



TESTIMONY

OF

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**PRESENTED TO THE
NEW YORK STATE SENATE FINANCE COMMITTEE
AND
NEW YORK STATE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**REGARDING THE
NEW YORK STATE EXECUTIVE BUDGET PROPOSALS FOR
HUMAN SERVICES
STATE FISCAL YEAR 2009-2010**

JANUARY 14, 2009

Good Morning. My name is Stephanie Gendell and I am the Associate Executive Director for Policy and Public Affairs at Citizens' Committee for Children of New York (CCC). CCC is a 65-year old privately supported, independent, multi-issue child advocacy organization. CCC does not accept or receive public resources nor do we provide direct service or represent a sector or workforce; rather for 65 years we have undertaken public policy research, community education and advocacy activities to draw attention to what is or is not for working for children in New York and to advance budget, legislative, and policy priorities—all with the goal of ensuring that children are healthy, housed, educated and safe. I would like to thank Chairman Farrell and Chairman Kruger and members of the Assembly Ways and Means and Senate Finance Committees for this opportunity to testify on the Governor's Executive Budget for Fiscal Year 2009-2010.

It is clear that New York's troubled economy and staggering budget deficit demand acute attention in a way that none of us have seen since the Great Depression. While all New Yorkers are reeling from the downturn, few are likely to be hit harder than poor children and their families. While the SFY10 Executive Budget attempts to address both the revenue and expense sides of the budget ledger, we do not believe that it goes far enough to protect the neediest New Yorkers from shouldering a disproportionate burden. The Executive Budget has put badly needed revenue on the table, through a long list of fees, fines and taxes, but fails to advance the most equitable and least painful means to raise revenue-- increasing personal income taxes on New York's highest earners. CCC's recently commissioned poll, taken to gauge New Yorker's support for certain taxes, found that 73% of New Yorkers support income tax increases on individuals earning \$250,000 or more a year over reductions in government services. The poll also found broad support for increasing taxes on sugar sweetened beverages and alcohol when a portion of the revenue raised from the taxes would be reinvested in prevention programs to combat obesity and substance abuse (72% and 74% respectively).

We urge the legislature to negotiate a budget that uses fairness and equity as a guiding principle and thus enacts progressive personal income tax reform and tax policies that support improved public health. We are wary of many of the fee and fine proposals that are regressive and in particular, we are very concerned that implementing parent fees for Early Intervention and increasing the fees for Child Health Plus may be a deterrent to enrollment and receipt of critical services for children in need.

Turning to the expense side of the budget ledger, despite some desperately needed protections for New York's neediest - such as an increase in the public assistance grant, expansion of health insurance coverage to older youth, and preservation of uncapped funds for child abuse and neglect prevention - the Executive Budget relies heavily on cost shifts to local governments and focuses on closing budget gaps as short term gains rather than as long term investments that could ultimately reduce costs and produce better outcomes for children. The proposed cuts to cost effective programs, such as home visiting, homelessness prevention, child abuse prevention, youth programs and child care, will be costly to the state in the long run.

There are several cost shifts to localities that are also of profound concern. Specifically, the Executive Budget proposes to eliminate the Aid to Municipalities (AIM) for New York City at a cost to the city of over \$300 million and proposes to shift significant preschool special education costs to counties (over \$70 million for New York City alone). In addition, the proposed changes to the Flexible Fund for Family Services (FFFS) will create significant cost-shifts, increase competition among social service programs, and limit state support at a time of increased need.

The Executive Budget also fails to redirect even a small portion of funding saved into programs that would reduce the need for more costly interventions. To that end, while we support the Executive Budget proposal to close and consolidate underutilized juvenile placement facilities, we are dismayed at the failure to reinvest some of those savings into community based alternatives that prevent teens from entering the system in the first place.

Turning specifically to the Executive Budget's Human Services proposals that would impact children:

Child Welfare:

We were extremely pleased that the Governor's proposed budget recognizes how critical the 65/35 open-ended child welfare financing scheme for preventive and protective services is to enabling counties to keeping children safe and in their homes when possible. While we do not believe the foster care block grant adequately supports foster care for the counties and we would prefer that the SFY08-09 2% reimbursement reduction was repealed, we urge the legislature to adopt the Governor's proposal and extend the current child welfare financing

legislation for another three years. The uncapped funding for child protection and child abuse prevention services must remain safe from further cuts or limits at the budget negotiation table.

