



**Testimony of Molly Wasow Park, Commissioner
New York City Department of Social Services**

**Before the New York City Council, Committee on General Welfare
Department of Social Services Fiscal Year 2025 Preliminary Budget Hearing
March 11, 2024**

Good morning. I want to thank Deputy Speaker Ayala, Chair Brannan and the members of the General Welfare and Finance Committees for holding today's hearing and for the opportunity to testify about the Department of Social Services' (DSS) Fiscal Year (FY) 2025 Preliminary Budget.

(Slide 1) My name is Molly Wasow Park, Commissioner of the New York City Department of Social Services. DSS is made up of both the Human Resources Administration (HRA) and the Department of Homeless Services (DHS), so accordingly I am also joined by my colleagues, DHS Administrator Joslyn Carter, and HRA Administrator Scott French, as well as DSS First Deputy Commissioner Jill Berry, and DSS Chief Program, Performance, and Financial Management Officer, Ellen Levine. Collectively we represent the approximately 14,000 hardworking staff who dedicate their lives to supporting New Yorkers living at or below the poverty line.

(Slide 2) Today we will provide an overview of the FY 25 budgets for both agencies, and highlight the programs and services supported by those resources.

(Slide 3) Under the leadership of Mayor Adams, the DSS-HRA-DHS consolidated management structure aims to provide a seamless and integrated continuum of client services to approximately 3 million New Yorkers. Our efforts to create a path to sustainability for low-income New Yorkers are rooted in the following three pillars: 1) Streamlining Access to Social Services; 2) Addressing Homelessness and Housing Instability; and 3) Creating Economic Stability. We will refer back to these three pillars throughout our presentation.

(Slide 4) First, we will provide an overview of the projected DSS/HRA budget for FY25.

(Slide 5) DSS/HRA is dedicated to fighting poverty and income inequality, providing essential benefits including cash assistance, nutrition and food programs, public health insurance, employment and transportation services, as well as access to housing, homelessness prevention and emergency assistance. DSS/HRA helps more than three million New Yorkers annually through the administration of more than 15 major public benefit programs, with a budgeted headcount of 12,000. The FY25 budget for DSS/HRA is \$10.8 billion, including \$8.4 billion in City funds. The majority (over 80%) of the HRA City tax levy budget is earmarked for benefits that the City administers on behalf of New York State including: 1) Cash Assistance (CA) benefits for which benefit levels and eligibility rules are set by State law and regulation; and 2) Medicaid which includes homecare, managed care, mental health, substance use services, and hospital care is also administered by the State. The City pays a portion of Medicaid costs out of city tax levy representing 70% of the DSS/HRA city funded budget. DSS/HRA sends these funds directly to the State to be used along with other State and federal funds to pay medical providers and managed care plans. HRA also administers the Supplemental Nutrition Assistance Program (SNAP) for 1.7M clients. Approximately \$3.9B in SNAP benefits are federally funded (about \$3.9B a year) do not flow through our budget but they represent another critical benefit that HRA is mandated to provide. Also note that the DSS budget for administration covers shared services for both HRA and DHS.

(Slide 6) DSS/HRA has made great strides in bouncing back from the post pandemic mass resignation which has notably impacted processing of benefits for New Yorkers. Since 2023 DSS/HRA has onboarded close to 1000 new staff.

(Slide 7) Over 80% of city funds in DSS/HRA support Public Assistance and Medicaid and most of our programs have matching funds so finding savings is a challenge. In November 2023 and January 2024, DSS/HRA was able to find savings that avoided impacting our critical services. We achieved the majority of our savings by looking first to administrative efficiencies and opportunities to maximize revenues to save city funds. Since so little of our budget is discretionary, we sometimes have to make difficult choices and look at options that will allow us to continue meeting our mandates in the most efficient ways. The agency's early actions identifying savings helped to balance the budget and put us on better footing

going forward. As the Mayor said, if the City had not taken these early actions—it would not be able to forego the Exec PEG.

