



**NOTE ON THE FISCAL 2021 EXECUTIVE BUDGET FOR THE  
ADMINISTRATION FOR CHILDREN’S SERVICES (ACS)  
COMMITTEE ON GENERAL WELFARE AND COMMITTEE ON JUSTICE SYSTEM**

**New York City Council**

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 Hon. Daniel Dromm, Chair, Committee on Finance  
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On April 16, 2020, the Administration released the New York City Executive Financial Plan for Fiscal 2020-2024 with a proposed budget for Fiscal 2021 of \$89.3 billion. The budget for the Administration for Children’s Services (ACS), under the jurisdiction of the Committee on General Welfare and the Committee on Justice System, accounts for \$2.65 billion and represents three percent of the Fiscal 2021 Executive Budget. This note provides a summary of the changes in the Executive Budget for ACS introduced in the Financial Plan. Topics covered include ACS’ response to the COVID-19 emergency, changes to the Expense and Capital Budgets, and budget issues. The appendix on page 8 includes a financial summary table including changes by program area.

**ACS Budget Overview**

ACS’ Fiscal 2021 Executive Budget totals \$2.65 billion and funds child welfare, foster care, preventive services, child care voucher administration, and juvenile justice services. As shown in the center of the below graphic, the Program to Eliminate the Gap (PEG) program reduces ACS’ City tax-levy budget by \$41 million or 4.8 percent in Fiscal 2021. The revenue PEGs of \$34.4 million have no net budget impact. The \$4.5 million rightsizing of Close to Home capacity and overtime reductions of \$1.9 million have been recommended by the Council previously. There are also \$100,000 in efficiencies, of which \$91,000 is IT insourcing.

\$2.69 Billion Fiscal 2021 Prelim	(\$41 Million) Exec PEGs for FY21	\$2.65 Billion Fiscal 2021 Executive
<ul style="list-style-type: none"> <li>PS: \$537M</li> <li>OTPS: \$2.15B</li> <li>Headcount: 7,483</li> <li>New Needs: None</li> <li>Savings: (\$2.7M)</li> </ul>	<ul style="list-style-type: none"> <li>State child block grant revenue: (\$30M)</li> <li>Federal IV-E revenues: (\$4.4M)</li> <li>Close to Home rightsizing: (\$4.5M)</li> <li>Overtime Reduction: (\$1.9M)</li> <li>Efficiencies: (\$100K)</li> </ul>	<ul style="list-style-type: none"> <li>(\$40M) reduction compared to Prelim</li> <li>PS: \$534M</li> <li>OTPS: \$2.12B</li> <li>Headcount: 7,424</li> <li>New Need: \$937K for State TANF Flexible Funds (FFFS) Cost Shift*</li> </ul>

*\*Remaining \$14M backfill for cost-shift is in HRA’s budget.*

## Executive Plan Changes

### New Needs

- **TANF-FFFS (Temporary Aid to Needy Families–Flexible Fund for Family Services) Cost Shift.** The Fiscal 2021 State Enacted Budget limited the services the City is able to claim under TANF-FFFS. The measure shifts costs from the State to the City, starting in Fiscal 2020, and requires the City to spend \$14 million annually for services previously paid for with FFFS funds. FFFS is a capped allocation shared between DHS, HRA, and ACS, and as a result of State budget changes, additional FFFS revenues will be shifted from HRA to ACS to pay for child welfare service. As the City’s social services agency, TANF-FFFS is allocated to HRA and funding is then transferred to ACS based on what is reimbursable by the State for child welfare services. As a result, the City tax-levy backfill to cover the reduction is also reflected in HRA.

The Executive Plan backfills the \$14 million in FFFS funding at HRA in Fiscal 2022 and in the outyears. Adjustments were not made in the Executive Plan for Fiscal 2020 and 2021 because the City is negotiating with the State to use \$7 million FFFS funding in Fiscal 2020 and \$14 million in Fiscal 2021, previously designated for the Department of Youth and Community Development (DYCD) Summer Youth Employment program, to instead fund eligible HRA employment programs. At ACS, the backfill is \$937,000 in Fiscal 2021 and in the outyears, associated with its homemaking program.

