

The Council of the City of New York

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Report on the Fiscal Year 2015 Executive Budget for the

Human Resources Administration/Department of Social Services May 19, 2014

Executive Budget Highlights

- The Human Resources Administration's (HRA) proposed Fiscal 2015 Expense Budget totals \$9.7 billion.
- The Fiscal 2015 Executive Budget includes a \$272.8 million increase in HRA's Fiscal 2015 operating budget of \$9.7 billion when compared to its Fiscal 2014 Adopted Budget of \$9.4 billion.
 - Approximately \$7.5 billion, or 77 percent of HRA's Fiscal 2015 budget is City tax-levy (CTL) funding, \$1.1 billion, or 15 percent, is from federal funding, and the remainder of HRA's budget is funded through a combination of State and intra-city sources.
 - HRA's overall headcount for Fiscal 2015 is 14,262 positions. This represents an increase of 133 positions when compared to the Fiscal 2014 Adopted Budget.
- The Fiscal 2015 Budget includes \$102 million in new needs, which comprises funding for the Working Families Rental Assistance Pilot Program, the Municipal Identification (ID) Card Program, retroactive cash assistance benefits payout, a Client Benefits Re-engineering Delay, an increase in funding for the HIV and AIDS Services Administration (HASA) 30 percent rent cap, and new administrative needs.
- The Executive Plan includes \$60.1 million for a homeless rental assistance program for vulnerable homeless populations.
- The Fiscal 2015 Budget includes \$15 million for the consolidation of legal services into the agency.
- Fiscal 2015 Capital Commitment Plan for the agency totals \$125.7 million, of which \$71.1 million are City Funds.

Human Resources Administration Overview

This report provides an overview of the Human Resources Administration's Fiscal 2015 Budget, a review of the significant initiatives included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2014-2018. Appendices 1-3 report the changes made to the Fiscal 2014 and Fiscal 2015 Budgets since the adoption of the Fiscal 2014 Budget; and provides a list of Fiscal 2014 Council Initiatives and Restorations. For additional information on the Department's Budget and its various programs, please refer to the "HRA Fiscal 2015 Preliminary Report" available at the Council's website.

HRA Financial Summary

<i>Dollars in Thousands</i>	FY12 Actual	FY13 Actual	FY14 Adopted	FY14 as of FY15 Exec. Budget	FY15 Exec. Budget	*Change FY14 - FY15
Spending						
Personal Services	\$727,950	\$733,767	\$743,282	\$741,270	\$749,564	\$6,282
Other Than Personal Services	8,663,278	8,780,017	8,712,399	8,808,236	8,978,996	266,597
Total	\$9,391,227	\$9,513,785	\$9,455,681	\$9,549,506	\$9,728,561	\$272,879
Budget by Program Area						
HIV & AIDS Services	\$216,312	\$216,702	\$227,122	\$227,513	\$236,048	\$8,926
Food Assistance Programs	22,393	19,599	13,315	21,317	13,063	(252)
Food Stamp Operations	70,926	77,727	71,734	73,149	73,521	1,787
Medicaid-Eligibility & Admin	112,022	107,666	111,381	108,880	108,575	(2,806)
Medicaid & Homecare	6,358,607	6,476,623	6,444,331	6,441,728	6,523,751	79,420
Subsidized Employment & Job Training	92,975	89,479	82,221	89,032	86,499	4,278
Office of Child Support Enforcement	64,399	62,517	68,408	66,769	67,040	(1,368)
Adult Protective Services	41,448	41,293	47,894	47,718	47,543	(351)
CEO Evaluation	1,641	1,327	2,050	4,088	7,528	5,478
Domestic Violence Services	96,051	96,849	102,778	104,018	103,331	553
Employment Services Admin	27,519	26,635	30,300	31,612	28,194	(2,106)
Employment Services Contracts	149,241	134,747	128,125	127,206	119,854	(8,271)
Public Assistance & Employment Admin	226,096	225,062	221,814	221,346	222,610	796
Public Assistance Grants	1,372,331	1,389,067	1,387,197	1,378,987	1,427,658	40,461
Public Assistance Support Grants	17,078	16,831	20,114	20,114	101,232	81,118
Home Energy Assistance	38,238	36,253	22,669	25,857	23,669	1,000
Information Technology Services	81,239	78,704	77,797	77,797	77,797	-
Investigation & Revenue Admin	62,653	63,574	61,707	83,860	84,336	22,629
Substance Abuse Services	72,267	64,792	69,299	69,299	69,299	-
General Administration	267,791	288,338	265,425	329,219	307,015	41,590
Total	\$9,391,227	\$9,513,785	\$9,455,681	\$9,549,506	\$9,728,561	\$272,879
Funding						
City Funds	\$7,154,813	\$7,318,762	\$7,377,026	\$7,381,568	\$7,545,600	\$168,574
Other Categorical	75	89	-	162	-	-
State	680,231	651,040	611,044	599,536	624,671	\$13,627
Federal - Community Development	262	7,147	-	50,000	-	-
Federal - Other	1,548,806	1,528,635	1,461,072	1,511,016	1,547,460	\$86,388
Intra City	7040	8,112	6,539	7,225	10,830	\$4,291
Total	\$9,391,227	\$9,513,785	\$9,455,681	\$9,549,506	\$9,728,561	\$272,879
Budgeted Headcount						
Full-Time Positions - Civilian	13,918	13,780	14,125	14,096	14,258	133
Full-Time Positions - Uniform	30	28	4	4	4	-
Total	13,948	13,808	14,129	14,100	14,262	133

