



Statement on the Adopted Fiscal Year 2018 New York City Budget

In the evening hours of Friday, June 2, 2017, Mayor Bill de Blasio and the City Council reached an agreement on the City's Fiscal Year 2018 budget. The \$85.2 billion agreement is remarkable not only for being the earliest budget deal since 1992, but also for being the first in recent history to begin to address the systemic, long-term underinvestment in the City's nonprofit human services sector in a comprehensive way. Through our 218-member Sustain Our Sanctuary campaign, the Human Services Council of New York (HSC), persistently and publicly sounded the alarm on the financial crisis facing the human services sector, and it is now clear that our voices have been heard. We are extremely grateful to the Mayor and the City Council—and in particular, Council Members Rosenthal, Ferreras-Copeland, Menchaca, and Levin—for the following system-wide commitments:

- \$88 million to bring indirect cost reimbursement rates to 10 percent over five years, beginning with a \$17.6 million investment this year;
- \$22.7 million to support a model budget process that will address salary disparities for preventive services, senior centers, services for runaway and homeless youth, and adult protective services, with plans for additional model budget processes in fiscal years 2019 and 2020; and
- \$90 million to fund cost-of-living adjustments for the human services workforce at a rate of 2 percent per year over the next three years remains.

We are pleased and encouraged by these significant investments. They are an important step towards stabilizing the human services system. The City's network of nonprofit human services organizations is indispensable in ensuring that New York City is a sanctuary for all, and we are excited to work with the City to build on the progress made this year.

Indirect Costs

HSC commends the City for taking a historic step to address the arbitrary and counterproductive indirect cost restrictions that have plagued nonprofit human services organizations for years. The adopted budget includes a total commitment of \$88 million over five years to bring indirect cost reimbursement rates to 10 percent. The first of its kind, this five-year initiative will begin with a \$17.6 million investment in Fiscal Year 2018.

HSC and its partners have been leading the push for government reimbursement rates that reflect the true cost of service delivery, and this year we mobilized the human services sector around a call for an across-the-board increase of 12 percent on City contracts. Although the 10 percent indirect cost plan is not exactly what we requested, it will have a significant impact on the bottom line of many important programs. Nonprofit organizations consistently report low indirect cost reimbursement in City human services contracts, with caps for many programs running between 2.6 percent and 8 percent. Most indirect cost rates are closer to 15 percent, but the City's five-year plan is still a commendable and important step. By not only increasing

the rate to 10 percent but also providing funds to cover these costs without encroaching on programmatic dollars, the City is setting an example for the State and other jurisdictions to follow.

Model Budget Process

The adopted budget also includes funding for the implementation of a “model budget process” for several programs. Through this process, the City will adjust its human services payment rates to cover real costs and address the disparity between the salaries of City employees and those of nonprofit employees who work on City contracts, which had made nonprofit recruitment and retention difficult. The breakdown of this funding follows.

Program	Funding
Adult Protective Services (DFTA)	\$1.6 million
Prevention Services (ACS)	\$10 million
Runaway and Homeless Youth (DYCD)	\$1.1 million
Senior Centers (DFTA)	\$10 million

We await further details, but we believe that the model budget process is similar to the “rate rationalization” process that the Department of Homeless Services recently undertook. We thank the City for beginning this difficult work and for putting dollars behind it.

Bringing reimbursement rates into line with actual service costs is an important process that should occur on a regular and timely basis across all subsectors. Periodic recalibration is critical to solving the nonprofit fiscal crisis, and the City must both address the gap in existing contracts and ensure that new contracts are set at rates that cover true costs with a plan for adjustment over time. Thus, HSC and its partners called on the City to expand their rate rationalization process to all human services contracts. We are pleased to see this expansion taking shape with the model budget process. We are also pleased to see that the work we engaged in with Homeless Services United and a nationally recognized expert in human services contracting, CostTree, to understand true costs—along with the approach that we used—was incorporated into the homeless services rate rationalization process.

Cost-of-living Adjustments

With the Fiscal Year 2018 budget, the Mayor and the City Council continue their commitment to supporting the human services workforce. In recent years, they have funded cost-of-living adjustments (“COLAs”) and a wage floor increase, and now they continue their commitment with funding for three consecutive “COLAs” for human services workers: a 2 percent increase starting July 1, 2017, followed by a 2 percent increase on July 1, 2018, and a 2 percent increase on July 1, 2019. Together, these compounding increases will apply to roughly 90,000 nonprofit human services workers covered by contracts with the City. While COLAs alone will not help nonprofits close their budget deficits, they will improve the lives of workers, enhance service delivery, and promote equity in our communities. This is precisely the type of investment that should occur across the sector every year.

Key Human Services Investments

Below are the human services highlights of [Schedule C](#). This is not an exhaustive report of the budget.

Human Services Workforce

- Cost-of-living Adjustment (COLA): \$90 million to provide a COLA for 90,000 people by FY 2020.

