



NYC Department of Homeless Services

Linda Gibbs
Commissioner

DEPARTMENT OF HOMELESS SERVICES
City Council Hearing on the FY04 Executive Budget
May 19, 2003

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

For the current year, Fiscal Year 2003, the Department's expense budget is \$642 million. For next year, Fiscal Year 2004, the budget drops to \$636 million. The \$636 million total budget allocates \$234 million to services for single adults, \$356 million to services for families, and \$46 million to support services. This funding provides services for 38,642 individuals.

DHS continues to make significant progress implementing many long-term reforms to enhance accountability and oversight throughout the system. We are also making headway in efforts to create a coordinated, one-city approach to homelessness prevention. Each of these areas must be central to our work moving forward; each has added significance in light of the City's current fiscal situation.

Introducing new levels of accountability and oversight into the family shelter system, DHS will implement, beginning July 1, a new Performance Investment Program. Providers serving families in Tier IIs, hotels, and scatter sites will be rated according to their Result Card scores and Housing Target achievement. The Result Card measure providers' success in processing, quality, and outcomes of activities that help clients achieve permanency. Housing Targets measure providers' success in meeting housing placement goals. Provider rates will then be subject to increases or decreases based on their scores. These are first-ever accountability measures for providers of family shelter services and we expect they will result in families achieving permanency more quickly.

We are also bringing new accountability measures to the scatter site program, which, as you know, I intend to phase out. I am announcing today that DHS has informed a number of scatter site providers that we will be reducing their units by the end of this month. This marks the first reduction in a program that has grown dramatically since its inception more than two and a half years ago. We are reducing by month's end 20 units from those providers who scored lowest in the Scatter Site Reduction Rating, which is based on the number of HPD-building code violations, the number of violations cited during DHS facility review inspections, and their success in transitioning families from shelter to permanent housing. I will continue reducing this program each month moving forward until it is eliminated. With demand for family shelter increasing and capacity scarce, it is very difficult to make the decision to reduce available capacity, but I believe that if we do not begin taking small steps now this program will exist indefinitely.

New accountability measures are also being introduced to the single adult service system. 17% of adults in the shelter system are long term stayers and these clients use 50% of shelter resources; we are implementing

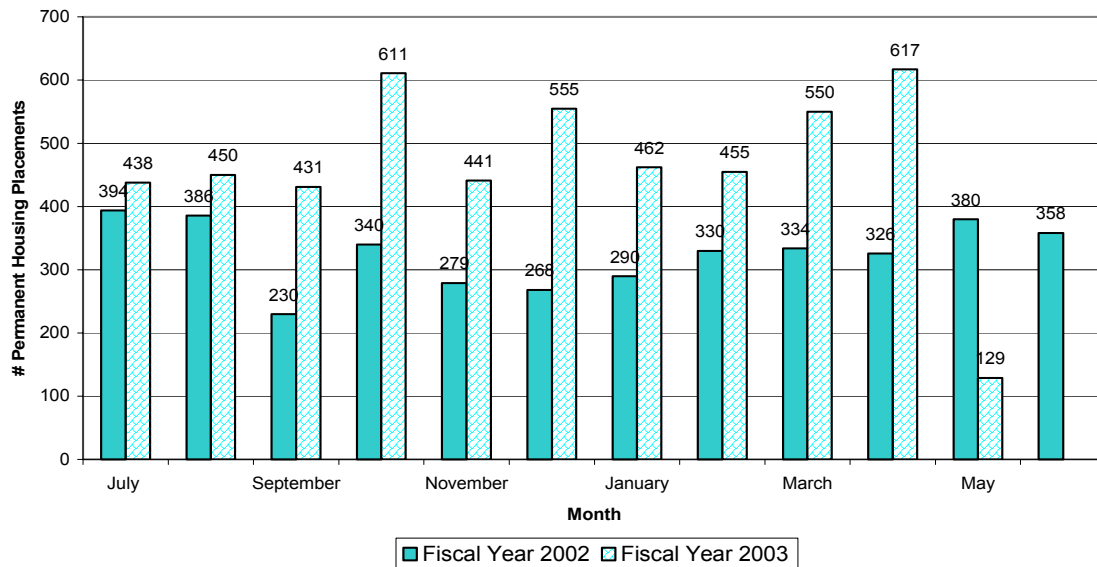
new initiatives to assist these individuals in transitioning to permanent housing. These initiatives include focused case management; the creation of an Interagency Task Force with city social service agencies; the creation of the Permanent Housing and Assertive Community Treatment Program (PHACT), which will provide apartments, housing vouchers, and supportive services to 138 long term stayers with mental illness; and, new partnerships for placements of chronically homeless into NY/NY housing, Section 8 SRO's, and other forms of supportive housing.

