

**Testimony of Steven Banks, Commissioner  
Department of Social Services**

**Before the New York City Council Finance and General Welfare Committees  
The DSS Fiscal Year 2019 Executive Budget**

**May 15, 2018**

Good morning. I would like to thank the City Council's Finance and General Welfare Committees as well as Chairs Danny Dromm and Stephen Levin for giving us this opportunity to testify today about the Department of Social Services' Fiscal Year 2019 Executive Budget and highlight for these Committees the ongoing work across the Department of Social Services to implement comprehensive reforms to better serve low-income New Yorkers.

My name is Steven Banks and I am the Commissioner of the New York City Department of Social Services (DSS). In this capacity I oversee the Human Resources Administration (HRA) and the Department of Homeless Services (DHS). Joining me today are DSS First Deputy Commissioner Molly Murphy, HRA Administrator Grace Bonilla, DHS Administrator Joslyn Carter, DSS Chief Program Planning and Financial Management Officer Ellen Levine, and DSS Chief of Staff Scott French.

The 2019 Executive Plan is the product of decades of advocacy by many in this room to effectuate reforms to make HRA and DHS programs and services more accessible to and effective for New Yorkers in need.

The FY19 Plan reflects reforms and investments since FY14 that have enhanced our services and assistance, including the following initiatives:

- **Expanding free legal assistance for New Yorkers** in danger of eviction in Housing Court by increasing funding for legal services for tenants to \$93 million in FY19 – a more than fifteen-fold increase from the 2013 level of \$6 million. And over the last four years during this expansion, evictions by city marshals dropped by 27 percent and more than 70,000 New Yorkers were able to stay in their homes;
- **Implementing with the Council's support, over the next five years, universal access to counsel to provide legal services** for all New York City tenants facing eviction in Housing Court, which at full implementation with an annual investment of \$155 million will serve a projected 125,000 cases and benefit 400,000 New Yorkers each year;
- **Providing emergency one-time rent arrears assistance to 217,000 households through FY17**, helping rent-burdened New Yorkers at risk of eviction stay in their homes;

- **Creating and implementing rental assistance programs and restoring Section 8 and New York City Housing Authority priorities** which through March 2018 helped 87,300 children and adults move out of, or avert entry into shelter, through this commitment of permanent housing resources;
- **Expanding, with the leadership of now Speaker Johnson, access to housing benefits and support for New Yorkers with HIV through “HASA for All”;**
- **Launching the largest municipal commitment ever to build and expand supportive housing** by committing to develop 15,000 new units in 15 years;
- **Increasing access to public benefits and assistance** by ending a one-size-fits-all approach, implementing technology initiatives to streamline administrative processes, eliminating counter-productive case sanctions, reducing unnecessary fair hearings, ending WEP, and implementing new employment programs that emphasize education and training, including a college option;
- Adding 239 emergency beds and 54 transitional units to our domestic violence shelter system, with more on the way so that we can increase our capacity to help 13,300 children and adults a year, an approximately 50 percent increase over the prior level of 8,800 individuals served annually – **the first increase in domestic violence shelter capacity since 2010;**
- **Increasing baseline funding for legal assistance for immigrants** from \$7 million in FY13 to \$29.7 million in FY18, which enabled immigrant New Yorkers to receive legal aid in approximately 15,000 cases in FY17, as a result of the four-fold increase in the City’s overall commitment to immigration legal assistance programs since FY13; and
- **Implementing and managing the IDNYC program, the largest municipal identification card program in the country, through which more than 1.2 million identification cards have been issued.**

In March, at the Preliminary Budget hearing, I came before the General Welfare Committee to discuss significant reforms implemented over the prior four years in addition to these highlights. The FY19 Executive Budget Plan for the Department of Social Services, including both HRA and DHS, again includes continued investments in social services and homeless services programs that have been missing in the budgets of years past.

At the outset of this Administration, we focused our efforts on implementing major reforms to enable HRA to address poverty and income inequality more effectively than the agency had been doing in the prior two decades. We also made fundamental changes to the ways in which benefits are accessible to clients.

We accepted the premise, and addressed the reality, that New Yorkers who are struggling to pay rent and put food on the table, who are on the brink of homelessness, or who urgently need healthcare and housing benefits should have access to assistance that is not mired in bureaucratic red tape.

