Human Resources
Administration
Department of
Social Services

TESTIMONY

Robert Doar, Commissioner
Human Resources Administration/Department of Social Services

2013 Preliminary Budget Hearing

Hearing of the New York City Council
General Welfare Committee

March 29, 2012

Good afternoon Chairwoman Palma and members of the General Welfare Committee. As you know, I am Robert Doar, Commissioner of the Human Resources Administration (HRA) and joining me today are Jill Berry and Rosine Ferdinand of HRA's Budget Office. In order to put our budget plan into context, I would first like to provide the committee with an update on our key safety net programs for vulnerable adults and their families.

I. HRA SAFETY NET PROGRAMS AND CASELOAD UPDATES

Food Programs and Emergency Food Assistance

HRA's Food Stamp Program is now serving more than 1.8 million recipients in the City every month and issuing nearly $3.5 billion in benefits annually. Since 2002, New York City has seen a caseload increase of more than 130 percent, and an astounding 429 percent increase in the portion of the caseload recipients who rely on food stamp benefits but do not receive cash welfare or Federal Supplemental Security Income (SSI). Following these increases, which occurred between 2002 and 2011, the caseload has now become relatively stable over the last year. Our Emergency Food Assistance Program (EFAP) funding has also remained stable at $9.5 million for food, and the program is distributing over 11 million pounds of food to approximately 478 food pantries and soup kitchens. These two programs combined have been important ingredients in our City's support for struggling families.

Cash Assistance Program

Our Cash Assistance (CA) caseload, comprised of both single individuals and families with children, has been stable over the past year with approximately 352,000 recipients. We have continued our Work First approach and last year we helped thousands of public assistance applicants and/or recipients obtain jobs or retain employment. Our contracted employment programs specifically work in conjunction with companies in such sectors as retail and sales, health, hospitality, clerical, and labor. In addition, when I was here this time last year I explained that the State's funding to HRA for the Transitional, Health and Green Jobs initiatives was reduced from over $25 million in the State's FY 2010-11 budget down to $6.3 million last year. Unfortunately, new funding was not included in the final state budget so we will need to wind down these particular transitional jobs programs.

Streamlining Center Operations

Our Cash Assistance and Food Stamp Program leadership and staff have also been working very hard to not only meet the demand for our services, but to further streamline the process at the centers as discussed with the Committee at a hearing earlier in the year. For example, the centralized process for recipients to request and obtain a lost NY State Common Benefit Identification Card has resulted in more than 10,500 referrals a month. Since January, nearly 4,000 budget letters have been requested and mailed to food stamp and cash assistance recipients through the new centralized number, eliminating the need for recipients to come into a center. There has also been a continued growth over the past several months in the use of our on-line food stamp application process; from 22 percent of all our applications last year to an average 24 percent per month this year. As a result of this web process, over 12,000 applicants this year have also taken advantage of telephone interviews and we are estimating that over 34 percent more applicants will use this process in 2012 then they did last year. Recent enhancements to the NYS Office of Temporary and Disability Assistance (OTDA) "*MyBenefits.gov*" website are also showing results. We have worked closely with OTDA so that

New York City food stamp applicants and recipients now have the ability to check information about their case without traveling to a center.

Child Support Enforcement

Child support is a very important part of our work and, when child support income is combined with work and other work supports it assists in moving people off of cash assistance. In calendar year 2011, HRA set another record by reaching a mark of nearly three quarters of a billion dollars in child support collections, an increase of almost 4.5 percent in one year. Almost all of the $731 million in collections (91 percent) went directly to families and more than $210 million of this went to former and present cash assistance recipients. A record number of parents are also paying (175,000) and the number of new child support orders increased by 8 percent over last year.

Public Health Insurance

The Medicaid caseload in New York City is now more than 2.9 million enrollees. Year over year, our Medicaid program has processed a continually growing number of new applications as well as annual renewals. The growth in the caseload has happened during a time our staff has also improved our eligibility process to ensure that we protect the integrity of this large program. In addition, our web-based tool that provides small businesses and workers information on health insurance options, *NYC Health Insurance Link (www.nyc.gov/HILink.)*, has now had more than one hundred thousand visitors. We added a series of health insurance fact sheets for immigrants, young adults and small business owners with quick tips on key coverage and care issues. We are continuously introducing it to potential new users through a variety of trainings, including recent presentations to branches of the Queens Public Library system, over 50 NYCHA resident leaders, and to Project Directors from the Department of Youth and Community Development's Young Adult Internship Program.

