



Testimony of FPWA

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Hearing on the November Financial Plan:

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Chair Justin Brannan

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Prepared By: Emily Pisano

Fiscal Policy Analyst

40 Broad Street, 5th Floor

New York, New York 10004

Phone: (212) 777-4800

Fax: (212) 414-1328

FPWA on the November Financial Plan

An Anti-Poverty Lens on the November Budget

Good morning, Chair Justin Brannan and Oversight Committee members. Thank you for convening this important hearing on the Mayor's November Financial Plan.

FPWA is an anti-poverty policy and advocacy organization committed to advancing economic opportunity, justice, and upward mobility for New Yorkers with low incomes. Since 1922, our organization has driven groundbreaking policy reforms to better serve those in need. FPWA works to dismantle the systemic barriers that impede economic security and well-being, and strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

Our organization believes the cuts outlined in the November Financial Plan put the dignity and economic security of all New Yorkers at risk. With steep cuts to education and human services, and an additional 5% cut scheduled this January, this Program to Eliminate the Gap (PEG) only widens the inequality between all New Yorkers.

Non-Profits Can't Do More with Less

As a member organization representing nearly 170 human services agencies and faith-based institutions, FPWA hears daily about the direct impact that insufficient funding has on providers. Plagued by late contract payments, gaps in workforce support, and reduced budgets, non-profits and human services agencies are already struggling to deliver vital services. Rather than focusing on improving care, the sector has to worry about keeping the lights on and making sure workers get paid.

We cannot keep asking our non-profit providers to do more with less. An uneven pandemic recovery and the important work to support new arrivals require our human services sector to be fully functioning – and fully funded.

Yet, as we speak, essential programming is being cut. The PEG threatens to worsen outcomes for entire communities. Cuts to afterschool programming (\$1.5M in FY24, then \$6.9M in FY25), summer enrichment (\$20M), community schooling (\$10M) and libraries (\$23.6M), will not only impact the children using these services, but will also cause undue hardship on the families and communities that rely on them. This hardship forces New Yorkers to scramble to find alternative arrangements for child care – one of the leading costs for households in New York, as demonstrated by our most recent report, [The Problem of Income Inadequacy in New York State](#). Existing crises in learning loss, child care access, and community networks, will be exacerbated without intervention.

Call for Transparency

The City needs to be more transparent about how cuts could affect service providers in the long term. Insufficient information on the nature of PEG reductions has made it difficult to discern the effect of certain savings measures, particularly for vacancy reductions, personnel services cuts, and program cost reassessments.

Reductions based on reassessments of staffing and program cost could conceal the long-term impacts of cost reduction. Without more context on community needs and service constraints, the City risks

straining the government's capacity to deliver benefits and services. With over 18,000 outstanding vacancies across NYC agencies, reassessments and cuts to vacancies and personnel services may make temporary problems in service delivery permanent.

Dismal service attainment rates over the last fiscal year, highlighted in the Mayor's Management Report, show the need to carefully guard our city's service capacity. With only 30 percent of cash assistance applications and under 40 percent for SNAP meeting the criteria for timely processing, too many New Yorkers are falling between the cracks¹. Without further information on the service impact of the PEG, New York City risk having its residents' vital services reduced or removed, without the necessary information to understand how this will impact their lives and well-being.

The November plan cuts \$120 million from early childhood education programs which could translate into 10,000 seats being cut from the system. When justifying these cuts to the Department of Education, the Administration termed these cuts "right sizing," which often suggests programmatic under-performance. This language implies that the rationale for cuts to the 3K program is based on "under enrollment." However, this is an incomplete narrative. Unfilled seats in 3K programs have been attributed to significant and persistent rollout issues with an arduous application procedure and insufficient program promotion making it difficult for New Yorkers to enroll their students. As discussed below, FPWA has warned about the impending fiscal cliff for federal funding that previously supported these programs. Due to its lack of planning and the halting and inadequate rollout, the City will fail to uphold its promise for universal 3K.

Looking Beyond the November Cuts: Loss of City, State, and Federal Funding in FY 25

For several years now, FPWA has drawn attention to the impending fiscal cliff that would be caused by the expiration of Covid-19 funding. As highlighted in our most recent Human Services Funds Tracker report, that cliff is now upon us². The City's failure to heed this warning and adequately plan for this eventuality has directly led to the fiscal challenges being faced today.

