

HUMAN SERVICES COUNCIL ISSUE BRIEF

**Investing in  
human capital:  
how investments in  
human  
services  
support a  
strong economy**

**WHO CARES?**





## Human Services Council of New York

The Human Services Council (HSC) is the Voice of the Human Services Community. We represent thousands of not-for-profit organizations in New York and we advocate for the needs of the human services sector as a whole. Human service providers can accomplish more for their clients when they work together to increase funding, master complex new regulations, and orchestrate joint technology. HSC provides the structure to make that happen.

Since 1991, we have helped bring together a diverse network of human services organizations to discuss ideas and take collective action on issues and concerns that impact the entire sector. Through advocacy, information, collaboration, and technical assistance, member organizations and their leaders are supported by the whole human services community in addressing their concerns of public policy, economic trends, and regulatory environment.

For more about HSC, visit our

Website: [www.humanservicescouncil.org](http://www.humanservicescouncil.org) • Twitter: @hsc\_ny • Facebook: HSC.NY

## Who Cares? I Do. Campaign

HSC is spearheading the **Who Cares? I Do.** campaign to spread awareness of the impact funding cuts will have on New York's individuals, families, communities, and economy. Ultimately, our goal is to influence government decisions about the allocation of State and City resources and protect investments in human service programs.

The campaign is supported by individuals, organizations, businesses, policy makers, philanthropists, and many others who recognize how critical human services are to New York and all its communities — whether it's an after-school program, a senior center, shelter for the homeless, a food pantry, assistance for domestic violence victims, a mental health clinic, a home for foster children, or a day care center. Our mission is to make government accountable to the needs of all New Yorkers by honoring the commitments made to our communities.

For more about the **Who Cares? I Do.** campaign, visit our

Website: [www.whocares-ido.org](http://www.whocares-ido.org) • Twitter: @WhoCares\_IDo • Facebook: Who Cares? I Do.

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# WHO CARES?



## Introduction

The United States prides itself on being the “land of opportunity,” a place where hard work is rewarded. But attaining the American Dream has become increasingly difficult as more and more families struggle to make ends meet. With a shrinking middle class, skyrocketing poverty rates, and growing wealth gap, we must make policy choices that support participation in the workforce. This policy brief provides information and examples that demonstrate how human services such as child care and youth services, senior services, and nutrition programs remove barriers to work and help beneficiaries remain in the workforce, acting as a catalyst into the middle class.

In March 2012 the New York State unemployment rate was 8.7 percent and the New York City rate was a little higher at 9.8 percent.<sup>1</sup> These unemployment rates and the rising number of households below the poverty line have contributed to an ever-increasing demand for human services. Investments in human services are needed more than ever to keep unemployment numbers from increasing. Continued and increased support at all levels of government will ensure that many individuals stay employed. Government leaders often stress the importance of getting people back to work, but they should also focus on helping them keep the jobs they already have. Keeping people employed is critical for families, communities, and the economic health of the city and state.

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## What is the “safety-net”?

The American social safety net provides resources to the economically vulnerable to prevent them from falling below the poverty line. Safety-net programs, such as child care, elder care, nutrition, employment training, and housing assistance, are human services programs and are commonly provided by nonprofit organizations that are paid through contracts with government. In many cases, these programs provide basic supports to overcome barriers that prevent employment. As the income gap has risen, so has demand for these programs. Yet, governments across the country are slashing funding for human services, forcing them to operate with diminished resources.

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The safety net fills gaps when families cannot manage to earn enough to meet basic needs. When it is too expensive to pay for certain services, the poor are faced with the choice of how to fulfill their family's needs while also working to make ends meet. Subsidies for child care, food, shelter, and more relieve burdens and allow families to focus on their ability to earn and save, making it possible for them to move out of poverty.

