

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Youth Services on the Fiscal 2018 Executive Budget for Department of Youth and Community Development May 5, 2017

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Executive Budget Summary

The Department of Youth and Community Development's (DYCD, or the Department) Fiscal 2018 Executive Budget totals \$679.8 million, approximately \$47.7 million less than DYCD's Fiscal 2017 Adopted Budget of \$727.5 million. The personal services (PS) budget totals \$40 million and the other than personal services (OTPS) budget totals \$639.8 million.

- Roughly \$454 million, or 67.5 percent of DYCD's Fiscal 2018 Budget is City tax-levy (CTL) funding; \$5.3 million, or less than one percent is State dollars; nearly \$60.2 million, or 8.8 percent is federal; and approximately \$160.3 million, or 23.5 percent is Intracity funding.
- DYCD's Personal Services budget for Fiscal 2018 supports 522 full-time positions and two full-time equivalent positions, for a net increase of one position when compared to the Fiscal 2017 Adopted Budget.
- **Executive Budget Changes**
 - New needs total \$26.3 million in Fiscal 2018 and \$10.7 million in the outyears:
 - \$15.6 million to support one year of minimum wage increases in the Summer Youth Employment Program (SYEP); and
 - \$10.7 million to expand the City's afterschool program for middle school students, SONYC (School's Out NYC) during the school year, beginning in Fiscal 2018 and continued in the outyears.
 - Savings total \$1.5 million.
 - Other adjustments include \$257,000 in Fiscal 2017 and \$15 million in Fiscal 2018.
- **Major Agency Issues**
 - The Fiscal 2018 Executive Budget fails to address \$117.3 million requested in the Council's Fiscal 2018 Preliminary Budget Response:
 - \$27.9 million to expand the Summer Youth Employment Program (SYEP) by an additional 15,000 jobs;
 - \$47.5 million to baseline and double the scope of the Council's year-round youth employment program, Work, Learn, Grow (WLG), to serve 12,000;
 - \$27.7 million to baseline summer afterschool programming for middle school students in School's Out NYC (SONYC) and restore the program to its original size, with 34,000 program slots; and
 - \$16 million to baseline restored and expanded afterschool programming for elementary students in the Comprehensive After-School System (COMPASS).
 - While the Fiscal 2018 Executive Budget does add \$15.9 million to cover \$2 minimum wage increases for SYEP this year, it does not baseline future funding.
 - The Fiscal 2018 Executive Budget fails to include budget details regarding four SYEP pilot programs recommended by the City Youth Employment Task Force for implementation in Summer 2017.

• State Budget Highlight

- The Fiscal 2018 Executive Budget includes no funding to expand DYCD's scope of services for Runaway and Homeless Youth (RHY), which has received State approval to serve youth through ages 24.

DYCD Overview

This report presents a review of DYCD's Fiscal 2018 Executive Budget. The following presents an overview of the Department's budget and how it has changed during the course of Fiscal 2017, with a review of significant budget actions introduced in the Fiscal 2018 Executive Budget. The report then outlines major areas of concern on the part of the Council with the Department's budget. Appendix 1 reports the changes made to the Fiscal 2017 and Fiscal 2018 Budgets since Adoption of the Fiscal 2017 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2018 Preliminary Budget Report for the DYCD at: <http://council.nyc.gov>.