### PEG Program

The City’s Executive Budget delivers \$2.7 billion in savings through the Program to Eliminate the Gap (PEG) across Fiscal 2020 and Fiscal 2021. Citywide PEGs total approximately \$1.2 billion in Fiscal 2020 and \$1.5 billion in Fiscal 2021. City tax-levy PEGs at ACS total \$79 million in Fiscal 2020 and \$41.1 million in Fiscal 2021, meaning ACS’s Fiscal 2021 PEG is 2.7 percent of the City PEG, and 4.8 percent of ACS’ City tax-levy budget. The PEGs are driven primarily by revenue maximization, and the programmatic PEGs have been previously suggested by the Council.

- **State Child Block Grant Revenue.** ACS’ Fiscal 2021 Executive Budget includes new revenue maximizing efforts, most notably \$30 million in additional Child Care Block Grant (CCBG) revenues for ACS in Fiscal 2021 and in the outyears to support child care costs still borne by ACS, namely vouchers.

The City is reallocating CCBG revenues to ACS in recognition of the persistent trend of decreased EarlyLearn voucher uptake and Public Assistance cases that would otherwise utilize CCBG funding. ACS plans to utilize a portion of these revenues by converting approximately \$20 million of the \$27 million in baseline low-income SCCF child care voucher spending to CCBG (Priority 5) vouchers; the \$20 million reflects an estimate on the proportion of families who would be CCBG eligible due to their income and employment status.

However, the COVID-19 pandemic is likely to increase the number of Public Assistance cases, meaning that the total amount of CCBG funding available for ACS vouchers may need to be revised downward in a future plan.

In addition, families of 3-year-olds attending EarlyLearn child care sites in 3K-for-All districts will have their \$5 flat fee changed to a nominal sliding scale (approximately \$2-10), which allows the City to leverage an additional \$10 million in CCBG funding, which requires a means-tested parent fee. DOE and ACS are collaborating on a fee schedule for the sliding scale. ACS will claim the revenues and remit to DOE, which provides contracted EarlyLearn services.

- **Federal IV-E Revenues.** The budget includes \$4.4 million in City tax-levy savings in Fiscal 2021 and in the outyears from ACS' regularly-occurring federal reimbursement for eligible foster care administrative expenses under Title IV-E.
- **Close to Home Rightsizing.** The budget reduces City tax-levy spending on Close to Home by \$3.7 million in Fiscal 2020 and \$4.5 million in Fiscal 2021. The Council has called for reductions in Close to Home for several years, noting that the system-wide census is far below capacity; for example, there were 74 youth at the end of April 2020, in a system with a capacity of 301. The savings are generated by reflecting the closure of two programs without youth: a non-secure detention site in Brooklyn that was never operationalized, and a site in Elmhurst, Queens, that has not been in use since May 2019. Further savings may be possible, however ACS cautions that Raise the Age implementation has demonstrated that older youth require longer stays and greater service levels when placed in Close to Home.
- **Overtime Reduction.** The budget includes an overtime reduction generating City tax-levy savings of \$3.5 million in Fiscal 2020 and \$1.9 million in Fiscal 2021 and in the outyears. The Council has previously called for ACS to find savings in its overtime budget, and ACS has acted to communicate overtime targets to managers and message to staff the importance of work-life balance, and that overtime should only be applied in exceptional cases. ACS may still be able to find additional overtime savings given the modified work patterns resulting from the pandemic.
- **Efficiencies.** The budget includes efficiencies of \$91,000 in City tax-levy in Fiscal 2020, Fiscal 2021 and in the outyears from the insourcing of ten IT consultant lines, for project specialists and infrastructure engineers. In addition, ACS realizes \$9,000 in City tax-levy savings in Fiscal 2021 and in the outyears from transitioning its adoption payment method from paper checks to debit card or direct deposit.

### Other Adjustments

ACS has only minor other adjustments in Fiscal 2021 and in the outyears, none of which are greater than \$600,000. Regularly-appearing other adjustments appear for expenses such as collective bargaining wage adjustments, in-year budget modifications passed by the Council, and heat, light and power.

