

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS JOINTLY WITH  
COMMITTEE ON GENERAL WELFARE

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JUNE 21, 2018  
Start: 1:15 P.M.  
Recess: 5:11 P.M.

HELD AT: 250 BROADWAY COMMITTEE RM 14<sup>TH</sup> FLOOR

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COMMITTEE ON CONTRACTS JOINTLY WITH  
COMMITTEE ON GENERAL WELFARE

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(Test, test, test, this is a joint  
committee hearing for the Committee on General  
Welfare and the Committee on Contracts. Today's date  
is June 21, 2018 being recorded by Mohammad Arshad  
(SP?).

CO-CHAIR JUSTIN BRANNAN: Good, okay  
cool. Good afternoon procurement fans. Good  
afternoon procurement fans welcome to the Contracts  
Committee of the New York City Council. Today is  
Thursday June 21<sup>st</sup>, 2018. My name is Justin Brannan.  
I have the privilege of co-chairing this hearing  
along with my fellow Council Member Steve Levin,  
Chair of the Committee on General Welfare. I would  
like to extend my thanks to Chair Levin as well as  
the members of both Committees for coming together to  
hold uhm this important hearing. The purpose of  
today's hearing is to discuss this Administration's  
implementation of the so called model budget process  
which was adopted during the last Fiscal Year in  
order to address ongoing contract fulfillment issues  
between the City and non-profits in the human service  
sector. These organizations are the frontline  
providers for critical and necessary city services  
and we outsource a significant amount of city

1  
2 responsibility to them. Whether that means providing  
3 child welfare services to families at risk, offering  
4 caregiver resources to the City's seniors or  
5 operating homeless shelters these nonprofits  
6 constitute an essential component of our basic social  
7 service sector and we are failing them. The model  
8 budgeting process was designed to adjust pricing  
9 rates and address salad... salary disparities in  
10 order to expedite contract payments across the human  
11 services sector yet contract delays persist and these  
12 providers are forced to continue operating at a  
13 deficit. While we on the Contracts Committee admire  
14 the effort taken by a select few city agencies in the  
15 serena (SIC) we cannot stress enough the impact that  
16 payment delays have on these organizations when  
17 contractors performing vital city services are  
18 routinely paid late and underpaid for their  
19 contracts, it discourages anyone in the human  
20 services sector from carrying out this business on  
21 behalf of the city. These providers are essentially  
22 city workers without the benefits. If we cannot find  
23 a way to pay the ... an appropriate amount ... an  
24 appropriate amount and on time then ultimately the  
25 City will be left responsible for the people under

1  
2 their care. We need to figure this out and we need  
3 to figure it out soon so these providers do run the  
4 risk of insolvency as they float the cost of their  
5 services for indeterminate amounts of time. I know  
6 Chair Levin is eager to discuss the details of the  
7 Model Budget and get right in to discussion with HRA  
8 Commissioner Banks so I will defer to him on the  
9 discussion of the details of the Model Budget  
10 Program; however, before I turn the floor over to him  
11 I want to take a moment to acknowledge the other  
12 Council Members that are here today, Adrienne Adams,  
13 Ritchie Torres, Alan Maisel, Inez Barron, Mark Gjonaj  
14 and Brad Lander. I also want to thank the inevitable  
15 Contrast Committee Staff, my Legislative Counsel Alex  
16 Paulenoff, Policy Analyst, Casie Addison, Finance  
17 Analyst Andrew Wilber and Finance Unit Head John  
18 Russell as well as my Senior Advisor Jonathan Yedin  
19 for all of their hard work in putting this important  
20 hearing together and Chair Levin I will give you the  
21 floor.

22 CO-CHAIR STEPHEN LEVIN: Thank you very  
23 much Chair Brannon. Good afternoon everybody I'm  
24 Council Member Steve Levin, Chair of the Council  
25 Committee on General Welfare. I want to thank you

1  
2 all for attending today's hearing on Model Budget for  
3 Human Services Contracts. Thanks also to my  
4 colleague Justin Brannan, Chair of the Committee on  
5 Contracts for bringing this issue to the forefront  
6 today. The city relies heavily on the not-for-profit  
7 sector, Human Services Sector to provide critical  
8 services to millions of New Yorkers including  
9 vulnerable populations such as children, seniors,  
10 people with disabilities and individuals and families  
11 experiencing homelessness. The not-for-profit Human  
12 Services Sector is one of the largest employers in  
13 our city that provides essential services such as  
14 early childhood education, shelter, job training and  
15 senior care. While the sector steps in to fill the  
16 needs that the City cannot possibly do on its own.  
17 We know that it has been historically underfunded.  
18 In the Fiscal Year 2017, the city made historic  
19 investments in Human Service Contracts to not-for-  
20 profit providers including funding for cost of living  
21 adjustments otherwise known as (COLAs), funding to  
22 raise indirect rates and the creation of a Model  
23 Budget for specific program areas to delve into  
24 chronic funding issues and better align dollars with  
25 resources. These investments were a crucial step in



1  
2 changing long-standing issues that prevent not-for-  
3 profits from accessing much needed resources. Among  
4 the program areas that the city identified for  
5 additional funding was ASCs Preventive Services.  
6 Recognizing the physical challenges facing not-for-  
7 profits delivering child welfare services. The City  
8 Budget for FY18 includes \$26.3 million in increasing  
9 funding for preventive services at ASC to develop a  
10 quality Model Budget to assist providers in raising  
11 salaries, retaining staff, strengthening training  
12 supervision and quality assurance and improving the  
13 delivery of services to children and families. ASC  
14 underwent the Model Budget Process in phases and  
15 gathered lessons along the way including the  
16 importance of more trans-parenting collaborative  
17 process to ensure providers get access to funding as  
18 efficiently as possible. ASC conducted focus groups  
19 organized a listening tour and completed research in  
20 data analysis to inform enhancements that would later  
21 be made. ASC also held workshops to answer provider  
22 questions and provide technical assistance along the  
23 way. Agencies like ASC appear to be well underway in  
24 the Model Budget Process. Some of their work could  
25 potentially be used as a rubric for other agencies

1  
2 undergoing the same process in the future.  
3 Department of Homeless Services (DHS) is also  
4 undergoing the Model Budgeting Process. In 2018 an  
5 additional \$36.2 million growing to \$71 million in  
6 2020 will support sh... will support shelter rate  
7 reform. This funding will be used to amend  
8 reimbursements rates across providers to improve the  
9 quality of shelter and services as well as increase  
10 the accountability; however, the progress of the  
11 amendments has been slow and most providers have not  
12 had any contract amendments reflecting updated per  
13 diem rates. With that improved rate, it is very  
14 difficult for most providers to maintain a  
15 satisfactory level of basic services and hire  
16 additional staff members to assist shelter clients  
17 with re-housing and case management. Uhm. We are  
18 looking forward to hearing from uhm from Commissioner  
19 Banks in DHS and update on the process of, of these  
20 Model Budgets and uhm, and uhm, give him an outlook  
21 on when they can be completed. Uhm, I would like to  
22 underscore that the Model Budget is meant to be a  
23 tool. It shouldn't just fix currently underfunded  
24 contracts. The goal should be that it changes how  
25 things are done overall. The Model Budgeting Process

1  
2 shouldn't be seen as a onetime exercise. It should  
3 be set for an establish better processes for the  
4 future; especially given that 90 new shelters will be  
5 created in the years to come as the objective of the  
6 de Blasio Administration. Today's, at today's  
7 hearing the General Welfare Committee is interested  
8 in learning how the Model Budget Process is  
9 progressing. The Committee is also interested in  
10 understanding the methodologies the respective  
11 agencies use during the process, interested to see  
12 where there are similarities, where there are  
13 differences and why those similarities and  
14 differences may be in place. I would also like to  
15 explore what improvements can be made and the  
16 processes that are still being implemented and how  
17 best we can engage providers throughout. We also  
18 want to discuss lessons learned. For instance, we  
19 want to examine how DHS will establish best practices  
20 and standards for the Model Budgeting Process so that  
21 rates don't fall behind like they have under previous  
22 administrations. In light of the recent allegations,  
23 in addition in light of recent allegations we also  
24 have concerns regarding security of shelters and we  
25 would like to discuss how the contracting process can

1  
2 address these issues going forward. DHS should be  
3 using these contracts to drive the industry standard  
4 around security practices and protocol and the  
5 critically needed training and we want to hear how  
6 that process is moving forward. I would like to  
7 thank general wo... uhm General Welfare Committee staff  
8 for their hard work in preparing for today's hearing,  
9 uhm Committee Counsel, Amenta Killaron (SP?), Policy  
10 Analysts Tonya Cyrus and Crystal Pond, Finance  
11 Analysts Namira Nusat (SP?) and Daniel Croup (SP?)  
12 and Finance Unit Head, Dohini Sompura. I would like  
13 to also thank the staff of the Contracts Committee as  
14 well and I would like to thank my Chief of Staff  
15 Jonathan Boucher, Policy Director Edward Paulino and  
16 Legislative Director Elizabeth Adams and now I will  
17 turn it back over to Council Member Brannan. Thank  
18 you.

19 CO-CHAIR JUSTIN BRANNAN: Thank you Chair  
20 Levin. I am going to turn it over to Alex Paulenoff  
21 to swear you guys in.

22 ALEX PAULENOFF: Would you please raise  
23 your right hands. (coughing). Do you swear to  
24 affirm to tell the truth, the whole truth and nothing  
25

1  
2 but the truth in your testimony today and to respond  
3 honestly to Council Member questions?

4 STEVEN BANKS: Yes.

5 CO-CHAIR JUSTIN BRANNON: Thank you. You  
6 may begin.

7 Thank you. Good afternoon Chair Persons  
8 Levin and Brannan and members of the General Welfare  
9 and Contracts Committees. My name is Steven Banks  
10 and I am the Commission of the New York City  
11 Department of Social Services and in that capacity I  
12 oversee the Human Resources Administration and the  
13 Department of Homeless Services joining me today is  
14 the Department of Social Services Chief Program uhm  
15 Planning and Financial Management Officer Alan  
16 Levine, also Jamar Hooks, Intergovernmental Affairs.  
17 Thank you for inviting me to appear before you today  
18 to discuss one of the critical reforms adopted  
19 following the comprehensive 90 day review of the  
20 delivery or homeless services rationalization for  
21 homeless services in order to ensure that shelter  
22 providers are resourced to be true partners with us  
23 and making reforms to improve homeless services. As  
24 we develop the funding parameters for the specific  
25 components of the services that our partners provide,

1  
2 a model evolved hence the term Model Budget. DHS has  
3 invested more than a quarter of a billion dollars  
4 annually in our not for profit shelter providers to  
5 address decades of disinvestment and to modernize the  
6 outdated rates that have been paid for too long.  
7 This has been done to ensure that they are able to  
8 deliver the high quality services homeless New  
9 Yorkers deserve as they get back on their feet. The  
10 challenge of homelessness did not occur overnight and  
11 it won't be solved overnight. Following a 90 day  
12 review of homeless services in 2016 we developed and  
13 are currently implementing comprehensive reforms to  
14 transform the city's approach to providing homeless  
15 services and shelter. The review was guided by these  
16 goals, providing quality services to vulnerable  
17 clients, efficient use of city resources and  
18 achieving cost effectiveness by avoiding duplication.  
19 The review resulted in 46 reforms that built on  
20 initiatives that the administration had already  
21 started to undertake in order to prevent and  
22 alleviate homelessness. This include reinstating  
23 Comprehensive Rental Assistance Programs, allocating  
24 historic funding for civil legal services for tenants  
25 and a bold commitment to the preservation and

1  
2 creation of what is now 300,000 units of affordable  
3 housing. With the exponential increase in the  
4 shelter population including a 115% increase from  
5 1994 to 2014 it had become increasingly difficult for  
6 DHS to adequately oversee and monitor providers, ensure  
7 safe, clean and secure conditions and provide  
8 necessary services to clients. As such, as a result  
9 of the 90 day review and the work beforehand we began  
10 our work to enhance shelter services immediately  
11 which has resulted in the following: A shelter  
12 repair scorecard to track improvements and shelter  
13 conditions that is posted on the Mayor's Office of  
14 Operations website each month and enhance shelter  
15 repair program that has remediated 12,000 violations  
16 in shelters and reduced shelter violations by 84%  
17 with many of the remaining conditions requiring  
18 capital repairs that are being funded through nearly  
19 34,000 inspections in 2016 and 2017 and another 5,333  
20 inspections through April of this Fiscal Year.  
21 Enhanced Social Service Programs within shelters  
22 including restoring HRAs Domestic Violence Services  
23 at DHS shelters that had been eliminated in 2010 and  
24 augmented shelter security with the NYPD now  
25 overseeing shelter security including implementation

1  
2 of 200 hours of enhanced training developed by NYPD  
3 for all new and in service DHS Peace Officers and the  
4 creation of a new DHS Peace Officer Tactical Training  
5 Facility at the Bedford Atlantic Men's Assessment  
6 Shelter. Our Turning the Tides on Homelessness Plan  
7 announced just over a year ago puts people and  
8 communities first. The plan has four key pillars:  
9 Preventing homelessness in the first place whenever  
10 we can, bring the people in from the streets 24/7,  
11 rehousing people who have become homeless and  
12 transforming the haphazard approach to providing  
13 shelter and services that has been used over the past  
14 nearly four decades. Specifically, with respective  
15 shelters, through Turning the Tide we will shrink the  
16 footprint of DHS Shelters by 45% by ending the use of  
17 decades old stop gap measures at 360 shelter  
18 locations like cluster shelter sites that began to be  
19 used in the Guiliani Administration and commercial  
20 hotel rooms that have been used off and on since the  
21 1960s. Instead we plan to open an ultimately smaller  
22 number of 90 new high quality borough based shelters  
23 to help families and individuals stay connected to  
24 the anchors of life such as schools, jobs,  
25 healthcare, families, houses of worship as they get



1  
2 back on their feet. The process for opening these  
3 shelters will involve community engagement and we  
4 have committed to notifying communities no less than  
5 30 days prior to the citing of any new shelter.  
6 While we have much work to do to address the decades  
7 old challenge of homelessness through implementation  
8 of the four pillars of our plan, we are moving in the  
9 right direction as evidenced by these results so far.  
10 The DHS Shelter Census for 2017 remain roughly flat  
11 compared to 2016. This is the first time in more  
12 than a decade that the DHS census has remained flat.  
13 We have gotten out of 100 shelter locations, bringing  
14 our shelter footprint from 647 buildings reported in  
15 the Turn of the Tide Plan a year ago to our current  
16 use of 547 buildings. A 16% reduction in one year  
17 including reducing the use of clusters by nearly 50%,  
18 by ending the use of nearly 1,700 cluster units from  
19 this 18 year old program and citing 20 new borough  
20 based shelters with 13 already operating. Evictions  
21 by city marshalls have dropped by 27% and more then  
22 70,000 New Yorkers have been able to stay in their  
23 homes while we expanded tenant legal services and  
24 renters payments. We have helped 1,815 people come  
25 in from the streets and get access to transitional

1  
2 programs or permanent housing. Today these 1,815  
3 remain off the streets. We have created and are  
4 implementing rental assistance programs and restoring  
5 section 8 and New York City Housing Authority  
6 priorities which through March 2018 have helped  
7 87,300 children and adults move out of or avert entry  
8 into shelter. It is the fourth pillar of our plan  
9 that we will be focusing on in our testimony today,  
10 transforming the haphazard approach to providing  
11 shelter and services that has built up over nearly  
12 four decades as New York City's Response to the Right  
13 to Shelter Court Orders. In order to address  
14 underinvestment in maintenance, security and services  
15 the city's 90 day review reforms include a commitment  
16 to rationalizing shelter provider rates for  
17 contracted sites. Beginning in April of 2016,  
18 following the adoption of the recommendations from  
19 the 90 day review, DHS worked with various  
20 stakeholders including representatives from the  
21 Shelter Provider Community and oversight agencies to  
22 develop a set of parameters and guidelines. This  
23 became the model. In 2017, an audit by the state  
24 controllers office included a note commending DHS for  
25 developing the Model Budget Tool. The Model Budget

1  
2 Exercise uses a set of templates to assist in  
3 evaluating all aspects of the provision of shelter.  
4 We are projecting up during this testimony a power  
5 point which highlights the overview of the process  
6 and I'm sure as we get into questions we can refer to  
7 the power point process, uhm in this process. The  
8 Model Budget Exercise uses a set of templates as I  
9 said to assist in evaluating all aspects of the  
10 provision of shelter, maintenance, staff, client  
11 services, etc that are specific to shelter capacity  
12 and shelter type to determine a facilities  
13 appropriate annual budget. Align with our move away  
14 from the previous one size fits all approach, the  
15 model accounts for different populations, families  
16 with children, adult families and single adult  
17 shelter, various single adult shelter types including  
18 mental health, substance use, employment, assessment  
19 and general population and the relative size of  
20 shelter, providing staffing and funding for services  
21 based on each of these elements cross checked with a  
22 site specific capacity and ad litem cost which  
23 produces an overall per diem and annual budget. The  
24 models reflect ongoing priorities identified by the  
25 department and the State Office of Temporary and

1  
2 Disability Assistance regarding shelter repairs and  
3 are reflective of state requirements contained within  
4 New York Code Rules and Regulations, part 900 and  
5 part 491 as well as city regulations and statues as  
6 appropriate. The model covers both personnel costs  
7 (PS) and other than personnel costs (OTPS). The  
8 model uses the sites capacity to produce and overall  
9 site per diem, the daily rate per household or  
10 individual that is translated to an annual budget.  
11 The per diem is built from various components of the  
12 model which standardizes rates to provide consistent  
13 and sustain support for quality services. These  
14 rates are calibrated for shelter size and include  
15 maintenance, client supplies, food, transportation  
16 and shelter administration. Another component of the  
17 model is the establishment of staff to client ratios  
18 for direct service staff. For example, case workers,  
19 supervisors, housing specialists, social workers,  
20 peer specialists, recreation staff and residential  
21 aides across all contracted shelter providers along  
22 with funding so that providers can meet and maintain  
23 these ratios for their individual shelter capacity.  
24 The models are flexible enough that with proper  
25 justification providers were able to adjust specific

1  
2 line items ensuring the Budget meets all necessary  
3 requirements and appropriately reflects the unique  
4 operation of that particular shelter. With that  
5 said, a site's budget cannot go over the total model  
6 per diem and generally may not exceed the bottom line  
7 within a category. While other components of the  
8 shelter budget are not subject to the same parameters  
9 because they are unique to each site, they are part  
10 of the model in the sense that they are part of each  
11 provider's budget and are based on impartial document  
12 standards. The key shelter costs unique to each site  
13 include rent, utilities, insurance and security.  
14 Appropriate rent values are determined by analyzing a  
15 number of factors including but not limited the  
16 housing urban development, small market, fair market  
17 rent, comparable sales in the neighborhood,  
18 comparable price per square foot in the neighborhood,  
19 current published unit rental rates in the  
20 neighborhood, current use of the building,  
21 rehabilitation costs, average per diem for comparable  
22 shelter, capacity and population and capacity needs.  
23 Rates for utilities and insurance are based upon  
24 documented actual costs. Security levels are  
25 determined in consultation with the NYPD and take

1  
2 into account factors such as access control, vertical  
3 shifts and line of site. Another component of the  
4 Model Budget is a new unprecedented way of addressing  
5 approved one time new needs. An example of this  
6 would be a onetime cost to replace a boiler that  
7 could not be accommodated with the regular  
8 maintenance and repair budget. The new contracts  
9 establish a separate budget line for each site that  
10 allows providers to access DHSs system wide repair  
11 fun after the new need approval process without  
12 requiring and additional contract amendment. In the  
13 current exercise, our shelter providers to make with  
14 our shelter providers to make the contract  
15 adjustments for the model, funding for rent,  
16 utilities, insurance and security is included in an  
17 individual provider's contract amendment in the  
18 event, or to the extent that funding is required to  
19 bring them to the standard or required levels. The  
20 FY18 FY20 cost of living (COLA) and minimum wage  
21 adjustments and the increase in the citywide not for  
22 profit indirect cost rate are also included in these  
23 amendments. Beginning with the funding added in the  
24 FY17 Executive Budget we have dedicated an  
25 unprecedented resources to reform the rates as well

1  
2 as developed a structure to provide standard and  
3 equitable funding to not for profit social services  
4 providers to deliver the services our homeless  
5 clients rely on to get back on their feet. This  
6 includes deploying social workers in family shelters  
7 as part of the First Lady's NYC Thrive initiative as  
8 well as increasing funding for providers for shelter  
9 maintenance and repairs. This \$236 million  
10 investment in a not for profit sector will result in  
11 better facilities and services for our clients and is  
12 in addition to \$163 million we already spend annually  
13 for health and mental health services across the  
14 system. In July 2017, DHS began using a template for  
15 the Model Budget to phase in the rate reform for  
16 existing shelter providers through a process that  
17 includes individual negotiations with the providers,  
18 a Budget amendment process and individual budget  
19 approval by OTDA the state oversight agency. The  
20 Model Budget has been used for providers proposing  
21 new shelter sites as well as including the 13  
22 currently operating shelters under the Turn the Tide  
23 Plan new shelters. DHS developed core tiles to  
24 manage the work load with all provider budgets  
25 furthest below the model in the first quad, all

1  
2 contracts within an individual provider's portfolio  
3 are being negotiated and processed at the same time  
4 to avoid duplicative work for the providers. There  
5 are 46 providers and 139 shelter operations that are  
6 in the Model Budget amendment process now. This does  
7 not include new sites or contracts that previously  
8 were adjusted for the model because they were in a  
9 contract negotiation phase at the time the Model  
10 Budget Process began. These contracts are already  
11 within the Model. Once providers have submitted a  
12 Budget Proposal using the standard template, the DHS  
13 Shelter Program Budget Office compares the proposed  
14 budgets to the model and then negotiates along with  
15 DHS Program Staff using this tool. This is a process  
16 that is completed in close consultation and  
17 partnership with each individual provider. The  
18 process then continues with recommendations for the  
19 Budget changes going to the DSF Finance Office and  
20 the New York City Office of Management and Budget for  
21 approval. After the approvals are in place, the  
22 contract moves into the amendment phase which  
23 includes legal and procedural checks culminating  
24 registration with the controllers office. Before  
25 today's hearing, we sampled the contracts that have



1  
2 been approved, we want to give you a sense of where  
3 the money goes. Out of our sample, 18% of the new  
4 funding is for direct care services including case  
5 workers, housing specialists and counseling, 14% is  
6 for maintenance, 11% is for indirect cost increases  
7 and 30% is for security. On average, the sites in  
8 the lowest quartile that have approved budgets are  
9 receiving nearly a million dollars in annual  
10 increases not including the FY18 COLA. We have also  
11 worked closely with our not for profit partners  
12 update performance evaluation so that together we can  
13 raise the bar for supports that we provide to  
14 homeless New Yorkers at all of our shelter locations  
15 citywide. We look forward to continuing that  
16 collaboration as we proceed with the implementation  
17 of our new performance management approach. The new  
18 shelter performance approach includes an important  
19 management evaluation process to help both the agency  
20 and our providers measure some of the most critical  
21 indicators to tell us if our investments are paying  
22 off. We could not necessarily expect previously  
23 under resourced providers to immediately meet the  
24 standards but the model budget is intended to make  
25 sure that our investments and our expectations are

1  
2 aligned. Similar to the Model Budget Process we held  
3 meetings with representatives of not for profit  
4 agencies, incorporate their feedback and we are now  
5 excited to be rolling out a new approach that will  
6 help our providers manage towards our common goals.  
7 We have heard positive feedback from many of our  
8 providers, they tell us they want to have access to  
9 information to manage and improve their services.  
10 The challenge of homelessness didn't occur overnight  
11 and won't be solved overnight but our city's  
12 comprehensive strategies are taking hold and we are  
13 committed to continually finding ways to do better to  
14 the New Yorkers we serve. After the work we did to  
15 develop the Shelter Provider Budget Model for what  
16 are arguably the most complicated contracts that we  
17 manage between the two agencies, DHS and HRA and DSS,  
18 we turned our attention to Adult Protective Services  
19 APS. APS does contracts for protective services and  
20 for the community guardian programs and funding was  
21 added in the FY19 adopted budget for HRA to improve  
22 staff retention and provide parity with other similar  
23 service programs such as the case management program  
24 at the Department for the Aging. For Adult  
25 Protective and Community Guarding Programs serving

1  
2 New York City's most vulnerable clients including  
3 clients facing abuse, neglect or exploitation,  
4 unstable staff retention has had an impact on  
5 implementing and monitoring essential services. Some  
6 of these services are emergency, health related or  
7 life saving. When staff members leave a position,  
8 case loads increase for other workers until vacancies  
9 can be filled creating a cycle of overtaxed workers  
10 looking for relief as well as potential gaps in  
11 services or coverage. The funding increase is  
12 intended to address these issues and thus improve  
13 client functioning as the relationship between the  
14 case manager and the client may be an important  
15 factor in maintaining clients in the community,  
16 reducing risk of institutional care and/or related  
17 outcomes such as length of stay as well as emergency  
18 room visits. HRA and the APS contractors negotiated  
19 the individual amendment values over the course of  
20 FY18, all budgets have been finalized and approved  
21 including indirect rate adjustments and are in the  
22 process of being amended and submitted to the  
23 controller for registration. At the core of these  
24 Budget Reforms for our DHS, HRA providers are  
25 maximizing a client centered and cost effective

1  
2 prevention first focus to avert homelessness whenever  
3 possible and to transform the city's approach to  
4 services but we still have much to do. We are  
5 continuing to make progress and address the  
6 culminative impact of years of under investment.  
7 Thank you again for the opportunity to testify and we  
8 welcome your questions.

9 CO-CHAIR JUSTIN BRANNAN: Thank you  
10 Commissioner. Uhm I want to zoom out a little bit.  
11 So I know we have Jennifer from MOCS is here.

12 JENNIFER FROMOCS: Yes.

13 CO-CHAIR JUSTIN BRANNAN: Okay uhm can I  
14 swear you in so we can ask you some questions?

15 JENNIFER GEILING: Sure.

16 CO-CHAIR JUSTIN BRANNAN: Or Alex will  
17 swear you in.

18 ALEX PAULENOFF: Hi. Will you please  
19 raise your right hand? Do you swear to affirm to  
20 tell the truth the whole truth and nothing but the  
21 truth and respond honestly to Council Members  
22 questions in your testimony.

23 JENNIFER GEILING: I do.

24 ALEX PAULENOFF: Thank you.  
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CO-CHAIR JUSTIN BRANNAN: Thank you uhm

so yeah just to zoom out a little bit, I know each

agency is conducting their own sort of separate Model

Budgeting Process, right? Uhm so I guess to start,

how are the funding and Model Budget Processes moving

along? And what steps are in place to ensure because

everyone is using their own process, uhm, you know,

what steps are in place to make sure agencies are

following the same guidelines and expectations?

JENNIFER GEILING: So uhm the Model

Budget Process is one that is uhm engaging the

individual agencies with OMB uhm so MOCS hasn't been

part of that uhm and so I defer to the agencies about

their process and their approach.

STEVEN BANKS: I mean due to the

complexity of module, Model Budgeting is there a

designated single point of contact responsible for

coordination for the process for each agency?

JENNIFER GEILING: Yeah I would defer to

the agency for that, Commissioner Banks.

