Mayor's Office of Management and Budget

TESTIMONY OF FIRST DEPUTY DIRECTOR KENNETH J. GODINER
November 2022 Financial Plan Update Hearing

December 8, 2022

Good afternoon Chair Brannan, and members of the Finance Committee and City Council.

My name is Kenneth J. Godiner, and I am the First Deputy Director of the New York City Mayor's Office of Management and Budget. I am joined today by OMB Senior Deputy Director Latonia McKinney.

I will be testifying today about the November 2022 Financial Plan update.

Though Fiscal Year 2023 remains balanced at $104 billion, we faced serious challenges in crafting this plan.

First, we had to add billions of dollars in new mandated spending.

This includes $5.8 billion of additional required pension contributions across Fiscal Years 2024 through 2026 due to market losses in Fiscal Year 2021.

Also, Fiscal Year 2023 reflects $1 billion in federal funds related to the unexpected cost of meeting our legal obligation to provide shelter and support to the nearly 20,000 asylum seekers who have arrived from the nation's southern border. We are actively working with our federal government partners to secure reimbursement for all of this spending.

These additional needs made it difficult to keep Fiscal Year 2023 balanced, and they widened the outyear gaps.

Second, our fiscal stability is threatened by needs we must fund in the near future.

Because nearly all of the city's contracts with its workforce have expired, when we reach settlements with the labor unions we may incur substantial new costs which are not yet reflected in the financial plan.

The city must also fund the state's class size reduction mandate and address budget cliffs as federal stimulus sunsets.

Third, making matters worse, as costs have increased, economic headwinds threaten our tax revenues.

Wall Street performance has declined by more than 50 percent year-over-year. Commercial vacancy rates remain high, and the housing market is sluggish as mortgage rates have risen sharply.

At the same time, the national economy is slowing, health-care costs are rising, energy prices remain high, and inflation has not eased.

In light of this reality, the mayor took two critical steps. He implemented a Program to Eliminate the Gap, or PEG, and kept new agency spending at a modest level.

The PEG was a success, achieving more than $2.5 billion in gap-closing savings across Fiscal Years 2023 and 2024, and $3 billion over Fiscal Years 2025 and 2026 – all without reducing services or laying off a single employee.

As a result of these efforts, the current fiscal year remains balanced, and we lowered next year's gap by more than $1 billion to a more manageable $2.9 billion. However, outyear gaps have grown to $4.6 billion in Fiscal Year 2025 and $5.9 billion in Fiscal Year 2026, this despite the $1.5 billion in savings achieved through the PEG in each of these years.

We are aware that the council has expressed concerns with several of the PEGs, including the adjustment to the 3-K budget.

The mayor is committed to supporting working families and building a stronger early childhood education system. Through his advocacy and willingness to shoulder much of the cost, the state increased the Earned Income Tax Credit, which puts more money in the pockets of low to moderate income New Yorkers.

He created tax incentives to promote the development of childcare care centers and encourage subsidized care at workplaces.

The longstanding childcare voucher waitlist has been cleared, which paved the way the way for the families of 36,000 children to apply for affordable care. And last month the mayor reached an agreement to provide additional financial support to community-based childcare providers.

Consistent with this commitment, we carefully adjusted the 3-K budget to maintain its current service level and leave room for growth.

This fiscal year's 3-K budget is $712 million. Of that, $469 million is federal stimulus, a funding source that ends in Fiscal Year 2025.

This investment supports 54,500 seats. With 36,500 children enrolled, this leaves an additional 18,000 seats available.

Every school district across the city has the capacity to enroll more children.

We are maintaining the program at the current funding and seat levels instead of growing capacity when it already outstrips demand.

I would like to turn now to reserves, which we have maintained at a record high level of $8.3 billion. As always, we appreciate your partnership in building these reserves.

Before I conclude, I would like to discuss new spending and current fiscal year investments.

New agency spending of $211 million in Fiscal Year 2023 and $138 million in FY24 is more than offset by PEG savings. As a result, we were able to make a prepayment of $705 million to reduce the Fiscal Year 2024 gap.

In Fiscal Year 2023 we made investments that support the mayor's commitments to help struggling New Yorkers and make the city cleaner, greener, and safer.

We added $19 million to the medallion relief program to support struggling taxi drivers.

The administration launched the $14.5 million multi-agency Get Stuff Clean initiative that upgrades cleanliness protocols across all five boroughs.

To make CityFHEPS housing vouchers more accessible and easier to use, we launched the Shelter to Housing Action Plan with a $15 million investment.

To combat climate change and improve neighborhood air quality we added $3 million to modify school boilers to burn cleaner fuel as part of the mayor's Leading the Charge initiative.

And to support a greener future, the administration invested $2.6 million to fund a residential curbside organics collection pilot program in Queens.

To conclude, the city traditionally uses the November plan to make technical adjustments to the financial plan. The council then votes on the November Plan Modification, which reflects the changes made to Fiscal Year 2023. We will submit the modification as soon as we receive council's final list of community organizations that require changes in designated discretionary funding.

We look forward to your continued partnership in the weeks and months ahead, and now I will take your questions.

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Testimony of George Sweeting
Acting Director, New York City Independent Budget Office
To the New York City Council Committee on Finance
Regarding the Mayor's November Financial Plan
December 8, 2022

Good afternoon, Chair Brannan and members of the City Council Committee on Finance. I am George Sweeting, acting director of the New York City Independent Budget Office. With me is Logan Clark, IBO's assistant director for budget review. Thank you for the opportunity to be part of today's hearing on the Mayor's November Financial Plan for fiscal years 2023 through 2026. My testimony will focus on some key issues raised by the financial plan. It is based on work that is still underway for our Fiscal Outlook report, which we expect to release in about 10 days. Although I do not anticipate changes in our economic and revenue forecasts before the Fiscal Outlook report is published, there may still be changes on the spending side as we continue to work with the Office of Management and Budget (OMB) and other agencies to shore up our understanding of all the changes in the plan. Tables presenting our projections that I will discuss today are attached to this testimony.

The Bottom Line First. IBO's Fiscal Outlook finds the city will have a budget surplus for 2023 of $2.2 billion, a negligible deficit in 2024, followed by deficits of $3.5 billion in 2025 and $4.5 billion in 2026. (Years refer to city fiscal years unless otherwise noted.) This incorporates our expectations of weak tax revenue growth, albeit higher than the mayor estimates, offset somewhat by expenses that we expect the city will incur, which are not included in OMB's spending plan. The outyear gaps, although smaller than those estimated by OMB, are substantial and will require action by the mayor and the City Council unless revenues recover faster than expected.

Economic and Revenue Forecasts. IBO's economic forecast is premised on slowing growth in the both the national and local economies over the next 12 months, although we do not anticipate negative growth for a sustained period. We assume the Federal Reserve's use of monetary policy to fight inflation will succeed without tipping the economy into recession. Inflation is expected to return to near the Federal Reserve's target during calendar year 2024. For calendar year 2022, we expect the New York City economy to add about 205,200 jobs as our recovery from the unprecedented job losses in the 2020 recession continues, although IBO projects that the city will still be 105,540 jobs (or 2.3 percent) below its pre-pandemic level at the end of this year. For calendar year 2023, gains slow to 44,600 jobs before bouncing back somewhat to 90,500 in 2024, 85,900 in 2025, and 82,400 in 2026. The employment recovery remains uneven among the sectors. Industries such as construction, retail trade, and leisure and hospitality are all estimated to be at less than 90 percent of their 2019 level at the end of this year. Others such as information, professional services, and health care have fully recovered to their 2019 levels.

We also expect personal income in the city to bounce back from slowed growth in calendar year 2022, to average annual growth of nearly 5.0 percent in 2023 through 2026. As for real estate values, IBO projects 9.6 percent growth in the aggregate estimated market value for tax purposes on the new assessment roll due next month, reflecting the current strength of the real estate market. Class 1 is expected to show the largest increase at 12.5 percent.

After double-digit growth in many of the city's main tax sources in 2022, tax revenue growth is expected to slow in 2023—turning negative in some cases—with aggregate tax revenue growth of only 0.8 percent over 2022. The declines are particularly large in percentage terms for the income taxes and property transfer taxes. Sales tax (at 3.2 percent growth) and real property tax (at 7.1 percent growth) are the exceptions among the city's major tax sources. This weakness continues into 2024, with total tax revenue expected to shrink by 0.2 percent. Growth is expected to remain weak for most tax revenue sources in 2025 and 2026, averaging 2.7 percent annually in those years.

IBO has raised its tax revenue forecasts by about $1 billion from last spring for each year of the financial plan. Because OMB chose not to raise its tax forecast, even though collections have exceeded expectations since this year's budget was adopted, the differences between IBO's and OMB's tax forecasts have grown and now stand at $2.4 billion in the current year, $1.6 billion for next year, $1.9 billion in 2025, and $2.3 billion in 2026.

Issues on the Spending Side. I will highlight a few of the key issues that emerged during our review of the November plan.

Savings Plan Comes up Short. This past September, the administration issued savings targets to all mayoral agencies of 3.0 percent in fiscal year 2023, and 4.75 percent in fiscal years 2024 through 2026. The targets, known as the Program to Eliminate the Gap or PEG, were set to yield savings of $1.4 billion in 2023 and $2.2 billion in fiscal years 2024 and later. However, the administration did not meet these goals. OMB's November Financial Plan includes PEG savings equaling $821 million from mayoral agencies, plus an additional $94 million from centrally managed costs and non-mayoral agencies, for a total of $916 million in 2023. In 2024, 2025, and 2026 the plan identifies at least $1.3 billion in recurring savings. This is not uncommon as agencies often find it easier to make cuts in the outyears of a plan when they have more time to plan and implement recurring savings initiatives. After accounting for new needs, other adjustments, and PEG reversals, the administration, however, only achieved reductions of $705 million and $554 million in fiscal years 2023 and 2024, respectively. Out of roughly 55 mayoral agencies, only 18 achieved their PEG target in each year of the November plan..

