

**Human Resources
Administration**
Department of
Social Services

TESTIMONY

Robert Doar, Commissioner
Human Resources Administration/Department of Social Services

2012 Executive Budget Hearing

*Hearing of the New York City Council
General Welfare and Finance Committees*

May 31, 2011

Good Morning Chairwoman Palma and Chairman Recchia and members of the General Welfare and Finance Committees. I am Robert Doar, Commissioner of the Human Resources Administration (HRA) and joining me this morning is Patricia Smith, First Deputy Commissioner and Kathleen Tyler, Deputy Commissioner of HRA's Budget Office. To help put our budget situation into context, I want to provide you with a brief overview of our present caseload.

The Cash Assistance (CA) Program

Our Cash Assistance (CA) caseload, comprised of both single individuals without children and families with children, has been fairly stable over the past year with approximately 352,000 recipients. Through our work-first approach, we continue to place applicants and recipients into employment and we have over 29,500 job placements so far this year which is slightly ahead of our pace from a year ago at this time.

The Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, is currently providing support to 1.8 million recipients, an 8 percent increase from this time last year. The largest portion of this growth consists of individuals who are not in receipt of Cash Assistance (CA) or federal Supplemental Security Income (SSI) benefits. While meeting the increased demand for this benefit has been challenging, the Program is continually working to improve and the on-line enrollment that got fully underway in January is going very well with over 11 percent of all our applications coming in electronically.

Public Health Insurance

The public health insurance caseload is presently approximately 2.9 million New Yorkers. As the city agency responsible for Medicaid eligibility, our staff manages an enormous volume of cases and applications while working to comply with the demands of our state oversight agency, the State Department of Health. I would also like to point out that, with the support of HHS-Connect, we recently implemented a new feature by which most Medicaid recipients in the community can renew their benefits on-line through ACCESS NYC, allowing them to maintain continuous health insurance coverage. In addition, we continue to introduce our web-based tool, NYC Health Insurance Link throughout the City as an effective tool for not only small businesses and independent workers, but also for individuals to use in exploring their health insurance options. NYC advances in coverage are a key to preparing the State for implementation of federal health care reform, which we are concerned could bring significant changes to how potentially eligible clients seek and obtain health care coverage.

Child Support Enforcement

The Child Support Enforcement Program continues to break records with April 2011 realizing the highest total collection in a single month of \$81 million and we are on pace to exceed the \$700 million collected last calendar year. Child support payments make a significant impact for these families and when combined with work and work supports, are a powerful tool in helping children avoid living in poverty.

FORM OF SUPPORT	2010 (April)	PRESENT	GROWTH
Cash Assistance	347,465	353,436	1.7%
Food Stamps	1.7 million recipients	1.82 million recipients	7.2%
Medicaid	2.85 million recipients	2.92 million recipients	2.1%
Child Support Collections	\$678 million (FY09)	\$686 million (FY10)	3.3%

HRA's Response to State and Federal Budget Shortfalls

HRA continues to meet the demands placed on our programs through this challenging economic period. However, the decline in state and federal support as well as the State's continuing trend of mandating services but not funding them has compounded these challenges. Since fiscal year (FY) 2002 the state and federal share of the City's budget has dropped from 36 to 27 percent, placing an additional \$6.18 billion strain on limited city tax levy dollars.

As a means to overcome these financial shortfalls, HRA has implemented budget gap closing measures since 2008 that reduced the City's expenses by more than \$1.2 billion. Although the City has taken pro-active measures to minimize controllable expenses that have grown below the rate of inflation, the City's non-controllable expenses have more than doubled since FY 2002. For fiscal years 2011 and 2012 alone, HRA personnel service costs increased by \$44 million primarily due to fringe benefits and pension costs with the actual wage portion representing only \$2 million of that overall amount.

