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National AIDS Policy Office
Todd Summers
OA/Box Number: 21087

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Conference-5/99-Housing Works Strategic Planning

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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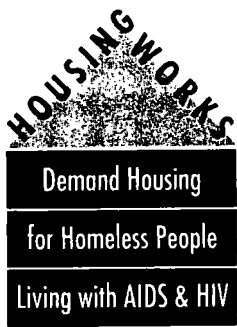
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- b(1) National security classified information [(b)(1) of the FOIA]
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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



April 30, 1999

Todd Summers
Deputy Director
White House Office of National AIDS Policy
736 Jackson Place, NW
Washington, DC 20503

Dear Mr. Summers:

Attached please find the documents relating to Housing Works' and its strategic planning process that were omitted from your invitation to meet with the Housing Works Board of Directors on May 14, 1999. My apologies for the oversight. These papers may be useful to you in the preparation for your presentation to our Board.

If there is anything else you might like, please feel free to call me at (212) 966-0466, ext. 269. I look forward to seeing you on the 14th.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles King".

Charles King
Co-Executive Director

Housing Works, Inc.

594 Broadway
Suite 700
New York, NY 10012

Phone 212 966-0466
Fax 212 966-0869
www.housingworks.org
hworks@dti.net

Mission Statement
of
Housing Works, Inc.

Everyone has the right to a standard of living adequate for the health and well being of him [or her] self and of his [or her] family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his [or her] control.

–Article 25, The Universal Declaration of Human Rights

In keeping with Article 25 of the Universal Declaration of Human Rights, and with the intention of bringing to an end the twin crises of homelessness and AIDS, the purpose of Housing Works is to ensure that adequate housing, food, social services, harm reduction and other drug treatment services, medical and mental health care, and employment opportunities are available to homeless persons living with AIDS and HIV and to their families as they define them.

In particular, it is Housing Works' purpose to serve those persons who have difficulty obtaining services elsewhere, especially those whose difficulty is a consequence of mental illness or chemical dependence.

Housing Works is committed to accomplishing its purpose in the context of a self-sustaining, healing community that maximizes the potential of the people it serves.

Housing Works accomplishes its purpose through:

Advocacy that aggressively challenges perceptions about homeless people living with AIDS and HIV, both within their indigenous communities and in the larger society,

Direct provision of innovative models of housing and services,

Facilitation of access to other appropriate systems of care, and

The development and operation of entrepreneurial enterprises that support Housing Works while providing employment opportunities for the people Housing Works serves.

Speech Given by Charles King to Housing Works' Staff on January 14, 1999

For the last several years, Housing Works has experienced more than its share of crisis and hard times. Three years ago, this month, we found ourselves completely overextended. We had to make massive cutbacks to keep the organization afloat. Those of you who were around remember what a painful time that was, with payroll delays for months on end. It took a year and a half of hard work and sacrifice to put the organization back on its feet financially. Then, just when we thought we were good to go, just a little over a year ago, the Mayor, using as his excuse the troubles we had experienced two years before, tried to pull the rug completely out from under us, not only canceling all of our City contracts, totaling \$6.5 million, but doing so after we had performed on them for a number of months without any City reimbursement.

That denied reimbursement amounted to over \$1.5 million. It cost us another unreimbursed \$1 million to wind down the various programs and at the same time take care of our Scattered Site clients, a cost we are still continuing to incur as we extract ourselves from leases on over 180 apartments. In addition, we have now incurred over \$250,000 (a quarter of a million dollars) in legal expenses as we have pursued our claim against the City. (By the way, we suffered a big setback in our lawsuit against the City over the contracts last November when the Appellate Division overturned our preliminary injunction. The immediate effect of that decision is that we are now relinquishing all of our apartments and transferring those clients to other Scattered Site vendors. We remain confident that we will ultimately prevail in our suit, but we probably are not going to see that victory and vindication for several years now.)

Those of you who were around last year know just how difficult it got to keep everything afloat in the midst of the crisis. There were times when even Keith and I worried about whether or not we were going to survive, as an organization and as a community. We have survived and then some. Competing crises had put all of our Medicaid programs in jeopardy. Over the last year, we brought both 9th Street and 13th Street Day Treatment Programs to the point where they are clearly providing quality health and psychosocial services that meet clients needs. Patrick and the staff of both of those programs are to be commended for their efforts. And both programs have demonstrated that fact in successful surveys in the last six months.

Our COBRA program just had its latest survey in December. Keith and I were both there to hear Judith Mazza tell those of you who work in COBRA that, while there is still room for improvement, the program is clearly meeting clients needs and providing and documenting the provision of meaningful services as well as any COBRA program in New York State. Linney, who stepped into the COBRA breach last year, is to be commended for having forcefully led COBRA to this level of performance.

Our newest Medicaid program, the East New York Day Treatment Program, opened in the midst of the crisis. Thanks to Patrick and Dan and the East New York staff, that program received a perfect survey months after opening its doors. That is the first time ever that a day program in New York has gotten a perfect score on its first survey.

Meanwhile, the Job Training Program has continued its work in producing high quality staff, and Housing Works has, despite cutbacks, hired every single graduate, employing 27 graduates in the last year, of whom 25 are still on staff. (Those of you who are graduates should know that we still consider you to be Housing Works future. And I can't tell you how proud it makes us when we look at our COBRA staff, for example, and see how much you have taken over ownership of that program.)

Supportive Services and Deaf Services have also continued to grow and build quality programs. And our back office departments, Operations, Development, Management Information Systems and Human Resources, have all mastered the ability to do more with less. Then, of course, there are our entrepreneurial ventures. We could not have survived last year's crisis, had Bill Gover, Chris Proios and the thrift shop and book store staff, not worked to produce record-setting profits. While Food Service isn't exactly a gold mine yet, it has saved us tremendous expenses and will, we are confident, become one of Housing Works' economic engines in the next couple of years. In the midst of this, we have also begun the transition toward launching a for-profit Management Services Organization that we will own jointly with several other not-for-profit organizations. Those of you who work in Accounting can report to your colleagues how that process is going, but I can tell you that we in management are very pleased to be able to get timely financial information that we didn't have access to before.

Finally, we have not backed down one inch from our aggressive advocacy efforts and tactics. In the time since we lost our City contracts, we have filed more lawsuits against the City than in our entire history. We have maintained our forceful advocacy in Albany and Washington, and have established stronger relations with the New York City Council. Certainly after last World AIDS Day, no one can say we have backed down from confronting Giuliani.

So, we have survived the year of the cataclysm and even succeeded in many critical ways. Where does that leave us today? And what does Housing Works face in its future?

First, we have to acknowledge that today, for better or worse, Housing Works is a very different organization than it was even a year ago. There was a time when government contracts comprised over 60% of our operating budget. Today, government contracts represent less than 10% of our revenue. Medicaid is now 50% of our budget and entrepreneurial ventures are now 35% of our budget. There was a time when our largest programs were in supportive housing and we bragged about an inventory of over 350 apartments. Once we have shed all of our remaining Scattered Site apartments, we will control less than a hundred apartments. Housing is one of the smallest components of our budget. This change in who we are and what we do has a number of implications for us, both in the long term and in the short term.

The most immediate of those implications is financial. We no longer have the luxury of a large stream of steady contract revenues that flow in every month. Instead, we largely earn our dollars based directly on our own productivity. For about 85% of our revenue, we live in a circumstance where if we produce, whether in retail, food service or Medicaid, we get paid. If we don't produce, we don't get paid. In that respect, we are no different from any for-profit company. (And, frankly, if you saw yesterday's New York Times article on AIDS funding or know what is

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happening to some of our sister organizations, I would certainly rather be where we are than sitting in their shoes.)

Last July, we built the budget for this fiscal year based on certain productivity assumptions. Sad to say, for whatever reasons, those did not come to fruition, particularly in our Medicaid programs. Consequently, by the end of November, we were operating with a \$300,000 deficit for the year to date, when we had projected a small surplus. When we revised the budget projections for the year, based on our performance over the first five months, it became clear that, without dramatic changes, we would end the year with a \$250,000 deficit, instead of a \$750,000 surplus. Giving our outstanding debt, that would have been untenable and would have guaranteed that we would run out of cash necessary to operate.

Given that reality, in December, we went to the Board of Directors with a plan to identify savings or additional revenues of between \$1 million and \$1.25 million on an annualized basis. Over the last several weeks, working closely with Deputy Directors and other department heads, we have identified and implemented the necessary cuts and other changes to meet that objective. In that context, we have laid off five people, including one who chose a layoff in lieu of changing her job site and work responsibilities.

Some of those cuts and changes are dramatic. We have reduced COBRA staffing by three teams and reorganized these teams into three geographically focused programs, eliminating the distinction between the Intake and Independent Living Programs. We have folded the Video Project into the 9th Street Day Treatment Program and suspended operation of the Theater Project. We have also dramatically reduced Operations, based on our changing needs, and trimmed staff positions in other places where we believe we are not getting the level of productivity to make those positions economically feasible. We have placed a freeze on almost all Day Treatment hiring for the balance of the fiscal year. On a positive note, we are going forward with implementation of the evening women's program at 9th Street that I announced earlier.

We will be taking a revised set of budgets that incorporate all of these changes to the Board for approval at the January Board meeting. These revised budgets have us ending the year at a little better than break-even. Department heads should now all have these budgets and are free to share them with you. What you should know is that we will be reviewing performance against these budgets monthly, and they are what we will be living by. If revenue projections aren't met, then we will make additional cuts. If expenses are contained or revenue projections are exceeded, then we can talk about how to spend the extra money to enhance our work. It really is that simple.

(While I am talking about finances, let me address two of the rumors that have been flowing hot and heavy over the last couple of weeks. First, the rumor about missing payroll. The truth is that cash is going to be exceedingly tight over the next three months as we look for our cuts to take effect and look for revenues to increase. Right now, however, we do not anticipate any delays in payroll going forward. If that situation were to change, we would let you know in as timely a fashion as possible.)

(Second, the rumor about the imminent sale one of the Day Treatment Programs. Ultimately, if we don't move our programs to the point where they aren't losing money, then we will have to look at their disposition, and that is something we explored last year. But that certainly is not something we are planning at this point. We have built budgets that will move all three programs to break even or better early in the next fiscal year. Either we meet these budgets or we don't.)

This last rumor raises the second big issue that we face as an organization. That is, who are our customers and how do we keep them satisfied. When we had hundreds of apartments, we didn't have to worry about getting clients in the door. We could count on twenty or thirty homeless people showing up every Tuesday because they had heard we could get them housed. While they waited, we could engage them in a whole lot of other services that they clearly needed. Now that we don't have so many apartments to offer, we are learning that our services are not nearly as popular as we once thought.

This may be a hard message to hear, but it isn't necessarily a bad one. If we are really in the business of meeting human need, then we really do need to find out what people's needs are and address those needs in a way that leaves folk satisfied. This is a solid business principle that is also a solid human service principle. If we give customers what they want, they are going to keep coming back and tell their friends and neighbors about us as well. If we can't give them what satisfies, they will walk and we will go out of business. Our work needs to be productive, and it needs to be high quality. But beyond that, it also must satisfy our customers. If we can't do that, then we need ask ourselves why we are doing what we are doing.

This of course, leads to the most important issue of all. That is, who we are as an organization. Fundamentally, the question is what is our mission and how do we achieve it. Nine years ago, when we first started Housing Works, there were less than 200 units of supportive housing for homeless people living with AIDS and HIV. Not a single AIDS housing provider would house anyone who was using drugs. Not a single provider would house people who were also seriously mentally ill. The official policy of New York City and New York State was that homeless people with AIDS and HIV were better off in the mass public shelters where they would be less of a menace to themselves and others.

Back when we started Housing Works, there was no such thing as needle exchange in New York City. There wasn't even an illegal exchange program. The language for harm reduction didn't exist. (We used to call it "use tolerance.") No one thought homeless people with AIDS could be trained to work, and most people thought it was a waste of money to train people who were just going to die anyway. Homeless people and active drug users--street drug users, that is--were, by and large, shut out of DASIS, and shut out of most not-for-profit AIDS organizations as well.

Housing Works was created to fill a void--to serve a group of people whom no one else would or could serve. We not only filled the void, but we also pioneered models of service that are being replicated around the country. There are now thousands of units of supportive housing in New York City and almost all of them at least say they serve people who are still using. Now there are huge needle exchange programs and harm reduction is the buzz word in every request for proposals. Those of you who remember our takeover of the office of the New York State

Division of the Budget know that we are responsible for the fact that there are now 13 licensed day treatment programs, many of them competing with us for clients. Soon we will see other job training programs coming on line, thanks to our efforts to create a state funding stream. Deliberately, effectively, we have fostered through our advocacy, our own competition. Now we have to figure out how to live with that in a time of shrinking resources and handicapped by our loss of access to City contracts.

I want to be clear here that the loss of City contracts has forced the issue, but it isn't the cause. The epidemic is changing, AIDS services are changing and government's approach toward our constituency is changing. With or without City dollars, it's time for us to examine our mission in light of the changes in the world around us. Housing Works Board of Directors will be convening an all-day retreat at the end of this month so that it can discuss exactly that issue. But you are a part of this conversation, too. In fact, I want to use this opportunity to extend to you an invitation to participate in the Board's discussion. If you have an opinion or thoughts about what the future of Housing Works should be and the direction we should be taking in light of all of the changes around us, I urge you to write those thoughts down. If you give them to me, I will make certain that the Board sees them and can take your perspective into consideration as it engages in these important deliberations.

I can't tell you today exactly what is going to come out of the Board retreat. I can tell you that the Board will be discussing some of the very issues I have presented today, including taking a hard look at what it is that we do that no one else does and who we serve that no one else serves versus those programs and services that are simply competing with every other AIDS service organization for the same group of clients. The Board will be looking at our entrepreneurial ventures and how they can contribute to shaping our future. And the Board will undoubtedly be looking at the role of job training and employment in the face of a changing epidemic.

I would not be surprised if what comes out of this process are some changes in our organizational focus and direction, including possibly deciding that some of the things we are doing now should be discontinued so that we can move on to do other things that the Board believes are more germane to our mission. I can almost guarantee, for example, that we are going to be aggressively pursuing ways to get back to our core mission of housing people with AIDS who are homeless. I can pretty much predict that we will continue to actively pursue activities such as the MSO and expanding our thrift shops and food service ventures.

All of this means more change, making Housing Works a very different organization tomorrow than it is today. Some of those changes may prove to be even more dramatic than even Keith or I now envision.

Just last week an employee said to me, "I hate change. It's scary." Well she is right. Change is usually scary. But change is also a necessary and vital fact of life. And the best way to deal with it is to face it head on so that you have at least a measure of control rather than having it sneak up and catch you from behind.

I know that one thing that change in general--and hard financial times in particular--does is raise for people fears about job security. I can't promise anyone here that Housing Works is going to

employ you forever or even the next year. What I can do is give you an understanding of how we do business. First of all, we don't lay people off wily-nily and we don't confuse layoffs with for-cause termination. It should come as no surprise to anyone that if we get bad audit reviews on particular staff's work, those heads are going to roll, in good times or bad. If you aren't doing your job and your supervisor has to write you up, then you have good reason to worry -- and change -- irrespective of Housing Works' financial circumstances.

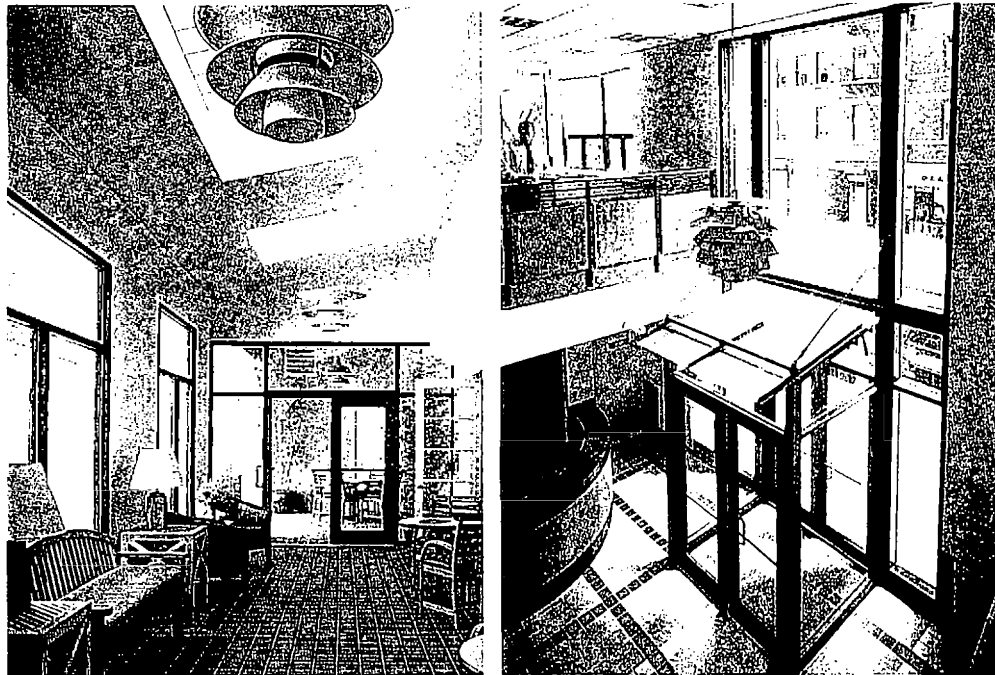
When we do have to make a layoff, we look at it from an economic perspective. That is, we look for whom we can most afford to do without, either because the functions can be eliminated or because we aren't getting our bang for our buck. Most often, you can't change whether or not your function is being eliminated, but just about everyone can control whether or not we are getting our bang for our buck from your efforts. And, in that vein, long tenure and organizational loyalty are things we value, but they are no substitute for productivity and high-quality performance.

If you are worried about your program or unit's future, all you have to do is ask your manager or program head how that unit is doing in relation to the budget. If you are worried about your own job, then you need to simply ask yourself, "Am I doing everything I possibly can to make myself an indispensable part of my team?" If you are worried about Housing Works as a whole, then you need to ask, "Is my productivity and the quality of my work the very best that I can produce?"

One thing I do know is that Housing Works is a strong and vital organization, and its' greatest strength remains its' hard-working and dedicated staff. Times may be tight, but they are not nearly as tough as they were just a year ago. Housing Works may change in many ways as it seeks to provide the services that our clients need. But this organization, remaining true to its mission, is going to keep on keeping on, as we continue to provide leadership in the fight against the twin crises of homelessness and AIDS.

Civil Disobedience

Housing Works' treatment center/residence for homeless people with AIDS/HIV, a collaborative effort led by Alan Wanzenberg and the late Jed Johnson, is defiantly innovative.



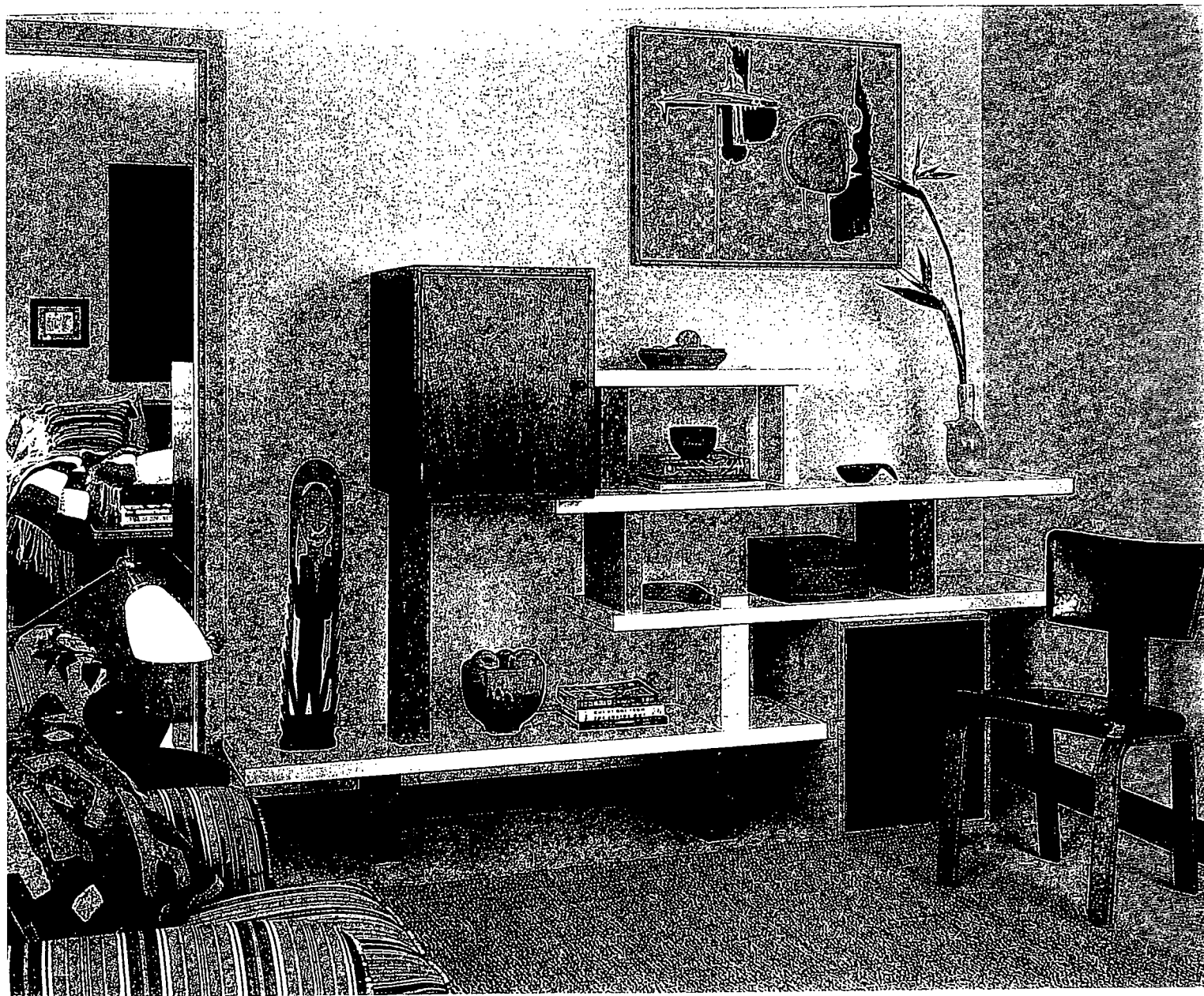
THOREAU WOULD BE PROUD. The Ninth Street Day Treatment Center and Residence in Manhattan's East Village for homeless people living with AIDS and HIV, as architect Alan Wanzenberg points out, belies reality. From overcoming political and financial obstacles to offering an unconventional combination of services and emphasizing the value of design, the creators of the Ninth Street project have upped the ante for institutional facilities of all stripes.

That's the good news. The bad news is that, as the magazine goes to press, the building is complete but unoccupied, thanks to a bureaucratic blockade at the NYC Department of Human Resources' Division of AIDS Services. Housing Works, New York's largest nonprofit provider of housing and social services for homeless individuals with AIDS and HIV, must secure a contract with the division before it can operate under its new roof. Despite the fact that the building was funded—and thus officially blessed—by federal, state, and city agencies, its 36 efficiency apartments stand empty.

Once this last of many hard-earned victories is won, the brand new six-story, 33,460-sq.-ft. building on the corner of Avenue D faces a big question: will it work? Avoiding the antiseptic look, feel, and programmatic structure of a typical institutional facility, Ninth Street aims to prove that design matters. "We wanted to design a place where people would want to live," says project architect Scott Cornelius, "not a last resort."

The signs look promising. The building's red brick cladding and terra-cotta ornament resemble that of other structures in the area, making it an integral part of the neighborhood, not an appendage. Its light-filled atrium lobby has the grandness of scale usually associated with upscale buildings. Clear sight lines throughout the building work double duty; sliding glass doors between the dining room and smoking lounge, for example, both provide a sense of community spirit and ensure that the staff can supervise and secure the premises.





Similarly, the organization of functions works to mediate between the building's diverse programs. The first two floors contain public spaces including dining room, job training, sun porches, doctor/exam rooms, waiting areas, physical therapy, and offices. The residential portion of the project is located on the third through fifth floors; each has a lounge to generate community spirit and a laundry room to encourage independence. In their design and furnishings, the apartments received the kind of care from which developers of market-rate housing might learn. Each Housing Works apartment, for example, is outfitted with custom-designed modular storage units with black, cobalt, or mustard-colored finishes that are durable but lightweight so that they can be

rearranged by residents. Unlike the pinks and blues of 1980s institutional design, a palette of earth tones is employed throughout the building.

The project, from fund-raising through construction and outfitting, was completed despite the vagaries of the system because, as Housing Works co-executive director Keith Cylar sees it, "a collective community of people rose to the occasion." (Along with Cylar, founding members of Housing Works include Eric Sawyer, Charles King and Jinny Shubert.) Architect Alan Wanzenberg of Alan Wanzenberg Architect P.C. and interior designer Jed Johnson of Jed Johnson Associates, who was killed in the crash of TWA Flight 800 last year, committed their time and energy to the project from its inception in →

Opposite, above: Views of the light-filled atrium lobby and common areas supply ample evidence of the designers' concern for building a sense of community through thoughtful design.

Above and opposite below: Custom modular storage units, vintage decorative objects and artworks conspire to impart a decidedly noninstitutional ambience in the center's apartments.

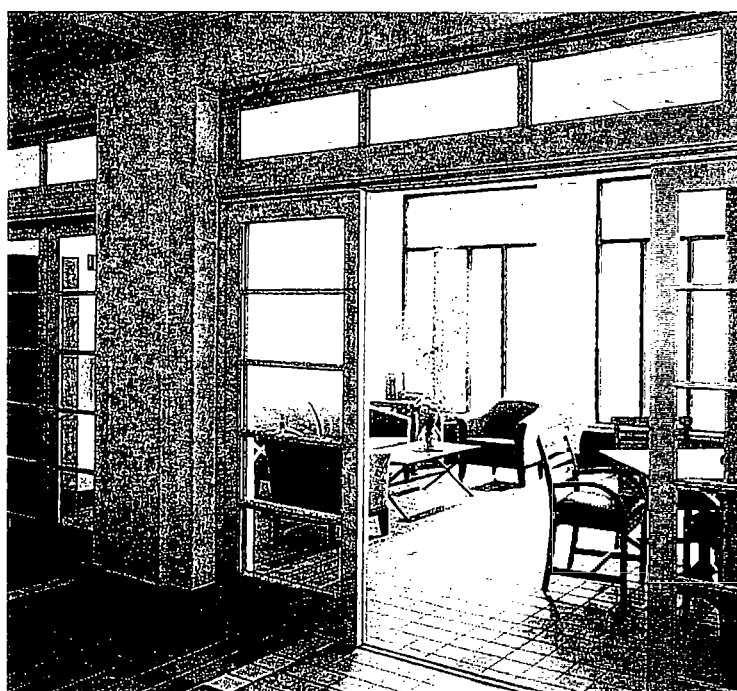
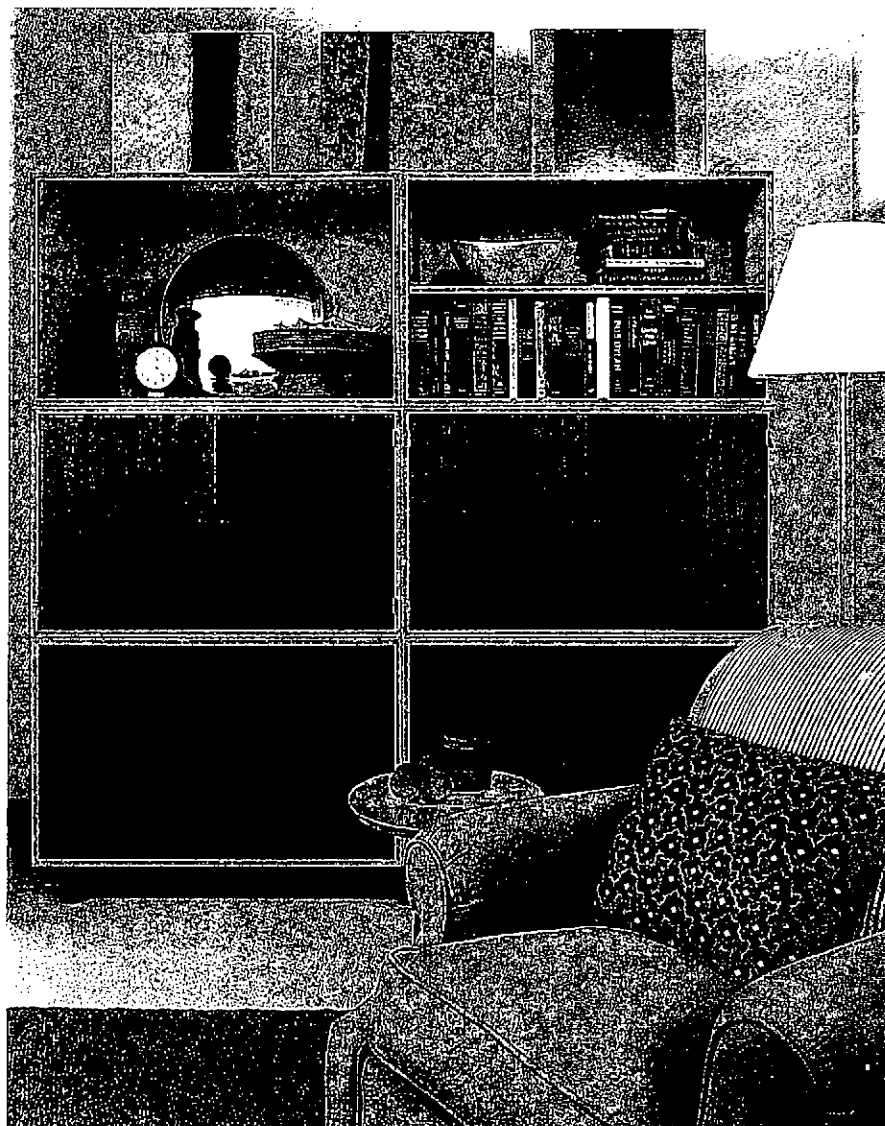
PHOTOGRAPHY: JOHN M. HALL

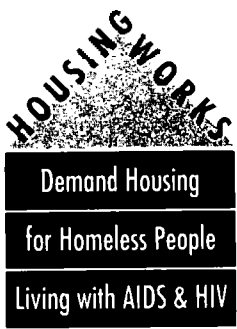
1990. Their team included project architect Scott Cornelius, Susan Cummings, Buzz Kelly, Mark Glen, Don Canillo, and Peter Brotherton, among others. Both firms worked, in part, on a pro bono basis. Others who gave their time, lowered fees, or in a variety of ways, went beyond the norm, include Procida Construction, Frank DeBono Construction, Peace Valley Tile, Edwina von Gal, Roger Miller Gardens, Town & Gardens, and Greg Yale Landscaping Illumination.

