

CITY LIMITS

MAKING WELFARE WORK AND MAKING WORK PAY

New state funding increases are aimed at helping the poor and working poor -- but they're still behind.

By Nekoro Gomes
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Despite a hobbled economy and the budget pressures that follow in its wake, two developments last month have concretely improved the fortunes of New York's working poor and those on welfare: a hike in the minimum hourly wage for workers and an increase in the amount of cash assistance made available to welfare recipients.

While many observers view these developments as overdue, they still note there's a long way to go before the footholds of those on the lowest rungs of mobility are secure enough for a push upwards. The state's minimum wage rose from \$7.15 to the new nationwide minimum wage of \$7.25 per hour on July 24. And beginning July 1, many welfare recipients will receive a \$30-per-month increase in cash assistance – the first jump in the public assistance grant in 19 years – bringing the monthly allotment for a family of four from \$307 to \$345.



Danny Mercedes is paid above minimum wage for his cleaning work, but has trouble getting by. He's involved in an organizing effort to earn a living wage. *Photos by J. Silberberg*

As a full-time office cleaner scraping to support his wife and two children on a wage of \$8.50 per hour, Danny Mercedes, 36, has a hard time imagining how someone can do the same thing at the newly increased minimum wage of \$7.25.

To cover the cost of living in their Bronx apartment, Mercedes' family of four shares space with another family. They also pinch pennies by purchasing food staples like rice and milk on a bi-weekly rather than weekly schedule, preparing meals with cheaper items like plantains and oatmeal to make the money go farther. And he finds himself using shampoo for all purposes in the shower, rather than buying more soap.

If the Mercedes family is on that kind of margin, soap is even more of a luxury for those facing still tighter budgets. Even earning \$1.25 above the minimum wage, Mercedes' gross salary of \$17,000 per year is still 23 percent less than the federal **poverty standard** of \$22,050 for a family of four.

"(The increase) puts more money in people's pockets, but it still leaves people very poor," says Liz Accles, a senior policy analyst at the Federation of Protestant Welfare Agencies. Like other poverty advocates, however, Accles credits the governor with pushing for the increase during a time of mounting budget deficits.

Mercedes and his co-workers at the Con Edison power plant in downtown Manhattan say they started organizing this year after a promised pay increase from their employer, the contractor Nelson Services Systems, Inc., was late in coming. Today, they are hopeful that they will eventually unionize their colleagues under the SEIU 32BJ property services union, where commercial cleaners make an average of \$21 an hour – providing a salary of \$42,000 per year – to hoist them out of poverty.

When state officials recently discussed the minimum wage increase and related issues, they emphasized how commonplace it is for workers to be cheated out of the legal minimum. During a press conference organized by the Department of Labor on July 27, Deputy Commissioner Terri Gerstein announced the recovery of \$10.5 million in lost wages for more than 10,000 workers statewide.

"The workers that we talk to day-to-day are working on the lowest-paid system," says Maritere Arce, director of the Bureau of Immigrant Workers' Rights. "They should be receiving the minimum wage increase, but in reality they are working for much less than that."

Arce says immigrant workers who are underpaid often don't even report wage violations, either because they're fearful that the department will share information about their immigration status with other agencies, or because the logistics of their work lives prevent them from communicating effectively with enforcers working 9-to-5.

Another group that acutely feels how carefully minimum wage laws are followed and enforced is the population of city residents who are required to work as a condition for receiving public cash assistance. Minimum wage enforcement puts upward pressure on wages, giving those workers a better chance of scoring employment that "makes work pay." If the wage basement **truly** gets raised, it "benefits workers more broadly because they are not getting undercut by an immigrant workforce that's accepting lower wages," says Kinsey Dinan, a senior policy associate with the National Center for Children in Poverty.



Ricardo Luciano, Danny Mercedes and Fernando Cruz (L-R) all work for a contractor at ConEd, and want to join the SEIU 32BJ union for better pay.

A Stronger Helping Hand

Gov. Paterson's office last month announced the first public assistance grant increase in nearly 20 years, boosting the monthly cash allotment per person by 10 percent this year, and rising to a cumulative increase of 33 percent in 2011. Paterson's office says approximately 200,000 households will gain from the increase, including close to 290,000 children.

The increase is not pegged to inflation, however, which has risen more than 65 percent since 1990, according to Paterson's office. For low-income families getting by through a combination of paid employment, food stamp benefits, housing subsidies and tax credits, cash assistance is a valuable supplement. In the average public assistance household, which consists of a mother and her two children, the \$321 received under the increase comes to \$3,852—or 21 percent of the federal poverty level. In 1975, public assistance for a family of three was equal to 110 percent of the federal poverty level, according to an estimate given by the Hunger Action Network of New York State, an anti-poverty group.

And the number of people in the city receiving welfare during the city's economic downturn is growing. (See sidebar.)

According to data from the Human Resources Administration, this June marked the first time since 2004 that the number of cash assistance recipients increased over those receiving money in that month the prior year, snapping a streak of declines in cash assistance payments. Through July 19, just over one-quarter of those receiving cash assistance who were able-bodied enough to work also received paid wages through employment.

"You want to try and get both of these rates to reflect the earning power they had at their strongest [value]," says Jeremy Reiss, director of workforce and economic security

initiatives at the Community Service Society, about the minimum wage and welfare grant increases.

Rather than the unpaid work-related programs that HRA places some cash assistance recipients into as a condition for aid, Reiss says today's economic climate calls for a strategy focused on putting cash assistance recipients into the type of subsidized short-term employment that could "lead to better jobs that are unsubsidized."

For Danny Mercedes and two of his co-workers who clean at the Con Edison plant—Fernando Cruz, 31, and Ricardo Luciano, 59—organizing for higher wages has emerged as the only way to compel higher wages and medical benefits. They're committed to unionizing even though they say the contractor has expressed hostility toward the effort. (Nelson Services Systems, Inc. did not respond to requests for comment yesterday.)

Of the three co-workers, only Cruz receives public assistance of any kind through the food stamp benefits he receives for his two children by presenting pay stubs from his job at Con Edison every three months. He jokingly pointed out that a hefty portion, \$225, of the money he brings home each month goes back to his employer to pay the electric bill.

- Nekoro Gomes