

INCOME SECURITY FOR ALL
FUNDAMENTALLY MENDING THE SOCIAL SAFETY NET
Empire State Economic Security Campaign

The Challenge

More than 2.5 million New Yorkers are living in poverty – approximately one in five children (824,000) and one in ten families (473,910) had incomes below the official federal poverty thresholds in 2007.¹ Over one million of these New Yorkers had incomes below half the official poverty threshold -- or less than about \$10,000 a year for a family of four. Poverty is particularly severe in the state's cities. New York City's poverty rate was 19 percent but poverty rates in Buffalo, Rochester and Syracuse exceeded 30 percent. Child poverty rates were greater than 40 percent in Buffalo, Rochester, Syracuse and Albany and more than 10 percent of the residents of these four cities had incomes below 50 percent of poverty.

New York State and New York City still have the highest measures of income inequality in the nation, and this gap grew even wider between 2006 and 2007. New York is one of only two states with at least one county among the top 10 in the country with the highest poverty rates (Bronx) and another county among the top 10 in the country with the lowest poverty rates (Nassau).

Weakening trends in the U.S. and New York economies mean that even this 2007 data understates the problem and inadequately reflects the struggle of low-income families. New York's unemployment rate reached 5.2% in July 2008, with half a million unemployed and many more underemployed.² Unemployment has increased in every county of the state, and in most counties has increased by 20% or more.³ At the same time, while wages for those who *are* employed have stagnated with consumer prices, driven by dramatic increases in food and energy costs, rising sharply.⁴

In short, New Yorkers, particularly those with lower incomes, must simultaneously cope with rapidly increasing prices and stagnant or declining incomes.

In August 2007, Governor Spitzer announced the formation of an Economic Security Cabinet made up of 17 state agencies, including OTDA. Upon taking office in 2008, Governor Paterson maintained the Cabinet's role in State government. During the summer months, the Cabinet held town hall meetings throughout the State to obtain public input about their priority goals to: 1) expand access to certain public benefits and 2) connect low-income workers to workforce development and career advancement opportunities. While these are crucial as part of the State's efforts to combat poverty, it is also essential to repair the social safety net by improving the State's income security programs.

While much has been written about the decline in welfare caseloads in New York State, there has been no concurrent decline in poverty. In 1994, prior to welfare reform, more than half the state's 3 million poor people received cash assistance. Today, New York's cash assistance programs provide support to only twenty percent, or one in five, of New York's poor people. Three distinct groups of New Yorkers continue to rely on the state to provide income security: low-income workers and their families, public assistance recipients who have not been able to find or keep a job and those who are unable to work.

¹ U.S. Census Bureau, American Community Survey, 2000-2007 State-by-State Total Poverty Rates. And it should be noted that, particularly because of the high cost of living in much of New York, the Federal Poverty Level significantly underestimates the number of New Yorkers living in serious economic stress. *Maybe cite one or more of the studies proposing to change the FPL.*

² Fiscal Policy Institute. "New York's Rising Unemployment: The Other Crisis in Albany," August 2008, and "New York Has the Highest Poverty Rate of All Northern States," August 2008. Unlike the unemployment rate, the underemployment measure includes those who have become discouraged and stopped looking for work and those who are working part-time only because they cannot secure full-time employment. FPI reports that the current NYS underemployment rate is 8.1%.

³ New York State Department of Labor, "Employment in New York State," August 2008.

⁴ This overall picture is discussed in, for example, the Spring 2008 Statewide Economic Review published by the New York State Banking Department. In addition, U.S. Department of Labor's Bureau of Labor Statistics reports that the consumer price index has risen in the New York Metropolitan Area by 8% since 2007 and by 11% since. Finally, the New York State Department of Labor's Occupational Employment Statistics indicate that private sector wages in NYS have risen by less than 1% over the past year. As might be expected, low-income families, with the least capacity to absorb higher costs, suffer the most; see, for example the Food Research Action Center's "Low-Income Families Disproportionately Affected by Rising Food Costs, According to New USDA Data," September 4, 2008.

