

City Council Executive Budget Hearing: Child Welfare and Child Care
Testimony by Commissioner John B. Mattingly
New York City Administration for Children's Services
May 31, 2011

Good morning Chair Recchia, Chair Palma, and Chair Ferreras, and members of the Finance, General Welfare, and Women's Issues committees. I am John B. Mattingly, Commissioner of the New York City Administration for Children's Services. Joining me today is Susan Nuccio, Deputy Commissioner for Financial Services, and Melanie Hartzog, Deputy Commissioner for Child Care and Head Start. Thank you for the opportunity to brief you on the Executive Budget and on our ongoing work to protect children, strengthen families and provide early care and education services to children and families. The focus of this testimony will be child welfare and child care. Later this afternoon we will testify on the Fiscal Year (FY) 2012 Executive Budget for the Division of Youth and Family Justice.

The Fiscal Year 2012 preliminary budget for Children's Services is \$2.8 billion, \$820.5 million of which are City funds. These figures are inclusive of our merger with the Department of Juvenile Justice, which was passed by Council and signed into law by Mayor Bloomberg at the end of 2010. The budget for the Division of Youth and Family Services will be fully integrated into the budget for the Administration for Children's Services in this coming Fiscal Year.

Since we last testified, at the end of March, there have been a number of important developments in our Budget for next Fiscal Year. While ACS, like other City agencies, needed to fulfill its responsibility to reduce spending through a Program to Eliminate the Gap (PEG), we were able to achieve our savings targets during this round largely through increased revenue and one-time funding opportunities. We are, however, still moving forward with a number of PEGs that were announced previously, many of which are in various stages of implementation. Unfortunately, these include staff reductions across the agency, an increase in child care parent fees, and the planned closure of some child care centers.

Despite the fiscal challenges we face, we are heartened to have the opportunity today to discuss

several critical funding restorations that were announced in Mayor Bloomberg's Executive Budget earlier this month. On the child welfare side, restorations in the areas of Child Protection, Preventive Services, and Homemaking reflect the Administration's commitment to providing continuing stability for the care of New York City's most vulnerable children and youth. In Child Care, the Administration has allocated funding in Fiscal Year 2012 to ensure that all children who benefited from child care services this year and who would have otherwise lost services because of a budget deficit, will be offered services in Fiscal Year 2012. I will provide more details about each of these positive developments later on in this testimony.

Before proceeding any further, I want to thank Chair Palma and her colleagues at the Council for their commitment to the children we serve. All of us who are involved in this work know how complex and difficult it is, and we greatly appreciate the support of the Administration, the Council, and the many providers and advocates who help us to achieve our goals of keeping children safe and ensuring their well being.

Child Protection

I will first discuss today the developments in Child Protection. For the past few years, I have come before you during each Budget cycle to discuss how Children's Services intended to meet our responsibility to the City to cut spending while keeping children safe. As you know, we have had to make a number of difficult choices that we would not have faced were the City's revenue situation different. At each point, we remained firm in our belief that the reductions we were making, while painful, were being carried out with the utmost care to ensure that child safety was not compromised. I also stated repeatedly that the Mayor has been extremely supportive of our need for adequate staffing of our frontline work, and that I was confident in our ability to closely monitor trends and take appropriate actions as needed. To that end, I am pleased to report that as part of the Executive Budget, the Administration has agreed to baseline funding for the 202 child protective positions that would have been eliminated through attrition and vacancies in Fiscal Year 2012. This will allow us to maintain caseloads and to maintain 32 supervisory units (or about 10% of our total number of supervisory units) that we would have otherwise had to eliminate through attrition over the coming fiscal year.

We are still moving forward with other planned staff reductions, both in the Division of Child Protection and in other programmatic and administrative divisions. We are aware that Council has concerns about these proposed reductions, and they will, of course, make our work more of a challenge. However, the restoration of our 202 child protective workers and our efforts in past years in child protection – including a new approach to recruiting and retaining frontline staff, enhanced oversight and accountability in our child protective offices, the continued utilization of Investigative Consultants, and an overhauled comprehensive training curriculum for child protective staff – all have brought about improvements that make me confident that we can continue our efforts to keep children safe.