I would also like to point out that we have been deeply involved in state-wide discussions on how New York State will implement health care reform and restructure its Medicaid program at the same time. Along with HRA's key Medicaid and health insurance staff, I have been participating in on-going formal and informal discussions about the future role of the City and other districts in Medicaid administration, changes to managed long term care, and present plans for the state assumption of several Medicaid functions. Although the Governor's Medicaid Redesign (MRT) process is winding down and some proposals were integrated into the State budget, there are still many issues that have yet to be resolved. Ultimately, many of these decisions lie with the NY State Department of Health and the Governor. However, I want to assure you that we have continually emphasized the importance of retaining the advances in access to public health insurance we have made in the City so that any changes do not lead to an increase in the number of New Yorkers without health insurance.

Maintaining Strong Program Integrity in Public Assistance Programs

HRA is committed to helping low-income individuals and families access the benefits and services that they are eligible for and need, but we are also determined to protect the integrity of these programs. To ensure that vital program dollars are being spent as intended, we are maximizing our resources through the use of electronic data matches to enhance fraud detection and minimize improper payments, waste and abuse. Prevention is also key to minimizing wasteful spending. In particular, the elimination of a resource test in both the

Medicaid and Food Stamp programs expanded access to benefits, but also created new vulnerabilities and challenges for maintaining program integrity. In meeting this challenge, our staff conducted approximately 40,000 investigations this past year to follow up on allegations of welfare and Medicaid fraud that identified more than $200 million in cost savings to the government. These investigations also identified $28 million in improper payments for Medicaid recipients. In addition, through an agreement with the State Office of the Medicaid Inspector General (OMIG), 151 audits of Medicaid providers with questionable billing patterns were processed and recoveries of $9.5 million were achieved. I would also like to point out that the City and HRA are fortunate to now have the previous State Medicaid Inspector General, James Sheehan, working with us and sharing his expertise as our Chief Integrity Officer.

II. SUPPORT FOR VULNERABLE POPULATIONS IN THE COMMUNITY

In addition to our safety net programs, HRA provides support for thousands of vulnerable persons living in the community.

The Office of Domestic Violence

Our Office of Domestic Violence oversees the most extensive domestic violence service system in the country. We presently provide emergency shelter to more than 1,000 families every day and community-based support to over 3,000 families each month. As part of their efforts, our No Violence Again (NoVA) unit last year placed over a thousand homeless families who came to the City's homeless intake center into domestic violence shelters to better support their needs.

Adult Protective Services (APS)

Our Adult Protective Services program provides protective services to over 8,700 adults a month who are impaired and at risk in the community and have no one to responsibly assist them. This program is continually evolving and this year we will be launching a new case management system called *APSNet* that will streamline our overall process. It will provide our managers with in-depth statistical analysis of the APS caseload to more effectively serve our clients. Also, as part of an internal restructuring, APS is now part of Emergency and Intervention Services which also includes our domestic violence program, food programs, utility programs and the crisis and disaster unit. I believe this change could lead to even greater collaborations among these areas.

HIV/AIDS Services Administration (HASA)

As the most comprehensive program of its kind in the country, HASA is funded at $416 million and currently serves over 32,000 medically eligible clients and their families. HASA brings all sectors of the community together to ensure that persons with clinical symptomatic HIV or AIDS and their families have adequate housing, financial security, medical care and other needed services. As part of an internal restructuring at HRA, HASA is now under our Customized Assistance Services Unit (CAS), the division in HRA that provides medical expertise to the Agency in the fields of health, mental health, substance abuse and vocational rehabilitation. This unit provides psychiatric evaluation and crisis intervention services, housing eligibility services and assistance in obtaining federal disability benefits, which makes it an ideal fit for the HASA program.

The Home Care Program

I would also like to review our Personal Care Services (PCS) within the Home Care Services Program. Last year's state budget included several proposals related to the home care both specific to New York City as well as some applicable to the entire state. One of the first changes occurred in July 2011 with a reduction in the cap on the amount of Personal Care Level One, housekeeping, hours from 12 hours down to 8 hours per week; reducing hours for over 2,000 of our level one clients. Another change that will have a much greater long term impact on our overall program and clients began in August of last year when New York City Personal Care Services became part of the benefit package for mainstream managed care plans. At that time, approximately 4,000 PCS recipients were transferred from HRA to a managed care plan. The State also plans to begin mandatory enrollment of PCS clients who receive Medicaid and Medicare and are 21 years of age or older into Medicaid Managed Long Term Care in July, pending Federal approval. The role of HRA in the delivery of these services in the future is still under discussion at the state level although we believe we will retain some level of involvement and are working with the State to make sure our 35,000 PCS clients continue to receive the care they need.