STEVEN BANKS: Uhm, yes but let me give

you a sense of a more granule level. So we have run

now two Model Budget Processes which I think uhm

certainly provide some lessons. So in the APF Model

1  
2 Budget Process uhm it was relatively straightforward  
3 issue of determining cost in seven contracts and then  
4 implementing that across seven contracts and so in a  
5 relatively short period of time uhm the process  
6 consists of engaging the providers seeking their  
7 input, coming to a conclusion with the Office of  
8 Management Budget and negotiating with the providers  
9 and now moving forward with uhm a process in which  
10 the amendments are being submitted to uhm, uhm the  
11 controller. I'm just looking at my notes. There  
12 were six contracts, five of them are will be the  
13 controller by June 30<sup>th</sup> and the additional one had  
14 some issues and will be support... submitted shortly  
15 thereafter. In contract, the DHS contracts are  
16 complex contracts uhm cross multiple sites where  
17 every individual site requires an individualized  
18 analysis because it is not a cookie cutter approach,  
19 frankly that is the approach that has been taking  
20 going back for almost 40 years and so we spent the  
21 first part of the process with their providers,  
22 essentially meeting with I guess I would call that  
23 representatives in a focused kind of discussion for  
24 input before developing the model and back and forth  
25 processes as the model is being developed and then

1  
2 moving into individual negotiations so I think the  
3 process followed the same uhm you know markers if you  
4 will, engagement with the providers first, not a  
5 taken it or leave it starting point and then an  
6 interim process back and forth but the two processes  
7 showed the complexity. The process was relatively  
8 few number of providers with essentially one task  
9 which is to deal with salary inequities uhm between  
10 the contracts in our APF agency and IFTA. That was a  
11 relatively direct focus versus the process at the  
12 Department of Homeless Services which goes across 46  
13 different providers at 139 different sites. Having  
14 said that the process has very, four very clear  
15 phases. Uhm I said to begin with we divided the  
16 providers into core tiles, those that were furthest  
17 from the model we prioritized first and any new  
18 shelter that we open we use the model for and the  
19 four phases that any individual provider went through  
20 with template submission once we had the Model Budget  
21 Template and we projected that up what the template  
22 looks like, uhm then there is a review process and  
23 then there is a negotiation process and then there is  
24 a status process. Those are the four markers and you  
25 know at this point per DSS and I want to be

1  
2 responsive to an opening question that I know Council  
3 Member Levin uhm presented and I think I can answer  
4 it in response to your question which is 100% of the  
5 shelter providers have the process has been initiated  
6 with now, 100% of them have the templates, uhm 31 of  
7 the providers involved with 111 shelters have  
8 submitted their initial Budget Negotiation template,  
9 that's 67% of the shelters, 15 providers, 30, which  
10 are operated by 20 of the locations, uhm 32% of the  
11 total have not yet submitted their Budget, Initial  
12 Budget Negotiation Template uhm but that's  
13 understandable given that this is a fee change in  
14 uhm, the way that they providers are being asked to  
15 do business with us uhm and that gives you sort of a  
16 bird's eye of how the process is advancing. Uhm this  
17 31 providers uhm again involving 111 of the shelter  
18 sites that have submitted their templates uhm 12 of  
19 them involving 36 or 37 shelters we are now in the  
20 process of scheduling a negotiation uhm session, 12  
21 of them involving 56 shelters are in the negotiation  
22 process and uhm most of that involves resubmissions  
23 that are coming back to us from providers, uhm 17  
24 shelters involving 6 providers in the cortile that  
25 was furthest away from the model have completed



1  
2 negotiations during the amendment process and we  
3 expect those to be submitted shortly uhm to the  
4 controller, I think there is even one that has been  
5 uhm further on in the process. Uhm just to give you  
6 an overall sense, the 6 providers, the 17 sites with  
7 finalized budgets will receive a total of \$15 million  
8 in additional funding because of the Model Budget  
9 negotiations, not including the COLA Adjustments and  
10 then the COLA Adjustments for these 17 sites, 17-20  
11 is an additional increasing of about \$5.5 million.  
12 Of the uhm of this \$15 million about \$2.7 million or  
13 18% is for direct care services, \$4.9 million, 33% is  
14 for security staff and \$2.3 million 15% is for  
15 maintenance and \$1.8 million or 12% is for increase  
16 in the indirect rate to 10%.

17 CO-CHAIR JUSTIN BRANNAN: Jennifer are  
18 you still there?

19 JENNIFER GEILING: I'm here.

20 CO-CHAIR JUSTIN BRANNAN: Okay uhm I'm  
21 just trying to get an idea, help me understand, how  
22 does MOCS view it's oversight role, in this, in this  
23 process?  
24  
25

1  
2 JENNIFER GEILING: Okay so the, the Model  
3 Budget Process is again really between the agency,  
4 OMB and the Provider.

5 CO-CHAIR JUSTIN BRANNAN: So MOCS doesn't  
6 touch it at all?

7 JENNIFER GEILING: We are not a part of  
8 it, no.

9 CO-CHAIR JUSTIN BRANNAN: Uhm, so  
10 Commissioner Banks, I mean, what do you believe is  
11 causing contract delays and/or is it funding issues,  
12 integrity issues, staffing, legal, because I hear  
13 from providers that this, this whole thing is a hot  
14 mess. And I'm sure we are going to hear that today.  
15 I know we are going to hear that today.

16 STEVE BANKS: So let's divide this into  
17 three: Contract Registration, Model Budget Process  
18 and Payment. Right I think that's a good way to  
19 divide it and let me give you information on all  
20 three of them.

21 CO-CHAIR JUSTIN BRANNAN: Okay.

22 STEVE BANKS: Uhm let me start with  
23 Contracts, with uhm a top line, you may, may remember  
24 that we conducted a 90 day review in 2016 for a  
25 reason which was to try to understand a number of

1  
2 different challenges that the City was facing in  
3 providing services and including the Department of  
4 Homeless Services and I think in some of the very  
5 first testimony that I gave about the 90 day review  
6 in March 2016, we identified contracting uhm as an  
7 issue. And over the last 18 months, we have  
8 processed, 1,100 contract actions involving FY15,  
9 FY16 and FY17 including uhm amendments and that's in  
10 addition to about 400 contract actions that we  
11 proceeded in FY18 for FY18 contracts. So this gives  
12 you a bracket of an 18-month period of time, the  
13 focus on dealing with an accumulation of challenges  
14 that have been dealt with here. So an 18 month  
15 period of time that's about 1500 contract actions of  
16 direct contracts amendments that we have processed.  
17 In terms of where we are on those and I am going to  
18 go to 19 in a minute, but in terms of where we are on  
19 the FY15, 16, 17 contracts uhm we are down to the  
20 following: For FY18 98% of the contracts are  
21 registered and active. There are six contracts that  
22 are outstanding. Two are at the controller and one  
23 is pending with a provider Budget Submission. I will  
24 give you an overview of why contracts might be  
25 outstanding in a moment. For FY17, 99% of the FY17

1  
2 contracts are registered and active. There are six  
3 contracts outstanding of which one is pending a  
4 Provider Budget Submission. For FY16, 99.8% of the  
5 contracts are registered and active. There is one  
6 contract outstanding at the controller. Uhm I have  
7 testified previously that we will not submit  
8 contracts where there are conditions, problems unless  
9 there is a corrective action plan in place and I know  
10 that is a challenge for some providers but it is part  
11 of a commitment that we made not to submit contracts  
12 or registration until we can come to some closure on  
13 addressing conditions. In terms of 19, FY19, uhm  
14 there are 236 shelter contracts for FY19 that need to  
15 be processed. Of these, 164 of them don't require  
16 any registration, they simply require budgets from  
17 providers to be loaded into the system and then  
18 payments can be made and I will give you a top line  
19 on that in a moment and there are 72 contracts that  
20 require registration for FY19. Uhm of the 72  
21 contracts that are required for FY19, one contract is  
22 already registered, 68% or 49 contracts are currently  
23 on track for submission to the controller by July 1  
24 which again if you look at the context of what needed  
25 to be done to deal with the FY15, 16, 17, and 18

1  
2 contracts you can see that progress that we are down  
3 to what is being submitted on July 1. There are 22  
4 contracts that are at risk for July 1 submission  
5 because of issues that involve Certificate of  
6 Occupancy issues in those shelters, corrective action  
7 plan issues in those shelters or other issues with  
8 respect to operations and we will submit those as  
9 soon as those issues are resolved. Of the 164  
10 contracts for FY19 that do not require any  
11 registration 17% already have active Budgets, 32% are  
12 pending provider submission or resubmission of  
13 Budgets and 51% are in our processing process. So I  
14 ran a not for profit I know how challenging it is to  
15 operate this. I think what you see here is a  
16 partnership between the not for profit and the agency  
17 to address a number of years of challenges and going  
18 into a new Fiscal Year with a very different uhm  
19 process. That's contracting. Let's do payment. So  
20 for the Department of Homeless Services there are  
21 currently 203 invoices under review by the agency.  
22 189 of them have been with the agency for less than  
23 15 days, 30 days is sort of a standard aging concept.  
24 11 have been with the agency between 16 and 30 days  
25 and 3 have been with the agency greater than 30 days.

1  
2 At the same time there are 79 payment tasks meaning  
3 already, invoices that have already been authorized  
4 for payment. 95% of them age for less than 30 days  
5 in terms of payment. So, we did contracting, we did  
6 payment and then the third process is Model Budget.  
7 I think that frequently Model Budget is described as  
8 a proxy for contracting payment and rate reform. It  
9 is really about rate reform. Uhm having said that I  
10 just want to emphasize something that I said a minute  
11 ago which is we couldn't be doing, making progress in  
12 these three areas without the not for profit  
13 partners. We couldn't be clearing out this challenge  
14 of past registration issues, we couldn't be getting  
15 invoices and processing them timely and we couldn't  
16 be this far along in a see change and in how we do  
17 rates for providers without having that partnership  
18 and I think going forward the change in new needs  
19 that will allow a provider draw down a maintenance  
20 new need for a boiler is because in a new year will  
21 be a very different process than people have  
22 experienced in the past. They experienced the process  
23 in which they had to submit a new need, dealing with  
24 putting out the money to get the boiler going and all  
25 of that and we have created a way to draw down the

1  
2 funds without having to go through an amendment  
3 process. So again, I am very sympathetic to the  
4 challenges and I think we are trying to present to  
5 you a transparent picture, the problems that have  
6 existed uhm that we found during the 90 day review  
7 how we are tackling them and where we are in terms of  
8 status of, of addressing them.

9 CO-CHAIR JUSTIN BRANNAN: Uhm I just to  
10 acknowledge some of my colleagues that joined us, uhm  
11 Council Members Yeger, Treyger, Ayala and Gibson.  
12 Uhm I just have one other thing and I'm going to turn  
13 it over to Chair Levin. To remind, remind me how  
14 much funding was dedicated from DHS to the Model  
15 Budget and how was the amount, how was that amount  
16 determined?

17 STEVEN BANKS: There were a number of  
18 inv... there were a number of investments, I just want  
19 to make sure I get them all right. Thank you uhm so  
20 just let me go through them and then we can go, we  
21 can answer your question when we work through these.  
22 So Rate Reform Model Budget \$146 million, Mental  
23 Health Services and Shelters for families with  
24 children and single adults through the THRIVE PLAN  
25 \$34 million, Adult Shelter Programmatic and Literacy

1  
2 Enhancements \$9 million, Additional Security and  
3 Mental Health Shelters \$17 million, funding for  
4 noncapital shelter maintenance and repair cost \$5  
5 million, FY16, 17 COLA \$9 million for shelters, FY18  
6 COLA \$5.1 million for shelters, indirect rate  
7 increase \$5.7 million. The total of all of that  
8 investment is \$236 million so about  $\frac{1}{4}$  of a billion  
9 dollars. Uhm each of these elements were determined  
10 through a process with OMB and then an iterative  
11 process with the providers and as I said the new  
12 shelters are coming in at the Model uhm and we've  
13 been able to bring a significant number of the  
14 shelters in that first cortile with most off of the  
15 Model to conclusion within the Model Budget  
16 Negotiation process. What we, you know more  
17 granularly, we did an analysis of current versus new  
18 needs and that helped us determine what kinds of  
19 ratios would be appropriate and what the new needs  
20 were that had built up because when I did the 90 day  
21 review and met with providers, some of them said we  
22 had giving up submitting new needs because going back  
23 for many, many years they had been denied. And we  
24 encourage people to submit new needs and we use that  
25 to help us track what the gap was between where uhm



1  
2 where we were when we began the 90 day review uhm  
3 where we got to with the Model Budget Process.

4 CO-CHAIR JUSTIN BRANNAN: Okay I have a  
5 whole bunch of stuff I will get into but I want to  
6 uhm hand it over to uhm my co-chair Stephen Levin.

7 CO-CHAIR STEPHEN LEVIN: Thank you very  
8 much Chair Brannan. Uhm thank you Commissioner. Uhm  
9 I'll, I'll try to keep my questions pretty limited,  
10 uhm there's a lot of, a lot of questions on our, on  
11 our staff question list. There is almost 70  
12 questions on the list so (laughing).

13 STEVEN BANKS: This is my fourth hearing  
14 in the last four months so I'm, I'm here.

15 CO-CHAIR STEPHEN LEVIN: Okay big  
16 picture. At the beginning of this exercise for Model  
17 Budget, what was the, the date that we wanted to be  
18 done by this process by. In terms of when did we  
19 want all of the contracts registered with controller,  
20 funds flowing to the not for profit?

21 STEVEN BANKS: Uhm your question uhm  
22 takes me back to uhm where I was during the 90 day  
23 review.

24 CO-CHAIR STEPHEN LEVIN: Uh-huh.  
25

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2 STEVEN BANKS: And it was, at the time  
3 we, articulated that we wanted to do a Model Budget  
4 Process. Uhm the idea that there were 1,100 other  
5 contract actions that needed to be dealt with was not  
6 a factor in considering how quickly we wanted to do  
7 the Model Budget Process, so I think there has been a  
8 period of transparency in talking to this Committee  
9 on prior hearing that we certainly prioritized  
10 addressing cleaning up accumulating problems with  
11 contracts.

12 CO-CHAIR STEPHEN LEVIN: Uh-huh.

13 STEVEN BANKS: Uhm we prioritized trying  
14 to provide new needs as we went along and we then  
15 moved into the Model Budget Phase at the beginning of  
16 Fiscal 17.

17 CO-CHAIR STEPHEN LEVIN: Okay.

18 STEVEN BANKS: I'm sorry beginning in  
19 Fiscal 18.

20 CO-CHAIR STEPHEN LEVIN: 18.

21 STEVEN BANKS: So we, we knew we had the  
22 funds to do it at the beginning and our hope was that  
23 we might have come to a conclusion by the end of this  
24 Fiscal Year.

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CO-CHAIR STEPHEN LEVIN: Uh-huh, meaning  
the end of this month.

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STEVEN BANKS: Correct uhm but having an  
iterative process.

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CO-CHAIR STEPHEN LEVIN: Uh-huh.

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STEVEN BANKS: In which we could uhm take  
input which we could have a back and forth process in  
which we gave the provider space to submit uhm, uhm  
propos, submit their templates rather than being in  
the way that I experienced it when I was a not for  
profit head which was get it in by Friday or you know  
that's it. Uhm we created a process that we thought  
was a better process than, uhm than...

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CO-CHAIR STEPHEN LEVIN: Uh-huh.

16

STEVEN BANKS: Uhm simply saying well we  
are going to do a Budget and therefore we have to  
drive everything to that deadline. But at the same  
time in terms of the stress on the provider community  
and stress on the agency addressing the contracts  
issues that had built up over a number of year was  
certainly prioritized and has used a lot of the  
energy of both the providers and the agency.

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CO-CHAIR STEPHEN LEVIN: Uhm what is the  
new date that we expect these to all be done.

25

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2 STEVEN BANKS: I think we, I think it  
3 really is dependent upon each individual process, as  
4 I said before we've got uhm about 1/3 of the of  
5 providers that are still working on uhm templates. I  
6 think it is appropriate to give them the room to do  
7 that.

8 CO-CHAIR STEPHEN LEVIN: Uh-huh.

9 STEVEN BANKS: And I don't want to set an  
10 artificial deadline that then forces us to change it  
11 in the event that we give people more room for back  
12 and forth with us. We are committee to getting it  
13 done in the Fiscal Year that begins on July 1. We  
14 have the funds available and we are ready to, to move  
15 forward and we are working our way cortile by cortile  
16 for those that are most off the mark to those that  
17 uhm are least off the mark.

18 CO-CHAIR STEPHEN LEVIN: Okay. But I  
19 will say that it's uhm you know from where I sit, it,  
20 it appears that the process is, is behind schedule  
21 you know at least six months and maybe even a year  
22 behind schedule. Seeing how long things take, uhm  
23 the process began at the beginning of FY18. Uhm we  
24 are now at the beginning of FY19 so it's been a year  
25 so far and we, we only have, there's not. How many

1  
2 uhm providers are actually receiving the new funds,  
3 new rates under the Model Budget?

4 STEVEN BANKS: Well remember that a  
5 number of the pieces that I went through, providers  
6 have already gotten, the \$146 million specifically  
7 for rate reform.

8 CO-CHAIR STEPHEN LEVIN: Yeah.

9 STEVEN BANKS: Uhm is like I said the  
10 first 17, the 13 shelters that were operating have  
11 the Model Budget dollars. The 17 that were in the  
12 first cortile are ready to make their way down to the  
13 controller. So we are working...

14 CO-CHAIR STEPHEN LEVIN: They are not at  
15 the controller yet, then it's another 30 day or so at  
16 the controller?

17 STEVEN BANKS: That's correct but the  
18 controller has been very expedited in giving reviews  
19 to many of these.

20 CO-CHAIR STEPHEN LEVIN: Okay but so  
21 they're not, I mean nobody's. At this point, nobody  
22 is receiving the new rate yet? There, I mean I  
23 appreciate that it is in the process and there are  
24 some that are close but just to be clear, nobody is  
25 actually getting.

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STEVEN BANKS: Not at.

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CO-CHAIR STEPHEN LEVIN: The new rate  
yet?

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STEVEN BANKS: Not, not, correct.

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CO-CHAIR STEPHEN LEVIN: Okay.

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STEVEN BANKS: All 13 shelters that are  
operating have the new rates.

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CO-CHAIR STEPHEN LEVIN: The new  
shelters. Right.

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STEVEN BANKS: There are other providers.

12

CO-CHAIR STEPHEN LEVIN: Uh-huh.

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STEVEN BANKS: As they negotiated new  
needs with us got the benefit of the Model Budget as  
we negotiated new needs.

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CO-CHAIR STEPHEN LEVIN: Are new needs  
being funded outside of the Model Budget Process?

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STEVEN BANKS: No but we took a look while  
we were negotiating, it didn't make sense uhm to have  
you know piecemeal process so where we could and it  
was not in all cases, but where we could, we tried to  
make adjustments but.

23

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CO-CHAIR STEPHEN LEVIN: But nobody is  
getting new needs funded? In, in other words so if a  
program is in the fourth cortile, realistically can't

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1  
2 expect to be addressed until maybe second or third  
3 quarter of FY19 and they have new needs. They can't  
4 those new needs approved until their Model Budget is?

5 STEVEN BANKS: No we adjust their needs  
6 as they arise depending on what the new need it.  
7 Some needs are urgent and some needs are, are less  
8 urgent but point I want to make the 40 is out of \$236  
9 million investment that we have made in not for  
10 profits, things like uhm THRIVE so the social  
11 workers, that has been rolled out. Things like the  
12 investment and programming and literacy and hence the  
13 \$9 million has been rolled out. Security in mental  
14 health services has been rolled out. So again that's  
15 why I wanted to be careful in the questions to extent  
16 that Model Budget are described as everything that we  
17 are doing to increase investments in the not for  
18 profit sector and seen as everything that we are  
19 doing to address contracting challenges that would  
20 not, that is not the right perception to have.

21 CO-CHAIR STEPHEN LEVIN: Is salary parity  
22 and objective of the Model Budget Process? Uhm the  
23 DHS Model Budget Process. Is salary parity between  
24 agencies uhm so that there is, uhm so the entry level  
25 is you know between the 40; how many, 40.

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STEVEN BANKS: 46.

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CO-CHAIR STEPHEN LEVIN: 46 providers  
that there is that there is parity across the system  
and then I have a follow up one.

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STEVEN BANKS: uhm, we're, we're very much  
focused on you know make sure that we've got the  
basics of operation covered and the ratios of  
staffing covered. Uhm there are a lot of issues in  
the not for profit community that uhm again that have  
built up over many years. The Model Budget was very  
much focused on dealing with inequity between one  
shelter or another.

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CO-CHAIR STEPHEN LEVIN: Uh-huh.

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STEVEN BANKS: And when I found in that  
area, deal with it which I think you have heard about  
it on the hearings is if a shelter opens in the late  
1980s, the late 1990s, they might be getting the same  
rate versus a shelter that opens uhm you know more  
recently is getting a different rate and differences  
in the populations being served might not have been  
taken into account so we very much focused on a  
systemic reform to right size the funding among  
different populations. Larger issues about not for  
profit, resiliency, uhm are part of the much larger



1  
2 city uhm discussion. The indirect rate change that  
3 we made came right out of that larger discussion and  
4 informed our process.

5 CO-CHAIR STEPHEN LEVIN: Okay, uhm  
6 particularly with salary parity. So if, if, if Model  
7 Budget is uhm addressing or just acts as addressing  
8 minimum wage increases so uhm that.

9 STEVEN BANKS: That's true. That's true.

10 CO-CHAIR STEPHEN LEVIN: Uhm however, you  
11 then have there will be something of a bottle neck  
12 when it comes to compensation between uhm different  
13 staff lines and so supervisors then if they are not  
14 getting a commensurate increase uhm from, from entry  
15 level staff, if entry level staff was under, under  
16 minimum wage now that staff line gets increased in  
17 the minimum wage standards. There's not a  
18 commensurate, I don't believe there is a commensurate  
19 increase as part of the Model Budget for supervisors  
20 and so you do have a situation now where uhm you are  
21 not, you're not seeing that, that salary increase go  
22 for other level staff members.

23 STEVEN BANKS: I mean what we've found is  
24 that there is, there is a relatively minimum uhm  
25 minimal wage impact in terms of the changes that we

1  
2 have been making, that we've seen so far that we need  
3 to make. So I understand your questions.

4 CO-CHAIR STEPHEN LEVIN: Right.

5 STEVEN BANKS: But it assumes underneath  
6 it that there is a system wide minimum wage  
7 adjustment that is being made and therefore there is  
8 a system wide challenge created by that. That is  
9 actually not the factor that we are seeing.

10 CO-CHAIR STEPHEN LEVIN: I mean.

11 STEVEN BANKS: Across the system.

12 CO-CHAIR STEPHEN LEVIN: We are hearing  
13 from providers that the issue of salary parity is a  
14 serious issue.

15 STEVEN BANKS: I didn't answer that  
16 question. I answered only the question about minimum  
17 wage which is the impact on minimum wage and what,  
18 what I'm what I'm, sorry for clarity for this record,  
19 is the minimum wage adjustment has not been a  
20 systemic problem. It's been a challenge at some  
21 number of shelters.

22 CO-CHAIR STEPHEN LEVIN: Uh-huh.

23 STEVEN BANKS: And we are dealing with  
24 that through the process.

25 CO-CHAIR STEPHEN LEVIN: Uh-huh.

1  
2 STEVEN BANKS: Uhm, the question you are  
3 asking is there is systemic compression of wages  
4 caused by minimum wage adjustment and what I am  
5 saying to you is in what we've seen we are not seeing  
6 that because we are not seeing a systemic minimum  
7 wage uhm, uhm problem so far.

8 CO-CHAIR STEPHEN LEVIN: Okay. Going  
9 back to the other question though is we are hearing  
10 for providers that the issue around salary parity  
11 across the system. I mean salary is not really  
12 adjust... I mean salary adjustments is not, is not  
13 addressed through this Model Budget Process, right.  
14 I appreciate kind of referring it over to the not for  
15 profit resiliency task for that, you know, I want to  
16 make sure that it has been addressed there if it is  
17 not being addressed here.

18 STEVEN BANKS: Again I want a level set  
19 for all of us. Uhm we I think we are the first ones  
20 out saying there should be a Model Budget Process and  
21 we did it for a reason to address this investment and  
22 we have done it deliberately to try to get it, to  
23 make sure that we get it right. Uhm and there are  
24 large city wide not for profit issues that are, part  
25 of a conversation going to come out of that community

1  
2 and are committed to that community I know what the  
3 challenges are. I also want to say that I hope when  
4 you are getting reports that there are issues around  
5 salary uhm compression that you are also getting  
6 reports that in the meetings we've been saying as  
7 providers have highlighted these issues we've been  
8 saying come back with documentation so we can  
9 understand what it is that we can do about it.

10 CO-CHAIR STEPHEN LEVIN: Right.

11 STEVEN BANKS: So you are raising an  
12 issue which we have, have not been dismissing about  
13 in the discussion, don't have a solution for it. We  
14 have asked for documentation so we can understand how  
15 to, how to deal with it.

16 CO-CHAIR STEPHEN LEVIN: If we can  
17 fringe?

18 STEVEN BANKS: Yep.

19 CO-CHAIR STEPHEN LEVIN: Okay. So, my  
20 understanding is fringe is also not addressed in  
21 Model Budget. Fringe rate though is set at 26% in  
22 this Model Budget. Uhm I've heard from not for  
23 profits, uhm Human Services Council in general and  
24 individual not for profits that I've asked what their  
25 fringe rate is and you know on average it is over 30%

1  
2 and, and Human Services I think has it at 37%, I mean  
3 I don't know if you want to get into what the city's  
4 fringe is which is like closer to 50% but how is it  
5 not for prof... I mean funding how are we arriving at  
6 26% if, if we are hearing from the industry itself  
7 that it is closer to 37% and and how do we expect not  
8 for profits to make up the difference uhm of 11% in  
9 their fringe rate.

10 STEVEN BANKS: Uhm the administration as  
11 you has invested a lot in a sector in an  
12 unprecedented way and a lot of progress has been  
13 made. Uhm we have invested in wage adjustments and  
14 direct rate Model Budgets and we are tackling issues  
15 uhm in at a time. The city wide commitments that you  
16 are asking about it is not just a one agency issue.

17 CO-CHAIR STEPHEN LEVIN: Oh.

18 STEVEN BANKS: And we will continue to be,  
19 will continue, no it's not just a one city agency  
20 issues.

21 CO-CHAIR STEPHEN LEVIN: No, no I'm just  
22 saying that it's across the, across the board, not  
23 for profits.

24 STEVEN BANKS: It's an issue that we are  
25 going to continue to look at in the same way that

1  
2 when we started this process there were issues about  
3 wage adjustments, there were issues about indirect  
4 rates and there were issues about Model Budgets where  
5 we're addressing years of a problem that I personally  
6 experienced acutely and we are making significant  
7 progress in doing that, it doesn't mean that there  
8 aren't still profits.

9 CO-CHAIR STEPHEN LEVIN: As I said. What  
10 I've heard is that not for profits have to make up  
11 their, that difference through private fundraising in  
12 order to make up the difference just for basic fringe  
13 benefits, which you know, that's your health  
14 insurance.

