Suffolk County Legislature

of the Suffolk County Legislature
c/o Clerk of the Legislature
725 Veterans Memorial Highway
Smithtown NY 11787
631-499-6725

November 2, 2017

TO: Members of the Suffolk County Legislature
RE: Public Hearing on Federal Budget Cuts to Human Services

On October 10th, 2017, the Welfare to Work Commission held a public hearing on the potential impacts to Suffolk County of over $5 trillion in proposed federal budget cuts, largely to human-services programs, over the next ten years. Attached is the Commission's report based on three hours of testimony we received from sixteen presenters who included Suffolk legislators, nonprofit and government agency representatives.

Those who testified were particularly concerned about how these budget reductions will affect the food, housing, educational and health security of Suffolk County residents. They also were alarmed at the fiscal implications for their agencies and for Suffolk County when these reductions are implemented.

The House of Representatives adopted the Senate's version of the budget on October 25th which contained $5.1 trillion in cuts (instead of $5.8 trillion that had been in the House budget.) This cleared the way for adoption of a bill later in November that may restructure the US tax code. All five Long Island members of Congress voted against the budget bill.

The Commission offers this report as an informational tool to help Suffolk County, other government officials and human-services agencies both share and prepare for the very negative impacts to Suffolk that will result from these federal budget cuts.

Yours truly for the Commission,

Richard Koubek *Kathy Liguori*

Richard Koubek, PhD, Chair Kathy Liguori, Vice Chair

CC: Senators Chuck Schumer, Kirsten Gillibrand
Representatives Gregory Meeks, Kathleen Rice, Peter King, Thomas Suozzi, Lee Zeldin
Members of the New York State Senate and Assembly serving Suffolk County
Suffolk County Executive Steve Bellone and Suffolk Commissioners John O'Neill (DSS), James Tomarken (DOH), Frank Nardelli (DOL)

Suffolk County Legislature

Welfare to Work Commission
Of the Suffolk County Legislature

Report to the Suffolk County Legislature On the Welfare to Work Commission's Public Hearing

"The 2018 Federal Budget Proposals: A Fiscal and Human Rights Crisis for Suffolk?"

November 2, 2017

Contents

Introduction: "All We Will Be Able to Do Is Offer Sympathy"

One of the Welfare to Work Commission's goals for 2017 is "to monitor changes in federal TANF law and policy that may be implemented by the Trump Administration, with special attention to education and training opportunities for SWEP clients." As the Commission learned of human-services cuts – with possible impacts on SWEP clients and programs - proposed first in President Donald Trump's federal budget released in the spring, then in the House of Representatives' budget, the Commission formed an ad hoc committee to explore holding a public hearing on the potential impacts that these budget proposals might have on Suffolk County. In consultation with Presiding Officer DuWayne Gregory, the Commission scheduled the hearing for October 10th, the week before the Legislature held hearings on the Suffolk County Recommended 2018 Budget, in the hope that the hearing might provide a broader context for the County's budget deliberations.

The three-hour hearing included testimony from Commission member Don Friedman of the Empire Justice Center, an attorney with broad public-policy analytical experience, who had been periodically briefing the Commission on the federal budget following release of the Trump Administration's budget, and then the House budget. The hearing received testimony from 14 Suffolk County contract agencies, other nonprofit organizations and the Huntington Housing Authority. The Commission also received statements from Presiding Officer Gregory and Legislators Monica Martinez and Leslie Kennedy. A full list of those who provided testimony can be found in Appendix A.

Mr. Friedman's full budget overview can be found in Appendix B. Mr. Friedman provided the summary below of the most severe human-services reductions contained in the House budget which, at the time of the hearing on October 10th, was considered the most-likely to be adopted in all or in part. On October 26, 2017, the House adopted the Senate version of the budget, which contains $5.1 trillion in non-defense cuts over ten years instead of the House's proposed $5.8 trillion in cuts. The adopted budget also contains a blueprint for tax cuts that will be adopted in a separate bill sometime around Thanksgiving.

The House budget adopted on October 26th was opposed by all five Long Island congressional representatives: Gregory Meeks (D); Kathleen Rice (D); Thomas Suozzi (D), Peter King (R); Lee Zeldin (R). It appears that Congressmen King and Zeldin broke with their Party over the budget's inclusion of a provision that would eliminate the federal tax deduction for local and State taxes.[1]

Overall: the original House proposal contained $5.8 trillion in non-defense cuts over 10 years.

- Programs for low and moderate income Americans account for about one-quarter of the non-defense budget, but account for fully half of the budget cuts, or $2.9 trillion.
- By 2027, there will have been a total of 36% in cuts to these programs

[1] Brune, Tom. "Budget Plan OKd," *Newsday*, October 27, 2017.

