The City of New York
Mayor's Office of Management and Budget
255 Greenwich Street • New York, New York 10007-2146
Telephone: (212) 788-5900 • Email: HartzogM@omb.nyc.gov

Melanie Hartzog
Director

TESTIMONY OF MELANIE HARTZOG, DIRECTOR, MAYOR'S OFFICE OF MANAGEMENT AND BUDGET OF THE CITY OF NEW YORK TO THE CITY COUNCIL ON THE PRELIMINARY BUDGET FISCAL YEAR 2019

March 5, 2018

Thank you, Speaker Johnson, Finance Chair Dromm, members of the Finance Committee, and members of the City Council, for the opportunity to testify today concerning the Fiscal Year 2019 Preliminary Expense Budget. And congratulations to you Council Member Dromm and the other new members of this committee. I look forward to working with you to craft the Fiscal Year 2019 budget in my new capacity as Budget Director.

I also want to thank Latonia McKinney and the Council Finance staff for their positive and collaborative approach to the budget.

I'm joined at the table today by OMB First Deputy Director Ken Godiner. And our dedicated and hard-working OMB staff is here to assist me in answering questions.

As requested by the City Council, I will focus today on the expense side of the budget. I will discuss the capital budget, including our pressing need for design build, at the hearing scheduled for March 20.

The Fiscal Year 2019 Preliminary Budget is $88.67 billion. It is balanced, and the out-year gaps are manageable. The $750 million in new City Funds reflects modest spending added to fiscal years 2018 and 2019 since the November Plan, and is offset by more than $900 million in savings. Our emphasis in the Preliminary Budget is caution. As the Mayor noted in the budget presentation, we face substantial risks from Albany and Washington.

The proposed State budget could cost New York City more than $750 million annually. This includes cuts and cost shifts of $400 million we would use to fund education, house justice involved youth closer to their families, and keep children out of foster care and families together. The state budget also proposes shifts of almost $150 million in charter school costs and a new capital commitment for New York City Transit to the City.

On top of this, the Trump tax act made changes to bond refinancing that may cost the City up to $100 million annually in savings. Further, lowering the corporate tax rate to 21 percent devalues low-income housing tax credits, which impacts our affordable housing plan by some $200 million annually. The tax act is also projected to cause large federal deficits. Current Washington leadership has threatened to close these gaps by cutting social safety net programs that help the most vulnerable New Yorkers.

Therefore, it is no surprise that the president's recently proposed Federal Fiscal Year 2019 budget recommends cuts to Medicaid, SNAP, education, the Community Development Block Grant, public housing, and more.

The Mayor has responded clearly to these threats. We will work closely with you, and our allies in the Assembly, State Senate, House and U.S. Senate, to stop cuts that put New Yorkers at risk.

Facing great risks from both Albany and Washington, we respond with caution by adhering to the same foundational principles of fiscal management that we have in the past. In the Preliminary Budget, we make cautious revenue and debt service estimates, maintain record level reserves and, continue our savings plan.

We anticipate collecting $60 billion in tax revenue in Fiscal Year 2019. This reflects a yearly growth rate of 4.8% in Fiscal Year 2018 and 4.7% in Fiscal Year 2019. The growth in Fiscal Year 2019 is based upon 6.1% growth in revenue from property tax, and 4.5% growth in non-property tax. We are collecting revenue from other sources as well, including hundreds of millions of dollars in unpaid business taxes uncovered by City auditors.

To fund our Capital Budget, we continue to estimate debt service cautiously, and ensure that City-supported debt service does not exceed 15 percent of City tax revenue – the benchmark used by the City for many years.

We also maintain strong reserves that serve as a buffer to the unexpected. The Fiscal Year 2019 Preliminary Budget has a total of $5.5 billion in reserves. This includes $1 billion in general reserves, $250 million in the Capital Stabilization Reserve, and $4.25 billion in the Retiree Health Benefits Trust Fund, of which $3.5 billion was added as a result of actions taken by this administration, in partnership with the Council.

In addition to maintaining reserves, responsible fiscal management includes serving as good stewards of our resources. In prior years we worked successfully with the Municipal Labor Committee to find efficient ways of reducing employee healthcare costs that also improved care outcomes. This effort saved $3.4 billion in Fiscal Years 2015 through 2018, and lead to savings of $1.3 billion annually thereafter. We are committed to working in partnership with the Municipal Labor Committee to ensure that healthcare savings are part of all future labor settlements.

In the Preliminary Budget, we are reflecting $900 million in savings across fiscal years 2018 and 2019. This includes $200 million in savings from the Partial Hiring Freeze and hiring delay, which has generated nearly $300 million since Adoption.

Our savings program also includes initiatives developed collaboratively with agencies, such as paper reduction, better fleet management, and procurement reform that will save $141 million annually when fully phased in. But we are not done yet. The Mayor has directed OMB to find at least an additional $500 million in savings in the Executive Budget.

While maintaining reserves and savings is critical in this era of uncertainty, it is equally important to make targeted, prudent investments that strengthen the City's future. In this budget, we continue to invest in initiatives that give children opportunity, make New York City more affordable, and enhance public safety.

The majority of agency spending in the Preliminary Budget supports the Administration's prior commitments to education and affordability. This includes educational initiatives such as AP for All, which gives every student access to Advanced Placement courses. We also met existing commitments to financing large capital projects, including new schools and affordable housing.

In the Preliminary Budget we build on the success of Pre-K for All by increasing educational opportunities for even younger New Yorkers. We are expanding our commitment to the 3-K for All initiative by opening four, rather than two, districts over each of the next two years. This creates almost 3,000 new seats, bringing the City's total commitment to almost 15,000 new seats in 12 districts. We are paying for the first year of this expansion by reinvesting program savings.

Now, I'd like to discuss the investments we made in the Preliminary Budget to address affordability. We will invest $5.7 million in a pilot Basement Apartment Program to create safe and legal affordable apartments. We are also spending $1.5M to expand DFTA's Home Sharing program that will match 4,000 seniors with screened roommates within five years.

Maintaining an affordable City includes protecting tenants in their homes. Last year we acted in partnership with the Council to enact "Stand for Tenant Safety" Legislation. We are investing $7 million to enforce the law, which protects tenants from construction harassment.

Making New York City more affordable includes preserving our Public Housing developments. Years of state and federal disinvestment have left them with great needs. In recognition of these challenges, the administration has made the unprecedented commitment of $2.1 billion in capital funding, and $1.6 billion in operating funds, to NYCHA.

As the Mayor announced in January, we invested $13 million in short-term fixes to help NYCHA respond to heating emergencies this season. We are also providing $200 million in capital funds to improve heating systems at 20 NYCHA developments.

These investments in housing are on top of the administration's recent commitment to invest $750 million in additional capital funding over five years to expand and accelerate the record pace of affordable housing creation under Housing New York 2.0.

Just as New Yorkers need an affordable city, they need to live somewhere they feel safe.

In support of previous investments in community policing, we are investing $12M to equip all 18,000 NYPD officers on patrol with body-worn cameras by the end of 2018 – one year ahead of schedule.

In this budget we are also increasing our commitment the safety of New Yorkers who struggle with mental health issues. We are expanding NYSafe, a program staffed by NYPD officers and social workers who evaluate mental health needs of New Yorkers in crisis, and dispatch a response team. This program will now operate seven days per week.

We are also investing in programs that screen arrestees to make sure that the mentally ill receive treatment, not incarceration. And we will expedite the time it takes for defendants to receive specialized mental examinations. Further, we are improving services for incarcerated women and their families. These investments will also help reduce the daily Rikers population.

And to emphasize, citywide savings included in the Preliminary Budget – totaling 900 million across fiscal years 2018 and 2019 – offset the $750 million in new agency spending since November.

Finally, at the State of the City the Mayor introduced DemocracyNYC, an initiative that will boost civic participation and engagement. The program will fund measures that increase transparency and accountability in both electoral politics and government. And a Chief Democracy Officer will be appointed and charged with increasing the City's voter participation rates. DemocracyNYC will be funded in the upcoming Executive Budget.

As we proceed to the Executive Budget, it is important to recognize the headwinds we face from Washington and Albany. We see profound risks presented by at least $1 billion in combined budget threats, and added uncertainty related to expiration of the current federal Continuing Resolution. While we continue to work together with our legislative partners to fight all cuts that harm New Yorkers, we must also acknowledge the conditions we face, and proceed with caution.

Thank you again for the opportunity to testify today.

And now, I look forward to taking your questions.

Department of Finance

Commissioner Jacques Jiha, Ph.D.

FY19 Preliminary Budget hearing testimony

March 5, 2018

Good afternoon.

Thank you, Chair Dromm and members of the Finance committee, for the opportunity to testify today.

My name is Jacques Jiha, and I am the commissioner of the New York City Department of Finance. I am joined today by First Deputy Commissioner Michael Hyman.

Since this is my first opportunity to testify before many of the new committee members, I'll begin with a brief overview of the agency. We tend to go about our business quietly, but we play an incredibly important role in city government.

Among other things, the Department of Finance administers the tax and revenue laws of the City, including property and business taxes and parking summonses.

We value close to 1.1 million properties worth a combined market value of $1.3 trillion, and we are responsible for recording deeds and other documents associated with those properties. We administer 26 exemption and abatement programs that provide about $3.8 billion in tax relief to property owners and renters.

We manage the City's banking relations and treasury with operating cash balances of more than $14 billion. We advise the mayor on the City's five pension systems, and, through the Sheriff's Office, enforce the orders of the city and state court systems.

And one of our most important responsibilities is to keep you informed of the City's financial position.

Through February, New York City's revenue totaled about $46 billion, an increase of 11 percent over last year. This increase is partly the result of taxpayers prepaying their taxes in December because of the new federal tax law limiting the deductibility of state and local taxes.

While our overall financial position is relatively strong, there are several areas of concern.

The corporation tax continues to underperform, declining by about 4% so far this fiscal year. The real property transfer and the mortgage recording tax, which are indicators of the health of the real estate market, have declined by about 6% and 5%, respectively.

There are also economic uncertainties which, when combined with recent stock-market volatility and concerns over the still-developing national economic policies of the Trump administration, give us reason to approach the FY19 budget cycle with caution.

As such, we will continue to closely monitor tax collections and will brief the Council as warranted.

While revenue collection is an important part of our job, I would also like to give you a sense of the principles and priorities that guide our work.

At the Department of Finance, we believe that like any business, cities that do not provide efficient, friendly services at reasonable prices will not attract or retain customers—in our case, the residents, visitors, and businesses that support our robust and diversified tax-revenue base.

And so we treat all New Yorkers with fairness and respect.

We try to give our customers the benefit of the doubt.

We strive to collect the right amount of taxes: not one penny more, and not one penny less.

This means that if you overpay your taxes, we will come looking for you to give you a refund.

In fact, the number of refunds issued by the City since my appointment as commissioner has increased more than 60% over the previous four years.

Our business model is built on four foundational pillars: fairness, efficiency, transparency, and customer service.

These pillars are at the heart of an annual strategic planning process that has united the Department of Finance around a suite of more than 100 projects designed to modernize the agency, improve our processes, and ensure a better experience for our customers.

Many successful initiatives have emerged from this process, including several that have made it easier for customers to pay what they owe, or challenge us when they think we have made a mistake.

For example, you can now pay or dispute a parking ticket from the palm of your hand with our award-winning Pay or Dispute app.

Since its launch in April of last year, the app has been downloaded 265,000 times, and more than 400,000 tickets were disputed or settled using its simple, customer-friendly interface. Pay or Dispute is truly a win-win, making the parking-ticket-resolution process easier for both the customer and the agency.

The next best thing to paying a parking ticket from your phone is being able to pay it in your own neighborhood, even if you do not have a credit or debit card.

Thanks to a new partnership with a company called Pay Near Me, New Yorkers can now settle their parking violations in cash at over one hundred 7/11 stores in the city, and thousands more locations nationwide—in fact, 15% of all our Pay Near Me transactions have been conducted out of state.

The Pay Near Me partnership and the Pay or Dispute app were designed to provide our customers—in this case, parking-ticket recipients—with the most convenient experience possible.

We are also making it easier for New Yorkers to apply for and receive the benefits administered by the Department of Finance, with online platforms that allow landlords, coop boards, condo management companies, and Rent Freeze program participants to renew their benefits and upload their documentation electronically—no more mailing us a packet of information or making a special trip to one of our business centers.

At the same time, we are speeding up the determination process for the Rent Freeze program by automatically uploading data from the IRS and Social Security Administration. This will make the determination process faster and less burdensome for seniors and people with disabilities.

We have also launched a new business-tax system which has made life much easier for tax practitioners—a key Department of Finance constituency.

Accountants and lawyers now have direct access to their clients' records online and can perform many transactions from a single, secure portal.

Our experiences with this system will help guide the launch of a new online property-tax system that will allow property owners to access important information and apply for tax benefits in a single place.

In addition to providing customers with helpful and user-friendly resources, we are also resolute in our effort to address their complaints.

That is why we have created two units whose purpose is to make the agency more accountable to the public.

The first is the Office of the Taxpayer Advocate, which assists taxpayers who feel that they have not received an adequate response through normal Department of Finance channels. Since its creation, the Office of the Taxpayer Advocate has helped New Yorkers receive almost $2.5 million in refunds and more than $5 million in tax abatements and credits.

The second is the Parking Summons Advocate, whose office will focus on identifying and resolving systemic issues regarding parking infractions. Once this position is filled, we will be one of only two major cities in the country with an office devoted to advocating on behalf of parking-ticket recipients.

We are also committed to keeping New Yorkers in their homes. Last year we supported state and local legislation that increased the income ceiling for the senior citizen and disabled homeowners' property tax exemptions. More than 44,500 households receive these benefits, and we continue to reach out to homeowners who may be eligible under the new income guidelines.

We also continue to push for state legislation that will allow us to build on our successful efforts to fight deed fraud, which remains a serious concern for property owners in New York City.

And we are grateful to have worked with the city council on other initiatives designed to help New Yorkers, including the Rent Freeze program, our lien-sale outreach, and the very successful Environmental Control Board amnesty program.

Of course, our work is far from finished. We have many goals for the new term, and I would like to share just a few of them with you today.

The first is what we are calling the "One Account" model.

Today, if you have multiple relationships with the Department of Finance, you are required to visit different websites and create different accounts in order to conduct your business.

With the One Account model, all of your relationship and transactional data will be housed in a single user-friendly web portal.

You will be able to access everything with a single account—every property you own, every tax break you receive, every fine or business tax you must pay.

This will be enormously helpful to customers who are trying to keep multiple accounts in good standing.

We are also exploring the creation of a Department of Finance call center which would give customers a direct line for questions about all business-tax services and personal benefits, including the Rent Freeze program and the senior citizen, disability, and veterans-tax exemptions.

Right now, we rely on 311, and their agents do a great job helping our customers. But when you have a question about net operating losses or you don't understand the legal definition of income when you are applying for a senior exemption program, you don't need 311—you need a tax expert or an exemption expert to assist you with your application.

With the Department of Finance call center, customers will get an answer right away, or, if a question requires further research, within seven days.

Another priority of this administration is an issue that has perplexed several previous state and city administrations for decades—namely property-tax reform.

Now, how we assess and collect property taxes is largely a matter of state law, but in the last three years, the Department of Finance has been building the infrastructure to improve our valuation methods.

We have dramatically improved our data collection, econometric modeling, and valuation process by hiring more assessors and making a major investment in street-level imagery with GIS accuracy to complement our on-site inspections.

This technology has been a game changer for the agency, allowing us to re-engineer our valuation process to review more properties with fewer errors.

For example, our assessors visited approximately 15,000 parcels in a three-month period in 2016.

For the same period in 2017, they reviewed about 52,600 parcels: 43,000 via desktop review, and the rest through field visits.

As a result, we made close to 8,600 data corrections in those three months alone.

This has resulted in property-tax values that are more accurate and more transparent than they were four years ago.

This is a prime example of how technology and governmental innovation can help us do our jobs better, serve our clients better, and carry out our core mission better.

We will continue to explore new methods to improve the property-tax system. But, frankly, we cannot do it on our own. State legislation will be necessary to overcome the legal constraints imposed by Albany.

Mayor de Blasio has stated on many occasions that reforming our property-tax system in a revenue-neutral manner is a second term priority.

He is of the fundamental belief that we should strive for a more straightforward, more transparent, and more consistent system.

He is also very clear-eyed, as am I, that this will be a massive undertaking.

And reform has become even more difficult now that the federal government has limited the deductibility of state and local taxes for individual taxpayers.

To put it simply, federal tax reform was not designed to reward cities like New York. It has real consequences for the people who live, work, and pay taxes here, and this administration is committed to working with you and the State to help reduce the negative impacts of the law where possible.

In this and in all other matters, our goal in working with you will always be to provide timely responses and accurate information so that you can make informed decisions and provide first-rate service to your constituents.

We are proud and eager to be your partners, and we know that we cannot achieve our goals without your support.

As we go forward together, please know that we are as committed to our customers as you are to your constituents—and if you have ideas for how we can do a better job serving the public, we would love to hear them.

Thank you and I am happy to take any questions.

New York City Independent Budget Office

Focus On:
The Preliminary Budget

March 2018

Analysis of the Mayor's 2019 Preliminary Budget: Overview, Economic, Revenue, and Expenditure Outlook

The February 2018 Preliminary Budget is the de Blasio Administration's first financial plan of its second term, and while the budgets proposed during the first term included commitments for high profile and costly initiatives such as affordable housing development and expanding early childhood education, this new budget is more focused on sustaining and expanding prior initiatives than starting new ones. Given the risks to the city's fiscal condition emanating from Albany and Washington, as well as the fiscal challenges facing agencies which are not part of the city's budget but inexorably linked to the city's overall health such as Health + Hospitals (H+H), New York City Housing Authority (NYCHA), and the Metropolitan Transportation Authority (MTA), such cautious budgeting seems warranted.

Based on the Independent Budget Office's (IBO) re-estimates of city spending and revenues, the budget for 2018 is projected to be $88.3 billion rising to $89.3 billion in 2019 (all years are fiscal years unless otherwise noted). Based on our analysis, the budgets for both years are not only balanced, but are projected to end with surpluses. IBO's estimates yield smaller budget gaps in 2020 and 2021 than those estimated by the Mayor, while in 2022 we estimate a surplus.

The state is currently in the process of attempting to close a $4.4 billion budget gap for the coming year and Governor Cuomo has already signaled his willingness to find savings at the city's expense. The Governor's current budget assumes millions of dollars less for the city than the Mayor estimates in his current financial plan. If these changes were to be adopted, the city would have to find ways to make up for these lost funds, either through reduced services or by finding other funding sources, most likely from the city itself.

Even more uncertainty exists at the federal level where the Trump administration and Congressional leaders have presented budget proposals that have the potential to negatively affect the city's finances. Thus far these proposals have had little impact as the President and Congress have been unable to adopt a federal budget, instead opting to provide short-term funding resolutions

Total Revenue and Expenditure Projections
Dollars in millions

	2018	2019	2020	2021	2022	Average Change
Total Revenue	**$88,252**	**$89,341**	**$92,220**	**$95,281**	**$98,100**	**2.7%**
Total Taxes	57,971	60,199	62,625	65,307	67,926	4.0%
Total Expenditures	**$88,252**	**$89,341**	**$92,839**	**$95,688**	**$97,122**	**2.4%**
IBO Surplus/(Gap) Projections	**($0)**	**($0)**	**($620)**	**($407)**	**$978**	
Adjusted for Prepayments and Debt Defeasances:						
Total Expenditures	$89,124	$91,642	$93,846	$95,688	$97,122	2.2%
City-Funded Expenditures	$64,851	$69,952	$70,634	$71,115	$72,151	2.7%

NOTES: IBO projects a surplus of $724 million for 2018 and $283 million for 2019. The surplus is used to prepay some 2020 expenditures, leaving 2018 and 2019 with balanced budgets. Figures may not add due to rounding.

New York City Independent Budget Office

IBO
New York City
Independent Budget Office
Ronnie Lowenstein, Director
110 William St., 14th floor
New York, NY 10038
Tel. (212) 442-0632
Fax (212) 442-0350
iboenews@ibo.nyc.ny.us
www.ibo.nyc.ny.us

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

	2018	2019	2020	2021	2022
Gaps as Estimated by the Mayor	**$-**	**$-**	**($2,185)**	**($1,468)**	**($1,745)**
Revenue					
Taxes					
Property	$267	$509	$619	$897	$2,140
Personal Income	495	221	111	101	55
General Sales	(8)	(367)	(301)	(450)	(328)
General Corporation	152	25	110	252	392
Unincorporated Business	9	(48)	(56)	(28)	84
Real Property Transfer	(55)	(8)	47	61	59
Mortgage Recording	38	37	44	59	78
Utility	(1)	11	1	(8)	(14)
Hotel Occupancy	(34)	2	6	12	7
Commercial Rent	3	4	3	10	7
Cigarette	-	-	-	-	-
Other Taxes and Audits	-	-	-	-	-
Total Taxes	**$866**	**$386**	**$584**	**$905**	**$2,481**
STAR Reimbursement	-	-	-	-	-
Misc. Revenue	-	25	25	26	-
TOTAL REVENUE	**$866**	**$411**	**$609**	**$931**	**$2,481**
Expenditures					
Debt Service	51	38	-	-	-
Fringe Benefits:					
Health Insurance-Education	(2)	59	121	221	289
Health Insurance-City University	-	3	5	9	14
Health Insurance-All Other Agencies	(4)	101	202	354	452
Education	(55)	(72)	(82)	(113)	(125)
Fire	(50)	(50)	(50)	(50)	(50)
Police	(50)	(50)	(50)	(50)	(50)
Correction	(25)	(25)	(25)	(25)	(25)
Homeless Services	(77)	(96)	(118)	(127)	(127)
Public Assistance	16	8	8	8	8
Housing	-	(4)	(4)	(13)	(13)
Parks	(7)	(12)	(12)	(12)	(12)
Sanitation	61	49	35	7	-
Board of Elections	-	(35)	(35)	(35)	(35)
Campaign Finance Board	-	-	-	-	(40)
Small Business Services	-	(42)	(45)	(45)	(45)
TOTAL EXPENDITURES	**($142)**	**($128)**	**($51)**	**$130**	**$241**
TOTAL IBO PRICING DIFFERENCES	**$724**	**$283**	**$559**	**$1,061**	**$2,722**
IBO Prepayment Adjustment 2018/2019	(724)	(283)	1,008	-	-
IBO SURPLUS/(GAP) PROJECTIONS	**-**	**-**	**($620)**	**($407)**	**$978**

NOTES: Negative pricing differences (in parentheses) widen the gaps, while positive pricing differences narrow the gaps. Remaining banking corporation tax revenues reported with general corporation tax. Figures may not add due to rounding.