*Change from Fiscal 2014 Adopted to Fiscal 2015 Executive Budget.

New in the Executive Budget

The Fiscal 2015 Executive Budget increases the Department's budget by \$272.8 million when compared to the Fiscal 2014 Adopted Budget. Since Adoption, for Fiscal 2014, there are approximately \$57.3 million in new needs, \$25 million in Program to Eliminate the Gap (PEG) restorations, and \$48.1 million in technical adjustments.

- **Rental Assistance Program for Vulnerable Homeless Populations.** The 2014-2015 State Executive Budget eliminated the restrictive language that explicitly prohibits any social service district with a population over five million from being reimbursed for shelter supplements other than those to prevent eviction. The City is now able to leverage federal funding through Temporary Assistance Funding for Needy Families (TANF) and State funding through Safety Net (SA) towards a rental assistance program for the homeless. The Department of Homeless Services (DHS) projects that the agency will save \$60.1 million (\$19.2 million CTL, \$5 million State funding, \$35.9 million federal funding) in Fiscal 2015 by capping the reimbursement rates for payments made to landlords providing shelter in cluster sites and hotels to \$1,500 a month. These savings will be transferred to the Human Resources Administration (HRA), where HRA and DHS will work with the New York State Office of Temporary and Disability Assistance (OTDA) to reinvest these funds into a rental assistance program for vulnerable homeless populations, which include the chronically homeless and the disabled homeless.
- **Rental Assistance Program for Working Families.** DHS and HRA will work collaboratively with the OTDA to develop a rental assistance program for working families. Funding for this program will total \$80 million over four years with the City and State each contributing towards 50 percent of the total. In Fiscal 2015, total funding for this program is \$6 million, with funding ramping up each of the following fiscal years. Funding for this program will be reflected in HRA's budget. DHS and HRA are currently in discussions with the State as to the structure and implementation timeline of this program.
- **HIV and AIDS Services Administration (HASA) 30 Percent Rent Cap.** HRA added an additional \$11 million in CTL to fund the HASA 30 percent rent cap. This additional funding is based on a re-estimate by HRA that now includes HASA clients that have two forms of income. The agency estimates that an additional 2,000 HASA clients are now eligible for this rent cap. This Fiscal 2015 Budget total funding for the 30 percent rent cap totals \$37.9 million, of which \$28.9 million is CTL and \$9 million is State funding.
- **Municipal ID Card Program.** HRA's Fiscal 2015 Budget includes \$8.2 million to provide office support to the Mayor's Office and other City agencies to coordinate the launch of the Municipal ID program by the end of 2014. The goal of this program is for all New Yorkers, regardless of immigration status, to obtain a valid ID that would allow them to gain access to basic services.
- **Retroactive Cash Assistance Benefits.** The Department's Fiscal 2015 Budget reflects a \$24.2 million (\$19.4 million CTL, \$3 million State funding, \$1.6 million federal funding) increase for cash assistance. This additional allocation is a result of the lawsuit *Lovely H. v Eggleston* where HRA has agreed to pay retroactive cash assistance benefits to homebound clients that were listed individually in HRA's computer system rather than by case.
- **Clients Benefits Re-Engineering Delay.** The agency's Fiscal 2015 Budget includes \$48.3 million (\$27.3 million CTL, \$2.2 million State funding, \$18.7 million federal funding) to

support a one-year delay in anticipated savings associated with the Client Benefits Re-engineering initiative. The purpose of the delay is to allow HRA to have more time to assure that the rollout of the Client Benefits Re-engineering is the most efficient and to assess the impact of this initiative. This multi-year technology project re-designs HRA's business processes and modernizes the agency's interactions with clients through the creation of a virtual client service center, online applications for benefits, mobile access, and a modernized telephone system.

