



Policy Brief

Human Services

February 2017

The State of the State

The United Way recently published ALICE, a report examining the needs and hardships of the substantial number of working households in our communities with incomes above the Federal Poverty Level but below a basic survival threshold. ALICE (Asset Limited, Income Constrained, Employed) was compiled to identify people who work hard, often at more than one job, whose wages are not sufficient to sustain them and their families, and who are one small emergency away from a major financial crisis. The report determined that in New York State, 44 percent of working households struggled to afford basic household necessities in 2014 (15 percent living in poverty as defined by the Federal Poverty Level, with an additional 29 percent qualifying as ALICE).¹

Digging deeper, ALICE finds that 20 percent of people living in New York City are living in poverty and another 31 percent are ALICE; in the counties surrounding NYC, eight percent live in poverty and another 28 percent are ALICE; and in the rest of the state (everything north and west of New York City and its surrounding counties), 14 percent are living in poverty and another 28 percent are ALICE.²

Last year's enactment of the \$15 minimum wage, Paid Family Leave, the Empire State Poverty Reduction Initiative and affordable housing and homelessness initiatives are steps in the right direction to addressing New York's high levels of poverty and inadequate incomes. The continuation of some elements of the governor's agenda to address homelessness, poverty, and health services in New York is a welcome sign amidst the drastically worsening federal landscape. Continued investment in these programs is an acknowledgment that the state's future economic growth is at stake.

More Cuts to Human Service Agencies

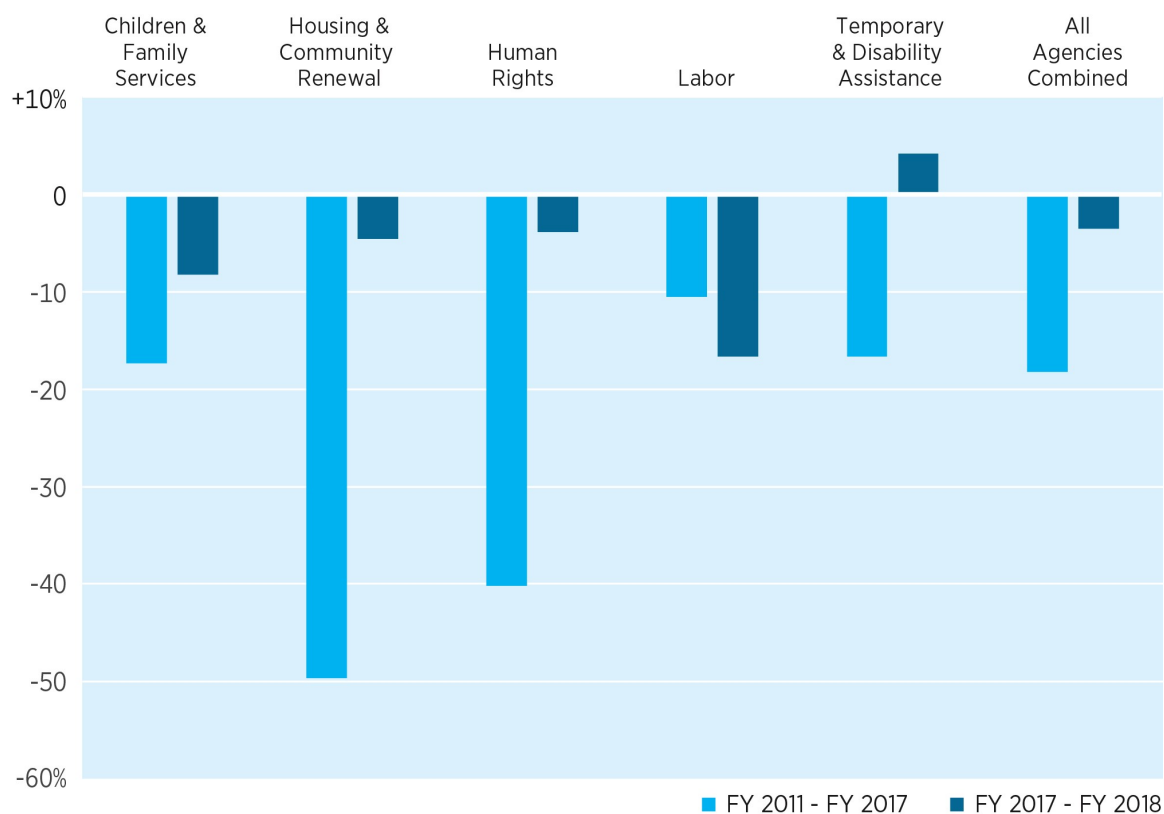
State operating fund support for social welfare agencies for FY 2018 remains almost \$900 million below FY 2011 levels, representing a 21 percent decrease (after adjusting for inflation) since the governor took office in 2011. While the Office of Temporary Disability Assistance (OTDA) has a four percent increase in the governor's budget over FY 2017 (after adjusting for inflation), other human service agencies and programs are slated for cuts. The governor has proposed an eight percent cut to the Office of Children and Family Services (OCFS), following a 17 percent cut in state operating funds between FY 2011 and FY 2017.

