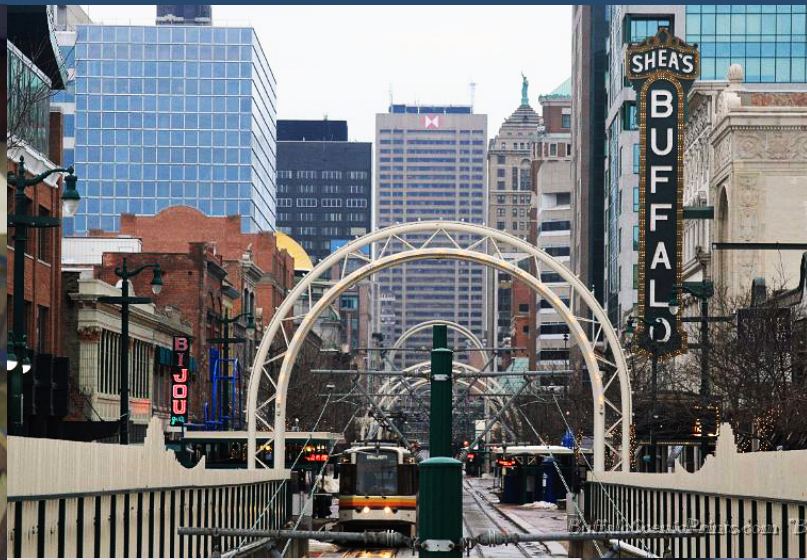


New York State's Historic Disinvestment in Human Services since the Great Recession: The Impact in New York City and Around the State



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This report is made possible thanks to the generous support of The Sirius Fund.

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1. Introduction and Key Findings

Human services aid from New York State shapes how local governments provide support to low-income children, families, and communities. Such funds help pay for direct services, services provided through nonprofits, and public assistance. In this report we examine New York State, New York City and county budget data to understand how State funding trends affect localities across the state and New York City in particular.

Since FY2011, most areas of state human services funding have suffered as a result of the Governor's stringent budget policy. This is true not just for New York City, but for all local human services aid throughout the state, particularly in the downstate suburbs. This human services budget austerity, at a time of increasing state revenue collections, has also had a profound adverse impact on nonprofit human services providers funded under local and state contracts to provide a wide range of public services, from child welfare preventive and protective services to adoption services to services for youth and the disabled, among others.

Historic human services disinvestment has occurred largely as a result of rigid state budgeting since FY2012 that has imposed a two percent annual cap on total spending increases. This spending cap has been applied unevenly across major spending categories and as a result school aid and Medicaid have grown on average by four percent annually and human services funding has been reduced for years on end.

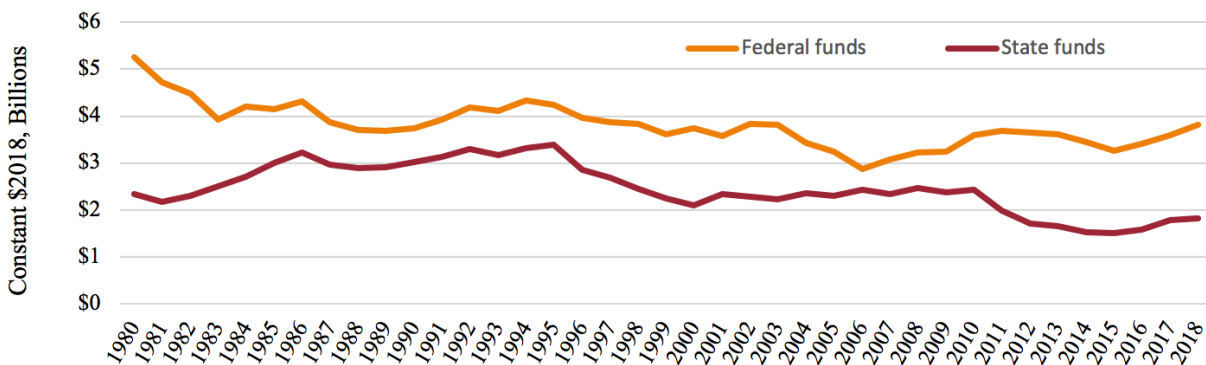
State funding comprises a significant share of New York City expenditures on human services. State categorical grants to the five agencies providing assistance to the city's children and vulnerable families totaled \$1.9 billion in City fiscal year 2018 and accounted for nearly a quarter of the budget of the Administration for Children's Services. A companion Center report to this one, ***Why Washington Matters: Federal Spending is Crucial to New York Children and Families***, catalogued various federal funding streams to the New York City human services budget.¹ While federal human services funding in New York City totals \$3.2 billion compared to the State's \$1.9 billion, certain program areas are heavily reliant on state support, including child welfare, early intervention and school health services.

The Federal report explored the vulnerability of human services funding to proposed budget-cutting by Congress in 2017 and 2018, and the likelihood that some of that vulnerability will remain in the President's upcoming federal 2020 budget. Still, inflation-adjusted federal funds for New York City human services were actually slightly higher (four percent) in 2018 than at

¹ Angela Butel and James Parrott, *Why Washington Matters: Federal Spending is Crucial to New York Children and Families*, Center for New York City Affairs at The New School, December 2018.

the end of the 2008-09 Great Recession.² In contrast, State funding for City human services was nine percent *less* in FY2018 than at the end of the Great Recession (FY2011). That is a remarkable development considering that total state operating-funded disbursements increased by nearly four percent in inflation-adjusted dollars over that time.³ Since 2011, State aid to New York City for human services has been below \$2 billion a year in 2018 dollars; that’s lower than it was in 1980 and for three decades in between.

Figure 1 : State human services aid to NYC has fallen since the end of the Great Recession in contrast to increased Federal aid



Source: New York City Independent Budget Office, data compiled from Comprehensive Annual Financial Reports, re-stated by CNYCA in constant dollars.

This human services disinvestment is evidence of State policymakers’ failure to use the state budget to respond to the very real daily struggles of many New Yorkers. As the State Legislature makes decisions about the Fiscal Year 2020 budget in the coming weeks, we call on them to consider how cuts to human services funding impede localities’ ability to provide the supports that children and families need to thrive.

Key Findings

- Since the end of the 2008-09 Great Recession, New York’s economy has grown steadily but State funding for human services aid to local governments has been slashed by 26 percent (FY2011 to FY2018.)

² For the purposes of this report, City and State FY2011 is considered the “end of the Great Recession” and its immediate aftermath. City FY2011 was the last year for significant federal stimulus funding to human services, although significant Title I education aid, Medicaid FMAP relief, and Build America Bonds aid continued in FY2012 and 2013. See New York City Office of Management and Budget, “Federal Stimulus Funding in the FY2013 Executive Budget,” May 2012.