## **HRA Investments reflected in the FY19 Plan**

We ended WEP, the unpaid Work Experience Program (WEP), which required clients to work for no compensation in jobs that provided little to no job training or valuable work experience. Instead, today we administer programs with more effective work activity initiatives, including additional Job Training Program (JTP) slots added in the Department of Sanitation and the Department of Citywide Administrative Services as well as enhancing the subsidized employment program, known as SET (Shelter Exit Transition), for homeless clients. We developed a new set of employment contracts that began in April 2017 to better assess and prepare clients for long-term employment opportunities. And we supported a change in the State Social Services Law to permit clients to obtain college degrees that can help them proceed on a career pathway and off the public assistance caseload with greater earning power. The FY19 budget for employment services and related programs is \$269 million, including contracts, subsidized employment, education and training, the Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCare) program, case management, and transportation costs.

We have embraced a harm reduction approach to programs, so that individuals with substance use disorders are supported and connected to services, not subjected to punitive actions for their substance use, which can distance clients even further from the supports and services they need. We also funded the requirements of new Local Laws such as Naloxone training and distribution for staff and residents across both the HRA HASA system and the DHS system.

We successfully advocated for another change in the State Social Services Law so that HRA no longer has to impose employment-related durational public benefits sanctions. In practice this means clients do not lose essential benefits critical to putting food on the table and remaining stably housed. Additionally, clients are not churning on and off the caseload so administrative costs, as well as staff resources, are no longer being diverted to unnecessary State fair hearings – the number of State fair hearings has declined by nearly 40 percent and the City is no longer subject to a potential \$10 million State penalty for unnecessary hearings.

We have continued to build out and improve the ACCESS HRA portal so that our clients are able to have immediate access to their case and benefits payment information, obtain budget letters online, confirm their rent payments to their landlord, and conduct a broad range of transactions with the agency on their smartphone or on a computer without having to come into our offices, and do business with us in a way that is most convenient for clients so that we can work for them.

As of February 2018, there were more than 1 million ACCESS HRA online accounts for SNAP/food stamps households, and more than 2.5 million documents have been submitted online through our ACCESS HRA mobile app. Nearly 80% of SNAP applications are submitted on-line, the majority from outside an HRA location. This means that people no longer have to miss work to come into an office or wait in line to see a worker to get access to these important benefits.

Our system improvements didn't stop there – for SNAP recertification eligibility interviews and for most application interviews you no longer have to sit around waiting for us to call you. Now you can call, at your convenience, our on-demand call center to conduct your eligibility recertification interview. But if

you prefer in-person interactions with our staff, you can choose to come into a center and wait for an in-person interview. The same on-demand system is now being rolled out for applications and will be fully implemented in FY19.

In October 2015, before the implementation of the on-demand call center, only 52 percent of the completed SNAP recertification interviews were conducted via telephone. We now have 76 percent of the interviews held by phone – a 46 percent increase.

The Executive Capital Plan includes funding for further development of the ACCESS HRA portal to optimize mobile responsiveness and to allow clients to make case changes and to request special grants and rent subsidy renewals on-line. This investment will also allow for a centralized work tracking system that will automate workload distribution to improve client services and make our provision of assistance more effective and efficient.

To ensure access to benefits and services for clients with disabilities, we settled a 2005 lawsuit, *Lovely H.*, and are now utilizing new tools to assess whether clients need reasonable accommodations as the result of physical and/or mental health limitations or other impairments. HRA then provides the appropriate accommodations, including referrals to HRA's Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) program as well as other services designed to assess and meet the needs of clients with disabilities. These services are budgeted at \$97 million annually and are included in the employment related budget that I mentioned earlier.

So far in FY18, as compared to same period of FY17, we've seen increases in key service areas: a three percent increase in federal disability awards for clients and a 21 percent increase in the number of clients with disabilities placed in employment.

Do all of these reforms and changes mean that our clients may not experience problems at our centers? Of course not. Even with these major reforms, we recognize that there is always room for improvement.

We've worked hard to ensure that our staff has the necessary and appropriate tools and training to interact with clients in ways that support the mission of HRA and DHS – for our clients to be supported as they move forward with healthy and safe, independent and fulfilling lives.

