



**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 EXECUTIVE BUDGET PROPOSALS FOR  
HUMAN SERVICES  
STATE FISCAL YEAR 2011-2012**

**FEBRUARY 16, 2011**

Good Morning. 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 (CCC). CCC is a 67- 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 67 years CCC has undertaken public policy research, community education and advocacy efforts to draw attention to children and their needs so that we can advance budget, legislative, and policy priorities that are cost-effective and produce better outcomes for New York's children and youth. 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 2011-2012.

It is clear that New York's troubled economy and staggering budget deficit demand long-term structural budget changes and not short-term fixes. To this end, Governor Cuomo's first Executive Budget looks to redesign state government to help address the fiscal challenges facing our state. While addressing the state's spending is critical and all New Yorkers are reeling from the economic downturn, few are being hit harder than poor children and their families. It is CCC's belief that we must not allow this year's budget to eliminate the safety net needed to ensure that the next generation of New Yorkers can reach their full potential.

Governor Cuomo's \$132.9 billion Executive Budget proposes to close a \$10 billion gap, almost entirely through spending reductions and cost-shifts to counties. While shifting costs of mandated programs to counties saves the state government money, it does not reduce the need for funds for these programs, leaving struggling counties burdened with paying for these programs and faced with tremendous service reductions. In addition to the proposed \$2.85 billion reductions to both Medicaid and Education, the Executive Budget proposes to reduce its commitment to Human Services by over \$300 million, \$114.2 million of which is Human Services cost shifts to localities.

For New York City, Mayor Bloomberg has estimated that the reduction in aid totals \$2.1 billion, including a \$1.4 billion in aid to public schools; \$361 million in cuts and cost shifts in social services; and \$300 million due to the elimination of the AIM for New York City. And as you know, given the still ongoing work of the Medicaid Redesign Team, the impact of the \$2.85 billion Medicaid reduction is not yet known.

While there are some areas where the Executive Budget proposals protect essential programs for children and families, and Governor Cuomo has made laudable efforts to address the State's broken juvenile justice system, CCC is extremely concerned that the adoption of this budget, as it is proposed, would place the State of New York's most vulnerable children at even greater risk.

Notably, the Executive Budget includes numerous cuts and cost shifts for programs and services that have been cost-effective and have produced good outcomes for children. For example, the Executive Budget proposes to decrease state support and commitment to children adopted from foster care, special needs school children who are receiving their education in special schools to meet their needs, homeless families in New York City, new mothers seeking to raise their

children safely and healthy by participating in home visiting programs, and youth trying to engage in positive activities and grow into successful adults through participating in after school programs and the Summer Youth Employment Program.

These cost shifts can be seen in the elimination of the AIM to New York City, the changed formula for adoption subsidies, the elimination of state support for CSE placements, the new proposed requirement to use Title XX for child welfare, the changed formula for adult homeless shelter costs, and the changed financing structure for TANF Family Assistance and Safety Net. In addition, cuts and service reductions are not only proposed in Education and Medicaid support, but also impact critical services previously funded with TANF dollars, such as Nurse-Family Partnership, post-adoption services, supportive housing, homelessness prevention programs and the Summer Youth Employment program. In addition, the Executive Budget proposes to cut the Runaway and Homeless Youth Program Healthy Families New York Home Visiting, Early Intervention Services, and family treatment beds for children needing mental health treatment.

We urge you to negotiate a budget that uses fairness as a guiding principle. Fairness includes making deliberative choices about where the expense side of the budget needs to be reduced without jeopardizing cost-effective programs, resisting the urge to merely shift costs to counties to bear, and ensuring there is shared sacrifice for all New Yorkers. We urge you to negotiate an Adopted Budget that ensures that the state remains committed to the programs that produce positive outcomes for children, and ultimately saves the state money on more expensive interventions such as foster care, medical care, homeless shelters, and the juvenile justice system. Fairness also requires an acknowledgement that it is inequitable and disingenuous for the state to balance its budget by shifting costs for essential and mandated services to the counties, including New York City, which is hit particularly hard by the Executive Budget.

Further, fairness requires supporting revenue-generating proposals, to ensure shared sacrifice. CCC urges you to extend the personal income tax increase; to impose an excise tax on sugar-sweetened beverages as a means to take a critical step towards addressing childhood obesity while increasing revenue; and to work with the Governor and Mayor Bloomberg on pension reform.