15 STEVEN BANKS: Yeah I hear what you are  
16 saying. You also know that when I testified at my  
17 Budget hearing there was a tremendous consternation  
18 expressed about investments being made in our Budget.  
19 So.

20 CO-CHAIR STEPHEN LEVIN: No, no, no,  
21 right.

22 STEVEN BANKS: So if I can just finish.

23 CO-CHAIR STEPHEN LEVIN: Okay.

24 STEVEN BANKS: We have to have a little  
25 consistency between hearings. In one hearing there

1  
2 was a lot of focus in which the people want to know  
3 what we will be investing in and why was our Budget  
4 so big and I said we have put a billion, a quarter of  
5 a billion dollars almost into the not for profit  
6 community, we invested \$155 million into legal  
7 services and I could go on and on with priorities  
8 that the administration and the council share and  
9 we're, we are working with you to make changes.

10 CO-CHAIR STEPHEN LEVIN: Understood all I  
11 asked is where the money was going. I didn't raise a  
12 stink about, about, about, about the investments  
13 themselves. I just think. I mean frankly it, it's  
14 simple math we have to be able to keep up with the,  
15 with the real fringe rate that not for profits are  
16 bas... we can't do the work ourselves. We don't want  
17 to do the work ourselves.

18 STEVEN BANKS: I hear what you are saying  
19 but.

20 CO-CHAIR STEPHEN LEVIN: : We can't, we  
21 can't do it for under 48% on a fringe rate, if we are  
22 such a shining example like I mean let us get out  
23 fringe rate down to 26%, we can't do that.

24 STEVEN BANKS: I think you would have uhm  
25 a number of important constituents if you wanted to

1  
2 reduce the city fringe rate uhm, uhm as you are  
3 suggesting.

4 CO-CHAIR STEPHEN LEVIN: : No, no, I'm  
5 just saying that we can't, even if we tried we  
6 couldn't. The, the same same goes for not for  
7 profit. They can't pay 26% fringe rate.

8 STEVEN BANKS: I hear what you are saying  
9 Chair.

10 CO-CHAIR STEPHEN LEVIN: They can't make  
11 it.

12 STEVEN BANKS: I hear what you are saying  
13 but with respect we have put it in place a free  
14 unprecedented process to deal with, if I can finish  
15 before you interrupt me. We have put in place a  
16 pretty unprecedented process do deal with the years  
17 that this investment in the sector and I have said a  
18 number of times in the testimony that we are going to  
19 continue to look and see what additional progress we  
20 can make.

21 CO-CHAIR STEPHEN LEVIN: Okay. In the  
22 meantime, until I don't even know whose, where is  
23 fringe rate going to be addressed? Is it going to  
24 get addressed in the not for profit resiliency task  
25 force?



1  
2 STEVEN BANKS: The City Administration  
3 tackles, has been tackling issues in sequence. The  
4 resolution of the indirect rate issue came out of  
5 that not for profit resiliency process and that  
6 enabled us to make the changes that we are making in  
7 the Model Budget process and we are going to continue  
8 to look at other changes that we can make where that  
9 is feasible.

10 CO-CHAIR STEPHEN LEVIN: Okay maybe it is  
11 a question for MOCS because it if it is beyond DHS,  
12 right, this is a question for all of the Human  
13 Service Sector across the agencies, we, I mean, I'm  
14 out in 3-1/2 years, so is this administration, we  
15 can't, we have to do this before we, before we leave,  
16 I mean we can't, we can't hand it off to our  
17 successors that they are going to have to deal with  
18 you know at that time, you know in 3-1/2 years the  
19 fringe rate is going to be 40% and we are going to be  
20 paying at 26 and after that it will be 44% and we are  
21 going to be paying at 26 and so at a certain point I  
22 mean you know, the, not for profit it's, they are  
23 facing insolvency. That have, they have liabilities  
24 you don't want to cut back on health insurance for  
25 people that are working in the not for profit sector.

1  
2 STEVEN BANKS: I hear what you are saying  
3 uhm Chair, and I've given you the best response that  
4 I can give you today.

5 CO-CHAIR STEPHEN LEVIN: Okay.

6 STEVEN BANKS: Uhm and I think you have  
7 seen over the course of now, 4-1/2 years, starting  
8 with one agency and now a second agency.

9 CO-CHAIR STEPHEN LEVIN: Uh-huh.

10 STEVEN BANKS: Changes that you have I  
11 have wanted to happen for years.

12 CO-CHAIR STEPHEN LEVIN: Yes.

13 STEVEN BANKS: And we are going to keep  
14 making changes that you and I have had wanted to have  
15 happen for years.

16 CO-CHAIR STEPHEN LEVIN: Great. Okay I'm  
17 going to just ask a few questions from the state  
18 controller report.

19 STEVEN BANKS: Uh-huh.

20 CO-CHAIR STEPHEN LEVIN: From last year,  
21 uhm has uhm some very concrete suggestions and uhm so  
22 I want to ask because there are also some timelines  
23 associated with them so I'm going to ask these  
24 questions with the controller report. Uhm one of  
25 their key recommendations was establishing a standard

1  
2 operating procedure for shelter contract repair and  
3 rate setting process. The recommendation was that  
4 DHS create, maintain and implement DHS Specific  
5 standard operating procedures with the shelter  
6 control procurement and rate setting process as well  
7 as a standard rate guidelines for negotiating for  
8 provider benefits. DHS responded that the Model  
9 Budget tools provide guidelines for rate setting and  
10 a structured template to guide negotiations to  
11 further the office of contractors who are working on  
12 a plan to not only formally expand current standard  
13 operating procedures with a DHS contract but to  
14 update the standard operating procedure that take  
15 into account changes, the procurement law changes in  
16 systems and the differences in shelter contract. Uhm  
17 a consultant has been hired to assist in this process  
18 which was expected to be completed December 31, 2017.  
19 Has that process been completed? In accordance with  
20 and just explain a little bit about the, the working  
21 relationship right now with the office, the state  
22 controllers office?

23 STEVEN BANKS: Uhm I thought the  
24 controllers report was constructed. The controllers  
25 report described at length two important facts.

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CO-CHAIR STEPHEN LEVIN: Uh-huh.

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STEVEN BANKS: Uhm one was that they were auditing a process that we had publicly set in to be reformed. It was sort of like they were auditing the fire department while the fire department was putting the fire out.

7

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CO-CHAIR STEPHEN LEVIN: Uh-huh.

9

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STEVEN BANKS: And they acknowledged that, and we said come on in and give us any recommendations to see whether or not their recommendations would be uhm, uhm would help us as we are making reforms. So this is a process in which while they acknowledge the review that had been committed, uhm conducted that we had said we were integrating the two agencies to address a number of these problems and that we are in the process of doing that, we have just effectuated the civil service, integration of the agencies in January 2017. Uhm they were conducting the audit and we welcomed it and it was very helpful. The bulk of the recommendations that were made with regard to standard operating procedures and Budgeting were essentially the Model Budget Tool and the Model Budget Tool was completed after the audit had been

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23

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25

1  
2 completed and we provided to them and they  
3 acknowledge that they now had it but the audits had  
4 already been completed. Now we developed a tool in  
5 part as a result of the back and forth with providers  
6 and OMB and we thought it was important to get that  
7 input and complete that input rather than rush to  
8 finish the Model Budget tool while the audit was  
9 going on.

10 CO-CHAIR STEPHEN LEVIN: Uh-huh.

11 STEVEN BANKS: We think we got a better  
12 uhm Model Budget Tool as a result of the input we got  
13 from providers and we think ultimately uhm that we  
14 were helped by the kind of recommendations that the  
15 controller made because the state controllers  
16 recommendations were literally what we were doing.  
17 Uhm we we met the, the things we committed to do.  
18 The extensive uhm corrective action plan that we put  
19 together that is in the report that is uhm that is  
20 really centered around the Model Budget Process. I  
21 can certainly get to you you know which, which items  
22 were hit by which dates on a separate matter but we  
23 developed the CAP specifically because we knew that  
24 we were going to be completed with the, with the new  
25

1  
2 Model Budget and the controller, state controller  
3 acknowledged that in the process.

4 CO-CHAIR STEPHEN LEVIN: Uhm the  
5 controllers report spoke extensively about uhm better  
6 data anal, analysis, usability, data integration  
7 between systems, because HHS Accelerator, APT and  
8 CARES. There was uhm I believe DHS agreed that uhm  
9 there would be a further integration of those uhm  
10 systems to be launched by next week uhm June 30<sup>th</sup>,  
11 2018 was the deadline. Uhm I can't quote the  
12 controller's report on that uhm, what's the status on  
13 that process?

14 STEVEN BANKS: So, so that involves  
15 integrating an agency process with an external  
16 process and I can certainly give you an update on the  
17 completion of it. I think as you know implementing  
18 IT projects uhm sometimes take longer than it is  
19 projected and I want to make sure that I give you the  
20 information that our, uhm agency gives, gives the  
21 state on these matters but this is literally  
22 integrating something that we do inhouse with  
23 something that is not within our agency. We thought  
24 it was a good recommendation and we are focused on,  
25 on achieving that. That would help us save time in

1  
2 terms of information that is input into an external  
3 system uhm to be uhm make sure of information we have  
4 already put into an internal system at the agency.

5 CO-CHAIR STEPHEN LEVIN: That's a, it's a  
6 serious issue because uhm as you uhm are looking for  
7 data, uhm I mean in, in terms of even the Model  
8 Budget Process I met and that would be very useful to  
9 be able to, to coordinate the different, uhm the  
10 different systems as it current is, and as they  
11 described it. I mean the said currently there is no  
12 assurances or packages were applied consistently  
13 across contract proposals received from providers  
14 that all staff and procurement process were followed,  
15 easily regarding contract negotiations and that the  
16 rates granted, fee just granted were reasonable. Uhm  
17 furthermore we found that the four computer systems  
18 DHS uses to manage shelter related data are not  
19 integrated uhm and they go on to say that it is very  
20 difficult to uhm to even find uhm to match uhm  
21 contracts and providers across the board because the  
22 systems themselves don't, don't work with each other.

23 STEVEN BANKS: Uhm I think one of the  
24 pieces of information that was critical and that was  
25 in our response uhm back and forth with the

1  
2 controller is that once you have the Model Budget  
3 Process the OMB review of the Budgets determines  
4 whether or not the Budgets are consistent and the  
5 problem was for decades having the absence of a Model  
6 Budget Process you couldn't tell between uhm you know  
7 a shelter for single adults and a and a shelter for  
8 families with children uhm whether there was  
9 consistency in the rates but once you have the Model  
10 in place, the OMB as our oversight is reviewing  
11 whether or not the contract negotiation process was  
12 conducted consistent with the Model Budget. So the  
13 Model Budget change is the breakthrough that really  
14 addresses the problem.

15 CO-CHAIR STEPHEN LEVIN: Okay.

16 STEVEN BANKS: Uhm and the documentation  
17 that is required behind the Model Budget Process for  
18 example as to rent.

19 CO-CHAIR STEPHEN LEVIN: Uh-huh.

20 STEVEN BANKS: And other items like that,  
21 those, those are in place already. Uhm and so I  
22 don't want you, I don't want you to be left with the  
23 impression that whether or not those connections to  
24 the external accelerator system from the adjust is  
25 the uhm is the is the essential change that needs to



1  
2 happen based upon the controllers recommendations and  
3 the corrected action plan that we put in place. The  
4 essential change that was needed was having the Model  
5 Budget Process with documentation for each budget so  
6 that the Office of Management and Budgets could have  
7 something to evaluate from the agency going forward  
8 and that's what's been done through Model Budget  
9 Process. Anytime a Budget is approved now through  
10 OMC it requires uhm the, the process to be set in  
11 place with a Model Budget which addresses the  
12 controllers recommendations which were very helpful.

13 CO-CHAIR STEPHEN LEVIN: Uhm they also  
14 mentioned uhm keeping documentation of negotiations?  
15 Uhm is...

16 STEVEN BANKS: That's, that's been done  
17 and that was, again I want to say that they evaluated  
18 a system that hadn't yet been reformed.

19 CO-CHAIR STEPHEN LEVIN: So under the  
20 current fund...

21 STEVEN BANKS: Correct.

22 CO-CHAIR STEPHEN LEVIN: So basically  
23 under your current Model Budget negotiations all of  
24 the negotiations are going to be documented?  
25

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STEVEN BANKS: Are, are documented.

3

Remember we opened 13 shelters based upon it.

4

CO-CHAIR STEPHEN LEVIN: Uh-huh.

5

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STEVEN BANKS: We got already 100% of the  
providers.

7

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CO-CHAIR STEPHEN LEVIN: I mean just in  
the past DHS has had contracts that they haven't been  
so.

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STEVEN BANKS: Excuse me?

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CO-CHAIR STEPHEN LEVIN: In the past, in  
the past according to the controllers reports there  
have been negotiations that have not been well  
documented.

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STEVEN BANKS: Yes but I, I would ask  
that you, that you remember what I just said. The  
controller audited a situation before we put in place  
the process that I described. Therefore I.

19

CO-CHAIR STEPHEN LEVIN: I don't think.

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STEVEN BANKS: The process that we  
described has the Model Budget contract, it has  
required documentation, actual documentation and it  
has a requirement to document it. That didn't exist  
before we did the 90 day review and all the things  
that, that followed thereafter.

1  
2 CO-CHAIR STEPHEN LEVIN: Okay and the way  
3 that you presented was, since there is a Model Budget  
4 Process therefore the documentation of the  
5 negotiations will be comprehensive and I'm just  
6 saying that those things, I, you know they are not  
7 uhm one does not necessitate the other. So I just  
8 wanted to make sure that that is happening and it  
9 will happen.

10 STEVEN BANKS: Fair, fair, just to be  
11 clear. The Model Budget Process has embedded within  
12 it a shelter type, shelter size, uhm Budget construct  
13 that requires actual documentation and requires  
14 documentation of any negotiations as part of the OMB  
15 oversight of the contracting process.

16 CO-CHAIR STEPHEN LEVIN: Okay so then  
17 before I turn it over to my colleagues. I just want  
18 to leave it, this is from the controller's report  
19 showing variation in rate between similar contracts  
20 and that, this is.

21 STEVEN BANKS: Council Member I've said,  
22 I've said a number of times in the hearing that they  
23 audited a situation that we said, that we said  
24 publicly during the 90 day review was a problem in  
25 that.

1  
2 CO-CHAIR STEPHEN LEVIN: I'm asking a  
3 prospective question.

4 STEVEN BANK: Fair enough.

5 CO-CHAIR STEPHEN LEVIN: Prospective  
6 question is here is an instance where they are two,  
7 what they deem to be similar contracts with  
8 differentiation of 218% I am going to implore and I  
9 assume that as a result of this Model Budget Process  
10 we will not see a deviation of 218% between shelter  
11 providers of similar contracts?

12 STEVEN BANKS: That is absolutely  
13 correct.

14 CO-CHAIR STEPHEN LEVIN: Okay that's all.  
15 Uhm I'm just one other thing. I would like MOCS to  
16 speak to the fringe issue before the end of this  
17 hearing because I think it is important that I'm a,  
18 I'm a little confused. MOCS is the contracting  
19 agency for the city of New York. MOCS I'm a little  
20 bit confused as to what role MOCS and I know you said  
21 that MOCS doesn't have, what MOCS isn't, doesn't have  
22 a role. I just want to know what role MOCS does have  
23 in the overall Model Budgeting Process are you the  
24 onboodman (SP?), are you the kind of overall,  
25 overseer of all of this, are you the guarantor of

1  
2 standard operating procedures, uhm equity across the  
3 board, what does MOCS see as their role in this  
4 multi-agency Model budgeting process?

5 JENNIFER GEILING: We don't have a role  
6 in the Model Budget Process uhm it's really truly  
7 between the agency, the provider and OMB with  
8 negotiating the Budget. We don't, we don't have a  
9 role in it.

10 CO-CHAIR STEPHEN LEVIN: And with fringe  
11 rate? There I mean this is uhm how, how is, I  
12 realize that fringe will be addressed alright or it  
13 should be addressed or everybody acknowledges that it  
14 needs to be addressed. How is it going to be  
15 addressed?

16 JENNIFER GEILING: So.

17 CO-CHAIR STEPHEN LEVIN: If we can't  
18 answer when, maybe we can answer how?

19 JENNIFER GEILING: So that's for OMB,  
20 right, uhm it's not a MOCS question.

21 CO-CHAIR STEPHEN LEVIN: Okay.

22 JENNIFER GEILING: The fringe rate, uhm  
23 it's an OMB question uhm I. (laughing). I mean it's  
24 not, it's not part of the MOCS in the MOCS field  
25 house.

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CO-CHAIR STEPHEN LEVIN: Okay.

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JENNIFER GEILING: It's activities.

4

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CO-CHAIR STEPHEN LEVIN: Okay we will  
follow up with OMB.

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JENNIFER GEILING: Yeah.

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CO-CHAIR STEPHEN LEVIN: Okay. Uhn  
turning it back over to my co-chair for Council  
Members questions.

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CO-CHAIR JUSTIN BRANNAN: Thank you Co-  
Chair. I also want to acknowledge that we have been  
joined by Council Members Grodenchik, Rosenthal and  
Reynoso. Uhm and I want to turn it over to my  
colleagues but I think, I have, uhm Commissioner  
Banks I have no doubt that in an undisclosed location  
in Montana they are trying to clone you. Uhm however  
I think I can actually prove that's happening  
(laughter) but uhm every agency doesn't have a  
Commissioner Banks so I know today and we have a  
stack of, of, I mean you know all of these folks that  
we are going to testify. Who are going to be singing  
a very different song, than your song uhm and I think  
the acknowledgment of the pain is a big deal. I mean  
I understand what you are saying that we are trying  
to turn over a new leaf and head forward here but

1  
2 the, the ol, the reason that we even decided to have  
3 this hearing was based on not a personal crusade from  
4 either of the co-chairs here but of what we were  
5 hearing from providers, you know, so I think for us  
6 it's just if we are heading in a new direction and  
7 things are going, things are going to you know get  
8 better you know and we got to give it time I get all  
9 of that but the pain is very real and and a couple of  
10 months ago we have providers saying look you know  
11 there is a contract to provide peanut butter and  
12 jelly sandwiches for a million dollars and it  
13 actually costs us \$3 million you know, so, it's, it's  
14 a real thing. It's a real thing.

15 STEVEN BANKS: Yeah I, again I certainly  
16 understand the problem from several different  
17 perspectives, uhm remember when the Mayor asked me  
18 conduct a 90 day review it was my finding that there  
19 had been years of underinvestment and it was my  
20 testimony about an hour ago that that underinvestment  
21 made it very difficult to provide the kind of  
22 services that our agency needs to provide, so don't  
23 mistake my uhm testimony for uhm the progress that we  
24 are continuing to make that we haven't been down a  
25 very difficult road for a not for profit sensitive

1  
2 agency. Uhm I understand and and I appreciate the  
3 focus of the committee overall as well as the general  
4 welfare committee focus is broader than my agency,  
5 our agencies but I do think that some of the things  
6 that were done are, were done because the  
7 administration overall wanted to make some changes  
8 and we were willing to make those changes and now ASC  
9 is joined in that, we added APS and HRA and I think  
10 that there are lessons that are important to learn.  
11 I think that the issue that you are raising about the  
12 provider that is going to make peanut butter and  
13 jelly sandwiches and they don't have enough money to  
14 do it is a challenge uhm and we are trying to address  
15 the challenge with our shelter providers and our APS  
16 providers through a very deliberate process, the APS  
17 one went very quickly relatively speaking because it  
18 was a pretty straight forward problem that we are  
19 solving for DHS, years of challenges a much bigger  
20 problem require dealing with the contract issue but  
21 you know the reason why we are current now with our  
22 invoices and our payment receivables because the  
23 people you know around me who are here uhm have put a  
24 tremendous amount of work into trying to alleviate as  
25 much pain as possible to pay invoices on time and be



1  
2 in a position where I can give you that data and  
3 completion of all of those contracts was extremely  
4 painful for everyone of the not for profit providers  
5 but to get to a place where we are moving away from  
6 that is really a lot, a lot of hard work at the  
7 agency as a priority because we value not for profit  
8 providers and I can only give the answers that I can  
9 testify at the hearing that are truthful to about  
10 what we are doing so I can give you the answer that  
11 we have made progress on, indirectly made progress on  
12 wages, we've made progress on Model Budgets and these  
13 other service enhancements and that fringe is an  
14 issue that, that is not currently addressed but I  
15 understand how serious it is.

16 CO-CHAIR JUSTIN BRANNAN: Thank you okay  
17 I want to turn it over to my colleagues now for  
18 questions, uhm starting with Council Member Torres,  
19 followed by Gibson, Rosenthal and Barron. Council  
20 Member Torres?

21 RITCHIE TORRES: How are you  
22 Commissioner?

23 STEVEN BANKS: Good.

24 RITCHIE TORRES: I'd rather have you here  
25 than an undisclosed location in Montana. (laughing).

1  
2 There are some other people I would rather have at an  
3 undisclosed (laughing). I've met my.

4 STEVEN BANKS: I very much value that  
5 comment.

6 RITCHIE TORRES: And no matter what  
7 concerns I have I unfailing appreciate you and the  
8 work you do. Uhm I have a questions about a Daily  
9 News article about a month ago about contracted  
10 security in the privately run shelters. The articles  
11 claim that the competition for security subcontracts  
12 is fundamentally lacking as is the city's oversight  
13 of those security subcontracts so the city will  
14 contract with a not for profit to run the shelter and  
15 then the not for profit will then subcontract with a  
16 security firm to handle the security and the article  
17 suggests that, I think it provides a snapshot of the  
18 contracted, the budget for contracted security in  
19 January of 2017 and it seems to indicate at the  
20 security of our shelter system is essentially in the  
21 hands of a duopoly. That there are two firms that  
22 control 86% of the Budget for contracted security out  
23 of 14 vendors so one of them is FJC which received  
24 \$26 million and Sera Security Services which received  
25 \$13 million and that's \$39 million out of a \$46

1  
2 million Budget in January of 2017. The article then  
3 claims that these vendors were accused of violence  
4 through lawsuits, incident reports, I guess what is  
5 the nature and extent of the city's oversight over  
6 these what appears to be a wild, wild west of  
7 security subcontracting.

8 STEVEN BANKS: So can I try to address  
9 that question in parts and if I don't get to a piece  
10 of it in my answer please come back to me because I  
11 believe I can answer what you are asking me.

12 RITCHIE TORRES: Okay.

13 STEVEN BANKS: So I'm going to try to uhm  
14 go big picture that that would be the helpful way to  
15 do it. So there are a number of pieces that came  
16 through that, that reporting and one piece was I  
17 think approximately 21 lawsuits uhm against different  
18 private security entities going back over a period of  
19 time uhm and that was an aspect of those reporting  
20 and there was one horrific incident that was in  
21 particular uhm and is linked to a video.

22 RITCHIE TORRES: Yes.

23 STEVEN BANKS: Particularly horrific  
24 incident and I think how that was handled gives it,  
25 gives a picture of our going forward world because

1  
2 uhm almost all of those incidents were before the  
3 NYPD oversight team that were reported on but that  
4 one was after the NYPD oversight team and so the  
5 provider immediately reported it to our reporting of  
6 such things, they NYPD immediately looked into it and  
7 the guard who was involved was, uhm we were, we  
8 demanded that the guard be immediately terminated and  
9 that the supervisor if they weren't going to  
10 terminate the supervisor was supposed to be removed  
11 from providing any services on any contract having  
12 anything to do with our agency and that was the  
13 response that will be the response going forward to  
14 anything of that nature uhm because I think we've got  
15 a different security operations at the agency than we  
16 used to have. In terms of the oversight issue, which  
17 is another ...

18 RITCHIE TORRES: Hold on if I could just  
19 quickly suggest it was noted in the article that the  
20 agency neglected to inform DOI of the incident and  
21 the article suggested that you were required to do  
22 so?

23 STEVEN BANKS: Right. And we are, we  
24 don't believe we are. We provide a tremendous amount  
25 of reporting to DOI I think that Commissioner Peters

1  
2 has testified about a good working relationship we  
3 have with DOI, particularly in rooting out fraud  
4 together and we have done a lot of very important  
5 work together on in that particular instance it was  
6 an individual incident, we did, we did it as as  
7 opposed to a problem that was systemic in nature so  
8 we made the judgment and we made the judgment that  
9 and it's been a judgment that has been embraced.  
10 That wasn't a situation, we do report a lot of other  
11 things that we have concerns about the DOI on a  
12 regular basis, for example, uhm to go a different  
13 area, uhm theft of our benefits by our staff, uhm  
14 that comes, as an enlarged part of the terrific  
15 investigation that DOI has done. It comes in large.

16 RITCHIE TORRES: Just for the ease of  
17 time I don't want to go on on this but you were about  
18 to answer about oversight.

19 STEVEN BANKS: Sure. Uhm but just on  
20 that DOI question we, we don't agree with the  
21 characterization of the report and we have a very  
22 good working relationship with DOI and I think.

23 RITCHIE TORRES: And Commissioner if you  
24 just response. So.  
25

1  
2 STEVEN BANKS: I think we over report so  
3 we didn't.

4 RITCHIE TORRES: I don't think he will  
5 agree with that. But yeah.

6 STEVEN BANKS: Uhm we got to keep over  
7 reporting. The issue of oversight, we think in terms  
8 of the Model Budget Process you can see that we put  
9 more money into shelter security through the  
10 percentages of in the Model Budget City First Groups,  
11 so we are increasing the expenditures which we think  
12 will help address some of the issues with respect to  
13 is there enough uhm security in place and then the  
14 NYPD has oversight of how we are doing system side.  
15 They have a management team that is taking up almost  
16 a whole part of a floor that is regularly reviewing  
17 how our security operations proceed and uhm.

18 RITCHIE TORRES: Does that include the  
19 security operations of the private contractors?

20 STEVEN BANKS: Yes. Yes and that is  
21 actually what I was just going to make that point. I  
22 think there is a misperception that they are always  
23 focused on the peace officers who are directly  
24 employed by DHS but they have a broader perspective  
25

1  
2 and so the NYPD is evaluating security deployment in  
3 each of those 13 shelters that we offer.

4 RITCHIE TORRES: Do we before a not for  
5 profit is able to select a security firm as a  
6 subcontractor, does DHS or the NYPD conduct a  
7 background check?

8 STEVEN BANKS: Uhm that's an issue that  
9 we are looking at. And I'm going to say break it  
10 into pieces. One is the NYPD role in that particular  
11 incident shows you what we will be doing going  
12 forward as a result with this relationship with NYPD.  
13 Item 2 is to put more money into the, into security I  
14 think that will help and three we are looking at  
15 going forward exactly the kind of issue that you are  
16 raising.

17 RITCHIE TORRES: So at the moment there  
18 are no background check? On security firms that are  
19 entrusted with the safety of families?

20 STEVEN BANKS: At the, at the moment and  
21 I want to make sure I am giving you the right answer  
22 because it's uhm it's important to focus on here. At  
23 the moment we have our providers that have vendors  
24 that work with them uhm and we ourselves look at  
25 vendors as problems arise and one of the things that

1  
2 this particular problem has presented to us are are  
3 there other things that we can do to address that  
4 particularly problem that we are.

5 RITCHIE TORRES: I guess. The mic. In  
6 addition to reacting to problems as they arise, are  
7 we proactively conducting.