DYCD Financial Summary

<i>Dollars in Thousands</i>	2015	2016	2017	Executive Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Spending						
Personal Services	\$32,837	\$37,062	\$37,834	\$38,784	\$39,997	\$2,163
Other Than Personal Services	549,048	627,653	689,653	708,834	639,821	(49,831)
TOTAL	\$581,885	\$664,715	\$727,487	\$747,618	\$679,819	(\$47,668)
Budget by Program Area						
Adult Literacy	\$15,783	\$9,380	\$15,335	\$16,604	\$7,645	(\$7,691)
Beacon Community Centers	85,604	95,809	95,392	110,767	112,848	17,456
Community Development Programs	51,175	58,382	66,836	66,835	26,118	(40,718)
General Administration	27,351	23,765	21,645	20,834	35,157	13,512
In-School Youth Programs (ISY)	5,375	5,258	4,598	4,823	4,605	7
Other Youth Programs	40,691	43,290	51,044	48,518	18,690	(32,354)
Out-of-School Time (OST)	261,827	299,080	336,909	320,110	325,040	(11,870)
Out-of-School Youth (OSY)	12,730	15,523	16,776	17,186	16,855	80
Runaway and Homeless Youth (RHY)	16,789	22,967	27,932	28,013	32,875	4,942
Summer Youth Employment Program (SYEP)	64,559	91,260	91,019	113,928	99,987	8,967
TOTAL	\$581,885	\$664,715	\$727,487	\$747,618	\$679,819	(\$47,668)
Funding						
City Funds	\$345,319	\$420,795	\$493,409	\$482,335	\$453,955	(\$39,454)
Other Categorical	1,814	2,181	0	2,301	16	16
State	5,950	6,971	5,275	8,086	5,308	33
Federal - Community Development	7,709	7,517	7,519	7,519	7,145	(374)
Federal - Other	67,552	70,673	53,081	88,834	53,081	0
Intracity	153,542	156,578	168,203	158,543	160,313	(7,890)
TOTAL	\$581,885	\$664,715	\$727,487	\$747,618	\$679,819	(\$47,668)
Budgeted Headcount						
Full-Time Positions - Civilian	449	481	523	528	522	(1)
TOTAL	449	481	523	528	522	(1)

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Executive Budget.

The City's Fiscal 2018 Executive Budget totals \$84.6 billion, \$2.8 billion more than the Fiscal 2017 Adopted Budget of \$82.1 billion. City funds (City tax-levy and non-tax revenues) total \$61.12 billion when compared to the Fiscal 2017 Adopted Budget amount of \$59.3 billion.

For the Department of Youth and Community Development, the Fiscal 2018 Executive Budget totals \$679.8 million, \$47.7 million less than its Fiscal 2017 Adopted Budget of \$727.5 million. Within this, the Department's Personal services (PS) spending increased by \$2.2 million since the

Fiscal 2017 Adopted Budget, while Other Than Personal Services (OTPS) spending has decreased by \$49.8 million. While the increase in PS spending includes the addition of four new full-time staff to supervise the introduction of 11 new Beacon community centers in Fiscal 2018, budgeted headcount only increases by one position. Actual overall headcount in the Agency typically ranges between 480 and 490, leaving between seven and nine percent of all budgeted positions vacant at any given time. The difference in OTPS spending largely reflects the absence of Council discretionary funding, which totaled \$74.3 million in Fiscal 2017.

The following summarizes key funding changes by program area and source when comparing DYCD's Fiscal 2018 Executive Budget to its Fiscal 2017 Adopted Budget.

- **Decrease in City Funding.** Approximately \$454 million, or 67 percent, of DYCD's Fiscal 2018 Executive Budget reflects City tax-levy (CTL) funding, \$39.5 million less than the Fiscal 2017 Adopted Budget. The majority of this decrease relates to the absence of one-time Council funding for youth, immigration and community development programming in Fiscal 2017. These are most noticeable in the Adult Literacy, Community Development, and Other Youth program areas. Funds for Council initiatives and discretionary allocations will be included in the Fiscal 2018 Adopted Budget.
- **Non-City Funding.** The Fiscal 2018 Executive Budget reflects a \$7.9 million difference in Non-City funding from the Fiscal 2017 Adopted Budget. This largely reflects a return of \$7 million in Intracity funding for SONYC from DYCD to the Department of Education (DOE), reflecting savings from a phased-in reallocation of seats to new schools and schools with higher levels of demand. Other changes include a decrease of \$374,000 in federal Community Development Block Grant (CDBG) funding.
- **Significant Program Area Changes.** DYCD supports 10 program areas. The Fiscal 2018 Executive Budget includes a \$17.5 million increase in the Beacon Community Centers program area, reflecting increased investment in individual centers that will bring the average Fiscal 2018 site budget to \$550,000, up from \$400,000 in Fiscal 2017, and add 11 new sites. The Summer Youth Employment program area increases by \$9 million, after the addition of 5,000 jobs to the total program size in the Preliminary Plan and minimum wage increases for 60,000 jobs. The Fiscal 2018 Executive Budget sees a \$11.9 million difference in funding for the Out-of-School Time program area, down from \$336.9 million in the Fiscal 2017 Adopted Budget. General Administration funding has increased by \$13.5 million since the Fiscal 2017 Adopted Budget, from \$21.6 million to \$35.2 million, after a series of wage floor and cost of living adjustments for nonprofit employees supporting City human service contracts, as well as an earlier collective bargaining agreement with DYCD staff. Finally, the Fiscal 2018 Executive Budget includes a \$4.9 million increase in funding for Runaway and Homeless Youth, adding 100 new beds to the Department's current total of 553. Changes since the Fiscal 2018 Preliminary Budget are discussed in further detail beginning in the following section.

