

Council on Homeless Policies and Services
70 W. 36th Street, Suite 1404
New York, NY 10018

September 26, 2006

Ms. Suellen Schulman, CPPO
Agency Chief Contracting Officer
NYC Department of Homeless Services
33 Beaver Street, 13th Floor
New York, NY 10004

RE: Concept Report PIN: 071-07S-03-1076

Dear Ms. Schulman:

On behalf of the Council on Homeless Policies and Services (the Council), a coalition of sixty non-profit agencies serving homeless and at-risk children and adults throughout the five Boroughs, I am submitting comments on the joint concept report for *Homeless Outreach and Housing Placement Programs* issued by the New York City Department of Homeless Services (DHS) and the New York City Department of Health and Mental Hygiene (DOHMH) on September 12, 2006. The comments contained herein were developed in consultation with more than twenty non-profit agencies currently serving street homeless people. Many of these agencies have decades of experience assisting homeless New Yorkers to escape life on the streets for a better future in stable, permanent homes.

We are encouraged by and share Mayor Bloomberg's commitment to significantly reducing the number of New Yorkers living in unacceptable conditions on city streets. We agree that greater coordination among city agencies and non-profit providers can enhance service efficiency and efficacy and improve targeting of outreach resources to high need areas throughout the five Boroughs. Furthermore, the Council and our member agencies are eager to assist the administration's efforts to strengthen outreach services for all New Yorkers, and it is in that spirit that we offer the following comments, which we hope will lead to constructive modifications to the upcoming Request for Proposal.

Avoiding costly duplication of effort and maximizing utilization of existing resources

We are troubled by the system-wide implications of terminating all existing DHS and DOHMH outreach contracts. These contracts are often one piece in a complex patchwork of funds supporting programs with multiple components. Loss of one funding stream may have serious unintended consequences for other services that are important to achieving the broader goals of the city's five-year plan to end chronic homelessness. For example, some contracts currently categorized as "outreach" provide vital in-reach at large shelters to identify clients requiring specialized services, while others provide essential case management, psychiatry and/or crisis management services at drop-in centers, shelters and safe havens. In some cases, loss of these services will cripple the ability of programs throughout the City to complete housing and benefits applications and move sheltered and unsheltered homeless clients to permanency.

In addition to considering how the termination of these contracts will impact permanency outcomes at programs across the system, we urge DHS and DOHMH to carefully consider strategies for minimizing disruption to relationships between providers and clients that may be sacrificed during the reorganization. These relationships are a valuable resource that have been developed over years are vital to successful housing outcomes and are not easily replaced.

Ensuring maximum utilization of existing resources will require careful analysis, intensive planning, and close collaboration among providers. We recognize the urgency of moving our homeless neighbors into more humane settings, but we are concerned that the timeline contemplated in the concept report for both proposal development and program start-up, will not allow for the kind of careful planning necessary to ensure both programmatic efficiency and efficacy. We fear that a lack of adequate time to reorganize service networks, develop the infrastructure necessary to track and report required data, and develop an outcomes focused approach to managing subcontracts, will result in wasted resources and compromised permanency outcomes.

To maximize the successful transfer of valuable existing resources to the new service configuration and to minimize disruptions to other services integral to achieving the broader goals of the five-year plan, we urge:

- A careful analysis of the interrelation of programs and the preservation of outreach contracts where the loss of that funding would negatively impact permanency outcomes for homeless clients;
- An extension of the contemplated timeline for both proposal submission and program startup;
- Ample consideration of the value of the relationships that existing providers can contribute as both master and subcontractors in the evaluation of proposals; and
- Similar consideration of the value of building upon the existing collaborations among providers;

Ensuring effective performance-based contracting

The Council believes that performance-based contracts can be an effective tool to strengthen outcomes for street homeless clients. In fact, we have assisted DHS in developing performance-based contracting initiatives for other service sectors. The success of any performance management program requires careful planning, strong communication and collaboration between government funders and service providers, and a reasonable and transparent methodology for establishing performance indicators.

We are concerned that the concept report contemplates census reductions in each catchment area as the primary performance indicator for the new contracts. Increasing placements among those currently on the streets is just one component of reducing the street census. The other critical element is controlling the flow of people entering street life, and many factors impact that flow - most of which outreach providers have extremely limited or no ability to control. For example, discharges from hospitals, prisons and jails, conditions and policies in shelter, poor quality placements out of shelter, and housing and labor market dynamics in New York City and in other localities, can all significantly impact the street homeless census. Success in achieving dramatic census reductions will necessitate significant efforts beyond the scope of outreach providers' role to reduce the number of people coming onto the streets.

We are similarly concerned that the report contemplates that at least fifty percent of contractors' budgets would be subject to a performance-based milestone payment point system. To successfully manage an innovative network of service providers aimed at continuous improvement of client permanency outcomes, outreach programs must have the resources necessary to develop a sophisticated management infrastructure, to recruit and retain skilled staff, and to make changes to service and management approaches as necessary to implement course corrections.

