

THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Aging on the
Fiscal 2021 Executive Budget for the

Department for the Aging

May 14, 2020

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DFTA Overview

This report presents a review of the Department for the Aging's (the Department's, or DFTA's) Fiscal 2021 Executive Budget. The section below presents an overview of the Department's \$386.1 million Fiscal 2021 budget and how it has changed during the course of Fiscal 2020, followed by a review of the significant budget actions introduced in the Fiscal 2021 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of DFTA's Fiscal 2020–2024 Capital Commitment Plan follow discussion of the expense budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2021 Preliminary Budget Report for DFTA at the New York City Council's website: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2020/03/125-DFTA.pdf>.

DFTA's Fiscal 2021 Executive Budget contains no new needs, no PEG program in Fiscal 2021, and modest other adjustments, none of which are directly associated with COVID-19 response. The budget continues to exclude the Administration's Fiscal 2018 commitment of \$10 million for model budgeting, and one-time and discretionary funding of \$46 million. The budget also fails to accurately reflect actual and planned spending associated with COVID-19 response, including emergency food procurements, changed senior center operations and an expanded home delivered meals program. DFTA has shared that it expects the Adopted Budget to reflect such expenses and federal stimulus revenues.

Below is a summary of funding changes by program area and funding source and headcount changes when comparing DFTA's Fiscal 2021 Executive Budget to its Fiscal 2020 Adopted Budget.

DFTA Financial Summary						
<i>Dollars in Thousands</i>	FY18	FY19	FY20	Executive Plan		*Difference
	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
Spending						
Personal Services	\$28,305	\$29,518	\$31,523	\$32,127	\$32,731	\$1,208
Other Than Personal Services	337,801	358,706	387,616	399,251	353,339	(34,277)
TOTAL	\$366,106	\$388,224	\$419,139	\$431,378	\$386,070	(\$33,069)
Budget by Program Area						
Administration & Contract Agency Support	\$31,428	\$31,271	\$41,182	\$39,128	\$42,039	\$402
Case Management	38,431	39,864	39,745	41,207	39,615	(130)
Homecare	32,258	34,728	32,009	34,483	34,483	4,947
Senior Centers and Meals	198,103	207,671	223,809	229,359	220,197	(3,526)
Senior Employment & Benefits	10,129	9,895	8,906	10,962	8,973	47
Senior Services	55,757	64,794	73,489	76,240	40,763	(33,222)
TOTAL	\$366,106	\$388,224	\$419,139	\$431,378	\$386,070	(\$33,069)
Funding						
City Funds	\$245,932	\$271,267	\$300,627	\$298,956	\$267,912	(\$32,716)
Federal - Community Development	629	986	2,251	6,721	2,252	1
Federal - Other	74,860	70,280	72,517	77,956	71,334	(1,183)
Intra City	3,166	3,453	515	3,075	515	0
Other Categorical	250	417	0	254	0	0
State	41,269	41,821	43,229	44,416	44,058	828
TOTAL	\$366,106	\$388,224	\$419,139	\$431,378	\$386,070	(\$33,069)
Budgeted Headcount						
Full-Time Positions	298	299	323	323	322	(1)
Full-Time Equivalent Positions	360	344	355	365	367	12
TOTAL	658	643	678	688	689	11

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

DFTA's Fiscal 2021 Executive Budget is \$33.1 million less than its Adopted Budget for Fiscal 2020. This decrease is driven by the absence of \$37.5 million in one-time Council funding that supports senior services. The Council's senior services initiatives equate to approximately eight percent of DFTA's total budget for the current fiscal year.

There are no new needs in the Executive Budget, and Other Adjustments increase the budget by a modest \$453,000 in Fiscal 2020, and \$886,000 in Fiscal 2021. Programs to Eliminate the Gap (PEGs) reduce City tax-levy spending by \$4.7 million in Fiscal 2020, however there are no savings in Fiscal 2021 or in the outyears. Overall, the PEGs are modest and do not impact core DFTA programs. In all, the budget does not reflect any significant programmatic changes, despite a range of spending changes associated with COVID-19. A complete list of budget actions since Fiscal 2020 Adoption may be found in the Appendix on page 8.

