



Leadership, voice and vision for child welfare in New York State

Council of Family and Child Caring Agencies

Written Testimony of: Michelle Newman, Associate Executive Director, Upstate, COFCCA

Submitted to: Assembly Ways and Means and Senate Finance Committees

Joint Legislative Budget Hearing on:

Health

Tuesday, February 11, 2025

The Council of Family and Child Caring Agencies (COFCCA) is the principal representative for nearly all the not-for-profit organizations providing foster care, adoption, family preservation, and juvenile justice services in New York State. COFCCA is comprised of over 100 member organizations, ranging in size from small community-based programs to the nation's largest multi-services agencies — all of which share the mission of serving children and families. COFCCA works with its members and government to ensure quality services for children and their families.

As we engage in a dialogue about the investments needed in our state budget this year, I urge careful consideration of the needs of the thousands of children and families our programs serve through the child welfare system.

COFCCA Budget Request Summary

The Council of Family and Child Caring Agencies (COFCCA) Supports:

- Expanding and Improving the Targeted Inflationary Increase for the Human Services Sector (HMH, Part FF):
 - Increase the Governor's proposed 2.1% investment to 7.8%;
 - Equitably invest across the human services workforce by including prevention and health home care management programs as proposed in S.1580 (Persaud)/A.2590 (Hevesi);
 - Ensure annual investments are fully realized by Voluntary Foster Care Agencies as proposed in A.718 (Hevesi); and
 - Establishing a Human Services Employee Wage Board as proposed in S.3953 (Ramos) to review to investigate pay disparities and develop recommendations for equitable wages in the human services sector;
- Establishing a Foster Care Liability Insurance Risk Pool to ensure agencies can meet their contractually mandated obligations and continue to offer foster care services;
- Investing \$195m to implement rate enhancements and reforms across the children's continuum of care;
- Ensuring children and youth in foster care have access to dental care by:
 - Including Article 29-I facilities in provisions expanding the Scope of Practice of Dental Hygienists (HMH, Part X); and

Council of Family and Child Caring Agencies

254 West 31 Street, New York, NY 10001 212.929.2626 | The Blake Annex, 1 Steuben Place, Albany, NY 12207

www.cofcca.org

- Authorizing Voluntary Foster Care Agencies to use to community dentists and pay them at community rates.

COFCCA Budget Request Detail

We commend Governor Hochul’s strong commitment to increasing affordability and opportunity for New Yorkers in her Executive Budget proposal. We applaud the Governor’s focus on concrete economic supports, from increasing the child tax credit, to housing and affordable child care that provide upstream investments to enable communities to thrive. We suggest the following additional state actions and investments to ensure access to and enhance interventions that support families’ needs, strengthen neighborhoods and communities, and prevent entry into or escalation within the child welfare system.

Expanding and Improving the Targeted Inflationary Increase for the Human Services Sector

We appreciate that Governor Hochul and the legislature have recognized the need for investments in the nonprofit human services sector in recent years through the provision of the Human Services Cost of Living Adjustments (COLAs). We recognize the Governor’s proposal for a 2.1% investment in the Human Services sector again this year through what is now being called a Targeted Inflationary Increase, but note that the increase is inadequate given significant inflationary costs and workforce need—we strongly support increasing the investment to a full 7.8% in the final budget.

In addition to the magnitude of services that it provides, the Child Welfare sector is also a large employer in the state. According to data collected by COFCCA, at least 55,000 people are employed by their member agencies. Ensuring the viability of the sector is vitally important for the economy of the state.

Our member organizations report experiencing significant continuing increased health insurance costs (15%-20% increase from last year), food (upwards of 10% increases), liability insurance, utilities, and maintenance. Additionally, agencies are struggling with costs associated with staff recruitment efforts given high vacancy rates and unabated turnover rates in the field, and the need to raise salaries for the current workforce to provide parity in investment with other state licensed programs, to align salaries being provided for workers in other settings with similar credentials and experience, stabilize turnover, and to promote future career pathways.

The Child Welfare workforce is comprised of professionally trained and deeply committed individuals, often largely comprised of women of color. These staff support children, youth, and their families in prevention services designed to prevent entry into foster care, as well as children and youth in foster care across New York State. However, COFCCA’s 2022 Child Welfare Workforce Report found that staff salaries are not sufficient compared to those for similar jobs in other sectors, particularly within government. When taken together, caseworkers across Child Welfare programs make 37% less than their public employee counterparts¹. Additionally, many residential direct care workers only make about \$5,000 annually above minimum wage in NYC², Westchester, and Long Island, and only slightly more in the rest of the state, and many report needing to hold two jobs to support their families.

