A BUDGET BIND ON NEW YORK CITY

HOW FEDERAL BUDGET CUTS WILL IMPACT NEW YORK CITY’S RESIDENTS

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Introduction
We celebrated Mother’s Day this past weekend, with celebration and admiration of the women who have impacted our lives deeply. Unfortunately, this celebration and admiration was not reflected in the round of budget cuts last month. Both women and youth, especially women and youth of color, will end up with a raw deal as vital programs are slashed. These cuts come in the midst of an ongoing Recession that has burdened states with high populations of color, most of all. Yet, when we cut health and job training services to those who need it most, we lose our opportunity to build a healthy and strong country. And New York is no exception. New York, ranks 24th in CSI’s 2011 Impact Index1 and faces increased rates of uninsurance, unemployment, and poverty.

Last month, the United State Congress congratulated itself for passing the “largest” annual budget cuts in history, and the New York Legislature praised itself for delivering its first on-time budget in years. This past Friday, New York City released its budget proposal, chock-full of cuts to educational and social services. The City budget places blame on the disinvestment created by the cuts in both the “lauded” federal and state budgets. The City highlighted the state’s handling of local assistance to counties as the most punishing cut of all. New York City counties are hit the hardest witnessing a drop of 38%, while non NYC-counties will see a 33% drop.

It appears as if many of our lawmakers, while eager to champion cuts, fail to take into account the impact of these cuts in communities burdened by unemployment, lack of health care, high poverty rates, and crumbling infrastructure. While the budget cuts passed will have a negative affect on all communities, none will feel more pain more acutely than communities of color. In this brief, we analyze how budget cuts in three pillars of well being: social, health, and economic, will impact residents of New York City.

Analysis of Budget Cuts
Social: Cuts to Women, Infant, and Children (WIC) Program

Congress cut 504 million in WIC. While, this cut will impact the reserve fund, it still threatens the threadbare safety net that is critical for women and children of color. This reserve was established to help fund any increase of new participants. It was cut despite the President’s projection that WIC would increase by 500,000, nationally. 2

New York State receives about 7% of the national WIC budget, and these cuts could result in families across the state losing $36

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New York City receives about 60% of this state allocation, and will sustain an estimated $21.6 million total or $3.6 million per month. Based on eligibility estimates, over 80% of those who stand to be impacted will be women and children of color. In February, alone, there were roughly 300,000 participants in New York City.

Furthermore, the cut comes at a time with increasing food prices, which will force families using WIC to stretch dollars even further. A recent survey by the American Farmer’s Bureau on national averages, found sharp increases in some crucial WIC-approved items over the past quarter:

- Whole milk increased 11 cents per gallon
- Bread increased 13 cents per 20 ounce loaf
- Cheese has increased 47 cents per pound
- Orange Juice increased 27 cents per half gallon
- In one year - the average price of infant formula increased by 30 cents for a 25 ounce container

The combination of a tenuous recovery and rising food prices makes the need for a fully-funded WIC program all the more important.

Social: Cuts to Low-Income Housing Energy Assistance Program (LIHEAP) Contingency Fund

Drastic cuts were made in another area in which prices are increasing: energy. The LIHEAP Contingency fund—used to provide extra assistance in the case of natural disaster, increases in home energy costs, and growing unemployment rates—was slashed by 390 million dollars. In 2010, New York State received over $45 million in LIHEAP Contingency funding, but the 2011 budget only allocates $26 million. NYC residents make up 56% of those eligible for the service within the state and could witness a decrease in over $10 million in assistance. Again, this cut will be felt most acutely by residents of color as eligible households are 29% Black, 40% Latino, 11% Asian and just 16% White.

The decrease comes at a time when energy prices have increased over a ten year span, as evidenced by the doubling of home oil prices and a 60% increase in the cost of coal. At the same time, the

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3 Estimates based on author’s analysis of former WIC participants, current Census data, and SNAP Participation data.

4 America Farm Bureau: http://www.fb.org/index.php?fuseaction=newsroom.newsroom

5 Based on author analysis of pricing on diapers.com, accounting for inflation.

6 EIA
unemployment rate in New York City remains unsustainably high at 8.9%, even as unemployment benefits (capped at 93 weeks) are winding down for many. As incomes shrink, assistance to heat and cool a home is desperately needed – but the cuts mean that more people, especially people of color, will be denied essential funding.

**Health: Cuts to Community Health Clinics**

Congress gutted over $600 million in assistance to Community Health Clinics. These cuts are dangerous because they will make it even more difficult for health centers to meet the needs of area families. While city level data is not available, state-level data suggests disastrous impacts in communities of color. State-wide, those relying on clinics are majority people of color – over 34% are Latino and 28% are Black compared to the 19% of clients who are White. Of the 1.3 million who were served in New York State in 2009, over 28% were uninsured, over 80% were living below 200% of the poverty level, and the majority served were women.

The map below shows where federally-funded health clinics are located in New York City, with the majority being in areas with significant populations of color and higher rates of uninsurance. Notably, Queens has the highest uninsurance rate at 19.6%, while Brooklyn has a rate of 17%.
**Economic: Cuts to Job Training Programs**

Finally, cuts in two job-training programs that are a lifeline for the hardest hit groups of workers have been severely severed and signal that Congress was short-sighted in tackling the unemployment disaster.