- Aside from the ACA repeal, the budget calls for cuts in Medicaid and other health programs., job training, vocation education and housing assistance
- There will be a $150 billion cut to the SNAP program to be phased in. By 2027, there will have been a 47% cut to the SNAP program, which will also have been converted to a block grant-like program, giving more discretionary authority to the states to, among other things, change benefit level and eligibility criteria
- $500 billion will be cut from another array of programs, including school meals, SSI, and refundable tax credits
- "Savings" will be generated by more onerous verification requirements for the Earned Income Tax Credit, along with cuts in child tax credit eligibility
- Unspecified cuts threaten the well-being of child care programs, foster care and adoption assistance and the TANF program
- The budget includes $75 billion in cuts to the Pell Grant Program to help students meet college costs, even though Pell Grant funding is already at its lowest level since the program began. In addition, there will be $120 B. cuts to student loan programs.
- On top of all these cuts, $330 billion will be saved by reducing improper payments. These savings are built on what many believe is the myth of "waste, fraud and abuse." Unfortunately what generally occurs is that the projected savings amount, upon which the budget is based, is never met, so additional cuts must be made to achieve the projected savings.

The organizations and agencies that provided testimony at the Commission's October 10th hearing offer a wide array of services to poor and vulnerable Suffolk residents in food security, housing, job training and education including pre-school programs and health care – all of which will be negatively impacted by the proposed federal budget cuts.

Speaker after speaker warned of the dire consequences that would befall their agency as well as the fragile people they serve. Anne Stewart, Director of Program, Planning and Grants for EOC of Long Island, best summarized the collective alarm generated by these proposed cuts:

> "We will have to choose whom we serve, and with already strained resources, all we will be able to do is offer sympathy."

What follows are highlights of the testimony provided at the hearing, which focused on the chronic pattern of federal government underfunding of human-services programs as well as the negative impacts of the proposed cuts in four policy areas: food security; housing; education; health care. It should be noted that there are other human-services policy areas affected by the proposed budget cuts that were not discussed at the October 10th hearing such as cuts to Pell college student grants and cuts to programs for persons with disabilities.

For a more complete assessment of the proposed 2018 federal budget cuts, see analyses by the Center for American Progress and the Center for Budget and Policy Priorities.[2]

A Chronic Pattern of Underfunding

In his opening remarks, Commission Chair Richard Koubek reported that chronic flat funding or underfunding of human services by the federal and State governments has been a problem observed by the Commission since its creation in 2003. This summer, he noted, *Long Island Business News* featured a headline story about how Long Island nonprofit contract agencies are using reserve funds to cover their expenses delivering services to the County. In addition, because inadequate State and federal funding squeezes the County, these agencies are now required to pay for their own administrative costs incurred delivering services, outside of their County contract funding.[3]

As Alison Puglia, Vice President of Programs and Agency Relations, Island Harvest, stated in her testimony:

> "On Long Island alone there are more than 6,000 nonprofit organizations providing important work to Long Islanders in need. Our budgets are held together by the thinnest of margins, dependent on funds from the public and private sectors. In most cases, these organizations are under-staffed and overworked. Together we fight and in some cases compete for every dollar."

The formula has been quite consistent: the federal government flat funds or reduces funding to the State for human services and the State then reduces funding to Suffolk County and the County is thereby forced to flat fund or reduce funding to its contract agencies.

Mr. Koubek provided a concrete example. The Commission's 2012 report on poverty used funding for Catholic Charities' Mental Health Services to illustrate this chronic revenue squeeze. The report documented that the unit cost for Catholic Charities to provide mental health services was $82. The County reimbursed Catholic Charities $38 per unit of service using federal and State funds. Each patient had a $25 copay bringing the total reimbursement to $63 that the agency received for each unit of service. Thus, Catholic Charities sustained a net loss of $19 per unit of service, which they had to make up with private fundraising or by using their reserve funds. This loss was often exacerbated by the fact that the agency treated very poor people who often were unable to make their copay.[4]

Mr. Koubek noted that *Newsday* featured an article a few years ago titled, "Affordable mental health care at risk as financially stressed LI clinics close." Catholic Charities was one

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[2] Center for American Progress. "8 Ways the House Republicans' Budget Will Harm Working Families …", July 18, 2017 and Center for Budget and Policy Priorities. "House GOP Budget Cuts Programs Aiding Low and Moderate Income People…", September 5, 2017.

[3] Skolnik, Claude. "The Big Squeeze*," Long Island Business News*, August 25, 2017.

[4] Welfare to Work Commission of the Suffolk County Legislature. Struggling in Suburbia: Meeting the Challenges of Poverty in Suffolk County," 2012, p. 51.

of the agencies forced to close a mental health clinic. These clinics served 5,200 low-income Suffolk residents.[5]

This then has been the pattern of the federal government's chronic flat funding or underfunding of human-services programs. Now, with $5.1 trillion in new program reductions proposed in the federal budget adopted on October 26th, the County, its contract agencies and the vulnerable residents of Suffolk they serve may face a fiscal and human-services crisis of unparalleled proportions.

