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Testimony of United Neighborhood Houses
Before the New York City Council

FY 2022 Preliminary Budget Hearing: Committee on Aging
Council Member Margaret Chin, Chair

Presented by Tara Klein, Senior Policy Analyst
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Thank you for convening today's hearing. My name is Tara Klein, and I am a Senior Policy Analyst at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 44 neighborhood settlement houses, including 40 in New York City, that reach over 765,000 New Yorkers from all walks of life. A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers.

UNH members provide a wide variety of services to over 80,000 older New Yorkers each year by operating programs such as senior centers, Naturally Occurring Retirement Communities (NORCs), home delivered meals, case management, home care, geriatric mental health, and others, often funded by New York City's Department for the Aging (DFTA) and the City Council. UNH and its settlement house members employ the philosophy that older adults are valued members of our neighborhoods, whose wisdom and experience are important to the fabric of our communities.

Older adults are the age group most vulnerable to COVID-19, and settlement houses have been on the frontlines in meeting their emergency needs, providing them with food, financial benefits, mental health supports, social activities to reduce social isolation, and support in getting COVID-19 tests and vaccinations. We are grateful that DFTA's budget saw minimal cuts in the FY 2022 Preliminary Budget. It is important that these programs be spared from cuts in the Adopted Budget, and that funding is increased to address unmet needs, to ensure older adults can continue to receive these life-saving supports.

Overview

In FY 2022, there are a number of funding needs to support older New Yorkers and help our City recover from COVID-19. UNH urges the City to take the following actions:

- Include **$10 million** in previously-promised **"model budget" funding for senior centers** (not budgeted), and **$5 million** in additional funding for senior center meals and kitchen staff (budgeted).
- Delay the **Older Adult Centers RFP.**
- Invest **$16.6 million** in the **home delivered meals** program to provide nutritious daily meals and social supports to homebound seniors, including $13.6 million for weekday meals and $3 million for weekend and holiday meals.
- Enhance **NORC staff salaries** by at least **$1.7 million** to ensure parity with other DFTA-funded contracts.

- Restore the **Geriatric Mental Health Initiative** to FY 2020 levels, and further increase the initiative by **$950,000** to expand services to at least ten new sites.
- Restore and baseline **recurring one-year Administration funds**.
- Restore **Council Aging Initiatives** at **FY 2020 levels**, reversing cuts from FY 2021.
- Fully fund the **Indirect Cost Rate Initiative** and support the human services sector.

<u>**Restore Senior Center Budget Cuts**</u>

Senior centers have served as crucial supports for older adults throughout the pandemic. Settlement houses operate 46 senior centers across City, serving over 53,000 older adults in these centers. While buildings have remained physically closed during the COVID-19 pandemic, senior centers have not ceased operation, and in fact many have been working overtime to serve older adults remotely. Activities have included wellness calls, case management services, enrolling people in the GetFood NYC program, virtual social activities, assistance getting tested or vaccinated, and more. While not being permitted to serve food, many cooks have transitioned to help senior centers make wellness calls to check in on older adults at home.

FY21 was a difficult budget year across the City, but senior centers were hit especially hard with a failure to include $15 million in expected funding and additional COVID-related cuts for FY20 and FY21. Unfortunately, we fear these budget cuts may be indicative of a misperception that senior centers have been closed during COVID-19, even though they have pivoted to remote work. We hope to dispel this myth and ensure full funding for FY 2022.

The FY 2018 "model budget" process for senior centers allocated $20 million in baselined funding to programs across the City to begin to address the chronic underfunding of senior center contracts. $10 million was allocated that year, while the remaining $10 million was promised by FY 2021. Unfortunately, these funds were not included in the FY 2021 Budget, nor were they budgeted for future years, and nor were they included in the FY 2022 Preliminary Budget, breaking a major promise made between the Mayor and City Council. This funding is crucial now as senior centers serve as a lifeline to older adults during COVID-19.

