

Empire State Economic Security Campaign (ES2) Legislative Agenda for SFY 2005-2006

Governor Pataki's Executive Budget Proposal estimates NYS's budget deficit at \$4.152 billion. In order to close this deficit the Governor is once again relying more heavily on spending cuts (\$3.1 billion according to Executive Budget documents) than revenue increases (\$779 million). The Governor proposes to close the remainder of the gap (\$856 million) with non-recurring actions or one-shots.

On the revenue side, the Governor is proposing eliminating the \$110 clothing sales tax exemption and replacing it with two one-week tax exempt periods on clothing and footwear under \$250 (generates \$456 million). The Governor is also proposing significant cuts to Medicaid services. Since each state and local dollar spent on Medicaid services generates a dollar in federal assistance, the Governor's proposal would siphon as much as \$2.5 billion from the state's health care system. The Governor's budget also all but ignores the Campaign for Fiscal Equity Court decision to increase school spending by billions to provide NYC school children with a sound, basic education. The Governor also proposes to save \$135 million by withholding one-half of lower-income students TAP awards if they do not graduate in 4 years, while at the same time cutting funding for SUNY and CUNY by \$137 million and proposing a \$500 SUNY tuition increase and a \$250 CUNY tuition increase. The Governor's Budget also cuts programs that provide affordable housing, facilitated enrollment for Family Health Plus, TANF funded services and a host of other services low-income people rely on.

It is also important to understand that the tax cuts enacted since 1994 will reduce state revenues by more than \$15 billion this year. The portion of these tax cuts going to individuals is heavily tilted toward the highest income wage earners in the state. The top 5% of the wealthiest New Yorkers are getting 40% of the personal income tax cuts. The Governor and the Legislature now have to balance the dramatic human needs of our state's residents with the harsh reality of billions in lost revenue. Over the last several years, the Fiscal Policy Institute and others warned that the magnitude of these tax cuts was such that they could not be sustained through even a slight downturn in the economy without forcing the kind of budget cuts that the Governor said would not be necessary when he pushed these tax cuts through the Legislature.

In 2003 the Legislature realized that Governor Pataki was making the wrong choices for our state. The Legislature, in an effort to reduce pressure on local property taxes and massive service cuts proposed by the Governor instituted a temporary surcharge on the Personal Income Tax rates paid by married couples earning over \$150,000 and singles earning over \$100,000 (set to phase out in 2006). This surcharge actually restored some progressivity to our state tax system and helped prevent cuts in services that so many New Yorkers rely on. This year the Governor is proposing to phase out the surcharge one year early costing the state \$246 million in revenue. Instead of phasing out the surcharge we should be examining options to reduce pressure on local property and sales taxes (far more regressive) and increasing our top marginal income tax rates to that of neighboring states like New Jersey (top rate is 8.97% while New York's if set to go down to 6.85%). This is extremely unfair given that the richest 1% of New Yorkers pay a smaller percentage of their incomes in state and local taxes than low and middle-income families.

We continue to face the grim reality of millions of New Yorkers not sure where their next meal will come from, whether they are secure in their homes, or what they will do if a family member becomes ill. When the State cuts funding for education, health care, for children, seniors and families real people are hurt. Education, healthcare and human services are essential for our families and communities to thrive.

Furthermore, the Governor is proposing to block grant \$1 billion dollars in TANF funds to counties (Flexible Fund for Family Services) to provide services to TANF eligible individuals. These funds are based largely on last fiscal years allocations (which will result in the potential elimination of a variety of TANF services due because the Governor's vetoes eliminated allocations for many programs last year). The Flexible Funds for Family Services would require all counties to develop a plan on how they would prioritize the use of these funds; unfortunately there is currently no mechanism for public involvement or input into the creation of these plans. The Governor's plan also imposes full family sanctions that would mean the possible closing of a public assistance participants entire case (currently benefits are only withheld, on a pro-rata basis, to the head of household for non-compliance with work requirement).

To focus attention on these concerns, a coalition of over 200 groups across New York State have endorsed the **EMPIRE STATE ECONOMIC SECURITY CAMPAIGN – ES2**. ES2 addresses a broad range of issues critically affecting the well-being of New Yorkers, from jobs to the welfare grant to transportation to housing; from health care to childcare; from education and training to the minimum wage.

