

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 2021 Executive Plan, the Fiscal 2021 Executive Capital Budget, and Fiscal 2021 Executive Capital Commitment Plan for the

Human Resources Administration

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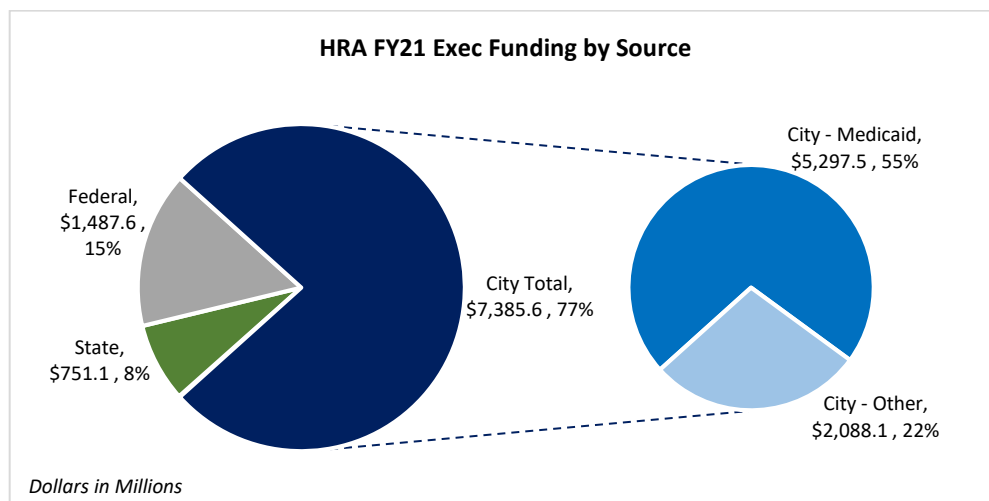
Human Resources Administration Overview

This report presents a review of the Human Resources Administration’s (HRA) \$9.6 billion Fiscal 2021 Executive Budget. The section below presents an overview of HRA’s budget followed by a review of the significant budget actions introduced in the Fiscal 2021 Executive Budget, as well as a discussion of the impact of COVID-19 and related expenditures. Major issues related to HRA’s budget are then discussed. Analysis and highlights of HRA’s Fiscal 2020-2024 Capital Plan and Fiscal 2021 Executive Capital Budget follow the discussion of the expense budget. For additional information on the HRA’s budget and its various programs, please refer to the Fiscal 2021 Preliminary Budget Report for HRA.

Overall, HRA’s Fiscal 2021 Executive Budget is \$622.6 less than the agency’s Fiscal 2020 Adopted Budget and \$625.4 million less than the current Fiscal 2020 Budget. The Executive Financial Plan (the Plan) adds City funding to backfill the loss of State Temporary Assistance for Needy Families (TANF) funding. This increase is offset by \$148 million in savings in Fiscal 2020 and \$48.2 million in Fiscal 2021 as part of the citywide Program to Eliminate the Gap (PEG). While the Plan makes some changes, it does not accurately reflect the impact of the COVID-19 pandemic on HRA’s budget. Pandemic response and recovery are likely to require significant changes to the Fiscal 2020 and 2021 budgets at a minimum.



HRA’s Fiscal 2021 Executive Budget totals \$9.6 billion, with Personal Services (PS) spending totaling \$881 million and Other Than Personal Services (OTPS) spending totaling \$8.8 billion. As shown in the below graph, 55 percent of HRA’s budget, or \$5.3 billion, constitutes the City’s Medicaid expenditures, which largely represent the local share of benefit costs paid to the State.



The succeeding Financial Summary table shows HRA’s budget since Fiscal 2018 and compares the Fiscal 2021 Executive Budget to the Fiscal 2020 Adopted Budget. As shown, HRA’s Fiscal 2021 Executive Budget is \$622.6 million or approximately 6.1 percent less than its Fiscal 2020 Adopted

Budget. Since adoption of the Fiscal 2020 Budget Financial Plan changes have decreased HRA's Fiscal 2021 Budget by \$449.3 million. (See Appendix A for a list of budget actions introduced in the November 2019, Preliminary, and Executive Financial Plans.) The City tax-levy (CTL) savings on Medicaid costs totaling \$444 million in Fiscal 2021 and the addition of \$106 for Fair Fares are the biggest drivers of the year-over-year change.

HRA Financial Summary						
<i>Dollars in Thousands</i>	2018	2019	2020	Executive Plan		*Difference
	Actual	Actual	Adopted	2020	2021	2020-2021
Spending						
Personal Services	\$804,565	\$821,041	\$878,414	\$871,578	\$881,029	\$2,615
Other Than Personal Services	9,099,448	9,422,066	9,378,580	9,388,224	8,753,364	(625,217)
TOTAL	\$9,904,013	\$10,243,107	\$10,256,994	\$10,259,802	\$9,634,393	(\$622,601)
Budget by Program Area						
HIV and AIDS Services	\$288,644	\$305,372	\$262,253	\$299,514	\$274,350	\$12,097
Legal Services	120,977	161,555	192,405	184,754	165,499	(26,906)
Food Assistance Programs	20,153	21,513	20,973	21,352	20,236	(737)
Food Stamp Operations	80,612	80,996	76,042	82,340	73,808	(2,234)
Medicaid - Eligibility and Admin	80,203	93,185	109,208	109,449	109,682	473
Medicaid and Homecare	5,959,405	6,107,515	5,947,715	6,019,816	5,431,927	(515,788)
Subsidized Emp + Job Training	107,107	107,707	231,851	122,272	224,289	(7,562)
General Administration	437,541	446,534	466,625	449,641	436,671	(29,954)
Office of Child Support Enforcement	61,391	63,204	65,017	70,017	65,670	654
Adult Protective Services	54,206	55,603	58,483	58,973	62,444	3,961
CEO Evaluation	4,016	5,050	12,833	10,692	13,961	1,128
Domestic Violence Services	132,750	150,424	158,525	158,492	157,543	(983)
Employment Services Administration	26,858	24,793	28,817	32,568	31,849	3,032
Employment Services Contracts	134,932	151,923	126,297	127,263	130,986	4,689
Public Assistance and Employment Admin	242,462	260,140	243,551	290,328	253,243	9,692
Public Assistance Grants	1,643,817	1,554,437	1,651,250	1,600,975	1,650,950	(300)
Public Assistance Support Grants	252,397	385,275	318,583	336,207	286,835	(31,747)
Home Energy Assistance	39,643	38,219	23,675	27,731	23,675	0
IT Services	93,482	116,054	127,923	123,498	85,350	(42,573)
Investigation + Revenue Admin	76,869	67,519	80,102	80,552	81,477	1,375
Substance Abuse Services	46,546	46,091	54,866	53,366	53,948	(918)
TOTAL	\$9,904,013	\$10,243,107	\$10,256,994	\$10,259,802	\$9,634,393	(\$622,601)
Funding						
City Funds	\$7,851,788	\$7,727,702	\$7,965,783	\$7,919,676	\$7,385,592	(\$580,191)
Other Categorical	123	0	0	575	250	250
State	589,840	728,132	752,220	784,095	751,142	(1,078)
Federal - Community Development	3,751	0	0	1,144	0	0
Federal - Other	1,443,189	1,598,038	1,528,925	1,540,730	1,487,343	(41,583)
Intra-city	15,322	14,117	10,067	13,582	10,067	0
TOTAL	\$9,904,013	\$10,067,989	\$10,256,994	\$10,259,802	\$9,634,393	(\$622,601)
Budgeted Headcount						
Full-Time Positions	12,969	12,614	14,510	14,404	14,380	(130)
Full-Time Equivalent Positions	35	64	7	8	8	1
TOTAL	13,004	12,678	14,517	14,412	14,388	(129)

