



## **Government Benefits: A Lifeline for Low-Wage New Yorkers**

By David R. Jones  
May 19, 2011

The safety net of federal funding is being threatened by politicians in Washington who have been in a frenzy of budget cutting since January. To hear the so-called deficit hawks tell it, cutting the deficit is the most important issue in Washington. Federal benefit programs – “entitlements” – are major targets of the budget cutters.

A quick look at the numbers will reveal just how important federal benefits have been since the recession. In the past year, government programs – Medicare, Medicaid, Social Security, Food Stamps, unemployment insurance and other programs – accounted for 18.3 percent of the nation’s total personal income. This translates to about an average of \$7,400 in benefits for each American, up from less than \$4,800 in 2000. About 90 percent of these benefits come from the federal government.

These benefits have been especially crucial for New Yorkers. In 2010, New York led all states in benefit dollars, with each New York resident receiving an average of \$9,442 in benefits, more than \$2,000 above the national average. For New York City’s low-income Latinos, government benefits are crucial. The latest Community Service Society survey of New Yorkers found that low-income Latinos are almost twice as likely as low-income whites to have experienced long stretches of unemployment. In addition, more than half (56%) of these residents report having less than \$500 in savings to fall back on in case of an emergency.

The Obama administration also seems caught up in deficit cutting fever. The president’s budget proposal for fiscal year 2012 includes a 50 percent cut in the Community Services Block Grant, down from \$700 million in fiscal years 2009 and 2010 to \$350 million. The Community Services Block Grant is a crucial component of the nation’s safety net. It provides aid directly to the poorest neighborhoods across the country. This year, New York City received nearly \$32 million from the grant. Poor neighborhoods from Borough Park in Brooklyn to West Harlem to Morris Heights in the Bronx to South Jamaica in Queens received six figure allocations of funds in the past year.

Proposed grant projects may include the prevention or elimination of slums or other community development activities to address an urgent threat to health or safety. Funds may be used for rehabilitation of housing and commercial buildings, construction of public facilities, construction and maintenance of neighborhood centers, and the conversion of school buildings, public services, and economic development and job creation/retention activities. In other words, activities that help to revitalize poor neighborhoods and aid low-income families.

The politicians want to cut funding in half for the Community Service Block Grant, a saving of \$350 million – a pittance as federal budgets go. Apparently, the grants have been allocated using a formula that does not consider how good a job the recipients are doing. The president is proposing to cut financing for this grant program in half and to reform the remaining half into a competitive grant

program, so that funds are spent to give communities the most effective help. Competition is fine, but it is difficult to understand how cutting the grant in half will somehow lead to the funds being spent more effectively.

New York City stands to lose a large amount of federal funds - perhaps as much as \$16 million - that are desperately needed in the city's poorest neighborhoods. Worse, these cuts come at a time when the state and city, facing decreased revenue from an anemic economy, are slashing funding in order to balance their budgets.

Programs like Medicaid and job training for the chronically unemployed that help the most vulnerable populations, those without strong political support, are on the chopping block. The long-term impact of such cuts would be devastating for New York City and other urban areas.

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