March 2019

Overview: An Analysis of the Mayor's Preliminary Budget for 2020 and Financial Plan

When the Mayor presented his Preliminary Budget in February, he painted a picture of looming threats to the city's budget. The de Blasio Administration anticipates that slower economic growth at both the national and local levels will lead to slower growth in tax revenue than the city has experienced in recent years. The expectation of slower growth and continued budget threats from Albany, which is facing sizable budget gaps, prompted the de Blasio Administration to resume a program of mandatory savings actions for most agencies, yet the announced target of $750 million is fairly modest relative to the size of the total budget. There is little in the way of funding for new initiatives, although the financial plan does contain some additional funding for prior year initiatives such as the expansion of the Department of Education's 3-K for All program and the continuation of the City Council's Fair Fares program. Under the Mayor's plan, the continued growth in the size of the budget is largely driven by three factors: debt service, salaries, and fringe benefits.

Using IBO's estimates of city revenues and expenses under the Mayor's budget program, we project that the budget for 2019 and 2020 will total $92.3 billion and $92.8 billion, respectively (years are fiscal years unless otherwise noted). Both years are expected to end with surpluses, which we assume will be used to prepay subsequent years' expenses. The financial plan estimates obscure the total size of the budget in each year by not accounting for the use of $4.6 billion of 2018 resources to pay for 2019 expenses and the use of $3.2 billion of 2019 resources to prepay some 2020 expenses. Adjusted for prepayments, we project that the 2019 budget will total $93.7 billion (6.2 percent larger than the 2018 budget after adjustments) and the 2020 budget will reach $95.9 billion (an increase of 2.4 percent from 2019). For 2021 through 2023, IBO's re-estimates result in smaller budget gaps than those projected by the Mayor.

Total Revenue and Expenditure Projections
Dollars in millions

		Projection					Average Change
	Actuals 2018	2019	2020	2021	2022	2023	2018 -2023
Total Revenue	**$88,573**	**$92,498**	**$93,244**	**$95,784**	**$98,557**	**$100,974**	**2.7%**
Total Taxes	58,915	61,031	63,474	65,761	68,164	70,550	3.7%
Total Expenditures	**$88,568**	**$92,264**	**$92,755**	**$98,480**	**$100,400**	**$102,596**	**3.0%**
IBO Revenue Less Expenditures	n/a	$234	$489	($2,696)	($1,843)	($1,622)	
IBO Prepayment Adjustment 2019/2020	n/a	(234)	234	-	-	-	
IBO Surplus/(Gap) Projections		-	**$722**	**($2,696)**	**($1,843)**	**($1,622)**	
Adjusted for Prepayments							
Total Expenditures	$88,171	$93,671	$95,924	$98,480	$100,400	$102,596	3.1%
City-Funded Expenditures	$64,262	$68,114	$71,355	$73,628	$75,154	$77,305	3.8%

NOTES: IBO projects a surplus of $234 million in 2019 and $489 million in 2020. The surplus could be used to prepay some 2021 expenditures, reducing the 2021 gap to $1.97 billion, and leaving 2019 and 2020 with balanced budgets. Figures may not add due to rounding.
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A major factor contributing to the budgetary uncertainty has been the volatility of current year tax revenue forecasts, particularly for the personal income tax. The after-effects of federal tax changes swelled 2018 tax collections by unprecedented amounts, making projections for 2019 particularly challenging. Tax forecasts by both IBO and the Mayor's Office of Management and Budget (OMB) anticipated large declines in personal income tax collections this year as taxpayer behavior returned to more normal patterns. However, a very sharp drop in estimated payments during December and January indicated that projections for the fiscal year as whole needed to be reduced further. In the Preliminary Budget, OMB cut its income tax forecast for 2019 by $177 million, bringing the projected decline from 2018 to 2019 to $935 million; IBO's forecast is for a smaller year-to-year decline of $650 million. While IBO and OMB both reduced their most recent income tax forecasts, the reductions were much smaller—in dollar and percentage terms—than what was required at the state level because initial state income tax projections had assumed a milder decline from 2018 to 2019. The magnitude of the state's $2.3 billion revenue shortfall for the current state fiscal year will make efforts to stave off adverse state budget actions that much harder for the city.

The Governor's proposed budget includes items that could cost the city budget several hundred million dollars. This includes a proposal to redirect $125 million in federal family assistance funding from the city towards other state priorities. Similarly, the amount of state education aid for the city in the Governor's budget proposal is almost $150 million less than what the Mayor's Preliminary Budget anticipates. If these changes are adopted, the city would have to either reduce services or find other sources of funding, most likely from the city's own coffers. Meanwhile, although the possibility of steep cuts in federal aid to the city has diminished with the inauguration of the new Congress, continued federal budget uncertainty is likely given the highly charged partisan divisions in Washington.

After a brief growth spurt brought on by the 2017 federal tax law and additional fiscal stimulus, U.S. economic growth has begun to slow. IBO projects real gross domestic product (GDP) growth of 2.7 percent in calendar year 2019, down slightly from 2.9 percent last year. Although IBO is not forecasting a recession, we are expecting much slower economic growth throughout the remainder of the financial plan period, particularly in calendar year 2020, when we project GDP growth of just 1.6 percent. The possibility of recession—an actual decline in economic activity—cannot be dismissed, however. The expansion that began in 2010 will shortly become the nation's longest and with federal fiscal policy in disarray, potential trade disruptions, and a shrinking labor force as baby boomers reach retirement age, the odds of a recession get stronger.

New York City employment growth (measured calendar year Q4 to Q4) declined substantially last year from 93,400 in 2017 to 71,500 in 2018. IBO forecasts further slowing this year and next, from 59,400 jobs added in 2019 to just 26,400 jobs added in 2020—the smallest increase in local employment in a decade. The sharp slowdown in 2020 reflects an expected dip in the national economy, though the local impact should be cushioned by the large share of city employment in the education and health care sectors, which are relatively resilient in the face of business cycle shocks. After 2020, IBO forecasts moderate annual employment gains averaging 41,500 a year. Throughout the forecast period, IBO expects slower local economic growth that will constrain tax revenues, particularly taxes on personal income.

IBO's current employment projections are lower than those presented in our December outlook primarily as a result of the impact of Amazon's decision to not go forward with development of its HQ2 in the city; our December forecast had assumed that the Amazon project would proceed as planned. The loss of Amazon's HQ2 will cost the city approximately 4,000 jobs in calendar year 2020 from what it would have had if HQ2 had gone forward, rising to a loss of 18,000 jobs by calendar year 2023. Although most of these jobs would have been in the information and retail sectors, the secondary impacts would be felt more widely across the economy. By 2029, when HQ2 would have reached full employment, IBO estimates that the city's economy will have 53,300 fewer jobs than it would have had if the project had gone ahead.

With revenues from the city's tax on personal income rising nearly 21 percent in 2018, overall tax revenue growth was boosted to 8.5 percent. As expected, tax revenue growth has slowed and IBO now projects an increase of 3.6 percent this year, with collections net of refunds totaling $61.0 billion. Growth is expected to be slightly higher in 2020 (4.0 percent), yielding $63.5 billion. For the remaining three years of the financial plan IBO forecasts that growth in tax revenues will average 3.6 percent annually with revenue reaching $70.5 billion by 2023. Continued strength in the property tax and—to a lesser extent—growth in the general sales and unincorporated business taxes will offset weaker growth in the personal income tax (annual average of 1.4 percent between 2018 and 2023), general

IBO Revenue Projections
Dollars in millions

	Actuals	Projection					Average Change
	2018	2019	2020	2021	2022	2023	2018 -2023
Tax Revenue							
Property	$26,219	$27,926	$29,952	$31,356	$32,846	$34,280	5.5%
Personal Income	13,380	12,730	13,046	13,591	13,936	14,319	1.4%
General Sales	7,443	7,926	8,204	8,427	8,714	8,994	3.9%
General Corporation	3,437	3,861	3,744	3,929	4,012	4,055	3.4%
Unincorporated Business	2,182	2,098	2,296	2,440	2,540	2,630	3.8%
Real Property Transfer	1,388	1,535	1,493	1,503	1,548	1,607	3.0%
Mortgage Recording	1,049	1,152	1,025	1,038	1,049	1,110	1.1%
Utility	371	391	410	413	422	426	2.8%
Hotel Occupancy	597	621	637	648	660	675	2.5%
Commercial Rent	853	873	866	893	916	933	1.8%
Cigarette	36	36	34	33	32	31	-2.9%
Other Taxes and Audits	1,960	1,883	1,767	1,490	1,490	1,490	-5.3%
Total Taxes	**58,915**	**$61,031**	**$63,474**	**$65,761**	**$68,164**	**$70,550**	**3.7%**
Other Revenue							
STaR Reimbursement	189	$181	$182	$180	$178	$176	-1.4%
Miscellaneous Revenue	7,196	7,641	6,828	6,802	6,777	6,765	-1.2%
Unrestricted Intergovernmental Aid	-	151	-	-	-	-	n/a
Disallowances	139	91	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	**$7,524**	**$8,064**	**$6,995**	**$6,967**	**$6,940**	**$6,926**	**-1.6%**
Less: Intra-City Revenue	**($2,172)**	**$(2,154)**	**$(1,794)**	**$(1,796)**	**$(1,794)**	**$(1,792)**	
TOTAL CITY-FUNDED REVENUE	**$64,267**	**$66,941**	**$68,674**	**$70,932**	**$73,311**	**$75,684**	**3.3%**
State Categorical Grants	$14,453	$15,184	$15,372	$15,832	$16,307	$16,362	2.5%
Federal Categorical Grants	7,966	8,469	7,570	7,449	7,376	7,364	-1.6%
Other Categorical Aid	1,255	1,215	967	909	903	902	-6.4%
Interfund Revenue	637	690	661	662	661	661	0.8%
TOTAL REVENUE	**$88,573**	**$92,498**	**$93,244**	**$95,784**	**$98,557**	**$100,974**	**2.7%**

NOTES: Remaining banking corporation tax revenues reported with general corporation tax. Figures may not add due to rounding.

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corporation tax (3.4 percent), real property transfer tax (3.0 percent) and mortgage recording tax (1.1 percent). Total tax revenue growth over the period 2019 through 2023 will average 3.7 percent, well below the 5.3 percent annual average over the preceding five years (2013 through 2018).

Based on the proposals included in the Mayor's Preliminary Budget and IBO's re-estimates of city spending and revenues, we project that the budget for 2019 will end with a surplus of $3.4 billion and 2020 with a $722 million surplus. Assuming the 2020 surplus is used to prepay expenses in the following year, we forecast budget gaps of $1.97 billion in 2021 (2.7 percent of projected city-funded expenditures), $1.84 billion in 2022 (2.4 percent), and $1.62 billion (2.1 percent) in 2023. These gaps would be nearly completely offset by the $1.25 billion of reserves already built into the budgets for each of these years. (These reserves are included in the projected expenditures for each year but are not allocated to specific programs. Assuming they are not used to cover shortfalls or unanticipated needs that emerge during the year, the reserves would be available to close outstanding gaps.)

The following overview presents highlights from IBO's analysis of the de Blasio Administration's Preliminary Budget for 2020 and the financial plan for the current year through 2023.

Projected Surpluses and Gaps

IBO projects the need for an additional $305 million in city-funded expenditures in 2019 as a result of our re-

Pricing Differences Between IBO and the de Blasio Administration
Items that Affect the Gap
Dollars in millions

	2019	2020	2021	2022	2023
Gaps as Estimated by the Mayor	-	-	($3,516)	($2,939)	($3,296)
Revenue					
Taxes					
Property	$61	$423	$447	$696	$1,170
Personal Income	285	53	282	202	110
General Sales	117	35	(12)	(26)	(28)
General Corporation	62	93	269	300	281
Unincorporated Business	(57)	(34)	13	82	105
Real Property Transfer	7	52	43	52	66
Mortgage Recording	55	92	94	85	121
Utility	5	14	3	1	(4)
Hotel Occupancy	-	1	19	17	24
Commercial Rent	(3)	11	15	4	(14)
Cigarette	-	-	-	-	-
Other Taxes and Audits	-	-	-	-	-
Total Taxes	**$531**	**$740**	**$1,173**	**$1,413**	**$1,831**
STaR Reimbursement	-	-	-	-	-
Misc. Revenue	8	29	30	30	30
TOTAL REVENUE	**$539**	**$769**	**$1,203**	**$1,443**	**$1,861**
Expenditures					
Debt Service	$7	$38	$0	$0	$0
Fringe Benefits:					
Health Insurance-Education	-	69	72	128	168
Health Insurance-City University	-	3	3	6	8
Health Insurance-All Other Agencies	-	115	116	201	279
Public Assistance	46	52	52	52	52
Education	(73)	(80)	(101)	(127)	(127)
Fire	(50)	(50)	(50)	(50)	(50)
Police	(50)	(50)	(50)	(50)	(50)
Homeless Services	(176)	(238)	(238)	(239)	(239)
Parks	(8)	(13)	(14)	(15)	(15)
Sanitation	(2)	(49)	(88)	(127)	(127)
Housing	-	(3)	(9)	(9)	(9)
Campaign Finance Board	-	-	-	(40)	-
Board of Elections	-	(30)	(30)	(30)	(30)
Small Business Services	-	(44)	(46)	(46)	(46)
TOTAL EXPENDITURES	**($305)**	**($280)**	**($383)**	**($346)**	**($186)**
TOTAL IBO PRICING DIFFERENCES	**$234**	**$489**	**$820**	**$1,097**	**$1,675**
IBO Prepayment Adjustment 2019/2020	(234)	234	-	-	-
IBO SURPLUS/(GAP) PROJECTIONS	**-**	**722**	**(2,696)**	**(1,843)**	**(1,622)**

NOTES: Negative pricing differences (in parentheses) widen the gaps, while positive pricing differences narrow the gaps. Remaining banking corporation tax revenues reported with general corporation tax. Figures may not add due to rounding.

New York City Independent Budget Office estimates of spending in the February Pre;iminary Budget. This increase in expenditures is more than offset by our tax and miscellaneous revenue forecast for 2019, which is $539 million above the estimate in the Mayor's financial plan. IBO's changes yield a total of $234 million in net additional resources in 2019, increasing the projected 2019 surplus to $3.4 billion. Barring any significant new needs emerging in the remaining months of the fiscal year, we assume this surplus will be used to reduce future year budget gaps.

IBO estimates that planned city-generated revenues in 2020 will once again exceed planned city-funded expenditures. City-funded spending is expected to surpass OMB's forecast for 2020 by $280 million, primarily due to underestimates of shelter costs for the homeless, additional costs at the Department of Education, and overtime expenses for uniformed workers. This additional spending is again more than offset by IBO's projection that the city's own-source revenues will be $769 million greater in 2020 than OMB has forecast. As a result, IBO estimates that 2020 will have a surplus of $489 million. The additional $280 million of 2019 resources coupled with the $489 million from 2020 would create a surplus of $769 million to be rolled into 2021. These funds together with IBO's estimate of $820 million of additional 2021 resources would reduce the 2021 gap to $1.97 billion.

In 2022, IBO's projection for city-funded spending is $346 million greater than the Mayor's while our city-generated revenue forecast is $1.4 billion higher than OMB's. As a result we forecast that $1.1 billion in additional resources will be available in 2022, lowering the projected budget gap to $1.84 billion. For 2023, IBO's forecast includes an additional $1.9 billion of city-funds revenue collections above the Mayor's current estimates and $186 million more in city-funded expenditures for a net of $1.7 billion in additional resources, lowering the estimated budget gap to $1.62 billion.

Spending

IBO projects that under the policies and programs articulated in the Mayor's latest financial plan, city spending adjusted for prepayments will total $93.7 billion in 2019, $95.9 billion in 2020, and grow to $102.6 billion in 2023, an average increase from 2018 of 3.1 percent, annually. Similarly, we expect adjusted city-funded spending, which totaled $64.3 billion in 2018, to grow by 6.0 percent to $68.1 billion in 2019 and reach $77.3 billion in 2023, an average annual increase from 2018 through 2023 of 3.9 percent.

Adjusting further for certain nonrecurring or unallocated expenses, such as the reserve funds that are carried in the expense budget but expected to remain unspent, IBO projects that city-funded expenditure growth from 2018 through 2023 will average 3.5 percent annually.

IBO expects city-funded agency spending, adjusted for prepayments, to increase by nearly $1.0 billion between 2019 and 2020.[1] The majority of the city-funded expenditure increase between 2019 and 2020 is allocated for wage increases for all city employees as a result of the recent contract settlement with District Council 37 (DC 37), the city's largest municipal labor union. Pending resolution of contracts with individual unions, much of these funds are still budgeted in the citywide labor reserve rather than individual agencies. As the salary increases under the new contracts take effect, funds will be transferred from the labor reserve into agency budgets. As a result, in future plans IBO expects that most agencies will see a year-over-year increase in their budgets, the product of increased salaries resulting from the contract settlements already signed and those expected to be settled in the coming months.

Sources of Spending Growth. IBO estimates agency expenditures will grow by 6.4 percent from $73.9 billion in 2018 to $78.6 billion in 2019. Between 2018 and the final year of the financial plan agency expenditures will increase an average of 2.1 percent annually. The large increase in agency spending between 2018 and 2019 is primarily due to the settlement of the city's labor contracts. In June 2018 the city settled its labor contract with DC 37, which provided for 7.42 percent compounded wage increases over a 44-month period—2.0 percent for the first 12 months, 2.25 percent for the next 13 months, and 3.0 percent for the remaining 19 months. This contract set the wage increase pattern for the remaining city unions. In order to fund this pattern the city added resources in 2019 through 2022 over and above what had previously been budgeted in the labor reserve for this round of settlements. The steep increase in 2019 agency costs reflects the cost of retroactive wages resulting from the settlement of these contracts as well as retroactive payments made for previous contracts, in particular for the United Federation of Teachers (UFT). After 2019, agency expenditure growth will average 1.0 percent annually.

Soon after DC 37 settled its contract with the city, the United Federation of Teachers adopted its contract for the 2017-2021 period. While the UFT settlement was in line with the recent DC 37 settlement, it included an additional provision for salary differentials for hard-to-staff positions in certain city schools. At the time the contract was settled, the city assumed that the cost of this differential would be included in funding already allocated within the Department of Education's (DOE) budget. It is doubtful that DOE school budgets have sufficient funds available to fully implement this differential payment program and the DOE will either have to reallocate other funds towards this initiative or require additional city funding not already allocated within its budget. Because the department has not provided detailed information on how many positions would qualify for the differential, IBO is unable to estimate the total cost of the program.

Fringe Benefits, Debt Service Spending. Spending growth over the plan period is focused on a few areas within the budget, particularly fringe benefits and debt service. The increase in the cost of providing fringe benefits for city employees and retirees, including health insurance costs, is the single largest area of spending growth across the plan period. In 2018 the city spent slightly under $10 billion in fringe benefit costs; in the current year these costs are expected to be $10.9 billion, and by 2023 they are estimated to increase to nearly $13.4 billion, an annual growth rate of 6.2 percent. IBO estimates that health care costs, by far the biggest component of fringe benefits, will grow at a rate of 5.8 percent during the same period, from $6.2 billion in 2018 to $8.2 billion by 2023. This projected growth would have been even higher without an agreement between the city and the municipal labor unions to work together to identify $1.1 billion in health care savings over the 2019 through 2021 period.

Although the cost of debt service—payment of principal and interest on the funds the city borrows to finance capital projects—is currently lower than estimated when this year's budget was adopted last spring, over the course of the financial plan IBO expects debt service to rise substantially as the city issues additional debt to finance its capital program. After adjusting for prepayments, debt service is projected to grow at an average annual rate of 8.4 percent, from $6.1 billion in 2018 to $9.1 billion in 2023, an increase of over $3.0 billion. In contrast, from 2014 through 2018 actual debt service costs increased by an average of 2.3 percent annually, from $5.5 billion to $6.1 billion.

The growth in debt service costs is almost entirely a product of OMB's estimate of new long-term bond issuance over the plan period. Debt service on new long-term bonds during the plan period is estimated to add approximately $2.0 billion in costs by 2023, net of any savings accrued from the retirement of older debt and refundings. OMB's debt service forecast assumes the issuance of $6.2 billion of new debt in the current year, increasing to $11.0 billion of new debt in 2023, for a total of $36.8 billion of new long-term debt issued during the plan period. While IBO does not re-estimate the city's bond issuance, the total amount of new long-term debt the city plans to issue through 2023 would greatly exceed any previous five-year period. In contrast, from 2014 through 2018 the city issued about $29 billion of new debt, with the largest issuance, $7.4

IBO Expenditure Projections—Adjusted for Prepayments
Dollars in millions

	Actuals	Projection					Average Change
	2018	2019	2020	2021	2022	2023	2018-2023
Agency Expenditures	**$64,023**	**$67,039**	**$65,108**	**$65,825**	**$66,440**	**$66,409**	**0.7%**
Fringe Benefits	9,912	10,943	11,536	12,028	12,705	13,385	6.2%
Labor Reserve		666	1,850	2,268	1,650	2,109	n/a
Total Agency Expenditures	**$73,935**	**$78,648**	**$78,494**	**$80,121**	**$80,795**	**$81,903**	**2.1%**
Other Expenditures							
Debt Service	$6,077	$6,730	$7,306	$7,658	$8,337	$9,086	8.4%
Pensions	9,626	9,850	9,951	10,418	10,864	11,070	2.8%
Judgments and Claims	730	697	712	727	742	758	0.8%
General Reserve	-	300	1,000	1,000	1,000	1,000	n/a
Capital Stabilization Reserve	-	-	250	250	250	250	n/a
Other Adjustments		(401)	5	103	206	321	n/a
Subtotal	**90,368**	**95,824**	**97,718**	**100,277**	**102,194**	**104,388**	**2.9%**
Less: Intra-City Expenditures	$(2,197)	$(2,154)	$(1,794)	$(1,796)	$(1,794)	$(1,792)	n/a
TOTAL EXPENDITURES	**88,171**	**93,670**	**95,924**	**98,481**	**100,400**	**102,596**	**3.1%**

NOTES: Adjustments for prepayments include $4.18 billion of 2017 resources to prepay 2018 expenses, $4.58 billion of 2018 resources to prepay 2019 expenses, and $3.4 billion of 2019 resources to prepay 2020 expenses. Other adjustments include energy, lease, and non-labor inflation adjustments. Figures may not add due to rounding.

New York City Independent Budget Office billion, issued in 2018. Based on past practice, however, even if total debt issuance does in fact grow, the actual increase in new issuance will likely not keep pace with issuance as currently planned.

Labor Costs. In 2018 the city spent approximately $27.5 billion on wages and salaries for employees. The 2018 expenditure was 8 percent greater than the prior year primarily as a result of the finalization of a number of agreements with municipal labor unions on wage increases. The cost of current year wage increases plus the retroactive payments for prior years included in these settlements artificially swelled the 2018 salary and wage total. IBO estimates the city will spend $29.1 billion on wages in 2019, increasing to $31.7 billion in 2023. From 2018 through 2023 the cost of salaries and wages will grow an average of 2.9 percent a year as wage increases related to the settlement of the remainder of the municipal wage contracts begin to take effect.

Pension Spending. Pension costs are often cited as a primary driver of expenditure growth, although in recent years they have accounted for less of the growth than debt service and fringe benefit costs. In 2018 the city spent $9.6 billion on pension costs. OMB estimates that the city's pension costs will increase to $9.9 billion in 2019, $10.0 billion in 2020, and $11.1 billion by 2023, an average growth rate of 2.8 percent from 2018 through 2023. The current rate of growth in pension costs is greater than at this time last year, with the increase primarily attributable to the recent contract settlements. In the November plan an additional $1.1 billion was allocated for pension costs across the plan period to cover the pension costs associated with the salary increases included in the settlements. Excluding the pension increases attributable to the recent contract settlements, annual growth in city-funded pension expenditures over the plan period would have averaged 1.5 percent.

Spending Re-estimates. As a result of differences in various areas of the Mayor's budget, IBO estimates that city-funds expenditures in the Mayor's February financial plan are understated by $304 million in 2019. We expect that city-funded spending will exceed the current plan in each of the four subsequent fiscal years, with the difference reaching a high of $383 million in 2021 before declining to $186 million in 2023.

While changes to expenditures funded with state and federal dollars do not affect the city's budget gaps, shortfalls in state and federal revenues can result in service reductions or a need for additional city funds to replace the deficit in these other sources. IBO estimates that the February financial plan overestimates state and federal funding in 2019 by $60 million. Conversely, we project that state and federal funding is under-estimated by $265 million in 2020, rising to $294 million by 2023. This is primarily the effect of OMB's customary under-budgeting of out-year federal and state funding for certain agencies. IBO's higher estimates for non-city funding within these agencies' budgets are based upon historical analysis of federal and state allocations.

Areas where IBO projects less-than-budgeted spending:

Debt Service. The Mayor's office cut its forecast for 2019 debt service costs by $82 million in the February plan. More than half of these savings resulted from a reduction, to 2.88 percent, of the assumed interest rate on variable rate bonds in the current fiscal year, although that rate remains above current interest rate projections. Using historical data and forecasts from financial institutions to project interest rates on variable rate bonds, IBO estimates that the city's debt service costs will be $7 million less in the current year and $38 million less in 2020 than forecast by OMB.

Health Care Costs. The Mayor's February plan includes $6.6 billion for the city's provision of health care for current and retired city employees in 2019, rising to $8.4 billion by 2023. Based on historical increases in health care costs and federal forecasts, IBO's estimates of health care spending over the financial plan period are slightly lower than the Mayor projects. Although our estimate of city spending on health insurance in 2019 is the same as the de Blasio Administration's, we expect the costs to be lower than presented in the Preliminary Budget by $187 million in 2020, $191 million in 2021, $335 million in 2022, and $455 million in 2023.

Public Assistance Spending. IBO expects that city-funded spending on cash assistance for the poor will be lower than projected by the de Blasio Administration. The city's cost estimates for public assistance are based on caseload projections that are nearly three years old. Because caseloads have declined since the last projections were released, IBO expects that the cost to the city of public assistance will be lower than OMB estimates by $46 million in 2019 and $52 million in each year from 2020 through 2023. In addition we project that state and federal funds for public assistance will be $95 million lower than OMB estimates in 2019 and $106 million lower in each year from 2020 through 2023.

Areas where IBO projects greater-than-budgeted spending:

Homeless Services. The cost of homeless services presents the most notable difference between the two forecasts, with IBO projecting an additional need of $175 million in city funds in the current year, rising to $239 million by 2023. IBO's increased forecast of the cost of homeless services is driven by two factors. First, is the city's underfunding of the provision of shelters, primarily for single adults. The city's current shelter estimate does not account for the continued growth in the size of the single adult and adult family shelter populations or for increases in the per diem cost of shelter. The growth in these shelter populations will require the city to provide an additional $141 million in 2019 and $198 million for each year from 2020 through 2023.

Second, in the past few years the city has consistently received less federal funding for homeless services than OMB has expected. IBO's estimates assume that the ratio of funding among the city, state, and federal governments will closely mirror that of recent years. As a result we project approximately $34 million less federal funding for family shelters than OMB in 2019, growing to $40 million in 2020. We assume that the shortfall will be remedied with an increase in city funding.

Uniformed Overtime. As in past years, we expect overtime costs for the police and fire departments will be higher than estimated in the Mayor's plan. Based on recent historical overtime usage in both departments, IBO anticipates that overtime costs for the police department will exceed the current plan by $50 million in each year of the financial plan. Similarly, we estimate that the city will spend an additional $50 million each year from 2019 through 2023 on fire department overtime costs.

Department of Education. IBO estimates that the city will have to provide an additional $73 million in 2019, $80 million in 2020, $101 million in 2021, and $127 million in 2022 and 2023 for costs related to the city's charter schools. Differences in charter enrollment projections are the largest factor in IBO's forecast of the need for additional charter school funding. Our projections for charter school enrollment exceed the city's estimates by over 3,000 pupils in 2019, increasing to nearly 7,000 more pupils in 2023. As a result we expect that DOE will require an additional $48 million in the current year, $55 million in 2020, $81 million in 2021, and $106 million in both 2022 and 2023.

Differing assumptions about leases for charter schools is the second factor driving IBO's forecast of greater spending on charter schools. The de Blasio Administration based its estimate of state aid for charter school leases on the assumption that once the city reaches $40 million in cumulative allowable charter school lease expenditures since 2015 (the year the state requirement that the city pay for charter schools' leases in private space took effect), it will receive 60 percent reimbursement from the state for any additional lease expenses incurred. In contrast, IBO expects that the state will actually only reimburse 60 percent of the portion of allowable city charter school lease expenditures that exceeds $40 million in any given year. Accordingly, we estimate that the city will need to provide $25 million more a year in 2019 and 2020, and $21 million more each year from 2021 through 2023 for charter school lease expenses.

Small Business Services. The Department of Small Business Services (SBS) budget has customarily been underfunded in the out-years of the financial plan. IBO estimates that SBS's city-funds budget will be $44 million more than budgeted in 2020 and $46 million more in 2021 through 2023. IBO's assumption of higher costs is primarily the result of the city not accounting for funding of the NYC Bus Program beyond the current year of the plan. The program, established in 2014, provides funds to reverse sharp cuts in wages for certain school bus drivers, attendants, dispatchers, and mechanics. Initially the grant was for one year and capped at $42 million, but funding has been allocated every year since its implementation.

The February plan includes funding for the program in 2019 and a small amount of funding, approximately $2 million, in 2020, but none in the remainder of the plan period. On the expectation that these payments will continue, IBO assumes the agency will need an additional $40 million in 2020 and $42 million in each year from 2021 through 2023.

Similarly, SBS's financial plan does not include funding past the current year for some programs that have been funded annually in past budgets. IBO assumes that SBS will need an additional $4.4 million in each year from 2020 through 2023 for continued funding of these programs.

Board of Elections and Campaign Finance Board. IBO estimates that the Board of Elections (BOE) will spend $30 million more than planned each year from 2020 through 2023. Analyzing actual expenditures in recent years, IBO concludes that the currently planned amounts for those years are inadequate for the board to fulfill its mandate.

In addition, IBO projects that the Campaign Finance Board (CFB) will spend $40 million more than budgeted for 2022, the year of the next citywide elections, including the election of a new mayor. IBO's re-estimate of CFB spending for 2022 is generally in line with expenditures in 2014, the last citywide election cycle without an incumbent mayor running for re-election.

