



**TESTIMONY**

**OF**

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POLICY AND PUBLIC AFFAIRS**

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

**REGARDING THE  
NEW YORK STATE HUMAN SERVICES BUDGET PROPOSALS  
STATE FISCAL YEAR 2012-2013**

**FEBRUARY 13, 2012**

Good afternoon. 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, Inc. (CCC). CCC is a 68-year old privately supported, independent, multi-issue child advocacy organization, dedicated to ensuring every New York child is healthy, housed, educated and safe. CCC does not accept or receive public resources, provide direct services, or represent a sector or workforce. For 68 years, CCC has undertaken public policy research, community education and advocacy efforts to draw attention to the needs of children, youth and families so that we can advance budget, legislative, and policy priorities that are cost-effective and produce better outcomes for New York's youngest residents. I would like to thank Chairman Farrell and Chairman DeFrancisco and members of the Assembly Ways and Means and Senate Finance Committees for this opportunity to testify on the Governor's Executive Budget for State Fiscal Year 2012-2013.

The recent release of the 2010 Census lays bare the challenges faced by communities throughout New York State. Poverty, and child poverty in particular, has increased as the economic downturn persists.

According to the 2010 Census, New York State's poverty rate has increased from 13.7% in 2007 to 14.9% in 2010. In New York City the poverty rate has increased from 18.5% in 2007 to 20.1% in 2010. Most striking, child poverty is now 21.2% in New York State and 30% in New York City-- meaning that more than 1 out of every 5 children in New York State and 1 out of every 3 New York City children is living in poverty. When looking at individual communities and racial and ethnic groups we find even higher shares of child poverty. In 2010, 33.6% of Latino children in New York State and 39.7% of Latino children in New York City were living in poverty, and 31.7% of Black children in New York State and 31.1% of Black children in New York City lived below the poverty line.

Many New York residents struggled to feed their families, as 3.06 million New Yorkers and 1.8 million New York City residents turned to Food Stamps for help. From 2007-2010, the share of New York City families with children who received Food Stamps increased by 53%, reaching about 30%. Furthermore, according to the 2010 Census, New York's unemployment rate is 9.9% and New York City's rate is 11.2%. On December 9, 2011, an alarming 16,726 New York City children were living in homeless shelters, up from an average daily census of 14,432 just one year ago. Given the staggering number of New York State and New York City families that have faced increased poverty, it is not surprising to see the increased number of families relying on Food Stamps, the increased number of homeless children and the increased unemployment rate.

While the economic data is sobering, there is some hope when we look at the Supplemental Poverty Measure (SPM). Unlike the traditional poverty measure, the SPM takes into account benefits that help improve the economic situation of the poor, such as the Earned Income Tax Credit (EITC), Women, Infants and Children (WIC), housing subsidies, school lunch programs, SNAP Food Stamp benefits and energy assistance programs such as the Home Energy Assistance Program (HEAP). When we look at the SPM, we see that these benefits helped keep thousands more children out of poverty.

While New York State continues to face fiscal challenges, CCC is thankful the Executive Budget proposes to address the state fiscal deficits while protecting against many reductions in essential programs for children and families. The Governor's \$132.5 billion Executive Budget proposes to close a \$3.5 billion gap in SFY 12-13 (and lowers the gap in future years). CCC is appreciative of the Governor and Legislature's proactive work to adopt a tax reform policy that generated \$1.5 billion to help close the gap.

Turning to the State Fiscal Year 2012-2013 Executive Budget proposals for Human Services, we urge lawmakers to adopt a budget that prioritizes the needs of your most vulnerable young New Yorkers.

### **Child Welfare**

The current child welfare financing scheme expires on June 30, 2012 and therefore is addressed as part of the SFY 12-13 Executive Budget. In short, the Executive Budget proposes to amend the Social Service Law statutorily reduces the state's reimbursement for child protective services, preventive services, independent living services, adoption administration and adoption subsidy, and effectively eliminates a meaningful state share for KinGAP (subsidized guardianship for relatives.) The Article VII bill authorizes the reduced rates of reimbursement for five years.

Child welfare financing is comprised of three main components: 1) open-ended state reimbursement for protective, preventive, independent living, after care and adoption administration services; 2) a capped foster care block grant; and 3) open-ended state reimbursement of the non-federal share for adoption subsidies.