Along with not fully achieving the original PEG target, the administration's PEG plan is offset in several cases by dollar for dollar increases to the very same budget lines targeted by the PEGs. These actions effectively negate these budget cuts with an equal increase outside of the PEG category labelled "Cost Avoidances Offsets." This pattern is present in the PEG program of three of the four uniformed agencies: Correction, Fire, and Sanitation. While none of the police department PEGs were reversed, some prior civilianization initiatives aimed at reducing uniformed overtime costs were. Most of the police department's PEG savings comes from unspecified personal service reductions.

Since the release of the November plan, the Adams administration has ordered an additional round of cuts, this time targeted at slowing hiring and eliminating vacant positions. These PEGs are expected to be incorporated in the Preliminary Budget that will be released in January.

The Costs of Services for Recent Asylum Seekers and Who Pays. The administration has included $1 billion in federal assistance in the financial plan for 2023 with the expectation that it will be used to reimburse the city for costs associated with the flow of asylum seekers being transported from the southern border to New York City. The administration has not provided details about which federal program could be tapped to provide this funding to the city. IBO's analysis of existing authority for the Federal Emergency Management Agency (FEMA) suggests it is unlikely to be the source of more than a very small portion of the $1 billion. Without a federal funding source identified, IBO assumes that the city would be required to cover the costs associated with the newly-arrived asylum seekers. Building off our recently published analysis of the cost of providing services to this population, and including some additional costs outlined in the mayor's November Financial Plan, IBO estimates the city will require $373 million in additional city funds to cover these costs in 2023. For 2024, IBO estimates that another $628 million in city funds, specifically for shelter costs will be necessary, under the assumption that new asylum seekers continue to arrive in the coming months. (OMB has budgeted all of the asylum-seeker costs and related federal aid for 2023).

IBO has made other adjustments (repricings) to OMB's spending projections. Police, fire, and correction overtime account for most of the $318 million in additional public safety spending projected by IBO for 2023 and $232 million in 2024. The Department of Education is expected to need $764 million in 2025 and $966 million in 2026 above what the mayor has currently budgeted for programmatic costs. This includes $678 million in 2025 and $881 million in 2026 if it wants to maintain services launched with federal Covid relief funds that will run out during fiscal years 2024 and 2025, such as expanded 3K. In total, these repricings result in IBO estimating higher city-funded expenditures in each year of the financial plan: $228 million in 2023, $1.1 billion in 2024, $829 million in 2025, and $928 million in 2026.

Labor Settlements Likely to Cost More Than Budgeted. The financial plan includes a reserve for future collective bargaining settlements as contracts with most of the city's unions having either already expired or scheduled to do so by the end of calendar year 2023. The amount in the reserve is sufficient to provide for a settlement with a raise of 1.5 percent annually. However, given the steep rise in inflation over the past year, it is likely the unions will hold out for higher settlements, which would add to the budget gaps.

Thank you again, and I'm happy to answer your questions.

Total Revenue and Expenditure Projections
Dollars in millions

	Actuals 2022	Plan				Average Change 2022–2026
		2023	2024	2025	2026	
Total Revenue	**$107,450**	**$105,387**	**$103,370**	**$104,283**	**$105,559**	**-0.4%**
Total Taxes	69,450	69,978	69,847	71,790	73,705	1.5%
Total Expenditures	**$103,568**	**103,227**	**105,737**	**107,844**	**110,084**	**1.5%**
IBO Revenue Less Expenditures	**n/a**	**$2,160**	**($2,367)**	**($3,560)**	**($4,525)**	
IBO Prepayment Adjustment 2023/2024	n/a	($2,160)	$2,160	-	-	
IBO Surplus/(Gap) Projections		$0	($207)	($3,560)	($4,525)	
Adjustments for Prepayments and Non-Recurring Expenses						
Net Prepayments	($6,114)	$705	($705)	$0	$0	
Annually Budgeted Reserve Funds	-	1,805	1,450	1,450	1,450	
Other Adjustments	-	-	53	150	343	
Total Expenditures (net of adjustments)	**$109,682**	**$100,717**	**$104,938**	**$106,244**	**$108,292**	**-0.3%**
City-Funded Expenditures (net of adjustments)	**$83,498**	**$71,405**	**$76,477**	**$79,004**	**$81,729**	**-0.5%**

NOTES: Figures may not add due to rounding. Net prepayments include payments of debt service. Between 2021 and 2022 the city prepaid $792 million of 2023 retiree health benefit costs, this adjustment was made in the total expenditure line. Negative adjustments for prepayments add to the total expenditures, positive adjustments reduce total expenditures.

New York City Independent Budget Office

IBO Expenditure Projections
Dollars in millions

	Actuals 2022	Plan				Average Change 2022–2026
		2023	2024	2025	2026	
Operational Expenditures						
Agency Expenditures	$79,955	77,156	73,444	73,045	72,878	-2.3%
Labor Reserve	933	1,385	1,910	2,556	3,225	n/a
Total Operational Expenditures	**$80,888**	**$78,541**	**$75,354**	**$75,601**	**$76,104**	**-1.5%**
Other Expenditures						
Fringe Benefits	8,557	11,460	12,855	13,491	14,152	13.4%
Debt Service	6,294	2,952	7,239	8,435	9,203	10.0%
Pensions	9,599	9,414	9,563	9,783	9,951	0.9%
Judgments and Claims	1,242	1,199	1,165	877	823	-9.8%
Subtotal Recurring Expenses	**$106,579**	**$103,565**	**$106,176**	**$108,187**	**$110,233**	**0.8%**
General Reserve	-	1,555	1,200	1,200	1,200	n/a
Capital Stabilization Reserve	-	250	250	250	250	n/a
Retiree Health Benefit Trust	(792)	-	-	-	-	n/a
Rainy Day Fund Deposit	-	-	-	-	-	n/a
Other Adjustments	-	-	53	150	343	n/a
Subtotal Non-Recurring Expenses	**($792)**	**$1,805**	**$1,503**	**$1,600**	**$1,793**	**n/a**
Less: Intra-City Expenditures	($2,220)	($2,143)	($1,943)	($1,944)	($1,941)	n/a
TOTAL EXPENDITURES	**$103,568**	**$103,227**	**$105,737**	**$107,844**	**$110,084**	**1.5%**

NOTES: Other non-recurring adjustments include reserve funds, energy, lease, and non-labor inflation adjustments. Debt service growth is unadjusted for prepayments of current year expenses with resources from the prior year. Fringe benefits include the cost of health benefits covered by the Retiree Health Benefit Trust. Figures may not add due to rounding.

New York City Independent Budget Office

IBO versus Mayor's Office of Management and Budget Economic Forecasts	2021	2022	2023	2024	2025	2026
National Economy						
Real GDP Growth						
IBO	6.0	1.8	0.7	2.1	2.8	3.0
OMB	5.7	1.7	0.8	1.3	1.9	2.0
Inflation Rate						
IBO	4.7	8.1	4.0	2.4	2.2	2.1
OMB	4.7	8.1	3.9	2.2	2.2	2.2
Personal Income Growth						
IBO	7.4	2.3	5.3	4.7	4.4	4.7
OMB	7.5	3.0	4.6	3.8	4.5	4.6
Unemployment Rate						
IBO	5.4	3.7	4.0	4.0	3.8	4.0
OMB	5.4	3.7	3.9	4.5	4.7	4.5
10-Year Treasury Note Rate						
IBO	1.5	3.0	4.6	4.1	3.8	4.0
OMB	1.4	2.8	3.4	3.3	3.3	3.2
Federal Funds Rate						
IBO	0.1	1.7	4.6	3.9	3.0	2.5
OMB	0.1	1.7	4.1	3.6	2.9	2.8
New York City Economy						
Nonfarm New Jobs (thousands)						
IBO (Q4 to Q4)	262.7	205.2	44.6	90.5	85.9	82.4
OMB (Q4 to Q4)	258.1	212.2	10.4	90.3	85.2	87.3
Nonfarm Employment Growth						
IBO (Q4 to Q4)	6.4	4.7	1.0	2.0	1.8	1.7
OMB (Q4 to Q4)	6.3	4.9	0.2	2.0	1.8	1.8
Inflation Rate (CPI-U-NY)						
IBO	3.3	6.1	3.8	2.5	2.3	2.3
OMB	3.3	6.1	3.2	2.1	1.8	1.7
Personal Income ($ billions)						
IBO	722.2	725.8	762.7	800.6	835.1	879.7
OMB	718.2	720.0	742.9	772.8	811.3	849.4
Personal Income Growth						
IBO	6.0	0.5	5.1	5.0	4.3	5.3
OMB	6.0	0.2	3.2	4.0	5.0	4.7
Manhattan Office Rents ($/sq.ft)						
IBO	76.2	77.9	76.4	77.5	78.6	79.1
OMB	76.3	76.8	75.2	75.7	76.9	78.1

SOURCES: IBO; Mayor's Office of Management and Budget
NOTES: Rates reflect year-over-year percentage changes except for unemployment, 10-Year Treasury Bond Rate, Federal Funds Rate, and Manhattan Office Rents. The local price index for urban consumers (CPI-U-NY) covers the New York/ Northern New Jersey region. Personal income is nominal.

