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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

HUMAN RESOURCES ADMINISTRATION/

DEPARTMENT OF SOCIAL SERVICES

May 21, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- The Human Resources Administration's (HRA) proposed Fiscal 2014 Expense Budget totals \$9.4 billion.
- The Fiscal 2014 Executive Budget includes a \$149.6 million increase in HRA's Fiscal 2014 operating budget of \$9.4 billion when compared to its Fiscal 2013 Adopted Budget of \$9.3 billion.
 - Approximately \$7.4 billion, or 78 percent of HRA's Fiscal 2014 budget is City tax-levy (CTL) funding, and the remaining is funded through a combination of State, federal, and intra-city sources.
 - HRA's overall headcount for Fiscal 2014 is 14,129 positions. This represents a decrease of 377 positions when compared to the Fiscal 2013 Adopted Budget.
- The Fiscal 2014 includes an additional \$112 million due to a re-estimation of Cash Assistance (CA) benefits funding. Of this \$112 million, \$56.4 million, or 50 percent is from CTL.
- For Fiscal 2014, PEGs totals \$16.5 million for the agency, and there are \$116.6 million in new needs.
- The Executive Plan includes an additional \$1 million decrease in federal funding for Low Income Home Energy Assistance (LIHEAP) due to Sequestration.
- Council Funding in Fiscal 2013: \$8.9 million (see Appendix 3)
 - The Council funding provides \$5.2 million, or approximately 4.2 percent of the funding for HIV and AIDS Services (HASA).
 - The Council restored \$2 million in funding for the Teen Relationship Abuse Prevention Program (Teen RAPP) and \$1.65 million for Food Assistance Programs.
- Fiscal 2014 Capital Commitments Plan for the agency totals \$143.5 million, of which \$113.2 million are City funds.

FINANCE DIVISION

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HUMAN RESOURCES ADMINISTRATION OVERVIEW

This report provides an overview of the Human Resources Administration's Fiscal 2014 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2014-2019. Appendices 1-3 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget; and provides a list of Fiscal 2013 Council Initiatives. For additional information on the Department's Budget and its various programs, please refer to the "HRA Fiscal 2014 Preliminary Report" available at the Council's website.

FINANCIAL SUMMARY

<i>Dollars in Thousands</i>	2012	2013		2014	Difference 2013-2014*
	Actual	Adopted	Exec. Plan	Exec. Plan	
Spending					
Personal Services	\$727,235	\$754,474	\$754,474	\$743,282	(\$11,192)
Other Than Personal Services	8,663,993	8,526,833	8,501,471	8,687,674	160,841
TOTAL	\$9,391,228	\$9,281,307	\$9,255,945	\$9,430,956	\$149,649
Budget by Program Area					
HIV & AIDS Services	\$216,312	\$226,685	\$218,886	\$219,317	(\$7,368)
Food Assistance Programs	22,393	13,897	12,181	11,571	(2,326)
Food Stamp Operations	70,926	83,913	83,913	71,734	(12,179)
Medicaid-Eligibility & Admin	112,022	115,599	115,599	111,381	(4,218)
Medicaid & Homecare	6,358,607	6,361,716	6,361,716	6,444,331	82,615
Subsidized Employment & Job Training	92,975	76,776	64,214	69,914	(6,862)
Office of Child Support Enforcement	64,399	65,184	65,184	68,408	3,224
Adult Protective Services	41,448	47,887	47,887	47,894	7
CEO Evaluation	1,641	2,108	2,108	2,050	(58)
Domestic Violence Services	96,051	101,006	98,960	99,910	(1,096)
Employment Services Admin	27,519	29,994	29,994	30,300	306
Employment Services Contracts	149,241	129,825	129,825	128,125	(1,700)
Public Assistance & Employment Admin	226,096	225,868	225,868	221,814	(4,054)
Public Assistance Grants	1,372,331	1,274,081	1,274,081	1,387,197	113,116
Public Assistance Support Grants	17,078	20,114	20,114	20,114	0
Home Energy Assistance	38,238	23,669	23,669	22,669	(1,000)
Information Technology Services	81,239	77,048	77,048	77,797	749
Investigation & Revenue Admin	62,653	57,078	57,078	61,707	4,629
Substance Abuse Services	72,267	69,299	69,299	69,299	0
General Administration	267,791	279,562	278,321	265,425	(14,137)
TOTAL	\$9,391,228	\$9,281,307	\$9,255,945	\$9,430,956	\$149,649
Funding					
City Funds		\$7,258,343	\$7,235,077	\$7,355,500	\$97,157
Federal – CD		0	0	0	0
Federal – Other		1,426,448	1,426,438	1,461,070	34,622
Intra-City		4,954	4,954	6,539	1,585
Other Categorical		0	0	0	0
State		591,562	589,476	607,847	16,285
TOTAL	\$9,391,228	\$9,281,307	\$9,255,945	\$9,430,956	\$149,649
Positions					
Full-time Positions	13,918	14,506	14,506	14,129	(377)
Full-time Equivalent Positions	30	4	4	4	0
TOTAL	13,948	14,510	14,510	14,133	(377)

