



Analysis and Comment on the NYS Budget for Homeless Services Expansion 2015-16 through 2019-20

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EXECUTIVE BUDGET ANALYSIS

The *Executive Budget* proposal for 2015-16 included funds for *pre-existing* and *new* programs to serve the needs of homeless and other New Yorkers in a multi-year package that was described by the Governor's office as including more than \$400 million in *new* homeless program investments. These funds in fact come from a combination of *new* investments and shifting some *pre-existing* programs off budget for several years, including one program that is not targeted to homeless people.

Included in the \$403 million cited by the Governor's office was \$183 million funded by the J.P. Morgan settlement fund:

- \$66 million for *new* supportive housing to be allocated over five years, with only \$1 million allocated in 2015-16; and
- \$117 million for three *pre-existing programs*: Two targeted to homeless people (HASA rent cap at \$27 million, and LINC 1 at \$40 million); and one – the largest of the three – *not* targeted specifically to homeless people (the OMH Supported Housing Rent increase, at \$50 million). These programs were thereby moved “off budget” for three, four and five years respectively and are thus protected from the effects of the 2 percent State budget cap.

The second component of the *Executive Budget* proposal was the conversion of a current mandate for localities to reimburse the State for the operation of youth facilities. The mandate would now be capped, generating fiscal savings to localities over the next four years. The savings to New York City would be \$220 million, which the State required the City to reinvest over that same period in new NYC rental assistance programs and other programs that serve homeless New Yorkers – including \$18 million for 2015-16. The City will be required to match the \$220 million with \$220 million in additional City funds.

After four years, New York City will be required to resume the \$55 million per year reimbursement to the State for youth facilities, presumably while *also* funding a projected \$110 million per year in rental assistance – with no Federal or State financial participation.

The last, very small, component was a \$400,000 addition to the consolidated funding stream that supports *pre-existing* eviction prevention and supportive housing subsidy programs (STEHP/ NYSSHP) for 2015-16.

Total State funds for *new* programs in the *Executive Budget* thus came to only \$1 million for 2015-16, and a total of \$65 million for future years.

Total *pre-existing* program increases for homeless programs in 2015-16 were \$400,000, with no

projected future funding; however, this increase will likely be renewed next year.

Total funding for *pre-existing* programs *moved off budget* in 2015-16 equals \$24 million – of which \$14 million is targeted to homeless people and does not represent an increase, with the remaining \$10 million not targeted to homeless people. Another \$3 million dollars in funding is retroactive to 2014 and is targeted to homeless people.

In addition, State funding under Emergency Assistance for Families for NYC homeless shelters was *reduced* by \$22.5 million and shifted to New York City via a 10 percent required City match.

FINAL BUDGET ANALYSIS

The *Final Budget* for 2015-16, like the Executive Budget, includes funds for both *pre-existing* and *new* programs to serve the needs of homeless and other New Yorkers in a multi-year package that is described by the State as including more than \$432 million in *new* homeless program investments.

These funds in fact come from a combination of *new* investments and shifting some *pre-existing* programs off budget for several years, including one program that is *not* targeted to homeless people. Included in the \$432 million is \$191.5 million funded by the J.P. Morgan settlement fund:

- \$74.5 million for *new* supportive housing to be allocated over five years, with \$9.5 million in the financial plan for 2015-16 – *an increase of \$8.5 million* added by the Assembly; and
- \$117 million for three *pre-existing programs*: Two targeted to homeless people (HASA rent cap at \$27 million, and LINC 1 at \$40 million); and one – the largest of the three – not targeted specifically to homeless people (the OMH Supported Housing Rent increase, at \$50 million). These programs were thereby moved “off budget” for three, four and five years respectively and are thus protected from the effects of the 2 percent State budget cap. This represents no change from the Executive Budget.

The second component of the *Executive Budget* proposal was the conversion of a current mandate for localities to reimburse the State for the operation of youth facilities. The mandate would now be capped, generating fiscal savings to localities over the next four years. The savings to New York City would be \$220 million, which the State required the City to reinvest over that same period in new NYC rental assistance programs – including \$18 million for 2015-16. The City will be required to match the \$220 million with \$220 million in additional City funds. After four years, New York City will be required to resume the \$55 million per year reimbursement to the State for youth facilities, presumably while *also* funding a projected \$110 million per year in rental assistance – with no Federal or State financial participation.

The only changes to this program from the Executive Budget are 1) the City is now limited to using the funds only for rental assistance programs, and not “other homeless services programs,” and 2) the City may now use these funds for services provided in 2014-15.

The addition of \$400,000 to the consolidated funding stream that supports *pre-existing* eviction prevention and supportive housing subsidy programs (STEHP/NYSSHP) for 2015-16 proposed by the Executive was retained.

