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TESTIMONY OF DEAN FULEIHAN, DIRECTOR MAYOR'S OFFICE OF MANAGEMENT AND BUDGET OF THE CITY OF NEW YORK TO THE CITY COUNCIL ON THE EXECUTIVE BUDGET FY16. MONDAY, MAY 18, 2015 10:00 AM

Good morning Finance Chair Ferraras, members of the Finance Committee, and members of the Council. I am pleased to be here this morning to discuss the Executive Budget of the City of New York for Fiscal Year 2016 on behalf of Mayor de Blasio and the administration. I am joined at the table today by OMB's First Deputy Director, Larian Angelo, and members of the OMB staff, who will assist me in addressing your questions today.

As Mayor de Blasio has said, the Executive Budget reflects the fact that New York City has arrived at a complex and critical moment. On one hand, our city is vibrant and strong and capable of enormous growth under the right circumstances and with the right investments. On the other hand, far too many New Yorkers are struggling. The City of New York has financial resources to address our mutual priorities and the challenges that New York faces, but only if we establish smart, well thought out strategies and stick to them.

At the same time, we must also recognize that one of our most important challenges is finding ways to protect our finances in the face of potential economic instability and lack of consistent support from our partners at the federal and state levels.

New York City's expense budget for FY16 is $78.3 billion. It funds an agenda to make the City stronger, safer and more competitive with investments in goals we share with the City Council, including Universal Pre-Kindergarten, supporting Renewal Schools, addressing homelessness, bringing Mental Healthcare to where it is needed, building or preserving 200,000 units of affordable housing, maintaining our aging infrastructure and lifting up NYCHA.

This budget also strengthens our long-term fiscal health and protects us from economic downturns by continuing to work with all City agencies to help them find savings and become more efficient, continuing to work with our employees so that we can chart a clear path forward and boosting our reserves in the event of sudden economic downturns.

But before I delve into the budget itself, I would like to sketch out for you the larger economic situation we find ourselves in. In stark terms, today we are faced with a new and perhaps unprecedented economy. We are in the midst of what in some respects could be described as a long-term recovery. Yet, this so-called "recovery," has barely touched the vast majority of New Yorkers. It is stunning to note that 186,000 more New Yorkers fell below the poverty line in 2013, than fell below the poverty line in 2009, during the height of the Great Recession. Today, nearly 46 percent of New Yorkers live at or near the federal poverty line.

As New Yorkers struggle in the midst of what is generally thought of as a recovery, we are seeing signs all around us that suggest there are troubled economic times ahead of us. During this recovery:

- U.S. GDP growth of 2.4% is the second lowest of eleven recoveries since 1949.
- Real wages have declined or have remained flat in more than half of the major industries in the city.
- New housing construction, a traditional employment driver, remains weak.
- The current recovery, which has been a weak one at best, is now at 70 months. That is 10 months longer than the average modern expansion. If this recovery continues through our financial plan period, that is to say through 2019, then this will be one of the longest modern expansions ever seen.

During a slowdown or if we enter a recession all New Yorkers should have a clear picture of what will happen. The City's revenues from taxes and other income streams will decline. The demand for City services will go up as New Yorkers deal with the consequences of the economic downturn and federal and state aid – which is already unreliable – will be slashed. Under those circumstances most city governments react by increasing taxes and cutting vital services.

This is not wild conjecture. We have seen this happen before in recent memory. Let me give you two examples. Following the Great Recession of 2008, New York City raised taxes by $2.1 billion and cut services by $3.5 billion. After the attacks of September 11th 2001, the City raised taxes by $2.9 billion, which included an 18.5 percent property tax hike, and the City cut services by $3.6 billion.

Nor should we expect help from outside sources. As I have said, New York City finds itself increasingly on its own. The Mayor was just in Washington, where he urged Congress to increase federal transportation funding and approve it on a long-term basis, so that we as a city and a region can make smart, strategic investments in our infrastructure. That funding, even for one year, is set to expire at the end of the month. Now, we learn that the City faces potential cuts to SNAP and Medicaid. So it is clear that whatever our plans are, they must take into account economic uncertainty by being fiscally responsible.

This budget does that in a variety of ways. The budget is honest. Building on our presentation last year and continuing today, in this budget we realistically account for our labor settlements. This budget is strategic. We are making significant Expense and Capital investments, but they are targeted investments that bring us toward our larger goals in a smart and efficient manner. This budget is prudent. We have secured - and will continue to find - savings and efficiencies from all parts of our government, and we are setting aside necessary levels of funds in three different reserves.

Mayor de Blasio sent a clear message to City agencies and today, agency savings and savings on debt will reduce spending by nearly $1 billion in FY15 and FY16 combined. This includes more than $530 million in agency savings alone with a further $400 million in debt service savings. In keeping with our goal to be as forthright as possible throughout this process, the administration is documenting these savings and will continue to update the Council on our progress as we go. I also wanted to note that the Health and Hospitals Corporation, which is not an agency but an independent authority, has also found $300 million in savings for FY16 and will be providing ongoing annual savings.

As Bob Linn, our OLR Commissioner, reported in detail to the Council last month, the other big source of savings is in reduced healthcare costs. Our strategy for bringing healthcare costs down is unprecedented, across all agencies – and it is already working. We have already hit our FY15 target of $400 million in savings with guaranteed savings of $3.4 billion through FY18 and a minimum of $1.3 billion in savings each year after that.

We are strengthening our reserves in three ways. First, we are raising the General Reserve – the City's precautionary savings – to $1 billion and plan to keep this reserve at that level annually. Second, we are raising the Retirees Health Benefits Trust Fund – which pays the healthcare costs of City employees – to $2.6 billion. That is enough to cover a full year's worth of retiree healthcare costs based on current projections through 2018. Third, we are establishing a Capital Stabilization Reserve of $500 million. This Capital Stabilization Reserve is unprecedented. It will protect our ability to make significant and vital capital investments, allow us to retire debt in a downturn and pay for research *before* projects are funded, so that our capital investments will be more cost efficient.

So, we have an Expense budget that is sound and healthy. The FY15 budget remains balanced. The FY16 budget is balanced. We recognize there are still out-year gaps, that these must be addressed and that they will go up in the event of an economic downturn. Our cautious and realistic projections have resulted in revenues greater than expected for FY15 and we are predicting higher revenues for FY16.

This allows us to address the priorities of the Mayor and Council alike and I will now walk you through some of the most important investments we are making in the Expense

Budget. We think these are necessary to address some of the key issues we face now so that they don't grow into more expensive problems in the future and also, to paraphrase the Mayor, to right some wrongs and reach some people who are going unreached and are in deep need.

One group of investments goes toward protecting the most-vulnerable New Yorkers. We are making a substantial investment of $54 million in mental health services for the coming fiscal year and $78 million in each out-year thereafter. This effort, which the First Lady of New York has done so much work on, is going to change how we go about providing mental health services by connecting and coordinating the different agencies that address mental health care issues in areas such as Renewal and Community schools, family shelters, senior centers and for our youth population on Rikers Island.

NYCHA is another area where much more needs to be done. Federal investment in NYCHA has continued to shrink and the city has had to step in. In just the last 16 months, we've put $200 million in additional city funds into NYCHA and waived the $72 million annual payment the City had demanded of the Authority for policing. We're now going to eliminate the annual $33 million NYCHA pays in lieu of taxes. We are also transferring NYCHA community and most senior centers to DYCD and DFTA. This will save NYCHA an average of $16 million annually.

We are investing $100 million more in Fiscal '16 to address homelessness. We're providing rental assistance to almost 10,000 households to get them from shelter to housing. Anti-eviction legal work is projected to help almost 14,000 residents who are in many cases harassed out of their homes or in other ways caused to leave their apartments illegally. Finally, we've added 100 more shelter beds for homeless and runaway youth, and as I said before, have added mental health services in all of our family shelters.

We are also providing a 2.5 percent wage adjustment to approximately 50,000 people, including raising workers to at least $11.50 per hour. These are workers in non-profit agencies that provide vital assistance to the City, many in the social services field.

We are investing in our children.

Pre-K for All will reach 70,000 children in the upcoming school year thanks to an additional $114 million investment. We've committed to investing $150 million already in Renewal Schools and we'll add $50 million more in Fiscal '16 and $76 million every year thereafter. This money will fund: After-school programs; new personnel as needed; intensive tutoring and counseling services; more AP classes; mental health counseling; summer programs; and vision screening. And each and every one of our community and renewal schools will receive 100-percent of their fair student funding level over two years.

We are investing in public safety.

This budget builds on nearly three-quarters of a billion dollars over the next four years that have been added to the NYPD budget by this administration. As well as more than half a billion dollars of additional capital commitments. We are funding critical investments in new technology, police training and recruitment, new vests and much more. The executive budget adds funding for other critical safety programs, including $1.8 million in FY16 to expand our SHOTSPOTTER gunshot detection program to 28 precincts.

In another important safety initiative we are investing $36.4 million to fund a 14-point anti-violence plan for Rikers Island that includes initiatives such as a canine program to keep weapons and drugs out of the jail, a strategy to separate inmates likely to fight, improving leadership development and specialized mental health training for Correction Officers.

In addition we are funding several key elements of our Vision Zero initiative: $5.2 million through DOT for signal retiming, additional work on intersections and roadway markings.

I would now like to speak about our 10-Year Capital Strategy.

The 10-Year Capital Strategy is the financial plan for OneNYC, which is our blueprint for a stronger, more equitable, more sustainable, and more resilient city. Our 10-Year Capital Strategy is $83.8 billion of which $75.5 billion is City funds. The Four-Year Capital Plan represents a 24% increase over the Four-Year Plan that we presented to you at the last Executive Budget. This Strategy is a realistic reflection of our needs through 2025, our debt service is maintained at below 15 percent of tax revenues and our first-ever Capital Stabilization Reserve of $500 million means that we are cushioning or budget against any downturns. Capital Stabilization is vital because we must make investments in infrastructure, housing, and much more to keep our city growing, competitive, sustainable and strong.

Now I'd like to talk about some of the more important capital investments.

We've invested an unprecedented $7.5 billion for Housing New York, which will build or preserve 200,000 units of affordable housing. This will help us keep our neighborhoods stable, diverse and open to all New Yorkers. In addition, we will spend an additional $1.17 billion over 10 years to meet the infrastructure needs of our affordable housing sites. We have also included more than $1 billion over the next decade for infrastructure in neighborhoods to be re-zoned. This includes laying sewers and water mains, building roads, and creating more public open space.

We are making critical investments to ensure a strong transportation infrastructure by increasing our contribution to the MTA for a total of $657 million over the course of the Five-Year MTA plan. We are also investing $12.6 billion in DOT over 10 years. This includes $7.8 billion to restore and rehabilitate some of the 784 bridges under DOT's control and $1.6 billion to resurface roads over 10 years, reaching 1,300 lane miles in 2017.

We are investing $14.7 billion in the DEP to maintain the quality of our water supply and to upgrade our sewage treatment facilities and sewer overflow controls. This includes $2.6 billion to maintain the reliability of the water supply and $1.2 billion for the build-out of a comprehensive sewer system in Southeast Queens to mitigate flooding.

The three library systems are receiving an additional $300 million for comprehensive renovations, construction and expansion for a total of $623.4 million over the 10 years.

And an investment of $1.8 billion is going to our *One City Built to Last* initiative with the goal of reducing greenhouse emissions 80% by 2050 in part by retrofitting all city buildings to be more efficient by 2025. From DHS and DFTA to our libraries, projects that help us attain more energy savings in our public buildings may be considered for capital funding.

Once again, I would like to thank the City Council for giving me the opportunity to speak to you today. Together we are focusing on what is most important: lifting up our city within our means.

Now I look forward to taking your questions.

Center for an Urban Future

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Testimony of Jonathan Bowles
Executive Director, Center for an Urban Future

Before the New York City Council Committee on Finance

The New York City Budget Structure and the 10 Year Capital Strategy

May 18, 2015

Good afternoon. Chairwoman Ferreras, members of the committee, thank you for inviting me to testify.

My name is Jonathan Bowles. I am Executive Director of the Center for an Urban Future. The Center is an independent think tank that publishes studies about critical issues facing New York City, with a focus on growing and diversifying the New York City economy and expanding economic opportunity.

Last Spring, the Center published a comprehensive report highlighting the challenges New York City faces with its aging infrastructure. Titled *Caution Ahead*, our report identified numerous vulnerabilities within the city's utility and transportation infrastructure and building stock.

Roughly 1,000 miles of New York City water mains are more than 100 years old, a big reason why there have been at least 400 water main breaks in all but one year since 1998.

More than 160 bridges across the five boroughs were built over a century ago, and dozens of bridges have been deemed structurally deficient.

Approximately 269 miles of the subway's signal system exceed their 50 year useful life.

Over 170 school buildings were constructed over a century ago, the city's public hospital buildings are 58 years old, on average, and 531 public housing towers were built prior to 1950.

To be sure, New York City's core infrastructure is in dramatically better shape than it was in the 1980s, when the city closed the Williamsburg Bridge for fear of collapse, track fires were a regular occurrence in the subway system and the Brooklyn Bridge, FDR Drive and West Side Highway all experienced fatal structural failures.

Yet, many critical components of the city's infrastructure are past their useful life and highly susceptible to breaks and malfunctions. And despite the recent progress, some aspects of the city's core infrastructure have slipped backwards in recent years. The number of water mains breaks rose from 370 in 2012 to 513 last year. Not surprisingly, water main replacement has fallen during this period, sitting well below its "state of good repair replacement rate" of approximately 68 miles per year. From 2003 to 2008, the DEP replaced an average of 46 miles of old and deficient pipe each year. From 2009 to 2014, only 27 miles.

Road conditions have also declined in recent years, as limited DOT resources shifted to bridges. From 2003 to 2014, the share of roads with a pavement rating of "good," fell from79.8 percent to 69.3 percent. And while the city has recently filled more potholes and repaved more streets, the more fundamental repairs to road foundations have fallen. Road reconstructions dropped from an average of 58 miles per fiscal year from 2005 to 2009 to 40 miles per fiscal year from 2010 to 2014.

While the city undoubtedly needs to modernize much of its aging infrastructure, there are also clearly places where it needs to expand and improve the infrastructure networks to support a city whose population has grown by more than a million since 1990 and whose economy is very different today. As just one example, while so much of the population growth, job growth and transit ridership growth has occurred in the boroughs outside of Manhattan, transit service in the boroughs has not kept up – and so many city residents deal with overcrowded trains, unacceptable delays and insufficient service.

Last week, the de Blasio administration presented a thoughtful and ambitious Ten Year Capital Strategy. It smartly commits a significant amount of funds to State of Good Repair needs and makes considerable investments in housing, bridges, public housing, schools and resiliency measures. Impressively, it also promises accelerated replacement of water main and sewer lines, and creates the first-ever Capital Stabilization Reserve.

Coming just one month after the release of its comprehensive long-term plan, OneNYC, the capital budget documents are hugely encouraging. Moreover, the mayor's advocacy in Washington for federal infrastructure funding is a big deal.

But at a time when so much of the city's critical infrastructure is aging and in need of repair, when population increases are putting new strains on much of the core infrastructure and when the federal government appears unwilling to provide the level of infrastructure funding that is so needed, even more city resources are needed to tackle the city's infrastructure needs.