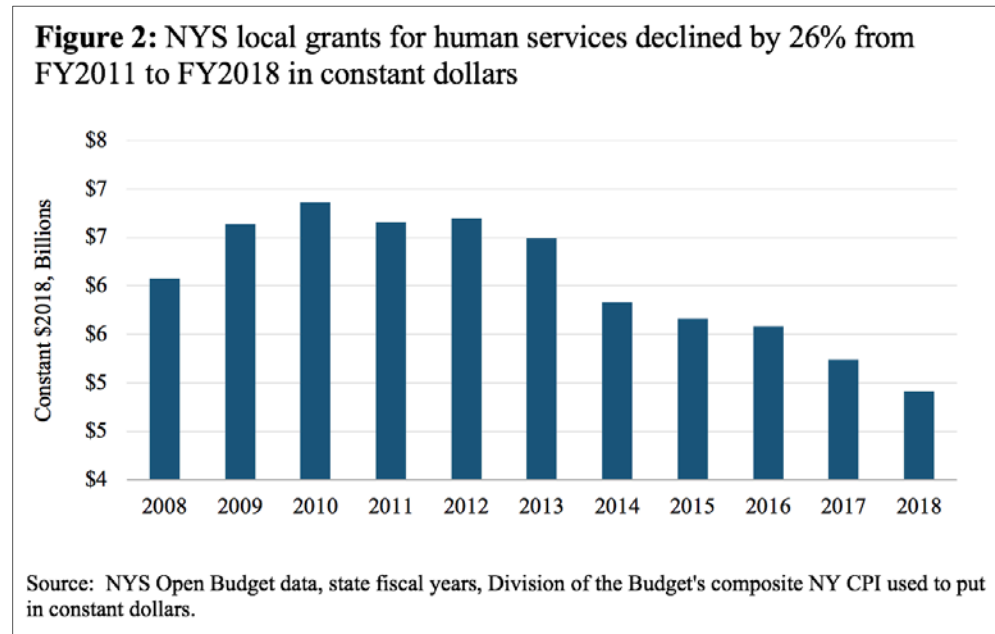
³ The composite NYS consumer price index (on a state fiscal year basis) estimated by the State Division of the Budget is used to determine constant dollar changes in this report.

- Recovery from the recession has been uneven and many areas contend with continued economic hardship and child poverty. The number of food stamp recipients in the suburbs and upstate is 57 percent higher than before the recession, and child poverty in several upstate cities ranges from 30 to 50 percent. These localities are forced to meet increased need with less funding help from the State.
- Downstate suburban counties have been hit the hardest by decreases in local aid. Nassau, Suffolk, Westchester, Rockland, and Orange counties experienced a collective 25 percent decline in State funding from 2011 to 2017 (the latest year for county-level, calendar-year detail), compared to an overall seven percent decrease in funding for upstate counties, and a 10 percent falloff in New York City. The corresponding statewide decline in human services aid is 21 percent for 2011-17 and a full 26 percent for the FY2011-18 term.
- The reduction in State local aid means counties have had fewer resources to fund services. Inflation-adjusted spending from all sources (local, state and federal) on human services, mental health and public health plummeted by 46 percent from 2011 to 2017 for the five downstate counties and by 32 percent for 51 upstate counties.
- Since FY2012, Governor Andrew Cuomo has proposed a 2 percent cap on increased spending for all State operating funds, placing fairly tight limits on expenditure growth. This spending cap has not been applied evenly; while Medicaid and school aid have increased 4 percent per year since FY2012, human services local aid has fallen by 5 percent annually.
- Localities spend a large part of State aid on contracts with human services nonprofits. Yet, these nonprofits have gone for years without even minimal cost-of-living adjustments and contract reimbursement rates have consistently been too low to fully cover nonprofits' costs. This adversely affects the predominantly female nonprofit human services workforce, who are paid significantly less than workers in analogous positions in other fields.
- State human services aid to New York City remains nearly nine percent (as of FY2018) below pre-FY2011 levels when adjusted for inflation. In FY2018, the State provided a total of nearly \$1.9 billion in human services aid to five New York City agencies providing assistance to the city's children and vulnerable families.
- If State human services funding to localities had grown at the same rate as the overall State budget since FY2011, the proposed FY2020 budget would be 44 percent higher (+ \$2.2 billion) than proposed by the Governor, and the amount going to New York City would be 20 percent greater (or roughly \$360 million higher than current funding).

2. Decline in Total State Human Services Local Aid and the 2% State Spending Cap

Substantial State reductions in human services spending since 2011 have hit most counties around the state.⁴ State funding for local human services aid totaled \$4.9 billion in State Fiscal Year 2018. This was a 26 percent reduction in inflation-adjusted dollars from Fiscal Year 2011. This has been a precipitous drop during a period of economic recovery and expansion. See Figure 2. This drop is in contrast to a nearly 10 percent real increase in spending from State Fiscal Year 2008 to 2011, during and immediately after the 2008-09 Great Recession, although the State budget was aided by considerable fiscal relief at the time from the federal American Recovery and Reinvestment Act stimulus program.

The statewide FY18 total in Figure 2 is comprised of monies from State General Funds for the following State offices: Children and Family Services (OCFS-\$1.5 billion), Temporary and Disability Assistance (OTADA-\$1.3 billion), Mental Health (OMH-\$1.1 billion), Persons with Developmental Disabilities (OPWDD-\$466 million), Alcohol and Substance Abuse Services (OASAS-\$361 million), and Aging (OFA-\$141 million.)



How the 2% State Spending Cap has been used to Squeeze Human Services Spending

Since his first budget in FY2012, Governor Andrew Cuomo has proposed and negotiated the acceptance by the legislature of fairly tight limits on expenditure growth from state operating

⁴ In New York, counties and the City of New York administer nearly all federal and state human service programs, including child welfare, foster care, adoption, child care, public assistance benefits, and emergency services to families in need.

funds. State operating funds encompass non-capital spending from state-generated taxes, fees and other income. In the proposed “All Governmental Funds” budget for FY2020 of \$175.1 billion, state operating funds are \$102 billion, federal operating aid is \$59.8 billion, and capital projects financed with state and federal funds are the remaining \$13.4 billion. The “2 percent spending benchmark” proposed each year by Governor Cuomo applies to state operating funds.

The two percent spending cap is not applied evenly across the board and the flexibility afforded to other priorities unfortunately contributes to the pressures on human services spending. For example, Medicaid and school aid, which together comprise nearly half (45 percent) of state operating funds spending, have their own higher limits, which since the inception of the spending cap approach have permitted increases averaging around four percent a year. Medicaid is supposedly limited by the medical component of the Consumer Price Index, and school aid is limited by the growth in state personal income as measured by the U.S. Department of Commerce’s Bureau of Economic Analysis.⁵

