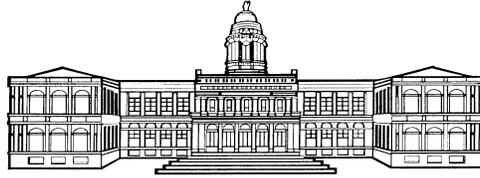


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



Hearing
on the Fiscal 2010 Executive Budget
for the
Department for the Aging

May 18, 2009

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Speaker

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Pakhi Sengupta
Senior Legislative Financial
Analyst

Department for the Aging (125)

Agency Overview

The Department for the Aging (DFTA) promotes, administers and coordinates the development and provision of services for older New Yorkers to help them maintain their independence and participation in their communities. The Department supports a broad range of services, both directly and through over 600 contracts with community-based organizations, including the administration of 329 contracted senior centers, and also provides over 11.8 million meals annually, both home delivered and at senior centers.

Expense Budget Highlights

The Fiscal 2010 Executive Budget proposes a total budget of approximately \$241 million for DFTA. When compared to the Fiscal 2009 Adopted Budget, the total DFTA budget reflects a \$30 million decrease, which is primarily attributable to the exclusion of several Council-funded initiatives that total approximately \$24 million.

In addition to the exclusion of Council funding, the Fiscal 2010 Executive Budget for DFTA includes a PEG of \$7.1 million for senior services. Although this has always been baselined funding, historically this funding was allocated at the discretion of the five Borough Presidents, instead of through a Request for Proposals process. This PEG is problematic since it may potentially have a negative impact on *all* areas of service at DFTA, as the funding was used for senior centers, meals, case management, homecare, transportation, and other senior services.

The chart below outlines the Department's budget by personal and other than personal services spending and by funding source, as well as provides the budgeted headcount for the agency.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|----------------------|----------------------|-------------------------|-----------------------|
| Spending | | | | |
| Personal Services | \$26,221,920 | \$22,047,424 | \$26,247,588 | \$26,530,264 |
| Other than Personal Services | \$264,265,503 | \$249,427,288 | \$218,899,320 | \$214,104,648 |
| Total | \$290,487,423 | \$271,474,712 | \$245,146,908 | \$240,634,912 |
| Funding | | | | |
| City | NA | \$157,890,026 | \$127,950,849 | \$123,438,853 |
| State | NA | \$35,019,397 | \$36,968,244 | \$36,968,244 |
| Federal - CDBG | NA | \$2,484,841 | \$2,494,727 | \$2,494,727 |
| Federal - Other | NA | \$75,608,023 | \$77,260,663 | \$77,260,663 |
| Intra-City | NA | \$472,425 | \$472,425 | \$472,425 |
| Total | NA | \$271,474,712 | \$245,146,908 | \$240,634,912 |
| Headcount | | | | |
| Full-time Positions | 345 | 330 | 311 | 311 |

Capital Budget

The 2010 Executive Capital Commitment Plan includes \$48.1 million in Fiscal 2009-2013 for the Department for the Aging (including City and Non-City funds). This represents less than one percent of the City's total \$47.11 billion January Plan for Fiscal 2009-2013. The agency's Executive Commitment Plan for Fiscal 2009-2013 is 9.4 percent more than the \$53.1 million in the Preliminary Capital Commitment Plan, an increase of \$5 million.

Over the past five years, the Department for the Aging has only committed an average of 11.68 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2009 capital plan will be rolled into Fiscal 2010, thus greatly increasing the size of the Fiscal 2010-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2009 has decreased from \$34.7 million to \$33.9 million, a decrease of \$800,000 or 2.3 percent.

Currently, the Department for the Aging's appropriations total \$46.9 million in City funds for Fiscal 2009. These appropriations are to be used to finance DFTA's \$33.9 million City-funded Fiscal 2009 capital commitment program. The agency has over 100 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

In January the Mayor announced his intention to reduce the City's capital plan by 30 percent. The objective of the capital cut is to reduce the amount of the City's general obligation (GO) debt service as a percentage of total revenues. The 30 percent reduction in the Ten-Year Capital Plan Fiscals 2010 – 2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The 2010 Executive Capital Budget includes \$47.0 billion in planned commitments for Fiscals 2010 – 2019. This total includes \$12.84 billion in commitments for capital projects for the Department of Environmental Protection (DEP) which are funded primarily by non-GO debt. The GO-funded portion of the Fiscal 2010 – 2019 Executive Capital Plan is \$34.17 billion; this is \$6.93 billion or 16.86 percent less than the \$41.1 billion Preliminary Fiscal 2010 – 2019 Capital Plan.

