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Hearing on the Fiscal Year 2013 Executive Budget

Administration for Children's Services

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Administration for Children's Services Fiscal 2013 Budget Overview

The Administration for Children's Services (ACS) is responsible for protecting the City's children from abuse and neglect, strengthening families, providing child care and Head Start programs and providing youth and family justice services. The Child Care and Head Start Division provides quality child development services for children from birth to school-age for low-income working families and for children whose parents are entering the work force from public assistance. These services are purchased from private non-profit agencies or informal private providers.

The Youth and Family Justice Division is charged with protecting public safety by detaining and providing short-term assistance to delinquent youth and their families while their cases are being processed by the courts, developing alternatives to incarceration for youth 15 years and under who have been found delinquent, and for helping families whose youth are out of control by using evidence-based programs involving the whole family.

The Child Welfare Division is charged with protecting the City's children from abuse or neglect within their families. The direct services for children and families are provided through contracts with private providers of foster care and adoption services.

This report presents an analysis of the agency's Fiscal 2013 budget as proposed in the Executive Budget. Details of the changes to the Department's budget proposed in the Executive Plan are presented. Adjustments to the Fiscal 2103 Budget proposed in either the November 2011 Financial Plan or the Fiscal 2013 Preliminary Plan were reviewed at the Committee on General Welfare's March 29, 2012 budget hearing. For a summary of these changes see Appendix 1.

Administration for Children's Services Financial Summary

Dollars in Thousands

	2011	2012	2013	*Difference	
	Actual	Adopted	Exec. Plan	Exec. Plan	2012 - 2013
Budget by Program Area					
Adoption Services	\$333,546	\$336,097	\$318,100	\$320,604	(\$15,493)
Alternatives To Detention	0	1,050	4,166	1,800	750
Child Care Services	875,873	797,003	849,078	743,870	(53,133)
Child Welfare Support	48,384	46,956	46,986	46,986	30
Dept. of Ed. Residential Care	96,720	94,508	94,508	95,072	564
Foster Care Services	594,536	559,962	564,767	523,846	(36,116)
Foster Care Support	43,368	46,278	46,293	46,293	15
General Administration	119,648	132,108	136,066	136,185	4,077
Head Start	219,306	178,978	219,358	178,978	(0)
Juvenile Justice Support	0	14,532	10,435	9,120	(5,412)
Non-Secure Detention	0	17,519	17,766	17,453	(66)
OCFS Residential Placements	0	98,934	99,059	120,778	21,844
Preventive Homemaking Services	18,767	18,486	18,486	18,486	0
Preventive Services	198,064	212,488	231,750	213,140	652
Protective Services	212,590	222,668	223,077	220,120	(2,548)
Secure Detention	0	26,446	24,476	27,179	733
TOTAL	\$2,760,803	\$2,804,013	\$2,904,371	\$2,719,910	(\$84,103)

	2011	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Exec. Plan	2012 - 2013
Funding				
City Funds	\$695,156	\$866,736	\$847,823	\$781,967 (\$84,769)
Other Categorical	0	641	0	0 (\$641)
State	661,402	657,023	673,846	652,696 (\$4,327)
Federal - Community Development	3,292	3,292	3,292	2,963 (\$329)
Federal - Other	1,343,779	1,275,212	1,323,241	1,281,179 \$5,967
Intra City	57,174	1,109	56,169	1,105 (\$4)
TOTAL	\$2,760,803	\$2,804,013	\$2,904,371	\$2,719,910 (\$84,103)
Positions				
Full-time	5,625	6,695	6,649	6,561 (134)
TOTAL	5,625	6,695	6,649	6,561 (134)

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.

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Changes in Overall Funding

☑ **City Funding**

The total proposed budget for ACS in Fiscal 2013 is approximately \$84 million less than the Fiscal 2012 Adopted Budget. This can be largely attributed to two one-time funding actions for Fiscal 2012. The first is approximately \$54 million in one-year restorations for childcare. The second is a one-time payment to the State Office of Family and Children's Services (OCFS) in Fiscal 2012 of \$29 million for retroactive charges for City fiscal years 2002-2007. Both actions are comprised entirely of City funding.

☑ **State Funding**

The total State budget for ACS decreased by \$4.2 million in Fiscal 2013, when compared to the Fiscal 2012 Adopted Budget. An increase of \$10.7 million in State funding for the Close to Home Initiative was offset by decreases in State revenue associated with the Fiscal 2012 Adoption Subsidy Program to Eliminate the Gap (PEG), and a revenue realignment to more accurately reflect State revenues in the agency's budget.

