

Governor's Proposed Budget Bad News For Low-Income New Yorkers

by Linda Ostreicher

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The budget proposed by George Pataki for the state fiscal year that starts on April 1, 2003 is bad news for low-income New Yorkers.

The state predicts a 5.3 percent increase in the public assistance caseload; the increase may be much higher unless the State Legislature makes major changes to the governor's proposals.

Ron Deutsch, of the Statewide Emergency Network for Social and Economic Security, notes that the Pataki budget "eliminates a variety of initiatives that the governor has credited with helping people transition off of welfare and into the workforce."

KEEPING PEOPLE OUT OF JOBS

The shortage of affordable child care discourages parents from working, results in lost jobs due to child-care emergencies, and prepares the next generation for failure in school and the job market. The governor's budget maintains the current number of subsidized slots -- 183,400 -- but does nothing for the 29,000 families on waiting lists for child care placements. Day care subsidies for students at city and state public colleges would be eliminated, giving low-income parents a strong incentive not to continue their studies.

It costs an average of over \$8,000 a year to send a four-year-old to a day care center. A parent working 40 hours a week at minimum wage can earn \$10,712 a year. Without subsidized care, children in low-wage families miss out on the educational experiences that give their richer peers a head start in school.

Even for adults, basic education has become a controversial topic. Studies show that half of the adults on welfare have no high school diploma, and that this limits their ability to earn a living wage. Last year, the New York State legislature passed a bill allowing public assistance recipients to spend 16 hours a week in basic educational activities, while counting that time toward their 35-hour weekly work requirement. In December 2002, the governor vetoed this bill, in part because Mayor Michael Bloomberg lobbied against it. On March 13, 2003, the mayor vetoed a similar bill, Intro 93-A, offering education and training activities to welfare recipients.

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With New York City's unemployment rate at 8.6 percent in January 2003, more local residents are competing for low-paying positions, increasing the need for affordable day care, and raising the bar for jobhunters' qualifications. Unemployment is not a major concern in Albany: last year, 97 percent of the net statewide job loss occurred within the five boroughs of New York City.

For city teenagers, unemployment is much higher, preventing most from getting work experience during and after high school. Last year, the Summer Youth Employment Program paid the salaries of 36,000 young workers. The governor has eliminated all funds for summer jobs from his proposed budget.

DARING THE STATE LEGISLATURE TO FIND DOLLARS FOR EMPLOYMENT AND TRAINING SERVICES

Every year, the legislature adds money to the governor's proposed budget to pay for programs it considers particularly important. A year later, the governor proposes a new budget that cuts out much of what was added by the legislature. This exercise contributes to the perennial lateness of the adopted budget.

Governor Pataki would prefer to give money for employment and training directly to local officials, without requiring them to fund any specific programs. In recent years, the legislature has diverted some of the governor's lump-sum proposals into specific employment-related programs which, once again, the Pataki budget proposal eliminates. They include transportation assistance, screening and services for domestic violence victims, wage subsidies, training in technology and English as a Second Language, basic education and literacy programs, and job training for people with AIDS/HIV infection.

According to Margaret Stix of the New York Education and Training Coalition, over the past three years, the city's share of the New York State block grant for employment and transitional services has dropped from \$68.7 million to \$2 million. The city has been slow to spend this money, first because the Giuliani administration preferred not to use it, and now because city contracts with nonprofit service providers require long-term goals to be met before providers are paid.

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Stix points to wage subsidies, which have dropped from \$45 million three years ago, to \$5 million last year. The governor's budget cuts them out entirely. "This is a great program," she says. "How else are you going to get people like ex-offenders hired in this job market?" Subsidies pay 80 percent of an employee's salary for the first three to six months on the job. It has been shown that, after the initial period, two-thirds of the people hired under the program remain at their jobs without a subsidy.

MANUFACTURING HOMELESSNESS

People on public assistance receive a "shelter allowance," which has been stuck at \$312 a month for a family of four since 1988. This amount falls far short of the "fair market rent" of \$993 per month for a two-bedroom apartment, as calculated by the federal Department of Housing and Urban Development, and even well below the median Bronx rent of \$620 per month found by the Census of 2000. So many families were being evicted because of this shortfall that a 1987 lawsuit, Jiggetts versus Dowling, produced a stopgap solution of court-ordered subsidies, known as "Jiggetts" payments.

The state recently proposed a revised schedule of shelter allowances, with modest increases such as raising the allowance for a family of four to \$450 a month. "The new allowance would be a good thing for New York City," says Susan Bahn of the Legal Aid Society. "It's not enough to be adequate, but it's a step in the right direction. It would help those families who might be evicted because their rent is only a hundred dollars more than the allowance they're getting now."

