

# A Harder Struggle, Fewer Opportunities: The Impact of the Governor's Proposed Budget on Women, Children and Families



A Fiscal Policy Institute Report

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*The Impact of the Governor's Proposed Budget on Women, Children and Families*

*The New York Women's Foundation ® (NYWF, [www.nywf.org](http://www.nywf.org)) was established in 1987 as a public philanthropy to be a voice for women and a force for change. We are a cross-cultural alliance of women catalyzing partnerships and leveraging human and financial capital to achieve sustained economic security and justice for women and girls. With fierce determination, we mobilize hearts, minds and resources to create an equitable and just future for women, families and communities in New York City.*

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## **Executive Summary**

While the Great Recession officially ended in June 2009, its effects are still widely felt throughout New York. Unemployment remains high and the outlook is for only a very gradual improvement, with slow economic growth depressing job growth in coming years. In this economic context, Governor Cuomo's proposed budget relies very heavily on spending cuts to close 90 percent of a projected \$10 billion budget gap.

These proposed cuts will intensify present hardships, particularly for women and children. Slashing spending on human services programs hits women and children especially hard as they are the principal beneficiaries of many state and state-supported programs. Cutting public sector employment takes money out of the state's economy, depressing spending in local communities while pushing more people into unemployment.

This budget eliminates proven programs that pay for themselves and reaps only short-term financial savings. By cutting services that reduce child abuse, assist domestic violence survivors, and improve educational and labor market outcomes, it ensures that the state will face even greater costs for years to come, both fiscally and socially.

Women's social and economic circumstances are distinct in many ways. They are more likely to live below the poverty line. They have a higher probability of being a low-wage worker, and, at various points along the wage spectrum, face a gender wage gap. They head the majority of single-parent families, and, in two-parent families, assume greater responsibility for child care and housework. With longer average life spans, they constitute a majority of the elderly.

Why is it necessary and important to look at a state budget through the lens of gender? In many instances, women and men face different economic and social circumstances. Yet policy approaches don't always take that reality into account. To effectively meet the needs and potential of a state's population, it is imperative to identify how the state's policies impact the constraints and opportunities its residents face. Such an assessment requires recognition of the realities of women's lives in the job market, the community, and the family.

Women and children are over-represented among the poor—77 percent of NYC's poor are children or adult women. The Governor's proposed budget cuts could increase poverty in two ways: (1) by destabilizing those already struggling; and (2) by reducing opportunities to move out of poverty.

The proposed budget cuts will take funding away from an array of vital programs that strengthen women's ability to support themselves and their families. Women and children would be hit across the board by the funding cuts for the Displaced Homemaker Program, targeted child care, transitional jobs, the Summer Youth Program, and after school programs. Further, sanctions against the family members of TANF enrollees and the postponement of the scheduled increase of the public assistance grant will increase hardships faced by poor New York families.

Other cuts jeopardize the health and safety of New York's women and their children. Proposed decreases in the areas of domestic violence response, resources for senior centers, aid in paying for prescription drugs, interventions for low-income mothers and their babies, rental assistance

for the homelessness, child welfare funding, child care subsidies, and support for adoption of special needs children will undermine some of the state's most vulnerable women and children.

The proposed cuts would not just make life more difficult for women and their families in the short-run. Just as importantly, they would place obstacles in the paths of women trying to improve their lives and those of their children. The budget calls for significant decreases in support for education at all levels—elementary, secondary, and post-secondary. Cuts to elementary and secondary education will especially hurt districts with large shares of poor students, including New York City. Meanwhile, ongoing reductions in support for CUNY and SUNY will make it harder for women—60 percent of CUNY students are women—to advance themselves academically and professionally. While offering, at best, only transitory budget relief, these cuts will weaken public education, the critical component of any state's long-term economic prosperity.

The proposed assembly and senate budgets move in the right direction in terms of moderating some of the proposed spending reductions. We sincerely hope that the governor and senate and assembly leaders will recognize the profound seriousness of the damaging spending cuts disproportionately affecting women and children that are noted in this report and further moderate those spending reductions. Our leaders should not rule out revenue actions, such as maintaining existing tax provisions, to lessen the overwhelming reliance on spending cuts and the disproportionate impact on poor families and individuals in order to balance the budget and mitigate the painful human tradeoffs in these troubling economic times. All New Yorkers will benefit.

## **Why a gender analysis of budget impacts?**

Governmental policies reveal how a society chooses to mediate between the economic and social needs of its population and the ability of families and communities to provide for their own well-being. Thus, a state's budget is the expression of the priorities and values of its people. And budgets impact differently on women and men because of different prevailing social and economic circumstances. Recognition of gender differences is essential if a state's policies are to effectively meet the needs and potential of its population.<sup>1</sup>

State budgets affect women's education, employment opportunities and incomes. Since women have a disproportionate share of family child-rearing and care-giving responsibilities, state policies touching on these areas will have a particular impact on women. One-parent families are disproportionately headed by women, and nearly half (45 percent) of New York's families are one-parent families headed by women. Women undertake the bulk of care-giving not only for children but also for the elderly and family members with disabilities. Women represent both the majority providing unpaid elder care and the majority receiving it. Cuts to human services shift a greater load onto women, forcing untenable choices between the demands of job and family. This report looks at the impact on women, children and families of the proposed 2011-2012 New York State Executive budget.

