

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON EDUCATION,  
COMMITTEE ON FINANCE,  
COMMITTEE ON GOVERNMENTAL OPERATIONS

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June 1, 2011  
Start: 1:00 pm approx  
Recess: 7:00 pm approx

HELD AT: Council Chambers  
City Hall

B E F O R E:

ROBERT JACKSON  
Chairperson, Education

DOMENIC M. RECCHIA JR.  
Chairperson, Finance

GALE A. BREWER  
Chairperson, Governmental  
Operations

COUNCIL MEMBERS:

Council Member Fernando Cabrera  
Council Member Margaret S. Chin  
Council Member Leroy G. Comrie Jr.  
Council Member Inez E. Dickens  
Council Member Erik Martin Dilan  
Council Member Daniel Dromm  
Council Member Julissa Ferreras  
Council Member Lewis A. Fidler  
Council Member David G. Greenfield

## A P P E A R A N C E S (CONTINUED)

## COUNCIL MEMBERS:

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III  
Council Member Vincent M. Ignizio  
Council Member Letitia James  
Council Member G. Oliver Koppell  
Council Member Karen Koslowitz  
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Council Member Deborah L. Rose  
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Council Member Peter F. Vallone Jr.  
Council Member James G. Van Bramer  
Council Member Albert Vann  
Council Member Mark S. Weprin  
Council Member Jumaane Williams

## A P P E A R A N C E S (CONTINUED)

Start hearing on Department of Education

Domenic M. Recchia Jr.  
Opening Statement  
Chairperson  
Committee on Finance

Domenic M. Recchia Jr. thanks:  
Staff of the Committee on Education  
Staff of the Committee on Finance

Tanisha Edwards  
Counsel  
Committee on Finance

Robert Jackson  
Opening Statement  
Chairperson  
Committee on Education

Dennis M. Walcott  
Chancellor  
New York City Department of Education

Veronica Conforme  
Chief Financial Officer  
Division of Finance  
New York City Department of Education

Shael Polakow Suransky  
Chief Academic Officer  
Senior Deputy Chancellor  
Division of Academics, Performance, and Support  
New York City Department of Education

David Weiner  
Deputy Chancellor  
Division of Talent, Labor, and Innovation  
New York City Department of Education

## A P P E A R A N C E S (CONTINUED)

Marc Sternberg  
Deputy Chancellor  
Division of Portfolio Planning  
New York City Department of Education

Laura Rodriguez  
Deputy Chancellor  
Division for Students with Disabilities and English  
Language Learners  
New York City Department of Education

Dorita P. Gibson  
Deputy Chancellor  
Division of Equity and Access  
New York City Department of Education

End hearing on Department of Education

Start hearing on Department of Citywide Administrative  
Services

Domenic M. Recchia Jr.  
Opening Statement  
Chairperson  
Committee on Finance

Gale A. Brewer  
Opening Statement  
Chairperson  
Committee on Governmental Operations

Edna Wells Handy  
Commissioner  
Department of Citywide Administrative Services

Don Brozen  
Chief Financial Officer  
Department of Citywide Administrative Services

## A P P E A R A N C E S (CONTINUED)

Ariella Maron  
Deputy Commissioner  
Energy Management Line of Service  
Department of Citywide Administrative Services

Theresa Ward  
Chief Asset Management Officer  
Department of Citywide Administrative Services

Sergio Paneque  
Chief Acquisition and Re-Engineering Officer  
Department of Citywide Administrative Services

End hearing on Department of Citywide Administrative  
Services

Start hearing on Board of Elections

Domenic M. Recchia Jr.  
Opening Statement  
Chairperson  
Committee on Finance

Gale A. Brewer  
Opening Statement  
Chairperson  
Committee on Governmental Operations

Dawn Sandow  
Deputy Executive Director  
New York City Board of Elections

Juan Carlos Polanco  
Commissioner  
New York City Board of Elections

Julie Dent  
Commissioner, Brooklyn  
New York City Board of Elections

## A P P E A R A N C E S (CONTINUED)

Nancy Mottola Schacher  
Commissioner, Brooklyn  
New York City Board of Elections

Pamela Perkins  
Administrative Manager  
New York City Board of Elections

Steven H. Richmond  
General Counsel  
New York City Board of Elections

John Ward  
Finance Officer  
New York City Board of Elections

Valerie Vasquez  
Director of Communications and Public Affairs  
New York City Board of Elections

Rosanna Kostamoulas Rahmouni  
Coordinator of election day Operations  
New York City Board of Elections

Beth Fossella  
Coordinator of Voter Registration  
New York City Board of Elections

Troy Johnson  
Coordinator of Candidate Records Unit  
New York City Board of Elections

Tom Sadi  
Ballot Coordinator  
New York City Board of Elections

Danny LaBelle  
Phone Bank Coordinator  
New York City Board of Elections

## A P P E A R A N C E S (CONTINUED)

Rachel Naipel  
Coordinator of Language Assistance  
New York City Board of Elections

Steven Thompson  
Training Specialist  
New York City Board of Elections

John V. Luisi  
Agency Chief Contracting Officer  
New York City Board of Elections

Steven Ferguson  
Director of MIS  
New York City Board of Elections

John Norris  
Senior System Analyst  
New York City Board of Elections

Nicholas Goturini  
Facilities Manager  
New York City Board of Elections

Marie Lynch  
Director of Equipment  
New York City Board of Elections

Katherine James  
Deputy Chief Clerk of Queens  
New York City Board of Elections

Anthony Rubistello  
Deputy Chief Clerk of the Bronx  
New York City Board of Elections

End hearing on New York City Board of Elections

Start hearing on New York City Campaign Finance Board

## A P P E A R A N C E S (CONTINUED)

Amy M. Loprest  
Executive Director  
New York City Campaign Finance Board

Sue Ellen Dodell  
General Counsel  
New York City Campaign Finance Board

Eric Friedman  
Director of External Affairs  
New York City Campaign Finance Board

End hearing New York City Campaign Finance Board

Start hearing on New York City Law Department

Domenic M. Recchia Jr.  
Opening Statement  
Chairperson  
Committee on Finance

Gale A. Brewer  
Opening Statement  
Chairperson  
Committee on Governmental Operations

Michael A. Cardozo  
Corporation Counsel  
New York City Law Department

Jeffrey D. Friedlander  
First Assistant, Managing Attorney  
New York City Law Department

G. Foster Mills  
Managing Attorney  
New York City Law Department

Gabriel Taussig  
Division Chief  
New York City Law Department



## A P P E A R A N C E S (CONTINUED)

Domenic M. Recchia Jr. thanks:

Staff of Committee on Finance

Staff of Committee on Governmental Operations

Committee on Finance

Committee on Governmental Operations

CHAIRPERSON RECCHIA: Good morning.  
Everyone kindly find their seats.

SERGEANT AT ARMS: Quiet please.

CHAIRPERSON RECCHIA: Shh.

[Pause]

CHAIRPERSON RECCHIA: Well good morning and welcome to the 10<sup>th</sup> day of the City Council's hearings on the Mayor's Executive Budget for Fiscal Year 2012. My name is Domenic M. Recchia Jr. I am the Chair of this wonderful Finance Committee. I welcome everyone to the City Council Chamber. We welcome our new Chancellor Dennis Walcott. It's a pleasure to have you before us today.

CHANCELLOR DENNIS WALCOTT: Thank you, Sir.

CHAIRPERSON RECCHIA: Today is another good day because ten years ago today my youngest daughter was born.

CHANCELLOR WALCOTT: Perfect.

CHAIRPERSON RECCHIA: And she goes to public school.

CHANCELLOR WALCOTT: Happy Birthday.

CHAIRPERSON RECCHIA: Juliana

Recchia. Before we get started I want to introduce all of my colleagues that are here today. I want to recognize Rosie Mendez, Danny Dromm, Diana Reyna, Jimmy Vacca, Margaret Chin, Lewis Fidler, Deborah Rose, Ydanis Rodriguez, Oliver Koppell, Brad Lander, and of course the Chair of this wonderful Committee, Robert Jackson. I also want to thank the staffs for working so hard on the Education Committee and the Finance Committee for working diligently in putting together all of our briefing papers and for always being here and working late hours for the past few weeks.

Yesterday the Finance Committee heard from the Human Resources Administration, the Administration for Children's Services and the Department of Homeless Services. Today the Finance Committee will be joined by the Committee on Education chaired by my fellow Finance Committee member and colleague Robert Jackson from Manhattan. Then the Finance Committee will be joined by the Committee on Governmental Operations chaired by another fellow Finance Committee member

and colleague Council Member Gale Brewer also from Manhattan. So today I'll be with all my Manhattan friends.

After the Department of Education, we will hear from DCAS, the Board of Election, the Campaign Finance Board and the Law Department. As a reminder the public will be allowed to testify on all agencies on the last day of budget hearings on June 6<sup>th</sup> beginning at approximately 3:30, 4:00 o'clock. That will be Monday, June 6<sup>th</sup>.

For members of the public who wish to testify on June 6<sup>th</sup> but cannot make the hearing, you can fax your testimony to my counsel, Tanisha Edwards, Tanisha raise your hand, everybody knows you, and she will make it part of the official record. Her fax number is (212) 788-7061.  
Repeat: (212) 788-7061.

We have a long day today so I'll now recognize my good friend who's doing a great job as Chair of the Education Committee. He's a great advocate for our children and for our teachers and for all the people that work in the school system, none other than Robert Jackson.

CHAIRPERSON JACKSON: Well thank

1                   you Chair Recchia. And I appreciate the fact that  
2                   as the Chair of the Finance Committee and as a  
3                   member of this body knowing that you have children  
4                   in the public school system yourself. And let me  
5                   just welcome our Chancellor and his staff and all  
6                   the members of the public that are here.  
7

8                   So good morning and welcome to this  
9                   joint hearing of the Committees on Education and  
10                  Finance. And today we will review the Department  
11                  of Education's \$19.2 billion Executive Budget for  
12                  Fiscal Year 2012. I'd like to thank Chancellor  
13                  Dennis Walcott for appearing before the Committees  
14                  today. I look forward to discussing with you,  
15                  Chancellor Walcott, the Department of Education's  
16                  budget and the ways in which the City Council and  
17                  the Administration can work together to ensure we  
18                  are doing our absolute best to ensure a quality  
19                  education for New York City's 1.1 million public  
20                  school students.

21                  The Fiscal Year 2012 Executive  
22                  Budget is roughly \$100 million more than the \$19.1  
23                  billion Preliminary Budget. Our joint efforts to  
24                  fight cuts from Albany paid off somewhat. The  
25                  State restored nearly \$200 million to the City's

Education budget. In light of these restorations I asked the Administration not to impose any more budget cuts on the Department of Education. However the Executive Budget includes an additional \$44 million's worth of cuts. I acknowledge that this Administration has replaced \$853 million of ARRA funds, and as you know ARRA are the Federal monies from the American Recovery and Reinvestment Act. And also the Administration restored \$841 million of State aid cuts which the City is now funding. Two important actions that were obviously necessary to enable our education system to function.

However the Department's \$620 million overall budget increase is still \$300 million short of the estimated need. The Department of Education needs to increase its budget by about \$900 million per year just to maintain the current service levels that exist now.

As was stated at the Preliminary Budget hearing, I recognized the difficult choices faced by the Administration and the Department of Education in developing the City's Fiscal 2012

1 budget. I also recognize that you must have been,  
2 Chancellor, you must have been in your role for  
3 less than 3 months, but I just say, I'm  
4 disappointed, Dennis, that at a minimum number of  
5 changes that you made from the Preliminary Budget  
6 to the Executive Budget.  
7

8 Like I have said before, creating a  
9 budget is about choices and priorities. And you  
10 had the opportunity as the new Chancellor to  
11 reconsider the Department of Education's decisions  
12 after hearing dozens of concerns from members of  
13 the City Council, education groups, parents,  
14 students and other stakeholders about the choices  
15 made in the Preliminary Budget.

16 Yet, you have still chosen to  
17 eliminate over 5,700 teachers. You have still  
18 chosen to increase contract spending by over \$700  
19 million. And you have still chosen to increase  
20 the central administration's budget by \$15 million  
21 while cutting funding for schools by \$325 million.  
22 That's a shame.

23 I hope you can explain to the City  
24 Council today, Chancellor, why you have kept in  
25 the Executive Budget the PEGs, the Programs to

1 Eliminate the Gap, that will eliminate over 5,700  
2 teaching positions. This is clearly a centralized  
3 deliberate action targeting teachers and taking  
4 autonomy away from schools. If this was not your  
5 intention, you would have simply reduced funding  
6 for school budgets and given principals and school  
7 leadership teams the choice of where they need to  
8 make these cuts.  
9

10 What is especially alarming about  
11 this is that it directly opposed the Department of  
12 Education's underlying principle of school  
13 autonomy.

14 [Fax tones]

15 Has the Department of Education  
16 decided that individual schools no longer know  
17 what is best for their students? Do you as the  
18 Chancellor believe that the staff at the central  
19 administration are more knowledgeable of every  
20 school and its student than the principals,  
21 administrators, parents and teachers who run those  
22 schools every day?

23 Furthermore the Department of  
24 Education has apparently found a new funding  
25 source in Medicaid reimbursement that will



1 generate \$100 million in Fiscal Year 2012. Yet,  
2 none of these additional monies will be used to  
3 avert teacher layoffs. Instead you have found new  
4 needs in charter schools, building leases, and  
5 general education OTPS spending that will use up  
6 most of the additional money.  
7

8 I'm curious, Chancellor Walcott,  
9 did you find the new funding sources to cover new  
10 budget needs? Or did you come up with new budget  
11 needs to avoid using these additional funds to  
12 avert teacher layoffs? While you are eliminating  
13 teachers to save \$350 million, contract school  
14 spending is increasing by \$157 million or 53% from  
15 2011. Carter cases, spending is up \$63 million or  
16 34%. And special education, Pre-K contracts are  
17 increasing by \$165 million, up 17% from Fiscal  
18 Year 2011.

19 First I would like to know what the  
20 Department of Education has done and is planning  
21 to do to control the growth in these and other  
22 areas that increase significantly year after year  
23 after year.

24 Second I want an explanation of how  
25 the Department of Education calculated these

estimates. This is information we should already have. But it has come to my attention as the Chair of the Education Committee that the City Council staff have had an especially difficult time obtaining such information from the Department of Education and the Office of Management and Budget.

And as you know the City Council must vote on the City's Executive Budget by June 30<sup>th</sup>. It's asking a lot of this body, the City Council of New York, to approve a budget when the Administration has so blatantly denied us the information we need to make this decision. I would seek your commitment today, Chancellor Walcott, to improve the Department of Education's information sharing with the City Council of New York, not only over the course of the next month but year-round as well.

Finally I would like to thank our Speaker, Christine Quinn, for her leadership and her commitment to searching for all possible alternatives to teacher layoffs. We have seen the schools shed teachers year after year after year, negatively impacting the quality of education New

1  
2 York City students receive. We can no longer let  
3 our students bear the brunt of the City's  
4 financial difficulties when there are other areas  
5 of spending that continue to rise.

6 As stated in the City Council's  
7 budget response in Fiscal 2012 Preliminary Budget,  
8 the Department of Education's \$4.5 billion  
9 contract budget for Fiscal Year 2012 offers many  
10 opportunities for savings. The DOE's contract  
11 budget is slated to increase by \$700 million from  
12 Fiscal Year 2011. Reductions in spending in IT,  
13 information technology, contracts and professional  
14 development contracts, for example, could save  
15 millions of dollars, especially in light of recent  
16 controversies that question the legitimacy of the  
17 Department of Education's contracts, the  
18 Administration must look at the contract budget to  
19 seek out alternate ways to cut spending.

20 Budget cuts do not need to include  
21 teacher layoffs. No ands, ifs, or buts about it.  
22 I look forward to hearing from the Department of  
23 Education's testimony on the Fiscal 2012 Executive  
24 Budget and discussing how we, collectively, can  
25 work together to ensure New York City students

receive the best possible education. Thank you.

CHAIRPERSON RECCHIA: All right.

At this time we want to recognize Council Members who have joined us: Council Member Tish James, Council Member Al Vann, Council Member Jumaane Williams, Council Member Fernando Cabrera and Council Member Leroy Comrie and I said Mark Weprin. Okay? We got everybody? All right. Commissioner?

CHANCELLOR DENNIS M. WALCOTT: Sir.

CHAIRPERSON RECCHIA: Chancellor.

CHANCELLOR WALCOTT: Pleasure.

COUNCIL MEMBER KOPPELL: Mr.

Chairman?

CHAIRPERSON RECCHIA: Yes.

COUNCIL MEMBER KOPPELL: Here,

Oliver Koppell. I'm over here.

CHAIRPERSON RECCHIA: Yes, Oliver.

COUNCIL MEMBER KOPPELL: I would like to make a very brief statement.

CHAIRPERSON RECCHIA: No, we--

COUNCIL MEMBER KOPPELL:

[Interposing] I simply--

CHAIRPERSON RECCHIA: You'll have

your chance when you get on the list you can make all the statements you want. We'll put you on the list and once you're called upon, you'll be able to say everything--

CHAIRPERSON JACKSON: [Interposing]

And let me just say, Council Members, we're going to ask for the first round of five minutes total. When you hear the alarm go off, the bell, please conclude. We don't want to have to grab the hook and pull you off the stage, joking of course. So five minutes, just please come to a conclusion after that, okay? Thank you very much.

Chancellor?

CHANCELLOR WALCOTT: Good morning

Chairs Recchia and Jackson. It's a pleasure to be here this morning. And joining me today is Shael Suransky, our Chief Academic Officer and our Chief Financial Officer Veronica Conforme.

Before I give my formal testimony, while you were talking Chair Jackson, I heard you mention that we have not been responsive to staff's requests. So I leaned over to double check and it's my understanding and we can talk about this a little later on as well that a request was made to

us for information on Thursday of this past week and then additional requests were made this Friday of this past week. And then we responded to those requests on Tuesday as well.

So based on when staff contacted our staff for requests, both on Thursday and Friday, I think we were very responsive in getting back to staff on Tuesday with information.

Obviously there's clarification that's needed or further dialog, we will always cooperate, but to leave it out there that we were unresponsive to requests, I just wanted to clarify that because it's my understanding the requests were made, we responded, and if there are issues that we need to reconcile, we will always reconcile our differences as far as the requests for additional information.

CHAIRPERSON JACKSON: And before you continue Chancellor, our staff has made repeated requests. There is an initial response but the backup documentation that is needed is not given. So for us to analyze information just for your office to respond from a general point of view but without giving the backup information

1           that is a problem for this body to analyze the  
2           information that we need, not only from your  
3           Department but also from the Office of Management  
4           and Budget--

6                       CHANCELLOR WALCOTT: [Interposing]  
7           I just want to be very clear that in our back and  
8           forth conversations at least with staff that  
9           there's been communication starting Thursday and  
10          Friday with us responding yesterday. And if we  
11          need additional information to get back to you we  
12          will always do that. And as you know Chairs and  
13          members of the Council if there are issues where  
14          we're not connecting at a staff level I'm always  
15          available to facilitate that request.

16                      So to hear that at a hearing while  
17          I'd be respectful of it, at the same time, we want  
18          to be as responsive as possible to make sure we  
19          have any clarifications that are required between  
20          the Council and the staff and our staff and me  
21          that we'll do that in an expeditious way. So I  
22          just wanted to put that on the table.

23                      CHAIRPERSON JACKSON: Sure. And I  
24          appreciate that. And I say to you that it should  
25          not have to be me as the Chair of the Education

Committee calling you, the Chancellor, saying that we haven't gotten the backup information.

[Crosstalk]

CHAIRPERSON JACKSON: And I say that to you--

CHANCELLOR WALCOTT: [Interposing]  
But then, but for you to say it here, but for you to say it here when the reality is our staff did get back to individuals with responses, now if there were gaps or there was needed information in addition to what we submitted, then staff will always be available to respond to staff in response to any type of additional requests that are requests--

CHAIRPERSON JACKSON: Okay. And I've asked staff to detail in the letter to you, Chancellor, over my signature all of the specifics--

CHANCELLOR WALCOTT: [Interposing]  
Fine.

CHAIRPERSON JACKSON: --but  
Chancellor, you were the former Deputy Mayor in charge of Education. And I have said at this hearing many times before that the Department of



Education is not as responsive as what we need in order to analyze this and especially in this budget in 2012 when 6,000 teachers are expected to be eliminated.

There should be no question and no doubt that the information that we need should be given to us. And as I said to you and some of my colleagues, if we cannot get the information that we need to analyze the information, you cannot expect us to pass a City's budget without giving us information.

CHANCELLOR WALCOTT: I will never allow my staff to be blindsided at a hearing saying they were unresponsive when I know they responded. If we need to constantly clarify that information that then that's part of our job to make sure we get back to individuals. But at the same time I know there's ongoing dialog that takes place between my staff and the Council staff as far as issues both in their districts as well as a response to requests for information. And we will continue to do that.

So our staff will always be available to meet and talk with your staff. And

1 at the same time where there's additional  
2 information that is required, we will follow up  
3 with that. But to have it out there that we have  
4 not been responsive, I think, is unfortunate and I  
5 will not allow that to happen when I know we have  
6 responded.  
7

8 Having said that, if I may, I would  
9 like to give my formal testimony--

10 CHAIRPERSON RECCHIA: [Interposing]  
11 We would love to hear from you Mr. Chancellor,  
12 let's get started--

13 CHANCELLOR WALCOTT: [Interposing]  
14 Thank you very much. I appreciate it.

15 CHAIRPERSON RECCHIA: We have lots  
16 of questions.

17 CHANCELLOR WALCOTT: Look forward  
18 to it. I don't know if this is going to be--last  
19 week I was at the Senate and I know they limited  
20 their hearing to an hour. So I'm not sure if  
21 we're going to follow the same hour--

22 CHAIRPERSON RECCHIA: [Interposing]  
23 No, three hours.

24 CHANCELLOR WALCOTT: Oh, it's three  
25 hours. Okay. I think I was going to have déjà

vu--

CHAIRPERSON RECCHIA: [Interposing]  
Three hours. And look how many Council Members--

CHANCELLOR WALCOTT: [Interposing]  
I thought I was going to have déjà vu all over  
again from last week and have an hour hearing. So  
let me--

CHAIRPERSON RECCHIA: [Interposing]  
Well we really could have three days, Rosie Mendez  
says.

CHANCELLOR WALCOTT: Good morning  
Chairs Recchia and Jackson and all members of the  
Education and Finance Committees here today.  
Thank you for inviting me to testify about the  
Mayor's Fiscal Year 2012 Executive Budget as it  
relates to our schools. I am joined, as I  
indicated earlier, by Veronica Conforme as well as  
Shael Suransky.

In my first few weeks, it's really  
been five weeks and not three months, as  
Chancellor I've had the opportunity to visit many  
of our schools and attend parent and community  
meetings and have countless conversations with  
students, parents, teachers, and principals.

Every day I find myself totally amazed in the commitment and diversity and creativity of our staff and how hardworking they are. And the school communities in providing our students with a topnotch education.

And given the gains we've made in recent years, we certainly have a lot to be proud of. That said, I know there's still much more we can do and need to make sure that all of our students graduate college and are career-ready and making sure that our parents are meaningfully engaged in the process and that our schools and our staff get the support that they need to achieve these goals.

In addition we will have to keep our progress going under very difficult financial circumstances. Now I wish I could tell you that our budget situation has changed dramatically since I last appeared before you in April but unfortunately our budget situation remains extremely challenging given the fiscal realities we are facing in the city, the state and as a nation.

Here are the facts. As indicated

1           by Chair Jackson the State finally adopted a  
2           budget that decreased scheduled aid to our schools  
3           by \$812 million, the largest cut ever in State  
4           education funding in a single year. We also are  
5           losing \$853 million in Federal stimulus funds this  
6           year as well. In total this amount to a  
7           collective loss of \$1.7 billion.

8                           The Mayor and I along with many of  
9           you spoke to our colleagues in Albany and  
10          throughout the City and even traveled up to Albany  
11          to make the case for additional monies. These  
12          efforts resulted in some limited relief but not  
13          nearly enough to avert the painful choices we face  
14          today. And in responding to what Chair Jackson  
15          said, in some of the State's restoration, some of  
16          the State's restoration of dollars was in very  
17          categorical areas and not specific general aid  
18          money as well.

19                           To fill this gap and help meet our  
20          rising costs Mayor Bloomberg has proposed  
21          allocating an additional \$2 billion City tax levy  
22          funds towards education, once again demonstrating  
23          this Administration's commitment to making  
24          education its number one priority. As the State  
25

has divested in education, the City has stepped up to the plate. In fact City funded spending on education has more than doubled since the beginning of this Administration from \$5.9 billion in Fiscal Year 2002 to a proposed \$13.4 billion today.

In Fiscal Year 2002 State and City funding comprised a nearly equal proportion of non-Federal funding on education. However in Fiscal Year 2012 City funding will comprise 61% of non-Federal spending and the State's funding will only comprise 39% of non-Federal spending. If the State had continued to share education costs equally with the City, the State would be providing \$2.2 billion more in education funding in Fiscal Year 2012.

Unfortunately this is not the situation we find ourselves in today. As a result, despite the City's continued financial commitment to education, historic State education cuts coupled with mandated expenses and rising costs require us to make very painful choices. In total the Department of Education's proposed Fiscal Year 2012 budget is \$23.9 billion, funded

through a combination of City, State and Federal dollars. However only \$10 billion of our budget constitutes flexible spending with \$8.9 billion going directly to the school budgets and 70% covering the teachers' salaries.

Mandated and nonflexible spending categories generally include special education, services and bussing, English language learners' services, pensions, debt service, energy, leases, school safety, judgments, and claims, and certain non-public school services. It also includes State and Federally funded programs such as Pre-K, charter school tuition payments and most school food expenses.

Our flexible spending categories include general education funding and busing, facilities, central and field administration, and a small portion of school food is funded with City tax levy funds as well.

Next year our operating expenses are projected to increase by \$1.5 billion. Special education costs will increase by over \$424 million, nearly 10%, year over year. Pensions will increase by \$490 million. Fringe benefits

will increase by \$140 million. Contractually-driven salary increases for teachers known as STEPS will cost an additional \$80 million and the list goes on and on. The only way to rein in some of these nondiscretionary costs is by identifying savings and efficiencies elsewhere in our budget, collectively bargaining with the United Federation of Teachers, or receiving mandated relief from the State and Federal government.

Many of our rising costs are tied to State and Federal mandates that require us to provide specific services with little or no flexibility or without a commensurate increase in funding. In special education alone, New York State has over 200 mandates above and beyond what Federal law requires. While some of these mandates are reasonable and important measures that should be protected, others are outdated and burdensome which is why the City is aggressively pursuing State legislative proposals to ease some of the antiquated requirements currently on the books.

As for the funds we do have wider discretion over, we are committed first to looking



at our central and field offices. We know that we must continue to do more with less. Over the last past several years the Department has now experienced 10 rounds of budget tightening. Each time we've always looked first for ways to reduce our expenses centrally in order to minimize the impact on our classrooms. Between 2008 and this current year we reduced our costs centrally by 30% or \$190 million including the elimination of over 550 positions.

In recent months the Department undertook another top to bottom review across all divisions. Through this process we have identified \$63 million in additional cuts and savings in efficiencies in our central and field budget. This includes \$19 million from the Mayor's Preliminary Budget and \$44 million from the Expense Budget.

This will be achieved through a 155-position administrative headcount reduction along with significant non-personnel cuts in areas such as software development, hardware purchases, and printing costs. We will also trim \$11.2 million in consultant and technology contracts in

addition to some of the savings we have achieved over the last several years.

In the end our central budget will be a mere 3%, 3% of our overall budget. In the coming weeks and month we will continue to look for additional savings and efficiencies to offset cuts to our schools. And we welcome your constructive suggestions.

We are also looking to use the dollars we have in a more targeted and effective way which is why we have proposed to modify our Fair Student Funding Formula. Adjustments will be made to academic weight in order to better support our students who are not meeting State standards. And we will align the special education weights with the instructional models in the State's guidelines for grades 1 to 8 as well as those currently being utilized in high school.

That said, even after taking all these measures as things stand today we still don't have enough money to underwrite all of our expenses. And with 70% of school budgets tied up in compensation costs we have little choice but to reduce the size of our workforce. As a result the

Executive Budget calls for a workforce reduction of 6,100 teaching positions, an estimated 2,000 through attrition and an additional 4,100 through layoffs.

Let me be clear. No one wants to lay off teachers. Unfortunately we face a challenging budget situation not only for this year but next year as well. To this end we will continue to work with our colleagues in Albany to make necessary changes to State law that allow us to manage any layoffs in a more responsible and intelligent and equitable manner. However as we continue to wait for action in Albany we must begin making difficult decisions here at home.

We also must ensure that principals are able to finalize their staffing plans before the summer break so school budgets will be sent in the coming weeks. Now more than ever it is critical that we work together to protect our students and our schools against the worst effects of the ongoing economic uncertainty.

As a Department, we have made every effort to reduce administrative expenses before cutting funding at the school level. But we find

ourselves in a fiscally austere environment for the foreseeable future and we will continue to require hard choices and sacrifices.

That said; I am encouraged that our students' progress has continued unabated even as belts have been tightened in recent years. Our dedicated teachers, principals and staff have much to be proud of and our students are rising to the challenges set before them.

As a Department, we are committed to ensuring this progress continues. Thank you for your time and attention. And I'm looking forward to our interaction. Thank you and we look forward.

CHAIRPERSON RECCHIA: Thank you very much, Chancellor Walcott. And first I'm going to start off and I'm going to ask one or two quick questions then turn it over to my colleagues. But I want to recognize Karen Koslowitz.

In reviewing the budget and listening to your testimony, we're talking about special education; I just want to, you know, I know that in contracted services in the Executive

Budget you added another \$157 million... was added to the contracted services. Okay? And before that the total number without that increase for this year is \$295 million. Okay?

How many children are in contracted services?

MS. VERONICA CONFORME: The total budget for contracted services as of the Executive Plan was \$1.497 billion. Of that the Carter cases represent \$246 million. So there was an increase in general on contracted schools as well as a projection of increase to Carter cases--

CHAIRPERSON RECCHIA: [Interposing] All right. I'm just focusing on the contract, not the Carter cases. Okay? How many children are in these other schools?

MS. CONFORME: I don't have the details today.

CHAIRPERSON RECCHIA: That is what we are talking about when we requested information from the DOE and we did not receive the backup information.

In addition to the number of children, okay, we wanted to know what schools

were getting all this money. Again, we did not receive the list of schools. Okay?

Now why is the increase of \$157 million needed in contracted services?

MS. CONFORME: As I said the contracted services that are for special education are projected to be increasing as per the alignment and the numbers that we reviewed with OMB.

CHAIRPERSON RECCHIA: But why? I need to know why. The tax payers of this City want to know why you're adding \$157 million and you're cutting 6,000 teachers.

CHANCELLOR WALCOTT: Part of the projection is that we expect that we'll have more services that will be required for our children. You'll have more individuals based on the mandates put forward by the State and the Feds and that we have to provide those services to these children.

CHAIRPERSON RECCHIA: That all sounds good but we need concrete--

CHANCELLOR WALCOTT: [Interposing]  
No, that I understand--

CHAIRPERSON RECCHIA: --numbers.

CHANCELLOR WALCOTT: --and we'll  
get you--

CHAIRPERSON RECCHIA: [Interposing]  
We have to get that.

CHANCELLOR WALCOTT: --the concrete  
information.

CHAIRPERSON RECCHIA: Let me quote  
the Mayor in his speech, February 7<sup>th</sup> before the  
Joint Sessions up in Albany: "but right now City  
tax payers are actually paying private school  
tuition for 4,000 students at a cost of  
approximately \$1 million a year". 4,000 at \$1  
million. So what I need to know is 4,000  
students, is that the number of kids that go to  
private schools for special needs?

CHANCELLOR WALCOTT: Again, we'll  
get you the specifics but I mean part of what the  
Mayor was talking about when he was up there in  
Albany and I was there with him was around the  
mandate relief because part of our belief is where  
we have major potential of cost savings are in  
these types of services that we have to pay--

CHAIRPERSON RECCHIA: [Interposing]  
Right, and--

2 CHANCELLOR WALCOTT: --to private  
3 schools. And--

4 CHAIRPERSON RECCHIA: [Interposing]  
5 And the reason why the kids are going to private  
6 schools is because our schools are not able to  
7 provide those services.

8 CHANCELLOR WALCOTT: I don't  
9 totally agree with you Mr. Chair in that our  
10 schools are able to provide the services in a  
11 number of these cases and parents have the ability  
12 and I'll defer to Shael as well, parents have the  
13 ability to request that we pay for those services  
14 in other schools.

15 CHAIRPERSON RECCHIA: But first  
16 they have to go to a case and get a Nickerson  
17 letter or a Carter letter---

18 CHANCELLOR WALCOTT: [Interposing]  
19 Right, a Carter letter.

20 CHAIRPERSON RECCHIA: --and then  
21 they have to get a--they have to show proof. And  
22 then a judge, an administrative judge will render  
23 a decision that if we can't provide the services  
24 then they could go to a private school, correct?

25 CHANCELLOR WALCOTT: Correct. But



also there are cases where even where we can provide the services they still have that ability to go to a private school--

CHAIRPERSON RECCHIA: [Interposing]  
But those cases are very minimal.

CHANCELLOR WALCOTT: There are cases like that. And as you know there was a Supreme Court case along that line in the Freston case as well--

CHAIRPERSON RECCHIA: [Interposing]  
Right.

CHANCELLOR WALCOTT: --and that was part of the Supreme Court, if I'm not mistaken, went 4-4 in that particular decision.

CHAIRPERSON RECCHIA: But we'll follow up with your office but this contract issue is a big problem. We think there's a lot of money there. Okay. And I need to be shown why.

CHANCELLOR WALCOTT: Sure. Two things. One, we'll get you the information, so I just wanted to let you know that.

CHAIRPERSON RECCHIA: Okay.

CHANCELLOR WALCOTT: Two, we agree and not just in these contracts but with

consulting cases overall, consultants, we are taking a very diligent look at consulting costs. And as I indicated in my testimony we recently within the last couple of months have eliminated an additional \$11.2 million in consulting contracts. And we will continue to look at consulting contracts. Last night I sent a letter to FTA terminating their contract as well. So the FTA contract is now terminated. And we'll be building the services they were providing in house within DOE. So we'll be taking a look at a number of our consulting contracts to extract further savings.

CHAIRPERSON RECCHIA: Okay. My next question is about Medicaid. It's been brought to our attention that the DOE is going to start to bill Medicaid again this year. Is that correct?

CHANCELLOR WALCOTT: Correct. We're projecting \$100 mil. Correct?

CHAIRPERSON RECCHIA: \$100 million. And for the last past four years we have not billed Medicaid. Correct?

CHANCELLOR WALCOTT: Back in 2005

1                   FINANCE, EDUCATION, AND GOVERNMENTAL OPERATIONS                   43  
2           or thereof, there were disallowances and as a  
3           result of that we were working with the Feds and  
4           the City to address that. And now we put in new  
5           systems in place and we're working with other City  
6           agencies in billing Medicaid and we're projecting  
7           roughly \$100 million in this current--

8                               CHAIRPERSON RECCHIA:   [Interposing]  
9           Well that's my question. How are you going to,  
10          because in years past prior to this Administration  
11          coming in, the DOE billed Medicaid? And that work  
12          was put upon the special ed coordinators in the  
13          schools and in the districts. This Administration  
14          at that time did away with special ed coordinators  
15          and I was very vocal about that because I knew  
16          what they did. And I knew that there was a need  
17          for special ed coordinators but this  
18          Administration decided to do away with them.

19                            So my question is do you have, are  
20          you going to bring back the special ed  
21          coordinators? And how are we going to make sure  
22          that we bill correctly so we don't get another  
23          court case?

24                            CHANCELLOR WALCOTT:   Two responses  
25          and I'll defer to either Veronica or Shael. One,

1 when you say the past administrations, part of  
2 what we had to recoup and the disallowances from  
3 the Feds was as a result of not documenting  
4 properly and that's part of the settlement that we  
5 worked out in conjunction with OMB to address the  
6 Feds coming after us along that line. We took  
7 care of that. We're working in conjunction with  
8 HRA. And we put in place a system to do the  
9 proper billing so that we can collect the monies  
10 based on the Medicaid reimbursement that, again,  
11 is why we're projecting \$100 million. Around the  
12 special ed coordinators?

14 MR. SHAELE POLAKOW SURANSKY: Yeah.  
15 I mean we are in the process of building that  
16 capacity into the network teams to support schools  
17 with that work.

18 CHAIRPERSON RECCHIA: Though every  
19 network has one or two special ed people.

20 MR. SURANSKY: Yeah, it's actually  
21 going to be more than that.

22 CHAIRPERSON RECCHIA: It's going to  
23 be more than that. Okay. Thank you very much.  
24 I'll turn it over to Robert Jackson.

25 CHAIRPERSON JACKSON: Thank you

Chair Recchia. Chancellor, you had indicated that, I believe, you have terminated or eliminated one contract, I think you said FDA or FTA--

CHANCELLOR WALCOTT: [Interposing] FTA.

CHAIRPERSON JACKSON: What was the value of that contract?

MS. CONFORME: Yearly, \$6.2 million.

CHAIRPERSON JACKSON: And what type of services did it provide and what are you replacing if you have that need?

MS. CONFORME: Right. So it provided our FMS, Famous, it provided support to our payroll systems. That was a technology contract that provided our systems for the Hearing Office, etcetera, etcetera so a variety of systems it supported. And the limitation of that contract, we are bringing on board employees.

CHAIRPERSON JACKSON: Mm-hmm.

MS. CONFORME: To be able to do that work. We're going to be bringing on approximately 20 to 25 employees to do that work.

CHAIRPERSON JACKSON: Well I think

that's very good. Can you tell me what the estimated cost savings is going to be as a result of the elimination of that one contract?

MS. CONFORME: \$2.7 million a year.

CHAIRPERSON JACKSON: Thank you.

And let me just say I appreciate that movement in that direction 'cause last year when I was here in front of, I mentioned it before, the Commissioner of the Department of Finance, they eliminated 1 IT contract. And they were hiring City employees. And they were going to save as a result of that 1 contract, \$11 million in 1 year. Now this is 1 contract that you're going to save approximately \$2.5 million and you're bringing on 25 City employees. And so we have said it's about choices and priorities.

And I understand that the Department of Education has about \$4.5 billion in contracts. And we ask you, we beg you, we plead of you, to look at all of those contracts in order to go through and make the type of savings that will generate no layoffs to any staff whatsoever. I think you can do it. I'm almost sure that you can do it if you look at the thousands of

contracts that the Department of Education has and especially, Chancellor, when you go to some of those vendors that you're contracting with and saying times are tough.

Everyone is cutting back. This contract, we must renegotiate to reduce some of the cost factor in here. You've got to give me 10% savings on this contract or 5%. If you do that I truly believe that you will find hundreds of millions of dollars in order to make sure that no layoffs occur.

CHANCELLOR WALCOTT: So if I may, 'cause I think sometimes we're using terms interchangeably and I think it's important when we talk about contracts I also imagine you mean consultants as well, just--

CHAIRPERSON JACKSON: [Interposing] Everything.

CHANCELLOR WALCOTT: --right. And I think we need to really have that discussion around consultants because consultants or the contractors are providing a variety of important services to keep our schools running and a lot of them are providing direct services to our schools

as well.

For example, there's a significant amount of monies that are going to consultants that are basically related services. Services to our special education population. That's included in consultants and contracts itself.

There are consultants and contracts that go to make our technology system work and continue to operate in a way that we expect it to operate. There are contracts and consultants that support our food services. I mean consultants have been, I think, a good political term to use to say where one can save money but the reality is that they are providing specific services around a specific need.

And so I totally agree with you, Chair, that we will continue to look at where we can save money but again I don't think that addresses the issue of the unfortunately layoffs that we're talking about. Because again as Veronica indicated, even the elimination of the FTA, with FTA, we still have to build in those types of services into a staff line as well.

And so that's what we're doing.



1 And we're looking at our contracts. That will not  
2 result in savings to address, I think, the need  
3 that we're talking about today around the 6,100:  
4 2,000 through attrition and 4,100 through layoffs.  
5 But again we've been able over the last 3 years to  
6 take a look at contracts in a number of the code  
7 categories that you have. We've been able to show  
8 reductions over a 3-year timeline or a 2.5-year  
9 timeline in a number of those consultant services.  
10 And we continue to do that.

12 CHAIRPERSON JACKSON: Yeah. And  
13 Chancellor, as I concluded my opening statement,  
14 as I said, we can discuss how we, collectively,  
15 can work together to ensure that our students  
16 receive the best education. Now I understand that  
17 looking at your contracts may not happen and  
18 conclude by tomorrow.

19 But that's where if DOE is looking  
20 at all of its contracts and I understand, believe  
21 me I do, I've been chairing, I've been on the  
22 Education Committee for nine years, I understand  
23 about the busing contract is over \$1 billion. I  
24 understand about food contracts. I understand  
25 about all of that.

And I understand about, you know, the needs for our children with OT and PT and other things like that.

CHANCELLOR WALCOTT: Mm-hmm.

CHAIRPERSON JACKSON: But I still think you need to go to contractors. And tell people that we're running in the red. And we have to reduce the contract. And I think that you will get a lot of people that will go along with cutting the contracts for 5% or 10% and if they don't, get rid of them and hire other employees to do the job.

And let me just say that I do think, Chancellor, that with contracting out of \$4.5 billion that you could find a lot of money to save there and especially when staff have indicated to me that your contract budget is increasing by 19%. When your contract budget is increasing by 19%, round that off to 20%, that's a lot of money. And that type of money can reduce services, I mean, can stop these layoffs that are occurring.

And some of the things that we talked about, as I said, choices and priorities,

1                   FINANCE, EDUCATION, AND GOVERNMENTAL OPERATIONS      51  
2       you know, my staff has said that if you impose a  
3       freeze, just a freeze, on school closings and  
4       opening small schools, you can save over \$15  
5       million. If you reduce technology spending, you  
6       can save \$13 million. If you remove the CTO  
7       support for JROTC, the Junior ROTC program, you  
8       can save \$2 million.

9                   CHANCELLOR WALCOTT:   So if I may  
10      respond to some of that--

11                  CHAIRPERSON JACKSON:   [Interposing]  
12      Yeah, I'm just giving you some--

13                  CHANCELLOR WALCOTT:   [Interposing]  
14      Sure. No, I appreciate it.

15                  CHAIRPERSON JACKSON:   --I'm giving  
16      you some of these in which you can reduce  
17      spending. Your press office. And now no one  
18      wants to tell someone how to get their house in  
19      order but there are, my understanding, there are  
20      currently 13 positions in the Department of  
21      Education's Press Office. And you're reducing  
22      headcount by 3 positions could generate  
23      approximately \$280,000. Now some people may say  
24      when you're talking about a \$23 billion, \$24  
25      billion budget, \$280,000 is a crumb. And it

concerning that. But when you increase that 1,000 times over, that's the type of savings that we want to see.

CHANCELLOR WALCOTT: So Mr. Chair, if I may--

CHAIRPERSON JACKSON: [Interposing] Yeah.