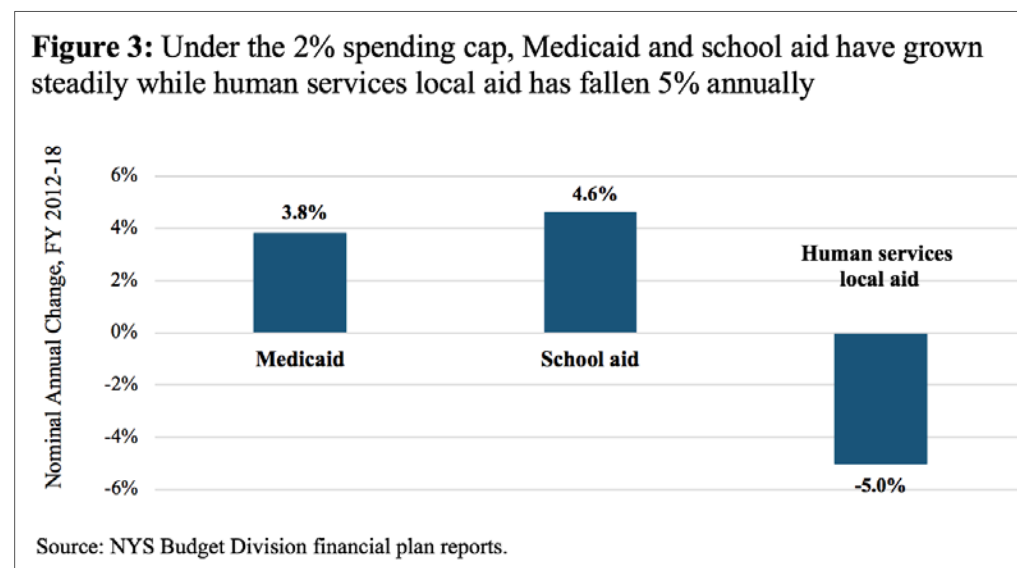
Since FY2012, Medicaid has grown 3.8 percent annually in nominal terms, while school aid has risen at an annual average of 4.6 percent—together Medicaid and school aid have increased 4.2 percent a year while local human services aid was reduced by 5 percent annually. See Figure 3.

Both Medicaid and school aid have powerful constituencies favoring spending growth. The arithmetic of the governor’s approach to the two percent spending cap reveals how human services ends up getting squeezed—if half of the budget grows four percent (or more), that means everything else in the budget gets zero increase, and if some of those other spending categories get small, but positive increases, that means other areas suffer cuts. That is what has happened to human services local aid, which accounts for only five percent of State operations spending. Spending categories like employee health insurance (4 percent of the State funds budget), transportation (5 percent), State agency operations (19 percent) and higher education (3 percent) have seen nominal increases since FY2012, but no other major spending priority has seen the sort of reduction as that borne by human services and mental health. In the hierarchy of budget priorities getting attention in Albany, human services has been at the end of the line.

As the State Comptroller and other budget observers have pointed out, the Governor maintains a flexible approach to the two percent spending cap, moving funds around and using budget

⁵ Indicative of the flexibility afforded the school spending growth limit, it was initially set in the FY2012 budget at a five-year average of personal income growth. It was changed to a one-year annual growth in FY2014, and in the FY2020 Executive Budget, the Governor is proposing to begin using a 10-year rolling average growth.

maneuvers as needed to suit his priorities.⁶ When it comes to human services, however, the spending cap has been unyielding, and cuts have been meted out again and again.



While it is not yet clear why there was a personal income tax revenue shortfall at the end of 2018 and the beginning of 2019, economic and revenue growth in this decade have not dictated the need for a two percent spending limit—that clearly has been a budget choice, one that amounts to unforced austerity. Total personal incomes in New York State have grown an average of 4.2 percent annually from 2011 to 2018, and New York adjusted gross income (essentially the revenue base for the State’s personal income tax, its major revenue source) has risen by an average of 4.4 percent annually.⁷ For several years, the Governor coupled his two percent spending cap with cuts to State taxes, including significant reductions in the corporate income tax and the estate tax.⁸ As part of the State budgets enacted from FY2014 through FY2017, tax cuts were adopted that lowered State tax receipts by an estimated \$1.9 billion in 2018, increasing to \$3.9 billion in 2020.⁹

⁶ See, for example, this assessment in State Comptroller Tom DiNapoli’s recent report on the FY2020 Executive Budget: “After numerous such actions [referring to various budget maneuvers] in recent years, the State Operating Funds measure as reported by the Executive has become a less meaningful gauge of spending levels and trends, and funding structures of questionable policy merit have become more prevalent.” Office of the New York State Comptroller, Report on the State Fiscal Year 2019-20 Executive Budget,” February 2019, p. 2.

⁷ Personal income data from the U.S. Bureau of Economic Analysis; NYS adjusted gross income from the NYS Division of the Budget.

⁸ Tax cuts adopted in March 2015 included lucrative sales tax breaks for the purchase of yachts and private jets.

⁹ Fiscal Policy Institute, Analysis of the Executive Budget, New York State Economic and Fiscal Outlook, 2017-2018, February 2017, pp. 11-12.

In the governor's proposed FY2020 budget, this picture only gets worse for human services. The two-year changes from FY2018 to FY2020 are Medicaid, + 10.4%; school aid, +8.4 percent; and human services local aid, -2.9 percent.¹⁰

Direct Human Services Contracts to Nonprofits

Local, state and federal governments rely heavily on nonprofit organizations to deliver human services.¹¹ In New York, nonprofits, and their workforce, have been hit hard by the State funding squeeze.

While there is a statutory cost of living adjustment (COLA) written into State law for the human services workforce, over the past decade the State has frequently canceled or postponed planned COLAs as a cost-saving strategy, increasing the burden on an already-underpaid workforce.¹² The governor's proposed fiscal year 2020 budget is the ninth budget in 11 years to leave out the COLA for human services workers.¹³ The Human Services Council estimates that this strategy has saved the State a total of \$540 million over the past eight years.¹⁴ While the FY2018 budget did include a 3.25 percent increase for workers in the developmental disabilities and mental health areas, it left out workers in other crucial areas, including youth workers, domestic violence counselors, case managers for children, and senior services workers.¹⁵

This consistent failure to match human services compensation to the rising cost of living has happened in the context of ongoing statewide minimum wage increases, up to the current level of \$15 per hour for New York City workers as of December 31, 2018. As the governor has publicly celebrated New York as a national example of offering "a fair day's pay for a fair day's work," the value of wages for human services workers has continued to erode.¹⁶

¹⁰ Based on Medicaid and school aid spending from the updated 30-day amendment version of the FY2020 financial plan, Feb. 2019, p. 23, and the corresponding table in the FY2019 Mid-Year Update, Nov. 2018, p. 16. Human services local aid series developed by the authors from Open Budget data.

¹¹ For more on the importance of federal funding to New York City nonprofits providing human services, see Angela Butel and James Parrott, *Why Washington Matters: Federal Spending is Crucial to New York Children and Families*, Center for New York City Affairs at The New School, December 2018. <https://www.centrernyc.org/why-washington-matters->

¹² Michelle Jackson, "Commentary: Human services workers deserve pay raise," February 9, 2019. *Times Union*. <https://www.timesunion.com/opinion/article/Commentary-Human-services-workers-deserve-pay-13603212.php>

¹³ Michelle Jackson, "Commentary: Human services workers deserve pay raise," February 9, 2019. *Times Union*. <https://www.timesunion.com/opinion/article/Commentary-Human-services-workers-deserve-pay-13603212.php>

¹⁴ Human Services Council, "Invest in the Human Services Workforce" one-pager.

¹⁵ Human Services Council, "Invest in the Human Services Workforce" one-pager.

¹⁶ New York State, "Governor Cuomo Announces Minimum Wage Increase to Take Effect on December 31st," December 26, 2018. <https://www.governor.ny.gov/news/governor-cuomo-announces-minimum-wage-increase-take-effect-december-31st>

Moreover, State reimbursement of human services agencies has consistently failed to cover the true costs they incur to provide services. A 2015 survey of New York human services nonprofits found that 44 percent of service providers reported that State contracts “never” covered the full cost of providing contracted services, with another 16 percent saying the State “rarely” covered the full cost.¹⁷ This chronic contract underfunding has been exacerbated as nonprofits’ costs have risen with the minimum wage increases.¹⁸ In the Fiscal Year 2019 budget the State finally added \$15 million to fund the minimum wage increase in human services contracts, providing some measure of relief for State-contracted nonprofits.¹⁹ However, this one-time funding did not include any provision to address “compression” salary issues, that is, increases for workers paid slightly above the minimum wage.