Our Caution Ahead report estimated that it would cost $47.3 billion over the next five years to bring the city (and its authority's) transportation, utility and building infrastructure to a State of Good Repair. This figure does not include the Department of Environmental Protection, whose state of good repair needs exceed $20 billion.

While these numbers are daunting, the economic and financial costs of not modernizing the city's infrastructure are even greater. Moreover, investing in infrastructure is a proven job generator. According to a 2009 University of Massachusetts study, every $1 billion invested in roads and bridges creates nearly 15,000 jobs.

These construction, engineering and design jobs can provide a clear pathway to the middle class. A new infrastructure investment should include new apprenticeship programs and job training to ensure that a diverse mix of New Yorkers can access these jobs and build long-term skills.

In order to make the infrastructure investments that are so needed, the administration must take the lead in identifying and embracing new capital funding options.

There are already several good ideas worth exploring.

First, it should push for adoption of the Move NY Fair Plan, collecting up to $1.5 billion each year by introducing tolls on East River Bridges while reducing them on several outer borough crossings.

Second, the city should consider looking to private developers to help fund new infrastructure projects. The second phase of the Second Avenue Subway, for instance, will be a boon to East Harlem real estate. The City could follow London's lead, establishing a Community Infrastructure Levy on each square foot of new construction in the neighborhood. As developers profit from increased investment in public infrastructure, it is only fair that they contribute to this investment. The return on the levy could be divided between the subway extension and the city's affordable housing fund.

The city might also adopt a Pay-As-You Throw system, which requires residents to pay based on how much household waste they generate. The system has proven effective in other cities and could reduce sanitation costs by creating incentives for residents to recycle more and waste less.

And, to improve funding for water and sewage assets, specifically, we recommend two reforms. First, New York City should follow Seattle, Philadelphia, and 500 other cities, by replacing its sewer charges, currently assessed at 159 percent of the water rate, with a more nuanced stormwater management fee. Property owners would be charged according to the percentage of rainwater captured on their lot (before it enters the city's overburdened sewer system). This would incentivize increased water retention on private property, with customers paying a lower fee as they introduce new green elements – trees, swales, porous pavement, and green roofs. This could be coupled with a credit program, repaid each month via the utility or property bill, to help customers finance the installation of green elements.

Second, the city should eliminate the "rental payment" it charges the New York City Water Authority. The fee no longer serves its original intent and, given the age and condition of New York's water and sewer assets, the city should not be diverting money from these infrastructure systems to its general fund.

But these are just a few new revenue ideas. The administration should convene a task force to come up with other options.

There are other things the administration could be doing in addition to new funding streams. To more effectively prioritize the city's capital spending, the Office of Management and Budget and Department of Design and Construction should improve its Asset Information Management System (AIMS) report, a condition assessment of city-owned buildings, parks, bridges and piers. The current inspections are cursory, poorly integrated into the capital planning process and do not include water and sewer assets, public housing, East River bridges or agency vehicles.

And to reduce construction delays and cost overruns, the city should avoid inexperienced contractors who fail to live up to their "low bid." In 2009, Albany authorized cities to pre-qualify public works contractors based on credentials, experience and past performance. City agencies should be more aggressive in implementing pre-qualification lists to ensure that selected contractors are capable of providing quality construction.

City officials should also pressure Albany legislators to authorize Design-Build contracts for municipal projects. The current practice of separately bidding out design and construction contracts slows the building process, produces designs that are unsuitable for construction and must often be modified, and blurries accountability for delays, discouraging the use of on-time and on-budget incentives and penalties.

Thank you for the opportunity to testify.

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Testimony of Felice Farber, Director of External Affairs
The General Contractors Association of New York
NYC Council Finance Committee
Executive Budget Hearings
May 18, 2015

Thank you Chairperson Ferreras and members of the Finance Committee, I am Felice Farber, Director of External Affairs for the General Contractors Association of New York and we are grateful for the opportunity to comment on the City's proposed 10-Year Capital Strategy.

The GCA represents over 225 heavy civil contractors who have built the very foundations of New York City for more than 100 years. Our members employ over 20,000 professional and union trades workers who construct and rehabilitate New York's roads, bridges, parks, schools, water and transit systems.

And while our members and their employees are obviously concerned about infrastructure investment since it is their livelihood, they are, first and foremost, New Yorkers themselves. They live here, raise their families here, and rely on the City's infrastructure to get to jobs, school, health care and recreational activities.

In that regard we hope the City's Capital Strategy will lay the groundwork for addressing both its current and future needs – especially in anticipation of the increased density in housing and development envisioned by the Mayor. The Strategy must reflect a thoughtful, comprehensive, and coordinated vision for what New York City should look like, five, ten and twenty years from now, laying out a roadmap to achieve it.

Rezoned neighborhoods and higher density housing and development will require not only new and improved water and sewer capacity, but expansion of the City's transportation network, and improvements to park and school infrastructure -- the ingredients that make neighborhoods desirable places to live and to work.

Clearly there is a lot of work to do. Even before we talk about new development, some of our most basic infrastructure requires significant and immediate remedial attention. We are pleased that the Administration recognizes that infrastructure investments are essential to its housing and economic development priorities.

The $5.9 billion, 24% increase in capital investments in the proposed 10-year capital strategy will help address a significant portion of the backlog of needed repairs and upgrades.

Repairs and upgrades to the City's water and sewer mains have taken a back seat over the last 10 to 20 years in order to meet federal consent decree mandates. As everyone painfully knows, during that time, water main breaks and sewer backups resulted in significant numbers of very visible disruptions that have had a negative economic impact on surrounding businesses, residents and even subway operations.

While $365 million is allocated for accelerated water main reconstruction and accelerated sewer construction to upgrade and replace hundred year old water and sewer mains, more transparency is needed on how this translates to the number of miles to be replaced annually. DEP's goal had been to replace 1 percent of all water mains annually, or 68 miles per year but in recent years has only been replacing 31 miles of water mains and 20 miles of sewers per year.

The City's water tunnels have never been inspected since they were first constructed. Funds are in the capital strategy to complete the connections to the Manhattan portion of Water Tunnel #3. Unfortunately, the Brooklyn and Queens segments have been deferred out of the current 10-year capital strategy. With the population and density of Brooklyn and Queens growing, providing the redundancy in the City's water supply will be critical.

The increase in resurfacing roads from an average of 810 lane miles in FY2012/13 to 1200 lane miles in FY2016 and 1300 lane miles in FY2017 will go a long way towards improving the condition and safety of New York's streets. We are concerned however that over the 10 year life of the capital plan, the City proposes to resurface an average of only 752 lane miles a year – a figure that is only three-quarters of what is needed to just tread water.

We are also concerned about the level of planned investment in street reconstruction and whether it is sufficient to keep pace with DEP's accelerated water main replacement projects. DOT should be reconstructing 100 lane miles of streets annually and instead is reconstructing only about 40 lane miles per year.

With New York City's bridges some of the oldest and largest in the country, we are pleased to see a substantial increase in the funding to rehabilitate the City's bridges. These funds will allow the City to address all bridges rated poor.

Finally, one of the more recent public debates has been about transit funding and an appropriate City contribution to the MTA's proposed five year capital program. One could argue that the MTA is a State Authority and that Albany should address the projected $14-15 billion shortfall in its projected revenue streams. Albany certainly must do more, but at the end of the day the City has too much at stake from an economic and quality of life perspective to be a bystander as the Plan is put together over the coming weeks and months.

Its level of investment (except for the funding for the #7 line extension) dropped from a high of $205 million a year back in the mid 1980s to a low of $65 million a year in the 90s and early 2000s, and leveled off to approximately $100 million annually in the most recent capital plan. This dramatic drop off in City contributions over the past 20 years left a cumulative $2 billion gap in MTA investments, which was filled with borrowing, reduced investments, or increased pressure on fares and tolls. The result has been that City residents have ended up paying for all of those things one way or the other.

Adjusting for inflation, the IBO estimates that the City's contribution should be $363 million annually just to remain even with the first MTA capital plan, rather than the $125 million proposed in the capital budget.

In conclusion, a successful affordable housing and economic strategy requires a commitment by the City to increase its investment levels in its water, sewer, road and transit infrastructure.

The Council can, and must, step up to the plate here and make these fundamental needs a priority in the ongoing debate and approval of the Capital Strategy. You can count on our support in your efforts to do so.

Thank you again for the opportunity to comment on the plan. I would be happy to answer any questions you may have.

percent of its personal income – relative to affordability benchmarks of 5 percent and 6 percent, respectively.

Debt service has begun to crowd out other spending in the operating budget. It has grown 41 percent since fiscal year 2005 (despite aggressive refinancing in recent years) and is projected to grow another 40 percent by fiscal year 2019, totaling $7.7 billion annually. In contrast, all other city operating expenditures will grow 17 percent in the same time period.

Conclusion

Capital investment is critical to the City's future. Investments should be undertaken based on clear analysis that demonstrates increased economic activity, improved operating efficiency, or enhanced service delivery. The Capital Strategy, the capital budget, and the other available documents do not provide a sense of whether this is the case. The Council should require improved reporting on the rationale for and performance goals of capital spending and should limit the capital budget to clearly defined projects with demonstrable benefits.

Thank you. I welcome any questions.

CITIZENS' COMMITTEE for CHILDREN
OF NEW YORK INC

Testimony of

Stephanie Gendell, Esq.
Associate Executive Director
For Policy and Government Relations
Citizens' Committee for Children

Before the
New York City Council
Committee on Finance

Public Testimony
Fiscal Year 2016 Executive Budget

May 18, 2015

Good afternoon. My name is Stephanie Gendell and I am the Associate Executive Director for Policy and Government Relations at Citizens' Committee for Children of New York (CCC). CCC is a 71-year-old independent, multi-issue child advocacy organization dedicated to ensuring every New York child is healthy, housed, educated and safe.

I would first like to thank Chair Ferreras and members of the City Council Finance Committee for holding today's hearing on the Fiscal Year 2016 Executive Budget and for the opportunity for public testimony.

Attached to this testimony is CCC's summary of the Executive Budget's impact on children and families and the Campaign for Children's Fact Sheets on child care and after-school. CCC's full testimony on the entire budget will be offered as part of the Public testimony on June 9, 2015 after all of the committees have held their budget hearings and we have had the opportunity to hear from all the relevant City agencies.

We would like to use today's hearing as an opportunity to express our overarching concerns and address issues that we feel need to be tended to immediately and discussed with the agencies throughout the budget hearing process.

First, we are deeply concerned that in many ways the Executive Budget is not transparent. Instead of the typical PEG (Program to Eliminate the Gap) process used by previous Mayors, this Administration has instead submitted "citywide savings." While we may not have liked the PEGS and we may have advocated against them, it was imperative that the City Council, the advocacy community and the general public was aware of the programs and services that were proposed to be cut.

For instance, when Mayor Bloomberg sought to close direct lease child care centers, we saw this as a PEG in the budget. While we did not like it, we all became aware of the issue and were able to work with the City to develop plans to save centers in some instances. The de Blasio administration has already closed at least 1 direct lease site this fiscal year and there appear to be an additional 7 that are on a list slated for closure. None of these 8 center closures appear in the Executive Budget documents. In addition to being very concerned about this permanent loss of capacity of approximately 600 seats, there are additional direct lease sites with leases coming due and we do not know what the City's plans are for these centers.

It is important to remember, that every time we close a center, the center and its capacity to service children 0-4 is gone forever, unless a plan is made to create a new site in the same community. Similarly, the staff from those programs no longer have a job.

When Mayor de Blasio was chair of the City Council General Welfare Committee he understood this and on April 10, 2008 he held an oversight hearing on, "ACS's efforts to preserve child care centers in NYC." This is what he said:

> **"My bottom line is the closing of one child care center is one too many, and we have to look at these as absolute precious resources. We have to understand that when there is a closure, it affects the children, it affects the parents, it affects the people who work at the center and it affects the broader community. And when this precious resource is lost, we don't get it back, and that's my fear...**
>
> **So we can't eliminate slots, we have to find a way to preserve them and in fact build our capacity going forward."**
> -Mayor Bill de Blasio, as Chair of the General Welfare Committee, April 10, 2008.

We agree with these sentiments and hope that the Mayor and his Administration will ensure that capacity is not permanently loss. We also urge the City Council to help stop these center closures and for any center that cannot be realistically saved, ensure that the capacity is maintained in the same community for children 0-4 (not just for 4-year olds).

Another issue of concern in the Executive Budget is that several city agencies have unspent funds in Fiscal Year 2015, which we feel could have been spent on services for children and families. For example, in the Administration for Children's Services (ACS) budget, there is a savings of $8.666 million of unspent funding for the current Fiscal Year 2015. Meanwhile, we have learned that the agency ended its $1.2 million contract for the specialized services that find forever families for youth who would otherwise age out of foster care. In addition, ACS could have spent the funding on post-adoption services, bringing back the discharge grant for families and youth, and a host of other services for children in foster care.

ACS also had nearly $8.2 million in unspent City Council funding for priority 5 child care vouchers. If ACS was not able to use all of the vouchers timely, we feel that the funding could have certainly been redirected within the child care budget. For example, as described in the Head Start audit, there are a number of ACS child care and head start centers that could have benefited from using this one-time funding for facility repairs.

Finally, our most imminent concern is the **City's plan to cut 17,000-40,000 summer camp slots for middle school students.** In March, the Department of Youth and Community Development sent award letters to COMPASS/SONYC programs (previously called middle school OST) telling them that they would have summer programming and DYCD alerted Beacon and Cornerstones that they would have the same level of summer funding as they did in FY 2014.

Frighteningly, we still do not know exactly how many summer camp slots are being cut because there are a number of SONYC programs not on the DYCD list that received the letters rescinding their awards. We do know that Beacons and Cornerstones are being returned to their FY 2013 funding level.

Relying on the awards programs received in March, the providers hired staff and recruited children. In some instances, due to the high demand, programs held lotteries to select the children. For many families, these summer programs are a lifeline that enable them to work while their children are safe and receiving academic and social enrichment.

On May 7, 2015, these providers were alerted that the summer funding was redirected and would no longer be available for summer camp. This is unacceptable.

In addition, this summer camp issue must be rectified before the budget is adopted because parents need to know now (not the end of June) where their children will be this summer and staff need to know now that they have a job (or else they will find a new one and not be available in June if the Council restores the funding.) We urge you to join us in pushing the administration to rectify this situation immediately.

Thank you for the opportunity to testify. We look forward to sharing our full testimony in June.

CITIZENS' COMMITTEE for CHILDREN
OF NEW YORK INC

Summary of the New York City Fiscal Year 2016 Executive Budget

On May 7, 2015, Mayor de Blasio released his $78.3 billion Executive Budget for City Fiscal Year 2016, which begins July 1, 2015.

The Executive Budget builds on the Preliminary Budget by taking additional steps to address income inequality, child safety and child well-being in New York City. Specifically, the Executive Budget includes city funding for 100 new shelter beds and mental health services for runaway and homeless youth; a restoration of $5.9 million for 17 after-school programs at risk of closure; funding for additional programs to help the homeless be safe in shelters and transition to permanent housing; funding to increase city oversight of subsidized child care programs; funding for capital improvements to juvenile detention centers and child care centers; and funding for home visiting for families in shelter. The Executive Budget also continues the Administration's commitment to the second phase of expansion of pre-k for all 4-year olds, after-school for 107,000 middle school students, and transforming 96 of the City's lowest performing schools into community schools.
Finally, state and federal resources are included to support the continuation of free middle school lunch. Notably, the Executive Budget also calls for a 2.5% COLA for staff at non-profit social service agencies and a minimum salary of $11.50 per hour.