How Can New York State Address these Problems and Pay for ES2 Proposals?

We urge the Governor and the Legislature to work together to ensure that the 2005-2006 state budget meets New Yorkers' needs. The revenues necessary to balance the budget must be raised in a fair and equitable manner and the recent Court of Appeals decision must not be used as an excuse for inaction by any party.

- The Legislature must add the funding necessary to eliminate the Governor's proposed cuts in vital public services that are essential to the well being of working families and the needy.
- The Legislature must make clear what language in the Governor's proposed appropriations bills must be modified to keep vital public services operating effectively and efficiently.
- The Governor must modify the language included in his appropriations bills through negotiation with the Legislature to produce a budget that meets the needs of our state.

To strengthen New York's economy we need to invest in New Yorkers. Cuts in education, health care and other essential services hurt all of us.

- Good jobs require educated New Yorkers, safe communities, affordable health care and reliable transportation. Our economy will not grow if we abandon New York's working families.
- Cutting education, health care and other essential services will result in major job losses and higher property taxes while hurting our state's economy, our quality of life and the needy.

Instead of regressive fees and fiscal shell games we need a state tax system that's fair to working families.

- Decades of tax cuts for the wealthy and large corporations have shifted more of the burden onto low and middle-income New Yorkers through cuts in services and increases in fees and regressive sales and property taxes.
- Many of the nation's largest corporations make billions in profits while paying little or nothing in state corporate income taxes. And the richest 1 percent of New Yorkers pay a much smaller percentage of their incomes in state and local taxes than low and middle-income families.
- It's time for the Governor and Legislature to close corporate loopholes and end the special treatment of the few:
 - Close loopholes that allow large, profitable multi-national corporations to avoid paying their fair share of state taxes – **savings \$1 billion.**
 - Stop sweetheart deals with high-priced consultants who are being overpaid to do jobs that state workers can do better and cheaper – **savings \$250 million.**
 - Lower drug prices for state and local governments by using New York's purchasing power to get a fair deal from the drug companies - **savings \$1 billion.**
 - End the abuse of the Empire Zones and other economic development programs and reform the operations of New York's Public Authorities - **savings \$250 million.**
 - Give back the nickels and get some dimes. Making the beverage bottling industry return unclaimed deposits and increasing the deposit fee to 10 cents could **generate \$180 million.**
 - Make polluters pay for Governor Pataki's plan to cap global warming gases. Auctioning permits could **generate up to \$500 million.**
 - Make NY's tax system fairer and more equitable by increasing the top marginal tax rates on the highest income households. **Generates \$2 - \$8 billion in additional revenue depending on the plan adopted.**

ES2 2005 Positions

The following pages outline ES2 positions on each of our core issues, our long-range objectives and our priorities for this legislative session.

Although we cover eight different issue areas, the broad themes are clear. We need:

- A real safety net that enables New Yorkers to meet their most basic needs.
- Opportunities to learn, to develop skills, and to expand employment options.
- Measures to ensure the availability of jobs that pay a living wage.
- Policies and programs – in transportation and child care – without which, education, and training efforts cannot be meaningfully pursued.

ADEQUATE PUBLIC ASSISTANCE GRANTS

The Problem: An increase in the public assistance grant is long overdue and is desperately needed to alleviate the extreme financial distress of New York State's 622,363 public assistance recipients, 58 percent of whom are children.ⁱ Through the freezing of welfare basic allowances in 1990 and meager welfare shelter allowance increases, public assistance recipients have suffered an increase in cost-of-living without seeing proportional increases in assistance. Welfare grants in 1975, at 110% of the federal poverty level, supported a modest living at best. Today, public assistance grants have fallen to less than 50% of the poverty level.