The topic of compensation for the human services workforce, particularly for workers employed by nonprofit agencies that are funded by government contracts is explored in more detail in the “New York’s Undervalued and Underpaid Nonprofit Human Services Workforce” box below.

3. Changes in State Funding for Local Human Services Aid by County

Although most counties around the state have seen a sharp decline in local human services aid from the State in recent years, suburban counties have been hit the hardest. Using data from the State Comptroller’s Local Finance Data portal, Figure 4 shows that declines for the five downstate suburban counties ranged from a 16 percent decline for Orange County to a 40 percent decline for Nassau Country from calendar year 2011 to 2017 (2017 is the latest year of data published by the Comptroller.)

As a group, the five suburban downstate counties saw a 25 percent drop in state local human services aid from 2011 to 2017, while 51 upstate counties experienced a seven percent decline and New York City a 10 percent falloff.²⁰ See Figure 5 below. The statewide decline continued in FY2018. While it is not clear exactly why the upstate counties were spared steeper spending cuts compared to the suburbs, it is possible that budget allocations were influenced in part by the fact of weaker regional economies in most upstate areas.

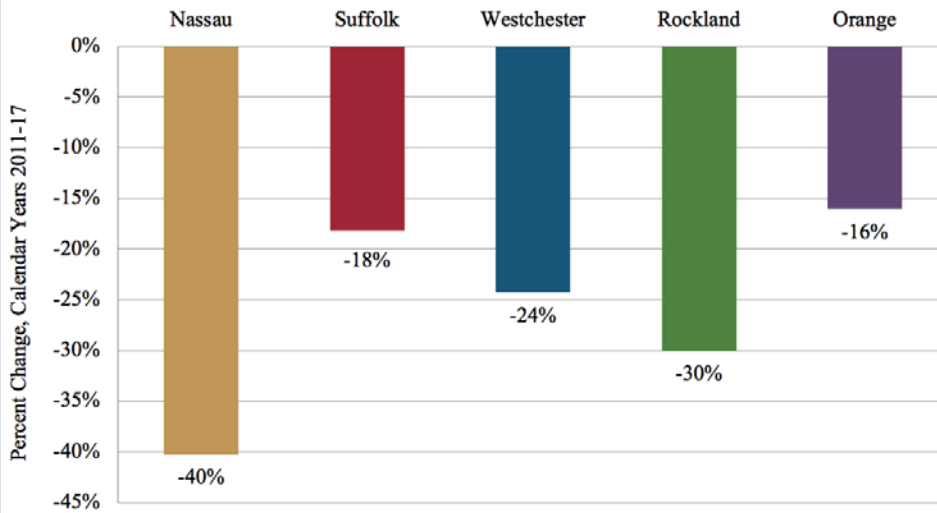
¹⁷ Nonprofit Finance Fund, *2015 State of the Sector Survey*. Responses from New York human services nonprofits.

¹⁸ Human Services Council, “Statement on the Enacted Fiscal Year 2018 State Budget,” April 20, 2017. <https://humanservicescouncil.org/wp-content/uploads/Initiatives/SustainOurSanctuary/Statement-on-the-FY18-City-Executive-Budget.pdf>. For more on the general under-funding of government human services contracts, see Human Services Council, *New York Nonprofits in the Aftermath of FEES: A Call to Action*, 2016; and Oliver Wyman-SeaChange Capital Partners, *Risk Management for Nonprofits*, March 2016.

¹⁹ Human Services Council, “Statement on the Release of the New York City Fiscal Year 2019 Final Budget.”

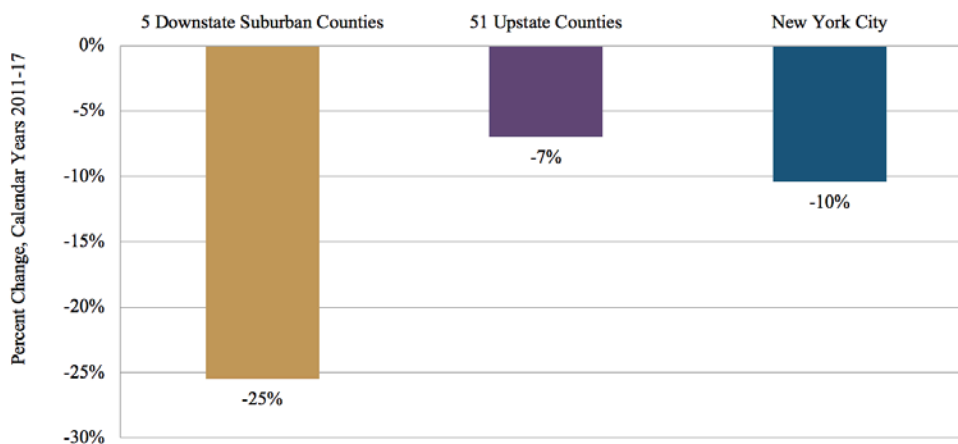
²⁰ The State Comptroller’s website did not report state human services aid for Cortland County in 2017.

Figure 4: NYS local aid for human services fell by 25% in the 5 suburban counties in constant dollars, 2011-17



Source: NYS Comptroller, Financial Data for Local Governments. Calendar years. Division of the Budget's composite NY CPI used to put in constant dollars.

Figure 5: Declining NYS Local Aid for Human Services, 5 suburban counties, 51 upstate counties, and New York City in constant dollars, 2011-17



Note: Data not available for Cortland County.

Source: NYS Comptroller, Financial Data for Local Governments. Calendar years. Division of the Budget's composite NY CPI used to put in constant dollars.

The reduction in State local aid for human services has meant that counties have fewer resources to fund local social services. Inflation-adjusted spending from all sources (local, state and federal) in human services, mental health and public health plummeted by 46 percent from 2011 to 2017 for the five downstate counties and fell by 32 percent for the 51 upstate counties,

according to the State Comptroller's data. For the counties outside of New York City the total spending drop was \$2.3 billion.

With their own fiscal resources constrained by the property tax cap and slowly growing sales taxes, counties have been hard pressed to respond effectively to continuing high demand for a range of human services. The next section summarizes the persistence of great need despite the recovery and the impact on the nonprofit workforce funded to provide services under government contract.

4. Continued Economic Need

While New York's economy has grown steadily since the end of the 2008-09 Great Recession, the recovery and expansion have been uneven across the regions of the state, and economic gains have been highly concentrated among the top earners. Economic hardships remain at elevated levels, particularly in many communities upstate. In addition, an aging population is adding to the service demands.

The social problems and challenges of child poverty are particularly acute in many upstate cities that have among the highest rates of child poverty in the country. Nationally, child poverty is about 20 percent, but five upstate cities have rates ranging from 45 to 50 percent, including Rochester, Binghamton, Buffalo, Syracuse and Utica. Niagara Falls, Troy and Albany have child poverty rates of 30 to 40 percent.

