



NYC Department of Homeless Services
Via Electronic Submission

Lorelei Salas
Commissioner

42 Broadway
9th Floor
New York, NY 10004

nyc.gov/dca

September 24, 2019

Re: Department of Homeless Services Proposed Rule: Income Savings Plan Program for DHS Shelter Residents with Earned Income

Dear Commissioner Banks:

Thank you for the opportunity to comment on this proposed rule change regarding the Department of Homeless Services Income Savings Plan (ISP) Program.

As you may know, DCA houses an Office of Financial Empowerment (OFE). Through OFE's work, the agency assists New Yorkers with low incomes by developing and offering innovative programs and services to increase access to high-quality, low-cost financial education and counseling, safe and affordable mainstream financial products, and access to income-boosting tax credits and savings.

Building savings can be challenging, particularly for individuals with low and volatile incomes. For example, studies have shown that using alternative financial services can lead to paying excessive fees, totaling more than \$2,400 a year, for standard banking practices, such as cashing paychecks¹. Becoming banked allows consumers to store and access their money safely, while avoiding excessive fees.

The New York State mandate² to create an income savings program represents an opportunity to connect shelter residents who are unbanked or underbanked to safe and affordable financial products and services, such as savings and checking accounts. With this in mind, we would like to make the following recommendations to the ISP program:

- Provide flexibility with residents as they start to save, recognizing the difficulties residents may have suddenly saving up to 30% of their income.
- Following conversations between residents and case managers, provide residents access to some, or all, of their accrued savings in cases of emergency.
- Encourage case managers to discuss with residents their savings habits and long-term banking options.
- Explore setting up savings accounts in residents' names to ensure that residents leave shelter with safe, affordable, and mainstream accounts.
- Refer residents to DCA's Financial Empowerment Centers for assistance

¹ U.S. Postal Service Office of Inspector General, Providing Non-Bank Financial Services for the Underserved, January 2014.

² New York Consolidated Laws, Social Services Law - SOS § 36-c.

with savings, budgeting, credits, and other financial matters.

We hope these recommendations facilitate an ISP program that will promote the financial health of DHS residents, and we look forward to learning more about the program's implementation and its impact on participating clients.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorelei Salas', with a long horizontal stroke extending to the right.

Lorelei Salas
Commissioner