Other Agencies. IBO projects that the Department of Sanitation will spend slightly more in 2019 than currently planned. We estimate that the department will require an additional $49 million in 2020, $88 million in 2021, and $127 million in 2022 and 2023. Although we project that the cost of closing the Fresh Kills Landfill will be lower than expected, these savings will be more than offset from 2020 through 2022 by higher personnel costs for waste collection and street cleaning along with higher costs for waste prevention and recycling largely due to contracting.

IBO estimates that the Department of Parks and Recreation will require additional city funding in each year of the plan period. Assuming that agency expenditures in such areas as auto maintenance, funding for city facilities managed by the Wildlife Conservation Society, and human resources will be similar to their average levels in recent years, the department will require an additional $8 million in 2019, increasing to $15 million by 2023.

In addition, we estimate that city funds totaling $3 million in 2020 and $9 million a year in 2021 through 2023 will be needed at the Department of Housing Preservation and Development. These additional costs are primarily the result of the de Blasio Administration not funding a number of current initiatives and programs it has funded routinely in the past; IBO assumes the agency will continue to fund them in the future. These include funding for emergency housing needs, the Alternative Enforcement Program, foreclosure buyback, and other anti-abandonment preservation programs.

Pressure Points

Some of the risks to the financial plan that IBO has highlighted in recent reports have abated. The cost of labor settlements, which had been one of the biggest unknowns in past financial plans, have largely been determined while the changes to the political landscape in Washington have reduced some of the fiscal uncertainty of the first two years of the Trump Administration. But there still remain a number of areas that have the potential to undermine the city's fiscal well-being.

New York City Housing Authority. Earlier this year the city agreed to the terms of a settlement with the federal government to settle pending litigation related to a number of accusations against the New York City Housing Authority (NYCHA). The authority had been accused of negligence and mismanagement in exposing its tenants to dangerous levels of toxic materials as well as for failing to provide for basic levels of housing quality. The settlement agreement requires NYCHA to meet improved performance goals on a set schedule under the oversight of a federal monitor. The city is also required to provide an additional $2.2 billion over the next 10 years for improvements to NYCHA's housing infrastructure. This funding is on top of the city's previously planned $2.0 billion in capital support for a total city investment of $4.2 billion planned by 2028. The settlement does not require the federal government to provide any additional support outsides its customary, annual capital grant allocation, which the authority expects to total $2.1 billion over the next five years.

The settlement with the federal government requires NYCHA to meet certain deadlines for the completion of projects in four critical areas: lead paint and mold remediation, heat restoration, elevator repair, and pest control. If NYCHA does not meet these deadlines the federal monitor has the power to allocate or reallocate resources to assure that the projects are completed. While it is possible that the funding allocated in the settlement agreement will be adequate to ameliorate some of the specific problems identified in the agreement, it is likely that the current funding will not be sufficient to meet all of these targets. According to NYCHA's own needs assessment, its housing portfolio currently has approximately $32 billion of critical needs and a total capital need of $45 billion to bring all NYCHA properties into a state of good repair. It would cost NYCHA approximately $4 billion over the next five years just to make all the repairs outlined in its needs assessment for elevators and heating systems—nearly twice what the city is required to contribute in the settlement and more than 60 percent of the housing authority's current five-year capital plan.

While NYCHA has developed a plan (NYCHA 2.0) that may allow the authority to generate new revenue to address some of its additional capital needs, none of this funding is included in the authority's capital plan. Recent history suggests that it is unlikely that funds needed for repairs in excess of what is already budgeted would come from Washington or Albany—leaving the city to pick up the tab or face the consequences of even greater federal control.

Health + Hospitals. The current H+H financial plan projects operating budget shortfalls, before savings and revenue actions anticipated in its latest transformation plan, of over $1.1 billion in 2019 increasing to $2.0 billion in 2023. The transformation plan to close the gaps relies on efforts to maximize patient volume and revenue by improved billing, documentation, and authorization practices; securing higher reimbursement rates; and ensuring all eligible uninsured patients have insurance, including MetroPlus, H+H's insurance program. Cost savings include efforts to reduce procurement costs, consolidate certain services, and reduce workforce expenses in nonclinical settings. Even if H+H meets all of the transformation plan targets, the public system's exposure to potential federal cuts scheduled for 2020 in Disproportionate Share Hospital funds—money intended to help hospitals serving a disproportionately large share of uninsured patients—is projected by H+H to lead to budget shortfalls as early as 2021. However, H+H's cash balance is projected to be high enough to remain positive over the 2019-2023 period, although 2019's cash balance of $812 million is expected to be only $114 million in 2023. H+H reports modest progress with revenue maximizing and MetroPlus enrollment efforts. The number of uninsured patients served has declined but outpatient visits have yet to increase and an increasing proportion of MetroPlus spending is still going to non-H+H providers. The financial stability of H+H is paramount for the provision of medical services to the city's most needy populations. In order for H+H to remain viable it may fall upon the city to provide for any additional funding necessary to contend with budget shortfalls.

Public Transportation Infrastructure Costs. Additional pressure on the city fisc is likely to come from the costs related to repair and improvement of the Metropolitan Transportation Authority's (MTA) subway and bus system. Under pressure from the state, in 2018 the Mayor agreed to provide half the $856 million cost of an emergency Subway Action Plan aimed at stabilizing the city's deteriorating subway system; the state is providing the other half of the funds. The city is also slated to contribute $2.7 billion of the $17.1 billion of capital spending on subways and buses the MTA budgets in its current capital plan. This funding is not adequate to address all of the system's critical needs, however. The MTA has estimated that it could cost $40 billion or more to properly modernize the city's subway system over the next decade. The Governor and the Mayor have put forward a number of proposals for new or enhanced dedicated funding streams for financing capital improvements to the system. While support for new sources of funding has been gaining momentum, opposition remains widespread and legislation to establish these funding streams is far from certain.

State Budget Concerns. The state recently announced that its current year revenue collections are $2.3 billion below estimates and that its revenue estimates for next year may already be overstated. While it is not unusual for the state to seek budgetary savings to the detriment of the city budget, the state's need to address the revenue shortfall may make it harder for the city to avoid any impact on its own finances. The Governor's budget proposal includes a number of actions that if adopted could require the city to reduce services or allocate hundreds of millions of city dollars to replace the lost state funding. One of the Governor's proposals would require the city to fund 10 percent of the Family Assistance program. The program, which is currently fully funded by federal Temporary Assistance to Needy Families funds, would cost the city $125 million annually: the cuts would include $53 million for cash assistance and $59 million for the provision of family shelter services. Additionally the Governor's proposed budget allocates $148 million less in state education aid to the city than contained in the Mayor's budget for next year. In the unlikely event that all of the Governor's proposals were to be adopted, the de Blasio Administration estimates that the impact on the city's budget could be over $600 million.

Federal Fiscal Policy Concerns. While the likelihood of reductions in federal funding to the city has been diminished with the election of a Democratic majority in the House, continued partisan rancor in Washington has increased the chances of fiscal turmoil that could further slow what is already expected to be a slow-growth U.S. economy. Of particular concern is the need to approve an increase in the debt ceiling. In February 2018 the President signed a law that temporarily eliminated the statutory limit on the debt ceiling for one year. The law expired on March 1, 2019, at which time the statutory debt ceiling came back into effect. The Congressional Budget Office estimates that without an increase in the debt ceiling, the federal government will run out of cash resources by the end of September of this year.

Increasing the debt ceiling would require Congressional approval, but currently there seems to be little motivation on either side of the political aisle to discuss the issue. Congress and the President will also need to address the fate of caps on defense and discretionary nondefense spending levels as well as next year's appropriation bills. Failure to agree on spending late last year resulted in the longest federal shutdown on record. Moodys' Analytics and a number of other economic forecasters are anticipating that official statistics will ultimately show that the shutdown reduced GDP growth by about two-tenths of a percentage point in the first quarter of calendar year 2019 (the agency that measures GDP was one of those closed by the shutdown, which has delayed production of important national economic statistics). Another shutdown could further slow economic growth.

In Reserve

The Mayor and the City Council continue to place substantial funds into reserve that would be available to help balance the budget in the face of either a sharp drop in revenue or the need for unexpected spending. The February plan includes $300 million in reserve funds for 2019—dollars budgeted as expenses but not attached to any specific budget function. If the funds go unused, as they have in the Mayor's prior budget plans, they then become part of the surplus and would likely be used to prepay a portion of 2020 expenses. The financial plan also contains unallocated reserves of $1.25 billion in each year from 2020 through 2023.

In addition to these budgeted reserves, the de Blasio Administration has put aside an estimated $4.8 billion in the Retiree Health Benefits Trust. While funds in the trust can only be used to pay all or part of the cost of retiree health benefits in a given year, it is a sizable sum: $2.5 billion in 2019 and $2.6 billion in 2020. Retiree health costs paid with funds from the trust free up an equal amount of city funds in the budget for other needs, although dipping into the trust fund to provide budget relief makes the city's challenge of funding its future health care obligations to retirees more difficult.

If IBO's economic forecast and our re-estimates of city revenues and expenditures prove generally correct, then the city's fiscal condition should remain stable, with current-year budget surpluses and future-year gaps of a size that the city has routinely managed in past years. We estimate that the city will end 2019 with a total surplus of over $3.4 billion before drawing down the remaining $300 million in unallocated reserve in this year's budget; as typically happens, the city has reduced the unallocated reserves in this year's budget (which originally stood at $1.45 billion) as the year has progressed. This surplus could prepay 2020 expenses, creating a 2020 surplus of $722 million. These funds, along with $820 million in additional resources IBO expects in 2021, could reduce the budget gap in that year to just under $2.0 billion (2.7 percent of estimated city-funded spending). Additionally, our forecasts of revenue and expenditures in the remainder of the financial plan reduce the city's budget gap in 2022 to $1.8 billion (2.4 percent of estimated city-funded spending) and $1.6 billion (2.1 percent of estimated city-funded spending) in 2023. If the city is unable to close these gaps with additional revenues or savings, the $1.25 billion in reserves budgeted for each year of the financial plan are available to help bring the budget into balance. Finally, the city could draw on the Retiree Health Benefits Trust to help eliminate budget gaps.

The city's job growth weakened in calendar year 2018 from the record setting growth that marked the city's recovery from the 2008-2009 recession, and while it is expected to remain positive it is projected to slow further in 2019 and even more so in 2020. Even with this slower growth, IBO expects the city's fiscal condition will remain relatively stable with revenue growth forecast to just outpace growth in expenditures. Though the changing political makeup of Congress has lessened the possibility of additional tax policy changes or budget cuts that could have a negative effect on the city's finances, continued partisan turmoil increases the likelihood of gridlock or policy decisions detrimental to the economy. The recent federal government shutdown could be a portent of things to come. December's stock market correction occurred just as federal leaders proved unable to avoid a government shutdown. The financial losses incurred in December likely contributed to the sharp fall-off in income tax payments to the city and state at the same time. Other risks to the forecast include the need for additional city spending, particularly for NYCHA, the MTA, and H+H, which could place further strain on the city's resources.

As already noted, IBO's forecast assumes that the economy continues to grow over the next few years, albeit slower than in the recent past. If the city economy were to actually contract, the city would initially depend on its reserves to maintain balance. If necessary the city would also use this cushion to formulate spending reductions and work with policymakers in Albany to identify additional revenue sources.

ENDNOTE

[1]The increase of city-funded agency spending is the determined by taking total agency spending from the IBO Expenditure Projections ($78.648 billion in 2019 and $78.494 billion in 2020), subtracting out the non-city revenue totals for each year from the Revenue Projections table, and taking the difference between these two totals.

LiveOn NY

Making New York a better place to age

New York City Council
Committee on Finance, Chair, Council Member Daniel Dromm
March 6, 2019
Preliminary Budget and Oversight Hearing

Thank you Chair Dromm and the Finance Committee for the opportunity to testify on how we can work together to make New York a fair city for all ages. LiveOn NY also thanks Mayor de Blasio, Speaker Johnson, DFTA Acting Commissioner Caryn Resnick, Aging Committee Chair Margaret Chin and the entire City Council for their consideration of needs of older adults in the FY20 budget.

With a base of more than 100 community-based organizations, LiveOn NY's members provide core services that allow older adults to thrive in their communities, including senior centers, congregate and home-delivered meals, affordable senior housing, elder abuse prevention services, caregiver supports, transportation, NORCs and case management. DFTA's network provides services to over 50,000 older adults daily. *Let's be clear, these services aren't just nice to have: studies have shown that services such as senior centers, home delivered meals and others are key to positively affecting health impacts and preventing isolation.*

LiveOn NY recognizes and is encouraged by initial investments in senior services by the de Blasio Administration and ongoing investments by City Council. That said, the DFTA budget still accounts for less than 1% of the total city budget, a point that is only exacerbated by the fact aging New Yorkers are the now fastest growing demographic. Further, New York City spends 20% below the national average on senior meals – that means they are only paying for 4 out of every 5 needed meals. This does not reflect fairness for older New Yorkers, senior service staff and nonprofits that serve older New Yorkers. ***In order for New York to truly be the fairest big city, it must be a #FairCity4AllAges.*** Fairness does not have an age cutoff.

LiveOn NY's priorities are attached to our testimony, and are briefly highlighted them below.

Invest $20 million in Senior Center Meals and Kitchen Staff

WHY:

- Senior centers provided 7.6 million senior center meals in FY17[1]
- 30,000 seniors visit seniors centers daily
- 56% of seniors report that meals eaten at the center makeup ½ or more of their daily food intake
- NYC currently funds senior meals on the average at 20% below the national average funding 4 out of every 5 meals, with nonprofits picking up the rest of the costs. [2]
- In 2008-2013 alone, the cost of food increased by 11% according to the Consumer Price Index while nonprofits struggle to keep pace.
- Food costs, raises for kitchen staff and kitchen equipment and maintenance costs were specifically **excluded** from the model senior center budget funding last year, leaving a void in

[1] New York State Office of the State Comptroller congregate Meal Services for the Elderly study, 2018

[2] In FY117, NYC reimbursed nonprofits an average of $9.06 compared to the 2015 national average rate of $10.69 for congregate meals. For home delivered meals, DFTA reimbursed providers on the average $8.24 compared to the national average rate of about $11.06.

budgets despite the fact that kitchens are core to a senior center.
- Over 50% of older New Yorkers are foreign born according to a recent Center for an Urban Future study, reflecting a significant need for meals that are culturally appropriate to an array of backgrounds, which brings an underfunded fiscal impact. In 2015, DFTA stated that, "in DFTA's HDML network, each catered Kosher [meal] is on average $1.38 more than non-Kosher catered meals." Similar to Kosher meals, Halaal, gluten free, vegetarian, vegan, or other cultural or nutritional needs have an associated cost-increase.
- A citywide RFP for senior centers is expected in the near future.

$20 MILLION WILL FUND:
- Increase for **raw food costs**, including funding for culturally competent meals
- Increase in costs for **disposables** to serve food
- Increase in funds to support **fair salaries for kitchen staff** and to fully staff kitchens to address numerous responsibilities including food preparation, cooking, serving meals, menu planning and submissions, inventory, ordering, accounting, managing volunteers and numerous other responsibilities required to operate a kitchen.
- **Repairs and maintenance** for critical kitchen equipment including ovens, refrigerators and HVAC systems. These costs and needs are heightened in NYCHA senior centers and programs, which have critical additional infrastructure and repair needs.
- Funding for critical **inspections and services** that are required annually or several times a year, including extermination, grease trap cleaning and grease removal, hood cleaning, fire suppression systems, maintenance of HVAC systems and refrigerators and freezers as well as treating sewage back up problems and security alarm service and maintenance.
- All DFTA senior centers, including the 38 additional programs were not evaluated in the "model senior center" budget process last year[3], should receive funding for meals.

Expedite the Additional $10 million "Promised" for Senior Center Staff and Programs

DFTA allocated the first $10 million in model senior center budget funding late in FY19 and the second $10 million is "promised by FY21." As noted, this funding specifically excluded meals and meal staff. We see no reason for the city to hold this funding. It should be expedited as soon as possible.

Invest $15 Million in Home Delivered Meals

WHY:
- This year, providers will distribute over 4.6 million home delivered meals
- The majority of seniors utilizing the program are women, living alone, receiving meals that on average account for ½ or more of their total food for the day
- Nationally, 59% of meal recipients live alone – and the person delivering the meal is often the

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[3] 38 centers were not evaluated in the model senior center budget process. In that group are former discretionary funded sites that are now under DFTA (11 centers), former NYCHA (4 centers), "social clubs" (17) and other social service programs (6). Many, if not all, of the sties not evaluated in the "model senior center" budget process are held to the same standards as the sites that were evaluated, yet were not given funding as the others were. The appropriateness of this decision must be evaluated and reconciled moving forward.

only person they will see that day[4]

- Seniors are underenrolled in SNAP - among those living with hunger, the under-enrollment rate of SNAP benefits is around 40%
- NYC reimbursed providers 20% below the national average for home delivered meals[5]
- A citywide RFP is expected for home delivered meals in the near future

$15 MILLION WILL FUND:

- Increase for **raw food costs**, including culturally competent meals
- Increase in costs for **disposables** to serve food
- Critical increase in funds to support **fair salaries** for home delivered meals staff, who are critical to the human interaction for home delivery
- Funds for **equipment, kitchen needs** and **food preparation**

Invest $10 Million for Repairs, including funding for NYCHA Senior Programs

Senior Centers have infrastructure and repair needs, often that arise in an emergency, however there is not set funding or process to request these funds and centers are often confused and unaware of how to address such needs. These issues are exacerbated in the nearly 100 DFTA programs that operate in NYCHA community spaces which offer critical programs for older adults. The city should invest $10 million to provide funding for DFTA senior center and program infrastructure needs, and for accessible funding for emergency repairs and conditions, particularly in the 100 DFTA NYCHA Senior Centers and Clubs.

Invest $5 Million for Service Coordinators in Senior Housing

87% of senior of seniors would prefer to age in their homes. Research has shown a service coordinator located in a senior building is a proven cost-effective way to support seniors in their community, reducing hospital & nursing home costs. *Seniors at Selfhelp Community Services were found to have significant healthcare savings: Selfhelp residents were 68% less likely to be hospitalized compared to seniors in the same zip codes, representing an average savings of $3,937 per person, per hospitalization.*

Investing $5 million in a citywide Service Coordinators Program would would provide one full time and one part time service coordinator at nearly 40 new or existing affordable senior housing buildings to provide culturally competent information and support. Promotion of overall health and wellness the interconnection of services through the co-location of services can mean the difference between successfully aging in place verses experiencing costly hospitalizations or a move to a nursing home. Service coordinators provide culturally and linguistically competent opportunities for seniors in affordable housing buildings. Qualified social workers in these buildings can help older adults to access benefits, provide referrals to other services as needed, including home care, and combats isolation by connecting residents to socialization opportunities and other local resources, all of which promote healthy aging in the community.

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[4] Meals on Wheels of America, Delivering So Much More than Just a Meal Fact Sheet, United States, 2018

[5] For home delivered meals, in FY17 DFTA reimbursed providers on the average $8.24 compared to the national average rate of $11.06.

LiveOn NY

Making New York a better place to age

Invest $1 Million for Case Management

There are over 1,000 seniors on case management waitlists citywide. LiveOn NY greatly appreciates the investments in FY18 which are beginning to address waitlists, as well as funding added by Council in FY19, but the need continues to grow. We must continually build this system to serve today's need and the needs of the future. Additional funding is needed to reduce caseloads, which already very high at an average of 65. Funding is also needed to serve frail, homebound seniors on waiting lists so that a social worker is available to visit them at home, assess their needs and provide ongoing services. MSW compensation, as well as multilingual staff needs to be funded to ensure there is a professionally trained social worker who can work with immigrant and diverse populations and complex situations. Funding growing need and agency infrastructure are cornerstones to strengthening the case management system citywide. Case Management is a key program that services seniors that are not Medicaid eligible but still need these services, and it is vital to sustain this program.

No PEGs for DFTA

Across the board reductions through the recently announced Program to Eliminate the Gap (PEG) disproportionally and unfairly affect small agencies, such as DFTA, which receives such a small portion of the city budget to begin with. To avoid cutting direct services to older New Yorkers and the staff that serve them, DFTA should not be subject to PEGs.

Council Restorations and Investments in Senior Services Through Schedule C

City Council has long been a staunch supporter of city and district wide senior services programs through allocations in Schedule C. We thank you for your investments and advocate for full restoration for all Senior Service Programs funded in Schedule C. These include NORCs, Support our Seniors, SuCasa, Senior Centers for Immigrant Populations, Health Aging Initiative, Social Adult Day, and others.

Age Friendly Commission

LiveOn NY sits on the Age Friendly Commission and knows the importance of the Commission and its work groups. It is critical to convene thought leaders from across disciplines working on these critical issues. LiveOn NY supports continued funding for $100,000 for the Age-Friendly Commission to support its critical work, as well as an additional $250,000 to support the ongoing and new work groups for the commission for a total of $350,000.

Continued Investments in Human Services Sector

LiveOn NY is a member of the Human Services Advancement Strategy Group (HSASG).

The human services sector of our City is in crisis. Providers have long been sounding the alarm about the impact of the chronic underfunding of government contracts, and now we have reached a breaking point. Without a crucial investment on our current contracts, my organization will have to reevaluate how we can engage with the City to provide crucial services to our communities. As things currently stand, we can no longer carry the deficit of our City contracts.

The gap between what the City funds on human services contracts and what providers can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and the chronic underfunding of the sector is rectified.

The sector is united in asking the City Council to include in their budget response a request for the Mayor to invest $250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. The new *Health and Human Services Cost Policies and Procedures Manual*, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, $250 million should cover the costs to fully implement this manual.

While we understand the driving narrative around this budget is mandated budget cuts, there is money to go around. The City has made massive investments in areas including city staff and infrastructure while the needs of the human services sector have gone largely ignored. It is time to take the state of emergency facing this sector seriously and prioritize the needs of organizations that provide an estimated 2.5 million New Yorkers annually with critical services including after-school programs, supportive housing, homeless services, job training, and mental health services.

LiveOn NY looks forward to working with Mayor de Blasio, City Council, DFTA, all city agencies to make New York City a fair city for all ages and better place to age through a strong network of community based services.

LiveOn NY's members provide the core, community-based services that allow older adults to thrive in their communities. With a base of more than 100 community-based organizations serving at least 300,000 older New Yorkers annually. Our members provide services ranging from senior centers, congregate and home-delivered meals, affordable senior housing with services, elder abuse prevention services, caregiver supports, case management, transportation, and NORCs. LiveOn NY advocates for increased funding for these vital services to improve both the solvency of the system and the overall capacity of community-based service providers.

LiveOn NY also administers a citywide outreach program and staffs a hotline that educates, screens and helps with benefit enrollment including SNAP, SCRIE and others, and also administers the Rights and Information for Senior Empowerment (RISE) program to bring critical information directly to seniors on important topics to help them age well in their communities.

LiveOn NY
Making New York a better place to age

FY20: Make New York City A #FAIRCITY4ALLAGES

The 3 Pillars of Fairness

1

DID YOU KNOW?
NYC currently funds seniors' meals at a rate of 20% **below** the national average.

Independence

- **Senior Center Meals**: Invest $20 million for healthy, culturally competent meals, critical staffing needs, and the unfunded costs of safely running a kitchen. Include **all** senior centers in process.
- **Home Delivered Meals**: Invest $15 million to ensure homebound seniors have access to nutritious meals and staffing is fully funded.
- **Service Coordinators:** Invest $5 million to help seniors living in affordable housing to age in place.
- **Case Management:** Invest $1 million to help address the 1,000 + client waitlist.

2

Equity

- **No PEGs for DFTA:** To avoid cutting direct services to older New Yorkers and the staff that serve them, DFTA should not be subject to PEGs.
- **Workforce Salary Fairness:** Invest across the DFTA workforce so that individuals performing similar roles in different programs are each paid an equitable, competitive salary.
- **Senior Center Model Budget Inclusivity:** Invest in the 38 senior centers that were not included in the Model Budget Process.
- **Model Budget:** Invest the promised $10 million in funding for senior centers **this year.**

3

Safety

- **Funding for Repairs:** Invest $10 million to provide funding for DFTA infrastructure needs, and for accessible funding for emergency repairs and conditions, particularly in the 100 DFTA NYCHA Senior Centers and Clubs.

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Restore Aging Discretionary Funding

We ask for continued investment in *all* Senior Services Council Initiatives funded in FY19 including:

NORCs
Restore $3,654,995 plus $750,000 for needed nursing hours

Fosters aging in place among areas of dense senior populations

Healthy Aging Initiative
$2,040,000

Supports for various health promotion programming

Senior Center Program Enhancements
$2,104,000

Provides critical supports to senior centers

#FairCity4AllAges

SU-CASA
$3,315,000

Creative aging art programs at senior centers throughout NYC

Support Our Seniors
$4,080,000

Supports senior services across the City

Senior Centers for Immigrant Populations
$2,000,000

Supports NYC's diverse older adults in a culturally competent manner

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Center for Court Innovation

Research. Development. Justice. Reform.

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courtinnovation.org

Greg Berman. Director

February 28, 2019

Speaker Corey Johnson
New York City Council
250 Broadway
Suite 1804
New York, NY 10007

Re: Center for Court Innovation FY20 Applications

Dear Speaker Johnson,

I write to you on behalf of the Center for Court Innovation to seek City Council's support for our programs in Fiscal Year 2020. Our requests include a continuation of our FY19 core support for ongoing alternative-to-incarceration, and access-to-justice programs in all five boroughs, as well as support for critical new diversion and mental health programming.

Researchers have documented that our operating programs throughout the city have decreased violence, aided victims, reduced the use of jail, and transformed neighborhoods. Beginning with Manhattan's Midtown Community Court, the Center now has more than two dozen operation programs serving tens of thousands of New Yorkers each year. Our work provides meaningful off-ramps, helping participants move from a cycle of poverty and recidivism to real engagement and leadership in their communities. To continue to accomplish this work, we seek to renew funding for our core Citywide Speaker request, our youth-focused supervised release programming in Brooklyn operating out of Brooklyn Justice Initiatives, and our Bronx pre-court diversion (Project Reset) programing.

We also seek expanded City Council support to address several additional needs. The Council provided mid-year FY19 support to implement the Center's pre-court diversion program, Project Reset, in Brooklyn. With continuation and expansion of this funding in FY20, thousands more individuals would be diverted, significantly reducing the number of people going to court and improving the fairness of the system. Further, Council support for citywide expansion of our Driver Accountability Program would complement pending legislation, holding reckless drivers accountable through alternative sanctions, reducing dangerous driving, and saving lives.

We also seek the Council's help to expand access to mental health services for those in the justice system – a stated priority for the Council. In Brooklyn and Queens, we are seeking funding to provide programming for justice-involved youth to help them address their often unmanaged mental health needs. In Staten Island, Queens, and the Bronx, we are seeking funding to provide age appropriate and trauma-informed mental health services to children who are victims or witnesses to serious crimes.

I cannot close without thanking you again for the Council's partnership. We have done an enormous amount with the Council over the years including implementing the Cure Violence model in the Bronx and Brooklyn, building award-winning youth development programs in Queens and Staten Island, and diverting thousands of low-level cases out of the criminal justice system at projects such as the Red Hook Community Justice Center. We look forward to continuing our mission with the City Council to enhance New Yorkers' trust in the justice system in the next fiscal year.

If you have questions, you can reach me at (646) 386-3830 or bermang@courtinnovation.org. I look forward to speaking with you in the near future.

Sincerely,

Greg Berman
Executive Director

The City of New York
Mayor's Office of Management and Budget
255 Greenwich Street • New York, New York 10007-2146

Melanie Hartzog
Director

TESTIMONY OF MELANIE HARTZOG, DIRECTOR, MAYOR'S OFFICE OF MANAGEMENT AND BUDGET OF THE CITY OF NEW YORK TO THE CITY COUNCIL ON THE PRELIMINARY BUDGET FISCAL YEAR 2020

March 6, 2019

Thank you Speaker Johnson, Finance Chair Dromm, Capital Budget Subcommittee Chair Gibson, members of the Finance Committee, and members of the City Council, for the opportunity to testify today concerning the Fiscal Year 2020 Preliminary Budget. I also want to thank Latonia McKinney and the Council Finance staff for their positive and collaborative approach to the budget.

I am joined at the table today by OMB First Deputy Director Kenneth Godiner. And our dedicated and hard-working OMB staff is here to assist me in answering questions.

Before I discuss the Fiscal Year 2020 Preliminary Budget and Preliminary Ten Year Capital Strategy, I would like to set the backdrop.

First, experts believe the national economy is slowing. Equity markets experienced volatility throughout 2018, with substantial fluctuation through the fall and winter. In December, we experienced the biggest monthly decline in the markets since the financial crisis. Further, GDP growth slowed to 2.6 percent in the final quarter of 2018. Many economists believe it might dip below 2 percent in the first quarter of this year, in part because of the federal government shutdown. Additionally, foreign trade conflicts and a weakening housing market raise red flags.

The second challenge we face is slowing revenue growth. Personal Income Tax (PIT) collections were down in December and January due to market volatility. Therefore, we revised our Fiscal Year 2019 PIT forecast downward. The decline in PIT was offset by gains in real property tax - our single largest revenue source - and sales, commercial rent, transaction, and business taxes.

However, the decline in Personal Income Tax caused overall revenue growth to slow. A substantial deviation in revenue expectations could threaten fiscal stability, and will require us to take additional savings measures. We will have an updated revenue forecast in the Executive Budget that is released in April.

On top of national economic pressure and slowing revenue growth, we face adversity from Albany. The proposed state budget released in mid-January contains nearly $600 million in cuts and cost shifts that impact the Budget over Fiscal Years 2019 and 2020, and put us at risk.

The State shifts $300 million in education costs, leaving the City short of funding it needs to educate 1.1 million students. Further, the state budget proposes a shift of $125 million of State costs to the City for TANF financial assistance for families in need. This would shift the cost of cash assistance to the City and cut shelter rates for those who need shelter. The proposed state budget also cuts $59 million designated for healthcare services. This includes funding for prenatal care, diabetes prevention, and HIV treatment

Finally, the state budget cuts $13 million from programs that keep at-risk youth out of foster care and detention centers.

The State's Executive Budget also includes a projected $1.6 billion drop in personal income tax revenue for the State fiscal year that begins in April. And after the Executive Budget was released, we learned of a new threat; the State faces a $2.3 billion revenue shortfall in its *current* fiscal year. In response, the State proposed more than half a billion dollars in cuts to Medicaid reimbursement statewide. We will continue to work with our allies in the state legislature to fight cuts to our budget.