- **Legal Services Consolidation.** Legal services contracts administered by the Department of Homeless Services, the Department for Youth and Community Development, and the Department for the Aging will be consolidated and transferred to HRA to ensure a more targeted and effective use of resources. HRA's budget includes \$15 million in funding to reflect this consolidation.
- **WeCARE Medicaid Funds.** HRA's Fiscal 2015 Budget reflects an \$8.1 million decrease (\$4 million State funding, \$4 million federal funding) due to HRA no longer being eligible to claim Medicaid funds for the agency's WeCARE program. It was found that HRA was erroneously claiming Medicaid funds for this program in the past.
- **Family Eviction Prevention Supplement (FEPS) Expansion.** HRA will work with the State to expand the FEPS program in order to prevent additional families from becoming homeless. FEPS is a rental assistance program for families receiving Public Assistance.
- **Administrative Needs.** The Department's Fiscal 2015 Budget reflects an additional \$4 million (\$2 million CTL, \$603,000 State funding, \$1.2 million federal funding) as a result of contract increases associated with the security and janitorial services prevailing wage.

Budget Highlights in HRA

Although the Department's Fiscal 2015 Budget does not include any major decreases in funding, there are many significant financial plan actions across HRA reflected in the agency's overall budget. In the Fiscal 2015 Preliminary Plan, the Administration took steps to reverse previously proposed funding reductions, as well as included new funding. Below are some of the key highlights.

Baselined Funding for HASA Case Managers

The Administration baselined \$2.71 million for HASA case managers. This \$2.71 million allocation funds approximately 98 HASA contracted supportive housing case management positions through HASA contracts in Scatter Site I and permanent congregate supportive housing programs that were slated for elimination.

Baselined Funding for HASA Supportive Housing Contracts

The Administration baselined \$2.3 million in funding for HASA supportive housing contracts which were slated for across-the-board reductions of approximately 4.5 percent.

Baselined Funding for HASA Money Management Services

The Administration baselined \$200,000 in funding for HASA's contract with the Gay Men's Health Crisis (GMHC), to administer the Representative Payee program, which assists HASA clients who are potentially medically or mentally frail, and are unable to manage their finances.

Baselined Funding for Teen RAAP

The Administration baselined \$2 million for the Teen Relationship Abuse Prevention Program (Teen RAPP). The program is a school-based domestic violence prevention program that serves approximately 50,000 ethnically and culturally diverse students in approximately 64 middle and high schools citywide.

Baselined Funding for Food Pantries

The Administration baselined \$1.5 million for food pantries. This baseline funding is particularly important as the recent cuts in SNAP benefits have created a strain on emergency food pantries. Pantries have been inundated with people in need of food once monthly SNAP benefits have run out. Food pantries are reporting that resources are being utilized quicker and earlier in the month when compared to before the reductions in SNAP benefits.

Cash Assistance Re-estimate

The Fiscal 2015 Preliminary Budget includes a re-estimate of Cash Assistance Grants, which had been based on higher caseload projections at the time of the Fiscal 2014 Executive Budget. Savings are based on the caseload remaining at the current average of 350,297 individuals in 2014 and in the outyears.

Fair Hearing Chargeback Policy

The State's Executive Budget calls for the establishment of a Fair Hearing Chargeback, aimed at encouraging local social services districts to improve their administrative practices with regards to fair hearings for public assistance cases due to lack of evidence or other factors. If the district fails to meet the criteria set by the State, it will be charged for a portion of the costs incurred by the State for the hearing. If this proposed policy is passed in its current form, the City estimates an annualized loss of \$10 million.

Staten Island Family Justice Center.

The November Plan included \$717,289 for Fiscal 2015 and \$987,724 in Fiscal 2016 for the Staten Island Family Justice Center. Family Justice Centers (FJs) give domestic violence victims access to comprehensive services by placing dedicated domestic violence prosecutors, city agency staff and community services staff at one location.

Human Resources Administration Capital Program

The Executive 2015 Capital Commitment Plan includes \$285.4 million in Fiscal 2014-2018 for the Human Resources Administration (including City and Non-City funds). This represents approximately less than one percent of the City's total \$48.9 billion Executive Plan for Fiscal 2014-2018. The agency's Executive Commitment Plan for Fiscal 2014-2018 is nine percent lower than the \$262.6 million scheduled in the Preliminary Commitment Plan, a decrease of \$22.7 million.