Michael Maquilon, Coordinator of Legal Affairs for Catholic Charities, captured this crisis when he testified that the proposed budget cuts will result in many Long Island residents having difficulty "accessing essential services provided by the nonprofit sector …with the financial burden further shifted toward the [already overburdened] service providers."

Food Insecurity

Both Michael Haynes, Chief Government Affairs Officer, LI Cares/The Harry Chapin Food Bank and Allison Puglia of Island Harvest testified that 300,000 Long Islanders are food insecure and must seek help at local food pantries each year, representing about 10% of Long Island residents. Each expressed serious concern about the $150 billion in proposed cuts to the Supplemental Nutrition Assistance Program (SNAP – more commonly known as Food Stamps). These cuts over ten years will be secured by block-granting SNAP to the states, a funding mechanism that, among other things enables states to reduce benefits and further tighten eligibility rules

Mr. Haynes reported that SNAP currently benefits 168,000 Long Islanders; Ms. Puglia cited data that SNAP lifted 4.8 million Americans out of poverty in 2013. In addition, Mr. Haynes stated that every $5 in new SNAP benefits generates as much as $9 in economic activity. This is largely because SNAP is used in local supermarkets and other food retailers.

Mr. Haynes and Ms. Puglia also stated their concern about the proposed $1.6 billion cut in the school lunch and breakfast programs. Mr. Haynes reported that this cut will negatively impact an estimated 3.8 million students attending 8,284 schools across the country. Ms. Puglia related this anecdote:

> "I met a woman in one of the wealthiest communities on Long Island. She told me about a little girl I will call Grace. She was the daughter of a neighbor, who began to visit every weekend late in the day around dinner time. After a few weeks, she found out that both Grace's parents had lost their well-paying, high-end jobs. Over time they sold all their belongings. It turned out that the only meal Grace could depend on

[5] Figueroa, Laura. "Affordable mental health care at risk as financially stressed Long Island clinics close," *Newsday*, April 11, 2015.

> each day was lunch at school [provided by the federal Free and Reduced Price Lunch Programs for children whose families earn under 200% of the Federal Poverty Level which is currently $49,200 for a family of four.]"

As the Commission observed in its 2012 poverty report, "the Free and Reduced Price Lunch Programs serve "children in affluent communities as well as low-income communities." For example, in the Half Hollow Hills school district which, in 2012, had a Median Household Income of $107,512, there were 1,057 children (10% of the student body) who were eligible for and utilized these food programs.[6]

A number of other agencies, such as Head Start and Family and Children's Association, testified about their deep concern that cuts in SNAP will profoundly affect the children and adults whom they serve. As it is, SNAP benefits are inadequate to feed a family. Chanee Hammonds of Wyandanch Homes and Property Development Corporation, which provides case-managed housing to homeless families, testified that cutting SNAP will cause major hardships for their clients since SNAP benefits are already insufficient to feed families and "many utilize local pantries to supplement their monthly SNAP benefits in order to make sure there is enough to eat. A cut to the SNAP program would literally be taking food out of a child's mouth."

Ms. Puglia testified that "studies have shown that children who are regularly hungry suffer from weakened immune systems, slowed and abnormal growth and anemia. In addition, hungry children cannot concentrate in school which leads to behavioral problems, scholastic underachievement and, as Ms. Puglia testified, even the inappropriate labeling of children as "troubled" or "ADHD" [Attention Deficit Hyperactivity Disorder].

The long-term costs to Suffolk County caused by the hunger generated by these budget cuts to food security programs are enormous, such as underperforming students, school drop outs, lost wages, increased public-health expenditures, to cite but a few.

Housing Insecurity

In 2007, the Welfare to Work Commission's report on the critical shortage of affordable housing in Suffolk County concluded:

> "The future of Suffolk's economy and workforce, the stability of our families, the value of our properties, and the fairness of our suburban way-of-life are at stake as we decide where and how and for whom we will build the 65,000 to 69,500 units of affordable housing we desperately need in the next ten years."[7]

Ten years later, while there has been some progress, Suffolk and Nassau continue to be among the least affordable regions in the United States and the affordable housing shortage continues to hamper if not undermine Long Island's economic growth.

[6] Welfare to Work Commission, "Struggling in Suburbia…." Op. Cit., p22.
[7] Welfare to Work Commission. "Affordable for Whom? Creating Housing for Low and Moderate Income People in Suffolk County," 2007, p18.

Chanee Hammonds, of Wyandanch Homes and Property Development Corporation, testified that a 2016 report by the Economic Policy Institute identified Long Island as the second most expensive place in the nation to raise a family.