#### **DHS Investments reflected in the FY19 Plan**

With respect to DHS, in April 2016 following the 90-day review of homeless services, and in March 2017, following the release of the *Mayor's Turning the Tide* plan, I announced significant managerial and policy changes to reform how the City approaches homelessness. In the FY19 Executive Plan, the addition of \$207 million (\$186 million City) in FY18 and \$256 million (\$159 million City) in FY19 and the outyears in shelter re-estimate funding along with baseline funding added in the Preliminary budget reflects the composition of our caseload and the tenets of *Turning the Tide*, in that it supports getting out of clusters, opening more expensive new high quality shelters, and using hotels as an interim measure.

At the core of these reforms we are maximizing a client-centered and cost-effective prevention-first focus to avert homelessness whenever possible and to transform the City's approach to the provision of shelter and homeless services.

I spent my entire legal career working to ensure that government fulfilled its obligation to low-income New Yorkers. In this testimony and in response to your questions, we will discuss crucial investments and reforms in the FY19 Plan that achieve this objective. Our investments are beginning to take hold and are showing signs of progress – for the first time in a decade, the DHS shelter census has not continued to grow. But we know that the transformation of these programs and services will not occur overnight and that we continue to have much more work to do to address the problems that built up over many years.

What drives our clients to seek our services is their need for support to lead independent lives. We want to provide the helping hand our clients need and we are making the investments necessary to do so effectively. In order to implement these reforms over the past four years, we repurposed approximately 550 central administrative positions to front-line client-facing positions to improve services for our clients. This generated \$13 million in City tax levy savings each year to re-invest in many of the client services reforms that I have described today. Overall, the FY19 Executive Plan reflects cumulative City savings of \$369 million that we have achieved in DSS, HRA, and DHS from FY14 through FY18. And the FY19 Plan incorporates over \$200 million in additional City savings: \$38 million in recurring annual savings are related to the DSS integration, \$45 million are related to the Client Benefits Re-engineering project, \$40 million are due to revenue maximization initiatives and the remainder are the result of programmatic and administrative efficiencies and re-estimates, including insourcing, overtime savings, and Citywide initiatives such as procurement reform.

Our reforms are aimed at addressing head on the stigma our clients face, which is based in the idea that poverty and homelessness are often attributed to individual decision-making and individual circumstances, rather than underlying systemic and structural inequality.

For the three million clients we serve annually, that structural inequality is very real; our clients are living in a city where between 2000 and 2014, the median New York City rent increased by 18.3 percent in real dollars and household income increased by only 4.8 percent in real dollars. And while the most recent Housing and Vacancy Survey showed some sign of change in estimating that household incomes among renters rose by 10.9 percent in real terms while rents increased 6.2 percent in 2017, we continue to combat the long-term trend.

Roughly three out of every ten of New York City's renters are severely rent-burdened, and many of these individuals and families are also those who cycle in and out of poverty. As a result of these structural economic factors, 70 percent of today's DHS shelter census now consists of families. More than a third of the families with children in DHS shelters have a working adult. At the same time, 30 percent of the families with children in the DHS shelter system report having a history of domestic violence.

## **Defending the Safety Net**

Deeply held myths concerning low-income families and individuals have driven detrimental federal policy decisions resulting in attacks on and efforts to dismantle the federal social safety net and critical entitlement programs such as cash assistance, SNAP (formerly known as food stamps), Medicaid and Medicare, and disability and retirement benefits.

This Administration's investments in reforms for our clients are continuing despite uncertainty in Washington, including proposed federal cuts to:

**SNAP (food stamps):** In New York City, approximately 1.64 million individuals receive SNAP benefits, including approximately 568,000 children and 333,000 New Yorkers who are 65 and older; 82.5 percent of the 495,000 SNAP-only (not receiving Cash Assistance or Supplemental Security Income) households have income, 38.2 percent have earned income, and 53.1 percent have unearned income (including disability benefits, social security, and unemployment insurance).

The 2018 House Farm Bill and the Trump budget put forth some of the most radical and damning SNAP proposals in recent memory, including cutting off benefits for as many as 80,000 clients who are unable to find work. Under the proposed elimination of Broad Based Categorical Eligibility (BBCE) in the Farm Bill, we estimate preliminarily that some 100,000 cases between 130% and 200% of poverty on the non-cash assistance, non-SSI SNAP caseload could lose their SNAP/food stamps benefits. Without BBCE, a family may no longer be eligible for SNAP benefits if they had a small increase in their income or assets.