III. THE STATE AND CITY BUDGETARY OUTLOOK

Although the unemployment rate remains high by historical standards, we are encouraged by the most recent economic news. According to recent data from the New York State Department of Labor, the New York City economy is showing strength. Over the past year, the number of private sector jobs in the City increased 2.3 percent, adding 71,400 jobs. This was better than the 2.1 percent job growth for the nation as a whole. In fact, for the past two years, the City's economy has added jobs almost every month resulting in 156,600 more private sector jobs. Almost every sector of the local economy has experienced growth, with the sectors in which HRA clients typically find jobs showing particular strength.

Impact of the State Budget on HRA Programs

The constant erosion of State financial support for the administration of our safety net programs by over $200 million a year in the last four years has continued into the completed 2012-13 state budget as demonstrated in the appended chart. Not only has the state walked away from supporting the administrative costs of our food stamp and safety net cash assistance programs, but the state has now done the same for our child support enforcement program. As every dollar invested in child support enforcement yields almost four times that amount in collections sent to families, the state reduction means a reduced commitment to low-income families. We are very supportive though of final budget language that speeds up state takeover of local district medical assistance expenditures.

HRA 2013 Proposed Budget Plan

Since 2008, in order to meet the city tax levy cost savings measures, HRA has implemented budget gap closing measures that reduced the city's expenses by more than $965 million over a five-year period. Most recently in our FY 2013 budget plan, we have identified an additional $84 million in savings. In a concerted effort to avoid staff layoffs, these savings come primarily from administrative efficiencies, and maximizing federal and state revenue streams.

Administrative Savings
The vast majority of the savings for this budget are from revenue maximization and administrative savings, many with minimal or no impact to services or our clients. For example, for fiscal year 2012, HRA brought in almost $37 million in additional revenues due to an increase in fringe benefit rates. Similar to last year, savings were also identified from unexpected delays in 3 NY/NYIII permanent and congregate supportive housing projects. They are now included in a broader request for proposal (RFP) process that is presently underway and expected to be awarded by January 2013.

Revenue Maximization
As you know, we are always looking at avenues to maximize federal and state revenues to relieve the City's tax levy burden and have developed a successful methodology to claim Medicaid reimbursement for hospitalized NYC Department of Correction inmates. In addition, over the past two years we have been forced to absorb almost $1 million in state cuts to our non-residential domestic violence providers. To lessen the impact of that, we were able to identify alternative state funding streams that are being utilized. We have also put forward a plan to relinquish multi service centers within the agency's portfolio. HRA is currently in discussions with the Department of Citywide Administrative Services, Economic Development Corporation, and Housing Preservation and Development to explore the City's highest and best use of these properties. As is the case in most capital projects, it will ultimately take several years and therefore all occupants will be given ample time to transition out of the buildings, or negotiate terms with the new owners should there be the opportunity to remain on-site.

One issue that I need to speak to you about is a proposal that we have put forward to request recovery of cash benefits provided to a small subset of our Safety Net Assistance Program - legal immigrants who entered the United States through sponsorship by a friend or relative. These sponsors have signed an Affidavit of Support that legally commits them to be financially responsible for the cost of any benefits provided to the individual(s) they sponsored. Although they had provided documentation demonstrating their ability to pay during the immigration process, we understand that circumstances change and we will not pursue recoveries from sponsors who claim hardship or have income below 250 percent of the Federal poverty level. We will also provide sponsors with the opportunity to negotiate a payment plan. This proposal does not seek recovery of work supports such as food stamps, Medicaid and Family Assistance. We will not seek recovery from sponsors of domestic violence victims, asylees or refugees.

Staffing Issues
As we reported at a recent committee hearing, additional staff funded as part of the FY 2012 budget are now in place to address demands placed on our centers. Specifically, 102 Eligibility Specialists were funded and hired between July 2011 and January 2012 for the Food Stamp Program. These newly funded positions were in addition to regular attrition hires which include 59 Job Opportunity Specialists and 80 Eligibility Specialists since February 2012. However, as an agency with over 14,500 employees within a myriad of different program areas, we both hire new staff to meet growing needs while at the same time eliminating vacancies. Therefore, as part of this budget we are implementing the balance of an earlier PEG by eliminating an additional 200 vacancies to be taken throughout the agency with a higher percentage to be absorbed in our non-direct services staff lines. A majority will be taken in administrative functions, with none taken from our highest growth area, the Food Stamp Program.