Natasha Saini, of the Long Island Coalition for the Homeless, testified that a Suffolk family needs an annual minimum income of $75,120 (earning $36.12 an hour) in order to afford the Long Island HUD Fair Market Rental of $1,878 for a 2 bedroom apartment. However, she noted, the estimated renter median household income is only $48,423.

Given this reality, the Commission was alarmed by reports that the proposed federal budget might eliminate more than 140,000 housing Section 8 Vouchers which low-income families use to secure rental housing.[8] Section 8 Vouchers are already difficult to secure and there are long waiting periods. Siela Bynoe, Executive Director of the Huntington Housing Authority, which administers Section 8 Vouchers for Huntington, testified that her agency alone has 1,500 people on its waiting list for vouchers. Her agency is no longer accepting new applications due to the long waiting list.

Pilar Moya Mancera, Executive Director of Housing Help Inc., testified: "The scary truth is that in [the first three months] of our current fiscal year which began on July 1, 2017, we have served 225 tenants which represents 84% of tenants served in the entire previous fiscal year." She concluded, "The proposed reduction in Section 8 Vouchers would create a major housing crisis in Suffolk."

Greta Guarton, Executive Director of the Long Island Coalition for the Homeless, reported that her agency's 2017 Point-in-Time count revealed 2,199 Suffolk County homeless persons in shelters and 400 in motels.[9] It costs Suffolk County on average $95 a night to place a homeless person in a motel and $100 for a shelter.[10] Vincent Rothaar, Director of Housing for the Suffolk County Department of Social Services, reported to the Commission's Supportive Housing Work Group, that of the 540 homeless families being sheltered by the Department of Social Services in March of 2017, 285 (53%) had some form of income, including employment. They were homeless because they could not find an affordable rental unit.[11]

On average, it costs Suffolk County $54,000 a night to shelter these 540 families. The number of homeless families will surely grow, as will the costs to the County, if Section 8 Vouchers are scaled back by the federal budget.

[8] http;//nlihc.org/article/draft-2018-house-budget-further-cuts-housing-investment

[9] Guarton, Greta. Email to Richard Koubek, Chair of the Welfare to Work Commission, October 24, 2017.

[10] Rothaar, Vincent, Director of Housing, Suffolk County Department of Social Services. Email to Richard Koubek, Chair of the Welfare to Work Commission, October 26, 2017.

[11] Rothaar, Ibid. Meeting of the Welfare to Work Commission Supportive Housing Work Group, March 28, 2017.

Educational Insecurity

The Welfare to Work Commission released a comprehensive report in 2015 titled, "Who's Minding the Kids: Meeting Challenges and Creating Opportunities for Quality Child Care and Early Learning in Suffolk County." This report led to the creation of the Suffolk County Child Care Commission which, in May of 2017, sponsored a conference titled, "Kindergarten is Too Late: Learning Begins at Birth." Both the report and the summit captured these critical points about the education of children from birth to age 5:

> "During the preschool years, from birth to age five, 85% of a child's brain development occurs. Yet, 95% of American public education dollars are spent on children over the age of five. Numerous, respected and validated research studies have documented, over time, that children who receive *quality* preschool experiences are less likely to require special-education services, less likely to become juvenile delinquents, more likely to graduate from high school, have jobs, families and homes in adulthood. The research has demonstrated that children in poor and working-poor families especially benefit from quality programs."[12]

Despite overwhelming evidence about the critical importance of quality child care and early-learning experiences, Jennifer Rojas, Associate Executive Director of the Child Care Council of Suffolk, testified that "quality child care has become much harder to find and afford on Long Island." Citing the Child Care Development Block Grant (CCDBG) subsidy for working poor families, Ms. Rojas stated that the federal government recommends that this subsidy be available to families earning up to 200% of the Federal Poverty Level ($49,200 for a family of four). However, due to the State's repeated underfunding of the Suffolk CCDBG grant, the maximum allowable income for a family of four to be eligible for this subsidy in Suffolk is 125% of the Federal Poverty Level or $30,750. The Commission's 2015 child-care report thoroughly documented Suffolk's long-standing efforts to change the State's funding formula so that the County can raise the eligibility to 200% of the Federal Poverty Level.[13]

Ms. Rojas testified that the number of young children living in low-income families has increased in Suffolk County from 17% in 2009 to just over 25% in 2016. Ms. Rojas added that even a family with two wage earners, each making $15 an hour or $57,600 a year for the household, would not be eligible for the subsidy and could not "afford the $10,000-$17,000 annual cost of quality child care."