In particular, the report examines budget changes that affect: (1) policies helping women to move out of poverty, (2) programs supporting children and families, and (3) services supporting older women. The focus is primarily on the impact of the proposed state Executive Budget on women and children in New York City.

## **Introduction**

In New York, as in all states, the Great Recession of 2008-2009 depressed state revenues at the same time that increased economic hardship heightened the need for public services. The federal American Recovery and Reinvestment Act provided \$5-6 billion in fiscal relief to New York in each of the last two budget years that helped close substantial state budget gaps. Despite the persistence of significant state budget problems in almost every state across the country, however, federal fiscal relief is currently winding down. The recession officially ended in mid-2009, but it is well known that economic growth has been much slower than in most previous recovery periods, and that unemployment has come down only slightly from the 10 percent level.

New York State revenues are starting to rebound slowly, but there is a very substantial gap in the state budget. Governor Andrew Cuomo has proposed relying on spending cuts to close nearly 90 percent of the projected gap. The Governor's amended proposed Executive Budget for the 2011-2012 state fiscal year closes a \$10 billion current services budget gap with \$8.9 billion in spending cuts, \$800 million in non-recurring resources, and only \$340 million in revenue enhancements.

The severity of the Great Recession and its aftermath has increased economic needs. Overall unemployment hovers around nine percent in New York City and has receded slightly in recent months only because people have stopped looking for work. The slow pace of job recovery likely will keep New York City's unemployment rate elevated for at least the next two to three years. Over half of unemployed women in New York City have been without jobs for more than six months.

The persistence of high poverty in New York and around the country remains a pressing societal challenge. Poverty is in large part a women's issue. Seventy seven percent of New Yorkers living in poverty in 2009 were adult women or children. Two thirds of New York City's poor families were headed by women. Forty five percent of New York City families with children are one-parent families headed by females, and 42 percent of those families have incomes below the federal poverty threshold. Poverty increased sharply in New York State in 2009, and in New York City, an estimated 100,000 more persons fell into "deep poverty," considered to be incomes below fifty percent of the poverty threshold.<sup>2</sup> Despite the protections afforded by Social Security and Medicare, elder poverty is very high. In New York City, 22 percent of women 75 years of age and older lived in poverty in 2009.

The recession and its aftermath have caused considerable economic hardship. Food stamp rolls increased by 625,000 (55 percent) in New York City since the recession began to the point that 20 percent of all City residents are now enrolled in the program. The number of city residents enrolled in Medicaid has increased at a slower rate since this recession started, but now one out of every three city residents participates in Medicaid, and almost half (46 percent) of New York City children receive health care through Medicaid. Homelessness is at record levels in New York City with 38,000 people nightly, including 15,000 children, in the city's shelter system. Shelter demand among unaccompanied homeless women has been steadily rising.

Beyond the particulars of the recession and recovery, women face great challenges in pursuing economic independence, challenges that are compounded by the threat of significant state budget cuts. Women and children are the main beneficiaries of a wide range of public education, health and social service programs, and are disproportionately represented among public school teachers and support staff. Nearly four in ten women workers are in low-wage jobs (those paying less than \$13.50 an hour), and women overall still face a sizable gender wage gap in New York City. Median wages for white women are 88 percent of white men, and median wages for women of color are 90 percent of those for men of color. Women represent the overwhelming majority of the social service workforce, a sector where pay averages about \$30,000 a year. Three out of every four employees in the local schools in New York State are women, and decent paying teaching and other public sector jobs represent an important foothold in the middle class for many women. Higher education has been the surest route for women and men of color to improve their earnings. Sixty percent of CUNY students are female.

New York's leaders need to be particularly mindful of what is occurring at the federal level. New York State is proposing to cut state spending in many education, health and human service areas that will disproportionately hurt women and children at the same time that the U.S. House of Representatives is determined to slash funding in many of these same areas.<sup>3</sup>

Steep federal and state budget cuts will worsen the precarious New York economy and add to the adversities experienced by hundreds of thousands of low-income New Yorkers, particularly women and children and particularly among communities of color.

New York State receives an annual TANF block grant of \$2.4 billion from the federal government and can use the excess over the amount needed to fund direct TANF benefits for supportive services such as child care, transportation to work or skills training. Under welfare reform, the number of temporary assistance recipients in New York City has declined by 700,000—two thirds—since 1996.

Temporary Assistance is clearly falling short of the need in the current economic downturn, with fewer than half of those eligible now receiving support. It is striking evidence of the program's shortcomings that New York City's temporary assistance rolls have not budged in the Great Recession even as unemployment rose and hardships mounted. Unemployment in New York doubled between early 2007 and early 2010, yet the number of New York City residents receiving temporary assistance remained the same. This was the period when the number of city residents receiving food stamps shot up by 55 percent and a time when New York's poverty rate rose from 20.1 percent to 21.3 percent.<sup>4</sup>

In New York, families receiving federally-funded temporary assistance have on average 1.8 children. Among adults receiving federally-funded temporary assistance, 88 percent are women, and 80 percent of all recipients are black, Hispanic or from other communities of color.

