

THE COUNCIL OF THE CITY OF NEW YORK

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Committee on General Welfare



Hearing on the Fiscal Year 2013 Executive Budget

Department of Homeless Services

May 22, 2012

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Department of Homeless Services Fiscal 2013 Budget Overview

The Department of Homeless Services (DHS), in partnership with public agencies and nonprofit communities, provide services and programs to prevent homelessness and when prevention is not possible DHS provides temporary emergency shelter for eligible homeless adults and families. DHS manages 12 City-run and 205 privately-run shelter facilities, consisting of 59 adult facilities and 158 family facilities. DHS also provides outreach services available 24 hours a day, seven days a week.

This report provides an analysis of DHS' Executive Budget for Fiscal 2013. The report includes a financial summary of the Department's year-over-year spending by program area and funding source, followed by Executive Budget actions, including new needs, Programs to Eliminate the Gap (PEGs) and other adjustments.

The report also includes a summary of the Department's Capital Program, as well as a summary of its Executive Capital Budget. It provides a comparison of the Department's Executive Capital Commitment Plan with the Preliminary Capital Commitment Plan for Fiscal 2012 – 2016, as well as the Department's Capital Strategy targets.

Lastly, it provides an outline of adjustments to the Fiscal 2013 Budget proposed in the November 2011 Financial Plan and the Fiscal 2013 Preliminary Plan, which were reviewed at the Committee on General Welfare's March 29, 2012 hearing.

Department of Homeless Services Financial Summary

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 May Plan	2012 May Plan	*Difference 2012 - 2013
Spending					
Personal Services	\$116,683	\$115,670	\$118,260	\$120,080	\$4,410
Other Than Personal Services	902,499	675,361	795,837	680,882	5,521
TOTAL	\$1,019,183	\$791,031	\$914,096	\$800,963	\$9,932
Budget by Program Area					
Adult Shelter Administration & Support	\$8,093	\$8,201	\$9,830	\$8,201	\$0
Adult Shelter Intake and Placement	7,971	9,060	9,175	9,152	92
Adult Shelter Operations	252,029	267,388	275,712	269,492	2,104
Family Shelter Administration & Support	5,753	5,752	8,412	9,742	3,989
Family Shelter Intake and Placement	23,527	23,823	23,926	23,926	103
Family Shelter Operations	388,232	362,386	393,015	364,378	1,992
General Administration	58,752	56,962	66,855	60,627	3,665
Outreach, Drop-in and Reception Services	34,046	27,389	33,154	29,146	1,757
Prevention and Aftercare	37,966	8,798	29,314	6,000	(2,798)
Rental Assistance and Housing Placement	202,813	21,272	64,705	20,300	(973)
TOTAL	\$1,019,183	\$791,031	\$914,096	\$800,963	\$9,932

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 May Plan	2012 May Plan	*Difference 2012 - 2013
Funding					
City Funds	N/A	\$395,939	\$421,090	\$409,719	\$13,780
State	N/A	106,608	109,661	106,830	222
Federal - Community Development	N/A	4,553	4,553	4,098	(455)
Federal - Other	N/A	281,067	334,826	279,415	(1,652)
Intra City	N/A	2,864	43,966	900	(1,963)
TOTAL	N/A	\$791,031	\$914,096	\$800,963	\$9,932
Positions					
Full-Time Equivalent Positions	1,838	1,193	1,899	1,934	0
TOTAL	1,838	1,913	1,899	1,934	21

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 May Plan funding.*

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The Department of Homeless Services' Fiscal 2013 Executive Budget is \$800.9 million, an increase of \$9.9 million when compared to the Fiscal 2012 Adopted Budget. This increase can be attributed to new needs for increased shelter capacity as a result of projected growth and expansion in adult and family shelter facilities, as well as federal reimbursements for family shelter operations. Despite increases in spending at DHS, the Fiscal 2013 Budget does not include funding restored by the City Council, which is outlined in Appendix 1 of this report.

The Department's Fiscal 2013 Executive Budget does not include any new PEG proposals. However, proposed PEGs in the November and Preliminary Plans would require legislative changes, making the Department's ability to achieve its PEG target unlikely.

