



TESTIMONY

OF

VERNA EGGLESTON

ADMINISTRATOR/COMMISSIONER

**HUMAN RESOURCES ADMINISTRATION/DEPARTMENT OF SOCIAL
SERVICES**

BEFORE THE

**CITY COUNCIL
GENERAL WELFARE AND FINANCE COMMITTEES**

ON

THE FISCAL YEAR 2006 EXECUTIVE BUDGET

MAY 31, 2005

Good morning. As you know, I am Verna Eggleston, Commissioner of the Human Resources Administration/Department of Social Services. I am here today to testify on HRA's plans for Fiscal Year 2006.

Despite the fiscal challenges presented by the State and Federal budgets, we are continuing our efforts to move our clients toward self-sufficiency and to provide the supports that they need. I will address these challenges later in my testimony, but would first like to update you on the status of ongoing and new initiatives.

Job Retention

As Mayor Bloomberg cited in his Budget address earlier this month, the number of people receiving cash assistance has dropped significantly since the beginning of this Administration, and continues to decline. As of April 2005, there are 419,098 people receiving public assistance, a decline of more than 4% since April 2004. Much of this progress is attributed to increased job placements and an increased focus on retention of employment gains. From 2002 through April 2005 we achieved more than 276,000 job placements. Under this Administration, employment services have been restructured to focus on job retention. For the first five months of 2005, the three-month retention rate stands at 84.6%, higher than the retention rate of 83% for calendar year 2004.

In April we released a Request for Proposals (RFP) for HRA Works, reflecting our restructuring of the employment service contracts for employable public assistance

applicants and recipients. Currently, two separate sets of vendors serve this population, one for applicants and another for recipients, which results in one client seeing two vendors. HRA Works will provide continuity of employment services for our clients by having the same contractor serve an individual from the time of application, through training and placement, job retention, and career advancement. HRA Works puts greater emphasis on job retention and career advancement. We will provide vendors a bonus for placements with sufficient wage advancement to move the worker off public assistance, add contractual milestones for post-employment planning, and require clients to stay in a job for at least 30 days before the vendor can get paid for a placement milestone. Currently, placement milestones are counted after just one week on the job. HRA Works will also provide incentives to place long-term clients and clients requiring additional services. Citywide, contractors are anticipated to receive over 12,000 referrals of applicants and recipients per month and will provide a continuum of services to prepare and train participants for jobs, help them keep jobs, and improve their wages. Contractors will be linked to HRA Job Centers and will be based in neighborhoods in all five boroughs.

Implementation of Safety Net Training and Education Law

HRA has developed and received State approval for implementing Chapter 380, the HRA-initiated legislation granting single Safety Net Assistance (SNA) clients the same range of education and training opportunities available to families receiving public assistance. All education and training activities, for singles and

families, must be approved based on the individual employment plan. We expect that our plan, which expands education and training, will allow more Safety Net singles to gain employment, thereby increasing the number of singles moving toward self-sufficiency.

Meeting Our Clients Where They Are

While we've had success in moving people toward self-sufficiency, there are significant challenges in this phase of welfare reform. As I have previously discussed, HRA developed the Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) initiative as a response to the increasing proportion of public assistance clients who are fully or partially unengageable, currently 56%. Those individuals who are partially unengageable, due to physical or mental health barriers, represent 19% of our clients. WeCARE, which was launched on February 8, 2005, provides the short-term, health-related services that clients need, with the goal of achieving self-sufficiency through employment whenever possible.

We expect that this program will be operating at full capacity by the end of June. As of May 17, 2005, 5,164 individuals had been referred for biopsychosocial assessment and 2,190 comprehensive service plans have been completed for WeCARE's clients. Of the clients with completed plans, 38% were referred for vocational rehabilitation services; 37% were determined to be temporarily unemployable due to medical reasons and referred to an appropriate wellness

plan; 16% were found to have no limitation on employment; and 9% were referred for applications for federal disability benefits. WeCARE is providing vocational rehabilitation services to an additional 3,777 individuals whose need for vocational rehabilitation services was previously identified through the job centers.

We continue to analyze our cases, and have placed additional focus on reaching out to clients who are not in compliance with program requirements and have had their cash benefits reduced by a pro rata amount as a result. On May 9th, HRA opened the Intensive Services Center as the citywide site for those public assistance (PA) clients who need these intensive services. The Center was initially designed to focus on cases that have an individual in sanction status and consequently have been receiving a reduced benefit for more than 60 days, in an effort to help those clients reconnect to employment activities and have their benefits restored. Approximately 4,400 cases from the Bronx and Manhattan were notified of their transfer to the Center in May, and additional cases from the other boroughs will be transferred in June. We estimate that at full capacity, 9,000 to 10,000 cases will be served at the Center. During the eligibility recertification process and at other points of contact, workers will discuss with individuals their sanction and explain the process that led to their reduced benefits. If an individual agrees to participate, he or she is referred to on-site employment services and their benefits are restored when they comply. Child care and other support services are also available for those who need them in order to work. Individuals who are unable to work will be connected to other appropriate services. Our

mission to meet clients where they are and re-engage them is salient to our welfare reform efforts.