The majority of capital projects span multiple fiscal years, and it is, therefore common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal 2013, the Human Resources Administration committed \$14.2 million or about 24 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, increasing the size of the Fiscal 2015-2018 Capital Plan as reflected in the chart below.

Since adoption last June, the City-wide total Capital Commitment Plan for Fiscal 2014 has decreased from \$20.9 billion in the Adopted Capital Commitment Plan to \$14.2 billion in the Executive Capital Commitment Plan, a decrease of \$6.7 billion or 32.1 percent.

HRA 2014-2018 Capital Commitment Plan						
<i>Dollars in Thousands</i>	FY14	FY15	FY16	FY17	FY18	Total
Executive Plan	\$125,785	\$99,796	\$8,922	\$32,011	\$18,956	\$285,470
Preliminary Plan	\$204,747	\$24,246	\$11,388	\$10,929	\$11,382	\$262,692
Change	\$78,962	(\$75,550)	\$2,466	(\$21,082)	(\$7,574)	(\$22,778)
Percentage Change	39%	-312%	22%	-193%	-67%	-9%

Major Capital Projects & Executive Budget Highlights

The Department's Fiscal 2014-2018 Capital Plan totals \$285.4 million, which are a combination of City and non-City funds. HRA's capital projects improve social service facilities, including the replacement of building infrastructure and upgrades throughout the City; installation of local area networks for continued development of HRA connectivity within agency locations; replacement of paper case records with imaging technology based record retention systems; and upgrading, maintaining and acquiring telecommunication and data processing equipment to provide for the future operational requirements of HRA. Funding for major Human Resources Administration projects in the Capital Plan for Fiscal 2014-2018 includes the following:

- \$76 million towards structural improvements for the agency's new headquarters at 4 World Trade Center;
- \$31.6 million for upgrades to ACCESS NYC, creation of new on-line benefit application tools, virtual client accounts, e-notices, and mobile connectivity and telephone enhancements; and
- \$101 million for improvements to structures that HRA uses.

Appendix 1: HRA Fiscal 2015 Executive Budget Actions

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
HRA Preliminary Fiscal 2015 Budget	\$7,381,167	\$2,207,644	\$9,588,811	\$7,448,616	\$2,102,866	\$9,551,482
New Needs						
Administration Needs	\$2,092	\$1,908	\$4,000	\$2,092	\$1,908	\$4,000
Cash Assistance Needs	1,663	2,338	4,001	19,481	4,736	24,217
Client Benefits Re-engineering Delay			-	27,362	20,948	48,310
HASA Rent Cap	2,896	(99)	2,797	11,583		
Municipal ID			-	8,361		
Sponsor Recovery Reimbursement	1,000		1,000			
Working Families Rental Assistance Pilot			-	3,000		
Subtotal New Needs	\$7,650	\$4,147	\$11,797	\$71,880	\$27,592	\$76,527
Other Adjustments						
Add FY14 SNAP ED Funding		\$2,301	\$2,301			
CEO Adjustment			-	7,494	-	7,494
EDC-LINK Initiative		821	821			
EFSP Phase 31 Allocation		144	144			
Fringe Benefit Offset - Clients Benefits Re-engineering Delay			-	(6,375)	(5,017)	(11,392)
Fuel	(229)	(206)	(435)	(1)	(1)	(2)
Fund DYCD SYEP		87	87			
HEAP 34 Admin Funding		707	707			
Heat, Light, and Power	(11)	(10)	(21)	(1,015)	(919)	(1,934)
Homeless Rental Assistance Program			-	19,137	40,924	60,061
Lease Adjustment			-	8,786	3,811	12,597
Legal Services Consolidation			-	8,053	7,004	15,057
Local Initiatives	2		2			
OCSE Incentive Funding		1,500	1,500			
PATH Fire Director	212		212			
Revenue Adjustment		(30)	(30)		(30)	(\$30)
Revenue MOD for JARC		125	125			
Revenue MOD Increase		16	16			
Reverse WeCARE SSI PEG		(8,151)	(8,151)		(8,152)	(8,152)
Rollover SUB Job 2 Funds		138	138			
SNAP Waiver Savings			-	(100)	(100)	(200)
TANF for Non- Res DV		382	382		1,529	1,529
Take Down Excess CD DR		(48,900)	(48,900)			
Transfer Funds to PS			-		20	20
YMI Job Plus			-	(44)		(44)
Subtotal New Needs	(\$26)	(\$51,076)	(\$51,102)	\$35,934	\$39,069	\$75,003
Total All Changes	\$7,625	(\$46,929)	(\$39,304)	\$107,814	\$66,661	\$151,531
HRA Executive Fiscal 2015 Budget	\$7,388,791	\$2,160,714	\$9,549,505	\$7,556,430	\$2,172,131	\$9,728,561

