

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and
the Committee on General Welfare on
the Fiscal 2019 Executive Budget for
Human Resources Administration

May 15, 2018

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Human Resources Administration Executive Budget overview

Fiscal 2019 Executive Budget of \$9.92 Billion

14% of the City's Budget

\$7.58 Billion in City Funds

Headcount of 14,670

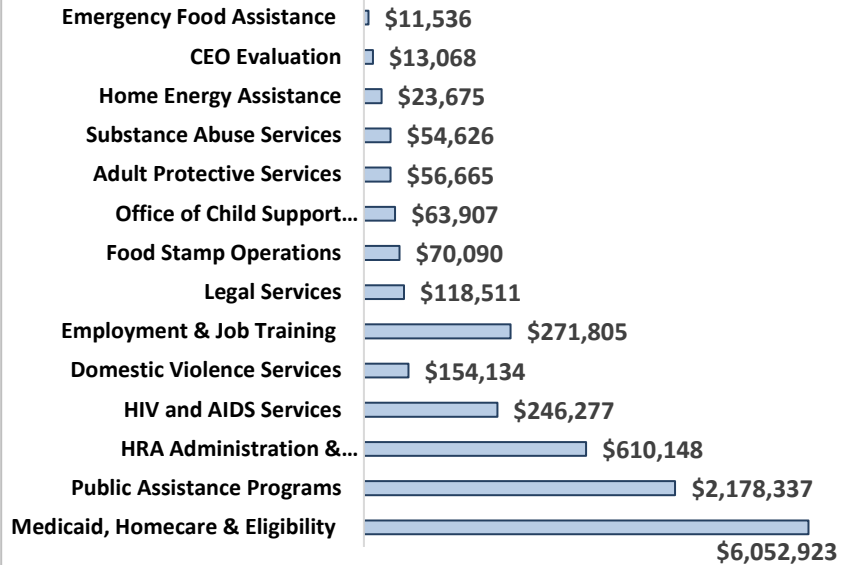
\$1.59 Billion in Federal Revenue

1,227 total Contracts

\$728 Million in State Revenue

2019 Executive Budget by Program Groups

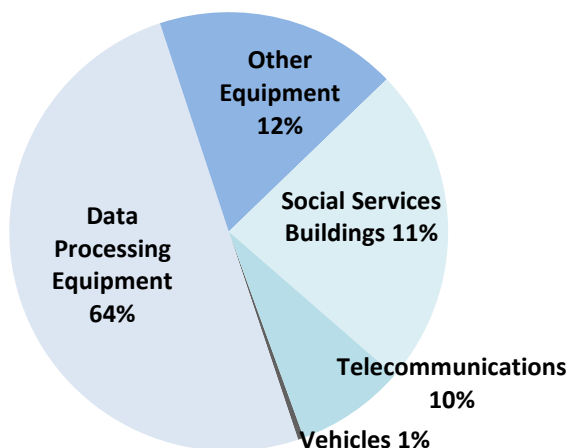
(\$ in 000s)



Executive Budget Changes

- \$3.3 million in new needs:
 - \$1.3 million for Cybersecurity initiative
 - \$1.2 million for Evaluation of Thrive initiatives
 - \$640,000 for Interpretation services at poll sites
 - \$200,000 Addition of privacy counsel staff
- \$36.6 million in Other Adjustments

FY18-FY22 Capital Budget



Council's 2019 Budget Response

Not Included in the Executive Budget

- Increase Emergency Food Assistance Program Baseline Funding to \$22 million.
- New Units of Appropriation and Greater Budget Transparency for homeless prevention programs and Medicaid, which is the largest program in the agency.

Major Agency Issues

- Inadequate Funding For the Emergency Food Program
- Inadequate funding for Adult Protective Services
- Inadequate programming and provider rates for the new Employment programs.

