

## **Homeless Services United's Testimony Before the NYC Finance and General Welfare Committees on May 6<sup>th</sup>, 2024, on the FY25 Executive Budget Regarding DHS, DSS, HRA and MOCS**

Good afternoon - my name is Kristin Miller and I'm proud to serve as the Executive Director of Homeless Services United, a member organization for shelter and homeless service providers in NYC. Thank you, Chair Brannan, and Deputy Speaker Ayala and members of the Finance and General Welfare Committees for allowing me to testify today.

We would like to thank Speaker Adams and the entire City Council for your leadership and commitment to secure the Just Pay Campaign cost of living adjustment for our homeless services workforce. The City's \$714 million commitment is monumental, and we also need the Council's help to ensure that these funds can reach our workers' hands quickly.

Our coalition of nonprofits which provides the majority of non-profit shelter capacity for the City continues to encounter great difficulty receiving timely payments from the NYC Department of Social Services (DHS). Dozens of DHS-contracted providers are owed anywhere from \$700,000 to \$31,000,000 for services rendered. **Some providers have stopped bidding on new DHS contracts because the risk of doing further business with the City is simply too high.**

**We urge the Council to ensure that the FY25 budget includes sufficient funding to restore and expand headcount at DHS, DSS and MOCS to eliminate pervasive contracting and reimbursement delays for non-profit providers.** The DHS shelter system has doubled within the past two years but budgeted headcounts at DHS, DSS, and MOCS have dropped rather than kept pace with the work.

More staff are needed within government to process the complex paperwork so that people can receive services in a timely manner and nonprofits can have adequate cash flow to pay their staff and vendors. An increase in people served requires an increase in people power, yet the Mayor and OMB have NOT come near to increasing agency staff across DSS to meet the increased demand for shelter and services, and as a result, non-profits, their workers, and New Yorkers in their care are suffering for it.

### **Specific to FY25 Executive Budget, HSU calls on the Council to:**

- **Bolster budgeted headcounts within DSS and DHS programs, budget, and finance, responsible for overseeing and processing contract and reimbursement actions, to eliminate the backlog and shorten processing times.**
- **Bolster budgeted headcount and resources for MOCS to resolve the backlog of contract actions and PASSPort IT tickets, manage workflow, and ensure that the PASSPort portal is in good working order.**

- **Baseline funding for the current actual cost of the CityFHEPS program within the budget, as well as including an additional \$145 million to fund the CityFHEPS expansion to expedite access to rental assistance for additional households in the community and in shelters.**
- **Fund an additional \$37.9 million to enhance contracts for CBOs who administer Homebase homeless prevention programs, to make the current workload sustainable by reducing caseloads and increasing staff retention.**
- **Ensure adequate staffing at the City Commission on Human Rights' Law Enforcement Bureau and their specialized Source of Income Unit**
- **Bolster budgeted headcounts within DHS and HRA units responsible for processing CityFHEPS, FHEPS, Cash Assistance, Public Assistance, One-Shot Deals, SNAP and Public Benefits to eliminate delays accessing and maintaining rental assistance and benefits.**
- **Restore the 2.5% PEG for DHS contracted providers for FY25 and outyears and Stop any further PEGS to DHS/HRA and Restore Service Dollars for Shelters**
- **Restore \$1.5 million for the 16 Housing Navigators in the DYCD-RHY Shelter System**

The Mayor's FY25 Executive Budget appears to continue this unsustainable trend, with an additional \$159.1 million for contracts for DHS Shelter Intake and Programs while reducing agency headcount within the same area by \$130.4 million. MOCS also has a reduction in headcount and a significant reduction in OTPS, while tasked with overseeing an increasing number of contracts, and trying to manage an extremely challenging transition of all City agency contracts to the PASSPort procurement portal.

