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FEDERATION OF PROTESTANT WELFARE AGENCIES

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Assembly Ways And Means Committee

and

Senate Finance Committee

on the

2015-16 Executive Budget Proposal for Human Services

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About FPWA

FPWA is an anti-poverty, policy and advocacy nonprofit with a membership network of nearly 200 human service and faith-based organizations. FPWA has been a prominent force in New York's social services system for more than 92 years, advocating for fair public policies, collaborating with partner agencies, and growing its community-based membership network to meet the needs of New Yorkers. Each year, through its network of member agencies, FPWA reaches close to 1.5 million New Yorkers of all ages, ethnicities, and denominations. FPWA strives to build a city and state of equal opportunity that reduces poverty, promotes upward mobility, and creates shared prosperity for all New Yorkers.

We appreciate the Governor's attention to the issues of poverty and economic opportunity in this year's Executive Budget and Opportunity Agenda. FPWA strongly supports many aspects of his proposed plan, such as an increase in emergency food funding, investment in homeless and housing services, and emphasis on youth employment.

As the Governor reported in his State of the State, and as we have seen across the State, New York is recovering and rebounding from the Great Recession. This is surely a result of strong leadership from the Legislature and Governor and the resilience of New Yorkers. By the numbers, New York has recovered all jobs lost to the recession and has exceeded its pre-recession payroll levels.

Unfortunately, human services and the people they serve are still not being sufficiently lifted up in this time of recovery. New York has the highest income inequality of all 50 states. In New York in 2014, 16% of the State's residents were living in poverty, while 32.9% were "asset poor" putting them one crisis away from poverty. New York City's Center for Economic Opportunity estimates the City's poverty rate was at 21.4% in 2012, significantly higher than the state as a whole. Nearly a quarter of our children live in poverty, and just under a quarter will not graduate from high school. 15% of our youth are neither in school, nor working. Seniors have a slightly elevated poverty rate at 17%, and are at much greater risk for health issues that can exacerbate their financial burdens.

During economic downturns and the period of recovery that follows, New Yorkers depend on human services and nonprofits at a much higher level. During the Great Recession, over \$1 billion was cut from human services. While we see businesses rebounding, human services funding remains on an austerity budget. Without investment to help human services and nonprofits to recover, the vulnerable people they serve will continue to be victims of inequity and lost opportunity. The State's 2% spending cap means that instead of building a budget around actual need, it leads to cutting vital services to meet an arbitrary restriction, even in the face of greater projected revenue growth.

FPWA urges the Legislature to go further to invest in human services and the people they serve, so that all New Yorkers may enjoy the opportunity to recover and advance. Without access to affordable childcare, families will be unable to take advantage of an increased minimum wage. Without senior services to keep older adults in their homes, property and rental tax credits will not reach them. Without quality early education and after school, college financial aid will assist fewer well-prepared college students. Young adults and those struggling with additional barriers such as literacy or illness require additional resources to reach their full potential. New Yorkers of all ages and in all localities deserve the support to better theirs and their families' lives. By championing these programs, the Legislature and Governor are investing in true equal opportunity.

FPWA looks forward to working with the Governor and the Legislature to ensure that the Opportunity Agenda provides true opportunity for all New Yorkers.

This written testimony will address the Governor's budget proposals in the areas of:

- Reducing Poverty
- Advancing Upward Mobility
- Creating Shared Prosperity
- Investing in the Human Service Sector

I. Reduce Poverty

In order for New Yorkers to be able to take advantage of opportunities for upward mobility, the first step must be assisting them in rising above poverty and increasing day to day stability. With this foundation, individuals and families are better able to focus on opportunities to progressively better their circumstances and plan effectively for a sustainable future. FPWA supports the following budget items in an effort to lift up New Yorkers most in need, such as the elderly, homeless youth, families involved in the child welfare system, and those who rely on TANF initiatives to meet their basic needs.

Reform and Invest in New York's Rainy Day Fund to Prevent Future Human Services Cuts

While New York currently has a Rainy Day Fund (RDF), it has proven insufficient in providing protections against cuts to human services and the social safety net when New Yorkers need those most. During the Great Recession the RDF was not utilized for a variety of reasons including its use as a cash flow fund and prohibitive repayment restrictions. As a result, human services suffered funding cuts estimated at \$1 billion, just as demand for those services reached peak levels. FPWA supports the Governor's changes to the RDF, increasing the maximum balance and maximum allowed deposit. In light of this year's \$5 billion surplus, FPWA urges the State to create additional guidelines and further ensure funding adequacy for future budget stabilization. FPWA proposes the following reforms to bolster the fund and guarantee its appropriate utilization:

- Set aside a specific portion of the RDF to protect human services funding, and bolster anti-poverty safety nets.
- Close the current loophole which allows funds to be utilized as a cash flow fund.
- Raise the fund cap to reflect a realistic safety net given New York's tax revenue volatility.
- Create a deposit mechanism (a percentage of a surplus that reaches an agreed upon level) that allows the fund to grow during times of surplus.
- Abolish the three year repayment requirement, since a sufficient deposit mechanism will ensure the fund is replenished when it is fiscally reasonable.

