



**TESTIMONY**

**OF**

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

**BEFORE THE**

**CITY COUNCIL**

**GENERAL WELFARE AND FINANCE COMMITTEES**

**ON**

**THE FISCAL YEAR 2007 EXECUTIVE BUDGET**

**June 7, 2006**

Good afternoon, Chairs de Blasio and Weprin, and members of the General Welfare and Finance Committees. I am here today to update you on HRA's portion of the Fiscal Year 2007 Executive Budget, and on this Administration's continued efforts to shape programs and policy that best serve the diverse needs of our clients.

### Public Assistance

HRA remains committed to ensuring that all of our customers, including public assistance clients, reach their maximum level of self-sufficiency. Our efforts, under the leadership of Mayor Bloomberg, have resulted in the public assistance caseload falling to historic lows. In May, 396,488 New Yorkers were receiving public assistance, the lowest level in more than forty years. In the past two years alone, HRA's efforts have led to more than 170,000 job placements of public assistance clients, confirmed through self-reported employment, placement by our employment vendors and matches with the New York State New Hire system. These placements vary by occupation; some of the most typical placements include the food service industry at an average wage of \$7.30 per hour; sales at an average wage of \$7.33 per hour; and clerical positions at an average wage of \$9.26 per hour. As of April, 86% of clients who have achieved employment have remained off public assistance and/or retained their jobs after three months, and 76% have achieved those results after six months. Today for the first time I am announcing a new reporting milestone: I am excited to share with you that after nine months nearly 70% of clients who have achieved

employment have remained off public assistance and/or retained their jobs. HRA's ongoing efforts are moving clients toward self-sufficiency.

In 2007, HRA expects to spend \$1.3 billion on public assistance benefits, of which \$507.1 million are City funds. The remainder is Federal Temporary Assistance for Needy Families (TANF) and State funding. As of May 2006, 99,312 people who exceeded their five-year time limit for TANF assistance were receiving benefits through the State and City funded, Safety Net Assistance program. In 2007, we project spending approximately \$225.6 million of the total public assistance expenditure on benefits for these clients, of which \$112.8 million are City funds.

We have created a customized model of service delivery, and comprehensive programs that serve the diverse and multiple needs of low-income New Yorkers. We continually evaluate those needs and the way we serve our customers, to determine whether change is necessary to achieve further progress. In evaluating our welfare-to-work program, listening to our clients, and soliciting input from local and national experts in the field, we have developed a fresh approach for this second phase of welfare reform. This Administration has made significant progress in moving public assistance clients to employment and we are continuing those efforts, while at the same time broadening our focus to help them achieve their maximum level of self-sufficiency.

### Back to Work Initiative

Building on the success of our employment programs over the past four years, in July 2006 – when we anticipate the new contracts will be registered by the Comptroller – we will launch our new Back to Work initiative, which will replace our existing skills assessment, and employment services and placement programs. Back to Work will allow one contractor to work with an individual from start to finish, providing more seamless services than our current system and creating a new standard of continuity for our clients. Each client will now be assigned to work with one vendor from the time he or she applies for assistance through job placement and beyond, to support retention in that critical initial job. We are confident that this new system will lead to even more successful job placement and retention rates. The vendors will be based in 25 job centers serving applicants, so that employment services can begin immediately at the time of client application. For the three centers serving clients where space does not permit a vendor office, clients will be referred to a location in the vicinity of the job centers. The contractors will have the flexibility and resources to customize the combination of employment services that best meets the needs of the client.

The new Back to Work contracts are structured to pay vendors more for placements and retention in jobs that lead to sustainable self sufficiency. Our vendors will prepare a plan for sustainable self-sufficiency, and offer training and other opportunities to build on client capacities so that they can upgrade their employment and opportunities. The contracts are fully performance-based, with

payment contingent on success in placement and retention. Vendors will receive only a nominal administrative payment for clients who are not placed in jobs, and they will receive only partial payment for clients who are placed in jobs but return to the welfare rolls within six months. Placements into jobs that allow for the transition from cash assistance, and the successful job placement of clients with multiple barriers to employment, will merit enhanced payments.

While performance-based contracts provide financial incentives to meet contract milestones, we recognize that the contracts do not monitor themselves. Programmatic monitoring is essential to the success of the Back to Work program and our staff will work closely with vendors to ensure that all issues with job centers are quickly addressed. We will visit vendor sites, investigate complaints, provide technical assistance and ensure the vendors are providing quality services that meet contract and program requirements.