Housing Works' ongoing "Furnish a Dream" fund-raising campaign to furnish Ninth Street has, to date, resulted in donations totaling \$426,321, a portion of which is earmarked for the Jed Johnson Memorial Fund for ongoing maintenance. The list of companies that donated goods and services, nearly all secured by Lonni Tanner of the Robin Hood Foundation, includes Crate & Barrel, Workbench, Artemide, Italiana Luce, Elizabeth Eakins, Steelcase, Souveran Fabrics, Smith & Hawken, and many others. (To make a donation, contact Lorri Bein at Housing Works, (212) 645-8111, ext. 155.)

Built in "a spirit of idealism," says Wanzenberg, Ninth Street is the exception. If it proves to be a success, it should become the rule. —AB

Right and below: A consortium of concerned individuals and companies donated time, money and goods to create this most atypical facility.





HOUSING WORKS, INC.

A BRIEF OVERVIEW

Housing Works, Inc.

594 Broadway
Suite 700
New York, NY 10012

Phone 212 966-0466
Fax 212 966-0869
www.housingworks.org
hworks@dti.net

HOUSING WORKS'

mission & history

Housing Works is a minority-controlled, community-based, not-for-profit corporation providing housing, health care, advocacy, job training, and vital supportive services to homeless New Yorkers living with HIV and AIDS. When Housing Works was founded nearly a decade ago, there were fewer than 350 units of supportive housing for the estimated 38,000 homeless people with AIDS and HIV who were living in New York City. AIDS was fast becoming a primary cause of homelessness in the United States. Thousands lived on the streets or in dangerous, squalid, and disease-ridden shelters, with no access to health care or social services. A woeful lack of effective HIV prevention/education programs—as well as an increasingly high incidence of intravenous drug use and survival sex, both as a cause of and a response to homelessness—led to tragically predictable and dramatic increases in HIV-infection among the city's homeless. Housing Works was founded in June 1990 as an outgrowth of the Housing Committee of the AIDS Coalition to Unleash Power (ACT UP), to address the burgeoning crises of homelessness and AIDS, and to restore the fundamental human rights of homeless people with AIDS and HIV through innovative advocacy and direct service programs.

Today, Housing Works is the nation's largest minority-controlled, community-based provider of housing, health care, advocacy, job training, and vital supportive services for homeless people living with AIDS/HIV. Our mission is to reach the most vulnerable and under served among those affected by the AIDS epidemic in New York City—primarily homeless persons of color whose positive HIV diagnoses are complicated by a history of chronic mental illness and/or chemical dependence—and provide them with a comprehensive range of services designed to help them gain stability, independence, and dignity. At the heart of our mission is our commitment to advocating for the systemic changes necessary in public attitudes, policies and laws to ensure that AIDS and public health policies at all levels of government are both sound in concept and equitable in administration.

Over the past decade, we have housed over 2,500 individuals and provided one-time or ongoing services for an additional 5,000, attracted nationwide recognition as a leading advocate for the rights of our constituency, and become a pioneer in the nonprofit trend toward social entrepreneurship. Housing Works is dedicated to developing and refining a self-sustaining model of housing, serving, and advocating for homeless people with AIDS and HIV—and remains firmly devoted to ending the twin crises of homelessness and AIDS.

THE PEOPLE SERVED BY *housing works*

The AIDS epidemic has been a tragic part of New York City life for nearly two decades. During this time, much has been made of the "changing face of AIDS," a phrase that is often used to describe a perceived shift from the white, gay, male profile to racial minorities and intravenous drug users. In fact, the latter groups have always been disproportionately represented among the total population of people living with HIV and AIDS, but they were relatively invisible among the leaders and clients of the first generation of AIDS service and advocacy organizations.

There are an estimated 120,000 homeless persons in New York City and conservative estimates indicate that at least 30% may have HIV or AIDS. Health providers warn that the remaining homeless population is at "extreme risk" of HIV infection due to the high incidence of survival sex and injection drug use, both as a cause of and a response to homelessness.

Housing Works is often an agency of last resort, providing housing and supportive services to New Yorkers traditionally deemed "hardest to serve." In addition to living with HIV, the vast majority of our clients have extended histories of chronic homelessness, mental illness, and/or chemical dependence. Currently, more than half of Housing Works' clients are African American (including those from the Caribbean), approximately one-third are Latino/a, another nine percent are white, and the remainder are other ethnicities. Women constitute more than one-third of the clients. An estimated one-third of Housing Works' clients identify as lesbian, gay, bisexual, or transgender. At least 50% of our clients have dependent children. Eighty percent of our clients have histories of chemical dependence or are actively chemically dependent; 40% are chronically mentally ill; and more than half have been incarcerated. As might be expected, many clients have experienced violence, including sexual and physical abuse, as a regular part of their lives.

Our agency demographics not only reflect the demographic profile of populations hardest hit by the twin crises of homelessness and AIDS, but also those populations traditionally deemed "hardest to serve." These figures also clearly illustrate the extent to which Housing Works is succeeding in reaching and empowering the most marginalized and disenfranchised among those affected by the AIDS epidemic.

COMMUNITY INVOLVEMENT & *governance*

Housing Works currently has approximately 250 full-time employees, 15 part-time employees, and an average of 150-200 volunteers per month. Our staff is roughly one-third African-American, one-third Latino/a and one-third white; 48 percent of the staff are women and over half identify as lesbian, gay, bisexual, or transgender. An estimated 40% openly identify as being HIV positive. Since Housing Works is actively committed to hiring graduates of its *Second Life Job Training Program*, nearly 35% of its staff are former clients.

Housing Works promotes community involvement in agency programs and policies by constituting itself as a membership organization comprised of clients, staff and volunteers. Clients participate in program-specific and agency-wide advisory bodies as well as in all our advocacy efforts, and one-third of the seats on the Board of Directors are reserved for clients.

Housing Works' Board of Directors currently consists of seven client representatives elected annually by the client membership, two volunteer representatives elected annually by the volunteer membership, one staff representative elected annually by the staff membership, and six outside directors nominated by the Board as a whole and ratified annually by the entire Housing Works' membership. As a matter of policy, the Board is fully integrated by race, gender, serostatus, and sexual orientation: 60 percent of Board members are racial minorities; 43 percent are women; 46 percent identify as living with HIV or AIDS; and 33 percent identify as lesbian, gay, bisexual or transgender.

HOUSING WORKS'

core programs

Housing Works has designed a comprehensive range of services to address the complex, multiple, needs of our clients. Rather than impose onerous preconditions for receiving services, such as complete abstinence from substance use, we offer low-threshold access to our programs. By meeting clients "where they're at" and working with them to set their own goals, we engage and retain people who have been rejected by more "mainstream" service providers.

From its inception, Housing Works has maintained that supportive housing is not a reward for "good behavior" but a prerequisite to coping with such debilitating conditions as chemical dependence, mental illness, homelessness, and HIV-infection. Indeed, our experience has demonstrated that when appropriate, supportive housing is supplemented with case management, close medical monitoring, mental health counseling, and other services, most people living with HIV and AIDS can be assisted to live independently, and with dignity, in their communities.

All Housing Works programs have bilingual (English/Spanish) staff available for clients. We also have two full-time staff members as well as one peer educator fluent in American Sign Language (ASL). All facilities and services are fully accessible to people with disabilities. In addition, all case managers make regular home visits to clients, and all legal staff make home and hospital visits as needed.

Housing Works' core programs include:

- The ***Outreach Team*** provides individuals with HIV and AIDS who are homeless or at risk of becoming homeless with an initial assessment (triage) and emergency food, clothing, shelter, or crisis intervention when necessary.
- Our ***Intensive Community-Based Case Management Program*** provides thousands of individuals with HIV and AIDS who are homeless or at risk of becoming homeless with enrollment in Medicaid and other forms of public assistance; housing placement assistance; the development and implementation of a treatment plan; regular, ongoing monitoring; and referrals to the full range of day treatment and supportive services offered at Housing Works or through formal linkages with other providers, all of which serve to ensure a continuity of care for each client.
- The ***AIDS Adult Day Treatment Programs*** provide a full range of medical, clinical, and psychosocial HIV health services. Medical staff ensures access to the latest HIV treatments available and expert support to help clients comply with the complex regimens. Clinical staff provides individual and group counseling, psycho-educational support groups, and structured daily activities, including creative arts therapy groups, nutritious, on-site meals, group outings, and recreational activities which help clients to rebuild their self-esteem and ability to participate actively in a safe, healing community while they stabilize their overall health. Housing Works' ADTPs, which are open seven days a week, are located on West 13th Street in Greenwich Village, at East 9th Street on the Lower East Side, and on Pitkin Avenue in East New York, Brooklyn. The East 9th Street and East New York facilities are co-located with ***congregate residences*** which provide a total of 68 units of state-of-the-art supportive housing. The East 9th Street facility has been designated as a "Special Project of National Significance" by the US Department of Housing and Urban Development.
- The ***On-Site Primary Care Clinic*** operates through a formal linkage with Bellevue Hospital Center and provides diagnostic services and primary and gynecological care (including full pap smear services) on a walk-in basis for clients at our main office in Lower Manhattan.
- The ***Deaf AIDS Services Project*** coordinates peer outreach, education, and related services for deaf and hard-of-hearing clients.

- Our ***Supportive Services Program*** offers low-threshold harm reduction programs including an in-house syringe exchange program; drug counseling and treatment readiness services; mental health assessments and referrals; and a wide range of psycho-social support groups.
- Graduates of our rigorous ***Second Life Job Training Program***, the nation's first job training and placement program for homeless people living with HIV, are guaranteed full-time employment at Housing Works or one of our entrepreneurial ventures (see *Community Enterprise Program* below). Nearly 35% of Housing Works full-time staff are graduates of our job training program.
- The ***Advocacy and Public Policy Program*** provides timely, sophisticated, and in-depth policy analyses and recommendations on issues concerning low income, poor, and homeless people living with AIDS/HIV, and other chronic, disabling illnesses, the long-term goal of which is to establish public health policies at all levels of government that are both sound in concept and equitable in administration. The ***Client Legal Services Unit*** provides on-site legal clinics at each of our physical sites to address landlord-tenant disputes, entitlement problems, and other legal issues, and to make referrals to appropriate counsel on criminal, family and immigration matters. Our legal services unit also pursues class action lawsuits representing more than 21,000 homeless, poor, and low-income people with AIDS and HIV.
- The ***Community Enterprise Program*** includes several entrepreneurial ventures which were created to meet two critical challenges facing most AIDS service and anti-poverty organizations: the need to generate unrestricted income for our social service programs and the need to create employment opportunities for clients who wish to enter or re-enter the workforce. The former priority has become particularly urgent given recent cuts in public spending, and the latter, given the mandates of both the federal welfare reform bill and New York State's workfare legislation. Housing Works' entrepreneurial ventures include three highly successful Thrift Shops in Chelsea, the Upper East Side, and the Upper West Side, an elegant Used Book Café in the historic Cast Iron District of SoHo, and a new institutional food catering business.

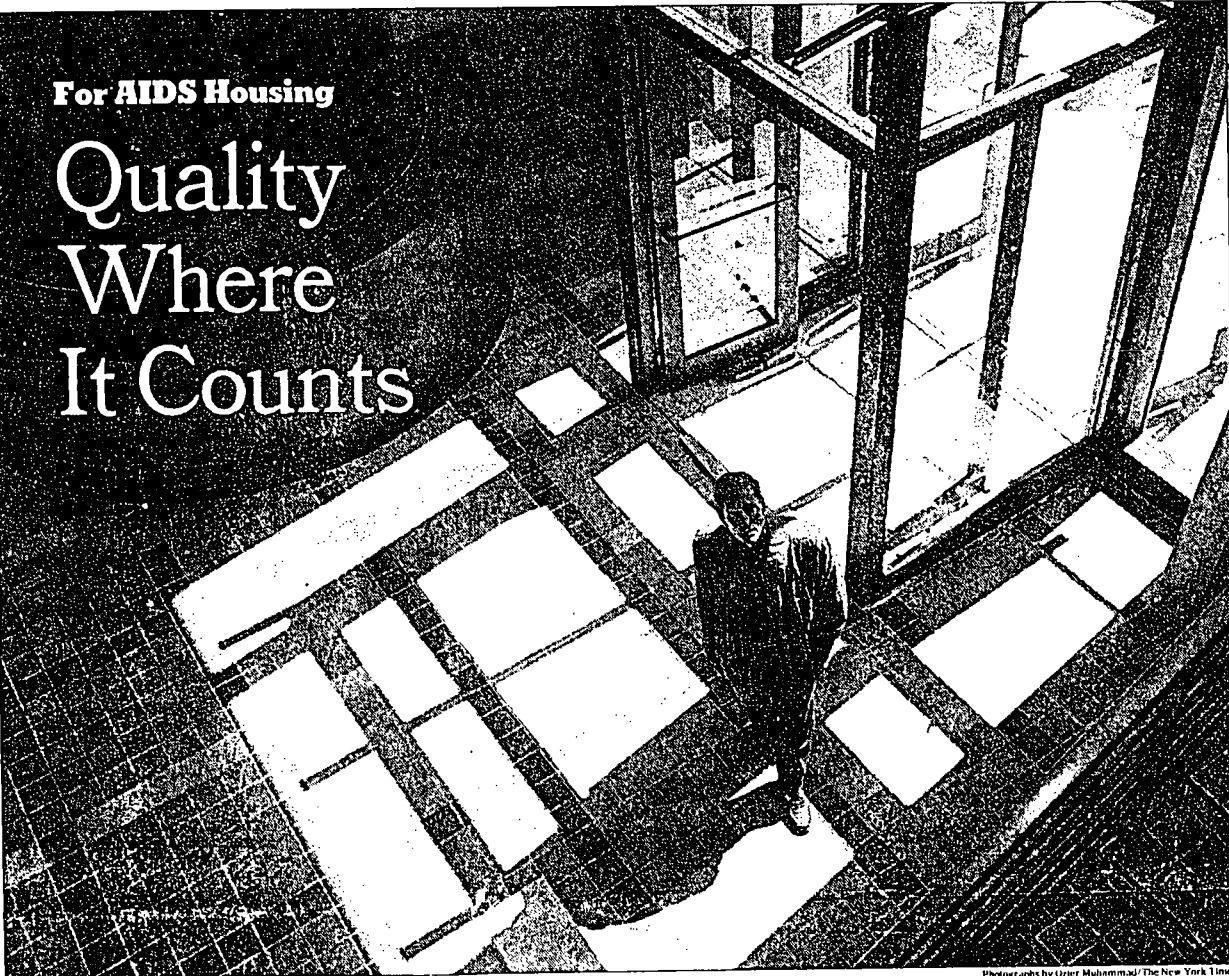
Home

SECTION

K C1

For AIDS Housing

Quality Where It Counts



Photographs by Uziar Muhammad/The New York Times

By JULIE V. IOVINE

IT was a typical scene in Alphabet City, on Ninth Street between Avenues C and D: squatters sat playing guitars on the steps of an abandoned tenement house, and some teen-agers with a ball headed off to a basketball court.

But Sterling Smith, 45, burst into tears as he surveyed the street from a new and unaccustomed vantage point — the window of a studio apartment that will soon be his.

Mr. Smith, who has AIDS and has been homeless since 1985, is now set to be the first resident of a housing experiment developed by Housing Works, the nonprofit organization serving the medical, psychological and housing needs of homeless people with AIDS.

The 400-square-foot studio is one of 36 in a recently completed six-story red brick structure at 741-749 East Ninth Street that is neither hospice nor nursing home but something new: a daytime treatment center with fully furnished efficiency apartments that offer round-the-clock supervision, along with medical care if necessary. It will be home to Housing Works clients who are not self-sufficient enough for the kind of "scattered site" independent apartments that the agency usually favors for the

At Housing Works Above, Alan Wanzenberg, the architect, in the East Village center. Below, Sterling Smith (right), a future resident, with Keith Cylar, an executive director.



people it serves. And considered almost as radical as the needle-exchange program that will be part of the treatment center's services on the first and second floors is Housing Works' determination to make these apartments homes of the highest standards.

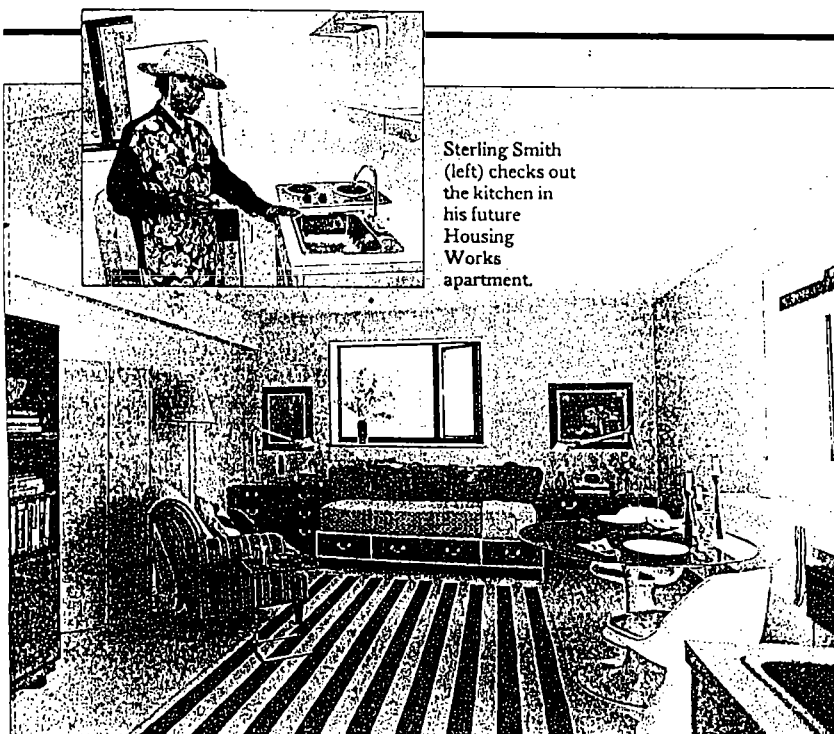
"It's taken seven years of battle waged against every level of government to see this project through," said Keith Cylar, an executive director of Housing Works, adding that he is all too aware that even including something as basic as private bathrooms for each unit "goes against the grain of what many in the world think homeless people deserve."

"This isn't going to be just a building but a statement of principle about every individual's right to dignity," Mr. Cylar said.

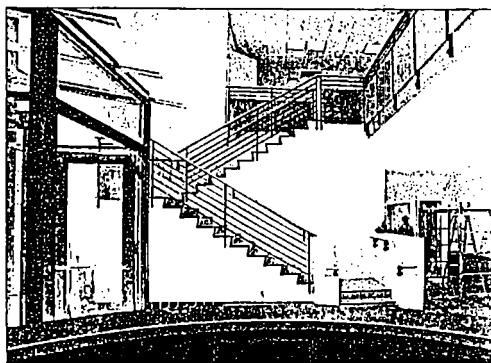
The architect is Alan Wanzenberg, of the New York firm of Johnson/Wanzenberg, whose usual clients are more likely to have several houses than to have none. His partner in the project, Jed Johnson, who died in the crash last July of Trans World Airlines Flight 800, designed the interiors.

"In the early 90's, when we first formulated plans for this building, the city's standards for shelters were a col-

Continued on Page C6



Sterling Smith (left) checks out the kitchen in his future Housing Works apartment.



Left, the lobby of the day-treatment center and residence has grace and some grandeur, not an institutional feel. Below, Smith & Hawken garden furniture warms a ground-floor lounge.



Photographs by Oscar Muhammad/The New York Times

Quality Where It Counts: Homes for AIDS Patients

Continued From Page C1

and a locker separated by three feet from the next cot and locker." Eric Sawyer, a founder and board member of Housing Works, said. "We developed with our clients a standard for quality that we ourselves would be comfortable living with."

A month of prodding by Loni Tanner, the director of special projects at the Robin Hood philanthropic foundation in New York, secured donations for each apartment, including microwaves from Samsung, lamps from Eihann Allen and comforters from Ralph Lauren. And Nautica provided 36 bathrobes.

The design community also rallied large companies to furnish the public spaces. Smith & Hawken contributed teak garden chairs, Brunswick & Fils, the fabric house, donated material to cover sofas and chairs, and both Steelcase and Crate and Barrel sent furniture.

Patrick McGovern, the chief operating officer of Housing Works, acknowledges that the emphasis on quality rather than quantity at a time of government cutbacks and the sweeping welfare reforms might look like a case of Cadillac services for too few people.

But he argues that the per-unit building cost of approximately \$128,000 (including land purchase) is within 15 percent of the norm for housing built on city land. And he says the difference is well worth it.

"If you maximize the number of units and take a warehousing approach, especially with people who are struggling with AIDS, and sometimes mental illness and substance abuse as well," he said, "a building becomes impossible to manage without inviting drug dealing, crime and other problems."

The \$55 million construction cost for both the day-treatment and residential parts of the center was pro-

vided by a mixture of Federal, city and state grants and New York State Dormitory Authority bonds.

The opening fund-raiser party is scheduled for Monday. Even though the units are now in move-in condition, occupancy is not expected until early June, largely because of delays in negotiations with the city's Division of AIDS Services, which must formally agree to a contract with Housing Works to provide residential services to the homeless.

Housing Works is also a little more

Homeless clients will soon be enjoying Lauren comforters.

than halfway through construction on a second center with apartments and day treatment on the corner of Pitkin and Fountain Avenues in Brooklyn, a joint project with the East New York Urban Youth Corps. As part of its mission to support people with AIDS, Housing Works is willing to house a segment of the population of AIDS patients that is routinely rejected by most other housing providers in the city — 50 percent of its clients are drug users. While people receiving the support of Housing Works are given every inducement to stop taking drugs, they are not expelled from the program if they have a relapse.

"Housing Works takes a cutting-edge approach to a most difficult and problematic sub-population," said Mary Brosnahan, the executive director of the Coalition for the Homeless. "Housing Works doesn't just look at the problem, it dives in. There's a lot riding on the success of

this project vis-a-vis the larger social contract."

Claire Haaga, the president of Housing and Services Inc., a nonprofit organization that helps communities provide low-cost housing with services, including homes for people with special needs, said: "We provide the most comfortable settings we can because we realize that esthetics make a difference. But if it is a question of limited resources, we would rather serve more people than less."

The difference between the building on East Ninth Street and most social-service institutions is evident from the entrance. A sun-filled, double-height atrium greets people entering the new 33,458-square-foot building. The tall windows on the front are gently angled in bays to make space for window seats with street views. The main staircase, with its black metal railing and green teak panels, is open and airy,

Not just a building; a statement about an 'individual's right to dignity.'

almost theatrical.

Scattered tiles of terra-cotta red, art-pottery green and beige are far removed from the Pepto-Bismol pink and post-modern turquoise palette favored by many institutions. The main reception desk is teak. A dining room, lounge, smoking room and patio garden fill one wing on the ground floor, and for the other wing, there are plans for a restaurant that would take food stamps. Rooms for treatments, meetings and consultations are on the second floor.

"A lot of people thought we'd fail by the wayside and never complete it," said Mr. Wanzenberg, the architect, who has spent seven years working on the building. "In a funny way, it was a trip to India that Jed and I took in '91 that gave us the determination to see it through. There's such staggering poverty in India, and at the same time such incredible humanity and grace. I'd rather be homeless there than here."

The designers had a lot to learn about the special considerations of accommodating people with AIDS. Rooms for initial interviews had to be placed as close to the entrance as possible, so that people who may have tuberculosis will be kept away from residents, for whom exposure could be fatal; each residential floor needed a room where family members could stay during the last stages of the disease.

For Mr. Wanzenberg, the learning curve was steep and sometimes circuitous. His initial impulse to stick to the muted palettes that characterize

many of his residential projects didn't seem quite right once he learned that many of the clients were men from Latin American countries, where bright colors are more the norm for interiors. But when he was gently reminded that the clients of Housing Works were patients first, some of them on 15 medications a day, he toned down his palette and his use of patterns.

Because aggressive security devices go against Housing Works philosophy, the design itself had to establish clear sightlines, so that staff members can keep an eye on clients and visitors without being too intrusive. "There will be no big boxes going out of here without being checked," Mr. Cylar said.

Throughout the building, furniture had to be as lightweight as possible, so that frail people would be able to move it about.

A room set aside only for eating would generally be considered an unthinkable luxury at other projects, where all the rooms tend to be multipurpose. But a separate dining room for residents as well as day patients, said Charles King, a Housing Works co-executive director, was a "necessary luxury, because people shouldn't have to share their meals in the same space where they have just spent time sharing their darkest fears and anxieties."

When Mr. Cylar of Housing Works took some of his clients to see their future homes, Mr. Smith went into his kitchenette and delivered an impulsive kiss to the mini-refrigerator. Another client, a woman who will soon be moving in, said she knew many others who hoped to have a chance to get one of these apartments.

"I've lived in 18 different places, and they all reminded me of jail," she said. "Here, it feels like life, not death."



Keith Cylar (center) of Housing Works leads a tour of apartments with two board members, Eric Sawyer (right) and Pamela Brier (background), and two future residents.

PRESS CLIPPINGS

SOCIAL ENTREPRENEURSHIP

House & Garden

DECEMBER 1995

SIMPLY MARVELOUS

english style

HOW TO BUY A PIANO



good will hunting

The three Housing Works thrift stores in Manhattan bill themselves as "the Salvation Armani." Troll their donated wares and you may surface with such catches as a Noguchi table, a Donghia sofa, or a Herman Miller chair. "Lately we've been getting a lot of Knoll and Thonet," says Bill Gover, director of the shops (212-366-0820), which benefit the eight year-old nonprofit agency that provides housing and other services for homeless New Yorkers living with HIV and AIDS. "Some decorators visit all three stores on a daily basis," Gover adds. The stores' windows, which change every two weeks, are designed to attract style-conscious shoppers. For the above display, Gover explains, "We made a point not to clean" the silver-plated tea set, to give the window a "perfectly old" feeling. Indeed, "perfectly old" are the very words to describe the Housing Works look. — JULIE GRAY

5 HOLIDAY TABLE SETTINGS

U.S. \$3.50
CANADA/
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NEW YORK'S

50 BEST

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Places
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Peace and
Quiet



NEW EDITION

Allan Ishac

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Housing Works Used Book Cafe

Address: 126 Crosby St.
bet. Houston and Prince Sts.
Phone: 334-3324

it's in bookstores like this one that literary New Yorkers are born: walls lined floor to ceiling with mahogany bookcases; tables piled high with tempting titles; stuffed chairs where you can read three chapters of a relished novel before deciding to buy it; a relaxed atmosphere where great writers can be lingered over, not rushed through. This antiquarian treasure in Soho carries unusual and out-of-print books, with a fine collection on art and drama. A balcony lined with more enticing tomes runs along both sides of the shop, giving it the feel of an old-fashioned bookstore, a browser's paradise, a comfy place where you can find Balzac's complete works tucked away on a high shelf. Wear a watch—you're in constant danger of losing entire afternoons here.