Changes by Funding Source

DFTA's budget is largely City-funded, but federal revenue is expected to support 19 percent of the Department's budget in Fiscal 2021, and State aids will make up 11 percent. Compared to the Fiscal 2020 Adopted Budget, federal funding decreases by \$1.2 million and State funding increases by \$828,000. Notably, DFTA's budget does not yet show additional revenues from federal COVID-19 response legislation, such as the CARES Act, that included funding for Older Americans Act (OAA) programs administered by the Department (please refer to the COVID-19 Response section for more detail). Finally, City funding decreases by \$32.7 million, due to the absence of one-time Council funding.

New in the Executive Budget

DFTA's Fiscal 2021 Executive Budget does not introduce any new needs. The budget maintains funding for priority senior programs the Council called for in the Fiscal 2021 Preliminary Budget Response, such as meals, case management, and homecare services, however it does not enhance these budgets in line with growing need. For example, providers have conservatively estimated a 20 percent increase in demand across the baseline home delivered meals program.

DFTA's Fiscal 2021 Executive Budget also includes \$886,000 in other adjustments, of which the two following are most notable.

- **Lease Adjustments.** DFTA's budget includes a \$603,000 lease adjustment to accommodate the new projected site in Chinatown for the Chinese-American Planning Council, which suffered a fire earlier in the year.
- **Silver Stars.** DFTA's budget includes \$372,000 for Silver Stars, a program which brings back City retirees on a part-time basis for specific projects.

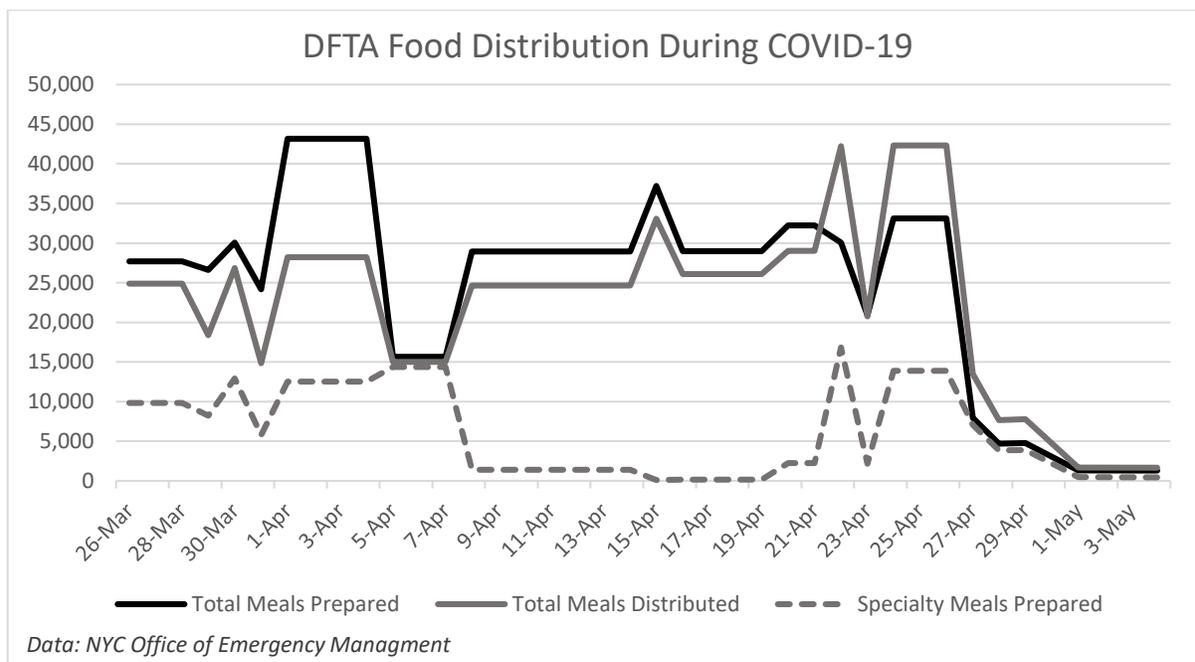
DFTA's Fiscal 2021 Executive Budget builds on this year's Citywide Savings Program by adding \$4.7 million in City tax-levy savings in Fiscal 2020. There are no PEGs in Fiscal 2021 or in the outyears.