We appreciate the need to reduce spending, but we urge the legislature to negotiate a budget that restores the following child welfare services:

- Restore the Preventive Services COPS Program: We appreciate the need to limit spending in this difficult budget time; however we think that it is short-sighted to adopt the Executive Budget proposal to completely eliminate all state funding for the COPS waiver programs, which currently receive 65% state reimbursement. These programs, which include Nurse Family Partnership and after care for youth reunified from foster care, are cost-effective, evidence-based tools for keeping children safe and preventing more costly interventions. Given the budget crisis, we recommend that the COPS waiver programs temporarily be funded outside of the 65/35 open-ended funding stream with a capped allocation.
- Restore the 25% funding reduction for home visiting: Home visiting is a cost-effective, evidence based program that supports and strengthens families, enables children to grow up safe and nurtured, and ultimately prevents more costly interventions such as foster care.
- Restore funding for preventive service contracts, post-adoption services, the preventive service COLA and the caseload reduction initiative so that the state's commitment to keeping children safe and strengthening families is maintained during this difficult economic time when families will need to rely on this crisis intervention system more than ever.
- Partially restore funding for the Bridges to Health Program: The Bridges to Health (B2H) program provides in-home services for severely emotionally disturbed, medically fragile and developmentally disabled foster children, which enable them to remain in family settings and avoid more costly institutional care. While we understand the state budget crisis requires a delay in the implementation roll-out, we urge the legislature to negotiate a budget that would provide for 1000 B2H slots in FY09-10 rather than the 610 proposed in the Executive Budget.
- Restore funding to OCFS for New York/New York III: While other proposed agency budgets maintain their commitment to the NY/NY III supportive housing agreement, the proposed OCFS budget includes a 60% reduction in its support for operating costs and supportive services for former foster youth. We urge the Governor and the legislature to

restore the \$2.2 million in funding to support the 100 NY/NY III units dedicated to one of the most vulnerable populations in our state, former foster youth.

- Amend the Family Court Act to Increase the Number of Family Court Judges: The State's Family Courts are overwhelmed, which leads to long delays and adjournments. New York State is well below federal benchmarks, with some of the longest foster care lengths of stay in the country both for children who are adopted and for children who return home to their parents. Once again New York failed to pass the federal Child and Family Service Review on permanency measures. New York City has been limited by statute to 47 Family Court Judges for over 15 years, even though the Federal and State Adoption and Safe Families Acts were passed in 1997 and 1999 respectively, the permanency law was passed in 2005, and the number of filings in New York City has dramatically increased since January 2006. While there is a fiscal cost to adding Family Court judges, there are profound longer-term social and economic costs created by children growing up in foster care. We urge the legislature to amend the Family Court Act to increase the number of Family Court Judges by 39, 14 of which would be for New York City.

Child Care:

New York's child care system is in crisis—particularly in New York City. During this very difficult economic time it is more important than ever that low-income working parents have safe, affordable child care, yet the system is struggling to remain stable. Federal and state support for child care have not kept pace with the costs. In fact, while CCC estimates that almost 80,000 New York City income eligible families are unable to access child care, New York City is in the process of cutting approximately 4000 slots to address a \$62 million structural budget deficit. In addition, the City is struggling to identify another \$52 million to implement a 2007 Market Rate increase that requires them to pay higher rates to providers, without additional state or federal support. To make matters worse, in October 2009 there will be another market rate increase that will further tax this fragile system.

Currently, New York City's child care budget of over \$800 million includes only \$66 million in state funds. While we are hopeful that a federal stimulus package will include money for child care, New York State must reaffirm its commitment to the child care system by: a) removing child care from the FFFS and b) increasing state resources for child care.

Flexible Fund for Family Services (FFFS)

The proposed changes to the Flexible Fund for Family Services (FFFS) are deeply concerning and could have a profound impact on the counties' abilities to provide services to the most needy families during the economic crisis. Specifically, CCC opposes the proposals to add child care and OTDA administrative and employment functions to the FFFS and to increase the child welfare offset by \$105 million. These proposals create another cost-shift by requiring counties to dedicate an additional \$105 million from the FFFS to child welfare before they can draw down the state's 65/35 child welfare funding without increasing the resources of the FFFS. In the simplest terms this means that the pot of money for all of the non-child welfare services contained in the FFFS is \$105 million less. This will increase the competition for already scarce resources among essential safety net services and will severely hamper the ability of localities to address increased human needs in the midst of the economic downturn.

Furthermore, by eliminating the Local Administration Fund and replacing it with federal funding in the FFFS, the state is proposing to withhold millions of dollars in administrative support for safety net and other non-TANF eligible programs at time when economic indicators suggest that public assistance caseloads and the need for social supports are likely to increase.