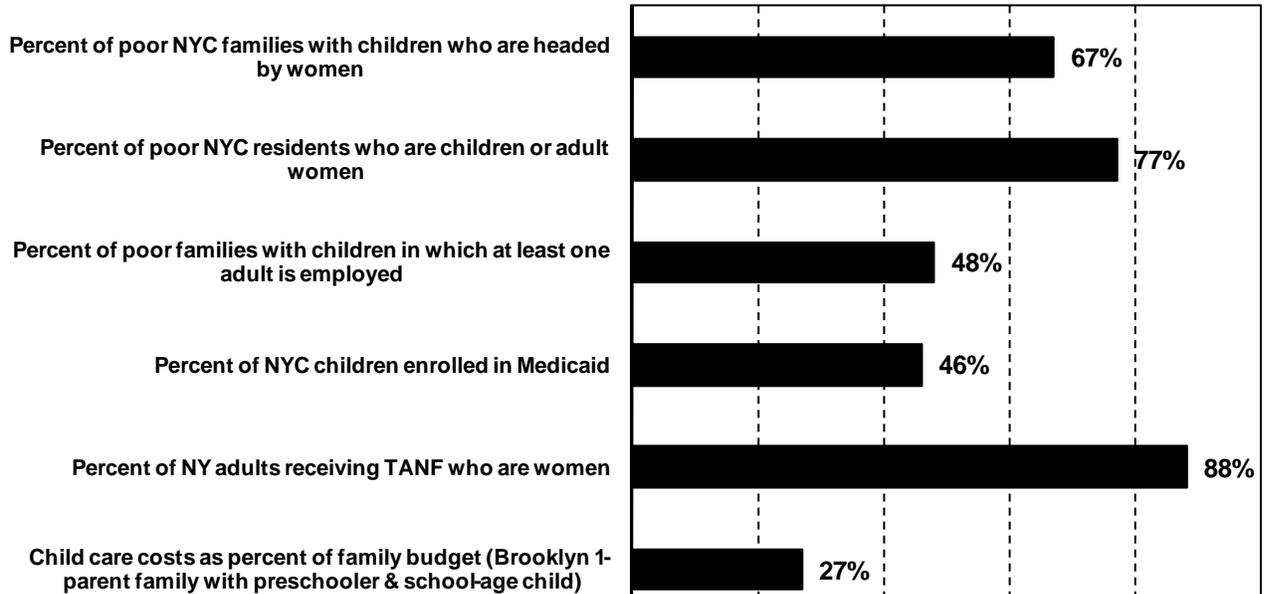
Under the American Recovery and Reinvestment Act (ARRA), New York received \$723 million in TANF Emergency Contingency Funds (ECF) in 2009 and 2010, with \$249 million of that allocation used to fund various supportive services for low-income families, such as a one-time back-to-school payment in August 2009 and new transitional employment programs.

In recent years, TANF funds have made possible, or contributed significantly, to many programs, such as subsidized child care, transportation support, transitional employment, and wage subsidies that have been critical in supporting work or participation in training or education on the part of temporary assistance recipients.

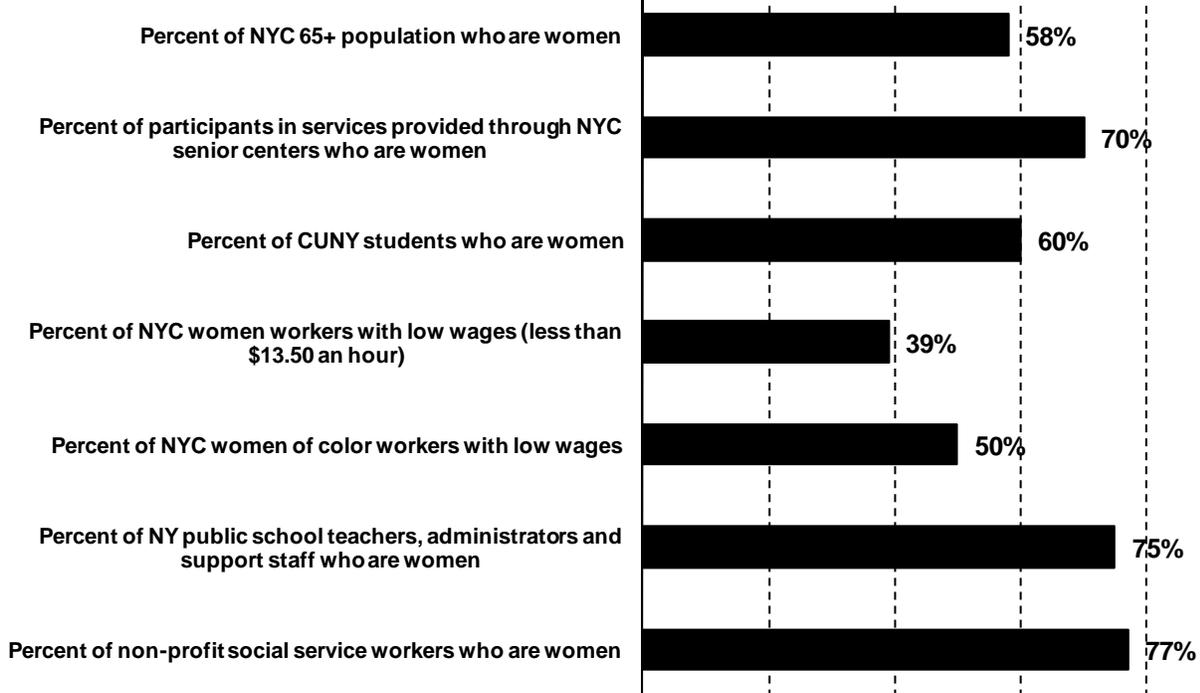
Financial assistance to needy families is a critical budget issue with important long-term as well as short-term ramifications. Recent research indicates that when children experience poverty early in life, it is particularly harmful since crucial brain and neural development at this time affects cognitive, social, emotional and health outcomes in the future. There is now compelling evidence that lower levels of income actually *cause* poorer outcomes; therefore, if incomes in needy families decrease we can predict with significant certainty that young children's achievement will, on average, be worse than without the loss of income. Conversely, an improvement in achievement occurs because of increases in family employment *and* income, not employment alone.<sup>5</sup> Thus, while policies that reduce poor families' income may result in immediate short-term budget savings, such actions are likely to result in greater costs in the future and will set back current efforts to support women and families' move out of poverty.