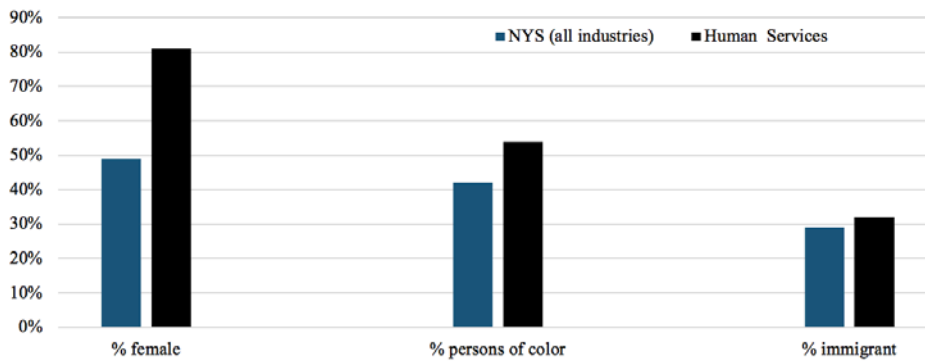
Many New York families have struggled to recover from the Great Recession. One indication is that the number of recipients of the federal Supplemental Nutrition Assistance Program (SNAP) statewide was 46 percent higher in December 2018 than in December of 2007, with SNAP receipt 57 percent higher in the suburbs and upstate. In part, this greater benefits-take up might be the result of enhanced outreach and enrollment procedures, but it likely also reflects a higher level of need than pre-recession. The number of recipients of Safety Net Assistance (the state-funded temporary cash assistance program for single adults and those ineligible for federal TANF) and Supplemental Security Income (assistance for the aged and disabled), were each about 15 percent higher this past December than prior to the Great Recession.

In this context, the demand for human services continues at heightened levels, particularly in communities that have been by-passed by recovery and economic growth. Inevitably, people turn to local government and nonprofits for assistance—but in recent years, many have been turned away as state funding has receded.

New York's Undervalued and Underpaid Nonprofit Human Services Workforce

Since the 1960s, most publicly-funded human services provision has been channeled through the infrastructure of nonprofit charitable organizations. In New York, the state and local governments contract with nonprofits for most publicly-funded human services. However, as noted above, these contracts often do not adequately cover the cost of providing those services. This underfunding results in the caring and dedicated nonprofit human services workforce being poorly compensated. This, in turn, causes high staff turnover, and undermines the professionalism and quality of service delivery provided to children, the disabled, and vulnerable families. And, it jeopardizes the financial viability of nonprofit human services organizations. This underfunding also constrains the living standards and career opportunities of a predominantly female workforce, a workforce that is also disproportionately women of color, and in many communities, heavily immigrant. See Figure 6.

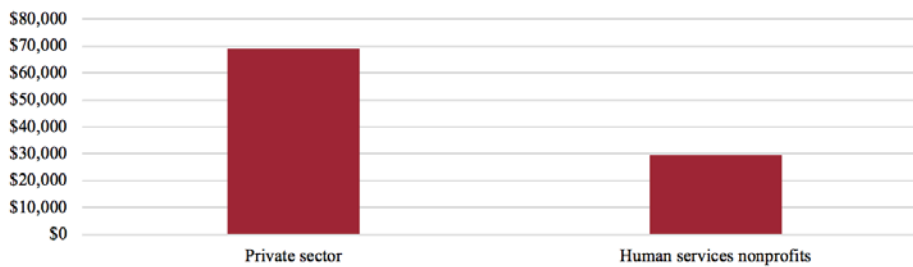
Figure 6: New York's human services workers more likely to be female, persons of color and immigrant than NYS's overall workforce



Source: Analysis of 2011-15 American Community survey.

As Figure 7 indicates, the average annual wage for nonprofit human services workers was \$29,600 in 2016, only 43 percent of the average for private sector workers in the state (\$69,100).

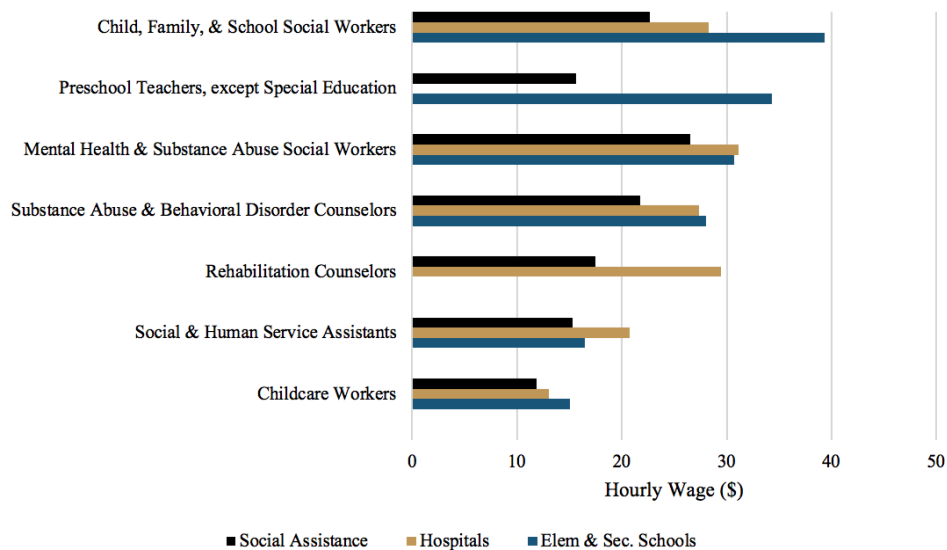
Figure 7: The average annual wage in NYS human services nonprofits was \$30,000 in 2016, only 43 percent of the average for all NYS private sector workers



Source: BLS, Quarterly Census of Employment and Wages, 2016.

These nonprofit human services workers fare worse than their peers who are directly employed by government such as hospital or public school staff. As Figure 8 demonstrates, child and family social workers in public schools made nearly 75 percent more than their counterparts working in nonprofits, while preschool teachers in public schools made more than twice, on average, compared to preschool teachers in nonprofit organizations. Public and nonprofit hospitals also pay much better than nonprofit human service organizations, e.g., rehabilitation counselors in hospitals are paid about 70 percent more than rehabilitation counselors in nonprofits. Social and human service assistants in hospitals earn 35 percent more than their nonprofit counterparts. In 2017, childcare workers in nonprofits were paid an average of only \$11.86 an hour, while such workers were paid \$15 an hour in public schools, about 26 percent more than in nonprofits.

Figure 8: Average hourly pay for human services occupations is much lower in New York nonprofits than in hospitals and schools



Note: Most social assistance employers are nonprofit organizations.
Source: BLS Occupational Employment Statistics, May 2017.

The compensation for New York’s nonprofit human service workers is so low that many rely on public benefits. According to an analysis by researchers at the University of California at Berkeley, 60 percent of those working in the sector were utilizing or had a family utilizing at least one public assistance benefit such as Medicaid or food stamps (SNAP).²¹ Chronic low pay makes it increasingly difficult for nonprofit service providers to attract and retain skilled professionals. The Council of Family and Child Caring Agencies (COFCCA), an association of agencies across the state that provide child welfare services, reports that turnover among its frontline staff working with vulnerable children was 47 percent in 2016, up from 41 percent the year before. Turnover of this magnitude should be concerning given the importance of continuity of care for young children, particularly those in foster care.²²

²¹ Ken Jacobs, Ian Perry and Jennifer MacGilvary, The Public Cost of Low Wages in New York, UC Berkeley Center for Labor Research and Education, January 2016.