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

HRA's current Fiscal 2020 Budget is \$10.3 billion, only \$2.8 million greater than its budget at its Adoption.

Changes by Funding Source

Federal Funding – Net Decrease

Federal funding decreases by \$41.6 million in Fiscal 2021 when compared to the Fiscal 2020 Adopted Budget, which is largely the result of the Fiscal 2021 State Budget cut to the TANF. TANF funding is allocated to the State as a federal block grant, and the State in turn allocates funding

to localities. New York City is now required to pay an additional five percent local share towards TANF on top of the 10 percent local share the State imposed last fiscal year, making the City's total local share 15 percent. In HRA's Executive Budget, CTL funding of \$17.7 million in Fiscal 2020 and \$35.5 million in Fiscal 2021 and in the outyears is added to make up for the loss of TANF funding. Across the Department of Social Services (DSS), which encompasses HRA and the Department of Homeless Services (DHS), the TANF cut totals \$34 million in Fiscal 2020 and \$68 million baselined.

State Funding – Net Decrease

State funding decreases by \$1.1 million in Fiscal 2021 when compared to the Fiscal 2020 Adopted Budget. Cumulatively, since the Adoption of the Fiscal 2020 Budget, State-funded new needs, other adjustments, and savings increase the Fiscal 2020 Budget by \$3.8 million due to a collection of technical funding adjustments, payments on collective bargaining agreements, and savings from insourcing information technology systems, lease adjustments, and vacancy reductions. In addition to the net increase since Adoption, there is a \$4.9 million net funding decrease from planned State funding changes that were introduced in financial plans prior to the Adoption of the Fiscal 2020 Budget.

City Funding – Net Decrease

Fiscal 2021 CTL funding decreases by \$580.2 million when compared to the Fiscal 2020 Adopted Budget or 7.3 percent of HRA's Fiscal 2021 CTL funds. Cumulatively, since the Adoption of the Fiscal 2020 Budget, CTL new needs, other adjustments, and savings decrease the Fiscal 2021 Budget by \$415.4 million. Changes made to Fiscal 2021 in the November 2019 Financial Plan and the Fiscal 2021 Preliminary Plan are detailed in Fiscal 2021 Preliminary Budget Report. The most significant prior change was the recognition of the Fair Fares program in Fiscal 2021 with CTL funding of \$106 million. The Fiscal 2021 Executive Plan adds CTL of \$35.5 million to cover the TANF cut. Reductions in CTL funding include a savings of \$72 million from shifting a Medicaid payment to the State from July to June (which is in Fiscal 2020) and a savings of \$444 million relating to the change in Federal Medical Assistance Percentage (FMAP) for New York State pursuant to the Families First Coronavirus Response Act. PEGs reduce spending by another \$48.2 million in Fiscal 2021.

Significant Programmatic Changes

Below are significant program area funding changes in Fiscal 2021 as a result of adjustments and PEGs reflected in the Fiscal 2021 Executive Plan.¹

- **Medicaid and Homecare.** The Fiscal 2021 Budget for this program area decreases by \$515.8 million when compared to the Fiscal 2020 Adopted Budget, primarily due to a \$72 million dollar timing shift in the City's Medicaid payments to the State from Fiscal 2021 to Fiscal 2020 and an additional \$444 million in Medicaid savings the City is projected to receive from COVID-19 federal relief legislation. The budget drop does not indicate a change in service levels.
- **Public Assistance Support Grants.** The Fiscal 2021 Budget for this program area decreases by \$31.7 million when compared to the Fiscal 2020 Adopted Budget. Most of this drop is due to

¹ For further details on significant changes made to Fiscal 2021 in the November 2019 Financial Plan and the Fiscal 2021 Preliminary Plan, or planned changes from prior fiscal years, see the Fiscal 2021 Preliminary Budget Report.

a one-year cut to the supportive housing program. The Executive Plan cuts \$20 million in Fiscal 2021 relating to delays in opening new supportive housing sites, the number of units planned is not impacted. The remaining budget in Fiscal 2021 for supportive housing is just \$438,054.

- **General Administration.** In Fiscal 2021, General Administration spending decreases by \$30 million when compared to the Fiscal 2020 Adopted Budget, nearly all of which is related to adjustments and PEGs reflected in the Fiscal 2021 Executive Budget. HRA expects to reduce spending on leases, on the IDNYC program, and Adult Protect Services. The PS budget will be lowered by eliminating vacant positions.
- **Legal Services.** The Fiscal 2021 Budget for this program area decreases by \$26.9 million when compared to the Fiscal 2020 Adopted Budget. For Fiscal 2021 the budget does not include discretionary programs and it reduces support for the access to counsel program. An increase for legal service contracts related to pay parity partially offset the reductions.
- **Public Assistance and Employment Administration.** The Fiscal 2021 Budget for this program area increases by \$9.7 million when compared to the Fiscal 2020 Adopted Budget. There were increases of \$2.4 million scheduled for Fiscal 2021 in financial plans prior to the Adoption of the Fiscal 2020 Budget and increases of \$7.3 million made in financial plans since the Adoption of the Fiscal 2020 Budget. There is a net increase of \$3.4 million from adjustments reflected in the Fiscal 2021 Executive Plan that relate to a collection of technical adjustments, budget re-estimates, and non-programmatic PEGs.

