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BALANCE THE BUDGET *AND* AUGMENT THE SAFETY NET

A leading anti-poverty advocate insists that poor and low-income working families not bear the brunt of budget cuts. > By David R. Jones

We applaud Governor Paterson for quickly taking action to address the burgeoning budget gap – anticipated to reach \$630 million this budget year, and to swell to a staggering \$26 billion over the next three years – caused by plummeting revenues of a deteriorating state economy. We understand the challenges facing the state, but we also know from experience that in tough economic times it is the poor and low-income working families who always suffer the most. While the budget will be trimmed, the governor and state legislature must make surgical cuts, avoiding the tendency of many public officials to cut across-the-board in tough times.

Low-income New Yorkers are already reeling from the current economic slowdown, squeezed by rising health care and housing costs. Worse, many are suffering from [food insecurity](#); the New York Coalition Against Hunger reports that 1.3 million New York City residents live in households that can't afford an adequate and consistent supply of food. As food prices have risen, food stamps buy less. Soup kitchens and food pantries are being overwhelmed by demand. Indeed, data from the Community Service Society's own "Unheard Third" annual [survey](#) of low-income New Yorkers reflect growing economic hardships and concerns, including the findings that 1 in 5 residents near the poverty line either did not get, or postponed, medical care or surgery because of a lack of money or insurance; 1 in 4 couldn't fill a needed prescription because of lack of money or insurance; and 1 in 4 fell behind on rent or mortgage payments.

These numbers help to convey the situation of millions of New Yorkers living on the edge – just one emergency away from disaster, in which deciding whether to pay the rent or obtain health care is a daily dilemma. There are steps Gov. Paterson and the legislature can take to help these residents, however – even in challenging economic times.

We believe that the best way to ensure the economic security of low-wage workers is to increase wages and provide access to health insurance. We recommend increasing the New York state minimum wage from its current \$7.15 an hour to \$9.50 by 2011, and indexing it for inflation every year afterwards. Given the higher cost of living in New York City than the rest of the state, we also

recommend allowing the city to create a minimum wage that's 15 percent higher than the state's. The New York State Wage Board has administrative authority to set local and regional minimum wages that are higher than the state minimum where appropriate. This action will not add a cent to the state's budget.

Our research shows that health care issues are a leading reason for disengagement from the labor market. New York State should ask for as many federal waivers as possible to simplify actuarial and enrollment rules for public health programs. In addition, the state should begin developing a series of public health insurance expansions – seeking federal matching funds for our Child Health Plus program, for example, and seeking to expand Family Health Plus to 400 percent of the federal poverty [level](#) (meaning \$70,400 income for a family of three).

The state also should extend property tax relief to renters. Approximately 1.3 million low-income renters across New York – from Erie to Suffolk County – are facing a growing rent affordability crisis, due in part to rising tax pressures. Their median rent burden is 57 percent of household income, while 60 percent are paying more than half their income for housing. While Albany discussions of property tax relief focus on homeowners, tenants are also paying rising taxes through their rents. The current property tax relief for homeowners lacks any income level test. As a result, many wealthy families are getting a break they don't need. The state should devise a property tax credit targeted only to low- and moderate-income renters and homeowners.

In addition, the state Circuit Breaker Tax Credit should be modernized. The state's existing tax credit is only available to households earning \$18,000 or less – well below the ceilings of most states with similar provisions for limiting property taxes for those who can ill afford to pay. Although the Circuit Breaker is targeted to benefit low-income renters (and homeowners), it does not adequately serve its intended constituency and is in serious need of update and reform.

When the budget-cutters get together in Albany on August 19, they must be aware of the implications of their choices. Low-income and marginal populations must not be sacrificed on the altar of a balanced budget. To get the maximum utility from our tax dollars takes a policy of efficient coordination among state agencies. This must come from the top – from Governor Paterson. We are certain that the governor will provide the leadership necessary to carry the state through these harsh economic times.

[- David R. Jones](#)

David R. Jones is president and CEO of the Community Service Society (CSS), a leading antipoverty group in New York City for more than 160 years.