Fiscal 2013 Executive Budget Actions

The Fiscal 2013 Executive Plan increased the Department's budget by \$37.2 million in Fiscal 2012 and \$33.2 million in Fiscal 2013. This is due to \$3.9 million in PEG adjustments in Fiscal 2012 and \$268,000 in Fiscal 2013, \$12.6 million in new needs in Fiscal 2012 and \$31.5 million in Fiscal 2013, and \$20.8 million in other adjustments in Fiscal 2012 and \$2 million in Fiscal 2013.

Budget Actions in the Executive Plan						
<i>Dollars in Thousands</i>						
	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
DHS Budget as of the February 2012 Plan	\$407,276	\$469,599	\$876,875	\$390,710	\$377,094	\$767,804
Programs to Eliminate the Gap (PEGs)						
Client Responsibility (see Other Adjustments)	(\$1,977)		(\$1,977)	(\$268)		
Delayed Implementation of Shared Rooms	2,258	3,581	5,839			
TOTAL, PEGs	\$281	\$3,581	\$3,862	(\$268)	\$0	(\$268)
New Needs						
Adult Shelter Re-estimate	\$2,578		\$2,578	\$8,137		\$8,137
Family Capacity Re-Estimate	7,198	2,799	9,997	9,141	14,197	23,338
TOTAL, New Needs	\$9,776	\$2,799	\$12,575	\$17,278	\$14,197	\$31,475
Other Adjustments						
50K to DHS Garter		\$50	\$50			
Add ARRA		2,970	2,970			
Adds HMIS Funds		545	545			
Adult Shelter Withholding	2,500	(\$2,500)	-			
Client Responsibility Offset	1,977		1,977	268		
Collective Bargaining - DC37	103		103	103		
Fuel	(673)		(673)	72		
Heat, Light, and Power	(140)		(140)	1,643		
Konica Minolta/Accenture Fee xfer to DCAS	(9)		(9)			
Lease Adjustment			-	(86)	(48)	
Rev Increase		14,000	14,000			
Tech Upgrade		1,962	1,962			
TOTAL, Other Adjustments	\$3,758	\$17,027	\$ 20,785	\$2,000	\$(48)	\$1,952
TOTAL, All Changes	\$13,815	\$23,407	\$37,222	\$19,010	\$14,149	\$33,159
DHS Budget as of the May 2012 Plan	\$421,090	\$493,007	\$914,097	\$409,719	\$391,243	\$800,962

Programs to Eliminate the Gap (PEGs)

- ☑ **Delayed Implementation of Shared Rooms for Families with Children.** In Fiscal 2012 DHS proposed savings of \$5.8 million (\$2.3 million City tax-levy (CTL)) for Fiscal 2012 and \$23.4 million (\$9.1 million CTL) in Fiscal 2013 and in the outyears by converting existing one-family shelter units into units that would house two to three families, depending on the size and configuration of the unit. However, in order to implement the policy, Local Law 18 of 1990, section 21-124 would have to be amended.

Since the local law has not been amended to allow shared living for families, the Department has not implemented the plan and therefore was unable to generate savings in

Fiscal 2012. As a result, the Department restored the projected Fiscal 2012 savings of \$5.8 million (\$2.3 million CTL) in the Fiscal 2013 Executive Budget.

New Needs

- ☑ **Adult Shelter Re-estimate.** As of March 2012, an average of 8,810 single adults were served in DHS' facilities. As a result of projected increases in its adult shelter population, the Department's budget will increase by \$2.6 million in Fiscal 2012 and \$8.1 million in Fiscal 2013 and in the outyears to expand adult shelter capacity by 200 shelter units, for a total of 9,904.
- ☑ **Family Capacity Re-estimate.** As of March 2012, an average of 10,005 families were served in DHS' facilities. Similar to the action above, DHS will expand family shelter capacity, increasing its family shelter budget by \$9.9 million (\$7.2 million CTL) in Fiscal 2012 and \$23.3 million (\$9.1 million CTL) in Fiscal 2013 and in the outyears, expanding capacity by 617 family shelter units, for a total of 9,902.

