



Testimony on FY'09 State Budget

**Given at: Senate Budget and Appropriations Committee
March 20, 2008 by Joyce Campbell, Community and Government Relations**

**Assembly Budget Committee
April 1, 2008 by Francis E. Dolan, Executive Director**

On behalf of Catholic Charities, I extend our appreciation for your interest in listening to our comments regarding the State's FY'09 proposed budget. We recognize the daunting task that you have before you this year, but we are hopeful and confident that you will consider the most vulnerable amongst us in your deliberations.

Catholic Charities is a private, nonprofit human service agency that touches the lives of more than 100,000 individuals each year in Burlington, Mercer, Monmouth and Ocean Counties. We have almost 100 years of experience in providing compassionate, quality care to the poor and vulnerable in central New Jersey. We work in collaboration with numerous other community service providers and are active members of the Anti-Poverty Network, the Cost of Providing Care Coalition and the Coalition for a Moral Budget.

We are grateful for the increase of \$15 million in the proposed budget for the State Rental Assistance Program and request your continued support for that appropriation, as well as for the \$60.9 million for placements for those moving from hospitals and institutions into the community. Both proposals recognize the basic human right to housing.

Catholic Charities, like our partners in the Cost of Providing Care Coalition are certainly appreciative of the \$40.6 million proposed to annualize the cost of living increase that was included in the FY'08 budget. I am sure that you are aware that this still does not come close to closing the gap between community service providers' revenue via state contracts and program expenses. While we took one step ahead last year, with no new cost of living proposed in 2009, it looks as if we will be taking one or two steps back. At Catholic Charities in the Diocese of Trenton our expenses increased 6% this year over 2007 expenses, with health insurance alone increasing 9%. We have, cumulatively from, 2002 through 2007, eliminated or reduced over \$5 million of services and eliminated the equivalent of 114 full time staff. The actual agency budget has increased but only due to new state funded initiatives. For example, in 2008 the agency is adding 42 full time equivalents, and all but 3 positions are new initiatives being funded by the Department of Children and Family Services and by the Division on Mental Health Services. Meanwhile we are losing 17 full time equivalents in programs that provide traditional core services, such as partial care and counseling, and disaster response. And, unfortunately, we

find that while the new initiatives are funded well at the start, within several years the lack of an adequate cost of living increase places the program in jeopardy of service reduction or elimination.

An example of this is our Family Growth program which is a specialized treatment program for physically and sexually abused children and other forms of family violence. The program faces a 5% reduction in direct service hours due to a lack of increase in revenue from our state contract. This will result in eight to ten of the highest risk families in our community not receiving services. Each year the program provides treatment and support services to more than 300 at-risk children and adults. The reduction in direct services hours will exacerbate the current situation where the demand for services is 150% of the current contracted level of service, resulting in a long waiting list. Clients can wait as long as six months for an opening to occur. **Many clients ordered by the courts into anger management treatment remain in the community without the appropriate treatment and support services.**

We ask that you seriously consider a 3.6% cost increase in contracts for community service providers, much like those mandatory increases that are provided to state departments. Without this we won't be able to cover our costs and those who depend on our services will find themselves without needed assistance.

For the seventh year Catholic Charities must again speak out strongly against the imposition of Medicaid co-pays. Burdening those already disabled and on fixed incomes with these payments has clearly been shown in research to lead to reduced use of health services. While money may be saved in the short term, in the long run, if Medicaid recipients do not seek care or do not take necessary medications, they are likely to need more costly services such as hospitalization.

We have received letters and stories from many of our consumers who are concerned about their wellness and recovery should co pays be instituted. One consumer wrote:

I am a 48 year old man who suffers from co-occurring substance dependence and mental illness, along with a chronic liver disease. Through the Medicaid program I was able to take advantage of the services provided by Catholic Charities and the Henry J. Austin Health Center.

Thanks to Catholic Charities, I was able to stabilize my situation, be treated for the liver condition, and through the Division of Vocational Rehabilitation enroll in Mercer County Community College as a paralegal student. I will be graduating in the Spring of 2008 and plan on entering the workforce as a taxpaying, productive citizen.

The Medicaid program is an absolute integral part of welfare's social goal of self-sufficiency. As a recipient of Medicaid, I can personally attest to the fact that any contribution (co-pay) by recipients defeats the very purpose of the welfare program. Needless to say, without the Medicaid benefit I would not have been in the position I am now, poised to be a contributing citizen to our society in a far more reaching matter than I would ever be able to do if the Medicaid benefit were lessened.

Catholic Charities is also very concerned about the proposed cuts to Charity Care and the rollback of the renters rebate. Again, it appears those gains made last year to assist those most in need are being diminished with these proposals. The combined impact of all of the proposals on those who are struggling to live day to day could be devastating. In addition, several overdue needs for those who are working but poor and those who have found themselves homeless, hungry and unemployed have not been addressed in this budget. Given the difficult economic times it worries us greatly that New Jersey may be balancing its budget and trying to resolve the crisis by taking from those who can least afford it. We also ask for your serious consideration of:

- ***A 10% increase in Work First New Jersey monthly assistance payments***, to bring participants closer to economic security. These payments have not been raised in 21 years.
- ***\$45 million to reopen the Family Care Program*** to parents of minor children with family incomes to 200% of the federal poverty line.
- ***\$6 million for Emergency Food Assistance***, as the demand for food assistance continues to grow. Our Catholic Charities Emergency and Community Services programs alone have experienced a 26% increase in food demand over the last five years, and this year already demand is increased year to date by 30% in our Trenton pantry.

In closing, Catholic Charities is appreciative of the proposed funding initiatives. However, cuts in other areas appear short sighted and do not support some of the great strides that have been made, for example, in affordable housing and mental health care. At the same time money is being invested to stabilize placements in the community for those with mental illness, it is being proposed that those same at risk individuals pay more out of a fixed income for the medication that keeps them stable. This does not seem to support the wellness and recovery model being put forth by the state.

On behalf of Catholic Charities consumers we ask that you support funding proposals that move us one step forward, not two steps back. Thank you.