

# Prepare 2010

*Public policy strategies for economic justice*







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# Spending Florida's Housing Trust Funds *Solely* on Housing – A Novel Idea?

Although Governor Charlie Crist may tout his budget's spending on affordable housing as three times that of last year's appropriation, he's not telling you the whole story or what else he's buying with more than half the housing trust money.

After the Florida Legislature pulled \$190 million from trust fund proceeds during a January 2009 budget-cutting, special session and took another \$92 million in the spring to fill other budget holes, its final authorization of \$31.11 million for housing reflected the lowest in 18 years.

This year the housing trust funds are projected to bring in nearly \$195 million in revenue. What the Governor is proposing allocates just over \$93 million of that for housing. He is sweeping the remaining \$101 million-plus into the state's General Revenue fund, thereby missing a pivotal opportunity to generate \$775 million in local economic impact and create 7,789 jobs.

Looking at a 35-year-record-unemployment rate, why would Florida's Governor not fully pay out these funds for what they were intended, i.e., housing? The answer: a projected budget deficit of \$3 billion; a proposed 1 percent reduction in the corporate income tax rate (costing state revenue over \$57 million); and a stop-gap strategy of using more than \$584 million from 32 trust funds to fill in the gap. This includes \$232 million from the Lawton Chiles Endowment, a trust fund resulting from Florida's landmark settlement with the tobacco industry and intended to provide a perpetual source of funding for the future of state children's health and welfare programs.

Representative Gary Aubuchon (R-Lee/Charlotte) has introduced HB665, a bill that repeals the cap on the housing trust funds

and directs those monies to be used to create housing-related jobs, move existing inventory, and preserve/rehabilitate existing affordable housing. The Sadowski Housing Coalition has asked every State Housing Initiatives Partnership Program recipient (in all 67 counties) to adopt a resolution urging the Florida Legislature to repeal the cap on the state and local housing trust funds and fully fund Florida's affordable housing programs in 2010.

Even with the housing glut, many homes remain unaffordable for a large and growing segment of our citizens. SHIP (a primary program funded by the Sadowski Trust Fund) moves existing stock of new construction by making funds available for down-payment assistance, and it rehabilitates and sells foreclosed and abandoned houses. Another main program, SAIL, preserves existing apartments that provide affordable housing for Florida's elderly and most vulnerable populations.





# ECONOMIC BENEFITS OF SADOWSKI ACT STATE AND LOCAL HOUSING TRUST FUND MONIES (*Sadowski Funding*)

## SUMMARY OF FINDINGS:

- ① **Leveraging of Sadowski Funding with Private Sector Investment and Federal Funds:** For every \$1 million of Sadowski funding for housing, \$4.62 million of housing is built and/or sold.
- ② **Lost Federal Resources:** Florida has lost \$603.8 million of federal tax exempt bonds and tax credit equity in just the last three years because of inadequate housing appropriation levels due to raids on the Sadowski Affordable Housing Trust Funds.
- ③ **At Risk Federal Resources:** In addition to the resources already lost, an additional \$1.004 billion million of federal tax exempt bonds and tax credit equity will be lost in the next two years (\$191.1 at the end of 2009 and \$812.8 million at the end of 2010)—unless housing is fully funded in both FY 09-10 and FY 10-11.
- ④ **Total Economic Impact—Multiplier Effect:** The total economic activity far exceeds the value of housing built: Because of the multiplier effect and leveraging, for every \$1 million of state funding, \$7.66 million of economic activity is generated. As part of that economic activity, each \$1 million of state funding generates over \$2.98 million of earnings/income.
- ⑤ **Job Creation:** For every \$1 million of state funding, 77 jobs are created.
- ⑥ **Tax Revenues:** Every \$1 million of Sadowski funding generates over \$73,000 of sales tax revenue to the state, directly attributable to purchase of construction materials. Other revenues (including corporate income tax, documentary stamp tax, and sales tax paid on purchases from income derived from housing activities) are not included in this analysis.