Despite this good news, there are a number of essential programs and services for children and families that CCC is very disappointed to see were not funded in the Executive Budget. The Executive Budget failed to fund many of CCC's key priorities such as universal free lunch for all public school students, universal Breakfast After the Bell, child abuse prevention services, emergency food programs, and Summer Youth Employment Program capacity for 50,000 youth. Notably, the Executive Budget does not address pressing early childhood education needs including the Early Learn rate, adequate compensation and benefits for child care staff, funding to prevent direct lease child care sites from closing, nor funding to expand capacity to serve children ages 0-3. Similarly, there was no funding to maintain 2,300 elementary after-school slots due to be lost or middle school summer programming; to increase the rates for after-school programs for elementary school students, Beacons or Cornerstones; nor to expand the after-school system capacity to serve elementary and high school students. Finally, the Executive Budget also failed to fund many City Council initiatives that CCC supports such as EBTs in farmers' markets, mental health services for court-involved youth, or child advocacy centers, among others.

A more detailed list of budget proposals that impact children, youth and families is provided in the following pages. These proposals are supported with city funds for Fiscal Year 2016 unless otherwise noted:

Administration for Children's Services Child Welfare

- Adds $2.4 million for Children's Center enhancements, which includes insourcing nurses and other staff and increasing the number of staff overall.
- Adds $11.03 million for child welfare reforms including a training institute, increased presence at homeless shelter intake and more preventive service slots.
- Adds $29.7 million in capital funds to support the renovation of administrative and field offices.

Administration for Children's Services- Early Childhood Education

- Adds $973,000 to reduce the parent fee for families enrolled in Early Learn Universal Pre-Kindergarten or other part-time subsidized programs.
- Adds $3.8 million to increase staffing for enhanced programmatic oversight of Early Learn child care and Head Start programs.
- Adds $12.6 million for 1,740 low income child care vouchers.
- Adds $32.2 million in capital funds for the renovation of child care centers including the correction of code violations and providing for handicapped accessibility.

Administration for Children's Services- Juvenile Justice

- Adds $36.7 million capital funds for the renovation of the two secure detention facilities (Crossroads and Horizon).

Department of Education

- Maintains and baselines free lunch for middle school students with federal and state funding (results in $3.2 million city funds savings).
- Adds $96,000 state funds starting in FY16 and $64,000 city funds starting in FY17 for mental health clinics in persistently failing schools.
- Adds $1.2 million state funds starting in FY16 and $800,000 city funds starting in FY17 for mental health clinics in Renewal Schools.
- Adds $1.6 million state funds starting in FY16 and $1.05 million city funds starting in FY17 for mental health clinics in AIDP schools.
- Adds $2.0 million in FY16 only for substance abuse prevention and intervention specialists.
- Adds $50.3 million for Renewal Schools in FY16 and baseline $49.6 million starting in FY17.
- Adds $7.3 million in Fair Student Funding (increases to $33.5 million starting in FY17).
- Adds $73,000 for school safety agent training.
- Adds $600,000 for Young Men's Initiative (YMI) Tutoring Initiative and $325,000 for YMI NYC Service Mentor Corps.
- Adds $392,000 for 150 new ESL teachers starting in FY17.
- Adds $2 million for special education reporting (in FY16 only).
- Adds $1.08 million for SAGA tutors.
- Adds $1.1 million for parent engagement.
- Adds $2.6 million for 9 new School Food sites.
- Adds $1.1 million for guidance counselors and social workers at Alternative Learning Centers.
- Adds $655,000 for Literacy Intervention Teams to work with students with dyslexia.

Department of Youth and Community Development

- Adds $5.95 million (and $3.9 million in FY15) to maintain after-school and summer camp programs at 17 elementary after-school sites. (Note: Funding transferred from DOE to DYCD.)
- Adds $29.14 million for NYCHA Community Centers, which maintains 45 Cornerstone after-school programs and creates 24 new ones.
- Adds $2.7 million for 100 new Runaway and Homeless Youth (RHY) shelter beds.
- Adds $1.2 million ($2.0 million starting in FY17) for mental health services for Runaway and Homeless Youth.
- Adds $311,000 for Young Adult Internship Program.
- Adds $17.6 million to maintain summer programming for 22,000 elementary school students.
- Adds $3.4 million to maintain the same number of Summer Youth Employment slots (36,000) at the new minimum wage.
- Eliminates summer programming at 41 middle school after-school programs and decrease middle school summer programming at Beacons and Cornerstones.

Department of Homeless Services

- Adds $3.22 million for enhanced shelter security.
- Adds $1 million (in FY16 only) for Homebase Media Campaign.
- Adds $602,000 for Child Safety Teams.
- Adds $5.4 million to provide mental health services for homeless families by providing Licensed Clinical Social Workers in all family shelters.
- Adds $911,000 for family shelter intake staffing (FY16 only).
- Adds $3.74 million for shelter maintenance and repairs.
- Adds $1.429 million for LINC support staff.
- Adds $4.3 million for the PATH Community-Based Demonstration Project, which will improve homeless prevention efforts at family shelter intake.
- Adds $3.1 million for 44 staff to provide operational and administrative support for LINC programs
- Adds $342,000 for 5 new staff for the Prevention Team.
- Adds $1.9 million for Permanency Specialists who will provide advocacy, support, assistance, oversight and training to shelter providers related to housing permanency.
- Adds $36 million capital in FY16 for renovation and upgrade of family shelters.

New York City Housing Authority (NYCHA)

- Adds $570.7 million capital for building upgrades including roof work, mold remediation, elevators, exterior lighting, etc.
- Saves $72.5 million to the NYPD budget to relieve NYCHA of its obligation to pay for NYPD services.
- Saves $33 million for NYCHA by eliminating annual PILOT payments.
- Saves $22.4 million annually by transferring community and senior centers to DYCD and DFTA.

Human Resource Administration- Homelessness

- Adds $20 million in FY 16 ($36 million starting in FY17) for anti-eviction legal services.
- Adds $4.3 million in outreach for anti-eviction legal services (FY 16 only).
- Adds $2.5 million in FY 16 for a new homeless prevention rental assistance pilot program modeled after FEPS.
- Adds $1.5 million for homeless diversion strategies (FY16 only).
- Adds $590,000 city funds ($10.6 million federal funds in FY16) for a new tenant1based rental assistance program to assist 1,250 households where at least one member receives federal SSI or social security benefits.
- Adds $3.6 million for the LINC VI Families and Communities Reunification rental assistance program.
- Adds $2.7 million (for FY16 only) for LINC landlord campaign.
- Adds $9.126 million for rent arrears expansion (FY16 only).
- Adds $1.27 million for LINC aftercare in FY16 ($544,000 in FY17).
- Adds $7.17 million in FY16 to increase LINC rent levels and to accommodate the projection of serving additional placements. ($13.1 million in FY17, $16.1 million in FY18 and $19.2 million in FY19).
- Adds $2.1 million for employment and after-care services for families receiving LINC 1 (working families) rental assistance.
- Adds $495,000 for after-care services for families receiving LINC III (domestic violence survivors) rental assistance.
- Adds $1.0 million for one-time incentive payments to landlords for participating in LINC programs and establishment of an enhanced security fund to reimburse landlords for costs not covered by security deposits (FY16 only).
- Adds $656,000 for Early Warning Homeless Prevention, which will include outreach and preventive services to families and individuals known to HRA who are at risk of entering shelter.
- Adds $2.9 million for 79 new staff to provide operational and administrative support for LINC and homeless prevention programs.

Human Resources Administration- Food and Economic Security for Families

- Adds $129,000 for Domestic Violence programming for foster care youth.
- Adds $14.8 million in FY16 ($7.5 million in FY17 and baselined at $9.3 million starting FY18) for expansion of the IDNYC initiative.
- Adds $6.9 million to modernize SNAP centers and roll-out the Benefits Re-engineering initiative.
- Adds $4.8 million in FY16 ($5.3 million starting in FY17) for front line staffing enhancements.
- Adds $1.02 million in FY16 ($1.7 million starting in FY17) for mental health services in Family Justice Centers.

Department of Parks and Recreation

- Adds $350,000 for play equipment maintenance and repairs to address playground safety concerns.
- Adds $273.2 million capital for the Community Parks Initiative, which directs capital funding to historically underfunded parks in areas with high population density, high concentration of poverty and above average population growth.
- Adds $145.1 million capital funds for the long-term reconstruction of parks and playgrounds and other infrastructure damaged by Hurricane Sandy.

Department of Health and Mental Hygiene

- Adds $711,000 for enhanced STD Clinic Services.
- Adds $1.2 million in FY16 ($2.6 million in FY17 and baselined at $2.8 million starting in FY18) for school services- asthma in Renewal and Community Schools.
- Adds $1.2 million in FY16 and baselined at $2.1 million starting in FY17 for school services-CATCH (reproductive health) in Renewal and Community Schools.
- Adds $1.6 million for school health vision screenings in Renewal and Community Schools. .
- Adds $1.5 million city funds and $745,000 state funds ($2.3 million total) to expand the newborn home visiting program to all mothers with infants in DHS shelters.
- Adds $1.7 million (baselined at $3.8 million starting in FY18) for young adult and adolescent programming at Rikers.
- Adds $1.1 million in FY16 (baselined at $678,000 in FY17) for coordination, implementation and evaluation of citywide initiatives.
- Adds $355,000 city funds ($600,000 total) to expand the Breastfeeding Hospital Collaborative to all 40 maternity hospitals in NYC.
- Adds $545,000 for Healthy Urban Block.
- Adds $8.2 million for new community-based health clinics
- Adds $749,000 for an annual child health survey, which will enhance the City's capability to monitor and evaluate trends in child health risk factors and outcomes
- Adds $1.06 million for a Language Development Campaign, which is a media campaign to encourage parents of young children to talk, read, and sing to their babies to promote brain development
- Adds $178,000 for enhanced oversight of child care programs.

Department of Probation

- Adds $333,000 ($500,000 starting in FY17) for NeON Arts.

In the Fiscal Year 2015 Adopted Budget, the City Council both restored funding and added funding for initiatives that have been critical for children and families. The Executive Budget failed to restore and/or baseline the following initiatives paid for by the City Council in FY15:

Community Safety and Child Welfare

- $6.7 million for the Anti-Gun Violence Initiative
- $500,000 for child advocacy centers
- $600,000 for CONNECT Domestic Violence program

Early Childhood Education/Child Care

- $5.0 million for Discretionary Child Care Programs (that did not receive a negotiated acquisition extension contract from the Administration)
- $1.5 million for the Early Literacy Initiative
- $1.5 million for Technical Assistance for Child Care Providers
- $210,000 for WHEDCO to train 500 low-income informal child care providers

Education

- $6.25 million for free lunch in middle schools
- $125,000 for C.H.A.M.P.S. fitness program in 200 middle schools.
- $400,000 for Chess in the Schools, Inc.
- $250,000 for Child Mind Institute
- $250,000 for community schools
- $1.0 million for the Dropout Prevention and Intervention initiative
- $1.55 million for Middle School Expanded Learning Time
- $825,000 for Small Schools Athletic League
- $6.085 million total for Teacher's Choice (school supplies)
- $3.5 million total for Urban Advantage

Food and Economic Security

- $2.8 million for the Anti-Poverty Initiative
- $250,000 total for the EITC Assistance Program
- $335,000 for EBTs at Farmers' Markets
- $60,000 to expand low income farmers' markets
- $250,000 for Emergency Food Programs/food pantries
- $1.32 million for food pantries
- $148,000 for SCO Family of Services/Center for Family Life Worker Cooperatives
- $1.2 million for Worker Cooperative Business Development Initiative

Health and Mental Health

- $150,000 for the Callen Lorde Community Health Center
- $300,000 for the Infant Mortality Reduction Initiative
- $690,000 for Autism Awareness
- $200,000 for Mental Health Services for Children Under 5 initiative
- $50,000 for Samaritans of New York Suicide Prevention Services

Juvenile Justice

- $250,000 for Vera Adolescent Portable Therapy Program
- $4.1 million for Alternatives to Incarceration Programs
- $400,000 for the Center for Court Innovation
- $1.0 million for Court-Involved Youth Mental Health Initiative
- $1.0 million for the Juvenile Robbery Intervention Program

Housing and Homelessness

- $500,000 for the Citywide Homeless Prevention Fund
- $550,000 for the Citywide Task Force on Housing Court/Housing Court Answers
- $2.0 million total for the Housing Preservation Initiative
- $1.1 million total for Community Consultants
- $750,000 for the Mortgage Foreclosure Prevention Initiative
- $750,000 for the HPD Alternative Enforcement Program (AEP) to identify 200 most distressed multiple dwelling and make repairs.
- $1.0 million for Stabilizing NYC, a citywide coalition to prevent the loss of affordable housing

Legal Services

- $5.0 million total for Anti-eviction Legal Services
- $3.75 million for Citywide Civil Legal Services
- $485,000 for LIFT
- $1.525 million total for Legal Services for the Working Poor
- $1 million for the Unemployment Insurance/SSI Advocacy Project

Youth Services

- $7.1 million for Cultural After-School Adventure (CASA)
- $400,000 for Big Brothers Big Sisters
- $15.2 million to add 10,640 Summer Youth Employment Program (SYEP) slots
- $800,000 for New York Junior Tennis League
- $750,000 for NYC Digital Inclusion and Literacy Initiative to address disparities in internet access
- $1 million for Sports and Arts in School Foundation
- $1.0 million for Sports Training and Role models for Success Initiative (STARS)
- $3.0 million for The After Three Corporation (TASC)
- $350,000 for the YMCA After-school program
- $2.1 million for the NYC Youth Build

Campaign for Children

FACT SHEET: Fiscal Year 2016 Executive Budget
Child Care/Early Education

While Mayor de Blasio's Executive Budget maintains his commitment to expanding full-day pre-kindergarten to all 4-year-olds, the proposed budget will **result in the loss of early education programs for hundreds of children ages 0-4.** In addition, the Executive Budget fails to take many of the steps needed to strengthen, support, and stabilize the early childhood education system in Fiscal Year 2016.

The Campaign for Children is urging the Mayor and the City Council to ensure that the Final Budget not only maintains current capacity, but also takes much-needed steps to strengthen the early childhood education system and expand programs to serve more children and families.

The Campaign for Children supports the steps taken in the Executive Budget to expand pre-kindergarten programs to all 4-year-olds and address deficiencies found by the Head Start audit:

- $408 million to expand pre-kindergarten to over 70,000 4-year-olds.
- $973,000 to reduce the parent fee for families enrolled in pre-kindergarten programs in EarlyLearn subsidized centers (as there is no parent fee in the other pre-k programs).
- $3.8 million to increase staffing for enhanced oversight of EarlyLearn child care and Head Start.
- $32.2 million in capital funds for the renovation of child care centers, including the correction of code violations and providing for handicapped accessibility.
- $12.6 million for 1,740 low-income child care vouchers.

