

## Testimony prepared by

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for the

## **New York City Council Committee on General Welfare**

on the

# FY 2011 Preliminary Budget

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on behalf of

# **Food Bank For New York City**

#### INTRODUCTION

Good afternoon. I am Triada Stampas, Director of Government Relations and Public Education with the Food Bank For New York City. The Food Bank appreciates the opportunity to present testimony to the City Council regarding the Fiscal Year (FY) 2011 Preliminary Budget.

First, I would like to acknowledge the continued commitment of the Council, and the General Welfare Committee in particular, to address the problem of hunger in New York City. The Food Bank commends the City Council's ongoing efforts to ensure city residents have access to affordable, nutritious food, as with the recent passage of the Food Retail Expansion to Support Health (FRESH) initiative and increasing enrollment of eligible households in the Food Stamp (SNAP) Program.

The Food Bank For New York City works to end hunger through a range of programs and services that increase access to nutrition, education and financial empowerment. We warehouse and distribute food to approximately 1,000 emergency and community food programs citywide; provide food safety, networking and capacity-building workshops; manage nutrition education programs for schools and emergency food programs; operate food stamp outreach and education programs; coordinate the largest Earned Income Tax Credit (EITC) volunteer tax preparation program in the country; and conduct research and develop policy to inform community and government efforts to end hunger throughout the five boroughs.

Throughout New York City, hunger and food poverty have escalated in recent years and the expectation is that levels will remain high due to the recession and continued unemployment. While 2009 saw the public, private and non-profit sectors respond to the recession – with some success – by providing greater resources for those without sufficient food, soup kitchens and food pantries across New York City are nevertheless experiencing food shortages as a result of increased need. In my testimony today, I will briefly describe the current analysis of food poverty in the city, and highlight the critical need for the FY 2011 budget to provide sufficient emergency food assistance to meet the growing demand.

#### **BACKGROUND**

The data paint a grim picture of the toll this recession has exacted on New Yorkers.

- Poverty and food insecurity have increased. The number of people living in poverty throughout the U.S. increased by 2.5 million people from 37.3 million people (12.5 percent) in 2007 to 39.8 million (13.2 percent) in 2008, the highest number since 1960. Throughout the nation, 15 percent of households (17 million) are food insecure, up from 11 percent (13 million households) in 2007 the USDA reported this year that in New York State more than 11 percent of households are food insecure, marking a 14 percent increase from reported numbers in 2008.<sup>2</sup>
- More New Yorkers are unemployed, and remain unemployed longer. New York City exceeded ten percent unemployment in August 2009, and the local unemployment rate has remained in double digits since. As of December 2009, New York City's unemployment was 10.6 percent (424,000 people), up 51 percent from 7 percent unemployment (280,000 people) one year before, and more than double since the start of the recession in December 2007 (4.8 percent).<sup>3</sup> There are more than six unemployed workers in the U.S. for every open position,<sup>4</sup> and on average, unemployed workers in the U.S. are out of work for more than six months the longest amount of time recorded since the beginning of data collection in 1948.<sup>5</sup>
- More than 3.3 million New York City residents (40 percent) are experiencing difficulty affording needed food, a 60 percent increase since 2003 (25 percent). Nearly as many New Yorkers (39 percent) would not be able to afford food within three months of losing their household income.<sup>6</sup>

Noting the fact that two in every five New Yorkers struggling to afford food represents a long-term upward trend and is evidence of an entrenched food poverty problem, it nevertheless represents a decrease from 2008, when close to one-half (48 percent) of New York City residents reported difficulty affording food. It is likely that extra support and funding for food assistance services over the past year contributed to addressing and reversing the crisis levels of difficulty affording food. Government and private sector support for measures that address food poverty included the following:

<sup>&</sup>lt;sup>1</sup> Community Population Survey. (2008). U.S. Census Bureau.

<sup>&</sup>lt;sup>2</sup> Nord, M., Ándrews, M. and Carlson, Ś. Household Food Insecurity in the United States, 2008. (November 2009). U.S. Department of Agriculture.

<sup>&</sup>lt;sup>3</sup> New York State Department of Labor; U.S. Bureau of Labor Statistics.

<sup>&</sup>lt;sup>4</sup> 6.1 Job Seekers per Job Opening in September. (November, 2009). Economic Policy Institute.

<sup>&</sup>lt;sup>5</sup> At 10.2%, October's Unemployment is a Wake-Up Call. (November 6, 2009). Economic Policy Institute.