New York City Indpendent Budget Office

IBO Revenue Projections
Dollars in millions

	Actuals 2022	Plan 2023	Plan 2024	Plan 2025	Plan 2026	Average Change 2022–2026
Tax Revenue						
Property	$29,436	$31,521	$32,123	$32,586	$33,342	3.2%
Personal Income	16,697	16,430	15,136	15,782	16,044	-1.0%
General Sales	8,544	8,837	9,049	9,374	9,776	3.4%
Corporate Taxes	5,682	4,883	4,953	5,120	5,276	-1.8%
Unincorporated Business	2,547	2,349	2,447	2,574	2,689	1.4%
Real Property Transfer	1,903	1,428	1,557	1,647	1,738	-2.2%
Mortgage Recording	1,336	1,074	1,135	1,167	1,191	-2.8%
Commercial Rent	876	900	914	931	946	1.9%
Utility	396	379	395	403	418	1.4%
Hotel Occupancy	345	514	577	645	725	20.4%
Cigarette	20	18	17	16	16	-5.0%
Other Taxes and Audits	1,669	1,644	1,544	1,544	1,544	-1.9%
Total Taxes	**$69,450**	**$69,978**	**$69,847**	**$71,790**	**$73,705**	**1.5%**
Other Revenue						
STaR Reimbursement	$146	$144	$142	$140	$138	-1.5%
Miscellaneous Revenue	7,323	7,495	7,311	7,314	7,330	0.0%
Unrestricted Intergovernmental Aid	498	252	-	-	-	n/a
Disallowances	(35)	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	**$7,933**	**$7,876**	**$7,438**	**$7,439**	**$7,453**	**-1.5%**
TOTAL CITY-FUNDED REVENUE	**$77,383**	**$77,854**	**$77,285**	**$79,230**	**$81,158**	**1.2%**
State Categorical Grants	$15,847	$16,939	$16,899	$17,138	$17,192	2.1%
Federal Categorical Grants	15,047	10,829	9,294	8,024	7,316	-16.5%
Other Categorical Aid	737	1,166	1,097	1,097	1,095	10.4%
SUB-TOTAL REVENUE	**$109,015**	**$106,788**	**$104,575**	**$105,488**	**$106,762**	**-0.5%**
Interfund Revenue	655	742	738	738	738	3.0%
Less: Intra- City Revenue	($2,220)	($2,143)	($1,943)	($1,944)	($1,941)	
TOTAL REVENUE	**$107,450**	**$105,387**	**$103,370**	**$104,283**	**$105,559**	**-0.4%**

NOTES: Corporate taxes comprise three separate taxes: the business corporation tax for C corporations, the general corporation tax, and the banking corporation tax for S corporations. Personal Income Tax is inclusive of revenue generated from the Pass-Through Entity Tax enacted in 2022. Figures may not add due to rounding.

New York City Indpendent Budget Office

Pricing Differences Between IBO and the Adams Administration
Items that Affect the Gap
Dollars in millions

	2023	2024	2025	2026
Gaps as Estimated by the Mayor	-	($2,890)	($4,580)	($5,915)
Revenue				
Taxes				
Property	$244	$252	$580	$1,324
Personal Income	1,146	292	320	175
General Sales	236	78	(49)	(178)
Corporate Taxes	346	659	676	552
Unincorporated Business	171	166	208	226
Real Property Transfer	33	28	11	50
Mortgage Recording	113	120	80	73
Commercial Rent	38	51	65	78
Hotel Occupancy	46	(43)	(34)	26
Utility	0	0	0	0
Cigarette	0	0	0	0
Other Taxes and Audits	(1)	(1)	(1)	0
Total Taxes	**$2,373**	**$1,602**	**$1,857**	**$2,326**
Other City Revenue				
STaR Reimbursement	$0	$0	$0	$0
Miscellaneous Revenue	15	15	15	15
Unrestricted Intergovernmental Aid	0	0	0	0
Disallowances	0	0	0	0
Total Other City Revenue	**$15**	**$15**	**$15**	**$15**
Intra-City	**$-**	**($24)**	**($24)**	**($24)**
TOTAL REVENUE - CITY	**$2,388**	**$1,593**	**$1,849**	**$2,318**
Expenditures-City Funded				
Fringe Benefits				
Fringe-Education	$124	$276	$382	$421
Fringe-City University	6	12	16	16
Fringe Benefits-All Other Agencies	233	473	610	653
Debt Service	85	11	0	0
General Government	(40)	(213)	(225)	(215)
Public Safety and Judicial	(318)	(232)	(222)	(212)
Education	(51)	(439)	(764)	(966)
Social Services, Homeless Services, Aging	(283)	(920)	(587)	(571)
Environmental Protection and Sanitation	(13)	(16)	(18)	(34)
Transportation Services	0	0	0	0
Parks, Recreation, and Cultural Activities	0	(20)	(20)	(20)
Housing and Buildings	29	0	0	0
Health	0	0	0	0
TOTAL EXPENDITURES - CITY	**($228)**	**($1,070)**	**($829)**	**($928)**
TOTAL IBO PRICING DIFFERENCES	**$2,160**	**$523**	**$1,020**	**$1,390**
IBO Prepayment Adjustment 2023/2024	**$(2,160)**	**$2,160**	**$-**	**$-**
IBO SURPLUS/(GAP) PROJECTIONS	**-**	**($207)**	**($3,560)**	**($4,525)**

NOTES: Negative pricing differences (in parentheses) widen the gaps, while positive pricing differences narrow the gaps. Corporate taxes comprise three separate taxes: the business corporation tax for C corporations,the general corporation tax, and the banking corporation tax for S corporations. Figures may not add due to rounding.

New York City Independent Budget Office

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

Analysis of New York City's November 2022 Financial Plan
Prepared for the New York City Council Committee on Finance

Thursday December 8th, 2022

Looking Under the Hood of New York City's November 2022 Financial Plan Program to Eliminate the Gap

In September, Mayor Eric Adams called for a mandatory citywide program to eliminate the gap (PEG) whereby city agencies were instructed to reduce FY 2023 City spending by 3% and FYs 2024, 2025, and 2026 by 4.75%. The recently announced November Plan Program to Eliminate the Gap (PEG) totals $5.55 billion over the four years of the Financial Plan period, with $916 million of savings in FY 2023, $1.61 billion in FY 2024, $1.52 billion in FY 2025, and $1.50 billion in FY 2026.[1] Outside of FY 2024, these targets fall slightly short of the Mayor's stated goal of $1 billion in FY 2023 cuts, and $1.6 billion in cuts throughout FY 2024 and the outyears, and most agencies fall short of their specific targets. The Office of Management and Budget (OMB) recently sent a second letter to agencies announcing additional cuts to existing vacancies, though it is as yet unclear how these new cuts interact with the savings that have already been announced and are discussed below.

The Comptroller's Office conducted a review and categorization of the PEG initiatives to highlight what is included in the savings program and whether the initiatives are feasible. The City's November 2022 Plan PEG initiatives were categorized as: savings in personnel expenditures (PS Savings), initiatives that may impact program delivery (Potential Program Impact), lower than anticipated spending (Expense Re-Estimates), revenue-boosting initiatives that reduce budget gaps (Revenue), and reductions in debt service payments (Debt Service). Many of the City's PEG items were presented with insufficient information to discern if a PEG item results from a budget re-alignment (more authorized funding than needed for a program) or an actual program impact (a program cut resulting from either more efficient service or fewer services to be provided). These opportunities for clarification are spread throughout the PEG items provided by the administration.

The Major PEG Categories and Their Impacts

PS Savings

Savings associated with Personnel Services (PS), including staffing and fringe costs (unless fringe costs are offset by other revenue)

Category	FY 2023 Savings	FY 2024 Savings	FY 2025 Savings	FY 2026 Savings	Total Savings
PS Savings	-$366,431,053	-$349,123,202	-$290,620,868	-$263,352,741	-$1,269,527,864

- The PEG Plan includes $134.3 million in FY 2023 accruals (savings based on delayed hiring where agencies still anticipated being able to hire in the future).
  - The largest amount, $89.8 million, sits in the Department of Education (DOE), primarily pedagogical, which should not be impacted by OMB's most recent announcement in November. DOE's delays in hiring may have to do with the confusion and uncertainty caused by the school budget cuts over the summer.
  - The DOE also included a $22.2 million accrual for school safety officers (funded in the DOE budget and hired by the New York Police Department) and $12.2 million in FY 2024, due to delayed hiring.
  - The remaining accruals are smaller and spread across multiple agencies.

- The PEG also included a number of nonspecific initiatives that reduced agency headcount by 714 positions, characterized as less than anticipated PS spending and/or vacancy reductions, with a collective savings of $45.9 million in FY 2023, $54.4 million in FY 2024, $54.4 million in FY 2025, and $54.5 million in FY 2026. The affected agencies currently have sufficient existing vacancies to cover these reductions and should be able to maintain their *current* levels of service without them. But because the program areas are generally unspecified, it is unclear whether specific program areas within an agency will bear the burden of these reductions, or whether current levels of service in these areas are adequate.

  - The largest reduction in planned agency positions is in the Parks Department (200 positions). The Police Department (NYPD) provided a reduction of 123 civilian positions, the Law Department submitted 93 reductions, and other agencies submitted smaller reductions. All of these reductions are feasible based on an analysis of agency vacancy numbers over the last two years.
  - Other significant initiatives within the PS savings category have no associated position reductions, *yet* extend into the outyears of the plan ($122.3 million in FY 2023, $148.6 million in FY 2024, $111.4 million in FY 2025, and $86.3 million in FY 2026). It is unclear where these savings are coming from if not associated with reduced headcount, and whether these savings result from misaligned budgets, service reductions or efficiencies.
  - Reductions of note include the NYPD (savings of $57.1 million in FY 2023, $91.1 million in FY 2024, $48.2 million in FY 2025, and $27.1 million in FY 2026), Department of Correction (DOC) ($42.4 million in FY 2023 and $34.4 million in each of the outyears), and Department of Health and Mental Hygiene (DoHMH) ($7.5 million in FY 2023 and $6.2 million in FY 2024 and 2025, and $2.2 million in FY 2026).

- And finally, a group of initiatives that sit within several of the uniformed agencies, have descriptions characterizing them as efficiency initiatives (overtime reductions, seasonal operational efficiencies, staffing uniform vs non-uniformed roles appropriately). Interestingly, however, these same items are offset completely, also with City Funds, elsewhere within the Financial Plan documents. These PEGs will not actually reduce the gap in City funding. If these initiatives are expected to have a measurable impact on spending embedded within a larger budget code, agencies should provide clear and trackable metrics to ensure these savings targets are met. The values associated with these initiatives total $56.5 million in FY 2023, and $89.1 million in each of the outyears:

  - DOC has a “Staffing Efficiencies” PEG item at $12.2 million in FY 2023 and $34.4 million in FY 2024 and out, which is offset by a “Staffing Efficiencies Cost Avoidance” item of the same amounts.
  - The Department of Sanitation’s (DSNY’s) “Seasonal Operational Improvements” PEG item at $17.3 million in FY 2023 and $17.7 million in FY 2024 and out, which is offset by a “Seasonal Operational Improvements Cost Avoidance Offset” item in the same amounts.
  - The Fire Department (FDNY) has a number of similar scenarios: A “Discretionary Overtime Reduction” PEG item baselined for $3 million that is offset by a “Discretionary Overtime Cost Avoidance” item also baselined at $3 million per year. A “Full-Duty Off-The-Line Position Reduction” PEG item baselined at $14 million per year is likewise offset by a “Full-Duty Off-The Line Position Cost Avoidance Offset.” Lastly, the agency

has a PEG item titled "Uniformed Availability Improvement" set at $10 million in FY 2023 and $30 million in FY 2024 and out, which is offset by an adjustment in the same amount.