The Back to Work program will enhance HRA's current VendorStat model for measuring vendor accountability with rotating weekly reporting on key indicators and data that measure vendor performance over time and compare performance among vendors. Vendors are required to attend VendorStat meetings with senior Agency officials, including myself, to review performance data and gain insight into potential systemic issues that may be affecting vendor performance, and HRA staff will provide technical assistance to the vendors and advise them of current best practices. The meetings give vendors the opportunity to see the

progress and performance of other vendors which creates a healthy competitive atmosphere around serving our clients and reaching contract milestones.

### WeCARE

Over the past four years, to address the challenge of serving an increasing proportion of the caseload with barriers to employment, HRA has emphasized the importance of customized assistance that addresses employment needs in the context of physical and mental health barriers. In a little more than a year, HRA's Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program has helped more than 1,600 people with health and mental health barriers gain employment, 1,571 from vocational rehabilitation services, 31 at the assessment stage, and 12 at the wellness plan stage. Through May 30<sup>th</sup>, Job Center staff made 91,384 referrals for biopsychosocial assessments. Of those seen, 78.7% have completed all phases of the assessment process thus far. Of these clients, 47.1% were found to be employable with limitations and were referred for vocational rehabilitation services; 37.8% were found to be temporarily unemployable secondary to unstable medical and/or mental health conditions and were referred for Wellness Plans; 9.1% were found to be fully employable and were referred back to their job centers to be engaged in activities from the existing menu of employment and training programs; and 5.8% were determined to be unemployable for 12 or more months and were referred for assistance in applying for federal disability benefits. Through May 30<sup>th</sup>, there were 4,217 clients who had federal disability applications initiated since the

inception of the program. To date, there have been 380 federal disability awards. Many of the clients who have applied are still engaged in the federal disability application process, which can take 18 months or more for a final determination from the Social Security Administration.

In response to a recent Court ruling, HRA made the decision to transfer clients who were being served at HRA's three WeCARE hubs to Job Centers that serve the zip codes in which they live. This change will have no impact on the WeCARE services that are provided through the program's vendors. The Manhattan hub will be the first to close by mid-June; the Brooklyn hub will close by the end of June; and the Bronx by the end of July. All affected clients are being notified by mail of the transfers.

#### Impact of TANF Reauthorization

I testified in March that the TANF reauthorization provisions in the federal Deficit Reduction Act of 2005 present the City with serious challenges, particularly focused on achieving the 50% work participation rate by October 2006 without the offset of credits for caseload reductions prior to 2005. The ramification of not meeting the new requirement could be a loss of \$217 million in TANF funding for New York State, and New York City, with two-thirds of the State's caseload, could bear a large share of the penalty.

Although the task is daunting considering the changing face of the public assistance caseload, we stand ready to meet the challenge. I have convened an agencywide taskforce charged solely with developing concrete recommendations toward exceeding the federal requirement and achieving a 60% participation rate in New York City. The achievement of this goal will require not just an agency-wide, but a citywide effort.

Because the Mayor is committed to achieving this goal, he has communicated directly with Secretary Leavitt of the federal Department of Health and Human Services (HHS), to advocate for maximum flexibility in the TANF regulations to be issued by June 30<sup>th</sup>. These regulations, which will govern the definition of all TANF work activities, will play a critical role in determining whether states and localities can meet the new federal requirements. Just last week our advocacy efforts led us to an HHS TANF conference for 26 major cities in Atlanta, and I want to thank the Committees for their flexibility in scheduling this hearing so that HRA could continue this crucial effort.

Under the new federal law, state-funded programs that count toward the federal Maintenance of Effort (MOE) requirement, like the family component of New York State's Safety Net Program, will be subject to the work participation requirement. This change provides an opportunity for New York State to re-evaluate the specific expenditures that are counted toward the MOE requirements. As the City had advocated, the enacted 2006-2007 New York State Budget provides the

New York State Office of Temporary and Disability Assistance (OTDA) with the option to restructure this MOE funding, and we have been advocating for OTDA to exercise its discretion in that regard.

### Child Care

This Administration has recognized the significance of support services to the success of low-income New Yorkers transitioning off public assistance, and therefore has ensured that working parents who are beginning their transition have access to stable, reliable child care. The Administration's current program exceeds the requirements of federal law by allowing these parents to remain enrolled in subsidized child care for as long as they are financially eligible under the Administration for Children's Services (ACS) guidelines. Our goal is to continue to provide a seamless child care process, which we believe will be further enhanced by the completion of the transition of HRA child care services to ACS. This transfer will begin in July, and should be completed early in Fiscal Year 2007.

