



Testimony of

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Good morning. I am Stephanie Gendell, the Associate Executive Director for Policy and Public Affairs at Citizens' Committee for Children of New York, Inc. (CCC). CCC is a 67-year old independent child advocacy organization dedicated to ensuring that every child in New York is healthy, housed, educated and safe.

I would like to thank Assemblymember Scarborough and all of the members of the Children and Families Committee for holding today's hearing on strengthening families through preventive service programs. This hearing is very timely because in these difficult budget times, it is more important than ever that the cost-effective services that keep children safe and out of more costly foster care remain supported by all levels of government. The most effective child welfare system is one that prevents the need for foster care when possible by keeping children safe and strengthening their families. A strong and effective preventive service system has enough capacity to provide high quality community based services to all children at risk of abuse, neglect or foster care.

Preventive services are community-based services that strengthen and support families by tailoring their services to the families' individualized needs, and by reducing and assessing safety and risk through home visits and casework contacts. Thus, preventive services enable children to remain safely in their homes, protecting them from abuse, neglect and the need for foster care.

These services are also cost-effective. In New York City, preventive services cost a fraction of the price of foster care with an average annual cost of \$10,000 per family for preventive services and an average annual cost \$36,000 per child for foster care. These figures do not even begin to calculate the other costs associated with foster care including the costs to other systems such as the family court and the health and mental health systems, nor the incalculable human capital costs created by the trauma of removal and growing up in multiple foster homes.

The State's Commitment to Funding Preventive Services Helped Decrease Foster Care in New York State and New York City:

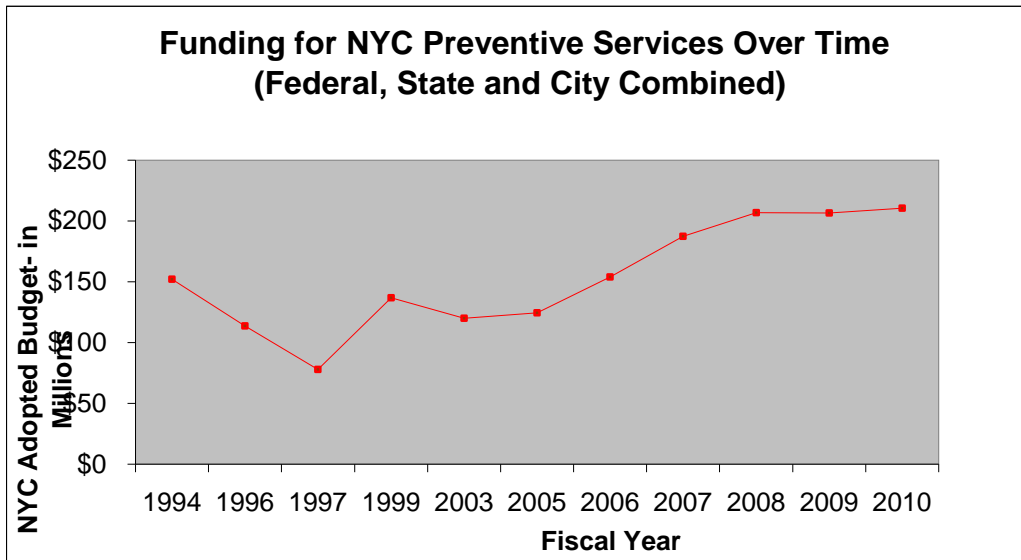
Through the 65/35 uncapped matching child welfare funding stream, the state has been a valuable partner for counties working to reduce their reliance on foster care while keeping children safe through the use of preventive services. The state's financing has not always been 65% state/35% local, uncapped reimbursement for preventive services. And while Social Service Law Section 153-k still provides for this reimbursement rate, recent state budget bills have continuously cut the level of state support for these invaluable services.