## ECONOMIC BENEFITS OF CAP REPEAL: INCREASED HOUSING PRODUCTION, ECONOMIC IMPACT, INCOME, JOBS AND TAX REVENUE

SADOWSKI FUNDING	HOUSING UNITS	ECONOMIC ACTIVITY	INCOME	JOBS	STATE SALES TAX REVENUE
\$175.4 million	7,060	\$1.34 billion	\$521.8 million	13,656	12,804,480

The table shows total economic activity based upon full appropriation of the \$175.4 million estimate of the amount of doc stamp revenues that will be deposited into the Sadowski Housing Trust Funds during FY09-10, and are therefore available for appropriation during the 2009 legislative session (November 2008 Revenue Estimate, updated January 2009).

# Food Shortages In Florida And The SNAP Program

*It's totally the economy, people have lost their jobs. There are so many new clients, people who haven't applied for food stamps in their whole life.*

*– DCF Spokeswoman Pat Smith, Jacksonville Observer, January 10, 2010*



One in five households in Florida reported not having enough money to buy food at some points during 2009, according to a report released by the Food Research and Action Center (FRAC).

## Findings relative to Florida in *Food Hardship: A Closer Look at Hunger*<sup>2</sup>

- Florida ranks number 12 among the states with the highest rates of food hardship.
- Three Florida congressional districts ranked among the top 30 congressional districts with the worst rates (see list).
- Three Metropolitan Statistical Areas in Florida are among the 25 largest MSAs with the highest rates of food hardship:
  - Orlando-Kissimmee (#5) with 22.9 percent;
  - Miami-Fort Lauderdale-Pompano Beach (#11) with 21.2 percent; and
  - Jacksonville (#19) with 20.4 percent.

Not unexpectedly and parallel to its population ranking, Florida places fourth among states for the number of residents receiving food stamps (after Texas, New York, and California). The SNAP/food stamp caseload in Florida mirrors its food-hardship numbers by displaying a steady and constant

rise between January 2009 and January 2010. Florida households relying on SNAP (1.3 million) have gone up more than 42% in that time. Those households comprise over 2.5 million Floridians--nearly the population of Palm Beach and Hillsborough counties put together. Their SNAP benefits infused more than \$3.6 billion in federal revenues into Florida's struggling economy. Since the federal government pays most of the cost of SNAP (state government pays half of the program's *administrative* costs), 90% of federal food stamp dollars are allocated directly for benefits, effectively providing an economic boost for low-income areas. According to a USDA estimate, each dollar of SNAP benefits generates \$1.84 in economic activity through increased purchases at local businesses and increased tax revenues as recipients spend more of their cash on taxable goods.



The Department of Children and Families (DCF) administers SNAP in Florida and, in the first five months of this fiscal year (July through November 2009), reported that at least 77% of all applications for food assistance were processed within the federal response-time requirement of 30 days. The rate for processing expedited applications within seven days was even less at just over 58%. Even with ACCESS (Automated Community Connection to Economic Self-Sufficiency), the state's on-line application, DCF call centers were fielding an average of 2.5 million calls each month last fall.

<sup>2</sup>The federal government has changed the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP).

<sup>2</sup> To view the full report, go to: [http://www.frac.org/pdf/food\\_hardship\\_report\\_2010.pdf](http://www.frac.org/pdf/food_hardship_report_2010.pdf).

