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Contact: Jennifer Barden
[\(646\) 676-4486](tel:6466764486)
Jennifer@risaheller.com

NEW REPORT RELEASED TODAY: 2.5 MILLION NEW YORKERS SERVED BY NON PROFITS DELIVERING ESSENTIAL GOVERNMENT SERVICES ARE AT RISK AS SECTOR IS RIFE WITH CHRONIC PROBLEMS

Commission calls for Urgent Reforms to Ensure Health of Sector

Full report available [here](#)

NEW YORK (February 23, 2016) – The Human Services Council, a leading advocate for nonprofits providing human services, today released a report calling for urgent reforms to prevent a looming crisis in the sector, which is responsible for delivering essential government services to 2.5 million New Yorkers each year. The report, *New York Nonprofits in the Aftermath of FECS: A Call to Action*, identifies chronic problems and offers solutions for strengthening the nonprofit human services sector.

Over the past 40 years, government has transferred an increasing number of support functions to the more efficient and nimble nonprofit sector in order to save on costs. Their work includes functions like providing early childhood education and after-school programs, running food pantries, providing mental health counseling, sheltering people experiencing homelessness and caring for the elderly.

The combined value of government human services contracts in New York is estimated at more than \$5.8 billion for the current fiscal year; however, a significant number of New York's human services providers are financially distressed. An alarming number of organizations have recently closed their doors including Alianza Dominicana, GroundWork, Day Top Villages, Palladia, and the \$250 million behemoth, Federation Employment and Guidance Services (FECS). The Human Services Council assembled the Commission to Examine Nonprofit Human Services Organization Closures to address the chronic issues throughout the sector that these closures have highlighted.

“The FECS bankruptcy took place against the backdrop of a chronically underfunded sector, and it gives us an opportunity to have a real discussion about the state of New York's nonprofit human services organizations,” said Gordon J. Campbell, Chair of the Non-Profit Closure Commission and Professor of Practice at New York University's Robert F. Wagner School of Public Service. “The Commission developed this report to bring desperately needed attention to the issues our sector is facing, and to offer solutions to bring this sector back from the brink.”

The Commission included 32 seasoned human services executives, civic and philanthropic leaders, former government officials and other individuals with critical experience and knowledge concerning nonprofit management and oversight.

“Nonprofit human services organizations play a critical and longstanding role in building and supporting the wellbeing of New Yorkers. They make the difference between poverty and sustainable income, joblessness and employment, and illness and wellness for countless individuals and families,” said Allison Sesso, Executive Director of the Human Services Council. “Government, philanthropists and providers need to work together to ensure the survival of these providers who are responsible for delivering crucial human services on behalf of government.”

The report identifies three major problems and makes a series of recommendations designed to work together to strengthen the nonprofit human services sector.

Many programs are designed without soliciting valuable feedback and expertise from the nonprofits that are responsible for implementing them, resulting in ineffective and unworkable programs. Government should collaborate with the sector in program design, ensure that the sector is prepared to make the shift to Medicaid Managed Care– a major shift in how services are designed and delivered – and reduce unnecessary regulations that impede the partnership between nonprofits and government.

The nonprofit human services sector experiences chronic underfunding that impedes their ability to deliver quality services. Government and philanthropy should fund core functions and indirect costs, and account for cost increases and mandates that strip money from programs.

The nonprofit sector does not have the tools to adequately assess the risk of contracts and programs. Nonprofits and their Boards must adopt financial evaluation tools and risk assessment methods, and the sector should develop ratings systems to evaluate the risks associated with potential government contracts.

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About HSC:

The Human Services Council of New York, a leading advocate for nonprofits providing human services, works to strengthen the ability of nonprofit agencies to maximize human potential in communities across New York. Nearly 200 nonprofit agencies throughout New York City and State are HSC members. Visit HSC at www.HumanServicesCouncil.org