¹ When compared to an equivalent state position (PEF Grade 18). <https://www.osc.ny.gov/files/state-agencies/payroll/pdf/PEF-salary-schedule-April1-2022.pdf>

² <https://www.ny.gov/new-york-states-minimum-wage/new-york-states-minimum-wage>

As a result, workers are turning elsewhere for higher pay and less stressful jobs. The average turnover rate in 2022 was staggering—about 57% among residential child care workers and close to 50% among family foster care caseworkers.³

Quality in the workforce supporting children and youth in child welfare is directly tied to the quality of care and overall experience children and families have. Young people in foster care come to develop relationships and rely upon their direct care staff and their caseworkers. High worker turnover negatively impacts children and youth in foster care, and it impacts outcomes.

- **COFCCA urges the legislature to fund the Targeted Inflationary Increase for the Human Services Sector at 7.8% (HMH, Part FF).**

We urge the state to ensure that Human Services investments are fully realized with equity for all programs supporting children and youth in New York State.

For the past several years, the Human Services COLA has been subtracted out of the rate calculation for foster care programs in their state-set rates, the Maximum State Aid Rates (MSAR) before adding the new COLA (for instance, the 4% COLA of two years ago subtracted out, before the application of the 2.84% COLA from last year). This represents a loss of opportunity to build up rates that have already not kept up pace with inflation.

- **COFCCA strongly supports legislation--A.718 (Hevesi)—to ensure that the foster care rates continue this growth year over year as we understand that is the intent of the Human Services investments—to add, not to subtract, from providers’ continued ability to meet inflationary cost pressures impacting rising heat, energy, fuel, and food costs, and to continue to grow staff members’ rates of pay.**

We must also address the human services workforce that has previously been left out of prior Human Services Cost of Living Adjustments. As the State continues to prioritize community based preventive services, we must include the workforce that supports children and families in their communities. The turnover rate among caseworkers in prevention programs in 2022 was almost 43%, double the rate in 2011.

- **COFCCA strongly supports including programs that have previously been left out of human services Cost of Living Adjustments (COLA), including community-based prevention services programs and Health Homes Care Management Programs serving children, in investments in the Human Services sector, as is proposed in S.1580 (Persaud) /A.2590 (Hevesi).**

A stable and well-trained workforce is crucial for ensuring quality services, positive outcomes for our children and families, and reduced lengths of stay in foster care. Current salaries are not competitive for recruitment and retention of staff. We cannot continue to under-support the professionals who are doing this challenging work.

- **COFCCA supports the establishment of a Human Services Employee Wage Board as proposed in S.3953 (Ramos), to review to investigate the pay disparities and develop recommendations for equitable wages in the human services sector.**

Stabilize the Liability Insurance Market for Foster Care Providers

³ https://cofcca.wildapricot.org/resources/COFCCA_Final%20General%20Report%20Jan2025.pdf, Table 6: Average Statewide Annual Turnover Rate, 2011-2022, p. 33.

Nonprofit child welfare organizations must be able to access, obtain, and pay for liability insurance in order to provide foster care services. Foster care agencies are required per their contracts to carry certain levels of commercial general liability insurance, professional liability insurance, and, depending on the county requirements—potentially excess umbrella liability coverage. Due to social inflation and increasing pressures in the insurance market specifically related to foster care, agencies in NYS and nationwide are experiencing significant challenges in accessing coverage. If successful in accessing coverage, they are typically experiencing significant cost increases. Agencies do not have the resources to pay for these increased costs, and the programs’ funding methodology (the Maximum State Aid Rate or MSAR, a state-set administrative rate) does not allow for capturing these significant increases from year to year.

Some of the contributing factors to this challenge in securing liability insurance are “social inflation,” referring to a trend of higher jury awards and higher claims payouts due to high-profile sexual abuse cases covered in the media, and the opening of statute of limitations in various states across the country (similar to New York’s Child Victims Act). “Social inflation” is causing insurance companies in many instances to assess and drop their risk—and it is happening across the country, not just in NYS. Other contributing factors include insurers’ concerns about nonprofit child welfare agencies’ unabated staff turnover, vulnerability to cyber-attacks, and a newer trend in the market called litigation financing. In New York State, according to the most recent COFCCA Workforce Study, caseworkers in 2022 across child welfare programs (family foster care, prevention, and residential foster care programs) had an average turnover rate of 42%. In 2022, front line, child care workers in residential foster care programs across NYS had an average turnover rate of 57%.

This is becoming an increasingly urgent issue. There are very few insurance providers in this sector already, and we are seeing the field get even smaller in recent months. In late August 2024, the Nonprofits Insurance Alliance of California (NIAC), which insured 90% of the foster family agencies (FFAs) in California, announced⁴ it would no longer renew insurance coverage for all FFAs in the state beginning October 1, 2024. This change, on such short notice, created a crisis in the sector in California, for which there is currently no statewide solution. Then, in January 2025, the Nonprofits Insurance Alliance (the same company, NIAC, going by a different name outside of California), wrote an update to all of their insured agencies nationwide, stating that effective April 1, 2025 (though reserving the right to do so beforehand) they will not renew umbrella coverage including Improper Sexual Conduct & Physical Abuse (ISCPA), and Social Services Professional coverage for any of their insured foster family agencies nationwide.

