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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT

May 10, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- ☑ **No Baseline Restoration to the City's Runaway Homeless Youth.**
 - **Runaway Homeless Youth Fiscal 2014 Budget: \$5.4 million.**
 - **Year-Over-Year Cut: \$7.2 million.**
- ☑ The Department's Fiscal 2014 proposed Expense Budget totals \$265 million.
 - The Fiscal 2014 Executive Budget includes a reduction of \$79.7 million, or 25 percent of DYCD's proposed operating budget of \$265 million in Fiscal 2014, when compared to its Fiscal 2013 Adopted Budget of \$344.7 million. Overall headcount: 387 positions.
 - Approximately 85 percent of the funding reduction is City tax-levy (CTL) funding, and the remaining is from combined reductions in intra-city and federal community block grant funding.
- ☑ The Executive Plan includes the following other adjustments:
 - \$1.05 million in CEO: Young Adult Literacy Program increase;
 - \$1.62 million Community Service Block Grant (CSBG) reduction due to Sequestration;
 - \$1.48 million Workforce Investment Act (WIA) reduction due to Sequestration.
- ☑ Council Funding in Fiscal 2013: \$99 million (see Appendix 3).
 - City Council funding provides approximately 28.8 percent of the Department's Fiscal 2013 City-funded operating budget.
 - Initiatives and Restorations: \$77.1 million; \$22 million: Youth Discretionary/Member items.
- ☑ Out-of-School Time Fiscal 2014 Budget: \$86.5 million; Year-Over-Year Reduction: \$60 million.
 - The Administration added \$20 million in Fiscal 2013 for the summer component (see Appendix 4).
- ☑ Beacon Community Centers / Cornerstone Program Fiscal 2014 Budget: \$43.3 million; Year-Over-Year Reduction: \$5.3 million.
- ☑ Adult Literacy Fiscal 2014 Budget: \$6 million.
- ☑ Total CEO and YMI Funding: \$17.2 million.
- ☑ Summer Youth Employment Program: \$38.2 million for 29,544 participants; consistent with last year's projection.

FINANCE DIVISION

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DEPARTMENT OF YOUTH AND COMMUNITY DEVELOPMENT OVERVIEW

This report provides an overview of the Department of Youth and Community Development's Fiscal 2014 Budget and a review of the significant initiatives included in the Executive Budget. Appendices 1-4 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget, the Council Initiatives funded in Fiscal 2013 and a chart on changes to the numbers of OST slots over the years. For additional information on the Department's Budget and its various programs, please refer to the "Fiscal 2014 Preliminary Report" available on the Council's website.

FINANCIAL SUMMARY

<i>Dollars in Thousands</i>	2012	2013		2014	Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013 – 2014*
Budget by Program Area					
Adult Literacy	\$5,252	\$6,167	\$5,979	\$6,029	(\$138)
Beacon Community Centers	50,340	48,661	48,661	43,288	(5,373)
Community Development Programs	42,562	40,668	43,343	22,852	(17,816)
General Administration	20,912	26,893	21,157	21,887	(5,006)
In-School Youth Programs (ISY)	5,267	7,664	6,164	7,664	0
Other Youth Programs	36,353	35,500	36,875	18,957	(16,543)
Out-of-School Time (OST)	96,190	126,191	121,422	86,511	(39,680)
Out-of-School Youth Programs (OSY)	13,284	15,663	15,815	14,184	(1,479)
Runaway and Homeless Youth (RHY)	12,334	12,599	12,731	5,429	(7,170)
Summer Youth Employment Program (SYEP)	42,539	24,700	42,841	38,233	13,533
TOTAL	\$325,034	\$344,706	\$354,988	\$265,036	(\$79,670)
Funding					
City Funds		\$249,562	\$239,661	\$160,999	(\$88,564)
Other Categorical		0	3,010	0	0
State		4,675	18,393	18,208	13,532
Federal - Community Development		7,513	7,513	7,138	(375)
Federal - Other		57,440	62,002	54,363	(3,077)
Intra City		25,515	24,409	24,327	(1,187)
TOTAL	\$325,034	\$344,706	\$354,988	\$265,036	(\$79,670)
Positions					
Adult Literacy	8	12	13	13	1
Beacon Community Centers	19	14	14	14	0
Community Development Programs	41	46	46	46	0
General Administration	166	177	176	176	(1)
In-School Youth Programs (ISY)	10	13	13	13	0
Other Youth Programs	50	51	51	51	0
Out-of-School Time (OST)	29	30	31	31	1
Out-of-School Youth Programs (OSY)	15	15	15	15	0
Runaway and Homeless Youth (RHY)	8	11	11	11	0
Summer Youth Employment Program (SYEP)	14	17	17	17	0
TOTAL	360	386	387	387	1

* Difference between FY 2013 Adopted Budget and FY 2014 Executive Budget.

