



**Submitted Testimony of Yolanda McBride, Director of Public Policy at Children's Aid  
Legislative Hearing on 2022-2023 Executive Budget Proposal:  
Human Services  
February 2, 2022**

Thank you to Senator Krueger, Assemblymember Weinstein, Senator Persaud, Assemblymember Rosenthal, and to the other members of the Finance, Ways and Means, and Social Services Committees for the opportunity to present testimony to you today.

For nearly 170 years, Children's Aid has been committed to ensuring that there are no boundaries to the aspirations of young people, and no limits to their potential. We are leading a comprehensive counterattack on the obstacles that threaten kids' achievements in school and in life. We have constructed a continuum of services, positioned every step of the way throughout childhood that builds well-being and prepares young people to succeed at every level of education and every milestone of life. Today our nearly 2,000 full and part time staff members empower 40,000 children, youth and their families through our citywide child welfare and family services and our network of 40 locations, including early childhood education centers, public schools, community centers and community health clinics, in five New York City neighborhoods – Harlem, Washington Heights, the South Bronx, Central Brooklyn and the north shore of Staten Island.

As a multi-service human services agency, we employ a holistic strategy that serves children and their families at every stage of development—from cradle through college and career—and in every key setting—home, school, and community. This cross-sector approach is more vital than ever, as the COVID-19 pandemic destabilizes the communities we serve and exacerbates existing racial and socioeconomic inequity. In this critical period, children, youth and their families need a trusted partner like Children's Aid to provide a network of resources they can turn to when experiencing the relentless challenges that have permeated this crisis—from food insecurity, anxiety and stress to the grief that comes with losing a loved one. Our staff has the expertise and tools to help our families overcome these struggles, keeping them on track to realizing their promise.

As an agency with a strong state advocacy agenda, we are members of and support the platforms of the Human Services Council, Council of Family and Child Caring Agencies (COFCCA), New York State Community Schools Network, the New York State Network for Youth Success, the New York School-Based Health Alliance, the Empire State Campaign for Child Care, Winning Beginning NY, and the Fostering Youth Success Alliance. Together, we are on a mission to connect children with what they need to learn, grow, and lead successful, independent lives. New York State relies on nonprofits like Children's Aid to deliver services that support the wellbeing of New Yorkers ranging from providing early childhood education to sheltering people experiencing homelessness.

## **FY23 Budget Recommendations**

### **Uplifting the Human Services Sector: Nonprofit Contracting**

At a time when New York State is facing a number of economic challenges related to, and resulting from, the pandemic, nonprofit organizations will not only continue to play a vital role as service providers, but they also have an opportunity to play an important role in recovery of the State's economy. According to a 2016 report from Comptroller DiNapoli, the nonprofit sector employment provided a stabilizing effect on the State's economy during and after the Great Recession, showing continued growth while other private sector employment and public sector jobs declined. The same report found that nonprofits played a significant role in regional economies as well. In every region of New York, at least one of every eight jobs is at a nonprofit.<sup>1</sup> For these reasons, nonprofit organizations will continue to act as safety nets for communities hit hardest by the pandemic, but are also poised to hold a significant and growing impact on New York's economy.

With past lessons learned, and looking forward to a post-Covid economy, New York State should be supporting the human services sector by directing federal funds to nonprofits to support the vital roles they play in meeting the needs of New Yorkers. These organizations are established and trusted voices in the communities they serve, and in addition, are in dire need of relief as they have continuously been asked to do more with less, especially throughout the pandemic.

We would like to first acknowledge Children's Aid's support of budget proposals released in the Governor's FY 22-23 Executive Budget and thank Governor Hochul for the following:

- Including a one-time 5.4% COLA for human services workers.
- Allocation of \$50 million for the Capital Nonprofit Infrastructure Fund which will enable targeted investments in capital projects to improve the quality, efficiency, accessibility, and reach of nonprofit human services organizations that serve New Yorkers.

Both these proposals will help support the human services sector's ability to begin to stabilize key areas of service, however, there remain several concerns and recommendations we are asking the state to address for FY23. Without attention to the areas discussed below, Children's Aid along with other human services sector providers, will not be able to maintain high-quality, efficient and effective services to the communities and residents we serve.