Capital Budget: Fiscal 2018 – Fiscal 2022

- \$209 million in appropriations for FY2018
- \$6.2 million in commitments for FY2018
- 167 Total Projects
- 62 Budget Lines

Human Resources Administration Overview

This report presents a review of Human Resources Administration’s Fiscal 2019 Executive Budget. The section below presents an overview of the Department’s budget and how it has changed during the course of Fiscal 2018, followed by a review of the significant budget actions introduced in the Fiscal 2019 Executive Budget. Major issues related to the Department’s budget are then discussed. Analysis and highlights of HRA’s Capital Strategy and Fiscal 2018 - 2022 Plan follows the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2018 and Fiscal 2019 Budgets since Adoption of the Fiscal 2018 Budget. For additional information on the Department’s budget and its various programs, please refer to the Fiscal 2019 Preliminary Budget Report for Human Resources Administration at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2018/03/FY19-Department-of-Social-ServicesHuman-Resources-Administration.pdf>

HRA Financial Summary						
	2016	2017	2018	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2018	2019	2018 - 2019
Budget by Program Area						
Adult Protective Services	\$44,893	\$49,968	\$56,439	\$56,739	\$56,665	\$226
CEO Evaluation	3,769	\$6,648	8,585	4,559	13,068	4,483
Domestic Violence Services	109,889	121,275	151,596	151,222	154,134	2,538
Employment Services Admin	22,475	25,442	30,001	31,585	28,280	(1,721)
Employment Services Contracts	139,847	147,013	125,122	132,375	128,858	3,736
Food Assistance Programs	14,819	17,792	19,455	19,943	11,536	(7,919)
Food Stamp Operations	74,702	81,702	74,821	77,292	70,090	(4,731)
General Administration	389,817	403,440	519,316	420,434	449,277	(70,039)
HIV and AIDS Services	240,556	257,605	244,957	260,088	246,277	1,320
Home Energy Assistance	40,367	36,954	23,675	36,470	23,675	0
Information Technology Services	85,255	88,653	81,236	90,212	82,673	1,437
Investigations and Revenue Admin	78,669	75,036	88,225	88,136	78,198	(10,027)
Legal Services	69,258	100,082	129,299	126,547	118,511	(10,788)
Medicaid - Eligibility & Admin	85,006	80,763	99,675	98,168	105,208	5,533
Medicaid and Homecare	5,963,435	5,938,836	5,947,715	5,947,715	5,947,715	0
Office of Child Support	66,441	62,056	63,777	68,379	63,907	130
Public Assist. & Employment Admin	237,749	243,013	238,069	238,056	236,534	(1,535)
Public Assistance Grants	1,473,354	1,464,781	1,594,496	1,582,646	1,605,304	10,808
Public Assistance Support Grants	173,624	211,049	228,049	309,258	336,499	108,450
Subsidized Employ & Job Training	98,649	102,827	113,733	116,251	114,667	934
Substance Abuse Services	54,674	48,487	61,438	52,396	54,626	(6,812)
TOTAL	\$9,397,990	\$9,563,424	\$9,899,679	\$9,908,470	\$9,922,702	\$23,023
Funding						
City Funds	\$7,367,844	\$7,419,839	\$7,576,315	\$7,547,114	\$7,582,414	\$6,099
Other Categorical	140	128	0	204.66	0.00	0
State	570,621	590,655	717,432	718,760.71	728,132.44	10,700
Federal - Community Development	24,475	11,263	0	3,759.23	0.00	0
Federal - Other	1,424,722	1,527,773	1,598,213	1,623,462	1,598,038	(175)
Intra City	10,188	13,766	7,719	15,170	14,117	6,398
TOTAL	\$9,397,990	\$9,563,424	\$9,899,679	\$9,908,470	\$9,922,702	\$23,023
Budgeted Headcount						
Full-Time Positions	13,264	13,244	14,689	14,713	14,670	(19)

*The difference of Fiscal 2018 Adopted compared to Fiscal 2019 Executive Budget.

As indicated by the Financial Plan Summary above, HRA’s Fiscal 2019 Executive Budget totals \$9.92 billion, an increase of \$23 million when compared to its Fiscal 2018 Adopted Budget.