While striking at the heart of this critical anti-hunger program, the SNAP proposals would also place an enormous administrative burden on our agency. An administrative cap proposal included in the Trump budget puts at risk some portion of the approximately \$150 million of federal administrative reimbursement that the City receives. And at the same time, new administrative burdens imposed by proposals such as the elimination of BBCE will require substantial administrative resources to reevaluate approximately 390,000 SNAP cases.

And every lost dollar of SNAP/food stamps in New York City results in lost economic activity to the city. Prior to any of the proposed federal cuts, New Yorkers spend roughly \$3 billion in SNAP/food stamps each year, which results in \$5.1 billion in economic activity based on the Center on Budget and Policy Priorities' (CBPP) evaluation of the impact of SNAP spending on local economies.

**Temporary Assistance for Needy Families (TANF):** The proposed changes to the TANF block grant include instituting a 10% annual cut (\$240 million for New York State), eliminating the contingency fund, and changing work requirements. This would cause the State to lose funding, which would impact New York City as the largest local social services district in the State.

As of March 2018, 214,000 New York City residents, including children, received federal TANF-related cash assistance.

Nearly 23 percent of TANF and TANF-related parents (those in the "maintenance of effort" program for families who have received five years of assistance) are working but do not earn enough to leave our caseload – that's approximately 19,000 families on our caseload. Further, TANF and TANF-maintenance

of effort funding supports shelter rate payments for approximately 77 percent of families in DHS shelter, and TANF supports part of the NYS child care block grant as well as HRA employment and Domestic Violence programs. The proposed changes to TANF could have significant consequences on the budgets for each of these programs and the New York City residents who rely on them.

**Medicaid:** The proposed elimination or capping of the Affordable Care Act expansion and market place subsidies as well as ending the program as an entitlement and subsequent conversion to a block grant with a per capita cap would negatively impact some 3.5 million New Yorkers in our city.

**Housing Opportunities for people with AIDS (HOPWA):** Federal cuts are also proposed for these grants which fund supportive housing services provided by HRA and the Department of Health and Mental Hygiene, including over 1,900 HASA supportive scatter site and congregate units and community-based programs in DOHMH.

**The Low Income Home Energy Assistance (LiHEAP):** This federal block grant for utility bills, heating system repairs, and cooling costs would be eliminated, impacting approximately 700,000 households we currently help each year.

While we will continue to work with our Congressional delegation to oppose these devastating proposals that would harm our clients, this is the federal context in which we are moving forward to provide services to low-income New Yorkers in FY19.

### **Addressing Homelessness**

One year ago, we announced our *Turning the Tide* plan to transform the City's approach to providing shelter during the past four decades. Our plan puts people and communities first and accomplishes this goal by ending decades-old stop-gap measures like the 18-year use of ineffective cluster shelter sites and renting commercial hotel rooms that dates back to the 1960s. Instead, through our plan, we will open a smaller number of new borough-based shelters to help families and individuals stay connected to the anchors of life – such as schools, jobs, health care, families and houses of worship – as they get back on their feet.

With significant investments, over the past year, we have been implementing our transformation plan – while at the same time making sure in the short-term that we provide shelter each night to the families and individuals who turn to us for help as required by the right to shelter guaranteed in New York City.

DHS's transformative plan is built on four core pillars: preventing homelessness in the first place whenever we can; bringing people in from the streets 24/7; rehousing people who become homeless; and transforming the haphazard approach to providing shelter and services that has built up over the past four decades.

As we have testified previously, the average monthly census for DHS shelters increased 115 percent from 1994 into 2014 – rising from 23,868 men, women, and children in January 1994, to 31,009 in January 2002, and 51,470 in January 2014. Without the initiatives that we have been implementing, we projected that the current DHS census would be in excess of 71,000 instead of at the 60,000 level where

it is today. In fact, a recent Furman Center study found that the year-over-year shelter census growth from calendar year 2015 to calendar year 2016 was the lowest increase since 2011, the year the Advantage rental assistance program ended, leading to a 38-percent increase in homelessness.

And the DHS shelter census for 2017 remained roughly flat compared to 2016 – this is the first time in more than a decade that the DHS census has remained level. And during the first four months of Fiscal Year 2018 compared with the same period in the prior year, the number of families with children entering the DHS shelter system declined by 15.1 percent and adult family entrants declined by 10.8 percent.

