



**Testimony of
Coalition for the Homeless**

presented by

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before the
Fiscal Committees of the NYS Legislature

on
The 2011-2012 Executive Budget Proposal for Human Services

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Good Afternoon. Thank you, Senator DeFrancisco and Assemblyman Farrell for holding this important hearing and inviting me to share some insights with you regarding the Executive Budget proposal for Human Services.

My name is Shelly Nortz and I serve as the Deputy Executive Director for Policy with Coalition for the Homeless where I have been a public policy specialist for the last 24 years. As you all know, I have a thorough understanding of our welfare and human services systems, and have often come before you in true distress because of budget proposals we have found to be harmful. Indeed last year was perhaps the most troublesome homeless services budget we had ever seen. Thank you so much for working with us to make critical restorations to shelter, prevention and other services in 2010.

I am pleased to report that we are generally supportive of the Human Services budget this year, and will offer some modest recommendations for change. At the same time, we have much to be concerned about with respect to the deepening problem of homelessness in our state, and this should inform the choices made in negotiating the human services budget.

Record Homelessness

Let me start by sharing just a few fundamental facts:

- ◆ In 2010, more than 113,000 different men, women and children – an all time record - were admitted to the New York City shelter system, and nearly 43,000 of them were children.
- ◆ Eighty-five percent of the homeless population in New York State is in New York City, where income inequality – a key factor in the economics of homelessness - has reached an unprecedented extreme.
- ◆ The number of families turned away from shelter in the City has skyrocketed since 2007 from 1,052 families per month to 1,855 families per month.
- ◆ Shelter demand among unaccompanied homeless women has also been rising unabated in recent years and now stands at a record exceeding 2,600 per night in New York City.
- ◆ Every night, 38,000 men, women and children bed down in the municipal shelters – among them, 9,700 families and 15,000 children.
- ◆ Every month this winter new shelters have been opened to accommodate the growing demand among men and women – with not a little prodding from our staff and the State. We are relieved that we have not seen the kind of chaotic admissions and over-night placements that posed such serious problem last winter.

Further, despite incremental efforts to build affordable and supportive housing, the current effort is clearly not sufficient to compensate for the loss of hundreds of thousands of affordable units due to deregulation and market forces.

Nor are current efforts able to keep up with a rising demand from new households and an un-abating need for housing with supports for populations that are no longer locked away in institutions, but left to find their way with the most meager of resources in a period of intractable unemployment. It is my assessment that the pace of special needs housing development has been cut by half since the early 1990's, and is insufficient to keep

up with the need deriving from a population of 19.5 million people – our population has grown by more than 1.55 million individuals in the last couple of decades.

So - things are not good for homeless New Yorkers, especially those with psychiatric impairments and other disabilities, and families. Therefore we are relieved and grateful to Governor Cuomo for sparing many of the most vital housing and supportive services that help our clients – much of the supportive housing, and other state assistance has been preserved and sustained in this budget.

In addition, and perhaps a bit counter-intuitively, we also are here to support and accept some choices the governor has made to reduce or eliminate State funding for certain programs, while we seek the restoration and expansion of others.

Eliminate State Funds for Work Advantage

Specifically, Coalition for the Homeless agrees with Gov. Cuomo's decision to stop spending \$35 million in precious taxpayer dollars on a fatally flawed rental assistance program in New York City for select homeless households called Work Advantage.

One need look no further than the City's own analyses to see why the program is unworthy of State support: After changes made in 2010, the stricter program was projected by City budget planners to result in increased shelter costs of \$62 million.

Indeed, City statistics show that alarming numbers of former Advantage recipients are stuck in a revolving door that is carrying them directly back to the shelter system: **One in four former Advantage recipients has returned to shelter; one in three has applied for emergency housing; and the number of former Advantage recipients applying for shelter has accelerated from 86 per month in 2009 to 213 per month in 2010.**

We hope that you will agree that a program costing well in excess of \$140 million per year in Federal, State and City funds that returns so many families to a state of homelessness in such a short span of time is most certainly unworthy of further public investments.

