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**Hunger Action Network of New York State  
 Human Services Budget Hearing Testimony to the Joint Hearing of the  
 NYS Assembly Ways and Means Committee and the Senate Finance Committee  
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Hunger Action Network of New York State is a statewide membership organization of direct food providers, advocates and other individuals whose goal is to end hunger and its root causes, including poverty, in New York State. The dire straits confronting so many low-income New Yorkers highlights the need for the state to both strengthen the safety net and help create new jobs.

New York should increase funding for emergency food programs by \$4.3 million. Increased funding should be provided to match food stamp (SNAP) dollars used at farmers markets to purchase healthy foods. We support the Governor's proposal to expand participation in federal nutrition benefit programs by increasing funding for the Nutrition Outreach and Education Program.

**Fulfill the Promise of the Third Year of the 10% Hike in the Basic Welfare Grant**

We urge the State legislature to restore the agreed upon 3rd year increase in the basic welfare grant to the full 10% a year. Putting money into the hands of extremely poor New York households is the best way to stimulate our economy.

After waiting 19 years for a raise in the basic grant, welfare recipients are being asked to wait again. During their initial 19 years of waiting, welfare recipients already lost over 60% of the purchasing power of their grant for the barest necessities of life. Remember that more than half of welfare recipients are children. They are not waiting for salary bonuses or a new car, they are waiting for food, shelter, and clothing.

Every dime sent to these families goes straight into the local economy supporting small businesses and jobs. As government, academics and economists' studies have shown over and over—sending cash benefits to poor people vastly outranks tax breaks for the wealthy as a means of stimulating the economy in a recession because the money gets spent and circulates far more immediately and efficiently.

The value of the welfare grant had fallen to less than half of the federal poverty level before the recent small increase. Even today it is still only 70% of its 1990 purchasing power - which itself was grossly inadequate. Even with the increase, the maximum allowable grant falls at approximately 50% below the federal poverty level at \$8,652 per year for a family of 3 in New York City.

The welfare grant has two main components. The shelter grant, which is supposed to pay for housing costs, is so low that almost all households have to use at least part of the basic grant to supplement it. The basic grant is supposed to pay for other necessities, including household items, cleaning supplies, transportation and food costs. Families' food stamp benefits are calculated on the assumption that the welfare grant covers part of the food budget.

The 1996 changes to TANF turned the federal welfare payments into a block grant. Since the number of welfare participants has dropped dramatically over the last 15 years, the state receives an annual \$1.4 billion surplus from TANF (the difference between the benefits paid and the block grant). While OTDA likes to say that their core mission is to provide benefits to welfare participants, it keeps benefits low while diverting \$960 million annually to the local districts as a block grant, Flexible Fund for Family Services (FFF). These funds largely end

up being used to provide fiscal relief to the counties and NYC. If the Governor needs \$6 million dollars to pay for the full welfare grant hike, he could cut the FFF. In this case, he wants to increase FFF by \$13 million, so he could just cut the increase in half.

The Governor proposal denies a modest increase to the State's poorest families. In most respects, New York remains mired in a deep recession, and the hardships endured by the poorest New Yorkers are particularly pronounced. As of 2010, more than 16% of New Yorkers – over three million people – had income below the federal poverty level, and the child poverty rate exceeded a shocking 21%. Even more disturbing, approximately 7% of New Yorkers, or nearly 1.3 million people, have incomes lower than half of the federal poverty level, a condition known as deep poverty. Half of unemployed New Yorkers have been out of work for more than six months, and 29% have not had a job for a year or more. Many of those turning to welfare for aid have long records of successful employment. Despite this reality, fewer than one-third of those eligible and in need are actually receiving public assistance.

Even when fully implemented, the maximum allowable grant (basic plus shelter) will still fall approximately 50% below the federal poverty level (\$8652/ year for a family of 3). The grant increase (from \$750 to \$780/ month according to Governor, including the shelter allowance) is the equivalent of only about \$1/day for a family of three, and is intended to help families meet all essential needs including such basics as rent, utilities, laundry, diapers, and school supplies.