²² Testimony presented to the Joint Legislative Budget Hearing by James F. Purcell, CEO, and Kathleen Brady-Stepien, Associate Executive Director, Council of Family and Child Caring Agencies, February 6, 2018.

5. The Importance of State Human Services Funding in the New York City Budget

The nine percent reduction in human services aid to New York City from FY2011 to FY2018 has significant implications for the City’s ability to sustain its human services programs. Figure 9 summarizes the budgetary importance of State funding to five major City agencies serving children and families: the Administration for Children’s Services (ACS), Department of Social Services (DSS), Department of Homeless Services (DHS), Department of Youth and Community Development (DYCD), and select program areas within the Department of Health and Mental Health (DOHMH).²³

The nearly \$1.9 billion of State aid to these agencies accounted for eleven percent of the total budgets for these five agencies in FY2018.²⁴ Reliance on State aid varies widely, however; half of the funding for the DOHMH programs comes from State aid and nearly a quarter of the ACS budget is state funding while State dollars make up only one percent of the budget for DYCD.

Figure 9: The importance of state funding for the major New York City agencies serving children, families, and low-income communities, FY 2018
Dollar figures in millions

NYC Agency	Total Budget	Total State Funding	State Percent of Total
Administration for Children's Services (ACS)	\$3,148	\$755	24%
Department of Homeless Services (DHS)	\$2,250	\$186	8%
Department of Social Services (DSS)	\$9,909	\$720	7%
Department of Youth and Community Development (DYCD)	\$837	\$7	1%
Department of Health and Mental Health (DOHMH)*	\$449	\$226	50%
Total, these five agencies	\$16,593	\$1,894	11%

Note: The DSS budget includes City funds in the amount of \$5.8 billion for Medicaid and nearly \$700 million for public assistance grants. These funds are paid directly as benefits to individuals (public assistance) or on behalf of individuals (Medicaid).
*This analysis only includes select DOHMH programs serving families and children. For a list of these selected programs, see Appendix A.

Source: Adopted New York City FY 2019 budget, Budget Function Analysis, June 2018 (data are for FY 2018)

²³ The select DOHMH programs are: Environmental Health - Day Care; Family and Child Health - Administration; Family and Child Health - Early Intervention; Family and Child Health - Maternal and Child; and Family and Child Health - School Health. For a list of all program areas in all agencies included in this section, see Appendix A.

²⁴ The total budget for DSS in this analysis excludes the amounts for Medicaid and Public Assistance grants, which are direct aid to individuals and families rather than funding for City-run social support programs.

State aid fills particular niches within the City human services budget; State funds are particularly important to child welfare and public health program areas. Figure 10 shows, for the five agencies in Figure 9, the program areas that receive the most State funding by dollar amount. Funding for direct public assistance grants to individuals tops the list. The four major components of the child welfare system – foster care, preventive services, protective services, and adoption – receive the second-, third-, fifth-, and seventh-highest amounts of funding, respectively. Rounding out the top ten are early intervention health care and funding for general administration at DSS/HRA.

Figure 10: 20 Programs receiving highest amount of state funding
Dollar amounts in millions

Program	NYC Agency	Total Program Budget	Total State Funding for Program	Percent of Budget from State Funds
1. Public Assistance Grants	DSS	\$1,583	\$302	19%
2. Foster Care Services	ACS	\$551	\$175	32%
3. Preventive Services	ACS	\$307	\$167	54%
4. Family and Child Health - Early Intervention	DOHMH	\$275	\$167	61%
5. Protective Services	ACS	\$316	\$138	44%
6. Family Shelter Operations	DHS	\$1,212	\$95	8%
7. Adoption Services	ACS	\$259	\$92	36%
8. Medicaid and Homecare	DSS	\$5,948	\$82	1%
9. Adult Shelter Operations	DHS	\$700	\$74	11%
10. DSS General Administration	DSS	\$424	\$71	17%
11. HIV and AIDS Services	DSS	\$263	\$57	22%
12. Medicaid - Eligibility and Admin	DSS	\$99	\$53	53%
13. ACS General Administration	ACS	\$151	\$51	34%
14. Family and Child Health - School Health	DOHMH	\$120	\$49	41%
15. Residential Placements for Juvenile Offenders	ACS	\$129	\$35	27%
16. Child Care Services	ACS	\$965	\$27	3%
17. Public Assistance Support Grants	DSS	\$305	\$25	8%
18. Domestic Violence Services	DSS	\$144	\$23	16%
19. Investigations and Revenue Admin	DSS	\$88	\$21	24%
20. Information Technology Services	DSS	\$92	\$21	22%
Total for these 20 programs		\$12,349	\$1,421	12%

Note: The Public Assistance Grants and Medicaid and Homecare budgets include City funds in the amount of \$700 million and \$5.8 billion respectively. These funds are paid directly as benefits to individuals (public assistance) or on behalf of individuals (Medicaid).
Source: Adopted New York City FY 2019 budget, Budget Function Analysis, June 2018 (data are for FY 2018)

Some programs with smaller budgets are reliant on State funds for a larger percentage of their budgets, though they receive less funding in absolute dollars than the programs in Figure 10. For a list of these program areas, see Appendix C.

Figure 11 illustrates that the largest portions of State aid to New York City are earmarked for State Preventive Services, funding services to keep children out of foster care, and Safety Net Assistance (SNA), which primarily funds direct income assistance to individuals but also funds a variety of indirect support programs. Safety Net Assistance in particular illustrates the impact of State cuts to human services aid in recent years. Even though there has been a slight uptick in the number of those on Safety Net Assistance in New York City between December 2011 and December 2018, the reduction in the State share of SNA has translated into a 37 percent decline in State funding from \$478 million in FY2011 to \$302 million in FY2018.

Figure 11: 15 State funding sources providing most funding to select NYC agencies*
Dollar amounts in millions

Funding Source	Funding to Select NYC Agencies
1. State Preventive Services (Child Welfare)	\$396
2. Safety Net (Income Assistance for Low-Income Families)	\$385
3. Medical Assistance Administration	\$224
4. Foster Care Block Grant	\$191
5. Early Intervention Services (Child Health)	\$156
6. Adoption	\$91
7. Work Now (Workforce Development Funding)	\$75
8. Medicaid - Health and Medical Care	\$70
9. Adult Shelter Cap	\$69
10. Public Health - Local Assistance	\$55
11. Protective Services (Child Welfare)	\$44
12. Secure Detention Services	\$31
13. Juvenile Offenders Detention	\$30
14. Public Assistance Support Grant Administration	\$22
15. Emergency Assistance for Adults	\$15
Total for these 15 programs	\$1,855

*The select agencies are the Administration for Children's Services (ACS), Department of Youth and Community Development (DYCD), Department of Social Services (DSS), Department of Health and Mental Health (DOHMH) and Department of Homeless Services (DHS).
Source: Adopted New York City FY 2019 budget, Budget Function Analysis, June 2018 (data)

Overall, our analysis of the FY2018 City budget reveals the importance of State aid to the ongoing operations of City programs for children and families, particularly for families affected by the child welfare system, and communities in need of public health support. State aid also

plays an important part in funding direct assistance to families and individuals through public assistance grants. Accumulating cuts to human services since FY2011 puts more of the onus on the City to fill the funding gap to keep these programs going.

