F I S C A L   P O L I C Y   I N S T I T U T E
1 LEAR JET LANE / LATHAM, NEW YORK 12110
(518) 786-3156 - www.fiscalpolicy.org

Testimony
of
Trudi Renwick, Ph.D.
Senior Economist

before the

Senate Finance and Assembly Ways and Means Committees
Joint Public Hearing on Human Services

February 5, 2008

My name is Trudi Renwick and I am a Senior Economist with the Fiscal Policy Institute. The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being of New York State residents. Founded in 1991, FPI's work is intended to further the development and implementation of public policies that create a strong economy in which prosperity is broadly shared by all New Yorkers. Thank you for the opportunity to submit this testimony in writing today.

This testimony consists of four parts:

I. An analysis of New York's utilization of the federal Temporary Assistance for Needy Families (TANF) block grant and related maintenance of effort resources (page 2).

II. An analysis of how New York can meet the more stringent federal work participation rates—including proposals for a state supplement to the food stamp program; elimination of the 185 percent rule; liberalization of the earned income disregard and increased investment in education, training and work experience programs (page 11).

III. The case for increasing and indexing the NYS minimum wage (page 18).

IV. A series of charts and tables describing TANF spending in New York (page 20).

I. New York's Utilization of the TANF Block Grant

Over the last twelve years, the interaction of two major developments—dramatic reductions in the number of needy families receiving governmental cash assistance and major changes in the way that the federal government shares in the costs incurred by the states in providing such assistance and related services—have given the states an unprecedented level of resources that can be used with an unprecedented degree of flexibility in meeting the needs of families that continue to receive cash assistance and families that need additional supports to successfully remain working.[1]

A. Review of Historical TANF Spending Trends

In New York State, the number of people receiving public assistance has declined by more than 1.1 million, from 1,643,832 recipients in January 1995 to 516,298 in December 2007. Despite this precipitous drop in the welfare rolls, since December 1996 New York has received a fixed amount of money from the federal government (approximately $2.44 billion per year) for "temporary assistance to needy families (TANF)." This combination of fixed funding and falling caseloads has resulted in the so-called "TANF surplus." In its simplest formulation, this surplus is the difference between (a) the $2.44 billion in federal aid that New York receives in a particular federal fiscal year under the TANF Block Grant and (b) the amount that it needs to cover the federal portion of cash assistance to needy families (less than $1 billion).

New York is allowed to use these "additional" resources to (1) invest in programs and services that assist needy families in becoming and remaining self sufficient and/or, (2) subject to some restrictions imposed by federal guidelines, fund certain existing programs of assistance to needy families, thus providing fiscal relief to the state by allowing it to reduce the amount of General Fund resources necessary to continue those programs and/or (3) to build up reserve (or "rainy day") funds for use during economic downturns when caseloads (and therefore, cash assistance expenditures) are likely to increase.

As cash assistance caseloads declined over the past twelve years, New York divided its growing TANF "surpluses" among the three categories of allowable expenditures.

- Some TANF funds were used to initiative a broad array of programs and services to assist needy families in becoming and remaining self sufficient, including child care, transportation, wage subsidy programs and literacy and English as a Second Language programs. In 2004-05, New York's use of TANF funding for education, training and transitional services fell below $200 million after the governor's vetoes of a number of programs the legislature tried to restore. Spending for these programs and services went back up to almost $300 million in 2005-06 and $377 million in 2006-07 but fell back to $346 million in 2007-08.

[1] The Temporary Assistance for Needy Families (TANF) program, which replaced the Aid to Families with Dependent Children (AFDC) program, was reauthorized in February 2006 as part of the Deficit Reduction Act of 2005.

- TANF funds have also been used to provide fiscal relief to the state and local governments. In 2007-08, New York again used more than $1 billion of the $2.4 billion TANF block grant for Fiscal Relief. New York used over $600 million to finance the New York State Earned Income Tax Credit and another $350 million to finance child welfare expenditures including transfers to the Title XX Social Services Block Grant and Emergency Assistance to Families (EAF) payments to child welfare cases.

- For the first five years of the block grant, a significant portion of the TANF block grant was allocated to reserve or contingency funds or otherwise left unspent. In the past five years, the state spent almost all those reserve or contingency funds that had been accumulated in the first five years. Total spending from the TANF grant exceeded the $2.4 billion block grant every year since 2001-02—virtually eliminating any reserve funds.

- During SFY 2002-03 and SFY 2003-04, TANF resources were used to provide fiscal relief by funding existing programs of assistance to needy families to an unprecedented degree. The state used TANF funding for the Tuition Assistance Program ($626 million), pre-K programs ($50 million) and Extended Day Programs ($11.3 million). In addition, the state used almost $900 million for the refundable portion of the state Earned Income Tax Credit (EITC) and the state Child and Dependent Care Credit (CDCC) while transferring the maximum allowable $241 million to Title XX each year.

- In the last several years, in recognition of the increasing pressures on the fixed TANF block grant, New York has moved responsibility for funding several key programs out of the TANF block grant and back to the General Fund. For example, in 2003-04 New York funded $100 million of the cost of the NYS Child and Dependent Care Credit from the TANF block grant. Last year no money from the block grant was used for this credit. In a similar vein, more than $90 million in funding for a number of critical child welfare programs were moved from the TANF block grant to the General Fund in the 2005-06 final budget. The governor's proposed budget for 2008-09 continues this trend moving programs with more than $100 million in TANF funding to the General Fund.

Three years ago New York radically restructured the way in which the TANF funds are allocated in New York. In addition to funding a variety of individual programs (through the Office of Children and Family Services, Office of Temporary and Disability Assistance and the Department of Labor), the local social service districts were given a $600 million block grant, the Flexible Fund for Family Services (FFFS) to be used for transfers to the Title XX social services block grant, child welfare, and TANF administration. The legislature amended the governor's original proposal for a $1 billion FFFS which would have included child care funding and funded child care separately, but social service districts were allowed to increase their child care allocations with funds from the FFFS.

Flexible Fund for Family Services					
	SFY 2005-06	SFY 2006-07	SFY 2007-08	Change: 2005-06 to 2007-08	Share of Change
Administration	$135,922	$150,000	$163,202	$27,280	50%
Child Care	$9,900	$352,289	$3,802	($6,097)	-11%
Employment, Service and Statewide Contracts	$130,556	$170,374	$138,367	$7,811	14%
Child Welfare	$203,589	$225,753	$223,178	$19,589	36%
Title XX Transfer	$119,838	$123,504	$125,766	$5,927	11%
Total	$599,805	$1,021,919	$654,315	$54,510	100%
Source: Flexible Fund for Family Services District Plans					

In 2006-07, despite the objections of the legislative conference committee, child care funding was included in the Flexible Fund for Family Services with the total resources allocated through this mechanism increased to $1.036 billion. Since the legislature never passed a 2006-07 TANF budget, the Division of the Budget used reappropriation authority to release these funds through the FFFS. In addition, funding for a number of state-level programs and contracts was finally released during the summer of 2006.

Resources provided to local social services districts through the FFFS for purposes other than child care have increased from $600 million in 2005-06 to approximately $654 million 2007-08. Districts used half (50 percent) of these increased resources or $27 millions for administration. Another 36 percent of the increase ($20 million) was allocated for child welfare and 11 percent ($6 million) transferred to the Title XX block grant. Less than $8 million or 14 percent of the incremental resources were used for TANF services.

B. Summary of Proposed TANF Funding Sources and Uses for State Fiscal Year 2008-09

For 2008-09, the Executive Budget proposes to spend $2.37 billion, all but $70 million of the TANF block grant.[2] Of the $2.37 billion in proposed spending, the Executive Budget would distribute over $1 billion through the FFFS, spend less than $100 million on employment and transitional initiatives and use $718 million to finance the state's Earned Income Tax Credit. Outside the so-called TANF budget, the Executive Budget proposes to increase the share of cash assistance paid by local social services districts by two percentage points, from 25 percent to 27 percent for families eligible for federal funding and from 50 percent to 52 percent for safety net families.

One positive note in the governor's budget is the proposal to increase amount of child support passed through to families on cash assistance from $50 per month to $100 per month. This proposal is designed to take advantage of new federal flexibility on child support administration. It will provide additional resources to families with children and provide greater incentive for noncustodial parents to keep current on their child support obligations.

[2] Documents distributed by OTDA show a total of $2.43 billion in spending, approximately $55 million more than the spending estimates released by the Division of the Budget.

Federal TANF Block Grant	$2,440,000
PROPOSED USES	
Estimated Spending on Assistance and other "base" functions	$550,442
Earned Income Tax Credit	$718,415
Flexible Fund for Family Services	$1,010,300
Employment/Transitional Initiatives	$91,782
Child Care	FFFS
Total TANF Spending: SFY 2008-09	$2,370,939

New York should go even further and increase the amount passed through to families with more than one child to the $200 allowed by federal regulations.

1. Concerns with TANF Base Spending: The basic public assistance grant has not increased since 1990.

The Division of the Budget divides TANF spending into two categories, TANF Initiatives and TANF Base Spending. TANF Base Spending includes spending for cash assistance as well as expenditures for emergency assistance to families and state level administrative costs. TANF Base spending has fallen from $1.2 billion in 2003-04 to $569 million in 2006-07 and the Executive Budget proposes to shrink spending for this category in 2008-09 to $550 million. Most of the reduction in spending in this category is due to the decline in TANF caseloads, because of an overall decline in cash assistance caseloads as well as a shift of families meeting their federal five year time limit from TANF-financed benefits to the state and locally financed Safety Net program. New York has not used any of these "found" resources to increase public assistance grant levels.

In 1975 public assistance for a three-person family was equal to 110 percent of the Federal Poverty Level. Today it has fallen to less than 50 percent of the poverty level. In 2003 there was a modest, inadequate increase in the shelter portion of the public assistance grant, but the basic allowance for all other expenses has been unchanged for 18 years. To keep pace with the rising cost of living, the $291 a family of three received for non-shelter needs in 1990 would today have to be increased to over $475 a month.

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 housing costs. 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 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 fair market rent for a two-bedroom apartment is $1,318. In New York

City it is estimated that by 2007, 86 percent of families living in private housing will have a rent level that is higher than the amount provided for rent in their welfare grant.

Fuel for heating allowances have not been increased since 1987. Since that time average prices for electricity have increased by 163 percent, the cost of natural gas has increased 141 percent and the cost of fuel oil has increased 310 percent. For example, public assistance families in Albany using fuel oil to heat their homes are given only $828 per year to pay for home heating costs. Families heating with natural gas are given only about $700.

	1990	**2007**	**2008**
Basic Allowance for Three Person Family plus HEA/SHEA	$291	$291	$291
Consumer Price Index - New York-Northern New Jersey-Long Island, NY-NJ-CT-PA	138.5	226.9	233.7
Federal Poverty Guideline for a Three Person Family	$10,560	$17,170	$17,600
Basic Allowance as a Percent of Federal Poverty Guideline	33.1%	20.3%	19.8%
Basic Allowance Required to Restore Purchasing Power to 1990 Level		$477	$491
Basic Allowance Required to Restore Relationship to 1990 Poverty Guidelines		$473	$485
Note: 2008 Consumer Price Index assumes a 3% increase over 2007.			

One way for the state to increase the basic allowance for families dependent on cash assistance would be to provide a state-funded food stamp supplement. Providing the basic allowance increase through a food allowance is one way to increase the basic allowance without reducing federal food stamp benefits to each family.

a. New York's spending on cash assistance has declined by $2.1 billion since 1995.

New York's expenditures on cash assistance have decreased from $4 billion in 1995 to $1.9 billion in 2006. In 1995 the state spent $1.28 billion and local social services districts spent an additional $1.28 billion for cash assistance with the federal government contributing the other $1.46 billion. If we adjust these figures for inflation, the real value of spending on cash assistance in New York has fallen from $5.5 billion to $1.9 billion.

b. What is the cost of not increasing the welfare grant?

