



The Campaign for Tomorrow's Workforce

**Testimony to the Committees on Economic Development and Finance
March 5, 2009**

Issue: How New York City will spend American Recovery and Reinvestment Act of 2009 (ARRA) funds that target youth employment

Recommendation: Ensure that at least 25% of ARRA youth employment money serves disconnected youth

As of late 2008, there were approximately 225,000 young people between 16 and 24 who were not in school and not in work. We know that these numbers are rising – as the New York Times pointed out recently, workers in their teens and early twenties have been the hardest hit in the economic downturn.¹ There are very few services available for disconnected youth to help them build basic skills, toward a GED, and become job-ready, before they can be placed in meaningful work experiences.

The *Campaign for Tomorrow's Workforce* (CTW) believes that New York City can use the youth employment funding it will receive through the American Recovery and Reinvestment Act of 2009 (ARRA) to change this. Out of the national total of \$1.2 billion targeted to youth employment activities, we understand that our City will receive approximately \$35 million. *We urge you to ensure that at least 25 percent of this \$35 million is used to support programs for out-of-school ("disconnected") youth and young adults.* If New York City is required to commit ARRA funds quickly through existing contracts, this should include an expansion and enhancement of YAIP and the WIA Out-of-School Youth programs.

Of the \$35 million that the City will receive for youth employment activities, we urge you to ensure that use of these funds will include programs for those young people who need the most support on the path to a brighter future. Specifically, we ask you to consider the following:

- **Given the lack of available funding streams to support disconnected youth, we propose that at least 25 percent of the ARRA youth employment funding be used for**

¹ Erik Eckholm, "Working Poor and Young Hit Hardest in Downturn", *The New York Times*, November 9, 2008

programs for youth who are out of school. Our main concern is that New York City have the ability – and makes it a priority – to include services for disconnected youth, especially those with low literacy levels who are inevitably excluded from most publicly-funded services, because of high outcome measures that they would not be able to meet in the designated program time frames. ARRA legislation recognizes this, stating: *“Year-round youth activities are also envisioned and the age of eligibility for youth services provided with additional funds is extended through age 24 to allow local programs to reach young adults who have been disconnected from both education and the labor market.”*

New York City should invest ARRA funds to expand and enhance the two existing successful programs for out-of-school youth (OSY and YAIP), allowing them to provide services to disconnected youth with low skills. Currently, existing YAIP providers search for private money to provide more educational and wrap-around service, so they do not have to “cream” for the strongest applicants. An enhanced YAIP using ARRA funding would give providers funding to additional support for educational and hard skill development before participants enter internships.

- **ARRA funding provides a critical opportunity to add new capacity to youth employment services. It is important that New York City seize this opportunity to expand the investment in our future workforce, rather than supplant existing funds.** We urge the City to retain its prior year commitments to youth employment programs, including summer jobs. ARRA funds should also create new opportunities for young people, in addition to restoring funding for existing programs.

Through federal ARRA funding, we have a once-in-a-lifetime opportunity to serve large numbers of disconnected youth – we should seize upon this chance.

The Campaign for Tomorrow's Workforce is coordinated by United Neighborhood Houses, Neighborhood Family Services Coalition, and the Community Services Society (CSS). For more information, contact Anthony Ng, UNH – 212-967-0322, x329; Lazar Treschan, CSS – 212-614-5396; Michelle Yanche, NFSC—212-619-1661.

stimulus package. It included a description of the disclosure requirements for how the money would be used for many contracts. The memo stated: "Reporting requirements only apply to the prime non-Federal recipients of Federal funding, and the subawards (i.e., subgrants, subcontracts, etc.) made by these prime recipients."

In other words, the reporting requirements for many recipients of federal stimulus money do not extend all the way to the ground to include the companies contracted to actually do the work. This is a potentially huge loophole in terms of public disclosure of the use of stimulus money and whether or not it is having the intended effect on the economy.

The public should be able to follow the money from the U.S. Treasury, where the funds are initially doled out, all the way down to the sub-contracting or sub-granting level, where the money is finally spent. To achieve this goal, the City Council must take action to ensure comprehensive and timely oversight is provided not only for those contractual investments that will fall under the federal "two tier" reporting requirement for grantees and sub-grantees, but tracking and disclosure must also "drill down" to every level of sub-contractor. Transparency measures and accountability standards must also be extended to cover all other investments made possible by stimulus funding, such as education and health care investments.

We are encouraged by today's hearing, as the Council should participate in this investment process at its earliest possible moments, maintain ongoing oversight, and provide long-term accountability for those stimulus-related investments in the city. This means shining sunlight on all contracts, grants, and investments as early in the process as possible, and providing ongoing oversight to ensure that primary, secondary and other intended benefits of stimulus-driven investments are met. The Common Principles for Transparency and Accountability offers standards the Council should consider when designing such a system of oversight.

To effectively accomplish the goals of transparency and accountability, the Council should work with the Mayor's Office, the Comptroller's Office, and consider legislative remedies to best attain and make information publicly available at various points in the investment process, including providing information to the public:

1. **At The Point of Application**, when a city agency applies to state or federal agencies for funding;
2. **At The Point of Approval**, when a city agency is approved for stimulus-related funding;
3. **At The Point of Disbursement**, when a city agency receives the funding itself; and
4. **At The Point of Reporting**, when a city agency reports to the state or federal agency regarding program progress and goals met.

The federal government has already created a website, recovery.gov, which will track a great deal of stimulus-related investment. This is a positive step but it is not comprehensive. It does not cover all types and it does not cover all levels of expenditures. The City could be well served by a single, centralized website that is fully compatible with recovery.gov, therefore increasing the accessibility and impact of the data at hand.

Thank you once again for this opportunity to testify here today, and we look forward to working with the Council to ensure full transparency and meaningful oversight of the stimulus funds in New York City.

##

Testimony of Chris Keeley, Associate Director of Common Cause/NY
Oversight: The Impact of the Federal Economic Stimulus Package on New York City
March 5, 2009

Good afternoon. My name is Chris Keeley and I am the Associate Director of Common Cause/New York, a non-partisan, non-profit citizens' lobby and a leading force in the battle for honest and accountable government.

Common Cause/ New York is the lead organizer the NYS Stimulus Oversight Working Group, which consists of organizations large and small, local and national, representing a range of interests, including groups with education, health care, and housing interests; dealing with budget, environmental and government oversight; and fighting for worker, media, consumer and economic justice.

Members of the Stimulus Oversight Working Group represent many different viewpoints and do not necessarily agree on how the stimulus money should be spent. Members do, however, share *Common Principles for Transparency and Accountability* and seek to provide full disclosure of stimulus-related investments at all levels of government. This would serve to fill massive transparency void left behind by the federal stimulus package.

