



**Federation of Protestant Welfare Agencies**

Statement Prepared for the  
NYS Assembly Social Services Committee  
Public Hearing:

**The Adequacy of the Public Assistance Grant in New York State  
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Prepared By

Jill Poklemba, Senior Policy Analyst for  
Income Security & Workforce Development

**Federation of Protestant Welfare Agencies, Inc.**  
281 Park Avenue South  
New York, New York 10010  
Phone: (212) 777-4800  
Fax: (212) 414-1328

Fatima Goldman  
Executive Director/CEO

My name is Jill Poklemba, and I am the Senior Policy Analyst for Income Security and Workforce Development at the Federation of Protestant Welfare Agencies (FPWA). For 85 years, FPWA has been a leading policy advocate for individuals and families served by our almost 300 member human service agencies and churches in and around New York City. FPWA has championed humane health and social welfare policies and fought for expanded resources for both the State's and the City's most disenfranchised communities. Our mission is to promote the social and economic well-being of greater New York's most vulnerable by strengthening human service organizations and advocating for just public policies.

FPWA applauds Assembly Speaker Sheldon Silver and Social Services Committee Chair Assemblyman Keith Wright for convening these hearings to address the need to increase the basic grant provided to public assistance recipients in New York State. This statement is intended to illuminate some of the most urgent reasons why the current basic grant level provided to public assistance recipients in New York State is woefully inadequate and should therefore be increased to reflect the realities of today's costs of living:

- 1. Housing costs have risen in New York to the point of exceeding the shelter allowance, and in some cases, the basic grant as well.**
- 2. The basic grant amount has not been increased in nearly 18 years. Since then, its value relative to the actual cost of living has shrunk tremendously.**
- 3. Families must be able to meet their immediate basic needs, including the costs of all work-related expenses, in order to obtain and maintain employment and to participate in education and training programs.**
- 4. Welfare benefits have decreased from 110 percent of the Federal Poverty Level (FPL) to 50 percent of FPL, which leaves many families, especially children, receiving welfare permanently trapped in a cycle of poverty.**

## 1. Rise in Housing Costs

Housing costs have been rising in many parts of the State for years, particularly in New York City. According to a 2006 report, New York City is ranked as the second poorest city in the United States when the poverty line is adjusted to reflect housing costs.<sup>1</sup> Furthermore, the 2004 Self-Sufficiency Standard for New York City showed that between 2000 and 2004, housing costs increased between 19 percent and 40 percent, depending on location and apartment size.<sup>2</sup> Across the State, the trend is similar. By 2003, nearly 80 percent of working poor families in New York were spending more than a third of their income on housing.<sup>3</sup>

The gradual rise in the cost of housing has forced many families receiving public assistance to use their basic grant to pay the additional rent that is not covered by the shelter allowance portion of their overall assistance. In some high-cost urban areas, where the cost of a simple one-bedroom apartment is as high as \$1,000 per month or more, even the combination of all sources of income and benefits is not nearly enough to pay the rent. This is a serious problem that imposes an enormous strain on our community-based agencies providing services to help meet families' emergency needs. Many of these organizations are already under-funded and overburdened by the demand for services. When families must use all of their available resources to pay for housing, they have nothing left to pay for other basic needs. This increases their risk of losing employment, becoming homeless, or living in a state of constant financial instability where they are denied any real opportunity to fully progress to economic security and independence.

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<sup>1</sup> McKinley, Jesse (May 11, 2006). "Housing Costs Change List of Top Areas for Poverty," *New York Times*.

<sup>2</sup> Pearce, Diana (November 2004). "The Self-Sufficiency Standard for the City of New York," Women's Center for Education and Career Advancement.

<sup>3</sup> (March 2006) "More Hard Times for New York's Working Families," Center for an Urban Future & Schuyler Center for Analysis and Advocacy.

## 2. Reduced Value of Basic Grant

Using the Basic Needs Budget Calculator established by the National Center for Children in Poverty, families on average need about twice the official poverty level to survive, which is approximately \$40,000 for a family of four.<sup>4</sup> In high-cost cities, the figure is even higher. Here, in New York City, the self-sufficiency wage for a family of four is estimated at \$50,000 a year, according to the 2004 Self-Sufficiency Standard. This means that a single parent with two children living in Queens who is working full-time at a minimum wage job (\$7.15 per hour) can only meet 34 percent of the family's basic expenses without work supports. For over 500,000 public assistance recipients in our State who receive a menial level of assistance equivalent to only 50 percent of FPL, this is a frightening reality.

Because the basic grant level has not been adjusted since 1990, the 55 percent rise in the rate of inflation that has occurred since then has had the worst impact on families receiving welfare. If the basic grant were adjusted to the rise in inflation, it would have increased from \$291 to \$540 per month for a family of three. When coupled with the fact that the federal poverty definition itself has not been modernized to reflect the actual costs of living, this economic marginalization distances families receiving public assistance even further from the opportunities they need to rise out of poverty.

In addition to the rise in the cost of living due to inflation, prices for many basic necessities have increased at an even greater rate. We have attached to our testimony a chart which shows the change in the average prices of basic consumer goods from 1990 to 2007. Numerous items have increased in price more than 100 percent in that time. Therefore, despite the existence of public benefit programs, families receiving government assistance are still often forced to choose between paying their rent or buying food and clothing.

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<sup>4</sup> (April 2007). "Measuring Income and Poverty in the United States," National Center for Children in Poverty.

