



TESTIMONY

ON

IMPACT OF MEMBER ITEM REDUCTION ON SMALL
AND MID-SIZE NOT-FOR-PROFIT
COMMUNITY BASED ORGANIZATIONS

PRESENTED BEFORE:

THE NEW YORK STATE BLACK, HISPANIC
AND ASIAN LEGISLATIVE CAUCUS

PRESENTED BY:

CHRISTOPHER D. LAMB
MFY LEGAL SERVICES, INC.

October 20, 2010

Thank you for the opportunity to testify today. I am Executive Director of MFY Legal Services which annually provides free legal services to approximately 8,000 New York City residents in all five boroughs. Among other things, we represent tenants sued for eviction by their landlords, homeowners facing foreclosure actions, people who have been wrongly denied unemployment insurance benefits, consumers in consumer debt lawsuits, and low-wage workers in disputes over unpaid wages with employers.

In FY 2010, member item funding was a crucial factor in our ability to avoid layoffs and maintain services at MFY. In that year, MFY received \$277,500 in state member item funding, which represented approximately 5.5% of our overall budget. In payroll terms, it funded three staff attorneys—or 12% of our attorney staff. On average, each staff attorney at MFY handles about 300 cases a year, so in FY 2010, member item funding enabled us to serve approximate 900 households who otherwise would have gone without legal assistance.

For an organization like MFY that serves some of the city's most vulnerable populations and strives to render holistic services, member item funding fills in the gaps of other funding allowing us to help New Yorkers whose cases do not fall neatly into one specific practice area or one particular funding stream.

I'd like to share just one of those cases to illustrate the importance of this type of funding in meeting the needs of clients with multiple legal needs.

Ms. V, a Jamaican immigrant, was forced to leave her job as a maid because her employer stopped paying her, after many months in which he paid her only part of what she was owed. Like many other domestic workers, Ms. V worried that if she quit her job, she would never recover the money she was owed. As a result, she fell behind on her rent, her landlord sued for nonpayment, and, without counsel, she signed a stipulation agreeing to pay the back rent. She then left her job, assuming she would be able to collect unemployment insurance benefits while seeking a new position. However, the Department of Labor (DOL) denied her claim because her employer had paid her in cash, so there was no record of her earnings. She applied to public assistance for one-shot rental assistance and was turned down because she could not show future income.

She came to MFY with an eviction looming and caught between two bureaucracies. MFY advocated for Ms. V with the DOL, which had recently set up a task force to address problems of workers who are paid in cash. We convinced DOL to give expedited attention to Ms. V's case and helped Ms. V complete forms to document her income. DOL authorized payment of \$400 a week, including three months' retroactive payments. MFY then filed an Order to Show Cause in housing court to gain more time to pay arrears, and won a Fair Hearing on the denial of one-shot rental assistance. With back rent paid and Ms. V able to pay her ongoing expenses, MFY then turned to the task of recovering her unpaid wages. At first, the fact that her employer recently filed for bankruptcy appeared to be an obstacle, but further investigation revealed that the employer had failed to list Ms. V as a potential creditor. As a result, we were able to file a Fair Labor Standards Act lawsuit in federal court arguing that Ms. V's back wage claim remains viable. That case is pending.

This case cut across several practice areas – employment, public benefits, and housing. Without the cushion provided by member item funding, we may have been forced to help her out in one area and refer her elsewhere for additional help.

There are hundreds of cases like Ms. V – clients who quickly find that one problem leads to a host of other problems, including homelessness. Although often unfairly derided as “pork,”

member item funding allows our elected representatives to fund organizations that are providing vital services in their communities.

If, as now seems likely, there are no member items distributed this year, the impact on MFY's budget for FY 2011 will be profound. A relatively manageable budget deficit will balloon to over \$400,000. Under those circumstances, it will not be possible to maintain staffing and services at their current levels. We will not be able to help people who need our services in order to remain housed or in order to receive unemployment benefits they need to feed their children and themselves or in order to obtain wages wrongly withheld by an unscrupulous employer. The consequence will inevitably be more entries into the shelter system and more people unable to provide for their families' basic needs.

I commend Senator Hassell-Thompson and the Caucus for holding this hearing to shed light on the very real pain caused by the impasse over member items and urge you to work with your colleagues to find a solution to this problem that will provide some measure of funding to the vital services that have relied on member item support in the past.

Thank you again for the opportunity to testify today.