The welfare grant has not kept pace with cost of living increases. In the 22 years since 1990, the cost of living in New York has risen by more than 70%; during that period, the welfare grant in New York has increased by 20%. The grant has thus, for many years, left poor New York families continually less able to meet their most basic needs, forcing them to focus more on survival than on doing what needs to be done to improve their lives. At a bare minimum, the insufficient but essential increase pledged by the legislature and the governor must be implemented in the 2012 session.

### **Raise Funding for emergency Food Programs by \$4.3 Million**

Hunger is a major problem in New York State. Statewide, the number of individuals using emergency food programs has increased by 60% over the last four years, to more than 3 million annually. Yet state funding for emergency food (Hunger Prevention and Nutrition Assistance Program) has remained stable at \$29 million as food prices have increased and federal funding (TEFAP, EFSP) have suffered significant cuts.

Nearly a third of the state are either poor (15%) or near poor (below 150% of the poverty level); 40% of the residents in NYC fall below 200%. Poverty in upstate cities is incredibly high, from 28% in Albany to 34% in Rochester and Syracuse. Childhood poverty rate ranges from 43 to 51% in upstate cities. Over 3 million New Yorkers now use emergency food programs and receive SNAP (food stamp) benefits.

An analysis of recent U.S. Department of Agriculture (USDA) data, conducted by the New York City Coalition Against Hunger, found that nearly 500,000 city children, or one in four, live in families that cannot afford an adequate supply of food. One in six NYC City residents, 1.47 million New Yorkers, live in food insecurity, struggling against hunger.

A separate survey of New York City soup kitchens and food pantries found that demand at city food pantries and soup kitchens grew by 12 percent this year – on top of a seven percent increase in 2010 and a 21 increase in 2009. I

It also found that 79 percent of New York City's soup kitchens and food pantries suffered from cuts in government food and funding in 2011. One of the reasons that this number is so high is that the federal

Emergency Food and Shelter Program, which funds hundreds of city pantries and kitchens, was cut by 40 percent as part of the budget deal that President Obama struck with the Congressional leadership to keep the federal government running in 2011. To make matters worse, the Coalition's survey showed that 55 percent of the city's pantries and kitchens obtained fewer private donations in 2011 than in 2010.

### **Fund Jobs Programs for Low-income New Yorkers**

New York should allocate \$100 million of its billion dollar plus surplus from TANF to provide job opportunities for low-income New Yorkers. Career Pathways, Transitional Jobs, the Green Jobs Corps and the Wage Subsidy program.

New York should do a cost benefit analysis of its various welfare to work programs. It should be a well financed, peer-reviewed social research project, including a longitudinal outcomes study of welfare participants, comparing not just upfront but long-term costs of traditional workfare, its outcomes and associated costs like Medicaid and child support, with the total costs and outcomes generated for those individuals who participate in SE programs.

OTDA concedes that wage-based welfare jobs programs are the most effective in moving people into jobs yet it fails to invest substantial funds in such efforts, instead wasting our tax dollars on unproductive workfare programs. Their apparent rationale for not better utilizing the most effective job subsidy programs is the higher initial investments. Yet a recent study by the Fiscal Policy Institute found that such job programs pay for themselves within three years due to higher rate of employment and earnings and less frequent returns to welfare.

New York State's unemployment rate has reached crisis levels. A national study found that, among the lowest income households, unemployment rates have reached levels exceeding the worst unemployment rates of the Great Depression.

As Hunger Action Network, many advocates and the federal Health and Human Services have documented, New York State has done poorly, much worse than other states, in moving individuals from welfare to work. NY has consistently been ranked by the federal government as among the worst (e.g., 48th) in moving welfare participants into employment and increasing their earnings. New York has always relied much more on workfare and WEP than other states, even though it is administratively expensive and has been found in study after study over the last three decades to be ineffective in increasing employability or earnings.