<sup>&</sup>lt;sup>6</sup> NYC Hunger Experience 2009: A Year in Recession. Food Bank For New York City. (November 2009).

- The 2008 Farm Bill (which came into full effect in 2009) included a \$100 million increase for the federal Emergency Food Assistance Program (TEFAP); ARRA further augmented this baseline increase by another \$150 million. In addition, and for the first time in four years, the amount of surplus commodities streaming into TEFAP exceeded the entitlement portion of the program.
- Simultaneously, private-sector donors including foundations, corporations and individuals – responded to increasing demand at soup kitchens and food pantries with new and/or increased donations and support for emergency food.
- The 2008 Farm Bill and ARRA also improved the federal Food Stamp Program [Supplemental Nutrition Assistance Program (SNAP)] with measures that included increasing the minimum benefit, uncapping dependent care deductions and increasing maximum food stamp benefit levels. At the same time, New York State and City initiatives secured increased enrollment of eligible households in the program, and increased allotments for households that benefited from initiatives like the increase of food stamp benefits for Section 8 and public housing residents. As a result of increased participation and increased benefit amounts, more than \$262 million in federal food stamp dollars reached New York City in December 2009 alone, an increase of nearly \$65 million (32.7 percent) from March 2009, the month before the ARRA increases took effect.<sup>7</sup>
- ARRA bolstered other government nutrition programs, including increasing funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) by \$500 million and the Emergency Food and Shelter Program (EFSP) by \$100 million.
- ARRA also temporarily extended unemployment benefits through December 2009 and raised unemployment benefits by \$25 per week. Congress has been passing additional extensions as previous extensions have expired.
- Bringing extra tax relief to low- and middle-income earners, ARRA increased the Earned Income Tax Credit (EITC) for taxpayers with three or more children from 40 percent to 45 percent of qualifying income and lowered the eligibility for the Child Tax Credit, making it available to households with at least \$3,000 in earnings (prior to ARRA, the minimum income was set at \$12,550).
- ARRA's Making Work Pay Credit provided up to \$400 for single workers earning up to \$100,000 and up to \$800 for married couples earning up to \$200,000 – an individual eligible for the maximum credit of \$400 received an additional \$15.38 in every biweekly paycheck.

Most of the recent measures outlined above were designed to be temporary, and almost all have already been expended.

# WITH TEMPORARY INCREASES TO AID RUNNING OUT, INCREASES TO EMERGENCY FOOD – NOT CUTS – ARE NEEDED TO MEET RECORD NEED

Any time increasing numbers of households fall into food poverty, nowhere is it more evident than at the doors of the city's approximately 1,000 emergency food programs. Nearly all (93 percent) of soup kitchens and food pantries saw an increase in first-time visitors over the past

<sup>&</sup>lt;sup>7</sup> Analysis of SNAP data as reported by the New York State Office of Temporary and Disability Assistance (OTDA).

year, and almost nine in ten (87 percent) have seen increases in recently unemployed clients. While emergency food sites across the city had more resources to meet the extraordinary demand, many experienced food shortages and were forced to compensate by scaling back services. During the past year, 59 percent of soup kitchens and food pantries ran out of food at some point and were forced to respond as follows:

- More than two-thirds (69 percent) of emergency food sites had to reduce the amount of food per household.
- Approximately one-quarter (24 percent) of emergency food sites reduced the number of days or hours of food distribution.
- Almost one-half (47 percent) of emergency food sites turned away individuals.<sup>9</sup>

Unemployment is expected to continue rising in New York until the second half of this year, and lost wages as a result of unemployment are expected to be substantial.<sup>10</sup> The New York State Budget Office predicts that in 2009 total wages paid in New York will fall by approximately five percent and personal income will drop by almost three percent – the largest one-year decreases ever recorded in New York State.<sup>11</sup>

Increasing the supply of emergency food is one of the key measures to address the spike in food poverty as a result of the recession. The total 2009 TEFAP package for New York State amounted to \$45.2 million, including \$28.5 million for New York City, a 118 percent increase from New York City's 2008 TEFAP funding level of \$13 million. Of the overall amount, however, a little less than 40 percent was TEFAP entitlement, a baseline, recurring amount, and the entitlement increase since 2008 was only 24 percent (\$2.2 million). The remainder of the food resulted from a combination of ARRA and surplus commodities, of which the former will not be renewed in the years ahead and the latter is unpredictable – for example, in 2009, New York City received \$12.5 million in TEFAP surplus commodities, in contrast to approximately \$4 million in 2008 and \$3 million in 2007. In total, the budgeted 2010 TEFAP level for New York City is approximately \$14.2 million, representing a decrease of one-half (50 percent) from 2009. The graph on the next page illustrates.