* Difference between FY 2013 Adopted Budget and FY 2014 Executive Budget.

NEW IN THE EXECUTIVE BUDGET

The Fiscal 2014 Executive Plan increases the Department's budget by \$149.6 million when compared to the Fiscal 2013 Adopted Budget. Since adoption, for Fiscal 2014, there are \$16.5 million in PEG reductions and \$166.6 million in new needs. In addition, there are several new other adjustments in the Executive Plan that are outlined below.

- **\$112 million for Cash Assistance (CA) Benefits Funding.** Although CA caseloads have steadily decreased since 2005, the amount of grant funding provided to CA recipients has increased. To meet the increase in demand, an additional \$112 million, of which, \$56 million are City funds, were added in the Fiscal 2014 budget. This increase in funding will support CA benefits for an average of 362,454 recipients.
- **Federal Sequestration – Low Income Home Energy Assistance (LIHEA) Funding Cut.** The Office of the Mayor's Budget (OMB) estimates a \$1 million LIHEA funding cut. This minimal reduction will not impact services recipients receive through LIHEA.

BUDGET HIGHLIGHTS IN HRA

Despite the Council's best efforts to urge the Administration to restore and baseline funding to key program areas, HRA's Fiscal 2014 Budget includes funding cuts to the HIV and AIDS Services Administration (HASA), domestic violence services, and subsidized employment and job training. However, the agency's budget does include a funding increase for the Young Men's Initiative (YMI).

HIV AND AIDS SERVICES ADMINISTRATION (HASA)

The proposed Fiscal 2014 HASA budget is approximately \$7.3 million less than the Fiscal 2013 Adopted Budget. The majority of this decrease can be attributed to the exclusion of \$5.2 million in one-time funding the Council restored in Fiscal 2013 for supportive services. The potential impact of cuts to supportive services includes, but is not limited to, a reduction of onsite supportive housing case management, which can impact HASA clients access to counseling services and vital information such as healthcare, mental health services, and substance use treatment programs. The Council will continue to work with the Administration to ensure that services to HASA clients are not reduced in Fiscal 2014.

TEEN RAPP FUNDING

HRA's Teen Relationship Abuse Prevention Program (Teen RAPP) was not restored or baselined in the Fiscal 2014 Budget. The Council has continuously restored funding to this program since its elimination by the agency in Fiscal 2011. Teen RAPP educates and counsels teens about domestic violence and services are provided to nearly 45,000 ethnically and culturally diverse students in 65 middle and high schools throughout the City. The Council will continue to work with the Administration to ensure that these vital services are not diminished in Fiscal 2014.

EMERGENCY FOOD ASSISTANCE PROGRAMS (EFAP)

HRA's Fiscal 2014 budget decreases funding for EFAP by \$1.7 million. This decrease is a result of the absence of one-time Council funding for food pantries and the earned income tax credit (EITC) assistance program in Fiscal 2013. Funding for EFAP has remained constant, and has not taken into account the rising cost of food and the need for additional food assistance in the City. Additionally, the possible loss of funding for the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) in order to pay for the increase in federal school lunch reimbursements as part of the "Health, Hunger-Free Kids Act," could mean 60 million meals lost for New York City residents come November. Lastly, the

proposed federal Farm Bill could result in an additional 166 million meals lost in the City, all putting further strain on EFAP resources.