DFTA Capital Commitment Plan, 2009-2013

Millions of dollars

| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | TOTAL |
|-----------------------|---------------|--------------|--------------|--------------|--------------|---------------|
| January Plan | | | | | | |
| City | \$34.7 | \$4.4 | \$3.9 | \$1.8 | \$8.3 | \$53.1 |
| Non-City | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$34.7 | \$4.4 | \$3.9 | \$1.8 | \$8.3 | \$53.1 |
| Executive Plan | | | | | | |
| City | \$33.9 | \$4.3 | \$2.8 | \$1.2 | \$5.9 | \$48.1 |
| Non-City | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$33.9 | \$4.3 | \$2.8 | \$1.2 | \$5.9 | \$48.1 |
| Difference | | | | | | |
| City | \$0.8 | \$0.1 | \$1.1 | \$0.6 | \$2.4 | \$5 |
| Non-City | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$0.8 | \$0.1 | \$1.1 | \$0.6 | \$2.4 | \$5 |
| Percent Chng. | 2.3% | 2.3% | 28.2% | 33.3% | 28.9% | 9.4% |

Program Budget Overview

DFTA's Program Budget consists of the following programs.

| Program | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|--|----------------------|----------------------|-------------------------|-----------------------|
| Administration & Contract Agency Support | \$53,990,077 | \$47,038,172 | \$52,707,305 | \$53,446,509 |
| Case Management | \$20,305,448 | \$20,143,707 | \$20,626,774 | \$21,525,575 |
| Homecare | \$26,670,008 | \$27,656,839 | \$26,813,626 | \$26,739,518 |
| Senior Centers and Meals | \$135,939,496 | \$123,594,454 | \$115,261,430 | \$110,400,140 |
| Senior Employment & Benefits | \$8,074,293 | \$8,558,991 | \$9,058,467 | \$9,067,471 |
| Senior Services | \$45,508,101 | \$44,482,549 | \$20,679,306 | \$19,455,699 |
| Total | \$290,487,423 | \$271,474,712 | \$245,146,908 | \$240,634,912 |

| Headcount | | | | |
|--|------------|------------|------------|------------|
| Administration & Contract Agency Support | 320 | 308 | 289 | 289 |
| Senior Employment & Benefits | 25 | 22 | 22 | 22 |
| Total | 345 | 330 | 311 | 311 |

Administration and Contract Agency Support

This program area funds both personnel and supplies, as well as supports contracts which provide administration and program oversight. Also in this program area is funding for non-personnel costs, central insurance, facility leases, and utilities.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|----------------------|---------------------|-------------------------|-----------------------|
| Spending | | | | |
| Personal Services | \$20,871,030 | \$16,473,063 | \$19,900,262 | \$20,173,934 |
| Other than Personal Services | \$33,119,046 | \$30,565,109 | \$32,807,043 | \$33,272,575 |
| Total | \$53,990,077 | \$47,038,172 | \$52,707,305 | \$53,446,509 |
| Funding | | | | |
| City | NA | \$31,180,664 | \$31,922,846 | \$32,662,050 |
| State | NA | \$4,256,491 | \$4,134,603 | \$4,134,603 |
| Federal - CDBG | NA | \$122,841 | \$132,727 | \$132,727 |
| Federal - Other | NA | \$11,305,751 | \$16,344,704 | \$16,344,704 |
| Intra-City | NA | \$172,425 | \$172,425 | \$172,425 |
| Total | NA | \$47,038,172 | \$52,707,305 | \$53,446,509 |
| Headcount | | | | |
| Full-time Positions | 320 | 308 | 289 | 289 |

Case Management

Case Management agencies provide assessment and link homebound seniors with services including home delivered meals, home care, information and referral and other supportive programs. This also includes monitoring and coordinating programs, providing supportive counseling, as well as assistance with light housekeeping, shopping and laundry.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Other than Personal Services | \$20,305,448 | \$20,143,707 | \$20,626,774 | \$21,525,575 |
| Total | \$20,305,448 | \$20,143,707 | \$20,626,774 | \$21,525,575 |
| Funding | | | | |
| City | NA | \$9,289,500 | \$10,571,116 | \$11,469,917 |
| State | NA | \$10,854,207 | \$10,055,658 | \$10,055,658 |
| Total | NA | \$20,143,707 | \$20,626,774 | \$21,525,575 |

Restoration to Proposed PEG

The Fiscal 2010 Preliminary Budget included a cut of approximately \$1.1 million to the budget for case management, but the Fiscal 2010 Executive Budget includes a full restoration of that funding. DFTA intended to reduce funding to all case management contracts by 4.5 percent. The cut to case management was particularly problematic as it was proposed at a time when the current case management system for seniors in New York City is already in turmoil. While this restoration is good news, the Council will continue to work with DFTA to ensure that problems with case management outlined in the Preliminary Budget Report are addressed.