Any analysis of the cost of increasing the welfare grant should take into consideration the cost of not increasing the grant. Inadequate welfare grant allowances, particularly the shelter allowance, contribute to higher rates of eviction and homelessness. The cost of providing services to a family in a shelter for the homeless is far greater than the cost of an increase in the public assistance grant sufficient to prevent homelessness.

The inadequacy of the welfare grant makes it difficult for cash assistance recipients to comply with employment requirements. When families are struggling to pay the rent or doubling up to avoid eviction and homelessness, it is difficult to focus on work search requirements and even more difficult to maintain employment.

More generally, national studies have begun to quantify the social and economic costs of child poverty. The Center for American Progress Task Force on Poverty released a report in April 2007 that estimates the cost of childhood poverty at about $500 billion per year or 4 percent of Gross Domestic Product. Applying this estimate to the New York State economy, the cost in New York of childhood poverty would be approximately $41 billion per year. If increasing welfare grants could decrease childhood poverty by 25 percent, the state economy would save $10 billion per year.[3]

c. Increasing the basic welfare grant has significant benefits.

Increasing the welfare grant may also help New York meet its work participation rate requirements. New York is currently allowed to use any excess Maintenance of Effort (MOE) spending to increase its caseload reduction credits in calculating its required work participation rates. Since increased spending on public assistance cash grants (whether by state or local governments) counts as MOE spending, New York will reduce the likelihood of incurring penalties for failure to meet work participation rate requirements.

An increase in the welfare grant will also help New York meet its work participation rate requirements because an increase in the New York standard of need will make more working poor families eligible for cash assistance.

2. Concerns with the Flexible Fund for Family Services.

a. Child care funding should be taken out of the Flexible Fund for Family Services.

The 2008-09 Executive Budget keeps the Summer Youth Employment program and the Nonresidential Domestic Violence Screening programs out of the FFFS but proposes once again to put Child Care funding back into the block grant. Child care is one of the most critical services funded with resources from the TANF block grant. When child care was included in the FFFS in 2005-06, social services districts used the flexibility granted to them with the expanded

---

[3] Center for American Progress Task Force on Poverty, *From Poverty to Prosperity: A National Strategy to Cut Poverty in Half,* April 2002, p. 12. Estimate of New York's 2006 Gross Domestic Product from the Bureau of Economic Analysis (www.bea.gov).

FFFS to reduce support for child care. In order to guarantee adequate investments in child care funding, this funding must be taken out of the FFFS.

Social services districts are free to allocate part of their FFFS for child care whether or not child care is included in the FFFS but transfers from the FFFS to child care fell by $6 million from $9 million in 2005-06 to $3 million in 2007-08. For 2006-07, the year that child care was included in the FFFS, total funding for child care from the TANF block grant fell by approximately $20 million relative to 2005-06 funding levels.[4]

Since TANF recipients are automatically eligible for child care subsidies, shortages of child care funding will reduce the availability of subsidies for the working poor. These families may be forced back into the TANF program if they can no longer afford quality child care for their children.

b. Distribution of FFFS funds is not based on relative needs of different social services districts.

The county specific allocations of the original $600 million FFFS block grant were based on historical expenditure patterns (according to OTDA, "a review of various SFY 2004-05 allocations, recent data on actual spending for TANF local administration, and data on awards to each district from state-level TANF contracts") rather than on caseload or number of poor families eligible for TANF-funded services. In subsequent years, OTDA has continued to distribute the FFFS based on historical expenditures levels, not caseload nor number of people in poverty.

c. There is inadequate protection against "supplantation" and lack of public input into the development of plans by local social services districts.

The FFFS block grant proposal does not provide sufficient protection against supplantation by the local counties. Counties are allowed to use these funds for any of the TANF purposes as well as any of the programs, particularly child welfare programs, historically funded with AFDC funds. While the counties continue to have maintenance of effort requirement for the TANF block grant and the child care block grant, there are no guarantees that the level of services to low-income families will be maintained. The increases in spending on child welfare in the 2007-08 plans relative to the 2005-06 plans provide some evidence that this kind of supplantation may already be an issue.

Each social services district develops a plan that is reviewed by OTDA for the utilization of its share of the FFFS. There are no provisions for public input into the development and/or approval of these plans and therefore no guarantee that either low income families nor those who provide services to low income families will have a say in how these funds are allocated.

While we applaud the new accountability measures introduced by OTDA in the past twelve months, these stringent accountability measures on the portion of the FFFS allocated to TANF

[4] According to the NYS Division of the Budget, some social service districts had significant amounts of child care "carry over" resources that were used instead of FFFS funds so overall spending on child care did not decrease.

services and programs provide another incentive to allocate more resources for child welfare since the resources allocated for this purpose are not subject to the reporting requirements.

3. Concerns with financing the Earned Income Tax Credit (EITC): New York should be using less of its federal TANF funds to finance the EITC, not more.

We support the governor's proposal to fund $112.37 million in programs previously funded with the TANF block grant with General Fund dollars. This move demonstrates his support for these important programs and will help to secure the continuance of these services. Unfortunately, while the governor proposes to find funding for these programs from general fund resources, his budget proposes to increase the use of TANF resources to finance the state's Earned Income Tax Credit.

When New York's EITC was first established by Governor Mario Cuomo in 1994, it was paid for, like any other tax credit, as a reduction in revenues without a designated funding source. Recognizing EITC as an effective means of assisting low-income families struggling to make ends meet, New York State expanded the credit in fiscal year 1999-2000 and began funding the credit with TANF block grant dollars which were in excess at that time. Over time EITC has grown, annually taking up more and more of New York State's federal TANF block grant, a fixed funding source of over $2 billion.

While there is no question that the State EITC is a permissible use of federal TANF funds, given the fixed nature of the federal TANF block grant and the anticipated continued growth in the EITC, continued funding of the EITC with this limited resource pool is an unsustainable policy approach. Instead, New York's EITC should be funded as it was at its inception, through a reduction in general revenues just as any other tax credit.

To protect EITC and the many benefits and programs funded with TANF dollars now and in the future, the State should begin shifting funding for EITC out of the TANF block grant allocation and into the General Fund. This will allow New York State to use all the federal TANF block grant for enhancements to cash assistance, childcare, education, training, and other supporting services for low-income families and will remove the intensifying competition between these valuable benefits and programs and EITC, all of which represent key components of New York's support system for low-income families.

Noteworthy precedent for this shift exists. From fiscal year 2000-01 to fiscal year 2004-05, New York also financed the NYS Child and Dependent Care Credit from the TANF block grant. However, for the past three years, no TANF funds were used for this credit and it is now funded entirely from the General Fund. EITC, like the child and dependent care credit, should be shifted out of the TANF block grant allocation.

We urge the State to begin transferring EITC out of TANF this year by capping the EITC TANF allocation to last year's level of $603.1 million, $115.4 million less than the Executive Proposal of $718.4 million. Over time, the State should completely phase out the use of TANF for EITC. The TANF dollars freed up from this transfer could then be used to stabilize and enhance the many benefits and programs available to New York's poor individuals and families.

To protect all of the benefits and programs currently supported with the TANF block grant allocation, we urge the State to begin transferring EITC out of TANF this year by capping the EITC TANF allocation to last year's level of $603.1 million, $115.4 million less than the Executive Proposal of $718.4 million and to completely phase out the use of TANF for EITC over time.

State Fiscal Year	Tax Year	TOTAL EITC - Statewide, Including Childless Claims	TANF FUNDS - from Budget Documents	Percent of EITC Funded with TANF
1993-94				
1994-95	1994	77,862,000		
1995-96	1995	136,818,000		
1996-97	1996	290,873,000		
1997-98	1997	322,119,000		
1998-99	1998	345,993,000		
1999-00	1999	360,802,000	49,000,000	13.60%
2000-01	2000	423,057,000	323,000,000	76.30%
2001-02	2001	500,921,000	351,000,000	70.10%
2002-03	2002	590,914,000	370,093,000	62.60%
2003-04	2003	681,471,000	379,900,000	55.70%
2004-05	2004	662,646,000	471,083,000	71.10%
2005-06	2005	700,027,737	686,165,000	98.00%
2006-07	2006	745,000,000*	678,598,000	91.10%
2007-08	2007	740,000,000*	603,052,000	81.49%

* Projection from tax expenditure report

II. The Governor's Budget Should Do More to Ensure that New York Meets the New Federal Work Participation Rate Requirements

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which established the Temporary Assistance for Needy Families (TANF) program, was officially reauthorized on February 8, 2006 in the federal Deficit Reduction Act of 2005. The reauthorizing legislation extended the TANF program through September 30, 2010. The new legislation maintains the basic level of New York's annual TANF block grant at $2.4 billion and retains the current work participation-rate standards. Fifty percent of "all families" (families that include an adult receiving TANF income supplements) and 90 percent of two-parent families must be participating in work-related activities. The legislation does not change either the list of activities that count as "work-related" nor the rules for the minimum hours needed for a family to count toward these participation standards—20 for single parents of children under age 6, 30 for other single parents, and 35 to 55 hours for two-parent families. However, the legislation did make the following significant changes:

- The caseload reduction credit is revised, so that participation standards are reduced only for caseload reductions that occur from Federal Fiscal Year 2005 into the future. Thus, absent further caseload declines, a state would face a 50 percent participation standard in contrast to the much lower standard most have faced until now. New York will go from facing a zero work participation rate requirement to needing to engage close to 50 percent of single parent families and 90 percent of two-parent families in work-related activities.

- Families in "Separate State Programs" (SSPs)—TANF-like programs funded solely with state funds that are counted toward the TANF state-spending (or "maintenance-of-effort") requirement—will be included in the participation-rate calculation. In New York these would be families in the Safety Net program.

The June 2006 regulations that went into effect October 1, 2006 narrowed the definition of many permissible work activities, particularly limiting the use of the "community services" category.

It has been estimated that New York could lose as much as $358 million in federal funds for failure to comply with the new work participation rules. The $358 million estimate is the result of adding together the following three different possible penalty provisions:

- <u>Increases in MOE requirement from 75 percent to 80 percent</u>: The framers of the 1996 federal welfare law were particularly concerned that states might take advantage of the new flexibility and declining caseloads to dramatically decrease state spending in support of low-income families and children. In order to guard against this possibility, the law restricted the use of the federal block grant funds to specific activities and established "maintenance of effort" (MOE) requirements. Under the TANF MOE requirement, New York must currently spend at least 75 percent of the $2.291 billion that it spent on needy families in the federal fiscal year that ended in 1995. If the state fails to meet its required overall and two-parent work requirements, the MOE increases from 75 percent to 80 percent, an increase from the current $1.719 billion to $1.833 billion, or $115 million.

- Five percent reduction in TANF block grant for failure to meet work participation rate: A state's failure to meet the "all families" work participation rate can result in the state's block grant being reduced by up to 5 percent. Five percent of New York's $2.4 billion TANF grant is $122 million.

- Five percent reduction in TANF block grant for failure to establish counting and verification procedures: There is a second potential 5 percent penalty for "failure to establish or comply with procedures for counting and verifying work activities" which would also be equal to $122 million.

OTDA estimates that NYS will be eligible for a 6 percent caseload reduction credit because of positive past caseload reduction, which will bring down the single parent caseload requirement to 44 percent. OTDA estimates that currently approximately 37 percent of single parents are working and expects to meet the work participation rate requirements in the first year.

The 2008-09 Executive Budget continues two programs that were explicitly designed to help meet these new requirements: the $14 million program for intensive case management and incentive payments for local districts that meet their work participation rate requirements. The case management program is designed to provide face-to-face contact with families who are sanctioned or threatened with sanctions to discover what services and interventions are necessary to bring them into compliance with the work requirements. The Executive Budget requests an additional $11.4 million for increased administrative reimbursement to districts that achieve a 50 percent work participation rate. There is much more that could be done.

