

**Testimony of Steven Banks, Commissioner
The New York City Department of Social Services**

**Before the New York City Council General Welfare Committee and Finance Committee
HRA Fiscal Year 2017 Executive Budget
May 12, 2016**

I would like to thank the City Council's Finance and General Welfare Committees and Chairs Julissa Ferreras-Copeland and Stephen Levin for giving us this opportunity to testify today about HRA's budget and our continuing work to move forward with reforms of the agency's policies and procedures.

My name is Steven Banks and I am the Commissioner of the New York City Department of Social Services (DSS) and in that capacity I oversee the Human Resources Administration (HRA). Joining me today are our Chief Program Planning and Financial Management Officer Ellen Levine, our Executive Deputy Commissioner for Finance Erin Villari, and Department of Social Services Chief of Staff Jennifer Yeaw.

HRA is the nation's largest social services agency assisting over three million New Yorkers annually through the administration of more than 12 major public benefits programs. The Fiscal Year 2017 budget reflects this Administration's priority of addressing poverty and income inequality. Through policy reforms and changes in procedures we continue to make our programs and services more effective and efficient so that low-income and vulnerable New Yorkers are better served.

With an annual budget of \$9.7 billion, HRA provides assistance and services to three million low-income children and adults. This includes:

- Economic support and social services for families and individuals through the administration of major benefit programs (Cash Assistance, Supplemental Nutritional Assistance Program benefits (food stamps), Medicaid, and Child Support Services);
- Homelessness prevention assistance, educational, vocational and employment services, assistance for persons with disabilities, services for immigrants, civil legal aid, and disaster relief;
- And for the most vulnerable New Yorkers: HIV/AIDS Services, Adult Protective Services, Home Care, and programs for survivors of domestic violence.

On March 15, I testified before the General Welfare Committee concerning the Preliminary Budgets for HRA and the Department of Homeless Services (DHS). That hearing coincided with completion of the 90-day review of homeless services, and on April 11 the Mayor announced significant reforms of the City's programs to prevent and alleviate homelessness. The Executive Budget for HRA reflects the results of the 90-day review as well as further adjustments to the HRA budget as the Executive Budget was finalized. Following this HRA hearing, we will be discussing the DHS budget. For this hearing, I will highlight key HRA program reforms and discuss those specific to the 90-day review of homeless services.

Changes from Jan17 to Exec17 Plan

The HRA budget as of the Executive 2017 Plan is \$9.4 billion (\$7.1 billion City funds) in Fiscal 2016 and \$9.7 billion (\$7.4b City) in Fiscal 2017. The 2017 Plan increases by \$356 million compared to 2016 (\$314 million City funds), primarily as a result of the integration of the administrative management structure of HRA and DHS within the Department of Social Services, as well as the consolidation of prevention and rehousing services in HRA.

The two pie charts in the PowerPoint we have provided to you show in more detail how the HRA budget is allocated in 2016 and 2017 as of the Executive Budget submission.

HRA's Fiscal 2017 Executive Budget includes a combination of savings and repurposed funding and increases to support reforms:

- Increases of \$18.5 million (\$2.5million City funds) in 2016 and \$240 million (149 million City funds) in 2017 are principally related to the implementation of the integrated administrative management structure and homelessness prevention and rehousing initiatives as well funding for additional Adult Protective Services caseworkers, additional transitional jobs related to our employment services reforms, and a re-estimate of Cash Assistance expenditures related to reforms in our State-approved Employment Plan to address unnecessary fair hearings and the new State law reforming the public assistance sanction process.
- Annual Medicaid savings of \$305 million offset the new needs and the restructuring and integration adjustments. This savings is related to increased federal Medicaid reimbursement to the City and the State under the Affordable Care Act.
- Excluding the homeless services reorganization, changes to HRA/DSS headcount in the Executive Budget include:
 - **81** positions for Adult Protective Services (APS) caseworkers and supervisors, and legal and support staff to enhance client services.
 - Repurposing **310** Medicaid funded positions to City lines to provide temporary assistance in SNAP/food stamps offices as re-engineering technology and

business process improvements take hold. The repurposing of these positions also preserves jobs for eligibility staff as the State takeover of Medicaid operations continues to reduce HRA Medicaid responsibilities.

- Converting 55 technology consultant lines to City positions, producing City savings.

Summary: 90-Day Review Recommendations:

As part of the 90-day review, leadership and staff from the Administration, including the Human Resources Administration (HRA), the Department of Homeless Services (DHS) and the Mayor's Office of Operations, assessed the strengths and challenges of the current homeless services system in order to determine ways in which delivery of client services could be more effective and efficient with a clear focus on improving client outcomes.

The review included interviews with a variety of stakeholders. We interviewed more than 400 people, meeting with homeless people in shelters, on the streets and in focus groups; advocates, shelter and homeless services providers, other non-profit organizations, national experts and researchers, former DHS Commissioners, and elected officials; and staff union leadership and managers and staff at DHS, HRA and other City agencies. In all, 24 different government agencies and 60 non-profit providers participated in the review process.