### COVID -19 Response

In response to the COVID-19 pandemic, New York State issued "New York State on PAUSE," an Executive Order effective on March 22 to close all non-essential businesses, prohibit all non-essential gatherings, practice social distancing of six feet in public and more. New York City has become the epicenter of U.S. COVID-19 cases, and the City accounts for nearly five percent of

confirmed positive cases worldwide. ACS has modified its responsibilities in response to COVID-19.

- **COVID-19 Expenses and Revenues.** ACS’s Executive Budget does not reflect COVID-19 commitments for the purchase of supplies, materials, and contractual services, which total \$1.6 million as of May 10, 2020. For Fiscal 2020, ACS has a maximum contracting authority of \$3 million, although total spending by the end of the year is not yet determined.

According to the IBO, the federal CARES Act increases the city’s Child Care and Development Block Grant (CCBG) by \$88.3 million, of which IBO estimates \$65.6 million will flow to ACS and \$22.7 million will flow to DOE.<sup>1</sup> However OMB reports that the \$88.3 million figure is likely inaccurate, because the State is not using regular local area CCBG distribution methodology; instead, of the \$163 million New York State CCBG allocation from CARES, approximately \$30 million is intended for child care for essential workers who earn up to 300 percent of federal poverty level, with part of the remainder supporting PPE and other COVID-19 response at child care providers throughout the State. At the time of writing, there was currently no estimate from the State to the City on any additional CCBG that could be used to support programs at ACS.

- **Child Abuse Reporting.** Child abuse and neglect reporting, which may be under-reported even during non-pandemic periods, has declined significantly as a result of COVID-19. Reports to the Statewide Central Register of Child Abuse and Maltreatment (SCR) decreased by 54 percent between March 23, 2020 and May 4, 2020, when compared to the same period in 2019. In real numbers, the number of reports fell from 8,351 in 2019 to 3,855 in 2020. The reduction is higher, at 81 percent, for educational reporters such as teachers. In response to decreasing rates of reporting, ACS has strengthened collaboration with other mandated reporters, such as the Department of Homeless Services, Department of Education, and Health+Hospitals. In April, ACS helped author, and DOE released, updated guidance for reporting educational neglect to its pedagogical staff. Furthermore, ACS launched two new public campaigns, “Coping Through COVID” and “Teens Take On COVID,” as well as through a Public Service Announcement on 311 and social media postings to remind New Yorkers about the importance of SCR reporting.
- **Detention Population.** ACS has designated the first floor of Horizon, one of its two secure juvenile detention facilities, to care for symptomatic and COVID-19 positive youth in detention. Between April 27 and May 13, ACS reported no symptomatic or COVID-19 positive youth in detention. However, two youth at Crossroads tested positive after May 13, and were transferred to Horizon for treatment.

The chart on the next page shows the decline in the detention census between March 3 and May 12, broken out by the category of charge of the detained youth (see pp. 43 of the Council’s [Fiscal 2021 Preliminary Budget Report for ACS](#) for more information).

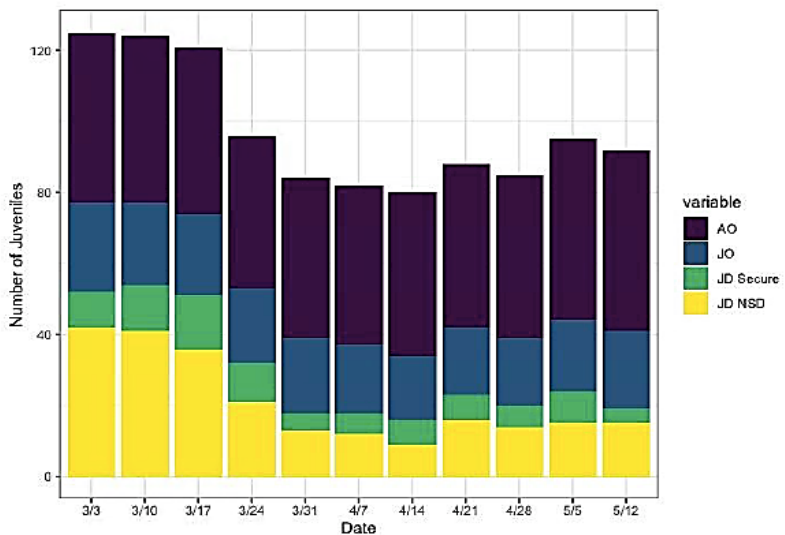
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<sup>1</sup> NYC Independent Budget Office, May 2020, “How Much “CARE” for NYC? An Estimate of Federal Coronavirus Emergency Relief Act Funding to the City Budget?” <https://ibo.nyc.ny.us/iboreports/how-much-CARE-for-nyc-an-estimate-of-federal-coronavirus-emergency-relief-act-funding-to-the-city-budget-may-2020.html>, accessed May 23, 2020.