In 2000, a single parent living in Buffalo with two children, average monthly expenses include \$510 for housing, \$372 for food, \$190 for transportation, \$217 for health care, and \$222 for miscellaneous expenses such as school supplies – adding up to \$1,775 after tax credits.ⁱⁱ This figure is even higher downstate: \$2,482 in Kings County (Brooklyn) and \$3,125 in Westchester County. Yet despite such a high cost-of-living throughout the state, the average public assistance grant remains at approximately \$575. Food stamps help, but after rent, a typical mother still has only \$6.30 per person per day – in cash and Food Stamps combined – for all the expenses above.

Many families have even less money available because rent exceeds their shelter allowances. Although new regulations have increased these allowances somewhat, the most recent increase was grossly inadequate in meeting basic rent requirements for most families. Allowances for a family of three (with children) were *increased* to \$315 in Albany, \$302 in Buffalo, and \$348 in New York City. These low figures, while an improvement over their predecessors, remain a further obstacle to making ends meet for families struggling with inadequate public assistance grants.

The inadequacies outlined above cause family crises, hunger, and overcrowding. A study conducted by the National Coalition for the Homeless cites the decline in value of public assistance as one of the major causes of homelessness and hunger.ⁱⁱⁱ

Unfortunately, in the current fiscal climate, an increase in the basic needs grant is not politically feasible. However, one way to ensure that New York's welfare recipients receive the full welfare grant that they are entitled to would be to repeal a law (SSL 131 (a)10) that has been on the books since before welfare reform and is every year reducing the amount of wages welfare participants can earn before they lose public assistance. The law, called the 185% of the Standard of Need cap, results in a family of three, in 53 out of 58 Social Services Districts losing public assistance well before the the full earned income disregard is utilized and they reach the poverty level. In fact, in 8 Social Service Districts, the average working family of three would lose eligibility before they reach 80% of poverty (approximately \$1,050). Even when the Earned Income Tax Credit is taken into account, in 34 districts, the average household of 3 wouldn't be able to earn up to the poverty line, and in 7 districts earnings wouldn't break 90% of poverty. Districts hit hardest tend to be smaller rural counties where the shelter allowance is lower than more urban areas.

ES2 Policy: Repeal this law to allow people on welfare who are working to earn up to the poverty level – allowing them time to stabilize their employment, the work supports they will lose when they go off of welfare and to get ahead.

The 2005-2006 Session:

In addition to repealing the 185% Standard of Need Cap it is critical that we work to oppose proposals in the Governor's proposed budget that would reduce already intensely inadequate public assistance grant. These proposed cuts include:

- ✓ The implementation of full family sanctions
- ✓ Capping the Earned Income Disregard at 50% and reducing it to 25% after 5 years of cumulative receipt of Public Assistance.

AFFORDABLE AND COMPREHENSIVE UNIVERSAL HEALTH CARE COVERAGE

The Problem: 3 million New Yorkers and 44 million Americans lack health insurance. More than 5.6 million New Yorkers, 1-out-of-3 people under the age of 65, did not have health coverage for all or part of 2002-2003. 3-out-of-4 people who were uninsured in NY are working.

The US pays far more for health care than any other country - 15% of the Gross National Product - yet the quality of our health care system is ranked 37th by the World Health Organization. Health care costs continue to skyrocket. The cost of providing long-term care for seniors and disabled individuals is putting significant pressures on local property taxes. In 2004 health care premiums nationally rose by double digits for the fourth year in a row. A recent proposal by Physicians for a National Health Program concluded that a single payer health system nationally could save up to \$200 billion annually, freeing funds to expand health care coverage to all Americans, including long term care and prescription drugs.

The congressional changes to the Medicare program mean that the 350,000 New Yorkers who rely on the EPIC (Elderly Pharmaceutical Insurance Coverage) program for their state prescription coverage will now have to use Medicare as their primary coverage, with restricted access to drugs and pharmacies.

ES2 Policy: The NYS Legislature should adopt New York Health (A6952 / S3068), a single payer solution that uses broad-based public financing to provide affordable, comprehensive health insurance for every New Yorker.

