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Letter from Executive Director Michael Stoller



(Photo credit: Jerry Speier.)

This is a special edition of our newsletter. It is devoted entirely to the survey and forum on *The Helpers Need Help: New York City's Nonprofit Human Service Organizations Persevering in Uncertain Times*, released on September 9. While the findings captured in the survey were bleak, we have been heartened by the response to the survey from both inside and outside the human services community.

As workers in the human services sector, we don't need a report to tell us that the economic recession sparked major decreases in both public and private funding, which is the lifeblood of not-for-profit agencies. Nor do we need a report to tell us that agencies have responded by cutting back on staff, pay, and benefits - at exactly the same time the recession has caused an increased need for our services. Yet the report has shown that many organizations - like the clients they serve - are reacting with some level of resiliency. The majority of organizations are persevering despite the downturn and have refused to cut programs to those in need.

In this special issue, we highlight not only the survey but also stories featured in local and national news that describe some of the actions both not-for-profit and government agencies are taking during this difficult time. We are hopeful that the media coverage will aim the spotlight on our situation so that we, the helpers, will get needed relief and enable us to continue providing the help that is essential to the lives of vulnerable New Yorkers.

What Does the Survey Tell Us?

The Helpers Need Help: New York City's Nonprofit Human Service Organizations Persevering in Uncertain Times offers a comprehensive look at the strategies and actions that are occurring in many organizations to maintain social services while dealing with reduced revenues and growing hardships.

According to the report, more than 60% of organizations responding to the survey have seen **decreases in public funding**, with more than 50% experiencing major cuts to existing contracts with City, State, and federal government. At the same time, 73% of respondents said they are experiencing **major reductions in private funding**, with almost half seeing reductions of more than 20%. Furthermore, 75% of the organizations have **no financial reserves** - no endowments or lines of credit - with which to weather the uncertain economic climate.

As a result of the drastically reduced available funding, the majority of organizations (53%) report laying off staff in the past year. In addition, 60% plan salary decreases, 45% are implementing hiring freezes, 25% are reducing employee retirement benefits, and 24% are reducing healthcare or other employee benefits.

To make matters worse, due to the worsening economic climate, **the need for social services has increased**. Thus, social service agencies are being asked to do more with less funding, less staff, and less options. Yet despite these increasing constraints, only 35% of the respondents reported eliminating programs and 23% indicated they made significant reductions in services in the past year.

We are proud of the sector for fighting to maintain services to clients in need, but something has to give. The sector cannot continue to do even more with even less - and the survey provided further data that **agencies are battling to preserve their programs**.

As we continue to weather this storm, we remind you that now is the time to join the Human Services Council. HSC harnesses the collective strength and wisdom of the human services community in order to not only persevere, but to thrive in New York City. Please forward this special edition newsletter to a friend or colleague who is interested in supporting New York's human services sector.



Many thanks,
Michael Stoller

How Did the Survey Come About?

HSC sponsored the survey with the School of Public Affairs at Baruch College to determine how nonprofit human services organizations in New York City are managing during these difficult economic times.

The survey captured changes made by organizations in the last year to programs, staff, salaries, benefits, and operations as a result of reductions in revenues from public, private, and agency sources. The survey was completed in June 2009 by 244 nonprofit social service leaders. Almost one-third of the people receiving the survey responded - an incredibly high response rate - which we believe is a testament to the magnitude of the concerns held by human services leaders at this time.

We'd like to thank the many HSC members who provided extra support for this survey. These members contributed funds, called potential respondents, and helped develop the survey. Our thanks go to:

- Asian American Federation of New York
- Catholic Charities of the Diocese of Brooklyn & Queens
- Children's Aid Society
- Coalition of Behavioral Health Agencies
- COFCCA
- F.E.G.S Health and Human Services System
- Good Shepherd Services
- Goodwill Industries of Greater NY and NJ
- Jewish Board of Family & Children's Services
- Jewish Child Care Association
- National Black Leadership Commission on

The survey included one open-ended question: *Is there anything you would like to tell us about the impact of the financial crisis on your organization that has not been captured in this survey?*