The elements outlined in the Common Principles for Transparency and Accountability include:

- **Fairness** in awarding contracts and distributing funds. No community or company should be in line for stimulus dollars simply because they have influence with policymakers or have hired politically-connected lobbyists. New York must institute protections against special-interest meddling by publicly disclosing selection criteria used in awarding stimulus funds, all projects and programs considered, and those projects and programs chosen to receive stimulus funds.
- **Effectiveness** through the accountable investment of taxpayer money where it will have a maximum public benefit. In determining projects and priorities, the city must ensure that investments will create or retain jobs, address identified public needs, and achieve long-term policy goals.
- **Ethical and Honest Use** of stimulus funds. Among other steps, contracts should be competitively bid to the maximum extent possible, and all discussions and decisions regarding the allocation and use of stimulus funds should take place in open meetings, with information readily accessible to the public through online reporting tools.

Taken together, these principles form the 'Taxpayer's Right to Know,' requiring across-the-board reporting for all federal funds spent in New York State in a uniform, easy-to-understand format, with all information being available in a single, centralized website that should be compatible with the federal recovery.gov website. Undoubtedly, there is public interest in meaningful transparency and oversight of the stimulus investments and the Council should work to ensure public's confidence is maintained by providing such disclosures publicly.

On February 18, the Director of the U.S. Office of Management and Budget sent a memo to the heads of all agencies and departments in the federal government describing the implementation procedures for the

Alliance for Quality Education || Campaign For Fiscal Equity || Citizens Budget Commission || Citizens Union of the City of New York || Common Cause/New York || Community Service Society || Concerned Citizens of Greenwood Hts. || Consumers Union || Develop Don't Destroy Brooklyn || Drum Major Institute || Empire State Consumer Project || Environmental Advocates of New York || Fiscal Policy Institute || Good Jobs New York || NEDAP || NYC AIDS Housing Network || New York Jobs With Justice || New York Public Interest Research Group || New Yorkers for Fiscal Fairness || People's Production House || Pratt Center for Community Development || Queens Civic Congress || Sierra Club Atlantic Chapter || Tri-State Transportation Campaign || Urban Justice Center
(As of 2/26/09; list in formation)

NYS STIMULUS OVERSIGHT WORKING GROUP

Common Principles for Transparency and Accountability

New York State is in dire straits. Foreclosures and unemployment increase, while tax rolls and consumer confidence plummet. The U.S. Congress has agreed to a \$787 billion stimulus package, while concern grows that a broader bailout of the financial services industry may be needed.

Members of the NYS Stimulus Oversight Working Group represent many different viewpoints. We do not necessarily agree on how the stimulus money should be spent or if it is the "correct" size. Members do, however, share the following *Common Principles for Transparency and Accountability*, which are of particular importance as this massive amount of federal funds is injected into New York State in the hopes of jumpstarting our beleaguered economy. These Common Principles are common-sense standards that amount to a 'Taxpayer's Right to Know.'

The language in the federal stimulus bill signed by the president, as well as supporting guidance issued by the Office of Management and Budget on February 18, 2009, leave a great deal of responsibility on the shoulders of state and local officials to accurately track stimulus-related investment. New York's policymakers must ensure that funds provided to New York State through the federal stimulus package are distributed **Fairly, Effectively**, and with clear standards for **Ethical and Honest Use**. Clearly defined metrics for success should be laid out for each investment. Governor David Paterson, his newly-announced Economic Recovery and Reinvestment Cabinet, and the New York State Division of Budget will play critical roles in the earliest stages of federal funding distribution. To ensure these principles are upheld throughout the distribution process, the New York State Comptroller, Attorney General, and Inspector General will need to exercise firm oversight. The State Legislature, its leadership and committees will be responsible for stimulus funds that pass through the state budget process, and must work for effective oversight throughout the process. All stimulus-related projects should be required to follow all New York State environmental and worker protection laws.

We urge New York's policymakers to adopt these principles and incorporate them into the state-level investment plan made possible by the federal stimulus package. Setting up a transparent process before the money is allocated will avoid future recriminations and investigations. We invite organizations to join us in supporting these *Common Principles for Transparency and Accountability*, and encourage New Yorkers throughout the state to urge the Governor and their own legislators to adopt them.

COMMON PRINCIPLES FOR TRANSPARENCY AND ACCOUNTABILITY

Fairness

No community or company should be in line for stimulus dollars simply because they have influence with policymakers or have hired politically-connected lobbyists. The U.S. Treasury Department has announced measures to ensure that lobbyists do not influence applications for, or disbursements of, bailout funds. The Treasury will require certification from a designated official that each investment decision is based solely on investment criteria and the facts of the case. New York should follow this federal-level lead and institute protections against special-interest meddling during this time of great public concern. Such protections would include disclosure of the selection criteria to be used

in awarding stimulus funds, all projects and programs considered, and those projects and programs chosen to receive stimulus funds.

Effectiveness

Accountable use of taxpayer money requires it to be spent where it will have maximum public benefit. In determining project priorities and reporting on their results, New York State should consider a number of factors, including:

- That the project or program will be targeted at individuals and communities that are most likely to re-circulate invested funds back into the economy;
- That the investment is projected to create or retain jobs, and that the jobs projected adhere to the wage standards set forth in Section 1606 of the federal Recovery Act;
- That a proposed infrastructure project addresses a clearly identified public need that warrants its priority treatment;
- Where possible, that the investment achieves multiple goals, such as environmental protection as well as job creation; and
- That the funds will work to achieve program efficiencies and long-term policy goals.

Under the federal bailout package, the U.S. Treasury is expected to require firms to show how federal assistance will expand lending. Similarly, projected job growth and retention numbers for all applicants seeking state-level funding should be required. These projections, made available to the public, will assist in cutting ineffective programs and expanding those that meet and exceed goals. The prioritization of project and program investment will serve to induce public confidence in the investment program.

Ethical and Honest Use

New York State's ethics and oversight laws are notoriously lax. With an injection of federal funding at this previously-unimaginable scale, strict reporting and diligent oversight are necessary to ensure the honest and ethical use of public funds. Situations of pay-to-play politics and other unethical schemes must be addressed head-on, and while not all situations can be prevented, strong, proactive preventative measures must be undertaken. Among other steps, contracts should be competitively bid to the maximum extent possible, and no company with a presently-serving legislator on its payroll, as either an employee or consultant, should be granted Recovery Act funding from the state. The appearance of such a conflict of interest would greatly undermine the public's confidence in the decision-making priorities of the state government during this turbulent time.

To provide the public with adequate information and assurances of decision-making based on facts, all discussions and decisions regarding allocation and use of the stimulus funds should take place in open meetings, with the minutes being made publicly available afterwards. These meetings should be webcast live as well as archived, as is currently done for meetings of the Lower Manhattan Development Corporation, an entity also created with the explicit purpose to "plan and coordinate" economic recovery efforts. (See www.renewnyc.com, then click on Board Meetings.) All supporting documents should be made available online in advance of such meetings.

Each agency which administers or allocates stimulus funds should designate and publicly identify one senior official responsible for coordinating recovery-related efforts across that agency.

'TAXPAYER'S RIGHT TO KNOW'

The above principles of transparency and accountability are common-sense standards greatly needed in order to maintain the public's confidence during this time of economic turmoil. These principles lay the foundation for the 'Taxpayer's Right to Know' outlined below.

