for businesses.

### PRESS REPORTING ON THE MIDDLE CLASS

- A majority (57 percent) of respondents say the press does a poor job of informing middle class about the connection between their interests and public policy/legislative debates
- Less than 12 percent say the press is doing a good or excellent job reporting on the need to strengthen and expand the middle class.

### Methodology

In November 2006, DMI identified a diverse group of influential New Yorkers who are recognized as leaders and experts in their respective fields. During December 2006, we invited approximately 200 of them via email to participate in an on-line survey on the challenges facing the middle class in New York City. Our email inquiry explained that the survey results would be presented in an a report released to the public. We said the survey would take approximately 25 minutes to complete. The email request included a personalized link and password that allowed participants to access the questionnaire from any computer. Respondents were promised anonymity.

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By the first week of January 2007, 54 people had completed the on-line survey, a 27 percent response rate. Since our original universe was not a random sample, we expanded the list to an additional 121 individuals who met our initial criteria and provided a broad array of perspectives. This yielded 47 additional responses, or a 39 percent response rate. By mid-February we achieved the desired sample size of 101. We assume that the time required to complete the survey, interest in the nature of the inquiry, comfort with the online medium, and familiarity with the sender all contributed to respondents' decision to participate in the survey and therefore the composition of our final sample. While this cannot be taken to be a representative sample of all influential people in New York, it is both a sizeable and varied cross-section of opinion-setting individuals.

Our respondents are divided into five major sectors, which are referred to throughout our analysis:

*Academia* includes professors and researchers from various higher education institutions in New York City, with the majority working on areas of urban planning, urban policy, or political science.

*Advocacy* is comprised of leaders of organizations whose main goal is changing public policy around a particular issue. The respondents identified in this category work on a broad array of issues, from civil rights to transportation.

*Business* representatives include those who lead or work for corporations and real estate development companies as well as heads of Business Improvement Districts and other organizations that represent business interests throughout the city.

*Political* representatives include legislators and elected officials at city and state level as well as individuals that direct and work at city agencies.

Finally, the *Civic* category includes leaders from a wide variety of institutions in the city who represent people and communities as opposed to a single issue. These include representatives from labor unions, nonprofits, media, and the arts.

A number of the survey questions provided space for completely open-ended answers. The responses of city leaders to some these questions are included in the "An Idea from the Survey" boxes throughout the report.

## It Is Much Harder to Enter the Middle Class Today

An overwhelming 92 percent of respondents say it is harder for low-income New Yorkers to enter the middle class today than ten years ago, with more than half answering that it is “much harder.”

**AN IDEA FROM THE SURVEY:** “The city needs to deal with the wave of urban dispossession resulting from redlining, predatory lending, deed theft, and other financial crimes that target working and middle-class families.”

**Do you think it has become harder or easier for a low-income worker to enter the middle class in New York City over the past ten years?**



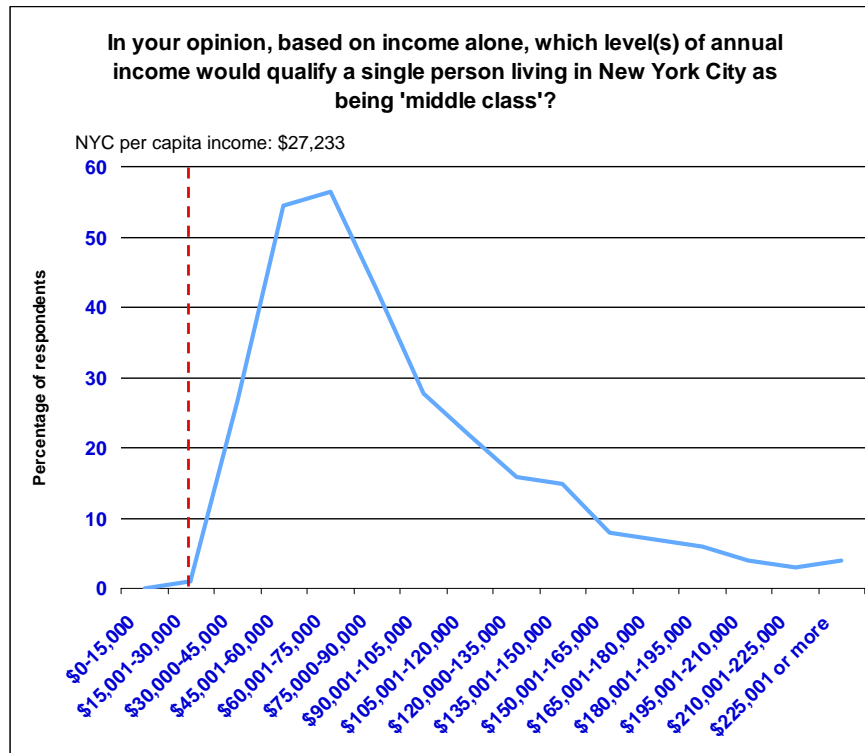
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# Individual Income of \$45,000 Needed to be Middle Class in New York; \$75,000 for a Family

It takes a substantial paycheck to live middle class in New York, according to the leaders surveyed. The lowest annual income level that more than 40 percent of respondents identify as “middle class” for a single individual is \$45,000. This contrasts with the city’s per capita income of just \$27,233. Respondents think \$75,000 is needed for a family of four to be middle class. Only twelve percent of respondents regard the city’s median family income of \$49,374 as middle class for a family of four.<sup>2</sup>

**AN IDEA FROM THE SURVEY:** “Make it easier for workers to join unions, a demonstrated anti-poverty program, by removing obstacles employers throw in the way.”

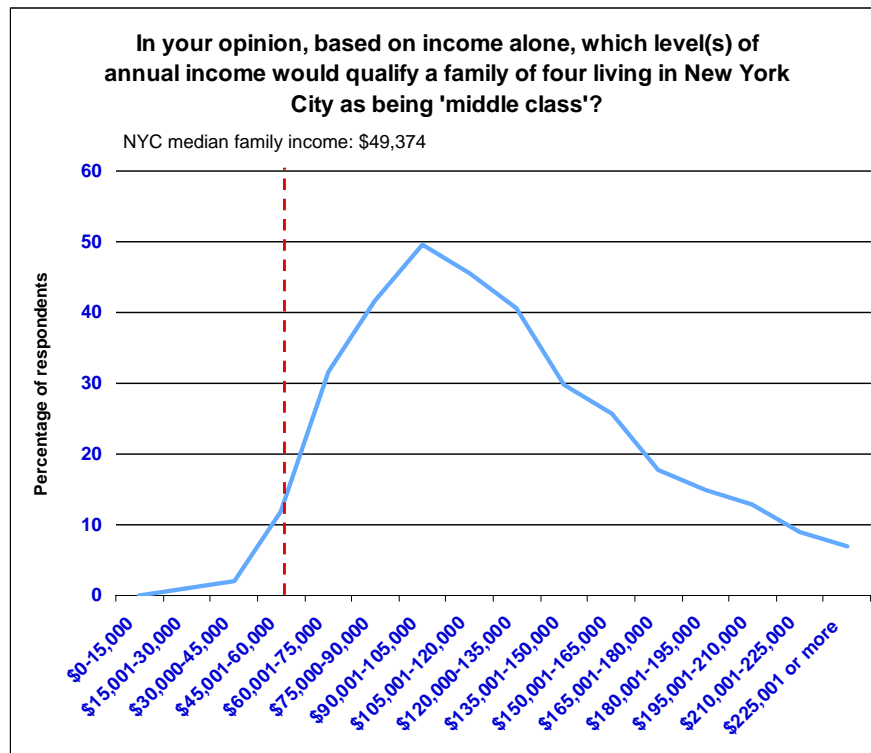


<sup>2</sup> The median family does not necessarily have 4 members. In 2005, the city’s average family included 3.42 people.

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There is less agreement on the higher end of the income spectrum. Most think that single individuals making more than \$90,000 a year and four-person families with annual incomes over \$135,000 are no longer middle class. But 15 percent of business leaders think that an individual making more than \$225,000 could still be considered middle class, while 30 percent of business leaders feel that income qualified as middle class for a family.



## Health Insurance, Full-Time Job and Good Public Schools Essentials of the Middle-Class Standard of Living

There is a high degree of consensus about what a middle-class standard of living in New York City means: having health insurance, holding down a full-time job, being able to send children to a high-quality public school and having retirement savings. There is also widespread agreement that, in the 21<sup>st</sup> century, owning a computer with internet access is crucial to the middle class, suggesting the digital divide should be on everyone's agenda. A majority of respondents also think after-school care for children, access to air conditioning and the ability to take annual vacations are part of the definition of middle-class life.

**AN IDEA FROM THE SURVEY:** "Several actors within the health care system are grossly overpaid and/or inefficient – health insurers and drug companies. Any real change to the system must cut fat from those two players."

These answers could appear anywhere in the country. But the findings also reflect New York's distinctiveness. For example, while homeownership is often considered a staple of the middle class, our respondents understand New York as a city of renters. Overall affordability of housing, in whatever form, is our respondents' main housing concern. So while just one in three think that owning a home characterizes the middle-class standard of living in New York, more than half think that being middle class means paying less than 30

percent of one's income for housing. Only about 29 percent see owning a car as key to the middle-class, an answer that reflects the importance of mass transit.

Some interesting differences emerge between sectors: 60 percent of business leaders see owning a home as a requisite for a middle-class standard of living, compared to just 27 percent of other survey respondents. In contrast, having after-school care for children is regarded as a middle-class staple by 73 percent of leaders outside the business sector, but just 40 percent in business.