To meet the challenge posed by a slowing national economy, State budget impacts, and a decline in revenue growth, the Mayor has called for an ***additional*** $750 million in savings in the Executive Budget.

To achieve these savings, and protect our fiscal stability, we are taking two additional steps.

First, we are instituting this Administration's first Program to Eliminate the Gap (PEG). When he announced the PEG, the Mayor was clear that mechanically applied, across-the-board cuts, are not an equitable means of achieving savings. We have given agencies mandatory savings targets that take each Agency's overall budget and previous savings efforts into account. We will help the agencies achieve these targets using the Administration's core priorities as a guide, and reflect the savings in the Executive Budget.

Second, we are expanding the Partial Hiring Freeze. This program has saved the City almost $450 million since it began in April 2017. Last November we extended the initiative by mandating an annual takedown of 1,000 vacancies. This is saving the City $50 million per year. Now, we are deepening our approach.

In addition to monitoring hiring decisions and eliminating vacancies, we will carefully scrutinize every vacated position to ensure it helps fulfill an essential Agency function. Going forward, this approach will be an integral part of the Partial Hiring Freeze.

I would now like to discuss the Fiscal Year 2020 Preliminary Budget, which is $92.2 billion.

The Budget is balanced and outyear gaps are manageable. Overall growth in the budget since Adoption is 3.4 percent, which is within historic range. The growth is driven by planned budget increases that include fair wages and benefits for our employees, and investments in education.

Like prior years, we have a record level of reserves, and remain focused on savings. We maintain $5.75 billion in reserves that serve as a buffer to the unexpected. This includes $1.0 billion in the General Reserve, $250 million in the Capital Stabilization Reserve, and $4.5 billion in the Retiree Health Benefits Trust.

The Preliminary Budget reflects $1 billion in savings across Fiscal Years 2019 and 2020. We also recognized healthcare savings of $1.6 billion in Fiscal Year 2020, and $1.9 billion annually thereafter.

New agency spending is $199 million in Fiscal Year 2019, and $300 million in Fiscal Year 2020. This is the lowest amount we've spent in a Preliminary Budget, and is offset by $950 million in Agency savings over the two years.

The majority of the new agency spending goes towards continuing existing programming. Investments include:

- Deepening our investment in 3-K for All by expanding into high-needs Districts 8 and 32;
- Partnering with the Speaker and the City Council to invest in the Fair Fares program that helps low-income New Yorkers get to school, work, and medical appointments;
- Accelerating Crisis Intervention Training, which includes de-escalation techniques, for NYPD officers who are most likely to engage people experiencing a mental health crisis, and;
- Increasing access to primary and mental health care, as the Mayor announced in his State of the City address.

I would now like to discuss the capital budget.

First, I am happy to report some good news that will have a positive impact on our capital program for years to come. Last Friday Moody's Investors Service upgraded our General Obligation bond rating to Aa1. As a result, we expect to see lower borrowing costs and additional savings. Further, the market for our bonds will diversify and grow. This is the highest rating the City has ever achieved, and only one step below AAA, their highest level. In explaining their decision to upgrade our bond rating after nine years at a lower level, Moody's cited our strong financial management and the city's economic diversity.

Every other Fiscal Year, we outline our long-term capital outlook. The 2020 Preliminary Ten-Year Capital Strategy is $104.1 billion. This reflects an 8.7 percent increase over the 2018 Ten-Year Capital Strategy.

The bulk of the investments in the Preliminary Capital Strategy are in education, environmental protection, transportation, and housing. They include:

- Fulfilling the Mayor's commitment to finance 57,000 school seats;
- Improving wastewater treatment facilities and sewage control measures;
- Expanding green infrastructure projects;
- Enhancing pedestrian and cyclist safety;
- Improving roadways and traffic flow;
- Building and preserving record levels of affordable housing, and;
- Investing in repairs and improvements to NYCHA developments.

In funding our Capital Budget, we continue to estimate debt service cautiously, and ensure that City-supported debt service does not exceed 15 percent of City tax revenue – the benchmark used by the City for many years.

Thank you again for the opportunity to testify today.

And now, I look forward to taking your questions.

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

COMMENTS ON NEW YORK CITY'S FY 2020
PRELIMINARY BUDGET
BEFORE THE
NEW YORK CITY COUNCIL FINANCE COMMITTEE

March 6, 2019

Good afternoon, Chair Dromm and members of the Finance Committee. Thank you for the opportunity to discuss the City's Fiscal Year 2020 Preliminary Budget. Joining me is our Deputy Comptroller for Budget, Preston Niblack.

Each year we have an opportunity to consider how best to ensure our City is serving working families and promoting policies that empower historically disenfranchised New Yorkers. The budget is a statement of our values, and I hope that my testimony today will help you craft a budget that lifts people up, while also managing our finances for the long term.

The national economy has now experienced a nearly decade-long expansion – the longest and strongest in recent history. Since the end of the Great Recession, New York City has added close to 90,000 jobs per year. A booming economy and growing tax revenues has enabled us to invest in critical initiatives, such as Pre-K For All, eviction prevention, and legal services for immigrants.

I am happy to see additional new investments in this budget, from the expansion of 3K, to speeding up the slowest buses in the nation with traffic signal priority, and a commitment to remove lead paint from housing. And I hope we will be able to fund other important programs, like the Citizenship Fund that I proposed two years ago. About 670,000 New York City immigrants are eligible to become U.S. citizens but have not done so, in part due to the high application fee. I was pleased that the City Council included $3 million in your Preliminary Budget Response last year to seed this initiative. I urge you to once again include this critical funding in your response and to help push this new fund over the finish line this year.

But today, while the economic expansion continues for now, the rate of growth is slowing, and the risks are multiplying. Slowing global growth; the waning impact of the brief sugar rush of economic stimulus from last year's federal tax law; continuing risks of federal budget showdowns; and the growth of high-yield corporate debt, all could undermine the continuation of the expansion. Locally, my office predicts that over the next four years, job growth in the City will decline to under 35,000 per year.

Fiscally responsible management of the City's budget requires taking the long view: not just balancing this year's budget, but ensuring that actions taken today protect our ability to provide the critical services that New Yorkers rely on tomorrow.

Given the uncertainty on the horizon, I am increasingly concerned that we simply have not done enough to hedge against the risks. We know from experience that a downturn will hurt our most vulnerable residents the hardest. But the window for action is closing.

With this in mind, I want to begin with a review of the City's Fiscal Year 2020 Preliminary Budget and the Financial Plan.

Over the City's Financial Plan, through FY 2023, spending is projected to grow at an average annual rate of 2.2 percent. In contrast, revenues are projected to grow at an average rate of 1.8 percent each year, resulting in budget gaps of $3.5 billion in FY 2021, $2.9 billion in FY 2022, and $3.3 billion in FY 2023.

My office expects tax revenues to rise by 3.7 percent per year, slightly higher than the Administration's assumption of 3.2 percent per year on average. As a result, we expect additional revenues of $434 million in FY 2020, $974 million in FY 2021, and more than $1.2 billion in each subsequent year. The biggest contributor is the property tax, due to both higher anticipated growth in the near term, and a lower level of reserves than what the Administration is forecasting.

However, we have also identified several large risks on the spending side of the budget, including overtime, charter school tuition, and reimbursements for special education services.

Taken together, our revenue and expense projections result in a minimal change to the FY 2020 budget gap and modestly smaller gaps in the last three years of the plan.

As you work with the Mayor to adopt a final budget, I would like to urge you to take action to protect the important gains we have made toward creating a more equitable and just City.

As I've said every year that I've testified here, my office has determined, based on analysis of historical experience and the advice of credit rating agencies, that the City should have a budget cushion of between 12 and 18 percent of spending. But since FY 2017, progress in increasing the cushion has stalled at around 11 percent.

To put things in perspective, at the start of the last recession in FY 2009, the City's budget cushion was equivalent to nearly 18 percent of spending. Despite those resources, and even with the help of the Obama stimulus bill, we still were forced to raise taxes and cut services to weather the storm.

So I think it's past time for a firm roadmap for increasing our savings to ensure we reach the optimal range of our financial cushion. I cannot emphasize enough how critical it is that we set and reach these targets. We should have gotten to work on this five years ago.

In the FY 2020 budget, we should at least reach the bottom of the optimal range. To do that, we need $2.4 billion <u>more</u> by FY 2020 budget adoption than the $3.2 billion surplus in the Preliminary Budget.

And we should plan to increase our target by 1 percentage point each year, reaching 15 percent by FY 2023. This is completely realistic, and it is urgent that we start now to increase our savings if we are going to protect the services our communities rely on.

In order to achieve these targets we need to generate more recurring agency savings.

The most recent Citywide Savings Plan is expected to provide budget relief totaling $770 million this year, and $270 million per year on average through FY 2023.

However, nearly half of the FY 2019 savings is due to reimbursement from NYC Health + Hospitals for debt service, tort claims, and fringe benefits payments made on its behalf in prior years.

In fact, the $3.1 billion surplus that has been built up so far this year relies too heavily on "one-shots" – that is savings that you only get once, and can never use again, including reducing the reserve for categorical aid disallowances, selling assets, and using bank settlement revenues.

To be clear, I'm not arguing that we should never use one-shots. What I am saying is that we should use one-time revenues for one-time spending needs – or we should hold those funds aside for a time when we may really need them.

The Mayor also committed to a $750 million Program to Eliminate the Gap (PEG) for Fiscal Years 2019 and 2020 in the Executive Budget. This is a good, but modest, start. In fact, since this Administration began instituting savings programs, agency savings have represented just over 1 percent of total agency spending – a far lower bar than in the prior administration. The PEG target of $750 million represents less than 1 percent of agency spending in Fiscal Years 2019 and 2020.

I hope that the majority of the actions in the PEG program will involve real and recurring agency efficiencies. I was somewhat disappointed to read reports yesterday that agency savings account for $550 million of the $750 million total, with debt service savings and the hiring freeze accounting for the rest. I think we can do better.

Not only must City agencies contribute more to savings, they must be accountable for the public money they spend.

Last year I introduced the Comptroller's Watch List to highlight agencies with high spending growth and lackluster results. This year the agencies on the list include two from last year – the Department of Correction, and spending on homeless services – and one new agency – the Department of Buildings.

Despite great efforts and increased spending, the number of New Yorkers who sleep in homeless shelters continues to rise. We are now spending more than double what we spent in FY 2014 on homeless services – $2.9 billion next year across all agencies. It is unacceptable to continue spending nearly $3 billion a year and not make a dent in the homeless population.

Similarly, our City jails now spend more than $300,000 per year to house one person on Rikers Island. As we have reported for five years now, the jail population has been steadily falling, yet the costs are growing and despite a concerted effort, the culture of violence has not abated. Again, we cannot simply spend more and more money, year after year, and not see results.

This year we added a new agency to the watch list, where, despite greatly increased resources, we're just not seeing results for New Yorkers. That's the Department of Buildings (DOB).

Since 2014, DOB has increased its budget by over 60 percent and its staffing by 50 percent. And yet, there has been no measurable impact on construction safety. In fact, accidents, injuries, and fatalities are on the rise. I know that the Council is well aware of the problem, and passed essential legislation in 2017 to address the issue, but we need to ensure that the new spending and requirements are on a path to make a meaningful difference.

To conclude, I hope my message today is clear because it's urgent.

The economic growth we've relied on in recent years is slowing down, especially when we look ahead to 2020. The Mayor's agency savings are a start, but we need to do a lot more.

We cannot take these risks lightly. We need to prepare our City so that regardless of what we face down the line, the critical services that lift up New York's working families and low-income communities will weather the storm.

Thank you very much.

Testimony

New York City Council

Finance Committee 2019 Budget Hearing

March 6, 2019

By Ralph Palladino

2nd Vice President

DC 37 Local 1549 Clerical-Administrative Employees

Local 1549 represents 14,000 employees of the City of New York, who are also taxpayers, working in virtually all city agencies, the NYPD, NYC Health and Hospitals and the MetroPlus HMO. Our members are the 911 operators who answer emergency calls, the 311 Call Center Representatives providing vital information, and the HRA Eligibility Specialists in Medicaid and Food Stamps, who provide assistance to families in need. In NYC H+H, we also perform information providing, billing and financial counseling duties.

We urge the city council to support the public hospital system, New York City Health and Hospitals (H+H), by securing the funding for the Mayor's initiative, NYC Cares.

Civilianization of the NYPD needs to be completed this year in order to save city tax dollars and enhance safety The City of New York needs to stop wasting taxpayer dollars, by accelerating civilianization of the 500 positions currently being filled by uniformed personnel in the NYPD by utilizing the Police Administrative Aide (PAA) title.

The City Council should also tell the city and DCAS to end the Bloomberg administration's practice of replacing Clerical-Administrative titles with higher paid, mostly non-competitive and sometimes Managerial titles performing the same duties. It is a waste of city tax dollars.

Hire 400 Eligibility Specialists in HRA

In the city's Human Resources Administration (HRA) the city and HRA allowed 400 Eligibility Specialist (ES) positions to be attrited. This directly led to increase waiting time for clients and so heightened tensions at HRA centers. The city and HRA must hire the 400 ES that were allowed to be attrited in order to lower the waiting times and better service the Medicaid and 1.6 million more SNAP recipients. A civil service list is being called and it needs to be used.

The City Councils proposals for increased training and pilot projects for other staffing are are all well and good. **But if the ES's that lines that were lost are not filled then the 2.5 hour and longer waits will continue regardless. More pilot projects are like band aides on a wound. Radical surgery and preventative medicine is needed. Hire more ES's.**

Civilianization Saves Tax Dollars

We thank the City Council for supporting Civilianization of the New York City Police Department (NYPD) in the past. We ask you to proactively encourage the city administration and NYPD to follow through on their promise to FULLY civilianize. Why does it take five years to complete this good government policy, which is supported by the Independent Budget Office, the Citizens Budget Commission, and the last four City Comptrollers? While the NYPD has civilianized some positions, they have not been forceful enough addressing many desks that should be staffed by PAA's. A current Civil Service list exists for PAA. Move it!

Local 1549 and DC 37 won three NYPD arbitrations on Civilianizaton, including judgments against the appeals by the city. The former administration just ignored the rulings. The current city administration is doing the same.

There are still approximately 500 able bodied uniformed personnel in the NYPD, including ***Police Officers, Traffic Enforcement Agents*** and ***School Safety Agents*** who still perform the jobs of clerical employees, doing routine tasks of Police Administrative Aides (PAA) such as answering phones, taking reports, responding to inquiries, filing, roll call and payroll among others. Uniformed personnel can be better utilized in ***community policing, enforcement, protecting pedestrians from accidents and in making schools safer.*** The NYPD, City Council and union had agreed four years ago that 750 such positions could be civilianized. The number of PAA's has actually decreased to a five-year low. Why?

Failing to civilianize is an outrageous waste of taxpayers' dollars. It is estimated by various sources, including former City Comptrollers, Public Advocates, the Citizens Budget Commission and the Independent Budget Office that **NYPD Civilianization could save the taxpayers anywhere between $17 and $127 million dollars. Our latest figures, factoring in our members' collective bargaining raises, but NOT those of uniformed personnel, show an approximate savings of: $30 million recurring yearly.**

Civilianization saves tax dollars, enhances public safety and health, and creates jobs for New Yorkers. It is good public policy! What better time to invest in such long term savings when there is such a large budget surplus!

City Employees Should be Doing the Work for Which they were Hired

Local 1549 has filed numerous grievances against management in several agencies, including the NYPD (other than the ones already won at Arbitration) and the NYC H+H, for replacing Clerical-Administrative Employees with higher paid, mostly non-competitive titles while assigning those replacements the same routine work that our members perform. They do this mainly to circumvent the civil service system. They hire who they want instead of the utilizing the merit system.

This is a waste of the public's tax dollars. It also smells of favoritism and cronyism.

Our analysis of most, not all, of the grievances filed shows that the city, by conservative estimate, is wasting approximately $2,220,000 *annually* in just five city agencies and H+H (See the attached). This does not include the cost of processing and hearing the grievances nor the cost of arbitration.

NYPD 911 System Staffing

We thank the City Administration and NYPD for increasing staffing levels three years go for 911 personnel. The staffing levels fluctuate due to attrition and occasional new hires failing the training program. Many of those eligible for retirement are doing so. Staffing must be monitored constantly. The additional staffing has helped alleviate overtime, sick leave and stress. The centers receive just over 9 million calls.

Now, however, the amount of overtime has begun to rise again by roughly $2 million from 2017 to 2018. This adds additional stress to these first responders. Now, texting has been added to their job requirements. Stress and burn-out, we believe is, partially responsible for absenteeism and the high turnover rate. Now, there are two Public Safety Answering Centers with many empty cubicles that could be staffed by Police Communication Technicians (PCT) and supervisors (SPCT). This would improve services on a 24-hour basis. The new proposals for texting and imaging will require a separate unit for the PCTs to be assigned to perform those functions. Additional hiring will be a necessity if this work is to succeed.

<u>Support NYC Cares and reach out to the state for fair share funding for NYC H+H</u>

Local 1549 fully supports the Mayor's proposal for additional funding for NYC H+H through the NYC Care program. At one time the city funded 33% of HHC's (now NYH+H) budget. While we believe more could be done by the city, this is a good start. For years, Local 1549 has called on the city to increase its' support for our great public system. We applaud the Mayor for doing so.

The cost of providing quality services needed by the public continues to outpace this public system's cost of care and income. This is despite HHC's low administrative overhead. ***H+H remains the key to making health care more accessible, especially in areas where disparities in health care exist.***

Medicaid reimbursement rates do not meet the cost of care at NYC H+H. Rates have not risen significantly in over 10 years. It costs NYC H+H about $350 per patient per Ambulatory Care visit. The reimbursement is about $200. This means that each visit is costing NYC H+H about $100 for each patient visit.

The federally funded Delivery System Reform Incentive Payment (DSRIP) Program allocation from the state is supposed to be based on funding, based on where the most indigent care is provided. However, this is not what the state has done. Too much of the funding is going to the private sector and not enough is going to public hospitals. There have been numerous articles, in all of the major newspapers, over the past few years addressing the excessive tax dollars received by large "non-profit" hospitals that function like "for-profits," with high paid CEO's, and do not serve anywhere near the number of poor patients that NYC H+H does.

The DSH funding distributed by the state is based on an unfair formula. Much of the funding that should go to NYC H+H, because of its share of uninsured and Medicaid patients, goes to the private big hospital networks instead.

It is impossible for public health care institutions to compensate for losses when their overhead is only 3-5%, unlike private institutions where their overhead is around 20%.

Disproportionate Share (DSH) funding from the federal government to cover the cost of treating the uninsured will disappear in a few years.

Continued downsizing of staff and services will only hurt patient care. The use of low wage private temporary workers has been reduced but still exists at a level that is too high. Would anyone want their medical record number accessed by a temporary agency worker who could be "gone tomorrow" and is not really vetted like H+H employees are?

The City Council to be pro-actively advocating with the Governor and state legislature about increasing Medicaid reimbursement rates. Also it is important to do so for more funding and fair distribution of Disproportionate Share (DSH) Funds for NYC H+H.

Local 1549's Ask for Budget

1- Hire Eligibility Specialists in the city's Human Resources Administration (HRA). 400 positions were allowed to be lost to attrition by the city and HRA administration the past four years. 400 ES's must be hired if wait times and conflicts in HRA between staff and clients are to be reduced.
2- Reach out to Governor Cuomo and request that the 911 Surcharge on telephone and cell phone bills be used for the purpose it was intended, to enhance the 911 emergency system. Use the surcharge to upgrade the 911 system and hire 500 additional PCT/SPCTs for the NYPD 911 System call centers. That the funding be sent on a recurring basis.
3- The City Council should pressure the NYPD to complete the Civilianization of the Police Administrative Aide work currently being performed by 500 able bodied uniformed officers.
4- The City Council should request that the city, DCAS and NYC H+H strictly adhere to the placement of employees in positions according to their job description and proper titles. These are higher paid titles performing clerical-administrative duties. Most are non-competitive titles taking civil service positions. That all litigation of cases involving collective bargaining disputes on this issue be expedited to conclusion as soon as possible.
5- Support the NYC Care funding for NYC H+H in order to make sure those in need of healthcare receive it and the public hospital system receives fair funding.
6- Support the Gottfried/Rivera legislation in Albany for funding of patients in need for the Essential Healthcare Plan. Some of this funding will be used by NYC H+H.

ADDENDUMS ON NEXT PAGES

ADDENDUM 1 - CIVILIANIZATION

NYPD: PAA/ SPAA Headcount Comparison2014 - 2019

	1/13/14	1/28/15	1/8/16	1/12/17	1/1/18	1/1/19
P.A.A.	1479	1478	1414	1385	1330	1277
S.P.A.A.	852	866	874	887	888	862

P.A.A. = Police Administrative Aide

S.P.A.A. = Senior Police Administrative Aide

DC 37 HEADCOUNT NUMBERS

CIVILIANIZATION Cost Savings Documented

DC 37 latest analysis of cost savings for Civilianization of the NYPD. The numbers from DC 37 Research and Negotiations reflect the inclusion of the collective bargaining increases for our members including health benefits.

NYPD- 750 (this is the number set by the NYPD and City Council and we are agreeable to it)
500 (This is the approximate number of positions still not civilianized as of late 2014 as per the NY City Council)

These are positions where *able bodied uniformed employees* are performing routine clerical duties. These duties include roll call, payroll, answering phones, filing, etc. There are currently civil service lists that are pending where these positions can be filled with able candidates. None of the job descriptions for the work being performed are different that the job descriptions contained in the Civil Service Job Specifications.

See below:

NYPD- Using the incumbent rates after 5 years a uniformed police officer would be a cost of $87,119.20 (current) and approximately $95,831 (factoring in the pattern for collective bargaining) and a Police Administrative Aide would cost $51, 658.60. The additional cost for a uniformed employee is $35,460.60. Multiplied by 500 positions is **$26,595.450 annually.**

($30 million approximately annually factoring in NYPD uniformed collective bargaining agreement not yet finished negotiation but based on pattern of other agreements.)

500 positions civilianized this year would save $30 million per year for *each* future year

ADDENDUM 2 - HRA Eligibility Specialist Staffing

Department of Social Services: E.S.

Headcount Comparison

2014 - 2019

Report Date	1/13/14	1/28/15	1/8/16	1/12/17	1/1/18	1/1/19
E.S.	2503	2670	2539	2362	2319	2278

E.S. = Eligibility Specialist

Headcounts based on District Council 37 membership reports

ADDENDUM 3

Civil Service Abuse and Waste of Tax Dollars

A. Agencies using Non-Competitive titles, all with higher salaries to perform Clerical-Administrative Duties.

NYC H+H (all hospitals)
ACS;
Human Resources Administration
Consumer Affairs;
DOHMH;
DOT;
HASA;
MISCA;
HPD;
TLC;
OATH;
OCSE;
DEP;
NYFD;
Department of Aging
Department of Buildings
Department of Sanitation

B, Non-competitive titles with little or no clerical work assigned in their city job discriptions currently being used to perform routine clerical work.

Assistant Coordinating Manager
Community Associates
Community Liaisons
Community Assistants
Community Aides
Healthcare Program Planner Analyst
Clinical Dietetic Technician
Nurse
Bio Medical Equipment Technician
Patient Care Associate
Patient Care Technician
Service Aide
Sanitation Worker

C. Higher Paid Civil Service Titles performing primarily routine Clerical-Administrative tasks thus ***wasting tax dollars.***

Police Officers- NYPD
Traffic Enforcement Agents- NYPD
School Safety Agents- NYPD

Healthcare Investigators- NYC Health and Hospitals
Systems Analysts- NYC Health and Hospitals
Assistant System Analyst- NYC Health and Hospitals

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Health + Hospitals Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2012-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC Health + Hospitals Projected Savings
Coordinating Manager	$50K	$37K	$13K	10 Coordinating Managers reassigned would save approximately $130,00.
Hospital Care Investigators	$44K	$37K	$7K	10 Hospital Care Investigators reassigned would save approximately $70,000
Assistant Coordinating Manager	$50K	$37K	$13K	10 Coordinating Managers reassigned would save approximately $130,000.
Hospital Police Officer	$49K	$37K	$12K	10 Hospital Police Officers would save approximately $120,000.
Sr. Health Care Program Planner Analyst	$55K	$37K	$18 K	10 Sr. Health Care Program Planner Analysts reassigned would save approximately $180,000.
Community Associate	$41K	$37K	$4K	10 Community Associates reassigned would save approximately $40,000.
Service Aides Housekeeping Aides Institutional Aides	$37K	$37K	0	10 Service Aides Housekeeping Aides reassigned would save approximately $0 but would ensure clerical errors are reduced.

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Health + Hospitals Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2012-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC Health + Hospitals Projected savings
Bio Med Equipment Technician	$43K	$37K	$6K	10 Bio Med Equipment Technician reassigned would save approximately $60,000
Telecommunications Associate I	$47K	$37K	$10K	10 Telecommunications Associates reassigned would save approximately $100,000
Patient Care Associates	$41K	$37K	$4K	10 Patient Care Associates reassigned would save approximately $40,000.
Health Care Program Planner	$42K	$37K	$5K	10 Health Care Program Planner reassigned would save approximately $50,000.
Sr. Health Care Program Planner Analyst	$41K	$37K	$4K	10 Sr. Health Care Program Planner Analysts reassigned would save approximately $40,000.

Source: Pay Orders. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549

Department of Environmental Protection

Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract

For 2004, 2005, 2010, 2011, 2012, 2013, 2014

2004

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
1.	1.16.04	II	J. Thomas	DEP	VI, Sec. 14	Various locations OLR File No 41931	Senior Community Liaison Worker (CLW), CLW, Assistant CLW, Community Associate	64
2.	2.25.04	Arb.	A. Browne, Esq.	DEP	VI, Sec. 14	Call Center A-9829-01	Community Liaison	18

2005

3.	10.5.05	III	J. Thomas	DEP	VI, Sec. 14	Bureau of Environmental Engineering OLR No. 41931	Sr. Community Assoc.	2

2010

No.	Date	Step	Representative	Agency	Article	Location/ Case No.	**Number** Non-Clerical Employees Performing out of title duties	Σ
4.	9.29.10	III	E. Douglass	DEP	VI, Sec. 14	Pike Street	Principal Administrative Associate I	4

2011

5.	2.10.11	Arb.	S. Sykes	DEP	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord. 6	124

2012

6.	5.29.12	Arb.	E. Douglass	DEP	VI, Sec. 14	Customer Services Bronx, Queens Lefrak	Assistant Community Liaison Worker Community Liaison Worker Community Service Aide Seasonal Aide Staff Analyst	19

7.	9.18.13	III	E. Douglass	DEP	VI, Sec. 14	Timekeeping	Principal Administrative Associate	11

2013

2014

8.	4.2.14	III	E. Douglass	DEP	VI, Sec. 15	Water and Sewer Systems	Supervisors and District Supervisors	N.A.

9.	9.29.14	Arb.	E. Douglass T. Cooke, Esq.	DEP	VI, Sec. 15	Pike Street Yard Various facilities OCB Docket Number A-13717-11 to A-13721-11 and A-13777-11	Principal Administrative Associates	4

∑ =242

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference
Regarding Department of Environmental Protection
Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract
For the Periods 2004, 2005, 2010, 2011, 2012, 2013, 2014

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC DEP Projected savings
Senior Community Liaison Worker	$49K	$37K	$12K	10 Senior Community Liaison Workers reassigned would save approximately $120,000.
Community Associate	$41k	$37k	$4k	10 Community Associates reassigned would save approximately $40,000.
Sr. Community Associate	$47 k	$37K	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Principal Administrative Associate	$62K	$37K	$25k	10 Principal Administrative Associates reassigned would save approximately $250,000.
Supervisor	$66k	$37K	$29k	10 Supervisors reassigned would save approximately $290,000.
District Supervisor	$72K	$37k	$35k	10 District Supervisors reassigned would save approximately $350,000.

Source: Current incumbent Pay rate. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549
NYC Housing Preservation Department 2010
and
NYC Department of Sanitation 2014
Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract
2010 and 2014

2010

No.	Date	Step	Representative	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title Duties	Σ
1.	6.11.10	III	R. Harris	HPD	VI, Sec. 14	Various OLR No. 46949	Community Associates	100

2014

2.	9.29.14	III	G. Johnson	Dept. of Sanitation	VI, Sec. 15	Medical Division	Office Temps	9

Local 1549 Analysis of Projected Salary Difference
Regarding NYC Housing Preservation Department and
NYC Sanitation Department
Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract
For the Periods 2010 and 2014

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	NYC HPD Projected savings
Community Associate	$41k	$37K	$4k	10 Community Associates reassigned would save approximately $40,000.
Senior Community Associate	$47k	$37K	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Titles of Non-Clerical Employees Performing Out-of-Title Duties	**Salary Approx.**	**Clerical Associate**	**Difference**	**NYC Sanitation Dept. Projected savings**
Office Temporaries*	NA	$37K	NA	Not Available

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15. *Office Temporaries are contracted in some Departments.

Local 1549
NYPD

Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract

In 2004, 2007, 2008, 2012, 2013, 2014

2004

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
1.	9.2.04	Arb.	A. Browne, Esq.	NYPD	VI, Sec. 14	All Commands A-6683-97	Police Officers	100's

2007

2.	10.16.07	Arb.	A. Brown	NYPD	VI, Sec. 14	Various A-9711-02	Traffic Enforcement Agents	200

2008

3.	6.25.08	Arb.	L. Polletta	NYPD	VI, Sec. 14	School Security A-9712-02	Traffic Enforcement Agents	100's

2012

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
4.	3.20.12	III	D. Marenfeld	NYPD	VI, Sec. 14	Floyd Bennett Field OLR No. 48322	Police Officer	1

2013

5.	2.12.13	III	D. Marenfeld	NYPD	VI, Sec. 14	72^{nd} PCT.	Police Officer	1
6.	10.15.13	III	D. Marenfeld	NYPD	VI. Sec. 14	70^{th} PCT. Roll Call Crime Analysis	Police Officers	6

2014

7.	3.7.14	III	D. Marenfeld	NYPD	VI, Sec. 15	Brooklyn Courts OLR No. 49618	Police Officers	2
8.	4.9.14	III	D. Marenfeld	NYPD	VI, Sec. IC	Staten Island Medical Division OLR No. 49762	1 Sergeant 4 Police Officers	5

2014

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
9.	4.12.14	III	D. Marenfeld	NYPD	VI, Sec. 15	67th PCT Roll Call OLR No. 49763	Police Officer	1
10.	5.6.14	III	D. Marenfeld	NYPD	VI, Sec. 14 and XIX	72nd PCT Roll Call OLR No. 49012	Police Officer	1
11.	9.11.14	III	D. Marenfeld	NYPD	VI, Sec. 1C and Art. XIX	Brooklyn North Traffic Command Payroll	Traffic Enforcement Agent	3

Σ= estimate 500

Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO

Local 1549 Analysis of Projected Salary Difference Regarding NYC Police Department Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2004-2017

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Police Administrative Aide	Difference	NYC NYPD Projected Savings
Sergeant	$87k	$37K	$50K	10 Sergeants reassigned would save approximately $500,000.
Police Officers Starting salary	$42k	$37k	$5k	10 Police Officers at Starting salary reassigned would save approximately $50,000.
5 1/2 years	$86k	$37k	$49k	10 Police Officers at 5 1/2 years reassigned would save approximately $490,000.
Traffic Enforcement Agent Level III	$43k	$37K	$6k	10 Traffic Enforcement Agents reassigned would save approximately $60,000.

