

THE COUNCIL OF THE CITY OF NEW YORK

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Committee on General Welfare

Hearing on the Fiscal Year 2013 Executive Budget

Human Resources Administration / Department of Social Services

May 22, 2012

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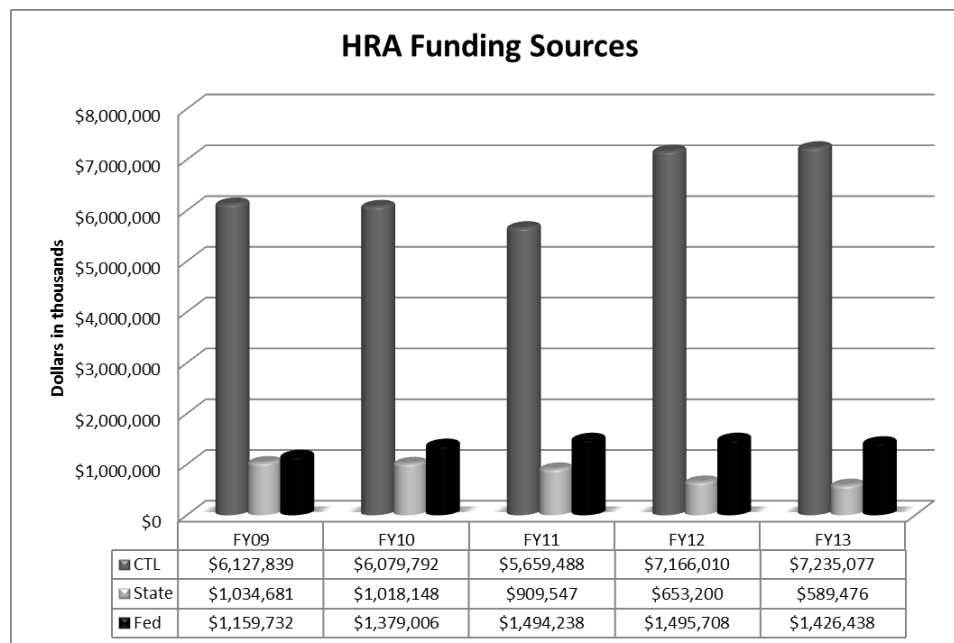
Human Resources Administration/Department of Social Services Overview

The New York City Human Resources Administration/Department of Social Services (HRA/DSS) provides temporary cash assistance, public health insurance, food stamps, home care for seniors and the disabled, child care, adult protective services, domestic violence, HIV/AIDS support services and child support enforcement, to individuals and families with social service and economic needs to help them in reaching self-sufficiency. Food stamps are provided at 26 centers and public health insurance at 19 Medicaid Community Model Offices. HRA provides support services to individuals with AIDS and HIV-related illnesses through 12 centers through its HIV/AIDS Services Administration (HASA), as well as protective services to adults through five HRA borough offices and four contracted programs. HRA determines the home care eligibility of disabled or frail Medicaid recipients through nine Community Alternative Systems Agency offices and 84 contracts with 63 home care provider agencies. Services to victims of domestic violence are offered through 49 State-licensed residential programs, 15 nonresidential programs, and various HRA programs. HRA also assists New York City families in obtaining child support orders and collecting child support payments at four borough and five Family Court offices.

This report provides a review of the Human Resource Administration’s Executive Budget for Fiscal 2013. The first section presents a financial summary for the agency highlighting major changes from the Fiscal 2012 Adopted Plan to the proposed Fiscal 2013 Executive Plan. Following the highlights, the report discusses the budget actions for the agency. Finally, the report provides a review of HRA’s proposed capital budget.

Financial Summary

The proposed Fiscal 2013 Executive Budget for HRA is \$9.2 billion, which reflects a decrease of \$38 million from the Fiscal 2012 Adopted Budget and is mostly due to a loss of State funding. The State no longer provides financial support in the administration costs of the food stamp, safety net cash assistance, and child support enforcement programs. Thus, the City must offset this loss to meet the mandates it provides to New York City residents. Below is a chart demonstrating the increase of City support and decline of other support between Fiscal 2009 and the proposed Fiscal 2013 budget.