EMPLOYMENT SERVICES

The Agency's Fiscal 2014 budget includes a \$13.5 million decrease in employment services funding. This decrease is due to the loss of one-time Council funding of \$12.3 million for employment services in Fiscal 2013. HRA's employment services programs include the Job Training and Participant (JTP) program and BEGIN, or "Begin Employment, Gain Independence Now".

DECREASE IN HEADCOUNT

HRA's overall headcount for Fiscal 2014 is 14,129 positions. This represents a decrease of 377 positions when compared to the Fiscal 2013 Adopted Budget. The decrease in headcount can largely be attributed to a reduction in positions through attrition in relation to the agency's client services re-engineering (PEG), which is a multi-year technology project that will re-design HRA's business processes, and decrease administrative costs and improve fraud detection. The agency estimates it will save \$10.1 million through attrition in Fiscal 2014.

YOUNG MEN'S INITIATIVE (YMI)

The Fiscal 2014 Budget includes a \$1.3 million increase in YMI funding when compared to the Fiscal 2013 Adopted Budget. This additional funding will support seven additional Jobs-plus sites and will go towards staffing and programming. YMI is a three-year program that focuses on black and Latino young men and their needs in the areas of education, employment, justice, and health.

WORK PROGRESS PROGRAM (WPP)

An additional \$781,000 in funding was added to the Fiscal 2014 budget to fund the work progress program (WPP). The Center for Economic Opportunity (CEO) and HRA established the WPP as a subsidized wage program for low income young adults enrolled in community-based programs.

CAPITAL PROGRAM

The Executive 2013 Capital Commitment Plan includes \$247.4 million in Fiscal 2013-2017 for the Human Resources Administration (including City and Non-City funds). This represents less than one percent of the City's total \$44.5 billion Executive Plan for Fiscal 2013-2017. The agency's Executive Commitment Plan for Fiscal 2013-2017 is 54.6 percent more than the \$160.1 million scheduled in the Preliminary Commitment Plan, an increase of \$87.3 million.

The majority of capital projects span multiple fiscal years, and it is, therefore, common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2012, the Human Resources Administration committed \$22.7 million or 4.1 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014. Since adoption last June, the City's total Capital Commitment Plan for Fiscal 2013 has decreased from \$17.9 billion in the September Capital Commitment Plan to \$16.6 billion in the Executive Capital Commitment Plan, a decrease of \$1.3 billion or 7.3 percent.

2013-2017 Commitment Plan: Executive Budget and Preliminary Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Executive						
Total Capital Plan	\$58,870	\$143,460	\$24,043	\$10,097	\$10,929	\$247,399
Preliminary						
Total Capital Plan	\$64,705	\$49,830	\$24,046	\$10,095	\$11,382	\$160,058
Change						
Level	(\$5,835)	\$93,630	(\$3)	\$2	(\$453)	\$87,341
Percentage	(9.02%)	187.9%	(-.01%)	.02%	(3.98%)	54.57%

MAJOR CAPITAL PROJECTS & EXECUTIVE BUDGET HIGHLIGHTS

The agency's Fiscal 2013-2017 Capital plan totals \$247.4 million, of which \$140 million are City funds. The majority of HRA's Capital investments are in improvements and construction on structures used by HRA and data process/information technology. Funding for major Human Resources Administration projects in the Capital Plan for Fiscal 2013-2017 includes the following:

- \$62.8 million for new office space in 4 World Trade Center. HRA will be consolidating administrative offices from several locations to one office space; and
- \$32.6 million for computers and other technology related to its client services re-engineering project. According to the Administration, this multi-year project will re-design HRA's business processes and modernize the agency's interactions with clients, reduce administrative costs, and improve fraud detection.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Budget as of the Preliminary 2014 Plan	\$7,251,791	\$2,104,083	\$9,355,874	\$7,289,701	\$2,016,861	\$9,306,562
New Needs						
Cash Assistance Re-estimates	\$46,150	\$57,153	\$103,303	\$56,428	\$55,607	\$112,035
TOTAL, New Needs	\$46,150	\$57,153	\$103,303	\$56,428	\$55,607	\$112,035
Other Adjustments						
Executive Plan Technical Adjustments	(\$1,910)	\$43,842	\$41,932	\$9,371	\$3,990	\$13,361
Federal Sequestration	0	0	0	0	(1,000)	(1,000)
TOTAL, Other Adjustments	(\$1,910)	\$43,842	\$41,932	\$9,371	\$2,990	\$12,361
TOTAL, All Changes	\$44,240	\$100,995	\$145,235	\$65,799	\$58,597	\$124,396
Budget as of the Executive 2014 Plan	\$7,296,030	\$2,205,077	\$9,501,107	\$7,355,500	\$2,075,458	\$9,430,958

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, PRELIMINARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of Adopted 2013 Plan	\$7,258,342	\$2,022,965	\$9,281,307	\$7,293,322	\$2,018,678	\$9,312,000
Program to Eliminate the Gap (PEGs)						
Fringe Benefit Reimbursement	(\$32,571)	\$32,571	\$0	(\$32,570)	\$32,570	\$0
Supportive Housing Accruals	(3,054)	(1,946)	(5,000)	(4,574)	4,269	(305)
Capital Reimbursement	(1,390)	1,390	0	(1,390)	1,390	0
Medical Support Enforcement	(253)	253	0	(253)	253	0
One Time Revenue Settlement	(2,000)	2,000	0	0	0	0
HIV/AIDS Program Efficiencies	(470)	(174)	(644)	(2,455)	(1,003)	(3,458)
Partial Restoration of HIV/AIDS Program Efficiencies	44	0	44	0	0	0
Revenue Maximization	(4,575)	4,575	0	(2,937)	2,937	0
Client Service Re-engineering	787	581	1,368	(1,776)	(2,485)	(4,261)
TOTAL, PEGs	(\$43,482)	\$39,250	(\$4,232)	(\$45,955)	\$29,392	(\$16,563)
New Needs						
Agency Integrity	\$1,087	\$1,226	\$2,314	\$2,175	\$2,453	\$4,628
Collective Bargaining: City Laborers	16	6	22	0	0	0
Cash Assistance Re-estimates	46,150	57,153	103,303	56,428	55,607	112,035
TOTAL, New Needs	\$47,253	\$58,385	\$105,639	\$58,603	\$58,060	\$116,663
Other Adjustments						
November Plan Technical Adjustments	\$32,776	(\$19,536)	\$13,240	\$34,582	(\$30,625)	\$3,957
January Plan Technical Adjustments	3,050	60,169	63,219	5,579	(3,037)	2,542
Executive Plan Technical Adjustments	(1,910)	43,842	41,932	9,371	3,990	13,361
Federal Sequestration	0	0	0	0	(1,000)	(1,000)
TOTAL, Other Adjustments	\$33,916	\$84,475	\$118,391	\$49,532	(\$30,672)	\$18,860
TOTAL, All Changes	\$37,687	\$182,110	\$219,798	\$62,180	\$56,780	\$118,960
Agency Budget as of Fiscal 2014 Executive Plan	\$7,296,030	\$2,205,077	\$9,501,107	\$7,355,500	\$2,075,458	\$9,430,958

APPENDIX 3: COUNCIL INITIATIVES AND FUNDING**FY 2013 Council Changes at Adoption by Program Area***Dollars in Thousands*

Food Assistance Programs	
Food Pantries Initiative	\$1,500
Earned Income Tax Credit (Food Bank)	150
Domestic Violence	
Teen Relationship and Abuse Prevention Program (Teen RAPP)	\$2,000
HIV and AIDS Services	
HIV/AIDS Services Administration (HASA) Case Manager PEG Restoration	\$2,718
HASA Money Management GMHC PEG Restoration	200
HASA Supportive Housing Contract Reduction PEG Restoration	2,368
TOTAL	\$8,936