8 STEVEN BANKS: And uhm that problem not  
9 as an individual problem and that problem is as an  
10 area of uhm making sure that our services are as  
11 tight as they should be and I will look forward to  
12 talking to you in particular about changes that we  
13 may make in that area.

14 RITCHIE TORRES: Are the, are the  
15 private, the not for profits that are running these  
16 shelters are those not for profit bound by the same  
17 procurement rules that would apply to the city? Like  
18 is it a competitive bidding process? I want to  
19 understand why there are two companies that control  
20 86% of the market.

21 STEVEN BANKS: I mean there are different  
22 things that they have to bid out that are  
23 competitive.

24 RITCHIE TORRES: Is that one of them?  
25



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STEVEN BANKS: They have certain things  
that they bid on like that.

4

RITCHIE TORRES: And have we investigated  
why this, these two firms have such an outsize?

6

STEVEN BANKS: I think it's a.

7

RITCHIE TORRES: An influence over the  
market.

9

STEVEN BANKS: I think it is a market  
issue that the questions you are asking me we are  
looking at to see how we might address some of these  
issues.

13

RITCHIE TORRES: The differences are  
astonishing is that one is at well over \$20 million,  
one is at \$14 million everyone else is below \$2  
million.

17

STEVEN BANKS: I think it is a market  
issue.

19

RITCHIE TORRES: Yeah.

20

STEVEN BANKS: Uhm I think you noticed  
that HRA itself and DHS have contracts with FJAC uhm  
and we have pretty direct oversight on how they are  
performing on our contracts. The NYPD and DHS very  
closely manage the FJAC contract for our own shelters  
and our hotels and uhm testified at the May hearing

25

1  
2 that we were uhm going to be looking at the shelter  
3 providers to provide more direct oversight of uhm  
4 shelter security and we are going to continue to  
5 report to you on how, what kind of progress we are  
6 making.

7 RITCHIE TORRES: And just to wrap up, I  
8 like my colleagues I just hear an endless stream of  
9 complaints about the lack of timeliness in payments  
10 and uhm my issues are two-fold. One is it gives the  
11 impression that there is a double standard. The not  
12 for profits are honoring their end of the bargain but  
13 we are failing to honor ours and when a not for  
14 profit breaks the rules there is accountability when  
15 we break the rules there seems to be impunity but the  
16 second more important concern that I have is that  
17 late payments have the effect of rigging the process  
18 in favor or against community based organizations.  
19 If they are community based organizations that simply  
20 lack the cash flow to go months or a year without  
21 payments from the city and so I guess what actions  
22 are you taking to address that problem? Is there a  
23 loan program that alleviates that? As I continue to  
24 hear complaints, they are as prevalent as they have  
25 ever been.

1  
2 STEVEN BANKS: So here are a couple of  
3 thing.

4 RITCHIE TORRES: And now I did...

5 STEVEN BANKS: Yeah I think there are a  
6 couple of things that we can all look at together,  
7 uhm a lot of the reporting recently on uhm contract  
8 delays were actually about the discretionary  
9 contracts which by their nature are not in place at  
10 the beginning of a Fiscal year because it's only,  
11 it's part of the money that is added to the Budget  
12 through the discretionary funding process and when  
13 the chair referred to the providing peanut butter and  
14 jelly I think there is an issue that we might all  
15 look at as to the payment issues that arise uniquely  
16 as a respect to discretionary contacts. Because they  
17 are funded at the end of one Fiscal year and then  
18 they go forward. In terms of the contracts that are  
19 a part of the baseline Budget. Uhm.

20 RITCHIE TORRES: Which are the contracts  
21 about which I hear complaints as well.

22 STEVEN BANKS: Fair enough, but a lot of  
23 the recent reports...

24 RITCHIE TORRES: Uh-huh from shelter  
25 providers.

1  
2 STEVEN BANKS: Fair enough, uhm let's  
3 just focus on that then. Uhm we've invested a lot of  
4 resources to get to the place where I just reported  
5 on today to have the number of contracts that are,  
6 the number of invoices that are in house that are  
7 paid, that are awaiting payment to be less than 30  
8 days is a result of a lot of hard work by both of  
9 those providers and by us and 30 days is standard.  
10 Uhm it could be 60 days but we are very focused on  
11 making it 30 days and to clear up all of those back  
12 contracts and look at some of the people that I know  
13 that have complained to both you and me that have  
14 complained about the policy that we took that we  
15 weren't going to register contracts until we had an  
16 effective corrective action in place to address  
17 shelter conditions. That's not all of them. There  
18 are other issues that delayed uhm those 1,100  
19 contracts that I talked about that we, we have  
20 cleared out but there are a lot of issues that are in  
21 effect here. We rely, as you said we rely upon our  
22 not for profit partners and that's why we've invested  
23 the resources in cleaning up that contract problem in  
24 the past and moving very quickly to get contracts in  
25

1  
2 place for FY19 and dealing with the invoicing problem  
3 which is real for not for profits.

4 RITCHIE TORRES: Thank you Commissioner,  
5 stay away from Montana.

6 STEVEN BANKS: Thank you very much.

7 CO-CHAIR JUSTIN BRANNAN: Council member  
8 Gibson for questions.

9 VANESSA GIBSON: Good afternoon, okay.

10 CO-CHAIR JUSTIN BRANNAN: Sorry I didn't  
11 see you.

12 VANESSA GIBSON: I know I'm all the way  
13 in the front, good afternoon Commissioner Banks and  
14 to Chair Levin, to Chair Brannan and to all of my  
15 colleagues and its good to have uhm MOCS here as  
16 well. I guess the first thing I want to say is I  
17 called Chair Levin and when we talked about the  
18 fringe benefits, certainly uhm that conversation  
19 needs to continue. If the statewide average is  
20 higher than 26% uhm I certainly think it is something  
21 that is worthy of further conversation and you know  
22 understanding the reason why the Model Budget has  
23 been put forward and I really think it is important.  
24 I respect that MOCS is here but the Mayor's Office of  
25 Management and Budget should be here, OMB should

1  
2 really be here to answer a lot of the questions that  
3 we have because all of the agencies that are  
4 complying with this Model Budget Process are  
5 following the rules and guidelines of OMB and you  
6 know the guidelines that the agency is setting forth  
7 so uhm I certainly suggest to my chairs that we  
8 continue this conversation and raise a lot of the  
9 issues that we have with OMB. Uhm I wanted to ask a  
10 question because Commissioner Banks I acknowledge all  
11 of the incredible work that you have done in your  
12 tenure as Commissioner. Uhm we have worked very  
13 closely together on behalf of my borough of the  
14 Bronx. There has been a tremendous amount of work  
15 done and certainly before I ever criticize I always  
16 compliment because there is a lot of work that has  
17 been done uhm but most recently when we started  
18 having Budget conversations here at the council I  
19 have been very critical of the agency spending of the  
20 re-estimates that we have talked about. The \$2  
21 million in cluster housing every month, the \$16  
22 million in adult shelters, the millions of dollars  
23 that we invest in hotels and motels. I have been  
24 very critical because I want us as a city to practice  
25 what we preach. If we are using a Model Budget and

1  
2 we are squeezing our providers to be more efficient  
3 and we are essentially cutting their contract size,  
4 we need to do the same ourselves. And so if we are  
5 talking the talk we have to walk the walk. Uhm and  
6 practicing what we really are preaching and I really  
7 want you know the agency to recognize because I too  
8 like my colleagues hear from many providers and I  
9 want the agency to understand the realistic needs  
10 that many of our clients have when you are talking  
11 about shelter, when you are services, when you are  
12 talking about PS and OTPS and security and everything  
13 that goes into running a shelter and our providers do  
14 an incredible job. Do they face challenges?  
15 Absolutely. And so I understand as the conversation  
16 continues with many providers around this Model  
17 Budget that we do have to make those tough decisions  
18 but I also wanted to be very realistic of some of the  
19 needs that have as, as Ritchie mentioned, a lot of, a  
20 lot of the providers don't have the money to front  
21 load they just simply need to be paid in a sufficient  
22 time frame so I wanted to ask a question because in  
23 all that I say I do actually have a questions and uhm  
24 in your testimony you talked about the work that's  
25 being done, working with all of the different

1  
2 providers as it relates to reviewing all of these  
3 contracts and templates, you talked about the  
4 cortiles I see as well. What does the team look like  
5 that actually makes the final decision on this Model  
6 Budget? Uhm if it's insistency at DHS in terms the  
7 team, the deputy, the executive team that makes these  
8 decisions and why I'm asking this question is because  
9 at times we are hearing from providers that they meet  
10 with one group and they are told a set of information  
11 and then they meet with another group and then they  
12 are told a different uhm a level of information so I  
13 just want to understand in terms of the reviewing  
14 team, what that looks like and is that as consistent  
15 as it can be, does that make sense?

16 STEVEN BANKS: Absolutely.

17 VANESSA GIBSON: Okay.

18 STEVEN BANKS: The, the the team is a  
19 consistent approach.

20 VANESSA GIBSON: Okay.

21 STEVEN BANKS: I respect complaints that  
22 are made by not for profit providers so let's talk  
23 off line to see what.

24 VANESSA GIBSON: Sure.  
25



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STEVEN BANKS: What may look we have  
values to be consistent.

4

VANESSA GIBSON: Uh-huh.

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STEVEN BANKS: I believe we are being  
consistent. If there is an instance in which we  
haven't been consistent why don't you and I talk  
about it and let's see if we can address that  
providers as far as needs. I just want to say one  
thing in terms of your earlier comment. One of the  
realities that, that the Model Budget Process shows  
is providing high quality traditional shelters cost  
more than providing uhm shelter through clusters.

14

VANESSA GIBSON: Right.

15

16

17

18

19

STEVEN BANKS: And that's one of the  
issues with why it is important to get the Model  
Budgeting right so services can be right uhm and as  
we get rid of and phase out the use of the clusters  
which you have been a big supporter of.

20

21

VANESSA GIBSON: And I still have a lot  
more to go.

22

23

STEVEN BANKS: And we are halfway there.  
It is an 18 year program we have.

24

25

VANESSA GIBSON: I am going to keep  
pushing.

1  
2 STEVEN BANKS: Yeah that's okay we are  
3 pushing ourselves too. That, that is a driver of  
4 cost because the Model Budget is, is a better way to  
5 compensate not for profits but having uhm having  
6 clusters was a cheap way of providing shelter for 18  
7 years.

8 VANESSA GIBSON: Uh-huh, right, okay so  
9 what, what can we expect moving forward in terms of  
10 the further conversations that DHS is having with  
11 shelter providers to deal with some of the challenges  
12 that we've heard from the industry. You know what,  
13 what should we expect moving forward, uhm there is a  
14 recognition that we do have challenges, nothing is  
15 perfect but I do want to make sure that we leave this  
16 hearing with a real understanding that the agency is  
17 listening to the providers and you've talked about  
18 you know the different task forces and a lot of the  
19 input that has already been received but I really  
20 want to make sure that you are listening and you are  
21 hearing them because at the end of the day we expend  
22 millions and millions of dollars and contracts. They  
23 are the providers doing the work on the ground. They  
24 are serving our residents, they are serving our  
25 constituents and certainly as someone who presents a

1  
2 lot of those locations both single and family it is  
3 really important for me to make sure that we get this  
4 right because we can really serve as we say a Model  
5 Budget, we really can be a model for other agencies  
6 in terms of how we work best together when we achieve  
7 the same common goals and priorities.

8 STEVEN BANKS: I, I appreciate that I  
9 think three key things to look at is the payment of  
10 invoices uhm and how we are doing on that and you can  
11 see where we are in terms of the under 30 day  
12 numbers. I think the completing the contracting  
13 process and we are on a pace to do it on a far more  
14 timely way this year than it's been done in the past  
15 and continuing to focus on that is an important take  
16 away. And I think the third thing is the completion  
17 of the Model Budget Process during this Fiscal Year.  
18 And look I think a lot has been talked about the  
19 process, the providers have been doing an extra  
20 ordinary job in the process in all three of these  
21 areas which is getting invoices in, helping us  
22 address the contract problems that have built up over  
23 a number of years and the working with us on the  
24 Model Budget Process. I think that they have been  
25 great partners and in doing that, we appreciate the

1  
2 work that they do. Uhm I think the oversight  
3 agencies OMB and MOCS and the Law department have  
4 been very supportive and the controller has been  
5 supportive. I think sometimes people say well what's  
6 going on with your registration. I think there has  
7 been a good working relationship to address  
8 registration challenges too.

9 VANESSA GIBSON: Thank you very much.  
10 Thank you to the Chairs I look forward to working  
11 with you. Thanks.

12 CO-CHAIR JUSTIN BRANNAN: Thank you  
13 Councilwoman Gibson. Uhm I want to acknowledge  
14 Rafael, Councilman Salamanca has joined us and I'm  
15 going to turn it back over to uhm Chair Levin.

16 CO-CHAIR STEPHEN LEVIN: Uhm, thank you  
17 very much Chair Brannan. Uhm I know you have to  
18 leave Commissioner so I just have a couple of more  
19 questions here. Uhm what, for, the providers that  
20 are in the second, third, fourth cortiles how are  
21 they supposed to Budget their FY19 uhm service  
22 levels? How are they supposed to do planning? The  
23 FY19 starts like next week so how are they supposed  
24 to do what their staffing levels are to be, what type  
25 of services they are to provide if they are months

1  
2 away from coming to an agreed upon terms with DHS on  
3 their Model Budget. How, you know they will be  
4 pretty far into the year. Uhm what do you advise  
5 them to do at this point.

6 STEVEN BANKS: I mean first of all I want  
7 to make sure that everybody gets to us their Model  
8 Budget template because that is a helpful starting  
9 place and uhm uhm there is constant communications  
10 between providers and our staff and I would encourage  
11 them to continue that. Uhm for example if somebody,  
12 everybody now knows what the Model Budget uhm  
13 template is because they all, 100% of the providers  
14 have it and uhm the majority have submitted it back  
15 to us. They, if a particular provider knows for  
16 example they are out of whack with the housing  
17 specialist ratio for example, that's only something  
18 that we would expect people to be raising with us to  
19 see uhm where we are on that process. I think that  
20 the assumption is that the Model Budget Process is  
21 this process in which it is the only method of  
22 communication between the providers and the agency  
23 and the providers are in constant contact back and  
24 forth.

1  
2 CO-CHAIR STEPHEN LEVIN: So you are  
3 advising them to, to staff as if they were getting  
4 paid under the Model Budget.

5 STEVEN BANKS: I did, I did not, I did  
6 not say that I know your question was to you know to  
7 push me and when you asked the questions.

8 CO-CHAIR STEPHEN LEVIN: No.

9 STEVEN BANKS: I advised them and my  
10 answer is as follows. We should continue the dialog  
11 if you are a provider that is not getting the  
12 template, please get it in uhm you know 31% of the  
13 providers, uhm we want those templates and that will  
14 help us move the process forward.

15 CO-CHAIR STEPHEN LEVIN: But if the  
16 template is in then they should staff according to  
17 the template?

18 STEVEN BANKS: I did not, I did not say  
19 that, what I said is they should be in contact with  
20 us because that's the reason this is not a cookie  
21 cutter process. The agency ran itself for 20 years  
22 with a cookie cutter process. Uhm here's what it is,  
23 you got to take it or leave it and we have moved away  
24 from that and that's why it is an interactive process  
25 with every individual shelter and every individual

1  
2 provider but with very clear outlines of what the  
3 model looks like, we we're going to continue to urge  
4 providers to be in contact with us as we move through  
5 this over the next couple of months.

6 CO-CHAIR STEPHEN LEVIN: And how are they  
7 handling or how is DHS handling closing out FY18  
8 Budget Years while negotiations are going on?

9 STEVEN BANKS: I'm not sure I'm following  
10 you on that, because 18 in terms of contract  
11 registration and the prior years other than  
12 particular problem contracts are done. They we have  
13 given people letters for auditors to lead with issues  
14 like in the past before we had any of these processes  
15 we gave letters like on pending new needs.

16 CO-CHAIR STEPHEN LEVIN: Uh-huh.

17 STEVEN BANKS: And other things and one  
18 of the issues that we have said to you and others  
19 before is if you have expenses we will make  
20 retroactive payments. So we are happy to work with  
21 providers to try to address those kinds of challenges  
22 and closing out uhm their Fiscal Year which is over  
23 the next couple of weeks or months depending on when  
24 their audit period is.  
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CO-CHAIR STEPHEN LEVIN: So then how are  
new needs being handled in that contact? So they  
booked as receivables or how is the.

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STEVEN BANKS: Again each provider, I  
don't want to say, I don't want to say here's how  
it's going to be handled if in a particular providers  
case that's not the right way to handle it. I might  
have misunderstood your term close out, I think of  
this from a not for profit perspective.

11

CO-CHAIR STEPHEN LEVIN: Uh-huh.

12

13

14

STEVEN BANKS: There's the close out of  
your year for your not for profit audit. There is  
the close out of your year with us.

15

CO-CHAIR STEPHEN LEVIN: Right.

16

17

STEVEN BANKS: And I was thinking about  
the close out with the not for profit auditor.

18

CO-CHAIR STEPHEN LEVIN: Uh-huh.

19

20

21

22

23

24

STEVEN BANKS: And I think it is  
important that providers be in touch with us about  
how to handle their closeouts with us and their  
closeouts with the not for profit auditors which we  
have been doing in the past. Again with a universe  
of 46 providers.

25

CO-CHAIR STEPHEN LEVIN: Right.



1  
2 STEVEN BANKS: Each one of them has  
3 different needs depending on which side it is uhm and  
4 where they are on this process.

5 CO-CHAIR STEPHEN LEVIN: Okay. Uhm.

6 STEVEN BANKS: Remember that of the  
7 sites, 13 of them have Model Budgets in place, 17  
8 half of them have essentially greed to Model Budgets  
9 and we are going to continue to work expeditiously  
10 through the remaining ones.

11 CO-CHAIR STEPHEN LEVIN: So in terms of  
12 their 18 contracting, they should be in touch. And  
13 then they are getting in touch with their contract  
14 manager. And who are they getting in touch with and  
15 who can they expect, a, a rapid response and.

16 STEVEN BANKS: Ya... again I don't want to  
17 leave an impression on the record that it is a laden  
18 and bureaucratic process of being in touch with the,  
19 the program staff at DHS. There is ongoing  
20 communications that go on and these are the kinds of  
21 things that are part of that process.

22 CO-CHAIR STEPHEN LEVIN: Okay uhm.

23 STEVEN BANKS: And I know because you've  
24 been very helpful in trying to help us make reforms  
25 that if you get a call from a particular provider

1  
2 that says that something I said here didn't turn out  
3 to be the case, you'll tell me and we will address  
4 it. And as I appreciated in prior hearings that that  
5 has happened.

6 CO-CHAIR STEPHEN LEVIN: Uhm okay just  
7 two other things really quickly here. Uhm I just want  
8 to be clear that I am just looking at the controllers  
9 report on pages 28 and 29 and I did have.

10 STEVEN BANKS: Can I just, can I just add  
11 one other point that.

12 CO-CHAIR STEPHEN LEVIN: Sure.

13 STEVEN BANKS: That's I'm being past  
14 which I thought I had made this point but I will make  
15 sure it is clear for the record, new need amendments  
16 are also in process and they are being bundled with  
17 the, with the Model where that is the quickest way to  
18 do it so again it's not a, it's not a oh you can't  
19 talk to us about what your needs are in this year  
20 because part of that process has been ongoing with  
21 providers as well but I want to emphasize it's not  
22 one size fits all.

23 CO-CHAIR STEPHEN LEVIN: Uh-huh.

24 STEVEN BANKS: I said that a lot of  
25 hearing, it really is important here. The one size

1  
2 fits all is what got us into that 212% difference in  
3 what the city was paying for those providers in that  
4 controller's audit.

5 CO-CHAIR STEPHEN LEVIN: Okay so sorry  
6 just to be clear then, so new needs are being bundled  
7 into uhm into the Model Budget Process but if they  
8 are, if they are in the.

9 STEVEN BANKS: No you need.

10 CO-CHAIR STEPHEN LEVIN: Third or fourth  
11 cortile how do they, how are their new needs for FY19  
12 being addressed?

13 STEVEN BANKS: New needs are being  
14 bundled into that contracting process because that's  
15 the quickest way to get it done. So we could do.

16 CO-CHAIR STEPHEN LEVIN: The Contracting  
17 Process is the Model Budget Process.

18 STEVEN BANKS: No.

19 CO-CHAIR STEPHEN LEVIN: In the FY,  
20 moving forward no?

21 STEVEN BANKS: There are three processes  
22 going at once. One process is to make sure that we  
23 are, stick to the timeliness of payments.

24 CO-CHAIR STEPHEN LEVIN: Uh-huh.  
25

1  
2 STEVEN BANKS: Based upon when we get  
3 invoices. The second process is to deal with  
4 contract registration issues which built up over many  
5 years and uhm the third process is to have a Model  
6 Budget so that we can deal with inequities among  
7 spending and where we can get a new need done quickly  
8 through a contracting process we will do it and that  
9 might alleviate or accelerate Model Budget needs and  
10 we've been doing that, as, as those needs have arisen  
11 which is why it's not a cookie cutter. Everybody  
12 should do it by the state.

13 CO-CHAIR STEPHEN LEVIN: Uh-huh.

14 STEVEN BANKS: That would get us into a  
15 very bad situation you can see and again I want to  
16 emphasize this. I gave you the number that, of, of,  
17 of templates that we don't have back not to say oh  
18 and they are not giving us the templates. I'm  
19 actually raising that because it's a complicated  
20 process that each provider has to go through to look  
21 at what their needs are as against the template.

22 CO-CHAIR STEPHEN LEVIN: Uh-huh.

23 STEVEN BANKS: And so forcing them to  
24 give it quickly or forcing us to do it uhm quicker  
25 than uhm the delivery process was set in place, I

1  
2 think will lead to mistakes that both on the not for  
3 profit providers part and our part which is why we  
4 set up the process this way.

5 CO-CHAIR STEPHEN LEVIN: I'm sorry I just  
6 want to go back to the controller's report because I  
7 was, I just was.

8 STEVEN BANKS: Okay.

9 CO-CHAIR STEPHEN LEVIN: A little but  
10 unclear about that.

11 STEVEN BANKS: The state controller's  
12 report.

13 CO-CHAIR STEPHEN LEVIN: The state  
14 controller's report, yeah. Uhm the recommendation  
15 about the recommendation uhm to which was around  
16 creating and implementing the standard operating  
17 procedure. So it says at this time the Department of  
18 Social Services offered the contract was integrated  
19 and all DHS Program Staff have been formerly informed  
20 that the existing SOPs apply, I'm sorry, I'm sorry so  
21 uhm with that recommendation #2 which is create and  
22 maintain, create, maintain and implement a DHS  
23 specific standard operating procedure for the shelter  
24 contract procurement and rate setting process as well  
25 as standard rate guidelines for negotiating provider

1  
2 budgets to ensure continuity in processes as DHS  
3 transitions through its integration into DSS. The  
4 co... the agency corrective active updating existing  
5 SOPs says that the target date will be implemented  
6 12/31/17 I just want to make sure that happened?

7 STEVEN BANKS: Yes, what I, what I was  
8 reluctant to give you a yes everything is done answer  
9 when you, uhm on our first go around on this.

10 CO-CHAIR STEPHEN LEVIN: Uh-huh.

11 STEVEN BANKS: It's a complicated cap.  
12 There are a lot of different moving parts uhm and I  
13 want I don't want to give you an overbroad yes  
14 everything is done on that one, obviously we had to  
15 do that in order to implement the Model Budget  
16 Process.

17 CO-CHAIR STEPHEN LEVIN: Okay. And then.

18 STEVEN BANKS: But there are a lot of,  
19 there are a lot of items that make reference to  
20 different standard operating procedures and I want to  
21 be careful in uhm in getting back to you on where all  
22 the, all the items in the cap are.

23 CO-CHAIR STEPHEN LEVIN: And then, the  
24 one on system integration says will be implemented on  
25

06/30/18, that is, that will not be achieved on  
06/30/18?

STEVEN BANKS: That's correct because  
there are some external dependencies uhm that we have  
to achieve but it is on a fast track to happen. It's  
not a, you know, it's on a fast track to happen.

CO-CHAIR STEPHEN LEVIN: Uhm and and then  
on I'm sorry. I just want to make sure. I just want  
to make sure that we are clear on the re... on the role  
of the not for profit resiliency task, uhm committee  
not for profit resiliency committee is on uhm on  
implementing this process and other thing that we  
have spoken about at this hearing, fringe rates, uhm,  
etc. so I, I just for example. So what exactly is  
the role of, of, of the NRC?

JENNIFER GEILING: Yeah, sure I'd be  
happy to answer that. So uhm and let me just take a  
minute also. It's always a mas... to perhaps it would  
be helpful to share with you a bit about what MOCS is  
doing.

CO-CHAIR STEPHEN LEVIN: Yeah.

JENNIFER GEILING: Because I know that we  
don't meet with you regularly.

1

2

CO-CHAIR STEPHEN LEVIN: And what NRC

3

act... you know.

4

JENNIFER GEILING: Yeah, yeah, yeah.

5

CO-CHAIR STEPHEN LEVIN: We talked about

6

it a little bit but what what does it see as its

7

purview.

8

JENNIFER GEILING: So, absolutely so let

9

me just uhm if you don't mind, I just want to take a

10

moment to share with you what MOCS is doing and uhm

11

as we mentioned before so we work with agencies and

12

we work with the Controller to oversee the process,

13

the contracting process uhm and that process is

14

defined by responsibility and fairness. Uhm but we

15

are looking now at actively and we've met with Chair

16

Brannan about it as well to try to integrate

17

timeliness into the process as well and that's

18

primarily through a technology solution called

19

passport and that launched in August with it's first

20

phase which brought Vindex on line. So we are trying

21

to digitize, we are trying to streamline uhm and we

22

are trying to reengineer the processes so that we can

23

realize timely procurement and it will happen over

24

the course of several releases of this passport

25

system. The second one is coming up and then there



1  
2 will be a third one which will actually uhm  
3 incorporate the vision of having uhm end to end  
4 procurement process that's on line and digitized. So  
5 that's MOCS for you with the respect to the nonprofit  
6 resiliency committee. MOCS is the manager of the  
7 NRC. It was launched by Mayor de Blasio in September  
8 2016 uhm with the goal of bringing together the city  
9 and the human service sector uhm to open up lines of  
10 communication and to collaborate on the variety of  
11 different projects. The projects are brought to the  
12 committee by providers, we have almost 100 providers  
13 uhm that are part of the nonprofit resiliency  
14 committee and over 20 city agencies and they are all  
15 offices that work together to realize a variety of  
16 goals. So uhm one was around cash flow and it was  
17 through the nonprofit resiliency committee that we  
18 have a new policy in place. As of a year ago when we  
19 have a 25% advance on all registered contracts and  
20 with recruitment happening in the second half of the  
21 cycle. We've digitized audits that used to be a  
22 paperbased system is now one that is in part done  
23 digitally through accelerator's document vault. We  
24 are standardizing it, creating more transparency and  
25 an opportunity to efficiency and an understanding

1  
2 across the sector on what we are looking for and how  
3 it should unfold when we are at agencies.  
4 Collaborating around program design. We have a guide  
5 now that was written in collaboration with partners  
6 uhm and in the nonprofit sector on how to engage  
7 better around program design so all of these  
8 projects, there's over 20 accomplishments in 20+  
9 months with respect to the specific questions around  
10 fringe and the like, we those come into the  
11 committee. We have conversations we identify  
12 opportunities that we can work together in order to  
13 tackle those projects. As Commissioner Banks said,  
14 and the rest is brought to us through those  
15 recommendations so investments made and adopted and  
16 we are currently working on a citywide manual to  
17 create a consistent approach to indirect rates that  
18 is tied to the federal guidelines.