Turning to the proposals related to Human Services, CCC is extremely concerned that the adoption of the proposed Executive Budget would a) lead to an erosion of the safety net for the most vulnerable children; b) lead to an extreme level of service reduction at the local level due to the magnitude of cost-shifts to child welfare agencies and homeless services in particular; and c) eliminate resources for cost-effective programs that improve child outcomes and prevent the need for more costly interventions thereby leaving New York's taxpayers saddled with exorbitant long term costs should these cuts be implemented.

## **Juvenile Justice**

As the Legislature is well-aware, New York's Juvenile Justice System is broken, failing in every respect: the system does not keep incarcerated youth safe from abuse, neglect or harm; the system does not provide services to rehabilitate incarcerated youth; the system does not protect communities by preventing recidivism; the system does not do enough to keep young people from being incarcerated in detention, OCFS facilities or private placements; and the system does not meet the needs of taxpayers because it is extremely expensive as well as inefficient. CCC appreciates the commitment of Governor Cuomo, Commissioner Carrion and many state legislators eager to reform the juvenile justice system today.

CCC's vision for New York's Juvenile Justice system is one where youth and their families are able to receive the services they need in their communities whenever possible, and the limited number of youth who are incarcerated receive high quality services so that when they return to their communities they are equipped with the skills to become successful adults. To achieve this, CCC believes that the following are necessary: a) as few children as possible should be incarcerated, save for the dangerous, high risk youth; b) the youth who need to be incarcerated should be in facilities close to their homes and communities, and they should receive therapeutic services delivered through a trauma-based intervention that incorporates principles of youth development rather than the corrections-based approach employed in the adult system; c) there should be independent oversight of youth prisons; d) underutilized facilities, which are expensive to taxpayers and counties, should be closed without the 12-month waiting period; e) the savings from closing underutilized facilities should be reinvested to expand and strengthen community-based, evidence-based alternatives and to improve the care provided to placed children ; f) the state and the counties should have a fair and equitable financing structure for all facets of this system including detention, OCFS facility care, private placements and community-based alternative to detention and incarceration programs; g) court-involved youth should be able to receive high-quality, effective, proven alternative to detention and incarceration programs in their communities; and h) the services, such as after school programs and the Summer Youth Employment Program, which prevent young people from coming into contact with the juvenile justice system, should be preserved and strengthened.

Given CCC's vision for the state's juvenile justice system, CCC is supportive of the vision of Governor Cuomo's Juvenile Justice Reform proposals, but we also have a number of ideas and amendments that we hope can be incorporated through the budget negotiation process.

As Governor Cuomo passionately stated in his State of the State Address, it is a civil rights violation to incarcerate children so that adults can have jobs. CCC supports the Governor's proposal to reduce facility capacity from 1,209 beds to 833 beds. That said, CCC thinks it is critical for us to know which facilities will be closed so that we can be assured that a) incarcerated youth can be placed close to their families and communities and b) OCFS will retain the full spectrum of types of beds - secure, limited secure and non-secure. In addition to reducing the under-utilized capacity, we urge the Legislature to approve the Governor's proposals to eliminate the 12-month waiting period so that empty facilities do not remain open and to reinvest the savings into the desperately needed system-wide improvements.

The Governor's Executive Budget also proposes to invest \$14 million to support improvements in mental health, education, counseling, direct care and other services in the OCFS facilities. While the additional 414 staff would be system-wide, the remaining facility improvements would be limited to the three facilities subject to the DOJ agreement. CCC believes that all OCFS facilities are in need of these types of improvements and thus should not be limited to the three facilities investigated by DOJ.

The Governor's Executive Budget also proposes to restructure state funding for local detention such that the current open-ended 49% reimbursement for local detention costs (i.e. the local facilities youth can be placed in during trial) would be changed to be a block grant. In addition to capping state reimbursement for detention (making local detention costs higher if the number of youth detained is not decreased), the Governor proposes that effective January 1, 2012, the state would no longer reimburse counties for detaining low and medium risk youth. Thus, after giving counties several months to implement the use of a Risk Assessment Instrument, the State scheme would be incentivizing counties to implement cheaper and more effective alternative to detention programs that judges could choose for youth, rather than placing the youth in a detention facility. In addition, the Governor's Budget proposes the creation of a Performance-Based Supervision and Treatment Services for Juveniles Program to be funded at \$29 million in SFY 2011-2012 and \$46 million in SFY 2012-2013, which is a significant increase from the \$8.2 million the state currently invests in these types of alternative to detention and incarceration programs. This new funding stream would require a county match, whereby the state share would be 62% and the local share would be 38%.