Other Adjustments

- ☑ **Client Responsibility Unit Adjustment.** In the November Plan the Department proposed hiring compliance staff for its Client Responsibility Unit that would ensure that both adult and family shelter clients are fulfilling federal employment, training, and rehabilitative program requirements. DHS did so with the intention of reducing the number of care days for clients in adult and family shelters.

Thus, DHS proposes to add \$2 million in Fiscal 2012 and \$268,000 in Fiscal 2013 and in the outyears for 51 compliance staff. This action will not generate any savings until Fiscal 2014 and in the outyears. Therefore, it is considered an adjustment to DHS' budget, and not a PEG in Fiscal 2013.

- ☑ **Revenue Increase.** The Department recognizes \$14 million in federal reimbursements for its family shelter operations in Fiscal 2012.

Department of Homeless Services Capital Budget Summary

The May 2012 Capital Commitment Plan includes \$103 million in Fiscal 2012-2016 for the Department of Homeless Services (including City and Non-City funds). This represents less than one percent of the City's total \$39.52 billion Executive Plan for Fiscal 2012-2016. The Department's May 2012 Commitment Plan for Fiscal 2012-2016 is reduced by less than one percent or \$102,000 when compared to its Preliminary Commitment Plan funded at \$103.1 million.

The majority of capital projects span multiple fiscal years and it is common practice for an agency to roll unspent capital funds from the current fiscal year into future fiscal years. In Fiscal Year 2012 the Department of Homeless Services committed \$10.7 million or 24 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2012 Capital Plan will be rolled into Fiscal 2013, thus increasing the size of the Fiscal 2013-2016 Capital Plan.

Since the Preliminary Budget was released in February, the City-wide Capital Commitment Plan for Fiscal 2013 has increased from \$8.69 billion to \$10.82 billion, an increase of \$2.13 billion or 24.6 percent.

DHS 2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim						
Total Capital Plan	\$58,168	\$15,990	\$10,806	\$15,138	\$3,044	\$103,146
Exec						
Total Capital Plan	\$45,459	\$27,894	\$25,069	\$3,866	\$756	\$103,044
Change						
Level	(\$12,709)	\$11,904	\$14,263	(\$11,272)	(\$2,288)	(\$102)
Percentage	-21.85%	74.45%	131.99%	-74.46%	-75.16%	-0.10%

Capital Program Overview

The major focus DHS' Capital Strategy is the maintenance and development of transitional housing for homeless families and single adults. The Department's 2012-2016 Capital Plan is \$103 million including \$47.7 million, or 46 percent is planned for transitional housing for single adults, \$34 million, or 33 percent is planned transitional housing for homeless families, and \$21 million, or 20.6 percent is planned for Management Information Systems (MIS) and equipment.

Appendix 1: City Council Fiscal Year 2012 Initiatives

The Council has routinely provided funding for homeless prevention programs. The Council provided funding for DHS' homeless prevention fund, which provides emergency grants for families at risk of eviction. The grants help to keep families in their homes and avoid the shelter system. The Council also provided funding for the continuation of medical services for individuals in shelter, as well as support to various programs and services from mobile food vans to employment training programs.