Working but Still Poor

Most poor New York households include at least one worker. According to the Census Bureau's American Community Survey, 61 percent of the New York families with incomes below the poverty level included at least one worker and more than a quarter of these working poor families (82,000) included an adult who worked full-time, year-round.

As of June 2008, about 12,000 cash assistance cases included an adult who was working but earning so little that the family continued to be eligible for cash assistance.⁵ While the cash assistance rules in New York attempt to “make work pay” by disregarding a percentage of earned income when calculating cash benefits, all of these families are still cut off from cash assistance before they are able to earn a sufficient income to raise their families out of poverty. Updating New York’s standard of need to reflect the real cost of living would enable the public assistance programs to serve as a valuable work incentive and wage supplement.

Barriers to Participation in Work Activities

Although caseloads have declined by more than 66% since the April 1994 peak, not all those leaving welfare have found gainful employment and many public assistance recipients have not been able to make the transition from welfare to work. In June 2008, as a result of a wide range of barriers and disabilities, only 33.6% of TANF and SNA-MOE families were participating in “countable” work activities for the required number of hours per week.

Research has shown that many of the adults in these families that continue to receive public assistance suffer from multiple disabilities – physical and mental disabilities, domestic violence, low literacy skills, and limited education - that make it harder for them to find and keep employment. The most employable welfare recipients have been pushed into low-wage jobs, many of which offer little or no on-the-job training or career advancement opportunities. Many of those who still receive benefits are “employable” but need more intensive services, including access to education and training, to make the leap to a living wage job.

New York can and must do more to help these individuals with participation in education and vocational training to successfully enter the labor force on a career path. According to OTDA's reports, in September 2007 only 14% of individuals were participating in some type of education or training activity.⁶

Limited Ability to Engage in Work Activities

Finally, a large portion of the people remaining on public assistance have work limitations, either because they are children, they are taking care of family members, or they have a disability. Of the 12,943 individuals classified as work-limited in June 2007, 31.8% were work-limited for 0-3 months, 30.8% were work-limited for 4-6 months, 19% were work-limited for 7-12 months, and 18.4% were work-limited for 13 or more months.⁷ According to OTDA Commissioner Hansell, a full 43% of New York's TANF caseload is comprised of child-only cases.⁸

Cash assistance should provide at least enough for these families to survive in New York in the 21st century but current benefit levels are far below any common sense notion of subsistence. In 1975 public assistance for a three-person family was equal to 110% of the Federal Poverty Level. Today it has fallen to less than 51% of the poverty level. Within the past two years, there has been a modest, inadequate, increase in the shelter portion of the public assistance grant, but only for families with children, and the basic allowance for all other expenses has been unchanged for almost 19 years. To keep pace with the rising cost of living, the \$291 a family of three received in the non-shelter portion of its public assistance grant in 1990 would today have to be increased by 63% to \$492.

⁵ June 2008 OTDA Caseload Statistics, 11,620 TA cases with earned income. Available at:

<http://www.otda.state.ny.us/main/bdma/2008/2008-06-stats.pdf>.

⁶ September 2007 OTDA Education and Training Data Report.

⁷ 2007 OTDA Statistical Report on the Operations of NYS TA Programs. Available at:

http://www.otda.state.ny.us/main/reports/2007_LEGISLATIVE_REPORT.pdf.

⁸ Child-only cases fall into three categories: (1) There is an adult, non-parent caregiver who is not on the case (kincare), (2) The parent is in receipt of SSI, and not on the public assistance case, or (3) The parent is not eligible for public assistance because of immigration status.