### **Poverty and Human Services**

Human services have been serving as bridges out of poverty for millions of New Yorkers for many

years. Not only do these services reduce the effects of poverty, but they also provide paths and supports to employment, preventing people from falling into poverty. The range of human services available is vast. Some of the best known services are child care, senior centers, and homeless shelters, but the list also includes:

Adult Criminal Justice Services	Child Care/Early Education
Child Welfare/Preventive Services	Disability Services
Disaster Preparedness/Disaster Response	Domestic Violence Prevention and Assistance
Employment Assistance and Training	Family Support (Adoption)
Financial Assistance	Food or Nutrition
Foster Care	Health Services
HIV/AIDS Services	Home Care
Homeless Services	Immigrant Services
Information Referral	Juvenile Justice Services
Legal Services	Mental Health Programs
Mental Retardation and	Senior Services
Developmental Disabilities Programs	Supportive Housing
Substance Abuse Treatment and Prevention	Youth Services

All kinds of people need and benefit from human services programs: the elderly, infants, school-aged children, disconnected youth, families, victims of abuse and of disasters, the employed, unemployed and underemployed, and immigrants. And because of the current economic situation, more and more people are in financial distress and in need of subsidized child care, emergency food services, and housing assistance, just to name a few.

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But the economic downturn has also led to large state budget deficits, and many states, including New York, have been cutting back on human services funding for the past several years. Nonprofits that contract with government to provide human services have already seen their budgets slashed, at a time when private giving is also down and need is at an all-time high, exacerbating an already critical situation. If New York State and City continue to cut human services funding, programs throughout the state, from day care

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centers to shelters for the homeless, will continue to be closed or substantially reduced, and families will lose access to the range of programs that support their ability to work for a livable income, making it more likely for them to slip into poverty.

In 2010, new poverty numbers were released by the U.S. Census Bureau, and for the first time since 1993 there was a dramatic increase in the number of people living in poverty, especially among children and seniors. The U.S. Census Bureau reports that in 2010, 46.2 million Americans—15.3 percent of the population—were living in poverty.<sup>2</sup> As shown in the tables on the next page, it is becoming more and more difficult for low-income families to survive. For instance, a family of four living at the poverty level is expected to survive on a combined annual income of \$23,050.

At the same time that salaries are decreasing for many individuals and families, the wealth gap is wid-

ening at an unprecedented rate. New York State has the highest rate of income inequality in the country. In 2007, the top 5 percent of New York households held 49.4 percent of the income share, compared to 1990, when they held 30.9 percent—a 20 percent jump. At the same time, the bottom 50 percent of New Yorkers currently share a meager 9.1 percent of income, down from an already dismal 13.9 percent in 1990. Investments in human services will reduce this gap by helping low- and middle-income families increase their ability to earn and begin to bring more balance to the distribution of wealth.

While budgets are strained at all levels of government, investments in human services are critical to economic recovery. Human services programs have a positive ripple effect well

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beyond the immediate service; not only does an individual get a needed service, such as child care, they also get a better education and safe environment for their child and a more stable schedule that enables them to work.

**2012 Poverty Guidelines for  
the 48 Contiguous States and  
the District of Columbia  
At 100% of the Federal Poverty Line**

Persons in family/ household	Poverty guideline
1	\$11,170
2	15,130
3	19,090
4	23,050
5	27,010
6	30,970
7	34,930
8	38,890
For families/households with more than 8 persons, add \$3,960 for each additional person.	

Source: U.S. Department of Health and Human  
Services

**2012 Poverty Guidelines for  
the 48 Contiguous States and  
the District of Columbia  
At 200% of the Federal Poverty Line**

Persons in family	Poverty guideline
1	\$22,340
2	30,260
3	38,180
4	46,100
5	54,020
6	61,940
7	69,860
8	77,780
For each additional person, add	3,960

Source: U.S. Department of Health and Human  
Services

## Child Care and Youth Services

A significant expense that faces any working parent is child care. Not surprisingly, the research on the effect of child care subsidies on employment finds that increases in subsidies raise employment rates.

According to the Center for Law and Social Policy (CLASP), single mothers with young children who receive child care assistance are 40 percent more likely to still be employed after two years than those who do not receive such assistance.<sup>3</sup> CLASP also reports that former welfare recipients who receive child care assistance are 82 percent more likely to be employed after two years than those who do not receive such assistance. This shows that subsidized or low-cost child care helps parents maintain employment.<sup>4</sup>

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Child care for working parents is an unavoidable necessity. Children need supervision, and this usually leaves parents with the difficult decision of choosing between their job and their family. The population that finds itself most in need of child care and youth services are single-parent households, because these families have only one income earner and no one else in the immediate family to care for the children. Single-parent families, at or below 200 percent of the poverty line, pay an average of 19 percent of their income for child care, compared with the 6 percent spent by more advantaged families.<sup>5</sup> This is almost one fifth of their annual income, which is more than the proportion of income spent on food nationally.

