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VETERANS MULTI-SERVICE & EDUCATION CENTER

Statement Of

THE PHILADELPHIA VETERANS MULTI-SERVICE & EDUCATION CENTER, INC.

The Philadelphia Veterans
Multi-Service & Education Center, Inc

Submitted by

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And

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Before the
Senate Veterans Affairs Committee
Regarding
VA 5 Year Plan for Ending Homelessness Among Veterans

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Good morning Mr. Chairman, Ranking Member Burr, and distinguished members of this subcommittee. As introduced, I am Sandy Miller, and although I am Chair of the Homeless Veterans Committee of Vietnam Veterans of America, I am here today as the Program Director of Residential Services for The Philadelphia Veterans Multi-Service & Education Center. On behalf of our Executive Director, Marsha Four, our Board of Directors and our entire staff, I would like to thank you for giving our agency, the opportunity to offer comments on the VA Plan to End Homelessness in Five Years.

After all these years of effort, energy, and attention to this issue on the part of Congress, the VA, veteran advocates, veteran service organizations, and non-profit organizations the disturbing situation of life for homeless veterans endures. Can we bring an end to veterans living on the streets or in boxes, cars, shelters, vacant buildings? None of us can answer that question but we can try. There will always be those who choose this way of life...there always have been...from the beginning of time. We can, however, offer and assist those who seek a different way of existing in the short time we have all been granted, but they can't make it on their own. They just can't make it out of the darkness alone. And we can continue to try to find an effective and efficient way to help those who are helping these veterans.

The Philadelphia Veterans Multi-Service & Education Center is one of the non-profit organizations that has been working toward this end for over thirty years. We received our first two of many VA Homeless Grant and Per Diem (HGPD) awards in 1996. Though always providing for the homeless veterans who found their way to our agency, in 1996, we established the foundation of our comprehensive homeless veteran programs that also made use of HUD and DOL grants. Today these programs include: The Perimeter, a day long comprehensive, day service program; LZ II, a ninety-five (95) bed transitional residential program for male veterans; The Mary E. Walker House, a thirty (30) bed transitional residential program for female veterans; a thirty (30) unit Veteran only Shelter Plus Care Program; a ten (10) unit Veteran only HUD McKinney Supported Housing Program; ARRA 2009 funding from the City of Philadelphia for Rapid Re-Housing for veterans; and a number of DOL grant to include Homeless Veteran Reintegration Program grants (HVRP).

While our comments today may well be seen as a rehash of previously mentioned concerns, we are here to re-state them so they are not lost in the current massive movement to bring additional services and help to homeless veterans. PVMSEC has worked in this field and inside the grant programs of VA, HUD and Labor for so long, that we have identified over time the gaps, shortfalls, and enhancements that can only be known by those who utilize the system on the ground.

There are a number of Congressional bills to assist homeless veterans, improve or enhance programs for them, or initiate new opportunities in both this committee and the House Veterans Affairs Committee. We are all anxious for these to move as quickly as possible, but we also understanding, however, the need to allow enough input to make the provisions of each as comprehensive and responsive to the need as possible. And so we are here.

NUMBERS

With the increasing number of new veterans joining the ranks of the homeless veterans, it is puzzling that two years ago the VA estimated that 154,000 were homeless, last fall the number was 131,000, and most recently it was stated that the number has dropped to 107,000 homeless veterans on any given night. Those of us working in this arena are a bit confused because we have not seen a decrease in the number of homeless veterans we are seeing and assisting in our programs.

DAY SERVICE CENTERS: THE DOOR TO THE INSIDE

One of the most effective front line outreach operations funded by VA HGPD is the Day Service Center, sometimes referred to as a Drop-In- Center. As mentioned earlier, The Philadelphia Veterans Multi-Service & Education Center operates a Day Service Center in center city Philadelphia. We are committed to this program but our agency stretches itself and its staff almost beyond its limit in order to keep the program afloat. Few even remain in the HGPD system due to the limited per diem funding support.

