

**New York Public Welfare Association  
Testimony on the  
2007-08 Executive Budget for Human Services to the  
Joint Fiscal Committees of the NYS Legislature**

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**Introduction**

The New York Public Welfare Association represents all fifty-eight local departments of social services statewide. Our members are dedicated to improving the quality and effectiveness of social welfare policy so that it is accountable to taxpayers and protective of vulnerable people.

An important factor underlying the executive budget for human services is the commitment to maintain the cap on Medicaid which limits the annual growth in local cost. This cap is an important step to preserve property and sales tax relief and enables local investments in human services to continue.

Our comments focus on the executive budget proposal for children's services and financial assistance programs. Along with our budget testimony we are including our 2007 Policy Priorities for reference. In summary, our policy priorities are to "Promote Child Safety, Permanency and Well-Being, "Advance Policies to Address the Complex and Interwoven Barriers that People Living in Poverty Experience" and to "Sustain Medicaid through Strategies That will Help Stem the Rising Costs".

We will also identify areas that merit further budget consideration. These recommendations include redirecting additional TANF dollars, from caseload re-estimates and from other TANF sources, to the Flexible Fund for Family Services. This would go a long way in providing the help necessary to improve the State's position in enabling families to be self-supporting and in avoiding federal fiscal penalties.

As the legislative session unfolds, many new ideas will come forward. We ask state elected officials to provide fiscal support for any new state mandates. It is impossible for social services districts to achieve new state goals without this support.

The state should also hold counties harmless for the state's administrative error regarding retroactive billing for OCFS state training schools.

## **State Budget for Children's Services**

### **Provide Stability with an Eye toward the Future**

We support the executive proposal to renew the child welfare financing legislation that is set to expire in June 2007. This extension will preserve 65% state reimbursement, net of federal funds, for child preventive, protective, aftercare, independent living and adoption services and will also continue the foster care block grant which pays for out-of-home placement. To bolster further investment in these services the state should quickly reinstate the ability to use donated funds in all districts, instead of the few that were grandfathered-in, in order to offset the local share. If additional funds should become available, the state can augment local investment in these services even more, by returning to the 75% state reimbursement structure that existed prior to the family and children services block grant of 1995.

Child Welfare funding has been volatile for the past twelve years, starting with major funding cuts followed by incremental restorations only to face another devastating hit. The most recent cut was in the 2004-05 budget when the State dramatically reduced its transfer of Title XX dollars into child welfare services. Today, child welfare services are staying afloat through the inclusion of federal Temporary Assistance to Needy Families (TANF) funds. Child welfare rests in a precarious position due to its current dependence on support from TANF dollars as other federal funding streams, such as, Title XX and IV-E, lag behind.

TANF funds currently allocated for child welfare will need to migrate to employment activities in order to avoid stiff federal penalties for not meeting temporary assistance work participation rates. Yet, this would leave a glaring deficit in child welfare funding, putting local districts in a quandary. For the long-term, the state needs to gradually begin to find its way back to investing state general funds into child welfare in order to ensure child safety. As a result, the state would not be so dependent on funding services with TANF dollars that are directly tied to reductions in the public assistance caseload.

### **Implement "Responsible" Billing: Hold Counties Harmless for Retro Rate Increase**

We are asking the State to take responsibility for 5 years of retroactive billing for the cost of placements in OCFS facilities (also known as "state training schools") which the state mistakenly overlooked for 5 years and then sprung on counties. Rates increased a shocking 51% for an estimated total of over \$100 million statewide. Rates have dramatically increased again retroactive to January 1, 2006. Counties are preparing to pay for the 2006 increase, but the prior 5 years (2001-2005) were not adjusted due to state inattention and error and should not fall on local governments to fix. The districts had no information suggesting that a sizable retroactive increase was on the horizon. Promises not to let it happen again, and to let counties pay the bill over an extended period, are mildly encouraging but do nothing to address the current fiscal burden and impact it would have on local taxpayers. Counties should be held harmless for this retroactive rate increase that was caused by a state agency administrative malfunction.

### **Fully Fund Any New Mandates**

We are aware that state officials are exploring the possibility of mandating caseload size to strengthen child welfare services in response to the release of a workload study report required by the state legislature in 2006. Caseload size is dependent upon fiscal resources and we ask the state to provide the necessary resources to support any new mandates that may be enacted; without this funding counties would find it necessary to shift resources from other needed child welfare services in order to comply, thereby addressing one problem while creating another one in the same system. The executive budget continues \$5 million to improve staff-to-client ratios; a thoughtful step, but one that does not reflect the gap indicated by the state's workload study.

### **Support Performance Based Contracting for Preventive Services**

There is a new proposal requiring outcome based provisions for preventive services. This requirement is scheduled to go into effect on January 1, 2008 to coincide with typical contract cycles in many counties. Some districts already have this in place; others do not. The NYPWA offers its expertise from local social services districts to OCFS as the state agency develops regulations to implement performance based contracting statewide.