New York City Independent Budget Office

that keep the federal government in operation, and postponing tough budget choices. Most recently, Congress voted to raise spending caps on the federal budget, although the allocation of those additional resources to specific programs has yet to be completed. Importantly, the additional spending will not be offset by additional revenue or cuts elsewhere. Meanwhile, the Trump Administration has released its budget proposal for the federal fiscal year that will start in October. Although the President's budget was greeted with skepticism, a budget combining some portions of the Trump budget proposal with those of the Congressional leaders is likely to eventually pass. IBO assumes that such a budget would have a net negative effect on the city's budget and economy.

The recently adopted federal tax changes could well have some effect on the city's finances although, the timing and extent depend on if and how the city and state adjust their own tax laws in response to the new federal tax code. For now, IBO, following the Office of Management and Budget (OMB), has assumed that the city will drop some links to the federal tax system so as to avoid impacts on the city's own revenues, but these steps would still leave many high-income city residents facing major changes in their federal taxes.

The following overview presents highlights from IBO's analysis of the de Blasio Administration's Preliminary Budget for 2019 and the financial plan for the current year through 2022.

Projected Surpluses and Gaps

IBO projects an additional $142 million of city-funded expenditures in 2018 as a result of our re-estimates of spending projections in the February plan. This increase in expenditures is more than offset by IBO's tax revenue forecast for 2018 which is $866 million above the estimate in the Mayor's financial plan. IBO's changes yield a total of $724 million in net additional resources in 2018, increasing the projected budget surplus for 2018 from $2.6 billion to $3.3 billion. Barring a new need emerging in the remaining months of the fiscal year, the increased surplus estimated by IBO would be used to reduce future year budget gaps.

IBO estimates that planned city-funds revenues will once again exceed planned city-funded expenditures in 2019. City-funded spending is expect to eclipse OMB's forecast by $128 million, primarily due to additional costs at the Department of Education and underestimates of the cost of homeless services and overtime expenses for uniformed workers. This additional spending is more than offset by IBO's projection that city source revenues will be $411 million greater in 2019 than OMB has forecast. As a result, IBO estimates that instead of being in balance, 2019 will have a surplus of $283 million. The additional $724 million of 2018 resources coupled with the $283 million of 2019 resources would create a surplus to be rolled into 2020. These funds together with IBO's estimate of $559 million of additional 2020 revenue would reduce the 2020 gap as presented by the Mayor to just $620 million—slightly less than 1 percent of city-funded revenue.

In 2021, IBO's projection for city-funded spending is $130 million lower than OMB's. Combined with our tax revenue forecast that is $931 million higher than OMB's, we forecast that $1.1 billion in additional resources will be available in 2021. For 2022 IBO forecasts $2.48 billion more in tax collections than currently estimated by the administration. These funds, along with our estimate that city-funded spending will be $241 million less than projected by OMB for 2022, are more than enough to eliminate the $1.75 billion budget gap presented in the February Financial Plan. In fact, IBO estimates that the city will have a surplus of $978 million for 2022.

Economic Outlook

In light of the large fiscal stimulus from federal tax cuts and spending increases recently enacted by Congress, IBO has raised its forecast of near-term U.S. economic growth. Fueled by strong consumer demand and the addition of the stimulus, we project an acceleration of real growth to 2.9 percent in 2018, and somewhat slower growth of 2.6 percent in 2019. (In our discussion of the economic outlook, years refer to calendar years and monthly and quarterly data are seasonally adjusted.) The addition of the stimulus will heighten inflationary pressures, which were already growing in 2017 due to the tightness of the labor market. Inflation will accelerate and long-term interest rates will rise this year and next while the Federal Reserve steps up its efforts to prevent inflation from rising above its target range. IBO's forecast is premised on the success of the Fed's efforts to limit inflation without rattling financial markets.Missteps in monetary policy are a significant risk to the forecast.

Measured on a fourth quarter-to-fourth quarter basis (Q4 over Q4), New York City's economy added 67,000 jobs in 2017—an impressive ninth consecutive year of employment growth. But the pace of employment growth—1.5 percent—was slowest since the recession. IBO forecasts continuing but diminishing employment gains in the city, from 62,400 in 2018 and 50,000 in 2019 declining to 36,900 by 2022.

In the forecast, moderate increases in the working-age population and a weakening pace of job creation combine to keep the city unemployment rate within a narrow range—4.2 percent to 4.5 percent—over the next five years.

U.S. Economy

The current economic expansion is now in its ninth year and there are no signs that it is nearing an end. A strong labor market and wealth effects spurred by rising housing and financial asset prices are fueling consumer demand, which has been the primary driver of recent economic growth. Adding to overall demand is the expansionary fiscal policy of tax cuts and spending increases, which IBO projects will accelerate real (inflation-adjusted) gross domestic product (GDP) economic growth to 2.9 percent in 2018. With an already tight labor market, this rate of growth is not sustainable, and the addition of the fiscal stimulus will result in higher inflation and interest rates. Economic growth will begin to slow in the middle of 2019, with rising interest rates and Federal Reserve action to thwart excessive inflation slowing economic growth to 1.6 percent in 2020.

Beyond fiscal and monetary policy, other factors that have been driving economic growth are expected to continue, helping to sustain the expansion that has been underway since 2010. The most important are those fueling consumer spending: the strong labor market and a wealth effect from rising housing and financial asset prices. Households are in a strong financial position to continue spending. Thanks to interest rates that until recently were near historic lows, their debt service burden—the share of disposable (after-tax) income required to stay current on debt obligations—has also remained at historic lows. Wealth effects are expected to remain strong in the coming year, particularly from housing. Other conditions favorable to continued economic growth include moderate energy costs and a robust global economy that will keep demand for U.S. exports strong.

The changes to federal business and individual taxes, enacted in December, will further stimulate the economy, at least in the short run. After-tax income for businesses—which receive the bulk of the tax savings—will increase, as it will for many (but not all) households. Increases in households' disposable income are likely to extend the consumer spending spree that has fueled the current expansion and further boost business profits. To the extent that increased business profits are capitalized in stock prices, the wealth effect on consumer spending would also be positive. Moreover, the addition of $320 billion in new federal spending over the next two years will add more fuel to economic growth. (The downside of the substantial increases in the federal deficit caused by these fiscal policies are discussed below.)

IBO forecasts real GDP growth of 2.9 percent in 2018, up from 2.3 percent in 2017. The most recent unemployment rate—4.1 percent in January—is already below what economists consider to be full employment, the threshold under which labor markets are tight enough to spur inflation. IBO forecasts an inflation rate of 2.5 percent in 2018, up from 2.1 percent in 2017. The strong labor market will induce real wage increases, which will draw more participants into the labor force and support GDP growth. The unemployment rate will continue to drop, to a projected 3.8 percent in 2018 and 3.6 percent in 2019—the latter rate lower than any monthly rate since 1969.

With little slack in labor markets and other resource constraints, this relatively rapid real GDP growth rate is not sustainable. IBO forecasts slower growth beginning in the middle of 2019, with real GDP growth averaging 2.6 percent in 2019 and 1.6 percent in 2020. With inflationary pressures in the economy already building toward the end of 2017, even before the extent of the fiscal stimulus was known, the Federal Reserve had signaled its intention to increase the federal funds rate (the rate at which banks lend funds overnight to other banks) three times in 2018, as it did in 2017. More than three rate increases in 2018 are now likely. The increases are expected to be small, and IBO forecasts an average of Federal Funds rate of 1.9 percent rate for the year as a whole. In an effort to keep inflation close to the 2.0 percent rate it considers optimal, we expect the Fed to continue raising the Federal Funds rate, to 3.4 in 2019 and 3.7 percent in 2020, preventing inflation from rising above the 2.5 percent rate we forecast for this year.

The increases in the Federal Funds rate will be accompanied by increases in longer term interest rates. IBO forecasts a rise in the 10-year Treasury rate from an average of 2.3 percent in 2017 to 3.1 percent in 2018 and 4.0 percent in 2019 and 2020. Investor concern over the mushrooming of the federal government's budget deficit— from $666 billion this past fiscal year to $850 billion and $1.15 trillion in federal fiscal years 2018 and 2019, respectively—will also have the effect of pushing up interest rates.

Pursuing a policy of fiscal stimulus at this point in the business cycle eschews conventional economic policy making approaches. Although the tax cuts will initially spur growth, given that the economy is already at or near full employment, the added demand from households, businesses, and the government is likely to have more of an impact on prices than on economic output, add considerably to the federal government's deficits and debt load, and drive up long-term interest rates. While lower taxes will encourage businesses to invest, increases in long-term interest rates would have the opposite effect, negating much of the potential impact of the stimulus.

By putting upward pressure on inflation and interest rates, the fiscal stimulus will complicate monetary policy. The challenge of the Federal Reserve in the coming years will be to raise interest rates and unwind quantitative easing (the central bank's unconventional policy of purchasing securities during the Great Recession) just enough to slow economic growth and tame inflation, but not so much as to substantially reduce business investment and consumer spending. Years of historically-low interest rates have fueled large increases in the price of equities. With stocks at record highs and—by many measures—overvalued, a misstep by the Federal Reserve risks disruptions that could rapidly deflate asset prices and lead to a bear market or (in the worst case) recession. The challenge facing monetary policymakers is the primary risk to IBO's economic outlook.

Both IBO and the Mayor's Office of Management and Budget are expecting U.S. economic growth to accelerate in 2018, though OMB forecasts somewhat slower growth of 2.7 percent, compared with 2.9 in the IBO forecast. Both IBO and OMB project that real GDP will rise 2.6 percent in 2019; unlike OMB, however, IBO expects that continued strong growth in 2019 will be accompanied by a considerably higher rate of inflation and higher interest rates. Although IBO and OMB both forecast slower growth in 2020, IBO is anticipating a steeper decline.

New York City Economy

New York City is in the ninth year of an employment expansion like no other in its modern (post-World War II) history. As of the fourth quarter of 2017, total payroll employment is up 750,000 (20.3 percent) over the trough it hit in the fourth quarter of 2009. Total private employment gains are even stronger (24.1 percent), including cumulative gains approaching or exceeding 50 percent in such industries as building construction, computer and technical services, elementary and secondary education, ambulatory health care, and food services.

Nevertheless, over the past two years the city expansion has been losing steam. The New York City economy added 67,000 jobs in 2017 (measured on a seasonally adjusted fourth quarter-to-fourth quarter basis), the slowest pace since the first year of the current expansion.

Trade has been a notable weak spot for the city economy in recent years. The "retail apocalypse" striking many brick-and-mortar selling establishments struggling against e-commerce competition has not bypassed New York City, where seasonally adjusted retail employment has shrunk in 10 of the past 12 quarters and as of the fourth quarter of 2017 was 10,400 below its fourth quarter 2014 peak. Clothing, sporting goods, and department stores have been especially hard hit. Wholesale trade peaked later than retail (first quarter 2016), but has since shed 5,100 jobs. Over 2017 alone wholesale and retail trade employment dropped by a combined 8,800 jobs.

More unexpectedly, the information sector has also been shedding jobs for five consecutive quarters, with cumulative losses of 7,000. Professional and business services employment fell by 4,000 in Q4 and was up only 14,400 for the year. This was by far the weakest growth for this sector in the current expansion.

Education employment also dropped in the fourth quarter, though this was in part an artifact of unusual patterns of the data. For the year, education employment was up only 2,300. Over the past 25 years, only twice (1999 and 2004) has this sector performed worse in terms of job growth.

The bright spots for city employment growth in 2017 were health care services (+22,700), accommodation and food services (+12,800), construction (+10,000), and finance and insurance (+9,500). The latter includes an increase of 7,500 jobs in the securities sector. For accommodation and food services, 2017 marked a return to form after weak growth in 2016. The increase in securities sector employment is the largest since before the 2008-2009 financial crisis.

IBO projects a continuing deceleration of employment growth over the next five years, with gains ranging from 62,400 in 2018 and 50,000 in 2019 declining to 36,900 by 2022. Our forecast anticipates modest 2018 increases in trade, information, and business services employment but otherwise weakening growth across all sectors of the city economy this year and through the remainder of the financial plan period.

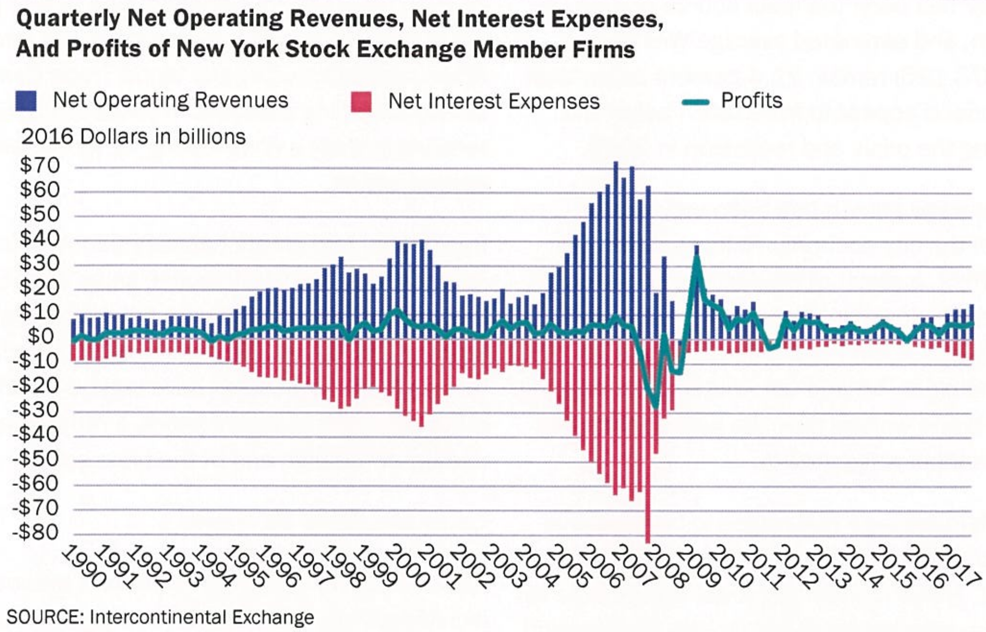
New York City's unemployment rate stood at 4.3 percent as of December, close to the record low (4.0 percent)

IBO versus Mayor's Office of Management and Budget Economic Forecasts

	2017	2018	2019	2020	2021	2022
National Economy						
Real Gross Domestic Product Growth						
IBO	2.3	2.9	2.6	1.6	1.9	2.2
OMB	2.2	2.7	2.6	2.0	1.8	2.0
Inflation Rate						
IBO	2.1	2.5	2.5	2.5	2.3	2.2
OMB	2.1	1.7	1.9	2.8	2.6	2.4
Personal Income Growth						
IBO	3.1	4.7	5.1	4.0	3.8	4.1
OMB	3.1	4.4	5.2	5.0	4.6	4.4
Unemployment Rate						
IBO	4.4	3.8	3.6	4.2	4.8	4.9
OMB	4.4	3.9	3.7	3.8	4.1	4.3
10-Year Treasury Bond Rate						
IBO	2.3	3.1	4.0	4.0	4.1	4.3
OMB	2.3	3.0	3.5	3.7	3.7	3.7
Federal Funds Rate						
IBO	1.0	1.9	3.4	3.7	3.3	2.8
OMB	1.0	1.8	2.5	3.1	3.4	3.4
New York City Economy						
Nonfarm New Jobs (thousands)						
IBO (Q4 to Q4)	67.0	62.4	50.0	44.4	39.6	36.9
IBO (annual average)	72.7	65.3	51.7	48.5	41.2	36.1
OMB (annual average)	61.8	55.3	49.7	44.3	34.2	31.3
Nonfarm Employment Growth						
IBO (Q4 to Q4)	1.5	1.4	1.1	1.0	1.0	1.0
IBO (annual average)	1.7	1.5	1.2	1.1	0.9	0.8
OMB (annual average)	1.4	1.3	1.1	1.0	0.8	0.7
Inflation Rate (CPI-U-NY)						
IBO	2.0	2.2	2.8	2.7	2.6	2.5
OMB	2.0	1.7	2.0	2.8	2.6	2.4
Personal Income ($ billions)						
IBO	565.3	587.4	608.2	630.5	654.4	676.2
OMB	568.2	593.1	617.8	643.5	669.0	694.3
Personal Income Growth						
IBO	3.2	3.9	3.5	3.7	3.8	3.3
OMB	3.8	4.4	4.2	4.2	4.0	3.8
Manhattan Office Rents ($/sq.ft)						
IBO	78.1	78.7	80.6	82.3	83.8	85.1
OMB	79	79.9	83.5	83.9	85.7	87.1

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

New York City Independent Budget Office



touched in March. Last year also saw the city's labor force participation rate climb to record highs. But over the last two years the city's labor force data have been roiled by extreme swings in estimated household employment and unemployment. Data for 2016 (and earlier) were smoothed in a year-end revision. IBO anticipates another revision to reduce the noise in the 2017 data.

In our forecast, moderate growth in the working age population along with the weakening pace of job creation combine to keep the projected city unemployment rate within a narrow band (4.2 percent to 4.5 percent) over the next five years.

Preliminary data indicate that inflation-adjusted (real) average wages declined again in New York City in 2017. This would make it the third year in a row and fifth in the last six to see declining real wages. In 2017 dollars, last year's average wage ($87,142) was 11.1 percent below the pre-recession 2007 peak. Over most of this past decade

Average Wages in New York City Continued to Decline in Real Terms
In 2017 dollars

Year	All Jobs		Financial Investments		All Other	
2007	$98,007		$474,993		$78,152	
2008	96,505	-1.5%	463,500	-2.4%	77,477	-0.9%
2009	88,913	-7.9%	376,303	-18.8%	75,136	-3.0%
2010	92,792	4.4%	428,053	13.8%	77,116	2.6%
2011	93,987	1.3%	418,990	-2.1%	78,534	1.8%
2012	92,196	-1.9%	406,218	-3.0%	77,890	-0.8%
2013	89,758	-2.6%	389,744	-4.1%	76,709	-1.5%
2014	91,627	2.1%	423,016	8.5%	77,471	1.0%
2015	90,348	-1.4%	395,417	-6.5%	77,377	-0.1%
2016	88,172	-2.4%	377,000	-4.7%	75,771	-2.1%
2017	87,142	-1.2%	373,126	-1.0%	74,923	-1.1%
2007-2010	$(5,215)	-5.3%	$(46,940)	-9.9%	$(1,036)	-1.3%
2010-2017	(5,650)	-6.1%	(54,927)	-12.8%	(2,194)	-2.8%
2007-2017	(10,865)	-11.1%	(101,867)	-21.4%	(3,229)	-4.1%

NOTE: Based on IBO re-estimates of Bureau of Economic Analysis-definition industry employment and wages, excluding private household workers. 2017 is preliminary.

New York City Independent Budget Office

the securities sector has been the main source of drag on overall wage growth, and estimated average Wall Street wages in 2017 ($373,126) remain 21.4 percent below their 2007 peak—and indeed appear to have fallen below the nadir reached during the crisis and recession in 2009.

But annual average wage growth has been very weak throughout much of the city economy. At least in part this is a composition effect, a result of the fact that workforce growth has been much slower in the 35-54 age bracket—the peak earnings years—than it has been among both younger (22-34) and older (55 and up) workers. The ongoing decline in average hours worked over the past decade has likely also cut into annual wage growth.

IBO projects growth in average real wages to turn positive in 2018 and to sustain small inflation-adjusted gains over the forecast period. These modest gains are attributable to upward pressure on wages stemming from the combination of the prolonged expansion and slower labor force growth.

New York Stock Exchange member-firm broker-dealer profits surged to $24.5 billion in 2017, the best year since 2012. Net interest expenses topped $26.4 billion, more than double the level of 2016—which itself more than doubled the level of 2015. But the growth in net operating revenues has more than kept pace. Both revenues and expenses are still far below the norms that prevailed before the crisis of 2008 (see figure, page 7), but the trend has been away from the extremely low levels of recent years.

IBO currently projects more slowly growing net interest expenses and net operating revenues over the next five years, yielding Wall Street profit estimates in the $17 billion to $20 billion range over this period. But all these forecasts may have to be revised upward if the current momentum in broker-dealer activity is sustained.

Real Estate. Taxable real estate sales in New York City were $93.2 billion in 2017, the lowest level since 2012. Commercial sales have dropped sharply since peaking in 2015, while residential sales have continued a steady climb. IBO expects residential sales to drop slightly in 2018, while commercial sales begin a modest recovery. By 2019 commercial sales will again surpass residential sales. However, through 2022 annual total sales will still lag behind the 2015 peak of $126.6 billion.