¹ United Way of New York State, "ALICE – Asset Limited, Income Constrained, Employed," Fall 2016.

² Ibid.

Fig 1. Falling and Inconsistent Funding for Social Welfare Agencies

PERCENT CHANGE IN STATE OPERATING FUNDS, INFLATION-ADJUSTED

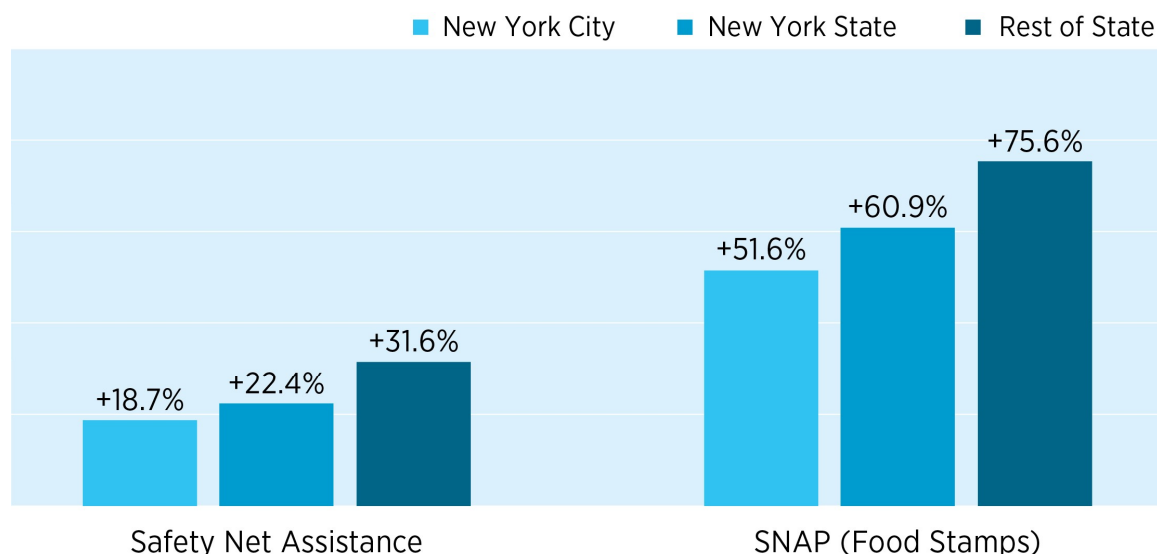


Source: NYS Division of the Budget, FY 2017-18 Executive Budget, January 2017.

These cuts pose a real threat to New Yorkers most in need. The number of SNAP recipients has grown by almost 40 percent since the recession began in late 2007, with an increase of 75 percent outside of New York City. Unfortunately, if the governor maintains his artificially imposed two percent cap on spending, these programs and services will almost certainly be subject to additional budget cuts in future years, impacting the lives of millions of New Yorkers.

Fig 2. Safety Net and SNAP Recipients Have Dramatically Increased Since 2007

PERCENT CHANGE OCTOBER 2007 TO OCTOBER 2016



Source: Office of Temporary and Disability Assistance, January 2017, <http://otda.ny.gov/resources/caseload/>.