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<sup>1</sup> <https://www.osc.state.ny.us/files/reports/special-topics/pdf/economic-nonprofit-2016.pdf>  
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### ***Indirect Cost Rates***

One of the biggest challenges facing the human services sector outside of COVID is the shortfall in Indirect Cost Rate (ICR) funding, which we absorb in some of our state contracts. Children's Aid currently has 168 city, state and federal government contracts, with a total value of nearly \$94 million. However, of our 49 state contracts representing \$6.5 million only 7 allow our 15.2% federal approved indirect cost rate and 10 allow for some indirect at a 10% rate. The vast majority or 32 of our state contracts allow for NO indirect. This means we are operating at a deficit of \$249K in our state contracts as a result of the various caps currently imposed by State funders on indirect cost recovery.

This amount coupled with the renegeing of New York City to fully fund the ICR for FY 20 created a shortfall of \$1.4 million for Children's Aid. This funding pays for the core central operations that people don't see but are essential to running a well-functioning organization – human resources, facilities staff, our IT department. No one would expect the state government to operate without central functions such as a budget office, a contract services office, an administrative services department, or an information technology department. Yet, human services providers are expected to compromise on these vital central services.

Under normal times, Children's Aid has relied on philanthropic dollars to supplement the gap in ICR funding. Early in the pandemic our fundraising efforts were strong but philanthropy is not interested in covering the gaps in government funding and cannot be relied on to plug these holes.

### ***Support Prompt Contracting***

In 1991, the Prompt Contracting Law was enacted in NYS to expedite the contract process and corresponding payments to human services organizations (nonprofits) so that service interruptions and financial hardships could be avoided, reducing fiscal stress on the human services sector. In May 2021, the NYS Comptroller issued the Not-For-Profit Prompt Contracting Annual Report,<sup>2</sup> which found that in 2019, the overall percentage of late State agency contracts with nonprofits increased, which was then further exacerbated by the pandemic. In 2020, the percentage of reported late contracts spiked sharply, with 78 percent of contracts late compared with 50 percent in 2019.

Children's Aid strongly supports OCS's recommendations of this annual report which include, but are not limited to:

- State agencies taking responsibility for their critical role in making prompt contracting a priority.

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<sup>2</sup> <https://www.osc.state.ny.us/files/state-agencies/contracts/2020/pdf/prompt-contracting-report-2020.pdf>



- The Not-for-Profit Contracting Advisory Committee to meet regularly to hear from stakeholders and identify potential solutions to address new and continuing barriers to prompt contracting success.
- State agencies and NFPs increase their use of the State’s grant management system and use tracking tools available to identify and address processing delay.
- State agencies pay any interest due with the first payment under a contract to help NFPs alleviate cash flow problems.

Further, the report states, “The NFP community must be a priority so that all New Yorkers can recover from these challenging times and thrive. As we work to restart our State and regional economies, New York must do everything it can to continue to support and stabilize our NFP community.”

### ***Capping Insurance Costs***

Human services providers also continue to face serious financial constraints due to rising insurance premiums and have raised these issues with state elected officials over the past two years. Children’s Aid has personally experienced tremendous increases. In 2020, the cost of the Group of Basic Coverages (General Liability/Professional/Sexual Abuse and Molestation) + (Property/Auto) went up about 39% for Children’s Aid costing the agency hundreds of thousands more to secure coverage.

The prices for excess (meaning, beyond the amount covered by the core policy) coverage increased dramatically as well and our deductibles also increased significantly across the board. We could not obtain excess coverage for SAM coverage or Professional liability at prices that made any sense, so we decided to self-insure on those excess coverages for FY21. The “hard” insurance market has continued, with further double-digit percentage increases in costs year over year, with carriers continuing to drop out of the foster care market. Indeed, the carrier who covered us during the past year for GL/PL/SAM has exited the market completely, forcing us to once again search for a new carrier. We are forecasting a further 15% - 20% increase in cost at our upcoming renewal in March 2022, if we are able to secure PL/SAM at all. For nonprofits like Children’s Aid, we are weathering this storm but without strong support from our government partners, we will be forced to determine which services and programs we continue to provide as our foster care contracts come with the mandate that we carry SAM and general and professional liability insurance.

### **Supporting Mandated Services: Foster Care**

Every day, Children’s Aid builds well-being through our foster care services. We provide preventive, family, therapeutic and medical foster care, and adoption services. In 2021, we served 679 youth in family-based foster homes and completed 19 adoptions and 19 Kinship adoptions. We also served 591 families in our preventive services programs in Central Brooklyn, the South Bronx and the north shore of Staten Island.

