

**OFFICE OF HOMELESS SERVICES
FISCAL YEAR 2018 BUDGET TESTIMONY
MAY 2, 2017**

INTRODUCTION

Good afternoon, Council President Clarke and Members of City Council. Thank you for the opportunity to testify about our FY18 budget request today. I am Liz Hersh, Director of the Office of Homeless Services. Joining me today are Tara Gaudin, Chief of Staff, and Rodney Cherry, Fiscal Officer. We are requesting \$94,728,265 in Grant and General Fund appropriations for FY18 to support our mission to make homelessness rare, brief and non-recurring.

I would like to start by saying thank you for your support. We understand and appreciate how precious tax dollars are and we take our responsibility to be their steward quite seriously. We are dedicated to high quality, person-centered, data-informed, accountable and transparent services that meet the needs of those experiencing homelessness - and the larger community. Thank you again for your support.

I have divided my testimony into four sections:

- First, I would like to talk about significant actions we are taking to advance the mission of making homelessness rare, brief and nonrecurring;
- Second, I would like to provide highlights of a few special initiatives in which Council members have expressed particular interest;
- Third, I will brief you on some achievements of which we are especially proud;
- Finally, I must address the threat to our progress presented by President Trump's "Skinny Budget."

I. Advancing the Goal of Making Homelessness Rare, Brief and Nonrecurring

Philadelphia's homeless system is extensive. It encompasses a network of nearly 70, mostly nonprofit providers that, combined with our public-sector partners, provide nearly 12,000 "beds," with 5,673 being emergency or temporary and 6,046 being long-term or permanent. We are proud that more resources are being directed toward what people really want and need - permanent housing.

In fact, in FY16 we helped 1,200 households get long-term housing through a combination of Supportive Housing and Rapid Re-Housing.

Supportive Housing is an evidence-based model that has an overall 90% success rate in preventing a return to homelessness, even for people coming directly off the street. You are familiar with some of our larger and more notable providers: Project HOME, Bethesda Project, Pathways to Housing and Horizon House, organizations that comprise the Chronic Partnership.

Our 100-Day Challenge Team has housed 242 Chronically Street Homeless individuals, nearly one a day since they started last year.

Supportive Housing is the solution to helping people with serious mental illness and/or substance use disorder resolve their homelessness. It also reduces high acuity utilization of behavioral health services. While costly, on average about \$15,000 a year per person, it saves in police and EMS calls, psychiatric hospitalization, court costs and ER visits. In fact, research indicates that it more than pays for itself. From the human perspective, it is invaluable. Street homelessness dramatically reduces life expectancy and as the business community will tell you, presents significant economic development problems for the city.

Supportive Housing is one of the main ways we advance our mission of making homelessness nonrecurring. It is on these facts that the administration has proposed an increase of \$500,000 to the budget to expand the supply of supportive housing.

The second significant investment in long-term solutions is Rapid Re-Housing. It is the state of the art for reducing shelter stays once people become literally homeless. Rapid is a short-term subsidy that helps a household get back on its feet by subsidizing a market rental unit for up to a year combined with debt elimination, security deposit and services focused on housing and income stabilization. Our notable Rapid Re-Housing providers include Congreso, Friends Rehabilitation Program (FRP) and TURN.

Rapid has an 85% success rate in preventing a return to homelessness. Last year we helped 339 households - 28% over goal - including the first-ever TANF-to-Housing Pilot in the state. It is on this basis that the administration is asking your support for increasing the City's investment in Rapid Re-Housing by \$525,000 to serve 50 more households to advance the goal of making homelessness brief.

I have talked about steps we are taking to make homelessness brief and nonrecurring. To make it rare, we must, as a system, invest more heavily in homelessness prevention and diversion.

Last year we prevented homelessness for 824 households, 26% over goal. As you have heard from the Family Service Providers Network, we could help more families avoid homelessness and shelter admission altogether by investing more in prevention. The numbers are clear. As you heard from Daniel Farrell of HELP USA, emergency housing costs about \$40 per day per person with an average stay currently of 6 months. An investment of \$500,000 in prevention with a success rate of just 15% saves \$200,000 in housing costs.

At the same time, how do we free up resources from shelter beds to fund more prevention and not risk ending up with families on the street? To help us answer this question, we have brought in a national expert, Focus Strategies.

Bottom line, we are committed to expanding homelessness prevention and diversion. It is essential to advance our mission of making homelessness rare.

II. Update on Initiatives of Particular Interest to Council

At this point I would like to take a few minutes to provide you with brief updates on four initiatives in which you have expressed particular interest: Youth Homelessness, Gurney Street, Domestic Violence and the Suburban Station Concourse.

Youth Homelessness

Using the new funds appropriated last year, the Office of Homeless Services issued a Request for Proposals to expand homeless youth services. We added \$200,000 to the pot and funded a first-ever collaborative with five providers: The Attic Youth Center, a haven for LGTBQ youth; Covenant House PA; Pathways PA; Valley Youth House; and Youth Service, Inc, or YSI.

The collaborative has expanded the capacity of the homeless youth system by 12% by providing 25 new crisis beds and 25 rapid re-housing beds. In addition, they are providing 24-hour crisis day care for 2 participants, job training and employment support for 75 homeless youth. And 40 LGTBQ youth are receiving specialized counseling and mentoring services.

We also launched the first 100 Day Youth Challenge in the nation, which continues today, focused especially on systems' change to prevent homelessness among justice-involved and child welfare-involved youth. We hired a Homeless Youth Coordinator whose goal is a dedicated homeless youth system designed to better meet their unique developmental needs.

Gurney Street

The human cost of homelessness in the open-air shooting gallery and heroin market in the Fairhill section of the city has been a focus of Homeless Services this year. We have invested in our local partner organizations like Prevention Point and the Kensington Counts plan to guide our involvement.

Most significant has been the partnership with Pathways to Housing which received 60 new Housing First Units from HUD in last year's competition. All of these units are dedicated to people with Opioid abuse disorders. I want to note that the service match is made possible by Community Behavioral Health.

We funded a respite that helped 45 people come in for the winter, get services, ID, access to benefits – in total, develop a plan for moving forward in their lives. Today we are working with the local organizations, the Homeless Outreach Teams and DBHIDS, Office of Addiction Services to develop individualized plans for those who want to come in from the encampment anticipating the cleanup and security to be undertaken by Conrail.

Domestic Violence

The Office of Homeless Services invests significantly in helping families fleeing domestic violence. We fund a DV specialist at our family intake site who does lethality assessments. We fund the city's domestic violence hotline, 200 shelter beds at Women Against Abuse and culturally appropriate services in the Latino community through Congreso. The homeless Continuum of Care (funded by HUD and administered by OHS) has quadrupled transitional housing for DV survivors and increased the number of beds five-fold. The Office of Homeless Services is fully engaged in Shared Safety: Philadelphia's Response to Relational Violence, chairs two of its committees and is dedicated to implementing its recommendations.

Suburban Station Concourse

Over the winter the Concourse became a hotspot for homelessness. Between outreach and the Hub of Hope, over 333 people were placed into treatment, safe haven, emergency and permanent housing. The Hub had over 800 case management visits, 110 medical and psychiatric evaluations.

The crisis has helped forge a stronger partnership between SEPTA and the City. Working together with the merchants and tenants we have begun to chart a three-pronged strategy of enforcement, engagement and housing. We developed and published "FAQs" and "How to Respond." Our top priority now is the expansion of the Hub of Hope to be a full daytime engagement center that provides meals, showers, laundry, doctor visits, ID and access to recovery and housing services.

III. Additional Highlights

I would like to provide you with three additional highlights:

No one has died due to exposure to the cold since January 2015.

As you know, we bring over 300 additional beds online each winter. This year we also used our winter initiative to pilot the respite model first employed during the DNC. This a small temporary housing program with direct placement by outreach. These respites are promising as a new way to get better results with people experiencing street homelessness. Also, of note, calls to outreach are up by 50% over the past year. DBHIDS has funded a dedicated outreach team in Kensington.

Once again, there are no families known to be street homeless.

We are working closely with DHS to better understand the experience of families and youth who touch both our systems and design new pilots to reduce homelessness among youth aging out of foster care and accelerate court-ordered family reunification.

We are working to make Emergency Housing as safe as possible.

I often hear that the shelters are not safe. I review all incident reports and they are few and far between. We have enhanced and strengthened the monitoring and compliance function. We have a consumer complaint number that investigates all calls. In addition, all sites have been undergone a comprehensive assessment by Homeland Security, L&I, Police and Fire. Corrective action has been taken. Sites have metal detecting wands at the front door, the ability to lock the front door if needed and security on hand. We are providing Active Shooter, De-Escalation and Narcan training.

I urge you to please let me know if you hear of a safety incident in a shelter so that we may investigate. Shelters are already much safer than the street, but we want our participants who experience homelessness to be comforted by a feeling of safety and security while in our housing.

IV. State and Federal Dollars Provide 51% of the Funding for Philly's Homeless Services

Finally, I would be remiss if I did not mention the very significant contribution that state and federal dollars make to our efforts at addressing homelessness here in Philadelphia. In fact, they comprise 51% of our budget.

- More than 2,700 units of housing, both temporary and permanent, prevent men and women from living on the streets, and keep families out of shelter and in homes in the community. These HEARTH Act programs produce measurable outcomes:
 - o 40% of people increased their income.
 - o 94% were connected to benefits like SNAP and Medicaid.
 - o Of those who moved into permanent housing programs, 97% maintained their housing.
- Federal PATH dollars fund homeless outreach.
- Federal public housing funds the 3,500 units that have been provided since 2008 with an average 90% success rate in preventing a return to homelessness.
- Federal CSBG funds provide homelessness prevention dollars.
- State HAP funds help support our shelters.
- Nearly 350 households a year benefit from state and federally funded Rapid Re-Housing.
- And of course, we are largely reliant on the state and federally funded affordable housing system.
- The Affordable Care Act has enabled the City to provide expanded behavioral health services to the many formerly homeless people in supportive housing. These services are the "secret sauce" that helps the rent subsidy work. Any repeal, replacement or block-granting of Medicaid could potentially undermine our success rate in addressing street homelessness.

We are working with the City's federal lobbyist and local advocates to get the message out: state and federal investment in homelessness is money well spent. These programs are effective, efficient and reliable – and they are needed.

Thank you.

DEPARTMENT MISSION & PLANS

Mission: The mission of the Office of Homeless Services is to provide the planning, coordination and leadership to make homelessness in Philadelphia rare, brief and nonrecurring.

Plans for Fiscal Year 2018:

1) Homelessness Prevention

Expand homelessness prevention and diversion available to those seeking shelter by assisting at least 800 households.

- a) Adopt the use of the HOME BASE risk assessment and co-locate homelessness prevention services at shelter intake.
- b) Explore new ways to reduce reliance on shelter, increase prevention and rapid re-housing.

2) Emergency Housing

Provide emergency housing to those experiencing homelessness.

- a) Ensure it is safe, low-barrier and person-centered.
- b) Continue track record of no street homeless families and no winter deaths on the street.
- c) Expand street-homeless friendly alternatives.

3) Transitional Housing

Provide at least 1,000 temporary or transitional housing units to those populations for whom it is appropriate and needed.

- a) Continue shrinking transitional housing programs where evidence counter-indicates its validity and expand evidence-based rapid re-housing.

4) Permanent Housing

Continue to expand long-term or permanent housing by providing placements to at least 1,000 homeless households with an 85% success rate.

5) Youth Homelessness

Continue to expand and improve specialized services based on the unique developmental needs of youth experiencing homelessness:

- a) Expand the work of the innovative Homeless Youth Coalition.
- b) Support the Youth Leadership Team.
- c) Continue to coordinate with DHS to improve service efficiency in preventing and reducing youth and family homelessness.

6) Performance Management

- a) Continue system transformation to ensure that the homeless system is data-driven.
- b) Continue full implementation of Homeless Management Information System (HMIS).
- c) Continue preparations to transition to program-based budgeting and performance-driven contracting.

7) Staff Diversity, Inclusion and Quality

Ensure staff represents the demographics of the city and is high-caliber, supported and well-trained.

8) Trauma-Informed

Continue with staff training, re-engineering of policies, programs to reflect sanctuary model for site and services.

9) Community Education and Engagement

- a) Continue the work of the Shared Public Spaces Workgroup with the business, civic and hospitality communities.
- b) Educate and engage community stakeholders in addressing the humanitarian and economic development crisis presented by homelessness.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016)				
	Total	Minority	White	Female
Number of Full-Time Staff	165	141	24	113
Number of Civil Service-Exempt Staff	16	10	6	11
Number of Executive Staff (deputy level and above)	5	3	2	3
Average Salary, Full-Time Staff	\$52,656	\$50,170	\$67,262	\$51,119
Average Salary, Civil Service-Exempt Staff	\$77,978	\$70,984	\$89,633	\$76,604
Average Salary, Executive Staff	\$103,000	\$95,000	\$115,000	\$110,000
Median Salary, Full-Time Staff	\$49,370	\$46,778	\$63,096	\$46,079
Median Salary, Civil Service-Exempt Staff	\$77,500	\$72,500	\$77,500	\$78,000
Median Salary, Executive Staff	\$100,000	\$95,000	\$115,000	\$100,000

Employment Levels (as of December 2016)		
	Budgeted	Filled
Number of Full-Time Positions	184	165
Number of Part-Time Positions	0	0
Number of Civil-Service Exempt Positions	16	16
Number of Executive Positions (deputy level and above)	5	5
Average Salary of All Full-Time Positions	\$52,633	\$52,656
Median Salary of All Full-Time Positions	\$49,957	\$49,370

Note: Staff Demographics and Employment Levels figures are All Funds. Number of filled positions in the Employment Levels table differs from the increment run in the Budget Detail by one person, due to the timing of when this data was pulled in December.

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	\$8,281,213	\$8,241,791	\$8,636,443	\$8,738,297	\$8,802,194	\$63,897
Class 200 - Purchase of Services	\$36,886,621	\$37,058,057	\$37,644,215	\$37,844,215	\$38,669,215	\$825,000
Class 300 - Materials and Supplies	\$162,177	\$183,143	\$181,732	\$178,725	\$184,644	\$5,919
Class 400 - Equipment	\$181,950	\$141,901	\$162,395	\$92,549	\$159,483	\$66,934
Class 500 - Contributions	\$32,421	\$67,233	\$32,421	\$32,421	\$32,421	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0	\$0
	\$45,544,382	\$45,692,125	\$46,657,206	\$46,886,207	\$47,847,957	\$961,750

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	\$4,026,492	\$4,518,015	\$4,183,400	\$4,046,399	\$4,046,399	\$1,504,588
Total amount to M/W/DSBE	\$1,469,777	\$1,709,346	\$1,167,480	\$1,154,927	\$1,154,927	\$831,011
Participation Rate	37%	38%	28%	29%	29%	55%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	25%	30%	30%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals \$47,847,957, an increase of \$961,750 over Fiscal Year 2017 estimated obligation levels. This increase is primarily due the provision of additional funds to end homelessness for individuals living on the streets who may have serious mental health issues and/or substance abuse issues through the provision of Rapid Re-housing and Permanent Supportive Housing.

The proposed budget includes:

- \$8,802,194 in Class 100, an increase of \$63,897 over FY17. This funding provides a 3% increase in compensation for DC33 staff and a 3% increase in compensation for exempt staff.
- \$38,669,215 in Class 200, an increase of \$825,000 over FY17. This funding provides additional Rapid Re-housing and Permanent Supportive Housing resources to individuals experiencing homelessness.
- \$184,644 in Class 300, an increase of \$5,919 over FY17. This funding will be used to cover the cost of materials and supplies.
- \$159,483 in Class 400, an increase of \$66,934 over FY17. This funding will be used to cover the cost of equipment and maintenance costs.
- \$32,421 in Class 500, which is level with FY17. This funding will be used to cover resident activities at the Riverview Home.

STAFFING LEVELS

The department is requesting 182 (all funds) budgeted positions for FY18, a decrease of two positions over FY17.

NEW HIRES:

New Hires (from December 2016 to present)				
	Total Number of New Hires	Korean	Haitian/Creole	Yoruba/Igbo
Black or African American	1	0	0	0
Asian	1	1	0	0
White	2	0	0	0
Other	2	0	1	1
Total	6	1	1	1

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Number of households provided financial assistance to prevent homelessness (household means individual and/or family) *	824	500	800	650
Households provided financial assistance to end homelessness **	339	116	330	380
Number of transitional housing placements ***	495	215	395	350
New supportive housing units for people experiencing homelessness (does not include Philadelphia Housing Authority units) ****	135	N/A		193

* OHS bases its targets on guaranteed grant funding. The FY16 target was 651, and the FY17 target is 593. The target for FY17 was reduced in accordance with anticipated federal funding. Historically, OHS has surpassed its targets and is on track to surpass the FY17 target as well. In FY18, OHS will use Housing Trust Funds for prevention solely for rental arrearages and security deposits.

** OHS was awarded additional rapid re-housing funds and expects to fully meet its target.

*** The FY17 target is lower as, per HUD's preference, transitional housing providers are converting units to Rapid Re-housing units. OHS expects this to continue into FY18.

**** These numbers are tallied by HUD at the end of the year and are not available on a quarterly basis.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

Half of the funds that support the 12,000+ “beds” in the city’s homeless system are funded by federal and state dollars, not counting the 3,500 households who have been housed through the Blueprint MOU with PHA which is federally funded.

CONTRACTING EXPERIENCE:

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits)	Waiver for Living Wage Compliance?
US Facilities	Maintenance service at 6 City Supported Emergency Housing Facilities	\$717,000	4/19/2013*	7/1/2016	MBE: 5-10%	100%	\$717,000	100%	\$717,000	Yes	No
					WBE: 5-10%	0%	\$0				
					DSBE: Best Efforts	0%	\$0				
Food Management Service Inc dba Linton's Managed	Food Service for the Riverview Home	\$712,511	4/1/2016	7/1/2016	MBE: 8-11%	0%	\$0	0%	\$0	No	No
					WBE: 7-10%	0%	\$0				
					DSBE: Best Efforts	0%	\$0				
Darlene Morris	Emergency Housing & Support Services to Homeless Families	\$659,463	3/17/2014	7/1/2015	MBE: Best Efforts	0%	\$0	100%	\$659,463	Yes	No
					WBE: Best Efforts	100%	\$659,463				
					DSBE: Best Efforts	0%	\$0				
Core Care Food Service, Inc.	Food Service for Families Forward Phila. Campus	\$638,471	4/9/2013**	7/1/2016	MBE: 5-15%	0%	\$0	0%	\$0	Yes	No
					WBE: 5-15%	0%	\$0				
					DSBE: Best Efforts	0%	\$0				
Eccovia dba ClientTrack	Customization /ongoing support for HUD Mandated HMIS database	\$428,000	6/25/13***	10/1/2016	MBE: 10-15%	0%	\$0	0%	\$0	No	No
					WBE: 10-15%	0%	\$0				
					DSBE: Best Efforts	0%	\$0				

* Current vendor listed. New RFP issued on 4/7/17.

** Current vendor listed. New RFP issued on 3/24/17.

*** Exemption request approved by Finance 6/25/13.

EMPLOYEE DATA:

Staff Demographics (as of December 2016)				
Full-Time Staff			Executive Staff	
	Male	Female	Male	Female
	African-American	African-American	African-American	African-American
<i>Total</i>	38	82	<i>Total</i>	2
<i>% of Total</i>	23%	50%	<i>% of Total</i>	40%
<i>Average Salary</i>	\$54,890	\$48,752	<i>Average Salary</i>	\$92,500
<i>Median Salary</i>	\$55,668	\$44,866	<i>Median Salary</i>	\$92,500
	White	White		White
<i>Total</i>	10	14	<i>Total</i>	0
<i>% of Total</i>	6%	8%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$61,130	\$71,643	<i>Average Salary</i>	\$115,000
<i>Median Salary</i>	\$59,245	\$69,450	<i>Median Salary</i>	\$115,000
	Hispanic	Hispanic		Hispanic
<i>Total</i>	1	9	<i>Total</i>	0
<i>% of Total</i>	1%	5%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$59,245	\$49,467	<i>Average Salary</i>	
<i>Median Salary</i>	\$59,245	\$43,065	<i>Median Salary</i>	
	Asian	Asian		Asian
<i>Total</i>	1	3	<i>Total</i>	0
<i>% of Total</i>	1%	2%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$61,866	\$46,412	<i>Average Salary</i>	
<i>Median Salary</i>	\$61,866	\$34,244	<i>Median Salary</i>	
	Other	Other		Other
<i>Total</i>	2	5	<i>Total</i>	0
<i>% of Total</i>	1%	3%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$46,829	\$38,261	<i>Average Salary</i>	
<i>Median Salary</i>	\$46,829	\$32,501	<i>Median Salary</i>	
	Bilingual	Bilingual		Bilingual
<i>Total</i>	4	12	<i>Total</i>	0
<i>% of Total</i>	2%	7%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$56,179	\$55,079	<i>Average Salary</i>	
<i>Median Salary</i>	\$60,555	\$59,245	<i>Median Salary</i>	
	Male	Female		Male
<i>Total</i>	52	113	<i>Total</i>	2
<i>% of Total</i>	32%	68%	<i>% of Total</i>	40%
<i>Average Salary</i>	\$55,998	\$51,119	<i>Average Salary</i>	\$92,500
<i>Median Salary</i>	\$59,245	\$46,079	<i>Median Salary</i>	\$92,500

NUMBER OF BILINGUAL EMPLOYEES:

Number of Bilingual Employees								
	Spanish	French	Korean	Mandarin	Hindi	Malayalam	Yoruba/Igbo	Haitian/Creole
Riverview	3	1	1	2	2	2	-	-
Emergency & Temporary Housing	5	-	-	-	-	-	1	-
Administrative Services	1	-	-	-	-	-	-	-
Policy & Planning	1	-	-	-	-	-	-	1
Total - All Divisions	10	1	1	2	2	2	1	1
Total - # of Bilingual Employees		20						
Total Number of Languages Spoken		8						