☑ **Federal Funding**

The total federal budget for ACS increased by \$5.9 million in Fiscal 2013, when compared to the Fiscal 2012 Adopted Budget. This increase is due to approximately \$10 million in unbudgeted federal funds that were added and \$2 million in additional federal funds for the Close to Home Initiative. This increase was offset by the loss of \$6.5 million in federal funds associated with the Adoption Subsidy PEG.

Highlighted Changes in Program Funding

☑ **Adoption**

The total budget for adoption decreased by \$15.5 million when compared to the Fiscal 2012 Adopted Budget. This decrease is due to the Fiscal 2012 November Plan PEG indicating savings anticipated from fewer children receiving adoption subsidy payments, as a continuing decline in foster care is expected for Fiscal 2013.

☑ ***Foster Care***

The total budget for foster care decreased by \$36 million when compared to the Fiscal 2012 Adopted Budget. This reduction is due to some minor technical adjustments but largely to the transfer of \$37 million from the foster care budget to the Division of Youth and Family Justice (DYFJ). DYFJ provides secure and non-secure detention services for alleged juvenile delinquents and offenders whose cases are pending in Family or Criminal Court and present at risk to public safety. Under the Close to Home Initiative, beginning in 2013, DYFJ will assume authority for juvenile delinquents once they have been adjudicated to placement. DYFJ will provide care through a new system of not-for-profit providers who will serve youth closer to their families and communities. Providers will offer an array of general and specialized juvenile justice residential care programs including intensive clinical services and educational programs. In the first phase of Close to Home, scheduled to begin in September 2012, DYFJ will assume custody of youth placed in non-secure settings. The second phase, for limited secure placements, is scheduled to begin in April 2013, pending approval from OCFS.

☑ ***Protective Services***

The total budget for protective services decreased by \$2.5 million when compared to the Fiscal 2012 Adopted Budget. This decrease reflects the loss of Fiscal 2012 Council funding for Child Protective Services (CPS) positions. This loss is offset by approximately \$5.8 million in technical adjustments for contractual spending formerly reflected as foster care services, now reclassified as protective services.

☑ ***Childcare***

The total budget for childcare decreased by approximately \$53 million when compared to the Fiscal 2012 Adopted Budget. The can be attributed to two one-time restorations for Fiscal 2012 only. The first is \$42 million in City Council funding for childcare classrooms, vouchers, and centers. The second is one-time funding of \$11.6 million for Priority 5 and 6 childcare vouchers.

Early Learn

ACS released its Early Learn RFP in 2011. Recommended awards were announced on May 4th and contracts are to begin on October 1st of this year.

☑ ***\$28.6 million Baselined***

Since the release of the recommended awards, ACS has outlined its plan for using the \$28.6 million in additional baselined funding for Early Learn, which was included in the Fiscal 2012 Adopted Budget. A total of \$11 million will be used to increase the daily per-child rate for providers and \$17.6 million will be used to add 1,100 pre-school childcare slots and 600 family childcare network slots. Despite the addition of this baselined funding, the implementation of Early Learn could result in a citywide loss in capacity of approximately 6,500 slots, as well as several structural and budgetary changes for the upcoming fiscal year.

☑ ***Targeted vs. Non-targeted Zip Codes***

ACS designated 97 zip codes as “non-targeted” based on a community needs analysis. Those zip codes previously contained 4,700 slots. Only 8 percent of the total recommended awards or approximately 1,500 slots are in these zip codes. The redistribution of slots

away from higher income neighborhoods may cause disruption, as many centers in non-targeted zip codes are located in public housing developments serving low income families.

Additionally, providers will be required to contribute 6.7 percent to the cost of care. Again, as slots are being redirected away from higher income neighborhoods, it is foreseeable that centers in historically underserved communities may have trouble with securing private funds to meet this requirement.

☒ **Next Steps**

ACS will hold several forums and meetings to discuss logistical issues with the implementation of Early Learn in the coming weeks. Meetings, forums, and training sessions with recommended contractors are currently in progress. Conversely, those not awarded a contract have been given the opportunity to appeal ACS' decision. Parent forums are also being held to ensure continuity of care to families.

ACS Staffing

The Fiscal 2012 Adopted Budget included Council funding in the amount of \$3.6 million for 105 Child Protective staff positions, (proposed for elimination through attrition), allowing the agency to maintain its State mandated ratio of 12:1 for caseworkers. Council funding totaling \$1 million was also added in Fiscal 2012 to avert 26 layoffs in child welfare and juvenile justice. This funding was not baselined in the Executive Budget, thereby eliminating these positions for Fiscal 2013.

