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Testimony

of

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before the

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Human Services

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Thank you for the opportunity to submit this testimony in writing. I am sorry that I was not able to attend the hearing in person. Please accept this written testimony and the updated TANF spending charts attached to this document. This testimony will consist of five parts:

- I. A review of New York's spending under the Temporary Assistance to Needy Families (TANF) program including an analysis of spending under the Flexible Fund for Family Services.
- 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% rule; liberalization of the earned income disregard and increased investment in education, training and work experience programs.
- III. The case for increasing and indexing the NYS minimum wage.
- IV. A proposal to modernizing the real property tax circuit breaker to provide property tax relief for low and moderate income New Yorkers.
- V. A summary of ways to strengthen the state's Unemployment Insurance program.

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

Over the last eleven 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

In New York State, the number of people receiving public assistance has declined by more than one million, from 1,643,832 recipients in January 1995 to 555,000 in December 2006. Despite this precipitous decline 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, New York divided its growing TANF surpluses among each of these 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 2006-07 spending for these purposes grew to \$360 million. This was an increase over the \$300 million spent for these purposes in 2005-06 but still significantly less than the \$1 billion New York spent on these programs and services in 2000-01.
- TANF funds have also been used to provide fiscal relief to the state and local governments. In 2006-2007, New York used more than \$1 billion of the \$2.4 billion TANF block grant for Fiscal Relief. New York used almost \$700 million to finance the New York State Earned Income Tax Credit and another \$321 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

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.

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 2002-2003 and SFY 2003-2004, 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 adopted budget.

Two 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. Child care was funded separately but social service districts were allowed to increase their child care allocations with funds from the FFFS.

Last year, despite the objections of the legislative conference committee, child care funding was included in the Flexible Fund for Family Services and the total resources allocated through this mechanism were increased to \$1.036 billion. Since the legislature never passed a 2006-2007 “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 released during the summer of 2006.

A review of the local social services district plans for the first year of the FFFS found that approximately \$180 million of the \$600 million was used for local administrative expenses and the remaining \$420 million was allocated to a variety of functions including employment and transitional services, statutory domestic violence and drug and alcohol abuse screens, child welfare, child care and the Title XX social services block grant.¹

¹ For more detailed analysis, please see “TANF Spending In New York: How New York Uses Its Federal TANF block Grant and A Preliminary Assessment of The Flexible Fund For Family Services”, Fiscal Policy Institute,

For the current fiscal year, social services districts submitted FFFS plans by July 1, 2006. Local districts did not increase funding for child care. Total funding for child care from the TANF block grant fell by approximately \$20 million relative to 2005-06 funding levels.² Spending on TANF Employment services increased by \$25 million while spending on drug/alcohol assessment and monitoring fell by almost \$3 million. Spending from the FFFS on Child Welfare increased by \$25 million, largely due to a \$21 million increase in spending for Emergency Assistance to Families Juvenile Delinquent/Persons in Need of Supervision and a \$9 million increase in the expenditures for child welfare administration. Spending for the Child Welfare Emergency Assistance to Families fell by \$12 million.

Summary of Proposed TANF Funding Sources and Uses SFY 2007-2008 (in billions)

Federal TANF Block Grant	\$2.440000
PROPOSED USES	
Estimated Spending on Assistance and other “base” functions	\$.6458530
Earned Income Tax Credit	\$.5820130
Flexible Fund for Family Services	\$1.008000
Employment/Transitional Initiatives	\$.2040730
Child Care (outside the FFFS)	.00975000
Total TANF Spending: SFY 2002-2003	\$2.449689

Concerns with the Flexible Fund for Family Services

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

The 2007-2008 Executive Budget takes the Summer Youth Employment program and the Nonresidential Domestic Violence Screening programs out of the FFFS but leaves child care funding in the block grant. Child care is one of the most critical services funded with resources from the TANF block grant. Last year social services districts used the flexibility granted to them with the expanded FFFS to reduce support for child care. In order to guarantee adequate investments in child care funding, this funding should be taken out of the FFFS.

December 2005. www.fiscalpolicy.org.

² 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.

may be forced back into the TANF program if they can no longer afford quality child care for their children. For example, Broome County Department of Social Services has announced the possibility that as many as 300 Broome County families who get help with the child care costs could see that help diminished if funding for child care is not increased.

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

The county specific allocations of the original 2005-06 \$600 million FFFS block grant were based on historical expenditure patterns (according to OTDA, “a review of various SFY 2004-2005 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. The 2006-07 expanded fund was also distributed based on historical expenditures levels, not caseload nor number of people in poverty.

Inadequate protection against “supplantation,” lack of public input into the development of plans by local social services districts and lack of reporting on actual expenditures.

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 a 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 2006-07 plans relative to the 2005-06 plans provide some evidence that this kind of supplantation may already be a problem.

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.

There is also no public reporting of actual expenditures by social services districts of funds from the FFFS. While the district plans are made public on the OTDA web site, there is no expenditure reporting to allow us to compare the district “plans” with actual expenditures for each year. While districts are allowed to file “amended” plans mid-year, it is not clear whether or not there is a mechanism to reconcile planned and actual expenditures.

Basic public assistance grant has not increased since 1990

In 1975 public assistance for a three person family was equal to 110% of the Federal Poverty Level. Today it has fallen to less than 50% 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 17 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 about \$450 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 2 bedroom apartment is \$687. 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 \$1075. In New York City it is estimated that by 2007, 86% of families living in private housing will have a rent level that is higher than the amount provided for rent in their welfare grant.

Fuel for Heating allowances have not been increased since 1987. Since that time average prices for electricity have increased by 84%, the cost of natural gas has increased 160% and the cost of fuel oil has increased 239%. 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.

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 FY2005 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% of single parent

families and 90% 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 which went into effect October 1, 2006 narrowed the definition of many permissible work activities, particularly limiting the use of the “community services” category.

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

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:

- Increases in MOE Requirement from 75% to 80%: 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% 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% to 80%, an increase from the current \$1.719 billion to \$1.833 billion, or \$115 million.
- 5% 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.
- 5% Reduction in TANF Block Grant for Failure to Establish Counting and Verification Procedures: There is a second potential 5% penalty for “failure to establish or comply with procedures for counting and verifying work activities” which would also be equal to \$122 million.

Two provisions in the 2007-08 Executive Budget were explicitly designed to help meet these new requirements. The first is the continuation of the \$15 million program for intensive

case management. This 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 second program is an “incentive” grant from OTDA for social services districts that are meeting their work requirements. There is much more that could be done.

(1) 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.

(2) 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 provide a much needed income support to these families without reducing federal food stamp benefits.

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% of New York households have low or very low food security in 2003-2005.³ 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.⁴

³ <http://www.ers.usda.gov/Publications/ERR29/ERR29i.pdf>

⁴ 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.

- 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. 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.⁵ According to data from OTDA, in September 2006, New York's work participation rate was 41.5% --- with 43,000 cases out of 106,00 "countable" cases meeting federal work requirements. Providing food stamp supplements to 20,000 working poor families would immediately bring New York's participation rate up to the required 50%. The alternative would be to engage 10,000 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.⁶

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.⁷ Annual cost of a \$100 per month supplement to this group would be \$90 million, 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

⁵ "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)

⁶ The DRA regulations (45 CFR 261.61) require submission of documentation only every six months for working families.

⁷ 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.

only policies to consistently have had positive effects on both work and income.”⁸

(3) New York should help families get out of poverty by repealing the 185% of the Standard of Need eligibility test and liberalizing the Earned Income Disregard

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% of the standard of need but in most counties 185% 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 shelter allowances increases in 2003, the poverty level is now significantly higher than the standard of need in every county. Therefore recipients become ineligible for assistance before their incomes ever reach the poverty level. The 185% rule should be repealed.

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 53 cents for every additional \$1.00 earned.

For example, a recipient working 30 hours a week, at a wage of \$7.15 an hour, would earn \$930 a month. The first \$90 of earnings would be disregarded but the welfare grant would be reduced by \$445 --- 53% of the remaining \$840. If the recipient were entitled to a \$691 monthly grant without earnings, the grant with earnings would be reduced to \$246. The recipient keeps the \$930 from wages and \$246 (\$691 minus \$445) in TANF benefits for a total monthly income of \$1,176, 15% below the federal poverty guideline of \$1,383 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 \$1,383 for 2006. The family in the previous example lost \$445 in TANF benefits even though its income was still \$200 a month below the federal poverty guideline. Under the current EID, a recipient with two children working 40 hours a week earning \$8.15 an hour (just \$1.00 an hour more than the January 2007 New York State minimum wage) would not qualify for TANF assistance.

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

⁸ 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>

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 --- 9% 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.

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

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. The best way to meet the work participation rate while helping to move families out of poverty is to take fuller advantage of countable activities like these that help families move ahead in labor market.

- “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. They can do this by making full use of their “allowance” for vocational education (and teen parent school attendance), which permits them 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, states 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. In addition, states should use “bridge programs” to link vocational and basic education for parents with relatively low levels of basic skills. In New York for FFY 2004, only 13% of those counted as working were enrolled in vocational training. This was lower than the national average of 15%. Thirty-one states had higher vocational education training rates.
- On-The-Job Training (OJT)—a countable TANF activity with no cap on participation—is dramatically underutilized by states. 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 no participants in on-the-job training programs for FFY2004.
- 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 1% of its participants engaged in these activities in FFY 2004.

- 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.
- 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.

