

Testimony of Commissioner Molly Wasow Park
Commissioner, NYC Department of Social Services

Before the New York City Council Committees on Oversight & Investigations, General
Welfare, Finance, and Contracts
Oversight Hearing: Examining the Mayoral Administration's Oversight of City-Funded
Homeless Shelter Providers

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Good morning, I want to thank the City Council's committees on Oversight & Investigations, General Welfare, Finance, and Contracts, Chairs Brewer, Ayala, Brannan, and Won, for organizing today's hearing on administration oversight of city-funded homeless shelter providers. My name is Molly Wasow Park and I serve as the Commissioner of the Department of Social Services (DSS), which is made up of the Human Resources Administration (HRA) and the Department of Homeless Services (DHS). I am joined today by Bedros Leon Boodanian, Chief Accountability Officer at the Department of Social Services, and Charles Diamond, Special Counsel at the Mayor's Office of Contract Services.

The New York City Department of Social Services is the nation's largest social services agency and DHS is the nation's largest and most comprehensive municipal shelter system. DHS serves individuals and families experiencing homelessness, and through our shelters and programs we support people through a traumatic and challenging moment in their lives. Working to prevent homelessness and provide shelter to adults and families, we partner with providers to deliver housing, support, and help in the transition towards safe permanent housing.

The Mayor's Office of Contract Services (MOCS) is dedicated to optimizing existing operations and transforming processes to make it easier to do business with the City. MOCS' mission is to lead procurement transformation by leveraging expertise, innovation, and a results-oriented mindset. DSS works with MOCS to strengthen transparency and accountability in the procurement process.

I appreciate the opportunity to review our oversight of city-funded homeless shelter providers with you today.

The overwhelming majority of DHS shelters are operated by a network of experienced temporary housing providers under contract with the agency. Each of these contracted providers has been selected and vetted through our Open-Ended RFP process that factors in capacity, experience, and site location, among other things. During the course of the provider contract, DSS Agency Chief Contracting Officer (ACCO) and Accountability Office (AO), along with DHS Shelter Operations

regularly engage with the shelter provider to ensure compliance with contract terms, and quality of services.

Serving those experiencing homelessness is incredibly important human services work and the overwhelming majority of non-profit partners and community organizations – made up of countless social workers, housing specialists, lawyers, clinicians, public servants, and many more –are engaged in this work for the right reasons. We want to lift our fellow New Yorkers up, deliver assistance through a vulnerable moment, and help our neighbors.

At DSS, we recognize the importance of accountability. In most instances, providers are trying to do the right thing and we understand that compliance is complex. Our goal and our approach to compliance is to support providers and, where necessary, help serve as a constructive partner in getting them to a place where they can succeed through remediation. Our structure of proactive contract monitoring focuses on three key compliance tenets: evaluate, monitor, and remediate.

DSS uses and has expanded the scope of evaluation strategies to include audits, risk assessments, performance reporting, research, and investigations. DSS is expanding the evaluation strategy to include real-time secondary invoice review for high-risk categories. This expanded evaluation strategy includes review by executive staff and contract managers, including the Vendor Management Committee.

On monitoring, DSS recently created a Corrective Action Planning Office (CAPO), designed to monitor and evaluate corrective actions stemming from internal and external audits, investigations, and reviews. This includes tracking compliance for DHS vendors that have been placed on Corrective Action Plans (CAPS). CAPO tracks issues, ensuring completion and compliance and notes repeat issues across providers or programs.

DSS utilizes policies and procedures, direct memos to providers, and training as remediation strategies. In 2025, compliance related issues will be incorporated into provider trainings. Recent trainings include the comprehensive MOCS Standard Invoice Review Policy training for all contract managers. Recent policies and guidance include the citywide anti-nepotism policy, timekeeping requirements, allocation methodology and more. Also in 2025, the agency will be creating a new unit of field staff to assist high-risk providers on various compliance related matters.