Responses to this question provided some striking feedback and covered a gamut of concerns, from today's issues around diminished contracts and cash flow to tomorrow's uncertainty about employee morale, increased workload, and further reductions to 2010 budgets. Below are just a few representative quotes from the survey:

- *Governmental contractors still demand the **same level of service or greater** while they have **decreased funding** which never kept pace with realistic costs anyway.*
- *With diminished foundation portfolios and corporate losses and reductions, not only are **grant dollars more difficult to obtain**, but individual donors are impacted in their capacity as well.*
- *While our **line of credit** wasn't terminated, it was **significantly reduced** and tied to market fluctuations in our investment account.*
- *The increases in food, transportation and housing costs and no salary increases for staff have negatively impacted staff morale. **We have working staff that are living in homeless shelters due to housing costs.***
- *Client need has increased enormously combined with decreased government funding. **We have over 400 people on a wait list for service.***
- *...**increased stress on staff and clients** operating in an environment in which funding is precarious and layoffs have been necessary...*
- *Decreased public funding is made more difficult by the **level of paperwork required** for the funding.*
- *The **uncertainty of raising adequate private dollars** will force us to consider re-organization and lay-offs in 2010...*
- *The **impact** of the current crisis is anticipated to **hit us** in a more profound way **in the next fiscal year** rather than the current year.*

This is a small sampling of the comments - many respondents took time to write comments, which we believe is another testament to the difficulties faced by human services leaders who needed to express their growing concerns.

AIDS

- Phipps Community Development Corp.
- Project Renewal
- Public Health Solutions
- Safe Horizon
- UJA-Federation
- YMCA of Greater New York

As always, without member support, HSC could not accomplish all that it does. Thank you.

How Are We Sharing Our Story?

HSC is striving to focus attention on this issue for the sector as a whole.

We conducted a public forum with the Center for Nonprofit Strategy and Management at Baruch College, where over 120 people attended to hear the results of the survey.



(Pictured, L to R: Michael Stoller, Gary Carter, Alan Goodman, Jeffrey Kohomban, Carolyn McLaughlin, Jack Krauskopf, and Micheline Blum.)

We would like to thank Jack Krauskopf and Micheline Blum, both of the School of Public Affairs at Baruch College, for presenting the survey results at this forum. We would also like to thank the following HSC members for participating on a forum panel:

- Gary Carter - **Little Sisters of the Assumption (LSA) Family Health Service, Inc.**
- Alan Goodman - **Brooklyn Bureau of Community Service (BBCS)**
- Jeffrey Kohomban - **The Children's Village**
- Carolyn McLaughlin - **Citizens Advice Bureau**
- Nancy Wackstein, panel moderator - **United Neighborhood Houses**

You can [download a copy of the entire report here](#).

This report is also available on [our website's homepage](#); it's under "What's Hot at HSC!"

How Can City and State Government Help Us?

One thing is clear from the survey. We are all being forced to do more with less. We need to advocate for ourselves and each other both to increase the amount of funding available to not-for-profits *and* to reduce the amount of time spent on unnecessary tasks.

To this end, HSC has developed a list of recommendations for government agencies to help not-for-profits alleviate their financial and administrative burdens. We encourage all readers to share this list with their government contacts. You can download a document that contains further details for each recommendation and that can be easily shared with others by [clicking here](#).

Funding Recommendations

- **Provide adequate overhead rates.** Government contracts must include provisions for cost escalation that match the real cost of providing services and allow for the application of a higher percentage of payments toward administrative expenses.
- **Provide regular cost-of-living adjustments (COLAs).** Amid the reality of low wages, the human services sector depends on regular COLAs to adequately recruit and retain the staff that keeps high quality services functioning.
- **Exempt contracted human service not-for-profits from taxes and surcharges.** Government should not pass costs onto not-for-profits that contract to provide social services as it reduces the agreed-to funds needed to adequately serve the public.
- **On-time payment for contracted services.** Vendor selection and approval must be streamlined to distribute funds to providers in a timely manner.
- **Increase access to credit.** As a major borrower, government has substantial leverage with the banking industry and should use this relationship to encourage banks to help not-for-profits obtain access to credit.