Invest \$2.5 million in Social Adult Day (SADS) Programs

SADS programs are designed to provide a variety of long term care services to older New Yorkers with functional impairments in a congregate setting and according to an individualized service plan. The Executive Budget flat funded SADS at \$1,072,000. FPWA encourages the Legislature to invest \$2.5 million in this program which helps older New Yorkers to age in place and caregivers to remain employed. As the State's elderly population grows, SADS are a cost effective, compassionate way for the government to avoid costly nursing home placements.

Enhance Community Services for the Elderly (CSE) by an additional \$16 million

Community Services for the Elderly (CSE) provide non-medical community-based services to frail, low-income seniors to age in place with dignity and social supports. The program offers flexibility to local offices for the aging to tailor service options to meet the unique needs of senior citizens in their service areas. Funds are typically utilized for information and assistance, case management, congregate meals, adult day services and a variety of other programs. CSEs are funded at \$25,296,000 in the Executive Budget, which is up \$5 million from last year when they were funded at \$20,296,000. Last year the wait list was approximately 7,000 seniors. To ensure these services reach all seniors in need, FPWA urges the legislature to add additional \$16 million. At approximately \$3,500 per senior, CSE is much more cost effective than a nursing home placement (\$123,420/senior).

Enhance the Runaway and Homeless Youth Act (RHYA) funding to \$4.7 million

RHYA funding includes services such as street outreach and referral services, drop-in centers, crisis shelters, and transitional independent living programs. The reduction of funding for RHYA services since the recession means the loss of vital transitional/independent living shelter beds for runaway and homeless youth. This instability of housing puts youth at a disadvantage as they attempt to secure employment and means of moving out of poverty. The Executive Budget funds RHYA at a stagnant \$2.36 million. FPWA urges the legislature to restore funding for RHYA to \$4.7 million. This restoration would result (whether urban or rural, respectively) in a 60 to 100 additional beds in NYS for homeless youth.

Restore funding for TANF initiatives previously eliminated or reduced

The Governor does not carry forward funding for TANF Initiatives typically supported by the legislature. FPWA requests that the legislature restore the funding for TANF-funded initiatives eliminated or reduced in the SFY 2011-2012 budget. The initiatives funded workforce development programs (BRIDGE Program, Career Pathways Program, Wage Subsidy program and Transitional Jobs), domestic violence services and homeless prevention, and Preventive Services and Caretaker Relative program. These funds went to support of some of New York's most vulnerable populations. By supporting preventive programs and initiatives to help New Yorkers gain stability and meaningful employment, the State is helping individuals through cost effective means.

Restore TANF funding for Adult Literacy Education (ALE) to \$6.9 million

The Executive Budget funds ALE at \$5,293,000, which is flat funding from 2014-2015. Despite the vast need for adult education and training opportunities, fewer than 60,000 spaces in free or low-cost government-funded adult literacy/ESL classes are available—leaving over 97% of the need for adult education classes unmet. Without basic literacy skills, adults are vastly less employable and at far greater risk for poverty. By investing in building these skills, the State will need to provide less future support in public assistance. FPWA urges the State Legislature to include \$6.9 million in funding for ALE.

Restore State match for open-ended child welfare services funding stream to 65%

In 2002, the state adopted Child Welfare Financing Legislation, which provides a match of 65/35 to local districts for the total cost of providing protective, preventive, aftercare, post-adoption, and independent living services. Overtime, this state match funding has been gradually reduced from 65% to approximately 62%. The two most recent cuts have translated into a \$7 million state cut to New York City's preventive service system. Preventive services are a much more cost effective investment. The cost of preventive services per family per year is an average of \$10,000, while a foster care placement is approximately \$36,000 per year, per child. In addition to the fiscal benefits, keeping families together is extremely personally valuable to the families involved in the child welfare system. Foster children are at greater risk for a host of negative outcomes as adults, including poverty, homelessness, low academic achievement and incarceration. By investing in families now, the State can prevent the great personal and fiscal costs of foster care placements. The Governor's budget maintains the reimbursement rate at 62%.

