



Testimony to the New York City Council Committee on General Welfare

New York City Fiscal Year 2020 Preliminary Budget

March 25, 2019

Good afternoon Chair Levin and members of the General Welfare Committee. Thank you for the opportunity to testify on the Mayor's 2020 New York City Preliminary Budget. My name is Ted Houghton, and I am President of Gateway Housing, a nonprofit organization that works to improve the shelter system by helping to create model nonprofit-owned, purpose-built transitional residences, with innovative financing methods and evidence-based practices.

The mayor's proposed budget shows a commitment to improve the city's homeless shelter system. The mayor's Turning the Tide plan to open 90 new shelters and expand 30 others gives the city a good chance to eventually end the use of substandard and often inappropriate hotels and emergency cluster apartments. Along with other prevention, rent subsidy and housing development efforts, the plan may reduce the shelter census, which could also give the city enough system bed capacity to place people in shelters in their home boroughs and neighborhoods.

Furthering this commitment, the Department of Homeless Services' model budget initiative standardizes and often increases funding for shelter providers to pay for services and maintain their buildings. It has allowed providers with long underfunded shelters to bring those programs' budgets to close to sustainable levels.

The model budget process can be further improved by allowing the Office of Management and Budget and DHS more flexibility when negotiating and approving budgets for different shelters. Shelter operating costs and service staffing vary greatly across shelters, even among programs serving similar populations. DHS and OMB should do more to work with providers to use their model budgets more as guidelines, rather than as one-size-fits-all, hard-and-fast rules. For instance, with a more flexible approach, the city could permit a provider that achieved savings in capital and operating costs in a particular shelter to apply those savings to improve the quality of services at that site.

Despite these welcome investments in shelter, the Mayor's proposed budget also cuts or underfunds vital programs for homeless people. There are three areas in particular where the City Council can improve the Mayor's homeless budget.

1. Preserve ThriveNYC funding: First, the City Council must protect effective, innovative programs for homeless people funded under the ThriveNYC mental health initiative. ThriveNYC is large, ambitious and spans many agencies, causing some to criticize it as unfocused and lacking metrics. This has not been our experience at Gateway Housing, where we are seeing firsthand positive, concrete results being achieved with new staff positions funded by ThriveNYC.

In its first few months of operation, Gateway Housing's Improving School Attendance for Homeless Children (ISAHC) initiative has achieved measurable improvements reducing chronic

absenteeism among children living in Tier II homeless shelters: after just four months, one-third of students who were chronically absent or severely chronically absent have improved to good attendance through the program, and we expect further improvements. The ISAHC initiative could not have achieved these outcomes without the ability to refer families who require mental health support to ThriveNYC-funded specialists with this expertise.

These include Client Care Coordinators employed by DHS's nonprofit shelter providers, and Bridging the Gap social workers in Department of Education (DOE) schools. ThriveNYC staff positions provide critical clinical support to Gateway Housing to work with homeless families with the most complex challenges, removing barriers that prevent children in shelter from attending school on a regular basis.

Despite this success, the Mayor's budget proposes to cut funding for the Bridging the Gap social workers. We ask the City Council to restore these funding cuts, and add an additional \$6.5 million to expand the program: an additional \$5 million to bring the number of Bridging the Gap social workers from 69 to 100; 500,000 to create an education support center at the PATH family shelter intake center in the Bronx; and \$1 million to increase central and regional managers working on the issue.

We hope that ThriveNYC-funded Client Care Coordinators at nonprofit shelter programs are not similarly vulnerable. Both positions are critical to decreasing absenteeism among homeless children and other innovative initiatives showing positive results, and should continue to be funded.

2. Increase Permanent Housing for Homeless New Yorkers: Gateway Housing supports the House Our Future campaign to set aside for homeless New Yorkers 30,000 units created under the mayor's affordable housing capital development initiative. We also support City Council Intro #1211, which requires housing developed with public financing to set aside 15% of all units for homeless households.

The fact is, the growing consensus is correct: the city must create more housing affordable to homeless New Yorkers. But housing homeless households will require a substantial increase in funding to pay for the lower rents that homeless households can afford. In the event that the City Council mandates that more new affordable housing must go to homeless New Yorkers, it must either increase the capital funding budget for affordable housing development, or fund additional project-based rent subsidies in the expense budget that can be used to help finance permanent housing for homeless people.

3. Provide Adequate Funding to Nonprofit Service Providers: Finally, Gateway Housing supports the human service community's calls to address chronic underfunding of the sector by investing \$250 million this year to fill the gap between nonprofit providers' indirect costs and the contract reimbursement rates from the city. City reimbursement typically pays about 80% of the costs associated with human service contracts like shelters. This is not sustainable, and is already harming the quality of services and the financial stability of nonprofits. The city should make them whole.