



Legislative and Budget Agenda 2011 – 2012

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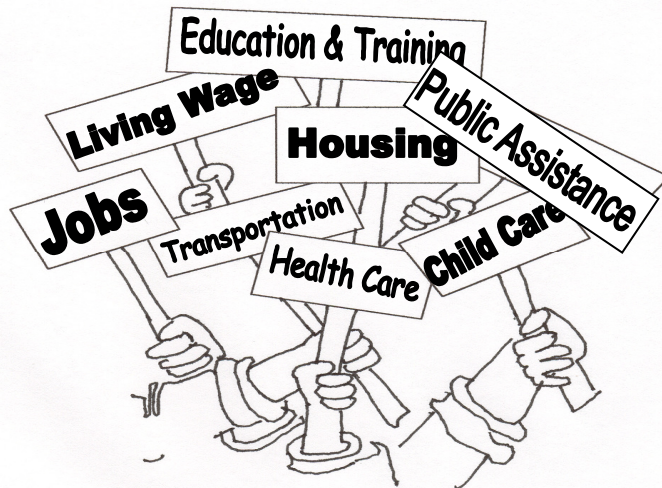
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Empire State Economic Security Campaign (ES2) Legislative Agenda for SFY 2011-2012

New York is at a crossroads. Like every other state, New York faces serious fiscal challenges. In this crushing recession, families' needs are rising and the resources to meet them are falling. We need to respond in ways that grow the economy by investing in families and communities across the state.

A quality education, affordable healthcare and housing, a healthy environment, a strong safety net and a sound transportation infrastructure are essential ingredients for a strong state economy for all of us, today and in the future.

Ours is a tale of two New Yorks.... a New York where the wealthiest 1% of residents receive 35% of all income (in NYC the wealthiest 1% control a whopping 45% of all income) and have seen significant income gains over the last two decades ... and another New York where families are living paycheck to paycheck (if they are lucky enough to have a job) and have seen their wages remain virtually stagnant and their services reduced. New York State now has the greatest income inequality of any state in the nation. The economic reality is simple.... if we don't grow together we will continue to pull apart.

Rather than slashing education, health care, the safety net and the other services that New Yorkers depend on, the Governor and the Legislature should balance the budget in a way that uses existing resources efficiently and raises additional revenues in ways that will not harm our already fragile economy. This is not the time for actions that will hinder the growth of New York's economy or hurt the children and families hit hardest by the recession.

We believe the Governor and the Legislature should follow two simple principles:

- **Do No Harm:** With 850,000 New Yorkers unemployed, families facing record foreclosures, and hunger and homelessness rising – we must ensure a strong social safety net. Do not let our most vulnerable citizens bear the brunt of this recession. They did not cause this economic meltdown and are already suffering its consequences.
- **Preserve, Protect and Create Jobs:** We need to do everything possible to preserve and create jobs in the public and private sector.

To Balance the Budget fairly we recommend that the Governor and the Legislature:

Not Give Tax Cuts to the Wealthiest New Yorkers

Over the past 30 years, the top NYS income tax rate has been cut in half. Given that the wealthiest New Yorkers are getting to keep their Bush Tax Cuts (reductions in federal income tax for at least another two years) this is not the time to end New York's temporary top rates on higher income households.

Current Personal Income Tax Rate Structure - with **temporary top rates** (joint filers):

- 4% on income under \$16K
- 4.5% on income between \$16K and \$22K
- 5.25% on income between \$22K and \$26K
- 5.9% on income between \$26K and \$40K
- 6.85% on income between \$40K and \$300K
- **7.85% on income between \$300K and \$500K**
- **8.97% on income over \$500K**

We should also examine adding an additional bracket for income over \$1 million per year. Allowing these upper income surcharges to expire would mean a loss of about \$5 billion annually to NYS. We must also acknowledge that the wealthiest 1% of New Yorkers are paying far less of their income in state and local taxes (approximately 7 percent) than the bottom 80 percent (approximately 11%). This is unfair and unsustainable.

Close Corporate Tax Loopholes and Retool Economic Development Programs

We continue to provide tax credits, abatements, grants and tax avoidance loopholes to very large corporations at the expense of small businesses and workers. This state has squandered billions of dollars in the name of job creation. NYS should ensure that corporate tax breaks and state economic development grants are tied to the creation and retention of jobs that pay good wages and include benefits. These jobs should also be targeted to green industries and focus on providing low-income and unemployed New Yorkers with jobs first.

Stop Giving Back \$14 Billion to Wealthy Wall Street Brokers

New York State currently collects, and then gives right back to stock brokers (in the form of an electronic rebate) a miniscule tax collected on stock market sales. We collected this tax for over 70 years with no ill effect to the NYSE and other major stock exchanges like London and Singapore still continue to collect similar taxes with no negative impacts.

We need to make sure that the programs and services that so many struggling families in New York rely on are there for them in their time of need. The funding initiatives outlined in the following position papers reflect the needs of New York's neediest citizens and should be enacted to ensure that struggling families do not bear the brunt of the budget shortfall.

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

The Challenge

The Recession

Things have become ever more difficult for the increasing number of low-income New Yorkers. There are now more than 3 million New Yorkers with incomes below the federal poverty line, representing fully 15.8% of the State's population. Shockingly, 900,000 residents lived below 50% of poverty and 20% of New York's children live in poverty.

In the State's major cities, the poverty rate ranges from 20% to more than 30%, with child poverty exceeding 40% in some cities. At the same time, unemployment in New York State reached 8.3% (9.1% in New York City) in November 2010. And New York retains its dubious title as the state with the greatest disparities between highest and lowest incomes in the nation.