CCC appreciates the Governor's vision and efforts to reform the system by offering services to help young people lead productive lives, while also reducing costs and investing savings into the community-based programs that better meet the needs of youth. CCC believes that for these reform efforts to truly work, counties need to have the resources to invest into the alternative to detention and incarceration programs that will ultimately keep young people out of detention and likely OCFS facility care. Given county budget deficits, the tremendous amount of cost shifts of mandated services in the Executive Budget, and the fact that detention costs will be block-granted and reimbursement limited to high risk youth, county budget officials and policymakers must feel comfortable that they have the funds available to invest to be able to create needed alternative to detention and incarceration programs. To put counties in a better position to create new community-based alternative programs, and thus create a system that can truly keep youth in their homes and families and out of detention when it is safe to do so, CCC has the following suggested amendments to the Governor's proposal:

- For counties that do not currently have community-based alternative programs: Enable these counties to access a portion of their allocation from the Performance-based Supervision and Treatment Program funds without a required match during the first year of implementation. This would provide these counties with start-up funds to develop an infrastructure, create new programs and train all parties and judges about the programs in a way that provides the counties with the seed money needed.

- For counties that have already invested local dollars in community-based alternative programs: Allow these counties to use their current, existing locally invested dollars as the required county match (but legally prohibit the counties from reducing their local investment to prevent the supplanting of local dollars with state dollars). This would enable localities that have already been innovative and have demonstrated their willingness to invest local resources into these programs, to expand their county's services without investing new local dollars and ensure that they too can increase their community-based alternative programs' capacity. .
- Stagger the effective dates of the capped detention block grant and the state's the Performance-based Supervision and Treatment Program so that counties have the opportunity to invest in and develop alternative programs while still receiving their current levels of detention reimbursement. While this would reduce the available funds for community-based alternative programs in the first year, it would better enable counties to invest in a permanent, effective infrastructure for their community-based alternative to detention and incarceration programs and would ensure that greater numbers of youth could be appropriately diverted from detention.

### **Youth Services**

The Governor has clearly stated his desire to prevent as many youth as possible from entering the Juvenile Justice system. CCC is supportive of this goal and we are eager to work with the Governor, his administration and the Legislature to make this a reality. to effectively ensure that fewer youth come into contact with the juvenile justice system, , CCC believes that the State must maintain its commitment to youth services programs, such as after school programs, Advantage After School, the Youth Development and Delinquency Prevention program (YDDP), the Special Delinquency Prevention Program (SDPP), Runaway and Homeless Youth services, and the Summer Youth Employment Program. It is widely known that youth are at greatest risk for delinquency between the hours of 3-6pm<sup>1</sup> and that every \$1 invested in youth services saves \$40 in future criminal justice costs.<sup>2</sup>

Yet, the Executive Budget proposals run counter to these facts. Notably, the elimination of \$15.5 million of TANF funds supporting the Summer Youth Employment Program, the \$5.34 million reduction to the Advantage After School Program, and the development of the Primary Prevention Investment Program (PIIP), (discussed in more detail below) deteriorates the core services that keep youth positively engaged in their schools and communities and prevents them from coming into contact with the juvenile justice system in the first place. In New York City alone, these cuts translate into the loss of over 5,000 after school slots, 37 out of 108 transitional/independent living shelter beds for runaway/homeless youth and approximately 6,000 summer jobs (11,000 statewide). New York State and its counties cannot successfully reform the juvenile justice system without ongoing support for youth service programs.

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<sup>1</sup> Fight Crime Invest in Kids. *New York City's Out-of-School Time Choice: The Prime Time for Crime or Youth Enrichment and Achievement*, 2008. Available online: <http://www.fightcrime.org/reports/NYCAS2pager.pdf>

<sup>2</sup> Keeping Track 2010 Edition. Citizens' Committee for Children.

**The Primary Prevention Incentive Program (PPIP):**

CCC strongly objects to the creation of the Primary Prevention Incentive Program (PPIP). While the Governor's Executive Budget documents describe this as a program to prevent foster care and juvenile justice placements, CCC believes that this Program will actually result in an increase in the use of these more costly interventions.