On the state level, the Hunger Prevention and Nutrition Assistance Program (HPNAP), funded at \$30.9 million (already down from the \$33.3 million allocated in FY 2008), took a considerable cut in the November Deficit Reduction Plan. In addition, the State Executive Budget calls for a \$1.2-million reduction in baseline funding for FY 2011. Additionally troubling, however, is that the Executive Budget calls for cuts in State aid to New York City, to which the Mayor's response has been a Contingency plan for Proposed State Budget Reductions that threatens complete elimination of the Emergency Food Assistance Program (EFAP).

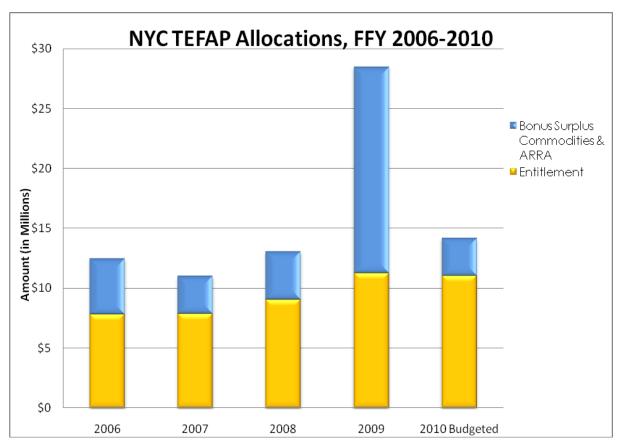
EFAP is a \$10.2-million program that provides food to approximately 500 food pantries and soup kitchens throughout the city. While the City's funding of EFAP has remained flat for several years, it nevertheless represents the second largest single source of food in the emergency food network. *Elimination of this program would not only do very little to close the City's budget deficit, it would bring the emergency food system to its knees.* Combined with anticipated reductions to federal, state and private emergency food support, a cut of this

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<sup>&</sup>lt;sup>8</sup> NYC Hunger Experience 2009: A Year in Recession. Food Bank For New York City. (November 2009).

<sup>&</sup>lt;sup>10</sup> State of Working New York 2009. (September 2009). Fiscal Policy Institute.

<sup>&</sup>lt;sup>11</sup> Ibid.



magnitude in the supply of emergency food to New York City food pantries and soup kitchens will undoubtedly result in an increase in the number of people being turned away.

The response to hunger in 2009 offers a valuable lesson: that when sufficient resources are applied to address the problem, it is possible to have an effect. Rather than being eliminated, EFAP funding should be increased in order to keep up with record demand on the emergency food network through this recession.

### **CONCLUSION – NEXT STEPS FOR ADDRESSING HUNGER AND FOOD POVERTY**

Emergency food is designed to be a temporary measure to meet families' immediate needs while longer-term solutions are put in place. While New Yorkers will continue to benefit from some of the more sustainable income supports ARRA put into place – the increases to food stamp benefits, for example, will remain in place, and the expanded tax credits will be available this tax season and next – the critical safety net that emergency food represents must be bolstered and supported through this recession. The City Council should focus on the following three priorities for Fiscal Year 2010:

- 1. Increase funding for EFAP. The City must recognize that the recession will only continue to increase demand at emergency food organizations throughout the city. In light of anticipated reductions in federal and private-sector aid for emergency food, expansion of EFAP funding will enable food pantries and soup kitchens to meet this growing need with adequate nutritious food.
- 2. Fight State cuts to HPNAP and other nutrition assistance supports. In addition to cutting HPNAP funding, the State Executive Budget proposes to reduce funding to the Nutrition Outreach and Education Program (NOEP), which funds food stamp outreach efforts and draws

down matching federal dollars. Without sufficient resources, our collective efforts to ensure that New Yorkers can access the assistance they need in times of economic distress will not be as effective as they could be.

3. Expand City Council funding for Food Stamp outreach and education efforts. Without the City Council's support of Food Stamp outreach and education, prescreening and facilitated enrollment, programs like the Paperless Office System that allows New Yorkers to forego visits to a food stamp office and instead submit their food stamp application from a number community-based organizations throughout the city would not have achieved as great a degree of success. Programs like these streamline the application process both for applicants and HRA staff; as the City continues to face resource shortfalls, initiatives like these are cost-effective ways to extend the reach of the food stamp program and continue to reap the benefits it provides to our local economy.

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