Under this Taxpayer's Right to Know, New York State should require across-the-board reporting for all funds received from the federal government and spent in New York State in a uniform, easy to understand format, with all information being available in a single, centralized website compatible with the federal standards set forth at USASpending.gov. The standards set forth by the federal government should act as *minimum* standards for reporting, not supplant stronger reporting requirements that New York State should put in place. These reports should "drill down" beyond the Grantee A-Grantee B standards established by the federal guidance, in order to include all entities receiving stimulus-related funds.

Reported information at the time of an award should include, at a minimum:

- The entity name, award amount, and the lead agency and its department therein funding the award;
- The expected impact of the stimulus project funded, including the rationale for its inclusion in the stimulus program, with an emphasis on employment and wages, economic growth and other economic indicators;
- Whether the funds represent new allocations, which are additional to monies already budgeted, or are replacing funds cut due to budget shortfalls;
- Other intended benefits of federal stimulus appropriations, such as energy efficiency improvements, avoided carbon dioxide emissions, and students' academic progress, for example;
- The written contracts, agreements or Memoranda of Agreement by which money is paid out; and,
- For each agency that receives or administers stimulus funds, the identity and contact information of the individual designated as its primary coordinator for recovery-related efforts.

Bi-monthly reports on stimulus-related investments should be uniform in nature and mandatory from all recipients of stimulus-related funds, *including all levels of sub-contractors*, and required to be provided on a regular schedule in a standardized form for prompt internet posting. These bi-monthly reports should include, at a minimum, an itemized description of:

- How stimulus funds have been and plan to be spent;
- The total amount of the individual stimulus investment that is the subject of the report and the amount spent or committed by the reporter to date;
- The number of jobs created or retained and the wages paid for those jobs;
- The status of the 'other intended benefits' as referenced in the fourth bullet point above;
- Whether the investment is on track to meet the established metrics for success; and,
- Verifiable information as to what economic projections and goals have been realized once the total stimulus funding provided for each contract, program or allocation has been spent.

Online reporting tools should allow the public to easily search, sort, track, and download data on the use of federal funds, as well as provide mechanisms for local and state government actors to efficiently and conveniently input the data throughout the life of any stimulus project, contract or program funded. An online tool and an automated hotline should be established for citizens and government workers to report any misuse of funds.

A single official should be given the specific responsibility of ensuring timely and effective information sharing between any officials, committees, lead agencies or entities responsible for the allocation and spending of stimulus funds, and those individuals or departments developing the website for public disclosure.

The Legislature should establish a Joint Accountability and Transparency Committee, modeled on the federal Accountability and Transparency Board, which was established to coordinate and conduct oversight of federal stimulus spending 'to prevent waste fraud, and abuse.' This Joint Committee should be made up of members of both the Assembly and Senate and should coordinate with the New York State Comptroller to ensure the broadest possible oversight, with minimum duplication. A federal Accountability and Transparency Board will be authorized 'to hold public hearings, conduct investigative depositions, and issue subpoenas.' The Legislature's Joint Accountability and Transparency Committee should have similar powers, as well as its own staff, in order to maintain adequate oversight of stimulus money and the public's confidence in the program.

Positive steps for transparency and accountability have been put forward recently by various New York State officials. The impact and import of these dispersed and independent efforts will be undermined, however, if all information and resources are not made available in a single, centralized website, with adequate coordination between the various entities responsible for oversight.

Billy Easton
Executive Director
Alliance for Quality Education

Geri D. Palast
Executive Director
Campaign For Fiscal Equity

Carol Kellermann
President
Citizens Budget Commission

Dick Dadey
Executive Director
Citizens Union

Susan Lerner
Executive Director
Common Cause/New York

David R. Jones
President and CEO
Community Service Society

Aaron Brashear
Co-Founder
Concerned Citizens of Greenwood Hts.

Chuck Bell
Programs Director
Consumers Union

Daniel Goldstein
Co-founder
Develop Don't Destroy Brooklyn

Mark Winston Griffith
Executive Director
Drum Major Institute

Judy Braiman
President
Empire State Consumer Project

Robert Moore
Executive Director
Environmental Advocates of New York

Frank Mauro
Executive Director
Fiscal Policy Institute

Bettina Damiani
Project Director
Good Jobs New York

Josh Zinner
Co-Director
NEDAP

Sean Barry
Executive Director
NYC AIDS Housing Network (NYCAHN)

Carrie Brunk
Executive Director
New York Jobs With Justice

Russ Haven
Legislative Counsel
New York Public Interest Research Group

Joshua Breitbart
Policy Director
People's Production House

Ron Deutsch
Executive Director
New Yorkers for Fiscal Fairness

Brad Lander
Director
Pratt Center for Community Development

Corey B. Bearak, Esq.
President
Queens Civic Congress

Susan Lawrence
Chapter Chair
Sierra Club Atlantic Chapter

Kate Slevin
Executive Director
Tri-State Transportation Campaign

Harvey Epstein
Project Director
Community Development Program
Urban Justice Center

(List in formation)



Transparency.gov 2.0

**Using The Internet For Budget
Transparency To Increase
Accountability, Efficiency And
Taxpayer Confidence**

MASSPIRG
Education Fund

December 2008

Contents

| | |
|---|-----------|
| Executive Summary | 1 |
| Introduction | 5 |
| <i>Chart: Transparency 1.0 vs. Transparency 2.0</i> | 6 |
| A Growing Movement: States Governments Embracing Web-Based Budget Transparency | 8 |
| <i>Chart: Transparency 2.0 States</i> | 8 |
| Transparency 2.0 Initiatives Enjoy Broad, Bipartisan Support | 9 |
| <i>Chart: Citizens are Eager for Transparency 2.0</i> | 9 |
| Transparency 2.0 Is An Effective, Low-Cost Tool..... | 9 |
| Leading States Have Developed Best Practices | 11 |
| Comprehensive | 11 |
| One-Stop | 15 |
| <i>Chart: Transparency 2.0 Best Practices</i> | 16 |
| One-Click Searchable..... | 17 |
| Massachusetts: Some Progress, But Not Yet a Leader | 18 |
| Comm-PASS: A First Step Toward Tracking Public Contracts | 18 |
| Massachusetts Tax Expenditure Budget: A First Step Toward Transparency In Need Of An Upgrade | 20 |
| Conclusion | 22 |
| Appendix A: Transparency 2.0 States | 23 |
| Endnotes | 24 |

Leading States Have Developed Best Practices

As leading states gain experience in Transparency 2.0 initiatives, they have produced a set of best practices. States at the cutting edge of Transparency 2.0 now offer transparency that is comprehensive, one-stop, and one-click:

Comprehensive

Transparency websites in the leading states offer spending information that is both broad and detailed. In contrast to Transparency 1.0 states—which may offer only partial information about government contracts online—leading Transparency 2.0 states provide user-friendly search of a comprehensive range of government expenditures, including detailed information about government contracts with private providers, subsidies, and tax expenditures. Best practices of Transparency 2.0 states include:

➤ **Contracts, Grants, Subcontracts, and Discretionary Spending:** An increasing number of public goods and services are provided under contract by private companies. Many government agencies now spend well over half their budget on contractors.²⁹ These contractors are generally subject to fewer public accountability rules, such as sunshine laws, civil servant reporting requirements, and freedom of information requests. It is therefore particularly important that states provide comprehensive online transparency and accountability for all contract spending.