The 2005 -06 Session

- ✓ Provide \$500,000 for the establishment of a **Legislative Commission on Health Care Coverage (A.6575, Gottfried)** to conduct an analysis of various statewide models for universal health care coverage. A number of other states — Maine, California, and Maryland — have commissioned such studies in recent years.
- ✓ **Restore 2004 cuts to Family Health Plus and Child Health Plus.** Eliminate co-pays and assets test for FHP and restore funding for facilitated enrollers in community settings.
- ✓ **Support the state takeover of the entire local contribution to Medicaid** while protecting all services provided to poor children, adults and disabled individuals. We oppose the federal block granting of Medicaid and any weakening of the federal government's guarantee to care for those who are most likely to live sicker and die younger. We oppose the Governor's proposed cuts in Medicaid and Family Health Plus.
- ✓ **Enact Parity for Mental Illness and Substance Abuse.** Millions of mentally ill New Yorkers suffer unnecessarily because their insurance plan discriminates against the mentally ill. The Legislature should end this discriminatory practice by providing insurance parity for those who need treatment for mental illness or substance abuse.
- ✓ **Medical Debt.** When illness and/or catastrophe forces uninsured families to seek care, they are billed at higher rates than other patients. Collection practices for unpaid debt result in seizure of bank accounts, garnishment orders and liens on homes. Medical debt is now the second most frequent cause of personal bankruptcy nationwide. To help hospitals deal with low-income uninsured patients, NY allocates almost a billion dollars in indigent care funding annually but doesn't ensure that the money reaches these patients. ES2 supports the Grannis bill to create a simple, uniform application and eligibility process for hospital charity care; requiring hospitals to notify patients about how to access indigent care funding; and, implementing fair and standardized collection practices for hospitals
- ✓ **Nonprofit Conversion.** Any nonprofit insurance companies that are approved to become for-profits, should have their assets assessed and the value put into a foundation to provide grant to projects which would provide coverage to the uninsured and those who are vulnerable.
- ✓ **Curb Escalating Prescription Drug Costs.** ES2 supports HR2427 to allow the importation of prescription drugs into the US from Canada and other specified countries. Payments for prescription drugs for state programs should be set at no more than the average of those in a number of industrialized countries. NY should use a Preferred Drug Lists to reduce pharmaceutical costs, provided that adequate consumer safeguards are included.

- a. Coordination between EPIC and Medicare Part D plans should be seamless from the enrollee's perspective. Coordinating Part D plans should meet EPIC's goal to guarantee minimal changes for enrollees, no increased cost-sharing, continued access to EPIC's open formulary and comprehensive pharmacy network. Any auto-enrollment into Part D plans must provide the option to decline.
- b. Non-elderly adults with disabilities qualifying for Social Security Disability Insurance (SSDI) should be included in the EPIC program on the same terms as seniors.
- c. EPIC should lower drug prices by joining its purchasing power with that of other state-funded programs.
- d. Savings that accrue from coordination with Medicare Part D should stay in the EPIC program and be used first to include the non-elderly SSDI disabled and to lower cost-sharing for participants.
- e. A major portion of the \$34 million in transitional assistance NY receives should be used to provide direct grants to community organizations for education and case management of disabled and elderly individuals seeking assistance in the transition to Medicare Part D, particularly those facing language and other barriers.
- f. Dually eligible elderly and disabled Medicare/Medicaid beneficiaries should receive the same level of protections from the inadequacies of the Part D benefit as EPIC enrollees.

GOOD JOBS FOR ALL WHO NEED THEM

The Problem: Although many economic indicators claim the economy is growing and improving, by all accounts this recovery is completely jobless. Despite some job growth in 2003 and 2004, December 2004 job levels for New York are still well below levels at the time the recession officially ended. Middle and low income New Yorkers have been hit hard by job losses in recent years; the jobless economic recovery hasn't improved their situations.

For most of the last decade NY lagged behind the nation in job growth. From 1993-2001, New York jobs grew at an average annual rate of 1.5%, compared to a national average of 2.4. In addition, many upstate areas and New York City had steep job losses from the first half of 2001 through 2004.