19 CO-CHAIR STEPHEN LEVIN: Okay.

20 JENNIFER GEILING: Hope that helps.

21 CO-CHAIR STEPHEN LEVIN: Yes thank you.

22 JENNIFER GEILING: Uh-huh.

23 CO-CHAIR STEPHEN LEVIN: Uhm, alright  
24 that's it for me I'll let you guys go. (laughing).  
25 Anything more.

1  
2 CO-CHAIR JUSTIN BRANNAN: Thank you guys  
3 very much uhm and we will talk to you soon.

4 STEVEN BANKS: Thank you both chairs for  
5 your focus on this issue which is very important.

6 CO-CHAIR JUSTIN BRANNAN: Thank you  
7 Commissioner. Okay we are going to shuffle here and  
8 we are going to hear from the Administration for  
9 Children Services. We are going to have Commissioner  
10 Hansell, Kailey Burger and Jacqueline Martin all from  
11 ACS. Welcome. It's up to you if you want the  
12 Commissioner, okay. (long silence). Okay we are  
13 just going to swear you guys in.

14 ALEX PAULENOFF COUNSEL: Would you all  
15 please raise your right hand. Do you swear to affirm  
16 to tell the truth, the whole truth and nothing but  
17 the truth in your testimony today and to respond  
18 honestly to Council Member questions? Thank you, you  
19 may begin. (long pause).

20 DAVID HANSELL: Is that right, okay go,  
21 great. Uhm Members of the Committees of General  
22 Welfare and Contracts, I'm David Hansell,  
23 Commissioner of the New York City Administration for  
24 Children's Services and with me today on my right are  
25 Dr. Jacqueline Martin, Deputy Commissioner for our

1  
2 Division of Preventive Services. And Kailey Burger,  
3 on my left, this is the Commissioner for Community  
4 Based Strategies. We very much appreciate the  
5 opportunity to speak with you about ACSs Model Budget  
6 Process for our contracted Prevention Services  
7 providers. Generous investments in the Prevention  
8 Services by the de Blasio Administration and by the  
9 City Council has allowed ACSs to develop a quality  
10 Model Budget Process to ensure the providers can  
11 implement the best possible service models to support  
12 families and make sure that they are appropriately  
13 compensated for doing so and we look forward to  
14 updating you on our collaborative process. However,  
15 before I discuss our Model Budget Process I would  
16 first like to address two matters that have been at  
17 the forefront of our thoughts recently of utmost  
18 concern for ACS and I am sure also of concern for the  
19 Council. First the tragic death of 5-month-old  
20 Raymond Porfil Jr. in the Bronx earlier this month  
21 pains all of us greatly. Our responsibility at ACS  
22 is to do everything in our power to protect children.  
23 There is no mandate more important. While I'm not at  
24 liberty to discuss the specifics of the case, I can  
25 tell you that we are conducting an in depth

1  
2 investigation looking at all aspects of what  
3 happened. As part of our continuing reform effort,  
4 we look at all of our work critically in order to  
5 constantly strengthen both our protective and our  
6 preventive work. I look forward to discussing with  
7 the Council soon any new initiatives that stem from  
8 our review. My mandate as Commissioner is to ensure  
9 that we are continuing our aggressive report efforts  
10 in order to protect children and support families in  
11 New York City and I'm grateful for the Council's  
12 partnership in this mission. Second yesterday I  
13 accompanied Mayor de Blasio to a center in East  
14 Harlem that provides services to children who have  
15 been separated from their parents at the border and  
16 brought to New York. We met with leadership and  
17 staff of the center and we observed some of the  
18 children who were there. We have all been horrified  
19 by the Federal Government's Separation Policy and we  
20 were stunned to learn yesterday how many of these  
21 children are here in New York City. These are  
22 Federal Programs that are not under ACSs jurisdiction  
23 but we are concerned about the safety and well being  
24 of all children in New York City. The staff at  
25 Cayuga described the depth of trauma, mental health

1  
2 issues and other issues and concerns that these  
3 children are experiencing and we committed to Cayuga  
4 staff that we will provide any support that they need  
5 to ensure that kids are getting what they need. The  
6 impact of the New Executive Order is still unclear.  
7 There is still no definitive indication that these  
8 kids will be reunited with their parents so our  
9 concern remains. We've requested access to the two  
10 other programs in New York City that are handling  
11 young people separated at the border. We are working  
12 very closely with the Mayor's Office of Immigrant  
13 Affairs and coordinating with our sister agencies in  
14 particular the Department of Health and Mental  
15 Hygiene, the Department of Education and Health and  
16 Hospitals to ensure that all of this city's resources  
17 are brought to bear for the children and families  
18 torn apart by this disastrous policy. I will now  
19 turn to discussing our Preventive Services work and  
20 the Model Budget that we have developed over the last  
21 year. The goal of our Prevention Services is to  
22 support New York City Families in building skills, to  
23 manage crisis, maintain safety and stability within  
24 the home and strengthen their ability to thrive  
25 within their communities. A May 2017 assessment by

1  
2 KC family programs a nationally recognized child  
3 welfare organization found that New York City leads  
4 the nation in providing evidence based and promising  
5 practice intervention prevention program to support  
6 families and cites New York City as "a national  
7 leader in investing in the continuum of preventive  
8 services and supports." ACS has steadily increased  
9 the availability of prevention programs that are  
10 shown to reduce the rates of maltreatment and improve  
11 overall child and family well-being. Over 20,000  
12 families per year receive in home support, parent  
13 coaching, trauma therapy and other supportive  
14 services to help them cope with the mental health,  
15 domestic violence, substance abuse, parenting  
16 challenge and other stresses that can make parenting  
17 difficult. Our vision for is for every New York City  
18 child to have the support of a strong family in a  
19 healthy community to help them succeed and for our  
20 system of prevention programs to help provide these  
21 supports from families experiencing serious  
22 challenges. ACS could not achieve any of this  
23 without the work our 54 contracted nonprofit provider  
24 partners. The people who do the work every day. The  
25 providers we work with are some of the best in the

1  
2 country and they deliver high quality services  
3 directly to families every day. In creating a Model  
4 Budget, our goal was to engage in a truly  
5 collaborative and effective process to ensure that  
6 our providers have the resources they need to deliver  
7 the quality services our New York City families and  
8 children deserve. Most of ACSs contract with  
9 prevention agencies have been in place since 2009  
10 with minimal Budget increases. By early 2017, many  
11 of our providers were facing critical staff shortages  
12 because of inadequate salaries which reduced capacity  
13 and contributed to a service backlog. When I became  
14 Commissioner in March of last year, I quickly  
15 realized that while our preventive models and our  
16 providers were outstanding we needed to take action  
17 to shore up the infrastructure of our programs.  
18 Recognizing the physical challenges facing non-  
19 profits delivery child welfare services, Mayor de  
20 Blasio and the Council allocated over \$50 million in  
21 the Fiscal Year 2017-18 City Budget to enhance  
22 funding for Prevention Services Contracts to make  
23 sure that they align with the cost of delivering  
24 quality services. ACS acted immediately to provide  
25 this additional funding to our Prevention Agencies in



1  
2 two phases. First we identified specific areas in  
3 which we believed that our Preventive Providers  
4 needed additional resources to meet core programmatic  
5 requirements. These included support for additional  
6 family conference, conference facilitators which is a  
7 key component of our Model and also enhanced training  
8 opportunities which enabled us for the first time  
9 baseline training requirements for all of our  
10 preventive agency case handling staff. We also added  
11 a cost of living adjustment wage increase for  
12 provider agency staff. Secondly in the City Budget  
13 for FY 2017-18 ACS received \$26 million in increased  
14 funding to develop a quality Model Budget for  
15 prevention providers. In the summer of 2017, we  
16 began a Model Contract Review Process in close  
17 collaboration with a steering committee comprising  
18 many of our Prevention Providers to assess where  
19 additional resources were needed to support high  
20 quality service delivery. We worked with providers  
21 to identify needs that could be addressed within the  
22 constraints of our existing contracts and procurement  
23 rules while pursuing better outcomes from children  
24 and families. We commenced this collaborative  
25 process with a 3-month listening tour in which the

1 leadership of our Division of Prevention Services met  
2 with providers to learn about their ideas,  
3 challenges, and needs to help ensure that the process  
4 would result in meaningful solutions for our provider  
5 agencies. We then partnered with the Council of  
6 Family and Child Caring Agencies or COFCCA with New  
7 York City opportunity and with the New York City  
8 Office of Management and Budget to convene a steering  
9 committee with representation from a cross section of  
10 prevention services providers to collectively develop  
11 Budget enhancements and a process that would meet the  
12 needs of our diverse network of providers and which  
13 would also reflect and articulate ACSs own needs.  
14 DPS Prevention Services conducted 6 focus groups  
15 consisting of more than 90 prevention staff of all  
16 levels across 8 provider agencies and completed  
17 extensive research and data analysis to help inform  
18 the resulting enhancements. The work of our steering  
19 committee revealed the most prominent challenges with  
20 which our prevention providers were struggling  
21 including staff turnover, high case loads, service  
22 utilization and a wait list for service referrals.  
23 To target these challenges directly, ACS and the  
24 Model Budget Steering Committee developed a package  
25

1  
2 of four focused Budget Enhancement. First stronger  
3 supervision to provide better management and  
4 oversight for provider agency staff the Model Budget  
5 includes funding to reduce the supervisor to case  
6 planner staff ratio to 1:4 across all prevention  
7 programs with a goal of decreasing turnover of front  
8 line staff and supervisors and increasing service  
9 utilization over time. Number 2, case work support.  
10 The Model Budget now mandates provides to employ case  
11 aids or parent aids and provide funding for this  
12 added position. Case aids and parent aids will  
13 provide work load relief by assisting case, case  
14 planners which will in turn help to reduce staff  
15 turnover and increase service utilization. Three:  
16 Quality improvement. We firmly believe that all  
17 families should have access to quality services and  
18 we are committed to helping our providers improve and  
19 maintain the high standard of services that have  
20 positioned New York City as a national model. To  
21 further this work, the Model Budget includes funding  
22 for each provider to hire a designated quality  
23 assurance, quality improvement or a QA/QI staff  
24 person to manage that QA/QI work across the  
25 provider's prevention portfolio. This measure will

1  
2 help to improve case practice and supports  
3 collaborative quality improvement. Fourth:  
4 Recruitment and retention. Finally the Model Budget  
5 includes funding for much needed salary increases for  
6 case planners and supervisors. A more competitive  
7 pay scale will help to recruit qualified staff and  
8 will encourage experienced staff to remain. Thereby  
9 improving overall case practice quality. Providers  
10 are giving three options for implementing the  
11 allocated funds. One: Increasing existing base  
12 salaries. Two: Implementing incremental salary  
13 increases to help promote longevity or. Three:  
14 Instituting wage differentials to help recruit staff  
15 with specialized skills or licensure. We announced  
16 the Model Budget Components in January of this year  
17 and since then we have been working in very close  
18 coordination with our providers to amend contracts  
19 and implement the enhancements and we are currently  
20 in the final stages of contract amendment. Although  
21 it is still too early in the process to discuss  
22 outcomes we are hearted by the positive feedback that  
23 we have received from our providers so far and we  
24 look forward to the results to come. I must give  
25 enormous acknowledgment to the two colleagues who are

1  
2 here with me at the table today who oversaw the  
3 process and established an extraordinary level of  
4 partnership with our providers while simultaneously  
5 remaining relentless in keeping the process moving  
6 forward. I am also proud of the unprecedented levels  
7 of collaboration with our providers, with COSCA and  
8 across the divisions within ACS. I would also like  
9 to thank our nonprofit and city agency partners for  
10 making this possible. This Model Budget Process is  
11 proof that by working together and listening we can  
12 achieve great results. So I thank you for the  
13 opportunity to discuss ACS's Model Budget Process. We  
14 appreciate the council's advocacy on behalf of our  
15 Prevention Service Provider Community and for the  
16 role the Council has played in making our Model  
17 Budget a reality. ACS endeavors to maintain our  
18 transparent relationship with the City Council and we  
19 will continue to seek your guidance and support as we  
20 move ahead with our implementation efforts. Thank  
21 you for your time and we are happy to answer your  
22 questions.

23 CO-CHAIR JUSTIN BRANNAN: Thank you very  
24 much Commissioner, um providers that we have heard  
25 from that contract with ACS have given us feedback

1  
2 that uhm they are happy with the Model Budgeting  
3 Process thus far. Can you share what you think has  
4 made that the case, made that successful?

5 DAVID HANSELL: Uhm I can and I will also  
6 ask Dr. Martin and Ms. Burger to do that as well. I  
7 think, uhm I think there are a couple of things from  
8 my perspective. The most important of which as I  
9 mentioned in my testimony with agree of  
10 collaboration, we listened we did not immediately  
11 start down a path uhm uhm based on what we thought  
12 was, uhm was what would make the biggest difference  
13 in terms of increasing service utilization which was  
14 our core objective here. Uhm we started with a  
15 listening tour. And once we completed a listening  
16 tour which enabled us to sort of get very broad  
17 horizontal input uhm we then put together a working  
18 group as I mentioned uhm which was more focused,  
19 smaller number of people but people of different  
20 levels in the organization with whom we could have a  
21 really comprehensive discussion about the fundamental  
22 things that were uhm inhibiting them from delivery  
23 service, from serving as many families as we wanted  
24 them to and from delivering the quality of service  
25 that we, that we wanted them to deliver and it was

1  
2 only after we completed that listening process and  
3 the collaboration that we then developed a very  
4 prescriptive sense of where the investments could be  
5 made in the Model Budget based on what we had heard,  
6 where we thought it would have the most impact on  
7 increasing service utilization. Let me ask Dr.  
8 Martin if she would like to elaborate at all on that.

9 DR. JACQUELINE MARTIN: Uhm sure I think  
10 everything that the Commissioner said is correct.  
11 Uhm we also had a goal to uhm get the money over to  
12 the provider agencies as quickly and as expeditiously  
13 as possible and so our charge was to really develop a  
14 very lean process to making this happen and uhm you  
15 know Kailey Burger was very instrumental in that.  
16 Yeah.

17 CO-CHAIR JUSTIN BRANNAN: Correct me if  
18 I'm wrong but ACSs used applied Model Budgeting to  
19 the Preventive Service Contract is there a plan to  
20 apply it to everything in the future?

21 DAVID HANSELL: Uhm we don't have a  
22 current plan to go beyond this. We obviously haven't  
23 been funded to do it in any other sector. Uhm I  
24 would say that because we think it has been so  
25 successful as a model, we would be interested and so

1  
2 it is certainly something that we will take a look at  
3 going forward uhm but we don't have any current plans  
4 or any current funding to go into other sectors of  
5 our service delivery.

6 CO-CHAIR JUSTIN BRANNAN: And how is how  
7 are you guys tracking the Budget Modeling Process to  
8 determine progress or and you know areas for  
9 improvement?

10 DAVID HANSELL: Well uhm as I said it's  
11 it's a little bit too early to check outcomes since  
12 we are just finishing the contract amendments to  
13 actually pass the funding on to the providers but the  
14 ultimate thing we are going to track because it is  
15 the goal of this whole process is service utilization  
16 and that is something that we track, very, very  
17 closely. We maintain uhm very close oversight of  
18 utilization in every preventive service category by  
19 every individual provider and every individual  
20 program and so ultimately what we will be tracking  
21 most significantly in terms of the effectiveness of  
22 the Model Budget is whether it enables us to maintain  
23 and improve our service utilization so that we are in  
24 a position to provide timely services to families and  
25 children when they need them.



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CO-CHAIR JUSTIN BRANNAN: I know the steering committee found that wait lists for referrals into prevention service has been a challenge. Do you guys have ideas for address that? Or plan to address that?

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DAVID HANSELL: Well in truth it was that challenge that was really what spurred this. Uhm when I became Commissioner in March of last year as I was you know doing my due diligence of the agency, learning the agency one of the things that I learned very quickly and that concerned me a great deal was that at that time we did have a significant wait list for preventive services. We had hundreds of families who were waiting longer than we consider appropriate. We had identified a need, we had identified the kind of service the family needed but we could not immediately provide that kind of service to the family and it was that realization again that was about 15 months ago when I started uhm that led us to begin a conversation internally at first and then through the Budget process with the council about what we needed to do to address that wait list which I think we all felt was unacceptable. I am happy to say that we worked very hard last year to uhm

1  
2 eliminate that wait list which we did successfully  
3 and our hope is that through the Model Budget  
4 Process, once we get all of these enhancements in  
5 place with the providers that using these new  
6 resources they will be able to ramp up their  
7 capacity, ramp up the utilization so we can maintain  
8 a place where we will be able to provide timely  
9 services to families.

10 CO-CHAIR JUSTIN BRANNAN: Have you shared  
11 what you've learned in this process with other city  
12 agencies? Proactive or if they ask or? You should.

13 DAVID HANSELL: We, uhm, we are certainly  
14 happy to do that.

15 CO-CHAIR JUSTIN BRANNAN: I freaked you  
16 up kind of.

17 DAVID HANSELL: We talk regularly with  
18 our agency partners.

19 CO-CHAIR JUSTIN BRANNAN: No charge for  
20 that.

21 DAVID HANSELL: And certainly this has  
22 come up in those conversations and we are obviously  
23 happy to share any information with them.

24 CO-CHAIR JUSTIN BRANNAN: Uhm okay I'm  
25 going to turn it over to Chair Levin.

1  
2 CO-CHAIR STEPHEN LEVIN: Uhm thank you  
3 Chair Brannan, uhm thank you Commissioner. Uhm I  
4 want to ask uhm a question to one of the on one of  
5 the issues that you raised in your testimony  
6 regarding uhm the children that were separated at the  
7 border that are now uhm here in foster care agency,  
8 custody in, in New York City. Uhm I'm I'm trying to  
9 find out where this was reported but uhm the Governor  
10 I think mentioned that the Federal Government is  
11 preventing the state from providing additional  
12 resources that may be needed, mental health  
13 resources, medical resources, uhm to uhm, uhm to  
14 these children. I, have you heard the same thing?  
15 Is ACS being prevented from providing. You know  
16 they, they are in a Federal, there, these children  
17 are in the custody of the foster care agency that has  
18 a Federal Contract or multiple agencies that have  
19 Federal Contracts that may or may not have city  
20 contracts. But is there anything that New York City  
21 can do uhm, uhm to assist these children uhm or are  
22 we being told by the Federal Government that we are  
23 prevented from doing so.

24 DAVID HANSELL: Well let me say a little  
25 bit about the structure of the program under which

1  
2 they, they are being cared for. They are, the  
3 children who have been separated at the border and  
4 brought to New York are under the jurisdiction of the  
5 Federal Office of Refugee Resettlement and the  
6 Refugee Resettlement Program, uhm they are cared for  
7 by providers under contract to that program, not to  
8 ACS or any New York City Agency and the jurisdiction  
9 and the oversight of that program is Federal not  
10 city, so we don't have any uhm regulatory authority  
11 or licensing or contractual authority over those  
12 programs uhm the facility that I visited yesterday  
13 with the Mayor, Cayuga Center, we understand it is  
14 one of three in New York City where some of these  
15 children are, uhm being cared for. We understand  
16 there are two others and it happens that that  
17 program, Cayuga Center is one that is also a foster  
18 care provider for New York City.

19 CO-CHAIR STEPHEN LEVIN: Uh-huh.

20 DAVID HANSELL: That is, you know  
21 somewhat coincidental that they happen to have these  
22 two different contracts with two different uhm  
23 Government Jurisdictions. Uhm when we met with them  
24 yesterday uhm we met with the staff of that, of that  
25 facility the program and we offered to provide any

1  
2 assistance to them that they might need to make sure  
3 that they were able to be uhm meet all the, the  
4 service needs particularly healthcare, mental health  
5 and associated needs the kids might have. Uhm they  
6 welcome that commitment they didn't identify specific  
7 areas of need.

8 CO-CHAIR STEPHEN LEVIN: Uh-huh.

9 DAVID HANSELL: Uhm I'm not aware of any  
10 prohibition on doing that so I don't know, I don't  
11 what the state has encountered. We have not, this is  
12 was in a conversation with the providers themselves  
13 not directly with the Federal Government.

14 CO-CHAIR STEPHEN LEVIN: Uh-huh.

15 DAVID HANSELL: So I can only say that  
16 the provider, this particular provider was receptive  
17 to the city's offer of support.

18 CO-CHAIR STEPHEN LEVIN: Okay that is  
19 helpful to know. Uhm I expect that we are going to  
20 be uhm conducting uhm additional hearings on this  
21 topic in the coming weeks so uhm as things arise so  
22 uhm we will be in correspondence.

23 DAVID HANSELL: Absolutely this is  
24 obviously an issue of enormous concern to all of us  
25 and I think the more uhm public attention and more

1  
2 light we shed on it the better so I appreciate if the  
3 council did that.

4 CO-CHAIR STEPHEN LEVIN: Uhm on to the  
5 Model Budget question. And I'm, I'm searching for  
6 where that's reported. Uhm under the Model Budget  
7 questions this is only applied to preventive service  
8 contracts, are you exploring other ACS contracts,  
9 foster care contracts for example where, where Model  
10 Budgeting may apply?

11 DAVID HANSELL: Where, uhm Chair Brannan  
12 asked a similar question. We are uhm not currently  
13 exploring a Model Budget Process per se and of course  
14 we are not funded to do that; however, we are going  
15 through a process of looking very closely at our  
16 Foster Care Contracts because they have also have  
17 been in place for many years and are slated to expire  
18 in a couple of years from now so we are beginning the  
19 process of thinking about what we think the next  
20 iteration of those foster care contracts will be and  
21 as part of that, certainly thinking about the funding  
22 Model for them. So in a sense, we are looking at  
23 many of the same issues uhm in the foster care area  
24 but not through a Model Budget Process per se. Uhm  
25 and the issue that came up with homeless services

1  
2 contracts particularly around fringe rates and  
3 indirect costs, are those issues that came up through  
4 your process as well and uhm is there any ability to  
5 address that through the Model Budget Process.

6 DAVID HANSELL: Uhm they.

7 CO-CHAIR STEPHEN LEVIN: Or what do you  
8 think?

9 DAVID HANSELL: They, yeah they really  
10 didn't come up in the process itself. We did, as I  
11 discussed, we did, well separate from the Model  
12 Budget we of course added COLAs.

13 CO-CHAIR STEPHEN LEVIN: Right.

14 DAVID HANSELL: To the proc... and then we  
15 did add wage increases through the Model Budget  
16 Process.

17 CO-CHAIR STEPHEN LEVIN: Right.

18 DAVID HANSELL: The fringe issue I think  
19 is really an issue across the entire Human Services  
20 Sector.

21 CO-CHAIR STEPHEN LEVIN: Uh-huh.

22 DAVID HANSELL: Uhm it is something that  
23 we are talking with our sister city agencies about.  
24 Uhm ..

25 CO-CHAIR STEPHEN LEVIN: Uh-huh.

1  
2                   DAVID HANSELL: But it wasn't really a  
3 focus of discussion in the Preventive Model Budget  
4 Process.

5                   CO-CHAIR STEPHEN LEVIN: But Wage was so  
6 in contracts with the DHS process were they submit,  
7 kind of wage parity or parity it is different, right.  
8 DHS contracts have been on a kind of rolling bases  
9 probably for 30... 25-30 years and so that's why there  
10 is desperate, uhm contract uhm specific. In terms of  
11 at least setting up the ability to, to, for a not for  
12 profit to be able to increase wages they don't seem  
13 to have included that as part of the Model Budget  
14 Process but ACS say that as within your jurisdiction  
15 to do that or within your kind of mandate to, to look  
16 at wages across the board?

17                   DAVID HANSELL: Yes. Clearly and it was  
18 one of the four categories uhm in which we actually  
19 require providers to invest resources. They could do  
20 it in several different ways.

21                   CO-CHAIR STEPHEN LEVIN: Right.

22                   DAVID HANSELL: But we, but that was one  
23 of the areas that they were required to invest some  
24 of the resources.



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CO-CHAIR STEPHEN LEVIN: Uhm how did ACS  
determine the amount of funding that was required to  
meet all of these needs or how is it, where did the  
magic number come from in terms of how much the Model  
Budget Process was going to be able to deliver for  
not for profit?

8

DAVID HANSELL: Uhm to be honest I would  
say it came from you. It was the money..

10

CO-CHAIR STEPHEN LEVIN: Oh.

11

DAVID HANSELL: We were allocated in the  
City Budget.

13

CO-CHAIR STEPHEN LEVIN: Uh-huh.

14

DAVID HANSELL: (laughing).

15

CO-CHAIR STEPHEN LEVIN: So it, was, it  
was, it was tailored to fit the funding that was  
allocated not the other way around.

18

DAVID HANSELL: That's correct.

19

CO-CHAIR STEPHEN LEVIN: Okay. Uhm are  
there any other things that you would have done  
included in the Model Budget Process if, if there  
were more funds available.

23

DAVID HANSELL: Well uhm it is always  
hard to say you wouldn't find uses for more money.

25

Hypothetically I suppose we would but, but I think we

1  
2 certainly feel that the amount of money we were  
3 allocated and what we've been able to do with it will  
4 be sufficient to address the utilization concerns  
5 that we've experienced so, we are quite comfortable  
6 that this level of investment is going to make a  
7 significant difference and move us in the direction  
8 we need to go.

9 CO-CHAIR STEPHEN LEVIN: Uhm and I'm  
10 sorry you may have spoken about this but uhm with  
11 Chair Brannan. The, issue of the first phase versus  
12 the second phase and what, how you address the issue  
13 that came up in the first phase around communication  
14 and what, what did you learn there and how did you  
15 address it in the subsequent phase.

16 DAVID HANSELL: Uhm go ahead.

17 CO-CHAIR STEPHEN LEVIN: And if you could  
18 identify yourself for the record please.

19 KAILEY BURGER: Sure hi I'm Kailey Burger  
20 and I'm the Assistant Commissioner for Community  
21 Based Strategies and Preventions uhm and I sort of  
22 marshalled this process. Uhm so for phase 1 uhm  
23 there was some urgency in getting those funds out and  
24 they had been allocated prior to the phase 2 funding  
25 so we wanted to do that quickly and our finance team

1  
2 uhm did it sort of business as usual where we sent  
3 out a memo, we let folks know and then we asked them  
4 to fill out their Budgets and return them back. What  
5 we realized was that providers have a lot on their  
6 plate and take some time to update a Budget and there  
7 were lots of questions so we really in save to wanted  
8 to try and streamline that and take more of a  
9 customer service approach and so in sort of sharing,  
10 pushing that out and having them send information  
11 back to us we tried to do as much as we could behind  
12 the scenes uhm to make that process go more quickly.  
13 Uhm in the first phase as well we had sort of decided  
14 within ACS what the three categories would be for  
15 funding and that was for Conference Facilitators, for  
16 Training and for the COLA wage adjustment uhm so  
17 those had already been decided sort of internally  
18 based on demands and needs that we needed to align  
19 with the practices.