In the coming year, the Division of Child Protection will be building on our reform work of the past seven years by focusing on challenges that were highlighted in the wake of the tragic death of young Marchella Pierce, a medically fragile child, last Fall. I will speak more in a moment about the review that our agency undertook to determine the underlying issues identified in the Marchella Pierce case. In the Division of Child Protection we will focus on improving our work with medically fragile youth and their families. We will be strengthening our ability to better assess families where medical issues are present and make appropriate decisions regarding child safety. We will keep Council updated as this work progresses.

Preventive Services and Homemaking

I will now turn my attention to Preventive Services and Homemaking. I am pleased to report that the Executive Budget includes \$11.7 million in City funds and \$30.8 million in total funds to support restoration and enhancements to general and specialized preventive services programs. Preventive Services had previously taken a PEG and was restored for a year by the Council. The Budget also includes \$2.6 million in City funds and \$10.6 million in total funds for homemaking services to provide continuing stability for the care of at-risk children, which will be fully recognized in future budget years.

Children's Services announced this critical restoration at the end of March in a joint statement with General Welfare Chair Annabel Palma and Public Advocate Bill DeBlasio. The restoration of Preventive and Homemaking Services were chief among the recommendations that came out

of the Children's Services Planning Group, which convened after the death of Marchella Pierce. The Planning Group included a group of outside experts in the fields of child welfare and medically fragile children. The Group carefully analyzed case reviews, policies, and practice, and found that the Marchella Pierce case was not indicative of overall systemic failures at our agency. However, the Group did make a series of recommendations, a majority of which focus on instituting new supports for medically fragile children. These recommendations include engaging stakeholders and consulting with experts to improve care for medically fragile children and building upon the success of ACS' ChildStat model for examining data and case practice to institute Preventive ChildStat. In addition, as I noted earlier, the group recommended that we strengthen our capacity in Child Protection to assess the safety of medically fragile children during our investigations.

Finally, one of the chief policy recommendations made by the Planning Group was to stabilize the preventive services and homemaking budgets to provide continuing support for the care of at-risk children, including the medically fragile. With support from the Public Advocate and the Council - particularly Chair Palma - we advocated that these funds be fully recognized in future budget years. Mayor Bloomberg agreed that these vital services should continue to be funded.

At a time when the City continues to experience significant budget cuts, we are proud to say that these funds will afford us the ability to target the most vulnerable populations of children and families in New York City. Over the past few years, we have taken a comprehensive look at areas where preventive programming needs expansion, and are exploring ways to leverage these new resources to strengthen support services for educational neglect and truancy issues for teens, substance abuse, mental health, medically fragile children, and homeless and runaway youth. We will of course also be shoring up our General Preventive slots.

While our plans are still in the initial stages at this point, we intend to fund 1,000 additional General Preventive slots, which we have determined through careful analysis is a level that sufficiently allows for an anticipated increase in use of preventive services for trial discharges, aftercare and increased referrals from the Division of Child Protection's Family Services units. We are currently examining community district and language needs, and will use these factors to determine the communities and providers to which the 1,000 slots will be allocated.

With the remaining infusion of new funds, we will bolster our ability to provide specialized services. Our careful examination of data over the past few years has revealed a real need for specialized services for teens, especially for those who come to our attention through educational neglect cases. We have engaged in a number of conversations with staff, providers and other stakeholders in the community about the reasons that teenagers are entering care, the number of voluntary placements into foster care, and the support teenagers need following their discharge from care. Armed with data on these issues, we have decided to allocate a significant portion of new funding to create more specialized services for teenagers and their families. We are working now to determine exactly the types of programs we will build with this new funding, and are carefully considering a number of different youth development models that have had proven success in helping teens and their families.

