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**Testimony of United Neighborhood Houses
Before the Joint Fiscal Committees of the New York State Legislature**

Human Services Budget Hearing for the Fiscal Year 2016-2017

Honorable Catharine M. Young, Chair, Senate Finance Committee
Honorable Herman D. Farrell, Jr., Chair, Assembly Ways & Means Committee

Honorable Sue Serino, Chair, Senate Committee on Aging
Honorable Steven Cymbrowitz, Chair, Assembly Committee on Aging

Honorable Tony Avella, Chair, Senate Committee on Children & Families
Honorable Donna Lupardo, Chair, Assembly Committee on Children & Families

Honorable David Carlucci, Chair, Senate Committee on Social Services
Honorable Andrew Hevesi, Chair, Assembly Committee on Social Services

**Presented by Andrea Bowen, Policy Analyst
February 9, 2016**

Thank you for the opportunity to testify. My name is Andrea Bowen and I am here on behalf of United Neighborhood Houses (UNH) where I serve as a policy analyst. UNH is New York City's federation of settlement houses and community centers that works to promote and strengthen the neighborhood-based, multi-service approach to improving the lives of New Yorkers in need and the communities in which they live. UNH's membership includes 38 agencies employing 10,000 people at over 600 sites across the five boroughs to provide high quality services and activities to over 500,000 New Yorkers each year.

Typical member agency services range from early childhood education and afterschool, to youth employment and college access, to adult education and workforce development, to behavioral health services, homelessness prevention and senior centers. Essentially, our members provide "one-stop" shopping for all community members—be they children, youth, immigrants, older adults or working families.

UNH applauds the Governor for the many progressive proposals offered in the Executive Budget, including plans to increase the minimum wage, address the homelessness crisis, provide paid family leave, raise the age of criminal responsibility and fund the DREAM Act. However,

UNH is disappointed by the Executive Budget's failure to scale existing and successful human services investments for children, youth, immigrants, and older adults.

In the FY 2016-17 budget, UNH recommends that the State:

- **Fund the Settlement House Initiative at \$3.45m**
- **Increase investment in the Child Care Block Grant by \$190m**
- **Increase Advantage After-School funding by \$51.9m**
- **Increase Summer Youth Employment Program (SYEP) funding by \$17.2m**
- **Increase Adult Literacy Education (ALE) funding by \$10.9m**
- **Increase funding for Community Services for the Elderly (CSE) by \$18.5m**
- **Reject the Executive Budget's proposal to terminate contracts with certain Naturally Recurring Retirement Community (NORC) programs**
- **Provide \$4.95m to adequately finance NORC-Supportive Service Programs (NORC-SSPs) and Neighborhood NORCS (NNORCs) throughout the state.**
- **Raise the minimum wage to \$15/hr. and ensure that the wage increase covers non-profit workers**
- **Fund the Nonprofit Infrastructure Capital Investment Program at \$100m**
- **Implement federal OMB regulations requiring State agencies to pay either 10% or their federally-approved indirect rate on all State contracts utilizing federal funds**

Settlement House Initiative – Fund at \$3.45 million

The Settlement House Initiative (SHI) provides flexible funding for innovative community-based child, youth immigrant, and older adult services in 48 settlement houses across the state.

Examples of activities and services supported by SHI include:

- Treatment and counseling services for sexually abused children under the age of five.
- A para-transit driver for adult day programming serving seniors with dementia and Alzheimer's disease.
- "Tween" programming for youth too old for child programming, but not yet old enough for traditional teen programs such as SYEP.
- Culturally competent domestic violence and prevention services to the Arab-American community.

The SHI remains one of the few sources of flexible funding for community-based organizations serving their communities. When the RFA for the SHI was first released in 2009, contract awards ranged from \$75k to \$160k based on organizational budget size, but as a result of reductions in funding, the most recent round of contracts ranged from just \$35k to \$70k.