➤ Leading states disclose **detailed infor-**

mation for each expenditure for contracts with specific private companies and nonprofit organizations. Hawaii, for instance, requires that its transparency website disclose: the name of the entity receiving the award, the amount of the award, the transaction type, the funding agency, and the location of the receiving entity and the primary location of performance.³⁰ The ability to track the location of entities receiving government contracts gives important information about which legislative districts are receiving government contracts and how trends are likely to affect the future capacity to fulfill these contracts. All states exempt state and federal public assistance payments to individuals, as well as any information that is confidential under state or federal law.

➤ Leading states track the **purpose and performance** of contracts. Both Texas and Hawaii require that the purpose of each expenditure be listed on the website.³¹ And Washington State requires the disclosure of agency performance measures and audits.³² Proposed legislation would also require disclosure of both the expected performance and past performance outcomes for each contract.³³ Establishing goals and benchmarks allows public managers in leading states to drive improved contracting performance and allows the public to track patterns in the awarding of contracts.

- Leading states track **subcontractors** since these entities may perform most of the work and receive most of the profit as part of a government contract. Hawaii has mandated the creation of a pilot program to test the implementation of a sub-award reporting program across the state, and by January 1, 2010, all subcontracts must be disclosed.³⁴ At the federal level, the OMB is currently conducting a pilot subgrant reporting program; by January 1, 2009, all subgrants must be disclosed on the federal transparency website.³⁵
- Leading states disclose spending by **all government agencies**. Nearly every Transparency 2.0 state requires all government agencies, including independent authorities and institutes of higher education, to disclose their spending.³⁶ Lawmakers in several states have also proposed legislation mandating local spending transparency.³⁷ Extending transparency to the county and municipal level makes sense given that the volume of spending by local governments equals that of state governments.³⁸ Several counties have independently created their own online transparency portals.³⁹
- Leading states disclose **all spending, without a minimum threshold**. Kansas⁴⁰ and Missouri⁴¹ both disclose spending to every entity, regardless of that entity's cumulative funding from the state. Oklahoma plans to enhance its transparency website in the next year by reducing its threshold from \$25,000 to \$1,000.⁴² The Governor of Kentucky has promised that any expenditure in-formation subject to the Open Records law will be on the website.
- Leading states disclose **timely information**. Missouri has set the standard for disclosure timeliness, updating its website's information daily.⁴³ Kentucky has promised to also update their information daily.
- Leading states disclose **all bids** for each contract. Disclosing all bids – rather than just the winning bid – for each contract allows citizens to have complete confidence in the awarding process. The Massachusetts Highway Department, for example, lists all bids that it receives for each of its contracts on the CommPASS website.
- Leading states disclose contract data that **tracks performance of public policy goals like affirmative action**. Government contracting agencies are expected to deliver performance in a variety of ways. Tracking and disclosing information about attainment of public mandates helps to ratchet up performance, identify trouble spots, and nurture best practices in contracting. Government agencies also benefit from more readily identifying minority-owned contractors. The Massachusetts' procurement website for statewide contracts labels minority and women-owned vendors with a special icon to allow citizens and agencies to quickly track this information.⁴⁴
- **Active and past contracts** are disclosed in leading states, allowing residents, including state and local officials, to

Tracking The Bottom Line: Tax Subsidies Are Expenditures

One way governments allocate resources is through "tax expenditures." Special tax breaks have the same effect on budgets as direct spending because government must cut other public programs or raise other taxes to avoid a deficit. In order to increase transparency, Congress' 1974 Budget Act established the practice of measuring proxy spending programs conducted through the tax code. Congress defined tax expenditure as:

"Revenue losses attributable to provisions of Federal income tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability."

States similarly provide tax expenditures through new rules for special revenue reductions on state taxes. These include special breaks on sales taxes, property taxes, real estate transfer taxes, corporate income taxes, or payroll taxes.

track patterns in the awarding of contracts and to measure current contracts against benchmarks. Many states already disclose this information on their procurement websites;⁴⁵ leading Transparency 2.0 states, like Missouri, link those procurement databases to the budget transparency portal.⁴⁶

- **Subsidies:** State and local governments allocate billions of dollars on subsidies each year, yet most governments still don't disclose information about these expenditures.⁴⁷ Unmeasured, the performance of these subsidies remain unmanaged and unaccountable. Special tax breaks and credits are especially in need of disclosure because they typically receive much less oversight. Once created, these have the same bottom-line effect on public budgets as direct appropriations; yet they often escape oversight because they are not included in state budgets and do not require legislative approval

to renew. In the rare cases when unexpected audits of subsidy programs are conducted, they are often shown to fall short of promised results. For instance, a *Milwaukee Journal* investigative report in 2007 examined 25 Wisconsin subsidy deals that were awarded \$80 million in subsidies and found that, overall, the companies fell about 40 percent short on their job creation promises.⁴⁸

Unfortunately, public incentives and subsidies to particular business too often get approved under the mantle of secrecy. Accompanying \$260 million in public subsidies in Lenoir, North Carolina, negotiations for a new Google facility required over 70 local officials to sign non-disclosure agreements saying they would not talk about the project.⁴⁹ Such arrangements short-circuit the democratic process because the public including local and state officials remain uninformed and cannot hold responsible representatives accountable.

Leading states offer best practices on providing transparency and accountability for all forms of subsidies, including tax benefits, direct grants, low-interest loans, infrastructure improvements, and other incentives.⁵⁰ Transparency for subsidies in leading states has a number of characteristics:

➤ **Detailed information** disclosed about each subsidy in order to guide future decision making and enhance accountability. For instance, Minnesota mandates the disclosure of: the type and amount of subsidies and the number of jobs created, as well as the hourly wage of each job created and the cost of health insurance provided by the employer. Thus, while states around the country often justify subsidies by the jobs they promise to create, Minnesota can evaluate how many jobs they actually do create, as well as the quality of those jobs. Minnesota similarly tracks information that helps determine whether subsidies are increasing the number of jobs in-state or merely to relocate within the state for higher subsidies. Minnesota mandates disclosure of: the location of the recipient prior to receiving the business subsidy; the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy; why the recipient may not have completed a project outlined in a prior subsidy agreement at their previous location, and if the recipient was previously located at another site in Minnesota.⁵¹ Likewise Minnesota mandates disclosure of the name and address of the recipient's parent corporation of the recipient, if any, and a list of all financial assistance from

all grantors of the project. This information makes it clear which companies are already receiving other public subsidies through their affiliates or through other agencies.