A. New York should use its separate state program for two parent families to provide assistance to others who cannot meet the new work requirements.

New York has already enacted legislation to change the financing of assistance to two-parent families to avoid these new federal rules. Cash assistance for two-parent families will be paid for as a "separate state program" which is not subject to these rules. There are no fiscal consequences of this decision because New York already spends more than its required MOE amount and therefore does not need to count these expenditures towards MOE. The State should consider moving other groups of recipients into this separate state program, e.g. families with disabilities requiring more intensive services to remove barriers to employment (substance abuse, mental health, learning disabilities, language limitations, etc.) than what is allowed under the federal law.

B. New York should provide a state funded food stamp supplement for working families.

Another strategy for meeting the new requirements is to extend assistance to working families. For example, providing a small nutritional assistance supplement to working families receiving food stamps would increase the work participation rate and give much needed income support to these families. The governor's Working Families Food Stamp initiative is a good first step but New York should go further and provide a state funded food stamp supplement.

Working families eligible for federal food stamps would receive a $100 a month state supplement to their food stamp benefits. Administration of this benefit would be streamlined; it would involve adding $100 to the EBT cards used by recipients to access benefits. Minimal additional reporting requirements would be necessary. The state supplement could be for working poor families OR for all families. If the supplement were to be implemented for all families, it might be done in lieu of an increase in the welfare grant. The food stamp supplement would have the following advantages:

- Families would receive an additional monthly benefit without a concomitant loss of federal food stamp benefits. According to the latest USDA report on food security, 10.4 percent of New York households have low or very low food security in 2003-2005.[5] This represented a full percentage point increase over the 2000-2002 period. Most other proposals to provide additional assistance to families would result in a loss of 30 cents in federal food stamp benefits for every $1.00 in increased benefits.[6]
- Increasing the food stamp benefit would help to maximize federal resources because it would give working families with small federal food stamp benefit entitlements a greater incentive to participate in the federal program.
- New York would increase its work participation rate requirements.[7] Since this supplement would fall under the federal definition of assistance, non-TANF working families would be added to both the numerator and the denominator of the work participation rate calculations.[8] According to data from OTDA, in December 2007, New York's work participation rate was 32.2 percent—with 31,529 cases out of 87,000 "countable" cases meeting federal work requirements. Providing food stamp supplements to just 25,000 working poor families would immediately bring New York's participation rate up to the required 50 percent. The alternative would be to engage 15,000 more current recipients in work activities.
- Administration would be relatively simple. Working poor food stamp recipients are already required to report income to maintain food stamp eligibility. Minimal additional reporting requirements would be needed for the TANF program.[9]

According to USDA data, in 2005 approximately 75,000 households with children receiving food stamps in New York had sufficient earned income to meet the work participation rate requirements.[10] Annual cost of a $100 per month supplement to this group would be $90 million,

[5] http://www.ers.usda.gov/Publications/ERR29/ERR29i.pdf.
[6] The only other way to provide income to families without affecting their food stamp benefits is through the State EITC but families receive the State EITC only at the end of the year. It is not available to meet monthly needs for food, clothing, shelter, utilities and the EITC does not count as "assistance" under the federal regulations.
[7] Maximum impact on the work participation rate would be achieved if the supplement were made available only to those families either meeting the work participation rate requirements or already on TANF. If the supplement were made available to all food stamp families the rate might even go down.
[8] "Assistance" is defined as "cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs (i.e. for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses)." The definition excludes, among other things, earned income tax credits and childcare given to working families. It does not, however, exclude payments for housing or food (45 CFR 260.31)
[9] The DRA regulations (45 CFR 261.61) require submission of documentation only every six months for working families.
[10] Estimates include households with a child under the age of six working at least 20 hours per week and households with older children working 30 hours a week assuming an average wage rate of $8 an hour.

considerably less than the $358 million in penalties potentially facing the state for failure to meet work participation rate requirements.

A presentation in Massachusetts by the Jack Tweedie from the National Conference of State Legislatures included this as an option that should be considered there. Arkansas has a program called "Work Pays" which provides a $204 a month cash assistance payment for up to 24 months for 3,000 families. The Oregon TANF agency and the NM TANF agency are both proposing a worker supplement program but need legislative approval to put such a program in place.

Many states are considering this option, in part because of the extent to which it can help states meet the work participation rate and in part because of the impressive research evidence that shows that income supplements for working families improve employment outcomes and help reduce poverty. For example, commenting on two decades of research on income supplement programs in the United States and Canada, Gordon Berlin, president of MDRC, concluded:

> In short, earnings supplement policies increase the range of options that policymakers have to encourage work and combat poverty. Indeed, they are the only policies to consistently have had positive effects on both work and income.[11]

C. New York should help families get out of poverty by repealing the 185 percent of the Standard of Need eligibility test and liberalizing the Earned Income Disregard.

1. Eliminate the 185 percent of the standard of need eligibility criteria.

When New York passed its welfare reform initiative in 1997, working families on public assistance were promised that they could earn their way to the poverty level with the state's enhanced earned income disregard (EID) which is indexed to the federal poverty guidelines. Social Services Law Section 121-a (10) still denied assistance to any family with income above 185 percent of the standard of need but in most counties 185 percent of the standard of need was above the poverty level. Since the poverty guideline is increased each year to reflect inflation while the standard of need has increased only once with the small shelter allowances increases in 2003, the poverty level is now significantly higher than the standard of need for a family of three in every county in the state. Therefore recipients become ineligible for assistance before their incomes ever reach the poverty level

There are only five social services districts in the state (Dutchess, Orange, Putnam, Rockland, Suffolk and New York City) in which a parent working full time at the minimum wage would not earn too much to pass the "gross income" test. A generous earned income disregard is meaningless if other rules disqualify families seeking assistance when their incomes are still far below the poverty line. This so-called "185 percent rule" should be repealed.

---

[11] Charles Michalopoulos, "Does Making Work Pay Still Pay," MRDC, August 2005, p. x, http://www.mdrc.org/publications/414/execsum.html and full report at http://www.mdrc.org/publications/414/full.pdf

2. Increase the initial $90 Earned Income Disregard to $150.

The Earned Income Disregard (EID) encourages employment by ensuring that a welfare recipient's grant is not decreased one dollar for every dollar of earnings. Under New York's current system, the first $90 of earnings does not reduce the welfare grant at all. Beyond the initial $90, the grant is reduced by 52 cents for every additional $1.00 earned. This initial $90 has not been increased since 1990. Increasing the $90 to reflect changes in the cost of living since 1990 would require an initial $150 disregard.

3. Revamp the Earned Income Disregard so no benefits are reduced until a family's income reaches the poverty line.

Under current rules, a recipient working 30 hours a week at a wage of $7.15 an hour (earning $930 a month) would lose $437 in cash assistance benefits. The first $90 of earnings would be disregarded but the welfare grant would be reduced by $437—52 percent of the remaining $840. If the recipient were entitled to a $691 monthly grant without earnings, the grant with earnings would be reduced to $254. The recipient keeps the $930 from wages and $254 ($691 minus $437) in TANF benefits for a total monthly income of $1,184, 19 percent below the 2008 federal poverty guideline of $1,467 per month for a family of this size.

Although New York's earned income disregard is relatively generous, TANF grants to families are reduced before the family's income reaches the federal poverty level and all TANF assistance is phased out as income hits the poverty guideline. For example, the federal poverty guideline for a single mom with two children is $1,467 for 2008. The family in the previous example lost $437 in TANF benefits even though its income was still $200 a month below the federal poverty guideline.

A revamped EID would not reduce TANF benefits at all until a family's income reached the poverty guidelines. The recipient family in our previous example working 30 hours a week at $7.15 an hour would keep $930 from wages plus all but $119 of its TANF grant bringing its income up to $1,502—2.5 percent above the federal poverty guidelines. A recipient working 40 hours a week at $8.15 an hour would continue to receive $331 in cash assistance.

The Connecticut Jobs First program adopted an enhanced EID that allowed welfare recipients to keep the full amount of their earnings as well as their cash assistance up to the Federal Poverty Level for up to 21 months in addition to their full welfare and Food Stamp grant, leading to increased employment, earnings and income.

D. New York should increase the participation of New York TANF beneficiaries in education, training and subsidized work experiences programs.

New York does not take full advantage of the training, education and work experience options allowable under the Temporary Assistance for Needy Families Program. It relies almost exclusively on unsubsidized employment, work expericene and community service to meet the federal work participation rate requirements.

	UNITED STATES		NEW YORK	
	Number	Percent	Number	Percent
Families	1,918,466		141,522	
Families Included in Work Participation Rate	885,730	46.2%	70,344	49.7%
Families Meeting Work Participation Requirements	296,764	33.5%	24,814	35.3%
Work Activities				
Unsubsidized Employment	162,834	54.9%	12,748	51.4%
Subsidized Private Employment	878	0.3%	-	0.0%
Subsidized Public Employment	3,019	1.0%	1,171	4.7%
Work Experience	39,399	13.3%	3,053	12.3%
On-the-job Training	1,365	0.5%	66	0.3%
Job Search	47,521	16.0%	353	1.4%
Community Service	31,160	10.5%	5,808	23.4%
Vocational Education	46,620	15.7%	2,829	11.4%
Job Skills Training	4,423	1.5%	8	0.0%
Education Related to Employment	4,527	1.5%	81	0.3%
Satisfactory School Attendance	9,978	3.4%	-	0.0%
Providing Child Care	420	0.1%	-	0.0%
Additional Waiver Activities	16,214	5.5%	-	0.0%
Other	6,525	2.2%	13	0.1%

Source: www.acf.hhs.gov/programs/ofa/particip/2005/

The number of TANF beneficiaries participating in many of activities that relate to education and training for advancement—such as vocational education, on-the-job training, and job skills training—is quite low in New York. Thus, a key element of a high-road strategy to meet the new participation standards should involve taking fuller advantage of countable activities like these that help families move ahead in labor market.

- In New York for FFY 2005, only 11.4 percent of those counted as working were enrolled in vocational training. This was lower than the national average of 15 percent. Thirty-nine states had higher percentage of work participants engaged in vocational education. “Vocational educational training” is countable as a stand-alone activity for up to 12 months. New York should maximize the use of full-time vocational education as an activity. We can do this by making full use of our “allowance” for vocational education (and teen parent school attendance), which permits us to place 30 percent of all families that are counted toward the 50 percent rate in full-time vocational education and, if they are teen parents, high school or GED classes. In doing so, New York should focus on parents with potential to succeed in vocational education and connect them to programs that train graduates for career-ladder jobs that meet local labor market demand in targeted industry sectors. New York has “bridge program” which links vocational and basic education for parents with relatively low levels of basic skills but funding for this program has been significantly reduced over the past ten years.

- On-The-Job Training (OJT)—a countable TANF activity with no cap on participation—is dramatically underutilized by New York. Typically, OJT involves reimbursement to an employer for up to 50 percent of workers’ wages while they are training on the job. OJT is also an allowable use of WIA funds and TANF beneficiaries who are co-enrolled in WIA can take advantage of the resources and services of both programs. A serious effort by a state to do such co-enrollment can also push toward better integration of TANF and WIA, and thereby tilt a state’s TANF program toward the employment-focused outcome measures of WIA. New York reported only 66 participants in on-the-job training programs for FFY 2005.

- New York should also increase the number of parents enrolled in “jobs skills training” or “education directly related to employment.” Both activities are countable if a parent is working at least part time (20 hours) or engaged in certain other activities for 20 hours a week, such as community service or work experience. New York had less than 100 of its participants engaged in these activities in FFY 2005.