Homecare

The Homecare Program provides assistance to low-income frail seniors with daily chores and personal care to allow them to safely remain in their homes. This may include housekeeping, meal preparation, companionship, supervision of medications, doctor's visits, referrals to legal and financial experts, as well as other necessary services.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Other than Personal Services | \$26,670,008 | \$27,656,839 | \$26,813,626 | \$26,739,518 |
| Total | \$26,670,008 | \$27,656,839 | \$26,813,626 | \$26,739,518 |
| Funding | | | | |
| City | NA | \$16,066,452 | \$15,205,374 | \$15,131,266 |
| State | NA | \$11,290,387 | \$11,308,252 | \$11,308,252 |
| Intra-City | NA | \$300,000 | \$300,000 | \$300,000 |
| Total | NA | \$27,656,839 | \$26,813,626 | \$26,739,518 |

Senior Centers and Meals

Senior Centers provide educational programs, nutrition and health services, exercise programs, and recreational programming in community-based settings. Most senior centers provide both congregate and home delivered meals to seniors.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Other than Personal Services | \$135,939,496 | \$123,594,454 | \$115,261,430 | \$110,400,140 |
| Total | \$135,939,496 | \$123,594,454 | \$115,261,430 | \$110,400,140 |
| Funding | | | | |
| City | NA | \$68,996,602 | \$57,846,469 | \$52,985,179 |
| State | NA | \$8,247,670 | \$10,900,023 | \$10,900,023 |
| Federal - CDBG | NA | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Federal - Other | NA | \$44,350,182 | \$44,514,938 | \$44,514,938 |
| Total | NA | \$123,594,454 | \$115,261,430 | \$110,400,140 |

Restoration to Proposed PEG

The Fiscal 2010 Preliminary Budget included cuts to the budgets for both senior centers and home delivered meals. The reduction to senior centers was approximately \$5.3 million in City funds for Fiscal 2010 and in the outyears. DFTA planned to reduce funding to all senior centers by five percent. The reduction to the home delivered meals program was approximately \$1.4 million, but did not affect the number of meals served as it simply scaled back a planned expansion of the program.

The Fiscal 2010 Executive Budget includes a partial restoration of \$869,000 of the Preliminary Budget PEG to the home delivered meals program. This funding will be used to fill gaps within the home delivered meals program and hopefully provide relief to struggling senior centers whose budgets were adversely affected by the home delivered meals RFP. Additionally, DFTA will receive a total of \$3 million in stimulus funding for senior nutrition programs, \$2 million will be used to serve congregate meals and \$1 million will be used for the home delivered meals program.

Problems in the Home Delivered Meals Program

Historically, the home delivered meals and senior center contracts have been intertwined. This blended budget model allowed senior centers to remain flexible when allocating PS and OTPS funding to cover the costs for *both* congregate and home delivered meals. When the home delivered meals RFP was released on May 1, 2008, DFTA awarded 20 contracts in December 2008. Although the same number of meals continued to be served, this was a large reduction from the previous 93 home delivered meals contracts. Advocates and service providers have expressed concern regarding multiple issues with this transition including high caseloads in understaffed programs, lack of adequate funding, miscommunication between centers and DFTA, and new service areas being too large. Furthermore, when the home delivered meals RFP took effect, those centers which were not awarded a contract lost all home delivered meals funding. Approximately 80 DFTA senior centers have home delivered meals funds, which comprise anywhere from three percent to 76 percent of their overall budget. Therefore, the removal of these funds may be devastating to many of these centers. It is significant to note that although the current system continues to serve the same number of meals annually, many senior centers are significantly struggling to do so.

Senior Employment and Benefits

This program area mainly funds employment programs that subsidize jobs for seniors. It also supports benefit programs which assist seniors with home energy costs through the Home Energy Assistance Program (HEAP), and the Weatherization Referral and Packaging Program (WRAP). Additionally it provides funding for the Health Insurance Counseling and Advocacy Program (HICAP) which assist seniors with obtaining health insurance that is best suited to their individual needs.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Personal Services | \$5,350,889 | \$5,574,361 | \$6,347,326 | \$6,356,330 |
| Other than Personal Services | \$2,723,404 | \$2,984,630 | \$2,711,141 | \$2,711,141 |
| Total | \$8,074,293 | \$8,558,991 | \$9,058,467 | \$9,067,471 |
| Funding | | | | |
| City | NA | \$1,049,139 | \$498,601 | \$507,605 |
| State | NA | \$34,189 | \$33,842 | \$33,842 |
| Federal – Other | NA | \$7,475,663 | \$8,526,024 | \$8,526,024 |
| Total | NA | \$8,558,991 | \$9,058,467 | \$9,067,471 |
| Headcount | | | | |
| Full-time Positions | 25 | 22 | 22 | 22 |