New in the Executive Budget

The following summarizes major financial plan actions for Fiscal 2018 included in the Executive Plan:

- **SYEP Minimum Wage Increases.** The Fiscal 2018 Executive Budget includes \$15.6 million to cover minimum wage increases under SYEP in Summer 2017. This one-time addition of funds will cover \$2 minimum wage increases for 60,000 participants in the program's

Summer 2017 iteration, reflecting the City's current \$11 per hour rate. Minimum wage increases for the 5,000 additional slots for Summer 2017 and in the outyears were included in the Fiscal 2018 Preliminary Budget.

- **SONYC Expansion.** As part of his campaign platform in 2013, Mayor de Blasio proposed to make publicly funded afterschool programming universally available to middle school students. Since the beginning of his Administration, the City has grown SONYC to serve more than 65,000 City middle school students. The Fiscal 2018 Executive Budget includes \$10.7 million to expand the number of program slots available by 3,600 in future school years.
- **COMPASS – Summer in the City.** COMPASS offers afterschool programming to elementary students both during the school year and in the summer months. The Fiscal 2018 Executive Budget includes \$2.9 million for Fiscal 2018 and in the outyears to partner with the DOE to offer extended-day programming to 5,000 students in 50 summer school locations for elementary students. Each participating school already houses COMPASS summer afterschool programming, but will expand to accommodate summer school students who will participate for part of the day.
- **Wage Adjustments for Human Service Contracts.** The Fiscal 2018 Executive Budget includes \$6.8 million to support two percent wage increases across the Department's human service contracts. Similar cost of living adjustments are funded in the outyears, providing a total wage increase of six percent by Fiscal 2020 at a total annual cost of \$19.5 million at full implementation.
- **Citywide Savings Program.** The Fiscal 2018 Executive Budget identifies \$1.5 million in unspent funds accrued from City contracts for Fiscal 2017. For Fiscal 2018 and in the outyears, the Executive Budget includes \$132,000 in annual savings on energy costs.
- **Beacon Opening Costs.** The Fiscal 2018 Executive Budget includes \$736,000 in opening costs for the City's 11 new Beacon sites scheduled to open in Autumn 2017. New sites are discussed further on page 7.
- **Brownsville Teen Center.** Whereas this project originally appeared in the Fiscal 2018 Preliminary Budget for the Mayor's Office of Criminal Justice (MOCJ), a new teen programming in the New York City Housing Authority's (NYCHA) facilities in Brownsville, Brooklyn transfers to DYCD for Fiscal 2017 and the outyears. Services include homework assistance, mentorship, recreational activities and creative and media arts at the Brownsville Housing Development.

DYCD Budget Issues

The following section provides issues and concerns pertaining to details of DYCD's Fiscal 2018 Executive Budget.

Preliminary Budget Response

The Council's response to the Mayor's Fiscal 2018 Preliminary Budget included \$117.3 million of recommendations for the Department of Youth and Community Development that were ultimately not addressed in the Fiscal 2018 Executive Budget.

