



**Eliot Spitzer
Governor**

Testimony

of

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Commissioner
New York State Office of Temporary
and Disability Assistance**

before

The New York State Division of the Budget

**OTDA and OCFS Health and Human Services
Budget Hearings**

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Budget Director Francis, I am pleased to have been invited to provide you with an overview of my agency's operations and the priorities that we are poised to move forward with in 2008-09. In preparing our budget request, I have directed that my staff be cognizant of your observations on the future economic conditions that we face, and that they plan accordingly within the reality of the difficult decisions that will have to be made.

Over the past decade of welfare reform, helping those on public assistance gain employment and self-sufficiency has been OTDA's primary focus. The number of families relying on cash assistance has dropped dramatically as a result. Our most recent data reflect that as of July the number of recipients has declined by more than 1.1 million, a 68% decrease from the historic high of April 1994. However that does not mean that our job is finished. On the contrary, our task has become much broader. In addition to helping those on public assistance enter into employment we must also work to help the growing number of low-income families who though working, are struggling to meet their basic needs and for whom self-sufficiency and the middle class are moving out of reach.

We must do this while at the same time recognizing that we have many clients for whom employment is not the most immediate or realistic goal. For this population we will continue efforts to get them the services needed to help them achieve their greatest level of independence and self sufficiency.

To reflect these realities, OTDA's refined mission includes four components:

- Increasing the economic security of low-income working families;
- Assisting work-capable public assistance recipients to enter the workforce by providing them with work experience, skills development, training and educational opportunities;
- Helping clients with special needs obtain the benefits and services they require, whether to overcome temporary obstacles to work, to pursue disability benefits, or to achieve stability through specialized assistance like housing or case management; and
- Reducing child poverty and improving child well-being.

Let me begin with a fiscal synopsis of the Office of Temporary and Disability Assistance. I would note that our All Funds appropriations in the current State Fiscal Year 2007-08 total \$5.2 billion, of which over \$4.7 billion is in the Aid to Localities category. Federal funds from the TANF block grant provide approximately \$2.4 billion annually, which goes primarily to our local partners for the cost of program benefits and services to eligible families. As shown on the pie chart (attachment #1), the state share of public assistance benefits this year is approximately \$800 million, coupled with approximately \$600 million to provide the State Supplement to SSI recipients. In addition and separately identified is another \$75 million representing costs paid to the federal government for its administration of the State Supplement. The state share cost of local administration and contracts, adult shelters and other local programs comes to an added

\$500 million. Finally, I would note that the state share cost of agency central office operations represents only three percent (\$68 million) of the total state appropriations for OTDA.

As of August 2007 the total number of Public Assistance recipients was 529,521, a decline of approximately 68% from the high point in 1995 (attachment #2). In 2008-09 we are continuing to project the achievement of savings as the result of a continued but slower caseload decline. The monthly average Public Assistance caseload is projected to decrease approximately 2.1% from the 2007-08 time period. The local social services districts continue to invest great effort, with the state's critical budgetary and program support, in placing work-capable clients into jobs, and helping others qualify for federally-funded disability benefits. The projected caseload declines depend upon the continuation and expansion of these efforts. In addition, our Office of Audit and Quality Improvement conducts on-going computer matches with other agencies on behalf of our local social services district partners to identify and eliminate inappropriate benefit provision.

To assure increased accountability, I would point to the successful implementation of the provisions of Chapter 57 of the laws of 2007 related to performance and outcome measurement for a significant number of the programs funded through the Temporary Assistance to Needy Families (TANF) block grant. The posting of performance criteria and the achievement of the stated goals for these programs support the Governor's desire for increased transparency in government, and will help to ensure that our investments are wisely chosen and delivering appropriate, cost-effective services.

As a result of the continued caseload decline I cited earlier, we have been able to shift an increasing amount of our TANF funds from assistance benefits to programs and activities which will assist those families who have been successfully diverted from assistance or who have moved off of public assistance. We have also invested a significant portion of our TANF funds to indirectly support the Earned Income Tax Credit (EITC) to improve the economic foothold of those moving into employment and off assistance. We also continue our efforts to increase child support collections. Annual collections are projected to total approximately \$1.6 billion by the end of 2007-08 (attachment #3), thus enhancing the economic security of families who might otherwise rely on assistance programs.

However as I noted earlier, our work is far from finished. While poverty rates are lower than they were prior to welfare reform, they remain too high. As the 2006 U.S. Census data released recently demonstrated, New York continues to have both median income and poverty rates higher than the country as a whole, and the largest gap between rich and poor in the nation. This level of disparity should be unacceptable to all of us. Our goal, as the Governor has said, must be to close this gap by raising those lower on the bottom of the economic ladder and protecting middle class New Yorkers who are in danger of slipping down. To help individuals and families move out of poverty and into long-term self-sufficiency, we need to look at the whole array of financial and non-financial supports we have available including basic cash assistance. The entire safety net includes food stamps, child support, health insurance, affordable housing, earned income and other tax credits, child care, home energy assistance, and of course, employment programs, including vocational education and training and more recently,

initiatives directed to non-custodial parents. No single program alone can or will lift all people out of poverty.