These service centers are unique and indispensable as a resource for VA contact with homeless veterans. These Service Centers reach deep into the homeless veteran population that are still on the streets and in the shelters of our cities and towns. They are the portal from the streets and

shelters to substance abuse treatment, job placement, job training, VA benefits, VA medical and mental health care and treatment, homeless domiciliary placement, and transitional housing. They are the first step to independent living. They can be the first step to ending homelessness. But this can only happen if they are able to operate in an effective environment.

Under the VA HGPS program non-profits receive per diem at rates based on an hourly calculation per diem (\$4.30) for the actual time that the homeless veteran is actually on site in the center. This amount may cover the cost of the coffee and food that the veterans receive but it does not come close to paying for the professional staff that must provide the assistance and comprehensive services that must be continued on his/her behalf, long after they leave the facility. An example, our homeless veteran daily case load is fifty-seventy (50-70) and our annual unique veteran count is approximately 900. As one can well imagine the needs of these veterans are great and demands an enormous amount of time, energy, and manpower in order to be effective and successful. Their problems are complicated by years of abuse on many levels of life experience.

It is for this reason, the lack of sufficient operational funding, that many service centers for homeless veterans have either closed or never opened after being funded by VA HGPS. The VA acknowledges and understands that this problem exists. This is a tremendous loss to the outreach efforts so important in connecting the homeless veterans with the VA.

The reality is that most city and municipality social services do not have the knowledge or capacity to provide appropriate supportive services that directly involve the treatment, care, and entitlements of veterans. It is for this reason that these homeless veteran service centers are so vital. These service centers desperately need help and attention. They are an integral part of the outreach and first line contact with homeless veterans that is, in fact, so essential as part of the

Secretary's 5 Year Plan. Service Center programs are challenging and staff intensive. But they are one of the raw conduits out of homelessness in many cases.

We believe that it is possible to create "Service Center Staffing/Operational" grants, much like the VA "Special Needs" grants. Passing the legislation to establish this funding stream/resource shouldn't take a year to figure out. "Special Needs" grants have been doing it for years. And we can't wait too much longer. We have been holding on to this mission by our fingernails for a long time. Without serious and speedy activation of staffing grants the result may well be the demise of these critically needed services centers.

We cannot lose these valuable front line, "on the streets", service center outreach programs. They are the heartthrob of VA homeless veteran programs; the first hand offered to many of the homeless veterans who are on the streets and in the shelter system of our cities.

A UNITED FRONT: MHICM and HUD-VASH

HUD-VASH: the vision of a perfect marriage. Like all unions, however, nothing is perfect and for those who work inside the program, it is evolving. But The Center would like to bring

forward a situation that identifies a very real gap in services for a group of our homeless veterans that don't seem to fit anywhere else in the system. These are the homeless veterans who are diagnosed with significant mental health problems (i.e. schizophrenia) but do not meet the criteria for placement in the VA Mental Health Intensive Case Management (MHICM) program. (MHICM eligibility criteria requires >30 days or >=3 episodes of psychiatric hospitalization, a diagnosis of schizophrenia or bipolar disorder, and living within 60 miles of a VA hospital.)

Though HUD-VASH and its case management are a significant improvement and source of continuous support for many of the homeless veterans, it is not intensive enough for those homeless veterans with a level of significant mental health illness. So therein lies the dilemma. Not "sick enough"... "too sick" They fit nowhere. They have not been ruled incompetent. They are left to find apartments in the community with no case management or organized support. These homeless veterans are now the forgotten. They are left with little chance for success and they will continuously recycle into and out of homelessness for the rest of their lives. The Center believes the VA could establish a coordination of MICHM and HUD-VASH for this "special needs" population of homeless veteran. They need to have a fighting chance at independent happiness too.