- **Summer Youth Employment Program.** In its Fiscal 2017 Preliminary Budget Response, the Council charged the Administration with expanding SYEP to meet demand. On the proposed schedule, SYEP would offer 60,000 jobs in Fiscal 2017; 80,000 jobs in Fiscal 2018; and

100,000 jobs in Fiscal 2019. The Council repeated its call in its Fiscal 2018 Preliminary Budget Response, calling for an additional 15,000 jobs at a cost of \$27.9 million, bringing the Fiscal 2018 total number of jobs offered to 80,000, with room for additional expansion in future years.

- **Work, Learn, Grow.** In Fiscal 2016, the Council introduced the City's first year-round youth employment program, Work, Learn, Grow. Drawing from enrollment in SYEP, WLG has allowed 6,000 students each year to participate in workforce development training and work in monitored, part-time jobs each year. The Council's Fiscal 2018 Preliminary Budget Response included a request to not only baseline the program, but to double its current scope of services to reach 12,000 students, at an annual cost of \$47.5 million.
- **SONYC Summer Programming.** The Administration's original rollout of universal afterschool programming for middle school students included services both during the school year and over the summer months, offering 34,000 program slots in Summer 2014 in baselined programming. However, in the Fiscal 2016 Executive Budget, the Administration proposed to eliminate summer services for middle school students. Since that time, SONYC's summer component has only been funded in one-year increments. The Fiscal 2018 Preliminary Budget included support for the program for the first time in two years. However, the budget only supports 22,800 slots – 11,200 fewer than the original scope of 34,000 – and does not include funding for future years. The Council's Fiscal 2018 Preliminary Budget Response argued for restoration of the original \$27.7 million budget for SONYC summer programming.
- **COMPASS Programming for Elementary Students.** As a result of a Fiscal 2015 procurement process, more than 3,200 COMPASS slots for elementary students across 47 program providers were transferred to different locations across the city. To ensure that children and families dependent upon COMPASS for afterschool childcare would not lose services, the Council has restored these slots for the past two fiscal years. In Fiscal 2017, as part of its budget adoption agreement with the Council, the Administration committed to contributing an additional \$8 million to better meet demand for COMPASS programming citywide. In recognition of the high level of demand for afterschool care for elementary students, the Council requested that the Administration baseline \$16 million in support for COMPASS, making these program slots permanently available.

Additional Budget Issues

- **Youth Employment Task Force Recommendations.** In an agreement reached between the Council and the Administration at the adoption of the Fiscal 2017 Budget, the City convened a Youth Employment Task Force to review current programming under its two largest youth employment programs, SYEP and WLG. The group's final report recommends four proposed pilots to test program enhancements, to be evaluated for effectiveness by MDRC ahead of a planned request for new program proposals in Autumn 2017. Pilots include a blended career exploration program for youth ages 14-15; a school year career readiness program to prepare for SYEP participation; an enhanced menu of services for shelter-, justice system-, and foster-involved young people, and young people who have run away from home; and a ladder second-year program experience. However, no details regarding funding plans for these pilots have been released. While the Administration has described at least some of the pilots as cost-neutral, the additional services required of program providers inherent to at least two of the four pilots underscore the need for more transparency.

- **Beacon Program Expansion.** The Fiscal 2018 Preliminary Budget included \$5.9 million, with the plan to add 10 Beacons to the City's system of community centers. However, in the Fiscal 2018 Executive Budget, plans have changed to provide for an 11th site using the same resources.

State Budget Highlight

New York State's Fiscal 2017-2018 Budget, enacted in April 2017, includes approval to expand the scope of the 1978 Runaway and Homeless Youth Act. Whereas the act previously limited dedicated runaway and homeless youth services to young people between the ages of 16 and 21, State law now allows localities to include populations as old as 24. The Fiscal 2018 Executive Budget includes no new funding to accommodate an increased population in the City's RHY shelters.