CHANCELLOR WALCOTT: --so a couple of things that you talked about. One, the issue of the 19%, 20% increase. Again, a lot of that and that's why we've got to be very careful with the general categorization of contracts. I mean a lot of that is in busing services. We have to be very careful around the related services and the costs along with that. The SCS services. All those costs are going up. And that's part of contracting and consulting.

The other piece you talked about with the Press Office, it's not just the Press Office. I think they have as 13 positions 'cause I know when I'm in our Press Office I don't see 13 people there. It involves people who work with your office as well, as well as the issue of making sure we're getting information and

1            responding to the reporters, as well. And so  
2            we've eliminated 2 positions within our Press  
3            Office already. We will also look for savings, as  
4            I indicated, throughout central and the field  
5            offices.  
6

7                            But let's deal with the facts. We  
8            are a \$23 billion organization. \$23 billion. We  
9            represent 3% of the overall school budget, 3%.  
10          And we will take a look at additional savings  
11          within central and field but when you talk about  
12          consultants, consultant prices are going up, one.  
13          Two, they are providing necessary services.  
14          Three, when you lump in and say 20% and therefore  
15          why is it going up because the expenses for the  
16          bus services, as you well know, are going up. Gas  
17          prices have gone up. I mean all those things we  
18          have a responsibility to pay for in our contracts  
19          with the various contractors and consultants.

20                           Where we will find savings we will  
21          try to make sure we put those savings in place  
22          right away. But it's not just that simple to say  
23          okay it's going by X so reduce it by Y. It  
24          doesn't take into the fact of the necessary  
25          services that we're providing in direct

educational services, our computer service, legal and arbitration, working with the City Council and having inter-gov people even if you may not be happy with them and their responsiveness to you who are there. And we are a very limited central administrative staff compared to the size of our organization that we are.

CHAIRPERSON JACKSON: And Chancellor, I hear you, but I hear the same rhetoric over and over again. And I'm saying to you, I'm saying to you that it is your job to make sure that your staff are negotiating these contracts and reducing the amount of money.

CHANCELLOR WALCOTT: And we do. And we are doing that--

CHAIRPERSON JACKSON: [Interposing] No, it's obvious, if you're going up 19% and I understand mandated stuff, but I'm saying to you if I'm the Chancellor, I'm not just approving these contracts. I want to know whether or not you told these contractors that we're reducing this contract or else we may eliminate the contract.

CHANCELLOR WALCOTT: Understood.

CHAIRPERSON JACKSON: Okay. But I'm looking here, my staff has shown me, here under professional services, computer services, for Fiscal Year 2011, the contract budget was \$28,800,000 and for Fiscal '12 the contract budget for professional services, computer services, is going up to \$50 million, an increase of over \$21 million which is 76% change from 2011. And I'm saying to you, looking at these numbers, when you're telling me that 6,000 teachers got go, I have a problem with that not knowing the particular details.

But when you're going to increase professional services for computer services 76% over the 2011 budget, increasing it by \$21 million, when you're laying off 6,000 teachers and class sizes are going to grow and the after school programs are going to be cut, that's a problem. And that's unacceptable to me.

MS. CONFORME: Specifically for the one you're mentioning the adjustment has been made from OMB to actually reflect our expenditure. In 2008 that category we were spending \$68 million. Now we're spending \$48 million. It's a reduction

of about \$20 million since 2008. that is also the category by which we are reducing the FTA contract.

CHAIRPERSON JACKSON: And I thank you but Chancellor, you know, we all read the newspapers, listen to the news every day, when contractors that are hired by the Department of Education are ripping us off for millions of dollars, millions of dollars, ripping us off, so the question that I and other people ask is who's watching the store when they're ripping us of. But not only \$1 million, \$50,000, millions of dollars, they're ripping us off. And when they're ripping us off, they're ripping our children off.

So I ask you, who are watching the contractors and ensuring that they're doing their job and not stealing our money?

CHANCELLOR WALCOTT: So if I may. Let me take you through and Veronica will also fill in the gaps as far as the internal processes we have in place. We totally agree with you, Sir, that any contractor that is ripping not just us but the City off should be punished and punished to the severest way of addressing that particular



issue.

And in a number of cases we have reported the contractor to the Special Investigations Commissioner for Investigation. So we won't tolerate that as well. I think we have a very strict internal protocol in place that's managed by our procurement office. But we're putting in new systems as well. And Veronica do you want to talk about some of that as well?

MS. CONFORME: Some of the new protocols that we put in place in reference to contracting include a vendor payment guidelines which include a separation of duty between multiple employees that are managing the contract; a designation of a contract manager that's overseeing the contracts and the purchase orders, specifically responsible for approving and monitoring the contract; and a contract performance monitoring mechanism to evaluate the degree to which the contractor is providing the services that we're actually paying for. Many of these new protocols have been in put in place in the last year, year and a half.

CHAIRPERSON JACKSON: Well, I hear

1                   you and your explanation, it may be acceptable to  
2                   you, it's not acceptable to me. And I say that  
3                   because the protocols that have been put in place  
4                   the last year, year and a half, okay, when you're  
5                   hiring contractors to monitor contractors, it's  
6                   unacceptable. And then if in fact--

7                   CHANCELLOR WALCOTT: [Interposing]  
8                   I'm not sure what, when you say hiring  
9                   contractors--

10                  MS. CONFORME: [Interposing] The  
11                  managers are in place.

12                  CHANCELLOR WALCOTT: Contract  
13                  managers are in place.

14                  MS. CONFORME: Are our--

15                  CHAIRPERSON JACKSON: [Interposing]  
16                  Well whatever, whoever, it doesn't, you know, you  
17                  can talk in general--

18                  CHANCELLOR WALCOTT: [Interposing]  
19                  Staff.

20                  CHAIRPERSON JACKSON: --terms but  
21                  I'm saying specifically if you've had people at  
22                  the Department of Education to monitor contracts,  
23                  your contract managers, and where a contract was  
24                  ripping us off, your contract monitor should  
25

1           either be disciplined or fired. Because they're  
2           not doing their job. I'm telling you. They're  
3           not doing their job.  
4

5                       And these people are ripping us  
6           off, not only in the Department of Education, City  
7           Time and other agencies, they're ripping us blind.  
8           And they know that we have a \$66 billion budget.  
9           We have a Mayor that's a billionaire and they  
10          figure that they can steal a couple of million  
11          from us and no one would mind. Well we mind as a  
12          member of the City Council.

13                      CHANCELLOR WALCOTT: And I will  
14          never, ever defend a person whether it's a staff  
15          individual or a contractor that's ripping off the  
16          system. And so you will never hear us talk about  
17          that. You asked a question specifically around  
18          the internal protocols we have put in place and  
19          we've made adjustments to our internal protocol to  
20          prevent those individuals who have a desire to try  
21          and rip us off, both from an internal staff point  
22          of view as well as making sure in our review  
23          process as well.

24                      And so we agree with you as far as  
25          people who try to rip off the system, especially

our school system, we're not going to tolerate it. And we will crack down on those individuals and report those individuals who we have suspicions that someone is trying to rip us off. But we have a responsibility to make sure we have the internal management systems in place to prevent that from happening.

I cannot say that we may have done that before with certain contractors. We are doing that now. And we will continue to monitor our contractors very closely both inside from a staff point of view as well as externally from a consultant point of view. And we'll report it appropriately if we hear cases or we suspect cases to the appropriate authorities.

CHAIRPERSON JACKSON: Okay. And I look forward to working with you. Obviously this is a very touchy issue. And I say it's touchy. Obviously when you're having thousands of people being let go. And teachers and staff they come to me and they show me these articles like here as far as from Juan Gonzalez and other reporters where they, you know, Daily News and New York Times and The Post and all the other articles

1 about people ripping us off at the Department of  
2 Education and other agencies, knowing that  
3 thousands of employees are going to be let go. We  
4 cannot tolerate that here, at the Department of  
5 Education, or any agency.

6 And I know that you're only  
7 responsible for the Department of Education but  
8 they tell us that the Department of Education is  
9 more than one-third of the City's entire budget.  
10 And so the brunt of the contracts, \$4.5 billion is  
11 with your agency.

12 CHANCELLOR WALCOTT: We do not shy  
13 away from our responsibility. And I take that  
14 responsibility very seriously. At the same time I  
15 think that what may be written in the newspaper is  
16 one thing versus having an allegation being  
17 investigated. And once that allegation is  
18 investigated we will then respond appropriately.  
19 And what may be in the newspaper may not actually  
20 be a fact at that particular point in time.

21 And our responsibility is to make  
22 sure, one, we stop it from happening. Two, that  
23 if we suspect something, we report it. And three,  
24 when an action is taken by the authority who is  
25

investigating it, that we follow up on that recommendation as quickly as possible. So we agree with you.

You mentioned something earlier about technology as well. And I mean we believe strongly in technology. And as you know we put in our capital budget which we talked about either last week or two weeks ago, additional money to make sure our schools are wired properly. We have to make sure our schools are wired for the 21<sup>st</sup> Century and especially meeting the new State standards around common core as well.

So technology is an extremely important thing as we upgrade our schools, especially those older school buildings that may not have the writing that's required for today's type of curriculum. So I just wanted to respond to the technology point that you raise.

CHAIRPERSON RECCHIA: Okay. Thank you very much Chancellor. I want to recognize Jessica Lappin has joined us. We're going to start going to the Council Members. I'm going to ask each Council Member, five minutes on the clock, we're going to start with Jimmy Vacca

followed by Diana Reyna.

COUNCIL MEMBER VACCA: Thank you Mr. Chair and Mr. Chair. I wanted to talk to you, Chancellor, about Title I money. Two years ago there were about 60 to 70 schools and I would ask you to correct me if I'm wrong, there were 60 to 70 schools about 2 years ago that were given Title I money. These are schools that never met the 60% poverty threshold but met a poverty threshold of 40% or more.

They were given Title I money 2 years ago. My understanding is that this is part of the Federal government stimulus act being discontinued and that that money will not be there for those schools this coming September. So first of all am I right or am I wrong?

MS. CONFORME: In terms of the ARRA stimulus money--

COUNCIL MEMBER VACCA:  
[Interposing] Yes.

MS. CONFORME: --the ARRA money--

CHANCELLOR WALCOTT: [Interposing]  
Oh the ARRA.

MS. CONFORME: -yeah, the ARRA

stimulus money associated with Title I, yeah, ends on June 30<sup>th</sup>. That's correct.

COUNCIL MEMBER VACCA: How many schools are affected citywide? Because when we've spoken about budget cuts, I'm identifying schools that are going to have a double whammy. They're going to get the tax levy cut which is in the Mayor's budget and they're going to suffer the loss of Title I money which to these schools based on their size is between \$500,000 to \$1 million per school.

MS. CONFORME: Right. So as we did the budget modeling that we do every year, associated with the school allocations, the modeling will ensure that no school loses more than 1.5% of its flexible budget. That includes the ARRA money that they had in the previous year. So therefore one of the goals in modeling out school budgets for this year is to not destabilize schools and have them lose \$1 million in 1 year. So there will be no shifts that are greater than 1.5%.

COUNCIL MEMBER VACCA: How many schools are affected? How many schools did we



lose money for?

MS. CONFORME: Roughly, the additional schools that came on board in 2010 when the ARRA money came in were about 200.

COUNCIL MEMBER VACCA: 200.

MS. CONFORME: 200 schools, right.

COUNCIL MEMBER VACCA: Is that included in the Chancellor's testimony today on page 1 when he referred to a lump sum of Federal stimulus money that we are no longer receiving? He gave a number?

MS. CONFORME: Yeah.

COUNCIL MEMBER VACCA: That's included in that number.

MS. CONFORME: That is included in that number, that's correct.

COUNCIL MEMBER VACCA: In the past when schools fell out of Title I eligibility, those schools were given a 1-year grace period by the Federal government. And they were not cut off.

MS. CONFORME: The grace period was an internal rule to the Department of Education.

COUNCIL MEMBER VACCA: Was an

internal rule--

MS. CONFORME: [Interposing] Right.

COUNCIL MEMBER VACCA: --by your  
Department.

MS. CONFORME: Right.

COUNCIL MEMBER VACCA: Not assured  
by Federal guidelines.

MS. CONFORME: Not assured.  
Because once the money is gone, it's gone.  
They're not giving us a grace period.

COUNCIL MEMBER VACCA: So therefore  
this money is gone.

MS. CONFORME: Right.

CHANCELLOR WALCOTT: Right.

COUNCIL MEMBER VACCA: That is part  
of the cut that we're discussing today--

MS. CONFORME: [Interposing]  
Correct.

COUNCIL MEMBER VACCA: --but  
principals were only told recently that that cut  
was for sure. Was there a time period where we  
thought the Federal government would restore the  
money? Because for a while principals were told  
that that money could be restored in some shape,

way or form.

MS. CONFORME: I mean I think in the Federal government there were conversations about whether ARRA was going to be extended for a period of time, whether we would be allowed to roll over any money, that guidance has come out from the Federal government saying we are not in that position. They are not going to extent the deadline from June 30<sup>th</sup>.

COUNCIL MEMBER VACCA: Okay. Thank you.

CHAIRPERSON RECCHIA: Thank you Council Member Vacca. We want to recognize Council Member Jimmy Oddo has joined us. We're going to recognize the Councilwoman from Brooklyn and Queens, Diana Reyna.

COUNCIL MEMBER REYNA: Thank you so much Mr. Chairs. I want to just ask two questions. First of all, day care centers in high schools, I'd like to understand how many day care centers exist in the current system as far as the high schools are concerned.

CHANCELLOR WALCOTT: Life Centers?

COUNCIL MEMBER REYNA: Yes.

CHANCELLOR WALCOTT: About 16.

COUNCIL MEMBER REYNA: The day care centers. Yes.

MR. SURANSKY: Approximately 16. 16 day care centers--

MS. CONFORME: [Interposing] I'm sorry Jimmy.

COUNCIL MEMBER REYNA: And the, how much does each cost DOE?

CHANCELLOR WALCOTT: We'd have to get back to you on the exact dollar figures.

COUNCIL MEMBER REYNA: We can't just look it up right now?

CHANCELLOR WALCOTT: Well.

COUNCIL MEMBER REYNA: I'm just trying to get an--

CHANCELLOR WALCOTT: [Interposing] What we'll do--

COUNCIL MEMBER REYNA: -- understanding.

CHANCELLOR WALCOTT: Since this-- and I'm not trying to be funny, since this is going to be a while, we can--

COUNCIL MEMBER REYNA:

[Interposing] Go back.

CHANCELLOR WALCOTT: --check and--

COUNCIL MEMBER REYNA:

[Interposing] Fabulous.

CHANCELLOR WALCOTT: --and see what.

See if we can get that information before the hearing is over.

COUNCIL MEMBER REYNA: And the capacity for each.

MS. CONFORME: Each Life Center is roughly 1 or 2 classrooms so it's probably between 18, you know, if they have 1 classroom it'll be 18. If it's 2 classrooms it'll be double that. But each Life Center is different. Some of them have 1 classroom; some of them have 2 classrooms.

COUNCIL MEMBER REYNA: And so 18--

MS. CONFORME: [Interposing] And just to be clear the Life Center is a day care center that is providing day care for the students who have babies in the high schools. They are located in the high schools throughout the City.

COUNCIL MEMBER REYNA: Correct.

And I appreciate you having that explanation for the public. I just want to understand the

utilization rate amongst the 16 high schools that have the Life Centers.

CHANCELLOR WALCOTT: Again, we'll get back to you.

COUNCIL MEMBER REYNA: Okay. So that's one piece of the question. And then the second question is regarding middle schools, well actually specialized high school institutes, and these are the institutes that create the opportunity for those middle school students who are interested in going into what would be a specialized high school. And there is, I believe, a dozen specialized high schools that exist. And the number--

CHANCELLOR WALCOTT: [Interposing] High schools or high school institutes, you mean? The high school institutes?

COUNCIL MEMBER REYNA: Correct. The specialized high school institutes.

CHANCELLOR WALCOTT: Mm-hmm.

COUNCIL MEMBER REYNA: And amongst them, the percentage of Black and Latinos is declining. Can you just express to me what is the budget for the middle school, the specialized high

1 school institute, that assists students that are  
2 at the cusp of passing and how many are minority.

3 CHANCELLOR WALCOTT: Well, two  
4 things, one, when we first started the specialized  
5 high school institute it was based on trying to  
6 make sure Black and Latino students were both  
7 prepared and identifying those students to take  
8 the specialized high school tests. And then under  
9 the threat of a lawsuit we had to move it way from  
10 a race and ethnic-based program to based on income  
11 level.  
12

13 And so as a result of that the  
14 demographic change of the populations who are  
15 participating in the specialized high school  
16 institute training program. As far as the  
17 specific numbers? Again, we'll get you that  
18 information. But again we had to move away from  
19 the original goal of the program to a program that  
20 is based on income eligibility.

21 COUNCIL MEMBER REYNA: And what is  
22 the income eligibility criteria?

23 CHANCELLOR WALCOTT: Yeah, it's  
24 based on Title I on poverty.

25 COUNCIL MEMBER REYNA: And if you

can just express to me the budget, citywide for the institutes.

CHANCELLOR WALCOTT: Sure. We'll get back to you.

COUNCIL MEMBER REYNA: Thank you very much.

CHAIRPERSON RECCHIA: Thank you. Council Member Rodriguez. Not recognizing him, Council Member Fidler.

COUNCIL MEMBER RODRIGUEZ: Thank you. Thank you Chairmen Recchia and Jackson. And I have no doubt that seeing that you are like my, I mean, having Dennis with all the knowledge about being - - with working with Chancellor, the previous Chancellor before and also being part of the team related to the Department of Education, I hope that as I said before you make your name known only as someone in government but someone as a Chancellor because we need to make major changes at the DOE.

And having also Veronica and Mr. Suransky who also bring his knowledge running the school or international school in the Bronx. I hope that we would turn each school in the City



such as specialty high schools such as the one that you run, international high school.

So I had two concerns, a few concerns. One is as you know thousands of students will graduate from high school in this coming month in June. However reality is that the data says that 74% of students who graduated from high school need remediation. 74%. And it turns into a lack of the percentage of students that then graduated from college because the material that they, especially community college, got to work.

When community colleges have got to work with a 74% of high school students who need remediation then the result is that at community college it is after 6 years that only 20% of the students at community college get their associate. So one of my concerns and questions is what are you doing when it comes to college readiness programs? And for me it's more than we're having a lot of talk with Chancellor Goldstein of CUNY. As soon as you joined or you took the responsibility as the Chancellor of the DOE, what are the next steps that you're taking to prepare

our students better for them to go to college?

And the second one is what are you doing to help the students, the ELL Student population? A student of language or English Language Learners. As you know like in the City we have thousands of students that they are new coming, especially from Latin America. We don't have newer schools. And we have a big population with students coming from Latin America, new students coming from Latin America, we also have a large percentage of students coming from, immigrating from Africa and other countries.

So what change are you making to serve better that population? What are you doing to provide more seats, since we don't have enough seats right now to provide education to the new coming students? So for me those are the two concerns. One is college prep and the second is what changes are you making to serve better the ELL population.

CHANCELLOR WALCOTT: So before Shael speaks I just want to respond to the earlier part of your question or comment in that my team just with the members of the Council include,

1 obviously, Shael Suransky who has cut his teeth in  
2 high schools, especially with the international  
3 school, David Weiner, I think David's first day is  
4 today. David is a former principal who is a  
5 Deputy Chancellor.  
6

7 We have Mark Sternberg, again, a  
8 former principal who has cut his teeth in very  
9 innovative schools. Laurie Rodriguez who you all  
10 know who works in the L's and special ed who is  
11 deeply involved in education, has been an educator  
12 for 35 years. And Dorita Gibson who is a Deputy  
13 Chancellor as well who has also cut her teeth as a  
14 principal and a superintendent.

15 So you have a team that is richly  
16 engaged as both parents, some of them, as well as  
17 educators in our school system along with myself.  
18 So I just wanted to give you that in response to  
19 the team that we will be working with over the  
20 next 2.5 years to address the issues of improving  
21 education outcomes for our children.

22 MR. SURANSKY: I want to thank you  
23 for raising these two very important issues.  
24 Preparing our students for college success is one  
25 of the major priorities that we're very focused

on. And I agree with you that this is our responsibility. I want to correct your data. The number, 74%, represents the number of kids going into community colleges but of our graduates going into CUNY, 50% which is still very high require remediation, not 74%. Either way that number is unacceptable. And we need to change it. And it's our obligation to change it.

And the way that we will change it is by improving the quality of what's happening in our classrooms. And so this past year, as you know, we've been going through a process where we have worked to develop new curriculum and new assessments and teacher practices that lead to college readiness. And in the coming year what you'll see is every student in New York City engaged in assignments and curriculum that are designed to really push on the skills for college readiness because unfortunately over the past years our State standards have been set at a level that measures just the basic skills.

And kids actually need much more than the basic skills to succeed in college. They need to be able to think critically. They need to

1           be able to write well. They need to be able to  
2           defend their ideas. They need to be able to use  
3           information in unfamiliar situations. And the way  
4           that you change that is by strengthening the  
5           quality of the teachers in the classroom and  
6           strengthening the quality of the curriculum in the  
7           classroom. And that's exactly what we're very  
8           focused on in the coming year.

10           CHAIRPERSON RECCHIA: Sorry.

11           MR. SURANSKY: Second.

12           CHAIRPERSON RECCHIA: Okay.

13           COUNCIL MEMBER RODRIGUEZ: So the  
14           correct information, on CUNY's information, from  
15           all the students going to community college, 74%  
16           of the students need remediation first--

17           MR. SURANSKY: [Interposing] Right,  
18           half of our kids go to community colleges and half  
19           go to 4-year colleges. And so to say that 74% of  
20           our graduates need remediation is inaccurate.  
21           Our graduates go into both types of university  
22           programs and overall it's about 50%, it's still  
23           too high but it's not 74%, it's only 74% for the  
24           half that go to community colleges.

25           CHAIRPERSON RECCHIA: Okay. We

1 have to move on.

2 MR. SURANSKY: He had another  
3 question. Do you not want me to answer it?

4 CHAIRPERSON RECCHIA: Go ahead,  
5 quick.

6 MR. SURANSKY: Okay. So on the  
7 L's, we've opened 10 new schools that serve  
8 newcomers. We're really eager to increase the  
9 number of seats. They are very popular. They are  
10 in high demand. And we would look forward to  
11 working with you and other Councilmen and your  
12 communities where those needs exist.

13 CHAIRPERSON RECCHIA: Okay. You  
14 okay Council Member Rodriguez? You want to say  
15 anything? That's good? Put your mic on.

16 COUNCIL MEMBER RODRIGUEZ: And all  
17 Council Members, for me, addressing those two  
18 concerns, the ELL and the college readiness, is  
19 because they're so important but we also want to  
20 add our voice of supporting all the teachers. We  
21 don't want to see any single teacher to be laid  
22 off--

23 CHAIRPERSON RECCHIA: [Interposing]  
24 Okay.

COUNCIL MEMBER RODRIGUEZ: --in  
this particular budget, thank you.

CHAIRPERSON RECCHIA: Council  
Member Fidler who will be followed by Council  
Member Lander. I recognize Council Member Fidler.

COUNCIL MEMBER FIDLER: Thank you  
Chairs, Chancellor. I'm going to take you at your  
word when you say that no one wants teachers laid  
off because you've never given me reason to doubt  
your word. And I think you understand that no one  
on this side of the room wants to see teachers  
laid off either.

I just want to point out at the  
outset that it's not just teacher layoffs. That  
we are losing thousands of positions by attrition  
as well. And when it comes to kids, what matters  
is the loss of the teaching slot. So while I  
consider, you know, the layoff of teachers not to  
be a touch choice but to be not a choice at all,  
class size does matter. Every time we lose a  
teaching slot, class size goes up. I think we all  
know the holy trilogy of smaller class size, a  
quality teacher, and parental involvement are what  
counts. And quite frankly all the rest of it is

bubemiza [phonetic]. All right? That's the truth.

So I want to offer a solution. And I want to ask for your support for it. And I want to ask you to go to the Mayor and support it. It's time to go to Albany and let's made a deal. Now it's usually a member of the Council's Progressive Caucus who raises the issue of the millionaire's tax. I think we can actually do something here. If we extend the millionaire's tax and agree that the revenue will be dedicated statewide to education aid and then the suburban and upstate counties that are being threatened by the property tax cap who get most of their education funding from the property tax will see that relief. The Governor can then get his property tax cap. We can get the education aid. We don't need to lay off teachers.

Now I know you can't speak for the Mayor though I wish you would. So I'm going to ask you to speak for yourself. Would you go to the Mayor and tell him that his leadership for such a proposal would be absolutely critical to the long shot that it is to get that done so we



can stop talking about laying off teachers?

[Applause]

CHANCELLOR WALCOTT: My bottom line is running an effective education system as Chancellor and not to take up discussion around a millionaire's tax. I mean as you know your Speaker meets with the Mayor on a regular basis. And I'm not going to really respond to the what ifs. I have to deal with the reality of what I have in place right now--

COUNCIL MEMBER FIDLER:

[Interposing] I'm asking--

CHANCELLOR WALCOTT: --and--

COUNCIL MEMBER FIDLER: --I'm asking what you think, what you would do, whether or not you would articulate to the--

CHANCELLOR WALCOTT: [Interposing]  
I'm not a--

COUNCIL MEMBER FIDLER: --Mayor of the City of New York that this is a solution that makes sense and could get done if he's onboard.

CHANCELLOR WALCOTT: As I've read it and as I've heard it the millionaire's tax is DOA and I don't respond to things that are just

1 based on conjecture and projection. I have to  
2 deal with what the reality is. The budget's been  
3 passed by Albany. As you know I've been up to  
4 Albany on a regular basis--

5 COUNCIL MEMBER FIDLER:

6 [Interposing] Yeah, I know, I--from time to time,  
7 Chancellor, I've been known to quote Star Trek at  
8 hearings. And I believe that Captain Kirk once  
9 said, actually it was Mr. Spoke, said in every  
10 revolution there's one man or woman with a vision.  
11 You need to be the person with that vision  
12 Chancellor; you need to be that person.

13 [Applause]

14 COUNCIL MEMBER FIDLER: You're the  
15 guy. And I trust you--

16 CHANCELLOR WALCOTT: [Interposing]  
17 Well--

18 COUNCIL MEMBER FIDLER: --I do--

19 CHANCELLOR WALCOTT: [Interposing]  
20 And I appreciate that--

21 COUNCIL MEMBER FIDLER: --you're  
22 the guy who's responsible for our kids' education.  
23 And so if we have an option, we need to explore  
24 it--  
25

CHANCELLOR WALCOTT: [Interposing]

But you said if we have an option--

COUNCIL MEMBER FIDLER: --we need to get it done.

CHANCELLOR WALCOTT: And I appreciate that. And we have a great relationship. We've had a great relationship in your role as Chair of the Youth Community and when I was Deputy Mayor, DYCD. The reality is that the millionaire's tax has not been part of the discussion as people who raise the issue but the reality is that's not something that's here. And I have to deal with what is here right now. And that's part of the--

COUNCIL MEMBER FIDLER: [Interposing] You know what? The--

CHANCELLOR WALCOTT: --so but let me, can I, so that means, so I guess what you're hearing is that it's not something that I'll raise with the Mayor 'cause the Speaker meets with the Mayor and talks to the Mayor on a regular basis. And so the Speaker, if that's an issue, can raise that. My job is to--

COUNCIL MEMBER FIDLER:

[Interposing] I didn't realize that the Speaker was the only person talking to the Mayor--

CHANCELLOR WALCOTT: [Interposing]  
My job is to run--

COUNCIL MEMBER FIDLER: --  
Chancellor, I--

CHANCELLOR WALCOTT: --the  
Department of Education which goes--

COUNCIL MEMBER FIDLER:  
[Interposing] No--

CHANCELLOR WALCOTT: --which is the  
first part of your question. And the first part  
of your question in addition to class size and you  
said it, it's an important issue as well, to me  
it's about the most effective teacher and how we  
have the most effective teacher in front of the  
classroom and not solely a teacher based on  
seniority, which is how it's based right now--

COUNCIL MEMBER FIDLER:  
[Interposing] But I believe I said the holy  
trilogy was smaller class size and quality  
teachers--

CHANCELLOR WALCOTT: [Interposing]  
I said--and I said that you said it--

COUNCIL MEMBER FIDLER: --so why  
don't we just leave it at that point--

CHANCELLOR WALCOTT: [Interposing]  
Great.

COUNCIL MEMBER FIDLER: --I really  
wish, you know, Chancellor that you would show the  
leadership. I know that you're eminently capable  
of, I really wish you would.

CHANCELLOR WALCOTT: I appreciate  
that.

COUNCIL MEMBER FIDLER: Someone has  
to advocate for the kids. And I just want to go--  
I want to go back 'cause--

CHANCELLOR WALCOTT: [Interposing]  
I, again, and I advocate for the children all the  
time though.

COUNCIL MEMBER FIDLER: --before my  
time runs out, we did have this conversation at  
the Preliminary Budget hearing. And I was very  
disappointed in the response I got from your staff  
because I thought you'd kind of made a promise on  
this. This is the Education budget. It  
represents one-third of the spending in the City  
of New York. It's 3 pages long. I said to you

that we cannot be partners in the process of finding savings with you if we don't get drilled down numbers and drilled down details.

So what I mean, to be specific, because the answer I got was absolute nothing. All right? You have a budget line here for categorical programs, provides Federal and State funds that may have been allocated for specific programs, for specific purposes. It's \$204 million. You have another budget line here for charter, contract and foster care. It's \$390 million.

Why does that have to be 1 budget line? We need a budget that's in units of appropriate that are clear, transparent and intelligible so that we can work with you to find the savings that we need to make. I am asking you once again, please, let's get our budget, let's not make this a 3-page document if this deserves 300 pages. So that we can be partners. And the fact, while there's Mayoral control in that municipal control, we still have budget control. So we need to get that information from you. And I ask you once again to make that commitment and

1 actually follow through on it.

2 MS. CONFORME: And we've certainly  
3 gotten a lot of information to the staff and we'll  
4 continue to get and drill down on all the details  
5 that they've requested. Some of them they  
6 prioritized. Those are the ones we got. The  
7 follow-up will come in the next couple of days.

8 COUNCIL MEMBER FIDLER: We need you  
9 to give us budgets that are more detailed from the  
10 beginning so that then when we ask the questions  
11 they can be pithy.

12 CHANCELLOR WALCOTT: Fine. All  
13 right.

14 CHAIRPERSON RECCHIA: Just to  
15 follow up, to give you an example of what you did,  
16 okay, is that you took the school's general  
17 education and you moved the network payment into  
18 the school support U of A. Okay? Therefore, when  
19 I'm looking to see about these school networks and  
20 how much they're costing, okay, you're shifting  
21 this all around. And that's exactly what Council  
22 Member Fidler is talking about. Okay. We are not  
23 going to sit back and have you do this without us  
24 getting clarification and transparency.  
25

CHANCELLOR WALCOTT: Understood.

CHAIRPERSON RECCHIA: So that's why we need to have those U of A's clearly identified on where the money is and what it's for because these networks, okay, we want to know and are trying to figure out how much they're costing. Because we believe there's a lot of money in there.

MS. CONFORME: We have certainly provided the costs of the Children's First Networks to the staff. The costs, the CFN network costs that is reflected in the schools. The money is in the school's budgets for the networks. They, part of--

CHAIRPERSON RECCHIA: [Interposing] But then you move it from the general education into the school support.

MS. CONFORME: The--

CHAIRPERSON RECCHIA: [Interposing] A U of A--

MS. CONFORME: --the--

CHAIRPERSON RECCHIA: --so you keep on moving--

MS. CONFORME: --and--



CHAIRPERSON RECCHIA: --all of these U of A's. The money to the different U of A's.

MS. CONFORME: The dollars are in the schools. They can either choose to hire the networks or an outside organization such as New Vision for it.

CHAIRPERSON RECCHIA: But they have to hire somebody.

MS. CONFORME: Right.

CHAIRPERSON RECCHIA: Okay. And we--

MS. CONFORME: [Interposing] Right.

CHAIRPERSON RECCHIA: --want to know exactly how much, okay, and where the money, and that is what is being moved, and that is what we're trying to find out. Let's--

CHANCELLOR WALCOTT: [Interposing] Our goal is not to obfuscate so we will get you the information--

CHAIRPERSON RECCHIA: [Interposing] We, okay. We've been joined by Council Member Vincent Ignizio. We want to recognize Danny Dromm. Council Member.

1 COUNCIL MEMBER DROMM: Thank you  
2 very much Mr. Chair. I, too, am very concerned  
3 about the devastating effect that the cuts on  
4 teachers, the layoff of teachers will have on  
5 instruction in the classrooms. I was a teacher  
6 for 25 years at P. S. 199 Q. And it was not  
7 unusual to have class sizes of 30, 32, 34. One  
8 year I even had 38 kids in my class. And I know  
9 exactly what that means in terms of the  
10 instruction, the individualization, the  
11 differentiation that you can have in a classroom.  
12 There's only so much that teachers can do when you  
13 have classes that large.

14 So have you done any study in terms  
15 of what these cuts would mean? How much would  
16 class sizes increase? Where do you stand on that?

17 MR. SURANSKY: So because of the  
18 fact that it's going to vary somewhat in each  
19 school you cannot say with precision how much--

20 COUNCIL MEMBER DROMM:  
21 [Interposing] But we're talking--

22 MR. SURANSKY: --but it--

23 COUNCIL MEMBER DROMM: --  
24 approximately 6,000, 7,000 teachers--  
25

2 MR. SURANSKY: [Interposing] Yes,  
3 probably--

4 COUNCIL MEMBER DROMM: --1,000, so  
5 you're going to lose 6 or 7 teachers per school.

6 MR. SURANSKY: --a couple students.

7 CHANCELLOR WALCOTT: Yeah, I mean  
8 what I've been saying, in the beginning I said  
9 1.5, it's basically 2. But again as Shael  
10 indicated it will vary depending on the school  
11 itself or the grade so we're looking--

12 COUNCIL MEMBER DROMM:  
13 [Interposing] Just for argument purposes--

14 CHANCELLOR WALCOTT: --no, so we've  
15 been saying consistently around an increase of 2  
16 on average but again--

17 COUNCIL MEMBER DROMM:  
18 [Interposing] 2 per school?

19 MR. SURANSKY: Per class.

20 CHANCELLOR WALCOTT: Per class.

21 COUNCIL MEMBER DROMM: Oh 2  
22 students in class, but you're going to talk about  
23 how many teachers lost in the school.

24 CHANCELLOR WALCOTT: Oh that  
25 definitely is all, it depends, I mean--

2 COUNCIL MEMBER DROMM:

3 [Interposing] It's going to be 6 or 7 teachers per  
4 school--

5 CHANCELLOR WALCOTT: --I mean we've  
6 put out models earlier on where we, by both  
7 district and school, especially with some of the  
8 newer schools the impact of the reductions will  
9 have on those schools.

10 COUNCIL MEMBER DROMM: But when you  
11 have--

12 CHANCELLOR WALCOTT: [Interposing]  
13 So again, I think as, I forget which Council  
14 Member indicated, you still may have the layoffs  
15 but it doesn't necessarily mean that all the  
16 positions will be cut at a school itself--

17 COUNCIL MEMBER DROMM:  
18 [Interposing] Well you still have to provide  
19 cluster teachers. You still have to provide the  
20 additional services, etcetera, so basically it's  
21 going to affect the classroom. It's going to  
22 increase the size of those classrooms but I would--  
23 -

24 CHANCELLOR WALCOTT: [Interposing]  
25 Well that's what we were answering, 2 per class,

on average.

COUNCIL MEMBER DROMM: --right.

But I would estimate it's going to be much larger than that because you're effectively going to have to close down, if you're removing 6 or 7 teachers per school, you're going to have to divide up at least 1 class per grade if you have a school with 5 or 6 grades in it which means that you're going to divide those 30, 32 kids into the other classes which will be about 4 or 5, 6 students additional in the other classes. That's the way that it worked in my school when we had to have these types of cuts.

And actually I've been going around and talking to principals, Chancellor Walcott, and they are very, very concerned about the effect of these cuts--

CHANCELLOR WALCOTT: [Interposing]

Sure.

COUNCIL MEMBER DROMM: --on

instruction in the classroom. And I know you said that you had many difficult decisions to make. And I'm wondering why you made the decision to cut teachers rather than to look at some of these

other areas that we're talking to you about.

CHANCELLOR WALCOTT: Well, one, I think I've been responding to the questions around the other areas and we continue to look at central and field offices. We continue to look at consulting and contracted services. But as I indicated in my testimony when you take a look at the overall budget within schools, 70% of the budget is around teachers and personnel.

COUNCIL MEMBER DROMM: And what did you say was the amount of professional development that you're going to be spending this year for professional development.

CHANCELLOR WALCOTT: PD? I don't know if I even said a figure so we can--

COUNCIL MEMBER DROMM:  
[Interposing] Okay. I might have read it in--

CHANCELLOR WALCOTT: --we can take a look at that. So but I mean I want to go to your principal question for a second. So this coming Saturday I'm hosting a meeting, obviously, with our senior leadership team, with all the principals from across the City. So we'll probably have roughly not just principals but them

and some of their staff, close to 1,400 individuals. We'll be talking about common core, strategic vision and addressing a number of questions that they will have--

COUNCIL MEMBER DROMM:

[Interposing] And that's where you spend the money on professional development?

CHANCELLOR WALCOTT: No. I was going back to your point about the principals being concerned. And where I plan to address some of the questions that they have. And so I've been around to schools in my role as Chancellor, meeting with principals, getting feedback. Shael, and Shael and I, have been out having principal feedback sessions as well. So we know of their concerns. So my point was just that--

COUNCIL MEMBER DROMM:

[Interposing] I--

CHANCELLOR WALCOTT: --this Saturday I will be addressing all the principals who will be able to make to our major strategic planning session. And then this coming Monday I'll be talking to our parent coordinators and PTA presidents as well along the same line of the

1 strategic vision and how we're going to be  
2 responding to some of these challenges we face.

3 COUNCIL MEMBER DROMM: Okay. And  
4 now I want to go to the issue of professional  
5 development which you had raised yourself as well.  
6 Most of the professional development, when is that  
7 done? Is that done during election day and what  
8 used to be called Brooklyn Queens Day?

9 MR. SURANSKY: There are some  
10 professional development days. And there are also  
11 times built into the contract where departments  
12 can meet, where faculty can meet. We also, within  
13 Circular 6-R have options for schools to create  
14 professional development options there.

15 COUNCIL MEMBER DROMM: Well just--

16 MR. SURANSKY: [Interposing] This  
17 is actually something that we're really very  
18 focused on because we believe that professional  
19 development around these new curricular standards  
20 is going to be important. And so we're looking  
21 with principals to identify more time within their  
22 schedule to do this work.

23 COUNCIL MEMBER DROMM: What I'm  
24 trying to get to is that a lot of the professional  
25



development is done during the day while teachers are in school. Teachers' college contract, for example, teachers come into the school, they provide professional development. And then you need to provide substitute teachers to cover for those teachers while they're receiving the professional development.

So in my school, 8 weeks a semester, 12 weeks a semester, you would have to provide for substitute teachers at least on a once a week basis to cover for those teachers who would attend professional development. And I think that that is an additional cost that you might want to look at in terms of being able to cut some expenses here as well. Because I think that substitute teacher portion of it is extremely expensive to cover.

And just finally, I'll make this my last question 'cause I think I'm over time and that's why I kind of rushed into things because I always get a little frustrated that I don't have enough time to ask the questions that I want. Is there anything in the budget, any expenses, any money that you're going to spend on anti-bullying

1 education and/or an inclusive curriculum which  
2 teaches tolerance of all of New York City's  
3 diverse populations including lesbian, gay,  
4 bisexual and transgendered students? Because we  
5 see a tremendous increase in hate crimes around  
6 the City. And this is really something that has  
7 not been done. And I think some money really  
8 should be spent in those areas.

10 MR. SURANSKY: We do have a Respect  
11 for All curriculum that we've been working hard on  
12 and partnered with the Council on. And we'd  
13 welcome continued partnership around that work.

14 COUNCIL MEMBER DROMM: That's not  
15 spending money. Can you answer the question?

16 MR. SURANSKY: There's not a budget  
17 allocation that is increasing the spending on that  
18 but there is an existing allocation to support  
19 that work through our Office of Youth Development.

20 CHANCELLOR WALCOTT: And that's  
21 part of our core--

22 CHAIRPERSON RECCHIA: [Interposing]  
23 Council Member, could you sum up?

24 COUNCIL MEMBER DROMM: Well, yes, I  
25 mean basically the point that I'm trying to make

1 is that--what is the figure on that? On the  
2 amount of money that you're spending on Respect  
3 for All and is there any--  
4

5 CHANCELLOR WALCOTT: [Interposing]  
6 We'll get back to you on that.

7 COUNCIL MEMBER DROMM: --inclusive  
8 multicultural curriculum that teaches respect of  
9 the LGBT communities.

10 MR. SURANSKY: I think within that  
11 curriculum there is a focus, as one of many areas--  
12 -

13 COUNCIL MEMBER DROMM:  
14 [Interposing] Within bullying, which is different  
15 than an inclusive curriculum to teach respect and  
16 tolerance. Bullying is different than teaching  
17 tolerance.

18 MR. SURANSKY: That's a fair point  
19 and something we could work on with you.

20 CHAIRPERSON RECCHIA: Okay, thank  
21 you. We're going to recognize the Council Member  
22 from Staten Island, Debbie Rose.

23 COUNCIL MEMBER ROSE: Thank you.

24 CHAIRPERSON RECCHIA: And also  
25 before that, Council Member, I want to recognize

2 we've been joined by Jimmy Van Bramer and David  
3 Greenfield.

4 COUNCIL MEMBER ROSE: Thank you.

5 CHANCELLOR WALCOTT: Mm-hmm.

6 COUNCIL MEMBER ROSE: Thank you  
7 Chair. DOE currently has 3 major teaching  
8 recruitment contracts with Teach For America which  
9 now total \$16.5 million. And despite the fact  
10 that you are eliminating 6,166 teachers you  
11 continue to recruit new teachers. So can you tell  
12 me how many teachers were hired for the 2010-2011  
13 school year through these recruitment contracts?  
14 And how many were private recruiter hires for the  
15 school year?

16 CHANCELLOR WALCOTT: So I'm not  
17 sure if we have the same numbers as you. We have  
18 a couple of contracts. Do you want to speak to  
19 the details on that--?

20 COUNCIL MEMBER ROSE: [Interposing]  
21 We have 3.

22 MS. CONFORME: Sure. We have a--

23 COUNCIL MEMBER ROSE: [Interposing]  
24 We have 3.

25 MS. CONFORME: --a contract with

1 Teach for America. We have also a contract for  
2 New Teacher Project. Both of those are called  
3 recruitment contracts. The contracts essentially  
4 pay for the recruitment of the teacher, the  
5 tuition to get the teacher certified. These are  
6 license areas that are generally in demand all the  
7 time: bilingual special ed, special ed teachers,  
8 these are constantly areas of shortage. And the  
9 amounts we have on a yearly basis would be for the  
10 Teach for America contract, we are paying on a  
11 yearly basis \$656,000 and for the New Teacher  
12 Project, \$1.7 million.