Additionally, the FY 2020 budget included a $15 million baselined increase to senior centers specifically to support congregate meals, as kitchens and food were excluded from the original model budget process. This was meant to be phased in as $10 million in FY 2020 and an additional $5 million – or $15 million total – in FY 2021 and future years. While the $10 million was added and has been very helpful in supporting kitchen staff who continue to work in their senior centers throughout COVID-19, the remaining $5 million investment was delayed for one year. This delay was implemented at the last minute in the FY 2021 budget in June, with no warning in the Executive Budget proposal. Senior centers had already received their anticipated allocations from DFTA and were instructed on how to spend the funds, beginning July 1, 2021. Many had made hiring decisions based on this anticipated funding, leaving programs scrambling to adjust. While the remaining $5 million was included in the FY 2022 Preliminary Budget, we remain vigilant in ensuring these funds materialize this year.

Finally, the two "model budget" investments were intended to allocate funding before the next senior center procurement so the future system could be built in a way that was fair and fully funded. With DFTA looking to re-procure its senior center system this year, this funding is even more urgent.

The City's invoice for senior centers is past due: **it is time for the Administration to pay its bills and allocate the remaining $15 million to support senior centers.**

Delay the Older Adult Centers RFP

UNH continues to urge DFTA to **delay its pending procurement for Older Adult Centers.** In addition to the budgetary concerns outlined above, there is a large degree of uncertainty around the future of in-person senior center programming as centers remain physically closed and it is unknown what services will look like in the future. Given the fact that this procurement envisions the system for the next three years with an option to extend for three additional years this seems short-sighted. Further, there is a very real need for the aging services network to give full attention to vaccinating older adults right now, stymieing the potential for creative approaches to apply for an RFP. Finally, with contracts still scheduled to begin on July 1, 2021, this leaves less than four months for the full process of releasing the RFP, application, selection, and negotiation for new contracts. We strongly believe that this is not the time to proceed with this procurement.

Home Delivered Meals

Nonprofit home delivered meals (HDM) providers deliver a daily nutritious meal to homebound older adults who are unable to prepare their own food, while also providing case management and regular in-person wellness checks for those at risk of social isolation. HDM is a key service to support older adults, and it has become even more crucial during the pandemic. Nine UNH members currently provide home delivered meals, either as lead contractors or subcontractors. Unfortunately, the program faces systematic underfunding, and during COVID-19 the program has faced numerous additional funding challenges.

Pandemic concerns and federal funding:

During the pandemic, HDM providers were instructed to continue business as usual. At the same time, the program saw demand increase rapidly, with many indicating a 20-30% uptick in demand as urgent community needs quickly grew. DFTA has instructed HDM providers to stop signing up new people and instead to refer them to the GetFood NYC emergency feeding program, even though that program does not provide the social supports that many clients need. Further, the nutritious quality of GetFood meals is known to be worse than those in the home-delivered meals program, the latter which are high-quality, nutritious, and can be individually-tailored to meet older adults' needs.

We understand that this shift to GetFood is in part due to inflexibility in federal FEMA funding to support home delivered meals. **We urge the City to advocate to allow all federal stimulus funds to be used for both the home delivered meals and GetFood program.** Further, DFTA must develop a plan to ensure home delivered meals providers have the funding and support to absorb new individuals who learned about and need the program in the long term, especially should the GetFood program eventually wind down or end.

Chronic underfunding:

The home delivered meals program has been significantly underfunded for years, with DFTA contracts failing to cover the full cost of providing meals. Nonprofit providers persistently struggle with rising costs, causing significant financial damage to providers who lose money on their contracts each year and ultimately impacts the quality and availability of services to older adults. Long-standing underfunding has only been made more acute during COVID-19, as demand has risen and funding has remained flat.

Despite its overwhelming success in maintaining health and nutrition throughout the pandemic and beyond, the home delivered meals program has been significantly underfunded for years, with DFTA contracts failing to cover the full cost of providing meals. Nonprofit providers persistently struggle with rising costs for purchasing raw food, maintaining competitive wages for delivery staff, and dealing with unplanned expenses like vehicle maintenance. This causes significant financial damage to providers, with many incurring deficits to meet the demands of their communities and ensure seniors receive meals. Ultimately this can impact the quality and availability of services for the older adults who rely on these meals. Long-standing underfunding has only been made more acute by the increased demand during COVID-19, as demand has risen and funding has remained flat.