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

Local 1549

NYC Buildings Department

Grievances Regarding Employees of Other Titles Performing Clerical Duties in Violation of Article VI, Section 14 of the Clerical Unit Contract

2006, 2009, 2012

2006

No.	Date	Step	Representative/ Attorney	Agency	Article	Location/ Case No.	Number Non-Clerical Employees Performing out of title duties	Σ
1.	3.10.06	Arb.	R. Arnero A. Brown	Buildings	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord. 6	124

2009

2.	11.29.09	Arb.	A. Brown	Buildings	VI, Sec. 14	Various A-11796-06 OLR No. 42255	Community Assistant 18 Community Assoc. 100 Community Coord.. 6	104

2012

3.	1.17.14	III	J. Roberts	Buildings	VI, Sec. 14	Various OLR No. 48929	Community Assistants	64

Σ=292

Local 1549 Analysis of Projected Salary Difference Regarding NYC Buildings Employees in Non-Clerical Titles Performing Clerical Duties in Violation of Article VI, Section 15 of the Clerical Unit Contract For the Period 2006 to Present

Titles of Non-Clerical Employees Performing Out-of-Title Duties	Salary Approx.	Clerical Associate	Difference	Projected Savings
Community Associate	$41K	$37K	$4K	10 Community Associates reassigned would save approximately $40,000.
Senior Community Assistant	$47k	$37k	$10k	10 Sr. Community Associates reassigned would save approximately $100,000.
Community Coordinator	$48k	$37k	$11k	10 Community Coordinators reassigned would save approximately $110,000.

Source: Current incumbent pay rates. NYS Civil Service Law, Article 61, Section 2: Prohibition against out of tile Work and Clerical Unit Contract: Article VI, Section 15.

ADDENDUM 4:

911 SURCHARGE

Local 1549's EMERGENCY FY 2019 Budget Request:

In part the amount raised from this would be used to fund hiring of 911 PCT/SPCT Personnel. It is estimated that close to 500 more employees should be hired to offset rising Overtime Costs and to fill empty positions. This would lower the wait times for emergency calls, help lower the absenteeism caused in part by use of Overtime and burnout, and also be used to fund employees needed for the Next Generation initiatives including use of proposals for use of imaging and texting.

II. **The Various 911 Surcharges Must Be Reviewed and a Fairer Amount Retained by New York City and Allocated to the NYPD Communications Division. The NYS Department of Home Land Security should issue a Grant to Cover the Cost for the Additional PCTs.**

Table 4

NYC 911 Tax Rate by Phone Service[4]:

Service	Monthly Surcharge	
Wireless	30 cents	per wireless device
Landline	$1.00	per line

Source: NYC Finance Department

Every month New York City cell phone users pay an extra $1.20 on their bills, a state mandate. The surcharges were established to provide for the adequate funding and staffing of 911 operations and to evolve as the telecommunications devises used by the public changes.

NYC E-911 Surcharge for Telecommunications Services[4]:

"Wireless, landline and Voice over Internet Protocol (VoIP) telecommunications service providers include a 911 surcharge on all New York City customer bills. All affected telecommunications service providers are required to collect this surcharge and pass it along to the City minus a 2% administrative fee. Source NYC Department of Finance website www1.nyc.gov/site/.../business-e911-surcharge-for-telecommunications-services.page

New York State Department of Taxation and Finance Office of Tax Policy Analysis Taxpayer Guidance Division[4], Public Safety Communications Surcharge, TSB-M-09(8) C Corporation Tax August 27, 2009.[5]

"Chapter 56 of the Laws of 2009 repealed County Law, section 309, *State Wireless Communications Service Surcharge*. The surcharge was replaced with a new Tax Law section: Article 9, section 186-f, *Public Safety Communications Surcharge*. Chapter 56 also amended Article 9, section 186-e.8 to provide that the public safety communications surcharge and any administrative fees retained by a wireless communications service supplier for collecting the surcharge will not be included in gross receipts when the supplier calculates the excise tax on telecommunication services imposed under Article 9, section 186-e. These amendments are effective September 1, 2009.

Continuing (NYS) provisions

"The following are the provisions that were imposed under County Law section 309 that are now imposed under Tax Law section 186-f.

"A monthly $1.20 fee is imposed for **each** device used to access wireless communications services. The surcharge is to be collected by wireless communications service suppliers from their customers. Therefore, wireless communications service plans that include multiple devices are subject to the surcharge on **each** device regardless of the pricing structure for the plan.

"The surcharge applies to all wireless communications services if the wireless communications customer's *place of primary use* is in New York State. The *place of primary use* is the primary business street address or primary residential street address of the customer, within the licensed service area of the wireless communications service provider.

"A *wireless communications service* is any commercial mobile service, as that term is defined in section 332(d) of Title 47 of the United States Code, as amended from time to time, including, but not limited to, all broadband personal communications services, wireless radio telephone services, geographic-area specialized and enhanced specialized mobile radio services, and incumbent-wide area specialized mobile radio licensees, which offer real-time, **two-way** voice or data service that is interconnected with the public switched telephone network or otherwise provides access to emergency communications services.

"A *wireless communications device* is any equipment used to access a wireless communications service. Examples of wireless communications devices on which the surcharge is imposed include cellular telephones, two-way beepers, and other devices (for example, PDAs and handheld or laptop computers, etc.) that have two-way wireless communications capabilities over a public switched network.

"Examples of devices on which the surcharge is **not** imposed include one-way beepers, walkie-talkies, and medical lifeline services." Source: https://www.tax.ny.gov/bus/pscs.htm

The Federal Perspective from The FCC[6]:

An Excerpt from the EIGHTH ANNUAL REPORT TO CONGRESS ON STATE COLLECTION AND DISTRIBUTION OF 911 AND ENHANCED 911 FEES AND CHARGES FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2015 Submitted Pursuant to Public Law No. 110-283 FEDERAL COMMUNICATIONS COMMISSION Tom Wheeler, Chairman December 30, 2016:

"The New and Emerging Technologies 911 Improvement Act of 2008 (NET 911 Act) requires the Commission to submit an annual report to Congress on the collection and distribution of 911 and Enhanced 911 fees and charges by the states, the District of Columbia, U.S. territories, and Tribal Nations (states and other reporting entities). As part of its annual review, the NET 911 Act requires the Commission to report whether 911 fees and charges collected by states and other reporting entities are being used for any purpose other than to support 911 and Enhanced 911 (E911) services."

The City Council needs to assist in this matter. The Federal Communications Commission finds Illinois, New Hampshire, **New York**, Rhode Island, and Puerto Rico used a portion of their 911/E911 funds for either non-public safety or unspecified uses in 2016.

Local 1549 contends that emergency personnel require emergency funding and that before dedicated emergency tax funds are diverted away to non-emergency uses the emergency function staffing must be funded in an appropriate manner.

Notes:

1. ***911. gov.:*** *https://www.911.gov/pdf/National-911-Program-2016-ProfileDatabaseProgressReport.*

2. Source: **PCT and SPCT headcount** reported per SP112 DC 37 Membership Department.

the Network
Supportive Housing Network of NY

Testimony to the New York City Council
Committee on Finance
Submitted by Laura Mascuch, Executive Director
Supportive Housing Network of New York
March 6, 2019

On behalf of the Supportive Housing Network of New York, I am grateful for the opportunity to submit testimony on the FY 2020 Preliminary Budget.

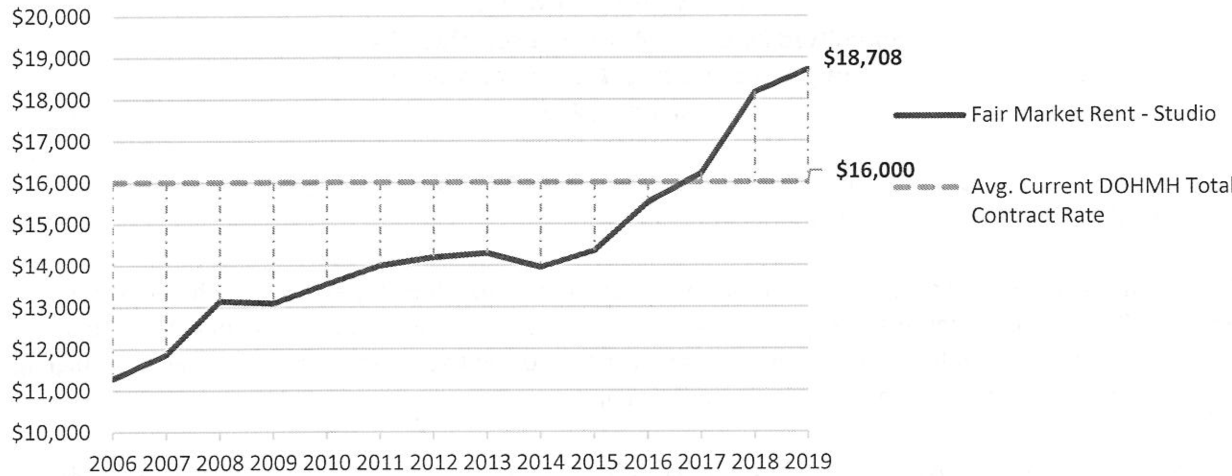
My testimony today will focus on the urgent need for funding for Department of Health and Mental Hygiene (DOHMH) scattered site supportive housing programs. Without $20 million in new annual funding, nearly 1,800 vulnerable households are at risk of losing their homes. Additionally, I will highlight the need across the human services sector for fair contract rates.

The Supportive Housing Network of New York is a membership organization representing over 200 nonprofit developers and operators of supportive housing statewide. Supportive housing is permanent affordable housing with embedded social services for vulnerable individuals and families, people who are homeless and living with disabilities and/or other barriers to maintaining stable housing. Thousands of New Yorkers who live with mental illness, substance use disorders, and HIV/AIDS rely on supportive housing. At the same time, thousands more languish in shelter or on the street until more units become available.

We are extremely grateful for NYC 15/15, the City's commitment to create 15,000 new units of supportive housing over fifteen years. Moreover, we were thrilled when this Council requested that the administration accelerate implementation of the plan by fast-tracking production from 500 to 700 units per year. We look forward to working with the Council and our agency partners to execute this accelerated plan. Additionally, we are working with State government agencies and our members to implement the Empire State Supportive Housing Initiative (ESSHI), a plan to create 20,000 new units of supportive housing in fifteen years, the majority of which will be in New York City.

While focusing on the creation of 35,000 new units, it is imperative that we not abandon the existing stock of supportive housing that already provides stability for close to 33,000 households in New York City. These are individuals and families who, but for the case management and services in supportive housing, are at high risk of returning to homelessness. Almost 14,000 of these households reside in scattered site programs where nonprofits rent apartments from landlords in the community and bring services onsite with regular visits. 1,800 of these scattered site units are contracted by DOHMH.

Rates for the legacy programs have been stagnant for years. Many are operating at a deficit, with nonprofit agencies borrowing money from other sources just to make ends meet. These older DOHMH contracts range from $11,000 to $16,000 per unit for both rent and services. Meanwhile, the Fair Market Rent for a studio has steadily increased to its current rate of $1,559 per month, or $18,708 per year. Clearly, with the older contract rates below the Fair Market Rent, many providers have little to no funding left for the support services they are contracted to provide and which are the critical ingredient for a programs' success.



While stagnant rates and rising rents starve the service budgets, nonprofits are expected to do more. In a landlord's market, nonprofits have little leverage to pressure landlords to make repairs and adhere to the housing quality standards required by the supportive housing contracts. Nonprofits must step in and make repairs themselves. However, one of our nonprofit members has had to scale back on maintenance staff for scattered site programs due to lack of funds.

In contrast to these older programs, NYC 15/15, which represents a recently agreed upon standard for adequate rent and service budgets, provides $28,168 in total funding for a single adult to live in scattered site supportive housing ($18,168 for rent and $10,000 for services). $20 million is needed to bring the 1,800 scattered site units contracted by DOHMH prior to NYC 15/15 up to NYC 15/15 rates.

Our nonprofit members are at a breaking point. Their Boards of Directors are questioning the viability of continuing to operate underfunded scattered site programs and becoming wary of taking on new programs, which the City desperately needs them to do in order to begin to decrease the homeless census. As DOHMH scattered site contracts come up for renewal with no increases, providers are on the verge of opting out. Currently, there are 400 units at risk of nonrenewal, but more will follow as other contract terms expire without meaningful increases.

Collectively, we must ask ourselves, if these programs are lost, where will these New Yorkers go? If they return to the shelter system, we will have failed them. And as the cost of accommodating a single adult in shelter closes in on $43,000 per year (almost $15,000 more than the requested rate for these scattered site units), we will also have failed the City's taxpayers.

The problem of underfunding is not unique to the supportive housing community. The gap between what the City funds on human services contracts and what providers can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and the chronic underfunding of the sector is rectified.

The sector is united in asking the City Council to include in their budget response a request for the Mayor to invest $250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. The new *Health and Human Services Cost Policies and Procedures Manual*, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, $250 million should cover the costs to fully implement this manual.

In conclusion, the supportive housing community is on the brink of crisis, as is the human services sector as a whole. The City has recognized the need to bring scattered site rates up to the NYC 15/15 standard. We are extremely grateful to see that the HASA scattered site program has new funding in the Preliminary Budget for this purpose. We hope that this committee and the Council as a whole can work with the Administration to include the $20 million needed for DOHMH's portfolio in the Executive Budget. Thank you for the opportunity to testify and I welcome any questions.

SHELTERING
18 ARMS 31
Children and Family Services

FOR THE RECORD

Testimony submitted by Elizabeth McCarthy, Chief Executive Officer
Prepared for the NY City Council Finance Committee jointly with the Subcommittee on Capital
Fiscal Year 2020 Preliminary Budget Hearing
March 6th, 2019

Thank you to Chair Dromm, members of the New York City Council Finance Committee, and members of the Subcommittee on Capital for the opportunity to submit testimony.

Sheltering Arms is one of the City's largest providers of education, youth development, and community and family well-being programs for the Bronx, Manhattan, Brooklyn, and Queens. We serve more than 15,000 children and families each year, and employ more than 1,300 staff from across New York City.

As New York City faces budget cuts in its FY20 budget, it cannot afford to neglect the human services sector. Chronic underfunding of human services means that service providers have been given stagnant contracts that have lost value over time, resulting in unjustifiably low wages, crumbling infrastructure, and staff turnover that significantly impact the ability of providers to maintain and improve the quality of services provided to the more than 2.5 million New Yorkers who receive services.

The gap between what the City funds on our contracts and what we can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and that the chronic underfunding of the sector is rectified.

The sector is united in asking the City Council to include in their budget response a request for the Mayor to invest $250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. The new *Health and Human Services Cost Policies and Procedures Manual*, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. <u>However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, $250 million should cover the costs to fully implement this manual.</u>

Sheltering Arms' budget is 98% government-funded, the vast majority of which is contracted through New York City agencies. In FY20 alone, contracts that make up nearly half of our budget (42%) will be re-contracted by the City: Early Childhood Education, Foster Care and Adoption, and Preventive services will all be rebid. These already under-funded contracts, some of which we have held for more than five years, include no cost escalators to account for expenses that increase each year. The lack of investment in these contracts alone has made a real impact on our ability to deliver quality services and invest in the workforce and constituents of NYC.

As these major contracts come up for bidding, we are looking seriously at the possibility of down-sizing if there is not meaningful investment in the funding for these contracts. In January, over 250 board members of human services nonprofits, including Sheltering Arms, sent a letter to the Mayor outlining how contracting and funding issues affect our organizations and the sector at large. These board members see firsthand that we are facing real fiscal challenges due to City contracts that do not pay the full cost of services. Our board has begun to look at our contracts that provide insufficient rates and is asking serious questions about what contracts are viable, and those we must turn away. These decisions will not be easy, but our financial health matters to our 1,300 employees and the 15,000 clients we currently serve. We cannot join the growing number of organizations that have had to close their doors.

Thank you again for the opportunity to submit testimony, and for the City Council's partnership on all the issues impacting our community. I am happy to answer any questions you may have, and can be reached at emccarthy@shelteringarmsny.org.

Sincerely,

Elizabeth McCarthy
Chief Executive Officer

Center for Court Innovation

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p. 646 386 3100
f. 212 397 0985
courtinnovation.org

Research. Development. Justice. Reform.

Greg Berman, Director

Center for Court Innovation Testimony
New York City Council
Committee on Finance Preliminary Budget Hearing
March 6, 2018

Good afternoon Chair Dromm and esteemed members of the City Council. My name is Erika McSwain and I am the Project Director of the Queens Youth Justice Center. I'm here with Shane Correia, who is the Associate Director of Strategic Partnerships at the Center for Court Innovation. We thank you for the opportunity to speak today.

I am here to request the Council to support the Center for Court Innovation as it seeks to renew and strengthen the work we do with over 75,000 New Yorkers annually in early diversion, youth and adult alternatives-to-incarceration, and mental health support for children. This includes those children who are victims of crime or involved in neglect cases where they are, or are at-risk of, being placed in child protective custody.

Our programs have been shown to be effective. **Researchers have documented that our operating programs throughout the city have decreased violence, aided victims, reduced the use of jail, and transformed neighborhoods.** Our City Council funded work has provided individuals with meaningful off-ramps from a cycle of poverty and recidivism to real integration back into their communities. **To continue to accomplish this work, we seek continuation funding for our core Citywide Speaker request, our youth-focused supervised release**

programming operating out of Brooklyn Justice Initiatives, and our Bronx pre-arraignment diversion (Project Reset) programing.

Reset specifically permits New Yorkers to resolve low-level misdemeanors without ever setting foot in a court, and the case disappears from the criminal justice system as a declined-to-prosecute, avoiding many of the collateral consequences associated with a prosecuted case. **Reset cases have been evaluated to be resolved significantly more quickly than traditional criminal court cases, and participants have a lower likelihood and frequency for new arrests. Council provided mid-year FY19 support to begin borough-wide implementation of Project Reset in Brooklyn. We seek Council's support of our application to continue this implementation in FY20.**

We also seek Council's support to bring innovative public safety models to more New Yorkers. In targeting opportunities for low-level diversion and decreasing recidivism, we ask for Council support for the creation of a Far Rockaway Justice Center, which would bring the Center's wholistic approach to justice to the neighborhood, and to expand our Driver Accountability Program pilot to all boroughs. Since 2015, this group-based intervention for traffic related offenses has been found to reduce the likelihood of rearrests by 40% for those who complete the program. Council's support for citywide expansion of the Center's Driver Accountability Program would complement pending legislation to hold reckless drivers accountable through alternative sanctions, reduce dangerous driving, and save lives for New Yorkers.

Finally, we request Council to expand funding available under the Mental Health Initiatives for Vulnerable Populations, and for Court-Involved Youth. We have submitted several applications to permit us to increase mental health access in the outer boroughs where demand outstrips our current capacity. In Queens, this funding would allow Queens Youth Justice Center to address the needs of a population with critical programs that will soon lose state funding. Through Council support we could provide enhanced mental health services and community supervision to diverted youth and their families. In the Bronx, we are seeking to expand the number of child crime-victim survivors we can serve. These children receive ongoing therapy following their victimization from violent crimes such as sexual and physical abuse. **A summary of our applications has been submitted with our testimony.**

The City Council's support has been invaluable to our work in improving public safety. **We respectfully urge you to continue to support our work and thank you again for the opportunity to speak.**

Center for Court Innovation Initiative Applications

- **<u>Center Core-Ask Application #73443 $500,000</u>** This is an application to support the continuation of our alternative-to-incarceration, youth-diversion, and access to justice programs across all five boroughs in New York City. The Council's support allows us to serve tens of thousands of New Yorkers with mental health services, family development, youth empowerment, workforce development, and housing, legal, immigration and employment resource services. Our goal continues to be improving safety, reducing incarceration, expanding access to community resources and enhancing public trust in government to make New York City stronger, fairer, and safer for all.

- **<u>Project Reset (Bronx) Application #74655 - $710,000</u>** Bronx Community Justice is a diversion program offering a new response to low-level offending that is proportionate, effective, and restorative. The program offers people who are arrested for low-level, non-violent crimes and receive a Desk Appearance Ticket the opportunity to avoid court and the possibility of a criminal record by completing community-based programming. Participants engage in a one-time restorative circle discussion with community volunteers, during which they discuss their strengths and needs, the impact of their offense, and what they can do to improve their community. The program holds people accountable for their actions, involves community members in the administration of justice, and strengthens public trust in the justice system.

- **<u>Project Reset (Brooklyn) Application #75477- $977,182</u>** Starting in March 2019 the Center for Court Innovation will expand Project Reset to Brooklyn. The expansion will unfold in two stage, first to Brooklyn North precincts, and then to Brooklyn South precincts later in the year. The program will serve people of all ages who are arrested for low-level, nonviolent charges a receive a Desk Appearance Ticket. Programming will occur at a new community office in downtown Brooklyn and/or arts spaces across the borough - including a collaboration with the Brooklyn Museum - and will cover themes of accountability, community harm and repair, and the role of law enforcement in Brooklyn.

- **<u>Far Rockaway Community Justice Center (Queens) Application #76774 - $1,635,315</u>** The Far Rockaway Community Justice Center will improve public safety, reduce the use of incarceration, and enhance public trust in justice by involving communities in the work of "doing justice." The Justice Center will provide a local hub for crime prevention, youth development, and alternative-to-incarceration services, enabling residents of the Rockaways to engage in programming and resolve their court cases without numerous lengthy trips across the borough. The Justice Center will invest in local residents -- particularly young people -- providing services that build on their strengths, address trauma, and prepare them to become community leaders. Its placemaking initiatives will seek to revitalize distressed vacant lots and underutilized public spaces, activating the neighborhood's physical infrastructure to strengthen its social infrastructure. And it will reengineer the criminal justice process, providing onsite clinical services and community service programming to ensure that the justice system responds in constructive and restorative ways when crime does occur. This model ensures that services can get up and running quickly and it could easily be expanded to include a criminal court if the Office of Court Administration is interested and capital funding becomes available.

- **Driver Accountability Program (Citywide) Application #77926 - $885,082** The following application is for support of the expansion of the Driver Accountability Program that was developed and piloted at the Red Hook Community Justice Center, is also run on a limited basis in Staten Island and Brooklyn Criminal Courts. City Council support would allow the Driver Accountability Group to be facilitated in Brooklyn, Manhattan, Staten Island, and the Bronx, as sentences for misdemeanor driving offenses and as a requirement for drivers receiving multiple speed camera violations, both in connection with Councilmember Lander's Reckless Driver Accountability Act. Research appears to show that the Driver Accountability Group may change participant behavior and encourage safer driving.

Mental Health Services Initiative Applications

- **Mental Health Services for Vulnerable Populations (Bronx – Bronx Child Trauma Support) Application #75702 - $33,000** This application will support the provision of assessment and treatment of child victims and witnesses to crimes in the Bronx, in partnership with the Bronx District Attorney's Office. Direct services are conducted through evidenced-based, trauma-informed intervention models designed to prevent or reduce post-traumatic stress symptoms, suicidality, re-traumatization, and future victimization.

- **Mental Health Services for Vulnerable Populations (Bronx – Strong Starts) Application #75742 - $100,000** This application is to support the Strong Starts Court Initiative for infants and toddlers involved in neglect petitions. Funding will support outreach to local community partners to forge strong partnerships with high-quality service providers so that participant families can access a range of family focused interventions required to prevent maltreatment recurrence, prevent developmental delays, and promote the safety, stability and self-sufficiency of their parents.

- **Mental Health Services for Vulnerable Populations (Brooklyn – Brooklyn Justice Initiatives) Application #76621 - $50,000** This application request would provide Brooklyn Justice Initiatives with the capacity to contract with a part-time psychiatrist. The psychiatrist would assist project staff in determining program eligibility for high-risk and/or high-need client cases by creating treatment plans alongside BJI staff and providing case consultations. The support would allow for high-need clients to receive a psychiatric evaluation for the purposes of determining eligibility and appropriateness for community-based treatment and medication management.

- **<u>Mental Health Services for Vulnerable Populations (Brooklyn – Brooklyn Mental Health Court): Application #73866 - $100,000</u>** This is an application for funding to provide non-English speakers the support necessary to have a positive and procedurally just experience in the Brooklyn Mental Health Court (BMHC). BMHC has experienced an influx of non-native speakers and funding for various translation services will ensure quality participation in BMHC programming. These services are essential to conduct successful clinical evaluations and secure treatment for those who cannot afford to pay and are not eligible for insurance. By contracting with locally culturally competent community-based organizations, BMHC can call upon its partners to confidently convey important information to non-native English speakers. Funding will also cover costs associated with translating important program documents including consent forms and participation guidelines into the top five most commonly used languages by BMHC participants and community members with open cases in the Kings County Supreme Court. Additionally, a portion of funding will be used to link participants to programming specifically tailored for immigrants and uninsured community members.

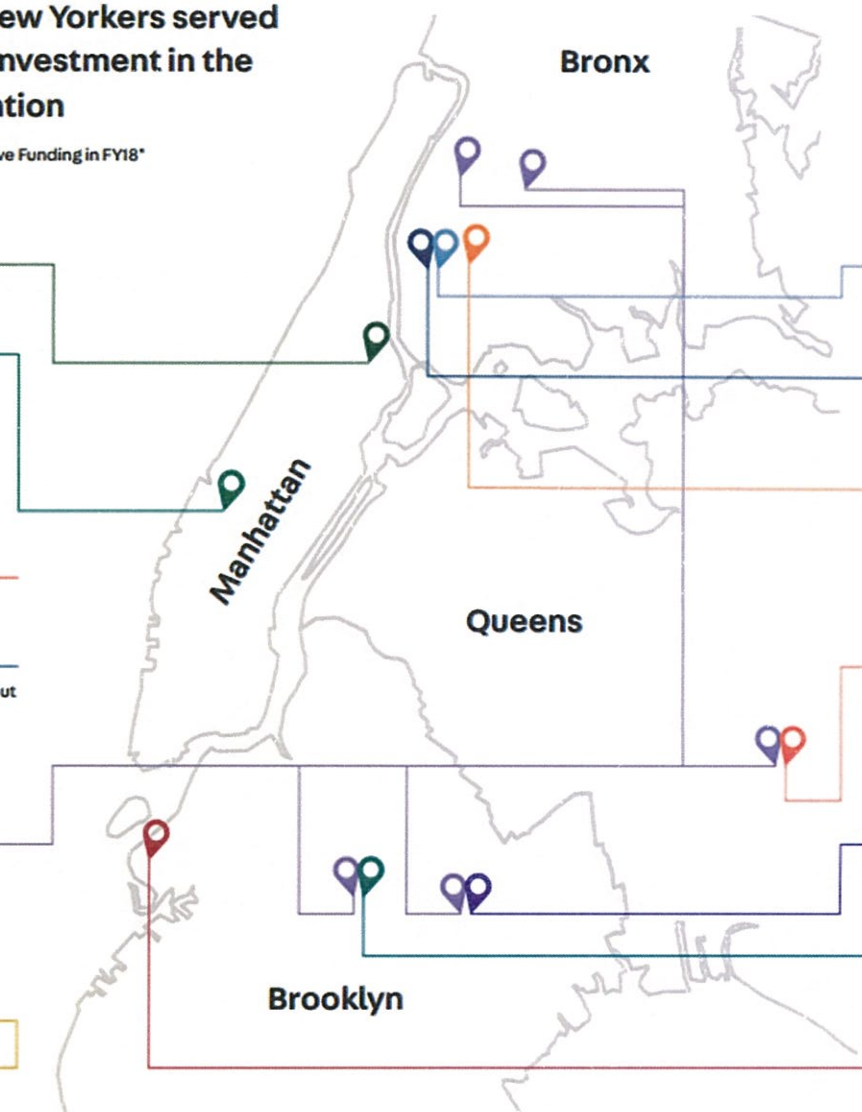
- **<u>Court Involved Youth Mental Health (Brooklyn – Brooklyn Mental Health Court) Application #73876 - $150,000</u>** This is an application that would allow support to Brooklyn Mental Health Court staff to take advantage of professional development training opportunities and contract with local community-based organizations for technical assistance. Training and technical assistance would be aimed at learning cognitive behavior therapy curriculums and best practices. Additionally, funds would be used to contract with the same organizations to run groups for youth and young adults, potentially on a weekly basis. Groups will include cognitive behavior therapy groups and professional development workshops, among other groups with an emphasis on reengaging the community and [re]entering the workforce. Council support would also allow BMHC to provide supplies for workshops and other activities for participants, outreach to parents, and materials for monthly parent support workshops. Lastly, a portion of the funding will be used to provide participants with healthy meals and snacks upon their return from court or holding.

- **<u>Court Involved Youth Mental Health (Queens – Queens Youth Justice Center) Application #76382 - $150,000</u>** This is an application to assist in the revitalization of QYJC's Futures Mental Health Programming. Currently operating as Enhanced Alternative to Detention, our mental health services provide linkage and referrals to participants who may have or need to be evaluated for mental health concerns. Case managers provide screening and assessment, treatment referrals, ongoing coordination, and linkages to family therapy and psycho-educational groups for both young people and family members.