The proposed Primary Prevention Incentive Program (PPIP) is a \$35 million competitive fund allotted to local social service districts that replaces funding for various existing contract programs and county allocations that have been providing front-end primary prevention services. According to the Governor's proposal, this program restructures the allocation of funds for these programs by cutting funds by 50% (although as shown below it is significantly more than 50%), and requiring counties to match these previously unmatched programs at 62% state/38% local. Specifically, funding for the following programs would be eliminated:

- Healthy Families New York Home Visiting Program (\$23.3 million)
- Community Optional Preventive Services (Nurse-Family Partnership; PINS diversion; juvenile justice prevention) (\$24.3 million)
- Youth Development and Delinquency Prevention/Special Delinquency Prevention (\$28.2 million)
- Runaway and Homeless Youth Act (\$4.7 million)
- Enhanced Caseworker Ratio (\$1.5 million)
- Hoyt Memorial Trust Fund (family violence prevention) (\$1.2 million)
- Settlement Houses (\$900,000)
- Kinship care programs: (\$700,000)

This totals \$84.8 million of services eliminated and replaced with a \$35 million fund that would require a county match to draw down state resources.

The programs that are being eliminated due to the creation of the PPIP are programs that have proven to be effective at improving child well-being and preventing more costly interventions. For example, in recent randomized controlled trials, the Healthy Families New York (HFNY) program was found to reduce low birth weight babies, decrease special education, reduce child maltreatment and generate a return of more than \$3.00 for every dollar invested for mothers who had confirmed child maltreatment reports prior to participating in HFNY. Similarly, the Rand Corporation has shown that there is a \$5.70 return on every dollar invested in Nurse-Family Partnership, which has been shown to decrease language delays, child abuse and neglect, emergency room visits for accidents and poisonings and juvenile arrests by age 15.

In addition to failing to maintain the level of funding previously supporting these programs, the PPIP leaves all of these valuable programs (plus additional programs that could develop) to compete against one another for insufficient funds. In addition, none of these programs will be possible if counties do not have the funds for the match, a likely scenario because funds for the PPIP would present as a new need to already economically struggling localities. Finally, the inclusion of Healthy Families New York and COPS, as well as the \$2 million cut to Nurse-Family Partnership previously funded by TANF, is particularly troubling because New York will likely lose its opportunity for additional federal funds for home visiting. As part of federal health reform, in recognition of the value of home visiting as both cost-effective and invaluable to children, the federal government allocated funds to expand home visiting programs. To be

eligible, states must meet the federal MOE, which is maintaining funding levels as of 3/23/10. Thus, an adopted budget that includes home visiting in the PPIP would most likely make New York ineligible for federal home visiting funds, which would be unconscionable given that we know how invaluable these programs are to improving child outcomes.

CCC strongly urges the legislature to reject the development of the PPIP and to restore funding for all of the valuable programs slated to be eliminated by the PPIP to their SFY 2010-2011 levels.

### **Child Welfare**

Child welfare services are critical to ensuring that New York's children are safe and that their families are strengthened and supported. To do this well, counties need the resources to ensure that they have effective child protective practices so they can recognize safety and risk factors, an effective array of preventive services that enable children to remain safely in their homes when possible, a strong and effective foster care system that provides necessary services to children and their parents, and a system that ensures children can expeditiously achieve permanency through reunification, adoption or subsidized guardianship.

Historically, New York has supported child welfare through a foster care block grant; an open-ended funding stream that reimbursed counties at a rate of 65% state/35% local for protective, preventive, independent living and adoption administration; and supported foster children who were adopted with a 73.5% state match that counties have depended on for years. The Executive Budget proposes to alter this scheme by maintaining the lower open-ended match of 62% (first enacted in the SFY 10-11 budget) and reducing state support for adopted foster children to 62%. In addition, in the State Fiscal Year 2010-2011 budget, Article VII legislation passed establishing a kinship guardianship assistance program effective April 1, 2011 but did not resolve how the non-federal share would be split between the state and localities. Similarly, the SFY 11-12 Executive Budget fails to address how the non-federal share of the kinship guardianship assistance subsidy would be paid. CCC believes the costs of this subsidy should be shared in a similar manner to adoption subsidy. (CCC has previously proposed that adoption subsidy remain at the 73.5% match and subsidized guardianship have a 65% state match.) The Kinship Guardianship Assistance subsidy must have a state match and must be funded outside of the capped foster care block grant, which is intended to provide care for children who are in the custody of the state and localities.