To ensure child care programs can operate without significant deficits and that programs can provide safe, high-quality care, the following IMMEDIATE NEEDS must be funded in the FY16 Final Budget:

- **Stop the permanent loss of capacity for hundreds of children ages 0-4 by preserving the child care programs with leases expiring.** The city currently has the leases for these sites and is not renewing them, resulting in the closure of at least 7 centers serving hundreds of children. One program, serving 116 children, has already closed.
- **Increase the EarlyLearn rate** to support high-quality programming, more adequately address facility and maintenance costs, and fully fund workers' compensation, liability insurance and health insurance.
- Provide **adequate compensation and benefits** for the workforce. Create salary parity with DOE staff.
- Reconsider the matrix used for **full enrollment**.

To stabilize and strengthen the child care system, the following actions must also be taken in the Final Budget:

- Expand capacity to serve more children ages 0-3.
- Ensure 4-year-olds have wrap-around care before and after school.

For more information visit: www.CampaignforChildrenNYC.com
Facebook: Campaign for Children // **Twitter**: @ChildrenNYC #Campaign4Children

Campaign for Children

FACT SHEET: Fiscal Year 2016 Executive Budget

After-School

While Mayor de Blasio's Executive Budget maintains his commitment to expanding after-school programs to over 100,000 middle school students, the proposed budget will **result in the loss of after-school and summer programs for 2,300 elementary school students, and summer programming for tens of thousands of middle school students.** In addition, the Executive Budget fails to take many of the steps needed to strengthen, support, and stabilize the after-school system in Fiscal Year 2016.

The Campaign for Children is urging the Mayor and the City Council to ensure that the Final Budget not only maintains current capacity, but also takes much-needed steps to strengthen the after-school system and expand programs to serve more children and families.

The Campaign for Children supports the restorations and investments made for after-school programs in the Executive Budget:

- $163 million to expand middle school after-school programs to reach 107,000 during the school year.
- $17.6 million to maintain summer programming for over 22,000 elementary school children.
- $5.95 million to maintain after-school and summer camp programs to 1,882 elementary school students at 17 sites that had been slated for closure.
- $29.4 million to maintain 45 NYCHA Cornerstone programs and create 24 new Cornerstone programs.

To prevent the loss of capacity, the following IMMEDIATE NEEDS must be funded in the FY16 Final Budget:

- **Immediate funding to maintain middle school summer programming for SONYC, Beacon, and Cornerstone programs – a loss of slots for at least 17,000 children, and up to 40,000, based on current estimates from providers who are receiving cancellation notices.** After being told in March that their summer programs were funded, parents and providers were just alerted in May that funds are no longer available. Note that summer camps are also typically summer meals sites.
- **$7.7 million to maintain 2,300 COMPASS (formerly OST) elementary school after-school slots** that are slated to be lost, due to an increased per-child rate for slots previously funded by the City Council.

To stabilize and strengthen the after-school system, the following actions must also be taken in the Final Budget:

- Increase the rate for elementary after-school, Beacon, and Cornerstone programs.
- Increase the capacity to serve more elementary and high school students in after-school programs.

For more information visit: www.CampaignforChildrenNYC.com

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Testimony of Leonie Haimson before the NYC Council
On the FY 16 executive budget and the deficiencies of the school capital plan

May 18, 2015

Thank you for the opportunity to speak to you today. My name is Leonie Haimson; I head Class Size Matters a citywide advocacy group devoted to providing information on the benefits of smaller classes to parents and others nationwide.

I am here to speak about the problems we see with the Executive budget funding of our public schools, and the deficiencies of the school capital plan.

First of all, school-based budgets are still severely underfunded and have not regained their footing since 2007 – when the city cut school budgets by about 14%. The increased funding this year and next will be focused primarily on preK, special education, the renewal schools, non-public schools, and charter schools, whose funding will rise to $1.5 Billion, not counting the rent subsidies that the city will be providing – with little or no increases for general education classes.

This is why class sizes in general education and inclusion classes continued to increase this year overall, with classes in grades K-3 remaining at a fifteen year high. Sadly, this damaging trend is likely to continue, since according to the projections in the Executive budget, the number of full time pedagogues is projected to decrease by almost three thousand – from 93,318 this year to 90, 714 in FY 2016.

The capital plan is also extremely underfunded. There are only 38,654 seats in the proposed five year capital plan. Four thousand of these seats are categorized for "class size reduction" and are still not sited -- even though they were first proposed more than a year ago, in January 2014.[1] In contrast, 6,800 preK seats have been added to the plan since November.

The administration added no K12 additional seats since the November plan – despite an audit from the NYC Comptroller showing that at least one third of schools are extremely overcrowded, with the DOE lacking any clear plan to deal with the problem. A third of the city's elementary schools are at least 138% of capacity.[2]

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[1] http://schools.nyc.gov/Offices/mediarelations/NewsandSpeeches/2013-2014/Chancellor+Carmen+Fari%C3%B1a+Announces+Revisions+to+the+Proposed+Capital+Plan+FY+2015-2019+That+Would+Ad.htm

[2] http://comptroller.nyc.gov/wp-content/uploads/documents/7E13_123A.pdf and http://www.nydailynews.com/new-york/education/1-3-city-schools-overcrowded-audit-article-1.1859717

Public schools are the most overcrowded aspect of the city's infrastructure. In our ***Space Crunch*** report, we found that more than 488,000 students attended schools at or above 100% utilization; including 57% of elementary school students and 53% of high school students. [3]

The Mayor's expansion of preK has worsened overcrowding, with at least 11,800 preK seats this year located in 254 schools that were above 100% utilization, according to DOE figures. [4] The DOE's plan to create community schools with wrap-around services also requires space for offices and other programmatic needs. In addition, the Mayor's ambitious plan to build an additional 160,000 additional market-rate units, on top of the 200,000 affordable units over the next ten years will create the need for even more school seats.[5]

The current plan will provide less than half of the K12 seats necessary just to alleviate existing overcrowding and address projected enrollment growth, according to the DOE's own figures – not counting the Mayor's plan to accelerate residential development. By averaging the enrollment projections of the two DOE consultants, Statistical Forecasting and Grier Partnership, and then adding the additional growth from existing housing starts, there will be approximately 84,000 additional students in grades K-8 by 2021; and an additional 32,000 high school students.[6] Meanwhile, there is the need for more than 30,000 seats in just those districts that ***average*** over 100% utilization.

School overcrowding has significantly worsened in the last six years, especially at the elementary grade level. Last year, elementary school buildings had an average 97.5 percent utilization rate, according to the DOE's figures in the Blue Book, with the median rate at a shocking 102 percent. High schools were not far behind at an average of 95.2 percent.

At the same time, most experts believe that the official utilization figures reported by the DOE are faulty and actually underestimate the actual level of overcrowding in our schools. More than a year ago, the Chancellor appointed a taskforce to improve the accuracy of the formula, and yet their recommendations made last December have still not been made public.

Just as this capital plan is inadequate to relieve overcrowding, it is also unlikely to achieve the DOE's widely-publicized promise to eliminate trailers or temporary classroom units (TCUs). While the DOE has reported that 7,158 students are enrolled in classes in these trailers,[7] the actual number is likely 50 percent higher – as the DOE has omitted from its count thousands of high school and severely disabled students, who attend classes in these substandard structures.

Moreover, although DOE officials have promised that the capital plan will accomplish the goal of eliminating trailers, many of which are in disrepair and long past their expected lifetimes, there is not a single dollar in the capital plan dedicated specifically to replacing their seats. The May plan lists 158 TCUs as having been removed or in the process of being removed in 50 public school buildings. Yet fully half of these schools are in buildings at or above 100% utilization, as of the latest Blue Book, with a seat need of almost 6,000 to bring the utilization down to 100%. As of the September

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[3] http://www.classsizematters.org/wp-content/uploads/2014/06/SPACE-CRUNCH-Report-Final-OL.pdf

[4] Pre-Kindergarten data from DOE Directory for the 2014-2014 Admissions (September 2014) http://schools.nyc.gov/NR/rdonlyres/AAEE65E0-8326-4E33-BACA-A462A2ECC65E/0/201415PreKDirectoryUPDATED09032014.pdf; Utilization Data from Blue Book report, 2013-2014 http://www.nycsca.org/Community/CapitalPlanManagementReportsData/Pages/EnrollmentCapacityUtilization.aspx

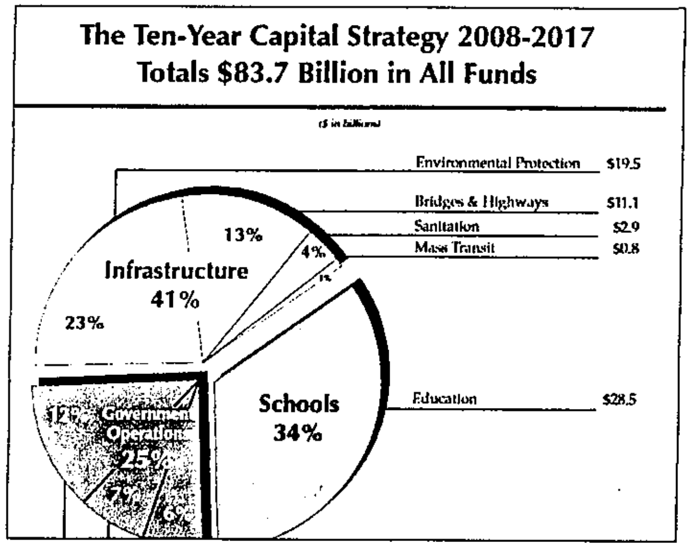
[5] Michael M. Grynbaum, "In 2nd Year, Mayor de Blasio Will Focus on Making Housing Denser and More Affordable, NY Times, Feb. 2, 2015. See also http://rew-online.com/2015/02/03/bold-de-blasio-adds-160000-units-to-housing-to-do-list/

[6] http://www.classsizematters.org/wp-content/uploads/2014/06/SPACE-CRUNCH-Report-Final-OL.pdf.

[7] Al Baker, "Push to Rid City of Classrooms That Are Anything but Temporary," NY Times, March 31, 2014.

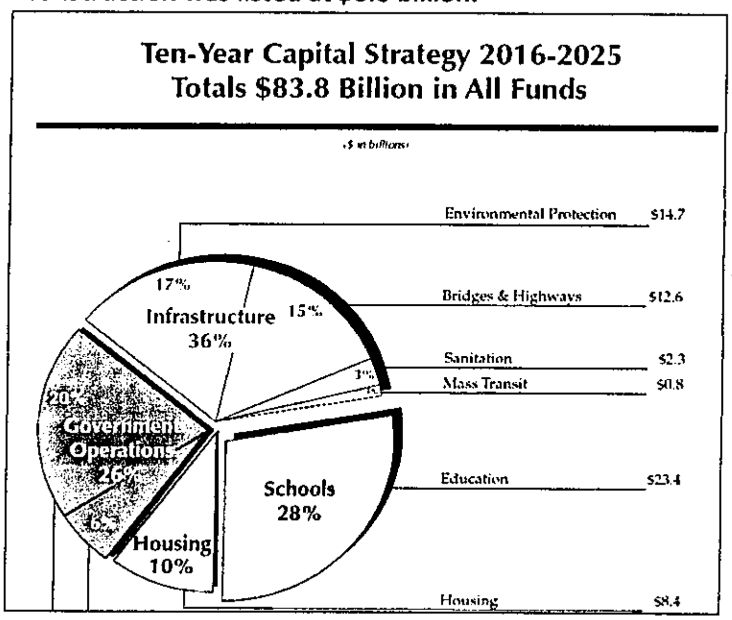
TCU report, there were more than 1,289 students in these TCUs –likely far more, for as mentioned above, the DOE does not report on the enrollment in high school trailers.

Among the schools in which TCUs are due to be removed is Francis Lewis High School (188%), Bayside High School (159%) Richmond Hill High School (113%) and Curtis High school (144%) – with the likely effect to further overcrowd these schools. As the chapter leader for Francis Lewis told me, "We would be screwed if they just did that. It would lengthen the day and deteriorate the quality of our school. It took years and a very aggressive publicity campaign for us to get our day down to ten periods. Making kids stay later and come earlier will be awful for both them and staff."



Indeed, Queens high schools are the most overcrowded part of the overcrowded school infrastructure, with a current shortage of shortage of 7295 seats. Meanwhile, DOE consultants project an increase in Queens HS enrollment of about 13,000 students by 2021. *Yet despite a need for at least 20,000 seats, only 2,802 Queens HS seats are proposed in the five-year plan.*

The ostensible reason that the capital plan was delayed until May –usually released at the beginning of February --- was so that it could be properly aligned with the city's overall 10-year capital plan. In the last ten-year plan, for 2008-2017, created during the Bloomberg administration, schools made up 34% of the overall spending, at $28.5 billion. New school construction was listed at $6.6 billion.[8]



In the new ten-year capital plan, schools are only 28% of the total spending, at $23.4 billion, a cut of more than $5 billion – despite the voluminous evidence that school overcrowding has reached a critical pitch and is likely to worsen without a more aggressive plan. New schools are listed at $3.7 billion –a cut of nearly $3 billion.[9]

This is unacceptable. The Independent Budget Office estimates that to double the seats in the November capital plan would cost approximately $125 million in annual payments on bonds – as the state pays about half of all costs for new school construction. [10] Given the overwhelming need for more seats and the city's financial position, this should be done.

Just recently the DOE proposed a five year contract with an IT vendor, Computer Consultant Specialists, to wire NYC schools at a cost of $127 million a year, renewable for four more, at a cost of more than $1 billion. (Originally the contract was nearly twice that high, at a potential cost of more than $2 billion. But after the media raised questions about the contract, the DOE managed to cut nearly half out of the

[8] Office of Management and Budget, Ten-Year Capital Strategy Fiscal Years 2008-2017, April 2007. http://www.nyc.gov/html/omb/downloads/pdf/typ4_07.pdf

[9] OMB, Ten Year Capital Strategy Fiscal Years 2016-2025, May 2015. http://www.nyc.gov/html/omb/downloads/pdf/typ5_15.pdf

[10] Ray Domanico, Independent Budget Office, email to Leonie Haimson, dated January 23, 2015.

amount. [11]) The city ended up cancelling the contract after it was pointed out that the company was implicated in a kickback scheme that had robbed DOE of millions of dollars.[12]

For approximately the same amount that the DOE was prepared to pay for this contract, the number of seats in the capital plan could be doubled and we could begin to meet the real needs of NYC public school students for a better chance to learn. I strongly urge the Council to do so.

Appendix A: TCU Removal in Overcrowded Schools

In the May 2015 Capital Plan, 158 TCUs are listed as having been removed or are in the process of being removed in 50 public school buildings. Fifty percent of these schools were at or above 100% utilization, as of the latest available data from the Blue Book, with a seat need of almost 6,000 to bring their utilization down to 100%. There were 1,289 students in the TCUs in elementary schools as of Sept. 2014, according to the NYCSCA TCU report, not including hundreds of high school students in units whose enrollment is unreported.