Food Programs

HRA's Executive Budget contains few changes from the January plan we discussed in March. I did want to address one specific issue that you have raised previously. The Executive Budget for FY 2006 allocates \$10.4 million for the Emergency Food Assistance Program. Of this amount, \$7.6 million is for the purchase of non-perishable food, and \$2.8 million is for warehousing, food delivery, and administrative grants for the providers including food stamp outreach programs. The FY 2006 budget does not include the \$670,000 that the City Council added in FY 2005, as these funds are not in HRA's baseline budget.

Food Stamps

As of April 2005, 1,091,049 people are enrolled in the Food Stamp Program in New York City. As you know, under the leadership of Mayor Bloomberg, this Administration has made substantial progress in maximizing the availability of assistance in obtaining food, and we are continuing our efforts. As you may also know, we recently submitted an application to the United States Department of Agriculture for a grant to do a demonstration project designed to help simplify the administrative process for food stamp eligibility. The submission was made jointly with community-based groups, and is for a maximum of \$1 million over three years. The proposal seeks funding for the development of an automated food

stamp application and eligibility system. As part of the program, our community-based partners would travel to food pantries and other locations to pre-screen individuals for food stamp eligibility and assist those who are eligible in filing an electronic application for Food Stamps.

We have seen a small decrease in SSI food stamp cases between March and May of this year. As I have previously testified, we have been working with the State through the New York State Nutrition Improvement Program (NYSNIP) to automatically enroll individuals on SSI into the food stamp program. The State has recently begun closing cases for those auto-enrolled individuals who did not utilize their benefits over a number of months, resulting in the decrease. These individuals are, of course, free to re-apply for food stamp benefits.

Model Offices

In February 2005, HRA completed the redesign and renovation of all 19 Medicaid Model Offices. On March 15th, 2005 the HIV/AIDS Services Administration (HASA) unveiled its second Model Office in Long Island City in Queens, and will unveil its third Model Office in the Bronx in late July. We are implementing our Model Office concept in the Job Centers. There are currently five model Job Centers, one in each borough. All have collocated food stamp offices, allowing clients who come to these locations for food stamp services also to benefit from the enhanced customer services features inherent in the model office concept. There are plans

to open additional model Job Centers by the end of 2005 in lower Manhattan, Queens, and Brooklyn.

HIV/AIDS Services

HASA is implementing initiatives that are consistent with the recently enacted local legislation. We will launch a Single Point of Access/Accountability (SPOA) in July. The foundation for HASA's ongoing housing reform is the SPOA. It will allow HASA staff and housing vendors to work online collaboratively and quickly to identify and secure appropriate non-emergency supportive housing to meet clients' medical and support needs.

Currently, when we refer clients to non-emergency supportive housing, 25% of HASA clients fail to keep their intake appointments. To address this issue, in July HASA will initiate a pilot project in the Bronx known as the Companion Service Project, to increase the rate of successful non-emergency housing intake appointments. Through this pilot, we will assist clients who reside in emergency housing to keep their appointments for supportive housing by accompanying clients to and from their housing interviews.

Public Health Insurance

There are currently more than 2,540,000 New Yorkers enrolled in public health insurance. Over 1,720,000 of these individuals are enrolled in Medicaid, independent of cash assistance or Supplemental Security Income.

In January 2005, HRA's Medical Insurance and Community Services Administration (MICSA) began implementing the Eligibility Data Imaging Transfer System (EDITS), an online application system that will allow third parties, such as facilitated enrollers, entities participating in the Prenatal Care Assistance Program (PCAP), hospitals and nursing homes, to submit electronic health insurance applications to HRA. The implementation of this system significantly increases the efficiency of both submitters and HRA staff, and minimizes timeframes for the application process and eligibility determination. EDITS is currently being tested in the PCAP program. It is anticipated that PCAP enrollers will have full access to EDITS by the end of this calendar year.