- **Indirect Cost Rate.** DFTA's budget reduces spending on the Indirect Cost Rate (ICR) initiative by \$1.7 million in Fiscal 2020 only. ICR has had a lower uptake than anticipated, and at DFTA, of the 365 eligible contracts, only 76 had applied as of April 2020. The reduction refines the initial \$4.6 million estimate in the November 2019 Financial Plan to \$2.9 million in the Executive Budget.

- Agency Accruals.** The budget recognizes \$1.4 million in Fiscal 2020 savings from underspending across senior programs. Due to COVID-19, many senior programs have adapted their programmatic offerings. A key example is senior center congregate meal programs, which were generally suspended after senior centers closed in March. These programs’ food costs have dramatically decreased, and DFTA will not reimburse raw food and supplies costs for items that have not and will not be purchased since that element of the senior center program is not operating. However, it is important to note that fixed costs remain fully reimbursed, such as staff, and underspending for some items may be used to cover increased costs for other COVID-19 related items, such as masks or laptops.
- Prior Year Revenue.** The budget recognizes \$1.7 million in federal Title III-C funding for nutrition services. This revenue reflects regular claimable expenses for meals and senior centers. More information on federal and State revenues, and their application to programs at DFTA, may be found on page 45 of the Council’s Fiscal 2021 DFTA Preliminary Budget report.

COVID-19 Response

The Mayor ordered senior centers to close on March 15. Originally senior centers were directed to provide “grab and go” meals, but within a week DFTA scrapped that plan and launched, through emergency procurements, direct delivered meals to food-insecure seniors who were sheltering in place. The program had serious operational deficiencies, including a lack of nutritious food, missed deliveries, and the exclusion of non-profit senior centers from the planning and meal production. By April 13, the City had begun transitioning all senior emergency food operations into the GetFoodNYC program, under the management of citywide Food Czar and DSNY Commissioner, Kathryn Garcia.



The Executive Financial Plan does not include funding for either Fiscal 2020 or ongoing COVID-19 response in Fiscal 2021 or in the outyears. Given the extreme danger COVID-19 poses to older people, and the hardships related to social distancing, it is likely that DFTA’s programs will have

to shift to better protect seniors, especially homebound seniors. Recognizing that the Executive Plan is inaccurate, DFTA reports that it intends to add Fiscal 2020 funding in the Fiscal 2021 Adopted Budget, when federal emergency stimulus revenues also will be reflected, including \$6.3 million in anticipated Title III funding from the Families First Coronavirus Response Act (FFCRA) and approximately \$20 million from the CARES Act.

As of May 5, 2020, DFTA has \$7 million in expenses associated with COVID-19 emergency direct delivered meals (for cash advances to providers), and a contracting authority of \$39.1 million. However, DFTA will expend only part of the \$39.1 million by the end of Fiscal 2020, because many of the three-month contracts it encumbered are in the process of transferring to the Department of Sanitation (DSNY).

Although the Department should be recognized for its efforts to launch new meal programs in a crisis, the exclusion of non-profit providers – who have longstanding relationships to seniors – was a serious mistake that DFTA was slow to resolve. The transition of contracts to DSNY, under Commissioner Garcia, was a welcome measure to re-engage the non-profit providers and improve delivery coordination and meal quality, however it is concerning this important new meal program for seniors is not managed by the Department for the Aging.

The budget does not include any COVID-19 related expenses for Fiscal 2021, which is especially concerning given that seniors will rely on senior programming well into the next fiscal year as part of the ongoing COVID-19 pandemic and recovery. DFTA's core baseline programmatic budgets should be regularly reviewed and enhanced in order to accommodate growing needs among this vulnerable population.