HRA's budget consists of 20 program areas which are identified by units of appropriation. These program areas reflect the major functions of the agency. Please see Appendix 3 for a chart reconciling the funding for each program area by unit of appropriation.

The table below, "HRA's Financial Summary," provides an overview of the agency's total budget from Fiscal 2011 to the Executive Plan for Fiscal 2013. The agency's personal services budget increases by \$3 million in Fiscal 2013 for additional positions at the food stamp and job centers. The loss of \$41 million in other than personal services is the result of the Administration's lower re-estimate of the number of cash assistance participants and the State's takeover of Medicaid spending growth in Fiscal 2013 and the outyears.

The Human Resource Administration's Financial Summary

Dollars in Thousands

	2011	2012	2012	2013	*Difference
	Actual	Adopted	Exec Plan	Exec Plan	2012 - 2013
Personal Services	\$729,412	\$751,349	\$744,125	\$754,474	\$3,125
Other Than Personal Services	7,339,341	8,542,773	8,579,172	8,501,471	(41,302)
TOTAL	\$8,068,753	\$9,294,123	\$9,323,297	\$9,255,945	(\$38,178)
Budget by Program Area					
Adult Protective Services	\$40,786	\$48,135	\$45,741	\$47,887	(\$248)
CEO Evaluation	2,040	35	1,964	2,108	2,073
Domestic Violence Services	94,396	102,073	101,257	98,960	(3,113)
Employment Services Admin	27,732	30,253	30,386	29,994	(259)
Employment Services Contracts	141,251	128,125	130,194	129,825	1,700
Subsidized Employment & Job Training	99,053	76,153	93,396	64,214	(11,939)
Food Assistance Programs	22,483	13,815	23,495	12,181	(1,633)
Food Stamp Operations	66,200	74,694	76,020	83,913	9,219
HIV & AIDS Services	219,349	224,757	227,478	218,886	(5,871)
Home Energy Assistance	58,969	23,963	28,069	23,669	(294)
Medicaid-Eligibility & Admin	109,168	112,293	118,838	115,599	3,306
Medicaid & Homecare	4,878,844	6,291,565	6,322,611	6,361,716	70,151
Office of Child Support Enforcement	67,264	64,312	68,292	65,184	872
Public Assistance & Employment Admin	225,336	231,336	228,953	225,868	(5,468)
Public Assistance Grants	1,510,134	1,384,733	1,326,930	1,274,081	(110,652)
Public Assistance Support Grants	21,859	20,114	20,114	20,114	0
Information Technology Services	85,885	79,247	78,529	77,048	(2,199)
Investigation & Revenue Admin	61,748	60,498	59,969	57,078	(3,420)
Substance Abuse Services	71,048	69,299	73,498	69,299	0
General Administration	\$265,206	\$258,723	\$267,563	\$278,321	\$19,598
TOTAL	\$8,068,752	\$9,294,123	\$9,323,297	\$9,255,945	(\$38,178)
Funding					
City Funds	N/A	\$7,137,793	\$7,166,010	\$7,235,077	\$97,284
Other Categorical		31	160	0	(31)
State	N/A	661,769	653,200	589,476	(72,293)

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	*Difference 2012 - 2013
Federal-CD	N/A	\$0	\$262	\$0	\$0
Federal-Other	N/A	1,491,730	1,495,446	1,426,438	(65,292)
Intra-City	N/A	2,800	8,219	4,954	2,154
TOTAL	N/A	\$9,294,123	\$9,323,297	\$9,255,945	(\$38,178)
Positions					
Full-time Positions	13,814	14,655	14,654	14,506	(149)
Full-time Equivalent Positions	26	4	4	4	0
TOTAL	13,840	14,659	14,658	14,510	(149)

