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## **Social-service funds dwindle amid budget impasse**

By Jeff Gammage , Inquirer Staff Writer

The Caring People Alliance made it through the Great Depression, the Second World War, and all the economic dips and jolts that followed.

But it might not survive the state budget impasse in Harrisburg.

The deadlock has cut the flow of government dollars to Philadelphia-area social-service providers as cleanly as the turn of a handle stops water from a spigot. Many agencies haven't been paid since June. Some are dipping into dwindling cash reserves and using up lines of credit. Others are preparing to cut pay and lay off staff.

"The longer this goes on, the less likely we are to be able to survive," said Arlene Bell, chief executive officer of the alliance, a comprehensive provider that fights ills from drug use to domestic violence.

For the agencies who care for the most vulnerable - the young, old, sick, or needy - the budget debacle is producing a cascade of unhappy, unintended effects. Hundreds of agencies are having to forgo millions of dollars.

The reality is that if the stalemate continues, many people who need help, be it in the form of a counseling session or a foster home, won't be able to get it, agency leaders said. And more, that with each passing day the entire social-service infrastructure is undermined.

If it collapses, they said, it won't be easily rebuilt.

"We're holding our breath," said Dianne Reed, executive director of CADE Kids, which teaches antidrug and antiviolence techniques to 9,000 children in Philadelphia and Montgomery County.

CADE's city contract is worth \$300,000 - barely a decimal point in the \$3.8 billion behemoth that is the 2010 city budget. But that money is lifeblood to the agency, which teaches kids to manage anger and control impulses. Through that, CADE aims to reduce the broken lives and soaring costs caused by youth violence and joblessness.

On Wednesday, Gov. Rendell signed a skeleton budget that lets the state pay its employees, but holds back billions marked for other groups. That bill was a partial solution to a stalemate now in its second month.

While big entities such as school districts and county governments might subsist on reserves, scores of nonprofits that depend on government funding find themselves endangered. On July 17, Philadelphia announced it was so strapped that it would temporarily stop paying its vendors.

But among "vendors" is a lengthy catalog of individual companies and organizations, many of which perform the on-the-ground, in-the-neighborhood tasks of training, feeding, and caring for people in need.

Some agencies help pregnant girls find ways to keep and raise their babies. Others locate families willing to care for angry teenagers. Some provide hot meals to seniors and the homeless.

Now that work is at risk.

Mayor Nutter is concerned - traveling to Harrisburg this week to speak to lawmakers about the city's financial realities, among them the fact that "providers are not being paid, and ultimately that people aren't getting the services they need," mayoral spokesman Doug Oliver said.

He noted that some agencies could endure the interruption in funding, but others could not.

"Unfortunately, the city's financial situation doesn't allow for it to differentiate between the two," Oliver said.

Rendell and top lawmakers continue to spar over a budget for the fiscal year that began July 1.

"I can't imagine the people that are making the decisions want to see the field crippled," said Gregg Dowty, executive director of the Children's Home of Easton, which provides residential programs for troubled children.

The home opened in 1885 as an orphanage, the Easton Home for Friendless Children. Today its programs include services for 80 children on its campus and 70 more in group and foster homes in the Lehigh Valley area.

For now, operations are normal, Dowty said, but only because the home can delve into its bank credit, incurring interest expenses of \$50,000 to \$60,000 - the equivalent of a full-time worker.

Catholic Social Services also is functioning as usual, drawing on the resources of the Philadelphia Archdiocese.

"We're all hoping and praying that this thing resolves itself soon," said James Amato, agency deputy secretary.

For many, soon can't come soon enough.

"If this goes on through September, I think you're going to see some agencies closing," said Carol Goertzel, CEO of PathWays PA, which serves 6,000 families in the region. "We're not getting paid from anybody, anywhere. We're going to have to borrow to pay the rent."

PathWays assists young mothers, some of whom have been homeless or abused. A Delaware County center focuses on reuniting families that have children returning from foster care.

Tapped-out taxpayers might ask: Why? Why is government money spent on those families but not on mine? The answer: It's cheaper to pay an agency like PathWays - which gets 90 percent of its \$10 million budget from the government - to help people become productive members of society than to pay the costs of unemployment or incarceration later on.

Today, PathWays is delaying every possible purchase, even office supplies. Similar steps are being taken elsewhere, as groups like the Caring People Alliance try to avoid cutting programs or employees.

The alliance was founded in 1932 by Philadelphia District Attorney Charles Edwin Fox and philanthropist Samuel Fels, perhaps best known for donating money to build the Fels Planetarium at the Franklin Institute. The agency, then called the Crime Prevention Association of Philadelphia, tried to help young people find jobs during the Depression.

Today, the alliance serves 30,000 people. And its future is unclear. Its cash reserves are gone, its \$4.5 million line of credit used up.

"With nothing coming in, we can't continue to meet our payroll," Bell said. Soon she'll ask people to accept lesser pay. The next step is layoffs.

She's frustrated - that a decades-old agency might crumble, with little attention paid by lawmakers. That the people who need the alliance might suffer. That the social-care infrastructure, built and nurtured over decades, is "being shaken to its core."

And if it fails?

"It's like Humpty Dumpty," she said. "You can't put it back together again."

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