(UNH) and HSC Board Chair

[You can watch a video of the forum here.](#)

Both the survey and forum have sparked media interest and we have been fortunate to work with **Pro-Media Communications** to find outlets where we can share our sector's story. Below are just a few of the press, radio, and TV items that have appeared as a result of interest from the survey. [Here is a complete list of the media placements with links to the stories.](#)

Read All About Us

Associated Press, "[Recession delivers a double blow to many charities.](#)" 9/29/09. Both HSC and the survey are mentioned, as well as HSC members **Catholic Charities, The Salvation Army, American Red Cross in Greater NY**, and **BBCS**. This article appeared nationwide in national news outlets like ABC News, CBS News, Forbes, Salon.com and USA Today; in urban media such as the Atlanta Journal Constitution, Boston Globe, Miami Herald, and San Francisco Chronicle; and in smaller newspaper and TV outlets across the country, from the west (Oregon, Washington, Idaho), southwest (New Mexico, Oklahoma, Texas), Midwest (Illinois, Iowa, Ohio, Minnesota, Michigan) and east (Florida, South Carolina) - to name a few.

CityLimits.org, "[Nonprofits' Outlook After a Year of Living Dangerously.](#)" 8/31/2009. HSC and many of its members are mentioned in this article that highlights the relationship of the trouble in New York's financial sector with reductions in charitable giving - which may lead to an even worse 2010. Member agencies **Nonprofit Coordinating Committee, CAMBA, American Red Cross in Greater NY, BBCS, Community Resource Exchange, LSA Family Health Service, Support Center for Nonprofit Management**, and **UNH** are all mentioned.

New York Times, "[With Donations and Grants Down, Social Service Agencies Feel the Pinch.](#)" 8/22/09. HSC and member agencies **Henry Street Settlement** and **FPWA** are featured in this article covering the plight of social service agencies.

Stories about the survey were also featured in local media such as *Bronx Times*, *El Diario*

- **Targeted reductions rather than across-the-board cuts.** Across-the-board cuts to service programs weaken the entire system, making all programs less effective.
- **Maintain funding to community-based preventive services.** Community-based preventive services are a smart investment of public dollars as they prevent more serious and more costly interventions.
- **Redistribute resources to where they are needed most.** City- and state-wide community needs should be assessed regularly to ensure funding appropriately addresses demand for services to those who need them most.

Process Recommendations

- **Adopt a standard contract for human services.** A standard human services contract would reduce time and costs for not-for-profits and government by coordinating terms and rates. HSC and the City are near completion of a standard contract for the sector that should be replicated at the State level.
- **Eliminate redundant paperwork requirements.** Duplicative paperwork requirements should be eliminated. Local and State governments should coordinate to accept the same information.
- **Utilize technology to improve speed and efficiency of procurement and reporting.** This may include the standardization of reporting terms across City and state agencies as well as the implementation of a universal reporting system and document repository to store commonly requested contract documents.
- **Reduce the number of audits performed per contract.** Centralize audit management and performance among City and state agencies to reduce the number of audits performed. A coordinated approach would provide significant savings for not-for-profits and government in staff time and processing.
- **Rationalize performance-based contracting.** Performance-based contracting should incentivize positive outcomes with financial bonuses, rather than penalize against the cost of providing a service.
- **When program closures are unavoidable, ensure they are well-planned.** The City and State must give

NY, *New York Nonprofit Press*, *Queens Courier*, and *Queens Tribune*. National media publications such as *Chronicle of Philanthropy*, *Nonprofit Times*, and *Philanthropy News Digest* featured stories about this survey as well.

Hear Our Stories

The Hub, [Who's Helping the Helpers?](#), 9/3/09. This podcast talks about the survey with interviews from HSC and **Children's Aid Society**.

