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for the

Committee on General Welfare

on

Update on the Impact of the Federal Economic Stimulus Package in New York City: Focus on Social Service Issues

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on behalf of

Food Bank For New York City

INTRODUCTION

Good afternoon. My name is Triada Stampas. I am the Director of Government Relations and Public Education for the Food Bank For New York City. The Food Bank appreciates the opportunity to present testimony today to the City Council regarding the impact of the federal economic stimulus package on social services in New York City.

First, the Food Bank thanks the City Council and the General Welfare Committee for your diligent and consistent efforts to address the issue of hunger. And the Food Bank commends the City's ongoing efforts to ensure city residents have access to affordable, nutritious food, as with the passage of the Food Retail Expansion to Support Health (FRESH) initiative and increasing enrollment of eligible households in the Food Stamp (SNAP) Program.

Food Bank For New York City works to end hunger and food poverty by increasing access to nutrition, education and financial empowerment. The organization distributes food and provides support services to approximately 1,000 emergency and community food programs citywide; manages nutrition education programs for schools and CBOs; operates benefits access programs including food stamp outreach and enrollment assistance, and the largest Earned

Income Tax Credit (EITC) program in the country; and conducts research to inform community and government efforts to end hunger in New York City.

With the recession exacting its toll on households across the city over the past year, poverty, food insecurity and unemployment have gone up, and emergency food organizations are feeling the resultant pressure: demand at food pantries and soup kitchens increased across the city, even as food stamp enrollment reached record levels. At the same time, the past year saw a dramatic increase in resources to provide food for low- and middle-income individuals and families, thanks in no small part to the American Recovery and Reinvestment Act of 2009 (ARRA). The \$787 billion in ARRA spending to stimulate the nation's economy included provisions to significantly bolster nutrition assistance programs, tax relief for low- and moderate-income workers, and other programs that benefit New Yorkers facing food poverty.

Economists, however, are predicting that the jobs lost in this recession may not be fully recovered until 2012 – long past when the temporary measures authorized in ARRA will have been expended.

2009: RECESSION RESPONSE SHOWS IT *IS* POSSIBLE TO REDUCE FOOD POVERTY

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 1960.¹ 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 2008.²

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, local unemployment was 10.6 percent (424,000 people), up 51 percent from seven percent unemployment (280,000 people) one year before and more than double since the start of the recession in December 2007 (4.8 percent).³ There are more than six unemployed workers in the U.S. for every open position,⁴ 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 1948.⁵

New York City food stamp enrollment rates increased to incorporate higher numbers of eligible families and individuals falling on hard times; as of December 2009, more than 1.6 million city residents are enrolled in the Food Stamp Program, a one-year increase of 20 percent and the highest enrollment seen in New York City in over a decade. Food pantries and soup kitchens across the city found themselves on the front lines of the crisis. In the past year, almost all (93 percent) emergency food sites in the city (food pantries and soup kitchens) witnessed an increase in the number of first-time visitors — and more than one-half saw an increase of more than 25 percent.⁶

¹ Community Population Survey. (2008). U.S. Census Bureau.

² Nord, M., Andrews, M. and Carlson, S. Household Food Insecurity in the United States, 2008. (November 2009). U.S. Department of Agriculture.

³ New York State Department of Labor; U.S. Bureau of Labor Statistics.

⁴ *6.1 Job Seekers per Job Opening in September*. (November, 2009). Economic Policy Institute.

⁵ *At 10.2%, October's Unemployment is a Wake-Up Call*. (November 6, 2009). Economic Policy Institute.

⁶ *NYC Hunger Experience 2009*. Food Bank For New York City.

Admirably, the federal government's response in the face of these troubling circumstances was to bolster measures that address food poverty:

- Beginning with the 2008 Farm Bill which came into full effect in 2009, there was 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.
- 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. Starting in April 2009, ARRA increased maximum benefit amounts by 13.6 percent. (It should be noted that at the same time, local 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.) The average monthly household food stamp allotment for New York City recipients is now \$290 per month, an almost \$40 (14.5 percent) increase since March 2009, the month before the stimulus increases took effect. 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 2009.⁷
- 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 extended unemployment benefits through December 2009 and raised unemployment benefits by \$25 per week. Congress passed a further extension late last year, providing for 20 weeks of extended benefit coverage in states where unemployment is more than 8.5 percent, including New York. The extension allows unemployed New Yorkers to continue receiving unemployment benefits for up to 73 consecutive weeks.
- 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.

