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Report on the Fiscal Year 2015 Executive Budget for the **Administration on Children's Services** May 19, 2014

Executive Budget Highlights

- The Administration for Children's Services (ACS) Fiscal 2015 Executive Budget is \$2.89 billion, an increase of \$106 million when compared to the Fiscal 2014 Adopted Budget of \$2.78 billion.
 - Approximately \$876 million, or 30 percent of ACS' Fiscal 2015 budget is City-tax levy (CTL) funding and roughly \$1.3 billion or 45 percent is from federal funding sources.
- The overall headcount for ACS is 6,631, an increase of two positions as compared to the Fiscal 2014 Adopted Budget.
- The Executive Fiscal 2015 Budget includes an increase of \$82.2 million in child care and Head Start:
 - \$32.8 million in child care services; and
 - \$49.3 million in Head Start.
- The Fiscal 2015 Executive Budget reflects an increase of nearly \$33 million in the State Child Care Block Grant funding. The bulk of this funding will be used to address the market rate increase in vouchers.
- The Executive Plan includes three areas of new needs in the ACS Fiscal 2015 Executive Budget:
 - In response to the recent child deaths, the agency is working on a plan to restructure child protective and preventive services. An additional \$25.3 million is included in the outyears beginning in Fiscal 2016 to increase positions by 362 in an effort to implement Operation SAFE.
 - The Fiscal 2015 Executive Budget increased by \$1.5 million for juvenile detention health and mental health services. An additional \$780,000 is included in the Executive Budget for juvenile detention facility repairs in Fiscal 2015 and in the outyears.
- The total for the Capital Commitment Plan is \$136.3 million for Fiscal Years 2014-2018, of which \$115 million are City funds.

Administration for Children's Services Overview

This report provides an overview of the Administration for Children's Services 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. Appendix 1 report the changes made to the Fiscal 2014 and Fiscal 2015 Budgets since adoption of the Fiscal 2014 Budget. For additional information on the ACS Budget and its various programs, please refer to the "ACS Fiscal 2015 Preliminary Report" available at the Council's website.

ACS 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	\$2,463,065	\$2,414,692	\$2,372,083	\$2,429,112	\$2,478,584	\$106,501
Other Than Personal Services	391,460	390,329	410,865	410,777	410,657	(208)
Total	\$2,854,525	\$2,805,021	\$2,782,948	\$2,839,889	\$2,889,241	\$106,293
Adoption Services	\$317,774	\$297,762	\$320,604	\$304,555	\$320,604	\$0
Alternatives To Detention	1,863	4,170	1,030	6,424	1,030	0
Child Care Services	866,707	861,255	820,581	862,245	853,373	32,792
Child Welfare Support	44,901	43,724	46,986	46,986	46,986	0
Dept. of Ed. Residential Care	97,981	95,991	95,637	95,637	96,201	564
Foster Care Services	558,506	529,442	509,452	507,374	510,944	1,492
Foster Care Support	38,530	37,845	46,293	46,189	43,532	(2,761)
General Administration	128,502	130,741	132,515	134,816	132,956	441
Head Start	209,526	199,700	169,193	162,498	218,567	49,374
Juvenile Justice Support	11,332	11,227	11,942	10,916	12,127	185
Non-Secure Detention	17,481	17,911	17,626	17,192	17,933	307
OCFS Residential Placements	99,037	107,839	127,192	141,799	147,182	19,990
Preventive Homemaking Services	18,486	15,486	18,486	18,486	18,486	0
Preventive Services	201,476	205,157	215,197	227,833	215,666	469
Protective Services	215,877	219,980	224,527	225,182	225,422	895
Secure Detention	26,546	26,791	25,687	31,757	28,232	2,545
Total	\$2,854,525	\$2,805,021	\$2,782,948	\$2,839,889	\$2,889,241	\$106,293
Funding						
City Funds	\$847,576	\$822,186	\$874,532	\$876,640	\$876,278	\$1,746
Other Categorical	20	62	0	95	0	0
State	646,583	653,719	637,873	660,974	657,761	19,888
Federal - Community Development	3,292	3,044	2,963	2,963	2,963	0
Federal - Other	1,300,419	1,277,398	1,266,475	1,252,728	1,261,880	(4,595)
Intra City	56,635	48,612	1,105	46,489	90,359	89,254
Total	\$2,854,525	\$2,805,021	\$2,782,948	\$2,839,889	\$2,889,241	\$106,293
Budgeted Positions						
Full-time	6,152	6,082	6,629	6,630	6,631	2
Total	6,152	6,082	6,629	6,630	6,631	2