New York Should Place More Families in Vocational Education and On-the-job Training Programs				
Federal Fiscal Year 2004	US		New York	
	Number	Percent	Number	Percent
Total Families	1,984,560		147,034	
Families included in participation rate	952,523	48.0%	69,663	47.4%
Participating families	307,784	32.3%	26,211	37.6%
Type of Participation				
Unsubsidized employment	163,889	53.2%	12,921	49.3%
Subsidized private employment	1,118	0.4%	174	0.7%
Subsidized public employment	2,777	0.9%	1,297	4.9%
Work experience	41,104	13.4%	3,537	13.5%
On-the-job training	721	0.2%	-	0.0%
Job search	55,765	18.1%	515	2.0%
Community service	30,409	9.9%	4,969	19.0%
Vocational education	46,487	15.1%	3,463	13.2%
Job Skills Training	6,371	2.1%	68	0.3%
Education related to employment	7,120	2.3%	153	0.6%
Satisfactory school attendance	11,455	3.7%	217	0.8%
Providing child care	402	0.1%	-	0.0%
Additional waiver activities	19,145	6.2%	-	0.0%
Other	6,043	2.0%	270	1.0%

Source: <http://www.acf.hhs.gov/programs/ofa/particip/2004/>

III. 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 D.C.) 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, it is still 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 (\$17,100). 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 \$8.22.

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 \$8.30 an hour. Whether the target level is \$8.22 or \$8.30 (in 2007 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 \$9.25 in January 2011. In other words, \$9.25 in 2011 is the same level as \$8.22 in 2007, 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 \$9.34 an hour by 2011 to match the purchasing power of the July 1970 minimum wage.

From \$7.15 in January 2007, four annual increases of 55 cents would take the New York minimum wage to \$9.35 an hour in January 2011. This would return the purchasing power of New York's minimum wage to its peak level and 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.

IV. Modernize the Property Tax Circuit Breaker

New York offers a real property tax credit designed to assist low-income taxpayers, particularly the elderly, offset property tax costs by allowing a credit against their personal income tax liability for a portion of these costs. The credit is available to renters as well as homeowners and is refundable if it exceeds the taxpayer's personal income tax liability. The maximum credit is \$375 for persons over 65 and \$75 for other taxpayers. For 2004, 285,204 households claimed the credit. The total amount of credits claimed totaled \$29.9 million, with an average credit of \$104.72.

Taxpayers wishing to claim the credit must meet all of the following eligibility requirements:

- Household gross income cannot exceed \$18,000 (gross income is broader than NY AGI and includes Social Security and public assistance cash benefits)
- Market value of home cannot exceed \$85,000
- Average monthly rent of renting taxpayer cannot exceed \$450

The credit is calculated with reference to two factors: household income and the extent to which property taxes or their equivalent exceed a percentage of such income. Renters calculate a real property tax equivalent that is equal to one-quarter of their "adjusted rent" during the year. Rent is adjusted based on whether or not it includes one or more of the following: heat, electricity, furnishings and meals. The adjustment is designed to remove from the rent the portion roughly attributable to these extras.

The parameters for this program (maximum income, maximum home value and maximum rent) have not been changed since the program's inception in 1986. As a first step towards property tax relief reform for low-income New Yorkers, all parameters for the program could be doubled. The New York Area CPI has increased by 97% since 1986 so doubling all program parameters would be an appropriate minimum adjustment to reflect cost changes, particularly since home prices and rent have increased at a faster rate than the overall CPI over this period.

In addition, the cap on the credit should be removed and the credit should be set at 100% of the excess of property tax over the established limit so that it provides a real "circuit breaker" for New York residents, assuring that no low income New Yorker will pay more than a set percentage of his/her income for property taxes. Eliminating the cap will also eliminate the distinction between senior citizens and other low-income households. In order to simplify the credit, New York could calculate the credit as the 100% of the amount of property tax in excess of 5% of income for all low-income families.

In order to ensure that going forward the program parameters keep pace with the cost of living, New York should set the maximum home value equal to the median value of new home

sales in each county as measured by NYS Office of Real Property Services (ORPS) and the maximum rent to changes in the Fair Market Rents (FMR) for two-bedroom apartments published each year by the U.S. Department of Housing and Urban Development (HUD).

Eventually New York may want to consider eliminating or greatly liberalizing the income limitations on this tax credit. Allowing more middle income taxpayers to benefit from this program would greatly relieve the need for other property tax relief mechanism because it would provide assistance to families based on each family's property tax burden, e.g. its property tax bill in relation to its income.

If the Governor's proposed expansion of the STAR program is approved, modernization of the circuit breaker will be an important mechanism to provide some relief to renters. Renters receive no benefit from the STAR program despite the fact that they are paying property taxes through their rent payments. According to the Census Bureau's American Community Survey, in 2005 four out of five poor families in New York were renters ---

V. Strengthen the Unemployment Insurance system

Although the unemployment insurance system was created to provide income support to those who involuntarily lose these jobs by replacing a portion of an unemployed family's earnings while the unemployed person is looking for a new job, many workers do not receive unemployment benefits when they lose their jobs and some of these are forced to rely on TANF and other public assistance programs to sustain their families. A survey conducted by the Community Services Society of New York in August and September of 2002 found that while 22% of lower-income New Yorkers reported losing their jobs in the past twelve months, only 29% of these received unemployment insurance benefits.⁹ Like the unemployment insurance programs in other states, New York's program was designed to meet the needs of male household heads with full-time, full-year employment and therefore workers who do not match this profile, particularly former welfare recipients with low wages, part-time and/or part-year work, and family responsibilities, are much less likely to receive benefits when they are unemployed and if they do receive benefits, may receive weekly benefits too small to support their families.

But despite the vital place of the UI program in our economy, the level of security provided by the program has declined severely in recent years. Unemployment checks are not sufficient to meet even the basic needs of jobless families; many deserving unemployed New Yorkers fail to collect assistance; and the self-financing mechanism set up to fund benefits is broken.

- The average UI check is equal to just 28 percent of the average worker's paycheck, a replacement rate that is far lower than in neighboring states. New

⁹ "The Unheard Third: What Low-Income New Yorkers Have to Say to Our Newly Elected Officials," Community Service Society, December 2002.

York's ranking on this benefit adequacy measure has tumbled over the years, and is currently 48th of the 50 states.

- Only 41 percent of New York's unemployed receive unemployment benefits. This is an unacceptably low level that pales in comparison to our neighboring states, which pay UI to 53 percent of their unemployed.
- New York State's UI trust fund became insolvent in 2002 and did not pay off federal loans until May 2006. In rankings prepared by the U.S. Department of Labor (DOL), the state's UI trust fund solvency has ranked among the worst states before, during, and after the last recession.

In recent years, the Pataki Administration and the Legislature neglected the UI program to the point where the system needs urgent repair. The law governing unemployment insurance in New York State has been frozen since the late 1990s, and many key provisions date back to the early days of the program. Upgrading the state's UI program will require improvements at multiple levels to the system: administration, benefit laws and rules, and financing.¹⁰

¹⁰ For a more extensive analysis of New York Unemployment Insurance system and a set of policy recommendations, see "Down but Not Out: Reviving The Promise of Unemployment Insurance in New York." by Andrew Stettner & Rebecca Smith, National Employment Law Project. December 2006.

Table 1
TANF Spending Summary

(in thousands)

	<u>SFY 1997-1998</u>	<u>SFY 1998-1999</u>	<u>SFY 1999-2000</u>	<u>SFY 2000-2001</u>	<u>SFY 2001-2002</u>	<u>SFY 2002-2003</u>	<u>SFY 2003-2004</u>	<u>SFY 2004-2005</u>	<u>SFY 2005-2006</u>	<u>SFY 2005-2006 - including FFFS</u>	<u>SFY 2006-2007</u>	<u>SFY 2006-2007 including FFFS</u>	<u>SFY 2007-2008</u>
Federal TANF Block Grant	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930
TANF Base Expenditures (includes Administration funded in FFFS including Child Welfare EAF)		\$1,551,095	\$1,222,649	\$1,044,542	\$1,079,166	\$992,320	\$1,182,873	\$1,502,452	\$743,392	\$977,479	\$663,005	\$893,655	\$645,853
TANF Base Expenditures (includes Administration funded in FFFS but not Child Welfare EAF)		\$1,451,095	\$1,062,649	\$824,542	\$829,166	\$677,320	\$798,373	\$1,109,452	\$743,392	\$879,314	\$663,005	\$807,315	\$645,853
Child Welfare and Transfers to Title XX Social Services Block Grant	\$168,000	\$315,000	\$514,000	\$622,000	\$619,000	\$720,600	\$793,500	\$678,800	\$0	\$323,428	\$0	\$349,257	\$0
Child Welfare EAF - formerly included in "Base"		\$100,000	\$160,000	\$220,000	\$250,000	\$315,000	\$384,500	\$393,000	\$0	\$98,165	\$0	\$86,340	\$0
Other Child Welfare Spending	\$0	\$0	\$113,000	\$161,000	\$128,000	\$164,600	\$168,000	\$166,800	\$0	\$105,424	\$0	\$139,413	
Transfer to Title XX Block Grant	\$168,000	\$215,000	\$241,000	\$241,000	\$241,000	\$241,000	\$241,000	\$119,000		\$119,838		\$123,504	
Child Welfare Transfer										\$92,500		\$95,072	
Other Transfer										\$27,338		\$28,431	
EITC/Child and Dependent Care Credits	\$0	\$0	\$49,000	\$174,000	\$384,000	\$438,000	\$494,900	\$561,075	\$686,165	\$686,165	\$678,598	\$678,598	\$582,013
Child Care	\$66,600	\$76,600	\$430,000	\$291,000	\$304,000	\$340,400	\$408,000	\$375,000	\$379,000	\$388,900	\$13,450	\$365,739	\$9,750
Other Fiscal Relief	\$248,400	\$18,000	\$0	\$15,100	\$17,600	\$894,800	\$98,155	\$0	\$0		\$0		\$0
Total Employment/Transitional Services Health	\$310,550	\$202,353	\$647,453	\$1,001,453	\$231,953	\$190,203	\$220,863	\$183,277	\$168,623	\$299,179	\$176,473	\$364,456	\$204,073
Employment/Transitional Services/Health	\$310,550	\$202,353	\$647,453	\$1,001,453	\$231,953	\$190,203	\$220,863	\$183,277	\$168,623	\$168,623	\$176,473	\$176,473	\$204,073
Employment/Transitional Services/Health - FFFS										\$130,556		\$187,983	
Non Allocated									\$600,000		\$1,036,732		\$1,008,000
Total TANF Block Grant	\$545,150	\$2,045,048	\$2,703,102	\$2,912,995	\$2,368,119	\$2,366,523	\$2,715,636	\$2,907,604	\$2,577,180	\$194	\$2,568,258	\$2,568,258	\$2,449,689