The comprehensive review of New York City's homeless services policies and practices resulted in 46 reform recommendations. The reforms can be categorized under four broad categories: prevention, addressing street homelessness, sheltering, and rehousing.

Funding of \$66 million across both agencies is provided to implement the reforms, which will be offset by \$38 million in savings from integration, consolidation and reorganization of administrative management functions. The review process determined that DHS' scope of activity evolved over the last two decades to encompass multiple services that are also being performed by other agencies, including HRA. The integrated structure will allow DHS and HRA to leverage shared administrative operations to generate efficiencies and improve service delivery.

The \$66 million in City funding for reform investments is allocated between HRA and DHS and includes:

- \$25 million added to the HRA budget (total and City funds) for homelessness prevention and rehousing services consolidated at HRA, including additional aftercare services and funding to convert temporary housing sites into permanent housing through master leases and other innovative models. This will improve client outcomes through streamlined services and improved targeting of clients who would benefit from such programs and services, and will eliminate duplicative programming.

- 153 new positions at HRA include:
 - staff for rehousing, intake and diversion;
 - HRA staff for Homebase; and
 - new initiatives including restored Domestic Violence in-reach programs in shelter, a unified HRA housing command center, and a source of income discrimination unit.

- \$41 million added to the DHS budget for:
 - 110 new positions including staffing for HOME-STAT/Shelter Repair Squad (70) and family shelter oversight (40);
 - funding for street outreach contract enhancements;
 - shelter rate adjustments; and
 - contracting in current non-contract shelter sites.

The \$38 million in savings is generated from the efficiencies resulting from the shared administrative services model. The shared administrative services integration moves funding and positions from DHS to HRA to create the Department of Social Services shared services structure. The integration of functions – including legal, budget and finance, procurement, information technology, human resources, communications and program accountability – will maximize resources and leverage knowledge, skills and experience across the Department to gain efficiencies and realize savings. The \$38 million in savings includes:

- repurposing positions for new program initiatives;
- improved administrative claiming; and
- elimination of ineffective programming and duplicative functions.

Structural Reform:

HRA's Homelessness Prevention Administration was formed as one of many reform initiatives within HRA and comprises the following units:

- Homeless Diversion Unit
- Rental Assistance Unit
- Landlord Ombudsman Services Unit
- Early Intervention Outreach Team
- Rental Assistance Program
- Legal Services Unit
- Customized Assistance

In order to streamline prevention and rehousing operations, the units focused on these areas that were formerly housed at DHS will be consolidated with units that perform the same

function at HRA. For example, DHS's Homebase prevention unit will join HRA's Homelessness Prevention Administration.

In prior Administrations, HRA had always provided some homelessness prevention services. And understanding from day one that homelessness had become a more significant problem during the years before the change in Administrations following the elimination of the Advantage rental assistance program in the 2011 State budget, the de Blasio Administration consolidated all the HRA homelessness prevention units into the Homelessness Prevention Administration, and then expanded prevention services substantially. Within this operating unit, we restored and expanded rental assistance programs, which are essential to preventing and alleviating homelessness, and we exponentially increased anti-eviction and anti-harassment legal services, which help keep New Yorkers in their homes and preserve affordable housing.

In order to maximize the Administration's rehousing efforts, a unified HRA management structure, based on the recent veterans move out initiative, will focus on finding permanent housing for shelter residents. DHS will focus on improving and managing shelter operations, including the development new types of shelters such as the Gateway and Homestretch models that combine temporary and permanent housing and community space.

And in order to advance accountability for preventing and alleviating homelessness across multiple City agencies, the City is creating an Interagency Homelessness Accountability Council that will report to the Deputy Mayor for Health and Human Services Herminia Palacio.

Prevention:

No price can be put on the human and social costs of homelessness; and the high level of homelessness over the past several years has also had a substantial fiscal impact on the City. However, an ounce of prevention is worth a pound of cure and we will continue to make sure that the tools of government that can prevent and alleviate homelessness are readily available and accessible to those who are in need.

Investment in preventative and restorative services is money well spent. For example, the cost of legal services and rent arrears provided by HRA is much less than the cost of shelter. And these costs do not include other costs that homelessness imposes on adults and children, including the loss of jobs, the loss of social supports that makes them more vulnerable to future crises, the disruption of medical care, and the disruption of children's education.

The 46 reforms from the 90-day review refocus the homeless services system to place an increased emphasis on the role of prevention services and to build on this Administration's

ongoing prevention initiatives – the provision of legal assistance and the payment of rent arrears – that have resulted in a 24% drop in evictions.

Programmatic Reforms:

Homebase:

Homebase plays a critical preventative role, and therefore we are expanding the scope of Homebase as the first point of entry for those at risk of homelessness so that people can be served in their home borough. Further, program management will move from DHS to HRA and we are realigning the roles of HRA staff at Homebase to prevent evictions and provide assistance. This integration will reduce inefficiencies and allow for more seamless and effective client service delivery.

Staff will use data analytics to proactively target prevention services for the most at-risk. There will be expanded onsite processing and triage for HRA benefits, including public assistance and rental assistance and Homebase nonprofit staff will expand their case management services to include family mediation, educational advancement, employment and financial literacy services.

