



Family of Agencies

**Written Testimony Submitted By:
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**At the Joint Hearing of the
New York State Assembly Committee on Ways and Means
&
The New York State Senate Committee on Finance
On the Executive Proposed Human Service Budget**

February 5, 2013

Thank you for giving Hillside Family of Agencies the opportunity to present testimony regarding this year's human service budget.

Hillside Family of Agencies is a 176-year-old non-profit agency based in Rochester, New York serving more than 12,500 families each year with over 2,300 New York employees. We have over 120 programs in 45 locations serving 62 counties across New York State. Hillside is a leading provider of an integrated system of care delivering proven and effective services in child welfare, mental health, youth development, juvenile justice, adoption, education and more. At Hillside, we recognize the need to ensure that every donor and taxpayer dollar is invested wisely and has the deepest impact possible. This is why Hillside's strategic intent is to be a leader in translating research into effective practice solutions for children and families.

Hillside applauds the Governor and Legislature for the tireless work over the last several years to stabilize the financial situation in New York State. A stable New York is crucial to Hillside and the children and families we serve. As we look to the SFY 2013-2014 Executive Budget proposal there is much to support.

However, we would also like to call your attention to a few areas that could, if not addressed, cause significant harm to our communities, our employees and the children and families we serve, while risking the viability of our agency.

I would like to call attention to some specifics on the positive aspects of the Human Services budget.

We were very pleased to see continued support for over child welfare funding, as well as two programs in particular:

- **Community Optional Prevent Services (COPS)** –\$12.1 million is included to provide funding for eligible programs. Since 2005 Hillside Work-Scholarship Connection (HW-SC) has partnered with Monroe County through COPS to provide at-risk Rochester City School District students desperately needed support. HW-SC is a nationally recognized youth development program proven to increase graduation rates and prepare students within the city school districts to enter college or the workplace, post-graduation. Monroe County/HW- SC's COPS program leverages more the \$1million in private donations annually and is successfully addressing a critical community need . This year the almost \$3 million in COPs funding (\$1.9 million State, \$1.1 million private philanthropy) is funding service for over 830 at-risk students in Rochester. It also creates jobs for 40 New Yorkers.
- **Public/Private Partnership Pilot Program** - \$2 million is included for this program. This was a new program included in last year's budget. It creates a program to test the viability of incenting private funding investment for public/private programs that enhance the well-being and development of the youth of New York State. OCFS released a competitive RFP for the funds in late fall. Hillside has applied for this funding to serve an additional 210 at-risk children in our Hillside Work Scholarship Connection

program. The Public/Private Partnership pilot program will both attract new private funding and offer expanded service to New York State children and families.

In addition, we are very enthused about the innovative new **Pay for Success** program outlined in the budget. Hillside believes this is a forward-thinking effort that authorizes New York State to undertake up to \$100 million for this initiative over the next five years. The program incentivizes private investors to pay for effective preventive programs with their return based on achievement of positive outcomes and state budget savings. This innovative program design explicitly links state payments to state savings thus achieving a trifecta of benefits: evidence based services, private investment and limited risk of state funds.

Unfortunately, the Executive Budget Proposal also contains some very concerning cuts. We were very disappointed to see the elimination of the **Community Reinvestment** program, and were alarmed by the proposed delay of the previously agreed upon three year **Human Service COLA** again this year. This fourth year of rate freezes puts agencies such as Hillside in an unsustainable financial position.

Community Reinvestment:

In SFY 2009, \$5 million was included in the Enacted Budget to fund services in seven counties with the highest rate of court-ordered placements of youth into juvenile justice facilities. Funding for the following programs and services were announced in 2010: Hillside Family of Agencies (Monroe); Berkshire Farm Center & Services for Youth (Nassau); Hope for Youth (Suffolk); Center for Court Innovation (Queens); Center for Alternative Sentencing (Good Shepherd Services (Bronx); Good Shepherd Services (Brooklyn); and Good Shepherd Services (Bronx). Contracts were entered into and service delivery began in 2011. However, the Executive Budget did not provide any additional funds. Last year the Legislature was able to restore \$1.7 million for the program. Luckily, with the help of counties, programs were able to piecemeal funding to keep the programs operating for another year. Yet, this temporary funding is not sustainable.

This funding stream was again eliminated in the Governor's proposed budget for SFY 2013-14.