Approximately 2,500 New Yorkers served through City Council's Investment in the Center for Court Innovation

Center for Court Innovation

Selected Results of Citywide Speaker Initiative Funding in FY18*



Harlem Community Justice Center

129 reentry court hearings held

Midtown Community Court

195 hours of group and individual therapy and support

Citywide

Training Institute

20 trainings provided

Youth Justice Board

22 youth met weekly for a year to learn about and advocate for policy reform

Access to Justice**

50 community members equipped with information about their rights

Staten Island

Staten Island Justice Center

14 youth trained to facilitate youth court hearings

Bronx Child Trauma Support

71 families with children therapeutically assisted following violent crimes

Bronx Community Solutions

208 Driving While Intoxicated screenings and assessments completed

Save Our Streets (S.O.S.) South Bronx

15 youth engaged in S.O.S. Basketball Clinic

Queens Youth Justice Center

19 youth engaged in justice trainings and as youth court members

Brownsville Community Justice Center

25 events and rehabilitations made public spaces safer

Neighbors in Action

100 community residents received walk-in services

Red Hook Community Justice Center

270 youth court service learning hours

*Outcomes in FY19 and FY20 may differ based on funding allocations.
**This reflects FY19 projections.

The Center seeks a contintuation of its $500,000 Citywide Speaker Initiative funding for FY20. For more information, contact Shane Correia at correias@courtinnovation.org.

華人策劃協會 CPC ADVANCING OUR COMMUNITY

Chinese-American Planning Council
Testimony to the New York City Council Finance Committee
Fiscal Year 2020 Preliminary Budget Hearings
3/6/2019

Good afternoon. My name is Carlyn Cowen, testifying on behalf of the Chinese American Planning Council. I would like to thank the members of the Finance Committee for the opportunity to testify before you today and for your leadership on issues that deeply impact New York City's Asian American Pacific Islander, immigrant and low-income community members.

The mission of the Chinese-American Planning Council, Inc. (CPC) is to promote social and economic empowerment of Chinese American, immigrant, and low-income communities.

CPC was founded in 1965 as a grassroots, community-based organization in response to the end of the Chinese Exclusion years and the passing of the Immigration Reform Act of 1965, which brought waves of Asian immigrants to New York City. Initially a provider of counseling services to low-income families referred by local schools, CPC has continued to expand its program offerings over the years to become the largest Asian American social service organization in the U.S., providing vital resources to more than 60,000 people per year through more than 50 programs at over 30 sites across the boroughs of Manhattan, Brooklyn, and Queens. Our revenue is approximately half New York City funding.

CPC now employs a team of over 700 staff members, many of whom come from the same neighborhoods we serve. With the firm belief that social service can incite social change, CPC strives to empower our constituents as agents of social justice, with the overarching goal of advancing and transforming communities.

CPC offers holistic services that target both individual and family needs. Our programs are available for community members of all ages and backgrounds, and span three key service areas:

- **Education:** We provide high-quality learning opportunities for all ages—from Pre-K and after-school enrichment to adult English language classes—because education is lifelong.
- **Family Support:** We make it easier for individuals and families to access personalized social resources because support is fundamental at every age.
- **Community and Economic Empowerment:** We empower New Yorkers to represent and to advocate for themselves and their communities because their leadership is essential for positive—and lasting—social change. We engage with individuals to plan and develop their career paths because professional success is critical for economic independence.

Our affiliate, CPC Home Attendant Program, also offers care for homebound individuals.

Human Services Contract Support

The human services sector of our City is in crisis. Providers have long been sounding the alarm about the impact of the chronic underfunding of government contracts, and now we have reached a breaking point. Without a crucial investment on our current contracts, my organization will have to reevaluate how we can engage with the City to provide crucial services to our communities. As things currently stand, we can no longer carry the deficit of our City contracts.

The gap between what the City funds on our contracts and what we can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and the chronic underfunding of the sector is rectified.

The sector is united in asking the City Council to include in their budget response a request for the **Mayor to invest $250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City.** The new Health and Human Services Cost Policies and Procedures Manual, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, $250 million should cover the costs to fully implement this manual.

While we understand the driving narrative around this budget is mandated budget cuts, there is money to go around. The City has made massive investments in areas including City staff and infrastructure while the needs of the human services sector have gone largely ignored. It is time to take the state of emergency facing this sector seriously and prioritize the needs of organizations that provide an estimated 2.5 million New Yorkers annually with critical services including after-school programs, supportive housing, homeless services, job training, and mental health services. We need this core investment this year and to work with the Council to create a better partnership for the procurement of human services, where providers are trusted as experts who have worked for decades in their communities and are brought into the room from the start on contracts to ensure they create the most cost-effective and impactful programs.

My organization provides services to 60,000 New Yorkers every year that the City of New York would otherwise have to provide. Our contracts last upwards of 10 years, with no cost-escalators to account for increasing costs, on contracts that are already underfunded. This lack of investment on our full contracts has a real impact on our ability to deliver quality programs and invest appropriately in our staff. Due to the gaps in funding, and lack of cost-escalators in our City contracts, we have had to take the following actions: (examples include passing health insurance costs along to staff, reducing benefits, layoffs, not making necessary repairs to buildings, spending on endowments, reducing program hours, closing programs, etc.) In January, over 250 board members of human services nonprofits, including three board members from CPC sent a letter to the Mayor outlining how contracting and funding issues affect their organizations and the sector at large. These board members see first hand that the organizations they offer their time, expertise, and resources too are facing real fiscal challenges due to City contracts that do not pay the full costs of services.

While CPC received a notification of an increase on indirect rates from some of our DFTA contracts, but have not received notification on the status of increasing the indirect cost rate the remainder of our contracts. We have seen no actual disbursement of indirect rate increases. The delay in disbursing indirect funds has required CPC to delay planned hiring of mission-critical staff as well as some key technological upgrades that would allow more efficient programming. At a time when federal uncertainty has led to a sharp increase in demand for our services, chronic underfunding of city contracts and delay in disbursement of increases has led to us being unable to meet that demand. CPC calculated the gap between our indirect rates reimbursed and our actual indirect rates incurred on city contracts, and that difference is approximately $900,000. We are subsidizing the city to the tune of nearly $1,000,000 every year, when that money could be used to increase staff salaries, take clients of waitlists, or expand programs.

At a time when federal uncertainty has led to a sharp increase in demand for our services, chronic underfunding of city contracts and delay in disbursement of increases has led to us being unable to meet that demand. We already struggle to cover the gap in the cost of our existing services, and often run our programs on a deficit.

Youth and Community Services

We thank the City Council for its commitment to provide innovative programming, employment, and opportunity to the city's young people. We are also grateful that the City Council recognizes that community development includes support for adults, both by providing working parents with programs that nurture their children during the work day and summer, and by equipping immigrant and adult learners with educational opportunities to support themselves and their families. We are concerned to see many programs excluded from the Preliminary Budget.

CPC's recommendations include:

Baseline 6,500 COMPASS Elementary Slots at $16 million

CPC provides school-aged childcare for 1,600 K-5 students per year, giving children access to healthy snacks, academic support, cultural enrichment, and recreational activities that nurture their physical health, creativity, and emerging interests and capabilities. Many of the families that CPC serves rely on COMPASS to ensure that their children are supported outside of school hours while parents are at work. The Executive Budget currently excludes care for 6,500 children who are too young to care for themselves.

Provide SONYC Summer Camp for 34,000 Students at $20.3 million

Similarly, children who need care in the afternoon while parents are at work also need care when school is out of session in the summer. Families rely on SONYC summer camps to support middle schoolers by providing programs and activities that preventing learning loss and ensuring ongoing, year-long development. Now, without baselined inclusion, the parents of 34,000 students are left wondering how to provide care this summer until a late decision is made in June.

Baseline 10,000 Summer Youth Employment Program Positions

CPC provides Summer Youth Employment for over 2,670 youth per year. While the Executive Budget includes an increase to SYEP, the amount will only cover the rising minimum wage and does not account for the rising demand of young people looking for work. Each year, demand regularly outpaces the number of available positions. The most successful SYEP experiences are ones in which a young person gains experience that they build on summer after summer until they are eventually fully equipped to find a full-time job. However, the highly competitive nature of the current lottery system disrupts this opportunity for NYC youth. We urge the City to baseline 10,000 additional slots to balance system demand and develop a model for the work other component, Work Learn Grow, to be sustained year after year.

Baseline Adult Literacy Programming at $12 million and enhance funding

For the past two years, the Adult Literacy system has been supported with a $12 million expansion. Adult Literacy classes are integral to providing ESOL classes to New York City's immigrants, and supporting adults disengaged from the public school system so they can earn their High School Equivalency. These expansions coincided with vicious federal and ideological attacks on immigrant and low-income, under-resourced communities. It is imperative that the City continues to support learners who were brought in during the expansion so they can continue and complete their studies.

Early Childhood Education

The early childhood workforce in community based organizations provide care and education to children throughout New York City including many of the City's poorest children, and many children whose classes are their first introduction to the English language. Yet the teachers that are charged with providing these linguistic and developmental foundations are paid much less than their similarly qualified counterparts in public schools. The salary disparities are stark and grow over time.

For example, a certified head teacher in a 3 year old classroom in a community based organization has a starting salary of $46,920 while a certified teacher in a public school starts at $61,894. After time, these disparities grow wider. With eight years of experience, a public school teachers' annual salary will have grown to slightly over $81,042 while a teacher in a community based program will be earning just $48,920. And CBO teachers work longer hours since community based programs are open during the summer. Salary disparities cause instability for programs who lose staff who cannot afford to stay at their jobs. This impacts the families we serve who need the services provided in community based organizations.

Our teachers across our 6 early childhood education centers work incredibly hard to provide high quality, culturally competent, linguistically sensitive programming for the children they serve. In our Queens based Lois E Lee Early Childhood Education Center, for example, we do dual language reading in 8 different languages. Not just serving the children, these teachers help the parents with language access to critical information about how the school system works and how to best support their children. Yet these teachers make so much less for the great work that they do, and as costs of living increase, it becomes harder and harder for us to keep them. To ensure a quality education for ALL New York City's children, the City should take immediate action to achieve salary parity for the early childhood workforce.

Older Adult Services

In NYC, 23% of AAPI seniors live in poverty. More than 2 in 3 AAPI seniors are limited English Proficient. These community remembers rely on community service like CPC for everything from adequate nutrition to mental health provision. In order to ensure that our seniors are properly supported, we recommend the following:

Expedite the implementation of the Senior Center model budget

We were disappointed to see that the Preliminary budget makes no new investment in senior centers despite a model budget that promised $20 million in baselined funds. urge the expedition of the full $20,000,000 in funding by FY20, rather than the proposed FY21. This funding will have a hugely positive impact on the operations of these programs. As stated, this funding applies only to personnel and programming, but there are many other upgrades and expansions of the senior center network that are necessary to meet the needs of older adults across the city, especially in new immigrant communities. We urge the Council to prioritize the implementation of this funding so that we can attend to these other needs such as meals, rent, OTPS and other associated costs.

Restore home delivered meal funding and enhance per meal reimbursement funding to $12.1 million

Of particular importance this year is funding for both congregate and home-delivered meals, neither of which have received increases in several years. Current reimbursement rates are below the national average, according to DFTA. And while culturally appropriate meals such as kosher and halal are mandated by DFTA, they are more expensive, resulting in a deficit to nonprofits that provide them. Therefore, we request that per-meal reimbursements be increased by $1.00, at a total cost of $12.1 million in FY20.

Restore funding to key programs including Support our Seniors, Geriatric Mental Health Initiative, Senior Centers for Immigrant Populations and Healthy Aging

This funding is critical to ensure that seniors have wraparound supportive services, and we recommend restoring and enhancing this funding.

Immigrants and Communities of Color

Especially under the current federal administration, immigrants and communities of color face significant threats. To that end, we urge the Council to invest in the following supports for these communities:

Enhance the Communities of Color Nonprofit Stabilization Fund (NSF) to $5 Million

Leadership development, financial management, management information systems improvements, and outcomes system development supported through the NSF will allow more community groups to strengthen their ability to serve New York City's most vulnerable communities.

Allocate funding for the 2020 Census

The 2020 Census is fast approaching, and with the current political climate and citizenship question looming, there is more work than ever to be done to ensure an accurate count of immigrants and communities of color. We urge the City Council to work closely with the Mayor and community based organizations like CPC to ensure that there is appropriate funding and resources to make sure these communities are counted.

Immigrant Legal Services

The Comptroller's recent report on immigration court cases showed that AAPIs have the highest representation of immigration court cases, with Chinese New Yorkers representing fully 20% of all active cases. AAPIs experience some of the highest rates of Limited English Proficiency, with 80% of Asian Americans in New York speak a language other than English at home, and of those, more than 55% speak English less than "very well." At the same time, cultural barriers and the political climate are making it both increasingly important, and increasingly difficult to access legal services. AAPI and other immigrant community members need increasing legal support around employment, housing, and immigration issues. In fact, Chinese Americans in New York have the highest rate of applying for asylee status of all ethnic groups. Yet there are no Asian American legal services providers, and no programs for creating wraparound know your rights, intake, case management, and followup support through Community Based organizations who have trust and language and cultural competence. We recommend that the City and the Council prioritize building legal services programs for AAPI New Yorkers, with CBOs as an anchor.

CPC is grateful for the Council's leadership on the issues impacting Asian American, immigrant and low income New Yorkers. Thank you for your support and the opportunity to testify, I am available to answer questions. Additional questions may be directed to Carlyn Cowen at ccowen@cpc-nyc.org.

FPWA

Fulfilling the promise of opportunity

TESTIMONY of FPWA

Presented to:
New York City Council Committee on Finance
Preliminary Budget Hearing

Hon. Daniel Dromm, Chair
Wednesday, March 6, 2019

Prepared By:
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My name is Derek Thomas and I am a Senior Fiscal Policy Analyst at FPWA. I would like to thank Chairperson Dromm and the members of the Committee on Finance for the opportunity to testify before you today.

FPWA is an anti-poverty, policy and advocacy nonprofit with a membership network of nearly 170 human-service and faith-based organizations. FPWA has been a prominent force in New York City's social services system for nearly 100 years, promoting social and economic well-being of greater New York's most vulnerable through just public policies and the strengthening of the human services organizations. Each year, through its network of member agencies, FPWA reaches close to 1.5 million New Yorkers.

We're excited to present to you today – following two years of planning and with a generous grant from The New York Committee Trust – FPWA's Federal Funds Tracker.

The Tracker, which is available at www.federalfundstracker.org, is our response to grave concerns expressed by our members following the 2016 election about the impact of federal fiscal policies on New York City's social services budget and sector. The goal is to foster greater awareness of and engagement in the federal budget process through data, storytelling, and action.

DATA: The Federal Funds Tracker visualizes trends and current-funding for the nearly 40 federal grants that support the budgets of ACS, DYCD, DFTA, and DSS, which represented 38 percent ($2.9 billion) of the City's total federal grants in fiscal year 2018. The Tracker also visualizes trends for all federal grants by spending category.

Indeed, following nearly a decade of austere federal budgets, we found that all federal grants to New York City have eroded by nearly $2 billion since fiscal year 2010 after adjusting for inflation, impacting a wide range of services, including hundreds of millions in social service grant declines.

Finally, by making available the data FPWA collected, organized, and analyzed over the past nearly two years, we hope the Tracker's open data features will serve as a useful tool to complement current efforts by our members and advocates for equitable federal funding.

STORYTELLING: Secondly, data and charts aren't enough. To bring these data to life, we collected personal stories from our members to demonstrate the positive impact that federal grants have had in their communities. These powerful stories reveal that even for relatively smaller federal grants, the impact can be life saving.

ACTION: Finally, as a means to foster greater engagement, the Tracker provides FPWA with the data infrastructure to: 1) analyze federal proposals as they are released, 2) remove barriers to federal budget advocacy by making it easy for users to contact their NYC-area Member of Congress directly from the website, and 3) guide advocacy campaigns to push back against proposed cuts to critical programs and support the proposals that seek to strengthen them.

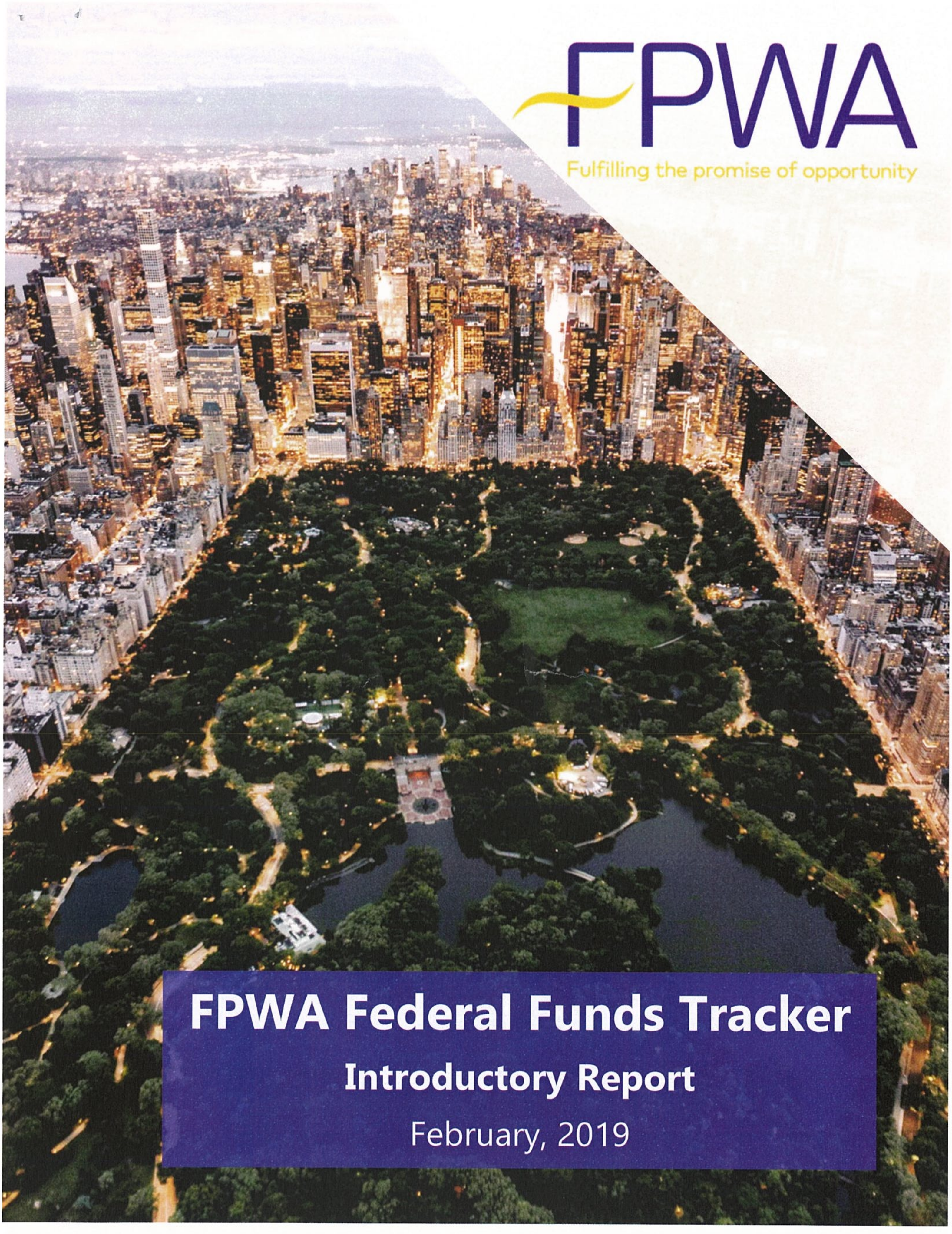
Following our introductory report on the impact of a decade of federal austerity on human services that we released during our February launch –which I've included as an appendix to this testimony – we will bring these three components together to analyze President Trump's forthcoming budget (which we expect will impose the strict spending caps that has led to the disinvestment the Tracker reveals). The analysis will illustrate the impact on the four city agencies featured on the Tracker, tell stories from the communities our members serve to illustrate the federal budget's real-life impact, and connect New Yorkers with their NYC-area Member of Congress to support a new budget agreement that not only prevents the planned sequestration cuts but also increases funding for programs that serve low-to middle-income families and are already woefully underfunded.

Conclusion

We thank the City Council for the opportunity to testify, and for your work in defending our members and their communities from ongoing federal attacks.

FPWA

Fulfilling the promise of opportunity



FPWA Federal Funds Tracker

Introductory Report

February, 2019

About FPWA

FPWA is an anti-poverty policy and advocacy organization committed to economic opportunity and upward mobility. Having a prominent New York presence for nearly 100 years, FPWA has long served New York City's social service sector, providing grants to help individuals and families meet their basic needs, and advocating for fair public policies on behalf of people in need and the agencies that serve them. FPWA's member network of more than 170 faith and community-based organizations reaches more than 1.5 million people in New York's communities each year.

FPWA strengthens low-income communities, eliminates barriers to upward mobility, and fights entrenched poverty by fostering economic equity in three critical ways: creating ground breaking change by advocating for policy changes that improve the lives of millions of New Yorkers; supporting nonprofits from the group up by strengthening the capacity of the human services sector to better meet the needs of the communities they serve; and strengthening individuals and families at the ground level by ensuring targeted financial support to help thousands of New Yorkers meet basic needs. Read more here.

Acknowledgements

The FPWA Federal Funds Tracker has been made possible by a generous grant from The New York Committee Trust. FPWA would also like to thank the following for their time, expertise, and contributions: Deborah Swerdlow, State Strategies Manager, and Sharon Parrott, Liz Schott, and Elizabeth McNichol, Senior Fellows at the Center on Budget and Policy Priorities; James Parrott, Director of Economic and Fiscal Policies at the New School's Center for New York City Affairs; Megan Randall, Research Analyst at the Urban Institute; Maria Doulis, Vice President, and Ana Champeny, Director of City Studies at Citizens Budget Commission; Jonathan Rosenberg, Director of Budget Review at Independent Budget Office; Matthew Reese, Budget and Policy Analyst at Federal Funds Information for States; William McCusker, Co-Founder, 80 85.

About the Authors

Derek Thomas – Senior Fiscal Policy Analyst: Derek Thomas leads the fiscal policy team at FPWA. Prior to joining FPWA, Mr. Thomas was a Fiscal Policy Fellow for Connecticut Voices for Children where he analyzed the state budget and advocated for strategic investments in children. Before joining CT Voices in 2015, Mr. Thomas served as Senior Policy Analyst for the Indiana Institute for Working Families since 2012, where he focused on state-level economic analysis and policy work to support mobility for low-income families. Mr. Thomas has accompanied his research with visualizations, video, and other digital media to better communicate complex policy problems and large sets of data. He is an adjunct associate for Data Visualization and Design at the Applied Analytics program at Columbia University's School of Professional Studies. His research has been cited locally and by The Guardian, the U.S. Department of Labor, Reuters, WBEZ's Front and Center, The Wall Street Journal, and USA Today.

Gaurav Gupta-Casale – Fiscal Policy Associate: Gaurav Gupta-Casale joined FPWA last year as a Fiscal Policy Associate. Before FPWA, Mr. Gupta-Casale worked at a series of nonprofits in NYC in the field of development, program development, monitoring and evaluation, and data visualization. At the Khan Foundation, Mr. Gupta-Casale worked as a consultant to quantitatively measure and visualize the current growth and future projections of the Foundation's College Access Program. Mr. Gupta-Casale completed his undergraduate degree at The University of Pittsburgh and his Master's degree at The New School (TNS). At TNS Gaurav studied international affairs, public policy, and advanced his skillset in web-based technologies.

Ana Maria Camelo Vega —Policy Fellow: Ana Maria Camelo Vega has been part of the Policy team at FPWA since January 2018. Prior to joining the team, Ms. Camelo Vega conducted regional economic analysis in the Minnesota-Wisconsin area. Her research has been utilized by the State of Minnesota's Council of Economic advisors and local Chambers of Commerce. She has also served as a Senior Editor of the Middle Ground Journal. Throughout her career, Ms. Camelo Vega has honed advanced quantitative analysis and econometric skills, as well as data visualizations and storytelling. She holds a double B.A. in Applied Economics and International Studies from the College of St. Scholastica, and a M.S. in Public Policy from New York University's Robert F. Wagner Graduate School of Public Service.

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Executive Summary

Following the 2016 election, FPWA member agencies expressed grave concern about the impact of federal fiscal policies on New York City's social services budget and sector. Our members — many of whom have been fighting poverty on the frontlines for more than a century – rely on federal funding to provide care for older adults, the youth, people living with mental illness, and persons with physical disabilities. They're also stamping out hunger, offering safety and services for survivors of domestic violence, building skills and breaking down barriers for individuals locked out of the workforce, and working to integrate the justice-involved into their communities.

In response, we created the FPWA Federal Funds Tracker to foster greater awareness of and engagement in the federal budget process through **data, storytelling, and action.**

These declines are in part a result of post-Recession austerity. More recently, the Tax Cut and Jobs Act (TCJA) for the powerful few and profitable corporations is being used by the bill's proponents to justify deeper cuts[i] to critical programs.

In 2017, an unacceptable 43 million Americans (12.3 percent of the population) lived in poverty, including 12.8 million children. In New York City, 1.5 million live in poverty (18 percent of the population), including more than 440,000 children under 18 years of age (25 percent). Beyond the official but outdated poverty measure, nearly half[ii] of New York City residents cannot afford a basic standard of living.

In one of the world's richest nations, poverty and inequality are a result of policy choices. Indeed, according to a recent report from the U.N. Human Rights Council[iii], "the US leads the developed world in income and wealth inequality, and (in reference to the TCJA and relentless efforts to repeal the Affordable Care Act) it is now moving full steam ahead to make itself even more unequal."

Federal disinvestment and misplaced priorities matter to all New Yorkers. The City's historic commitment to caring for people who are struggling to afford meet basic needs means that it is often left to fill the gaps when the federal government abdicates its responsibility. In other words, the money that NYC spends on social services in the absence of sufficient federal support could be spent on other matters that are equally important, such as maintaining mass transit systems, supporting the City's cultural institutions, protecting the environment, and helping pay for police and fire departments.

By shining a light on the impact that disinvestments have had on NYC's social services budget, **we hope to foster greater engagement in the federal budget process from all New Yorkers.**

About FPWA Federal Funds Tracker

The Federal Funds Tracker demystifies the federal budget by organizing federal budget data into **accessible and interactive visualizations,** bringing the data to life with **stories of New Yorkers whose quality of life was improved** by federal support, and by **providing actionable information** to encourage advocacy and engagement in the federal budget process, such as by defending against proposed federal budget cuts, and by supporting proposals to strengthen programs.

DATA[1]: The Federal Funds Tracker visualizes trends and monitors current federal grants that support the budgets of the City's Administration for Children's Services (ACS), Department of Youth and Community Development (DYCD), Department for the Aging (DFTA), and Department of Social Services (DSS), which represented 38 percent ($2.9 billion) of the City's total federal grants in fiscal year[2] 2018 (FY 2018)[3]. The Tracker also visualizes trends for all federal grants by spending category, such as federal support for housing, transportation, and the environment.

Additionally, by making available the data FPWA collected, organized, and analyzed over the past year – all of which is public, but only in PDF format - we hope to empower individuals and policymakers to better advocate on behalf of their communities. Download the data sets here, or visit our Tableau page to share charts on social media and embed them into your digital media.

STORIES: To bring these data to life, we collected personal stories from service providers to demonstrate the positive impact that federal grants have had in their communities.

ACTION: As federal budgets, regulations, and administrative policies are proposed, the Federal Funds Tracker provides FPWA with the infrastructure to:

1) analyze federal proposals as they are released
2) remove barriers to federal budget advocacy by making it easy for users to contact their NYC-area Member of Congress directly from the website, and
3) guide advocacy campaigns to push back against cuts to critical programs and support proposals that seek to strengthen them.

Be sure to sign up for email alerts to receive breaking analysis, advocacy alerts, and data updates. **Sign up for email alerts here.**

[1] See methodology in appendix for additional details.
[2] The City's fiscal year begins July 1 and ends June 30.
[3] Additional agencies and functions will be added in the future. In addition to ACS and DYCD, DOH and DOHMH are examined in a recent report by the New School's Center for New York City Affairs.

Federal Budget Basics

Federal budgets are intended to mirror the vision of democracy by reflecting the values and priorities of the American people.

Because the federal budget is supported by taxes that New Yorkers pay — primarily the income, corporate, and payroll taxes – New Yorkers should ensure our values and priorities, such as our commitment to a better quality of life, are reflected in the federal budget.

In New York City, federal funding is critical in efforts to educate children, care for the sick and elderly, train our workforce, and fight poverty. It's also used to fill potholes and maintain mass transit systems, respond to natural disasters, support the City's cultural institutions, protect the environment, and help pay for police and fire departments.

Federal Funds Flow to the City Through Several Channels

The Federal Funds Tracker monitors 37 grants that support ACS, DYCD, DFTA, and DSS. However, federal spending has a much broader reach beyond what's included in the City budget, including direct assistance and support for public authorities.

Federal Grants: Federal grants are passed to the City directly from the federal government or through the state[4] for agency program and personnel costs and, in the case of social service agencies for distribution to nonprofit service providers.

> Mandatory programs – such as Medicaid, Children's Health Insurance Program (CHIP), Child Care and Development Block Grant (CCDBG), Temporary Assistance to Needy Families (TANF), and Social Services Block Grants (SSBG) – are set in permanent law and either remain in place until changed or require periodic renewal.
>
> Discretionary programs – which provide funding for much of what the government does outside of the major entitlement programs, such as mental health, child care, heating assistance, job training and employment programs, transportation, and public safety – must be appropriated annually by Congress.

Direct Assistance: Benefits not included in the City budget but worth billions of dollars – such as Supplemental Nutrition Assistance Program (SNAP), Medicaid, Social Security Disability Insurance, Supplemental Security Income (SSI) , subsidized student loans, work-study programs, and the federal Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) programs— are passed directly to individuals from the federal government.

Public Authorities: Public authorities – such as Health and Hospitals Corporation (H+H), the New York City Housing Authority (NYCHA), and the Metropolitan Transportation Authority (MTA) – are heavily reliant on federal funding[iv], and are not included in the budget.[5]

[4] Federal assistance represents more than one in every three dollars of State revenues.
[5] According to the New York State Comptroller, federal aid was nearly $33 billion in FY 2018 when considering the City's operating and capital budgets, the three public authorities, and Medicaid reimbursements for doctors and hospitals.

