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**Report to the Committee on Finance and the Committee on
Aging on the Fiscal 2018 Executive Budget for**

Department for the Aging

May 8, 2017

Finance Division

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Executive Budget Summary

- **Expense Budget Overview.** The Department for the Aging's (DFTA or the Department) Fiscal 2018 Executive Budget totals \$310.1 million; approximately \$20.8 million less than DFTA's Fiscal 2017 Adopted Budget of \$330.8 million. The personal services (PS) budget totals \$281.6 million and the other than personal services (OTPS) budget totals \$28.4 million.
 - Approximately \$194.6 million, or 63 percent of DFTA's Fiscal 2018 Budget is City tax-levy (CTL) funding; \$42.9 million, or 14 percent is State dollars; nearly \$70 million, or 23 percent is federal; and approximately \$370,000, or less than one percent is Intra-City funding.
 - DFTA's total headcount for Fiscal 2018 is 688 positions, consisting of 337 full-time positions and 351 full-time equivalent positions, for a net increase of two positions when compared to the Fiscal 2017 Adopted Budget.
- **Executive Budget Changes**
 - New needs total \$445,000 in Fiscal 2018 and in the outyears:
 - \$225,00 for mental health services for elder abuse victims; and
 - \$220,000 for two additional fiscal staff positions.
 - Other adjustments increase DFTA's budget by approximately \$941,270 in Fiscal 2017 and \$3.2 million in Fiscal 2018.
 - Savings totals \$1 million as a result of hiring delays.
- **Major Agency Issues**
 - **Fully Funding All Neighborhood Senior Centers.** The Preliminary Budget Response called for large investment in DFTA to address budgetary and service shortfalls at Neighborhood Senior Centers. The Fiscal 2018 Executive Budget does not include additional funding for senior centers.
 - **Case Management and Homecare Waitlists.** In the Preliminary Budget Response, the Council called for the Administration to include additional funding for case management and homecare services. Currently, there are approximately 1,700 seniors awaiting case management services and 900 senior waiting for homecare or additional hours of homecare services.
 - **Sixth Congregate Meals.** The agency's Fiscal 2018 Executive Budget does not include funding for sixth congregate meals. One-time funding totaling \$1.2 million was included in DFTA's Fiscal 2017 Budget, the Council called upon the Administration in the Preliminary Budget Response to baseline this funding for Fiscal 2018 and in the outyears.
- **Capital Budget.** The Fiscal 2018 Executive Capital Commitment Plan includes \$57.9 million in Fiscal 2017-2021 for DFTA. The Capital Commitment Plan largely supports senior center improvements and renovations and includes one large scale project totaling \$6.1 million for the renovations at the Carter Burden Covello Senior Center.

DFTA Overview

This report presents a review of the Department for the Aging's Fiscal 2018 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2017, followed by a review of the significant budget actions introduced in the Fiscal 2018 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of DFTA's Capital Strategy and Fiscal 2017 - 2021 Plan follows the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2017 and Fiscal 2018 Budgets since Adoption of the Fiscal 2017 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2018 Preliminary Budget Report for the DFTA at: <http://council.nyc.gov/budget/wp-content/uploads/sites/54/2017/03/125-DFTA.pdf>

Below is a summary of key funding changes by program area and source when comparing DFTA's Fiscal 2018 Executive Budget to its Fiscal 2017 Adopted Budget.

