



## Homeless Services United, Inc.

446 W. 33rd St, 6th Fl.  
New York, NY 10001-2601  
(212) 367-1562  
www.hsunited.org

### Testimony of Catherine Trapani, Executive Director, Homeless Services United, Inc. Before the NYC Council Committee on Finance May 24, 2018

#### Introduction

My name is Catherine Trapani, and I am the Executive Director of Homeless Services United (HSU). HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. HSU provides advocacy, information, and training to member agencies to expand their capacity to deliver high-quality services. HSU advocates for expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers.

Homeless Service United's member agencies operate hundreds of programs including shelters, drop-in centers, food pantries, HomeBase, and outreach and prevention services. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

#### Investments in Homeless Services

Faced with record high homelessness, the de Blasio administration has made important investments in homeless services. They have expanded street outreach programs and the HomeBase homeless prevention network, invested in housing subsidies for persons exiting or trying to avoid entering shelter, introduced mental health services into the family shelter system and have begun to replace poor quality cluster site shelters with purpose built, service rich shelters. In addition to these service expansions, the administration promised new investments in existing shelters for Fiscal Year 2018, vowing to adjust rates paid to shelter providers to finally reflect the true cost of responsibly operating shelter programs through a rate reform effort that came to be called "model budget implementation". Throughout the budget hearings, the administration has repeatedly touted such investments as a boon to the sector and proof of their commitment to investing in quality services to prevention and reduce homelessness. While we absolutely applaud the commitment, we need the Council to understand that **virtually none of those investments have been realized by nonprofits serving homeless New Yorkers.**

The last status report HSU received from DHS as to the status of the "model budget" showed that only 5 providers have completed negotiations to date. The result is that **despite an "on paper" investment of nearly \$200M committed to enhance shelter services last fiscal year, virtually none of that money has gone out the door to strengthen programming for homeless people.** Providers continue to struggle with inadequate budgets for maintenance, supplies, food, implementation of the higher minimum wage requirements, appropriate staffing levels and more.

The failure to implement much needed investments has harmed the sector. Now, the City has the opportunity to right this wrong in FY2019 by addressing implementation failures and, by supporting the infrastructure of the human services sector as a whole

## **FY18 Investments in the Human Services Sector**

Last year saw an important investment in City contracted human services provider organizations. With the leadership and support of the City Council, we secured \$300m of our \$500m ask to help nonprofit provider organizations cover the cost of delivering essential services to New Yorkers, including: 1) Funding in distinct areas for model budget processes aimed at better aligning underfunded contracts to the true cost of services. Areas receiving investment included preventive services (ACS), senior centers (DFTA), services for runaway and homeless youth (DYCD), homeless shelters (DSS-DHS), and adult protective services (DSS-HRA); 2) Cost-of-living adjustments for the human services workforce at a rate of two percent per year for the next three years, which is vital to recruiting and retaining qualified staff; and 3) New funding to raise indirect cost reimbursement rates to 10%, to pay for crucial expenses including rent, maintenance, and technology.

**For FY19, two key areas of human service nonprofit operations need additional support:**

- 1. Include trend factor/cost escalation formulas in all new procurements for the duration of the contract;**
- 2. Provide \$200 million in additional baseline funding to address:**
  - Implementation of the following allowable rates on all HHS contracts and all new procurements:
    - o 15% for indirect costs
    - o 37% for fringe benefits
  - Key operating expense increases for all HHS contracts and new procurements at the following rates:
    - o 10% increase to occupancy costs
    - o 10% increase to casualty and liability insurance