- Finally, from a programmatic standpoint, New York will need to respond to the significant proportion of TANF participants who lack the basic reading, writing, and computational skills they need just to succeed in many vocational training programs, let alone in most decent jobs in today’s labor market. The challenge for New York is to design and support programs that link basic education to career pathways delineated by stages of occupational training that eventually lead to living-wage jobs. Fortunately, New York can look to models provided by a new generation of such “bridge programs” in states like Arkansas, which uses TANF funds to support the Career Pathway Initiative, a program sited at half the state’s community colleges that redesigns curriculum to integrate the teaching of basic skills with vocational training that prepares graduates for career pathway jobs in demand occupations. A coalition of New York advocacy and work force training organizations has proposed a similar program for New York.

- Wage-paying Transitional Jobs: Transitional jobs (TJ) are wage-paying community service jobs, typically combined with intensive supports and skill development, for unemployed adults who have not been hired after a job search in the regular labor market. Workers in these jobs obtain experience and employer references that improve chances of success in the job market. Transitional jobs can be counted as a number of different activities (e.g., subsidized employment and work experience). New York should create or bring to scale TJ programs targeted to parents unable to find a job, especially in places with a high proportion of the state’s long-term cash assistance caseload. Transitional jobs are an especially promising policy response to the needs of hard-pressed urban and rural communities, and unemployed people facing barriers to work.

III. New York Should Increase and Index the New York State Minimum Wage

The federal minimum wage has not increased since September 1997, and its purchasing power is at the lowest level since 1955. In response to this stagnation, in 2004 the New York legislature, overriding a gubernatorial veto, joined twelve other states and the District of Columbia in implementing a minimum above the $5.15 federal minimum. As of January 1, 2005, the New York minimum went to $6.00; it became $6.75 on January 1, 2006, and $7.15 on January 1, 2007. As of January 2007, 28 states (and the District of Columbia) have minimum wages above the federal level—ten of these with automatic annual adjustment for inflation.

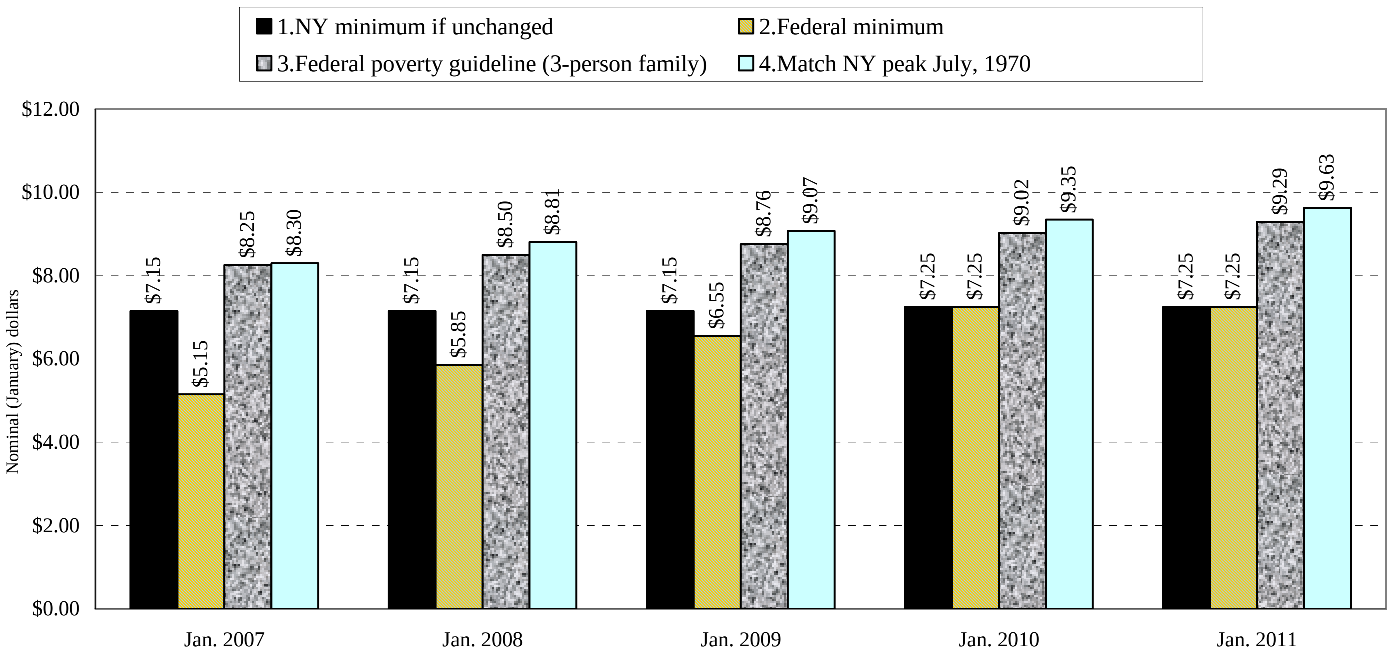
New York's minimum wage should be raised again. At $7.15, a person working full time at the minimum wage would still have an income below the poverty level for a family of three. Moreover, lack of indexing means the issue will have to be revisited repeatedly. New York's experience with raising the minimum wage shows that there can be real benefits to low-wage workers without hurting the economy. But, while $7.15 an hour is within striking distance of a reasonable standard, it is still significantly below either what it takes to support a family, or the peak purchasing power of the minimum wage in the past. Someone earning $7.15 an hour, working full-time, year-round, still earns much less ($14,872) than the federal poverty guideline for a family of three ($17,600). That level—a reasonable standard, especially since New York has a cost of living that is higher than the national average—would require an hourly wage of $8.50.

A different way of looking at a standard by which to fix the minimum wage is the peak purchasing power of the minimum wage in the past. That calculation brings us to virtually the same level. For New York, the peak was reached in July 1970. In today's dollars, the equivalent minimum wage would have to be $8.81 an hour. Whether the target level is $8.50 or $8.81 (in 2008 dollars), that level could be reached in moderate increments over a four-year period. Because of inflation, the appropriate target level would be higher with each year that goes by. Assuming a 3 percent annual increase in the Consumer Price Index, the hourly wage necessary for a person working full time to earn the 3-person federal poverty guideline would be $9.29 in January 2011. In other words, $9.29 in 2011 is the same level as $8.50 in 2008, assuming inflation of 3 percent. (The federal poverty level is adjusted annually based on the change in the Consumer Price Index.) Assuming the same pace of inflation, New York's minimum wage would have to be $9.63 an hour by 2011 to match the purchasing power of the July 1970 minimum wage.

From $7.15 in January 2008, three annual increases of 70 cents would take the New York minimum wage to $9.25 an hour in January 2011. This would return the purchasing power of New York's minimum wage to a level right around the projected 3-person federal poverty threshold for 2011.

Once the target level has been reached, it would be important to index the minimum wage to inflation, so that the issue does not need to be addressed repeatedly. Ten states now tie their minimum wage to the cost of living, and voters in six of these states approved higher minimum wages, indexed to cost of living, in November, 2006, referenda. Indexing through inflation means the purchasing power of the minimum wage is not allowed to erode through inaction.

To restore the minimum wage to its July 1970 purchasing power, New York would have to increase its minimum wage to $9.63 by January 2011.



Year-to-year projections assume 3% annual increase in CPI. Federal poverty guideline for 2008 estimated by FPI following HHS methodology.

TANF INITIATIVES SPENDING

	Enacted 2003-04	Enacted 2004-05	Enacted 2005-06	**Recast 2006-07**	**Executive 2007-08**	**Enacted 2007-08**	**Executive 2008-09**
Earned Income Tax Credit	$382,000	$471,083	$652,000	$678,598	$582,013	$603,052	$718,415
Child and Dependent Care Credit	$115,000	$89,992	$34,165	$0	$0	$0	$0
Child Care Total	**$408,000**	**$375,000**	**$378,900**	**$13,450**	**$9,750**	**$372,454**	**$5,154**
Child Care	$390,600	$365,100	$371,000	**FFFS**	**FFFS**	$356,300	**FFFS**
Child Care for Migrant Workers	$1,000	$1,000	$1,000	$1,750	$6,350	$1,754	$1,754
Child Care Demos	$11,000	3,500	$3,500	$8,300	$0	$11,000	$0
Child Care SUNY/CUNY	$3,400	$3,400	$3,400	$3,400	$3,400	$3,400	$3,400
Satellite Child Care	$2,000	$2,000	**FFFS**				
Transportation	$5,000	$5,000	$8,400	$8,400	$6,200	$8,300	$6,200
Non-Residential DV Screening	$6,000	$6,000	$3,000	$0	$3,000	$3,000	$3,000
Summer Youth Employment^	$25,000	$15,000	$25,000	$0	$35,000	$35,000	$35,000
Advantage Schools	$10,000	$20,200	$20,200	$27,500	$28,200	$28,200	General Fund
Home Visiting	$16,000	$14,129	$17,600	$21,400	$21,600	$21,600	General Fund
Food Pantries	$12,000	$12,000	$12,350	$12,350	$12,500	$12,500	General Fund
Pregnancy Prevention	$10,000	$10,000	$2,100	$12,100	$12,100	$12,100	General Fund
Adolescent Pregnancy Prevention Services (APPS)	$7,700	$5,870	$5,870	$7,320	$7,470	$7,320	General Fund
Women and Infant Children (WIC)	$5,000	$4,900	$5,000	$5,000	$5,000	$5,000	General Fund
Alternatives To Incarceration (ATI)	$4,000	$38,000	$4,000	$4,000	$4,000	$4,000	General Fund
Refugee Program*	$1,500	$1,425	$1,425	$1,425	$1,425	$1,425	$1,425
BRIDGE	$9,553	$9,553	$9,553	$9,553	$9,553	$6,503	$6,503
Displaced Homemakers	$1,600	$0	$2,300	$2,300	$2,300	$0	$0
Wage Subsidy Program	$5,000	$0	$4,000	$4,000	$4,000	$4,000	$4,000
Preventive Services Initiative	$18,000	$0	$15,000	$20,500	$20,500	$20,500	General Fund
Technology Training	$7,000	$0	$8,500	$7,000	$0	$7,000	$0
Language Immersion/English Training/ ESL	$1,250	$0	$2,000	$2,000	$2,000	$2,000	$2,000
Adult and Family Literacy	$1,000	$0	$1,000	$1,000	$1,000	$1,000	$1,000
VESID/LIVES	$3,000	$0	$1,500	$1,500	$1,500	$1,500	$1,500
Homeless Assistance	$4,000	$0	$4,000	$4,000	$4,000	$4,000	$4,000
ACCESS - Welfare to Careers	$1,000	$0	$1,000	$1,000	$0	$0	$0
Emergency Homeless	$500	$0	$1,000	$1,000	$1,000	$1,000	$1,000
Disability Assistance Program (DAP)	$1,000	$0	$1,000	$1,000	$1,000	$1,000	$1,000
Supportive Housing for Families	$2,000	$0	$2,500	$5,000	$5,000	$5,000	$5,000
Basic Education	$3,000	$0	$2,000	$1,000	$1,000	$1,000	$1,000
Caretaker Relative	$150	$0	$1,150	$1,150	$1,150	$1,150	General Fund
Build NY	$0	$0	$1,000	$1,000	$0	$1,000	$0
AFL-CIO	$0	$0	$600	$400	$0	$400	$0
Intensive Case Services	$0	$0	$0	$15,000	$15,000	$14,000	$14,000
Employment Block Grant	$38,625	$50,000	**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
Drug Screening/Treatment	$2,500	$2,500	**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
EDGE	$12,500	$12,500	**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
Employment Demonstration Projects	$0	$8,500	**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
YEETP	$4,300		**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
Green Teams	$1,010		**FFFS**	**FFFS**	**FFFS**	**FFFS**	**FFFS**
School Based Health Centers	$3,500	$3,325	$3,500	$3,325	General Fund	General Fund	General Fund
Child Welfare including Title XX	$549,000	$425,800	FFFS	FFFS	FFFS	FFFS	FFFS
Flexible Fund for Family Services	NA	NA	$600,000	$1,036,800	$1,008,000	$654,000	$1,010,300
TANF Initiatives Spending	**$1,676,688**	**$1,580,777**	**$1,831,613**	**$1,910,071**	**$1,805,261**	**$1,839,004**	**$1,820,497**
TANF Base Spending	**1,198,500**	**957,958**	**709,926**	**$661,580**	**$644,428**	**$568,949**	**$550,442**
Total TANF Spending	**$2,875,188**	**$2,538,735**	**$2,541,539**	**$2,571,651**	**$2,449,689**	**$2,407,953**	**$2,370,939**

* Refugee program was previously classifed as a TANF "Base" program.