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

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Funding Overview

- ☑ **No Proposed Programs to Eliminate the Gap (PEG) to Services.** HRA did not propose any direct service or funding cuts in the PEG programs in the November Plan, the February Plan, or the Executive Plan. Instead, the agency proposed funding shifts from city to non-city funding or recognized additional revenue to meet its required PEG target.
- ☑ **Exclusion of Council funding from the Fiscal 2013 Executive Budget.** In Fiscal 2012, the City Council allocated \$9.9 million to HRA. Restoring funding for the HIV/AIDS Services Administration (HASA) comprises the bulk of the Council's allocation. This funding was not baselined, and therefore, excluded from the Fiscal 2013 Executive Budget for HRA. Please refer to Appendix 1 for details.
- ☑ **JTP to WEP Conversion.** Through an arrangement with the City's Department of Parks and Recreation (DPR), HRA plans to reduce the number of its Job Training Participants (JTP) positions and increase the number of its Work Experience Program (WEP) positions beginning in Fiscal 2012. This action would provide a savings of \$10.2 million in Fiscal 2013, \$10 million in Fiscal 2014, and \$9.7 million in Fiscal 2015. Combined with the DPR reduction, this would yield an over 50 percent JTP headcount reduction.
- ☑ **Public Assistance Recoupments.** One of the new sources of revenue HRA identified to meet its Fiscal 2013 PEG target is the recovery of public assistance payments from sponsors of immigrants. This would yield approximately \$2.06 million in revenue for the agency in Fiscal 2013, but less revenue in the outyears. Starting July 1st, approximately 2,300 legally obligated individuals would receive repayment letters.
- ☑ **State Actions.** The 2012-2013 Enacted State Budget affects the agency's Fiscal 2013 budget through a delay in the public assistance grant funding with only a five percent increase instead of the anticipated ten percent in Fiscal 2013. Also, there is an increase in the Flexible Fund for Family Services (FFFS), which would total \$2.4 million in Fiscal 2013 for HRA. Additionally, the State would handle administrative functions of child support enforcement, which is a loss of \$17.8 million in funding to HRA but would be partially offset by child support collections that the agency would be able to keep moving forward. Lastly, the State's takeover of the Medicaid spending growth cap would take effect in Fiscal 2013.

Fiscal 2013 Executive Budget Highlights

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
HRA Budget as of February 2012 Plan	\$7,153,833	\$2,272,492	\$9,426,325	\$7,225,619	\$2,124,752	\$9,350,371
New Needs						
Cash Assistance Re-estimate	\$6,983	(\$84,725)	(\$77,742)	(\$6,152)	(\$79,425)	(\$85,577)
Family Capacity Re-estimate	0	(2,000)	(2,000)	0	(2,000)	(2,000)
Food Stamp Operations	0	0	0	4,647	4,647	9,293
TOTAL, New Needs	\$6,983	(\$86,725)	(\$79,742)	(\$1,505)	(\$76,778)	(\$78,284)
Other Adjustments						
FSET Funds	\$0	\$327	\$327	\$0	\$0	\$0
HEAP Admin Funds	0	1,317	1,317	0	0	0
Employment Carfare	0	7,402	7,402	0	0	0
Fringe Benefit Adjustment	0	0	0	(27)	0	(27)
Fuel	(286)	(129)	(415)	54	24	79
Heat, Light, Power	210	179	389	224	191	415
Lease Adjustment	0	0	0	1,602	4,301	5,903
Funds for Security	0	1,157	1,157	0	0	0
HHS Connect Technical Adjustment	0	623	623	(277)	277	0
Konica Minolta/Accenture Fee Transfer to DCAS	(15)	0	(15)	0	0	0
MIS	(254)	(251)	(504)	254	251	504
Paper Savings Adjustment	(111)	0	(111)	(111)	0	(111)
YMI	0	0	0	(1,175)	0	(1,175)
Revenue Technical Adjustment	0	(256)	(256)	0	(256)	(256)
MA Surplus Takedown	0	(27,120)	(27,120)	0	(27,120)	(27,120)
SJ2 Green Jobs Increase	0	24	24	0	0	0
SJ2 Transitional Jobs Inc	0	8	8	0	0	0
Sub Jobs 2 Health Care Inc	0	3	3	0	0	0
State Budget Child Support Admin	(850)	0	(850)	(1,700)	0	(1,700)
Child Support Collections Adjustment	7,700	(7,700)	0	15,400	(15,400)	0
State Budget FFFS	(1,200)	0	(1,200)	(2,400)	0	(2,400)
State Budget PA Base Grant Delay	0	0	0	6,198	8,540	14,738
Medicaid Cap Growth Takeover	0	0	0	(10,768)	0	(10,768)
State Technical Adjustment	0	(4,061)	(4,061)	0	2,100	2,100
Medicaid Inmate Transfer	0	0	0	3,679	0	3,679
Intra-City	0	(4)	(4)	11	(15)	(4)
TOTAL, Other Adjustments	\$5,194	(\$28,480)	(\$23,285)	\$10,964	(\$27,106)	(\$16,142)
TOTAL, All Changes	\$12,177	(\$115,204)	(\$103,027)	\$9,459	(\$103,885)	(\$94,426)
HRA Budget as of May 2012 Plan	\$7,166,010	\$2,157,288	\$9,323,298	\$7,235,077	\$2,020,868	\$9,255,945