The backbone of the current child welfare financing structure is open-ended state reimbursement for the services the state wants to incentivize and a capped block grant for those services the state wants to reduce county reliance on. Thus, the state provides open-ended reimbursement for services that keep children safe, prevent foster care, and signify permanency (i.e. adoption subsidy). Alternatively, there is a block grant for foster care, which also funds private juvenile justice placements.<sup>1</sup>

This financing structure, in place since 2002, has corresponded with a dramatic decrease in foster care both statewide and in New York City, even though there has been a significant increase in child abuse and neglect reports. In addition, there has been a significant expansion of preventive services both in New York City and statewide. CCC believes that the general framework for child welfare financing in New York has benefited countless children and families and we are grateful that the Executive Budget proposes to maintain open-ended, uncapped reimbursement for protective, preventive and independent living services.

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<sup>1</sup> The exception to this fiscal incentive arrangement is New York's new Kinship Guardianship Assistance Program (KinGAP), in which the subsidies for this permanency arrangement are currently funded by the Foster Care Block Grant and not open-ended reimbursement. The New York State Legislature amended the Governor's proposal such that KinGAP is funded by the Foster Care Block Grant (FCBG) during the current fiscal year only and future funding will be determined when child welfare financing is reauthorized this fiscal year. As discussed in more detail, the Executive Budget proposes to keep KinGAP in the FCBG.

Currently, New York State Social Service Law Section 153-k provides for a 65% state reimbursement rate for protective, preventive, independent living, after care and adoption administration services; however, for several years budget bills have reduced the level of state support down to 62%, while not amending the Social Services Law. **CCC urges the Legislature and the Governor to adopt a budget that restores the state's commitment to keeping children safe by returning state the match to 65%.**

Since the creation of the uncapped matching funding stream for preventive services in 2002, the number of children in foster care has decreased significantly. In New York City, the number of children in foster care declined as the number of children receiving preventive services simultaneously increased. The numbers are quite dramatic. In 2002, there were over 25,000 NYC children in foster care; today there are almost half as many with 14,459 children in foster care as of June 2011. This trend is similar statewide—in 2002, there were 37,072 children in foster care and by December 2009, there were 24,522 children in care throughout the State. Thus, child welfare financing must not be reauthorized without returning the match to 65%.

The Executive Budget also proposes to maintain the Foster Care Block Grant and to continue funding it at \$436 million in SFY 12-13. The Foster Care Block Grant (FCBG) is intended to fund the State's share for children in out-of-home placements, including foster homes, kinship foster homes, residential foster care placements, and private juvenile justice placements. In the SFY 11-12 Adopted Budget there was an agreement that the FCBG would also be used as support for the state's share of KinGAP (even though this is technically a permanency arrangement and not an out-of-home placement).

While CCC appreciates the state's efforts to create disincentives for localities to rely on foster care, and for localities to expedite permanency, there are some children and youth who will always be in need of a foster care so that they can be safe and receive the services they and their families need. It is imperative that New York's foster care system have the resources it needs to provide high quality foster care to any child that needs to be removed from his or her home. In fact, the State and its counties have an enormous responsibility to these children for whom they have determined it is necessary to interfere with their parents' rights and of whom they subsume temporary or permanent custody.

CCC has several concerns about the Foster Care Block Grant, including its current allocation level; how funds are distributed among the counties; its inflexibility; its reimbursement based on cared days; its funding of private juvenile justice placements; and its funding KinGAP. That said, CCC is aware of the current economic conditions in the State and the tremendous benefit of uncapped reimbursement for preventive and protective services. Thus, while in an ideal budget climate we might suggest eliminating the FCBG, our highest priorities are maintaining the open-ended child welfare funding stream at the highest state reimbursement level possible and removing KinGAP from the FCBG.

As with adoption subsidy, the federal government pays 50% of the KinGAP subsidy for Title IV-E eligible children who meet certain federal requirements. Kinship guardianship is a permanency arrangement for children living with relatives who are not going to be reunified or

adopted for reasons deemed to be in the child's best interest by both the local social service district and the Family Court. The goal of KinGAP is to provide these children with permanency outside of the foster care system, and enable their relatives to continue to receive a subsidy. KinGAP would theoretically reduce foster care expenses for these children who would have otherwise remained in foster care.