The NYS Assembly also added the funding listed below to the Final Budget for *new* and *pre-existing*

programs:

- \$8.5 million in additional JP Morgan funds for the *new* supportive housing program in 2015-16;
- \$15 million more for a Homelessness Prevention Pilot program to enhance *pre-existing* programs (for FEPS expansion and other needs New York City will negotiate with OTDA; value could exceed \$15 million to the extent that it is used to help the Safety Net population which would require a local match);
- \$2.12 million addition to the *pre-existing* Runaway and Homeless Youth Shelter program;
- \$2.5 million addition for *pre-existing* STEHP/NYSSHP programs;
- \$1 million addition for *pre-existing* TANF Emergency Homeless Needs Program, up from \$500,000 last year, and back to baseline for the program after being down by half for many years.

Total State funds for *new* programs in the *Executive Budget* equaled \$1 million for 2015-16, and \$65 million for future years. The *Final Budget* includes \$9.5 million for new programs in 2015-16, and \$65 million for future years.

Total *pre-existing* program increases for homeless programs in the 2015-16 *Executive Budget* were \$400,000. In the *Final Budget*, pre-existing programs received an additional \$20.6 million. While no additional funds are currently projected for these programs for future years, the increases will likely be retained in the Executive Budget and/or restored by the Legislature in future Final Budgets. The five-year value of these program expansions would thus be \$2 million for the Executive's STEHP/NYSSHP increase, and another \$103.1 million if all four program expansions funded by the Assembly are retained.

Total funding for *pre-existing* programs *moved off budget* in 2015-16 equals \$24 million – of which \$14 million is targeted to homeless people and does not represent an increase, with the remaining \$10 million not targeted to homeless people. An additional \$3 million dollars in funding is retroactive to 2014 and is targeted to homeless people.

In addition, State funding under Emergency Assistance for Families for NYC homeless shelters was *reduced* by \$22.5 million and shifted to New York City via a 10 percent required City match.

The *Final Budget* for 2015-16 thus includes a net increase above the *Executive Budget* for *new* and *expanded pre-existing* homeless programs of \$29.1 million which, taken together with the Executive's *new* and *expanded* programs, brings the homeless services budget to \$30.5 above last year. This is offset by the cost shift of \$22.5 in Emergency Assistance to Families from the State Budget to the City of New York.

Over the next five years, State support for *new* and *expanded pre-existing* programs is appropriated at \$95.5 million and could rise to twice that amount if the newly expanded programs are all retained and restored in future years. Another \$117 million in *pre-existing* programs that are *not* being expanded (\$67 million of which is targeted to programs serving homeless people) will be funded via the JP Morgan settlement appropriations for periods of three to five years off budget, and thus outside the 2 percent cap.

The five-year impact of the *Final Budget* for *new and expanded homeless service programs* is thus \$315.5 million – not the \$432 million cited by the State – as detailed below:

- \$66.4 million in *new and expanded State* homeless service programs proposed by the Executive;
- \$29.1 million in *new and expanded State* homeless service programs added by the Assembly;
- \$220 million in *new City* homeless service programs.

In addition, \$67 million in pre-existing homeless service programs and \$50 million in one Office of Mental Health housing program (\$117 million combined over three to five years) were moved off budget and onto the JP Morgan appropriation, where they will not be subject to the two percent budget cap. This figure, added to the \$315.5 million, is how the State arrived at the \$432 million figure, but clearly *new and expanded State* programs for the homeless (\$95.5 million) represent only 22 percent of the whole. The much larger mandated change in City spending (\$220 million) for increases to *pre-existing* and *new* programs represents more than 50 percent, while the shift of *pre-existing* programs off budget (\$117 million) represents 27 percent of the funds claimed to be *new* investments to address homelessness in this budget.

COMMENT

The *Final Budget* includes welcome new investments in anti-homelessness initiatives – and we are grateful to the Assembly Majority for adding over \$29 million in new funds to prevent and address homelessness.

However, with record homelessness in New York City, this budget must represent a floor – not a ceiling – for the Governor’s negotiations with the Mayor on a multi-year NY/NY IV Agreement to expand invaluable supportive housing.

Permanent supportive housing is a cost-effective resource proven to reduce homelessness for our most vulnerable neighbors who often languish for years on our streets. But the *Final Budget* would actually create far less supportive housing units per year than the last agreement – NY/NY III – which was codified when homeless was half what it is today.

It’s imperative that Governor Cuomo move immediately to build upon this budget by significantly increasing Albany’s investment in supportive housing to at least 30,000 NY-NY IV units in NYC in the next ten years (including at least 15,000 new capital development units) via a new City-State Agreement and his next Executive Budget.

The absence of additional funding above this floor for supportive housing would represent an appalling retreat in State leadership at a time when it is needed more than ever to reduce the misery of homeless New Yorkers.

For further information, please contact Shelly Nortz, Deputy Executive Director for Policy, Coalition for the Homeless at 518-436-5612.

