



TESTIMONY

OF

VERNA EGGLESTON

ADMINISTRATOR/COMMISSIONER

HUMAN RESOURCES ADMINISTRATION/DEPARTMENT OF SOCIAL SERVICES

BEFORE THE

CITY COUNCIL

GENERAL WELFARE COMMITTEE

ON

THE FISCAL YEAR 2007 PRELIMINARY BUDGET

AND THE FISCAL YEAR 2006 PRELIMINARY MAYOR'S MANAGEMENT REPORT

City Hall
MARCH 23, 2006

Good morning Chair deBlasio and members of the General Welfare Committee. Since I last testified before this Committee, the long-awaited federal legislation reauthorizing the Temporary Assistance for Needy Families (TANF) program has finally been enacted. In February, President Bush signed the legislation reauthorizing the TANF program.

TANF Reauthorization

As many of you know, the Congressional reauthorization debate has been a long process. This Administration, throughout the process, continued its advocacy for provisions that would best serve our clients in moving toward self-sufficiency.

The enacted legislation fully funds the TANF block grant through 2010, and continues the 50% federal work participation rate for TANF families, which New York City fought to maintain. Earlier proposals approved in both the House of Representatives and the Senate would have raised the required participation rate to 70%.

Although the participation rate remains 50%, the new law greatly reduces the credit toward the participation rate that states have received for declines in their public assistance caseloads. This change eliminates the credit for all past caseload reductions, preserving only a credit for current and future caseload reductions. On October 1st, the City and State face the challenge of a meeting a true 50% participation rate, without the assistance of a substantial offsetting credit. The new law also requires families who have exhausted their 60-month time limit on TANF, and have converted to

New York State's Safety Net Assistance Program, to be included in the federal work participation rate. From the start of this Administration, we have implemented programs, drafted legislation, and provided services to actively engage these clients to participate in activities that would lead them toward self-sufficiency.

Currently, 405,328 people are receiving public assistance in New York City, down from 462,595 in the beginning of this Administration. Of these, 186,243 people are receiving TANF benefits, and 106,430 people are receiving Safety Net Assistance after having exhausted their 60-month TANF time limit. The remainder are households without children, who were never part of the TANF program. As people have moved into employment and the TANF assistance caseload has dramatically decreased, those remaining have become more challenging to serve. In its TANF advocacy, New York City sought to maximize flexibility in the definition of "allowable work activities" to include vocational education and rehabilitation activities. This crucial element of TANF administration will be resolved through regulations to be issued by the federal Department of Health and Human Services (HHS) by June 30th. These regulations will determine whether clients who are engaged in barrier removal activities, such as substance abuse treatment or wellness activities for those with physical or mental health problems, will be counted as meeting their federal work participation requirements. The regulations will also govern the definition of all work activities, as well as the monitoring and verification of client participation. This Administration is continuing to advocate on these issues despite HHS's decision to solicit no formal comments prior to the issuance of the interim regulations.

Reauthorization law retains the original TANF sanctions for states; states that fail to satisfy the work participation rate requirement are sanctioned by a five percent reduction of their TANF Block Grant for their first failure, and the penalty increases by two percent each year until corrective action is accepted and compliance is achieved. New York State could lose \$237 million for failure to meet the 50% participation rate for the next federal fiscal year. State law provides that the sanctions are passed through to the localities responsible for the State's failure to meet the required rate. With two-thirds of the State's caseload, New York City could bear a large share of the penalty if we fail to achieve the rate.

In addition to HRA, the Department of Homeless Services (DHS), the Administration for Children's Services (ACS), the Department of Youth and Community Development (DYCD), the Department for the Aging (DFTA), the Department of Education (DOE), the City University of New York (CUNY), the Department of Housing Preservation and Development (HPD), the Police Department (NYPD), the Department of Health and Mental Hygiene (DOHMH), the Department of Parks and Recreation, the Department of Sanitation, and the Department of Citywide Administrative Services (DCAS) all utilize TANF funds through intergovernmental transfers. All of these agencies must now work together toward achieving the participation rate goal.

In January, the Mayor testified before the New York State Legislature regarding the Governor's 2006-2007 Budget, and focused on this challenge in his testimony:

The City and other localities in the State have met workforce participation requirements based on credits for reducing caseloads since 1995. This credit is about to be eliminated from the law. The result will be that, in the future, if TANF clients don't meet workforce participation requirements, we at the local level may well face stiff new State and Federal penalties paid from the TANF surplus. To avoid these penalties and to achieve what we all want—getting more people to work—we need the State's help.

Currently, our participation rate for families who are on TANF or have moved to Safety Net is 40%. I have set a goal of achieving a 60% rate, as part of our long-standing effort to help our clients move on a path to self-sufficiency. This will be a challenge given the composition of our caseload. As of February 2006, 58.1% of our public assistance cases were temporarily or permanently unengageable under federal, state or local public assistance rules: 29% of these were child-only cases and are exempt by federal law; 17.7% were HASA cases and are exempt by State law; 9.2% were more than 60 years old and are also exempt by State law; 5% were on SSI, or applying or appealing for SSI; and the remainder have children less than three months of age or are temporarily incapacitated or exempt.