To ensure that the performance-based contracting system functions as intended to motivate staff, reward strong performance, and, ultimately improve permanency outcomes for clients, the following are necessary:

- Funding should be primarily derived through a consistent line item budget, thereby providing the funding stability necessary to carefully manage a successful program.
- The system should ensure that programs performing adequately enough to remain open, retain budgets sufficient to provide the core services to clients required in their contracts and the necessary overhead funding to support the significant infrastructure demands involved in administering a program of this kind.
- Performance benchmarks should be established at reasonable levels and should measure things that are within the control of providers.
- The system should include indicators that measure the multiple steps sometimes necessary to move someone into a more humane setting, particularly those who have been deeply entrenched in street life for years, are without income, and/or are unengaged in treatment for a profound disability.
- To promote confidence in the fairness and reliability of performance measurements, all data and the methodology for deriving that data should be transparent, and there should be ample mechanisms for ensuring data integrity.
- To promote buy-in among staff, the methodology for evaluating performance and determining budget implications should be developed in collaboration with providers and the associations that represent them.
- Performance measures should be piloted and tested for reliability and bias prior to initiation of budget implications.
- Providers should be afforded adequate time to communicate standards to staff and to make necessary programmatic changes prior to the initiation of or changes to the performance program.

Ensuring long-term placement success

The non-profit providers of outreach services share the administration's focus on long-term housing as the primary goal for all street homeless clients. We also share your belief in the promise of the Housing First model. Our members' experience over decades has taught them that successfully placing clients into long-term settings demands quality engagement and housing placement services, availability of appropriate placement options prepared to work with clients who are actively using substances, unwilling to engage in psychiatric treatment, and/or unwilling to relinquish control of financial resources, and client readiness to embrace a major life change. Providers of existing outreach and drop-in services report that even clients who can be appropriately served in existing models, have completed housing applications and have benefits in place currently face lengthy housing waiting lists.

We applaud Mayor Bloomberg's commitment to developing new affordable and supportive housing and to expanding the stock of programs offering a harm reduction approach. City officials and non-profit homeless service providers acknowledge that the existing supportive housing resources combined with new units in the development pipeline are not sufficient to house all those on our streets and in our shelters who need supports and that we must target supportive housing resources towards those who can most benefit from the supports available. Furthermore, to maximize long-term placement success for all clients, we must develop and utilize other stable resources for those who cannot be served in supportive housing either because available units or adequate models do not exist. In addition, we must not utilize placement options that fail to meet minimum standards for decency and provider accountability.

To support rapid and stable placements of street homeless clients, we specifically urge the following:

- Careful analysis of existing placement resources against census reduction and placement targets and development of new models and capacity as needed.
- Dedication of appropriate housing resources, including those offering a harm reduction approach, to support placement targets.
- Sufficient funding to support flexible aftercare services targeted to those placed in settings without on-site supports.
- Sufficient funding to support the intensive clinical services that will be necessary on the street and after placement to move deeply entrenched and severely disabled homeless adults into treatment and care and to keep them stably housed.
- Clear policies prohibiting the use of illegal, unlicensed and/or unregulated board and care facilities.

Minimizing administrative burdens and maximizing resources targeted to permanency

The proposed reorganization presents an opportunity to pioneer a mechanism for strengthening coordination among the multiple city agencies and non-profits serving homeless people. However, the proposed joint management of the contracts by DHS and DOHMH will present unique challenges. To ensure that contract resources are available primarily to improve permanency outcomes for homeless clients, the contract design should minimize duplicative administrative burdens that will divert program resources from direct service delivery. Specifically we urge:

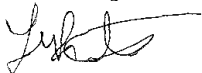
- Efforts to reduce duplicative and/or conflicting auditing and fiscal oversight protocols
- Efforts to reduce duplicative and/or conflicting programmatic auditing protocols
- One consolidated system for performance management and data reporting

Ensuring funding is adequate to fulfill contract requirements

The concept report contemplates a range of requirements not currently funded as standard components of all outreach contracts. These include, deployment of outreach teams 24 hours per day/seven days per week, administration of street counts, database development and management, development of an infrastructure to administer subcontracts, responsibility for achieving street homeless census reduction targets, follow-up and case planning services post placement, response to 311 calls, and clinical staff trained and authorized to remove individuals deemed to require psychiatric hospitalization. Though some efficiencies resulting from decreased duplication of existing efforts are likely, successful provision of these additional services will almost certainly require an allocation of additional resources.

The Council on Homeless Policies and Services looks forward to working closely with the Department of Homeless Services and the Department of Health and Mental Hygiene as you work to strengthen outreach services for all New Yorkers. I thank you for your careful consideration of our comments and hope that our suggestions as well as those of our colleagues will lead to constructive modifications to the upcoming Request for Proposal.

Sincerely,



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