*(Please see next page for chart)*

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<b>Aside from strict income criteria, what does a middle-class standard of living in New York City mean to you?</b>	<b>Percent responding</b>
Have health insurance	93.1
Have computer and Internet access	83.2
Hold a steady, full-time job	81.2
Send children to high-quality neighborhood public school	70.3
Have a 401(K) or equivalent	66.3
Have after school care for children	66.3
Take annual vacations	63.4
Have air conditioning	63.4
Live alone or with family rather than sharing space with a roommate	59.4
Pay < than 30% of income for housing	56.4
Save 10% of income	42.6
Own a home	33.7
Have a car	28.7
Eat out several times a week	21.8
Send children to parochial school	9.9
Send children to private school	8.9
Have a vacation home	4.0
None of the above	2.0

## Rent, Health Insurance and Homeownership Top Challenges for the Middle Class

“Affordable rent” tops the list of the middle class’ biggest challenges. 66 percent of respondents describe affordable rent as one of the top three middle-class concerns and it is the only challenge to get a majority response.

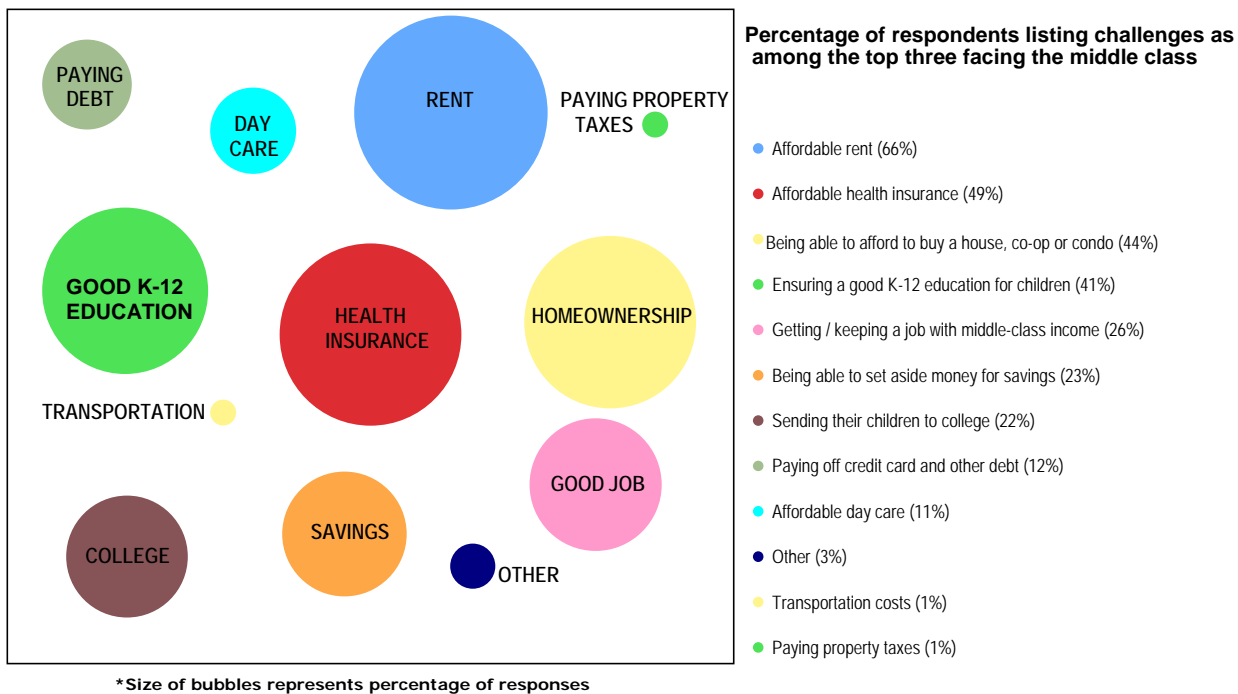
Almost one in two respondents cite health insurance as a top challenge, 44 percent say being able to buy a home is among the foremost challenges, and 41 percent say ensuring a good k-12 education for their children is a top challenge.

Less than one percent of respondents regard high property taxes as among the most pressing challenges for New York City’s middle class.

**AN IDEA FROM THE SURVEY:** “The market alone will never keep housing affordable in a place like New York City where apartments can sell for millions of dollars. The government must be the advocate for those that need affordable housing...”

Some notable differences arise among the sectors surveyed: 59 percent of leaders in the advocacy sector list education among the top three middle class challenges compared to 35 percent of other respondents. Meanwhile, half of civic leaders, a sector that includes labor union chiefs, see getting and holding onto a job with a middle-class income as a top challenge, compared to just 19 percent of those outside the civic sector.

### In your opinion, what are the three biggest challenges facing middle-class New York City residents today?



## Housing Policy, Reducing Crime, and Efforts to Improve Education Helped to Strengthen and Expand New York's Middle Class in the Last Decade

We asked survey respondents to think back on the last ten years (or so) and describe the three city or state policies they thought had done the most for the city's middle class – and to explain why. Although the question was completely open-ended, certain broad areas of policy are cited again and again:

- **Housing policies**, from preserving rent control and the Mitchell Lama program to efforts under Mayors Koch and Bloomberg to expand the stock of affordable housing, are praised the most often, although many respondents argue that these successful policies have not gone far enough.
- **The city's success in reducing crime** is mentioned frequently. Respondents point out that increased public safety gave the middle class more options of neighborhoods to live in, helped the economy by increasing tourism and consumer spending and improving the city's investment climate, prevented middle-class flight and reduced fear. Some respondents specifically acclaim Mayor Dinkins' community policing program, while others cite Mayor Giuliani's crackdown.
  - **Respondents also applaud renewed attention to the city's public schools.** Mayoral control, the elimination of the Board of Education, the effort to get more funding through the Campaign for Fiscal Equity, and the creation of new small schools are among the policies commended.
- **The improvement in public transit** is frequently cited as a boon to the middle class, with one respondent describing how unlimited ride metrocards made transportation more affordable.
- **Family Health Plus and Child Health Plus**, both state programs to help low- and moderate-income families afford health insurance, are the policies most frequently praised by name and are among the few state policies mentioned.

**AN IDEA FROM THE SURVEY:** "Both Mayor Bloomberg and Giuliani's efforts to crack down on illegal gun ownership in New York City have significantly improved the safety on our streets, which improves the quality of life for the middle class."

Respondents also praise a wealth of other policies, from funding CUNY and the tuition assistance program to make college more affordable, to the city/state earned income tax credit, as well as policies welcoming immigrants, reducing property taxes, increasing the minimum wage and paying public employees enough to live in the city. One respondent hails the state's Empire Zones for business development, another sees keeping Wal-Mart out of the city as helpful to New York's middle class. Several respondents say they could not think of a single city or state policy that has helped the middle class.

## Poor Policies on Housing, Education, and Taxes Harmed the Middle Class in the Last Decade

Asked to describe three policies over the past ten years that have harmed the city's middle class, many of the same broad areas that respondents praise for their successes also emerge as areas where failed policies have harmed the middle class. Far from reflecting confusion or disagreement, this finding highlights the importance of these policy areas to middle-class life in the city: while some efforts to deal with these problems are successful, other actions have harmed middle-class New Yorkers.

**AN IDEA FROM THE SURVEY:** "Reform economic development programs so that we are creating quality jobs with taxpayer money."

- **Housing policies** come under the greatest level of criticism, with respondents decrying the weakening of rent control laws, the persistence of development subsidies that promote luxury housing, and the government's general failure to adequately increase the number of affordable apartments.
- **The decline of the city's public schools** is also widely condemned. Many respondents say that poor education is the result of a lack of state funding. One respondent points out that substandard education has effectively consigned a generation of children to low-income jobs.
- **Many respondents criticize city and state tax policies.** The repeal of the commuter tax, which forced city residents to assume commuters' share of tax responsibilities, is frequently singled out. High property taxes and reliance on regressive sales taxes are also mentioned frequently. While one respondent calls for eliminating the city's income tax, another criticizes the reduction in the top income tax rates.
- **The city's economic development policies** were assailed from a variety of perspectives, with respondents denouncing a lack of comprehensive planning, the substitution of low-wage jobs for manufacturing, and the city and state's "prioritizing raising real estate prices rather than creating good jobs."
- **Increasing tuition at CUNY** is repeatedly cited as harming the middle class.

Other policies respondents identify as harming the city's middle class include the failure to develop affordable health insurance, welfare policies that pushed families further into poverty, the Rockefeller drug laws, and increased transit fares. Two respondents argue that the city's middle class was primarily harmed by economic conditions beyond the influence of public policy.

## Better Housing and Education Policies Would Strengthen the Middle Class; Tax Cuts Less Effective

New York City leaders agree: building more government-funded affordable housing and increasing funding for k-12 education would be very effective at strengthening and expanding the city's middle class. Other education and housing policies – reducing class size, increasing availability of after-school programs, and providing tax incentives to build more affordable housing – also emerge as highly effective.

**AN IDEA FROM THE SURVEY:** “[We need] a new program to spur the development of middle-class housing – like the Mitchell Lama program – rather than luxury condos.”

Cutting property taxes and reducing income taxes across the board are judged the least effective actions to help the city's middle class, falling below reducing traffic congestion and well below maintaining clean parks in terms of their perceived effectiveness. The outlier on these tax questions is the political sector: on a scale of one to ten, with ten being most helpful to strengthen and expand New York's middle class, political leaders give cutting property taxes an eight, nine, or ten rating more than

twice as often as respondents outside the political sector. Similarly, political leaders give “cutting income taxes for everyone” an average ranking of 4.83, comparing to just 3.61 for respondents as a whole, although business leaders are as likely to rate this policy as extremely helpful.

When it comes to subsidizing businesses to create or retain jobs in the city, one might expect businesses leaders to be enthusiastic, and they are. But it is again political leaders who most favor this policy, with nearly three-fourths giving business subsidies a top rating in terms of effectiveness compared to less than half of respondents as a whole.

