

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
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Chair, Committee on Finance

Hon. Deborah Rose
Chair, Committee on Youth Services



Report to the Committee on Finance and the Committee on Youth Services
on the Fiscal 2019 Executive Budget for the

Department of Youth and Community Development

May 8, 2018

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Department of Youth and Community Development Executive Budget Overview

\$719.4 million – Fiscal 2019 Executive Budget

1% of the City’s Budget

\$486.1 million in City funds

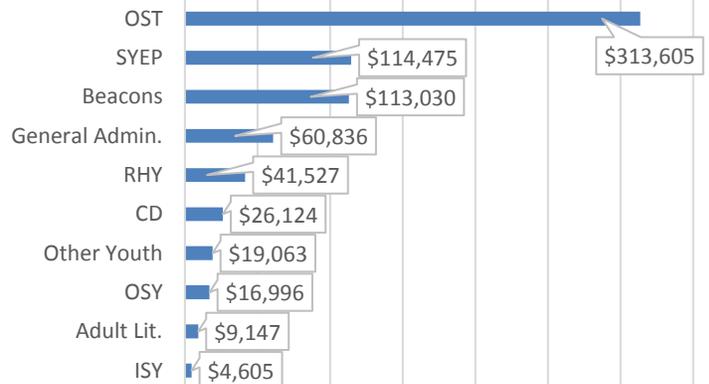
155,000+ New Yorkers served

\$226.1 million in revenues

515 full-time staff

1,113 Contracts

2019 Executive Budget by Program Area
(Dollars in Thousands)



Executive Budget Changes

New Needs: \$20 million in Fiscal 2019:

- Minimum wage increases for more than 52,000 Summer Youth Employment Program (SYEP) jobs in the

Other Adjustments decrease DYCD’s budget by \$3 million in Fiscal 2018 and increase its budget by \$10 million in Fiscal 2019.

As part of the Citywide Savings Program for DYCD is \$1.5 million.

- Agency re-estimates (\$1 million)
- Vacancy reductions (\$500,000)

2019 Budget Response

Included in the Executive Budget

- \$20 million for \$2/hour minimum wage increase to \$13/hour for SYEP in Fiscal 2019 only

Not Included in the Executive Budget

- Expansion of Runaway and Homeless Youth (RHY) services (\$10.5 million)
- 10,000 new SYEP slots (\$21.3 million)
- Expansion of Comprehensive After School System (COMPASS) programming for elementary students (\$14.2 million)
- Restoration of summer programming for middle school students under School’s Out NYC (SONYC) (\$15 million)
- \$6 million to enhance Adult Literacy programming through DYCD

Major Agency Issues

- **Minimum Wage Baseline.** The Fiscal 2019 Executive Budget only supports minimum wage increases under SYEP for one year.
- **Budget Response Items.** The Council’s Fiscal 2019 Preliminary Budget Response addressed key gaps totaling \$74.5 million in DYCD’s budget that have yet to be resolved.
- **Units of Appropriation.** Although the Council recommended the redesign of DYCD’s units of appropriation to better reflect services, the structure of the Department’s budget has not changed.

DYCD Overview

This report presents a review of the Department of Youth and Community Development'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 significant budget actions introduced in the Fiscal 2019 Executive Budget. This report concludes with a discussion of major issues related to the Department's 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 the Department of Youth and Community Development at www.council.nyc.gov/budget.

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

DYCD Financial Summary						
<i>Dollars in Thousands</i>	2016	2017	2018	Executive Plan		*Difference
	Actual	Actual	Adopted	2018	2019	2018 - 2019
Spending						
Personal Services	\$37,062	\$39,865	\$39,314	\$40,167	\$39,752	\$438
Other Than Personal Services	627,653	679,368	773,641	794,496	679,655	(93,986)
TOTAL	\$664,715	\$719,232	\$812,956	\$834,663	\$719,407	(\$93,549)
Budget by Program Area						
Adult Literacy	\$9,380	\$15,653	\$19,647	\$20,464	\$9,147	(\$10,500)
Beacon Community Centers	95,809	100,263	112,850	126,562	113,030	180
Community Development Programs	58,382	62,596	68,118	64,450	26,124	(41,994)
General Administration	23,765	24,352	37,739	33,940	60,836	23,097
In-School Youth Programs (ISY)	5,258	4,557	4,605	4,605	4,605	0
Other Youth Programs	43,290	52,700	50,154	49,516	19,063	(31,092)
Out-of-School Time (OST)	299,080	310,550	341,057	334,624	313,605	(27,452)
Out-of-School Youth (OSY)	15,523	16,490	16,861	17,005	16,996	135
Runaway and Homeless Youth (RHY)	22,967	25,797	33,976	34,907	41,527	7,551
Summer Youth Employment Program (SYEP)	91,260	106,274	127,948	148,590	114,475	(13,473)
TOTAL	\$664,715	\$719,232	\$812,956	\$834,663	\$719,407	(\$93,549)
Funding						
City Funds			\$586,717	\$569,590	\$486,202	(\$100,515)
Other Categorical			16	1,409	0	(16)
State			5,308	7,290	5,275	(33)
Federal - Community Development			7,520	7,520	7,145	(375)
Federal - Other			53,081	86,855	53,149	68
Intra City			160,313	161,999	167,635	7,322
TOTAL	\$664,715	\$719,232	\$812,956	\$834,663	\$719,407	(\$93,549)
Budgeted Headcount						
Full-Time Positions	481	482	522	528	515	(7)
TOTAL	481	482	522	528	515	(7)