## Food Hardship in Florida's Congressional Districts (2008-09)

National Rank out of 436 Cong Districts	Congressional District Representative	% of Households with Food Hardship
13	Kendrick Meek	29.6
20	Alcee L. Hastings	27.1
24	Corrine Brown	26.0
36	Kathy Castor	25.1
54	Mario Diaz-Balart	23.8
85	Jeff Miller	22.2
92	Alan Grayson	22.0
119	Cliff Stearns	20.7
133	Allen Boyd	20.2
150	Ander Crenshaw	19.6
157	John Mica	19.5
165	Suzanne M. Kosmas	19.3
191	Lincoln Diaz-Balart	18.7
198	Bill Posey	18.5
223	Gus M. Bilirakis	17.8
243	Adam Putnam	17.3
252	Virginia Brown-Waite	17.0
255	Connie Mack	16.9
255	Tom Rooney	16.9
287	C. W. Bill Young	15.6
315	Vern Buchanan	14.7
318	Ron Klein	14.4
328	Debbie Wasserman Schultz	14.0
384	Vacant	12.0
386	Ileana Ros-Lehtinen	11.9

To keep up with the dramatic increase of those in need of food stamps, DCF must be adequately staffed. DCF conducted a workload study and initially requested 300 new positions at a cost of \$23 million (part state and part federal). Citing budget limitations and other priorities, this request did not make it into the Governor's budget. Instead DCF proposes to convert 56 temporary OPS positions (beyond the current 4,642 working in the Economic Self-Sufficiency Services' eligibility division) to full-time equivalent (FTE) positions.

See **Food Shortages** on page 7

# The Federal Afterschool Supper Program: A Resource for Florida's Struggling Families

Even though FRAC's food-shortage report placed all eight southeastern states among the top 12 with the highest percentage of food shortages, not a single one is included<sup>1</sup> in the federal afterschool supper program for children. With Florida's families experiencing record unemployment and working odd hours or multiple jobs, children need safe, supervised settings where they can receive a nutritious, meal after school is out. More kids are in afterschool programs today than five years ago, and the demand for programs has also increased. The Congressional Budget Office (CBO) reported that approximately \$7 million dollars could potentially come into the state's afterschool programs if Florida were added to the Afterschool Meals Program.

Currently Florida's afterschool programs are only authorized to use the snack version of the federal Child Care Food program, which reimburses \$0.74 per snack. The supper program's reimbursement is \$2.68 a meal and can be served in the mid-afternoon. The program enables private, nonprofit afterschool

programs in low-income neighborhoods to ensure children are nourished, so they can fully participate in out-of-school-time enrichment programs. The Florida Department of Health administers the program, providing over 3 million snacks (2007-08) to children eligible for free and reduced-price school meals.



The AFTERSchool Meals Act (S.990/H.R.3321), currently before the U.S. Congress, would expand the Afterschool Meal Program to all states, making it possible for low-income children to receive a nutritious meal in enrichment programs after school, on weekends, and on school holidays. It also reduces the program's administrative burdens on schools by allowing nutritious meals to be served through the National School Lunch Program.

Five of the 27 cosponsors of the House bill are from Florida (as of this writing). The strategy is to secure at least half the Florida bipartisan, congressional delegation and at least one of the senators to cosponsor this legislation, so that Florida has a better chance to be the next state included in the program.

<sup>1</sup> Connecticut, Delaware, Illinois, Maryland, Michigan, Missouri, Nevada, New York, Oregon, Pennsylvania, Vermont, West Virginia, Wisconsin and the District of Columbia are authorized to operate this program.



## How the AFTERSchool Meals Act will Benefit Your Community

- **Reduce child hunger** – Nearly 1.3 million Florida children rely on free or reduced-price school meals each day; many of these children and teens live in families that struggle to provide a nutritious evening meal.
- **Enhance children’s learning** - The meals allow children to stay focused and engaged in the hours after school so they can fully benefit from enrichment programming.
- **Decrease juvenile crime** - Afterschool meals draw children into afterschool programming, keeping them safe and supervised. On school days, the hours from 3-6 PM are the peak hours for teens to commit or become victims of crime. Sixty-nine percent of police chiefs said “after-school and child care programs” are the most effective strategies for reducing juvenile crime.<sup>2</sup>
- **Bring federal child nutrition funding into states** - The Afterschool Meals Program would bring potentially \$7 million dollars into Florida.
- **Create jobs and generate economic activity** - The afterschool meals program could create jobs and generate economic activity in afterschool and food service sectors.
- **Support working families** - Many families, especially ones where caregivers work non-traditional schedules, rely on afterschool programs to work.