Nonprofit Sector and Minimum Wage

Most of the 870,000 workers in New York’s human services sector work directly under government-funded contracts or provide services reimbursed by Medicaid funding. Nearly half—420,000—will benefit as the state minimum wage increases to \$15. This sector’s affected workforce is evenly divided between New York City and the rest of the state (206,000 and 214,000, respectively).³

Most of the employers in this sector are nonprofit organizations providing services under government contract or are reimbursed under Medicaid. As such, they cannot raise their prices. Because wages are so low, and fringe benefits are bare bones, employee turnover is very high in this sector, often compromising the quality of service delivery.⁴ Moreover, state and local governments’ human service contracts are severely underfunded in the wake of the recession, despite the increase in need.

As a result, the increase in the minimum wage will require the state to increase funding for human services contracts, as well as change Medicaid reimbursement rates that apply to home health care, workers providing services for the developmentally disabled, and others. Given federal-state cost-sharing, half of any Medicaid funding increases would be paid by the federal government. State budget adjustments have been made for many Medicaid-funded services to bring workers up to \$15 an hour over time. Advocates have pressed the need for additional funding to raise pay above \$15, arguing that such essential care-giving public services should not be considered “minimum wage work.”

³ Ibid., Appendix Tables A-5, 6 and 7.

⁴ Federation of Protestant Welfare Agencies, Fiscal Policy Institute, Human Services Council, [A Fair Wage for Human Services Workers: Ensuring a government funded \\$15 per hour minimum wage for human services workers throughout New York State](#), December 2015.

However, the state has yet to adjust roughly \$1.5 billion (annualized) in state contracts to nonprofit organizations that provide a range of human services other than those that are Medicaid-reimbursable. To phase-in a \$15 wage floor for the contract workforce would cost \$12 million in the first year, and approximately \$75 million yearly when fully phased-in over six years.

Child Care Workforce

Child care workers are among the lowest-paid of all workers in New York State. In 2015, median pay for workers in the child care industry was \$12.63 per hour.⁵ Child care workers not on the payroll of an organization paid under state contract also deserve to be included in any across-the-board increase, but this will mean that state-funded child care subsidies should be adjusted to reflect wage increases. In addition, since many moderate-income families are not eligible for child care subsidies and pay for care out of their own pocket, the state should enhance its Child and Dependent Care Tax Credit for moderate- as well as middle-income families to help offset higher, private pay child care fees that may result.

Expansion of the Empire State Poverty Reduction Initiative

Last year, Governor Cuomo introduced the \$25 million Empire State Poverty Reduction Initiative (ESPRI), a community-driven, poverty reduction measure intended to increase economic opportunity for all New Yorkers. There is no new funding in the Executive Budget specifically designated for ESPRI, but as also discussed in the Education section of this report, the governor has proposed \$35 million for public after-school programs⁶ which will benefit the 16 ESPRI communities. ESPRI communities are identified as the Bronx, Rochester, Syracuse, Binghamton, Oneonta, Buffalo, Utica, Elmira, Jamestown, Oswego, Troy, Hempstead, Newburgh, Niagara Falls, Watertown, and Albany. Each of the ESPRI communities are currently in the process of establishing their local Anti-Poverty task forces, which will serve to coordinate local efforts.⁷

Modeled after the Rochester-Monroe Anti-Poverty taskforce, the ESPRI communities were identified by:

- the lack of social and infrastructure development in neighborhoods of concentrated poverty;
- inequality caused by structural and institutional racism, and/or from racial, ethnic, social or gender bias;
- lack of knowledge, skills, and credentials to get or maintain a job;
- limited access to or eligibility for public and private supports and services; and
- insufficient community capacity for child care and transportation.

In addition to the \$35 million investment for public after-school programs, Governor Cuomo has pledged \$6.7 million over three years to establish the Empire Corps. The Empire Corps will consist of AmeriCorps and AmeriCorps VISTA members who will serve the 16 ESPRI communities. They will conduct outreach and engage communities to identify and connect residents living in poverty to programs and services relating to education, housing, health, and workforce development.

⁵ Bureau of Labor Statistics, Occupational Employment Survey data for New York.