While our efforts and investments are beginning to work, we know we have more work to do. The FY19 Plan reflects continuing investments in these four key areas.

### ***Pillar One: Prevention First***

Our first priority is stopping homelessness in the first place – an expanded Homebase network providing neighborhood-based prevention services in all five boroughs aims to achieve this by providing increased access to rent arrears grants to keep people in their homes, and universal access to counsel in Housing Court to prevent evictions.

The Homebase program remains at the core of New York City’s homeless prevention efforts. At Homebase sites, New Yorkers are assessed to determine prevention and diversion tools for which they are eligible, including: onsite processing and triage for public assistance and rental assistance, landlord and family mediation, educational advancement, employment, and financial literacy services. We now operate 23 locations through 16 providers, and we will be expanding to 25 locations by the end of FY18. Since 2014 we have nearly tripled the program’s funding because we recognize it is critical to keep New Yorkers in their homes. In FY18, we increased funding to include community-based aftercare and other services, for a total annual budget of \$59 million.

Between FY16 and FY17, enrollments at Homebase increased by 1.2 percent for Families with Children, 28.7 percent for Adult Families, and 30.4 percent for Single Adults.

We have also provided emergency one-time rent arrears assistance to 217,000 households from FY14 through FY17. The FY17 expenditures for this assistance program were \$210 million.

Working with the Council, we have also exponentially increased access to counsel in Housing Court and these services are leveling the playing field for tenants. We increased funding for legal assistance for tenants facing eviction and harassment from \$6 million in 2013 to over \$77 million in FY18 – a more than twelve-fold increase – and \$93 million has been allocated for FY19 for a more than fifteen-fold increase since 2013. When the universal access to counsel law is implemented fully in five years, the annual funding will be \$155 million to handle a projected 125,000 cases that will benefit 400,000 New Yorkers each year. Since 2014, HRA’s tenant legal services programs have provided more than 180,000 New Yorkers with legal services.



As noted earlier, the results from these investments are promising – residential evictions by marshals declined 27 percent since 2013 and in 2017 alone evictions decreased five percent. Over the last four years, an estimated 70,000 people have remained in their homes as a result of the reduction in these evictions.

### ***Pillar Two: Addressing Street Homelessness – Bringing People Inside***

#### **HOME-STAT**

Our investments and program reforms to the City’s comprehensive HOME-STAT (Homeless Outreach & Mobile Engagement Street Action Teams) program to address street homelessness have helped 1,480 people come in from the streets into transitional programs or permanent housing. And today these 1,480 individuals remain off the streets.

HOME-STAT is the nation’s most comprehensive outreach program, which includes 24/7/365 citywide outreach efforts, through which hundreds of highly-trained not-for-profit outreach staff, including licensed social workers, proactively canvass the streets to engage homeless New Yorkers.

Since 2015, through our new investments, we doubled and are now tripling to more than 1,700 the number of low-threshold safe haven beds to better serve our street homeless population. We also more than doubled the number of outreach staff canvassing the streets and working to engage New Yorkers who are experiencing street homelessness to nearly 400 outreach staff today.

Overall we have more than doubled the City’s investment in street homeless programs, increasing by more than \$53 million (119 percent) – from \$44.6 million in FY14 to an investment of \$97.7 million in FY19.

### ***Pillar Three: Rehousing***

The end of the Advantage rental assistance program in 2011 had devastating results and by 2014 the DHS shelter census increased by 38 percent, or by approximately 14,000 people.

To fill the gap left by the elimination of the City’s rental assistance program and other rehousing programs from 2011 to 2014, beginning in 2014 we created and implemented a variety of rental assistance programs and developed associated incentives for landlords. We also restored Section 8 and New York City Housing Authority priorities that had been eliminated prior to 2014.

As a result of our restoration of rental assistance and rehousing programs, over 87,300 children and adults have moved out of, or averted entry into, shelter through March 2018. In FY18 the budget for rental assistance is \$190.5 million, increasing to \$200.8 million in FY19. This reflects the fact that many of our clients who were moving out with CityFEPS are now eligible for State FHEPS (the Family Homelessness and Eviction Prevention Supplement), which is part of the public assistance budget.