Stimulus and Other Federal Funding

DFTA will receive \$1 million in stimulus funding for senior employment for Fiscal 2010. Given the common need and/or desire of seniors to continue working post-retirement, DFTA's employment programs provide outreach to seniors who are eligible to secure employment through federal funding. Authorized by Congress in Title V of the Older Americans Act of 1965 to provide subsidized, part-time, community service work-based training for low-income seniors age 55 or older who have poor employment prospects, the Senior Community Service Employment Program (SCSEP) trains older workers. In addition to providing community services and part-time work-based training, the program has a goal of placing seniors into unsubsidized jobs equal to 30 percent of the authorized positions. Seniors placed through this program work an average of 20 hours a week, and are paid the highest federal, State or local minimum wage, or the prevailing wage. They are placed in a wide variety of community service activities at non-profit and public facilities, including day-care centers, senior centers, schools and hospitals.

Senior Services

In this program area are a variety of services to seniors, including caregiver programs, social services and transportation, elder abuse services, the congregate services initiative, extended services, intergenerational funding, legal services, social adult day services, and funding for NORCs.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Other than Personal Services | \$45,508,101 | \$44,482,549 | \$20,679,306 | \$19,455,699 |
| Total | \$45,508,101 | \$44,482,549 | \$20,679,306 | \$19,455,699 |
| Funding | | | | |
| City | NA | \$31,307,669 | \$11,906,443 | \$10,682,836 |
| State | NA | \$336,453 | \$535,866 | \$535,866 |
| Federal - CDBG | NA | \$362,000 | \$362,000 | \$362,000 |
| Federal - Other | NA | \$12,476,427 | \$7,874,997 | \$7,874,997 |
| Total | NA | \$44,482,549 | \$20,679,306 | \$19,455,699 |

Cuts to Senior Services

For Fiscal 2010, the Senior Services program area was most adversely affected by the November Plan. The Plan included cuts to elder abuse programs, social adult day care, caregiver support programs, the congregate services initiative, intergenerational programs, and non-core social services. Through negotiations with the Administration, the City Council was successful in restoring funding for elder abuse programs for Fiscal 2009 only, as indicated in the Preliminary Budget Report. However, all of the aforementioned programs (including elder abuse), are proposed to be eliminated in Fiscal 2010. Although the Fiscal 2010 Executive Budget does not indicate any additional cuts to this program area, all program areas within DFTA are in jeopardy as a result of the across-the-board \$7.1 million PEG to senior services, described in the Expense Budget Highlights.

Executive Capital Commitment Plan, 2009-2013

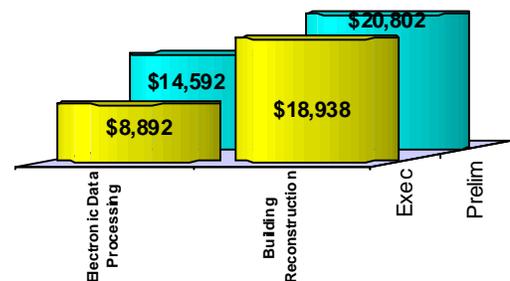
The following are highlights from the Fiscal 2010 Capital Commitment Plan. Although there are several projects in DFTA that are currently pending (which are not discussed in this section), these are those projects that reflect changes in the Plan (i.e. projects pushed out to later fiscal years).

- A total of \$406,000 for the purchase of replacement computers and technical support for senior centers citywide to enable them to automate service management, was included in the January Plan for Fiscal 2010, but has been removed as of the May Plan. Funding for this project has been pushed out to Fiscal 2011, and has decreased by \$4.6 million. The project now totals approximately \$2.5 million in planned spending.
- A total of \$686,000 for the rehabilitation of various citywide senior centers was included in the January Plan for Fiscal 2010, but has been removed as of the May Plan. Funding for this project has been pushed out to Fiscal 2011, and has decreased by \$5.1 million, now totaling approximately \$14 million in planned spending. DFTA's primary focus for senior center improvements include: fire suppression systems; heat and hot water systems; and renovations for handicapped accessibility. Building reconstruction is planned for various centers throughout the five boroughs.