➤ **Purposes and performance** of each subsidy tracked. Public decision makers can only manage what they can benchmark or otherwise measure. Rhode Island requires subsidy recipients to file reports on the status of their program each fiscal year, which are made available to the public. These include information on the number of jobs created, the benefits provided with those jobs, and goals for future job creation and retention.⁵² Minnesota mandates the disclosure of the public purpose of the subsidy as well as the date the job and wage goals will be reached, a statement of goals identified in the subsidy agreement and an update on achievement of those goals.⁵³ Likewise Illinois discloses performance and accountability information in searchable format and annual progress reports online.⁵⁴

➤ **Mechanisms to recapture subsidies from companies that do not deliver** on promises are connected to information about performance on agreed-upon goals. Such provisions provide a kind of taxpayer money-back guarantee to ensure that public monies paid to private entities achieve their public goals. Among the states with these "clawback" programs tied to public disclosure of subsidy performance are Illinois, and Minnesota, and with provisions for some subsidies are Arizona,

Colorado, Connecticut, Georgia, Iowa, Maine, Maryland, Michigan, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, Vermont, Virginia, and West Virginia.⁵⁵

- **Subsidies from a broad range of public sources** are disclosed. These may include local governments or independent authorities. North Dakota includes in its regulations subsidies from the state or any political subdivision.⁵⁶
- **Information is disclosed before subsidies are granted.** Subsidy disclosure is most effective when citizens can use information to weigh in *before* subsidies receive final approval. Rhode Island's recent legislation requires the preparation and public release – prior to finalization of the agreement – of an analysis of the impact of the proposed subsidy on the state.⁵⁷ Minnesota goes further and requires notice and hearing for large subsidy grants.⁵⁸
- **Unified economic development budgets** are compiled and published by leading states, enabling decision makers to see how subsidies are distributed from various public agencies between regions, industries, and companies. In the absence of such a unified view, decision makers can not target where subsidies will be most effective because they have no way to know how or where other subsidies from other programs get allocated.⁵⁹ Most recently, Rhode Island and New Jersey mandated the disclosure of its unified economic development budget online.

Transparency 2.0 states, by contrast, disclose all information about government expenditures on a single website. With one stop, citizens including local and state officials in these states can access comprehensive information on direct spending, contracts, tax preferences, and other subsidies.

One-Stop

Transparency websites in leading states offer a single central website where citizens can search all government expenditures. In many Transparency 1.0 states, particular public officials volunteer to disclose information about their finances⁶⁰, or a patchwork of disclosure laws gives citizens the right to obtain much information about government expenditures. But in order to exercise that right, citizens have to access numerous websites, go to several agency offices, read through dense reports, and perhaps make formal information requests.⁶¹ Transparency 2.0 states, by contrast, disclose all information about government expenditures on a single website. With one stop, citizens including local and state officials in these states can access comprehensive information on direct spending, contracts, tax preferences, and other subsidies.

One-stop transparency can also produce big savings. For contracts, the centralized collection and disclosure of government spending data allows purchasing agents to find savings more efficiently. Massachusetts's State Purchasing Agent identifies four ways that centralized spending transparency improves coordination: state procurement officers know where the

most money is spent and can focus negotiation resources; purchasing agents can share information on good deals, harnessing the power of the market; purchasing agents can avoid duplication of procurement efforts; and purchasing agents can more easily enforce Most Favored Pricing and similar contract terms.⁶²

One-stop transparency is perhaps most important in the oversight of subsidies. Subsidies come in a dizzying variation of forms – includ-

ing direct cash transfers, loans, equity investments, contributions of property or infrastructure, reductions or deferrals of taxes or fees, guarantees of loans or leases, and preferential use of government facilities – and are administered by countless government agencies.

Because many subsidies are not publicly reported at all, determining the total subsidy assistance a company receives can be nearly impossible. In order to determine the amount of

Transparency 2.0 Best Practices

✓ COMPREHENSIVE

Contracts, Grants, Subcontracts, And Discretionary Spending

- Purpose of each contract
- Location of businesses receiving contracts
- Subcontractor spending
- All government entities, including localities and independent agencies
- No minimum threshold for reporting
- Information updated regularly

Subsidies

- Detailed information on number and quality of jobs created
- Information on whether companies have relocated, and from where
- Purpose and performance of each subsidy
- Disclosure of performance connected to programs to recapture subsidies when promises not kept
- Includes all forms of subsidies including direct payment, tax benefits, and infrastructure assistance
- No minimum threshold for reporting
- Information disclosed before approvals are finalized
- Synthesized in a unified economic development budget

✓ ONE-STOP

Single website discloses comprehensive information on expenditures, including contracts, tax credits, and other subsidies.

✓ ONE-CLICK SEARCHABLE

Users can browse by broad, common-sense categories and make directed keyword and field searches

subsidy assistance received by Wal-Mart, for example, the organization Good Jobs First resorted to searching local newspaper archives and contacting numerous local officials directly. They tabulated well over \$1 billion in subsidies nationally from state and local governments.⁶³ Whether or not these amounts are excessive, making the information publicly available will improve decision making about subsidies in the future.

The scattered nature of subsidy expenditures makes coordination and oversight of these programs crucial. States that make comprehensive disclosure of all subsidies a high priority include Minnesota,⁶⁴ Illinois,⁶⁵ Iowa⁶⁶, New Jersey,⁶⁷ and Rhode Island.⁶⁸ The experiences of these states show that the one-stop nature of budget transparency portals is successful at improving coordination of subsidies. When Minnesota began to require agencies to submit reports on the performance of subsidized projects, the reports revealed that numerous projects were receiving assistance from two or more funding sources – that is, Minnesota taxpayers were double and triple paying for the creation of some jobs. After the centralized publication of those reports, the double-dipping stopped.⁶⁹

One-Click Searchable

Transparent information is only as useful as it is easily accessible, which means easily searchable. Transparency websites in the leading states offer a range of search and sort functions that allow citizens to navigate complex expenditure

Transparency websites in the leading states offer a range of search and sort functions that allow citizens to navigate complex expenditure data with a single click of the mouse.

data with a single click of the mouse. In Transparency 1.0 states, citizens who don't already know government funding flows are stymied by inscrutable layers of subcategories, jurisdictions, and data that can't be readily compared. Transparency 2.0 states, by contrast, allow citizens both to browse information by broad, common-sense categories and to make directed keyword and field searches.

Best practices of Transparency 2.0 states include allowing citizens to browse expenditures by broad category and to make directed searches. At the federal budget transparency portal, for instance, citizens can browse spending by agency, contractor, legislative district, competition type, or product provided – and advanced search options allow citizens to make directed searches of each broad category.⁷⁰ Missouri's website allows citizens to browse spending by agency or purpose and to browse tax credits by legislative district or purpose – and citizens can make directed searches for specific vendors, contracts, or tax credit recipients.⁷¹ As it enhances its website in the next year, Oklahoma similarly plans to enhance searchability by including more subcategories.⁷²

Testimony of Jeffrey A. Kay, Director,
Mayor's Office of Operations

Before a joint hearing of
the Committee on Economic Development and the Committee on Finance
of the Council of the City of New York
concerning the impact of the federal economic stimulus package
on New York City

March 5, 2009

Good afternoon, Chairman White, Chairman Weprin and Committee Members.