The deep disinvestment in the City by both the state and federal governments has been a burden, and the lack of mandate relief has only exacerbated the problem. The State has cut funding for services it mandates, driving up the local tax burden on the City's taxpayers. In the State budget that was passed in April our costs for the mandated Safety Net Assistance program increased from 50 to 71 percent and was furthermore made retroactive of January 1st 2011. Although the State included a plan that offsets a portion of this increase, it still resulted in an overall gap of \$39 million in City Tax Levy (CTL) in our FY2012 budget. We do have serious concerns over the future sustainability of the offset the State put forward and without it the cost to the City will be at least \$189 million per year. Over the past several budgets, state support has also been eliminated for the administration of the SNAP program, as well as the administration of the Safety Net Assistance program.

HRA's 2012 Executive Budget Plan

When I came before the Council in March, I explained that, as part of the FY 12 November Plan that is now being finalized, HRA has identified approximately \$205 million in savings or FY 2011 – FY 2015 from our overall gross budget of \$8.4 billion. This is a budget that provides a broad range of key benefits and services to our most vulnerable citizens. Most of the proposals from the November Plan come from programmatic and policy changes, headcount reductions, and administrative savings and revenue maximization throughout our Agency. Although difficult, we have also been able to maintain our commitment to protect front line workers from layoffs.

However, since March we have made several revisions to our budget plan. In order to address the workload of the SNAP program that has grown by 50 percent in the past three years and to make sure we continue to meet federal program standards, 102 staff will be added to the program.

In addition, we have several changes with regards to the HIV/AIDS Services Administration (HASA) about which I will provide you with an update. I know there is concern about some of the changes we are putting forward, but I strongly believe that our HASA program will remain the nation's standard-bearer for providing persons living with HIV/AIDS access to public benefits and services. This \$416.6 million funded program, to which the City contributes almost half, has allowed for over 32,000 clients to be served by more than 1,200 HASA employees in a program that provides greater care and support to our residents with clinical symptomatic HIV or AIDS than any other program in any other city in the country.

The reason for the change in plan is that we are no longer pursuing the January 2011 PEG that would have restored funding for the contracted supportive housing case managers at their full level while reorganizing and reducing our own HASA staffing. A total of 248 of HRA's HASA staff will therefore remain in their present positions and there will be no reduction in the program. This restoration, however, created a \$10.36 million shortfall in the budget that we must offset through alternative reductions that will result in a 2.3 percent reduction to the overall HASA budget.

As part of this multi-pronged approach, we will need to implement a \$7.08 million reduction to our supportive housing budget of \$143 million annually. This program serves approximately 5,350 HASA recipients. The supportive housing reduction of contract case managers, as proposed in the January 2010 PEG, will go into effect. This action reduces the number of case managers in HASA supportive housing contracts, bringing them closer in line with the caseload ratios currently established within the HASA program, 1:34 overall. This will reduce somewhat the duplicative efforts of HASA case managers and supportive housing case managers. HASA clients residing in supportive housing will continue to have two case managers, both charged with ensuring access to needed benefits and services. Although we recognize this will be challenging to our housing vendors, we believe that working in partnership with HASA, they will continue to provide quality services to our mutual clients.