## The context of the NYS budget impact on women & children

### Families and poverty



### Women: seniors, students and workers



Sources: Current Population Survey; American Community Survey; administrative data; Council of Senior Centers and Services; and 2010 NYC Self-Sufficiency Standard.

## **I. Helping Women Move Out of Poverty**

### **A. Cuts in programs that had been funded with TANF monies**

The Governor's proposed Executive Budget **zeroes out funding** in a number of areas that have received TANF monies in recent years.

- *Displaced Homemakers*

The Executive Budget proposes the complete elimination of funding for New York's Displaced Homemaker Program created over 30 years ago to provide support to women who have lost their primary means of income due to divorce, separation, death or abandonment, or a spouse who has become 'dislocated' or disabled. This program provides resources for workforce development and training. According to its sponsors, the Displaced Homemaker Program: 1) returns \$14 to New York State for every one dollar invested; 2) results in the gainful employment of over 1,300 women in 2010 generating \$28 to \$35 million in wages; and 3) has enabled 889 women to leave public assistance resulting in approximately \$4.6 million in savings.<sup>6</sup> With the exception of an increase due to ARRA funding in the last state fiscal year, funding for this program has steadily decreased from over \$6 million in 2000-2001 to \$2.7 million in the current state fiscal year. TANF funding for displaced homemakers declined from \$5.6 million in 2009-2010, to \$1.6 million in 2010-2011. Complete elimination is proposed in the 2011-2012 Executive Budget.

- *Targeted child care programs*

In the coming budget year, New York will lose \$48 million in federal child care funding provided through ARRA, a loss that could result in the elimination of full-time year-round care for more than 6,000 children. Also, Governor Cuomo proposes to eliminate \$7 million in TANF funding for child care demonstration projects providing subsidies to working families and child care funding to support low-income students enrolled in a two-year college program at SUNY and CUNY institutions. This figure is already down from \$16 million in 2009-2010, a time when child care support for migrant workers was included. Such cuts will considerably complicate the efforts of low-income parents to achieve or maintain economic security.

- *Transitional jobs programs, career pathways and wage subsidies*

Using a combination of TANF block grant and contingency funds, the state allocated \$39 million in funds for these programs in state fiscal year 2009-2010. This funding was reduced to \$14 million in the 2010-2011 year, and is slated for total elimination in the upcoming 2011-2012 budget year. Funding for the new Transitional Jobs program alone allowed 35 local social services districts to operate subsidized employment programs for the first time and resulted in over 4,000 new jobs created in both the private and public sectors. The majority of participants in the transitional

jobs programs were women; recipients had to be eligible for TANF-funded assistance and with dependent children.

- *Summer Youth Employment Program*

The Summer Youth Program (SYP) provides valuable work experience and a modest stipend to contribute to the support of low-income families. In 2009-2010, the state allocated \$35 million in TANF funding for SYP. This was reduced to \$15.5 million for 2010-2011, and zeroed out entirely in the proposed 2011-2012 budget for a loss of approximately 6,000 summer jobs in New York City and 11,000 statewide. Early paid employment has been shown to be extremely important in determining labor market outcomes later in life, especially for individuals who do not pursue four-year degrees.<sup>7</sup> Eliminating employment opportunities for youths represents a penny wise, pound foolish approach that simply shifts costs into other areas and decreases potential revenue from future taxpayers.

- *After School programs*

The \$5 million reduction in TANF funding for the Advantage After School program would reduce after school care by 5,000 slots statewide. Since schools end their day two to three hours before many parents are able to leave work, this puts parents, especially women who tend to shoulder the largest share of childcare responsibilities, in the difficult position of leaving their children unsupervised during this time or paying for child care out of very tight family budgets.<sup>8</sup> This program helps children to increase academic performance and keeps them safe.

## **B. Full family sanctions**

The Executive Budget for 2011-2012 proposes to withhold from October 1, 2011 through September 30, 2013 the public assistance grant for all members of a family if any member fails to comply with federal TANF employment requirements. Currently, sanctions for failing to meet such requirements apply only to the member of the family who fails to comply. The current approach insures the provision of a basic subsistence allowance to the children in the family.

Research shows that applying stronger penalties such as full family sanctions does not result in greater participation in required activities. This proposal seems particularly ill-timed given the extremely high child poverty rates in New York City (27 percent) and in the state's other largest cities (24 to 47 percent). Neither the projected savings to the state (\$7 million) nor the mixed results of full family sanctions in other jurisdictions justify the impact on poor children and the potential costs to the state treasury and to the state's economy over the long term.