At this point, I would like to review several of the proposals from previous years that have been included in the present plan. With shrinking city revenues over the course of the last several years and cuts at the state level, we had to take a hard look at all of our programs and retain only those that are core to our Agency's mission. This means withdrawing from tasks that we can no longer afford to perform.

Teen Relationship Abuse Prevention Program (RAPP)
A particularly difficult decision was eliminating the funding for the Teen RAPP program. This program provides relationship violence prevention education and services to youth in the public school system. However, please be assured that HRA continues to address domestic violence through our management of the NYC domestic violence shelter system and through the provision of non-residential domestic violence support and prevention services.

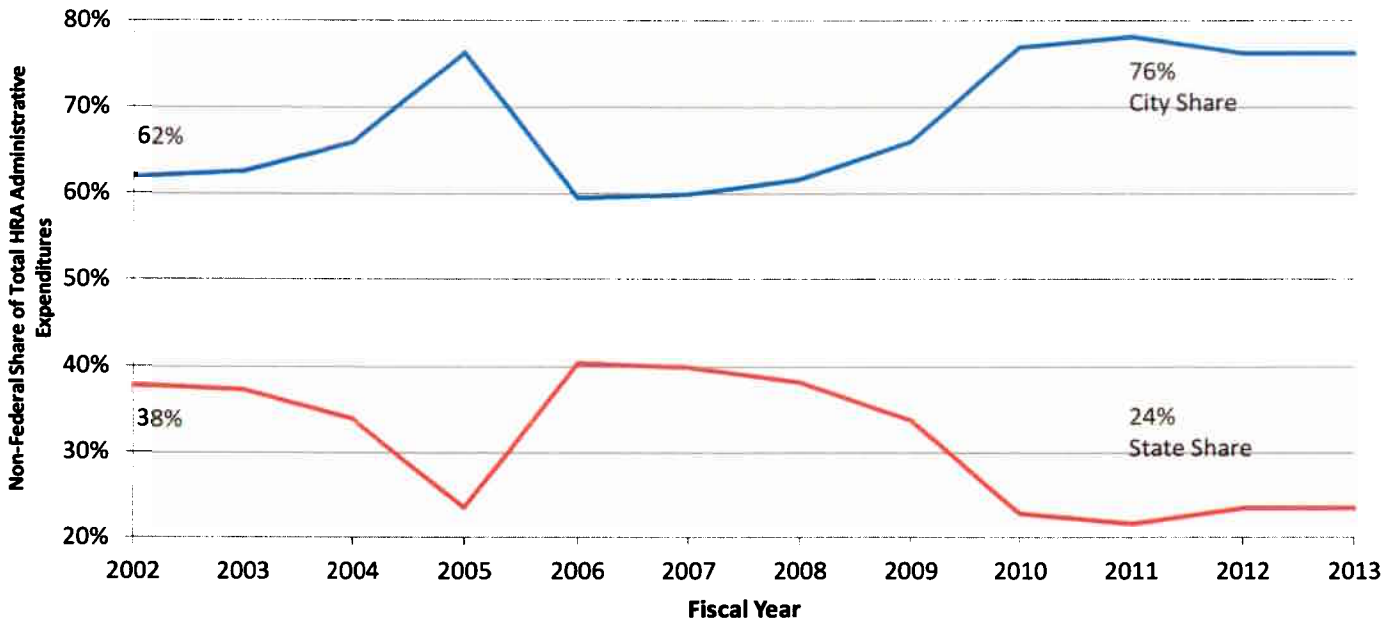
HASA Contracted Services
In eliminating worthwhile but non-core programs, it has become increasingly clear that it is untenable to have two case managers assigned to one HASA client at their present level of service when both their salaries are paid for in whole or in part with scarce public dollars. This plan therefore results in a decrease in our supportive housing contracts by $7.1 million. However, it is important to note that no housing contracts are being eliminated and clients will continue to have a HASA case manager as well as a contracted case manager.

We are also no longer continuing the HASA nutrition contract. We continued to fund this contract even after being notified by the State several years ago that it would no longer provide reimbursement. However, with the vast majority of HASA clients receiving food stamps and a unique nutrition allowance and having access to the broader emergency food assistance program in the City, we can no longer justify devoting scarce City resources to this contract. We will also no longer be contracting for the provision of client assistance with the SSI disability application process and for acting as a Social Security Administration (SSA) Representative Payee. HRA's financial management program is the largest SSA Representative Payee in the country and we also have a disability unit within Customized Assistance Services that assists with the SSI process for cash assistance recipients. With this experience, we are confident that the function can be provided by Agency staff.

