



## Legislation Text

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Authorizing the Committee on Finance to investigate the operations and significant overspending of the Office of Homeless Services under the previous administration, as well as quality of services provided in the homeless services system.

WHEREAS, The Fiscal Year 2024 Adopted Budget included \$80,556,703 in general fund contributions to the Office of Homeless Services, with \$69,544,170 allocated to Class 200; and

WHEREAS, The Office of Homeless Services receives an additional \$49,056,919 in Grants Fund Revenue for a total budget allocation of \$129,613,622 in FY24; and

WHEREAS, Bill No.230767, City Council's FY24 mid-year transfer ordinance, originally included an additional contribution of \$14.7 million to the Office of Homeless Services. According to Administration materials provided to Council, these funds are "...to resolve a current-and prior-year shortfall to ensure there is no reduction of shelter (or temporary housing) beds." Limited information about this overspending was provided to Councilmembers; and

WHEREAS, During the FY24 budget process, City Council received a request from the Administration to increase the Office of Homeless Services Class 200 General Fund allocation by \$9,430,600, which was approved; and

WHEREAS, During the FY23 fall mid-year transfer ordinance process, City Council appropriated an additional \$1,474,734 in operating revenues to "fully fund professional services obligations," and an additional \$2,000,000 in capital spending; and

WHEREAS, Despite this significant total appropriation of nearly \$70 million in Class 200 general fund revenues for FY24, the Department sought an additional \$14.7 million, which equals nearly 19% of their current total general fund budget of \$80 million with an insufficient explanation to this body as to why they were unable to meet their current contract obligations with their allocated funds. Ultimately, Council agreed to provide an additional \$9.6 million to address unpaid invoices from FY21-23; and

WHEREAS, On September 8, 2023, Councilmember Gilmore Richardson submitted a letter to the Procurement Commissioner requesting a detailed accounting of all expiring contracts and new requests for proposals in this calendar year. The requested materials were provided by the Administration on October 26, 2023. The materials provided by the Administration were broken into an Active Contracts Report, which accounts for all contract categories and all departments, and Department Contract Information, which lists of RFPs to be issued and contracts \$500k or greater that will expire within the first six months of the Mayoral inauguration; and

WHEREAS, On November 1, 2023, Councilmember Gilmore Richardson asked the Procurement Commissioner to additionally provide a list of all active solicitations by each Department. This data was provided on November 6, 2023, inclusive of all active solicitations through November 3, 2023; and

WHEREAS, The Office of Homeless Services contracts listed in the Department Contract Information spreadsheet included twenty-three contracts totaling \$43,609,178. The lowest single contract award is \$444,768 and the highest is \$5,947,988. All contracts listed have no stated end date, but a new start date of January 1, 2024; and

WHEREAS, The Office of Homeless Services contracts listed in the Active Contracts spreadsheet included forty-nine contracts expiring December 31, 2023, and fifty contracts expiring between January 1 and September 30, 2024, totaling \$51,254,985 in 2023 and \$73,731,182 in 2024; and

WHEREAS, The active contracts listed as expiring in 2023 were almost double the number of contracts listed in the departmental contract spreadsheet and six of the contracts listed on both spreadsheets included different total costs for the contract. The Office of Homeless Services did not have any professional services contracts listed on the active solicitations spreadsheet even with forty-nine contracts expiring on December 31, 2023; and

WHEREAS, On May 19, 2023, then Director of the Office of Homeless Services Liz Hersh responded to questions asked by Councilmember Gilmore Richardson during the FY24 budget hearing process. In this document, Director Hersh stated that in FY22, the Office of Homeless Services had 182 contracts totaling \$94,502,512. In this same document, Director Hersh wrote that the City pays an average cost of \$17,185 per shelter bed, that each contract is negotiated separately, and that "...we monitor costs closely to ensure parity and consistency;" and

WHEREAS, As part of the same FY24 budget request, Director Hersh stated the \$3,253,904 in Class 100 for Administrative Services adds nine additional positions for a total of 47 positions and that these positions were responsible for being "...a dependable steward of precious taxpayer dollars for high quality, consistent, caring services for 18,000 people..." and

WHEREAS, City Council has repeatedly approved significant funding increases for the Office of Homeless Services, including funding additional requests to address professional services shortages in previous years. Due to the lack of explanation for these accounting practices and the significant size of the request in Bill No. 230767, it is clear that City Council must provide additional oversight of departmental spending and contracting practices; and

WHEREAS, Councilmember Gilmore Richardson has also been contacted by advocates and residents experiencing homeless to document instances of poor service quality and potential instances of fraud and abuse by City contractors; and

WHEREAS, There has been a significant shortage of space for families experiencing homelessness and during the FY24 budget process, at the request of Councilmember Gilmore Richardson, the Office of Homeless Services received an additional \$350,00 to begin the process of creating a new family intake center. As of this time, no progress has yet been made on this initiative; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes the Committee on Finance to investigate the operations and significant overspending of the Office of Homeless Services under the previous administration, as well as quality of services provided in the homeless services system.