WNYC.org, [The Nonprofit Squeeze](#), 9/9/09. Jack Krauskopf of Baruch College is interviewed about the survey results (the story starts about 51 seconds into the radio broadcast).

WBAI-FM, [Wake-Up Call](#), 9/9/09. Michael and Jack are interviewed regarding the survey. The story starts at about minute 1:12.

WBAI-FM, [Evening News](#), 9/10/09. Allison Sesso is interviewed regarding the survey. The story is from about minute 16:10-20:00.

Watch Us

Fox-TV NY, [Good Day NY, "Street Talk" segment](#), 9/12/09. Michael is featured with Gary Carter and Sarah Muller of member agency **LSA Family Health Service**. The HSC story is the fourth one, so you will need to click on the right-hand arrow to bring up the fourth video on the MyFoxNY page.



(Pictured, L to R: Sarah Muller, Gary Carter, Michael Stoller, and Rosanna Scotto.)

It is clear that people are interested in our story. We need to capitalize on this attention now to ensure we can continue to provide

not-for-profits ample time to plan in order to ensure proper referral of services when program closures are unavoidable.

Where Can You Get Help?

To help the helpers find assistance more easily, HSC is proud to announce the creation of [a new online information portal](#). This online community is available exclusively to Human Services Council members.

We encourage all levels of staff to get involved so everyone can fully utilize the site's many tools. Members can create their own pages, exchange ideas on the forum, start a discussion, add to the community blog, post photos and videos, add calendar listings, create their own groups, and much more. The goal is to make it easier for our members to connect with others in the human services community. Over 40 members have registered already - if you are an HSC member, please join our community at www.Helpingthehelpers.ring.com today!

Part of running a successful not-for-profit is having well-trained board members who are skilled in non-profit governance. **United Way of New York City is launching BoardServeNYC**, a service that **connects individuals looking to volunteer their nonprofit governance skills with not-for-profit organizations seeking board members**. The service is free to New York City nonprofits. If you are an individual interested in volunteering to serve on a board or an agency who seeks new board members, visit the United Way BoardServeNYC.org site for more information.

How Can You Help?

You can help the sector by getting other not-for-profit human services agencies to join HSC. Our collective voice gets stronger as we add more members. To introduce HSC, you can [forward this e-newsletter to a friend](#), provide them a link to our [HSC video](#), or send them to our website, www.humanservicescouncil.org.

Save the Date!

HSC 14th Annual Leadership Awards Reception

You can show your support for HSC by joining us in honoring four outstanding individuals who have made substantial contributions to the human

quality programs into the future.

Our Sponsors

HSC is grateful to our members and funders who support our work on behalf of the human services sector. Valued supporters of HSC include:

Altman Foundation
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Mutual of America
New York City Council
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[Our Member Agencies](#)

Thank you again for your generous support!

If you'd like to contribute to HSC, you can make a tax-deductible donation by sending your check to:

Human Services Council
130 East 59th Street
New York, NY 10022

Thank you!

* A special thanks to the Booth Ferris Foundation, whose generous support enables us to publish this Newsletter.

services sector and the clients we serve:

- **Melba Butler**, Butler Consulting
- **Verona Middleton-Jeter**, Henry Street Settlement
- **Frank Modica**, Hamilton-Madison House
- **C. Warren Moses**, Children's Aid Society

Date: Wednesday, December 16, 2009

Time: 5:30 - 7:30 p.m.

Location: Mutual of America, 320 Park Avenue, 35th Floor

Invitations and ticket-ordering information will be on our [website](#) in early November.

We hope you enjoyed reading this quarter's edition of the Human Services Council Newsletter. Please feel free to share your thoughts about this newsletter with us. We'd love to hear from you.

If you have any questions, please contact Cynthia Tao, Membership Services Program Manager, taoc@humanservicescouncil.org or (212) 836-1623. You can also learn more about HSC's mission and work by visiting www.humanservicescouncil.org.

HSC's mission is to build broad recognition and support for the substantial and essential contributions of the not-for-profit human service sector to the citizens and the fabric of New York City.

The Voice of the Human Services Community

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