20 CO-CHAIR STEPHEN LEVIN: Uh-huh.

21 KAILEY BURGER: Uhm and so for phase 2 we  
22 had more flexibility to say to providers what are the  
23 needs that are most pressing for you and how can  
24 address those quickly.  
25

1  
2 CO-CHAIR STEPHEN LEVIN: Okay again how  
3 many, how many providers are within your, within the  
4 preventative system?

5 DAVID HANSELL: Uhm 54 providers uhm with  
6 a total of 111 contracts I believe.

7 CO-CHAIR STEPHEN LEVIN: Okay yeah. So  
8 in terms of the at least number of contracts and  
9 providers it is actually somewhat analagive to, to  
10 the DHS numbers. In just in terms of contracts and  
11 providers, obviously it is more complicated system  
12 over there uhm can you expand a little bit about the  
13 Steering committee, how it was formed, who was  
14 invited to join or how did it self-selecting or did  
15 the providers all get together and nominate somebody  
16 or?

17 KAILEY BURGER: So I guess we had time to  
18 do a full nomination process but we were.

19 CO-CHAIR STEPHEN LEVIN: Uh-huh.

20 KAILEY BURGER: Really quickly trying to  
21 engage with the providers so what we did was uhm  
22 really uhm put provider engagement at the forefront  
23 of our priorities so as the Commissioner said we did  
24 do a listening tour over the course of 3-months and  
25 we attended a number of meetings with provider staff

1  
2 at all levels. Uhm we then also held focus groups  
3 because we wanted to dig deeper and make sure we uhm  
4 engage with the front line so we actually had over 90  
5 provider staff at all levels comes to the focus  
6 groups and then we convened the provider, steering  
7 committee in partnership with COFCCA with a goal of  
8 having a representative sample of provider leadership  
9 so we looked to various size, neighborhoods  
10 represented, types of services represented and we  
11 identified some providers that met those criteria and  
12 then part of the role of being a Steering Committee  
13 Member was the expectation that they would engage  
14 with their colleagues across the rest of the provider  
15 community so we worked with them as well as with  
16 COFCCA to ensure that every piece of information that  
17 was discussed in the Steering Committee was also  
18 disseminated and there was engagement with the other  
19 providers who were not part of the Steering Committee  
20 uhm and then at the end of the process we put  
21 together a guide that we shared with staff at all  
22 levels and the Steering committee and all the  
23 leadership of the provider agencies so that they have  
24 all the materials that we used in those meetings as  
25 well. We wanted to ensure transparency and that if

1  
2 folks had questions you know they could contact us  
3 and be a part of it so we were, we were available to  
4 talk to any provider who had any questions.

5 CO-CHAIR STEPHEN LEVIN: So you mentioned  
6 COFCCA can you explain what COFCCA is?

7 KAILEY BURGER: Sure. The Council of  
8 Family and Child Caring Agencies. They are an  
9 advocacy organization that represents uhm the  
10 majority of our provider agencies and they do a lot  
11 of training and are a good convener uhm so we worked  
12 with them as partners to help with convening and and  
13 disseminating information.

14 CO-CHAIR STEPHEN LEVIN: And they played  
15 a meaningful role in this process?

16 KAILEY BURGER: They sure did.

17 CO-CHAIR STEPHEN LEVIN: Uhm. Uhm the,  
18 did the Steering Committee talked about and this  
19 process talked about uhm wait list for referrals to  
20 preventive services. Uhm so, how how we do think,  
21 uhm how are we looking to long term address the issue  
22 of wait list? I know Chair Brannan asked about this.

23 CO-CHAIR JUSTIN BRANNAN: Yeah, yeah.

24 DAVID HANSELL: Well as I have said that  
25 was one of the driving factors in the process, so

1  
2 the, if we could have took a part the wait list  
3 issue. There are a number of causal factors but one  
4 of the most significant was the inability of  
5 providers to recruit and retain the staff uhm that  
6 they needed to run the programs and so uhm many of  
7 our providers were unable to deliver the contract and  
8 capacity of services that we expected because they  
9 could not maintain the level of staff they needed to  
10 do that.

11 CO-CHAIR STEPHEN LEVIN: Because of wage  
12 issues?

13 DAVID HANSELL: Because of wage issues  
14 primarily also supervisor which we have tried to  
15 address here. Uhm and so uhm that was a direct uhm  
16 you know a direct, uhm influence on how we structured  
17 the, the Model Budget Process and the components of  
18 investments that providers could make. There are  
19 obviously other issues that feed into wait lists as  
20 well. The issues about uhm our protocols for opening  
21 cases, closing cases and things like that which were  
22 also addressed in the process of reducing the wait  
23 list last year.

24 CO-CHAIR STEPHEN LEVIN: Uh-huh.  
25

1  
2                   DAVID HANSELL: And that we continue to  
3 remain very vigilant about it as we go forward.

4                   CO-CHAIR STEPHEN LEVIN: Uhm with the  
5 Quality Assurance staff, what type of training is ACS  
6 providing to that, to those newly hired Quality  
7 Control staff?

8                   Dr. JACQUELINE MARTIN: If you would like  
9 I can begin to answer the question and then I will  
10 turn it over to Kailey. Uhm so through the Work  
11 Force Institute ACS uhm offers a number of trainings  
12 to our provider agencies. And it is our intent to  
13 really work closely with the quality improvement  
14 staff uhm we are really looking forward to you know  
15 integrating them in our work uhm around the uhm the  
16 data metrics that we manage and share with provider  
17 agencies so for example, in sharing that there is  
18 someone at the agency who routinely look at their  
19 utilization data and other metrics that we measure  
20 uhm at ACS to assure that they are providing quality  
21 services. So they will be integrated into that. We  
22 are also looking forward to you know working with the  
23 agencies and training them around the use of the Safe  
24 Measures Dashboard when that comes uhm on light for  
25 the provider agencies.



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KAILEY BURGER: So I would just add that  
uhm as part of the robust technical assistance we  
have been providing uhm to our providers uhm we  
worked with them collaboratively to fill out a job  
description for that QA/QI person.

7

CO-CHAIR STEPHEN LEVIN: Uh-huh.

8

KAILEY BURGER: Because this is one of  
the bucket areas for funding where we gave one an  
allocation for every single provider agency to hire a  
QA/QI staff person.

12

CO-CHAIR STEPHEN LEVIN: That's across  
the board?

14

KAILEY BURGER: Exactly.

15

CO-CHAIR STEPHEN LEVIN: Okay.

16

KAILEY BURGER: So uhm some of our  
provider agencies already had robust QA/QI  
departments but for our smaller more neighborhood  
based providers they may not have a QA/QI person or  
they may use consultants or some other approach.

21

CO-CHAIR STEPHEN LEVIN: Uh-huh.

22

KAILEY BURGER: So for those folks they  
never interviewed or hired someone with those kinds  
of qualifications so.

25

1  
2 CO-CHAIR STEPHEN LEVIN: And what are the  
3 qual, I'm sorry what are the qualifications for that?

4 KAILEY BURGER: So we want someone who  
5 can bridge the gap between practice and also using  
6 data so our goal is to find someone who is  
7 comfortable with Excel who knows how to deal with a  
8 database system who can create data reports and  
9 understand them but also who understands the world of  
10 child welfare and how to use those metrics to help  
11 improve practice. So our goal is to help the smaller  
12 agencies hire the right person.

13 CO-CHAIR STEPHEN LEVIN: Uh-huh.

14 KAILEY BURGER: And and this is short of  
15 a new opportunity for us to have an army of good deep  
16 quality assurance people.

17 CO-CHAIR STEPHEN LEVIN: Uh-huh.

18 KAILEY BURGER: That we can collaborate  
19 with to really drive change and improvements in child  
20 welfare so we are looking forward to developing uhm  
21 more collaboration with that group.

22 CO-CHAIR STEPHEN LEVIN: And going back  
23 to the kind of menu of items that uhm the Model  
24 Budget provided for. Uhm do you have a sense of sort  
25 of percentage wise who, who selected, kind of how it

1  
2 broke down and uhm where the, where the, kind of  
3 where uhm providers wanted to go?

4 KAILEY BURGER: Sure so within the four  
5 uhm menu items, actually the providers were required  
6 to adopt all of them.

7 CO-CHAIR STEPHEN LEVIN: Okay.

8 KAILEY BURGER: So everybody is getting  
9 the quality assurance person, everybody will hire  
10 case aids and everyone will reduce that supervise  
11 free ratio where there was some flexibility and we  
12 did this because we have providers that have very  
13 different, some have union restrictions, other have  
14 different staffing levels, we wanted to make sure  
15 that they had flexibility around the salary support  
16 area.

17 CO-CHAIR STEPHEN LEVIN: Uh-huh.

18 KAILEY BURGER: And so they had three  
19 options uhm between which they could allocate that  
20 funding. Uhm we have specific percentages that I  
21 could get to you but uhm the fast majority of the  
22 funding uhm is going toward salary increases and then  
23 smaller amounts going to the sort of differential  
24 program and then the career ladders, uhm longevity  
25 program.

1  
2 CO-CHAIR STEPHEN LEVIN: Uhm and then my  
3 final question is uhm is ACS viewing this process as  
4 kind of an ongoing thing, uhm process that will  
5 continue in the future or are you seeing this as kind  
6 of a onetime thing uhm because I see there is a great  
7 benefit to using the structure that has been set up  
8 to uhm to carry on to other program areas and other  
9 providers and uhm and you know meeting additional  
10 needs as they come up. A process that by all  
11 accounts that I have heard is has been successful you  
12 know, it would be beneficial I believe to the, to the  
13 sector as a whole to keep that structure moving  
14 forward.

15 DAVID HANSELL: Uhm well, uhm Council  
16 Member I think while I would say is while the Model  
17 Budget Process per se was enabled by the funding  
18 allocation to do it.

19 CO-CHAIR STEPHEN LEVIN: Uh-huh.

20 DAVID HANSELL: Uhm so as a Model Budget  
21 Process that is something that we can certainly do  
22 under those circumstances; however, we are constantly  
23 look at ways to improve our contract structures and  
24 of course all of our programs, all of our contracted  
25 programs are time limited and have to be reviewed and

1  
2 re-procured on a periodic basic and in fact as I  
3 mentioned uhm all of our foster care contracts and in  
4 fact all of our preventive contracts as well will end  
5 in the next few years and so we will be doing some  
6 very large procurements for the future of both the  
7 foster care program and the preventive program. So  
8 what I would say is we are certainly going to use  
9 what we would consider some of the best practices  
10 that emerge from this process as we look to the  
11 future of those programs; certainly, the  
12 collaboration with providers. The ways in which we  
13 got input from providers. Uhm the combination of you  
14 know flexibility and prescriptiveness. Uhm the  
15 individual hands-on technical assistance once we got  
16 to the Budget Process. I mean all of those things I  
17 think are practices that are certainly generalizable  
18 to uhm not just the future of our programs but  
19 probably other kinds of Human services programs as  
20 well.

21 CO-CHAIR STEPHEN LEVIN: Okay, that's it  
22 for me. I'll turn it back over to my Co-Chair.

23 CO-CHAIR JUSTIN BRANNAN: Thank you  
24 Chair. I just want to uhm point something out, I  
25 know the Human Services Advancement Strategy Group

1  
2 advocated for \$200 million in the FY19 Budget which  
3 we supported. City Council ultimately uhm it wasn't  
4 adopted in the final Budget but we were there for you  
5 so. Just showing our fantastic we are.

6 DAVID HANSELL: Thank you for sharing  
7 that. We appreciate that.

8 CO-CHAIR JUSTIN BRANNAN: I think we are  
9 good. Thank you guys very much.

10 DAVID HANSELL: Thank you very much.

11 CO-CHAIR JUSTIN BRANNAN: Okay we have  
12 our first panel, for Advocates. Stand by (long  
13 pause). So we are going to hear from the first panel  
14 will be Allison Sesso and Michelle Jackson from the  
15 Human Services Council, Gina Pake (SP?) from the  
16 Nonprofit Finance Fund and Beatriz Diaz Taveras from  
17 Catholic Charities. And we are going, we are going  
18 to put you guys on a two minute clock because I have  
19 graduations tomorrow morning. It's almost time for  
20 our breakfast.

21 ALLISON SESSO: Okay fair enough. Thank  
22 you so much uhm thank you so and I'm Allison Sesso  
23 I'm the Executive Director of the Human Services  
24 Council and uhm I just want start by thanking you for  
25 taking the time to have this hearing, for advocating

1  
2 in the Budget Process. We have brought these issues  
3 to everyone's attention sort of relentlessly I get  
4 tired of hearing myself talk about the insolvency  
5 issues that the nonprofit sector is facing uhm and I  
6 really appreciate the opportunity to be talking about  
7 these issues and I wanted to just take a minute and  
8 explain. You mentioned the Human Service Advancement  
9 Strategy Group which is a mouthful uhm that group is  
10 consisting of nine umbrella associations that came  
11 together because we have recognized the critical  
12 nature of the, of the nonprofit sector and the  
13 physical challenges that it faces and that we all  
14 together need to advocate for change. That, that we  
15 can't continue to get paid not enough to cover the  
16 work and get paid uhm late and very, very late and in  
17 a lot of instances and I think it was raised here  
18 today the reality that these issues have been around  
19 for a long time. Uhm it is not, it is not, you know  
20 this Administration's fault. It is, there is a  
21 problem that actually exists across the country and I  
22 want to acknowledge that but I also think that New  
23 York City can do better and that we are leaders and  
24 that we need to do better because we also have a  
25 responsibility ultimately to the communities that we

1  
2 serve and that is what this is about. Ultimately  
3 this is about our ability to serve communities well.  
4 The infrastructure of the nonprofits matter and it is  
5 not directly, I get it indirect rates, who cares.  
6 You know but it, it does matter to how we deliver  
7 services and that's what we need to fix in order to  
8 make sure that we are doing right by communities. I  
9 always want to bring it back to that. Uhm I just  
10 want to. I don't want to spend a lot of time  
11 talking. I want to make sure that we hear from the  
12 providers who really live this. I'm an advocate I  
13 talk you know at a high level uhm but I do want to  
14 say that the physical distress is real, it's  
15 concrete. Uhm the margins have been on top to  
16 operate in are very, very thin. We have seen a lot  
17 of them go under. I think the capacity to meet the  
18 needs of communities is going to be undermined if we  
19 don't fix this. We appreciate what you've been doing  
20 uhm and we did ask for specific investments this year  
21 and we do appreciate the investments that were made  
22 in previous years but the problem is the lag in  
23 getting that money out the door and to the providers  
24 so that's what I want to say and the last thing I  
25 want to say is that I want to acknowledge that the



1  
2 Administration has actually agrees to meet with us  
3 and talk about these issues so there is a recognition  
4 on their part to work with us on this and I am hoping  
5 that that will lead to some real resolution and I do  
6 want to acknowledge the work for MOCS and others in  
7 trying to work through some of these things.

8 CO-CHAIR JUSTIN BRANNAN: Thank, uhm.

9 ALLISON SESSO: So thank you for your  
10 leadership and support.

11 CO-CHAIR JUSTIN BRANNAN: Thank you.

12 MICHELLE JACKSON: So I'm Michelle  
13 Jackson I'm the Deputy Director for HSC and I really  
14 want to focus on. We are advocates and we are asking  
15 for more funding and more system phases and we want  
16 to do that in a way that also authentically  
17 acknowledges what the Administration and the council  
18 have done for us both in funding. Both for a lot of  
19 program funding. The important investment of last  
20 year. So my analogy is you have a bea, a beaten down  
21 old car and you decide to fix it and everything needs  
22 to be fixed. So you put new tires on the car, but  
23 there is no engine. You needed those new tires but  
24 without the engine the car doesn't run and that's a  
25 lot, the nonprofit resiliency committee has made

1  
2 really crucial process changes like the Advance that  
3 Jennifer, that Jennifer Geiling talked about uhm this  
4 work on indirect rate which we are waiting to see you  
5 know how that will be implemented but there has been  
6 a lot of really great advances so the tires. But the  
7 engine, the procurement process itself is still  
8 broken and so if you put gas into the car, like the  
9 \$300 million last year but there is no gas line to go  
10 to the engine it's now June 20<sup>th</sup>, 21<sup>st</sup> and that's a  
11 year since those investments were made and providers  
12 don't have that money uhm so going forward we are  
13 obviously looking at how to fix the lag and  
14 registration issues. It is worse than it has been in  
15 previous years even with accelerator and other  
16 efficiencies that have been made. That needs to get  
17 fixed. We are asking for a swat team to go in and  
18 look at that. Uhm we are asking for an increase in  
19 fringe rates as it has been talked about. And we  
20 appreciate that. A bigger increase in indirect, 10%  
21 is a great start but that is just not the realistic  
22 indirect rates of these nonprofits and it really  
23 leads to their insolvency. That should be, those  
24 should be investments that are made in this year and  
25 we appreciate the conversations about salary parity

1  
2 uhm the ACS Model Budget we just want to point out  
3 should really be the Model that is used going  
4 forward. If every Model Budget had been like that  
5 one we would be advocating from all Budgets across  
6 all. Uhm with have fixed the engine and put on tires  
7 and fixed the gas line it's a big lift and all of  
8 those parts are really important but they all need to  
9 be done together and they all need to be done  
10 immediately so again we are kicking the can down the  
11 road on some of these the car will never work.

12 Right. Thank you.

13 CO-CHAIR JUSTIN BRANNAN: Thank you. I'd  
14 like to add to that. We can't get a new car, we got  
15 to fix the old car.

16 MICHELLE JACKSON: Right.

17 CO-CHAIR JUSTIN BRANNAN: Right, right.

18 MICHELLE JACKSON: And if we could start  
19 over that'd be great but.

20 CO-CHAIR JUSTIN BRANNAN: Fix got to fix  
21 the car.

22 MICHELLE JACKSON: (laughing).

23 GINA PAKE (SP?): Hi my name is Gina Pake  
24 I represent nonprofit finance fund. We are a  
25 community development financial institution so we are

1  
2 a lender or a financial consultant uhm to the  
3 nonprofit sector here in the City but also across the  
4 country. And I am here to report on the state of the  
5 sector survey that we have recently published but  
6 across the country but also speaking to have a  
7 comparison to New York City's statistics. So uhm one  
8 factor that I wanted to kind of raise also is that  
9 you know we showed that 90% of New York City  
10 Respondents who serve Human Services say that their  
11 contracts are underfunded and so that's and 69% of  
12 the time that happens, very, very often. So we  
13 wanted to just show how widespread this issue is  
14 particularly with city contracts uhm and 75% of them  
15 report that their contracts are not only late but  
16 very, very late, so a third of them reported that  
17 there were delays of over 3 months and that's  
18 actually 3 times the comparable national rate that we  
19 saw in our survey uhm so, and and of course  
20 subsequently we saw that their cash flow challenges  
21 were reported as higher as a bigger concern than  
22 across the country. Uhm so almost a quarter of the  
23 New York City Human Service organizations that we uhm  
24 surveyed had a one month or less of cash on hand and  
25 if you ask any for profit business that means that

1  
2 they are on the brink of insolvency uhm but this is  
3 how a lot of nonprofits function but it is very  
4 problematic and it causes uhm fertility and and and  
5 uhm really, threatens the the communities that they  
6 serve. So a lot of organizations also we know from  
7 the survey turns to debt not to just their own task  
8 reserves but turning to debt to, to uhm to manage  
9 these cash flow challenges and that debt comes at a  
10 cost that is not reimbursed through contracts and uhm  
11 another tactic is delaying their bills or sometimes  
12 not paying their staff. So again these are not  
13 things that we want to see but we do see. Uhm and  
14 the last thing that I want to talk about is uhm  
15 within the survey we show that 43% of nonprofits uhm  
16 in New York City reported less than 10% indirect rate  
17 on their local contacts and we know from just working  
18 with organizations that's far lower than true  
19 overhead which can range we think anywhere from 15 to  
20 maybe 35%.

21 CO-CHAIR JUSTIN BRANNAN: Thank you.

22 CO-CHAIR STEPHEN LEVIN: Thank you.

23 BEATRIZ DIAZ TAVERAS: Good afternoon

24 Chairman Brannan and Chair Levin uhm I'm Beatriz Diaz  
25 Taveras Executive Director of Catholic Charities

1  
2 Community Services and I am pleased to speak about  
3 the work of the Federation of Catholic Charities  
4 Agencies, not only as a contracting agency, a  
5 provider of Social Services but also the current  
6 challenges we face. I am going to echo what many of  
7 my colleagues have said and will say this afternoon  
8 but just to give you a broad overview of the Catholic  
9 Charities Federation of Agencies since 1990, some very  
10 large over \$100 million to some very small under \$1  
11 million on total we administer about 1,000 city human  
12 service contracts with all major New York City  
13 Agencies and these contracts are valued at just under  
14 \$200 million and the services that we provide touch  
15 almost 150 New Yorkers in need, 150,000 New Yorkers  
16 in need, not 150. Uhm I'm going to address HSS  
17 Accelerator, in its first phase it was great, it  
18 helped reduce paperwork, consequent delays in  
19 procurement processes so we are very happy but not  
20 all city agencies use it and I think that is a major  
21 concern especially with the Department of Education  
22 that we would like all city agencies to be part of  
23 the HSS Accelerator and we are really strongly  
24 advocating for that. Also uhm discretionary  
25 contracts, we are very happy that the City Council

1  
2 does award us discretionary contracts but I would  
3 like to tell you their processing is also extremely  
4 delayed. I can tell you I still have six contracts  
5 from Fiscal Year 18 that are not registered and  
6 understand that we are closing Fiscal Year 18 in nine  
7 days so somehow that processing of discretionary  
8 contracts has to be looked at and how that can be  
9 absorbed into the accelerator system and make it go  
10 much smoother and faster. If we know that the City  
11 Budget was passed in early June I don't know why June  
12 of a year later I'm still not received. Uhm last my  
13 agency we are still waiting on \$2.8 million from 24  
14 contracts. This is I have, I have to provide so  
15 services. So as of July of last year I'm spending  
16 money, small agencies as my colleague says has to  
17 take loans which are not reimbursable. COLA  
18 implementation. I can tell you this morning I just  
19 signed off on contracts to DYCD for Fiscal Year 17  
20 COLA implementation that's not long it is taking. So  
21 we are not talking even a year, but two years ago.  
22 So uhm continuing on again we are part of the Human  
23 Services Investment Strategy Group and we continue to  
24 advocate but the, the area that we really do need is  
25 again investment in our indirect cost. It should be

1  
2 at 15%. We need 10% increase in our occupancy,  
3 casualty and liability insurance and we spoke about  
4 the fringe rate. It really should be brought up to  
5 37% on all Human Service Councils, Contracts. Thank  
6 you again for providing me this opportunity to  
7 testify. I have a full testimony before you I just  
8 gave you brief smidgens.

9 CO-CHAIR JUSTIN BRANNAN: I like it. Uhm  
10 the discretionary awards is concerning to me. Are  
11 you working with the individual members to figure  
12 that out.

13 BEATRIZ DIAZ TAVERAS: Uhm we, no, we  
14 have not. Uhm I am, in certain areas we have been in  
15 others we don't because it goes through its own  
16 different contracting process it's not really so we  
17 have different people assigned to it and although it  
18 is assigned to different agencies, some agencies are  
19 able to get their acts together faster than others.  
20 I can tell you distant one that they get on it right  
21 away but other agencies not so much.

22 CO-CHAIR JUSTIN BRANNAN: Uhm I just want  
23 to share my uhm office's information with you before  
24 you leave just so I can try to wiggle something loose  
25 and see what's what.



1  
2 BEATRIZ DIAZ TRAVERAS: We will welcome  
3 that definitely.

4 CO-CHAIR JUSTIN BRANNAN: Uhm Chair  
5 Levin.

6 CO-CHAIR STEPHEN LEVIN: Thank you Chair  
7 Brannan uhm so what do you do about the discrepancy  
8 between the fringe rate that is set in the contract  
9 and the fringe rate that you pay uhm out uhm for your  
10 employees?

11 BEATRIZ DIAZ TRAVERAS: I mean I think we  
12 all know that non-profits have become party planners.  
13 Our is that we aggressively fundraise from all  
14 private donors but that.

15 CO-CHAIR STEPHEN LEVIN: So when you are  
16 calling. So this is a call to a private donor. Hi,  
17 this is Catholic Charities uhm we need to raise money  
18 for our fringe rate and, and donors are like yeah  
19 down today.

20 BEATRIZ DIAZ TRAVERAS: No, I don't  
21 think. Talk about that. Many many different things.

22 CO-CHAIR STEPHEN LEVIN: Right.

23 BEATRIZ DIAZ TRAVERAS: But you know we  
24 do fundraise for general operating costs. That's,  
25 you know that is something that we do tell our, our

1  
2 contracts. City contracts generally, most of our  
3 contracts not only city but state only cover 85% to  
4 90% of the true operating costs.

5 CO-CHAIR STEPHEN LEVIN: Uh-huh.

6 BEATRIZ DIAZ TRAVERAS: So that is a  
7 message that we do give our donors and we are upfront  
8 that we need general operating, we need to uhm have  
9 our finance people paid. We do need to have our  
10 insurance paid. We do need to pay our occupancy  
11 costs and so that is part of doing business and.

12 CO-CHAIR STEPHEN LEVIN: Do you get uhm.

13 BEATRIZ DIAZ TRAVERAS: And what we see  
14 is that it is actually now the fringe rates are  
15 compressing because of that right so non-profits are  
16 you know big in fundraisers. The ones that are really  
17 good who are having dominant or great fundraisers.  
18 Like Catholic Charities uhm can sometimes make ends  
19 meet but we have actually seen a trend from our  
20 members that they are cutting insurance or passing  
21 those costs on to staff so health insurance are  
22 picking the cheaper plan. These are all workers who  
23 are front line staff who are underpaid already.

24 CO-CHAIR STEPHEN LEVIN: Right.  
25

1  
2                   BEATRIZ DIAZ TRAVERAS: Uhm and now we  
3 are seeing that those pas.. you know that those costs  
4 are being passed on and they are cutting back on for  
5 a freebie benefit health insurance, family plans  
6 that's kind of things because they have a 26% fringe  
7 rate and they you know have to deal with that. And  
8 so family coverage is not offered in many agencies.  
9 They will only cover the individuals. Should the  
10 employee want to cover their family they have to pick  
11 up that gun and I can tell you a family coverage for  
12 three or more people costs \$26,000 so an employees,  
13 an individual is about \$6000 to \$7000 and employees  
14 asked to pay \$14,000 into his family plan.

15                   CO-CHAIR STEPHEN LEVIN: So that employee  
16 is making how much a year? Like on average?

17                   BEATRIZ DIAZ TAVERAS: About \$29,000.

18                   CO-CHAIR STEPHEN LEVIN: \$29,000 so.

19                   BEATRIZ DIAZ TAVERAS: Yeah they are not  
20 going to take the family coverage.

21                   CO-CHAIR STEPHEN LEVIN: So that's like  
22 more than half of the income.

23                   BEATRIZ DIAZ TAVERAS: Yeah.  
24  
25

1  
2 CO-CHAIR STEPHEN LEVIN: They would have  
3 to pay to pay for health insurance for the rest of  
4 their family.