TANF Appropriations (all amounts in thousands)

	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-06	SFY 2006-07	SFY 2007-08	SFY 2008-09 - Proposed
EMPLOYMENT INITIATIVES	**$322,743**	**$135,879**	**$89,971**	**$99,752**	**$101,978**	**$146,976**	**$189,618**	**$158,290**	**$52,128**
DOL New York Works Block Grant I	$0	$19,192	$15,793	$12,263	$23,806	$0	$0	$0	
DOL New York Works Block Grant II	$99,645	$0	$0	$0	$0	$0	$0	$0	
OTDA TANF Services Block Grant	$100,000	$20,000	$12,442	$19,862	$21,815	$0	$0		
OTDA Set-Aside Projects	$0	$5,526	$1,000	$2,000	$4,379	$0	$0		
OTDA Reserve	$0	$1,091	$2,166	$0	$0	$0	$0		
OTDA Transitional Supports and Policy	$0	$800	$800	$0	$0	$0	$0		
OCFS Domestic Violence Training	$0	$300	$300	$0	$0	$0	$0		
Transitional Opportunity Program	$0	$400	$0	$0	$0	$0	$0		
Bridge College-to-Work	$0	$0	$0	$0	$0	$0	$0		
Youth Preparation Initiative (part of DOL Reserve)	$380	$700	$795	$0	$0	$0	$0		
Teen Works	$7,000	$0	$0	$0	$0	$0	$0		
Buffalo Drug Court V.L.E.A.P.	$530	$0	$657	$0	$0	$0	$0		
HANAC Post Employment	$355	$0	$0	$0	$0	$0	$0		
Learning Disabilities	$500	$0	$0	$0	$0	$0	$0		
BRIDGE	$9,906	$10,356	$9,553	$9,553	$9,553	$9,553	$9,553	$6,503	$6,503
EDGE	$3,408	$11,697	$0	$11,574	$12,500	$0	$0		
INVEST	$8,550	$9,000	$0	$0	$0	$0	$0		
RGRTA	$2,000	$2,000	$2,500	$2,125	$0	$2,400	$0		
COMMUNITY SOLUTIONS to TRANSPORTATION	$13,000	$3,000	$0	$2,750	$5,000	$2,000	$4,400	$4,300	$2,200
WHEELS FOR WORK	$5,000	$5,000	$5,000	$125	$0	$4,000	$4,000	$4,000	$4,000
OTDA DRUG SCREENING/TREATMENT	$10,900	$13,500	$2,500	$2,500	$2,500	$0	$0		
OASAS DRUG SCREENING/TREATMENT	$5,850	$1,250	$2,500	$0	$0	$0	$0		
OTDA DOMESTIC VIOLENCE SCREENING	$5,000	$5,000	$4,000	$3,000	$3,000	$0	$0		
OCFS DOMESTIC VIOLENCE SCREENING	$2,783	$0	$3,000	$3,000	$3,000	$3,000	$0	$3,000	$3,000
BUILT ON PRIDE	$3,771	$0	$0	$0	$0	$0	$0		
LOCAL SPECIAL NEEDS INITIATIVES	$3,989	$0	$0	$0	$0	$0	$0		
TRANSITIONAL OPPORTUNITIES PROGRAM	$3,000	$0	$0	$4,500	$0	$0	$0		
YOUTH ENTERPRISE PROGRAM	$963	$973	$1,000	$0	$0	$0	$0		
EMPLOYMENT AGENCY	$1,150	$0	$0	$0	$0	$0	$0		
SUMMER YOUTH EMPLOYMENT	$33,563	$24,594	$24,465	$25,000	$15,000	$25,000	$30,000	$35,000	$35,000
REFUGEES	$1,500	$1,500	$1,500	$1,500	$1,425	$1,425	$1,425	$1,425	$1,425
TANF EMPLOYMENT SERVICES - FFFS						$90,963	$131,322	$95,758	FFFS
DRUG/ALCOHOL ASSESSMENT/MONITORING- FFFS						$4,878	$2,031	$3,814	FFFS
DOMESTIC VIOLENCE Statutory and Non-Res FFFS						$3,757	$6,887	$4,490	FFFS

TANF Appropriations (all amounts in thousands)

	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-06	SFY 2006-07	SFY 2007-08	SFY 2008-09 - Proposed
SERVICES / EDUCATION / HEALTH	**$140,002**	**$60,443**	**$119,788**	**$96,680**	**$92,174**	**$124,028**	**$143,754**	**$146,215**	**$112,370**
PREVENTIVE DIRECT SERVICES	$30,000	$0	$0	$0	$0	$0	$0		
OCFS JDs	$15,000	$10,715	$12,000	$12,000	$12,000	$0	$0		
PINS / PREVENTIVE SERVICES	$0	$0	$2,370	$7,000	$5,950	$0	$0		
HPNAP/FOOD PANTRIES	$14,000	$12,000	$13,600	$12,000	$12,000	$12,350	$12,350	$12,500	General Fund
ADVANTAGE SCHOOLS	$10,000	$1,000	$20,179	$10,000	$20,200	$20,200	$27,500	$28,200	General Fund
FAMILY PLANNING / PREGNANCY PREVENTION	$10,000	$10,000	$11,600	$10,000	$10,000	$2,100	$12,100	$12,100	General Fund
ADOLESCENT PREGNANCY PREVENTION SERVICES (APPS)	$9,200	$7,260	$7,670	$1,830	$5,870	$5,870	$7,320	$7,320	General Fund
HOME VISITING	$14,600	$4,988	$15,607	$10,330	$14,129	$17,600	$21,400	$21,600	General Fund
YEETP	$4,464	$3,811	$4,268	$4,300	$0	$4,000	$0		
TITLE XX -WIC	$3,000	$3,000	$3,000	$3,000	$3,000	$0	$0		
WIC	$2,000	$2,000	$2,000	$2,000	$1,900	$5,000	$5,000	$5,000	General Fund
DISPLACED HOMEMAKERS	$1,176	$1,200	$1,200	$1,600	$0	$2,300	$2,300	$0	$0
ALTERNATIVES TO INCARCERATION (ATI)	$3,892	$3,830	$4,000	$0	$3,800	$4,000	$4,000	$4,000	General Fund
SCHOOL BASED HEALTH CENTERS	$0	$0	$3,500	$3,500	$3,325	$3,500	$0		General Fund
DELINQUENCY PREVENTION PROGRAMS	$0	$0	$1,500	$0	$0	$0	$0		
EVALUATION OF WELFARE REFORM	$270	$0	$0	$0	$0	$0	$0		
GREEN TEAMS	$0	$139	$694	$1,010	$0	$0	$0		
PREVENTIVE SERVICES INITIATIVE	$21,400	$0	$15,600	$17,960	$0	$15,000	$20,500	$20,500	General Fund
CARETAKER RELATIVE	$1,000	$500	$1,000	$150	$0	$1,150	$1,150	$1,150	General Fund
TANF SERVICES - FFFS						$30,958	$30,134	$33,845	FFFS

TANF Appropriations (all amounts in thousands)

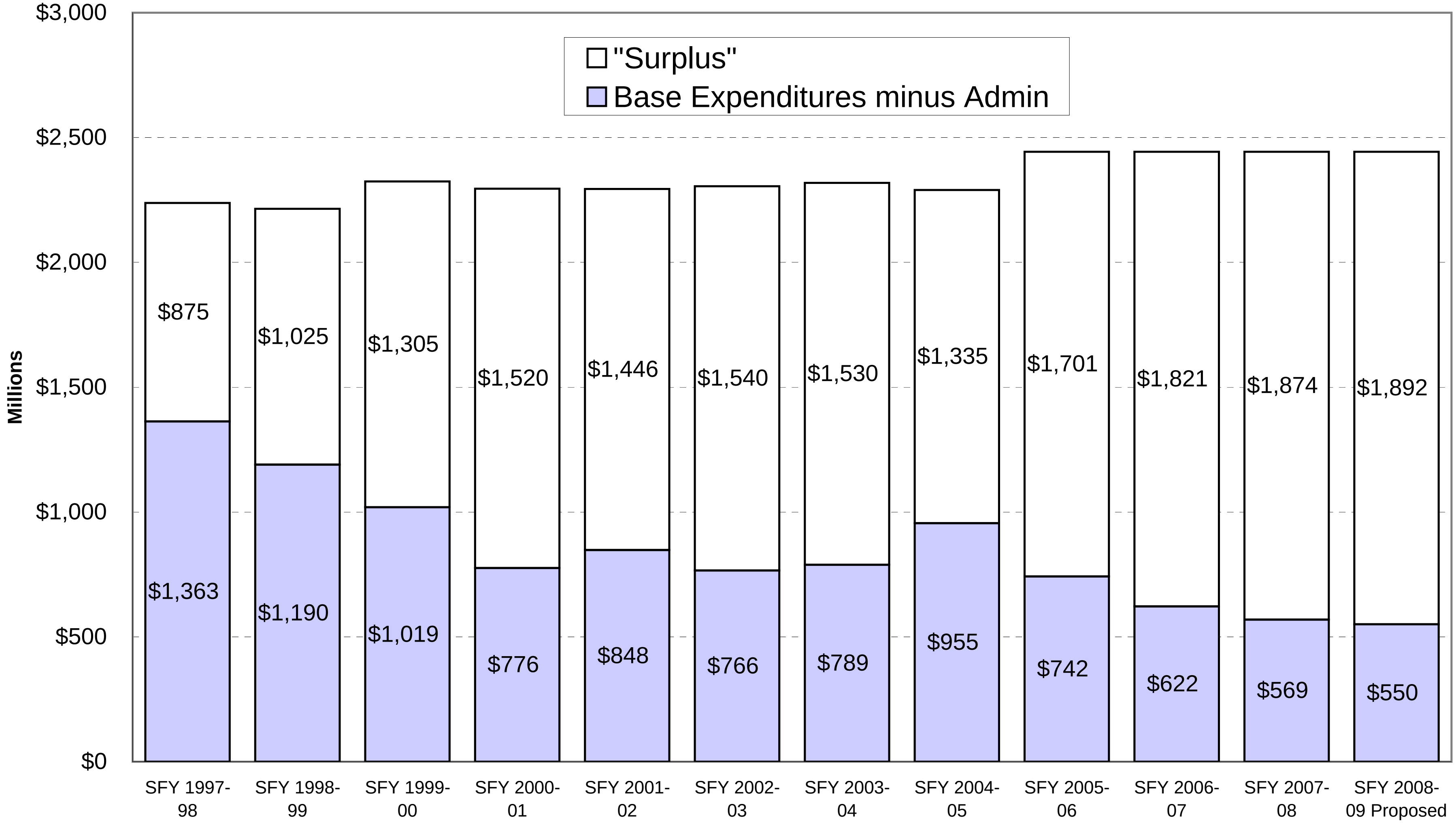
	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-06	SFY 2006-07	SFY 2007-08	SFY 2008-09 - Proposed
LEGISLATIVE INITIATIVES	**$141,934**	**$36,193**	**$31,230**	**$28,925**	**$2,850**	**$30,100**	**$44,900**	**$43,360**	**$34,500**
HEALTH CARE	$80,000	$20,000	$0	$0	$0	$0	$0		
MENTAL HEALTH/FOSTER CARE	$6,621	$0	$0	$0	$0	$0	$0		
WAGE SUBSIDY PROGRAM	$22,500	$331	$5,000	$5,000	$0	$4,000	$4,000	$4,000	$4,000
TECHNOLOGY TRAINING	$5,726	$7,000	$7,500	$7,000	$0	$8,500	$7,000	$7,000	$0
MEDICAL SOCIETY	$1,200	$0	$0	$0	$0	$0	$0		
ESL / LANGUAGE IMMERSION	$5,000	$1,491	$1,050	$1,250	$0	$2,000	$2,000	$2,000	$2,000
PARTNERSHIP FOR YOUTH	$5,000	$0	$0	$0	$0	$0	$0		
ADULT AND FAMILY LITERACY / Educational Resources	$4,000	$1,000	$1,000	$1,000	$0	$1,000	$1,000	$1,000	$1,000
VESID/LIVES	$3,000	$2,000	$1,000	$3,000	$0	$1,500	$1,500	$1,500	$1,500
HOMELESS ASSISTANCE (SHIP)	$2,770	$3,000	$4,000	$4,000	$0	$4,000	$4,000	$4,000	$4,000
WORKPLACE ACCOMMODATION	$2,000	$0	$0	$0	$0	$0	$0		
PARENTS COUNT DEMO	$1,481	$381	$1,000	$175	$0	$0	$0		
ACCESS	$986	$990	$1,140	$1,000	$0	$1,000	$1,000	$0	$0
EMERGENCY HOMELESS	$0	$0	$500	$500	$0	$1,000	$1,000	$1,000	$1,000
BASIC EDUCATION	$0	$0	$4,040	$0	$0	$2,000	$1,000	$1,000	$1,000
LEGAL ADVOCATES FOR THE DISABLED	$0	$0	$1,000	$1,000	$0	$1,000	$1,000	$1,000	$1,000
SUPPORTIVE HOUSING FOR FAMILIES	$0	$0	$2,000	$2,000	$0	$2,500	$5,000	$5,000	$5,000
YOUTH POST DISCHARGE PROGRAM/EBCI	$1,000	$0	$0	$1,000	$950	$0	$0		
KINSHIP FOSTER CARE WORKGROUP	$150	$0	$0	$0	$0	$0	$0		
FAMILY LOAN PROGRAM	$500	$0	$0	$0	$0	$0	$0		
AFL-CIO WORKFORCE DEVELOPMENT INSTITUTE	$0	$0	$0	$0	$0	$600	$400	$400	$0
BUILDING AND CONSTRUCTION TRADES	$0	$0	$0	$0	$0	$1,000	$1,000	$1,000	$0
QUALITY ENHANCEMENT FUND	$0	$0	$2,000	$2,000	$1,900	$0	$0		
INTENSIVE CASE SERVICES	$0	$0	$0	$0	$0	$0	$15,000	$14,000	$14,000
STATE CONTRACTS - FFFS								$460	FFFS