* Includes FFFS spending. 2007-2008 FFFS spending assumed to equal 2006-2007 distribution among functions.

Table 2
Estimated Base Temporary Assistance Expenditures in New York
Federal TANF Funds

(in thousands)

	SFY 1998- 1999	SFY 1999- 2000	SFY 2000- 2001	SFY 2001- 2002	SFY 2002- 2003	SFY 2003- 2004	SFY 2004- 2005	SFY 2005- 2006	SFY 2005- 2006 with FFFS	SFY 2006- 2007	SFY 2006- 2007 with FFFS	SFY 2007- 2008 Proposed
Administration												
Local Administration	\$292,851	\$190,096	\$191,389	\$191,560	\$232,050			\$0	\$0			
State Administration	\$57,700	\$67,700	\$67,700	\$93,700	\$98,700			\$0	\$0			
Local Administration - Base*	\$227,191	\$119,073	\$119,739	\$120,410	\$140,050	\$148,000	\$153,000	\$0	\$135,922	\$0	\$144,310	
State Operations	\$45,000	\$55,000	\$55,000	\$80,000	\$85,000	\$86,500	\$83,461	\$85,000	\$85,000	\$72,000	72,000	\$69,700
Local Employment Program Administration	\$54,760	\$57,023	\$57,650	\$57,650	\$79,000	\$78,870	\$83,084	\$0	\$0			
Jobs Staff	\$7,200	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$12,200	\$12,200	\$12,200	\$12,500	12,500	\$12,500
DOL TANF Staff	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700						
Electronic Benefits Issuance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$4,000	4,000	\$4,000
Federal Compliance Staff				\$1,000	\$1,000	\$1,000	\$1,000	\$1,300	\$1,300	\$1,300	1,300	\$2,500
Child Assistance Program-Administration	\$3,700	\$4,500	\$4,500	\$4,000	\$3,500	\$1,000	\$1,000	\$0	\$0			
Welfare Fraud and Prevention										\$7,000	7,000	\$7,000
Systems										\$3,000	3,000	\$11,000
Flexible Fund Administration												\$1,100
Subtotal - Administrative Expenditures	\$350,551	\$257,796	\$259,089	\$285,260	\$330,750	\$337,570	\$343,745	\$108,500	\$244,422	\$99,800	\$244,110	\$107,800
Programs												
Family Assistance	\$966,400	\$714,600	\$474,200	\$335,710	\$283,517	\$406,378	\$709,982	\$587,667	\$587,667	\$511,780	\$511,780	\$486,628
Two-Parent Shift										(\$3,000)	(\$3,000)	(\$6,000)
Family Assistance Commitments	\$966,400	\$714,600	\$819,200	\$663,427	\$542,333	\$650,878		\$587,667	\$587,667	\$514,780	\$514,780	\$492,628
Five Year Time Limit Cases								\$0	\$0			
Foster Care MOE SWAP			(\$120,000)	(\$150,000)	(\$175,000)	(\$244,500)						
Share Adjustment			(\$225,000)	(\$177,717)	(\$83,816)	\$0	\$0					
Predetermination Grant - AFDC Shift												
Child Support Disregard												
Child Support Disregard Increase												
Emergency Assistance	\$179,800	\$200,000	\$260,000	\$280,000	\$345,000	\$422,500	\$428,000	\$35,000	\$35,000	\$50,000	\$50,000	\$50,000
Emergency Assistance to Families	\$79,800	\$40,000	\$40,000	\$30,000	\$30,000	\$38,000	\$35,000	\$35,000	\$35,000	\$50,000	\$50,000	\$50,000
Child Welfare Emergency Assistance to Families	\$100,000	\$160,000	\$220,000	\$250,000	\$315,000	\$384,500	\$393,000	\$0	\$98,165	\$0	\$86,340	\$0
Child Welfare EAF Commitments	\$100,000	\$160,000	\$100,000	\$100,000	\$140,000	\$140,000	\$140,000	\$0	\$98,165		\$86,340	\$0
Foster Care MOE SWAP			\$120,000	\$150,000	\$175,000	\$244,500	\$253,000	\$0	\$0	\$0	\$0	\$0
Edge/Bridge**												
Job Placement and Retention Initiative	\$3,700	\$3,700	\$3,700	\$3,700				\$0				
Rent Supplement Program/Assessment Centers	\$9,000	\$12,000	\$12,000	\$12,000	\$12,000	\$6,000	\$6,000	\$0	\$0	\$0	\$0	\$0
Refugee Resettlement	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,425	\$1,425	\$1,425	\$1,425	\$1,425	\$1,425
Tier II Debt Service on Family Shelters***	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$13,300	\$10,800	\$10,800	\$0		\$0
Other Programs	\$8,091	\$1,000	\$2,000	\$128,943	\$0	\$0						
Subtotal - Programmatic Expenditures	\$1,200,544	\$964,853	\$785,453	\$793,906	\$661,570	\$845,303	\$1,158,707	\$634,892	\$733,057	\$563,205	\$649,545	\$538,053
Total Base Expenditures	\$1,551,095	\$1,222,649	\$1,044,542	\$1,079,166	\$992,320	\$1,182,873	\$1,502,452	\$743,392	\$977,479	\$663,005	\$893,655	\$645,853

* Local administration and Child Welfare EAF included in Flexible Fund for Family Services for 2005-06, 2006-07 and 2007-08.

** Now considered a programmatic expenditures rather than a "base" expenditures

Table 3
TANF Surplus Spending Allocations
Programmatic Initiatives
(in thousands)

