



Testimony of FPWA

Presented to:

2025 Oversight Hearing on the Impacts of Federal Budget Cuts

Hon. Chair Diana I. Ayala

Hon. Chair Mercedes Narcisse

Hon. Chair Lincoln Restler

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We are grateful to the members of the Council Committee on General Welfare, the Council Committee on Hospitals, and the Council Committee on Governmental Operations, State & Federal Legislation and to Chair Ayala, Chair Narcisse, and Chair Restler for the opportunity to provide testimony on behalf of FPWA (Federation of Protestant Welfare Agencies).

Background

FPWA is a leading anti-poverty, social policy and advocacy organization dedicated to strengthening human services organizations and faith institutions, and advancing economic opportunity and justice for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the structural and systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

FPWA has a membership network of more than 170 faith and community-based organizations. We support our members by offering workshops and trainings on topics such as leadership development, organizational management, and trauma-informed approaches to service delivery. FPWA provides a range of financial assistance grants through our member network, working to strengthen individuals and families at the ground level. These grants provide direct support to New Yorkers in the form of scholarships, financial assistance for aging adults, funding for organizations providing HIV/AIDS related services, and more.

Context

This oversight hearing comes at a critical time. According to [a recent Urban Institute report](#), 52% of American households are economically insecure today. This means that over half of all households in America struggle to meet their living costs and save for their futures. The story is even more bleak here in New York City, where this number rises to 62%.

As nearly two thirds of New Yorkers struggle financially to get and stay ahead, we know that our city will be particularly hard hit by federal funding cuts.

Families with the least resources will be hardest hit, but even those families with relatively high earnings are likely to be affected. The median New York City household with children faces annual costs of over \$165,000 but has only \$125,000 in resources.

Federal Funding Landscape

FPWA has long tracked the City's federal funding through our [NYC Funds Tracker](#). The NYC Funds Tracker is a data tool designed to shine a light on the fiscal workings of the city government, to help advocates, policy makers and community members fight for a budget that centers economic security for all New Yorkers. Its origins go back to the first Trump presidency in 2019, when we first launched the Federal Funds Tracker in light of expected federal cuts that would impact the city's human services sector. We see this tool as vital, as local communities once again brace for the impact of federal spending cuts and seek to find new solutions that overturn long-term underinvestment in communities. The NYC Funds Tracker promotes transparency by helping community members understand where the City's money comes from and where it goes. Budget transparency is more important than ever at this time when we find the City's funding under attack.

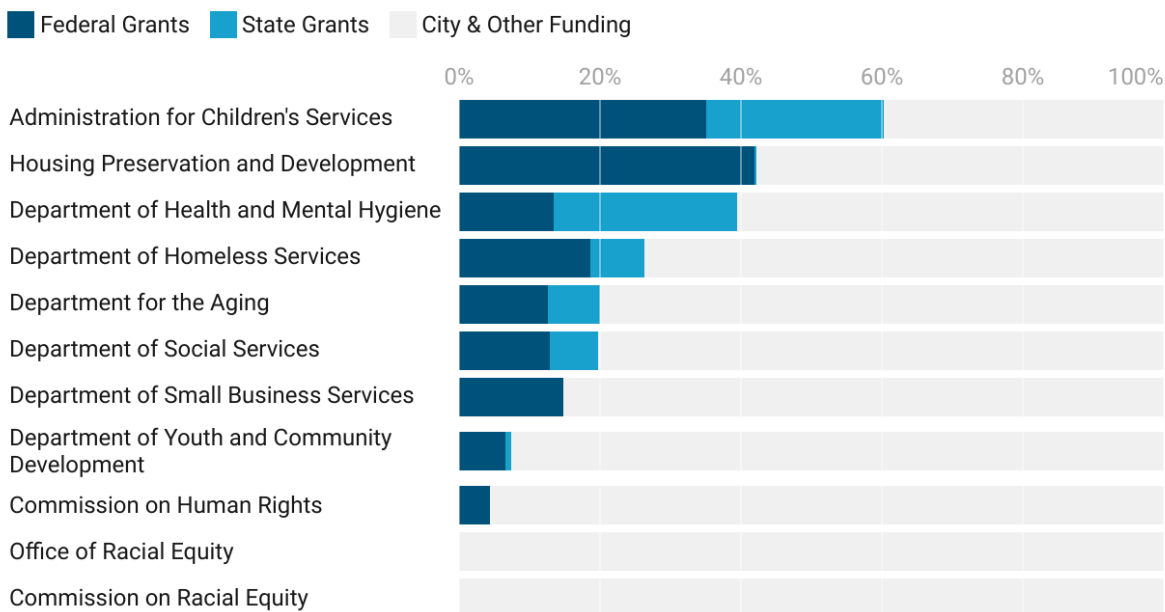
Through this work, we know that federal funding threats to the city aren't new, and that federal disinvestment in the city is occurring across multiple fronts.