THE FEDERAL BUDGET PROCESS

A 5-step process on how Congress decides how much money to spend each year, what to spend it on, and how to raise the money to cover that spending

What is a Fiscal Year?
The federal accounting period begins Oct 1 and ends of Sept 30. FY 2020 begins Oct 1, 2019 and runs through Sept 30, 2020.

> *Don't tell me what you value, show me your budget, and I'll tell you what you value.*
>
> **- Joe Biden**

The President's Budget Request

The President's request for the coming fiscal year kicks off the federal budget process. While their proposals have historically carried little weight in Congress, a budget proposal is the way in which public officials express their vision and priorities and should be scrutinized thoroughly. The President's request is supposed to be submitted by the first Monday in February.

The House and Senate Pass Budget Resolutions

The Senate and House of Representatives Committees' on the Budget submit a budget resolution, which sets overall annual spending limits for federal agencies. Once both the House and Senate pass their resolutions, they iron out the differences. Congress is supposed to pass the budget resolution by April 15.

Subcommittees Mark Up Appropriation Bills

The House and Senate Appropriations committees — tasked with deciding how the federal government spends its money — are divided into 12 subcommittees. Each subcommittee must submit an appropriations bill for the programs under its jurisdiction. Each bill must pass the subcommittee and the Appropriations committee.

The House and Senate Vote on Appropriation Bills

Once these bills are passed, the House and the Senate must reconcile their differences and present identical versions of these bills for consideration and overall vote in both houses.

The Budget Becomes Law

The President must sign each of the twelve appropriations bills for the bill to become law.

Is this all?

See additional details by Center on Budget and Policy Priorities and National Priorities Project.

Federal Budget Recap

A Decade of Historic Disinvestment and Misplaced Priorities

Federal spending on low- to middle-income Americans is at historic lows in part as a result of post-Recession austerity. In addition, the Tax Cut and Jobs Act for the powerful few and profitable corporations is being used by the bill's proponents to justify deeper cuts[v] to critical programs. Three developments since FY 2010 define the state of current federal spending:

The 2011 Budget Control Act (BCA) and Sequestration: The BCA set caps on defense and nondefense discretionary funding through 2021 and further reduced funding over time through across-the-board spending cuts known as sequestration[vi], on programs such as Head Start, Supplemental Nutrition Assistance Program (SNAP), the Community Development Block Grant (CDBG), the Emergency Food and Shelter Program, and the Low Income Home Energy Assistance Program (LIHEAP). Starting in 2013, these caps were lowered when Congress failed to pass deficit reduction legislation as laid out in the BCA. While a series of short-term budget deals reduced the amount by which the caps were lowered, since 2010, nondefense discretionary programs overall have seen significant reductions.

The 2018 Tax Cuts and Jobs Act (TCJA): The TCJA has widely been regarded as a $1.5 trillion giveaway to wealthy households and profitable corporations. In 2025, when the TCJA is fully phased in[vii], lower- and middle-income groups in the bottom 60 percent (below $91,700 a year) will receive a $400 tax cut on average, while those in the top 0.1 percent (more than $4.7 million a year) will receive a payout of $252,300. As predicted,[viii] corporate executives have been showered with stock buybacks while promises that the average worker would receive a $4,000 pay raise have not materialized. Unless overhauled, the TCJA will widen income inequality and strain spending for decades to come.

The 2018 Bipartisan Budget Act (BBA): The BBA increased the BCA caps on non-defense discretionary spending by $63 billion in FY 2018 and $68 billion in FY 2019. It extends direct spending on several health programs and raises the cap on non-defense appropriations. As a result, significant investments were made in the 2018 omnibus spending bill[6], such as Housing for Urban Development (HUD[ix]) and the Child Care and Development Block Grant (CCDBG[x]). The budget agreement began to reverse some of the BCA cuts, many areas remain funded below 2010 levels adjusted for inflation, and spending outside of Social Security and Medicare remain below a 40-year historical average and is projected to decline further[xi].

These developments demonstrate that Congress has only selectively expressed concern about deficits. Funds have flowed to a variety of interests[xii], such as tax cuts for profitable corporations, the extraction of fossil fuels, military conflict, housing subsidies for the nation's wealthiest households, and a flawed criminal justice system. But our federal budget has neglected to prioritize our mothers, children, friends, families, and neighbors. It has deprioritized the need for a trained workforce, the prevention and treating of illness, ensuring that working people can feed their families, and that older adults can retire in dignity. In a nation rich in resources, **it is not a question[xiii] of how to pay for the things most Americans want; it is a matter of prioritization.**

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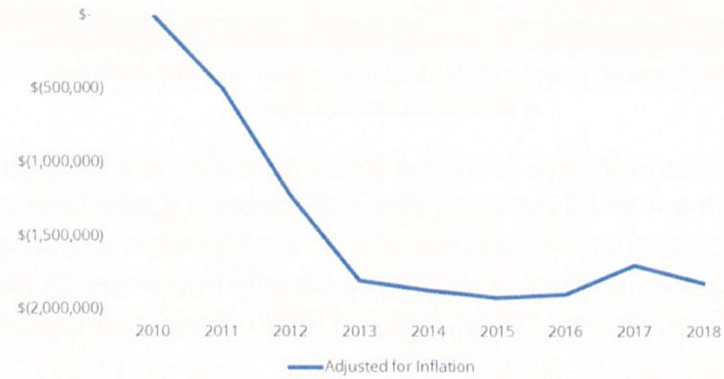
[6] A spending bill spanning multiple budget areas is known as an "omnibus." These investments are not reflected in the data used in current budget documents.

Consequences in NYC of Federal Disinvestment and Misplaced Priorities[7]

The City's FY 2018 budget of $87.9 billion relied on $7.7 billion in federal aid most of which supports services for low- to middle-income residents and have been highly effective[xiv] in reducing hardship. From FY 2010 to FY 2018, **federal funding has fallen by $1.8 billion** (21 percent) after adjusting for inflation, driven by the decline of education ($1.3 billion, or 43 percent), social services ($320 million, or 8 percent), environmental protection ($19 million, or 79 percent), health ($14 million, or 4 percent), and transportation grants ($9 million, 8 percent).

Total Federal Grants to NYC Have Fallen by $1.8 Billion Since FY 2010[8]

Change relative to FY 2010 Funding Level ($ in thousands)

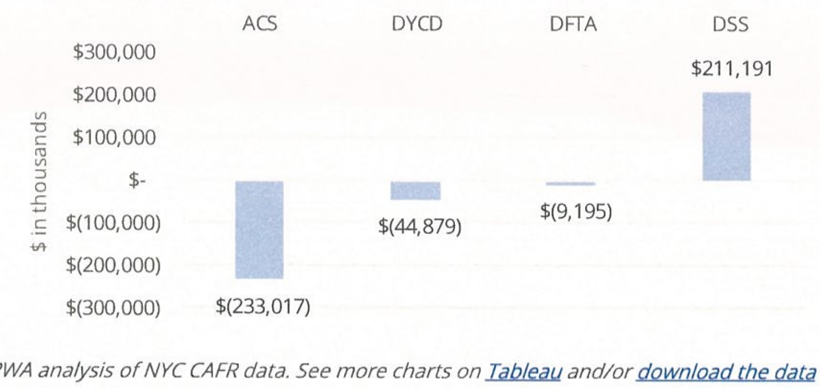


FPWA analysis of NYC CAFR data. See more charts on Tableau and/or download the data.

Our agency-specific analysis visualizes and monitors federal grants that support the budgets of four city agencies: Administration for Children's Services (ACS), Department of Youth and Community Development (DYCD), Department for the Aging (DFTA), Department of Social Services (DSS). Collectively, **these agencies' federal funding** – comprised of 37 federal grants – **represented 38 percent ($2.9 billion)** of the City's total federal funding in FY 2018. Federal funding to these agencies **has fallen by $76 million** (3 percent) since FY 2010 after adjusting for inflation.[9,10]

Collectively, These Agencies' Federal Grants Have Fallen by $76 Million Since FY 2010[11]

Change relative to FY 2010 Funding Level ($ in thousands)



FPWA analysis of NYC CAFR data. See more charts on Tableau and/or download the data

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[7] These trends are masked by a $550 million (45 percent) increase in TANF since FY 2010 after adjusting for inflation. While NY State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform" in 1996.These increases may also be a result of funding shifts at the state level. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

[8] See above.

[9] See above.

[10] This analysis includes an agency's "primary" federal grants (grants that have exclusively and consistently supported an agency since FY 2010) and an agency's "city-wide" grants (grants that support more than one city agency). See methodology for additional details.

[11] FPWA's analysis of all federal grants excludes American Recovery and Reinvestment Act (ARRA) spending following the Great Recession and Disaster Relief, such as for Hurricane Sandy, to reflect the federal government's longer-term spending intent.

Of the 37 federal grants included in our analysis that support these agencies, the following 5 have experienced the greatest declines since FY 2010 after adjusting for inflation.

Top 5 Casualties of Austerity

Change relative to FY 2010 Funding Level for Grants that Support ACS, DSS, DYCD, and DFTA ($ in thousands)

Federal Grant	Amount Below FY10 Level	
Adoption Assistance	$	(84,493)
Child Care and Development Block Grant (CCDBG)	$	(65,099)
WIOA Youth Activities	$	(39,254)
Social Services Block Grant (Title XX, SSBG)	$	(26,552)
Low-Income Home Energy Assistance (LIHEAP)	$	(25,630)

FPWA analysis of NYC OMB Budget Function Analysis (FY19 Adopted Budget) and NYC CAFR data. See more charts on Tableau and/or download the data

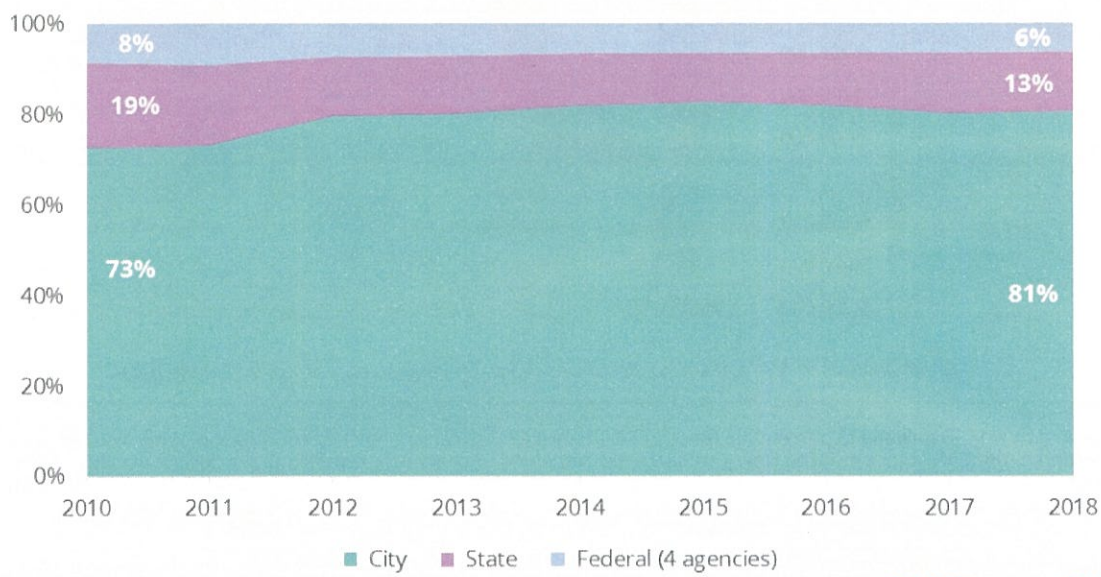
Importantly, NYC's historic commitment to caring for people who are struggling to afford basic needs means that it is often left to fill the gaps when the federal government abdicates its responsibility. That is, the money that NYC spends on social services in the absence of sufficient federal support could be spent on other investments equally important to the City's quality of life, such as transportation, safety, education, cultural institutions, and the environment.

Indeed, as federal funding has fallen since FY 2010 after adjusting for inflation, the City has invested an additional $2.2 billion (nominally) to support these social service agencies' missions. Moreover, New York State spending has declined by $302 million (nominally) since FY 2010 in part due to the self -imposed two percent spending cap.[xv]

In other words, **federal disinvestment and misplaced priorities matter to all New Yorkers.**

NYC Steps Up as Congress Disinvests

Share of Funding by Source for DYCD, ACS, DFTA, DSS



FPWA analysis of NYC OMB BFA(FY19 Adopted Budget) and NYC CAFR data. See more charts on Tableau and/or download the data

Impact of Federal Austerity on NYC Social Service Agencies[12]

After adjusting for inflation, **all federal grants to New York City have fallen by $1.8 billion** since FY 2010. **Federal funding for the four city agencies featured in the Federal Funds Tracker have fallen by $76 million since FY 2010** after adjusting for inflation: Administration for Children's Services (ACS), Department of Youth and Community Development (DYCD), Department for the Aging (DFTA), and Department of Social Services (DSS). These trends are masked by a $550 million (45 percent) increase in TANF funding from New York State since FY 2010 after adjusting for inflation. While the State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform"[xvi] in 1996. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

To draw a distinction between a federal grant's specificity or flexibility in the section below, we analyzed federal grants that support ACS, DFTA, DYCD, and DSS in two categories: Primary Federal Grants and City-Wide Federal Grants. We then examine federal support for each agency's total budget and the agency's respective programs areas (also known as budget functions).[13]

Collectively **ACS, DYCD, DFTA, and DSS's federal grants have fallen by $76 million** (3 percent) since FY 2010 after adjusting for inflation.[14]

Primary Federal Grants: These grants have exclusively and consistently supported these four agencies since FY 2010. Primary grants represent 24 percent of their total federal aid and have fallen by $251 million since FY 2010 after adjusting for inflation.

City-Wide Federal Grants: These grants have consistently – but *not* exclusively – supported one or more of the four agencies since FY 2010. City-wide grants represent 76 percent of their total federal aid and have increased by $175 million since FY 2010 after adjusting for inflation.[15,16]

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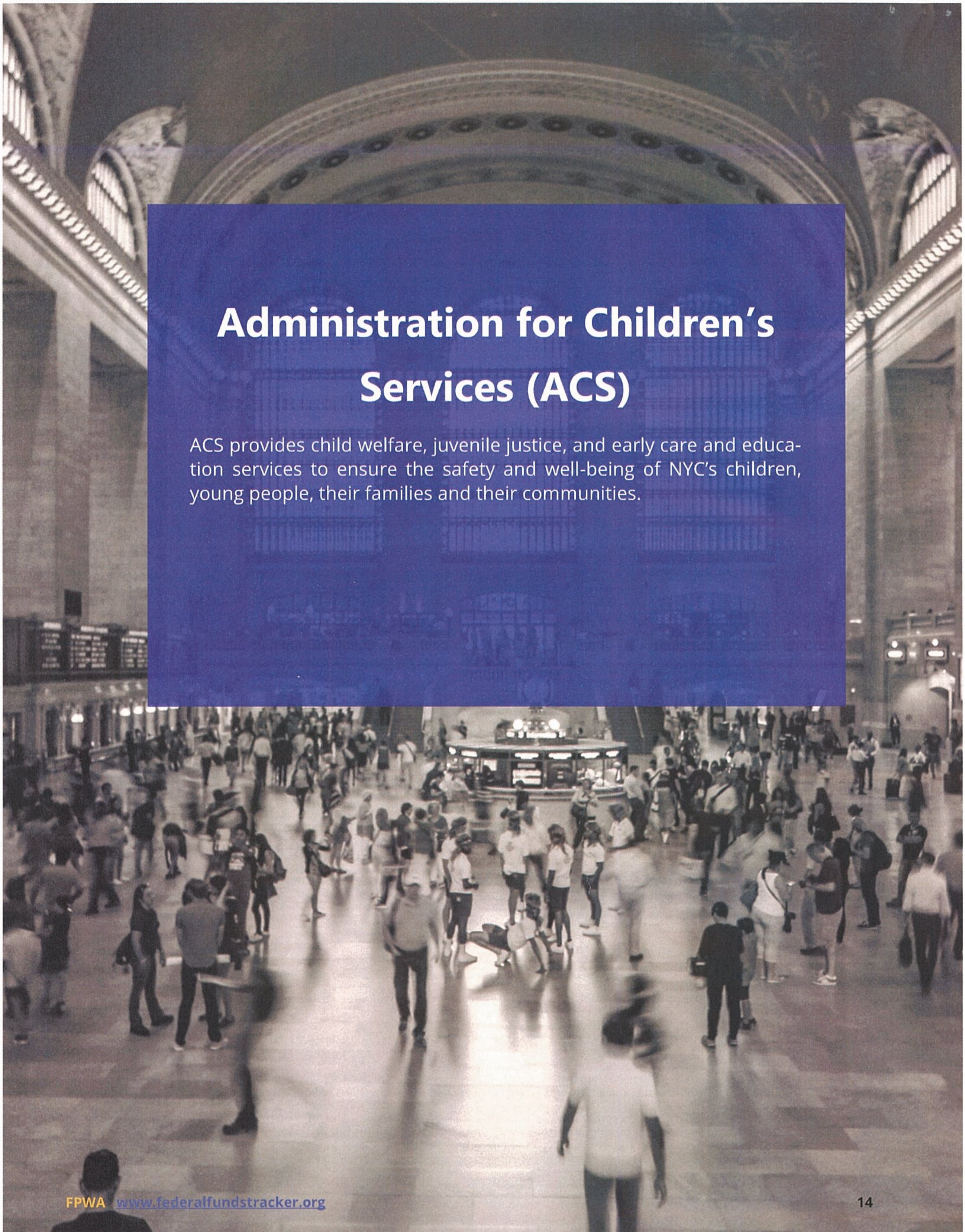
[12] Additional agencies will be added in the future to account for all social services funding. In addition to ACS and DYCD, DOH and DOHMH are examined in a recent report from the New School's Center for New York City Affairs.

[13] See glossary in report appendix for all federal grant definitions.

[14] These trends are masked by a $550 million (45 percent) increase in TANF since FY 2010 after adjusting for inflation. While NY State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform" in 1996. These increases may also be a result of funding shifts at the state level. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

[15] Total city-wide grants – the amount these grants have declined across all agencies they support – have declined by $359 million, and are visualized on the Federal Funds Tracker website

[16] These trends are masked by a $550 million (45 percent) increase in TANF since FY 2010 after adjusting for inflation. While NY State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform" in 1996.These increases may also be a result of funding shifts at the state level. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.



Administration for Children's Services (ACS)

ACS provides child welfare, juvenile justice, and early care and education services to ensure the safety and well-being of NYC's children, young people, their families and their communities.

ACS's federal grants have fallen by $233 million (19 percent) since FY 2010 after adjusting for inflation. This includes five primary grants and eight city-wide grants, collectively accounting for 99 percent of the agency's federal funding.

Primary Grants: ACS's five primary grants account for 41 percent of the agency's federal grants and have fallen by $179 million since FY 2010 after adjusting for inflation, driven by the decline of Head Start, Adoption Assistance, and Promoting Safe and Stable Families.

Adoption Assistance: Funding for Adoption Assistance has fallen by $84 million (48 percent) since FY 2010 after adjusting for inflation. Adoption Assistance provides subsidy costs for the adoption of children with special needs who cannot be reunited with their families and who meet certain eligibility tests to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency and well-being.

Head Start: Funding for Head Start has fallen by $84 million (42 percent) since FY 2010 after adjusting for inflation. In the FY 2018 omnibus spending bill, Head Start received a 7 percent boost[xvii] from FY 2017 levels. Head Start promotes school readiness by enhancing the social and cognitive development of low-income children through the provision of comprehensive health, educational, nutritional, social and other services. New York City is a super-grantee, meaning that the City (ACS) receives a large grant from the federal government that the city can administer and distribute. In 2013, the grant to ACS was decreased due to competition bid for the funds, meaning Head Start funds were distributed directly from the federal government to nonprofit service providers. The data reported in the Federal Funds Tracker only captures funding ACS's federal funding, as reported by the CAFR.

Foster Care: Funding for Foster Care has increased by $316 thousand (0.1 percent) since FY 2010 after adjusting for inflation. Foster Care provides safe and stable out-of-home care for children under the jurisdiction until they are returned home safely, placed with adoptive families, or placed in other planned arrangements for permanency.

City-Wide Grants: ACS's eight city-wide grants account for 58 percent of the agency's federal grants and have fallen by $54 million since FY 2010 after adjusting for inflation, driven by the decline of CCDBG, CDBG, and SSBG.[17]

ACS's Child Care and Development Block Grant (CCDBG): ACS's CCDBG grants (97 percent of NYC's total CCDBG funding) have fallen by $65 million since FY 2010 after adjusting for inflation. CCDBG supports ACS's Preventive Services programming which seeks family reunification through expediting the discharge of children in foster care.

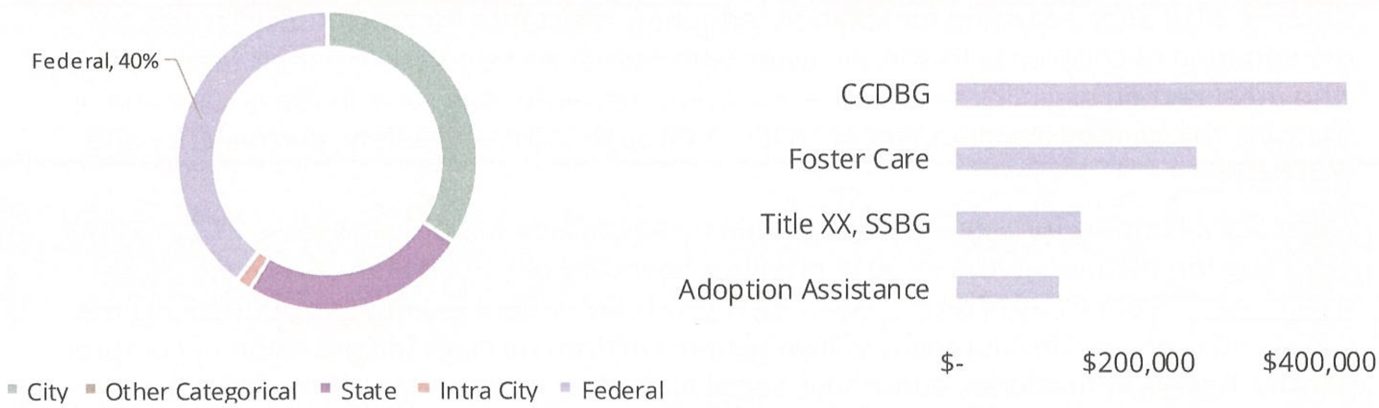
ACS's Community Development Block Grant (CDBG): ACS's CDBG grants (1 percent of NYC's total CDBG funding) have fallen by $1 million since FY 2010 after adjusting for inflation. CDBG supports ACS's EarlyLearn NYC, an education program for children under five years old for families who qualify for free or low-cost child care.

ACS's Social Services Block Grant (Title XX, SSBG): ACS's SSBG grants (67 percent of NYC's total SSBG funding) have fallen by $18 million since FY 2010 after adjusting for inflation. SSBG supports, among other functions, ACS's Preventive Services programming, which seeks family reunification through expediting the discharge of children in foster care.

[17] See glossary in report appendix for all federal grant definitions and total city-wide grant declines.

Current Funding – Federal Support for ACS in FY 2019: ACS's FY19 Adopted Budget is more than $2.9 billion, of which 40 percent ($1.2 billion) comes from the federal government through 19 individual grants. Of those, just four federal grants account for more than 80 percent of ACS's federal grants.

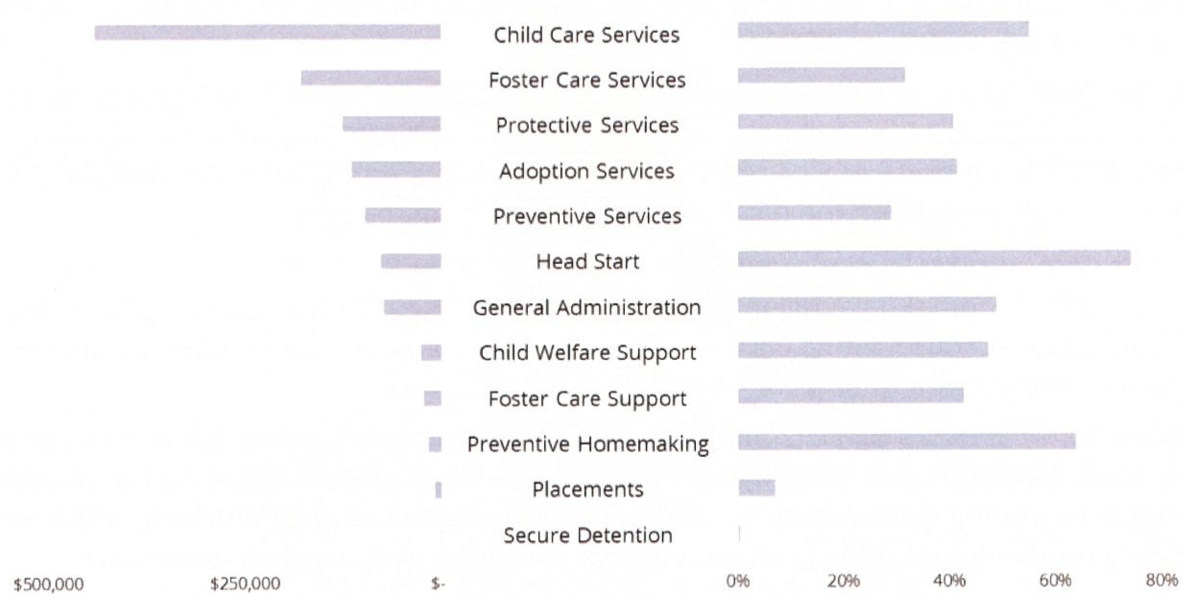
Federal Grants Support Over $1.2 Billion of ACS's FY 2019 Budget, 4 of Which Support More Than 80% of ACS's Federal Funding
Agency Funding by Source, FY 2019 ($ in thousands)



FPWA analysis of NYC OMB BFA (FY19Adopted Budget). See more charts on [Tableau] and/or [download the data]

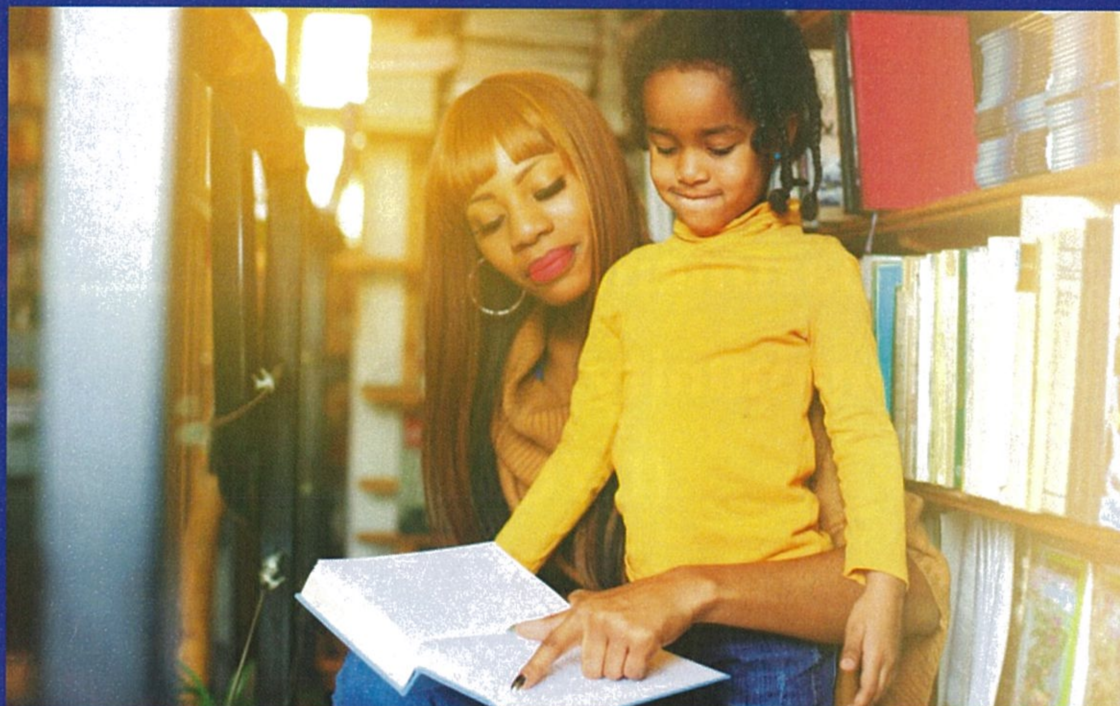
ACS's budget is divided into sixteen program areas, also known as budget functions. Each program area relies on a mix of funding sources and is uniquely vulnerable to budget cuts. For example, Child Care Services — which supports funding for child care programs to low-income working families — relies on the largest *sum* of federal grants ($440 million), while Head Start — which supports educational and social development for low-income children — relies on the largest *share* of federal grants (74 percent).

