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Hawaii nonprofits reeling from cuts as they slash staff, services

Survey: Groups forced to reduce services, staff

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A dwindling income has taken a toll on nonprofit groups in Hawai'i, forcing nearly six in 10 to lay off staff and more than a third to eliminate services to the needy, according to results of a November survey released yesterday.

The cuts in revenue have come as poverty rates, food stamp applications, unemployment and demand on the Hawaii Foodbank are skyrocketing.

But as bad as things have gotten, nobody really knows how much worse they'll become because no one seems to have a handle on the total amount of cuts to Hawai'i's network of social service organizations, said Alex Santiago, executive director of PHOCUSED (Protecting Hawaii's Ohana, Children, Under Served, Elderly and Disabled), a consortium of nonprofits that released the survey.

Hawai'i has an estimated 5,000 charities, according to the National Center for Charitable Statistics, and they're losing money from a variety of sources: cuts in state funding and declines in both individual pledges and large donations from foundations.

PHOCUSED is using the survey results to help build its case for more state money and plans to lobby lawmakers heavily in the coming session, hold rallies at the state Capitol and encourage clients to testify about the impact of budget cuts on their lives, Santiago said.

"We're not being told what the cuts are, but they're one after another," he said. "It's devastating. It is just incredible what's happening at every level."

The state warned nonprofits a year ago of its worsening finances.

Facing a projected \$1 billion budget deficit, Gov. Linda Lingle has proposed using \$50 million from the state's rainy-day fund to reduce the number of furlough days for public school teachers.

The furloughs for teachers and some other government workers were put in place to help close the budget deficit.

lack of resources

The Hawai'i Alliance of Nonprofit Organizations, in collaboration with PHOCUSED, surveyed nonprofit organizations in November and received responses from 106 health, human service and housing agencies.

Fewer than half — 42 percent — of respondents agreed that they were still able to provide high-quality services. Only 20 percent felt their caseloads were manageable and 69 percent said they don't have enough resources to effectively serve clients.

The survey also found that:

- 58 percent of the agencies cut staff.

- 52 percent reduced programs and services.
- 35 percent eliminated services.
- 50 percent reduced administrative staff.
- 21 percent started wait lists for services.

"The fallout for the vulnerable is happening," said Joanne Lundstrom, president of PHOCUSED. "The tipping point has come and gone. ... It's a wake-up call for policymakers to the reality for the people that we see."

The survey asked agencies to describe their experiences in 2009, but Susan Chandler of PHOCUSED said some of them probably based their responses on the 2008-09 fiscal year.

cuts 'must stop'

Lillian B. Koller, director of the state Department of Human Services, said 2008 results would coincide with 12 percent across-the-board cuts to federal welfare grants to nonprofits that were mandated by the state Legislature. Those cuts began going into effect in May 2008.

Lawmakers restricted DHS to spending \$22 million less than it wanted so it could keep a substantial reserve fund, Koller said.

Nonprofits that argued against the cuts in 2008 "were right and I was screaming right beside them," Koller said.

The restriction in spending of the Temporary Assistance for Needy Families funds remains in effect. But Koller said her department has not cut any state funding for contracts with nonprofit social service agencies between the 2009 and 2010 fiscal years.

While DHS is the second-biggest state department after the Department of Education, state agencies such as the Department of Labor and Industrial Relations, Department of Health and others that contract with nonprofits could have reduced their funding, Koller said last night.

"I am not the totality of human services, although my department is named human services," she said. "There is a lot of overlap of what people would consider health and human services. ... We have our priorities correct."

Chandler, PHOCUSED's policy committee chairwoman, said people who rely on Hawai'i's social service agencies don't distinguish between which department cuts their programs or services.

"It doesn't matter," Chandler said. "A cut is a cut."

Wherever the hits are coming from, Santiago said, "We must stop cutting these important social service programs.

"Our society today will be judged in years to come not by how we recovered from this economic challenge, but how we cared for our most needy during this difficult economic time."