14 CHANCELLOR WALCOTT: And in terms  
15 of the exact numbers--

16 COUNCIL MEMBER ROSE: [Interposing]  
17 Well--

18 CHANCELLOR WALCOTT: --there were  
19 78 new Teach for America hires and 418 teaching  
20 fellows hired. And those were in shortage areas  
21 where we actually are having the reverse problem  
22 where there aren't enough teachers to fill the  
23 positions. And those areas would not be subject  
24 to layoffs.

25 COUNCIL MEMBER ROSE: Okay. So

there was a discrepancy in terms of our figures.  
New York City Leadership Academy, we have \$10.8  
million, is that what you have? Mm-hmm.

MS. CONFORME: Yes, that's roughly  
correct.

CHANCELLOR WALCOTT: Yeah, that's  
roughly correct.

COUNCIL MEMBER ROSE: Contract.

CHANCELLOR WALCOTT: Yes.

COUNCIL MEMBER ROSE: And the New  
Teacher Project--

CHANCELLOR WALCOTT: [Interposing]  
And what the Leadership Academy is not for  
teachers it's for principals and it includes,  
there's a State mandate that all new principals  
get mentoring so it includes the work around  
mentoring in addition to the work around training  
new school leaders.

COUNCIL MEMBER ROSE: Right. And  
the New Teacher Project was \$3.5 million.

CHANCELLOR WALCOTT: Yeah, that's  
over several years. So what Veronica quoted you  
is the yearly cost.

COUNCIL MEMBER ROSE: Okay. And so

2 with these recruitment programs, you are paying  
3 for someone to recruit the teachers--?

4 MR. SURANSKY: [Interposing] It's  
5 actually training the teachers.

6 COUNCIL MEMBER ROSE: Okay. So  
7 these are training contracts--

8 MR. SURANSKY: [Interposing] Yeah  
9 and they--

10 COUNCIL MEMBER ROSE: --and they  
11 include--

12 MR. SURANSKY: --and they're not--

13 COUNCIL MEMBER ROSE: --and they're  
14 not--

15 MR. SURANSKY: --they include  
16 finding the people and then bringing them into the  
17 program and then training them and preparing them  
18 to meet the requirements.

19 COUNCIL MEMBER ROSE: You're  
20 finding the people outside of DOE or are these--

21 MR. SURANSKY: [Interposing]  
22 They're--

23 COUNCIL MEMBER ROSE: --teachers  
24 who are already working?

25 MR. SURANSKY: No. These are new

2 teachers--

3 COUNCIL MEMBER ROSE: [Interposing]

4 New teachers. So you're recruiting--

5 MR. SURANSKY: --in shortage areas.

6 Correct.

7 COUNCIL MEMBER ROSE: So you are

8 recruiting--

9 MR. SURANSKY: [Interposing]

10 Correct--

11 CHANCELLOR WALCOTT: [Interposing]

12 We've always said consistently that in shortage

13 areas we are recruiting. I mean that's--

14 COUNCIL MEMBER ROSE: [Interposing]

15 Okay.

16 CHANCELLOR WALCOTT: --that's

17 nothing new, that's not a new policy. I mean we

18 have areas that have been shortage areas for years

19 and years and years and years. So that's why with

20 these specific contracts that you're referring to

21 they're focused on those shortage or those hard to

22 staff areas. And that's always been a constant

23 need.

24 COUNCIL MEMBER ROSE: So why aren't

25 you retraining the ATR teachers that we have an



2 overabundance of that are sitting in rooms waiting  
3 to be reassigned?

4 CHANCELLOR WALCOTT: Yeah, well--

5 COUNCIL MEMBER ROSE: [Interposing]  
6 It's a training program so therefore there's  
7 monies to train--

8 CHANCELLOR WALCOTT: [Interposing]  
9 Sure.

10 COUNCIL MEMBER ROSE: --these ATRs.

11 CHANCELLOR WALCOTT: Last year we  
12 offered it and this year we plan to offer it again  
13 for those ATRs. And what was the number?

14 MS. CONFORME: 17 took us up.

15 CHANCELLOR WALCOTT: 17 took us up  
16 on that offer of ATRs.

17 COUNCIL MEMBER ROSE: 17 ATRs took  
18 you up. And so instead of mandating that they  
19 retrain in order to have a job, just like you're  
20 mandating them to find a school--

21 CHANCELLOR WALCOTT: [Interposing]  
22 We can't mandate.

23 COUNCIL MEMBER ROSE: --to hire  
24 them. Okay, you can't mandate them but you have  
25 them in a room--

2 CHANCELLOR WALCOTT: [Interposing]

3 I mean they're--

4 COUNCIL MEMBER ROSE: --you have  
5 them where they have to find a school that will  
6 hire them--

7 CHANCELLOR WALCOTT: [Interposing]

8 You said--

9 COUNCIL MEMBER ROSE: --after  
10 they've been taken out of a school, Chancellor, I  
11 know you're anxious to answer--

12 CHANCELLOR WALCOTT: [Interposing]

13 No, I'm trying to hear you 'cause the noise is  
14 just going up and down. You said room? We have  
15 them in a room, I couldn't hear you.

16 COUNCIL MEMBER ROSE: Well you have  
17 the ATRs are teachers who are no longer in the  
18 classroom. Right?

19 CHANCELLOR WALCOTT: We should  
20 clarify ATR.

21 COUNCIL MEMBER ROSE: They've been  
22 excessed from their schools.

23 MR. SURANSKY: They are assigned to  
24 a school. They are not somewhere sitting in a  
25 room unless they have broken a law where there's--

2 COUNCIL MEMBER ROSE: [Interposing]  
3 I know they're not sitting, I'm confusing it with  
4 the rubber rooms.

5 MR. SURANSKY: Okay. So they are  
6 assigned to schools. And schools will use them  
7 often to cover classes when there's someone out or  
8 if there's a long term absence.

9 COUNCIL MEMBER ROSE: If there's  
10 someone out or a long term absence, so the  
11 propensity of them are not being utilized.

12 MR. SURANSKY: No the propensity  
13 are being utilized.

14 COUNCIL MEMBER ROSE: Well then can  
15 you tell me the number of ATRs that you have?

16 CHANCELLOR WALCOTT: Yeah, roughly  
17 1,200.

18 COUNCIL MEMBER ROSE: 1,200--

19 CHANCELLOR WALCOTT: [Interposing]  
20 Give or take a deviation at this particular--

21 COUNCIL MEMBER ROSE: --and they're  
22 all being utilized?

23 MR. SURANSKY: It depends on each  
24 case. But you said the--

25 COUNCIL MEMBER ROSE: [Interposing]

You--

MR. SURANSKY: --the propensity are not being utilized and I would say that the majority are.

CHAIRPERSON RECCHIA: All right Council Member.

COUNCIL MEMBER ROSE: The majority are so since we, you said there's 1,200--

MR. SURANSKY: [Interposing] We are trying to maximize, we have to pay that salary. We're giving schools the flexibility to define how they use those folks within the guidelines of the contract. And we are trying to maximize and make them as useful as possible.

COUNCIL MEMBER ROSE: And so they would not fall into a category where you would retrain them--

MR. SURANSKY: [Interposing] We have offered them retraining. And we can't force them to do it though under the contract. We cannot force them to take us up on that offer.

CHANCELLOR WALCOTT: And so--

CHAIRPERSON RECCHIA: [Interposing] Council Member, can you sum up?

2 CHANCELLOR WALCOTT: --in response  
3 to your earlier question, that was the 17 number  
4 that I gave, I mean--

5 COUNCIL MEMBER ROSE: [Interposing]  
6 Yes.

7 CHANCELLOR WALCOTT: --in our  
8 offering and 17 stepped forward to take us up on  
9 that particular offer around the hard to staff  
10 areas.

11 COUNCIL MEMBER ROSE: Thank you.

12 CHAIRPERSON JACKSON: Thank you.  
13 Let me follow up on this particular matter because  
14 unless I hope an agreement is reached where there  
15 are no layoffs but I would like to know if there  
16 are any layoffs that your commitment is not to lay  
17 them off but to offer retraining for any employee  
18 that may be laid off. So for example if I need to  
19 be retrained as an educator in order to be  
20 licensed as a special education teacher which I  
21 understand you're still recruiting or if I need to  
22 get additional credits in math or science and/or  
23 because I know you're still recruiting in math and  
24 science, am I correct, those are the three areas  
25 you're recruiting?

MS. CONFORME: Last year we were recruiting, yes, last year we were recruiting in math and science and special ed.

CHAIRPERSON JACKSON: Then I would like to know whether or not you're committed to offering, if there's any layoffs whatsoever, those educators the opportunity to move into other areas and get the appropriate training. And the Department of Education pays for it as per whatever contract agreement that's reached. And if there's no contractual agreement that as an employer for employees that have given years of service that you offer retraining for those individuals and stop spending millions of dollars for new teacher projects and other things like that.

CHANCELLOR WALCOTT: Well, one, we will definitely offer retraining around special education. So I will commit to that here. And then we can talk about other things as well. As far as the paying of it, I mean as you know, that's what this whole discussion is about. We're in tough fiscal times and I'm not sure what the mechanism is as far as once we offer who bears the

2 cost of the retraining. We will pay. I'm told by  
3 our chief accountant--

4 CHAIRPERSON JACKSON: [Interposing]  
5 Yeah, yeah I just--

6 CHANCELLOR WALCOTT: --so I'm  
7 answering, so the special ed, definitely. And  
8 around the New Teacher Project, they are producing  
9 results in helping us as Shael indicated find  
10 individuals and stay with individuals around our  
11 hard to staff areas. And we've worked very  
12 closely with those teachers who are ATRs, through  
13 the open market process, and making sure they're  
14 available for any potential openings that fit into  
15 a particular school's need. And we have a cohort  
16 and I think we've talked about this before where  
17 there are a certain number of teachers who just  
18 don't take us up on any of the offers. And we  
19 can't force them to do that--

20 CHAIRPERSON JACKSON: [Interposing]  
21 Okay.

22 CHANCELLOR WALCOTT: --that's part  
23 of the challenge Council Member.

24 CHAIRPERSON JACKSON: So what  
25 program areas right now are hard to fill in which

2 you're still recruiting? Special needs, special  
3 education teachers, right? Come on, tell me the  
4 other two.

5 CHANCELLOR WALCOTT: Okay--

6 MS. CONFORME: [Interposing]  
7 Bilingual special ed.

8 CHAIRPERSON JACKSON: Bilingual  
9 special ed, go ahead.

10 MS. CONFORME: And other bilingual  
11 areas.

12 CHAIRPERSON JACKSON: Okay. And  
13 what about science and math? No?

14 MR. SURANSKY: We don't know yet.

15 CHAIRPERSON JACKSON: Okay, you  
16 don't know yet but clearly in the bilingual, as  
17 you--

18 MR. SURANSKY: [Interposing] We do  
19 know in bilingual and special ed, yes.

20 CHANCELLOR WALCOTT: Those we do  
21 know, yes.

22 CHAIRPERSON JACKSON: Okay.

23 CHAIRPERSON RECCHIA: I just want  
24 to follow up on something. You know, you say that  
25 with the special education teachers, you need



special education teachers, and you're offering to retrain them. Then why did the Department of Ed freeze licenses? Why can't teachers who either have general ed licenses and want to get the special ed license, they can't because you froze those licenses? And teachers who are special ed for elementary could get a middle school special ed. And they want to switch their licenses but the Department of Ed as of last week froze all the licenses. Why did you do that?

MS. CONFORME: In order to put out budget and actually have an accurate count of all of our employees and the licenses they have. If we are to move into a situation where we are projecting the specific individuals who will be laid off, you need to have an accurate picture. All those who have special education licenses that could be coming back into the Department, we will work with them after that point. But we need to look at our systems and make sure, as we issue budgets, that we know what people's licenses are.

CHAIRPERSON RECCHIA: But why did you just freeze the license without giving anyone a head's up or a warning that by X date the

2 licenses were going to be frozen? I have  
3 literally a list, all right, of teachers, that  
4 need to get this done and Department of Ed is  
5 blocking it. And when I hear you're paying Teach  
6 America to go recruit special needs teachers,  
7 special ed teachers, I have teachers right in our  
8 system right now that we could prevent them from  
9 being laid off. Don't we want to help them?

10 CHANCELLOR WALCOTT: So as I  
11 indicated with the ATRs in particular we'll be  
12 offering them the opportunity for training around  
13 special ed. And I made a decision that it was  
14 important to freeze licenses to really respond to  
15 what Veronica just said. We had to do the  
16 appropriate profiling based on the model of  
17 personnel that we had in place right now. So that  
18 way as we're moving forward in this difficult  
19 discussion around layoffs, we had an accurate  
20 figure, an indication of what we're dealing with--

21 CHAIRPERSON RECCHIA: [Interposing]  
22 Do you have any intent of lifting that?

23 MS. CONFORME: The--

24 CHAIRPERSON RECCHIA: [Interposing]  
25 Any time soon?

2 MS. CONFORME: As I said, as soon  
3 as we have an accurate count and we're able to  
4 roll out budgets, we will be able to incorporate  
5 those people if they want to switch licenses and  
6 accommodate those movements--

7 CHAIRPERSON RECCHIA: [Interposing]  
8 Well--

9 MS. CONFORME: --I will say that  
10 the contracts only cover one-third of our need for  
11 special education teachers--

12 CHAIRPERSON RECCHIA: [Interposing]  
13 Well I know a lot of teachers that are waiting to  
14 do this. Okay? And I think that we could  
15 accommodate that and we don't have to do outside  
16 contracting. All right. I recognize Jumaane  
17 Williams, Council Member from Brooklyn.

18 COUNCIL MEMBER WILLIAMS: Thank you  
19 Mr. Chair and Mr. Chair. Thank you Chancellor, et  
20 al.

21 CHANCELLOR WALCOTT: Sure.

22 COUNCIL MEMBER WILLIAMS: A few  
23 questions. And I know that the IBO has said that  
24 the teacher cut has been overstated. Have you  
25 read the IBO analysis?

2 CHANCELLOR WALCOTT: Prior to us  
3 coming here the IBO had not issued the report so I  
4 have not seen it.

5 COUNCIL MEMBER WILLIAMS: They just  
6 issued it saying you overstated--

7 CHANCELLOR WALCOTT: [Interposing]  
8 But then I definitely haven't seen it.

9 COUNCIL MEMBER WILLIAMS: Well I'd  
10 love to hear your response when you get a chance  
11 to.

12 CHANCELLOR WALCOTT: Sure.

13 COUNCIL MEMBER WILLIAMS: To read  
14 it. Now the Carter cases, if I understand, those  
15 have to do with people who needed special care and  
16 couldn't get it in the schools, is that correct?

17 MS. CONFORME: That's correct.

18 COUNCIL MEMBER WILLIAMS: So I just  
19 want to know, do you have a breakdown of the  
20 majority of people who actually get this,  
21 socioeconomic, where they live?

22 MS. CONFORME: Oh, yes. We  
23 provided to the Chair from the last meeting, he  
24 requested information on the Carter cases by  
25 Borough and by district. And we gave that

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2   information to your office.

3                           [Pause]

4           COUNCIL MEMBER WILLIAMS:   I need

5   some time too because...

6                           [Pause]

7           CHAIRPERSON JACKSON:   We don't

8   know.   Right now we have to get back to you, how's

9   that, no, I'm joking.

10                          [Laughter]

11           CHANCELLOR WALCOTT:   Sounds

12   familiar.

13           CHAIRPERSON JACKSON:   [Laughing]

14   We're checking but if we don't have it we will

15   definitely get it again.

16           CHANCELLOR WALCOTT:   Sure.

17           COUNCIL MEMBER WILLIAMS:   All

18   right.   Can I get a minute back on my time,

19   please?

20           CHAIRPERSON JACKSON:   Go ahead, man

21   [chuckling].

22           COUNCIL MEMBER WILLIAMS:   And that

23   also had a breakdown of socioeconomic breakdown?

24           MS. CONFORME:   By district,

25   students by districts.

2 COUNCIL MEMBER WILLIAMS: Okay.

3 Now also on page 2 of the testimony it mentioned,  
4 you talked about State cuts coupled with mandated  
5 expenses and rising costs. Do you expect that  
6 these rising costs will go down anytime soon?

7 CHANCELLOR WALCOTT: Not based on  
8 what we're seeing in the economy. I mean we've  
9 been trying to focus on reducing our costs but at  
10 the same time as indicated earlier we're in a  
11 number of contracts that, like bus contracts, I  
12 mean bus contracts are going up and there are a  
13 number of things like gas--

14 COUNCIL MEMBER WILLIAMS:  
15 [Interposing] I agree. I think the--

16 CHANCELLOR WALCOTT: --so I mean  
17 depending on the--

18 COUNCIL MEMBER WILLIAMS: --costs--

19 CHANCELLOR WALCOTT: --contract  
20 itself but where we have the opportunity--and I  
21 want to be clear and not to take away from your  
22 time but--

23 COUNCIL MEMBER WILLIAMS:  
24 [Interposing] But it will, that's why--

25 CHANCELLOR WALCOTT: --when we have

the opportunity to reduce consulting costs and we can still meet the service then we will do that. But a number of our projected costs will continue to go up.

COUNCIL MEMBER WILLIAMS: Okay.

Thank you. So I'm agreeing, right, that costs will go up. And I've always said that and I believe we have a revenue problem not a spending problem because costs tend to rise up. And you also mentioned that the Mayor and you, along with others, went to Albany which I believe that you did and it was great to fight for some of these services. Did any of you go there to fight for the millionaire's tax that many of us were pushing for that would have brought us extra revenue so we wouldn't have to do some of these cuts?

CHANCELLOR WALCOTT: That's a question posed to OMB and the Mayor but I mean I don't--

COUNCIL MEMBER WILLIAMS:

[Interposing] When you were there--

CHANCELLOR WALCOTT: --when I--

COUNCIL MEMBER WILLIAMS: --you said the Mayor and I.

2 CHANCELLOR WALCOTT: In his  
3 testimony.

4 COUNCIL MEMBER WILLIAMS: No, I'm  
5 reading what you wrote, the Mayor and I, along  
6 with you, spoke to our colleagues and even  
7 traveled up to Albany to make the case for  
8 additional monies--

9 CHANCELLOR WALCOTT: [Interposing]  
10 I have not talked about the millionaire's tax.

11 COUNCIL MEMBER WILLIAMS: So no one  
12 that you were with talked about the millionaire's  
13 tax.

14 CHANCELLOR WALCOTT: Not - - .

15 COUNCIL MEMBER WILLIAMS: Did you  
16 do an analysis to see how much money the  
17 millionaire's tax would bring us if you did  
18 support it?

19 CHANCELLOR WALCOTT: I have not  
20 done an analysis but again that's not part of my  
21 purview here in talking about the millionaire's  
22 tax. My purview is to respond to questions around  
23 the Executive Budget--

24 COUNCIL MEMBER WILLIAMS:  
25 [Interposing] I'm just going off your testimony--



2 CHANCELLOR WALCOTT: [Interposing]  
3 Sure.

4 COUNCIL MEMBER WILLIAMS: --that  
5 said you went to Albany. I just wanted to know if  
6 that was one of the things--

7 CHANCELLOR WALCOTT: [Interposing]  
8 We talked about mandate relief and we were very  
9 clear in my going to Albany, we also talked about  
10 LIFO and CFE and monies that are due us from the  
11 CFE as well.

12 COUNCIL MEMBER WILLIAMS: Well I  
13 just think it would make sense that that would be  
14 one of the things that you spoke about because it  
15 would have brought us revenue or at least done an  
16 analysis of it to understand it so you might  
17 support it in the future. And there is a bill the  
18 Speaker just put out, I'm hoping that when you  
19 guys go back up, you support that as well.

20 Now when it comes to the  
21 consultant, the contracts, I know you didn't get a  
22 detailed list but I wanted to know, it says that  
23 contract school spending increased \$157 million or  
24 53%. Can you describe to me what commensurately  
25 went up 53% that would justify adding an

additional 53% in contract spending?

MS. CONFORME: This is a similar question to Council Member Recchia, is that what you're asking?

COUNCIL MEMBER WILLIAMS: I guess.

MS. CONFORME: Okay. So we do have the number of students now that you asked about. The number of students has gone up to 7,600 in Fiscal Year '12. And the number of Pre-K contract schools that we will be paying for is projected to be at 24,000 students. So those are the number of students that will be increasing the cost.

COUNCIL MEMBER WILLIAMS: So we have additional students, that's why we have additional costs.

MS. CONFORME: Correct.

COUNCIL MEMBER WILLIAMS: Do you have an answer for, well that's good.

Another question I had, I routinely see these things that the Mayor is asking for PEG cuts for agencies. Similarly someone asked have we ever asked for PEG cuts for any of the contracts or the consultants that we have, just across the board?

2 CHANCELLOR WALCOTT: Go ahead

3 Veronica.

4 MS. CONFORME: Yeah. So our PEG  
5 for our agency is roughly \$60 million. And as  
6 part of that we are reducing contract spending,  
7 consulting, specifically around technology to the  
8 tune of 11.

9 COUNCIL MEMBER WILLIAMS: 11%

10 MS. CONFORME: \$11 million.

11 COUNCIL MEMBER WILLIAMS: \$11  
12 million. Do you have just an across the board  
13 percentage of what that is?

14 MS. CONFORME: I can get back to  
15 you on that.

16 COUNCIL MEMBER WILLIAMS: You don't  
17 know that it is?

18 MS. CONFORME: No the across the  
19 board percentages, no.

20 COUNCIL MEMBER WILLIAMS: Okay.

21 CHANCELLOR WALCOTT: 'Cause we take  
22 a look at where we have various cost centers and  
23 see where we can enact saving there and to meet  
24 our overall PEG target itself.

25 COUNCIL MEMBER WILLIAMS: Since 2008

it says here there was probably about 10,000 or so teachers that are less, pedagogical slots. Has there been any analysis of how that has affected--

CHANCELLOR WALCOTT: [Interposing]  
What are you referring to, Sir?

COUNCIL MEMBER WILLIAMS: [Pause, looking through papers, reading softly] Producing - - isolated - - in general there was 66,760 pedagogical employees in June 2008. by November 2010 there were 56,560 remaining, the elimination of 10,156 positions. It creates to a 15.2% reduction in less than 3 years. My question is has there been an analysis to 2008 of how much that's increased class size?

[Pause]

CHANCELLOR WALCOTT: So I mean I think are you looking at an OMB summary? 'Cause I mean we show a different pedagogical headcount. I'm not sure what that pedagogical headcount references to--

COUNCIL MEMBER WILLIAMS:  
[Interposing] It's our summary report.

CHANCELLOR WALCOTT: --but we've seen and we produce it through the Mayor's

Management Report, the class sizes by grade. And we have seen an increase in class size. And we've seen an increase anywhere from roughly .5 to 1-and so, but that's been a gradual increase. And we've been able to control it as much as possible. And we're projecting based on the layoffs and attrition numbers that we've been talking about potentially in addition to but again as Shael indicated that will vary depending on some schools as well as the grades itself. But I'm not sure and I'm not quite clear--

COUNCIL MEMBER WILLIAMS:

[Interposing] Do you have your own numbers?

CHANCELLOR WALCOTT: I mean we show roughly 75,000 and change pedagogs.

CHAIRPERSON RECCHIA: Council Member, can you sum up?

COUNCIL MEMBER WILLIAMS: Yeah. Two things, one, so what you gave to the Chair, I think, are the legal fees by community school district when it comes to the Carter cases. What I'd like to know is the social, economic, race, how much money the parents made, where most of the students come from.

2 MS. CONFORME: Yeah, I think what  
3 there are some FERPA issues in releasing  
4 information about the students and their  
5 ethnicity--

6 CHANCELLOR WALCOTT: [Interposing]  
7 And FERPA being the Federal law that prevents the  
8 release of student confidential information. So  
9 that may preclude that.

10 COUNCIL MEMBER WILLIAMS: Yeah, but  
11 you can give it some kind of percentage. You  
12 don't have to give the identification.

13 MS. CONFORME: Okay. We'll look  
14 into and consult with our legal counsel on the  
15 FERPA issues and see if we can give the  
16 percentages.

17 COUNCIL MEMBER WILLIAMS:  
18 [Laughing]--

19 CHAIRPERSON RECCHIA: [Interposing]  
20 Okay--

21 COUNCIL MEMBER WILLIAMS: --well  
22 that's my last statement--

23 CHAIRPERSON RECCHIA: Council  
24 Member, make it quick--

25 COUNCIL MEMBER WILLIAMS: --yeah--

CHAIRPERSON RECCHIA: --'cause we  
have to move on--

COUNCIL MEMBER WILLIAMS: --I will,  
I will.

CHAIRPERSON RECCHIA: --your time  
has been long due.

COUNCIL MEMBER WILLIAMS: Yeah,  
well I lost a minute. But yes, all I want to say  
is, you know, with this combined with cuts to  
other youth services, cut to OST, I believe that  
this Mayor will be known as the miseducation mayor  
and not the education mayor. And I hope this is  
an opportunity for you to step up--

CHAIRPERSON RECCHIA: [Interposing]  
Okay, keep your applause, keep, do not clap, all  
right.

COUNCIL MEMBER WILLIAMS: --this is  
an opportunity for him to step up and really be  
the education mayor. So thank you very much--

CHAIRPERSON RECCHIA: Thank you  
Council Member Williams. We want to recognize  
Council Member Lander who will be followed by  
Council Member Chin. And before that I want to  
recognize Council Member Eric Ulrich from Queens.

Go ahead, Council Member Lander.

COUNCIL MEMBER LANDER: Thank you Mr. Chairman. Thank you Chancellor and to the Deputy Chancellors for being here. If I have a minute at the end I'll come back and talk a little more about Carter case to follow up what we discussed at the preliminary hearing.

But I really do want to start with class size. So Chancellor I appreciate what you just said. At the Preliminary Budget hearing we raised that as suggesting that since 2007 in the 3<sup>rd</sup> grade there have been class size increases of about 2 students per child and a projection--2 students per class, and a projection that it will be another 2 students per class as a result of the layoffs proposed.

The IBO report came out more than 2 weeks ago now so I'm sorry if you haven't had a chance to look at it. It says that in 3<sup>rd</sup> grade, for example, just--

CHANCELLOR WALCOTT: [Interposing] No, I think we're talking about 2 different IBO reports then. There was a new IBO report that just came out, literally, within the last 20



minutes so I--

COUNCIL MEMBER LANDER:

[Interposing] The IBO report on class size I read over the weekend--

CHANCELLOR WALCOTT: [Interposing]

No, no, no.

COUNCIL MEMBER LANDER: --so I

can't say when it came out but it says, for example, that in 3<sup>rd</sup> grade just from last year to this year, class size increased from 22.5 to 23.7 a 1.2 average student increase in 1 year. It's about double that I think if you go back to '07. And so if I heard you right you're saying you think averaged all in about another 2 students a class if the layoffs and attrition that are proposed in the Mayor's budget would go through.

CHANCELLOR WALCOTT: Give or take, right. I mean we try not to project because based on or lock into a particular number but on average we would say 2.

COUNCIL MEMBER LANDER: So I

actually think the distribution is probably a better way to look at it because I agree that when you look across the entire system, maybe the

1 difference between having your 3<sup>rd</sup> grader in a  
2 class of 22 kids and having your 3<sup>rd</sup> grader in a  
3 class of 23 kids isn't the end of the world. But  
4 my concern is that's not how it works in the real  
5 world.  
6

7 When a principal has to decide  
8 whether he or she can have 4 3<sup>rd</sup> grades as they've  
9 always had or 3 3<sup>rd</sup> grades now because of a layoff  
10 or because of classroom size, the jump is from 22  
11 to 31 or something like that. And I don't know  
12 any 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> grade teacher however good  
13 that tells you that in a class of 30 or 31 or 32  
14 students they can do a good job.

15 So I want to ask about that a  
16 little bit. If I'm not mistaken in grades 1 to 6  
17 the contracted class size cap is 32 is that  
18 correct?

19 MR. SURANSKY: It's actually a  
20 little bit lower in K-3 but I don't know the  
21 exact, I know our numbers are definitely much  
22 lower than 31 or 32 in K-3.

23 COUNCIL MEMBER LANDER: So they're  
24 not actually. That's what I wanted to ask about.  
25 But I did--

2 CHANCELLOR WALCOTT: [Interposing]  
3 But if you're referring to the IBO, I mean, again--  
4 -

5 COUNCIL MEMBER LANDER:  
6 [Interposing] No, I'm not talking--

7 CHANCELLOR WALCOTT: --oh.

8 COUNCIL MEMBER LANDER: --about the  
9 IBO, I'm talking about your contract with the UFT  
10 which establishes--

11 CHANCELLOR WALCOTT: [Interposing]  
12 No, I understand that.

13 COUNCIL MEMBER LANDER: --a cap on  
14 the class size that you've agreed to have.

15 CHANCELLOR WALCOTT: I guess my  
16 point was in reference to the IBO reference  
17 earlier--

18 COUNCIL MEMBER LANDER:  
19 [Interposing] I'm done talking about the IBO now  
20 'cause the question I'm going to ask about is  
21 related--

22 CHANCELLOR WALCOTT: [Interposing]  
23 Okay.

24 COUNCIL MEMBER LANDER: --to your  
25 data and your class size--

2 CHANCELLOR WALCOTT: [Interposing]

3 All right, fine.

4 COUNCIL MEMBER LANDER: --

5 distribution for this year only.

6 CHANCELLOR WALCOTT: As long as

7 we're on the same page.

8 COUNCIL MEMBER LANDER: So, no, so

9 Kindergarten, and I think it used to be and I

10 asked about this at the preliminary hearing, and

11 while we did the get the Carter case information I

12 didn't get information on have class size caps

13 changed and what are they. So I do have that

14 there's a footnote in the IBO report about what

15 they are. But it's my understanding and I think

16 your own class size data suggests that 32--so let

17 me just ask about 4<sup>th</sup> grade--

18 MS. CONFORME: [Interposing] - -

19 COUNCIL MEMBER LANDER: --let's

20 just stick to 4<sup>th</sup> grade 'cause I'm pretty sure it's

21 32 in 4<sup>th</sup> grade.

22 CHANCELLOR WALCOTT: Correct.

23 COUNCIL MEMBER LANDER: So do you

24 know or can you tell me how many students or what

25 percent of students in 4<sup>th</sup> grade are at or near

2 that cap? Let's say 30, 31, 32 or more students  
3 in classrooms in the City.

4 CHANCELLOR WALCOTT: I do not have  
5 that information here but, oh, I, hold oh, I do  
6 have the information here. From--

7 MS. CONFORME: [Interposing] For 4  
8 and 5.

9 CHANCELLOR WALCOTT: For 4 and 5,  
10 our Fiscal Year '11 average class size is 25.2; K  
11 through 3 is 22.9; and...

12 COUNCIL MEMBER LANDER: So that's  
13 average class size which I'm grateful for. All of  
14 those according to the IBO are well above the  
15 targets that you guys established in class size.  
16 But I'm really talking right now about, let me  
17 tell you, 'cause I looked it up, it's on your  
18 website I believe so--

19 CHANCELLOR WALCOTT: [Interposing]  
20 Okay.

21 COUNCIL MEMBER LANDER: --in 4<sup>th</sup>  
22 grade, 15% of kids, 10,000 kids, more than that,  
23 are in classes with 30, 31 or 32 kids. There's  
24 1,000 kids in classes above 32, that is above your  
25 contracted cap. And I guess my question is do you

2 really think that 15% of 4<sup>th</sup> grade teachers can do  
3 a good job in classes of 30, 31 or 32 kids.

4 CHANCELLOR WALCOTT: So 2 things,  
5 1, I think again an effective teacher can do a job  
6 with a smaller class size or a larger class size,  
7 quite frankly. When I was growing up, when you  
8 were growing up, you're a lot younger than I am,  
9 we had larger class sizes. We believe in small  
10 class size but the reality is we've seen an uptick  
11 after reducing class size, as you well know, over  
12 the beginning part of this Administration when we  
13 infused a tremendous amount of money in our  
14 schools and we were able to reduce it. We're in a  
15 difficult period right now. And so class size  
16 will go up.

17 COUNCIL MEMBER LANDER: So you have  
18 any projections for how many more students will be  
19 in these very large classes? Maybe you don't do  
20 the analysis. And maybe you don't agree with me  
21 that the difference is not maybe between 22 and 23  
22 but how many kids, maybe you're saying it doesn't  
23 matter, do you do any analysis--

24 CHANCELLOR WALCOTT: [Interposing]  
25 No, I'm not saying it doesn't matter.

COUNCIL MEMBER LANDER: --for how many kids are going to be in these very large classes, a 2<sup>nd</sup> grader, a 3<sup>rd</sup> grader, a 4<sup>th</sup> grader preparing for those tests. They're going to determine where they go to middle school. How many of them are in classes that have 30, 31 or 32 kids? Or what the impact of these layoffs are going to be if it's another 2 students a class does that mean it's going to be 20%, 25%, 30% of 4<sup>th</sup> graders next year that are going to be in classes over 30, 31 or 32 kids?

CHANCELLOR WALCOTT: And I think it'll vary depending on the school and how the school handles the cuts. The same--

COUNCIL MEMBER LANDER:  
[Interposing] I don't think that's a sufficient answer for the parents of those kids. If we're going to lay off 4,000 teachers and reduce teachers by 6,000, we ought to be able to look people in the eye and say I'm sorry but another 10% of New York kids are going to be in classes that have 30, 31, 32, 33, 34 students.

CHANCELLOR WALCOTT: Again, I think it depends on the school and it depends on making

2 sure that we're doing the job properly and getting  
3 the information out and working with our  
4 principals.

5 COUNCIL MEMBER LANDER: So I'm  
6 going to ask again for the class size cap  
7 information to be provided to me, whether it has  
8 changed or not. And I'm going to ask that you,  
9 'cause you do provide the analysis, you have the  
10 data on the website for what the distribution is  
11 by district. I didn't even look up District 24 to  
12 see what percent of 4<sup>th</sup> graders there are in  
13 classes at 30, 31 or 32 but I bet it's a scary  
14 number.

15 I'll try to get it now before the  
16 end of the hearing. I think you should do an  
17 analysis of what the layoff impact would be on  
18 extremely large class size because it simply isn't  
19 acceptable to those parents to say we haven't done  
20 a detailed analysis and so it's just rolling the  
21 dice. Maybe your kid's going to be in a class of  
22 31 or 32--

23 CHANCELLOR WALCOTT: [Interposing]  
24 I don't necessarily disagree, you're asking a  
25 specific question and I want to give you a



2 specific answer and not give you generalities at a  
3 hearing.

4 COUNCIL MEMBER LANDER: All right.  
5 I appreciate that--

6 CHAIRPERSON JACKSON: [Interposing]  
7 Thank you.

8 COUNCIL MEMBER LANDER: Can I ask  
9 one more short question?

10 CHAIRPERSON JACKSON: Real quick,  
11 Council Member.

12 COUNCIL MEMBER LANDER: So the  
13 teacher layoffs have been discussed as based on  
14 LIFO but I just want to clarify 'cause I got a  
15 list that I think you guys prepared. It's not  
16 LIFO overall, it's essentially LIFO in categories.  
17 So I just want to make sure I have it correct that  
18 the layoffs you guys are proposing include laying  
19 off 15% of art teachers, 15% of music teachers,  
20 15% of phys ed teachers, don't tell Michelle  
21 Obama, 15% of library specialists, 15% of reading  
22 specialists who are the ones who help kids with  
23 trouble learn how to read. Do I have it correct  
24 that--

25 CHANCELLOR WALCOTT: [Interposing]

Based on the earlier projection information that you have.

COUNCIL MEMBER LANDER: --almost 15% of the specialists in all those categories.

CHAIRPERSON JACKSON: Whoa, well let me just sort of like update that and that's a legitimate question. That was on the Preliminary Budget.

COUNCIL MEMBER LANDER: And surety--

CHANCELLOR WALCOTT: [Interposing] That's correct.

CHAIRPERSON JACKSON: --and so the question really is, is that still the case or you don't know? What is the reality as of we speak now? That was the Preliminary Budget. That's going back. Is that the reality now or you're updating what you're going to do.

CHANCELLOR WALCOTT: Yeah, I mean again, this part of the process that we're going through now is knowing what our final budget will be and then we have a variety of models in place. And we'll be glad to get back to you with the information--

2 CHAIRPERSON JACKSON: [Interposing]  
3 Okay.

4 CHANCELLOR WALCOTT: --but right  
5 now, I mean that, as you said Chair, was based on  
6 the Preliminary Budget itself.

7 CHAIRPERSON JACKSON: Okay. Good.  
8 Thank you. And Council Member Margaret Chin.

9 COUNCIL MEMBER CHIN: Thank you  
10 Chair. Chancellor, yesterday we had a lovely  
11 visit in one of the schools in my district. And I  
12 remember you talking to the principal how schools  
13 like this really need to be supported. I mean  
14 parents are doing their part, raising money, and  
15 we were at another event last week where a  
16 wonderful arts program was happening because  
17 parents did fund raise for that. And now we're  
18 talking about laying off even more arts and music  
19 teachers. So it's like parents got to do more and  
20 teachers got to more even just to make the kids  
21 creative.

22 Is the Mayor declaring that he has  
23 to have teachers laid off?

24 CHANCELLOR WALCOTT: I'm not sure  
25 of the question. I mean we've been very

consistent in our message that based on the budget picture for this year we will have to lay off 4,100 and have through attrition an additional 2,000. So I'm not sure, we haven't deviated from that at all.

COUNCIL MEMBER CHIN: Is that because, I mean, in terms of priority, I mean when you were talking about, when you were answering the last question earlier about when you and Council Member Lander, I guess when we went to public school, the classes were much bigger. But even back then the rent was much lower. I mean cost of living was very low.

But Chancellor I don't think we want to go backward, right? We've been fighting to have smaller class size for the last many, many years. And we want to stick to that. So laying off all those teachers, can you take a look from another scenario, if the Mayor is our education mayor; layoffs should be the last resort. So if that was posed to you that we don't want to lay off teachers as you said earlier and if we don't want to lay off teachers can we find alternative cuts in a \$23 billion budget?

CHANCELLOR WALCOTT: So as I indicated, 70% of school budgets are based on personnel, especially teacher salaries. And as I indicated earlier as well even through our STEP program with teacher increases, we're looking at an additional \$80 million in STEP increases for our teachers. And the Mayor has both put our City money where his mouth is around being the education mayor. In this year's budget we have an additional \$2 billion of City tax levy dollars that the Mayor has allocated to replace the loss of both State and Federal money--

COUNCIL MEMBER CHIN: [Interposing]  
Yeah, you said that. You said that in your testimony--

CHANCELLOR WALCOTT: --so I mean 'cause I've heard this question come up about the Mayor's commitment. The Mayor has committed. We've changed the paradigm of funding around from when the Mayor first started to now from a 50/50 split from the State, City, to a 61/39 with the City being 61%. We have contributed significantly as far as City tax levy dollars. We're trying to balance those increases at the same time with the

2 deficit that we have. And part of the deficit's  
3 going to be dealt with through the personnel  
4 issues--

5 COUNCIL MEMBER CHIN: [Interposing]  
6 I know that but if the Mayor thinks that education  
7 is a priority then saving our teachers is a  
8 priority.

9 CHANCELLOR WALCOTT: We agree that  
10 saving our teachers--

11 COUNCIL MEMBER CHIN: [Interposing]  
12 Right, so--

13 CHANCELLOR WALCOTT: --but the  
14 reality is based on the way the budget is  
15 structured, 70% of the budget is based on  
16 personnel--

17 COUNCIL MEMBER CHIN: [Interposing]  
18 Okay, my question to you then, on that, is have  
19 you talked to UFT? Have you talked to the union?  
20 I mean this is a major issue about laying off  
21 4,000-some teachers and losing teachers through  
22 attrition. That's 6,000-some teachers. Have you  
23 met with the union to talk about how to work it  
24 out so that we could save teachers?

25 CHANCELLOR WALCOTT: I talk with

the UFT, Mr. Mulgrew, the President of the UFT on a regular basis. We'll probably have a conversation after I leave this hearing. So I mean, again, we talk on a regular basis around a variety of issues. And obviously around the issue of layoffs. So right now we're at a position where we're looking at 6,100 positions, 4,100 through layoffs and 2,000 through attrition. But Mr. Mulgrew--

COUNCIL MEMBER CHIN: [Interposing]

Now are you--

CHANCELLOR WALCOTT: --talk on a regular basis.

COUNCIL MEMBER CHIN: But you didn't talk about how to save, find ways to save teachers--

CHANCELLOR WALCOTT: [Interposing]

We talk on a regular basis. And I mean the one thing I'm very good at is not talking about my personal or private conversations with any of you. I mean I maintain our conversations that's something that's private between whether it's Mr. Mulgrew or the Chair. I mean you would not hear me talk about what Mr. Mulgrew and I talk about in

a public venue along that line.

COUNCIL MEMBER CHIN: Now in terms of with the principals of the schools, are you telling the principals that they have to lay off teachers?

CHANCELLOR WALCOTT: I'll be, as I indicated, I'll be meeting with the principals this Saturday. It's our goal to get our budgets out to the schools as soon as possible. And they'll hear some of that messaging this coming Saturdays as far as our moving-forward plans.

COUNCIL MEMBER CHIN: So the budget that you're going to give to the schools, is it going to be an across the board cut?

CHANCELLOR WALCOTT: The principals know that we're looking at 6,100 layoffs of teachers. And we have different models in place, again, based on the projected layoffs that will impact schools differently.

COUNCIL MEMBER CHIN: Now you--

CHANCELLOR WALCOTT: [Interposing]  
Okay Veronica--

MS. CONFORME: [Interposing] Now if I can just add also. Layoffs, according to the



2 contract, are citywide. There no school by school  
3 decisions. When you are in a layoff position we  
4 actually have to go by citywide seniority not  
5 based on school seniority.

6 COUNCIL MEMBER CHIN: So, okay, I  
7 mean you got the statement from our Speaker and  
8 from our Chair Recchia. So any money that's found  
9 in alternative cuts, can you make the commitment  
10 to use all that money that's saved from  
11 alternative cuts to put back into saving teachers?

12 CHANCELLOR WALCOTT: So I've been  
13 giving you my full attention so I know there's  
14 probably a sheet of paper here from the Speaker  
15 and the Chair. I have not looked at it. I mean  
16 I've just been focusing on the questions. So in  
17 fairness I'm not sure what's contained in the  
18 statement--

19 COUNCIL MEMBER CHIN: [Interposing]  
20 Well can you make a commitment that whatever money  
21 that's saved, that the number one priority will be  
22 used back to save the teachers?

23 CHANCELLOR WALCOTT: I mean we're  
24 always looking for savings and we always want to  
25 save teachers but I'm not going to give a blanket

response, I mean because the budget is a very complex process and part of this hearing right now is to go through that process.

CHAIRPERSON JACKSON: Thank you.

And we're bringing you a copy of the press release basically saying that we are suggesting alternative cuts in order to save money. But Chancellor our colleague Margaret Chin raised the issue of, and I raised this in my opening statement, and I'm going to come back to it now.