6. Conclusion and Recommendations

While there have been some positive human services-related budget developments in recent years, these initiatives are overshadowed by the grim reality of New York State's historic disinvestment in human services during an economic expansion when revenue growth should have proved sufficient to more adequately address poverty, economic distress and income inequality.

The State's Empire State Poverty Reduction Initiative provides extremely modest funding levels to local governments mainly for after school and youth development programs.²⁵ The Nonprofit Infrastructure Capital Investment Program makes available funds for capital investments by nonprofits providing direct services to New Yorkers; the FY2020 Executive Budget projects expenditures of a little over \$100 million statewide over three years.

More significantly, the State's takeover of local Medicaid cost increases is projected to save local governments \$1.1 billion in FY2020.²⁶ This certainly has helped financially-strapped suburban and upstate counties, and has provided some relief to New York City as well. However, since New York is one of the few states that requires local governments to share in Medicaid costs, and suburban and upstate counties still pay nearly \$2.3 billion annually in Medicaid costs, the State still has a way to go in shouldering more of the costs.²⁷

Generally, New York State does a poor job relative to almost all other states in terms of bearing more of the combined cost of state and local governments. Nationally, state governments fund 62 percent of the combined cost of state and local government. In New York, on the other hand, the State pays only 42 percent of state and local government costs, the 3rd lowest among all states (only Alaska and Texas rank lower).²⁸

If the local human services aid share of the state operating budget had remained comparable relative to what it was in FY2011, the Governor would be proposing \$2.2 billion more for human services local aid in 2020 than in his Executive Budget proposal; that would represent a 44 percent increase over his Executive Budget proposal of \$5 billion. Of that amount, New York

²⁵ New York City is excluded from ESPRI.

²⁶ NYS Division of the Budget, *Update to Annual Information Statement, State of New York*, December 4, 2018.

²⁷ New York Association of Counties, *NYSAC 2019 Budget and Legislative Platform*, p. 20.

²⁸ NYS Division of the Budget, *FY2020 Executive Budget, Economic and Revenue Outlook*, January 2019.

City would be getting \$360 million more, a 20 percent increase over the Governor's budget proposal.

Instead, State funding for human services fell by 26 percent from FY2011 to FY2018 and is headed toward continued falloff in the Executive FY2020 budget—a decline that would make the cumulative falloff from FY2011 28.4 percent. Almost all local county social service spending has suffered losses, particularly the suburban counties around New York City.

As the Legislature mulls action on the 2020 budget, it should change the unforced austerity budgeting approach favored by the Governor to rescue human services local aid. At a minimum, the way the spending cap has been applied should be altered so that it stops the intense squeeze on human services spending. It would be better to seek additional revenues through some of the measures on the table in Albany this session, such as a more progressive income tax for multi-millionaires and taxing carried interest. The Legislature should also consider raising corporate income taxes that have plummeted as a share of the state's economy over the last two decades.

And the Legislature should roll back some of the State's economic development tax and budget expenditures that have spiraled out of control, despite a lack of efficacy and serious problems with accountability. According to the Citizens Budget Commission, State economic development tax breaks now cost over \$2.5 billion annually, and state spending on economic development in 2018 reached \$1.8 billion, with spending by the Empire State Development Corporation jumping from \$553 million in 2014 to \$1.2 billion in 2018.²⁹

The State's disinvestment in human services has been historic, and it has hit counties upstate and downstate. Albany legislators need to seriously re-think the approach that has resulted from implementation of the two percent spending cap that has had a pronounced effect in shrinking State resources for communities in need, and the nonprofits and workers who serve them.

²⁹ Riley Edwards, Citizens Budget Commission, *\$10 Billion Reasons to Rethink Economic Development in New York*, Policy Brief, February 2019.

Appendix A
List of NYC Program Areas Included in This Report

Includes all program areas for ACS, DYCD, DSS, and DHS, and select programs for DOHMH
Dollar figures in millions

Program	Total Budget	Contractual Spending (mainly to nonprofits)	Total State Funding
Administration for Children's Services	\$3,148.3	\$1,968.6	\$755.1
Adoption Services	\$259.0	\$1.2	\$92.5
Alternatives to Detention	\$8.5	\$1.7	\$5.4
Child Care Services	\$964.8	\$862.8	\$27.1
Child Welfare Support	\$53.9	\$0.0	\$17.5
Dept. of Ed. Residential Care	\$96.2	\$0.0	\$0.0
Foster Care Services	\$550.9	\$472.4	\$174.6
Foster Care Support	\$47.9	\$0.0	\$15.5
General Administration	\$151.2	\$18.6	\$51.2
Head Start	\$178.1	\$172.0	\$1.6
Juvenile Justice Support	\$12.6	\$6.5	\$5.1
Non-Secure Detention	\$16.1	\$15.3	\$6.9
Placements	\$128.7	\$73.4	\$34.7
Preventive Homemaking Services	\$26.7	\$26.7	\$0.9
Preventive Services	\$306.9	\$263.6	\$167.1
Protective Services	\$316.1	\$50.1	\$138.2
Secure Detention	\$30.6	\$4.4	\$16.8
Department of Youth and Community Development	\$836.7	\$645.7	\$7.3
Adult Literacy	\$20.5	\$17.7	\$0.0
Beacon Community Centers	\$128.6	\$118.0	\$0.0
Community Development Programs	\$64.5	\$55.5	\$0.0
General Administration	\$33.9	\$2.0	\$0.0
In-School Youth Programs	\$4.6	\$4.1	\$0.0
Other Youth Programs	\$49.5	\$39.9	\$0.1
Out-of-School Time	\$334.6	\$325.8	\$4.8
Out-of-School Youth Programs	\$17.0	\$14.8	\$0.0
Runaway and Homeless Youth	\$34.9	\$33.1	\$2.0
Summer Youth Employment Program	\$148.6	\$34.9	\$0.4
Department of Health and Mental Health	\$449.3	\$284.2	\$225.9
Environmental Health - Day Care	\$16.6	\$0.9	\$0.2
Family and Child Health - Admin	\$15.0	\$10.2	\$4.8
Family and Child Health - Early Intervention	\$274.6	\$253.2	\$166.8
Family and Child Health - Maternal and Child	\$22.9	\$12.0	\$5.3
Family and Child Health - Oral Health	\$0.0	\$0.0	\$0.0
Family and Child Health - School Health	\$120.1	\$8.0	\$48.8