FY 2012 Council Changes at Adoption by Program Area

Dollars in Thousands

Adult Shelter Operations

Medical Services Partial PEG Restoration	1,200
Subtotal	\$1,200

Prevention and Aftercare

Citywide Homeless Prevention Fund Initiative	250
Subtotal	\$250

Adult Shelter Operations; Family Shelter Operations; Prevention and Aftercare

Member Items	684
Subtotal	\$684

TOTAL	\$2,133
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Appendix 2: Budget Actions in the November, February & Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of February 2011 Plan	\$395,939	\$395,092	\$791,031	\$389,691	\$379,266	\$768,957
Program to Eliminate the Gap (PEGs)						
City Owned Shelter Reorg			-	(\$990)	(\$310)	(\$1,300)
Client Responsibility	(1,977)		(1,977)	(268)		(268)
Client Responsibility	1,977		1,977	268	(4,398)	(4,130)
Delayed Implementation of Shared Rooms	2,258	3581	5,839			0
Personal Services Accruals	(1,500)		(1,500)			0
Rev Maximization	(375)	375	(0)	(78)	78	0
Shared Living for Families with Children	(2,258)	(3,581)	(5,839)	(9,101)	(14,258)	(23,359)
TOTAL, PEGs	(\$1,875)	\$375	(\$1,500)	(\$10,169)	(\$18,888)	(\$29,057)
PEG Restorations						
Delayed Implementation of Adult Shelter Diversions	\$2,000		\$2,000			\$0
Restoration of Shared Rooms for Families with Children	4,515	7,163	11,678	9,101	14,258	23,359
TOTAL, PEG Restorations	\$6,515	\$7,163	\$13,678	\$9,101	\$14,258	\$23,359
New Needs						
Adult Shelter Re-estimate	\$2,578		\$2,578	\$8,137		\$8,137
Family Capacity Re-Estimate	7,198	2,799	9,997	9,141	14,197	23,338
CARES Technical Support	6,481		6,481	1,996		1,996
TOTAL, New Needs	\$16,257	\$2,799	\$19,056	\$19,274	\$14,197	\$33,471
Other Adjustments						
50K to DHS Garter		\$50	\$50			\$0
Add ARRA		8,818	8,818			0
Adds HMIS Funds		1,764	1,764			0
Adult Shelter Cap		850	850			0
Adult Shelter Withholding	2,500	(2,500)	0			0
Advantage (Intra-City Payments)		43,000	43,000			0
ARRA Increase		1,379	1,379			0
Client Responsibility Offset	1,977		1,977	268		268
Collective Bargaining - DC37	103		103	103		103
FJC Security		15	15			0
Fuel	(673)		(673)	72		72
FY12 Additional ESG Funds		1,320	1,320			0
FY12 Adult Shelter Eligibility		425	425			0
FY12 Budget MOD Increase		707	707			0
FY12 Cares		805	805			0
FY12 ESG Funds		6,928	6,928			0
FY12 Funding for Prevention		5,000	5,000			0
FY12 HMIS Funding for FY12		64	64			0

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
FY12 Roll Increase		\$830	\$830			\$0
Heat, Light, and Power	(140)		(140)	1,643		1,643
HHS Connect Technical Adjustment			0	(92)		(92)
IC w/ DHS		37	37		37	37
Konica Minolta/Accenture Fee xfer to DCAS	(9)		(9)			0
Lease Adjustment			0	(86)	(48)	(134)
Local Initiatives	9		9			0
Rev Increase		14,000	14,000			0
Tech Upgrade		1,961	1,961			0
Technical Adjustments	488	(375)	112	(86)	(78)	(164)
VA Revenue		2,500	2,500		2,500	2,500
TOTAL, Other Adjustments	\$4,254	\$87,578	\$91,832	\$1,822	\$2,411	\$4,233
TOTAL, All Changes	\$25,151	\$97,915	\$123,066	\$20,029	\$11,978	\$32,006
Agency Budget as of May 2012 Plan	\$421,090	\$493,007	\$914,096	\$409,719	\$391,243	\$800,963

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Appendix 3: Reconciliation of Program Areas to Units of Appropriation

	Personal Services	Other Than Personal Services	
<i>Dollars in Thousands</i>	100	200	Grand Total
Adult Shelter Administration & Support	\$8,201	\$0	\$8,201
Adult Shelter Intake and Placement	9,152	0	9,152
Adult Shelter Operations	19,471	250,021	269,492
Family Shelter Administration & Support	5,752	3,989	9,742
Family Shelter Intake and Placement	23,926	0	23,926
Family Shelter Operations	8,807	355,571	364,378
General Administration	42,598	18,029	60,627
Outreach, Drop-in and Reception Services	888	28,258	29,146
Prevention and Aftercare	0	6,000	6,000
Rental Assistance and Housing Placement	1,285	19,014	20,300
Grand Total	\$120,080	\$680,882	\$800,963