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for the

New York City Council Committees on Finance and General Welfare

on the

FY 2011 Executive Budget

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on behalf of

Food Bank For New York City

INTRODUCTION

Good afternoon. The Food Bank appreciates the opportunity to present testimony to the City Council regarding the Fiscal Year (FY) 2011 Executive Budget.

First, we would like to acknowledge the continued commitment of the Council, and the General Welfare Committee in particular, to addressing 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, increasing enrollment of eligible households in the Food Stamp (SNAP) Program and support for a robust Child Nutrition Reauthorization.

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 context of food poverty has changed little since the testimony we submitted at the FY 2011 Preliminary Budget Hearing two months ago.

- *Poverty and food insecurity are up.* The number of people living in poverty throughout the U.S. increased 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's unemployment remains high.* As of March 2010, local unemployment was 10.0 percent (397,220 people), marking the eight consecutive month of double-digit unemployment in New York City.³ There are 5.6 unemployed workers in the U.S. for every open position,⁴ and nearly half (45.9 percent) of unemployed workers in the U.S. have been out of work for more than six months.⁵
- *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).*⁶

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 course of 2009 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:

- 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.

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 *Unemployed Workers Outnumber Job Openings 5.6-to-One in March.* (May 11, 2010). Economic Policy Institute.

⁶ *NYC Hunger Experience 2009: A Year in Recession.* Food Bank For New York City. (November 2009).

- 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)] to expand eligibility and increase benefit levels. New York State and City initiatives, like the increase of food stamp benefits for Section 8 and public housing residents, had a similar effect. As a result, more than \$265 million in federal food stamp dollars reached New York City in February 2010 alone, an increase of nearly \$67 million (34 percent) from March 2009, the month before the ARRA increases took effect.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 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.

AS TEMPORARY INCREASES TO AID RUN OUT, EMERGENCY FOOD RESOURCES MUST INCREASE TO MEET RECORD NEED

Nowhere is the increasing number of households falling into food poverty 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 year, and almost nine in ten (87 percent) have seen increases in recently unemployed clients.⁸ 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:

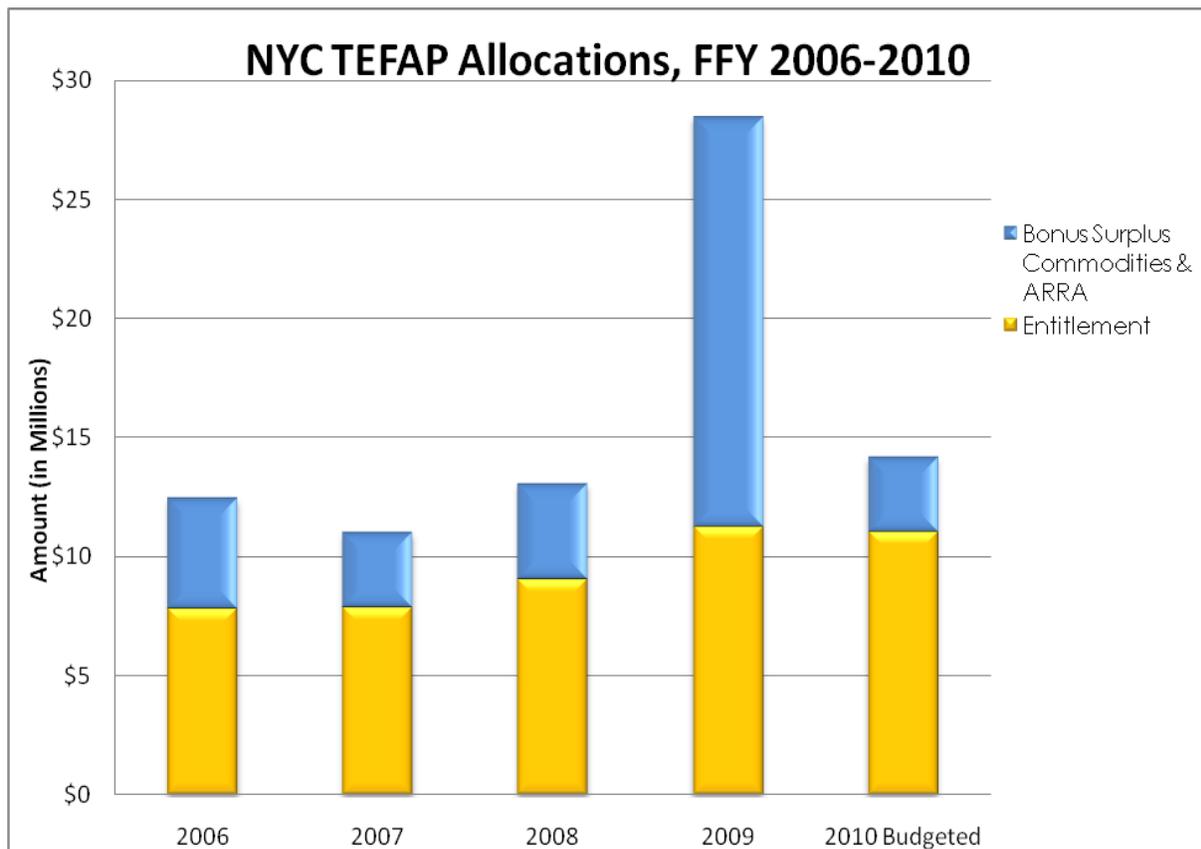
- More than two-thirds (69 percent) of emergency food sites had to *reduce the amount of food per household*.

