



**Testimony of United Neighborhood Houses
Before the New York State Assembly and New York State Senate
Joint Legislative Public Hearing on the FY 2022-FY 2023 Executive Budget
Topic: Human Services**

**Assembly Committee on Ways & Means, Assemblymember Helene Weinstein, Chair
Senate Committee on Finance, Senator Liz Krueger, Chair**

**Assembly Committee of Social Services, Assemblymember Linda Rosenthal, Chair
Senate Committee on Social Services, Senator Roxanne J. Persaud, Chair**

**Assembly Committee on Children and Families, Assemblymember Andrew Hevesi, Chair
Senate Committee on Children and Families, Senator Jabari Brisport, Chair**

**Assembly Committee on Aging, Assemblymember Ron Kim, Chair
Senate Committee on Aging, Senator Rachel May, Chair**

February 2, 2022

Thank you for the opportunity to testify on the FY 2022-2023 Executive Budget and Human Services. United Neighborhood Houses (UNH) is a policy and social change organization representing 45 neighborhood settlement houses that reach 765,000 New Yorkers from all walks of life.

A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

Settlement houses continue to play a pivotal role in helping New Yorkers get through the COVID-19 pandemic, and are delivering essential services to New Yorkers every day—services like housing assistance, mental health services, home care, workforce development, early childhood education, food assistance, youth programming, and case management.

At the same time, low wages tied to low reimbursement rates are keeping human service workers underpaid for the essential work they do, leading to staffing challenges and service disruptions. Economic recovery from the COVID-19 crisis will only be possible if settlement houses are able to continue serving their neighborhoods. UNH looks to our State Legislative leaders to preserve and strengthen the programs outlined below, and to develop a comprehensive, long-term plan for ensuring the economic security of all New Yorkers going forward. Specifically, we outline budget priorities for the Settlement House Program, child care, after school, Adult Literacy Education (ALE), home delivered meals for older adults, Naturally Occurring Retirement Communities (NORCs), and nonprofit human services.

Settlement House Program

The Settlement House Program provides innovative funding for community-based supportive services for children and families at 53 settlement houses across the state, including in Albany, Buffalo, New York City, Rochester, Syracuse and Utica. The majority of these services are provided through United Neighborhood Houses' (UNH) membership of 45 settlement houses. **The Legislature should invest \$5 million into the Settlement House Program in FY 2022-2023.**

Settlement House Program funding is particularly urgent given the massive increase in community needs due to COVID-19 and pandemic recovery. Since the beginning of the crisis, New York's settlement houses have gone to tremendous lengths to provide essential services to their communities, providing emergency food, counseling, shelter, youth and family supports, and more. At the same time, settlement houses are bearing the brunt of unstable state and local budgets. The Settlement House Program remains one of the few sources of innovative and non-siloed- government funding for settlement houses, allowing each one to respond to the unique needs of its neighborhood.

For example, Settlement House Program funds support COVID-19 relief in the following ways:

- A settlement house in Syracuse uses Settlement House Program funds to support a basic needs pantry that provides fresh produce and personal care items, which has seen a massive increase in demand throughout COVID-19.
- A settlement house in Manhattan uses funds to support an eviction prevention counseling program, which has become a particularly urgent issue as more low-income New Yorkers face severe economic hardship due to the pandemic.
- A settlement house in Albany uses the funds to provide job readiness workshops and placements for young people who are more at-risk of being disconnected because of COVID, and will serve as essential workers as our economy recovers from the pandemic.

While the Settlement House Program allows settlement houses to adapt funding to meet local needs, programs must comply with strict contracting rules set forth in a multi-year procurement process led by the Office of Children and Family Services (OCFS), as well as provide consistent outcome reports throughout the contract period. The most recent five-year contract period began on September 1, 2021 following a Request for Applications (RFA) process. In recent years, new organizations have committed to the settlement house model of serving individuals and families in their communities, and have become UNH members. As a result, a net five new settlement houses became Settlement House Program grantees during the most recent procurement, representing 53 total programs.

