



CHILD DEFENDER - NEW YORK

A Call to Action from the Children's Defense Fund - New York
February 17, 2006
LEAVE NO CHILD BEHIND

The Final Word on the Conference Budget Bill: Impact on Children's Issues

The Congressional Budget Conference bill, signed into law by President Bush on February 8th, will cut nearly \$40 billion in funding for crucial services. These harmful cuts will dramatically affect the health care, child support, child care, foster care, and student loans that New York children and their families need.

Health Care: Children receiving Medicaid will no longer be guaranteed comprehensive health and mental health treatment and services to meet their needs. And, for the first time, states will have the option to charge premiums and co-pays for children participating in Medicaid. Research and experience show that these co-pays and premiums deter families from seeking healthcare when it is needed. The law also creates a further roadblock to those applying and reapplying for Medicaid, because applicants will now be required to prove their citizenship by showing a birth certificate or passport.

Child Support: Due to cuts in funding for child support enforcement activities, children will be deprived of about \$2.9 billion in uncollected child support over the next five years. These cuts were approved despite evidence that child support payments can help improve outcomes for children -- and despite the fact that in 2004, \$4.38 in child support dollars are collected for every public dollar spent.

Foster Care: Cuts to foster care, totaling \$1.34 billion over ten years, put already vulnerable children at even greater risk. Many children who are being raised by relatives, who have often rescued them from abusive homes, will no longer be eligible for benefits. The budget also limits federal payments to states for children who are in imminent risk of entering foster care and are placed in unlicensed homes with relatives.

Child Care: While work requirements for parents on welfare are significantly expanded, access to child care for their children has not. This leaves an estimated quarter of a million children to be left without child care.

Student Loans: Deep cuts to student loan programs will make it much more difficult for young people who want to better themselves through education. The \$12.7 billion cut in federal student loan programs represents the largest cut to student aid in the history of the program. Interest rates for both students and parents will increase as well.

As the 2006 Budget bill moved through Congress for several months, there was extensive outreach and educational activities by advocates for children, families, seniors, other low-income individuals, college students, faith leaders, and service providers. Thank you for your help throughout this entire process. While some important improvements were made -- thankfully, food stamps cuts dropped from the bill -- unfortunately, many other harmful cuts in programs for poor children and families were kept.

Perhaps most appallingly, these cuts were made to pay for tax breaks that favor many wealthy Americans, tax breaks that will not reduce the deficit, nor are they needed to pay for the aftermath of Hurricane Katrina. More than 50 percent of these tax cuts will go to the wealthiest one percent of taxpayers, leaving the rest of Americans behind.

And the struggle continues - On February 6, 2006, President Bush introduced his new budget for 2007. It calls for even deeper cuts to the programs and services that support our most vulnerable families and children. We will soon report on the impact of this new budget and what we can do to assure that it will not pass as proposed. Stay tuned for next action steps.

Tax Refund Loans Cost Low-Income Working New Yorkers Millions

As hundreds of thousands of low-income working New Yorkers who qualify for the Earned Income Tax Credit (EITC) rush to file their taxes, CDF-NY warns families to be wary of the unnecessary fees and excessive interest that are charged by a fast-growing industry of commercial tax preparers and lenders that take advantage of low-income workers.

The EITC is a refundable credit for low-wage earners meant to help them make ends meet. But instead of going to help families pay for essentials like rent, child care, home heating or car repair costs, millions of dollars are diverted to commercial tax preparers and lenders to pay for tax preparation and Refund Anticipation Loans (RALs). Heavily marketed under attractive terms like "Fast Money," "Instant Money" and "Rapid Refund," RALs are extremely short-term loans borrowed against a taxpayer's expected refund with interest rates that can exceed 700 percent.

