

# The Economic Crisis and the Health, Well-Being and Security of New York's Children and Families

REPORT OF A MEETING, MARCH 13, 2009

*On March 13th, the Children's Health Fund (CHF) and the National Center for Children in Poverty (NCCP) hosted the New York City Child Health Forum, "Economic Crisis: How the Fallout will Affect the Health, Well-Being and Security of Children and Families." By gathering economic, political and policy experts, CHF and NCCP presented a clear picture of how the current economic crisis reveals long-term policy issues that have ongoing effects on children and families. This forum was the first joint event held by CHF and NCCP.*

The March 2009 New York Child Health Forum shed light on troubling long-term trends that have become only more salient in the context of today's economic crisis. These range from the rising income inequality and erosion of the income tax base that has jeopardized the state and city's fiscal situation to the persistent underpayment for community health center services that has put the centers very survival at risk. Moreover, while some indicators of child and family well-being in New York have been quite positive in recent years, serious problems persisted even in good economic times, such as insufficient access to affordable housing and child care.

This brief meeting summary provides highlights from each of the speakers' comments, including their recommendations for addressing the critical challenges New York faces. Also below is information about where to find more detailed and up-to-date information about the impact of the economic crisis on New York's children and families.



**Children's Health Fund**

CHF was founded in 1987 by pediatrician-child advocate Irwin Redlener, MD, and singer-songwriter Paul Simon. CHF is committed to providing comprehensive health care to the nation's most medically underserved children through the development and support of innovative primary care medical programs and the promotion of guaranteed access to appropriate health care for all children. To date, CHF has developed and supports a National Network of 22 programs and two affiliates in 15 different states and the District of Columbia.

For more information visit [www.childrenshealthfund.org](http://www.childrenshealthfund.org).



**National Center for Children in Poverty**  
Mailman School of Public Health  
Columbia University

NCCP is a public policy center at Columbia University's Mailman School of Public Health dedicated to promoting the economic security, health and well-being of America's low-income families and children. NCCP uses research to inform policy and practice with the goal of promoting family-oriented solutions at the state and national levels and ensuring positive outcomes for the next generation.

For more information visit [www.nccp.org](http://www.nccp.org).

*Key staff in organizing the forum and writing the meeting report include Deirdre Byrne of CHF and Kinsey Alden Dinan, Sarah Fass, and Jessica Purnort of NCCP.*

## Addressing the Fiscal Challenge

**Frank Mauro**  
Executive Director  
Fiscal Policy Institute

*The Fiscal Policy Institute (FPI) promotes increased understanding of issues related to the fairness of New York's tax system and the stability and adequacy of state and local public services. FPI issues annual analyses of the state's fiscal situation and tax system, along with studies of other issues such as the state's unemployment insurance system and paid family leave.*

At the forum Frank Mauro elucidated immediate and longer-term concerns about New York State's fiscal situation. Putting the current crisis in context, Mauro identified four structural problems that existed long before the recent economic downturn:

- deterioration in job quality, including lower wages, fewer benefits and career ladders, and less economic security;
- wage-productivity gap, as the growth in New York's productivity has outstripped wages, leading to stagnating living standards for workers;
- dramatic rise in the number of working poor; and
- widest income gap between rich and poor – as well as between rich and middle class – of any state in the country.

Mauro also emphasized that deep tax cuts, including dramatic reductions in New York State's top personal income tax rate, have put the state's budget in jeopardy. These income tax cuts have left New York with a regressive tax system that relies too heavily on sales and property tax, and Mauro recommended a series of short- and long-term measures to address this problem. In the short-term, Mauro expressed support for property tax relief and increased income tax rates for the highest earners. He also explained that increasing upper income tax rates makes sense from both an equity standpoint and an economic one. The portion of household income over a relatively high level is least likely to be spent, so taxing it has the least impact on consumer spending – a critical issue in a time of recession.

Finally, Mauro identified key policies and programs that should be strengthened by increased investments to meet the needs of the rapidly growing numbers of poor children and families. His recommendations included, among others, further increasing the public assistance grant and the state minimum wage, increasing unemployment insurance benefits and making such benefits more readily available to low-wage and part-time workers, improving access to higher education, enhancing career ladders, and replacing the Empire Zone program with more effective regional economic development efforts.

For more, visit the FPI website at: [www.fiscalpolicy.org](http://www.fiscalpolicy.org).

## Keynote

*Councilmember Bill de Blasio has served on the New York City Council since 2002, building on a career dedicated to public service, including serving on Community School Board 15 and working for the U.S. Department of Housing and Urban Development and in City Hall under Mayor David Dinkins. Councilmember de Blasio is chairman of the General Welfare Committee, which oversees the city's Human Resources Administration, the Administration of Children's Services and the Department of Homeless Services.*

Councilmember de Blasio noted that all of these agencies have suffered budget cuts in the current fiscal year and are slated for further cuts. This is of concern to both CHF and NCCP as the social services these agencies provide are critical sources of support to children and families who are struggling to afford the basic necessities of housing, food, child care, and health care. In addressing Forum participants, Council Member de Blasio called on them to become active advocates for the patients and clients they serve. Advocacy in its many forms can have an important influence on the choices politicians make when grappling with difficult state and city budget decisions.