TANF Appropriations (all amounts in thousands)

	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-06	SFY 2006-07	SFY 2007-08	SFY 2008-09 - Proposed
CHILD CARE	**$338,100**	**$304,000**	**$340,400**	**$408,000**	**$375,000**	**$388,900**	**$365,739**	**$376,256**	**$5,154**
CHILD CARE	$34,100	$0	$0	$0	$0	$0	$0		
CHILD CARE FOR MIGRANT WORKERS	$2,500	$2,500	$2,500	$1,000	$1,000	$1,000	$1,750	$1,754	$1,754
CHILD CARE DEMOS	$0	$0	$5,000	$11,000	$3,500	$3,500	$8,300	$11,000	$0
CHILD CARE SUNY/CUNY	$0	$0	$3,400	$3,400	$3,400	$3,400	$3,400	$3,400	$3,400
CHILD CARE INVESTMENTS	$301,500	$301,500	$329,500	$392,600	$367,100	$371,100	$0	$356,300	FFFS
CHILD CARE FROM FFFS						$9,900	$352,289	$3,802	
CHILD WELFARE	**$472,000**	**$467,715**	**$543,370**	**$549,000**	**$425,800**	**$323,428**	**$349,257**	**$348,944**	**FFFS**
TITLE XX TRANSFER	$241,000	$241,000	$241,000	$241,000	$119,000	$119,838	$123,504	$125,766	**FFFS**
OTHER CHILD WELFARE	$231,000	$226,715	$302,370	$308,000	$306,800	$203,589	$225,753	$223,178	**FFFS**
TANF ADMINISTRATION - FFFS						**$135,922**	**$150,000**	**$163,202**	**FFFS**
TAX CREDITS	**$384,000**	**$438,000**	**$460,849**	**$494,900**	**$561,075**	**$686,165**	**$678,598**	**$603,052**	**$718,415**
EARNED INCOME TAX CREDIT	$323,000	$351,000	$370,093	$379,900	$471,083	$686,165	$678,598	$603,052	$718,415
CHILD AND DEPENDENT CARE CREDIT	$61,000	$87,000	$90,756	$115,000	$89,992	$0	$0	$0	$0
TOTAL TANF "SURPLUS" SPENDING	**$1,798,779**	**$1,442,230**	**$1,585,608**	**$1,677,257**	**$1,558,877**	**$1,699,596**	**$1,771,865**	**$1,676,117**	**$1,820,497**
FFFS						**$599,805**	**$1,021,919**	**$654,315**	**$1,010,300**
TAX CREDITS	**$384,000**	**$438,000**	**$460,849**	**$494,900**	**$561,075**	**$686,165**	**$678,598**	**$603,052**	**$718,415**
CHILD WELFARE	**$472,000**	**$467,715**	**$543,370**	**$549,000**	**$425,800**	**$323,428**	**$349,257**	**$348,944**	**FFFS**
CHILD CARE	**$338,100**	**$304,000**	**$340,400**	**$408,000**	**$375,000**	**$388,900**	**$365,739**	**$376,256**	**$5,154**
HEALTH, EDUCATION, OUTSIDE OTDA	**$140,002**	**$60,443**	**$119,788**	**$96,680**	**$92,174**	**$124,028**	**$143,754**	**$146,215**	**$112,370**
ALL OTHER INITITIATIVES	**$464,677**	**$172,072**	**$121,201**	**$128,677**	**$104,828**	**$177,076**	**$234,518**	**$201,650**	**$86,628**
ADMINISTRATION	**$147,794**	**$149,070**	**$137,837**	**$124,432**	**$153,000**	**$135,922**	**$150,000**	**$163,202**	**FFFS**
BASE	**$775,551**	**$847,660**	**$765,592**	**$788,771**	**$955,027**	**$741,967**	**$622,160**	**$568,949**	**$550,442**
TOTAL TANF	**$2,722,124**	**$2,438,960**	**$2,489,038**	**$2,590,461**	**$2,666,904**	**$2,577,485**	**$2,544,025**	**$2,408,268**	**$2,370,939**

Note: FFFS spending included in Child Welfare, Child Care and Other Initiatives

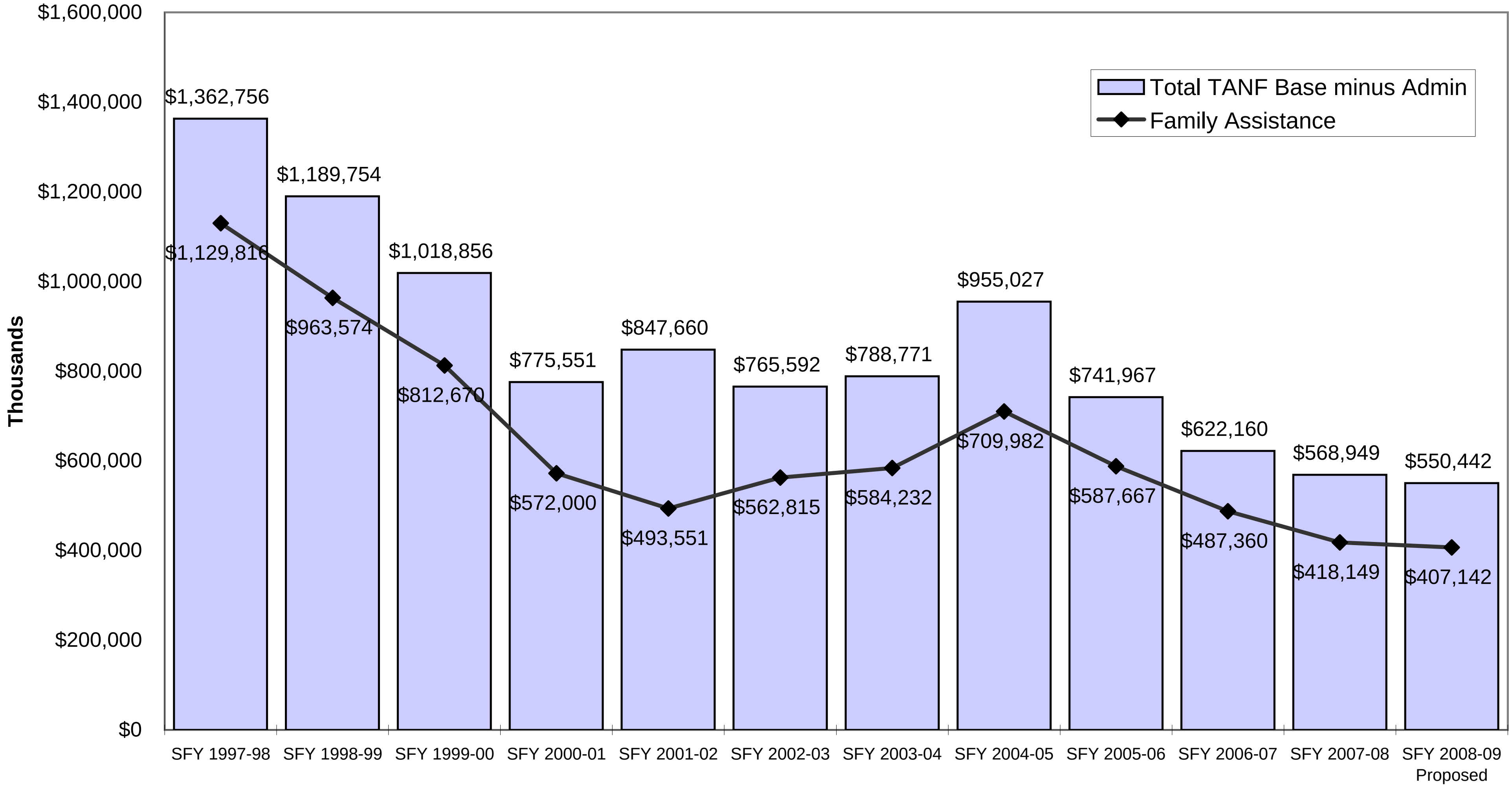
In simplest terms, the so-called TANF "surplus" is the difference between New York's $2.4 billion annual TANF block grant and the federal share of expenditures on cash assistance and other "base" programs.



Source: NYS Division of the Budget

New York's TANF spending on "base" programs fell by more than half between1997-98 and 2007-08 resulting in an increase in the TANF "Surplus" of more than $900 million.