DFTA Financial Summary						
<i>Dollars in Thousands</i>	2015	2016	2017	Executive Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Spending						
Personal Services	\$23,424	\$24,335	\$30,172	\$27,678	\$28,474	(\$1,698)
Other Than Personal Services	261,812	281,044	300,717	314,259	281,636	(19,081)
TOTAL	\$285,236	\$305,380	\$330,889	\$341,937	\$310,110	(\$20,779)
Budget by Program Area						
Administration & Contract Agency Support	\$25,362	\$25,663	\$31,598	\$30,776	\$38,533	\$6,935
Case Management	25,643	28,045	33,008	34,724	35,972	2,964
Homecare	16,436	20,126	21,136	23,424	23,424	2,288
Senior Centers and Meals	166,451	174,770	195,868	186,686	171,808	(24,060)
Senior Employment and Benefits	8,263	8,038	7,740	9,243	7,159	(581)
Senior Services	43,081	48,738	41,539	57,083	33,215	(8,324)
TOTAL	\$285,236	\$305,380	\$330,889	\$341,937	\$310,110	(\$20,779)
Funding						
City Funds	\$178,473	\$186,582	\$216,476	\$215,648	\$194,634	(\$21,842)
Other Categorical	0	0	0	552	0	0
State	39,657	\$43,047	40,168	43,071	42,907	2,739
Federal - Community Development	1,325	\$2,625	2,241	2,890	2,241	0
Federal - Other	63,574	\$70,989	71,634	77,096	69,958	(1,676)
Intra City	2,206	\$2,137	370	2,680	370	(0)
TOTAL	\$285,236	\$305,380	\$330,889	\$341,937	\$310,110	(\$20,779)
Budgeted Headcount						
Full-Time Positions	273	274	335	336	337	2
Full-Time Equivalent Positions	454	457	355	370	351	(4)
TOTAL	727	731	690	706	688	(2)

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Executive Budget.

The City's Fiscal 2018 Executive Budget totals \$84.9 billion, \$2.8 billion more than the Fiscal 2017 Adopted Budget of \$82.1 billion. City funds (City tax-levy and non-tax revenues) total \$61.1 billion when compared to the Fiscal 2017 Adopted Budget amount of \$59.3 billion. The Department for the Aging's Fiscal 2018 Executive Budget totals \$310.1 million (including City and non-City funds); this represents approximately less than one percent of the City's total Budget. DFTA's Fiscal 2018 Executive Budget is \$20.8 million less than the Fiscal 2017 Adopted Budget of \$330.8 million. The overall decrease in the agency's budget can be attributed to the absence of one-time Council funding for senior services in Fiscal 2017 totaling \$30.1 million, which includes discretionary funding and citywide senior services initiatives. The loss of

discretionary funding is offset by \$445,000 in new needs and \$3.2 million in other adjustments for Fiscal 2018.

As indicated by DFTA's Financial Summary, personal services (PS) spending totals \$28.4 million, a decrease of \$1.7 million when compared to the Fiscal 2017 Adopted Budget. This decrease is largely the result of hiring delays totaling \$1 million in Fiscal 2018. The \$19 million decrease in other than personal services (OTPS), when comparing the Fiscal 2017 Adopted Budget to the Fiscal 2018 Executive Budget, is primarily associated with the absence of one-time Council funding in Fiscal 2017.

As previously mentioned, new needs for the agency totals \$445,000 for Fiscal 2018 and the outyears. Other adjustments for Fiscal 2017 increases the agency's budget by approximately \$941,270. The majority of this increase is attributed to realignment and transfer of grant funding into DFTA's budget. For Fiscal 2018, other adjustments increases DFTA's budget by \$3.2 million. This is a result of two large budget actions, \$2.2 million for a two percent Cost of Living Adjustment (COLA) for approximately 3,000 contracted positions, and \$1.73 million for lease adjustments at City-leased properties.

When comparing the Fiscal 2018 Executive Budget to the Fiscal 2017 Adopted Budget, the agency's full-time equivalent headcount decreases by four positions. This is due to fluctuations in the number of enrollees in the senior employment program funded through Title V. Title V supports senior trainees to gain work experience in a variety of community service activities at non-profit and public facilities, including schools, hospitals, day-care centers, and senior centers.

Below is a summary of key funding changes by program area and source when comparing DFTA's Fiscal 2018 Executive Budget to its Fiscal 2017 Adopted Budget.