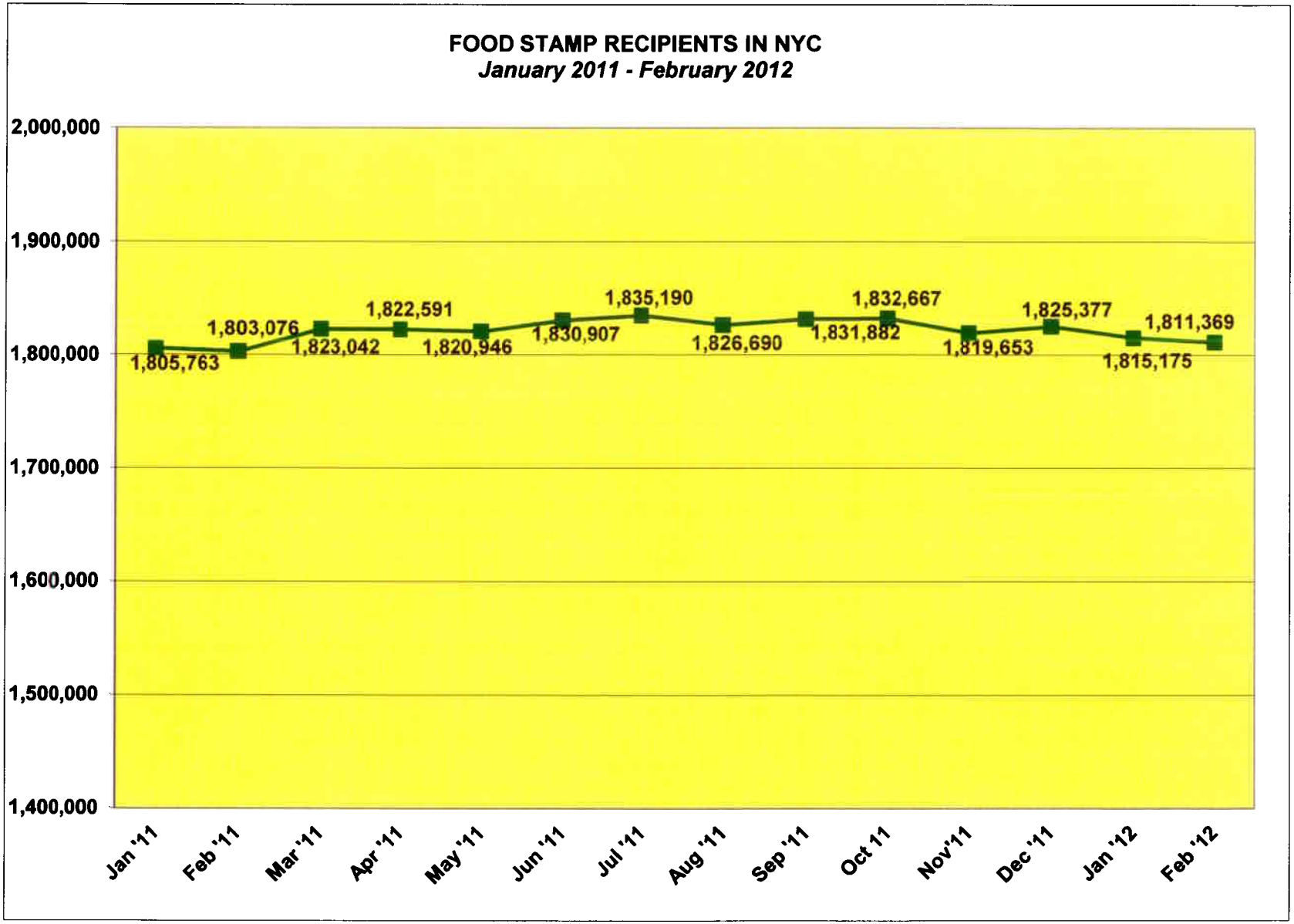
At this time, I look forward to questions from the Council.