## **C. Postponing the third year of the public assistance grant increase**

Until June 2009, the public assistance grant had not been raised or adjusted for inflation since 1990, so the effective value was far lower than it had been in nearly two decades. In 2009, Governor Paterson and the legislature agreed to a three step increase in the grant, to begin to

make up for this erosion in its value. Governor Cuomo is proposing to delay by one year the third and final phase of the public assistance grant increase, which had been scheduled to raise the monthly grant by 10 percent on July 1, 2011. This would reduce benefit costs in the proposed budget by \$56 million. However, this delay will keep the grant at about 70 percent of its 1990 purchasing power, hurting families and slowing the economic recovery since aid recipients would undoubtedly increase spending in their communities in response to an increased grant. The non-shelter basic allowance portion of the public assistance grant currently provides a clearly inadequate \$300 monthly for a three-person family (one parent and two children).

## **II. Healthy, Safe and Secure Families**

### **A. Cutting non-residential domestic violence services**

Among the TANF funding areas eliminated in the proposed executive state budget is funding for domestic violence non-residential services. Funding was reduced by more than half from \$3 million to \$1.45 million in the current budget, and it is targeted for total elimination in the coming year's budget at a time when there has been a significant recession-related increase in domestic violence. This funding has been used by 13 organizations in New York City to provide life-saving legal, linguistic and social services to thousands of domestic violence victims each month.

New York City has no commitment to make up for reduced state funding in this area. Cutting these modest funds for non-residential services will end up costing the state and the city much more in other areas, including in emergency room visits, law enforcement, and criminal court prosecution. Domestic violence non-residential services save women's lives. Further, they help reduce the need for shelter placement, which costs more than \$27,000 a year per family in New York City. According to the National Network to End Domestic Violence, 85 percent of the New York State service providers reported a rise in the demand for services in 2010, while 74 percent of programs reported a decrease in funding.

### **B. De-funding 105 New York City senior centers**

The proposed Executive Budget restricts the use of federal Title XX Social Services Block Grant funding to mandated services. This change eliminates \$25 million in funding for 105 senior centers in New York City serving nearly 10,000 seniors. For the past 35 years, the City of New York has been able to use Title XX funds for both mandated costs, such as child welfare services, and discretionary spending, such as for senior centers. Were these senior centers to close, the existence of many of the sponsoring organizations would be jeopardized.

Women represent 70 percent of the participants in services provided through senior centers. According to the Council of Senior Centers and Services, the typical senior center participant is female, 77 years old, widowed or living alone. Sixty to seventy percent are living on a fixed income that leaves them below the poverty line.

**C. Reduced funding for Nurse-Family Partnerships**

The Nurse-Family Partnership (NFP) home visiting program provides in-home visits to low-income first-time mothers and their children in order to improve pregnancy outcomes and child health and development with preventive care. It also supports these mothers in providing competent parenting and helps them plan any future pregnancies along with continuation of their studies and employment. The Nurse-Family Partnership program had received some funding through the TANF Contingency Fund and Emergency Contingency Fund at \$5 million in 2009-2010 but that was reduced to \$2 million in 2010-2011. No TANF funding is proposed for the upcoming state fiscal year. By the end of 2010, over 1,000 women received such services and 110 had graduated from school.<sup>9</sup> Rigorous research has shown that NFP reduces child abuse by half and saves state and local governments multiples of its cost.<sup>10</sup> It is not clear if localities will continue this program under the new Primary Prevention Incentive Program discretionary block grant since overall funding for child welfare services is being sharply reduced.

**D. New York City homelessness funding sharply reduced**

The governor's proposed budget eliminates funding for the Work Advantage Program administered by the City's Department of Homeless Services, a move that saves the state \$35 million but that also triggers a loss of Federal matching monies. The program conditions the provision of rental assistance on a minimum of 20 hours of work a week. While the City Council and homeless advocates have been critical of the program for not effectively enabling homeless families to secure permanent housing, it is currently the city's sole rental assistance program for single adults and families transitioning out of the shelter system. Without this or a significant replacement program, homelessness will increase. The governor's proposed state budget also completely eliminates TANF funding for three homelessness programs that had received \$12 million in federal funds in the state fiscal year 2009-2010 budget, and that had been reduced to \$3.6 million in the current 2010-2011 budget.

**E. Putting child welfare funding and other supportive services into a block grant**

The Executive Budget's creation of a new competitive block grant—Primary Prevention Incentive Program—in order to fund a range of preventive programs for at-risk children, youth, and families, would cut overall state funding by more than one half, from almost \$85 million in 2010-2011 to a proposed \$35 million in 2011-2012 and would require localities to match it at a 38 percent share. Among the programs whose funding would be sharply reduced are Community Optional Preventive Services (COPS), Youth Development and Delinquency Prevention, and the Healthy Families New York Home Visiting Program. Such a change would result in troubled children and youth having less access to community-based programs that prevent juvenile delinquency and unnecessary foster care placements. It would also provide less funding for home visiting programs that effectively reduce child abuse, teen pregnancy, and low-weight births and that increase school readiness, graduation rates and household earnings. These budget cuts will cost the state and its residents much more in the long term than the savings reaped from curtailing these services.

## **F. Child care subsidies not increased to keep up with need**

Child care is an essential support for low-income parents as they strive to achieve economic security through education, training and work. Child care often represents the largest part of a family's expenses, especially when children are young and as family size increases. According to the New York State Office of Children and Family Services, market rate child care costs for a preschooler in New York City in 2009 were \$933 a month, or \$11,196 annually. This is prohibitive for the working poor, whose ranks have climbed significantly over the past two decades as wages in the bottom half of the labor market have stagnated or fallen for most workers. In nearly half (48 percent) of New York City families below the poverty level in 2009, at least one adult family member worked, in many cases full-time, year-round.