FOOD STUFF

Florence Fabricant

Read It And Eat It

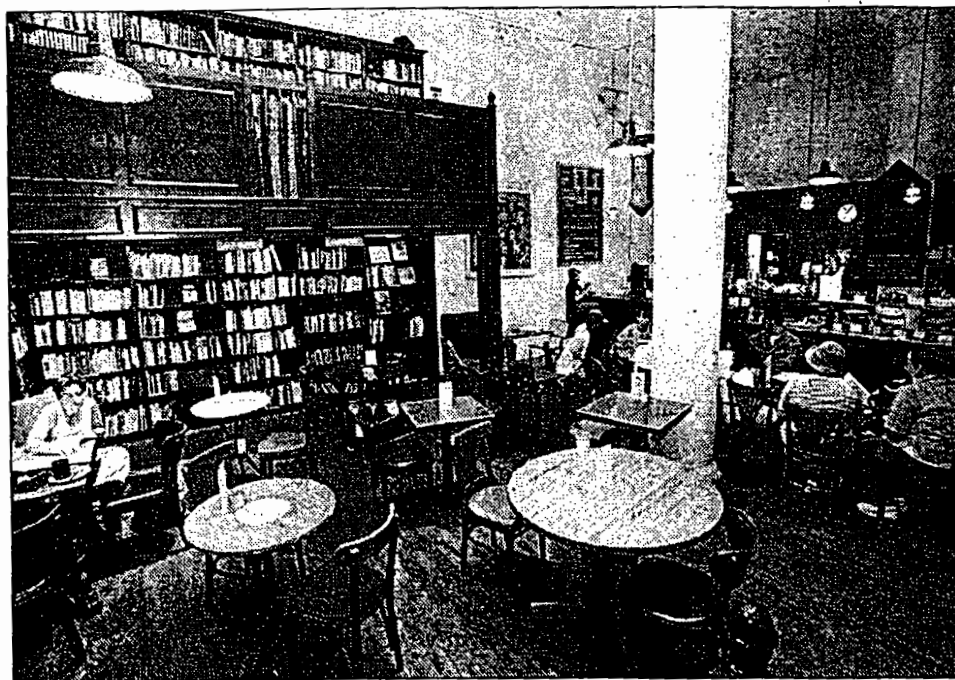
The creaky floors, overstuffed armchairs and dark woodwork give the Housing Works Used Books Cafe, 126 Crosby Street (Houston Street), the look of decades past. It's fitting enough, considering that the shelves lining the walls and balcony of this cool oasis are filled with old books for sale, including cookbooks.

Among the cookbooks, at least, you won't find rare collectibles here, but the cooking section sometimes yields treasures, like the complete Time-Life "Foods of the World" series that was published nearly 30 years ago, or both volumes of "Mastering the Art of French Cooking" (\$18 and in excellent condition), the book that put Julia Child on the map.

Though many of the cookbooks were published in the 1980's, I discovered a trip down memory lane with the 1960 "Great Restaurants of America" by Ted Patrick and Silas Spitzer, for \$3. It described some places, like La Maisonette in Cincinnati and Galatoire's in New Orleans, that are still going strong, but also fed the appetite for nostalgia with Luchow's, the Brussels and Le Pavillon in Manhattan.

The cookbook section is located behind the cafe, which serves light food, including soups like a fine gazpacho (\$2.75 or \$4.25), wrap sandwiches (\$5.95), excellent home-baked fruit tarts and pies (\$2.75 to \$4.25 a portion) and refreshing lemonade, iced tea, iced coffee and tart Jamaican sorrel (\$1.50).

Housing Works is the nonprofit organization that helps people with AIDS find living quarters. And as cozy as the cafe is in the cold of winter, on a hot and humid day it is comfortable as can be.



Ruby Washington/The New York Times

LIGHT FARE, LIGHT READING Soups and tarts at the Housing Works Used Books Cafe

Her work speaks volumes

By BILL BELL

Daily News Staff Writer

NANCY YOUNG STOOD behind the counter, up to her waist in unopened cartons of new, slightly used and really beat-up books, and there it was, that old funny familiar feeling.

"It's like buying Cracker Jacks," she said. "There's maybe a real neat prize inside, but you don't know what it is until you open the box."

She manages the Used Book Cafe, a nonprofit bookstore and cafe in SoHo, and, yes, sometimes, there really is a neat prize inside. One day, it was an autographed first edition of "1984," by George Orwell. Another day, a first edition of "Naked Lunch," signed by author William Burroughs.

These are big deals for bibliophiles. For ordinary booklovers, the treasures are a little less exotic and a lot less expensive. Paperback mysteries, celeb bios, current best sellers, sci-fi romances, westerns, literary criticism, art, history, music — in all, 45,000 volumes on two levels. Every volume donated and priced as low as \$1.

It's one of the city's most offbeat surprises, but beyond the books, says Young, is the cause.

All proceeds, about \$1,000 in sales a day, go to help homeless people with HIV and AIDS. "That's the part I love, knowing the money does good," says Young.

She organized her first block party last weekend, and the reaction from shoppers and browsers drew a sigh of relief. "Once a year is once enough," said Young. "It's like moving Barnes & Noble outside."

Used Book Cafe is part of Housing Works Inc., founded in New York eight years ago and now one of the city's largest AIDS service organizations. Its operations include a wide array of programs to help homeless, addicted and mentally ill people with HIV and AIDS, and three thrift shops.

"It was the thrift shops that made this possible," says Young. "They were getting so many books, Charles King [co-founder of Housing Works] said, 'Let's open a bookstore,' and here I am."

It was almost that simple.

Young, 30, who was born in Boston, came to New York about three years ago from Minneapolis, where she worked for a couple of years in a children's crisis nursery. She had majored in women's studies — "it seemed like a good idea at the time" — at the University of Minnesota and stayed in the state.

"But I wanted to come

to New York," she says. "Doesn't everybody?"

As a student, she had worked in bookstores, and when she came to New York, she landed a job at the Strand Book Store, where she specialized in self-help and health.

The job lasted three months.

"A consultant was helping set up the bookstore, and somebody told him about me," says Young. "We talked just long enough for me to say yes."

Her job covers everything from asking publishers to send new books — and they do, by the hundreds — to signing up volunteers and, in a pinch, helping customers find that special volume.

There also is a cafe in the back of the building, an old warehouse that Housing Works rents, and, in one corner, a sizable used-record department — donations of albums run from 20 to 100 boxes a day, and about 5,000 are on

display at all times.

Customers sometimes like the place so much they sign on as volunteers — Alysha Cohen, a TV editor at Disney, starting shopping there 18 months ago. She now volunteers at least four hours a week, sorting and shelving books.

When she left the Strand, Young hired Lee Peterson, a fellow employee and, now, her boyfriend, to handle the inventory. That means he gets first crack at opening most of the avalanche of boxes.

"I love it," he says. "It's like Christmas every day."

Bound for Glory



Among the new and slightly used, best sellers and forgotten potboilers are some rare, offbeat and expensive gems:

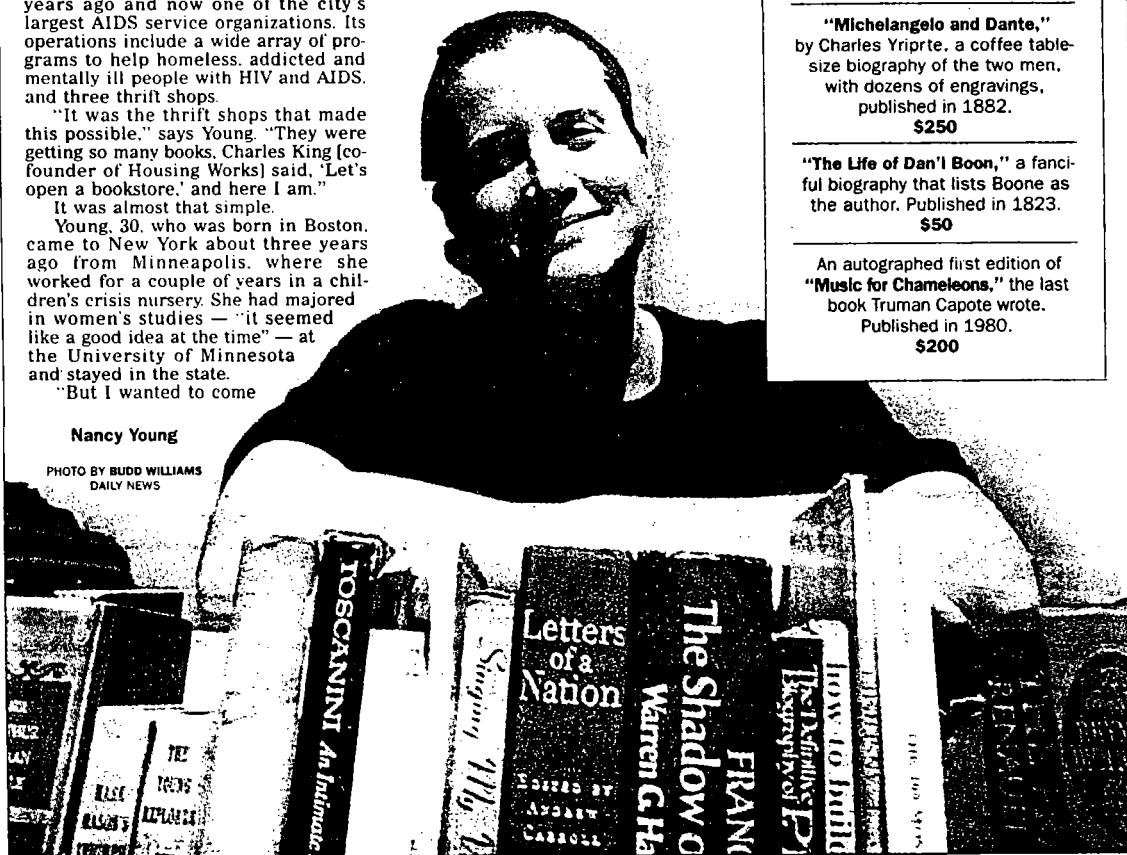
"The Fun of It," by aviatrix Amelia Earhart, published in 1932, five years before she vanished on an around-the-world flight. Comes with a small phonograph record of her tips on flying. Price: \$350

A bound volume of Century Magazine issues for 1884 and 1885 containing the first appearance of Huckleberry Finn by Mark Twain, in serial form. \$100

"Michelangelo and Dante," by Charles Yriprte, a coffee table-size biography of the two men, with dozens of engravings, published in 1882. \$250

"The Life of Dan'l Boone," a fanciful biography that lists Boone as the author. Published in 1823. \$50

An autographed first edition of "Music for Chameleons," the last book Truman Capote wrote. Published in 1980. \$200



Nancy Young

PHOTO BY BUDD WILLIAMS
DAILY NEWS

Br'ng'ng good food to H V hoie less

Nonprofit Housing Works plans to serve from its kitchens, may open restaurant

BY MARILYN ALVA

Based on the notion that food for the sick or dying should taste like a meal out of the *Silver Palette Cookbook*, an organization that serves homeless people with HIV and AIDS is going into the institutional food service business in New York. It even wants to open a restaurant.

"What can be more depressing than being sick and having a miserable meal put in front of you?" says Joseph Fontecchio, owner of the Food Bar Restaurant in Manhattan. "I'd like to redress that."

He's one of two New York restaurateurs on the board of Housing Works Food Services Inc., a newly created arm of the nonprofit social service agency Housing Works Inc. The other is veteran restaurateur Peter Aschkennasy.

Recipes will take into consideration clients' dietary needs, cultural backgrounds

The initial plan is to serve, from its own commercial kitchens, freshly prepared foods high in nutritional value and taste to clients with compromised immune systems at its three service centers in New York City. The group's bookstore/cafe in SoHo will also be a customer. Second-stage plans include a restaurant.

Sophisticated operation

Should institutional food service companies be worried? Well, perhaps. In its six years of operation, Housing Works has shown itself to be business-savvy and stylishly sophisticated in its mission to house and treat a segment of New York's population that most have given up on.

Its three thrift shops, crammed with Calvin Klein and Donna Karan castoffs, along with the bookstore/cafe, grossed some \$4 million last year. Net profit was \$1.6 million.

For a supportive-housing and treatment center recently opened for HIV homeless in the East Village, it secured the services of well-known upscale architectural and design firm Johnson/Wanzenberg. Donations of furniture, fabrics, appliances and gym equipment arrived from the likes of Ethan Allen, Ralph Lauren, Samsung, Smith & Hoken, and Crate and Barrel. The end result: studio apartments and public spaces worthy of a spread in *House Beautiful*. Imagine what Housing Works can do with a restaurant, muse onlookers.

"We're very entrepreneurial in how we sustain ourselves," says

rector Charles King, a former Baptist minister and a Yale Law School graduate. The food service business, states Mr. King, "will be our fifth money-making business to launch."

The group already has a name and a location for its planned restaurant. It hopes to set up Bernie's Place, a diner-style eatery, in a 2,000-square-foot ground floor space just steps away from the commercial kitchen at the new East Village apartments.

Some believe the location at East

Ninth Street near Avenue D, exotic to many Manhattanites, may work to attract the curious affluent, as well as low-income neighbors. Food stamps may be accepted.

Staffing up

Messrs. Fontecchio and Aschkennasy have been working on menu ideas and have recently hired a director and executive chef for the food service program. Staff will include a number of graduates of Housing Works' job training program, one of the stipulations of a \$1 million federal grant.

"It's a little more daunting than I

thought," says Mr. Fontecchio of the project. The menu, he says, is just one challenge. Recipes will take into consideration not only clients' dietary needs but cultural backgrounds—80% are black and Hispanic and from poor urban backgrounds. "Tofu? It's not going to happen," he says.

Besides the restaurant, Housing Works wants to eventually land corporate dining and catering clients as well as food service accounts from other supportive-housing centers and nursing homes. Perhaps even a hospital, ventures Mr. King. "Marriott, look out," he whoops. ■

PRESS CLIPPINGS

LEGAL ADVOCACY

New York Law Journal

Tuesday, December 15, 1998

NEW YORK Freedom of Information Law

City Loses Bid to Dismiss FOIL Petition by Housing Works

PETITIONER HOUSING Works sought to compel the Mayor's office to provide it with documents requested under the Freedom of Information Law. One report concerned housing people with AIDS at single-room-occupancy hotels. City moved to dismiss on the ground that petitioner had not exhausted its administrative remedies, as it directed its final appeal letter to the wrong person. Noting that the City had kept petitioner waiting for more than nine months for a response and that the letter requested re-routing to the correct person if need be, the court denied dismissal.

★ *Matter of Housing Works Inc. v. Giuliani, Supreme Court, 1A Part 25, Justice DeGrasse (p. 26, col. 4). QDS:22700563.*

December 3, 1998
The New York Times
Editorial

City Hall, Behind Barricades

In an age when terrorists are on the loose, Mayor Rudolph Giuliani has every right to be concerned about protecting New York's City Hall from attack. The bombings of the World Trade Center and the Federal building in Oklahoma City and the spraying of bullets around the Capitol in Washington are ample proof of the threat. But there is always a danger that the concrete barricades and police blockades now surrounding City Hall to thwart terrorists will stifle dissent and frustrate public access to the nerve center of government. Security is an issue that calls for an exquisite balance of competing values, and full public discussion of the reasons for it. The Mayor and the City Council need to think these through.

Over the past year, protesters have lost their traditional right to hold press conferences on the City Hall steps. Casual visitors are barred from walking on the premises, and police now shoo even City Council members away from the front porch that always served as an informal meeting place for the politicians, advocates, journalists and dissidents who make up the city's political community.

Mayor Giuliani says the restrictions are necessary because of security concerns connected to an upcoming terrorist trial. He has a duty to state more clearly the nature of the threat. Mr. Giuliani's critics, meanwhile, attribute the new controls to his aversion to dissent and even minimal amounts of disorder.

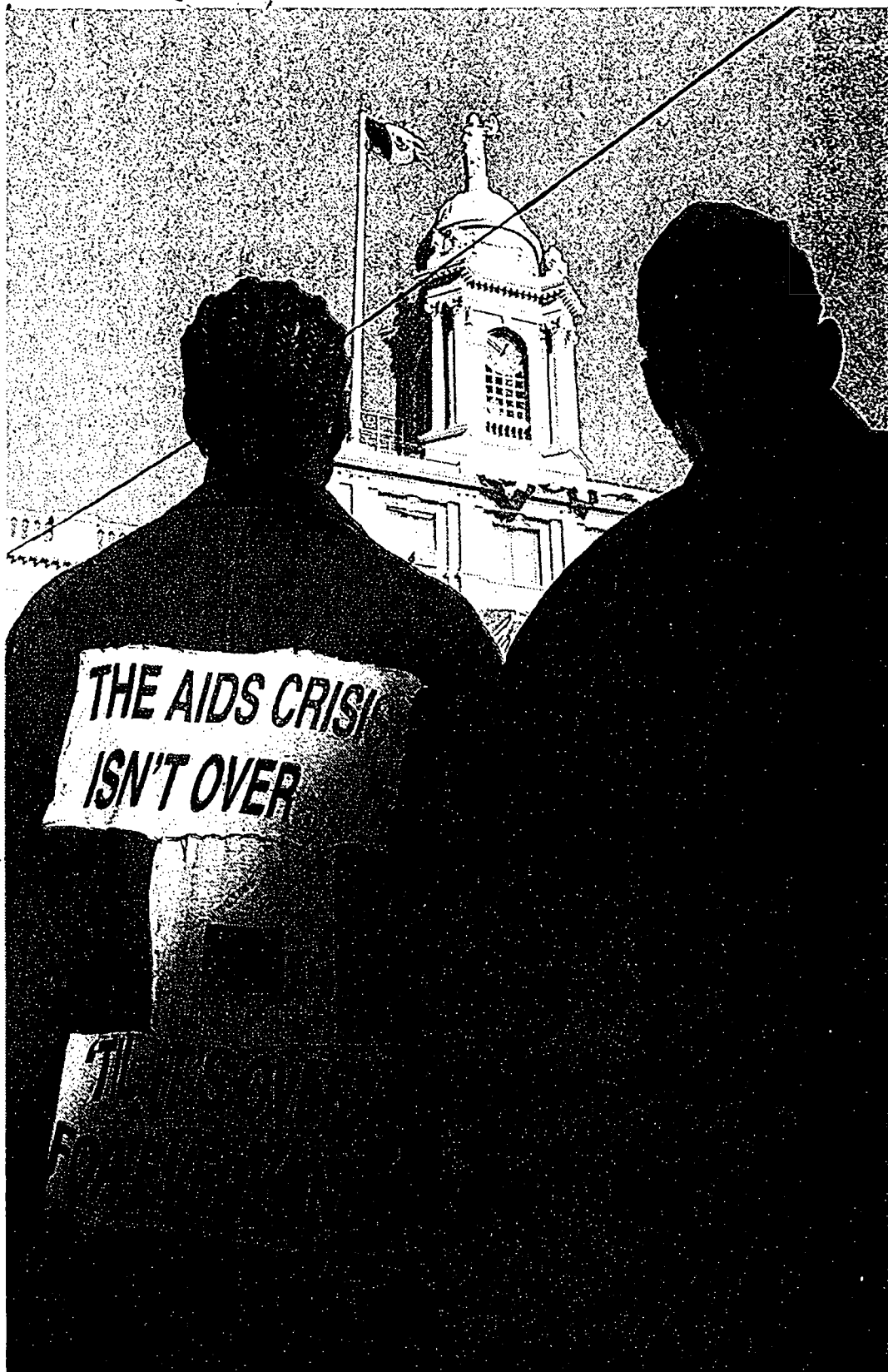
The danger that security measures can repress dissent was seen in the administration's handling of a press conference by an AIDS service organization this week. Members of the group, Housing Works, won a court order giving them the right to hold a public event in the City Hall parking lot. The demonstrators, who numbered less than 200, were sent through outdoor metal detectors. Their spokesmen were then corralled into a small pen surrounded by barriers, separated from their hundred-odd supporters. The media were herded into another pen. Inspectors from the Department of Environmental Protection bearing noise meters monitored a read-

ing of the names of people who had died from AIDS, to make sure the roll call of victims was not exceeding official decibel limits. A reporter who attempted to watch the activity from the City Hall porch was ordered to go inside by officers who asserted that there was a danger the demonstrators might rush the building.

The City Council needs to take a serious look at the entire set of policies that has cut City Hall off from the public. Mr. Giuliani and his Police Commissioner seem to regard use of the City Hall steps and porch as a potential threat. Yet they apparently felt it was safe to allow thousands of people to come to the City Hall grounds for rallies on behalf of the Yankees and John Glenn. The police have now been given the discretion to decide which visitors have a good reason for entering City Hall, but they have no formal guidelines for making those judgments.

Council Speaker Peter Vallone met with the Mayor yesterday and appeared to believe that Mr. Giuliani was willing to compromise, allow more public access and reduce the repressive atmosphere around the building. But later Mr. Giuliani said he had agreed only to permit tour groups for a limited number of set hours. The Mayor compared his precautions to those taken to protect the Capitol in Washington, which has been the scene of many violent incidents. But the public is in fact welcome in the Capitol. Like City Hall, it is guarded by police who require all visitors to pass through metal detectors. But Congress, in its attempts to balance security with the public's right of access, has declined to impose further restrictions.

Nobody wants to risk vetoing a precaution that might turn out to be crucial in averting violence. But Mr. Giuliani must show the city that his actions are based on more than a conviction that he knows better than anyone how to handle public safety issues. Fear cannot be the single factor that determines how the business of the city is conducted, and if extraordinarily tight security is warranted, the reason can be explained to the public without compromising police intelligence sources.



Chester Higgins Jr./The New York Times

World AIDS Day Protest at City Hall

Nearly 200 people marked World AIDS Day yesterday by converging on City Hall, where they were met by police officers on foot and motorcycles and corralled behind steel barricades, as a helicopter whirled overhead. Page B12.

Court Allows Limited Rally At City Hall

Protesters May Assemble In Plaza but Not on Steps

By DAN BARRY

A Federal appeals court arrived at a Solomonic solution yesterday in a legal challenge to the Giuliani administration's virtual shutdown of public access to City Hall, ruling that hundreds of demonstrators could hold a rally today in the parking area in front of City Hall but could not set foot on the building's 11 steps.

The decision, by a three-judge panel of the United States Court of Appeals for the Second Circuit in Manhattan, left both sides publicly declaring partial victory and privately acknowledging the debate's odd conclusion.

City officials said that the panel had largely ruled in their favor by reversing several aspects of a decision last week by a District Court judge, and by not impinging on their right to assess the security needs for City Hall. "They can come in the plaza but not go on the steps," Michael Hess, the city's corporation counsel, said. "And that's a major victory for the city."

But spokesmen for Housing Works, an AIDS service organization that had sued the city over access to City Hall, said that by winning the right to step beyond the concrete barriers that surround the building, they had won. "Our whole point was to be at City Hall to make this statement," Charles King, the group's co-director, said. "If I'm standing one step in front of the steps, I'm going to consider this a victory."

In its ruling, the court left unanswered its reasons for barring the demonstrators from City Hall's steps, which for many years have served as the city's equivalent to London's Hyde Park, a place for news conferences, general rants and the unimpeded expression of free speech.

Norman Siegel, the director of the New York Civil Liberties Union, which had argued the case for Housing Works, said he was disappointed with that part of the ruling, but vowed that "we will vigorously challenge the constitutionality of the city's position on another day."

Mr. Siegel and representatives from Housing Works met yesterday with city and police officials to work out the details for the rally, which will begin with a parade down Broadway from Houston Street, and end with a news conference in the parking area, which is called City Hall Plaza. It marks the first event staged in front of City Hall by anyone other than the city since mid-August, when the Police Department launched Operation Bravo, a plan to tighten security in lower Manhattan to thwart possible terrorist attacks.

The most noticeable manifestation of Operation Bravo is at City Hall, which in symbol and reality represents open government in the city. The police have surrounded the property with concrete barriers and are blocking entrances to the parking area with squad cars. Only those who can prove that they have business inside City Hall are allowed past the barricades. Tourists and the merely curious are no longer permitted inside to admire the building's architecture and collection of historic artifacts. News conferences and other gatherings are also banned from the steps.

Mayor Rudolph W. Giuliani and Police Commissioner Howard Safir have justified the extraordinary security measures in part

Continued on Page B6

Court Approves a Limited Rally at City Hall

Continued From Page B1

by pointing out that three suspected terrorists awaiting trial are being detained in a Federal jail in lower Manhattan, just a few blocks from City Hall. But critics complain that the trial may not take place for many months, meaning that City Hall will remain effectively closed indefinitely. In addition, they say that security at the building is much tighter than at most other public buildings, including the Federal courthouse where the suspects will be tried.

Questions of selective enforcement were raised in late October, when Mayor Giuliani held a parade for the New York Yankees that culminated with a ceremony, attended by more than 5,000 people, on the steps of City Hall. Housing Works quickly told the city that it was planning its own parade to commemorate World AIDS Day on Dec. 1 that would also end on City Hall's steps; it said it planned to compare the Mayor's enthusiasm for the Yankees with his lack of support for people with AIDS.

"What we were trying to do was mimic exactly the ceremonial treatment that professional athletes receive from the Mayor," Mr. King said. "If the Mayor is going to show professional athletes with these kinds of accolades and honors, then we thought it was proper to bring the

names of 70,000 people who died of AIDS to the steps of City Hall, where heroes have traditionally and ceremonially been honored."

Early last month, the city notified Housing Works that it would be denied access to City Hall. The next business day, police and city officials put together written guidelines for City Hall security that justified the city's use of the property for certain

Was a forum sealed off for security or to stifle dissent?

extraordinary events, including celebrations of military triumphs, local sports teams and space exploration.

A week later, on Nov. 16, Mayor Giuliani held another parade — this one to honor Senator John Glenn and his colleagues on the recent space shuttle mission — that, once again, concluded with a ceremony with several thousand people on City Hall's steps. Housing Works immediately sued the city.

Last week, Judge Harold Baer Jr. of Federal District Court in Manhattan agreed with Housing Works that

the security measures at City Hall seemed selectively applied, and were so broad that they stifled free speech. He ordered the city to grant the organization access to both the steps and the plaza, a decision that the city immediately appealed.

Yesterday, the appeals panel — of Justices Jon O. Newman, Pierre N. Leval and Fred I. Parker — emphasized that it was focusing on this single case and was not ruling on the constitutionality or legitimacy of the city's security procedures. It found fault with Judge Baer's ruling on several counts, saying at one point that he "erred in assessing the weight of the city's interest in protecting the security of City Hall."

In ruling that Housing Works could have access to the plaza, the appeals court concluded: "Nothing contained in this order shall be construed to limit the authority of the city to exercise such crowd control as it deems appropriate, including the imposition of reasonable limitations on the size of the crowd and its proximity to City Hall."

How the city exercises security measures will be determined shortly after noon today, when Housing Works is expected to bring about 550 people to the barriers around City Hall.

DO NOT FORGET THE NEEDIEST!

Housing Works Sues Mayor Over Exploitation Of PWA's

Housing Works, the AIDS housing agency, continuing its campaign to get the Giuliani administration to comply with laws protecting people with AIDS, filed suit against the Mayor over his "refusal to release information regarding conditions in the commercial SRO's used to warehouse people living with HIV and AIDS." Housing Works publicized a leaked copy of a Mayoral report on squalid conditions in SRO hotels being used as housing for PWA's. The suit seeks "materials related to the report that provide further documentation of illegal activity by both City employees and hotel management that put people with AIDS at risk of harm."