UNH requests an investment in the SHI of \$3.45 million in FY 2017, which would result in an average increase of \$20,000 per contract, which could provide, for example:

- The movement of one settlement house's Resource Specialist from part-time to full-time, allowing her to serve additional Spanish-speaking seniors in the community
- Eviction prevention and case management services at one settlement house for which will keep 18 additional families in their homes and out of the shelter system

Early Childhood Education – Increase Child Care Block Grant by \$190m

We are proud to be part of the progress that New York State has made to strengthen early childhood education. In New York City there are currently more than 65,000 4-year-olds enrolled in Pre-Kindergarten programs—the closest we have ever been to universal participation. However, for both younger children as well as four year-olds who need the evening hours and summer service that are not available in Pre-Kindergarten programs, New York is leaving many eligible, low-income families without access to subsidized child care. And if action is not taken, New York will be serving even fewer families next year.

Currently, only 22% of low-income families who are eligible for child care subsidies in New York State are actually able to get one. However, due to new unfunded mandates—including background clearances and inspections—included in the federal Child Care and Development Block Grant (CCDBG), which partially funds New York State’s child care block grant, OCFS is likely to divert approximately \$90 million that currently goes towards subsidies to meeting federal requirements. This will lead to nearly 11,700 children losing child care.

The loss of child care slots will be a crisis throughout New York State. In 2012, when child care programs serving thousands of children in New York City were at risk, Campaign for Children, a coalition that UNH helps to lead, surveyed 1,100 parents with children in child care programs about what they would do if they lost access to child care. The surveys showed that for many working parents, there really was no viable Plan B. Fifty percent reported that they would have to quit their jobs if they lost child care.

In order to address the cost of new federal mandates and expand access to early care and education, **UNH urges New York State to make the following crucial investments totaling \$190m in the Child Care Block Grant:**

- \$90 million to cover the cost of federally required health and safety requirements (\$28 million for background clearances and \$34 million for inspections)
- \$100 million to implement 12-month eligibility, provide child care for children in homeless families, cover market rate increases and ensure no child loses a subsidy.

Advantage After-School – Increase over Exec by \$51.9m for \$69.2m total (\$17.25m in Exec; \$19.3m in FY 16 Enacted)

There is incredible need for after-school programs and summer programs. 1.1 million children in New York State do not have access to after-school programs and 500,000 children do not have access to summer programs. In a recent survey of 2,500 parents in after-school programs in New York City, over 90% of parents reported that they rely on summer camp to be able to work or go to school, and that their children learn crucial academic skills while in summer camp. Nearly two-thirds of parents reported that they relied on summer camp’s free meals to ensure their children were fed.

Though an important source of funding, New York State’s Advantage After-School program does not have a summer component yet. Moreover, the program’s capacity has not yet recovered

from funding cuts, and it now serves 5,000 fewer children and youth than at the program's peak in the summer of 2007. New York State has a great opportunity to make significant progress towards meeting the demand for after-school by strengthening the Advantage After-School Program.

UNH urges New York State to increase Advantage After-School funding by \$51.9 million, which will:

- Increase Advantage After-School to serve 20,000 participants, the number funded in FY 2007-2008 prior to budget cuts (+ \$8.9 million)
- Provide full-day summer programming for 20,000 participants (+ \$30.7 million)
- Align per-student funding to 21st Century Community Learning Centers level of \$1,500 per student (+ \$2.5 million)
- Ensure quality by leveraging statewide knowledge, resources, and supports through technical assistance (+ \$3.1 million)
- Allow for data collection and evaluation to make evidence-based quality improvements and provide state-level data on after-school and summer programming (+ \$4.7 million)

Summer Youth Employment Program (SYEP) – Increase over Exec by \$17.2m for \$48.2m total (\$31m in Exec; \$30m in FY 16 Enacted)

For decades, SYEP has provided youth across New York State with a job in addition to education, training, counseling, and services linked to employment (such as transportation funds). SYEP offers young people opportunities to learn job skills, understand career fields, and earn an income. In fact, research has shown that SYEP participants demonstrate higher rates of school attendance and passage of NYS Regents examinations. In addition, the program goes beyond helping teens: SYEP youth workers at summer camps add staff capacity, allowing host organizations to serve more children.