(Slide 8) Now we will provide an overview of the projected DHS budget for FY25.

(Slide 9) DHS is committed to providing safe temporary shelter, connecting New Yorkers experiencing homelessness to permanent housing, and addressing unsheltered homelessness. DHS has an FY25 budget of \$3.9B, of which \$1.9B is city tax levy and headcount of 1,905; and with its not-for-profit partners, is the largest municipal organization dedicated to addressing homelessness in the United States. (FY24 budget is \$3.8B; \$1.7B city). Over 95% of the DHS budget supports shelter for families and individuals and services for the unsheltered, including outreach and low-barrier beds. The DHS budget is broken out as follows in FY25: \$996M for family shelter; \$714M for adult shelter; \$278M for street outreach services; and \$1.8B for asylum seeker sanctuary sites and services.

(Slide 10) As of March 6th, the overall DHS census is 86,360 an increase of 41,000 since the beginning of 2022, before the surge in asylum seekers to NYC. Of that 86,000 approximately 63,000 (or over 70%) are families made up of children and their adult parents and caregivers; and children make up nearly 40% of all the people in shelter. Today, approximately 36% of the overall census is made up of asylum seekers – over 30,000 people. In January 2022, the census was around 45,000 – lower than in 2020 pre-pandemic. During the pandemic there was a decline in shelter entries – at the same time DHS continued to make permanent housing placements leading to a decline in the census. As asylum seekers came to NYC and began to enter shelter in large numbers, they drove the census increase over the past nearly two years – and asylum seekers account for 75% of the growth in the DHS census, comparing today to January of 2022.

(Slide 11) The non-asylum seeker census remains below pre-pandemic levels; the combination of the public health advisory, pandemic financial supports and ongoing DSS prevention strategies and permanent housing placements from shelter led to census declines during the pandemic before the migrant surge. The non-asylum census is about 7% below the pre-pandemic level and below the pre-pandemic peak of 61,400 reached in January of 2019. We noted at the beginning of this presentation that the DHS budget is \$3.9B next year, nearly 75% increase over the FY22 budget before the asylum seekers began entering shelter in large numbers. The current agreement with the state for reimbursement on asylum funding is 71% CTL and 29% State funds. Last state fiscal year the state allocated \$1B towards NYC costs and we are waiting for enactment of the state fiscal year 24-25 budget to see if the state will

allocate additional funds – the Governor’s proposal included \$2B. As of March 2024, DSS has submitted claims to NYS on behalf of DHS, HRA, H+H and other City agencies totaling over \$1.5B.

We have not lost focus on shelter exits for our non-asylum seekers. We have seen increases in permanent housing placements from the DHS system through the agency’s efforts to move families and individuals out of shelter. In FY23 there were 15,000 placements from shelter, an increase of 17% over the prior year; in the first four months of this year there were 5,400 placements – an increase of 11% over that same time last year.

(Slide 12) Since the start of the Adams administration, DSS-DHS has doubled outreach staffing to nearly 400 outreach staff as of today, and aggressively expanded low-barrier bed capacity through Safe Havens and stabilization beds, bringing nearly 300 new beds online since August 2023 alone, with more than 3,900 such beds online as of today. As a result of critical investments in 24x7 outreach efforts and the intensification of end-of-line efforts as part of the Subway Safety Plan (SSP) referrals increased by 70% in FY23. Thanks to critical investments in a comprehensive continuum of care, DSS-DHS more than doubled (130%) the number of permanent housing placements for this population FY over FY. DHS placed more than 1,000 New Yorkers residing in low-barrier programs to permanent housing in FY23. Since the launch of the Subway Safety Plan in February 2022, more than 6,100 New Yorkers have been connected to shelter.