Given that almost all counties use their full FCBG allocation, funding the state share of KinGAP subsidies in the FCBG is a pure cost-shift. Notably, the number of children receiving adoption subsidies is starting to decrease because a) the declining foster care census means there are fewer children eligible to be adopted and b) those children who were adopted at the height of the foster care census are beginning to age out of adoption subsidy eligibility (i.e. turn 21). Thus, the state savings on adoption subsidy could be redirected to KinGAP subsidies without increasing the OCFS subsidy budget. **CCC urges the Legislature to adopt a budget that removes KinGAP from the Foster Block Grant and funds the state share in the same manner as adoption subsidy.**

Almost all children who are adopted from New York's foster care system are eligible for an adoption subsidy. The subsidy is typically the same payment level as the foster parent was receiving while the child was in foster care. The goals of adoption subsidies are to eliminate any fiscal disincentive for a foster parent to adopt and to provide support for hard-to-place and special needs children adopted from foster care. Historically, the State had reimbursed counties 75% of the non-federal share for adoption subsidies. In the State Fiscal Year 2011-2012 Budget, the state reduced its commitment and support to these children by reducing its reimbursement to 62%. This is a pure cost-shift to counties who will be continuing to pay adoptive parents the same rates. Furthermore, it could have the unintended consequence of reducing the number of adoptions in some cash-strapped counties. The Executive Budget proposes to amend Social Service Law Section 456 to statutorily reduce the state's share/commitment for adoption subsidy from 75% to 62%. **CCC urges the Legislature to adopt a budget that restores the state funding match to 75% for adoption subsidies.**

Finally, to ensure that the State's most vulnerable children and youth are protected, CCC urges the Legislature to adopt a budget that restores the **\$5 million previously cut for Nurse-Family Partnership (NFP) and the \$10 million once appropriated for the State's Safe Harbor Act.** First, the \$5 million for NFP is necessary to maintain service levels in Monroe County, New York City and Onondaga County until their federal waiver is approved by CMS. Second, it is critical that there be state support for the sexually exploited youth who are supposed to be protected by the State's Safe Harbor Act, which passed in 2010 with an anticipated \$10 million, was cut to \$3 million in SFY 10-11 and was then cut to \$0 in SFY 11-12. CCC is a member of the Coalition to Protect Sexually Exploited Youth and urges the legislature to restore these funds when the budget is adopted.

### **Juvenile Justice**

CCC appreciates the Governor and the Legislature's continued commitment to improving New York's Juvenile Justice system. The SFY11-12 Adopted Budget made a significant down payment on reform by eliminating costly and empty beds; closing placement facilities that were

far from where youth lived; and creating a statutory funding mechanism for alternatives to detention and placement programs.

The SFY 2012-2013 Executive Budget continues these efforts to better serve youth and make communities safer through the “Close to Home” initiative. Notably, Close to Home will allow New York City’s youth to be served in New York City, regardless of whether they receive community-based services or need to be placed. Once the City develops a plan, with community input, Close to Home will transition custody of youth placed in non-secure and later limited-secure facilities from the State to New York City.

This proposal ensures that New York City’s youth can reside in a facility that is close to their homes, when placement is needed, and gives the City the opportunity to reach a greater number of youth through proven alternatives to placement programs. Notably, treatment and placement for youth in their communities ensures that they benefit from visits and engagement with their family members, regular contact with their attorneys, and that the educational credits they earn in placement will transfer upon discharge. Furthermore, placement close to home allows for more seamless re-entry when youth are discharged back from facility care.

Due to the decreased need for capacity in the state placement system created by the this proposal, the Executive Budget also proposes to close additional facilities and to do so in a manner that allows for the possibility of regional placements for youth outside New York City. Close to Home also lays the groundwork to regionalize the state placement system for the rest of New York State. Additional reform proposals would also require a pre-dispositional risk assessment instrument to better inform the recommendations put forth in the Family Court by local Departments of Probation. Together, these proposals will save New York City and the other counties money this fiscal year and in future fiscal years and provide better services for youth.

**We urge the Legislature to adopt a budget that includes the Close to Home initiative to ensure youth involved in the juvenile justice system receive the care and services that they deserve and that will result in safer communities throughout the State.**

To further enable counties to better serve youth in their homes and communities, **CCC urges the Legislature to adopt a budget that makes the \$8.38 Supervision and Treatment Services Program a block grant through which funds would support local ATD and ATI programs without a required county match (as was the case in the first year of implementation).**

### **Child Care**

The State’s subsidized child care system has been in crisis for some time now. The decrease in federal child care funds to New York (due to the young child factor), the increased Market Rate every two years, the federal requirement to serve all families on public assistance needing child care (without additional federal or state support), the loss of ARRA funds, the increased health insurance costs for providers, and the increased costs of providing quality care for children, have left the system desperately short of resources.

CCC is grateful that the Executive Budget proposes to offset reductions in federal funds through the use of \$93 million State General Funds in SFY 12-13 and \$215 million in SFY 13-14 for the Child Care Block Grant.<sup>2</sup> The Governor estimated that this move saved 19,000 child care subsidies in SFY 12-13. While CCC appreciates the General Fund support to maintain the funding level for the Child Care Block Grant, the increased cost of quality care and the bi-annual Market Rate Increase translate into the need for more funds to preserve the system's current capacity. In New York City alone, the Administration for Children's Services currently serves only 27% of income-eligible children, and the New York City system is currently facing the loss of almost 16,000 slots (contract and voucher).