*(Please see next page for chart)*

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<b>Average score of actions based on how effective each would be in helping to strengthen and expand New York City's middle class: 10 is "very helpful," 1 is "not at all helpful"</b>	
Building more government-funded, permanent affordable housing	8.97
Increasing funding for primary and secondary public education	8.74
Reducing class size in public schools	8.31
Increasing the availability of after-school youth programs	8.31
Providing tax incentives to create more affordable housing	8.24
Providing greater homeowner opportunities for city residents	8.00
Raising minimum wage	7.95
Eliminating or limiting property tax exemptions for institutions/properties that do not serve authentic public purposes	7.95
Enacting laws to protect private pension plans for employees	7.60
Repealing the Urstadt Law and other laws that give control over City rent regulations and other housing policies to New York State rather than New York City	7.60
Providing tax incentives for small business creation	7.34
Ensuring and maintaining clean, safe public parks in every neighborhood	7.26
Making it easier for unions to organize	7.17
Providing tax incentives for employers that create or retain jobs in the city that are filled by city residents	7.00
Strengthening and expanding Meals-on-Wheels program for elderly persons living on their own	6.73
Putting more police officers on local beats	6.25
Requiring greater clarity in New York City and State annual budgets so that New Yorkers can understand the sources and uses of revenues	6.19
Reducing traffic congestion in Manhattan	5.60
Cutting property taxes	5.23
Cutting income taxes for everyone	3.61

## Impact of Current and Proposed Policies on the City's Middle Class

We asked our sample of city leaders to evaluate 17 current and proposed policies, from mayoral control of the schools to repealing city sales taxes, for their impact on the middle class. Respondents assess whether each policy would (or did) have a positive impact on the city's middle class, a negative impact, or no impact at all. Respondents can also indicate that they have no opinion or are not familiar enough with the policy to evaluate it.

**AN IDEA FROM THE SURVEY:** "Pass legislation that curbs the interest rates that credit card companies charge their customers."

There is a high degree of consensus on many of the policies, with strong majorities acclaiming free public preschool, an expansion of the state's subsidized health care programs, and a more progressive income tax structure as beneficial to the middle class. Other proposals, such as the ones to ban eminent domain or to increase the number of charter schools in the city, are far more controversial, with responses often split along sectoral lines. Business leaders, in particular, sometimes see things differently from other groups of respondents: majorities in the business sector regard policies like charter schools and public funding for private real estate development as positive for the middle class, while other sectors are more likely to see these proposals as negative. When it comes to policies like instituting a living wage or requiring large companies to pay for employee health insurance, however, solid majorities of business leaders agree that their own sector could do more to benefit the middle class.

**AN IDEA FROM THE SURVEY:** "New York City should fund a right to counsel for low-income tenants facing eviction."

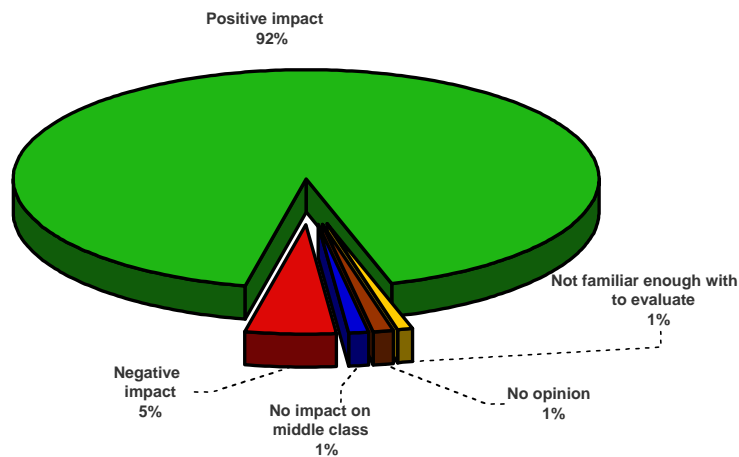
The following pages provide details on the evaluations of current and proposed policies.

## Progressive Income Taxes a Winner for the Middle Class, but Sales Tax Repeal Is Controversial

92 percent of New York City leaders surveyed agree that it would be positive for the middle class if the state and city personal income tax were restructured “so that wealthier people pay a higher percentage of their income than currently, and lower- and middle-income people pay a lower percentage than now.” Just five percent disagree that this would help the middle class.

**AN IDEA FROM THE SURVEY:** “Higher income taxes on the very rich would result in lower housing prices because the cost would not be bid up so high.”

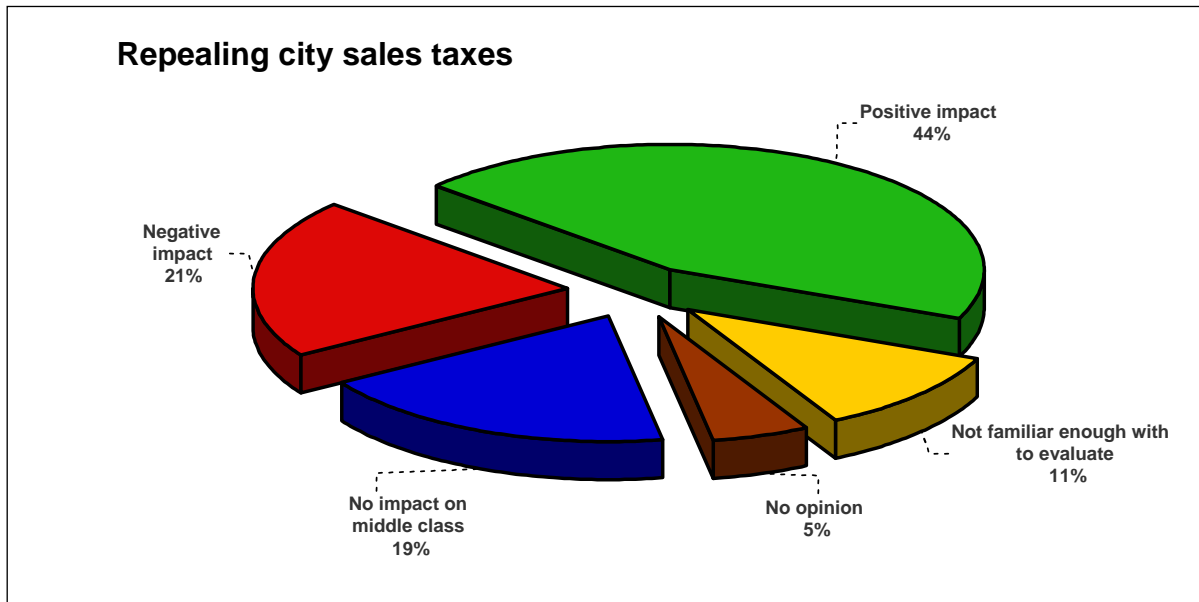
### Restructuring state and city personal income taxes so that wealthier people pay a higher percentage of income, and lower and middle income people pay a lower percentage



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A proposal to repeal all city sales taxes is far more controversial. While sales taxes are generally regarded as regressive, with lower-income people paying a greater share of their income than the wealthy, some respondents might be concerned about the loss of city revenue. A plurality of respondents (44 percent) think repeal would be positive for the city's middle class, while 21 percent say the impact would be negative, and 19 percent foresee no impact on the middle class at all. Leaders in the political sector are the most likely to see repeal as positive (58 percent) and the least likely to regard it as negative (ten percent). Academics are the most likely to predict no impact on the middle class (33 percent).

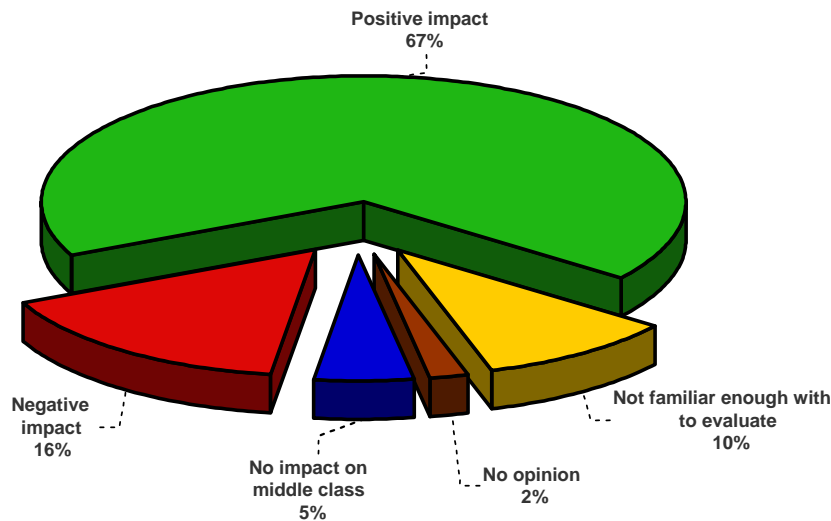


## Most See Rent Stabilization and Rent Control as Positive

67 percent of leaders surveyed, including majorities of every sector, regard the current rent stabilization and rent control laws governing the city's rental apartments as positive for New York's middle class. Only one in six of those surveyed see rent control as negative for the middle class.

**AN IDEA FROM THE SURVEY:** "Albany should repeal the Urstadt laws and place rent regulation in the hands of municipal government."

The rent stabilization/control laws that govern New York City housing

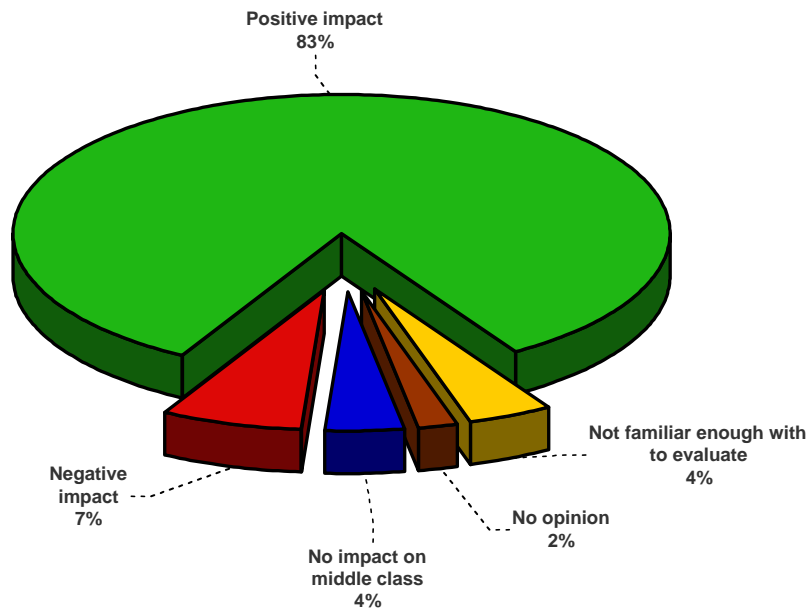


## Voluntary Inclusionary Zoning is Good for the Middle Class, a Mandatory Policy Would be Better

Our survey defined inclusionary zoning as “policies that encourage housing developers to rent or sell a percentage of new apartments for below-market rates in exchange for... greater flexibility in zoning regulations, increases in the number of units they can build, and/or tax breaks.” The survey asked about both the city’s current voluntary inclusionary zoning policy, in which the apartments are kept affordable for a specific, limited period of time, as well as a potential mandatory inclusionary zoning policy, which would require that units be *permanently* affordable to lower- and middle-income New Yorkers in exchange for “any property tax breaks, public subsidies, or zoning changes that materially enhance the value of their property.”