Below is a summary of key funding changes by program area and source when comparing HRA's Fiscal 2019 Executive Budget to its Fiscal 2018 Adopted Budget.

Significant Programmatic Changes

As the administrator of the City's major public benefits programs, HRA's expense budget reflects significant spending on Medicaid and homecare services, Cash assistance and related public assistance grants, employment and job training programs and HIV and AIDS Services (HASA). The largest changes are described below.

- The total budget for Public Assistance Grant for Fiscal 2019 totals \$1.6 billion, \$10.8 million more than the Fiscal 2018 Adopted Budget. This increase is driven equally by State Safety Net funding and city funding. The increase will go towards one-time assistance, primarily emergency funds to prevent eviction and homelessness. About half of these recipients are children, and many of the others are seniors or individuals with permanent or temporary disabilities. Cash Assistance provides a bi-monthly cash benefit for food and other expenses for income eligible families and households, plus assistance with utility and shelter expenses.
- The budget for Public Assistance Support Grants totals \$336.4 million, an increase of \$108.4 million in Fiscal 2019 when compared to the Fiscal 2018 Adopted Budget. This increase reflects the Administration's commitment to homeless prevention programs, specifically the rental assistance and rehousing programs. HRA created the Homelessness Prevention Administration and consolidated related programs such as Homebase, rental assistance programs and supportive housing within this program area. For Fiscal 2019, funding for HomeBase totals \$53 million, Anti-Eviction Legal Services total \$74.4 million, Access to Counsel totals \$30 million and rental assistance programs total \$200 million.

Changes by Funding Source

- When compared to its Fiscal 2018 Adopted Budget, HRA's City funding for Fiscal 2019 is essentially unchanged; City funding increases by just \$6 million overall.
- HRA's State funding increases by \$10.7 million in Fiscal 2019 when compared to the Fiscal 2018 Adopted Budget. This increase is primarily due to additional State Safety-Net Assistance (SNA) funding that supports public assistance programs.
- Federal funding decreases marginally by \$175,000 when comparing the Fiscal 2019 Preliminary Budget to the Fiscal 2018 Adopted Budget. This decrease is the net impact of the Temporary Assistance for Needy Families (TANF) grant for the General Administration program area.

New in the Executive Budget

HRA's Fiscal 2019 Executive Budget introduces \$3.3 million in new needs in Fiscal 2019, and \$3.5 million in Fiscal 2020 and in the outyears.

- **Cybersecurity.** The City is launching NYC Secure, a pioneering multiagency cybersecurity initiative aimed at protecting New Yorkers from malicious cyber activity on mobile devices, across public Wi-Fi networks, and beyond. Total funding in Fiscal 2019 is approximately \$59 million of which \$55 million is for the Department of Information Technology and Telecommunications (DoITT) budget. Funding in HRA totals \$1.3 million in Fiscal 2019, and \$2.1 million in Fiscal 2020 and in the outyears to maintain security of the Access HRA system.

- **Evaluation of the Thrive Initiatives.** The ThriveNYC initiative launched in November 2015 addresses mental health for New Yorkers. The Executive Budget adds \$1.2 million in Fiscal 2019 and in the outyears for an evaluation of the various components of the program by the Center for Employment Opportunities (CEO).
- **Interpretation Services at Poll Sites.** The Fiscal 2019 Executive Budget adds \$640,000 for interpreters who will work at poll sites across the City for the next election cycle. This initiative is managed by the Office of Immigrant Affairs (MOIA) and is particularly directed at communities with a large population of residents with limited English proficiency.
- **Staff for Privacy Counsel.** HRA is adding two staff members to its central legal team who will focus on providing legal and procedural advice regarding the HRA's handling of information protected by federal privacy laws, regulations, and policies. Funding total \$200,000 in City Tax-levy for Fiscal 2019 and in the outyears.
- **DSS Integration Adjustment.** Following the Department of Social Services (DSS) integration, there were many contract transfers between HRA and the Department of Homeless Services (DHS). In Fiscal 2018, a funding adjustment of \$23 million pertaining to smaller administrative contracts will shift some contracts back into DHS.