- DHS' Shelter Intake and Program budgeted headcount is slated to be reduced from 1,502 positions down to 1,451, a reduction of 51 positions at a cost-savings of \$130.4 million.
- DSS Public Assistance budgeted headcount is slated to be reduced from 4,247 positions down to 4,123, a reduction of 124 positions and \$45.5 million cost-savings.
- MOCS budgeted headcount will be slightly reduced from 215 positions down to 206, a cost-savings of \$195 thousand, while MOCS OTPS budget will be slashed from \$23.6 million down to \$11.6 million. MOCS' Technology Strategy Contractual Services will be decreased by \$13.7 million, at a time when providers are reporting numerous bugs and functionality issues with the new PASSPort procurement portal.

The fact that DHS-contracted non-profit organizations are still functioning and providing services is a credit to their leadership and the dedication of their respective staffs. Many of them are facing serious cash flow issues and must now consider not accepting City



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contracts in favor of state and federal contracts that pay on time and at levels that reflect the importance of their work and the value of their services.

DSS must swiftly act to address deficiencies in its systems to restore the fiscal health of non-profit homeless services organizations.

1. Clear the current backlog of budget and payment approvals from the current fiscal year (FY24 that ends June 30, 2024) and previous years still outstanding.
2. Work with HSU members to create more transparency and clarity in the various approval processes and reduce duplicative and over-reaching requirements.
3. Work with HSU membership to provide budgets that reflect the actual cost of providing shelter and services. These budgets must be built to include increased fixed costs during the contract period.

Timing is of the essence. Payment issues have lingered for many years, forcing nonprofit organizations to take out expense lines of credit to meet cash flow demands. They cannot continue to operate in this manner. We look forward to partnering with the City to problem-solve these critical fiscal issues and are committed to working partnership with our City partners.

While DHS and HRA staff are dedicated to helping households in need, there's only so many hands to do the work. An analysis by the New York Housing Conference found that DHS' budgeted headcount dropped by 19% (-463 staff) from Nov 2019 to Jan 2024, and HRA by 17% (-2,451 staff) for the same time period. Yet, the DHS shelter system has doubled in size over the past two years.

Regarding HRA, Commissioner Park testified that denial rates for public benefits rose to 60%. She clarified that a large percentage of denials is due to the client not completing the application, but insufficient HRA staffing can result in less complete applications. Providers are reporting multiple hour wait times for HRA telephone interviews which are a requirement, and applications are wrongfully marked incomplete and denied if documentation submitted by applicants is not appropriately "indexed" to their case file by HRA staff. DSS City personnel have clearly not kept up with the demand resulting in payment lag times, delayed move-outs and frustration by all. More staff are needed to process complex paperwork to get the nonprofits and clients the resources they need.

<b>Budgeted and Actual Headcount at Housing-Related Agencies</b>				
March 2024				
Agency	FY 2024 Appropriation	Actual Headcount Dec. 2019	Actual Headcount Mar. 2024	Change Dec. '19 - Mar. '24
HPD	2,695	2,405	2,443	38
DHS	1,972	2,257	1,809	-448
HRA	12,148	12,528	10,982	-1,546

Source: NYC IBO; NYHC Analysis of NYC OMB Documents

Current Vacancies (Headcount - Budget)	
-252	-9%
-163	-8%
-1,166	-10%



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The commissioner of the Department of Social Services, which includes the Department of Homeless Services, says in two years, the city's shelter system doubled to about 88,000 people.

According to the mayor's preliminary management report, from July through October of 2023, the number of people in the city's shelter system increased by 53%, compared to the same period in 2022.

An increase in people served requires an increase in people power, yet the Mayor and OMB have NOT come near increasing staff across DSS to meet the new demand and contracted providers, their staff, and the families and individuals they serve are suffering for it.

New York City has the most comprehensive homeless services safety net within the country, and it must ensure that the fiscal processes that underpin those services and shelters are well maintained, so that our most experienced and trusted non-profits are able to continue to answer the City's call and help even more New Yorkers. HSU and our members stand ready to work with the City to ensure all New Yorkers can have a place to call home.

Thank you for the opportunity to testify today. If you have any questions, please contact me at [kmiller@hsunited.org](mailto:kmiller@hsunited.org)