We will also be creating more slots for medically fragile children, as well as for families struggling with substance abuse and mental health. Finally, we will expand our services for deaf and hearing impaired children and families, which we have identified as a growing need in the communities we serve.

We know that many Council members have advocated for more support for these vulnerable populations and we look forward to continued collaboration with the Council, providers and advocates as we move forward in our planning.

Finally, we mentioned at our Preliminary Budget hearing in March that we had hoped to find a way to restore the Homemaking Services Budget to current spending levels. The restoration in the Executive Budget accomplishes this and enables us to continue a critical piece of our preventive services. We are continuing to look into ways to make efficiencies in our current homemaking services model and to work with our providers to ensure that we are serving families in a targeted and intensive way. We hope that this will allow more children to remain safely in their homes. We have encouraged all our Homemaking provider agency staff to establish clear goals and timeframes at the outset for all future Homemaking requests to ensure that this service remains available to the neediest of families in New York City.

This has been a challenging year for Children's Services - for our staff, who have one of the most demanding jobs imaginable, for our provider agencies, and most importantly, for the children and families we serve, who are greatly impacted by our current financial climate. We strive to do our best each day in these circumstances, and we are extremely grateful for the support shown to us by Council and our many partners in this work. We approach the coming year with optimism and with an eye towards a number of important endeavors on our Child Welfare side, including the start of our new child welfare contracts.

RFP

In 2012, ACS will complete implementation of new contracts for child welfare programs – residential care, family foster care and preventive services. Collectively, these new contracts help advance and reinforce ACS' fundamental goals in case practice, services and outcomes for children, youth and families involved in the child welfare system. They bring more specialized program models across all three areas of the continuum, including more clinical supports to help meet children's and families' needs in the community, averting the need for placement outside of the home. Examples of some of the new services that the contracts add include programs for children who have developmental disabilities, who have been sexually exploited, and who exhibit sexually abusive behavior, and new mobile crisis response teams to provide families in crisis with in-home clinical and social work supports. Our new contracts ensure that services that are community-based belong to the neighborhood networks where children and families live, and operate with sensitivity to families' culture and language.

In sum, our new contracts reflect the core principles of the system that we have been hard at work to create in recent years. The Budget constraints that we have faced have been a challenge, but we have not allowed that to stop us from doing the best we can by each and every child we serve. This is a tough line of work - and we still have many areas of growth- but we remain committed to learning from our mistakes and measuring our success by the results we achieve for children, families, and communities.

The same principles apply in our early care and education system, where we face significant financial difficulties, but press on to raise the bar for quality early care and education in New York City. I will now turn to the developments in our Child Care and Head Start programs.

Child Care

At our Preliminary Budget Hearing in March, we discussed the significant structural deficit that our Child Care system faces. With the dramatic increases in child care costs and reductions in federal funding, we explained that we are facing a gap of \$95 Million in Fiscal Year 2012. In order to keep our system from running out of money, the City made the difficult decision to terminate subsidies to over 16,000 children in the Priority 5 and 6 categories effective this coming September 2011.

While the underlying fiscal issues that have caused this deficit remain and must be addressed, we are pleased that the Executive Budget allocates \$40 million to ensure that all children who benefited from child care services and subsidies this year and were to be affected by the service terminations, will be offered a funded option in Fiscal Year 2012. For the school-age children in this group, the budget will preserve the services by funding an expansion of the Department of Youth and Community Development's Out-of-School Time program (OST) with approximately 10,500 additional slots created at a cost of \$15 Million.

All preschool children (those ages 0 - 4), will be offered a child care slot at an ACS-contracted program, maximizing any vacant slots available whenever possible, at a cost of \$25 million. This will provide services for approximately 4,500 children citywide.

Children's Services and DYCD have begun the process of alerting families and programs of this change and of working out the details of implementation. Deputy Commissioner Hartzog and her staff informed impacted families during the week of May 16th of this new option, and provided instructions to families for informing ACS of their preferred contracted program(s) for their preschool age children and their preferred OST option for their school-age children. We expect that we will hear from enough families before the end of this week to allow us to make decisions about where to restore contract capacity using the funds included in the FY 2012 Executive

Budget. We are coordinating closely on these decisions with DYCD, which will be assessing where capacity needs to be expanded or added to accommodate the new school age children who will be coming into the OST system. We will continue to keep the Council updated as more information becomes available.