The governor's 2003-04 budget proposes that the new shelter allowances should become a state law, and implies that this would end the need for Jiggetts payments to prevent renters from being evicted.

Bahn recognizes the pattern: "Every year, back to Cuomo, they propose this, and every year the Assembly stops them from doing it," she explains. "There's no need to do anything as far as the statute, as long as we have the Jiggetts process." Bahn expects the Jiggetts case to continue for at least two more budget cycles.

"It's a cynical move on the governor's part," says Jonathan Hafetz, staff attorney at the

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Partnership for the Homeless. "Jiggetts has helped to redress the state's failure to increase the shelter allowance to reflect the true cost of housing." As of December 2002, Jiggetts payments of up to \$775 a month were keeping about 14,500 families in their homes. The governor's proposed budget legislation would permit local governments to create their own supplements to the shelter allowance, suggesting that the Pataki administration recognizes the inadequacy of the new schedule.

Housing advocates admit that the Jiggetts mechanism has many flaws: families must be on public assistance, include children, be legally facing eviction, and apply for assistance through a few specific non-profit agencies.

However, Bahn credits the process with benefits beyond preventing homelessness. "We see many people whose lives have been stabilized by the subsidy," she says. "It allows the crises to stop, and I've seen moms get jobs because they were able to stop running to court all the time."

TAKING MONEY FROM THOSE LEAST ABLE TO WORK

Elderly and disabled New Yorkers were expecting to get \$13 more each month in federal Supplemental Security Insurance starting next year, but Pataki has proposed keeping that increase for state expenses to administer the Social Security program. Supplemental Security Insurance recipients with disabilities were supposed to be allowed to maintain their Medicaid coverage if they went back to work; this change has been indefinitely delayed by the state's inability to finish adapting its computer system to accommodate the new policy.

PUSHING THE ELDERLY INTO NURSING HOMES

Senior citizens have not been exempt from additional cuts. Naturally Occurring Retirement Communities would lose the state funding that supports critical services keeping elderly apartment dwellers out of nursing homes. Subsidies for adult day care and for respite care would also be eliminated.

UNDERFUNDING THE ADULT HOME IMPROVEMENT INITIATIVE

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In response to a New York Times expose of the appalling conditions in adult homes, the governor appointed an Adult Homes Work Group, which recommended both short-term measures to correct the worst abuses in the homes, and long-term expansion of the housing supply to enable residents to return to the community. Pataki has proposed spending \$8 million on the short-term measures -- far short of the \$58 million needed, according to the New York State branch of the National Alliance for the Mentally Ill.

The Work Group called for 6,000 new community housing beds for residents leaving the adult homes. Pataki's 2003-04 budget offers 1,000 new beds, to be split among adult home residents, patients leaving state psychiatric hospitals, and homeless people. The new beds require a \$52 million match from local government, at a time when the city is calling on the state for help with its own budget gap. The governor's budget fails to fund new scattered-site placements, in regular apartments where tenants receive case management services, as a faster, cheaper way to expand the supply of community housing.

MORE CUTS FOR THE MENTALLY ILL

For years community-based mental health services were expanded using the money saved by closing beds at state psychiatric centers. Pataki has recognized the value of the Community Reinvestment Act, which guided this activity, by proposing a new reinvestment bill. However, he wants to delay the bill's implementation until 2004; meanwhile, the savings from six more facility closings would go toward the general fund.

The new Mental Health Court in Brooklyn depends on a variety of supportive services to divert mentally ill, non-violent criminals from prison. Without new community-based housing for people with psychiatric disabilities, New Yorkers will continue to pay more than is necessary to keep these individuals in prison, the least appropriate setting.

JOB-KILLING SERVICE CUTS

The proposed 2003-04 budget uses familiar tactics: It shifts some costs from state-funded programs -- like state mental health facilities -- to areas with more federal and local financial

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support, like homeless services. It delays other costs, such as nursing home bills for seniors who can remain independent for months or years after community-based supports are taken from them. It transforms the price of subsidized day care centers into costs that never take financial form, such as single mothers worrying about what happens after they leave their children with an untrained babysitter.

In this period of economic stagnation, social service is one of the few industries for which demand is growing. Unfortunately, by choosing not to fill that demand, Pataki is closing down existing and potential jobs, and preventing thousands of welfare recipients from qualifying for the jobs that are left.

If he gets what he is asking for, Pataki's third term will be the worst yet for low-income New Yorkers.

Linda Ostreicher, a former budget analyst for the New York City Council, is a freelance writer and consultant to nonprofits. She is currently on the staff of Bronx Independent Living Services.