	SFY 1997-1998	SFY 1998-1999	SFY 1999-2000	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-2006	SFY 2006-2007	SFY 2007-2008 - Proposed
Child Care											
Child Care Assistance	\$66,600	\$76,600	\$230,000	\$230,000	\$304,000	\$330,000	\$372,100	\$365,100	\$371,100		
Child Care Enforcement/Oversight	\$0	\$0	\$0	\$18,500	\$0	\$0	\$18,500	\$0			
Child Care for Migrant Workers	\$0	\$0	\$0	\$2,500	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,750	\$6,350
Child Care Reserve Fund	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0			
Child Care Recruitment/Retention				\$40,000	\$0	\$0	\$0	\$0			
Child Care Demos						\$5,000	\$11,000	\$3,500	\$3,500	\$8,300	
Child Care SUNY/CUNY						\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400
Satellite Child Care						\$2,000	\$2,000	\$2,000			
FFFS Child Care Allocations									\$9,900	\$352,289	\$352,289
Subtotal - Child Care	\$66,600	\$76,600	\$430,000	\$291,000	\$304,000	\$340,400	\$408,000	\$375,000	\$388,900	\$365,739	\$362,039
Employment/Transitional Services/Health											
Academic Intervention	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0			
ACCESS – Welfare to Careers	\$0	\$0	\$0	\$0	\$1,000	\$1,140	\$1,000	\$0	\$1,000	\$1,000	\$0
Advantage Schools	\$0	\$0	\$0	\$10,000	\$10,000	\$10,200	\$10,000	\$20,200	\$20,200	\$27,500	\$28,200
Alternative to Incarceration Pilot	\$0	\$0	\$1,000	\$4,000	\$4,000	\$4,000	\$4,000	\$3,800	4000	4000	4000
APPS							\$7,700	\$5,870	\$5,870	\$7,320	\$7,470
Automotive Skills Training	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Basic Education						\$5,000	\$3,000	\$0	\$2,000	\$1,000	\$1,000
Blueprint	\$0	\$0	\$0	\$0	\$0	\$1,500	\$0	\$0			
BRIDGE Child Care	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Bridge College to Work	\$3,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Build NY									\$1,000	\$1,000	\$0
Building Independence for the Long Term	\$1,800	\$0	\$18,100	Block Grant	\$0	\$0	\$0	\$0			
Built-on-Pride Apprenticeships	\$400	\$0	\$5,000	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Caretaker Relative Assistance/Kinship	\$0	\$0	\$0	\$150	\$0	\$1,000	\$150	\$0	\$1,150	\$1,150	\$1,150
Child Assistance Program Expansion	\$1,500	\$1,000	\$1,000	Block Grant	\$0	\$0	\$0	\$0			
Child Support Disregard Toward MOE	\$0	\$0	\$0	\$17,000	\$0	\$0	\$0	\$0			
Compliance with Federal Reporting Requirements	\$0	\$0	\$1,000	\$1,000	\$0	\$0	\$0	\$0			
CUNY Work Experience	\$500	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0			
DAP						\$500	\$500	\$0	\$500	\$1,000	\$1,000
Department of Labor Job Placement Staff	\$0	\$0	\$2,300	TANF Base	\$0	\$0	\$0	\$0			
Displaced Homemakers Program	\$600	\$0	\$600	\$1,200	\$1,200	\$1,200	\$1,600	\$0	\$2,300	\$2,300	\$2,300
Domestic Violence Liaison Function	\$2,500	\$2,500	\$4,000	\$4,000	\$4,000	\$3,500	\$3,000	\$3,000	\$3,757	\$4,966	\$4,966
Domestic Violence Screening	\$2,500	\$2,500	\$4,000	\$4,000	\$4,000	\$3,000	\$3,000	\$3,000	\$3,000	\$2,277	\$3,000
Drug Abuse Screening/Treatment	\$18,000	\$12,000	\$18,000	\$18,000	\$15,000	\$5,000	\$2,500	\$2,500	\$4,878	\$2,148	\$2,148
EDGE "Plus": English as a Second Language	\$5,000	\$0	\$3,000	\$5,000	\$1,000	\$1,050	\$1,250	\$0	\$2,000	\$2,000	\$2,000
EDGE "Plus": Literacy and Work Preparedness	\$8,000	\$0	\$0	\$4,000	\$2,000	\$1,000	\$1,000	\$0	\$1,000	\$1,000	\$1,000
EDGE "Plus": Local Interagency /VESID Employ	\$2,500	\$0	\$6,000	\$3,000	\$2,000	\$1,000	\$3,000	\$0	\$1,500	\$1,500	\$1,500
EDGE Enhancement	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0			
Educational Development for Gainful Employment/Bridge		\$22,053	\$22,053	\$22,053	\$22,053	\$9,553	22053	22053	\$9,553	9553	9553
Emergency Homeless						\$500	\$500	\$0	\$1,000	\$1,000	\$1,000
Empire State Development Agency Job Specific	\$2,000	\$0	\$2,000	\$3,000	\$0	\$500	\$0	\$0			
Employment Agency Initiative	\$3,000	\$0	\$2,000	\$3,000	\$0	\$0	\$0	\$0			
Employment Demonstration								\$8,500			
Employment Set-Aside	\$0	\$0	\$3,700	\$2,000	\$0	\$0	\$0	\$0			
Employment/Transitional Block Grant	\$0	\$0	\$0	\$0	\$60,000	\$34,500	\$38,625	\$50,000	\$121,921	\$146,818	\$146,818
Family Loan Program	\$0	\$0	\$500	\$500	\$0	\$0	\$0	\$0			
Federal Compliance Staff	\$0	\$0	\$1,000	\$1,000	\$0	\$0	\$0	\$0			

Table 3
TANF Surplus Spending Allocations
Programmatic Initiatives
(in thousands)

	SFY 1997-1998	SFY 1998-1999	SFY 1999-2000	SFY 2000-2001	SFY 2001-2002	SFY 2002-2003	SFY 2003-2004	SFY 2004-2005	SFY 2005-2006	SFY 2006-2007	SFY 2007-2008 - Proposed
Food Pantries/Nutrition Assistance	\$0	\$0	\$12,000	\$12,000	\$12,000	\$13,600	\$12,000	\$12,000	\$12,350	\$12,350	\$12,500
Green Teams	\$0	\$0	\$0	\$0	\$0	\$860	\$1,010	\$0			
Health Care Recruitment/Retention	\$0	\$0	\$0	\$80,000	\$20,000	\$0	\$0	\$0			
High Performance Bonus Spending***	\$0	\$0	\$0	\$4,000	\$0	\$0	\$0	\$0			
Home Visiting Expansion	\$0	\$0	\$0	\$14,800	\$0	\$0	\$16,000	\$14,129	\$17,600	\$21,400	\$21,600
Hospital Wage Subsidy	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$0		\$15,000	\$15,000
Intensive Case Management											
InVEST	\$3,250	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0			
Learnfare	\$1,000	\$1,000	\$4,000	\$4,000	\$0	\$0	\$0	\$0			
Medical Exams	\$3,000	\$3,000	\$3,000	Block Grant	\$0	\$0	\$0	\$0			
Medical Society	\$0	\$0	\$0	\$1,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mental Health/Foster Care Recruitment/Retentic	\$0	\$0	\$0	\$13,000	\$0	\$0	\$0	\$0			
Merit Scholars/Incentives	\$500	\$0	\$1,000	Block Grant	\$0	\$0	\$0	\$0			
New York Works (Work Now)	\$29,000	\$13,000	\$100,000	\$103,600	\$0	\$0	\$0	\$0			
Parents Count Demo	\$0	\$0	\$0	\$2,000	\$500	\$1,000	\$175	\$0			
Performance Awards	\$11,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
PINS Workgroup	\$0	\$0	\$0	\$150	\$0	\$0	\$0	\$0			
Preventive Services Initiative	\$0	\$0	\$10,000	\$23,000	\$6,700	\$18,000	\$18,000	\$0	\$15,000	\$20,500	\$20,500
Rape and Pregnancy Prevention	\$7,000	\$7,000	\$10,000	\$10,000	\$10,000	\$11,600	\$10,000	\$10,000	\$2,100	\$12,100	\$12,100
School-based health centers	\$0	\$0	\$0	\$0	\$0	\$3,500	\$3,500	\$3,325	\$3,500	General Fund??	General Fund?? ?
Summer Youth Employment	\$0	\$0	\$0	\$35,000	\$25,000	\$25,000	\$25,000	\$15,000	\$25,000	\$30,000	\$35,000
Supplemental Homeless Intervention/Case Man	\$0	\$0	\$1,500	\$0	\$3,000	\$4,000	\$4,000	\$0	\$4,000	\$4,000	\$4,000
Supportive Housing for Families						\$2,000	\$2,000	\$0	\$2,500	\$5,000	\$5,000
TANF Services Block Grant	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0			
Technology Training	\$0	\$0	\$0	\$5,800	\$7,000	\$7,000	\$7,000	\$0	\$8,500	\$7,000	\$0
Teen Works	\$0	\$0	\$0	\$7,000	\$0	\$0	\$0	\$0			
Transition/Performance	\$22,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Transitional Activities	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Transitional Opportunities Program	\$0	\$0	\$0	\$3,000	\$0	\$0	\$0	\$0			
Transportation	\$8,000	\$5,000	\$20,000	\$20,000	\$10,000	\$7,500	\$5,000	\$5,000	\$8,400	\$8,400	\$6,200
Wage Subsidy Demonstration Program	\$0	\$0	\$12,000	\$45,000	\$5,000	\$5,000	\$5,000	\$0	\$4,000	\$4,000	\$4,000
Welfare Management Systems Update	\$50,000	\$10,000	\$30,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Welfare Reform Contingency Reserve Fund	\$104,000	\$114,000	\$330,000	\$318,000	\$0	\$0	\$0	\$0			
Welfare Reform Evaluation	\$0	\$300	\$0	\$500	\$0	\$500	\$0	\$0			
Women, Infants and Children Program	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,000	\$5,000
Women, Infants and Children Program Expansio	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$1,900	\$2,000		
Work Programs in Educational Institutions	\$0	\$0	\$1,000	\$1,500	\$500	\$0	\$0	\$0			
Workforce Development Institute									\$600	\$400	\$0
Workplace Accommodations**	\$3,000	\$0	\$1,000	\$2,000	\$0	\$0	\$0	\$0			
YEETP							\$4,300	\$0	\$4,000	FFFS	FFFS
Youth Enterprise Program	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$0	\$0			
Youth Post Discharge Program	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0			
Other FFFS Allocations for Statewide Programs										\$1,773	\$1,773
Sum of Programmatic Allocations - including FFFS	\$310,550	\$202,353	\$663,753	\$1,001,453	\$231,953	\$190,203	\$220,863	\$183,277	\$299,179	\$364,456	\$359,779