### Food and Nutrition

We are continuing our efforts to maximize food stamp enrollment going forward; we are enhancing these efforts with a facilitated on-line application process with support from the U.S. Department of Agriculture (USDA) participation grant that was awarded last year to HRA and its partners in this project, FoodChange and the New York City Coalition Against Hunger. This new initiative will allow

individuals in soup kitchens and food pantries to submit electronically not just Food Stamp applications, but also the required supporting documentation, simplifying and improving access to the application process.

The Fiscal Year 2007 Executive Budget includes an additional \$2.1 million, equally divided between State and City funds, for 44 new food stamp eligibility workers. As you know, the Administration is working together with the Council toward accomplishing mutual food and nutritional goals. The Administration is also advocating for changes in federal law that would increase access and improve food stamp benefits.

### Public Health Insurance

Access to public health insurance is another vital support to many low-income New Yorkers. It is both essential to maintaining health, and provides critical support for sustaining employment. Today, approximately 2.6 million New Yorkers are covered by public health insurance programs administered by HRA. Approximately 1.8 million of these people receive this medical coverage independent of public assistance or Supplemental Security Income.

I am excited to report that the Mayor's Office of Health Insurance Access has joined HRA to consolidate the City's resources in a partnership to meet the Mayor's commitments to increase access to public and private health insurance, particularly for children and low-income working New Yorkers. The Office, now

called the Office of Citywide Health Insurance Access, will continue to play a leading role in this Administration's efforts to further increase access to health insurance, and will also take on a broader role with regard to health care access and quality improvement activities within HRA and connecting health insurance access with the Mayor's welfare reform goals of preventing the need for cash assistance and supporting employment for those who have left public assistance. We are very excited about the opportunities that this transition creates, and look forward to working even more closely with Marjorie Cadogan and her staff.

#### Long-Term Care

HRA is collaborating with the Department for the Aging (DFTA), the Office of Management and Budget (OMB), the Department of Information, Technology and Telecommunications (DOITT), and the Mayor's Office for People with Disabilities to develop the City's response to a non-competitive Request for Applications (RFA) to local districts, sponsored by the NYS Office for the Aging and the NYS Department of Health. This initiative, an important part of the State's plan for restructuring the Long Term Care System, will allow for the development of a local Point of Entry (POE) system for information and linkage to long-term care for individuals of all ages with long-term care needs, and their families.

#### HIV/AIDS Services

I announced in March that the HIV/AIDS Services Administration (HASA) had made historical progress in reducing the number of clients living in commercial

SRO hotels from its peak of 2,171 clients in September 2003 to 880 clients — less than 1,000 for the first time in 15 years. I am proud to report that just two months later, the number of clients residing in SROs is fewer than 800, as a result of our steadfast commitment to best serve the needs of this vulnerable population.

In 2007, \$1.2 million in funding above the 2006 budget allocation for HASA will allow us to pilot a Comprehensive Health Assessment Team (CHAT) initiative to most effectively utilize our limited supply of supportive housing. The pilot, which began at HRA's HASA Kingsbridge Model Office in the Bronx in January 2006, is intended to serve HASA clients who present as homeless or at risk of becoming homeless. The goal is to assess and refer clients to the appropriate level of supportive housing, and to develop documentation for referrals to other supportive housing systems, like NY/NY housing, when appropriate. This pilot will enhance our efforts to assist those clients in greatest need of supportive housing, including consumers with physical conditions that require ongoing support, as well as those who need support with behavioral health issues.

### Capital Budget

The Fiscal Year 2007 Executive Budget demonstrates the Agency's continued emphasis on improving access to available services by committing additional capital funding to information technology projects which will streamline existing processes. For example, HRA is piloting a program in three job centers to build

new functionality into client Electronic Benefit Transfer (EBT) cards to allow center reception staff, with a swipe of the card, to call up case record and client appointment history information, expediting the routing process and reducing client service time. Further, we continue to use capital funding to renovate and modernize our office environments for both staff and clients, creating a professional atmosphere conducive to the transition from public assistance to self-sufficiency. This, and other projects, reaffirms our commitment to improved customer service.

My staff and I welcome your questions.