



## Women's Center for Education and Career Advancement

### **Testimony to the New York City Council Community Development Committee September 16, 2008**

My name is Merble Reagon and I am the Executive Director of the Women's Center for Education and Career Advancement. Jennifer Shaffer, Manager for the Women's Center Self-Sufficiency Program, joins me today. Also present is Susannah Pasquantonio, our Research and Policy Associate. I would like to thank the New York City Council and the Community Development Committee for the opportunity to testify today on poverty measures in New York City. I would also like to thank the Committee for their commitment to addressing issues affecting low-income New Yorkers.

The Women's Center for Education and Career Advancement is committed to the goal of economic self-sufficiency for all women, especially women of color, in New York City. For almost forty years, The Women's Center has informed public policy and empowered women through the development of innovative resources and services. The Women's Center's offers direct services to low-income women and to non-profit agencies and counselors.

The Women's Center Self-Sufficiency Project provides our community partners with two vital tools: *The Self-Sufficiency Standard*, a report that documents the costs faced by working families in New York City and the wage they must earn to meet the costs; and *The Self-Sufficiency Calculator*, an online tool that counselors use to screen income eligibility and estimate dollar amounts for tax credits and public benefits such as Food Stamps. The Project has made a tremendous impact in its eight years of operation:

- Generating millions in benefit and work support income for poor families in New York City, and
- Providing technical assistance to more than 400 New York City non-profit organizations, including free, hands-on training to more than 1,000 counselors.

The Women's Center commends Mayor Bloomberg and the Center for Economic Opportunity (CEO) for their formulation of a new poverty measure for New York City. We applaud New York City for recognizing the well-documented inadequacies of the current Federal Poverty Level and for their leadership in developing a more accurate, modern measure. The research on poverty measurement that is happening here now will help us understand more about poverty in our City.

Through our four decades of work with low-income women and families, we've learned that just raising their income above the poverty level rarely leads to long-term economic stability. Therefore, we encourage CEO and the New York City Council to focus not only on measuring poverty, but also on examining the distance from poverty to economic self-sufficiency. The Women's Center defines self-sufficiency as being able to pay for one's

basic needs without public or private support. Focusing on what New Yorkers need to be economically self-sufficient will help us design policies and programs that truly move people out of poverty and into long-term economic self-sufficiency.

The federal government tells us that a family of three earning \$17,600 per year anywhere in the continental United States is considered to be “not poor”. However, New Yorkers know that \$17,600 annually—or about \$ 1,467 monthly—is barely enough to pay the rent on a two-bedroom apartment, let alone enough to afford child care, health care, food, taxes and basic household needs. The federal poverty level was originally developed in the 1960s and was based on three times the cost of food according to the U.S. Department of Agriculture’s “Economy Food Plan,” a food diet for temporary or emergency use at that time. The federal poverty level has not been changed since that time and is only adjusted annually for inflation. The poverty level does not take into account cost differences arising from geographic location or family composition, or necessary household expenses such as health care, child care, housing, taxes, or transportation.

Since 2000, the Women’s Center has developed the *Self-Sufficiency Standard for the City of New York*, a measure of income adequacy. The *Self-Sufficiency Standard* was developed in conjunction with Dr. Diana Pearce and Wider Opportunities for Women and has also been developed for 37 states and localities. The *Standard* moves beyond the one-size-fits-all approach of the Federal Poverty Level to document what New Yorkers truly need to make ends meet by accounting for the unique economic circumstances of living and working in New York City.

*The Self-Sufficiency Standard* calculates a bare-bones budget of costs for a working family. It includes costs for housing, child care, food, transportation, health care, miscellaneous expenses (clothing, shoes, household items, cleaning products, telephone, etc.) and federal, state and local taxes. The result is a measure set at a level that is neither luxurious—or even comfortable—nor so low that it cannot adequately provide for a family. The Standard is calculated for 70 different family types each in Brooklyn, The Bronx, Staten Island, Queens, North Manhattan and South Manhattan.