<sup>2</sup> America’s After-School Choice: Juvenile Crime or Safe Learning Time, A research brief by FIGHT CRIME: INVEST IN KIDS ([www.fightcrime.org](http://www.fightcrime.org)).



### Food Shortages continued from page 5

Although the Florida Legislature must authorize this increase in full-time positions, the additional \$2.3 million in funding for that conversion comes from the federal government. The Governor’s budget does include funding for technology enhancements to help improve the management of DCF’s workload. If DCF is to fulfill its commitment to *Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency*, it will require adequate funding to do so during this particular economic challenge for Florida’s families.



# Improvements to Meal Enrollment Process to Expand Access to Child Nutrition Programs

Millions of children are eligible but not participating in free or reduced-price school meals. Most families must complete paper applications, but there is no policy or budget reason to maintain a paper application process that is far from perfect, especially in schools or districts where the vast majority of students qualify for free or reduced price meals. A modernized system will reduce administrative costs and inefficiencies while drawing down more federal funds for added children in virtually all nutrition programs.

There currently are two ways for children to qualify for free or reduced price school meals:

- o Direct Certification - Children who receive other forms of federal assistance (like food stamps) are automatically eligible for free school meals without paper applications.
- o Income-based Eligibility

Child Nutrition Reauthorization can make significant improvements by requiring the following:

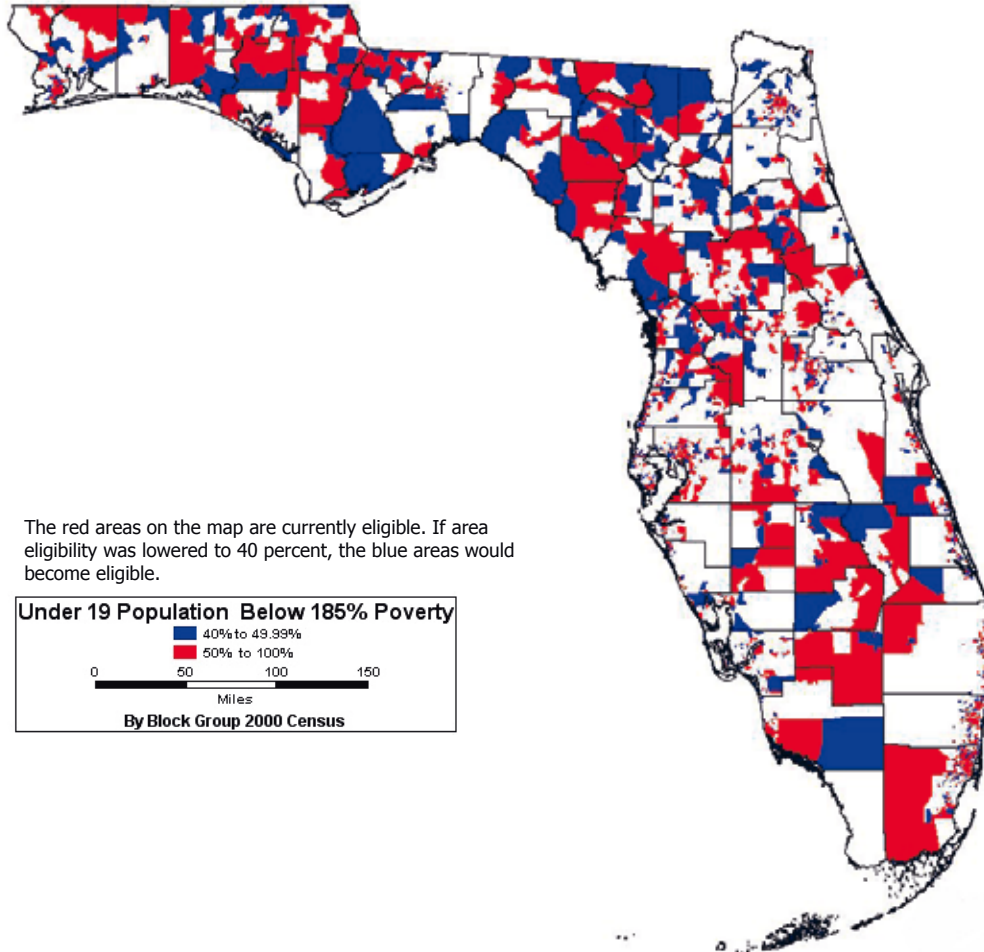
- *Utilization of Medicaid and the State Children's Health Insurance Program (SCHIP) data for direct certification, along with SNAP.* Many more eligible children could be qualified without paper applications by matching school and Medicaid/SCHIP enrollment data of children with household incomes up to 133 percent of poverty. In fact, when combined with the use of SNAP data, using Medicaid/SCHIP data for direct certification could reduce the number of paper applications by as much as 45 percent.
- *A performance standard for states (95 percent of eligible students should be directly certified) with incentives given to high-performing states.* States can take

