

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
By Susan Zimet, Executive Director
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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.

Raise the Welfare Grant

The average welfare grant in New York – the basic grant plus shelter allowance – falls below 50% of the federal poverty level. We support raising the welfare grant above the poverty level. Short term we support raising the shelter allowance to at least 50% of the fair market rent in each county.

The low level of the state's welfare grant, combined with stricter eligibility requirements and local district diversion policies, are a significant factor in the high rate of child hood poverty in New York.

In New York State, all New Yorkers, and particularly the most vulnerable, should be afforded the opportunity to prosper and to access assistance that will provide sufficient basic resources when they are unable to. Unfortunately, New York State has the dubious honor of ranking fourth for the highest number of people living below the federal poverty line in the country. In our upstate cities, children fare the worst, with over 50% of children in Rochester, 49% in Syracuse and 46% in Buffalo living in poverty. New York must address the public assistance program's shelter, fuel and heating allowances, which are vastly out of line with actual costs, pushing families into "doubling up" in overcrowded housing, living without heat or in otherwise unsafe dwellings, and all too often pushing them into homelessness

It has long been the case that the public assistance grant in New York does not realistically enable a family to meet even their most rudimentary needs. The maximum grant in Onondaga and Erie Counties brings a family to 41% of the Federal Poverty Level; in Nassau County, the grant is equivalent to about 50% of the FPL. Even with a household's SNAP benefits included, a family living on public assistance anywhere in New York State must struggle to make do on income that keeps them far below the poverty level.

But as inadequate as the public assistance grant may be in general, the two key components of the grant that relate to housing are perhaps the most dramatically disconnected from the real lives of low income New Yorkers. These are the shelter allowance, which hypothetically enables households to pay the rent or the mortgage, and the fuel for heating allowance.

The Shelter Allowance:

In Albany County, the Fair Market Rent for a one-bedroom housing unit is \$750, but the maximum shelter grant that the Albany DSS will provide for a household of two is \$279. In Suffolk County, the FMR for two bedrooms is \$1613, while the Suffolk DSS shelter grant for three people is \$447. In most counties the public assistance rent allotment does not come to even half of the FMR. And in the New York City suburbs, home to many more low income families than is generally acknowledged, the funds for rent that DSS provides is rarely even a third of the local FMR.

The gross inadequacy of the welfare rent allowances is certainly one reason that, for the 2012-13 school year, the Brentwood, Suffolk County, School District identified 357 homeless children, the Syracuse district identified 957 homeless children, and Rochester found 1,820 children to be homeless. And these figures don't take into account the many families living in substandard housing or families doubled up in housing ill-equipped for the number of residents.

The Fuel for Heating Allowance: The inability to keep a home adequately warm, or the need to heat only part of one's home because of unaffordable heating fuel, is a critical problem for low income individuals living in upstate New York. Although the public assistance grant provides a small adjustment for heating costs, it has not been revised since 1987. For low wage earners, the exorbitant cost of heating fuel often plunges them into crisis. In the 2013-14 heating season, the New York State issued more than \$56 million in emergency Home Energy Assistance Program (HEAP) heating benefits to 122,303 households who were unable to pay their ongoing heating costs, even after receiving regular HEAP benefits.

Although HEAP provides families with some relief, it's not enough. New York State provides low income families who receive Temporary Assistance (TA) and pay their own heating costs with a grant that is intended to meet the costs associated with the energy required to heat their home. These fuel for heating allowances are county specific, based on a twelve month heating season, the TA household size and the recipient's primary heat source. The allowances, which have not changed in almost 30 years, are grossly inadequate. For example, a family of four in Monroe County receives an allowance of \$54 per month, and has since the rates were set in 1987. Since that time, energy rates have increased dramatically, making the allowances inevitably inadequate and resulting in families' inability to pay their bills. On average, residential natural gas delivery costs have doubled since 1987. The cost of residential electricity has increased by almost 35% since just 2000. Meanwhile, the fuel allowances have not responded to increased energy costs in any way.