- **Funding has already been declining over the past decade.** As tracked in our Funds Tracker, federal grants to the City fell by 15.2% between 2011 and 2019.
- **The City anticipates a further drop in grant funding this fiscal year**—\$1.9 billion less from the state and \$3.6 billion less from the federal government. This includes expiring pandemic funding.
- The recently passed federal budget reconciliation will **decrease federal funding even further**, through reduced support and cuts to programs like Medicaid and SNAP—coming on top of the elimination of over 7,700 housing vouchers.

Federal FY26 Budget negotiations are underway and may include further funding cuts.

Human services agencies are particularly vulnerable to the impact of federal cuts, with some agencies (e.g. ACS and HPD) relying on federal and state funds for over 40% of their budgets.

Federal and State Funding – Human Services Agencies



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Despite these fiscal constraints, we believe that the City has an obligation to prioritize the economic security of all New Yorkers. We recognize the need to be pragmatic in how the City tackles these constraints, including the need for potential cuts. With this reality, we call on the City to center budget equity¹ as it makes these decisions. It is not only a fiscal but moral imperative for the City to ensure that families can live today and plan for a future here in New York.

Impact of cuts

We know that new federal cuts to critical programs will only exacerbate the high rate of economic insecurity faced by New Yorkers. In FY25, the City received \$9.6 billion in federal revenue (8.3% of the City's budget) that is now at risk. Funding reductions will impact the City's operating budget and will have both direct and flow-on effects, including:

- Medicaid and Hospitals** – The federal budget reconciliation restricts New Yorkers' access to Medicaid by imposing work requirements, introducing burdensome paperwork requirements, and limiting enrollment eligibility. New York City Health + Hospitals (H+H), the City's public hospital system, is particularly threatened by these funding cuts. Over 70% of H+H patients rely on Medicaid or have no

¹ The Institute on Race, Power and Political Economy at the New School defines [budget equity](#) as the just and fair allocation of government resources to create the conditions for all residents to participate and thrive.

insurance. With fewer Medicaid patients, less government funding, and lower payment rates, H+H Hospitals, which already operate under narrow margins, will be at risk of closure and reduced services.

- **Food Assistance** – The federal government has launched a series of attacks on critical funding that helps ensure New Yorkers can meet their basic food needs. Changes in the latest federal budget reconciliation threaten SNAP benefits for the 1.8 million New York City residents who rely on the program to purchase food. These changes worsen the already burdensome SNAP eligibility requirements by extending work mandates and stripping access from many lawfully present immigrants. At the same time, the administration has frozen essential Emergency Food and Shelter (EFSP) grants – a vital source of funding for community and faith-based organizations, including those supported through FPWA’s citywide network. This funding freeze comes at a time when local food pantries and soup kitchens are already struggling to meet existing demand. The combined impact of these federal cuts will increase pressure on city-funded food assistance programs, while leaving them with fewer resources to serve their communities.
- **Tax changes and impacts on inequality** – The extension of TCJA and new tax provisions accelerate wealth inequality. Under the bill, [the average family earning less than \\$50,000 would get under \\$300 in tax cuts in 2027, while the average tax filer earning \\$1 million or more a year would receive about \\$90,000 in tax breaks](#). The federal budget includes one small win for a portion of working New Yorkers: it permanently increases the Child Tax Credit to \$2,200 per child. However, the law also requires one parent to have a Social Security Number to qualify for the credit. As a result, [226,000 children in New York State, the vast majority of whom are Citizens, will lose eligibility to the tax credit](#). Furthermore, the law fails to make the Child Tax Credit fully refundable. In 2021, full refundability allowed families with little or no income tax liability to receive the entire credit as a payment, [lifting 242,000 of New York’s children from poverty in the process](#). By failing to restore full refundability, these families receive only a partial amount, perpetuating an ongoing injustice: children who need the support most are denied full access to it.
- **Flow on effects to State funding** – The City receives about 17% of its budget from New York State which will also be constrained as a result of federal budget cuts. For example, historically, the cost of SNAP benefits has been fully funded by the federal government, with states and the federal government each covering 50% of the administrative cost. However, by as soon as FY 2028, the State will be required to cover up to 15% of SNAP benefit costs in addition to 75% of administrative costs. Together, these changes will cost New York State an estimated \$1.4 billion per year. Further, New York State’s budget is made up of approximately 40% Medicaid

funding and will subsequently be impacted by Medicaid cuts. All together, these cuts will impact New York State services provided to New York City residents, and the City's own budget through the flow on effects to State grants.

Again, all of this is before the impact of any cuts that may be forthcoming in the FY26 federal budget. While budget negotiations are still underway, current debates offer insight into lawmakers' priorities. For example, Members of a House education subcommittee voted to advance a FY26 budget bill that includes a [\\$3.5 billion cut in Title I formula grants to support low-income students](#).

