I. INTRODUCTION

Attempt to quantify impact of policy from its inception on two Ch. 853 schools—Neil Hellman and the School at Northeast—and on their parent company, Northern Rivers Family Services. My presentation pertains only to the current situation at these two particular schools. If our topics for these two days are the immediate emergency and rate reform, this presentation is only about the emergency. Also disclaim any intent to speak for all Chapter 853 schools. Many of the defining circumstances at each school are local, and the nature of these circumstances varies enormously among schools.

Begin with core descriptors of students, staff, referring sources and resources. Will then look specifically at manifestations of impact on students, workforce, and the sponsoring agency. Most data in tables used comes from CFR reports, although a variety of other sources are also used. Will conclude with summary of facts, followed by some closing statements.

II. CURRENT CORE DESCRIPTORS

Table 1

“Utilization” and “staffing” are as of today. Revenue is annualized, using April numbers to go ahead. “Consolidated” combines the numbers for the two schools, even though they are operated separately about 20 miles apart.

Table 2

As you can see, consolidated utilization has remained relatively constant, with a drop of about 2% throughout the Zero Growth period. The “Total Served” column is a function of the 853 schools’ “rolling year.” Students are accepted at any time during the year, and are returned to the districts any time the IEP teams believe they can resume district-based education, or when living circumstance changes in foster care. The consolidated schools touch, therefore, about 500 students per year.
Table 3

The number of referring agencies and the geographic catchment area are quite large. The consolidated list of referral sources includes 45 school districts, 23 of New York’s 58 counties, the St. Lawrence Indian Reservation, and the Office of Mental Health. These numbers describe activity for this school year through May and are entirely in keeping with similar numbers over many years.

III. IMPACT ON STUDENTS

Direct impact on students is difficult to quantify. Ideally we would have testing and outcome data for each child during each year, and that data would be consistent to allow for comparisons across years. We have nothing like that right now, and if we did, we would be unable to control for the swings in age and disability type we experience. With that understanding, here are two sets of tables, one indirect (change in staffing), and one perhaps not terribly useful (this year’s graduation outcomes).

Table 4

Total staff numbers are somewhat misleading in that professional staff reductions have been offset to some degree by 1-to-1 staff additions necessary to accommodate extraordinarily afflicted students. Consolidated staff is nonetheless reduced by 7% from the high in 2009-2010. This compares to the reduction of 2% in student population noted earlier.

Table 5

One may speculate on damage to students as a result of staff reductions; however, this year’s graduation numbers would not by themselves bear this out. Despite the high level of difficulty implicit in Table 3, the following educational outcomes will have been achieved this June. Numbers are consolidated.

Table 6

This table shows the intake profiles of referrals to one of the schools this spring. The extremity of the situations at intake indicates that district staff have already gone to extraordinary lengths to educate the students at the local level; that a significant number of the students referred to this particular school have been in or are transitioning from psychiatric hospitals (4/6 in this limited sample); and that the highest degree of specialized expertise and relevant experience is essential to assure safety, successful therapy, and educational productivity. Please note that all six of the students profiled here are day referrals; RTF and RTC referrals are not included.
IV. IMPACT ON WORKFORCE

Table 7
Most Chapter 853 schools do not pay employees anything like the salaries paid by the local school districts in which the 853s are embedded. A compensation gap is sustainable under certain conditions: when it is not too large, when districts are not specifically recruiting extreme special educators, and when the 853 employees feel part of sophisticated and supportive “whole child and family” therapeutic systems. But when the compensation gap does become too large, job satisfaction alone cannot hold the workforce together. There is evidence here that by freezing growth and in effect capping 853 staff compensation, the Zero Growth policy has dramatically increased the osmotic pressure differential between 853s and local public districts. If this trend is not reversed, or at least arrested, the 853s become unviable and are doomed.

Table 8
Table 7 indicated the growing gap between 853 and public sector salaries. Table 8 indicates impact of Zero Growth on health insurance. Since ZG was implemented in 2008, averaged health insurance costs at the two schools increased 38.21 %. CPI during this period was 9%. Growth-related revenue in Chapter 853 schools was 0%.
In addition to health care cost increases, employees also saw retirement benefits reduced. One school reduced agency contribution to the 401 K plan; the other froze its 40-year old DB plan, dramatically altering retirement planning for 400 staff throughout the agency.

Table 9
Losses in the schools have affected staff throughout the entire agency. These losses absorb all of the agencies’ surplus discretionary revenue and a good deal more, which impacts whole-agency compensation for as long as the organization bears the schools’ deficit. To the extent that compensation stagnation affects workforce negatively, the SED 853 situation is damaging OCFS child welfare and OMH mental health programs as well.

Table 10
Consolidated revenue—that is, all money coming into the agencies from NYS for 853 school operation—was about $250 000 lower in 2013 than in 2008. Adjusting for inflation, this left the schools about $1.2 M behind at the end of this period. The financial stress of maintaining staffing and productivity despite these losses has been obviously stressful on the sponsoring organization. This chart, using Bureau of Labor Statistics CPI figures for the ZG period, show that the schools lost about 11% off the CPI.
Table 10
The annual losses in the two schools were initially absorbed with the understanding that they constituted a temporary contribution to state fiscal health. Money to support operations was taken from staff salaries, staff fringe benefits, and agency charitable assets. We now believe they will grow and extend indefinitely. Because they are obviously unsupportable, we no longer have a viable business plan for the schools. The Board has asked that we begin creating agency financial service scenarios without Neil Hellman and the School at Northeast.

IV. SUMMARY

1. Consolidated utilization has been basically stable, with a 2.3% decline since 2008. Staffing will be reduced by 7% next year from its high in 2010.

2. The two schools are important to the region’s public education, child welfare and mental health services. They see over 500 students per year from 45 separate school districts, 23 counties, the St. Lawrence Reservation, and the Office of Mental Health.

3. The students are extraordinarily afflicted. By the time they arrive in the Northern Rivers schools, they have passed through multiple lower levels of care and have some of the most complex educational challenges faced by New York State public education.

4. Given the starting points of students at entry, outcomes are respectable; 28% of this year’s seniors will graduate with Regents diplomas.

5. Zero Growth has been a workforce catastrophe: the existing wide gap between local public districts and the 853s is now larger than it was at the start of ZG, 853 staff salaries have been stagnant, and their fringe benefits have been degraded.

6. Zero Growth has been a sponsoring agency catastrophe: while receiving 0% in growth adjustments since 2008-2009, the schools lost 11% against CPI, and saw insurance costs rise over 30%. The current annual loss will be $1 M, and because of the rate methodology, neither the employees or the company can ever make back what has been contributed to keep the schools open.
V. CLOSING COMMENTS

1. We have no business plan. There is no way to break even. Given current pricing as determined by SED and DOB, there is no possibility that we can maintain safe, productive schools without losing prohibitively large amounts of money.

2. We have been given no explanation as to why Zero Growth was initiated or when it will end. Given the data we do have, we have no choice but to regard the service as obviously unsustainable and we are have initiated worst case scenario planning.

3. A service impacting 500 terribly afflicted children and families, 45 school districts, 24 counties and 2 state agencies is threatened without explanation, and there has not been the first conference call to imagine and plan for a world without it.

4. The impact of Zero Growth, and the sponsoring organization’s decision to date to sustain the two 853 schools in spite

5. Will be here tomorrow and will participate energetically in efforts to design a new rate system, but if its components can be ignored at will, the effort will be fruitless.