New in the Executive Plan

The Executive Plan introduces changes that reduce HRA's Fiscal 2021 Budget by \$562.2 million. An overall CTL decrease of \$526 million in Fiscal 2021 results from the TANF funding replacement that adds \$35.5 million, PEGs that cut \$48.2 million, Medicaid reductions of \$516 million, and other adjustments that add \$2.7 million. There are no new needs introduced to support new or expanded services that would strengthen the City's social safety net programs, as the Council called for in the Fiscal 2021 Preliminary Budget Response. The adjustments made also do not accurately reflect the impact of COVID-19 on HRA's budget. The Plan changes are described by category below.

New Needs

- **State Budget TANF Reduction.** The enacted Fiscal 2021 State Budget requires the City to cover an additional five percent of the Family Assistance portion of the federal TANF block grant, which is a \$68 million annual loss in State TANF funding to the City. Notably, this is in addition to the 10 percent cost shift the State imposed on the City last year totaling \$125 million annually, bringing the City up to a 15 percent cost share or \$193 million each year. This funding stream primarily impacts HRA and DHS, and DSS uses this funding mainly for CA and family homeless shelters. The City's backfill of the loss in State funding was distributed proportionately across both agencies based on each agency's total amount of TANF funding. HRA's share of the TANF cut to the City is \$17.7 million in Fiscal 2020 and \$35.5 million in Fiscal 2021 and the outyears.

- **State Budget TANF-FFFS.** The Enacted Fiscal 2021 State Budget increased the locality threshold of Flexible Fund for Family Services (FFFS) spending for preventive services necessary to be able to claim State child welfare reimbursement. This change relates to child protective services that are provided by the Administration for Children’s Services (ACS). The measure shifts costs from the State to the City, starting in the City’s 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 DSS and ACS, and as a result of the changes in the enacted State budget, a portion of the FFFS allocation will need to be shifted from HRA to ACS. 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. Thus, the CTL backfill to cover the reduction is also reflected in HRA. The Executive Plan backfills the \$14 million in FFFS funding 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 in Fiscal 2020 funding and \$14 million in Fiscal 2021 funding previously designated for the Department of Youth and Community Development (DYCD). Typically, FFFS is used for DYCD summer youth employment programs but since they have been cancelled for the summer of calendar year 2020 due to COVID-19, the City designated the funding to eligible HRA employment programs instead.

PEGs

The majority of the PEGs listed below relate to adjustments of program budgets to be more accurate, underspending related to the COVID-19 pandemic, and the realization of prior year revenues. Of concern, are two PEGs relating to rollout delays in vital programs that help low-income City residents stay or become stably housed. Additionally, while HRA did reflect a vacancy reduction, it was only a small fraction of the actual vacancies across the agency.

- **Fair Fares Underspending.** In the Executive Plan, HRA recognizes savings of \$65.5 million in Fiscal 2020 for underspending in the Fare Fairs transit subsidy program due to participant enrollment levels that were below initial projections, and the decrease in benefit utilization due to COVID-19. Based on an 85 percent drop in usage HRA observed in late March, the agency estimated spending for the remainder of the Fiscal 2021. According to HRA, actual spending in the program for Fiscal 2020 through March was \$22.6 million. The Fiscal 2020 Adopted Budget for this program area was \$106 million. Notably, no adjustments were made to the Fiscal 2021 Budget, which remains at \$106 million.
- **Prior Year Revenue Realization.** In the Executive Plan, HRA recognizes \$50 million in State and federal revenue for Fiscal 2020 relating to the agency’s reconciliation with the State on several prior years of Medicaid reimbursements and admin cap waiver payments related to a savings project from the early 2000s that the States owes to the City. The State makes annual partial payments to City to pay off the debt and there are no open receivables for the revenue that is realized.
- **Supportive Housing Delay.** In the Executive Plan, HRA recognizes \$20 million in savings in Fiscal 2020 for delays in opening new supportive housing sites under the New York City 15/15 Supportive Housing Plan. The number of units planned is not impacted, this is just a rollout delay. As permanent, affordable housing is a Council priority, this delay in new supportive housing units coming online is an area of concern.

- **Access to Counsel Rollout Delay.** In the Executive Plan, HRA recognizes savings of \$11.5 million in Fiscal 2020 and \$8.5 million in Fiscal 2021. The savings relates to a two-year delay in hiring new lawyers due to the difficulty contracted providers have had in filling positions. Ensuring low-income tenants have the legal support they need to remain permanently housed is a Council priority and this delay in expanding access to legal services is an area of concern.
- **Employment Program Rightsizing.** In the Executive Plan HRA recognizes a savings of \$1 million for Fiscal 2020 and \$6 million for Fiscal 2021 and in the outyears relating to six-month subsidized job program. Placements in this program are made for HRA clients in the Department of Sanitation (DSNY), the Department of Parks and Recreation (Parks), the Department of Citywide Administrative Services (DCAS). The reduction reflected in Fiscal 2020 relates to a decrease in the number of slots filled during the pandemic. The baseline reduction relates to rightsizing based on historical program participation and re-optimization of the number of slots available across DSNY, Parks, and DCAS.
- **Employment Program Underspensing.** In the Executive Plan HRA recognizes a savings of \$5.3 million in Fiscal 2020 for underspensing in job training programs due to the COVID-19 pandemic. The HRA employment programs place clients in subsidized positions at DSNY and Parks, for the Parks Opportunity Program. Those who were enrolled in the program prior to the pandemic are still being paid and some may be working on a modified schedule. The agency has stopped making new referrals during the pandemic, which has generated this savings.
- **Vacancy Reduction Savings.** In the Executive Plan, HRA recognizes CTL savings of \$4.7 million for Fiscal 2020 and Fiscal 2021, decreasing to \$2.2 million in Fiscal 2022 and in the outyears. There is also an accompanying reduction for Fiscal 2020 and Fiscal 2021 in State funds of \$2.4 million and \$2.8 million in federal funds. The City eliminated 157 vacant positions for Fiscal 2020 and Fiscal 2021, and 57 positions for Fiscal 2022 and in the outyears. These positions are spread across the agency's various program areas, and HRA will allocate them to specific areas in a future financial plan (notably, this adjustment may occur after Adoption). The reduction is greater in Fiscal 2020 and Fiscal 2021 due to the citywide hiring freeze. None of the baselined vacancy reductions are front-line staff and all are in administrative support and clerical roles. HRA has historically had significant vacancies, across several program areas, when comparing budgeted positions to actual headcount. The Fiscal 2020 Adopted Budget included a budgeted headcount of 14,510 but, actuals as of April 2020 reflected only 12,417 positions were filled, with 2,093 open positions or over 14 percent in vacancies. The Council has repeatedly called on HRA to take vacancy reductions and to align the budget more closely to actual headcount but a baseline headcount reduction of just 57 positions, or under three percent of current vacancies, was included in the Executive Plan.
- **Three Quarter Housing Services Rightsizing.** A savings of \$1.5 million in Fiscal 2020 and \$3.3 million in Fiscal 2021 is recognized for services provided to former three-quarter housing tenants. The agency's three-quarter housing taskforce is not identifying as many new sites as they had in the early years of the taskforce, and, thus, there are fewer new people identified who need housing placements and support services. The savings also eliminates 20 positions in Fiscal 2020 and in the outyears and will be eliminated through existing vacancies and attrition.