My name is Jeff Kay, and I am the Director of the Mayor's Office of Operations. I'm joined today by Larian Angelo, Deputy Director of the Office of Management and Budget; Felix Ciampa, Chief of Staff to Deputy Mayor Bob Lieber; Kristin Misner, Chief of Staff to Deputy Mayor Linda Gibbs; Jahmeliah Nathan, Chief of Staff to Marla Simpson, Director of the Mayor's Office of Contract Services; and Scott Sigal, Senior Advisor to Deputy Mayor Edward Skyler. I'm grateful for the opportunity to speak to you today about the federal economic stimulus package and its potential impact on New York City.

Since I last testified before the Council, Congress passed the American Recovery and Reinvestment Act (ARRA) and President Obama signed the legislation into law on February 17. The final bill contains \$787 billion in stimulus funding through a number of new and existing programs, including infrastructure spending, tax cuts, expansion of unemployment benefits, health care, safety net programs, and education assistance. Today I want to give you an overview of the funding we believe that the City will be eligible to receive through ARRA and outline the process through which this funding will be allocated and tracked.

While the details of many of the programs included in the federal stimulus package are still being determined by the federal agencies that will administer them, we believe that the City is likely to be eligible to receive funding through more than 60 programs in the stimulus package.

For the formula-based programs, some of the initial allotments have been made by Washington; however, most are expected in the coming weeks. For the grant programs, many of the rules and regulations, including eligibility requirements for grants, have not yet been written or released. This makes a thorough analysis of the bill difficult and has prevented us from determining how the funding can be allocated for several key programs, as I will describe later. However, our current estimate is that the City could receive approximately \$4 to \$4.5 billion in expense funding and \$500 million in direct capital funding over the next several years. While this funding alone cannot prevent or postpone the difficult decisions required to balance our budget and close the significant gaps projected for fiscal years 2010 and 2011, it will be able to help us support critical services, allow us to proceed with projects that we may not otherwise have been able to fund due to budget cuts, and provide vulnerable New Yorkers with much-needed assistance.

Each of the programs in the stimulus package has requirements about how money can be spent and how quickly it must be allocated and committed. For capital projects, this means that projects funded with stimulus money must be "shovel ready" and already received all of the relevant permits and environmental reviews required to commence construction. In many cases, the City has no discretion over this process. In the case of food stamps, for example, the monies will flow directly to current food stamp

recipients in the form of increased benefits. Few programs in the stimulus package provide the City with much flexibility.

Where we do have some flexibility and discretion, such as transportation spending, we are committed to a transparent and open process that enables the City to commit and complete projects within the timeframes required by Congress and the public to easily track stimulus funding. Toward the end of my testimony, I will detail our plans to provide the highest level of transparency and accountability of any city or state in the nation.

As I outlined in my testimony last month, the stimulus funding can be divided into five categories: Infrastructure & Energy Efficiency, Economic & Workforce Development, Social Safety Net, Public Safety & Criminal Justice, and Fiscal Assistance. Today, I would like to provide an overview of these funding categories as well as our vision for how these funds should be used.

Infrastructure & Energy Efficiency

The stimulus bill presents an opportunity to restore many “shovel-ready” projects to the FY 2009 and FY 2010 capital program that had been cut or pushed to out-years as a response to the economic crisis and credit crunch. Federal funding to support these projects will help the City meet its critical needs while creating thousands of construction jobs.

In identifying the set of projects that will be funded with ARRA monies, the City will emphasize “fix it first” projects – repairing and maintaining our existing infrastructure assets – with a secondary focus on “shovel-ready” projects that fund new construction. Second, we will target stimulus funding in areas of the city that have already been

designated for economic development efforts and where Federal stimulus dollars can support the City's efforts in economic revitalization. Third, the City will follow ARRA guidelines to ensure that Federal funding does not displace existing City investments.

The final stimulus bill will support the City's infrastructure efforts through a number of new and existing funding programs. Following is a list of the Federal programs from which we believe the City will be eligible for and the amount of funding the bill provides nationally:

| Program | National Allocation/Share | Distribution Method |
|--|---------------------------|--------------------------|
| Transportation | | |
| Highway Infrastructure Investment | \$27,500 | Formula |
| Suppl. Grants for a National Surface Transportation System | \$1,500 | Competitive Grant |
| Transit Capital Assistance | \$8,400 | Formula |
| Energy Efficiency | | |
| Energy Efficiency and Conservation Block Grants (Formula) | \$2,800 | Formula |
| Energy Efficiency and Conservation Block Grants (Grant) | \$400 | Competitive Grant |
| Transportation Electrification | \$400 | Competitive Grant |
| Alternative Fueled Vehicles Pilot Grant Program | \$300 | Competitive Grant |
| Qualified Energy Conservation Bond | \$2,400 | N/A |
| Diesel Emissions Reduction Act (DERA) Grants and Loans | \$300 | Competitive Grant |
| Water | | |
| Clean Water State Revolving Fund | \$4,000 | Formula/State Discretion |
| Drinking Water State Revolving Fund | \$2,000 | Formula/State Discretion |
| Rural Water and Waste Disposal Account | \$1,380 | Competitive Grant |
| Watershed Dam and Structural Rehabilitation Program | \$50 | Formula |
| Public Housing | | |
| Public Housing Capital Fund (Formula) | \$2,985 | Formula |
| Public Housing Capital Fund (Grant) | \$1,000 | Competitive Grant |
| Other | | |
| Watershed/Flood Prevention Operations | \$290 | Formula |
| Brownfields | \$100 | Competitive Grant |
| Broadband Technology Opportunities Program | \$4,700 | Competitive Grant |
| Distance Learning, Telemedicine, and Broadband Program | \$2,500 | Competitive Grant |
| DHS - Firefighter Assistance Grants | \$210 | Competitive Grant |
| Bureau of Reclamation | \$1,000 | Formula |
| US Geological Survey | \$140 | Formula |

Economic & Workforce Development

Within this category, ARRA funding is directed to a variety of goals, including workforce development, attracting private investment, and housing, so that the City can improve its competitive position to attract further private investment. Workforce development funding will build on successful existing City programs to help New Yorkers identify, train for, and access new jobs. We plan to focus on making long-term investments in workforce training that prepares New Yorkers for high-growth potential sectors and helps develop the skills needed for future job opportunities. Training and support will also be targeted at new and small businesses. Housing assistance funding will be used to quickly rehabilitate and purchase foreclosed and abandoned homes, to stabilize neighborhoods and encourage affordable housing development.