- Manhattan
  - D6: P.S. 48 (110%)
- Bronx
  - D8: P.S. 14 (147%)
  - D11: P.S. 106 (131%), P.S. 96 (114%)
  - 10: I.S. 80/P.S. 280 (110%)
- Brooklyn
  - D18: P.S. 276 (111%)
  - D19: P.S. 290 (103%)
  - D20: P.S. 170 (127%)
  - D22: P.S. 193 (111%)
- Queens
  - D24: P.S. 19 (142%), I.S. 125 (110%)
  - D25: P.S. 163 (114%), P.S. 24 (154%)
  - D26: Francis Lewis HS (188%), Bayside HS (159%)
  - D27: Richmond Hill HS (113%)
  - D28: P.S. 121 (107%), P.S. 55 (101%)
  - D29: P.S. 35 (123%), P.S. 176 (120%)
  - D30: P.S. 11 (156%), P.S. 70 (112%), P.S. 92 (131%), William C. Bryant HS (101%)
- Staten Island: D31: CURTIS HS (144%)

(Data sources: NYC School Construction Authority, Enrollment, Capacity, and Utilization Report, 2013 – 2014; NYC School Construction Authority, List Of Transportable Classroom Units With Enrollment- Part 1, September 2014)

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[11] Juan Gonzalez, "New contract from city's Department of Education to questionable technology firm does not compute," NY Daily News, Feb. 24, 2015.

[12] http://www.nydailynews.com/new-york/education/education-department-reboot-computer-services-deal-article-1.2156179

FOR THE RECORD

FEDERATION OF PROTESTANT WELFARE AGENCIES

TESTIMONY
of
The Federation of Protestant Welfare Agencies

Before the
New York City Council Finance Committee

Budget Hearing on the Mayor's Executive Budget for Fiscal Year 2015-2016

May 18, 2015

Prepared By:

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My name is Mallory Nugent and I am the Policy Analyst for Human Services and Poverty Reduction at the Federation of Protestant Welfare Agencies (FPWA). I would like to thank Chairwoman Ferraras and the members of the Finance Committee for the opportunity to testify before you today and for your leadership on issues that deeply affect New Yorkers.

FPWA is an anti-poverty, policy and advocacy nonprofit with a membership network of nearly 200 human service and faith-based organizations. FPWA has been a prominent force in New York City's social services system for more than 92 years, advocating for fair public policies, collaborating with partner agencies, and growing its community-based membership network to meet the needs of New Yorkers. Each year, through its network of member agencies, FPWA reaches close to 1.5 million New Yorkers of all ages, ethnicities, and denominations. FPWA strives to build a city of equal opportunity that reduces poverty, promotes upward mobility, and creates shared prosperity for all New Yorkers.

This testimony focuses on proposals that would improve the health and economic wellbeing of all New Yorkers. FPWA asks the Mayor and the City Council to consider supporting these initiatives, which receive strong support from members of our network and community partners. They include the followings:

- Social Services Career Ladder Development Initiative
- Worker Cooperative Business Development Initiative
- Access Health NYC Initiative
- Early childhood education programs and afterschool programs for working families

Support for Nonprofit Workers

The City annually contracts out $5 billion in social services to nonprofits. These nonprofit employees provide a range of vital services from early childhood education, foster care, senior care and case management, to after school programming, care for homeless families, and supportive housing for vulnerable populations. Since they provide important City services, this nonprofit workforce is effectively the City's indirect workforce. **FPWA applauds the Mayor for the inclusion of several key initiatives in the Executive budget that demonstrate true support for the sector, including a City contracted wage floor, a Cost of Living Adjustment (COLA) and funding for the development of a career ladder system.**

Living Wage – FPWA applauds the Mayor for including in his Executive Budget a first-ever $11.50 per hour wage floor for the City's contracted social service workforce. FPWA, along with our partners at the Fiscal Policy Institute (FPI), have been advocating for this important commitment over the past year. This will mean an earnings boost for 10,000 workers whose wages currently average less than $10.00 per hour. These front-line workers, many of whom live in poverty or near-poverty conditions, provide vital programs for vulnerable populations. This wage increase is an important first step in ensuring a living wage for this essential workforce.

In addition, **we are encouraged by the inclusion of a 2.5% COLA for social service workers.** We look forward to the implementation of this investment and hope it will have an expansive sector wide impact.

Career Ladder – FPWA was pleased to see the Executive Budget's inclusion of $5 million for the development of a career ladder system for social service employees. Anticipated benefits of a career ladder development system include improved worker satisfaction and mobility, reduced turnover, increased quality of City service delivery resulting in better outcomes for vulnerable populations, boosted consumer spending in low-income neighborhoods, and fiscal savings from reduced use of public assistance programs.

We look forward to working with the City to ensure successful implementation of this initiative. A successful professional development system must have two components:

- A comprehensive education and training system that allows employees access to a range of low or no cost educational opportunities, from continuing education and certification courses to bachelor and master's degree programs.
- An educational support program that provides counseling, tutoring and employment services, connection to benefits, and assistance in overcoming barriers to college completion (e.g. connection to affordable child care).

One model that demonstrates how these two components work together is 1199 SEIU's Education and Training Fund. This fund provides a range of education and training opportunities, including continuing education and certificate programs, pre-college programs, including GED, Spanish GED, and ESL classes, and college programming utilizing a voucher program for CUNY, SUNY, and Touro College. In addition to these opportunities, the Education and Training Fund offers a variety of educational support services designed to ensure the successful completion of their desired education or training program, including admissions and guidance counseling and connection to quality, low or no cost childcare. **We hope to see components like these included in the implementation of this initiative, to ensure the City's investment provides maximum impact.**

Worker Cooperative Business

More than one in five New Yorkers are trapped in poverty as a result of enduring economic barriers. Minimum and low-wage jobs do not provide these New Yorkers the income, growth opportunities, or stable, quality employment they would need to achieve upward mobility. Worker cooperative businesses, which are owned and managed democratically by the employees, present promising options to address economic distress faced by low-income individuals and communities, as jobs created through this model generally provide higher wages, more benefits and better job stability than other businesses. This model also allows worker-owners the opportunity to build both individual and community assets.

FPWA and our partners are grateful for the City Council's investment of $1.2 million in FY 15. In just 8 months, we have achieved significant results and are poised to exceed our target objectives by June 30th, 2015. Specifically, we have already reached the projected goal of creating 24 new cooperative businesses. The worker cooperative ecosystem in NYC now have more than doubled—from 20 existing businesses in 2014 to 44 businesses in 2015.

We urge the City Council to continue this positive momentum by enhancing the Worker Cooperative Business Development Initiative to $2.34 million for FY 2016. Given the significant interest generated among the 900 entrepreneurs we reached in FY 15, the demand for incubation is expected to grow in FY 16. In addition to the support and resources that are needed to sustain the 44 worker cooperatives, additional funding will allow the initiative to startup 29 more worker cooperatives, for a total of 73 worker cooperative businesses in NYC by June 30, 2016 and to reach a new target of 1,560 cooperative entrepreneurs in Year 2!

Access Health NYC

Health care is complicated in New York. Many communities do not know how to access free and low-cost care, or their rights when accessing health care services. Many vulnerable populations rely on community-based organizations (CBOs) to provide information about public programs in culturally competent ways. **FPWA urges the inclusion of $5 million dollar for the Access Health Initiative in the final city budget for FY 16.**
Access Health NYC is a citywide initiative designed to enhance capacity of community-based organizations (CBOs) to provide education, outreach and assistance to all New Yorkers about how to

access health care and coverage. Access Health NYC will build capacity, amplify existing efforts and support community based organizations by targeting individuals and families who are uninsured, as well as people who have disabilities, identify as LGBTQ, were formerly incarcerated, are homeless, speak English as a second language, and otherwise experience barriers to health care access/information about health coverage and options.

Currently, New York State of Health do not fund contracted Navigator organizations to conduct community education, outreach and post-enrollment assistance. Underserved communities look to CBOs for culturally competent and accurate information about free or low-cost programs and services. CBOs need funding, support and training to help them ensure that every New Yorker understands how to access health care coverage and services.

Below are suggested services that will be provided through partners of the Access Health NYC Initiative (FPWA, Coalition for Asian American Children and Families, Community Service Society, New York Immigrant Coalition and the People's Budget Coalition for Public Health):

- To fund, train, monitor, evaluate, and provide technical assistance and guidance to local CBOs as well as provide consumer assistance through a hotline.
- Close to 80% of the funds will be re-granted to at least 30 CBOs. At least 10 citywide training events and 30 targeted education and outreach events will be conducted throughout the city.

Services for Working Families

Last but not least, FPWA would like to express our deep concerns about some pressing needs that were not addressed in the Mayor's Executive budget. These issues affect some of the most vulnerable New Yorkers.

New York's **child care system is facing the permanent loss of capacity due to the closure of centers under City direct lease.** The centers' leases are not being renewed, displacing much needed programs and leaving working families without the supports they depend on. For instance, Shirley Chisholm Child Care Center has already closed its doors to the 116 children it once served. **We know of 6 additional Administration for Children's Services (ACS) sites serving upwards of 600 children that are in jeopardy.** Unfortunately, that is likely not the full extent of the issue. **We urge the City Council to intervene to preserve these programs and the vital services they provide in their communities.**

Another issue impacting working families is the **failure to make promised investments in summer programming for afterschool programs.** Although programs were issued award letters and budgets in March 2015, which generally indicated that they would be receiving summer funding, providers were recently informed that the funding would not be made available. These programs have already begun outreach and registration for their summer programs, and families are depending on them for a safe place to send their children during the summer months. **DYCD estimates this will impact more than 17,000 children. Campaign for Children estimates that this number may be as large as 40,000. FPWA urges the Mayor and the City Council to work together to address the funding needs of these summer programs immediately, to allow programs and families adequate time for planning before the end of the school year.**

Conclusion

We thank the City Council for the opportunity to testify. We hope you would support priorities and recommendations discussed in this testimony, and look forward to continue working closely with you to ensure hard working individuals and families receive sufficient services needed for them to live and strive in their communities.

CITIZENS • BUDGET • COMMISSION

2 Penn Plaza ■ 5th Floor ■ New York, NY 10121

TESTIMONY BEFORE THE NEW YORK CITY COUNCIL COMMITTEE ON FINANCE ON THE TEN-YEAR CAPITAL STRATEGY AND CAPITAL BUDGET

Testimony by Maria Doulis, Director of City Studies
Citizens Budget Commission
May 18, 2015

Good afternoon. I am Maria Doulis, the Director of City Studies at the Citizens Budget Commission (CBC). CBC is a nonpartisan, nonprofit civic organization that serves as an independent fiscal watchdog on New York State and New York City governments. CBC recognizes that maintaining and improving New York City's infrastructure is crucial to its continued competitiveness, and I thank you for the opportunity to testify today about the Ten-Year Capital Strategy for Fiscal Years 2016 to 2025.

The Strategy totals $83.8 billion--a $30 billion increase from the prior Ten-Year Strategy released in 2014. The Strategy funds new priorities that include the Mayor's $8 billion affordable housing plan, energy efficiency investments that are part of OneNYC, a Neighborhood Revitalization Fund, accelerated repair and rehabilitation work on schools, roads, bridges, and parks, and a $2 billion increase for libraries, public transit, and the housing authority.

CBC has two overarching concerns about the Strategy:

(1) There is insufficient information available to judge the investments; and

(2) The investments will add to the City's already high debt burden.

Insufficient Information

New Yorkers should be able to look at the capital strategy and understand how the investments will improve the infrastructure they rely upon every day. But, in four important ways the information in the Strategy is inadequate.

First, *the Strategy is not directly linked to a needs assessment, and it is impossible to tell how much progress will be made toward achieving state of good repair.* New Yorkers know their streets, bridges, parks, and schools need fixing – but how large is the need, and where is it greatest? There is no single, comprehensive source that describes all the city's capital assets and their condition;

agencies use different criteria and metrics, and many assets are not assessed at all. The Departments of Transportation (DOT) and Education (DOE) provide detailed annual assessments; other agencies should improve their reporting. The Strategy should incorporate information from those assessments and clearly spell out how much of state of good repair needs will be addressed by the proposed investments, and how quickly.

Second, *details on $22 billion in new OneNYC investments are lacking*. Some initiatives, such as alleviating flooding in Southeast Queens, are clearly linked to specific agency spending plans. But for many goals, the Strategy sets aside funds with uses to be decided later. Economic development spending will total $3.1 billion (including $2 billion for the Neighborhood Revitalization Fund) for projects which are not specified and for which no supporting cost-benefit analysis is available demonstrating the spending will be a worthy investment. Sustainability and resiliency measures will require $7 billion in new spending; $2 billion will be for building retrofits, but the remainder is described as "multiple sub initiatives" or "equipment purchases." Specificity is necessary before dollars are appropriated.

Third, *little performance information is available to assess spending*. Even where spending plans are described in more detail, performance metrics and timelines with milestones are not provided. How many buildings will be retrofitted, at what per-building cost and at what pace? How many miles of sewer mains will be expanded or replaced for the $4.1 billion proposed? The DOT, which reports lane miles to be resurfaced and reconstructed, is the only agency to provide targeted performance measures. Without this information, it will be impossible to track performance and to hold agencies accountable for their management of capital projects.

Finally, *operating costs (or savings) are rarely considered and incorporated in the operating budget*. After assets are purchased, constructed, or rehabilitated, regular maintenance and routine repairs are funded from the operating budget; however, these costs are not identified publicly at any point in the capital planning or budgeting process. Failure to consider the full lifecycle cost of an asset can skew decision making and lead to underfunding maintenance in the operating budget. An example demonstrates how short-sighted this approach can be: the Department of Parks and Recreation spearheaded a citywide campaign to plant one million trees; however, the pruning budget was cut, leading to injuries and deaths from falling tree limbs that resulted in millions of dollars in claims awarded. The Council eventually added operating budget funds for tree pruning.

High Debt Burden

Unlike other state and local governments with large capital programs, the City borrows to pay for virtually all its capital projects. As a result, the City has more than $100 billion in debt outstanding, and will issue $30 billion more in the next four years to support this new capital plan.[1]

Bond rating agencies typically judge debt affordability in relation to the adequacy of resources available to repay it. Under these metrics, the city's debt burden is high. Debt outstanding in fiscal year 2016 is projected to be approximately 8 percent of the City's real property values and 13

[1] Includes water authority bonds.

NEW YORK CITY
CENTRAL LABOR COUNCIL AFL-CIO

President
VINCENT ALVAREZ

Secretary-Treasurer
JANELLA T. HINDS

Testimony on New York City's Ten-Year Capital Plan
May 18, 2015

Good morning, my name is Anthony Thomas, and I am the Political Director of the New York City Central Labor Council, AFL-CIO. Representing 1.3 million workers across 300 affiliated unions, the Central Labor Council is the City's umbrella organization for the broader Labor Movement. I am here today to endorse a continued investment in our physical infrastructure, human capital, and housing needs. Without continued investment, New York City cannot remain the center of commerce and cultural capital of the United States. As the Mayor described in his address, this is not just a tale of two cities, but a tale of two economies, and how New York City plans for the future will set a national precedent.

We are grateful Mayor De Blasio has made it a priority to restore the City's fiscal consistency by working diligently to settle municipal contracts. Last year at this same time, 0% of municipal contracts were complete, and today 72% are done. The Mayor has addressed healthcare costs and working with dignity for a majority of our public sector affiliates, and we look forward to being a helpful partner in those continuing, effectual conversations.

Continuing to invest in education—facilities, curriculum, and access—will make the New York City workforce more efficient and competitive. Utilizing Labor-Management partnerships and the vast training infrastructure of the City Labor Movement, unions can help to continue diversifying the City economy, and lift the standard of living from the 'bottom-up, middle-out.'