*The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Executive Plan funding.

New in the Executive Budget

The Fiscal 2015 Executive Plan increases the Administration for Children's Services by \$106.3 million in Fiscal 2015, when compared to the ACS Final 2014 Adopted Budget. This increase is largely due to new funding in the Mayor's Universal Pre-Kindergarten efforts.

Universal Pre-Kindergarten

The Administration has outlined a clear strategy to increase the number of four year olds in Pre-Kindergarten classes by implementing the full-day Universal Pre-Kindergarten (UPK) plan. The Fiscal 2015 Executive Budget includes \$44 million in funding to roll out UPK services across ACS' EarlyLearn programming. Currently there are 12,681 children in ACS UPK programs; these seats will be converted to full-day UPK and will be aligned with the model implemented citywide.

The additional funding will also be used to ensure parity across UPK instructors, including but not limited to: professional development, English Language Learners training, and increased funding to address retention and recruitment of high quality UPK lead teachers with appropriate certifications. The City's full-day UPK program plans to expand citywide in two years to serve a total of 73,250 four-year olds. In the first year of the expansion, Fiscal 2015, the Department of Education will convert 11,760 half-day seats to full-day, add 11,880 new full-day seats, and bring all existing 32,164 DOE and ACS full-day seats to the new UPK quality standards.¹

Juvenile Health and Mental Health Services

The Council recently held an oversight hearing titled "Child Welfare Policy Reforms at the Administration for Children's Services" to address the growing mental health services needs in the Secure and Non-Secure Detention Centers operated and overseen by ACS. In response to the hearing, the Fiscal 2015 Executive Budget adds \$2.3 million to improve the quality of existing health and mental health services for youth in detention. The agency directly operates two secure detention facilities: Horizons and Crossroads. Both secure detention facilities have facility repair funding in the Fiscal 2015 Executive Budget.

The operational funding increase of \$1.5 million will help to improve the available hours of onsite coverage and expand the scope of mental health services by working with health care providers to include more extensive psychological testing and clinical assessments as well as strengthen the health services portfolio. Approximately 8,000 youth are arrested annually and more than 3,000 are admitted to detention so these services are crucial to youth in detention.

State Adjustments

The Fiscal 2015 Executive Budget recognizes \$21 million in additional State Child Care Block Grant funding for New York City. The total New York State CCBG increase from the federal budget is \$55 million for a total of \$794 million. Overall New York City's total allocation increased by \$33 million; \$21 million in the Executive Budget and \$12 million reflected in the Fiscal 2015 Preliminary Budget.

ACS intends to use the additional CCBG funding for market rate increases to vouchers. The new maximum child care market rates established by the New York State Office of Children and Family Services (OCFS) were effective April 1, 2014. The child care market rate determines the maximum amount that ACS can pay to providers who care for children eligible for a child care subsidy. Rate

¹ Office of the Mayor, Office of Management and Budget, Department of Education, and Administration for Children's Services, "Ready to Launch: New York City's Implementation Plan for Free, High-Quality, Full-Day Universal Pre-Kindergarten," January 2014, and "Ready to Launch: Progress Report on Program and Space Application," February 2014

increases may be requested once a year and must be justified with documentation. These rates do not apply to EarlyLearn contractors and is not a cost of living adjustment. ACS projects an increase in market rates of \$22 million, and ACS intends to use the additional funds for school-age vouchers and other areas in the child care budget.

