



## The Executive Budget Disproportionately Targets Low-Income Children: Legislators Need to Protect Them

In tight budget years, it is too often the case that the State balances the budget by cutting essential services for those unsupported by powerful interest groups, including low-income children and families. Without Legislators intervening, this year is on track to follow tradition.

The State's responsibility for our children – particularly those in the child welfare system, who are its direct charge – should be unfaltering. The data is overwhelming that underinvestment in children leads to exponentially higher costs to the State in the short- and long-term in education, public safety, health, and beyond. Child well-being lies across these categories: economic insecurity causes toxic stress which negatively impacts children's physical and behavioral health, and can increase the chance of child welfare involvement.<sup>1,2</sup> And, ill health can lead to family economic insecurity, which can lead to poor academic achievement.<sup>3</sup> Researchers from University of Chicago, Northwestern University, and Georgetown put the national costs associated with child poverty at \$500 billion per year.<sup>4</sup>

Below are some of the Executive Budget proposals with the potential to impact on the long-term well-being of New York's children.

### **Reject the proposed cap on child welfare preventive services.**

Tens of thousands of children receive preventive services in New York State each month.<sup>5</sup> The Executive Budget would drastically cut funding for services for children and families who are at highest risk of entering New York's child welfare system. The State's child welfare preventive and protective fund allows counties to direct resources to at-risk children and families before children need to be placed in foster care, and be reimbursed for 65% of those expenditures. The Executive Budget would end the open-ended nature of the fund, jeopardizing communities' capacity to respond to need. While the proposal targets New York City only, it sets a dangerous precedent for future caps based on the Governor's perception of county capacity and willingness.

The cuts disproportionately fall on low-income children of color. The child welfare system disproportionately serves low-income families and families of color. In fact, 40.8% of New York State's children in foster care are Black, while 23.3% are White.<sup>6</sup> In contrast, 48% of NY children under the age of 18 are White, and 15% are Black.

According to the federal Administration for Children and Families' *National Incidence Study of Child Abuse and Neglect IV*, children in families of low socioeconomic status (households with an income of \$15,000 or less, both parents lack a high school degree, or the household receives welfare assistance), are more than **seven times more likely** to experience abuse or neglect than their more affluent peers.<sup>7</sup>

*We urge the Legislature to reject the proposed cap on preventive and protective services because it jeopardizes the safety and well-being of New York State's children, especially low-income children of color, and undercuts county confidence in these services.*

**Fully fund the Close to Home juvenile justice system and implementation of Raise the Age.**

As New York City prepares to implement Raise the Age, including planning for an influx of 16- and 17-year-olds into their juvenile justice system (called Close to Home in NYC), the Executive Budget proposes to eliminate all funding for the system. Through Close to Home, NYC has successfully implemented a trauma-informed juvenile justice system, including evidence-based models, family engagement, high quality education, health and behavioral health services, and thorough aftercare support. Since implementation in 2012, juvenile arrests have dropped by 52%, detention by 37% and placement admissions by 77%.<sup>8</sup>

Furthermore, while the Executive Budget includes \$100 million for Raise the Age implementation, it is unclear what specific services and programs the funding will support, or how the funding will be allocated. Counties must be prepared to serve 16-year-olds by October 1, 2018, without any guidance as to how they will be funded to do so. This creates uncertainty for localities as they plan for implementation. Notably, it also appears New York City will not receive any of the \$100 million of Raise the Age funding due to a requirement that counties remain within their 2% property tax cap or demonstrate financial hardship to receive reimbursement.

Like the child welfare system, the juvenile justice system disproportionately serves children of color. Sixty percent of young people admitted to non-secure detention in NYC in fiscal year 2017 were Black, 30% were Hispanic, while only 6% were White. These disparities are slightly worse for placements into secure detention – 65% Black, 29% Hispanic, and less than 3% White.<sup>9</sup>

*We urge the Legislature to reject the proposal to eliminate funding for New York City's juvenile justice system, restore \$41.4 million for Close to Home, and ensure that all counties, including New York City, have the resources necessary to successfully implement Raise the Age.*

**Implement mental health care for children and adolescents without delay.**

The Governor's budget proposal finds savings in an additional delay in the implementation of expanded Medicaid benefits for children with behavioral and other health needs for a savings of \$15 million. The expanded benefits are focused on earlier intervention and family stability.

Child and adolescent access to community-based, family and peer supportive, crisis intervention, and other services is already a significant problem. Utilization data compiled by the United Hospital Fund shows that behavioral health conditions drive a high volume of inpatient hospitalizations among adolescents covered by Medicaid.<sup>10</sup> Up to 12% of adolescents meet the full diagnostic criteria for depression, yet 60% to 80% do not receive appropriate care.<sup>11</sup> And a 2017 report from New York's School Superintendents found that increasing mental health, counseling, social work or similar services for students is far and away their biggest priority.<sup>12</sup>

The capacity of our child-serving behavioral health system is limited, with long wait times and high variability by geography. Advocates frequently hear from parents of children with behavioral health care needs reporting that children can wait for months or years before getting mental health care services.