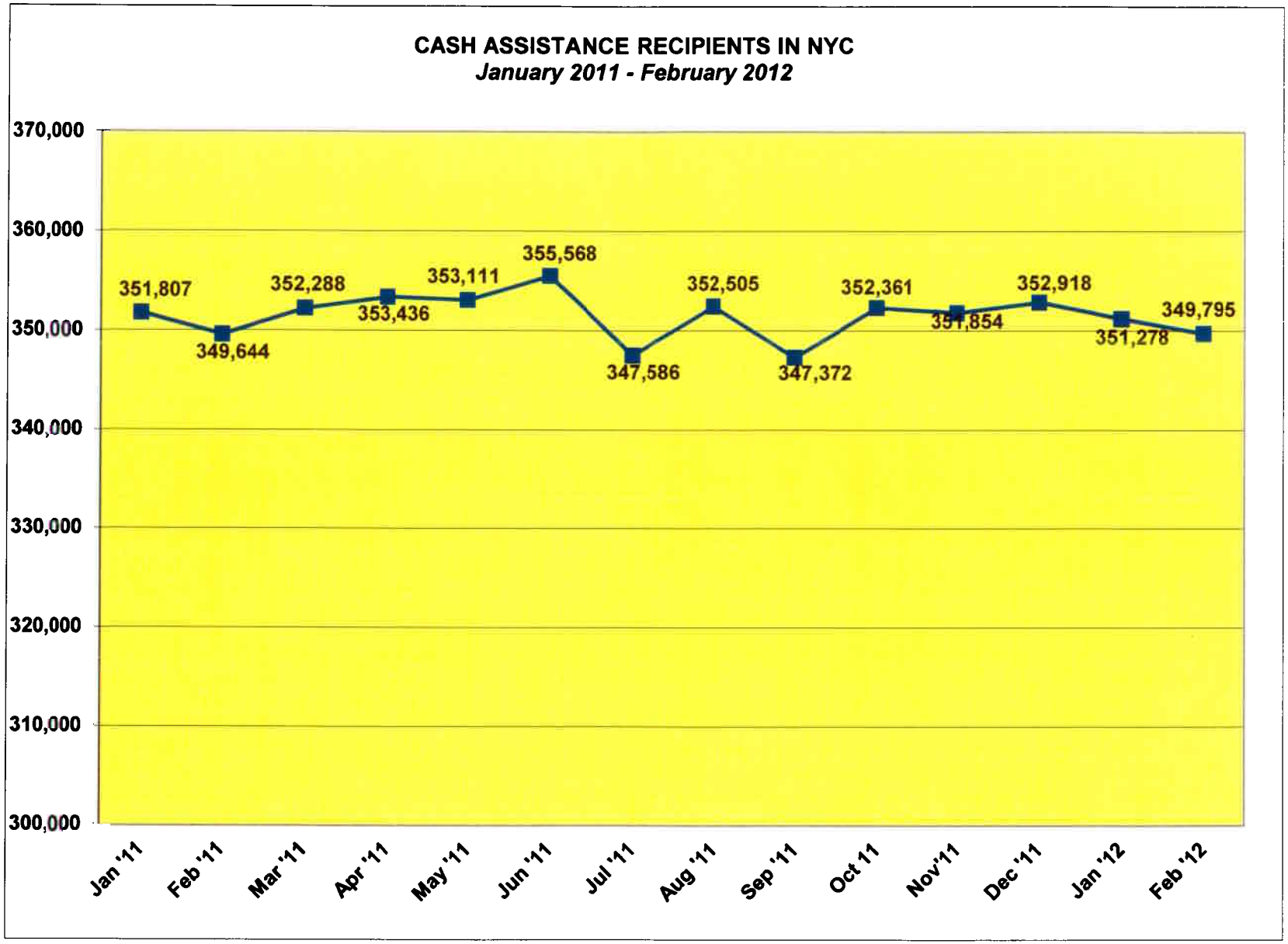
New York State Support for HRA Administration in New York City Has Fallen Further and Further Behind the City's Commitment