The average cost for a home delivered meal for urban areas in the United States in 2015 was $11.78, according to a report by Mathematica Policy Research.[1] Under new contracts that began on January 1, 2021, DFTA implemented a new across-the-board rate of $9.58 per meal. This rate is therefore approximately 20% below the national average cost of a meal. An independent analysis of true costs by UNH and LiveOn NY, assisted by SeaChange Capital Partners, has confirmed $11.78 as close to the actual true cost of a home delivered meal, though rates varied by provider. Notably, the new HDM contracts require several programmatic changes to increase meal choice — thus adding new costs — but the City failed to invest any new funding in the program.

To meet the nutritional needs of vulnerable, homebound older New Yorkers, bring contracts up to their true cost of $11.78 per meal, and ensure program stability in FY 2022, **the City must infuse $16.6 million in new funding into the home delivered meals system**, including $13.6 million for weekday meals and $3 million for weekend and holiday meals (the latter which have experienced stagnant investment for a decade). The City must also include annual cost escalators to account for rising food and labor costs plus the rising number of older adults, allow higher rates for programs that spend more on specialized cultural or therapeutic meals, and invest in a capital fund so programs can make key infrastructure upgrades and repairs in their programs. Finally, we urge DFTA and the City to look to federal funding sources as they become available to support the HDM program, including advocating for flexibility for existing FEMA funds, but absent of this the City must increase its own investment into this program.

<u>Naturally Occurring Retirement Communities (NORCs)</u>

NORCs are multi-age housing developments or neighborhoods that were not originally designed for older adults, but are now home to a significant number of older people. NORCs help thousands of older adults remain healthy, stable, and able to age in place by offering health care, social services, and socialization opportunities right at home.

Thank you to the Council for supporting a major investment in the City's Naturally Occurring Retirement Communities (NORCs) for the last two years, particularly to support nursing services. Because of the Council's enthusiasm for this program, we have been able to bring resources and attention to the needs of a large and rapidly growing older adult population. We urge the Council to maintain its investment in NORCs, including $1.3 million for nursing supports.

Despite closing physical spaces to older adults and suspending in-person programming during COVID-19, NORCs have continued to work remotely throughout the pandemic. For example, staff provide frequent wellness calls to monitor health and safety and to reduce social isolation; case managers continue to assist older adults in accessing food, medical supplies, in-home healthcare, and more; and NORC nurses are providing remote workshops and support over the phone, particularly focusing around COVID-19 concerns. NORCs are currently serving as partners in the COVID-19 vaccination effort to help reach homebound older adults. In this remote environment, NORCs serve as essential services for older adults, helping them stay safe, healthy, and connected.

Unfortunately, the City's NORCs have been struggling with chronically low staff salaries, as contracts have not allowed for meaningful raises in many years. Recently the NORC network has seen high turnover rates for all positions, including directors and case managers. This is particularly challenging given recent increases to senior center staff. In many cases, especially in settlement houses, senior

[1] https://acl.gov/sites/default/files/programs/2017-05/NSP-Meal-Cost-Analysis_v2.pdf

center and NORC staff work side by side doing similar work. However, the case worker in the senior center will often make far more money than the case worker in the NORC. This has negative ramifications for staff morale and retention.

An analysis of existing staff salaries by UNH, UJA-Federation, and LiveOn NY has found that NORC salaries are roughly $15,000 lower, on average, than senior center salaries. Systemwide, an investment of at least $1.7 million is needed to ensure NORC salary parity for DFTA-funded NORCs.

Geriatric Mental Health Initiative (GMHI)

UNH is a long-time supporter of the Geriatric Mental Health Initiative (GMHI), a Council Initiative funded under DOHMH. GMHI funds mental health services in community spaces where older adults gather, such as senior centers, NORCs, and food pantries. GMHI increases the capacity of community-based organizations serving older adults to identify mental health needs, provide immediate mental health interventions, and refer clients for further psychiatric treatment when necessary. By placing mental health services in nonclinical settings, GMHI providers are able improve access to mental health services in the community, and providers can adapt their programs to meet the needs of the community they serve without stigma. GMHI currently supports 22 organizations, 7 of which are UNH members.