Many workers in New York claiming the EITC who wish to receive their tax refunds quickly will pay an average of \$265 to have their taxes prepared and will purchase a RAL, not knowing that they are actually placing their families at financial risk. Usually, a RAL is paid off once the IRS processes and pays the tax refund. However a recent study by the National Taxpayer Advocate's office indicated that 75 percent of all refunds frozen by the IRS belonged to taxpayers claiming the EITC. While 80 percent of these cases were eventually found to deserve their refund, it typically took more than nine months for them to be paid. So if one of these families had purchased a RAL, they would have been charged interest during the delay.

The appeal for many families is that with the RAL they can receive their tax refunds within two days. Most do not realize that they can get their full refund from the IRS within about 10 days, without paying for a RAL if they e-file and have their refunds directly deposited into their bank account. Families earning less than \$40,000 may also be eligible for free tax preparation at Volunteer Income Tax Assistance (VITA) sites throughout the state. For more information call the IRS at 1-800-829-1040, or in New York City call 311.

PLEASE JOIN US

Please join *the Children's Defense Fund-New York, the Council of Churches of the City of New York, the New York Board of Rabbis and the New York City Department of Consumer Affairs for A Meeting Of New York Leaders Of Faith To Discuss Strategies For Lifting New York's Children And Families Out Of Poverty*

*Keynote by Reverend Dr. James A. Forbes, Jr.
Senior Minister, Riverside Church*

Where: Interchurch Center, 475 Riverside Drive, between 119th and 120th Streets, NYC

When: Tuesday, February 28, 2006, 8:30 a.m.-10:00 a.m.

RSVP: Please RSVP by Friday, February 24, 2006 by calling Minerva Delgado at CDF-NY at (212) 697-2323.

SAVE THE DATE

Turning the Tide Towards Freedom: Building the Youth and Student Movement for Justice

When: Friday, February 17 though Monday, February 19

Where: Bayard Rustin High School for The Humanities
351 West 18th Street, NYC

What: Join young activists from around the country for trainings, great speakers, and more to reanimate the struggle to build a better future. Conference workshops and panels will feature organizers and trainers from the anti-racist, feminist, youth, queer, trade union, and anti-war movements, as well as noted activist scholars from the democratic left. Travel scholarships and housing assistance available. For more information, or to register, call (212) 727-8610 x. 24 or visit www.ydsusa.org.

Legislative Education and Action Day

When: Tuesday, February 28, 2006

Where: Westminster Presbyterian Church, 262 State Street, Albany, NY

What: Hit the road to Albany and urge the New York State Legislature to enact a fair state tax system— instead of cutting services, raise HPNAP funds for emergency food programs, ensure quality health care for all, and create real jobs for low-income New Yorkers. Breakfast and lunch will be provided. If you're traveling from New York City, reserve a seat on the bus ASAP. The event is sponsored by the Hunger Action Network of NYS and the Empire State Economic Security (ES2) Campaign. To register, call (212) 741-8192 or (518) 434-7371.

Working Toward a Common Goal: Safety, Discipline and Teaching Teens in NYC Schools

When: Thursday, March 2, 4:30 p.m.-6:30 p.m.

Where: Lang Student and Community Center, 55 West 13th Street, between 5th and 6th Avenues, NYC.

What: Under-credited and disruptive New York City High School students are often removed from — or encouraged to leave — mainstream schools and placed in alternative programs. Speakers will discuss the link between discipline practices, alternative programs, drop-out rates and young people's involvement with the criminal justice system. Admission is free. Please call (212) 229-5418 or email centernewschool.edu to RSVP.

RESOURCES

Opening the Door – New study by the New York City Public Advocate. Produced with the help of dozens of advocates and service providers throughout the city over two years, the study evaluates the progress many agencies have made in recent years, identifies what still needs to be done, and discusses challenges for the Domestic Violence service and advocacy community. It also outlines a plan for eliminating obstacles and delays in securing orders of protection and housing assistance and correcting other shortcomings in the City's approach to domestic violence. Visit www.pubadvocate.nyc.gov/policy/documents/DVReportJan27.pdf for the full report.