If unaddressed, this issue may prevent our member Voluntary Foster Care Agencies here in New York from being able to legally serve children in foster care if they are not able to secure or to pay for adequate liability insurance. If nonprofit providers (which currently provide care for more than 80% of the children and youth in foster care across New York State) cannot provide foster care, the responsibility for the provision of foster care services will shift to the county. Children and youth in foster care are in the care and custody of New York State, and the voluntary foster care agencies are the primary provider of care for children and youth in foster care in the state.

- **COFCCA urges the state to assist the foster care agencies in these insurance access/affordability issues by creating a risk pool or other permanent mechanism to stabilize the insurance market, specifically for not-for-profit child welfare agencies providing foster care in New York State.**

⁴ <https://www.citybuzz.co/2024/08/21/california-foster-family-agencies-face-insurance-crisis-as-niac-announces-coverage-nonrenewal/>

When foster care agencies are able to obtain continued insurance coverage, they are often forced to accept lower coverage levels at higher premiums, all while counties continue to maintain, and/or may continue to increase, their required coverage limits. Agencies reported rate hikes of between 20 to 40% in 2022-2023⁵.

A recent report on the Financial Health of Child Welfare Nonprofits in New York State⁶ demonstrates that the majority of COFCCA members operate on very thin margins, have little Cash on Hand (an average of 40 days of cash on hand for NYC nonprofit COFCCA agencies, and an average of 45 days of cash on hand for rest of state nonprofit COFCCA agencies), and have no significant endowments or reserves. Agencies do not have the resources to pay for these increased costs.

- **COFCCA requests immediate support provided through the foster care rate methodology, for providers who can demonstrate hardship, to help cover increased premiums foster care agencies are experiencing in their mandated liability insurance coverage in the same fiscal year.**

Ensuring Access to Community-Based Services that Strengthen Families

We know that there is a shortage in the availability of services to support child and youth mental health, which creates wait lists for treatment. The Healthy Minds Healthy Kids Campaign (HMHK), a collaboration between 19 of New York's leading children's and behavioral health advocacy groups, commissioned a study that found what our providers have said for years: the rates in children's outpatient services are inadequate to cover costs, let alone support a sustainable system for the future.

- **COFCCA supports a \$195 million investment in children's behavioral health services to support Medicaid rate increases for Home and Community Based Services (HCBS), Children and Family Treatment and Support Services (CFTSS), and Article 31 Clinics to bring the rates closer to the actual cost of providing care.**

Ensuring Children and Youth in Foster Care Have Access to Dental Care

Our member agencies are charged with taking care of children's holistic needs. For the period of time they are in foster care, they assess and address their mental, physical, dental, and behavioral healthcare needs. However, our Article 29-I providers indicate significant issues in obtaining dental care and nursing services for children and youth in foster care.

COFCCA has been raising issues regarding accessing dental care for children and youth in foster care since the onset of our transition to Managed Care in July of 2021, now over 3 years ago. We have not seen the situation improve for the children and youth in our care and we are asking the state for action, with urgency.

- **COFCCA urges the legislature to include Article 29-I facilities in provisions expanding the Scope of Practice of Dental Hygienists under Collaborative Agreements to provide on-site access to screening and preventative care for children and youth in foster care (HMH, Part X).**

Prior to the transition to managed care, agencies addressed the dental needs of their children - and are no longer able to do that. Agencies had relationships with community dentists and paid them directly. Access was not a problem. We understand that this is an issue for the general Medicaid population and that this is an issue not restricted to NYS.

⁵ <https://www.aei.org/op-eds/justice-at-any-cost/>

⁶ https://cofcca.wildapricot.org/resources/COFCCA_Final%20General%20Report%20Jan2025.pdf

When a child is in pain and cannot be seen by a dentist or pedodontist, periodontist, endodontist or oral surgeon, it is extremely difficult - in fact it is gut wrenching to watch as a child waits for care.

- **COFCCA strongly encourages the state to create a mechanism to reimburse agencies to take their children to community dentists and pay them at community rates while efforts to resolve the access issues are under review.**

We understand that the general Medicaid population has access to dental care issues, and this is an issue not restricted to New York State. But there is an urgent need for an interim solution for children in foster care who are suffering without access to dental providers.

In closing, we must ensure that the final state budget includes investments in our child welfare workforce, community-based supports and services, and thoughtful policy solutions to challenges nonprofit child welfare programs currently face.

Thank you for the opportunity to provide testimony.