Funding Needs

UNH is grateful to the Legislature for funding the entirety of the Settlement House Program each year. The Legislature has supported this program at various levels over the last decade, reaching as high as \$8.4 million at the height of the economic recession in FY 2009-2010 and as low as \$2.45 million over the last several budget cycles. The FY 2021-2022 Enacted Budget once again was funded at \$2.45 million, but due to the program's growth in 2021 with five new programs ***many individual settlement houses experienced a funding cut this year.*** With program growth and at a time of great economic struggle, a modest investment of \$5 million into the Settlement House Program will allow New York's settlement houses to ensure vulnerable people have the tools they need to recover from the COVID-19 pandemic.

Child Care

Settlement houses began some of the first kindergarten programs in New York State in the early 20th century, and early childhood education programs remain an important component of serving their communities. Settlement Houses run approximately 75 child care programs of all modalities (contracted center based programs, contracted Family Child Care networks, Direct Headstart programs, and private pay), serving their communities with dedication and quality care. UNH represents its members interests and needs across several platforms, including through its active membership in the Empire State Campaign for Child Care.

New York State, after two years of pandemic related challenges, is at a moment of unprecedented need for bold action towards a universal child care system. The COVID-19 pandemic proved how dire the need for accessible, quality child care is for parents, and how important it is to support the child care workforce and providers. At a moment when the new wave of COVID-19 is once again challenging providers, educators, staff, and parents, the New York State Legislature should take steps to ensure that every family who needs access to high quality, reliable, and affordable child care has the opportunity to have this access.

Without reliable and expanded access to quality child care subsidies:

- New York families cannot adequately go back to work, and thus sustain much needed economic stability.
- Employers cannot recruit and retain employees.
- New York children are denied the quality education and professional support they need at the most important time in their development.

The investments proposed in the Executive Budget for child care services are important, but are minor steps to move New York State forward. Based on the needs of the child care field, we urge the Legislature to go beyond the proposals of the Executive Budget, and increase total state investment in child care to \$5 billion, in order to take large steps towards achieving universal child care. This investment must do three things simultaneously to guard against destabilizing the child care sector or inadvertently harming New York families as the State transitions to a universal system:

1. *Provide universal, guaranteed access to child care subsidies of the family's choice for children infant to school age with no eligibility requirements (income, work, immigration status or any other factor)*

Governor Hochul's Executive Budget proposes to raise the family income threshold for child care subsidies eligibility to 300% of Federal Poverty Level by FY2025; with only a raise up to 225% in FY2023 from its current threshold of 200%. The initial expansion is projected to cover 100,000 more children, still leaving many without access. Furthermore, this proposal does not address the rules that govern eligibility requirements (such as means testing and work requirements), which inadvertently leave many families ineligible even if they remain under these proposed income levels. New York State must aspire to implement an universal child care system within four years, and **the FY2022-2023 Enacted Budget should include an immediate raise to 300% of FPL for eligibility as a strong first year goal, plus set aside at least \$2.8 billion towards expansion and elimination of means testing.**

2. *Significantly raise workforce wages by extending stabilization grants and creating an early childhood workforce compensation fund with the ultimate goal of reaching parity with the public school system compensations.*

For the child care sector to thrive and contribute to the larger economy, New York State must first pay its 70,000 strong child care workforce a living wage. The \$75 million workforce investment in the Governor's Executive Budget, while helpful and much needed, is not enough to start addressing the wage inequities that have defined the child care sector. **By creating a workforce compensation fund of at least \$500 million, the State can lift up child care workers from poverty and thus ensure that programs that are needed for the expansion of the system are adequately staffed**, while also preventing the wage increases to be reflected on parents as an increase in costs. Additionally, **the Enacted Budget should authorize \$800 million to continue the Child Care Stabilization Grant Program.**

3. *Increase child care provider reimbursement rates to reflect the true cost of care.*

New York State must reimburse its providers at rates that allow them to run quality programs with dignity. The current reimbursement system relies on the market rate survey, which is based on what providers charge parents for their services rather than what running a child care program truly costs. Consequently, a reimbursement system based on the market rate survey leaves providers scrambling to make ends meet. The Executive Budget only proposes to allocate \$125 million to *maintain* the reimbursement system which will be barely enough to keep the system steady with the projected rising costs. **The Enacted Budget should invest at least \$600 million in order to move New York toward paying rates that reflect the true cost of care including wages that are on par with elementary school teachers.**

Advantage After School Programs

After school programs are a place where youth can participate in activities that contribute to their social-emotional development, while being outside a classroom and in a safe, supervised environment. After school also acts as a crucial support for working families to ensure they have safe, reliable, and affordable child care for school-aged children. COVID-19 has only underscored the crucial role that after school programs play for young people and their families.