New Needs

- ☑ **Food Stamp Operations.** In the Fiscal 2012 Executive Budget, HRA had a new need of \$3 million (\$1.5 million CTL) for 102 new eligibility specialists for Fiscal 2012 and Fiscal 2013. HRA has hired all 102 specialists. The Administration has continued its commitment to hire new staff to alleviate overcrowding at the food stamp centers by including a new need of \$9.2 million (\$4.6 million CTL) in Fiscal 2013 and \$7.1 million (\$3.5 million) in the outyears for additional positions. The funding in Fiscal 2013 would allow for 259 new hires; however, the funding in the outyears is less and would not support all 259 budgeted positions. The agency will examine savings through attrition and vacancies in other areas to support the 259 budgeted positions in the outyears.
- ☑ **Cash Assistance Re-Estimate.** The Administration has decreased the budget for the program areas that handle the agency's cash assistance recipients, anticipating fewer participants. These adjustments decrease State funding by \$84 million in Fiscal 2012 (offset by \$6.9 million in CTL), decrease of \$85 million (\$6.1 million CTL) in Fiscal 2013, and \$86 million (\$6.1 million CTL) in the outyears.
- ☑ **Family Capacity Re-Estimate.** The Administration is required to provide funding to HRA for the Department of Homeless Services' revenue shortfall as it relates to family capacity at City shelters. The shortfall is \$2 million in Fiscal 2012 and the outyears.
- ☑ **HASA Emergency Housing and HASA NY/NYIII Housing.** In Fiscal 2014 and the outyears, the Administration has budgeted the remaining \$7.6 million needed to complete the final 394 supportive housing units of NY/NYIII for HASA clients. Therefore, it is reducing support for emergency housing units for HASA clients by \$2 million starting in Fiscal 2014 since the full amount of NY/NYIII housing units would be online.