Costs for child care in the traditional marketplace can be quite expensive and eat up much of the income of low-income families. The high prices have resulted in the prevalent use of informal care through relatives, friends or other arrangements.<sup>6</sup> Studies show that when given child care subsidies, low-income mothers will switch to center-based, paid care,<sup>7</sup> which is proven to be a more reliable and safer option.<sup>8</sup> Work absences due to child-related issues can signal unreliability to employers and may aggravate work-family conflict for parents. Employers want reliable workers, and too many absences may lead to sanctions and possible dismissal for avoidable absences, making future employment more challenging.<sup>9</sup> It is also worth noting that low-income wage work is often subject to variable hours and irregular schedules, making a reliable child care option such as center-based care especially important.<sup>10</sup>

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Irregular work schedules are a reason that, in addition to child care, after-school care is important for keeping parents employed. The typical school day ends two or three hours earlier than the end of a typical work day. In 2010, 65 percent of all child care requests in New York State were for before-school or afterschool care, six and a half times higher than the national average. The New York City Out-of-School-Time (OST) program is a great after-school model offering not only free after-school child care, but academic support and recreational activities as well.

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Programs that provide child care and youth services are necessary for many families to function in today's world. Forcing a parent to choose between employment and their family's needs is unreasonable. Given the positive correlations between child care ser-

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vices and employment rates, the individual and societal benefits are indisputable – child care and youth services act as job supports. The evidence is clear: more funding for these services would result in consistent employment, helping to lift families out of poverty.

### **Elder Care Services**

Families with elderly members also face obstacles to employment. Much like child care, elder care places competing demands on caregivers who need to work. Given that a significant proportion of caregivers are labor force participants under the age of

65, time devoted to unpaid caregiving has significant consequences for the labor force and for the economy in general.

New York State is home to roughly 3.4 million individuals aged 60 and over, making New York third in the nation for the largest older adult population. Nationally, the percentage of the population above age 65 is projected to increase to 20 percent by 2030.<sup>11</sup> Home-based care provided by family members has historically been the primary health care option for aging adults, but three major demographic shifts have complicated the use of the home for cost-effective health care services: more women in the workforce, longer life-spans, and more nuclear families. The number of women—the traditional caregivers for aging family members—in the labor force has increased substantially. Women today outnumber men in the workforce, as they dominate in the sectors of the economy where there is the most job growth including education and health care. This raises questions about the availability of women to continue being caregivers in the future. People overall are living longer and are remaining in their homes with higher levels of illness and disability than ever before. This means that the duration of caregiving has become longer and the level of care has become more complex. In addition, the composition of families and households is changing, with fewer co-residing adult children and elderly parents, more single-parent households, and smaller families.

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It is more often women who are faced with the tough choice between caregiving and working. One study found that the probability a female caregiver will accommodate her work schedule to care for an elderly family member is 11.8 percent higher than her male counterparts,<sup>12</sup> suggesting that women who serve as caregivers are more restricted in their job options and may have to forego more lucrative opportunities that would increase their earning capacity.

More specifically, studies have shown that the provision of more than 10 hours of care per week resulted in lower labor force participation.<sup>13</sup> Caregivers are less likely to be

in managerial or professional occupations and more likely to be in service occupations, compared with the general population of employed Americans.<sup>14</sup> Service jobs generally have less flexible schedules and as a result, balancing work responsibilities with the demands of caregiving proves impossible for some, keeping them from work entirely.<sup>15</sup>

One study shows that approximately 29 percent of caregivers reported either quitting their jobs or adjusting their work schedules to assume care responsibilities.<sup>16</sup> Studies have shown that primary caregivers and those caring for elders with greater needs are more likely to take unpaid leave, reduce their working hours, or rearrange their work schedules to carry out their care-giving responsibilities.<sup>17</sup> A 2007 study found that caregivers are more likely to work fewer hours in the labor market than non-caregivers, particularly if the commitments are heavy. Although caregivers are

equally as likely to be in the labor force, those involved in caregiving are significantly more likely to withdraw from the labor market than non-caregivers.<sup>18</sup>

Access to subsidized elder care services can simultaneously increase employment and reduce debt, as it allows families to earn the money necessary to cover out-of-pocket medical expenses incurred by elder family members. Out-of-pocket medical expenses are a growing burden on older adults and force many into poverty; if their family members are able to work, they may be able to help seniors avoid slipping into poverty.