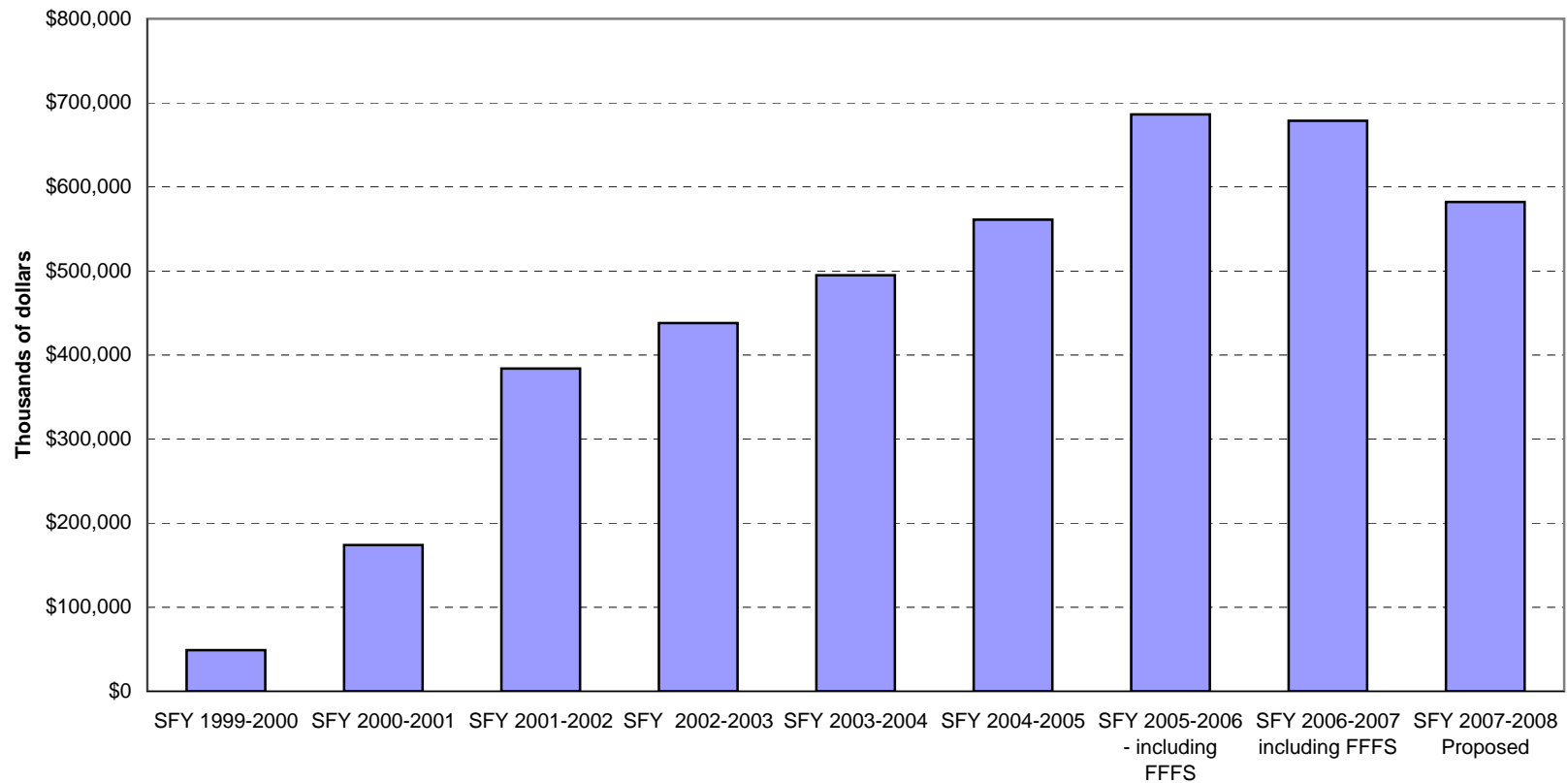
Note: Shaded entries represent Flexible Fund for Family Services allocations for these programs.

Table 4

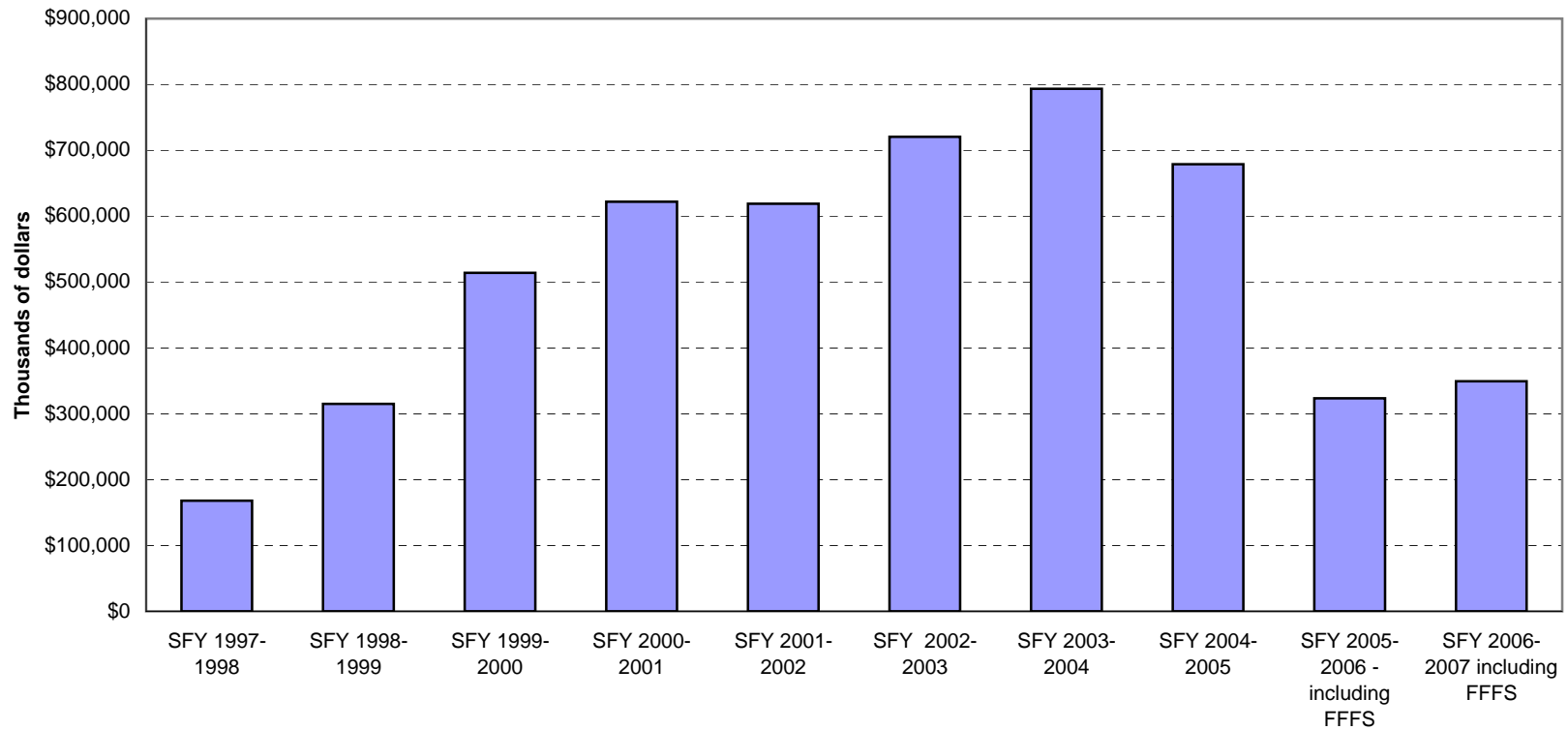
Flexible Fund for Family Services: Changes in Distribution of Allocations

	<u>2005-2006</u>	<u>2006-2007</u>	<u>Change</u>	Share		
SPENDING ON LOW INCOME FAMILIES AND CHILDREN	130,556,107	153,932,449	23,376,342	18%	22.1%	23.8%
TANF Services and Employment Services	\$121,921,109	\$146,818,141	\$24,897,032	20%	21%	23%
TANF Services- Program and Administration	30,958,235	30,753,089	-205,146	-1%	5%	5%
TANF Employment Services - Program and Administration	90,962,874	116,065,052	25,102,178	28%	15%	18%
Drug/Alcohol Assessment/Monitoring - Program and Admin	4,877,879	2,148,267	-2,729,612	-56%	1%	0%
Domestic Violence Liaison Function - Program and Admin	3,757,119	4,966,041	1,208,922	32%	1%	1%
CHILD WELFARE SPENDING	323,427,668	349,256,812	25,829,144	8%	54.8%	53.9%
Title XX Transfer below 200% of Poverty - Child Welfare	92,500,462	95,072,361	2,571,899	3%		
Child Welfare Other Than Title XX Transfer TOTALS	161,257,288	173,967,334	12,710,046	8%	27%	27%
Child Welfare (EAF or 200%) PROGRAM**	98,164,874	86,340,186	-11,824,688	-12%		
EAF JD/PINS (foster care/tuition)	59,429,710	81,057,633	21,627,923	36%		
PINS/Prevention/Detention Diversion Services Program	3,662,704	6,569,515	2,906,811	79%		
Child Welfare Administration	42,331,947	51,785,690	9,453,743	22%	7%	8%
Title XX Transfer below 200% of Poverty - Non Child Welfare	27,337,971	28,431,427	1,093,456	4%	5%	4%
TANF ASSISTANCE AND ELIGIBILITY ADMINISTRATION	135,922,108	144,309,708	8,387,600	6%	23%	22%
TOTAL OF COMPARABLE PROGRAMS AND FUNCTIONS	589,905,883	647,498,969	57,593,086	10%	100%	100%
FUNCTIONS ADDED TO THE FFFS 2006-2007						
Child Care Transfer	9,899,616	352,288,763				
Summer Youth Withhold	0	30,000,030				
Non-Residential Domestic Violence - Program and Admin	0	2,277,449				
Total of State Administered Programs***	0	1,773,478				
Non allocated		2,893,190				
Grand Total	\$599,805,499	\$1,036,731,879				

New York uses almost \$600 million in federal TANF funds to pay for the New York State Earned Income Tax credit. For several years, TANF funds were also used for the NYS Child and Dependent Care Credit.

