



NYC Department of Homeless Services

Linda Gibbs
Commissioner

DEPARTMENT OF HOMELESS SERVICES
City Council Hearing on the FY04 Preliminary Budget
March 13, 2003

Good morning. My name is Linda Gibbs, and I am the Commissioner of the Department of Homeless Services.

The Preliminary Budget for fiscal 2004 continues to build on the Department of Homeless Services' programmatic successes and implementation of our Strategic Plan, which was released last June. For the current year, Fiscal Year 2003, the Department's expense budget is \$641 million; for next year, Fiscal Year 2004, the budget increases to \$662 million. Of the \$662 million, \$304 million are City funds, \$191 million are State funds, and \$167 million are Federal funds. The \$662 million total budget allocates \$241 million to services for single adults, \$374 million to services for families, and \$47 million to support services. This funding provides services for 38,315 individuals including 9,236 families with 16,604 children. This represents an increase over last year's census of 31,659 homeless individuals including 7,090 families with 13,373 children.

You have requested an update on our strategic plan. I am pleased to report that we continue to make significant progress implementing these long-term reforms as we continue meeting our mandate to provide temporary, emergency housing to record numbers of homeless people. Some accomplishments include:

- **Achieved Breakthrough Settlement in McCain Litigation.** This agreement allows the City to implement first-ever standards of client responsibility in family shelters – a critical component to reducing length of stay. It also allows for a two-year litigation hiatus as a new three-member Special Master Panel assesses the shelter system, makes recommendations, and ultimately weighs in on the dismissal of the litigation altogether.
- **Conducted City's First-Ever Manhattan Street Homeless Population Survey.** One thousand volunteers joined City officials in a large-scale mobilization to estimate the number of street homeless individuals in Manhattan. Results will be released soon and the data will inform ongoing efforts to reduce the number of people choosing the streets as a place to sleep.
- **Created First-Ever Shelter Provider Evaluation Systems,** as part of new efforts to better understand which providers are producing the best and conversely the worst outcomes for clients, and to evaluate system-wide performance as a whole.
- **Laid Groundwork for New Provider Performance-Based Reimbursement System.** At the beginning of the upcoming fiscal year, DHS will implement a strong performance-based reimbursement system to ensure best outcomes for the clients in our care. Strong performers will be awarded with up to a 10% rate increase, while worst performers will receive up to a 10% decrease.



• **Dramatically Increased Housing Placements for Families.**

Between July 1 and the end of January, DHS placed 55% more families in permanent housing than during that same period last year. And marking our ever-increasing performance, between September and the end of January, we placed 77% more families in permanent housing than during that same period last year. Fiscal year to date, DHS has placed more families into permanent housing than during the entirety of the previous fiscal year.

• **Implemented New Rental Assistance Program for Long-Staying Families.** After receiving state approval last fall, DHS has successfully created and implemented this new rental assistance program, which provides a pathway out of shelter for those families that have been in the system for nine months or longer and that are ineligible for Section 8 assistance. This new program has already placed five families into permanent housing.

• **Transitioned to Peace Officer Model at Two Large City-Run Shelters.** Both the Bedford-Atlantic and Brooklyn Women's shelters have been successfully converted to the Peace Officer security model, which has led to major safety improvements in other facilities.

While we continue to push forward aggressively in these longer-term reform and quality improvement initiatives, DHS continues to ensure enough shelter capacity to temporarily house record numbers of people seeking services. As of Tuesday night, 38,315 people received shelter services from the City of New York.

Now I would like to describe some of the highlights of the budget changes that have occurred since the adoption of the FY03 budget.

- A budget increase of \$47 million in FY03 and \$51 million in FY04 have been designated to cover increased family shelter capacity needs and to fund several important initiatives to reduce the family census. These initiatives include increased funding for aftercare services (\$6.5 million), and increased funding for placements into EARP/Section 8 apartments (\$16 million). In addition, DHS and HRA have also implemented a new Long Term Stayers Rent Supplement Program. DHS funding for this program is currently \$1.7 million annually, with an additional \$8.8 million annual amount in HRA's budget.
- DHS funding for adult shelter capacity has also increased by \$4 million in FY03 and \$10 million in FY04 and the outyears.
- Improving shelter security continues to be an important priority for DHS. Reflecting this, security service funding for DHS shelters, both family and adult, has increased by \$2.5 million per year, beginning in FY03.
- As you are aware, in an effort to address significant budget deficits, City agencies have implemented baseline budget reductions. DHS has been able to achieve its reductions primarily through initiatives to increase State and Federal reimbursement for family shelter costs. Because DHS does not receive reimbursement for families in shelter who do not have active public assistance cases, the largest of these initiatives is aimed at enrolling families on public assistance as soon as possible after they enter the shelter system and helping them to keep their cases active while they are in shelter. DHS case management staff in the field will assist clients with the PA application and recertification processes. It is projected that this initiative, combined with other family revenue enhancing initiatives, will increase the average number of families with active PA cases to 85%, and increase State and Federal revenue by \$17.5 million in FY04 and \$14.6 million in FY05 and the outyears.

- DHS will also achieve savings of \$628,000 in FY04 and the outyears by eliminating the Family Rental Assistance Program (FRAP). This program, which was funded with 100% City Tax Levy dollars, has been underutilized because there are other programs, such as Section 8 and NYCHA housing, and the new Long Term Stayers Rent Supplement Program, which do not have time-limited subsidies. These other subsidy programs are funded with a mix of Federal, State, and City Tax Levy contributions. DHS has retained FRAP funding to cover current commitments through the date that rental subsidies will end (December 31, 2004).

Next, I would like to briefly summarize the DHS Capital Plan. For the five-year period 2003-2007 our capital budget is \$107 million. For this five-year period, capital projects for homeless families total \$30 million; projects for single adults total \$69 million; and \$8 million has been allocated for support services. For the ten-year period 2004-2013, the DHS capital budget is \$209 million. Projects being carried out with capital funding include building upgrades; building envelope stabilizations; purchasing of computer equipment and hardware; and the development of a consolidated DHS warehouse.

I would like to thank you for your interest in the important work being done by the Department of Homeless Services. I will now be happy to answer your questions.