The Mayor's continual push for equity can be reach not only with social service expansion plans, but also with the ten-year housing plan, as well as in physical infrastructure. Just look at the average age of city infrastructure: the average homeless shelter in New York City is 70-years-old; the average school is 66; the average NYCHA building is 50; and the average gas main is 56[1]. Any development coupled with labor standards and codified local certifications will automatically support workers in the City of New York. Good labor standards mean higher earnings for the workers, which is put back into the City's neighborhood economies, and benefits the local tax base.

Many of New York City's problems are not unique to the five boroughs. All across the country, municipalities and counties are trying to figure out how to do more with less from the Federal and State government. How will we provide quality housing stock, good schools, and a safety net, when our federal government doesn't believe these things are a priority? This is particularly a challenge when trying to underlie all work with well-paying, quality standards. The way to move forward is by helping average people build wealth; the true way for regular people to build wealth is through collective bargaining; collective bargaining is a product of unions. We look forward to helping the Mayor and Council execute their vision for a more equitable city. Thank you for your time and consideration.

[1] *Center for An Urban Future*, "Caution Ahead", March 2014, Page 11, https://nycfuture.org/pdf/Caution-Ahead.pdf

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abny

TESTIMONY FROM THE ASSOCIATION FOR A BETTER NEW YORK TO THE NEW YORK CITY COUNCIL FINANCE COMMITTEE ON THE TEN-YEAR CAPITAL PLAN

May 18, 2015

Good afternoon. My name is Eftihia Thomopoulos and I am here on behalf of the Association for a Better New York, a 43-year old civic organization that works to make our city a better place to live, work and visit.

Mayor de Blasio's proposed ten-year capital plan has many merits, but there are parts of it that concern us in terms of ensuring the quality of life for New Yorkers is constantly improving. We are particularly focused on the ways in which the City is preparing to meet its infrastructure and transportation needs. According to a report by the Center for an Urban Future, *Caution Ahead*, which was released last spring and details the city's infrastructure needs and shortcomings, the Department of Transportation had the largest capital needs, coming in at $3.2 billion. State of good repair funding for the MTA clocked in at $16.3 billion, and the MTA's subway signaling systems, shops and repair yards, have all far exceeded their years of use.

These figures, along with the $15 billion dollar deficit the MTA faces in its own capital plan, should concern all of us here in this room. The fact of the matter is that the MTA is the backbone of this city, enabling its residents to get to work, school, their families, their doctors. But it does more than that: it also gives New Yorkers access to museums, shopping, attractions, and restaurants—and all this for an affordable rate of service around the clock which makes it possible for lower-income New Yorkers to gain access to every part of the city. Our transportation system is truly the great equalizer of New York.

Additionally, 8.7 million people ride the MTA daily, bringing subway ridership today to an all-time high. More people than ever are dependent on the MTA, and yet the city is not prepared to meet a large enough portion of the MTA's needs. While it is important that we secure crucial federal and state funding, we need the support provided by increased city funding as well. If our own local government won't adequately invest in transportation and infrastructure, then our state and federal government won't either.

We are grateful for the work Mayor de Blasio and his administration have put into securing adequate funding for the all of city's needs, including its transportation and infrastructure needs, but we urge his team and the City Council to explore new sources of funding that may help us meet the demands of our 21st century transportation reality. Thank you for the opportunity to testify.

THE LEGAL AID SOCIETY

TESTIMONY

The Council of the City of New York

Committee on Finance
Hon. Julissa Ferraras, Chair

Testimony for Executive Budget Hearing

May 18, 2015
New York, New York

Presented by:
Judith Goldiner
Civil Practice Law Reform Unit
John Boston
Prisoners' Rights Project
The Legal Aid Society
199 Water Street
New York, NY 10038

Thank you for the opportunity to testify concerning the need for funding for the Legal Aid Society's Prisoners' Rights Project, which provides legal assistance and advice to incarcerated persons, and as a practical matter acts as an essential trouble-shooter and safety valve for the troubled City jail system.

The Legal Aid Society

The Legal Aid Society, the nation's oldest and largest not-for-profit legal services organization, is more than a law firm for clients who cannot afford to pay for counsel. It is an indispensable component of the legal, social, and economic fabric of New York City – passionately advocating for low-income individuals and families across a variety of civil, criminal and juvenile rights matters, while also fighting for legal reform.

The Legal Aid Society has performed this role in City, State and federal courts since 1876. It does so by capitalizing on the diverse expertise, experience, and capabilities of more than 1,100 of the brightest legal minds. These 1,100 Legal Aid Society lawyers work with more than 700 social workers, investigators, paralegals, and support and administrative staff. Through a network of borough, neighborhood, and courthouse offices in 26 locations in New York City, the Society provides comprehensive legal services in all five boroughs of the City for clients who cannot afford to pay for private counsel.

The Society operates three major legal practices – Civil, Criminal and Juvenile Rights – and receives volunteer help from law firms, corporate law departments and expert consultants that is coordinated by the Society's Pro Bono program. With its annual caseload of more than 300,000 legal matters, The Legal Aid Society takes on more cases for more clients than any other legal services organization in the United States. And it brings a depth and breadth of perspective that is unmatched in the legal profession.

The Legal Aid Society's unique value is an ability to go beyond any one case to create more equitable outcomes for individuals and broader, more powerful systemic change for society as a whole. In addition to the annual caseload of over 300,000 individual cases and legal matters, the Society's law reform representation for clients benefits some two million low-income families and individuals in New York City and the landmark rulings in many of these cases have a statewide and national impact.

The Legal Aid Society's Prisoners' Rights Project

Since 1971, the Prisoners' Rights Project (PRP) has worked through litigation, advocacy and monitoring to change policies and practices which have created unjust and abusive treatment of men and women incarcerated in New York City jails and New York State prisons and to secure needed medical, psychological and educational services for individual clients. PRP is a vital source of information and advocacy for individuals in the City jails, their family members and their attorneys. We regularly communicate important legal advice and information about available and appropriate programming and housing placements in the jails as well as the reasons for specific restrictions and are able to direct complaints about serious medical, mental health and safety concerns to the appropriate personnel at the Department of Correction (DOC), Department of Health and Mental Hygiene (DOHMH), Corizon Health and the City Board of Correction (BOC). A PRP staff member serves on DOC's Adolescent Advisory Task Force, which DOC has created to assist it in developing new policies for the troubled 16- and 17-year-old jail population. PRP also provides legal assistance through individual and class action lawsuits and legislative advocacy. Each week PRP receives and acts upon numerous requests for assistance from individuals incarcerated in the City jails, their families, and their defense lawyers from the Criminal Defense Practice and elsewhere. Years of experience, including daily contact with incarcerated individuals and their families, have given the Legal Aid Society a close view of problems in the New York City jails.

The kind of advocacy PRP provides is essential to the humane treatment of persons in jail because, once incarcerated, they become invisible to society and are potentially vulnerable to abuse, neglect and other constitutional violations including: brutality by guards and other incarcerated persons; sexual abuse; abuse of persons with mental illness; deprivation of medical and mental health care; denial of disability rights; denial of education to young people in jail; confinement under unsanitary and health-threatening conditions; and unfair disciplinary proceedings. These potential risks are all too real and immediate in the New York City jails. Although the jail population has been slowly declining along with the prevalence of crime,[1] the violence and dysfunction in the jails seems, if anything, to have gotten worse.

Concrete recent examples of the problems PRP encounters, and our response to them, include:

Safety, mental health treatment, appropriate placement: On February 11, 2015 Mr. Y's LAS criminal defense attorney received a disturbing phone call from Mr. Y's mother, who said he was being harassed by a DOC staff member and by another person held at the George R. Vierno Center (GRVC). Our criminal defense attorney contacted PRP with the mother's complaint and information that Mr. Y suffers from serious mental illness and was recently transferred from Bellevue Hospital back to the jail.

Apparently, despite discharge from Bellevue Hospital Psychiatric, Mr. Y was not placed into a clinical setting in the jails. PRP requested an investigation by DOHMH/Corizon mental health clinical staff to ascertain whether Mr. Y's discharge plan from Bellevue was being followed and whether he had been housed in an appropriate setting in the jails post hospitalization. We requested additional clinical interventions and a transfer to a housing area more appropriate to accommodate Mr. Y's mental disability. We also requested information about where Mr. Y was currently housed. We raised concerns about problems that he was experiencing and that they may be linked to a failure to accommodate his serious psychiatric disabilities within the jails.

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[1] The City jails have an average daily population of 11,400, down from 12,287 in 2012, and from a high of over 22,000 in the early 1990s. About 38% of this population has some degree of mental illness. About 57 percent are black, 33 percent Hispanic, 7 percent white, 1 percent Asian, and the rest other or unknown; 93 percent are male; and 76% are awaiting trial – many because of an inability to post bail. The average annual cost per inmate in 2012 was $167,731.

The next day, we were notified that Mr. Y had been transferred to the new Program for Accelerating Clinical Effectiveness (PACE). The PACE program is a new residential mental health housing program that was developed partly as the result of our long-term advocacy against the use of punitive segregation (solitary confinement) in our jails and the need to provide alternative housing for individuals with serious mental illness.

Developmental disability, safety, and diversion from jail: On November 24, 2014 LAS criminal defense attorneys informed PRP that their client, Mr. G, has severe developmental disabilities and as a result was found unfit by reason of developmental disability. He was recommended to go to an Office for People with Developmental Disabilities (OPWDD) facility, but OPWDD had not yet completed its screening and Mr. G was still in jail at the Anna M. Kross Center (AMKC) on Rikers Island. Mr. G's mother contacted us in a great deal of distress. Mr. G was involved in an incident at AMKC. During or after the incident his eyeglasses were taken and reportedly discarded. Both Mr. G and his mother were extremely distraught and upset. Mr. G was refusing to visit with his mother and she was concerned about his well-being.

We notified BOC, DOHMH and DOC and requested that medical staff see Mr.G as soon as possible. We requested that medical and security staff attempt to determine what happened to the eyeglasses and that Mr. G receive prompt accommodation for his vision needs. We raised our serious concerns that Mr. G, who has serious developmental disabilities and requires protection and accommodation for his disability while housed in the City jails, was not properly cared for while in their custody.

As a result of our advocacy, OPWDD was notified about Mr. G by BOC and intervened to expedite a transfer. Mr. G was sent to Sunmount Developmental Center the next day.

Safety and appropriate housing for a transgender client: We received a call from Ms. B, a transgender individual who prefers female pronouns and is housed in AMKC. She reported that there were gang members in her dorm who had threatened violence towards her. She had requested placement in the Transgender Housing Unit (THU) at NIC multiple times, but was told by DOC staff repeatedly, over several weeks, that her paperwork was being processed despite her reported fear of violence in AMKC. Within one day of receiving her specific request, we were able to get her safely transferred to the THU.

PRP's Priorities in the Jails

Over the years, PRP's major projects and priorities in the City jails have included:

- **Reducing the physical abuse of persons in jail by staff and reforming the systems for oversight of the use of force and violence in the jails.** We are presently engaged in settlement negotiations in *Nunez v. Goord*, a citywide class action filed in 2011 that challenges excessive force in the jails, in which the U.S. Department of Justice has intervened. *Nunez* is the latest—and we hope the last—in a series of class actions addressing excessive force in the jails. If, as we hope, *Nunez* is settled, PRP will be heavily involved in monitoring to determine whether the judgment is complied with and there is an actual reduction in excessive force. PRP has also pursued numerous cases seeking compensation for individuals subjected to severe excessive force in jail (or their estates, for those who died from their injuries).

- **Improving medical and mental health care and access to care.** Our class action *Reynolds v. Ward*, recently completed, resulted in substantial improvements in mental health care in the City hospital prison wards, and standards limiting the shackling of persons "outposted" for medical reasons in civilian medical wards, including women admitted to give birth. *Vega v. Sielaff*, completed earlier, brought about significant improvements in conditions in the Rikers Island Infirmary (now the North Infirmary Command) and access to specialty care, and the creation of the Contagious Disease Units providing for medical isolation on Rikers Island. We also pursue cases seeking compensation for deaths from medical neglect, including the widely publicized case of Bradley Ballard, who died after being locked into a mental observation cell and neglected for almost a week, and whose estate we represent. Complaints about failures to provide medical and mental health care are among the most numerous matters that we assist individual clients with. We report numerous threats of suicide, made directly by clients or reported to us by family or attorneys, to Correctional Health Services and Corizon.
- **Gaining access to general and special education for youth.** Our class action *Handberry v. Thompson* forced the construction of a new high school on Rikers Island; the proportion of school-eligible youth attending school rose roughly from 40% to 90% as we prosecuted the case. We obtained an order mandating improvements in special education in the jails. We are presently seeking improved educational access for youth in various forms of segregated confinement.
- **Requiring the City to create a nursery on Rikers for women who give birth in custody or who have infant children at the time they are admitted to jail.** The Rikers nursery was created as a result of PRP's litigation in state court some years ago; at present, we advocate for women who seek admission to the nursery.
- **Mitigating the physical conditions of confinement.** Our long-standing *Benjamin* litigation, which has brought improvement in many of the conditions of jail confinement over the years, is now focused on the condition of the physical plant. The current injunctive orders require a major overhaul of ventilation systems, which is approaching completion, and improvements in heating and temperature control, lighting, and sanitation. We are currently pressing our argument that persons held in 23-hour lock-in must be held in air-conditioned housing because of the risk of heat-related illness among persons who are held in prolonged isolation with limited ventilation. A major unfinished item is fire safety: we are awaiting a complete plan from the City for remedying the deficiencies in jail fire protection.
- **Combating overcrowding.** PRP's litigation of the 1970s and 1980s ended double celling and double bunking in the jails and placed reasonable limits on open dormitory populations.
- **Protecting persons at risk of assault.** We write many, many complaints on behalf of individuals who are under attack or threat from others, often from gang members, or are too vulnerable to survive in their housing placement; in most cases we request that they be screened for protective custody.

- **Providing a safe environment for LGBT persons.** Many of our protective custody requests involve LGBT individuals. We have been particular concerned about those who identify as transgender, who at times have been subjected to appalling mistreatment in the jails, by staff as well as their peers. We have successfully advocated, along with a coalition of other organizations, the creation of a separate voluntary housing unit for trans people in jail. We are monitoring its operation and have recommended a number of individuals for placement in it.
- **Protecting and strengthening the Board of Correction Minimum Standards.** PRP has joined with other advocates in pressing for more humane rules governing the placement of persons in punitive segregation and in resisting proposed cutbacks in visiting rights, package privileges including access to reading material, *et al.*

Support for PRP Will Help Address Abuse, Improve Conditions, and Promote Safety

Funding from the City Council to support PRP's work will ensure our ability not only to give advice and to advocate for persons who complain of mistreatment in jail, but to establish a better-known presence among the jail population, to conduct more follow-up on the complaints that we receive and present to the authorities, and to better identify systemic and recurrent problems and seek solutions to them. With $750,000 from the Council, PRP could maintain and add staffing and assist 1,500 persons with problems that include dangerous and sometimes even life-threatening lack of access to medical and mental health care and threats of violence.

TESTIMONY OF
ANDREW S. HOLLWECK
VICE PRESIDENT, NEW YORK BUILDING CONGRESS
ON THE
NEW YORK CITY CAPITAL BUDGET
NEW YORK CITY COUNCIL
FINANCE COMMITTEE
MAY 18, 2015

Good afternoon, Chairwoman Ferreras and members of the City Council. Thank you for the opportunity to testify.

