

**Presentation to New York State Economic Security Cabinet
July 28, 2008**

Submitted by Jeremy Reiss, Director, Workforce Initiatives, Community Service Society

Good evening. Thank you for holding this very important hearing. We applaud the administration for the work it has done in the last year to promote economic security for working New Yorkers – including but not limited to the development of a new Career Pathway program for low-wage and unemployed New Yorkers, the expansion of Food Stamps for thousands of low-wage working New Yorkers, the expansion of public health insurance programs and movement towards universal coverage, and for moving forward on reforming the State’s property tax relief programs.

As we all know, we are in the midst of a serious economic downturn. Preliminary data from our forthcoming 2008 annual *Unheard Third Survey of Low-Income New Yorkers* reflect growing economic hardships and concerns. Low income (below 200% of poverty) and moderate income (200-400% of poverty) New York City residents are increasingly worried about the economy and making ends meet – 4 in 5 of these respondents indicate that it is now harder to make ends meet than five years ago, with the vast majority saying life has become harder in the last year or two. At the same time, 4 in 5 low and moderate income respondents are worried about the current economic recession. A major part of this economic story is that low and moderate income New Yorkers are increasingly squeezed by rising health care and housing costs.

The recommendations that follow reflect our belief that those who work should not be poor. These policy interventions will ensure more New Yorkers have the education, skills, and employment networks they need to enter the workforce, stay employed, and advance in their careers; and that all individuals in New York State who are working can achieve economic security. Recent economic trends create all the more urgency for policymakers to help New Yorkers gain a foothold in the workforce and advance toward economic security.

Workforce Recommendations

We propose the following workforce recommendations to the Economic Security Cabinet:

- **Raise the minimum wage and index it for inflation.** CSS believes the best way to ensure the economic security of low-wage workers is to increase wages and provide access to health insurance. We recommend increasing the NYS minimum wage to \$9.50/hour by 2011 and indexing it for inflation every year afterwards. Given the higher cost of living in New York City than the rest of the state, we also recommend allowing New York City to create a minimum wage which is 15% higher than the New York State minimum. The NYS Wage Board has administrative authority to set local/regional minimum wages that are higher than the state minimum where appropriate.

- **Baseline and expand new and innovative Career Pathway Program in Executive Budget.** We commend the Office of Temporary and Disability Assistance (OTDA) and the Department of Labor (DOL) for creating a \$5 million pilot Career Pathway Program to help low-income New Yorkers access education and job training services linked to careers in high-growth sectors of the economy. This truly sets New York State as a leader in the national effort to help low-wage workers advance in their careers and achieve economic security. We look forward to supporting the work of OTDA and DOL on program design and implementation to ensure that funds support the career outcomes we would all like to see, and we urge the Economic Security Cabinet to work with the Governor to baseline this program in the FY09-10 Executive Budget. We also request an additional \$5 million to expand the scale of this pilot program.

- **Address the Crisis of Disconnected Youth.** CSS research shows that there are approximately 223,000 16-24 year olds in New York City who are not in school and not working. The crisis is even greater in New York State. New York State's infrastructure investments – for instance, through the MTA Capital Budget – provide an excellent opportunity to create programs that target this population.

 - We urge the Economic Security Cabinet to support an **Earned Income Tax Credit (EITC)** for childless young adults, who are currently left out of the EITC. Expanding the NYS EITC and matching the federal EITC to cover the 16-24 year old population would cost approximately \$1.5 million annually in FY09-10.
 - In addition, CSS supports the recommendations for new program investments submitted by the Campaign for Tomorrow's Workforce.

Health Care Recommendations

While our polling research and other national polls show that economy has displaced health care issues as the top domestic priority, New Yorkers remain very concerned about lack of affordable and comprehensive health insurance and rising health care costs. In addition, our research shows that health care issues are a leading reason for disengagement from the labor market. Recent focus groups we conducted coupled with our *Unheard Third* findings also show large numbers of New Yorkers are not in the labor market because they either suffer from health issues or they fear losing public health insurance if they accept a low-wage job without health coverage.

We recommend that New York State proceed with its universal health care initiative through the Partnership for Coverage process, and expand and maximize public health insurance programs while we find a comprehensive universal solution—low- and moderate-income New Yorkers cannot wait for an economic rebound. For instance, we encourage NYS to expand Family Health Plus to cover adult New Yorkers, like children, under 400% of poverty, using a sliding scale fee premium schedule and an expansion of the employer or labor sponsored Family Health Plus Buy-In Program.

We also envision major opportunities at the federal level in the upcoming year to help low and moderate income New Yorkers achieve economic security through access to affordable, high quality health care.

- NYS should ask for as many federal waivers as possible to simplify actuarial and enrollment rules for public programs; and
- NYS should develop a series of public health insurance expansions to request under the new administration – for instance, seeking federal matching funds for our Child Health Plus program, and seeking to expand Family Health Plus to 400% of the federal poverty level.

Housing Recommendations

Unaffordable rents are a growing economic security problem for low-income New Yorkers across the State. Approximately 1.3 million low-income renters across New York – from Erie to Suffolk County – are facing a growing rent affordability crisis, due in part to rising tax pressures. Their median rent burden is 57 percent of household income, while 60 percent are paying more than half their income for housing.

We propose the following housing recommendations to help ensure the economic security of New York State residents:

- **Expand Property Tax Relief to Renters.** While Albany discussions of property tax relief focus on homeowners, tenants are also paying rising taxes through their rents. We need to expand property tax relief to overburdened renters.
- **Modernize the New York State Circuit Breaker Tax Credit.** The State's existing Real Property Circuit Breaker tax credit now provides little relief to too few renters – 68 percent are not eligible to apply. Although the Circuit Breaker is targeted to benefit low-income renters (and homeowners), it does not adequately serve its intended constituency and is in serious need of update and reform in parallel with proposed reforms to the STAR homeowner tax rebate.