Operation SAFE

Recent child welfare policy reforms were proposed by Mayor de Blasio as a direct result of the tragic death of four-year old Myls Dobson on January 8, 2014. Every year ACS receives roughly 55,000 allegations of abuse or neglect, 40 percent of those allegations provide credible evidence of maltreatment. In an effort to improve and strengthen the child protective services, the agency has created Operation SAFE, a child protective reform plan. As reflected in the Fiscal 2015 Executive Plan, an additional \$25.2 million has been included in Fiscal 2016 for 362 new positions, including 197 child protective specialists and supervisors. In addition to the supervisors and specialists an internal monitor has been hired to oversee the implementation of ACS' child welfare reform plan.

The restructuring will target field offices with the highest caseloads, the majority of which are located in the Bronx and Brooklyn. ACS will also reduce the Family Services Unit (FSU) caseloads from 12 cases to 1 per case worker to 8 cases to 1 case worker. The agency's FSU oversees court ordered supervision cases until a judge determines the child can be safely reunified with his or her families or is in need of placement in foster care.

Budget Highlights in ACS

The Administration for Children's Services provides a range of programs and services that support children and families throughout the City. Since the Adopted Plan for Fiscal 2015, there is an additional \$62.5 million in baseline funding and restorations, \$2.3 million in new needs and \$56.4 million in technical adjustments. There were advances to the Division of Youth and Family Justice (DYFJ), a direct response to the needs in the child care system, and reforms across the Division of Child Protection.

Close To Home

Under Close to Home, DYFJ assumed custody of adjudicated juvenile delinquents placed in non-secure settings and will gain custody of delinquents in limited secured settings in Phase II. Currently, ACS has 300 Non-Secure Placement (NSP) beds and originally planned to move forward with Phase II of the Close to Home Initiative, limited secure placements, in the Fall of 2014. However, as stated by Commissioner Carrion at the Preliminary Budget hearing, ACS wanted to address any challenges with NSP before implementing Phase II of Close to Home. Additionally, the Limited Secure Placement (LSP) sites need more time for construction and renovation. ACS anticipates 156 young people in the LSP system, with 12 to 20 youth at each site.

Early Childhood Education

New York City has the largest publically-funded early care and education system in the country, serving roughly 100,000 children. The Council has worked tirelessly to ensure that the child care system has maintained its capacity throughout recent years, and in the November Plan, \$62.5 million was included in baselined funding for child care for Fiscal 2015 and in the outyears. The Council has worked closely with ACS and the Administration to ensure currently operating discretionary centers will continue to serve children. On April 25, 2014, ACS sent letters to providers informing them their contracts were extended for an additional year through a Negotiated Acquisition Extension (NAE) as agreed upon by the Council and the Administration. The NAE will allow discretionary centers to maintain services and continue to serve children contingent upon a positive responsibility determination, a contractual requirement. The Council plans to continue to work with the Administration to determine next steps for Fiscal 2016 and beyond.

As the Administration strives to have more integrated systems, it will lead a task force of stakeholders to create a strategic plan for integrating the City's child care system, EarlyLearn, and those families that use of informal and formal vouchers. The task force is expected to make recommendations in late summer 2014.

Preventive and Protective Services

The Enacted 2014-2015 New York State Budget restored \$1.65 million for the Safe Harbor Act which was slated for elimination. ACS is expected to receive \$622,000 from this funding and will work with the Department of Youth and Community Development to continue to support the needs of youth who may be or have been sexually exploited.

ACS has also secured a Title IV-E Waiver from the federal government that will give greater flexibility in federal funds as it relates to the foster care system. The additional funds will be leveraged to support the Child Success NYC (CSNYC) model. The CSNYC model attempts to lower caseloads per provider agency case planner, have higher supervisory ratios, and implement a trauma screening tool. Originally a pilot in 2012, the CSNYC model was implemented by all family foster care systems beginning in January 2014.