steps to improve their direct certification processes to reach more eligible children, and should be encouraged to continually improve and innovate to solve challenges.

- *Elimination of the "letter method" whereby families are required to return a letter from the SNAP agency to the school for direct certification.* An effective data matching system should be required so that families do not have to make any further application, as required by current statute.
- **Creating a data-based reimbursement system.** Schools with a high proportion of low-income children should be allowed to offer meals and snacks free to all students and be reimbursed based on reliable data sources (e.g. U.S. Census data) rather than individual applications. This would dramatically reduce paperwork and facilitate offering meals free to all children, which has been proven to increase participation. One such data-based approach has been implemented through a USDA pilot project and has operated successfully for more than 15 years.



## Expanding Access to Child Nutrition Programs Improving the Area Eligibility Test: 40 Percent of Children Rather Than 50 Percent Eligible for Free and Reduced Price Lunch



### Child Nutrition Reauthorization Priority

Congress is preparing to take up child nutrition reauthorization this year. One of the Food Research and Action Center's top recommendations is to improve the area eligibility test from its current 50 percent to 40 percent. This change would considerably expand low-income children's access to nutritious food.

#### What is Area Eligibility?

Federal nutrition programs offer reimbursement for snacks and meals for all children in afterschool and summer programs and child care homes that are located in a low-income area, defined as an area with more than 50 percent of children eligible for free or reduced price school meals. This 50 percent area eligibility test is the most restrictive test the programs have ever had. Prior to 1981, for example, the threshold for an area participating in Summer Food was 33 percent.

#### Why Improve Area Eligibility to 40 Percent?

The 50 percent eligibility test means that many low-income children have lost access to nutritious meals and snacks. Rural and suburban areas have an especially difficult time meeting the 50 percent requirement because poverty is less concentrated. In addition, the threshold for the nutrition programs should be made consistent with other federal education funding streams that support the same afterschool and summer programs, such as 21<sup>st</sup> Century Community Learning Centers and Title I school-wide programs, so that federal education dollars are not spent on food and programs have consistency. Improving the threshold to 40 percent would increase access to nutritious food for children and reduce the administrative burden for programs.

Prepared by the Food Research and Action Center



## Celebrate Florida Impact *Over 30 Years!*

For over 30 years, Florida Impact has been dedicated to reducing hunger and poverty in Florida. Impact educates and enlists the people of Florida to secure justice for and with those whose economic rights have not been realized. We also work to increase access to food programs by conducting aggressive outreach strategies and public policy advocacy. Through your generous support we can continue to inspire the people of Florida to do justice.

**YES! I will support Florida Impact!**

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