Council's Fiscal 2019 Preliminary Budget Response.

The Council's response to the Fiscal 2019 Preliminary Budget called for restored support for emergency food pantries and improved budget reporting. Both proposals are explained below.

- **Increase Emergency Food Assistance Program (EFAP) Baseline Funding.** The Council urged the Administration to baseline \$22 million for food procurement for the Emergency Food Assistance Program (EFAP). Emergency food is a crucial part of the City's social safety net, yet baseline funding for this program has not been increased for several fiscal years. Almost 40 percent of food pantries in New York City indicated that they could not distribute enough food to meet demand, and 35 percent indicated that they had to turn people away due to insufficient food in the pantry according to a recent survey conducted by Feeding America. The Fiscal 2019 Preliminary Budget for EFAP food procurement stands at just \$8 million. A \$14 million increase would meet the basic needs of all food pantries and soup kitchens in the EFAP network and provide food relief for hundreds of thousands of New Yorkers. Furthermore, the budget should present a realistic estimate of the spending for the next year.
- **Budget Transparency.** The Council has urged the Administration for greater budget transparency for several agencies including HRA. In Fiscal 2016, HRA created a new unit of appropriation (U/A) and budget function program area for Legal Services on the Council's request but it only includes contractual other than personal Services (OTPS) spending. Legal services program budget should be further revised to include a Personal Services unit of appropriation, thereby creating an all-encompassing program area section in the budget function analysis. As part of the City's effort to prevent at risk populations from becoming homeless, HRA created the Homelessness Prevention Administration and consolidated related programs within this Administration. Programs include Homebase, rental assistance and other rehousing programs. Also within the Homelessness Prevention Administration are the Housing and Homeless Services/Initiatives Division, the Legal Services Initiatives unit, and the Early Intervention Outreach Team, all of which are vital partners in assisting New Yorkers in need. Since this unit consists of the programs that forms one of the fundamental part of the City's homelessness prevention strategy, the Council has been asking that a

separate U/A be created for this unit for greater transparency of the budget related to these programs.

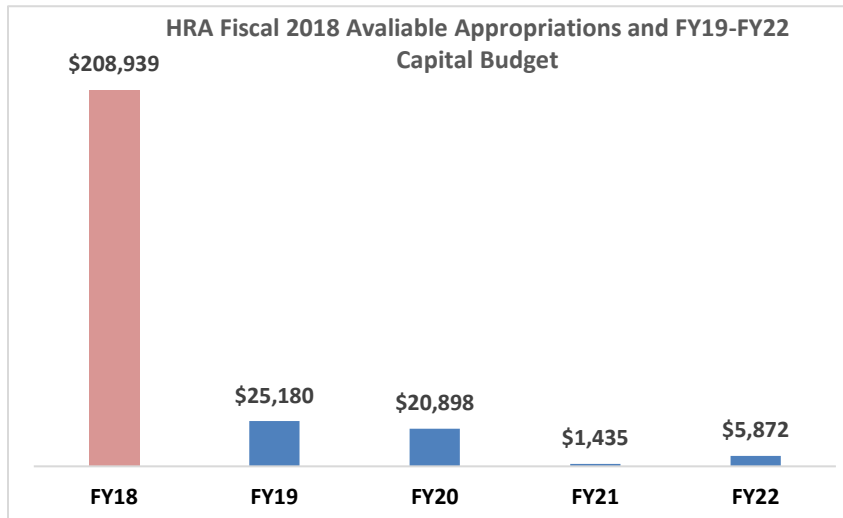
Budget Issues

The following section discusses the agency's overall budget related issues and specific concerns that pertains to HRA's programs.