We don't understand if in fact, if in fact reductions have to take place which we feel they do not have to take place. But if in fact they do, we don't understand, especially when the Mayor and the Department of Education, the former Chancellor Joel Kline, kept saying that we're driving the formula down to the individual school.

We're moving the budgets to the individual schools. Individual schools would have to make the reductions in the amount of money. We don't understand why the Department of Education is saying or I don't understand that teacher layoffs must occur. If in fact if I'm a

2 principal, let me decide what costs, what cuts I  
3 have to make in my school. Don't let central tell  
4 me that I must reduce teachers. So I don't  
5 understand why that decision is being made. And  
6 my belief, you can comment or you don't have to  
7 comment, that decision is not coming from you,  
8 Dennis Walcott, the Chancellor of the City of New  
9 York.

10 CHANCELLOR WALCOTT: So I never  
11 leave you unanswered so I always respond whether  
12 we agree or not--

13 CHAIRPERSON JACKSON: [Interposing]  
14 Okay, well I left it so you can respond one way or  
15 the other--

16 CHANCELLOR WALCOTT: --is--well and  
17 I never let anything sit silently. I mean we may  
18 not agree always on the issue but I will always  
19 give you the respect and respond to a point or a  
20 question that you raise.

21 And I mean the decision is coming  
22 from me. And as I indicated though I'll be  
23 meeting with our principals on Saturday. And  
24 we're going to have a very productive dialog with  
25 each other as far as the next steps in the way

we're moving forward. We have a responsibility to get our budgets out to our schools as soon as possible and we'll be doing that. And I'll be sharing that with the principals and then we'll be taking it from there. But I hear what you have to say and I respect what you have to say but I'm very clear and I've been very consistent around the 6,100 figure.

CHAIRPERSON JACKSON: Okay. Well it is what it is. You've said what you've said and I've said what I have to say. And quite frankly where we wind up, I hope that we wind up where we're both smiling and standing at a press conference and saying that all layoffs have been avoided. So to be continued. Karen Koslowitz of Queens, our colleague.

COUNCIL MEMBER KOSLOWITZ: Thank you. Your budget is \$19.2 billion, can you break down the \$19.2 billion and how much of that goes to schools?

MS. CONFORME: Sure. From the Executive Budget, the Fiscal Year '12 Executive Budget, Department of Education plan by program area, the classroom services which is our general

2 education unit of appropriation 401, 403, 404 and  
3 our categorical funding, 481 and 482, that totals  
4 \$8.9 billion, \$8.972 to be precise.

5 And our District 75 budget and OTPS  
6 and related services associated with our District  
7 75 is \$1.3 billion. So that's more schools but  
8 specifically the special education schools. Our  
9 Pre-K programs, our Carter cases, our charter  
10 school payments, those all total \$2.6 billion.  
11 All of those classroom services total \$12.9  
12 billion, \$13 billion roughly.

13 COUNCIL MEMBER KOSLOWITZ: The  
14 \$12.9, can you repeat that again? The \$12.9?

15 MS. CONFORME: Billion, billion.

16 COUNCIL MEMBER KOSLOWITZ: For  
17 what?

18 MS. CONFORME: For all classroom  
19 services.

20 COUNCIL MEMBER KOSLOWITZ: That  
21 goes to the schools.

22 MS. CONFORME: Correct.

23 COUNCIL MEMBER KOSLOWITZ: And does  
24 that include your budget from the Tweed  
25 [phonetic]?

2 MS. CONFORME: No.

3 COUNCIL MEMBER KOSLOWITZ: And  
4 what's that budget?

5 MS. CONFORME: Our budget from  
6 central and field staff is roughly \$600 million.

7 COUNCIL MEMBER KOSLOWITZ: \$600  
8 million?

9 MS. CONFORME: Mm-hmm.

10 COUNCIL MEMBER KOSLOWITZ: Okay. I  
11 just want to say that I've been around a long  
12 time. I have children, I went to public school,  
13 my children went to public school, my  
14 grandchildren go to public school. And it's very  
15 disconcerting what is going on now in our schools.

16 I feel that the children today are  
17 being shortchanged with their education. They  
18 learn; they go to school to prepare for tests.  
19 They don't get the full value of an education  
20 which includes science and many others, gym, many  
21 other activities that aren't being given to them.  
22 And I just feel that when they leave school  
23 they're not leaving with a full view of what life  
24 is all about.

25 And to lay off 6,000 teachers and

1 see the class size increase, I think it's a big  
2 disadvantage to our children and what we're doing  
3 to them. Our children are like the rent. We have  
4 to pay our rent. And we should treat them that  
5 way. And I think we have to look at other ways to  
6 cut back that we don't have the layoffs, that our  
7 class sizes aren't increased.

8  
9 There's a lot of waste that goes on  
10 and maybe we should have concentrated on the  
11 schools that we have closed to see how much it  
12 cost to put the other schools in those schools.  
13 And maybe we could have worked with those  
14 students.

15 I know I have two high schools in  
16 my district, one is shared with 24. We were  
17 supposed to start of with 250 students. It's now  
18 up to 439 students in the first year. And we're  
19 going to have an incubation of 200 students. I  
20 didn't think the 250 was good to begin with. And  
21 they argued with me because there were so many  
22 children that wanted to go to that school that  
23 live in the community.

24 CHANCELLOR WALCOTT: Which school?  
25 Just?

2 COUNCIL MEMBER KOSLOWITZ: It's the  
3 Metropolitan High School.

4 CHANCELLOR WALCOTT: Oh,  
5 Metropolitan.

6 COUNCIL MEMBER KOSLOWITZ: Okay?  
7 Now there's going to be over 700 children going to  
8 that school. And we're having layoffs. And I'm  
9 sure that school will be affected. How do we put  
10 this together--?

11 CHANCELLOR WALCOTT: [Interposing]  
12 So--

13 COUNCIL MEMBER KOSLOWITZ: --how do  
14 we explain this?

15 CHANCELLOR WALCOTT: So a couple of  
16 things. One, I mean I respectfully disagree that  
17 we don't have quality education taking place.  
18 Quite frankly I think we do have quality education  
19 taking place and we're seeing the results. Our  
20 graduation rates have gone up each year and  
21 they've gone up after staying flat for a number of  
22 years prior to the Mayor coming into office.

23 We see very rich programs in a  
24 number of schools where they do have art, they do  
25 have music, they do have fitness programs. And we



are very proud of those. Is it equal across the system? No, but we're working with those schools that don't have that to make sure that they do have it.

In addition to that I think we have raised the standards and the rigor both locally here in the City as well as the State as far as standards are concerned. We have more students who are taking AP courses. We have more students of color who are taking the PSATs than ever before. And we really raised the standards for expectations for our students as well.

When one talks about teaching to tests and Shael is the expert in this, what we're talking about moving forward, again, this is part of the meeting that will take place on Saturday as well as on Monday with the parent coordinators and the PTA leaders with the new curricula. The curricula will be talking about critical thinking, critical analysis, as far as curricula. And so it's not just around ABC but is really working on paragraphs and having our students be able to analyze and think critically and respond to questions as well as write critically and also

numeracy as well.

So we're moving forward with a more aggressive posture around our critical thinking, how our students are prepared. And before where it was just based on, as Shael indicated, a certain standard, we're raising our standards throughout the entire system. Is it going to be easy? No. We're the largest school system in the country. We'll meet that challenge. And we'll meet that challenge no matter what number of teachers we have in place.

And Shael talked about the importance of professional development, part of the challenge in making sure we blend in the new curricula with our schools is having quality professional development in place. Part of our goal as management is to make sure we're doing this job and our students are the beneficiaries. And we will continue to do that.

CHAIRPERSON JACKSON: Thank you.  
Thank you Council Member--

COUNCIL MEMBER KOSLOWITZ:  
[Interposing] Well I just want make a comment. I speak to the students. And many of them are not

happy with what is going on. I mean we had a snow storm and the Regents was cancelled. And those students--

CHANCELLOR WALCOTT: [Interposing]  
That's with the State, that's not with us.

COUNCIL MEMBER KOSLOWITZ: Right.  
But the students had to study and they were supposed to take economics and they did away with the economics and they studied for the Regents that is taking place this month.

CHANCELLOR WALCOTT: I'm a believer in our new small schools, and I want to respond to that point and Metropolitan is an example of that. And quite frankly we're showing the results. The schools that we have phased out compared to the new ones in place, our new ones are outperforming the ones that we have phased out. And so I think that we see the demand at these new schools from the students.

And it's something that the prior team, Joel and Kathy put in place and Shael obviously and our team now put in place, with our high school directories we published, graduation rates in our directory. And as a result of that

2 we see the demand where students and parents are  
3 applying for as far as schools. So we think our  
4 new schools are doing the job and they've become  
5 extremely effective in outperforming some of the  
6 ones, in fact, most of the ones that we've phased  
7 out.

8 CHAIRPERSON JACKSON: Thank you  
9 Council Member. Council Member Cabrera followed  
10 by Council Member James.

11 COUNCIL MEMBER CABRERA: Thank you  
12 so much Mr. Chair. Chancellor, welcome. Mr.  
13 Chancellor, help me understand why there is a 28%  
14 increase in the charter school budget?

15 [Pause]

16 CHAIRPERSON JACKSON: While you  
17 look that up we've been joined by Council Member  
18 Julissa Ferreras of Queens and Melissa Mark-  
19 Viverito from Manhattan and the Bronx--

20 MS. CONFORME: [Interposing] The  
21 overall.

22 CHAIRPERSON JACKSON: Sorry, go  
23 ahead please.

24 MS. CONFORME: Go ahead.

25 CHAIRPERSON JACKSON: I'm finished.

2 MS. CONFORME: The overall is an  
3 increase in students. We're projecting roughly  
4 10,000 students more in charter schools next year-  
5 -

6 COUNCIL MEMBER CABRERA:  
7 [Interposing] Well how many teachers will the  
8 charter schools need to cover 10,000 students?

9 MS. CONFORME: I don't know. The  
10 charter schools have their charter management  
11 organizations and they hire the teachers and  
12 determine their class size.

13 COUNCIL MEMBER CABRERA: I'm sure  
14 somebody knows the answer to this question.

15 CHANCELLOR WALCOTT: Well each  
16 charter school is different in how they manage, I  
17 mean they get a budget and then they determine the  
18 allocation of that budget--

19 COUNCIL MEMBER CABRERA:  
20 [Interposing] But average, if you could just give  
21 me an average. I'm not a teacher. I'm sure...

22 CHANCELLOR WALCOTT: We'll get back  
23 to you with specifics. Again, I mean I don't want  
24 to give something that's not a correct answer. So  
25 we'll get you specifics but it varies depending on

2 the charter school and how that charter school  
3 operates.

4 COUNCIL MEMBER CABRERA: Okay. So  
5 we're talking about 10,000 students. How many  
6 schools are going to be open?

7 CHANCELLOR WALCOTT: Solely charter  
8 schools right now--

9 COUNCIL MEMBER CABRERA:  
10 [Interposing] Yes. Yes.

11 CHANCELLOR WALCOTT: 18 new ones  
12 this coming year.

13 COUNCIL MEMBER CABRERA: 18 new  
14 ones. And the following year?

15 CHANCELLOR WALCOTT: We have no  
16 idea at this point. I mean we're projecting to  
17 open 15 new schools each year but those are not  
18 solely charter schools. I mean that's been our  
19 goal. We've been trying to meet that goal. I  
20 think for this year we'll open up probably 39 if I  
21 remember the figure correctly, schools, new  
22 schools this year based on what happens with the  
23 lawsuit. So it's a mix of charter and non-charter  
24 schools.

25 COUNCIL MEMBER CABRERA: In essence

are you not taking some of the teachers that you're going to be eliminating, help me understand this, you're going to be opening new schools, you need new teachers. Right? And so but yet you're laying off. Why not take those teachers on those 18 schools, the 18 new charter schools, and put them back in public schools in light of the fact that I just heard you say that we're doing very good in our public schools?

CHANCELLOR WALCOTT: So, one, the charter schools are public schools. So I want to be clear about that. So the charter schools are public schools. They're educating our public school students.

COUNCIL MEMBER CABRERA: They are privately run, right?

CHANCELLOR WALCOTT: They are charter public schools.

COUNCIL MEMBER CABRERA: Right. But they're private. Nonprofit.

CHANCELLOR WALCOTT: Nonprofit. There's nothing wrong with nonprofit. I mean there's nothing wrong with that.

COUNCIL MEMBER CABRERA: No, no, I

2 have not added a value--

3 CHANCELLOR WALCOTT: [Interposing]

4 Oh I mean this is the--

5 COUNCIL MEMBER CABRERA:

6 [Interposing] Yeah.

7 CHANCELLOR WALCOTT: --it sounded  
8 like there's something wrong. I mean they're not-  
9 for-profit that are producing results. We hold  
10 them accountable like we hold the non-charter  
11 schools accountable. And for the teachers,  
12 teachers have the ability to apply to charter  
13 schools similar to the open market process that we  
14 have with our non-charters. But they can apply to  
15 the individual charter schools for the jobs as  
16 well. They have that ability.

17 COUNCIL MEMBER CABRERA: I guess my  
18 point I'm trying to make here is that it would  
19 seem to me if the public schools--the other, let's  
20 put it this way, the non-charter schools are doing  
21 well, that's what I heard you say, the scores are  
22 going up. You see an improvement--

23 CHANCELLOR WALCOTT: [Interposing]

24 Not all but most, yes.

25 COUNCIL MEMBER CABRERA: But most.



That it would seem that you would continue with that model and instead of increasing those 18 schools in charter schools, you would take what you're going to essentially eliminate in the non-charter schools teachers, now you're taking those resources and applying to charter schools. It's almost like giving Peter to Paul. Isn't that what is taking place here?

CHANCELLOR WALCOTT: One, I think from a policy point and philosophical point I firmly believe in creating options and options for our parents and our students. And those options include charter schools. And we've been able to have many charter schools created over the last eight years that are producing excellent results just like we've been able to focus on those that are non-charter that have had excellent results as well.

Charter schools, as you indicated, have the ability to--they are not-for-profit, to hire teachers. And it's not robbing Peter to pay Paul at all. We have, based on the State itself, a certain funding commitment allocation that we have to based on a reimbursable student allocation

2 that we pay charter schools as well as the non-  
3 charters as well--

4 COUNCIL MEMBER CABRERA:

5 [Interposing] I--

6 CHANCELLOR WALCOTT: --so the cost  
7 that you see is costs both going up in the sheer  
8 volume of the number of schools but also in the  
9 way the funding allocation is devised by the  
10 State.

11 COUNCIL MEMBER CABRERA: Let me  
12 just say in closing, philosophically, I hear you  
13 and I respect your view in charter schools but in  
14 light of the fact that we're making some very  
15 difficult decisions and that we're looking at  
16 laying off so many teachers it would just seem to  
17 me that those resources we're talking about--

18 CHAIRPERSON JACKSON: [Interposing]  
19 \$159 million increase.

20 COUNCIL MEMBER CABRERA: Wouldn't  
21 that cover--

22 CHANCELLOR WALCOTT: [Interposing]  
23 But the money follows the student. I mean don't  
24 forget we have student funding. It's based on the  
25 student itself. And so if those parents opt to

2 choose a charter school where they want to send  
3 their child, the money follows the student. And  
4 so again it's not robbing Peter to pay Paul. It's  
5 about the student. That's what all of this is  
6 about is the student and how funding flows.

7 COUNCIL MEMBER CABRERA: I would  
8 love to continue this conversation--

9 CHANCELLOR WALCOTT: [Interposing]  
10 Sure.

11 COUNCIL MEMBER CABRERA: --but I've  
12 run out of time. Thank you so much.

13 CHAIRPERSON JACKSON: Thank you.  
14 We're going to hear from Council Member Letitia  
15 James of Brooklyn, followed by Council Member Al  
16 Vann of Brooklyn.

17 COUNCIL MEMBER JAMES: Thank you.  
18 Mr. Chancellor, I spoke to my colleague with  
19 regards to the confusion with respect to the IBO.  
20 The report that just came out 20 minutes ago  
21 relates to the school budget, the IBO report that  
22 came out 2 weeks ago had to do with classroom  
23 size.

24 CHANCELLOR WALCOTT: Sure.

25 CHAIRPERSON JACKSON: Pull the mic

a little closer Council Member, please.

COUNCIL MEMBER JAMES: Having to do with classroom size. I hope you accept these comments in the spirit that I am providing them, giving them, stating them. This is not directed at you or any member of your staff but in fact is directed to the Mayor of the City of New York.

The Mayor, the one who requested a third term, the Mayor who circumvented the voters, the Mayor who ignored the will of the people, the Mayor who said that he wanted to be judged based on education, the Mayor who said judge me on my performance, the Mayor of the City of New York who basically said that he was a financial wizard and was the only one capable to lead the City forward, the Mayor who unfortunately did not go to Albany to lobby for a millionaire's tax.

The Mayor who stands in a City where you have thousands and thousands of rent controlled residents who are concerned about the status of their apartment because he has failed to go to Albany to lobby on behalf of residents to not only extend but to improve rent regulations and rent protections in the City of New York. The

Mayor who unfortunately who leads a City where unfortunately the gap between the haves and the have-nots has grown larger and larger, where poverty levels have increased.

The Mayor of the City of New York who unfortunately has recently been a poll which indicates the majority of New Yorkers believe that the City of New York is going in the wrong direction. The Mayor whose poll numbers indicate that his support is less than 30%.

This presentation, Mr. Chancellor, is not to you but to the Mayor of the City of New York. That Mayor who unfortunately requested this third term and I believe that this will, the third term, will be his worst term. And a term that he unfortunately will live to regret.

This is a time when we are looking at layoffs of the closing of over 20 fire houses, 1,800 child care slots are slated to be eliminated, 6,000-some odd teachers are slated to be laid off and/or through attrition we will lose them. Literacy centers slated to be closed and the list goes on and on and on. And yet this Mayor, today, as far as I know is not in the City

of New York but is somewhere else.

I am just really outraged that here we have, when we need leadership in the City of New York, these are the times that this City demands leaders. And voters expect leaders to lead. And this is the time that we truly need leadership in the City of New York.

And so Chancellor, again, this point is really not to you but to the Mayor of the City of New York. There have been some counterproposals and the question is why are we not considering reducing headcount in the Office of Community Engagement and merge with the Office of Public Affairs which would result in a savings of \$375,000.

Why are we not considering reducing headcount in the Office of Family Information and Action to the tune of \$940,000?

Chancellor and Mr. Mayor, why are we not better leveraging superintendents and school support organization staff? We could probably receive savings to the tune of \$2 million. What about reducing overestimated spending to the tune of \$35 million? What about

reducing public transportation spending, \$7.5 million? What about reducing contract spending for legal services, perhaps to the tune of \$3 million? What about reducing technology spending to the tune of about \$13.2 million? What about reducing contract spending for professional development to the tune of \$9 million? What about retraining teachers and reducing teacher recruitment contracts to the tune of \$4 million?

And lastly what about reducing spending to the press office which was mentioned earlier? And if you add all of those savings it would result in almost \$75 million in savings. And that Chancellor would avert teacher layoffs.

Have you considered any of those proposals?

CHANCELLOR WALCOTT: So we have looked at a number of areas and as I indicated in my testimony both from a central and field office, we have reduced our headcount as well as the costs in a number of those areas. As I indicated in other questions that were posed to me as well from a personnel point of view we reduced headcount in our press office.

Again we are a \$23 billion organization and we have a responsibility to make sure we have the management staff to run it effectively as well. And in addition to that from the consultant point of view as I indicated earlier we have eliminated consulting contracts. We will continue to look at consulting contracts. But consulting contracted services provide a valuable support to what we do as well. So we continue to look at areas where we're trying to reduce our expenses. But even with everything that you just listed--

COUNCIL MEMBER JAMES:

[Interposing] Yeah.

CHANCELLOR WALCOTT: --it wouldn't address the issue of teacher layoffs. It goes to, as you indicated, even \$75 million, I don't necessarily agree with everything that you laid out--

COUNCIL MEMBER JAMES:

[Interposing] Right.

CHANCELLOR WALCOTT: --but we will continue to look where we can have savings. This year--



2 COUNCIL MEMBER JAMES:

3 [Interposing] Well--

4 CHANCELLOR WALCOTT: --next year  
5 represent very difficult challenges for us as a  
6 City in responding to the budget deficit and then  
7 from the State point of view, as you well know,  
8 we're going to be even faced with a more serious  
9 problem next year with the deficit as well. And  
10 we think we have a responsibility on our shoulders  
11 to make sure we manage it in a proper way.

12 COUNCIL MEMBER JAMES: And I  
13 appreciate that but Chancellor I just laid out,  
14 and these were suggestions from the Chair Council  
15 Member Recchia as well as the Speaker of the City  
16 Council, \$75 million in savings that would not  
17 include teacher layoffs. I would urge you to  
18 consider some of these alternative cuts which would  
19 achieve major savings in the Department of  
20 Education.

21 Let me ask you this question--

22 CHAIRPERSON RECCHIA: [Interposing]  
23 All right, Council Member I don't mean to be rude--  
24 -

25 COUNCIL MEMBER JAMES:

[Interposing] Yeah.

CHAIRPERSON RECCHIA: --but you already had five minutes and more--

COUNCIL MEMBER JAMES:  
[Interposing] So just my last question.

CHAIRPERSON RECCHIA: --just sum it up, this is it.

COUNCIL MEMBER JAMES: Sure.  
Fiscal Year from last year's fiscal year to this year's fiscal year, were there any rollovers? Were there any surplus funds in the Department of Education? Any unspent money in your budget from year to year?

MS. CONFORME: From which year to which year where you--

COUNCIL MEMBER JAMES:  
[Interposing] This last fiscal year to this fiscal year. Was there any rollover money?

MS. CONFORME: From '10 to '11?

COUNCIL MEMBER JAMES: Yes.

MS. CONFORME: There were probably surpluses in some areas. Even in our FSR we have projected a \$10 million surplus from this fiscal year into next fiscal year. Generally those

2 surpluses are created accounts because there are  
3 bills that are not paid by schools, etcetera,  
4 etcetera, that we have to take care of so--

5 COUNCIL MEMBER JAMES:

6 [Interposing] So let me just say this.

7 Recognizing that and I know you have a significant  
8 number of accounts which unfortunately are  
9 unaccounted for. And since you just--

10 [Crosstalk]

11 CHAIRPERSON RECCHIA: [Interposing]

12 Ok, Council Member, I don't mean to be rude but we  
13 have other Council Members--

14 CHANCELLOR WALCOTT: [Interposing]

15 I don't know what you mean by unaccounted for--

16 COUNCIL MEMBER JAMES: --just last  
17 statement. The fact that they said that there  
18 was--

19 CHAIRPERSON RECCHIA: [Interposing]

20 All right, Council Member.

21 COUNCIL MEMBER JAMES: --a surplus  
22 would suggest that--

23 CHAIRPERSON RECCHIA: [Interposing]

24 Council Member, we're going to recognize Council  
25 Member Al Vann.

2 COUNCIL MEMBER JAMES: --last

3 sentence--

4 CHAIRPERSON RECCHIA: [Interposing]

5 Council Member.

6 COUNCIL MEMBER JAMES: --the fact

7 that there was a surplus--

8 CHAIRPERSON RECCHIA: [Interposing]

9 Al--

10 COUNCIL MEMBER JAMES: --that

11 obviously there's room for redirecting funds--

12 CHAIRPERSON RECCHIA: [Interposing]

13 Council Member--

14 COUNCIL MEMBER JAMES: --I thank

15 you Mr. Chair and I urge you to consider

16 alternative cuts. Thank you.

17 CHAIRPERSON RECCHIA: Council

18 Member Al Vann.

19 COUNCIL MEMBER VANN: Yeah. Thank

20 you Chairman. Good afternoon Chancellor. It's, I

21 guess, the honeymoon is over, huh. [Chuckling]

22 CHANCELLOR WALCOTT: You know this

23 is the reality of what we have to face. We have

24 to make difficult decisions and it's my

25 responsibility to appear before you to try to

2 answer the tough questions and it has nothing to  
3 do with a honeymoon, it's all about our students,  
4 how we could better do the job, and we think we're  
5 doing a very good job--

6 COUNCIL MEMBER VANN: [Interposing]  
7 Well--

8 CHANCELLOR WALCOTT: --with our  
9 students and so thank you for thinking there was a  
10 honeymoon but that's part of the job.

11 COUNCIL MEMBER VANN: Well I'm  
12 going to give you a softball anyway. I'm going to  
13 lob you a softball. Let's see... What is the DOE's  
14 plan to attain the Race to the Top School  
15 Improvement Grant funding now that the State  
16 Education Department has pretty much said you need  
17 to reach an agreement with the teachers union on  
18 Teach Evaluation in order to receive the funding?  
19 Are you at the table negotiating again for the  
20 evaluation process? Or are we going to forego  
21 that money? Could you bring me up to date on  
22 where we are with that?

23 MR. SURANSKY: We're going to make  
24 every effort to use those funds. And so the State  
25 posed a new requirement that had not been in place

prior to last week. We're working hard to figure out how to get a solution.

COUNCIL MEMBER VANN: Yeah, what was the new requirement that they passed--

MR. SURANSKY: [Interposing] That there has to be an agreement with the teachers union.

COUNCIL MEMBER VANN: So if they had not made that requirement the money would have gone back or?

MR. SURANSKY: No, if they had not made that requirement we would have been able to distribute the money as we had proposed.

CHANCELLOR WALCOTT: As we had laid out a plan and based on the directive put forward by the State Education Department it basically counteracts our plans. So we have a responsibility to sit down both with SED, State Education Department, and the UFT to see how we can come together. We don't want to leave any money off the table.

We want to utilize the money in an effective way but at the same time we're not going to bargain something that will hurt the system

overall. So that's part of the ongoing discussions that we'll have with the UFT and also the SED to find a proper balance between what we thought the law actually said versus what we recently saw from the State Education Department.

COUNCIL MEMBER VANN: Mm-hmm. So just to be clear, you had decided that the only model going forward based on the lack of agreement was the restart?

MR. SURANSKY: That's correct.

COUNCIL MEMBER VANN: And the State has said well, no, you just can't do restart. There are several models that--

MR. SURANSKY: No, what they said is even if we wanted to restart, we'd still need to reach an agreement.

COUNCIL MEMBER VANN: Okay.

MR. SURANSKY: They--

CHANCELLOR WALCOTT: [Interposing] Whereas our interpretation--go ahead Shael.

MR. SURANSKY: Yeah, they basically have added a new requirement in the mix.

COUNCIL MEMBER VANN: Okay. So now that this has to be negotiated with the UFT

2 anyway, I would hope that that means that the  
3 other options also will be available if indeed you  
4 reach an agreement, not just restart is that--

5 MR. SURANSKY: [Interposing] Yeah,  
6 we could look at the other options again. I mean  
7 the reason those had come off the table, we were  
8 interested in exploring those options. We were  
9 unable to reach an agreement with the union which  
10 left us with restart as the only option--

11 CHANCELLOR WALCOTT: [Interposing]  
12 Option, uh-huh.

13 MR. SURANSKY: --we will look at  
14 them again though if we're able to reach an  
15 agreement.

16 COUNCIL MEMBER VANN: Okay. Thank  
17 you very much. Thank you Chairman.

18 CHAIRPERSON RECCHIA: Thank you  
19 Council Member Al Vann. And because you ran under  
20 five minutes we're going to recommend that you get  
21 a larger allocation. Okay. And we're going to  
22 recognize Rosie Mendez.

23 COUNCIL MEMBER MENDEZ: Thank you  
24 Mr. Chair. Mr. Chancellor--

25 CHANCELLOR WALCOTT: [Interposing]



2 Yeah.

3 COUNCIL MEMBER MENDEZ: --it's my  
4 first time with you here as the Chancellor so it's  
5 a pleasure to see you.

6 CHANCELLOR WALCOTT: It's a  
7 pleasure.

8 COUNCIL MEMBER MENDEZ: Thank you  
9 for all the work that we've done together in the  
10 past. Well I'm just going to make one little  
11 comment 'cause everybody does so I will.

12 CHANCELLOR WALCOTT: Sure.

13 COUNCIL MEMBER MENDEZ: My  
14 colleague earlier mentioned Star Trek, I am a big  
15 fan. So if you're familiar with Captain Picard?

16 CHANCELLOR WALCOTT: I haven't  
17 followed the new model, old, new--

18 COUNCIL MEMBER MENDEZ:  
19 [Interposing] Okay. That's the new generation is  
20 Captain Picard. So I would like you to be Captain  
21 Picard and not the Borg. I sort of feel that  
22 students and legislators and teachers are all  
23 going to be assimilated and resistance might be  
24 futile if all these cuts go through but anyway.

25 I'd like to ask you about JROTC.

CHANCELLOR WALCOTT: Mm-hmm.

COUNCIL MEMBER MENDEZ: And there is \$2.1 million allocated in the budget for JROTC. Can you tell me is that like some kind of funded mandate or something that we have to allocate funding to? Why are we funding this and what is it going for--?

CHANCELLOR WALCOTT: [Interposing] Well I'm a big believer in JROTC but before I get to JROTC, I'm not sure, was I just insulted when you called me a Borg?

COUNCIL MEMBER MENDEZ: No. No--

CHANCELLOR WALCOTT: [Interposing] Because I'm not familiar--

[Laughter]

COUNCIL MEMBER MENDEZ: --no, no--

CHANCELLOR WALCOTT: --I just need to have my quality control--

COUNCIL MEMBER MENDEZ: --no--

CHANCELLOR WALCOTT: --dealt with for a second--

COUNCIL MEMBER MENDEZ: --no, that was not an insult.

CHANCELLOR WALCOTT: --okay, I just

2 needed to know 'cause I mean it's a language I'm  
3 not familiar with so if I was called a Borg, I  
4 want to be able to respond and have equal time.

5 COUNCIL MEMBER MENDEZ: No,  
6 Locutus--

7 CHANCELLOR WALCOTT: [Interposing]  
8 All right--

9 COUNCIL MEMBER MENDEZ: --when  
10 Captain Picard became Locutus, fought back the  
11 Borg--

12 CHANCELLOR WALCOTT: [Interposing]  
13 Okay.

14 COUNCIL MEMBER MENDEZ: --and did  
15 not assimilate.

16 CHANCELLOR WALCOTT: Just checking,  
17 you know, not that I'm up to date on Borg and  
18 Picard and all that.

19 COUNCIL MEMBER LANDER: Is in the  
20 common core standards?

21 CHANCELLOR WALCOTT: Yeah, this  
22 isn't part of the new common core, what the  
23 principals will be hearing about on Saturday.

24 So I'm a big believer in JROTC. As  
25 a matter of fact this past Sunday I marched with

the JROTC from Francis Lewis High School in our Memorial Day Parade. My daughter was in the JROTC. To me, JROTC is a very good thing for our school system.

And you have a number of schools that have the option of having JROTC programs. And they see the benefits of the JROTC as far as what they do for our children and for student involvement, students interacting together from different backgrounds. And so JROTC to me is something that's really, really good and principals have the ability to decide on how they want to spend and allocate their money around JROTCs.

For example, Francis Lewis High School, the school with the largest JROTC program, is also the school, and I found this out on Sunday, that has the 2<sup>nd</sup> largest high school representation of students going to the West Point Academy. And that's as a result of their JROTC program. And the one that's the 1<sup>st</sup> in the country is the high school right next to West Point.

So JROTC for me is something that's extremely important as far as providing, I think,

1 a structured opportunity for our students to  
2 engage in something both during the school day as  
3 well as after school as well. And so I'm a big  
4 believer in JROTC. And I think the allocation is  
5 based on the principal and the principals'  
6 commitment and use of the money. And how then  
7 they pass that money along to, if they want a  
8 JROTC program, how it's passed along within the  
9 school.

11 COUNCIL MEMBER MENDEZ: So the  
12 JROTC is based on principals requesting it? Right  
13 now?

14 CHANCELLOR WALCOTT: Yeah, if I'm  
15 not mistaken, I don't know if Shael has more  
16 information than I do but it's based on the  
17 principal wanting to start up a JROTC program. So  
18 for example, I know Fort Hamilton High School has  
19 a JROTC program. I don't know if it was in your  
20 building or in Marc's building up in the Bronx.  
21 Yeah, they have one up there. Mars, Evander, so a  
22 number of schools see the benefit of JROTC and  
23 what the value-add it brings to the students. So  
24 yes, it's on the principal as far as she or he and  
25 how they want to develop a program and how large

they want that program to be.

COUNCIL MEMBER MENDEZ: Thank you. Thank you for explaining that. The Fair Student Funding Formula? So that's recently been changed. And I sort of want to wrap my head around what does it actually mean besides more special ed students in the CTTs. And besides more, I think, in the self-contained. And what does it mean for overall class size? Are those going to grow as well?

MS. CONFORME: Mm-hmm. Sure. So we gave a briefing to the Chair and his staff and I'd be happy to give you a briefing on the changes. They're quite intricate in terms of how we did the calculations but essentially what we're doing is aligning the funding where the student need is. So academic intervention services, which is essentially the funding source that supposed to support the student who are not on level in terms of the standardized tests. The standardized test was re-leveled.

Our proposal and it was approved by the panel was to re-fund all of the students who actually have that need. On the special education

side it is aligning the special education fair stream funding allocation with what is in practice. The IEPs and in most high schools, for example, it's 15 to 1. We have been funding at the level of 12 to 1.

And we are saying we want to fund at the level of 15 to 1 because that's actually what's happening in practice. So it's aligning the funding source essentially with what is in practice currently. But as I said, I'd be happy to give you a more in depth briefing on it.

COUNCIL MEMBER MENDEZ: And if you could just tell us what it means for overall class sizes for the CTTs?

MS. CONFORME: We don't anticipate any changes in class sized both in CTT or self-contained based on this change.

COUNCIL MEMBER MENDEZ: Though you don't anticipate means you're not sure but at this--

MS. CONFORME: [Interposing] We don't think it will happen because many of them are already at that size. On top of the fact that for our K to 8s, we fund the class regardless of

the number of students that are in the class. We fund the empty seats.

COUNCIL MEMBER MENDEZ: Thank you.

CHAIRPERSON RECCHIA: We're going to recognize the Council Member from Brooklyn, Steve Levin.

COUNCIL MEMBER LEVIN: Thank you Mr. Chairman. And thank you Chairman Jackson. Chancellor, thank you, and I have three questions so I'm going to try to get through these quickly 'cause I only have five minutes.

I'd like to talk first about some funding shifts that have been moving around, additions in the Executive Budget that have been directed towards charters. \$25.7 million in increased Medicaid reimbursement that came into the Executive Budget going towards charters, \$25 million moving from unit appropriate 461 which is fringe, and \$20 million from 491 that's collective bargaining.

That adds up to \$70 million that we're putting into charters. The FY '12 increase from FY '11 in charters is \$166 million, that's up from \$545 million to \$711 million in FY '12. How



much of that \$711 million is due to the natural growth of charter schools and how much is for new charter school startup costs?

MS. CONFORME: So the new charter schools increase in students is a total of 2,139.

COUNCIL MEMBER LEVIN: How much money is that?

MS. CONFORME: So we can get back to you and break it out but that's the actual number that we're paying for, for specific new charter schools.

COUNCIL MEMBER LEVIN: Okay. Because my reason in asking that is because that reflects a priority call. That reflects a judgment call on DOE's part to not just fund the natural growth in charters that already exist but instead to fund new charters instead of, I mean, when we're facing this teacher layoff situation that we all want to avert, that is a priority decision that I would seriously ask that you reexamine.

CHANCELLOR WALCOTT: Could I just respond--

COUNCIL MEMBER LEVIN:

[Interposing] Sure.

CHANCELLOR WALCOTT: --to that, really fast? In that that also is in response to the demand as well. I mean we have a demand from parents around charter schools being put into their communities and so this is in response to the demand. So the priority meets actually the demand response.

COUNCIL MEMBER LEVIN: We also, and I mean with all due respect, I mean we have a demand that we not lay off 4,000 teachers--

CHANCELLOR WALCOTT: [Interposing] Understood.

COUNCIL MEMBER LEVIN: --as well.

CHANCELLOR WALCOTT: But you linked the two and I mean--

COUNCIL MEMBER LEVIN: [Interposing] Well but...

CHANCELLOR WALCOTT: We can go back and forth on that type of linkage.

COUNCIL MEMBER LEVIN: Sure. The IBO report from March, the details, yeah, from March of this year details \$2.8 billion in non-instructional support for facilities, food

2 service, school safety, transportation, energy and  
3 leases. Does that include those services for  
4 charters? Or is that just for non-charter public  
5 schools? \$2.8 million in non-instructional  
6 support.

7 MS. CONFORME: So the non-  
8 instructional support, the leases, what did you  
9 say?

10 COUNCIL MEMBER LEVIN: It's the--

11 MS. CONFORME: [Interposing] So we  
12 have--

13 COUNCIL MEMBER LEVIN: --school  
14 facilities, school food--

15 MS. CONFORME: [Interposing] We  
16 have charter schools in our buildings and so that,  
17 if they are in our facilities that would include  
18 the charter schools.

19 COUNCIL MEMBER LEVIN: So then  
20 that's the \$711 million in charters is not the  
21 full picture of charters because it also then  
22 would have a portion of that \$2.8 billion that  
23 also go to charters, correct?

24 MS. CONFORME: Yes, yes.

25 COUNCIL MEMBER LEVIN: Okay. So

that \$711 million is actually a low number in terms of the--okay. And then lastly I want to talk about Pre-Kindergarten tuition. As I understand it for many years, for 15 years, that cost hovered around \$.5 billion. In 2007 it was \$499 million. In 2008 it was \$557 million. In 2009 it continued to grow. This coming year it's going to be \$981 million. That's close to \$1 billion up from \$.5 billion.

Why in 4 years has it gone from a consistently \$.5 billion, it's doubled, in 4 years? What is going on there? Because that is a lot of money. That's \$.5 billion that is going to Pre-Kindergarten tuition for special education. What's going on there? There hasn't been that number--that doesn't reflect--

CHANCELLOR WALCOTT: [Interposing]

So--

COUNCIL MEMBER LEVIN: --an increase in the number of kids that need special education does it? I mean twice as many kids need special education--?

CHANCELLOR WALCOTT: [Interposing]

We're seeing an increase in the number of--

2 COUNCIL MEMBER LEVIN:

3 [Interposing] Well increase in general ed from 13%  
4 to 18% but not, there about, but not a doubling.

5 CHANCELLOR WALCOTT: No. So we're  
6 seeing both an increase in the number of students  
7 is one and then also the early intervention  
8 services that are required as well. And we'll be  
9 glad to get you a specific breakdown of that. So  
10 it's not solely a doubling of the students, also  
11 the type of supportive services that go along with  
12 the students who are coming in. So it's a--

13 COUNCIL MEMBER LEVIN:

14 [Interposing] Right, but I mean are we looking at  
15 a cost effectively--I mean maybe there should be a  
16 reexamination because that's an alarming increase.  
17 It's an alarming increase--

18 CHANCELLOR WALCOTT: [Interposing]  
19 I don't disagree with you. I--

20 COUNCIL MEMBER LEVIN:

21 [Interposing] Yeah.

22 CHANCELLOR WALCOTT: --don't  
23 disagree with you. We are constantly looking at  
24 the Pre-K and the increasing expenses along that  
25 line but it's also part of the mandate in making

sure that we have the appropriate services in place as they move in. So--

COUNCIL MEMBER LEVIN:

[Interposing] Have the mandates changed from 2007 to today? I mean is it--?

CHANCELLOR WALCOTT: [Interposing]

I think people are just responding differently.

And then we're making sure that the early intervention services that are required are being provided as well. So I think you're seeing that. But again to give you specific information on what we've been doing is noting all the questions, we haven't been to answer to we can get back to staff and the Chair in a timely way with those answers.

COUNCIL MEMBER LEVIN: I appreciate Mr. Chancellor, thank you very much for your time. Thank you Mr. Chairman.

CHAIRPERSON RECCHIA: Thank you.

We're going to recognize the other member from Brooklyn, Council Member Greenfield.

COUNCIL MEMBER GREENFIELD: Thank you Chairs. And thank you Chancellor. I mean I just want to say from the get-go that I know things get heated but I've known for years that

2 you're committed to doing the best job that you  
3 can to ensuring all of our children's education.  
4 And I want to thank you for that.

5 CHANCELLOR WALCOTT: Thank you very  
6 much.

7 COUNCIL MEMBER GREENFIELD: I just  
8 do have, and I don't want to beat a dead horse,  
9 but I just am wondering if we thoroughly explored  
10 this particular issue. Does the DOE have any  
11 alternative to the proposed layoffs? Is there any  
12 plan that you folks have either come up with or  
13 have sketched out or some other perspective that  
14 says, hey, we can do this instead of laying off  
15 4,000 teachers and losing another 2,000 through  
16 attrition?

17 CHANCELLOR WALCOTT: So I mean we  
18 have talked about the mandate relief that we've  
19 requested and that's what I've been up in Albany  
20 talking about on a regular basis and trying to get  
21 mandate relief. So we've been addressing that.  
22 As I've indicated in the testimony and in response  
23 to a number of questions, we've taken a look  
24 internally as far as how we control or reduce  
25 costs both from a personnel point of view at

central and field, as well as consulting contracting services as well. And I think all those things combined, we've been able to reduce a number that would have been a little bit higher to the number that we're talking about right now.

In addition to that and as you well know I've said it over and over again, with the Mayor putting in an additional \$2 billion in City tax levy money, it's further reduced the number of potential layoffs both through attrition and layoffs itself. So I mean we've talked about a number of areas and how we control costs. I think the challenge is not just this year but moving forward since the deficit in the out year will be roughly \$5 billion. And our response and how we're going to manage that even in a better way moving forward.

COUNCIL MEMBER GREENFIELD: And so the short answer, I'm sorry, is no? There is no other plan--

CHANCELLOR WALCOTT: [Interposing]  
No, I didn't say that. I said that we've looked at a number of things. We've put a number of pieces in place to try to reduce the burden of



2 layoffs already. And as a result of what we've  
3 done the numbers that we're looking at right now  
4 as result of some of the things that we've talked  
5 about before with mandate relief and also cutting  
6 back on existing central and field and consulting  
7 and contracting services.

8 COUNCIL MEMBER GREENFIELD: The  
9 final number now would be what? Is it still the  
10 same number or--

11 CHANCELLOR WALCOTT: [Interposing]  
12 6,100: 2,000 through attrition and 4,100 through  
13 layoffs.

14 COUNCIL MEMBER GREENFIELD: Okay.  
15 So it's roughly the same number.

16 CHANCELLOR WALCOTT: It's just  
17 redistributed as a result of an update since the  
18 Preliminary. I think we were talking about 1,500  
19 through attrition and 4,600 through actual  
20 layoffs. Now it's 4,100 layoffs and 2,000 through  
21 attrition.