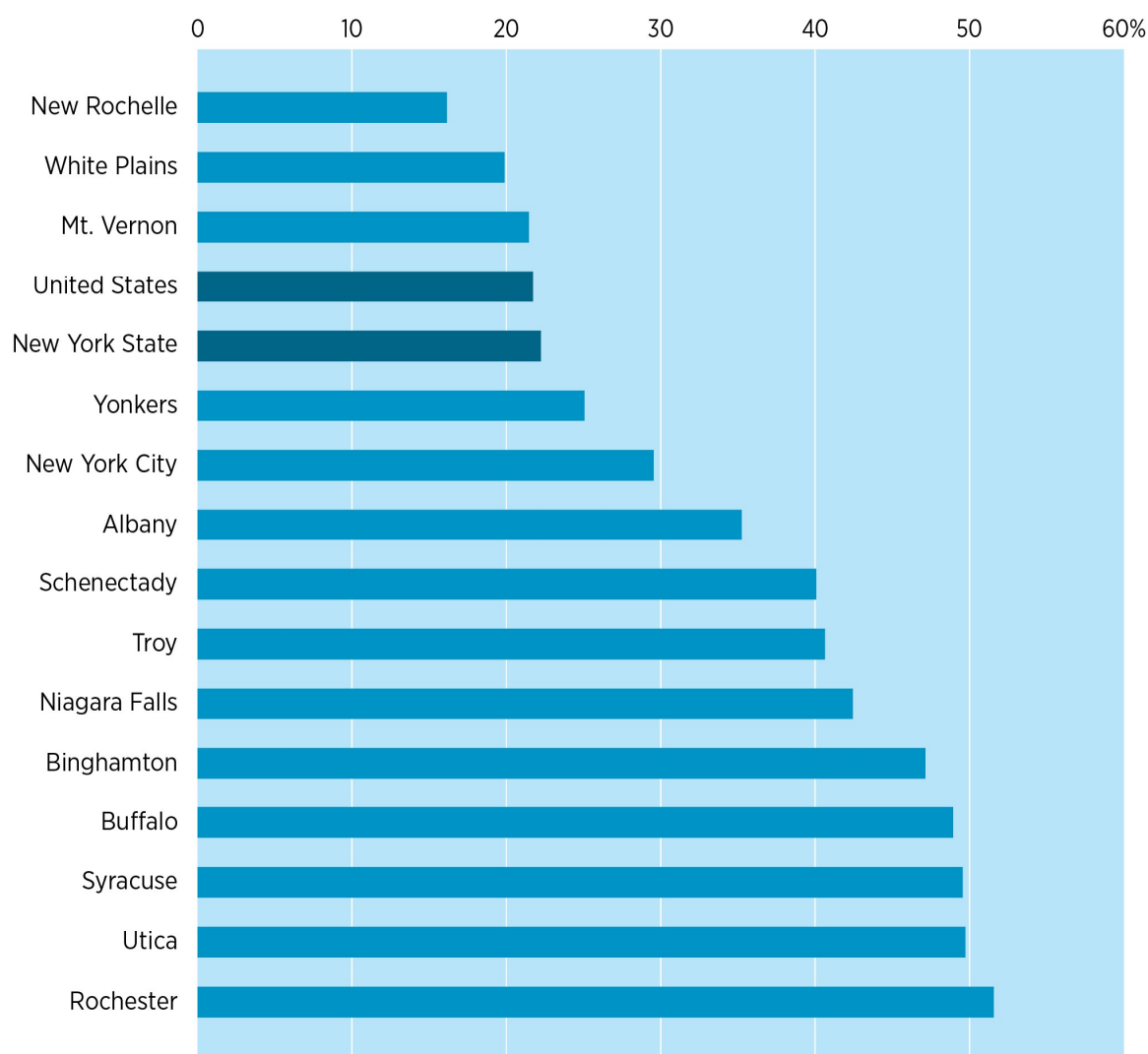
⁶ For more information about after school programs, refer to FPI's "Education" chapter.

⁷ NYS Senate, "Staff Analysis of the FY 2018 Executive Budget," January 2017, https://www.nysenate.gov/sites/default/files/articles/attachments/staff_analysis_of_the_fy_2018_executive_budget_1.pdf.

There is hope that investing in ESPRI communities through expansion of public after-school programs and creation of the Empire Corps will help improve conditions for low-income children and families. However, the funding on the table remains woefully inadequate for the target communities, and for that reason, communities are limited as to how much they can accomplish. The state needs to become a partner in this process by developing a statewide agenda to complement local efforts and supporting innovative approaches that combine child development investments, work and family supports, and greater economic opportunities to alleviate the concentrated poverty plaguing the target cities. ESPRI communities are some of the poorest communities in the state, and typically have astronomical child poverty rates.