Overall, we know that these cuts will have a real impact on the economic security of New Yorkers. The median economically insecure household already faces a resource gap of over \$42,500 between what they need and what they have each year. For many of these families, supports such as Medicaid and SNAP prevent this gap from being even bigger. According to Urban Institute's [True Cost of Economic Security](#) measure, if the median family was to lose access to SNAP and Medicaid this resource gap would double, to \$84,600.²

We also know that these cuts will disproportionately impact certain demographic groups, including families of color and low-wealth households. For example, Black and Latino/a households are twice as likely as White families to be food insecure and will be hard hit by cuts to SNAP. The Trump Administration's direct cuts to the private sector, jobs that have long provided a pathway to economic security for Black Americans, and policies that have slowed job growth in the private sector, are resulting in job loss. Historically, Black Americans have experienced unemployment rates at twice that of White workers, and the numbers today show a [surge in unemployment among Black workers](#). It is especially at moments of slack in the labor market that we need to ensure access to family-sustaining supports. Instead, the federal reductions are being sold as necessary to pay for tax cuts for the wealthy.

Taken together, we know that federal cuts, combined with additional tax benefits to the wealthy, will exacerbate existing inequalities and cause real suffering in our communities.

Recommendations

Thankfully, we still have time to prepare. As we look ahead, we call on the Mayor and the Council to reaffirm a commitment to avoid austerity and ensure that budget responses are

² The True Cost of Economic Security estimates that Medicaid and SNAP provide the median family with \$27,000 and \$14,600 in resources respectively.

equitable, and to use this time to reinforce vital human services programs, fight the cuts, and seek alternative sources of funding where appropriate. Specifically, the City should:

- **Support NYC's public hospitals to ensure continued operation.** NYC H+H will likely lose a significant portion of its revenue because of federal cuts. City funding may be required to fill gaps to ensure hospitals stay open.
- **Increase funding for food banks and other food service providers.** The loss of SNAP benefits will push many New Yorkers to rely on food banks for consistent meals. The City must ensure that food banks and other food provision services, including Community Food Connection, Groceries to Go, and the Food Retail Expansion Program to Support Health (FRESH), are fully funded ahead of a worsening food security crisis.
- **Support our immigrant communities.** Many of the provisions in the budget law unfairly strip healthcare, food assistance, and tax credits from lawfully residing immigrants. The City must continue to fight for all New Yorkers through local programs that provide additional food, health, and cash support.
- **Bolster infrastructure for processing benefits and supports.** The impending SNAP and Medicaid work requirements will increase administrative burdens, creating more barriers for eligible New Yorkers to access their benefits and care. The City should expand its capacity to process these requirements efficiently and assist residents in navigating them. It should also ensure that the state works to minimize the impact of new restrictions and does not itself increase burdens on participants. Doing so will help ensure that no one is left behind due to red tape.
- **Explore new sources of revenue, including working with Albany to ensure continued State funding for these critical programs.** The City will need to seek new funding sources, but the gap is not insurmountable. This includes both State and its own revenues.
 - **City revenue.** Opportunities to improve the progressivity and amount of revenue generated from the City's two largest taxes are available. [Options outlined by the NYC Comptroller's Office](#) include a suite of modest reforms that would raise the personal income tax rate for the top 1% of earners as well as provide for more equitable taxation of real estate, raising an additional \$1 billion in revenue. Ensuring its own revenue sources are stable, progressive, and growing, will help the City stabilize its budget and ensure it is less vulnerable to the whims of other levels of government. Shoring up its own revenue sources will also enable the City to invest in economic security.

- **State revenue** - SNAP and Medicaid funding flows through New York State. City leaders must call upon the State to ensure that SNAP remains fully funded, even in the face of higher costs.

The City can also increase transparency in its budgeting process so that all in the community can better prepare for any cuts. To this end we support the bill introduced by Council Member Restler to require the director of management and budget to submit a monthly report to the Mayor, the Speaker of the Council, and the chair of the relevant committee on the status of the City's federal funding. Of the things in the City's control, providing more budget transparency is one of the easiest ways the City can help the community be ready for the funding cuts ahead.

Conclusion - A call to focus on economic security

A city's budget should reflect the needs of its residents. Now, more than ever, the Administration must resist calls to implement austerity measures that reduce social services in response to federal funding constraints. The City should continue to fund the vital supports we need and seek to ensure economic security for all New Yorkers. It can do this by enhancing processes for access to cash assistance and SNAP, investing in the human services workforce, and providing funding for vital services that are losing federal money. When people have economic security, they can fully participate in society and the economy. This has flow on effects that will only improve the city's prosperity and its own tax revenues in the longer term.

It is true that the city is staring down potentially devastating budget cuts, but there are many levers inside its own control that it must fully use to prepare. Taking these steps outlined in our testimony would put New York on a path to ensuring economic security for all. The City still has time—and tools—to prepare.

We thank you for your time and attention to these critical issues, and FPWA looks forward to working with you to respond to the changing federal funding landscape.