II. Advance Upward Mobility

Promoting anti-poverty measures is a vital first step. Beyond the crisis of poverty, FPWA advocates policies that allow New Yorkers to thrive and grow. Hardworking individuals and families need budget investments that support their efforts to become more economically mobile. Children living in or just above poverty need the best chance at a great start through early education programs, and young people must be supported in gaining employment experience. Working parents must be supported through investments in childcare and afterschool programs. People living with HIV/AIDS must also be

supported in moving into work opportunities if they are able. Beyond meeting the immediate needs associated with poverty, policies must assist New Yorkers in securing a better future.

Invest an addition \$100 million in childcare subsidies

The cost of quality childcare in New York is over \$10,000 per year. This is an out of reach experience for the typical minimum wage worker, whose yearly income is approximately \$16,000. It is estimated that less than 25% of those eligible for childcare subsidies (working families earning under 200% of the Federal poverty level) are currently being served. The Governor's Budget flat funds childcare. An enhancement of \$100 million would cover approximately 13,000 additional children, allowing the children a better start in quality care, and allowing their parents to continue gainful employment without a debilitating financial burden.

Invest an additional \$220 million in Universal Pre-Kindergarten expansion

Thanks to the investment of \$340 million in the FY 2014-2015 budget, tens of thousands of four-year-olds gained access to quality Pre-Kindergarten. The Executive Budget provides an added \$25 million for three year olds in high needs districts. While FPWA supports this investment, we want to ensure that the needs of all four year olds are fully met. Unfortunately, more than 90,000 children still are unable to access UPK. FPWA supports enhancing the funds allocated to the UPK program, with \$150 million additional dollars going to expand statewide access and \$70 million to support New York City's plan to reach universal service in the 2015-2016 school year.

We also support adjusting the payment process for districts awarded UPK funding to upfront payments, rather than later reimbursement. Many districts lack the resources to cover the startup and operating costs of a UPK program.

Fully funding UPK and ensuring that programs can run successfully is a high yield investment for the State. Quality early childhood education programs have been shown to improve individual outcomes for children involved, resulting in societal improvements and fiscal savings both in the short and long term. Early education closes the achievement gap for children in low income homes by half, in addition to reducing placement in special education programs, increasing childhood health outcomes and, increasing the likelihood of graduation. Additionally, studies show that adults who participated in early childhood education programs as children are less likely to rely on public assistance or become incarcerated. These improved individual and societal outcomes result in a high return on investment for early childhood programs, estimated to be between 7-10%.

Invest \$20 million in QUALITYstarsNY

In investing in early childhood education, it is important to ensure that the quality of these programs is high. A key piece to improving the quality of early learning programs is the implementation of a quality rating system. Currently, New York State's tiered Quality Rating and Improvement System, QUALITYstarsNY, is underfunded and under-resourced, resulting in a system that cannot effectively improve quality programs on a large scale. The Governor's Budget allocates \$3 million for QUALITYstarsNY. FPWA urges the Legislature to invest an additional \$17 million in QUALITYStarsNY. This investment would serve to significantly expand the program, allowing for both quality improvement and funding and technical assistance to support programs in meeting higher quality standards.

Invest \$1 million to promote transition to work opportunities for PLWHA

Advances in medical care mean that People Living with HIV/AIDS (PLWHA) often have the opportunity to live full and productive lives, given the appropriate supports. Individuals who are well enough should be assisted in securing and maintaining employment. These efforts would give the individuals a sense of dignity and autonomy, while lowering the cost of public assistance for the State. FPWA encourages this \$1 million investment to allow the AIDS Institute Regional Training Center to deliver training to all

AIDS Institute-funded providers. These trainings would focus on barriers and challenges for PLWHA to engage in employment, vocational training and rehabilitation services, and availability of resources. The Executive Budget does not allocate funds for this initiative.

Enhance afterschool funding by \$178.5 million

Afterschool programs provide quality youth development opportunities to school-age children and youth. These programs offer a broad range of educational, recreational and culturally age-appropriate activities that integrate school day experiences. More than 1,000,000 children across New York State do not have access to an after-school program but would participate if given the opportunity to do so. Investing in after-school programs can help school districts save money because of increased student retention and decreased special education placements. The Executive Budget includes funding for Advantage Afterschool and Extended School Day/School Violence Prevention at the same levels as last year. Therefore we request the Legislature increase funding for these programs by \$178.5 million to alleviate the unmet need for these critical services.

Enhance the Summer Youth Employment Program (SYEP) by \$21.8 million

SYEP provides youth between the ages of 14 and 21 with summer employment and educational experiences that build on their individual strengths and incorporate youth development principles. Employment opportunities such as those offered by SYEP are critical for youth. Of the nearly 900,000 young adults 16 to 24 years of age in New York City, almost 25 percent live below the federal poverty line, compared to 19 percent of all New Yorkers regardless of age. In a given year, over 100,000 more youth apply for SYEP placements in NYC than are available. FPWA is pleased to see that the Governor's Budget includes a \$2.5 million increase to reflect the raise in minimum wage. While we are grateful that capacity will not be diminished, we urge the legislature to add \$19.3 million to help to meet unmet need.