- **Emergency Food Spending.** In March and April, DFTA entered into 11 new, three-month Fiscal 2020 emergency contracts for food procurement and delivery, with a total contracting authority of \$33.5 million. In addition, DFTA added \$5.7 million for additional home delivered meal and senior center costs resulting from increased need within DFTA's baselined programs. This total of \$39.1 million, as previously discussed, will not be fully expended, nor is it reflected in the Executive Budget.

DFTA has begun the process of transferring the largest of these contracts to DSNY where emergency food programs are being consolidated. DFTA began the transfer to DSNY in late April, starting with the four major contracts providing direct emergency food delivery to seniors in every borough and a citywide kosher option. As of the time of writing, seven smaller ethnic meal contracts remain at DFTA, and may move to DSNY as well. Accordingly, the Adopted Budgets for DFTA and DSNY each will reflect a portion of the expenses and revenues associated with management of the emergency direct delivery program during Fiscal 2020.

DFTA terminated one of the 11 emergency contracts in March due to poor quality, such as low-nutrient snacks and hard-to-eat foods like seeded bagels. DFTA and DSNY should continually review vendors to ensure contract performance.

- **Other Emergency Spending.** DFTA also has incurred modest costs of \$37,000 for laptops and software licenses, in order to facilitate work-from-home arrangements for Department staff.
- **Contract Reimbursements.** DFTA-contracted programs, like other human services programs, were informed in a March 18 correspondence from MOCS that programs would be given latitude to work with their contracting agency to pivot to a revised delivery plan. Revised and

approved plans would be eligible for full reimbursement, including new costs, while plans that called for a suspension of services would receive regular contracted expenses, for example, to pay staff. Programs were informed of the need to keep track of all COVID-19 expenses.¹ DFTA has not yet determined the extent of contract amendments, however these adjustments should appear in the Adopted Financial Plan to reflect ongoing and suspended service delivery in Fiscal 2020.

Budget Issues

The following section provides issues and concerns as it pertains to DFTA's Executive Budget.

In the Fiscal 2021 Preliminary Budget Response, the Council called for the following, which were not included as part of the Fiscal 2021 Executive Budget.

- **Senior Center Model Budgeting Shortfall.** The Council continues to call on the Administration to honor its previous commitment to add the second tranche of \$10 million in baselined funding for senior center model budgeting by Fiscal 2021. Despite a promise stretching back to Fiscal 2018 Budget Adoption to add the funding by Fiscal 2021, it remains excluded from the Executive Budget. In addition, the Administration should review funding shortfalls among the 38 centers excluded from the model budgeting due to their status as satellite sites, social clubs, or over-utilized large centers.
- **Home Delivered Meals.** The Council's Response called on the Administration to ensure that every older adult who requests a meal receives one, and to adequately fund the enhanced need for senior services. DFTA's home delivered meals (HDM) program is a central area where need has grown as a result of COVID-19. In addition, as discussed in the Council's Preliminary Budget Report on DFTA, both the current and upcoming RFP for HDMs have an insufficient reimbursement rate to cover the full cost to providers of providing a quality HDM program, as the City's reimbursement rate for senior meals is 20 percent below the national average. The cost to amend current HDM contracts for Fiscal 2020 is estimated at \$8.5 million, with \$17.7 million in Fiscal 2021 and in the outyears to align rates to the national average, increase support for weekend and holiday meals, and serve additional demand stemming from COVID-19. As discussed in the previous section, DFTA has increased expenses by \$5.7 million for additional home delivered meal and senior center costs resulting from higher need due to COVID-19, yet the budget does not yet reflect this.
- **Case Management and Homecare Waitlists.** In light of COVID-19, the Council has called for ensuring support for core senior services, such as case management and homecare. In early March, prior to the New York State PAUSE emergency declaration, DFTA reported 1,245 case management clients on the waitlist, an increase from approximately 1,000 in January 2019. DFTA also reported 478 homecare clients on the waitlist, an increase from approximately 100 in January 2019. Clients cannot move onto the homecare waitlist without first being assessed by a case manager. DFTA reported to the Committee on Aging that the average length of time older adults wait for an in-home case management assessment is 20 days, although clients in the greatest need are given priority status, while clients experiencing food insecurity are

¹ Up-to-date budget and finance guidance for City human services contracts and non-profits is available at <https://www1.nyc.gov/site/nonprofits/funded-providers/funded-providers.page>.

connected to a home delivered meals assessment in one day and immediately authorized to receive meals.