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

Changes by Funding Source

- City Funds.** The Fiscal 2019 Executive Budget includes \$486.2 million in City Tax-Levy funds for DYCD, representing a reduction of \$100.5 million from the Fiscal 2018 Adopted Budget's \$586.7 million. This largely reflects the absence of Council discretionary funding, which constitutes \$83.4 million of the current Fiscal 2018 Executive Budget. Also missing is support for the middle school summer program, SONYC, budgeted at \$15 million in Fiscal 2018.
- Non-City Funds.** The Fiscal 2019 Executive Budget recognizes an increase of \$7 million in non-City funds, including \$7.3 million in Intra City transfers from the Department of Education (DOE) to

DYCD to support afterschool programming, as well as a reduction of \$424,000 in combined Other Categorical, State, and Federal Community Development resources.

Changes by Program Area

- **Adult Literacy.** The Fiscal 2019 Executive Budget provides \$9.1 million for DYCD's Adult Literacy Services, down from \$19.6 million in the Fiscal 2018 Adopted Budget. This reflects the absence of \$12 million in combined one-year funding from the Council and Administration to support supplemental activities in Fiscal 2018. However, the Fiscal 2019 Executive Budget adds \$2.4 million to Adult Literacy Services, up from \$6.7 million in the Fiscal 2019 Preliminary Budget for the Young Adult Literacy Program (YALP), funded by the Mayor's Office of Economic Opportunity (OEO – formerly the Center for Economic Opportunity).
- **Community Development Programs.** Community Development Programs at DYCD receive \$26.1 million in the Fiscal 2019 Executive Budget, nearly 62 percent less than the Fiscal 2018 Adopted Budget of \$68.1 million. Much of the \$42 million difference represents the absence of Council discretionary allocations, which totaled \$36.2 million for Fiscal 2018 and included support for five initiatives. Year by year recognition of federal revenue also accounts for some of this difference.
- **General Administration.** General Administration, the program area that houses the majority of DYCD's personal services, has grown significantly over the past few years. The Fiscal 2018 Adopted Budget of \$37.7 million represented a \$16.1 million increase from the Fiscal 2017 Adopted Budget of \$21.6 million. The Fiscal 2019 Executive Budget also presents a large increase from the previous year, with \$60.3 million – a \$22.6 million jump. In two years, DYCD's General Administration budget will have grown by 279 percent without a correspondingly significant increase in headcount. This growth is reported to be temporary, however, as DYCD works with existing providers to identify wage adjustment needs across program areas. These funds will be redistributed to the appropriate program areas once this process is complete.
- **Other Youth Programs.** The Fiscal 2019 Executive Budget includes \$19.1 million for DYCD's Other Youth Programs, a difference of \$31.1 million from the Fiscal 2018 Adopted Budget's \$50.2 million. However, this amount represents an increase of \$9.2 million from the Fiscal 2019 Preliminary Budget. The newly added funding from the OEO to support programming under the Young Men's Initiative.
- **Out-of-School Time (OST).** Out-of-School Time, the Department's largest program area encompassing afterschool programming for students in grades K-12, is funded at \$313.6 million in the Fiscal 2019 Executive Budget, \$27.5 million less than the Fiscal 2018 Adopted Budget of \$341.1 million. This fails to include nearly \$30 million in support requested by the Council, which will be addressed in greater detail in the following section.
- **Runaway and Homeless Youth (RHY).** The Fiscal 2019 Executive Budget includes a previously scheduled increase of \$7 million, from \$34 million in the Fiscal 2018 Adopted Budget to \$41.5 million, to support the final phase of a four-year increase in the number of crisis and transitional independent living (TIL) beds available to runaway and homeless youth ages 16-20. However, the Fiscal 2019 Executive Budget fails to address the Council's concerns around services for young adults ages 21-24, as outlined in the Fiscal 2019 Preliminary Budget Response.
- **Summer Youth Employment Program (SYEP).** In response to the Council's concerns around minimum wage increases for the Summer Youth Employment Program, the Fiscal 2019 Executive Budget includes \$20 million to bring the hourly wage for all City-funded positions from \$11 per hour to \$13 per hour. This brings the total program area budget to \$114.5 million for Fiscal 2019, \$13.4 million less than its Fiscal 2018 Adopted Budget of \$127.9 million. The remaining difference