Bill de Blasio  
New York City Council

## Protecting Core Services for Children

### Stephanie Gendell

Associate Executive Director  
Policy and Public Affairs  
Citizens' Committee for Children  
of New York, Inc.

*The mission of the Citizens' Committee for Children of New York, Inc. (CCC) is to ensure that every child in New York City is healthy, housed, educated, and safe. CCC advocates for New York City's children by using research and analysis to educate policymakers and the public and establish a set of legislative, budget, policy, and program priorities.*

Stephanie Gendell discussed the impact of state and city budgets on New York's children at the Forum. Citing findings from CCC's report *Keeping Track of New York City's Children 2008*, Gendell emphasized that even in good economic times, the city faces difficult challenges to ensuring children's well-being. Before the current economic downturn, positive trends in New York City included rising numbers of children with health insurance, declining public assistance caseloads, and a low unemployment rate. At the same time, there were serious ongoing problems, including a significant shortage of affordable housing, insufficient capacity in child care programs for low-income children, and a large number of children growing up in poverty.

Today the challenges facing New York City's children and families are growing only more severe. Early signs of the impact of the economic downturn include the dramatic rise in the unemployment rate and an increase in the number of families receiving food stamps and relying upon emergency food programs, such as food pantries and soup kitchens.

CCC believes that it is therefore more important than ever for state and city governments to protect core services to children in their budgets. Moreover, Gendell argues that these services, which include child care assistance, homelessness prevention, and home visiting programs, among others, produce long-term savings. To address state and city budget deficits while preserving cost-effective preventive investments that have proven successful for children, CCC supports progressive tax increases on households earning more than \$250,000 as well as strategic budget cuts instead of across the board reductions.

For more, visit the CCC website at: [www.cccnewyork.org](http://www.cccnewyork.org).

## Ensuring Access to Primary and Preventive Health Care

**Daniel Lowenstein**  
 Director of External Affairs  
 Primary Care Development  
 Corporation

*The Primary Care Development Corporation (PCDC) began in 1993 when the New York City government and private and philanthropic sectors came together to address the lack of primary and preventive health-care in economically distressed communities. This collaborative approach has guided PCDC's work over the past decade. Today, PCDC's mission is to expand and enhance primary and preventive healthcare in underserved communities. PCDC strives to ensure that everyone – regardless of age, race, ability, or financial situation – has access to timely, responsive, personal, patient-focused and effective care.*

In March 2009, PCDC released a special report, *The Deteriorating Financial Health of New York State's Health Centers*, in collaboration with the New York State Health Foundation. At the forum, Daniel Lowenstein argued for the critical importance of shoring up the financial stability of health centers to ensure their existence in the long run. He noted that 1.5 million New Yorkers depend on health centers for primary and preventive care, and that in addition to being a critical source of health care, the centers provide much-needed jobs in the community.

Highlighting major findings from the recent PCDC report, Lowenstein detailed some of the difficult financial challenges that health centers face. These include:

- forty-three percent of New York State's health centers lost money in all or most of the last seven years;
- health center margins have fallen dramatically, from 2.28 percent in 2001 to 0.56 percent in 2007;
- with only 16.5 days of cash on hand, health centers are one payroll away from a full scale financial crisis; and
- health centers are substantially underpaid by most payers, with Medicaid, the best payer, covering only 79 to 85 percent of health center costs.

These findings are especially important to remember in the current economic climate. During economic downturns, health centers not only see increased patient loads, but often face budget cuts as well. The American Reinvestment and Recovery Act provides funds for these centers, and particularly for those centers that can demonstrate increased caseloads. This will help in the short term, but there remains a long term need for New York to reinvest in health centers and restructure how primary care is paid for through Medicaid.

For more, visit the PCDC website at: [www.pcdcn.org](http://www.pcdcn.org).

## Conclusion

With the developments of early summer, it is clear that New York State is suffering not only the effects of an economic downturn, but also a crisis of leadership in the state legislature. As policymakers respond to these challenges, they need to ensure that addressing the difficult struggles that New York's children and families face each day remains a top priority. Programs that support poor and low-income families are critical, but in times of budget deficits, are often the first target for cuts. Research-based advocacy can help shape future policy initiatives on the state and local level and protect these critical programs. To become more involved, or learn more about these issues, please visit [www.childrenshealthfund.org](http://www.childrenshealthfund.org) and [www.nccp.org](http://www.nccp.org).

### How many New York families are struggling?

The most recent Census Bureau data show high rates of low-income children in New York City and New York State, even prior to the onset of the economic crisis. In 2007, 41 percent of New York State's children and 54 percent of New York City's children lived in low-income families – that is, families with income below twice the official federal poverty level (compared to a national rate of 39 percent). That's a total of 1,808,782 children in the state. Given the current economic situation, the number of low-income children and families in New York today is likely to be significantly higher. Moreover, even double the poverty level is only \$44,100 a year for a family of four – far less than what families need to get by in New York City and many other parts of the state.

Source: Estimates of the numbers of low-income families and children were calculated by NCCP from the Annual Social and Economic Supplement (the March supplement) of the Current Population Survey from 2006, 2007, and 2008, representing information from calendar years 2005, 2006, and 2007. Family budget data are drawn from NCCP's Basic Needs Budget Calculator, available at [www.nccp.org/tools/budget](http://www.nccp.org/tools/budget).