Fiscal 2013 Executive Budget Actions

The Fiscal 2013 Executive Plan decreased the agency's budget by approximately \$9.9 million in Fiscal 2012 and increased its budget by \$13.8 million in Fiscal 2013 for various technical adjustments. See below for more detail on these adjustments.

Budget Actions in the Executive Plan						
<i>Dollars in Thousands</i>						
	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
ACS Budget as of February 2012 Plan	\$848,547	\$2,066,154	\$2,914,701	\$781,744	\$1,923,904	\$2,705,648
Other Adjustments						
Phase-in of Investigative Consultants	0	0	0	1,496	2,218	3,714
Savings from Hiring Schedule	0	0	0	(1,300)	(1,928)	(3,228)
Lease Adjustment	0	0	0	199	(317)	(118)
Close to Home Initiative	0	0	0	0	13,781	13,781
Other Technical Adjustments	(915)	(9,892)	(10,807)	(364)	0	(364)
TOTAL, Other Adjustments	(\$915)	(\$9,892)	(\$10,807)	\$31	\$13,754	\$13,785
TOTAL, All Changes	(\$915)	(\$9,892)	(\$10,807)	\$31	\$13,754	\$13,785
ACS Budget as of May 2012 Plan	\$847,632	\$2,056,262	\$2,903,894	\$781,775	\$1,937,658	\$2,719,433

Other Adjustments

- ☑ **Phase-in of Investigative Consultants.** A total of \$3.7 million (including City and Non-City funding) was added for investigative consultants. The hiring of these consultants will be phased-in throughout Fiscal 2013. Investigative consultants are former law enforcement investigators who have been deployed into the field to work with child protective managers and specialists (CPS) on their investigations. They provide consultation and support to CPS workers to enhance their investigative skills.
- ☑ **Savings from Hiring Schedule.** Delays in the agency's hiring schedule for various divisions will result in anticipated savings in Fiscal 2013. ACS expects to be fully staffed by Fiscal 2014.
- ☑ **Close to Home Initiative.** The Fiscal 2012-2013 State Enacted Budget includes reforms for the juvenile justice system such as the closure of costly State facilities and the provision of more appropriate placements and services to youth from New York City within City-based facilities, known as the Close to Home initiative. An adjustment of \$13.8 million in non-City funding was added for Fiscal 2013 and is included in the Executive Budget for the Close to Home Initiative.

Administration Children's Services Capital Budget Summary

The May 2012 Capital Commitment Plan includes \$138 million in Fiscal 2012-2016 for the Administration for Children's Services (including City and Non-City funds). This represents less than one percent of the City's total \$39.52 billion Executive Plan for Fiscal 2012-2016. The agency's May Commitment Plan for Fiscal 2012-2016 is 4.5 percent more than the \$132 million scheduled in the February Commitment Plan, an increase of \$5.9 million. The slight increase in the agency's capital plan is due to the merger with the former Department of Juvenile Justice.

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 2011, the Administration for Children's Services committed \$7.8 million or seven percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan. Since the Preliminary Budget was released in February the City-wide Capital Commitment Plan for Fiscal 2013 has increased from \$8.69 billion to \$10.82 billion, an increase of \$2.13 billion or 24.6 percent.

ACS 2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim						
Total Capital Plan	\$88,534	\$21,846	\$7,808	\$7,541	\$6,439	\$132,168
Exec						
Total Capital Plan	\$85,632	\$30,638	\$7,808	\$7,541	\$6,439	\$138,058
Change						
Level	(\$2,902)	\$8,792	\$0	\$0	\$0	\$5,890
Percentage	-3.28%	40.25%	0.00%	0.00%	0.00%	4.46%

ACS Capital Program Goals

- ✓ Improve children's service facilities, including meeting code compliance and handicapped accessibility standards
- ✓ Renovate child care facilities
- ✓ Upgrade telecommunications and computer technology for improved connectivity within and between agency locations Upgrade field and central office facilities
- ✓ Renovate juvenile detention facilities
- ✓ Provide a safe and secure environment for juvenile detainees and staff

Capital Program Overview

The 2013-2016 Four-Year Capital Strategy totals \$52.4 million: \$9.2 million for child care facilities, \$9.2 million for administrative offices, \$7.0 million for construction and renovation projects at secure and non-secure juvenile detention sites, and \$27.0 million for information systems.

Major Capital Projects

Highlights of the Four-Year Capital Plan include:

- \$21.1 million to support development of a new information technology system to track and monitor early childhood services provided by ACS and other City agencies, improving eligibility, payment and claiming processes;
- \$9.2 million to support renovations of administrative and field offices;
- \$9.2 million to support renovations of childcare centers Citywide to correct code violations and provide for handicapped accessibility.