represents the absence of funds for Work, Learn, Grow (WLG), the Council's year-round youth employment initiative.

New in the Executive Budget

DYCD's Fiscal 2019 Executive Budget introduces a single new need, addressing the Council's call in its Preliminary Budget Response to accurately reflect and plan for minimum wage increases under the Summer Youth Employment Program.

- **Minimum Wage Increases for the Summer Youth Employment Program.** In 2016, New York State issued a new schedule for minimum wage increases. For New York City, this schedule would increase the minimum hourly wage for businesses with ten or more employees by \$2 per year until December 31, 2018, ultimately raising the rate to \$15 per hour. The Fiscal 2019 Executive Budget adds \$20 million to address the anticipated cost of minimum wage increases to baselined City-funded jobs in SYEP.

Although New York State first announced minimum wage increases for New York City two years ago, the City Office of Management and Budget (OMB) has repeatedly failed to include long-term plans to address these increases in DYCD's budget. The Fiscal 2018 Executive Budget, for instance, added \$15.6 million to support minimum wage increases from \$9 per hour to \$11 per hour for approximately 47,000 SYEP positions; however, this was a one-time funding enhancement. Similarly, the Fiscal 2019 Executive Budget only addresses minimum wage increases for Fiscal 2019, ignoring both past and pending minimum wage increases in future years.

Further, whereas the Fiscal 2019 Executive Budget includes \$20 million for minimum wage increases under SYEP, the Council projected in its Preliminary Budget Response that DYCD would need \$27.5 million to cover Fiscal 2019 alone. The Administration has indicated that it can be challenging to predict how many hours participants will choose to work in any given summer. Should the Executive Budget's enhancement prove to fall short of actual need, the Office of Management and Budget (OMB) has confirmed that it will make additional funding available to support all 70,000 baselined jobs.

Budget Issues

The following section outlines areas of concern in DYCD's Fiscal 2019 Executive Budget and the potential impact of their exclusion from the Executive Budget.

Fiscal 2019 Preliminary Budget Response.

The Fiscal 2019 Executive Budget fails to address several issues raised by the Council in its Preliminary Budget Response pertaining to DYCD.

- **Expansion of Runaway and Homeless Youth (RHY) Services.** In March 2018, the Council passed a package of legislation to improve and expand services to youth and young adults ages 16-24 under DYCD's Runaway and Homeless Youth programs. Following this, the Council called upon the Administration to increase funding for RHY by \$10.5 million, which would have allowed the Department to add 100 shelter beds for youth ages 21-24, add two new 24-hour drop-in shelters, increase headcount and increase contract values. The Fiscal 2019 Executive Budget includes no new funding for RHY, thus failing to account for any DYCD services to RHY's newly expanded target population.

