



Testimony of

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Community Development Committee

*Oversight: Center for Economic Opportunity's Poverty Measure and Its Impact on Public Policy
and Allocation of City Resources*

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Good morning. My name is Louise Feld and I am the Policy Associate for Food and Economic Security at Citizens' Committee for Children of New York, Inc. (CCC). CCC is a 68-year-old independent, multi-issue child advocacy organization dedicated to ensuring that every New York child is healthy, housed, educated and safe. I would like to thank Chairman Vann, and the members of the Community Development Committee, for holding this hearing.

CCC has long applauded the Center for Economic Opportunity's (CEO) development of an alternative to the official federal poverty measure because this alternative provides a more nuanced understanding of the needs of New York City families and the public programs that support them. The official federal measure was originally developed by the Social Security Administration in 1964 and was based on the per capita cost of the Agricultural Department's "economy food" plan, which described a "nutritionally adequate" diet intended for "temporary or emergency use when funds are low." The original calculation was also predicated on research that suggested that food purchases constituted one-third of a family's budget. These food expenses were then multiplied by three to approximate a household's minimum budget. Besides being adjusted for inflation annually, this method for calculating the federal poverty measure has not evolved since its creation. Further, the official federal poverty measure makes no adjustments for regional variability in the cost of living. The official federal measure therefore ignores the various other factors and expenses that contribute to or detract from families' financial stability in today's world, and that vary regionally.

The CEO's alternative poverty measure addresses the inadequacies inherent to the official measure. The CEO's measure accounts for present-day household spending patterns on items like food, clothing, shelter, and utilities, in order to determine a minimum household income threshold. The CEO's measure also makes additional adjustments to account for other resources and non-discretionary expenses not reflected in the official measure, such as the high cost of New York City housing; the cost of child care and out-of-pocket medical care; and in-kind benefits, such as federal nutrition programs and tax credits. The consideration of these factors demonstrates the CEO's recognition of poor households' myriad needs and expenditures, as well as programs and supports designed to alleviate poverty. CCC is therefore thankful to the CEO for their advocacy around the use of this more thorough measure of poverty, which helped inform the U.S. Census Bureau's 2011 release of a report on a new national Supplemental Poverty Measure.

Given the different factors each poverty measure considers, it is not surprising that these distinct calculation methods yield two different poverty rates for New York City. For example, in 2009, according to the official federal poverty measure, the poverty rate in New York City was 17.3 percent.¹ In contrast, that same year New York City's poverty rate, according to the CEO's measure, was almost three percentage points higher, at 19.9 percent. The higher rate resulting from the use of the CEO's measure can be attributed to its inclusion of geographical cost-of-living differences and non-discretionary spending, such as child care and out-of-pocket medical care expenditures. Thus, the CEO's measure shows how non-discretionary expenses impact families' financial security.

¹ The year 2009 is used as an example because it was the last year for which the CEO poverty rate was calculated.

The CEO's alternative poverty measure also demonstrates that social safety net programs mitigate the impact of poverty, especially for families with children. A comparison of the differing child poverty rates derived from each calculation method illustrates this point. In 2009, according to the CEO method, the poverty rate for New York City children under the age of 18 was 23.8 percent. Alternatively, under the official poverty measure, the child poverty rate for the same group during the same time period was 26.1 percent. The CEO's lower child-poverty rate is, in large part, a result of the inclusion as income of non-cash safety net programs, particularly those that benefit families with children, such as the Earned Income Tax Credit (EITC), the Supplemental Nutrition Assistance Program (SNAP, or Food Stamps), and the National School Lunch Program. In other words, the poverty rate derived from the CEO poverty measure shows that social safety net programs have functioned as they were intended, in that they have helped to lessen poverty's impact on some families' households.²

Overall, the use of the CEO's alternative poverty measure results in a greater understanding of poverty, as well as the safety net programs and services that were designed to address it. **We therefore hope that the City will continue to stress to the US Census Bureau and Congressional leaders the importance of creating and maintaining the federal Supplemental Poverty Measure, in addition to the official measure.** At a time when funding for federal safety net programs faces constant threats, a federally-recognized measure demonstrating the clear importance of these programs is absolutely necessary.

Further, because of the great value in the information derived from alternative poverty measures, **we urge the CEO to continue its work to improve its alternative measure, and to expand its application to measure poverty at the New York City Community District level.** The insight gained from such local data will surely help the City Administration and the City Council to better understand the status of New York City children and families at the community level.

We also believe that the lessons gleaned from the CEO's alternative poverty measure about the importance of social safety net programs should guide the federal advocacy efforts of both the City Administration and the City Council. **We respectfully urge the Mayor and the City Council Members to continue communicating to federal lawmakers about how vital social safety net programs, such as SNAP, School Meals, WIC, housing subsidy programs, child care, and the EITC, are to the financial security of low-income New Yorkers.** We ask you to speak out on behalf of the New Yorkers whom you serve against attempts to severely reduce funding to critical social safety net programs.