As you know, we are also seeking clarification from the Courts that it is appropriate for DHS to require our clients to adhere to basic responsibilities attached to the receipt of their shelter benefit. These include avoiding gross misbehavior and taking steps to reduce their reliance on the benefit of temporary emergency shelter. It is reasonable and responsible to require those clients that are able to take these steps to do so. These standards will not only improve shelter culture, but restore dignity and build confidence among our clients as we work to help them achieve independence.

Enhancing homeless prevention is a goal that was articulated in the strategic plan released one year ago. The executive budget has included a transfer of some homeless prevention responsibilities to DHS. As part of the agency's new efforts, we convened a meeting with all preventive providers on this topic on April 24. This meeting involved a wide range of stakeholders and focused on topics such as system strengths and gaps, data analysis, and principles, outcomes, and indicators. We expect this to form the foundation for new strategies for homeless prevention.

Regarding permanency, we have dramatically increased housing placements for families. Due to the investments made by Mayor Bloomberg in this year's budget, DHS has already placed 5,137 families into permanent housing – a 55% increase when compared to the same point in time last year. We expect to make over 6,000 family housing placements by the end of this year. We also plan to move more families into permanent housing through our new Long Term Stayers Rent Supplement Program. 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 who have been in the system for nine months or longer and who are ineligible for Section 8 assistance. 150 families have been certified for this program to date.

Total Monthly Permanent Housing Placements (FY2002 v. FY2003)



While we continue to push forward aggressively in the long term reform and quality improvement initiatives listed above, DHS continues to ensure enough shelter capacity to temporarily house record numbers of families seeking services. We will continue to ensure that no one is turned away due to a shortage of capacity.

As you are aware, in an effort to address significant budget deficits, City agencies have implemented baseline budget reductions. Reductions to the DHS budget in the FY04 Executive Plan include the following:

- Cleaning staff at DHS operated adult and family shelters have been reduced by 109 positions. This saves a total of \$3.1 million gross and \$2.2 million City Tax Levy.
- A reduction of 1.5% to all shelter providers will save \$5.8 million gross and \$3.7 million City Tax Levy. This includes over 100 family and adult shelters, 8 drop-in centers, 18 street outreach teams, and 74 SRO's providing permanent housing for single adults.
- A reduction of 15% to the per diem rates of all scatter site providers will save \$6.1 million gross and \$2.9 million City Tax Levy.
- Funds designated to provide aftercare for previously homeless families have been reduced by 53% in FY04 (savings of \$3.5 million gross and \$1.7 million CTL) and 70% in the outyears (savings of \$4.5 million gross and \$2.3 million CTL).

In response to your specific questions:

- The social services restructuring plan would have no programmatic impact on DHS. These are efficiency initiatives that will allow better claiming and more effective service delivery through a coordinated purchasing approach.
- The reduction of 40 oversight and management staff in the agency will mean that the remaining DHS staff will need to reorganize responsibilities, set priorities, and work more effectively to achieve our mission. I am proud of their unflinching commitment to doing this.
- The reduction in cleaning staff will mean the remaining staff will continue with the responsibility to ensure shelters are maintained at an acceptable level of cleanliness.
- The 1.5% rate reduction is modest, but comes on top of several years of stagnant rates for providers. The challenge will be to reduce flexible costs as other costs – out of provider's control – may be increasing. DHS will provide maximum flexibility to providers to reduce their budgets as wisely as possible to meet this target.
- The transfer of HRA anti-eviction legal services to DHS has been made at the historic level of expenditures rather than the full appropriation, reflecting the underutilization of the program.
- The reductions to aftercare are a reduction of a planned expansion, not an existing service cut. Though unfortunate, it is a preferable manner to reduce our budget compared to eliminating or reducing existing services.

- The adult RAP program has been reduced to its actual level of utilization. Providers have been unable to utilize the program effectively for clients and unexpended funds have been reduced.
- Conditional stays of ineligible families are being reduced by evaluating the reapplications of ineligible families who return to the EAU to make a new application, rather than placing them for 10 days in a conditional placement. As a result, the cost of those days of placement is saved.
- We hope that the contingency plan items do not have to be considered by the time of budget adoption, depending on the overall status of budget negotiations with the State, the unions, and the Council. The reductions would clearly be very difficult and would curtail our ability to make progress in reducing homelessness and addressing our client needs.

Next, I would like to briefly summarize the current DHS Capital Plan. For the five-year period 2003-2007 our capital budget is \$107 million. For this five-year period, capital projects for building interiors total \$80 million (representing 75% of the capital budget), projects for building exteriors total \$9.5 million (9% of the budget), and \$6 million has been allocated for fire safety projects (6% of the budget). For the ten-year period 2004-2013, the DHS capital budget is \$227 million.

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.