We have taken steps to increase the proportion of Medicaid recipients who retain their coverage through successful recertification. As you know, when the Health Care Reform Act of 2002 eliminated the face-to-face interview requirement for Medicaid recertification, HRA moved quickly to simplify the recertification process for our clients and launched our mail renewal program in October 2002. We developed a personalized renewal package for each client that includes a Medicaid renewal form pre-printed with the client's information, a postage-paid return envelope, a letter explaining the renewal process, and a telephone number for support in completing the form. On average, almost 83,500 renewal packages are mailed to clients per month. Additionally, HRA's Medicaid Helpline's interactive voice response system has been enhanced. This system, which is available 24

hours a day, seven days a week, provides information in five languages (English, Spanish, Haitian Creole, Chinese and Russian) and gives consumers automated access to the status of their new and renewal applications. The result of these efforts have been significant: the recertification response rate has increased from approximately 48% in 2001 to a record level of 80% as of April 2005, resulting in greater continuity of health care and reduced administrative burden for our clients.

Child Support Enforcement

The Office of Child Support Enforcement, which returned to HRA in August 2003, offers assistance in locating non-custodial parents, establishing paternity, filing child support petitions with Family Court, securing orders for child support, and collecting and enforcing orders. Our efforts in collecting money on behalf of the approximately 292,000 families with child support court orders continue to be effective. We have collected \$538 million in the past year, up from \$400 million in 2000 and \$215 million in 1995. Collections have increased two and one-half times since 1995, and nearly 35% since 2000. Our success in establishing paternity has steadily increased each year, and currently stands at approximately 77%, and approximately 72% of our cases have established court orders, an increase from 55.7% in December 2001. Until paternity is established and a court order is secured, we cannot collect money on behalf of our clients.

States are eligible to receive federal incentive dollars based upon their performance relative to other states in five key child support areas: paternity

establishment, number of child support cases with a court order, amount collected for current support orders compared to what is owed, percentage of cases paying towards arrears and cost-benefit ratio as represented by total collections compared to total expenditures. For the most recent federal allocation, New York City was awarded \$6.8 million as a result of our efforts.

We are committed to improving services to both custodial and non-custodial parents. The Customer Service Office has extended its hours to 7 pm Monday through Friday, and is now open on Saturdays by appointment from 9 am to 5 pm, increasing accessibility to our customer service resources. We have also worked with the New York State Office of Temporary and Disability Assistance's Child Support Division to improve the new State Call Center, an automated system that accepts and receives approximately 1,900 inquiries per day from custodial and non-custodial parents.

Federal and State Budget Challenges

As you know, the adopted State Budget for FY 2006 enacted the Flexible Fund for Family Services (FFFS) block grant. The FFFS consolidates federal funding for employment, training, and other self-sufficiency programs into a single fixed grant that also includes a range of child welfare programs. The employment and training programs now included in the FFFS were previously paid for with combined Federal, State and local funding. Child care funding is contained in a separate allocation, but at a funding level insufficient to support the City's current needs.

According to current numbers from the State, New York City will receive only \$351 million, or 58.5%, of the \$600 million statewide FFFS.

This level of FFFS funding, with the separate child care allocation, would represent a significant reduction in overall State funding for a range of vital HRA services, including: training, education and job placement services that help public assistance clients become self-sufficient; assessment, case management and treatment for clients with substance abuse problems, WeCARE services to address health-related barriers to employability; domestic violence screening so that victims have access to needed services; and child care for working parents. We are working with the other affected agencies and the Office of Management and Budget to allocate these funds among necessary services and programs.

The adopted State budget made significant changes in the Medicaid program for New Yorkers. Most important for our discussion today is the State's commitment to cap local funds spent on Medicaid in calendar year 2006 to the amount spent in 2005 plus growth of 3.5%. All Medicaid costs in excess of the capped amount will be the sole responsibility of the State.

Another important Medicaid change is the State's decision to provide wrap-around prescription drug coverage for the 318,000 individuals in New York City enrolled in both Medicare and Medicaid. Federal law will require all these dual eligible recipients to transfer their prescription drug coverage from Medicaid to Medicare

Part D between November 15 and the end of December this year. Dual eligibles include seniors and many disabled individuals, and are a particularly vulnerable population. The State will cover clients' medications that were previously covered under Medicaid, but not under the new Medicare Part D plan. The City legislative agenda advocated for this protection against gaps in prescription drug coverage.

Medicaid is also a central topic in the Federal budget process that continues in Washington. The current Congressional budget resolution calls for a \$10 billion reduction in Medicaid expenditures over the next five years. Congress voted to establish a Medicaid Commission, which will hopefully fulfill the mission outlined by the Mayor in advocating its creation, to keep Medicaid cuts out of the budget reconciliation process, and identify reforms that improve quality of care and cost-effectiveness.

My staff and I welcome your questions.