While CCC is well-aware of the budgetary challenges New York State has faced since the economic downturn, and appreciates the efforts the State administration and State legislators have made to protect the quality and capacity of the child care system, preserving capacity and ensuring quality are critical for New York's children and their low-income working parents. In times of economic hardship, supporting low-income working families seeking to become self-sufficient is critical to stabilizing the state and county's troubled economies; without child care many of these families will not be able to participate in the work force. Furthermore, the children will suffer as quality child care has demonstrated success at preparing low-income children for school achievement.

**CCC urges the Legislature to adopt a budget that not only includes the \$93 million in general fund support for child care, but provides additional funding to enable counties to preserve their capacity and keep pace with the annual market rate.** It is critical that legislators and executives at all levels of government come together to stabilize the child care system so that working parents are able to stay in the work force and young children are able to be prepared for school success.

### **Food and Economic Security:**

CCC appreciates the efforts and innovations that the Governor and the State Legislators have been making to try to address the food and economic issues that families have faced during the economic downturn.

First, CCC applauds Speaker Silver, Assemblyman Wright, Senator Klein and many others, for their support for raising the State's minimum wage. **CCC urges the Legislature to adopt a Budget that includes an increase in the state's minimum wage that is adjusted annually for inflation.**

Second, CCC applauds the Governor's vow to fight childhood hunger, and urges all of New York State's Legislators to make a similar commitment. CCC supports the Executive Budget proposal to add \$1 million to the Nutrition Outreach and Education Program (NOEP). The effects of the economic downturn continue to negatively impact New York State families' food security. Recent data show that between 2008 and 2010, about 13% of all households in New

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<sup>2</sup> CCC is also grateful that programs and services for children and families that historically have been funded with federal TANF funds are largely able to continue to be funded.

York State were food insecure.<sup>3</sup> In New York City alone during the same period, one in four children – almost half a million – lived in food insecure households.<sup>4</sup> The Governor’s proposal to increase funding for NOEP, which provides nutrition outreach and education to underserved areas of the State in order to increase enrollment in the SNAP (or “Food Stamps”) program, could therefore not have come at a more critical time. In addition to increasing crucial funding, this proposal further demonstrates the recognition that barriers exist to participation in vital food assistance programs, and that those obstacles should be removed. Therefore on a related note, **CCC urges the Legislature to support the Governor’s pledge to eliminate New York City’s finger-imaging requirement for SNAP applicants, which currently functions to dissuade eligible New Yorkers from applying for much-needed SNAP benefits.**

CCC also supports the Executive Budget proposal to make the non-custodial parent Earned Income Tax Credit permanent, so that parents who pay child support for a qualifying child with whom they do not reside can continue to claim the EITC. Tax credits like the EITC are incredibly important because they supply cash refunds to working families, which in turn provide those families with a significant economic boost and a potential opportunity to save money and develop assets. **CCC urges the Legislature to support making permanent the EITC for non-custodial parents as it encourages those parents to remain involved in their children’s lives and contribute to their well-being.**

On the other hand, CCC is disappointed that the Executive Budget proposes to delay the final phase-in of the Public Assistance grant increase yet again. The SFY09-10 Enacted Budget included an increase in the basic allowance portion of the Public Assistance benefit – the first such increase in almost 20 years. Originally, the increase was supposed to phase-in through 10% increments spread over three consecutive years, with the final phase to have occurred in July 2011. This last 10% increase was, however, deferred for a year because of the State’s fiscal condition. The Executive Budget proposes to implement only 5% of the increase in July 2012, and postpone the implementation of the remaining 5% until July 2013. **CCC urges the Legislature to adopt a budget that implements the final stage of the planned Public Assistance grant increase in SFY 12-13.**

### **Housing and Homelessness:**

In essence, the Executive Budget proposes to maintain or slightly increase funding for many of the essential programs that prevent homelessness and provide shelter for homeless youth and families. In light of the severe reductions these programs have experienced over the last few years, as well as the increased poverty and housing instability among youth and families caused by the economic downturn, it is necessary for the State to strengthen its support and restore funding that has been cut in prior budget cycles.

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<sup>3</sup> United States Department of Agriculture, “Coleman-Jensen, Alisha, Mark Nord, Margaret Andrews, and Steven Carlson. *Household Food Security in the United States in 2010*. ERR-125, U.S. Dept. of Agriculture, Econ. Res. Serv. September 2011.