We also made the single largest municipal commitment to Supportive Housing by announcing the development of 15,000 units over 15 years in NYC 15/15. And from 2014 to date, the Administration has

provided Supportive Housing to over 5,000 New Yorkers from shelter and additional New Yorkers in our street homeless programs through a combination of units that have come available through the prior NY/NY pipeline and other initiatives including the new NYC 15/15 initiative. We continue to ramp up the NYC 15/15 program, which improved prior NY/NY plans through 23 recommendations made in the Supportive Housing Task Force's December 2016 report. Through the 15/15 plan thus far, we have made 1,546 awards to providers, including 625 scattered and 921 congregate units, 460 of which are congregate units that have closed on financing and are included in the 3,059 units in the Department of Housing Preservation and Development (HPD) production pipeline. Through HPD's overall supportive housing production pipeline, between January 1, 2014 and December 31, 2017, HPD has funded an 2,599 supportive units in addition to the 460 NYC 15/15 units through the preservation of existing supportive projects, remaining NY/NY III commitments, and other federal and state projects.

And in order to try to accelerate move outs to supportive housing which the Speaker and Chair Levin have urged us to do, we have raised the maximum rent level for studios to the Fair Market Rent (FMR) level, thereby bringing the monthly rent payment to \$1,514 for scattered-site Supportive Housing rentals, and we are making the landlord incentives for our rental assistance program available for scattered-site Supportive Housing rentals. While HPD and HRA are on-track with respect to the 15-year Supportive Housing Plan targets, this increase in rents for studios and the related landlord incentives are aimed at enhancing our ability to find scattered-site apartments for clients, as congregate units are built and brought online over time.

#### ***Pillar Four: Transforming the Approach to Providing Shelter and Services***

In the *Turning the Tide* plan announced last February, we committed to get out of 360 cluster sites and commercial hotel locations and to shrink the DHS shelter footprint by 45 percent. To date, DHS has gotten out of 100 locations bringing our shelter footprint from the 647 buildings we reported in the *Turning the Tide* plan a year ago to our current use of 547 buildings – a 16 percent reduction in one year.

In order to shrink the footprint of the DHS shelter system by 45 percent and get out of a total of 360 cluster shelter sites and commercial hotels, we need to site approximately 18 shelters per year so that we can open 90 borough-based shelters instead. The borough-based approach will enable families and individuals to be sheltered as close as possible to the anchors of life – schools, jobs, healthcare, houses of worship, and family. In the first year of the plan, we sited 17 shelters, 11 of which are already up and running.

We are committed to a notification process that provides a minimum notice of 30 days to elected officials and community leaders before opening a new permanent shelter. For the shelters that we have sited and opened so far, we provided an average of 65 days of notice before the shelter opened.

When we announced the plan and during the first year of implementation, we have said in public and private forums, in meetings, in dialogue with communities and elected officials, and in the plan itself that we are committed to ongoing engagement and we invite interested communities to work with us on shelter sitings. Shortly before our preliminary budget hearing we sent a letter to all 59 community boards, as well as to local elected officials, reiterating our request for input in site selection by helping to

identify viable sites that not-for-profit providers can propose to us through our open-ended Request For Proposal procurement process.

During the first year of implementation, there are several excellent examples of community engagement that resulted in important shelter sitings and we expect to build on these community engagements as the plan proceeds.

**Getting Out of Clusters and Commercial Hotels:** As noted at the beginning of this testimony, we have ended operation of more than 1,500 cluster units, which is nearly a 42 percent reduction in the 18-year cluster apartment shelter program that had 3,658 active cluster site units in January 2016 when the closure plan was first announced. When we complete the closure of an additional 171 units across 55 locations this June as well as the transition of another 800 cluster units into permanent affordable housing, we will have reduced citywide use of clusters by 60 percent. As we announced when we released the plan last year, we have prioritized ending the cluster program, and we are on pace to end this Giuliani Administration program by our 2021 deadline.

We are also committed to the goal of eliminating the use of commercial hotel rooms that dates back to the 1960s. However, the hard truth is that the transformation of the shelter system will take time. We have been transparent in saying that it will take five to seven years for our plan to be fully implemented, as the new borough-based shelters are developed and opened and the use of clusters and commercial hotels is fully phased out.

Until those borough-based shelters come online we will need to continue the use of commercial hotel locations to meet *immediate* nightly capacity needs.