Brooklyn Legal Aid Forces City to Obey Law

With a lawsuit looming from the South Brooklyn Legal Services HIV Project, the New York Human Resources Administration (HRA) has agreed to inform welfare recipients living with HIV-related illnesses that they are now

eligible for additional life-saving benefits and services provided by the Division of AIDS Services and Income Support (DASIS). Welfare recipients became eligible for such benefits in July, 1997 when the Mayor signed the local law 49, an oversight bill sponsored by City Councilmembers Tom Duane (Chelsea) and Steve DiBrienza (Park Slope). Despite the fact that HRA was aware as of last July that 3,500 welfare clients were eligible, the City had failed to alert them of the availability of the assistance. One city, one standard...

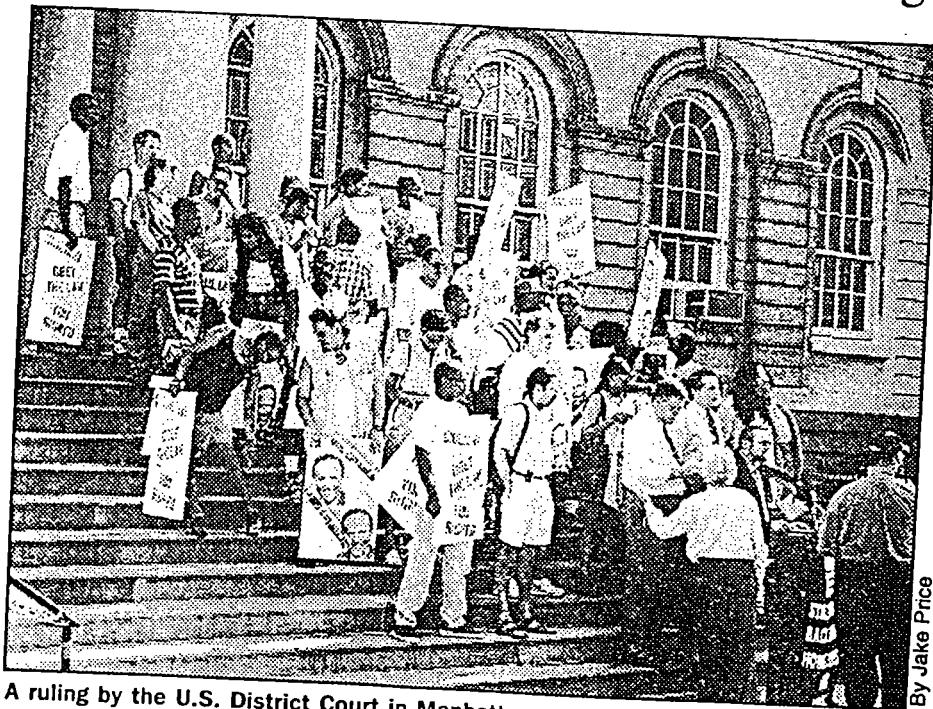
Federal court rules that group can fight City Hall

Housing Works wins right to demonstrate on steps of building

BY CHRISTINE DINSMORE

A federal judge in Manhattan ruled on Monday that people can, in fact, fight City Hall — even if that fight is on the City Hall steps.

United States District Court Judge Harold Baer ruled that New York City's policy of banning large demonstrations in front of the building is unconstitutional. Baer, noting that the city's policy "is not administered evenhandedly," said that until the city writes clearer guidelines for when it would make exceptions,



A ruling by the U.S. District Court in Manhattan meant that Housing Works could hold a news conference on the steps of City Hall. Police had tried to bar the event because it would include too many people.

Mayor Rudolph Giuliani is able to prohibit groups that are critical of him from protesting at City Hall.

The city said Monday it would not appeal the ruling.

The lawsuit was filed after Housing Works, an organization that provides housing and other services for people with HIV, planned to hold a July 21 news conference at City Hall. The event, slated for the first anniversary of the law that established the New York City Division of AIDS Services and mandated basic services for people with HIV, was to denounce the mayor's AIDS policies.

The New York City Police Department refused a permit for the conference, saying that events on City Hall steps were limited to 25 participants. The AIDS advocacy organization went to court to force the police department to reverse its decision.

Referring to a 1994 police department memorandum that limited the number of people allowed on City Hall steps, the city's attorneys argued that the underpinnings of the policy was concern for the safety and security of the mayor and other governmental officials. But attorneys for Housing Works argued that the city frequently grants exceptions to its policy and used its discretion about exemptions as a way of suppressing criticism of the mayor and his policies. Housing Works' contentions were supported by affidavits from City Council members Tom Duane and Stephen DiBrienza.

Housing Works attorneys pointed out that some recent exceptions to the city's policy include a New York Civil Liberties Union news conference on July 4 and a large rally on May 19 honoring New York Yankee David Wells after he pitched a perfect game. City attorneys countered each example with an explanation: the ACLU news conference was during a holiday weekend when few people needed access to City Hall, and the ceremony honoring Wells was a "governmental activity." Housing Works officials asserted that while some events allowed to take place on the City Hall steps were sponsored by the government, others, like a rally by the Young Republicans and a stickball tournament

sponsored by the *Daily News*, were clearly private events.

Judge Baer criticized New York City for not having a definitive, written policy about what events it would allow to take place on the City Hall steps. The judge, citing possible violations of the "principles of the First Amendment," said that the city's current policy is so vague as to "grant unbridled discretion to the government authority seeking to abridge" the right of free speech.

"What is most troubling, however, is that there is no guidance in the Police Department memorandum as to when such exceptions are permissible," wrote Baer. "Rather the City, in practice, appears to have unbridled discretion to grant exceptions to this policy. Arguably then the City could grant exceptions to those groups whose speech it agrees with and deny exceptions to those groups whose speech it disagrees with."

The federal court decision allowed Housing Works to hold its event on Tuesday morning. At the news conference, protestors waved signs that read "Giuliani, obey the law you signed" and held up photographs of the mayor with "AIDS criminal" stenciled across his face, referring to Housing Work's assertion that Giuliani has failed to uphold the law he signed last year. Duane and DiBrienza joined Housing Works Co-Director George King at the morning rally.

Although the judge's decision pertained to the Housing Works news conference, it will have ramifications for other groups which plan to air their views in front of City Hall, according to Christopher Dunn, the New York Civil Liberties Union attorney who argued the case. He said the decision applies to news conferences, rallies, and demonstrations.

"The city cannot limit an event on City Hall steps to 25 people," said Dunn. "Its significance is about City Hall as a site of protest."

Dunn said he was pleased by Monday's ruling.

"It felt good," he said, "to win back the right for citizens to protest in front of City Hall."



By Jake Price

Fighting City Hall

A federal judge in Manhattan ruled on Monday that the city could not bar Housing Works from protesting at City Hall. For more, see page 4.

City Hall Memo

11 Steps That Help to Insure One's Point of View Is Heard

By DAN BARRY

A few weeks ago, a group of Hasidic rabbis issued a press release announcing plans to "invoke a biblical curse on any city official" who dared to support a bill that benefited gay and lesbian couples in New York City. The time: noon. The place: where else but on the steps of City Hall?

True to their word, several rabbis arrived a few minutes before the appointed hour, their leader toting his shofar and Bible in a plastic bag bearing the logo of a Long Island sporting goods store. They took their positions on the steps, performed their solemn ceremony, then fielded questions from reporters.

The wonder of the moment was not so much the rabbis' novel concept of government reform as it was the prevailing sense that this was merely a run-of-the-mill protest on the steps of City Hall. In New York, if you want to demonstrate, announce your candidacy or merely invoke a biblical curse — and be assured of being noticed — there truly is no other place to go.

For most of the last two centuries, these 11 steps have served as the American equivalent of London's Hyde Park or the agoras of ancient Greece, a place where all can go to exercise their constitutional right to vent. And when that is challenged, the response is visceral and relentless — as the Giuliani administration has recently learned.

A few months after Mayor Rudolph W. Giuliani took office in January 1994, his

Police Department issued guidelines that limited to 25 the number of people allowed to gather on City Hall's steps. A departmental memorandum cited security reasons, and claimed it was formalizing a 20-year-old practice. If so, it was a practice often ignored — indeed mostly unheard of.

A variety of politicians and advocates — united, perhaps, only in being perceived by the administration as enemies — began to challenge the arbitrarily chosen number of 25, and to say they had detected uneven enforcement. Why was it all right for Young Republicans to gather, but not the supporters of H. Carl McCall, the State Comptroller (a Democrat)? Why were people promoting something called National Smile Week allowed to assemble, but not advocates for people with AIDS?

A sense of common ownership, rooted in history, helped to spur their outrage. Riots have taken place here, including one between the city's two competing police departments in 1857. People have come here to mourn; tens of thousands waited on these steps for the chance to walk past the body of the just-assassinated President, Abraham Lincoln, under the rotunda inside.

And just about every day, someone has come to the steps to tout a success or bemoan a wrong — from the mayor promising a new era on Inauguration Day to the man protesting taxes by carrying a live

Continued on Page B6

Celebrating a Ruling, AIDS Group Rallies on City Hall Steps

By LYNDIA RICHARDSON

Waving mocking placards of a smiling Mayor Rudolph W. Giuliani stamped "AIDS criminal" in blood red, about 45 people from a housing advocacy group rallied yesterday for improved services for people with AIDS on the steps of City Hall, New York's most famous soapbox.

The boisterous demonstration came a day after a Federal judge in Manhattan ruled that a city policy banning large groups from holding news conferences on the City Hall steps was unconstitutional, saying that the Mayor had used the policy selectively to allow groups like the Young Republicans to gather, while blocking Housing Works, a combative advocacy group that has been critical of him.

With utter relish, the demonstrators yesterday tested the judge's ruling and crowded the stone steps of City Hall in front of news cameras and reporters, as if for a class picture. The group released a report

that accused the Giuliani administration of failing to comply with a year-old city law intended to strengthen AIDS services.

Some protesters exercised their reaffirmed free-speech rights by shouting at the top of their lungs, "Hey, Rudy, it's the law, duh!" Police officers stood nearby but did not intervene. The Mayor was in the Bronx during the protest.

Acknowledging the significance of the Federal judge's ruling, the co-executive director of Housing Works, Charles A. King, said the Giuliani administration had been more restrictive than any other administration in prohibiting people from exercising their right to hold rallies and conduct other free-speech activities.

Housing Works, an offshoot of Act Up New York, was organized in 1990 to provide housing, advocacy and other services to homeless people infected with the virus that causes AIDS. The nonprofit group is involved in a separate legal dispute with the Giuliani administration over

A housing advocacy group tests a judge's decision on free-speech rights.

city contracts it claims were canceled as payback for years of vitriolic protests.

In this latest legal episode, Housing Works had recently requested to hold a rally with as many as 50 people on the steps of City Hall but was turned down. In response, a lawsuit was filed on behalf of the group challenging the city's policy of limiting the number of people to 25 at such events.

"These steps and access to them have been denied in an arbitrary and capricious manner for too long," said City Councilman Stephen DiBrienza, a Brooklyn Democrat who joined the

rally, along with Councilman Thomas K. Duane, a Manhattan Democrat.

The two Council members were the sponsors of Local Law 49, which was intended to protect and improve services provided by the New York City Human Resources Administration's Division of AIDS Services and Income Support. The division serves more than 23,000 poor people with the AIDS virus.

Under the law, the division's clients have the right to benefits like transportation, nutrition allowances and safe housing that is appropriate for people with suppressed immune systems. But the report released by Housing Works said the Giuliani administration had violated the law in nine major areas, including requiring people infected with H.I.V. to submit to an "eligibility verification review" to get services. In January the advocacy group obtained an order in State Supreme Court to prohibit the city from continuing the reviews, but the city has appealed that decision.

In addition, the report said that thousands of infected people, including 3,000 on public assistance, were unaware that they were eligible for special benefits and services because the city had refused to publicize and carry out the new law's expanded eligibility criteria appropriately.

Mr. King said the Mayor had held the law in contempt. "We fully expected a good faith effort, but there has not been a good faith effort."

The Mayor's office referred questions about the rally to a spokeswoman for the city's Health Department, Sandra Mullin, who did not respond to Housing Works' specific allegations.

Ms. Mullin said the city had done a great deal to help people with H.I.V. and AIDS. "It's not surprising that Housing Works would take this stance and simply ignore all that has been accomplished," she said.

11 Steps for Expressing One's Point of View

Continued From Page B1

monkey on his back.

"Those steps are America," said George Arzt, who as a reporter and publicist has spent most of his adulthood in and around City Hall. "It's advocacy, it's protest, it's great events, and it's death."

But the New York Civil Liberties Union and Housing Works, an AIDS advocacy group, harbor a more practical perception of City Hall as the place where city officials are most likely to witness the wrath of angry constituents. After being denied a permit for a gathering of 50 people, Housing Works challenged

the 25-person rule in United States District Court.

Last week, dozens of people came to City Hall, each one carrying a sign bearing a number from 1 to 50. They then began to assemble on the steps, but were stopped at number 25 by the police. But this wasn't just another protest: Housing Works and the civil liberties union were photographing the assemblage to demonstrate to the court that the steps of City Hall represent a lot of real estate.

"You can get 25 people on the steps and it looks like the steps are empty," said Christopher Dunn, a staff lawyer for the civil liberties union.

Last week, as Judge Harold Baer Jr. was pondering the case, Mayor

Giuliani was publicly defending the 25-person limit. "The fact is, City Hall could, like most other major buildings, be cut off to all forms of gathering on the steps," he said, not acknowledging the symbolic weight of those 11 steps outside his office.

But when Judge Baer ruled this week that 50 Housing Works supporters could protest on the steps — because the city's policy was unclear and open to abuse — the Mayor agreed that clarification was needed.

City officials have promised to refine the policy, but they should not dally. Last night, a group called the Keep the Yankees in the Bronx Committee announced intentions to gather today at — where else?

The Metro Section

TUESDAY, APRIL 28, 1998

The New York Times

B4

Judge Temporarily Restores Housing Group's Contract

Criticism of City Is Blamed for Cancellation

By DAN BARRY

A judge has ordered New York City to restore a contract it had canceled with an aggressive housing group, saying she had found merit in the organization's claim that it was being unfairly punished for criticizing the Giuliani administration.

The organization, Housing Works, is suing the city over its cancellation of the \$4.3 million contract. Last week's ruling by the judge, Emily Jane Goodman of State Supreme Court in Manhattan, temporarily forces the city to comply with the contract pending the outcome of the lawsuit, which is scheduled to go to trial next week. The city said yesterday that it planned to appeal the temporary ruling.

Justice Goodman said that through oral arguments and depositions, Housing Works had demonstrated that the city's cancellation of the contract had done "clear, imminent and irreparable harm to its clients, a painfully vulnerable population." The group has used the city financing to find apartments and provide support services for more than 200 people with AIDS.

In addition, she said, Housing Works was likely to win its argument that city officials' hostility to the group's advocacy for its clients was a "motivating and retaliatory, vindictive factor in the city's actions."

Matthew D. Brinckerhoff, the lawyer for Housing Works, said yesterday that Justice Goodman's order suggested that "she credits our interpretation of the evidence so far in the case."

Randy M. Mastro, the Deputy Mayor for Operations, strongly disagreed, and questioned the judge's objectivity.

"The city discontinued the Housing Works contract not because of any hostility, but rather because Housing Works cannot account for what it did with hundreds of thousands of dollars in city money," Mr. Mastro said. "But one thing is perfectly clear: that this judge has a hostility toward the city by prejudging this case and issuing yet another illegal order."

Mr. Mastro said that two of Justice Goodman's previous rulings against the city in this case were overturned on appeal. He also said that, contrary to the judge's assessment, the city continued to provide housing and services to the clients, without interruption, after it had ousted Housing Works.

Mr. Mastro said that the city had dropped all its Housing Works contracts, worth a total of \$6 million, because of the group's poor financial accountability. A recent audit, paid for by the city, found that the group could not account for hundreds of thousands of dollars, he said.

Charles King, the co-director of Housing Works, has acknowledged that the group has had financial problems but said it had taken the necessary steps to correct them and had kept the city informed of its progress. He also said an audit paid for by Housing Works had determined that the city's audit was seriously flawed and misleading.

The city's actions against Housing Works, Mr. King said, were actually retaliation for years of protests and caustic statements the organization has directed against the Giuliani administration when it has failed to

A support group warns of harm to AIDS patients.

meet the needs of people with AIDS. He also said the loss of all its city contracts, had placed Housing Works in financial jeopardy.

In her order, Justice Goodman described several of the allegations of retaliation, many of which had been reported earlier this month by The New York Times. They included Mr. King's recollection that Lillian Barrios-Paoli, then the city's Commissioner of Human Resources, had "candidly advised me that Housing Works could not expect favorable treatment" if it "continued to 'cause trouble.'" Ms. Barrios-Paoli said in a sworn statement that she never offered such advice.

The judge also referred to a handwritten note, written by Mr. Mastro's chief of staff and referring to Housing Works, that said, "Fran hates them." "Fran" is Fran Reiter, a former deputy mayor under Mayor Rudolph W. Giuliani.

"The city argues that Fran Reiter's strong feelings about Housing Works are the result of Housing Works having targeted her for very visible and militant political attacks," the judge wrote, "any of which the court notes could lead a reasonable person to feel hatred."

The Metro Section

25

SUNDAY, APRIL 12, 1998

The New York Times

AIDS Group Says It Lost City Contracts Because of Protests

By DAN BARRY

The details of a private conversation within the Giuliani administration last fall have largely been forgotten, but some notes taken at the time spell out the topic: the city's trouble with Housing Works, one of the largest and most outspoken providers of housing for people with AIDS.

The first entry, jotted down by Deputy Mayor Randy M. Mastro's chief of staff, is underlined: "Fran hates them" — a clear reference to Fran Reiter, a former deputy mayor who ran Mayor Rudolph W. Giuliani's re-election campaign last year.

City officials say the notation is merely an expression of concern, even distaste, for a willful nonprofit organization that could not account for hundreds of thousands of dollars

in city aid. But officials at Housing Works have a different, much darker, interpretation.

In a lawsuit filed in State Supreme Court in Manhattan, Housing Works alleges that the Giuliani administration systematically and illegally killed its city contracts — worth about \$6 million, one-fourth of its annual budget — as payback for years of furious protests, mocking placards and critical news releases.

Although no clients have been evicted from any apartments acquired through Housing Works, the dispute has crippled the agency, which has been late for every payroll since January. It has cut back services and shut down several satellite offices.

"Housing Works has been put in very serious financial straits," said Charles

King, the agency's co-chairman. "Had there not been a lot of sacrifice and a lot of private support over the last couple of months, we wouldn't be here today."

The lawsuit is a clash between two entities known for their self-righteous fervor: a nonprofit organization with no qualms about blocking traffic if its demands are not met, and an administration with little patience for incivility, criticism or advocates whom the Mayor dismisses as "left wing."

What also distinguishes the case from other city contract disputes is the allegation by Housing Works that is being held up as an example of what happens to city-financed groups that dare to criticize Mayor Giuliani. The perception of an administration quick to retaliate was reinforced last week when a television camera at a contentious public

hearing captured an angry mayoral aide telling a councilman that he "can forget about" a coveted city program in his district.

"I think the setup has happened," Mr. King said. "I think we've been effectively barred from doing business with the city."

But Mr. Mastro said the city had suspended contracts with Housing Works only because of its exceptionally poor financial accountability.

He acknowledged the administration's stormy relationship with Housing Works, but said that city officials had nevertheless given the agency repeated chances to account for how city money was spent. "This is another example that no good deed goes

Continued on Page 33

An AIDS Housing Agency Says That City Hall Killed Contracts Because of Protests

Continued From Page 25

unpunished," Mr. Mastro said. "The city has acted responsibly, and Housing Works has acted irresponsibly."

The mission of Housing Works is found in its logo: "Housing Works Demands Housing for Homeless People with AIDS & H.I.V." To that end, the agency has become a national leader in finding housing for people with AIDS who are also substance abusers or mentally ill — conditions that make them ineligible for most other programs.

But Housing Works is also known for its confrontational protests and vitriolic attacks on Mayor Giuliani's AIDS policies, even as it has won various city contracts. Its members have unnerved city officials — and even other advocates for people with AIDS — by disrupting city meetings, staging sit-ins and organizing annual vigils in City Hall Park.

When Ms. Reiter, then a deputy mayor, disbanded an advisory group on the reorganization of the Division of AIDS Services in 1994, she speci-

An agency files a Federal lawsuit over \$6 million worth of lost city contracts.

cally cited Housing Works as a divisive element that had engaged in "non-negotiable demands and grandstanding."

Shortly afterward, posters bearing Ms. Reiter's image and the word "Murderer" appeared on buildings and lampposts throughout lower Manhattan. City officials blamed Housing Works; Mr. King said with a laugh that his agency had nothing to do with the posters, although he acknowledged having used similar tactics in the past.

The protests of Housing Works continued, and so did the city's financing of its ventures, including a housing program in which the agency signed leases and provided apartment security deposits for as many as 300 clients. But by the mid-1990's, Mr. King said, Housing Works had

taken on so many other projects that "we will tell anyone who asks that we did not have the fiscal infrastructure in place to absorb what we were trying to do."

In 1993, a Housing Works employee embezzled about \$110,000, including about \$5,000 in city funds; he died of AIDS before being charged in the case. Still, that incident and other problems prompted the agency to overhaul its bookkeeping procedures in 1996 and to change its accounting staff — all, it says, with the city's oversight.

A Department of Investigation report raised concerns about financial management and mentioned the embezzlement. But it found no other evidence of criminal wrongdoing, and the city's relationship with Housing Works continued.

Early last year, however, Housing Works became concerned when negotiations with the Human Resources Administration broke down over a contract for new housing in the East Village. Mr. King and others met with Lilliam Barrios-Paoli, then the Human Resources Commissioner, to discuss the problem.

What occurred at that meeting is in dispute.

Mr. King said that the Commissioner repeatedly asked why Housing Works had to be so hostile toward the administration, and suggested that it was jeopardizing its city contracts by doing so.

Ms. Barrios-Paoli, now the director of the city-owned Lincoln Medical and Mental Health Center in the Bronx, did not return a telephone call seeking comment. But in a deposition she gave as part of the lawsuit, Ms. Barrios-Paoli said she never linked the advocacy of Housing Works with its contracts.

"Did it make it more difficult at any time I point out that they did something incorrectly, that they would have 200 people yelling in front of my organization?" she said. "Yes, it made it a little difficult for me, no question." But, she added, "I would have never, ever terminated a contract with them had they not absolutely violated the terms of the contract."

After some heated internal debate, Housing Works toned down its protests and agreed to allow a private accountant chosen by the city to audit its books. If everything was fine, both sides agreed, then the city

would fulfill its obligation to the East Village project.

But a draft of the accountant's audit, completed last July, determined that Housing Works owed the city more than \$1 million. Housing Works officials say the audit was so flawed that the city was forced to reduce the amount owed to about \$500,000 — a figure they continue to dispute. Still, Mr. King said he knew that the audit, flawed or not, could be used as a cudgel against the agency.

City officials deny having any such goal. But they did stop reimbursing Housing Works for the money it was

City officials say a confrontational group's books were not in order.

laying out for apartments for people with AIDS. They also refused to extend a \$4.2 million contract with Housing Works, saying that the agency had to respond to the concerns raised in the audit.

Housing Works officials said that their new accounting system, the one approved by the city, precluded them from meeting the city's demand for a verbatim reconstruction of old records. They also pointed to the notation made by Lou-Ellen Barkan, Mr. Mastro's chief of staff, in late September — "Fran hates them" — as evidence that emotion had overtaken reason in the consideration of their city contracts.

Ms. Reiter and Ms. Barkan did not return calls seeking comment. But Ms. Barkan said in a deposition last month that "certainly it was not impossible that there was an expression of contempt, even, where people were not operating within the ordinary rules."

Mr. Mastro could not explain why the name of Ms. Reiter — who at this point was running Mayor Giuliani's campaign — had come up. "Historically, it is well known that Fran Reiter and Housing Works did battle," he said, adding that the note "is a casual, anecdotal notation that is totally irrelevant to this lawsuit."

Housing Works decided to end its

uneasy truce. It filed a notice of claim with the Comptroller's Office in mid-October that demanded \$5.5 million that it said it was owed because of breached agreements. A few days later, hundreds of its supporters demonstrated at the Human Resources Administration; 39 people were arrested for blocking traffic, including Mr. King.

The Human Resources Administration issued a statement the same day saying that city auditors had "discovered a history of financial improprieties at Housing Works that date back to 1992," and that another inquiry by the Department of Investigation was under way.

The next day, the city's Department of Health informed Housing Works that it was going to pull a separate, pending contract worth \$150,000.

Housing Works officials now say these actions convinced them that they had been set up and that the city was reaching back several years — to that single case of embezzlement — to malign the agency. If those irregularities were so outrageous, they argued, then why did the city take so long to kill the contracts?

Both sides say city documents support their points. Housing Works cites a memo from last summer saying that the nonprofit agency's management reforms "have significantly improved Housing Works' ability to control its fiscal conditions." But Mr. Mastro referred to an October memo from Ms. Barrios-Paoli that essentially contradicted the favorable assessment.

In early November, Housing Works called upon a favored tactic. A few days before Mayor Giuliani won re-election, more than 200 of its supporters disrupted the operations at his campaign headquarters in mid-Manhattan. Eleven people were arrested.

By mid-January, Mr. Mastro had made the decision to suspend all business with Housing Works. "In any situation such as this one," Mr. Mastro said, "the city would not have continued a contract with these kinds of serious contractual breaches and with hundreds of thousands of dollars unaccounted for."

But Matthew D. Brinckerhoff, the lawyer for Housing Works, said that Mr. Mastro's edict denied the agency due process and reflected a calculated plan to put it out of business. "The

people in the administration have very long institutional memories," he said.

Earlier this year, Councilman Thomas K. Duane and Kevin Finnegan, a lawyer, put together a friend of the court document to support Housing Works in its lawsuit. Although more than 30 public officials and nonprofit organizations agreed

to have their names appear on the document, others declined. "There are supporters of Housing Works who were skeptical of joining in because they feared retaliation from the Giuliani administration," Mr. Finnegan said. "Those were organizations that are dependent on financial or political support from the city."

AIDS Agency Wins Key Ruling To Curb City Role

BY BILL ALDEN

HOUSING WORKS, a service agency for people with AIDS that often has clashed with Mayor Giuliani, has won the right to proceed with its claim that New York City improperly interfered with its contracts with landlords.



Justice Goodman

Supreme Court Justice Emily Jane Goodman said that Housing Works is entitled to a hearing on its request for an injunction barring the City from moving ahead with plans to cut off the group's funding and deal directly with the landlords. The decision will be published tomorrow.

In so ruling, Justice Goodman rejected the City's argument that Housing Works, which is New York's largest private provider of services to those with AIDS, could not be adequately compensated through money damages for any harm it may suffer from the City's action.

Instead, noting that the City's plans could lead to the eviction of people with AIDS, Justice Goodman said that Housing Works, which has dogged the

Continued on page 2, column 6

AIDS Agency Suit

Continued from page 1, column 3

Mayor with numerous demonstrations, had shown the "particular significance" of the need to provide its clients with stable housing.

Since AIDS sufferers take a "large and complex course of medications" and due to the "extreme difficulty of following that regimen without a stable home," the judge wrote in *Housing Works Inc. v. City of New York*, the "threat of eviction constitutes overwhelming harm" to such people.

In 1992, Housing Works entered into a contract with the Human Resources Administration (HRA) to provide housing and services for 40 people with AIDS and their families: Housing Works locates apartments and enters into leases on behalf of AIDS patients on public assistance referred to it by the HRA.

In return, the City reimburses Housing Works for the rent paid as well as for the costs of other social services provided by the group. By 1997, the number of apartments under the contract grew to 180.

After a 1997 audit showed that Housing Works allegedly owed the City more than \$1 million for expenses which had not been spent on program costs, the City reversed a recommendation to extend the contract for another a year.

Believing, however, that the City had agreed to extend the deal for at least four months, Housing Works paid some rents last July and August.

The HRA, however, did not reimburse Housing Works for those payments and after a demonstration by the group protesting that refusal, the City announced it would not renew the contract.

It also said it would pay the Housing Works' landlords directly for October as long as they would not claim additional amounts, including unpaid September rents.

Evictions Begin

In November, after a few landlords brought eviction proceedings, Housing Works and some of its clients sued HRA and won a temporary restraining order from Justice Goodman requiring the City to pay rent arrears and provide emergency cash assistance.