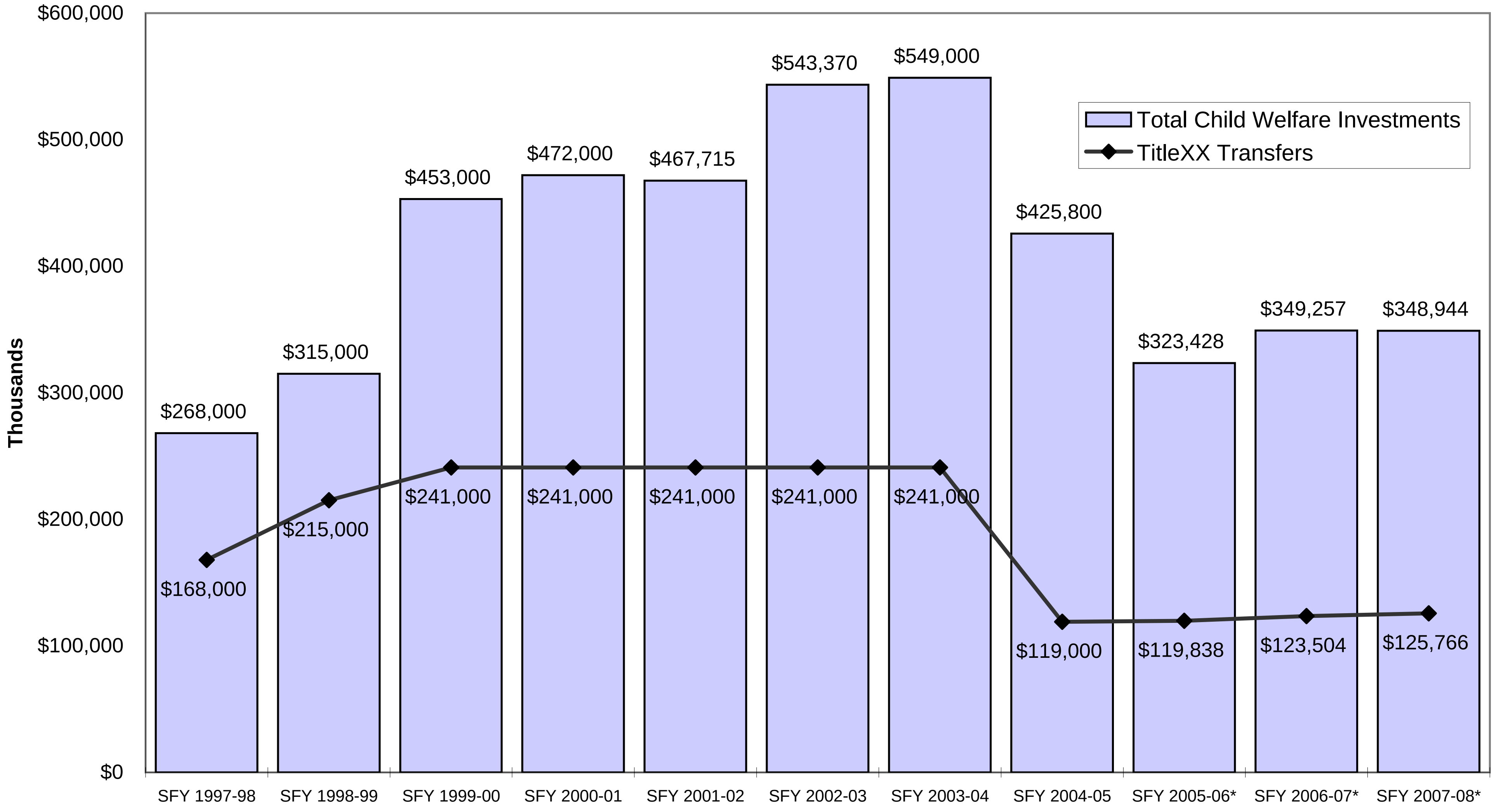
Most of this decline was due to lower expenditures for family assistance.



Source: NYS Division of Budget

New York's use of the TANF Block Grant for child welfare peaked in 2003-04 but continues to be significant.

Child welfare expenditures are now made out of the Flexible Fund for Family Services.

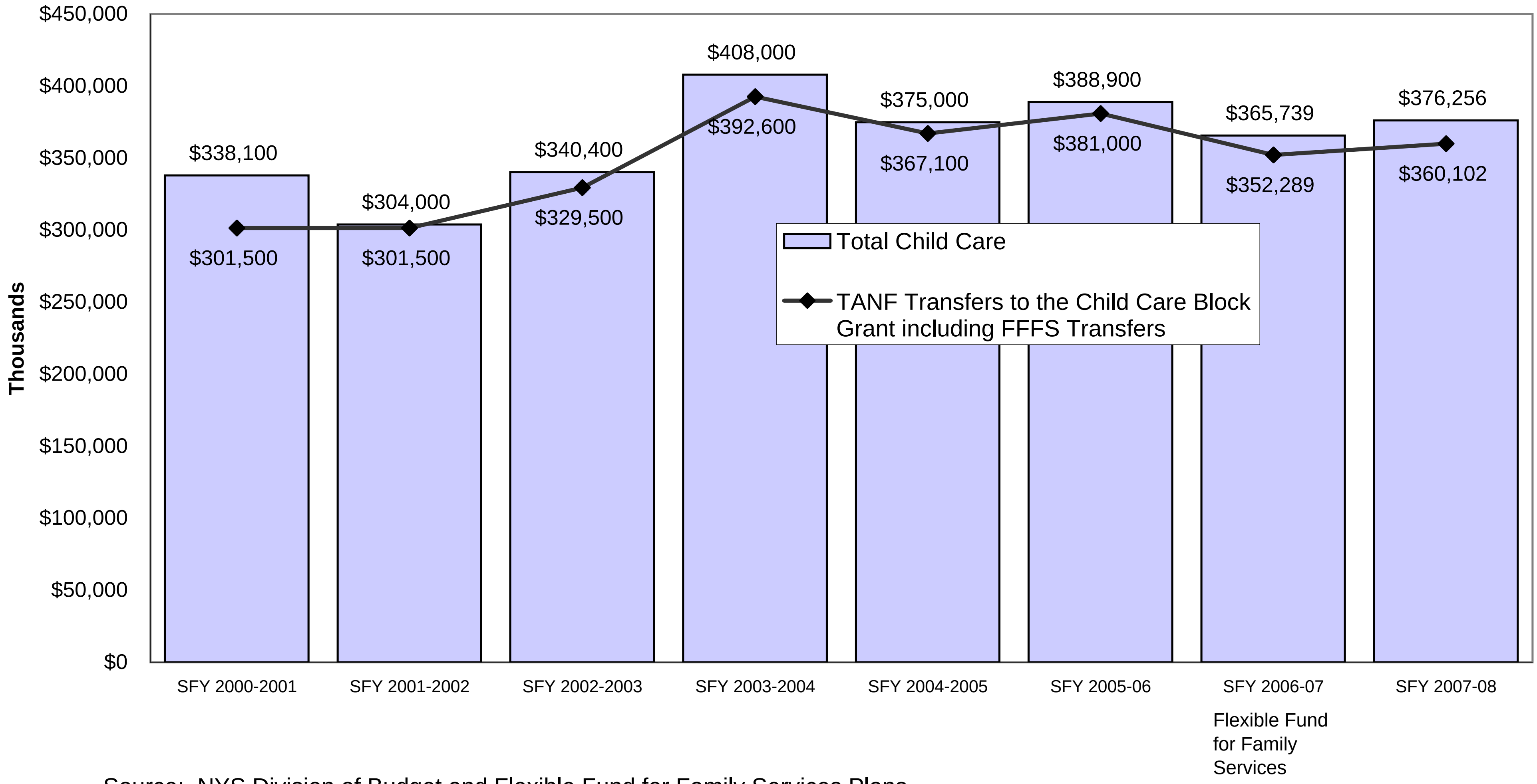


Source: NYS Division of Budget and Flexible Fund for Family Services Plans

*Flexible Fund for Family Servic

Use of TANF funds for child care peaked in 2003-04. Even when transfers from the FFFS and legislative child care initiatives are included in the totals, fewer TANF funds went to child care in 2007-08 than were allocated for that purpose in 2005-06.

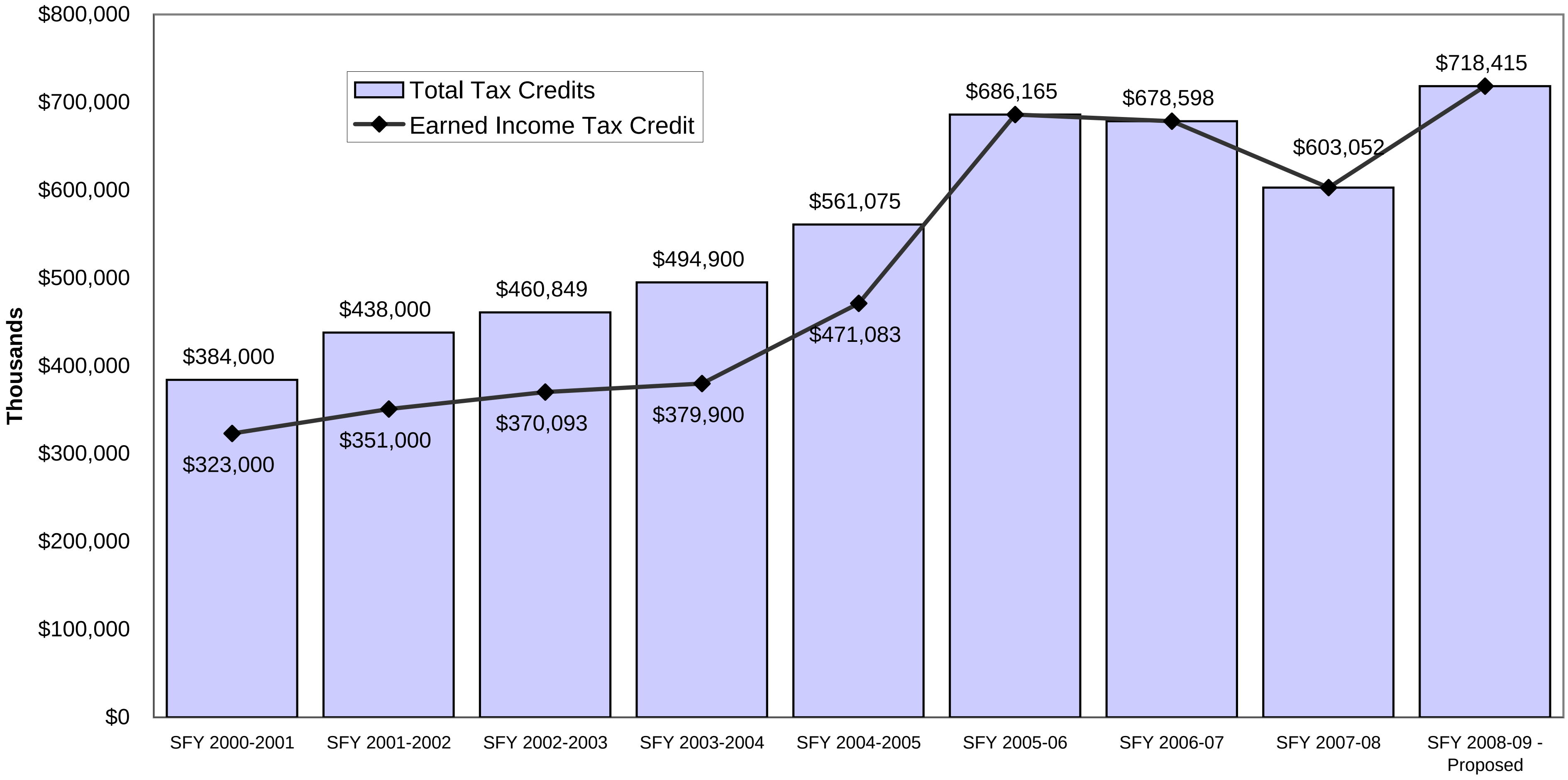
This trend is not consistent with the new emphasis on meeting federal work requirements.



Source: NYS Division of Budget and Flexible Fund for Family Services Plans

After years of steady growth, TANF funds paying for tax credits leveled off in 2006-07 and fell in 2007-08. Governor Spitzer is proposing an increase for 2008-09.