Commercial real estate sales have been much more volatile than residential sales in the last 13 years, a period which includes the run-up to the financial crisis, the crisis itself, and the years of recovery. The decline in commercial sales in recent years coincides with slower growth in office-using employment as well as significant amounts of new office space (including the World Trade Center and Hudson Yards) becoming available. Weakness in bricks and mortar retailing is likely a contributing factor as rents for retail spaces adjust.

Residential real estate has experienced steady growth in recent years, and total taxable sales of $55.4 billion were the highest on record in nominal terms. (Sales in the boom years of 2006 and 2007 were higher in inflation-adjusted terms.) Manhattan sales have lagged behind those of other boroughs in recent years, a reflection of a weakening market at the high end of the price scale.

Taxes and Other Revenues

IBO's forecast of revenue from taxes and other sources including fines, fees, and state and federal aid totals $88.3 billion for fiscal year 2018, an increase of $4.8 billion (5.7 percent) over 2017. (All years in this section are fiscal years unless otherwise noted.) Tax revenues, which are projected to grow by 6.8 percent from 2017 to 2018 account for much of the growth in total revenue. The city's total own source revenue—excluding state, federal, and other grants—is projected to grow by 5.1 percent.

For 2019, IBO anticipates a smaller gain of 1.2 percent in total revenue to $89.3 billion, pulled down by declines in city revenue from miscellaneous sources and federal grants. Tax revenue growth is expected to outpace total revenue growth with $60.2 billion in tax revenues projected for 2019, a $2.2 billion (3.8 percent) increase over the forecast for the current year. The city's own non-tax revenues (primarily fees, fines, and sales) are projected to fall by 3.7 percent from 2018 to 2019, to $6.7 billion. Non-city revenues in 2019 are expected to be 4.7 percent lower than in 2018, largely the result of an anticipated decrease in federal grants, which are expected to shrink by 13.8 percent. Much of the drop is due to the winding down of Sandy-related recovery aid.

Following 2019, IBO projects that total revenues will grow in a more typical pattern, increasing to $92.2 billion in 2020 and $98.1 billion by 2022. Annual growth of total revenue will average 3.2 percent over the last three years of the financial plan period, driven by city tax revenues growing at an average annual rate of 4.1 percent over that period, with other city revenues nearly flat (0.2 percent). Growth in non-city revenue sources is projected to average 1.1 percent annually in 2020 through 2022.

IBO Revenue Projections
Dollars in millions

	2018	2019	2020	2021	2022	Average Change
Tax Revenue						
Property	$26,347	$28,183	$29,773	$31,335	$32,861	5.7%
Personal Income	12,352	12,405	12,867	13,371	13,761	2.7%
General Sales	7,332	7,539	7,926	8,127	8,384	3.4%
General Corporation	3,562	3,739	3,829	3,988	4,159	3.9%
Unincorporated Business	2,131	2,217	2,324	2,462	2,607	5.2%
Real Property Transfer	1,343	1,461	1,535	1,572	1,606	4.6%
Mortgage Recording	1,004	965	987	1,013	1,052	1.2%
Utility	380	401	400	404	410	1.9%
Hotel Occupancy	555	593	601	617	627	3.1%
Commercial Rent	851	856	878	915	949	2.8%
Cigarette	36	35	34	33	32	-2.9%
Other Taxes and Audits	2,078	1,806	1,471	1,471	1,477	-8.2%
Total Taxes	**$57,971**	**$60,199**	**$62,625**	**$65,307**	**$67,926**	**4.0%**
Other Revenue						
STAR Reimbursement	$189	$185	$182	$180	$178	-1.5%
Miscellaneous Revenue	6,995	6,736	6,957	6,990	6,794	-0.7%
Unrestricted Intergovernmental Aid	-	-	-	-	-	n/a
Disallowances	85	(15)	(15)	(15)	(15)	n/a
Total Other Revenue	**$7,269**	**$6,906**	**$7,124**	**$7,155**	**$6,957**	**-1.1%**
Less: Intra- City Revenue	**$(2,132)**	**$(1,757)**	**$(1,749)**	**$(1,754)**	**$(1,754)**	
TOTAL CITY-FUNDED REVENUE	**$63,108**	**$65,349**	**$68,000**	**$70,708**	**$73,129**	**3.8%**
State Categorical Grants	$14,733	$14,979	$15,474	$15,851	$16,265	2.5%
Federal Categorical Grants	8,621	7,431	7,238	7,220	7,204	-4.4%
Other Categorical Aid	1,115	912	902	897	897	-5.3%
Interfund Revenue	674	670	606	605	605	-2.6%
TOTAL REVENUE	**$88,252**	**$89,341**	**$92,220**	**$95,281**	**$98,100**	**2.7%**

NOTES: Remaining banking corporation tax revenues reported with general corporation tax. Figures may not add due to rounding.

New York City Independent Budget Office

Tax Revenue. IBO's tax revenue forecast for 2018 is $58.0 billion, 6.8 percent above the total for 2017, reversing what had been a two-year trend of slowing growth of tax revenues. The personal income tax (PIT) is driving much of this renewed growth thanks to one-time boosts pushing annual growth up to 11.6 percent. Growth for the city's other major taxes is expected to be at a more moderate pace, with the property transfer taxes continuing the decline that began in 2017. As the PIT jolt fades away, total tax revenue growth is expected to slow for 2019 to 3.8 percent, with collections equaling $60.2 billion. Tax revenues are expected to grow by 4.0 percent to $62.6 billion in 2020 and reach $67.9 billion in 2022. Annual growth over the final three years of the financial plan period will average 4.1 percent.

The strong PIT revenue in 2018 reflects a change in how the benefits under the state's STAR program are received by taxpayers and changes in taxpayer behavior in response to the federal tax legislation. While taxpayers will not have their STAR benefit reduced, it will no longer flow through the city's PIT, which has the effect of raising PIT revenue. Anticipation of federal tax changes has also altered PIT collections since the fall of 2016, culminating in a burst of estimated tax payments in December 2017 and January 2018. Continued strength in withholding and a strong bonus season in the securities industry are also contributing to PIT growth in 2018. Because some revenue was shifted from 2019 to 2018 as taxpayers tried to time their payments, the outlook for PIT growth in 2019 is much lower (0.4 percent).

Over the financial plan period, only the property tax, the business income taxes, and the real property transfer tax are expected to average annual growth of more than 4 percent. In dollar terms, the real property tax will account for much of the additional tax revenue. Property tax revenue is expected to total $26.3 billion in 2018, $28.2 billion in 2019, and $32.9 billion in 2022, an average annual growth rate of 5.7 percent over that period.

IBO's forecast does not include double-digit tax revenue growth, something that did occur each of the boom years from 2004 through 2007 prior to the last recession. Nor does IBO's forecast assume growth faster than the average in the recent past. Indeed, the average annual growth we project for 2019 through 2022—4.2 percent—is somewhat below the 4.9 percent average that prevailed during the preceding four years (2014 through 2017).

IBO's latest tax revenue forecast differs somewhat from OMB's, particularly for 2018 and 2022. For 2018, IBO's forecast is $866 million (1.5 percent) higher than OMB's estimate in the preliminary budget; for 2019 the difference is $386 million (0.6 percent). Much of the difference in the first year is due to our higher forecast for PIT revenue, with the property tax accounting for much of the difference in the second year. The gap between the two forecasts widens somewhat in 2020 and 2021. There is a much larger divergence in 2022 when the gap is $2.5 billion (3.9 percent) with much of the difference found in the property tax forecasts. OMB's property tax growth rate from 2021 to 2022 is particularly low (0.9 percent).

There is much greater uncertainty regarding the tax revenue forecast than typically prevails. This results not only from IBO's expectation of slower local employment growth, but also uncertainty regarding the ultimate consequences for the national and local economy and the city's fiscal condition stemming from the federal tax changes and the embrace of more expansionary fiscal policies. Other ongoing policy debates in Washington regarding trade policy, regulation in the financial services sector, the size and nature of infrastructure initiatives, and immigration policy all are likely to directly affect the economy and residents of the city, making revenue forecasting even more uncertain than usual.

Real Property Tax

IBO projects the city will collect $26.3 billion in real property tax (RPT) revenue in 2018; an increase of $63.9 million over our December forecast.

Based on the Department of Finance's tentative 2019 assessment roll that was released in January 2018, IBO anticipates stronger property tax revenue growth in 2019 and for each subsequent year through 2022. Revenues are now forecast to total $28.2 billion next year and reach $32.9 billion by 2022 an average growth of 5.7 percent a year. By comparison, OMB projects property tax revenue of $26.1 billion for the current year, $27.7 billion for 2019, and $30.7 billion in 2022, with annual growth averaging 4.2 percent. Much of the growth in our forecast is attributable to increases in assessed value of multi-family residences; for example, the aggregate taxable assessed value of Brooklyn rental properties on the tentative assessment roll increased by about 21 percent over the 2018 final value. More than half of this increase can be attributable to new rental construction coming on to the tax roll.

Background. The amount of tax owed on real property in New York City depends on the type of property, its value for tax purposes, and the applicable tax rate. Under New York State's property tax law, there are four classes of property in the city: Class 1 consists of one-, two-, and three-family homes; Class 2 comprises apartment buildings, including cooperatives and condominiums; Class 3 is exclusively real property owned by utility companies; and Class 4 consists of all other commercial and industrial properties. Each class's share of the levy is determined under state law that allows only small year-to-year shifts in the share of the overall property tax borne by each class. The apportioned citywide levy is then divided by the taxable assessed value of property for each class, resulting in a class-specific tax rate that determines how much a taxpayer in a particular class owes per $100 of their property's taxable value.

The assessed value of a property for tax purposes (taxable assessed value) is established by the Department of Finance. The Department estimates each property's fair market value and then applies an assessment rate or percentage that reduces the amount of the property's value subject to the property tax. For Class 1 property, no more than 6.0 percent of fair market value is taxable, while 45.0 percent of fair market value is taxable in Classes 2, 3, and 4. The assessment rates for each class are set by the Finance Commissioner. A property's resulting assessed value is then further reduced by any property tax exemptions in order to reach taxable assessed value.

Because of differences in assessment percentages, exemptions, and assessment practices across property types, the share of the levy borne by each class is not proportional to its share of market value. One critical difference in assessment practices affects taxable assessed values for coops and condos in Class 2. Under the state law, the city is required to value coops and condos as if they were income-producing properties rather than based on sales values as they are for Class 1 properties. IBO estimates that valuing coops and condos based on income results in market values for tax purposes that are discounted by roughly 80 percent compared with sales-based estimates.

Tentative Assessment Roll for 2019. On the Department of Finance's tentative assessment roll for 2019, total market value for tax purposes increased 9.4 percent from 2018 to total $1.3 trillion. Class 1 and Class 2 saw the biggest increases at 10.4 percent and 10.7 percent, respectively, while Class 4 grew 7.4 percent. Class 2 assessed value for tax purposes increased by 11.5 percent and for Class 4 the increase was 7.9 percent, in both cases fairly close to the increase in market values. However, Class 1 taxable values grew by only 4.1 percent, less than half the market value increase for the class.

After a period for appeals and review, a final roll for 2019 will be released in May 2018. Based on historical trends, IBO anticipates the final roll will show $241.4 billion in total taxable value with Class 4 property making up 47.7 percent of the property tax base and Class 2 making up 37.2 percent. Class 1 properties, despite being nearly half of the city's total market value, are anticipated to only account for 8.6 percent of total taxable value and 15.5 percent of the levy.

Revenue Outlook. IBO anticipates property tax revenue will total $26.3 billion in the current fiscal year and $28.2 billion in 2019—an increase of 7.0 percent. Growth is expected to gradually slow over the forecast period, averaging 5.7 percent annually to reach $32.9 billion in 2022.

IBO's and OMB's property tax revenue forecasts differ somewhat on projected growth in market values and assessments, most strikingly for 2022. But much of the difference between the two forecasts stems from other elements of the property tax system. The amount of property tax revenue the city collects in any fiscal year is determined not just by the assessment roll, but also by the delinquency rate for current year tax bills, abatements granted, refunds for disputed assessments, and other property tax debits and credits. Collectively these elements of the RPT revenue are known as the property tax reserve. Some reserve components, such as delinquencies, are counted as debits, as they reduce expected tax revenue in the current year. Other components, such as payments made in a given fiscal year for liabilities from prior years, are counted as credits because they increase current-year tax revenue. Because the dollar value of the debits generally exceeds the dollar value of the credits, the net value of the reserve is nearly always negative, which is why anticipated property tax revenue is almost always less than the property tax levy.

Much of the difference between IBO's and OMB's property tax revenue projections is attributable to differences in forecasting items included in the reserve. For 2018, since the levy for this year has already been finalized, nearly the entire gap between the two forecasts (97.9 percent) is due to differences in the projections of four reserve components: prior-year collections, refunds, delinquent accounts, and cancelled taxes. For 2019, less of the forecast gap (76.9 percent) is due to the reserve because the assessment roll has not yet been finalized and other factors also come into play, such as differences in how much IBO and OMB expect taxable values to change between the tentative and final roll. In later years, differences in reserve forecasts continue to account for much of the difference in the overall forecast, but the share of the difference attributable to the reserve declines over time as differences in the levy forecasts become more significant. For the 2022 forecasts, when OMB is projecting levy growth of only 0.9 percent in contrast to IBO's 4.9 percent, the four reserve components account for less than a quarter of the variation.

Federal Tax Reform. IBO expects the changes in federal taxes enacted in December to have a negative impact on housing prices in New York City, although the magnitude of the effect is still uncertain. Beginning with the 2018 liability year, taxpayers who itemize deductions to reduce their federal income tax liability will be allowed to deduct only a maximum of $10,000 of property and income or sales taxes, raising the net cost of homeownership. Another feature of the new federal law lowers the cap on mortgage interest deductions, raising the cost of homeownership for some taxpayers who use mortgage financing. A third change will make it more likely that taxpayers use the standard deduction in calculating their federal taxes, further reducing the value of the state and local tax and mortgage deductions. These changes will make home ownership more expensive for many and, in turn, put downward pressure on housing prices—which will ultimately be reflected in property tax assessments and revenues. At present, IBO has not explicitly included any of these effects in our property tax forecast.

Property Transfer Taxes

IBO's current year forecast of revenues from the real property transfer tax (RPTT) and the mortgage recording tax (MRT)—collectively referred to as the transfer taxes—is $2.3 billion with a total of $2.4 billion expected in 2019. IBO's forecasts have been revised downward in response to recent collections being slightly lower than expected and the anticipated negative impact on property markets of recent extensive changes in federal income taxes. Forecasts for both taxes were adjusted downward, especially the MRT. The projected sum of the two taxes for 2018 is $186 million (7.3 percent) below 2017 collections and 28.7 percent below the all-time peak of $3.3 billion reached in 2007. After adjusting for inflation, the total for both taxes is 41.1 percent below the peak.

Real Property Transfer Tax. RPTT collections reached just over $1.4 billion in 2017, down from a record level in nominal terms of almost $1.8 billion in 2016. In inflation-adjusted terms, however, the 2016 peak was 11.2 percent below the record set in 2007, just before the financial crisis exploded.

Based on actual collections through January and the expected negative impact of the tax changes, IBO has lowered its projection of RPTT revenues compared with the forecast in our December outlook. However, the underlying trends remain unchanged. The forecast for 2018 has been adjusted downward by around 3.0 percent, while forecasts for the remaining years have been lowered between 0.5 percent and 2.0 percent.

IBO expects RPTT collections to drop 5.1 percent in 2018 compared with the preceding year, to a level slightly over $1.3 billion. Moderate growth will resume in 2019 through 2022, with collections expected to reach $1.6 billion. This is well below the 2016 peak of $1.8 billion in nominal terms, and 23.1 percent below the inflation-adjusted peak of 2007.

Trends in RPTT revenue during the past decade and a half have been driven largely by commercial property markets, which have experienced much greater fluctuations in sales than residential properties. In addition, commercial buildings are subject to higher RPTT rates than residential properties and thus have an outsized influence on revenue. Commercial sales fell much more sharply than residential sales in the wake of the 2008-2009 (calendar years) financial crisis, and rose more quickly as the real estate market began to recover in 2010. In every fiscal year from 2012 through 2016, the value of commercial sales exceeded the value of residential sales. In 2017, however, residential sales exceeded commercial sales (54.2 percent compared with 44.8 percent of total sales value), and IBO expects this pattern to be repeated in 2018. Beginning in 2019, faster recovery in the commercial sector will lead commercial sales to once again exceed residential sales.

IBO forecasts that the value of residential sales will grow at a moderate rate from 2019 through 2022. Since the financial crisis, the average value per transaction has grown much faster than the number of sales. In 2016 the number of taxable residential sales in New York City was just over 56,000, an increase of 4.3 percent over 2016, but well below the peak of 78,000 sales recorded in 2006. The number of sales in 2017 increased in every borough except Manhattan, where transactions were down 4.2 percent. This decline is related to weakness at the very high-end of the residential market. The average price of Manhattan residential properties sold increased 4.7 percent in 2017, the smallest increase among the five boroughs.

Mortgage Recording Tax. MRT revenue reached unprecedented levels during the housing bubble of

Differences Between OMB's and IBO's Property Tax Revenue Forecasts Are Largely Due to Differences in Forecasting the Reserve
Dollars in millions

	2019	2020	2021	2022
Major Reserve Components: OMB Less IBO				
Prior Year Collections	($4.1)	$15.1	$30.2	$51.3
Refunds	117.6	90.4	71.1	102.8
Delinquencies	134.5	128.5	139.6	174.0
Cancellations	143.6	186.1	192.3	181.6
Total Major Reserve Components	**$391.61**	**$420.12**	**$433.13**	**$509.74**
Total Forecast Difference: IBO less OMB	**$508.98**	**$619.35**	**$896.63**	**$2,139.82**
Share of Difference due to Major Reserve Components	76.9%	67.8%	48.3%	23.8%

SOURCE: Mayor's Office of Management and Budget
NOTE: Figures may not add due to rounding.

New York City Independent Budget Office

calendar years 2005-2007, and then fell more sharply than RPTT collections in the wake of the financial crisis. From a high of almost $1.6 billion in 2007, MRT revenue plunged to just $366 million in 2010. MRT revenue reached $1.2 billion in 2016, the highest level since 2007, but then dropped 9.4 percent, to $1.1 million, in 2017, as interest rates began to rise, refinance activity fell, and a sharp drop in commercial sales led to an overall decline in the total value of real estate sales.

MRT revenue does not follow the value of real estate sales as closely as revenue from the RPTT, because not all sales are financed using a mortgage, and not all mortgage activity involves a sale. Loans to purchase coop apartments are not considered mortgages under New York State law because technically the buyer is purchasing shares in a corporation rather than real property. Sales of luxury residences can involve a large cash component and/or financing from overseas, meaning that most, or all, of the sales price will not be subject to the mortgage tax. Finally, refinanced mortgages, which do not involve the purchase of property, may or may not be subject to the MRT.

The Federal Reserve's monetary policy kept interest rates low for much longer than most economic forecasters ever anticipated. This provided an incentive for borrowing to finance real estate purchases, as well as for refinancing existing mortgages. On the other hand, stricter lending standards in the wake of the financial crisis put a damper on mortgage activity. While credit availability has improved in recent years, rising interest rates will constrain borrowing for real estate purchases, and particularly for mortgage refinancing. One year ago IBO anticipated that the benchmark 30-year mortgage rate would exceed 5.0 percent by the end of 2018. We now forecast that this level will be reached by the middle of 2019.

As is the case with RPTT, IBO's projections of MRT have been revised downward since our December forecast in light of an observed decline in current year collections, and changing expectations of mortgage rates. Under IBO's latest projections, mortgage rates peak in 2020, at a lower rate than was forecast a year ago. However, because mortgage rates during the past year have been lower than originally forecast, the expected increase in rates between 2018 and 2020 is now steeper than previously anticipated.

IBO's downward revisions to our MRT forecasts are proportionally greater than our revisions to RPTT. Compared with the December forecast, IBO's MRT forecast is down 3.7 percent for 2018, 11.6 percent for 2019, and between 10 percent and 13 percent in 2020 through 2022. Whereas our December forecast projected a decline in revenue in 2018 and a recovery in 2019, we now expect declines in both 2018 and 2019, 10.2 percent and 3.9 percent, respectively. A slow recovery is forecast beginning in 2020, and by 2022 MRT revenue is projected to be slightly under $1.1 billion—essentially a return to the level of 2017.

IBO's projection for RPTT is 3.9 percent ($55 million) below OMB's in 2018, essentially equal to OMB's in 2019, and 3.0 percent to 4.0 percent higher than OMB's in 2020 through 2022. Despite the downward revision with respect to the December forecast, our MRT forecasts are still above OMB's: around 4.0 percent higher in 2018 and 2019, increasing to 8.0 percent higher by 2022.

Commercial Rent Tax

IBO's forecast for 2018 commercial rent tax (CRT) revenue is $851 million, 4.2 percent higher than the total collected in 2017. Average annual growth from 2019 through 2022 is projected at 2.8 percent. Collections in 2022 are forecast at $949 million, 16.3 percent above 2017.