Earlier this month, the Appellate Division, First Department, reversed the temporary order.

But after reviewing Housing Works' submissions on its bid for a preliminary injunction, Justice Goodman concluded that it had raised "serious questions of fact" as to whether the City's actions amounted to a tortious interference with the contract.

Thus she found that a hearing was warranted and that the temporary order should be reinstated pending further proceedings. The hearing is scheduled to begin March 17.

Richard Emery and Matthew Brinkerhoff of Emery, Celli, Cutty & Brinkerhoff represented Housing Works. Assistant Corporation Counsel Robert Bailey represented the HRA.

HOUSING WORKS VS. CITY

Rudy's Critics Win a Round



Housing Works AIDS activists have dogged Rudy with recent protests; this month, they won two court battles.

BY ANDY HUMM

So you can't fight (Rudy Giuliani's) City Hall? Advocates who have been cowed by Giuliani's reelection may reconsider in light of two recent court decisions from New York state supreme court justice Emily Jane Goodman. She has given Housing Works, the service agency for homeless people with AIDS that has dogged the mayor with demonstrations, a couple of victories.

On January 8, Goodman ruled that people with AIDS do not have to go through the city's Eligibility Verification Review (EVR) system to receive benefits through the Division of AIDS Services and Income Support (DASIS). The administration says that EVR has winnowed out welfare cheats; critics charge that EVR has unfairly purged many deserving people from the welfare rolls. In *Hernandez v. Barrios-Paoli*, pitting a DASIS client against former Human Resources Administration commissioner Lilian Barrios-Paoli, Housing Works invoked Local Law 49, the codification of DASIS that Giuliani reluctantly signed and, critics say, will not enforce. That law forbids using eligibility requirements, such as EVR, that are more stringent than federal or state mandates.

Councilmember Tom Duane, who championed the DASIS law with his colleague Steve DiBrienza, said he is "thrilled" with this victory, but is worried that getting HRA to comply with every element of the law will be difficult, especially with the departure of Barrios-Paoli and the arrival of Reaganite Jason Turner. "She had promised to look into a whole host of compliance issues," Duane said. "Now we have to start all over again."

HRA spokesperson Renelda Higgins Walker insisted that "what's important at HRA is that those people who need assistance get it. We're the most generous state in the union." But she refused comment on Goodman's ruling.

Four days after that ruling Goodman handed down another that favors Housing Works in its ongoing legal effort to get the city to renew its contracts. On January 12, Goodman extended a temporary restraining order she had issued against the city, and two days later, because the city had not complied with the TRO, she stayed eviction proceedings for 105

people with Housing Works leases, ordering the city to pay their rent. In the ongoing dispute, Housing Works contends that the mayor is trying to cut off the group's funding because of its criticism of him. The city has long claimed that Housing Works misappropriated \$1 million, though according to Housing Works attorney Matthew Brinckerhoff, the city is now saying in court that it's \$600,000 to \$800,000—all of which he said they can account for.

Indeed, Housing Works's co-executive director, Charles King, said the group has asked Goodman for a separate hearing to resolve once and for all whether the city's charges of fraud and mismanagement were true. "The city doesn't want to get to the heart of the matter," King said, "because they know that if we go to trial, Housing Works wins." The city wrote to Goodman objecting to such a hearing.

Also on January 12, a group of 13 elected officials including Public Advocate Mark Green and as many AIDS organizations filed an amicus brief in support of Housing Works. Kevin Finnegan, who submitted the brief, says that the city's lawyer, Bob Bailey, tried to get Goodman to refuse it. Bailey would not comment to the *Voice*, but Finnegan says that Bailey also argued in court that "Housing Works had been too aggressive in its advocacy," an issue not raised in the city's brief. Finnegan countered that "aggressive advocacy is what has driven governmental and societal response to the epidemic. If these actions by the city against Housing Works are affirmed, it will have a chilling effect on all AIDS service providers." Goodman accepted the amicus brief.

Giuliani's latest move against Housing Works has been to put a hold on a \$300,000-plus Department of Health contract, slated to begin March 1, to do support services for chemically dependent homeless people with HIV. King said that Housing Works was told it would not be awarded while the group is suing the city. So now the group is going to court again to enjoin the city from rebidding their contracts. "It's a violation of our free speech rights," King said, "so we're also upping the damages that we're seeking from \$5 [million] to \$25 million."

"They're trying to wear us down. They never thought we'd go this far." 

Excerpt from the Housing Works New York AIDS Issues Update November 23, 1998

New HRA Policy: Create A "Personal Crisis" For Each PA Recipient
Turner Seeks End to Eviction Prevention Grants.
Will Link Learnfare Sanctions to Child Welfare Investigations

In a forum on welfare reform held Tuesday at the Rockefeller Institute of SUNY in Albany, NYCHRA chief Jason Turner outlined his vision for continued rapid change in New York City's welfare system and outlined several specific new proposals that his staff plan to unveil in coming months. Speaking on a panel with NYSOTDA commissioner Brian Wing and two academic researchers, Turner made his personal vision of welfare reform crystal clear in a series of "frank" statements that left many in the room gasping with disbelief. The short version of Turner's speech: welfare reform is about treating poor people like rats in a maze, giving them "lots of stimuli" in very severe doses in order to create a "personal crisis" in the lives of each person that will then force them to follow the orders of welfare bureaucrats or exit from the welfare system in pain and shock. Turner displayed no interest in and no knowledge of the impact of such a system on people with disabilities, chronic conditions, or life-threatening illnesses like HIV/AIDS.

1. "A Long Period of Stimulus Response" Turner said that he has refashioned NYCHRA to eliminate options for welfare beneficiaries linked to the "human capital" model of fighting poverty that seeks to build the economic and educational resources of poor people: he's against provision of basic survival benefits, against classroom education, against specific job training programs and against "the transmission of knowledge."

Instead, Turner said he has remolded the welfare bureaucracy in New York City on a therapeutic or behavior-modification model, designed "to intervene, not necessarily with services that increase income, but with interventions that force people to seize responsibility and make changes in their own lives." He claimed that the new HRA is made up of "all kinds of different stimuli and responses to stimuli" that will work to shock individuals out of need for public assistance, presumably including diversion policies like EVR and the refusal to provide benefit applications at "Job Centers" as well as the "everybody works" policy of expanded workfare and the new 35-hour "simulated workweek."

2. "You Need to Create a Personal Crisis in Individuals' Lives" Commissioner Turner said that his agency's job was "not just designing and implementing the one

(stimulus-type) intervention, but making it stick on an individual basis.” He said the way to make it “stick” is to create a powerful and intense “personal crisis” in the lives of each poor or disabled person who seeks help from HRA. “There’s never been a sense of urgency” in the provision of welfare services, said Turner: “we need to construct a sense of personal crisis.” He said that “if you don’t show up wanting to cooperate,” HRA now has “a lot of options to deal with this person,” most of them related to denial of benefits, sanctions, case closure, or refusal to process an application.

3. Examples of Crisis: Having Your Kids Taken Away, Losing Your Home Turner gave several concrete examples of new initiatives HRA is planning in order to create a “personal crisis” in the lives of PA beneficiaries in New York City. Turner said HRA is planning to link “learnfare” sanctions and the education and child welfare bureaucracies to “make a swift intervention” to be sure that learnfare sanctions “stick.” (The learnfare program cuts the public assistance budget of families whose children are reported absent from school.) According to Turner, the City of New York will view learnfare sanctions as an “early indicator” of child abuse, and will begin child welfare investigations of families who have suffered learnfare sanctions.

Another example of creating a personal crisis is forcing families and individuals into homelessness. Turner said he wanted to stop HRA’s longstanding practice of providing anti-eviction grants in Housing Court cases to prevent people from losing their homes and entering the shelter system, saying it “has a negative influence on people paying their rents in the first place.” (Turner did not address the structural mismatch between welfare shelter allowances and New York City rents or federal laws on the provision of emergency benefits.)

4. “Substance Abusers Are the Central Problem in the Lowest Reaches of Who We Are Trying to Reach” The HRA boss stated that “we are very focused on the issue of substance abuse,” and said “substance abusers are the central problem in the lowest reaches of who we are trying to reach.” Turner claimed that chemically dependent HRA clients are “incapable of taking any action that is constructive,” thus setting them up for multiple “stimuli” and sanctions. He said that HRA would work to implement the state drug screening law in order to eliminate substance abuse treatment options for individual beneficiaries, limiting referrals to treatment modalities and treatment providers HRA has defined as “successful.” He said that the Medicaid MMIS system will be utilized to screen individuals and providers to determine “success,” and acknowledged that political definitions of “success” like Mayor Rudolph Giuliani’s anti-methadone policy will be an important part of the screen.

5. Turner Sees “Domestic Violence As the New Way for Individuals Not to Take Responsibility for Their Lives” The HRA Commissioner concluded his prepared remarks with a warning to the gathered academics and welfare bureaucrats to watch out for “domestic violence as the new way for individuals not to take responsibility for their lives,” saying “it’s going to be an area of increasing importance.” Turner claimed that new laws create “the incentive to be deemed a domestic violence victim” and that individuals will seek to use these laws inappropriately in order to obtain exemptions and benefits. Turner cited recent increases in the number of citations of domestic violence in initial applications to the NYC homeless shelter system (“Our EAU workers say more people are claiming to be domestic violence victims”) as an example of the problem (again blind to the alternative possibility that HRA’s brutal diversion policy has forced many women back towards intolerable domestic situations and that the homeless system is now about the only option for women and kids caught in such predicaments).

6. “Act Now, Worry About the Consequences Later.” Turner said that in the attempt to force rapid change in the HRA bureaucracy his management team has adopted the motto “act now, worry about the consequences later.” He credited this approach with allowing rapid changes in rules and regulations, rapid restructuring of welfare centers, and major changes in the way the agency serves poor and disabled people who seek its aid. Turner could not address questions from the audience regarding the impact of his programs on people with disabilities, other than to say that HRA will tell such clients “you may not be ready for private employment, but leave it to us to find a productive work environment where you can be successful.” Turner also said “we should be rigid in applying the standard: everyone has to work 35 hours,” suggesting that current workfare-optional policies for HIV-positive and other disabled populations may not last much longer.

Tuesday’s talk was a fascinating window into the mind of a man who controls the destiny and livelihoods of more than a million adults and children who rely on public assistance benefits to survive in New York City. People with disabilities have been savaged in the OES, disability assessment and “Job Center” systems for months, and many HIV-positive SN and TANF beneficiaries have been caught in the crusher as well. Turner and Giuliani don’t care about federal or state welfare law, they don’t care about the Americans with Disabilities Act, and they don’t care about city statutes like Local Law 49. Jason Turner and Rudy Giuliani have made it crystal clear that they will continue their relentless crusade to eliminate access to HRA benefits and services at a faster and faster pace in the coming months, and they’ll “worry about the consequences later.”

Excerpt from the Housing Works New York AIDS Issues Update March 6, 1998

TURNER'S PLAN FOR HRA:

Massive Welfare HMOs Will Control Benefits, Services:

Workfare for All; Threaten and Damage Kids to Influence Parents

New York City Human Resources Administration Commissioner Jason Turner and his jet-set consulting team are planning to install a handful of huge private contractors to run the City's sprawling welfare system, according to those familiar with the plans. Turner will choose a half dozen or so "welfare HMOs" that will receive huge monthly payments to provide all benefits and services to public assistance beneficiaries. These private contractors could stand to make substantial profits from benefits not paid to beneficiaries who either find jobs or are kicked off of aid. All adult beneficiaries will be required to participate in either workfare or subsidized jobs (and a small amount of training or education) for 35 to 40 hours every week, and will be cut off of aid for any missed appointments or for failure to hit the 35-hour mark. And infants and children will lose all aid if their parents fail to comply with new rules imposed by the City and private contractors.

Turner's plans appear to be a giganticized version of his much-hyped Wisconsin Works program, which succeeded in substantial reduction of welfare rolls everywhere except in Milwaukee, the state's only large urban area. (Wisconsin also has an unemployment rate about a third of that in New York City, and much smaller structural unemployment.) The new commissioner, who still lives in Wisconsin, has brought in a troika of advisors to impose his new plans on HRA: Mark Hoover, former "W2" operations chief and a veteran of Wisconsin state government; Lawrence Mead, a conservative welfare ideologue, NYU professor, and long-time advocate of mandatory full-time workfare; and Andrew Bush, founder of the Welfare Policy Center of the right-wing Hudson Institute, which staffed and supported Turner in Madison as he conceived and implemented "W2." Turner is said to be "camped out" in New York with mayoral staff at City Hall, working daily with Giuliani and his aides in a fashion very different from his departed predecessors.

The new "welfare HMOs" will have large, wide and deep funding sources available to them, including all individual and family grant money, child care and welfare-to-work funding, a range of federal job assistance and training dollars, and a chunk of administrative fees. While it is possible that these funds could be used (through grant diversion and wage subsidies) to place public assistance beneficiaries in wage-paying jobs, it appears that most of this money will still go to fund status-quo workfare placements. The new regime will include a remarkable reliance on what is being called

"simulated work," where beneficiaries will punch time clocks at workfare sites for a regular 35 to 40 hour week. (Turner plans to include all allowable expenses in the calculation of workfare wage-equivalents to increase the hours required.) While much will be made of efforts to get welfare applicants jobs instead of benefits (a very good idea), it appears that Turner and his crew have not yet identified any large source of new private-sectors jobs that would keep impoverished New Yorkers off of aid. As such, "simulated work" appears to be a new wrapper for the same old dead-end workfare slots, which have not been proven effective as stepping stones to employment for large numbers of public assistance beneficiaries in our city.

As in Wisconsin, private contractors will carry the burden of punishing, sanctioning and driving into destitution and homelessness those who do not or cannot comply with the rules. Turner has received national attention for his "strong belief" that the health and well-being of young children must be threatened or even destroyed in order to make their parents obey the rules of his welfare programs, and his push for a "full family" sanction amendment to the new state welfare law is consistent with his philosophy. It is not consistent with the stated philosophy of Mayor Rudolph Giuliani, who spoke at press conferences as recently as this year about his unwillingness to threaten and punish children as part of welfare reform. In a 180-degree flip-flop, Giuliani's top welfare aide Tony Coles this week stoked up the publicity machine to get state legislators to pass a "crush-the-kids" child sanction amendment included in a program bill submitted by Governor George Pataki. Coles specifically cited 18,000 households (including tens of thousands of kids) he wants to push off of aid and into the streets but can't under current law. (Coles did not cite the 72,000 appeals of sanctions filed each year by NYC welfare beneficiaries.) A large majority of states have rejected child sanctions in their welfare reform laws -- only 15 states threaten and damage kids in the aggressive way Turner, Coles, Giuliani and Pataki want to do it here in New York.

It remains unclear how welfare beneficiaries living with AIDS, HIV and other chronic illnesses and disabilities will fit into the new system. Local Law 49 requires a strong Division of AIDS Services and provision of benefits and services to eligible adults and kids without multiple service sites. And state law on individuals with HIV and other disabling conditions requires careful assessment for work limitations and disabilities and provides exemptions from workfare for those who can't participate. Just as medical HMOs don't want to sign up the chronically ill and disabled and don't serve them very well when they do, it's likely that the new welfare HMOs will seek to avoid high cost utilizers of services and will seek to create barriers against access to expensive services for those who need them the most. And without significant training and connection to private employers who will hire people, opportunities for employment and self-support will be lost. These important questions should be raised when Turner

visits Albany next week on March 12 to meet with Social Services committee chairs, legislative and executive staff and when he testifies before the City Council at budget hearings on March 16 or later in the month before the Social Services committee.

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ELECTRONIC BENEFIT TRANSFER:
A GOOD IDEA, WITH RISKS TO BE FORESEEN

Liz Krueger, Associate Director

July 1998

ELECTRONIC BENEFIT TRANSFER: A GOOD IDEA, WITH RISKS TO BE FORESEEN

Electronic Benefit Transfer (EBT) is a means of distributing Food Stamp benefits and cash assistance through automated teller machines (ATMs) and point-of-sale (POS) debit devices at store check out lanes. When paying for groceries or withdrawing cash, the customer's EBT card is run through an electronic ATM reader or a POS (point of sale) terminal, and the card holder enters their secret PIN number to access their food stamp or cash benefits account. Then, electronically, the processor verifies the PIN and the account balance, and the client's account is debited for the amount of the purchase or cash disbursement. If the transaction is a purchase of food or other goods, the retailer's account is then automatically credited. The Federal government has mandated that States shift their Food Stamp programs into EBT by 2002. New York State has delayed plans to shift to EBT several times, but now projects full implementation by the end of 1999.

New York State's transition to EBT will impact millions of New Yorkers. It is also likely that the model used for EBT for the Food Stamps and public assistance will also be expanded to serve as the system for other government payment transfers including WIC, Child Support Enforcement payments, Safety Net Non-Cash benefits, etc. The Federal government has also mandated changes in the methods for distributing direct Federal benefits, such as Social Security and Supplemental Security Income (SSI) through Electronic Funds Transfer (EFT) rules wherein the Treasury will transfer funds in the name of the client into an account with a financial institution. There are significant differences between EBT and EFT rules and regulations, but similar consumer concerns which need to be addressed at the State level. CFRC believes that movement into a world of both EBT and EFT can provide for improved access to government benefits, cost-efficiencies in the administration of these programs, and de-stigmatization of the use of some of these benefits. BUT - as with any major technological change or privatization of services - the devil is in the details and in New York State's capacity to implement these changes effectively.

The contract for EBT services in New York was awarded to Citicorp EBT Services Inc. of New York City. New York has its own contract, but is part of a coalition of seven states that have formed the Northeast Coalition of States to address the implementation of EBT, based on the assumption of some significant "economies of scale." Citicorp EBT has subcontracted with Lockheed Martin to provide system training to the certified retail outlets in the food-stamp program in New York and to provide client information to public assistance and food-stamp recipient households. Deluxe Data has been subcontracted by Citicorp to certify existing computer systems in food stores and their third-party processors for inclusion in the program.

New York State has projected that it can save \$30 million annually from EBT once the network is fully implemented. These projected savings will come from increased efficiency, especially in the case of food stamps; it is estimated that for every \$20,000 in food stamp sales, one hour will be saved because counting and bundling no longer is necessary (Capital District Business Review, Jan. 1997).

Special thanks for lessons learned from materials provided by Zy Weinberg of Public Voice for Food and Health Policy, Barbara Leyser, consultant for the National Consumer Law Center, and Cathy Verrenti of the Connecticut Association of Human Services.

Implementing EBT can certainly bring beneficial changes to these programs along with long-term cost savings, but only if certain protections and assurances are built into the design, and only as long as there is quality oversight and monitoring of these efforts which will involve hundreds of millions of dollars being contracted to private vendors and billions of dollars in annual transactions from government to the people of New York State. While EBT is still a relatively "new" technology, there have been several demonstrations and evaluations from around the country. New York State must be sure to learn from these experiences and avoid repeating the pitfalls of earlier trials.

Key findings from the USDA's major study "The Impacts of the State-Initiated EBT Demonstrations on the Food Stamp Program" (Minnesota, New Mexico, Washington) included:

- EBT administrative operating costs were lower than coupon issuance costs in each demonstration site (but only after exclusions were made for design, development and implementation);
- The estimated level of benefit loss and diversion in the Food Stamp program was reduced under EBT systems;
- EBT systems reduced retailers' costs to participate in the Food Stamp program and retailers in the demonstration states preferred EBT to food stamp coupons;
- Food Stamp recipients' participation costs decreased under EBT and participants strongly preferred the EBT system to coupons; and
- Financial institutions strongly preferred EBT and their costs were reduced under the EBT demonstration projects;

Importantly, this same report warned that "despite the positive achievements of these EBT demonstrations, it cannot be assumed that EBT systems in other locations will be as cost competitive or as successful."

USDA studies have found that electronic benefit transfer (EBT) systems are technically feasible, cost-effective, and offer an improvement in services. However, the growing literature of EBT reports also qualify these findings with concerns about the actual savings to be anticipated, and highlight that savings are possible only under a very limited set of conditions. For example, while transition from Food Stamp coupons to EBT in Maryland (the first statewide transition) saved the Federal costs of producing and handling paper coupons, the State's administrative expenses increased in the year studied. *The Maryland study estimated it would take 8.3 years for EBT to pay back start-up costs put into the system, especially at the retail or vendor level.*

Clearly, there are serious obstacles to the development and installation of any EBT system which must be monitored by New York State as we move forward.

Small vs Large Stores and Access in Urban and Rural Areas of New York State:

Limited availability of the necessary infrastructure may be the biggest drawback for successfully adapting from New York's current two different systems (Upstate and New York City) to EBT. A recently-released study by USDA found that only 8.6% of food retailers nationwide had the existing capacity to bring EBT on-line.

USDA examined EBT's potential in portions of 12 states, and found a range of service from zero to around 20%. The emergence of third party intermediaries and service providers (e.g., consultants and financial institutions) may accelerate the adoption of EBT, but it appears the retail food industry is still a long way from mechanization adequate to handle EBT at all eligible local outlets.

This is likely to be a seriously underestimated problem for both New York City and rural parts of New York State. In terms of access for New York City:

For several years, CFRC has been documenting the absence of supermarkets in low income areas of New York City. Middle and high income neighborhoods have many more supermarkets, with more likely access to on-line capacity than in poor neighborhoods. In the upper-middle class areas of the Upper East and West Sides of Manhattan and in Brooklyn Heights there is a supermarket for every 5,800 to 7,000 people. In lower income communities access to supermarkets is dramatically reduced.

In Central Harlem, there is one supermarket for every 12,500; in Brownsville, one for every 28,000 and in Bedford Stuyvesant more than 113,000 people are served by a single supermarket.

The food stores in many low income neighborhoods in New York City are small, 5,000 to 10,000 sq. ft. versus 35,000 sq. ft. which most people recognize as a "supermarket." The size dictates the items they can carry (\$1,000 versus 25,000), the width of the aisles, the number of checkout counters and the likelihood of their being brought on-line in an EBT environment. These smaller stores are often the only stores available in a community, and are probably the least likely to be able to continue to participate in the Food Stamp program under an EBT system, unless assurances are built into the design of the project and into the vendor contracts.

CFRC's research shows that in many poor neighborhoods in New York City, up to half of the total food purchasing power of those living in these communities is received from the Food Stamp and WIC programs. New York State's Office of Temporary and Disability Assistance (OTADA, formally DSS), must be held accountable for evaluating the impact of EBT on the local economies of these communities as well as the ability for program participants to purchase food and have access to their cash benefits in convenient and safe locations in the communities where they live. For example, in New York City, one round-trip bus or subway fare costs \$3.00 - more than a full day's allotment of Food Stamps for most recipients.

New York State Is Not Planning an Appropriate Pilot of EBT

Despite the advice of many legislators and advocates, including CFRC, the State's intended location for New York's EBT pilot is Staten Island — a one month pilot — currently scheduled for January 1999. Manhattan's roll-out is scheduled for February - April 1999, the Bronx in May, Queens in June and Brooklyn in July - August. We strongly advise against using Staten Island as the pilot location for the City and find it absurd that the State would pilot in January and then begin an actual roll-out the next month. Who is handling the evaluation of the one-month pilot? How can results possibly be collected and evaluated in that same month? And how can any outcomes from Staten Island be used as a pilot for the implications of EBT on inner-city communities, or for that matter for the rest of the State?. Both in population demographics and in the location and size of food stores, Staten Island represents a reasonable model for suburban, not inner-city, New York. We believe that results from Staten Island will be invalid for evaluating EBT's potential impact on the vast majority of urban low-income communities in New York City, as well as Buffalo, Rochester, or Syracuse.

An important lesson of the dangers of too rapid a roll-out of EBT was recently learned by the people of Washington, D.C., when EBT for welfare was rolled-out in June 1998. Despite the fact that in many poor areas of the district, the only ATM's accessible were part of the "Honor" network system, the contractor (Lockheed Martin) had arranged for EBT transactions only through ATM's participating within the "Quest" network, a system of ATM's not available in many parts of the district. Articles and letters in the Washington Post highlighted that "When people arrived at their neighborhood ATMs on June 1, they discovered that they could not access their funds. Panic and fights broke out in the ATM lines. What were people to do? This was their only source of income, and they had no way to access it . . . Many called their community associations seeking help. All these places could offer was a list supplied by Lockheed Martin of accessible ATMs — none of which was in the Congress Heights area. In order for people to access their funds, they would have to travel to Northeast or Northwest D.C. or, more often, Maryland." (From Letters to the Editor in the Washington Post, July 2, 1998 by Heather Pinckney).

Curbing Vendor Fraud:

EBT has been promoted as a way to curb food stamp fraud and abuse, but recent investigations appears to raise some issues around this claim. The majority of fraud in the Food Stamp program has always had retailer involvement, and USDA has found that EBT can make it easier for retailers to "launder" food stamp benefits. Food stamp recipients can, through retailer complicity, convert allotments to cash for themselves. Facing inadequate wages and/or cash assistance to meet the costs of rent, utilities and other basic needs, Food Stamp participants can become knowing, if unwilling, accomplices to these activities in order to meet their needs - despite the loss of equally needed food purchase dollars. One solution may come from the fact that the 1996 Federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) provides new authority to sanction retailers participating in EBT. This law allows EBT data to be used as evidence to take action against retailers who violate the Food Stamp Act. Thus, the USDA can now use available EBT transaction data to impose administrative sanctions against retailers caught trafficking in food stamps without bringing criminal charges or prosecuting retailers for fraud. The PRWORA provides USDA the tools to both fiscally sanction and/or permanently disbar retailers from the Food Stamp program.

Policy Changes Challenge EBT Systems

(from EBT WATCH, March 1998, published by Public Voice for Food and Health Policy)

As federal and state governments speed up the pace of conversion to electronic delivery of public benefits, factors that were unanticipated several years ago are clouding the future of EBT systems. Industry and government representatives agreed at the Spring Summit of the Electronic Funds Transfer Association (EFTA), held March 19 in McLean, Virginia. Answers to EBT challenges can be found, but a consensus cannot.

Key concerns for states, EBT processors, and clients alike include interoperability, declining caseloads, surcharges, retailer fees, and government policy changes that have increased costs. Interoperability, or the portability of benefits from one state to another, has become a major issue as individual states and regional groupings of states implement discrete EBT systems that do not mesh.

Most states are using debit cards with a magnetic stripe. A few are experimenting with so-called smart cards that carry benefit and demographic information on a computer chip. Others are beginning to move to a "hybrid" card with a stripe and a chip. The result is a hodge-podge of systems that limits recipients and frustrates retailers.

The federal government could mandate interoperability, but has taken no steps to do so, arguing that market forces will eventually deliver compatibility. "It's not a technology issue," noted Viann Hardy of Lockheed Martin IMS, whose company is one of the major players in the development of EBT structures, at the EFTA meeting. "The issue is who pays the switch fees." Processors and governments each have the capacity to make systems work together, but which side will absorb the cost's remains unresolved.

Declining caseloads resulting from welfare reform present another challenge. Millions of individuals are now excluded from food stamp and welfare rolls because of time limits, work requirements, and the ineligibility of legal immigrants. Reduced participation may be a positive outcome for society in general, but for companies that bid on state contracts based on higher caseload volumes, it has spelled economic disaster. Caseload decreases of 40 percent or more in some states have had significant financial implications for processors. In addition, changes such as phone companies' imposition of fees for calls to 800 numbers from public pay phones also impact processors' bottom lines.

Moreover, as EBT operations expand, more players are entering the scene trying to grab a piece of the action. Financial institutions, processors, automated teller machine (ATM) owners, and others are happy to provide EBT-related services for a fee. The rapid rise of surcharging has caught the attention of legislators and bureaucrats trying to keep system costs down, and of clients on limited incomes who restrict their usage to avoid fee payments. Recipients who oppose being forced to use financial institutions to get their benefits are undermining the federal government's effort to implement electronic funds transfers. "EFT '99 is not happening the way we envisioned," Sylvia Quiroga of the federal Department of the Treasury told the EFTA audience.

Grocers are also unhappy. The lack of interoperability, the "nightmare" of unreliability when systems go down, and the difficulty of resolving disputed transactions are just some of the problems retailers face, commented Craig Sadick of the Food Marketing Institute at the EFTA event. Grocers who operate on slim profit margins can ill afford these problems, said Sadick.