22 COUNCIL MEMBER GREENFIELD: Well I  
23 have to tell you and you know I've raised this  
24 before but my concern honestly is that, you know,  
25 I really fear that we're sending a message to

1 teachers that we no longer value them in New York  
2 City. I was speaking to a young teacher the other  
3 day and this is a teacher who under your current  
4 scheme would be getting laid off. And the teacher  
5 lamented to me that she should have become a  
6 police officer instead because we don't lay off  
7 cops but we lay off teachers.  
8

9 I mean how do you respond to that  
10 particular criticism and concern that we're  
11 basically sending young people away from the  
12 profession of teaching by sending a message that,  
13 you know, you could go spend these years, get a  
14 degree, and you may not have a job when you  
15 graduate.

16 CHANCELLOR WALCOTT: So several  
17 things, one, I've talked about the value of  
18 teachers and my respect for teachers, the  
19 importance of teachers in shaping the destiny of  
20 our children. And they've had an impact on all of  
21 us. And so I value and I always indicated in my  
22 visits to schools and when I see teachers on a  
23 regular basis that we do appreciate what they do.  
24 Two, with the police workforce as you well know,  
25 the police workforce has gone down in the

headcount number over a number of years as well.

So--

COUNCIL MEMBER GREENFIELD:

[Interposing] We haven't fired any police officers though.

CHANCELLOR WALCOTT: No, we haven't laid them off but headcount has gone down. And so that number has gone down. And then three, we have definitely talked about how we need to really make sure that we have an effective teacher in front of the classroom and making sure it's not based solely on seniority. So for those new teachers who've come in, we want to keep those who are effective in front of our classrooms educating our students. And we've been talking about that on a regular basis as well.

COUNCIL MEMBER GREENFIELD: I

recognize that but I think, you know, if we're going to be fair Chancellor, I think you pointed out before that, you know, we should concede that the millionaire's tax is probably dead in Albany. I think we have to concede that LIFO is probably dead as well. And I think we have to be practical about the fact that it doesn't seem like Albany's

2 going to be making a lot of changes. And if  
3 that's the case, you're putting us in an untenable  
4 position as Council Members to vote for a budget  
5 that's going to lay off 6,100 middle class New  
6 Yorkers.

7 I just want to make one final point  
8 and that is we discussed in the past the FIT issue  
9 where they're getting--

10 CHANCELLOR WALCOTT: [Interposing]  
11 Mm-hmm.

12 COUNCIL MEMBER GREENFIELD: --\$45  
13 million in funding.

14 CHANCELLOR WALCOTT: Right.

15 COUNCIL MEMBER GREENFIELD: I don't  
16 know if you've had a chance to--

17 CHANCELLOR WALCOTT: [Interposing]  
18 That's a pass through. I mean we're obligated to  
19 pass that money through to FIT.

20 COUNCIL MEMBER GREENFIELD: I  
21 actually researched it and it's actually not a  
22 pass through. In fact I have a letter from FIT  
23 from the President, Joyce Brown, who explains to  
24 me that from her perspective it's what she would  
25 consider local funding. And she has a lot of very

compelling reasons on why this funding should exist. Although I think honestly we should reconsider in the current climate whether we want money from K to 12 public school education going to a public college which receives funding from the State and through tuition so--

CHANCELLOR WALCOTT: [Interposing]  
What did it in Joyce's letter indicate that it was not a pass through? 'Cause I didn't hear you say that. I just heard you say that she thinks it exists, local funding, but.

COUNCIL MEMBER GREENFIELD: She, I'm happy to give you a copy of the letter afterwards, but she explained in her letter that this is what they consider to be local funding from the City of New York that the City is kicking in. So it wouldn't be a pass through. It would seem to be voluntary City tax levy dollars--

CHANCELLOR WALCOTT: [Interposing]  
Joyce, if Dr. Brown thinks we have discretion over that money, if that's not--

MS. CONFORME: [Interposing] Right-

-

COUNCIL MEMBER GREENFIELD:

[Interposing] Chancellor I'd be happy to give you--

CHANCELLOR WALCOTT: --we don't.

COUNCIL MEMBER GREENFIELD: I'm looking at the letter.

CHANCELLOR WALCOTT: I mean so what she's doing then is opening herself up to us going after those dollars. And I don't think Dr. Brown is advocating that there's discretion there on the part of the City--

COUNCIL MEMBER GREENFIELD:  
[Interposing] Let me, let me just...

CHANCELLOR WALCOTT: If she's going to give me an open opportunity to apply--

COUNCIL MEMBER GREENFIELD:  
[Interposing] Chancellor, I don't dispute that. In fact that's why I'm bringing it to your attention. Let me read you the line in the letter that is dated April 19<sup>th</sup>, 2011. The line says the local sponsor is defined as the locality which has committed to provide support for the creation and operation of the college. FIT's local sponsor since its inception has been the Board of Education of the City of New York, now the New

York City Department of Education. So that's exactly what she's saying. And that's why I'm bringing it to your attention--

CHANCELLOR WALCOTT: [Interposing]  
As a result of State law or whatever it is that we have to pass that money through and so we're the local sponsor but if Dr. Brown is suggesting that there is discretion within the locality of the allocation of that money--

CHAIRPERSON JACKSON: [Interposing]  
Thank you--

COUNCIL MEMBER GREENFIELD:  
[Interposing] That, once again, that is my understanding.

CHANCELLOR WALCOTT: We are--let me read you, here is the line. We are mandated to pass funds to FIT under State Education law 6302. The law authorized the New York City Board of Education to act as the local sponsor to a technical vocational institution, The Fashion Institute of Technology, pursuant to the approval of the State University and New York Board of Regents. At the same time the law was passed, CUNY did not exist as a City university system so-

2 -

3 COUNCIL MEMBER GREENFIELD:

4 [Interposing] Okay.

5 CHANCELLOR WALCOTT: --that's the  
6 State law--

7 COUNCIL MEMBER GREENFIELD:

8 [Interposing] Well--

9 CHANCELLOR WALCOTT: --so we're  
10 doing, I mean--

11 COUNCIL MEMBER GREENFIELD: --the  
12 question--

13 CHANCELLOR WALCOTT: --if I had the  
14 ability to get some money--

15 COUNCIL MEMBER GREENFIELD: --

16 Chancellor, my question, the question that I would  
17 ask you to just to, because the letter that I have  
18 seems to indicate the opposite. I'm not  
19 questioning your understanding but if you don't  
20 mind I would ask to go back just to simply inquire  
21 as to whether that arrangement requires you to  
22 utilize City tax levy or not--

23 CHAIRPERSON JACKSON: [Interposing]  
24 Thank you.

25 COUNCIL MEMBER GREENFIELD: --my



understanding is that it does. And if that's the case then you're absolutely right, Chancellor, perhaps we might want to reconsider that \$45 million allocation. Thanks--

CHAIRPERSON JACKSON: [Interposing]  
Thank you very much. Julissa Ferreras, Council Member from Queens, followed by Melissa Mark-Viverito from Manhattan.

COUNCIL MEMBER FERRERAS: Thank you. Thank you Chair, Chancellor. As you know I represent District 24 and although I know that there are 5 new schools slated to address the issues that we face over at P. S. 19--

CHANCELLOR WALCOTT: [Interposing]  
Mm-hmm.

COUNCIL MEMBER FERRERAS: --this morning P. S. 19 had 2,015 students as an elementary school. And, you know, it's not news to many of you but I attended that very elementary school when there was a lot less students.

This is a school in particular that lunch period begins at 10:00 A.M., so that all the children can eat, so they eat from 10:00 to 1:00. They are limited in space to use restrooms; they

have a mini-building and transportables.

Now my question is I saw some of the numbers that you gave to my colleagues was that 15% of District 24 students are 32 or more in a classroom or 32 in a classroom and 27% are 30 to 31 and 32. In your planning and I know that in the conversations that I've had with some of your staff about the overcrowding in my district, it's been, you know, what comes up is we're building 5 new schools. And I understand that we can't build those schools overnight even though I'm sure that you would want to.

As we plan, are we planning, with these layoffs into consideration, are these new schools going to be housing, potentially, classrooms of 30, 31, and 32 in the new schools?

CHANCELLOR WALCOTT: So I think there are several questions embedded--

COUNCIL MEMBER FERRERAS:  
[Interposing] Mm-hmm.

CHANCELLOR WALCOTT: --in your question. And I mean as you know or you should know, I was in District 24 2 separate times last week, going to different schools in D 24 and I'm

very much aware of the overcrowding issues and the challenges we face in finding space. And as you know D 24 in our capital plan probably has if not the highest allocation, the second highest, but probably the highest allocation of seats to be built. So we're always on the lookout for space. We're working with you and other members of the legislature to address the overcrowding issues in D 24.

I mean as we expand the number of seats then that goes to relieve the overcrowding. And so the students, as I indicated earlier, money follows the students. So as soon as we open up a building then based on the students in that building the school will be funded to hire the appropriate teachers. Again, your colleague is the one who presented the issue around the 15% and I'm not disputing that. I mean our goal is to keep class size both within the contractual level but also to try to if not reduce it at least keep it as stable as possible even in a time of cutting back on teachers.

What we're projecting, I said on average, is an increase of class size of 2 per

grade. And again it will vary. So as new schools open we'll still find ourselves within the, I think, parameters of where we should be as far as both the contract and also the goals for that particular grade. But the money follows the student. So as soon as we open up a new school in District 24, hopefully it addresses the overcrowding issue at a particular school like P. S. 19 and relieves that burden and those students who are both moving either out of the P. S. 19 or other overcrowded schools or new students who are coming in, there'll be money there for that school for them to hire the appropriate number of teachers based on where we are with our budget at the end of the budget process.

COUNCIL MEMBER FERRERAS: You know and I respect the intention of it. The only concern I have is that we have a new school directly across the street from P. S. 19.

CHANCELLOR WALCOTT: We were at the grand opening. Yep.

COUNCIL MEMBER FERRERAS: And it just seems to me that I would want to ensure that as we open these new schools that they are really

going to address the overcrowding because the way that my community has seen it unfortunately is that we're opening new schools and we've actively been trying to look for space and the reality is that we also have to, you know, and I'm aware, that there's also some community pushback to opening schools which is a whole other conversation that I've been trying to work on with your staff to ensure that the community doesn't push back.

And a lot of our Community Board meetings, where people come out and--but I say all this to say that P. S. 19, there was an elementary school built across the street. It ended up alleviating some of P. S. 16, not all of it. And we're still now busing children, potentially, to another school for P. S. 16, and P. S. 19 still remains overcrowded.

So it just seems that if we're using the same strategy to attack the same problem and it's not alleviating it, where is it failing? 'Cause I want to be able to turn around and tell parents, you're going to have a smaller classroom and your kid is not going to have breakfast at

10:00 A.M.

CHANCELLOR WALCOTT: Well I don't think it's failing. I mean two things: one, at the school that you're referring to, that was one of the schools that I went to visit last week, so at that school we have a Distinct 75 program. And as part of our mandate now that we've set on ourselves, with all new school construction, they will have a certain percentage of their seats allocated for District 75. And at that school as well, P. S. 16, I think, is located there, the 5<sup>th</sup> grade. And they'll be going elsewhere as the school that currently is in that particular new building will ramp up to, I think, having a 5<sup>th</sup> grade as well.

So I mean we plan based on the need. But District 24 as you indicated is a severely overcrowded district and we've allocated the resources in our capital budget to respond to that overcrowding. We work closely with you and other elected officials and community leaders in identifying space in District 24 'cause we want to build it.

We want to build them as quickly as

possible based on the allocation in our capital budget. And it may not go to the heart of your question around class size; my goal for District 24 is not just around class size. My goal is to make sure we're addressing and alleviating the overcrowding. And that's why we're trying to identify spots or locations as quickly as possible to alleviate the overcrowding so we don't have students in schools, in overcrowded situations. And we don't have extreme waiting lists as well.

CHAIRPERSON RECCHIA: Okay, Council Member, you want to sum up--?

COUNCIL MEMBER FERRERAS:  
[Interposing] Thank you. Thank you Chancellor.

CHAIRPERSON RECCHIA: Okay. We're going to recognize Council Member Melissa Mark-Viverito. She's the last Council Member and then Council Member Jackson and myself will close it out. Council Member.

COUNCIL MEMBER MARK-VIVERITO:  
Thank you Mr. Chairs and I wanted to, good afternoon Chancellor.

CHANCELLOR WALCOTT: Good afternoon Council Member.

COUNCIL MEMBER MARK-VIVERITO: And I want to just add my voice to some of the frustration that you've heard from my colleagues with regards to obviously we don't want any of these layoffs to happen but in terms of really needing true leadership from this Mayor in bringing everyone to the table and saying that, honestly, everyone has to pay a fair share. And that's not happening right now.

And I've heard the Mayor use the term "there are no sacred cows" very often but clearly there are sacred cows when it comes to who he has asking to help keep this City running and averting these serious cuts all around social services and deteriorating and eliminating the safety net that we have in the City for the most vulnerable.

So I have a very specific question with regards to the budget that you have presented, the Fiscal 2011 budget, which included PEGs that were presented by DOE. They were going to be averted, these PEGs, through lunch money collection, reduction of pupil transportation services, building use fees and school lunch fee



collection.

And you testified at the Preliminary Budget that the lunch money collection PEG was basically off the table and had failed. So I guess the question is what PEGs did you achieve? And how did you achieve these PEG targets? And were there any that have failed, other PEGs that have failed?

MS. CONFORME: So we did testify that the food PEG had failed. We have met most of the other PEGs that were from the previous year. Moving forward into Fiscal Year '12, we talked about a \$60 million PEG to the Department that we're taking through central OTPS positions. We've talked about the reduction in IT consultants that will be part of our PEG program--

COUNCIL MEMBER MARK-VIVERITO:  
[Interposing] How about you just said something that was contradictory. So \$60 million in OTPS.

MS. CONFORME: In OTPS, personnel, contracted services, including--

COUNCIL MEMBER MARK-VIVERITO:  
[Interposing] So all those three combined, got you.

2 MS. CONFORME: --yes, inclusive of  
3 all of that. So we are projecting that those PEGs  
4 will move forward but the food PEG is not part of  
5 that moving forward.

6 COUNCIL MEMBER MARK-VIVERITO: Now  
7 also I guess another question is you, will you  
8 participate, meaning the Department of Education,  
9 in the quarterly PEG monitoring with OMB, City  
10 Council and the Comprehensive Financial Monitoring  
11 Task Force? Is that something that you're  
12 committed to doing?

13 MS. CONFORME: Yes, absolutely.

14 COUNCIL MEMBER MARK-VIVERITO:  
15 Okay. And how about the status of the \$20 million  
16 parent coordinator PEG?

17 CHANCELLOR WALCOTT: The ARRA  
18 dollars we took that basically off the table and  
19 so that was last year. And again as we formulate  
20 our budget, we'll be getting that information out  
21 on how we're going to handle that this coming  
22 year. But parent coordinators are something that  
23 we believe in. We think that they are extremely  
24 effective in elementary, middle schools and high  
25 schools. But again we're looking for flexibility

2 so we'll be getting additional information about  
3 ARRA.

4 COUNCIL MEMBER MARK-VIVERITO: So  
5 you're trying to avert that?

6 CHANCELLOR WALCOTT: Trying.

7 COUNCIL MEMBER MARK-VIVERITO:  
8 Okay. So again I just want to hope that the  
9 recommended alternatives to be looked at within  
10 the Department are seriously considered. I think  
11 there were some real serious thought and analysis  
12 put into looking at your budget, line item by line  
13 item. And the statement that our Chair Domenic  
14 Recchia and the Speaker put out gives real  
15 tangible recommendations and I hope that that's,  
16 again, seriously considered to avert these layoffs  
17 which we really cannot afford in terms of the  
18 education of our children. So thank very much.

19 CHAIRPERSON RECCHIA: Thank you  
20 Council Member.

21 CHANCELLOR WALCOTT: Thank you.

22 CHAIRPERSON RECCHIA: I want to  
23 recognize Council Member, before we move forward I  
24 want to recognize Council Member Vallone who  
25 joined us and Council Member Halloran and Council

Member Jackson.

CHAIRPERSON JACKSON: Chancellor, let me just ask, we're wrapping up but there's a couple of questions our colleague Melissa asked about the 2011 PEGs. And I'm going to ask about custodial PEGs.

CHANCELLOR WALCOTT: Sure.

CHAIRPERSON JACKSON: In Fiscal 2012 Executive Budget included a \$10 million cut to custodial services. And my understanding the PEG cuts were only for in house custodians and not contracted custodians. Is that true or not true or are you going to be cutting contractual custodians? So that's one question.

And while you think about that, my understanding in the 2012 Executive Budget, the services for custodians is about \$313 million which is \$3 million less than the current Fiscal Year 2011 budget of \$316 million. And that the base line budget increase combined with the \$10 million PEG leaves a net budget reduction of about \$3 million. So the question, of course, is how will you achieve these savings? How will that leave our schools? Will our schools be dirtier or

2 will they be cleaner? And what will be the number  
3 of reductions, if any at all, in staff? So those  
4 are the questions regarding that custodial PEG.

5 MS. CONFORME: So the net impact is  
6 \$3 million. There were previous PEGs to the tune  
7 of \$5 million and \$3 million. So those were  
8 restored in the budget. So the net effect of the  
9 \$10 million is only \$3 million to the total  
10 custodial budget. So that's the first piece.

11 The second piece is the custodial  
12 budgets are such that we give the custodians a  
13 budget and they decide how many cleaners they  
14 need, how many cleaning supplies they need,  
15 etcetera, etcetera.

16 CHAIRPERSON JACKSON: Right.

17 COUNCIL MEMBER CONFORME: So the  
18 impact would be a \$3 million impact to the entire  
19 custodial budget.

20 CHAIRPERSON JACKSON: Okay. And so  
21 how many custodians do you have? So in essence do  
22 you have 1,500, 1,800--

23 MS. CONFORME: [Interposing] No--

24 CHAIRPERSON JACKSON: --and what is  
25 the approximate, you know, reduction going to be?

2 Is it based on the size of the school, for  
3 example?

4 MS. CONFORME: Yes, it is based on  
5 the size of the school--

6 CHAIRPERSON JACKSON: [Interposing]  
7 Okay.

8 MS. CONFORME: --and we have  
9 roughly 1,200 custodians but don't quote me on  
10 that I can get you the exact figure.

11 CHAIRPERSON JACKSON: No, I hear  
12 you--

13 CHANCELLOR WALCOTT: [Interposing]  
14 Because part of the efficiencies over the last  
15 several years has been some of the shared  
16 custodial services at different buildings as well.  
17 And also with some of the contracting out that you  
18 referred to--

19 CHAIRPERSON JACKSON: [Interposing]  
20 I guess and to go back to--

21 MS. CONFORME: [Interposing] Let me  
22 correct that number. It's roughly 900 custodians.

23 CHAIRPERSON JACKSON: [Interposing]  
24 Okay. 900. So go back to the whole issue of the  
25 contract budget. Are you going to be looking at

possibly reducing some of the outside custodial contract services overall and eliminating some of the contracts that we talked about in general of \$4.5 billion in contracts? Versus laying off employees that are employed by the City of New York via the custodians?

CHANCELLOR WALCOTT: Sure. I mean we'll be looking at all of these issues both the personnel side as well as the contract side as far as where we can extract efficiencies.

CHAIRPERSON JACKSON: Okay. And I guess really the bottom line result is how is that going to--do you believe that that cut is going to impact the cleanliness of our schools where our kids go, you know, sit and play every day?

CHANCELLOR WALCOTT: We project that it will not impact the cleanliness. And as you've heard and as you know, we've already put some cuts in place. And I know the feedback that I hear that the cleanliness is still at a level being something we would want for our schools as far as being clean. So I mean our goal is to make sure it does not have an impact on the cleanliness at all.

CHAIRPERSON JACKSON: Chancellor,  
you had mentioned several times during the course  
of this hearing that you are going to be meeting  
with the principals pretty soon in order to, I  
guess, communicate with them when their budgets,  
they're going to receive their budgets.

So the question is what is the  
projected date in which principals are going to  
receive their budgets so that they know how much  
money they're receiving and/or what reductions are  
going to be in place? And I understand that there  
must be a certain timeframe for that even though  
that may occur before we finalize the City's  
budget. So I'm just asking the question when--

CHANCELLOR WALCOTT: [Interposing]  
Sure, it's a great question. I don't have an  
honest answer for you at this point. I mean the  
answer is it's our goal to get something out to  
them within the next several weeks but we're  
meeting internally around the budget process. As  
you indicated a lot of it is predicated on the  
adoption of the City's final budget as well.

But I want to get information out  
to them and I'll be sharing some of that



information with them on Saturday.

CHAIRPERSON JACKSON: Okay so there's no, for example, mandated date that you must give it to them.

CHANCELLOR WALCOTT: No.

CHAIRPERSON JACKSON: Okay. Then--

CHANCELLOR WALCOTT: [Interposing]  
We're not like you and the executive side where they have to have a budget in place by--I mean our goal is to get it out to them but at the same time we're not mandated by a specific date--

CHAIRPERSON JACKSON: [Interposing]  
Okay. So I'm glad to hear that because quite frankly I would rather wait to make sure that they receive the type of monies that they need and that it will hopefully include no cuts as far as the dollars are concerned. But as you know time will tell.

CHANCELLOR WALCOTT: Sure.

CHAIRPERSON JACKSON: Thank you.  
My colleague Domenic Recchia, Chair of Finance.

CHAIRPERSON RECCHIA: Yes. And I want to thank you Chancellor Walcott for coming here today.

2 CHANCELLOR WALCOTT: Thank you.

3 CHAIRPERSON RECCHIA: And I just  
4 want to sum up on one or two things. The extended  
5 use, right, those fees that you're collecting, are  
6 they going to be raised for outside people to use  
7 the schools? You're going to increase those?

8 MS. CONFORME: No. Our fees have  
9 been the same for the last several years--

10 CHAIRPERSON RECCHIA: [Interposing]  
11 Okay.

12 MS. CONFORME: --they cover the  
13 costs of the custodian cleaning the room. And  
14 that's all they cover.

15 CHAIRPERSON RECCHIA: All right.  
16 And the schools, they're not going to do, you're  
17 not going to be charging them next year, the  
18 schools to use the space--

19 MS. CONFORME: [Interposing] No,  
20 but, no, we're not going to be charging them, but  
21 we have been monitoring the use of the extended  
22 use and how much they are putting in to make sure  
23 that they're using it efficiently.

24 CHAIRPERSON RECCHIA: Okay. And I  
25 will be contacting Veronica to talk to you about

Mark Twain because there is an agreement between the Administration and Mark Twain--

MS. CONFORME: [Interposing] I'm aware of the agreement.

CHAIRPERSON RECCHIA: Okay. I'll be coming to see you so we could work that out.

MS. CONFORME: Okay.

CHANCELLOR WALCOTT: Also, if I may, I mean 'cause we got some additional information, just to respond in reference to the specialized high school institutes.

CHAIRPERSON RECCHIA: Oh, yes, Diana Reyna would love that information.

CHANCELLOR WALCOTT: So the ethnic breakdown of the specialized high school institute is Asian 45%, Black 22%, Latino 22%, White 6%, and unknown 2%. And--

MS. CONFORME: [Interposing] The cost.

CHANCELLOR WALCOTT: --the cost is \$2 million. And for Fiscal Year '12 it'll be \$1.3 million. And so that's an institute that we use to prepare, to identify students who are at a point where we think they may qualify for

2 specialized high school and then to work with them  
3 in preparation for the test itself. And as I  
4 indicated before it's based on, and as Shael  
5 indicated also, on Title I and need and not based  
6 on race as a result of that then it's a program  
7 that tries to respond to the legal side of what we  
8 have to do.

9 CHAIRPERSON RECCHIA: All right.

10 If we could--

11 CHANCELLOR WALCOTT: [Interposing]  
12 Oh, and the Life program, Life program, total cost  
13 is \$12 million, cost per site roughly is \$316,000  
14 and the number of Life Centers is 38 according to  
15 our website including community centers itself.

16 CHAIRPERSON RECCHIA: How many?

17 CHANCELLOR WALCOTT: 38.

18 CHAIRPERSON RECCHIA: All right.

19 You know what? We're going to be sending a  
20 letter, so if you could respond to that with all  
21 of this information in it.

22 MS. CONFORME: Absolutely.

23 CHAIRPERSON RECCHIA: Okay. All  
24 right. And any other questions? Yes.

25 CHAIRPERSON JACKSON: Well we

2 wanted to recognize our colleague Darlene Mealy  
3 from Brooklyn sitting directly in front of us.  
4 And she says she has one tiny question. And we're  
5 going to allow her to ask that one tiny question.

6 COUNCIL MEMBER MEALY: Thank you so  
7 much. Congratulations. I haven't told you that.

8 CHANCELLOR WALCOTT: Thank you.

9 COUNCIL MEMBER MEALY: What is your  
10 plan about the trailer extension schools? Do you  
11 have a plan for that--

12 CHAIRPERSON JACKSON: [Interposing]  
13 Oh the--

14 COUNCIL MEMBER MEALY: --or even  
15 upgrades--

16 CHAIRPERSON JACKSON: --the  
17 trailers?

18 COUNCIL MEMBER MEALY: Yeah

19 CHAIRPERSON JACKSON: Right, that's  
20 in the capital plan. If you can give a quick  
21 answer--

22 CHANCELLOR WALCOTT: [Interposing]  
23 Sure I'll do a quick answer. I mean, again, as we  
24 build new schools our goal is to reduce the number  
25 of trailers over the next several years. And we

have a projected number, what's that projected number we talked about? [Off mic discussion].

CHAIRPERSON RECCHIA: Okay.

CHANCELLOR WALCOTT: 12 to 15 reductions each year.

CHAIRPERSON JACKSON: Thank you.

Well let me just thank you Chancellor Walcott and your Chief Academic Officer Shael Suransky and your Chief Financial Officer Veronica Conforme and your other staff for being here and answering our questions. We look forward to working with you. We hope that when we hammer out this budget by June 30<sup>th</sup> it will include no layoffs in the Department of Education, no matter what title exists--

CHANCELLOR WALCOTT: [Interposing]

Thank you Mr. Chair for the opportunity to present to both Chairs and to the members--

CHAIRPERSON RECCHIA: [Interposing]

Thank you.

CHANCELLOR WALCOTT: --of the joint committees--

CHAIRPERSON RECCHIA: [Interposing]

And we hope you can restore some school aid for

our children. Okay.

CHANCELLOR WALCOTT: Thank you very much.

CHAIRPERSON RECCHIA: Okay.

CHANCELLOR WALCOTT: Have a good afternoon.

CHAIRPERSON RECCHIA: We're going to take a 5-minute recess.

[Gavel banging]

[RECESS]

CHAIRPERSON RECCHIA: Testing, one, two. We will now resume the City Council hearing on the Mayor's Executive Budget for Fiscal Year 2012. The Finance Committee has been joined by the Committee on Governmental Operations chaired by my fellow Finance Committee member and colleague Council Member Gale Brewer, to hear from DCAS, Commissioner Edna Handy. I know my colleagues have a lot to say so in the interest of time I will forego my opening statement and recognize the Co-Chair Gale Brewer.

CHAIRPERSON BREWER: Thank you very much Domenic Recchia. And I want to thank everyone who's here. I see Council Member Inez

Dickens and I'm sure there will be others in a minute from the Committee. We will be hearing from the Department of Citywide Administrative Services, the Board of Elections, the Campaign Finance Board and the Law Department. We will ask the Department of Citywide Administrative Services about the Energy Management Plan, their capital plan, and I think somebody might want to ask about the proposed, underline proposed, merger with the Department of Records.

We'll also find out from the Board of Elections how the revised budget will meet its needs. I think I know what they might say. How it is preparing for upcoming elections? When we expect the Board to start web casting its meetings? What's the status of the notion of ballots online? And of course somebody may ask about executive director.

We will get an update from the Campaign Finance Board about how it's implementing the new Independent Expenditure Disclosure Requirements, the latest developments on its integration of the Voter Assistance Advisory Committee, and the status of its audits from the



2009 elections.

And we will ask the Law Department about its increased headcount, use of special counsel, among other issues.

Without further ado I'd like to thank the incredible staff who's here today. We will mention them as time goes on and we'll begin with Commissioner Edna Wells Handy, Commissioner of DCAS. Thank you very much for being here.

COMMISSIONER EDNA WELLS HANDY:

Thank you for having me. To the Chairs and the members of the Committee, my name is Edna Wells Handy and I'm the Commissioner of the Department of Citywide Administrative Services. I'm joined at the table by Don Brozen [phonetic] who's our Chief Financial Officer and Chief Business Manager. I hesitated because as I testified before we are undergoing a transformation and a reorganization at DCAS where we're looking to become more customer-focused, to provide a business arm for the City as we seek to provide better, faster, cheaper, greener service.

As many of you know DCAS ensures that the City agencies have the critical resources

and support needed to provide the best possible service to the public. DCAS administers civil service exams and conducts professional development. We are responsible for establishing an overseeing citywide EEO policies and procedures and training. Our agency provides over all facilities management including maintenance and construction services for 55 City owned buildings and managing security operations for a number of these buildings as well.

We also purchase and sell real property and lease space for City agencies. DCAS purchases, inspects and distributes supplies and equipment as well as assisting in the disposal of surplus goods.

In addition and to your point, DCAS makes energy purchases for City agencies and leads citywide energy management initiatives to reduce energy consumption, greenhouse gas emissions from City government operations. Moreover DCAS monitors City agency fleets and the overall compliance with fleet purchasing laws and environmental goals. We, in effect, provide the people, places and tools to make government work

and make it work more efficiently.

With respect to our FY expense PEG target that was totally \$8.9 million which we planned to make through revenue increases and Executive Budget--I'm sorry and Expense Budget reductions with no operational impact. A snapshot of the DCAS expense budget shows that we have a funding of \$1.1 billion in FY '12. The majority of our planned expenditure, \$808 million is allocated for citywide energy expenses.

As I will later discuss and again to your point, Madam Chair, DCAS energy management works closely with all agency liaisons to improve the efficiency of our energy usage. We accomplish this through upgrade to equipment and improvements to operation and maintenance as well as other initiatives in order to reduce the City's energy costs.

The FY Executive Budget provides funding for DCAS' budgeted headcount of 2,020 in FY '12. With respect to our revenues: the total DCAS revenue budget reflects a \$93.1 million in revenue for FY '12. DCAS generates most of its revenue through rent collections, the sale of

surplus equipment and vehicles and civil service exam fees.

Our largest source of revenue is through DCAS asset management and projected revenue of \$65.5 million which is primarily derived from commercial rentals of City owned property. The largest contributor to this revenue source is \$24.3 million in annual rental income from a long-term ground lease with the Marriott Marquis. Another significant revenue source is the sale of surplus goods at public auction and through competitive sealed bidding by DCAS' purchasing line of service. The FY Executive Budget assumes sales of \$6.2 million in the upcoming fiscal year.

Additionally DCAS receives revenue from applicant filing fees for civil service exams. In FY '12 DCAS anticipates collecting \$3.2 million solely from the collection of civil service exam applicant fees. Some of the examinations that will be open for filing during FY '12 include fire fighter, eligibility specialist, job opportunity specialist, inspector for housing, captain for corrections, sergeant for

police, and lieutenant for police.

Further more DCAS operates two computerized testing centers, one in Manhattan located at 2 Lafayette Street and the other in Brooklyn located at 210 Joralemon Street. As you might recall, the Committee toured the Brooklyn site last December. At the CTCs, DCAS administers high volume of exams such as police officer, correction officer and traffic enforcement agent. We plan to open a third site and we are in the process of identifying the location to be housed in Queens.

With regard to the PEG program, we plan to meet our PEG by revenue increases and reduction in expense with minimal to no operational impact. Our revenue increases will be as follows. Salvage sales, the Fiscal Year '11 revenue baseline as increased by \$3.4 million which was credited towards the DCAS FY '12 PEG target. This one-time increase is attributed to the sale of a greater number of relinquished heavy duty vehicles and other large equipment by the Department of Sanitation and other agencies.

Citywide commercial rentals: our

largest source of revenue is from these properties. DCAS is anticipating an additional \$600,000 in lease revenue in the upcoming year which will be credited towards our FY '12 PEG target. The second item by which we seek to make our PEG, meet the PEG program, is expenses with no adverse impact to DCAS operations.

As I testified during the preliminary hearing last March, DCAS has been reorganized into lines of services as I indicated earlier as opposed to divisions. One of the objectives of this reorganization is to better serve our customers and to identify efficiencies in agency operations. To this end we have been able to identify budget reductions that have no adverse operational impact due to the great work of DCAS' lines of services.

First, reduction of contractual guard hourly rates, DCAS' purchasing line of service successfully effectuated a re-pricing structure through the renegotiation of the citywide requirements contract with Allied Barton, a contractor who provides the City with security guards. The administrative overhead hourly cost

was reduced by \$.38 which will result in an estimated citywide service of \$600,000 in FY '12, of which \$300,000 was credited towards the DCAS FY '12 PEG target. Please note that this decrease in the hourly administrative cost to the City does not have an impact on the hourly wage rate paid to the security guards employed by Allied Barton. The hourly wage rate for security guards is in accordance with the prevailing wage rate established by the New York City Comptroller.

Second, reduction of costs in citywide paper, under the leadership again of our DCAS purchasing line of service, we have also renegotiated the citywide requirements contract with the vendor who provides stationery paper for all City agencies. This renegotiation will result in a citywide savings of \$1 million starting next Fiscal Year of which \$500,000 was credited towards DCAS' FY '12 PEG target.

Third, New York Power Authority credit, due to the work of the DCAS energy line of service, energy management line of service, prior utility overpayments to the New York Power Authority, NYPA, were identified. As a result

1  
2 NYPA will issue a credit in FY '12 to the City by  
3 resetting the delivery portion of its rates to  
4 reflect a true pass through to Con Ed delivery  
5 rates. DCAS energy management line of service  
6 took a leading role among the governmental groups  
7 that are NYPA customers in requiring NYPA to  
8 undertake the rate study that served as the  
9 delivery rate reset. The new rates results in an  
10 equitable utility credit to the City. The credit  
11 is estimated at \$3.9 million which assisted DCAS  
12 in achieving its overall reduction target.

13           There are new needs for FY '12.  
14 Those new need consist of our efficiency efforts  
15 through our shared services, particularly HR-  
16 shared services. DCAS is at the forefront of many  
17 of the citywide efficiency programs, one of them  
18 being the HR Shared Services Initiative. The  
19 practice of shared services is the centralization  
20 of administrative functions from several  
21 departments or agencies into a single organization  
22 with the mission of providing services as  
23 efficiently and as effectively as possible.

24           Shared services, if I might digress  
25 a bit, work extremely well when you have partners



in other City agencies performing the same daily functions that are routine and perhaps best susceptible to work via computer or in a consolidated way. HR shared services is that effort to bring together those, in HR, Human Resources, to bring together those routine transactions that we believe will provide a more effective and efficient way of providing the services that are now being rendered sporadically throughout the system.

DCAS received funding for the continuation of HR central benefits staff as well as funding for augmentation to existing staff. Resources allocated for this project are currently funded at \$1.9 million only for FY '12 as we are still building the platform and engaging in the conceptual process for the shared service model. Further funding needs will be evaluated as the model is fully developed.

In FY '12 DCAS has also received \$600,000 in additional expense funds for a New York City prevailing wage adjustment for contractual security guards. This funding is for compliance with the New York City Comptroller's

Office Section 230 Prevailing Wage Schedule for Contractual Security Guards published on July 1<sup>st</sup>, 2010.

I'd like to turn now to DCAS capital. DCAS remains focused on maintaining and preserving buildings, paying particular attention to the health and life safety issues and legal obligations. In the DCAS portion of the City's capital commitment plan, \$244 million is allocated for DCAS managed facilities in FY '12 and FY '11.

DCAS is undertaking numerous building improvements in our facilities including the rehabilitation of elevators, fire safety systems, and work associated with Local Law 11 of 1998 in relation to building facades. A contract for an estimated \$8.3 million elevator rehabilitation project at 60 Center Street in Lower Manhattan has been awarded. A \$2.3 million façade rehabilitation and restoration project is slated for Brooklyn Supreme Court located at 350 Adams.

Other essential projects include major electrical upgrades at the Brooklyn Municipal Building at 210 Joralemon Street for

\$18.2 million, the Bronx Family Criminal Court at 215 East 161<sup>st</sup> Street for \$17.7 million, 80 Center Street in Manhattan is scheduled for a \$15.5 million upgrade, State Island Borough Hall at 10 Richmond is scheduled for a \$4.8 million upgrade.

DCAS will also manage various construction projects in City lease space for FY '12. Of particular note is a \$25 million expansion of the Data Center for the Department of Information Technology and Telecommunications, DOITT, at 2 Metro Tech Center in Brooklyn.

The DCAS plan also includes \$77 million for a future backup center for DOITT and the FISA, Financial Information Services Agency. Other projects include the \$3.6 million consolidation of 2 Police Department Traffic Enforcement Unit Offices in the East Tremont Section of the Bronx as well as a \$7.6 million renovation of office space for the Department of Consumer Affairs in Lower Manhattan.

Finally DCAS energy management line of services which oversees the implementation of PlaNYC energy conservation and greenhouse gas emission reducing projects, the total capital

budget for FY '12 and FY '11 which is managed by the Office of Management and Budget, OMB, is \$164 million. These funds are allocated to specific projects as they are identified by DCAS energy management and approved by the Interagency Energy Conservation Steering Committee. The majority of these projects will include or will involve lighting upgrades, occupancy sensory installations, high efficiency motor installations for mechanical and plumbing systems, building envelop upgrades, and building controls.

In conclusion I'd like to thank you for this opportunity, and I'd like to play my this is my first Executive Budget hearing card, by referring where appropriate to my wonderful staff who is seated in the audience, any questions I can't answer in the first instance.

CHAIRPERSON BREWER: Thank you very much. We've been joined by Council Member Vallone, Dilan, Jackson, James and I think I have everybody. And the first questions are coming from the very esteemed Finance Chair.

CHAIRPERSON RECCHIA: Thank you Council Member Brewer. Council Member Mealy from

Brooklyn, I recognize her. We got everybody. All right. In going over the whole budget over the last few days I notice, you know, you're correct when you made a statement that a majority of your budget is for energy.

COMMISSIONER WELLS HANDY: Yes.

CHAIRPERSON RECCHIA: Okay. Which City agency spends the most for energy?

COMMISSIONER WELLS HANDY: I will defer to my esteemed colleague Ariella Aaron.

CHAIRPERSON RECCHIA: Just state your name for the record.

MS. ARIELLA MARON: Ariella Maron with Energy Management Line of Service. So the agency with the largest energy budget, meaning they consume the most, is the Department of Education.

CHAIRPERSON RECCHIA: Department of Ed. Okay. And how about the least?

MS. MARON: We are paying the energy bills not just for the big City agencies but their small agencies, their small offices. There's separate cultural institutions, there's Community Boards, so we have some very, very small

2 ones. We have dozens and dozens of very, very  
3 small entities that fall under our heat, light and  
4 power budget.

5 CHAIRPERSON RECCHIA: Okay. Is it  
6 possible for us to get a copy of how that money is  
7 spent by agency, by agency?

8 COMMISSIONER WELLS HANDY: Yes.  
9 We'll provide that to you.

10 MS. MARON: Yeah, we also have that  
11 on our website.

12 COMMISSIONER WELLS HANDY: Oh, it's  
13 also on the website.

14 CHAIRPERSON RECCHIA: It's already  
15 on the website?

16 MS. MARON:  
17 NYC.GOV/Energyconservation. We put monthly  
18 reports with heat, light and power budget  
19 information--

20 CHAIRPERSON RECCHIA: [Interposing]  
21 Well can we find out like how much each agency  
22 spends? And could we find out how much money each  
23 cultural institution spends?

24 MS. MARON: Yes.

25 CHAIRPERSON RECCHIA: Okay. 'Cause

2 I know you ran a program with the Department of Ed  
3 where you gave out \$100,000 to the school that  
4 saved the most energy. Were you involved in that?

5 MS. MARON: So we have various  
6 programs that we do for all the agencies. With  
7 the seven largest agencies which includes the  
8 Department of Education we've done our first phase  
9 of our rollout for an improved operations and  
10 maintenance program. As part of the operations  
11 and maintenance program for all of those agencies  
12 that actually achieved a weather-normalized energy  
13 reduction from year to year, we did provide a  
14 little incentive for them to use as they felt  
15 appropriate. And the Department of Education  
16 awarded that program money since that actually  
17 helped them reduce consumption.

18 CHAIRPERSON BREWER: And one of my  
19 high schools won, I just wanted to say that--

20 CHAIRPERSON RECCHIA: [Interposing]  
21 Yeah, I know, I have the list right here Ms.  
22 Brewer--

23 MS. MARON: [Interposing] I - -  
24 that's right.

25 CHAIRPERSON RECCHIA: --I noticed

2 that. None in Brooklyn, not a joke, just a school  
3 - - . What were the seven agencies that got money  
4 back?

5 MS. MARON: Sure. So for the seven  
6 largest agencies and this was just for the first  
7 year of the phase out 'cause we've been--

8 CHAIRPERSON RECCHIA: [Interposing]  
9 Yeah.

10 MS. MARON: --supporting and  
11 focusing on the largest ones. I should also  
12 mention these 7 make up 75% of our heat, light,  
13 and power budget. But it's the Department of  
14 Education, Department of Correction, Sanitation--

15 CHAIRPERSON RECCHIA: [Interposing]  
16 Hold on. Hold on. Go ahead.

17 MS. MARON: Fire Department, Police  
18 Department, Parks Department and DCAS.

19 CHAIRPERSON RECCHIA: Okay. And  
20 what was the average reimbursement that they got  
21 back?

22 MS. MARON: For this 1-year  
23 incentive program as part of the rollout it was  
24 based on their total square footage. So  
25 Department of Education is significantly larger in



2 terms--

3 CHAIRPERSON RECCHIA: [Interposing]

4 Yes.

5 MS. MARON: --of square footage so  
6 it was based proportionally along those lines.

7 CHAIRPERSON RECCHIA: So if we send  
8 you a letter requesting how much each of these  
9 agencies--

10 MS. MARON: [Interposing] Mm-hmm.

11 CHAIRPERSON RECCHIA: --got, you  
12 would get back to us?

13 MS. MARON: Sure.

14 CHAIRPERSON RECCHIA: Okay. And  
15 my last question deals with, as you know, ACS,  
16 they would like to close 9 day care centers. And  
17 the City Council has been fighting with them about  
18 renegotiating the leases. What have you done?  
19 Have you been, my first question is, have you been  
20 requested by ACS to renegotiate the leases on  
21 these day care center?

22 COMMISSIONER WELLS HANDY: Okay,  
23 for that I'm turning it over to our head of asset  
24 management, Theresa Ward.

25 MS. THERESA WARD: Hi. Theresa

2 Ward, Chief Asset Management Officer of DCAS. I'm  
3 going to need to get back to you on that. There  
4 have been some where we have, where a lease was  
5 expiring or there was a renewal. So I don't know  
6 of these seven, I'll need to get back to you on  
7 it.

8 CHAIRPERSON RECCHIA: But ACS has  
9 contacted you to try to renegotiate these?

10 MS. WARD: Not me directly. I  
11 would need to check with our staff about that. We  
12 have about 350 leases. I'm not exactly sure of  
13 these 7.