- **Subsidized Transit Underspending.** A savings of \$3 million in Fiscal 2020 and Fiscal 2021 is recognized in the Executive Plan for subsidized transit benefits provided to HRA's CA clients. Due to the COVID-19 pandemic, job search activities, in-person education programs, and in-person appointment requirements for CA clients have been waived temporarily – these changes are expected to continue into Fiscal 2021. Since the implementation of the changes in March 2020, the agency's spending on subsidized MetroCards for clients has decreased and a similar decrease in spending is anticipated to continue into the beginning of Fiscal 2021. Depending on when CA requirements are reinstated, HRA may need to make further adjustments in future financial plans.
- **Indirect Rate Underspending.** A savings of \$2 million in Fiscal 2020 is recognized in the Executive Plan for underspending on the non-profit indirect rate initiative. In the November 2019 Financial Plan, \$5.5 million was baselined for HRA starting in Fiscal 2020. Savings for the initiative have been reflected across multiple agencies in the Executive Plan. The adjustment aligns the budget with actual indirect rate adjustments submitted by providers and the savings reflect the unallocated amount for providers who did not yet submit their paperwork to be approved for a revised rate.
- **Low Wage Worker Support Correction.** A savings of \$2 million in Fiscal 2020 is recognized in the Executive Plan to correct a double entry that was made by mistake for the Council-funded Low Wage Worker Support Initiative in a prior financial plan. This savings now aligns the total for this initiative with what was allocated by the Council.
- **IDNYC Rightsizing.** A savings of \$500,000 in Fiscal 2020 growing to \$1.4 million in Fiscal 2021 and in the outyears is included in the Executive Plan for administrative savings related to the hiring freeze, elimination of vacant positions, and to right-size the program's budget, which has had surplus over the past few years.
- **Adult Protective Services Outsourcing Savings.** In the Executive Plan, HRA recognizes \$254,714 in Fiscal 2021 and \$1 million in Fiscal 2022 and in the outyears in CTL savings. There is an accompanying reduction in State funding of \$244,725 in Fiscal 2021 and \$1 million in Fiscal 2022 and in the outyears. This savings relates to the transitioning of protective services currently provided by City staff to contracted providers, which includes home investigations based on referrals. While the City will save money by contracting out these services, there will be no reduction in the level of service provided to clients. The agency is currently working on a Request for Proposal to release to solicit bids. The City also eliminates 17 positions in Fiscal 2021 and 39 positions in Fiscal 2022 and in the outyears. The agency will not lay off any employees and will take these reductions through attrition and existing vacancies.
- **Public Engagement Unit Savings.** In the Executive Plan, HRA recognizes a savings of \$1 million in Fiscal 2020 and Fiscal 2021 relating to the hiring freeze, existing vacancies, and to right-size the unit's media campaign budget.

Significant Other Adjustments

- **Federal Medicaid Reimbursement.** The Executive Plan reflects a decrease in Fiscal 2021 of \$444 million in HRA's budget relating to part of the City's portion of State savings on Medicaid costs. The Families First Coronavirus Response Act was enacted on March 18, 2020 in response to the COVID-19 pandemic. The act provides a 6.2 percent increase in federal

matching funds, known as FMAP, to States who meet the eligibility criteria, for most Medicaid enrollees, during the emergency period. Using State Fiscal 2020 Financial Plan data, the Office of Management and Budget (OMB) estimated the proportion of the State's additional COVID-19 FMAP savings that would be passed down to localities. The City has yet to receive this funding but will begin to realize savings once the FMAP adjustment is put into effect. At that point the City will see reductions in the amounts of its Medicaid payments to the State. OMB is working with the State to finalize how FMAP savings will be disbursed to the City. In addition to the savings allocated to HRA's budget in Fiscal 2021, the Executive Plan reflects savings of \$498 million for Fiscal 2020 relating to costs previously covered by CTL. These savings are unrestricted funds and provide general budget relief to the City.

- **State Medicaid Payment Timing Adjustment.** The Executive Plan reflects an increase in Fiscal 2020 of \$72 million and a decrease of the same amount in Fiscal 2021. This is an adjustment to the timing of a City payment to the State for the City's local share of Medicaid benefit costs. In fiscal years that are leap years, the City is required to make 53 weekly payments instead of the typical 52. This particular payment will be made in June of 2020, rather than in July of 2020, so an adjustment was required as the timing change crosses over two fiscal years.
- **Office of Economic Opportunity Adjustments.** The Office of Economic Opportunity (OEO) is baselined in the City's miscellaneous budget and funding and headcount is moved to the respective agencies impacted in each Executive Plan. The Fiscal 2021 Executive Plan reflects \$185,000 in savings to HRA in Fiscal 2020 and adds \$11.8 million in Fiscal 2021. Additionally, the Executive Plan reflects an accompanying increase of 7 positions for Fiscal 2021.
- **HOME TBRA Decrease.** The HOME Investment Partnerships Program's Tenant Based Rental Assistance Program (HOME TBRA) is a federal rental assistance program funded by the Department of Housing and Urban Development (HUD) and administered in the City by HRA in conjunction with the Department of Housing Preservation and Development (HPD). HRA HOME TBRA helps eligible families in shelter and chronically street homeless people afford the cost of rent. Households generally pay 30 percent of their adjusted income toward rent for an approved apartment and HRA HOME TBRA rental assistance covers the rest. The application period for new applicants closed on September 3, 2015. HRA placed all applications into a lottery and after all 1,200 slots were assigned the remaining applicants were placed on a waiting list and are contacted as there are new openings in the program. HRA's baseline budget for this program is \$18.5 million. The Executive Plan reflects a decrease of \$10 million in Fiscal 2020 because HRA has been having a hard time placing clients in the HOME TBRA program due to its strict eligibility criteria. As HRA has had difficulty making new placements, the existing funding largely goes towards those already enrolled in the program. HPD will utilize this federal grant for other eligible programs administered by that agency.
- **Additional Other Adjustments.** As part of an ongoing savings program, the City looked across leases held at all agencies and determined if, and where, improvements could be made to the overall contracting and lease management process. Additionally, after reassessing the current level of office space needs within the agency, HRA adjusted lease contracts accordingly to reflect the agency's reduction or combination of space and any additional payments required. In the Fiscal 2021 Executive Plan, for both efforts combined, HRA realizes savings of \$4.5 million in Fiscal 2021 and an increase in funding of \$4.5 million in Fiscal 2022 and in the outyears. The Executive Plan reflects the inflow of \$3 million in federal funding for