<sup>4</sup>“Not Too Big to Fail: As NYC Child Hunger Soars, Feeding Programs Close Due to Government Cuts,” The New York City Coalition Against Hunger, November 2010.

The Executive Budget proposes a modest increase to the Homeless Housing and Preventive Services funding stream, which funds the New York State Supportive Housing Program, Solutions to End Homelessness Program, and the AIDS Housing Program. Specifically, the Executive Budget proposes \$27.28 million for Homeless Housing and Preventive Service, which is an increase of \$703,000. These programs are essential to preventing youth and families from becoming homeless, but have experienced major cuts over the last two budgetary cycles. **CCC urges the Legislature to adopt a budget that adds \$15.5 million to the Homeless Housing and Preventive Services (\$7.2 million in additional funds for the New York State Supportive Housing Program and \$8.3 million in additional funds for the Solutions to End Homelessness Program) to ensure that the growing needs of homeless families and youth can be adequately addressed.**

Likewise, the Executive Budget proposes to maintain Runaway and Homeless Youth Act funding at the decreased level of \$2.36 million, without addressing the large cuts that have been made over the past two budget cycles. RHY funding ensures that New York's runaway and homeless youth have access to vital services and shelter. Statewide, 13,000 young people rely on RHY funding each year for shelter and case management services; however, providers increasingly struggle to meet these needs in light of successive years of budget cuts. **CCC urges the Legislature to restore RHY funding to FY 2010-2011 level of \$4.71 million.**

Supportive housing has been proven to be a cost-effective housing solution for homeless individuals and families facing substance abuse or mental illness, as well as for youth aging out of the foster care system. In addition, supportive housing produces Medicaid savings by reducing the incidence of costly hospital stays. In recognition of these savings, the Executive Budget proposes amending the public health law to establish the Supportive Housing Development Reinvestment Program, which would set aside a portion of Medicaid savings to a fund dedicated to the development of supportive housing for vulnerable populations. **CCC urges the Legislature to support the Executive Budget proposal to create of Supportive Housing Development Reinvestment Program as well as to support the reinvestment of Office of Mental Health Savings into supportive housing units, including 3,400 beds for the New York – New York III program.**

Finally, the Executive Budget proposes suspending the \$15 million annual allocation to New York City for a new initiative to prevent eviction and address homelessness. In light of past state cuts to shelter supplements for families in permanent housing, this additional cut impacts the City's ability to prevent and care for the growing population of homeless families. **CCC urges the Legislature to oppose the suspension of the \$15 million annual allocation aimed at eviction and homelessness prevention in New York City.** In sum, CCC urges the Legislature to adopt a budget that works to decrease homelessness by making smart investments in supportive housing, runaway and homeless youth services, homelessness prevention, and programs that support the transition to permanent housing.

## Youth Services

SYEP slots are vital to preparing youth for work and reducing youth unemployment during the summer months. SYEP provides youth ages 14-24 with paid summer employment and educational opportunities. The cost per participant in SYEP is about \$1,580. CCC is grateful that the Executive Budget proposes \$25 million for the Summer Youth Employment Program (SYEP) in the Executive Budget, which is an increase from the \$15 million in the SFY11-12 Adopted Budget. The \$25 million proposed would support roughly 15,822 jobs for youth statewide and 8,702 jobs for New York City youth. Last year, in NYC alone, federal, state, city and private support enabled only 30,628 youth to participate in SYEP, while over 130,000 youth applied.

**CCC urges the Legislature to adopt a budget that includes no less than \$25 million in state support for SYEP and we strongly recommend restoring an additional \$10 million to return state support for SYEP to SFY'10-11 funding levels.**

While CCC is pleased that the Executive Budget does not propose cuts to vital youth services funding, including Advantage After-School, Youth Development and Delinquency Prevention (YDDP), and Special Delinquency Prevention Program (SDPP), we urge the Legislature to bring funding for these programs back up to FY10-11 levels.

**CCC urges the Legislature to adopt a budget that includes \$22.5 million for Advantage Afterschool and \$28.5 million for YDDP/SDPP, this would mean adding \$5.35 million to Advantage Afterschool and an adding \$14.3 million to YDDP/SDPP above the Executive Budget proposals, respectively.**

These investments are critical as youth programs provide academic, social, and emotional supports for participants and also keep children safe in the afternoons and summers while school is not in session and their parents are at work.

In closing, we ask the Assembly and the Senate to negotiate a SFY 2012-2013 Adopted Budget with the Governor that protects our youngest New Yorkers from paying for this economic downturn for the rest of their lives and invests in their well-being in ways that ensure all of New York's children are healthy, housed, educated and safe.

Thank you for the opportunity to testify.