A fundamental premise of our advocacy around the inadequacy of the public assistance housing and fuel for heating allowances is the belief that stable and decent housing is of vital importance to the well-being of families and individuals. Even a brief survey of relevant research amply demonstrates that stable housing is crucial for optimal child development, for educational success and for the overall mental and physical health of families. But the current TA housing and fuel for heating allowances not only don't ensure access to stable housing, but rather they vastly increase the risk of unsafe homes, overcrowding, frequent involuntary moves and homelessness. It is essential that New York State address these inadequacies by adjusting benefits to reflect actual costs and to pursue creative solutions that will effectively fight poverty and enable families to thrive. Far too many low income New Yorkers must endure a constant state of crisis in terms of their ability to secure and retain decent housing. Enactment of these proposals would put us on a path towards alleviating this crisis.

Short term steps.

The legislature should require OTDA to conduct an immediate study of the adequacy of the shelter, basic grant and utility components of the welfare grant. The study should also quantify the costs of sheltering homeless families and single individuals in each county. The study should be required to be repeated every 3 years and used to assess the ongoing adequacy of each studied component. The study should be completed within 90 days of passage of legislation and delivered to the Governor, both houses of the legislature and posted on their website within 10 days of completion.

New York should increase the shelter allowance to 50% of the Fair Market Rent statewide as an immediate down payment to better meet the housing needs of families and singles on welfare and to proactively avoid the increased costs of homelessness resulting from the inadequacy of the shelter allowance. Upon completion of OTDA's study the shelter allowance should be further increased to a level deemed adequate to keep welfare recipients in appropriate housing.

Until completion of the study a moratorium should be placed on recoupment of overpayment of fuel and utility costs that have resulted from the inadequacy of the fuel for heating allowance. Upon completion of the study the allowance should be raised to a level that is consistent with the actual cost of utilities and heat. If they deem it helpful in achieving administrative efficiencies, counties should have the option to suspend all recoupments during the moratorium period.

**Fund Jobs Programs for Low-income New Yorkers
Phase out Workfare /WEP - \$15 an Hour Minimum Wage**

New York should allocate at least \$100 million of its billion dollars plus surplus from TANF to provide job opportunities for low-income New Yorkers. Programs to have funding restored and increased include Career Pathways, Transitional Jobs, the Green Jobs Corps and the Wage Subsidy program. Funding should also be restored to the Wheels to Work program to make it easier for participants to access jobs at higher wages. We support increased funding for the Summer Youth Jobs program.

We would end the nearly billion dollars (\$964 million) provided as fiscal relief to the counties as the welfare block grant (Flexible Fund for Family Services) and instead invest those funds directly in jobs for participants as well in higher PA higher benefits.

We support the proposal of Sen. Jeff Klein to allocate \$1.5 billion for a community jobs program.

We support the end to workfare / WEP as an expensive program that fails to increase employability or earnings for its participants. We are pleased to see NYC heading in the direction.

We need to ensure that jobs created our living wage jobs that enable families to support themselves. Emergency food programs feed 3 million New Yorkers a year, with 40% of the guests from households with at least one person working.

We need a state minimum wage of \$15 an hour, with indexing to inflation, and with the power for local communities to set a higher wage to reflect local living costs.

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 subsidized employment 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 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.

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.

New York has an annual surplus of more than one billion dollars under the federal TANF programs (the difference between the block grant provided by the feds and the amount of benefits given to TANF participants). Rather than invest these funds in jobs programs, New York diverts most of it to local governments where it is used primarily for fiscal relief.

Even when the federal government provided New York with \$1.2 billion extra welfare funds as part of the economic stimulus package, the state used most of it for fiscal relief. The one hundred million dollars that was allocated to jobs programs for welfare participants was among the lowest percentage of such funds in the entire country. The state of Kentucky provided more total dollars for jobs than New York did.

We have long pointed out that the Jobs First approach has been a failure and should be discarded. In addition, 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.

Public Jobs Programs, Quotes to Hire Low-Income New Yorkers

New York has made gains in the last year in employment, with its official unemployment rate in Nov. 2014 at 5.9%, down from 7.3% in January 2014 (data not seasonally adjusted).

Unfortunately, most of the net job growth in New York has occurred among industries like restaurants and retail that pay lower wages (though professional and business class jobs showed the biggest increase in 2014). The loss of middle-wage jobs has been compounded by state and federal budget austerity policies that have reduced the number of government employees. The number of public servants has dropped by more in much of New York than in the U.S. as a whole, with steep drops of 7% or more in the northern NYC suburbs and throughout the Hudson Valley region.