DFTA reports that the COVID-19 crisis has increased the demand for case management and in-home services. Although DFTA recognized \$4 million in baselined additional State Expanded In-Homes Services (EISEP) funding in the Fiscal 2020 Preliminary Budget, it does not appear sufficient to close the waitlists. DFTA uses EISEP to provide homecare for low-income seniors who are above the Medicaid threshold.

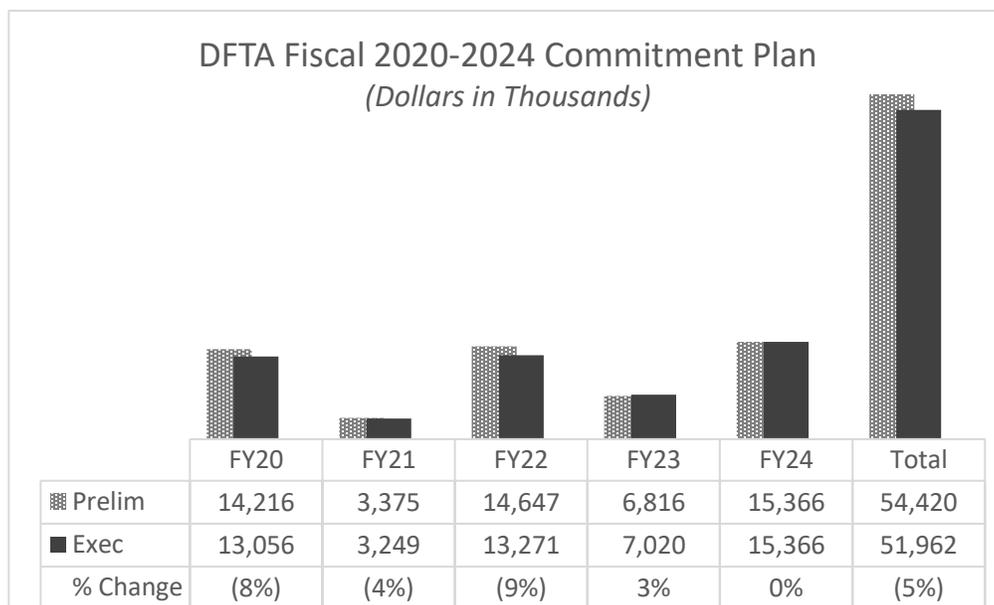
In addition to COVID-19 related budget risks described in the preceding section, the following budget issues, identified as part of the Fiscal 2021 Preliminary Budget, were also not addressed in the Executive Budget.

- Baseline One-Year Fiscal 2020 Programs.** The Council called on the Administration to baseline \$3.8 million for senior centers and Naturally Occurring Retirement Communities (NORCs) previously funded through Council discretionary initiatives, \$2.84 million to enhance home delivered meals, and \$2.1 million for a PEG restoration of ten senior social clubs. By not baselining these programs in the Fiscal 2021 Executive Budget, the Administration runs the risk of funding cuts to these essential programs for seniors.

Capital Program

Fiscal 2021 Executive Capital Commitment Plan for Fiscal 2020-2024

DFTA’s Fiscal 2021 Executive Capital Commitment Plan includes \$52 million in Fiscal 2020-2024, with \$3.2 million in Fiscal 2021. DFTA’s Executive Commitment Plan decreased by \$2.5 million, or five percent, when compared with the Preliminary Commitment Plan, and rolls eight percent from this fiscal year to the next. This decrease corresponds with the Administration’s attempt to maintain cash on hand by rolling non-essential capital projects into the outyears and eliminating others from the Plan. By comparison, the Fiscal 2020 Executive Capital Commitment Plan reduced spending across the Fiscal 2019-2023 Commitment Plan by 15 percent; therefore, DFTA did not see historically large reductions in the capital commitment plan despite the COVID-19 crisis.