2015-16 NYS Final Budget Analysis on Funds for Homeless Initiatives

SOURCE

I. JP Morgan Settlement (Appropriated in 2014-15, allocated in 2015-16)

Moved off Budget, outside 2% cap for three to five years

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
(millions)							
A. New Programs							
Supportive Housing by Exec. Budget (Service & Operating)		\$1.0	\$2.0	\$12.0	\$21.0	\$30.0	\$66.0
Additional Supportive Housing by Assembly		\$8.5					\$8.5
Subtotal New Supportive Housing JP Morgan		\$9.5	\$2.0	\$12.0	\$21.0	\$30.0	\$74.5
B. Pre-Existing Programs (Executive Budget, JP Morgan)							
OMH Supported Housing Rent Increase		\$10.0	\$10.0	\$10.0	\$10.0	\$10.0	\$50.0
LINC 1 (x and y dependent on NYC's LINC plan: \$3 + \$5 + \$x + \$y = \$40)	\$3.0	\$5.0	x	y			\$40.0
HASA 30% Rent Cap		\$9.0	\$9.0	\$9.0			\$27.0
Subtotal Pre-Existing Programs JP Morgan	\$3.0	\$24.0	\$19 + x	\$19 + y	\$10.0	\$10.0	\$117.0
C. JP Morgan Subtotal	\$3.0	\$33.5	\$21 + x	\$31 + y	\$31.0	\$40.0	\$191.5

	Total New In 2015-16	Six Yr Total New & Exp	Six Yr Total Pre-Existing Off Budget
A. New Programs			
Supportive Housing by Exec. Budget (Service & Operating)	\$1.0	\$66.0	**
Additional Supportive Housing by Assembly	\$8.5	\$8.5	
Subtotal New Supportive Housing JP Morgan	\$9.5	\$74.5	
B. Pre-Existing Programs (Executive Budget, JP Morgan)			
OMH Supported Housing Rent Increase			\$50.0
LINC 1 (x and y dependent on NYC's LINC plan: \$3 + \$5 + \$x + \$y = \$40)			\$40.0
HASA 30% Rent Cap			\$27.0
Subtotal Pre-Existing Programs JP Morgan			\$117.0
C. JP Morgan Subtotal			
II. Pre-Existing Programs			
A. Expanded in Executive Budget			
STEHP & NYSSHP	\$0.4	\$0.4	
B. Expanded by Assembly			
Homelessness Prevention Pilot Program	\$15.0	\$15.0	
Runaway & Homeless Youth	\$2.1	\$2.1	
STEHP & NYSSHP	\$2.5	\$2.5	
TANF Emergency Homeless Needs	\$1.0	\$1.0	
Subtotal Pre-Existing Programs Expanded by Assembly	\$20.6	\$20.6	
C. SUBTOTALS			
Total New and Expanded Programs for Homeless with Legislative Adds	\$30.5	\$95.5	
Total All State New, Expanded, and Pre-Existing Programs with Legislative Adds	\$54.5	\$23 + x	\$43 + y
		\$52.0	\$70.0
		\$212.5	\$117.0
III. New York City Programs			
A. City Savings Required to be Spent on Homelessness	\$18.0	\$220.0	
Total, All Sources			
Total Executive Budget State and City Funds New, Expanded, Pre-Existing	\$3.0	\$43.4	\$403.4
Total Final Budget State and City Funds New, Expanded, Pre-Existing	\$3.0	\$72.5	\$432.5
Net Increase Final Budget State and City Funds for New, Expanded, Pre-Existing	\$29.1	\$29.1	\$117.0

Note 1. Reported new investments in homeless programs of \$403.4 million for 2015-16 Executive Budget are spread out over six years 2014-15 through 2019-20.
 Note 2. The reported estimate of 2015-16 new homeless program funds of \$50 million in Executive Budget includes pre-existing programs, not all of which were homeless service programs. The \$50 million was the Executive's estimated share of the \$403 million to be spent in 2015-16. It was rounded up from \$46 million shown in purple for 2014-15 and 2015-16.
 Note 3. Executive plan included 1,906 new capital units funded by NYS from existing capital appropriations for NYC; and 1906 new capital units funded by NYC.
 Another 634 units of capital will be provided by the state with various matching requirements for upstate and metro communities. 555 scattered site units are also planned.
 Note 4. Final budget does not project a number of units.

Color Codes:
 Executive Budget New Program Funds Unchanged
 Executive Budget Pre-Existing Programs Unchanged; Not all are homeless service programs
 Assembly Additions for New Homeless Programs
 Assembly Additions for Pre-Existing Homeless Service Programs
 No funds allocated for future years for these programs; they are likely to be renewed. Projected value of Executive Budget item over five years is \$2 million <<- \$0.4 x 5 years
 Projected value of Assembly Additions over five years is \$103.1 million. <<- \$20.62 x 5 years
 Executive Budget Sub-totals and Totals Unchanged
 New York City Programs: City required to resume paying State \$55 million per year for youth facilities after four years in addition to projected \$110 million per year for LINC
 Increased totals due to Legislative Adds
 **Moved off Budget, outside 2 percent cap for three to five years
 YEAR 1
 TOTAL NEW HOMELESS SERVICES MONEY FROM EXECUTIVE \$1.40
 TOTAL NEW HOMELESS SERVICES MONEY FROM ASSEMBLY \$29.12
 TOTAL NEW HOMELESS SERVICES MONEY 2015-16 \$30.52

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