SERVICE SUPPORT FOR OTHER VETERAN PROGRAMS

There are agencies in this country that bring support, services, and housing to homeless veterans. They often times do this with little financial assistance from the outside. There are even some HUD programs that are developed for homeless veterans (i.e. Shelter Plus Care) that do not provide operational dollars. We are hoping that some consideration will be made to provide grant dollars through the HGPD program to these veteran specific programs. This will enable them to hire appropriate staff for case management. Without this possible assistance and resource, the full opportunity of these homeless veteran programs will be lost.

VA PER DIEM PROGRAMS

Non-profits have long struggled with the process used to justify the receipt of the per diem payments from VA Homeless Grant and Per Diem (HGPD) program. Although the amount of the per diem money received per veteran per day provided has increased over time, the requirement documentation to meet a 100% cost expense has created a significant burden on non-profits

UNALLOWABLE EXPENSES

The collateral expenses of a HGPD program often can be incurred by a non-profit agency and even require discretionary dollars to pay for them. This occurs because of certain restrictions on allowable expenses. This is especially true if the HGPD program is not located on the site of the home agency. We argue, though, that without the up keep and solvency of the parent agency the per diem program could not function because, in truth, the program is linked inexplicably to the parent agency. The HGPD program could not exist without the home agency and therefore some of the expenses of the agency must be directly allowable as expenses to the program. We

believe it should be at the discretion of the non-profit agency as to how much administrative expenses are incurred to cover the cost of the program.

“FEE FOR SERVICE”

In actuality, HGPD is “fee for service”. One difference is that it is not set up as a contract agreement as utilized in the past by the VA where agencies were paid as contractors. Today’s methodology works on the approach that grantees are paid based on past accounted and audited expenses, not anticipated expenses.

Though not a popular resolve some non-profit agencies as asking, “Why aren’t our programs seen as “fee for service” operations instead of a reimbursement?” This option would, it seems, place the existing and future grant awardees in a per diem program much like that of the past programs which were paid as contractors. But this option is one that is discussed due to the frustration in obtaining the correct amount of per diem based on actual program expenses.

DETERMINATION OF PER DIEM RATES

Currently, the per diem amount that non-profits receive is based on the previous year expenses as defined in its annual audit. It is not based on anticipated expenses for the operating year in which the per diem will be paid. This causes the program to fall short in meeting its expenses for the agency’s operating year. For this reason, we believe it is a reasonable suggestion that VA consider the distribution of per diem payments in much the same way that other federal agencies operate. One solution to consider would be to set up HGPD disbursements in a “draw down” account similar to the system utilized by the U.S. Department of Housing and Urban Development, whereby agencies submit their projected budgets, are allocated the funds, and draw down on the allocated funds throughout the year. At the end of year reconciliations and adjustments as made.

Payments need to be based on actual anticipated budgetary expenses, not based on past year expenses. We cannot enhance services or hire additional necessary staff before we are able to access the dollars of increased per diem to pay for them. It sets in place a vicious cycle of need. (The agencies have a set per diem; they need more staff; they haven’t shown it as an expense on the approved per diem they are receiving, so they can’t afford to hire new staff because they don’t have the money to do so.) This process leaves the program and the agency at a clear disadvantage because they do not have the money to do any advanced or “real time” enhancements to the program. To do so would place them at high risk and this action could be suicidal for a small non-profit. It places them at risk with creditors or, the agency has to reach into its line of credit at the bank. This action could result in paying in pay interest on the use of its line of credit until they can be approved for higher per diem. This interest is then an added expense to the program...a cost they cannot recoup.

S. 1547, The Zero Tolerance for Veterans Homelessness Act of 2009, introduced by Mr. Reed, provides for a much needed and greatly anticipated study on per diem payments. This study will include all aspects relating to the methodology used in making per diem payments. The bill also calls for the development of an improved method for adequately reimbursing grantees for services provided to homeless veterans. Non profits across the country anxiously await the

results of this study and long overdue improved “reimbursement for services” method of allocating per diem dollars.