Appendix 2: HRA Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
HRA Adopted Fiscal 2014 Budget	\$7,383,565	\$2,072,116	\$9,455,681	\$7,464,711	\$2,073,353	\$9,538,064
Program to Eliminate the Gap (PEGs)						
Delayed Sale of Multi-Service Centers	\$25,000		\$25,000	(25,000)		(25,000)
Subtotal PEGs	\$25,000	\$0	\$25,000	(\$25,000)	\$0	(\$25,000)
New Needs						
Staten Island Family Justice Center	\$282	\$271	\$553	\$366	\$351	\$717
HIV/AIDS Rent Cap	4,339	2,349	6,688	28,940	9,000	37,940
Media and Public Outreach for Benefits Programs	1,000		1,000	1,000		1,000
Municipal ID Cards	430		430	8,361		8,361
Training Coordinator	150		150	300		300
Administration Needs	2,092	\$1,908	4,000	2,092	1,908	4,000
Cash Assistance Needs	1,663	2,338	4,001	19,481	4,736	24,217
Client Benefits Re-engineering Delay			-	27,362	20,948	48,310
Sponsor Recovery Reimbursement	1,000		1,000			-
Working Families Rental Assistance Pilot			-	3,000		3,000
Subtotal New Needs	\$10,956	\$6,866	\$17,822	\$90,902	\$36,943	\$77,845
Other Adjustments						
November Plan and January Plan Adjustments	(\$33,608)	\$132,791	\$99,183	(\$10,117)	\$19,763	\$9,646
Add FY14 SNAP ED Funding		2,301	2,301			
CEO Adjustment			-	7,494	-	7,494
EDC-LINK Initiative		821	821			
EFSP Phase 31 Allocation		144	144			
Fringe Benefit Offset - Clients Benefits Re-engineering Delay			-	(6,375)	(5,017)	(11,392)
Fuel	(229)	(206)	(435)	(1)	(1)	(2)
Fund DYCD SYEP		87	87			
HEAP 34 Admin Funding		707	707			
Heat, Light, and Power	(11)	(10)	(21)	(1,015)	(919)	(1,934)
Homeless Rental Assistance Program			-	19,137	40,924	60,061
Lease Adjustment			-	8,786	3,811	12,597
Legal Services Consolidation			-	8,053	7,004	15,057
Local Initiatives	2		2			
OCSE Incentive Funding		1,500	1,500			
PATH Fire Director	212		212			
Revenue Adjustment		(30)	(30)		(30)	(30)
Revenue MOD for JARC		125	125			
Revenue MOD Increase		16	16			
Reverse WeCARE SSI PEG		(8,151)	(8,151)		(8,152)	(8,152)
Rollover SUB Job 2 Funds		138	138			
SNAP Waiver Savings			-	(100)	(100)	(200)
TANF for Non- Res DV		382	382		1,529	1,529
Take Down Excess CD DR		(48,900)	(48,900)			
Transfer Funds to PS			-		20	20
YMI Job Plus			-	(44)		(44)
Subtotal Other Adjustments	(\$33,634)	\$81,715	\$48,081	\$25,817	\$58,832	\$84,649
Total All Changes	\$2,322	\$88,581	\$90,903	\$91,720	\$95,775	\$137,495
HRA Executive Fiscal 2015 Budget	\$7,388,791	\$2,160,714	\$9,549,505	\$7,556,430	\$2,172,131	\$9,728,561

Appendix 3: HRA Council Initiatives and Restorations

FY 2014 Council Changes at Adoption by Program Area

Dollars in Thousands

Food Assistance Programs	
Food Pantries Initiative	\$1,500
Earned Income Tax Credit (Food Bank)	150
Subtotal	\$1,650
Domestic Violence	
Teen Relationship and Abuse Prevention Program (Teen RAPP)	\$2,000
Subtotal	\$2,000
HIV and AIDS Services	
HIV/AIDS Services Administration (HASA) Case Manager PEG Restoration	\$2,718
HASA Money Management GMHC PEG Restoration	200
HASA Supportive Housing Contract Reduction PEG Restoration	2,368
Subtotal	\$5,286
Local Initiatives	
Local Initiatives	\$42
Subtotal	\$42
TOTAL	\$8,936