Ms. Rojas noted that because of the lack of affordable child care, many families "calculate the cost of working vs. the cost of paying for child care and determine that it is not cost effective to work." She concluded, as did the Commission's 2015 report, that this choice not to work may impact a parent's career earnings and stifle economic growth for the family and community. The Commission's 2015 report warned that, in a worst-case scenario, some

[12] Welfare to Work Commission of the Suffolk County Legislature. "Who's Minding the Kids: Meeting Challenges and Creating Opportunities for Quality Child Care and Early Learning in Suffolk County," 2015, p5.
[13] Ibid., pp61-63.

parents might choose to receive Public Assistance rather than work because they cannot find safe and affordable child care.

Ms. Rojas testified that federal funding for child care has remained “almost stagnant since 2010,” with child-care subsidy values declining “approximately 20 percent over the past decade,” resulting in “a 16-year low for the number of children receiving child-care assistance.” She noted that the House’s proposed federal budget for 2018 includes a $4 million increase in the Child Care Development Block Grant, which is less than 1/10 of a percent increase. The Senate budget has no increase for the CCDBG. Similarly, Carol Burnett, Community Outreach and Training Manager for Long Island Head Start similarly testified that the proposed 2018 federal budget has no increase for Head Start programs.

The Commission’s 2015 child-care report documented the costs of providing quality child care. In a high-cost region such as Long Island, rent, utilities and salaries make it very difficult for quality child-care providers to meet their expenses. And, of course, as costs increase, flat federal funding results in a net loss for child-care providers.

Noting that the CCDBG is not being cut in the federal budget proposals, as are so many other human-services programs, Ms. Rojas concluded that flat funding nevertheless “will eliminate any flexibility the State currently has to fund child care and in turn will limit how much the counties can put toward child care.” Furthermore, the bottom line for Suffolk County is that an already underfunded child-care subsidy may be in jeopardy of further reductions, with the CCDBG eligibility perhaps moving back to where it was several years ago - 100% of the Federal Poverty Level or $24,600 for a family of four.

As the Commission’s child-care report noted, “studies have demonstrated that every dollar invested in child care and early learning can stimulate the local economy from $7 to $19 depending on the variables used to calculate the economic multiplier.”[14] The federal budget’s chronic flat funding and underfunding of child care thus begs the question: How much is this costing the Suffolk County economy?

Health Insecurity

The 2018 federal budget adopted by the House of Representatives on October 26, 2017, contains $1.3 trillion cuts in health care over ten years, primarily in Medicaid and federal subsidies designed to make coverage affordable through the Affordable Care Act marketplaces.[15] Kathy Rosenthal, Senior Vice President for Programs at Family Service League, testified that Medicaid cuts would affect thousands of her agency’s clients, “including those with serious behavioral health and medical conditions.” She further stated that Family Service League “currently bills Medicaid for services provided to nearly 10,000 individuals” with the highest percentage being clients in programs with “the most serious illnesses, those who would be at risk of losing the lifeline provided by mental health, substance use, and community-based care management services.”

[14] Welfare to Work Commission, “Who’s Minding the Kids?....”, Op. Cit, p.5
[15] https://www.vox.com/policy-and-politics/2017/10/26/16526458/2018-senate-budget-explained

The Welfare to Work Commission formed a Supportive Housing Work Group, which, beginning in early 2016, has been meeting with stakeholders on how to provide supportive housing to such “at risk” people, especially those with serious mental-health challenges as well as those who have substance-use disorders. Some of these individuals are chronically homeless and end up in Department of Social Services shelters, which, as noted above, cost the county about $100 a day. Many of these people have undiagnosed or untreated and very complex medical conditions which can strain the County’s health, housing and even criminal justice systems.

A full report on the County’s supportive housing system will be forthcoming in 2018. However, it is safe to say that an already strained health-delivery system for these fragile Suffolk residents will be further eroded by the additional Medicaid cuts.

These Medicaid cuts will come at a time of great flux and uncertainty in the New York State health-care delivery system. Michael Stoltz, CEO of the Association for Mental Health and Wellness, testified that since the early 2000s, New York State has been implementing a policy of transitioning State and Local Assistance funds to federal Medicaid for the County’s programs that care for people with mental health, substance-use disorders, and intellectual disabilities. These Suffolk programs include community mental health and substance use/addiction clinics, case/care management programs, rehabilitation programs that help people to be more self-sufficient and rely less on government services, and programs that provide supportive services within housing programs, to cite but a few.

Mr. Stoltz noted that under these new policies, the New York State Office of Mental Health in recent years has successfully applied to the Centers for Medicaid and Medicare Services for several Medicaid programs under a strategy known as the Medicaid Restructuring Task Force. This Task Force is a strategy to “re-engineer” the Medicaid system around what is known as the “Triple Aim: Stabilize Costs, Improve Effectiveness/Outcomes of Care, and Improve the Customer Experience”. Mr. Stoltz testified:

> “A major goal of these new policies is to reduce unnecessary and expensive hospitalizations and Emergency Room visits through prevention and early intervention, moving Medicaid funds into Managed Care Organizations, and incentivizing providers and payers toward efficiencies and outcomes through value-based/performance/based contracting arrangements.”