the Home Energy Assistance Program that assists low-income City residents with heating and cooling costs. This federal grant is calculated and added annually in each Executive Plan. Lastly, the Executive Plan reflects an increase of \$1.6 million in Fiscal 2020, \$2.5 million in Fiscal 2021, and \$2.8 million in Fiscal 2022 and in the outyears for payments related to collective bargaining agreements. Agreements include electricians and Communication Workers of America 1180 (CWA 1180). HRA employees in CWA 1180 include Administrative Managers and non-managerial Principal Administrative Associates.

COVID-19 Expenditures, Response, and Budget Risks

In response to the pandemic, HRA has requested several waivers from the State related to benefits programs. Additionally, HRA has worked with State partners on the State's requests for federal waivers. Several waivers have been granted to adjust administrative processes and client requirements during the pandemic, easing benefits application and administration for both the agency and clients. HRA has redeployed significant staff across various program areas to assist with the dramatic increase in new CA and Supplemental Nutrition Assistance Program (SNAP) applications. As shown in the adjacent table, as of April 30, 2020, a total of 1,503 people have been temporarily redeployed to help manage the increase in new benefits applications. Of this total, 773 people have been redeployed to CA, 559 people have been redeployed to SNAP, and an additional 171 people have been redeployed to indexing the documents submitted with online benefit applications. This is in addition to the existing headcount in these areas from prior to the pandemic of 1,801 positions for CA and 1,128 positions for SNAP. Approximately 65 percent of the agency's staff has been converted to working remotely and HRA has provided these employees with the requisite technology, endeavored to ensure data security measures are in place to protect clients and employees, and has provided necessary employee training.

HRA COVID-19 Redeployments as of April 30, 2020		
Original Job Function	Redeployment	Headcount
External Affairs/IDNYC	CA	90
Homeless Prevention Administration	CA	50
Office of Program Accountability	CA	297
Fair Fares	CA	144
Fair Hearing	CA	60
Career Services	CA	101
Finance	CA	31
CA Subtotal		773
Medicaid	SNAP	208
Child Support Services	SNAP	185
Fair Hearing / Training	SNAP	65
Other City Agencies	SNAP	101
SNAP Subtotal		559
Medicaid	Indexing	20
Fair Hearing / Training	Indexing	42
Human Capital Management	Indexing	10
Fair Fares	Indexing	6
Child Support	Indexing	92
Finance	Indexing	1
Indexing Subtotal		171
Total Redeployments		1,503

Source: HRA

Despite the dramatic increase in unemployment and the stark economic impact of COVID-19 witnessed to date, no new funding is added in the Executive Plan for HRA for COVID-19 expenditures or the impact of the pandemic. Additionally, there are no baseline changes reflected. Given the impact the pandemic has already had and is likely to continue to have for some time, the demand for a multitude of HRA programs will continue to grow due to increased rates of unemployment and public health social isolation recommendations. This impact will be felt in Fiscal 2021 and, quite likely, beyond that. Additional expenditures will certainly be needed both during the remainder of the pandemic and in the recovery period. Notably, no additional

funding has been added for vital safety net programs such as adult protective services, homecare services, emergency food, public assistance, domestic violence services, substance use services, child support enforcement services, home energy assistance, or client outreach and case management.

In the Executive Plan, through a technical adjustment, HRA allocates \$2 million from the General Administration program area to COVID-19 OTPS expenditures for Fiscal 2020. The net impact of this adjustment to HRA's budget is zero. As of the end of April 2020, HRA committed \$5.2 million in actual expenditures for the agency's COVID-19 response, with \$4.5 million of this amount committed for contractual services. Other commitments include supplies, data processing equipment, printing, and cleaning services. This difference, and an accurate projection of additional funding that will be necessary related to COVID-19, are yet to be reflected in HRA's budget. The Fiscal 2021 Executive Plan is inaccurate as it is not fully reflecting COVID-19 expenditures.

HRA indicated that the agency is working with OMB to estimate its COVID-19 related expenditures and will make technical adjustments in a future financial plan accordingly. Eligible expenditures include spending necessary to comply with the State Department of Health protocols or spending that is part of an approved agency plan to respond to COVID-19. Examples include personal protective equipment (PPE), food, overtime, and the cost of a provider's modified programming that is outside or above the scope of the original contract. Providers are being reimbursed for their increased spending on COVID-19 related expenses that align with revised scopes of work agreed upon by agencies and providers. OMB indicated that HRA's budget will be adjusted to reflect the receipt of COVID-19 funding from the Federal Emergency Management Agency, with the City paying for 25 percent of costs, when it is received.

In the Fiscal 2021 Preliminary Budget Response², the Council identified food insecurity and the strength of the social safety net as key areas of concern. The Council called on the Administration to invest at least \$25 million in food pantries, to expand all City feeding programs, and to increase food allowances for all emergency housing programs. The Council's call to address food insecurity has only been partially addressed in the Executive Budget. Feeding New York³, the Mayor's emergency food plan to address food insecurity and maintain the integrity of the City's food supply during the COVID-19 crisis, allocated \$25 million to fund emergency food providers across the City over the next few months. The funding was added to the DSNY budget and is being contracted through that agency as an emergency contract. The increase to the food allowance for emergency housing programs has not been addressed. Additionally, there was no increase to HRA's Emergency Food Assistance Program's (EFAP) baseline budget which remains at just \$20.2 million a year, less than the emergency pantry funding under the Feeding New York plan that is anticipated to be spent in just a few months.

Although the Fiscal 2021 Executive Budget is balanced, it does not accurately project revenues or spending in several areas. Overall, the Executive Plan fails to accurately budget for COVID-19 response and recovery related expenses in Fiscal 2021 and does it propose budget changes to address the increased need for social service programs, safety net benefits, or emergency food

² The full response can be found at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2020/04/Fiscal-2021-Budget-Response-Letter-to-Mayor-de-Blasio.pdf>.

³ "Feeding New York: The Plan for Keeping Our City Fed During the COVID-19 Public Health Crisis", The City of New York, April 16, 2020, see: <https://www1.nyc.gov/assets/home/downloads/pdf/reports/2020/Feeding-New-York.pdf>.

programs. The impact of COVID-19 will have a long-lasting impact on the City's budget in the upcoming fiscal year, and likely beyond it, but this is not yet reflected in the Financial Plan.