Exacerbating this situation, the social safety net has proven less responsive to this recession than in the past. There are currently approximately 114,000 jobless people who are not receiving unemployment insurance and are potentially eligible for public assistance, but between January and September 2010, the number of people receiving public assistance in New York City decreased by 2%, or 6,589 recipients (including children). During the same time period the number receiving Food Stamps increased by 7% and Medicaid increased by 1%. The obstacles to obtaining public assistance have meant that this benefit no longer plays its traditional critical role as a buffer against such economic downturns.

The Welfare Grant

In 2009 and 2010, the first two phases of a scheduled 3-step increase in the public assistance grant took effect. With these first increases in the basic allowance in 19 years, the grant for a family of three in Suffolk County, for example, still equals roughly half of the federal poverty level. Even with the enacted grant increase, families in need will receive a grant that had lost half of its purchasing power relative to 1990. It is essential that the phase-in be implemented as scheduled; any delay would intensify the hardship faced by some of our state's poorest households.

Welfare and Earnings from Employment

Increasingly, public assistance recipients also have income from employment. As of October 2010, there were nearly 15,000 households receiving public assistance combined with income from earnings. New York policy theoretically enables a household to receive a cash assistance supplement until their income brings them above the federal poverty level. Unfortunately, outdated "gross income tests" mean that most families in the state lose all assistance well before their earned income reaches the poverty level. The gross income tests should be repealed.

ES2 Policy Recommendations

ES2 supports a social safety net that is accessible and 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 2011-2012 Session

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

- Retaining the current schedule for implementing the welfare grant increase. The recently enacted grant increase, while relatively modest, provides critically needed aid to poor families. The phase-in of the increase must not be delayed.
- Oppose full family sanctions which create an immediate family crisis and put the welfare and safety of the children and the basic stability of families at risk. Sanctioning children in poor families makes them two to five times more likely to suffer: stunted growth, lead poisoning, low birth weight, repeat of a grade, iron deficiency, expulsion from school, serious disabilities or to drop out of school.
- Making sure people can obtain the benefits they need. In the face of a dramatically increased need for public benefits, access to these benefits for low-income households must be protected and should be enhanced. Measures should be adopted to facilitate the timely processing of applications and to reduce unnecessary and often punitively administered requirements.

- New York should also adopt a Crisis Stabilization Program for welfare applicants that states such as Delaware, Nevada, New Hampshire and South Carolina have developed to provide specialized assessments and case management for families that need additional time and assistance to address their barriers and become work ready.
- New York should reform the application process to provide more supports so that people can better get back on their feet and not end up without a job or benefits. {See FPWA's Policy Matters January 2011 document}
- New York should move to a system of online facilitated enrollment such as the Benefit Bank program for all government benefits.
- To adhere to Article XVII of the NYS Constitution, DSS offices should have sufficient staffing, hours and operations to process applications and serve existing clients in a timely and efficient manner.

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 eliminating the 185% of the standard of need gross income test for welfare eligibility and by increasing the earned income disregard to 67% (A.3425).
- Creating a State-funded young worker Earned Income Tax Credit (EITC) (A.4875/S. 2720 of 2010) 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.
- Green Jobs/Green New York – This program should specify targets, such as 10-15%, for the number of public assistance recipients and others from low-income communities who can access training and job placement services. We also urge the immediately passage of the “On-Bill Recovery” legislation that will enable households across New York State to make energy efficient upgrades to their homes using 100% Green Jobs/Green NY financing, and pay back the cost through an all-but-unnoticeable charge on their utility bills.
- 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/S.2245 of 2010).
- 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:

- Expanding transportation programs for welfare recipients. The Wheels to Work program should also include a job training component.
- Timely rolling out of the OTDA Employment Assessment tool, including adequate screening for mental health and learning disabilities.
- Making New York State’s hourly work requirements for public assistance recipients no higher than the levels set by Federal law for households with children. Many counties require recipients to participate in work activities for more than the federally mandated 30 hours per week, despite the fact that the State gets 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 with children). By reducing the hourly requirements to the lower federal level, individuals will be better able to balance schooling and training with work and parenting.

HOW CAN THE STATE PAY FOR 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.
- New York can use its TANF contingency funds to cover some of these costs. In addition, as with the TANF block grant, TANF contingency funds should not be used to supplant funds from general revenue sources. Properly applied, these funds could be used to, among other vital purposes, retain the currently scheduled phase-in of the public assistance grant increase.

AFFORDABLE AND COMPREHENSIVE UNIVERSAL HEALTH CARE COVERAGE **Empire State Economic Security Campaign**

The Challenge

The number of New Yorkers without health insurance has increased by 0.8% to 13.6% according to the latest data. An estimated 2.6 million New Yorkers lack any health insurance at any moment – a number that almost doubles if one looks at the number of New Yorkers without insurance at some point during the year.

The recent federal health care legislation did little to control the health care costs that are a major factor in the soaring state budget deficits and overwhelming consumers, taxpayers and employers. The legislation will leave more than twenty million Americans without any health insurance and require far more to spend funds they don't have to pay for inadequate health insurance. The legislation failed to make health care a right. Many of the benefits from the recent health reform will not take place for at least three years.

Insurance drives up the cost of health care to pay for their overhead, profits and marketing costs while restricting individuals' access to health services in order to protect the companies' profits. Instead of eliminating health insurance, Congress required every American to purchase insurance – through a Health Insurance Exchange which provides sliding scale subsidies for those with incomes under 400% of the Federal Poverty Level (\$88,000 per year for a family of four) if they don't get it from an employer or the government – or pay tax penalty.