However, he warned, “these system transitions are well-underway…but new major federal Medicaid cuts will surely put to waste some of the early promise of all these initiatives.”

Mr. Stoltz also testified that the 2018 federal budget ultimately seeks to block grant Medicaid which would transfer responsibilities for Medicaid to the states, along with an accompanying budget cut of 10-15%. He noted:

> “While New York could certainly manage its Medicaid programs more capably than most states, the reductions would carry great harm…especially amid this major [system] transformation. I am not saying that there are not opportunities for

efficiencies and regulatory simplification in such a block grant scenario – but I can say to you that such a major change will just make more chaos in a time of great transformation that is currently underway in our State's health, mental health, and addiction systems.

Mr. Stoltz added:

> "I recall sitting through the testimonies of so many people in this Commission's poverty hearings back in 2011. In response to the question of how they came to need services such a housing assistance, Food Stamps, food banks and soup kitchens, people spoke most frequently about the Sophie's choices they had to make – paying the rent vs. buying meds for serious medical conditions."

Mr. Stoltz further testified that:

> "Almost 75% of the people who seek care in today's public mental health and substance use/abuse systems have experienced some kind of trauma – including serious illness/disability, death of a loved one, crime victimization, family break-up, family addiction. Long-term studies have shown that failure to adequately intervene with people who have been exposed to these traumas results disproportionately in jail, homelessness, early death from under-treated illness, and suicide."

In sum, the new health-care delivery services have been designed to prioritize preventive services that have long-term public and individual health benefits while significantly reducing costs to Medicaid and other health-delivery systems. Donna Teichner of Family and Children's Association summarized the gravity of these Medicaid cuts:

> "I have been a social worker for almost three decades and have witnessed first-hand both the benefits of preventive services and the rippling effects when services are not readily available."

For Suffolk County government officials, nonprofit agencies, taxpayers and especially those Ms. Teichner described as the "most vulnerable" who will be most impacted by these Medicaid cuts, the core questions are: What will be the ripple effects of these cuts over the next ten years? And who will pay the price for the cuts?

Conclusion

The Welfare to Work Commission fully understands that there is little the Suffolk County Legislature can do to affect the federal budget process that will authorize the more that $5 trillion cuts planned for the next ten years. As Commission Chair Richard Koubek stated in his opening remarks at the October 10th hearing, these cuts will be a "train wreck" for Suffolk County. This report is offered as an informational and policy tool to help Suffolk, other government officials and human-services agencies prepare for the very negative budgetary and programmatic impacts that will result from these cuts. The Commission also hopes that this report will serve as an alarm bell to prepare the public for these budget cuts as well as to mobilize opposition to future cuts while minimizing the damage that may result from the cuts contained in the 2018 federal budget. Finally, it is the Commission's hope that this report will help the reader understand and share with others the short-term and long-term fiscal and economic costs of these cuts to Suffolk County and its taxpayers, not to mention the human costs to some of Suffolk's most vulnerable citizens.

Respectfully submitted to the Suffolk County Legislature,

Legislator Monica Martinez, Chair, Education and Human Services Committee
Richard Koubek, Ph.D., Commission Chair, Gerald Ryan Outreach Center
Kathy Liguori, Commission Vice Chair, Habitots Preschool and Child Care Centers

Ayesha Alleyne, Wyandanch Homes and Property Development Corporation
Sr. Lisa Bergeron, Catholic Charities
Peggy Boyd, Family Service League
Barbara DeFina, Suffolk County Community College
Christina DeLisi, For Presiding Officer DuWyane Gregory
Barbara Egloff, Eastern Suffolk BOCES
Charles Fox, EOC of Suffolk County
Don Friedman, Empire Justice Center
Kimberly Gierasch, Suffolk County Department of Health
Greta Guarton, Long Island Coalition for the Homeless
Michael Haynes, Long Island Cares/The Harry Chapin Food Bank
Ellen Krakow, Nassau/Suffolk Law Services
Richard Krebs, Suffolk County Department of Labor, Licensing and Consumer Affairs
Christian Limbach, Suffolk County Association of Municipal Employees
John O'Neill, Commissioner, Suffolk County Department of Social Services
Jeffrey Reynolds, Family and Children's Association/LICADD
Michael Stoltz, Clubhouse of Suffolk
Luis Valenzuela, Long Island Council of Churches

APPENDIX A

Participants in the Public Hearing (In the order of their presentations)