**AN IDEA FROM THE SURVEY:** “Protect what is left of rent regulation. Tie all tax breaks for new construction to providing moderate income housing. Tie new luxury housing and office construction to the provision of moderate income housing.”

### Proposed policy of mandatory inclusionary zoning

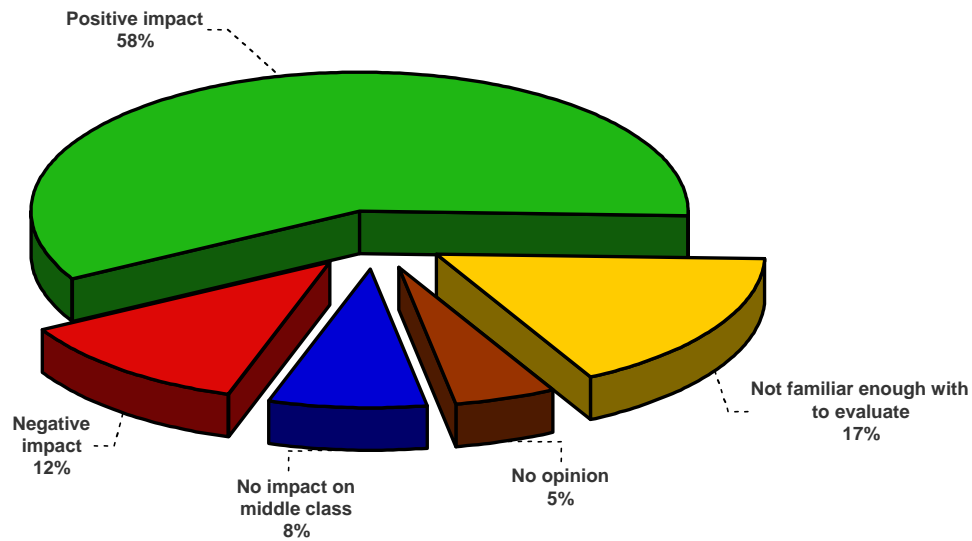


## SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
BY THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY

An overwhelming 83 percent of leaders surveyed feel that a mandatory inclusionary zoning policy would be a good thing for the city's middle class. A smaller, but still significant majority of 58 percent also think the current, voluntary policy is positive for the middle class, with another 17 percent stating that they are not familiar enough with the policy to evaluate it. A majority of business leaders surveyed, a group that includes real estate developers, agree that both voluntary and mandatory inclusionary zoning policies would be positive for the city's middle class.

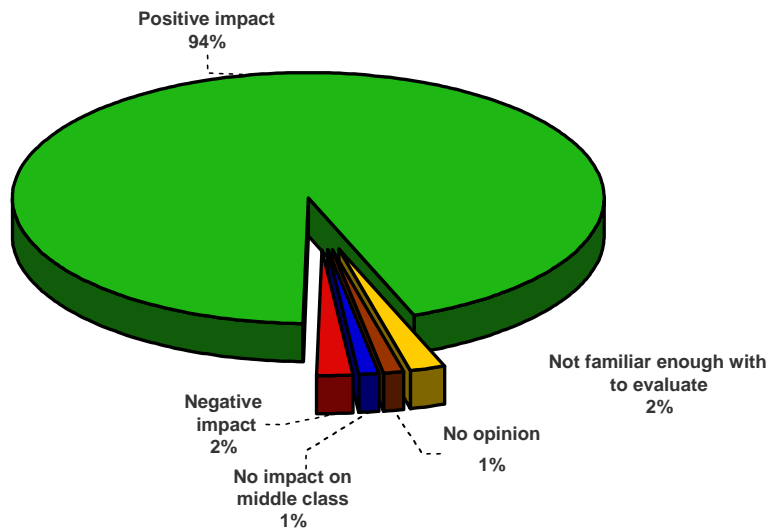
### Current policy of voluntary inclusionary zoning



## Free Public Preschool and College Would Boost the Middle Class

According to the leaders surveyed, the middle class would benefit from a free public school system stretching from age four all the way through college. Virtually every respondent (94 percent) says making full-day pre-kindergarten available to all four-year-olds in the city would be positive for the middle class. The tremendous support for this proposal holds up in every sector.

### Making public full-day pre-kindergarten available to all four-year-olds



## SAVING OUR MIDDLE CLASS

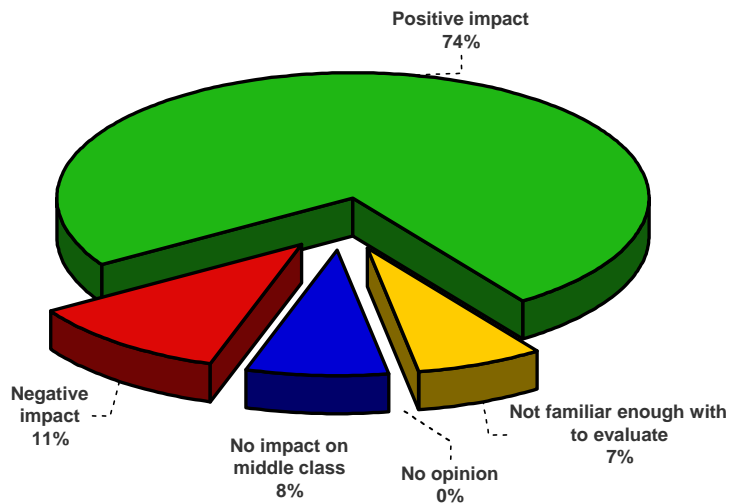
A SURVEY OF NEW YORK'S LEADERS  
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Although not approved quite so universally, free college also garners strong support. About three quarters of respondents predict a positive impact on the middle class if the City University of New York were to eliminate tuition for all undergraduates who are city residents.

**AN IDEA FROM THE SURVEY:** "Education is so highly correlated with income that it is imperative to make it possible for everyone to go to college, complete a bachelor's program, and go back for further education and training later in life. Thus CUNY and SUNY – as well as other colleges and universities – should be made free or vastly cheaper..."

Just eleven percent think the impact would be negative. Business leaders are the most critical of the proposal, with one in four saying that free tuition would have a negative impact on the middle class. Still, a solid majority (65 percent) in this sector think free tuition would benefit the city's middle class.

### Eliminating tuition at the City University of New York

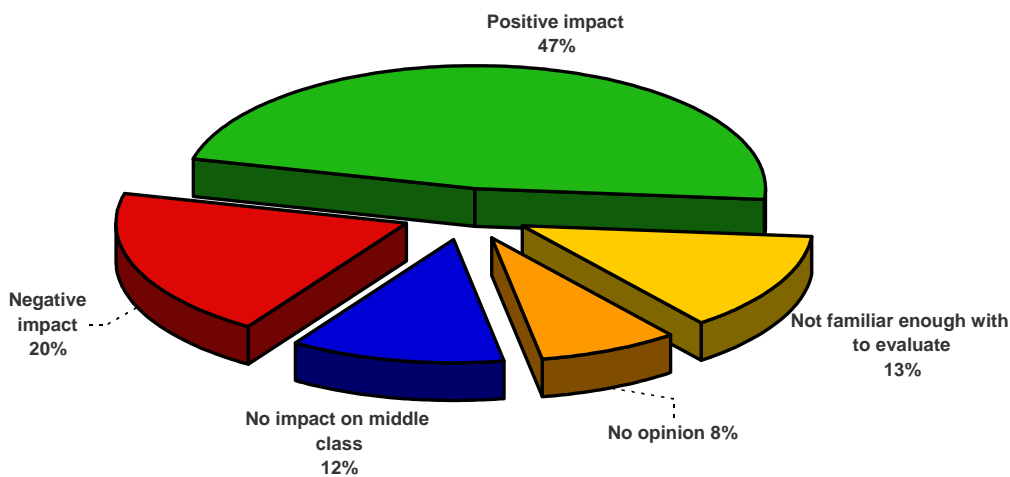


## Mayoral Control of the Schools Generally Seen as Positive for the Middle Class

47 percent of respondents say the mayor's direct control over the city's public schools has a positive impact on the city's middle class. Only twenty percent see the impact as negative, while twelve percent feel the policy does not impact the city's middle class at all. Those in the political sector, which include members of the Bloomberg administration, are most likely to see mayor control as positive (68 percent) and least likely to see it as negative (5 percent).

**AN IDEA FROM THE SURVEY:** "Schools should connect with industry to teach kids about the world of work and to connect them with meaningful internships and work experiences."