Prior to 1995, the state/local match for preventive services was 75% state/25% local. In 1995, New York State created the Family and Children's Services Block Grant, which collapsed funding for protective, preventive and foster care services into a single block grant, and then reduced state funding by 26%, or \$151 million, \$131 million of which was shouldered by New York City. The establishment of a capped block grant and initial funding decrease led localities, such as New York City, to decrease their expenditures for preventive services in order to ensure that they would have sufficient funds for more

costly and mandated foster care. For example, in City Fiscal Year 1996, there was a \$38.3 million decrease in city preventive funds for services and then an additional \$35.6 million decrease in City Fiscal Year 1997.

In 2002, the state adopted Child Welfare Financing Legislation, which created uncapped 65% state reimbursement to localities for preventive, protective, adoption, aftercare and independent living services (after the use of federal funds and meeting the MOE) and a Foster Care Block Grant, which capped state reimbursement for foster care services. This financing structure greatly expanded state resources for preventive services and led to greater county investments as well. By 2007, New York City’s budget for preventive services was more than double what it had been in 1997.

The graph below shows the increased investment in preventive services after the 2002 Child Welfare Financing legislation:



Since the creation of the 65/35 uncapped funding stream, the number of children in New York City’s foster care system has decreased dramatically and the number of children receiving preventive services has simultaneously increased. In fact, in 2002, when this funding stream was established, for the first time ever more NYC children received preventive services than foster care services. In 2002, there were almost 30,000 NYC children in foster care; today there are almost half as many with 15,013 children in foster care as of August 2010.

Notably, after the death of Nixzmary Brown in January 2006, there has been an almost 30% increase in the number of reports of abuse or neglect in New York City and an increase in the indication rate from approximately 33% to approximately 40%. Yet, as the numbers in the chart on the next page indicate, there was not a corresponding increase in foster care placements; this is because child protective staff had access to a robust preventive service system that could keep the children safe without removing them from their families, schools and communities. The data below documents critical data through

City Fiscal Year 2010, before the most recent state and city budget cuts to preventive services, which are impacting City Fiscal Year 2011 (the current fiscal year).

Data Trends Related to New York City Key Child Welfare Indicators City Fiscal Years 2005-2010
All Data: As Reported by the Administration for Children’s Services

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Abuse and/or neglect reports	50,309	62,585	64,190	64,572	64,748	65,114
Indication/Substantiation Rate	32.6%	36.7%	39.8%	39.9%	42.1%	N/A
Children Receiving contracted preventive services (average daily number)	28,781	27,304	29,506	31,872	31,752	29,945
Number of children entering foster care	4,813	6,402	7,072	7,401	7,406	7,086
Children in Foster care (average daily number)	18,042	16,659	16,854	16,701	16,439	15,895

State Cuts to Preventive Services

The 65/35 uncapped match for preventive services has remained in place statutorily since 2002. In the State Fiscal Year 2008-2009 budget, due to budget shortfalls that led to across the board 2% cuts to social services, the State Fiscal Year 2008-2009 budget only provided reimbursement for 98% of its share (i.e. 98% of the 65% share.) This translated into 63.7% state/ 37.3% local shares for preventive services. This 2% reduction was carried forward in the state’s Fiscal Year 2009-2010 Budget.

The State Fiscal Year 2010-2011 Executive Budget prepared by the Governor and the Assembly and Senate Budget Resolutions all maintained state funding for preventive services at 63.7%. Throughout the budget process, advocates supported this budget item but focused advocacy efforts elsewhere given that no publicly available budget document indicated that state funding for preventive services was at risk.

Much to CCC’s surprise and dismay, when the State Legislature and the Governor issued the Emergency Budget Resolution this summer, the reimbursement rate was cut by another 2% (i.e. 96% of the 65% share), which translates to 62% state reimbursement to the counties. This cut was thus implemented without any public debate. In addition, since that time, preventive service reimbursement has once again been reduced as part of the 1.1% across the board FMAP cut on state reimbursement for local assistance claims. These two more recent cuts (from 63.7% down to 62% down to approximately 61%) translate into a \$7 million state cut to New York City’s preventive service system.