Thousands of individuals have entered the low-wage, low-skill job market under welfare reform. Almost all welfare leavers work at or below poverty wages (except those who obtained a college education) Studies have shown little investment in improving the job skills or education of welfare participants even after they find work. Two major labor market challenges facing hard-to-employ welfare recipients warrant special attention:

- ***Low levels of work readiness among hard-to-employ recipients.*** The individuals who remain on welfare have greater barriers to employment, including little or no prior work experience. They need an opportunity to develop employable skills before moving into unsubsidized jobs.
- ***Inner cities and rural areas with high rates of joblessness.*** Even in regions that are experiencing strong economic growth, inner cities and remote rural areas often have an inadequate supply of jobs. Transportation and family relocation strategies may succeed in expanding job options for some individuals but they do not solve the underlying problem of persistent job shortages in depressed areas.

Another important workforce in New York State is farmworkers. Since the Great Depression, farmworkers have been excluded from federal labor laws protecting other workers. New York State has perpetuated the exclusion of farmworkers from labor rights. The State Legislature has addressed some of these exclusions in recent years, but the overall exclusion remains.

ES2 Policy: New York should commit to a rigorous job creation program that extends credits *only* to businesses that create family-sustaining jobs around the state and that are targeted for low and moderate income residents, especially those leaving Welfare. Labor rights should be extended to farm workers.

The 2005-2006 Session:

- ✓ The State should invest at least \$500 million in public jobs creation, including constructing affordable housing. The state should enact policies that target government subsidized job openings to low-income households. For example, "corporate subsidies" and public contracts should be tied to the hiring of public assistance participants and other low-income New Yorkers to fill entry-level positions.
- ✓ The state should routinely conduct statewide and regional job vacancy surveys to assess to more accurately project job growth and labor market trends in New York.
- ✓ The state should ensure that corporate subsidies and tax credits result in the creation of jobs in New York State, promote the hiring of New York State residents and ensure that the jobs created are distributed throughout the state. S8276 (corporate accountability for tax expenditures). Include reform on the Investment Tax Credit and Empire Zones.
- ✓ Enact S. 3351/A.2859 to give farmworkers basic worker rights and protections.
- ✓ The State should use TANF surplus funds to create jobs for welfare participants and other low-income individuals.

OPEN ACCESS TO ONGOING EDUCATION AND TRAINING

The Problem: Access to education and training allows individuals to participate in shaping the future for themselves, their family, and their community. Yet according to the New York State Education Department, over half of adult welfare recipients in New York State do not have a high school diploma or General Educational Development (GED) degree and an estimated 40 percent read at less than an eighth grade level. Enrollment in adult literacy, English for Speakers of Other Languages (ESOL), high school equivalency classes, college, and vocational training has been drastically reduced due to welfare policies that limit access to education and training. For example, since 1995, the City University of New York (CUNY) has lost over 21,000 students who were on public assistance.

In his 2005-2006 Executive Budget, the Governor proposes to increase tuition at CUNY by \$250 and by \$500 at the State University of New York (SUNY). In addition, he recommends withholding one-half of students' Tuition Assistance Program (TAP) financial aid awards until after they graduate.

This lack of commitment to education and training contradicts the fact that higher levels of education produce higher earnings return. According to data of full-time workers age 25 and over from the 2002 Bureau of Labor Statistics, college graduates earn a median weekly wage of \$941, while high school graduates without a college degree earn \$536, and those without a high school diploma earn \$388. Research by the Howard Samuels State Management and Policy Center, CUNY Graduate Center, also shows that 88 percent of four-year college graduates on welfare move permanently off welfare.

In addition, public opinion supports access to these services as a way to greater economic security. When asked what would most help people on welfare to get jobs, 77 percent of low income New York City residents and 76 percent of moderate and high income New York City residents said training and education. Only 3 percent of low income residents and 6 percent of moderate income residents said tougher work requirements. A majority (89 percent) of moderate and high income people and low income people (72 percent) identified skills acquisition (training and higher education) as their first or second response for what government benefit would most help poor families get ahead (telephone poll conducted by Lake, Snell, Perry, and Associates for Community Service Society and United Way of New York City, July 14-August 1, 2004).

ES2 Policy: New Yorkers should have access to ongoing education and training. People on public assistance should be encouraged to engage in education and training activities, and participation in these activities should count as meeting work requirements.