Budget Issues

The following section details issues and concerns related to HRA's Executive Budget. In its response to the Fiscal 2021 Preliminary Budget, the Council called for changes to the budget intended to support the City's safety net programs. The following recommendations were not included in the Fiscal 2021 Executive Budget.

- **Keep New Yorkers Housed.** The Council called on the Administration to fund a robust rental voucher program, move families out of shelters into vacant units, invest in homeless street solutions, and expand anti-eviction services. Rather than expand housing programs, the Fiscal 2021 Executive Budget reduces funding for supportive housing and delays planned expansion of the program, in addition to cutting the budget for the universal access to counsel program that provides representation for tenants in housing court and again inaccurately budgets for HRA's rental assistance vouchers. According to HRA, as of February 2020, \$181.4 million was spent on vouchers this fiscal year against a proposed budget of \$191.6 million. Additionally, the maximum rent allowed under the City's rental assistance programs is much lower than the Fiscal 2020 fair market rent for apartments in the City, severely limiting the supply of affordable apartments available to voucher holders.
- **Support Human Service Providers.** The Council called on the Administration to continue to support human service providers by ensuring 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. HRA has indicated that they are working with providers on a one-on-one basis to assess increased costs due to the pandemic and to adjust contract scopes accordingly. At the time this report was issued, no information has been provided to the Council on the value of these budget adjustments. The Human Services Council, a network of human service providers, is seeking a commitment that the City will pay frontline human services workers incentive pay retroactively to March 23, 2020, when non-essential workers were ordered to stay home. Providers are seeking the flexibility to use contracted dollars to support staff, including incentive pay, so they can remain operational. Providers need to be able to use any available funding to make critical decisions to stay open and best serve clients, including ensuring appropriate staff levels.

Additional Budget Risks

The State Executive Budget stipulates that the State Budget Director has the authority to withhold any appropriations if State revenue drops or spending increases by one percent or more. Medicaid funding is particularly vulnerable to funding reductions. Additionally, the governor reconvened the State's Medicaid Redesign Team, called MRT II, prior to the onset of the COVID-19 crisis, to identify \$2.5 billion in reoccurring savings in the State's Medicaid program. The enacted State budget included most of the proposals put forth by MRT II, but their implementation has been delayed until after the State receives its federal COVID-19 relief. The timing of implementation, and the financial impact of these proposals to the City is still unclear. Notably, the governor has the authority to cut Medicaid spending as necessary to stay on budget – a power he has not previously exercised – a provision that could be particularly risky to the City.

The following are additional areas of concern relating to the impact of COVID-19 on low income residents in the City's and on HRA's services and programs.

- **Further State Cuts.** Given the severe decline in revenues the City and State are experiencing, additional budget cuts are very possible. Unless there is additional federal aid for the State to fill its budget gap, State spending will be reduced by an additional \$10.1 billion, with approximately \$8.2 billion in reductions in aid to localities. State school aid and Medicaid funding are particularly vulnerable to funding reductions, as they account for the majority of aid to localities. The majority of the City's Medicaid funding is in HRA's budget. Additionally, further cuts to HRA could impact social services and benefit programs that support vulnerable, low-income residents.
- **Benefits Processing and Administration.** Due to the severe economic impact of the COVID-19 pandemic, HRA has seen a significant increase in the volume of new CA and SNAP applications. Clients and advocates have reported significant wait times when calling the agency, periodic problems with the online benefits system ACCESS HRA, and confusion over rules and requirements, some of which have changed given the current circumstances. HRA has closed most of its client service centers and has converted most of the agency's staff to work from home, where possible. In the implementation of remote benefits administration to clients, HRA has had to address several challenges including technology, data security, changes to work process, and training of redeployed staff. Advocates and clients have reported delays in receipt of benefits and difficulty in getting client support. No adjustments are made in the Executive Plan to address this.
- **Undocumented Individuals.** Many of the municipal benefit programs administered by HRA, including SNAP, are not available to undocumented individuals and no provision for these vulnerable residents is made in the Executive Plan. Several recent federal actions have aimed to chip away at the country's social safety net including the Executive Rule on public charge, which became effective as of February 24, 2020⁴. The rule expands the definition of public charge to penalize green card and visa applicants receiving certain public benefits including SNAP and federally-funded Medicaid.⁵ Prior to the onset of the pandemic, due to the rule and the fear generated by public charge and other federal actions relating to immigration, the City's emergency food network observed an increased reliance on their services by immigrants and this reliance has continued to increase exponentially due to the pandemic. As most undocumented individuals are not eligible to receive SNAP benefits, they must turn to the City's emergency food system, which is partially supported by EFAP.

Capital Program

HRA's capital program is presented in the Executive Capital Commitment Plan for Fiscal 2020-2024 (the Commitment Plan) and Fiscal 2021 Executive Capital Budget (the Capital Budget).

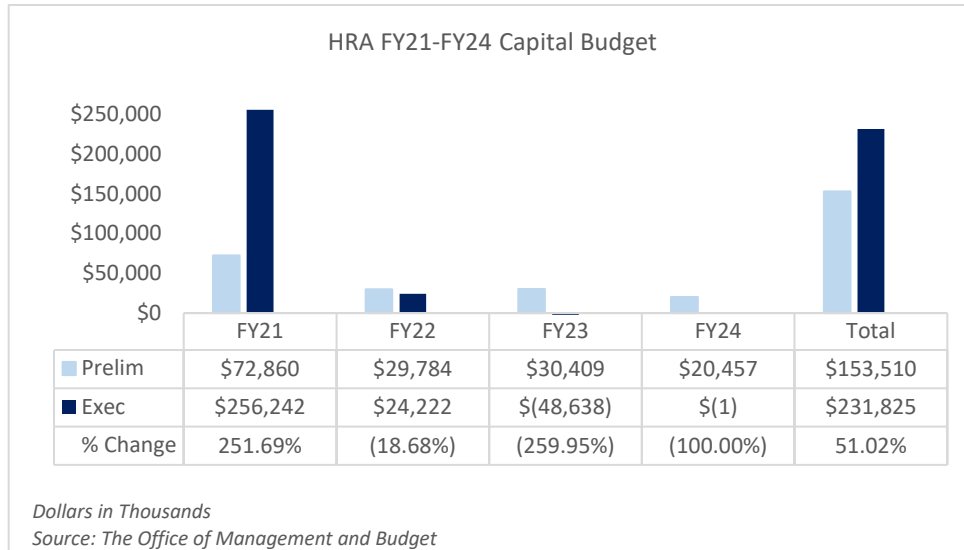
Fiscal 2021 Executive Capital Budget for Fiscal 2021-2024

The proposed Fiscal 2021 Capital Budget for HRA has changed minimally since the Preliminary Budget. The following graph shows the proposed Capital appropriations for Fiscal 2021 and

⁴ U.S. Citizenship and Immigration Services, "Final Rule on Public Charge Ground of Inadmissibility", February 24, 2020, see: <https://www.uscis.gov/archive/archive-news/final-rule-public-charge-ground-inadmissibility>.