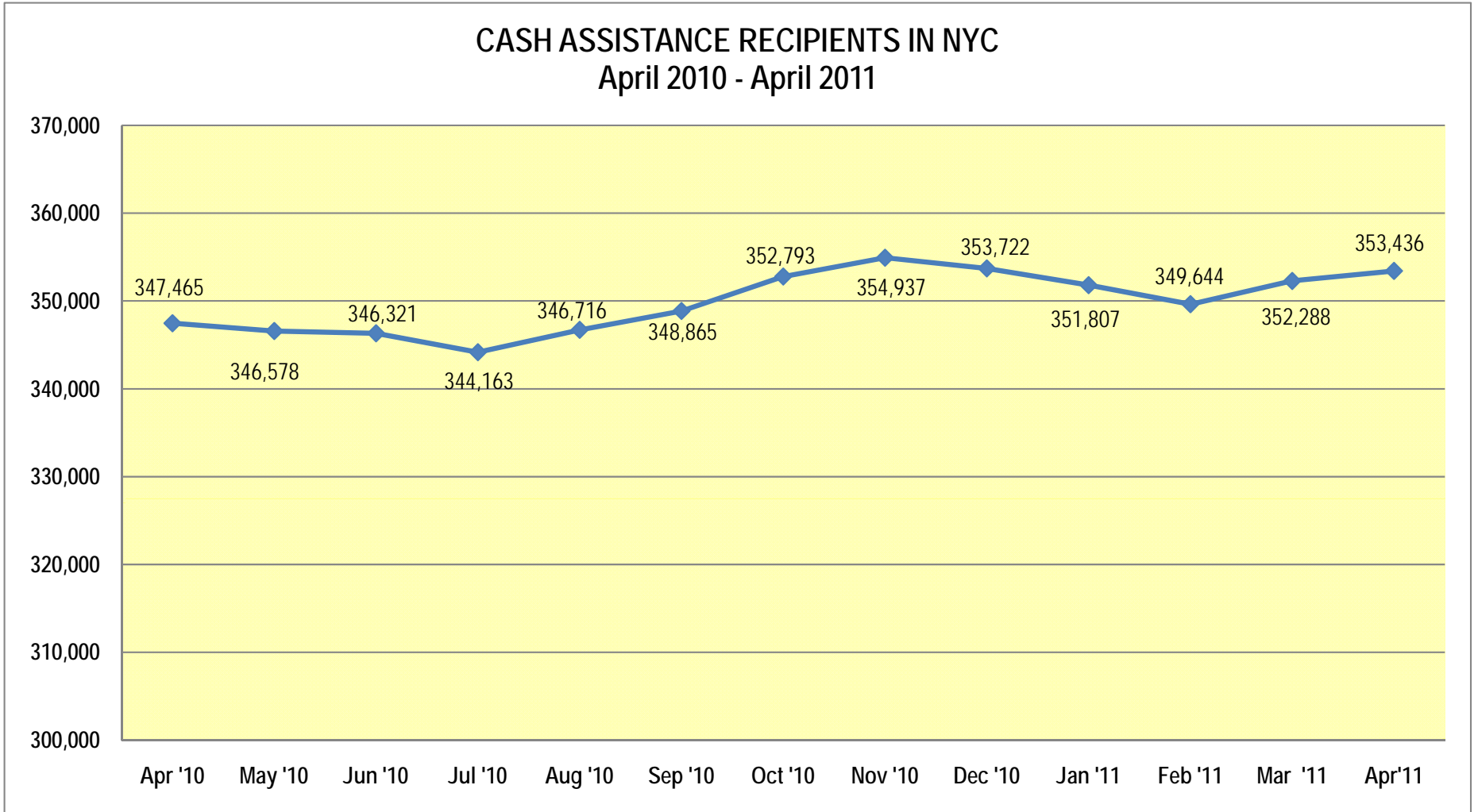
Both within supportive housing and throughout HASA we will be taking that extra step to do an even better job of making sure that all housing placement options have been fully explored. We have done a very good job, especially within our SRO program's specialized housing unit and believe we can expand the concept to the rest of the program. This will include a myriad of approaches from reaching out to present and new community supports and landlords, additional staff training and support from management, and harnessing the expertise across our agency. Within supportive housing, there are clients whose health situation has thankfully stabilized such that they are gainfully employed and they may be able to transition to less restrictive and service intensive housing. With the right set of supports, we believe a portion of these working recipients would be interested in exploring other options that we can then help put into place. Similarly, less expensive, alternative housing options can be identified for a portion of clients requesting rental subsidies if more attention and effort is focused on this process.