NEW IN THE EXECUTIVE BUDGET

The Fiscal 2014 Executive Budget includes a reduction of \$79.7 million, or 25 percent of DYCD's proposed operating budget of \$265 million in Fiscal 2014, when compared to its Fiscal 2013 Adopted Budget of \$344.7 million. This reduction is primarily due to the absence of Council funding in Fiscal 2014. Since adoption, for Fiscal 2014, there are \$10 million in Programs to Eliminate the Gap, and \$21.4 million in other adjustments. There are several new other adjustments in the Executive Plan that are outlined below.

- **\$1.05 million for CEO's Young Adult Literacy Program (YALP).** In Fiscal 2014 DYCD is assuming oversight responsibility for the YALP sites that the NYPL, BPL, and QBPL operate. CEO funds that had been allocated to the libraries in Fiscal 2013, which total \$1.05 million, will be allocated to DYCD in Fiscal 2014. DYCD will then transfer the funds to the libraries per the terms of a Memorandum of Understanding (MOU). DYCD currently has CEO and YMI funds to manage contracts with non-profit providers that are also implementing YALP. Services will continue at those Library sites and the change will allow DYCD to oversee and support the libraries' programs in the same way DYCD oversees its existing contractors.

FEDERAL SEQUESTRATION

Sequestration is a series of automatic, across-the-board cuts to government agencies, totaling \$1.2 trillion over 10 years. The cuts are split 50-50 between defense and domestic discretionary spending. The budget cuts began on March 1, 2013. The spending reductions are approximately \$85.4 billion in Fiscal 2013, with similar cuts from Fiscal 2014 through 2021. The following reductions will impact the Department as a result of sequestration.

- **\$1.62 million Community Service Block Grant (CSBG) Reduction.** DYCD's CSBG funding will decrease from \$31.7 million to \$30.1 million, a five percent or \$1.62 million cut.
- **\$1.48 million Workforce Investment Act (WIA) Reduction.** DYCD's WIA Youth funding will decrease from \$29 million to \$27.5 million, a five percent or \$1.5 million cut. However, new projections from the Workforce Investment Board (WIB) suggest that WIA Youth funding could receive a six percent increase, offsetting any sequestration impact.

BUDGET HIGHLIGHTS IN DYCD

Despite the Council's best efforts in advocating for youth services with the Administration, the Department of Youth and Community Development's Fiscal 2014 Budget does not restore and/or baseline funding for runaway and homeless youth or three of the City's largest afterschool programs - Out-of-School Time (OST), Beacon and Cornerstone programs - which collectively serve nearly 150,000 youth citywide. The Council is dismayed at the potential impact such reductions would have on families and children throughout the City and is disappointed that restorations were not reflected in the Executive Budget. Write-ups below outline key programmatic areas in DYCD and the impact to services if funding is not restored.

RUNAWAY AND HOMELESS YOUTH (RHY)

The Youth Services Committee on numerous occasions has stated that it is unconscionable that the Administration fails to recognize in its budget proposals that vulnerable, homeless youth in this City should not worry, if they seek help, whether there is somewhere to go. That's a basic service that should be available without question. The Council's restoration of \$7.2 million expanded the array and depth of services provided in Fiscal 2013. Failure to baseline this funding, which provides a continuum of critical services, in a year when the Department plans to release an RFP that should include those services, does not make sense. The Council will not let it stand.

The Fiscal 2014 RHY Budget of \$5.4 million only accounts for 41 crisis shelter beds and 53 transitional independent beds, a year-over-year reduction of 43 percent or \$7.2 million. This cut could potentially eliminate 159 crisis shelter beds, reduce essential non-residential services such as drop-in centers, and eliminate street outreach services. In Fiscal 2013, the Council provided \$7.2 million to support crisis shelter beds, transitional independent living beds and non-residential services such as drop-in and street outreach services, restoring both proposed City and State reductions.

OUT-OF-SCHOOL TIME (OST)

The Council restored \$50.65 million at Adoption for 289 OST programs and approximately 30,000 slots slated for elimination in Fiscal 2013 as a result of reduced funding for new RFP contracts. OST was implemented in Fiscal 2006, and as reflected in Appendix 4, at its peak in Fiscal 2008, was budgeted for nearly 80,000 slots. In the following fiscal year, funding and the number of slots started to decline, and in Fiscal 2010, the Council began restoring funding for OST services. The deficit that OST faces in Fiscal 2014 is unprecedented. Over 50 percent of program slots will be eliminated in Fiscal 2014 if funding is not restored.