- Introduction; Richard Koubek, PhD, Chair, Welfare to Work Commission of the Suffolk County Legislature
- Presiding Officer DuWayne Gregory
- Legislator Monica Martinez
- Legislator Leslie Kennedy
- An Overview of Federal Budget Cuts: Don Friedman, Esq., Empire Justice Center
- Kathy Rosenthal, LCSW, Senior Vice President for Programs, Family Service League of LI
- Donna Teicher, LCSW, Assistant Vice President, Family and Children's Association
- Anne Stewart, Director of Programs, Planning and Grants, EOC of Long Island
- Michael Stoltz, LCSW, CEO, Association for Mental Health and Wellness
- Siela Bynoe, P.H.M, M.P.A. Executive Director, Huntington Housing Authority
- Michael Maquilon, Esq., Coordinator of Legal Affairs, Catholic Charities
- Chanee Hammond, Case Manager, Wyandanch Homes and Property Dev. Corp.
- Pilar Moya Mancera, Executive Director, Housing Help Inc.
- Natasha Saini, Long Island Coalition for the Homeless
- Jennifer Marino Rojas, Associate Executive Director, Child Care Council of Suffolk
- Carol Burnett, Community Outreach and Training Manager, Head Start of LI
- Allison Puglia, Vice President of Programs and Agency Relations, Island Harvest
- Michael Haynes, Chief Government Affairs Officer, LI Cares/The Harry Chapin Food Bank
- Joseph Jankowski, Free Residence and Essential Enterprises (FREE)

APPENDIX B

An Overview of the Proposed Federal Budget Cuts to Human-Services Programs

Testimony by Don Friedman, Esq., Empire Justice Center
October 10, 2017

INTRODUCTION

Thank you for the opportunity to speak with you today about the emerging federal budget, and its potential impact on Suffolk County. By way of introduction to the hearing, I'll try to provide an overview of the federal budget for FY 2018 as it begins to take shape, with a focus on human services funding.

My plan is to briefly review the federal budget process, bring us up to date on where we now stand in that process, then review some of the key components of the House budget, which is the furthest along in development. I'll close with some observations about the so-called tax reform plans also wending their way through Congress.

My intent is to be factual, and unbiased. But you'll forgive me if from time to time, hints of my own opinions slip out. I also would like to recognize my debt to the Center on Budget and Policy Priorities, whose work provided me with much of the information upon which my testimony is based. With that, I'll move on to a brief look at the budget process.

FEDERAL BUDGET PROCESS

1. The process starts with the Presidential budget request for the coming fiscal year, which runs from October 1 of one year to September 30 of the next. You may note that it's already October! If Congress cannot manage to adopt a timely budget, there looms the threat of a governmental shutdown. Usually in that situation, Congress will adopt a continuing resolution to keep the government functioning. We are currently operating under a continuing resolution until December 18, 2017.

The presidential budget request is really both a spending and a revenue plan, both for the next fiscal year and for the next ten years.

When we refer to spending, this includes funding for:

- Annually appropriated programs, which must be renewed each year, and
- Ongoing programs, generally referred to as mandatory programs, which do not need to be renewed. Examples of mandatory programs include Medicare, Medicaid, Social Security and the SNAP program.

* Without Congressional action, annual programs will expire, mandatory programs will automatically continue at their current funding level.

2. Congressional Budget Resolution – Following the president's budget request, the House and Senate budget committees adopt a budget resolution, which sets the framework and the rules for the remainder of the budget process. Each house adopts a resolution, and to

the extent there are differences, there will be a conference process until both houses agree on a resolution.

3. Appropriations – Various subcommittees develop appropriation bills in their areas of focus, these bills are then sent to the entire Appropriations Committee. Each house will then pass the various bills.

4. Senate and House Conference – A joint conference is held to resolve any differences, and the final bills are passed.

5. Ultimately, twelve appropriations bills go to President for his signature.

A brief digression on Reconciliation: The Congressional Budget Resolution may include reconciliation instructions regarding the budget process. This year there will likely be reconciliation instructions to achieve two purposes, to facilitate adoption of massive tax cuts, in the guise of tax reform, and to enable the Senate to "fast-track" certain bills. This accelerated process is achieved in the Senate by enabling a simple majority to pass the budget bills rather than the usual 60 vote supermajority, and not allowing filibusters.

WHERE ARE WE IN THE PROCESS?
The president introduced his budget request a few months ago. Last week the full House passed its budget resolution, and last week the Senate Budget Committee adopted its version of the budget resolution, which will be brought to the full Senate next week. In late October conferences will be assembled to resolve any differences.

OVERVIEW OF ALL BUDGETS IN FORMATION

It will not be shocking to learn that the President's budget, the House budget and the Senate budget, all in different stages at this moment, nevertheless share this feature: Massive cuts to non-defense spending.