Juvenile Justice

We strongly support the Executive Budget proposals to close and consolidate 8 under-utilized facilities and three evening reporting centers, and to do so without the 12-month notification requirement; however, we are deeply disturbed that not a single dollar is reinvested in alternative to detention and alternative to placement programs that serve youth closer to home. Closing facilities without a corresponding effort to aggressively invest in less costly and more effective community-based alternatives is short-sighted and will doom the state's efforts to transform the juvenile justice system. We urge the legislature to negotiate a budget that reinvests a portion of the savings into needed community based programming. In addition, since OCFS currently has a 33% vacancy rate, removing the 12-month waiting period to close a facility would enable the agency to operate a more efficient system and avoid costly capital renovations.

Youth Services

While we support the Executive Budget proposal to maintain \$35 million in funding for the Summer Youth Employment Program (SYEP) and to do so outside of the FFFS, we are deeply

concerned about the other Executive Budget proposals related to youth services. Specifically, we oppose the 25% cut to the Advantage After-School Program and the creation of a Youth Services Block Grant (YSBG) that includes a 24% spending reduction for the seven mandated and non-mandated services within the block grant.

The block grant would consolidate and reduce funding for 7 disparate youth funding streams previously funded at \$118 million but now only funded at \$90 million, including detention services, youth development and delinquency prevention (YDDP), special delinquency prevention (SDP), runaway and homeless youth (RHA), alternatives to detention (ATD) and alternatives to placement (ATP). Not only does this represent an overall 24% funding reduction, it also undermines the state's commitment to transform the juvenile justice system by severely under-funding delinquency prevention and community-based alternative programs that effectively reduce delinquency and lower recidivism rates. It is widely known that youth are at greatest risk for delinquency between the hours of 3-6pm¹ and that every \$1 invested in youth services, saves \$40 in future criminal justice costs,² but the Executive Budget proposals run counter to this logic.

And finally, the proposed YSBG pits non-mandated preventive and community-based services against mandated detention services at a time when localities face scarce resources and counties will have limited control over the use of detention or alternatives because that decision rests solely with a Family Court Judge. It is an untenable choice that could further devastate the state's already fragmented youth services funding system and quite simply leave at-risk youth without a broad range of youth development programs that are most effective in keeping kids safe and productive.

Income Support:

We strongly support the Executive Budget proposals that after 18 years finally increases the public assistance grant and the proposal to increase food bank funding by \$4.4 million at this time when more families are relying on emergency food assistance programs.

On the other hand, we urge the legislature to restore funding for the Career Pathways program and the Strengthening Families Through Stronger Fathers Program, which would be eliminated

¹ Fight Crime Invest in Kids. *New York City's Out-of-School Time Choice: The Prime Time for Crime or Youth Enrichment and Achievement*, 2008. Available online: <http://www.fightcrime.org/reports/NYCAS2pager.pdf>

² Keeping Track 2008 Edition. Citizens' Committee for Children.

by the Executive Budget. Career Pathways is a program that provides public assistance and low-income workers the opportunity to get the credentials to fill job openings in high demand occupations that have an opportunity for advancement and the Fatherhood Program supports five pilots providing employment training, parent training, legal services, financial counseling and mental health services to non-custodial parents. In this difficult economic time, these two programs are more important than ever.

Finally, with respect to income support, we urge the legislature and the Governor to eliminate the finger-imaging of non-TANF food stamp applicants in New York City, as has been done for all other counties. We also recommend amending the Social Service Law to either eliminate asset limit tests for family assistance and safety net assistance or alternatively to exclude retirement assets (such as IRAs and 401(k)s) from countable assets for family assistance and safety net assistance. Low income families needing assistance should be encouraged to save their assets rather than spend them down to receive benefits.

Homelessness:

We urge the legislature to restore funding reductions to the Homeless Housing Assistance Program (HHAP), the Homelessness Intervention Program (HIP) and the Homelessness Prevention Program (HPP). The HHAP includes capital funding for housing for youth aging out of foster care and runaway youth, and the HIP provides homelessness prevention services, including after care for formerly homeless families and individuals who transitioned to permanent housing. Finally HPP diverts families at risk of eviction from shelter by facilitating applications for temporary rent supplements. Reductions to homelessness prevention programs are troubling at a time when all economic indicators and persistent housing insecurity suggest that the state and localities will need more not less of these services.

Conclusion:

In closing, we ask the Assembly and the Senate to negotiate a budget with the Governor that advances truly shared sacrifices and a fair distribution of the burden of the economic crisis so that it is borne by all New Yorkers. It is essential that state leaders take this opportunity to put New York State's future back on track to by enacting progressive personal income tax reform and protecting New York's most vulnerable children and families.

Thank you for the opportunity to testify.