It should be noted that private-sector donors – including foundations, corporations and individuals – also responded to increasing demand at soup kitchens and food pantries with new and/or increased donations and support for emergency food.

⁷ Analysis of SNAP data as reported by the New York State Office of Temporary and Disability Assistance (OTDA).

The impact was immediate. Recipients of food stamps, unemployment benefits and tax credits saw their ability to purchase food expand. Soup kitchens and food pantries around the city had more resources to meet the increasing demand across the city. Research conducted in October 2009 by the Food Bank and Marist College Institute for Public Opinion shows that 40 percent of New York City residents, 3.3 million, were experiencing difficulty affording food, a decrease from 48 percent (3.9 million) in 2008.⁸

2010: NEED REMAINS, BUT MANY STIMULUS MEASURES SET TO EXPIRE

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.⁹ 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.¹⁰ An analysis of the public- and private-sector response to the recession illustrates that it *is* possible to reduce hunger and food poverty when government, corporations, foundations, nonprofit organizations and individuals recognize the problem and come together to respond, but also that there is real danger of losing ground if we do not stay the course and transition from temporary measures to sustainable solutions to help low- and middle-income households get back on their feet.

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.

A reduction of this magnitude in the supply of emergency food to New York City soup kitchens and food pantries will unquestionably result in more rationing of food, and an increase in the number of people being turned away. Indeed, even with extra food and funding flowing into the network over the past year, many emergency food sites faced food shortages and were forced to compensate by scaling back services. In 2009, 59 percent of soup kitchens and food pantries ran out of food at some point and were forced to respond as follows:

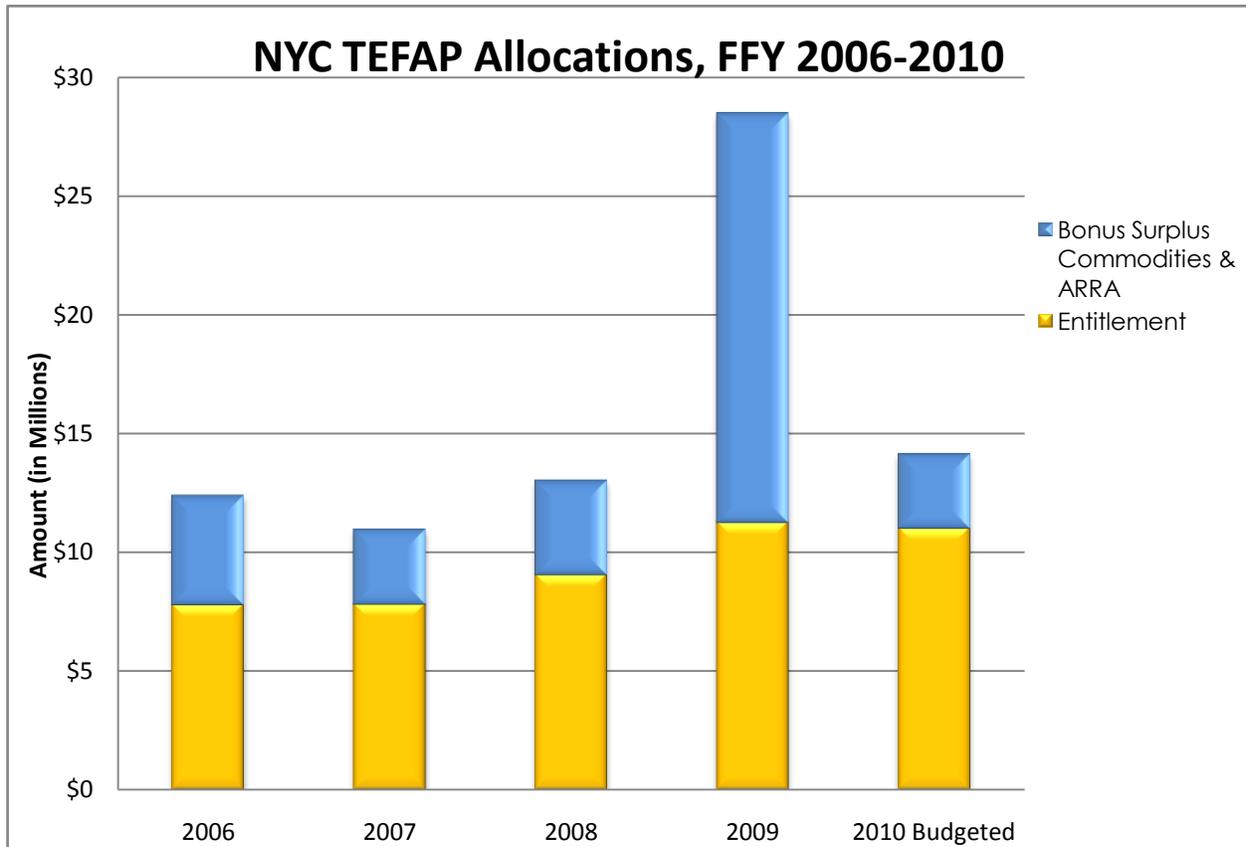
- More than two-thirds (69 percent) of emergency food sites had to *reduce the amount of food per household*.
- Approximately one-quarter (24 percent) of emergency food sites *reduced the number of days or hours of food distribution*.
- Almost one-half (47 percent) of emergency food sites *turned away individuals*.¹¹