For that reason, Governor Spitzer announced in August the creation of an Economic Security Cabinet that has brought together more than twenty state agencies, all of which contribute in some way to helping people achieve and maintain economic security. The Governor charged the Cabinet with focusing on four overarching objectives:

- Reducing New York's high cost of living;
- Expanding education and workforce development opportunities;
- Strengthening our State's safety net; and
- Bringing more good jobs into our communities

The Economic Security Cabinet is co-chaired by Director of State Operations Olivia Golden and Deputy Secretary for Health, Dennis Whalen, and I am honored to serve as its Vice Chair. The creation of the Cabinet provides an extraordinary opportunity for multiple state agencies to weave together a seamless web of services supporting low-income New Yorkers. OTDA plays a primary role in the delivery of many of these services, and over the first ten months of this Administration, we have moved forward with a number of major initiatives in these areas. I would like briefly to discuss our most significant current and planned initiatives.

Food Stamps

Let me begin with food stamps. We are committed to improving access to and increasing participation in the Food Stamp Program. Through OTDA's efforts, in tandem with those of local district and community partners, New York State's food stamp program participation has grown by almost 500,000 people, or approximately 38%, since 2002. Yet there are still a significant number of eligible households, particularly low-income working households, not utilizing this vital economic support. In an effort to connect more families to this work support, the Governor in June announced the Working Families Food Stamp Initiative. This initiative will simplify the application process for eligible working families, expand on-line application procedures, and remove existing barriers to enrollment. We also plan to eliminate the resource limit for eligibility, to allow low-income families to begin to acquire the assets they need to climb out of poverty (savings for college, down payments, family emergencies, etc.) without jeopardizing their food stamp benefits. Through this initiative, we hope to enroll an additional 100,000 new households, or about 215,000 individuals, in the Food Stamp program by the end of 2008. I believe it is important to note that this is an initiative where we can help more New Yorkers without a cost to the State.

Not only are we working to simplify access to the program, but we are also working to increase benefit levels. With the Governor's Washington Office, we have been vigorously advocating on the food stamp provisions contained within the Farm Bill reauthorization currently

underway in Washington. Earlier this year, I met personally with Senator Clinton and other New York State Congressional delegation members to talk about the need for benefit increases and program simplification. Based on the version that passed the House of Representatives, we are optimistic that the final bill will provide important benefit enhancements for current and future participants.

Education and Training

Education is one of the most effective paths to lead a family out of poverty, and to offer opportunities for economic mobility. Only one-third of adults currently receiving public assistance have a high school diploma, and many of these adults also lack a stable employment history to support job advancement. Without a high school diploma, these individuals are more likely to remain unemployed, and if employed, to have considerably lower average earnings than those with such a degree. And, a high school degree alone does not guarantee entry to many of the jobs in growing areas of the labor force, or to jobs paying substantially more than the minimum wage. Beyond job skills alone, many immigrants require greater English language proficiency in order to access employment opportunities.

The new federal TANF regulations do not help us to make training and education available to TANF clients; in fact, they make our job considerably more difficult in providing appropriate skills development to clients while avoiding significant federal fiscal penalties. OTDA, in conjunction with the Governor's Washington office and other interest groups, is working to ease these unnecessary and counterproductive restrictions. At the same time, I am committed to increasing access to education and training activities for low-income adults so they can develop the skills to succeed in today's economy, and I believe we have opportunities to do so even within the newly-restrictive federal framework.

Governor Spitzer has recently charged me to work with each social services district, including New York City, to enhance job skills training opportunities for public assistance clients, and we will soon begin working with each district to establish a plan consistent with this goal. In addition, as recently announced by the Governor and working with members of your staff, we are implementing a \$2.5 million extension of the Education for Gainful Employment (EDGE) Program, which will enable us to fund 32 providers in communities throughout the State. EDGE provides English language instruction, Adult Basic Education, GED preparation and targeted job skills training to individuals who are not working, as a means of improving their employability, and to those currently employed as way to improve job performance, job retention and advancement opportunities. In the last two years, more than 6,000 individuals were served by this program. Nearly 4,500 made tangible educational gains, including the attainment of a GED/HS diploma or completing a job skills training course, and 2,240 obtained jobs. We want to continue and expand on these successes to build a foundation of education and skills development to enable more clients to connect with employment opportunities, and for those who are already employed, help them to advance in the workplace and increase their wages.

Populations with Barriers to Work

Even as we focus on employment, we must recognize that there are many public assistance recipients for whom work is not a realistic option, either immediately or in the long term. To identify individuals who are not able to work and assist them in qualifying for Supplemental Security Income (SSI) or other federal disability benefits, we have made available to local districts two contracts which provide consultative medical and psychological examinations. The examinations assist the districts in determining public assistance recipients' employability and identify those persons who are appropriate candidates to refer for SSI.