This recovery, which saw much slower and weaker job creation than prior recoveries, has been marked by extremely long periods of joblessness for many New York workers.

Unemployment rates for people of color remains significantly higher, especially among African-Americans with unemployment rates almost double that of whites. For 2013, unemployment for whites was 6.6%, blacks 13.1% (15.0% for black men), and 11.0% for Latinos.

The large upstate cities, especially Buffalo (and Niagara Falls), Syracuse, and Rochester, have extremely high unemployment. In the five major upstate metro areas, unemployment was two percentage points higher in the cities than in the surrounding suburbs.

New York State should invest in public jobs creation, including constructing affordable housing and other public 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 annual rebate of the stock transfer tax to Wall Street

traders, especially high-volume speculators. 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.

Senator Jeff Klein recently proposed that the \$5 billion state surplus / windfall be devoted to job creation through investments in infrastructure and a \$1.5 billion community jobs program. Perhaps the funding from the surplus for the community jobs programs could be spread over three years to ensure its continuation. The project would be for public works or public housing and would need to include both job training and a targeted hiring program. Preference would be given to the long term unemployed, public assistance participants or new workers. The wages would be set at the prevailing wage or \$15 an hour.

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.

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; 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 way before they earn up to the federal poverty level (e.g., 70%). 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).

Eliminate Asset Limit Tests for Public Assistance Eligibility: 529 College Savings Accounts, Retirement Accounts and Vehicles

While public assistance receipt is limited to those with very few assets, in many states, including New York, some assets are not considered when determining an applicant's public assistance eligibility. Examples of assets that are excluded from New York State's asset limit test are payments from the Earned Income Tax Credit (EITC) and Individual Development Account (IDA) holdings. New York State does, however, include the partial value of a primary vehicle, 529 college savings accounts, and retirement savings when determining whether a person has available resources. If the excess value of a vehicle, or the value of either of these accounts, exceeds the resource level of \$2,000, the family will be disqualified from receiving public assistance. We strongly assert that these three resources should be disregarded when a person applies for public assistance.

Change SNAP Rules to Reduce Hunger

Due to cuts on the federal level to the Supplemental Nutrition Assistance Program (SNAP), New York has experienced a staggering loss of \$365 million in federal food assistance over the past year. That's \$365 million LESS coming into New York in 2014 than in 2013. These were cuts in household benefits - cuts that resulted in households turning to the already stretched emergency food network.

New York can take advantage of options available to it to further streamline and expand access to SNAP, which is 100% federally funded.

1) Improve access to SNAP for low income college students. New York should allow students enrolled in a Perkins-eligible course of study to have their college studies count as a SNAP employment and training activity. Currently, many of these individuals are ineligible because they are not working at least 20 hours per week or receiving work study. Treating college study as an approved employment and training activity would mean that the individual qualifies as an eligible student under SNAP rules. Massachusetts adopted a very successful project targeted specifically toward community college students, which allowed many more of them to access SNAP. New York should follow their lead.

2) Further expand categorical eligibility for SNAP (raising the gross income limit) to 150% FPL for all working households. Right now, working households lose eligibility for SNAP at 130% FPL unless they have child care expenses or contain an elderly or disabled household member. Raising the income limit to 150% FPL would allow more working families to qualify for federal food assistance to help them put food on their table.

3) Expand access to SNAP for disabled immigrants. Adults who have attained lawful permanent resident (LPR) status face a 5 year waiting period before they can access SNAP. Disabled LPRs don't have to wait 5 years if they are getting a disability based benefit. Due to New York's large immigrant population, there are most likely thousands of disabled immigrants receiving Safety Net Assistance and/or Medicaid who could potentially qualify for SNAP, and there are potentially several ways for New York to establish that these individuals are

receiving a disability based benefit. One very modest proposal would be to start with immigrants receiving Medicaid community based long term care services, a disability-based benefit which already has a medical assessment process built into it, which could "count" for SNAP purposes. We would be happy to follow up with the Legislature and the Governor's office to discuss this proposal in more detail.

4) Adopt seamless transfer of SNAP cases when families move from one county to another. Over 32,000 households per year across New York State have their SNAP cases closed simply because they move to another county. New York should adopt a "seamless transfer" policy which would allow their case to be automatically transferred to their new county of residence.