In addition, many families must use a portion of their basic allowance to pay the rent, because the shelter allowance in the public assistance grant is rarely sufficient to meet the housing cost. For example, in Monroe County a family of three with children heating with gas has a shelter allowance of \$397 per month, while the HUD 2008 Fair Market Rent for a two-bedroom apartment is \$773. In New York City, a family of three with children has a shelter allowance of \$400 per month, while the HUD 2008 Fair Market Rent for a two-bedroom apartment in Manhattan is \$1,318. In New York City it is estimated that by 2007, 86% of families living in private housing will have a rent level that is higher than the amount provided for rent in their welfare grant.⁹

Fuel for Heating allowances have not been increased since 1987. Since that time average prices for electricity have increased 72 percent and the cost of natural gas has increased by 135 percent.¹⁰ For example, public assistance families in Albany using fuel oil to heat their homes are given only \$828 per year to pay for all home heating costs. Families heating with natural gas are given only about \$700 per year.

Impact of Federal Rules on New York's Program

Recent changes in federal TANF law have had the effect of intensifying the pressure on states to increase welfare recipient participation in allowable activities. However, the new rules also provided some significant opportunities to meet participation requirements by increasing recipient involvement in college and other educational activities. Specifically, the Final TANF Rule allows participation in 4-year degree programs and some hours spent doing unsupervised homework to count toward work requirements.¹¹

ES2 Policy Recommendations

ES2 supports a social safety net that is adequate to meet the needs of New Yorkers who must rely upon it. With high poverty rates and welfare grant levels at half of the poverty level, the state's safety net needs to be fundamentally mended. ES2 also believes that we should "make work pay" by supporting the working poor and increasing their earnings and income, and removing barriers to work for the unemployed and underemployed.

The 2009-2010 Session

New York State should MAKE WORK PAY by:

- Restoring the purchasing power of the minimum wage to \$10/hour and indexing it for inflation to prevent future erosion.
- Providing assistance to the working poor by changing the public assistance gross income eligibility limit from the lesser of the poverty threshold or 185 percent of the standard of need to the higher of the two. (A.1296 would repeal the 185% SON eligibility rule. S1021 would repeal the 185% SON eligibility rule.)
- Strengthening work incentives by improving the earned income disregard. All earned income should be disregarded until a family's income is equal to the federal poverty guidelines for its family size. Above that point, 50% of income should be disregarded until families reach 135% of the federal poverty guidelines. Childless public assistance recipients should be given the same earned income disregard as households with children. (A.1296 would increase the EID to 67%)
- Creating a State-funded young worker Earned Income Tax Credit (EITC) for low-income workers without children ages 17-24 who are currently ineligible for the EITC until they turn 25 to provide a financial benefit for these workers and an incentive for unemployed youth to enter the workforce. (A.4875/S. 2720) would create a Young Worker EITC)
- Expanding the Wage Subsidy and Transitional Jobs program for low-income workers. A NYS Transitional Jobs Program, as proposed by Community Service Society, would create pipelines to sustainable wage employment that offer economic mobility for long-term public assistance recipients, formerly incarcerated, and disconnected youth by providing time-limited, wage paying jobs combined with skill development and supportive services designed to transition participants into the labor market.
- Expanding the Career Pathways program helps participants move into jobs that will eventually provide sufficient income to achieve self-sufficiency.

⁹ U.S. Department of Housing and Urban Development (<http://www.huduser.org/datasets/fmr.html>)

¹⁰ According to the Bureau of Labor Statistics, CPI for New York -New Jersey metropolitan area.

¹¹ Federal Register, Department of Health and Human Services, Administration for Children and Families, 45 CFR Parts 261, 262, 263, 265; Reauthorization of TANF Program, Final Rule, February 5, 2008.

- Creating a state program to perform one million green residential retrofits to increase energy efficiency and lower environmental impact in five years, as proposed by the Center for Working Families. The workforce development plan to implement this proposal should incorporate Green Pathways out of Poverty, which create Career Pathways in specific green collar sectors, such as green construction and building maintenance.
- Reforming the Unemployment Insurance system to increase the maximum benefit, increase benefits at the bottom of the income distribution and establish dependent allowances (A.4920 and S.2245).
- Expanding child care subsidies; and keeping child care funding out of the Flexible Fund for Family Services.
- Increasing or eliminating the basic asset limit for public assistance recipients – New York State’s asset limit of \$2,000 is one of the lowest of any state in the U.S.