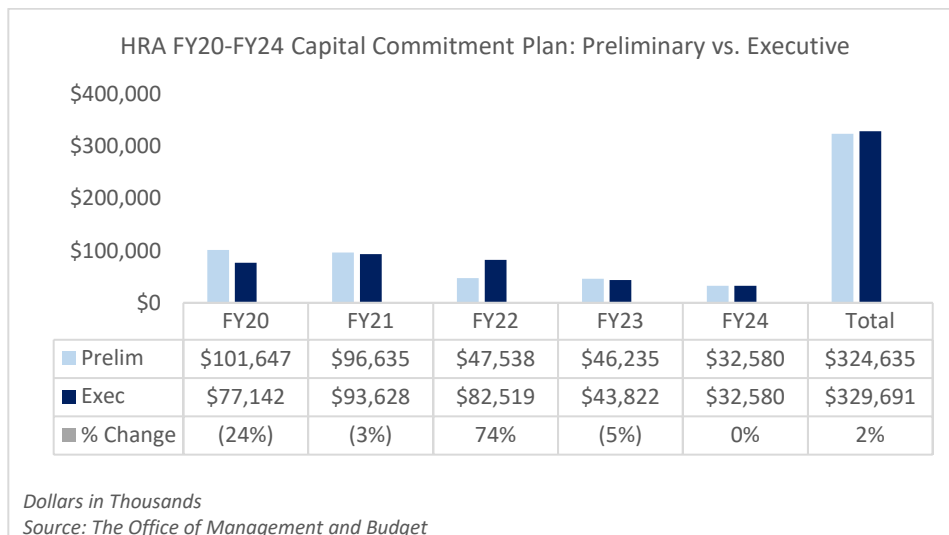
⁵ Center for Law and Social Policy, "Public Charge: A New Threat to Immigrant Families", October 2018, see: https://www.clasp.org/sites/default/files/publications/2018/04/2018_publiccharge.pdf.

projected appropriations through 2024. New appropriations introduced in the Fiscal 2020 Executive Budget total \$72.9 million, re-appropriations total \$183.4 million, and combined they total \$256.2 million. Notably, the amount of re-appropriations is quite high and the Fiscal 2021 Capital Budget is far greater than planned commitments of \$77 million, noted in the following section. The Capital Plan, discussed above, lays out the plan for spending capital resources in Fiscal 2021 and in the outyears.



Fiscal 2021 Executive Capital Commitment Plan for Fiscal 2020-2024

HRA’s Commitment Plan includes \$329.7 million in Fiscal 2020-2024, with \$93.6 million in Fiscal 2020. This represents less than one percent of the City’s total \$83.2 billion Commitment Plan for 2020-2024. HRA’s Commitment Plan increased by \$5.1 million, or two percent, when compared to the Preliminary Commitment Plan. This increase reflects HRA’s attempt to more accurately budget for actual commitments, as shown by projected spending in Fiscal 2021. Twenty-three percent of HRA’s Commitment Plan is in Fiscal 2020, 28 percent is in Fiscal 2021, and the remaining 48 percent is spread across Fiscal 2022, Fiscal 2023, and Fiscal 2024.



Fiscal 2021 Executive Capital Commitment Plan Highlights

Key Issues

- There is an addition of \$5.7 million for Computer Equipment made across the five years of the Commitment Plan. Notable projects include \$3 million added for computer equipment replacement and \$2.9 million added for the Fair Fares system.
- There is a reduction of approximately \$670,000 in commitments that relates to small reductions distributed across several different budget lines for various other projects.
- Due to the COVID-19 pandemic, no significant changes have been made to the Fiscal 2021 Executive Capital Commitment Plan as compared to the Fiscal 2021 Preliminary Capital Commitment Plan.
- According to the Mayor's Message, Data and Infrastructure Upgrades and Improvements, Construction and Initial Outfitting for Citywide Facilities, and Telecommunication Upgrades and Improvements are the major areas of focus for HRA's Executive Capital Plan in the coming year. At the time of this report, due to the COVID-19 crisis, only capital contracts for projects related to COVID-19, health, life, safety, or legal mandates are being registered. The City has paused all other capital contract registrations. Some key projects currently on hold at HRA due to the pandemic include initial outfitting of 115 Chrystie Street, development of an Information Verification System, CA electronic application, Paperless Office System integration, IDNYC system upgrades, and co-location migration planning.
- Several data and infrastructure upgrade projects remain in the Commitment Plan but were moved to Fiscal 2022 and later years, where possible.