Appendix 1: Fiscal Year 2012 Initiatives

The City Council has routinely funded initiatives that support child care, child protection, child welfare, and preventive programs. In Fiscal 2012, the Council provided approximately \$47 million to ACS. Additions to the budget for child care totaled \$42 million, comprising the bulk of this restoration. Combined with funding from the Administration, funding for child care services averted the closure of over 250 ACS child care classrooms and six day care centers. This funding also saved Priority 5 and 6 child care vouchers for working families and family day care slots. Council funding for ACS also prevented layoffs within the Child Welfare Division and saved Child Protective Services positions slated for elimination through attrition.

FY 2012 Council Changes at Adoption	
<i>Dollars in Thousands</i>	
Child Care	
Structural Deficit -- Classroom Restoration	\$12,024
Structural Deficit -- Voucher Restoration	13,581
Additional Classroom Restoration	10,000
Day Care Center PEG Restoration	6,435
Subtotal	\$42,040
Staffing and Other Services	
Child Protective Staffing PEG Restoration	\$3,600
Child Welfare Staffing PEG Restoration	1,000
CONNECT, Inc. -- Community Empowerment Program	270
Vera Institute of Justice	250
Subtotal	\$5,120
TOTAL	\$47,160

Appendix 2: Budget Actions in the November, February & Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2011 Plan	\$866,736	\$1,937,277	\$2,804,013	\$788,080	\$1,926,694	\$2,714,774
Program to Eliminate the Gap (PEGs)						
Adoption Subsidy Re-estimate	\$0	\$	\$0	(\$3,409)	(\$12,087)	(\$15,496)
Increase in Federal IV-E Eligibility	(4,489)	4,489	0	(4,489)	4,489	0
One Time Revenue Settlements	(16,870)	16,870	0	0	0	0
Fringe Reimbursement Rate Increase	(35,811)	35,811	0	0	0	0
TOTAL, PEGs	(\$57,170)	\$57,170	\$0	(\$7,898)	(\$7,598)	(\$15,496)
New Needs						
HHS Connect	\$153	\$139	\$292	\$306	\$279	\$585
TOTAL, New Needs	\$153	\$139	\$292	\$306	\$279	\$585
Other Adjustments						
November Plan -- Revenue Technical Adjustment	\$35,811	(\$35,811)	\$0	\$0	\$0	\$0
November Plan -- Other Technical Adjustments	2,687	31,577	34,264	1,237	5,174	6,411
February Plan -- Other Technical Adjustments	330	20,838	21,168	20	(645)	(625)
February Plan -- UPK Intra City Funding for Child Care and Head Start	0	54,963	54,963	0	0	0
Exec Plan -- Collective Bargaining	192	285	477	192	285	477
Exec Plan -- Phase-in of Investigative Consultants	0	0	0	1,496	2,218	3,714
Exec Plan -- Savings from Hiring Schedule	0	0	0	(1,300)	(1,928)	(3,228)
Exec Plan -- Lease Adjustment	0	0	0	198	(317)	(119)
Exec Plan -- Close to Home Initiative	0	0	0	0	13,781	13,781
Exec Plan -- Other Technical Adjustments	(915)	(9,891)	(10,806)	(364)	0	(364)
TOTAL, Other Adjustments	\$38,105	\$61,961	\$100,066	\$1,479	\$18,568	\$20,047
TOTAL, All Changes	(\$18,912)	\$119,270	\$100,358	(\$6,113)	\$11,249	\$5,136
Agency Budget as of May 2012 Plan	\$847,824	\$2,056,547	\$2,904,371	\$781,967	\$1,937,943	\$2,719,910

Appendix 3: Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services				Other Than Personal Services				Grand Total
	001	002	003	004	005	006	007	008	
Adoption Services	\$1,927					\$318,677			\$320,604
Alternatives To Detention								1,800	1,800
Child Care Services			18,896	724,974					743,870
Child Welfare Support	31,686				15,301				46,987
Dept. of Ed. Residential Care						95,072			95,072
Foster Care Services						523,846			523,846
Foster Care Support	46,293								46,293
General Administration		71,733			55,458		8,566	427	136,184
Head Start				178,978					178,978
Juvenile Justice Support							3,285	5,835	9,120
Non-Secure Detention							3,377	14,076	17,453
OCFS Residential Placements								120,778	120,778
Preventive Homemaking Services						18,486			18,486
Preventive Services	10,923					202,217			213,140
Protective Services	188,132					31,988			220,120
Secure Detention							19,631	7,548	27,179
Grand Total	\$278,961	\$71,733	\$18,896	\$903,952	\$70,759	\$1,190,286	\$34,859	\$150,464	\$2,719,910