Finally, information gained from the use of the alternative poverty measure should inform policy work, budget negotiations, and advocacy on the local level. We therefore recommend that the City take the following actions:

² This is not to imply that poverty does not remain a serious problem for children in New York City under the CEO's alternative poverty measure. Using both the official poverty measure and the CEO's alternative measure, the child poverty rate is still higher than the poverty rate for the population as a whole, and the rates for other age groups.

- **Implement policies that facilitate New Yorkers' participation in nutrition assistance programs, such as SNAP, School Meals, and WIC.**

As the CEO's alternative poverty measure demonstrates, nutrition assistance programs, such as SNAP and the School Meals program, have played a significant role in decreasing New York City's poverty rate, especially for families with children. The City should therefore remove the obstacles that prevent New Yorkers from participating in these programs. For example, the City could increase the number of eligible New Yorkers who receive SNAP through the elimination of its requirement that SNAP applicants who do not receive TANF be finger-imaged, as this practice serves to deter an estimated 30,000 potentially eligible people from applying for SNAP benefits. Also, the City could address New York's exceedingly poor school breakfast participation rates through the aggressive expansion of the Breakfast in the Classroom program, which, through its in-classroom provision of a free breakfast to all children at the start of the school day, has been shown to increase school breakfast participation.

It is clear, despite these remaining opportunities to improve nutrition assistance program participation, that both the CEO and the City Council have prioritized food policy work, and should be acknowledged for their innovative actions. For example, the CEO's establishment of the position of Food Policy Coordinator and the Green Cart and Healthy Bodegas initiatives, Council Speaker Quinn's Food Works plan, and the Council's support of EBT use at farmers' markets all represent efforts to increase access to healthy, affordable foods for all New Yorkers. We must continue to build upon these efforts. In addition to the suggestions above, we must also explore additional ways to improve child nutrition through the School Meals program, increase the use of WIC and SNAP at farmers' markets, increase the number of Green Carts with EBT terminals for SNAP use, and expand the Health Bucks and Green Carts programs. Taking such steps to improve healthy food access is incredibly important to alleviate poverty and improve the health and well-being of children, adults, and communities, in both the short- and long-term.

- **Work with the Governor and other State officials to create and support a multi-pronged approach to address the needs of New York City's homeless families.**

The CEO's alternative poverty measure includes a "housing adjustment" because housing costs and subsidies impact individuals' and households' economic security. Unfortunately, New York City's Advantage rental subsidy program no longer exists, there are no new Section 8 vouchers available, and there are long wait lists for public housing units. In short, New York families are missing critical supports that help families make ends meet, remain housed, and maintain their children's ties to school and community. CCC therefore urges New York City decision-makers to work with the Governor and other State officials to create and support a multi-pronged approach to address family homelessness that could include, but need not be limited to, a state and local housing subsidy, funding for supportive housing, and set asides of Section 8 and public housing units.

- **Maintain and expand quality child care and after-school programming for New York City children and families.**

Services that support and sustain low-income children and families, such as after-school programming and child care, must be preserved and expanded. These critical services function as an economic engine, both enabling parents to remain engaged in the workforce and providing many jobs to New Yorkers. Quality child care and after-school also ensure children's social and emotional growth, school readiness, and academic achievement. CCC urges the Council to continue its work to protect high quality child care and after-school programs, and overall system capacity, for New York City children and families in CFY 13 budget. The Mayor's plan to cut 47,000 child care and after-school program slots must be stopped.

- **Continue, and expand upon, local progressive tax policy initiatives.**

The CEO was instrumental in advancing several local progressive tax policy programs that promote economic security for working families. For example, in addition to the tax credits that exist on the federal and state level, working families in New York City that file their tax returns can take advantage of the City Earned Income Tax Credit (EITC) and Child Care Tax Credit (CCTC),³ the latter of which was the first of its kind on the municipal level. These tax credits are incredibly important because they supply cash refunds to working families, which in turn provide those families with a significant economic boost and a potential opportunity to save money and develop assets. CCC therefore supports the City's Department of Finance continuing to mail pre-populated tax returns to potentially qualified households that failed to previously claim the EITC, because this practice informs working families about the program and encourages their participation. Further, CCC hopes that the City tax credits will be made more robust in future years, so that working families can reap even greater benefits. For example, the City's EITC could be deepened from 5 to 10 percent of the federal EITC, and the CCTC could be expanded to include the cost of care arrangements for families with children up to age thirteen.

In sum, CCC applauds the CEO's alternative poverty measure, and the CEO's advocacy to improve the way government assesses and defines poverty, on both the federal and local levels. The factors that the CEO considers in its poverty measure, and the way in which those factors impact and often mitigate families' financial insecurity, demonstrate the substantial value of safety net programs and progressive tax policy. The City should continue advocacy efforts to protect these programs on the federal level. Further, these programs must be supported, protected, and expanded on the local level, so that they can continue to alleviate poverty among New York City's families and children.

Thank you for this opportunity to testify.

³ In 2009, over 875,000 New Yorkers claimed the New York City EITC, and over 30,000 claimed the New York City CCTC.