A far better solution would be to reopen the doors of public and subsidized housing in New York City to homeless people – doors that were closed five years ago by a Mayor who clearly does not understand how to solve homelessness.

It is time for the City to stop experimenting with theories and stick with what we know works: Priority access for homeless households to Federal subsidies and public housing. New York is the only municipality I know of that bars priority access to valuable Federal housing resources for its homeless population – others pave the way as best they can because they know that people will be stably housed and not return to costlier shelters. Perhaps an enlightened change in City policy will be forthcoming in the absence of State funds for the bad experiment that the Advantage program has become.

Accept Shelter Financing Changes; Reinvest Savings to Restore Programs

Coalition for the Homeless has no fundamental objection to the Executive's recommendation to shift State and Federal reimbursements to make better use of Federal funds to support the shelter system, and therefore reduce State funds for that purpose. The net effect of these changes across the whole of the shelter system results in savings to both the City and the State, which is acceptable to us.

However, rather than simply using the funds saved in this manner to soak up the deficit, we urge that at a time of record homelessness, at least some of the savings be reinvested in proven programs that address

homelessness through emergency services, homelessness prevention and permanent supportive housing. With support from the NYS Legislature since 1999, the Coalition has offered these services, and as the map attached to my testimony shows, we help people from every neighborhood in New York City and beyond.

We strongly recommend rather than eliminating all of the distinct TANF programs, and rather than paying for all of Family Assistance with the Federal funds, that the block grant and general fund savings (\$62 million – State; \$54 - million localities) be used to **restore** critical programs and services, including most especially: **Emergency Needs of the Homeless Program** (\$2 million) and **Supportive Housing for Families and Young Adults** (\$5 million). With support from the Emergency Homeless Needs program last year, we served over 7,500 people from virtually every neighborhood in the city – with everything from food to help with access to shelter and benefits, to eviction prevention grants and more.

Further, we ask that a small \$1 million general fund program be established to help homeless people with disabilities obtain Federal disability and veterans benefits as well as stable housing modeled on our own small **Client Advocacy Program**. Such an investment literally can pay for itself in interim assistance recoveries paid to the state from the retroactive benefits awarded to the recipient. This is one way the Social Services budget could also help with Medicaid Redesign – the more people with disabilities and unstable housing we can get into Federal disability benefits, Medicaid, and housing, the more taxpayer funds can be saved by cutting down on preventable hospital readmissions and unmanaged chronic illnesses that often become acute and very costly for those without a home.

Since the economy is so slow to recover with unsubsidized jobs, perhaps some funds should be reinvested in employment programs and summer jobs as well.

Programmatic Changes

Coalition for the Homeless advises against the Full Family Sanction proposal – we would prefer to see compliance achieved through better casework than to penalize children for the failure of a parent to comply with the rules – possibly owing to a cognitive impairment or another barrier to employment. If sufficient funds can be garnered for reinvesting savings in programs and benefits, it would also be **preferable not to delay the grant increase**.

Un-Freeze Homeless Housing

I want to mention just one item from the broader budget discussion that impacts on the OTDA budget, and that is the Office of Mental Health housing budget. It is our understanding that DOB is holding back on some homeless housing at OMH that would not save any real money this year but would in future years when the units are slated to come on line. At a time of record homelessness, we ask that the legislature should assure that all homeless housing pipelines remain open, not frozen. Further, we urge that future budget balance be achieved in part through extension of the surcharge on high-income earners, not freezing housing investments that generate jobs and taxes. None of us can afford to blow a \$5 billion hole in the budget for next year when we have such extreme income inequality.

Conclusion

Many difficult choices had to be made in the preparation of this budget, and to be sure, there are more to come. But with the restorations and investments I have outlined, we think homeless New Yorkers can be served by this budget. I know we all look ahead to a brighter economy when we can get back to the kinds of major investments in affordable and supportive housing that can help house so many more homeless people and reverse the upward trend lines once again – but for now, the modest investments we propose would help more people have better lives – in a bad economy, that would be a good thing. Thank you for your interest, I will be most pleased to answer any questions you may have either now or in the coming days and weeks.