- **HIV and AIDS Services Cost Sharing with the State.** HASA is funded primarily by the City. Since the expansion of HASA or "HASA for All" draws upon recommendations from New York State's Ending the Epidemic Task Force's Blueprint, the City requested equal contribution from the State for the program. However, the cost sharing for the HASA program expansion continues being a 70/30 distribution between the City and the State. Among other things, the State's funding for HASA rental assistance is still fixed at \$9 million, which is insufficient under the HASA expansion as more clients are now eligible for rental assistance.
- **Medicaid and Homecare Budget Transparency.** The Medicaid and Homecare program area constitutes 60 percent of HRA's budget. The Medicaid components accounts for \$5.7 billion in Fiscal 2019, which comprises of the City's reimbursement to the State for providing Medicaid services. HRA's Homecare expenditure is \$69.9 million. As such, the budget needs to provide a more detailed breakdown of this spending. The budget lacks transparency as to how the City's reimbursement to the State is calculated and how funding is spent for services for Medicaid clients and for homecare services.
- **Stagnant Funding for Adult Protective Services.** While the number of APS cases have increased, funding for this program remains relatively stagnant. The number of cases eligible for services increased to 7,346 in 2017 from 6,847 in 2016 and 6,107 in 2015. According to clients and advocates, overloaded caseworkers at APS have struggled and sometimes failed to provide a satisfactory level of services to the City's most vulnerable adults.
- **Performance of the New Employment Programs.** HRA revamped its existing employment programs and awarded contracts in 2017 for the three new employment programs, YouthPathways, CareerCompass and CareerAdvance. According to the NYC Employment and Training Coalition (NYCETC), providers are still claiming the per client rates to be too low and as such the programs are not adequately helping clients on cash assistance join the City's workforce.
- **Performance of the Homelessness Prevention Programs.** The Administration is committed to investing in initiatives that directly render services or grants to clients at risk of homelessness or currently at shelters trying to exit to permanent housing. For Fiscal 2019, funding for such programs total \$357.4 million. Given the City's investment in these programs, it is necessary that the Mayor's Management Report (MMR) start including performance measure for all of these programs, particularly the different rental assistance programs. The outcomes of these programs should also be tracked along with each financial plan so that the funding for these programs and the results of such programs are clear during budget discussions.

Capital Program

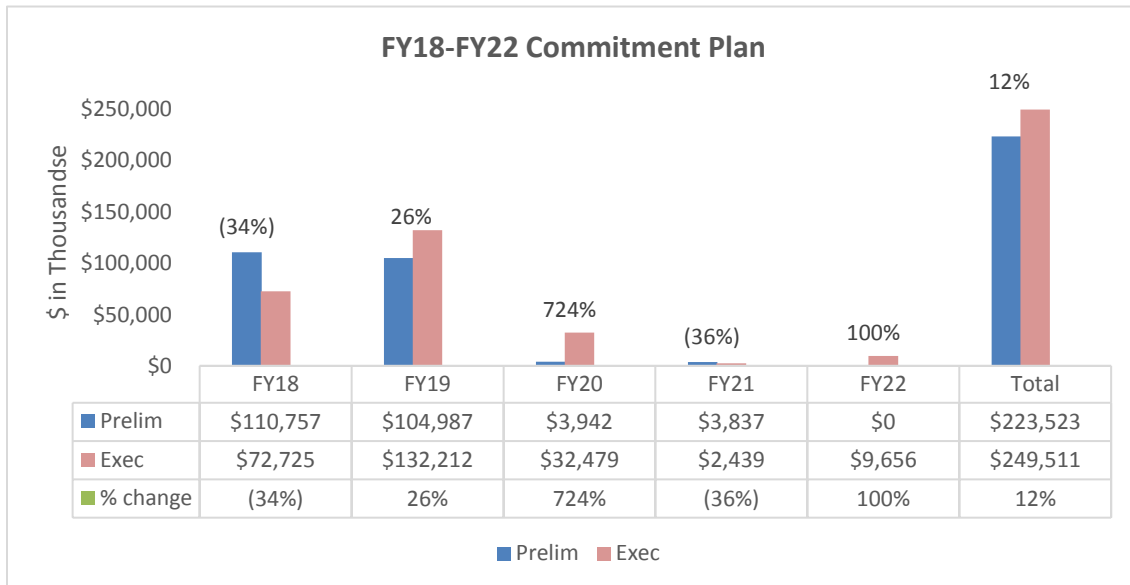
Fiscal 2019 Executive Capital Budget and Commitment Plan for Fiscal 2018-2022