Potential Program Impact

Reductions that may impact service delivery within specific programs. This category includes $1.21 billion in savings across the Financial Plan

Category	FY 2023 Savings	FY 2024 Savings	FY 2025 Savings	FY 2026 Savings	Total Savings
Potential Program Impact	-$61,007,001	-$373,974,503	-$405,132,687	-$372,021,785	-$1,212,135,976

In general, potential program impact reductions are items in which a specific programmatic change was announced, or a reduction in the program seems likely in order to achieve the savings target. These savings initiatives should be monitored both for potential impact on services and whether anticipated savings are achieved.

- City libraries all took a 3% hit to their operating subsidies in FY 2023 for a total of $13.6 million in cuts, growing to a $20.5 million reduction in the outyears. Thus far, service cuts have not been announced but it is unclear how the libraries can meet these targets.

- As part of the PEG initiative, the DOE is stepping back from the prior administration's commitment to universal preschool for 3-year-olds and has reduced the budgeted amount for the program by $284 million beginning in FY 2024. The remaining budgeted amount in FYs 2024-2026 is roughly the same as FY 2023 (approximately $740 million). In FY 2027 it drops to $619 million. This cut reduces the size of the outyear under-budgeted amount (fiscal cliff) to roughly $100 million, down from $376 million. In addition to this program reduction, the City is pulling $284 million forward to FY 2024 to reduce the City funds allocated to the program for one year, which we have characterized as a revenue shift below.

- The City's Behavioral Health Emergency Assistance Response Division (B-HEARD) initiative saw a budgeted reduction of $12.2 million in FY 2023, split across the Fire Department ($8.6 million) and Health + Hospitals (H+H) ($3.7 million). The FDNY savings is a reduction of the FY 2023 budgeted amount from $37 million to $28.5 million, with a commensurate reduction in headcount of 54, leaving 134 lines available. Note that the Financial Plan contains no outyear funding or headcount for this program within FDNY, and no positions were filled as of October, suggesting a possible retrenchment. The H+H savings amount is more consistent with a delay in hiring (similar to the accruals discussed in the above section).

- Other programmatic initiatives that are also showing reductions include Housing Preservation and Development's (HPD's) supportive housing program, the Housing Authority (NYCHA) non-personnel spending (that passes through HPD), a large amount ($29.3 million in each of the outyears) of Department of Youth and Community Development (DYCD) spending in unspecified programs, and the Young Men's Initiative (across several agencies).

Expense Re-Estimates

Lower than anticipated spending

Category	FY 2023 Savings	FY 2024 Savings	FY 2025 Savings	FY 2026 Savings	Total Savings
Expense Re-Estimate	-$126,426,331	-$337,193,520	-$433,520,680	-$477,893,767	-$1,375,034,298

Expense re-estimates are savings due to efficiencies resulting from the renegotiation of contract rates; delays or lower utilization than anticipated; or high-level adjustments in large spending categories in line with projected spending. Additionally, many of the savings initiatives were broadly characterized by the administration as savings resulting from less than anticipated spending – possibly fitting within one of the other categories but lacking any specificity or detail.

- Efficiencies include items where City agencies proactively pursued savings through contract re-negotiations and other methods of lowering costs on items not related to specific programs.

    - The City's November PEG includes $7.3 million of these savings in FY 2023, $14.7 million in FY 2024, $17.4 million in FY 2025, and $44.5 million in FY 2026, mostly in lower lease amounts, telecommunications contract renegotiations, and maintenance savings from system changes.

- Lower utilization of services covers items where costs were reduced, potentially due to a lower demand for services or a lower level of service provision for programmatic reasons or due to staffing shortages.

    - The DOE included lower than anticipated spending on staffing changes due to the department's vaccine mandate. Costs were $40 million lower in FY 2023 and are anticipated to be $97 million lower in each of the outyears.
    - Other items included lower spending on client carfare, Career Compass and Career Advance employment contracts (all three submitted by the Department of Social Services), case management services (Department for the Aging), adoption subsidies (Administration for Children's Services), and elevator contracts (Department of Buildings).

- Re-estimates of spending, seemingly to align with historical spending and current service levels.
    - The biggest savings in this category is a reduction in health benefits expenditures at the DOE ($80 million in FY 2024 and $165 million in FYs 2025 and 2026), which is in line with prior year spending at lower than budgeted amounts.
    - DoHMH, Parks, and H+H all included re-estimates of other than personnel spending (OTPS).

- Many agencies cited unspecified lower than anticipated spending, sometimes providing specific areas and generally in non-personnel spending, but sometimes inclusive of PS savings as well. The descriptions are broad and do not include an underlying explanation for the savings.
    - Some of the larger savings can be found at Department of Transportation (DOT) ($13.2 million in FY 2024, $13.9 million in FY 2025, and $13.6 million in FY 2026), and

Department of Citywide Administrative Services (DCAS) ($11.2 million in FY 2023, $1.7 million in FY 2024, and $1.5 million in the outyears)

- OMB reduced its outyear inflation adjustment for OTPS by $55.5 million, despite high current levels of inflation. This adjustment is how the Financial Plan accounts for increases in contractual spending as costs rise over time, particularly when contracts are renegotiated.

Revenue

Improvements in revenue that reduce the projected gap between revenues and expenses

Category	FY 2023 Savings	FY 2024 Savings	FY 2025 Savings	FY 2026 Savings	Total Savings
Revenue	-$278,885,567	-$437,631,050	-$239,631,723	-$226,926,474	-$1,183,074,814

The City often uses revenue PEGs to reflect increases in City funds revenue and/or offset City funds with State or Federal funding. These types of initiatives reduce the budget gap without impacting services, but can be difficult to track. There are several different types of revenue initiatives in the Plan:

1. **Funding Shift**: In these cases, non-City or capital funding replaces City expense funds in a few different scenarios – grant funds are appropriately allocated to fund eligible expenses that had previously been budgeted with City-funds; personnel used on capital projects can be funded by the City's Inter Fund Agreement (IFA), a process by which the City transfers capital funds to the expense budget for qualifying items; or existing services can be covered by new sources of non-City funding.

    - Fringe adjustments for Administration of Children's Services (ACS) ($21.3 million in FY 2023), Social Services (DSS) ($18.5 million in both FY 2023 and FY 2024), FDNY ($3.3 million in FY 2023 and $2.9 million in FY 2024), and NYPD ($7.7 million in FY 2023) are included in this category instead of "PS Savings" as they are funding shifts from City funding to existing federal grant funding
    - ACS replaces $23.8 million in City-fund child care spending per year in FY 2024-2026 to the Child Care Block Grant.
    - A large outyear shift is seen in the Department of Homeless Services (DHS) of $119.6 million of behavioral health, vocational services, case management, access to permanent housing, and nutritional care and meals funding in both FY 2025 and FY 2026 to the NYS Medicaid Waiver program. This may require meeting rigorous programmatic and reporting requirements in order for the revenue to be collected.
    - As noted above, the City moved $284 million in stimulus funds forward to replace City-funds as part of its "3-K rightsizing initiative". This initiative reduces the outyear allocations and eliminates a large portion of the FY 2026 fiscal cliff that had been noted as problematic in prior plans, but in doing so pulls back from the prior administration's commitment to provide universal 3K.

2. **Rate improvements and revenue maximization:**
    - The FDNY included an initiative to improve reimbursement rates for EMS.
    - ACS and DSS included an improved federal reimbursement rate for fringes, but only for one and two years, respectively. The City included three initiatives to maximize revenue,

including a nearly $24 million revenue increase in FY 2024 and out through eligible child care claims under the Child Care Block Grant, and smaller $3 million annual increases at DYCD (Adult Literacy and School's Out NYC) and DoHMH (unspecified programs).

3. **Prior year funding**:
    - DSS, DoHMH and DYCD included prior year revenue PEGs of $161.3 million, $18.9 million and $15.5 million respectively in FY 2023. The Department for the Aging (DFTA) anticipates $15.3 million of prior year revenue in FY 2025. These PEGs are a way of budgeting for revenue that is anticipated for a prior year but had not previously been accrued for.

4. **Revenue re-estimates**:
    - The Fire Department and the Department of Health and Mental Hygiene both included broadly categorized "revenue re-estimates" for increased reimbursement for EMS and Medicaid respectively, relative to previously budgeted amounts.

5. **Increases in City revenue**:
    - The Department of Finance (DOF) is anticipating $12.5 million in FY 2024 and $9.5 million in the outyears in increased fees – primarily in real property income and expense late penalties due to the implementation of higher fines for repeat offenders and payment schedule updates related to parking violation fees.
    - DOT is anticipating $27.1 million in increased revenue from speed camera violations in FY 2024, dropping to $24.1 million in FY 2025 and $22.1 million in FY 2026.
    - A variety of other increases in fees and penalties (both increased fees and higher projected collection rates), property sales, and auction revenue for a total increase in miscellaneous revenue of $56 million in FY 2024, $42.7 million in FY 2025, and $40 million in FY 2026.

Debt Service

Projected reduction in debt service payments

Category	FY 2023 Savings	FY 2024 Savings	FY 2025 Savings	FY 2026 Savings	Total Savings
Debt Service	-$83,297,519	-$116,163,806	-$147,652,118	-$158,593,298	-$505,706,741

The City often includes reductions in Debt Service payments as part of its savings programs. The PEG program this year includes an overall reduction in debt service of $505.7 million across FYs 2023 – 2026, comprised of $316.6 million of Transitional Finance Authority (TFA) savings and $189.1 million in General Obligation (GO) bond savings.