All New Yorkers Should have Access to Free Universal Child

Child care is a critical component of every working parent's life. The US is one of only two industrial democracies that does not provide free child care to all. The Governor's proposed budget appears to maintain a flat level of funding for child care subsidies; it needs to be significantly increased.

As a short term step, to keep low income parents working, New York should cap the family share of child care subsidies at 10% of the household income. To assure that children low income children have access to quality care, New York should align its payment policies with the private market – paying providers for absences in settings where private pay parents are required to do so.

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 to significantly reduce spending on TANF child care subsidies. The exemption would protect non-TANF child care subsidies from cuts and allow the working poor to remain in their jobs.

Child care must be affordable

Even when subsidies are available to low income families, the inequity in the child care benefit offered to similarly situated families (same family size, same income) varies by as much as 300% depending on the county in which a family resides. This disparity exists because of the regulation of the Office of Children and Family Services (OCFS) that sets forth the formula for calculating copayment amounts. The formula gives social services districts total discretion to choose a multiplier between 10% and 35% that is applied to the family's income above the state income standard (the equivalent of the federal poverty level) to determine the household's copayment amount. The result is that the larger the multiplier chosen by the county, the smaller the child care benefit received by the family.

It's time to address this inequity. This standardless formula has been in place, unchanged, since at least June 29, 1987, when the New York State Department of Social Services, the OCFS predecessor agency, directed all social services districts to adopt the methodology by June 1, 1988. Because OCFS authorizes each district to select a multiplier without further guidance, child care subsidies and copayment policies vary dramatically across the state. A county can opt to issue child care benefits that are approximately one-third of what the same family would receive in a neighboring county.

The inequity is vast across New York. In three social services districts parents pay 10% of their income over the poverty level as their child care copayment; in one district parents pay 15% of their income over poverty; in eleven districts, parents pay 20% of their income over poverty; in thirteen districts, parents pay 25% of their

income over poverty; in one district parents pay 27% of their income over poverty; in four districts, parents pay 30% of their income over poverty; and in twenty-five districts, parents pay 35% of their income over poverty.

In response to recommendations made by the New York State Assembly Child Care Workgroup in the 2014-15 legislative session the Assembly passed A. 8928 (Russell) that would do much to curb copayment disparities between counties and improve affordability by amending Social Services Law § 410-x to limit child care copayments to 20% of a family's income in excess of the corresponding poverty level.

A bill sponsored by Assemblywoman Titus and cosponsored by seventeen other Assemblymembers (A.4207), would ameliorate these inequities by providing that no family could be required to pay more than 10% of their gross income for child care. This bill still permits counties to choose their multiplier, but it imposes a second step in the copayment calculation – if the resulting number exceeds 10% of the family's gross income, the copayment is adjusted downward to that number. New York City actually implemented such a cap from 2007-2009, but ended up adjusting the cap upward from 10% to 12% in May 2009 and then to 17% in 2011 rendering the cap essentially meaningless.

Both bills continue to afford Social Services districts some flexibility. Neither bill would take away the authority of a local district to choose its multiplier, but it would require that, if after the calculation, the resulting number was more than the cap as defined in the bill, the copayment would have to be reduced to that number. The existing delegation created by the regulation has resulted in a system that unequally distributes an important benefit and puts the cost of child care out of reach of some low income working families, but not others.

We support the recommendation of the Empire Justice Center to make copayments equitable and use either the model in the Rosa bill or pass the Titus bill (A.4207), assuring that all parents can afford child care in New York State.

Need a Statewide Anti-Poverty Task Force

We are pleased that the Governor in his state of the state addressed the issue of poverty, and has proposed Rochester Anti-Poverty Task Force. Poverty however is a statewide problem that touches inner cities, suburbs and rural communities. We need a statewide task force – and funding – to address the problem.

Strengthening families and promoting family economic security

We support raising the State Earned Income Tax Credit to 40% of the federal benefit. The EITC is one of the best ways to “make work pay” for low-income families. Research shows that children of EITC recipients do better in school and are healthier.

New York should enact paid family leave so that working families do not have to choose between caring for family members and keeping their income. Workplace laws and policies have failed to keep up with the demographics of working families. Working New Yorkers deserve up to 12 weeks of paid family leave to bond with a new child, care for a seriously ill family member, or address needs related to a family member's military service or deployment.