In addition, the Administration proposes to further reduce OST funding by \$10 million in Fiscal 2014, a 21 percent across-the-board reduction to 225 elementary and middle school OST programs. As a result, an additional 3,000 to 5,000 slots will be eliminated, bringing the Fiscal 2014 OST slot number to between 21,807 and 23,807.

BEACON COMMUNITY CENTERS AND CORNERSTONE PROGRAM

The proposed budget for Beacons and the Cornerstone Program in Fiscal 2014 is \$5.3 million less than the Fiscal 2013 Adopted Budget, a reduction attributed to the elimination of Council funding provided in Fiscal 2013. The Council restored \$4.4 million for Fiscal 2013, including \$2.3 million to restore an across-the-board reduction to 66 City-funded Beacon programs and \$2.1 million to restore funding for seven Beacon programs that were slated for closure. The restoration to Beacons maintained their budgets at

approximately \$312,000 each. In Fiscal 2012, 104,834 participants were served in the Beacon program, and DYCD anticipates the same number of participants served in the program this fiscal year. In 2014, the Administration projects that Beacons will serve 67,000 participants, a reduction of almost 38,000 participants.

In addition, the Council restored \$926,000 for the NYCHA Cornerstone program, averting a seven percent reduction, which would have eliminated 733 slots.

ADULT LITERACY

The Executive Budget includes \$1.05 million additional funding for the Young Adult Literacy Program. With this addition, the proposed budget of \$6.1 million for adult literacy services in Fiscal 2014 is \$138,000 less than the Fiscal 2013 Adopted Budget. At Adoption, the Council restored \$1 million to DYCD's budget to expand adult literacy programs. With the added Council funding, DYCD projects that it will be able to serve a total of approximately 3,300 participants through 30 contracts in total by the end of the fiscal year.

CEO AND YMI

The Fiscal 2014 Budget for CEO and YMI is \$17.2 million, which includes \$12.24 million in new funding for YAIP, Service Learn and YALP. The Young Adult Initiative Program (YAIP) provides youth between 16-24 years of age (who are not enrolled in school or employed) with paid internships; Service Learn fosters community involvement among middle and high school students in high need neighborhoods; and the Young Adult Literacy Program (YALP) provides pre-GED services for disconnected youth.

SUMMER YOUTH EMPLOYMENT PROGRAM

Summer Youth Employment Program (SYEP) funding is \$38 million for Fiscal 2014, which includes an increase in State funding. According to the Administration, City funds of \$20.3 million will provide more than 14,000 slots, supplemented by \$4.5 in federal funding and \$13.5 million in State funds. The total projected number of participants is approximately 29,544. Participants will be paid for up to 25 hours per week for six weeks at \$7.25 per hour.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Budget as of the Preliminary 2014 Plan	\$239,555	\$114,788	\$354,343	\$159,949	\$93,582	\$253,531
Other Adjustments						
CEO: Young Adult Literacy Program	\$0	\$0	\$0	\$1,050	\$0	\$1,050
Sequestration: CSBG Reduction	0	0	0	0	(1,618)	(1,618)
Sequestration: WIA	0	0	0	0	(1,478)	(1,478)
FEMA / Sandy	0	539	539	0	0	0
SYEP State Allocation	0	0	0	0	13,532	13,532
Lease Adjustment	0	0	0	0	19	19
Local Initiatives	106	0	106	0	0	0
TOTAL, Other Adjustments	\$106	\$539	\$645	\$1,050	\$10,455	\$11,505
TOTAL, All Changes	\$106	\$539	\$645	\$1,050	\$10,455	\$11,505
Agency Budget as of Executive 2014 Plan	\$239,661	\$115,327	\$354,988	\$160,999	\$104,037	\$265,036