HRA’s Fiscal 2019 Executive Capital Budget includes \$53.4 million in Fiscal 2019-2022, with \$25 million in Fiscal 2019.¹ Available appropriations for Fiscal 2018 total \$209 million. This includes \$190 million in reauthorized prior appropriations and \$25.1 million in authorized appropriations, less actual commitments of \$6.2 million in the current fiscal year

Capital Commitment Plan

The Department’s Executive Commitment Plan includes \$249.5 million in Fiscal 2018-2022, a 12 percent increase from the Preliminary Commitment Plan. This represents less than one percent of the City’s total \$79.6 billion Executive Commitment Plan. The following section will provide an overview of the Capital Budget and Commitment Plan for HRA.



¹ The Capital Budget provides the required appropriations for Fiscal 2019 and planned appropriations for the subsequent three-year capital program. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption.

Executive Capital Plan Highlights

- A total of \$75 million in Fiscal 2019 will continue the development of HRA's data management systems. Access HRA in particular, will continue to enhance mobile functionality, including the ability to apply, recertify and make case changes via smartphone, as well as enhancements to include online submissions of SNAP case changes, rental subsidy renewals, and cash assistance special grants. The Department will also improve and upgrade the workload management system used by SNAP supervisors and management, the upgrades will automate tasks and distribute case processing across the SNAP program.
- In Fiscal 2019, \$11 million will be used to upgrade client case management system for the Department's employment programs and WeCare services.
- Total funding of \$4.9 million in Fiscal 2019 will support the continued development of a Landlord Management System (LMS) that will offer a public portal for landlords to receive rental payments from the City. Total fund for this project in the capital commitment Plan is \$8.7 million.
- In Fiscal 2019, \$11.7 million will finance the renovation and outfitting of a new HRA model client service center at 95 Evergreen Avenue, Brooklyn which will replace two current sites located at DeKalb Avenue and Flatbush Avenue. This will be a modern one-stop HRA service center with self-service kiosks for clients. This location is scheduled to be completed by early 2020.