RECOMMENDATIONS

New York State should not implement EBT statewide without operating pilot projects in both rural and inner city locations with thorough evaluations to help overcome unanticipated obstacles. All EBT contracts and projects must also ensure the establishment of certain standards and minimum safeguards including:

1. ACCESS: It is essential to ensure that low income people throughout the State (urban, suburban and rural) have access to using their EBT cards in the food stores in their own neighborhoods and communities, as well as having access to ATM/POS sites with no user or transaction fees for withdrawal of their cash assistance benefits as needed without having to travel away from home or pay unreasonable transaction fees.

One lesson from implementation of EBT in Los Angeles is the danger of having inadequate access points for cash withdrawal. When LA moved their welfare program into EBT in mid-1997, they had an insufficient number of locations where people could access their public assistance funds, thus the county switched to a system of staggering benefit issuance over a 15-day period (already the system in New York). However, this solution did nothing to address the issue of conveniently located benefit access points and further raised the likelihood of evictions and utility shut-offs because of an inability of participants to pay their bills on time.

It is our understanding that New York's EBT contract requires those access points for cash benefits be at least equivalent to access under the current system, using zip code distribution as the geographic radius of service. But, this seems too vague a standard to be upheld or monitored, particularly over time as access locations and population demographics change. There are also serious limitations to using zip code catchment areas because of the wide differences in population density between urban, suburban and rural areas of the State.

California advocates recommend use of an "alternative time or distance" standard to protect participants while offering some flexibility to vendors. For example, requiring that the vendor ensure that for each participant there are at least four devices that will dispense benefits without a surcharge within a maximum of 15 minutes of travel time, by foot or via established public transit lines, or within 1.5 miles of the recipient's residence. These devices should include at least two food retailers and, if cash EBT is used, at least one ATM. For rural communities, a 15-minute travel time limit would be a desirable goal for either car or bus transportation.

The State could grant limited exemptions from this requirement for very rural counties, if the affected recipients' access to locations where they can negotiate food and cash benefits is not less under such an exemption than it would have been under the existing food stamp and check cashing system.

State Law Requires Non-Cash Benefits through EBT for many Safety Net Participants

The "Safety Net Assistance Program" for needy New Yorkers not eligible to receive federal income support benefits, established under New York State law in 1997, requires that assistance shall be provided on a "non-cash basis," provided that an appropriate EBT system is operating in the district where the participants are living.

Safety Net participants who are single adults or minors not living with an adult relative may only get "cash" Safety Net assistance for two years, unless they are disabled adults exempt from employment requirements. Other persons who may only receive non-cash assistance through an EBT system include: persons who have reached the two-year time limit, or who reside with someone found to have been abusing alcohol or drugs, or who have refused to submit to drug or alcohol screening, or who are being sanctioned for failure to attend drug or alcohol rehabilitation.

New York State intends to begin implementation of "non-cash" public assistance for the above populations by late 1999, yet there has been little attention given to how this system will work for ensuring that participants are able to purchase needed items in the absence of access to cash.

While EBT was designed to streamline distribution of income transfer from government to citizens through a variety of programs, it was never intended to be a 100% replacement for cash to make needed purchases. Is it realistic to imagine that every store, street vendor and thrift shop in New York will have on-line, POS devices within 18 months?

2. COST NEUTRALITY FOR PARTICIPANTS: Legislative requirements and vendor contractual agreements must assure that the costs for operating EBT and monthly transaction fees will not be transferred to low income participants over time. Restrictions on the number or type of transactions or dollar amounts of transactions must be reasonable and paid by the government. CFRC supports the requirements in the current proposed EBT contract for NYS which requires that at least four free cash transactions are available per month and that direct vendor deductions are not counted toward this transaction count. But, we are concerned that these protections do not go far enough, and need to be expanded and codified in the law to protect consumers from fees or surcharges due to renegotiation of contracts over time. While Food Stamp law bars states from imposing any dollar limits on individual food stamp EBT transactions or on the number of such transactions (7 C.F.R. § 274.12(f)(1)), there is no equivalent mandate for other government income support programs.

CFRC is concerned that defining adequate access to "transaction free" ATM/ POS services by the number of sites per zip code, as intended by the State's EBT contract, is unacceptable. It is our understanding that only "NYCE" system ATM's will provide free transactions for participants withdrawing funds through EBT, and that other ATM operators and POS cash-back providers will be able to debit surcharges from participants accounts (even on the first four monthly transactions), as long as the machine gives advance warning of these added costs.

If the only access in particular neighborhoods is through an ATM with surcharges, how are participants rights being protected? What if a person is elderly or disabled and cannot travel the extra few blocks to the "free" ATM? What if the "free" ATM is only two blocks away, but you have to walk through a dangerous, abandoned area to get there? What if a rural zip code is the size of an upstate county, and all the free ATM's are 10-20 miles away? What if you live in a densely populated, inner-city area where there are 100,000 participants living in one zip code, and just two "NYCE" ATM machines to serve them all? How long will the lines stretch, and will there be enough cash in those machines to meet daily demands?

Cost neutrality must include assurances of no "hidden costs" for participants including pay phone expenses to access EBT system 1-800 numbers. Low income recipients without telephone service often use pay phones to connect with EBT customer services desks or to obtain account information. According to the group Public Voice for Food and Health Policy: "Last fall, after the Federal Communications Commission (FCC) issued new rules permitting owners of pay phones to collect 30 cents for each call made from a public pay phone to a toll-free 800 number, many companies began assessing the charge. Those charges have now become the latest point of contention in the ongoing EBT debate over who pays for system costs. EBT contractors and states are now at odds over who should pay for such calls."

3. EQUAL CONSUMER PROTECTIONS: Ensuring crucial consumer protections for people who receive public benefits through EBT -particularly protection's equal to those of the Federal Consumer Regulation E which would protect participants from bearing the full loss if funds are stolen from their account.

The Federal Welfare Reform Act of 1996 (PRWORA) eliminated the requirement that EBT projects be covered by Consumer Regulation E protections. But, New York State can and should adopt legislation equivalent to Federal Regulation E to protect low income New Yorkers as described below.

Regulation E: Limits customer liability to \$50 when a card is lost or stolen and someone else removes funds from the account - if the customer promptly reports the theft or loss; sets procedures to resolve system errors; requires the bank or whomever holds account to disclose terms and conditions to card users; and requires the bank or other institution to provide card users with receipts for each transaction and periodic account statements.

Existing evidence indicates that the direct costs of Regulation E pale in comparison with the cost savings of EBT and Regulation E. Some states have argued that the Regulation E liability rules, which require the government to replace a portion of the loss when a recipient's benefit is stolen from an EBT account, are too costly. But, nobody knows for sure what these costs might be because no state has operated under these rules in an EBT system (although states already have experience in controlling liability costs in the face of similar rules that apply when a welfare check is lost or stolen or food stamp coupons are lost in the mail). However, existing information indicates that these costs are minimal.

Banks, which have operated under these rules for more than twenty years, have indicated that the regulation has not produced significant costs for them. Additionally, the Social Security

Administration conformed with Regulation E rules in its Houston EBT pilot. During the first year of this pilot's operation, only 11 claims of "unauthorized use" were paid, and these claims totaled only \$3,134. This amounted to a claim rate of just .0003% based on the distribution of approximately \$10,000,000 distributed through EBT during the first year pilot.

The key protections which need to be provided under a New York State law equivalent to Regulation E include:

Protection Against Electronic Theft: Requirement for replacement if benefit's funds are stolen electronically. If an EBT card is lost or stolen, or funds were withdrawn via electronic theft (computer hacking) without the use of a card - as long as the participant reported the loss or theft promptly, and notified the bank when an unauthorized transfer appeared on the statement, the consumer's liability for funds stolen before the loss or theft was reported would be capped at \$50 (a significant penalty for populations with incomes well below the poverty level). Consumers failing to meet these obligations would face unlimited liability. Without these basic protections, recipients could lose their entire cash and/or food stamp benefit allotments even when they took every precaution to avoid the loss.

Protection Against Errors: Electronic benefit transfer systems make occasional mistakes. For example, ATMs sometimes remain operational even when they have run out of cash and human error at POS terminals is inevitable. Rules must require the bank or whoever holds the account to correct these kinds of mistakes promptly. Generally, mistakes should be corrected within 10 days or the account must be credited with the disputed amount while the error is being investigated. Without these protections, recipients could be forced to wait months for a correction when their benefit funds are wiped out through a computer glitch or other system error.

Documentation Protections: Require that whoever is holding the EBT account or processing EBT transactions, such as a financial institution, must provide ready access to the participant's account balance through either a readily available telephone line, or through ATM terminals (with no fee for this service) or routinely or upon request through a written receipt. Additionally, at the consumer's request a written history of EBT account transactions covering at least the last 60 days should be provided promptly, without charge, so that consumers can keep track of their account activity. Without these protections, public funds could be lost through fraud or a system malfunction, and the participant might not even know it.

"Fail Safe" Protections: To ensure participants have access to their benefits even if/when the system malfunctions. Electronic transfer systems are bound to have occasional problems and be responsible for benefit delivery errors. For example, debit-swipe systems sometimes go off line due to computer or phone line problems and ATMs sometime remain operational even when they have run out of cash. When the consumer tries to make a withdrawal, the account is debited for the requested amount but no cash appears. NYS OTADA made the mistake of failing to build in a manual over-ride system when it first implemented the statewide WMS (Welfare Management System) in the mid-1980's. This resulted in high error rates in the provision of cash assistance and food stamp benefits (with failure rates as high as 60%) and resulted in costly litigation and delays.

These types of consumer protections also help to ensure that taxpayer money is used for its intended purpose -- without these requirements in EBT government agencies might lack an incentive

to deter vendor fraud by food stores, traffickers, and others. If participants always have to bear the full loss of stolen benefits, government agencies might have little incentive to deter fraud and waste. This will only add to the costs of emergency services while increasing public distrust of the capabilities of government.

Additionally, not addressing these protections through one state law could result in conflicts between individual program rules resulting in unequal treatment for participants depending on which benefits they receive. Without Regulation E type protections, a participant might have to work through the differing rules and processes of the Food Stamp, TANF (AFDC), Safety Net Assistance (Home Relief), SSI and WIC programs to recover lost or stolen benefits. EBT systems are intended, among other things, to increase coordination between programs and make it easier for recipients to access and use their benefits. Without uniform error resolution procedures, however, these goals will be undermined.

Experience from Federal Regulation E protections for bank accounts, debit and credit card systems and from USDA pilot EBT projects following these rules provides evidence that the costs of these types of protections are quite minimal. Some states have argued that these liability rules, requiring government to replace a portion of the loss when a participant's benefits are stolen, are too costly. However, existing information indicates that these costs are minimal and would be insignificant within the overall cost savings anticipated from transition to an EBT system. Banks, which have had to operate under these rules for almost 20 years, confirm that Regulation E liabilities and protections for debit card systems have not produced significant costs for them.

Without these protections, public funds will be lost through fraud or system malfunctions -- and the recipient might not even know it. Persons who do not need assistance could receive funds intended to help provide food and housing for poor, elderly and disabled people. This means government and communities will have to spend more money for emergency assistance and services to make up for these losses, which would force larger burdens on taxpayers and charitable organizations.

Federal Law Specifically Permits New York State to Pass a State Version of Regulation E:

The Federal Electronic Funds Transfer Act of 1996 was amended to ensure that the Regulation E exemption for EBT would not negate any consumer protections provided for under state or local law. It further provides that the Regulation E exemption for EBT systems does not affect or alter protections that would otherwise be applicable to benefits established by any other provision of federal, state or local law and that the exemption does not supersede the application of any state or local law.

Appendix B to this paper is proposed draft legislative language for a New York State version of Regulation E protections for participants receiving benefits provided through an EBT system for government benefits. This was drafted with assistance from Barbara Leyser of the National Consumer Law Center and Hillary Botein of New York City's Neighborhood Economic Development Advocacy Project.

4. ROLL-OUT TRAINING, SPECIAL NEEDS POPULATIONS AND MULTILINGUAL ACCESS:

EBT contracts must assure guaranteed distribution of easy-to-use, and multilingual materials explaining participants' rights and the card issuers' responsibilities as well as providing community based training sessions to teach recipients how to use the EBT system. EBT systems must also comply with the federal Americans with Disabilities Act, including addressing the special needs of the mentally disabled in accessing their benefits through a system that may be more complex to learn and use.

The State cannot roll-out such a significant change in technology for millions of New Yorkers without assuring diverse options for training participants' how to access their benefits under this new system and where to turn for help when problems arise. There should be provisions for multilingual, easy to read written materials as well as hands-on training for those who prefer in-person information. Materials must be provided in more than the two most common languages (English and Spanish). New York is likely the most linguistically diverse state in the country, and the New York City Board of Education provides materials in eleven languages.

Training sessions must be held in convenient locations - with obvious sites being Senior Centers, large community-based organizations (such as Settlement Houses), Food Stamp and Welfare Centers throughout the State, and Social Security Offices. In addition, hospitals and schools might be good locations for ongoing training centers, they are usually relatively accessible to people throughout the state. In-person training must afford people an opportunity for hands-on experience using both POS and ATM devices. Many people may need individualized, one-on-one training -- particularly those with literacy problems who will be seriously hindered from using EBT due to their inability to read ATM screens (in any language) -- and who are most likely to be embarrassed about their reading limitations.

Addressing these issues are particularly important to avoid participant drop-off among the elderly, disabled and those with language and/or literacy barriers when moving to this new system. Despite the fact that New York State stopped mailing Food Stamps to people's homes over a decade ago, CFRC still gets calls (usually from the elderly or those with language and literacy barriers) saying that they received a letter approving them for benefits months earlier, but were still waiting to receive their food stamps in the mail.

One lesson already learned from several other states is not to try and "roll-out" EBT over too short a period of time. Experience from other states has shown that clients are most likely to realize the importance of in-person training only after conversion has actually taken effect and they experience difficulties accessing their benefits.

Advocates in neighboring Connecticut felt strongly that their State's written training materials were inadequate in that they were limited to providing information on how to use the card at POSs and ATMs, how to obtain balance information, where to report problems, and how to safeguard the card and PIN. They recommend that these materials also provide complete information on client rights and responsibilities, including: time frames for replacement of EBT cards, how to change PIN numbers, information on how to obtain a transaction history on their accounts, prohibitions on surcharges or assessing fees at ATM's and POS locations, what to do if they encounter merchants violating program rules by assessing fees, error resolution procedures and time frames for resolving

disputes. Connecticut advocates have also raised concerns that in their State there were no materials provided that discussed error resolution procedures for when clients reported an ATM mis-dispense or a problem of missing funds not associated with a lost or stolen card. Finally, Connecticut advocates have identified concerns regarding privacy and security issues and a poor level of outreach to community groups about the new system.

Advocates from California's advise that specific components be required for EBT participant training including:

- * Hands-on training must be available on request or as needed, and the procedure for requesting such training should be simple and straightforward.

- * In those instances where the recipient does not speak or is not literate in English, written training and other informational materials as well as hands-on training should, to the maximum extent practicable, be available to the recipient in his or her chosen language.

- * Training materials must provide a comprehensive list of all rights of the recipients, including the rights to obtain transaction histories, error resolution and other benefit adjustments, and appeal rights.

- * Training should include information about the proper care and maintenance of the EBT card.

- * Training materials must clearly explain how to telephone the 1-800 Help Phone-Line and other available customer service lines where recipients can get step-by-step instruction, as needed, on how to use an ATM or POS device.

- * Training materials, as well as any separate fraud prevention forms signed by recipients, must clearly explain that benefits are to be replaced if they are lost or stolen after the recipient has reported the loss or theft of her EBT card or PIN.

- * Tracking of the types of calls received in the initial months of roll-out should be mandated and used to help determine areas where the training materials should be changed or the training program intensified.

- * The effectiveness of training should be evaluated using questionnaires, focus groups, or other valid assessment tools.

Multilingual Access: Unfortunately, New York State's EBT contract only requires materials be provided in English and Spanish. This is a serious mistake. This contract should have required that all training materials and in-person training sessions be provided in a minimum of five languages (English, Spanish, Chinese, Creole, Russian), with provision for in-person training to be provided in other languages within a two-week period of a request by a participant or community organization representing groups of non-English speakers.

The EBT vendors' 1-800 number should be staffed for each of the above five languages, and the vendor should have been required to employ a service such as the AT&T translation service when necessary to communicate with some recipients needing assistance in other languages. In addition,

all ATM and POS vendors participating in EBT should be encouraged to make services, at both ATMs and POS devices, available in as many languages as are reasonably technologically feasible.

Low-Literacy Populations: Participants with limited reading ability will likely have the greatest problems adapting to an EBT environment. Few of these participants will have ever used ATMs or POS devices. Accessing cash and Food Stamp payments through these machines will be further complicated by participant's fears of revealing their literacy limitations in front of others. EBT Food Stamp transactions involve reading text, entering a PIN number and making several choices. The literacy demands for handling EBT cash transactions at ATMs are far more difficult.

During and after the initial training and pilot period for EBT in New York City, a team of persons should be designated in the City office of the State Office of Temporary and Disability Assistance to receive and respond to inquiries and complaints. Tracking of the types of calls received in the initial months of roll-out should be mandated and used to help to determine areas where the training materials should be changed or the training program intensified. Designating government representatives to receive all calls, rather than the EBT vendor, will provide an early warning system for problems with implementation, participant training and the EBT vendor 1-800 help line.

5. PIN NUMBER SELECTION PROTECTIONS: A "secret" PIN number system is being used with the New York EBT system where recipients will be assigned an initial PIN number but may choose to change to their own selected PIN number, rather than using the preselected option. The right to choose your own PIN number and change it yourself must be made available to all participants.

It is also critical that households can arrange to have separate EBT cards and/or PINS with limited dollar access for the elderly, disabled and other homebound people (including mothers of young children). Many people need to depend on others to regularly or occasionally help with errands and purchases on their behalf. EBT users should not have to give a friend, neighbor or home health care provider's access to their entire financial account to receive help with some groceries or other items for their personal needs.

California recently passed State legislation which required that: Whenever an institution, authorized representative, or other third party has been issued an EBT card, either in lieu of or in addition to the recipient, the third party must have a separate card and PIN. Further, the recipient must be provided the option to designate whether restrictions apply to the third party's access to the recipient's benefits.

6. EBT RECEIPTS MUST PROVIDE DETAILED INFORMATION: Transaction amounts and the participant's account balance are not the only types of important information which must be made available through EBT receipts. Under the current system used in New York City (EPFT), every time participants go to a check-cashing location to receive their Food Stamps and/or public assistance, they also receive a receipt which provides them with critical information, including:

— confirmation of the dollar amount and types of benefits they have received, including if they are receiving some type of retroactive payment, one-time emergency grant, training related expenses

(TRE's), child support pass-throughs, or other adjustment to their regular benefits;

- the current status of their benefits case (open or closed) and why benefits may not be available ("there is a problem, contact your worker");

- confirmation of direct vendor payments to the participant's landlord and/or utility company. This receipt both confirms to participants that these bills have been paid and can be used as evidence that these payments were made if disputes arise;

- notification about recertification appointments scheduled with workers, a back up to the many problems of mailed notices;

- information about the next date of availability of benefits, since many participants are forced to schedule their lives around the staggered dates each month when benefits first become available.

Clearly, in an EBT environment, the same information must be available through receipts at ATM machines and POS locations.

7. EBT FOOD STAMP RESTAURANT PROGRAM: New York State recently ended its Food Stamp Restaurant Program, due to the difficulty in operating and monitoring this program under traditional Food Stamp program rules. With EBT, it should be required that the state reestablish an improved Food Stamp Restaurant program providing a way for the elderly, disabled and homeless to use their EBT cards for food stamp food purchases with a 5% or more discounts at approved restaurants. Concerns about fraud that had existed in the old Restaurant Program, pre-EBT, should be all but nonexistent with an EBT system. Only those restaurants approved for the program and in good standing will have access to a POS account for debiting Food Stamps, and only those recipients approved to participate in the program will have EBT cards coded with authorization to pay for meals through EBT Food Stamp debits at approved restaurants. It should also be exponentially easier for the State and the USDA to monitor use of this program by location, number of transactions, and dollar amounts spent per meal within an EBT system of trackable debit payments.

8. EBT FOOD STAMP FARMERS MARKET AND SHARE PROGRAMS: There are complications which must be addressed to ensure the ability of low-income people to purchase food through an EBT Food Stamp system at Farmers Markets, through the SHARE program (co-op group food purchasing, and through other alternative food buying outlets. While various models are being tried, so far there are no pilot EBT projects for farmers' markets, mobile merchants, and other retailers lacking phone connections that have proven effective or economical.

A lesson from Connecticut is that in the absence of a system for using EBT with non-traditional food sellers can result in negative consequences for participants and vendors. Advocates there report that farmer's markets have been dropping out of the food stamp program with the advent of EBT because they found the voucher system too cumbersome to deal with and other merchants are refusing to make use of a manual back up procedure for food stamp purchases when the EBT system is down, forcing recipients to leave stores without their intended purchases.

***EBT* IS HERE OR COMING SOON TO A NEIGHBORHOOD NEAR YOU!**

Your clients may need help learning about how to access their Food Stamps and Public Assistance Cash benefits using their new EBT card/system.

Staten Island's pilot began in March for welfare, Food Stamps started in April.

Harlem (zip codes: 10026, 10027, 10035) moved to EBT in mid-April, Food Stamps started in May. The rest of Manhattan moves into EBT in May - June.

Other Boroughs get ready: Bronx in July; Queens in September; Brooklyn in November.

IMPORTANT PHONE NUMBERS

Citibank CUSTOMER SERVICE: 1- 888- 328 - 6399 (7 day/24 hour)

Use for: Changing PIN Numbers, Report Lost/Stolen Cards, Locations of Automated Teller Machines (ATM's)/Point of Sale devices (POS's), Incorrect cash amounts/receipts and other problems at ATM/POS, Current Balance and Transaction History, Mistakes on your account, Recorded Messages from HRA, Information about EBT Training, Locations of Job Centers/Food Stamp Offices.

Lockheed Martin TRAINING HELP LINE: 1 - 877 - 249 - 0157

Use for: Learning how to use the EBT card, how to use ATM's and POS's, Training Site Locations and Hours of Operation, Directions to Training Sites, Arranging for trainings at your community organization sites, Locations of ATM's/POS's, Locations of Job Centers/Food Stamp Offices.
Special and Group Training Arrangements - (518) 728-7893

NYC PARTICIPANT MESSAGE CENTER: 1 - (877) 879 - 4194

Use for: NYC Food Stamp, Welfare and Medicaid participants can enter their 19 digit case number and access voice mail messages sent by HRA relating to their benefits case.

New York City EBT Implementation Problems/Questions:

NYC Human Resources Administration: 212 - 331-4251 or 4252

NY State Office of Temporary & Disability Assistance: 518 - 474-9280

Citibank EBT: 718 243-2487

Lockheed Martin EBT: 518 - 453-2031

USDA EBT in NYC: 212 - 620 - 3691

RETAILER HELP:

Retailer EBT General Information: 888 - 328 - 8811

Retailer EBT Processing Problems: 800- 831 - 5235

New Retailers wishing to become USDA approved for Food Stamps:- 212-620-7360

Community Food Resource Center - 90 Washington Street, NYC 10006 - (212) 344-0195

EBT - Electronic Benefit Transfer - How to Use Your Benefits Card

Your food stamp benefits and/or cash assistance benefits are kept in special separate accounts for you. These instructions tell you how to get your benefits.



You can use your card to get your benefits wherever you see any of these signs:

YOUR PIN (Personal Identification Number)

Your PIN is your electronic signature. It contains four (4) numbers.
Your benefit Card will not work without your PIN number.
Keep your PIN a SECRET. Never write your PIN on your card.
Never let anyone see you enter your PIN at a machine, even a store cashier.
Never give your PIN to anyone.
If a person has your card and knows your PIN, they can use ALL of your benefits.
If someone else uses your card and PIN, your BENEFITS WILL NOT BE REPLACED.
If you can't remember your PIN, change it to something you can remember easily.

YOUR BENEFIT CARD

Keep your card in a safe place when you are not using it.
Do not write on or scratch the black stripe on the back of your card.
Do not put your card near magnets, TVs, stereos, VCRs, or even the magnetic clasp on a purse.
If your card is damaged or bent, it will need to be replaced.
If your card is lost or stolen call 1-888-328-6399. This is a free call.

CUSTOMER SERVICE – THIS IS A FREE CALL – 1 - 888-328-6399

Customer Service is available 24 hours a day, 7 days a week to answer any questions you may have about how to get your benefits. The customer service number is first answered by a computer. You will be asked questions to help direct your call.

Call to find out: Where you can use your card. Your food stamp account or cash account balance.

Call if: You have questions or problems using your card or PIN.
Your card is lost/stolen/damaged or you want to change your PIN.

HOW TO USE YOUR CARD AT THE STORE

1. Before you shop, check your last receipt to find out how much money is in your account, or call 1-888-328-6399 for your balance. This is a free call.
2. Look for the QUEST® sign on the door or window of the store.
3. At check-out, your card is swiped through the machine by you or the store cashier.
4. Enter your PIN on the number pad, then press Enter. (Only You should enter your PIN.)
5. Tell the cashier how much money to enter or enter the amount yourself.
6. Always check your receipt to make sure that the amount on the EBT receipt is the same as the grocery receipt.

FOOD STAMP PURCHASES

Use your food stamp benefit account to purchase food. Remember, you can only buy allowable food items with your food benefits. You can never be charged any transaction fee for using your food stamp benefits.

CASH PURCHASES

Any item may be purchased using your cash benefit account. You can never be charged any transaction fee for direct purchase of items with your EBT cash benefit account.

CASH WITHDRAWAL

Some stores will allow you to receive cash back above the cost of your purchase.
Some stores will allow cash withdrawal without purchase. You must follow the stores policy regarding the allowable amount

If you use both a food stamp benefit account and a cash benefit account, your card will be swiped through the machine twice and you must enter your PIN twice.

There is no limit to the number of times you can use your card for non-ATM transactions.
Do not make cash withdrawals at stores that charge a fee for this service.

HOW TO USE YOUR BENEFIT CARD AT AN AUTOMATED TELLER MACHINE (ATM)

Choose an ATM in a place where you feel safe.
Always follow directions on the ATM.
Put your card in the machine.
Enter your PIN.
Never let anyone see you enter your PIN.
Press Withdrawal.
Press Checking.
Enter the dollar amount you want.
Take your cash, card, and receipt from the machine.
Keep the receipt so you will know how much you have left in your account.
Check the receipt to make sure it is the same as the amount you got

You will have 4 free cash withdrawals at ATM's every month. Extra cash withdrawals from ATM's will cost you 85¢ each. This fee will be taken automatically out of your cash account.

**WARNING: SOME ATM'S CHARGE A FEE FOR EACH TRANSACTION
SAVE YOUR MONEY! Don't use ATM's, Check Cashers or Food Stores
that charge fees for providing you with cash withdrawals.**

IT'S THE LAW! Misuse or abuse of your card will result in investigation by State and/or Federal authorities. Documented violations will result in sanctions including: Disqualification from program, Recovery through recoupment/restitution, and/or referral for criminal prosecution. It is a crime to defraud the system or to misuse your card.

TO: Members of the Board of Directors

FROM: Rachel M. Cohen 
Director of Foundation & Corporate Giving

RE: Private Fundraising Analysis

DATE: May 10, 1999

With just two months remaining in the fiscal year, the Development Department finds its FY 1999 Foundation & Corporate campaign significantly under budget and behind last year's dollar total (\$772,500 for July 1, 1997-June 30, 1998 vs. \$416,023 from July 1, 1998-April 30, 1999). Several questions naturally arise in the course of strategic planning and forecasting for FY 2000:

- Was the projected goal of increasing private fundraising by 30% realistic?
- What are the concrete reasons for decreased private funding from FY 1998 to FY 1999?
- What are the larger trends and/or barriers to private funding that can be identified?
- What practical steps are necessary to address identified barriers to funding; increase and diversify private funding for the agency; and meet reasonable dollar projections in FY 2000?

I. FY 1999 Projections

The projected goal for foundation and corporate fundraising set last year was \$1,000,000, nearly a 30% increase over the total amount raised in FY 1998 (the largest previous percentage increase was 14% from FY 1997 to FY 1998). A mid-year modification reduced projected revenues by nearly \$200,000, a goal that was still optimistic given that several major funders with whom requests for support had been pending were unlikely to result in grants. The mid-year forecast explained that a failure to secure even one of these sources of support (described in greater depth below) would result in a significant shortfall.

II. Specific Reasons for Decreased Private Funding

There are several key reasons for the decrease in private funding from FY 1998 to FY 1999.