The New York State Child Care Block Grant totals approximately \$1 billion and is made up of federal Child Care and Development Fund or Block Grant (CCDBG) funding, transfers from the federal TANF block grant, matching state funds and any additional local funds. After adjusting for inflation, child care funding has decreased by over 30 percent since 2003 from a high of \$1.2 billion to just under \$850 million in 2009, going down by \$124 million in just one year from 2008 to 2009. The number of child care slots statewide has gone down also from 140,000 children served each month in 2004 to 120,700 in 2009.<sup>11</sup> This trend would leave the monthly number of children served at close to 110,000 in 2012.

In New York City, subsidized child care is available to only one in every four children who are eligible. New York City funds child care for public assistance and other low-income families through a mix of city, state and federal funds. The number of children—from both public assistance and non-public assistance families—receiving subsidized child care in the city dropped from 116,000 in 2006 to 102,000 in 2010, a decline of 12 percent. The number of subsidized child care slots for children from low-income families not receiving public assistance has dropped by 16 percent from a peak in 2002 of 60,800 to 50,800 in 2010.<sup>12</sup>

## **G. Higher co-pays for Medicaid fee-for-services**

Among the recommendations from the Medicaid Redesign Team (MRT) is a proposal to increase or establish new co-payments required for various services in Family and Child Health Plus and Medicaid fee-for-service items. Because the proposed language on co-payments in Child Health Plus is very broad, it gives the Department of Health wide discretion in deciding which services would be affected and the amounts charged. Federal law does limit the scope of this discretion. For example, there will be no co-pays on well-child visits or immunizations and, similar to Medicaid, there will be a total annual cap on co-pays of \$300, with those who cannot afford their co-pay not being turned away. Health care services that would be subject to co-pays include provision of eye glasses, eye exams, dental services, audiology, physician services, nurse practitioner services, occupational therapy, physical therapy and speech therapy.

Another MRT recommendation involves the elimination of "spousal refusal" that currently allows a healthy spouse to keep enough of a couple's combined income and resources to meet his/her living expenses when the other spouse becomes institutionalized or requires expensive home health care. Since women tend to outlive their male spouses, eliminating spousal refusal

will disproportionately affect women. Other MRT recommendations include restrictions on long-term care services that could shift long-term care usage from community settings to institutional settings, and a global cap on increases in Medicaid spending that, depending on its implementation, could unduly restrict access to needed services for low-income women and families.

#### **H. Limiting Elderly Pharmaceutical Insurance Coverage (EPIC)**

New York's EPIC is the largest state pharmaceutical assistance program in the nation, with over 300,000 low- and moderate-income seniors enrolled. Eighty thousand New York City seniors benefit from the program with the average EPIC participant being 80 years old. Since women account for 58 percent of all seniors in New York City, women are disproportionately dependent on the EPIC program. By providing additional coverage, EPIC helps seniors pay for the premiums, deductibles, and co-payments required by Medicare Part D or their primary drug plan. Many seniors enroll in EPIC because they cannot afford to continue taking their medication, and they benefit from EPIC's facilitated enrollment in a Medicare Part D coverage plan.

The governor's proposed \$58 million reduction means that EPIC would only help with costs associated with the Medicare Part D coverage gap and not with other current supportive services such as enrolling in a Part D plan; helping to pay for Part D premiums, deductibles, and co-pays; and providing temporary coverage for individuals when their plan denies coverage for Part D drugs or as they wait to get into Medicare Part D.

Since the state's funding cut will not be offset by the federal government, seniors themselves will be forced to pay higher out of pocket costs for their prescriptions. Approximately 200,000 EPIC seniors (more than two thirds of the current total EPIC population) would be removed from this program, including those who do not yet qualify for Medicare Part D and those who have Part D but are not poor enough to be eligible for the available Low Income Subsidy (restricted to those with incomes below 150 percent of the federal poverty level). According to the Empire Justice Center, "These additional costs could run anywhere from a few hundred to several thousand dollars per year, depending on the senior's individual circumstances and drug utilization."<sup>13</sup> For those seniors on fixed incomes who cannot afford these additional costs and who may reduce or stop taking medications, the long term consequences may be more costly to the state than the \$58 million it will save in the upcoming fiscal year from enacting these proposed measures.

#### **I. Shifting costs for adoption subsidies for children with special needs to New York City**

The proposed Executive Budget includes a \$45 million reduction in the state's share of adoption subsidies for 30,000 New York City families receiving a Federal and State mandated subsidy for adopting special needs and hard to place children. This action does not discontinue the program but shifts a \$45 million mandate to New York City.

### **III. Education and Opportunity**

#### **A. Cutting foundation school aid**

Under the proposed Executive Budget, state aid to public elementary and secondary schools education is being cut for the third year in a row. About 80 percent of the \$2.8 billion local school aid cut will occur in “foundation aid.” In response to the Campaign for Fiscal Equity case, the state instituted the “foundation aid” formula in 2007 as the primary mechanism to ensure that, over a multi-year phase-in period, the state’s neediest school districts received sufficient state aid to provide a sound basic education. Cutting state foundation aid provided to local school districts disproportionately hurts school systems, like New York City’s and those in upstate cities and rural communities with high proportions of needy students.