The City's capital budget proposal for Fiscal Year 2016 is positive on multiple counts:

- It provides one of the largest five year capital commitment plans, at $53 billion, in the City's recent history.
- The City has also sketched out one of the largest Ten Year Capital Plans in memory, larger by more than $20 billion in nominal dollars than all but one Ten Year Plan introduced during the Bloomberg Administration.
- The substantial spending also focuses on core priorities like schools, affordable housing, neighborhood development, rebuilding water and sewer mains, and improving City streets.
- And, by the City's estimates, this plan meets the same standards of affordability as prior plans.

Yet, with all of this investment, the City still faces numerous infrastructure challenges, some which it controls, others requiring State and federal assistance. To name but a few:

- The MTA's most recent capital plan, which, in our estimation, establishes a *baseline* level to maintain a state of good repair and continue major projects, is short $14 billion.
- Beyond this, there are additional unaddressed mass transit needs in many areas of the City that have experienced major demographic shifts.
- The school construction budget is substantial yet is continually behind population growth.
- A Parks capital program that has made impressive progress, but still leaves key areas of the City without adequate open space and modern parks facilities.
- Library systems that face epic infrastructure challenges.
- A public housing system whose physical frailty was sorely tested during Superstorm Sandy.
- And a second rail tunnel between New Jersey and Manhattan is desperately needed.

In short, even with a substantial capital plan, there is a sense that we are losing ground to other global cities making the necessary infrastructure investments to drive long-term job growth and sustainable economic expansion.

The City's strong economy provides enough general fund revenues to support higher levels of investment today. But capital spending will be curtailed at the next slowdown. In order to ensure increased and more reliable funding for critical infrastructure, the Building Congress has suggested the City investigate creating new, dedicated revenue sources for capital investment.

In its 2013 report, *How to Save New York City's Infrastructure: Dedicate Revenues,* the Building Congress offered several illustrations of user-fees the City could collect and dedicate exclusively to infrastructure investment. Those suggestions included:

- A uniform toll policy for the City's major bridges and tunnels, much like the MoveNY plan.
- Other fees for motor vehicles, like VMT charges or neighborhood parking permits.
- A Pay-As-You-Throw residential waste fee to address the City's Sanitation budget, which has swelled by 400 percent in the last twenty years.

These are just illustrations of the underlying principle that the City should ask persons who use public facilities to pay for their upkeep directly, rather than through general tax revenue. The user fee has an ingenious dual purpose – it moderates use of that resource while funding new investments and ongoing maintenance.

The best example of a successful user fee is the City's water supply system. In the thirty years since the creation of the Water Finance Authority and the introduction of universal water metering, the City has substantially reduced water use in the City, while funding the transformation of one of the most massive water supply systems in the world.

Another concept the City should explore more extensively is public private partnerships, which can create new infrastructure by tapping underlying revenue streams to reduce direct public subsidies.

Building and maintaining the City's infrastructure is essential – without well-running roads, subways, and other core infrastructure, the City faces diminished economic prospects. That is why it is vital that our City's leadership look to ways to augment and protect capital investment in the future.

Thank you for the opportunity to testify.

HOW TO SAVE NEW YORK CITY'S Infrastructure: DEDICATE REVENUES

Executive Summary

There have been periods in New York City's history, most notably during the fiscal crisis of the 1970s, when infrastructure was neglected with disastrous results.

The most resonant images of this decline come from the subway system of this era: track and signal failures due to deferred maintenance were common. These and other equipment failures led to train delays, entire subway lines being taken out of service, and several well-publicized accidents.

The City's roadways fared little better during this time. When a portion of Manhattan's elevated West Side Highway collapsed in 1973, inspectors found that much of the roadway was unsafe, and the road was closed from the Battery all the way to 57th Street. The West Side Highway remained out of service and was not fully replaced until 2001.

Recent history has been far more encouraging. Looking at capital expenditures in 2011, the Building Congress found that government invested more than $18 billion in that one year alone throughout the five boroughs, funding general upkeep, as well as critical network expansions including the Second Avenue Subway, the Third Water Tunnel, new public schools, and parks.

However, the public sector has relied increasingly on borrowing to fund these improvements. While debt financing is vital and entirely appropriate, as it seeks to spread large upfront costs over the generations of New Yorkers who will benefit, it also increases the cost of projects. All levels of government face a future of having to devote increasing portions of their revenues just to meet debt service obligations, leaving less money available for future capital needs.

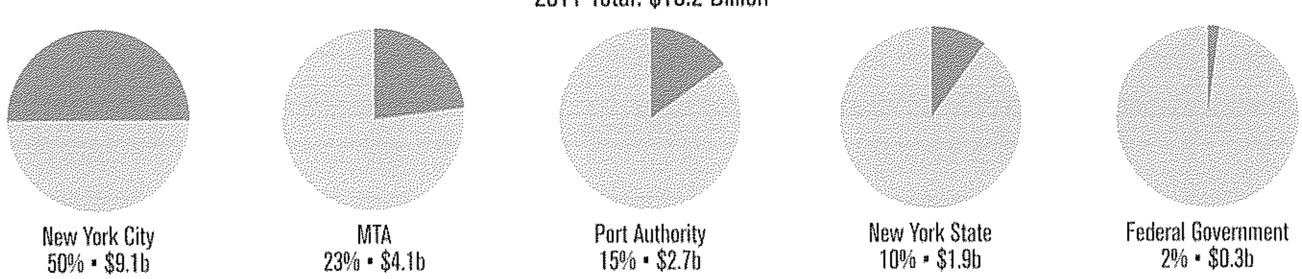
This report looks closely at how New York City's infrastructure is paid for and the limitations of existing funding streams. **The Building Congress in this report recommends new, dedicated revenue sources to maintain, grow, and strengthen the City's infrastructure network.** Most of the new revenues proposed here are premised on the "user pays" model, linking fees and charges directly to the networks that require upkeep and new investment.

Government must also approach capital program management more strategically. **Use of public-private partnerships should be expanded** to open up opportunities for creative project financing and more efficient project delivery.

The report also recommends greater reliance on transparent, independent public entities to receive dedicated revenues, finance capital projects, and ensure new funds are spent only for their intended use.

All Public Investment in New York City by Spender

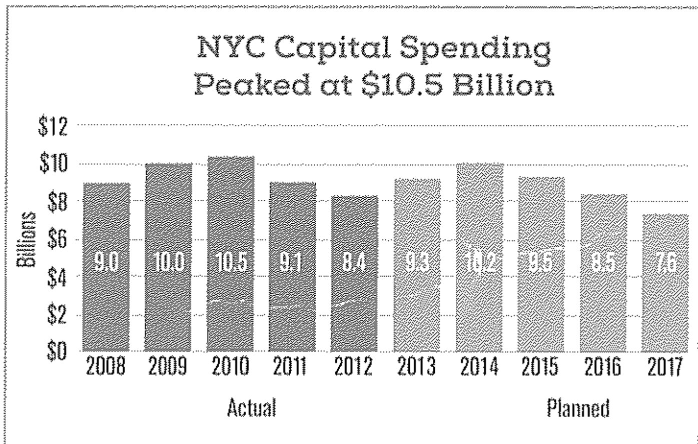
2011 Total: $18.2 Billion



The Players

Investment in New York City's infrastructure is shared by a number of government entities.

NEW YORK CITY ▪ The City of New York is the single biggest investor in its own infrastructure. In FY 2011, the City spent $9.1 billion to maintain and improve the systems under its control. The largest portion – $3.1 billion – was invested in environmental infrastructure – water, sewers, and sanitation; $2 billion went to public schools; and $1 billion went to transportation. The additional billions went to improve parks, public hospitals, and other government assets, including technology.



The vast majority (95 percent) of the City of New York's capital spending is funded through debt. The City issues a wide variety of bonds, backed primarily by income and property taxes.

The large projects for water and sewer improvements deserve special mention, since the borrowing to provide them is supported by a dedicated revenue stream. Individual property owners are assessed charges based on actual water and sewer usage. These revenues are directed to the Water Finance Authority (WFA) and are devoted exclusively to the operations and capital program of the water and sewer system, an arrangement that has enabled the modernization and upkeep of the largest water supply and wastewater treatment systems in the country.

MTA ▪ The state-controlled Metropolitan Transportation Authority (MTA) is responsible for the city subway system, commuter rail, bus service, and nine bridges and tunnels. The MTA spent $4.1 billion on capital improvements within the City in 2011, continuing a 30-year, $90 billion system restoration and modernization.

An increasing portion of the MTA capital program is debt financed, backed primarily by rider fares, driver tolls, and a number of dedicated taxes and fees. Direct city and state contributions provide a much smaller share than they used to. The MTA's first two capital campaigns (1982-1991) relied on debt financing for only 30 percent of its funding; the bulk came from direct federal, state and city subsidies. In contrast, the MTA's 2010-2014 capital program relies almost twice as much on debt financing, at nearly 60 percent.

PORT AUTHORITY ▪ The Port Authority of New York & New Jersey spent $2.8 billion within the City's boundaries in 2011 to maintain and upgrade its airports, ports, bridges and tunnels, bus terminal and PATH rail system, and to rebuild the World Trade Center.

To pay for its capital projects, the Port Authority issues bonds backed by tolls, leases, airport fees, and other charges. The Port Authority collects its own revenues, which are protected and used for their intended purpose. These revenues also fund day-to-day operations.

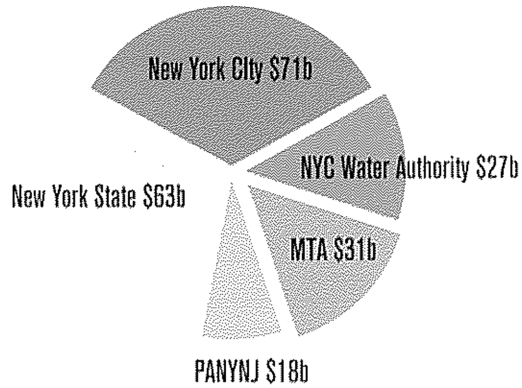
STATE AND FEDERAL GOVERNMENTS ▪ In 2011, the State of New York spent approximately $1.9 billion in the City on State-controlled highways and bridges, institutions of higher education, and environmental infrastructure. The State's spending is largely paid for by bonds issued by various State authorities, State tax revenues, and federal grants.

While the federal government directly spent only about $330 million in New York City, it also allocates billions of dollars in grants to several State entities, most notably the MTA.

Outstanding Debt 2011*

$210 Billion**

* Fiscal year varies by entity. Based on data from official documents.
** Numbers rounded.



A Growing Debt Burden

Together, the total debt incurred by the City and its Water Finance Authority was $98 billion in 2011; today it is about $100 billion. The City expects it to approach $109 billion by 2017.

Servicing this debt is a major fixed expenditure facing the taxpayers of the City of New York. Recently, the cost of repaying debt has absorbed about $5 billion out of the City's general revenues annually. The City forecasts it will spend about $7 billion a year between 2014 and 2017 servicing its debt.

To its credit, the City – indeed all levels of government – has been able to take advantage of interest rates that are at post-World War II lows, allowing it to access more capital and maintain a robust spending program. But this very low rate climate is already starting to recede.

The major rating agencies have advised that the City should devote no more than 17 percent of its tax revenue (excluding user fees) to debt service. Generally, the City's debt service takes up around 15 percent of tax revenue, but it is projected to take up an increasing share in the coming years.

The MTA has also seen a rapid run-up of debt. The State Comptroller recently estimated that the MTA's annual debt service payments are likely to rise from 16 percent of all revenue in 2011 to 22 percent by 2018. And this figure does not include *any new* financing required for the 2015-2019 capital program, which he estimated could require well over $20 billion in new money.

While the MTA benefits from a number of dedicated taxes and fees that help support the capital program, those revenues are volatile and do not enjoy the same level of protection as the revenues generated by the WFA. In fact, over the past four years, the State Legislature has approved three diversions and outright reductions to dedicated tax and fee revenues that had already been appropriated. Further, the regional Payroll Mobility Tax, which provided the MTA with $1.5 billion in revenue in 2012, faces a lawsuit challenging its constitutionality, but the State continues to collect the tax while the case moves through the courts.

Even the Port Authority, which receives a predictable set of revenue streams, is feeling the pinch. Faced with the massive cost of rebuilding the World Trade Center, along with the ongoing need to upgrade its core facilities, the Port recently enacted a series of fare and toll hikes, which was the subject of a lawsuit and drew intense scrutiny from elected officials on both sides of the Hudson River.

Recommendations

In this period of fiscal austerity, the MTA has notably found billions of dollars of efficiencies in its capital program, reducing its overall cost while maintaining the same projects. Other government agencies should replicate this rigorous cost management effort, which should be continuous. **Nevertheless, without new, dedicated revenue sources, government cannot maintain its current level of support for critical capital investments** – much less make the additional investments necessary to harden its infrastructure in the wake of Superstorm Sandy and climate change.

The Building Congress recommends that government carefully examine and work to adopt the following measures.

TOP LINE RECOMMENDATIONS

UNIFORM TOLL POLICY • In 2007, Mayor Michael Bloomberg proposed, and the City Council approved, a plan to charge drivers for access to Manhattan's core business districts. Revenues were to be dedicated to regional mass transit infrastructure. That proposal, however, was shelved by the State Legislature.

A refined plan currently being discussed proposes charging vehicles a more uniform fee for crossing bridges and tunnels within the five boroughs, or for entering Manhattan below 59th Street. The plan could initially lower the cost of some crossings, while generating more than a billion dollars of new revenue annually. Polling taken in 2008 showed public support for this policy, particularly if the revenues are dedicated to mass transit.

PUBLIC-PRIVATE PARTNERSHIPS • Government can better stretch its limited resources by deploying public-private partnerships (PPPs). The term PPP encompasses a variety of collaborative design, delivery, financing, and maintenance arrangements between government and the private sector. All have the potential to reduce project costs. For example, design-build construction permits a single development consortium to undertake an entire project from design to completion. In this way, the design and construction phases proceed in tandem, shaving months or even years off a project's schedule. PPPs also can achieve cost savings by shifting risk to the contractor for design delays and construction cost overruns. They also permit creative financing options not typically available to government that can reduce the long-term cost of maintaining an asset after its completion.

While New York has been slow to embrace the concept, PPPs are being employed for two of the largest bridge construction projects of the past 50 years – the Goethals and Tappan Zee Bridges. If done correctly, each will demonstrate that government can create the next generation of infrastructure more efficiently and without ceding control of its assets to the private sector.

VMT FEES • In July, Oregon became the first state to approve a version of a vehicle miles traveled fee (VMT) as a partial replacement for its gas tax, which has produced declining revenues for the state as cars become more fuel efficient. The Oregon program, now being implemented on a limited basis, charges drivers according to how many miles they have traveled instead of taxing fuel sales, a fee that more accurately reflects each vehicle's actual use of the state's roads.

New York State funds transportation through a Dedicated Highway and Bridge Trust Fund, underwritten by a variety of taxes on petroleum. Once envisioned as a stable, pay-as-you-go funding mechanism for the State's road and bridge infrastructure, the Fund is used increasingly to service existing debt and requires a substantial subsidy to meet its other obligations. The Building Congress has reported that the Fund can no longer support significant new transportation infrastructure investment. If, with time, the VMT proves operational, it offers a potential alternative to generate stable, cost-indexed funds for future highway investments.