(Slide 13) DHS staffing has remained relatively steady, slightly increasing since the end of last fiscal year. The DHS head count is a bit over 1900 and the agency has a low vacancy rate of 7.5%

(Slide 14) The DHS approach to PEGs is comparable to that at HRA. We looked to avoid programmatic impacts wherever possible, but again were faced with some difficult choices. Citywide savings in asylum seeker costs in this plan included savings in DHS from lower than previously projected census, as there are other agencies responding outside of DHS/DSS. Accordingly, there have been no service cuts to report. NYC Rental Subsidy Program (RSP) funding, though limited by the language in the State budget that claws back most of the money for State budget savings, allows DSS to develop a limited housing voucher for those not eligible for other subsidized housing, including undocumented households.

(Slide 15) Now I’d like to revisit the three pillars discussed at the onset of our presentations and focus on the first pillar DSS of streamlining social services.

(Slide 16) First, I'd like to acknowledge that we saw the highest SNAP applications and case load since the period after superstorm Sandy. This surge was partially due to our investment in AccessHRA, which created and more streamlined access for clients to apply, recertify and interview on-line and on phone. The improvements also helped us manage the surge and to ensure clients got these important benefits. The federal and State governments also provided a series of easements that suspended certain requirements and allowed us to postpone recertifications. This simplified the process for clients and staff during the health emergency but led to a backlog of work once normal requirements were back in place. The backlog was a result of the confluence of these many factors and, with the hiring of additional staff and process improvements we are happy to report that we have nearly eliminated the backlog.

(Slide 17) The FY24 preliminary budget for Cash Assistance (CA) is \$2.5B to support an average of 500,000 recipients through June 2024. \$816M (\$467M CTL) was added in the preliminary budget for FY24 projected costs. During the pandemic New York State permitted DSS/HRA to do online applications for CA for the first time, and the success of this pilot allowed DSS/HRA to continue the online process post-pandemic, This has helped us manage the continuing high volume of applications. The corresponding slide shows both one-time and recurring recipients. In January there were 505,000 on-going and 5,000 one-time recipients. Although the one-time recipients receive rent and utility arrears along with other benefits, it is important to note that many of our clients receiving on-going assistance also receive emergency payments for rent arrears so they can remain stably housed. In FY23, HRA issued emergency rent payments to over 40,000 households.

(Slide 18) DSS has nearly cleared the backlogs of 46,000 Cash Assistance and 4,000 SNAP applications that peaked at more than 50,000 — ensuring low-income New Yorkers can quickly and easily access the federal benefits for which they qualify. Investments in staffing, technology, and process improvements has reduced the backlog of cases by 97 and 90 percent, respectively. In total, DSS processed more than 600,000 cash assistance and SNAP applications during this period. Faced with a record number of applications as federal pandemic-related support expired, DSS deployed a robust plan to process applications quickly and make it easier for low-income New Yorkers to access critical benefits. As mentioned earlier, DSS hired nearly 1,000 new staff since January 2023 to process cash assistance and SNAP applications, doubled down on training for staff, and strengthened remote application processes to make it easier to apply for benefits. DSS worked closely with Chief Efficiency Officer Denise Clay and the Mayor's Office of Efficiency to

identify application process enhancements to eliminate bottlenecks that contributed to the backlog. We also developed and implemented plans to expedite the processes going forward. As of January 2024, more than 1.73 million New Yorkers are receiving SNAP benefits and more than 510,000 New Yorkers receiving CA benefits.

I would like to thank our dedicated staff for their hard work throughout the pandemic and for their ongoing commitment to serving New Yorkers every day. It has been a difficult time over the past few years, and they have done an extraordinary job under extraordinary circumstances. The lessons learned from this experience have made us better prepared to handle this high volume of applications in the future.

(Slide 19) Keeping with the pillar of streamlining access to social services, DSS has also supported New Yorkers by expanding childcare assistance to 12 months after exiting cash assistance; raising the income limit for Fair Fares eligibility to 120% of federal poverty level, which with the assistance of Speaker Adams has enrolled approximately 317,300 people as of this month; as well as providing families with heating and cooling assistance grants.