Appendix A: Fiscal 2020 Budget Actions since Fiscal 2019 Adoption

<i>Dollars in Thousands</i>	FY 2020			FY 2021		
	City	Non-City	Total	City	Non-City	Total
HRA Budget as of the Adopted FY20 Plan	\$7,965,783	\$2,291,212	\$10,256,995	\$7,801,015	\$2,282,707	\$10,083,722
New Needs - November 2020 Plan						
Funding for the Indirect Cost Rate Initiative	\$5,455	\$0	\$5,455	\$5,455	\$0	\$5,455
Legal Pay Parity	3,667	0	3,667	3,667	0	3,667
Tenant Protection Outreach	2,832	0	2,832	1,283	0	1,283
Subtotal, New Needs	\$11,954	\$0	\$11,954	\$10,405	\$0	\$10,405
Other Adjustments - November 2020 Plan						
Adult Literacy- MOIA	\$1,359	\$0	\$1,359	\$0	\$0	\$0
Agency Phone Plan Review	(36)	(35)	(71)	(73)	(69)	(142)
Collective Bargaining Agreements	746	594	1,340	999	782	1,781
Fringe Benefits Adjustment	7,000	0	7,000	0	0	0
Fringe Benefits Reimbursement	(7,000)	0	(7,000)	0	0	0
Solutions to End Homelessness Program	0	900	900	0	0	0
FY20 HASA MOD	0	2,900	2,900	0	0	0
Home Stat Staff Transfer	166	0	166	166	0	166
IT Services Insourcing	(1,000)	(1,003)	(2,003)	(2,000)	(2,020)	(4,020)
Lead Testing	0	1,000	1,000	0	0	0
OEO Funding Adjustment	(559)	0	(559)	0	0	0
Paper Check Reform	0	0	0	(4,700)	0	(4,700)
Realization of State and Federal Revenue	0	12,103	12,103	0	(338)	(338)
Technical Adjustments	(22)	(60)	(82)	13	0	13
YMI Funding Adjustment	(1,500)	0	(1,500)	(310)	0	(310)
Subtotal, Other Adjustments	(\$846)	\$16,399	\$15,553	(\$5,904)	(\$1,646)	(\$7,550)
TOTAL, All Changes November 2020 Plan	\$11,108	\$16,399	\$27,508	\$4,500	(\$1,646)	\$2,855
HRA Budget as of the November 2020 Plan	\$7,976,891	\$2,307,611	\$10,284,503	\$7,805,515	\$2,281,061	\$10,086,576
New Needs - Preliminary 2021 Plan						
Fair Fares	\$0	\$0	\$0	\$106,000	\$0	\$106,000
Subtotal, New Needs	\$0	\$0	\$0	\$106,000	\$0	\$106,000
Other Adjustments - Preliminary 2021 Plan						
City Council Member Items	\$1,826	\$0	\$1,826	\$0	\$0	\$0
Funding to Implement Reasonable Accommodations	0	700	700	0	0	0
Lease Adjustment	356	666	1,022	0	0	0
NYSNA Collective Bargaining	53	116	168	110	243	353
OCSS Federal Revenue Realization	0	1,057	1,057	0	0	0
OEO Funding Adjustment	(767)	0	(767)	0	0	0
Scattered Site Revenue	0	3,718	3,718	0	3,718	3,718
Technical Adjustments	(25)	102	76	(51)	(10)	(60)
YMI Funding Adjustment	(377)	0	(377)	0	0	0
Subtotal, Other Adjustments	\$1,065	\$6,358	\$7,423	\$59	\$3,951	\$4,010
TOTAL, All Changes Preliminary 2021 Plan	\$1,065	\$6,358	\$7,423	\$106,059	\$3,951	\$110,010
HRA Budget as of the Preliminary FY21 Plan	\$7,977,956	\$2,313,969	\$10,291,926	\$7,911,575	\$2,285,012	\$10,196,586

<i>Dollars in Thousands</i>	FY 2020			FY 2021		
	City	Non-City	Total	City	Non-City	Total
New Needs - Executive 2021 Plan						
State Budget TANF Cost Shift	\$17,653	(\$17,653)	\$0	\$35,493	(\$35,493)	\$0
TANF/FFFS State Cut	0	0	0	0	0	0
Subtotal, New Needs	\$17,653	(\$17,653)	\$0	\$35,493	(\$35,493)	\$0
PEG Adjustments - Executive 2021 Plan						
Access to Counsel	(\$11,500)	\$0	(\$11,500)	(\$8,500)	\$0	(\$8,500)
Adult Protective Services Contracts	0	0	0	(255)	(245)	(499)
Carfare Savings	(3,000)	0	(3,000)	(3,000)	0	(3,000)
Discretionary Funds	(2,000)	0	(2,000)	0	0	0
Fair Fares	(65,500)	0	(65,500)	0	0	0
IDNYC Savings	(500)	0	(500)	(1,400)	0	(1,400)
Indirect Cost Rate	(2,042)	0	(2,042)	0	0	0
Job Training Program	(1,000)	0	(1,000)	(6,000)	0	(6,000)
One Time Revenue	(50,013)	50,013	(0)	0	0	0
POP Accrual Savings	(3,000)	0	(3,000)	0	0	0
Public Engagement Unit Savings	(1,000)	0	(1,000)	(1,000)	0	(1,000)
Subsidized Job Underspending	(2,200)	0	(2,200)	0	0	0
Supportive Housing	0	0	0	(20,000)	0	(20,000)
Three Quarter Housing	(1,500)	0	(1,500)	(3,275)	0	(3,275)
Vacancy Reductions	(4,737)	(5,116)	(9,853)	(4,737)	(5,116)	(9,853)
Subtotal, PEG Adjustments	(\$147,992)	\$44,897	(\$103,095)	(\$48,166)	(\$5,361)	(\$53,527)
Other Adjustments - Executive 2021 Plan						
ACCIS Consultant – ACS Intra-City	\$0	\$962	\$962	\$0	\$0	\$0
Collective Bargaining Agreements	1,637	0	1,637	2,578	0	2,578
DOHMH Funding Transfers - PEU and GetCovered	0	(422)	(422)	500	0	500
DSS Integration - SRO Contract Transfer	0	0	0	0	950	950
EFSP Phase 35 Funds	0	17	17	0	0	0
Enhanced Space Management	0	0	0	(9,000)	0	(9,000)
Fleet Reduction	0	0	0	(50)	(45)	(95)
HEAP Federal Revenue Realized	0	2,957	2,957	0	0	0
Heat, Light, and Power	(241)	(241)	(482)	(291)	(291)	(582)
Heating Fuel Adjustment	(292)	(131)	(423)	(106)	(96)	(202)
HOME TBRA Tech Adjustment	0	(10,000)	(10,000)	0	0	0
Lease Adjustment	0	0	0	636	3,874	4,510
Medicaid 53rd Week Adjustment	72,000	0	72,000	(72,000)	0	(72,000)
Medicaid Reimbursement	0	0	0	(444,000)	0	(444,000)
MOPD for Empowered Cities	0	250	250	0	250	250
Office of Economic Opportunity	(185)	0	(185)	11,798	0	11,798
Revenue OCSS Incentive Fund	0	1,000	1,000	0	0	0
Silver Stars	0	0	0	(412)	0	(412)
Technical Adjustments	(1)	4,522	4,521	(1)	0	(1)
Thrive Outreach Transfer	(513)	0	(513)	(1,220)	0	(1,220)
ENDGBV Contract Transferred to MOCJ	(347)	0	(347)	(347)	0	(347)
YMI Funding Adjustment	0	0	0	(1,393)	0	(1,393)
Subtotal, Other Adjustments	\$72,058	(\$1,087)	\$70,971	(\$513,308)	\$4,643	(\$508,665)
TOTAL, All Changes Executive 2021 Plan	(\$58,280)	\$26,157	(\$32,123)	(\$525,982)	(\$36,210)	(\$562,192)
HRA Budget as of the Executive FY21 Plan	\$7,919,676	\$2,340,126	\$10,259,802	\$7,385,592	\$2,248,802	\$9,634,393