



Testimony of FPWA

**Presented to:
Finance Committee
Preliminary Budget Hearing
Chair Justin L. Brannan
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We are grateful to the Council Finance Committee for holding this hearing, and to Chair Justin L. Brannan for the opportunity to provide written testimony on behalf of FPWA (Federation of Protestant Welfare Agencies) regarding the Preliminary Budget.

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, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

FPWA also has a membership network of more than 170 faith and community-based organizations. We support our members by offering workshops and trainings on topics such as leadership development, organizational management, and trauma-informed approaches to service delivery.

As such, we are dedicated to ensuring our city's vital human services sector, is equitable, just, and appropriately resourced. We do this by monitoring the city's finances and advancing fiscal transparency, including through our newly launched, [NYC Funds Tracker](#).

We call for the City and the Office of Management and Budget to join us in advancing this fiscal transparency goal, particularly in the light of the string of PEGs (Program to Eliminate the Gap) first announced in fall last year.

While we welcome the news that the City has since scaled this back, the damage has already been done. The rollercoaster of budget cuts and announcements has caused undue stress for the human services sector. Nonprofits have faced unnecessary, severe disruptions and distress while being asked to develop and implement plans with unacceptably limited information. And despite the Administration's messaging, services were cut and not restored.

To date, Mayor Adams:

- Announced in September that every agency would be required to reduce their budget by 15% during fiscal year 2024 and immediately implemented a hiring freeze, stressing the already understaffed and underfunded human services sector.
- In November, the administration made significant cuts to agencies that support nonprofit programs, including after school community programs (\$10M); library services (\$23.6M); cultural development and cultural institutions (\$8.6M); the participatory budget program, racial equity initiatives, and civic engagement efforts (\$643K), among other services. Major cuts to youth services are set to take place in fiscal year 2025 with steep cuts to COMPASS after-school programming and the Summer Rising program. The Department of Youth and Community Development, which funds many culturally specific, BIPOC-led organizations and major youth services, is facing cuts of close to \$4 million in the current fiscal year and \$32.5 million in the next fiscal year.
- Prior to the January Plan, the administration announced certain funding cuts would be restored.
- Despite the administration's messaging, January's plan included further cuts that affect nonprofits funding. The administration has eliminated the Department of Probation's Impact program and reduced the budget for older adult centers by \$18.8 million.
- Key areas of human service funding go unrestored, with the preliminary budget proposing a fiscal year budget several billion below the current fiscal year. Reduced budgets threaten service provision and quality. Critical services like 3K, CUNY, and libraries are being curtailed while

reductions in funding in fringe benefits and costs estimates that support service provision may reduce agency ability to deliver quality services.

- Furthermore, the Mayor’s decision to only partially lift the hiring freeze put in place in September continues to worsen the position vacancy crisis in city government and hobble service delivery.

This crisis approach to budgetary management has not only eroded the City’s relationship with the non-profit sector but has also undermined the possibility of collaborative and effective planning conversations for the forthcoming fiscal year.

Instead of committing to fully funding the human services sector, many of the proposed FY 2025 human service budgets in the Preliminary Budget are substantially lower than the current fiscal year, despite robust economic outlooks.

Latest economic forecasts by the IBO, which completed their analysis a month after OMB, project this Fiscal Year’s budget surplus to be \$2.8 billion higher than the Administrations forecasts¹. The IBO also estimates that the next fiscal year—2025—will end with a surplus of \$3.3 billion, while City budget gaps in outyears are well within historical range.

Despite these strong forecasts, the Administration’s preliminary budget proposes to shrink the Department of Social Services and Department of Youth and Community Development’s by over 15% while the Department of Small Business Services (SBS) budget would be slashed by a whopping 47% - before even accounting for inflation. These cuts unfairly punish and target human services provision.

The table below compares the Preliminary Budget’s proposed human service agency spending for FY24 to FY25.

| Agency | Proposed Change to Agency Funding from FY24 to FY25, January Plan |
|--|---|
| Department of Small Business Services | -47.4% |
| Department of Health and Mental Hygiene | -23.8% |
| Administration for Children's Services | -16.4% |
| Department for the Aging | -4.1% |
| Housing Preservation and Development | -1.3% |
| Department of Social Services | -15.9% |
| Department of Youth and Community Development | -15.4% |
| Department of Homeless Services | 4.7% |
| Department of Education | -3.4% |

These reductions are even steeper than proposed in the November plan and are contradictory to the improved economic forecasts and FY24 restorations. FPWA believes proposed reductions in agency are not a fair basis for FY25 budget negotiation and make outsized cuts to New York’s social service sector.

The human services sector touches every vital aspect of daily life – from public education, to health, to food and shelter to cultural enrichment and language access. Only by adequately investing in the human

¹ <https://ibo.nyc.ny.us/iboreports/preliminary-budget-february-2024.html>

services sector can New York City work towards addressing the root causes of poverty, and towards a more equitable and financially sustainable city. That's why FPWA joins over 300 organizations in the #WHY15 campaign to ask for transparency and inclusion in the City's budget. We call on the City to partner with the nonprofit sector and work together toward creative solutions to promote the public safety, health, and cleanliness of New York City.

The budget cycle is not over – and it is not too late for the Administration, City Council and non-profit sector to come together. We now call on City Council to join us in advocating for:

- Full restoration of the November and January 10% cuts;
- Meaningful partnership with the nonprofit sector;
- Increased transparency in the budgeting process;
- Fixing the ongoing, years-long contract payment delays.

We thank the Council for this opportunity to testify. In hearing voices from the human services sector and recognizing that nonprofit organizations play a critical role in daily life, we can find collaborative solutions that safeguard communities and invest in equity. We look forward to continued collaboration to ensure the prosperity of our communities.