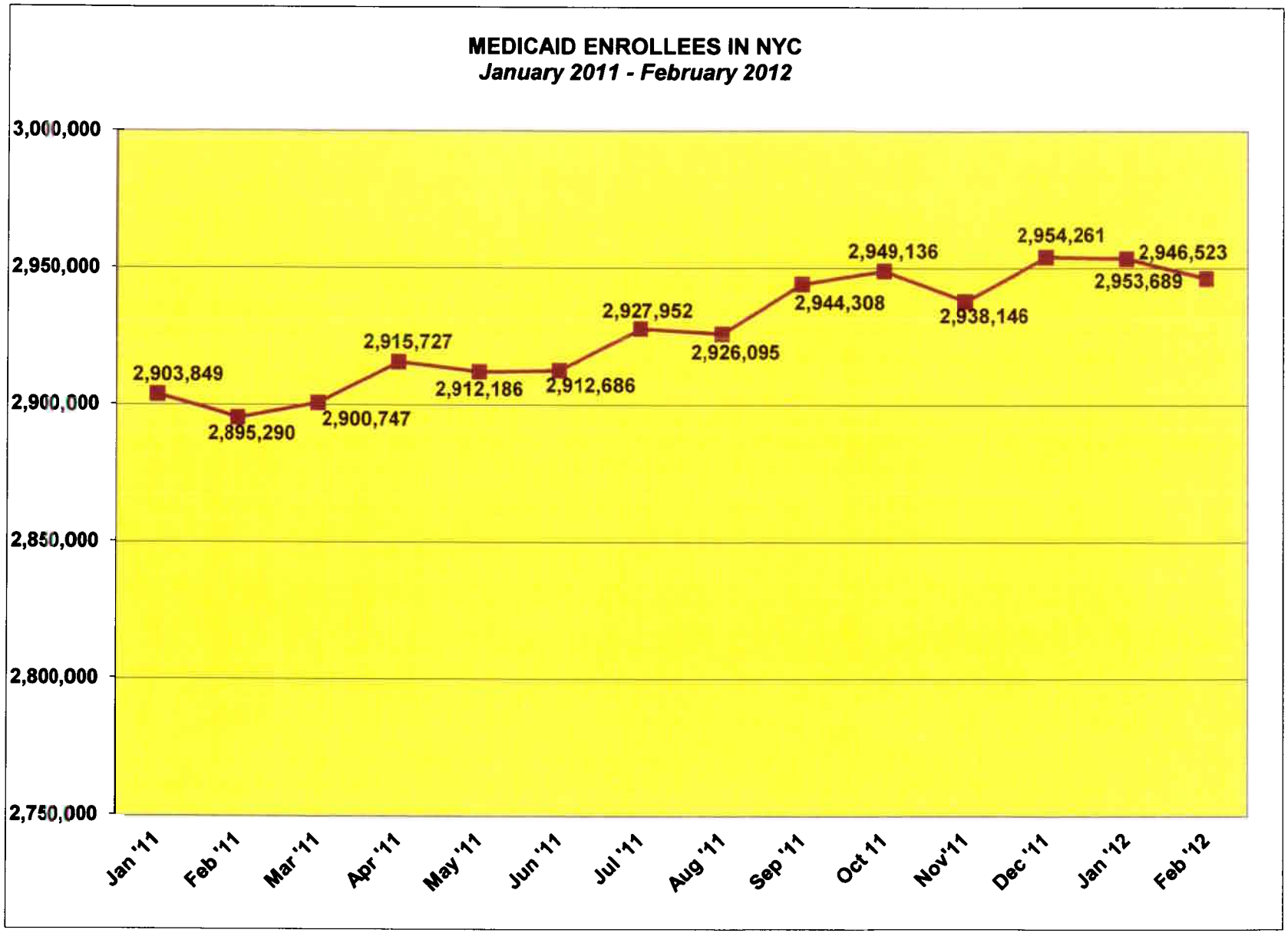
- In FY 2002, New York State's share of the non-federal cost of administration was 38%, and the City's share was 62%
- In FY 2013, New York State's share is 24% while the City's share is 76%
- If the State shared the cost of HRA administration equally with the City, spending on HRA administration would have cost local taxpayers $212 million less in FY 2013