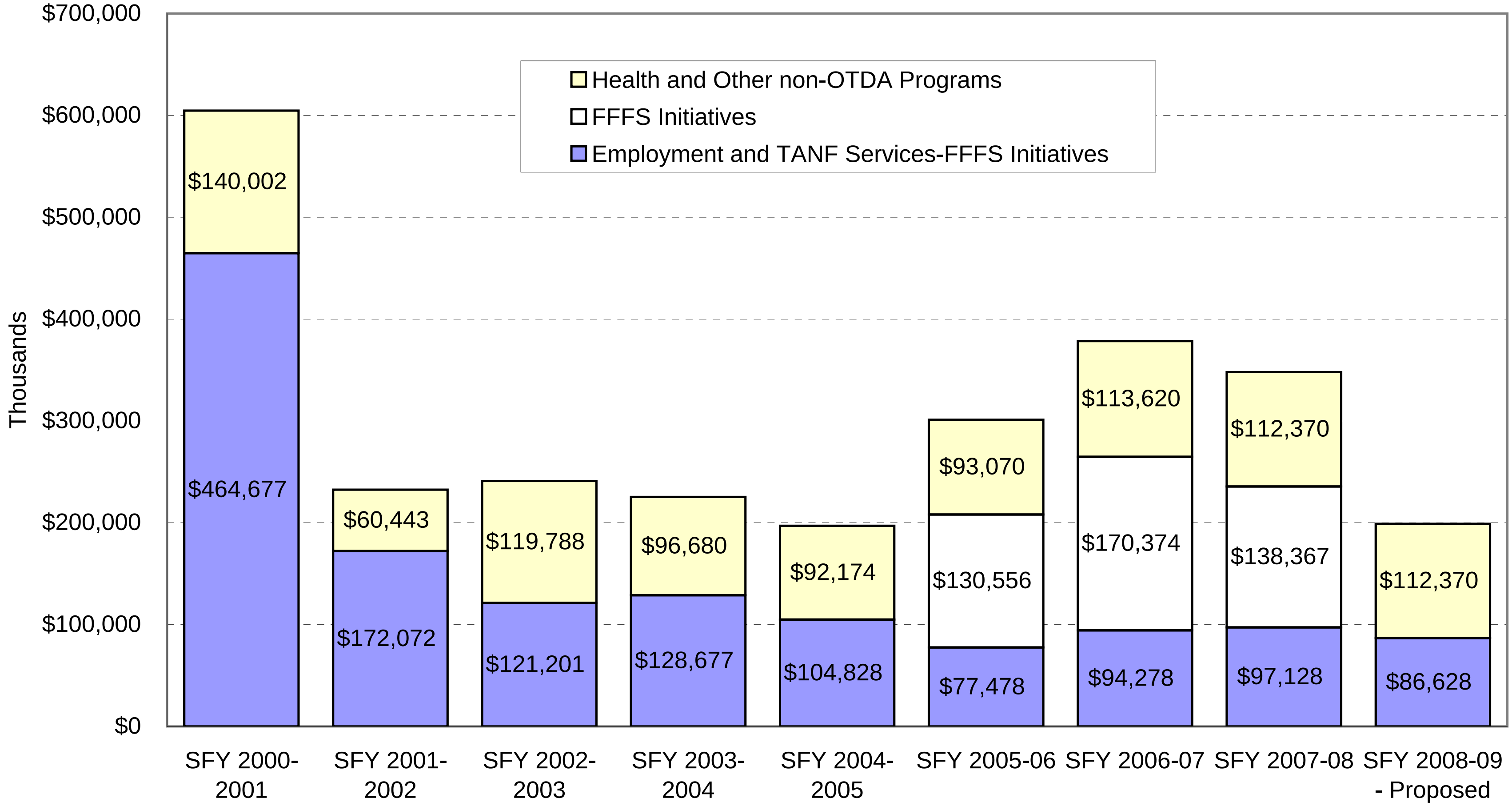
New York no longer pays for the NYS Child and Dependent Care Credit out of the TANF block grant.



Source: NYS Division of Budget

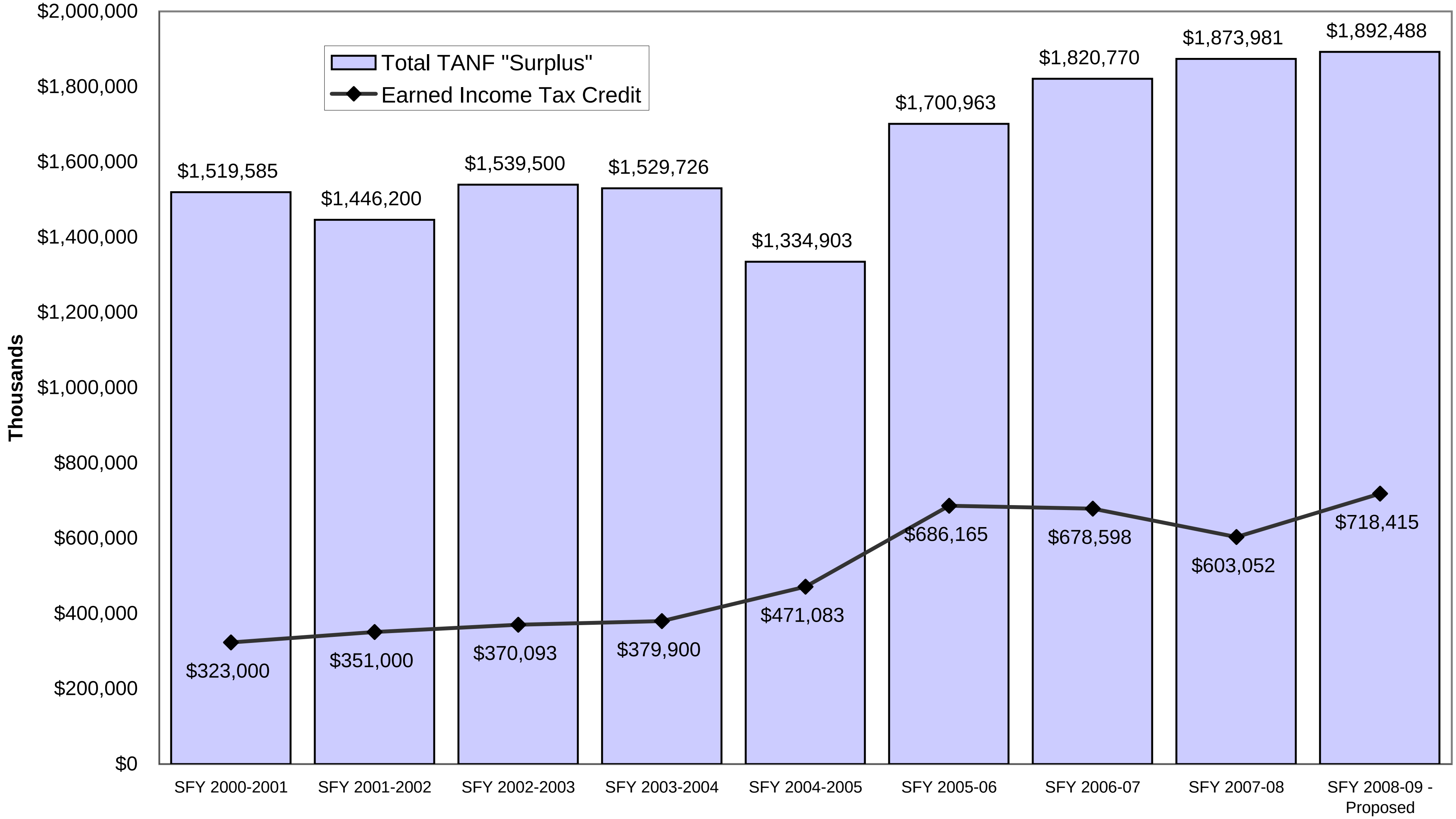
TANF Funds available for employment, training and education are not sufficient.

Even if we include the social services districts' FFFS allocations for TANF services and employment services, only a small fraction of the "surplus" goes these initiatives.



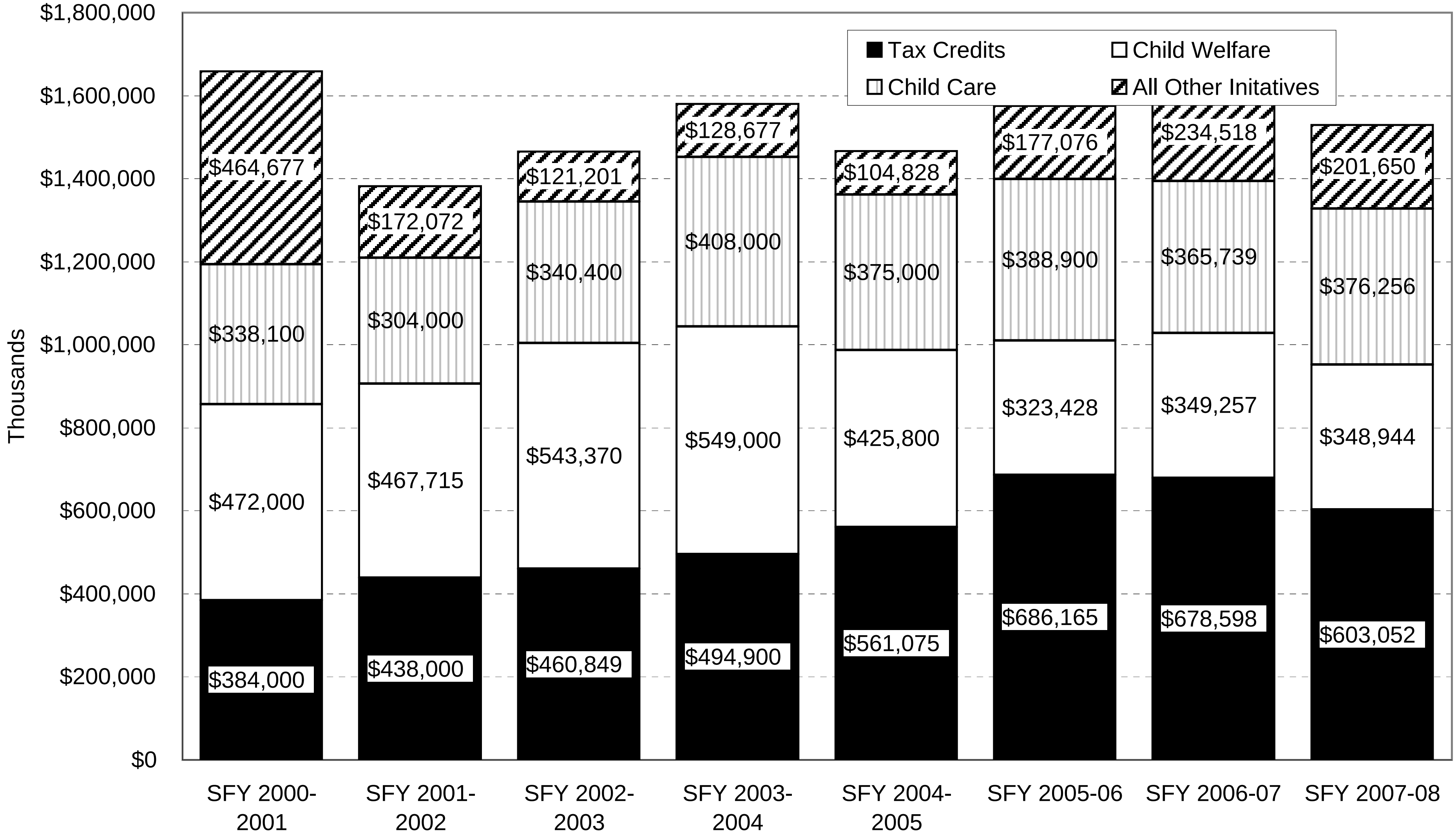
Source: NYS Division of Budget and Flexible Fund for Family Services Plans

Financing the NYS Earned Income Tax Credit absorbs almost one third of the TANF surplus.



Source: NYS Division of Budget

When child welfare commitments are added to tax credits, very little of the "surplus" is left for child care and other initiatives.



Three fourths of 2007-08 FFFS resources will be spent on child welfare and local TANF administration.