It is critical to understand that **these cost categories are not part of the DHS model budget initiative and are not currently funded by the City**. We are therefore especially grateful to the City Council for their leadership this year in your response to the Mayor's Preliminary Budget to increase fringe rate reimbursement in City human services contracts up to 37%. This will help us cover the growing cost of employee health insurance, workers comp and other employee benefits. Lifting the cap on fringe rates in City human services contracts and aligning the rate to this industry standard will help us retain staff needed to meet the needs of the communities we serve. We also commend the Council for calling upon the Administration to review human services contracts and include provisions that allow providers to request funding increases of up to 10% for occupancy and insurance costs. This change will enable organizations to cover rent increases and maintain sufficient insurance coverage to safely operate essential community programs that New Yorkers count on. Finally, we are grateful for your support for increasing the indirect rate up to 15%. This will allow human service organizations to cover the cost of compliance, good governance and other management activities mandated by the City. Unfortunately, the Mayor's Executive Budget does not contain investment in the sector in the areas of indirect, fringe, insurance, and occupancy.

In the months since the FY18 budget was adopted we have worked in coordination as a sector for the timely disbursement of funds and to identify funding gaps that continue to hamstring human service providers. Getting the allocated FY2018 funds out to us has been slow, and with the fiscal year drawing to a close, not having the amended contracts and accompanying funding creates real budget issues for. **Homeless Services United supports the recommendation of the Human Services Advancement Strategy Group that calls for an immediate accounting of disbursements of the \$300 million for model budgets, COLA, and indirect that remains unspent in Fiscal Year 2018. We also call on the Mayor to provide an immediate remedy to the problem of processing**

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**delays in human services contracting by tasking the Mayor's Office of Contract Services and the design team at NYC Opportunity with a 30-day review of human services contract management processes and development of a mitigation plan. For the Fiscal Year 2019 budget we ask that the Mayor and City Council baseline and maintain the \$300 million initially appropriated in FY18 and add \$200 million in critical funding for the areas identified by Human Services Advancement Strategy Group - indirect, fringe, insurance and occupancy - to meet growing costs for providers delivering essential services to New Yorkers.**

### **Additional Investments in Client Centered Services and Housing Solutions Are Necessary**

It is important to understand that given the history of chronic underfunding of the Human Services Sector and the DHS shelter system more specifically, there is much ground to make up to get the system to a place where high quality, client centered shelter services are the norm, not the exception. As the Administration works to implement their "Turning the Tide" plan, it is our hope that mission driven nonprofit service providers will be empowered and resourced to lead the way with innovative program design.

**But for the Council's own commitment to quality programs funded by initiatives like the Children and Families in NYC Homeless System and discretionary grants, these kinds of services would go without government support despite the clear need.** I want to thank the Council for supporting this kind of work and request your continued investment in initiative funding until we are able to successfully scale programs and integrate best practices system-wide.

If we are to truly help the New Yorkers in housing crisis, our programs must be resourced and funded to help meet their needs. This means a reliable contracting process where we know how much funding we are working with and, a shift from a "one size fits all" mentality of shelter and re-housing of the past years. Shelters must be equipped with the funding and resources to deliver a diversity of services to match diversity of causes that lead the client's homelessness. This includes:

### **Children and Families in NYC Shelter Initiative**

This City Council initiative, begun in FY16 and currently funded at \$1 million, gives five leading homeless services providers the opportunity to utilize a broad array of evidenced based practices solutions and expansive services to meet the diversity of needs of children and families in the New York City Shelter System.

**For FY19, the initiative is seeking \$2,269,000 to expand capacity of services and begin to explore scaling them system-wide.** Additional funding will be used to expand Evidence Based Practices (EBP) and Trauma Informed Care (TIC) services to additional shelters, provide TIC training for new staff and shelters, add site-based employment services, increase access to mental health services, expand data collection and analysis, and fund cost increases that occurred since the start of the initiative.