The total loss in anticipated federal funding, amounting to over \$4 billion dollars, will affect human services agencies profoundly.

Again, the Department of Education is particularly hard hit, facing a massive loss of over \$1B in temporary federal Covid-19 relief funds in the following fiscal year. This threatens important programs including preschool special education, Summer Rising, community schools, school nurses, restorative justice, 450 school social workers, 60 school psychologists, 75 coordinators working in homeless shelters, bilingual staff, translation and interpretation, dyslexia and literacy initiatives, and more.

The impact of November PEG cuts is just the tip of the iceberg. The Plan's outline for FY 2025 and subsequent outyears paints a worrying picture with a concurrent decline in City, State, and federal funding overburdening the public sector.

According to the expense breakdown, the City plans to reduce funding contributions to human services agencies despite losses to federal funding. In fact, reductions of City funds are greater than the loss of

¹ https://www.nyc.gov/assets/operations/downloads/pdf/mmr2023/2023_mmr.pdf

² <https://www.fpwa.org/resource-center/in-the-news/new-fpwa-report-reveals-alarming-decline-in-federal-state-funding-for-city-agencies/>

federal funding for many agencies, including the Department of Small Business Services (DSBS), Department of the Aging, the Administration for Children’s Services (ACS), the Department of Social Services (DSS), and the Department of Youth and Community Development (DYCD).

Similarly, the top-line figures for agency budgets obscure the depth of cuts with adjustments outside of the PEG like necessary collective bargaining increases and new needs spending not increasing agency capacity. For example, while it looks like the Department of Education’s budget increased overall, the \$600 million PEG is hidden by legally required increases in spending for private-school special education funding as well as increased transportation costs.

Still, many of the proposed FY 2025 human service budgets are substantially lower than the current fiscal year. If accepted in its proposed form, the Department of Youth and Community Development’s Budget would shrink by over 16% while the Department of Small Business Services (DSBS) budget could face a whopping 40% cut - before even accounting for inflation. Significant cuts in overall funding levels are slated for most human service agencies.

Agency	Percent funding change, FY24 to FY25, November Financial Plan
Department of Small Business Services	-39.6%
Department of Health and Mental Hygiene	-19.8%
Administration for Children's Services	-0.6%
Department for the Aging	-6.8%
Housing Preservation and Development	4.2%
Department of Social Services	-4.8%
Department of Youth and Community Development	-16.2%
Department of Homeless Services	7.8%
Department of Education	-3.9%

Why15%? Say No to Austerity

Cuts at this level would be catastrophic for vital programming and cannot be the starting basis for the Mayor’s preliminary Budget come January.

In a city where 50% of working-age households in New York City do not have sufficient earnings to keep up with the high cost of living, we cannot afford to reduce vital human services³.

Rather than feeding into a “doom loop” narrative, in which tales of mass migration and loss of federal funding spell the decline of New York, we must embrace solutions that allow us to build towards a “virtuous cycle” of public spending. The current strength of our economy, which boasts strong growth and low unemployment, speaks to the generative power public financing has for consumer spending and our economy. In taking away social support, we may cut costs in the short-term, but risk harming the economy and reducing revenues – not eliminating, but widening the gap.

³ https://www.fpwa.org/wp-content/uploads/2023/12/NY_FPWA_BriefOne.pdf

Only when we adequately invest in social outcomes can New York City achieve its growth potential while addressing the root causes of poverty.

On this basis, we call on the City to partner with the nonprofit sector and work toward creative solutions. The City cannot withstand a 15% cut to its budget, and any additional cuts to the nonprofit sector will only undermine the health and wellbeing of New York City.

To start a fair negotiation, we advocate for the City to:

- Ensure that non-profit and human services sectors have the funding to deliver services to New Yorkers in need, while paying workers' wages that meet the true cost of living.
- Improve transparency into PEG cuts, providing a deeper contextual assessment of vacancy reductions, personnel services cuts and program cost reassessments.
- Partner with the human services sector and nonprofits to advocate for increased State and federal financing, while also using city funds to ensure that human services are prioritized.
- Consider revenue raising solutions including progressive tax adjustments.
- Reject budget austerity, understanding that public investment, especially in those investments that support New Yorkers with the lowest incomes, is the foundation of our collective prosperity and financial security.

Thank you for the opportunity to testify. We at FPWA look forward to working closely with you to ensure that our human services system is supported, and New Yorkers receive the assistance they deserve.