Executive Ten-Year Capital Strategy, 2010-2019

DFTA's Ten-Year Capital Strategy includes two major components: building reconstruction at \$20.8 million, and Data Processing and Information at \$14.6 million, for a total of \$35.4 million. DFTA's primary capital program goals include rehabilitation of existing senior centers and information technology (IT) upgrades throughout the senior services system. Improvements to senior centers include fire suppression systems, heat and hot water systems, and renovations for handicapped accessibility. IT upgrades include the creation of computer labs, ensuring that high speed Internet connections are available at all DFTA funded senior centers.

DFTA Ten-Year Capital Plan Preliminary FY10 vs. Executive FY10



Supplemental Tables

Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets since the Preliminary Budget. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

| Description | Fiscal 2009 | | | Fiscal 2010 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | City | Non-City | Total | City | Non-City | Total |
| Agency Budget as per the January Plan | \$165,516 | \$119,757 | \$285,273 | \$127,951 | \$117,196 | \$245,147 |
| Executive Plan Programs to Eliminate the Gap (PEGs) | | | | | | |
| Case Management Restoration | \$0 | \$0 | \$0 | \$1,112 | \$0 | \$1,112 |
| Home Delivered Meals Restoration | \$0 | \$0 | \$0 | \$870 | \$0 | \$870 |
| Senior Services | \$0 | \$0 | \$0 | (\$7,100) | \$0 | (\$7,100) |
| Fleet-Related Expense Reduction | (\$22) | \$0 | (\$22) | (\$3) | \$0 | (\$3) |
| Total PEGs | (\$22) | \$0 | (\$22) | (\$5,121) | \$0 | (\$5,121) |
| Executive Plan New Needs | | | | | | |
| Total New Needs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Executive Plan Other Adjustments | | | | | | |
| Technical Adjustments | \$0 | \$8,876 | \$8,876 | \$0 | \$0 | \$0 |
| State Transportation Reduction | \$0 | (\$68) | (\$68) | | | |
| Collective Bargaining | \$122 | \$0 | \$122 | \$283 | \$0 | \$283 |
| HHS Connect Cost Allocation | \$2 | \$0 | \$2 | \$11 | \$0 | \$11 |
| City Council Allocations | \$6 | \$0 | \$6 | \$0 | \$0 | \$0 |
| Heat Light and Power | \$68 | \$0 | \$68 | \$211 | \$0 | \$211 |
| Lease Adjustment | \$0 | \$0 | \$0 | \$105 | \$0 | \$105 |
| Total Other Adjustments | \$198 | \$8,808 | \$9,006 | \$610 | \$0 | \$610 |
| Total Executive Plan Budget Changes | \$176 | \$8,808 | \$8,984 | (\$4,511) | \$0 | (\$4,511) |
| Agency Budget as per the Executive Plan | \$165,692 | \$128,565 | \$294,257 | \$123,440 | \$117,196 | \$240,636 |

Summary of Changes Since June 2009 Plan

City Funds only, \$\$ 000's

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|
| Adopted 2009 Plan | \$157,890 | \$132,079 | \$131,079 | \$131,079 | \$131,079 |
| New Needs | -- | -- | -- | -- | -- |
| Collective Bargaining | \$727 | \$1,107 | \$1,145 | \$1,145 | \$1,145 |
| Other Adjustments | \$10,647 | \$11,485 | \$11,497 | \$11,512 | \$11,512 |
| PEGs | \$(3,572) | \$(21,234) | \$(21,247) | \$(21,262) | \$(21,262) |
| Exec 2010 Plan | \$165,692 | \$123,437 | \$122,474 | \$122,474 | \$122,474 |

Units of Appropriation

| U/A# | U/A Name | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget | Percent Change from 2009 Adoption |
|------|-----------------------------------|----------------------|-------------------------|-----------------------|-----------------------------------|
| 001 | Executive & Admin Management | \$7,770,494 | \$7,945,178 | \$8,137,147 | 4.72% |
| 002 | Community Programs-PS | \$14,276,930 | \$18,302,410 | \$18,393,117 | 28.83% |
| | Total PS | \$22,047,424 | \$26,247,588 | \$26,530,264 | 20.33% |
| 003 | Community Programs-OTPS | \$246,997,991 | \$217,546,242 | \$212,751,570 | -13.87% |
| 004 | Executive & Admin Management-OTPS | \$2,429,297 | \$1,353,078 | \$1,353,078 | -44.30% |
| | Total OTPS | \$249,427,288 | \$218,899,320 | \$214,104,648 | -14.16% |
| | Total Agency | \$271,474,712 | \$245,146,908 | \$240,634,912 | -11.36% |