- These savings are a combination of lower than anticipated borrowing costs due to assumed – or budgeted – interest rates being lower than actual borrowing rates year-to-date, and estimated bond issues are lower than initially projected; as well as higher than expected State Building Aid revenue which can offset TFA debt-service costs.
- These reduced costs are offset by higher projected interest costs on variable rate bonds which have been factored in the above savings amounts.

Conclusion

PEG programs are an essential part of addressing the City's sizable budget gaps – gaps that have been recognized by this office previously, and that (even with the November Plan program) remain significant in the outyears. We agree that agency leaders are best placed to identify efficiencies within their own operations as well as other savings opportunities that are least likely to impact critical City services. Incorporating an ongoing PEG program into the annual budget process is the best way to ensure that the need for reductions doesn't build up to the point that they have a significant impact on operations. Additionally, eliminating vacancies that have been left unfilled for at least a year, as some of the November Plan PEG initiatives described here have done, is less likely to impact the current level of City service – though that level may still be inadequate compared to what the City needs.

But it appears that the City may be heading down a more risky path: OMB's recent vacancy reduction letter calls for a broad 50% reduction in civilian headcount across most of the City's agencies. We urge caution in applying such a blunt instrument to the positions that keep the City functioning. As the Comptroller's recent report on the current citywide vacancy rate noted, eliminating currently vacant positions reduces head count but does not take into account whether mission-critical services are adequately staffed.

We also support PEGs that encourage additional revenue to fund services, as well as the effort to realign budgets so that they portray a more accurate picture of the City's expense needs. Both actions are necessary to maximize scarce City resources. That said, we urge the City to be more forthcoming with details that are essential to understanding the impact of these initiatives on services and to enable a system that provides ongoing monitoring of initiative efforts over time. It is crucial that the program be evaluated, tracked, and monitored using a standard that allows the public to clearly see where cuts are being made, whether proposed cuts are achieved, and how cuts impact services.

Chinese-American Planning Council
Testimony Before the New York City Council Finance Committee
Honorable Justin Brannan, Chair
December 8th, 2022

Thank you to Chair Brannan and members of the finance committee for the opportunity to testify. The mission of the Chinese-American Planning Council, Inc. (CPC) is to promote social and economic empowerment of Chinese American, immigrant, and low-income communities. CPC was founded in 1965 as a grassroots, community-based organization in response to the end of the Chinese Exclusion years and the passing of the Immigration Reform Act of 1965. Our services have expanded since our founding to include three key program areas: education, family support, and community and economic empowerment.

CPC is the largest Asian American social service organization in the U.S., providing vital resources to more than 125,000 people per year through more than 50 programs at over 30 sites across Manhattan, Brooklyn, and Queens. CPC employs over 700 staff whose comprehensive services are linguistically accessible, culturally sensitive, and highly effective in reaching low-income and immigrant individuals and families. With the firm belief that social service can incite social change, CPC strives to empower our constituents as agents of social justice, with the overarching goal of advancing and transforming communities. We are grateful to testify about issues that impact the individuals and families we serve.

CPC strongly supports #CareNotCuts and a #PeoplesBugdet, and we oppose the deep cuts proposed by Mayor Adams in the November Financial Plan. Our organization and community members are deeply worried about the Mayor's misaligned budget priorities. While the Mayor's budget in June was the largest in New York City history, there were cuts to essential sectors like the Department of Education budget by at least half a billion dollars. As we enter the recovery phase of the pandemic, we need to ensure that our students are invested in, especially given the amount of time students have lost in gaining a quality education. Cuts projected to be half a billion in cuts in the next fiscal year, and $1.5 billion through FY26 to universal 3K early education services is devastating for working class New Yorkers. The education outcomes of working class families have been proven to be successful due to universal 3K early education services and empowering our youth through education is crucial for the future of New York City. Across the city, "126,500 children under the age five rely on city-contracted early childhood programs or use vouchers for subsidized care."[1] The City has failed to provide reimbursements to child care centers over the past year, forcing many early childhood education programs to close. CPC operates six early childhood centers through contracts with the NYC Department of Education (DOE), serving over 310 children ages 0-4.

This is a huge disruption to children's academic journey, families, and the staff of these programs. CPC's Early Childhood and School Age Centers are critical safety nets for thousands of working-class,

[1] *Accessible, equitable, high-quality, affordable - New York City*. (2022, June 28.). Retrieved from https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

AAPI, and immigrant families. In addition to providing childcare for low-income families, CPC's Childhood Development Services (CDS) staff are instrumental in supporting the growth of children of color with disabilities. Fully funding our early child care programs are crucial to foster a new generation of leaders.

New Yorkers were rightly promised universal 3K. It is critical that the Council helps deliver this promise through the upcoming budget modification negotiations and ensures these funds are provided to service providers soon so that 3K can get back on track and this critical service can get to families that need it. We cannot wait until June 2023 to restore the funds.

Furthermore, based on the mayor's November financial plan, we are deeply concerned about the cuts made to higher education, specifically CUNY. Direct cuts to CUNY will eliminate positions amounting to $9.7M in this current fiscal year. 24 pedagogical positions, and 55 civilian positions will be eliminated unless the City Council rejects these attacks on CUNY's budget. Another $3M in "programmatic savings" at CUNY are unexplained in the November Plan, which is extremely alarming. Many of our low-income and immigrant communities that we serve attend CUNY institutions in order to receive a higher education and achieve social and economic mobility. Our students cannot thrive in settings where there is a lack of resources and meaningful investments into our adjunct faculty. Investments made to higher education is an investment in the success of the future of our city.

In addition, we urge the City Council to negotiate a budget that invests in housing. We are currently in the worst housing crisis in history and we need to ensure that all New Yorkers have this basic human right met. We have heard from several community members the struggles in affording rent and the deep fears in losing their homes. In fact, according to our COVID-19 Community Assessment Health Resources and Needs Assessment (CHRNA) in which we partnered with NYU Center for the Study of Asian American Health (CSAAH) and Coalition of Asian American Children + Families (CACF) in administering, we found that "Asian American adults reported experiencing elevated stress in response to the pandemic. Half of respondents experienced problems with their living situation during the pandemic; among these individuals, 23% were behind on rent or mortgage, 56% were worried about paying rent or mortgage in the following month." [2] Housing agencies and programs are being slowly starved as hiring freezes and vacant positions now in threat of being cut prevent the city from carrying out even basic functions to house New Yorkers. In fact, the Comptroller's office reported this week details that the Department of Housing Preservation & Development (HPD) has an overall vacancy rate of 18.2 percent and HPD's Office of Development, which provides financing for affordable new construction and existing multifamily properties, has an overall vacancy rate of 29 percent.[3] The Department of Social Services, which is responsible for providing services and programs for homeless New Yorkers among other vital functions, is experiencing a 20% vacancy rate with the Department. of Health & Mental Hygiene at 17.0%. These key housing and health services are being weakened at a time when the Administration has vowed to use force and violence against unhoused people on the street, under the guise of "safety." The hollowing out of these critical services comes at a time when immigrant New Yorkers need legal, language, and housing support as they seek refuge in our city.

It is critical that the Council helps defend these basic human rights and social safety nets through the upcoming budget modification negotiations. We thank you for the opportunity to testify on these issues that greatly and directly impact our communities.

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[2] Đoàn LN, Wyatt LC, Cowen C, Leung V, Yusuf Y, Wong JA, Chen A, Ghosh M, Tablada E, Kwon SC, Yi SS. (2022). New York City COVID-19 Community Health Resources and Needs Assessment (CHRNA). https://aanhpihealth.org/resource/nyc-covid-19-community-resources-and-needsassessment-nyc-covid-19-chrna

[3] *Title Vacant: Addressing Critical Vacancies in NYC Government Agencies*. Comptroller.nyc.gov. (2022, December 6). Retrieved from https://comptroller.nyc.gov/reports/title-vacant/

240 West 35th Street ■ Suite 302 ■ New York, New York 10001

Testimony on the New York City November 2022 Financial Plan for Fiscal Years 2023 to 2026

Submitted to the New York City Council Committee on Finance

December 8, 2022

Ana Champeny, Vice President for Research, Citizens Budget Commission

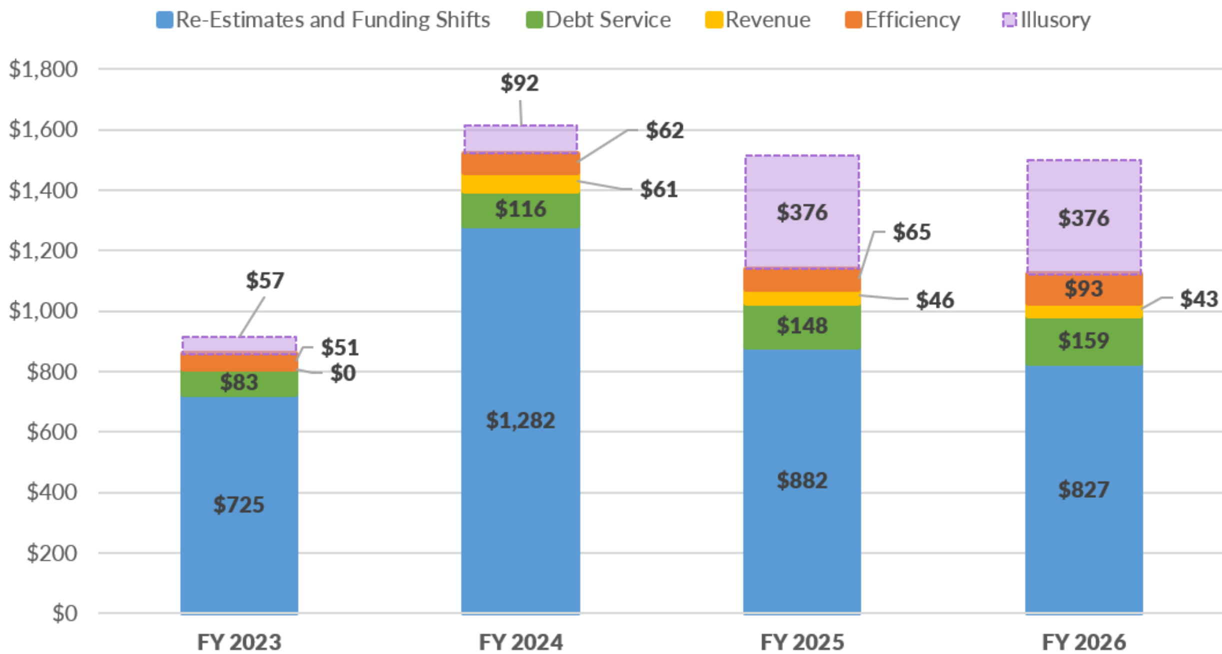
Good afternoon, Chair Brannan and members of the City Council Committee on Finance. I am Ana Champeny, Vice President for Research at the Citizens Budget Commission (CBC), a nonpartisan, nonprofit think tank and watchdog devoted to constructive change in the finances and services of New York State and City governments. Thank you for the opportunity to testify regarding the City's November 2022 Financial Plan for Fiscal Years 2023 to 2026 (the November Plan).

This November Plan demonstrated that while New York City's short-term budget challenges are manageable, its long-term fiscal outlook is precarious. While the City's Program to Eliminate the Gap (PEG) provided some ongoing budget relief—which is needed and welcome—increased pension costs due to poor market returns last year swamped those savings and widened future budget gaps to $4.6 billion in fiscal year 2025 and $5.9 billion in fiscal year 2026. Given the significant risks of a recession and unbudgeted collectively bargained raises, among others, it is critical that the City start taking action immediately to restrain spending over the long run to reduce the future gaps. Absent such action, the City may well face the much worse choices of significant future service cuts or very risky tax increases.

PEG Relies on Re-Estimates and Includes Illusory Savings

The PEG reduced spending by $916 million in fiscal year 2023, $1.6 billion in fiscal year 2024, and $1.5 billion in fiscal years 2025 and 2026. CBC found that the PEG relied predominantly on spending re-estimates, which comprised about 80 percent of fiscal year 2023 and 2024 savings and around 55 percent of fiscal year 2025 and 2026 savings. (See Figure 1.) There were few efforts to restructure government operations to be more productive; efficiency savings were less than $100 million in each year of the PEG.

Figure 1: NYC November 2022 Financial Plan Program to Eliminate the Gap (PEG) Savings by CBC Category, FY 2023 - FY 2026
(dollars in millions)



Notes: Initiatives categorized by CBC. Illusory savings are those that offset new spending and did not reduce the budget gaps from the June 2022 Financial Plan.
Sources: City of New York, Office of Management and Budget, *November 2022 Financial Plan: Program to Eliminate the Gap (PEG)* (November 15, 2022), and *November 2022 Financial Plan: Financial Plan Reconciliation* (November 15, 2022).

Furthermore, the true impact of the PEG on budget gaps was smaller due to illusory savings that had a net zero impact on the gap. (See Table 1.) On one hand, new spending that was not actually included in adopted budget was added in the November Plan, while, at the same time, the City claimed credit in the November 2022 PEG for eliminating that same spending. The Plan calls this "cost avoidance."

Table 1: Illusory PEG Savings in the November 2022 Financial Plan
(dollars in millions)

Agency	Initiative	FY 2023	FY 2024	FY 2025	FY 2026
Department of Education	3-K Cost Avoidance	$0	$0	$284	$284
Fire Department	Discretionary Overtime Reduction	$3	$3	$3	$3
	Full-Duty Off-The-Line Position Reduction	$14	$14	$14	$14
	Uniformed Availability Improvement	$10	$30	$30	$30
Department of Correction	Staff Efficiencies	$12	$24	$24	$24
Department of Sanitation	Seasonal Operational Improvements	$17	$18	$18	$18
	Facility Cleaning	$1	$3	$3	$3
Total Illusory Savings that Did Not Reduce the Existing Gap		**$57**	**$92**	**$376**	**$376**

Note: Illusory savings are those that offset new spending and did not reduce the budget gaps from the June 2022 Financial Plan.
Sources: City of New York, Office of Management and Budget, *November 2022 Financial Plan: Program to Eliminate the Gap (PEG)* (November 15, 2022), and *November 2022 Financial Plan: Financial Plan Reconciliation* (November 15, 2022).

The value of the illusory savings was $57 million in fiscal year 2023, $92 million in fiscal year 2024, and $376 million annually in fiscal years 2025 and 2026. For example, the City increased Fire Department expenditures by $14 million annually for additional costs due to full-duty off-the-line positions and then included a PEG for $14 million in annual savings from Full-Duty Off-The-Line Position Reduction. As the two actions cancel each other out, the PEG does not reduce the budget gap.

Substantial Vacant Positions Remain and Offer Opportunity for Further Savings

The November Plan reduced vacancies by roughly 2,000 annually in fiscal years 2024 and 2025, which is welcome progress. However, this still left more than 24,000 vacant full-time positions. The City can and should both hire for critical functions and eliminate many more, ultimately unneeded, positions.

The Adams Administration subsequently notified City agencies that half of their City-funded vacant civilian positions will be eliminated by the Office of Management and Budget (OMB) in the Fiscal Year 2023 Preliminary Budget. With exceptions to the elimination pool, this reduction will total around 5,000 positions and is expected to save around $350 million annually. OMB has indicated that agencies will be allowed to hire to their funded personal service levels, which should speed up recruitment. However, the City and agencies should have flexibility to shift vacant positions across and within agencies to units and titles that have critical staffing needs.

Fiscal Year 2024 Budget Gap Is Relatively Manageable, But Out-Year Gaps Are Wider

The Plan reduced the fiscal year 2024 budget gap to $2.9 billion, primarily due to PEG savings this and next year. Conversely, with additional pension costs swamping PEG savings in fiscal years 2025 and 2026, gaps increased by $866 million and $1.9 billion, respectively, compared to the June 2022 Financial Plan.

Fiscal Risks Abound and Budget Gaps Even Absent a Recession Could Reach $8 Billion and $10 Billion in Fiscal Years 2025 and 2026, Respectively

CBC has consistently warned of three risks: collective bargaining costs, the City- and federal-funded fiscal cliff, and the potential revenue shortfall from a recession. These risks remain. Employee raises of three percent annually would increase these gaps by around $800 million in the first year, increasing to $2.5 billion in the third year. The City-funded fiscal cliff is about $865 million in fiscal year 2024 growing to $1 billion by fiscal year 2026. Depletion of non-recurring COVID aid represents a fiscal cliff of at least $345 million in fiscal year 2025 and $760 million in fiscal year 2026. A recession with revenue impacts equivalent to the average of the two recessions prior to the pandemic could cause revenue shortfalls of $4.3 billion in the first year and between $10 billion and $16 billion over 3 years.

Furthermore, the November Plan includes $1 billion in new spending, to be funded by the federal government, for services provided to migrants. While CBC concurs that the federal and State governments should shoulder a significant portion of these costs, these funds have yet to be secured. If federal and State aid falls short of the $1 billion in the plan, there will be a commensurate increase in City spending, putting further pressure on the budget.

Looking Forward to the Fiscal Year 2024 Preliminary Budget

The City has a path to close the $2.9 billion fiscal year 2024 gap. The City may roll $1.5 billion from the fiscal year 2023 General and Capital Stabilization Reserves into fiscal year 2024 to reduce the gap. Based on typical Preliminary Budget actions, the City also may recognize around

$400 million in prior year payables that reduce the gap. The City may recognize savings that help close the gap, including $350 million in vacant position savings in each fiscal years 2023 and 2024, as well as some further savings. Taken together, these actions alone would reduce the gap to around $300 million.

However, the gap could be higher than the $2.9 billion. First, while agencies have been directed to self-fund new needs, there will likely be some additional agency spending. Furthermore, the gap would increase by $865 million if the fiscal cliff were addressed by continuing the funded programs instead of terminating them, and potentially more once collective bargaining agreements are negotiated. Lastly, the City will update its economic and tax revenue forecasts in the Preliminary Budget, the first time since April 2022, which could either increase or decrease the gap.

Conclusion

While the City has a clear path to balancing fiscal year 2024, it would be a mistake to conclude that the City's fiscal situation is brighter, and that it can therefore afford more recurring spending on programs. There are significant fiscal challenges ahead. The best way to preserve services for New Yorkers when they need them most is to improve the quality and efficiency of the City's operations today. More transformative changes are needed to ensure future stability.

Thank you, and I look forward to answering any questions you may have.

PSCcuny/ *Professional Staff Congress / City University of New York*

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Testimony of Dr. Penny Lewis, Secretary

Professional Staff Congress/CUNY

Before the New York City's Committee on Finance

Oversight – Mayor's November Financial Plan

December 8, 2022

Good afternoon, I am Penny Lewis, Secretary of the Professional Staff Congress/CUNY and a faculty member at the School of Labor and Urban Studies. We represent 30,000 faculty and professional staff at CUNY.

Thank you, Chairman Brannan and committee members for the opportunity to testify before you today. We are very appreciative that the committee is holding this hearing at such an important moment in the city budget cycle. PSC is here today because the City University of New York is central to the city's priorities and values, and to remind the council of the critical role CUNY has in our economy, education and ability to reduce poverty. This is especially true of community colleges which receive approximately 47% of their funding from the city. (April 10, 2022 CUNY FY2023 State Enacted and City Preliminary Budget Analysis.)

However, CUNY's capacity to perform these roles is becoming harder and harder. As you know, CUNY's budget was cut 3%, worth $14.6 million by the city this fiscal year. These cuts have led to the loss of 146 faculty and professional staff positions since the pandemic. The Mayor's proposed mid-year cuts of an additional 3%, worth $13.7 million are not just an unfair burden on our members and students, but make the University's ability to rebound after the pandemic much more difficult. It also makes the city's rebound more difficult.

CUNY's proven return on investment has the power to elevate our economy by uplifting workers, communities, and families. As members of the finance committee you should especially appreciate the findings of a 2021 New York City Comptroller's report that found CUNY graduates contribute $4.2 billion to the state economy annually. (New York City Comptroller, CUNY's Contribution to the Economy, March 12, 2021) It is fiscally responsible for the city to invest in the university, particularly the community colleges, which rely on city funding to serve the highest need population.