As with any change, oversight is the key to the success or failure of the programs. There is already a process for defined oversight in regard to annual inspections, services offered, and goals attained in place. With the requirement for intensive annual inspections by the VA on all GPD programs, we do not see any potential diminished ability by the VA in the oversight of the programs. The method by which funds are paid should have no effect on the VA’s ability to provide oversight.

CONSOLIDATION OF VA HGPD PROJECT NUMBERS

In the past, some very successful VA HGPD residential programs identified a need for increased bed capacity due to a clear identification of increased need for program admission. These existing programs requested additional beds under a VA HGPD “Per Diem Only” (PDO) grant process and were awarded the ability to increase the overall number of program beds.

The original HGPD grant and the PDO grant were awarded at different times; hence, they have separate and different VA “project numbers”. These two project numbers are attached to the same program with the same expenses and the same staff. The only difference it has brought to the program is an increase in bed capacity. Here’s where it gets convoluted and tricky.

VA policy states that everything related to the one program must be divided out by a percentage based on the number of beds attached to the two project numbers. This includes the request for per diem amounts and the entire budgeted expenses of the entire program. Every bed in the one program has been assigned to one of the two project numbers. For the purpose of billing the VA at the end of each month, each veteran must be tracked on a daily basis, indicating the bed he/she was assigned on that particular day. And this must be done because when the audit was done for the one program to determine the level of per diem the agency can receive, it was identified that the per diem per day for the two project numbers was different. Not only is this a very time consuming process on the reporting side, all expenses for the one program on the bookkeeping side of the agency have to be calculated by percentage. This also makes it extremely difficult to request increased per diem.

We believe that if a single program has two different project numbers based solely on an approved expansion without change to the program, that program should be treated as a whole and the two projects numbers should be merged. This is the only fair way to work with the non-profit. To do so would allow an agency to function in a more efficient manner, have access to an appropriate and true per diem structure, and reduce the paper work for the VA HGPD offices.

THE 5 YEAR PLAN TO END HOMELESSNESS AMONG VETERANS

I have spent some time highlighting a number of areas that PVMSEC feels need attention or change. In actuality we have struggled with them for years. Because you have asked us here to testify, we are trusting in your serious consideration of our thoughts. We would certainly discuss these ideas further if you would like.

Our agency had several staff who were present at the summit when Secretary Shinseki revealed the VA's Five Year Plan to End Homelessness. We respect the attention and energy that both he and President Obama have committed to eliminating homelessness among veterans.

It is a plan of wide scope. And if it's deliverable it will make a tremendous impact on the lives of thousands of homeless veterans. The Secretary had a team of extremely experienced and knowledgeable staff that worked on the development of this comprehensive document. They embraced the Secretary's priority of this issue and the immediacy of the need.

Needless to say, we have serious doubts and concerns if the plan will meet the expectations of Secretary Shinseki. It may be cynical on our part but not only do we see a very real obstacle stretching across the road to this plan... we were also around about ten years ago when there was another edict to end homelessness in ten years. And here we are today...still working on the issue.

The obstacle I mentioned was the large bureaucracy of the VA. On one hand we have the stratus of the Central Office, the VISNs, and the medical centers. On the other we have the agency's layer upon layer of directors, managers, supervisors, chiefs of staff, chiefs of social work, chief of patient services, chiefs of psychiatry, chiefs of psychology, program staff, triads, quadrads, and on and on.

If everyone at all these various levels doesn't buy-in to the plan or doesn't seriously create a place for it in their own priority list it will just linger until five years have past us by. If the urgency of this address isn't made tangible, it may lose its kick. Perhaps it should be on the list of annual performance measures and position evaluations from top to bottom. We don't know the answer but we know we are going to try...and keep on trying to do our best to be a part of any solution that will help. Eventually, this does make a difference. It certainly does to the veteran who finds her way home.