Following is a list of the Federal programs from which we believe the City will be eligible for and the amount of funding the bill provides nationally:

| Program | National Allocation/Share | Distribution Method |
|---|---------------------------|---------------------------|
| Job Training | | |
| Workforce Investment Act Training and Employment Services | \$3,950 | Formula/Competitive Grant |
| Community Service Employment for Older Americans | \$120 | Formula |
| State Employment Service and Reemployment Grants | \$400 | Formula |
| Wildland Fire Management | \$500 | Competitive Grant |
| Economic Development/Housing | | |
| Neighborhood Stabilization Program | \$2,000 | Competitive Grant |
| HOME Investment Partnership Program | \$2,250 | Formula |
| Economic Development Assistance Programs | \$150 | Competitive Grant |
| Recovery Zone Economic Development Bonds | N/A | Formula/State Discretion |
| Recovery Zone Facility Bonds | N/A | N/A |

Social Safety Net

The stimulus bill includes investments that will allow the City to meet emerging social needs and mitigate the impact of the fiscal crisis. In some cases the funding can

offset all or part of a recent or proposed budget reduction. In other cases, it represents an opportunity for new investment. The funding categories for social services can be divided into four sections: seniors, children and youth services, social services and health services. The disbursement process for the funding includes both formula-driven grants as well as competitive grants. We are still waiting for guidelines to be issued from the Federal and State oversight agencies that administer most of these programs and therefore are unable to directly comment on how the money can be used. We do know that some of the money will come through a formula, in some instances directly to the state and in other instances directly to the City or to recipients. For example, as I mentioned previously, starting in April food stamp recipients will receive a 13% increase in their food stamp benefit. This money will directly assist over 1.3 million food stamp recipients in NYC. In other cases, health services for example, the funding will most likely be awarded through competitive grants.

It is important to remember that the stimulus funding is temporary. Therefore, with respect to the City budget, we need to ensure we have a long-term sound fiscal plan. Agencies will consider restoring PEGs where funds require targeted spending and the need is growing. We also want to satisfy current unfunded costs in the agency budget baseline while at the same time invest in innovative new approaches that address increased need in the short term. It is important to note that for all of the stimulus initiatives, it is essential that New York State, at minimum, maintain existing formulas for allocating funds to localities. It is also critical that the State does not reduce its Block Grant funding and in fact passes the funds made available through the ARRA

on to New York City in order to make sure the most vulnerable families can receive the support they need in these difficult times.

Following is a list of the Federal programs from which we believe the City will be eligible for and the amount of funding the bill provides nationally:

| Program | National Allocation/Share | Distribution Method |
|--|---------------------------|--|
| Seniors | | |
| Senior Nutrition Programs (III-C1 & C2) | \$100 | Formula |
| Children and Youth Services | | |
| Child Care Development Block Grant | \$2,000 | Formula |
| Head Start/Early Head Start | \$2,100 | Competitive Grant |
| Title IV-E Foster Care Reimbursement | TBD | Formula |
| Adoption IV-E Reimbursement | TBD | Formula |
| Community Services Block Grant | \$1,000 | Formula |
| Health Services | | |
| Prevention and Wellness Fund | \$1,000 | Competitive Grant/Formula |
| Clinical Effectiveness Research | \$1,100 | Discretionary/ Competitive Grant |
| Health Workforce Training | \$200 | TBD |
| Rehabilitation Services & Disability Research | \$680 | TBD |
| Health IT | \$19,000 | Incentive Payments / Discretionary Funds TBD |
| Social Services | | |
| Supplemental Nutrition Assistance Program Administration (Food Stamps) | \$291 | Formula/State Discretion |
| Child Support Incentive Fund | \$1,000 | Formula |
| Homeless Prevention Fund/Homeless Assistance (ESG) | \$1,492 | Formula |
| Education for Homeless Children (McKenny-Vento) | \$70 | Formula/State Discretion |

Public Safety & Criminal Justice

The stimulus bill creates a number of different funding streams, most of which add money to pre-existing public safety grants. These grants fund a range of public safety programs from hiring police to assisting victims of domestic violence to protecting ports against terrorism. New York City will receive \$29 million in Justice Assistance Grants. We also expect to receive funding to hire some new police officers through the Community Oriented Policing Services Program.

Unlike formula grants, COPS Hiring funds are distributed based on a nationwide competitive process. Based on past allocations we estimate that we might receive roughly \$70 million or enough to hire approximately 260 new officers. However, we expect that we will be competing against more localities than usual this year, because the stimulus bill waives a local match requirement that is normally part of the program so we are hopeful that we receive our historical share but there is the possibility that we receive less.

New York City can also compete at the state and federal level for roughly \$535 million. We've identified two of these competitive programs with the greatest potential for funding: the Byrne Competitive Grant and Justice Assistance Grants allocated by the state. The stimulus bill allots \$225 million for Byrne Competitive Grants nationwide. In addition, the Department of Justice just announced it is allocating \$67.3 million to New York State in Justice Assistance Grants, which the state can offer to local governments through its Division of Criminal Justice Services.

The Justice Department has not yet announced the detailed criteria or deadlines for applying for these stimulus funds. However, in the meantime, we are reviewing the historic requirements for each grant, evaluating potential grant proposals, and working with the Justice Department and the state to ensure our applications will be fully and fairly considered.

Following is a list of the Federal programs from which we believe the City will be eligible for and the amount of funding the bill provides nationally:

| Program | National Allocation/Share | Distribution Method |
|--|---------------------------|------------------------------------|
| Justice Assistance Grants - direct to NYC | \$2,000 | Formula |
| Justice Assistance Grants - direct to NYS | | Competitive Grant/State Discretion |
| Byrne Competitive Grants | \$225 | Competitive Grant |
| COPS Hiring Program | \$1,000 | Competitive Grant |
| DHS/FEMA - Public Transportation and Railroad Security | \$150 | Competitive Grant |
| DHS/FEMA - Port Security Grants | \$150 | Competitive Grant |
| Southwest Border/Project Gunrunner | \$30 | Competitive Grant |
| Victims Compensation | \$52 | Competitive Grant/State Discretion |
| Internet Crimes Against Children | \$50 | Competitive Grant |
| Office on Violence Against Women | \$183 | Competitive Grant/State Discretion |

Community Development Block Grant

In addition, the stimulus bill included an allocation of approximately \$50 to the City of New York through the Community Development Block Grant (CDBG) program. While the CD Block grant provides us with probably the most flexibility, it still does have certain restrictions on how it can be used. CD money can only be used in CD eligible locations throughout the City, and only 15% of the money can be used for certain public services, unless a waiver is granted. Currently, the City of New York uses the CD program to support programs such as graffiti removal and emergency repairs at HPD. Unfortunately, the City's allocation of the CDBG grant has steadily declined over the last several years and funding gaps have occurred in many of these programs. In order to determine how we will use this new allocation, we will examine our current uses and determine if there are funding shortfalls, and we will also look to see how we can leverage this and other federal stimulus dollars to provide the maximum benefit to our communities experiencing the highest rate of foreclosure or are at risk of high foreclosure rates and urban blight.