Fig 4. Child Poverty Rates in Many Upstate Cities Top 35 percent

PERCENT OF CHILDREN LIVING BELOW THE FEDERAL POVERTY LINE



Source: American Community Survey 2011-2015 five-year data.

Child Care Remains Expensive for Most New Yorkers

Quality child care contributes to child development, child safety, and the state's economic development, the latter by helping low-income parents participate in the workforce. This year's Executive Budget includes flat funding of \$806 million for child care subsidies, despite the lack of funding for new federal Child Care and Development Block Grant (CCDBG) regulations that require provider quality inspections.

In light of these new requirements, it is imperative that New York State continues to provide sufficient funding to maintain slots for the approximately 92,000 children that currently receive child care subsidies. Investing in the subsidies will create a bridge between two other supports for children and working families: the Paid Family Leave program enacted last year, and the ongoing support of Pre-Kindergarten programs throughout New York State.⁸

According to the United Way's ALICE report, quality, affordable child care is the most important and most expensive budget item. The average cost of registered home-based child care is \$706 per month for an infant, and the cost for a four-year-old is \$657 per month, with costs rising every year.⁹ At the same time, funding for actual child care subsidies continues to remain flat, even with the increase to accommodate the new federal requirements. The cost estimate to serve all eligible children is more than \$2 billion per year.¹⁰

In addition to enhancing the Child and Dependent Care Tax Credit for the middle class as proposed, and increasing the credit for low- and moderate-income families,¹¹ New York should build further on its investment in early childhood development. There is still an urgent need to increase funding to expand the number of child care subsidies, to reduce and equalize parent copayments, and to ensure that provider inspections and other federal requirements are fully funded.

Child development advocates have modestly suggested that a minimum of \$156 million in additional funds is needed in the FY 2018 budget (\$56 million to support immediate costs associated with new federal regulations and \$100 million to add subsidized child care slots). The state can reasonably sustain more than that, and it would be appropriate to allocate at least \$300 million more annually to compensate for years of under-investment in child development. The CCDBG requirements prioritize serving children experiencing homelessness. The state should modify eligibility criteria to make all children eligible for child care subsidies, regardless of parental work status. Moreover, subsidy levels and child care contract funding should be increased to ensure that all pre-school and day care teachers and support staff are adequately compensated.¹²

Other Human Service Programs Face Cuts or Minimal Increases

The Executive Budget eliminates funding for 13 programs that were supported with OTDA-administered TANF initiative funds, totaling over \$19.4 million in FY 2018. These include ACCESS-Welfare to Careers (\$800,000), ATTAIN (\$4 million), Career Pathways (\$2.9 million), Centro of Oneida (\$25,000), Child Care CUNY (\$141,000), Child Care Facilitated Enrollment - Upstate (\$2.7 million), Child Care Facilitated

⁸ Winning Beginning New York, 2017 Child Care Background, January 2017.

⁹ United Way ALICE report, November 2016.

¹⁰ Winning Beginning New York, 2017 WBNY Child Care Background, January 2017.

¹¹ For more information regarding the CDCC, see FPI's chapter on Income Inequality and Taxes.

¹² Ibid.

Enrollment - NYC (\$6.2 million), Child Care - SUNY (\$193,000), Preventive Services (\$1.6 million), Rochester-Genesee Regional Transportation Authority (\$82,000), Strengthening Families Through Stronger Fathers (\$200,000), Wage Subsidy (\$475,000), and Wheels for Work (\$144,000).

The Executive Budget further proposes the following changes:

- Funding for the Summer Youth Employment Program (SYEP) would increase by \$5 million (from \$31 million to \$36 million) to account for the proposed increase in the state minimum wage. This level of funding may not be sufficient to serve the same number of youth as in previous years;
- The Youth Development and Delinquency program funding remained about flat at \$14.1 million (current funding of \$15.4 million);
- Funding for Hunger Prevention and Nutrition Assistance Program (HPNAP), would remain at the FY 2017 level of \$34.5 million; and
- The cost-of-living adjustments for nonprofit human services providers would be eliminated.

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The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared..