Economic and Fiscal Outlook 2020
New York’s Pathway to Shared Prosperity

Human Services
Housing and Health
Human Services, Housing and Health

The Federal Government Moves Backwards, But New York State Moves Forward

The federal government has made a concentrated effort to reduce, eliminate, or make ineffective our country’s anti-poverty programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP) in the last years. While this is not the first time that a federal administration has tried to chip away at our country’s social welfare system, it is worrisome and heartbreaking for families and children who rely on these safety nets.

Commendably, New York continues to move forward and strive to protect and sometimes expand anti-poverty programs. The Executive Budget contains several progressive policies, but to truly make an impact on families and children, economic security must be at the top of the list. New York has made some policy gains in recent years, including the major advance of a $15 minimum wage. However, the governor and legislature must do more to ensure that all families can pursue economic opportunity.

Human Services

Cuts to Social Welfare Agencies Exacerbates New York’s Growing Inequality

The Governors adherence to a two percent spending cap has had a chilling effect on social welfare agency spending in New York. Spending on social welfare agencies represents less than six percent of the total state operating budget at approximately $9.3 billion.\(^1\) The state operating fund support for social welfare agencies proposed in the Executive Budget for FY 2020 remains $1.62 billion below the level when Governor Cuomo took office, a 32 percent decrease since FY 2011. For FY 2019, the Office of Children and Family Services (OCFS) and Division of Human Rights (DHR) saw the largest decreases in state operating funds.\(^2\) Since 2011, all agencies have seen significant decreases, but OCFS, DHR and the Division of Homes and Community Renewal (DHCR) have seen the largest decreases at 38 percent, 51 percent, and 36 percent, respectively. Funding reported for social welfare agencies has fluctuated since 2011 with some financing and some accounting changes, but overall funding is clearly decreasing for these agencies.\(^3\)
Growing income and wealth inequality, rising homelessness, and a high rate of child poverty are all important reasons to support adequately funded social welfare agencies. Low-income families rely on services and programs such as food assistance, child care subsidies, and job development to meet their basic needs and even pursue further economic opportunity. Cutting funding to these agencies may look like savings on paper, but short-term savings in budget cuts may wind up not just harming vulnerable populations but may actually increase long-term spending on homelessness, medical care, child services, and more. These agencies are the backbone of every basic need—food, shelter, income—and if New Yorkers are going to economically prosper, it makes sense to adequately fund them.

Social Programs Help Families and Children Meet Their Needs

The persistence of the current federal government’s attempts to undermine social welfare programs like Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Medicaid hangs heavily over state governments. Potential cuts to poverty-alleviating social programs pose a real threat to New Yorkers most in need. Despite small fluctuations in the number of social welfare program recipients in the last few years, the number of New Yorkers receiving aid like SNAP and Safety Net Assistance has increased since the onset of the Great Recession in 2007. SNAP recipients increased by almost 50 percent statewide and safety net recipients increased by nearly 16 percent.
The Executive Budget proposes an appropriation of $1.49 billion for TANF initiatives under the Office of Temporary and Disability Assistance, an increase of $15.7 million from FY 2019. The increase includes $28 million for the Advantage After School program, which was previously funded through Office of Children and Family Services, offset by the elimination of $18.97 million in TANF initiatives enacted in FY 2019. The Executive Budget also proposes $44 million for Summer Youth Employment, which is an increase of $4 million due to a higher minimum wage, and funding for the Non-Residential Domestic Violence Program for $3 million.

There is also a proposal to reform residential domestic violence shelter requirements, which changes the statutory provisions that require domestic violence victims to apply for Public Assistance and permit providers to charge victims with enough resources a fee for services. This is due to a violation of federal rules for Family Violence Prevention Services Act funding, which has resulted in a freeze of federal dollars for domestic violence services in New York. The Executive Budget does not specify any funding tied to the changes and has not identified the amount of TANF which has previously been used for domestic violence services.
Expand the State Earned Income Tax Credit (EITC) and State Child Tax Credit (CTC) To Bring Relief to Families

Working family refundable tax credits are one important means of building family economic security and independence and pulling families and children out of poverty. New York’s EITC should be improved by increasing the percentage of the federal credit paid by families from 30 percent to 40 percent, and by expanding the credit to include young adults without children (under age 25).\(^6\) Childless young adults ages 18-24 are excluded from the federal and state EITC at exactly the period in their lives when they are struggling to gain their footing in the workforce and build a nest egg for a future family. The poverty rate for young New York adults is 20 percent, far exceeding the 14 percent poverty rate for New York overall.\(^7\) New York’s CTC should be expanded to cover children under age four and doubling the credit for young children. Inexplicably, this credit—designed to offset the high costs of raising a child—does not cover children under age four, precisely when children are most apt to living in poverty and are most vulnerable to its devastating effects.\(^8\)

Revisiting the Empire State Poverty Reduction Initiative (ESPRI)

In FY 2016, 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. The FY 2020 Executive Budget provides $4.5 million to continue supporting the 16 ESPRI communities, ensuring that all 16 communities can provide services to their communities throughout the upcoming fiscal year.\(^9\) As discussed in the Education section of this report, Governor Cuomo has proposed $10 million for the Empire State After-School Grants and $45 million to support continuation of previous ESPRI after-school grants made in 2017 and 2018.\(^10\) Continual funding support of the Empire State After-School Grants in the coming years will help working families ensure their children are being taken care of while they are on the job.

The Executive Budget also includes a proposal to establish ESPRI representation on the Workforce Development Committees of Regional Economic Development Councils. This a positive step towards integrating anti-poverty and economic development efforts into one wheelhouse because implementing innovative solutions to struggling communities is a team effort between state, local, and nonprofit partners. For example, combining child development investments, work and family supports, and greater economic opportunities would alleviate the concentrated poverty that plagues ESPRI cities and towns. Current ESPRI communities are some of the poorest communities in the state—they typically have shockingly high child poverty rates—but there is hope that ESPRI efforts will expand and that improvements based on this model can happen on a statewide level.
Figure 3. Child Poverty in New York’s Largest Cities


Funding the Minimum Wage Increase at Human Service Agencies

New York’s $15 minimum wage was an important step toward fair wages for New York workers, but it created a challenge for nonprofit agencies providing human services. Unless the state increases their funding, they have no way to both increase wages and provide the services needed. Last year’s enacted state budget included the investment of $15 million to fund the minimum wage increase for contracted nonprofit human services organizations, but that was only the first step. Without funding the minimum wage in subsequent years, nonprofits are forced to stretch already limited funds to an unsustainable degree. Human services are the foundation of our communities, providing critical services through after-school programs, supportive housing, job training, senior care, community centers, and food assistance, just to name a few. The human services workforce is predominately made up of women (81 percent) and almost half (46 percent) are women of color. Making sure these groups can pay them the minimum wage is the very least the state can do to respect their work.

Additionally, recent funding cuts and outdated contracting policies and processes undermine the sector’s ability to meet current community needs and plan. Underfunding the sector ultimately devalues the crucial work that this workforce does. Thus, increased overall state investment in the
sector’s workforce and infrastructure would vastly help stabilizing the sector, beyond simply raising wages up to the minimum level.

This year, the Executive Budget fails to adjust nonprofit contracts to account for funding the new wage levels. Most of the employers in the human services sector are nonprofit organizations that provide services under government contracts or are reimbursed through Medicaid. As such, employers cannot raise their wages or provide better fringe benefits. The Strong Nonprofits for a Better New York\textsuperscript{11} coalition, which represents 350 nonprofit human services providers, is calling for \textbf{$25\text{ million to fund the minimum wage increase}$} for state contracts not yet adjusted to reflect the increased costs of service provision.

**Fund the COLA and Nonprofit Infrastructure**

Human services contracts have not seen an increase in their salaries in nearly a decade, due to deferment of the statutory cost-of living-adjustment (COLA), \textbf{withholding over half a billion dollars from human services employees}.\textsuperscript{12} The Strong Nonprofits coalition calls for $140 million to fund the COLA to ensure that the 269,000 skilled, well-educated workers are paid equitably and organizations can stay afloat without jeopardizing the quality of service delivery and deter staff turnover.

There is also no new funding this year for capital projects for nonprofits. The Nonprofit Infrastructure Capital Investment Program (NICIP) received $20 million in FY 2018’s state budget for a total of $120 million since 2015, but fewer than one-third of the 637 nonprofits that applied for funding received it.\textsuperscript{13} There is a massive need for infrastructure funding, and if nonprofits are unable to meet their infrastructure needs, quality of services will decrease. On top of benefiting the nonprofit itself, infrastructure upgrades utilize local contractors and labor, stimulating the local economy. For this reason, the recurring investment of $100 million in NICIP is necessary to sustain a sector that delivers nearly $6.8 billion in essential services annually.\textsuperscript{14}

**The Governor’s Progressive Women’s Agenda**

For the last few years, Governor Cuomo has spoken about an extensive women’s agenda, including the launch of a gender gap study and the Women’s Economic Empowerment Initiative to provide training and job placement services for women. This year’s Executive Budget includes protections against sexual harassment in the workplace and guarantees of workplace breastfeeding rights. These are all commendable steps towards ensuring that all New Yorkers are protected at work and at home.

However, there is much more that needs to be done. National research shows that women in New York have made considerable advancements in recent years, but still face inequities that often prevent them from reaching their full potential. Women in New York aged 16 and older who work full-time, year-round have median annual earnings of $47,500, which is 90 cents on the dollar compared to white men.\textsuperscript{15} For Asian women that amount is 83 cents, for black women it is 66 cents, and for Hispanic women it is 56 cents.

New York ranks an abysmal 42\textsuperscript{nd} among states around the country for the share of women in poverty, with almost 18 percent of adult women living in poverty.\textsuperscript{16} According to research conducted by the Institute for Women’s Policy Research, if employed adult women in New York
were paid the same as comparable men, their poverty rate would be reduced by more than half and poverty among employed single mothers would drop by nearly half.\textsuperscript{17}

**Supporting Women Means Supporting Their Economic Security:**

An Examination of the Childcare Workforce

Childcare workers are among the lowest paid of all workers in New York State, and they also fall under the human services workforce umbrella.\textsuperscript{18} In 2017, national median pay for workers in the childcare industry was $12.38 per hour.\textsuperscript{19} In some areas upstate, that median pay is $10.63 an hour. Almost 92 percent of all childcare workers are women, over 45 percent of whom are women of color.\textsuperscript{20} The reality is that low wages and inconsistent expectations pose risks to the well-being and effectiveness of early childhood educators and undermine our state’s ability to ensure equitable and high-quality services for all younger children. However, since the state has yet to adjust state contracts and fund the minimum wage to nonprofit organizations, including childcare agencies, many childcare workers will not see a wage increase. Childcare workers not on the payroll of an organization under a state contract should also be included in any across-the-board increase, but this will mean that state-funded childcare subsidies must be adjusted to reflect wage increases.

**Figure 4. Women Employees in Human Services and Childcare Are Paid Much Less Than Women in New York’s Other Industries**

![Bar chart showing earnings by gender and location within New York.](chart.png)

Women have lower wages than men, on average, but women in the human services sector have considerably lower wages than other women. Women employees in human services in upstate New York earn a median hourly wage of $14.57 per hour but make up over 53 percent of all women employees in the sector. Only a handful of women make more than $15 per hour in the sector throughout the state. Raising wages in this industry would be a way to make sure the state has high quality services. And, because of the high concentration of women and especially women of color in these fields, raising wages would also a step toward addressing the persistent racial and gender inequities.

**Housing**

Combatting Homelessness and the Affordable Housing Crisis

Eliminating homelessness and ensuring that housing is affordable for all New Yorkers is an undeniably tall order. Both New York State and New York City have dragged their feet on funding proven solutions on a scale to match the need, but the reality is that homelessness can be solved.

Unfortunately, this year’s Executive Budget does not appear to address the dilemma of homelessness and lack of affordable or supportive housing except for a few bullet points and reference to a previous budget year’s effort. The Executive Budget mentions the continuation of the comprehensive five-year, $20 billion investment in affordable housing, supportive housing, and related services through the Affordable Housing and Homeless Initiative. 21 Certainly, this investment is necessary because thousands of New Yorkers are homeless or need affordable housing, but will a five-year investment satisfy the overwhelming long-term need?

In recent years, homelessness in New York City has reached the highest levels since the Great Depression and the number of homeless New Yorkers sleeping each night in municipal shelters is now 72 percent higher than it was ten years ago. As of November 2018, there were over 63,600 homeless people sleeping in the New York City municipal shelter system, including 15,580 homeless families with 23,065 homeless children. 22 This number does not include the thousands of people sleeping on the streets and other public spaces, and it does not account for the rest of downstate and upstate. Advocates estimate that over 80,000 individuals are homeless throughout the state. 23 According to the Coalition for the Homeless, the primary cause of homelessness, especially among families, is the lack of affordable housing. Eviction, doubled-up or severely overcrowded housing, domestic violence, job loss, and hazardous housing conditions are all immediate causes of homelessness. 24

Rent Burdened Families and the Home Stability Support Program

The affordable housing crisis is particularly severe throughout New York State, especially for families of color, due to the widening gap between housing costs and stagnant or falling incomes. More than two out of every five families (46.3 percent) spend over 30 percent of their incomes on rent, the Department of Housing and Urban Development’s standard for families that are cost-burdened by housing, while only 32 percent of families spend less than 20 percent of their income on rent. Breaking that down further: 25 50 percent of all Hispanic or Latino and Asian and mixed-raced families spend over 30 percent of their incomes on rent, followed closely by black families at 47 percent and white families at 37 percent. 26 It’s unacceptable that so many families are cost-
burdened by housing in New York State, and the lack of an adequate response of the state government—and the New York City and other local governments—to the affordable housing crisis only exacerbates socioeconomic issues like homelessness and child poverty.

A well-crafted way to reduce homelessness and housing instability is found in the Home Stability Support (HSS) program. HSS was developed during the 2017 state budget season and it proposed a new statewide rent supplement for families and individuals who are eligible for public assistance benefits and who are facing eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions. HSS would replace all existing optional rent supplements and would be funded by the federal and state governments. The rent supplements would act as a bridge between the current shelter allowance and 85 percent of the fair market rent determined by the U.S. Department of Housing and Urban Development. Localities would have the option to further raise HSS up to 100 percent of the fair market rent, at local expense. The program would keep families and individuals in their homes and out of homeless shelters by providing enough rental assistance. Although the program would have a cost, there would also be some offsetting government savings by preventing evictions, reducing the costs of other homeless services and emergency shelter utilization.

Other Policy Options for Helping New Yorkers Stay in Their Homes

In addition to the above approaches, there are other approaches that would make sense for New York State, and in some cases for New York City and other localities:

- Implement anti-discrimination law that prevents source-of-income discrimination in all localities of New York.
- Expand the Disability Rent Increase Exemption program (DRIE) to include households with a family member with a disability who is a child or an adult who is not the head of household. Expanding DRIE would help families retain their rent-stabilized housing, prevent their displacement to a system ill-equipped to meet their needs, and at the same time, prevent deregulation of their apartments.
- Accelerate the pace of production for the 20,000 supportive housing units proposed by the governor by scheduling their completion within 10 rather than 15 years.
- Adequately fund community-based housing programs for individuals living with mental illnesses.
- Implement effective discharge planning for individuals being released from state prisons to identify viable housing options prior to every individual’s scheduled date of release.
- Reverse harmful cuts to New York City’s emergency shelter system that have resulted in the state short-changing the city by $257 million over the past six years and have the state fund their share of the non-federal cost of sheltering families and individuals.
- Implement a less onerous shelter intake process for homeless families in which 1) applicants are assisted in obtaining necessary documents, 2) the housing history documentation requirement is limited to a list of prior residences for six months, and 3) recommended housing alternatives are verified as actually available and pose no risks to
the health and safety of applicants or to the continued tenancy of a potential host households.29

Health

New York has a proud history of expanding access to healthcare coverage for all New Yorkers. Statewide, more than 7 million residents have health insurance coverage through Medicaid, Child Health Plus, programs established under Affordable Care Act (ACA) and other government initiatives.30 That’s more than one in every three residents in the state.