The 2005-2006 Session:

- ✓ The Governor should enact the basic education bill (S.4626/A.6503) into law. This bill allows up to 16 hours per week of participation in adult literacy, ESOL and high school equivalency to count towards the welfare work requirements.
- ✓ Participation in two- and four-year college should count towards the welfare work requirements.
- ✓ The work-study and internship law (A.10097/S.6358), which counts the hours students spend in work-study and internship programs towards the welfare work requirements, expires in June 2006. This law should be made permanent.
- ✓ The legislature should oppose the Governor's proposals to increase tuition at CUNY and SUNY and withhold TAP awards until graduation. Funding for education and training programs should be increased and free college tuition should be provided to all New Yorkers.
- ✓ State policy directives on education and training options should be displayed at local social services offices so people receiving welfare can know the regulations.

DECENT, AFFORDABLE HOUSING

The Problem: Because New York State is home to one of the largest cities in the country, smaller communities, and rural areas, it is often thought that housing is not a statewide issue. This is a grave mistake. It is true that New York City and the rest of the state face *different* housing problems – in upstate disinvestment is a major concern whereas NYC faces an emergency shortage of affordable units – the outcome, however, is the same; low-income and poor New Yorkers lack a basic human necessity, **safe affordable shelter**.

The number of homeless people residing in New York City's shelters has reached the highest level in history, with over 38,000 people, including more than 16,800 children, sleeping in the City's shelters. In Buffalo and Erie County there are over 2,100 individuals in homeless housing, and a considerable number of families are living doubled- and tripled-up with family and friends or in housing that is unsafe.

Entry-level wages and public assistance shelter grant levels are inadequate to meet the cost of available housing. This lack of affordability will only be compounded by the current lack of Federally subsidized Section 8 funding. In 2004, the National Low Income Housing Coalition ranked New York the fifth least affordable state for housing in the nation. The "housing wage" (the amount a worker would have to earn per hour in order to be able to work 40 hours per week and afford a two-bedroom unit at the State's Fair Market rent of \$981) in New York State is \$18.18. The high cost of housing, in relation to earnings, is a problem across the state.

Metropolitan Statistical Area	Housing Wage
Albany-Schenectady-Troy	\$13.06
Buffalo-Niagara Falls	\$12.46
Nassau-Suffolk	\$23.56
New York City	\$19.58
Westchester County	\$24.21

ES2 Policy: ES2 supports a three-tiered approach that would provide rental assistance and neighborhood-based services to low-income individuals, maintenance and rehabilitation of current housing stock, and development of low-income housing. To accomplish this, ES2 urges the Legislature and Governor to pledge a significant multi-year capital commitment for the development of safe, affordable housing and a substantial increase in the NYS Housing Trust Fund, Homes for Working Families Program, Affordable Homeownership Program, Homeless Housing and Assistance Program, the Homeless Intervention Program, and the expansion of the NYS Low Income Housing Tax Credit. It is also vital that the state pressure the Federal Government to not abandon the Section 8 program and in the interim to make policy that assists those most in need but does not subject them to arbitrary time limits and subsidy reductions that are impossible to compensate for on low-wage or entry level positions.

The 2004-2005 Session:

- ✓ Support introduced Legislation numbers A05229/A05230 which would support the Neighborhood / Rural Preservation Coalitions. The Neighborhood / Rural Preservation Coalitions of New York State should be funded at a rate of \$97,500 (which includes \$65,000 that has historically been granted and the \$32,500 not funded in 2004.) The NPC/RPC are statewide coalitions of local housing programs. They are a good option for New York State as a whole because they are community based and thus able to respond to their area's specific needs, whether lack of affordability or deteriorated housing stock.
- ✓ New York State must continue its investment in supportive and subsidized housing programs by approving the New York/New York III Agreement (creating 9,000 units for mentally ill homeless individuals and homeless families with special needs.) We know from past experience, the first New York/New York agreement reduced the adult homeless population by 37%, that these solutions work. Therefore, it is imperative that the Governor, with the urging of the Legislator, sign the NY/NY III agreement.
- ✓ The Legislator and Governor must start thinking of more financial incentives for addressing New York State's housing issues. Some ideas are legislation that would encourage upstate communities to make payment-in-lieu of tax agreements and operating subsidies that would increase a project's income making housing low-income New Yorkers a more viable option. In addition, administrative dollars are desperately needed by housing organizations to perform the daily tasks necessary to providing better housing conditions.