Appendix A Continued

Program	Total Budget	Contractual Spending (mainly to nonprofits)	Total State Funding
Department of Social Services	\$9,908.8	\$628.5	\$720.3
Adult Protective Services	\$58.2	\$26.1	\$15.1
CEO Evaluation	\$4.5	\$3.4	\$0.0
Domestic Violence Services	\$143.8	\$24.0	\$22.9
Employment Services Administration	\$31.6	\$1.3	\$5.0
Employment Services Contracts	\$132.4	\$132.4	\$8.2
Food Assistance Programs	\$19.9	\$3.7	\$0.0
Food Stamp Operations	\$77.3	\$1.8	\$2.2
General Administration	\$424.0	\$87.7	\$70.6
HIV and AIDS Services	\$263.1	\$139.2	\$57.1
Home Energy Assistance	\$36.8	\$2.2	\$0.1
Information Technology Services	\$92.2	\$32.0	\$20.5
Investigations and Revenue Admin	\$88.1	\$1.1	\$21.3
Legal Services	\$126.5	\$117.2	\$0.0
Medicaid - Eligibility and Admin	\$99.5	\$11.1	\$52.5
Medicaid and Homecare	\$5,947.7	\$74.4	\$82.2
Office of Child Support Enforcement	\$68.5	\$11.1	\$0.0
Public Assistance and Employment Admin	\$238.1	\$10.1	\$20.1
Public Assistance Grants	\$1,582.6	\$0.0	\$302.4
Public Assistance Support Grants	\$305.3	\$77.7	\$24.5
Subsidized Employment and Job-Related Training	\$116.3	\$0.0	\$3.9
Substance Abuse Services	\$52.4	\$24.0	\$11.8
Department of Homeless Services	\$2,249.8	\$2,036.2	\$185.7
Adult Shelter Administration and Support	\$10.8	\$0.4	\$0.0
Adult Shelter Intake and Placement	\$11.3	\$0.0	\$0.0
Adult Shelter Operations	\$699.9	\$648.6	\$73.6
Family Shelter Administration and Support	\$10.8	\$0.0	\$13,385.0
Family Shelter Intake and Placement	\$30.8	\$0.0	\$0.1
Family Shelter Operations	\$1,212.5	\$1,174.6	\$94.9
General Administration	\$107.3	\$50.7	\$1.1
Outreach, Drop-In, and Reception Services	\$107.7	\$104.4	\$0.0
Prevention and Aftercare	\$31.7	\$31.7	\$4.6
Rental Assistance and Housing Placement	\$27.0	\$25.7	\$11.3

Source: Adopted New York City FY 2019 budget, Budget Function Analysis, June 2018 (data are for FY 2018)

Appendix B
State aid for Social Services, by County outside of New York City

County	2017 dollars (\$ millions)			% change 2011-17
	2008	2011	2017	
Upstate counties	\$828	\$670	\$610	-9%
Albany	\$39	\$25	\$23	-11%
Allegany	\$6	\$4	\$4	-17%
Broome	\$29	\$23	\$25	10%
Cattaraugus	\$8	\$7	\$6	-5%
Cayuga	\$7	\$8	\$7	-5%
Chautauqua	\$10	\$9	\$10	11%
Chemung	\$17	\$12	\$9	-25%
Chenango	\$5	\$5	\$4	-15%
Clinton	\$10	\$9	\$8	-13%
Columbia	\$9	\$10	\$10	5%
Cortland	\$6	\$6	n.a.	n.a.
Delaware	\$7	\$6	\$8	29%
Dutchess	\$34	\$40	\$33	-16%
Erie	\$125	\$86	\$80	-7%
Essex	\$2	\$3	\$3	2%
Franklin	\$7	\$6	\$5	-13%
Fulton	\$5	\$4	\$4	-12%
Genesee	\$6	\$5	\$4	-15%
Greene	\$8	\$7	\$5	-21%
Hamilton	\$0	\$0	\$0	-30%
Herkimer	\$7	\$8	\$6	-21%
Jefferson	\$9	\$10	\$7	-32%
Lewis	\$2	\$2	\$2	-4%
Livingston	\$6	\$6	\$5	-20%
Madison	\$6	\$6	\$6	5%
Monroe	\$151	\$116	\$95	-18%
Montgomery	\$5	\$4	\$4	2%
Niagara	\$17	\$11	\$13	19%

Appendix B Continued

County	2017 dollars (\$ millions)			% change 2011-17
	2008	2011	2017	
Oneida	\$31	\$25	\$21	-17%
Onondaga	\$45	\$34	\$32	-5%
Ontario	\$13	\$12	\$11	-5%
Orleans	\$3	\$3	\$2	-11%
Oswego	\$15	\$14	\$11	-24%
Otsego	\$7	\$5	\$5	3%
Putnam	\$5	\$4	\$5	41%
Rensselaer	\$19	\$16	\$17	10%
Saratoga	\$16	\$13	\$8	-42%
Schenectady	\$12	\$10	\$24	127%
Schoharie	\$29	\$24	\$3	-89%
Schuyler	\$4	\$4	\$2	-38%
Seneca	\$3	\$2	\$4	75%
St. Lawrence	\$3	\$3	\$11	274%
Steuben	\$8	\$8	\$10	18%
Sullivan	\$11	\$7	\$8	14%
Tioga	\$4	\$5	\$4	-29%
Tompkins	\$10	\$10	\$10	7%
Ulster	\$20	\$16	\$17	4%
Warren	\$9	\$7	\$6	-10%
Washington	\$7	\$5	\$5	0%
Wayne	\$8	\$6	\$6	-8%
Wyoming	\$2	\$2	\$3	44%
Yates	\$1	\$1	\$2	4%
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Downstate suburban counties	\$429	\$341	\$251	-26%
Nassau	\$84	\$72	\$43	-41%
Suffolk	\$121	\$91	\$74	-19%
Westchester	\$158	\$116	\$87	-25%
Rockland	\$27	\$23	\$16	-31%
Orange	\$40	\$39	\$32	-17%
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TOTAL all counties (exc NYC)	\$1,257	\$1,011	\$861	-15%

Source: NYS Comptroller, Financial Data for Local Governments, Counties. Downloaded Feb. 2019

Appendix C

20 NYC Programs with Highest Percent State Funding

Dollar amounts in millions

Program	Agency	Total Program Budget	Total State Funding for Program	Percent of Budget from State Funds
1. Alternatives to Detention	ACS	\$8	\$5	64%
2. Family and Child Health - Early Intervention	DOHMH	\$275	\$167	61%
3. Secure Detention	ACS	\$31	\$17	55%
4. Preventive Services	ACS	\$307	\$167	54%
Admin	DSS	\$99	\$53	53%
6. Protective Services	ACS	\$316	\$138	44%
7. Non-Secure Detention	ACS	\$16	\$7	43%
8. Rental Assistance and Housing Placement	DHS	\$27	\$11	42%
9. Family and Child Health - School Health	DOHMH	\$120	\$49	41%
10. Juvenile Justice Support	ACS	\$13	\$5	40%
11. Adoption Services	ACS	\$259	\$92	36%
12. ACS General Administration	ACS	\$151	\$51	34%
13. Child Welfare Support	ACS	\$54	\$18	33%
14. Foster Care Support	ACS	\$48	\$15	32%
15. Family and Child Health - Admin	DOHMH	\$15	\$5	32%
16. Foster Care Services	ACS	\$551	\$175	32%
17. Residential Placements for	ACS	\$129	\$35	27%
18. Adult Protective Services	DSS	\$58	\$15	26%
19. Investigations and Revenue	DSS	\$88	\$21	24%
20. Family and Child Health -	DOHMH	\$23	\$5	23%
Total for these 20 programs		\$3,665	\$1,051	29%

Source: Adopted New York City FY 2019 budget, Budget Function Analysis, June 2018 (data are for FY 2018)

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