

A Rocky Season

by Linda Ostreicher

Thursday, November 01, 2001 12:00 AM

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When Michael Bloomberg takes office in January, he will be mayor of more than the city's sagging economy and the aftermath of the attack on the World Trade Center. He will also be taking the reins of a government that relies on private, nonprofit agencies for the day-to-day care of human beings that the rest of us take for granted. Watching over children while parents work, feeding the elderly at senior centers, clothing and sheltering the homeless. Even when there is no special emergency, much of the city is held together by a brittle web of government contracts and underpaid social workers.

That web has been strained by a double blow from the state budget and the falling towers. First, lawmakers in Albany delayed this year's budget from April until August, when they passed a "bare bones" budget -- lower than last year's and minus funding for crucial needs. In mid-September, they followed up with a supplemental budget restoring less than half the funds that human service agencies counted on to keep their operations going.

Since September 11, ripples of destruction have spread far beyond Ground Zero. Soup kitchens found themselves feeding families of unemployed downtown restaurant workers, and community service centers wrestled with the crippled computer system of the welfare bureaucracy. While millions of dollars flow into charities serving World Trade Center survivors, agencies that serve people with needs unrelated to that disaster face the threat of reduced donations from sympathetic individuals and foundations, and the certainty of cuts from the city's shrunken coffers.

How do small human service agencies cope with large financial uncertainties? In normal times, the City of New York takes an average of 4 months to start payments, from the day a contract is signed with a nonprofit provider. Most providers start work long before they receive payments, borrowing money to stay afloat. However, lenders usually want to see a signed contract as collateral, and contracts are hard to finalize these days, when the city has announced 15 percent budget cuts, and state legislators have not yet decided how to spend "member item" money, seven months into the state's fiscal year.

Instead of the \$500 million individual state lawmakers controlled last year, this year they will have only \$200 million to distribute. Small programs can be entirely dependent on these unstable funds. "Two hundred million dollars sounds like a lot of money, and make no mistake, we're happy for it," said Megan McLaughlin, executive director of the Federation of Protestant Welfare Agencies (see ["Down and Out"](#)). "But it's basically 211 elected officials battling over what amounts to less than \$1 million each."

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CHILDREN HIT HARD

Children are particularly hard hit this year. A new five-year limit on welfare benefits, combined with the weak job market, will force more parents into jobs that pay too little to cover unsubsidized day care slots. Advocates recommended an increase of \$210 million in state spending for day care this year, to fund slots for 42,000 more children; only \$32 million was approved.

State law says that by 2002, there should be enough room in free pre-kindergarten programs for every four-year-old to attend. However, the new state budget provides less than half of the \$500 million needed. The state Senate Majority Leader, Republican Joseph Bruno, named the pre-K program as an example of the kind of spending New York cannot afford after September 11.

"We were asked to take in more children, but we just don't have the space," says Bernadette Wallace of Boys and Girls Harbor, which received no increase in funding this year for its three pre-K programs. "If there was to be additional money, we would probably open a new site."

RAINY TODAY

About \$3 billion in state funds are being held in reserve "for a rainy day", much of it from savings due to welfare reform. To Michael Kink of Housing Works, the rainy day is today. "It would be wise to spend some of the surplus money on lifeboats," he says, "but Governor Pataki seems more interested in putting aside reserves for his election-year budget."

In addition to reduced state funding, many groups were directly affected by the events of September 11. Offices of some agencies were damaged: many had to delay or relocate services. Housing Works estimates that the disaster and its fallout have cost the agency over \$300,000, including the cancellation of its 10th anniversary gala fundraiser.

The Haitian Women's Program hasn't been paid by the state for the last six months. "My

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accountant told me I couldn't go past October 31," says Gabrielle Kersaint. "We had no money." So the Brooklyn agency started laying people off, including a bilingual family specialist who provided permanency planning services to immigrants with AIDS. Now these parents will no longer have her help in figuring out how to provide for their children when they become too sick to do so themselves.

Legal Services of New York City is facing the possible loss of up to \$3 million, nearly ten percent of their total budget. According to Communications Director Edwina Frances Martin, this jeopardizes their domestic violence program, whose lawyers represent survivors in court, in child custody cases, and in securing the benefits needed to become independent of abusive partners. Another program at risk helps welfare recipients to stay in school when their education is threatened by the demands of the city's Work Experience Program.

Brooklyn Legal Services laid off half of their lawyers in early November, and the Citywide Task Force on Housing is planning to close down in December, laying off their entire staff. Lawyers at the Task Force and Legal Services protect tenants from homelessness by fighting illegal evictions.

ELDERLY TOO

Worthwhile new programs may not be funded for a second year. The Park Slope Geriatric Day Center's program for Spanish-speaking elders depends on state funding that is still in question. "The state is finally recognizing a need and then -- boom," says Marianne Nicolosi of Park Slope Geriatric. The program's loss would deprive clients with Alzheimer's disease and severe physical conditions of the chance to take part in individual and group activities that give them physical, mental and social rewards.

The city was about to hire social workers to provide mental health services at senior centers, reaching elderly clients who would otherwise be reluctant to admit a need for it. "We fought for that money for four years," says Bobbi Sackman of the Council of Senior Centers, noting that as a new program, this item is particularly vulnerable to the planned city budget cuts.

AFTER 9/11

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The World Trade Center tragedy intensified the need for many agencies' services, while placing new barriers in their path. "We're feeling the crunch of more people needing food," says Rita Marie Trucois, director of social services at Riverside Church, which has extended its food pantry's hours in response to a 30 percent increase in families seeking help.

Citymeals-on-Wheels is finding it harder to deliver meals to homebound older people in downtown Manhattan. "Our mission remains the same," notes its director of program services, Andrea Kopel, even though it now costs more to deliver the same level of service.

"In light of the September 11 attack, we have become more lenient," reports Shawniqua Ottley of the Fund for the City of New York, a major source of the bridge loans that sustain struggling nonprofits. "A lot of agencies are on the brink." Applicants for the Fund's loans are experiencing unusually long delays in processing contracts, particularly with city agencies displaced by the World Trade Center disaster.

Instead of requiring that an agency have a signed contract in hand, the Fund is now granting loans as long as it can verify that a contract is on the way to being signed. Borrowers are being given six months to pay back loans, twice as long as usual. Applications for loans have increased from about three a week to fifteen or twenty, according to Ottley. The Fund has had to draw on the Ford Foundation and the September 11 funds for an emergency injection of cash to meet increased demand.

Patrick Markee of the Coalition for the Homeless expects a time lag before we see the full impact of the sagging economy and the attacks on the World Trade Center. "The bigger question is, what's going to happen in the future with the city and state budgets?" Both the governor and the new mayor are facing large budget gaps in the next few years. Neither leader seems eager to raise taxes, even though higher unemployment will swell the need for social services. The Fall of 2001 may prove to be a dress rehearsal for uncertainty on a whole new scale.

Linda Ostreicher, a former budget analyst for the New York City Council, is a freelance writer and consultant to nonprofits. She is currently on the staff of Bronx Independent Living Services.