Many health care reform groups will continue to push New York to adopt a single payer Medicare for All type program though federal waivers would be needed; others will seek to create a public option in the Exchange. In 2007 the State Legislature agreed to provide funding for an impartial cost-benefit analysis of the best way to provide health care to all New Yorkers. The report by the Urban Institute, released in July 2009, found that single payer was the best. Savings from single payer substantially increase over time. By 2019, single payer would save \$20 billion annually based on the report's projected 6% annual increase in baseline health care cost – and \$28 billion compared to the insurance mandate Congress adopted.

Despite having some of the best medical professionals, hospitals and equipment in the world, the U.S lags behind many other countries on basic public health indicators such as life expectancy and infant mortality rates. Our overall quality is only ranked 37th by the World Health Organization. U.S. spending on health care is now over 2.5 trillion dollars – \$8,000 per person. This is more than double the world average of \$2,571. This amounts to a whopping 17.7% of our GDP on health care – far more than any other country – which puts our businesses at a competitive disadvantage in the international marketplace. Increases in health care costs thwart job growth, suppress increases for current workers, weaken the viability of pension funds, and depress the quality of jobs.

What the Public Thinks

Most Americans feel that the recent Congressional health care reform did not go far enough in solving the nation's health care crisis. Americans who think the law should have done more outnumber those who think the government should stay out of health care by 2-to-1.¹

Massachusetts is the one state that has adopted the insurance mandate being pushed in Congress. Voters there overwhelmingly prefer single payer to insurance mandates. Massachusetts voters, for the second straight election, by 63.5% to 36.5%, supported single payer in the fourteen districts (covering 80 cities and town) where there was a referendum on the ballot this November.²

ES2 Policy

ES2 supports a universal health care system to provide quality, comprehensive health care service to all New Yorkers. The most common sense solution is a single payer financing system, similar to Medicare for All. This system, used by almost all of the other industrial countries, eliminates the huge waste and paperwork of the private health insurance system. It should include long term care.

¹ <http://www.cbsnews.com/stories/2010/09/25/ap/politics/main6899946.shtml>

² <http://masscare.org/announcements/single-payer-ballot-questions-pass-in-all-fourteen-massachusetts-districts/>

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ES2 supports implementing the federal health law changes, as flawed as they are, to strengthen consumer rights and increase access to affordable care. Under the Affordable Care Act (ACA), New York must create an insurance Exchange, a statewide marketplace for health insurance. We support the following five standards for the exchange: One statewide Exchange for all; An Exchange that offers quality, affordable benefit packages; An Exchange that is easy to navigate and represents consumers; An Exchange that builds on New York's public programs; and An Exchange that supports principles of health equity.

In preparation for this Exchange New York should merge the individual and small group insurance markets. The individual insurance market in New York is no longer affordable, due to rising prices and a shrinking risk pool. Merging the individual and small group markets would ensure the largest risk pool possible and the best pricing of insurance products for consumers.

New York should also:

- Eliminate documentation of income and residency at Medicaid application. Requiring applicants to provide proof of residency, income, and deductions, is a bureaucratic obstacle to enrollment. The State should extend self-attestation at application as they have already done at renewal.
- Eliminate the resource test for SSI-related people who apply for community Medicaid. New York recently removed the resource test for most public insurance applicants. Yet, SSI-related Medicaid beneficiaries continue to be subject to the resource test. SSI-related people may be expensive for the State to cover, but there is no evidence that they have more assets. The test remains an administrative barrier that rarely disqualifies people.
- Permit immigrants to prequalify for ER Medicaid. Emergency Medicaid is available to all low-income New Yorkers, regardless of immigration status. To get coverage, an attending physician must certify that the person has a medical condition that meets the definition of an "emergency."
- Improve transparency in the Bad Debt and Charity Care pool. New York's hospitals receive \$847 million in Bad Debt and Charity Care (BDCC) funds to help pay for the cost of providing health care for uninsured and underinsured New Yorkers. 100% of BDCC hospital payments (rather than the present 10%) should be directly linked to actual services provided to uninsured patients.

Long Term Care

- New York should take advantage of the increased federal funding reform for community based long term care (e.g., a 6 percentage point increase in federal matching funds for Home and Community Based Services and a 2 percentage point increase in federal matching funds) for a State Plan to move towards reducing institutional care and increasing home and community based care and services. ES2 endorses the proposals of the NY Association for Independent Living to reduce state spending and promote the independence and integration of seniors and people with disabilities which could save \$44 million in Medicaid state share this year and more than \$1 billion over five years. A significant reason that New York's long term care system is so expensive is that it remains unnecessarily biased towards institutional care at a time when other states have reduced Medicaid costs by rebalancing their Medicaid programs to provide care in the community where people wish to receive it.

Protect Vulnerable People in Redesigning Medicaid: Medicaid is a critical program for low income, disabled, and elderly individuals. The Governor has submitted a FY 2011-2012 budget which assumes unspecified Medicaid savings of \$2.85 billion that will either come from a Medicaid Redesign Team established pursuant to Executive Order Five or some combination of provider rate cuts or service cuts to beneficiaries that the Administration imposes. ES2 supports Medicaid Redesign that would improve care while achieving cost savings, but opposes the imposition of a savings target dictated by an unfair budget process. As it seeks to reform Medicaid, New York can and should look to models of care that have worked and have helped reduce expensive hospitalizations and emergency room visits. Vulnerable people can benefit enormously from coordinated care that addresses medical and social case management, integration of mental health and medical care, resources for housing, health disparities, accessible primary care and rebalancing of long term care.