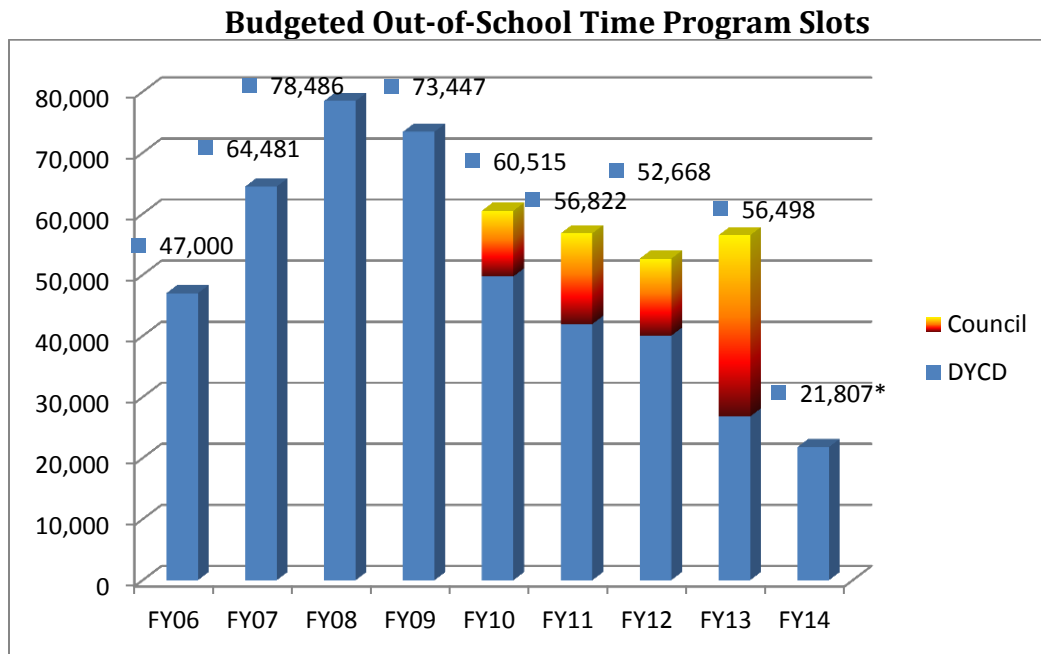
APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, PRELIMINARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of Adopted 2013 Plan	\$249,563	\$95,144	\$344,707	\$158,844	\$94,769	\$253,613
Program to Eliminate the Gap (PEGs)						
PS Accruals	(\$1,300)		(\$1,300)			
Program Accruals	(8,108)		(8,108)			
OST Reduction				(10,000)		(10,000)
TOTAL, PEGs	(\$9,408)		(\$9,408)	(\$10,000)		(\$10,000)
Other Adjustments						
CEO Funding Adjustment				11,200		11,200
Local Initiatives	(555)		(555)			
SYEP '12 Ladders for Leader program						
Increase CSBG- CBOS		1,968	1,968			
Citi Serv	(45)		(45)	(95)		(95)
Create ESG Grant		98	98			
DYCD Lit IC		(1,187)	(1,187)		(1,187)	(1,187)
Fund DYCD I/C SYEP		82	82			
FY13 CSBG SYEP		1,625	1,625			
FY13 Private SYEP Funds		2,824	2,824			
FY13 SYEP State Funds		13,532	13,532			
OST State Increase		152	152			
RHY State Increase		34	34			
Rollover funding for Partners		152	152			
CEO: Young Adult Literacy Program				1,050		1,050
Sequestration: CSBG Reduction					(1,618)	(1,618)
Sequestration: WIA					(1,478)	(1,478)
FEMA / Sandy		539	539			
SYEP State Allocation					13,532	13,532
Adjustments		364	364		19	19
Local Initiatives	106		106			
TOTAL, Other Adjustments	(\$494)	\$19,819	\$19,325	\$12,155	\$9,268	\$21,423
TOTAL, All Changes	(\$9,902)	\$19,819	\$9,917	\$2,155	\$9,268	\$11,423
Agency Budget as of Executive 2014 Plan	\$239,661	\$115,327	\$354,988	\$160,999	\$104,037	\$265,036

APPENDIX 3: Council Initiatives and Funding

The following is a list of Council-funded initiatives included in the Fiscal 2013 Adopted Budget.

FY 2013 Council Changes at Adoption by Program Area	
<i>Dollars in Thousands</i>	
Adult Literacy Services Initiative	\$1,500
Adult Literacy Services PEG Restoration	1,000
After-Three Corporation	3,000
Anti- Gun Violence Programs	1,152
Beacon Restoration - Across the Board	2,300
Beacon Restoration of 7 Centers	2,146
Cornerstone NYCHA Program Restoration	926
EBTs at Food Markets/Council on the Environment	270
Expand Low-Income Farmer's Markets (Harvest Home)	60
Food Pantries-DYCD	570
Immigrant Opportunities Initiative	4,000
Jill Chaifitz Helpline	200
New York Junior Tennis League	800
Out-of-School Time RFP Restoration	50,650
Runaway and Homeless Youth Services PEG Restoration	7,170
Sports & Arts in Schools Foundation (SASF)	1,000
YMCA The Y After School Program	350
Subtotal	\$77,094
Council Youth Discretionary	7,737
Local Initiatives	14,240
Subtotal	\$21,977
TOTAL	\$99,071

APPENDIX 4: Out-of-School Time Slots

**Reflects a projected reduction of 5,000 program slots.*