Another part of the offset will eliminate funding for discretionary contracts to both the Gay Men's Health Crisis (GMHC) and Momentum. The GMHC contract provides assistance with the SSI applications and appeals process for which similar support is also provided by HRA Disability

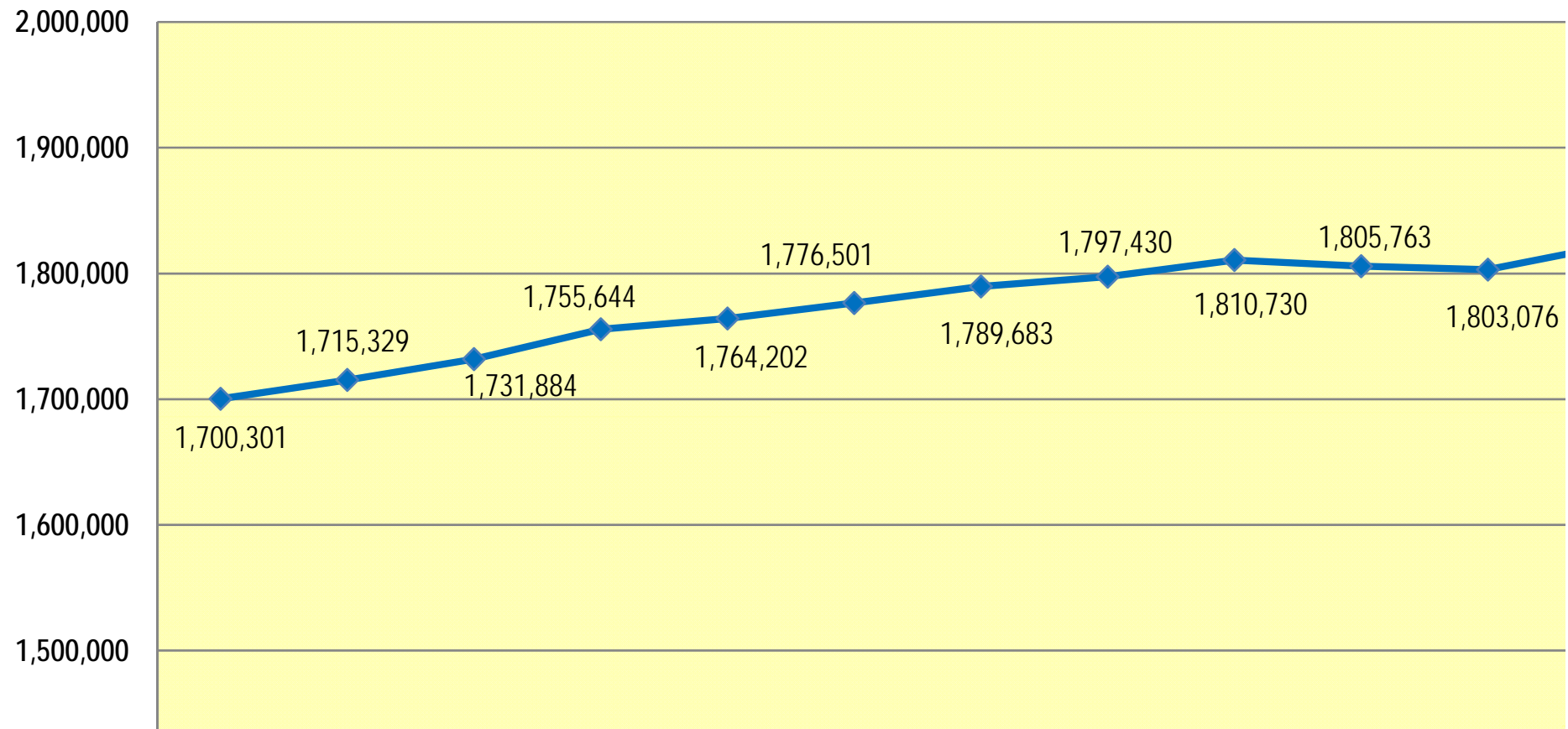
Services Program staff at all HASA centers since 2004. The contract also provides HASA clients with representative payees to assist with their finances and paying bills, a function that HASA is prepared to take on in-house. The Momentum contract was for nutrition assistance and support for a food pantry for both HASA clients and the broader community. However, in the current fiscal environment, we can not continue to fund contracts that are somewhat duplicative of functions provided by agency staff or that are not a core function of the Agency.

I am sure the Council has questions, so at this time I will conclude my testimony.