In FY 2019, Child Care Services Relies on the Largest Sum of Federal Grants, While Head Start Relies on the Largest Share of Federal Grants
($ in thousands)



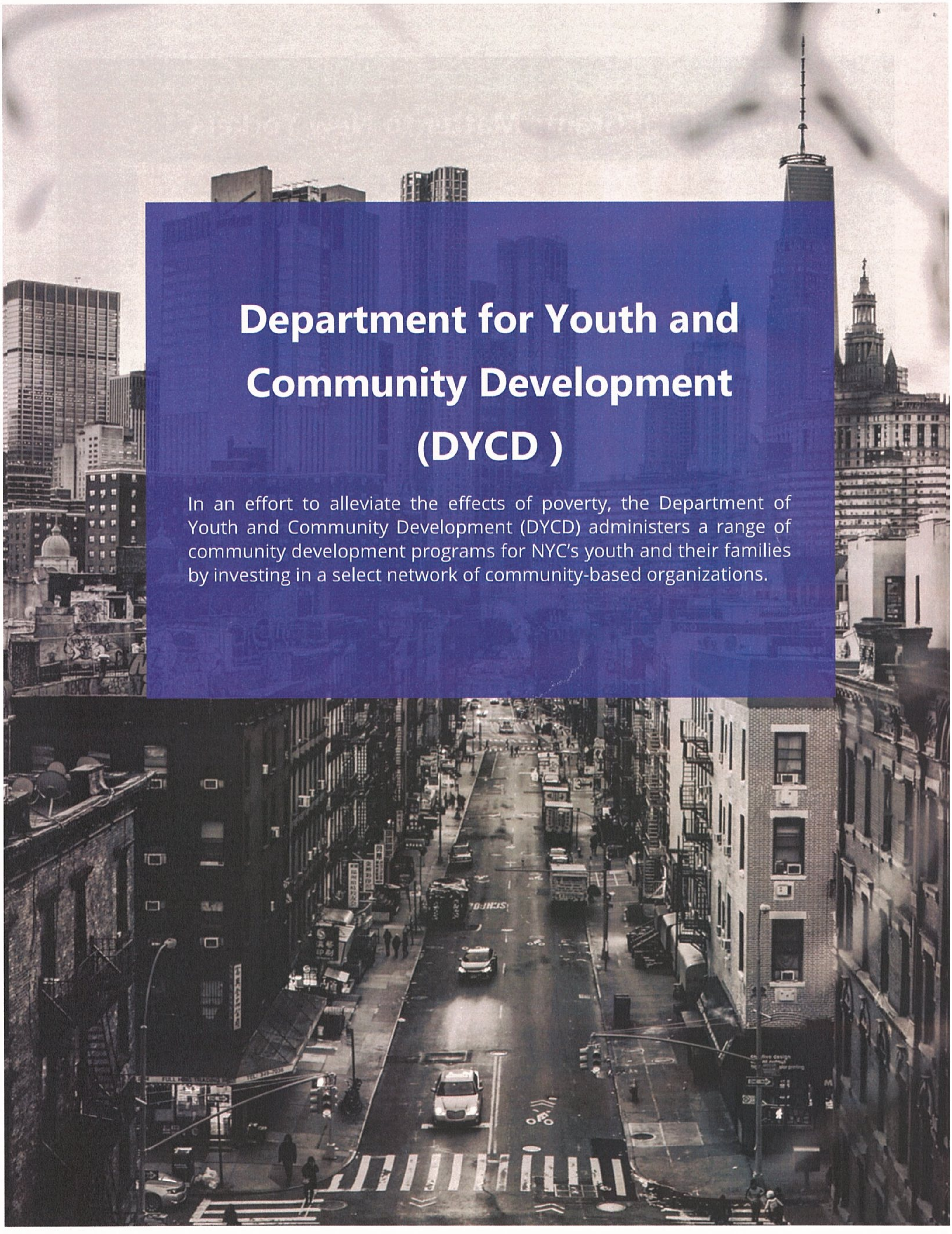
FPWA analysis of NYC OMB BFA(FY19 Adopted Budget). See more charts on [Tableau] and/or [download the data]

Why Federal Grants Matter to New Yorkers



Anabel is the mother to a child in East Side House Settlement's Early Childhood Program. As a result of her direct relationship with teachers and collaborating social service staff, she was able to benefit from the Family Literacy Program to build valuable skills during her transition from unemployment to the workforce. She not only landed a part-time job, but her skills have been utilized as a community ambassador for East Side House, and currently serves as a parent liaison to ESH's board. ESH serves more than 200 children through their Early Childhood Program — supported in part by Head Start grants.

Collectively, East Side House Settlement — established in 1891 on the Upper East Side of Manhattan — serves approximately 10,000 individuals across 29 locations in the South Bronx and Upper Manhattan.



Department for Youth and Community Development (DYCD)

In an effort to alleviate the effects of poverty, the Department of Youth and Community Development (DYCD) administers a range of community development programs for NYC's youth and their families by investing in a select network of community-based organizations.

DYCD's federal grants have fallen by $45 million (58 percent) since FY 2010 after adjusting for inflation. This includes just one primary grant and four city-wide grants, collectively accounting for all of the agency's federal funding.

Primary Grants: DYCD's only primary grant – The *Community Service Block Grant (CSBG)* – accounts for 42 percent of the agency's federal grants and has fallen by $5 million (14 percent) since FY 2010 after adjusting for inflation. CSBG is distributed to local agencies to support a wide range of community-based activities to reduce poverty.

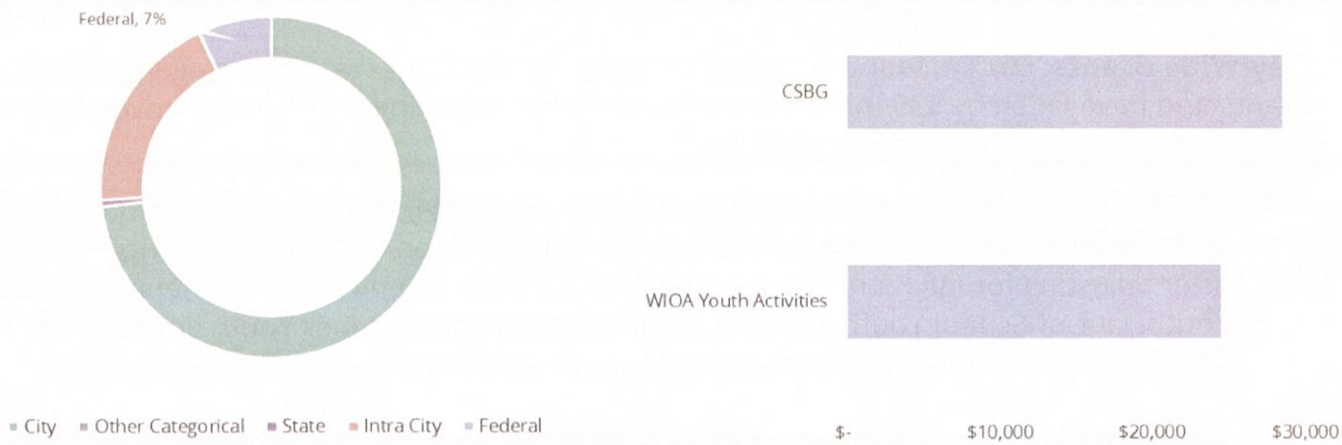
City-Wide Grants: DYCD's four city-wide grants account for 63 percent of the agency's federal grants and have fallen by $39 million since FY 2010 after adjusting for inflation, driven by the decline of WIOA Youth Activities and CDBG.[18]

> *DYCD's Workforce Innovation and Opportunity Act (WIOA) Youth Activities:* DYCD's WIOA grants (85 percent of NYC's total WIOA funding) have fallen by $39 million since FY 2010 after adjusting for inflation. WIOA supports DYCD's Community Development, In-School Youth, Out-of-School Youth, General Administration and Summer Youth Employment Program (SYEP) to strengthen the capacity of youth workforce development programs.
>
> *DYCD's Community Development Block Grant (CDBG):* DYCD's CDBG grants (6 percent of NYC's total CDBG funding) have fallen by $6 million since FY 2010 after adjusting for inflation. CDBG supports DYCD's program areas such as Adult Literacy, Beacon Community Centers and Community Development to improve the quality of housing and economic opportunity in high-need areas.
>
> *DYCD's Temporary Assistance for Needy Families (TANF):* DYCD's TANF grants (1 percent of NYC's total TANF funding) of TANF have increased by $6 million since FY 2010 after adjusting for inflation. TANF supports DYCD's low-income youth through DYCD's Summer Youth Employment Program (SYEP).

[18] See glossary in report appendix for all federal grant definitions and total city-wide grant declines.

Current Funding – Federal Support for DYCD in FY 2019: DYCD's FY19 Adopted Budget is more than $872 million, of which 7 percent ($61 million) comes from the federal government through seven individual grants. Of those, just two federal grants account for more than 80 percent of DYCD's federal grants.

Federal Grants Support More Than $61 Million of DYCD's Budget, 2 of Which Comprise 80% of DYCD's Federal Funding
Agency Funding by Source, FY 2019 ($ in thousands)



FPWA analysis of NYC OMB BFA (FY19 Adopted Budget). See more charts on Tableau and/or download the data

DYCD's budget is divided into ten program areas. Each program area relies on a mix of funding sources and is uniquely vulnerable to budget cuts. For example, Community Development Programs — which supports funding for programs in low-income communities throughout New York City — relies on the largest sum of federal grants ($25 million), while Out-of-School Youth Programs (OSY) — which supports employment programs for youth aged 16-21 — relies on the largest share of federal grants (98 percent).

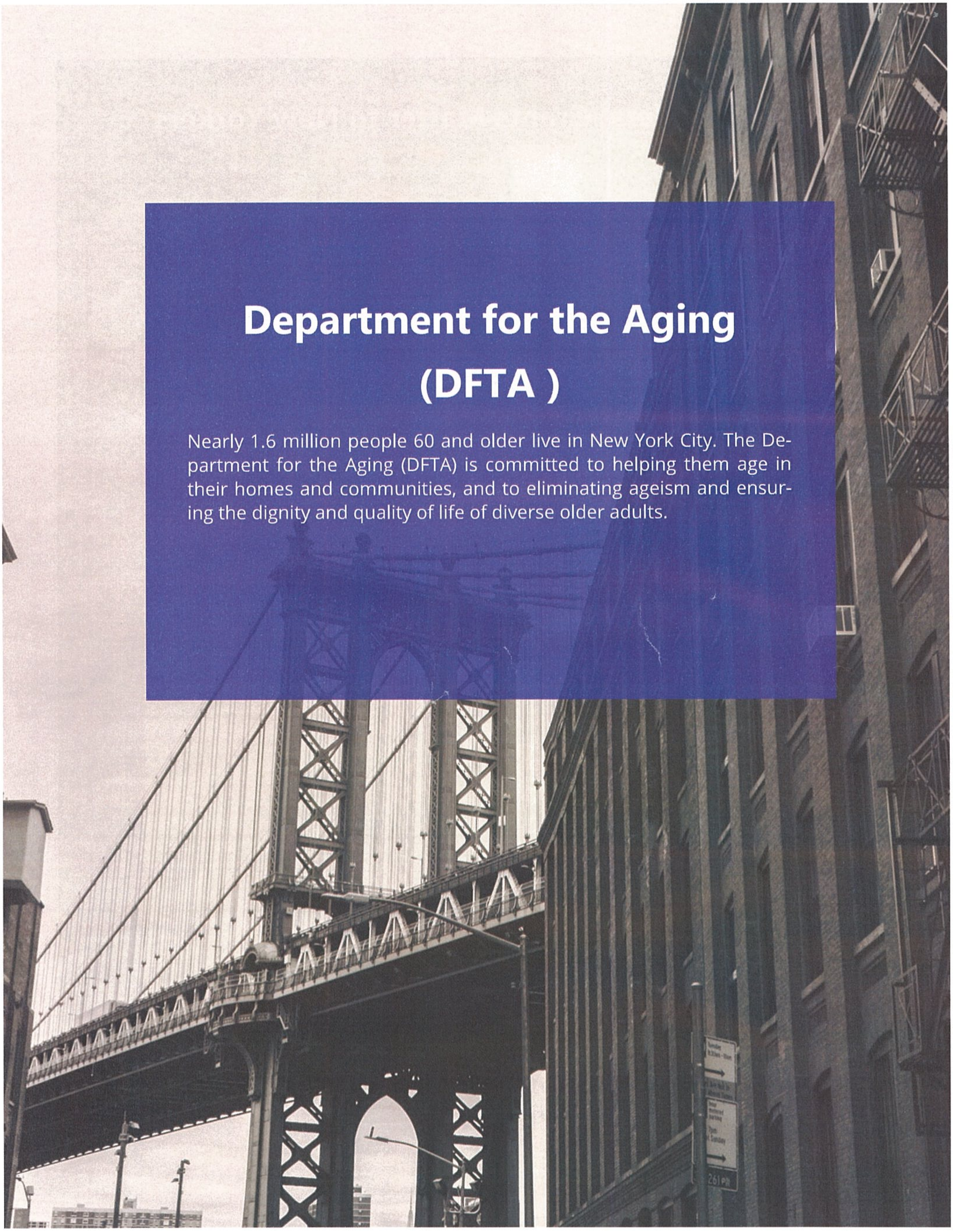
In FY 2019, Public Assistance Grants Relies on the Largest Sum of Federal Grants, While Home Energy Assistance Relies on the Largest Share of Federal Grants
($ in thousands)

FPWA analysis of NYC OMB's BFA Report, FY 2019 Adopted Budget. See more charts on Tableau and/or download the data

Why Federal Grants Matter to New Yorkers

Tennille joined Jacob A. Riis Neighborhood Settlement's In-School Youth (ISY) program at its Information Technology High School campus in 2016. The federally funded program - via the Workforce Innovation and Opportunity Act (WIOA) - helps youth gain the support, educational credentials and skills needed to succeed in today's economy. When Tennille entered the program, she was a shy high school junior who was unsure of her post-secondary plans. Like many of the youth in the program, she aspired to college but nobody in her family had attended college before, so she didn't believe her goal was attainable. The program staff provided her with ongoing support and encouragement. They helped her develop her leadership skills, guided her through the college application process, and encouraged her to set aspirational goals. Over time her confidence grew, and in her senior year, she was elected student body president. She was also accepted to her first choice school, SUNY Potsdam, where she is now in her second year of undergraduate studies. Tennille's success highlights the important role that programs like Riis's WIOA-ISY play in helping youth, particularly low-income youth, realize their potential and achieve socioeconomic success. Riis's WIOA-ISY program serves 70 youth and offers follow-up services to an additional 35 who are in their first year of college.

Jacob A. Riis Neighborhood Settlement is a community-based organization that provides comprehensive, integrated services to the low-income youth, seniors, immigrants, and families of western Queens. They serve a yearly average of 2,500 individuals across eight sites throughout the Long Island City/Astoria area.



Department for the Aging (DFTA)

Nearly 1.6 million people 60 and older live in New York City. The Department for the Aging (DFTA) is committed to helping them age in their homes and communities, and to eliminating ageism and ensuring the dignity and quality of life of diverse older adults.

DFTA's federal grants have fallen by $9 million (12 percent) since FY 2010 after adjusting for inflation. This includes eight primary grants and two city-wide grants, collectively accounting for 99.5 percent of the agency's federal funding.

Primary Grants: DFTA's eight primary grants account for 69 percent of the agency's federal grants and have fallen by $5 million since FY 2010 after adjusting for inflation, driven by the decline of the OAA SCSEP, OAA Title III-B, and OAA Title III-C.

Senior Community Service Employment Program (OAA, Title V, SCSEP): OAA, Title V, SCSEP has fallen by $3 million (41 percent) since FY 2010 after adjusting for inflation. OAA, Title V, SCSEP provides skills training community service assignments to help unemployed, low-income older adults re-enter the workforce.

Supportive Services and Senior Centers (OAA, Title III-B): OAA, Title III-B has fallen by $2 million (16 percent) since FY 2010 after adjusting for inflation. OAA, Title III-B ensures that elders receive the services they need to remain independent, such as transportation, in-home services, and other support.

Nutrition Services for the Aging (OAA, Title III-C): OAA, Title III-C has fallen by $532 thousand (3 percent) since FY 2010 after adjusting for inflation. OAA, Title III-C provides nutritious meals, nutrition education and other appropriate nutrition services for older adults in order to maintain health, independence and quality of life.

City-Wide Grants: DFTA's two city-wide grants account for 30 percent of the agency's federal grants and have fallen by $4 million since FY 2010 after adjusting for inflation.[19]

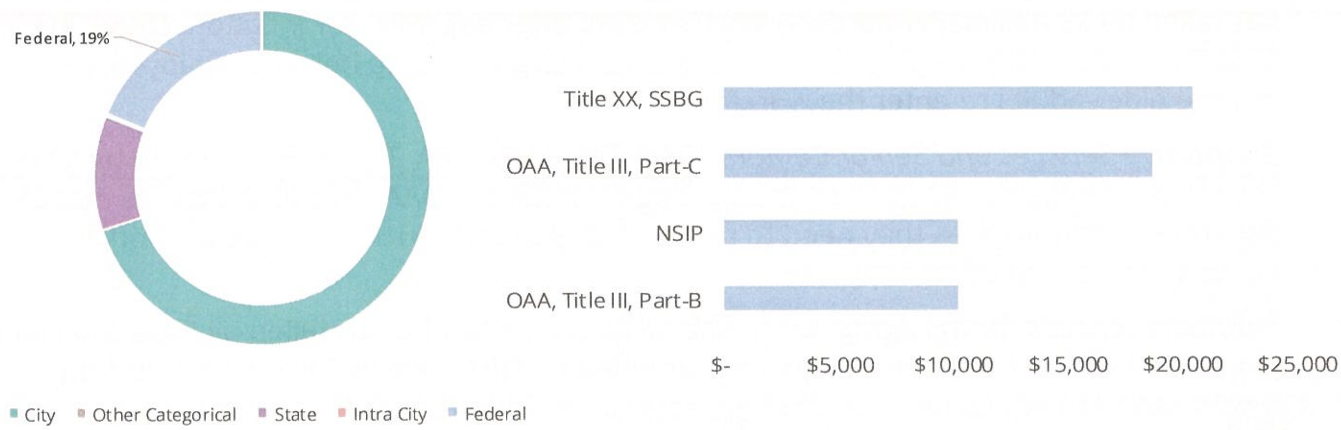
DFTA's Community Development Block Grant (CDBG): DFTA's CDBG grants (2 percent of NYC's total CDBG funding) have fallen by $2 million since FY 2010 after adjusting for inflation. CDBG supports DFTA's home-based services for older adults.

DFTA's Social Services Block Grant (SSBG): DFTA's SSBG grants (10 percent of NYC's total SSBG funding) have fallen by $3 million since FY 2010 after adjusting for inflation. SSBG supports DFTA to protect elderly adults from harm and helps them stay in their own homes.

[19] See glossary in report appendix for all federal grant definitions and total city-wide grant declines.

Current Funding – Federal Support for DFTA in FY 2019: DFTA's FY19 Adopted Budget is more than $386 million, of which 19 percent ($72 million) comes from the federal government through a dozen individual grants. Of those, just four federal grants account for more than 80 percent of DFTA's federal grants.

Federal Grants Support Over $72 Million of DFTA's FY 2019 Budget, 4 of Which Support More than 80% of DFTA's Funding
Agency Funding by Source, FY 2019 ($ in thousands)



FPWA analysis of NYC OMB BFA(FY19 Adopted Budget). See more charts on *[Tableau]* *and/or* *[download the data]*

DFTA's budget is divided into six program areas. Each program area relies on a mix of funding sources and is uniquely vulnerable to budget cuts. For example, Senior Centers and Meals — which supports home delivered meals and senior centers for educational, nutrition and health, and recreational programs in a community-based setting — relies on the largest sum of federal grants ($54 million), while Senior Employment and Benefits — which supports subsidized jobs and benefit assistance, including health insurance and home-energy costs — relies on the largest share of federal grants (84 percent).

In FY 2019, Senior Centers and Meals Relies on the Largest Sum of Federal Grants, While Senior Employment and Benefits Relies on the Largest Share of Federal Grants
($ in thousands)

FPWA analysis of NYC OMB BFA(FY19 Adopted Budget). See more charts on *[Tableau]* *and/or* *[download the data]*

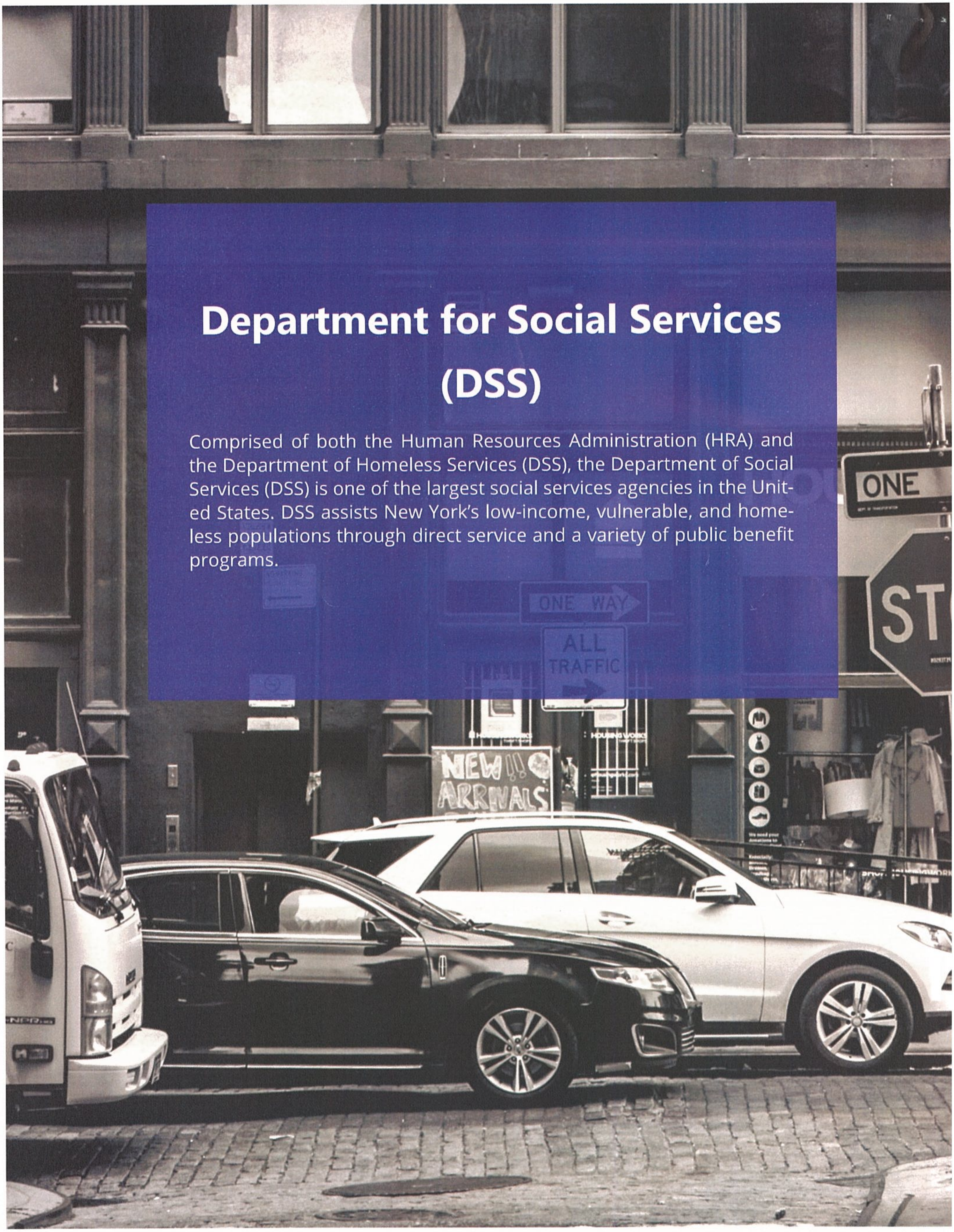
Why Federal Grants Matter to New Yorkers

Karen, an employed single mother, moved her own mother who had advanced Alzheimer's Disease into her apartment to care for her. As the disease progressed and her mother's needs became greater, Karen reached out to Heights and Hills because she was feeling very overwhelmed and isolated. An H&H social worker encouraged her to participate in one of their telephonic support groups. One particularly bad day she was on her way home from work, when it had all become too much for her. She stood on the edge of the subway platform, with tears streaming down her face and contemplated jumping onto the tracks. But she knew that she had a scheduled call with her support group that evening and thought that maybe she could hold on one more day. She shared her feelings and frightening experience with the group, and was able to get support from other group members. The social worker also followed up with her later that evening. Knowing that she was not alone and that there were others there to support her, Karen found the strength within herself to keep going and continued to care for her mother until she died, months later. Karen went on to become an ambassador for our program. In FY 2018, H&H's Caregiver Program — supported by the National Family Caregiver Support (Title III, Part E) — provided support for 1,300 family caregivers.

Each year Heights and Hills serves more than 4,000 older adults and their families, ranging in age from 60 to more than 100, are immigrant and native born, and as diverse as the communities in which they live.

Department for Social Services (DSS)

Comprised of both the Human Resources Administration (HRA) and the Department of Homeless Services (DSS), the Department of Social Services (DSS) is one of the largest social services agencies in the United States. DSS assists New York's low-income, vulnerable, and homeless populations through direct service and a variety of public benefit programs.



DSS's federal grants have increased by $211 million (14 percent) since FY 2010 after adjusting for inflation. This includes five primary grants and five city-wide grants, collectively accounting for 99.9 percent of the agency's federal funding. These trends are masked by a $550 million (45 percent) increase in TANF funding from New York State since FY 2010 after adjusting for inflation. While the State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform"[xviii] in 1996. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

Primary Grants: DSS's five primary grant account for just seven percent of the agency's federal grants and have fallen by $61 million since FY 2010 after adjusting for inflation, driven by the decline of RCDI, LIHEAP, and CSE.

Community Economic Development & Rural Community Facilities Programs (RCDI): RCDI has fallen by $24 million (71 percent) since FY 2010 after adjusting for inflation. RCDI supports programs to alleviate the causes of poverty in distressed communities by creating jobs for low-income individuals and increasing the standard of living for rural low-income individuals.

Low-Income Home Energy Assistance (LIHEAP): LIHEAP has fallen by $26 million (38 percent) since FY 2010 after adjusting for inflation. LIHEAP assists eligible households meet the costs of home energy. LIHEAP funding increased by a modest 7 percent in the FY 2018 omnibus spending bill. LIHEAP assists eligible households meet the costs of home energy.

Child Support Enforcement (CSE): CSE has fallen by $12 million (17 percent) since FY 2010 after adjusting for inflation. CSE supports the enforcement of obligations owed by absent parents to their children, locates absent parents, establishes paternity, and obtains child, spousal and medical support.

City-Wide Grants: DSS's five city-wide grants account for 93 percent of the agency's budget and have increased by $273 million since FY 2010 after adjusting for inflation, driven by increased TANF funding, which offset declines in SNAP, SSBG, and HOPWA.[20,21]

DSS's Supplemental Nutrition Assistance Program (SNAP): DSS's SNAP grants (98 percent of NYC's total SNAP funding) have fallen by $16 million since FY 2010 after adjusting for inflation. SNAP supports, among other program areas, Food Stamp Operations, which provides funding for the administration of federal Food Stamp benefits.

DSS's Social Services Block Grant (SSBG): DSS's SSBG grants (23 percent of NYC's total SSBG funding) have fallen by $6 million since FY 2010 after adjusting for inflation. SSBG supports, among other functions, DSS's Adult Protective and Domestic Violence (DV) Services programs for adults with mental or physical impairments who cannot care for themselves, and DV Services to provide temporary housing and supportive services for victims of domestic violence and their children.

DSS's Health Insurance Information Counseling and Assistance Program (HIICAP): DSS's HIICAP grants (54 percent of NYC's total HIICAP funding) have fallen by $11 million since FY 2010 after adjusting for inflation. HIICAP supports, among other functions, Home Energy Assistance, which provides grants to low-income homeowners and renters to assist them in paying energy bills; and Medicaid and Homecare, which is designed to assist elderly or disabled individuals remain at home, rather than be placed in a nursing home.

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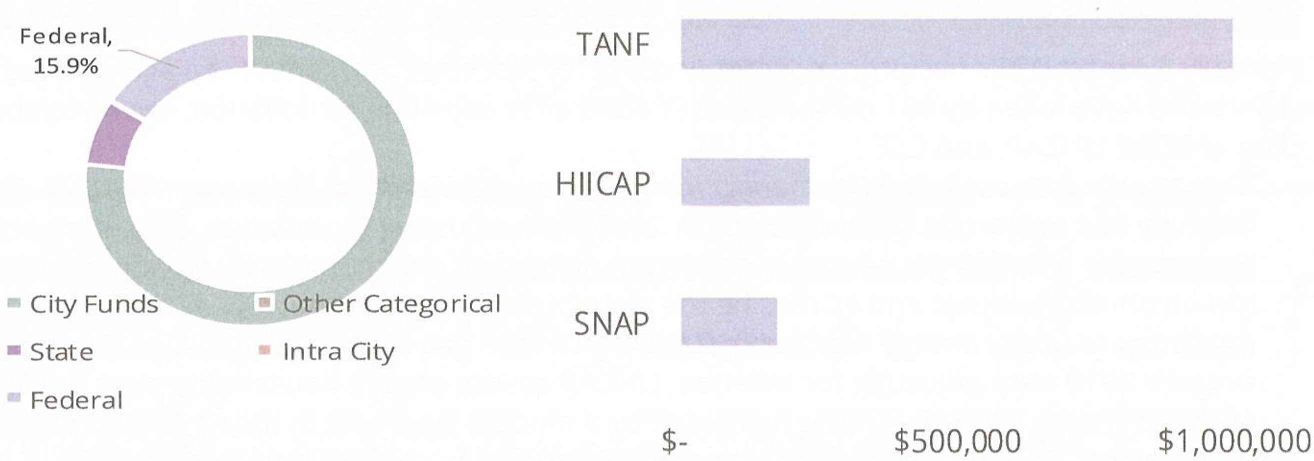
[20] See glossary in report appendix for all federal grant definitions and total city-wide grant declines

[21] These trends are masked by a $550 million (45 percent) increase in TANF funding from New York State since FY 2010 after adjusting for inflation. While the State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform" in 1996. These increases may also be a result of funding shifts at the state level. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

Current Funding – Federal Support for DSS in FY 2019: DSS's FY19 Adopted Budget is more than $10 billion, of which 16 percent ($1.6 billion) comes from the federal government through thirteen individual grants. Of those, just three federal grants account for more than 80 percent of DSS's federal grants.