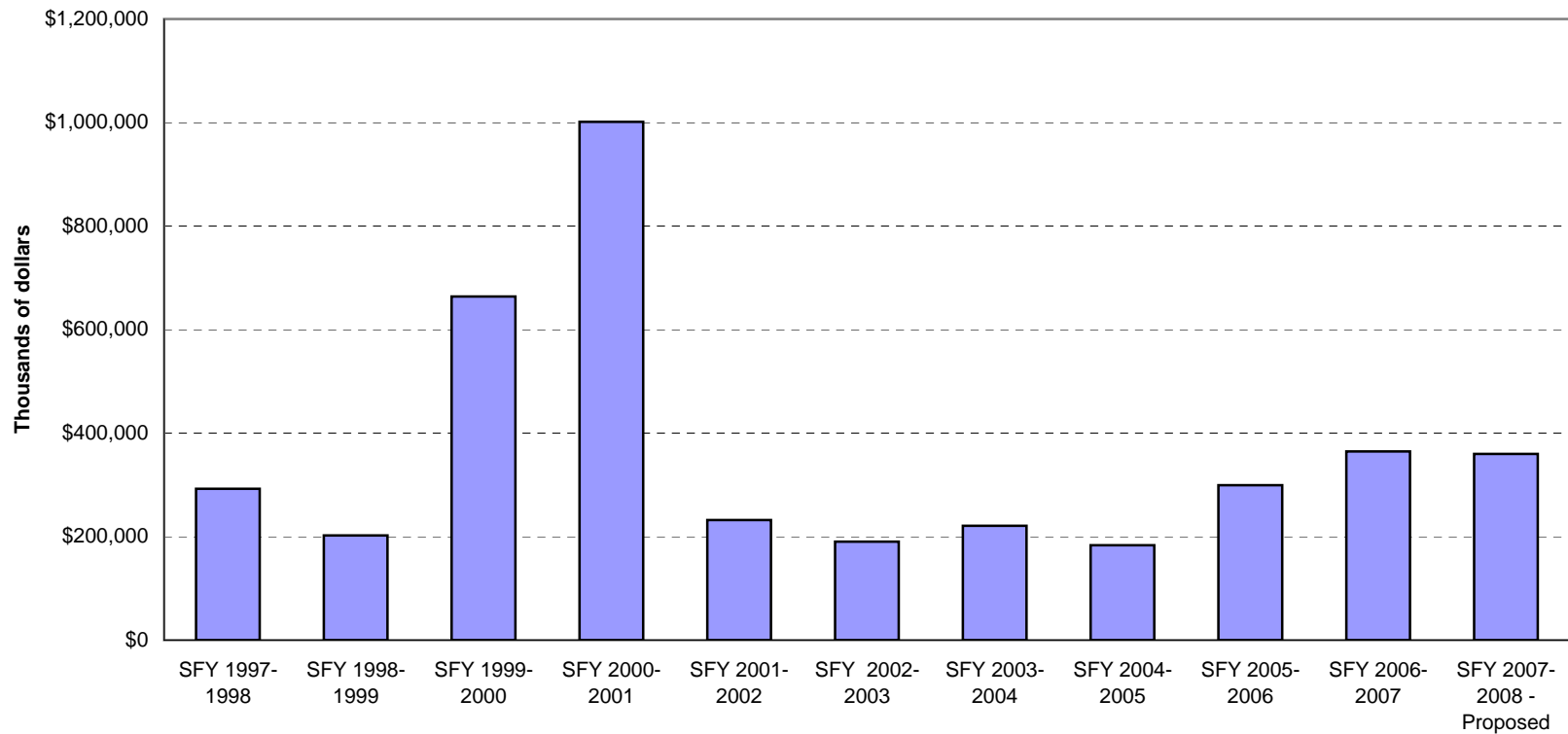


New York TANF continues to use more than \$300 million a year from the TANF block grant to support child welfare programs in local social services districts.



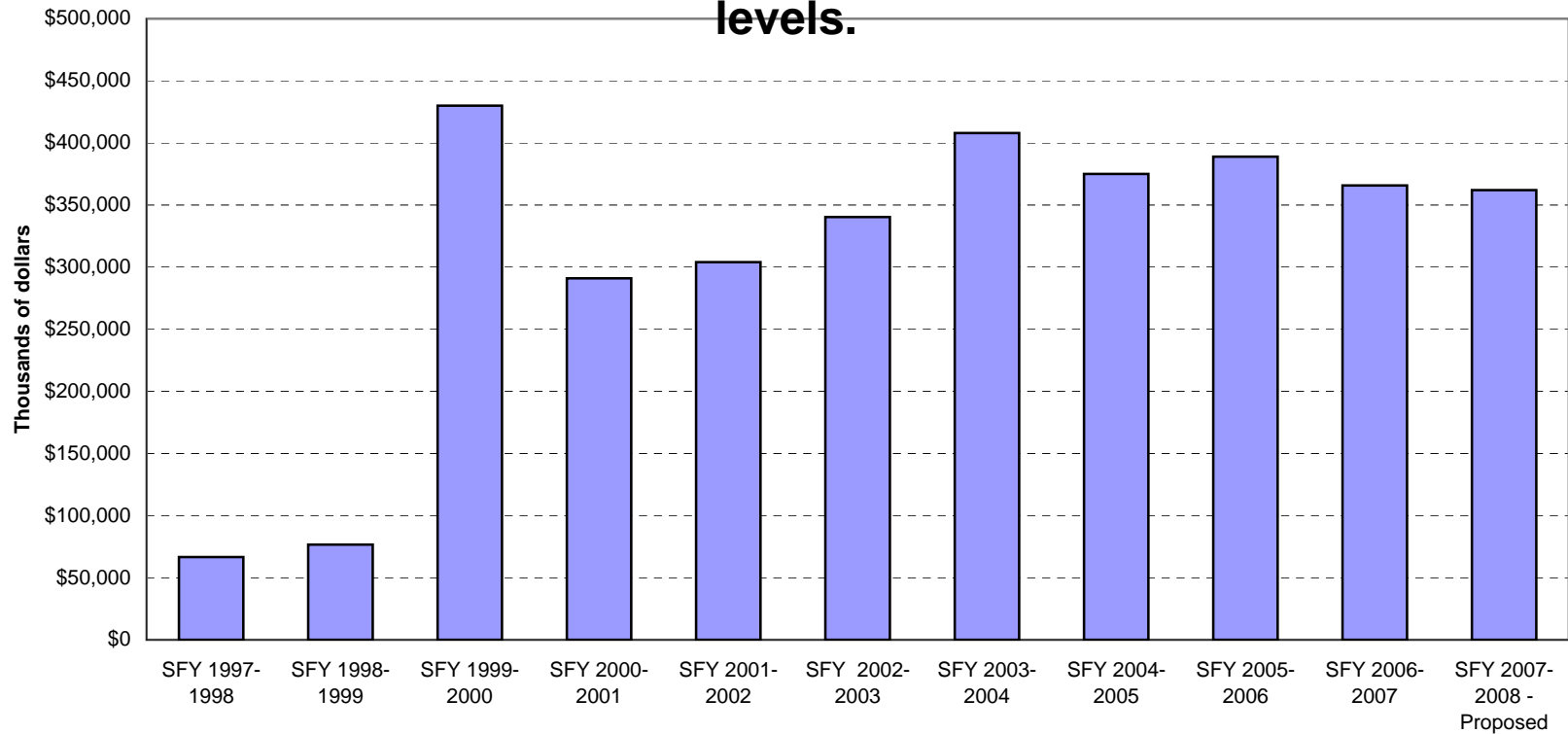
Totals for 2005-06, 2006-07 and 2007-08 include Flexible Fund for Family Services allocations.

New York TANF spending employment programs, health and nutrition and other services for TANF eligible families and individuals has increased since 2004-05 but is still far below the level of expenditures in 2000-2001.