SYEP is an important youth development program, and we appreciate the Executive Budget's increase in the program to \$31m from \$30m in the FY 15-16 Enacted Budget. However, with just this investment, many young job seekers will still be turned away. Of over 130,000 SYEP applicants in each of the last two years, fewer than half that amount have been able to take part in the program. In NYC, 54,263 youth took part in SYEP in Summer 2015, but another 77,634 youth did not have the opportunity to participate.

Furthermore, the overwhelming expense of SYEP is directly on participant wages, so as the minimum wage rises, so too does the cost of the program. At the new \$9/hour wage, if the state only funds SYEP at \$31 million, the state will only cover the minimum wage increase for fewer than half the slots statewide.

UNH urges New York State to fund SYEP at \$48.2 million, \$17.2 million above the Executive Budget request, which will:

- Provide 10,000 new slots statewide, and
- Cover the cost of the minimum wage increase for all slots statewide.

Adult Literacy Education (ALE) – Increase over Exec by \$10.9m for \$17.2m total (\$6.3m in Exec; \$6.3m in FY 16 Enacted)

Currently in New York State there are nearly 3 million individuals without a high school diploma, and 2.3 million who lack English proficiency. In New York City alone, there are 1.7 million individuals lacking English proficiency, a high school diploma, or both. These individuals struggle to find and retain employment, and even when employed, earn less than their peers.

When investments are made in this population, however, the returns are tremendous: for every NYC resident that earns a high school diploma or its equivalent (HSE), there is a net benefit to the City of \$324,000 over their lifetime in terms of increased tax contributions and decreased public benefit utilization. Individuals with literacy skills are better able to communicate with police and health professionals, understand and engage in their children's education and participate in the civic and social life of their communities. In addition, the pass rate on the State's adult education exam has historically averaged 22 percentage points higher (66% versus 44%) for those that have access to an adult literacy preparation program.

Many of these outcomes are realized by the participation of individuals in locally embedded and trusted community nonprofits where they can expect to be served by culturally competent staff and with wrap-around support services. However, much of the state's investment in adult education is limited to school districts—which in the case of NYC, is regularly outperformed by community based organizations, libraries and the CUNY system.

UNH recommends ALE funding of \$17.2m, \$10.9 million above the Executive Budget request, which will:

- Allow providers to serve roughly half of the estimated 14,000 students currently on waitlists in NYC
- Expand the capacity of providers in other regions of the state to meet their unmet community needs.

Community Services for the Elderly – Increase over Exec by \$18.5m for \$46.3m total (\$27.8m in Exec; \$27.8m in FY 16 Enacted)

New York State is on the edge of demographic shifts. For the first time ever, 20 percent of New York State residents are aged 60 or over, and this number is expected to grow to 25 percent by 2025. There are significant concerns among aging service providers about meeting the needs of a growing older adult population, and UNH members are already beginning to see increased usage of programs and services. For example, Educational Alliance, a program on the Lower East Side of Manhattan, reported seeing an average of nearly 100 new participants at its Weinberg Center each month in 2015, increasing the overall usage of the center's programs and meal services.

New York State Office for the Aging (SOFA) was level funded in the Executive Budget in most program areas. The Executive Budget also maintained a legislative addition of \$2.5 million to the Community Services for the Elderly Program (CSE). However, in a field that lacks the capacity

to meet the needs of the current population, and is facing increased service demand due to demographic shifts, stagnant funding is unacceptable.

Community Services for the Elderly (CSE) provides flexible funding that localities can use to meet the greatest needs of older adults in their communities. Examples of services provided under CSE include congregate and home-delivered meals, transportation, nutrition assistance, social adult day programs, and case management.

UNH recommends New York State Increase funding for Community Services for the Elderly to \$46.3m, an increase of \$18.5 million above the Executive Budget request for the Community Services for the Elderly (CSE) program, which will:

- Allow Area Agencies on Aging (AAA) to offer services that meet the specific needs of older adults and their caregivers in the communities they serve
- Address outstanding waitlists and begin to expand the aging service delivery network. As of late 2015, an estimated 9,700 older adults were on waitlists for supportive services at Area Agencies on Aging (AAAs) throughout New York State.