Intensive Services Center

HRA has placed a stronger emphasis on reaching out to clients who are not in compliance with program requirements, and who have had their cash benefits reduced by a pro rata sanction as a result. In May 2005, as part of our effort to help these clients reconnect to employment activities, HRA opened the Intensive Services Center, as the citywide site for public assistance clients who need more intensive assistance. Clients referred to the Center are those who have been in sanction status, and consequently

have been receiving a reduced benefit, for more than 60 days. Nearly 10,000 cases have been served at the Center. The Intensive Services Center has a strong emphasis on employment, and provides job counseling services at the first point of contact with the client. For calendar year 2005, the Center achieved over 1,700 job placements. During the eligibility recertification process and at other points of contact, workers discuss sanction issues with clients, and explain the process that led to their reduced benefits. Child care and other support services are also available for those who need them in order to work. Clients who are unable to work are connected to other appropriate services. If clients agree to participate, they are referred to on-site employment services and their benefits are restored when they comply.

WeCARE

HRA's Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program has been in operation since February 2005, helping clients with medical and/or mental health barriers to employment reach their highest attainable level of health and self-sufficiency. Through March 13th, 1,087 WeCARE clients have obtained employment, and 229 have received federal disability benefits. By that same date, Job Center staff had made 68,608 referrals for biopsychosocial assessments. Of those who completed all phases of the assessment process, 45% were found to be employable with limitations and were referred for vocational rehabilitation services; 39.1% were found to be temporarily unemployable due to unstable medical and/or mental health conditions and were referred for Wellness Plans; 10.1% were found to be fully employable and were referred back to their job centers to be engaged in activities

from the traditional 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. The extent to which these activities count toward the TANF participation rate will be determined by the pending HHS regulations.

Food and Nutrition

Currently, nearly 1,100,000 New Yorkers are receiving federal food stamp benefits, an increase of more than 37% since January 2002. We have increased the number of people receiving food stamps independent of cash assistance or Supplemental Security Income (SSI) by more than 110% since the beginning of this Administration. This Administration has made substantial efforts to maximize participation in the Food Stamp program, and we are continuing those efforts. The United States Department of Agriculture, which administers the federal Food Stamp program, has estimated that New York City's food stamp participation rate is 66% of those eligible. HRA's estimate of the City's food stamp participation rate, based upon income, assets, and other eligibility criteria, is 74%. But we are not satisfied with that level of participation. We want to identify and reach that 26% who are still not enrolled. Therefore, in January, I issued an Agency Executive Order creating an internal Task Force on Food and Nutrition Programs in an effort to proactively examine the delivery of nutrition program services to address hunger needs in New York City. Preliminary recommendations include:

- Developing performance-based contracts for media and food stamp outreach
- Developing a Food Stamp Documentation Guide to improve applicants' ability to provide required documentation

- Advocating for the State to extend the enrollment period for New York State Nutritional Improvement Program (NYSNIP) benefits
- Targeting outreach to Medicaid-only customers not receiving food stamps
- Advocating to raise the minimum monthly food stamp benefit from \$10 to \$25

The product of this task force will be the groundwork for a future citywide Food and Nutrition Summit.

HIV/AIDS Services Administration

Since we last reported, HASA has reduced the number of clients living in commercial SRO hotels from a peak of 2,171 clients in September 2003 to 880 clients today – less than 1,000 for the first time in 15 years. Additionally, we have reduced the number of commercial SROs in our emergency housing portfolio by 37%, from a high of 72 facilities five years ago to 45 facilities today.

Mayor Bloomberg has committed funding for new HASA units over the next three years. This commitment increases congregate housing by 688 units and scatter site housing by 227 units. Additionally, the New York/New York III agreement provides for 9,000 additional beds for homeless individuals with serious mental illnesses and other challenges, 1,000 of which will be used for New Yorkers with AIDS and HIV.

I am delighted to report that the January Financial Plan reverses the “HOPWA swap.” Housing Opportunities for People with AIDS (HOPWA) funds will now be utilized for

housing support and to increase the number of available HASA housing units. City Tax Levy funds will be used to maintain HASA's case management staff in compliance with Local Law 49.

Public Health Insurance

As of January 2006, more than 2.6 million New Yorkers are enrolled in public health insurance, an increase of more than 900,000 people since the beginning of the Administration. Of these individuals, 1,807,056 are enrolled in Medicaid independent of cash assistance or Supplemental Security Income (SSI), representing an increase of nearly 1,000,000 people since January 2002. HRA's Medical Insurance and Community Services Administration (MICSA) has completed the development and construction of Medicaid model offices in all public hospitals and several private hospitals, supporting these enrollment increases.

We have been successful in increasing the proportion of Medicaid recipients who retain their coverage through successful recertification. As you know, when the face-to-face interview requirement for Medicaid recertification was removed in 2002, HRA moved quickly to simplify the recertification process for our clients, and launched our mail renewal program. On average, 83,500 renewal packages are mailed to clients per month. The implementation of the mail renewal process has greatly increased the response rate, resulting in greater continuity of health care and reduced administrative burden for our clients.

In January 2005, MICSA began the implementation of the Eligibility Data Imaging Transfer System (EDITS), an online application system that allows 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. MICSA completed the implementation of EDITS in the PCAP program by the end of 2005, as scheduled. We are also working on an on-line application system for food stamps made possible through the United States Department of Agriculture participation grant that was awarded last year to HRA, and its partners in this project, FoodChange and the New York City Coalition Against Hunger.

My staff and I welcome your questions.