The Mayor's direct control over the city's public schools

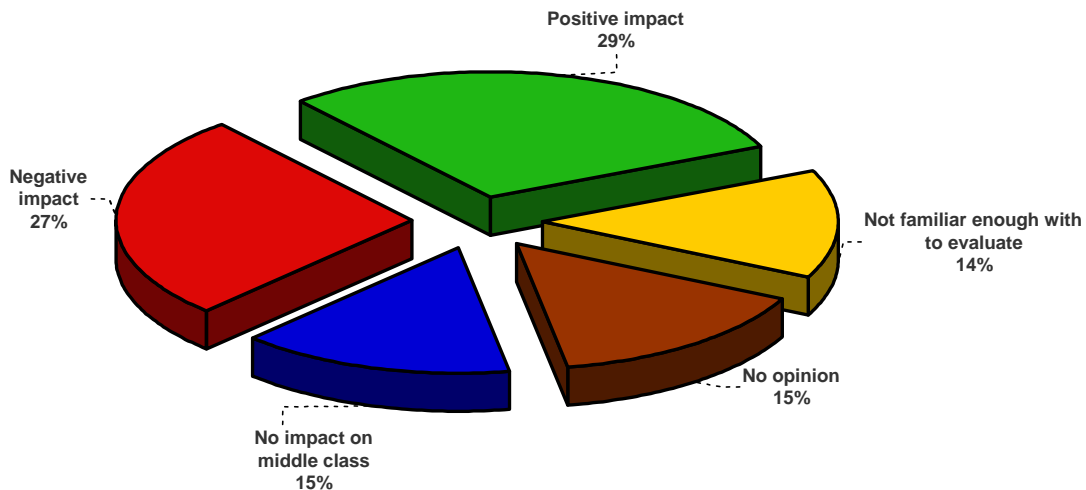


## School Vouchers Generally Seen as Negative, Opinions Mixed on Charter Schools

“Ensuring a good K-12 education for children” ranks fourth on the list of top challenges facing the middle class, but there is little consensus on some proposals to deal with this concern. Evaluations of a proposal to create more New York City charter schools are almost evenly split between 29 percent predicting a positive impact on the middle class and 27 percent regarding the impact as negative. Another 29 percent either have no opinion or state that they are not familiar enough with the policy to evaluate it. Business leaders are the most optimistic about charter schools, with 70 percent seeing the impact as positive and only ten percent seeing them as negative for the middle class. Leaders of civic organizations, a group that includes many labor unions, are the most disapproving of charter schools (45 percent). Leaders of advocacy groups are the most likely to say more charter schools would have no impact on the middle class at all (32 percent).

**AN IDEA FROM THE SURVEY:** “More money needs to be invested in public education, including more schools, more teachers, and better equipment. The school day should be longer and the curriculum should be more challenging: larger classes and too few teachers prevent students from realizing their potential.”

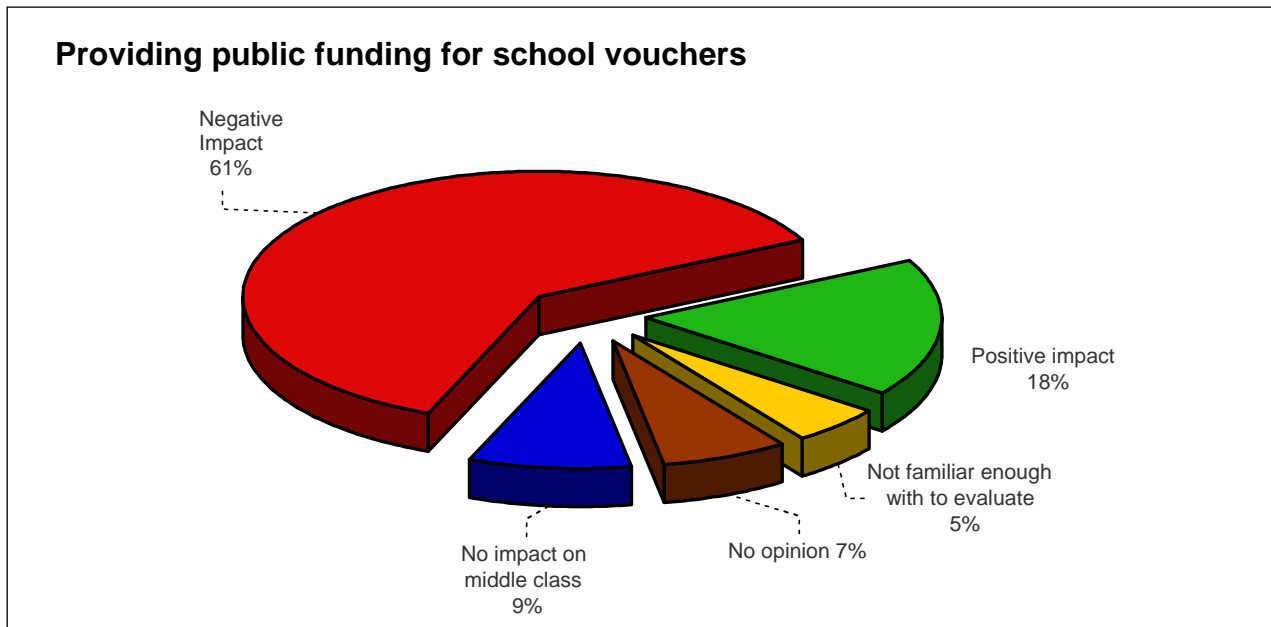
**Creating more New York City charter schools**



## SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
BY THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY

61 percent of respondents say that “providing funding for school vouchers to all parents, regardless of income, who want to send their children to private or religious schools” would have a negative impact on the middle class. Just 18 percent think the proposal would be positive. While business leaders have the most positive assessment of vouchers overall, a plurality (40 percent) still view the proposal as negative for the middle class, while just 25 percent see the impact as positive.



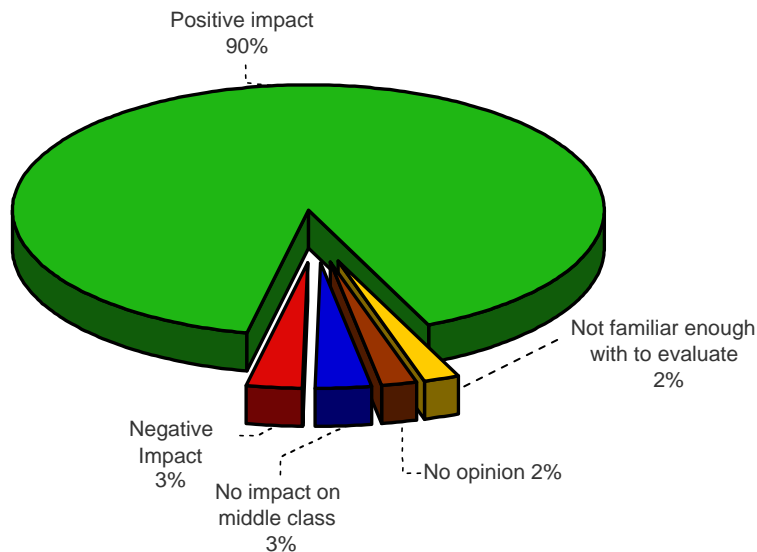
## People Receiving Welfare Should Be Allowed to Count Education as “Work”

Welfare policy can have a profound impact on whether people receiving public assistance remain trapped in poverty or can ultimately aspire to a middle-class standard of living. The 1996 federal welfare reform law gave states and localities the flexibility to determine whether time spent pursuing educational activities, such as completing a GED, attending college, or enrolling in job training, could count as hours of required work. New York City Mayors Giuliani and Bloomberg decided to strictly limit the amount of education that could be counted toward the required work hours, leading many people receiving public assistance to drop out of college.

**AN IDEA FROM THE SURVEY:** “Higher education is the single best avenue out of poverty in this city.”

The New York City leaders responding to this survey think the middle class would benefit from a policy reversal. 90 percent agree that it would be positive for the middle class to allow “recipients of public assistance to pursue educational opportunities as a way to fulfill work requirements.” Just three percent think the impact would be negative.

### Allowing recipients of public assistance to pursue educational opportunities to fulfill work requirements

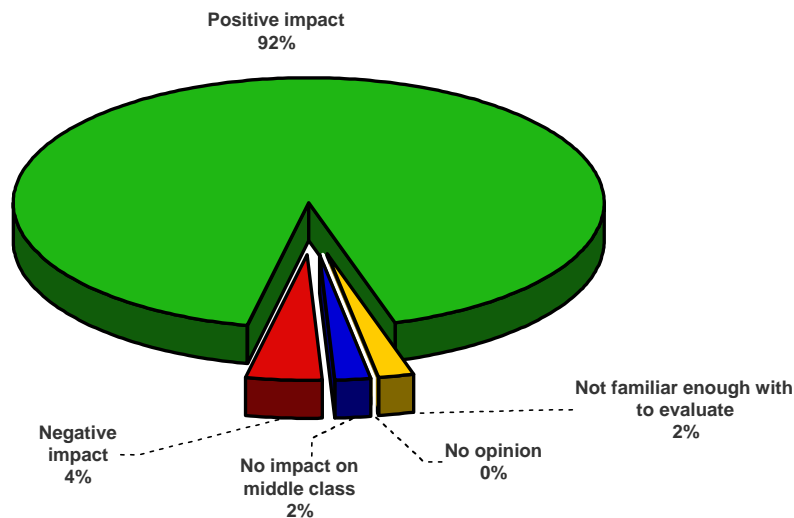


## Middle Class Would Be Helped if Businesses or the State Government Provided Health Insurance

An overwhelming 92 percent of respondents think expanding New York State's subsidized health insurance programs to cover middle-class families earning more than the current income limits would be beneficial to the city's middle class. Such a policy could include the state's Family Health Plus program, which presently offers free health insurance to individual adults making \$10,210 or less a year or a single parent with two children making \$25,755 or less a year.

**AN IDEA FROM THE SURVEY:** "[We need] a movement for universal health care coverage that is not tied to employment. New York can push the national envelope by establishing its own moves toward universal coverage. Cover the 500,000 uninsured children, maximize utilization of Medicaid, expand EPIC eligibility, [and] purchase drugs in bulk."