Appendix 1: Fiscal 2018 Budget Actions since Fiscal 2017 Adoption

<i>Dollars in Thousands</i>	FY 2017			FY 2018		
	City	Non-City	Total	City	Non-City	Total
DYCD Budget as of the Adopted 2017 Budget	\$493,409	\$234,078	\$727,487	\$369,964	\$232,814	\$602,778
New Needs – November and Prelim. 2018						
SONYC Summer	\$0	\$0	\$0	\$15,000	\$0	\$15,000
Summer Youth Employment Program (SYEP)	0	0	0	9,319	0	9,319
Youth Services Expansion	0	0	0	6,174	0	6,174
Subtotal, New Needs	\$0	\$0	\$0	\$30,493	\$0	\$30,493
Other Adjustments – November and Prelim. 2018						
Adult Literacy Transfers	(\$5,010)	\$0	(\$5,010)	\$0	\$0	\$0
Child and Adult Care Food Program (CACFP)	0	11,607	11,607	0	0	0
Community Service Block Grant (CSBG) Funds	0	8,042	8,042	(1,500)	0	(1,500)
COMPASS State Funding Increase	0	1,310	1,310	0	0	0
Cornerstone Underspending	(1,500)	0	(1,500)	(308)	0	(308)
Hiring Delay Savings	(745)	0	(745)	0	0	0
Intracity Adjustments	0	(9,850)	(9,850)	0	0	0
Local Initiatives/Member Item Reallocations	(3,615)	0	(3,615)	0	0	0
Miscellaneous City and Non-City Funding	(46)	680	634	(466)	34	(432)
RHY State Funding Increase	0	1,109	1,109	0	0	0
Service Provider Wage Adjustment	1,232	0	1,232	7,467	0	7,467
Technical Adjustments	0	18,144	18,144	0	0	0
Subtotal, Other Adjustments	(\$9,684)	\$31,042	\$21,358	\$5,193	\$34	\$5,227
TOTAL, All Changes Prelim. 2018	(\$9,684)	\$31,042	\$21,358	\$35,686	\$34	\$35,720
DYCD Budget as of the Preliminary 2018 Budget	\$483,725	\$265,119	\$748,844	\$405,650	\$232,847	\$638,497
New Needs - Exec. 2017						
SYEP Minimum Wage Increase	\$0	\$0	\$0	\$15,593	\$0	\$15,593
SONYC Expansion	0	0	0	10,733	0	10,733
Subtotal, New Needs	\$0	\$0	\$0	\$26,326	\$0	\$26,326
Other Adjustments - Exec. 2018						
Agency Accruals from Unspent Contract Funds	(\$1,481)	\$0	(1,481)	\$0	\$0	\$0
Beacon Opening Fees	0	0	0	726	0	726
Brownsville Teen Center	65	0	65	180	0	180
CEO Funding Adjustment	0	0	0	11,262	0	11,262
City Service Corps Wages from Other Agencies	19	0	19	1	0	1
Heat, Light and Power	(9)	0	(9)	(132)	0	(132)
Lease Adjustment	0	0	0	339	0	339
Local Initiatives	18	0	18	0	0	0
Miscellaneous Non-City Funding	0	164	164	0	16	16
Performance Partnership Pilot	0	0	0	67	0	67
SONYC Adjustment	0	0	0	0	(7,000)	(7,000)
Summer in the City Transfer	0	0	0	2,888	0	2,888
Wage Adjustment	0	0	0	6,759	0	6,759
YMI Funding Adjustments	0	0	0	(108)	0	(108)
Subtotal, Other Adjustments	(\$1,388)	\$164	(\$1,224)	\$21,982	(\$6,984)	\$14,998
TOTAL, All Changes - Exec. 2018	(\$1,388)	\$164	(\$1,224)	\$48,308	(\$6,984)	\$41,324
DYCD Budget as of the Fiscal 2018 Executive Plan	\$482,336	\$262,282	\$747,618	\$453,956	\$225,863	\$679,819