Rental Assistance:

Building on the targeted rental assistance that we have implemented to date, we will expand our targeted rental assistance for at-risk clients to include those with mental health needs cycling between Rikers and homelessness, youth in DYCD shelters before they transition to DHS shelters, and doubled up families with school-aged children.

Collaboration:

As part of the 90-day review, we have asked the State to participate in two task forces with the City to:

- Implement alternatives to avert discharges from state prisons to shelter.
- Implement community-based programs to replace mental health shelters.

We look forward to working with our State partners to address the critical problem of homelessness in our City.

Rehousing:

Finding safe and affordable housing is essential to addressing homelessness. Coordinating rehousing resources in the City under one management structure, making the rental assistance program easier to navigate, enhancing aftercare services, and enforcing housing discrimination

laws will improve shelter move outs and housing stability. This unified HRA management structure, based on the veterans move out initiative, will enhance our shelter move out efforts.

Key components to our rehousing strategy include the following:

- Enhance shelter relocation programs by consolidating and streamlining the LINC, SEPS and City FEPS rental assistance programs.
- Increase enforcement of the source of income discrimination law.
- Streamline the housing placement process to connect homeless clients to HPD-financed units that are available and appropriate for their needs.
- Continue to utilize NYCHA apartments within the annual needs-based allocation for clients on the waiting list who are in DHS and HRA domestic violence shelters.
- Enroll qualified shelter residents on SSI/SSD to increase income and promote rehousing.
- Implement more effective aftercare services.
- Incorporate Continuum of Care strategic planning into homeless strategy development and establish a leadership reporting structure:
- Ask the State to permit use of Medicaid funds for apartment search and shelter relocation services for homeless clients with disabilities and to approve FEPS plan modifications.

Additional Major Executive Budget HRA Initiatives:

Adult Protective Services:

A total of \$6.4 million (\$3.2m CTL) was added for an additional 81 positions to address the increased APS caseload and to enhance client services. This enhancement also addresses the increased caseloads in the contracted Community Guardian program.

Cash Assistance:

There is an \$82m (\$39m CTL) re-estimate of the costs of Cash Assistance benefits, which supports a monthly caseload average of 386,000 in FY17, with the annual unduplicated caseload projected as remaining constant at 500,000 as it has for the past nine years. The monthly caseload also includes one-shot emergency assistance to prevent evictions and utility shutoffs; the unduplicated annual caseload for both ongoing assistance and one-shot emergency assistance is projected as remaining in the 600,000 range where it has been for the past nine years. The total CA budget in FY17 will be \$1.4 billion (\$600m CTL).

Job Center Operations:

\$16.4M and \$10.2M CTL, in a net increase, for the repurposing of 72 positions throughout HRA from the Office of Child Support (OCS) to support Job Center operations as well as funding to

support positions slated to be eliminated as a result of the previous Administration's premature estimate of savings in the out years related to Cash Assistance Re-engineering.

SNAP/Food Stamps:

HRA is repurposing 310 Medicaid positions to support the Supplemental Nutrition Assistance Program (SNAP) operations while technology and business process improvements continue to be phased in. The SNAP initiative reduces Federal and State Medicaid dollars and increases City funds by \$7.7 million in FY17. Funding is also added to support positions slated to be eliminated as a result of the previous Administration's premature estimate of savings related to SNAP Re-engineering. The 310 positions and the additional funding will be phased out by the end FY18 as the Re-engineering implementation is completed.

Subsidized Job Program:

\$4.3m in City funds are added for 300 transitional job slots at the Department of Sanitation as part of HRA's employment services reforms.

AccessNYC:

\$2.7 million is added for Access NYC maintenance and upgrades in order to support upgrades to the on-line benefits portal and mobile technology enhancements.

Public Engagement Unit:

Rental assistance has played a critical role in the Administration's success in enabling 34,943 children and adults in 12,149 households to avert entry into or move out of DHS and HRA shelters. \$2.1 million is allocated for the Public Engagement Unit to continue the public engagement campaign to recruit landlord support for the rental assistance program.

ActionNYC:

\$309,000 is added for Action NYC to support Community Schools Immigration Legal Services and provide services onsite at 25 community schools.

Medicaid Re-estimate: ACA (-\$305M CTL in FY16 and Outyears):

As part of the Affordable Care Act (ACA), the federal government provided an enhanced matching percentage (FMAP) to incentivize states to expand childless adult coverage to 138% of the federal poverty line (FPL). They also rewarded the states who were already covering part of this group with a transitional increase in the FMAP percentage. Since New York State and New York City were already covering childless adults up to 100% of the poverty level, the FMAP for the "previously covered" population increased from 50% to 75% and the ACA also requires

States to share these savings generated by federal increases with localities. This produces \$305.3M in savings for New York City, which accounted for 73% of the State-wide childless adults receiving Medicaid in State Fiscal year 2014.

The last few slides in our Power Point presentation highlight a number of the reforms that we have implemented since our prior testimony. We have accomplished a great deal over the past year. But we know there is much more to accomplish, and we will continue with our reform initiatives during the coming year.

Thank you again for this opportunity to testify and I welcome your questions.