UNH applauds the investments proposed in the Executive Budget for after school programs, particularly the decision to maintain funding for the Empire State After School Program. However, these actions are incomplete as after school investments have remained level for years and only support a cost-per-participant rate of \$1600, which does not accurately reflect the true costs of programming. In order to reflect the costs of high-quality afterschool programming, **the FY2022-2023 Enacted Budget should invest an additional \$87.5 million in the Empire State After School Program.**

New York State also must take additional action in **the FY 2022-2023 Enacted Budget to strengthen the Advantage After-School Program by restoring the \$5 million investment to support after-school programs for 2500-5000 children, as well as investing an additional \$40.4 million** so that there is an average cost-per-participant of \$4300. This will ensure that youth in New York State can have access to high-quality, engaging programming while recovering from the COVID-19 economic and social crisis, and that staff are paid equitable wages.

Finally, New York must streamline the current contract process for a timely execution of contracts and payments to awarded after school grantees. This includes streamlining the current contract process for a timely execution of contracts and payments to awarded after school grantees. With the grave impact of COVID-19 and unexecuted contracts, many afterschool programs had to close or bear the brunt of running their programs at unsustainable levels. In the UNH network, settlement houses running Advantage After School Programs went about two years without being reimbursed for their work. This

leads to cash flow challenges, potential missed payments for staff, and even programs closing because they cannot afford to float the State cash. It is crucial that the State pay contracts promptly and fully for services provided.

Adult Literacy Education (ALE)

New York is home to 3.9 million adults without English language proficiency or a high school diploma. Many of these New Yorkers have been on the frontlines of the pandemic, performing the essential work that has been sustaining our communities – as farmers, grocery workers, home care aides, and parents. Others are service workers who lost their jobs and incomes and have faced a harsh reality with little or no safety net. While adult literacy education is only one part of the solution, it will be essential to a fair, just, and sustainable recovery.

Currently funded at \$7.8 million, New York State’s Adult Literacy Education (ALE) program is delivered by trusted community-based nonprofits with culturally competent staff, and they can leverage wrap-around support services to better serve students. ALE, which flows through the New York State Education Department, is the only state funding stream available to community-based organizations, colleges, and libraries that is flexible enough to serve individuals who do not meet the citizenship requirements and workforce outcomes that are embedded in the majority of state- and federally-funded adult education programs.

While the state’s investment in ALE only covers classes for 3% of the population in need, ALE funding has been held flat for seven years, with the last notable increase in FY 2015-2016. At the same time, adult literacy students have struggled with job loss, food and housing insecurity, caring for family members, risks as essential workers, immigration issues, mental health issues, and access to healthcare – and all of these challenges have been exacerbated by limited reading, writing, English language, and/or digital literacy skills.

As the cost of services continues to increase, ALE needs new investment to adequately support the academic goals of the 5,600 students that are currently being served in state-funded literacy classes. **UNH calls on the State to create a new Adult Literacy Education (ALE) Stabilization and Enhancement Fund with a new investment of \$15.6 million, for a total of \$23.4 million in FY23 to effectively triple the contract rates for ALE-funded programs to provide a fuller range of supports and services to their students.**

The ALE Stabilization and Enhancement Fund would enable state-funded programs to strategically invest in additional resources, services, and supports that will lead to greater outcomes and a wider range of impacts for adult literacy students, their families, and their communities. For example, tripling the level of investment per student would enable programs to upgrade their technology, internet, and digital access; increase the number of full-time counselors and teachers; provide more professional development to instructors on topics like digital literacy and culturally responsive adult education; and expand the number of partnerships and referral relationships that adult literacy programs have with other social and human service providers.