CUNY is a public institution as diverse as the city itself that promotes racial equity, boosts the local economy, and ensures safer, more sustainable communities for the future. The Executive should be making strategic **investments** in CUNY, not putting it on the chopping block. For example, access to full-time faculty should not vary between white students and students of color. But, looking at campuses across the city and state, this is currently the case. As cited in an op-ed by Assembly Member Karines Reyes last year, a University Faculty Senate study showed that white students have "substantially greater opportunities for full-time faculty instruction, compared to Black and Hispanic students." Simply put, CUNY needs **more** full time faculty, not fewer. (Assembly Member Karines Reyes, A tale of two university systems: Stop targeting faculty cuts to CUNY and SUNY schools serving Black and Brown students, Daily News, November 15, 2021.)

Budget cuts from the city bewilder our members and students and feel like a betrayal, especially after Governor Hochul's historic investments in public higher education. After decades of austerity, the state committed $122 million in recurring funds to CUNY this fiscal year. This should mean new faculty and staff; expanding the Tuition Assistance Program to make college more affordable or free to more students; hiring more mental health counselors and funding more childcare slots, which we know has become a critical issue for this council.

Why would the Mayor depreciate the state's investment by imposing additional cuts that target community colleges when reports show that CUNY moves people out of poverty:

- Raj Chatty's College Mobility Report Card CUNY lifts more people from the lowest income bracket to the middle class than Ivy League colleges combined.
- Brookings Institution Middle Class Mobility study focuses on several of CUNY's senior colleges, but highlights community colleges: Borough of Manhattan Community College, Hostos, LaGuardia, Queensborough, Bronx Community College and Kingsborough.

CUNY students have average family incomes of less than $30,000. They work at low-wage jobs, raise children and support parents. So many of them thrive at CUNY - thanks to their perseverance and dedicated PSC members - despite these challenges and coming from under-resourced public schools. The city's budget should focus on removing barriers to student successes, not building them.

This week, Speaker Adams released an update on the impact of CUNY Reconnect on bringing students back to CUNY campuses to finish their degrees. We thank the council for funding this initiative. (New York Council Press release, December 5, 2022, City Council Speaker Adams and Chancellor Matos Rodríguez Unveil Plans for 'One Stop' Welcome Center at York College to Help Students Re-Enroll in School, https://council.nyc.gov/press/2022/12/05/2314/) It is an example of the wrap around services students need to succeed, like ASAP, remediation, mental health counselors and access to convenient child care.

Supporting comprehensive student support and advising and cutting class sizes with adequate faculty to student ratio is essential to providing quality education. But we need you to stand with us and reject additional cuts to CUNY's budget.

The PSC will continue to fight for:

- Comprehensive Student Support and Advising
- More Faculty

- Expanding Mental Health Services and Mental Health Workforce Development
- Sustaining Funding for English Language Access and Increase Funding for CUNY Programs

Finally, these across-the-board mid-year cuts are not targeting just CUNY but the majority of city agencies. Which leads us to wonder: is the executive trying to modify the current or jumping ahead to negotiating next year's budget?

With adequate funding, CUNY can leverage its resources to respond to structural economic inequality. To do so, we must invest in the life-changing, wrap-around services that enable students to reconnect to CUNY, stay enrolled, and graduate into family-sustaining employment and productive lives.

Thank you.

Good afternoon, Committee Chair Brannan. My name is Lynn Yellen, and I am a New Yorker living in Brooklyn who supports #CareNotCuts and a #PeoplesBudget. I oppose the deep cuts proposed by Mayor Adams in the November Financial Plan.

As a retired NYC public school teacher, I am deeply concerned that the Mayor's budget in June was the largest in New York City history despite his cuts to the Department of Education budget by at least half a billion dollars.

I appreciated Councilmember Restler's query about 3K. It is unconscionable to talk about cutting seats from early childhood education, when these programs not only improve a child's educational outcomes, but will increase their lifetime earnings. PreK programs are an investment in the future and can change the trajectory of an entire household over time.

I taught high school for over 30 years and I continue to work with public school students as a teaching artist. Vacancies in city agencies that provide vital city functions translate into incredible hardship for children and families.

Right now, the city has a 20% vacancy rate for agencies providing social safety net services, including the Department of Social Services, which is responsible for providing for homeless New Yorkers. Offices that administer programs for low-income adults and children have a vacancy rate approaching 50%.

As Councilmember Brewer pointed out, some of the vacancies were avoidable. The Mayor's insistence that city employees return to offices is misguided. The city is again seeing increasing Covid cases. Moreover, the lack of childcare options has also placed municipal workers under pressure.

In my work, I am accustomed to seeing children who are exhausted in school because their families are unhoused and dealing with late night moves with the shelter system. I have prepared meals and brought homemade snacks for children whose families lack access to a kitchen. There is a human toll when systems fail.

New Yorkers need a functioning, well-run city government and city services and social safety net now more than ever. Shorting educational programs and those that affect children is a way of shorting the future. Thank you.

Respectfully submitted,

Lynn Yellen
esalynn@gmail.com
Ocean Avenue
Brooklyn, NY 11225

Allison Demas

Committee Chair Brannan. My name is Allison Demas, and I am a New Yorker residing in Brooklyn who supports #CareNotCuts and opposes the deep cuts proposed by Mayor Adams in the November Financial Plan.

I am writing regarding the cuts to universal 3-K early education services and the impact on working class New Yorkers. This program impacts not just the education outcomes of working-class families but their long-term economic fortunes as well.

As an Instructional Coordinator of 3-K programs I have a front row seat to the brilliance demonstrated by these young New Yorkers. Brilliant not because they are drilled on academics, but because they have the opportunity to be independent and the guidance to learn the social skills needed to navigate this world in peaceful, considerate, collaborative form. They learn the true meaning of community, not just in words but in actions, because they experience it every day in their classrooms. They also experience and practice patience, forgiveness, justice, and fairness. They learn and live the very aspects necessary to create and support an equitable society. Adults can learn from them.

Sabotaging early childhood programming that benefit poor and working-class families is a betrayal of the trust the citizens of this city have put in the politicians who lead it. If you want to lead, and lead with the integrity and for the equity these children, their families, these New Yorkers, these voters deserve, then provide what was promised.

Consider it a long-term investment, one with immediate returns. Funding, and expanding it, universal 3-K means working class families will not need to choose between work and childcare. They will not have to choose between paying for childcare or paying other expenses, or dare I even suggest, saving the money for their future.

Funding and expanding 3-K will provide more children the educational benefit to improves their futures, futures that will provide the workforce of this city. It will provide more children with the social emotional benefits to improve to tenor of society in the city, for having lived a school life based on equity and social justice they will brining this into the society they are growing into, improving it for all citizens. Spending more on early childhood education, education in general, now, means you will need to spend less on jails and policing down the line.

Testimony to City Council Committee on Finance

Thursday December 8

Submitted by Ashley Conrad, Freedom Agenda

My name is Ashley Conrad and I'm a Community Organizer with Freedom Agenda. Thank you for the opportunity to testify today. My nephew has a diagnosis of Disruptive mood dysregulation disorder (DMDD) and is on Autism Spectrum. Unfortunately, my nephew was not diagnosed until the age of fourteen, which created challenges for treatment. My nephew's experience is an example of everything wrong with our city's budget priorities.

Coming from a low-income Latinx neighborhood in Queens created a lot of barriers to adequate treatment. Due to those many years of no substantial help, his symptoms progressed and became severe which led to interactions with law enforcement and several psychiatric hospitalizations.

I know what would have helped my nephew, and what makes our communities safe – its quality and accessible CARE - not cops and not incarceration. Instead, the city has spent hundreds of thousands of dollars to keep him at Rikers.

Earlier this year, the mayor was looking to add more money to the most corrupt and overfunded jail system in the country – Rikers Island. Now in this budget modification, the mayor is proposing cuts to funding for housing, childcare, and education, but somehow found over $12 million dollars to add to DOC's budget, which was only described as "Other adjustments." No one even knows what that means, but for DOC, Mayor Adams seems like they are willing to write a blank check. And the mayor seems to have looked for every opportunity to cut vacancies in education institutions and social services agencies, but not at DOC. DOC currently has about 70 vacancies among uniformed staff. They should be trimming their bloated headcount by much more than that, but 70 positions would be a start. Instead, the only jail system in the nation with more guards than people in custody is getting a pass when the mayor says we need to find savings wherever possible.

Sometimes, the mayor talks like he's with us. He says he wants to go "upstream" to help our young people. He talks about "breaking the cycle of incarceration with education, support, and opportunity." If that's truly what the mayor values, he needs to show us a budget that reflects that, and his November budget proposal isn't it. This Council rightly rejected the mayor's attempt to increase DOC's budget this spring, and we urge the City Council to reject this new attempt to add unexplained and unjustified millions to their budget. Please, insist on a budget that really meets the needs of our communities.

Thank you

Finance Hearing Testimony 12/8/2022
Catherine Roche, PhD

I have been a perinatal and early childhood psychologist for 11 years in the Bronx and Washington Heights. I am writing to oppose cuts to 3K and social services. The families I work with rely on 3K and adequate social services, which are already too sparse. As a consequence of low staffing of social services, the children I serve experience hunger when food stamps are incorrectly cut off or delayed. Babies whose mothers are victims of domestic violence or suffering from postpartum depression experience months of unneeded and traumatic separation from their mothers while an understaffed ACS and family court system delays hearings and investigations. Young children, including those with disabilities like downs syndrome or autism, spend months or years in one-room shelters with unsafe furnishings, rodent infestations, and no kitchen due to lack of affordable housing and lack of assistance from shelter housing specialists. On the other hand, when these same families have access to high quality 3K, the moms are able to return to work and create more stability for the children. We know that 90% of brain growth occurs in the first 5 years of life. These are the years when children learn emotion regulation and how to trust and respect others. We can set up the children of our city to be thriving members of our community in the future, or we can throw them to the wolves and pay for it when they are adults. I hope we New Yorkers can agree to take care of all our children.