Since March 31, ACS secure detention facilities have held approximately 75 youth, with another 15 in non-secure detention, for a total of 90 youth across ACS settings.

ACS began rebalancing the populations between the two facilities in May, and as of May 19, ACS had moved six youth from Crossroads to Horizon. On May 19, ACS, along with the Department of Correction, the Mayor’s Office of Criminal Justice, and other criminal justice agencies, testified in detail about its COVID-19 response in detention before the Committee on Justice System.

LEGEND			
<b>AO: Adolescent Offender</b> Age: 16-17 Charge: Felonies	<b>JO: Juvenile Offender</b> Age: 13-15 Charge: Certain serious felonies	<b>JD: Juvenile → Delinquent</b> Age: Under 17 Charge: Misdemeanors (all ages) and most felonies (15 and under)	<b>Secure: Secure Detention Facility (Horizon or Crossroads)</b>
			<b>NSD: Non-Secure Detention Facility operated by CBO</b>



- **Human Services Contracts.**

As part of its Response to the Fiscal 2021 Preliminary Budget, the Council called on the Administration to continue to support human services providers by ensuring that workers feel protected, safe, and properly compensated; that contracts reflect the increased costs associated with COVID-19; and that agencies allow flexibility in contract scope and services. Human services providers, including foster care and preventive service providers at ACS, were informed in a March 18 correspondence from MOCS that programs would be given latitude to work with their contracting agency to pivot to a revised delivery plan. Revised and approved plans would be eligible for full reimbursement, including new costs, while plans that called for a suspension of services would receive regular contracted expenses, for example, to pay staff. Programs were informed of the need to keep track of all COVID-19 expenses. Contract amendments should appear in ACS’ Adopted Financial Plan to reflect ongoing and adjusted service delivery in Fiscal 2020.

## Budget Issues

The following section provides issues and concerns as it pertains to ACS’ Executive Budget. ACS has \$33.1 million in the Fiscal 2020 budget for low-income SCCF child care vouchers, Fair Futures,

foster care task force recommendations, and ACS Youth Health, all funded pursuant to the adopted budget agreement between the Council and the Administration. However, the Fiscal 2021 Executive Budget does not include funding for these programs.

- **Foster Care RFP.** The Council has previously identified the budget implications of the upcoming RFP for foster care services, including pay parity for case planners. Before the COVID-19 pandemic, ACS had planned to release the RFP in May, award winners in November, and begin new contracts in July 2021 (Fiscal 2022). In mid-April, ACS decided to delay the RFP by a year in order to keep its and its provider network's focus on COVID-19 response. The schedule is now delayed one year, with RFP release in May 2021, awards announced in November 2021, and contracts to begin in July 2022 (Fiscal 2023). Through negotiated acquisition, existing family foster care contracts will be extended by twelve months, and residential care contracts by fifteen months, to align with the new RFP timetable. ACS has committed to continued implementation of Foster Care Task Force recommendations and case practice improvements.

On May 5, the ACS Commissioner stated that the agency "agrees that adequate salaries are important to maintain experienced foster care case planners," and committed to continued evaluation of pay parity with the Council in the future. As a first step, ACS has provided new data to the Committee regarding the annualized cost of foster care per placement type, which will help assess the cost of pay parity.

- **Baseline One-Year Fiscal 2020 Programs.** The Council called on the Administration to baseline \$19.8 million for low-income SCCF child care vouchers, \$10 million for Fair Futures, \$2.8 million for Foster Care Task Force Initiatives (Family Visiting and Kinship Navigation) and \$500,000 for ACS Youth Health programming, which did not appear in the Executive Budget, for a total of \$33.1 million.