We are also working to expand the SSI eligibility timeframe at the federal level. The House of Representatives recently passed legislation that will extend SSI eligibility for certain immigrants from seven to nine years. Many of these individuals are in the process of obtaining citizenship, but because of delays and errors by the United States Citizenship and Immigration Services (USCIS), have faced the termination of their SSI benefits before their citizenship has been resolved. Since SSI recipients tend to represent the more vulnerable residents of our state, it is critical that their benefits are in place until the citizenship process is completed.

For those who do not qualify for SSI but are temporarily unable to work, districts provide case management to help individuals access medical care or work accommodations that will enable them to rejoin the workforce as quickly as possible. In New York City, these services are provided under HRA's WeCARE program, which represents a significant investment in case management and vocational rehabilitation services to help individuals restore the ability to work. Again, the goal of these services is to address barriers to employment whenever possible, so these clients can enter the workforce.

Child Support

Child Support is another resource for many families working their way out of poverty. New York State's child support program serves more than 1.16 million children. In 2006 we collected a record \$1.5 billion on behalf of these children, and as I mentioned earlier, we are projecting that figure to grow to over \$1.6 billion by the end of the current state fiscal year. When non-custodial parents do not fulfill their child support responsibility voluntarily, the child support program has aggressively utilized its enforcement powers to collect these funds.

But we must do more than that. In addition to enforcement, the state has implemented several innovative programs to assist non-custodial parents to meet their child support obligations. This year, OTDA and the Department of Taxation and Finance jointly implemented the enhanced EITC for low-income, non-custodial parents who have paid the full amount of their child support for a given tax year. In its first year, this initiative resulted in approximately \$1.7 million in refunds being distributed to more than 4,200 individuals. We are doing extensive outreach to make sure that every eligible non-custodial parent is aware of this benefit, and to increase utilization in the future. In addition to this enhanced EITC, our agency supports five pilot Responsible Fatherhood Programs throughout the state. These programs target a group of people who have been largely overlooked by welfare reform: non-custodial parents, predominantly poor minority young men who are unemployed or underemployed. These pilots

provide an array of targeted and specialized services to help these individuals to engage or re-engage in employment, and to play an important emotional and financial role in their children's lives.

I must also draw your attention to a fact that must be dealt with in order to be in federal compliance with our Child Support State Plan. Legislation must be enacted by April 1, 2008 to collect a \$25 annual service fee for non-public assistance clients who reach a \$500 collection threshold. Further, we are in the process of analyzing the range of alternatives provided in the federal Deficit Reduction Act of 2005 with regard to the child support pass-through, which are available to States beginning October 2008. Also we are considering a number of policy changes in the child support program to assist low-income non-custodial parents in meeting their obligations.

Housing

Any discussion of how to help people out of poverty must examine the availability of affordable housing. It is quite clear that the expansion of affordable housing throughout the State is imperative. Our agency partners are moving to increase affordable housing units through both new construction and preservation of existing units. Earlier this summer, the Division of Housing and Community Renewal announced \$106 million in new funding for the construction and renovation of more than 3,000 affordable units. And over the course of the last nine months the Housing Finance Agency has approved financings that will preserve more than 1,200 affordable units statewide.

Supporting the growth of the state's affordable housing stock is essential to helping New Yorkers find reasonable and stable housing, ultimately assisting them on the path to financial independence. To further maintain affordable housing, the Governor recently signed legislation increasing the funds that the New York City Housing Authority (NYCHA) receives for Public Assistance clients residing in their developments, and we have just taken the first steps to implement that legislation. We are hopeful that this recent change will help sustain this essential form of affordable housing in New York City.

OTDA contributes directly toward housing development through our Homeless Housing and Assistance Program (HHAP), which supports the construction and operation of supported housing for people who are chronically homeless and who need special assistance to remain housed. As part of the OTDA commitment to this population, we are a primary party to the New York/New York III agreement. This is a \$1 billion pact to finance and develop 9,000 new units of supportive housing in New York City over 10 years. OTDA will be building 1,000 units for the chronically mentally ill and will be administering the supportive services funding for 375 units of housing for chronically homeless families whose head of household suffers from a substance abuse disorder, HIV/AIDS, or another disabling medical condition.

Human Trafficking

We are working to implement the historic Human Trafficking legislation that was passed during the 2007 legislative session and go into effect November 1, 2007. It adds Article 10D to

the Social Services Law, enabling OTDA to provide services to New York State- confirmed victims of human trafficking. The law gives OTDA the ability to fill a gap in essential services for these individuals who cannot access services elsewhere. OTDA recognizes that this historic new legislation is a major undertaking that will require collaboration with several agencies, including the Division of Criminal Justice Services (DCJS), which is OTDA's co-chair on the Interagency Task Force on Human Trafficking. This task force has been established through the new legislation and includes representatives from 10 agencies. This will help OTDA in fulfilling critical components of its purpose and mission to assist individuals with priority needs other than work readiness in accessing appropriate benefits and services. Once federally certified, victims are eligible for the same services and benefits that are available to refugees.

Conclusion

Thank you for this opportunity to share the vision that I have for OTDA to design and implement effective and cost-conscious programs and interventions to help our most vulnerable residents, and to help low-income families achieve an increased level of economic security. I look forward to working with all of you in pursuit of these goals.