The CRT is a tax imposed on tenants renting space for business, professional, and commercial purposes in much of Manhattan below 96th Street. Not-for-profit organizations, subtenants, tenants located in the World Trade Center area, and tenants located in the Commercial Revitalization Program abatement zone are all exempt from the tax, as are most retail tenants south of Chambers Street. Over time both the tax rate and the geographic area subject to the tax have been reduced. Currently, tenants with annual gross rents of less than $250,000 are exempt, and a sliding scale tax credit is applied to tenants with annual or annualized rents between $250,000 and $300,000. For those tenants who are subject to the tax and pay annual or annualized rent of over $300,000, the effective tax rate is 3.9 percent of gross rent.

The intense sales activity in the commercial real estate market in recent years reflected a strong underlying demand for space which led to higher rents. However, as brick and mortar retail faces increasing challenges from online commerce and growth in office-using employment slows, IBO expects annual growth in CRT revenue to slow. In addition, legislation passed by the City Council in November 2017 will reduce the scope of the tax beginning in 2019.

The bill passed by the City Council in November 2017 seeks to reduce or eliminate the CRT for small businesses. The bill creates a new credit that eliminates the tax for tenants paying from $250,000 to $499,999 in annualized rent, provided their total income is $5 million or less. Tenants paying rents of $250,000 to $499,999 but with income of $5 million to $10 million are eligible for a partial tax credit, as are tenants paying from $500,000 to $550,000 whose income does not exceed $10 million. OMB estimates that the new regulations will reduce CRT revenues by around $40 million a year starting in 2019.

IBO's CRT forecasts for this year and the next are almost identical to those of OMB. Over the 2018 through 2022 period, IBO's forecasts are just $27 million (less than 1 percent) higher.

Personal Income Tax

Though the provisions of the Tax Cuts and Jobs Act (TCJA) enacted by Congress in December did not take effect until January 1 of this year, they began swelling personal income tax (PIT) collections in the last days of December and first days of January. As a result, IBO has raised its forecast of PIT revenue in the current year by $252 million, to $12.4 billion—almost $1.3 billion (11.6 percent) greater than collections in 2017. The jump in revenue this year results from both the recent surge in estimated payments as well as changes enacted last spring in the state's School Tax Relief (STAR) program. Both of these factors produce one-time boosts in 2018 revenue, leaving PIT growth to slow to just 0.4 percent in 2019—the slowest growth since the current economic expansion began in 2010. IBO expects growth in PIT revenue in 2020 through 2022 to average 3.5 percent a year.

IBO now forecasts a nearly $1.0 billion (54.5 percent) increase in quarterly estimated payments from 2017 to 2018. These payments—the second largest component of PIT revenue—are made quarterly by taxpayers who are self-employed or who anticipate realizing capital gains from the sale of real property and financial assets. (Estimated payments are also made by taxpayers filing for extensions beyond the April 15th deadline, though extension payments are not included in the following discussion.) Part of the surge in estimated payments was anticipated—with equities markets reaching new highs in the past year, many investors chose to realize gains in calendar year 2017, particularly if they had deferred realizing gains during 2016 in anticipation of federal tax cuts in 2017. Because the first three quarterly payments against calendar year 2017 liability were low, the fourth quarterly payment, due in mid-January 2018, was expected to be high.

However, TCJA's $10,000 limit on the amount of state and local tax payments that can be claimed as an itemized deduction from federal adjusted gross income led to an unanticipated and unprecedented surge of quarterly estimated payments at the end of December and beginning of January. Large numbers of taxpayers across the country—including New York—prepaid state and local taxes by the end of December, giving themselves the full benefit of the deduction one last time before the limits came into effect on January 1. Almost $1.4 billion in PIT estimated payments were received from city taxpayers in the last week of December and first week of January; the latter were payments that had likely been made before January 1, even though the fourth quarterly payment was not due until later on in January. Combined estimated payment revenue for the two months was $1.9 billion, which dwarfed collections in previous years.

It is not known to what extent the surge of early estimated payments represents over-payment of calendar year 2017 PIT liability. To the extent that taxpayers have prepaid more taxes than necessary, this spring's final returns payments and estimated payments made by taxpayers filing for extensions are likely to be lower and refunds are likely to be higher than they would be had there been no excess prepayments. Changes to IBO's forecast of these components offset most of the increase IBO has made in its forecast of quarterly estimated payments.

In contrast to estimated payments, withholding revenue in 2018 has been steady and strong, with revenue through February 17.6 percent greater than the comparable period last year. The strength of withholding revenue this year largely results from state legislation that eliminated the remaining component of STAR-related benefits delivered through the city's tax on personal income. Beginning in 1999 the STAR program reduced city marginal PIT tax rates by roughly 6 percent. While this lowered city residents' PIT liability, the city's budget was made whole through a state aid payment equal to the loss in tax revenue. In previous years the state eliminated the lower marginal rates for tax filers with incomes above $500,000. This year, as part of the state budget for fiscal year 2017-2018, the state eliminated the lower rates for all other filers, effectively raising their PIT liabilities. The state will replace the benefit tax filers had previously received through the lower STAR rates with a credit of equal value against state income tax liability. Though the elimination of lower rates was retroactive to January 1, 2017, there was no impact on city PIT revenue until July 1, the start of the 2018 city fiscal year, when withholding tables were adjusted. The new withholding tables will boost 2018 withholding receipts by an estimated $319 million.

Withholding growth so far this year has been further boosted by record-breaking receipts in December and January, the first two months of the traditional bonus-paying season in the securities industry. Total profits of New York Stock Exchange member firms in calendar year 2017 were $24.5 billion, the largest earnings since 2010, supporting an increase in bonus compensation. With the expectation that withholding receipts will fall back to more modest levels in the coming months, IBO forecasts 14.1 percent withholding growth for fiscal year 2018 as a whole.

IBO forecasts little PIT growth in 2019—revenue is expected to be only $53.6 million (0.4 percent) above our projection for 2018. With no increases in PIT rates or other policy changes boosting revenue, withholding growth will fall back to 4.7 percent in 2019. The extraordinary level of quarterly estimated payments in 2018 is not expected to recur, and estimated payments are forecast to decline by 35.6 percent. However, estimated payments filed with extensions are projected to increase and refunds are projected to fall, each reverting to more typical levels.

After 2019, PIT growth becomes more stable—3.7 percent and 3.9 percent, in 2020 and 2021, respectively—and then falls back to 2.9 percent in 2022. For the entire forecast period, IBO projects that annual PIT growth will average 4.5 percent, with revenue reaching $13.8 billion in 2022.

IBO's forecast of PIT collections exceeds OMB's in each year, with the largest difference in the current year forecast ($495 million, or 4.2 percent). IBO's higher forecast of withholdings and a smaller projected decline in extension payments compared with OMB accounts for most of the difference. After 2018, the differences diminish each year, with IBO's higher forecast of gross collections each year being increasingly offset by our projections of higher refunds. By 2022, IBO's forecast is only $55 million (0.4 percent) greater than OMB's.

Business Income Taxes

In 2017, total non-audit revenue from the city's general corporation and unincorporated business income taxes (GCT and UBT, respectively) declined for the second year in a row, falling 3.8 percent ($213 million) from 2016. IBO projects a return to revenue growth in the current and coming fiscal years, rooted in our forecast of continued but somewhat unsteady growth in the U.S. economy. In 2018, business tax revenue is projected to increase by 4.5 percent ($243 million) and reach a total of $5.7 billion. Combined revenue growth for these taxes is expected to continue at a similar pace of 4.6 percent in 2019, slow to 3.3 percent in 2020, and then pick up to average 4.8 percent in 2021 and 2022. By the end of the five-year forecast period, IBO projects that total business tax revenues will reach $6.8 billion, an increase of $1.3 billion over collections in 2017.

General Corporation Tax. Since state and city business tax reform in 2015, all corporate revenue is now reported and taxed under the general corporation tax (GCT). In 2018, corporate tax revenues are projected to increase by only 1 percent ($34.5 million). GCT receipts have been weak so far in 2018, but stronger recent results and projections for key variables that are used to predict corporate tax revenue suggest strengthening collections over the next several months. These variables include national corporate profits and the earnings of such major city industries as finance, trade, and information. IBO projects stronger growth in corporate tax revenues of 5.0 percent ($177 million) in 2019, followed by weaker collections in 2020, with growth slowing to 2.4 percent ($90 million). Weak revenue growth in 2020 is consistent with IBO's forecast of a slowdown in U.S. GDP growth beginning in the middle of calendar year 2019, as upward pressure on wages and prices leads the Fed to accelerate its planned increases in interest rates and businesses and financial markets adjust to this new environment. Finance, the sector that contributes more than any other to corporate tax collections, is particularly sensitive to such cyclical changes in the broader economy. More rapid growth, averaging 4.2 percent, is expected to return in 2021 and 2022.

Unincorporated Business Tax. Revenue from the city's unincorporated business tax (UBT) is also projected to grow in 2018 and throughout the forecast period. The projected growth comes after a year in which UBT revenues fell by 1.7 percent, a more modest decline than the accompanying 4.9 percent drop in corporate tax revenues in the same year. The decline in UBT revenue was driven in large part by the unusually high level of refunds paid out in 2017, which we do not expect to become a trend. IBO projects revenues to bounce back, growing by 6.3 percent ($126 million) in 2018 and continuing to grow at slightly lower rates for the rest of the forecast period. A major driver of the UBT forecast is earnings from the professional services sector, which accounts for the largest share of the city's non-corporate businesses (partnerships, sole proprietorships, and limited liability companies) subject to the tax. Professional services earnings have not experienced an annual decline since calendar year 2009 and have not had a quarterly decline of note since reaching peak growth in calendar year 2015. Despite IBO's forecast of weaker U.S. economic performance in 2020, we expect growth in the professional services sector to continue in a relatively stable fashion through the end of the forecast period, yielding more stable growth for UBT revenue.

IBO's forecast for combined business tax revenue is 2.9 percent ($161 million) higher than OMB's for 2018. Almost all of this is attributable to differences in expected GCT revenue. In contrast to IBO's forecast of slight revenue growth, OMB projects a third consecutive year of declining revenue—a 3.3 percent ($117 million) decrease in collections from 2017 to 2018. OMB projects robust 8.0 percent growth in combined collections in 2019, compared with IBO's projection of steady but lower growth at 4.6 percent. As a result, IBO's forecast of 2019 business tax revenues is slightly lower than OMB's by 0.4 percent ($23 million). Throughout the rest of the forecast period, IBO projects a path of slightly faster revenue growth than OMB, building to a difference of 7.6 percent ($476 million) in 2022.

The major changes to federal business tax law enacted in December could directly affect revenue from non-federal business taxes, since New York State and New York City, like many state and city governments, use federal definitions of taxable income and other variables as a starting point for calculating their own tax liabilities. IBO's revenue forecasts are based on the assumption that the city and state will modify their tax laws to effectively de-link their taxes from the recent changes in federal law.

The federal tax changes and the large deficit-financed spending increases in the recently approved federal budget legislation will also have substantial impacts on the U.S. economy, financial markets, and business activity, which in turn could affect GCT and UBT revenue. For example, both the federal tax cuts and spending increases will tend to stimulate economic growth. Because the U.S. economy is already operating at or near full-employment, this fiscal stimulus is likely to hasten the onset of inflation and trigger a more aggressive monetary policy. In turn this would have major repercussions in financial markets and the securities industry, whose profits during most of the expansion have depended on access to capital at low interest rates. IBO's current GCT and UBT forecasts do not include any specific assumptions about the impact of this or any other development, as it is still too early to make reliable quantitative assessments.

Spending

Have Planned Expenditures Increased Since Adoption? In the Mayor's latest financial plan for 2018, spending totals $87.4 billion, an amount that is $1.5 billion larger than the size of the 2018 budget shown in the November plan and $2.2 billion above the plan at adoption last June.[1] However, the impression that the current year's budget has actually grown since adoption is a misconception. Expenditures in the February financial plan are inflated by $2.6 billion of current year resources that will be used to pay next year's expenses. Adjusting for the effect of this prepayment, as well as the $4.2 billion in 2018 expenses that were paid with 2017 resources and the effect of shifting reserve funds to next year's prepayment gives a more accurate comparison of the current year's budget since adoption. After making these adjustments, the 2018 expense budget has decreased by $372 million since adoption and by $1.1 billion since November.

The adjusted 2018 city-funds expenditures in the current plan have decreased by $1.6 billion since November and are $1.8 billion less than at adoption last June. What is growing in the 2018 expense budget is non-city spending. Since adoption, the 2018 budget for non-city funded expenditures has increased by $1.4 billion, driven primarily by the city's recognition of an additional $840 million of federal and $357 million of state grants.

The February financial plan includes minimal spending increases in the out-years of the financial plan, after adjusting for the effects of prepayments. The current plan includes additional expenditures of $151 million in 2019, $205 million in 2020, and $183 million in 2021 above the expenditure levels presented in the November 2017 Financial Plan. When compared with the expense plan presented at adoption last June, however, total expenditures for each year from 2019 through 2021 have actually declined. These decreases are driven by lower projections of city-funded expenditures in the out-years of the financial plan: $352 million in 2019, $425 million in 2020, and $613 million in 2021.

Year to Year Expense Changes. While expenditures, adjusted for prepayments and discretionary transfers, are declining relative to the November and June plans, spending is still expected to grow on a year-over-year basis. Adjusting for the prepayment of future-year expenses with current-year revenues, IBO estimates the average annual growth in expenditures from 2018 through 2022 is 2.2 percent for all funds and 2.7 percent for city funds.

IBO Expenditure Projections
Dollars in millions

	2018	2019	2020	2021	2022	Average Change
Agency Expenditures	**$64,147**	**$62,617**	**$63,015**	**$63,383**	**$63,833**	**-0.1%**
Fringe Benefits	9,978	10,516	11,228	11,733	12,243	5.2%
Labor Reserve	586	1,456	1,797	2,270	1,710	n/a
Total Agency Expenditures	**$74,711**	**$74,589**	**$76,040**	**$77,386**	**$77,786**	**1.0%**
Other Expenditures						
Debt Service	$6,361	$7,051	$7,664	$8,127	$8,815	8.5%
Pensions	9,590	9,802	9,764	9,678	9,882	0.8%
Judgments and Claims	692	707	725	740	755	2.2%
General Reserve	300	1,000	1,000	1,000	1,000	n/a
Capital Stabilization Reserve	-	250	250	250	250	n/a
Expenditure Adjustments	(400)	1	153	261	388	n/a
Fiscal Year 2017 Budget Stabilization Account and Discretionary Transfers	(4,180)	-	-	-	-	n/a
Fiscal Year 2018 Budget Stabilization Account	3,308	(2,584)	(724)	-	-	n/a
Fiscal Year 2019 Budget Stabilization Account	-	283	(283)	-	-	n/a
Subtotal	**$90,383**	**$91,099**	**$94,588**	**$97,442**	**$98,876**	**2.3%**
Less: Intra-City Expenditures	$(2,132)	$(1,757)	$(1,749)	$(1,754)	$(1,754)	
TOTAL EXPENDITURES	**88,252**	**89,341**	**92,839**	**95,688**	**97,122**	**2.4%**

NOTES: Expenditure adjustments include energy, lease, and non-labor inflation adjustments. Figures may not add due to rounding.

New York City Independent Budget Office

Most city agencies, with the exception of the Department of Education, experience little or no growth across the financial plan period. Instead, nearly all of the year-to-year growth is attributable to increases in non-agency expenditures such as debt service costs, health care expenses, and the centralized costs associated with future labor settlements.

IBO estimates that debt service costs will increase by an average of 8.5 percent annually from $6.4 billion in 2018 to $8.8 billion in 2022. Over the last five years the city has paid an average of $5.8 billion annually through its operating budget to service its outstanding debt, which as of June 30, 2017 totaled $86.3 billion. The Preliminary Budget projects that over the next five years debt service will cost the city an average of $7.6 billion annually. The increase is primarily due to higher projected debt service on new debt expected to be issued from 2018 through 2022. While higher interest rate assumptions account for some of the increase, it is primarily the result of the city's aggressive capital plan, which includes a sharp increase in planned expenditures over the next few years. The current financial plan assumes capital expenditures will average $10.9 billion annually over the next five years, a nearly 58 percent increase over the average annual capital expenditures for the previous five years. New debt issued from 2018 through 2022 will cost the city a total of $4.6 billion in debt service during those years.

IBO projects that the city's cost of fringe benefits will increase by an average of 5.2 percent annually from $10.0 billion in 2018 to $12.2 billion in 2022. We estimate that health insurance costs, the largest component of fringe benefits, will increase at an even faster rate, averaging 5.7 percent annual growth from $6.3 billion in 2018 to $7.9 billion in 2022.

Pension costs, the other major component of non-agency expenditures, are projected to grow somewhat slower than the budget as a whole. Pension costs in 2018 total $9.6 billion and are forecast to increase to $9.9 billion by 2022, average growth of 0.8 percent per year.

Labor Reserve. Most city agency budgets have little or no growth in the plan period because their budgets do not include funding for the potential cost of future labor settlements. Instead, the city centrally budgets for these costs, setting aside money in a labor reserve to cover the planned costs of upcoming labor settlements. The current financial plan includes $586 million in 2018, $1.5 billion in 2019, $1.8 billion in 2020, $2.3 billion in 2021 and $1.7 billion in 2022 in the labor reserve, enough to fund increases of 1 percent each year in future settlements.

IBO estimates that currently nearly 104,000 of the city's 307,772 full-time employees, just over one third of the workforce, are working under the terms of expired collective bargaining agreements. Absent any agreements between the city and its labor unions, by the end of 2018 nearly 43 percent of all full-time city employees will be working without a contract. If labor contracts are not agreed to by the end of 2019, nearly the entire city workforce will be working under the terms of expired contracts.

The city typically sets wages through "pattern bargaining," where the first major union to reach a labor settlement sets the pattern for wage increases for the city's other unions. When contract terms are reached, pay increases are usually applied retroactively to the date of the prior contract's expiration.

One uncertainty is the possibility that unions may attempt to negotiate for paid parental leave, which has currently only been implemented for most of the city's managerial-level workers. The United Federation of Teachers, which represents the city's single largest collective bargaining unit, has publicly expressed interest in the benefit; a spokesperson for the City's Office of Labor Relations estimated the cost to provide paid parental leave to teachers at $250 million a year.

In Reserve. The Mayor continues to include substantial reserves in his financial plan: dollars budgeted as expenses but not attached to any specific need. With less than half of the fiscal year remaining, the current financial plan has drawn down most of the reserves originally budgeted for 2018, leaving $300 million in reserve funds for the current year. If these funds go unused, they would then become part of the surplus and used to reduce out-year budget gaps. The financial plan also contains reserves of $1.25 billion in each year from 2019 through 2022.

In addition to these budgeted reserves, the de Blasio Administration has put aside more than $4 billion in the Retiree Health Benefits Trust, including $100 million added in 2017. No new funding is budgeted for the trust this year. Funds in the trust can only be used to pay all or part of the cost of retiree benefits in a given year; when the fund is tapped in this way, an equal amount of city funds is freed up for other needs. Given the cost of retiree health benefits—$1.6 billion in 2018 and $2.1 billion in 2019—the budget relief available by drawing on the trust can be substantial.

Budget Stabilization Account

As required by the City Charter, the Mayor presented a preliminary budget for 2019 that is balanced (the current year 2018 budget also remains in balance as required), but more so than in recent years, achieving balance relied on drawing down reserves because there were fewer surplus revenues to tap. In order to bring 2019 into balance, the February plan includes the prepayment of certain 2019 expenses with surplus resources from 2018. The Preliminary Budget for 2019 would use $2.6 billion of excess 2018 funds, also known as the Budget Stabilization Account (BSA), to prepay some of 2019's expenses, typically debt service costs. Without the BSA funds available for prepayment of 2019 expenses, next year's budget would be out of balance and the city would be required to find other means of bringing spending in line with revenues.

In 2017 the city ended the year with an operating surplus for the third consecutive year, as total revenues collected exceeded total expenditures by nearly $140 million. But because approximately $4 billion of 2017 expenses were pre-paid with resources from 2016, the city ended 2017 with a surplus of nearly $4.2 billion. These funds were used to prepay costs of debt service and retiree health insurance and to provide a subsidy to Health + Hospitals for 2018.

IBO estimates that the 2018 BSA will ultimately total $3.1 billion. While the BSA is comparable in size to prior years, the way in which the city has accrued these funds is different. The current BSA includes just $1.6 billion of greater-than-expected or surplus tax revenues, accounting for over 51 percent of the BSA for 2018. But upon closer analysis, only $1.1 billion of this surplus is the result of additional collections of current year taxes, while $450 million is the result of revenue collected from audits of prior year returns. Adjusting for audit revenue, IBO estimates that unplanned current year tax revenue makes up just over 35 percent of the 2018 BSA. The largest share of the 2018 BSA, approximately $1.2 billion—nearly 39 percent of this year's total—is derived from reserve funds in the current-year budget that are not expected to be needed. This is the second consecutive year in which the BSA was not comprised primarily of additional tax revenues. In contrast, in 2013 through 2016, excess tax revenues averaged $2.4 billion a year and accounted for an average of nearly 78 percent of the BSA, while funds released from current-year reserves averaged $720 million, about 23 percent.

The savings programs initiated by OMB, which in the prior two years had provided an average of $818 million annually to the surplus (net of new agency expenditures), only provides $332 million of additional resources in the current year. This is not enough to offset the $526 million in additional agency expenditures ($384 million included in the Preliminary Budget plus $142 million of additional spending identified by IBO) in 2018.[2]

The increasing reliance on savings from reserve funds and accounting changes for charges from prior years rather than from the receipt of unanticipated revenue or agency savings could be a troubling sign for future years.

Cost & Savings Re-Estimates

IBO calculates that city-funds expenditures in the Mayor's February financial plan are understated by $142 million in 2018, $128 million in 2019, and $51 million in 2020 and overstated by $130 million in 2021 and $241 million in 2022.