### **3. Need to have Immediate Basic Needs met to Participate in Employment, Education and Training Programs**

Our attachment also demonstrates that in numerous states where the total welfare grant increased between 1996 and 2005, welfare caseloads experienced a greater decline than states that did not increase their welfare grant. This finding implies that families are more empowered to achieve long-term success in securing and maintaining employment at a sustainable wage when they are able to meet their immediate basic needs. While some have argued that investments in employment, education and training programs are a sufficient means to fighting poverty, the fact remains that individuals cannot take full advantage of these opportunities when they do not have the resources to afford stable housing, food, transportation, clothing, and other basic household needs.

The reduced value of the public assistance grant combined with mandatory participation in workfare activities that do not help recipients build marketable job skills makes it that much more difficult for them to rise above poverty. While families are receiving welfare, it is critical that they have access to education and training programs that will lead them on a career path to employment that pays a living wage. However, living in a constant state of financial insecurity makes it almost impossible to balance the demands of work, school, and family. Any unexpected incident, such as a family member's illness, the loss of a vital work support or child care provider, or breakdown in transportation, could result in economic crisis. For those assigned to subsidized employment, work experience programs, or other unpaid mandatory work activities, having enough to pay for basic needs is essential to overcome barriers to obtaining employment that pays a sustainable wage.

#### 4. Families with Children Trapped in Poverty

According to recent Census data, New York City's poverty rate for 2006 was 19.1 percent. This rate is far higher than the nation's poverty rate of 12.3 percent. For the City's single mother families, the facts are even more disturbing. In 2006, over 30 percent of all single mother families in New York City were poor. Furthermore, there continues to be a significant wage gap between men and women. At lower education levels, this gender wage gap is even wider. Throughout the U.S., women without a high school degree or GED earn only 59.8 percent of men's earnings.<sup>5</sup> These statistics provide further evidence that the "feminization of poverty" has not yet been eradicated. This could be due to the fact that many single mothers continue to face a double burden that makes escape from poverty so difficult to achieve. Lingering employment barriers still block low-income women from obtaining non-traditional work opportunities in male-dominated fields, such as construction and technology, where they can earn a higher wage. At the same time, the majority of single mothers still bear the primary responsibility for providing care for their children. For these women trapped in poverty, welfare benefits are a source of last resort that they rely upon for survival.

It is also important to remember that a significant proportion of individuals receiving public assistance are children. According to the most recent Office of Temporary and Disability Assistance (OTDA) statistics, nearly 308,000 children (approximately 57 percent of all recipients) were receiving public assistance in May 2007.<sup>6</sup> While their parents struggle to make ends meet, children often suffer the most harm from unsafe living conditions, improper nutrition, environmental pollutions, and poor health care. Given the other changes in economic conditions previously mentioned, it is even more crucial to consider the developmental needs of children in poverty. Forced to grow up in environments that deny

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<sup>5</sup> Income, Earnings and Poverty Data from the 2006 American Community Survey, U.S. Census Bureau.

<sup>6</sup> OTDA Temporary and Disability Assistance Statistics, May 2007.

them the enrichment and nurturing they need for healthy development, these children are even more likely to become disconnected from school and work as adolescents, increasing the likelihood of becoming welfare recipients as adults. Furthermore, the stress that parents face in being unable to provide for their children's basic needs places their children at greater risk of entering the foster care system, inevitably causing more disruption to their growth and development and to the family's overall well-being.

### **Conclusion:**

#### **Grant Increase Needed to Reduce Impact of Poverty on Society**

Poverty's toll is broader than its effect on individuals and families themselves. The impact of poverty on society as a whole, when examined within the context of our overall goals for promoting economic growth and mobility, can be devastating. New York continues to have the highest poverty rate of all the Northeastern and Midwestern states. Census data for 2005-06 showed that New York's poverty rate was 14.3 percent – the 12<sup>th</sup> highest poverty rate in the U.S. and well above the national average.<sup>7</sup> New York was also the only state in which both the poverty rate and the median household income surpassed the national average. The most recent Census data also showed that New York State and New York City still have the highest measures of income inequality in the country, which means the promise of economic mobility is not a reality for many families who strive to rise above poverty.<sup>8</sup>

When basic federal relief programs were first put in place through the Aid to Dependent Children program in 1935, Congress recognized society's responsibility to protect the family unit, and particularly children, from destitution. However, this emphasis has nearly

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<sup>7</sup> Mauro, Frank (August 28, 2007). News from the Fiscal Policy Institute, "Statement from Frank Mauro on the New Poverty Data Released Today by the U.S. Census Bureau."

<sup>8</sup> Roberts, Sam (August 29, 2007). "New York's Gap Between the Rich and Poor is Nation's Widest, Census Says," New York Times.

been eliminated by the enactment of federal welfare reform legislation which created the Temporary Assistance for Needy Families (TANF) program in 1996 and the more recent regulations issued in 2006 by the Department of Health & Human Services (HHS), which were required under the Deficit Reduction Act of 2005. The effect of these new policies has greatly reduced the federal government's role in providing assistance to those in need. Therefore, it is now completely up to the State to ensure that the needs of these vulnerable families in poverty are not ignored.

I hope that you will consider all of the critical factors we have presented today when evaluating the need to make a significant increase in the public assistance grant provided to our State's poorest residents receiving welfare. Thank you for the opportunity to testify today.