III. Create Shared Prosperity

In this time of economic recovery, it is important that our policies assist individuals in building their own earning capacity, personal assets, and safety nets against future downturns. By promoting programs that support democratic work places and bolster the individual's ability to earn a family-sustaining wage, the State is ensuring opportunity and economic security for working New Yorkers. FPWA also supports the capacity building of faith based organizations through an effective Office of Faith-Based Community Development Services. Through these efforts organizations can more effectively assist New Yorkers across communities and faiths. FPWA encourages the legislature to invest in the following items.

Support Worker Cooperatives through funding investments

Employee owned businesses are a viable option for creating shared prosperity. As detailed in FPWA's 2014 Worker Cooperative report, worker owned businesses make good public policy sense, from both a social and economic perspective. For their workers, employee-owned businesses can offer higher pay and better benefits than businesses of similar size and industry, and when the employees are in overall control of the business, they are able to make beneficial changes to their working conditions as well.

Through this structure the businesses' productivity and profitability increase. Companies that have converted to employee-owned businesses have been shown to be more productive, gain value faster, and pay better wages than they did under the previous owners. Due to local ownership, these benefits for workers and businesses carry through to the communities in which they are based.

In 2014, FPWA in collaboration with multiple employee owned-business developers and workers advocated for the New York City Council Worker Cooperative Business Development Initiative. This initiative works to develop employee-owned business throughout the city, helping to provide sustainable

income to many of New York City's un/underemployed. FPWA believes the Worker Cooperative business model can be successful throughout New York State and specifically help to rebuild businesses and increase employment in Western New York and other economically challenged regions across the state.

To support the development of worker cooperatives in New York State, FPWA urges the state legislature to allocate funding to the NYS Center for Democratic Employee Ownership and to the Employee Ownership Assistance loan program, which will help to save businesses across the state by helping owners, particularly retiring baby boomers, to convert their businesses.

Additionally, we urge the State to fund the "Training Program" (New York State's EDN Law § 3032(4) (a)) which will provide training to employees who have recently purchased business to ensure their continued employment and success. The development of skills is crucial to the sustainability of these businesses and its employees.

FPWA strongly supports the creation of an effective Office of Faith-Based Community Development Services.

FPWA understands the value that the faith based community brings to alleviating poverty and supporting vulnerable New Yorkers, and applauds the Governor in the creation of this Office. We believe the Office can be invaluable to building the capacity of faith leaders, institutions, and providers to carry out their vital work as well as promoting access to the Administration. To ensure the Office reaches its full potential, FPWA recommends the following:

- Engage leaders, providers, and institutions across faiths in the initial development and ongoing implementation of the Office's efforts
- Provide grants for faith based organizations to build their capacity to provide social services and improve their sustainability and effectiveness
- Create a robust, statewide network of experienced capacity building organizations that will receive funding to support faith based organizations and providers
- Develop systems and opportunities to proactively connect the faith community to the Administration, as opposed to adding a layer of bureaucracy in ways that reduce bureaucracy and promote mutually beneficial working relationships.

IV. Support Human Services Organizations to Meet Vital Needs

Reinvest Human Services Sector

As FPWA urges the State to plan for the future, we simultaneously encourage the Legislature to help the nonprofit and human service sector recover from the devastating cuts in the wake of the last recession. Following \$1 billion in funding cuts to the nonprofit sector since 2010, organizations that support New Yorkers in need have struggled to meet rising demand.

FPWA appreciates the Governor's \$50 million investment in the Nonprofit Infrastructure Fund. This is a strong initial step towards helping nonprofits improve technology and facilities to carry out their important work. FPWA supports the Human Services Council in requesting and additional \$500 million to allow providers to make needed repairs and updates to their facilities and systems. The requested funding would reinvest in a sector that is investing in New Yorkers on a daily basis, and assisting individuals and families in overcoming crisis, moving out of poverty and sustaining self-sufficiency.

Eliminate the 2% Spending Cap

New York's budget should be based on the needs of its residents, not on cuts to vital services to meet an arbitrary cap. State revenue is projected to grow by 4-5% in coming years, making these austerity measures even less necessary. The 2% cap leads to budgets being balanced by "unspecified cuts" to human services agencies in current fiscal years, not allowing them to properly plan for spending. FPWA asks the legislature to advocate against the 2% spending cap.

FPWA appreciates the opportunity to submit this testimony. We encourage the Legislature to invest in New Yorkers to ensure that all are given the opportunity to increase their economic mobility and lead productive lives. Thank you for your time.