### Expanding current state-subsidized health insurance programs to cover higher incomes

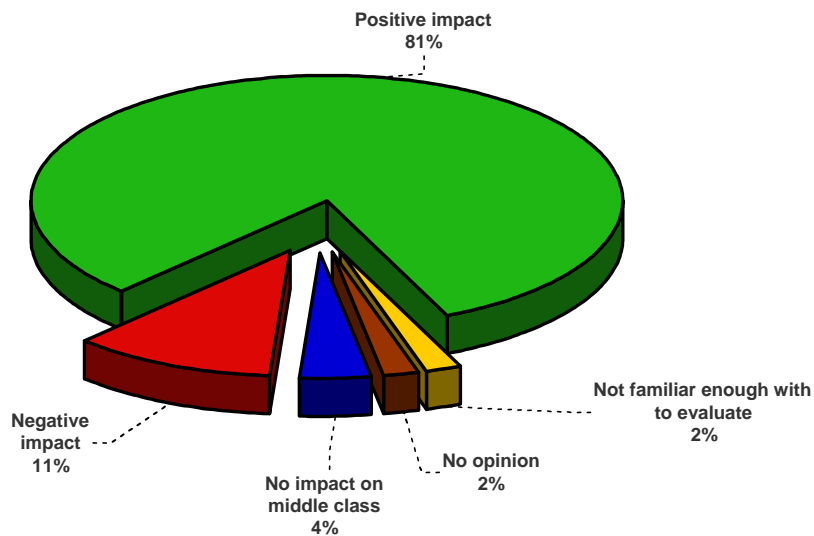


## SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
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Four out of five respondents, including solid majorities in every sector, also think that a law requiring New York City's large businesses to provide health insurance to all employees would positively impact the city's middle class. Only 11 percent think the impact would be negative.

### Requiring New York City's large businesses to provide health insurance to all employees



## Eminent Domain and Community Board Empowerment Are Controversial

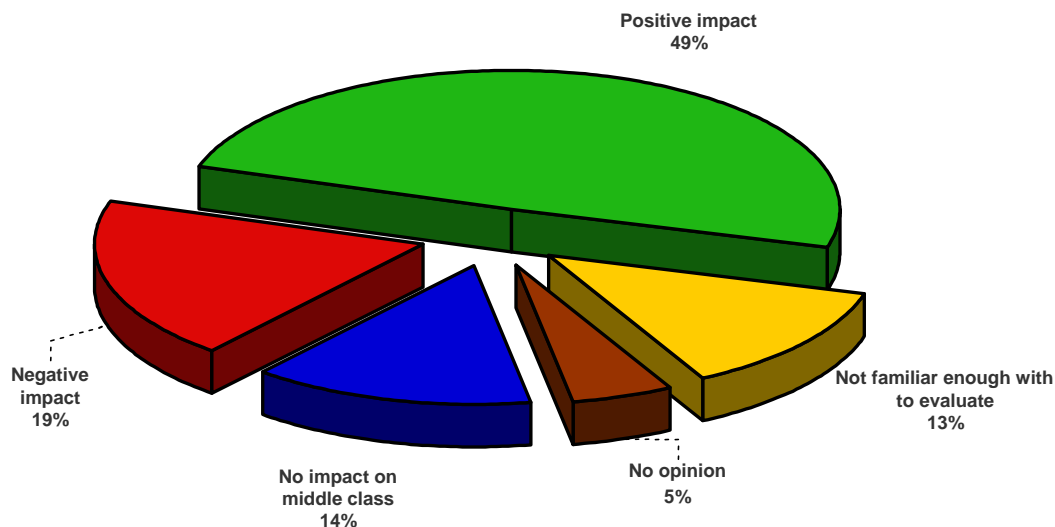
With issues of housing affordability topping the list of the city's middle-class concerns, questions about land use and development are bound to generate strong opinions. Nearly half of those surveyed say the middle class would be positively impacted if the city and state were

**AN IDEA FROM THE SURVEY:** "We need a community planning process with teeth, so that local people can have a say in the forces that affect their neighborhood and landscape."

banned from using eminent domain to take ownership of property for private development purposes. But 19 percent think banning eminent domain would have a negative impact on the middle class, and 14 percent don't think a ban would affect the city's middle class either way. Leaders of advocacy groups – a broad range of non-profit organizations with a political agenda – are

most likely (64 percent) to see banning eminent domain as beneficial to the middle class, while only five percent in this sector think such a ban would be negative.

**Banning the use of eminent domain for private development purposes**

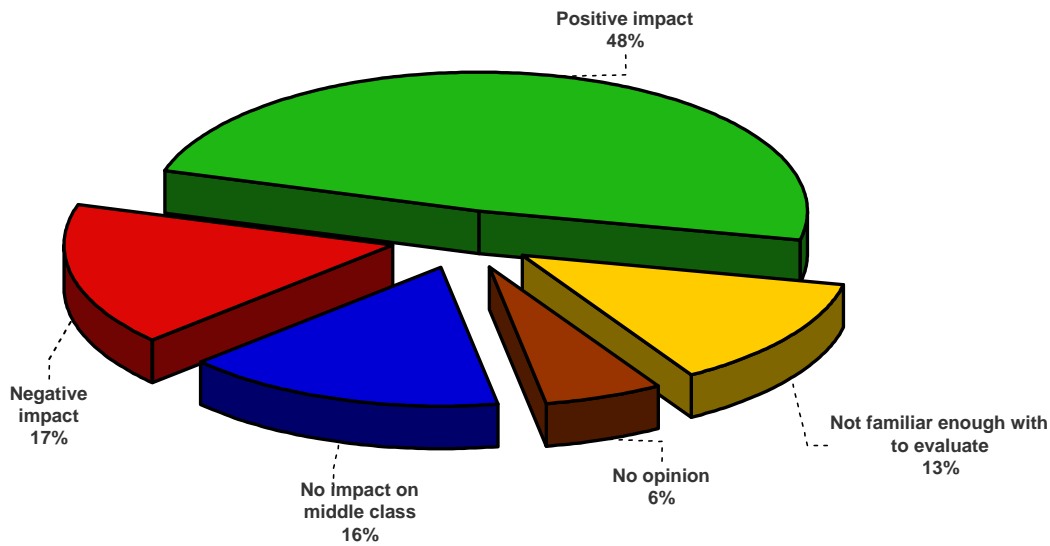


## SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
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While critics often argue that eminent domain disempowers community residents and property owners, the city's community boards are intended to serve the opposite purpose, giving local residents more control. Indeed, support for granting community boards more authority to make local zoning and land use decisions splits on similar lines to the eminent domain question, with nearly half of respondents saying that empowering community boards would be positive for the middle class, 17 percent predicting a negative impact, and 16 percent foreseeing no impact at all. In this case, it is political leaders (68 percent) who are most likely to see empowering community boards as positive.

### Giving the city's Community Boards more power over zoning and land use



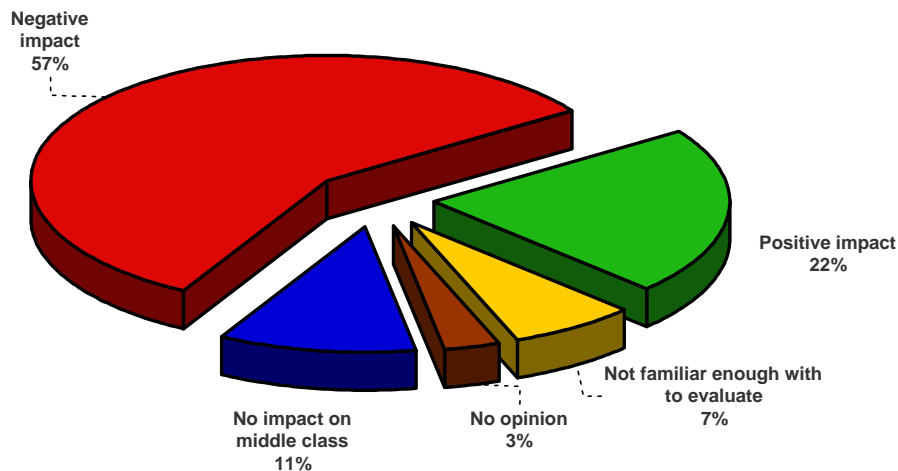
## Public Funds for Private Development Projects Controversial: Most See It as Negative

57 percent of respondents say the city's current policy of using public funds to assist private real estate development projects has a negative impact on the middle class, while only 22 percent think it is positive. Eleven percent argue that the policy has no impact on the middle class at all.

**AN IDEA FROM THE SURVEY:** "[The city should] recover past tax abatement when low cost housing is converted to high cost housing."

The question provokes deep disagreement within the sectors, however. A majority of business leaders (55 percent) say using public funds for private development is positive for the middle class, while just 15 percent think it is negative. Political leaders are also more likely than academics, advocates, or civic leaders to see development subsidies as positive or neutral: just 37 percent in the political sector view the policy as negative.