MINIMUM WAGE AS A LIVING WAGE

The Problem: The current federal minimum wage of \$5.15 an hour falls far short of the goal of allowing full-time workers to achieve a modest standard of living. Traditionally, the minimum wage provided enough income to at least bring a family of three to the Federal Poverty Level. Today, a full-time worker at the federal minimum wage of \$5.15 per hour earns \$10,712 per year, \$4,958 less than the federal poverty guideline for a family of three. Families trying to survive on this meager amount are forced to make choices such as skipping meals, using substandard child care, going without electricity or heat, and living in overcrowded, unsafe conditions. These choices ultimately affect their ability to find and maintain employment.

On January 1, 2005, New York State increased its minimum wage to \$6.00 an hour. It will increase to \$6.75 per hour as of January 1, 2006 and to \$7.15 per hour as of January 1, 2007. New York finally joined the growing list of states where voters and political leaders have chosen to take control over wage policy rather than wait for Congress to act at the federal level. There are now a dozen states with a minimum above the inadequate federal level of \$5.15, including our neighbors Vermont (\$6.75), Massachusetts (\$6.75), and Connecticut (\$7.10). Washington State and Oregon have taken the sensible step of indexing their state minimums to the consumer price index.

However, even this higher minimum wage will not constitute a "living wage" anywhere in the state. A living wage should allow a person who works 40 hours a week to afford at least a studio apartment in the part of the state in which they live without having to spend more than 30% of their income. Because government and banking industry standards agree that housing should cost no more than 30% of one's income in order for one to afford all the other necessities of life, a minimum wage that is a living wage should be set based on HUD fair housing rates on a county by county basis.

Even in Fulton County, the county with the lowest rental costs, a worker would have to earn at least \$6.90 an hour to be able to afford the \$359 a month that HUD estimates one needs to rent a studio apartment without spending more than 30% of his/her income. In Westchester County, a worker would need to earn \$17.46 per hour to pay for an efficiency apartment.

ES2 Policy: Work should pay enough to provide a family with a decent standard of living.

The 2005-2006 Session:

- ✓ New York should immediately index the state minimum wage to reflect annual increases in the Consumer Price Index and to establish a timetable to restore its purchasing power to its 1968 level --- \$8.78 per hour in 2004 dollars.
- ✓ New York should raise its minimum wage to a county by county living wage to reflect HUD fair market rents so that a person working 40 hours a week would be able to afford a studio apartment without spending more than 30% of earned income. This wage should be indexed to the local cost of housing as set each year by the US Department of Housing and Urban Development (HUD).

AFFORDABLE, ACCESSIBLE TRANSPORTATION

The Problem: Transportation is a major barrier faced by many welfare participants and low-income individuals in securing employment in New York State. National studies show that a person receiving welfare who owns a car (or has access to affordable, reliable transportation services) is likely to earn more per hour, work longer hours, stay on welfare for a shorter period of time, and retain their job for a longer period of time.

By far the most difficult barrier to increased usage of mass transit by people moving from welfare to work is that transit services may not operate at times or to locations needed by certain customers. This is especially true if the job hours are outside regular daylight working hours, or the job (or worker) location is outside of a core urban area. Many people leaving welfare for work and other low-income workers can only secure jobs that have irregular shifts. In addition to traveling to and from work, transportation is needed to and from childcare sites.

Transportation systems are not just weak in moving inner-city residents to jobs in the suburbs and/or cross-town; they are also scarce in rural communities. New York State, contrary to popular perception, is primarily rural. Most of the counties outside of New York City have limited or non-existent transportation services. Over the course of the last five years, New York State has made great strides in the welfare-to-work transportation arena.