- **Youthbuild:**

The first of these programs is a $23 million cut in Youthbuild programs (a 34% decrease from 2010). Based on Recovery data New York State received about 12% of Youthbuild funding for 2009 and 2010, with NYC being allocated about 32% of the State’s portion. The four Youthbuild sites in NYC all primarily serve youth of color.

While specific state-level cuts are not yet made public, the cuts will be significantly painful for youth who have faced the worst unemployment rates in history. Last year youth unemployment was around 4.4 million or 19%. It was above 20% for men and 17.5% for women, with the highest rates being Black youth at 33.4%, followed by Latino youth at 22%, Asian youth at 21.6%, and White youth at 16%.

- **Dislocated Worker Program:**

The second major employment program cut was the Dislocated Worker Program. The goal of the program is to improve employment through job counseling and advising, training programs, and placement assistance. It targets those who have faced “mass layoffs and workers who are underemployed, who tend to be younger workers, Black and [Latino], blue-collar workers, and those without college degrees”.7 With the unemployment rate still hovering around 9% nationally, many Americans remain underemployed, unemployed, or discouraged. The Dislocated Worker Program can provide much-needed assistance to help people develop new skills and transition into job opportunities. Despite these benefits and the severity of the current job crisis, Congress purged $125 million nationally from the program.

Exact City-level funding is unknown, but the state received 5% of Dislocated Worker funding nationally in 2009 and 2010, and about 3% of total funding in 2008. Assuming an allocation similar to those in past years, New York City, which makes up 47% of the participants in the State, is likely to see a 6 million dollar cut to support its dislocated worker programs. Again, people of color will be disproportionately affected, as last year’s data shows that within the NYC Metro area unemployment rates were around 14% for Blacks, 10.8% for Latinos, but only 6.7% for Whites.

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.Recommendations

The 2011 Budget agreements were just the beginning of a long and contentious fight ahead. New York City is set to grapple with tough decisions on the budget, while Congress is set to tackle both the debt ceiling and the 2012 budget. This analysis shows that many of the cuts in the 2011 budget are likely to have negative consequences for all New York City’s vulnerable residents, especially residents of color. Disturbingly, these cuts are relatively small in comparison to the cuts proposed in Congressman Ryan’s 2012 Budget Plan or the $2 trillion dollar cuts that some lawmakers are demanding as part of the Debt Ceiling Agreement. If a few billion dollars could have a devastating impact on the lives of women and children in New York City, what devastation will a few hundred billion dollars bring?

We remind our elected leaders that the current round of budget cuts hurt our most vulnerable citizens, and citizens of color, first and the hardest.

• Future budget resolutions must be more transparent and accountable. Decisions at the federal level often seem too distant until the impact is felt at home. As we highlighted, simple and sometimes quiet cuts can lead to disastrous impacts for a select population. The 2011 Federal Budget compromise was no exception for New York City residents. As the largest generation in our country’s history grows older and people of color become the majority of the nation’s population, lawmakers at all levels must analyze the impacts of their choices along the following dimensions:
  o Race and Ethnicity
  o Gender
  o Age
  o Median-Household Income
  o Residential zip code

To make this possible, we urge federal and state lawmakers to require collection of data on the beneficiaries and participants in these critical programs and to make this data publicly available in formats that are easy to analyze. Just as importantly, budgeting processes must be increasingly transparent and participatory, creating opportunities for local residents and community advocates to speak to the implications of spending decisions and ensure that benefits and burdens are shared by all City residents.

• As public debate focuses on deficits and jobs, communities have been told repeatedly that the only way to recover and grow is through tax cuts and slashed services. But there is an alternative: our choices can sow the seeds of future growth. Our elected leaders, from Mayor Bloomberg and Governor Cuomo to the United States Congress, must build and fortify the foundations for socio-economic wellbeing. This demands an open and honest conversation in the impending budget debates about alternative revenue sources as
well as smart and strategic investments in community valued programs like transit, education, and workforce development.

- The United States Congress should work to restore vital funding for community health clinics that provide essential services to women, the uninsured, and people of color. While, New York City’s community health clinics stand to take a major hit in funding, so do other cities across the nation as well as rural communities in the South and Midwest, two regions battered by the Recession. All of us need quality opportunities to access health. Limiting services only guarantees that Americans will be less healthy and productive in coming years.

- The United States Congress should ensure that anti-poverty programs remain fully funded in the 2012 budget. Cuts to programs like WIC and LIHEAP cause financial stress in low-income communities and communities of color that utilize this funding to purchase necessities for their families. Funding these programs will ease the burden on these communities and will offer assistance to local governments who rely on federal support to serve the needs of its people.
The Center for Social Inclusion works to unite public policy research and grassroots advocacy to transform structural inequity and exclusion into structural fairness and inclusion.

We work with community groups and national organizations to develop policy ideas, foster effective leadership, and develop communications tools for an opportunity-rich world in which we all will thrive.

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