Other Adjustments

- ☑ **Public Assistance Basic Allowance Increase.** The State's 2012-2013 Enacted Budget provides a five percent public assistance grant increase in 2013. The total increase is \$14.7 million (\$6.1 million CTL).
- ☑ **Flexible Fund for Family Services (FFFS).** The State's 2012-2013 Enacted Budget contains additional funding for FFFS. Therefore, HRA is shifting funds of \$1.7 million in Fiscal 2012 and \$2.4 million in the outyears to permanent budget lines.
- ☑ **Streamline Administration of Child Support.** The State's 2012-2013 Enacted Budget contains a decrease in aid for child support enforcement administration of \$850,000 CTL in Fiscal 2012 and \$1.7 million CTL in the outyears. Additionally, there is the allotment of child support collections \$7.7 million CTL in Fiscal 2012 and \$15.4 million CTL in the outyears. Therefore, the agency is shifting funds to permanent budget lines.
- ☑ **Medicaid Cap Growth Takeover.** One of the State Medicaid Redesign Team's recommendations was that the State would take over cap growth spending from municipalities. This takeover is recognized in the City's Fiscal 2013 Executive Budget, which provides a direct savings of \$10 million in Fiscal 2013, \$65 million in Fiscal 2014, \$163 million in Fiscal 2015, and \$292 million in Fiscal 2016. However, this is offset by a Medicaid spending adjustment by the State of \$27 million in Fiscal 2012 and the outyears.

- ☑ **Lease Adjustment.** The Administration is expecting lease increases for the agency of \$5.9 million (\$1.6 million CTL) in Fiscal 2013 and the outyears.
- ☑ **Heat, Light, and Power.** The Administration is expecting energy increases for the agency of \$389,061 (\$210,000 CTL) in Fiscal 2012 and \$415,495 (\$224,000 CTL) in Fiscal 2013 and the outyears.
- ☑ **Fuel.** The Administration anticipates a savings of \$414,618 (\$286,000 CTL) in fuel expenditures in Fiscal 2012, but expects a fuel increase of \$78,778 (\$54,000 CTL) in Fiscal 2013 and the outyears.
- ☑ **Employment Carfare.** The agency anticipates no longer using CTL funds for carfare under its employment services program areas, but instead, would be reimbursed by State and federal funding for this expense in Fiscal 2012 only.

The Human Resources Administration Capital Budget Summary

The goal of the HRA capital program is to improve social service facilities, including the replacement of building infrastructure and upgrades throughout the City; installation of local area networks for continued development of HRA connectivity within agency locations; replacement of paper case records with imaging technology-based record retention systems; and upgrading, maintaining and acquiring telecommunication and data processing equipment to provide for the future operational requirements of HRA.

The May 2012 Capital Commitment Plan includes \$125.68 million in Fiscal 2012-2016 for the Human Resources Administration (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 less than one percent more than the \$125.67 million scheduled in the September Commitment Plan, an increase of \$14,000.

The majority of capital projects span multiple fiscal years; therefore, it is common practice for an agency to roll unspent capital funds into future fiscal years. Over the past five years (2007-2011), the Human Resources Administration has only committed an average of 17 percent of its annual capital plan. Thus, it is assumed that a large 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 February Plan, the Capital Commitment Plan for Fiscal 2013 has increased by 93 percent or \$19 million.

HRA's 2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim (Feb)						
Total Capital Plan	\$73,386	\$21,278	\$10,245	\$10,203	\$10,561	\$125,673
Exec (May)						
Total Capital Plan	\$53,453	\$41,225	\$10,245	\$10,203	\$10,561	\$125,687
Change						
Level	(\$19,933)	\$19,947	\$0	\$0	\$0	\$14
Percentage	-27.16%	93.74%	0.00%	0.00%	0.00%	0.01%

Appendix 1: Council Initiatives

The Council has routinely provided operating funds for emergency food programs. In addition, the Council also provided \$8.28 million to restore PEGs in the 2012 Adopted Budget, which prevented cuts to relationship abuse programs for teens and supportive housing case management services, as well as a nutrition program in HASA.

