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Governor's Executive Budget Proposes Nearly \$50 Million in Human Services Cuts to New York City

As a result of the state fiscal crisis caused by the pandemic, Governor Cuomo's Executive Budget for state fiscal year 2022 proposes that local assistance payments for human services will be reduced by 5 percent. IBO estimates that these reductions would decrease state funding to New York City by \$49.2 million in city fiscal year 2022. The reductions—including funding for child welfare, adult shelter, adult protective services, and youth services—may be restored now that the recently passed American Rescue Plan Act includes substantially more federal funding for New York State than was assumed in the Governor's Executive Budget. The one house budget bills proposed by the state Assembly and Senate would each reverse at least some of the reductions. This brief describes the human services funding cuts proposed by the Governor and serve as the starting point for current budget negotiations.

Reductions to the Administration for Children's Services. In dollar terms, the biggest cuts for the city would be to programs within the Administration for Children's Services (ACS). The single biggest reduction would come from the state's child welfare funding stream, which currently reimburses localities for 62 percent of eligible expenses after drawing down any applicable federal funding, with no cap on the amount reimbursed. (The state's 2019 Executive Budget proposed [capping the city's share](#) of state funding for child welfare services at \$320 million annually, but the proposal was not enacted.)

The two programs within ACS that receive the most funding from this source are preventive services designed to keep children out of foster care, and child protective services staffed by ACS workers who conduct abuse and neglect investigations. Some of the funding also goes to foster care services, administrative support, child care, juvenile justice programs, and fringe benefits.

In 2020, the city received \$554.9 million in state child welfare funding.¹ Although the Mayor's Preliminary Budget anticipates only \$500.2 million in 2022, IBO projects that the actual amount received will be higher, based on past funding trends. Absent the proposed state reduction, IBO conservatively assumed that the city would receive the same amount in 2022 as in 2020. If the 5 percent cut does occur, we project that it would cost the city \$27.7 million.

The Foster Care Block Grant (FCBG) primarily funds the care and maintenance of youth in foster care through payments to agencies contracted with ACS. The reduction proposed in the state budget comes after a 2018 cut to the grant that decreased the city's allocation by [approximately \\$44 million per year](#). Since that cut, the city's FCBG allocation has been capped at \$197.7 million; historically, the city has claimed the full amount every year. A 5 percent reduction to that amount would cost the city an estimated \$9.9 million.

State funding for adoption helps pay for subsidies to adoptive parents. From 2018 through 2020, revenue received from this source has decreased by roughly \$3 million per year to \$79.5 million in 2020. Assuming this trend continues, ACS would receive about \$74 million in 2022 before any further state action; a 5 percent reduction would lower state funding by an additional \$3.7 million.

The smallest of these reductions would be to state detention funding, which helps to cover the costs of holding some youth who have been arrested and whose cases are pending in Family or Criminal Court. In 2020, ACS received \$37.6 million in state detention funding.² The Mayor's Preliminary Budget includes \$30.8 million from this funding source in 2022. However, over the past few years actual funding received has exceeded the Mayor's initial projections.

The number of youth in detention has been lower so far in 2021 as compared with 2020—continuing a years-long



trend interrupted only by the influx of 16- and 17-year-olds into detention in 2018 and 2019 under the Raise the Age law. Taking this downward trend into account, IBO projects that the city would receive \$34.2 million in 2022 without the proposed state cuts. A 5 percent reduction would reduce detention funding by \$1.7 million.

Other Funding Subject to the Proposed 5 Percent Cut.

State reimbursement for the city’s adult homeless shelters in the Department of Homeless Services is capped at \$69 million annually and the city routinely claims the full amount. The proposed 5 percent cut to adult shelter funds would reduce state reimbursement by about \$3.5 million.

The Governor’s proposal would also reduce funds for adult protective services. This funding stream helps support the city’s Adult Protective Services program for individuals who are unable to care for themselves, with the goal of keeping them in their own homes. It also partially funds the city’s domestic violence program. Both of these programs are in the Human Resources Administration. The city currently receives about \$48 million annually in state protective services funds; therefore, the reduction would cost the city about \$2.4 million.

The smallest of these cuts in dollar terms would impact youth programs, including programs for runaway and homeless youth and after-school services, in the Department of Youth and Community Development. The city currently receives \$5.8 million annually from the relevant state funding streams; a 5 percent reduction would lower this by about \$300,000.

Additional Proposed Reductions. The state budget also proposes consolidating the Community Optional Preventive Services (COPS) and the Supervision and Treatment Services for Juveniles (STSJP) programs and reducing funding for the combined programs by 20 percent. COPS funds primary preventive services for children who are not at imminent risk of foster care, and New York City uses its \$1.5 million annual allocation toward the Department of Health and Mental Hygiene’s Nurse-Family Partnership, a home visiting program for new mothers. STSJP funds alternative-to-detention programs for youth; ACS received \$3.2 million from it in 2020. Reducing the \$4.7 million in total funding that the city gets for these programs by 20 percent would mean an impact of almost \$945,000.

Continuing a Pattern. This proposed reduction to human services funding comes on the heels of several other recent cost shifts and unfunded mandates from the state to the city’s human services agencies. In addition to the cuts previously mentioned, last year the state [increased the amount of federal Flexible Fund for Family Services](#)

[dollars](#) that localities must spend on child welfare before being able to tap into the uncapped child welfare funding stream discussed above. Localities therefore lost the opportunity to have that spending reimbursed at 62 percent. This resulted in a \$14 million net loss for the city. In addition, over the last few years, the state [gradually instituted a 15 percent city match](#) for programs funded by Family Assistance and Emergency Assistance for Families. Previously, these programs were 100 percent federally funded with no required city match. The Governor projects that these changes—which only apply to the city—will cost the city about \$200 million in the next fiscal year.

In 2019, the state passed the Raise the Age law, which requires that most arrested 16- and 17-year olds be treated as juvenile delinquents or adolescent offenders rather than as adults, as they had been in the past. The state budget that year included \$100 million to help localities implement the law, increasing to \$200 million in 2020, and \$250 million in 2021, and proposed again in the 2022 budget. However, New York City has not been eligible for any of this funding, and has had to pay for most of its costs associated with Raise the Age itself.

That same year Raise the Age was enacted, the [state also stopped contributing to the costs of the city’s Close to Home program](#), costing ACS up to \$30 million per year. Close to Home, which began in 2013, places juvenile delinquents in small residential facilities in or near the city instead of upstate, and is administered by ACS rather than by the state. In addition, in 2018 the state also stopped funding room and board for non-foster care youth placed in residential schools by the Department of Education’s Committee on Special Education; this cost ACS approximately \$19 million per year.

Prepared by Paul Lopatto and Katie Hanna

Impact of Governor’s Proposed 5 Percent State Human Services Reductions on New York City		
<i>Dollars in thousands</i>		
	Estimated 2022	
	Base Funding	Reduction
Child Welfare	\$554,932	\$27,747
Foster Care Block Grant	197,662	9,883
Adoption Subsidies	74,000	3,700
Adult Shelter Cap	69,000	3,450
Adult Protective Services	48,468	2,423
Juvenile Justice Detention	34,176	1,709
Youth Services	5,809	290
TOTAL		\$49,202

New York City Independent Budget Office

Endnotes

¹This amount excludes \$50 million in prior year revenue, and \$1.5 million in funding that goes to the Community Optional Preventive Services program, discussed separately in this brief.

²This amount excludes \$12.5 million in prior year revenue.



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