

GOV + LEGISLATURE

N.J. lawmakers want automatic state funding bumps for cash-strapped social services groups

BY: NIKITA BIRYUKOV - SEPTEMBER 21, 2023 6:58 AM



📷 Social services organizations like Easterseals New Jersey say government funding should be tied to inflation to account for cost increases. (Courtesy of Easterseals)

Lawmakers are seeking to index aid to social services organizations amid inflation and a pandemic that have winnowed the groups' numbers and left staff in even shorter supply.

In New Jersey, many nonprofits that provide substance abuse, mental health, and disability services draw the overwhelming majority of their funding from the state or other government units, but they say the politics of budgeting have left them with uncertain futures and financial woes.

“We’ve seen a number of programs close because of the lack of rates keeping pace with the cost of doing business,” said Matt Binder,

senior advocacy specialist at Easterseals New Jersey, which provides disability and behavioral health services.

The funding gap is so wide that Easterseals has been forced to shutter six of its nine day habilitation programs for adults with intellectual or developmental disabilities since the start of the pandemic, and the organization can no longer afford to provide full lunches at its partial care programs, Binder said.

[Bipartisan legislation](#) would tie aid the state provides to social service organizations to the consumer price index, which tracks inflation across a broad set of industries.

The bill's supporters believe the automatic adjustments would provide stable funding that could help the organizations retain staff and avoid cutting services.

At present, funding increases for these groups are negotiated piecemeal during each budget cycle, and some organizations inevitably get left behind.

"We'd fight in one area and get an increase, but then we'd notice in two other areas that they also needed the increase, and the next budget we would put it in there," said Assemblyman Dan Benson (D-Mercer), the bill's prime sponsor. "There was this difficulty of making sure we're keeping everybody up, because if you didn't, folks that were in this lower-paid service area would just move over, siphoning jobs from that area."

Because social service organizations are funded largely with government money, they have limited ability to adjust their budgets to account for cost increases, Binder said.

And the funding added under the current system is often divorced from costs on the ground, Binder and Benson said, tying increases to those granted in previous years instead of an organization's actual needs.

"The budget discussions should start from a place of 'this is what everything costs.' That's what this bill does," Benson said.

It's not clear how much the bill would cost the state annually. Because it would tie increases to inflation, the costs would vary annually.

In a fiscal note released last November, when inflation was 8.2%, the Office of Legislative Services said it would increase annual spending

by \$138.2 million, though that increase would be partially offset by a \$50.7 million rise in federal Medicaid reimbursements.

The 3.7% August-to-August consumer price index increase the Bureau of Labor Statistics reported earlier this month would result in a significantly smaller increase.

Despite the push, the bill has not advanced far since being introduced last August. It has cleared a Senate committee and has not come to a vote before a similar Assembly panel. Because the bill would affect state spending, it must also win approval from budget committees in both chambers before reaching full votes in the Senate or Assembly.

Benson said the bill was among his top priorities for this year's lame-duck session. Lawmakers are not expected to return to Trenton until after this year's legislative elections.

"I just think this would be a game-changer for human services and really shine a spotlight on our most vulnerable population so they're not an afterthought in the budget process," Benson said.



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