While CCC appreciates the severity of the State’s Budget deficit, we believe that cutting the services that keep children safe, strengthen families and prevent more costly foster

care is penny-wise and pound foolish. This type of cut will cost the state and localities much more in both the short and long term. In addition, CCC believes strongly in the value of public debate and thus feels that this type of budget cut should have been part of the public discourse during the budget negotiation process.

CCC remains concerned about this funding stream as we move forward with the proposals for the State's 2011-2012 Budget. While the State's child welfare financing scheme provides counties with an incentive to expand preventive services to decrease foster care (due to a block grant that does not have sufficient resources in it), the scheme leaves the State with the perverse incentive to cut the reimbursement rate for preventive services, as this will save the State money while a corresponding increase in foster care placements will not cost the State any additional funds (when merely looking at the Foster Care Block Grant). CCC will be urging the new Governor and the Legislature to make budget choices that protect the well-being of our youngest New Yorkers so that the future of this great State is not jeopardized by this current economic downturn.

The Wisest Investment: CCC's Report on New York City's Preventive Service System

In April 2010, CCC released, *The Wisest Investment: New York City's Preventive Service System*. This report, a copy of which is being provided with today's testimony, documents CCC's three-year analysis of Preventive Services in New York City, which included a survey of preventive service program directors, a focus group with parents, data and policy analysis and participation in various workgroups and coalitions.

The Report details how New York City's preventive service system needs to be more fully supported at the federal, state and local levels, for it to provide quality and timely services to all at-risk children and families in New York City. The system needs increased capacity, expanded options to meet the needs of non-English speaking families and those of various cultures, better access to mental health and housing services, and improved ability to hire and maintain an experienced and committed workforce. While the communication and collaboration on both the systemic and individual case levels between ACS and its contracted preventive providers had improved, our findings also revealed that these relationships could still be enhanced and strengthened, including in Court Ordered Supervision cases. In addition, CCC's report documented our concerns about the implementation of ACS's new RFP which was due to decrease the system's capacity by almost 25% while imposing a 12-month average length of service (which was tied to performance-based monitoring and would impact the payment rate to programs).

That said, *The Wisest Investment* also documents the innovations being carried out at both ACS and the preventive service programs, the dedication to protecting children and strengthening families found throughout the system, the extremely hard work being done by front line caseworkers, their supervisors, preventive services workers and ACS staff at all levels, and the benefits New York City's children and families are receiving from this invaluable component of the city's child welfare system.

CCC's Key Findings and Recommendations in the report were:

- New York City's preventive service system is comprised of a diverse and deeply committed cadre of professionals seeking to prevent child abuse and neglect and foster care placements, as they strengthen and support families.
- The economic downturn has led to state and city cutbacks at a time when more families are in need.
- While ACS's new RFP will reduce the system's capacity by 2,500-3,000 slots, NYC actually needs to increase the capacity to serve more families. When programs do not have enough slots, families get turned away from services (83% of the programs had done this). The system is serving fewer walk-ins voluntarily seeking services.
- Mental Health Services and Housing were the services families most needed, but also the services most difficult for programs to access for families.
- NYC's preventive service system needs to be more fully supported at the federal, state and local levels.
- The system needs additional resources for: increased capacity; expanded options to meet the needs of non-English speaking families and those of various cultures; better access to mental health and housing services; and improved ability to hire and maintain an experienced and committed workforce.
- Relationships and collaborations between ACS and its providers have improved, but these relationships can still be strengthened, including in court ordered supervision cases.
- Monitoring and oversight are critical to ensuring high quality preventive services for families. Monitoring results should be made public.
- Policymakers, elected and appointed officials, child welfare stakeholders and advocates need to continue their efforts to secure much-needed resources for preventive services.

The full report can be accessed at

<http://www.ccnnyork.org/publications/CCCwisestinvestment10.pdf>

and is being provided with this testimony.