Federal Grants Support More Than $1.6 Billion of DSS's Budget, 3 of Which Comprise More Than 80% of DSS's Federal Funding

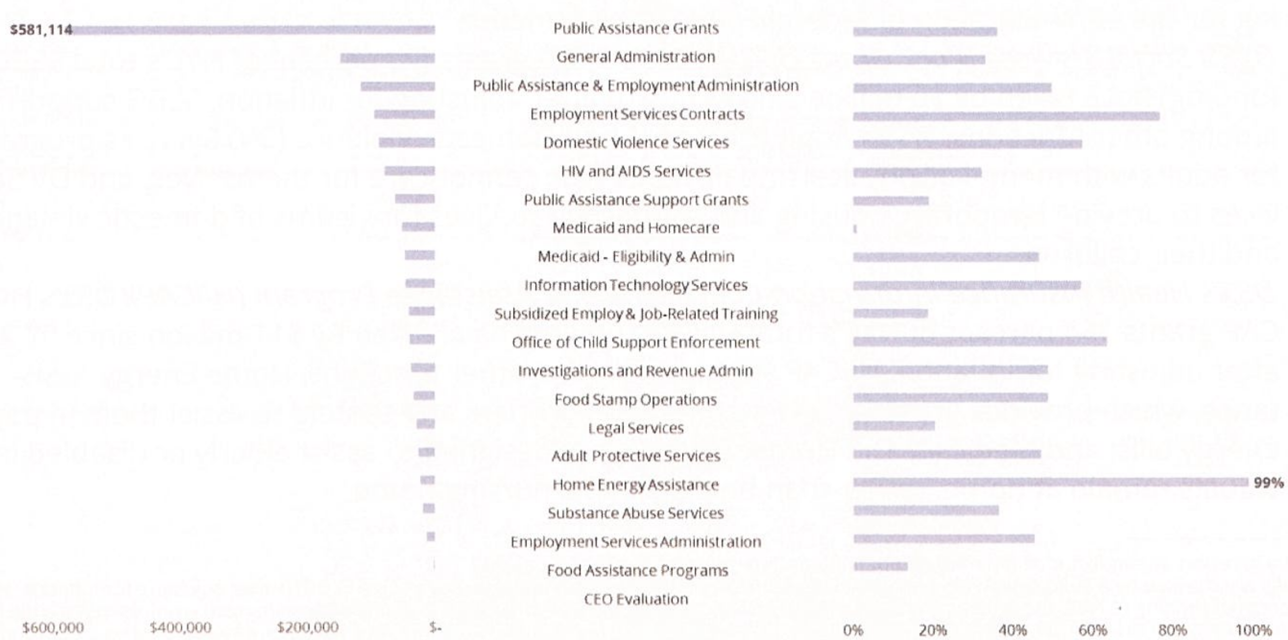
Agency Funding by Source, FY 2019 ($ in thousands)



FPWA analysis of NYC OMB BFA(FY19 Adopted Budget). See more charts on Tableau and/or download the data

DSS's budget is divided into twenty-one program areas. Each program area relies on a mix of funding sources and is uniquely vulnerable to budget cuts. For example, Public Assistance Grants — which supports families and single adults in need of financial assistance — relies on the largest sum of federal grants ($581 million), while Home Energy Assistance — which supports funding for low income clients to help pay heating and cooling costs — relies on the largest share of federal grants (99 percent).

In FY 2019, Public Assistance Grants Relies on the Largest Sum of Federal Grants, While Home Energy Assistance Relies on the Largest Share of Federal Grants (in thousands)



FPWA analysis of NYC OMB BFA(FY19 Adopted Budget). See more charts on Tableau and/or download the data

Take Action

Avoid Another Self-Inflicted Shutdown

On December 22nd, 2018, a bipartisan spending deal to keep the government open was blown up by President Trump following criticism from right-wing pundits that border-wall funding was not included. This resulted in the longest shutdown in U.S. history. On January 25th, 2019, President Trump signed a short-term spending measure that re-opened the government for three weeks (through February 15).

For many who already struggle to afford the basics, however, the shutdown caused real harm If the shutdown had continued, hundreds of thousands in New York City would have been at risk for hunger, eviction, and hardship.

If Congress does not pass the appropriations bills or another continuing resolution by February 15, then we will experience another partial government shutdown. This remains a possibility, despite the damaging consequences of the shutdown from which we just emerged.

What's Next? **Email your member of Congress** and ask them to pass a set of bills to fund the government that enjoy overwhelming bipartisan support in both chambers — not hold the government hostage for unrelated, anti-immigrant policies — before February 15.

Census 2020

The U.S. Constitution requires a count of the nation's population— or census — every ten years to determine the number of congressional representatives for each state and to distribute federal funding (over $880 billion, nationally, in 2016). [xix]

The United States Census Bureau's proposed plan to add a citizenship question to the survey (for the first time since 1950) and new online technology is expected to complicate the accuracy of "hard to count" populations. An undercount would cost the City resources, political representation, and critical data for government, business, and for infrastructure needs such as building schools and roads.[xx]

What's Next? The citizenship question was recently ruled unconstitutional[xxi] by a New York federal judge and is expected to be heard by the Supreme Court in February. The Fiscal Policy Institute has proposed a modest $40 million investment in this year's budget for community-based organizations to do outreach around the 2020 Census. Locally, Mayor de Blasio proposed $4.3 million for a "Get Counted NYC" program to support a community outreach campaign. **In the meantime, join New York Census 2020[xxii] to make sure every New Yorker is counted in 2020**

Take Action

Public Charge

President Trump's proposed changes to the public charge regulation would require a cruel new standard for those immigrants seeking adjustment of status in the United States. The proposal also seeks to apply a similar test to those seeking to extend or change their non-immigrant visas in the U.S. If these proposed changes became final, immigration officials could deny status adjustment to immigrants if the government considers them likely to receive crucial food[xxiii], health, and housing assistance benefits in the future. It would also impose an unprecedented income test[xxiv] on those applicants whose family income is lower than 125% of the federal poverty line. The rule could result in the loss of food, health, and housing assistance for about 304,000 immigrants[xxv] and their household members in New York City (both citizens and non-citizens) who are not subject to the public charge test but may nevertheless withdraw from or forgo services due to confusion and fear about the scope of the rule change. This includes **72,000 U.S. citizen children, 29,000 people with disabilities, and 30,000 seniors** (age 65 and over).

What's Next? Before an agency – in this case, the Department of Homeland Security – can finalize regulations, it must allow the public to submit comments on the proposed rule. The 219,00 public comments must now be reviewed and responded to before the rule is final. In the meantime, **join "Protecting Immigrant Families" to stop this rule.**

Appendix

Open Data and Methodology

The data collected over the past year is made available to fulfill the promise of open data and transparency. By making available the data FPWA collected, organized, and analyzed over the past year – all of which is public, but only in PDF format - we hope to empower individuals and policymakers to better advocate on behalf of their communities. Users can also **visit our Tableau page** to share charts on social media or embed them into their digital media.

Sign up to receive data alerts and download the data sets.

The Federal Funds Tracker relies on a number of data sources, requires certain assumptions, normalizes data to reflect intent, and categorizes grant data for uniformity and analysis. Data will be updated each year when new budget documents are released.

Current Year Data: For FY 2019 figures, we rely on the *New York City's Office of Management and Budget's Budget Function Analysis* (BFA[xxvi]) report from the FY 2019 Adopted Budget. The BFA details the expense budget of certain agencies by major functional areas and are updated for the Preliminary, Executive, and Adopted Budgets. **Each year, we will update the Federal Funds Tracker with data from the Preliminary Budget**, which reflects the most up to date estimates of the current fiscal year. The disadvantage of the BFA is that expenses are estimates. The advantage is that the BFA provides a level of detail not available elsewhere by detailing federal grants by program area, which is simply a way to categorize an agency's spending into program areas.

Historical Data: For FY 2010 through FY 2018 trend analyses, we rely on data from the New York City Comptroller's Comprehensive Annual Financial Report (CAFR[xxvii]). These reports are published in October of each year and report on "actual" spending during the previous fiscal year — that is, what the city *actually* spent versus the estimated spending in current year budget documents. These data are adjusted for inflation. **Each year, we will update the trends in actual spending when the CAFR is released**.

Exclusions: Historical data excludes one-time funding sources from the economic stimulus provided by American Recovery and Reinvestment Act (ARRA) following the Great Recession, and Disaster Relief aid, such as for Hurricane Sandy. ARRA was effective in creating jobs[xxviii] and keeping families out of poverty[xxix] in the aftermath of the Great Recession, and Disaster Recovery funds are critical for emergency-preparedness and infrastructure investments, but one-time fiscal boosts do not reflect Congresses longer-term spending intent.

Primary Federal Grants and City-Wide Federal Grants: Because city officials have discretion in how grants are allocated among agencies, and do not have the same flexibility in other cases, we categorize agency grants as "primary" grants if they exclusively and consistently supported an agency since FY 2010 (24 percent of the four agencies' federal grants) or "city-wide" grants if they have consistently *but not exclusively* supported one or more of the Federal Funds Tracker's four agencies since FY 2010 (76 percent of the four agencies' federal grants).

Federal Grant Glossary

Because city officials have discretion in how grants are allocated among agencies, and do not have the same flexibility in other cases, we categorize agency grants as "primary" grants if they exclusively and consistently supported an agency since FY 2010 (24 percent of the four agencies' federal grants) or "city-wide" grants if they have consistently *but not exclusively* supported one or more of the Federal Funds Tracker's four agencies since FY 2010 (76 percent of the four agencies' federal grants).

Glossary is arranged by city-wide grants followed by primary grants by agency.

City-Wide Federal Grants

These grants have consistently – but *not* exclusively – supported one or more of the four agencies since FY 2010. City-wide grants represent 76 percent of their total federal aid and have increased by $175 million since FY 2010 after adjusting for inflation. Total city-wide grants – the amount these grants have declined across all agencies they support – have declined by $359 million, and are visualized on the Federal Funds Tracker website.[22]

Child Care and Development Block Grant (CCDBG): CCDBG has fallen by $67 million (12 percent) since FY 2010 after adjusting for inflation. The FY 2018 omnibus spending bill reverses years of decline by including in the bill the largest ever[xxx] increase in CCDBG funding. In New York State, nearly 12,000[xxxi] children could receive CCDBG-funded child care from the increased funding. CCDBG provides funding for child care subsidies for low-income working families and funds to improve child care quality. Among the Federal Funds Tracker's agencies, CCDBG supports ACS.

Community Development Block Grant (CDBG): CDBG has fallen by $102 million (45 percent) since FY 2010 after adjusting for inflation. CDBG was doubled[xxxii] in the FY 2018 omnibus spending bill but remains below FY 2010 levels. CDBG is a flexible funding source that allows the City to tailor community development programs to meet the needs of its vulnerable populations, such as affordable housing, infrastructure repair such as sewers and roads, and essential services to low-income youth, seniors, and others. Among the Federal Funds Tracker's agencies, CDBG supports ACS, DFTA, and DYCD.

Emergency Solutions Grant Program (ESG): ESG has increased by $5 million (52 percent) since FY 2010 after adjusting for inflation. Nationally, ESG's peak funding was in FY 2012 with $286 million. It has since declined by $36 million and remained at that funding level since FY2015. ESG assists individuals and families regain stability in permanent housing after experiencing a housing crisis or homelessness. Among the Federal Funds Tracker's agencies, ESG supports DYCD.

[22] These trends are masked by a $550 million (45 percent) increase in TANF funding from New York State since FY 2010 after adjusting for inflation. While the State has increased funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform" in 1996. These increases may also be a result of funding shifts at the state level. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant.

Health Insurance Information Counseling and Assistance Program (HIICAP): HIICAP has fallen by $20 million (6 percent) since FY 2010 after adjusting for inflation. HIICAP provides financial assistance for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements. Among the Federal Funds Tracker's agencies, HIICAP supports ACS, and DSS.

Housing Opportunities for Persons with AIDS (HOPWA): HOPWA has fallen by $10 million (16 percent) since FY 2010 after adjusting for inflation. An amendment included in the FY 2018 Omnibus spending bill offered by Congressman Jerrold Nadler.[xxxiii] increased HOPWA funding nationally by $19 million. In FY 2018, New York City received 15 percent[xxxiv] of all national funding in FY 2018, down from 17 percent in FY 2017[xxxv]. The funding formula is based on HIV/AIDS incidences and is weighted to communities such as NYC with historically high rates of HIV/AIDS, but also takes into account areas with recent spikes. HOPWA provides resources and incentives to meet the supportive housing needs of low-income persons and their families living with HIV/AIDS to prevent homelessness and sustain housing stability, and according to the National Low-Income Housing Coalition, is underfunded[xxxvi] relative to need. Among the Federal Funds Tracker's agencies, HOPWA supports DSS.

National School Lunch Program (School Lunch): School Lunch has increased by $58 million (19 percent) since FY 2010 after adjusting for inflation. School Lunch supports[xxxvii] the City's recently-enacted universal free lunch program for all public school students. Nearly all School Lunch funds flows through the City's Department of Education and then to schools to provide meals. School Lunch assists in providing a nutritious lunch for school children and encourages the domestic consumption of nutritious agricultural commodities. Among the agencies featured in the Federal Funds Tracker, School Lunch supports ACS.

School Breakfast Program (SBP): SPB has increased by $33 million (51 percent) since FY 2010 after adjusting for inflation. SBP assists in implementing a nutritious nonprofit breakfast service for school children, through meal reimbursements and food donations. Nearly all SBP funds flows through the City's Department of Education and then to schools to provide meals. Among the agencies featured in the Federal Funds Tracker, SBP supports ACS.

Social Services Block Grant (Title XX, SSBG): SSBG has fallen by $27 million (12 percent) since FY 2010 after adjusting for inflation. The SSBG was level-funded[xxxviii] in the FY 2018 omnibus spending bill, but remains below FY 2010 levels. SSBG is a flexible funding source that allows the City to tailor social service programming to their population. Among the Federal Funds Tracker's agencies, SSBG supports ACS, DFTA, and DSS.

Supplemental Nutrition Assistance Program (SNAP): SNAP, formerly called the Food Stamp Program has fallen by $17 million (8 percent) since FY 2010 after adjusting for inflation. Pre-loaded debit cards used to purchase food from participating grocery stores is defined as "direct assistance" – that is, the money flows from the federal government directly to an eligible individual[xxxix]. These grants support administrative costs as well as Employment and Training (E&T) programs[xl]. Program grants to help food stamp recipients gain skills, training, or experience and increase their ability to obtain regular employment. The decline is driven by a decline in E&T grants. Among the agencies featured in the Federal Funds Tracker, SNAP supports ACS and DSS.

Temporary Assistance for Needy Families (TANF): TANF has increased by $550 million (45 percent) since FY 2010 after adjusting for inflation. While NY State increased TANF funding to NYC, the federal allocation of the TANF block grant to New York State has remained unchanged – representing a decline in value of more than 35 percent – since TANF was created in 1996 under the guise of "welfare reform"[xli] in 1996. In other words, this analysis does not illustrate federal decline in the value of the TANF block grant. In NYC, the monthly average benefit for a family of three with no other income is $789, a decline in purchasing power of 14 percent since 1996 when adjusted for inflation[xlii]. TANF supports needy families with children through job preparation so that children can be cared for in their own homes, prevent out-of-wedlock pregnancies and to encourage the formation and maintenance of two-parent families. Among the Federal Funds Tracker's agencies, TANF supports ACS, DSS, and DYCD.

Workforce Innovation and Opportunity Act (WIOA): WIOA has fallen by $46 million (64 percent) since FY 2010 after adjusting for inflation. WIOA Youth Activities grant has eroded by nearly $53 million since FY 2010 with the growth in the economy. The FY 2018 Omnibus spending bill increased grants to WIOA Youth programs by $30 million (a 3 percent increase), but remains below FY 2018 spending levels.

Primary Grants

These grants have exclusively and consistently supported these four agencies since FY 2010. Primary grants represent 24 percent of their total federal aid and have fallen by $251 million since FY 2010 after adjusting for inflation.

ACS's Primary Grants

Adoption Assistance: Funding for Adoption Assistance has fallen by $84 million (48 percent) since FY 2010 after adjusting for inflation. Adoption Assistance is mandatory funding so it is exempt from sequestration; monies for administration costs, however, are not. Federal funding has remained flat[xliii], nominally, over the past decade[xliv]. Adoption Assistance provides subsidy costs for the adoption of children with special needs who cannot be reunited with their families and who meet certain eligibility tests to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency and well-being.

Chafee Foster Care Independence Program (CFCIP): Funding for CFCIP has fallen by $1 million (16 percent) since FY 2010 after adjusting for inflation. CFCIP helps youth in foster care, and former foster youth ages 18-21 make a successful transition from foster care to self-sufficiency by providing educational, vocational, and other services.

Foster Care: Funding for Foster Care has increased by $316 thousand (0.1 percent) since FY 2010 after adjusting for inflation. Foster Care provides safe and stable out-of-home care for children under the jurisdiction until returned home safely, placed with adoptive families, or placed in other planned arrangements for permanency.

Head Start: Funding for Head Start has fallen by $84 million (42 percent) since FY 2010 after adjusting for inflation. In the FY 2018 omnibus spending bill, Head Start received a 7 percent boost[xlv] from FY 2017 levels. Head Start promotes school readiness by enhancing the social and cognitive development of low-income children through the provision of comprehensive health, educational, nutritional, social and other services.

Promoting Safe and Stable Families (PSSF): Funding for PSSF has fallen by $9 million (36 percent) since FY 2010 after adjusting for inflation. PSSF assists in preventing the unnecessary separation of children from their families, improve the quality of care and services to children and their families, and ensure permanency for children by reuniting them with their parents, by adoption or by another permanent living arrangement.

DYCD's Primary Grants

Community Service Block Grant (CSBG): Funding for CSBG fallen by $5 million (14 percent) since FY 2010 after adjusting for inflation. CSBG is distributed to local agencies to support a wide range of community-based activities to reduce poverty.

DFTA's Primary Grants

Centers for Medicare and Medicaid Services Research (CMS Research): CMS Research has increased by $58 thousand (11 percent) since FY 2010 after adjusting for inflation. CMS Research supports research in support of CMS' key role as a beneficiary-centered purchaser of high-quality health care at a reasonable cost.

Disease Prevention and Health Promotion Services (OAA, Title III-D): OAA, Title III-D funding has increased by $612 thousand (86 percent) since FY 2010 after adjusting for inflation. OAA, Title III -D develops and strengthens preventive health service and health promotion systems through designated Area Agencies on Aging.

Foster Grandparent Program (FGP): FGP has fallen by $178 thousand (10 percent) since FY 2010 after adjusting for inflation. FGP provides foster grandparents with supportive, person-to-person service for children with exceptional or special needs.

National Family Caregiver Support (OAA, Title III-E): OAA, Title III-E has fallen by $1 million (22 percent) since FY 2010 after adjusting for inflation. OAA, Title III-E assist family caregivers and older relative caregivers through multifaceted systems of support services.

Nutrition Services for the Aging (OAA, Title III-C): OAA, Title III-C has fallen by $532 thousand (3 percent) since FY 2010 after adjusting for inflation. OAA, Title III-C provides nutritious meals, nutrition education and other appropriate nutrition services for older adults in order to maintain health, independence and quality of life.

Nutrition Services Incentive Program (NSIP): NSIP has increased by $1 million (13 percent) since FY 2010 after adjusting for inflation. NSIP incentivizes efficient delivery of nutritious meals to older adults.

Senior Community Service Employment Program (OAA, Title V, SCSEP): OAA, Title V, SCSEP has fallen by $3 million (41 percent) since FY 2010 after adjusting for inflation. OAA, Title V, SCSEP provides skills training community service assignments to help unemployed, low-income older adults re-enter the workforce.

Supportive Services and Senior Centers (OAA, Title III-B): OAA, Title III-B has fallen by $2 million (16 percent) since FY 2010 after adjusting for inflation. OAA, Title III-B ensures that elders receive the services they need to remain independent, such as transportation, in-home services, and other support.

DSS's Primary Grants

Child Support Enforcement (CSE): CSE has fallen by $12 million (17 percent) since FY 2010 after adjusting for inflation. CSE supports the enforcement of obligations owed by absent parents to their children, locates absent parents, establishes paternity, and obtains child, spousal and medical support.

Community Economic Development & Rural Community Facilities Programs (RCDI): RCDI has fallen by $24 million (71 percent) since FY 2010 after adjusting for inflation. RCDI supports programs to alleviate the causes of poverty in distressed communities by creating jobs for low-income individuals and increasing the standard of living for rural low-income individuals.

Emergency Food and Shelter National Board Program (EFSP): EFSP has fallen by $113 thousand (52 percent) since FY 2010 after adjusting for inflation. EFSP provides emergency economic assistance during a disaster situation that keeps people off the streets, from being evicted from their homes, or with groceries to prevent hunger.

Low-Income Home Energy Assistance (LIHEAP): LIHEAP has fallen by $26 million (38 percent) since FY 2010 after adjusting for inflation. LIHEAP assists eligible households meet the costs of home energy. LIHEAP funding increased by a modest 7 percent in the FY 2018 omnibus spending bill. LIHEAP assists eligible households meet the costs of home energy.

Refugee and Entrant Assistance Discretionary Grants (Refugee and Entrant Assist.): Refugee and Entrant Assist. has increased by $870 thousand (77 percent) since FY 2010 after adjusting for inflation. Refugee and Entrant Assist. is designed to assist newly arrived refugees and specific refugee populations with compelling situations who for various reasons have been unable to make the transition to economic self-sufficiency.

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TESTIMONY
New York City Council
Committee on Finance jointly with the Subcommittee on Capital
Fiscal Year 2020 Preliminary Budget Hearing
Wednesday, March 6, 2017

Submitted by:
Michelle Jackson
Deputy Executive Director
Human Services Council of New York

Introduction

Good afternoon, Chairperson Dromm, members of the New York City Council Finance Committee, and to the membership of the Subcommittee on Capital. My name is Michelle Jackson and I am the Deputy Executive Director of the Human Services Council, a membership organization representing over 170 human services providers in New York City.

HSC serves our membership as a coordinating body, advocate, and an intermediary between the human services sector and government. We take on this work so our members can focus on running their organizations and providing direct support to New Yorkers. These are the nonprofits that support our City's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members' better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

It is in this capacity that I come before you to say that the human services sector of our City is in crisis. I do not say this lightly. Each year you hear from providers who are struggling, but because significant changes have not been made, the compounding crisis of underfunding this sector has caught up to the City. Across New York, providers are reporting large deficits stemming from inadequate government reimbursement levels and an inability to fundraise their way out of the gap. Some are considering downsizing or closing if no significant changes are made.

What makes this crisis even more urgent is the current economic unpredictability that could impact human services budgets as well as increases the need for services. Mayor de Blasio said there's a "high likelihood" we will face a recession this year or next when he released his FY20 budget, the State has warned of low revenue, and the federal budget climate is uncertain. If this is the case, you are going to need us now more than ever. An economic crisis would lead to rising demand to the programs the City relies on our sector to provide including food assistance, child care subsidies, and job development. However, human services nonprofits are already underfunded to the point that scaling back existing services could be required to make ends meet. This would lead to delays in the ability for New Yorkers to receive the help and the economic stability they need not only for themselves but for the economic recovery of New York City as a whole.

The gap between what the City funds on human services contracts and what providers can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and the chronic underfunding of the sector is rectified.

The sector is united in asking the City Council to include in their budget response a request for the Mayor to invest $250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. The new *Health and Human Services Cost Policies and Procedures Manual*, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, $250 million should cover the costs to fully implement this manual.

While we understand the driving narrative around this budget is mandated budget cuts, there is money to go around. The City has made massive investments in areas including City staff and infrastructure while the needs of the human services sector have gone largely ignored. It is time to take the state of emergency facing this sector seriously and prioritize the needs of organizations that provide an estimated 2.5 million New Yorkers annually with critical services including after-school programs, supportive housing, homeless services, job training, and mental health services.

We need this core investment this year and to work with the Council to create a better partnership for the procurement of human services, where providers are trusted as experts who have worked for decades in their communities and are brought into the room from the start on contracts to ensure they create the most cost-effective and impactful programs.

Indirect Manual

Through the Nonprofit Resiliency Committee, the new *Health and Human Services Cost Policies and Procedures Manual* is set to be released soon. This manual standardizes indirect rate definitions across human services contracts and creates a standard approach for providers to calculate an individualized rate. This is a step forward in allowing providers to understand and apply real indirect costs to City contracts and create a streamlined approach across agencies. The manual does not include funding for providers who have rates higher than the rates currently allowed on contracts, nor does it allow for a reduction in services.

The City does not adapt to the real costs of doing business, and asks providers to move money around when there are cost increases outside of the control of providers. Contracts are already underfunded and providers cannot keep moving a finite amount of money around; at some point these rising costs will negatively impact programs. The implementation of this manual needs to come with additional dollars so that providers can apply their real indirect rates, and to the extent that resources are limited, providers should be able to decrease service levels.

The City needs to pay the full costs of the services they contract with, just like in other industries. This manual outlines a clear policy on indirect, but without funding providers will continue to have unfunded portions of their contracts and struggle to fill those gaps.

State of the Sector

Nonprofits provide a myriad of services on behalf of the government - many of them mandated - and the sector is able to leverage private and philanthropic dollars and funding from the City, State, and federal government, to create dynamic programs at a bargain. Providers are experts who are uniquely qualified to create cost-effective and impactful programs directly catered to their communities. But elected officials must not take that knowledge for granted or keep trying to cut back costs by refusing to listen to providers and undervaluing the services they provide.

The City is not getting a deal by chronically underfunding homeless shelters, foster care agencies, food pantries, and senior centers; it is directly harming those who rely on government for help. The nonprofit human services financial crisis must be addressed:

1. Contracts are generally underfunded for the program, asking for an outright match from providers, or with a low rate per service unit, where providers must make up the difference.

2. Contracts do not provide an appropriate indirect cost reimbursement rate. The Stanford Innovation Fund estimates that the average nonprofit indirect cost rate is between 15-25 percent – still substantially lower than the private sector, where the lowest rates start at 30 percent – but the City pays around ten percent, and that new rate and investment to ten percent has only recently been put in to place.

3. Contracts neither provide for cost escalations on the OTPS (other-than-personal services) side, nor cost-of-living increases on the PS (personnel services) side. Contracts with government are often for five to seven year terms, and even longer when RFPs are delayed, but providers are unable to account for unforeseen rising costs, such as a spike in electricity and water prices or an exceptionally cold winter, nor is there a mechanism to accommodate rising rent, health insurance, or other costs when contracts need to be extended.

These are not new issues, nor is government unaware that these are real concerns with which nonprofits grapple each month. A string of recent reports outlines this underfunding clearly, with survey data, anecdotal information from the sector, and by looking at the numbers in actual contracts and financial reports.

One of the most alarming pieces of information comes from the *SeaChange Capital Partners/Oliver Wyman* report, which found that **18 percent of New York City human services providers are insolvent**, based solely on IRS 990 data.[i] This means that their liabilities exceed their assets, and many have less than a month of cash on hand. **Fifty percent of New York City human services nonprofits have less than two months of cash on hand and operating reserves**, meaning that one late payment can impact payroll, and one unforeseen event can put the provider out of business. Government relies on these providers to ensure that our communities have programs that promote wellbeing.

The *SeaChange* report also points out that the financial health of the sector is government's problem. **Eighty percent of the largest human services organizations have budgets that are 90 percent or more dependent on government funding.** The largest five percent of nonprofits provide almost 50 percent of services in New York City, and are also mostly dependent on government funding. If these organizations fail, it will be difficult for the network of providers to pick up these contracts; government is uniquely responsible for the fiscal viability of these organizations.

The sector's health is in severe crisis, and providers report that underfunded contracts are the main driver of their financial struggles. Fifty-two percent of New York nonprofits report that local contracts do not cover the full cost of the services they are required to provide, and **56 percent report receiving indirect rates at 9 percent or less, with 91 percent reporting receiving 15 percent or less**.[ii]

In the child welfare sector, a study of over 80 child welfare providers in New York offers a stark picture that resonates across the full human services sector.

> "Ninety-five percent of respondent organizations reported receiving a government contract that fails to pay the full cost of providing the contracted services. Eighty-six percent of respondents stated that they use their private fundraising to offset the deficits their government contracts create. In addition, 83% report that they cut program costs to make up the deficits of government contracts. Even while taking these measures, **69% of the organizations in our sample stated that they simply run these programs at a deficit;** presumably, they are hoping they will be able to raise necessary private funds eventually and are loathe to cut off their needy clients. Finally, the organizational impact of running chronic program deficits is both widespread and widely acknowledged among New York's child welfare nonprofits: **67% report they anticipate a year-end organizational deficit** that can only be made up with private fundraising."[iii]

With a number of high profile nonprofits merging or closing in recent years, the sector itself came together in the *Call to Action* report, citing government underfunding as the main obstacle in planning for risk, and finding that government contracts were themselves a great risk to human services providers. The report drew upon the experience of sector leaders, and concluded that the underfunding of government contracts, including inadequate overhead, lack of cost-escalators, and low rates per unit, were main drivers to unstable organizations.[iv]

Conclusion

There is a nonprofit human services crisis of epic proportion that must be addressed now. The broken and underfunded system currently in place cannot weather an economic downturn. The gaps created by inadequate government reimbursement rates are real and growing. We must act now to ensure NYC maintains its ability to provide services to New Yorkers from all walks of life.

Currently, organizations are forced to cope with government deficits by cutting staff benefits, not being able to give appropriate wages or give cost-of-living adjustments, or scaling back on programs. The sector is not able to make the necessary repairs and maintenance to buildings that the people coming through our doors deserve for quality programs. Providers are closing programs or not competing for programs, which does a disservice to communities. And finally, nonprofits are cutting administrative processes and staff, leaving them unable to adequately measure outcomes to understand if they are having an impact, undermining their ability to plan for the long-term, and preventing them from investing in career ladders for emerging talent.

The City leans on our sector's programs and expertise both in times of economic crisis and in times of growth, but the fiscal health of these important institutions has been overlooked. We cannot wait another year for investments, and also for fundamental changes to fix decades of underfunding. This year we are asking for an investment in indirect funding to coincide with the new Health and Human Services Cost Policies and Procedures Manual. This is a crucial investment in the sector millions of New Yorkers rely on every day, and also essential for this manual to appropriately address the indirect issues the sector has raised.

We look forward to continuing our work with the City Council to address the decades old systems and practices that result in underfunded programs and slow processes that do a disservice to our communities and limited resources.

Thank you for providing me with this opportunity to testify about the state of the human services sector. We greatly value our partnership with the City Council and know you stand with us in our call to address this crisis.

Michelle Jackson

(212) 836-1588 / jacksonm@humanservicescouncil.org

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[iii]https://www.researchgate.net/publication/269103151_A_Deficit_Model_of_Collaborative_Governance_Government-Nonprofit_Fiscal_Relations_in_the_Provision_of_Child_Welfare_Services?enrichId=rgreq-e79c7ca8a17894b9c2034939bf6a8ed0-XXX&enrichSource=Y292ZXJQYWdlOzI2OTEwMzE1MTtBUzoxNzU3NTI5NzY4MDU4OTBAMTQxODkxNDE4MzE0NQ%3D%3D&el=1_x_2&_esc=publicationCoverPdf
[iv] http://www.humanservicescouncil.org/Commission/HSCCommissionReport.pdf

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I represent: OMB

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Name: Derek Thomas

Address: 40 Broad St 5th Floor 10004

I represent: FPWA

Address: 40 Broad St 5th Floor 10004

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Name: Ralph Palladino

Address: 125 Barclay Street NY NY 10007

I represent: 2nd Vice-President, L.1549, DC37

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