December 9, 2022

Good afternoon, Committee Chair Brannan,

My name is Clare Friedrich and I am a New Yorker residing in Manhattan who supports #CareNotCuts and opposes the deep cuts proposed by Mayor Adams in the November Financial Plan.

I am writing about cuts to universal 3K early education services and the impact on working class New Yorkers. Half a billion in cuts in the next fiscal year, and $1.5 billion through FY2026.

I want to reiterate how important this program is not just for the educational outcomes of working class families in New York but to their long term economic fortunes as well --- kids who enroll in early education programs not only do better in their educational pursuits; their average lifetime earnings actually increase. It is not an overstatement to say that this program can change the trajectory of an entire household over time.

The cancellation of 3K expansion and cuts to the Department of Education severely impacts families who do not currently have access to this vital early education program.

Many New Yorkers have complained that there are not enough seats in their neighborhoods. Yet the Administration failed to appropriately outreach to families across the city, and is citing that as a reason to curtail seats.

This is outrageous and a betrayal of public trust --- by ‘fixing’ the enrollment numbers, the Adams administration is purposely sabotaging programming that will benefit poor and working class children of color.

As a parent of two public school children in New York City, I have seen firsthand the impact of quality early childhood education. New Yorkers were rightly promised universal 3K. It is critical that the Council helps deliver this promise through the upcoming budget modification negotiations and ensures these funds are provided to service providers soon so that 3K can get back on track and this critical service can get to families that need it. We cannot wait until June 2023 to restore the funds.

Thank you,

Clare Friedrich

Testimony of Justyna Jagielnicka, Licensed Mental Health Counselor

New York City Council Committee on Finance

Oversight – Mayor's November Financial Plan

December 9, 2022

My name is Justyna Jagielnicka, I am a CUNY Alumna and I currently work at the Borough of Manhattan Community College as a College Discovery Program Counselor. I am a licensed mental health professional and it is because of my CUNY education I have reached a middle class status. I am very proud to work in CUNY where, I get to support students on their educational journeys. So as a former CUNY student and a current counselor in an opportunity program I know first-hand how investing in CUNY means investing in our students.

Today I am asking the city council committee to reject cutting CUNY's budget because CUNY students need access to well-funded academic programs and services so they can graduate!

I do not have to convince the committee how in the post-pandemic world mental health services in CUNY are absolutely critical. It is impossible for students to have academic health without mental health. It can be very challenging to excel in school while dealing with: depression, anxiety, and/or relationships problems. Reducing the budget allocation might have drastic effects on students seeking access to mental health counseling in CUNY!

Academic advisement services is another example of service CUNY students rely on to graduate**. To cut CUNY's budget it means there are less advisors available to assist students in their quest to graduation.** Students, especially first generation college students need essential information such as how to enroll in classes, apply for financial aid and to generally navigate the CUNY system. Academic advisors play a crucial role: they de-mystify the higher ed experience so students can take advantage of all the resources CUNY has to offer. Cutting CUNY's budget means there are no academic advisors to help students file re-admit paperwork, complete financial aid appeals, provide pre-law and transfer advisement.

Without academic advisement services, students experience major delays in receiving assistance with registration. Students on academic probation are at a greater risk to get dismissed from college. Cutting funding for those crucial academic services can be very detrimental to students' experience in CUNY. It results in students stopping out of college and never receiving their college degree.

If “it takes a village to raise a child” then it takes a ‘CUNY village’ to help a student graduate. For poor New Yorkers the decision to go to college can both stressful and exciting. Many CUNY first year students are committed to their academic career but need remedial services offered by CUNY Start and CLIP programs to succeed. Without well-funded programs to provide these services, student cannot advance to credit bearing courses needed for their majors. Without accessible academic advisement services students are less likely to graduate and transfer to a senior college. Our communities, and local economy, need students to graduate on time.

I urge you to recognize the need to FUND CUNY and NOT cut our funding! THANK YOU!

Testimony for the New York City Committee on Finance
By Elizabeth Stevenson
Oversight – Mayor's November Financial Plan
December 9, 2022

Dear Committee members.

My name is Elizabeth Stevenson. I'm the Senior Advisor for the ASAP program at NYC College of Technology (City Tech), a member of PSC-CUNY, and I also received my MSW degree from Hunter College. I'm writing to urge you not to fight against cuts to CUNY's budget. As you know, CUNY is the largest anti-poverty program in New York City. Our colleges are responsible for moving tens of thousands of New Yorkers into secure and well-paying jobs every year, on top of producing cutting edge research and developing minds and fostering creativity and forging new ways of thinking.

But we - the faculty, staff, and students of CUNY - cannot continue to produce this work without greater financial support. You've probably seen articles about our crumbling facilities, the lack of heat at BCC, the leaking ceilings and broken elevators, and on and on. So I won't talk more about the facilities. Instead, I want you to know about our staffing demands and the inadequacy of our current staffing levels.

Within CUNY, staff like myself are referred to as HEOs (Higher Education Officers) in the union contract. HEOs are the people who serve students in advising offices, financial aid offices, career services offices, veterans programs, counseling centers, the Registrars and the Bursars, SEEK/College Discovery and ASAP/ACE. My campus' ratio of HEOs to students is worse than any other CUNY school. We have 1 HEO for every 103 students. This makes it incredibly difficult to retain and enroll students. The staff currently employed at City Tech are basically miracle workers, oftentimes covering more than one job and working unpaid hours.

We know that ASAP/ACE is an evidenced-based, proven model. ASAP advisors work with students in smaller ratios than any other HEOs within CUNY. That's how we are able to retain and graduate students and meet the ASAP benchmarks. The students who aren't lucky enough to join ASAP don't receive the same level of attention and service. Consider this report, which has the following sentence: *"City Tech has just three career advisors serving approximately 17,000 students, each with office hours just two days per week."* Last year, one of our career advisors mentioned in a meeting that she and her colleagues were actually spending most of their time in the advising center because they were short-staffed and needed her assistance. I've heard a campus librarian say that she spends most of her time supervising a computer lab and signing out laptops because there's no other staff available to do that work. I've heard the director of our learning center say that she's lost all of her part-time staff and hasn't been allowed to replace them.

We should be **embarrassed** to ask students to pay tuition and fees under circumstances like that. When students have to wait for answers to basic questions or can't access services at all, they struggle to enroll properly, to get the aid they need, to get the support they need, and to complete their degrees. That's not just bad for CUNY students, that's bad for all of New York City, which honestly couldn't function without CUNY graduates. To cut our funding would be an outrage. In fact, your mission should be to **increase our funding.**

From: Madeleine Elfenbein <madeleine.elfenbein@gmail.com>
Sent: Friday, December 9, 2022 1:21 PM
To: Testimony
Subject: [EXTERNAL] Please keep our public schools funded!

Dear City Council members,

I write as a parent of a first-grader at P.S. 125. At the moment, as you know, the DOE is facing a hiring freeze while the NYPD is staffing up and blowing through its overtime budgets. At the moment, it's easier for our school to secure an additional school safety officer than an additional teacher. As parents, we want our children spending more time with adults trained as teachers, artists, musicians, and scientists, not at police academies.

Our public schools today are the pride of our city -- they are so much better now than when I was a first-grader in this city some 30 years ago. I hope you will do what's needed to ensure that they remain fully funded.

Sincerely,

Madeleine Elfenbein

Sarah Knispel
Regarding Committee on Finance
December 8, 2022

My name is Sarah Knispel and I am a Queens resident, a licensed social worker, and a JFREJ member.

I have worked as a case manager, an elementary school social worker, and a program manager at a psychosocial clubhouse. At all of those jobs, we were short staffed.

I became a social worker because I care deeply about people. I form close, trusting relationships with my clients. I support them through some of the biggest crises and the lowest points of their lives, through unimaginable trauma and loss. They come to me, sometimes worried for their lives, like in the case of an older homeless woman being beaten and threatened by her intimate partner. So often, I'd spend hours, days, even months searching for desperately-needed resources only to have to tell these folks I've grown close to that there was nothing I could do for them. There were no safe haven beds available. No beds in the domestic violence or youth or LGBTQ shelters. No way to get identification for free. No psychiatrists or therapists who take medicaid with immediate availability. No toilet paper or soap at the food pantry. No affordable apartments. No free laptops or internet for school. No shoes in their size in the free closet. No childrens' coats in the coat drive. No food suitable for a diabetic at the soup kitchen. And no, food stamps won't pay for diapers.

My colleagues and I have to look our clients in the eye and tell them there's nothing we can do for them every day. And then we go on to also do the work of two other people because we're short-staffed. It's heartbreaking, exhausting, and demoralizing. It made me feel utterly helpless. I gave my clients false hope by telling them I was there to help; I couldn't actually offer assistance because the City and State are not meeting the basic needs of their residents. As much as I love people and believe in the work I do, I am often on the cusp of burning out.

Our city is still reeling from the effects of the pandemic. Now is not the time for austerity. Cutting housing and social services is dangerous and cruel. If you want to keep talented and committed care workers in the field serving your constituents and loved ones, don't just call us heroes - fund our work.

Thank you.

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: Logan Clark

Address: 110 William

I represent: Independent Budget Office

Address:

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☐ in favor ☐ in opposition

Date: 12/8/2022

(PLEASE PRINT)

Name: George Sweeting

Address: 110 William St, #1401, New York, NY 10038

I represent: NYC Independent Budget Office

Address: " "

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Date: ________

(PLEASE PRINT)

Name: Penny Lewis, Secretary, PSC/CUNY

Address: 25 Broadway

I represent: PSC

Address:

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

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Address: Senior Deputy Director

I represent: ________

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Name: Gregory Brender

Address: ________

I represent: Day Care Council of New York

Address: ________

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Date: ________

(PLEASE PRINT)

Name: Kenneth J. Godiner

Address: First Deputy Director

I represent: ________

Address: ________

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☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Ana Champeny
Address: ______
I represent: Citizens Budget Commission
Address: ______

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 12-8-22

(PLEASE PRINT)

Name: ZAKA NASIR
Address: 62 E 21st STREET, BROOKLYN
I represent: THE PEOPLE'S PLAN
Address: 62 E 21st St. Brooklyn.

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