The Executive Budget proposes $74 billion in healthcare spending, which is a spending increase of 4.5 percent from last year’s state budget. The Executive Budget recommends an All Funds appropriation of $160 billion for the Department of Health (DOH) including $148 billion for Medicaid (represents two-year appropriation authority), $5 billion for the Essential Plan and $7 billion for the remaining health program spending. This reflects an increase of $7.5 billion (4.91 percent) from the FY 2019 budget.

Protecting Health Care from Federal Threats

Amid threats to the Affordable Care Act (ACA) from the White House, the governor leveraged this year’s budget to protect New Yorkers’ access to healthcare. The Executive Budget proposes codifying key provisions of the ACA and enhancing state regulatory protections into state law. These provisions include banning insurance limitations for preexisting conditions; ensuring that all insurance policies sold in New York cover the ten essential benefits as defined in the ACA’s requirements; requiring insurers to publish an up-to-date list of all formulary drugs accessible to consumers; prohibiting discriminatory benefit designs; and creating a standard and expedited formulary exception process for prescription drugs. The Executive Budget also codifies New York State of Health, the official state health plan marketplace established in 2013, by executive order to expand access to New Yorkers.

Missing from the Executive Budget is a proposal for universal healthcare, a frequently discussed policy solution that would complement Governor Cuomo’s progressive agenda. The Executive Budget does, however, establish a universal healthcare access commission supported by the Department of Health and Department of Financial Services. The commission would be comprised of health policy and insurance experts to develop options for achieving universal access to high quality, affordable healthcare. Developing a study would ensure that such a complex topic could be thoroughly analyzed.

Medicaid Spending Has Increased

Established in 1965, Medicaid provides health coverage that helps low-income seniors, children, and people living with disabilities get needed healthcare. It gives parents and other adults economic security through health coverage, protects them from medical debt, and allows them to stay healthy and engaged in their community. In New York, 6.63 million people get health coverage through Medicaid, the majority of whom are children, seniors, or people living with disabilities.31 It is one of the country’s most effective anti-poverty programs and has a larger effect on child poverty than
all non-health means-tested benefits combined. Its poverty-reducing effects most impact adults with disabilities, elderly, children, and people of color.32

Medicaid is a jointly run program between state and federal governments. Total federal, state, and local Medicaid spending is expected to be approximately $74 billion (or 42 percent of the total budget) in FY 2020. The state portion of Medicaid funding, including the state share of Healthcare transformation investments and Medicaid, is $19.6 billion, reflecting growth of 3.6 percent in FY 2020. For the first time since the Medicaid Redesign Team introduced a global spending cap, the governor has proposed increasing the Medicaid spending by more than the global cap: 3.6 percent versus the 3 percent allowed under the global cap.

Advancing Health Proposals in the Women’s Agenda

The Executive Budget takes several important measures to defend women’s health, including reproductive rights, ensuring comprehensive contraceptive coverage, and more. Research shows that being able to make decisions about one’s own reproductive life and the timing of one’s entry into parenthood is associated with more work experience among women, increased wages and average career earnings, and greater relationship satisfaction.33 While access to safe, accessible, and medically competent reproductive health care is under attack across the nation, New York has separated itself as a progressive leader in this sphere.

The Executive Budget includes $4 million to establish a Maternal Mortality Review Board (MMRB) to conduct a multidisciplinary review of every maternal death and develop recommendations to improve care and management. In addition to the MMRB, there are proposals for an advisory council on maternal mortality and severe maternal morbidity, consisting of a diverse group of women and communities disproportionately affected by maternal mortality and morbidity in New York. Also included under the $4 million proposal are expanded Community Health Worker programs in key communities; a new data warehouse to provide real-time data on maternal mortality and morbidity; and the creation of an expert panel on postpartum care to develop recommendations targeting the time immediately after birth. Maternal health is essential to ensure the health of children, and it’s admirable that the Executive Budget recognizes that so many mothers still suffer from the lack of access to healthcare, poor conditions, and poor quality of life.34