Thousands of individuals have entered the low-wage, low-skill job market since welfare reform was enacted. However, getting a job seldom lifts people out of poverty or even keeps them off the welfare rolls for good. Most welfare leavers work at or below poverty wages (except those fortunate few who obtained a college education) with the average wage in 2008 just \$8.50 an hour which is barely above the state's minimum wage.

We have long pointed out that the Jobs First approach has been a failure and should be discarded. We won't repeat the arguments here. A major problem is that the local districts fail to provide job training or education assistance to improve employability once the individual is placed in a job - which is usually a dead end one, with poverty wages and no benefits. Nor are the districts successful in helping people finding employment. Instead Jobs First serves as a barrier to providing assistance, resulting in a 50% decline in the number of eligible poor children now being helped. Individuals now receiving assistance are far more likely to have multiple barriers to employment than before welfare reform began and need far more assistance in becoming employable.

Thus we were encouraged that as part of the economic stimulus package, the federal government provided \$1.2 billion in extra welfare funds to NYS over an 18 month period, primarily to fund jobs programs for TANF eligible participants or to provide one time payments. For every dollar the state allocated for such programs, the federal government would provide four dollars; and the dollar the state provided could be a federal dollar.

In 2009-10 the state funded \$70 million in a variety of job related programs - transitional jobs, green jobs, health jobs, and wage subsidies. Unlike workfare, participants would receive a paycheck. And in several of the programs participants would receive up to 8 hours a week of paid education and training.

Unfortunately, by 2010-11, NYS Division of Budget had determined how the state could pull down these federal dollars based on existing spending patterns rather than funding the initiatives targeted by the federal stimulus package. So, only \$14 million was provided in the current year's budget for such job initiatives. Last year, Governor Cuomo proposed eliminating all funding for such effort. The state legislature did provide a few million dollars for the long standing wage subsidy employment program for welfare participants.

The state basically diverted huge amounts of jobs money to pay ongoing state welfare expenses and help defray budget deficits rather than responding to people in severe crisis. In the end, only \$85 million, *less than 7% of the total federal recession relief funds*, was used for the innovative and much needed subsidized employment and Career Pathways programs.

Other states, almost all of which received less money than New York did, were considerably more aggressive and proactive in using their federal assistance. The Center for Budget and Policy Priorities and the Center for Law and Social Policy (CBPP & CLASP) have studied all of the 39 states that used the TANF Emergency Fund for subsidized employment.<sup>1</sup> In the table below, we have excerpted from their national overview, highlighting states that invested more heavily and created more subsidized employment positions with their federal money in the chart below, including California, whose budget crisis dwarfs New York's:

**CBPP/CLASP Chart of States' Use of TANF Emergency Fund for Jobs**

State	Subsidized Jobs	Summer Youth Jobs	Total Jobs Created
Illinois	29,092	6,624	35,716
California	21,000	25,000	46,000
Pennsylvania	14,000	13,000	27,000
Texas	7,230	24,000	31,230
Washington	7,200	0	7,200
Minnesota	6,802	3,500	10,302

<sup>1</sup> Pavetti, LaDonna, Liz Schott & Elizabeth Lower-Basch. *Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund*

Florida	5,498	0	5,498
Georgia	2,300	14,800	17,100
Kentucky	4,848	5,993	10,841
New York	4,217	0*	4,217

*\*NOTE: This chart maps out specifically the use of the TANF Emergency Fund. NYS did fund summer youth employment programs but not with this particular funding stream.*

Hunger Action Network considers the transitional jobs program to be the most promising of the Subsidized Employment experiments that have been launched because it requires several hours a week of training and education time as a compensated component of the job. Districts establishing a Transitional Jobs program are expected to provide a subsidized employment placement for up to twelve months at an hourly rate of at least \$8.00 per hour for up to 28 hours per week of paid employment and at least 7 hours per week of paid education and training activities to help prepare individuals for local employment opportunities. The combination of the subsidized employment with the education/training permits participants to develop workplace skills while also enhancing education attainment and/or job skills to support permanent job placement at or before the end of the transitional job.

### **Other Job Initiatives for NYS**

New York State should invest in public jobs creation, including constructing affordable housing and other capital projects. According to Prof. Phil Harvey of Rutgers, A WPA style jobs program to create 500,000 jobs would cost about \$14.3 billion - equal to the size of the rebate of the stock transfer tax. Wages would pay in the mid-teens per hour. Jobs would be tailored to meet the unmet needs of the community, such as child care, construction work (e.g., the rehabilitation of abandoned or sub-standard housing), conservation measures (e.g., caulking windows and doors in private dwellings), the construction of new affordable housing units, and parks improvements. The program also could expand and improve the quality of public services in areas such as health care, child care, education, recreation, elder care, and cultural enrichment.

The state should enact policies that target government subsidized job openings to low-income households. For example, "corporate subsidies" and public contracts should be tied to the hiring of public assistance participants and other low-income New Yorkers to fill entry-level positions.

New York State should ensure that a minimum of 15% of labor hours and job training hours connected with the Green Jobs, Green NY program are targeted to welfare recipients and other low-income people.

New York State should create a Build NY Task Force on Construction Jobs of community-based and labor stakeholders to create strategies and set policy goals to ensure that unemployed and low-income people are prepared for and can gain access to good, permanent jobs in the construction industry: especially via an improved employment and training infrastructure of outreach, pre-apprenticeship programs, accountable apprenticeship monitoring and hiring compliance protocols, and on-the-job troubleshooting to improve new worker retention.

The Governor's office and the NYS Departments of Transportation (NYSDOT) and Labor should increase statewide county-by-county Equal Employment Opportunity hiring targets as a starting point. Low-income hiring goals should be established for public work projects such as bridges (e.g., Tappan Zee, Peace Bridge, Kosciuszko Bridge on the BQE).

New York State should ensure that corporate subsidies and tax credits result in the creation of jobs in New York State, promote the hiring of New York State residents and ensure that the jobs created are distributed throughout the state.

### **Make Work Pay for Welfare Participants**

**Eliminate the 185% of Standard of Need (SON) income eligibility requirement for Public Assistance and Increase the Earned Income Disregard (EID) (A.3425); Extend EID to all households, including those without dependent children.**

The current State Social Services Law makes families ineligible for public assistance once their income reaches 185% of the Standard of Need (SON) for their household size and county of residence. Since this measure now falls below the federal poverty level in all counties, families are disqualified for public assistance even before they earn up to the federal poverty level. Although the federal poverty is a severely inadequate measure, it is adjusted upward every year to reflect the rise in inflation. The gap between the income eligibility level (fixed at 185% of SON) and the poverty level increases each year. This means that each year families need to fall more deeply into poverty before they are eligible for public assistance.

The Earned Income Disregard (EID) allows welfare recipients who begin a job, but earn low wages, to increase their income by not counting each dollar earned against the benefits they receive. This enables low wage earners to retain some of their cash assistance and provides a more sustainable income level.

Hunger Action support A.3425 (Wright), which would eliminate the 185% SON and increase the EID to 67% as a step in the right direction. However, the State should ultimately increase the EID to 100% of wages below FPL to stabilize economic security for families as they increase their earnings to rise out of poverty. The state should also extend the EID to all households receiving public assistance including those without dependent children. (Information provided by FPWA)

**Reduce the welfare application time frame for Safety Net applicants from 45 to 30 days, bringing it in line with Family Assistance requirements (A.4840).**

A. 4840 (Wright) would equalize the application time line for Family Assistance and Safety Net applicants. The current law provides that districts cannot provide assistance to Safety Net applicants until the 45th day after submission of an application regardless of need. Family Assistance applicants' benefits must be determined and provided by the 30th day after the submission of an application. Households of varying sizes and composition applying for welfare are often in deep crisis and need assistance as quickly and consistently as possible.

### **Child care**

We appreciate that the Governor has proposed \$93 million in state funding to offset the loss of a similar amount of TANF funding. Unfortunately that still leaves the state about \$70 million below the child care funding for 2009-10.