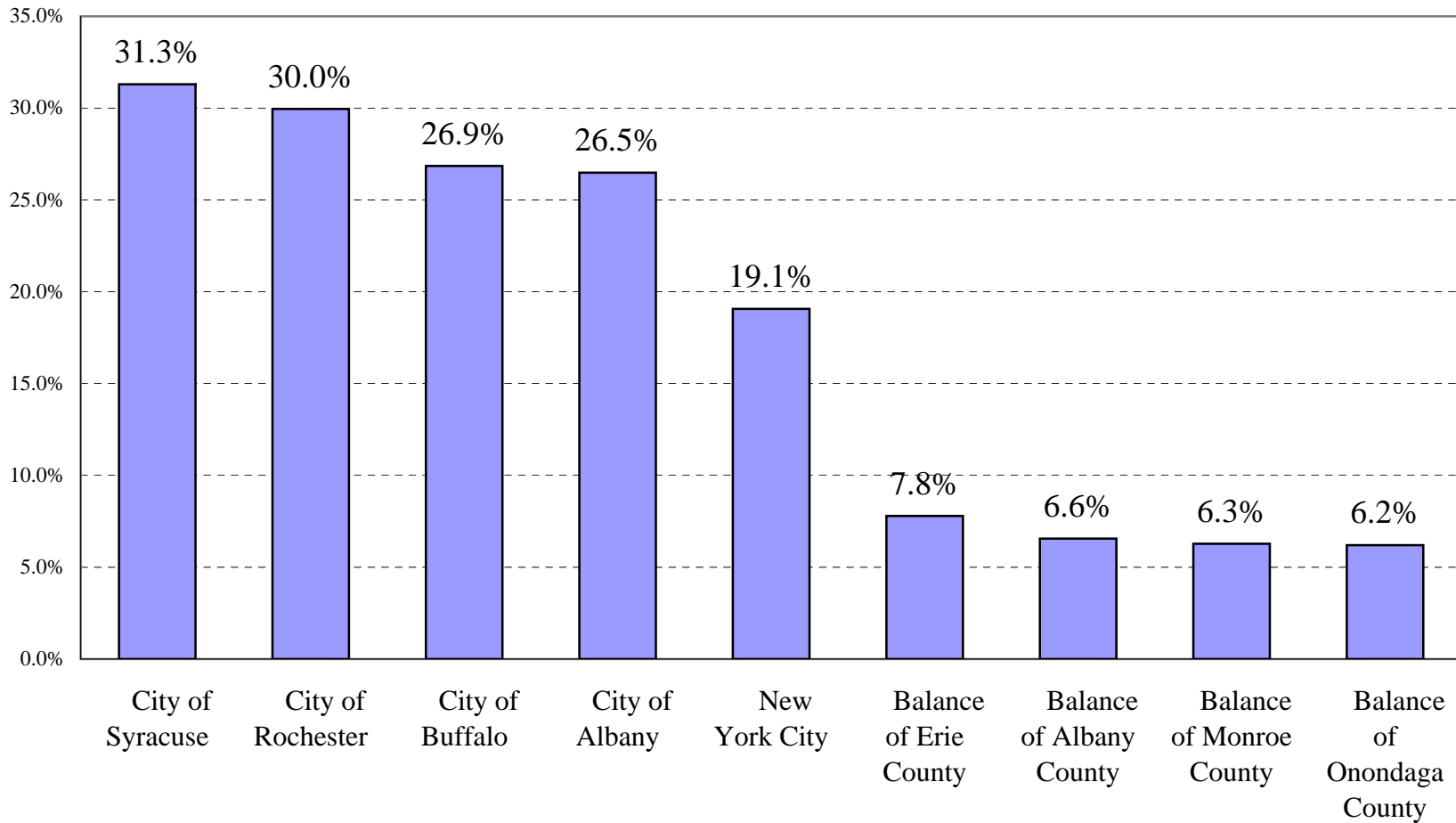
Totals for 2005-06, 2006-07 and 2007-08 include Flexible Fund for Family Services allocations. For 2007-08, the estimate assumes that allocation levels for child care and other services are the same in 2007-08 as they were in 2006-07.

New York TANF spending on child care declined when child care was incorporated into the Flexible Fund for Family Services last year. Spending levels have not kept pace with inflation and in nominal terms still lag behind 1999-2000 levels.



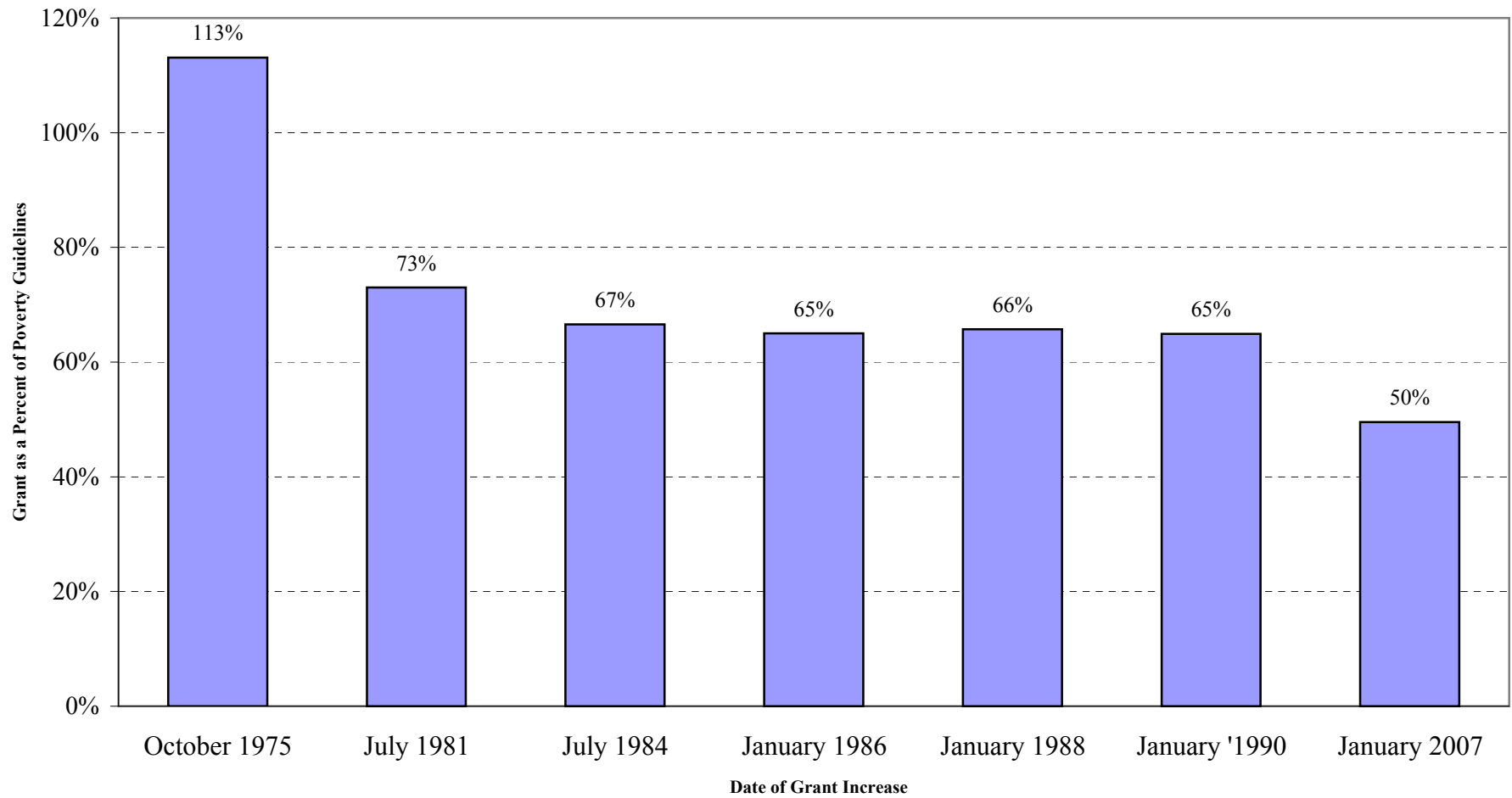
Totals for 2005-06, 2006-07 and 2007-08 include Flexible Fund for Family Services allocations. For 2007-08, the estimate assumes that allocation levels for child care are the same in 2007-08 as they were in 2006-07.

2005 Poverty in New York City and Upstate Cities

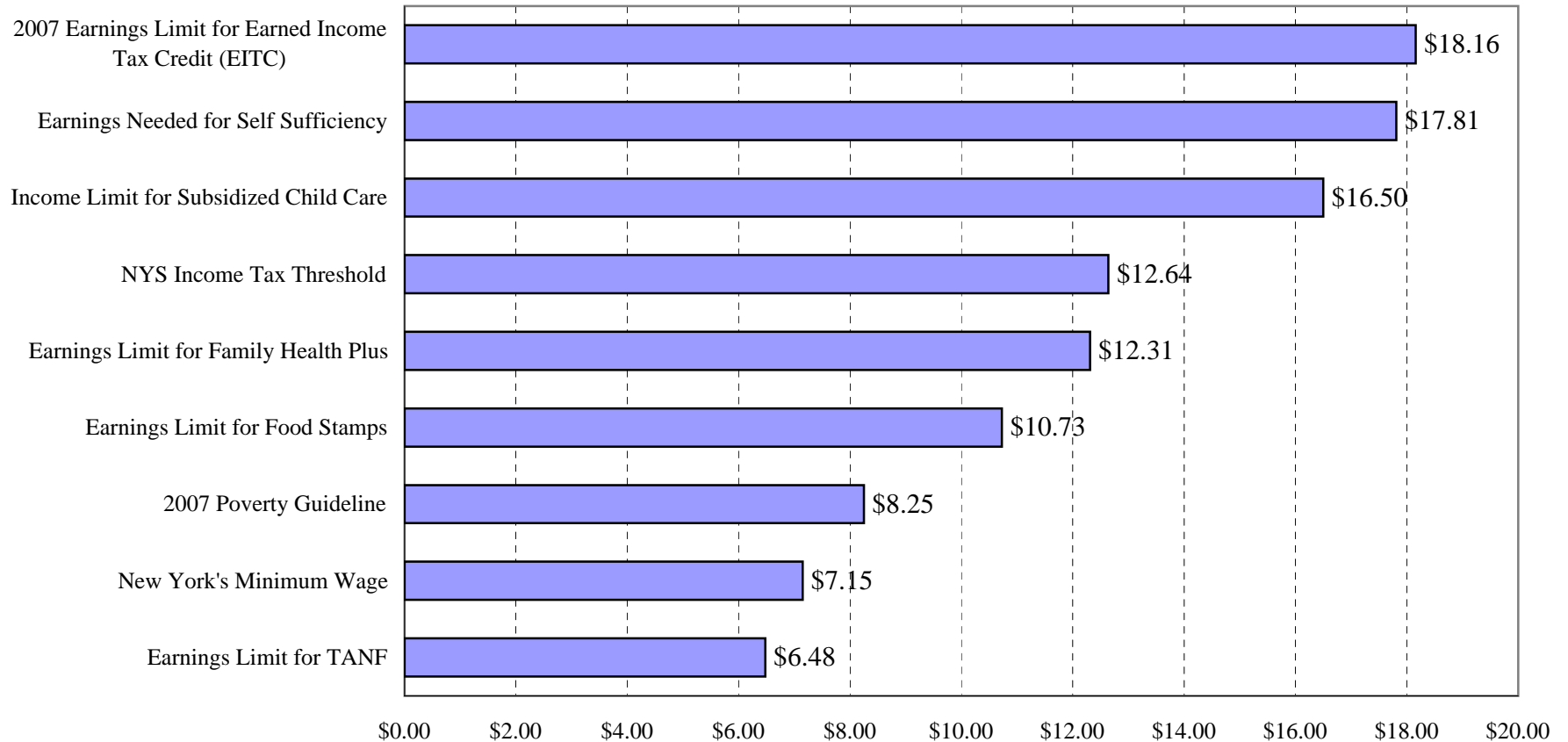


Source: 2005 American Community Survey

Welfare Grant as a Percent of Poverty Guideline Family of Four in NYC - Heat Included in the Rent



Eligibility for work supports far too often ends before families reach self sufficiency.