Fallout Resulting from Dispute with NYC. While it is difficult to quantify in dollars the chilling effect of Housing Works' dispute with the City in terms of private funding, there are several issues that should not be underestimated:

- questions of financial solvency due to bogus city allegations and actual fiscal crises
- rumors of impending bankruptcy in late 1997 and early 1998
- non-availability of audits (this has been and continues to be particularly problematic, and was the direct cause of the loss of an estimated \$30,000-\$50,000)
- relative inability of development department to submit major proposals presenting a clear picture of agency status in early 1998 due to major restructuring, etc. (this, in turn, negatively effected early FY 1999 income)
- possible exertion of negative political pressure on the part of the city

Loss of Funding from Three Largest Sources. As it turns out, several of the "unknowns" identified in the FY 1999 revised forecast resolved negatively for Housing Works. The discrepancy between the mid-year projections and our actual revenues is largely attributable to the following specific situations:

1. It is important to note that the single greatest source of lost funding in FY 1999 was the unexpected rejection from The Rath Foundation. For three consecutive years, Rath has given Housing Works \$150,000 per year for the Independent Living Program. Without any notice, we received a pithy letter from Rath explaining that they had changed their funding priorities (from housing programs for PWAs to nutritional programs for PWAs) and that we would not be receiving their support. (Bailey House reports that they too were suddenly de-funded, and received a similarly pithy letter of rejection with no notice whatsoever.) Despite our great frustration at how irresponsibly Rath handled their apparent shift in funding priorities, we will approach them in FY 2000 with a food service-related proposal. **This was a \$150,000 set-back (projected, flagged as potentially problematic in the mid-year modification—because an inordinate amount of time had passed between our request for support and their response—and not received).**
2. It was made clear in last year's award letter that our \$100,000 grant from the Surdna Foundation for venture development was a "tie-off" grant. Although this did not *explicitly* preclude possible FY 1999 funding, we have not had an appropriate project to approach them with this year (we await completion of the MSO business plan). Charles King is in regular contact with Surdna's Executive Director Ed Skloot, and the various successes of our social ventures, which exceed projections made in the Surdna proposal, have been reported on. This should bode well for FY 2000, **but nonetheless accounts for a difference of \$100,000 from FY 1998 to FY 1999 (projected, flagged, and not received).**
3. Finally, despite three consecutive years of \$50,000 support (per year) from The FB Heron Foundation, we "cycled off" in FY 1999. Even at mid-year, we were holding out hope that Heron might support a new initiative (such as the MSO), but their emphasis on outcome measures that we were not able to provide until late this year meant that we had to sit out of the FY 1999 funding cycle. There is every indication that we can re-apply in FY 2000, and with QA outcome and process measures dramatically improved, we can be fairly optimistic about securing their support. **This nonetheless accounts for a \$50,000 difference between FY 1998 and FY 1999 revenues (projected, flagged, and not received).**

Special and/or One-Shot Grants in FY 1998. Approximately \$150,000 raised in FY 1998 came from sources that were either special situations or one-shot grants that were not likely to lead to annual renewal grants (and have not to date). These included such sources as the Open Society Institute (\$75,000); the State Welfare Redesign Grants Project (\$20,000); and the Estate of Neal Pozner (\$15,000).

III. Larger Barriers to Funding

A preliminary analysis of Housing Works' private funding sources over the past three years has helped to identify some trends that have affected our ability to secure private funding. Many of these trends have emerged as a result of lengthy conversations with Foundation staff. Some have been with Housing Works since its inception, and others are purely "environmental." In most cases, whether a funder has been a previous supporter or a prospective one with no giving history at Housing Works, a loss of funding or a failure to secure new funding has been the result of a combination of these factors.

General Political Issues. Housing Works' stand on various issues continues to be a major barrier to gaining entree into some major funding circles. Foundation boards and trustees often lag far behind even their program staff, maintaining extremely conservative and outdated positions on a wide range of issues. These generally fall into three major categories:

- controversy of advocacy activities and policy positions (historical and present)
- political resistance to harm reduction

- general “unpopularity” of constituency

NYS AIDS Fund. Many of the city’s largest AIDS funders do their AIDS giving through the NYC AIDS Fund. Some of Housing Works past funders, including the Joyce Mertz-Gilmore Foundation (\$40,000 in FY 1996), now give through the Fund. Unfortunately, there is a particular individual at the Fund who is hostile toward Housing Works because of our advocacy, and this may at least partially account for several rejections in recent years. (It may also be worth noting that this individual sits on several foundation boards, and is generally very well connected to the NYC AIDS funding “elite”.)

Larger Environmental Funding Issues. These are perhaps the most frustrating of the barriers to funding that the department has identified. They are the least tangible, and probably the most difficult to address or change. They include:

- general AIDS “donor fatigue” causing major retrenchments in private support for AIDS services (please see attached articles from *The New York Times* and the *Chronicle of Philanthropy*, and please note that the Funders Concerned About AIDS report cited in the *Chronicle* article is available from the Development office)
- pigeon-holing due to restrictive funding categories
- focus, even within AIDS funding world, on HIV prevention services, especially those targeting youth (Housing Works’ youth programs have been too “low impact” to attract necessary private support)
- focus within community development funding world on neighborhood-based definitions of “community” as well as cross-sector partnerships (Housing Works is not perceived as doing this)
- budget size (excludes Housing Works from many progressive social change-oriented funders who would not shy away from our advocacy work; ironically, Housing Works is perceived as being very well funded)

Some Examples

(Please note that the examples listed here are by no means exhaustive. They are merely a representative sample, and are nearly all funders with whom lengthy conversations or communiqués were had. Getting candid responses from funders as to why a particular proposal was not funded can be difficult, to say the least!)

Past funders who have either phased out AIDS funding or shifted priorities within AIDS funding, and will not consider Housing Works under new or revised categories:

- | | |
|--|----------------------------------|
| • The GAP Foundation | largest single grant = \$10,000 |
| • Ittleson Foundation | largest single grant = \$25,000 |
| • JP Morgan Charitable Trust | largest single grant = \$10,000 |
| • JM Kaplan Fund | largest single grant = \$50,000 |
| • The Rath Foundation (still to be determined) | largest single grant = \$150,000 |

Prospective funders who have explained that HIV population excludes us from being considered under other (non HIV-specific) funding categories:

- Tiger Foundation request amount = \$75,000
- *all others were determined ineligible before we applied (this includes several government sources of community development funding, e.g. US Department of Health and Human Services Office of Community Services)*

Community development funders that define "community" geographically (or by neighborhood) and/or emphasize cross-sector partnerships, and so have not funded social venture development or other economic development activities at Housing Works:

- | | |
|--|----------------------------|
| • The Hitachi Foundation | request amount = \$152,900 |
| • The Bodman Foundation | request amount = \$40,000 |
| • M & T Bank Entrepreneurial Ingenuity Program | request amount = \$15,000 |
| • Rudy Bruner Foundation | request amount = \$50,000 |

Social change funders that clearly support our advocacy mission, but have not made grants to Housing Works because of our budget size:

- | | |
|---------------------------|---------------------------------------|
| • Funding Exchange | determined ineligible before applying |
| • North Star Fund | determined ineligible before applying |
| • The Hut Foundation | request amount = \$20,000 |
| • The Abelard Foundation | request amount = \$10,000 |
| • The New York Foundation | request amount = \$50,000 |

IV. Practical Steps

I very much look forward to further discussing these issues—and specific, practical strategies for overcoming them—with interested members of the Board in order to maximize financial resources that will advance Housing Works' mission of providing high-quality, responsive direct services; sophisticated and uncompromising advocacy; and innovative entrepreneurial ventures/economic opportunities for homeless and formerly homeless people living with AIDS and HIV.

FUNDER	FY96	FY97	FY98	FY99	REASON FOR LOSS/CHANGE OF FUNDING (IF APPLICABLE)
Atlantic Bank of New York		\$1,000 (general)	\$1,000 (general)	\$1,000 (general)	
Broadway Cares/EFA	\$15,000 (Theater)	\$5,000 (Theater)		a) \$5,000 (Adv.) b) \$5,000 (Legal)	
Calvin Klein Foundation	\$10,000 (general)			due 7/99	lapsed - will re-activate
Chase Manhattan Competitive Grants Program (formerly Chemical Bank)	\$1,500 (general)	\$2,000 (general)	\$2,000 (ventures)	due 7/99	
Clark Foundation	\$50,000 (general)		\$50,000 (general)	\$50,000 (general)	
Wilfred P. Cohen Foundation		\$5,000 (general)			lapsed - no file
Corporation for Supportive Housing	\$45,000 (JTP)		\$35,687 (JTP)	\$24,336 (JTP)	anticipated: <i>Next Step: Jobs</i> initiative = only 3 years
Corporation for Supportive Housing	\$15,000 (Strategic)		\$50,000 (HWFS)		requested \$\$ for HWFS; did not want to "invest" in same business 2 times
Cowles Charitable Trust			\$1,000 (HWFS)	\$1,000 (HWFS)	
Danielson Foundation		\$5,000 (general)		due 8/99	
Dime Foundation	\$1,000 (general)	\$1,000 (ILP)			have not been able to reach by phone for over 1 year
Phil Donahue & Marlo Thomas			\$25,000 (general)	\$25,000 (general)	
Jean & Louis Dreyfus Fund		\$10,000 (Theater)			cycled off (can re-apply in 2000 if theater-related, esp. if Theater Project is reinvented)
Drug Policy Foundation		\$15,000 (Crack grp.)		\$25,000 (general)	
The Gap Foundation		\$5,000 (JTP)	\$10,000 (general)		AIDS \$\$ = prevention/youth oriented; only funding youth-specific org.s
The F.B. Heron Foundation	\$50,000 (general)	\$50,000 (general)	\$50,000 (general)		cycled off (can most likely re-apply in 2000)

Emy & Emil Herzfeld Foundation		\$1,500 (general)	\$1,500 (needle ex.)	due 5/99	
Horwitz Family Fund	\$1,000 (harm red.)	\$1,000 (harm red.)		pending	
Impact Fund		\$5,000 (impact lit.)		due 6/99	
Ittleson Foundation (booked as ANONYMOUS - discretionary)	\$4,500 (general)				AIDS no longer funding priority; won't consider under other categories
Robert Wood Johnson Foundation	\$40,000 (TB Scat.)				research-only
J.P. Morgan Charitable Trust		\$10,000 (general)	\$10,000 (general)		AIDS \$\$ = prevention only; not considered under other categories because = ASO
Keith & Miller Foundation		\$10,000 (Adv.)		pending	
J.M. Kaplan Fund	\$50,000 (general)				AIDS no longer funding priority; won't consider under other categories
John F. Kidde Fund for Basic Human Needs		\$1,000 (general)	\$500 (nutrition)	\$500 (nutrition)	
The Knossos and Tesuque Foundation	\$10,000 (general)	\$10,000 (general)		due 7/99	lapsed - will re-activate
MAC AIDS Fund			\$16,000 (ENY)	\$16,000 (hlth. svcs.)	
Manhattan Neighborhood Network		\$17,000 (video)	\$14,000 (video)	\$20,000 (video)	
Joan R. McAlpin Charitable Trust		\$2,000 (general)			lapsed (and = individual donor counted as foundation)
Joyce Mertz-Gilmore	\$40,000 (Adv.)				gives AIDS \$\$ through NYS AIDS Fund (politically problematic)
Metzger-Price Foundation	\$1,000 (general)	\$1,000 (general)	\$1,000 (general)	\$1,000 (general)	
MONY Foundation			\$10,000 (youth)		concerned re: low impact of SYEP; in strategic planning mode; will probably be eligible to re-apply in 2000
Newman's Own Fund	\$5,000 (general)	\$10,000 (general)	\$5,000 (general)		awaiting call back to discuss
New York Gay Pool League				\$5,000	

				(general)	
New York Mercantile Exchange Charitable Foundation	\$3,000 (general)			due 8/99	lapsed - will re-activate
NYC AIDS Fund	\$20,000 (Adv.)	\$75,000 (Hous Nwk)			politically problematic (L. McNally)
NYC People's Life Fund		\$1,000 (general)			budget too large
Obie Award			\$5,000 (Theater)		one-time
Open Society Institute			\$75,000 (general)		grant given under special circumstances (combination of OSI program funds); not yet certain of future
Philip Morris Companies		\$7,500 (nutrition)	\$1,000 (intern)	due 8/99	lapsed - will re-activate
Estate of Neal Pozner				\$15,000 (general)	one-time
Public Welfare Foundation	\$45,000 (Adv.)	\$25,000 (Adv.)		due 5/99	lapse due to non-availability of FY97 audit
Public Welfare Foundation (Welfare Reform Fund)			\$30,000 (Adv./welf.)	due 5/99	
The Paul Rapoport Foundation	\$10,000 (general)	\$10,000 (general)	\$10,000 (general)	pending	
Puffin Foundation			\$1,000 (Theater)		no longer eligible (until/unless Theater Project starts up again)
The Rath Foundation	\$150,000 (ILP)	\$150,000 (ILP)	\$150,000 (ILP)		sudden change of priorities (AIDS housing to AIDS nutrition); not HW-specific; will attempt in 2000
The Robin Hood Foundation	a) \$5,000 (general) b) \$50,000 (infrastructure.)	\$50,000 (infrastructure.)	\$50,000 (fiscal infr.)	\$50,000 (fiscal infr.)	
Royal S. Marks Fund				\$50,000 (general)	
Richard & Edna Salomon Foundation		\$2,000 (general)			one-time; trustee died
The Scherman Foundation		\$15,000 (general)	\$20,000 (general)	\$25,000 (general)	
State Welfare Redesign			\$20,000 (Adv./welf.)		upcoming deadline possible; to be determined

Stonewall Community Foundation		\$7,500 (infrastruct.)		pending	politically problematic; L. McNally on Board
Support Center for Nonprofit Management			Tech. Asst. (strat. plan.)		
Surdna Foundation		\$100,000 (ventures)	\$100,000 (ventures)		FY 1998 grant = "tic-off"; can probably re-apply in FY 2000
The Bittenwieser Fund of the Tides Foundation				\$10,000 (litigation)	donor-advised; on 1999-2000 docket
The Valentine Fund of the Tides Foundation	\$10,000 (Adv.)				donor-advised; on 1999-2000 docket
The John Warner Fund of the Tides Foundation	\$5,000 (Adv.)				donor-advised; on 1999-2000 docket
Henry van Ameringen	\$50,000 (JTP)		a) \$30,000 (general) b) \$25,000 (litigation)	\$30,000 (general)	
Malcolm H. Wiener Foundation		\$1,000 (general)			lapsed - no file
WRKS "Kiss" FM				\$5,000 (9th St)	

Foundation Support of AIDS Organizations Appears to be Waning, Survey Finds

By MEG SOMMERFELD

Grant making to AIDS-related projects appears to be on the decline, according to results of a new survey commissioned by Funders Concerned About AIDS, a grant makers' coalition.

Among the 276 grant makers that responded to the survey, only 128 planned to make AIDS grants this year, compared to 162 who said they made such grants in 1997.

The survey also found that the number of grant makers who provide at least \$50,000 in grants annually to AIDS causes is dropping. Sixty-three of the grant makers who were surveyed said they

planned to give at least that much this year; 81 of the grant makers said they had given that much in 1997.

Leaders of Funders Concerned About AIDS, a coalition of about 1,500 grant-making institutions, said they were most concerned by the drop in the number of the funds that have given large sums.

"For any issue, as long as new funders are coming along to replace old ones, you could say it's part of the natural ebb and flow," said Paul Di Donato, the coalition's executive director. "But if the stalwarts are moving away and not being replaced, then you have a crisis on your hands."

The total amount awarded to AIDS projects has also decreased in recent years, the report of the survey results noted. From 1996 to 1997, the most recent years for which data were available, contributions to AIDS prevention, treatment, and research efforts dropped from \$37-million to \$30-million, according to Foundation Center figures cited in the report.

Among the reasons grant makers said AIDS grants were dropping:

► A shift in strategy. Grant makers said that instead of making grants aimed at alleviating specific diseases they were supporting projects that emphasize broad health concerns and seek to im-

prove the overall health-care system.

► A decrease in the number of proposals submitted by AIDS-related organizations.

► A declining interest in supporting large, well-established AIDS organizations. Several grant makers said they saw those organizations as "less capable of innovation and less responsive to changes in the epidemic," according to the report.

The report suggested the decline might be attributed to other causes, such as the possibility that grant makers are experiencing "donor fatigue" after nearly two decades of financing efforts to stop the disease. It also noted that grant makers may feel that the battle has been won because of advances in drugs for AIDS patients. Those treatments have helped decrease AIDS-related deaths since 1995, reversing a decade-long trend.

Charity Leaders Not Surprised

Representatives of AIDS organizations said they were not surprised by the survey's findings.

Jane Breyer, director of development at the San Francisco AIDS Foundation, which provides services to people with the disease, said, "The sad news is that the survey just confirmed what many of us have known for a long time."

Ms. Breyer acknowledged that AIDS organizations bear some of the responsibility for the declining interest among grant makers, and suggested that they should strive to improve both the quality of their proposals and their efforts to inform grant makers.

But she took issue with the criticism that established organizations like her own are not innovative enough.

For example, she said her organization was trying to stem the

spread of AIDS among intravenous drug users by allowing them to obtain clean hypodermic needles, an approach she called "the most successful, innovative program." But, she said, few grant makers have been willing to support needle programs, which are controversial because some people think they encourage drug abuse.

Both AIDS activists and grant makers who support AIDS causes

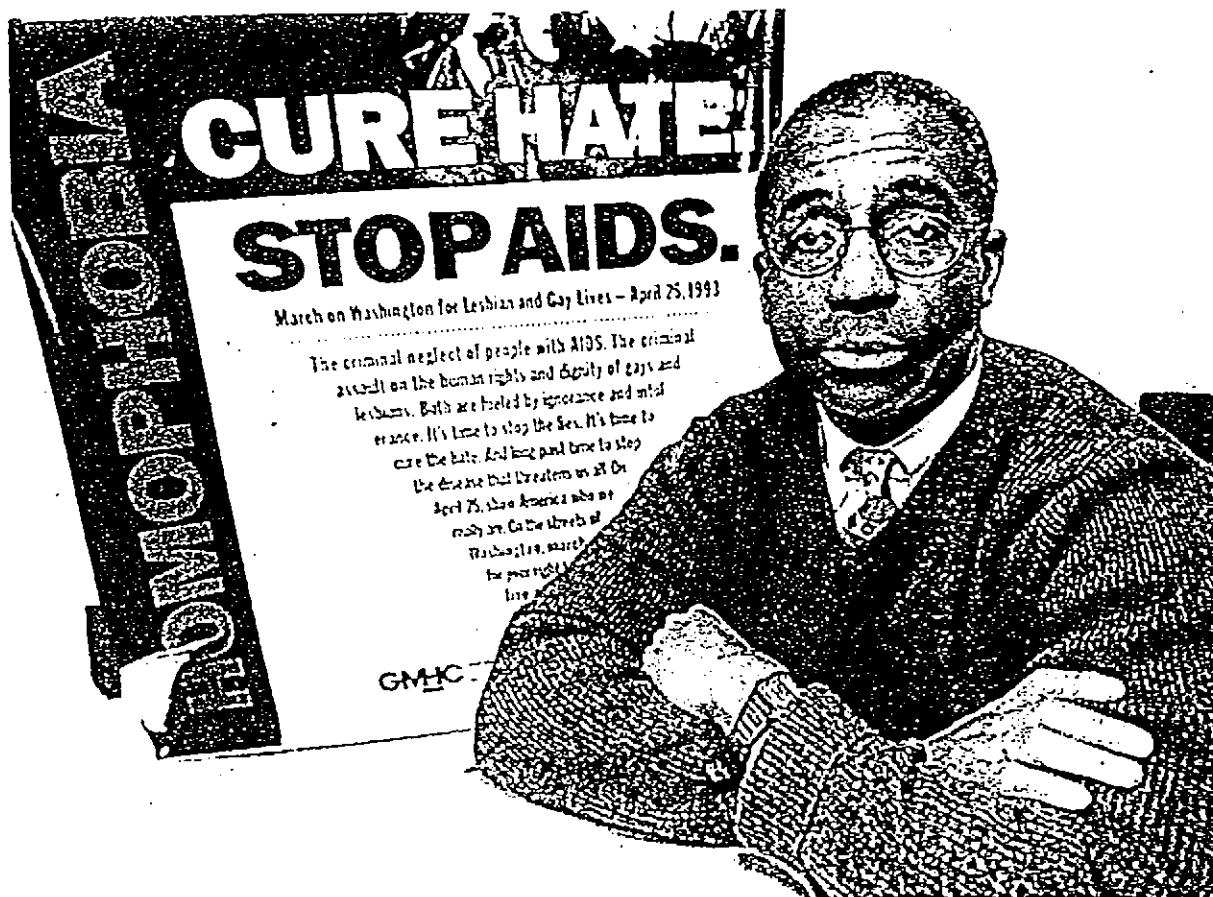
"The sad news is that the survey just confirmed what many of us have known for a long time."

said they feared some foundation support were retreating at a time when their support is still needed.

"There is an overriding concern that progress is being made, but the new treatments are still far from the reach of many people," said Kim Hamilton, of the Howland Foundation.

Funders Concerned About AIDS spent approximately \$80,000 on the survey. The Gallup organization chose participants from a list of 653 grant makers that had contributed to AIDS organizations. Those who expressed interest in doing

Free copies of the report "Lanthropy and HIV: Assessing the Past, Shaping the Future," obtained from Ging Louie, 50 East 42nd Street, 19th floor, New York 10017; (212) 573-1111; e-mail ging@fcaids.org.



Marilynn K. Yee/The New York Times

AIDS groups say donor fatigue has meant fewer donations and cutbacks in budgets. "It has been painful," said Ronald Johnson, an official with Gay Men's Health Crisis, a leading AIDS organization. "We're potentially chipping to the!

AIDS Is Still Here, But Donors Drift Off

As Disease Lingers, Public Interest Wanes and Service Groups Falter

By LYNDA RICHARDSON

When the Gay Men's Health Crisis announced last month that it would no longer hold a popular annual fund-raising event on Fire Island, the move did more than end the public relations nightmare that the Morning Party had become.

While the spectacle of merrymakers collapsing from overdoses and being arrested on drug charges had caused embarrassment for G.M.H.C., the nation's largest AIDS service organization, the cancellation of the summertime dance party highlighted a more serious fund-raising problem.

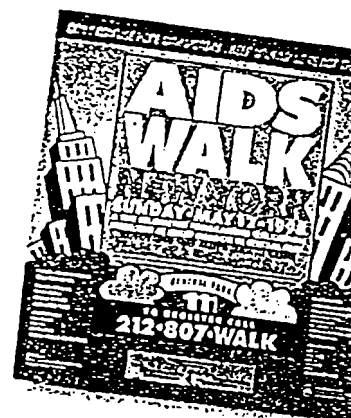
Faced with a decline in private contributions, the agency has eliminated more than a quarter of its staff positions in 15 months. It has also dissolved a research department and consolidated two other divisions. More cuts could be ahead for the agency, which relies on donations for 80 percent of its \$22.4 million operating expense budget.

"It has been painful," said Ronald S. Johnson, the agency's managing director

to G.M.H.C. With the advent of life-prolonging treatments and a significant drop in AIDS-related deaths, AIDS groups in New York and across the country are struggling. Donor fatigue has set in, even though H.I.V., the virus that causes AIDS, continues to infect 40,000 new people a year in the United States.

"AIDS in America is no longer considered a problem; everybody thinks it's gone away," said Larry Kramer, a writer who is one of the six co-founders of G.M.H.C. "Aside from that, it's happening to people who nobody wants to give any money to, poor people, people of color, drug users. In the beginning, when gays were threatened, gays gave money. But gays don't feel so threatened anymore. They are giving money to fight for gay marriage and other gay issues."

As donations migrate to other causes, AIDS groups are trying to reinvent fund-raising approaches and to devise fresh ones that might compel potential contributors. Some struggling groups are even considering mergers or pairing up with non-AIDS organizations.



duous a decade ago. Staff workers, some of whom are positive, will solicit pledges to run the Marine Corps Marathon this year in Washington. They will join contingents from AIDS Project Los Angeles and the Whitman-Walker Clinic in Washington, D.C., another AIDS organization.

Some AIDS groups are finding they must venture further afield for support. The 15 AIDS service organizations that are part of the Harlem Community Health Center, for instance, are being encouraged to approach cancer groups for joint projects and financing.

"People are beginning to feel that they've probably given enough to fight AIDS," said Ravinia Hayes, the group's executive director. "AIDS organizations, the ability to go beyond H.I.V. and AIDS is going to be important. Seven or eight years ago, people would have said you could not

AIDS Is Still Here, but Donors Leave

Continued From Page B1

ic, but we cannot afford to just be a singular focus disease entity."

Raising money has become so difficult for the People With AIDS Coalition of New York, which offers informational phone lines, support groups and forums, that it is considering a merger with other AIDS service groups. Its executive director, Doug Wirth, said a quarter of the coalition's \$1 million annual budget used to come from the bequests of AIDS patients. Now the amount is less than 5 percent because many people with AIDS are living longer.

As the coalition tries to replace those funds, it has also faced a drop in grants by the Government, which is directing more financing to outpatient health care and drug costs. "It's been a dramatic challenge and the question is, 'How long can that be sustained?'" Mr. Wirth said of the effort to maintain the coalition's budget.

By virtue of its name, G.M.H.C. is more closely linked to a gay donor base than most AIDS service organizations, and it has long been the most politically and economically connected group in the world of nonprofit AIDS service. Even so, G.M.H.C.'s operating expense budget is down nearly \$5 million from the budget two years before, and it is seeking tenants to help it fill its 12-story headquarters in Chelsea.

With the cancellation of the Morning Party, the agency has lost its second largest fund-raising event after the AIDS Walk, which made \$4.24 million last year, slightly down from the previous year. The dance party attracted 4,500 people and raised \$464,000 in 1998.

"There's no way to say it's not a tough hit," said Mr. Johnson, the agency's managing director for public policy. "It will have an impact on the operation."

The Morning Party became a symbol of the agency's roots because the same community that gave rise to G.M.H.C. summered in Fire Island Pines, off the south shore of Long Island. Though the party began as a modest affair in 1983, it evolved over time into a swank event that attracted hordes of gay men.

"It was a huge piece of revenue and speaks directly to the core constituency of G.M.H.C., their leadership, their board," said Rodger McFarlane, a former executive director of the agency. "Those white upper-middle-class gay men are really important to G.M.H.C. and always have been."

In recent years, the gay dance party on the edge of the Atlantic lent cachet to a growing number of similar parties around the nation, known as "circuit parties." It also became increasingly associated with illegal drug use and unsafe sex.

Last year, in the predawn hours leading up to the Morning Party, a

AIDS groups try to come up with new ways to open pocketbooks.

35-year-old man from Bronxville, N.Y., overdosed and died. During the event, a party producer hired to oversee security and to weed out drug use was among 21 men picked up on charges of illegal drug possession. The year before, the same number of drug arrests occurred. And in 1996, a man slipped into a drug-induced coma and had to be evacuated by helicopter.

In recent years, as critics complained that the party was out of control, G.M.H.C. officials cited educating partygoers about the dangers of illegal drugs as one of the main reasons the organization remained committed to the event. The agency started holding drug counseling workshops on Fire Island around the party, and distributed fliers warning partygoers that illicit drugs would not be tolerated.

Now, in an effort to recoup the loss of revenue from the Morning Party, the agency is considering playing host at a series of smaller house parties in the Pines.

For some gay-rights advocates, the demise of the Morning Party signals the loss of a part of history.

"It's the only fund-raiser that G.M.H.C. had that was still gay, born in the gay community and targeting the gay community," said Randy Wojcak, a former organizer of the Morning Party who serves on G.M.H.C.'s education and program committee. "With the AIDS Walk, you see people with baby strollers, wives, husbands, brothers and sisters."

But Mr. Kramer, the co-founder of G.M.H.C., said gay men have never contributed as substantially to the agency as people might believe.

"The Morning Party was an old and tired idea, good riddance as far as I'm concerned," he said. "It's a drop in the bucket compared to what they need. They have a big building and a big staff and they haven't got the money to take care of all these things. There are a lot of wonderful programs that are really severely threatened."

During the last round of budget cuts, the talk was about which programs should stay and which ones might go. Among the programs that came under scrutiny was the buddy service, in which volunteers are paired up with sickly clients to do chores like shopping and laundry. The program, one of the agency's oldest, stays for now.