New York State should ADDRESS BARRIERS TO WORK by:

- Stopping further consolidation of state level programs (e.g. Wheels to Work, Supportive Housing) into the Flexible Fund for Family Services.
- Expanding transportation programs for welfare recipients. The Wheels to Work program should also include a job training component.
- Timely rolling out the NYS Welfare-to-Work employability evaluation tool which includes screening tools.
- Making New York State’s hourly work requirements no higher than the levels set by Federal law. Currently many counties require recipients to participate in work activities for more than 30 hours a week, despite their right, under Federal and State law, to get full participation credit once these individuals participate for twenty hours (if the household has a child under six) or thirty hours (for all other households). By reducing the hourly requirements to the lower federal level, individuals will be better able to balance schooling and training with work and parenting.

New York State should STRENGTHEN THE SAFETY NET FOR THOSE WHO CANNOT WORK by:

- Increasing the non-shelter portion of the public assistance grant from \$291 to \$492 for a family of three to reflect increases in the cost of living since the last adjustment in 1990.
- Increasing Home Energy Allowance (HEA) and Supplemental Home Energy Allowance (SHEA) to account for inflationary increases since the last adjustments in 1987.
- Creating a State Food Stamp Supplement to help families meet their basic food needs on a severely limited budget in the midst of skyrocketing costs of food and other consumer goods.
- Expanding the scope of the Economic Security Cabinet to adopt a statewide goal to reduce poverty by 50% in 10 years, mirroring the national Half in Ten campaign and other initiatives being implemented by states throughout the country.
- Providing expedited food stamps for all applicants
- NY should assist low-income New Yorkers in reducing their home energy costs. Some of the proceeds from the auctioning of carbon emission permits under the Regional Greenhouse Gas Initiative (RGGI) should be used to offset the regressive nature of such a carbon tax. This would include providing a state supplement to the Low Income Home Energy Assistance Programs, as well as insisting in energy weatherization and efficiency programs targeting low-income families. We support the proposal (A11590) to raise more than \$500 million to pay for HEAP and other renewable energy measures by a tax on the excess profits of oil companies. We support the proposal to energy retrofit one million homes in NYS, creating 30,000 living wage green jobs while reducing energy costs.
- Expanding the separate state funded program for two parent families to include others who cannot meet the new federal work participation rate requirements, including:
 - SSI applicants
 - Parents caring for disabled children
 - Parents enrolled in vocational education, two-year or four-year postsecondary educational programs not “countable” as work under federal TANF definitions; and
 - People with treatment needs beyond the very limited allowances set forth in the federal regulations.
- Reject the Governor’s proposed cuts to the Supplemental Security Income (SSI) Program. New York State’s portion of the SSI benefit is not indexed to inflation and has been increased only once since 1989. Currently, SSI recipients must survive on a benefit which is about \$140 per month below the poverty level.

HOW CAN THE STATE PAY THIS?

First, the state should hold local social services districts accountable for use of the significant resources provided to them through the Flexible Fund for Family Services (FFFS). If funds are being used for “fiscal relief” rather than the kinds of benefits, programs and services described here, OTDA should force counties to revamp spending plans and reconsider the block grant mechanism.

If there are still not sufficient funds in the TANF block grant and the FFFS to fund these services and benefits, the state should consider either financing the NYS EITC in the same way it finances other tax expenditures rather than taking the funds from the TANF block grant and/or financing all child welfare funding out of the general fund. This could free up significant TANF block grant funds. Alternatively, the state should use general fund revenues to fund all child welfare services.

New York can use its TANF contingency funds and its emergency TANF contingency funds to cover some of these costs.