During COVID-19, GMHI providers have indicated tremendous increase in demand for telephone-based counseling due to increased depression, anxiety, and isolation, with one provider reporting 381% more individuals reached than predicted. Group counseling and screenings also continue to operate remotely. Before the pandemic hit, the aging network expressed an overwhelming demand to expand mental health services for older adults, especially at senior centers and NORCs and in multiple languages. Given patterns of increased demand over the last year, it is prudent to consider expansion of this program in order to reach older adults in need of mental health supports.

Unfortunately, in FY 2021 GMHI was cut by about 15% per program, leaving providers struggling to do more work with less. At a bare minimum, the Council must restore this initiative back to FY 2020 levels of $1.9 million. It should also **expand the initiative by 50% above that level – investing an additional $950,000 for a $2.86 million total program cost.** This would allow GMHI to expand to at least 10 new sites, plus allow modest increases for existing programs to allow them to meet increased demand and provide much-needed cost of living increases for staff.

Notably, GMHI is distinct from the DFTA Geriatric Mental Health program (DGMH), which is administered through ThriveNYC. DGMH contracts with four borough-based providers who place mental health clinicians in senior center host sites. While several UNH members currently serve as host sites for this program and report positive results, DGMH is limited in its scope.

One-Time Administration Funds

For several years, the Administration has been adding one-year funds to support key programs but has failed to baseline these funds. This leaves advocates and the City in a position of having to do a “budget dance” to restore these funds, while there are more urgent systemic needs that require our attention. This year’s needs include home delivered meals, senior centers, NYCHA senior centers, NORCs, and case management.

Council Aging Initiatives

The Council must restore funding for all of its Citywide Initiatives for aging to FY 2020 levels, which provide enormous supports for older adults and the programs that support them. Providers cite these initiatives as allowing them to offer holistic supports to older adults. These include NORCs, Support Our Seniors, Senior Centers for Immigrant Populations, and Senior Centers, Programs &

Enhancements. We urge the Council to restore the Healthy Aging Initiative, which was eliminated in FY 2021 and allowed programs the flexibility to hire consultants and fill programmatic gaps. Finally, we urge the City to invest in additional technology infrastructure for nonprofit providers and older adults to support remote programming and help bridge the digital divide.

Indirect Cost Rate Initiative and the Human Services Sector

UNH urges the City Council and the Administration to follow through on their promises by **fully funding the Indirect Cost Rate Funding Initiative (ICR) both retroactively and moving forward.** Announced in December 2019 as a $53.4 million investment starting in FY20, the ICR was a recognition of a long-standing failure of the City to cover the full costs of providing older adult services, childcare programs, homeless shelters, after school programs, and more. Unfortunately, during the FY21 budget process $20 million was cut from the initiative, and providers were later informed this would result in a 40% retroactive budget cut for FY20 and to-be-determined cuts for FY21. This cut amounted to over $5 million in FY20 for New York's settlement house network alone, and for FY21 and beyond our network anticipates cuts of at least $16 million. As of this hearing, human service organizations still do not have a sense of what funding they should anticipate for their indirect rates for the current fiscal year, nor future fiscal years.

The budget cut to the ICR Initiative was destabilizing, especially in a time of unpredictable costs and escalating needs. After working with the Administration in good faith throughout this tumultuous year, providers have been forced to lay off key administrative staff including human resources and information technology (IT) team members. This comes during a time when staff morale is severely impacted by the COVID-19 pandemic and remote technologies are more important than ever. Very few organizations have cash reserves to utilize when the City makes last-minute budget cuts like these, adding to greater financial instability at these organizations during an already financially turbulent time. The City Council and the Administration must fully fund the ICR in FY22 and restore all retroactive cuts.

Furthermore, we urge the City to **restore the Cost of Living Adjustment (COLA) on the personnel services line of all human services contracts at a rate of at least 3%.** The City allowed the COLA for human services workers to expire in the middle of the pandemic by not renewing it in the FY21 budget, even though human services workers were going above and beyond to keep programs running. These urgent investments are needed while workers, advocates, providers, and elected officials continue to work together on more comprehensive solutions to ensure that human services workers finally earn fair pay for their essential labor.

Thank you for your time. For questions, I can be contacted at tklein@unhny.org.