FINANCING ENTITIES • The WFA plays an essential role for the City – issuing debt backed by water and sewer fee revenues. Water and sewer fees are established by the New York City Water Board, which is mandated under state law to set rates sufficient to meet the system's obligations. The revenues dedicated to bond repayment are constitutionally protected – creating a lock box – to ensure obligations are met. Since their creation in 1985, the WFA and the Water Board have maintained a stable financial outlook and allowed the City to plan and implement system expansion and maintenance outside the normal budget process, making rational, sustained investments in the system that will pay dividends for the next century, ultimately saving the City money and protecting public health.

In order to provide long-term stability, proposals for new revenues for infrastructure should employ models similar to the WFA, which guarantee revenues are collected and allocated independently of the normal budget process. For example, New York City's 2007 congestion pricing plan proposed a public authority to collect these new revenues and issue debt for regional transportation projects. Similar models could be used for other revenue streams discussed here, including a sanitation financing entity or a parking and transportation financing entity.

ADDITIONAL ILLUSTRATIONS

PARKING • ***Residential Parking Permits.*** New York City possesses an estimated 3.4 million to 4.4 million unmetered on-street parking spaces from which it derives zero revenue. Of America's 10 most populous cities, New York is the only one without a residential parking permit program, charging residents a fee in return for easier and preferred access to a parking spot. Such programs provide a wealth of benefits – including reduced congestion and pollution, improved residential quality of life, and the ability to generate new revenues, which could be dedicated to the $2 billion annual cost of maintaining and modernizing the City's transportation network.

Pay-by-phone parking in commercial areas is another innovation that could increase revenues while providing a benefit to users. The system allows drivers to pay for parking with a credit card via an application on their mobile phone or computer. In addition, advanced pay-by-phone technology, used in other major cities, like London, would allow the City to introduce more sophisticated metering along already priced commercial thoroughfares and enhance enforcement and revenue collection.

SANITATION • New York City spends $2 billion annually to collect and then export its trash, which New Yorkers generate at a rate of 18 tons per minute. Residential disposal costs, which are borne entirely by City taxpayers, have quadrupled in the past 20 years. The City can broaden its revenue base and protect its general fund by charging fees that reflect each user's impact on the system.

Pay-As-You-Throw (PAYT) requires residents to pay based on how much household waste they generate. Such a system, which has proven effective in Zurich and Seoul and more locally on Roosevelt Island, would reduce costs by creating incentives for residents to recycle more and waste less. The revenues generated should be dedicated to support ongoing sanitation capital programs and operations.

Waste-to-Energy (WTE) technology provides low-cost, environmentally sound waste disposal. Instead of carting millions of tons of solid waste out of the City each year to be buried in out-of-state landfills, WTE uses facilities equipped to combust solid waste and convert it into usable power. A Citizens Budget Commission analysis also found revenue potential from energy generation; however, this requires new investment as the City's existing capacity is extremely limited.

Many large European cities have won public support for and operate WTE facilities. As with PAYT, revenues should be dedicated to support sanitation operations and investment.

Conclusion

Great cities cannot afford to stand still. New York's elected officials deserve credit for undertaking more than $18 billion of public capital spending in 2011 alone. But as this report demonstrates, there is inadequate revenue to service the City's, the MTA's, and the rest of the public sector's growing debt burdens and also meet future needs.

In order to maintain, expand, and adapt critical networks for the future, government must finally embrace the types of user-related charges that have proven effective in other cities and with the City's own water and sewer system.

- **Elected leadership should approve a uniform toll policy to fund the City's aging transportation network.**

- **Elected officials should embrace the creative project delivery and financing opportunities offered by public-private partnerships.**

- **New revenues should be protected through the use of transparent public entities like the Water Finance Authority to receive revenues directly and use them to issue debt responsibly for new infrastructure.**

- **Additional revenues to support transportation infrastructure investment should be developed from parking and VMT fees.**

- **Household waste could be priced. The City could use PAYT fees and income from WTE sales to fund environmental infrastructure improvements.**

In order to implement these recommendations, the Building Congress reiterates its long-standing call for a Deputy Mayor for Infrastructure with the responsibility to coordinate the City's massive infrastructure program, and to provide leadership to ensure that permanent, dedicated revenues are put in place to meet the City's growing capital needs.

The Building Congress has offered a number of options to support continued investment in New York City's essential infrastructure. The City's elected and civic leaders should discuss these and consider other viable revenue generating alternatives. There is no more pressing policy issue for New York City.

For information on membership, publications, and events contact:

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Research and publication was funded by the New York Building Foundation.
Cover photo: courtesy of MTA
Design: ruzowgraphics.com.

Published: November 2013

The New York Building Foundation was formed in 1998 to augment the long-term growth and well-being of the industry through a program of research, educational, and philanthropic activities.

The New York Building Congress is a membership coalition of business, labor, association, and government organizations promoting the design, construction, and real estate industry in New York City.

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PARTNERSHIP
for New York City

WRITTEN COMMENTS TO THE FINANCE COMMITTEE OF THE NEW YORK CITY COUNCIL

HEARING ON THE NEW YORK CITY EXECUTIVE BUDGET AND THE TEN YEAR CAPITAL STRATEGY

KATHRYN WYLDE
PRESIDENT & CEO

MONDAY, MAY 18, 2015

The Partnership for New York City represents the city's largest private sector employers, investors and leading entrepreneurs. We work together with government, labor and the nonprofit sector to create jobs and build the economy of New York.

The Executive Budget represents a sound fiscal plan that benefits from a strong and growing private sector economy. The $3 billion surplus that will be rolled over from the current year is the result of property and personal-income tax revenues that have been larger than expected.

The budget is based on the assumption of continued economic growth through 2019 – which would mean an unprecedented ten years without an economic downturn. While this projection may be warranted, there are risks:

- The city and its key industries are vulnerable to global economic conditions, which can change quickly.
- The economic health of the city depends on access and mobility, which requires adequate investment in maintenance and expansion of transportation infrastructure. Failure to close the huge deficit in the capital budget of the MTA could retard growth in the regional economy.
- The city is overly reliant on personal income tax revenues from a very small number of highly mobile residents. The top 1% of tax filers account for 46% of the city's total income tax revenues. States like Texas, Florida and Utah are aggressively seeking to lure these high earners away from New York and, to the extent they succeed, the city will lose both revenues and economic activity.

Given these risks, it is important to expand reserves, as the Executive Budget has done. It is also important to attract private capital to support infrastructure development through strong public-private partnerships. Finally, it is essential to send a strong signal that the city will not increase taxes, which are generally the highest in the country, but will strive to be more competitive and attractive to business and high earners.

The following are changes that the Partnership would like to see in the final budget for 2015-16:

- **Elimination of the Commercial Rent Tax:** The city's Commercial Rent Tax is a tax that falls most heavily on the largest employers and is a disincentive to maintaining or attracting significant numbers of middle wage jobs. It should be eliminated.

- **Expanded Support for Career and Technical Education:** The Department of Education requested $31.7 million to strengthen and programs that integrate career and technical education (CTE) into the academic programs of public high school students. This was not included in the Executive Budget, but is essential to improving the college and career readiness of students. The Partnership urges that funding be added to the city budget, with a focus on investing in efforts to expand professional development of teachers, internships for students, early college learning programs, and to provide schools with the equipment and services they need to prepare students for good jobs in the innovation economy.

The business community stands ready to work with the City Council and the Administration to put forth a strong and sound budget that poises the city for growth.

Testimonio de Bertha Asistimbay
Sobrepoblacion – 5/19/15

Buenos días. Mi nombre es Bertha Asitimbay soy padre líder de la escuela PS 19 y soy miembro de Se Hace Camino New York. Tengo tres hijas. Cinthia tiene 6 años Stephany tiene 10. Ambas asisten a la PS 19 en Corona, Queens. Gracias por la oportunidad de testificar, y por todo el trabajo que todos han hecho para resolver este asunto de sobrepoblación.

La sobrepoblación escolar es uno de los problemas mas grandes que enfrentamos los Padres del distritos 24 y 30 en Queens. Tenemos estudiantes de kindergarten y primer grado viajando de Corona hasta Long Island City porque no caben en nuestras escuelas. Y estos estudiantes tienen que esperar un autobús en una esquina, a pesar del frio. También, cientos de estudiantes han estudiado en aulas portátiles por décadas, muchas les toca almorzar a la 9:45 am otros a la 1pm. Los padres tienen que llevar ropa extra cuando hay mal tiempo por que los estudiantes para usar biblioteca, cafetería, gym, auditorio tienen que ir al edificio y si hay nieve los niños sufren cuando sus pies se le mojan. Pero nadie dice lo siento. Nosotros hemos luchado mucho para resolver este problema, trabajando con concejales como CM Dromm y Ferreras, la Presidenta del Condado asambleístas, senadores, organizaciones, Padres de la comunidad hemos logrados algunas victoria como remover los transportables, de PS 92 y de la PS 19 y la construcciones de nuevas escuelas.

Creo que es importante mirar al Plan Capital y también ser creativos con nuestros diseños de escuelas. ¿Podemos construir mas alto? ¿Podemos incluir escuelas en nuevos edificios? ¿Estamos usando nuestro espacio en una manera buena?

No más almuerzo a la 9:45am o a la 1pm.
No más terapia en pasillo.
No más fila para usar el baño.
No más espera en la calle por un bus.
No más viaje por más de una hora para estudiar.
La sobrepoblación tiene que terminar ahora. Gracias.

Testimony of Bertha Asistimbay
Overcrowding 5/19/15

Good morning. My name is Bertha Asistimbay and I am a parent leader at PS 19, and I'm a member of MRNY. I have three daughters. Cinthia is 6 and Stephany is 10. Both are students at PS 19 in Corona, Queens. Thanks for the opportunity to testify, and for all that you have done to resolve overcrowding.

Overcrowding is one of the largest problems we face as parents in districts 24 and 30 in Queens. We have kindergarten and first grade students travelling to Long Island City because they do not fit in our schools. And these students have to wait for a bus on a corner, in spite of the cold. Also, hundreds of students have studied in trailers for decades; many have to have lunch at 9:45am or at 1pm because it's so overcrowded. The parents have to take them extra clothes when it's cold or wet because students are always going in and out of the trailers and the main building for library or gym or lunch, and if it's snowing children suffer because their feet are always wet. But no one says they are sorry. We have fought to resolve this problem, working with Councilmembers like CM Dromm and Ferreras, the Borough President, assemblymembers, senators, and organizations combined and we've achieved some victories like at PS 19 and 92 and the construction of some new schools.

We know that much still has to happen to fix this problem. There have been conversations about new charters coming into the neighborhood, and I say no to that, because what we need is more seats in the schools we have. Where would we put a charter school? There is simply no space.

I think it is important to look at the Capital Plan and also to be creative with our designs of schools. Can we build higher? Can we include schools in new housing construction? Are we using our space well?

No more lunch at 9:45am or 1pm.
No more therapy in the halls.
No more lines to use the bathroom.
No more waiting on the street for a bus.
No more travelling for over an hour to study.
Overcrowding has to end today. Thank you.

Testimony to the Council Finance Committee
Overcrowding
May 19, 2015

Thank you for the opportunity to submit this testimony on the critical topic of overcrowding and school construction.

As you know, overcrowding is a critical issue for NYC schools, with nearly 50,000 seats needed to accommodate NYC children in the coming years. The current capital plan goes a long way toward addressing that issue by building 33,000 seats, but there are still 16,000 needed seats citywide that are not funded. This sets up NYC children for a sub-standard education.

The borough of Queens, and in particular the immigrant communities of Elmhurst and Corona, have long been the site of the worst school overcrowding in New York City. This has resulted in children learning in unsafe trailers, hallways and other inappropriate spaces, eating lunch too early or too late to keep them nourished throughout the day, missing out on key enrichment activities like arts, music and sports, and many more sacrifices. The attached testimony from a Make the Road New York parent leader gives a sense of what children and families go through in these overcrowded schools, and how it affects their quality of education.

Currently, the city's capital plan acknowledges that there is a need for the construction of 8,470 additional seats in order to accommodate the children in Community School District 24, which is the most number of seats needed in any district citywide. We are pleased to see that the Department of Education and the School Construction Authority has committed to build 4,045 of these seats, which will help to relieve the overcrowding. However, that still leaves 4,425 needed seats that are not funded in the capital plan. In Community School District 30, there is a need for 2,853 seats to be built, and 1,912 have been funded, still leaving 941 students without a seat.

Make the Road New York represents tens of thousands of families in Queens that have been harmed by the effects of overcrowding for decades. We are asking the administration to fund the need it has identified for seats, especially in the most overcrowded districts like District 24 that have suffered the most.

Thank you for your consideration.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/18/2015

(PLEASE PRINT)

Name: Leonie Haimson

Address: 2 Penn Plaza 5th Floor

I represent: Class Size Matters

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/18/2015

(PLEASE PRINT)

Name: Maria Davis

Address: 2 Penn Plaza, Fifth Floor

I represent: Citizens Budget Commission

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/18/15

(PLEASE PRINT)

Name: Anthony Thomas

Address: 275 7th Ave NY. NY 10001

I represent: NYC Central Labor Council

Address: 275 7th Ave NY, NY 10001

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Public

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/18/15

(PLEASE PRINT)

Name: Judith Goldiner

Address:

I represent: The legal Aid Society

Address:

THE COUNCIL
THE CITY OF NEW YORK

Public

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/18/15

(PLEASE PRINT)

Name: John Boston

Address:

I represent: The legal Aid Society

Address:

THE COUNCIL
THE CITY OF NEW YORK

PUBLIC

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date:

(PLEASE PRINT)

Name: Stephanie Gendell

Address:

I represent: Citizens' Committee for Children

Address:

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: 5/13

(PLEASE PRINT)

Name: Mallory Nugent

Address: 40 Broad St.

I represent: Federation of Protestant Welfare Agencies (FPWA)

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. Cap Budget Res. No. ______

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: ANDREW HOLLWECK

Address: ______

I represent: NY Building Congress

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Jonathan Bowles

Address: ______

I represent: Center for an Urban Future

Address: ______

Please complete this card and return to the Sergeant-at-Arms

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 5-18-15

(PLEASE PRINT)

Name: Larian Angelo

Address:

I represent: 1st Deputy Director, Office of Management & Budget

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☐ in favor ☐ in opposition

Date: 5-18-15

(PLEASE PRINT)

Name: Dean Fuleihan

Address:

I represent: Director, Office of Management & Budget

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ______ Res. No. ______
☒ in favor ☐ in opposition

Date:

(PLEASE PRINT)

Name: EFTIHIA THOMOPOULOS

Address: 355 LEXINGTON AVENUE 8TH FLOOR NY NY 10017

I represent: ASSOCIATION FOR A BETTER NEW YORK

Address: SAME

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________

☒ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Felice Farber

Address: 60 E. 42 NY NY

I represent: The General Contractors Association of New York

Address:

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. ________ Res. No. ________

☐ in favor ☐ in opposition

Date: 5/12/15

(PLEASE PRINT)

Name: Chris Jones

Address: 4 Irving Place, NY NY 10003

I represent: Regional Plan Association

Address:

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