Fiscal 2021 planned capital commitments, totaling just under \$3.3 million, are divided between \$1.8 million for technology network upgrades and equipment purchases, and \$1.4 million for rehabilitation of senior centers, with a focus on structural and accessibility projects.

The only project removed from the plan was a Council-funded project for renovation of Sunnyside Community Services’ second and third floors. In the Preliminary Commitment Plan, \$2.5 million had been budgeted for Fiscal 2023. This reduces the total number of project IDs from 83 in the Preliminary Commitment Plan to 82 in the Executive Commitment Plan.

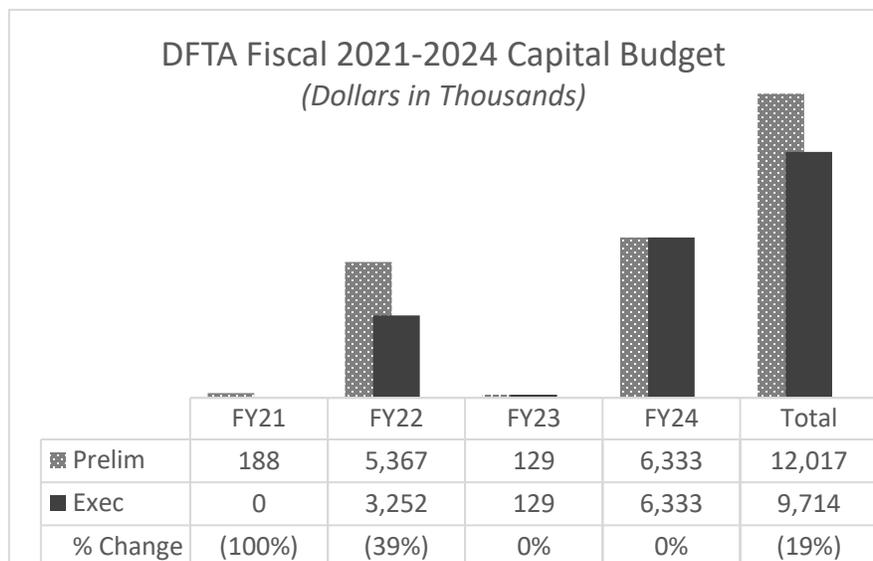
The Executive Capital Commitment Plan rolled several funding amounts into later fiscal years, yet as shown in the graph above, these changes were modest. Key projects postponed with budgets over \$300,000 were the following. No other project IDs with a value over \$300,000 were impacted.

- **India Home.** The Queens non-profit had \$500,000 for acquisition of a new property rolled from Fiscal 2022 to 2023.
- **Alzheimer’s Foundation of Staten Island.** The Staten Island non-profit had \$500,000 rolled from Fiscal 2020 to 2022.
- **Leonard Covello.** The Manhattan senior center had \$400,000 for the kitchen renovation portion of its multi-million dollar renovation project rolled from Fiscal 2022 to 2023.
- **JCC of Coney Island.** The Brooklyn non-profit had \$331,000 for computer and technology upgrades rolled from Fiscal 2022 to 2023.

Fiscal 2021 Executive Capital Budget for Fiscal 2021-2024

The proposed Fiscal 2021 Capital Budget² for DFTA is \$9.7 million across Fiscal 2021-2024, a decrease of \$2.3 million, or 19 percent, from \$12 million in the Preliminary Budget. One Fiscal 2021 project which appeared in the Preliminary Budget is defunded in the Executive Budget: \$188,000 for Isabella Geriatric Center.

Funding decreases by the greatest amount in Fiscal 2022, by 39 percent, from \$5.4 million to \$3.3 million. Approximately \$40 million in unspent Fiscal 2020 appropriations are expected to roll into Fiscal 2021, which will fund the Capital Commitment Plan, described in the previous section.



