

City Council Preliminary Budget Hearing: Child Welfare and Child Care
Testimony by Commissioner John B. Mattingly
New York City Administration for Children's Services
March 24, 2011, 1:30 pm

Good afternoon Chair Palma, Chair Ferreras, Chair Recchia and members of the General Welfare, Women's Issues, and Finance 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. Thank you for the opportunity to brief you on the Preliminary 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 preliminary budget for our newest division, Youth and Family Justice. At that time we will have the opportunity to share with you the important reform work that we are undertaking with our partners in the City's Juvenile Justice system.

The Fiscal Year 2012 preliminary budget for Children's Services is \$2.7 Billion. This is reflective of our merger with the Department of Juvenile Justice, which was passed by the City Council this past November and signed into law by the Mayor in December. We last testified on our budget just a few months ago, when we spoke about the City's November Financial Plan for Fiscal Year 2011 and updated four-year financial plan. At that time, we outlined a number of difficult cuts that were proposed for the remainder of Fiscal Year 2011 and for Fiscal Year 2012.

Today we will update you on those plans, as well as discuss the deficit in our subsidized Child Care system, a deficit which we must address in upcoming months. It is painful for us to have to make reductions on this scale in the City's child care system, as there is no doubt that these service cuts will create a hardship for many families who rely on subsidized care. Later in this testimony, I will speak in more detail about the planned reductions and the work we are undertaking with parents and providers to try to prepare for this transition as much as possible.

Child Protective Services

When we testified before you in December, we talked about staffing changes that we felt were necessary in order to achieve the level of savings that were detailed in the City's November Plan. These included staff reductions in primarily administrative and support functions throughout the agency. As we have discussed before with the Council, our recommendations for staffing changes are based on a careful process of analyzing each unit of our agency and identifying places where we can make efficiencies while limiting the impact on our primary responsibilities.

We are aware that Council has concerns about our proposed reductions, and we remain firm in our commitment to child safety as the first priority of our agency. As we have discussed with Council before, we do not take these staffing changes lightly and have arrived at them only after much thought and analysis. They will, of course, make our work more of a challenge. However, our efforts in past years – including a new approach to recruiting and retaining frontline staff, enhanced oversight and accountability in our child protective offices, increased support for staff in these offices, the hiring 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 rise to the challenge of these budget cuts. Our caseloads have remained low - below our target of 12 cases per worker. We are fortunate to have the lowest caseloads in the State. We are carefully tracking this and the number of SCR reports each week in ChildStat. As we continuously watch caseloads and reports, we take responsive action when necessary. For example, in Summer 2010 we relocated over 50 staff from the Manhattan office to other boroughs with greater needs because of shifts in reporting trends. I want to assure the Council that if we project that caseloads are trending up in such a way that would call for more workers or managers, we will take immediate action. The Mayor has been extremely supportive of our need for adequate staffing of our frontline work, and I am confident in our ability to closely monitor trends and take appropriate actions as needed.

The Division of Child Protection continues to handle around 60,000 investigations each year. This year will be the 5th anniversary of ChildStat sessions that have brought a weekly focus by geographic zone on data and case practice. It continues to be a learning experience for both ACS administration, including myself and our Deputy Commissioner of Child Protection, Jan Flory,

and the line staff in the boroughs. We are now televising the sessions to all borough offices so that more staff can attend. I encourage any Council Member who would like to attend a ChildStat session as our guest to contact my office so that we can arrange for you to come and see it for yourself.

In the Division of Child Protection, there are certain staffing changes that help us meet our responsibility to reduce City spending while sustaining our ability to meet our core mission of keeping children safe.

The FY12 Preliminary Budget proposes reductions in supervisory and managerial positions that are accomplished through attrition, vacancies, and in some cases, demotions. The span of control of each Child Protective Manager (CPM) will increase, from three Child Protective Services (CPS) units to four CPS units each reporting to a CPM. We will be reducing the number of Supervisor 1 positions, so that most investigative units will be supervised by a single, more experienced Supervisor, whom we refer to as a Supervisor II. We will continue to staff our Hospital and Sex Abuse units with both a Supervisor I and Supervisor II, as well as other critical units in the Office of Special Investigations and in our Office of Emergency Children's Services. This shift will bring our staffing more in line with CPS staffing in other parts of the country, and I believe we can make these changes without compromising child safety. We also have determined that we can safely reduce our number of conference facilitators in DCP without compromising our ability to continue to provide critical case conferences where decisions are made about the safety of a child. These FY12 actions are in addition to those child protective reductions that were part of our FY11 Budget and that were restored by Council for one year only.

Homemaking and Preventive Services

Turning our attention to Homemaking and Preventive Services: In December's Budget Hearing, we spoke about the restructuring and downsizing of homemaking services to be more targeted and aimed at providing short-term crisis intervention. We are currently looking into ways to make efficiencies in our current homemaking services model, while at the same time working towards restoration of this important program to existing spending levels. We share a

commitment with our stakeholders to preserving this vital service that keeps children safe and reduces the risk for abuse or maltreatment. 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. We will continue to update Council as we develop our plans for Homemaking services.