ACS Capital Program

The Executive 2015 Capital Commitment Plan includes \$136 million in Fiscal 2014-2018 for the Administration of Children's Services (including City and Non-City funds). This represents 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 three percent lower than the nearly \$141 million scheduled in the Preliminary Commitment Plan, a decrease of \$4.3 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 Administration for Children's Services committed \$11.2 million or about 20 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.

ACS 2014-2018 Capital Commitment Plan						
<i>Dollars in Thousands</i>	FY13	FY14	FY15	FY16	FY17	Total
Executive Plan	\$76,190	\$9,285	\$15,545	\$16,813	\$18,508	\$136,341
Preliminary Plan	\$102,147	\$8,960	\$8,149	\$10,721	\$10,713	\$140,690
Change	(\$25,957)	\$325	\$7,396	\$6,092	\$7,795	(\$4,349)
Percentage Change	-25.41%	3.63%	90.76%	56.82%	72.76%	-3.09%

Major Capital Projects & Executive Budget Highlights

- There is currently \$58.6 million in City funds for equipment for ACS citywide, a bulk of the capital funding will be used for the juvenile access support system.
- A total of \$9.3 million in City funds for improvements for structures in facilities citywide is also included in the Fiscal 2014-2018 capital commitment plan.
- A total of \$15.8 million will support the development of new information technology systems to improve eligibility determinations, program monitoring, payment, and claiming processes for the agency's Juvenile Justice and Early Care and Education programs.
- A total of \$12.7 million will support the renovation of administrative and field offices.

Appendix 1: ACS Budget Actions Since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
ACS Acronym Adopted Fiscal 2014 Budget	\$874,532	\$1,908,416	\$2,782,948	\$811,590	\$1,922,481	\$2,734,071
New Needs						
Juvenile Detention Facility Repairs	\$0	\$0	\$0	\$780	\$0	\$780
Juvenile Detention Health and Mental Health	513	0	513	1,539	0	1,539
Subtotal New Needs	\$513	\$0	\$513	\$2,319	\$0	\$2,319
Other Adjustments						
November Plan -- Child Care Baseline	\$0	\$0	\$0	\$62,500	\$0	\$62,500
November Plan -- Limited Secure Placement	0	19,990	19,990	0	19,990	19,990
November Plan -- Other Technical Adjustments	1,307	6,102	7,409	0	157	157
November Plan -- Intracity Adjustments	0	41,100	41,100	0	0	0
Prelim Plan -- Lease Adjustment	911	0	911	0	0	0
Prelim Plan -- State Adjustments	0	2,211	2,211	0	0	0
Prelim Plan -- UPK Intracity	0	4,284	4,284	0	106,683	106,683
Prelim Plan -- Other Adjustments	0	(19,197)	(19,197)	0	12,200	12,200
Exec Plan -- State Budget Impact CCBG	0	4,750	4,750	0	19,000	19,000
Exec Plan --UPK ACS Intracity	0	0	0	0	(17,429)	(17,429)
Exec Plan --Lease Adjustment	0	0	0	424	433	857
Exec Plan --Heat, Light and Power	13	24	37	(555)	(887)	(1,442)
Exec Plan --Head start Adjustment	0	0	0	0	(49,665)	(49,665)
Exec Plan --FY 14 Extraordinary Needs Foster Care	0	(10,946)	(10,946)	0	0	0
Exec Plan --CC Member Items	(636)	0	(636)	0	0	0
Exec Plan --COPS funding	0	2,011	2,011	0	0	0
Exec Plan --Other Adjustments	0	4,505	4,505	0	0	0
Subtotal Other Adjustments	\$1,595	\$54,834	\$56,429	\$62,369	\$90,482	\$152,851
Total All Changes	\$2,108	\$54,834	\$56,942	\$64,688	\$90,482	\$155,170
Agency Acronym Executive Fiscal 2015 Budget	\$876,640	\$1,963,250	\$2,839,890	\$876,278	\$2,012,963	\$2,889,241