Home Delivered Meals for Older Adults

Home delivered meal programs, often referred to as “meals on wheels,” are a key component of community-based supportive services for older adults, ensuring that homebound seniors have access to both healthy food and social supports. Nonprofit home delivered meals providers deliver a daily nutritious meal to homebound older adults who are unable to prepare their own food, while also providing support to combat social isolation. As demand for these services skyrocketed during the COVID-19 pandemic, nonprofit providers grapple with insufficient funding including an inability to pay staff a competitive wage, and the older adult population continues to grow statewide, it is critical for the

State to invest in a robust home delivered meals system that keeps older adults in their homes and allows for increased capacity. **The State can support this need by investing \$14.1 million in NYSOFA-funded home delivered meals programs.**

The Need for Home Delivered Meals

Home delivered meals programs have been significantly underfunded for many years, with the COVID-19 pandemic putting even greater strain on the system. Statewide, there has been a huge uptick in demand for home delivered meals throughout COVID-19 as New Yorkers have faced greater financial insecurity and older adults in particular have been advised to stay indoors. At the same time, nonprofit providers with these contracts face significant financial damage where contracts do not cover the full cost of the program. Notably, in New York City the average per-meal reimbursement rate paid to nonprofit providers by the NYC Department for the Aging (DFTA) is 20% less than the national average cost of a home delivered meal in urban areas.¹ Despite losing money, settlement houses continue to operate these programs because they are mission-driven, in many cases have worked with their clients for years, and recognize that this delivered meal may be the only nutritious food available to many vulnerable homebound seniors.

Specific challenges providers face include severe difficulty hiring drivers and delivery staff at the low wages dictated by low contract rates, the rising costs of raw food, increased infrastructure and capital needs such as aging delivery vans and kitchen equipment, significant growth in the state's 65+ population, difficulty recruiting and retaining volunteers as a result of COVID, and higher food insecurity for older adults throughout the pandemic.

Waiting lists

Across the state, counties and nonprofit providers continue to keep waiting lists for services such as home delivered meals, case management, and county-run home care services due to insufficient funding to meet the demand, which has grown during the COVID-19 pandemic. Three years ago, the state allocated \$15 million in NYSOFA's annual budget to address these waiting lists, and last year the Legislature negotiated an additional \$8 million to address these unmet needs. Fortunately, these investments were included in the FY 2022-2023 Executive Budget and must be maintained to sustain current service levels.

While waiting lists continue to be a challenge and the needs are greater than available funding, the deeper systematic challenge is recruiting and retaining a talented and sufficient workforce to carry out these programs. Providers struggle deeply to hire home delivered meals drivers and deliverers, for example, and programs cannot meet the full demand without first being fully staffed. This year, the State should first stabilize the workforce through investments like \$14.1 million for Home Delivered Meals programs and fully funding Fair Pay for Home Care, and then look to allocate additional funding as needed to address new waiting lists for services.

Funding Needs

Home delivered meals programs are funded in large part through NYSOFA, primarily through the Community Services for the Elderly (CSE), Expanded In-Home Services for the Elderly (EISEP), and Wellness in Nutrition (WIN) budget lines. To alleviate the pressures on this system and ensure older adults can continue receiving meals and social supports, the State must invest \$14.1 million in home

¹ NYC budget, FY 2021; Mathematica Policy Research report, "Older Americans Act Nutrition Programs Evaluation: Meal Cost Analysis," September 2015:

<https://www.acl.gov/sites/default/files/programs/2016-11/NSP-Meal-Cost-Analysis.pdf>

delivered meals programs. These funds should be allocated through one of these three programs, preferably CSE to ensure the most flexibility.

Naturally Occurring Retirement Communities (NORCs)

NORCs are housing developments or neighborhoods that were not originally designed as senior housing but have naturally become home to a significant number of older adults over time. NORCs receive contracts to coordinate support from housing, social services, and health care providers to promote the health and stability of older adults living in apartment buildings and housing complexes, as well as in slightly lower-density neighborhoods and rural areas (Neighborhood NORCs or NNORCs)². Currently, the New York State Office for the Aging (NYSOFA) contracts with 43 NORCs throughout the State. NORCs have served as strong partners for older adults throughout the pandemic, helping them stay safe, healthy, and connected - in addition to serving as hubs for COVID-19 relief efforts by offering vaccination, testing, and PPE distribution on-site. ***This year, the Legislature must increase NORC funding by \$2.5 million - including a \$1 million restoration to support NORC nursing services and \$1.5 million to expand the NORC program to new sites.***

Healthcare Savings and Avoiding Institutional Care

Given the vast crisis in New York's nursing homes due to the spread of COVID-19, NORCs provide a proven community-based alternative that allows older adults to stay safe and healthy in their homes for longer. In many cases, NORC programs help older people avoid or delay entering institutional settings like nursing homes or emergency rooms.