- **Expansion of SYEP.** For the past four years, the Council has advocated strongly for the expansion of the Summer Youth Employment Program to better meet demand and, ultimately, become universally available to young New Yorkers ages 14-24. In its Fiscal 2019 Preliminary Budget Response, the Council requested that the Administration baseline 10,000 additional SYEP positions at a projected cost of \$21.3 million for the upcoming summer. The Fiscal 2019 Executive Budget fails to add these positions, leaving a significant gap between the number of applications the program receives each year and the number of available jobs. In Fiscal 2018 alone, DYCD received 147,565 applications to fill 70,000 jobs, creating higher than a 2:1 ratio in demand versus supply.
- **Expansion of Comprehensive After School System (COMPASS) Programming for Elementary Students.** For the past two years, the Council and Administration have worked collaboratively to restore COMPASS slots lost in DYCD's 2015 procurement process and to increase capacity in existing programs for students in grades K-5. At the same time, the Administration has achieved its goal to provide universal afterschool programming to middle school students, in grades 6-8, under School's Out NYC (SONYC). To reduce the gap in programming between the two age groups, the Council asked that the Administration baseline the previous one-year restorations, at a cost of \$14.2 million. The Fiscal 2019 Executive Budget adds no new slots under COMPASS, leaving more than 6,500 students who are arguably more vulnerable and less able to care for themselves without afterschool programming next year.
- **Restoration of Summer SONYC.** When the Administration introduced its broader plans for universal middle school afterschool programming in 2014, it also introduced a baselined summer program that would serve 34,000 students. However, in the years since, the baselined funding for SONYC's summer component has been repurposed to support DOE's Renewal Schools program. Summer SONYC, meanwhile, has only been restored in one-year increments, and in progressively smaller proportions. The Council called upon the Administration to permanently schedule summer SONYC at last year's level of \$15 million in its Fiscal 2019 Preliminary Budget Response. As of now, the Administration has not restored any of its past summer SONYC programming, arguing that the program is less effective than its school-year counterpart. This will leave approximately 22,800 middle school students without any fixed summer activities that both ensure participants' safety and reduce the effects of summer learning loss.
- **Adult Literacy Services.** For the past two years, the Council and Administration have jointly supported an expansion of adult literacy services Citywide, adding one-year installations of \$12 million to bolster existing services. In its Fiscal 2019 Preliminary Budget Response, the Council requested that the Administration baseline \$6 million of this support. Failure to include this additional funding in the Adopted Budget would significantly reduce the availability of services that largely support non-native English speakers.

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
DYCD Budget as of the Adopted 2018 Plan	\$586,717	\$226,238	\$812,955	\$455,255	\$232,730	\$687,985
New Needs – Nov. 2018 and Prelim. 2019						
NYC Unity Project – RHY Drop-In Centers	\$0	\$0	\$0	\$916	\$0	\$916
Subtotal, New Needs						
Other Adjustments – Nov. 2018 and Prelim. 2019						
Adult Literacy Transfers	(\$1,341)	\$0	(\$1,341)	\$0	\$0	\$0
Agency Accruals	(8,000)	0	(8,000)	0	0	0
CACFP Adjustments and Grants	0	9,632	9,632	0	0	0
City Service Corp Transfers	691	0	691	0	0	0
COMPASS State Increase	0	1,071	1,071	0	0	0
CSBG Grants	0	4,092	4,092	0	0	0
DC37 Field Supervisor	0	0	0	1	0	1
DOP Revenue Transfer	0	325	325	0	0	0
Member Item Reallocations	(5,441)	0	(5,441)	0	0	0
Miscellaneous Intra City Transfers	0	238	238	0	0	0
RHY State Increase and ESG Funding	0	683	683	0	0	0
Safe Harbor	0	287	287	0	287	287
SYEP State Contribution	0	18,658	18,658	0	0	0
Technical Adjustments	0	1,320	1,320	0	68	68
Young Adult Internship Program	0	1,081	1,081	0	119	119
Subtotal, Other Adjustments	(\$14,091)	\$37,387	\$23,296	\$1	\$474	\$475
TOTAL, All Changes Prelim. 2019	(\$14,091)	\$37,387	\$23,296	\$917	\$474	\$1,391
DYCD Budget as of the Preliminary 2018 Plan	\$572,625	\$263,625	\$836,250	\$456,172	\$233,204	\$689,376
New Needs - Exec. 2019						
SYEP Minimum Wage Increases	\$0	\$0	\$0	\$20,000	\$0	\$20,000
Subtotal, New Needs	\$0	\$0	\$0	\$20,000	\$0	\$20,000
Other Adjustments - Exec. 2019						
Agency Reestimates and Savings	(\$1,000)	\$0	(\$1,000)	(\$1,653)	(\$0)	(\$1,653)
Budget Modification	0	1,150	1,150	0	0	0
City Service Corps Wages	120	0	120	(71)	0	(71)
DC37 Additional Compensation Funding	11	0	11	11	0	11
Heat, Light and Power	3	0	3	150	0	150
Intra City Transfers to DYCD	0	83	83	0	0	0
Local Initiatives	(2,499)	0	(2,499)	0	0	0
OEO Funding Adjustment	240	0	240	11,503	0	11,503
Technical Adjustment	0	216	216	0	0	0
YMI Young Adult Internship Program (YAIP)	90	0	90	90	0	90
Subtotal, Other Adjustments	(\$3,035)	\$1,448	(\$1,587)	\$10,030	\$0	\$10,030
TOTAL, All Changes - Exec. 2019	(\$3,035)	\$1,448	(\$1,587)	\$30,030	\$0	\$30,030
DYCD Budget as of the Fiscal 2019 Executive Plan	\$569,590	\$265,073	\$834,663	\$486,202	\$233,204	\$719,406