



Leadership, voice and vision for child welfare in New York State

Council of Family and Child Caring Agencies

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Submitted to: Assembly Ways and Means and Senate Finance Committees

Joint Legislative Budget Hearing on:

Economic Development

Thursday, February 26, 2026

The Council of Family and Child Caring Agencies (COFCCA) is a strong, statewide network of nonprofit child and family serving organizations that collectively advances practices and policies to secure the wellbeing of children, youth, families, and communities. COFCCA is the principal representative for nearly all the not-for-profit organizations providing foster care, adoption, family preservation, and juvenile justice services in New York State. COFCCA is comprised of over 100 member organizations, ranging in size from small community-based programs to the nation's largest multi-services agencies — all of which share the mission of serving children and families. COFCCA works with its members and government to ensure quality services for children and their families.

The Child Welfare sector is also a large employer in the state. According to data collected by COFCCA, more than 55,000 people are employed by our member agencies. Ensuring the viability of the sector is vitally important for the economy of the state.

COFCCA Budget Request Summary

The Council of Family and Child Caring Agencies (COFCCA) Supports:

- Expanding and Improving the Targeted Inflationary Increase and Wages in the Human Services Sector (HMH, Part P):
 - Increase the Governor's proposed 1.7% investment to 2.7% for nonprofit human services programs—to support the workforce and sustain critical services for hundreds of thousands of New Yorkers;
 - Equitably invest across the human services workforce by including prevention and health home care management programs as proposed in S.1580 (Persaud)/A.2590 (Hevesi) or S3669 (Persaud);
 - Ensure annual investments are fully realized by Voluntary Foster Care Agencies as proposed in A.718 (Hevesi)/S.4092 (Brisport);
- Stabilizing liability Insurance for foster care providers as proposed in A.9646 (Hevesi)/S. 9113 (Bailey) which would:
 - Establish a Foster Care Liability Insurance Risk Pool;
 - Provide \$20 million in direct state support to address significant liability insurance cost increases; and
 - Provide for timely updating of MSAR Rates that fully capture liability costs for VFCAs.

Council of Family and Child Caring Agencies

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COFCCA Budget Request Detail

We appreciate that Governor Hochul and the legislature have recognized the need for investments in the nonprofit human services sector in recent years through the provision of and Targeted Inflationary Increases. We recognize the Governor’s proposal for a 1.7% investment in the Human Services sector again this year, but note that the increase falls short of the full 2.7% request from the sector to keep up with inflation. Programs must have the ability to provide increases to their staff, and to keep up with significant inflationary costs for their operations.

- **COFCCA strongly supports increasing the Targeted Inflationary Increase to 2.7% in the final budget (MHM, Part P).**

We urge the state to ensure that Human Services investments are fully realized with equity for all programs supporting children and youth in New York State.

For the past several years, the Human Services investments through previous COLAs and now Targeted Inflationary Increases has been subtracted out of the calculation for foster care programs of their state-set rates, the Maximum State Aid Rates (MSAR) before adding the new investments. Given that our rates are based on costs from 2 years prior, and the investment is applied only on a 1 year basis, this represents a loss of cash flow to our agencies, hindering their ability to increase spending, which negatively impacts the opportunity for our agencies to build up their future rates to reflect the actual costs they are experiencing.

- **COFCCA strongly supports legislation--A.718 (Hevesi)—to ensure that the foster care rates continue growth year over year as we understand that is the intent of the Human Services investments—to add, not to subtract, from providers’ continued ability to meet inflationary cost pressures impacting rising heat, energy, fuel, and food costs, and to continue to grow staff members’ rates of pay.**

We must also address the human services workforce that has previously been left out of prior Human Services Cost of Living Adjustments. As the State continues to prioritize community based preventive services, we must include the workforce that supports children and families in their communities. The turnover rate among caseworkers in prevention programs in 2024 remains high, at 36% statewide, 44% in prevention programs outside NYC. The average starting salary for an NYS Prevention caseworker (Bachelors) is \$49,342 compared to \$65,001 in the public sector.

- **COFCCA strongly supports including programs that have previously been left out of Targeted Inflationary Increases, including community-based prevention services programs and Health Home Care Management Programs serving children, in TII as is proposed in S.1580 (Persaud) /A.2590 (Hevesi) and S3669 (Persaud).**

Stabilizing the Liability Insurance Market for Foster Care Providers

New York operates a state supervised, county administered, foster care system whereby most of the state’s approximately 14,500 children and youth in foster care are placed with private non-profit Voluntary Foster Care Agencies (VFCAs)¹. Counties contract with VFCAs for foster care placements. VFCAs are required per their contracts with counties to carry certain levels of commercial general liability insurance, professional liability insurance, and, depending on the county requirements—potentially excess umbrella liability coverage. Due to social inflation and increasing pressures in the insurance market, specifically related to foster care, agencies in NYS and nationwide are experiencing significant challenges in accessing and affording liability insurance coverage.