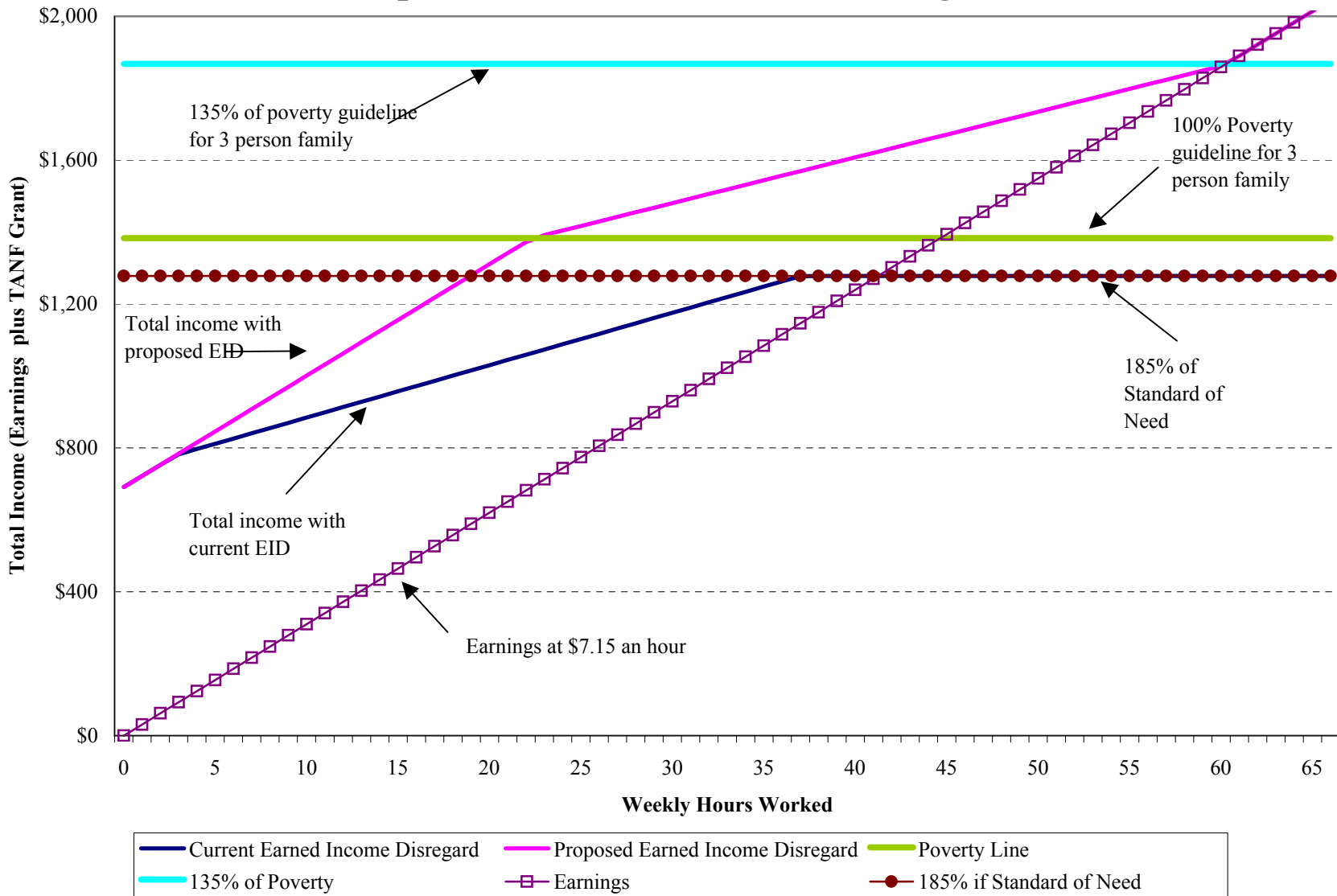


Estimates are for a single parent family with one child assuming 40 hours of work per week 52 weeks per year.

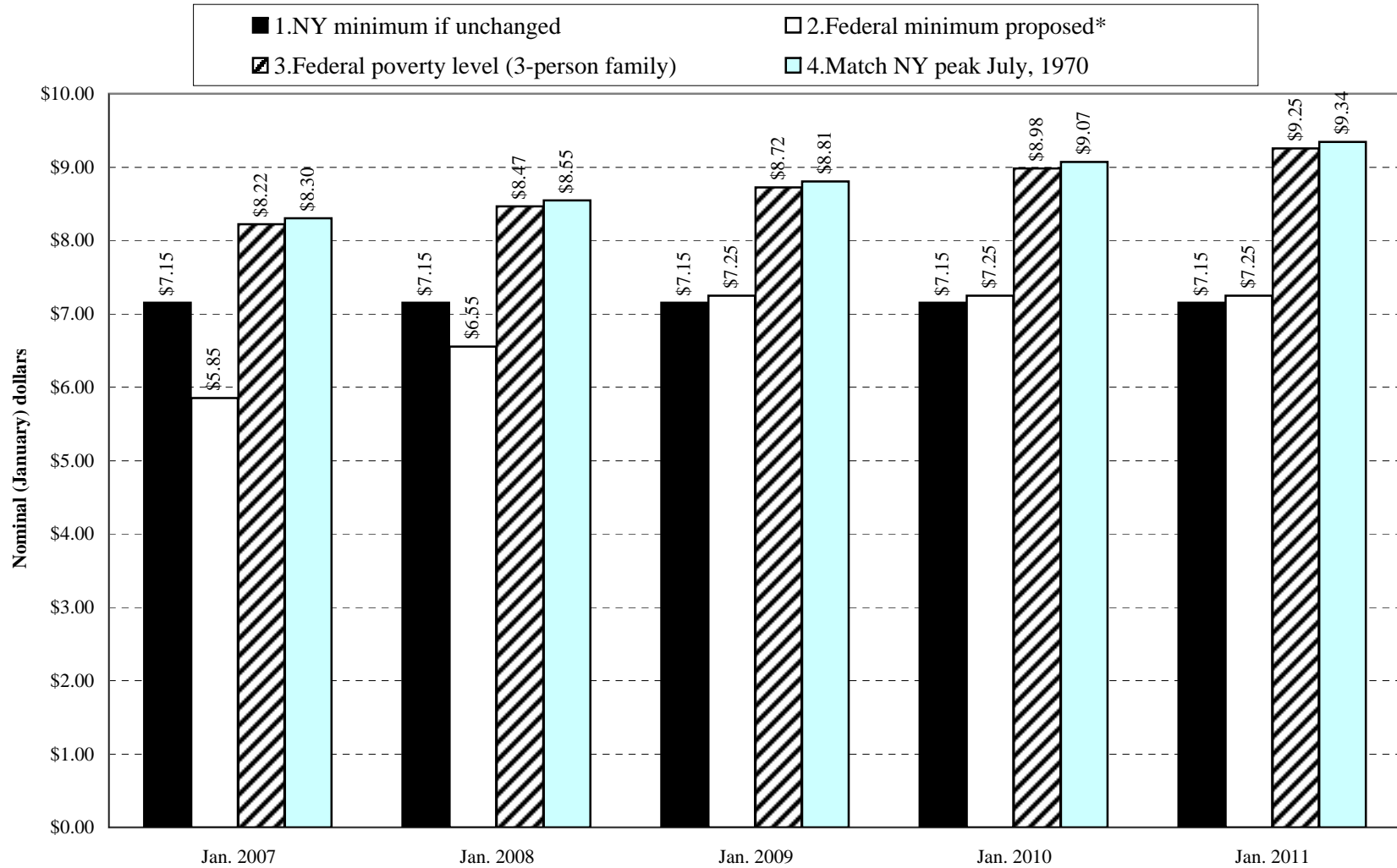
Earnings needed for self-sufficiency based on the average cost of the EPI family budget for NY regions. The EPI family budget estimates ranged from \$23.27 for Nassau Suffolk Counties to \$15.97 for the Jamestown MSA.

TANF earnings limit based on the 185% of the average Standard of Need for a 3-person family in New York State. The earnings limits range from \$7.88 in Suffolk County to \$5.87 in Franklin County.

Proposed New Earned Income Disregard



To restore the minimum wage to its peak purchasing power, or to enable a minimum wage worker to support a family of three, New York would have to increase its minimum wage by a little over \$2 between now and 2011.



Year-to-year projections assume 3% annual increase in CPI. FPL for 2007 calculated by FPI following HHS methodology.

*House bill passed 1/07: Increases to take effect 60 days after enactment, and on 2 anniversaries of that date.