Changes by Funding Source

- **Decrease in City Funds.** Approximately \$194.6 million, or 63 percent of DFTA's Fiscal 2018 budget is City tax-levy (CTL) funding. The agency's Fiscal 2018 Executive Budget reflects a \$21.8 million decrease in City funds. The majority of this decrease is due to the absence of one-time Council funding in Fiscal 2017.
- **State Funding Increase.** State funding increases by \$2.7 million in Fiscal 2018. The additional State revenues is the net impact of a \$3.1 million increase in baseline funding from the Community Services for the Aging State grant, and minimal decreases in Congregate Services Initiative and Long-Term Care Ombudsman State grants. Of the \$3.1 million from the Community Services for the Aging State grant, \$1 million was allocated to support case management services and \$2 million to support senior centers and meals.
- **Federal Funding Decrease.** When compared to the Fiscal 2017 Adopted Budget, federal funding decreases by \$1.6 million in Fiscal 2018. The decrease in federal funding can be attributed to the federal funding cycle, which begins October 1st. Once the federal budget is passed, additional federal revenues are reflected in DFTA's budget.

Significant Programmatic Changes

- **Increase in Case Management Funding.** Funding for case management in the Fiscal 2018 Executive Budget totals \$35.9 million, an increase of \$2.9 million when compared to the Fiscal 2017 Adopted Budget. The majority of the \$2.9 million increase corresponds to case management contracts and was added to the baseline budget in Fiscal 2017 to

increase case manager salaries. The funding for case manager salaries in Fiscal 2018 increased by \$2.5 million when compared to Fiscal 2017.

- **Increase Funding for Homecare Services.** The proposed budget for homecare services for Fiscal 2018 totals \$23.4 million, a \$2.25 million increase when compared to the Fiscal 2017 Adopted Budget. The Administration added \$2 million for homecare services for in the Adopted Budget and an additional \$2.25 million in the 2016 November Plan, bringing total homecare funding for Fiscal 2017 to \$4.25 million. The increase when comparing the Fiscal 2018 Executive Budget and the Fiscal 2017 Adopted Budget represents the \$2.25 million added in the 2016 November Plan. There is no change in homecare funding when comparing the current Fiscal 2017 homecare budget to the Fiscal 2018 budget.
- **Decrease in Senior Centers and Meals Spending.** The Fiscal 2018 Executive Budget for senior centers and meals totals just over \$171.8 million, \$24 million less than the Fiscal 2017 Adopted Budget. The \$24 million decrease is the net impact of the absence of the one-time Council initiative funding, including monies for senior centers and meals, and an increase in State and federal funding for contractual services.
- **Decrease in Funding for Senior Services.** The Fiscal 2018 Budget for senior services totals \$33.2 million, a decrease of \$8.3 million when compared to the Fiscal 2017 Adopted Budget. The decrease is primarily due to the absence of one-time Council funding for core senior services, elder abuse prevention programs, Naturally Occurring Retirement Communities (NORCs), and Social Adult Day Cares (SADs) totaling \$5.8 million, and a \$2.8 million decrease in federal funding for the Medical Assistance Program.

New in the Executive Budget

The Department for the Aging's Fiscal 2018 Executive Budget makes very few changes to DFTA's core programs. The agency's budget includes two new needs totaling just \$445,000.

- **Mental Health Services for Elder Abuse Victims.** DFTA's Executive Budget adds \$225,000 in baseline funding to provide mental health services for elder abuse victims. Statistics show that elder abuse victims have some of the highest rates of severe depression and anxiety found within the senior population. These mental health challenges often reduce the ability and willingness of elder abuse victims to take steps in resolving their abuse and neglect. The PROTECT program was developed by DFTA in partnership with Weill Cornell Medical Center and focuses on reversing the damage and mitigating the danger associated with elder abuse and neglect. Specially trained staff will help elder abuse victims address their mental health issues, which will in turn make it more likely for victims to successfully address their abusive situations. PROTECT will be initially launched as a pilot program serving approximately 85 seniors.
- **Additional Fiscal Staffing Resources.** The agency's Fiscal 2018 Executive Budget increases DFTA's budget staff by two positions totaling \$220,000 in Fiscal 2018 and in the outyears. Additional staff is a result of the need for more budget staff to oversee the agency's budget as a result of the Administration's increased investments in the agency's budget.