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### ***Shoring Up the Social Worker Workforce***

Having a qualified foster care workforce is essential for ensuring the mandated services are effectively delivered to keep children and youth in care safe and to also support the varied needs of families. However, like many human services sector organizations, we are experiencing a staff shortage. We currently have a 35% vacancy rate in our foster care division and are tirelessly working to find innovative ways to attract new and maintain existing staff. Unfortunately, we are competing with corporate companies, hospitals and also government agencies that can pay between \$15,000 to \$30,000 or more than what we are able to provide.

This puts our ability to deliver quality services at risk as social workers who stay see their caseloads increase. The lack of staff also has ramifications on the lifeline of a youth or child in care. Research shows that each time a case manager changes, youth will remain in care an additional 6 months to a year and half as new staff members are trained and become familiar with their cases.

To stem the tide on the challenges that foster care providers are experiencing with workforce shortages, Children's Aid stands with COFCCA and support the following proposals for the FY23 State Budget:

- COFCCA recommends a significant state investment to raise salaries for workers in foster care programs — \$17 million each year for three years. To fund the salary increases, COFCCA recommends the state include an annual increase in the state-set foster care rate, the Maximum State Aid Rates (MSAR) as well as providing parity with any workforce increases provided during the budget for the foster care workforce.
- COFCCA also recommends that the state expand the NYS Child Welfare Worker Incentive Scholarship Program and the NYS Child Welfare Worker Loan Forgiveness Incentive Program, increasing funding to \$1 million each for a total investment of \$2 million. These programs are currently funded in the FY23 budget at \$50,000 each which is not enough to fund the workforce needs across the state.
- COFCCA supports A6008-B by Assemblyman Bronson and S5301-A by Senator Brouk which would standardize the requirements for licensure as a mental health practitioner and modernize the scope of practice to include diagnosis. An exemption that was granted for certain practitioners licensed under Article 163 of the Education Law ended in 2022.

The additional investments in salaries and the workforce pipeline enhancements will greatly assist the foster care sector to stabilize recruitment and retention across the state. Finally,



Children's Aid supports COFCCA's proposal to enhance community supports and foster care services. They are:

- Lift up the request by COFCCA to increase financial support for foster parents included in the Executive Budget (ELFA Part O). We recommend the enacted budget include state investment in the Foster Care Block Grant to ensure full and successful implementation.
- Support the extension of the child welfare financing structure in the Executive Budget (ELFA Part N). We strongly recommend that the enacted budget includes child welfare financing reimbursement for counties at 65%, as statutorily required. For several years, the state has unfortunately funded the reimbursement at 62%, shifting the burden of covering the additional costs for much needed community-based preventive services on counties across the state.

Community-based resources are vital to ensure that the states' foster care numbers continue the positive downward trend. More than two decades ago, there were 60,000 children and youth in foster care across the state and in 2022, there are currently 17,000 children and youth being cared for and kept safe in the system. It is because of the investments in community-based programs like preventive services that have kept families out of the system. At Children's Aid, 98% of the families that engage with our preventive programs DO NOT end up in the foster care system.

### **Investing in Early Childhood Education**

Integral to Children's Aid's mission are our early childhood education programs. We serve 735 infants, toddlers and preschoolers across a total of 9 sites where 83% of the children we serve live in poverty. Our Head Start, Early Head Start and PreSchool services are delivered by a team of almost 300 professionals who respond to and support the various needs of children and their families both onsite (co-located in public schools, community centers and New York City Housing Authority facilities) and in the home. We offer a 0-5 early childhood education program that focuses on enhancing cognitive and reasoning ability, fostering literacy skills, building self-esteem, and facilitating healthy social maturation.