Appendix 1: Fiscal 2019 Budget Actions since Fiscal 2018 Adoption

<i>Dollars in Thousands</i>	FY 2018			FY 2019		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the Fiscal 2018 Adopted Budget	\$7,576,314	\$2,323,363	\$9,899,677	\$7,563,769	\$2,321,977	\$9,885,746
New Needs						
Employment Services Staff	\$559	\$177	\$736	\$1,118	\$353	\$1,472
Subtotal, New Needs	\$559	\$177	\$736	\$1,118	\$353	\$1,472
Other Adjustments						
Immigrant Legal Services Funds		\$245	\$245			
Residential Treatment Service Centers		(2,042)	(2,042)		(2,042)	(2,042)
HRA FY18 Budget		5,759	5,759			
City Service Corps (DSS)	(64)		(64)			
Funding Transfer	(66)		(66)	(66)		(66)
Headcount Adjustment	47		47	47		47
Health and Human Services Accelerator				(41)		(41)
Member Item Reallocation	(741)		(741)			
Residential Treatment Service Centers	(5,000)		(5,000)	(5,000)		(5,000)
Young Men's Initiative Adjustment	(100)		(100)			
Bronx Parent and COCF Units		2,800	2,800			
HRA Legal Technical Adjustment					(1,140)	(1,140)
FY18 IC Mod w HRA for temps		2,000	2,000			
IC W/HRA - RAND CORP		120	120			
Legal Svcs Subcontracts		(2,134)	(2,134)			
Funds Added		373	373			
FY18 HEAP 37 Admin Funding		637	637			
Grant funds roll from FY17		454	454			
Incentive funds		2,000	2,000			
SNAP CORE Grant		234	234			
EFSP Phase 34 Funding		105	105			
Incentive funds		2,000	2,000			
MDRC - FFD Grant Fund		602	602			
FY18 RENT PAYMENT		2,165	2,165			
FY18 Temps Mod-PS to AOTPS		1,000	1,000			
Adult Literacy Transfer	748		748			
Minimum Wage for Job Training Participants	70		70	140		140
NYC 15/15 Funding Adjustment			0	(968)		(968)
NYC Opportunity Funding Adjustment	(500)		(500)			
Wage Increase for Job Training Participants	2,293		2,293	4,585		4,585
Young Men's Initiative	(150)		(150)			
HRA: A108 Surplus Takedown		(2,000)	(2,000)			
Subtotal, Other Adjustments	(\$3,464)	\$14,072	\$10,608	(\$1,304)	(\$3,183)	(\$4,487)
TOTAL, All Changes	(\$2,905)	\$14,249	\$11,344	(\$186)	(\$2,830)	(\$3,015)
Agency Budget as of the Fiscal 2019 Preliminary Plan	\$7,573,410	\$2,337,857	\$9,911,267	\$7,563,583	\$2,319,148	\$9,882,731
New Needs						
Cyber Command - Cybersecurity				\$1,118	\$353	\$1,472
Evaluation of Thrive Initiatives						
Poll Site Interpretation						
Privacy Counsel Staff						
Subtotal, New Needs				\$1,118	\$353	\$1,472
Other Adjustments						
Adding ESG Funds to Homebase				(\$2)		(\$2)
addressing shortfall in 9911	4		4	247		247
Assignment Differential	(26)		(26)			
City Service Corps (DSS)				8,501		8,501
Citywide fleet optimization completion.	238		238	(4,820)		(4,820)
DC37 Collective Bargaining	(330)		(330)	11,122		11,122

<i>Dollars in Thousands</i>	FY 2018			FY 2019		
	City	Non-City	Total	City	Non-City	Total
Other Adjustments						
DCAS Funding Adjustment	(\$23,023)		(\$23,023)	(\$133)		(\$133)
DSS Integration Adjustment				(9)		(9)
Electric Vehicles		760	760	1,227		1,227
Family Justice Center Funding Adjustment		75	75		1,119	1,119
Fund code		1,247	1,247		7,539	7,539
GetCoveredNYC Adjustment		902	902			
HEAP 38 Admin Funds		176	176		41	41
HEAP 38 Program Funding	581	(34)	547		5,655	5,655
Heat, Light and Power	(113)	3,509	3,396			
Heating Fuel Adjustment		85	85		747	747
Lease Adjustment	(65)		(65)		(42)	(42)
Member Items	(329)	(605)	(934)			
Office for Economic Opportunity Funding Adjustment		3,879	3,879			
Procurement Reform		10,916	10,916			
Revenue MOD CAPS Grant		393	393		92	92
SI FJC Budget Code Shift		(76)	(76)		33	33
SNAP Outreach funding					5,400	5,400
Standardize Travel Policies	(3,000)				(84)	(84)
Subsidized Job Re-estimate	36	509	545			
Vista Fellowship Adjustment	(269)	263	(7)			
Young Men's Initiative Funding Adjustment		1,500	1,500			
Temps for HRA						
Subtotal, Other Adjustments	(\$26,295)	\$23,498	(\$2,797)	\$16,133	\$20,500	\$36,633
TOTAL, All Changes	(\$26,295)	\$23,498	(\$2,797)	\$18,832	\$21,140	\$39,972
Agency Budget as of the Fiscal 2019 Executive Plan	\$7,547,115	\$2,361,355	\$9,908,470	\$7,582,414	\$2,340,287	\$9,922,701

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