For pre-school children who were affected by the subsidy termination, the City will offer the choice of a contracted center-based or family child care slot. As families let us know their preferred center or family child care program, we will be restoring available capacity in neighborhoods where greatest demand exists.

Early Learn NYC

Against the background of these serious fiscal challenges, it is essential that every taxpayer dollar spent on early childhood programming yields maximum return. The release of the EarlyLearn NYC Request for Proposals on May 23rd fulfills that mandate. EarlyLearn NYC builds an early care system that strengthens young children's development and educational experiences by setting high quality program standards and child outcome expectations. As we have discussed previously with the Council, through *EarlyLearn* we will be investing in a comprehensive early childhood education system of center and home-based programs which, regardless of funding stream, will feature developmentally appropriate valid curricula, child screening and assessments, professional staff development, child and family supports, and a minimum of eight daily care-hours, year-round.

The *Early Learn* RFP reflects the valuable feedback from stakeholders that Children's Services received since the release of the concept paper last April. The RFP response deadline is in early August, and we expect new Contracts to begin in September of 2012.

There are a number of key aspects of *Early Learn* that demonstrate its significance for our system. *EarlyLearn* programs will be funded to reach higher standards with a blended funding stream of federal Child Care and Head Start monies, state Universal Pre-Kindergarten, City tax levy and private dollars to build a more sustainable system and support economically integrated settings. Providers will be encouraged to recruit a diverse group of children and support the

development of children with special needs in inclusive settings. The new contracts will establish uniform program standards so that every parent with a child in a City-subsidized program will know that their child is receiving the highest quality of services. Furthermore, with the *EarlyLearn* RFP, ACS has undertaken the City's first comprehensive review of the need for early childhood education services throughout New York City communities to make sure that neighborhoods with the highest concentration of children living in poverty continue receiving the greatest allocation of subsidized child care. This analysis is helping ACS sustain capacity in the highest need neighborhoods. While previous allocations were based primarily on the number of children that providers propose to serve, the allocations for the new contracts take into consideration a number of factors including the number of children and families living below 200% of poverty, as well as other established indicators of social risk.

In developing the RFP, ACS consulted with local and national experts and researched nationally acclaimed models demonstrating the long-term developmental gains resulting from high quality early childhood programs. We took into consideration a number of critical factors, including the importance of expanding the availability of seats for infants and toddlers, and of allowing the City to redistribute capacity to better serve the highest need communities.

I would like to wrap up by recognizing the dedication and efforts that the staff and leadership at our child care and Head Start centers demonstrate every day. While this RFP clearly moves our system forward, we believe that the City already has many outstanding Early Childhood Education programs that help children develop and learn and our new system builds on the great work that is already being done.

Conclusion

In conclusion, we have recently faced a number of challenges, both in our budget and in terms of the impact of the Marcella Pierce case. As I shared with the Council in March, our child protective staff have among the toughest jobs in the City. They make difficult decisions. And sometimes mistakes will happen. Yet the Agency stands with those workers and our partners in the provider community who go out every day and carry out their duties and responsibilities to protect our City's children.

Despite the challenges we face, the Executive Budget for Fiscal Year 2012 contains much positive news for ACS. We are dedicated to leveraging the restorations we've received to support the families accessing our services - both in child welfare and child care - as best as we can. We have worked hard to make changes at ACS and to improve our practice and policies. The new contracts that we are implementing this year in Child Welfare and next year in Child Care / Head Start reflect the high standards that we hold ourselves to and the results we expect to achieve for children and families. The support of the Council these past few years has been invaluable, and we look forward to continuing to work together in a fruitful partnership. I thank you for this opportunity to testify. We will now take your questions.