Reject the Executive Budget's proposal to terminate contracts with certain NORC programs

We are very concerned about a proposal in the Executive Budget to terminate contracts with certain NORC-Supportive Service Programs and Neighborhood NORC programs. This proposal states that existing, successful NORC-SSP and NNORC programs that are out of compliance with demographic and density requirements in the current Elder Law (subdivision 1, section 209) will have their contracts terminated at their next renewal date of either July 1, 2016 or January 1, 2017. However, these demographic and density requirements are outdated and have not been updated after the 2010 Census which showed an increase in older adult population throughout New York State.

We reject the proposal to terminate contracts with effective NORC programs, and we ask that the legislature do the same. NORC-SSPs and NNORCs are effective programs, leveraging support from housing, social service, and health care providers to promote health and stability among older adults in concentrated apartment buildings and housing complexes, as well as in lower-density neighborhoods. By providing on-site support, NORC-SSPs and NNORCs expand and strengthen the social connections older adults have within their communities, and proactively address healthcare needs before a crisis occurs.

NORC-SSPs and NNORCs – Increase over Exec by \$4.95m for \$9m total (\$4.05m in Exec; \$4.05m in FY 16 Enacted)

New York State should conduct a thorough review of Elder Law with an emphasis on demographic and density requirement for NORC –SSPs and NNORCs in order to adopt changes that will ensure that communities which need supportive services for older adults meet the technical qualifications to qualify for NORC-SSP funding.

UNH recommends an increase of \$4.95 million above the Executive request to:

- more adequately finance existing programs and
- increase eligibility for NORC-SSPs and NNORCs throughout the state.

Non-Profit Wages – Ensure that the \$15 minimum wage increase covers non-profit workers

Many of the core services that New York State provides for its residents are administered by non-profit providers with State and local contracts including child care, after-school, adult literacy, youth programs and services for older adults. As government contractors, non-profit wages are determined by the level of funding that government provides to carry out these services. Funding has not been adequate and many employees in non-profits are themselves living at or near poverty. It is the responsibility of government to fund non-profit providers adequately so they can pay their staff a salary that reflects the importance of their work.

In January, New York City announced a commitment to fund staff working under city human services contracts at \$15 per hour by 2018. However, this commitment does not apply to those programs that are contracted with New York State and operate in New York City. If the State does not address this, workers in state contracted programs will lag behind.

UNH member agencies have contracts with all levels of government to provide services for their communities. Many members, for example, contract at multiple sites for after-school operating a State funded program at one school and a city funded program at another. It would be tragic if employees at State contracted programs continue to live at poverty wages as their counterparts doing similar work at City contracted programs earn more.

Non-profit staff provide crucial human services supporting children, youth, older adults, immigrants, and many others. Human service workers often earn low wages though their positions require specific skills, degrees, and licenses. Current levels of compensation for many human service workers make it difficult to meet the high cost of living in New York City, causing many human service workers to need Medicaid, childcare subsidies, SNAP, rental assistance, and other public benefits despite working full time.

Given the economic challenges facing non-profit workers, **UNH urges New York State to:**

- **Raise the minimum wage to \$15 per hour for all workers, including non-profit workers; and**
- **Amend human services contracts to fund the wage increase.**

Nonprofit Infrastructure Capital Investment Program – Fund at \$100m (\$0 in Exec; \$50m in FY 16 Enacted)

While human services providers require investments in the aforementioned programmatic areas to ensure they can engage their communities with holistic services, nonprofit human service providers themselves require investments in their own infrastructure in order to work well. Securing funding for physical infrastructure and technology is one of the most challenging aspects of nonprofit operations. This challenge means that community centers and other program spaces go years without needed physical or technological systems upgrades.

Fortunately, last year the legislature worked with the Governor to make an historic investment in the infrastructure needs of the sector by creating a \$50m Nonprofit Capital Investment Program (NICIP). The NICIP funds capital projects to improve the capacity and accessibility of nonprofit human service organizations providing direct services via State contracts, State-authorized payments, and/or State payment rates. Eligible capital projects include:

- Renovations or expansions of spaces used for program services;
- Accessibility renovations;
- Modifications to make program spaces energy efficient to result in overall cost and energy savings; and technology to improve electronic records, client confidentiality, and data analysis.