As I've noted, the budget is for the next FY, but includes a ten-year plan. This is crucial, in that it enables us to get a sense of the impact of the budget over time. Also, some changes may be built into the budget but to take place at some point in the future. The ten-year budget will reflect this fact.

The proposals share great deal in common, if not in all details, so I will go into some depth on one of them, the House proposal. Why? Because the House bill has been in the public domain longest, Speaker Ryan having laid out the framework months ago with his Building A Better America paper. It is therefore at this moment the most closely scrutinized. This bill has already been approved by the House Budget Committee and will likely go to the House floor this month.

The Center on Budget briefing offers helpful overview; some of the critical points they have observed include the following:

1. The budget would seriously harm health care in the U.S. The House bill ironically assumes repeal of the Affordable Care Act. Had that occurred, it is estimated that 23 million people would lose coverage over ten years and coverage would become significantly weaker for millions more. As you know, that didn't happen, meaning that the anticipated savings will not be realized, so adjustments will have to be made in the final budget.

2. The budget calls for deep cuts in the safety net and in the ability of low-income families to make ends meet and move ahead with their lives. Cuts include:

- Overall: $5.8 trillion in non-defense cuts over 10 years.
- Programs for low and moderate income Americans account for about one-quarter of the non-defense budget, but account for fully half of the budget cuts, or $2.9 trillion.
- By 2027, there will have been a total of 36% in cuts to these programs
- Aside from the ACA repeal, the budget calls for cuts in Medicaid and other health programs., job training, vocation education and housing assistance
- There will be a $150 billion cut to the SNAP program to be phased in. By 2027, there will have been a 47% cut to the SNAP program, which will also have been converted to a block grant-like program, giving more discretionary authority to the states to, among other things, change benefit level and eligibility criteria
- $500 billion will be cut from another array of programs, including school meals, SSI, and refundable tax credits
- "Savings" will be generated by more onerous verification requirements for the Earned Income Tax Credit, along with cuts in child tax credit eligibility
- Unspecified cuts threaten the well-being of child care programs, foster care and adoption assistance and the TANF program
- The budget includes $75 billion in cuts to the Pell Grant Program to help students meet college costs, even though Pell Grant funding is already at its lowest level since the program began. In addition, there will be $120 B. cuts to student loan programs.
- On top of all these cuts, $330 billion will be saved by reducing improper payments. These savings are built on what many believe is the myth of "waste, fraud and abuse." Unfortunately what generally occurs is that the projected savings amount, upon which the budget is based, is never met, so additional cuts must be made to achieve the projected savings.

Overall, if this budget were to pass, during the period from 2010 to 2027, discretionary programs for low-income Americans will have been cut by 55%. Non-defense discretionary spending as a percentage of Gross Domestic Product will be at its lowest level since the presidency of Herbert Hoover.

My focus is programs for low income folks, but included in non-defense discretionary spending reductions, are also cuts in programs affecting many more Americans, including major reductions to the Workforce Innovation and Opportunity Act (WIOA), with cuts in a wide array of workforce development programs, education, and skills development. In addition substantial cuts are likely in areas as varied as law enforcement, investments in scientific research and disaster response. But after all, is funding for these areas really essential?

I'll stop there with regard to the federal budget, and leave it to our witnesses to elaborate and to examine the impact of such cuts on Suffolk County.

TAX POLICY

Today's focus is primarily on the budget, the federal governmen's spending plan. But of course spending is partly dictated by revenues, and the administration and Congress now see tax reform as a top priority. You've seen the numbers in the current tax proposals, so I won't review them.

I will only note that House tax policy, built on Speaker Ryan's Better Way would result in $3.1 trillion in tax cuts over ten years, with millionaires receiving well over two-thirds of the benefit, amounting to some $2.6 trillion. In ten years, 80% of the tax cuts will benefit 1% of Americans. And reduced tax revenues will of course fuel the demand for reduced spending.

Finally I want to touch on a point concerning taxes that I think deserves more attention: The President and Congressional leadership argue that tax cuts will pay for themselves by growing the economy, creating jobs and thereby raising tax revenues.

It's a very compelling argument, and very unsupported by research. A Congressional Research Service analysis of the top tax rates since 1945 found little or no association between reducing taxes on the wealthy and investment or productive growth.

Also, recent research on 35 countries by the Organization for Economic and Political Cooperation found no correlation between tax rates for the wealthy and economic growth. However, the research did find a correlation between lower tax rates for the wealthy and greater income inequality. Sadly, nowhere is this phenomenon more pronounced than in the U.S.

I'll close with a quotation from Vermont Senator Bernie Sanders, who said, “The Republican budget contains cuts that will kill people, cuts that will hurt people, cuts that should not be allowed in a humane society."

I hope that today's hearing will energize us to not only understand the horrific impact of these drastic proposals, but also to take whatever action we can to prevent them from being enacted into law.