*We urge the Legislature to invest in expanding and building the capacity of the child-serving behavioral health care system.*

**Support the seed investment recommended by the First 1,000 Days Medicaid Workgroup.**

The Executive Budget proposes \$1.45 million in Medicaid funding to implement the recommendations of the First 1,000 Days workgroup, focused on optimizing health and development for the youngest New Yorkers.

The first 1,000 days of life present a crucial period of opportunity to support optimal development that has lifelong consequences, since a child's brain develops most rapidly in the first three years. This early period of a child's life is important, not just for their physical health and development, but is also a critical period in terms of cognitive and emotional development. And interventions that help to ensure healthy development and reduce childhood adversity in the early years have been shown to contribute to better physical and mental health.

This small, seed investment is essential to ensure implementation of recommendations to improve health and development in the earliest years, though it does not make up for the significant cuts in other areas of the budget that impact New York's most vulnerable children.

*We urge support for \$1.45 million in State to begin implementation of recommendations to improve services and outcomes in the First 1,000 Days of life for the nearly 60% of New York children age zero to three who are covered by Medicaid.*

### **End the exclusion of young children from New York's child tax credit.**

New York State's version of the child tax credit – the Empire State Child Credit – provides eligible taxpayers a credit equal to 33% of the federal child tax credit or \$100 per qualifying child, whichever is greater. **The State credit contains a significant flaw: it excludes children under age four from eligibility – the very group that is most severely impacted by poverty.**

The Executive Budget proposes to amend the State tax law to decouple the State credit from the 2017 Tax Cuts and Jobs Act, tying it instead to the federal law as it existed prior to the 2017 tax overhaul. This will mean that the amount of the Empire State Credit will not increase or expand in lock step with the federal credit, which has been doubled and expanded to include more middle- and upper-middle income families. It also means that New York's immigrant families will remain eligible for the state credit – even though many of these families will lose eligibility for the federal credit under the new federal law. The Executive Budget does not propose to expand the Empire State Child Credit to include children under age four.

Modest federal tax relief that most low-income families will experience in the coming years will not make a real dent in New York's persistent high rates of child poverty, particularly if it is followed by significant cuts to the nation's safety net in the coming months, as is widely anticipated. Nearly one quarter of all New York children live in poverty, and that percentage is significantly higher among children of color. Working family refundable tax credits, like the Empire State Child Credit, are one important means of building family economic security and independence, and pulling children out of poverty.<sup>13</sup>

*We urge the Legislature to (1) accept the Governor's proposed amendment to the Empire State Child Credit to keep the state's child credit targeted to lower-income working families and to continue to cover hard-working immigrant families, and (2) amend the law further to cover young children (under age four), and double the credit for these young children.*

### **Expand investment in quality child care.**

The Executive Budget proposes no expansion of access to quality child care, including only \$7 million to restore last year's cuts. This failure comes at a time when the vast majority of low-income working families receive no child care subsidies due to inadequate investment. The lack of investment stands in sharp contrast to the Executive Budget's proposed generous investments in economic development and threatens to undermine the State's efforts to bolster the economy.

For many New York families with young children, child care is their largest monthly bill. New York State ranks among the most expensive states for child care in the nation.<sup>14</sup> The average cost

for full-time, center-based care is \$15,000 a year for an infant, and more than \$13,000 for a toddler, preschooler or school-age child. Child care expenses are also a leading contributor to family poverty.<sup>15</sup> 606,435 children, or 65% of children in poor families, have a parent who is employed at least part-time.<sup>16</sup> Further, the workforce caring for our youngest children – overwhelmingly made up of women – cannot make ends meet on the low salaries they are paid; nearly 60% of New York child care workers’ families participate in some type of public assistance.

*We urge the Legislature to (1) support the Governor’s proposed \$7 million restoration of last year’s cuts to child care subsidies, and (2) invest an additional \$93 million to expand the number of children served and to increase reimbursement rates so providers can meet rising costs, including the increasing minimum wage.*

### **Invest in making Pre-K universal.**

The Executive Budget underinvests in Pre-K, adding only \$15 million in new funding. This falls far short of the investment needed to fulfill the Governor’s pledge – made four years ago – to provide universal pre-K to all four year olds in five years. Underinvestment in Pre-K is depriving many of the State’s children a chance at a strong start, and, it has a ripple effect on child care because more than half of Pre-K services are offered in community-based settings.