5 BEATRIZ DIAZ TAVERAS: And I, I want to  
6 actually cite a physical policy institute report from  
7 2017 that says that 60% of Human Service Employees  
8 were either using or has family using some form of  
9 public assistance.

10 CO-CHAIR STEPHEN LEVIN: Uh-huh.

11 BEATRIZ DIAZ TAVERAS: So I think that  
12 shows, yeah.

13 CO-CHAIR STEPHEN LEVIN: Right,  
14 certainly. Uhm. Right. I mean I, I talk to a not  
15 for profit provider uhm the other day that said that  
16 one of the reasons why their fringe rate might not be  
17 37% but might be a little bit lower is because so  
18 many of their employees are, are on either you know  
19 you know child no plus or, or anything. Uhm so have  
20 you brought this to the attention of the nonprofit  
21 resiliency committee?

22 GINA PAKE: Uhm we have uhm I there you  
23 know I think that there are only so many issues that  
24 can be taken on for a year and you know I would  
25 commend actually Jennifer Geiling who is responsible

1  
2 for coordinating and group and taking those issues on  
3 and being very transparent about what issues are  
4 being dealt with in what years and we are actually at  
5 a point in that committee's process in thinking about  
6 what issues to take on uhm going forward and I think  
7 it has been articulated that fringe is one of those  
8 issues that we would like to see worked on uhm  
9 through the non-profit resiliency committee. I don't  
10 know that it's been agreed to that that is officially  
11 going to happen but it has certainly been  
12 articulated.

13 CO-CHAIR STEPHEN LEVIN: Uhm what would  
14 the, your recommendation for uhm either DHS or ACS as  
15 they move forward with their implementation.

16 ALLISON SESSO: And I think it's the  
17 cross agencies right I mean its like for sand swat  
18 where the swat team needs to come up and clean up of  
19 the registration. There needs to be a real focus on  
20 getting this backlog.

21 CO-CHAIR STEPHEN LEVIN: Where does that  
22 swat team live?

23 ALLISON SESSO: They, they need to make  
24 it up. Right.

25

1  
2 CO-CHAIR STEPHEN LEVIN: Where should it  
3 live?

4 ALLISON SESSON: I mean I think it should  
5 live at MOCS as the contact the agency, it does need  
6 to be centralized the different city agencies need to  
7 be acting in similar capacities. We have providers  
8 who have multiple contacts across city agencies.  
9 There should be a streamline process that makes sense  
10 across agencies. The MOCS is a natural, a natural  
11 entity to own that.

12 CO-CHAIR STEPHEN LEVIN: Uh-huh.

13 ALLISON SESSO: But someone really needs  
14 to go in, the state does something similar.

15 CO-CHAIR STEPHEN LEVIN: That maybe a  
16 standard operating procedure.

17 ALLISON SESSO: Absolutely and I think  
18 this is something that needs immediate attention,  
19 right so that its been called their Lean team that  
20 went in and cleaned up some contracts and so it's.  
21 Yes the long term processes need to happen but we  
22 have all of the, you know hundreds of amendments from  
23 the COLA and indirect and the Model Budget that is  
24 waiting plus millions of dollars of contracts that  
25 providers have been putting out you know all year

1  
2 they need to get cleaned up and they need to get  
3 cleaned up quickly. So that's the first thing and  
4 then I think going forward you know we need to fix  
5 the funding mechanism uhm through the RSB process.  
6 There is a collaborative program design through the  
7 NRC. We are seeing for example the sonic RSP just  
8 came out and the rates on it have the pre COLA and  
9 indirect scholars. So nonprofits are signing their  
10 COLA agreements right now, right and I'm waiting for  
11 those amendments and then they are compete on the  
12 sonic RP that has rates that are.

13 CO-CHAIR STEPHEN LEVIN: Wow, why, why do  
14 we know why that it is? Should it be written earlier  
15 or something like that.

16 ALLISON SESSO: Yeah and or later you  
17 know that's the thing I think the RSC process needs  
18 to be collaborative. It needs to involve providers.

19 CO-CHAIR STEPHEN LEVIN: Uh-huh.

20 ALLISON SESSO: There needs to be a real  
21 commitment to elevating you know if you can't put  
22 money in for fringe right now you should be moving  
23 things you know in RSPs, there should be the  
24 standards that we want to see should be moving  
25 forward so that where there is corrective action in

1  
2 the long term and it is something that swat team  
3 operating procedure should be implemented now to  
4 clean up the backlog that we are seeing so it needs  
5 to be, we need money now, we need systems now and  
6 then we need longterm solutions.

7 CO-CHAIR STEPHEN LEVIN: Uh-huh. Any  
8 other recommendations? Anyone else?

9 MICHELLE JACKSON: I mean I would just  
10 echo the idea that, that I think that the Mayor's  
11 Office of Contract service should be empowered to, to  
12 really own this process and oversight in a way that I  
13 don't thin that they have been given that to date.  
14 They really do understand the issues. They are uhm  
15 very good collaborators but they don't necessary have  
16 control over each, each agency as you saw today.  
17 That's the different between them and so I think  
18 there should be more authority to be given that.

19 CO-CHAIR STEPHEN LEVIN: Alright. Thank  
20 you very much for your testimony and for your ongoing  
21 partnership with all of your, your agencies that you  
22 work with at the City Council. Thank you.

23 CO-CHAIR JUSTIN BRANNAN: Okay we have  
24 our next panel. Uhm Louisa Chaffee from UJA, Emily  
25 Miles from FTWA and Kevin Douglas from United



1  
2 Neighborhood Houses. How are you guys doing? Who  
3 wants to start?

4 KEVIN DOUGLAS: Sure I'll start. Good  
5 afternoon Chair Brannan and Chair Levin my name is  
6 Kevin Douglas I'm Co-Director of Policy and Advocacy  
7 of United Neighborhood Houses. We are an association  
8 of nonprofit houses and community centers here in New  
9 York City. We have 39 members who serve about  $\frac{3}{4}$  of a  
10 million New Yorkers every year and they have all  
11 doing multi-service, multi-generation of work and  
12 many of them have gone through the Model Budget  
13 Process with the right of agencies before you today.  
14 I want to focus my comments from one of the agencies  
15 that wasn't here to talk today which was DIFTA,  
16 Department for the Aging uhm which has the  
17 procurement reform around the Senior Center content.  
18 Because we are limited on time I'm going to give you  
19 highlights and low lights if you will. The  
20 highlights are we are really grateful to the  
21 Administration for making prehistoric commitments to  
22 actually funding increases in the Older Adult Service  
23 System which hasn't been done in a really long time.  
24 it was a meaningful and real investment. Uhm the low  
25 lights uhm were that the process really could have

1  
2 been handled a lot better. There was significant  
3 lack of transparency in terms of how the agency dealt  
4 with providers and the associations that represent  
5 them. I think we heard a shining example from ACS  
6 about what collaboration with providers look like and  
7 that was not the case at all. I work for the  
8 Department for the Aging it was March of this year  
9 when DIFTA formally communicated to providers how  
10 much money they were going to get and actually how  
11 they could actually claim to use it uhm which was  
12 sort of  $\frac{3}{4}$  of the Fiscal Year. There was no focus  
13 groups. There were no collaborative outreach of 90  
14 staff. I sort of astounded hearing sort of with ACS  
15 how much they engage in the community. So that was  
16 the first problem was there wasn't any transparency.  
17 They talked about formulas they have used to come up  
18 with the numbers that went to each provider. They  
19 have never provided public information about what  
20 those formulas were or how much each provider got. A  
21 lot of them are scratching their heads why they got X  
22 amount versus Y amount. Uhm another big problem I  
23 think that actually drove that a little bit was the  
24 fact that there was only \$10 million invested so  
25 again it was great that we got the funding but it was

1  
2 far below what was needed. Uhm there are 249  
3 contracted senior centers through DIFTA, \$10 million  
4 doesn't go very far so from the beginning there was  
5 going to be things that were left off the table and  
6 it was a process that wasn't really collaborative to  
7 adjust the fact that there wasn't a lot of money, how  
8 we best use it. Very quickly to, to wrap up, two  
9 other challenges. One is there wasn't enough  
10 stability provider. Because there wasn't enough  
11 money to go around DIFTA excluded major expenses  
12 within senior centers and said well those aren't  
13 going to be part of the Model Budget Process. We  
14 will figure those out maybe in the future. Uhm so  
15 that was the major cost that was excluded. Uhm food  
16 costs and the staff were provided food were  
17 specifically excluded from the process. After some  
18 protest, I guess from folks up here and around the  
19 room OMB agreed to loosen up the regulations around  
20 that but at that point over half of the providers had  
21 already submitted their Budgets and weren't going to  
22 go through the process again to try and bring in  
23 their kitchen staff. Uhm the last thing I would say  
24 is really echoing the last panel. This doesn't all  
25 rest with DIFTA, the fact that it is a system at a

1  
2 whole is so dramatically underfunded with late  
3 contracts, inadequate fringe and indirect it was kind  
4 of hard to lay a Model Budget on top of that when the  
5 foundation itself was really flawed. So moving  
6 forward we would love to see an additional \$10  
7 million that DIFTA has promised for this process to  
8 actually come out as soon as possible and to do it in  
9 a collaborative way with providers to make sure it  
10 works well.

11 CO-CHAIR STEPHEN LEVIN: Thank you.

12 JANETTA STAMAN: Hi, good afternoon, my  
13 name is Janetta Staman I'm a senior policy analyst  
14 with FPWA. Uhm thank you Chair Persons Brannan and  
15 Levin for the opportunity to testify here today. Uhm  
16 I want to echo everything that Kevin has said around  
17 the DIFTA Model Budget Process for Senior Centers.  
18 Uhm we were very grateful to see this commitment from  
19 the administration uhm but we were also concerned by  
20 the significant delays in the process and a Model  
21 Budget that ultimately leaves a lot of cost unfunded.  
22 Uhm we are pleased that the administration has heard  
23 some of these concerns and is planning to meet with  
24 advocates to discuss the issues that that Kevin  
25 discussed and then I'm just going to say a little bit

1  
2 about. Uhm we do think the process could have been  
3 improved in two important ways by increasing the  
4 transparency and being finalized in time to be  
5 implemented in FY18 which is the year in which the  
6 initial funding was allocated. Uhm as DIFTA has own  
7 created methodology and considered the goal for the  
8 Model Budget, providers were not consulted to give  
9 feedback or invited to give feedback and it is in  
10 sharp contrast with the process we saw at ACS. Uhm  
11 and as for the timing, of course many centers have  
12 not had their contracts amended and registered yet,  
13 moreover the Model Budget is set to be fully  
14 implemented by FY21 which prolongs the amount of time  
15 that the centers must function without the funding  
16 that DIFTA has determined is required for baseline  
17 operations and it also puts them at a disadvantage  
18 when it comes time to complete for the next RSP uhm  
19 which will be coming out in 2020. So we urge the  
20 administration to implement this funding immediately.  
21 Regarding the Model Budget itself, the \$20 millions  
22 uhm that was allocated simply doesn't cover the full  
23 cost of baseline operations. Uhm there were three  
24 major categories of expenditures that were not  
25 considered for correction through this process around

1  
2 food, occupancy and OTPS, the senior centers uhm play  
3 such an important role in reducing food insecurity  
4 which is why there are fundamental service that's  
5 provided. Uhm so Model Budget that excludes meals  
6 and the related staffing to provide those meals is  
7 simply incomplete. Uhm. We understand that  
8 occupancy and OTPS cost can vary widely but they are  
9 clearly critical to operating these centers and  
10 should be accounted for in some way so we urge that  
11 DIFTA, OMB and Administration reconsider the Model  
12 Budget to include all core expenses and the centers  
13 that were excluded uhm which Kevin mentioned. Uhm I  
14 did also just want to say something overall about uhm  
15 the nonprofit work force as part of the human service  
16 advancement strategy group. We support critical  
17 investments in the nonprofit work force, inadequate  
18 funding for fringe rates deeply impacts our  
19 membership, a number of city contracts particularly  
20 at DHS cap fringe rates at arbitrary levels.  
21 Sometimes as low as 26-28% uhm which is far lower  
22 than the standard and uhm lower than the Federal  
23 Government rate of 37%. Additionally the wages for  
24 Human Service Staff are dislating as a result of the  
25 city underpaying contracted staff. Many contracted

1  
2 employees earn much less than city employees uhm with  
3 the same qualification and position and since fringe  
4 is a part of a percentage of that salary, providers  
5 are also allocated resources to fund those employees  
6 benefits so we recommend moving to a 37% fringe rate  
7 which would align the city with Federal standards and  
8 allow nonprofits to better meet the needs of their  
9 workforce. Thank you very much.

10 LOUISA CHAFEE: Uhm good afternoon,  
11 almost evening. Uhm Louisa Chaffee and it's a great  
12 honor to testify for you today. I'm with UJA  
13 Federation of New York. UJA as you may know works  
14 with over 100 non-profits. We have some of the  
15 largest, some of the smallest. We are about two  
16 weeks older than Catholic Charities. We are also 100  
17 years old. Uhm and we are a proud member of the  
18 Human Services Advancement Group. Uhm and now I'm  
19 going to put my reading glasses on because I can't  
20 read anything. So I don't want to reiterate the list  
21 of the issues that have you have heard starting with  
22 late registrations but the UJA agency suffer from the  
23 agencies, uhm same issues. Uhm the city has taken  
24 great steps to address these issues. First with the  
25 creation of the nonprofit resiliency committee and

1  
2 for full transparency I want to be clear that I was  
3 actually named as a co-chair on the infrastructure  
4 along with OMB. Uhm the concept of a Model Budget  
5 was uhm transformative initiative setting the idea of  
6 a systemic standard analysis of a cost of service  
7 that would across the board raise up the long-  
8 standing underfunding and to correct uhm severely  
9 underfunded sector. But from the start no clear  
10 guidelines or structures were communicated. There  
11 was minimal coordination and little transparency and  
12 nonprofits were genuinely left behind and when  
13 nonprofits found out about flexibility and how they  
14 could be used, uhm they were not reflective of the  
15 business practices and thus added further delays.  
16 Uhm so I want to talk a little bit specifically about  
17 HRA. Uhm as you know \$1.6 million was added for HRAs  
18 Adult Protective Services Model Budget which was  
19 basically to correct a pay parity issue between the  
20 Adult Protective Service Program and case management  
21 with DIFTA. DIFTA had been able to implement a much  
22 needed and absolutely critical raise in case managers  
23 salaries; however, equal, equal titles, equal pay,  
24 different agencies. One agency raise up by \$15  
25 million and the other agency APSs workers were left



1  
2 behind in salary so the Model Budget was to correct  
3 that issue. 15 months later, the agencies with APS  
4 continue to wait for the Model Budget to be  
5 corrected. Many of these agencies are unionized so  
6 they have paid their workers the raises that they  
7 were due but if this is on the non-profits and the  
8 city's commitment is long behind. So I want to be  
9 clear. New York proposed a brilliant innovative  
10 solution to a complex operational and physical issue.  
11 We praise the concept but the delivery has been tough  
12 and we nonprofits needs to use the City Council to  
13 keep stepping up. We stand with HOSAG (SP?) uhm in  
14 the various initiatives and I would like to close in  
15 in saying that if you'd like the new car rather than  
16 just to replace the existing one I would recommend  
17 looking at the Charter Revision Commission because  
18 procurement starts at Chapter 13 and that's you coul  
19 solve it. Thank you.

20 CO-CHAIR STEPHEN LEVIN: That's good, I  
21 like that idea.

22 CO-CHAIR JUSTIN BRANNAN: Yeah very good.

23 CO-CHAIR STEPHEN LEVIN: Uhm and I just  
24 want to say that I, I apologize for not having not  
25 getting to the APS issues uhm while Commissioner

1

2 Banks was here. We will follow up with him with a  
3 letter.

4 LOUISA CHAFFEE: 15 months we're being  
5 told.

6 CO-CHAIR STEPHEN LEVIN: We'll fol... we  
7 will follow up with letter to them.

8 LOUISA CHAFFEE: We are grateful.

9 CO-CHAIR JUSTIN BRANNAN: For the two  
10 chairs. Thank you.

11 LOUISA CHAFFEE: Thank you.

12 CO-CHAIR JUSTIN BRANNAN: Thank you very  
13 much.

14 CO-CHAIR STEPHEN LEVIN: To my co-chair I  
15 want to say the are the length of this hearing it's  
16 kinda par for the course in the General Welfare  
17 Committee. Uhm welcome to my world.

18 CO-CHAIR JUSTIN BRANNAN: You get extra  
19 credit from me.

20 CO-CHAIR STEPHEN LEVIN: We are not even  
21 at hour four yet. So. Alright our next panel, we  
22 have Catherine Trapani... Trapani sorry from Home  
23 Services United, Elizabeth Clay Roy or Ray from  
24 Phipps, Mark Hurwitz from Urban Pathways, JoAnne Page  
25 from the Fortune Society, Rob DeLeon from the Fortune

1  
2 Society and Sister Florence Speck or Spell from FOX  
3 House.

4 CATHERINE TRAPANI: Alright good  
5 afternoon.

6 CO-CHAIR JUSTIN BRANNAN: Good afternoon  
7 guys thanks for coming.

8 CATHERINE TRAPANI: Sister Florence has  
9 unfortunately had to leave. Uhm but she is one of  
10 our members. My name is Catherine Trapani, I'm from  
11 Homeless Services United uhm and I just want to thank  
12 you for giving us the space and Chair Levin is right  
13 that this is like nothing for a General Welfare  
14 Hearing. He always does a deep dive and we really  
15 appreciate it uhm so I have quite a bit to say so I  
16 have submitted the testimony uhm for the record but  
17 just for, for the sake of time I'm going to go  
18 through sort of the breads and depth of the problem  
19 for our collective membership. Uhm so we have gone  
20 over how delayed the DHS Model Budget Process has  
21 been. I just want people to understand what that  
22 means for our members, uhm people have had to max out  
23 their lines of credit and they have to pay interest  
24 on those loans to their bank to the tune of, the most  
25 generous estimate I could come up with was \$1.25

1  
2 million that we are spending uhm because just on  
3 keeping up with the bank loans and so we basically  
4 would have had enough money to private fund a service  
5 rich shelter for families for an entire year just  
6 based on the interest payments alone. So, so we are  
7 wasting resources on nonsense and so I just want to  
8 make that really clear. Uhm, we are typically again  
9 as generously as I can about six months behind on the  
10 payment process so we heard a lot about invoicing and  
11 timely payments. That's about \$325 million to my  
12 recollection that our members are floating on a  
13 regular basis and so I absolutely appreciate the  
14 history, the decades of this investment. This was  
15 not done overnight. It took us a long time to get  
16 here. The commitment is historic and I can't  
17 overstate how much we appreciate the commitment but  
18 without the delivery of the dollars and the cash flow  
19 our membership is really frustrated. Hearing like we  
20 invested \$250 million in homeless services and the  
21 \$146 million which was for the existing contracts  
22 under Model Budget is the biggest chunk of that and  
23 it's not out the door. Uhm so we have quite a few  
24 suggestions on how to improve this process for the  
25 implementation, much of which is in our testimony and

1  
2 we are going to be sending it over to DSS so I  
3 encourage you to look at that and if I could just  
4 really quickly uhm go through some of the top lines  
5 one of just the transparency with the way they did  
6 their framework. They sent us templates but no  
7 guidance on how to use them which is part of the  
8 reason that people don't know what the parameters are  
9 and explains a lot of the delays that the  
10 commissioner talked about and so I think that there  
11 is some homework to do for us to get some better  
12 communication going so we actually know how to  
13 respond the way that they need us to so we can be  
14 better partners uhm and we also need to have a  
15 mechanism to address what is not in the Model Budget  
16 and so we talked a ton about fringe which is  
17 important uhm and the other piece, and the final  
18 piece that I will say because I know I'm already over  
19 time is about cost escalation. There is absolutely  
20 no mechanism that I am aware of that will prevent us  
21 from having to do this in the future. So uhm for our  
22 members that are trying to help the Mayor implement  
23 the Turning the Tide Plan and putting up the 90 new  
24 shelters. Many of us are finding multi-year  
25 contracts, 20 year contracts in some cases with no

1  
2 mechanism to understand what's going to happen in  
3 year 5, year 10, year 15 and year 20 so we are  
4 basically short funding ourselves already and so we  
5 really need to look at escalation and that is  
6 something that I really welcome your partnership in  
7 helping us find that out.

8 CO-CHAIR JUSTIN BRANNAN: Thank you.  
9 Thank you Catherine and I look forward to looking  
10 through your written testimony. Uhm, uhm, just want  
11 to commend the work that HSU has done representing  
12 uhm you know a wide range of providers, uhm you know  
13 one of the challenges here that I think we are all  
14 aware of and sorry I don't mean to interrupt here uhm  
15 but that the DHS system is so widely desperate  
16 compared to the ACS System so I think it was an  
17 easier task to, to implement the Model Budget process  
18 on the ACS side than on the DHS side. That said, I  
19 strongly implore and I will continue to implore the  
20 city, DHS, DFS, uhm to work closely with HSU on all  
21 of these issues moving forward because you know  
22 we're, we're, our original deadline is like next  
23 week.

24 CATHERINE TRAPANI: Yes.  
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CO-CHAIR JUSTIN BRANNAN: So uhm it's

going to going to work if there's uhm significant

coordination with the membership organization that

represents the vast majority of these programs and

HSU has done a phenomenal job. Thank you for the

work that you are doing and I strongly implore the

city to keep up the strong coordination because

otherwise this is going to drag out much, much longer

and more and more programs are not going to be

receiving the funds that they desperately need so.

CATHERINE TRAPANI: I really appreciate

that. Thank you.

ELIZABETH CLAY ROY: Good afternoon

council members and thank you so much for the

opportunity to testify today. My name is Elizabeth

Clay Roy and I'm at the Chief of Staff at Phipps

Neighborhoods. Uhm we are a Human Services Provider

serving about 11,000 community members per year, uhm

primarily in the South Bronx uhm and we help families

overcome through high quality education, career and

access to community resources. 80% of our \$23

million budget is comprised of city and state

contracts and contracts through 7 different city

agencies. I would like to illustrate the severity of

1  
2 the delays in the contract payment process that we've  
3 experienced for some time but has been worse in this  
4 Fiscal year. Uhm as of this week, we are owed  
5 payments for public entities totally \$3.29 million.  
6 Uhm these are for services that we've already  
7 provided to the community. The following are just a  
8 few examples, the outstanding payments, uhm two  
9 beacon programs and the Department of Youth and  
10 community development owes us \$655,000. Uhm multiple  
11 contracts in community schools campus, a critical  
12 priority for the administration, uhm the Department  
13 of Education owes us \$635,000, Universal Pre-K  
14 program, the Department of Education owes over  
15 \$240,000 and they are not short term late payments as  
16 have been discussed today. When we aggregate all  
17 contract payments that are over 120 days late, uhm we  
18 are owed over \$1.6 million. Uhm in fact many of  
19 these payments are tied to contracts that haven't  
20 been registered yet. We have 11 unregistered  
21 contracts for services that have already been  
22 provided which includes four contracts for services  
23 provided in the 2016-2017 school year uhm we provided  
24 these services because we care so deeply about the  
25 success of Bronx students. None of them will get a



1  
2 second shot at 6<sup>th</sup> grade but by providing services to  
3 students in hopes of being, hopes of being paid two  
4 years later is not sustainable. Contributing to the  
5 delayed payments are the multiple vendor review  
6 systems, after completing extensive disclosures  
7 through MOCS cleared perceived payments and then held  
8 up for redundant review systems at agency levels.  
9 Uhm and like many Human service organizations, these  
10 payments have adverse impacts uhm providing services  
11 in spite of late payments which causes significant  
12 budgetary strains uhm requires relying on bridge  
13 loans and reserves. Uhm like many other non-profits  
14 we are faced with difficulty choices. I just want ad  
15 on thing is that when we have delayed payments to  
16 vendors consistently as do others in the sector uhm  
17 that has a significant impact on small and medium  
18 sized businesses in the Bronx and other parts of New  
19 York City that work so closely with the nonprofit  
20 sector and uhm themselves are adversely impacted as  
21 are our community members and students who aren't  
22 able to receive the highest quality enrichment  
23 services because we are not able to reliably pay  
24 vendors for what we have been contracted to do.  
25

1  
2 Thank you very much and I look forward to uhm further  
3 conversation.

4 CO-CHAIR JUSTIN BRANNAN: Thank you.

5 MARK HURWITZ: Hi I'm Mark Hurwitz from  
6 Urban Pathways. I'm really pleased to be here.

7 Thank you so much for bringing attention to this  
8 really, really important issue. Uhm I'm just going  
9 to try to make it simple for you. Urban Pathways  
10 focuses on helping people who are on the streets who  
11 are chronically homeless, who have drug problems, who  
12 have mental illness, to get off the streets, to get  
13 into housing and to thrive and we do that with  
14 contracts from various agencies uhm state, city  
15 mental health agencies but also with the Department  
16 of Homeless Services. Uhm, we are very successful  
17 just to give you a tidbit of what we do, our outreach  
18 teams placed 198 people last year off of the streets  
19 and into permanent housing and 413 into transitional  
20 settings so that's the kind of work uhm we do. We  
21 would love to have Model Contracts. That's the first  
22 thing I'm going to talk about. We don't have Model  
23 Contracts because DHS spoke specifically on shelters.  
24 The shelter system is the bulk of what they pay for  
25 but if we want to attack a very visible problem of

1  
2 street homelessness in the city uhm the outreach uhm  
3 teams, the drop in centers, we operate one in Times  
4 Square, the safe havens, we operate three also need  
5 Model contracts. Safe havens are a place for someone  
6 who refuses to go into the shelter system because  
7 they find the large armory style shelters uhm that  
8 are often at the front end of the system intimidating  
9 uhm so they will come into these smaller, more  
10 service rich safe havens, uhm many of our programs  
11 like that have very outdated contracts, it's not just  
12 the fringe rates, it's things like psychiatric  
13 services that are getting much more and more  
14 expensive that we can't afford to provide uhm with  
15 outdated budgets. The second thing I'm just going to  
16 quickly talk about is delayed contracts.  
17 Commissioner Banks uhm suggested some of that was due  
18 to new rules about facilities. We have one contract  
19 uhm that expires in a few days that we for 8 months  
20 have come on we've got to renew this contract and uhm  
21 only last night we finally started the process. Uhm  
22 probably because of this hearing. Uhm and we've been  
23 reminding them since October uhm every month please  
24 start the process so uhm we think there are great  
25 people at, at Homeless services, I don't want to

1  
2 suggest otherwise, there are a lot of individual  
3 people trying very hard to do their jobs uhm all the  
4 way up to the top but uhm the the process isn't  
5 coordinated and there isn't the preparation that  
6 needs to be done in advance about how long is this  
7 going to take. So we're, we're going into the Fiscal  
8 Year with no contract and it just zaps the  
9 administrative resources of an agency like ours to  
10 have to escalate these problems higher and higher in  
11 the agency and have it to only be at the top where  
12 you actually uhm finally get action. Thank you.

