



CHILD DEFENDER - NEW YORK

A Call to Action from the Children's Defense Fund - New York
February 24, 2006
LEAVE NO CHILD BEHIND

The Impact of the President's Proposed Budget on Children in New York

On February 6, 2006, President Bush released his new federal budget proposals. The following is a summary of some of the President's key changes to child health, early childhood education, child nutrition and other programs that, if enacted, will have a devastating impact on low-income children and families. At the same time, the President proposes additional tax cuts that primarily benefit the wealthiest Americans. This, at a time when New York's wealthiest enjoy incomes 13.4 times higher than New York's poorest residents. This round of proposed budget cuts comes on the heels of deep cuts to Medicaid, child care and other critical programs that were a part of the recently passed budget reconciliation package for last year.

Child Health: Despite great progress in finding and enrolling New York's uninsured children, 469,000 New York children remain uninsured. More than 70 percent of these children are eligible for public health insurance, yet are not enrolled. The President's budget proposes:

- A net funding loss of \$1.5 billion over five years, and \$5.2 billion over 10 years in Medicaid spending;
- Regulatory changes that will further reduce Medicaid spending by an additional \$12.3 billion over five years. These regulatory changes propose shifting the cost burden to the states which could result in further reductions in eligibility or in health care benefits; and
- Eliminating Healthy Communities Access Project, an initiative that provides a safety net of health care programs for the uninsured. Fifteen operating programs in Buffalo, Long Island, the Hudson Valley and New York City will lose funding.

Early Childhood Education: With more than 30,000 children on waiting lists for subsidized child care in New York City, and many more children on waiting lists throughout the state, increased funding for child care should be a priority rather than a target for budget cuts. The President's budget proposes:

- Cuts in discretionary child care funding totaling \$1.03 billion over the next five years. This translates into 400,000

less children, nationally, receiving child care assistance in 2011; and

- Eliminating Even Start, a family literacy program that has demonstrated success at providing children with critical reading skills early in life. New York will lose more than \$19 billion in funding for this model program.

Child Nutrition: One in five New York children (925,000) live in poverty, defined as an annual income below \$16,600 for a family of three. More than half of these children live in extreme poverty (which is less than half the poverty level). Child nutrition programs are crucial to ensuring these at-risk children get the nutrition they need to stay healthy and grow. The President's budget proposes:

Food Stamps: A positive proposal to exclude retirement savings when counting assets and determining eligibility for food stamps. This includes individual retirement accounts and will allow more people to maintain their savings when trying to access food assistance. However, the proposal is tied to program cuts that, nationally, may leave as many as 300,000 people, many of who are working families with children, without food stamps.

Women, Infants and Children (WIC): Cuts to WIC will result in New York losing more than \$1.2 million in funding in the next year alone. Currently, the WIC program reaches only 50 percent of those who are eligible.

Commodity Supplemental Food Program (CSFP): Eliminating a program that offers free nutritious food to women, infants, children and seniors 60 years of age and older. CSFP currently serves 33,000 New Yorkers and includes programs in Brooklyn, Queens, Nassau and Suffolk Counties.

Temporary Assistance for Needy Families: The President proposes to freeze funding for this critical program that provides financial assistance to poor families as they transition to work from welfare.

Social Security: More than 3 million children, nationally, rely on Social Security dependent benefits to stay out of poverty and maintain family stability. Among the President's proposals

to reduce Social Security spending by \$2.2 billion over five years, is his proposal to require children age 16 or older to be in school in order to be able to collect dependent Social Security benefits.

Stay tuned for next steps in fighting these newly proposed cuts.

Take Advantage of the Advance EITC

The Advance Earned Income Tax Credit (Advance EITC) can increase a worker's earnings by up to \$1,650 in a year. For many working New York families this extra income can make a considerable difference, allowing parents to pay for critical expenses like utilities, groceries and child care. But even though the Advance EITC helps workers make ends meet, very few take advantage of the opportunity. Most workers don't know about it and employers don't always do a good job of informing them, even though it is very simple for workers to apply.

Qualified workers raising children can take advantage of the Advance EITC without having to wait to file their taxes in 2007 and can have their employers give them a portion of their Earned Income Tax Credit (EITC) in their paychecks throughout the year. Workers then get the rest of their EITC refund from the IRS when they file their 2006 federal tax return. Even workers who earn too little to file taxes can take advantage of this option.

Workers making between \$6.00 and \$8.00 per hour can get an extra \$137 a month in their paychecks. Advance payment amounts depend on the total income a family expects to earn in 2006.

Interested workers need to make sure they qualify. To qualify, workers must be raising at least one qualifying child, expect their income will be less than \$32,001 (\$34,001 if married) in 2006, and expect to claim the EITC for 2006. A qualifying child must be 18 years of age and younger or 23 years of age and younger if s/he is a fulltime student and must live with the worker in the United States for more than half of 2006. Qualified workers then fill out a 2006 Form W-5 *Earned Income Credit Advance Payment Certificate* and submit it to your employer. Married workers need to make sure their spouse submits one as well.

There are important things to consider before you take advance payments on the EITC. While this is a good option for many workers, not all EITC recipients qualify for, or should, take the Advance EITC, for instance those who are self-employed. This credit may not be the right choice for workers who expect a significant change in income, through a raise, second job or getting married, or any other situation that would disqualify them for the EITC come tax time. In that case, any advance payments you received may have to be repaid. For more information, call the IRS at 800-829-1040 or go to www.irs.gov and download Form W-5.

CDF-NY is working to educate employers and eligible families about the Advance EITC. Help us spread the word by sharing this information with co-workers, human resources departments, and clients. To get involved, please contact Minerva Delgado at 212-697-2323, ext. 122 or mdelgado@cdfny.org.

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
Tuesday, February 28, 2006 from 8:30 - 10:00 a.m.
Interchurch Center, 475 Riverside Drive,
(between 119th and 120th Streets)*

Call Minerva Delgado at CDF-NY to RSVP at 212-697-2323.

Speak Up For Summer Jobs Program!

Governor Pataki has included the Summer Youth Employment Program (SYEP) in a block grant called the Flexible Fund for Family Services (Flex Fund), placing SYEP in competition with 44 other programs that must also get their funding from Flex Fund.

CALL TO ACTION! Call Governor Pataki and tell him that SYEP deserves its own line in the state budget, and an early funding commitment of \$35 million. Call 877-255-9417, dial one to reach the Governor and say: "I am calling to urge for \$35 million for the Summer Youth Employment Program, on its own line in the state budget. Give our youth the chance to get a job through this program."

Sponsored by the Campaign for Summer Jobs. For more information, please call 212-967-0322, ext. 329, or 212-619-1687.

SAVE THE DATE

NYC Parents: Come Rally and Lobby Albany Together!

When: Tuesday, March 14, 2006. Buses leave from all five boroughs at 6:30 a.m. and return by 7:00 p.m.

What: Parents' Lobby Day in Albany. Attend the first-ever independent Parents' Lobby Day. Join together with parents to lobby on behalf of New York City public schools! Free round-trip bus transportation and lunch provided. Email reservations to cpac.lobbyday@yahoo.com, and include your name, district and phone numbers for confirmation. For questions, call 718-222-1089, ext. 276.