While non-city funded expenditures do not affect the city's budget gaps, shortfalls in state and federal revenues to fund such expenditures can result in service reductions if the funds are not replaced with other sources. IBO estimates that the February Financial Plan overestimates non-city funding in 2018 by $55 million. Conversely, we project that non-city expenditures are under-estimated by $264 million in 2019, $318 million in 2020, $320 million in 2021 and $322 million in 2022. This is primarily the effect of OMB's customary under-budgeting of out-year Federal and State funding for certain agencies. IBO's higher estimates for non-city funding within these agencies' budgets are based upon an analysis of historical federal and state allocations.

Spending Overestimates in Preliminary Budget. IBO has identified four major areas where our re-estimates indicate that the Mayor's plan over-states city-funded expenses: debt service, health insurance, sanitation and public assistance.

Debt Service: The February financial plan includes an $89 million reduction of debt service costs for 2018, much of which results from lowering the assumed rate of interest on variable rate debt from 3.4 percent to 2.7 percent. However, IBO expects that these rate assumptions are still above what the actual rates will be for the current year. Taking into account the relationship between the variable interest rates paid by the city and the federal funds rate (the interest rate at which banks lend reserve balances to other banks overnight), IBO projects that the city will pay 1.9 percent on its outstanding variable rate tax-exempt debt in 2018. This would reduce debt service costs by $51 million in the current year. IBO expects variable interest rates of 3.7 percent for tax-exempt debt in 2019, again below the rates forecast by OMB. These lower rates would reduce the cost of debt service in 2019 by $38 million.

Health Insurance: IBO estimates that another of the major drivers of city spending—the cost of providing health insurance for city employees and retirees—is also overstated in the financial plan. We project that increases in the city's spending on health insurance will not be as steep as forecast by the Administration. Based on an analysis of historical growth rates and using the federal government's estimates of increases in health care costs, we project that city spending on health insurance will be lower than presented in the February plan by $163 million in 2019, $328 million in 2020, $584 million in 2021, and $755 million in 2022. For the current year, our estimate of the cost of providing health insurance is just $6 million below that of the de Blasio Administration.

Sanitation: IBO projects that the city-funded portion of the Department of Sanitation (DSNY) is over-budgeted by $61 million in 2018, $49 million in 2019, $35 million in 2020 and $7 million in 2021. These estimated savings stem from IBO's expectation that the costs of the Fresh Kills landfill closure and personnel services will be lower than the Administration projects. Increased needs in the department's waste prevention and recycling programs offset a small part of the savings.

Each year DSNY budgets tens of millions of dollars for the cost of the closure of Fresh Kills Landfill. Because of schedule delays and cost re-estimates the department often reduces its budget for these expenses during the year. In addition, DSNY's budget for personnel service costs has greatly exceeded its expenditures in recent years, even after accounting for scheduled wage growth. As a result IBO estimates that the department will accrue savings on personnel services costs in 2018 through 2021.

Public Assistance: The February financial plan includes approximately $1.6 billion each year of the plan period for public assistance spending. Based on IBO's forecast of public assistance caseloads, we estimate that the Humann Resources Administration will spend $66 million less in 2018 and approximately $56 million less in each subsequent year of the financial plan. This would result in lower city-funded spending of $16 million in 2018 and $8 million annually in 2019 through 2022.

Spending Underestimates in Preliminary Budget. While IBO identifies some items in the financial plan where the de Blasio Administration has over-estimated spending, these are more than offset by underestimates of city-funded expenditures in other parts of the plan. We expect additional expenditures in several areas: the provision of shelter for homeless individuals and families, charter school funding and Medicaid in the Department of Education, uniformed overtime, Campaign Finance Board and Board of Elections expenses, and supplemental payments for school bus drivers.

Homeless Services: The city continues to underestimate the cost of providing services for homeless families and individuals. In the February plan the city also over-estimates the amount of funding that will be provided by the federal government. Since the city is required to provide shelter to the homeless, any decrease in federal funding would require an infusion of city funds to make up the shortfall. IBO estimates that the city will need to provide an additional $77 million in 2018, $96 million in 2019, $118 million in 2020 and $127 million in each of 2021 and 2022.

The February plan includes additional funding in each year of the plan for the provision of shelter services for families with children. While IBO considers the current funding levels to be adequate to provide shelter service for all such families in the system, we estimate that the city's share of the total expense is greater than budgeted. Since 2015, OMB has been budgeting under the assumption that the distribution of federal, state, and city funds for the shelter costs of families with children will remain similar to what it was in 2014. This assumption remains in the current plan even as the share of federal Temporary Assistance for Needy Families funding continues to decline. Moreover, state funding has declined as well. Based on the shifts in the distribution of funding, IBO estimates that the city will be required to contribute an additional $54 million in 2018, $62 million in 2019 and $63 million in each year from 2020 through 2022.

Considering recent trends in shelter usage by adult families without minor children, IBO expects that the city's current estimates for adult family shelter services are below the actual need. As a result IBO assumes that the city will have to provide an additional $16 million in 2018 and $1 million in 2019 to provide the needed services for this population. As with the funding estimates for shelter services for families with children, IBO believes the city is overestimating the federal and state contribution for adult family shelter services. IBO assumes that the city will need to provide an additional $7 million in 2018 to make up for overestimates in federal and state funding for adult family shelters. Similarly, we estimate that in 2019 the city will need to provide roughly an additional $10 million each year from 2020 through 2022.

Despite continuous efforts made to stem the growth of the city's single adult homeless population, the need for single adult homeless shelter services continues to trend upwards with no indication of a decline in the near future. The city's efforts to move homeless individuals off the streets and into shelter only exacerbates the need for this type of shelter service. IBO's analysis indicates that the city underestimates the need for single adult shelter services by $22 million in 2019, $12 million in 2019 and $11 million in each year from 2020 through 2022. As the state's budget does not include any increase in funding for single adult shelters to meet this increased need, IBO assumes that all additional costs associated with single adult shelters will need to be funded by the city.

Department of Education: IBO estimates the de Blasio Administration will need to provide an additional $55 million in 2018, increasing to $125 million by 2022 for expenses in the Department of Education (DOE). These adjustments are attributable to IBO re-estimates of charter school funding and Medicaid reimbursement revenue.

IBO's estimates of charter school enrollment exceed those assumed by the DOE for each year of the financial plan. Our projection is based on the current number of charter seats for this year and expected increases as existing charters reach their full complement of authorized grades in future years. Each additional charter school student results in a per-student payment from the DOE to the charter school. For the current year, we estimate that greater-than-expected enrollment in charter schools will cost the city an additional $35 million. The differences between IBO's forecast and OMB's forecast of charter school enrollment widen each year, from approximately 2,400 in the current year to over 8,000 in 2022. Incorporating more realistic estimates of enrollment increases the cost to the city by nearly $52 million in 2019, $82 million in 2020, $113 million in 2021, and $125 million in 2022.

Additionally, IBO projects that DOE's estimates for Medicaid reimbursement from the federal government are overstated in the plan. In previous years IBO has questioned DOE's ability to adequately process claims for federal Medicaid reimbursement to meet the budgeted goals. While the DOE has made progress in obtaining higher levels of Medicaid reimbursements, there are still questions regarding the department's ability to secure some of the Medicaid reimbursement the city is counting on. The city currently assumes $20 million in each year of the financial plan for the reimbursement of Medicaid-related transportation expenses, costs that are not currently approved by the state for reimbursement. As a result, IBO's estimate of Medicaid reimbursements is $20 million less than OMB's in both 2018 and 2019. IBO assumes that by the later years of the plan the city will eventually be able to convince the state to reimburse for these types of expenses.

Police Department: The New York Police Department (NYPD) has historically overspent its overtime budget. While the NYPD has made a concerted effort to reduce overtime, IBO expects that the current budgeted amount will still be inadequate to cover overtime expenses and that the department will require an additional $50 million in each year of the financial plan.

IBO's analysis of state and federal grant revenue received by the department indicates that the agency will receive more funding in 2018 through 2022 than is currently reflected in the financial plan. In 2015 through 2017, the NYPD received an average of nearly $290 million in federal funds per year. Assuming that the city will receive comparable levels of federal funding in the coming years, IBO projects an additional $50 million in federal funds for 2018, $175 million in 2019, and $200 million more in federal funding for each year 2020 through 2022. Similarly we estimate that based on the recent historical average of state funding for the department, the NYPD will receive an additional $50 million annually from 2019 through 2022.

Fire Department: The fire department (FDNY) has historically under-estimated its expenses for overtime. Based upon historical totals and current year trends, IBO estimates that the department will require an additional $50 million in each year of the financial plan from 2018 through 2022 for overtime expenses.

As with the NYPD, the amount of federal funding received by the FDNY is typically under-estimated in the budget, particularly in the later years of the financial plan. IBO estimates that the department will receive $50 million more in federal funding in 2018 and $75 million more each year from 2019 through 2022. These additional funds bring federally-funded spending over the plan period more in line with the recent average of $139 million a year.

Department Correction: As with the NYPD and FDNY, the city's Department of Correction often under estimates its overtime expenditures. Based on historical and current year overtime usage, IBO estimates that the department will require an additional $25 million to cover overtime expenses in each year of the financial plan.

Board of Elections: The Board of Elections (BOE) current year budget often greatly exceeds the agency's annual budget in the out-years of the financial plan. While the agency's 2018 city funds budget is currently $141 million, its budget for each of the out-years of the plan is below $100 million. Over the last three years the BOE averaged $129 million of city-funds expenditures. Based on the average spending levels for previous years, IBO estimates that the agency will require an additional $35 million in each year from 2019 through 2022.

School Bus Personnel: In 2014 the de Blasio Administration established a grant program to reverse sharp reductions in the wages of certain school bus drivers, attendants, dispatchers and mechanics. Initially the grant was intended to exist for one year and was capped at $42 million, but funding for the program has been allocated every year since its implementation. In the Preliminary Budget, the administration once again added $42 million for this program in 2018, but did not add funds for the remaining years of the plan. Assuming the program continues beyond 2018, IBO estimates that an additional $42 million will be allocated to the Department of Small Business Services (SBS) in each year from 2019 through 2022.

Campaign Finance Board: The Campaign Finance Board (CFB) incurs much larger costs in citywide election years than in other years. With 2018 being a citywide election year, the Board's budget is currently $44 million. Although the next city-wide election will occur in 2022, the financial plan for that year budgets only $14 million for the CFB. IBO estimates that an additional $40 million will be required in that year.

Citywide Savings Program

Over the last few years the de Blasio Administration has formalized an internal budgetary process that invites agencies to propose initiatives to save funds or raise revenues for inclusion in the Citywide Savings Program (CSP). Agencies are encouraged to generate savings by identifying efficiencies in their operations. The CSP presented in the Preliminary Budget financial plan augments the savings plan put forward last November. The February CSP identifies $432 million of new reductions in expenditures and increased revenue for 2018 and $469 million for 2019. The combined total of the Citywide

Savings Program across both the November and February financial plans is $666 million in 2018, $707 million in 2019, $659 million in 2020, $697 million in 2021 and $583 million in 2022. The current savings program is considerably smaller than the program released last year. The CSP issued with the Preliminary Budget one year ago included $2.1 billion of savings in the first two years of the financial plan, $726 million or 53 percent more than the first two years of the current savings plan.

Based on IBO's analysis, much of the savings presented in the CSP would have occurred as part of the typical budget process and did not require any efficiency or productivity improvements by the agencies. IBO estimates that 15 percent of the total savings presented in the CSP for 2018 and 2019 are the result of such improvements (23 percent for the plan period as a whole). In contrast, 27 percent of the CSP for 2018 and 2019 results from realizing new revenue, funding swaps (primarily replacing city funds with funds from state and federal sources), and spending re-estimates. An additional 22 percent of the $1.4 billion in savings presented for 2018 and 2019 is the result of modifications to debt service cost estimates or technical accounting adjustments.

A large share of the difference between this year's savings program and the program issued last year is attributable to reduced savings for debt service. Debt service savings in the first two years of the current CSP totals $298 million, $603 million less than anticipated in the first two years of the CSP issued with the Preliminary 2018 Financial Plan. Debt service savings are likely to make up less of the CSP in the future as interest rates continue to rise from their recent historical lows, narrowing the spread between rates assumed in the budget and actual rates paid on city debt. In addition, recent federal tax policy changes eliminating the tax-exemption of certain advanced refunding bond issuances could affect the city's ability to utilize refundings to reduce financing costs.

Many agencies have budgeted for positions that have not or will not be filled in 2018 and 2019. The savings from not filing these positions totals over $146 million (10.6 percent) of the total savings presented in the first two years of the current CSP.

Another $143 million (10.4 percent) of the savings in the first two years of the CSP are the result of re-estimates of fringe benefit reimbursements to the city by the federal government. Each year the city negotiates with the federal government to set a fringe reimbursement rate for city employees whose salaries are paid with federal funding. The city has consistently assumed reimbursement rates well below the actual rates ultimately agreed upon in the past. While agencies must actively pursue these savings each year, such diligence has long been part of the annual process of applying for federal reimbursement, rather than an example of improved productivity or efficiency.

Budgeting in Times of Fiscal Uncertainty

Based on IBO's revenue and expense estimates, the city's fiscal outlook looks manageable, with surpluses in some years of the financial plan and modest gaps in others. Moreover, the city has stockpiled reserve funds in each year of the plan as well as funds in the Retiree Health Benefit Trust. In the event of a major economic or financial disruption, massive cuts in federal aid, or the need to provide substantial new resources to affiliated entities such as NYCHA, H+H, or the MTA, these reserves would give the city a cushion to provide time for city leaders to take necessary steps to implement a combination of spending cuts and/or tax increases to bring the budget back into balance. IBO is not currently forecasting any such occurrence, but the city should always be wary of its possibility.

Labor Contracts: One of the first accomplishments of the de Blasio administration was negotiating a collective bargaining contract with the teachers union which established a pattern for settling contracts with the rest of the city workforce, all of whom had been working under expired contracts. The unions made concessions in order to secure contracts, particularly in regards to health care costs. Many of those first-term contracts are now expiring. The city has budgeted for 1 percent annual raises, while indicating that adding additional benefits such as paid parental leave would require new concessions. If the city moves away from this stance as contracts are settled, it would be necessary to find millions of additional dollars not currently budgeted.

Federal and state funding: The city's budget relies on a greater amount of funding from the state and federal governments than the total budgets of nearly half of all the states. The uncertainty surrounding this aid looms large over the city's budget. With combined federal and state aid approaching $24 billion in the current year, even a relatively small reduction in percentage terms would cost the city many millions of dollars and/or result in the elimination of services on which many New Yorkers depend.

The current political environment in which fiscal policy makers are operating is unlike any other time in recent memory. At the federal level serious consideration is being given to major cuts in programs relied on by many of the city's most vulnerable residents, including Section 8 housing, Community Development Block Grants, food stamps (SNAP), and Medicaid.

Meanwhile the relationship between the Mayor and Governor has become increasingly antagonistic. This year's state Executive Budget would provide less money than the city has counted on for school aid and child welfare, while proposing to shift fiscal burdens onto the city in areas such as charter school rental payments and support for the MTA.

NYCHA: The de Blasio Administration recently announced a $200 million effort to update and replace outdated boiler systems in 20 NYCHA developments. This program was only initiated after a winter in which many residents of the city's public housing spent weeks without adequate heat and hot water. While historically NYCHA's budget has been largely funded by the federal and state governments, years of disinvestment and underfunding by all levels of government have compromised much of the agency's infrastructure. But failing boilers are only one of the many major infrastructure issues that NYCHA will face in the next few years. And in the event of catastrophic failures that endanger the safety of NYCHA residents, the city could find itself funding hundreds of millions of dollars of critical repairs.

Health and Hospitals: New York City Health + Hospitals (H+H) provide care regardless of a patient's ability to pay, relying primarily on Medicare and Medicaid to cover the cost of service provision. But these programs do not provide sufficient reimbursement to fully cover the cost of patient care, and with relatively few clients covered by private insurance, the corporation is dependent on additional subsidies, mainly from the city. Considering all sources, IBO estimates that the city provides over $1.9 billion annually to H+H. The fiscal future of H+H is also highly dependent on the outcome of the health care debate in Washington. Recent actions by Congress, including the extension of funding for the Children's Health Insurance Program and the delay of any cuts to the Disproportionate Share Hospital payments have provided H+H with some near-term fiscal relief. But the potential for changes to the Affordable Care Act, Medicaid, and Medicare would still have major impacts on H+H's efforts to bring its revenues and expenses into balance. Any such changes could well require increased funding by the city.

MTA: The recent debate between the Governor and the Mayor over management of the city's mass transit system seeks to fundamentally alter the fiscal relationship between the various levels of government and the city's mass transit system. Historically the city's transit system has been managed by the MTA, which is an entity of the state. While MTA budgets have been supplemented by city funding, the Governor's recent budget plan calls for the city "to provide in full all funding required to meet the capital needs of the New York City Transit Authority." Had the governor's plan been in effect in 2015, when the MTA's current five-year capital plan was adopted, the city would have been responsible for at least $16.5 billion—$14 billion more than the city actually committed and an amount greater than the city's entire 2019 capital plan. In addition, the Governor insists that the city fund half of the MTA's $836 million short-term emergency stabilization plan for the subway system.

ENDNOTES

[1]Total citywide expenditures does not include expenses paid by one agency to another.
[2]IBO's estimate of additional resources resulting from the savings program does not include $89 million of debt service savings and $11 million of non-tax revenue enhancements.

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

COMMENTS ON NEW YORK CITY'S FY 2019
PRELIMINARY BUDGET BEFORE THE
NEW YORK CITY COUNCIL FINANCE COMMITTEE

March 5, 2018

Thank you, Chair Dromm and members of the Finance Committee. I welcome the opportunity to discuss the Comptroller's analysis of the City's FY 2019 Preliminary Budget.

Joining me is our Deputy Comptroller for Budget, Preston Niblack.

Let me start by saying that Mayor de Blasio's FY 2019 Preliminary Budget and Financial Plan made several new proposals that I support, including the first jail closure on Rikers Island, capital funding to begin the critical replacement of NYCHA heating systems, and the future expansion of 3-K For All. These are all important priorities. But as I will discuss in more detail, I am concerned that we are beginning to see warning signs of a slowing economy.

As I have said in the past, and will repeat with more urgency today, we need to do more to prepare for the possibility of challenging times ahead. More than ever, our spending decisions must be data-driven and evidence-based. We must ensure that no dollar is going to waste.

Now I want to share a brief review of the Mayor's financial plan, and our evaluation of its revenue and expenditure assumptions.

Spending in fiscal year 2019, adjusted for prepayments, is set to rise 1.4 percent. Over the financial plan period, the City projects that total expenditures will accelerate to grow by 2.6 percent per year on average, reaching $97 billion by FY 2022. Total revenues, however, are projected to grow more slowly, at a 2.2 percent average annual rate.

The Mayor's Office expects total tax revenues to grow by 3.5 percent per year on average, to $65.6 billion in FY 2022. My office expects tax revenue growth will rise at a slightly faster rate of 3.8 percent, reaching $67.1 billion by 2022 – largely on the strength of higher property tax revenues.

There are two assumptions in the Mayor's revenue plan that we believe present risks. First, the budget for FY 2019 continues to assume that the State will not recapture all savings from the STAR-C bond refundings. Thus far, they have intercepted City sales tax revenues in each of the last three years, and we therefore assume a $150 million risk in next year's budget.

Second, we believe the City is unlikely to realize the taxi medallion sales revenues assumed in the financial plan. As I've said before, given the disruption in the yellow taxi industry from for-hire car services, these sales – worth $929 million over the Plan period – are unlikely.

On the expenditure side, my office has identified budgetary risks from overtime spending and Federal Medicaid reimbursements for special education services. We also anticipate that the City will continue to waive Health + Hospitals payments for medical malpractice claims and fringe benefits, which have been made only once in the last four years.

All of this comes precisely at a time when we are seeing warning signs for our fiscal future.

For the last three years, I've talked about the strength of our economy. In terms of job growth, the current expansion will go on record as the longest and strongest in recent history. The city has created 702,000 private-sector jobs since 2009, reaching an historic high of 4.4 million total jobs in 2016. Unemployment rates have fallen across all five boroughs. But for the first time in eight years, we saw a significant loss of jobs in the fourth quarter of 2017.

That's a warning sign. So is the decline in our cash balances, which went from a low of $5.4 billion during fiscal year 2017, to a low of $1 billion in the current fiscal year. That's a significant drop, resulting largely from the slowdown in growth of non-property tax revenues.

So while the economy appears strong now, my office expects the rate of growth to slow sharply in the next two to three years. The rate of job creation could fall to less than a third of the recent rate.

Taken together, our revenue and expense re-estimates result in a modest addition to the surplus for the current year. But we are projecting a larger gap than the Administration in fiscal years 2020 and 2021, falling slightly below the Mayor's gap projection in FY 2022.

Now let me turn to how we can address these challenges.

The Mayor took significant steps in both November and January with the Citywide Savings Program, which totals a combined $2.1 billion in FY 2018 and FY 2019. Compared to last year, when agency efficiencies, by our reckoning, made up only 7 percent of total savings in the first two years of the plan, this year they make up a full 15 percent of savings, and I applaud this progress. But agency savings still represent just a little more than one percent of total agency spending.

A more robust savings program is critical to building up our reserves and reducing the likelihood of cutting city services down the line. But it is not enough to find a few efficiencies here and there. It's time to start applying a much more rigorous test to our spending – are we getting real results for our investments?