⁸ NYC Hunger Experience 2009. Food Bank For New York City.

⁹ State of Working New York 2009. (September 2009). Fiscal Policy Institute.

¹⁰ Ibid.

¹¹ NYC Hunger Experience 2009. Food Bank For New York City.



The other stimulus measures that have worked to increase people’s ability to purchase food are either non-recurring or time-limited as well. Food Stamp (SNAP) allotments, for example, will not experience regular annual increases until inflation in food costs catches up to ARRA’s 13.6 percent increase in maximum benefit amounts. Extension of unemployment insurance benefits through ARRA relies on periodic extensions from Congress to continue. Because the expanded tax credits for low-wage workers under ARRA begin to take effect in this tax filing season and continue into next tax season, New York City has yet to experience the economic impact of those stimulus measures.

LOCAL POLICY AND BUDGET PRIORITIES MUST REFLECT CONTINUING NEED

In the face of a deepening recession, the federal government acted quickly to strengthen the safety net for individuals and families who fell victim to the economy’s decline. ARRA provided immediate assistance through emergency food while bolstering more sustainable measures, like food stamps, WIC, unemployment insurance and targeted tax credits. ARRA’s provisions, however, were designed to be temporary, and the emergency aid that New York City received has already begun to peter out.

In the near term, continuing to support and increase funding for emergency food to meet the growing demand at soup kitchens and food pantries is vital for the response that is needed in the months and years ahead. Threatened cuts to New York State and City emergency food funding could not come at a worse time. The State Executive Budget for FY 2011 proposes cuts to the Hunger Prevention and Nutrition Assistance Program (HPNAP), New York State’s

food assistance program. Alarming, the Mayor's Contingency Plan for Proposed State Budget Reductions calls for complete elimination of the Emergency Food Assistance Program (EFAP), which provides food and technical assistance to approximately 500 food pantries and soup kitchens throughout New York City. Funded at \$10.2 million – or 0.017 percent of New York City's budget – EFAP represents the second largest single source of food in the emergency food system. No other source of food could make up for its loss. Elimination of EFAP would cripple an emergency food network already struggling to keep up with rising demand.

SUMMARY

There is much to be learned from the response to hunger in 2009. It is likely that the extra support and funding for food assistance services did contribute to addressing and reversing the crisis levels of difficulty affording food reported in 2008, illustrating that when sufficient resources are directed to address the problem, it *is* possible to have an effect. Nevertheless, 3.3 million New York City residents are still struggling to put food on the table, and the recession is not likely to end for them soon. Rather than identifying EFAP as a target for cuts, the discussion among City budget and policy makers should be about temporary increases to keep up with rising demand and stave off the worst possible outcomes for needy families. If New York City is to come out of this recession in a position to take advantage of economic recovery and growth when it comes, City government should follow the federal government's example with ARRA – to protect and strengthen the safety net.