² The Capital Budget provides the required appropriations for Fiscal 2021 and planned appropriations for the subsequent three-year capital program. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption.

Appendix: Fiscal 2021 Budget Actions Since Fiscal 2020 Adoption

<i>Dollars in Thousands</i>	FY 2020			FY 2021		
	City	Non-City	Total	City	Non-City	Total
DFTA Budget as of the Adopted 2020 Budget	\$300,627	\$118,511	\$419,138	\$261,885	\$116,671	\$378,556
New Needs – Nov. and Prelim.						
Indirect Cost Rate	\$4,607	\$0	\$4,607	\$4,607	\$0	\$4,607
Senior Centers	919	0	919	2,526	0	2,526
Subtotal, New Needs	\$5,525	\$0	\$5,525	\$7,133	\$0	\$7,133
Other Adjustments – Nov. and Prelim.						
CSBA Attorneys	\$8	\$0	\$8	\$8	\$0	\$8
CDBG - Renovations	0	4,470	4,470	0	0	0
DFTA FUNDING FY20	0	700	700	0	0	0
DFTA NYCCC-FY20	0	740	740	0	0	0
Direct Care Reduction	0	(2,844)	(2,844)	0	(2,844)	(2,844)
Elder Reserve	0	520	520	0	0	0
FALL PREVENTION GRANT	0	150	150	0	150	150
FGP (CNCS) Realign to NGA	0	80	80	0	80	80
FIDA - HIICAP and NY Connects	0	16	16	0	0	0
FY20 Care Transitions (DSRIP)	0	254	254	0	0	0
Member Items	(69)	0	(69)	0	0	0
MIPPA Grant Realignment and Rollover	0	77	77	0	0	0
Miscellaneous	1	7	8	2	0	2
NCOA - Realign to NGA	0	87	87	0	87	87
New York Connects Subcontracts	0	884	884	0	0	0
ReServe Program and Services	0	229	229	0	0	0
Unmet Needs (EISEP)	0	4,014	4,014	0	4,014	4,014
Subtotal, Other Adjustments	(\$60)	\$9,385	\$9,325	\$10	\$1,487	\$1,498
Savings Program – Nov. and Prelim.						
Agency Accruals	\$0	\$0	\$0	(\$2,000)	\$0	(\$2,000)
Agency Phone Plan Review	(2)	0	(2)	(3)	0	(3)
One-Time Revenue	(500)	500	0	0	0	0
Prior Year Revenue	(2,000)	2,000	0	0	0	0
Subtotal, Savings Program	(\$2,502)	\$2,500	(\$2)	(\$2,003)	\$0	(\$2,003)
TOTAL, All Changes	\$2,964	\$11,885	\$14,849	\$5,140	\$1,487	\$6,627
DFTA Budget as of the Preliminary 2021 Budget	\$303,591	\$130,397	\$433,988	\$267,025	\$118,159	\$385,184
Other Adjustments – Exec.						
CWA 1180 CBA	\$69	\$0	\$69	\$109	\$0	\$109
Heat, Light and Power	(111)	0	(111)	(197)	0	(197)
Lease Adjustment	0	0	0	603	0	603
Member Items	54	0	54	0	0	0
ReServe Program	0	363	363	0	0	0
Silver Stars	79	0	79	372	0	372
Subtotal, Other Adjustments	\$90	\$363	\$453	\$887	\$0	\$887
Savings Program – Exec.						
Agency Accruals	(\$1,339)	\$0	(\$1,339)	\$0	\$0	\$0
Indirect Cost Rate	(1,724)	0	(1,724)	0	0	0
Prior Year Revenue	(1,661)	1,661	0	0	0	0
Subtotal, Savings Program	(\$4,724)	\$1,661	(\$3,063)	\$0	\$0	\$0
TOTAL, All Changes	(\$4,634)	\$2,024	(\$2,610)	\$887	\$0	\$887
DFTA Budget as of the Executive 2021 Budget	\$298,956	\$132,422	\$431,378	\$267,912	\$118,158	\$386,070