Since the end of the 2008-2009 school year, local public elementary and secondary schools have reduced their teaching and support staffs by almost 13,000. If the proposed \$2.8 billion in school cuts are approved in the upcoming budget, school districts serving many needy students will see several thousand more teachers and support staff laid off, with the result that class sizes will increase, course offerings will be more limited, and fewer support services will be available. In addition, since 75 percent of professional public school staff members (administration, teachers, and support staff) are women, any cuts that result in layoffs will disproportionately affect the jobs of women compared to men.

According to Mayor Bloomberg’s Preliminary Executive Budget for city fiscal year 2012, state aid to the New York City school system is being reduced by \$1.442 billion in the governor’s proposed Executive Budget. This state reduction includes \$1.008 billion in education aid levels and \$434 million as a result of the elimination of foundation aid increases scheduled under current law. While Mayor Bloomberg offset part of this reduction in his Preliminary Executive Budget, his budget proposal calls for reducing 6,100 teaching positions.

#### **B. Another year of cuts for SUNY and CUNY**

The proposed Executive Budget reduces direct state aid to CUNY and SUNY by 10 percent compared to 2010-2011 spending and translates into cuts of \$213 million for four-year colleges and \$47 million for two-year colleges. Since the recession began three years ago, enrollments have increased 10 percent at SUNY and 14 percent at CUNY. Funding constraints forced both systems to limit enrollment growth this academic year. This latest round of reductions comes on top of reductions in aid per full time equivalent student over the past three years that total 10 percent at four-year colleges, and 13 percent at two-year colleges.

In addition, the proposed budget continues the restrictions put in place last year on eligibility standards for the Tuition Assistance Program (TAP), with the result that TAP’s increase will be only half of what had been projected as needed.

Higher education has been the surest route for women to overcome the historic gender earnings disadvantage they have experienced. During the last academic year, almost 390,000 women were pursuing public higher education at SUNY and CUNY institutions. Women are 55 percent of

SUNY students, and 60 percent of CUNY students, a ratio that pertains to both CUNY community colleges and CUNY senior colleges. There were 133,400 women enrolled in CUNY last year, and the 60 percent female share at CUNY exceeds the 56 percent female share of college enrollments nationwide.

### **C. Elimination of the 1.2 percent human services Cost-of-Living Adjustment**

The Executive Budget proposes to save \$61 million by eliminating the 2011-2012 1.2 percent cost-of-living adjustment (COLA) for human services in public health (\$6 million), mental hygiene (\$42 million) and child welfare programs (\$13 million.) The COLA would have gone to agencies providing services under state contract and could have been used flexibly for a range of costs including salaries, fringe benefits or non-personnel costs. The intent is to help non-profit providers to retain and attract qualified staff. Such COLAs have often been postponed despite the low average wages paid to this workforce. In New York City, 77 percent of non-profit sector social service workers are women, and 79 percent are people of color.<sup>14</sup> In 2009, the average annual wage for social service workers in New York City was about \$30,000, according to the State Labor Department.

The Executive Budget also proposes an increase from \$5 to \$60 for employment clearances required of child care workers and other employees who wish to work in agencies that serve children. Because annual salaries for child care workers may start as low as \$16,000 and such clearances are required every two years, these requirements place unreasonable cost burdens on underpaid workers who are overwhelmingly female.

### **D. Reductions in state government workforce**

The proposed Executive Budget could result in the layoff of up to 9,800 state agency employees with an additional net reduction through attrition of 1,623 workers for a total reduction of 11,423 state government employees—six percent of the total. Women comprise half of state agency employees; the exact impact depends on the outcome of negotiations with state employee unions and on decisions regarding the closure of state facilities. On top of that, the reduction in funding for the SUNY hospital system could result in 2,700 layoffs. According to the state labor department, state government employment already has declined by 7,400 over the past year.

## **Conclusion and Recommendations**

The Great Recession has not ended for most New York families, and the outlook is for only a very gradual improvement. In this context, joblessness is expected to stay unusually high and tens of thousands of New Yorkers, both women and men, can be expected to experience protracted periods without jobs. Adversity remains widespread and many families will continue to need assistance in meeting basic childcare, shelter, food, and healthcare needs. Steep budget cuts as proposed in the governor's Executive Budget jeopardize the outlook for economic improvement for many New Yorkers, particularly for low-income women and their families. It is profoundly distressing to see the severity of these impacts in so many areas affecting the overall well-being of so many women and children in need.

The impact of cuts as proposed in the governor's budget could increase poverty in two ways: (1) by destabilizing those already struggling; and (2) by reducing opportunities to move out of poverty. Also, the proposed budget cuts offer, at best, only transitory budget relief. By removing essential support services, individual and family well-being and social problems likely will worsen, increasing the need for greater and more costly government interventions in the longer run. Examples abound of human service budget cuts that are penny wise and pound foolish.

To foster, rather than weaken, New York's very tentative economic recovery, it is essential that New York continue to invest in the programs and services that support the re-integration or maintenance of those most adversely affected by the economic downturn. State government needs to support low-wage earners and families and the middle class alike in maintaining jobs, regaining employment, accessing temporary supports, and enhancing their education attainment and broader economic opportunities. Substantial state budget cuts in this precarious economy will slow, not speed, the pace of recovery.

The role of women as providers for their families is frequently underestimated or undervalued. The recession exposed the disadvantages, for all, of women's persistent lower wages as economic sectors predominantly occupied by men—like construction, manufacturing and wholesale trade—were hardest hit by job losses and families relied on women earners for their support. Many of the proposed budget cuts disproportionately affect single mother heads of households and women holding lower-paid jobs in the non-profit social services sector or working as teachers or in state government.