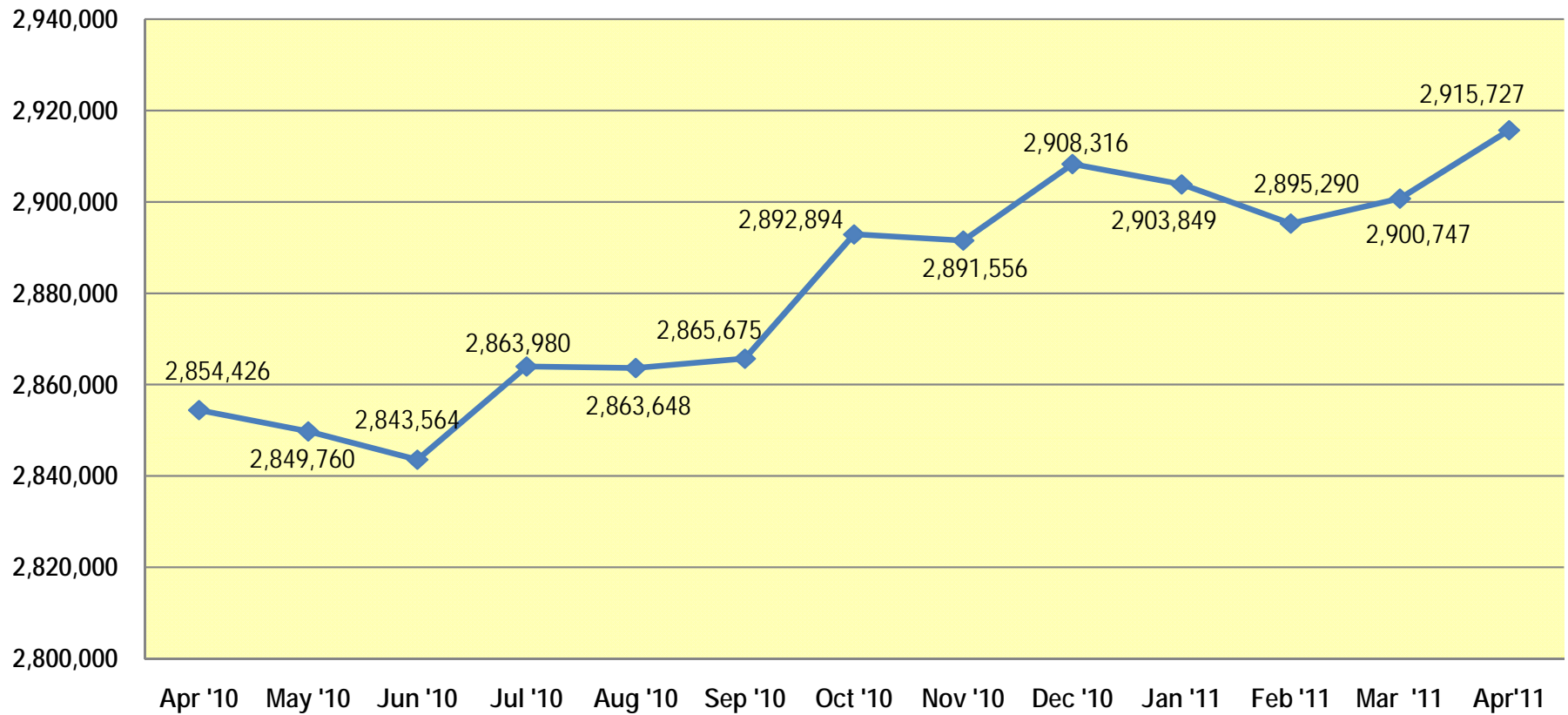
CASH ASSISTANCE, SNAP AND MEDICAID CASELOAD CHARTS:



SNAP RECIPIENTS IN NYC April 2010 - April 2011



MEDICIAD ENROLLES IN NYC April 2010 - April 2011



CHILD SUPPORT ENFORCEMENT COLLECTIONS:

