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**Report to the Committee on Finance and the
Committee on General Welfare on the Fiscal
2024 Executive Plan and the Fiscal 2024
Executive Capital Commitment Plan for the**

Department of Homeless Services

May 8, 2023

Prepared by Julia K. Haramis, Unit Head



Table of Contents

DHS Budget Overview.....	1
Personal Services and Headcount	2
Funding Sources.....	2
Program Area Budgets.....	4
Executive Plan Changes	5
New Needs	5
Other Adjustments.....	6
Savings.....	7
Asylum Seeker Influx and Response	8
Fiscal 2024 Preliminary Budget Response	11
Federal and State Budget Risks	13
Capital Plan Overview	13
Fiscal 2023-2027 Capital Commitment Plan	13
Executive Ten-Year Capital Strategy Fiscal 2024-2033	14
Appendix A: Budget Actions Since Fiscal 2023 Adoption	16

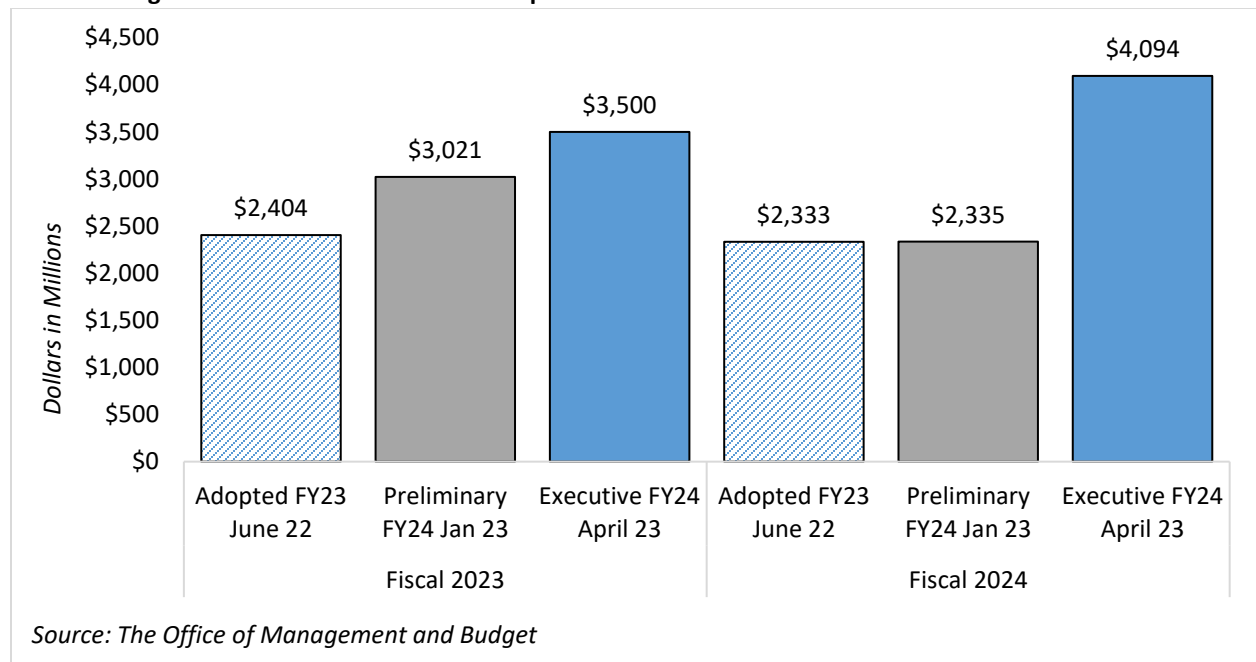
DHS Budget Overview

On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) with a proposed budget for the City in Fiscal 2024 of \$106.7 billion. This report offers a review of the Department of Homeless Services’ (DHS or the Department) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DHS’ Preliminary Budget, please refer to the Fiscal 2024 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/DHS.pdf>. The City’s Fiscal 2024 Executive Plan includes significant investments in Fiscals 2023 through 2025 to support its response effort to the large influx of asylum seekers. Over 58.5 percent of budgeted funding provided in the Executive Plan was added to DHS’ budget.

DHS’ projected Fiscal 2024 Budget of \$4.1 billion represents 3.8 percent of the City’s proposed Fiscal 2024 Budget in the Executive Plan. DHS’ Fiscal 2024 Budget increased by a remarkable \$1.8 billion, or 75.3 percent, from the Preliminary Plan when it was \$2.3 billion. The increase is nearly all due to the addition of \$1.8 billion for DHS’ asylum seeker response expenses.

DHS’ proposed Fiscal 2023 Budget is \$3.5 billion in the Executive Plan, which is \$1.1 billion, or 45.6 percent, larger than the agency’s Fiscal 2023 Adopted Budget of \$2.4 billion. This increase is also largely due to funding added to support DHS’ asylum seeker response expenses. The Department’s Fiscal 2023 Budget increased by \$478.6 million, or 15.8 percent, since the Preliminary Plan which is largely due to the addition of \$127.7 million for asylum seeker response efforts and \$260.0 million for non-asylum seeker shelter cost re-estimate. Chart 1 provides a comparison of DHS’ budget in Fiscals 2023 and 2024 across the last three financial plans.

Chart 1: Budget for Fiscals 2023 and 2024: Comparison of the Last Three Financial Plans



Personal Services and Headcount

As shown in Table 1, DHS' Executive Plan includes funding for a total of 1,952 full-time positions in Fiscal 2023, decreasing to 1,923 in Fiscal 2024. The Executive Plan reflects a reduction in agency headcount of 60 positions in Fiscal 2023 since Adoption when the budgeted headcount was 2,012. The budgeted headcount in Fiscal 2024 is 1,923, which is 89 positions less than at Fiscal 2023 Adoption. In the Executive Plan, funding for DHS' personal services (PS), all agency staffing related expenses, comprises \$171.7 million, or 4.1 percent, of the agency's total Fiscal 2023 Budget. This number decreases to \$169.5 million, or 4.9 percent, in Fiscal 2024.

<i>Dollars in Thousands</i>	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Spending						
Personal Services	\$161,402	\$154,406	\$160,341	\$171,723	\$169,516	\$9,175
Other Than Personal Services	2,883,087	2,578,363	2,243,774	3,328,269	3,924,195	1,680,421
TOTAL	\$3,044,489	\$2,732,768	\$2,404,115	\$3,499,991	\$4,093,711	1,689,596
Budgeted Headcount						
Full-Time Positions - Civilian	1,991	1,807	2,012	1,952	1,923	(89)
TOTAL	1,991	1,807	2,012	1,952	1,923	(89)

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Source: The Office of Management and Budget

Funding Sources

DHS' budget is financed by City funds as well as federal, State, other categorical, and Intra-City funding sources, as is illustrated in Table 2 and Chart 2. In the Executive Plan, DHS' budget is funded primarily by City funds (as is typically the case for this agency), which comprises 62.5 percent, or \$2.2 billion, of DHS' total funding in Fiscal 2023. City funds comprised \$1.7 billion, or 70.1 percent, of the agency's budget in Fiscal 2023 in the Adopted 2023 Plan. City funds comprise \$2.7 billion, or 66.2 percent, of DHS' Executive Plan Budget for Fiscal 2024.

The \$478.6 million increase in DHS' Fiscal 2023 Budget and the \$1.8 billion increase in its Fiscal 2024 Budget between the Preliminary Plan and the Executive Plan is primarily the result of modifications to City funding for shelter costs. These changes include:

City Funding

City funding increases by \$515.1 million in Fiscal 2023, and by \$1.2 billion in Fiscal 2024, when compared to the Preliminary Plan.

- The Fiscal 2023 increase in City funding is the net of several adjustments, the most significant of which are: a \$200.0 million new need for a cost re-estimate for non-asylum seeker shelters and a net increase of \$267.0 million in City funding for asylum seeker response efforts. The \$267.0 million net increase is comprised of two adjustments: a \$454.3 million funding swap of federal funding with City funds that results in no net change to the DHS's budget, and a \$267.0 million increase in City funding.

- The Fiscal 2024 increase in City funding is the net of several adjustments, the most significant of which is the addition of \$1.2 billion in City funds for the asylum seeker response efforts.

Federal Funding

Federal funding in the Executive Plan decreases by \$492.1 million in Fiscal 2023, and by \$6.5 million in Fiscal 2024, when compared to the Preliminary Plan.

- The Fiscal 2023 decrease in federal funding is the net of several adjustments, the most significant of which is a \$577.3 million swap of federal funding for a combination of City and State funding for asylum seeker responses efforts, resulting in no net change to DHS' budget.
- The Fiscal 2024 increase in federal funding is the net of multiple actions, the most notable of which is a reduction of \$5.7 million of federal funding resulting from a net reduction to contract rates for shelter providers.

State Funding

State funding in the Executive Plan increases by \$449.0 million in Fiscal 2023, and by \$558.9 million in Fiscal 2024, when compared to the Preliminary Plan.

- The Fiscal 2023 increase in State funding is comprised of several adjustments, the most significant of which is \$438.0 million of State funding swapped for federal funding to support asylum seeker response efforts.
- The Fiscal 2024 increase in State funding is the net of several adjustments, the most significant of which is the addition of \$562.0 million for asylum seeker response efforts.

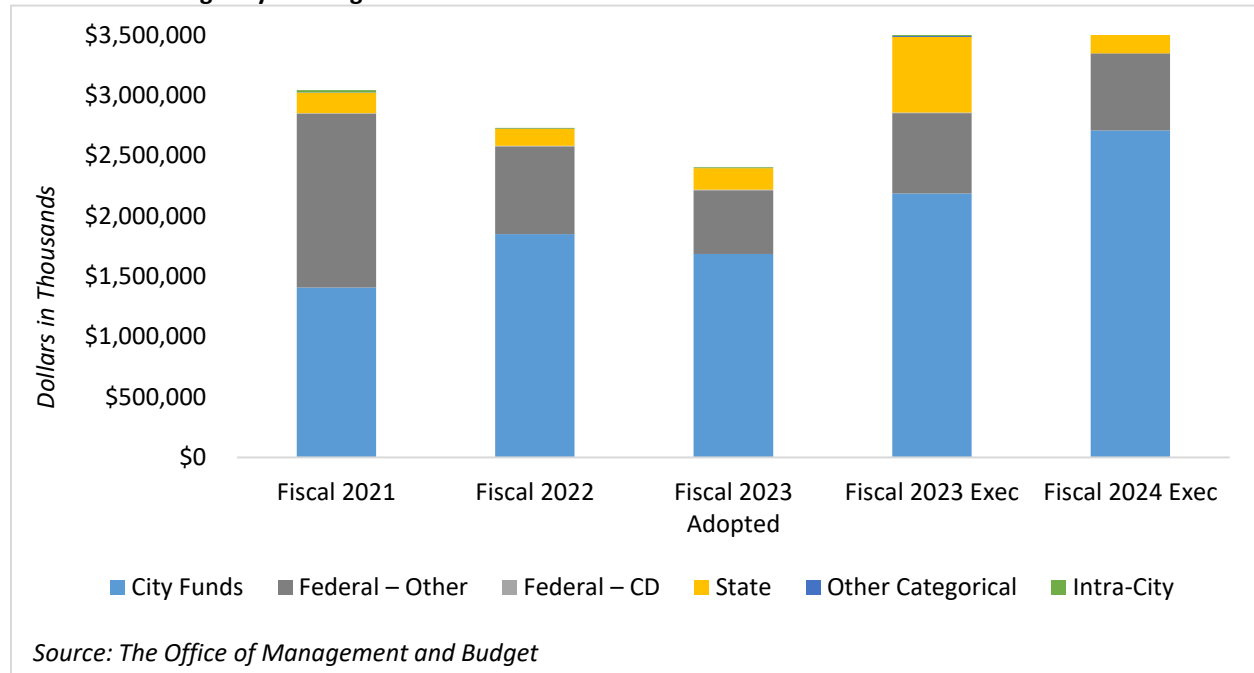
See Appendix A for a complete list of all changes reflected in DHS' Fiscal 2023 and 2024 Budgets since Adoption.

<i>Dollars in Thousands</i>	2021 Actual	2022 Actual	2023 Adopted	Executive Plan		*Difference 2024 - 2023
				2023	2024	
Funding						
City Funds	\$1,408,794	\$1,851,561	\$1,686,019	\$2,186,991	\$2,711,116	\$1,025,097
Federal – Other	1,439,728	725,855	528,746	666,836	638,422	109,677
Federal – CD	4,086	4,392	4,337	4,811	553	(3,784)
State	170,240	144,379	177,585	627,264	733,524	555,939
Other Categorical	2,146	201	0	6,600	3,000	3,000
Intra-City	19,495	6,379	7,429	7,490	7,096	(333)
TOTAL	\$3,044,489	\$2,732,767	\$2,404,115	\$3,499,991	\$4,093,711	\$1,689,596

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Source: The Office of Management and Budget

Chart 2: DHS Budget by Funding Source



Program Area Budgets

To provide for better transparency within agency budgets, in 2007 at the behest of the City Council, the Administration began providing agency budgets broken down by program areas for fifteen of the City’s agencies. Table 3 provides actual expenditures for Fiscals 2021 and 2022, the Adopted Budget for Fiscal 2023, and planned spending for Fiscals 2023 and 2024 as of the Executive Plan by program area.

	2021 Actual	2022 Actual	2023 Adopted	Executive Plan		*Difference 2024 - 2023
				2023	2024	
Budget by Program Area						
Adult Shelter Administration & Support	\$9,075	\$11,431	\$7,870	\$11,593	\$7,753	(\$117)
Adult Shelter Intake and Placement	10,245	15,505	12,741	13,043	12,577	(164)
Adult Shelter Operations	770,803	881,830	831,457	1,187,505	797,593	(33,864)
Family Shelter Administration & Support	7,132	6,601	18,725	12,452	13,890	(4,835)
Family Shelter Intake and Placement	38,125	35,715	34,987	37,465	37,210	2,223
Family Shelter Operations	1,028,795	945,191	1,114,176	1,158,480	1,070,189	(43,987)
General Administration	1,024,088	623,190	77,513	735,336	1,851,249	1,773,736
Outreach, Drop-in and Reception Services	138,593	204,592	303,693	335,164	303,251	(442)
Prevention and Aftercare	3,886	(4)	0	0	0	0
Rental Assistance and Housing Placement	13,747	8,716	2,954	8,954	0	(2,954)
TOTAL	\$3,044,488	\$2,732,768	\$2,404,115	\$3,499,991	\$4,093,711	\$1,689,596

*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.

Source: The Office of Management and Budget

DHS’ program budget includes 10 program areas. The Executive Budget includes changes planned for DHS’ budget in Fiscal 2024 that impact nearly all program areas. Below is a discussion of the most significant program area funding changes in the Executive Plan.

DHS' Budget as of the Executive Plan

- **General Administration.** In the Executive Plan, the Fiscal 2024 Budget for this program area increases by \$1.8 billion since the Fiscal 2023 Adopted Budget. The most significant aspect of this increase is \$1.8 billion added to the Executive Plan for DHS' asylum seeker response efforts.

Executive Plan Changes

At each financial plan, agencies submit changes to their budget from the prior plan. These changes are comprised of new needs that have not previously been included in their budgets, other adjustments to existing spending (these adjustments can involve adding funding or removing funding), savings programs or Programs to Eliminate the Gap (PEG) which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans.

The summary of all changes made to DHS' financial plan since Adoption of the Fiscal 2023 Budget is in Appendix A.

New Needs

DHS' Executive Plan includes new needs of \$240.6 million in Fiscal 2023 and of \$910,000 in Fiscal 2024 and in the outyears. All new needs are detailed below.

- **Non-Asylum Seeker Shelter Services.** (\$200.0 million in Fiscal 2023) The Executive Plan includes an additional \$200.0 million in City funds in Fiscal 2023 to support an increase in need for shelter services. This funding relates to an increase in the non-asylum seeker shelter census across all shelter populations, rising shelter operating costs, and the higher cost of newer shelter locations as they start operating. An additional \$60 million in State and federal funding is also added as an other adjustment, as detailed below, relating to families with children shelters, which are typically funded with a blend of City, State, and federal revenue sources.
- **Subway Safety Plan.** (\$22.0 million in Fiscal 2023) On February 18, 2022, the Mayor released the "Subway Safety Plan" outlining the City's strategy to address street homelessness and safety on public transit. The plan included health services and outreach, as well as new drop-in centers, safe haven beds, and stabilization beds.¹ The Fiscal 2023 Executive Plan included an additional \$171.3 million in DHS' baseline starting in Fiscal 2023, to support the Subway Safety Plan. In the Fiscal 2024 Executive Plan, \$22 million of additional City funds are included for Fiscal 2023 for additional outreach services under the Subway Safety Plan. This includes response to 311 requests and transportation services for end-of-line outreach that bus individuals from the transit system to DHS shelters. The Administration is monitoring spending and the long-term planning for the Subway Safety Plan to determine if a baseline increase is necessary.

¹ NYC Mayor's Office, "Subway Safety Plan", February 18, 2021, see: <https://www1.nyc.gov/assets/home/downloads/pdf/press-releases/2022/thesubway-safety-plan.pdf>.

- **COVID-19 Isolation Hotels.** (\$11.1 million in Fiscal 2023) The Executive Plan includes an additional \$11.1 million in City funds for Fiscal 2023 for the required ten percent local matching share for Federal Emergency Management Agency (FEMA) funding. The FEMA funding was allocated for COVID-19 isolation hotels, which are used to provide shelter for clients with COVID-19, with COVID-19 exposure who need to quarantine, and for those with reasonable accommodations. DHS has 12 isolation hotel sites currently operating. As detailed below in the other adjustment section, additional FEMA funding is also added in the Executive Plan for these sites in Fiscal 2023. Notably, when the public health emergency ends on May 11th, the City will no longer be eligible to receive FEMA funding for the COVID-19 isolation hotels and is currently in the process of ramping down their operation and working on a plan for the clients impacted.
- **Information Technology.** (\$7.5 million in Fiscal 2023) The Executive Plan includes \$7.5 million in Fiscal 2023 relating to the ongoing maintenance of DHS' information technology systems. This funding is comprised of \$7.0 million in City funds and \$529,410 in federal funding.
- **Housing Blueprint: Families with Children Telehealth.** (\$910,000 and three positions in Fiscal 2024 and in the outyears) On June 14, 2022, the Mayor released "Housing Our Neighbors: A Blueprint for Housing and Homelessness", which included a proposal for the City to facilitate mental health services for children via telehealth by leveraging existing equipment, deployed during the pandemic to facilitate remote learning, within the DHS family shelter system.² The Executive Plan includes an additional \$910,000 in baselined City funding starting in Fiscal 2024 to fund this proposal as well as three additional positions. The three positions will provide program administration and coordination, as well as data analysis and evaluations. Notably, this initiative will connect shelter residents with existing resources and no additional funding was included for the cost of new mental health providers or telehealth services.

Other Adjustments

DHS' Executive Plan includes increases from other adjustments of \$238.0 million in Fiscal 2023, \$1.8 billion in Fiscal 2024, \$617.1 million in Fiscal 2025, and in \$9.1 million in Fiscals 2026 and 2027. Some of the major adjustments are detailed below.

- **Asylum Seeker Response.** (\$127.7 million in Fiscal 2023, \$1.8 billion in Fiscal 2024, and \$607.2 million in Fiscal 2025) The Executive Plan includes several adjustments to funding for DHS' share of the City's asylum seeker response efforts. In Fiscal 2023, there was a net increase in funding of \$127.7 million, comprised of a \$577.3 million decrease in federal funding, a \$438.0 million increase in State funding, and a \$267.0 million increase in City funding. Including funding added in prior plans, the full budget for DHS' asylum seeker response efforts in Fiscal 2023 is \$705.0 million. In the Executive Plan, \$1.8 billion was added for Fiscal 2024, comprised of \$1.2 billion in City funding and \$562.0 million in State funding. In Fiscal 2025, \$607.2 million was added, comprised of \$317.2 million in City

² NYC Mayor's Office, "Housing Our Neighbors: A Blueprint for Housing and Homelessness", June 14, 2022, see: <https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Housing-Blueprint.pdf>.

funding and \$290 million in State funding. The vast majority of DHS' asylum seeker response funding relates to the cost of the emergency shelters, with a small portion relating to overtime costs for DHS staff assisting with the response efforts. Additional details on the asylum seeker response efforts and costs are detailed later in the report.

- **Families with Children Shelters.** (\$60.0 million in Fiscal 2023) The Executive Plan includes an additional \$60.0 million in Fiscal 2023 for the non-City funding share of the new need for shelter services. This funding particularly relates to the revenue the City can claim for shelter services for the families with children population. This funding is comprised of \$49.0 million in federal funding and \$11.0 million in State funding.
- **COVID-19 Isolation Hotels.** (\$33.6 million in Fiscal 2023) In addition to the \$11.1 million in City funding, previously detailed in the new needs section, the Executive Plan also includes an additional \$33.6 million in federal funding from FEMA for COVID-19 isolation hotels.
- **DC 37 Collective Bargaining Agreement.** (\$6.8 million in Fiscal 2023, \$6.3 million in Fiscal 2024, \$8.4 million in Fiscal 2025, and \$10.6 million in Fiscals 2026 and 2027) On February 17, 2023, the Mayor announced a collective bargaining contract agreement with District Council 37 (DC 37).³ The agreement was ratified by DC 37's members and funding to support it was added, across multiple City agencies, in the Executive Plan. For DHS, \$6.8 million was added in Fiscal 2023, \$6.3 million in Fiscal 2024, \$8.4 million in Fiscal 2025, and \$10.6 million in Fiscals 2026 and 2027, with nearly funding all from City sources.
- **Street Homeless Outreach.** (\$6.6 million in Fiscal 2023 and \$3.0 million in Fiscals 2024 and 2025) Historically, the cost of an agreement to provide street homeless outreach services has been shared by DHS and the Metropolitan Transportation Authority (MTA). The Executive Plan includes \$6.6 million in other categorical funding, half of which DHS expects to receive from the MTA for their share, and \$3.0 million in Fiscals 2024 and 2025, to continue the contract. The contract was in place prior to the Subway Safety Plan and is in addition to the services provided under that plan.

Savings

DHS' Executive Plan includes expenditure decreases resulting from savings and PEGs of \$36.2 million in Fiscals 2024 through 2026 and of \$38.5 million in Fiscal 2027, as detailed below.

- **Shelter Provider Funding Reduction.** (\$36.2 million reduction in Fiscal 2024 and in the outyears) The Executive Plan includes a baseline reduction of \$36.2 million, starting in Fiscal 2024, comprised of \$29.1 million in City funding, \$5.7 million in federal funding, and \$1.4 million in State funding. Savings will be generated from a 2.5 percent net reduction to shelter provider contract rates. Providers will be required to identify five percent in savings on their contracts and will be permitted to reinvest half of that, or 2.5 percent, toward staff retention costs. DHS will develop and issue guidance for providers detailing

³ NYC Mayor's Office, "Mayor Adams and DC 37 Announce Tentative Contract Agreement, Providing Fair Wage Increases and Other Benefits to Nearly 90,000 Employees and Securing Fair Deal for NYC Taxpayers", February 17, 2023, see: <https://www.nyc.gov/office-of-the-mayor/news/120-23/mayor-adams-dc-37-tentative-contract-agreement-providing-fair-wage-increases-and#/0>.

how the initiative would work. The agency has observed that many shelter providers are not spending down all of the PS costs allowed in contracts and providers want flexibility to increase salaries. While providers will be permitted to choose where to take the savings in their respective contracts, this proposal may force them to eliminate vacant positions to increase salaries for existing positions.

- **Lease Adjustment.** (\$2.3 million reduction in Fiscal 2027) The Executive Plan includes a reduction of \$2.3 million in City funds in Fiscal 2027 from anticipated savings related to leases. The exact details still need to be determined, but the agency holds leases on spaces where it believes it can achieve efficiencies.

Asylum Seeker Influx and Response

In April 2022, DHS first noticed an uptick in new shelter applicants who identified as asylum seekers. Many of the new arrivals had crossed the United States-Mexico border, with the largest percentage of individuals fleeing Venezuela. As the number of new asylum seekers arriving in the City continued to climb over the ensuing months, it became necessary for the Administration to implement an inter-agency response. Due to the rapid influx of asylum seekers, the need for shelter exceeded the number of shelter vacancies in the DHS system. To meet the demand and the City's legal mandate to provide shelter, the Department began opening emergency hotel shelter sites, operated by contracted providers, in the summer of 2022. In the fall of 2022, as the asylum seeker population ballooned, the City opened the first Humanitarian Emergency Response and Relief Centers (HERRCs), operated jointly by New York City Health + Hospitals (H+H) and New York City Emergency Management (NYCEM), to house asylum seekers. In Spring 2023, a new HERRC location opened in Brooklyn operated by the City's Department of Housing Preservation and Development (HPD).

The November 2022 Financial Plan (November Plan) included an additional \$1.0 billion of federal funding in Fiscal 2023, allocated across several agencies, for costs related to the City's response to the asylum seeker crisis. No adjustments were made to the total amount budgeted in the Preliminary Plan, but some minor adjustments (not impacting DHS) were made across agencies. In the Executive Plan, several changes were made to the amount budgeted for response efforts and to the funding source. The Executive Plan includes an additional \$400.0 million in Fiscal 2023, \$2.9 billion in Fiscal 2024, and \$1.0 billion in Fiscal 2025 for the costs related to asylum seekers. Notably, no response funding has been budgeted in Fiscal 2026 or beyond. Additionally, the \$1.0 billion in federal funding originally added in Fiscal 2023 was swapped for a combination of State and City funding. In the Executive Plan, funding budgeted for Fiscal 2023 is 68.7 percent City funds and 31.3 percent State funds; funding budgeted for Fiscal 2024 is 59.9 percent City, 19.4 percent State, and 20.7 percent federal; and funding budgeted for Fiscal 2025 funding is 71.0 percent City and 29.0 percent State. A breakdown of the funding budgeted by fiscal year, broken down by financial plan, agency, and funding source, is detailed in Table 4.

Table 4: Citywide Funding for the Asylum Seeker Response				
Agency	Fiscal 2023 Budget		Fiscal 2024	Fiscal 2025
	Preliminary Plan	Executive Plan	Executive Plan	Executive Plan
Funding, by Agency, Budgeted for the Asylum Seeker Response Effort				
Department of Homeless Services	\$577,291,568	\$704,967,010	\$1,786,332,096	\$607,197,493
Health + Hospitals	\$302,650,000	\$500,000,000	\$748,000,000	\$258,000,000
NYC Emergency Management	\$50,000,000	\$76,700,000	\$160,000,000	\$55,000,000
NYC Office of Technology and Innovation	\$30,000,000	\$25,000,000	\$30,000,000	\$10,000,000
Human Resources Administration	\$22,708,432	\$25,032,990	\$28,667,904	\$18,802,507
Department of Citywide Administrative Services	\$10,000,000	\$34,300,000	\$0	\$0
Housing Preservation and Development	\$6,650,000	\$32,000,000	\$147,000,000	\$51,000,000
Department of Health and Mental Hygiene	\$700,000	\$1,700,000	\$0	\$0
Department of Design and Construction	\$0	\$300,000	\$0	\$0
Total	\$1,000,000,000	\$1,400,000,000	\$2,900,000,000	\$1,000,000,000
Funding by Source				
City	\$0	\$962,000,000	\$1,738,000,000	\$710,000,000
State	\$0	\$438,000,000	\$562,000,000	\$290,000,000
Federal	\$1,000,000,000	\$0	\$600,000,000	\$0
Total	\$1,000,000,000	\$1,400,000,000	\$2,900,000,000	\$1,000,000,000

Source: The Office of Management and Budget

In the Executive Plan approximately \$705.0 million, or 50.4 percent of total funding, was added to DHS' budget to support the operational costs of emergency hotel shelters and DHS staffing costs in Fiscal 2023. In Fiscal 2024, \$1.8 billion, or 61.6 percent of total funding, and in Fiscal 2025 \$607.2 million, or 60.7 percent, were also added to DHS' budget. While DHS operates the majority of the asylum seeker shelter facilities that house the majority of the asylum seekers currently in City shelters, none of the federal funding added in Fiscal 2024 was allocated to DHS, as it was all allocated to H+H. Funding budgeted for asylum seekers for DHS in Fiscal 2023 is 37.9 percent City and 62.1 percent State, in Fiscal 2024 it is 68.5 percent City and 31.5 percent State, and in Fiscal 2025 it is 52.2 percent City and 47.8 percent State.

While the Executive Plan assumes the receipt of \$600 million of federal funds for the costs related to the asylum seeker in Fiscal 2024, the City has not received confirmation of an award of federal funding approaching this level. To date, only \$8.0 million from Federal Emergency Management Agency (FEMA) has been confirmed for the City's expenses incurred prior to October 1, 2022.⁴ In the omnibus federal spending bill passed in December 2022, Congress appropriated \$800.0 million in funding through FEMA to address the asylum seekers crisis nationwide. The Executive Plan optimistically assumes the City will receive 75 percent of the entirety of this federal funding. Although it was initially indicated that the City would receive a substantial share of this funding, it is still not certain how much of it the City will receive or when.⁵ At a March 6, 2023 Council hearing with the New York City Office of Management and Budget (OMB) on the City's Preliminary Plan, the Budget Director indicated that the City is not anticipating the receipt of any additional federal funds in Fiscal 2023 which is why the funding source was adjusted for that

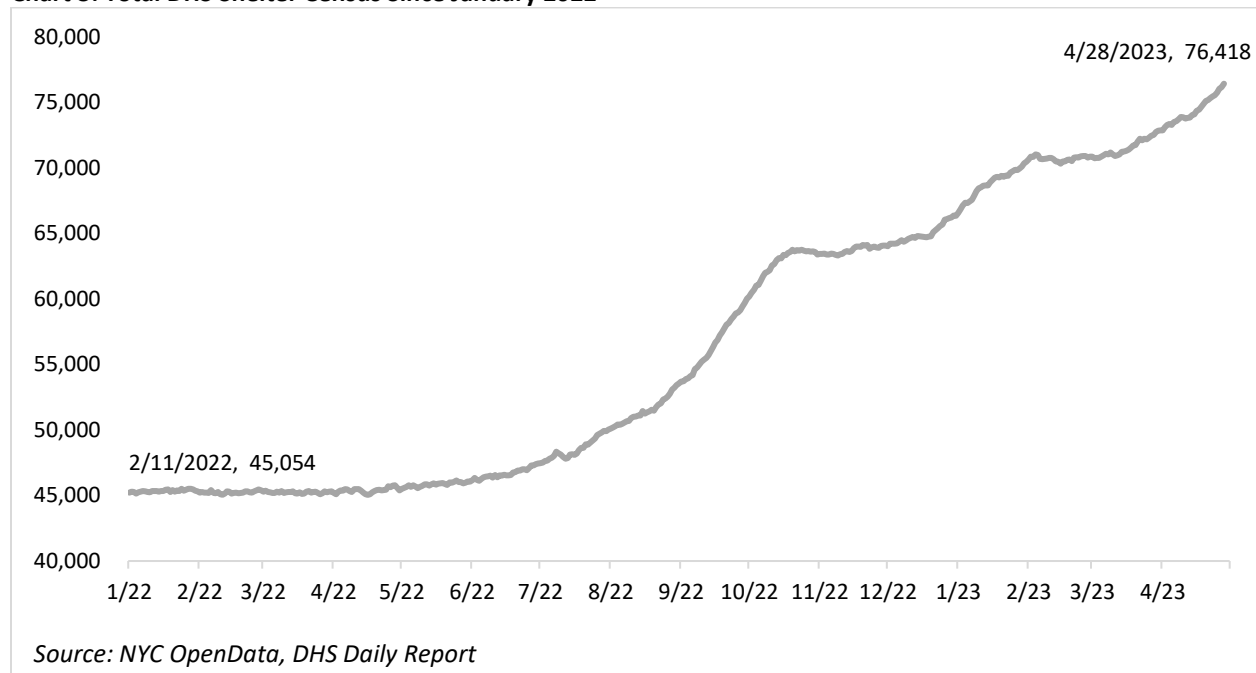
⁴ City & State, "'New York has done its share,' Eric Adams says on migrant crisis", January 4, 2023, see: <https://www.cityandstateny.com/politics/2023/01/new-york-has-done-its-share-eric-adams-says-migrant-crisis/381464/>.

⁵ Politico, "Federal spending bill to include \$800M in grants for cities dealing with migrant crisis", December 20, 2022, see: https://www.politico.com/news/2022/12/20/omnibus-spending-bill-migrants-00074785?oref=csny_firstreadtonight_nl.

year.⁶ The City spent \$817.0 million in Fiscal 2023 on costs related to the asylum seeker crisis through the end of March 2023. Spending for DHS and the Human Resources Administration (HRA) combined totaled \$463.0 million.⁷

As of April 26, 2023, over 58,300 asylum seekers had been processed through the City’s intake system for asylum seekers since the spring of 2022. Over 36,100 asylum seekers are currently staying in City shelters or HERRCs. The City is operating 112 emergency hotel shelters, run by DHS, and eight HERRCs, operated by NYCEM, H+H, and HPD.⁸ According to DHS, as of April 25, 2023, approximately 72 percent of the recently arrived asylum seekers, or 25,993 individuals, are residing in DHS-operated shelters (with the remainder residing in HERRCs). For those individuals housed in DHS shelter, 72.5 percent are families with children, 19.3 percent are single adults, and 8.3 percent adult families.⁹ Chart 3 illustrates the growth in the DHS shelter census since the beginning of calendar year 2022. Since February 11, 2022, when the census was 45,054, the shelter population has grown rapidly to 76,418 on April 28, 2023, just over one year later. Over the last year the DHS shelter census has increased by nearly 70.0 percent.

Chart 3: Total DHS Shelter Census Since January 2022



The proposed Fiscal 2024 State Executive Budget included \$1.5 billion in funding to address the asylum seeker crisis in the City over State Fiscals 2024 and 2025. Some of this funding was proposed to flow directly to the City for reimbursement of emergency shelter expenses while the remainder would be directly administered by State agencies or contracted providers. The proposed State Executive Budget appropriated \$1.0 billion in funding to the City for

⁶ New York Post, “Eric Adams knows Biden won’t help pay NYC’s \$4B migrant tab: official,” March 6, 2023, see: <https://nypost.com/2023/03/06/no-more-migrant-aid-coming-to-nyc-from-biden-in-fiscal-year/>.

⁷ According to information provided in email communications with the New York City Office of Management and Budget on April 11, 2023.

⁸ Department of Social Services, Email Newsletter, “Community Partners: DSS Weekly Update – April 28, 2023,” April 28, 2023.

⁹ Department of Social Services, Email Communication, April 27, 2023.

reimbursement of 29.0 percent of the City’s cost of the provision of shelter services for asylum seekers. This appropriation reflects an authorization for State reimbursement up to that level. Reimbursement is applicable to eligible costs incurred between April 1, 2022, and March 31, 2024. In order to access the entire amount the City would have to spend over \$3.4 billion. While the State budget has not yet been finalized, State officials have publicly indicated that the \$1 billion for the City’s asylum seeker expenses would be included in the final budget.¹⁰ The parameters for the administration of this funding remain to be determined. The State funding added in the Executive Plan for Fiscal 2025 has not been confirmed by or appropriated by the State. The Administration has indicated it is assuming the cost sharing between the City and State would continue.

Fiscal 2024 Preliminary Budget Response

In its Fiscal 2024 Preliminary Budget Response (Budget Response)¹¹, the Council identified four areas of concern relating to homeless services. The Council’s proposals are discussed below along with an analysis of how/if they were addressed in the Executive Plan. Despite the addition of funding that partially addresses one proposal, there are still many essential programs and Budget Response proposals that did not receive support in the Executive Plan.

Response Priorities	Amount Requested	Amount Included in the Executive Budget
Improve and Streamline the PATH Intake Process	Call to Action	\$0
Baseline the Prevailing Wage Increase for DHS Shelter Security Guards	Call to Action	\$0
Fund Legislation to Provide Mental Health Services in Families with Children Shelters	\$1,100,000	\$910,000
Provide Cost of Living Adjustment for Non-Profit Sector Employees	\$60,000,000	\$0

- Improve and Streamline the PATH Intake Process.** Families with children continue to experience difficulties navigating DHS’ Prevention Assistance and Temporary Housing (PATH) intake process and are subjected to an arduous eligibility review process. The Council understands that many applicants are required to reapply multiple times before being deemed eligible for DHS shelter. In the Budget Response, the Council called on the agency to reevaluate and streamline the process for PATH intake and shelter application review so that it is more manageable for families and so they do not have to reapply multiple times. The Council also called on DHS to ensure there is adequate staffing and systems in place to improve efficiency. Nothing is added to the Executive Plan to address this request.

¹⁰ New York Post, “State pols agree to give \$1B to NYC for \$4B-plus migrant crisis,” April 24, 2023, see: https://nypost.com/2023/04/24/state-pols-agree-to-give-1b-to-nyc-for-4b-plus-migrant-crisis/?oref=csny_firstread_nl%27.

¹¹ NYC Council, “Fiscal 2024 Preliminary Budget Response,” see: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/04/Fiscal-2024-Preliminary-Budget-Response-Final-1.pdf>.

- **Baseline the Prevailing Wage Increase for DHS Shelter Security Guards.** On November 7, 2021, Local Law 125 of 2021 was enacted, establishing prevailing wage requirements for security guards and fire guards at city-contracted shelters. As a result of this legislation, the Fiscal 2022 Adopted Plan included an additional \$40.5 million to increase wages for 4,000 security guards. In Fiscal 2023, the Council called on the Administration to baseline the funds for the shelter security prevailing wage increase and \$65.8 million was added, but only for Fiscal 2023. In the Budget Response, the Council again called on the Administration to baseline funding for the legislatively required prevailing wage for DHS shelter security. Nothing is added to the Executive Plan to address this request.
- **Fund Legislation to Provide Mental Health Services in Families with Children Shelters.** On March 14, 2023, Local Law 35 of 2023 was enacted, requiring DHS contracted shelter providers to hire mental health professionals to provide on-site or telehealth mental health services at families with children shelters, subject to appropriation. The bill requires mental health professionals to be made available at the 30 largest shelters for families with children by July 31, 2024, and at all shelters for families with children by July 31, 2025. DHS is required to maintain a prorated ratio of at least one full-time mental health professional for up to every 50 families with children. In the Budget Response, the Council called on the Administration to provide funding, pursuant to the Local Law, which would include \$1.1 million in Fiscal 2024, \$9.1 million in Fiscal 2025, and \$16.7 million baselined starting in Fiscal 2026. As previously detailed in the new needs section, the Executive Plan included \$910,000 in baseline funding (as well as three positions) starting in Fiscal 2024, to provide the infrastructure for telehealth services for children in families with children shelters. This addition partially addresses the requirements of the Council's legislation, which included appropriate infrastructure for telehealth services, but does not include any funding to support the cost of hiring new mental health practitioners at shelters. Additionally, the local law requires mental health services be provided for all members of families with children, not just the children, as the Mayor's proposal indicates. Notably, the Budget Response proposal cost estimate is fully related to the cost of mental health practitioners and assumed the infrastructure for telehealth would be possible with existing resources.
- **Provide Cost of Living Adjustment for Non-Profit Sector Employees.** The City's non-profit health and human services (HHS) workers have been significantly underpaid for years. This workforce, which is predominantly comprised of women and people of color, has kept the City afloat throughout COVID-19. However, the wages of these workers have remained stagnant despite the rising cost of living in the City. While the Fiscal 2023 Adopted Plan included \$60.0 million in baselined funding for HHS workers, the allocation does not fully address the pay inequities in this sector. Additionally, this insufficient increase for HHS workers may disadvantage City residents who rely on services from this experienced and talented workforce, jeopardizing high-quality services. In the Budget Response, to address this critical and overlooked economic equity issue, the Council called on the Administration to double the investment made last fiscal year, adding an additional \$60.0 million to the baseline for a Cost-of-Living-Adjustment (COLA) in the personal services line of all City-funded human services contracts. This adjustment would

impact the budgets of multiple City agencies that contract HHS workers, including DHS. Nothing is added to the Executive Plan to address this request.

Federal and State Budget Risks

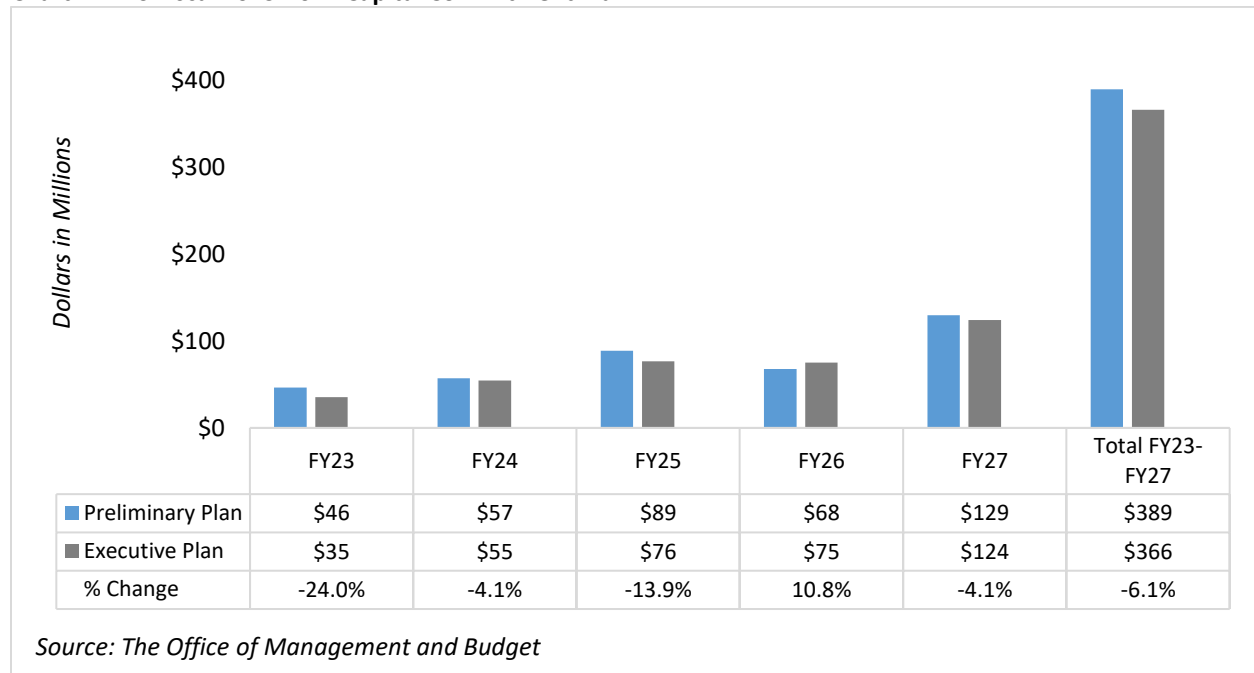
- Asylum Seeker Response Funding Support.** As previously detailed, the amount and timing of federal funding to support asylum seeker response efforts is currently undetermined. While the City has budgeted \$600.0 million in Fiscal 2024 from federal sources in the Executive Plan, this amount is an optimistic estimate and has not yet been awarded or confirmed by the federal government. Notably, even this level of federal support would be a small fraction of the expenses the City expects to incur. Another significant area of risk to the City is how many additional asylum seekers will arrive in the City and need services – the implications of the end of the federal Title 42 border entry policy on May 11th and federal immigration policy changes remain unclear. Lastly, while State officials have confirmed publicly that the City would receive \$1.0 billion in support in the State’s budget, the final budget, and the details of how the asylum support would work, is not finalized and is not expected to include support for Fiscal 2025 or beyond, although the City has budgeted State funding in Fiscal 2025.

Capital Plan Overview

On April 26, 2023, Mayor Eric Adams released the Executive Capital Commitment Plan for Fiscal 2023-2027 (the Commitment Plan) and the Fiscal 2024-2033 Ten-Year Capital Strategy (the Ten-Year Strategy). This section will provide an overview of the Commitment Plan and the Ten-Year Strategy for DHS.

Fiscal 2023-2027 Capital Commitment Plan

Chart 4: DHS Fiscal 2023-2027 Capital Commitment Plan



DHS' capital program is presented in the Commitment Plan and the Fiscal 2024 Executive Capital Budget. DHS' commitments for Fiscal 2023 through 2027, as presented in the Commitment Plan, total \$365.7 million, \$23.7 million, or 6.1 percent, less than the total for the same period presented in the Preliminary Capital Commitment Plan released in January. The agency's planned commitments comprise less than one percent of the City's total planned commitments of \$99.6 billion for Fiscal 2023 through Fiscal 2027.

DHS' planned commitments are distributed more heavily in the later years of the Plan, with 9.6 percent of the entire planned expenditure in the current fiscal year, 14.9 percent in Fiscal 2024, 20.9 percent in Fiscal 2025, 20.6 percent in Fiscal 2026, and 34.0 percent in Fiscal 2027.

Capital Project Highlight

- **Bellevue Shelter Projects.** The Bellevue homeless shelter in Manhattan serves the single adult male population in a congregate setting. The Commitment Plan includes several projects totaling \$107.1 million between Fiscal 2023 and Fiscal 2027, for structural improvements at this facility, elevator improvements, electrical system upgrades, bathroom improvements, courtyard repairs, fire safety upgrades, and roof and façade work.

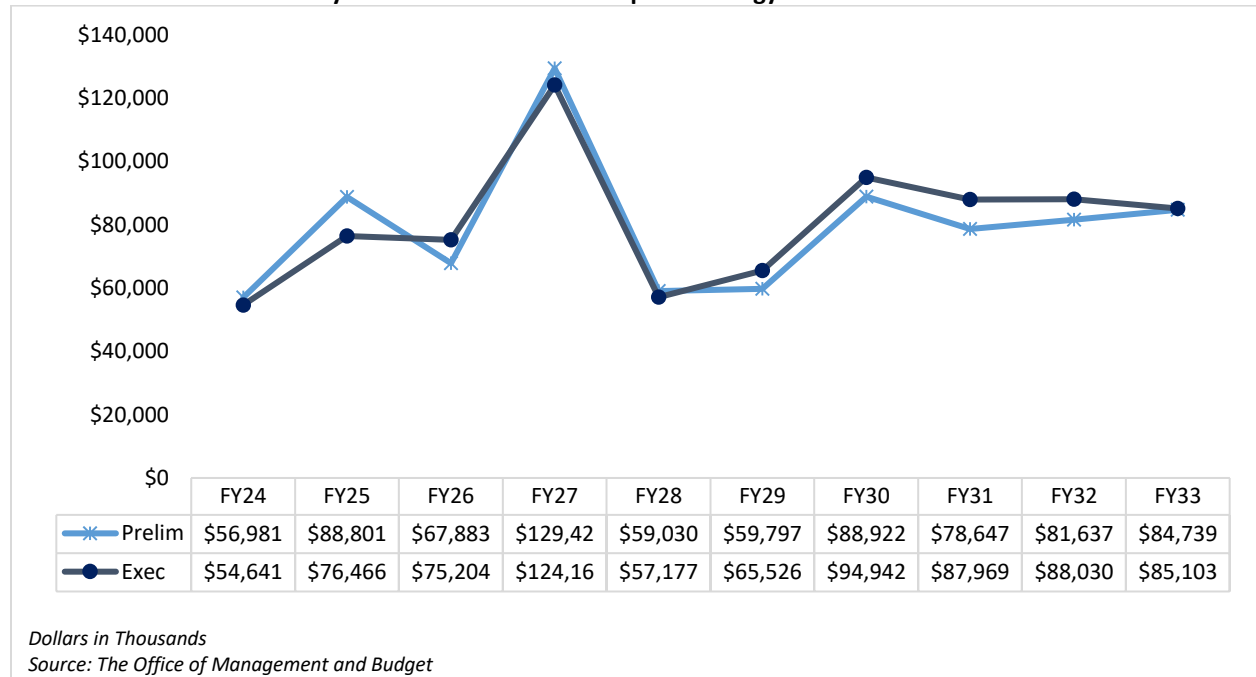
Executive Ten-Year Capital Strategy Fiscal 2024-2033

The Ten-Year Strategy is the City's long-term capital planning document which provides a framework for capital spending by agency. The Strategy is released every two years as mandated by the City Charter.

The City's Ten-Year Strategy totals \$164.8 billion (all funds). The Strategy provides information on the comprehensive infrastructure planning that the City undertakes and explains the connection between capital investment and strategic priorities. It is designed to help prioritize investment decisions across all capital agencies and communicate to the public an integrated approach to capital planning across infrastructure types, in line with the growth of the City.

DHS' Ten-Year Strategy includes \$809.2 million in Fiscal 2024–2033 for capital construction and reconstruction projects. The funding includes \$485.1 million for single adult and adult family shelters, \$57.4 million for equipment, and \$26.7 million for families with children shelters. As illustrated in Chart 5, the Ten-Year Strategy allocates funding fairly evenly across the years other than in Fiscal 2027, when around double the amount of annual funding is allocated for that one year for shelter expenses.

Chart 5: DHS FY24 Preliminary vs. Executive Ten-Year Capital Strategy



Appendix A: Budget Actions Since Fiscal 2023 Adoption

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
DHS Budget as of the Adopted FY23 Budget	\$1,686,019	\$718,096	\$2,404,115	\$1,508,865	\$823,998	\$2,332,863
Changes Introduced in the November 2022 Plan						
Programs to Eliminate the Gap (PEGs)						
Telecommunication Savings	(\$67)	\$0	(\$67)	(\$200)	\$0	(\$200)
Subtotal, PEGs	(\$67)	\$0	(\$67)	(\$200)	\$0	(\$200)
Other Adjustments						
Aid for Asylum Seekers	\$0	\$577,292	\$577,292	\$0	\$0	\$0
Continuum of Care Grant	0	368	368	0	0	0
Emergency Management Fund Transfer to HRA	0	0	0	(153)	0	(153)
Emergency Solutions Grant - AOTPS	0	3,327	3,327	0	0	0
Emergency Solutions Grant - PS	0	2,024	2,024	0	0	0
FEMA COVID-19 Funding	0	18,272	18,272	0	0	0
Federal Grant for Substance Use	0	398	398	0	0	0
HealingNYC Transfer from DOHMH	760	0	760	760	0	760
Plumbers Collective Bargaining Funding	141	0	141	141	0	141
Prior Year TANF Revenue	(15,256)	15,256	0	0	0	0
Emergency Solutions Grant	0	5,186	5,186	0	0	0
Shelter to Housing Action Plan	613	0	613	1,226	0	1,226
Workforce Enhancement	311	3,415	3,726	311	3,415	3,726
Subtotal, Other Adjustments	(\$13,431)	\$625,537	\$612,107	\$2,285	\$3,415	\$5,701
TOTAL, All Changes in November 2022 Plan	(\$13,497)	\$625,537	\$612,040	\$2,086	\$3,415	\$5,501
DHS Budget as of the November 2022 Plan Budget	\$1,672,522	\$1,343,633	\$3,016,155	\$1,510,951	\$827,413	\$2,338,364
Changes Introduced in the FY24 Preliminary Plan						
Programs to Eliminate the Gap (PEGs)						
Vacancy Reduction	(\$2,135)	\$0	(\$2,135)	(\$4,270)	\$0	(\$4,270)
Subtotal, PEGs	(\$2,135)	\$0	(\$2,135)	(\$4,270)	\$0	(\$4,270)
Other Adjustments						
Energy Personnel	\$0	\$60	\$60	\$0	\$0	\$0
Homeless Management Information System Grant	0	701	701	0	0	0
Shelter Loan Acquisition Fund	0	5,000	5,000	0	0	0
Heat, Light, and Power	756	0	756	0	0	0
HOPE IT Purchases	0	15	15	0	0	0
Workforce Enhancement	772	34	806	772	34	806
Subtotal, Other Adjustments	\$1,528	\$5,809	\$7,338	\$772	\$34	\$806
TOTAL, All Changes in the FY24 Preliminary Plan	(\$607)	\$5,809	\$5,203	(\$3,498)	\$34	(\$3,464)
DHS Budget as of the FY24 Preliminary Budget	\$1,671,915	\$1,349,443	\$3,021,358	\$1,507,453	\$827,447	\$2,334,900
Changes Introduced in the FY24 Executive Plan						
New Needs						
FEMA City Match	\$11,100	\$0	\$11,100	\$0	\$0	\$0
Housing Blueprint: Families w/ Children Telehealth	0	0	0	910	0	910
Information Technology	7,000	529	7,529	0	0	0
Shelter Cost Re-estimate	200,000	0	200,000	0	0	0
Subway Safety Plan Re-estimate	22,000	0	22,000	0	0	0
Subtotal, New Needs	\$240,100	\$529	\$240,629	\$910	\$0	\$910
Programs to Eliminate the Gap (PEGs)						
Provider Flexible Funding	\$0	\$0	\$0	(\$29,120)	(\$7,100)	(\$36,220)
Subtotal, PEGs	\$0	\$0	\$0	(\$29,120)	(\$7,100)	(\$36,220)
Other Adjustments						
23covfema2	\$0	\$33,582	\$33,582	\$0	\$0	\$0
9195 Adjustment	0	102	102	0	0	0
Aid to Asylum Seekers	(187,325)	438,000	250,675	1,224,332	562,000	1,786,332
Asylum Seekers Adjustment	454,292	(454,292)	0	0	0	0

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
CD Funding Swap for Collective Bargaining	\$0	\$0	\$0	\$2,045	\$1,500	\$3,545
DC37 collective bargaining adjustment	6,820	25	6,845	6,252	0	6,252
DHS Asylum Revenue	0	(123,000)	(123,000)	0	0	0
DSS SRO Realignment	0	0	0	(1,319)	(1,635)	(2,954)
From 6500/619 To 6500/40X	0	1	1	0	0	0
FY23 CD Funds Mod BC9355	0	449	449	0	0	0
FY23CARESESG	0	1,044	1,044	0	0	0
FY23MTARev	0	6,600	6,600	0	3,000	3,000
FY23POTPSRev	0	60,000	60,000	0	0	0
Healthcare Worker Bonus	0	27	27	0	0	0
Heat, Light and Power	1,137	0	1,137	1,811	0	1,811
Heating Fuel Adjustment	(182)	0	(182)	(222)	0	(222)
IC W/DHS	0	0	0	0	(333)	(333)
OTPS CD Funding Swap	0	0	0	0	(3,545)	(3,545)
PATH FJC Rev Mod	0	490	490	0	0	0
Personnel CD Funding Swap	0	0	0	0	(239)	(239)
Prior Year Revenue	0	0	0	0	1,500	1,500
Shelter Maintenance	0	0	0	(1,500)	0	(1,500)
Shelter Repair Squad Funding Swap	0	0	0	240	0	240
Workforce Enhancement	234	0	234	234	0	234
Subtotal, Other Adjustments	\$274,976	(\$36,972)	\$238,004	\$1,231,873	\$562,248	\$1,794,121
TOTAL, All Changes in the FY24 Executive Plan	\$515,076	(\$36,443)	\$478,633	\$1,203,663	\$555,148	\$1,758,811
DHS Budget as of the FY24 Executive Budget	\$2,186,991	\$1,313,000	\$3,499,991	\$2,711,116	\$1,382,595	\$4,093,711

Source: The Office of Management and Budget