13 CO-CHAIR JUSTIN BRANNAN: I just want to  
14 add one thing to what you just said. I think it is  
15 important to be also looking at uhm street outreach  
16 and and safe havens. Just one word about safe havens  
17 when I went out earlier this week and talked to some  
18 people uhm around Penn Station who were, who were  
19 living on the street and uhm every single person that  
20 I spoke to I spoke with 10 people, every person I  
21 spoke to uhm did not want to go into uhm a large city  
22 run single adult shelter in an armory but was, would  
23 be eager to go into a safe haven if only uhm there  
24 was space for them and there were more programs up  
25 and running and uhm that uhm they didn't have to meet

1  
2 some of the onerous requirements of having to be seen  
3 a certain number of times in a certain timeframe and  
4 so on and so forth but everybody I spoke to was, was  
5 eager to go into a safe haven and not willing to go  
6 into a large armory style shelter. Thank you. So  
7 uhm thank.

8                   ROB DELEON: Okay there we go. Thank you  
9 Chair Levin and Brannan and uhm other committee  
10 members for allowing us to testify today. Uhm our  
11 CEO JoAnne Page couldn't be here today. Uhm so my  
12 name is Rob DeLeon I'm the Associative Vice-President  
13 of Programs at Fortune. I'm here to testify on  
14 behalf of Fortune and as a member of the, of the  
15 Human Services Committee. Uhm I will also condense  
16 you know my, my testimony because you know, you've  
17 heard a lot of the same things today and so I just  
18 want to touch on some of the uhm, the, contracts and  
19 the amounts of money that we have had to front and  
20 uhm you know that we've been held up on in the past  
21 couple of years. Uhm so and we've gone from serving  
22 3000 men and women involved in the justice system in  
23 the past few years to serving over 7000. Uhm and  
24 we've never seen a nonprofit community in New York  
25 under this much pressure to achieve results with the

1  
2 tightening restrictions on government uhm funds. So  
3 uhm one contract that I will point to is the New York  
4 City Department of Corrections, (DOC) uhm it's a  
5 \$4,977,000 contract uhm that terms from January 18 to  
6 January 19 to provide discharge planning for services  
7 to individuals incarcerated on Ricker's Island. Uhm  
8 that contract was executed on May 8, 2018 and we had  
9 to uhm we had to front over \$1,800,000 uhm the city  
10 counseling in Mark Jay ATI initiative, this is a  
11 \$393,000 contract and the terms from July 17 to June  
12 18 and it supports ATI reentry services for clients  
13 coming through our centralized admissions. Uhm we  
14 actually have two years of unexecuted contracts for  
15 this ATI initiative uhm and we are greatly  
16 appreciative of the city council's support for the  
17 ATI initiative and its growth over the years. This  
18 delay is devastating to our cash flow. Uhm and I'll  
19 point to two more uhm uhm examples, New York City  
20 Mark Jails to Jobs Contract this is a \$2 million  
21 contract determined from January 18 to December and  
22 it is to provide also transitional work for people  
23 preparing for release uhm and those funds. The first  
24 payment on these funds was made on May 11 and then on  
25 the New York City DOHMH PHS Transitional Care for

1  
2 people with HIV in city jails, uhm it's a \$1 million  
3 contract, \$1.4 and uhm the it's still not executive,  
4 this contract and we've had to front to date \$419,000  
5 so the total cash fronted by Fortune in 2018 has been  
6 \$3,330,000 as a result of delayed city contracts uhm  
7 so you know we just ask the city council to do  
8 whatever you can to push for the needed changes. If  
9 not, I'm afraid we will see more nonprofits having to  
10 close up doors as the example with SEG uhm and you  
11 know we will be unable to serve New York City  
12 individuals that are in need of our services. Thank  
13 you.

14 CO-CHAIR JUSTIN BRANNAN: I just want to  
15 thank this entire panel for the work that you do in  
16 providing services to the New Yorkers most in need  
17 throughout the five boroughs and the hard work is  
18 done day in and day out uhm but your not for profits  
19 and not for profits like yours.

20 ROB DELEON: Thank you.

21 CO-CHAIR JUSTIN BRANNAN: Okay we have  
22 our next panel, uhm Alan Wolinetz from Catholic  
23 Charities, Sophie Charles from COSCCA, oh COSCCA I  
24 see. Uhm I can't, oh Allison Nickerson from Live On  
25 New York and Carlyn Cowen from CPC.

1

2

CO-CHAIR STEPHEN LEVIN: I think COSCCA  
was spelled like...

4

CO-CHAIR JUSTIN BRANNAN: From COSCCA.

5

CO-CHAIR STEPHEN LEVIN: Sometimes the  
process can see.

7

CO-CHAIR JUSTIN BRANNAN: Yeah it is  
complicated. I might have to rebrand that name.

9

CO-CHAIR STEPHEN LEVIN: With the  
contracting process, the, the Model Budget Process,  
COPASK. Okay.

12

CO-CHAIR JUSTIN BRANNAN: Thank you for  
coming in. Whoever wants to start.

14

SOPHIE CHARLES: Thank you.

15

CO-CHAIR JUSTIN BRANNAN: We are going to  
start taking dinner orders soon.

17

SOPHIE CHARLES: That's good salmon  
please.

19

CO-CHAIR JUSTIN BRANNAN: Alright you got  
it.

21

SOPHIE CHARLES: So uhm so thank you  
Chairman Brannan and Chairman Levin for the  
opportunity to contribute to this discussion around  
the Model Budget Process. Uhm let me just say that  
uhm this is an excellent point and spot to be in

25



1  
2 because ACS is already delivered my testimony. Uhm  
3 I'm just here to say that Mayor's administration's  
4 thinking around putting together this early  
5 collaborative engagement Model uhm worked very well  
6 and it was a very strategic thing because all of our  
7 providers with contracts from ACS have benefited from  
8 it greatly. Uhm the other thing that I want to point  
9 out. You, you've got my testimony there, I'm just  
10 going to just pull out a couple of phrases here. One  
11 is I want to say that we believe that this was the  
12 most collaborative initiative we have ever engaged in  
13 across any of the public sectors in terms of  
14 delivering a really good outcome and I say that on  
15 behalf of all the preventive providers I was actually  
16 in the room for a series of about six meetings. A  
17 series of conference calls and I can tell you the  
18 best part of the process is that if you can imagine  
19 ACS legal in the room, contract, members from the  
20 contract office in the room and I've heard someone  
21 say that MOCS wasn't involved but we had members from  
22 OMB and MOCS at almost every meeting and it was the  
23 type of uhm Model configuration where we could get  
24 feedback on the spot, providers would deliver uhm  
25 feedback regarding disagreements or even some

1  
2 recommendations that they wanted in the Model Budget  
3 and within 24 hours we had some feedback and some  
4 adjustments to get what those recommendations were  
5 so. That just speaks to the, the level and I'm just  
6 cosigning on what ACS spoke about earlier. Uhm the  
7 two things that I would say that they didn't mention  
8 is that the providers had a lot of work to do. Uhm  
9 we actually had to gather data within the, the  
10 various uhm agencies and programs looking at staff  
11 turnover and we had to produce some homework so it  
12 really was jump in you know with all elbows to help  
13 in a few uhm active way to produce data to support  
14 the directions that we were traveling in and the  
15 other thing that I would say is that overall we  
16 believe the proc... the ACS team created an exemplary  
17 blueprint for a Model Budget process that could be  
18 replicated across the other city agencies and again  
19 the presence of legal, physical, in the room made it  
20 a really extraordinary feedback loop, very timely and  
21 uhm they waved the focused. We worked for at least  
22 uhm eight to nine months on delivering that Budget so  
23 it was a lot of work that went into that but I should  
24 also say that we would be remised in our testimony if  
25 we didn't speak to the systemic barriers that

1  
2 threaten to enroll the months of successful planning  
3 and the collaboration that occurred during the  
4 process. First the enhancements were constrained by  
5 the 8 year old preventative services contract which  
6 prevented certain investments, even if those  
7 investments were very important, the city contract  
8 prohibited ACS for applying funds to OTPS, to direct  
9 services, salary increased, capital investments, rent  
10 increases, fringe and other areas that the agencies  
11 have absorbed the high cost of delivering services to  
12 our families uhm over the 8 years so there were some,  
13 some constraints around that and the uhm equally  
14 limiting is the application of the performance based  
15 funding that is applied to the preventative service  
16 contract, performance based funding is the  
17 performance formula where ACS will hold 10% of the  
18 annual budget, annual funds if the providers do not  
19 meet certain performance targets and it became sort  
20 of a very delicate balancing act for agencies to put  
21 90% of their budget in accelerator while 10% is sort  
22 of held in some sort of a withholding pattern uhm I  
23 don't know what other way to say it but that was very  
24 challenging and that uhm type of performance base  
25 funding configuration was not very uhm user friendly

1  
2 to put that formula into accelerator so there were  
3 some complications around getting those budgets in  
4 and uhm I just want to make sure that there, there is  
5 an opportunity to streamline that process and to  
6 provide some relief around that performance funding.  
7 We agree that performance is the rationale for  
8 measuring performance but to if you can imagine up  
9 front you have \$100,000 and you are told that you can  
10 only use \$90,000 for the year and at the end of the  
11 year if you do really well we will provide your other  
12 10%, that's not a really good way to do an annual  
13 budget and I will leave it at that. Thank you.

14 ALAN WOLINETZ: Hi, good afternoon chair,  
15 I'm sorry, is that good. Alright good afternoon  
16 Chairman Brannan and Chairman Levin. My name is Alan  
17 Wolinetz and I am Chief Financial Officer for  
18 Catholic Charities of Brooklyn and Queens and support  
19 to reference to Catholic Charities has been placing  
20 contracts now with the following city agencies,  
21 Department of the Aging, Human Resources  
22 Administration, the Administration for Children's  
23 Services, Department of Health and Mental Hygiene and  
24 the Department of Youth and Development. We  
25 currently have 60 contracts with a total dollar value

1  
2 of \$57 million. And with those dollars we serve  
3 66,000 individual clients which represents over a  
4 quarter of a million client contacts during the year.  
5 It's a fairly big thing. We have been servicing our  
6 community for over 100 years. Not the oldest which I  
7 learned a few minutes ago, we are the second oldest  
8 in the city. We have a dedicated and well trained  
9 staff that has both an excellent reputation for  
10 providing superior service to all clients across the  
11 broad spectrum with services. Uhm for the record I  
12 just want to state that Catholic Charities fully  
13 endorses the statements that were made by the Human  
14 Services Council of advancement strategy group but I  
15 want to spend some time and I know time is short  
16 talking specifically about the issues that we have in  
17 developing our own operating budget for 2019. We are  
18 faced with ever increasing administrative overhead  
19 costs and with greater dollars being spent with each  
20 successive year on, on programs and issues that are  
21 unfunded uhm and this is probably is not caused by  
22 inefficiencies within our agencies and I'm sure  
23 within other not for profits as well but by increased  
24 costs that are created by the current economic  
25 environment, rapidly changing needs for new

1  
2 technology, ever increasing oversight and demands for  
3 more and more data outcomes as was just talked about.  
4 These dollars are being spent and we are we don't see  
5 these costs going own. Let me go quickly through a  
6 couple of other major points, uhm some of the  
7 financial pressures that we are facing in in doing  
8 the budget now relate on the administrative side to  
9 recruiting, hiring and maintaining qualified staff  
10 particularly in the areas of finance and technology.  
11 We find that we are not competing for people in the,  
12 in the not for profit environment but with the  
13 general city economy. Uhm it's not unusual for us to  
14 hire somebody stay six months and then go to another  
15 for profit company for \$50,000 to \$60,000 salary  
16 increase. It's becoming increasingly difficult to  
17 maintain staff in the IT and the physical side of  
18 the. On the medical and benefit side, in recent  
19 years we have frozen our pension plan, we have asked  
20 our employees to make greater contributions to the  
21 cost of their plans and we out for bid every year in  
22 terms of providers and so forth, despite taking these  
23 efforts, we are facing an ever increased cost every  
24 year with the percentages going up. Having a good  
25 percentage of our services in Brooklyn we are dealing

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2 with the real estate market in Brooklyn so we are  
3 dealing with rents that are going up at an  
4 astronomical rate, the problem now and again we see  
5 it being a big problem in the future. Uhm lastly  
6 just to say that the funding itself is an issue but  
7 the timing of the funding. Uhm if the funding is not  
8 current we are finding we are spending money we have  
9 to go into a credit line, uhm go into loans which was  
10 not a major issue in past years when interest rates  
11 were staying low but as the interest rate environment  
12 is rapidly increasing the cost is becoming  
13 prohibited. So we ask the council's help in  
14 providing adequate funding and doing it on a timely  
15 basis. Thank you for the opportunity to speak.

16 CO-CHAIR JUSTIN BRANNAN: So it's  
17 possible that Catholic Charities might have to move  
18 from my district to Bay Ridge, I don't know that they  
19 can afford Bay Ridge anymore.

20 CARLEN COWEN: Good afternoon thank you  
21 Chair Brannan and Levin for the opportunity to  
22 testify today and for your endurance in this process.  
23 Uhm my name is Carlen Cowen I'm the Chief Policy and  
24 Public Affairs Officer at the Chinese American  
25 Planning Council. CPC is the nations largest Asian

1  
2 American Social Service Agency serving over 60,000  
3 New Yorkers in all five boroughs each year. We are  
4 grateful for your attention to the issues that  
5 contracting nonprofits face and would like to share  
6 some findings and recommendations regarding contracts  
7 and the Model Budget Process specifically. First is  
8 inconsistent transparency and provider feedback  
9 throughout the Model Budget Process. Call me crazy  
10 but I think that the people that do the work should  
11 have some input into the Budgets for that work. We  
12 were invited to focus groups for the ACS Model Budget  
13 Process but there was no such thing for the DIFTA  
14 Model Budget Process. Another major issue is slow  
15 notification and dispersement of funding adjustments  
16 through the Model Budget Process. CPC has received  
17 COLA and indirect increases through the Model Budget  
18 Process on some of our contracts but the notification  
19 has been slow and the dispersement of that even  
20 slower. For example, we were notified that COLAs  
21 were going to be adjusted for one program and that  
22 change COLA would be worth about \$500,000. We still  
23 haven't gotten a dispersement from this and we've  
24 been waiting for it so we ended up fronting it for  
25 the Fiscal Year 19 because we were losing staff so



1  
2 rapidly that the cost of replacing them was going to  
3 begin to rival the cost of funding that COLA. While  
4 we received some indirect increases the dispersements  
5 of these have been slow and the rate of them is  
6 nowhere near the actual rate. Last year, our  
7 organization subsidized New York City \$900,000 on  
8 indirect alone. On the subject of inadequate rates  
9 the fringe rates that a lot of my colleagues have  
10 mentioned have been a persistent issue for all of our  
11 organizations. Us providers face the double bind of  
12 having a significantly lower fringe rate than the  
13 city and the base salary that city pays our staff is  
14 so much lower than city begins with that we are  
15 calculating an inadequate fringe on top of an  
16 inadequate salary. The gap between the city  
17 reimbursement on our fringe rate and the actual cost  
18 was \$1.3 million last year. Now I don't know if  
19 you've been following that but that is \$3.1 million  
20 that we've had to fill the for the city on the last  
21 year and that doesn't even begin to cover that for  
22 occupancy, insurance, OTPS and even some poor  
23 programming. With that money, we could have provided  
24 adult literacy classes to 3,600 more New Yorkers,  
25 high quality dual language education, after school

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2 programs for another 1,030 young people or senior  
3 programming for an extra 1,550 older adults. In  
4 closing, I believe that a Model Budget that doesn't  
5 include all of the cost of providing services whether  
6 that be adequate salaries for our staff, the cost of  
7 meals for our home delivered meal program is just  
8 another underfunded contract and not a model for  
9 providing the services that New Yorkers need and  
10 deserve. Thank you.

11 CO-CHAIR JUSTIN BRANNAN: If I may that,  
12 that I think very distinctly encompasses the reasons  
13 why it is so essential that the city addresses and  
14 not kick the can down the road. We are depriving  
15 people of services, core services by withholding  
16 inadequate fringe rate uhm so you know this not uhm  
17 this isn't a something that should be taken lightly  
18 or to pass along to the next council and the next  
19 administration because this is impacting communities  
20 across New York City. So thank you for putting those  
21 out there. Thank you.

22 ALLISON NICKERSON: Hi thank you Chairs  
23 Brannan and Chair Levin for having me here to  
24 testify. My name is Allison Nickerson, I'm the  
25 Executive Director of Live On New York. We represent

1  
2 all of the community based aging services here in the  
3 city. Uhm that serve every single neighborhood here  
4 in the five boroughs. Uhm I am not going to echo all  
5 of the DIFTA based information that a lot of my  
6 advocacy colleagues have raised uhm but I do want to  
7 applaud Mayor de Blasio, Commissioner Carado and the  
8 City Council uhm lead by Council Member Chen for last  
9 year's \$23 million of investments in senior services.  
10 I would, do want to point out a few key issues that I  
11 see with the DIFTA Model Budget and with the Senior  
12 Service contracts going forward uhm the focus that  
13 food did not have in the Model Budget is a major,  
14 major, major problem. Food was the sounding reason  
15 that the Older Americans Act was formed and the fact  
16 that it was left out means that all of the uhm work  
17 that goes into making a nutritious meal for about \$2  
18 in some agencies is uhm continues to be realistic and  
19 the expectation that people can provide hallal and  
20 kosher and culturally appropriate meals is just  
21 unrealistic. Uhm in addition, I want to point out  
22 that the future of the city is growing old. So we  
23 know in neighborhoods that have skewed young like  
24 Washington Heights of uhm Long Island City the demand  
25 for food and for senior services continues to rise at

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2 a rate that we haven't ever seen. So when I started  
3 in this field many years ago everybody said baby  
4 boomers would never go to senior centers, that is not  
5 true. People are poor, that have taken out college  
6 loans, they have caregiving issue and they need  
7 senior services. Uhm I also wanted to point out that  
8 for all of our members we have about 100 nonprofit  
9 members, the uhm they are essentially floating alone  
10 for the city of New York. Right so for a city that  
11 rivals the Budget of many states, the inability to  
12 pay on time and to reimburse is, is crippling. Uhm  
13 they are unable to provide services under that  
14 environment so I uhm thank HCS and the work of  
15 bringing us together to compare the great work that  
16 is happening in other city agencies and to understand  
17 how we might be able to have some accountability so  
18 that there is some transparency and some shared  
19 lessons learned across the board. Thank you.

20 CO-CHAIR JUSTIN BRANNAN: Thank you.

21 Yeah I want to thank this panel for all the great  
22 work.

23 CO-CHAIR STEPHEN LEVIN: Yeah thank you.

24 CO-CHAIR JUSTIN BRANNAN: Is this our  
25 final panel?

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CO-CHAIR STEPHEN LEVIN: Yes.

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FELIPE MARTINEZ: Now we are good.

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CO-CHAIR JUSTIN BRANNAN: Cool.

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FELIPE MARTINEZ: Good afternoon  
everybody, My name is Felipe Martinez a leader with  
Picture the Homeless and a six year resident of the  
dysfunctional shelter system that they, that the city  
continues to invest in. Creating more homelessness  
rather than permanent housing, DHS, HRA and the  
shelter that I stayed at for five years all need to  
be put under a microscope and held accountable for  
the mistreatment of folks navigating the shelter  
system as we tried to get into permanent housing.  
Uhm when FUS took over back in 2015 I have only ever  
had three housing visits from that time frame up

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2 until I was transferred recently. All of them were  
3 for shared broom apartment. Everybody knows that uhm  
4 major crimes happen within housing is usually within  
5 share booming. I don't see how that is going to work  
6 out for me. Ms. Elizabeth Blackstone at the Record  
7 Shelter at 599 Ralph said to my face back in August  
8 2015 when they took over and again on May 5, 2016  
9 which was the time of Callahan inspection uhm I'm  
10 going to see to it that Mr. Martinez will not get  
11 housing. True to her word up until when I was  
12 transferred that has happened. Which is why I am  
13 here. Uhm last year May 7, uhm May 2017 last year a  
14 FSC security guard started a confrontation with me  
15 and it was over to the fact that I actually seen him  
16 purchasing drugs from another client there hand to  
17 hand so he thought that I was going to go ahead and  
18 let's just say the words snitch if that is alright  
19 with you guys. The guard, I'm going to be honest  
20 with you uhm when I went through that situation, I  
21 was shook, meaning that I was scared. I didn't know  
22 what to expect of, I didn't know what was the  
23 outcome, he verbally came at me. I came back at home  
24 because I didn't know where he was going after he had  
25 threatened me. To make a long story short, I don't

1  
2 know what can anyone from HRA literally tell me when  
3 somebody like myself has been here for six years in  
4 the system I don't know if anybody here have any  
5 relatives or family members that's in the system,  
6 process food, \$269 million for HRA, funny how that  
7 Mr. Banks is saying that but I'm not seeing that as a  
8 resident. That hasn't helped me. I've been in  
9 altogether five shelters and one building for five  
10 years. I think that needs to be held accountable as  
11 well. That's why I was saying that I was saying  
12 within the director there. And uhm truth be told I  
13 don't really deserve that. I have a 12-year-old son  
14 so for those six years that I've been there and being  
15 in the system the truth be told of, my son was six  
16 when I first got in the system. You understand what  
17 I'm saying, he's 12 years old now, 6<sup>th</sup> grade. The  
18 last thing I want is my son for every year to keep  
19 asking me what is going on with my housing. How is  
20 that going to benefit me? My family is looking at me  
21 like I'm a failure at the same time. I don't deserve  
22 any of that. I have two hous... I had two housing  
23 packets and none of them are really working out. The  
24 Link fire program up until I got injured at work,  
25 that hasn't benefited me and then I was cut off from

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2 it because I wasn't physically able bodied, that was  
3 the excuse that they said. That is the problem also  
4 with the system. Everything is all based on  
5 specifics. I have a solution to that. I feel like  
6 there should be a letter. The same thing that you  
7 apply within the food service industry, the same  
8 thing should be applied within the shelter system.  
9 If there is one or more violations in each of these  
10 shelters right and you expect it and there is one or  
11 more, and there is one or more failures to that,  
12 guess what, they get a D or an F. If everything is  
13 updated and everything is intact, then they should  
14 get an A grade but if you do for second time for the  
15 ones that they fail the inspection the first time.  
16 If that shelter happen to get checked again for the  
17 second time and none of the none of the things have  
18 been kept up and it is still the same way then that  
19 shelter should be closed. Uhm I don't know how else  
20 to go about it, I don't know how else to explain it  
21 but I do feel that that, what I just mentioned to you  
22 guys I think that should be looked into. That's what  
23 I wanted to say. Thank you much.

24 CO-CHAIR JUSTIN BRANNAN: Thank you very  
25 much for your time.



FELIPE MARTINEZ: Uh-huh.

SCOTT ANDREW HUTCHINS: My name is Scott Andrew Hutchins and I have spent 6 of my over 14 years in New York living in a New York City Shelter system having earned a Master's degree here in 2005. As a member of Picture the Homeless' research committee, I have one of the principal authors of the business is homelessness. I was appalled when I discovered the Director of the so-called nonprofit that ran the shelter I was living at the time made nearly half a million dollars a year and that the seven top executives at the organization received about half to the entire city compensation that the charity receives. According to the IRS charities may pay a reasonable compensation for services provided by officers and staff. It is simply not plausible that running a shelter in which the residents live in squalor with painful cuts, small lockers and meager and poor quality food is reasonably compensated at a rate of half a million dollars with US Census Bureaus to one in the top 5% of earners in Manhattan. Poor building upkeep is normal. At my current shelter, just two days ago a sprinkler pipe fell down and flooded the case managers office dousing much of the

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2 paper documentation. I told the Department of  
3 Buildings and they told me that they were familiar  
4 with the buildings many code violations but said that  
5 they would forward my message to DHS because they  
6 said that DHS owns the building. As with most of the  
7 8 shelters in which I have stayed, mice and  
8 cockroaches are a common site and someone else in my  
9 room said he often sees rats near the radio. Even  
10 though hotel shelter I was in previous to this one  
11 had the bathroom floor cave in and collapsed drywall  
12 behind the wallpaper. Most of the shelters have job  
13 specialists but I have yet to meet one with a  
14 competence to help someone with high education and  
15 medical challenges that make the low wage physical  
16 labor they know how to get people untentable and most  
17 housing specialists are completely oblivious to the  
18 daily reality of source of income discrimination  
19 suggesting that the word specialist is being very  
20 loosely applied. This shows that far more oversight  
21 as the house shelter contracts are written as  
22 necessary. As it stands, the money is respectfully  
23 being given away and raided by a few executives while  
24 crumbs go to the intended aspects that keep the  
25 shelters unliveable. The service providers clearly

1  
2 do not know how to properly use city funds and needs  
3 to have their discretionary spending severely curved  
4 until they can demonstrate that they can properly  
5 prioritize their resources. It is hypocritical that  
6 shelter providers have so few restrictions while  
7 shelter residents and public assistance recipients  
8 have so many.

9 CO-CHAIR JUSTIN BRANNAN: Thank you.

10 TRUNKI KOWATZU (SP?) Hi I'm Trunki  
11 Kowatzu (SP?) I've testified at your meetings  
12 previously to no avail, uhm I guess the main reason  
13 why I come to these meetings is to fuel my rage at  
14 the fact that due to your inaction and complacency  
15 that drives this problem also censorship by report is  
16 like going to the New York Post who I reached out to  
17 you on December 21, 2016 uhm partly on behalf of a  
18 Marine Corp Veteran who hadn't received squat in  
19 terms of services in two years. So HUD was in the  
20 building where I reside in the last week, about 2  
21 years after the fact so if I'm coming to these  
22 meetings telling you uhm guys truthfully as opposed  
23 to Mr. Banks who is a total fraudster and lied to  
24 your face where I can prove it. I recorded uhm  
25 conversations that I've had with him on audio.

1  
2 Anyway let me stop that and read it from this email  
3 that I sent to you on December 21, 2016. Sorry,  
4 actually sorry he wrote to me. Sorry for the delay.  
5 It's been busy at City Hall. Do you have a copy of  
6 the two different leases? Are all the apartments  
7 shared in the building? On I think April 24, Nichole  
8 Brown head of Urban Housing was sitting in the chair  
9 that I'm sitting in. She talked about doubling up  
10 roommates, roommate conflict. Like I told you  
11 previously I got assaulted because of that. You had  
12 Mark Hurwitz over here earlier today, he's the legal  
13 officer for Urban Pathways, they committed baits and  
14 switches for the lease agreements for everyone in the  
15 building so if you guys are through the 15/15 program  
16 are even considering giving them an extension of  
17 business what they hell are you thinking? Uhm if I  
18 got a concussion from those 15 punches, again what  
19 the hell are you thinking? Uhm on March 5, the guys  
20 living across the hall, he sent me an email about an  
21 assault involving him and his roommate after I was  
22 assaulted. So if I get 15 punches to my head don't  
23 you think you guys should provide some oversight so  
24 that other people in the building also don't get  
25 attacked. Uhm I also talked to you guys previously

1  
2 about wait stuff. Doing business with NTT Data they  
3 still haven't paid me. You told me to follow up with  
4 you, I have, there has been no recourse. So the  
5 bottom line is tomorrow I'm going to walk into court,  
6 to essentially void the contracts HRA has to entity  
7 data, with urban pathways, with SUS so this is my  
8 last appearance here.

9 CO-CHAIR JUSTIN BRANNAN: Okay thank you.  
10 Okay we are adjourned for today. Thank you guys so  
11 much.

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date July 21, 2018