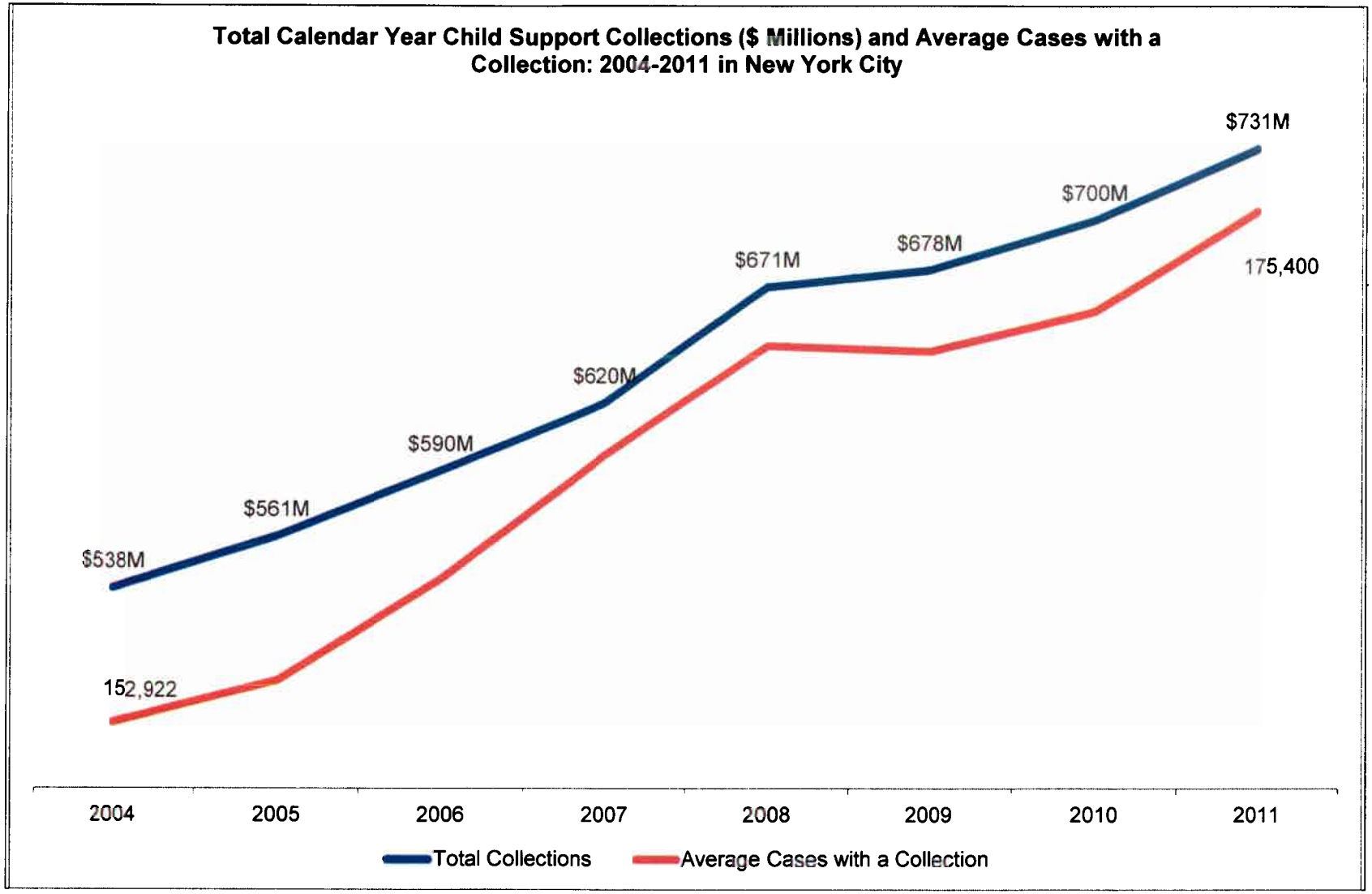


This chart includes administrative expenditures for all HRA programs including: Cash Assistance, Food Stamps, Medicaid, Employment, Child Support, HASA, APS, and Domestic Violence,


FOOD STAMP RECIPIENTS IN NYC
January 2011 - February 2012
2,000,000
1,900,000
1,800,000
1,700,000
1,600,000
1,500,000
1,400,000
1,805,763
1,803,076
1,823,042
1,822,591
1,820,946
1,830,907
1,835,190
1,826,690
1,831,882
1,832,667
1,819,653
1,825,377
1,815,175
1,811,369
Jan '11
Feb '11
Mar '11
Apr '11
May '11
Jun '11
Jul '11
Aug '11
Sep '11
Oct '11
Nov'11
Dec '11
Jan '12
Feb '12


CASH ASSISTANCE RECIPIENTS IN NYC
January 2011 - February 2012
370,000
360,000
350,000
340,000
330,000
320,000
310,000
300,000
351,807
349,644
352,288
353,436
353,111
355,568
347,586
352,505
347,372
352,361
351,854
352,918
351,278
349,795
Jan '11
Feb '11
Mar '11
Apr '11
May '11
Jun '11
Jul '11
Aug '11
Sep '11
Oct '11
Nov'11
Dec '11
Jan '12
Feb '12


MEDICAID ENROLLEES IN NYC
January 2011 - February 2012
3,000,000
2,950,000
2,900,000
2,850,000
2,800,000
2,750,000
2,903,849
2,895,290
2,900,747
2,915,727
2,912,186
2,912,686
2,927,952
2,926,095
2,944,308
2,949,136
2,938,146
2,954,261
2,953,689
2,946,523
Jan '11
Feb '11
Mar '11
Apr '11
May '11
Jun '11
Jul '11
Aug '11
Sep '11
Oct '11
Nov'11
Dec '11
Jan '12
Feb '12


Total Calendar Year Child Support Collections ($ Millions) and Average Cases with a Collection: 2004-2011 in New York City
$538M
$561M
$590M
$620M
$671M
$678M
$700M
$731M
152,922
175,400
2004
2005
2006
2007
2008
2009
2010
2011
Total Collections
Average Cases with a Collection