During the pandemic, early childhood education and childcare programs have been essential services supporting the ability of New York's families to re-enter work knowing their children are in safe and caring learning environments. The early childhood education system is also vital to the economic recovery of the state. This is an opportune time for the state to make additional significant investments in the childcare sector to expand services across the state. As a member of the Empire State Campaign for Child Care (ESCCC) and Winning Beginning NY (WBNY) coalitions, Children's Aid supports the following recommendations:

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- ***Create a high-quality, culturally responsive universal child care system within 4 years.*** The universal program would be available to families regardless of income or immigration status and would require an estimated investment of \$2.8 billion by the state.
- ***Raise the salaries of the childcare workforce by extending stabilization grants and creating an early childhood education workforce compensation fund*** until payment rates are increased. The sector is experiencing a staffing shortage and similar to the foster care sector, childcare providers are competing with local departments of education and also retail and fast food corporations who can often pay more for its workers.

These recommendations and others put forth by the ESCCC and WBNY coalitions could be funded by the remaining CRSSA/ARPA COVID relief funds, unrestricted ARPA funds, existing CCDBG funds, projected Build Back Better resources, state tax revenues and possible employer-side payroll tax. Regarding the workforce proposals, leftover stabilization grant funding could help support investments for the sector.

### **Protecting Domestic Violence Funding**

Founded in 2001, Children's Aid's Family Wellness Program (FWP) offers underserved families who have been impacted by domestic violence comprehensive intervention and prevention services aimed at helping them establish long-term safety plans and heal from the devastating effects of abuse. Specifically, Family Wellness offers nearly 500 children, women, teens and families annually access to crisis intervention, individual and group counseling, case management and emergency financial assistance. The Family Wellness Safe Way Forward program provides services to families impacted by intimate partner violence. Our program also works with the abuser, because we believe it is an imperative step to mending the relationship with the children and family and breaking the cycle of violence.

Prior to the pandemic, we were challenged with meeting the demand for services and operated with a waiting list. During the pandemic and the recent wave of Omicron, we've seen a tremendous uptick in DV and IPV cases in all the communities we serve. To meet the demand, we are offering (when we can and when appropriate) individual and group counseling and therapy sessions. Children's Aid was extremely concerned to learn that the Governor's FY23 Executive Budget did not include increases to the Office of Victim Services (OVS) to address the annual decrease in federal VOCA (Victim in Crime Act) for the past four years. As a result of the underinvestment, the FY21 VOCA State Assistance Grant Award was \$140 million less than it was in FY18 resulting in planned cuts by the state to crime victim service providers for the next RFP process from 2022 - 2025. Additionally, OVS canceled \$16.7 million in current contracts for legal services providers. And the impact is already being felt with several legal service providers no longer taking new clients.



Children's Aid is concerned as we currently receive two grants from OVS totaling almost \$720,000 which supports seven staff members who provide therapeutic services to domestic violence survivors and also victims of any crime. This funding also supports the ability of staff to connect survivors and victims of crime to concrete services (housing assistance, food resources, mental health and services, etc.) and assistance with completing victim compensation forms. These vital services are primarily administered to youth and families residing in Upper Manhattan (East and Central Harlem, West Harlem and Washington Heights) and the South Bronx.

To mitigate the potential harm cuts might have to the communities we serve, Children's Aid supports the recommendation of the New York State Coalition Against Domestic Violence (NYSCADV) to do the following:

- Earmark \$280 Million of the State's surplus funds or address OVS' massive cuts to New York's essential crime services. New York State relies on several federal funding streams including Victims of Crime Act (VOCA), Violence Against Women Act (VAWA), Temporary Assistance for Needy Families and Family Violence Prevention and Services Act (FVPSA) to support much needed services for hundreds of thousands of victims of crime and domestic violence.

If the state fails to act on restoring the funding to OVS, cuts to essential programs like rape crisis centers, legal assistance services, mental health, child protective services and programs that address the needs of crime victims and special populations like LGBTQIA/youth will be decimated.

## **Closing**

Children's Aid sincerely thanks the New York State Legislature for their support of New York's children, youth and their families. Ensuring that New Yorkers have the best opportunities available to them so that they are able to realize their full potential is not only the right thing to do, but imperative for the future of New York State. We believe that one way to do that is to invest in the human services sector's workforce, services and programs. As hubs of coordinated, holistic programs and opportunities partnering with communities and neighborhoods across the state, our sector has shown time and again that we are dedicated to supporting the ability of children, youth and families to thrive.

Thank you again for the opportunity to submit testimony on these critical issues in the lives of children and families in New York State. Please feel free to contact Yolanda McBride at [ymcbride@childrensaidnyc.org](mailto:ymcbride@childrensaidnyc.org) with any questions regarding this testimony.