



The Voice of the Human Services Community

Cost-of-Living-Adjustments for Nonprofits NOW

The Nonprofit human services sector is seeking a two percent COLA in Fiscal Year 2015 through 2017. A two percent adjustment would cost **\$63 million** a year. Nonprofits have **NOT** received a COLA for **five** consecutive years; amounting to a nearly 10% reduction. This has saved the state approximately \$350 million.

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>Total</u>
Statutory Human Services COLA⁴	5.6%	-2.1%	1.2%	3.6%	1.4%	9.7%
Actual COLA Provided⁵	0.0%	0.0%	0.0%	0.0%	0.0%	0%

We see the reinstatement of COLA as the first step in a deeper dialogue to take place around the adjustment of service rates and are ultimately seeking to work collaboratively on the development of a sound rate adjustment policy for the future. Additional steps necessary to ensure the long term health of the sector, such as merger support, should be incorporated into the discussion as well.

Human services nonprofits were forced to do more with less as State and City budgets were drastically decreased. Now that the State budget has stabilized and is in a position to make reinvestments in the sector, it is time to give the nonprofit sector a modest upward adjustment. Agencies continue to provide services to more people with less resources and the lack of adjustments is beginning to take a toll on organizations and the sector as a whole. According to a survey recently released by the Nonprofit Finance Fund, only 14% of nonprofits receiving state and local funding are paid for the full cost of services.

Demand for human services has increased while funding for programs and service rates have stayed stagnant. This combination has led to a persistent instability in the sector. This instability can lead to an interruption in service and can damage the quality of service provided. 42% of survey respondents report that they do not have the right mix of financial resources to thrive and be effective in the next three years.¹

In the last three years, cuts to human services by New York State and localities totaled approximately \$1 billion, while poverty, hunger, and homelessness are near all-time highs.

¹ State of the Sector Surveys, Nonprofit Finance Fund, 2013

Reinstatement would offer much needed relief to this critical sector responsible for delivering a wide-array of needed services to communities and will substantially improve its ability to provide quality services. These investments will help move the sector on a path to sustainability, a step necessary to ultimately achieving greater, more positive outcomes.

A 2% COLA in the coming year and through FY17, is a fair and modest adjustment and is on par with the FY14 and FY15 increases given to the Civil Service Employees Union (CSEA).

Funding the human services COLA in this year's budget is an immediate step the state can take to help stabilize portions of the sector that have not seen increases in five years, but should be accompanied by a plan to engage the sector in a broader conversation about adequate rates and additional steps that can be taken to ensure the long term stability of the nonprofit human services sector.

We urge the Governor to take this first step **by including \$63 million in his proposed FY15 Budget to support a 2% increase** for nonprofit human service providers.

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