### Using public funds to assist private real estate development projects

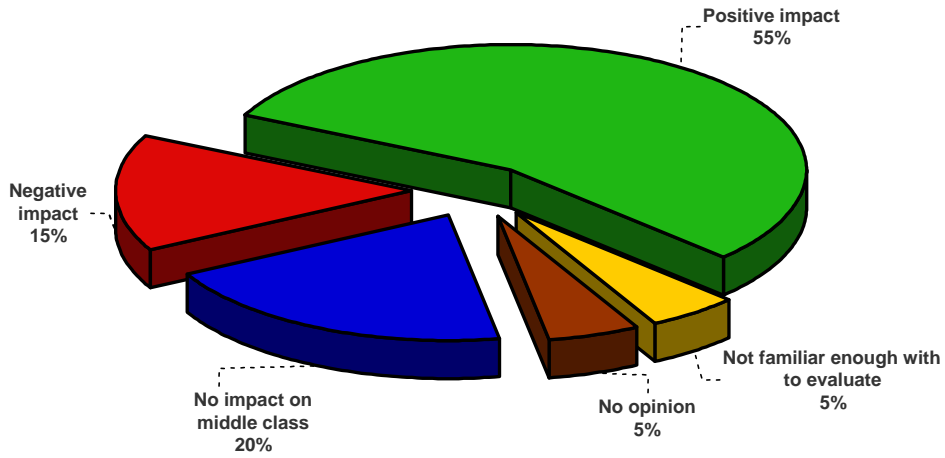


*(See the following page for snapshots of the business and political sector responses on this issue)*

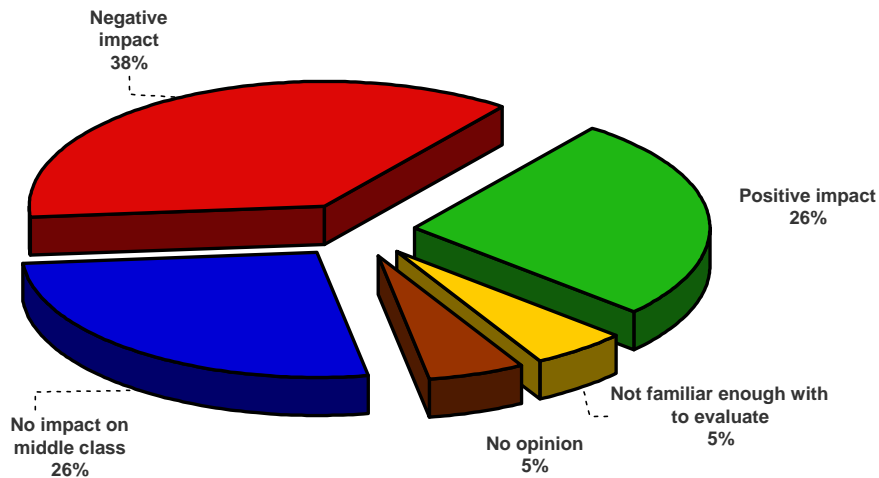
# SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
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## SNAPSHOT OF THE BUSINESS SECTOR: Using public funds to assist private real estate development projects



## SNAPSHOT OF THE POLITICAL SECTOR: Using public funds to assist private real estate development projects



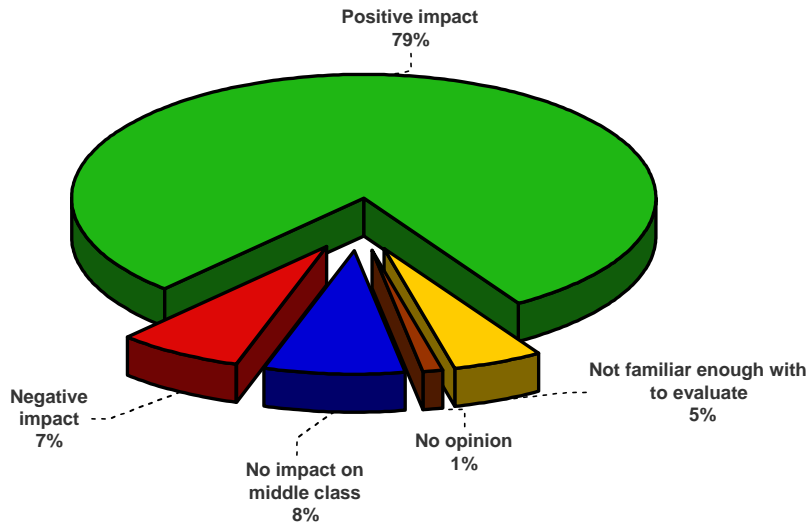
## Middle Class Would Gain from a Living Wage Law

79 percent of respondents agree that enacting living wage legislation at the New York City level would have

**AN IDEA FROM THE SURVEY:** "The corporate sector socializes the costs of poverty-wage jobs to taxpayers. Corporations are thus let off the hook and do not have to pay higher wages or create jobs with decent pay."

a positive impact on the city's middle class. Just seven percent think the effect would be negative. Sixty percent of business leaders, whose enterprises would be required to pay the living wage, agree that the measure would be beneficial for the middle class – a lower positive percentage than other sectors but significant nonetheless. Academics are most likely to champion living wage legislation, with 94 percent arguing it would be positive for middle-class New Yorkers.

### Enacting living wage legislation



## How to Pay for It? Reduce Waste and Fraud, Eliminate Tax Loopholes and Raise Progressive Income Taxes

Throughout our survey, New York City leaders say the middle class would benefit from policies that would require substantial new public investment to enact. How should these proposals be funded? The survey asks about both cutting the City's current spending and increasing taxes and fees, inviting respondents to identify all of the cuts and increases they would support.

Eliminating loopholes that enable profitable businesses to avoid income taxes is the most popular option, garnering support from 86 percent of respondents. Although our question was focused on the City, the general sentiment speaks well of Governor Spitzer's proposal to close corporate tax loopholes. Making personal income taxes more progressive is also a favorite, approved by 82 percent of respondents. In terms of spending cuts, reducing waste, duplication, and fraud in public services is the runaway favorite, with 83 percent of respondents supporting that option – more than twice as many as the next most popular choice of substantially cutting specific city services. The least popular options include increasing city sales or income taxes across the board and cutting spending on city programs across the board (a measure Mayor Bloomberg has sought repeatedly in his annual budgets), suggesting that targeted cuts and increases are considered a better idea than efforts to share the burden equally.

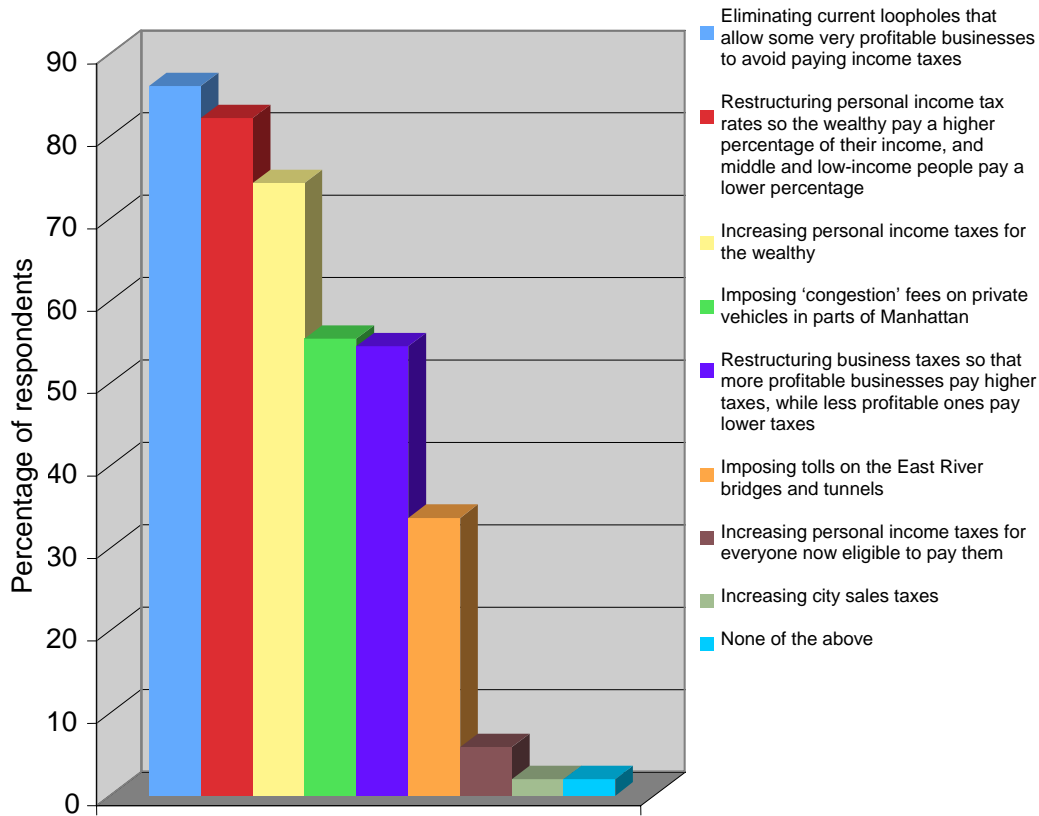
**AN IDEA FROM THE SURVEY:** "Provide publicly funded free universal daycare starting at three years of age and infant care for those who choose and demonstrate need."

*(Please see the next two pages for charts)*

# SAVING OUR MIDDLE CLASS

A SURVEY OF NEW YORK'S LEADERS  
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## Tax measures to increase city revenues