NORCs are also cost-effective for the State: NORC programs serve residents on relatively small budgets while defraying more substantial costs to the State. For example, the annual cost of a nursing home stay for one individual in New York State can be as high as \$142,000 per year;³ this amounts to nearly the value of an entire NORC program contract, generally serving hundreds of older adults and helping them remain in their homes for longer. Nursing homes can often be prohibitively expensive, as few individuals can afford to pay out of pocket for care. As a result, nursing home residents become reliant on State and Federal support and subsidies such as Medicaid. Investing in NORCs can help limit these increased costs to the Medicaid system. NORC nurses also divert countless people from more serious healthcare visits through preventative care such as falls prevention workshops and individual counseling.

Nursing Needs - \$1 million

Despite their outstanding work during COVID-19 and beyond, NORCs face a specific funding challenge. Many programs struggle to meet requirements for on-site nursing hours, which are mandated in NYSOFA contracts in the healthcare management and healthcare assistance and monitoring categories. The vast majority of NORCs fill these requirements with nurses. In alignment with the NORC model, these nurses provide vital services that would not otherwise exist in the community, such as medication education, diabetes testing, flu shots, mobility and balance screenings, and doctor-patient connections. Many residents rely on these nurses as a main source of health care and truly value the consistent, quality care they provide. While no two programs are identical, the average NORC program utilizes 22 nurse hours per week.⁴

² Throughout this testimony "NORC" refers to both NORC and NNORC programs.

³ NYS Department of Financial Services:

https://www.dfs.ny.gov/consumers/health_insurance/long_term_care_insurance/cost_ltc

⁴ According to a survey of NORC Program Directors completed in November 2018 – note all additional data in this section was compiled from this survey.

At many NORC sites, providers have traditionally secured pro-bono nursing services sourced from hospitals, students, retired volunteers, and other means. However, these arrangements have become unstable in the wake of COVID-19, in addition to the growing need for health care as New York's population ages. Further, in 2019 the largest provider of nursing services to NORCs eliminated all of their pro-bono hours. From 2015-2018, NORC programs reported an average loss of 50% of their pro bono hours, from about 12 to 6 hours each week. Consequently, N/NORCs contracts do not fully fund the services required by NYSOFA.

In FY 2019-2020, the Legislature began to address this problem by providing \$325,000. This investment was restored in FY 2020-2021. In FY 2021-2022 it was increased to \$1 million to more adequately meet the need. Each NORC will be receiving \$23,256 in their 2022 calendar-year contracts from this funding, and crucially it will not be subject to unit of service increases. Restoring this \$1 million investment in FY 2022-2023 is crucial to address the reduction in pro-bono nursing hours.

Expansion - \$1.5 million

There is high demand for the State to increase the number of NORCs to help older adults continue living in their homes and communities. The NORC program last underwent an expansion in 2019, and at that time there were more applicants to the program than the State could afford to fund. With a modest \$1.5 million investment, NYSOFA will be able to create between six to eight new NORC programs across the State, which will serve hundreds if not thousands of older adults. NYSOFA has expressed their support for this expansion, and if funding is available they will issue a competitive procurement to select the new programs. This investment must also be paired with a statute update to increase flexibility on building height restrictions that have limited eligibility in the past; we expect this will advance this session via a NYSOFA departmental bill.

Funding needs

Thanks to the overwhelming support of the Legislature, the NORC program was funded at \$9.055 million in the FY 2021-2022 budget, which included \$1 million in nursing support. These funds have provided crucial support to the 43 NORCs across the state. A total of \$8.055 million was included in the FY 2022-2023 Executive Budget proposal (spread across four budget lines) and must be maintained, in addition to restoring \$1 million for nursing supports and adding \$1.5 million for a program expansion. This additional \$2.5 million investment in the NORC program for FY 2022-2023 would bring the program to a total cost of \$10,555,000.