### **Medical Services**

Some shelters for adults and families with children have medical clinics co-located with programs. This co-location model allows shelter residents to easily access care, lowering barriers to engagement with medical providers and making treatment for health issues, including opioid addiction more accessible to those most in need. Recently, DHS has tried to move away from this model suggesting that NYC Health + Hospitals (H+H) could increase capacity to take on this function. This move deprives clients with an option to receive care on-site and ignores the fact that H+H has no record of providing care of this kind to homeless clients while the

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existing network of providers is already doing good work. **At a time when homeless deaths are on the rise, it is a mistake to move away from proven treatment models. Medical services should be a core component of shelter budgets.**

### Employment & Education

Employment specialists and education and GED specialists provide a unique connection for our clients to see a permanent way out of homelessness. In FY11, as part of a PEG exercise, DHS (now DSS) removed employment specialist staff lines from shelter budgets. It was counterproductive and counter intuitive to cut the staff services that directly impact the likelihood that a client, who is able to work, will obtain a job that enables them to move from shelter. **Employment specialists need to be restored to shelter budgets; it was not included in the model budget.**

### Recreation Services

Due to a FY10 PEG, we saw the final chipping away of critical recreation services for adults and families. Prior to entry into adult or family shelters, many clients have had few positive experiences with socializing and participating in a healthy community. Shelter recreation programs are a relatively low cost investment in homeless people that provide healthy socialization and communication skills that benefit clients in shelter and when they exit. **Recreation programs address cycles of violence and create safe forums for disclosure and exploration of alternatives to lives consumed by abuse, violence and shame. Despite recent investments in shelter, this funding was also not included in the model budget.**

### Rental Assistance and Other Permanent Housing Programs

While not a part of shelter budgets, it cannot be overstated how essential viable pathways to permanent housing are to the success of shelter programs. HSU applauds the City's investment in creating subsidy programs like LINC, CityFEPS and SEPS to move people out of shelters and into permanent housing however, preliminary budget documents seem to show a decrease in funding allocated to rental assistance programs targeted to single adults even though rates of homelessness for this population remain at record highs. In addition, promises made over a year ago to streamline rental assistance programs to make them easier to navigate and market to landlords and to extend eligibility to homeless young people using the DYCD Runaway Homeless Youth shelter system remain unfulfilled and unfunded. While we've waited for this "streamlining" to take place, voucher levels have remained stagnant and are no longer competitive in the current market. As a result, families and individuals trying to find housing with a subsidy are at a competitive disadvantage, both in trying to find housing below market rate, as well as a landlord willing to put up with the inefficiently slow approval process with the City. **The City must deliver on the promise to "streamline" rental assistance programs and ensure that funding levels are robust enough to allow shelter residents to afford housing available on the market in NYC today.**

Supportive Housing is another critical resource for homeless people living in shelters and on the streets. The New York 15/15 initiative promises 15,000 supportive housing units to be created in 15 years. The first awards have been announced and progress is being made but, there are disparities in rates for scattered site and congregate housing models that could mean that residents of scattered site housing programs won't have access to the level of services necessary to remain stable and avoid a return to shelter. **Rates for these scatter site contracts must be adjusted to ensure that a sufficient number of units are produced with services available to meet the needs of those who will live in them.**

Housing financed by HPD also needs to be affordable to and set aside for homeless households. The Mayor's *Housing New York 2.0* plan commits to creating or preserving an ambitious 300,000 units of affordable housing. Unfortunately, just 15,000 or 5% of those units will be made available for homeless households. Furthermore,

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most of the 15,000 set-aside units will be preservation of existing occupied units and thus not available for move-in by homeless families currently living in shelters. HPD predicts no more than a few hundred units will be available for occupancy by homeless families each year through the life of the Housing New York 2.0 plan. This is unacceptable – **HSU is calling for an increase to the total number of housing units for homeless households under the Mayor’s Housing New York 2.0 plan to 30,000, with 24,000 of these units financed and created as new construction.**

Finally, more needs to be done to **fully fund the capital backlog for NYCHA Public Housing** so that residents in NYCHA developments have access to high quality homes and to ensure that vacant units can be repaired and leased to families on the waiting list, including homeless households in need of a permanent home.

Thank you for your time and commitment to addressing the needs and concerns of homeless and at-risk New Yorkers and those who serve them. We are grateful for your support.