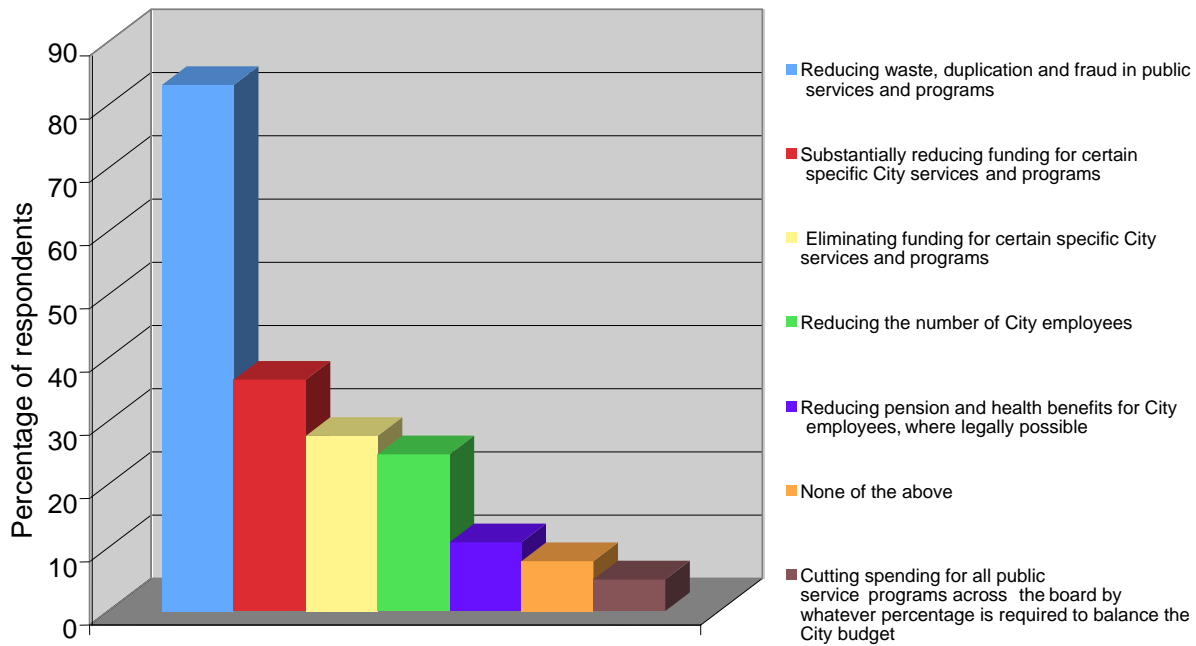


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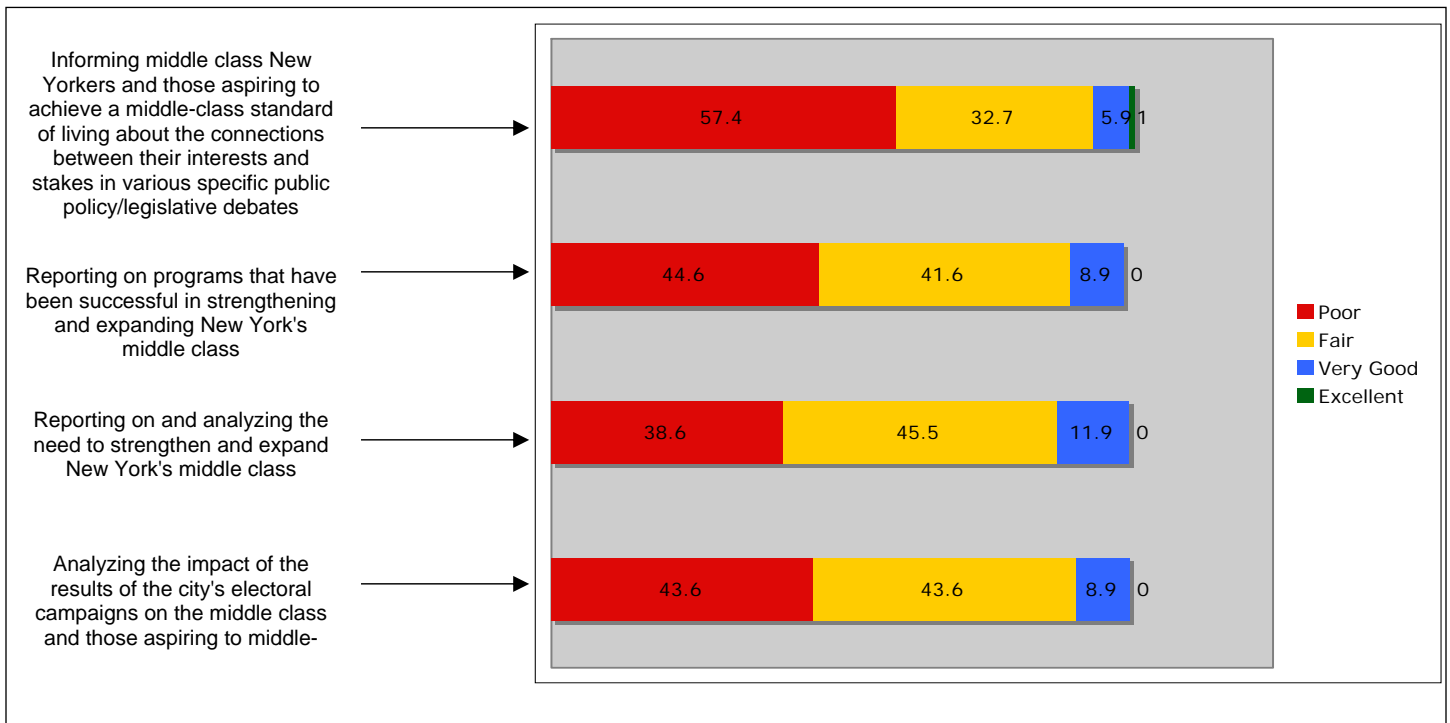


## Measures to reduce city spending



## Press Does a Poor Job of Informing Middle Class About Policies that Affect their Interests

57 percent of city leaders said the press did a poor job of informing current and aspiring middle-class New Yorkers about the connection between their interests and the stakes in public policy and legislative debates. Less than ten percent said the press did a “very good” or “excellent” job at analyzing the impact of electoral campaigns on the city’s current and aspiring middle class or at reporting on programs that have been successful in supporting the middle class. The best reviews came from reporting on the need to strengthen and expand the city’s middle class: twelve percent of respondents said the press was doing a good job on this.



# WHO IS THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY?



The Drum Major Institute for Public Policy is a non-partisan, non-profit think tank generating the ideas that fuel the progressive movement. From releasing nationally recognized studies of our increasingly fragile middle class to showcasing progressive policies that have worked to advance social and economic justice, DMI has been on the leading edge of the public policy debate. DMI is also noted for developing new and creative ways to bring its work to the advocates and opinion leaders that need it, from starting one of the first public policy weblogs to pioneering the use of Google Adwords to hold elected officials accountable for their votes on issues of importance to their constituents.

Originally called the Drum Major Foundation, DMI was founded by Harry Wachtel, lawyer and advisor to Rev. Dr. Martin Luther King, Jr. during the turbulent years of the civil rights movement. DMI was relaunched in 1999 by New York attorney William Wachtel, Harry's son, and by Martin Luther King III and Ambassador Andrew Young.

DMI's approach is unwavering: We do not issue reports to see our name in print or hold forums for the sake of mere talk. We seek to change policy by conducting research into overlooked but important social and economic issues, by leveraging our strategic relationships to engage policymakers and opinion-leaders in our work and by offering platforms to amplify the ideas of those who are working for social and economic fairness. From releasing an almost instantaneous analysis of the President's State of the Union Address to launching a fellows program that highlights the unique insights of activists, DMI consistently demonstrates that its reach extends far beyond the tired orthodoxies of both the right and the left.

Please visit [www.drummajorinstitute.org](http://www.drummajorinstitute.org) for more information.

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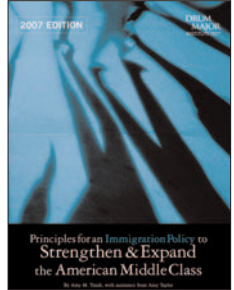
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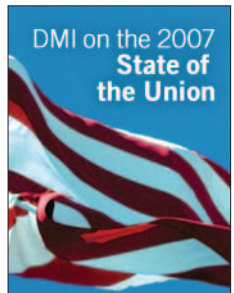
## PRINCIPLES FOR AN IMMIGRATION POLICY TO STRENGTHEN AND EXPAND THE AMERICAN MIDDLE CLASS: 2007 EDITION

March 2007/ This report finds that immigrants contribute to middle-class prosperity as workers, taxpayers, and consumers, while also concluding that undocumented immigrants' lack of workplace rights undercuts the middle class. DMI's complete immigration toolkit includes an update of our 2005 report, talking points, a discussion guide, legislative analyses, and Spanish translation.



## DMI ON THE 2007 STATE OF THE UNION

January 2007/ There was little for current and aspiring middle-class Americans in President Bush's State of the Union Address this year. DMI's "instant analysis," released just hours after the speech, examines the President's domestic policy agenda in-depth. We find that the President's proposals, at their core, are driven by a conservative ideology that doggedly protects the wealthiest Americans from tax hikes by sharply cutting social programs, while also absolving corporations of their obligation to protect the health and welfare of their employees by shifting those burdens to the workers themselves.



## THE 2006 DMI YEAR IN REVIEW

December 2006/ 2006 was the year of Systems Failure. Most Americans were tired of the status quo—on the war, on the economy, on the lapsed ethics of those entrusted to represent our interests. The result: on Election Day, they rebooted, ready to try again. The DMI 2006 Year in Review explores the year's best and worst of public policy, tunes into the voices of 2006 and profiles eight Americans advancing progressive policy. Also featured: a report from the front lines in six states and from the blogosphere, our recommended reading list, a recap of what the think tanks of the conservative right are up to and, as always, the 2006 Injustice Index.



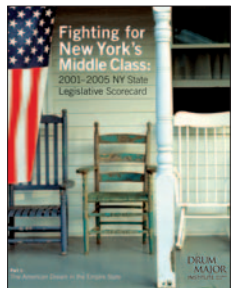
## CONGRESS AT THE MIDTERM: THEIR 2005 MIDDLE-CLASS RECORD

June 2006/ In vote after vote, Congress disdained the concerns of middle-class Americans and opted instead to favor the already wealthy and powerful: a surefire recipe for a shrinking middle class. This report takes a closer look at those decisions and issues each member of Congress, as well as the House and Senate as a whole, a letter grade based on their 2005 votes on legislation critical to expanding and strengthening America's middle class.



## FIGHTING FOR NEW YORK'S MIDDLE CLASS: 2001–2005 NY STATE LEGISLATIVE SCORECARD

March 2006/ Who voted to support the American Dream in the Empire State? The New York State legislature has been called the most dysfunctional in the nation, but it is far from powerless. The scorecard looks at twenty pieces of legislation over the last five years, from the minimum wage to the high cost of car insurance, and assigns each state senator and assembly member a grade based on his or her votes in support of—or against—New York's current and aspiring middle class.



## A LOOK AT THE IMPACT SCHOOLS

June 2005/ A demographic profile of the middle and high schools targeted by the "Impact Schools" safety initiative. This report finds that high levels of crime and disorder aren't the only characteristics that distinguish the Impact Schools from their peers in the New York City public school system.



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The Drum Major Institute for Public Policy is a non-partisan, non-profit think tank generating the ideas that fuel the progressive movement. From releasing nationally recognized studies of our increasingly fragile middle class to writing landmark analysis showing that a progressive immigration policy is in the best interest of America's current and aspiring middle class, DMI has been on the leading edge of the public policy debate. For more information, please visit [www.drummajorinstitute.org](http://www.drummajorinstitute.org).

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