¹ <https://ocfs.ny.gov/main/sppd/docs/ffpsa-reports/outcome/2025-Q3-FFPSA-Outcome-Monitoring-Report.xlsx>

Some of the contributing factors to this challenge in securing liability insurance are “social inflation,” referring to a trend of higher jury awards and higher claims payouts due to high-profile cases covered in the media. “Social inflation” is causing insurance companies in many instances to assess and drop their risk—and it is happening across the country, not just in NYS. Other contributing factors include insurers’ concerns about VFCAs’ unabated staff turnover, vulnerability to cyber-attacks, and a newer trend in the market called litigation financing.

There are very few insurance providers in this sector already, and we have very recently begun to see the field get even smaller. This is becoming an increasingly dire issue.

The state must intervene to ensure access to this mandated coverage. Failure to act could lead to nonprofits being forced out of the field, leaving government responsible for the provision of these services. We must learn from the experience in California, where 19 foster care service agencies now [are unable to find](#) coverage since the insurer of 90% of the foster family agencies (FFAs) in the state halted renewals of coverage for all FFAs in the state. This has created a crisis in the sector in California - disruption for foster care parents and youth- and has left the counties struggling to either provide services directly or transfer youth and services other organizations who were able to obtain alternate means of insurance coverage.

Furthermore, in January 2025, the Nonprofits Insurance Alliance (the same company, NIAC, going by a different name outside of California), wrote an update to all of their insured agencies nationwide, stating that effective April 1, 2025 (though reserving the right to do so beforehand) they would not renew umbrella coverage including Improper Sexual Conduct & Physical Abuse (ISCPA), and Social Services Professional coverage for any of their insured foster family agencies nationwide.

There is very limited infrastructure and capacity in NY for counties to directly provide foster care services should VFCAs swiftly lose coverage as happened in California. In New York, VFCAs currently provide care for more than 75% of children and youth in foster care statewide, and 100% in New York City. Without state action to ensure adequate coverage options, children and youth, ultimately in the care and custody of the state, and their families will experience significant disruptions in their care. In order to avoid this same outcome in New York, COFCCA recommends the state proactively act with urgency to establish a risk pool for foster care programs to ensure continued access to insurance.

When foster care agencies are able to obtain continued insurance coverage, they are often forced to accept lower coverage levels at higher premiums, all while counties continue to maintain, and/or may continue to increase, their required coverage limits. Our COFCCA member foster care agencies reported rate hikes of between 20 to 40% in 2022-2023.² A recent report on the Financial Health of Child Welfare Nonprofits in New York State³ demonstrates that the majority of COFCCA members operate on very thin margins, have little Cash on Hand (an average of 40 days of cash on hand for NYC nonprofit COFCCA agencies, and an average of 45 days of cash on hand for rest of state nonprofit COFCCA agencies), and have no significant endowments or reserves. Agencies do not have the resources to pay for these increased costs.

The current administrative rate set by the state for VFCA’s (the Maximum State Aid Rate) must be modified to capture the full scope of the rapidly increasing liability insurance costs and reimburse VFCA’s for related expenses in the same fiscal year as they occur. MSAR rates currently use data from two years prior which don’t capture these increased costs when providers are experiencing them. Moreover, by including liability insurance costs in a capped general administrative parameter, many of our agencies are experiencing growth in costs that are excluded from rate calculations.

Lastly, the state must provide bridge funding to support VFCA’s in addressing liability cost increases absorbing that have not yet been captured in their rates, until changes to those calculations moving forward are in place.

² <https://www.aei.org/op-eds/justice-at-any-cost/>

³ https://cofcca.wildapricot.org/resources/COFCCA_Final%20General%20Report%20Jan2025.pdf (Enclosed)

- **COFCCA urges the state to assist the foster care agencies in these insurance access/affordability issues by passing legislation (A.9646 (Hevesi)) which would:**
 - **Establish an insurance risk pool in state statute** (such as has been done for auto insurance) which would ensure foster care service agencies have access to coverage, by requiring insurance companies providing general liability insurance in New York to cover a share of foster care providers, inclusive of professional liability and abuse coverage.
 - **Provide \$20 million in direct state support to address significant liability insurance cost increases** as a holdover for longer-term solutions. A similar step was taken in the California State Budget this past year to provide [\\$31.5M in funding to be distributed directly to foster care agencies](#) to offset costs for obtaining coverage. We recommend additional, immediate support be provided for providers who can demonstrate hardship, to help cover increased premiums foster care agencies are experiencing in their mandated liability insurance coverage.
 - **Provide for the timely updating of MSAR Rates:** Foster care agency insurance costs have increased 28% last year on average, but MSAR rates use data from 2 years prior which don't capture these increased costs as providers are experiencing them. Additionally, many of our agencies are experiencing growth in costs that will exceed state provided parameter increases, meaning that the MSAR calculation could exclude much of the cost in future rate calculations. We request that the MSAR calculation be modified to capture the rapidly increasing costs liability insurance cost increases in the same fiscal year as they occur, and that the state also work with providers to adjust parameters upward to capture the full scope of the costs.

In closing, we must ensure that the final state budget includes investments in our child welfare workforce, community-based supports and services to provide every opportunity for children, youth and families to have access to what they need to be well and to thrive.

Thank you for the opportunity to provide testimony.