14 CHAIRPERSON RECCHIA: Okay.

15 MS. WARD: If you could send a list  
16 of the 7--

17 CHAIRPERSON RECCHIA: [Interposing]  
18 We will send you a letter requesting and giving  
19 you the name of those day care centers that they  
20 would like to close 'cause we requested that they  
21 renegotiate the leases. Okay? Council Member  
22 Brewer?

23 CHAIRPERSON BREWER: Thank you very  
24 much. I want to just go back to the energy issue  
25 which is I know that you received some Federal

1 money to try to reduce. And I was just wondering,  
2 how much did you get from the Federal government?  
3 And how was it helpful, if at all, in figuring out  
4 programs that could help us reduce?  
5

6 MS. MARON: The Federal money is  
7 very, very helpful. We actually received funding  
8 from 3 different grant programs from the Federal  
9 government. One is a direct formula grant of the  
10 Energy Efficiency and Conservation Block Grant.  
11 We received about \$80 million and it's 1 lump that  
12 we have until September 2012 to spend. And the  
13 proposal that we had put in to the Department of  
14 Education that was approved included 9 different  
15 activity areas covering, a certain portion is  
16 covering administrative costs for energy  
17 management program, covering audits, covering  
18 retrofits, operations and maintenance, etcetera.

19 The next grant we received funding  
20 from was the State Energy Program Grant which  
21 actually came through the State, through NYSERDA.  
22 That was another \$7.1 million to be fully spent by  
23 September 2011. This money is going to some  
24 clean, heavy duty, hybrid trucks; solar panel  
25 projects; and some lighting upgrades. Each

project had to meet specific criteria that the Federal government and the State created.

Finally the third area was a competitive grant for retrofit funding for the private sector that the City is receiving also through NYSERDA but originally from the Federal government. And that's over \$20 million and that is going to the New York City Energy Efficiency Corporation established to help the retrofit programs be financed in the private sector.

CHAIRPERSON BREWER: And that last, the New York City Energy Coalition is what? Is it a City agency? Is it an offshoot of DCAS? What is that--

MS. MARON: [Interposing] Sure--

CHAIRPERSON BREWER: --or a part of PlaNYC, what is that?

MS. MARON: The \$21.4 million that's going to the New York City Energy Efficiency Corporation is a--well it's going to be a 501(c)(3) nonprofit corporation that is being seeded with the ARRA funding. A new CEO was just hired and just got started, and currently putting together its plan. It's going to leverage this

first few years of stimulus funding with financing tools from banks, philanthropists and other groups to allow there to be this independent fund that could help the private sector retrofit their buildings.

CHAIRPERSON BREWER: Okay. And I'm sure Google would like to contribute. My other question then is are there other grants that could be sought in the upcoming budget. Obviously every penny counts.

MS. MARON: We actually have someone on staff who tracks all the funding opportunities that exist both from the--and I'm only speaking to energy, specifically looking at the utility programs with National Grid and Con Ed to see when we can take advantage of them. And we do what we can. We've received rebates from both Con Ed and National Grid as well as keeping track of grant opportunities at the State level. We're not eligible as a City government who's a NYPA customer for all of the grants that are out there but whenever we are we definitely go for them.

CHAIRPERSON BREWER: Thank you. I have more questions but I'll defer first to

Council Member Dickens. You want to add something  
Commissioner?

COMMISSIONER WELLS HANDY: Yes.  
I'd just like to add that what we're seeing around  
the DCAS system is the opportunities for grant  
funding. And so we are consolidating that work  
stream in a grants development, I won't call it a  
unit, we'll call it a center of expertise, so that  
we can avail ourselves of those opportunities.

CHAIRPERSON BREWER: Great. You  
might get some of your other agencies to do the  
same. I've always said that we don't apply for  
enough. Thank you. Council Member Dickens?

COUNCIL MEMBER DICKENS: Thank you  
Madam Chair. Good afternoon, Commissioner, how  
are you? It's good seeing you.

COMMISSIONER WELLS HANDY: Well  
thank you very much--

COUNCIL MEMBER DICKENS:  
[Interposing] And welcome for your first budget  
hearing.

COMMISSIONER WELLS HANDY: Thank  
you very much.

COUNCIL MEMBER DICKENS: Question.

2 The City Hall renovation, that renovation is in  
3 the DCAS capital budget, is it not?

4 MR. DONALD ROSEN: I'm Donald  
5 Rosen. The funding is in the--

6 COUNCIL MEMBER DICKENS:  
7 [Interposing] I can't hear you, I apologize--

8 MR. ROSEN: --I'm sorry. The  
9 funding is in the PW or Public Works Capital  
10 Budget but it's not actually managed by DCAS--

11 MS. WARD: [Interposing] The DDC.

12 MR. ROSEN: --it's actually managed  
13 by DDC so--

14 MS. WARD: [Interposing] DDC.

15 COUNCIL MEMBER DICKENS:  
16 [Interposing] Who's managing it, please?

17 MR. ROSEN: DDC, the Department of  
18 Design and Construction.

19 COUNCIL MEMBER DICKENS: Okay. And  
20 do you know, I assume you're following it even  
21 though you've got a manager.

22 COMMISSIONER WELLS HANDY: Yes, we  
23 are.

24 COUNCIL MEMBER DICKENS: And when  
25 do you anticipate that it will be complete?

2 COMMISSIONER WELLS HANDY: We're  
3 following it but I don't think we can give you a  
4 definitive answer on that one but we'll hazard a  
5 guess. We wouldn't even hazard a guess.

6 MS. WARD: Yeah, I won't, I'm  
7 sorry, I'm not up with that--

8 COUNCIL MEMBER DICKENS:  
9 [Interposing] Would you identify yourself, please?

10 MS. WARD: Oh, I'm sorry, Theresa  
11 Ward, Chief Asset Management Officer for DCAS.  
12 And DDC would be the right agency to respond to  
13 that question.

14 COMMISSIONER WELLS HANDY: But we  
15 can find out.

16 COUNCIL MEMBER DICKENS: Okay. And  
17 in relation not only to the City Hall renovation  
18 but also for the procurement because I see where  
19 you are the ones responsible, your agency is  
20 responsible for the sale of the large machineries  
21 that various agencies may have purchased, is that  
22 correct? Is that my understanding that it is?

23 COMMISSIONER WELLS HANDY: Surplus  
24 vehicles--

25 COUNCIL MEMBER DICKENS:



2 [Interposing] Surplus.

3 COMMISSIONER WELLS HANDY: --yes.

4 COUNCIL MEMBER DICKENS: All right.

5 Well I didn't see anything in here, in your  
6 testimony, in relation to MWBE or MBE goals and/or  
7 enforcement, that's number one. Number two, in  
8 relation to the sales of the surplus goods, how  
9 and where is the advertising done for those sales?  
10 And what is the frequency of those sales?

11 COMMISSIONER WELLS HANDY: All  
12 sales or public notices are published in the City  
13 Record. And the City Record is published daily by  
14 DCAS. We've automated that such that we now have  
15 City Record online to make it available, more  
16 widely available.

17 With respect to MWBE, we are  
18 meeting, we've met with Councilwoman Reyna and  
19 have a follow-up meeting with her regarding our  
20 MWBE program which I might note has exceeded its  
21 goals for small purchase year in and year out.  
22 But we have work to do. And as part of that is  
23 meeting with Councilwoman Reyna as well as working  
24 with Small Business Services to come up with a  
25 more comprehensive approach throughout the lines

2 of services of DCAS.

3 COUNCIL MEMBER DICKENS: All right.

4 I appreciate that because last week there was a  
5 procurement fair--

6 COMMISSIONER WELLS HANDY:

7 [Interposing] We were there.

8 COUNCIL MEMBER DICKENS: --at which  
9 DCAS participated in. And even though you may  
10 have surpassed your goals, there's a lot that's  
11 left incomplete, not done, and the goals are so  
12 low in relation to the entire City. But I want to  
13 move on for a minute, right quick, to the Federal  
14 stimulus funding that you mentioned that expires,  
15 I believe, the end of this year.

16 COMMISSIONER WELLS HANDY: Some  
17 this year, some next year, and I think 2014 or  
18 just '13. [Off mic discussion] for the larger  
19 [off mic discussion] So you want--

20 COUNCIL MEMBER DICKENS: Now so--

21 COMMISSIONER WELLS HANDY:

22 [Interposing] Yeah, some will expire.

23 COUNCIL MEMBER DICKENS: --what,  
24 what I really want to know, what I'm getting at is  
25 I see that it is for, you have the Energy

Efficiency Block Grant also. Can any of that money, either that Energy Efficiency Block Grant money or any other Federal stimulus grants that DCAS may have applied for and received, can that be used for the removal of the PCBs, the light fixtures that need to be replaced? And if that was done then there would not be a need for a 10-year rollout.

COMMISSIONER WELLS HANDY: Okay.

MS. MARON: There's a--what was that?

COMMISSIONER WELLS HANDY: State your name again.

MS. MARON: Sure, again Ariella Maron, Chief Energy Management. Two-part question.

COUNCIL MEMBER DICKENS: Mm-hmm.

MS. MARON: The first part is whenever you apply for the ARRA grants they're for specific programs, specific projects that meet specific criteria. And while with the SEP funding, the State Energy Program, it actually did include a lot of lighting retrofit programs. Most lighting retrofit programs that we've done in the

1 past years involved switching out the old light  
2 bulbs which may contain PCBs with new PCB-free  
3 ones. And those were projects that were outside  
4 the plan that the Department of Education released  
5 in February because we were already working on  
6 those. And those are already moving forward. But  
7 the requirements were very specific and the timing  
8 was very specific.

10 There was a separate hearing on it  
11 so I won't go into too much detail right now but  
12 for the 10-year plan the Department of Education  
13 did release, there was, that's a fully funded  
14 program with City capital dollars that had been  
15 put in. And the 10-year timeframe wasn't a money  
16 constraint, it was the reality of how long it  
17 takes to do these projects. And it is worth  
18 announcing today, the RFP for the first set of  
19 work actually went out.

20 COUNCIL MEMBER DICKENS: All right.  
21 Because I disagree with you. I don't think it  
22 should take 10 years to replace the light  
23 fixtures. And I don't want to argue that here but  
24 I just want that on the record. Thank you so much  
25 for your testimony. Thank you Commissioner.

Thank you.

CHAIRPERSON BREWER: Council Member James?

COUNCIL MEMBER JAMES: So first, obviously, this Commissioner who is one of my heroes and in fact everybody knows, mentored me to pass the bar exam many moons ago and an entire classroom of individuals, she mentored all of us and all of us passed. So this is my teacher. So Madam Professor.

COMMISSIONER WELLS HANDY: Thank you. The check is in the mail.

[Chuckling]

COUNCIL MEMBER JAMES: There's a building on J Street which I believe is owned by the City of New York. It was once occupied by the Transit Authority. And I know that former Council Member Yassky at one point in time had proposed selling the building. And now that he is no longer here, I've picked up that mantle and can you tell us the status of that building which is a vacant building which is an eyesore in Downtown Brooklyn and can perhaps generate some revenue to the City of New York.

2 COMMISSIONER WELLS HANDY: And I  
3 will turn it over to Theresa Ward, our Chief Asset  
4 Management Officer.

5 MS. WARD: Theresa Ward, Chief  
6 Asset Management Officer of DCAS. That building  
7 is technically City-owned. It's under a master  
8 lease to the MTA for transit purposes. The MTA  
9 still controls it. It's actually not totally  
10 vacant. There are a couple of uses in the  
11 building. I know the MTA is looking at it for  
12 other uses so I don't have any more detail than  
13 that but it is under the MTA and I know that they  
14 are seriously looking at it. And they take the  
15 neighborhood very much into consideration on that.

16 COUNCIL MEMBER JAMES: And how long  
17 is the master lease?

18 MS. WARD: It's indefinite. I  
19 think there is no term. No term. No term on  
20 master lease properties to the MTA for transit  
21 purposes.

22 COUNCIL MEMBER JAMES: And why is  
23 it that they do not maintain it?

24 MS. WARD: I wouldn't have that  
25 answer.

COUNCIL MEMBER JAMES: What about the municipal building on Joralemon, no Skimmerhorn [phonetic] Street in Downtown Brooklyn? Is it going to be commercial businesses on the ground floor?

MS. WARD: The ground floor at the corner of Joralemon and Court Street--

COUNCIL MEMBER JAMES:  
[Interposing] Yes.

MS. WARD: --and the space directly above that was RFP'd by EDC, New York City Economic Development Corporation, last fall. And they are in the process of selecting a developer for that space.

COUNCIL MEMBER JAMES: Okay. And last but not least, in my district, I want to thank the Commissioner and her staff members who attended a walk-through of an armory that was transferred to the City from the State. And I hope that at some point in time we can have discussions with respect to that armory. My vision for the armory is some sort of community center, athletic center, something that would benefit the community.

I'm also looking at perhaps a charette, planning session with the residents there that could provide for the needs of the community, Crown Heights. I do know that there's a school not too far from there and there's Medgar Evers College which is three blocks away.

And Medgar Evers Preparatory which is a school which was mentioned by the President of the United States because the school produces, it's a 100% graduation rate but unfortunately the students do not have a gym or a library. They have a very, very small cafeteria.

That notwithstanding, 100% of the students go on to Ivy League colleges and that's why the President mentioned it. So whatever we can do to recognize the success of that school and provide for these extracurricular activities would be appreciated. And so I just thank you Madam Professor for all that you have done for me and for my friends and for all of the lawyers that you tutored. Thank you.

COMMISSIONER WELLS HANDY: Thank you.

CHAIRPERSON BREWER: Thank you.



Council Member Mealy?

COUNCIL MEMBER MEALY:

Congratulations.

COMMISSIONER WELLS HANDY: Oh,  
thank you.

COUNCIL MEMBER MEALY: I know DCAS  
is a City agency of the government to assist in  
procurements also. What agency obtains food  
through DCAS procurement contracts? Do you do  
other than, I guess, Board of Ed, day care,  
elderly, senior centers.

COMMISSIONER WELLS HANDY: Okay.  
Joining me is Sergio Paneque who is our Chief  
Purchasing and Acquisition Officer.

MR. SERGIO PANEQUE: Sergio  
Paneque, Chief Acquisition Officer. We purchase  
food for both the Department of Correction and  
then the HHS agencies as well. Those are the two  
primary. Not the DOE.

COUNCIL MEMBER MEALY: Are there  
other agencies that can benefit from this? Since  
this is an economic downturn and I heard someone  
say consolidation. We should be consolidating now  
with this economic downturn. Have you thought

1  
2 about generating food from wholesale merchants or  
3 the farmers, local farmers? Have you thought of  
4 doing that?

5 MR. PANEQUE: We have consolidated  
6 contracts at this stage. The issue with food is  
7 the timing and how you go about sourcing, to tell  
8 the farmers when exactly what they need to plant,  
9 well in advance. So you have to establish a  
10 workflow within all of the respective users that  
11 determined the menus that are going to be  
12 utilized, the proteins, the perishables, and so  
13 forth, but well in advance. So we're working with  
14 the Mayor's Office and their Food Committee to  
15 start to develop those sorts of maturity  
16 processes.

17 COUNCIL MEMBER MEALY: But you're  
18 in the making of doing that.

19 MR. PANEQUE: The City as a whole  
20 is starting to have the dialogs between all the  
21 respective parties so in the end we can have a  
22 process that then can effectively source to those  
23 needs. We can't put procurement ahead of the  
24 specifications as required by those that we serve  
25 food to, whether they be children or for that

matter Corrections--

COUNCIL MEMBER MEALY:

[Interposing] You do service seniors also.

MR. PANEQUE: Yes, the HHS agencies, correct.

COUNCIL MEMBER MEALY: Is there any other agency you have partnered with that you can see a significant increase in DCAS revenue from the merger of two agencies?

COMMISSIONER WELLS HANDY: Well. I guess I would answer it in terms of there are three or four of our initiatives are efficiency initiatives deal with shared services. And shared services is a model, is an effort to make the delivery of services more efficient, more effective and cheaper. And so on a number of levels we've been looking with different agencies, bringing them together around fleet, bringing them together around purchasing and some aspects, bringing them together around HR transactions.

COUNCIL MEMBER MEALY: And that's what I'm saying. We have a bigger buy-in power, how has the City utilized that buy-in power and benefited from it? Have we--

2 COMMISSIONER WELLS HANDY:

3 [Interposing] Well--

4 COUNCIL MEMBER MEALY: --

5 substantially?

6 COMMISSIONER WELLS HANDY: There  
7 have been efforts, while I'm not testifying on  
8 behalf of the Deputy Mayor for Health and Human  
9 Services, there have been efforts to consolidate  
10 their buying power around the specific agencies  
11 that report to her. And we at DCAS have been part  
12 of that dialog with them.

13 What you're hearing is this is  
14 pretty new in the sense of really looking at how  
15 we deliver services. Are we delivering them in  
16 the best way, first, cheapest way, second,  
17 greenest way, third? And as we engage that and  
18 what you're hearing from the staff that we brought  
19 together, this is a relatively new staff, perhaps  
20 the best staff in the universe, who've joined with  
21 existing staff at DCAS.

22 And that synergy is now giving  
23 forth to the kinds of let's look at what we're  
24 doing, how we're doing it, can we do it better,  
25 collectively than what we're doing now

individually. So we're moving on that. And once that materializes we'd love to come back and share our efforts at shared services with you.

COUNCIL MEMBER MEALY: I would love to hear it. Thank you so much.

CHAIRPERSON BREWER: Thank you very much. Sergio, before you go, let me just follow up, 'cause you know we have a bill that's pending on local sourcing as I'm sure you're aware. And my question is do you purchase in the same way that DOE does? I'm more familiar with DOE. They have four distributors. The distributors go out and purchase based on the amount that DOE is allowed per child. Is that? How do you do this? Correction would be an example, etcetera. How is it done at DCAS?

MR. PANEQUE: Generally the same model but not nearly at the same scope. DOE is sourcing about 850,000 meals. We're sourcing for about 150,000 meals.

CHAIRPERSON BREWER: Okay. And so you do it through distributors also. Same--?

MR. PANEQUE: [Interposing] We use a consolidated contract. And then we have various

other contracts depending upon the particulars, whether it's particular proteins or perishable goods.

CHAIRPERSON BREWER: Okay. And so as they become due, are you looking to see if you can figure out some local sourcing opportunities that would both save money and provide healthier opportunities?

MR. PANEQUE: Absolutely.

CHAIRPERSON BREWER: Okay. So we'll talk further about that.

MR. PANEQUE: Thank you.

CHAIRPERSON BREWER: Thank you. All right, back to energy, 'cause I think, Commissioner, a lot of your money, your allocation, your revenue, your budget I should say, goes to energy.

COMMISSIONER WELLS HANDY: Correct.

CHAIRPERSON BREWER: So I just have a couple more energy, sorry Ariella. As you are dealing with the Federal government and whatever City levy you have, how are you dealing with transforming? You talked a little bit about some of the trucks but just the vehicle fleet in

1           general 'cause we have a huge fleet? And in  
2           general your buildings, how are you actually  
3           saving money in terms of energy opportunities,  
4           energy conservation opportunities, some specifics?

5                       MS. MARON: I could be here for  
6           hours.

7                       CHAIRPERSON BREWER: I know.

8                       MS. MARON: [Chuckling]

9                       CHAIRPERSON BREWER: Me too, but  
10          Domenic will get mad at me.

11                      MS. MARON: Again Ariella Maron,  
12          Chief Energy Management Officer. So starting on  
13          the fleet, what the City did following PlaNYC is  
14          actually create a plan we call the Clean Fleet  
15          Transition Plan which actually looks at every  
16          single vehicle in the City. And at the time that  
17          vehicle is to retire, finding out what's the  
18          appropriate size of the vehicle and what's the  
19          most energy efficient vehicle we can make it.

20                      So we have a plan for every vehicle  
21          to transition towards the cleanest fleet possible.  
22          Those tend to be hybrid vehicles. And we have  
23          over 70 new electric vehicles that we're getting  
24          between this month and next month. We actually  
25

1 have already started getting the first Chevy Volts  
2 off the mass production line. They're actually  
3 coming to New York City as we're seen as a leader  
4 of green vehicles.  
5

6 On the building side we have a very  
7 integrated energy management approach for  
8 buildings which starts with good data, retrofits  
9 to buildings based on energy audits, and good  
10 operations and maintenance of buildings which  
11 involves three main areas. On one hand you need  
12 to make sure the people who manage those building  
13 are well trained as well as outreach to tenants on  
14 what they can do to reduce energy efficiencies.  
15 We have a lot of programs in that area.

16 There's improving the operations  
17 and maintenance of buildings with just scheduling,  
18 with continuously maintaining it, daily  
19 operations, so we're providing the resources for  
20 that as well as an enterprise-wide metering and  
21 monitoring program that we're rolling out. So  
22 those things together help us take a comprehensive  
23 look at buildings to make sure they're running as  
24 efficiently as possible.

25 CHAIRPERSON BREWER: And so how



1 does that fit in to a savings? Obviously you are  
2 trying to get rid of six--I mean you're dealing  
3 with all the oil issues, you're dealing with the  
4 window isles, you're dealing with the benchmarks,  
5 etcetera.

6  
7 MS. MARON: Mm-hmm.

8 CHAIRPERSON BREWER: So do you have  
9 a sense that any of this or all of this is saving  
10 money by a certain time period?

11 MS. MARON: Sure. Absolutely.  
12 When the City came out with PlaNYC we were  
13 actually given the goal to reduce greenhouse gas  
14 emissions 30%--

15 CHAIRPERSON BREWER: [Interposing]  
16 Right.

17 MS. MARON: --by 2017. Along with  
18 that were certain energy saving targets as well.  
19 And we've been tracking how we're doing. The  
20 easiest thing to track is the retrofits because  
21 you have, for every retrofit, you have an  
22 engineering analysis of how much you're going to  
23 save.

24 So with the 104 projects that we've  
25 completed since 2008, we've already completed,

1 we've already been saving about \$1.4 million with  
2 the hundreds of projects that are in the pipeline  
3 between the ones in design and the ones in  
4 construction, we expect that number is going to go  
5 up significantly.  
6

7 On the operations and maintenance,  
8 since some of it's training, some of it's  
9 outreach, a little bit harder to measure. But we  
10 know we're seeing reductions just based on the  
11 fact that even with the severe winter that we had  
12 and the severe summer we had last year, the energy  
13 usage wasn't as high as it would have been had we  
14 not been putting in the supports for operations  
15 and maintenance programs.

16 CHAIRPERSON BREWER: Right. And I  
17 assume and I should know this that this is all  
18 articulated on your website in some way, shape, or  
19 form, right?

20 MS. MARON: Yes.

21 CHAIRPERSON BREWER: Okay.  
22 Computers get turned off automatically when people  
23 go home?

24 MS. MARON: Yes. This is actually  
25 one of the Deputy Mayor's quick wins was ensuring

this was going on. So there is either--

CHAIRPERSON BREWER: [Interposing]

But is it happening? The City Council did it about five years ago. In other words, is that true, that every single computer automatically turns off when people go home or is it just being decided or thought about?

MS. MARON: It's actually done on an agency by agency basis. And at DCAS it is. There is automatic sleep mode and hibernation modes put in place.

CHAIRPERSON BREWER: That means operations. In your testimony, Commissioner, you mentioned at the end about the energy management oversees the implementation of PlaNYC and I think what we were a little surprised about was that the Office of Management and Budget looks like they're managing the capital budget. And I was a little confused because to me OMB knows how to, you know, reduce PEGs but I didn't know if they know how to manage.

MS. MARON: Well we manage the budget with the help of the Interagency Energy Conservation Steering Committee money, the Energy

2 Conservation Steering Committee, the money itself,  
3 the capital funds, actually sit at OMB in a budget  
4 code PU 25 is what that line was referring to. It  
5 doesn't sit or show up in the DCAS capital budget.

6 CHAIRPERSON BREWER: But you do the  
7 management of the projects.

8 MS. MARON: Mm-hmm.

9 CHAIRPERSON BREWER: All right.

10 MS. MARON: Working with that  
11 program.

12 CHAIRPERSON BREWER: Why would it  
13 sit in OMB and not in your budget?

14 COMMISSIONER WELLS HANDY: We don't  
15 know.

16 CHAIRPERSON BREWER: We don't know.  
17 I guess that would be a question for the OMB man.

18 COMMISSIONER WELLS HANDY: Or  
19 woman.

20 CHAIRPERSON BREWER: No, it's a  
21 man.

22 COMMISSIONER WELLS HANDY: Okay.

23 CHAIRPERSON BREWER: I know him  
24 very well. My other question is regarding the  
25 commercial rent. I know you talked about some of

1 the buildings, the Marriott and so on. Are there  
2 any opportunities for increased commercial rent  
3 revenue? Is there anything else that could be  
4 done along those lines? Are there any vacant  
5 spaces? Are there any places, again, where there  
6 could be additional revenue? I know you've  
7 thought about it but we'd like to hear it on the  
8 record.  
9

10 COMMISSIONER WELLS HANDY: Okay  
11 before I turn it over to Theresa Ward, let me just  
12 indicated, as I indicated earlier to Councilwoman  
13 Mealy, that one of our initiatives is the space  
14 consolidation optimization where we have targeted  
15 goals to reach in consolidating and moving into  
16 City-owned space. So that's one of the four that  
17 I mentioned earlier. But the specifics of it,  
18 I'll let Theresa--

19 CHAIRPERSON BREWER: [Interposing]  
20 And I assume we're not moving to the World Trade  
21 Center. Remember that discussion at the  
22 preliminary, Theresa? Hopefully that idea is  
23 gone.

24 MS. WARD: The City is still a  
25 tenant, you know, a potential tenant at the Trade

Center. We--

CHAIRPERSON BREWER: [Interposing]  
That's insane. Go ahead.

MS. WARD: No comment. [Chuckling]

CHAIRPERSON BREWER: Totally  
insane. Go ahead.

MS. WARD: On the commercial rent  
portfolio so we have really been looking at  
through all of those properties and looking at  
opportunities even for dispositions, some that  
have purchase options. And it's a tradeoff though  
between getting that long term revenue versus an  
upfront sale. So we are always looking at  
opportunities.

We also have an audit group that  
audits operating expenses of all of our leased  
office buildings. And they've actually been a  
very successful group and we're really pushing  
them to audit more to generate more revenue that  
way.

CHAIRPERSON BREWER: Okay. The one  
question I had was when you mentioned,  
Commissioner, you were talking about a Queens CTC  
at the same time the Department of Business

Services is talking about another 1-stop in Queens. So I'm wondering, when you hear those kinds of discussions, you wonder why we can't collocate. And then of course I want to keep my libraries open and 1-stop is thinking about collocating sometimes with a library because obviously looking for jobs, librarians are helpful. And I'm a big supporter of libraries as I think we all are.

Is that something that you talk to other agencies about what their needs are and figuring out a way where you could collocate in something like that?

COMMISSIONER WELLS HANDY: The answer is yes. And in fact I believe it was one of the last hearings that I testified at that we looked at a location for the CTC in Astoria because there was talk about another agency locating in Astoria. So when I hear of other agencies looking for space in places where we're also looking at space, we are seeking collocation. And I think there have been specific instances of that kind of effort. And I'll let Theresa answer that.

2 CHAIRPERSON BREWER: All right.

3 But that would be an example of it's all  
4 computerization. CTC, 1-stop, and obviously part  
5 of the library's mandate now is the computer. So  
6 I just suggest that. And then you could keep the  
7 library open which is my secret agenda.

8 COMMISSIONER WELLS HANDY:

9 Understood.

10 CHAIRPERSON BREWER: The cultural

11 are very concerned on this issue of energy and  
12 power. Sorry that might be, I hate to say it,  
13 that might be Ariella back again. They are...

14 COMMISSIONER WELLS HANDY: I'm glad

15 this hearing was this week and not next week  
16 Ariella [chuckling].

17 CHAIRPERSON BREWER: She's all

18 right. The cultural, there was some discussion  
19 from Cultural Affairs that they are hoping that  
20 there could be some savings to them if they save  
21 energy. The cultural are so desperate for every  
22 penny. So I'm just wondering where those  
23 discussions are, if at all.

24 MS. MARON: So we've been having

25 conversations in the City and OMB for a while now



1           trying to figure out how we can create those  
2           incentives that we had piloted and discussed  
3           earlier to be part of our heat, light, and power  
4           budget. So it's something we're looking into.  
5           The logistics aren't there, figured out yet, so  
6           we're still working on it. But it will be based  
7           on actual earned savings. So an entity would  
8           actually have to reduce its energy and energy  
9           costs and that would then, we would figure out how  
10          that could be credited or not credited back to an  
11          agency.  
12

13                       So those logistics are underway.  
14          It's worth mentioning for our heat, light, and  
15          power purposes, the culturals are not one big  
16          block. They're actually each separate  
17          institutions.

18                       CHAIRPERSON BREWER: I know.

19                       MS. MARON: And some of them are  
20          pretty small. So the dollars we're talking about  
21          are probably smaller than the actual  
22          administrative costs of moving the money.

23                       CHAIRPERSON BREWER: I have the big  
24          ones in my district.

25                       MS. MARON: You do.

2 CHAIRPERSON BREWER: Council Member  
3 Inez Dickens.

4 COUNCIL MEMBER DICKENS: Thank you.  
5 Just one additional question on the security  
6 guards, has a cost analysis been done on the  
7 contracting with Allied Barton versus DCAS hiring  
8 its own security force?

9 COMMISSIONER WELLS HANDY: Well one  
10 of the newly created lines of services deals--well  
11 will consolidate all of our forward-facing  
12 services which include the custodians as well as  
13 security guards. And we are now looking at  
14 different ways of providing the security services  
15 including a proposal from HRA to look at providing  
16 security services through their auspices, looking  
17 at the cost/benefit of increasing the DCAS force  
18 versus the reliance on an outside contractor.

19 So all of that will be looked at  
20 under the auspices of a security audit because we  
21 would like to first see how our security is  
22 determined, if there are gaps in it, fill those  
23 gaps, and then determine the most cost effective  
24 way of filling those gaps. So the answer, the  
25 short answer to your question is yes.

2 COUNCIL MEMBER DICKENS: Now, the  
3 security for our cultural, does each cultural  
4 institution hire its own or contract on its own or  
5 does DCAS work with the institutions?

6 COMMISSIONER WELLS HANDY: With  
7 your permission we'll get back to you on that. I  
8 don't know.

9 COUNCIL MEMBER DICKENS: Madam  
10 Chair I would like, because the cultural are  
11 suffering in the security. So I'm asking for our  
12 Committee to follow up on that. Thank you.

13 CHAIRPERSON BREWER: Thank you.  
14 Regarding HR, Human Resources, I know you talked  
15 about some sharing. What's the status in terms of  
16 funding? And I know you mentioned it but when  
17 will this all happen and is there a cost savings?

18 COMMISSIONER WELLS HANDY:  
19 Eventually there will be a cost savings. We're in  
20 the conceptual piloting of the model, the HR  
21 operating model for this. And in any new venture  
22 there's an investment and upfront costs. So once  
23 those costs are provided and realized, once we are  
24 up and running in the shared service model, we  
25 believe that over time there'll be a payback after

which the payback, there will be the savings.

CHAIRPERSON BREWER: Do you have any sense? Is it a year, 2 years, 3 years?

COMMISSIONER WELLS HANDY: I would say 2 years, 2 or 3 years.

CHAIRPERSON BREWER: Okay. All right. And then every agency is being asked if you have outside contractors, if you have the list. And then I think there's a specific interest in technology. How do you collaborate with DOITT? Do you have, in other words, they obviously do technology, you do technology, is there duplication and how do you deal with that? So I've got the question of the DCAS' outside contractors in general and then specifically on technology, how you work with DOITT?

COMMISSIONER WELLS HANDY: Okay. As to the first one, we'll provide you with the list of our outside contractors. One of the things that we are looking at is reducing our reliance on outside contracting. And so we've engaged in a major training effort at DCAS which includes perhaps at this level a first for government training in Lean Six Sigma which is the

1 effort to look at the processes that we have in  
2 place to determine are they the most efficient  
3 ways in which to produce the services that we're  
4 to provide and then to make correction through  
5 that process.  
6

7 And we've already piloted that in  
8 our purchasing area to great acceptance by our  
9 coworkers but also to savings. So we are moving  
10 to reduce our reliance on independent contractors.  
11 With respect to DOITT as I'm sure you're aware,  
12 they have their own shared service model, City  
13 Share, City Serve, it's called. And we're one of  
14 the first mature IT departments to join that  
15 effort. And an example of the savings already is  
16 that we were scheduled to purchase a \$3.5 million  
17 SAN at the end of this fiscal year and because  
18 we're moving into the shared model of DOITT we  
19 cancelled that purchase because we were then able  
20 to rely on the SANs that DOITT has.

21 CHAIRPERSON BREWER: Okay. So we  
22 look forward to getting the list. And I finally  
23 want to thank you. I know that we're having  
24 ongoing discussions on DCAS and DARS [phonetic]  
25 and I appreciate the fact that the DARS budget is

2 not in DCAS. They're still separate. I'm paying  
3 a lot of attention as you can imagine so I  
4 appreciate that. And I think on the City  
5 publication, it's great to have the Record online.  
6 Are there any differences in advertising?  
7 Anything more or less as a result of this effort?

8 COMMISSIONER WELLS HANDY: There  
9 will be. We're under legislative mandate to  
10 produce the hardcopy--

11 CHAIRPERSON BREWER: [Interposing]  
12 The State, I believe. That's a State issue, yes?

13 COMMISSIONER WELLS HANDY: --okay,  
14 right. The hard copy, every day, to a tune of \$1  
15 million a year deficit. But we have to do it.

16 CHAIRPERSON BREWER: Right.

17 COMMISSIONER WELLS HANDY: But now  
18 that we're going online, we're looking at making  
19 the City Record online as the source of all  
20 official City publication, City postings, City  
21 notices and to make to more like a publication  
22 that perhaps we can use to generate revenues that  
23 will offset the deficit of the hard copy  
24 publication.

25 CHAIRPERSON BREWER: Okay. Any

2 other questions? No? All right. Thank you very  
3 much. I appreciate it. And we look forward to  
4 getting the material that we asked for. Thank you  
5 very much.

6 COMMISSIONER WELLS HANDY: Thank  
7 you very much.

8 CHAIRPERSON RECCHIA: I want to  
9 thank you very much for coming Commissioner.

10 COMMISSIONER WELLS HANDY: My  
11 pleasure.

12 CHAIRPERSON RECCHIA: And we're  
13 going to take a 2-minute break. And next up is  
14 the Board of Elections. Okay, so if Mr. Richmond  
15 and your crew could take a seat at the table.  
16 We'll have the Board of Elections. 2-minute  
17 recess.

18 [RECESS]

19 CHAIRPERSON RECCHIA: Find a seat.  
20 Shh, come to order.

21 [Gavel banging]

22 CHAIRPERSON RECCHIA: we will now  
23 resume the City Council's hearing on the Mayor's  
24 Executive Budget for Fiscal Year 2012. The  
25 Finance Committee and the Committee on

2 Governmental Operations will now hear from the  
3 Board of Elections. Before I proceed I would like  
4 to recognize and turn the microphone over to my  
5 Co-Chair, Gale Brewer.

6 CHAIRPERSON BREWER: Thank you very  
7 much. I spoke earlier. We're kind of behind so  
8 we look forward to the testimony from the Board of  
9 Elections. So go right ahead. We've been joined  
10 by Council Member Halloran and Joel Rivera. Thank  
11 you very much. Go right ahead Dawn Sandow--

12 CHAIRPERSON RECCHIA: [Interposing]  
13 And I hope you--

14 CHAIRPERSON BREWER: --and a little  
15 Rivera.

16 CHAIRPERSON RECCHIA: I hope you  
17 don't plan on reading this whole book.

18 MS. DAWN SANDOW: No, only half of  
19 it.

20 CHAIRPERSON RECCHIA: Okay.

21 [Chuckling]

22 MS. SANDOW: Chair Brewer, Chair  
23 Recchia and members of the New York City Council's  
24 Committees on Finance and Governmental Operations,  
25 thank you for inviting the New York City Board of



Elections to testify on the Executive Budget for Fiscal Year 2012. For the record my name is Dawn Sandow and I am the Deputy Executive Director of the Board. Joining me here today are several Commissioners of Elections in the City of New York, President Juan Carols Polanco, Commissioner Julie Dent of Brooklyn, Commissioner Nancy Schacher of Brooklyn. In addition our Administrative Manager Pamela Perkins, our General Counsel Steven H. Richmond, and our Finance Officer John Ward join me at this table.

Also present at today's hearing are the Board's Director of Communications and Public Affairs, Valerie Vasquez Rivera; Coordinator of election day Operations, Rosanna Rahmouni; Coordinator of Voter Registration, Beth Fossella; Coordinator of Candidate Records Unit, Troy Johnson; Ballot Coordinator, Tom Sadi [phonetic]; Phone Bank Coordinator, Danny LaBelle [phonetic]; Coordinator of Language Assistance, Rachel Naipel [phonetic]; Training Specialist Steven Thompson; Agency Chief Contracting Officer, John Luisi; Director of MIS, Steven Ferguson; Senior System Analyst, John Norris [phonetic]; Facilities

Manager, Nicholas Goturini [phonetic]; Director of Equipment, Marie Lynch. Also with us is Katherine James, Deputy Chief Clerk of Queens and Anthony Rubistello [phonetic], Deputy Chief Clerk of the Bronx.

First I would like to thank the Mayor on behalf of the Board of Elections and the 4.5 million voters of the City of New York for including in the Executive Budget the required minimum funding for the presidential primary, our transportation needs, and a portion of our capital budget needs. I will not rehash my March 16<sup>th</sup> testimony in detail.

Instead I would like to focus on the items that are not funded in the Executive Budget and present to you, again, valid reasons why specific additional funding be included in the City's Fiscal Year 2012 budget. At this time the Board projects that it will end the fiscal year on June 30<sup>th</sup>, 2011 with a combined deficit shortfall of \$9 million: \$4 million in its personal service unit of appropriation and \$5 million in its other than personal service unit of appropriation, as a result of a \$13.9 million-plus PEG reduction. The

Mayor's Executive Budget for Fiscal Year 2012 contains a projected shortfall of almost \$21.4 million in PS funding and more than \$45 million in OTPS funding including a \$15.4 million PEG reduction. This \$66.5 million shortfall is incomprehensible.

Without adequate funding and support to conduct elections the foundation of democracy in our City is compromised. As you know 2010 was the introductory year of the new voting system. A poll site scanning system using the DS-200 scanner and the Auto Mark Ballot marking device, manufactured by Election Systems and Software to the voters of New York City. It was a year of discovery, lessons learned, and solutions.

The next fiscal year which encompasses the presidential primary will be the first time we use the system with the latest modifications to address the lessons learned from last year. During Fiscal Years 2010 and 2011, most of the cost for the new system's hardware, software and support were paid with Federal funds allocated to the Board under the Federal Help America Vote Act.

2 This amounted to \$85.5 million.

3 For Fiscal Year 2012 any hardware, software and  
4 support needed has to be paid for with City funds.

5 In our request for capital budget funding the  
6 Board did not ask to keep all of the \$40 million  
7 left in the capital budget line PW 340 for voting  
8 equipment.

9 We are aware of the City's fiscal  
10 situation and identified our essential needs based  
11 on feedback from the voters of this City, the  
12 Board's Commissioners, and staff, as well as  
13 elected officials citywide. We will use the  
14 capital funding wisely but ask the Council to add  
15 \$292,00 for mobile devices to be used for  
16 recording election day incidents by our Assembly  
17 District and Executive Officer Monitoring teams.

18 Unlike many other agencies,  
19 virtually all of the Board's duties,  
20 responsibilities and activities are prescribed by  
21 Federal, State and local law. The Board does not  
22 have the discretion to delay or cancel an election  
23 based on municipal budget shortfalls. I am sure  
24 everyone in this room is well aware of the  
25 disastrous outcome when an agency must take

shortcuts due to budget constraints.

While the coming fiscal year is considered a light election cycle, by many outsiders who do not understand the day to day operations of the Board, we will still process petitions from among others, candidates for three of this City's district attorneys, judges and justices in each Borough except the Bronx, as well as hundred if not thousands of political party positions that will be elected from within the City of New York.

Then we immediate restart the cycle for the presidential primary with its candidates for president and delegates and alternates to the national party conventions while continuing short staffed day to day operations. In the current fiscal year we engaged in a comprehensive poll worker training program using City HAVA, Help America Vote Act, funds.

Now that the City Board has implemented a new voting system for all voters there is a reoccurring need for funds to continue and enhance this program that is vital to the electoral process. No funding for this priority

is included in the Mayor's Executive Budget for Fiscal Year 2012.

It is the Board's view and we hope the City Council's view as well that poll workers although receiving compensation for their many hours at the poll sites are performing a civic duty that should be applauded. The transition to this new voting system was no easy task for our pool workers. However they vigorously united their energies and moved toward the common goal we all shared. It is imperative that the actual 2010 level of funding for our poll workers continue so that we may ensure their knowledge of the new voting system becomes second nature for them.

Looking forward to the coming year I would now like to address the budgetary needs of the Board of Elections of the City of New York for the Fiscal Year ending June 30<sup>th</sup>, 2012. In order to fulfill its constitutional and statutory mission the budgetary allocation for the Board cannot be reduced. In fact to me, no obligations in this new environment, the City of New York must provide significant additional resources.

First the Board urges the City to

re-appropriate to the Board for Fiscal Year 2012 the approximately \$5 million remaining from the funds that have been allocated to the Board for reimbursement under the HAVA grants funded by both the Federal and State governments. These grants which usually require only a 5% local match enable the Board to make qualified expenditures to improve poll site accessibility both on a permanent and temporary basis as well as to undertake certain poll worker training and public education activities.

The Federal and State programs have been extended through the 2011 election cycle and the Board anticipates fully utilizing these funds to continue to improve our poll site accessibility as well as poll worker training and public education.

I am going to take a few moments to briefly highlight the four key areas where the Board requires additional resources. Proceeding in this manner no way lessens the need for the maintenance of at least the current levels of funding for the other Board programs such as processing voter registrations or the ongoing

1 maintenance, replacement of Board equipment and/or  
2 facilities.

3  
4 The implementation of an entirely  
5 new voting system had a tremendous impact on the  
6 administration of elections in New York City.  
7 Poll workers need extensive training to handle the  
8 increased responsibilities created by the new  
9 voting system and to properly assist voters on  
10 election day. Last year the poll worker training  
11 program was significantly expanded to address  
12 these changes. Since the 1980's through 2009 the  
13 poll worker training program consisted of 2  
14 segments: one relating to the operation of the  
15 level voting machine and the other for activities  
16 at the EDAD Table. With the introduction of the  
17 new voting system the entire training program was  
18 revised to consist of 10 segments including an  
19 intensive hands-on component.

20 This is and was necessary to  
21 provide sufficient training to our poll workers to  
22 ensure proper operations at poll sites on election  
23 day.

24 CHAIRPERSON RECCHIA: Excuse me.  
25 Could you summarize? You've got 15 pages. This



is way too long. So I'm going to ask you to summarize. Can you just highlight certain things? This is way too long for 15 pages.

MS. SANDOW: Did all the other agencies have to summarize? They didn't get to read their testimony?

CHAIRPERSON RECCHIA: All the other agencies didn't come in with 15 pages.