While demand from the sector was significant—with project bids including: office space improvements, roof repair, repaving of surfaces, security cameras, air-conditioning units, fire alarm/sprinkler systems, electric panel replacement and HVAC system upgrades—funding for the NICIP was not included in the FY2017 budget.

UNH urges an investment of \$100m in FY2017 that will support capital projects at nonprofits across the state, promoting a healthy and stable nonprofit sector that delivers high-quality, efficient and effective services to its residents.

Implement federal OMB regulations requiring federal rates on all State contracts utilizing federal funds

Part of the reason nonprofits struggle to meet these infrastructure needs is because State contracts actually provide for reimbursements below what is necessary to produce high-quality, sustainable services. The narrow administrative margins and escalating costs of doing business, including finding and retaining qualified staff, leaves little room in budgets for the purchase, maintenance or upgrade of capital needs. In fact, according to a recent survey of the field conducted by the Human Services Council, nonprofit contractors typically received an administrative rate ranging from 2.3% to 12% on New York City contracts.

In recognition of the need for nonprofits to receive adequate indirect cost rates to ensure their stability and health, in late 2013 the federal Office of Management and Budget issued a guidance for entities that serve as an intermediary for federal funding, requiring that they apply the federally negotiated indirect cost rate to a nonprofit provider's contract, or when that provider does not have such a rate, that the pass-through entity apply a rate of 10%. This requirement went into effect for contracts issued after December 26, 2014.

To date however, New York State has not communicated a plan for the alignment of indirect rates with this federal guidance. **At a time when the nonprofit community continues to face significant financial stress, it is critical that the State act to rapidly ensure the correct indirect rate is being applied to relevant contracts across the range of State agencies. UNH supports the Human Services Council recommendations that the State:**

- Implement the guidance with respect to federal funds as soon as possible if they have not done so already, accepting human services providers' negotiated federal indirect cost rates or paying the 10 percent de minimis rate without prejudice to direct costs,

- Follow OMB's lead and apply the 10 percent minimum to all other funds disbursed to nonprofit human services providers,
- Adopt the definition of "indirect costs" set forth in the Uniform Guidance with respect to all funds for consistency and ease of administration,
- Maintain, if not increase, existing levels of program services.

Thank you again for the opportunity to testify. We look forward to working with you on behalf of New York's children, youth, families, immigrants, older adults and communities. If you have further questions, you can contact me at abowen@unhny.org, or 212-967-0322 ext. 324.

United Neighborhood Houses' member agencies are: Arab-American Family Support Center, Inc. (Brooklyn), Broadway Housing Communities (Manhattan), BronxWorks (Bronx), CAMBA (Brooklyn), Center for Family Life in Sunset Park (Brooklyn), Chinese-American Planning Council (New York), Claremont Neighborhood Center, Inc. (Bronx), Cypress Hills Local Development Corporation (Brooklyn), East Side House Settlement (Bronx), Educational Alliance (Manhattan), Goddard Riverside Community Center (Manhattan), Grand Street Settlement (Manhattan), Greenwich House (Manhattan), Hamilton-Madison House (Manhattan), Hartley House (Manhattan), Henry Street Settlement (Manhattan), Hudson Guild (Manhattan), Jacob A. Riis Neighborhood Settlement House (Queens), Kingsbridge Heights Community Center (Bronx), Lenox Hill Neighborhood House (Manhattan), Lincoln Square Neighborhood Center (Manhattan), Mosholu Montefiore Community Center (Bronx), New Settlement Apartments (Bronx), Northern Manhattan Improvement Corporation (Manhattan), Project Hospitality (Staten Island), Queens Community House (Queens), Riverdale Neighborhood House (Bronx), SCAN New York (Manhattan), School Settlement Association (Brooklyn), Shorefront YM-YWHA of Brighton-Manhattan Beach, Inc. (Brooklyn), Southeast Bronx Neighborhood Centers (Bronx), St. Nicks Alliance (Brooklyn), Stanley M. Isaacs Neighborhood Center (Manhattan), Sunnyside Community Services (Queens), Union Settlement Association (Manhattan), United Community Centers (Brooklyn), University Settlement Society (Manhattan), Women's Housing and Economic Development Corporation (WHEDco) (Bronx)