*We urge the Legislature to invest \$150 million in Pre-K to move the state toward fulfilling the promise of universal Pre-K for all New York children.*

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<sup>1</sup> Children’s Defense Fund. (2015). Ending Child Poverty Now (p. 52). Retrieved from <http://www.childrensdefense.org>

<sup>2</sup> Katherine Sell, Sarah Zlotnik, Kathleen Noonan, David Rubin. November 2010. “The Effect of the Recession on Child Well-Being.” Wash. D.C.: First Focus. [http://www.annarbor.com/Recession\\_ChildWellBeing\\_0-1.pdf](http://www.annarbor.com/Recession_ChildWellBeing_0-1.pdf)

<sup>3</sup> Spielberg, B., & Jared Bernstein. (2015, June 5). Inequality Matters. The Atlantic. Retrieved from <https://www.theatlantic.com/business/archive/2015/06/what-matters-inequality-or-opportunity/393272/>

<sup>4</sup> Harry J. Holzer, Diane Whitmore Schanzenbach, Greg J. Duncan, and Jens Ludwig. March 2008. The economic costs of childhood poverty in the United States. *Journal of Children and Poverty*. Retrieved February 4, 2018, from <http://home.uchicago.edu/ludwig/papers/HolzerEtAlChildhoodPoverty.pdf>

<sup>5</sup> See e.g., Administration for Children’s Services, NYC. Snapshot of children receiving ACS services. <https://www1.nyc.gov/site/acs/about/data-policy.page>

<sup>6</sup> NYS Office of Children and Family Services. (2016). Monitoring and Analysis Reports: Children in Foster Care on 12/31 by District 1995- 2016. <http://ocfs.ny.gov/main/reports/maps/counties/New%20York%20State.pdf>

<sup>7</sup> Sedlak, A.J., Mettenburg, J., Basena, M., Petta, I., McPherson, K., Greene, A., and Li, S. (2010). Fourth National Incidence Study of Child Abuse and Neglect (NIS-4): Report to Congress. Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families. Pp 5-8-5-12. [http://www.acf.hhs.gov/sites/default/files/opre/nis4\\_report\\_congress\\_full\\_pdf\\_jan2010.pdf](http://www.acf.hhs.gov/sites/default/files/opre/nis4_report_congress_full_pdf_jan2010.pdf)

<sup>8</sup> New York State Division of Criminal Justice Services. (2017, Sept. 1). New York City Juvenile Justice Profile- 2017. Available: <http://www.criminaljustice.ny.gov/crimnet/ojsa/jj-reports/newyorkcity.pdf>.

New York State Division of Criminal Justice Services. (2017, Feb. 17) New York State Arrests Among 16-17 Year Olds- New York City. Available: <http://www.criminaljustice.ny.gov/crimnet/ojsa/youth-arrests/nyc.pdf>.

<sup>9</sup> New York City Administration for Children’s Services. Juvenile Detention Experience: Fiscal Year 2017. Available: [https://data.cityofnewyork.us/browse?Dataset=](https://data.cityofnewyork.us/browse?Dataset=Information_Agency=Administration+for+Children%27s+Services+%28ACS%29&provenance=official)

[Information\\_Agency=Administration+for+Children%27s+Services+%28ACS%29&provenance=official](https://data.cityofnewyork.us/browse?Dataset=Information_Agency=Administration+for+Children%27s+Services+%28ACS%29&provenance=official)

<sup>10</sup> Understanding Medicaid Utilization for Children in New York State, United Hospital Fund, July 2016.

<sup>11</sup> Access to Care for Youth in a State Mental Health System: A Simulated Patient Approach; Journal of the American Academy of Child and Adolescent Psychiatry; May 2016

<sup>12</sup> The Council of School Superintendents. Losing Ground: Modest Improvements in the Financial Condition of New York’s Public Schools are not Keeping Pace with the Needs of the Children They Serve. October 2017. <https://www.nyscoss.org/img/uploads/file/2017-Finance-Survey-FINAL-Post.pdf>.

<sup>13</sup> Giannarelli, Linda, Lippold, Kye, Minton, Sarah, and Wheaton, Laura. January 2015. Reducing Child Poverty in the US: Costs and Impacts of Policies Proposed by the Children’s Defense Fund. *The Urban Institute*.

<http://www.childrensdefense.org/library/PovertyReport/assets/ReducingChildPovertyintheUSCostsandImpactsofPoliciesProposedbytheChildrensDefenseFund.pdf>

<sup>14</sup> Child Care Aware of America. (2017). Parents and the High Cost of Child Care. [https://usa.childcareaware.org/wp-content/uploads/2017/12/2017\\_CCA\\_High\\_Cost\\_Appendices\\_FINAL.pdf](https://usa.childcareaware.org/wp-content/uploads/2017/12/2017_CCA_High_Cost_Appendices_FINAL.pdf)

<sup>15</sup> Mattingly, M. J. and C. T. Wimer. (Spring 2017). Child Care Expenses Push Many Families Into Poverty. Carsey Research, National Fact Sheet #36. University of New Hampshire, Carsey School of Public Policy. <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1303&context=carsey>