## **Health and Nutritional Work Supports**

Chronic health problems commonly prevent working individuals from functioning prop-

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erly in the labor force. Diet-related illnesses associated with an unhealthy lifestyle can cause frequent work absences and reduce productivity. Unhealthy diet is a common issue among Americans and is positively correlated with higher obesity rates. Obesity is particularly troubling, as it brings with it a list of chronic health problems such as heart disease, hypertension, stroke, some types of cancer, and diabetes. In addition to high medical bills, these ailments come with a heavy price tag, including productivity loss, absenteeism, and sick days for the working adult. Studies have shown that low-income populations tend to be more obese than other demographic groups. This is especially worrisome because forfeited income from obesity-induced work absences will have an even greater impact on those who do not earn much to begin with.

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A 2006 study that examined the relationship between obesity and lost productivity in California found that on average the annual number of lost work hours, per individual, associated with being obese was 12.43 in work absences, 14.78 in short-term disability, and 27.19 in presenteeism (the portion of an employee's work load they are unable to do because of their compromised health status).<sup>19</sup> Supposing one person's work productivity is affected by all three kinds of lost work, this amounts to an average full-time business week lost annually due to obesity-related chronic illness.

According to the U.S. Department of Agriculture, food costs have been on the rise and will continue to rise in 2012. As a result, many Americans are struggling to put food on the table and often find themselves coming up short. In addition to food costs, another barrier to healthy eating is food access.

A September 2011 New York Times article entitled, "Is Junk Food Really Cheaper?" concluded that junk food is not cheaper than healthy food. But, access and having decreased disposable income for groceries is encouraging many people to make unhealthy choices.

The term "food desert" has increasingly become part of the urban conversation and relates to food access. Food deserts are places where it's hard to find food and are becoming all too common in low-income communities. New York City has a shortage of grocery stores in all five boroughs, but especially in high need neighborhoods of the Bronx, central and eastern Brooklyn, far eastern Queens, and Harlem. This need for fresh food affects about three million New Yorkers.<sup>20</sup> Federally funded programs like the Supple-

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mental Nutrition Assistance Program (SNAP) and Women Infant and Children (WIC), which specifically supports women, infants, and children, have become a necessity for over 40 million Americans. Additionally, food pantries and emergency food programs have seen their client numbers jump since the beginning of the Great Recession. People are using these human services to fill the need gap they find at the end of the month when modest incomes have been depleted after covering other major expenses.

Programs like SNAP and WIC help give low-income communities the access, motive, and means to make healthier choices. Healthier choices can lead to healthier lifestyles and reduce the high rates of obesity that plague low-income communities. Although some chronic illnesses are simply genetic, a large portion is the result of poor nutritional habits. Preventative measures will not only improve the lives of many, but they will also increase productivity in the workforce. Investing in human service programs that improve nutrition will impact the ability of people to work while also supplementing low earnings.

## Conclusion

Human services are vital to communities and the economy. As the wealth gap grows, unemployment stays high, and poverty increases, they are more important than ever.

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Human services are proven bridges out of poverty and, as this report shows, help keep people employed and solvent. Low-income individuals have limited resources available to afford basic needs that support continued employment. Many low-income, single-parent households and families rely on subsidized or free child care and afterschool programs to provide daytime and evening supervision of their children. The availability of these services can be the difference between a parent staying in or leaving the workforce. The same holds true for individuals and families that care for elderly family members. Affordable and safe care for aging relatives makes it possible for caregivers

to work and gives them more job options. And, as food prices rise and the availability of fresh foods decreases, more and more people find themselves in need of food and nutrition services. Living a healthy lifestyle has been shown to decrease the chances of developing diet-related illnesses such as obesity and heart disease, which can lead to decreased productivity in the workplace and eventual job dismissal. Programs like food

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stamps and food pantries are helping to fill the nutrition gap.

The service areas highlighted in this report are just a few examples of the wide range of human services that help people participate in the workforce and lead them out of poverty. There are many other programs that serve as job supports and remove barriers to gainful employment. Government must make investments in our human capital to aid economic recovery. Human services programs are an essential part of this investment in alleviating poverty and building stronger communities.

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