The Department of Investigation commenced its investigation of the DHS provider contract process in 2021. During the multi-year investigation, DSS/DHS made every effort to work with DOI to ensure the investigation factored in the most accurate and current information. In fact, DSS/DHS served as a partner in presenting the processes we undertake to scrutinize vendors, flag problems, and follow-up where standards are not being met. In October 2024 DOI published its *Shelter Provider Report*. While the report highlights much of the multi-year engagement between our agencies, I believe the report did not wholly convey the operational and regulatory context DSS operates within, delineate changes over time so as to reflect current DSS/DHS operations, or present the proactive role DSS plays in detecting, investigating, and holding vendors to account.

With respect to the operational and regulatory context within which DSS operates, I will share that the larger landscape of oversight and regulation feeds into DOI observations in ways that are not taken into account in the report. For instance, in discussing nonprofit executive salaries two points are particularly salient. First, DSS does not directly pay not-for-profit executive salaries. Agency leadership is considered an overhead cost that is paid out of the provider's indirect rate. That indirect cost reimbursement goes towards central staff cost as well as other costs like office space and supplies. Second, some providers may have operations that extend well beyond the contracts they hold with DSS, which means the agency cannot issue unilateral directives on executive compensation.

The DOI report also failed to take account of New York State's shared role in oversight and enforcement. New York State has broad oversight authority over nonprofits and State-level actors can play a constructive role in ensuring nonprofits meet their legal obligations exercising State authority to enjoin, void, or rescind a related party transaction.

With respect to current DSS operations, DSS had already taken steps to address problematic providers the DOI report identifies. Well before the report was released – or in some instances before the investigation was started - DHS had completely ceased doing business with some providers (e.g. CORE, CCS, SoBro), and has placed other providers on closely monitored corrective action plans (e.g. Bronx Parent, Acacia). DSS places vendors on Corrective Action Plans (CAPS) when the vendor is experiencing serious challenges, which could be related to organizational structure, fiscal compliance, or other compliance issues. These CAPs are specifically drafted to address each vendor's unique issues. Vendors are required to immediately address the problems that led to the CAP and must submit quarterly reporting demonstrating CAP compliance for up to five years. DSS closely monitors CAP quarterly submissions and communicates with the vendor to remedy any failures of CAP compliance.

With respect to the proactive role DSS plays in detecting, investigating, and holding vendors to account, the DOI report does not acknowledge the manifold ways that DSS has been integral to this process. DSS may flag potential fiscal mismanagement or malfeasance, initiate investigations, or demand forensic audits, all of which comprise essential elements of bringing problems to light and holding providers who fail to meet their legal obligations accountable. DSS has been a proactive participant in enforcing compliance, up to and including making referrals to DOI for further investigation.

Beyond identifying bad actors, DSS works to foster and build the City's capacity to engage with vendors who uphold the rules. DSS is an active part of the Vendor Compliance Cabinet – sharing best practices, developing risk metrics, and constructively partnering to advance Citywide policies to advance contract monitoring and oversight Citywide. We understand that working across our City, with fellow public procurement and contracting professionals, we contribute to building more robust ecosystem of reliable vendors.

Turning our attention to the legislation being heard today, Introduction 979 would require annual reports for five years as to shelter food consumption. The proposed study would include assessing the quality of food for each shelter, calculating the percent of food consumed relative to the amount of food served at each shelter and at shelters in the aggregate, providing recommendations for more cost-effective food provision, and providing recommendations on improving the quality of food at shelters.

We share the Council's goal of ensuring clients are served nutritious, healthy food that meets New York City Food Standards, but do not feel the proposed legislation as drafted would be a productive use of City resources to assist in meeting our shared goal. We would like to engage in a more in-depth discussion on the work underway at DSS to upgrade our monitoring of food quality and how this legislation can potentially complement those efforts. Operationally, we want to ensure we can deliver reliable data; the parameters the legislation sets out around calculating food consumed by shelter site would be particularly challenging to operationalize. There are also important technical modifications that we would highlight, in addition to making sure the metrics can be operationalized by providers, we would seek to include appropriate provisions for New York State laws on privacy and avoiding identifying locations of residential programs for victims of domestic violence.

I will conclude by saying that DSS aims for providers to comply with all their contractual, legal, and regulatory obligations and, more broadly, to nurture a culture of ethics and accountability. At DSS, we understand the need for our partners to deliver for our clients.

Thank you for the opportunity to testify today. We are happy to take your questions.