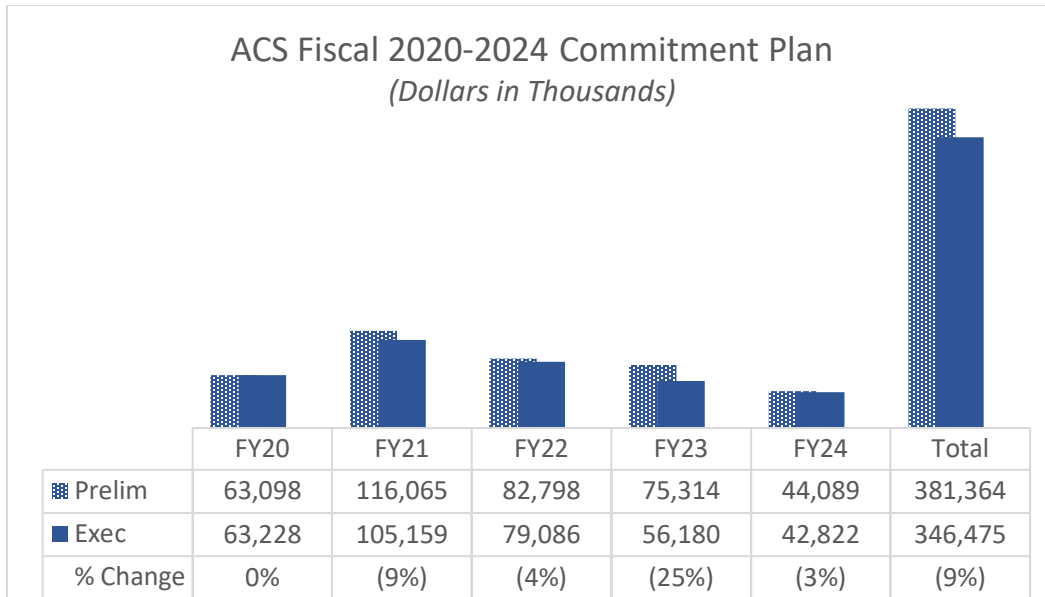
Also excluded from the Executive Budget are the Fiscal 2020 Council initiatives contracted through ACS: \$1.5 million for Family Advocacy & Guardianship Support; \$1.23 million for Wrap-Around Support for Transitional-Aged Foster Youth; and \$600,000 for Supportive Alternatives to Violent Encounters (SAVE).

## Capital Program

### Fiscal 2021 Executive Capital Commitment Plan for Fiscal 2020-2024

ACS' Fiscal 2021 Executive Capital Commitment Plan includes \$346.5 million in Fiscal 2020-2024, with \$105.2 million in Fiscal 2021 (see chart on next page). ACS's Executive Commitment Plan decreased by \$34.9 million, or nine percent, when compared with the Preliminary Commitment Plan. The overall decrease of nine percent corresponds with the Administration's attempt to maintain cash on hand by rolling non-essential capital projects into the outyears and eliminating others from the Plan.

ACS' Executive Commitment Plan for Fiscal 2020 totals approximately \$63 million, similar to its Preliminary Commitment Plan. However, given the suspension of construction work due to the New York State PAUSE order, it is likely that the total is unrealistic and actual commitments will fall below \$63 million by the end of the year.



Major projects in ACS’ Capital Commitment Plan for Fiscal 2021 include \$65 million for renovation and upgrades of ACS’ two secure detention facilities, \$18 million for renovations of other ACS facilities, and \$9.2 million for telecommunications and data infrastructure upgrades and improvements.

Construction on projects – of which the Workforce Institute, Children’s Center, and detention facilities are most notable – have been subject to the “New York State on PAUSE” order. ACS reports it has been working with the Department of Design and Construction (DDC) to determine new timelines for the period after the PAUSE is lifted, which may be as soon as June 8 for the construction industry.

The Workforce Institute on 125<sup>th</sup> Street in Harlem, anticipated to open in the spring, will be completed soon after the PAUSE order is lifted. After it is possible for furniture to be delivered, wiring and HVAC systems will be finalized, and the Workforce Institute will have a ribbon cutting.

The Executive Commitment Plan moves \$43 million across the ten-year capital plan for renovations for city-leased child care sites to DOE, fulfilling ACS’s commitment at the Fiscal 2021 Preliminary Budget.

One Borough President’s project was removed from the Plan: \$200,000 for Jewish Child Care Association’s technology upgrades in Fiscal 2022.

#### [Fiscal 2021 Executive Capital Budget for Fiscal 2021-2024](#)

The proposed Fiscal 2021 Capital Budget for ACS is \$61.7 million across Fiscal 2021-2024, a decrease of \$18.7 million, or 23 percent, from \$80.4 million in the Preliminary Budget. Funding is \$10.7 million in Fiscal 2021, \$15.8 million in Fiscal 2022, \$8 million in Fiscal 2023, and \$27.2 million in Fiscal 2024. ACS will roll Fiscal 2020 appropriations of approximately \$300 million into Fiscal 2021, allowing it to fund key projects.

## Appendix – ACS Financial Summary

<b>ACS Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>Executive Plan</b>		<b>*Difference</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20 - FY21</b>
<b>Budget by Program Area</b>						
Adoption Services	\$240,459	\$228,516	\$273,542	\$273,542	\$273,518	(\$24)
Alternatives To Detention	6,099	6,523	1,041	8,285	1,419	378
Child Care Services	900,122	911,057	549,616	540,327	498,434	(51,182)
Child Welfare Support	69,718	85,503	53,899	53,955	54,017	119
Dept. of Ed. Residential Care	93,958	91,288	96,201	96,201	96,201	0
Foster Care Services	511,397	524,640	584,263	600,933	579,883	(4,379)
Foster Care Support	40,120	39,429	51,700	51,700	51,700	0
General Administration	161,524	177,074	170,519	187,555	193,396	22,877
Head Start	157,571	196,717	1,949	14,477	1,949	0
Juvenile Justice Support	12,767	10,618	12,188	12,188	12,021	(166)
Non-Secure Detention	10,253	20,454	19,747	19,135	18,413	(1,334)
Placements	105,763	116,072	119,171	135,038	153,847	34,676
Preventive Homemaking Svcs.	26,713	29,726	20,639	26,713	20,639	0
Preventive Services	290,215	325,204	331,734	329,071	335,214	3,480
Protective Services	322,370	339,037	325,017	334,064	316,990	(8,027)
Secure Detention	27,732	47,378	79,193	43,641	45,827	(33,367)
<b>Spending</b>						
Personal Services	\$500,037	\$542,513	\$529,095	\$518,168	\$534,109	\$5,014
Other Than Personal Services	2,476,743	2,606,725	2,161,323	2,208,657	2,119,358	(41,965)
<b>TOTAL</b>	<b>\$2,976,780</b>	<b>\$3,149,238</b>	<b>\$2,690,418</b>	<b>\$2,726,825</b>	<b>\$2,653,467</b>	<b>(\$36,951)</b>
<b>Funding</b>						
City Funds	\$1,028,868	\$1,062,610	\$913,514	\$829,110	\$864,419	(\$49,095)
Other Categorical	81	142	0	0	0	0
State	693,599	735,498	743,053	848,696	741,609	(1,444)
Federal - Community Devel.	2,963	2,963	0	0	0	0
Federal - Other	1,183,587	1,279,136	1,033,508	1,042,594	1,047,098	13,589
Intra City	67,681	68,888	343	6,424	343	0
<b>TOTAL</b>	<b>\$2,976,780</b>	<b>\$3,149,238</b>	<b>\$2,690,418</b>	<b>\$2,726,825</b>	<b>\$2,653,467</b>	<b>(\$36,951)</b>
<b>Budgeted Headcount</b>						
Full-Time Positions	6,593	7,138	7,217	7,167	7,424	207
Full-Time Equivalent Positions	61	10	55	60	60	5
<b>TOTAL</b>	<b>6,654</b>	<b>7,148</b>	<b>7,272</b>	<b>7,227</b>	<b>7,484</b>	<b>212</b>

*\*The difference of Fiscal 2020 Adopted Budget compared to Fiscal 2021 Executive Budget.*