Preventive Services

Preventive Services continue to be a critical resource in our child welfare system, and one that we are committed to supporting and expanding wherever possible. In the past year, we have experienced lower utilization rates of General Preventive services than we had previously. Based on current trends and our efforts to increase utilization, we expect the rate of growth to increase such that utilization rates return to levels comparable to last spring by summer 2011.

We have undertaken a number of steps to increase utilization in General Preventive, including working with DCP staff to refer more cases to general preventive service providers. We have been closely tracking utilization data and have continued to encourage preventive referrals from all sources including advocate walk-in referrals. We have also been exploring the option of broader uses of preventive services for families who are being reunified post foster care to prevent re-entry, and enhanced support for general preventive programming to assist with the handling of education, substance abuse, domestic violence and mental health issues. We also are looking at strengthening or expanding our services for families with medically fragile children. We look forward to continuing to strategize with our stakeholders on the best way to support families and keep children safely with their families where possible.

On that note, I must also mention our concern about the proposal in the State's 2011-2012 Executive Budget that would create a Primary Preventive Incentive Fund, cutting state funding in half and requiring localities to compete for funds. This will negatively affect multiple programs that prevent children from entering the foster care and juvenile justice systems. Just one example is the Nurse Family Partnership, which is operated by the City's Department of Health and provides an essential service to families who may otherwise not be able to keep their children at home. We urge Council to join us in advocating against such a short-sighted cut.

Child Care

Returning again to Child Care, I want to say at the outset that the reductions that our subsidized child care system has sustained over the past few years are extremely painful. Over the past five years, we have explained to the Council at various hearings that the child care system is facing a significant structural deficit. In past years, we maximized revenue, like Universal Pre-kindergarten, and looked to other areas of the ACS budget to fund the gap.

Even with these efforts, the cost of child care has risen dramatically and with a reduction in federal funding, we are facing a gap of \$95 Million in FY 12. At the end of this fiscal year, the City will no longer have \$29 Million in Federal stimulus funding, which we used to cover some of these cost increases. In addition to the loss of stimulus funds, the City's Child Care Block Grant Allocation was reduced by \$11 Million in the current year.

This deficit is a result of a number of factors, including escalating costs of care in the contracted system, such as health insurance coverage for program staff. This accounts for \$22 Million of the \$95 Million gap projected for FY 12. Families with vouchers are increasingly using regulated child care, which is more costly than care by a family, friend or neighbor. These families also have younger children, infants and toddlers. These two factors account for the balance, \$73 Million, of the gap.

Deficit Reduction Strategies

There are three actions we are implementing over the next six months to address the deficit.

1. End child care services to 16,200 children (Priority 5-Employed and Priority 6-Education & Training). Families that received subsidized care the longest, an average of nine years, have been given notice that their child care subsidy ends September 2011.
2. End vouchers for 220 children with family income above 200% of the Federal Poverty Level (FPL). These children will be offered a seat in a contracted program effective April 2011.
3. Implement a parent fee increase effective May 2011. This will generate some savings in the current year to deal with the deficit. In the out years, the increased revenue from the fees is part of our PEG program proposed in the November Plan.

We made the decision to end services in September in order to provide parents with as much notice as possible and to align their needs with the start of the school year. A September end date also allows for easier transition into school or another child care setting such as Head Start or Universal Pre-kindergarten (UPK). Families were notified in February. For the families losing services in September, our goal was to provide ample time to find alternative child care arrangements. My staff has been and remains available to provide parents with assistance in exploring other options, such as Head Start, public school kindergarten and UPK, and Out-of-School Time programs.

We are meeting with programs to explain the impact on families, provide information on options available to parents, and discuss the impact on contract capacity. We have also worked with the Council to brief members, and we will continue to do all we can to try to assist families during this difficult time.

EarlyLearnNYC

A word on EarlyLearn. It is critical that we move forward with our long-term commitment to stabilize funding of the system through the implementation of EarlyLearn NYC and to enhance the quality and resources of the City's contracted child care system.

As we have discussed previously with Council, EarlyLearn will strengthen children's development and educational experiences by setting higher program standards and child outcome expectations. We are committed to our goals of serving more infants and toddlers, responding to communities' critical needs and providing expanded services to families, and restructuring investments in early childhood by better leveraging all available funding sources.

Since the release of the concept paper in April of last year, Children's Services has received valuable feedback from stakeholders that is now being incorporated in the Request for Proposals (RFP). We anticipate that the RFP will be released very soon and look forward to further discussions with Council on the topic of EarlyLearn.

Conclusion

During these tumultuous past years, we have faced challenges that have been difficult for all of us – including the staff at Children’s Services, our contracted providers, and most critically, the City’s families. As the Council is aware, the agency has a responsibility to reduce spending in these tough financial times. We have had to make many difficult choices that in better times would have been avoided. We remain committed to working as hard as we possibly can to ensure that families accessing our services – both in child welfare and child care – continue to get the support and assistance they need. We have attempted in every area to minimize the impact of cuts on frontline services, although as you can see, we have not succeeded in a number of areas. But that remains our goal, and we will continue to struggle towards it. We appreciate the Council’s support and partnership as we carry out our mission to protect children, strengthen families, and provide high quality child care to children and families. I will now take your questions.