FY 2012 Council Changes at Adoption by Program Area

Dollars in Thousands

Food Assistance Programs	
Food Pantries Initiative	\$1,500
Earned Income Tax Credit (Food Bank)	150
Domestic Violence	
Teen Relationship and Abuse Prevention Program (Teen RAPP) Partial Peg Restoration	2,000
HIV and AIDS Services	
HIV/AIDS Services Administration (HASA) Case Manager PEG Restoration	2,718
HASA Money Management GMHC PEG Restoration	200
HASA Supportive Housing Contract Reduction PEG Restoration	2,368
Nutrition Program Administration Partial PEG Restoration	995
TOTAL	\$9,931

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	\$7,137,793	\$2,156,330	\$9,294,123	\$7,235,090	\$2,116,794	\$9,351,884
Program to Eliminate the Gap (PEGs)						
Administrative Efficiencies	\$0	\$0	\$0	(\$536)	(\$464)	(\$1,000)
Fringe Reimbursement Rate Increase	(36,645)	36,645	0	0	0	0
Medicaid Revenue for Hospitalized Inmates	(3,679)	3,679	0	(3,679)	3,679	0
Revenue Maximization	(1,207)	1,207	0	(745)	745	0
Delayed Expansion of Supportive Housing Units	0	0	0	(1,355)	(554)	(1,909)
Recoupments	0	0	0	(3,067)	0	(3,067)
Child Support Settlements	0	0	0	(436)	0	(436)
Employment Restructuring	(110)	0	(110)	(220)	0	(220)
TOTAL, PEGs	(\$41,641)	\$41,531	(\$110)	(\$10,038)	\$3,406	(\$6,632)
New Needs						
Cash Assistance Re-estimate	\$6,983	(\$84,725)	(\$77,742)	(\$6,152)	(\$79,425)	(\$85,577)
Family Capacity Re-estimate	0	(2,000)	(2,000)	0	(2,000)	(2,000)
Food Stamp Operations	0	0	0	4,647	4,647	9,293
HHS Connect	\$803	\$572	\$1,376	\$1,609	\$1,146	\$2,756
YMI	0	0	0	8,988	0	8,988
City Funding for Advantage Rental Subsidy	24,000	0	24,000	0	0	0
Family Justice Center - Manhattan	53	51	104	182	175	358
TOTAL, New Needs	\$31,839	(\$86,101)	\$25,480	\$9,274	(\$75,457)	\$12,101
Other Adjustments						
JTP to WEP Conversion	(\$5,015)	\$0	(\$5,015)	(\$10,279)	\$0	(\$10,279)
Other Adjustments	43,034	45,528	88,562	11,030	(23,876)	(12,844)
TOTAL, Other Adjustments	\$38,019	\$45,528	\$83,547	\$752	(\$23,876)	(\$23,123)
TOTAL, All Changes	\$28,217	\$958	\$108,917	(\$13)	(\$95,926)	(\$17,654)
Agency Budget as of May 2012 Plan	\$7,166,010	\$2,157,288	\$9,323,298	\$7,235,077	\$2,020,868	\$9,255,945

Appendix 3: Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services				Other Than Personal Services				Grand Total
	201	203	204	205	101	103	104	105	
Adult Protective Services				\$26,796				\$21,091	\$47,887
CEO Evaluation	2,108								2,108
Domestic Violence Services				11,716				87,244	98,960
Employment Services Administration	13,534	4,498				11,962			29,994
Employment Services Contracts						129,825			129,825
Food Assistance Programs								12,181	12,181
Food Stamp Operations	550	76,799		353		6,211			83,913
General Administration	107,823	7,176		5,178	146,940				267,117
HIV and AIDS Services				58,532				160,354	218,886
Home Energy Assistance	469			1,200		22,000			23,669
Information Technology Services	42,541				34,507				77,048
Investigations and Revenue Admin	56,808				11,474				68,283
Medicaid - Eligibility & Admin	3,890		83,880				27,829		115,599
Medicaid and Homecare			37,239				6,324,477		6,361,716
Office of Child Support Enforcement	42,683				3,676	18,824			65,184
Public Assistance and Employment Admin		170,701				55,167			225,868
Public Assistance Grants						1,274,081			1,274,081
Public Assistance Support Grants						20,114			20,114
Subsidized Employ & Job-Related Training						64,214			64,214
Substance Abuse Services						69,299			69,299
Grand Total	\$270,406	\$259,175	\$121,119	\$103,775	\$196,597	\$1,671,696	\$6,352,307	\$280,870	\$9,255,945