### **Promote Technology Improvements**

State and federal administrative mandates and computer tasks create pressures on staff that become overburdened with requirements that keep them away from spending time with the families who need help. Technology should materially contribute to child safety, permanency and well-being by providing a system that supports casework practice. We have a long way to go to achieve that outcome.

### **Align State Policies to Help Cross Systems Kids**

We support the Governor's efforts to align policies across state agencies to more effectively serve children in foster care and others with complex needs that touch multiple systems. These state agencies include the Office of Children and Family Services, Office of Mental Retardation and Developmental Disabilities, Office of Mental Health, State Education Department, Office of Alcoholism and Substance Abuse Services, Office of Temporary and Disability Assistance, Department of Health, Office of Court Administration and Division of Probation.

The OCFS is pursuing a new Medicaid waiver to cover services for children in foster care due to the lack of commitment from state agencies to serve these children in the past. Our state currently has three separate waivers under OMRDD, OMH and DOH, which adhere to the same federal eligibility rules as the OCFS proposal. These existing waivers could, and should, serve foster care children; it is the state's own rigid policies from the past that have restricted participation. OMRDD, in particular, has blacklisted foster care children from benefiting from these services by excluding them as a group.

### **Stabilize Child Care Funding**

Child care is a critical work support for families on public assistance and for other low income parents struggling to provide care for their children. Local districts have experienced dramatic swings in their child care allocations from year to year even when the total state appropriation remains relatively consistent. Stable and rationale funding levels will go a long way in driving informed local decisions on investments in child care.

Any new state mandates regarding eligibility levels or curtailing parental fees would require a commitment of additional state dollars. Absent additional state dollars to meet new mandates, counties need the flexibility to invest the federal, state and local child care dollars available according to the needs of their communities. While some districts have invested additional TANF dollars in child care, other districts have used the TANF funds for other important services that support people living in poverty in their communities as dictated by local needs.

In 2007-08, \$533 million is provided in child care funds (comprising federal, state and local dollars). Within this amount, the General Fund support to local districts for child care subsidies includes an increase of \$4 million for a total of \$140 million. Districts may also dedicate FFFS dollars to child care as a local option.

### **Be Mindful of the Increased Demand for Adult Protective Services**

We ask state officials to be aware of the fact that adult protective services cases are becoming more demanding as people with disabilities increasingly live in our communities and require care outside of institutions. While there is general awareness of the growing aging population, many people in need of these services are young adults with a mental disability or a combination of mental illness and substance abuse issues.

Services are mandated by state law and cover individuals 18 years of age or older who, due to mental or physical impairments, are unable to meet their own essential needs for food, shelter, clothing or medical care and no one available who is willing and able to assist them responsibly. In addition, it assists those that are in need of protection from physical, sexual or emotional abuse, neglect, financial exploitation or hazardous conditions.

Funding is provided through Title XX which had diminished over the years and continues to be vulnerable to federal budget cuts.

## **State Budget for Financial Assistance Programs (TANF and Safety Net)**

### **Invest TANF Funds in TANF Families**

The most dramatic change in the past decade is the shift from cash assistance to a work support system that recognizes that people still need help in order to move toward greater independence. Many people on public assistance work but are in low wage jobs with insufficient hours to support their families. TANF funds should be strategically directed to efforts that will enable families who are eligible for financial assistance to achieve employment, job advancement and self support. TANF funds have been used for a variety of legitimate and valuable purposes in New York State that go beyond serving people in the depths of poverty. However, with federal fiscal penalties looming ahead, now more than ever, TANF funds should be redirected to persons on public assistance, at immediate risk of being on public assistance or transitioning off of public assistance. It is time to "Use TANF Funds for TANF Families".

**Services to families on financial assistance are an area that calls out for an increased investment.** It is important to note that this investment is from federal dollars that were once appropriated to pay for cash assistance. By reinvesting these TANF surplus dollars in services that support work, we are striving to lift families out of poverty for the long term. A more strategic investment of federal funds can help us to come closer to achieving that objective while avoiding federal fiscal penalties. Our goal for both the TANF and Safety Net populations is to promote strategies that address the hardships that people experience, which have prevented them from sustaining employment, while also making sure that we are meeting their basic needs.

While improved child support collections and the Earned Income Tax Credit have each played a key role in providing families with economic security; TANF support services are the other critical factor. This support can take many forms, such as, improved medical care, job coaches, training in new skills, transportation, child care, health insurance, mental health interventions, alcohol/drug rehabilitation, domestic violence counseling, housing, food stamps and energy assistance. The needs vary across the state, for e.g., lack of public transportation is an obstacle in rural areas but not in large cities. The WeCARE program in NYC is a model for how clinical/vocational assessments can lead to greater success and versions of this approach are being pursued in other counties.

### **Say "Yes" to the Flexible Fund and Take it Further**

We call on State leaders to maximize flexibility under the TANF Block Grant and enable local districts to steer the funding toward efforts that will place the state in a better position to meet performance targets. **Social services districts have built-in fiscal incentives to spend the funds on the services that will be most effective in lifting people out of poverty and in preserving federal funding.** The Flex Fund is only as good as the amount of money put into it.