MS. SANDOW: Okay. Well. To summarize what we have in 15 pages is the Board has worked vigorously this year with other agencies, good government groups, to improve and enhance the quality of the electoral process. Number one, the poll worker training which I was in the process of letting everyone know that we would like to keep certain funding. We feel that it's important to retain the poll workers and when I mean retain, the way we retain them in 2010 was basically giving them an incentive bonus. We would like to keep the incentive bonus.

Do we have the chart? [Off mic discussion]

MR. JOHN WARD: Chair Brewer, Chair Recchia, my name is John Ward. I'm the Finance

Officer at the Board of Elections. In order to move things along, if you could look at the appendix, Appendix 1, Attachment 1. That is the chart that briefly summarizes the additional funding that the Board of Elections needs to produce the Primary, the General and the presidential primary in this fiscal year.

As you see the first items are normal staff payroll. We have a deficit, a chronic deficit, of approximately \$10 million. We had it this year. We'll have it next year.

The poll worker payroll for \$7.9 million that is the enhanced poll worker training. It is the class went from a couple of hours to six hours. We want to give the poll workers a little bit more for showing up. They did a great job last year. There's been a lot of changes. We'd like to teach them the changes. We'd like them to do the same great job this year. The incentive is in that \$7.9 million.

The next item is \$3.5 million for new staff. The work is really, really labor-intensive. Testing machines, testing ballots, we could go on, but \$3.4 million for new staff. That

leaves a PS need of \$21.4 million.

Now going further down, there is the OTPS part of the budget. There is a PEG of \$15.4 million. Now as we are under funded to do our legally mandated mission, we can't cut if we need more. So this \$15.4 million is just a hole that's un-itemized that we really can't seem to find a solution for.

Next is an ES & S contract for voting assistance of \$27.2 million. We brought this to you at \$34 million a couple of months ago and we were instructed to really look at this. And we have made some cuts but this is, again, pretty important stuff. First couple of years we need a lot of hands-on work and support to make sure the machines work when the warranties are expired.

Yeah, you want to take it? Sure.

MS. SANDOW: I'd like to address the E S & S contract. A portion of the contract is for consumables which are goods such as paper rolls, sanitary sip and puffs, ear phones, covers, ink cartridges, as well as tamper evidence security seals. This is required by State law. A

lot of these suppliers are for voters with special needs. And these consumables must be replenished for every election. We reduced from 2% to 1%. Also it's for hands-on training for our technicians. We put together a 3-level tier for our technicians to be trained a 3 different levels.

They've been trained at the 1<sup>st</sup> level and we will proceed to the 2<sup>nd</sup> level and the 3<sup>rd</sup> level of training. By that time, each year you will see the reduction in our ES & S contract. By the 3<sup>rd</sup>, 4<sup>th</sup> year, we should be vendor-free of E S & S but with the new implementation and the modifications that were made this year and we are also short staffed, we need the support of E S & S. E S & S is going to provide support pre-election, election day, and post-election.

CHAIRPERSON RECCHIA: You said that's for 3 years?

MS. SANDOW: It will run right into the Presidential election.

MR. STEVE RICHMOND: Council Member, it's Steve Richmond, the contract would run through December 31<sup>st</sup>, 2012 which would include

the Presidential General election as well so it's two fiscal years, a portion of two fiscal years.

MS. SANDOW: To accomplish this a 450-person-day citywide program is required. We believe that it is imperative that we receive this support from the vendor especially since the implementation was just last year and it wasn't an implementation where our technicians worked every day doing the same thing for a month. It was one election cycle that they worked which is two days. They need the training. They need to move up in the training from level 1 to level 2 to level 3. Level 3 will put them and will put the Board in a position where we will be vendor-free. Without this training our technicians, I believe that the election will be... jeopardized.

[Pause]

MS. SANDOW: What else? [Off mic discussion] Poll site training increase? Okay. No, go ahead.

MR. WARD: The next--

CHAIRPERSON BREWER: [Interposing] John, you need the microphone.

MR. WARD: Sorry Chair. The next

1 item would be our poll site and training site  
2 increases. The vast majority of our poll sites  
3 are free. We use public building wherever  
4 possible. Sometimes there is no public building  
5 there. So we want \$750,000 and that will enable  
6 us to pay, instead of \$70 a machine, \$165, and  
7 that would cover the cost to the owners of the  
8 building that we're using. The \$70 figure has  
9 been around for decades. And heat, light, and  
10 power and things like that have gone up. And poll  
11 sites are more reluctant than ever to let us use  
12 their site for the \$70.  
13

14 The next thing down is these mobile  
15 devices for \$292,000. That would allow people,  
16 teams in the field on election day to instantly  
17 through computers allow the VMFs and the Borough  
18 offices to make repairs instantly instead of  
19 calling it in, sort of an antiquated system. This  
20 would really move it up.

21 Information technology of \$1.4  
22 million, that's to maintain our S-Select system  
23 which is kind of the backbone of our poll worker  
24 and candidate, I think you want to, Steve? [off  
25 mic discussion]

MS. PAMELA PERKINS: Good

afternoon. My name is Pamela Perkins and I just want to take a moment to talk about the IT and why we need funding for the IT contracts that we have. We have modifications and enhancements to the Board's current system including the voter registration, candidate processing, reporting, poll worker, fleet management, and for election day. Responses area constantly required to various requests and mandates for example the MOVE Act changes the operation of the Statewide database, the registration lists and improve election night reporting processes, creation of an election day related-inventory management system, changes in the status of the poll worker to the BOE employees and the processing of their pay, and the anticipated moving of the date for the annual primary election. These are all things that our agency has to continuously update our IT network to accommodate those changes. And the ones that we anticipate that will be occurring in the future.

As a consequence of the chronic shortage of resources the Board has procured

services from three contractors to augment and assist us in carrying out these functions. These are relatively small-scale contracts with the number of personnel from any of these contractors being five or less. The same people have been assigned to us all along and they have intimate knowledge of our roles, procedures, processes and organization. These contractors work as a coordinated team together, hand in hand with our staff from all levels.

Without the assistance of these contractors the Board would be hard pressed just to keep the core and day to day operations functioning. We would not be able to make any enhancements, modifications or existing systems or perform any new development. The day to day operation challenges we face and the unknown changes that will occur in the future make it crucial that we retain these contracts.

The current cost of these contracts is \$1,850,000 per year. The current contracts expire at the end of this calendar year. Based on preliminary research for their renewal, the Board anticipates that the total annual cost will be



2 \$1.4 million resulting in a savings of over  
3 \$400,000 per year. We are hopeful that the  
4 Council will support our request to continue the  
5 operation of all three contracts.

6 CHAIRPERSON RECCHIA: Anything else  
7 you'd like to say before we start asking  
8 questions?

9 MS. SANDOW: Well. That's it. Now  
10 if you have any questions, we're here to entertain  
11 any questions you may have.

12 CHAIRPERSON RECCHIA: Okay. What  
13 you're asking for on the poll workers, you're  
14 asking for an increase in pay for attending the 6-  
15 hour class from \$25 to \$100.

16 MS. SANDOW: Yes.

17 CHAIRPERSON RECCHIA: And then the  
18 incentive for working, under HAVA, you had  
19 additional money you gave it for those that worked  
20 several elections, \$100, you want to the funding  
21 for that.

22 MS. SANDOW: Yes. The incentive  
23 was for them to attend the training class, pass  
24 that class and work both elections to receive the-  
25 -

2 CHAIRPERSON RECCHIA: [Interposing]  
3 \$100 bonus.

4 MS. SANDOW: Yes.

5 CHAIRPERSON RECCHIA: Okay. How  
6 much did that cost, total, just that, from the  
7 HAVA money last year? Just for that bonus.

8 MS. SANDOW: I believe it was \$7.9  
9 million, was it [off mic discussion]

10 MR. WARD: Council Member, the  
11 bonus and the training was an additional \$7.9  
12 million. That also included \$100 dollars--

13 CHAIRPERSON RECCHIA: [Interposing]  
14 Dollars.

15 MR. WARD: --coordinators for going  
16 to both the briefing after the primary and the  
17 general, those three components together was \$7.9  
18 million.

19 CHAIRPERSON RECCHIA: Okay. That's  
20 what I needed to know.

21 MR. WARD: That was the enhancement  
22 that we used from the City's HAVA lump sum monies  
23 to pay for the poll workers so that we would get  
24 them to go to the training, learn the materials,  
25 and most importantly show up and perform well on

each of the two election dates. I believe it's necessary to keep that in place to continue that progress and keep the inspectors coming back.

CHAIRPERSON RECCHIA: Is there any other increases that I missed?

MR. WARD: For poll workers, no.

CHAIRPERSON RECCHIA: And coordinators?

MS. SANDOW: Yes, the coordinator s [off mic comment] The coordinators come back in between the primary and the general for a debriefing which helps us at the Board to see maybe what needs to be changed, how we can enhance things for the general, there are leaders out there so they come back to let us know--

CHAIRPERSON RECCHIA: [Interposing] So you want to raise that from \$50 to \$100?

MS. SANDOW: No, we don't want to raise it. They were given this in 2010.

CHAIRPERSON RECCHIA: \$100.

MS. SANDOW: We'd like to--\$50 to come in--

CHAIRPERSON RECCHIA: [Interposing] \$50 for primary, \$50 for general.

2 MS. SANDOW: Afterwards, yes.

3 CHAIRPERSON RECCHIA: Okay.

4 MS. PERKINS: We would like to  
5 maintain--

6 MS. SANDOW: [Interposing] Maintain  
7 that.

8 MS. PERKINS: --that level of  
9 funding for that--

10 CHAIRPERSON RECCHIA: [Interposing]  
11 Okay.

12 MS. PERKINS: --program.

13 CHAIRPERSON RECCHIA: Just so I'm  
14 clear. All right. Gale Brewer.

15 CHAIRPERSON BREWER: Council Member  
16 Halloran, did you have questions? And then we'll  
17 go to other members.

18 COUNCIL MEMBER HALLORAN: Yeah,  
19 sure, thank you very much Madam Chair. Thank you  
20 for your testimony this afternoon. I've just a  
21 couple of areas I wanted to quickly touch on.  
22 First of all the changes that have been made to  
23 the machines, the modifications, A, can you tell  
24 us did we absorb those costs or were they absorbed  
25 by the contracting agency? As you probably are

1 well aware P. S. 41 in my district experienced a  
2 breakdown of several machines, repeatedly over the  
3 course of the day. I was also shocked to find out  
4 that photocopy paper would be acceptable in a scan  
5 of a ballot. I find that very troubling from an  
6 integrity point of view. We seem to not have  
7 backup units readily available. It wound up  
8 turning away somewhere between 25 and 50  
9 individuals.  
10

11 I would ask; do you have statistics  
12 as well on that as to how your voter turnouts were  
13 compared to other elections with these new  
14 machines? Because I have to tell you in my  
15 district which is probably geographically the  
16 largest in the City of New York, we experienced  
17 tremendous problems. So could you address those  
18 first, those questions for me?

19 MS. SANDOW: Yes. The  
20 modifications are absorbed by the vendor. As far  
21 as the problems, were they in the primary or the  
22 general?

23 COUNCIL MEMBER HALLORAN: We  
24 experienced in the general the breakdown of  
25 machines at 41. The primary was, of course, in my

opinion a complete disaster.

MS. SANDOW: Okay, John Norris?

I'd like to have John Norris address the ballot and... [off mic discussion, pause]

MR. JOHN NORRIS: John Norris, Senior Systems Analyst for the Board of Elections. We have brought to the attention of E S & S and to the State Board that the fact that their certified voting system will accept scanned ballots. And up to this date the State Board or E S & S have not made any corrections to that--

COUNCIL MEMBER HALLORAN:

[Interposing] So do you mean to tell me that in the City of New York in 2011, I can photocopy a ballot and those machines will read it.

MR. NORRIS: That is--well if you get past all of our physical security checks the machine itself will read it.

COUNCIL MEMBER HALLORAN: Okay.

Well let me talk about your security checks. At P. S. 41 I was physically present to witness cards from other Assembly Districts come in, not be noticed that they were from other Assembly Districts and those cards were then subsequently

checked at the end of the day, so I'll give you at least that credit, and those ballots were scanned into those machines.

Now whether those people went to these other polling sites and came back with the cards 'cause they didn't want to wait in line there I can't tell you. But the fact is that there was nobody capable of supervising as we had a team of election people from the Board trying to figure out why two machines kept going down repeatedly. The jamming of the feeders--

MR. NORRIS: [Interposing] That's correct.

COUNCIL MEMBER HALLORAN: --this all went on in front of me in P. S. 41 and I thin in front of Channel 2 News who just happened to be there. I think it's deplorable to think that the integrity of the system can be compromised by a photocopy machine and that we, was it \$85.5 million we spend on these new machines, is that the correct number?

MS. SANDOW: Yes, that's correct.

COUNCIL MEMBER HALLORAN: \$85.5 million and you're going to spend an additional

\$27.2 million going forward with this contractor and they couldn't even give us ballots that individually are protected so that we can't duplicate them. Does that constitute integrity in the City of New York?

MR. JOSE CARLOS POLANCO:

Councilman, good afternoon, this is J. C. Polanco, President of the Board, 2011. I think you have an issue with the Federal legislation that required us to move from a lever system to a paper ballot system. And you also seem to have an issue with the 2005 Election Reform and Modernization Act that the State legislature passed.

We hear your concerns. These are concerns that many elected officials in the City Council have had since 2002 regarding the integrity of elections and paper ballots. So we hear your concern and we have actually, as Commissioners, since the Federal HAVA legislation passed raised those concerns not only in Congress but in Albany because of those same things that you just shared with us.

We will continue working to improve



1 security at our poll sites and that's why we're  
2 here today requesting your assistance so that we  
3 can provide the right incentives necessary for our  
4 recruitment efforts so we can have top quality  
5 poll workers and coordinators that will provide  
6 you with the confidence that you're looking for  
7 Councilman.  
8

9 COUNCIL MEMBER HALLORAN: Mr.  
10 Former Chair, I appreciate all that you have done.  
11 I appreciate the fact that you guys are operating  
12 on a budget that you don't have control of in the  
13 sense of spending that you're mandated to do by  
14 Federal and State authorities. Nevertheless, we  
15 sit here a year after the primaries, a year after  
16 the generals, and I understand that you've asked  
17 for clarification. You've asked for them to  
18 address the issue. If they don't, are we going  
19 to, as a City of New York, continue to have  
20 insecure ballots then from now until Uncle Sam  
21 decides to get its act together and fix this  
22 problem?

23 MR. POLANCO: Well, Councilman, we  
24 are an administrative agency. We don't get the  
25 opportunity to make the law. We will just execute

1           it. And we answer to you and the City Council.  
2  
3       So we will continue coming here and representing  
4       the voices of the voters and their concerns and  
5       hopefully we will get the ball rolling in Albany  
6       and in Washington to have a more secure election.  
7       And I would yield the floor to Mr. Richmond to  
8       answer any--

9                       MR. RICHMOND: [Interposing]  
10       Councilman, the system itself, the mechanical  
11       system is not the way the State designed the  
12       security operation. It is designed by having  
13       accountability through the entire process. X  
14       number of ballots go out at the beginning of the  
15       day. There are receipts for them. We have to  
16       balance those numbers out. And the actual, when  
17       we do the re-canvas, if there are inconsistencies  
18       that's when there's an attempt to resolve them.

19                      Commissioner Polanco was absolutely  
20       correct. Was this our first choice of systems? I  
21       believe going back to paper was not a move  
22       forward. That's a personal belief. But we had no  
23       choice. The fact is that when you go to a paper  
24       system, those of us who have studied political  
25       science in New York City read the histories of

1 ballot box stuffing. That's the reason the  
2 mechanical lever machines were created was to end  
3 that ability. We now have to deal with the system  
4 we have. I think Commissioner Polanco hit it on  
5 the head. We need truly committed poll workers to  
6 make sure the system works.  
7

8 One of the things we did was expand  
9 the number of poll workers at each site so that  
10 when a problem occurred which happened at your  
11 site all of the poll workers shouldn't have all  
12 been focused on that problem. Again, one of the  
13 things we've been trying to talk about was how do  
14 you change this in a manner which will improve the  
15 system. The obligation rests with the State Board  
16 of Elections to change the requirements of a  
17 certified system.

18 Our discussions though, for  
19 example, to get a watermark placed on the ballot  
20 and then have it read--

21 MS. SANDOW: [Interposing] Right.

22 MR. RICHMOND: --the cost of the  
23 ballot would be astronomical. We're paying now, I  
24 believe, in the neighborhood of between \$.50 and  
25 \$.55 a ballot. You're talking about doubling if

not tripling that. Now I think that's a conversation that the legislature, I think this body has to weigh, but it goes back to our fundamental question, you know, we keep telling you and I think you've been responsive, democracy is not cheap. But at some point the benefits might outweigh it. I agree with you Councilman, that's of great concern.

We're trying to train the poll workers and ideally you get 500 ballots at your ED, at the end of the night you've got 400 still unused, there's 85 in the scanner and you have 15 affidavit ballots, we should be okay. The problem is when it doesn't happen. And I think that's the problem that we're concerned with. And I as the General Counsel have nightmares over because God forbid it's a close race and I don't know if any of the other Council Members here went through it but when you start dissecting ballot by ballot it becomes very clear that we're dependent on, really, volunteer human resources, sometimes gaps do occur.

COUNCIL MEMBER HALLORAN: I appreciate Counsel's comments. And I understand

that this is not a creature of your creation.

This is in response to Federal legislation. We are the last state in the union to have complied. I understand that. That doesn't change the fact that as an elected official I am terrified of the thought that you just told us that you do not have absolute control of ballot security. And I know you've expressed that before. And my outrage is at the fact that we're here a year later and we're still in that situation. Now I don't know how it happened but fortunately my race wasn't close and as a Republican I get to say that. But nonetheless there have been races that are close; our District Leader races will certainly be close. I understand there were some, at times, missing memory sticks in the course--I mean of course they all got found apparently at the end of the day but that was an issue. Clearly with anything that's electronically counting it, you're not going into manually inspect those ballots except on an ad hoc basis unless there's an impound order, right? You just do a general check for integrity, right?

MR. RICHMOND: No, Council Member, the statute, the State Law does require a mandatory

2 but random 3% audit--

3 COUNCIL MEMBER HALLORAN:

4 [Interposing] Random, 3%.

5 MR. RICHMOND: --of the votes. But  
6 the Commissioners have gone further. In the event  
7 in a given contest, for example, a District  
8 Leader's race is within %.5 of the total votes or  
9 10 ballots, we without going to a court order or  
10 anything else, the City Board will conduct a  
11 manual re-canvas of those, of that contest.

12 In addition in those instances  
13 where the memory either did not properly record  
14 the materials correctly or it wasn't recorded or  
15 found, the way we did the re-canvas was manually  
16 counting those ballots. Now again we know that  
17 that potential exists in 2012 or '13 on a citywide  
18 basis. We've asked for everybody's understanding.  
19 We can't complete the re-canvas in 7 days even in  
20 a District race.

21 We proposed legislation to the  
22 State to at least give us a month's time to do it  
23 right. The State hasn't moved yet.

24 COUNCIL MEMBER HALLORAN: Okay.

25 MR. RICHMOND: But Council Member I

2 don't think there's any one person at the Board  
3 who is not committed to ensuring the maximum  
4 integrity. But we are dependent on the human  
5 resources we have. There is not a same level of  
6 failsafe security on the mechanical side that we  
7 had with the lever voting machines.

8 COUNCIL MEMBER HALLORAN: I agree  
9 with you 150%. Let me move on from that--

10 CHAIRPERSON BREWER: [Interposing]  
11 Council Member, you can ask one more question and  
12 then we--

13 COUNCIL MEMBER HALLORAN:  
14 [Interposing] Yeah.

15 CHAIRPERSON BREWER: --do a second  
16 round if you want.

17 COUNCIL MEMBER HALLORAN: Sure.  
18 You're absolutely--

19 CHAIRPERSON BREWER: We've got to  
20 move on.

21 MS. SANDOW: I just want to let you  
22 know that there is modification for the jamming  
23 with the fingers on the side of the machines.  
24 That is one of the modifications that are in for  
25 this year.

2 COUNCIL MEMBER HALLORAN: The last  
3 question before I turn it back is just on you  
4 mentioned, Counsel, you just mentioned the  
5 legislation you've asked Albany to consider. One  
6 of the things I believe the Board asked to  
7 consider was changing of the primary date. Let me  
8 just ask you from an economics point of view, do  
9 you really think that's worthwhile given the fact  
10 that you'll lose somewhere between 15% or 20% of  
11 the population as snow birds who will not be  
12 available to be petitioned earlier on if you're  
13 there. That you'll be sending people out in what  
14 is amounting to February and March, freezing cold  
15 temperatures, people less likely to open their  
16 doors to let them in in the first instance. You  
17 put yourself in a position where even if we just  
18 moved it back to say May from June, you would  
19 still buy all the time that I think you require  
20 but don't have the problem of petitioning in sub  
21 zero weather in the City of New York which is not  
22 easy to begin with.

23 MR. RICHMOND: Council Member, we  
24 need to meet the requirements of the Federal MOVE  
25 Act. What the proposal of the New York State



Election Commissioners Association was, was not to change the current timeframes for petitioning. So we know now that we have to complete the ballot 53 days before the election, including court challenges and everything else so that we can get the ballots out to our service members 45 days before. So we kept the same 7-week period. One of the things that Albany is considering would be modifying the petition period the length of time and also the signature requirements. We've had that in the court cases in 1991 when the Council's reapportionment lines were set aside, the Federal court changed it so we had 1 week of petitioning and instead of 900 signatures to qualify for a primary ballot you needed 150. We did not want to take on that challenge of fundamentally altering the political structure of the calendar so that's why, yes, under the scenario for the last Tuesday in June, the petitioning would begin in February. But if we move back to May and kept that same calendar, we'd start in January. It was a compromise, I think, among all the Commissioners around the State. The Commissioners from St. Lawrence County and the others talked about it

2 even at the last day to file which would be the  
3 beginning of April, they still have snow on the  
4 ground. But I think we're trying to balance the  
5 response together. The reason we looked at the  
6 last day of June is it was before summer vacation  
7 for the voters at least to participate but also  
8 for us and Chair Brewer's heard this. Schools are  
9 open that last Tuesday but there are no children  
10 in the classroom. So no longer will we be accused  
11 of taking food out of children's mouths and  
12 denying them--

13 CHAIRPERSON BREWER: [Interposing]  
14 All right. You need to sum up. Did anybody want  
15 to add anything from the Board's perspective? No.  
16 Council Member?

17 COUNCIL MEMBER HALLORAN: Thank you  
18 Chair.

19 CHAIRPERSON BREWER: Okay. Council  
20 Member Mealy.

21 COUNCIL MEMBER MEALY: I just  
22 wanted to ask a few questions in regards to the  
23 poll site and training site increase money you  
24 wanted \$750,000. That's if you have a smaller  
25 site and you want to change it to--or any site you

just want to put it up to \$165--

MS. PERKINS: [Interposing] No.

COUNCIL MEMBER MEALY: --normally  
you pay--

MS. PERKINS: [Interposing]  
Currently--

COUNCIL MEMBER MEALY: --\$70?

MS. PERKINS: Currently we pay any  
site \$70 per ED.

COUNCIL MEMBER MEALY: Per ED.

MS. PERKINS: So if the site has 5  
EDs, they'll get \$70 for each ED.

COUNCIL MEMBER MEALY: But now you  
want to put it up to \$100--

MS. PERKINS: [Interposing] Well  
what we're asking is to put that to \$165 per ED  
because what we're finding is that a lot of the  
private sites which Dawn mentioned earlier,  
approximately 500, they are telling us that it's  
not worth the cost in terms of Con Edison and  
other costs that they have to incur to house us as  
a site for election day. And what we're also  
finding is because of the amount of equipment now  
that has to go in a site, we need additional

1 sites. In addition we also need additional  
2 training sites because when we do our training we  
3 have smaller classes, that means more sites,  
4 because in the past we used to be able to do 40  
5 people in a class. You can't do 40 people in the  
6 class if you're going to have the type of  
7 comprehensive hands-on training that is a part of  
8 our poll worker training program.

9  
10 COUNCIL MEMBER MEALY: Okay.

11 MS. PERKINS: So that's why we're  
12 asking to increase that to \$165 which is in line  
13 with the current costs for those kinds of  
14 expenditures.

15 COUNCIL MEMBER MEALY: Okay. And  
16 the information technology services, will this  
17 indirectly keep a database of how many poll  
18 workers show up? 'Cause everyone go through  
19 training and then election day come, it's raining  
20 outside, people do not show up.

21 MS. PERKINS: Mm-hmm.

22 COUNCIL MEMBER MEALY: And I went  
23 back trying to find out who showed up and who did  
24 not. Would y'all have a database in regards to  
25 that?

2 MS. SANDOW: Yes.

3 COUNCIL MEMBER MEALY: Would this  
4 technology do that?

5 MS. SANDOW: Yes.

6 MS. PERKINS: We have that now--

7 MS. SANDOW: [Interposing] We have  
8 that now.

9 MS. PERKINS: --we have a database  
10 that tells us who shows up on election day and who  
11 doesn't because--

12 COUNCIL MEMBER MEALY:  
13 [Interposing] But would this, this high tech  
14 technology, you should be able to tell right away,  
15 right--

16 MS. PERKINS: [Interposing] Oh  
17 yeah, absolutely. Absolutely.

18 COUNCIL MEMBER MEALY: And then,  
19 all right, indirectly. And one other question.

20 CHAIRPERSON BREWER: If we need to,  
21 I don't mean to be rude, just I'm getting pressure  
22 'cause--just sum up, so go ahead.

23 COUNCIL MEMBER MEALY: Okay. So  
24 this is the last question. We're trying to keep a  
25 base of people working the polls. I believe our

2 Chairperson did a legislation about teenagers, 16  
3 years old, did that go through?

4 CHAIRPERSON BREWER: It didn't go  
5 through yet.

6 COUNCIL MEMBER MEALY: So how do  
7 you try to advertise to get people who will be  
8 consistent every year or young people, how are you  
9 drawing young people to be involved in this  
10 process--?

11 MS. SANDOW: [Interposing] We  
12 still--

13 COUNCIL MEMBER MEALY: 'Cause I  
14 know seniors, we love our seniors at the polls--

15 MS. SANDOW: [Interposing] Yes.

16 COUNCIL MEMBER MEALY: --we love  
17 them but it's good to have a mixture to help--

18 MS. SANDOW: [Interposing] We  
19 started a major--

20 COUNCIL MEMBER MEALY: --and that's  
21 my last question.

22 MS. SANDOW: --a major poll worker  
23 recruitment program in March. And we're happy to  
24 say that we have over 2,000 applications already  
25 received for people that would like to be poll

workers. We've gone out to schools, universities. We can have Valerie Vasquez, if you'd like to come up and report on it.

MS. VALERIE VASQUEZ: The Board, Valerie Vasquez, Director of Communications for the Board of Elections, We really have been leveraging the success of our overall public education campaign by working in partnership with many of these community based organizations like our Deputy Executive Director mentioned, colleges, we've been working hand in hand specifically with CUNY, attending many of their job fairs and career fairs. We've also been working with the respective student affairs officers to make sure that they're circulating the applications even when the Board is not there. So it's to resonate our presence on a campus level.

COUNCIL MEMBER MEALY: What is the regular feedback of it 'cause it's only a primary day and then general, two days' work, how are you drawing them in for that?

MS. VASQUEZ: Well because of the overall, just the state of the economy, I mean I can say personally because I go to most of these

demonstrations, they're very engaged just the fact that they can participate in this and of course that there is some economic incentive for them as well. So I mean as I've gone to the students, many of them saying well this can pay for the cost of my books for the year. So from their perspective it is in fact very enticing.

CHAIRPERSON BREWER: Okay.

COUNCIL MEMBER MEALY: Thank you.

CHAIRPERSON BREWER: Thank you very much. Let me ask about this, a lot of people have brought to my attention the Board's transportation budget that has increased. What is the Board's transportation budget currently? What do you expect it to be next year? And how are you working to try to reduce it? And what are all these services for? It does stand out.

MR. WARD: The Board's transportation budget is made up of two parts basically, transportation of machines and car service.

CHAIRPERSON BREWER: Okay. So the machines are smaller than the larger machines we've had in the past. Does that reduce the cost



of transportation?

MR. WARD: Actually, no, because there's more parts.

CHAIRPERSON BREWER: There are more parts.

MR. WARD: The Shoop [phonetic] machine that we know and love was an 800-pound gorilla.

CHAIRPERSON BREWER: We know.

MR. WARD: The new machine is much smaller but there's also privacy booths that never existed before, quite a few at every poll site.

CHAIRPERSON BREWER: So is the transportation machine cost more or less than the 800-pound gorilla?

MR. WARD: It went up a bit last year and you did fund it for this year.

CHAIRPERSON BREWER: Okay.

MR. WARD: Which we appreciate.

CHAIRPERSON BREWER: I'm just letting you know that if I were you I'd look carefully, different contractors, something. That number is in The Daily News, the New York Post and stands out on John Liu's NYC Check--

2 MR. WARD: [Interposing]

3 Understood. We do use--

4 CHAIRPERSON BREWER: --if you could  
5 figure out a way to do different contracts, more  
6 transparency, something. And I don't know. I  
7 understand people might need to take car service  
8 late at night, blah, blah, blah. Cut it. Figure  
9 out a way to cut it. Suggestion.

10 MR. WARD: Okay. Thank you.

11 CHAIRPERSON BREWER: It's endless  
12 discussion. Endless. Web casting, what's the  
13 status of your efforts to web cast? And don't  
14 blame me for all of it but I'll take most of it  
15 and hopefully it doesn't cost anything, we can do  
16 it very inexpensively.

17 MR. POLANCO: Well, Councilwoman,  
18 recently the Board of Elections ruled against  
19 moving forward with web casting because it would  
20 have been a cost that we cannot incur under the  
21 current budget. And that is the reality that we  
22 live in--

23 CHAIRPERSON BREWER: [Interposing]  
24 I heard.

25 MR. POLANCO: --so until we have an

2 opportunity to have the proper funding, I don't  
3 think the Commissioners are going to vote in favor  
4 of spending money that we don't have allocated to  
5 us in this budget--

6 CHAIRPERSON BREWER: [Interposing]  
7 Okay.

8 MR. POLANCO: --for web casting.

9 CHAIRPERSON BREWER: I think the  
10 public would prefer to have funding for the web  
11 casting; I'm just letting you know, than the car  
12 service. So it's something to think about in  
13 terms of future because if you get more  
14 transparency and more participation and more  
15 interest, then you'll have more support.

16 MR. RICHMOND: Madam Chair, but  
17 just to note, the car service is mandated under  
18 the collective bargaining agreement we have with  
19 the Communications Workers of America.

20 CHAIRPERSON BREWER: Not for the  
21 machines.

22 MR. RICHMOND: The machines,  
23 Council Member, if we don't transport the  
24 machines, nobody gets to vote--

25 CHAIRPERSON BREWER: [Interposing]

2 I know but I'm just-

3 MR. RICHMOND: --the fact is that  
4 the quality of transportation had to go up--

5 CHAIRPERSON BREWER: [Interposing]  
6 Okay.

7 MR. RICHMOND: --we could not use  
8 the big moving trucks. You have to have now--

9 CHAIRPERSON BREWER: [Interposing]  
10 No, I--

11 MR. RICHMOND: --you're  
12 transporting electronic equipment so it's a  
13 different quality of a truck with padding and  
14 other support and as Mr. Ward indicated the number  
15 of moving parts that--

16 CHAIRPERSON BREWER: [Interposing]  
17 Okay.

18 MR. RICHMOND: --we're now  
19 transporting has tripled because we now have  
20 privacy booths as well as the supply carts in  
21 addition to the tables and chairs we provide to  
22 the inspectors and the actual scanners and the  
23 BMDs. So the fact is that given, again, this new,  
24 improved system is more expensive than the lever  
25 machines.

CHAIRPERSON BREWER: Okay. I'm just trying to give you a suggestion as to how the outside world looks at the Board. And I try to be supportive but that's what they see. Okay? Just a suggestion.

MR. POLANCO: Councilwoman, if you were allowed for me to go back to my colleagues and tell them that Councilwoman Brewer is definitely supporting web casting--

CHAIRPERSON BREWER: [Interposing] No, I'm going to get, I'm going to get a really cheap person to talk to you and then we'll go from there--

MR. POLANCO: [Interposing] Okay, thank you Councilwoman.

CHAIRPERSON BREWER: --and I know a guy who will do it like \$200 a session. You can't beat it. We could take up a collection. Got to be web cast. Just help us to understand, if you don't have any democratic primary which you know more about this than I do but I don't think you're going to have a presidential Democratic--you'll have some republican primary, does that change the numbers at all in terms of the primary?

MR. RICHMOND: Council Member it would but the fact is that there may be primaries for delegates. All committed to the same candidate.

CHAIRPERSON BREWER: Correct.

MR. RICHMOND: But that would leave the voters there in which case we'll have an option there. But in the event there is not a given Democratic primary in a given Congressional district, you wouldn't be printing the ballots for those persons as well. You would be, however, opening the poll sites and having the inspectors there but the printing cost on the ballots alone would go down if you didn't have those contests.

CHAIRPERSON BREWER: Okay. I mean in other words--

MR. RICHMOND: [Interposing] This was a worst case scenario--

CHAIRPERSON BREWER: [Interposing] I'm trying to give you some of the discussion that goes on in the communities where people say why can't the Board of Elections save money. And these are the things that people say all the time. And we're trying to think of ways that you could

2 do that and answer the public in some kind of  
3 transparent way. Do you have any more questions?  
4 Okay. You can go ahead.

5 MR. POLANCO: Dawn Sandow, since  
6 taking over as Deputy Executive Director, has  
7 found many ways to cut back at the Board of  
8 Elections. And I think you'd be happy to hear.  
9 But I know that we have an issue with time and  
10 we're trying to be brief. But just know that  
11 we've heard you loud and clear in previous  
12 sessions and previous testimony and we have worked  
13 very diligently and under Dawn and Pam's guidance  
14 at the Board, we have actually cut a lot and tried  
15 to run a more efficient system so--

16 CHAIRPERSON BREWER: [Interposing]  
17 No, I know you have.

18 MR. POLANCO: --out of respect for  
19 the brevity you've requested from your colleagues,  
20 we're just letting you know we have it and we're  
21 ready to provide it--

22 CHAIRPERSON BREWER: [Interposing]  
23 No, I appreciate it. And the entire testimony,  
24 just so you know, will be part of the record. So  
25 it's right here. The whole issue, I think you

2 have addressed this in the past, but the issue of  
3 postage paid mail voter registration applications.  
4 I assume you're going to continue. I know this is  
5 a budget issue but it makes it easier for people  
6 to register. Are you continuing to do that?

7 MS. PERKINS: Yeah, the  
8 Commissioners, several months ago, the  
9 Commissioners adopted that policy. We adopted  
10 that policy--

11 CHAIRPERSON BREWER: [Interposing]  
12 Okay.

13 MS. PERKINS: --and all our new  
14 voter registrations that are reflecting the new  
15 parties--

16 CHAIRPERSON BREWER: [Interposing]  
17 Okay. And how are the sample ballot process going  
18 with DOITT?

19 MS. PERKINS: We're going to call  
20 Steve Ferguson, my Assistant Director--

21 CHAIRPERSON BREWER: [Interposing]  
22 And then that's the end of my questions unless  
23 anybody else has questions.

24 CHAIRPERSON RECCHIA: Okay.

25 MS. PERKINS: Okay.



MS. SANDOW: It's on. [off mic discussion]

MR. STEVE FERGUSON: Good afternoon Chair Brewer. The process is going--

CHAIRPERSON BREWER: [Interposing] You have to introduce yourself.

MR. FERGUSON: I'm sorry. Steve Ferguson, Director of MIS for the Board. The process is going very well. We've having biweekly technical meetings, bimonthly technical meetings with DOITT. We had one actually yesterday. We're at the point now of actually figuring the mapping for each PDF style of the ballot to the specific EDAD and it's anticipated we're going to have this ready for the September primary.

CHAIRPERSON BREWER: The September primary, so every ED will have a sample ballot.

MR. FERGUSON: Where there's a contest--

CHAIRPERSON BREWER: [Interposing] Where there's an election.

MR. FERGUSON: Correct.

CHAIRPERSON BREWER: Okay. Congratulations. You're going to get us a list or

2 could you get us a list, 'cause we're asking every  
3 agency, of outside contractors. I know that  
4 you're trying to bring every possible contract in  
5 house. But it would be great to have a list of  
6 your outside contractors.

7 MS. SANDOW: Council Member Brewer-  
8 -

9 MS. PERKINS: [Interposing] We  
10 have--

11 MS. SANDOW: --I sent you that  
12 list.

13 CHAIRPERSON BREWER: Okay. We will  
14 look at it again, I'm sorry--

15 MS. SANDOW: [Interposing] April  
16 15<sup>th</sup> with all the contracts so if you need, I have  
17 a copy here.

18 CHAIRPERSON BREWER: [Interposing]  
19 All right, we will look at it. No I appreciate  
20 it. We will look. I'm sorry.

21 MS. SANDOW: All right.

22 CHAIRPERSON BREWER: One last  
23 question Council Member Mealy, really quickly,  
24 'cause we're out of time and we've got people  
25 waiting.

COUNCIL MEMBER MEALY: What is the \$1.5 million for, information technology service, if you cannot--some of the--well constituents like Gale Brewer was saying, they come to the polling sites, don't know that their district is not--they don't have to vote. It's no race there. So how can we inform the community when they do not have to come and vote? He just said it. Where some of the EDs, it's no race so we wasting people's time. So this information technology, what is it really for \$1.5 million?

MR. FERGUSON: Well we were just talking about having sample ballots on the web. They're really not samples. They're actually the ballot as close to the election day as possible. That would allow voters to go, while they're looking at their poll site, so also see if there is a contest in their district and who actually is on the ballot. So that is a project we're currently working on right now. Yes, it's done by a poll site locator.

CHAIRPERSON RECCHIA: Okay. Thank you.

MS. SANDOW: There's a poll site

locator on our website.

CHAIRPERSON RECCHIA: I want to thank you all for coming. And we appreciate it. You know, don't take offense but we just had to cut it down. All right?

MS. SANDOW: Okay.

CHAIRPERSON RECCHIA: Thank you very much. Next will be Campaign Finance Board followed by the Law Department.

[Witnesses leaving]

[RECESS]

[Pause, witnesses getting settled]

CHAIRPERSON BREWER: CFB's ready to go.

[Pause]

MS. AMY M. LOPREST: Okay. Good afternoon Chairpersons Brewer and Recchia and Committee members. I'm Amy Loprest, Executive Director of the New York City Campaign Finance Board. With me today are General Counsel Sue Ellen Dodell and Director of External Affairs Eric Friedman.

Pursuant to the New York City Charter Section 1052C, the Board submitted its

budget for Fiscal Year 2012 to the Mayor on March 18<sup>th</sup>. The Mayor included it in his Executive Budget. The CFB's budget for Fiscal Year 2012 is \$12,249,691. As always we have tried to be fiscally responsible. This year's budget reflects a \$2.26 million decrease from Fiscal Year 2011.

The reduction far exceeds the Office of Management and Budget's March 2009 request for reduction of about \$318,000. Between funds initially budgeted for public matching funds payments, penalties collected from candidates, and our response to PEG requests, we have returned approximately \$17.8 million to the City's general funds since July 2010.

As you know a recent court decision has undermined the Board's ability to protect tax payers' funds from abuse. The decision by the Appellate Division, First Department, in Field v. Campaign Finance Board limits the power of the Board to recover public funds that have been misspent. We are conducting an analysis of how the decision will impact repayments of public funds from the 2009 elections and we are appealing the decision.

In the meantime the drivers of this year's budget decrease are twofold. First in Fiscal Year 2011 we produced a citywide voter guide. While there will be an election in Council District 28 this fall, we will prepare a vote guide only for that single Council District.

Second, we are anticipating a reduction in matching funds payments in this coming year. The Fiscal Year 2012 budget reflects \$1.75 million for the New York City Election Fund. This includes money allocated for payments to candidates who run in the Campaign Finance Program this fall as well as additional post-election public funds payments to candidates from previous elections and payments to candidates in any potential special election races.

While the overall budget has decreased it does reflect an increased headcount of five staff members to implement new Charter mandates from amendments passed last fall: disclosure of independent expenditures and voter assistance. Two positions are required to develop and administer a system for the disclosure of independent expenditures, train those who are

1 affected by the mandate, and answer questions  
2 about compliance. We made a new appointment to  
3 the existing position of Director of Special  
4 Compliance to oversee all aspects of the  
5 disclosure of independent expenditures.  
6

7 The Board must also issue rules to  
8 administer this new mandate. We received a great  
9 deal of constructive feedback during our hearing  
10 on the disclosure of independent expenditures in  
11 March. And we are continuing to hear from members  
12 of the public about the issue. When they are  
13 ready a draft of the rules will be posted for a  
14 period of public comment, after which the Board  
15 will hold a second public hearing.

16 Three of the new lines in our  
17 budget are positions transferred from the  
18 Department of Citywide Administrative Services to  
19 our new Voter Assistance Unit. On April 30<sup>th</sup>, the  
20 CFB published the Annual Voter Assistance Report  
21 which provides information about the work of the  
22 Voter Assistance Commission during 2010 and  
23 describes the expanded voter engagement efforts  
24 the CFB will undertake going forward. The report  
25 also provides an analysis of voter turnout in

recent years in New York City.

There are still three unfilled appointments to the new Voter Assistance Advisory Committee. Members of the VAAC along with CFB staff are already planning for the first mandated hearing as well as voter outreach for this fall's election. We have reached out to other partners and funding sources as we look for alternative ways to support these voter outreach activities.

Our Director of External Affairs Eric Friedman has been meeting with members of the Council and Council staff to discuss legislative recommendations we put forth in our 2009 post-election report. So far these conversations have been illuminating and we look forward to speaking with more members of the Council and staff.

We are in the process of conducting our post-election audits of campaigns from the 2009 elections. Though meeting the deadline set forth in the Campaign Finance Act as amended by Local Law 34 of 2007, we recognize the need to bring even greater efficiency to the way we conduct the audits. Over the coming months we will be conducting outreach to candidates and



1 campaign workers to conduct one on one interview  
2 about their experiences with compliance and post-  
3 election audits. This outreach will be only one  
4 part of an intensive review of our auditing  
5 standards as we prepare for the 2013 elections.  
6 And we feel that external input will be invaluable  
7 to this process.  
8

9 As always the CFB looks forward to  
10 working with the Council to make the work of our  
11 agency more efficient and effective. Thank you  
12 for your time. And I'm happy to answer any  
13 questions.

14 CHAIRPERSON BREWER: Thank you very  
15 much. I know Council Member Halloran, you had a  
16 question.

17 COUNCIL MEMBER HALLORAN: Thank you  
18 Madam Chair. First, thank you for being here. I  
19 appreciate the work of Campaign Finance. It's  
20 wonderful to know that you guys are trying to  
21 level the field. But let me ask you a couple of  
22 questions about policing.