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

⁸ *NYC Hunger Experience 2009: A Year in Recession*. Food Bank For New York City. (November 2009).

- 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*.⁹

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 below illustrates.



The New York State Department of Health Hunger Prevention and Nutrition Assistance Program (HPNAP), the State's funding for emergency food, has suffered a number of cuts from the \$33.3 million allocated in FY 2008, a high-water mark in the program's funding. After cuts in the State's November Deficit Reduction Plan and other adjustments, HPNAP is currently funded at

⁹ *Ibid.*

\$29.7 million. The State Executive Budget codifies this lower funding level for FY 2011, leaving HPNAP down \$3.6 million from FY 2008. In addition, the State's delay in passing a budget could mean a missed opportunity to designate \$10 million of the remaining ARRA funds for one-time emergency food aid – this designation must happen before the end of the federal fiscal year on September 30, 2010. Additionally troubling is that the State Executive Budget calls for cuts in aid to New York City, which led the Mayor to respond with a Contingency plan for Proposed State Budget Reductions that threatened complete elimination of the Emergency Food Assistance Program (EFAP).

EFAP, a \$10.2-million program that provides food to approximately 500 New York City food pantries and soup kitchens, is the second largest single source of food in the emergency food network. While the Executive Budget does not reflect the Contingency Plan's proposal for elimination, EFAP food funding has remained flat for at least seven years; rising food costs have whittled away 20 percent of its buying power in that time. Because EFAP funding is unresponsive to changes in food costs and demand, every year of flat-funding has effectively cut the effectiveness of the program as food poverty has deepened in New York City.

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 from ARRA – the increases to food stamp benefits, for example, as well as expanded tax credits available through next tax season – 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 2011:

1. *Increase funding for EFAP food by \$3 million in FY 2011.* The City must recognize that long-term unemployment will only continue to increase demand at emergency food organizations throughout the city. To make up for the diminished buying power that years of flat-funding have created, and to account for increases in demand, baseline EFAP food funding should be increased by \$3 million in the FY 2011 budget to enable food pantries and soup kitchens to provide adequate nutritious food to New Yorkers who need it.
2. *Support State designation of ARRA funding for emergency food, and fight State cuts to HPNAP and other nutrition assistance supports.* State designation of ARRA funds for emergency food could deliver millions of dollars of food to New York City food pantries and soup kitchens – but the legislature must act quickly. 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, prescreening and facilitated enrollment, programs like the Paperless Office System that allows New Yorkers to submit their food stamp applications from community-based organizations throughout the city rather than a food stamp office 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.