DFTA Budget Issues

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

Preliminary Budget Response.

The Council's response to the Mayor's Fiscal 2018 Preliminary Budget included numerous recommendations for the Department for the Aging, the largest and most significant being a call for a \$60 million investment in agency services, including case management and homecare, senior centers are adequately funded, meals and programs, and addressing any senior center funding shortfalls. In addition, the Council called for the Administration to baseline Council funding for Neighborhood Naturally Occurring Retirement Communities (NORCs), elder abuse prevention, senior center transportation costs, and additional support for DFTA senior centers.

None of the Council requests of additional funding to support the agency were addressed in the agency's Fiscal 2018 Executive Budget. This is especially concerning given that seniors are one of the fastest growing populations in the City. In Fiscal 2017, the Council allocated \$30.1 million to support senior services across the City and fill funding gaps in the agency. One-year Council funding to support core agency operations is not a sustainable budgeting practice, as it impacts the continuum of services provided by contracted organizations. Council-funded organizations may have to wait up to six months to clear the City's contracting practices and many smaller organizations may not be able to deliver services until funding is disbursed. In addition, Council funding that supports staffing for service providers may impact attrition rates, as Council funding and the amount to be allocated is not known until the budget is adopted, or at times, subsequently after budget adoption.

Funding shortfalls that are the most problematic in Fiscal 2018 for DFTA include:

- **Fully Fund Case Management.** In its Preliminary Budget Response, the Council called for the elimination of all waitlists for seniors and that case management services are fully funded. The current waitlist for case management services is 1,700, and this does not account for providers that do not keep a waitlist. Case management services provided by DFTA support seniors that do not have Medicaid coverage, and is the first point of contact for older adults to be assessed for services they qualify for and are in need of including home delivered meals, counseling services, and homecare services.
- **Fully Fund Homecare Services.** In addition to the case management waitlist, approximately 900 seniors are waiting for homecare services and/or additional hours of homecare services. Like case management, not all homecare services providers keep a waitlist, and in actuality there are more than 900 seniors waiting for homecare services. DFTA homecare services are for low-income, frail older adults who are above the Medicaid eligibility threshold, allowing them to safely remain in their homes by providing assistance with daily chores and personal care. DFTA's Fiscal 2018 Preliminary Budget included one new need of \$4.25 million for homecare services. This funding is for Fiscal 2018 only, and maintains the funding level for homecare between Fiscal 2017 and Fiscal 2018, but does not address the waitlist, or ensure that all eligible seniors will have access to homecare.
- **Baseline Funding for Sixth Congregate Meals.** For Fiscal 2017, the Administration agreed to provide \$1.2 million for a sixth day of congregate meals at senior centers and home-delivered meals through City Meals on Wheels. The Council called for this funding to be baselined in the agency's Fiscal 2018 Executive Budget, and it was not. Given that the Trump Administration proposes to cut funding for City Meals on Wheels, a critical program that

prepares and delivers meals to homebound seniors, the City's commitment to fund this program is imperative.

- **Right-Sizing Senior Center Contracts.** Many of DFTA's current senior center contracts are inadequately funded and do not support the actual cost of services provided at centers or fully cover indirect costs such as overhead expenses, building maintenance, and rent increases. In the Preliminary Budget Response, the Council called for a \$60 million investment in DFTA, the majority of which should support right-sizing senior center contracts. No additional resources were added to the agency's Fiscal 2018 Executive Budget to address senior center contractual shortfalls. In previous years, the Council provided funding for DFTA senior centers to address these shortfalls, but it is not the responsibility of the Council to fully fund agency contracts, and given that Council funding is for one-year only, this is not a sustainable budgeting practice.
- **Additional Contracting Resources.** As the contracting agency for senior related Council Initiatives, DFTA requires adequate resources in terms of personnel to process contracts. Without such resources, issues in processing contracts may lead to delays in delivering vital services both to the detriment of providers, who rely on funding allocations to be processed rapidly in order to deliver services without operating at a budgetary deficit, and seniors who need the services.