Fiscal Assistance

As mentioned in my previous testimony, the City expects to receive a significant amount of fiscal relief from the stimulus proposal, both in the form of education dollars and new FMAP funding. While the City's Budget Director, Mark Page, will be able to discuss these issues in more detail next week when he testifies in front of the Finance committee on the City's Preliminary Financial Plan, I would like to explain some of the facts behind these programs and some challenges. First, as many of you know, the City's financial plan assumed that we would be receiving \$2 billion from the federal stimulus bill in FMAP dollars over the next two years, a program that provides an increased share of federal aid for Medicaid expenditures. In fact, based on the final language, we expected at least \$2.1 billion and possibly more. Our assumption was based on language that we worked on with the entire New York Congressional Delegation that would ensure that the State would share the FMAP dollars with localities based on expenditures. However, just yesterday it was announced that Albany would only be providing the City with \$1.9 billion for Medicaid over 27 months – which would mean at least \$200 million less than Congress intended. Effectively, the State has interpreted the language that was inserted into the stimulus bill to protect localities in a way that allows them to disregard actual Medicaid expenditures and take more money for the State directly from the City's share. It is also possible that depending on the final state budget and potential growth in Medicaid expenditures that this amount will actually decline, creating a larger budget gap for the City of New York. As a result, the State has effectively walked away from its commitment to cap Medicaid expenditures for local governments. Second, the stimulus bill allocates a significant amount of money directly to Title 1 schools and a sizeable amount of money to the state in the form of a

state fiscal stabilization grant to be used to prevent education cuts to localities. However, it is now up to the Governor and the Legislature to actually use this fiscal stabilization grant to restore education to the State’s CFE commitment. In addition, we have asked that in order to provide an equitable distribution of education dollars that the State provide us with necessary flexibility – particularly in regard to the requirements under the Contract for Excellence.

Following is a list of the Federal programs from which we believe the City will be eligible for and the amount of funding the bill provides nationally:

| Program | National Allocation/Share | Distribution Method |
|--|---------------------------|---------------------|
| Title 1 Grants | \$10,000 | Formula |
| IDEA | \$12,200 | Formula |
| State Fiscal Stabilization Fund | \$3,600 | Formula |
| Enhancing Education Through Technology Program | \$650 | Competitive Grant |
| Qualified Zone Academy Bonds | \$1,400 | Formula |
| Qualified School Construction Bonds | \$22,000 | Formula |
| Teacher Incentive Fund | \$200 | N/A |
| Medicaid Aid to States (FMAP) | \$87,000 | Formula |

Transparency and Accountability

Transparency and accountability are vital to the stimulus package’s success, and New York City is committed to providing the highest levels of accountability and detail of any State or local government in the nation. As I announced at the last hearing several weeks ago, we will track stimulus funds all the way from the initial allocation to the City; to their distribution to City programs or capital projects; through the steps of contracting, financial processing, and payments for project work; to the ultimate impact of each funded project on the lives of New Yorkers. And we will post all of this information on an

interactive website, similar to our City wide Performance Reporting dashboard. Through this resource, citizens will be able to:

- See how funding sources are distributed to capital projects and other City programs.
- Track key performance measures – such as jobs created – showing how these projects and programs benefit the City.
- Drill down to see details of the process – such as the start and end dates of construction projects, and the status of contracting steps for outsourced projects, as well as payments to vendors.
- Help hold City government accountable by easily identifying progress toward program goals.

Thank you for the opportunity to testify about this issue and to share the Administration's thoughts. I would be happy to answer any questions.



**Testimony of the Brooklyn Bridge Park Conservancy
on the Impact of the Federal Economic Stimulus Package on
New York City before the New York City Council**

March 5, 2009

Good morning Council Members. My name is Nancy Webster, and I am the Vice President of the Brooklyn Bridge Park Conservancy.

The Brooklyn Bridge Park Conservancy (www.brooklynbridgepark.org) has worked for more than twenty years to ensure the creation, adequate funding, proper maintenance, public support, and citizen enjoyment of Brooklyn Bridge Park through partnership with the public sector, development of programming, and active promotion of the needs of the park and its constituents. Since 2000, more than half a million visitors have enjoyed the Conservancy's free, public programs in the beginnings of Brooklyn Bridge Park.

We welcome the Obama Administration's stimulus plan, which will provide an opportunity for major infrastructure investment that can help pull us through this economic crisis. Infrastructure investment should not be limited to bridges, tunnels, roads, airports, power plants, and sewage plants. Let's remember the WPA's legacy and invest in the public life of this country for the 21st century, once again making our parks part of the national political agenda.

Robert Moses built over 578 new playgrounds, 15 swimming pools, added more than 20,000 acres of parkland, and employed over 84,000 people in New York City at the peak of construction efforts during the 1930s. We can and should do the same today. And rather than connect our parks with vehicle parkways, we can build the 21st century equivalents, with greenways and blueways, using our harbor and waterways to connect people to these vitally needed open spaces in New York City.

New York City's Department of Parks and Recreation has over 25 projects totaling more than \$1 billion that can be started within 120 days. It is estimated that for each \$1 billion spent on these public works, 40,000 jobs would be created, including thousands of new "green jobs."

Brooklyn Bridge Park, for example, is fully planned and construction is already under way. This "shovel ready" project will transform the New York Harbor, replacing vacant waterfront piers with 85-acres of green space that Brooklyn and New York City so desperately need. This world-class park will stretch 1.3 miles and encompass Piers 1 through 6 and their uplands and include the completed parks in DUMBO. The new park will include landscaped areas and restored habitats, recreation facilities for sports, open lawns and rolling hills, protected paddling waters and outdoor venues for cultural programming. Brooklyn Bridge Park will be a treasured public amenity with open space, unmatched waterfront access, and spectacular views of the New York Harbor and downtown Manhattan.

Investment in Brooklyn Bridge Park would, as we learned in the 1930s, quickly create jobs, increase the quality of life, stimulate economic growth, and increase real estate values. Construction of Phase 1 of Brooklyn Bridge Park began last month, after twenty-three years of advocacy and planning. A full third of the park, however, remains unfunded.

Federal stimulus funds can and should provide critical funding for New York State and New York City parks, especially Brooklyn Bridge Park. Let's take this opportunity to aid our economy and create new crucial open space as a legacy for our children.

**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: CHRIS KEELEY
Address: 354 COURT ST BALDWIN 11231
I represent: COMMON CAUSE/NY
Address: 155 RUE DE MONTAIGN, 4TH FL, 10013

◆ 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. FDPCOR 8 Res. No. 31

in favor in opposition

Date: 3/5/09

(PLEASE PRINT)

Name:

Nancy Webster

Address:

Webster@BBPC.net

I represent:

Brooklyn Bridge Park Conservancy

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: _____

(PLEASE PRINT)

Name:

Laura Angelo

Address:

Deputy Director

I represent:

Office of Management & Budget

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: _____

(PLEASE PRINT)

Name:

Jeff Kay

Address:

Director

I represent:

Mayor's Office of Operations

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: _____

(PLEASE PRINT)

Name:

Scott Sigal

Address:

Senior Advisor to Deputy Mayor Sklar

I represent:

Address:

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