A partial solution to save Child Care dollars for low-income working families would be to **enact A.8101 (Titus)/S.5586 (Savino).**

This bill would temporarily modify work requirements for welfare recipients who are single-parent heads of households. (SPHH) to significantly reduce spending on TANF child care subsidies. We propose this temporary exemption for single parents who have a child up to age one. This will produce real savings this budget year.

The exemption would protect non-TANF child care subsidies from cuts and allow the working poor to remain in their jobs. This is consistent with the Assembly's position of helping the working poor and protecting safety-net programs.

We need to protect low-income working families. Current cuts to child care subsidies for the working poor undermine their ability to stay in the work force and off of welfare. This proposal will produce savings necessary to mitigate these cuts and cuts in other areas of the budget.

Single parents on public assistance with children up to age one would have the option of staying home to raise their infants rather than being required to work. New York State already has work-related activity exemptions for single parents. For example, a person would be exempt if they were caring for an ill or incapacitated person or in their last month of pregnancy or they themselves are ill. Single parents with children less than 3 months old are already exempt from work requirements.

California, during a budget crisis, enacted statutory changes which allowed counties flexibility for a two year period to grant exemptions for welfare to work participation. They saved over \$215.3 million dollars. We believe New York can save \$27 million or more.

Finally, New York State would not experience a back-end loss in tax revenue for the PA employed population. According to OTDA's December 2010 monthly report, the average gross monthly income for SPHHs was \$842 per month after application of disregards, which equates to \$10,104 per year. Because of standard deductions, the population of PA employed individuals who would qualify for a work-exemption under this proposal earn too little to have to pay New York State taxes each year.

### Winning Beginning NY's Vision of an Early Care and Learning System

An early childhood system seeks to achieve three goals: early learning, healthy children, and strong families. Learning begins at home and continues in other settings. In order to learn, children must be physically, mentally and emotionally healthy. Families are understood to be the foundation of this healthy development and are supported as such. *Winning Beginning NY's* vision of an early care and learning system is one that ensures that:

All young children have access to the early care and learning services that they and their families need.

Every community offers families the array of family supports and services, responsive to cultural and linguistic diversity, that are needed to raise healthy children.

All early care and learning programs – in schools, early childhood centers, family child care homes, and including home visiting and after school – meet consistent, rigorous quality standards, promote inclusion, and are accountable for their performance.

Every early care and learning professional is well prepared and has access to ongoing professional development.

Equally credentialed early care and learning professionals are equally compensated, regardless of setting.

A state-level Early Childhood Advisory Council addresses issues pertaining to our youngest children.

Adequate financial resources support the system.

### **Preserve the Neighborhood and Rural Preservation Programs**

The Governor is seeking the elimination of the Neighborhood Preservation Program and the Rural Preservation Program funded at \$12 million. These programs are usually restored by the legislature. The programs help leverage well over \$ 20 for every State dollar provided, promoting significant investment in low-income neighborhoods where private dollars normally don't go; they help stabilize neighborhoods and whole municipalities; and, they prevent thousands of evictions annually, which alone provides savings that dwarfs the State's \$ 12 million contribution.

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We oppose such cuts. Affordable housing remains perhaps the State's most intractable problem. Housing insecurity underlies all other economic security issues for New York's residents. When people are spending 40%, 50%, 60% and more of their limited income for housing, all facets of their lifestyles are compromised.

The Neighborhood and Rural Preservation Programs provide grants to cover the costs of not-for-profit community groups engaged in a variety of housing activities ranging from housing development and rehabilitation to homebuyer counseling and tenant assistance. These not-for-profits are known as Neighborhood and Rural Preservation Companies (NPCs and RPCs). Since 1990, NPCs and RPCs have played an instrumental role in the creation of tens of thousands of units of affordable housing. According to the New York State Homes and Community Renewal (HCR), on average for every dollar invested in an NPC the company was able to leverage an additional \$40. The number for Rural Preservation Companies is even larger, with the groups being able to leverage \$209 for every one dollar the State invested.