According to the *Standard*, a family of three with one adult, one preschooler, and one school-age child in the Bronx needs to earn at least an annual income of \$49,874 to be self-sufficient. This includes costs for housing (\$930/month), child care (\$1,412/month), food (\$563/month), transportation (\$70/month), health care (\$236/month), miscellaneous (\$321/month), and taxes (\$890/month). The *Standard* also takes into account tax credits for which the household is eligible. In this example, the family is eligible to receive the child tax credit (\$167/month) and the child care tax credit (\$100/month). The cost figures for the *Standard* are from credible scholarly sources, such as the U.S. Census Bureau and are age- and/or geographically specific. For example, the cost of child care is based on 70% of the market rate, according to the annual survey conducted by the New York State Office of Children and Family Services. Food costs are based on the United States Department of Agriculture’s (USDA) Low-Cost Food Plan. Since food costs in New York City are 36% more than the national average based on the cost-of-living estimates from ACCRA, the USDA Low-Cost Food Plan budget has been increased by 36% to reflect this differential.

The *Self-Sufficiency Standard* also provides vital information about the way public benefits—such as Medicaid, Food Stamps, child care and housing assistance—can lower costs so that families can make ends meet in the short-term while they gain skills and experience to advance to better paying jobs. For example, a single parent with one infant and one preschooler in Brooklyn needs to earn a self-sufficiency wage of \$23.44 an hour in order to be able to pay all of his or her household's basic needs. If this same family has access to subsidized child care, the family's child care costs significantly decrease and the adult only needs to earn \$15.50 an hour to earn a self-sufficiency wage. Going one step further, if the adult has access to subsidized housing, child care, Food Stamps, and public Health Insurance, he or she only has to earn \$7.67, still above the minimum wage for New York State, but much more attainable than \$23.44.

While the *Standard* demonstrates the positive economic impact of public benefits on a household's budget, many benefits are not easy to access. In New York City, subsidized housing is extremely difficult to access—Section 8 vouchers are not currently available with the exception of emergency cases and the long waiting list for public housing makes it functionally unattainable. The Administration for Children Services currently has 93,000 child care slots, which leaves 257,000 children eligible for child care services but not receiving them. While there has been increased enrollment in the Food Stamp Program, there are still many barriers to participation. For example, there is only one Food Stamp office in each borough that has extended office hours, making it extremely difficult for people to apply. In addition, the income eligibility thresholds for public benefit programs are set so low that many working families are not income eligible, even though they cannot make ends meet on their own. For example, a family of two with one adult and one child has to earn \$17,808 or less each year to be eligible for the Food Stamp Program (130% of the current Federal Poverty Level). A family of two with one adult and one child has to earn \$11,136 or less each year to be eligible for Public Assistance (this is less than 100% of the current Federal Poverty Level).

Even though the *Standard* creates a no frills bare-bones budget, it sets a much higher income threshold than the current Federal Poverty Level or the NAS based CEO poverty measure. According to the *Standard*, a family of three with one adult and two children in the Bronx needed at least an annual income of \$49,874 in 2004, while the City's measure sets the 2006 income threshold at \$21,702. The Women's Center and our local and national economic self-sufficiency network remain committed to the principle that everyone has a right to a decent standard of living, quality regulated child care, safe and affordable housing, an adequate nutritional diet, and necessary health care.

Again, I would like to thank the New York City Council and the Community Development Committee for inviting us to testify today. I would also like to thank the Mayor and CEO for their efforts to address poverty in New York City and to develop an alternative poverty measure that improves upon the Federal Poverty Level. I would like to again express the value of expanding poverty measures and anti-poverty programs to include a focus on self-sufficiency. Also critical to ending poverty and promoting economic security is improved access to public benefits and expanded eligibility for the main public benefit programs.