During the commercial hotel phase-out period, we are improving that experience for homeless New Yorkers and getting a better deal for taxpayers when we have to rely on commercial hotels to address emergency capacity shortfalls. Actual spending will be based on the fluctuating emergency needs of the families and individuals who turn to us for help, including weather conditions, the different demographics of households, level of services and security required, and types of shelter settings available, among others. However, under our contracts, the average nightly rate for a hotel room has been \$174, and no room costs more than \$250 on any given night. But even under contract, rates may sometimes exceed what you and I might pay to rent a hotel room for a night or two—and that's due to our provision of accommodations for caseworkers, microwaves, refrigerators, bedding, and 24/7 security. We also require that our providers have on-site social services.

Transforming the decades-old approach to shelter and implementing our plan is better for homeless New Yorkers and it's better for taxpayers: and it could save the City a total of \$100 million per year when we are able to utilize only shelters and end the practice of using both clusters and commercial hotels.

**Addressing Underinvestment in Maintenance, Security, and Services:** We continue to make progress in addressing the cumulative impact of years of underinvestment in shelter maintenance, security, and client services.

As we have reported previously, the Mayor’s Interagency Shelter Repair Squad Task Force conducted more than 34,000 shelter inspections in 2016 and 2017, reducing violations that went unaddressed for many years by 84 percent. And today many of the remaining repairs involve capital projects, which we are funding.

The NYPD now oversees and manages shelter security and this has been a game changer. We implemented 200 hours of enhanced training developed by the NYPD for all new and in-service DHS Peace Officers, and created a new DHS Peace Officers tactical training facility at the Bedford Atlantic Men’s Assessment Shelter. We doubled previous investments in DHS shelter security, with a total annual security budget of \$240 million. We have enhanced access control procedures to keep contraband like weapons and drugs out of shelter – and we recently announced that in addition to DHS Critical incident reporting, which is social service reporting, we will provide verified NYPD arrest data as a supplement to that reporting.

Finally, we dedicated an unprecedented amount of funding to reform the rates not-for-profit social service providers receive to ensure our not-for-profit partners are appropriately funded to deliver the services our homeless clients rely on as they get back on their feet; to deploy social workers in family shelters as part of the First Lady’s NYC Thrive initiative; and to increase funding for providers for shelter maintenance and repairs. This \$236 million investment in our not-for-profit sector will result in better facilities and services for our clients, and is in addition to the \$163 million we spend annually for health and mental health services.

#### **DHS FY19 Executive Plan Funding**

The FY19 Executive Plan adds \$207 million (\$186 million City) in FY18 and \$256 million (\$159 million City) in FY19 and the outyears in shelter re-estimate funding.

As the Mayor and the Office of Management and Budget Director Melanie Hartzog have stated, we expect this to be the last significant adjustment to the shelter budget this year as the *Turning the Tide* plan continues to take effect. This additional cost is related to two primary factors: more single adults relative to families with children in the DHS census, the use of commercial hotels to shelter them, and the new borough-based shelters. As part of the *Turning the Tide* plan, we announced that we would be closing low-quality cluster units and opening 90 new high-quality, borough-based shelters. Because they provide necessary services, maintenance, and security, the new borough-based shelters are more expensive to operate than the Giuliani Administration’s cluster program – although the new shelters are more cost-effective than commercial hotels. As described earlier, we have made significant progress on the plan, and we have reduced the number of cluster units by almost half and announced the first 17 borough-based shelters. In FY19, we will continue to eliminate clusters, bring on new shelters as part of *Turning the Tide*, and begin to mitigate hotel usage, leading to the lower out-year cost that is reflected in the re-estimate.

Other new needs include \$25 million in FY18 for one-time DHS IT systems funding for continued work on vital projects to enhance services and operations. There is also an addition of \$17 million in total and City funds in FY18 for street solutions to fund additional drop-in centers and safe haven beds for street

homeless individuals. Street solutions will be part of the re-estimate in FY19 and the out-years as we continue to evaluate our needs with the implementation of *Turning the Tide*.

The last few slides in our PowerPoint present a number of additional reforms we implemented over the last year, some of which we have discussed at prior hearings. We have accomplished a great deal over the past year, and we will continue with our reform initiatives during the coming year because we know that much more needs to be done.

Thank you again for this opportunity to testify and I welcome your questions.