DFTA Capital Strategy and Plan

The Department for the Aging's capital assets include buildings, vehicles and information technology infrastructure. Long-term capital spending goals for the agency are reflected in the Ten-Year Capital Strategy, and include, rehabilitation of existing facilities, targeted improvement to senior centers, and information technology upgrades, while plans for projects funded in the capital budget are included in the Capital Commitment Plan, which align with the priorities set forth by the Ten-Year Capital Strategy. The majority of planned capital projects in DFTA's Capital Commitment Plan follow the goals of the agency's Ten-Year Capital Strategy and funds rehabilitation and infrastructure upgrades for senior centers, vehicle acquisition, and information technology upgrades.

The City's Ten-Year Capital Strategy totals \$95.8 billion (all funds) an increase of \$6.2 billion, or 6.4 percent from the Preliminary Ten-Year Capital Strategy total of \$89.6 billion. The Department for the Aging's Ten-Year Capital Strategy for Fiscal 2018-2027 totals approximately \$47.2 million, all of which are City funds, and its Fiscal 2017 - 2021 Capital Commitment Plan totals \$57.9 million.

Ten-Year Capital Strategy

The majority of DFTA'S Ten-Year Capital Strategy funds capital investments in infrastructure improvements to the City's senior center network and repairs to existing facilities, which includes addressing structural repairs, interior renovations, and improvements to handicapped accessibility. The goals of DFTA's capital program is to:

- ✓ Rehabilitate existing facilities that provide services for senior citizens;
- ✓ Identify targeted improvements to senior centers across the City; and
- ✓ Provide information technology improvements where needed.

DFTA's capital projects are divided into two categories as illustrated by the chart below.

DFTA FY2018-2027 Preliminary Ten-Year Capital Strategy
Dollars in Thousands

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total
Data Processing and Information Technology	\$8,469	\$5,955	\$2,129	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,553
Department for the Aging Building Reconstruction	11,779	6,133	3,908	1,228	1,253	1,278	2,277	930	959	989	30,734
TOTAL	\$20,248	\$12,088	\$6,037	\$1,228	\$1,253	\$1,278	\$2,277	\$930	\$959	\$989	\$47,287

Source: Office of Management and Budget (OMB) Executive Ten-Year Capital Strategy Fiscal Years 2018-2027

For the Department for the Aging, the Preliminary Ten-Year Capital Strategy totals \$47.3 million, of which \$30.7 million is for construction and renovations and \$16.5 million is for information technology/computers. The majority of DFTA's data processing and information technology projects are planned for Fiscal 2018 – 2020, while building reconstruction projects span across the ten years, with the majority of spending reflected in Fiscal 2018 and 2019.

- **Construction and Renovations.** The Preliminary Ten-Year Capital Strategy allocates \$23.1 million to complete renovations and upgrades to various senior centers across the City. Funding also ensures compliance with fire and safety infrastructure standards and that necessary improvements for Heating, Ventilation and Air Conditioning (HVAC), masonry, roofing, electrical, and plumbing are completed.
- **Information Technology and Computers.** The Preliminary Ten-Year Capital Strategy provides \$16.5 million for the technology needs for DFTA, as well as technology improvement for the agency's contractors and service providers. DFTA is primarily a contracting agency.

Capital Commitment Plan

The Executive Capital Commitment Plan reflects the five-year capital projects priorities of the agencies and mirrors the goals of the agency's Ten-Year Capital Strategy. The Executive Capital Commitment Plan includes \$57.9 million in Fiscal 2017-2021 for the Department for the Aging. The Department's Executive Capital Commitment Plan increased by \$6.4 million when compared to its Preliminary Plan, representing an increase of 11 percent. The increase is due to \$6.1 million added to the agency's capital budget for renovations at the Carter Burden Covello Senior Center.