This year I introduced the Comptroller's watch list. The three city agencies I'll be watching closely this year when it comes to budgeting and spending.

First, our Department of Homeless Services. Spending for homeless services across all agencies has risen to $2.6 billion dollars – more than double what we spent in 2014. But still, around 60,000 New Yorkers will sleep in homeless shelters tonight, including 23,000 children.

I support taking every measure we can to reduce homelessness. But if we're going to solve this problem, we have to know which programs are getting results, and which are not. The Department of Homeless Services created a "Data Dashboard" in 2014, in order to track progress in reducing homelessness. But the tool hasn't been updated in over two years. How are we, or you, the City Council, supposed to know how effectively our tax dollars are being used in the absence of hard data?

A second example is the Department of Education. Since 2012, DOE has added over 400 new positions in Central Administration – a 24 percent increase. Over the same period, however, new teaching staff has only grown at half that rate – and that includes the addition of an entire new class, Pre-K.

I'm glad to see that DOE is proposing cuts to Central Administrative spending in this budget. That is a step in the right direction. But we can and must do more, because there remains rampant waste and a lack of accountability at DOE. In an audit my office did in 2014, for example, DOE was unable to account for one-third of its computer monitors, laptops, and tablets at sites our auditors visited.

And DOE continues to spend hundreds of millions of dollars annually on contracts without competition.

I know that, as the previous chair of the Education Committee, Chair Dromm, you share my goal of getting every penny into the classroom to educate our children and help them graduate, by reducing class sizes, training teachers, and hiring guidance counselors – not spending that money on overhead.

Finally, I want to talk about the Department of Correction, an agency my office has audited extensively. As we have documented for four years now, in the last decade, the number of inmates in City jails has been steadily falling, from an average daily population of nearly 14,000 in 2008, to 9,500 in 2017.

Yet over the same period, the average annual cost of housing an inmate on Rikers Island has spiked from $117,000 a year to $270,000. Sadly, however, we are only seeing more violence against both inmates and correctional officers, like the brutal, vicious attack last month against Correction Officer Jean Souffrant.

And while the Mayor is taking important steps to reduce these incidents, we cannot lose sight of the urgency of this problem.

Let me be very clear here in saying that I wholly agree with, and share, the Mayor's goals of reducing homelessness, improving our public schools, and closing Rikers. But we must ensure that we are working toward these goals as efficiently and effectively as possible.

Because as things stand now, I'm concerned that we are in a weaker position than we should be. At the beginning of FY 2009, we had built up a budget cushion – our savings for a rainy day - equivalent to over 17 percent of spending.

As of the Preliminary Budget, however, we would start 2019 with a projected cushion of just 9 percent of spending, or $8.5 billion – largely because our surplus roll is nearly $1.6 billion less than our surplus from FY 2017.

To reach even the bottom of the optimal range, which we consider to be between 12 percent and 18 percent of adjusted expenditures, we would need to add $2.3 billion to our cushion.

My message to you today is that the robust economic growth we've seen for the last near-decade is slowing, and the warning signs for the future are increasingly apparent. We cannot stop investing in our City. But we can only afford to do so if we are getting real, measurable results for our spending. We must meet the needs of New Yorkers while also ensuring we are ready for a rainy day. And we can do so, and prevent the possibility of cuts to vital services, if we put in the hard work now.

Thank you very much. I'm happy to answer your questions.

Testimony
New York City Council
Finance Committee 2018 Budget Hearing
March 5, 2018
By Ralph Palladino
2nd Vice President
DC 37 Local 1549 Clerical-Administrative Employees

Local 1549 represents 16,000 employees of the City of New York, who are also taxpayers, working in virtually all city agencies, the NYPD, Health and Hospitals Corporation and the MetroPlus HMO. Our members are the 911 operators who answer emergency calls, the 311 Call Center Representatives providing vital information, and the HRA Eligibility Specialists in Medicaid and Food Stamps, who provide assistance to families in need. In H+H, we also perform information providing, billing and financial counseling duties.

We urge the city to enhance critical services at the NYPD 911 and DOITT 311 Call Centers. We call on the city to ensure that our wonderful public hospital system, New York City Health and Hospitals (H+H), survives and expands it role in delivering health care to those who need it the most.

The City of New York needs to stop wasting taxpayer dollars, by accelerating civilianization in the NYPD by utilizing the Police Administrative Aide (PAA) title and end the Bloomberg administration's practice of replacing Clerical-Administrative titles with higher paid, mostly non-competitive and sometimes Managerial titles performing the same duties.

Civilianization Saves Tax Dollars

We thank the City Council for supporting Civilianization of the New York City Police Department (NYPD) in the past. We ask you to proactively encourage the city administration and NYPD to follow through on their promise to FULLY civilianize. Why does it take four years to complete this good government policy, which is supported by the Independent Budget Office, the Citizens Budget Commission, and the last four City Comptrollers? While the NYPD has civilianized some positions, they have not been forceful enough addressing many desks that should be staffed by PAA's.

Local 1549 and DC 37 won three NYPD arbitrations on Civilianizaton, including judgments against the appeals by the city. The former administration just ignored the rulings. The current city administration is doing the same.

There are still approximately 500 able bodied uniformed personnel in the NYPD, including ***Police Officers, Traffic Enforcement Agents*** and ***School Safety Agents*** who still perform the jobs of clerical employees, doing routine tasks of Police Administrative Aides (PAA) such as answering phones, taking reports, responding to inquiries, filing, roll call and payroll among others. Uniformed personnel can be better utilized in ***community policing, enforcement, protecting pedestrians from accidents and in making schools safer.*** The NYPD, City Council and union had agreed four years ago that <u>750 such positions could be civilianized</u>. The number of PAA's has actually decreased to a five year low. Why?

<u>Failing to civilianize is an outrageous waste of taxpayers' dollars</u>. It is estimated by various sources, including former City Comptrollers, Public Advocates, the Citizens Budget Commission and the Independent Budget Office that **NYPD Civilianization could save the taxpayers anywhere between $17 and $127 million dollars. Our latest figures, factoring in**

our members' collective bargaining raises, but NOT those of uniformed personnel, show an approximate savings of: <u>$30 million recurring yearly.</u>

<u>Civilianization saves tax dollars, enhances public safety and health, and creates jobs for New Yorkers. It is good public policy! What better time to invest in such long term savings when there is such a large budget surplus!</u>

City Employees Should be Doing the Work for Which they were Hired

Local 1549 has filed numerous grievances against management in several agencies, including the NYPD (other than the ones already won at Arbitration) and the NYC H+H, for replacing Clerical-Administrative Employees with higher paid, mostly non-competitive titles while assigning those replacements the same routine work that our members perform. They do this mainly to circumvent the civil service system. They hire who they want instead of the utilizing the merit system.

This is a waste of the public's tax dollars. It also smells of favoritism and cronyism.

Our analysis of most, not all, of the grievances filed shows that the city, by conservative estimate, is wasting approximately $2,220,000 *annually* in just five city agencies and H+H (See the attached). This does not include the cost of processing and hearing the grievances nor the cost of arbitration.

NYPD 911 System Staffing

We thank the City Administration and NYPD for increasing staffing levels, over the last three years, for 911 personnel. The staffing levels fluctuate due to attrition and occasional new hires failing the training program. Many of those eligible for retirement are doing so. Staffing must be monitored constantly. The additional staffing has helped alleviate overtime, sick leave and stress.

Now, however, the amount of overtime has begun to rise again. This adds additional stress to these first responders. Stress and burn-out, we believe is, partially responsible for absenteeism and the high turnover rate. Now, there are two Public Safety Answering Centers with many empty cubicles that could be staffed by Police Communication Technicians (PCT) and supervisors (SPCT). This would improve services on a 24-hour basis. The new proposals for texting and imaging will require a separate unit for the PCTs to be assigned to perform those functions. Additional hiring will be a necessity if this work is to succeed.

Additional 311 personnel needed

Local 1549 is asking the city to hire an additional 25 Call Center Representatives at DOITT-311 to enhance services to the public. Last year, the servicing volume, mainly calls and digital use, increased to a record number and was 11% higher than 2016. Yet overall staffing remained the same.

There were larger increases in "Complex Call Volume," exceeding 10%. In the top 10 categories of increases there were new programs added to the system. Percentages varied from 12% to 81% increases in those top 10 categories.

Increased digital use has led to more of a backlog in telephone calls. This is over a 24 hour period.

The IDNYC Appointment & Support service showed an increase of 129,000 calls alone. This, alone, is a 129,395% increase! (Not a typo)

Support Additional Funding for Public Health - New York Health+Hospitals (NYC H+H)

Local 1549 fully supports the Mayor's proposal for additional funding for NYC H+H. At one time the city funded 33% of HHC's (now NYH+H) budget. While we believe more could be done by the city, this is a good start. For years, Local 1549 has called on the city to increase its' support for our great public system. We applaud the Mayor for doing so.

The cost of providing quality services needed by the public continues to outpace this public system's cost of care and income. This is despite HHC's low administrative overhead. ***H+H remains the key to making health care more accessible, especially in areas where disparities in health care exist.***

The federally funded Delivery System Reform Incentive Payment (DSRIP) Program allocation from the state is supposed to be based on funding, based on where the most indigent care is provided. However, this is not what the state has done. Too much of the funding is going to the private sector and not enough is going to public hospitals. There have been numerous articles, in all of the major newspapers, over the past few years addressing the excessive tax dollars received by large "non-profit" hospitals that function like "for-profits," with high paid CEO's, and do not serve anywhere near the number of poor patients that NYC H+H does.

The Governor has refused to sign the Safety Net Legislation that was passed twice by the state legislature. This would help level the playing field so NYC H+H can receive the funding that it deserves. The DSH funding distributed by the state is based on an unfair formula. Much of the funding that should go to NYC H+H, because of its share of uninsured and Medicaid patients, goes to the private big hospital networks instead.

NYC H+H employees are often faced with the possibility of not receiving their pay checks as a result of this unfairness. It is impossible for public health care institutions to compensate for losses when their overhead is only 3-5%, unlike private institutions where their overhead is around 20%.

Disproportionate Share (DSH) funding from the federal government to cover the cost of treating the uninsured will disappear in a few years.

Continued downsizing of staff and services will only hurt patient care. The use of low wage private temporary workers has been reduced but still exists at a level that is too high. Would anyone want their medical record number accessed by a temporary agency worker who could be "gone tomorrow" and is not really vetted like H+H employees are?

The governor has allocated a $1 billion fund to assist health care facilities state wide, as a result of the cuts proposed by the President and congress. But only a few top state officials will determine who gets what and what is that payment formula. If past practice is an indication, we think it is better, probably fairer, and more democratic if the elected state legislature plays a key role in this decision making.

Local 1549's Ask for Budget

1- The hiring of 200 additional PCT/SPCTs for the NYPD 911 System call centers
2- The hiring of 25 Call Center Representatives (CCR) for the DOITT 311 call center.
3- The tax levy funding support for NYC H+H that is needed to enhance needed services and staffing for the public.
4- The City Council should support the Safety Net Legislation (Hannon S) (Gottfried A) by sending a letter of support to the Governor and state legislative leaders.
5- The City Council should send a letter to the Governor and state legislative leaders that the $1 billion fund set up by the Governor distribute the funding by a formula that would be determined by the Governor and state legislature jointly.
6- The City Council should pressure the NYPD to complete the Civilianization of the Police Administrative Aide work currently being performed by able bodied uniformed officers.
7- The City Council should ask the New York City Comptroller's office to audit the civilianization of the NYPD.
8- The City Council should request that the city, DCAS and NYC H+H strictly adhere to the placement of employees in positions according to their job description and proper titles. That all litigation of cases involving collective bargaining disputes on this issue be expedited to conclusion as soon as possible.

ADDENDUMS ON NEXT PAGES-----NOT INCLUDED IN THIS EMAIL

ADDENDUM 1- Civil Service Abuse

Agencies using Non-Competitive titles to perform Clerical-Administrative Duties.

NYC H+H (most hospitals)
ACS;
Consumer Affairs;
DOHMH;
DOT;
HASA;
MISCA;
HPD;
TLC;
OATH;
OCSE;
DEP;
NYFD;
Department of Aging
Department of Buildings

Non-competitive titles currently being used to perform routine clerical work.

Assistant Coordinating Manager
Coordinating Manager
Community Associates
Community Liaisons
Community Assistants
Community Aides
Healthcare Program Planner Analyst
Clinical Dietetic Technician
Nurse
Bio Medical Equipment Technician
Patient Care Associate
Patient Care Technician
Service Aide

Addendum 2- Civilianization of NYPD

1-Cost Savings Documented

DC 37 latest analysis of cost savings for Civilianization of the NYPD. The numbers from DC 37 Research and Negotiations reflect the inclusion of the collective bargaining increases for our members including health benefits.

NYPD- 750 (this is the number set by the NYPD and City Council and we are agreeable to it)
500 (This is the approximate number of positions still not civilianized for the PAA's as of late 2014 as per the NY City Council)
Since we have little evidence of any real civilianization of the Police Administrative Aide positions since we assume this number is still correct.

These are positions where *able bodied uniformed employees* are performing routine clerical duties. These duties include roll call, payroll, answering phones, filing, etc. There are currently civil service lists that are pending where these positions can be filled with able candidates. None of the job descriptions for the work being performed are different that the job descriptions contained in the Civil Service Job Specifications.

See below:

<u>**NYPD-**</u> Using the incumbent rates after 5 years a uniformed police officer would be a cost of $87,119.20 (current) and approximately $95,831 (factoring in the pattern for collective bargaining) and a Police Administrative Aide would cost $51, 658.60. The additional cost for a uniformed employee is $35,460.60. Multiplied by 500 positions is **$26,595.450 annually. (<u>$30 million approximately annually</u> factoring in NYPD uniformed collective bargaining agreement not yet finished negotiation but based on pattern of other agreements.)**

<u>**500 positions civilianized this year would save $30 million per year for *each* future year.**</u>

Local 1549's EMERGENCY FY 2018 Budget Request:

Immediately Hire Two Hundred [200] NYPD Police Communications Technicians, PCTs with corresponding Promotions to Supervising Police Communication Technicians, SPCTs to Address the Current Overtime and Staffing Crisis at the Communication Division.

Rationale for Emergency Budget Request:

In FY 2014, Local 1549 made a Budget Request to the City Council for the immediate hiring of (400) four hundred NYPD Police Communications Technicians with corresponding promotions to Supervising Police Communication Technicians to address the overtime crisis at the Communications Division. The City Council at that time included the hiring of 200 NYPD Police Communications Technicians in the budget this action alleviated the overtime staffing crisis at that time.

Local 1549, as the sole and exclusive collective bargaining representative of these employees, is appreciative to the Speaker, Mayor and Police Commissioner and the Commanding officer of the Communications Division for the budget consideration and implementation. It made a real impact for a most effective and efficient Call Center. The best in the nation.

At this time, Local 1549, requests an emergency budget allocation for the balance of the initial 2014 budget request because the understaffing, as measured by paid overtime, still exists and several additional significant factors must be addressed by the City Council. Local 1549 pursues this matter in line with Article V of the Clerical Unit Contract, Productivity and Performance:

"Delivery of municipal services in the most efficient, effective and courteous manner is of paramount importance to the Employer and the Union. Such achievement is recognized to be a mutual obligation of both parties within their respective roles and responsivities'".

NYC Clerical-Administrative Employees Local 1549, District Council 37, AFSCME, AFL-CIO, 125 Barclay Street, New York, New York 10007; 212.815.154

Rationale for Emergency Budget Request Continued:

- A Local 1549 Analysis of the appropriate positions required to staff two (2) Public Safety Answering Centers (PSCA I and II) suggests the hiring of an additional, two Hundred (200),

Police Communication Technician, Code Number 71012 and Supervising Police Communications Technician
Code Number 71013; C-XI Police Communications Technician Occupational Group (292).

- Increased cell phone usage, increase in tourist visiting NYC and heightened frequency of terrorist's alerts.

- A Local 1549 analysis of PCT attrition requires a preemptive hiring factor.

- PSCA I and II required staffing to handle 911 computer system crashes.

- NYPD'S NEXT GENERATION 911 (NG911) deployment requires a preemptive hiring factor[1]:

  911.gov.inidcates: "For more than 40 years, the 911 system has served the needs of the public in emergencies. Next Generation 911 (NG911) will enhance the 911 system to create a faster, more flexible, resilient, and scalable system that allows 911 to keep up with communication technology used by the public.

  Put simply, NG911 is an Internet Protocol (IP)-based system that allows digital information (e.g., voice, photos, videos, text messages) to flow seamlessly from the public, through the 911 network, and on to emergency responders.
  While the technology to implement NG911 systems is available now, the transition to NG911 involves much more than just new computers. Implementing NG911 will include activities of many people, who will coordinate efforts to plan and deploy a continually evolving system of hardware, software, standards, policies, protocols and training.

- Elimination of excessive overtime to ensure an attentive staff to assure zero error rate.

- Adequate staffing to cover PCT and SPCT training sessions.

Background for the Emergency PCT Budget Request:

The understaffing of the Police Department's Communications Section results in excessive and unreasonable ordered overtime for 911 operators and dispatchers. This causes debilitating stress, burnout, exhaustion and poor health which is evidenced by abnormally high rates of reporting sick. Emergencies, such as a major snowstorm, hurricane, blackout, etc. further exacerbate this condition. Presently, required staff further exacerbating the staffing shortage.

In April 2013, the 1,030 Police Communication Technicians (PCT) and 130 Supervising Police Communication Technicians, (SPCT) represented by Local 1549 had a total Chapter membership of 1,160 members at NYPD 911.

At that time, these numbers still present severe understaffing. Local 1549 requests the immediate emergency hiring of an additional 200 Police Communication Technicians to properly handle emergency police calls to 911 and end the excessive overtime for some staff members. In addition, we need to hire 30 SPCTs to supervise and manage emergencies.

After the City Council increased the budget head count by 200, we have presently (January 2018) the following PCT and SPCT staffing[2]:

Title:	Number:
Supervising Police Communication Technicians	174
Police Communication Technicians	1,345
Total	1,519

911 Overtime Crisis for the Period 2008-2017:

The Police Communication Technicians (PCT) and Supervising Police Communication Technicians (SPCT) excessive overtime is listed below:

2008: $2,149,471.80

2009: $1,866,669.60

2010: $3,234,452.90

2011: $3,377,256.20

2012: $4,030,705 Est.

2013: n/a

2014: $8,212,521*

2015: $6,424,546*

2016: $6,732,203*

2017: $7,746,311*

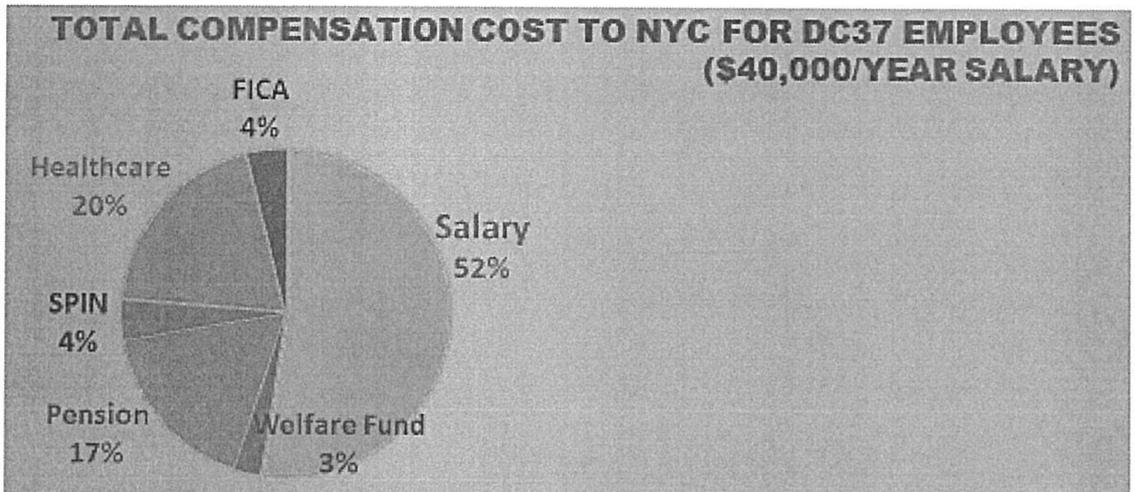
Note: **Based on NYC Payroll Data*

Table 1
NYPD's PCT, SPCT Staffing, and 911 Call Volume for the Period 2009 to 2017[2]:

Date	PCT	SPCT	Total Staff	Call Volume
2017	1168	166	1334	n/a
2016	1195	139	1334	9,404,025
2015	1265	141	1406	9,973,747

2014	1193	127	1320	9,986,890
2013	1030	130	1160	n/a
2012	1076	126	1202	13,000,000 Est.
2011	1084	128	1212	11,241,115
2010	1046	131	1077	11,052,108
2009	1168	131	1299	10,853,522

Table 2



Total Compensation Cost to NYC	Dollars	Percent
Salary	$ 40,000	52%
Welfare Fund	$ 1,940	3%
Pension	$ 13,200	17%
SPIN	$ 2,928	4%
Healthcare	$ 15,112	20%
FICA	$ 3,036	4%
Total	$ 76,216	100%

[3]**Local 1549 Fiscal Note**: Source: DC 37 Research and Negotiations Department, AFSCME, AFL-CIO June 2017.
SPIN is an adjustment for Assignment differentials Service differentials Longevity payment Uniform allowance.