Addressing the Opioid Crisis

In 2017 there were 4,303 deaths caused by opioid overdoses in New York State.35 The Executive Budget proposes an increase of nearly $26 million (4.1 percent) in operation and capital support for the Office of Alcoholism and Substance Abuse Services (OASAS). This would be used to continue to enhance prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities and public awareness and education activities. This would be achieved through:

- An additional 260 residential treatment beds are in capital development and are expected to open over the next three fiscal years
- Opioid treatment slots
- Prison- and jail-based substance use disorder services
• Creating the office of a substance use disorder and mental health ombudsman

The governor has also proposed an Employer Recovery Hiring Tax Credit. This new tax credit would give employers up to $2,000 for each person in drug abuse recovery that they employ. This is an innovative tax credit that will incentivize participation in recovery programs, and it will help to de-stigmatize the negative stereotypes that prevent people who are recovering from an addiction to re-enter the workforce. This should also help stimulate job growth in counties that have seen a decline in jobs, as this tax relies on employers and the business community to help combat the opioid crisis.

Marijuana Legalization and Regulation, New Tobacco Policy, and Protecting Children from Lead Paint

Cannabis Regulation and Taxation Act

FPI supports Governor Cuomo’s proposal in this year’s Executive Budget to make marijuana legal for use by adults, and to regulate and tax its production and sale. The Executive Budget projects revenues of $83 million from a tax on cultivation of 25 cents per gram and a tax on sales from the wholesaler to the retailer of 22 percent: 20 percent for the state, and two percent that would go to the county in which the retail dispensary is located.

While the revenue is welcome, legalization of marijuana is not primarily a tax question, but more importantly about public health and criminal justice reform. Creating a well-regulated market for the legal sale of marijuana should reduce the dangers of buying it, making sure a product is what it says, and making it possible to purchase from a legal vendor. If done properly, establishing regulated marijuana dispensaries should reduce the illegal drug traffic, and with it reduce crime. A central benefit of this proposal is the reduction in the number of people who get entangled in the criminal justice system, with the huge racial disparities in who winds up incarcerated.

A sea change of this kind, however, must be entered into with due preparation. A campaign around public health and educating people, especially young people, about marijuana should precede the broad availability of marijuana. And, the impacts on communities should be studied and adjustments or additions to the policy made as needed in order to ensure that the public health and criminal justice goals are met, and that this important public policy does not wind up as just a way to raise revenues.

Comprehensive Tobacco Control Policy

Proposes raising the minimum age to purchase cigarettes from 18 to 21 and proposes a new 20 percent tax on e-cigarettes. Additionally, this proposal gives DOH additional authority to regulate the sale and distribution of flavored vapor products.

Protect our Children from Exposure to Lead Paint

Lead poisoning is preventable, and the major source of lead is exposure to lead-based paint and lead-contaminated dust found in older buildings. The Executive Budget includes an investment of $28.6 million for childhood lead poisoning and prevention. New policy proposals would reduce the threshold for medical intervention for elected blood lead levels from 10 micrograms per deciliter
to five micrograms per deciliter, and there are provisions for new standards requiring residential housing to be maintained as lead free.  

---

1 Social Welfare agencies include Office of Temporary and Disability Assistance (OTDA), Office of Children and Family Services (OCFS), Division of Homes and Community Renewal (DHCR), Department of Labor (DOL), Nonprofit Infrastructure Capital Investment Program (NICIP), National and Community Service (NCS), and the Division of Human Rights (DHR).
2 All calculations have been adjusted for inflation.
3 The FY 2020 Executive Budget appropriates $28 million for the Advantage After School Program and moves this
7 Ibid.
8 Ibid.
9 ESPRI cities and towns include: Albany, Binghamton, the Bronx, Buffalo, Elmira, Hempstead, Jamestown, Newburgh, Niagara Falls, Rochester, Oneonta, Oswego, Syracuse, Troy, Utica and Watertown.
10 For more information, see the Education section of this report.
11 Referred to as the “Strong Nonprofits coalition” or SNP.
14 Ibid.
16 Ibid.
17 Ibid.
18 See above section on Human Services Nonprofits for more information.
23 Ibid.
24 Ibid.
25 Families are designated according to a self-report of the person as “householder.” In this analysis, families that have a white head of household are considered white, those with a black head of household, and so on.
28 Ibid.