However, we have serious concerns about the expansion of the current managed care model. One in three managed long term care members files complaints with fewer than half of the complaints (41.5%) resolved satisfactorily from the members point of view. ES2 urges the state to promote the independence and integration of seniors and people with disabilities by:

- Shifting people and service dollars from institutions to community based settings
- Taking advantage of federal health reform incentives that support home and community based services
- Transitioning from a medical model to a consumer directed, patient centered model

We endorse the specific recommendations for \$44 million in state share savings and more than \$1 billion in long term care Medicaid savings over 5 years of the NY Association on Independent Living.

DEVELOPING A STRONGER NEW YORK THROUGH OPEN ACCESS TO EDUCATION AND TRAINING

Empire State Economic Security Campaign

The Challenge

New York currently faces a substantial skills gap. In our state's changing economy, we have lost many traditionally high-wage jobs that were available to New Yorkers without higher levels of education and training, such as those in manufacturing. Today, the New York State Department of Labor (NYSDOL) identifies managers, teachers, nurses and electronic data processors among the top 25 occupations for job openings through 2014.³ Half of the most favorable NYS job prospects for the next six years require a college degree, most of those require a bachelors degree or higher.⁴

NYSDOL statistics make it clear that the number of jobs requiring at least an Associate's degree is expected to grow 31% while the number of low skilled, low wage jobs will decline. Furthermore, the federal Department of Labor estimates that the majority of new jobs required post-secondary education; in NYC, they estimate that 75% of the major employers require at least two years of college for entry level positions. To remain competitive, New York must ensure its residents have a solid education to provide the skills and credentials needed.

Access to education and training allows individuals to participate in shaping the future for themselves, their family, and their community. Yet, a recent study finds that New York ranks 43rd in the nation in the number of adults with high school who attained college. Less than 4% of NYS adults with high school diplomas are in college. In the ten years between 1995 and 2005 enrollment dropped by 20%.⁵ Workforce development is critical in keeping New York competitive in the marketplace and that includes education along the continuum for children and teenagers to adults. Countless studies have demonstrated that "quality of the workforce" is a leading factor for employers when determining where to locate their businesses. Employers are looking for workers that have the education and skills training to make their businesses efficient and productive.⁶

As individuals achieve higher education credentials, there is a corresponding increase in earnings and lower rates of unemployment.

According to the United States Department of Labor, **workers earn increasingly more with higher levels of education.** Approximate median weekly earnings by education level for full-time workers age 25 and over in 2008 are as follows:

Less than high school graduate: \$453
High school graduate (includes GED recipients): \$618
Some college, no degree: \$699
Associate degree: \$757
Bachelor's degree: \$1,012
Master's degree: \$1,233

Moreover, during this Great Recession **workers with lower education have much higher unemployment rates.** Below is the unemployment rate for January 2010:

Less than high school: 15.2%
High school: 10.1%
Some college: 8.5%
Bachelor's degree or higher: 4.9%

Yet, higher education is becoming unattainable for many families. Soaring tuition costs and constant threats to financial aid put college out of reach for many, despite the fact that with college degrees individuals earn nearly twice as much as

³ NYS Department of Labor, <http://www.labor.state.ny.us/workforceindustrydata/apps.asp?reg=nys&app=projections>

⁴ <http://www.labor.state.ny.us/stats/descriptor.asp?reg=nys>

⁵ "Working to Learn, Learning to Work," the Schuyler Center for Analysis and Advocacy and the Center for an Urban Future 2007

⁶ http://www.scaany.org/initiatives/documents/working_to_learn_000.pdf

high school graduates over the course of their lifetime. Unfortunately tuition is rising; for example, SUNY tuition rose 28% for in-state students during the 2003-04 year alone.

People receiving welfare in New York face particularly harsh barriers to the education and training that would help them prepare for a good job. According to the NYS Education Department, an estimated 40 percent read at less than an eighth grade level. According to the Office of Temporary and Disability Assistance (OTDA), nearly 70% of adults receiving welfare do not have a high school diploma or General Educational Development (GED) degree. Yet enrollment in adult literacy, English for Speakers of Other Languages (ESOL), high school equivalency classes, college, and vocational training has been drastically reduced due to welfare policies that limit access to education and training. For example, since 1995, the City University of New York (CUNY) has lost over 20,000 students who were receiving public assistance.

Ninety percent (90%) of adults receiving welfare were and still are women with children. Research showed that eighty-eight percent (88%) of women who attain a bachelor's degree move to jobs with a living wage and permanently out of poverty. A report from the Institute for Women's Policy Research (IWPR) confirms, more than a dozen years later, that despite the challenging circumstances for low-income students to undertake a college education, higher education "provides the best opportunity – especially for women – to acquire good jobs, with good wages and good benefits." The most striking finding is the ripple effect that higher education creates "beyond the individual sitting in the classroom..." The report goes on to argue that children of college-educated parents show improved grades and study habits, and 80 percent of degree holders indicate increased involvement in their communities.⁷

When employers have an educated workforce, new employees are hired, retained, trained and promoted. In fact, production and investments increase; through workers' salaries and taxes, government revenues increase across the state.

What the Public Thinks

Public opinion supports access to education and training as a way to greater economic security. When asked what government benefit would most help poor families get ahead, a majority (89 percent) of moderate and high income New Yorkers and low income New Yorkers (68 percent) identified skills acquisition (training and higher education) as a first or second response. Basic education, including pursuit of a GED and English for Speakers of Other Languages also received significant support from both moderate and high income New Yorkers and low-income New Yorkers.⁸

Moreover, 84 percent of adult Americans say that the federal government should play a significant role in higher education. 66 percent of those surveyed are willing to pay more taxes to increase financial support for college students and to colleges and universities (61 percent) and to increase tax credits for families sending their children to college (72 percent.)⁹

ES2 Policy

All New Yorkers should have ongoing access to a wide range of education and training programs so that they are prepared to compete in the job market. An educated workforce is good for New York and its residents. Therefore ES2 believes New York State should provide free public college tuition to all New Yorkers.

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- Change NYS law to enact the new federal regulations counting homework, four year college and advance degrees at the start of the new legislative session in Albany. (A.2471/S.2323).
- NYS should let people engage in education and training to the full extent that the federal law allows. Right now, New York can count 30% (out of 50%) of the welfare caseload meeting work requirements, when they are engaged in education and training activities. New York should commit to meeting this full 30 percent.
- Under federal TANF regulations, New York needs to have 50 percent of the welfare caseload engaged in meeting the federal work requirement. To the extent that NYS exceeds the requirement, the "other 50 percent" should be allowed to satisfy their entire requirement with the wide range of education activities listed above.

⁷ <http://www.iwpr.org/pdf/D466.pdf>

⁸ Telephone poll conducted by Lake, Snell, Perry, and Associates for Community Service Society of New York, July 20-28 and August 11-14, 2005.

⁹ Quality, Affordability, and Access: Americans speak on Higher Education, survey conducted for Educational Testing Service, June 2003.

- NYS needs to bridge the gap between Pell grants and rising tuition through TAP so poor, low-income and middle class students are not saddled with student loans and debt.
- NYS can lead the way for states to advocate for raising the ceiling on the federal Pell grant income criteria so low and middle income families can qualify for grants.
- The Work-Study, Internship and Externship Law should be fully implemented in districts around the state. This law counts the hours students spend in work-study, internship and externship programs towards the welfare work requirements.
- New York State should increase funding for education and training programs, and also increase funding for CUNY, SUNY and the Tuition Assistance Program (TAP) for full-time and part-time students.
- Create a state-funded higher education scholarship program for foster youth attending college at CUNY and SUNY
- Enact law which would ensure comprehensive assessments and development of career plans for participants, and sets forth a definition of sustainable living wage.
- New York State should conduct statewide and regional job vacancy surveys to more accurately project job growth and labor market trends in New York. A job vacancy survey will help better identify where jobs are available and what skills are needed to perform those jobs.
- State policy directives on education and training options should be displayed at local social services offices so people receiving welfare can know the regulations.
- NYS should implement the current minimum work hours allowed under state and federal regulations, where parents with children less than 6 years old receiving welfare and doing 20 hours of activities fully meet participation rates.
- NYS should halt plans to deregulate tuition: CUNY and SUNY trustees seek to overturn the current system, which requires the state legislature to approve tuition increases.
- Instruct districts and HRA caseworkers that the provisions of the Work Study and Internship Law in tandem with the new unsupervised homework must be made accessible and available to all participants at call-in.
- NYS must pursue education and welfare policies that do not place caps on the level or degree of education that individuals can obtain as such policies would be deemed illegal and contrary to the goal of economic security.

GOOD JOBS FOR ALL WHO NEED THEM **Empire State Economic Security Campaign**

The Challenge

Increasing Unemployment and Lack of Good Jobs

New York State's unemployment rate has reached crisis levels. The percentage of unemployed persons in the state reached 8.3% (9.1% in New York City) in November 2010, and close to 3 million people are receiving Food Stamps assistance, a rate that has also doubled in less than three years. A national study found that, among the lowest income households, unemployment rates have reached levels exceeding the worst unemployment rates of the Great Depression.

Loss of Jobs Paying Family-Sustaining Wages and Benefits

Even before the recession started in December 2007, New York only had tenuous job growth recovery from the 2001 economic difficulties. In New York, economic output per worker increased by 11.4 percent from 2000 to 2006, while average wages increased by only 1.1 percent and real wages for workers in the bottom half of the wage distribution are in fact no higher than in 2001. Across the state, the net loss of thousands of good paying jobs has meant that the "hollowing out" of the middle of the income distribution continued at a rapid pace. Those fortunate enough to find work after being laid off often find themselves earning less and receiving fewer benefits like health insurance and retirement plans in their new jobs. Industries in which the share of total jobs has declined, on average, provided health insurance to 68 percent of their worker force, compared to the 55 percent of workers insured in industries in which the share of jobs increased in 2004.¹⁰

New York City has not been spared this trend of declining annual earnings, hours worked, and hourly wage rates in the face of rising poverty. From the peak of the economic expansion of the 1990s (2000/1999) to the years 2004/2003, annual earnings and hourly wage rates dropped dramatically for workers in the bottom third of the pay scale. From 2000/1999 to 2004/2003, annual earnings fell by 5.2 percent and hourly wages declined by 6.5 percent for workers in the lowest earnings tier.¹¹

Decline in Manufacturing Jobs and Outsourcing of Jobs

Although there has been a decline in manufacturing jobs nationwide, the decline in upstate New York areas has been much steeper than for the U.S. as a whole. New York has lost 25 percent of its factory jobs since 2000.¹² Outsourcing of U.S. jobs to other countries is a clear contributor to this problem. By 2015, the total number of U.S. jobs expected to be moved out of the U.S. through "outsourcing" is expected to reach more than 3.3 million.¹³

Real Wages Outpaced by Rising Cost of Living.

Real wages – your paycheck minus inflation – are falling for most workers. From 2002-2006, real median hourly wages in New York fell from \$16.00 per hour to \$15.678 per hour.¹⁴ Not only has the price of gasoline gone through the roof, but heating oil and gas, too. Health care costs have made a double-digit increase for several years. Property taxes are up significantly in most places, as are rents. As a result, many working families with low or moderate wages can't really afford to live on what their jobs pay.

Welfare Recipients and Low-Wage Work

Thousands of individuals have entered the low-wage, low-skill job market under welfare reform. However, getting a job no longer necessarily 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. Once in a low-wage job, there is little opportunity to climb the company ladder since investment in improving the job skills or education of welfare participants after they find work is rare.

¹⁰ Drum Major Institute for Public Policy

¹¹ Community Service Society, "NYC Poverty in New York City, 2004" by Mark Levitan

¹² Fiscal Policy Institute, "The State of Working New York 2007: Encouraging Recent Gains but Troubling Long Term Trends"

¹³ Drum Major Institute for Public Policy

¹⁴ Fiscal Policy Institute, "The State of Working New York 2007: Encouraging Recent Gains but Troubling Long Term Trends"

Two major labor market challenges facing hard-to-employ welfare recipients warrant special attention:

- ***Low levels of work readiness among hard-to-employ recipients.*** The individuals who remain on welfare have greater barriers to employment, including little or no prior work experience. They need an opportunity to develop employable skills before moving into unsubsidized jobs.
- ***Inner cities and rural areas with high rates of joblessness.*** Even in regions that experienced strong economic growth, inner cities and remote rural areas often have an inadequate supply of jobs. Transportation and family relocation strategies may succeed in expanding job options for some individuals but they do not solve the underlying problem of persistent job shortages in depressed areas.

For low-income and working families struggling with debt, unemployment, and high housing costs, true economic growth must create well-paying jobs that can sustain their families.

Lack of Oversight of the State's Multi-Billion Dollars Economic Development Program

State and local governments give away billions of dollars annually to companies in the name of economic development. This huge investment in tax credits, subsidies, exemptions and payments is supposed to create jobs but government oversight has been weak. A report by the Syracuse Post Standard found that half of the companies receiving economic development funds from New York State fell short of their "job goals." Almost a quarter actually cut jobs. But the state often fails to penalize the companies that fail to meet their job requirements, even when many millions of dollars are involved.

Thankfully, the largest of these initiatives, the Empire Zones program, which was costing the state over \$600 million a year, has been phased out to be replaced by a much smaller new program called Excelsior Jobs which he claims will be more accountable and more targeted to strategic industries, but the history of tax giveaways in New York gives us no reason to rest assured—New Yorkers must continue to insist on more equitable and effective jobs programs.

What the Public Thinks

The prolonged recession has made the mass public more aware of the issue of unemployment and heightened concerns for the jobless. According to a poll cited by Forbes.com in 2009, 26% of respondents said someone in their family had lost a job as a result of current economic conditions; and two-thirds said that they knew someone other than a family member who had lost a job. The recession has also moved the general public to a more sympathetic position about public benefits. Seventy-seven percent of unemployed Americans who were looking for work reported feeling stressed, and the majority (51%) said the government is responsible for helping people who were laid off.

Working families are deeply concerned about making ends meet, obtaining affordable health insurance for themselves and their families and avoiding going deeper into debt and bankruptcy. In national polling, when asked "what is the most important financial problem facing your family today," Americans ranked "lack of money/low wages" number 2 – second only to "health care costs."¹⁵

- 85 percent of Americans believe "the economy and issues of job outsourcing" is a critical problem, ranking among the top ten most important issues in America.
- 73 percent of Americans rank "improving the economy and creating more jobs" their top priority when deciding on who gets their vote for Congress.

A New York citywide survey of 300 voters in September 2003 found that 73 percent of working households were either very worried (37 percent) or somewhat worried (37 percent) about making ends meet and being able to afford everyday things. In addition, half of them are finding it difficult, if not impossible, to save for the future.¹⁶

ES2 Policy

New York should commit to a rigorous job creation program that extends credits *only* to businesses that create family-sustaining jobs around the state and that are targeted for low and moderate income residents, especially those leaving welfare.

¹⁵ Drum Major Institute for Public Policy

¹⁶ Drum Major Institute for Public Policy

The ARRA or federal stimulus funds gave us a golden opportunity to pilot new programs for just these lower income earners. New York should continue to support these jobs programs with regular TANF Contingency funds and general state funds.

- **TARGETED HIRING:** New York should directly link job training and job placement for low-income and unemployed people to transportation, housing and other capital construction programs. This could include a set percentage goal of hours worked on the construction project going to local residents and establishing pre-apprenticeship and union apprenticeship programs connected to the new jobs. This would provide jobs in the building trades industry, along with vocational training, for the unemployed, welfare recipients and other poor New Yorkers. We would revitalize the economy of low-income communities and get decent jobs for more people from those communities, including women and people of color.
- **JOBS WITH SUPPORTS:** The last several state budgets pioneered new kinds of welfare-to-work programs like Career Pathways, Transitional Jobs, and the Green Jobs Corps, which coupled subsidized employment with temporary but essential job training and supports, easing the transition of welfare participants into good-paying jobs.
- **GREEN JOBS INFRASTRUCTURE:** An exciting combination of special federal stimulus weatherization funds, the state's innovative Green Jobs, Green NY program, and a number of ongoing energy efficiency efforts in New York have emerged over the past several years. With special effort, these programs can develop a whole new training and jobs pipeline that could allow people without construction experience to find entry-level jobs weatherizing homes. This growing industry promises to provide a whole new form of proactive community development in low- and middle-income neighborhoods; saving people money on utilities, teaching people to make homes more efficient and giving them a good income, and cutting the greenhouse emissions impact of home heating and energy use on the environment.

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- New York should provide \$100 million funding to the job creation related TANF Initiatives: Career Pathways, the Green Jobs Corps and the Wage Subsidy program. New York should do a cost benefit analysis of subsidized employment vs. workfare.
- 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 expand publicly funded transitional jobs programs, primarily for individuals transitioning from welfare to work.
- New York State should invest in public jobs creation, including constructing affordable housing and other capital projects. 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. A WPA-style jobs program to provide jobs to 500,000 unemployed New Yorkers would cost \$14.3 billion, about the amount of money New York rebates annually from the stock transfer tax.
- 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.

DECENT, AFFORDABLE HOUSING FOR ALL NEW YORKERS

Empire State Economic Security Campaign

The Problem

During hard economic times the focus of elected officials often turns to, admittedly important, social issues such as job creation and cost savings through budget cuts. Housing, however, is often overlooked as a priority, especially for low income communities. We do this at the increased peril of those communities already ravaged by unemployment and cuts to vital services. Without stable, safe and affordable housing, families cannot focus on education, re-training, job search, employment retention, or raising their children. All else suffers without a place to call home.

Yet housing for low-income New Yorkers is increasingly unsafe, unaffordable or simply unavailable. We see this from Buffalo to New York City where thousands of housing violations leave low-income families living in unsafe conditions and where affordable apartments are becoming increasingly scarce. In New York City and its surrounding communities more than 1 million low-income people live in rent regulated housing (Community Service Society, *Destabilize Rent: the Impact of Vacancy Decontrol on Low Income Communities 2009*). Yet, since the enactment of vacancy decontrol, over 300,000 rent regulated units have been lost. This represents the loss of vital housing resources that cannot be made up with new construction or through subsidies. Other types of affordable housing are also at risk; over 45% of Mitchell Lama units have been lost over the last ten years leaving fewer than 35,000 units available to a population that has historically been teachers and civil servants and the backbone of their communities. (*Real Rent Reform Campaign 2011*).

What the Public Thinks

Most people, regardless of income, think that affordable housing is an important issue. According to the National Low Income Housing Coalition over 50% of respondents support government policies to fund low-income housing and over 75% of those “consistently support” programs to create housing even if tax increases are needed and support a housing candidate over a tax cut candidate.

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We urge you to:

- **Renew and Strengthen Expiring Rent Regulation Laws.** Units covered under rent regulation disproportionately house low-income families; 60% of low-income NYC residents live in rent regulated units. If rent regulation laws are not renewed this year this entire housing stock will be lost leaving over one million families unable to afford their homes.
- **Protect Mitchell Lama and Project-Based Section 8 Tenants** – more than half of the 80,000 Mitchell Lama units have been taken out of the program, these units should be protected under rent stabilization laws since the majority of residents are low or moderate income.
- **End Vacancy Decontrol and Re-regulate the Apartments Lost to Destabilization** – New York cannot not afford to lose even one more unit of affordable housing. The median household Income of a family in rent regulated housing is \$38,000 a year. That means that this family can afford a monthly rent of \$900 (*CSS Study: Destabilize Rent: the Impact of Vacancy Decontrol on Low Income Communities 2009*) - much lower than current fair market rents in NYC and the surrounding municipalities.
- **Oppose reducing the current formula-based funding for Neighborhood and Rural Preservation** – The Governor's budget proposes to cut the program by 50% and convert the contract to a performance based funding program. Neighborhood and Rural Preservation Programs provide vital services statewide ranging from housing development and rehabilitation to homebuyer counseling.

NEW YORK MUST DO MORE TO SUPPORT FAMILIES AND INDIVIDUALS HOMES!!

ACCESSIBLE AND AFFORDABLE CHILD CARE FOR WORKING NEW YORKERS

Empire State Economic Security Campaign

ES2 supports the Winning Beginning NY Legislative Agenda.

New York State must preserve and protect access to high-quality early care and learning, which are essential for children's success in school and for the state's economic recovery. Every \$1 spent in local early childhood programs generates \$1.86 in additional spending locally. Every \$1 invested also generates savings for public schools by reducing the need for remedial services, special education and grade retention. These savings are substantial – approximately \$2,500 to \$9,500 per child.

Winning Beginning NY, the state's early care and learning coalition, believes that New York State should:

- **Restore funding for home visiting programs**—including Healthy Families New York (\$23M); Nurse-Family Partnership, funded through Community Optional Preventive Services (\$4.3M); and The Parent-Child Home Program, funded through Hoyt Family Trust (\$1.2M).
- **Restore child care funding** (\$55M), including the reduction of \$48M in ARRA funds and the \$7M loss of funding for SUNY/CUNY child care and the demonstration projects.
- **Restore funding for afterschool initiatives** that advance student achievement and assist working families, including the Advantage After School Program (\$5M).
- **Maintain the commitment to Pre-K** services for more than 108,000 four-year-olds across the state, and eliminate maintenance of effort penalties in the legislation.
- **Build on the progress made in establishing QUALITYstarsNY** to promote better outcomes for children (\$3M).

ES2 Policy

Using elements of the California's framework, institute a temporary exemption from public assistance work requirements for parents with young children to save associated administrative and childcare costs.

Problem:

- New York faces an estimated \$40 million child care funding gap resulting from policy changes that eliminated the roll over of unspent child care funds allocated to counties. In addition, the amount of the child care block grant to New York City was cut by \$11 million in fiscal 2010-2011.

Solution:

- In 2009 the California state budget bill included provisions that exempted parents of young children (with one child under the age of 2 or more than one child under the age of 6) from welfare work requirements. The exemption expires in July 2011.
- The justification was that during the fiscal crisis significant money from administration and childcare could be saved, while allowing parents to participate voluntarily in education or any other work activity.
- A similar measure adopted in New York State would enable the state to maintain funding for subsidized care for people currently employed (both public assistance and non-public assistance households) as well as ensure the childcare guarantee for parents receiving public assistance who voluntarily enroll in education and training programs. The state should consider the degree to which this may impact the federal welfare participation rates and factor in the cost of any related penalties which should be offset by the savings in child care funds. The state can also request a temporary waiver of the penalty because of the recession and lack of sufficient child care funding to meet the demand.

AFFORDABLE, ACCESSIBLE TRANSPORTATION

Empire State Economic Security Campaign

The Problem

Wheels to Work

Transportation is a major barrier faced by many welfare participants and low-income individuals in securing employment in New York State. National studies show that a person receiving welfare who owns a car (or has access to affordable, reliable transportation services) is likely to earn more per hour, work longer hours, stay on welfare for a shorter period of time, and retain their job for a longer period of time.

The most difficult barrier to increased usage of mass transit by people moving from welfare to work, especially outside of the NYC Metro area, is that transit services may not operate at times or to locations needed by certain customers. This is especially true if the job hours are outside regular daylight working hours, or the job (or worker) location is outside of a core urban area. Many people leaving welfare for work and other low-income workers can only secure jobs that have irregular shifts. In addition to traveling to and from work, transportation is needed to and from childcare sites.

Transportation systems are not just weak in moving inner-city residents to jobs in the suburbs and/or cross-town, they are also scarce in rural communities. New York State, contrary to popular perception, is primarily rural. Most of the counties outside of New York City have limited or non-existent transportation services.

Over the last decade New York made significant investments in the development of Wheels to Work Programs. The program provided low-cost vehicles to welfare participants to enable them to obtain and maintain employment. Given that the majority of persons who have left the welfare rolls over the last few years have moved into low-paying, entry-level positions, it is critical that they have the transportation tools needed to advance in the workforce. Unfortunately, the programs were largely unsuccessful in providing training to participants as auto mechanics.

Unfortunately, no funding for these programs was contained in the 2010-11 state budget.

Mass Transit and the MTA

New York City has also seen significant cuts in its mass transit services and repeated hikes in fares. Low-income people are especially impacted by fare hikes. One quarter of New York's workers use mass transit to get to work.

Twice in the last year, the Paterson Administration diverted a total of \$160 million of funds dedicated solely to transit to other purposes. The diversion of dedicated transit funds in the fall of 2009 directly triggered the worst transit service cuts in memory. These included axing 36 bus routes; eliminating 570 bus stops; killing all or parts of three subway lines; and burdening millions of city and suburban riders with greater waits, more crowding, extra transfers and longer trips. Commuter rail riders have had their trains eliminated and stops added to remaining trains. Paratransit service for individuals with disabilities has been made even less convenient or, in some communities, eliminated completely.

In addition to the diversion of \$160 million, the amount of dedicated taxes for transit decreased by \$563 million in 2010 and a projected \$292 million in 2011.

The MTA's budget for 2011 is precariously balanced. The agency's promises not to raise fares and cut services are based on new state legislative cuts and dedicated transit taxes not coming in lower than expected. The MTA holds a total of \$31 billion in debt, which is more than twice the MTA's annual budget. Debt payments cost the MTA \$1.8 billion last year and are set to increase to \$2.1 billion next year and \$2.6 billion by 2014. The governor and state legislature are directly responsible for the MTA's finances: they decide how much revenue flows to the authority, and only they have the power to put the MTA on sound financial footing.

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Wheels to Work

- Restore funding for afterschool programs to FY09-10 levels. This includes a restoration of Advantage Afterschool funding to \$30.5 million and Extended School Day /School Violence Prevention funding to \$27.8 million.
- New York State should restore funding for Wheels to Work and expand the program to include job training for low-income New Yorkers.
- Welfare recipients looking for work should receive free subway and bus passes. Such subsidies should continue for at least the first three months after finding a job. Subsidies are also needed for car insurance and car repair.
- New York should engage in "local hiring practices" for transportation related infrastructure projects. Community residents should be given the opportunity to work on projects that are in their communities.
- Dedicated transit funds should be spent for the sole purpose for which they were enacted

Mass Transit

- Return the \$160 million taken from the MTA over the last year by the state and prevent state lawmakers from using dedicated transit funds for other purposes.
- End the fiscally irresponsible reliance on debt by restoring the state's contribution to the MTA capital program to 20 percent of the program's cost. Since 1992, the state has not contributed any funds directly toward the MTA's capital program. Before that time, state contributions made up a significant percentage of the MTA's capital program. In 1992, state lawmakers slashed state funding for the MTA's capital program. Today's debt crisis can be attributed in large part to this unfortunate decision and the failure of subsequent administrations to restore funding.
- Protect millions of straphangers from threats to repeal the mobility tax which, if repealed, would result in yearly MTA budget deficits of over one billion dollars.
- Create sustainable sources of transit revenue funded by everyone who benefits from transit, including riders, drivers and businesses. Congestion pricing, bridge tolls and other variable charging plans that would provide critical revenue for the MTA (and avert future service cuts and unreasonable fare hikes) would benefit New York City's middle class, the majority of whom rely on mass transit to commute to their jobs in Manhattan.
- Lead New York's congressional delegation to secure higher levels of federal funding that would help expand public transit service access to underserved areas. Federal funding covers 80 percent to 90 percent of new highway projects but only 60 percent of public transit projects. Federal contributions are often much lower in practice. The federal government has agreed to fund only 27 percent of the first phase of the Second Avenue Subway, for example. Nationally, federal investment sufficient to bring the country's public transit systems to a state of good repair would create 2.5 million jobs over six years, including more than 16,000 jobs in the manufacturing sector alone in New York State.