Funding Sources for 200 Newly Hired PCTs:

The proliferation of cell phones and hand-held devices, along with a heightened awareness of the threat of terrorism (e.g.: *'See something, say something'* and the new *'Opioid Crisis Public Services Announcement Program'*), has increased the call volume to the point that Communications Section personnel handle as many as 13 million calls in a single year.

Funding Sources:

I. Local 1549 Budget Request: Converting Paid NYPD PCT /SPCT (911) Overtime into New PCT Hires.

NYPD's PCTs and SPCTs perform a 24 hours/7 day a week /365 days a year life saving service for the citizens of New York City. They are the "first of the first responders[4]."

Local 1549 contends that 911 excessive overtime is problematic from a productivity point of view in a most critical service.

The historic amount of overtime indicates a chronic staff shortage that results in operator fatigue which drastically increases the potential for human error. Additionally, increased fatigue results in a higher sick rate, which results in an increase in overtime assignments. Local 1549 recommends that the New York City Council explore the emergency conversion of paid NYPD PCT overtime into new PCT (911) hires in the FY 2018 Budget at no additional costs.

Local 1549 recommends that the New York City Council explore the emergency conversion of paid NYPD PCT overtime into new PCT (911) hires in the FY 2018 Budget

Converting paid NYPD PCT /SPCT (911) overtime into New PCT Hires can offset the cost of the new hiring.

Table 3
A Projection of Converting Paid NYPD PCT /SPCT Overtime into New PCT Hires to Offset the Cost of the New Hiring.

2008: $2,149,471.80 ÷ $46,790 equals 50 Newly hired PCTs (Based on 2008 salary).
2009: $1,866,669.60 ÷ $46,790 equals 40 Newly hired PCTs (Based on 2009 salary).
2010: $3,234,452.90 ÷ $46,790 equals 70 Newly hired PCTs (Based on 2009 salary).
2011: $3,377,256.20 ÷ $46,790 equals 72 Newly hired PCTs (Based on 2009 salary).
2012: $4,030,705 Est.÷ $46,790 equals 86 Newly hired PCTs (Based on 2009 salary).
2013: N/A
2014: $8,212,521÷$76,216 equals 108 Newly hired PCTs (Based on 2017 salary+benefits).
2015: $6,424,546÷$76,216 equals **84** Newly hired PCTs (Based on 2017 salary+benefits).
2016: $6,732,203÷$76,216 equals **88** Newly hired PCTs (Based on 2017 salary+benefits).
2017: $7, 746,311÷$76,216 equals **101** Newly hired PCTs (Based on 2017 salary+benefits).

Attrition
The PCT/SPCT Chapter explains that members are leaving to join other uniform agencies to become Police Officers or Correction Officers. This a large part of the current attrition.

II. The Various 911 Surcharges Must Be Reviewed and a Fairer Amount Retained by New York City and Allocated to the NYPD Communications Division. The NYS Department of Home Land Security should issue a Grant to Cover the Cost for the Additional PCTs.

Table 4
NYC 911 Tax Rate by Phone Service[4]:

Source: NYC Finance Department

Every month New York City cell phone users pay an extra $1.20 on their bills, a state mandate. The surcharges were established to provide for the adequate funding and staffing of 911 operations and to evolve as the telecommunications devises used by the public changes.

NYC E-911 Surcharge for Telecommunications Services[4]:

“Wireless, landline and Voice over Internet Protocol (VoIP)

Service	Monthly Surcharge	
Wireless	30 cents	per wireless device
Landline	$1.00	per line

telecommunications service providers include a 911 surcharge on all New York City customer bills. All affected telecommunications service providers are required to collect this surcharge and pass it along to the City minus a 2% administrative fee. Source NYC Department of Finance website www1.nyc.gov/site/.../business-e911-surcharge-for-telecommunications-services.page

New York State Department of Taxation and Finance Office of Tax Policy Analysis Taxpayer Guidance Division[4], Public Safety Communications Surcharge, TSB-M-09(8) C Corporation Tax August 27, 2009.[5]

"Chapter 56 of the Laws of 2009 repealed County Law, section 309, *State Wireless Communications Service Surcharge*. The surcharge was replaced with a new Tax Law section: Article 9, section 186-f, *Public Safety Communications Surcharge*. Chapter 56 also amended Article 9, section 186-e.8 to provide that the public safety communications surcharge and any administrative fees retained by a wireless communications service supplier for collecting the surcharge will not be included in gross receipts when the supplier calculates the excise tax on telecommunication services imposed under Article 9, section 186-e. These amendments are effective September 1, 2009.

Continuing (NYS) provisions

"The following are the provisions that were imposed under County Law section 309 that are now imposed under Tax Law section 186-f.

"A monthly $1.20 fee is imposed for **each** device used to access wireless communications services. The surcharge is to be collected by wireless communications service suppliers from their customers. Therefore, wireless communications service plans that include multiple devices are subject to the surcharge on **each** device regardless of the pricing structure for the plan.

"The surcharge applies to all wireless communications services if the wireless communications customer's *place of primary use* is in New York State. The *place of primary use* is the primary business street address or primary residential street address of the customer, within the licensed service area of the wireless communications service provider.

"A *wireless communications service* is any commercial mobile service, as that term is defined in section 332(d) of Title 47 of the United States Code, as amended from time to time, including, but not limited to, all broadband personal communications services, wireless radio telephone services, geographic-area specialized and enhanced specialized mobile radio services, and incumbent-wide area specialized mobile radio licensees, which offer real-time, **two-way** voice or data service that is interconnected with the public switched telephone network or otherwise provides access to emergency communications services.

"A *wireless communications device* is any equipment used to access a wireless communications service. Examples of wireless communications devices on which the surcharge is imposed include cellular telephones, two-way beepers, and other devices (for example, PDAs and handheld or laptop computers, etc.) that have two-way wireless communications capabilities over a public switched network.

"Examples of devices on which the surcharge is **not** imposed include one-way beepers, walkie-talkies, and medical lifeline services." Source: https://www.tax.ny.gov/bus/pscs.htm

The Federal Perspective from The FCC[6]:

An Excerpt from the EIGHTH ANNUAL REPORT TO CONGRESS ON STATE COLLECTION AND DISTRIBUTION OF 911 AND ENHANCED 911 FEES AND CHARGES FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2015 Submitted Pursuant to Public Law No.

110-283 FEDERAL COMMUNICATIONS COMMISSION Tom Wheeler, Chairman December 30, 2016:

"The New and Emerging Technologies 911 Improvement Act of 2008 (NET 911 Act) requires the Commission to submit an annual report to Congress on the collection and distribution of 911 and Enhanced 911 fees and charges by the states, the District of Columbia, U.S. territories, and Tribal Nations (states and other reporting entities). As part of its annual review, the NET 911 Act requires the Commission to report whether 911 fees and charges collected by states and other reporting entities are being used for any purpose other than to support 911 and Enhanced 911 (E911) services."

The City Council needs to assist in this matter. The Federal Communications Commission finds Illinois, New Hampshire, **New York**, Rhode Island, and Puerto Rico used a portion of their 911/E911 funds for either non-public safety or unspecified uses in 2016.

Local 1549 contends that emergency personnel require emergency funding and that before dedicated emergency tax funds are diverted away to non-emergency uses the emergency function staffing must be funded in an appropriate manner.

Notes:

1. **911. gov.:** https://www.911.gov/pdf/National-911-Program-2016-ProfileDatabaseProgressReport.

2. Source: **PCT and SPCT headcount** reported per SP112 DC 37 Membership Department.

3. **Clerical Unit Agreement between NYC** and DC 37 March 3, 2008 to March 2, 2010, Article III, Section b, p.12; Arbitrator's Award, DC 37, 4 OCB2d 53 (BCB 2011) and 2010-2017 Memorandum of Agreement District council 37 and the City of New York.

4. **NYC 911 Tax:** www1.nyc.gov/site/.../business-e911-surcharge-for-telecommunications-services.page

5. **NYS 911 Tax Authorization Laws**: https://www.tax.ny.gov/bus/pscs.htm.

6. **The Federal Perspective from The FCC:** EIGHTH ANNUAL REPORT TO CONGRESS ON STATE COLLECTION AND DISTRIBUTION OF 911 AND ENHANCED 911 FEES AND CHARGES FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2015 Submitted Pursuant to Public Law No. 110-283 FEDERAL COMMUNICATIONS COMMISSION Tom Wheeler, Chairman December 30, 2016: https://apps.fcc.gov/edocs_public/attachmatch/DA-17-61A2_Rcd.pdf

7. **The City of New York Adopted Budget – Fiscal Year 2018 Supporting Schedules** Operating Budget, Agency: 056 **POLICE DEPARTMENT** Unit of Appropriation: 01 Operations, Responsibility Center: 1610 **Communications Division,** page 692. Includes other civilian positions other than PCTs and SPCTs:

Agency: 056 **POLICE DEPARTMENT**
Unit of Appropriation: 01 **Operations**
Responsibility Center: 1610 **Communications Division**

Object Class	#POS	Amount
01 F/T Salaried 001 F/T 001 Full Year Positions	1,557	$75,170,380

	004 F/T Full Time Uniformed	90	9,510,008
Sub Total F/T Salaried		1,647	$84,680,388

Recent Editorial about NYS misuse of 911 Surcharge:

"Put cell phone tax proceeds where they belong by Bob Confer Commentary, January 28, 2018."

LOCKPORT Union-Sun & Journal

LOCKPORT UNION-SUN & JOURNAL

Lockport, NY 14094, (716) 439-9222 Main, Publisher , John Celestino - (716) 439-9222 Ext. 2280

www.lockportjournal.com/...tax.../article_0ec6082a-91b7-50a5-8691-9c8e5f08ff67.h...

- If you look at your cell phone bill you will see a $1.20-line item called the "New York Public Safety Communications Surcharge." Originally appearing as an E911 tax, it was put into place in the 1990s — at 70 cents per month — to provide the state with money to upgrade 911 call centers and public safety communications systems.

- By intent, it was a worthwhile tax as emergency dispatchers needed to keep up with the explosive development of wireless phone technology. Plus, as we unfortunately saw during the horrific events of Sept. 11, interoperability of two-way devices for police officers and firemen was a "must-have" that they didn't have at all.

- But, intent and reality are two entirely different things, especially when it comes to government and money.

- Misappropriation might be too strong a word (since it implies criminality), but there is likely no more accurate term to describe the state's ongoing misuse of this tax. Of the $14.40 that you pay into the purported use of the tax each year, only about $5 goes to where it belongs. The rest — $9.40 — is put into the state's general fund and spent on anything under the sun.

- At first glance, it may seem like a pittance to some folks, but consider the growth of the cell phone industry since the tax came to be. Cell phones of all shapes and styles are now used by what seems to be every man, woman, and, yes, child in the Empire State. What once was a luxury has taken on an air of necessity. The family that used to share one landline now has wireless devices for everyone in the household. Putting that to numbers: Last year, there were over 238 million cell phones in the United States. In 1991, when the legislature introduced the tax, there were only 7.5 million cell phone subscribers in the country. That's a lot of new sources of revenue from which our state — and others — reap.

- In recent years, New York State has collected over $185 million annually from the tax. That figure is set to grow as: 1.) more smartphones and tablets are being put into circulation; and 2.) the state just put into play in December a revision to the tax that collects another 90 cents at the point of sale on pre-paid phones.

- In most years, only a third to 40 percent of the funds are put to use across the state for their intended purpose. This has been hanging out to dry local taxpayers as municipalities upgrade their communications system to meet today's needs and expectations.

- Case in point, consider what happened with the new police and fire radio system that was launched in Niagara County two years ago. It was not only necessary by federal mandate (a 9/11 aftermath), but also by actual need: If you listened to the police scanner before everyone went digital in 2015, you heard numerous first responders struggling to communicate with dispatch from radio dead zones throughout the county.

- At a price tag of $10 million it wasn't a cheap investment. Of that amount, only a fifth was funded by the safety communications tax when in theory — and actual designation of state law — it should have been fully funded by the cell phone tax. The other $8 million to cover the county's project had to come from cash flows and borrowing of money. Local taxpayers were footing the bill.

- It shouldn't be that way. The state isn't playing by its own rules when it comes to the tax. It shouldn't hold the purse strings and pit county against county through a "competitive" grant process for them to get back just a fraction of the amount that was collected. By doing so, the state is tightening the thumb screws on already cash-strapped municipalities and taxpayers while sacrificing their safety in the process.

- This legislative session, the Governor and the Legislature need to develop real strategies to keep the tax out of the general fund. They need to do with the tax exactly what was intended. After all, the state already digs into our phone bills at a 4 percent clip every billing cycle. Let them have that and let us have what we deserve and what we need.

Bob Confer is a Gasport resident and vice president of Confer Plastics Inc. in North Tonawanda. Email him at bobconfer@juno.com

Local 1549's EMERGENCY FY 2018 Budget Request:

In part the amount raised from this would be used to fund hiring of 911 PCT/SPCT Personnel. It is estimated that close to 200 more employees should be hired to offset rising Overtime Costs and to fill empty positions. This would lower the wait times for emergency calls, help lower the absenteeism caused in part by use of Overtime and burnout, and also be used to fund employees needed for the Next Generation initiatives including use of proposals for use of imaging and texting.

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Table 4
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Service	Monthly Surcharge	
Wireless	30 cents	per wireless device
Landline	$1.00	per line

Source: NYC Finance Department

Every month New York City cell phone users pay an extra $1.20 on their bills, a state mandate. The surcharges were established to provide for the adequate funding and staffing of 911 operations and to evolve as the telecommunications devises used by the public changes.

NYC E-911 Surcharge for Telecommunications Services[4]:

"Wireless, landline and Voice over Internet Protocol (VoIP) telecommunications service providers include a 911 surcharge on all New York City customer bills. All affected telecommunications service providers are required to collect this surcharge and pass it along to the City minus a 2% administrative fee. Source NYC Department of Finance website www1.nyc.gov/site/.../business-e911-surcharge-for-telecommunications-services.page

New York State Department of Taxation and Finance Office of Tax Policy Analysis Taxpayer Guidance Division[4], Public Safety Communications Surcharge, TSB-M-09(8) C Corporation Tax August 27, 2009.[5]

"Chapter 56 of the Laws of 2009 repealed County Law, section 309, *State Wireless Communications Service Surcharge*. The surcharge was replaced with a new Tax Law section: Article 9, section 186-f, *Public Safety Communications Surcharge*. Chapter 56 also amended Article 9, section 186-e.8 to provide that the public safety communications surcharge and any administrative fees retained by a wireless communications service supplier for collecting the surcharge will not be included in gross receipts when the supplier calculates the excise tax on telecommunication services imposed under Article 9, section 186-e. These amendments are effective September 1, 2009.

Continuing (NYS) provisions

"The following are the provisions that were imposed under County Law section 309 that are now imposed under Tax Law section 186-f.

"A monthly $1.20 fee is imposed for **each** device used to access wireless communications services. The surcharge is to be collected by wireless communications service suppliers from their customers. Therefore, wireless communications service plans that include multiple devices are subject to the surcharge on **each** device regardless of the pricing structure for the plan.

"The surcharge applies to all wireless communications services if the wireless communications customer's *place of primary use* is in New York State. The *place of primary use* is the primary business street address or primary residential street address of the customer, within the licensed service area of the wireless communications service provider.

"A *wireless communications service* is any commercial mobile service, as that term is defined in section 332(d) of Title 47 of the United States Code, as amended from time to time, including, but not limited to, all broadband personal communications services, wireless radio telephone services, geographic-area specialized and enhanced specialized mobile radio services, and incumbent-wide area specialized mobile radio licensees, which offer real-time, **two-way** voice or data service that is interconnected with the public switched telephone network or otherwise provides access to emergency communications services.

"A *wireless communications device* is any equipment used to access a wireless communications service. Examples of wireless communications devices on which the surcharge is imposed include cellular telephones, two-way beepers, and other devices (for example, PDAs and handheld or laptop computers, etc.) that have two-way wireless communications capabilities over a public switched network.

"Examples of devices on which the surcharge is **not** imposed include one-way beepers, walkie-talkies, and medical lifeline services." Source: https://www.tax.ny.gov/bus/pscs.htm

The Federal Perspective from The FCC[6]:

An Excerpt from the EIGHTH ANNUAL REPORT TO CONGRESS ON STATE COLLECTION AND DISTRIBUTION OF 911 AND ENHANCED 911 FEES AND CHARGES FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2015 Submitted Pursuant to Public Law No. 110-283 FEDERAL COMMUNICATIONS COMMISSION Tom Wheeler, Chairman December 30, 2016:

"The New and Emerging Technologies 911 Improvement Act of 2008 (NET 911 Act) requires the Commission to submit an annual report to Congress on the collection and distribution of 911 and Enhanced 911 fees and charges by the states, the District of Columbia, U.S. territories, and Tribal Nations (states and other reporting entities). As part of its annual review, the NET 911 Act requires the Commission to report whether 911 fees and charges collected by states and other reporting entities are being used for any purpose other than to support 911 and Enhanced 911 (E911) services."

The City Council needs to assist in this matter. The Federal Communications Commission finds Illinois, New Hampshire, **New York**, Rhode Island, and Puerto Rico used a portion of their 911/E911 funds for either non-public safety or unspecified uses in 2016.

Local 1549 contends that emergency personnel require emergency funding and that before dedicated emergency tax funds are diverted away to non-emergency uses the emergency function staffing must be funded in an appropriate manner.

Notes:

1. ***911. gov.:*** *https://www.911.gov/pdf/National-911-Program-2016-ProfileDatabaseProgressReport.*

2. Source: **PCT and SPCT headcount** reported per SP112 DC 37 Membership Department.

NYC

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- **Our Data**
- **News**

News

311 Sets New Record with Nearly 40 Million Customer Interactions in 2017

For Immediate Release, January 25, 2018

Four consecutive years of record growth, 11 percent increase over 2016
Half of all interactions were digital; 311 mobile app continues rapid growth
NYC311 Social Media and Chat channels officially go 24/7 in 2018

NEW YORK—NYC311, New York City's primary source of government information and non-emergency services, set its 4th consecutive record for the most annual contacts with 39,935,837 customer requests for services or information in 2017 – surpassing the previous record in 2016 by 11 percent. A customer contact is defined as any interaction with 311 that results in the customer receiving information or submitting a request – including a phone call, mobile app submission, social media interaction, or website visit.

While the phone channel had a 3.9 percent increase with 20.1 million customers dialing 311, customer interactions happening on digital channels – either through the website, mobile app, or social media – increased 19.2 percent from 2016, making up 50 percent of total contacts to bring parity with the phone channel for the first time in 311's 14-year history. Digital interactions have steadily increased as customers chose using the City's digital platforms to access government information, programs and file service requests. The 311 mobile app saw a 14 percent increase in downloads (155K), a 39 percent jump in use with over a million and half contacts, and 353,684 service request filed. 311 Online had 17.8 million visits in 2017, giving it a 16.9 percent increase over 2016 visits. Customers filed nearly 750k service requests online.

311's social media and chat channels saw a large increase in contacts as these channels piloted a 24x7 customer service model (formally Mon. – Fri., 9a-5p) to gauge customer demand. And with a 159 percent increase in chats and 76 percent increase in social media contacts, the message is clear – New York customers appreciate 24/7 service. Therefore, we are happy to announce chat and social media will officially operate 24/7 service to keep in touch with customers on NYC311 Twitter and chat channels. In additional to contact growth, NYC311 social media followers spiked 54 percent in 2017, with 488K total followers on the four managed accounts (NYC311 & NYCASP Twitter, Facebook and Instagram).

"With half of 311's customers now reaching us on the web, we're expanding our twitter and online chat to full 24/7 coverage so we can stay plugged in to New Yorkers' needs in the online world as well as on the phone. 311 is still your trusted City phone number, taking 20 million calls last year – but with more and more New Yorkers using twitter to talk to us, we're strengthening our digital presence and increasing service to make sure your questions get answers," said **NYC311 Executive Director Joseph Morrisroe.**

The City saw a 3.4 percent increase in service request filed with 2,924,919 for the year. The top categories were noise, apartment issues, illegal parking and blocked driveways. The call center logged 1.8 million service requests, or 62 percent of the total for the year. The top inquiries to the call center and 311 Online remain unchanged from 2016, with customers calling for parking tickets status, property tax information, finding a towed car or booking an appointment for an IDNYC card. Highly requested topics for 311 Online focused on City programs such as affordable housing, working for the City and the SNAP program.

By The Numbers

Total Customer Contacts	
Calls to 311	20,140,764
311 Online Visits	17,831,756
311 Mobile App	1,582,001
311-692 Text	152,992
311 Chat	215,136
311 Twitter	13,188
Total	**39,935,837**
Total NYC Population	8,537,673
Average Contacts Per Resident	4.7

Top 5 Service Requests	
Noise	450,916
Apartment Maintenance	352,147
No Heat/Hot Water	213,521
Illegal Parking	146,122
Blocked Driveway	136,097
Total Service Requests Filed	**2,924,919**
As % of Total Contacts	7.3%

Top 5 Service Requests

Top 5 Inquiries by Channel	
Call Center	**311 Online**
Parking Ticket Status	Pay a Parking Ticket
Property Tax Account Assistance and Bill Information	Affordable Housing
Find a Towed Vehicle	New York City Housing Lottery
Bulk Item Disposal Information	NYC Jobs/ Civil Service Exams
IDNYC - Make an Appointment	Supplemental Nutrition Assistance Program (SNAP)

NYC311 aims to provide the public with quick, easy access to all New York City government services and information. New Yorkers can connect with 311 online, by text, phone, or social media. The agency works continuously to make government services more accessible to non-English speakers, with 311 Online available in more than 50 languages.