23 In terms of the process by which  
24 you ensure the integrity of the system by  
25 mandating certain reporting factors, has the

Campaign Finance Board actually referred out for prosecution anybody who has willfully underreported or done anything like file a false document with regards to their campaign status any time in the last two years?

MS. LOPREST: Well I can't comment on potential ongoing investigations, certainly in the past over the past history of the board we have had a good working relationship with prosecutorial authorities and had a number of successful prosecutions based on information developed through our auditing process.

COUNCIL MEMBER HALLORAN: And with regards to underreporting, etcetera, obviously that has a huge impact on the success of some campaigns. And when you're talking about going from a 6 to 1 to up to an 8 to 1 match, you could be talking about hundreds of thousands of dollars. Is there a particular flag, a certain threshold number that you feel constitutes willful underreporting and if so what is that number?

MS. LOPREST: I'm not 100% sure of exactly your question. I guess what we do is all candidates are required to disclose their

1 contributions and expenditures on a periodic  
2 basis. We review those expenditures and after the  
3 election through our comprehensive audits and if  
4 there is, you know, underreporting then that  
5 underreporting is cited in the audits. And I  
6 expect if it reaches a significant level then,  
7 yes, there would be some, perhaps, a referral for  
8 a criminal prosecution. I don't have a specific  
9 number that would be that.

11 COUNCIL MEMBER HALLORAN: Okay.

12 Now one of the things that I heard at one of the  
13 hearings that you guys recently hosted had do to  
14 with disclosure rules with regards to certain  
15 types of contributions. One of the issues was  
16 union contribution, PAC contributions. Does the  
17 Campaign Finance Board, the way you're currently  
18 envisioning the rules, have any input in regards  
19 to the Federal decisions which have come down that  
20 permit corporate donation at Federal level  
21 elections, one? Number two, why is it that we do  
22 allow unions as collectives to give to campaign  
23 funds but an S-corporation for a business in a  
24 district is not allowed?

25 MS. LOPREST: Let me answer the

first question first. One of the recommendations in our 2009 post-election report was to require the disclosure of independent expenditures. And one of the reasons we made that recommendation was because of the Supreme Court's decision in Citizens United that allowed for much more direct spending by corporate entities, independent from candidates. So that is one of the reasons we recommended it. It was in the Charter proposals last fall and voted in by the voters to require more disclosure about spending meant to influence New York City elections.

COUNCIL MEMBER HALLORAN: Mm-hmm.

MS. LOPREST: So that is one reason that we've made that recommendation. On the other issues about corporate and union contributions, the law was changed in 1998 to prohibit the direct contributions from corporations to candidates running in New York City and then that law was expanded in 2007 by the City Council to cover basically all business entities. Those were, the Board had long recommended the ban of all organizational contributions but the City Council, you know, and we support the changes, the

2 incremental, that have been done over the course  
3 of the 20 years of the program.

4 COUNCIL MEMBER HALLORAN: So the  
5 Board supports the notion that unions, many of  
6 whom are civil service employee unions, who will  
7 lobby this body for their contractual rights  
8 should be able to come, give their money, and  
9 that's okay but a small business who actually  
10 generates business in the City of New York in a  
11 district should not be able to give. And you  
12 think that that is a level playing field when it  
13 comes to campaign finance?

14 MS. LOPREST: Well the Board had  
15 long supported the ban of all organizations, every  
16 type of organization, so that only individuals  
17 would be allowed to give contributions.

18 COUNCIL MEMBER HALLORAN: Mm-hmm.  
19 But that didn't happen, did it?

20 MS. LOPREST: No.

21 CHAIRPERSON BREWER: Council  
22 Member, come again, time is up. Council Member  
23 Mealy?

24 COUNCIL MEMBER MEALY: Hello. Are  
25 you planning any update to C-Smart software and/or

other technology? If so is this being developed in house or via outside contractor?

MS. LOPREST: We have long developed all of our software, the C-Smart software that we use for the disclosure by candidates in house. And we are working on an update that will be a web-based version of C-Smart for the 2013 election cycle. We are using or bidding a Request for Proposal for--

COUNCIL MEMBER MEALY:  
[Interposing] For outsourcing.

MS. LOPREST: --outsourcing for contractors to help develop the independent expenditure disclosure system that I was just talking about. And those consultants, what we're bidding are actually people, consultants, to work in our office under the supervision of our staff so it's not someone to build in their own shop a system for us but people to actually have people come and work as consultants in our office.

COUNCIL MEMBER MEALY: Okay so the web casting, CFB has recently began doing all these, of all your meetings. How provides the service for CFB? And how much does it cost?

MS. LOPREST: We actually, one of our staff members, stands and holds the video camera and does the video taping. And it's about--it costs about \$350 a month to keep it on the website. So, you know, streaming it is very low cost but to have the ability to go back over the course of time to look at it costs about \$350 month. And the name of the company is Live Stream.

COUNCIL MEMBER MEALY: Thank you. That's, I wish a lot of other agencies would do the same thing in house.

MS. LOPREST: Yeah.

COUNCIL MEMBER MEALY: Thank you.

MS. LOPREST: Yeah.

CHAIRPERSON BREWER: Thank you very much, you made our day.

[Laughter]

CHAIRPERSON BREWER: What is the status of VAAC or as I call VAAC, I know it has 2 A's in it now, and I guess obviously since this is a budget discussion, any budget implications, but mostly how it is being integrated and what are your plans?

2 MS. LOPREST: As I said we had our  
3 first public meeting and we are planning a second  
4 public meeting this upcoming month. We're still  
5 awaiting three appointments to the Committee but  
6 we have six members of the Committee already  
7 appointed or sitting ex officio. As I said the  
8 main budgetary implication is the additional staff  
9 members but that's kind of a zero sum from DCAS  
10 because those three positions were transferred  
11 from DCAS. There are some additional incidentally  
12 budget costs for printing and translating  
13 materials as we prepare them but all of that work,  
14 all the design and printing material work, is done  
15 in house. The translating we have a translation  
16 contract, the same people who translate the voter  
17 guides.

18 CHAIRPERSON BREWER: So are there  
19 any new initiatives or capital projects? Or that  
20 will depend on what comes out of the public  
21 hearing.

22 MS. LOPREST: Well one of the  
23 projects that we're exploring is a project to have  
24 a kind of web-based interface for candidates and  
25 voters and elected officials to discuss issues



that are important in the election. Many of our VAAC initiatives, we're trying to find outside partners to keep the cost to the City to a minimum.

CHAIRPERSON BREWER: Okay. And I know you mentioned the independent expenditure and I appreciate your input to the Council and any and all discussions. Is there anything you want to add to what you discussed? In other words, maybe a little bit more on the timing and when the public hearings might be. And I know you got feedback from us but have you gotten a lot of feedback from the community? I know there was quite a bit after the initial press.

MS. LOPREST: Yes. We have gotten, I mean we collected the feedback from the hearing. We, in addition to the people who testified, there were people who submitted written testimony. And we have gotten feedback from various sources since then. The Board is working on those draft rules. As you know the summer is probably not the world's best time to have the public hearing. So, you know, in order to get the maximum amount of impact we hope to have that hearing probably early in the

fall.

CHAIRPERSON BREWER: Okay. And can you give us some sense regarding the 2009 audits? How many have been completed? How many still to go and how does that compare to the past? I know you mentioned that in your testimony that you had hoped to do it in the future faster but I know that you're working hard on what you have. But could you just give us some sense of those that are still outstanding.

MS. LOPREST: I actually don't have the exact number for you but I can get that. We, you know, as you know the Local Law 34 established deadlines to complete the audits. And I can report to you that we have met every single one of those deadlines in that law. Of course we, you know, wish to complete them faster. I know the candidates wish to complete them faster. That's why we're undertaking this initiative to talk to campaigns and campaign workers about their experience with the audit process to solicit suggestions on how they thought the process could be improved.

CHAIRPERSON BREWER: Okay. Council

Member Dickens.

COUNCIL MEMBER DICKENS: Thank you  
Madam Chair. Good afternoon.

MS. LOPREST: Thank you.

COUNCIL MEMBER DICKENS: Thank you  
for your testimony. This is on independent  
expenditures. What is the status of your rule-  
making for implementing the new independent  
expenditure disclosure requirements in light of  
the fact that there was a lawsuit that had been  
won recently regarding independent expenditures  
which is now being appealed?

MS. LOPREST: I'm not sure I know  
which lawsuit you're talking about--

COUNCIL MEMBER DICKENS:  
[Interposing] There's so many of them right now.

MS. LOPREST: --yeah, there are  
many, many different lawsuits all over the  
country. We are in the process of drafting those  
rules. Of course the changing legal landscape,  
you know, from on the Federal level of different  
lawsuits that come down every day across the  
country, you know, makes it a challenge. But we  
are hopeful that we will have rules drafted,

issued for public comment, and as I said,  
hopefully a public hearing in the early fall.

COUNCIL MEMBER DICKENS: Thank you.

CHAIRPERSON BREWER: Just one final  
question. On the issue of technology, I know you  
answered Council Member Mealy about C-Smart but  
are there any other allocations in terms of  
funding that you're putting towards technology?  
'Cause that's something you have, I have to be  
really honest with you, you've been a leader on in  
terms of even for other agencies. Are there any  
other suggestions?

MS. LOPREST: Well I mean--

CHAIRPERSON BREWER: [Interposing]  
Yeah.

MS. LOPREST: --as I said, one  
initiative we're working on is making C-Smart a  
web-based application.

CHAIRPERSON BREWER: Yep.

MS. LOPREST: We are working to  
improve what we call C-Access which is the portal  
by which candidates receive information from the  
Campaign Finance Board. And hopefully that will  
be much improved. Candidates will be able to

2 submit information as well as receive information  
3 from us through that portal.

4 CHAIRPERSON BREWER: Okay. All  
5 right. Thank you very much. I don't think there  
6 are any other questions. Anybody else? Any other  
7 questions? No. Thank you very much for your  
8 testimony and we look forward to working with you.

9 MS. LOPREST: Thank you.

10 [RECESS]

11 CHAIRPERSON BREWER: And I think  
12 we're ready for Corporation Counsel.

13 [Pause]

14 CHAIRPERSON BREWER: We'll resume  
15 in two minutes.

16 [Pause]

17 CHAIRPERSON RECCHIA: Good  
18 afternoon. We will now resume the City Council's  
19 hearing on the Mayor's Executive Budget for Fiscal  
20 Year 2012. The Finance Committee and the  
21 Committee on Governmental Operations will now hear  
22 from the New York City's top lawyer, Michael  
23 Cardozo, our Corporation Counsel. We welcome you  
24 to this chamber. And now I'd like to recognize  
25 and turn the microphone over to my Co-Chair Gale

Brewer.

CHAIRPERSON BREWER: Thank you very much. I, too, also want to welcome the Corporation Counsel and feel free to begin your testimony.

MR. MICHAEL A. CARDOZO: Thank you. It's a pleasure to be here again. I'm joined at this table by my First Deputy Jeff Friedlander to my right; and our Managing Attorney Foster Mills to my left. I've prepared a brief statement that I know you have--

CHAIRPERSON RECCHIA: [Interposing]  
Yes.

MR. CARDOZO: --which attaches to it my much lengthier statement of a couple of months ago. And I think the only point I would make, the only thing that has changed as far as the budget is concerned from my last testimony, is that the Executive Budget provides for an increase in our headcount in the division that handles most of the police litigation which is an amount that turns out to be roughly \$3.5 million.

Other than that, really, the situation is exactly, from a budget point of view,

2 what I testified to last time. So I know you've  
3 had a long day and I'd be happy to answer any  
4 questions.

5 CHAIRPERSON RECCHIA: That was  
6 really short.

7 CHAIRPERSON BREWER: [Chuckling]

8 CHAIRPERSON RECCHIA: Okay. First,  
9 as we've been having these hearings, a lot of  
10 people turn around, a lot of Commissioners turn  
11 around and say we've got to ask Corporation  
12 Counsel. They know the answer.

13 So first we're going to start off  
14 with the FDNY. Could you please tell us at what  
15 point is the case? I know the judge has made  
16 recommendations to follow, different procedures.  
17 You don't think any of those procedures are worthy  
18 to be followed. You think they're quotas. And my  
19 understanding, you're waiting for an order from  
20 the judge. Could you tell us where the case is in  
21 the--

22 MR. CARDOZO: [Interposing] Sure.

23 CHAIRPERSON RECCHIA: --in the  
24 Southern District?

25 MR. CARDOZO: It's in the Eastern

2 District--

3 CHAIRPERSON RECCHIA: [Interposing]

4 Oh, Eastern District, okay.

5 MR. CARDOZO: --which is the

6 Brooklyn Federal Court. I think it might be  
7 easiest if I could just go through the chronology  
8 with you and explain that--

9 CHAIRPERSON RECCHIA: [Interposing]

10 Yeah, great, I would appreciate that because we,  
11 you know, we need clarification on this 'cause  
12 many of my colleagues, we're just wondering where  
13 the case is and why it's taking so long.

14 MR. CARDOZO: As you know, there  
15 was a lawsuit brought initially by the Justice  
16 Department and then later joined in by the  
17 Vulcans. It challenges the procedures that the  
18 Fire Department follows with respect to  
19 recruitment of fire fighters. And Judge Garaufis  
20 in the Eastern District of New York has had the  
21 case. And in July 2009 he first ruled that the  
22 tests that the Fire Department had given in 1998  
23 and 2003, roughly, I may be off by a year or so,  
24 that those 2 tests were illegal because they had  
25 an adverse effect on minorities and that under the



precedent when there's an adverse statistical effect you then have to look if there's a business justification for the adverse effect. And he found there was not.

So he found those two tests which had already been administered to be illegal. He did not at that time deal with how much damages those plaintiffs, assuming that his decision was right, would be entitled to. And I'll come back to that in terms of the chronology.

In January 2010 he issued a second decision, this one only at the instance of the Vulcans, in which he found that in applying these two tests the City was not only guilty of discrimination, it was guilt of intentional discrimination. And I'm reciting what he says. I obviously strongly disagree with his ruling.

Now those two decisions were made on what the lawyers call summary judgment. There was no trial. It was just summary judgment. But again in that January 2010 ruling he did not set any damages. And then the question was and, of course, we had by that point in time developed a new test that we were planning to give this year

1 because as you know under the civil service law,  
2 prior tests expire in any event. But in August  
3 2010, before that test had been administered he  
4 found that new test also had a, would have had an  
5 adverse impact on minorities.  
6

7 So then, again, there was no final  
8 decision and as some of you know in the Federal  
9 court you cannot appeal, unlike the State court,  
10 you cannot appeal a ruling until there is  
11 something final, with one exception which I'll  
12 come back to. So there was still nothing yet for  
13 us to appeal.

14 In September of 2010 he said if you  
15 want to use this test that a month earlier he had  
16 found invalid, if you want to use that test, you  
17 have to in effect give extra weight to the  
18 minorities regardless of the scores that they  
19 achieved. And he basically gave us five  
20 alternatives, all of which the Mayor felt were  
21 quotas no matter what you want to call them. And  
22 we believe that we want, we certainly do not want  
23 and do not intend to discriminate but we also want  
24 to be sure that we have the best, highly qualified  
25 Fire Department possible.

1                   So the Mayor said he would not  
2  
3                   agree to hire off of that test with this quota  
4                   requirement. And the judge ruled well if that's  
5                   the case, you cannot hire anybody until you  
6                   develop still a new test. And at that point in  
7                   time he appointed a special master to oversee the  
8                   subsequent developments with respect particularly  
9                   to the new test. And after briefly appointing  
10                  former District Attorney Morgenthau, he  
11                  reconsidered that and then appointed former US  
12                  Attorney Mary Jo White.

13                 And ever since that time we have  
14                 been working with Special Master White, the  
15                 Justice Department and the Vulcans to develop a  
16                 new test that, not at all conceding the old tests  
17                 were invalid, but that everyone would agree would  
18                 be a valid test. And we are making, it's very  
19                 complicated, but we are making very good progress.  
20                 We expect that the basic aspects of the new tests  
21                 will be completed by the end of June of this year.  
22                 We will then be sending out the appropriate  
23                 notices to people to sign up for the test, if you  
24                 will. There's then a validation process that  
25                 would be followed. And then we would hope that we

would be able to administer the test at the end of this year which of course would then follow, you'd have to score the tests and so forth.

So in the meantime we still have open the question of damages, assuming the judge was right on his first two rulings. And motions for summary judgment by the Vulcans and the Justice Department and our answers to those were submitted in late 2010 and the judge has not yet decided those motions.

CHAIRPERSON RECCHIA: So we have additional motions that haven't been ruled on yet?

MR. CARDOZO: Yes. Those would be the motions for damages as distinct from liability.

CHAIRPERSON RECCHIA: Right.

MR. CARDOZO: And so the judge has been in the paper a lot lately because he's presiding over a Mafia trial. But we have argued, obviously, that the damages are totally, assuming that the liability rulings are correct, the damages are far inflated, are also suggesting that we may well need a trial on the damages. And at the moment this is just another summary judgment

motion before him. So that's where we are.

CHAIRPERSON RECCHIA: Okay. I just want you to know we've been asking at several hearings and no one gave us a clarification like this. So basically we have the motion for summary judgment for damages pending. And did you have oral argument yet on those motions?

MR. CARDOZO: I'm not sure.

CHAIRPERSON RECCHIA: Okay. If you could find that out for us we'd greatly--

MR. CARDOZO: [Interposing] Sure.

CHAIRPERSON RECCHIA: --appreciate it. So let me ask you this. You said that by the end of this year the new test should be complete. Now you are making this test in conjunction with the appointed Master Mary Jo White.

MR. CARDOZO: Yes.

CHAIRPERSON RECCHIA: Right? And are the plaintiffs also involved?

MR. CARDOZO: Everyone has their own expert including Special Master White. Everyone's appointed expert, this is pretty highly technical stuff--

CHAIRPERSON RECCHIA: [Interposing]

Oh stuff, yeah.

MR. CARDOZO: --and we're working very, I think, very constructively to do that. Special Master White who is doing this pro bono with a couple of her colleagues at her law firm is spending a great deal of time. And I just want to correct one thing you said. The test itself should be basically completed in terms of its initial drafting by the end of this month. But there's a verification process that has to be gone through so we think that ultimately we will be ready to administer the test by the end of the year.

CHAIRPERSON RECCHIA: Okay. So in the end of June we should have the final draft, then it has to be validated, everybody has to say it's okay, the judge has to say it's okay, then you could advertise it and go forward and give the test-

MR. CARDOZO: [Interposing] Well actually we're going to advertise the probable date starting we expect in July. That's why we're very and appreciate the Council's recent adoption of changing the age cutoff from 30 to 35 for this

round. So people know who is eligible to apply to take the test.

CHAIRPERSON RECCHIA: Okay. All right. 'Cause as you know, we haven't been able to hire a class in two years. And it's been costing us overtime in the millions of dollars. And so we're very concerned because the quicker we get this class in, the quicker the City can save money.

MR. CARDOZO: The City shares that view. I have to tell you we have a large number of lawyers in my office working on this case. I'm personally involved in the case. And I think I've given you an accurate description of where we are.

CHAIRPERSON RECCHIA: You did. It gives a very accurate description. I'm very happy. I'm so happy I don't have any more questions on this issue. Okay? I'm sure my colleagues will have questions. Dan Halloran is just burning up over there. The next case I want to bring up to you is that ACS has a pending case, Legal Aid sued regarding Advantage--

MR. CARDOZO: [Interposing] Yes.

CHAIRPERSON RECCHIA: --and you're

representing, of course, the City. Where is the litigation? Legal Aid lost on appeal. And the case is headed to the Court of Appeals, Appellate Division?

MR. CARDOZO: No. If I can--

CHAIRPERSON RECCHIA: [Interposing]  
Yeah.

MR. CARDOZO: --correct you. The Advantage Program that I assume you are familiar with--

CHAIRPERSON RECCHIA: [Interposing]  
We're all familiar.

MR. CARDOZO: --from your question. So the City announced that because of the State's refusal to fund the program--

CHAIRPERSON RECCHIA: [Interposing]  
Right.

MR. CARDOZO: --that it would have no choice but to stop the program, including stopping the funding of those who were already registered for the program. Legal Aid brought a lawsuit to enjoin the City from doing that. The judge initially entered a temporary restraining order preventing the City from stopping the



1 program. The judge then on the preliminary  
2 injunction hearing denied the preliminary  
3 injunction, decided that the City had a right, as  
4 a preliminary injunction matter, to end the  
5 program. Legal Aid appealed. And about three  
6 hours ago the Appellate Division granted Legal  
7 Aid's preliminary injunction pending appeal. So  
8 that from that perspective--and has ordered the  
9 appeal to be argued in September. So with one  
10 exception which I'll come back to, we've now been  
11 enjoined and ordered to continue the funding for  
12 those who had already been in the program, not to  
13 reopen the program to those who had not registered  
14 until the appeal is argued in September.

16 But the trial judge had already  
17 scheduled a trial on the merits for the last week  
18 in June, recognizing the urgency of the situation.  
19 And so we anticipate that we will have a decision  
20 some time this summer thereby making the appeal of  
21 the preliminary injunction moot. And that  
22 decision would determine whether or not the City  
23 was within its rights to end the funding for those  
24 already in the program.

25 CHAIRPERSON RECCHIA: All right.

My question is did you bring the State, did you emplead the State?

MR. CARDOZO: We did not emplead the State at this time for a variety of legal reasons that I think would best be discussed, if you're really interested, privately.

CHAIRPERSON RECCHIA: Okay. I will respect your expertise on that issue. Okay. Moving right along. Your newly hired corporation counsels, how much do they make?

MR. CARDOZO: I'll as Mr. Mills to--

MR. G. FOSTER MILLS:  
[Interposing] \$62,000.

MR. CARDOZO: [Off mic discussion].

CHAIRPERSON RECCHIA: And your Senior Counsel Program, okay, could you tell us about the program? How it works?

MR. CARDOZO: Well the program for which there is [off mic discussion] for which there is no more money, so it from a funding point of view does not any longer exist, was established in the 90's with--

CHAIRPERSON RECCHIA: [Interposing]

2 Does that means in this budget coming up, 2012,  
3 that you're not going to have any money, there'll  
4 be no money in there for Senior Counsel Program?

5 MR. CARDOZO: That is correct.

6 MR. MILLS: That is correct.

7 CHAIRPERSON RECCHIA: So you're  
8 doing away with it?

9 MR. CARDOZO: No, well, no, I want-  
10 -the title Senior Counsel as distinct from the  
11 monetary benefit is very important to people. So  
12 we're not about to take people's Senior Counsel  
13 title away. And whether or not given all the  
14 vagaries of the budget process we would be able  
15 not through senior counsel funding but whether we  
16 could give a modest increase, I don't know,  
17 because we don't know what our budget, you know,  
18 what the final budget numbers would be. But  
19 there's certainly no money in this budget for  
20 senior counsel.

21 CHAIRPERSON RECCHIA: So if I'm  
22 hearing you correctly, let's say you do get  
23 funding, the money you're requesting in this  
24 year's budget, would those attorneys who are  
25 senior counsels get, 'cause right now in the

2 program they get their pay plus a bonus.

3 MR. CARDOZO: No, it's just the  
4 salary adjustment, it's not a bonus. Their salary  
5 reflects their senior counsel status at levels A,  
6 B, or C.

7 CHAIRPERSON RECCHIA: And how much  
8 is that?

9 MR. CARDOZO: I'll ask Mr. Mills to  
10 give you--

11 MR. MILLS: [Interposing] You're  
12 talking about the salary levels?

13 MR. CARDOZO: Yes.

14 CHAIRPERSON RECCHIA: Yeah.

15 MR. MILLS: The salary levels start  
16 at about \$85,000 and they go up to, I think, it's  
17 \$93,000, \$100,000, \$109,000, \$119,000 and  
18 \$129,000.

19 CHAIRPERSON RECCHIA: What?

20 [Off mic comment]

21 CHAIRPERSON RECCHIA: I'll give it  
22 to you. What?

23 [Off mic discussion]

24 CHAIRPERSON RECCHIA: The last  
25 update we have is \$119,000 so you're saying now

it's up to \$129,000?

MR. MILLS: Yeah. That was probably because all of the salaries go up with collective bargaining increase adjustments over time. Yeah, at one point it was \$119,000 but there were a couple of raises back in 2008 and 2009 that raised it to \$129,000.

CHAIRPERSON RECCHIA: Okay. Could you give us an update in writing how much money was in the budget last year for this whole program and--

MR. MILLS: [Interposing] There was nothing in last year's budget for this program. This program was de-funded, I think, it was 2 years ago. I could certainly let you know when it was de-funded and which--

CHAIRPERSON RECCHIA: [Interposing] Okay.

MR. MILLS: --plan it was.

CHAIRPERSON RECCHIA: Now. In your budget, I notice, you have different offices in each Borough, correct?

MR. CARDOZO: Yes.

CHAIRPERSON RECCHIA: All right.

2 What is the budget for each office in each  
3 Borough?

4 MR. CARDOZO: Do we? I don't--

5 CHAIRPERSON RECCHIA: [Interposing]  
6 Okay--

7 MR. MILLS: [Interposing] We don't  
8 do it that way.

9 CHAIRPERSON RECCHIA: We would like  
10 to know that information. And we'll follow it up  
11 in a letter to you. Okay? What we want to know  
12 is how much PS and how much OTPS in each Borough  
13 office.

14 MR. CARDOZO: All right.

15 CHAIRPERSON RECCHIA: We would like  
16 to look into that. And then we're also going to  
17 follow up in your budget there's \$13-something  
18 million for leases. \$13.8 million.

19 MR. CARDOZO: Right.

20 CHAIRPERSON RECCHIA: Okay. And we  
21 would just like to know, you know, like in  
22 Brooklyn--

23 MR. CARDOZO: [Interposing] Sure.

24 CHAIRPERSON RECCHIA: --your rent.

25 MR. CARDOZO: Sure.

2 CHAIRPERSON RECCHIA: Manhattan.

3 All right? And so forth. Okay. Gale Brewer?

4 CHAIRPERSON BREWER: Thank you.

5 Picking up on the lawsuit issue, probably not your  
6 favorite topic, but illegal hotel.

7 MR. CARDOZO: Yes.

8 CHAIRPERSON BREWER: What's the  
9 status of it? The owners are not happy. So I  
10 didn't know if that's something that you're  
11 working on or not.

12 MR. CARDOZO: Well there's a  
13 combination of lawsuits and legislation. We had  
14 always felt that the law with respect to transient  
15 hotels made it clear that apartments of a certain  
16 size you could not rent transiently.

17 CHAIRPERSON RECCHIA: Gabe Taussig  
18 is our hero, yes.

19 MR. CARDOZO: Right. And we had a  
20 litigation on that where the Appellate Division  
21 had cast some substantial doubt as to whether that  
22 interpretation was correct. Last year at our  
23 urging the State legislature clarified the law  
24 which we always thought it was that way but they  
25 clarified it. I think the law went into effect

May 1<sup>st</sup>--

CHAIRPERSON BREWER: [Interposing]

May 1<sup>st</sup>.

MR. CARDOZO: --of this year,  
something along those lines.

CHAIRPERSON BREWER: May 1<sup>st</sup>.

MR. CARDOZO: And we have promptly  
followed up to be sure that law is being complied  
with.

CHAIRPERSON BREWER: Okay. Thank  
you very much. I know that Peter Vallone is not  
here but he would ask if he was, I think, I know  
that you have indicated that you need some more  
attorneys. And I was just wondering, well I think  
one of his concerns has always been the issue of  
filings against the City versus transparency. So  
my question is in determining the need for more  
attorneys, do you look at or evaluate past civil  
rights claims filed against the City, why or why  
not? And do you think that the additional  
resources would help you to, you know, figure out  
ways of settling it? Or do you think that you  
need to litigate which is, of course, what he  
thinks you need to do?



MR. CARDOZO: Well I think it's a combination and knowing he wasn't here, he and I had a brief discussion on this the other day. The civil rights cases are complicated by the fact that unlike most other cases the plaintiff who wins also recovers attorney's fees. So there is a great incentive for people to take the risk and bring the lawsuit because of that.

And so there's really, I don't think there's any question that if we look at a case, be it a civil rights case or a typical tort case, and we say, listen, the likelihood is that even though we think we're right that the jury may well not believe it because it's a he said/she said kind of situation, we have to make an evaluation, also take into account how much money the plaintiff is seeking. And we make that judgment.

But the volume of cases in the police area have increased in recent years as we looked at the statistics. And we felt and persuaded OMB that with additional resources when we're faced with that kind of judgment, particular cases that we really thought lacked merit although

1 because of the attorney's fees we weren't, you  
2 know, there's always a possibility we would lose,  
3 that it would give us an opportunity to try more  
4 of these cases. And so that was the explanation  
5 behind seeking more money and we hope under those  
6 circumstances to be able to, when there's a  
7 question, to try more cases and therefore people  
8 won't be thinking sue the, you know, won't think,  
9 and I don't think it's true now, but will think  
10 less, sue the City and get paid.

12 CHAIRPERSON BREWER: Okay. Thank  
13 you. Council Member Halloran and then Council  
14 Member Inez Dickens.

15 COUNCIL MEMBER HALLORAN: Thank you  
16 Madam Chair. Thank you for testifying Mr.  
17 Cardozo, appreciate all the work that you do on  
18 behalf of the City. Quickly, the FDNY case, I  
19 understand where you're at. There are some  
20 exceptions to appellate rights--

21 MR. CARDOZO: [Interposing] Yes.

22 COUNCIL MEMBER HALLORAN: And  
23 aren't we there yet? I mean?

24 MR. CARDOZO: Well, you are  
25 correct. There are exceptions. And we could have

2 in the technical sense appealed the judge's ruling  
3 when he said we can't hire unless--

4 COUNCIL MEMBER HALLORAN:

5 [Interposing] Hire.

6 MR. CARDOZO: However in order to  
7 persuade the Appellate Court that the judge was  
8 wrong.

9 COUNCIL MEMBER HALLORAN: Mm-hmm.

10 MR. CARDOZO: We would have had to,  
11 number one, show he had abused his discretion.

12 COUNCIL MEMBER HALLORAN: Mm-hmm.

13 MR. CARDOZO: Number two, whether  
14 or not he had abused his discretion, would have  
15 required the court to conclude that he was wrong  
16 in his underlying original decisions--

17 COUNCIL MEMBER HALLORAN:

18 [Interposing] Decisions, right.

19 MR. CARDOZO: With a record that  
20 went from floor to ceiling even though it was just  
21 summary judgment.

22 COUNCIL MEMBER HALLORAN: Yep.

23 MR. CARDOZO: And we would have had  
24 to have done all of that in time for the victory  
25 if we had it to be meaningful because the tests

would have expired--

COUNCIL MEMBER HALLORAN:

[Interposing] The tests would have expired.

MR. CARDOZO: ---anyway. And so given the very, very large damages which the plaintiffs are seeking which we don't think they're entitled to and the other related relief that they're seeking, we thought that would be a very imprudent business judgment.

COUNCIL MEMBER HALLORAN: I

understand that completely. I appreciate the complexity of Federal litigation. I've litigated at the Second Circuit and at the Supreme Court. My concern however is that we are now at a stage where we are down 800 fire fighters from where we should be, optimal staffing, we're spending \$250 million in overtime, working fire fighters very, very hard. There's a public safety concern now. And I think we're crossing the Rubicon of jeopardizing the public safety at this stage which, again, I understand your tactical reasons for doing it. Do you intend if the same statistical or relative statistical numbers come out in this test which has been guided by the

Special Masters, if that test score demographic is similar to the preexisting tests, do you see, will you go to the wall with that on all fronts?

MR. CARDOZO: Absolutely. But the one difference that we are optimistic about and all I can say is optimistic is that because the test has been created with the assistance of both the Justice Department and the Vulcans and the Special Master appointed by Judge Garaufis that even if the statistics are not what we would hope they would be, that by definition given the way this test has been created, that there will be no dispute that there was a business justification so that we won't be at that risk. I cannot guarantee it obviously.

COUNCIL MEMBER HALLORAN: Sure, sure.

MR. CARDOZO: But I think we will be in a much stronger position because we will have unquestionably dotted very I and crossed every T in creating the test in the first place.

COUNCIL MEMBER HALLORAN: Let me just hope that regardless of what happens that you--

2 MR. CARDOZO: [Interposing] You  
3 have my assurance that if that does happen we will  
4 pull out all the stops.

5 COUNCIL MEMBER HALLORAN: Okay.  
6 Two quick other questions. One, the taxi case  
7 which went up and did not get cert by the US  
8 Supreme Court--

9 MR. CARDOZO: [Interposing] Yes.

10 COUNCIL MEMBER HALLORAN: --how  
11 much did that cost the City of New York from  
12 inception to denial of cert by the US Supreme  
13 Court?

14 MR. CARDOZO: How much did it cost  
15 us in legal fees?

16 COUNCIL MEMBER HALLORAN: Yeah.  
17 And in--

18 MR. CARDOZO: [Interposing] You  
19 mean in my--

20 COUNCIL MEMBER HALLORAN: --as if  
21 you were outside counsel and we were paying you--

22 MR. CARDOZO: [Interposing] Oh.

23 COUNCIL MEMBER HALLORAN: --what do  
24 you think it cost the City?

25 MR. CARDOZO: I can get back to you

with a number that would be more precise than my trying to--

COUNCIL MEMBER HALLORAN:

[Interposing] Sure, that's fine.

MR. CARDOZO: --guess off the top of my head.

COUNCIL MEMBER HALLORAN: That's fine. And the second question is just to talk about the senior counsel position a minute. And I understand it's now de-funded. Certainly you know that the starting salary of a district attorney, assistant district attorney is far below that of the Corporation Counsel. I'm sure you're aware that there are Bureau Chiefs who don't make over \$100,000 and Deputy Bureau Chiefs who don't. Do you have an idea of how many people fit into the definition of senior counsel above \$100,000 peg, and can you tell me on top of those senior counsels, how many people, if there is an equivalent, I don't know that there is an equivalent, of Deputy Bureau Chiefs and unit heads there are at Corp Counsel who makes those kinds of numbers?

MR. CARDOZO: It'd be a lot easier

2 if I could get back to you in writing--

3 COUNCIL MEMBER HALLORAN:

4 [Interposing] That's fine.

5 MR. CARDOZO: --on that.

6 COUNCIL MEMBER HALLORAN: That's  
7 fine.

8 MR. CARDOZO: You know we're  
9 obviously structured differently than--

10 COUNCIL MEMBER HALLORAN:

11 [Interposing] I understand.

12 MR. CARDOZO: --the district  
13 attorneys but I think the easier way for you to  
14 see it is if I can send you a letter to that  
15 effect.

16 COUNCIL MEMBER HALLORAN: That  
17 would be fantastic. Thank you for all you do for  
18 the City.

19 CHAIRPERSON BREWER: Thank you.  
20 Council Member Inez Dickens.

21 [Audience outburst]

22 CHAIRPERSON BREWER: Sir, you  
23 cannot, Sir, you cannot talk.

24 [Audience outburst]

25 COUNCIL MEMBER DICKENS: Thank you



1 so much. Thank you for your testimony. Thank you  
2 Chair Brewer. I'm very concerned about the tests  
3 on the FDNY because over the years it has  
4 adversely impacted upon minorities participating  
5 and being a part. And that's not to say that the  
6 Fire Department and the firemen don't put their  
7 lives at stake. They work very hard. And it's  
8 unfair that our fire houses are closing down. But  
9 nonetheless and having said all of that over the  
10 years minorities have been adversely impacted on  
11 the tests. And I'm glad to see that we are going  
12 to be reviewing it and that you are working to get  
13 a more fairer test that won't require weighted  
14 points. Hopefully, 'cause I'm assuming that's  
15 what this test will, this new test that you're  
16 doing once it's validated, will no longer require  
17 weighted points.  
18

19 MR. CARDOZO: That's right, other  
20 than what's already statutorily by civil service--

21 COUNCIL MEMBER DICKENS:

22 [Interposing] Statutory, yes. Statutorily  
23 required. And having said that because I  
24 appreciate all the work that you do with your  
25 division because it's very hard and the City of

New York is hit with a lot of lawsuits and you have a lot of work.

However I was just looking at this Senior Counsel EEO Analysis by division for 2009. And I just wanted to put on the record, Mr. Chair, this is not budgetary, but I just want it on the record that I see that, and it's broken down by category numbers, but I'll just go to the percentages. There's 6% Black, 4% Asian and 5% Hispanics as compared to 86% Whites that are employed as attorneys in the various or as senior counsels in the various divisions. So, you know, I just wanted maybe we can have a conversation about that.

MR. CARDOZO: But you certainly have recited correct statistics. If I could point out to you on that, the Senior Counsel Program, obviously, picks up primarily attorneys who have been in the office a long time. I am very proud of the fact that we, today, have as that same chart reflects, that 21% of our overall attorneys are minority. And when I started it was 14%.

COUNCIL MEMBER DICKENS: Now does that included women?

MR. MILLS: Yes.

MR. CARDOZO: Oh, women is over--

Mr. MILLS: [Interposing] Over 50%.

MR. CARDOZO: --over 50% of our office is female in terms of the lawyers.

COUNCIL MEMBER DICKENS: Women are smarter.

CHAIRPERSON RECCHIA: I just want you to know the head of the Brooklyn Division is a woman.

MR. CARDOZO: So that while I appreciate what you just said, I think it reflects some history that I think we have to understand. As most of society we were once not as aware of or understanding of the importance and the quality of the minority applicants as we are today. We have major minority initiatives that we undertake which I think explains why our statistics have significantly improved. I was actually preparing, tomorrow in honor of Asian Pacific Heritage Month, we're having a judge, first Asian American judge in New York is going to speak to us. And I happened to look at the statistics, therefore, of Asian lawyers. And in eight years we have doubled

the number of Asian lawyers. I don't have all the other statistics in front of me. So while we always have room to improve I think we have to start at the bottom because we're not going to fire someone because he or she is White. And I think we are making some significant progress.

COUNCIL MEMBER DICKENS: Thank you so much for your testimony. I'm glad for the updates to the 2009 numbers.

CHAIRPERSON RECCHIA: All right. Any other questions? All right. So I'm looking at some more data from your office. And I'm a little bit perplexed because the number of sidewalk cases for this year is like 1,131. And, you know, we get these numbers from OMB. And it seems like they started to go down and in '10 there was like 940 and then in '12, it's back up to you're projecting 1,148 cases.

MR. CARDOZO: Are you talking about filings?

CHAIRPERSON RECCHIA: This is sidewalk cases, what OMB is predicting for next year.

MR. CARDOZO: But I guess one of

the issues and I don't know where--

CHAIRPERSON RECCHIA: [Interposing]  
We got this from OMB.

MR. CARDOZO: Oh. I don't know  
where they got that from. But one of the things  
to distinguish is between filings and cases that  
proceed because we have as a result of your  
efforts and many others.

CHAIRPERSON RECCHIA: Yeah.

MR. CARDOZO: As you know, changed  
the law, there are many lawyers who are not aware  
of the change in law, file the cases and then we  
make a motion to dismiss because it doesn't come  
within the 1, 2 and 3-family exception. So I  
don't know what that number is. There's no  
question that the filings have gone dramatically  
down. The payouts and again I don't have the  
numbers off the top of my head--

CHAIRPERSON RECCHIA: [Interposing]  
Yeah, you know what I'm going to do Mr. Cardozo?  
I'm going to write you a letter asking  
specifically. And just to--

MR. CARDOZO: [Interposing] Fine.

CHAIRPERSON RECCHIA: --just so we

could get some clarification on this. Because I think this is misleading because it's judgment and claims.

MR. CARDOZO: That's, okay.

CHAIRPERSON RECCHIA: All right?  
If you want we could give you a copy of this--

MR. CARDOZO: [Interposing] No, I, we--

CHAIRPERSON RECCHIA: --and they lay out, OMB lays out different cases--

MR. CARDOZO: [Interposing] Okay.

CHAIRPERSON RECCHIA: --and they put out the average cost per case of payout for judgment for next year, it's \$42,548.

MR. CARDOZO: Again, I'd have to look at it because I'm not familiar with--

CHAIRPERSON RECCHIA: [Interposing] Okay. Yeah, no, no, I'm, I'll see if I can get you a copy.

MR. CARDOZO: Okay. Fine.

CHAIRPERSON RECCHIA: Okay.

CHAIRPERSON BREWER: All right.  
The newspapers, you know, have the discussion about the New York Racing Association. And the

1 agreement and how the Law Department was able to  
2 generate revenue from this agreement. So I wanted  
3 to know if you could update us. I think you got  
4 credited with some of the revenue. And I just  
5 wondered if you could update us on the difference  
6 in the amount, the revenue being generated from  
7 these agencies.  
8

9 MR. CARDOZO: Well when New York  
10 City OTB before it went under had an agreement  
11 that it would pay the City of New York a certain  
12 amount of money to carry on its cable television  
13 channel the races. When OTB went under obviously  
14 the City was not getting that money and we were  
15 able to negotiate, along with the Mayor's Office,  
16 with NYRA so that we would continue to get an  
17 income stream from that.

18 And so that's where we are. I  
19 don't know where we are on each specific dollar  
20 but that's--

21 CHAIRPERSON BREWER: [Interposing]  
22 Okay. And that's--

23 MR. CARDOZO: --it.

24 CHAIRPERSON BREWER: --in  
25 perpetuity as long as--

2 MR. CARDOZO: [Interposing] Oh, no,  
3 it's a contract. I don't know. I don't know how  
4 long it lasts.

5 CHAIRPERSON BREWER: Okay. All  
6 right. Any other questions?

7 CHAIRPERSON RECCHIA: No. I'm  
8 okay. I want to thank you. See, not bad.

9 MR. CARDOZO: Thank you very much.

10 CHAIRPERSON RECCHIA: Okay.

11 CHAIRPERSON BREWER: Thank you very  
12 much.

13 CHAIRPERSON RECCHIA: Thank you  
14 very much. This concludes the hearing for today,  
15 the Finance Committee will resume the Executive  
16 Budget hearing for Fiscal Year 2012 tomorrow at  
17 10:00 A.M. This hearing will be located at 250  
18 Broadway on the 16<sup>th</sup> Floor. Tomorrow we will hear  
19 from the Department of Transportation, the MTA,  
20 the Taxi and Limousine Commission, and New York  
21 City Housing Authority. As a reminder the public  
22 will be allowed to testify the last day of the  
23 budget hearing on June 6<sup>th</sup> at approximately 3:30,  
24 4:00 o'clock. For members of the public who wish  
25 to testify on June 6<sup>th</sup> but cannot make the hearing,



2 you can fax your testimony to my attorney, Tanisha  
3 Edwards and she will make it part of the official  
4 record. Her fax number is (212) 788-7061. I want  
5 to thank the entire Finance Committee, the  
6 Governmental Operations Committee for all the  
7 great work they've done putting this hearing  
8 together. This hearing is adjourned.

9 [Gavel banging]

C E R T I F I C A T E

I, Laura L. Springate certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "Laura L. Springate". The signature is written in dark ink on a light-colored background.

Signature \_\_\_\_\_Laura L. Springate\_\_\_\_\_

Date \_\_\_\_\_June 19, 2011\_\_\_\_\_