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New York State's constitution requires it to support its neediest residents. New York State also puts one of the largest financial burdens in the nation upon its local governments, who must match the state's own spending on many types of social services. These constraints limit the extent of debate between state and city governments. No matter how conservative a governor may be, or how much he owes to upstate voters, Article 17 of the state constitution prevents him from entirely cutting off support to even the least politically appealing impoverished residents. No matter how liberal a New York City mayor may be, any impulse to increase aid to the city's poor is tempered by competing needs in the city's budget.

Still, who is in office does make a difference. The winner of this fall's gubernatorial race will set the rules for the next round of welfare reform. By September 30, the federal government is expected to make several broad changes to the current law when it is re-authorized. New choices will be presented to the states.

According to "[Lost In The Balance: How State Policies Affect The Fiscal Health Of Cities](#)," New York State aid to its suburbs has increased faster than aid to its cities, and New York City received less state aid in 1997 than in 1995. The authors of this report, Howard Chernick and Andrew Reschovsky, suggest that this change may "reflect the shift in political power in New York State in 1994, with a Republican governor replacing a three-term Democratic governor. Since the core electoral strength of Republican candidates for governor in New York comes from the suburban and upstate areas, it would not be surprising if these areas were rewarded with additional state aid."

There are many ways that the state government in effect controls the city's social service policies.

DECISIONS ABOUT DISTRIBUTING FUNDS

During the five years since welfare reform began, the state has received a total of over \$12 billion in federal funds for public assistance, of which nearly 30 percent has been diverted to

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other uses. For example, \$380 million will be spent this year alone to support the Tuition Assistance Program, a program that is clearly of no benefit to current welfare recipients, most of whom are unable to attend college. That is because they were forced to drop out in order to fulfill work requirements. The state's welfare reform program does not recognize earning a college degree as a valid way for welfare recipients to prepare for employment.

ELIGIBILITY FOR PUBLIC ASSISTANCE

New York State determines the rules by which the city can deem someone eligible for public assistance. In some ways, the state is relatively generous, given the options allowed by federal law. When a New York family is sanctioned because a parent does not meet the work requirement, the children are still eligible for family assistance and Medicaid. Survivors of domestic violence can receive exemptions from work requirements and other rules on a case-by-case basis.

However, some of New York State's rules for eligibility are less lenient than is allowed by federal law, and than is practiced by other states. New residents of New York must wait a year after they have moved here to receive full benefits; until then, they can receive only the amount available in their former state, or half of the New York benefit level, whichever is higher.

Another restrictive choice made by New York State was to test welfare applicants and beneficiaries for alcohol and drug abuse, and ban them from both family assistance and Medicaid if they will not take a test or accept treatment. Despite this emphasis on treatment, clients who agree to be treated must often settle for a place on a waiting list instead, because the supply of treatment slots in the city is too small.

In the food stamp program, most immigrants cannot receive federal benefits. However, states can choose to buy food stamps with their own funds for use by immigrants. California, with the nation's largest immigrant population, chose to spend over \$6 million a month on behalf of all needy legal immigrants in that state -- approximately 100,000 people -- who were not eligible for federal food stamps. New York State, with the second largest immigrant population, has a much smaller program serving about 600 immigrants, who are primarily elderly or survivors of domestic violence, for a cost of about \$75,000 in state funds.

OVERSEEING THE CITY'S ADMINISTRATION OF PUBLIC BENEFITS

Under the administration of Governor George Pataki, Albany sometimes failed to keep former Mayor Rudy Giuliani's less law-abiding tendencies in check. When the city's welfare offices disqualified families from receiving cash assistance, for several years city employees violated the federal requirement to inform clients that they could still receive food stamps and Medicaid. The state overlooked this violation and allowed the number of people on food stamps and Medicaid to drop nearly as much as the welfare rolls until advocates intervened, drawing federal attention to the problem. The state agency charged with responsibility for overseeing the city's Medicaid operations was named as a defendant in the lawsuit against the city, which resulted in a court decision finding the city had caused "irreparable harm" to some of the plaintiffs.

MENTAL HEALTH AND DRUG ABUSE TREATMENT

In addition to its indirect influence on local services, a few social service functions important to specific populations are largely controlled by the state. Two of these are residential care for people with mental illness and drug abuse treatment.

The state controls the rate at which it discharges people from state mental hospitals. Theoretically, this process allows patients to move back into "the community" with the assistance of outpatient treatment and supportive services, resulting in lower costs to the government and a better quality of life for patients. Decades after it was clear that many discharged patients were not returning to a supportive community, but ending up homeless in New York City, the state is reauthorizing the Community Mental Health Reinvestment Act, which applies savings from downsized state psychiatric facilities to community-based mental health programs. However, there never seem to be enough community-based services to meet the needs of the city's mentally ill homeless population.

During the New York City fiscal crisis of the 1970's, the city eliminated all local spending on drug treatment. Since then, the state has directly contracted with local providers for substance abuse treatment supported by federal and state funds. The city's role in the drug treatment system is limited to coordinating and monitoring contracted services.

It grows increasingly obvious that substance abuse treatment is necessary to achieve many

Albany Matters In Social Services

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local goals, such as reducing homelessness, helping welfare recipients move to work, reducing crime and prison recidivism, and caring for people with a dual diagnosis of mental illness and substance abuse disorders. To the extent that Albany controls the nature and supply of substance abuse treatment in the city, local officials have limited ability to coordinate it with other services for people with related, multiple needs.

CONGRESSIONAL SUPERWAIVER=GUBERNATORIAL CONTROL

As if New York's governor doesn't wield enough power already, the welfare reform reauthorization bill passed in May 2002 by the House of Representatives allows "superwaivers," proposed by President George Bush last February, giving governors, the president, and cabinet heads the power to bypass their respective legislatures in making major changes to programs affecting [low-income people](#). The superwaiver idea was not included in the U.S. Senate version of the reauthorization bill, passed in June, but is likely to be raised as an issue during the negotiations required to reconcile the House and Senate bills.

Under the House bill, a state governor could request and receive a waiver from the federal agency overseeing a given program, permitting that state to fundamentally change its version of that program for five years. No public input or legislative approval would be required. Programs subject to superwaiver changes would include food stamps, homelessness programs, public housing, child care, job training, and adult education. If any version of superwaivers becomes law, New York State will no longer be ruled by "three men in a room," the usual description of the decision-making process in which the governor, the Republican majority leader of the New York State Senate, and the Democratic Assembly speaker settle their differences before bringing bills to a vote. Instead, Albany will be a one-man gubernatorial show at which New York City's low-income population will be a captive audience.

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