In Rochester, this program is referred to as Reinvesting in Youth (RIY). RIY supports effective community based alternatives to detention for youth within targeted neighborhoods in Rochester. It is a short-term, 3 to 5 month program designed to assist youth who otherwise might be placed in detention due to formal juvenile justice delinquency charges. Components of the program include: a case manager, a community asset navigator, an education specialist, pregnancy prevention, tutoring, skill building, life management solutions, and overnight respite. To date, 52 children and families have been served with very strong outcomes – 90.4% did not get re-arrested; 90.4% were not detained; and 96.2% made their court appearances.

We urge the legislature to restore funding in the amount of \$5 million for this vital and successful program. Without continued state support, this effective alternative to detention will not be able to continue.

Rate Freezes

Hillside has long prided itself on our quality of service and our longevity, made possible by our dedication to an exceptional staff, strong management and sound fiscal practices coupled with a wonderful partnership with New York State. We care each day for very vulnerable children with a wide variety of challenges and we are dedicated to helping them. But, the last several years of fiscal crises has put a real strain on our ability to meet our mutual goals of continuing to help these children.

The situation we face today is truly unprecedented in our history.

Dealing with children with such a wide variety of challenges and committing to excellent service comes with a cost. We are the most regulated children and family service agency in upstate New York. OMH, OPWDD, OCFS, SED, and DOH has its own programmatic and financial auditing requirements. Such requirements, along with the regulation of running a non-profit, results in over 52 audits each year.

This has become standard operating procedure. But, now we are experiencing the anticipation of unprecedented change. Medicaid managed care will give us a whole new set of players to deal with, and as we prepare for this reality, we are facing another year of budgetary elimination of the trend factor and COLA. For four years we have had no trend factor. Trend Factor – when we hear the budget discussions it almost sounds easy. Eliminate trend factor as if the state is eliminating some kind of hoped-for windfall for providers. Let me illustrate the realities.

For our agency, 75% of our costs are people cost – salary and benefits. Much of our staffing levels are determined by regulation--6:1:1 class rooms, cottage ratios, timed clinical treatment sessions. Beyond people, most of the remaining cost is tied up in food, clothing and medical services for the children in our care, along with the occupancy cost and depreciation.

So, if you freeze our rates, our only option to stay financially viable is to freeze our people cost. Unfortunately that is not so easy.

First of all, included in those costs are health care and pension investments that continue to rise at alarming rates. This last year we had to take the very painful step of freezing our defined benefit pension plan. Employees will be earning no new benefits under this plan, and no new employees can be enrolled. Due to Federal actions and regulations, we have faced astronomical increases to the costs of this plan. Our required contribution in 2012 was \$1.3 million higher than in 2010. That is 139% higher with fewer employees. We just could not sustain

the plan but we are very aware that it's our employee's retirement that will pay the price.

At this point, most enterprises would look at headcount reductions--and we have. Over the last 2 years we have laid off more than 100 of our employees. It has been painful but we have had no other choice. However, we are limited in how much further we can go. Remember that we are regulated and we are just not a heavy administrative agency. Look at Hillside Children's Center, our main service affiliate. Eighty seven percent of their salaries are in social service, childcare and medical positions--people who provide service to our children.

Lastly, our employees are our most valuable resource. Each day they give of themselves to help these vulnerable children. Most of our employees fall into "entry level jobs" such as a behavioral specialist or a skill builder. These positions typically pay around \$29,000. By federal standards, that is "low income" for anyone but a single person. On that basis, many of our employees could qualify for some of the same programs they are working in 40 hours a week. Going 4 years without providing wage increases to these valued employees would be unconscionable.

As our rates have been frozen for the last 4 years, we have extended our line of credit and reached into our reserves to pay annual increases in 2009 and 2011 so that our employees can at least partially keep up with the cost of living. We were not able to offer an organization-wide increase in 2012, and will be unlikely to be able to absorb the incremental \$2 million of cost in 2013 without rate relief.

These rate freezes are putting not-for-profit agencies and their employees across the state at serious financial risk. The combination of vulnerable children, complex regulation, significant impending change and the continued elimination of trend factors are creating an untenable position. ***We urge the legislature to reject the delay and look for a way to provide relief on rates to agencies that are providing essential services, especially for children and youth.***

On behalf of Hillside Family of Agencies, our over 2,300 employees and the more than 12,000 families we serve each year, thank you for the opportunity to testify on this important issue. We look forward to working with you and the administration to ensure the welfare of children and families across New York State