Criticism of the fund can be traced back to the minimal investment of TANF funds that the state directs to it. Adequately funded, we believe the criticisms would soon dissipate as counties became able to invest in more outcome-based programs. The executive budget proposes a total of \$1.008 billion for the fund reflecting an increase of \$4.2 million; not enough to support a notable expansion. The executive proposal carves out \$65 million in programs formerly added to the budget by the legislature. \$15 million is provided for intensive case services to help engage families at risk of sanctions. In addition, \$35 million has been set aside for the Summer Youth Employment Program with the potential to use \$3 million of that total for alternative programs that serve families living in poverty. This flexibility is important as summer jobs are just one of many needs that families struggling on cash assistance experience. \$3 million is also carved out for non-residential domestic violence services. **It is time to infuse more federal TANF dollars into the Flex Fund. Make it viable. Make it work.**

### **Promote State Policies that Will Enable Us to Meet TANF Work Participation Rates**

A large number of people on public assistance already work, but do not work enough hours to meet the participation rate and do not earn enough income to move entirely away from cash assistance.

**We support the executive budget proposal that performance measures will be set for TANF funded State contracts with providers.** This requirement will be instrumental in fostering our ability to meet the federal work participation rates. The current estimate is that we need to achieve 43% participation, that is, 50% minus 7% due to recent caseload reductions. Districts met this level until the new federal rules eliminated many countable activities. New York State is about ten percentage points behind where we need to be. If we are able to use the additional caseload reduction credit points, as anticipated as a result of state/local expenditures beyond the maintenance of efforts requirements, we will have enough leeway under the new federal rules for the current year. However, state policies need to address the federal target now in order to have an impact on 2008.

**We are encouraged by the Governor's recent efforts to align policies across state agencies to require that all contracts funded with TANF dollars support compliance with federal work rules.** State officials need to drive home the message that state contracts funded by TANF must serve the population on cash assistance. Contracts need to include new data reporting requirement and outcomes. State agencies need to ensure that providers incorporate work activities so as not to jeopardize federal funding. We support the proposed budget language that calls upon OTDA and OASAS to develop job training protocols and employment expectations for individuals in the treatment process. This is exactly the type of initiative that can help us meet the participation rate. Judges and parole officers also need to ensure that court ordered activities conform to TANF work definitions whenever possible. The executive budget includes an allocation of \$11.4 million, under local administration, that will provide incentive payments to local districts that achieve a 50% work participation rate. However, there is a counterproductive disincentive to use these monies since they will be recouped from individual districts if work participation rates are not met. **It would be more effective to remove this disincentive in order for the state to partner with districts and to achieve success.**

### **Improve Technology**

We support the executive proposal to improve technology to make implementation more manageable. The need for technologically simple methods to collect caseload data and verify work activities is important in order to track information that counts toward the federal participation rates and to make it possible to monitor performance data. There is a compelling need to look at ways to make implementation of the new Federal TANF rules manageable, for example, so that work verification mandates can be met through use of Internet and swipe card technology. While the caseload credits and work definitions will require policy and budget changes, the problematic federal reporting requirements, work documentation and verification requirements will require creation of a technology infrastructure that aligns local district activities with the new federal information requirements. Effort is required to ensure that the state's data system is upgraded to incorporate verification components not currently operational. New federal penalties, based upon the new documentation and verification standards, go into effect Oct. 1, 2007.

### **Create a Better Future for "Child-Only" Cases**

While the TANF caseload has declined by over 60%, proportionally the number of child-only cases has risen to almost half of the caseload. These children are living with grandparents, or other relatives or adults, or have a parent who is on SSI or who is otherwise not eligible for public assistance. Special attention is needed for this population as these children are at increased risk of entering a life of ongoing poverty as they emerge into adulthood. We support OCFS and OTDA's collaboration on child-only cases.

### **Consider the Growing Safety Net Population**

The Safety Net caseload has been growing in some parts of the state while the TANF caseload has been shrinking. The population on the Safety Net is often not eligible for services funded through TANF. Since this caseload is a 50/50 state/local cost; it is worth taking a look at how to smartly invest in services for this population in order to control our costs while ensuring that basic needs are met. This population has all of the challenges facing the TANF population and often to a heightened degree. It also includes people with disabilities waiting for the federal government to act on SSI determinations.

### **Quick Summary**

The executive budget provides funding support for essential human services. Redirecting additional TANF dollars, from caseload re-estimates and from other TANF sources, to the Flexible Fund for Family Services would go a long way toward providing the help necessary to improve the State's position in enabling families to be self-supporting and to avoid federal fiscal penalties. We ask the state to provide fiscal support for any new state mandates that are considered during this legislative session. It is impossible for districts to achieve new state goals without this support. The state should also hold counties harmless for their error regarding retroactive billing for state training schools.

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