Education

- Comprehensive After School System (COMPASS): \$16 million to maintain and stabilize the program
- Universal Physical Education: \$385 million in capital funding to bring designated physical education space to all schools citywide

Youth Development

- School's Out NYC (SONYC) Summer: The Council successfully advocated to restore \$15 million for SONYC programming that will serve 22,000 City middle school students in summer 2018
- Summer Youth Employment Program (SYEP): \$9 million to expand the SYEP from 65,000 to 70,000 slots, for a combined total of \$33.9 million in new funds
- Work, Learn & Grow Employment Program (WLG): \$8 million to provide 6,500 year-round jobs for SYEP participants who are between the ages of 14-24 and currently in-school, for a combined total of \$19 million in new funds

Adult Literacy

- Adult Literacy Initiative: The Council negotiated the restoration of the \$12 million that was earmarked for adult literacy last year, adding \$6 million to the Mayor's \$6 million proposal

Aging

- Home Care and Case Management: \$23 million in baselined funding for senior services, including:
 - \$10 million for the "model budget" for senior centers
 - \$6.5 million to address the homecare waitlist and \$1.2 million to address the case management waitlist
 - \$4 million for a new Caregiver Support Program
 - \$1.2 million for weekend meals
- Access to Critical Services for Seniors: \$1 million to support emergency services for low-income seniors
- Naturally Occurring Retirement Communities (NORCs): \$3.9 million to support vertical and horizontal NORCs, designated as follows:
 - \$1.9 million for NNORCs
 - \$1.95 million for vertical NORCs

Homelessness and Housing

- Anti-eviction Legal Services: \$77 million to support access to free legal services for tenants facing eviction in housing court, growing to \$155 million by Fiscal 2022
- Children and Families in NYC's Homeless System: \$1,000,000 for community-based organizations to provide comprehensive case management services

- Citywide Homeless Prevention Fund: \$820,000 to support emergency grants to families in financial crisis and at risk of eviction in order to keep them in their homes and avoid the shelter system
- Community Housing Preservation Strategies: \$3.7 million to support organizations that combat the loss of affordable housing

Mental and Behavioral Health

- Children Under Five: \$1 million to support community-based outpatient mental health clinics for young children
- Developmental, Psychological & Behavioral Health Services: \$2 million to support a range of mental and behavioral health services
- Medicaid Redesign Transition: \$500,000 to support community-based organizations that provide mental health services transitioning from a fee-for-service system to a managed-care model under New York State's Medicaid redesign
- Mental Health Services for Vulnerable Populations: \$1 million for community-based organizations and advocacy networks addressing the mental health needs of special populations

Veteran Services

A total of \$1.3 million to support services including:

- Job Placement for Veterans: \$150,000
- Legal Services for Veterans: \$300,000
- Mental Health Services for Veterans: \$225,000
- Veterans Community Development: \$515,000
- Homeless Prevention Services for Veterans: \$150,000

Immigration

- New York Immigrant Family Unity Project: \$10 million to support legal services for all immigrants facing deportation proceedings
- Unaccompanied Minor Program: \$2 million to support legal services for young refugees
- Immigrant Resource Center: \$500,000 to help establish a team that will provide case management, referral services, and outreach for immigrant communities
- ActionNYC: \$1.1 million to expand immigration legal services at Health + Hospitals facilities

Hunger

- School Breakfast and Lunch: \$12.5 million to expand the universal lunch program and provide breakfast in the classrooms for all elementary school students
- Emergency Food Assistance Program: Rather than cutting funding for this program, the Council allocated an additional \$7.2 million in Fiscal 2018 to expand it and help meet the demand at food pantries and community kitchens throughout the City

Domestic Violence

- Domestic Violence and Empowerment (DoVE) Initiative: \$7.8 million to support community-based organizations that provide services to domestic violence survivors and their families

Criminal Justice

- Alternatives to Incarceration (ATI): \$6.4 million for programs that provide individuals involved in the criminal justice system with intermediate sanctions, pathways to higher education opportunities, and pretrial community-based supervision as an alternative to pretrial detention
- Supportive Alternatives to Violent Encounters (SAVE): \$2 million to support wrap-around services for domestic violence victims appearing in court

Conclusion

A budget is a political embodiment of its authors' values, and the adopted Fiscal Year 2018 budget shows that the Mayor and the Council value the work of nonprofit organizations to make the City safer, more just, and more conducive to healthy living for *everyone*. We hope that this budget is a turning point in the history of our human services system—a fundamental shift in the way reimbursement rates are developed and a transformation of the relationship between government and nonprofits.

As we highlighted throughout our Sustain Our Sanctuary campaign, nonprofit organizations deliver billions of dollars in services on behalf of the City, providing opportunities for New Yorkers of all backgrounds and abilities to thrive. These organizations are the “sanctuary” in “sanctuary city.” They are the first line of defense for communities targeted by massive federal budget cuts and punitive, discriminatory policies. Unfortunately, nearly 20 percent of the City’s human services nonprofits are insolvent. The system-wide investments made in the adopted budget are precisely the type of commitments needed to reinforce the sector. We stand ready to assist the City in implementing the budget, and we are excited to work with the Administration to secure further investment.

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