Meanwhile, volunteers like Dena Hammerstein hope the agency is through the worst. Mrs. Hammerstein devotes her time to the agency's Child Life program, which serves H.I.V.-positive women and their families.

Mrs. Hammerstein is also a longtime donor. She said she and her late husband, James Hammerstein, a producer who frequently directed the musicals of his father, Oscar Hammerstein 2d, raised about \$10,000 for the program during the couple's silver anniversary celebration last year.

For five years now, Mrs. Hammerstein has volunteered twice a week. But because of the high staff turnover, she knows less of the staff workers these days.

"There's been a lot of upheaval all over," she said. "We volunteers have gotten more active. I think we felt a need to. We want to make sure we don't let our families down."

By hand or facsimile

Memorandum

To: Members of the HousingWorks, Inc., Board of Directors

From: Charles King

Re: Additional information for your review for the special meeting

Date: May 13, 1999

Attached please find an analysis of private fundraising for Housing Works and two related articles, provided by Rachel Cohen, Director of Foundation and Corporate Giving. These may be helpful in our discussion at the meeting tomorrow.

HOUSING WORKS NEW YORK STATE AIDS ISSUES UPDATE
MAY 10, 1999
e-mail: nysaidsupdate@hotmail.com

**STATE RELEASES BLUEPRINT FOR HIV SPECIAL NEEDS PLANS IN
MEDICAID MANAGED CARE; APPLICATIONS DUE IN 120 DAYS**

The long-awaited HIV Special Needs Plan (SNP) Request for Applications (RFA) was released by the AIDS Institute of NYSDOH this week. According to New York's plan for mandatory Medicaid managed care, HIV SNPs will form the backbone of the state's HIV care system for recipients of public assistance and will enroll thousands of Medicaid beneficiaries over the next several years.

Applicants will have until September 8 to organize and develop funding for the SNPs, which will essentially be a set of brand-new managed care organizations dedicated to the provision of HIV health care and services. NYSDOH will pay HIV SNPs a single capitated rate on a per-member-per-month basis to cover a broad range of services like inpatient and outpatient hospital care, acute home care, physician services, HIV counseling and testing, mental health and substance abuse services and more.

State legislation authorizes up to 12 HIV SNPs serving HIV-positive Medicaid beneficiaries across the state. Enrollment for Medicaid managed care will be entirely voluntary for all beneficiaries who are living with AIDS and HIV until the federal and state governments sign off on the adequacy of SNPs and Medicaid HMOs to provide accessible and good quality care.

The RFA is expected to draw strong interest from AIDS service organizations, hospitals, community-based health clinics and other groups around the state. Many groups are wary of being part of an HIV HMO, while others feel that it will be necessary to their continued existence to provide HIV care and services through managed care. Letters of intent from potential SNP applicants are due May 28,

applications are due September 8, and NYSDOH expects some plans to be approaching operation by January 2000.

The final RFA seems to reflect the advice of the HIV SNP advisory group assembled by the AIDS Institute in 1995 to provide detailed recommendations on financing, benefit packages, consumer protections and the transition towards managed delivery of HIV services. A few high points:

Financing

NYSDOH financial planners listened to the concerns of health care and service providers who asked for recognition of the high costs of HIV care and a moderate approach to risk-sharing in the HIV SNP model. The RFA includes a "risk corridor" approach under which the risk of losses from extraordinary expenses will be limited to 2% of medical costs and will be shared between the state and the SNP. Capitation will be set at at least 95% of the fee-for-service cost of delivered services: typical capitation rates include \$2810.70 PMPM for NYC adults on SSI living with AIDS and \$449.75 for NYC adults receiving TANF or SN benefits who are HIV-positive. The plan includes stop-loss provisions for inpatient hospitalization that limit SNP liability to the first \$100,000 and 15% of the cost from \$200,000 to \$300,000. Rates will also be adjusted to account for dental care, transportation and mental health costs.

Assistance Available

By making financial assistance available to cover reserve, capital and start-up costs, NYSDOH has made it possible for dedicated but often less-than-deep-pocketed community-based AIDS organizations to think about developing HIV SNPs.

Thanks to up to \$24 million in dedicated funding included in Governor Pataki's 1998-99 budget (at the urging of Housing Works and other groups) and supported by the Assembly and Senate, NYSDOH can offer significant grants to SNP applicants that can cover up to 50% of total capital needs and 75% of development costs; the state may also

waive up to half of the loss reserve requirement for some SNPs. That's good news, because the requirements are substantial: cash or securities equal to five percent of projected medical costs for 12-month period prior to the SNP's projected "break-even" point. For an HIV SNP with 2500-2800 members and average capitation of \$1000 PMPM that means \$1.68 million in reserves would be required (an amount that could be reduced with stop-loss insurance, provider assessments, and other means in addition to the waiver provision).

Start-up grants can cover escrow reserves, management and MIS costs, linkages and payments to subcontractors and can contribute to working capital needed to meet losses prior to break-even. But the RFA also warns that applicants who need less help will be looked upon favorably in the evaluation and certification process.

HIV Expertise Mandatory

NYSDOH has set high standards for experience and quality in HIV/AIDS care for the SNPs, as recommended by advocates and members of the advisory group. SNP physician panels must be made up of experienced AIDS docs, and every SNP must include structured linkages to existing AIDS service organizations and community-based service providers. According to AIDS Institute staff, "referrals won't be enough" to demonstrate such linkages, but the RFA does not explicitly require contracts and real live money payments to ASOs and CBOs in most cases. Psychosocial case management services will be a primary mode of care coordination, and SNPs will either have to provide such case management themselves or contract with a case-management provider by the second year of operation.

Full Benefits Package and Consumer Representation Required

The mandatory HIV SNP benefit package is fairly comprehensive, as outlined above; fee-for-service carve-outs include prescription and non-prescription drugs, methadone and many substance abuse, mental health and

developmental disability services, nursing home care, COBRA case management and AIDS adult day health care. NYSDOH will cover investigative and experimental treatments on a case-by-case basis, an important protection that will allow continued access to cutting-edge treatments.

The governing boards of all HIV SNPs must include at least 20% representation by SNP enrollees, and the state is encouraging specific structured methods for consumers to play a strong role in their operation.

While it remains to be seen whether New York's HIV/AIDS care infrastructure is willing or able to morph itself into a managed care system, the HIV SNP RFA appears to ensure that consumers will be able to get good quality and accessible care from the pilot SNPs that do emerge, and that hard-working local AIDS groups who are interested in making managed care work for their communities will have a shot at competing with the big hospitals and insurance companies that are likely to jump into the HIV SNP program.

HIV SNP applicants must submit a written letter of intent to NYSDOH by May 28 and may attend technical assistance conferences in New York City in July. Copies of the RFA are available from the AIDS Institute in New York City and in Albany; Ira Feldman is the primary NYSDOH contact for the program and can be reached at 518-486-1383.

The Update will continue to report on the HIV SNP process in coming months, and we'll cover what's going on in communities around the state. Contact Michael Kink at the Housing Works Albany Advocacy Center (ph 518-449-4207 e-mail nysaidsupdate@hotmail.com) to share information, ask questions, gossip or criticize. Update space is also available to groups that would like to network or organize SNP applications and reach out to others in the process.

STATE BUDGET IMPASSE WORSENS; SILVER SAYS ASSEMBLY COULD LEAVE TOWN JUNE 15 WITHOUT ENACTING A STATE BUDGET

Assembly Speaker Sheldon Silver this week said that he might end this year's Assembly session on June 15 and

recall the chamber if Governor Pataki and legislative leaders ever get near a budget agreement. "It's time to plan the close of this session of the Legislature," Silver told an Albany radio station. "We ought to be out of the Albany routine. Close down the legislative session. If there is no budget by then, we will return to address only the budget."

Five weeks of fitful and fruitless negotiations between the Governor, Senate and Assembly have passed since the April 1 deadline for the 99-00 state budget. The State is running a large surplus - possibly as big as \$3.5 to 4 billion in the wake of the recent run-ups on Wall Street. But Pataki, Silver and Senate Majority Leader Joe Bruno still can't agree on how much the State has available to spend on this year's budget, much less on how to spend it.

It's clear that Silver is unwilling to walk into another ambush like the one Pataki inflicted on legislators last year by striking out more than a thousand spending items with his line-item veto. And it's equally clear that Pataki has not yet displayed any of the flexibility that will be required to come to agreement on a budget deal with legislators who would like to see some of the huge surplus spent on items other than those proposed by the Governor.

Although none of them will admit it, it appears that the Albany budget process is returning to the "three men in a room" mode that characterized budget negotiations prior to last year's experiment with budget conference committees. While the rumored regression might at first appear to take power out of the hands of rank-and-file legislators, it's questionable how much power they really have in the budget conference process. When Governor Pataki can erase weeks of work with the stroke of a pen, he's the one with all the power. With "three men in a room," at least the Senate and Assembly retain an institutional check on the Governor's power. (That check was highlighted when Bruno said last month that the Senate would override unreasonable budget vetoes, a rare public threat to the Governor.)

Housing Works clients and staff again met with legislators this week to push for increased funding for homeless housing programs, supportive services and community-based AIDS service providers. With a four billion dollar surplus, how can New York afford not to fight homelessness and AIDS?

SENATOR RAYMOND MEIER OF UTICA NAMED SOCIAL SERVICES CHAIR

As predicted by the Update in January, Senator Raymond Meier (R-Western) was appointed chair of the Senate Social Services Committee last week by Senate Majority Leader Joseph Bruno.

Meier has served in the Senate since 1997 and was formerly Oneida County Executive, where he imposed intensive job-search requirements on applicants and cut HR cases by forty percent. Meier has also supported effective job training and employment programs for public assistance recipients and has a reputation for fairness and intelligence on issues of poverty, disabilities and homelessness.

In an interview with the Update, Meier said that he felt that welfare reform was "an ongoing process" and that "the general perception that we're finished with welfare reform is wrong." Meier pointed out that time limits on federal funding of TANF benefits are still to come, and that individuals who have moved from welfare to work "don't usually make a dramatic overnight change -- it's more of a gradual transition with some relapses" back onto public assistance. Meier said he wanted to make sure that supportive services like child care, medical care and transportation are available to former public assistance recipients to prevent a return to aid whenever possible.

Senator Meier said he "has some concerns" about allegations that New York City in particular had achieved large caseload reductions simply by raising the bureaucratic hurdles for PA recipients. "I don't have a problem with an intensive front-end analysis of a person's marketable skills and what their real prospects for employment are," said the Senator. "And I really support flexibility on the

front end that could prevent someone from getting on welfare in the first place, like day care or transportation help. But if they're just using the bureaucracy to keep people from getting any assistance, that's not right." Meier said he supported individualized planning for employment and independence rather than "cookie-cutter" approaches that limit options available to those on welfare.

Housing Works and the Update wish Senator Meier and his staff the best in their new endeavors.

APPELLATE COURT SAYS STATE WELFARE RENT PAYMENTS INADEQUATE

New York State's welfare shelter allowances are aren't enough to cover the rent for families in New York City, according to a ruling made this week by the Appellate Division in Manhattan. The court said that state welfare officials had violated laws and regulations that require public assistance to provide families with enough shelter aid to prevent homelessness.

Affirming a prior State Supreme Court decision, the Appellate Division said that the \$286 per month provided to a family of three "bears no reasonable relation to the cost of housing in New York City." The median rent on NYC apartments is now over \$600 per month. About 26,000 families who were pushed to the brink of eviction and homelessness are currently receiving supplemental rental assistance through interim relief as part of the Jiggetts case, which was filed by The Legal Aid Society in 1987. In 1990, the New York State Court of Appeals ruled in the case that the State has an obligation to provide an adequate housing subsidy to families on welfare. New York City also provides enhanced rental assistance to thousands of public assistance recipients who are living with AIDS and HIV.

BLADE SAYS NEW TROUBLED NEW CHIEF OF GMHC WANTED TO DROP OPPOSITION TO HIV NAME REPORTING LAW

Even as the GMHC advocacy department has recruited dozens of New York AIDS doctors to speak out about their opposition to our

Run white-rearh.

Housing

SAM & SA

Research

~~needle exch.~~

Prevention

- special initiatives
- excluding immigrants / drug users
- needle exchange

Jeffords-Kennedy

tx adherence

mental illness-parity - Mrs. Gore

▷ move \$ to middle states
where political power is Congress is

▷ CBC

▷ ADAP match

\$ - HIV-cases instead of AIDS

?

- separate advocacy from programs
- professionalize development functions - invest in them

state's controversial new HIV name reporting law, the new executive director of Gay Men's Health Crisis, a county health commissioner from Virginia, tried to get the group to drop its opposition to the law. This according to the May 7 edition of the New York Blade News, a weekly NYC gay and lesbian newspaper.

The Blade story outlines a number of "woes" faced by GMHC ED Joshua Lipsman, including internal criticism for purchasing new furniture for his office at a time when the organization is facing at \$2.5 million operating deficit and is laying off staff. The Blade says Lipsman "proposed that GMHC drop its opposition to a state HIV names reporting law" and that "Lipsman acknowledged that, since he comes from a medical background, he tried to 'share my experience and perspective' on the benefits of names reporting.'" This should be news to the New York doctors who signed on with GMHC to give detailed accounts of exactly why forced name reporting isn't the right choice for New York.

New York AIDS activists gathered in Washington last week for AIDSWatch '99 recounted more "woes," saying that key GMHC staff were called back from DC by Lipsman and that important scheduling and lobbying work was left undone as a result.

(This week's Blade contains another story on AIDS organizations' reactions to the new HIV name reporting and partner notification law that doesn't quite explain Housing Works' position accurately. While we'd love to see "repeal" of the law, we agree with others quoted in the article that repeal isn't likely at this point. We are working actively on administrative advocacy and litigation options that would change the way NYSDOH is currently planning to implement the law. We hope to open options for anonymous testing, block the hundred-times-a-year reporting methodology currently planned, and limit the chance of discriminatory application of partner notification mandates.)

The Housing Works New York State AIDS Issues Update is reported, written and edited by Michael Kink and staff at the Housing Works Albany Advocacy Center. You can reach us by phone at 518-449-4207, by fax at 518-449-4219, or by e-mail at nysaidsupdate@hotmail.com.

Medicaid

- flexibility & discretion
- greater importance of state in using that discretion
- anxiety among health care providers ~ any insurance is preferable, even those w/ special needs
- no concomitant increase in skills in serving special needs populations

Medicare

- likelihood of significant changes is small
- 5 of 38 million medicare beneficiaries ~~are~~ qualified by virtue of disability

least size

- managed care
- carve-outs
- care for HIV+
- capitation opportunities?
- waivers?

Expansion

- OMB dug in its heels on eligibility
- w/ 2 or 3 creative interpretations of existing law, coverage could be expanded



- research opportunities (partnering w/ health and educ. institutions)
- partner w/ disability community

Housing Works



April 27, 1999

Todd Summers
Deputy Director
White House Office of National AIDS Policy
736 Jackson Place, NW
Washington, DC 20503

Dear Mr. Summers:

The Board of Directors of Housing Works, Inc., cordially invites you to meet with the Strategic Planning Committee and other members of the Board on Friday, May 14, 1999, in Manhattan at 743-749 East Ninth Street (at Avenue D) from 10:00 AM until 2:00 PM. (A continental breakfast and coffee will be available beginning at 9:30 AM). At this meeting, we would like to gain your perspective on the political changes taking place on the City, State and Federal levels that will impact on the AIDS epidemic over the next three years.

As you know, Housing Works has, for nearly ten years, provided housing, healthcare, advocacy, job training and support services to homeless men, women and children living with HIV and AIDS. Over the past decade, many advances have been made in the treatment of HIV infection and a sea change has occurred in welfare and other entitlements. Sadly, the twin crises of homelessness and AIDS are still very much with us and we have much to do. Several months ago, Housing Works' Board of Directors initiated a strategic planning process to take stock of the organization's mission and to map out the organization's goals and objectives for the coming three years.

Our meeting on May 14 is intended to allow members of the Board to engage in conversation with a variety of experts who can help us understand some of the larger social, economic and political dynamics impacting on the AIDS epidemic and to help us strategize about Housing Works' response to these dynamics in order to best meet the needs of the people we serve--homeless people with AIDS, particularly those with substance use and mental health issues.

Five leaders in their field (including yourself) have been invited to this meeting to help the Board frame their discussion:

Humberto Cruz	State AIDS Policy
Director, Division of HIV Healthcare, NYS DOH AIDS Institute	
Michael Kink	Welfare Reform
HW Legislative Counsel	
Roberto Ramirez	City, State & Federal Political Changes
NYS Assemblyman; Chair, Assembly Social Service Committee;	
Chair, Bronx County Democratic Committee	
Todd Summers	Federal AIDS Policy
Deputy Director, White House Office of National AIDS Policy	
Bruce Vladeck,	Healthcare Systems Changes
Senior Vice President, Policy, Mt. Sinai Medical Center	

Housing Works, Inc.

594 Broadway
Suite 700
New York, NY 10012

Phone 212 966-0466
Fax 212 966-0869
www.housingworks.org
hworks@dti.net

12-95-1
1201

The day will be divided into two sessions. The morning session will focus on the topic "What Will the World of AIDS Look Like Three Years From Today?" You and our other guests will be asked to begin this session by each making a brief (15 minute) presentation on the critical changes you see impacting on this topic. These presentations will be followed by a discussion among all of the participants.

The afternoon session will focus on the topic "A Strategic Response: How Should Housing Works Position Itself to Best Serve It's Constituency?" What Should Housing Works Look Like In Three Years?" As with the morning session, each of our guests will be asked to briefly offer their perspective and then join in a larger conversation involving members of the Board. Lunch will be catered by Housing Works Food Services, Inc.

I very much look forward to your participation in this very important conversation. I have enclosed several documents that might provide information to assist you in your preparations for this meeting. Should you have any questions, need further information or directions, I can be reached at (212) 966-0466, ext. 269.

Sincerely,


Charles King
Co-Executive Director

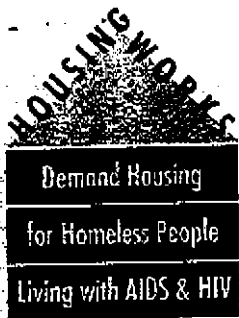
PS. Please note that this letter serves as confirmation of this invitation.

Mary Davis

DIS

(202) 332-0600

x117



FAX MEMO

Date: 4/28/99To: Todd SummersFax: 202 456 2438From: Charles King

Fax: (212) 925-9618

Phone: (212) 966-0466 ext. 3

- | | |
|--------------------------|----------------------|
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Number of Pages (including Cover) 3Notes: hard copy by mail

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Housing Works, Inc.

594 Broadway
Suite 700
New York, NY 10012

Phone 212 966-0466

Fax 212 966-0869

www.housingworks.org

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. form	[Personally Identifiable Information] [partial] (1 page)	05/07/1999	b(6)

COLLECTION:

Clinton Presidential Records
National AIDS Policy Office
Todd Summers
OA/Box Number: 21087

FOLDER TITLE:

Conference-5/99-Housing Works Strategic Planning

2018-0758-F

rs3234

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICIAL TRAVEL AUTHORIZATION
(Privacy Act Statement on back)

1. TRAVEL AUTHORIZATION NO.
TA004964

2. DATE
05/07/99

3. TYPE OF TRAVEL

☒ Official

☐ Relocation

☐ Mixed

☐ Political

☐ Invitational
(Non EOP Employees Only)

☐ Amendment
(Show items amended)

☐ Funded by
Non-Federal Sources

4. TRAVELER (First name, middle initial, last name)

TODD A. SUMMERS

5. TITLE OF TRAVELER

Deputy/AIDS Policy

6. SOCIAL SECURITY NUMBER

(b)(6)

7. AGENCY

8. DIVISION

OPD

9. OFFICE PHONE

456-2437

10. OFFICIAL DUTY STATION

Washington DC,

11. ☒ Per Diem

☐ Actual Subsistence (unusual circumstances)*

Rate(s):

12. TRAVEL INFORMATION

PURPOSE: Presenting at the Board of Directors' Strategic Planning Committee Meeting of Housing Works, Inc. See attached invitation.

DATE(S): Travel Begin On 5/14/1999

Travel End On 5/14/1999

ITINERARY: (Point of Origin/Place(s) of Official Visitation/Point of Return)

From: Washington, DC

To: MANHATTAN BOROUGH, NY 195/46

To:

To:

To:

To:

To:

To:

To:

To:

To:

Return to: Washington, DC

13. MODE OF TRAVEL

☒ Commercial Air

☐ Private Vehicle 0.000 Mileage Rate

☐ Rail

☐ Military Air

☐ Government Owned Vehicle

☒ Other (specify)

14. SPECIAL EXPENSE AUTHORIZED

☐ Registration Fees (meeting, training, etc.)

☐ Commercial Rental Car

☐ Excess Baggage not to exceed

☐ Other (Please identify)

15. ESTIMATED COST

AMOUNT

Per Diem/Lodging

\$ 0.00

Per Diem/M&IE

\$ 34.00

Transportation

\$ 26.00

Rental Car

\$ 0.00

Miscellaneous

\$ 0.00

TOTAL

\$ 110.00

16. ADVANCE REQUESTED

\$ 0.00

(meals and miscellaneous expenses only)

17. * SPECIAL PROVISIONS/REMARKS (Justification for first class/business/extra fare travel, annual leave enroute, actual subsistence, etc.)

18. ACCOUNTING DATA (Appropriation, division, project, vendor number)

19. REQUESTED BY

21. Funds are available to defray travel cost specified above
Funds Manager's Certification (Signature)

20. I certify the travel herein was reviewed and determined to be essential for the accomplishment of agency programs and missions in the most economical means available.
Approval Official (Signature and Title)

Virginia Apuzzo

Asst. to the Pres.

OA FORM 22

REVISED JUNE 1994

1. Original (Return with voucher)

4. Ticketing Office

2. FMD copy

5. Funds Manager copy

3. Advance of funds

6. Travelers copy

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR OFFICE OF MANAGEMENT & ADMINISTRATION

From: Todd A. Summers
Deputy Director
Office of National AIDS Policy
(202) 456-2437

Date: May 7, 1999

Re: Travel Authorization – New York, NY – May 14, 1999 - TA004964

This TA requests authorization for me to travel to New York, NY to participate in the Strategic Planning Committee meeting of Housing Work Inc.'s Board of Directors, May 12 - 13.

Housing Works is an organization that has been dedicated to assisting those living with HIV and AIDS with important services such as job assistance, secure housing and healthcare. By participating in this meeting I will be able to address the Administration's progress on policy initiatives directly related to many of these services, as well as gain insight into what concerns are currently being discussed on a community level.

Please let me know if you have any questions.

EASYLINK 2117077S001 7MAY99 13:31/13:32 EST

FROM: 62029160

AMERICAN EXPRESS TRAVEL

TO: 2024562439

SALES PERSON: 50

ITINERARY

DATE: 07 MAY 99

CUSTOMER NBR: 1695000023

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PAGE: 01

TO: TODD SUMMERS

FOR: SUMMERS/TODD

14 MAY 99 - FRIDAY

AIR DELTA AIR LINES INC FLT:1742 COACH
LV WASHINGTON REAGAN 730A
DEPART: TERMINAL B/C
AR NEW YORK LGA 829A
ARRIVE: MARINE AIR TERMINAL

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EQP: BOEING 727-200
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DEPART: MARINE AIR TERMINAL
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14 NOV 99 - SUNDAY

OTHER WASHINGTON

CONTINUED ON PAGE 2

SALES PERSON: 50
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ITINERARY
UBGBCF

DATE: 07 MAY 99
PAGE: 02

TO: TODD SUMMERS

FOR: SUMMERS/TODD

. TOTAL AIR FARE USD 75.00

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AIR FARE SUBJECT TO CHANGE. PLEASE CALL FOR CORRECT
FARE BEFORE PROCESSING TRAVEL AUTHORIZATION.

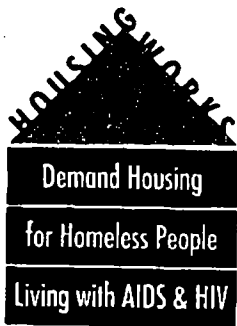
FOR AFTER HOUR EMERGENCIES
CALL 800-847-0242/YOUR HOTLINE CODE IS S-KC52

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SECURITY ALERT INFORMATION
DUE TO THE FAA MANDATED INCREASE IN AIRPORT SECURITY
YOU MAY BE REQUIRED TO PRODUCE A PHOTO IDENTIFICATION
AT AIRPORT CHECKIN.

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REMINDER
ALL FREQUENT FLYER BENEFITS EARNED ON OFFICIAL TRAVEL
ARE THE SOLE PROPERTY OF THE U.S. GOVERNMENT AND CANNOT
BE REDEEMED FOR PERSONAL USE.

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ALL UNUSED TICKETS ARE TO BE RETURNED TO AMERICAN
EXPRESS OR YOUR TRAVEL COORDINATOR IMMEDIATELY UPON
RETURN FROM TRAVEL OR WHEN TRIP HAS BEEN CANCELED.

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THANK YOU FOR TRAVELING WITH AMERICAN EXPRESS.



April 27, 1999

Todd Summers
Deputy Director
White House Office of National AIDS Policy
736 Jackson Place, NW
Washington, DC 20503

Dear Mr. Summers:

The Board of Directors of Housing Works, Inc., cordially invites you to meet with the Strategic Planning Committee and other members of the Board on Friday, May 14, 1999, in Manhattan at 743-749 East Ninth Street (at Avenue D) from 10:00 AM until 2:00 PM. (A continental breakfast and coffee will be available beginning at 9:30 AM). At this meeting, we would like to gain your perspective on the political changes taking place on the City, State and Federal levels that will impact on the AIDS epidemic over the next three years.

As you know, Housing Works has, for nearly ten years, provided housing, healthcare, advocacy, job training and support services to homeless men, women and children living with HIV and AIDS. Over the past decade, many advances have been made in the treatment of HIV infection and a sea change has occurred in welfare and other entitlements. Sadly, the twin crises of homelessness and AIDS are still very much with us and we have much to do. Several months ago, Housing Works' Board of Directors initiated a strategic planning process to take stock of the organization's mission and to map out the organization's goals and objectives for the coming three years.

Our meeting on May 14 is intended to allow members of the Board to engage in conversation with a variety of experts who can help us understand some of the larger social, economic and political dynamics impacting on the AIDS epidemic and to help us strategize about Housing Works' response to these dynamics in order to best meet the needs of the people we serve--homeless people with AIDS, particularly those with substance use and mental health issues.

Five leaders in their field (including yourself) have been invited to this meeting to help the Board frame their discussion:

Humberto Cruz	State AIDS Policy
Michael Kink	Director, Division of HIV Healthcare, NYS DOH AIDS Institute
	Welfare Reform
Roberto Ramirez	HW Legislative Counsel
	City, State & Federal Political Changes
Todd Summers	NYS Assemblyman; Chair, Assembly Social Service Committee;
	Chair, Bronx County Democratic Committee
Bruce Vladeck,	Federal AIDS Policy
	Deputy Director, White House Office of National AIDS Policy
	Healthcare Systems Changes
	Senior Vice President, Policy, Mt. Sinai Medical Center

Housing Works, Inc.
594 Broadway
Suite 700
New York, NY 10012

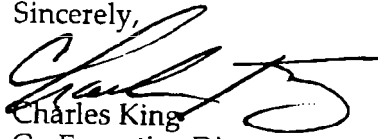
Phone 212 966-0466
Fax 212 966-0869
www.housingworks.org
hworks@dhi.net

The day will be divided into two sessions. The morning session will focus on the topic "What Will the World of AIDS Look Like Three Years From Today?" You and our other guests will be asked to begin this session by each making a brief (15 minute) presentation on the critical changes you see impacting on this topic. These presentations will be followed by a discussion among all of the participants.

The afternoon session will focus on the topic "A Strategic Response: How Should Housing Works Position Itself to Best Serve It's Constituency?" What Should Housing Works Look Like In Three Years?" As with the morning session, each of our guests will be asked to briefly offer their perspective and then join in a larger conversation involving members of the Board. Lunch will be catered by Housing Works Food Services, Inc.

I very much look forward to your participation in this very important conversation. I have enclosed several documents that might provide information to assist you in your preparations for this meeting. Should you have any questions, need further information or directions, I can be reached at (212) 966-0466, ext. 269.

Sincerely,


Charles King
Co-Executive Director

PS. Please note that this letter serves as confirmation of this invitation.