The child welfare portion of the SFY 11-12 Executive Budget contains numerous cost-shifts that will leave localities struggling to maintain their child welfare systems and will impact their ability to keep children safe. In addition to the child welfare cost shifts created by the lower reimbursement level (62%) for protective and preventive services, the lower reimbursement rate for adopted children, and the lack of a state share for kinship guardianship, the SFY 11-12 Executive Budget eliminates all state funding for Committee on Special Education (CSE) placements (\$69 million) and a \$22 million Title XX cost shift. Agencies like the New York City Administration for Children's Services (ACS) will surely be struggling to maintain their core services for this very vulnerable group of children.

In addition, the Executive Budget proposes to cut other critical services aimed at keeping children safe, strengthening foster care and preventing more costly foster care such as: , post-adoption services and support for relative caregivers.

CCC believes that New York State must take steps to remediate these budget proposals so that the State maintains its commitment to children who have been abused and neglected by their parents.

### **Child Care**

The State's subsidized child care system has been in crisis for some time now. The minimal amount of state general fund support, 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 AARA funds, the increased health insurance costs for child care providers, and the increased costs of providing quality care for children, have left the system desperately short of resources.

While the Executive Budget proposes to fund the Child Care Block Grant with the same funds as this current fiscal year, the loss of the AARA funds and the cuts to other TANF-supported child care programs translates into \$55 million of less state/federal support being provided to the counties.

It is important for the State Legislature to understand these ramifications have translated into localities being unable to maintain their child care subsidies, particularly for 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. Unfortunately, child care systems, like the one in New York City, are struggling to maintain subsidies. In fact, New York City is prepared to eliminate child care subsidies for over 16,000 children.

In addition, while the Executive Budget includes almost no revenue generating proposals nor any increased sacrifice by wealthy New Yorkers, one of the only revenue generating proposals in the Executive Budget is to increase the cost of child care and neglect clearances from \$5 to \$60 and to eliminate the fee exemption for child care providers. This means that the low income child providers (generally earning between \$15,000 and \$35,000 annually) will need to pay this fee every two years. In addition, the struggling community based organizations that provide after school programs, foster care services, preventive services, etc. will have to spend significantly more money on background checks for their staff.

### **Homelessness:**

The Executive Budget also proposes to cut programs that prevent homelessness and shift costs to localities, particularly to the NYC Department of Homeless Services (DHS), all of which will lead to a loss of the services that enable families to remain stable in their homes and ultimately cost the state and localities more money through an increase in shelter placements.

Specifically, the Executive Budget proposes to cut \$1 million for the Supplemental Homeless Intervention Program, \$2.5 million for Supportive Housing and \$125,000 for Emergency Homeless Services, all of which used to be supported with TANF resources.

In addition, the Executive Budget proposes to reduce the state's reimbursement for New York City Adult Homeless shelters and eliminate the state's share of funding for shelter supplements for families in permanent housing through the New York City Work Advantage Program. These cost shifts will leave the NYC DHS with a large budget hole that will need to be addressed through decreasing non-mandated homeless services, such as those services that help prevent homelessness and help the homeless move to permanent housing. CCC urges the legislature to adopt a budget that works to decrease homelessness rather than increase the likelihood that more families will be homeless for longer periods of time.

### **Income Security:**

The Executive Budget proposes to enact a stricter Public Assistance work requirements whereby the second infraction would lead to a full family sanction until the parent is in compliance and the third (and subsequent infractions) will lead to a full family sanction until compliance and a pro rata sanction for six months. While CCC values work and believes families benefit tremendously from participating in the work force, we are concerned that these new rules will have an undue deleterious impact on the poor children in these families.

In addition, CCC has some concerns about the Executive Budget proposals that change the funding structure for TANF such that Family Assistance is paid for with all federal TANF dollars and the match for Safety Net Assistance is changed from 50-50 to 30% state/70% local. Notably, by diverting TANF funds for Family Assistance, the \$70 million of programs that had been strengthening families throughout the state are eliminated. Furthermore, it is our understanding that some counties, like New York City, anticipate their Safety Net caseloads will grow at a far greater rate than will their Family Assistance caseloads in the coming years. The proposals to alter reimbursement will leave them in a dire position, required to provide support for the needy in the absence of equitable state support.

In closing, we ask the Assembly and the Senate to negotiate a budget with the Governor that protects our youngest New Yorkers from paying for this economic downturn for the rest of their lives. While we appreciate that very difficult choices about revenue increases and expense reductions need to be made, we urge you to protect the services that will ultimately be less costly to the children of today and the taxpayers of tomorrow.

Thank you for the opportunity to testify.