Preventive Services in New York City: The Impact of Budget Cuts and the ACS RFP:

ACS's Child Welfare RFP has proceeded on a long bumpy road. The original Request for Proposals (RFP) was released in March 2009, but then repealed. The RFP was then revised and released in May 2009. In April 2010, ACS released its recommended contract awards, due to be effective in July 2010. In spite of objections from advocates, such as CCC, the RFP awards reduced the system's preventive service capacity by approximately 3,000 slots (2,400 directly due to the RFP and 600 due to a budget cut). Providers then had individualized meetings with ACS to discuss their plans to reduce their capacity. For some agencies, this meant the close down of some or all of their preventive programs. In June 2010, thanks to the efforts of the City Council General Welfare and Finance Committees (as well as other City Council members, City Council staff, the Mayor's office, and advocates), the City Council restored almost \$12 million for 2,900 slots in the City's Fiscal Year 2011 Budget.

Soon thereafter, ACS informed its preventive service providers to stop downsizing (including the laying off of staff) while ACS worked to determine how these slots would be distributed. Within a week, ACS reached out to their foster care and preventive providers to alert them that there had been an error in how the RFP had been scored (for almost all foster care and preventive programs but not residential care) and so ACS would need to rescore the proposals, making the award plans released in April no longer valid. Programs were again told to stop downsizing until they received additional information. In September 2010, ACS released the revised/final child welfare award recommendations for foster care and preventive services. Once again, the awards are based on the anticipated downsizing of the preventive service system (i.e. without the 2,900 slots added by the City Council for one year) and once again there are some quality providers that did not receive contracts in part due to the reduction of the system's capacity. A chart showing the slot reduction, by NYC Community District, is attached to this testimony.

The number of families receiving general preventive services decreased by almost 1,800 during the 8-week period from May 2010-July 2010. Given that at least 500 new families entered the system during that time, this means that over 2,000 cases were closed in this period. CCC believes the process and its resulting implications have had a tremendous impact on providers and families and that there will continue to be an impact in the future. We are also very concerned that this process may have played a role in the tragic death of four-year old Marchella Pierce and that there may be other children and families in need of services who recently had their preventive service cases closed due to a preventive program downsizing or closing. CCC, as well as the Public Advocate's Office, requested that ACS review a sample of the cases closed this summer to determine whether there are families whose children remain at risk because their preventive service case was closed prematurely.

CCC remains concerned because the number of families receiving preventive services has not begun to increase and have actually continued to decrease through September 2010. Over 6,500 fewer children received preventive services in September 2010 compared to 2009 (which corresponds to a 23% decrease). This is despite the fact that SCR reports are higher and fewer children are in foster care—and thus fewer families who have come into contact with ACS are receiving services since fewer children are receiving preventive or foster care services. A chart of ACS’s own data (available at http://www.nyc.gov/html/acs/downloads/pdf/stats_monthly_flash.pdf) shows the tremendous and precipitous decrease in the number of families receiving preventive services since the summer of 2010.

Active Preventive Service Cases: Source: ACS

Month/Year	General Preventive	Family Rehabilitation Program	Total (all programs including medically fragile, intensive/enhanced programs, etc.)
Calendar Year 2008 Average	10,740	1,244	16,284
Calendar Year 2009 Average	10,096	1,191	N/A (ACS did not provide this data) Average total Jan 2009: 15,827 Average total September 2009: 14,250 (9/09 is the last month in 2009 that ACS reported a total)
January 2010	9,886	1,124	N/A
February 2010	9,918	1,146	N/A
March 2010	9,949	1,171	N/A
April 2010	9,945	1,158	N/A
May 2010	9,650	1,156	N/A
June 2010	8,792	1,028	13,512
July 2010	7,853	1,028	12,230
August 2010	7,573	978	11,821
September 2010	7,431	967	11,553

Protecting New York’s Children

Protecting New York’s children is going to require both the State and the City to recommit resources to preventive services. This includes restoring the State match and the City’s restoration of funds for the 2,900 preventive service slots. In addition, the State needs to re-invest in COPS, which has funded valuable services for families that keep children safe and in their homes, as well as its funding for homevisiting programs such as Nurse-Family Partnership, Healthy Families New York and Parents as Partners.

Difficult budget times call for very difficult budget choices. Services that are both effective at protecting vulnerable children and cost-effective to the State and localities must be protected.