For the last five years New York has made significant investments in the development of Wheels for Work Programs and other transportation initiatives (Community Solutions to Transportation Program). Local non-profits have been very effective in developing partnerships with their Departments of Social Services to operate Wheels for Work and other transportation related programs. Programs are currently operating effectively in numerous counties throughout the state. Given that the majority of persons who have left the welfare rolls over the last few years have moved into low-paying, entry-level positions it is critical that they have the transportation tools needed to advance in the workforce.

The Governor has proposed lumping TANF funded transportation services into the Flexible Fund for Family Services (FFFS). People on public assistance (and TANF-eligible persons below 200% of the Federal Poverty Line) in areas with limited or non-existent public transit should have assistance in purchasing a car. Efforts to expand and establish effective public/private transportation mechanisms designed to help low-income people access employment must be adequately funded.

The 2005-2006 Session:

- ✓ New York State should use \$20 million in TANF surplus funds to support transportation initiatives such as Wheels-to-Work (\$10 million) and Community Solutions for Transportation programs (\$10 million). These funds are needed to match the federal funding stream (Job Access and Reverse Commute-JARC) to ensure adequate transportation assistance.
- ✓ Each social services district, as part of its county welfare-to-work biennial employment plan, should develop a formal transportation plan that realistically meets the needs of county residents.
- ✓ Welfare recipients looking for work should receive free subway and bus passes. Such subsidies should continue for at least the first three months after finding a job. Subsidies are also needed for car insurance and car repair.
- ✓ New York State should fund the Rural Public Transportation Coordination Assistance Program (RTCAP). The RTCAP should be funded at \$10 million (with no county match requirement) to allow rural transportation providers the opportunity to improve local transportation services. Increased future funding should be made available to allow rural areas to create or strengthen their public transit systems.

HIGH QUALITY, AFFORDABLE CHILD CARE

The Problem: CCTW believes that child care is essential to the lives of working families in NYS. Child care supports families by allowing them to go to work and be more productive knowing that their children are safe and well cared for. Quality child care gives children the life and learning skills they will need to be successful as they enter school and into the future.

There are three significant challenges in the Governor's Executive Budget regarding child care.

- Funding for child care in the state child care block grant is reduced by a total of \$44 million (see explanation below),
- The Governor proposes to include child care in his newly created Flexible Fund for Family Services (FFFS). This fund, to be allocated to counties for local distribution, uses TANF Surplus dollars to support a multitude of programs for low-income children and their families.
- The Executive Budget eliminates the Professional Retention Program that had supported more than 32,000 individuals working in the early care and education field.

Of the \$929 million in child care spending for SFY2004-05, \$375 million came from TANF Surplus funds transferred to the state child care block grant and the rest came from federal funding, prior year reserves, and state and local maintenance of effort.

This year the state child care block grant will be reduced by a total of \$44 million. This is the result of a reduction in the federal allocation of \$12 million, the loss of \$72 million of rollover funds that funded the block grant in 2004-2005 for a total of \$84 million. Despite the transfer of \$40 million in state general funds into the block grant, a \$44 million deficit remains. The cuts in the child care block grant will result in both a reduction in the number of children that can receive child care subsidies and in a significant reduction in the State's important expenditures to support the quality infrastructure through training, through the Professional Retention program and through core support programs such as child care resource and referral.

ES2 Policy: ES2 has adopted some of the provisions of the *Child Care that Works Campaign's* (CCTW) 2005-06 agenda. The provisions we have selected are listed below.

The 2005-2006 Session:

- ✓ Restore \$84 million to retain 04-05 child care funding levels.
- ✓ Add \$100 million to increase the number of subsidy slots available to low-income working families of which up to 10% could be used to support facilitated enrollment projects.
- ✓ Enact a statewide policy that assures that no more than 10% of gross family income is required for co-pays for child care and that no co-pay is required for families under 100% of the federal poverty level.
- ✓ Add \$20 million for the Professional Retention Program for 2005-06 and authorize the program permanently.

¹ New York State Office of Temporary and Disability Assistance Statistics, January 2004

² Diana Pierce, PhD with Jennifer Brooks, "The Self-Sufficiency Standard for New York," New York State Self-Sufficiency Steering Committee, September 2000.

³ National Coalition for the Homeless, September 2002. *Why are People Homeless?*