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MEMORANDUM IN OPPOSITION

LEGISLATIVE REFERENCE S.5605-A – by Senator Squadron – Finance Committee
A.8353-D - by M. of A. Wright – Passed Assembly

TITLE AN ACT to amend the social services law, in relation to financial contributions by recipients of temporary housing assistance and discontinuance of temporary housing assistance based on a recipient's actions

SUMMARY OF PROVISIONS

This bill amends subdivision 7 of section 131-a of the social services law by adding subparagraph b which requires all earned and unearned income for applicants and recipients of temporary housing assistance be disregarded in determining eligibility for public assistance and temporary housing assistance in the City of New York. It also requires that no recipient of temporary housing assistance shall be required to contribute to the cost of temporary housing.

REASONS FOR OPPOSITION

All New Yorkers who have income are expected to use some of their income to pay for their housing. The statute requiring residents of shelter, if they have income, to contribute some of that income toward their housing costs has been in State law for over two decades. A client's available resources and the actual cost of shelter determine a client's contribution amount. The income contribution requirement is a regulatory and statutory funding structure determined by the State. It is important to note that there is an income threshold, e.g., a family of four would not have to pay until it they earn over \$10,000 a year. The requirement begins only when people earn over a certain level and most people, including all those with incomes below the poverty line, are allowed to keep over half of their gross income. Further, people with income are eligible for a rent subsidy from the City to leave shelter that includes up to two years of their rent paid along with payment for moving expenses and a security deposit. In addition clients who live in other transitional housing also contribute a portion of their income toward rent.

The income contribution requirement has been challenged and upheld not only by New York State courts, Rodriguez v. Wing, but also the federal court system, Johnson v. Wing. Both Rodriguez and Johnson involved individuals receiving Supplemental Security Income and/or Social Security Disability benefits who were required to make contributions towards their shelter expenses out of such grants. These court rulings are consistent with the policy and mandates of Welfare Reform to promote self-sufficiency.

Also, of great concern is the provision that would disregard all earned income for any shelter resident applying for public assistance (PA) benefits. This provision will allow all shelter residents to receive a full cash benefit regardless of their income level, placing shelter residents in a better financial position than rental housing residents (who would not have their income exempted and who's cash benefit declines as their income increases) and creates a disincentive for shelter residents to leave the shelter system. As a result of this bill, New York City estimates that the current PA rolls will grow by an additional 8,400 households.

Further, this bill would create an unfunded mandate by placing a substantial additional financial burden on both the State and the City. The current State policy is equitable and there is no rationale to create a glaring disparity regarding public assistance policy between NYC and the rest of the state. Eliminating any income from the calculation of public assistance recipients' benefit level completely will have an even greater financial impact to the State and the City as it would increase the cost of the cash grant for clients in temporary housing. The increased cash assistance costs will put more pressure on the TANF block grant funds and may result in cuts to TANF services in local social services districts. Reductions in this funding could result in increased costs, above those directly associated with the bill, to both New York City and other districts. The financial burden of implementing this bill is approximately \$36 million and there is no provision in this bill nor in a budget appropriation currently that would identify how either the State or the City could pay for this unfunded mandate. As such, this bill would be contrary to the intent of the Governor's Executive Order #17 which seeks to reduce unfunded mandates on localities.

Accordingly, it is urged that this bill be disapproved.

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Respectfully submitted,

MICHELLE L. GOLDSTEIN
Director