(Slide 20) Moving to the second pillar that supports the path to sustainability, we will outline some of the ways which DSS-HRA-DHS has been able to further the goals of homelessness prevention and housing stability.

(Slide 21) To further our goals of keeping New Yorkers in their homes, moving families and individuals out of shelter, and helping them remain stability housed, we take advantage of a variety of tools at our disposal. Emergency Rent assistance is a cash assistance benefit. In FY23 DSS issued over \$300 million in emergency rent payment to 43,000 households. Most of these payments go to applicants and recipients of on-going assistance. The number of households in FY23 increased since a pandemic drop in FY21 and FY22.

In FY 2023, DSS's Office of Civil Justice (OCJ) funded legal organizations provided legal assistance to an estimated 98,000 New Yorkers in approximately 43,700 households across New York City facing housing challenges, including eviction, disrepair, landlord harassment and other threats to their tenancies. The number of households served in FY23 is the highest on record since the start of the Universal Access to Counsel program. These services proved to be essential as the number of eviction filings increased by more than 57,000, or approximately 83%, in the last year. However, it should be noted that eviction filings in FY2023 were still significantly lower than pre-pandemic levels. Since 2014, OCJ has provided legal

services ranging from brief advice to full representation in 291,000 eviction and other housing-related matters with estimated household sizes totaling up to more than 700,000 New Yorkers served.

(Slide 22) DSS-HRA-DHS has also made great strides in connecting clients to affordable and supportive housing. In FY23, DSS saw a 17% increase in permanent housing placements from shelter. The PMMR illustrates continued growth in shelter exits with more New Yorkers now living safely and stably in supportive housing units. In fact, 46% more New Yorkers were connected to permanent supportive housing in 2023 than in the preceding fiscal year. We are also very proud to have connected 1,000 unsheltered individuals to permanent housing.

To strengthen our rental assistance programs, DSS made CityFHEPS easier to use by reducing work requirements, eliminating the 90-day rule, allowing for the use of CityFHEPs statewide and streamlined the program with technological improvements.

To ensure that more New Yorkers gain access to affordable housing while the current vacancy rate is at a 60 year low, DSS recently launched the Affordable Housing Services (AHS) initiative to use social service dollars to create affordable housing. DSS will be facilitating the creation of stable housing opportunities for nearly 1,500 households in shelter. Furthermore, the AHS initiative provides sustainable funding solutions to help not-for-profit providers secure long-term, building-wide leases for permanent housing sites, while providing light-touch services for tenants who were formerly experiencing homelessness. DSS also rolled out extensive training to improve housing package submission packages.

(Slide 23) To close out our presentation, I would like to highlight the final pillar which focuses on economic stability.

(Slide 24) DSS-HRA-DHS works together to offer services that move New Yorkers to sustainable futures. DSS offers education, training and employment services to help clients develop job skills and build a career that will lead to success and financial stability. These programs are funded at a total FY24 budget of \$300M. As part of our revitalization efforts, we launched the Pathway to Industrial and Construction Careers (PINCC) program to connect clients to jobs in these two industries. We are also restructuring our career services programs and contracts, implementing new income disregards to support clients' economic growth, and connecting clients to human services jobs. In FY23, human service providers hired

nearly 6,000 PA clients demonstrating our commitment to creating and expanding opportunities that will help low-income New Yorkers achieve sustainability.

(Slide 25) I will close by underlining our ongoing commitment to break down government silos and improve access to services. The challenges DSS-HRA-DHS works to confront bridge across agencies, and further, bridge across jurisdictional boundaries. Overcoming these challenges goes to the heart of creating the kind of caring, compassionate communities we seek to live in.

We appreciate the opportunity to testify today, and we welcome any questions that you may have.

Thank you.