Social Services

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) to replace the Aid to Families with Dependent Children Program (AFDC). The following year, New York State enacted major welfare reform legislation to comply with the new Federal laws and regulations. New York State receives approximately $2.44 billion each year from the Federal Government for the Family Assistance Program through the Temporary Assistance to Needy Families (TANF) Block Grant. The Office of Temporary and Disability Assistance (OTDA) was established in 1997 to administer public assistance programs including Family Assistance (FA) and Safety Net Assistance (SNA). The OTDA also administers Supplementary Security Income (SSI), Home Energy Assistance Program (HEAP), Child Support Enforcement, the Federal Food Stamps Program, as well as capital projects under the Homeless Housing Assistance Program (HHAP).

Welfare Reform Reauthorization

This past September, the federal government extended the TANF program and its accompanying block grant on a temporary basis for the eighth time since the expiration of the original program in September 2002. These extensions are currently set to expire on March 31, 2005, and it is unclear whether Congress will continue to grant straight extensions of both the TANF program and the block grant, or if changes will be made to one or both.

Over the past few years, there have been structural changes proposed at the federal level, including increased work participation rates and the elimination of the current caseload reduction credit. Given the intense needs of those remaining on the welfare caseload, meeting increased work participation rates will prove to be an enormous challenge. Failure to meet these higher rates would likely lead to significant fiscal sanctions. Reductions to the TANF block grant would also dramatically reduce New York's ability to continue to fund vital programs currently set up to help public assistance recipients in attaining self-sufficiency through employment training, drug treatment, or housing assistance.

The results of most recent federal elections in November are an indication that federal welfare re-authorization is closer to becoming a reality with real and significant changes, and that the days of straight extensions could be coming to an end. As a result, it is crucial that the Executive advocate on behalf of New York's low-income families by sending a message to Washington that it is already a challenge to meet the current work requirements under TANF, and that any cuts to the current block grant will result in the elimination of vital programs that New York provides to help public assistance recipients in attaining self-sufficiency.

TANF Surplus

New York's $2.44 billion TANF allocation is based on the State's caseload and expenditures from the Federal Fiscal Year (FFY) 1995. Because New York's caseload and expenditures were significantly higher in FFY 1995 than in subsequent years, there has been excess TANF funding above the amount needed to support the federal share of the Family Assistance Program. This funding overage is commonly referred to as the TANF "Surplus". The annual TANF "Surplus" has totaled approximately $1.5 billion or higher over the past several years, which has allowed the Legislature to establish new programs and provide additional funding for children and family services, transitional and employment initiatives, local administration, and other legislative programs aimed at helping low-income families obtain self-sufficiency.

Traditionally, the Governor has chosen to use a significant portion of the TANF "Surplus" to offset the funding of the Earned Income Tax Credit (EITC) and the Child and Dependent Care Credit (CDCC). These tax credits are valuable tools that help low-income families in New York, but they are funded by statute regardless of whether TANF dollars are used to fund them as a General Fund offset. It is important to provide TANF "Surplus" funding for many of the other programs designed to assist low-income families in attaining self-sufficiency before using TANF dollars as a General Fund offset to ensure that the assistance is there in the wake of TANF re-authorization.

In SFY 2004-05, the Legislature restored many of the TANF "Surplus" programs in a bi-partisan budget agreement that had initially been eliminated by the Executive in his budget proposal. Sadly, the Governor chose to veto the restoration of these vital programs, leaving many vulnerable New Yorkers with nowhere to turn during difficult times, and leaving Washington with a message that we don't really need the money.

This year, the Governor has proposed major changes to how the TANF Surplus is allocated, and has increased the use of TANF funding for tax credits as a General Fund offset by more than 50 percent, or $250 million, over last year's budget proposal. Currently, many of the programs traditionally funded by the TANF surplus are centralized at the State level. In his Executive Budget, the Governor has recommended that all TANF surplus funds not used for public assistance benefits, state operations, and the EITC are instead allocated to localities in the form of a block grant. This proposed $1 billion grant, titled the Flexible Fund for Family Services, will give local governments broad discretion in determining how to distribute appropriations among all TANF eligible supportive services. Under the Governor's plan, programs including child care, child welfare emergency funds, domestic violence screening, drug screening and treatment, employment programs, pregnancy prevention, and Title XX services will now be funded at the discretion of each locality.

Welfare Policy Changes

The Executive recommends several major changes in welfare policy in his proposed budget. Currently, if the head of a family receiving public assistance is not in compliance with work requirements, the household's welfare grant is partially reduced. The Governor's "full family sanction" proposal would authorize withholding of the entire welfare grant in the case of non-compliance with employment obligations.

The Executive also recommends tying the amount of earnings disregarded when determining benefit eligibility to the length of time a family has been on welfare. Currently, local social service districts are required to disregard the first $90 of a household's earned income, plus the next 43 percent of that household's remaining earned income for purposes of calculating their public assistance grant. The percentage portion of this "earned income disregard" is adjusted annually to reflect any changes in the federal poverty guidelines in order for the household's total income to meet the federal poverty line with the household's combined public assistance grant and earned income. Under the Executive's proposal, the percentage portion of the earnings disregard would increase to 50 percent for recipients on public assistance for up to five years, but would be reduced to 25 percent for recipients on public assistance for more than five years. This places the neediest families, those on public assistance for more than five years, immediately below the federal poverty line.

Finally, the Governor has proposed establishing fiscal penalties on local social service districts that do not engage at least 50 percent of their Family Assistance population in work-related activities. Districts that fail to meet this work requirement would be subject to a five percent reduction in State reimbursement of administrative costs associated with the public assistance, medical assistance, food stamp, and employment programs. According to the Division of the Budget, only one district in the State currently meets the proposed threshold.

Safety Net Assistance

Under the federal public assistance program, families are eligible to receive benefits for a lifetime maximum of 60-months. The New York State Constitution requires that certain basic needs be provided for individuals. The State Safety Net Assistance Program provides benefits to families that have reached the Federal 60-month maximum, and to single adults and childless couples that are not eligible for the Federal TANF Program.

In October 2001, 111,103 recipients were receiving assistance through the State Safety Net Program. In October 2004, that number had nearly tripled, to 303,894 recipients. Much of this increase is due to Family Assistance recipients who exhausted their 60-month time limit in the federally-supported program during a period of difficult economic times, combined with inadequate access to employment skills development and training programs. The Governor's lack of leadership in job training is evident by his decision to place responsibility for dealing with public assistance recipients on localities through his Flexible Fund for Family Services, and is further exemplified in his proposal to move the existing welfare-to-work program from the Department of Labor to the Office of Temporary and Disability Assistance. These decisions clearly signal a policy geared toward removing people from the welfare rolls rather than helping them to attain self-sufficiency. Hopefully, the Governor will reconsider some of these policies and press Washington to continue federal TANF funding at existing or increased levels so that New York can adequately provide the necessary assistance to low-income New Yorkers.