The proposed assembly and senate budgets move in the right direction in terms of moderating some of the proposed spending reductions. We sincerely hope that the governor and senate and assembly leaders will recognize the profound seriousness of the damaging spending cuts disproportionately affecting women and children that are noted in this report and further moderate those spending reductions. Our leaders should not rule out revenue actions, such as maintaining existing tax provisions, to lessen the overwhelming reliance on spending cuts and the disproportionate impact on poor families and individuals in order to balance the budget and mitigate the painful human tradeoffs in these troubling economic times. All New Yorkers will benefit.

## Endnotes

<sup>1</sup> Gender budget analysis was first pursued in Australia and in 1995, the United Nations' World Conference on Women formally called on all governments to adjust their budgets to ensure equal access to public expenditures. Gender budgeting has been written about by the World Bank, the International Monetary Fund, and the OECD. Among Western nations, the United Kingdom is taking the lead in gender budgeting.

<sup>2</sup> Child poverty rates in the upstate cities are as follows: Albany, 24.6%; Buffalo, 45.7%; Rochester, 46.5%; and Syracuse, 45.3%.

<sup>3</sup> See the March 9, 2011, statement by the Children's Leadership Council, a coalition of 57 leading American child, youth and family organizations. The Council statement provides a breakdown by program area and state impact of cuts detailed in the U.S. House-passed Continuing Resolution. The Council concluded: "Millions of American babies, children and youths will be sicker, hungrier, colder, less prepared to succeed in school, more likely to miss out on college, and harder pressed to find gainful employment if Congress embraces the Continuing Resolution budget cuts." <http://childrensleadershipcouncil.org/sites/childrensleadershipcouncil.org/files/pressrelease.pdf>.

<sup>4</sup> Many unemployed low-wage workers do not receive unemployment insurance (UI) benefits. Overall, only one in four unemployed New York City residents received UI in 2010; UI replaces only half of the recipient's wages up to a maximum weekly benefit of \$405, a maximum that has not been raised in 12 years even though the cost of living has increased by 36 percent over that time.

<sup>5</sup> Duncan, Greg J., and Katherine Magnuson, "The Long Reach of Early Childhood Poverty" in *Pathways* (Winter 2011). [www.stanford.edu/group/scspi/media/pdf/pathways/winter\\_2011/PathwaysWinter11\\_Duncan.pdf](http://www.stanford.edu/group/scspi/media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf).

<sup>6</sup> Moran, Eleanor. Displaced Homemaker Program, *Testimony: NYS Displaced Homemaker Program*, March 1, 2011.

<sup>7</sup> Sum, Andrew M. "Leaving Workers Behind." National League of Cities Institute for Youth, Education, and Families, 2003. [www.nlc.org/ASSETS/.../iyefdyleavingwork.pdf](http://www.nlc.org/ASSETS/.../iyefdyleavingwork.pdf).

<sup>8</sup> Child care can represent the largest component of a family's budget. *The Self-Sufficiency Standard for New York City* (published by the Women's Center for Education and Career Advancement), for example, estimates that child care costs account for 27 percent (\$1421) of the budget needed to meet basic needs for an adult with one preschooler and one school-age child in Brooklyn (\$5264). This exceeds the 24 percent share required for housing costs (\$1263). Pearce, Diana M., *The Self-Sufficiency Standard for New York City 2010*, New York: Women's Center for Education and Career Advancement and Wider Opportunities for Women, June 2010. <http://www.wceca.org/sufficiency.html#standard>.

<sup>9</sup> Office of Temporary and Disability Assistance, Performance and Accountability Matrix: Nurse Family Partnership Program at <http://otda.ny.gov/main/resources/accountability/2009-2010-NFP-Matrix.asp>.

<sup>10</sup> See Nurse-Family Partnership, Evidentiary Foundations of Nurse-Family Partnerships at [http://www.nursefamilypartnership.org/assets/PDF/Policy/NFP\\_Evidentiary\\_Standards](http://www.nursefamilypartnership.org/assets/PDF/Policy/NFP_Evidentiary_Standards).

<sup>11</sup> U.S. Department of Health and Human Services, Administration of Children and Families, Office of Child Care, *CCDF Data Tables*, at [http://www.acf.hhs.gov/programs/ccb/data/ccdf\\_data/09acf800\\_preliminary/list.htm](http://www.acf.hhs.gov/programs/ccb/data/ccdf_data/09acf800_preliminary/list.htm).

<sup>12</sup> New York City Independent Budget Office, "City's Subsidized Child Care System Faces Rising Costs, Shrinking Funds," Fiscal Brief, October 2010. <http://www.ibo.nyc.ny.us/iboreports/childcareoctober2010.pdf>.

<sup>13</sup> De Jung, Trilby, Kristin Brown Lilley, Cathy Roberts and Geoffrey Hale, Empire Justice Center, *Testimony: Joint Legislative Budget Hearing on Health*, March 3, 2011.

<sup>14</sup> Fiscal Policy Institute, "The Economic Situation of New York City's Health and Human Services and Cultural Nonprofit Organizations," April 7, 2009. [http://www.fiscalpolicy.org/FPI\\_NonprofitSectorNYC.pdf](http://www.fiscalpolicy.org/FPI_NonprofitSectorNYC.pdf).