Nonprofit Human Services

The State relies on the nonprofit human services sector to run crucial programs for New Yorkers in an effective, culturally-sensitive, and safe manner. From early childhood education to homelessness prevention to case management for older adults, the provision of these services keeps New Yorkers healthy, thriving, and engaged in the civic and economic life of their communities. Unfortunately, nonprofit human service contracts are plagued with many challenges, including delayed payments, insufficient overhead, inadequate wages, and a lack of available capital funding to repair aging facilities. The pandemic has exacerbated these challenges, and it is crucial that this budget include investments in nonprofit organizational health to keep the sector thriving and programs running.

The Governor has taken important steps to remedy some of these challenges in her Executive Budget proposal. Namely, a \$500 million investment towards Cost of Living Adjustments (COLAs) for the human services workforce, and a \$50 million investment to restore the Nonprofit Infrastructure Capital

Investment Program (NICIP). While there is more to be done to ensure that State contracting processes are more efficient, and that base-level pay for human service workers is set at a living wage, UNH celebrates the Governor's inclusion of these critical funds as a move in the right direction.

Cost of Living Adjustments (COLAs)

Although there is legislation ensuring an annual COLA for human service workers to be included in contracts with State agencies, for nearly a decade, the previous administration deferred on their obligation to include funding for these adjustments in the budget, leaving salaries for essential workers flat despite rising costs and inflation. The inclusion of \$500 million (a 5.4% adjustment) helps to begin to right that wrong, giving roughly 800,000 human service workers a much-deserved pay increase.

Still, the statute on human service COLAs is out-of-date and does not include all current programs contracted out by State agencies, meaning that some state-funded human service workers will be left behind without the Legislature's action. Because the COLA was never fully implemented since the statute passed, it is unclear the breadth of programs that are not covered. As written, the Statute governing these COLAs does not include some categories of workers. For example, NYSOFA's COLA only goes toward three budget lines (Expanded In Home Services for the Elderly, Community Services for the Elderly, and Wellness In Nutrition), but fails to cover crucial programs such as NORCs, Social Adult Day Care, and Transportation services. OCFS's COLA does not include staff working in after school programs. **State agencies should review their entire portfolio of human services contracts—including outcome based and other contract vehicles—and ensure all human services programs are provided a COLA, and the Legislature must update the COLA statute to be inclusive of all human service workers. Having this COLA be implemented across-the-board and inclusive of all human services nonprofits under contract with New York State will truly help achieve better pay equity across the State.**

Nonprofit Infrastructure Capital Investment Program (NICIP)

Many nonprofits run their programs out of aging buildings, and—without sufficient capital funding streams available—repair needs in those aging building compound, sometimes even interrupting service delivery when buildings become unsafe, HVAC units break down, or tumultuous weather threatens aging infrastructure. NICIP was funded from FY 2015-2018, with a total of \$120 million put towards the program, and during that period over \$300 million worth of eligible projects were proposed by nonprofits across the State. Of those who were awarded, NICIP was celebrated for filling a niche need and allowing them to undertake significant capital projects that improved the spaces from which human service programs are run. Bringing NICIP back signals the Governor is aware of the important role capital funds can play in high-quality service provision, and the investment will help hundreds of nonprofits make sorely needed building repairs. Still, nonprofits' need for capital funding is great, and **we urge the legislature to negotiate for an annual investment to keep the program open year-over year.**

In addition to the \$180 million in unfunded projects from the first round of applications, conditions have shifted significantly in the State since 2015. Specifically: COVID-19 and climate change have both changed the landscape, with nonprofits looking to improve ventilation/filtration to curb the spread of coronavirus indoors with programs happening and architects recommending weather-resistant improvement in spaces prone to extreme weather events. Annual availability of capital funds for nonprofits will help ensure that they can be proactive in responding to infrastructural challenges, rather than having those costs compound over time.

Thank you for the opportunity to testify. We are happy to answer any questions and can be reached at nmoran@unhny.org.