DFTA 2017-2021 Capital Commitment Plan
Dollars in Thousands

	2017	2018	2019	2020	2021	Total
Executive Plan	\$18,316	\$20,248	\$12,088	\$6,037	\$1,228	\$57,917
Preliminary Plan	19,498	12,598	12,088	6,037	1,228	51,449
Change	(1,182)	7,650	0	0	0	6,468
Percentage Change	(6%)	38%	0%	0%	0%	11%

Source: OMB Fiscal 2018 Executive Capital Commitment Plan

The majority of the capital projects span multiple fiscal years and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2016, the Department for the Aging committed only \$5.1 million or 17 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2017 Capital Plan will be rolled into Fiscal 2018, thus increasing the size of the Fiscal 2018-2021 Capital Plan.

Appendix 1: Fiscal 2018 Budget Actions since Fiscal 2017 Adoption

<i>Dollars in Thousands</i>	FY 2017			FY 2018		
	City	Non-City	Total	City	Non-City	Total
DFTA Budget as of the Adopted 2017 Plan	\$216,476	\$114,412	\$330,888	\$185,604	\$112,212	\$297,816
New Needs - Prelim. 2018						
Homecare	\$2,250	\$0	\$2,250	\$4,250	\$0	\$4,250
Subtotal, New Needs	\$2,250	\$0	\$2,250	\$4,250	\$0	\$4,250
Other Adjustments - Prelim. 2018						
DFTA Funds	\$0	\$80	\$80	\$0	\$0	\$0
DFTA-Admin	0	200	200	0	0	0
DFTA-OCSE	0	20	20	0	0	0
Hiring Delay Savings	(1,000)		(1,000)	0	0	0
NSIP Realign per NGA to Outyears		1,858	1,858	0	1,858	1,858
NY Connects Rollover		2,345	2,345	0	0	0
Wage Adjustment	622		622	3,501	0	3,501
CSE Realign thru Outyears	0	3,153	3,153	0	3,153	3,153
Senior Affordable Rental Apartments Program Transfer	(1,530)	0	(1,530)	(2,341)	0	(2,341)
All Other Miscellaneous Adjustments	(530)	2,637	2,107	0	(1,117)	(1,117)
Subtotal, Other Adjustments	(\$2,438)	\$10,294	\$7,856	\$1,160	\$3,895	(\$305)
TOTAL, All Changes Prelim. 2018	(\$188)	\$10,294	\$10,106	\$0	\$0	\$0
DFTA Budget as of the Preliminary 2018 Plan	\$216,288	\$124,706	\$340,994	\$191,014	\$115,452	\$306,466
New Needs - Exec. 2017						
Fiscal Staffing	\$0	\$0	\$0	\$220	\$0	\$220
Mental Health Services for Elder Abuse Victims	0	0	0	225	0	225
Subtotal, New Needs	\$0	\$0	\$0	\$445	\$0	\$445
Other Adjustments - Exec. 2018						
Personal Services Accrual	(\$1,000)	\$0	(1,000)	(\$1,000)	\$0	(1,000)
Service Provider Wage Adjustment	0	0	0	2,262	0	2,262
Member Items	407	0	407	0	0	0
NCOA Realignment	0	413	413	0	0	0
Care Transition HHC	0	552	552	0	0	0
All Other Miscellaneous Adjustments	(47)	616		1,912	25	1,937
Subtotal, Other Adjustments	(\$640)	\$1,581	\$372	\$3,174	\$25	\$3,199
TOTAL, All Changes - Exec. 2018	(\$640)	\$1,581	\$372	\$3,619	\$25	\$3,644
DFTA Budget as of the Fiscal 2018 Executive Plan	\$215,648	\$126,289	\$341,937	\$194,634	\$115,477	\$310,111