New Yorkers can connect with 311 by:

- Visiting **311 Online**.
- Texting 311-692.
- Calling 311 or (212) NEW-YORK, (212) 639-9675, from outside New York City.
- Contact 311 using a Video Relay Service (VRS) at (212) NEW-YORK, (212) 639-9675.
- Contacting 311 using TTY or Text Telephone at (212) 504-4115.
- Following 311 on **Twitter**, **Facebook**, and **Instagram**.
- Downloading 311's **iPhone** or **Android** app

Contact: Bill Reda, NYC311 Communications Director, wreda@311.nyc.gov

Tel. 212-504-4292

[redacted]

Top Ten Drivers for Complex Call Volume Increase At 311

Service	Driver	Annual Volume Increase	% Increase
IDNYC Appointment & Support	New Program	129,395	129395%
Property Tax Assistance	Increased Volume	70,033	17%
Service Request Status	Increased Volume	37,270	23%
Bulk Item Appointment	New Program	35,012	43%
Tenant Legal Assistance	New Program	18,798	16%
NYC Well Mental Health Support	New Program	15,499	201%
Immigrant Services	New Program	13,031	81%
DHS Shelter Complaints	Increased Volume	11,733	142%
City Worker Complaints	Increased Volume	10,277	12%
Organics Waste Collection	New Program	10,223	946%

New York City Council Preliminary Budget Hearing

Testimony By DC37 Local 1757 March 5, 2018

FOR THE RECORD

Good afternoon members of the City Council Finance Committee. My name is Fran Schloss and I am President of DC 37 Local 1757. Local 1757 represent assessors

I am going to speak with regard to the critical need for the hiring of more assessors an integral part of the Department of Finance's budget for the coming fiscal year.

The dearth of these professionals within the ranks of the Department of Finance, Property Division, is one of the leading causes of the continuation of uncollected revenue.

Assessors are responsible for overseeing the valuation of more than 1,051,000 properties within the City of New York. The revenue collected from real property assessments help provide for services such as sanitation and police.

The hiring of eighty additional assessors would not merely back fill the five vacant districts and three open supervisor positions but would also serve to create smaller, more manageable districts. The City has lost hundreds of millions of tax dollars due to both the limited number of inspections that can be made and the restricted number of in depth analysis of properties that are to be valued.

Management may state that more parcels having filed alterations and new building permits were seen this year than in previous years. While this is true, let us use the Bronx as an example and further examine this statement. In this borough 3000 permits were issued for the tentative roll period and 95% of these were seen and valued. These renovated or new buildings were seen by assistant assessors. These parcels should have been seen by the district assessor. They were valued not by the district assessor who must now focus on property income analysis but by supervisors. These supervisors should have been reviewing district assessor values and providing support.

The increased number of assessors would allow for the detailed analysis of owner filed Real Property Income and Expense Statements circumventing a modeling system that is flawed. This modeling system was meant to be a tool, however, management continues in its attempt to have it take the place of the assessor. This is at the expense of fairness and transparency for taxpayers and proper revenue dollars for the City.

It is projected that taking into account a new employee's learning curb and the cost of salaries and benefits an additional 100,000,000 dollars in property tax revenue would be generated the first year and it would be sustainable.

In addition, to what I have just stated, Local 1757 are urging a stringent review of money spent on equipment for the assessment process. For example, The Panasonic Tablet that the assessors are instructed to carry and use in the field is likened to carrying a five pound sack of potatoes block after block seven hours a day. Money should be spent on human capital and not on pieces of equipment that now lie dormant in a desk draw. Those machines were recalled by the manufacturer for defects and the department of Finance kept it secret until the employees brought it to their attention.

In conclusion, the hiring of additional assessors and the scrutiny of equipment to be purchased, are two aspects pertaining to the City's budget that warrant consideration for this coming fiscal year's budget and future city budgets.

DC 37 Local 1757 thanks you for your consideration. I will be happy to answer any questions. I can be reached at taxgal147@yahoo.com or 646-239-1334.

Testimony of Andrea Bowen before the Committee on Finance
Transgender and Gender Non-Conforming (TGNC) funding needs in FY19
March 5, 2018

Good afternoon, Chair Dromm. My name is Andrea Bowen, and I'm a consultant working on behalf of the Anti-Violence Project, and in coalition with the Audre Lorde Project, GMHC, the LGBT Community Center, Make the Road New York, Sylvia Rivera Law Project, and the TransLatina Network. These organizations are working in concert to advocate for a series of policy and budget items that, if funded, will improve the lives of the transgender and gender-nonconforming (TGNC) community.

Starting in 2015, these organizations, alongside TGNC community members across the City, organized forums for TGNC people in each of the five boroughs of New York City, following encouragement from New York City Council Speaker Melissa Mark-Viverito, and the Lesbian, Gay, Bisexual, and Transgender (LGBT) Caucus of the New York City Council. Five forums were held over the course of a year and a half with 591 participants. While the City government has done much to support TGNC people, greater work and community consultation is needed to identify remaining problems and potential solutions.

Last November, the aforementioned organizations released *Solutions Out of Struggle and Survival*, a brief on policy and budget items drawn from the recommendations of the community forums, bringing attention to TGNC community needs in the areas of education, employment, healthcare, housing, immigration, and policing and violence.

From the many recommendations outlined in *Solutions Out of Struggle and Survival*, we recommend that several receive funding in the FY19 budget of the City of New York. We have presented versions of these proposals to staff in City agencies, but we seek City Council support to put these items in the budget if the Mayor does not. If Council adds this funding, we ask that Council provide this money to agencies in the Adopted Budget, and the agencies will engage in procurement. Regardless of who funds these programs, we want TGNC community members assisting in crafting and reviewing procurements.

TGNC Employment Program
Proposed Agency: HRA and DYCD
Proposed Cost: $6.46m

TGNC community members face a crisis of unemployment. A 2015 NY health and human services survey showed that 36.8% of TGNC NYC respondents reported having been unfairly not hired, and 26.4% reported being unfairly fired.[1] 16.2% of TGNC NYC respondents were neither employed nor in school, compared to 9.9% of cisgender (non-transgender) LGB respondents. Nationwide, transgender people of color report five times the unemployment rate of the general US population.[2]

Thus, we seek funding for a program that can work with TGNC youth and adults (in separate cohorts, given unique needs of both populations), and prepare them for careers. Staff will connect program participants to employment programs or job openings. Staff will also provide orientation on soft skills needed in the employment field, orientation on issues that are specific to TGNC people when in jobs, and cultivation of employers and other employment programs that are safe and affirming referrals for TGNC people seeking employment. Staff will have to act as advocates for TGNC people in

[1] Frazer, M. S., Dumont, M. S., & Howe, E. E. (2017). Custom Data Request: Transgender and Gender Nonconforming New Yorkers: An analysis of data from the 2015 LGBT Health and Human Services Needs Assessment. Strength in Numbers Consulting Group, Inc.
[2] James, S. E., Herman, J. L., Rankin, S., Keisling, M., Mottet, L., & Anafi, M. (2016). The Report of the 2015 U.S. Transgender Survey. Washington, DC: National Center for Transgender Equality. Available at http://www.transequality.org/sites/default/files/docs/usts/USTS%20Full%20Report%20-%20FINAL%201.6.17.pdf

navigating jobs, ensuring nondiscrimination, and creating safe work environments. Funding includes $1.83m for staffing (which can be broken into a staff for the youth program and a staff for the adult program), $4.4m for subsidized wages, $183,000 for evaluation, and $50,000 for advertising. There must be a TGNC community consultation process to review responses to RFPs for this program, and preference should be given in awards to smaller organizations that can demonstrate a long-standing connection to the community.

TGNC Rental Assistance Program Pilot
Proposed Agency: HRA
Proposed Cost: $4.1m

Housing insecurity and injustice affects TGNC people in a myriad of ways, from TGNC youth being thrown out of their homes, to inability to afford housing. TGNC people, as with many New Yorkers, are priced out of rapidly gentrifying neighborhoods. The 2015 health and human services survey showed that 29.4% of TGNC NYC respondents reported ever having been homeless, compared to 16.2% of cisgender LGB respondents.

Therefore, we request funding for a pilot program to provide a special rental assistance program for TGNC people, given the community's disproportionately high homeless rates. This would pay for 200 TGNC people to use a special category of rental assistance focused on TGNC people, and it would also pay for 20 case managers to help participants find housing, deal with any potential discrimination issues that may arise with landlords, and assist with other wraparound needs. Outyear costs may be modified in line with demand for the program.

TGNC Immigration Lawyer Training
Proposed Agency: MOIA
Proposed Cost: $100,000

Under the Trump Administration, immigrant communities, including TGNC people, face increased amounts of both state violence and private violence. Even in 2015, the U.S. Trans Survey showed that 45% of respondents held in immigration detention reported mistreatment (e.g., physical or sexual assault).[3]

Thus, we seek funding for a pilot number of 5 non-profits (with grants of approximately $20,000 each) to conduct training, geared for immigration attorneys, that educates about TGNC people and the means of attaining specialized visas (e.g., U Visas, which are for survivors of crimes that inflicted physical or mental abuse) that are most useful in helping undocumented TGNC people maintain safe residence in the US.

TGNC Immigration Lawyer Staffing
Proposed Agencies: MOIA and HRA
Proposed Cost: $715,000

For the same reasoning as above, we seek funding for 5 non-profits (each receiving $143,000 to cover wage, fringe, and overhead costs of hiring one attorney) to hire lawyers that are knowledgeable of both the visas that TGNC undocumented people need, and TGNC community needs. Grants should be made to cover the cost of a staff member.

TGNC Healthcare Liaison Program
Proposed Agencies: HHC and DOHMH
Proposed Cost: $770,000

TGNC New Yorkers experience significant barriers when accessing quality, affirming, and affordable healthcare. In the 2015 health and human services survey, 15.8% of TGNC NYC respondents reported fair or poor health compared with

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[3] James, S. E., Herman, J. L., Rankin, S., Keisling, M., Mottet, L., & Anafi, M. (2016).

9.6% of cisgender LGB respondents, and 25% of TGNC NYC respondents reported probable depression compared to 15.7% of cisgender LGB respondents. While insurance carriers are required to cover transition-related care in New York State, TGNC people can still experience unjust denials, restrictions, and discrimination when seeking care. In other words, TGNC people are still having trouble attaining full coverage for transition-related care.

Thus, we seek funding for staff at city hospitals that can act as case managers and advocates for TGNC patients, to help enforce peoples' rights within the health care system and make sure every part of their care team is in communication to make the best possible health care outcomes. The TGNC Healthcare Liaisons should also work on issues that are not TGNC-specific, e.g., diabetes, pulmonary care, etc. This should also include an extra $50,000 for advertising the service to the community.

Comprehensive Training/Evaluation of NYPD and Community on NYPD/TGNC Community Issues
Proposed Agency: CCRB
Proposed Cost: $50,000

TGNC people endure both interpersonal and systemic violence, *and* experience negative relations with police. A 2012 national survey from Lambda Legal about discrimination by various criminal justice institutions against LGBT and HIV-affected people in the US reported, "Transgender survey respondents who sought out police when they were the victims of crimes disproportionately reported that police did not adequately respond."[4] A recent report from the NYPD Inspector General's office outlined how the NYPD is not adequately training officers in TGNC-sensitivity provisions of the NYPD Patrol Guide.

TGNC organizations should once again take part in the training process of NYPD officers, and make changes to NYPD training as soon as possible. Furthermore, funding should be provided for an evaluation of this new training with TGNC-led organizations taking a major role in the evaluation process ($25,000), and $25,000 should be provided to community organizations to inform the TGNC community about *their* rights in interactions with police.

We appreciate your attention to these issues. If you would like to discuss them further, you can contact me at andy@bowenpublicaffairs.com or 917-765-3014.

[4] Lambda Legal. (2012). Protected and Served? Available at https://www.lambdalegal.org/protected-and-served/summary/reports

SOLUTIONS
Out of Struggle and Survival

Expanded-upon policy and budget solutions **March 5, 2018**

After our policy brief, *Solutions Out of Struggle and Survival,* we have focused on 6 proposals that we want to focus on funding in the FY19 budget of the City of New York. We have presented versions of these proposals to staff in City agencies, but we seek City Council support to put these items in the budget if the Mayor does not. If Council adds this funding, we ask that Council provide this money to agencies in the Adopted Budget, and the agencies will engage in procurement. Regardless of who funds these programs, we want TGNC community members assisting in crafting and reviewing procurements.

TGNC Employment Program **Proposed Agencies: DYCD and HRA** **Proposed Cost: $6.46m**

Funding for a program that can work with TGNC youth and adults (in separate cohorts, given unique needs of both populations) and prepare them for careers. Staff will connect program participants to employment programs or job openings. Staff will also provide orientation on soft skills needed in the employment field, orientation on issues that are specific to TGNC people when in jobs, and cultivation of employers and other employment programs that are safe and affirming referrals for TGNC people seeking employment. Staff will have to act as advocates for TGNC people in navigating jobs, ensuring nondiscrimination, and creating safe work environments. Funding includes $1.83m for staffing (which can be broken into a staff for the youth program and a staff for the adult program), $4.4m for subsidized wages, $183,000 for evaluation, and $50,000 for advertising. There must be a TGNC community consultation process to review responses to RFPs for this program, and preference should be given in awards to smaller organizations that can demonstrate a long-standing connection to the community.

TGNC Rental Assistance Program Pilot **Proposed Agency: HRA** **Proposed Cost: $4.1m**

A pilot to provide a special rental assistance program for TGNC people, given the community's disproportionately high homeless rates. This would pay for 200 TGNC people to use a special category of rental assistance focused on TGNC people, and it would also pay for 20 case managers to help participants find housing, deal with any potential discrimination issues that may arise with landlords, and assist with other wraparound needs. Outyear costs may be modified in line with demand for the program.

TGNC Immigration Lawyer Training **Proposed Agency: MOIA** **Proposed Cost: $100,000**

Funding for a pilot number of 5 non-profits (with grants of approximately $20,000 each) to conduct training, geared for immigration attorneys, that educates about TGNC people and the means of attaining specialized visas (e.g., U Visas, which are for survivors of crimes that inflicted physical or mental abuse) that are most useful in helping undocumented TGNC people maintain safe residence in the US.

TGNC Immigration Lawyer Staffing **Proposed Agencies: MOIA and HRA** **Proposed Cost: $715,000**

Funding for 5 non-profits (each receiving $143,000 to cover wage, fringe, and overhead costs of hiring one attorney) to hire lawyers that are knowledgeable of both the visas that TGNC undocumented people need, and TGNC community needs. Grants should be made to cover the cost of a staff member.

TGNC Healthcare Liaison Program **Proposed Agencies: HHC and DOHMH** **Proposed Cost: $820,000**

Funding for staff at city hospitals that can act as case managers and advocates for TGNC patients, to help enforce peoples' rights within the health care system and make sure every part of their care team is in communication to make the best possible health care outcomes. The TGNC Healthcare Liaisons should also work on issues that are not TGNC-specific, e.g., diabetes, pulmonary care, etc. This should also include an extra $50,000 for advertising the service to the community.

Comprehensive Training/Evaluation of NYPD and Community on NYPD/TGNC Community Issues
Proposed Agency: CCRB **Proposed Cost: $50,000**

TGNC organizations should once again take part in the training process of NYPD officers, and make changes to NYPD training as soon as possible. Furthermore, funding should be provided for an evaluation of this new training with TGNC-led organizations taking a major role in the evaluation process ($25,000), and $25,000 should be provided to community organizations to inform the TGNC community about *their* rights in interactions with police.

SHELTERING
18 ARMS 31
Children and Family Services

Testimony delivered by Elizabeth McCarthy, Chief Executive Officer
Prepared for the NY City Council Committee on Finance: *Preliminary Budget Hearing - Finance*
March 5th, 2018

Good afternoon. My name is Elizabeth McCarthy and I'm the Chief Executive Officer for Sheltering Arms Children and Family Services. Thank you Chair Dromm and members of the New York City Council Committee on Finance for the opportunity to testify before you today and for your leadership on issues that deeply impact human service organizations here in New York City.

Sheltering Arms is one of the City's largest providers of education, youth development, and community and family wellbeing programs in the Bronx, Manhattan, Brooklyn, and Queens. We operate 11 Early Childhood Education centers; 10 after school programs; a community school; juvenile justice reform programs, including five Close to Home facilities; runaway and homeless youth programs; foster care and preventive services; three Article 31 mental health clinics; and services for developmentally disabled adults. Every year, we serve more than 20,000 low-income children, youth, and families.

On behalf of Sheltering Arms, we would like to thank the City Council for its efforts and commitment in the FY18 Budget to increase the funding for human service contracts. Sheltering Arms is particularly grateful for increased funding for Preventive Services, which will enable us to better compensate this crucial workforce and therefore retain talent and decrease turnover in these areas where consistency is critical for clients. We are now able to increase salaries for existing staff and new hires, helping with both retention and recruitment, and are better positioned to make a difference in the lives of many New Yorkers.

The increase to funding in nonprofit contracts is an important statement by the City Council that you value critical human services and the many New Yorkers who work in and rely on our sector. I am here to thank you while also entreating you to go further to support the sustainability of our sector in two key ways: funding the upcoming minimum wage increase, and funding salary parity in Early Childhood Education.

In terms of minimum wage, the city has not yet funded its implementation in the human services sector so we are left to shoulder the increase. At Sheltering Arms, we have over 400 employees who currently make between $13 and $15 an hour, more than half of whom work in city funded after school or residential programs. The increase in minimum wage to $15 an hour at the end of this year, which we fully support, will cost our agency about a million dollars. As an agency, we cannot afford that and as a city, we cannot afford to step backwards in the progressive social services that we provide. I therefore urge you to fund the minimum wage increase for the city's human service contracts.

Likewise, the issue of salary parity in Early Childhood Education, a workforce primarily comprised of women of color, is urgent. It really is as simple as giving equal pay for equal work.

Sheltering Arms, like other community-based providers, struggles with increasingly high turnover among our Early Childhood Education teachers, because City contracts consistently and unconscionably pay teachers in CBOs tens of thousands of dollars less than equally qualified and degreed teachers in DOE-run programs. The impact of this chronic disparity is clear: CBOs across the city are continually drained of high-quality teachers and are forced to close classrooms, most of which are in the poorest neighborhoods in the city, in order to maintain staff ratios. It takes us, on average, seven months to hire a qualified teacher for these programs. Imagine if children on the Upper East Side or down the street in TriBeCa had to switch schools, or were denied seats at a school, because the teacher left for more money. Yet this happens in poor communities of color all the time. The launch of Pre-K for All and its expansion with 3-K for All has only exacerbated this problem. Our teachers can move to the DOE to make more money and work fewer hours with summers off. Honestly, I am surprised we have any teachers, but those who stay do so because they believe in the value that CBOs deliver to their communities: services that reach beyond education to include childcare until 6:00 pm, family workshops, meals, and mental health support. We've asked this women-led workforce to shoulder a financial burden that the city that is purported to be the fairest big city in America should cover. It's time for New York City to step up and pay all its Early Childhood Education teachers fair salaries. I'll say it again: equal pay for equal work.

The City Council has proven itself an ally of the human services sector. I ask you to please continue your commitment in the form of funding the imminent minimum wage increase and funding salary parity for Early Childhood Education. Thank you.

Center for Court Innovation

Research. Development. Justice. Reform.

520 Eighth Avenue, New York, New York 10018
p. 646 386 3100
f. 212 397 0985
courtinnovation.org

Greg Berman. Director

Center for Court Innovation Testimony

New York City Council

Committee on Finance Preliminary Budget Hearing

March 5, 2018

Good afternoon Chair Dromm and esteemed members of the City Council. My name is **Dipal Shah** and I am the **Director of Strategic Partnerships** at the Center for Court Innovation. I'm here with **Sally Sanchez**, who is the **Project Director** of the **Queens Youth Justice Center**. We thank you for the opportunity to speak today.

I am here to urge the Council to support the Center for Court Innovation as it seeks to strengthen and expand alternative-to-incarceration, youth diversion, and access to justice programs through $1,000,000 in support from the City Council in fiscal year 2019. This includes a $500,000 continuation of funding for ongoing operations and a $500,000 enhancement, which will help us advance the City Council's goals of improving fairness and working toward the closure of Rikers Island.

This request would provide funds for continuing support of our community courts, community justice centers, and public safety programs throughout the five boroughs. Our programs—which include the Red Hook Community Justice Center, Crown Heights Community Mediation Center, Midtown Community Court, Bronx Community Solutions, Queens Youth Justice Center, and Staten Island Justice Center—have been documented by independent evaluators to improve safety, reduce incarceration, and enhance public trust in government. Through these programs, we work with tens of thousands of New Yorkers each year. The vast majority of the people we serve are LGBTQ, youth, immigrants, low-income, or people of color.

Additionally, our youth diversion programs in Manhattan, Brooklyn, Queens and Staten Island currently serve thousands of young people each year through counseling, academic support, and workforce development. Looking forward, with expanded funding, these programs can be a vehicle for the successful implementation of Raise the Age reforms, serving young people who will no longer go through criminal court. Our goal is to offer meaningful off-ramps, allowing participants to avoid detention wherever possible. We have developed a particular expertise in working with young women and LGBTQ survivors of exploitation and trafficking, offering trauma-informed mental health services. Expanded funding would allow the Center to serve hundreds more from these vulnerable, at-risk populations, providing services to an estimated 30% percent more youth.

Magenta is one success story that reflects the tremendous work of the Queens Youth Justice Center and its staff. Magenta was sent to the Justice Center in 2015 for services through the alternative to detention program. Although she successfully completed the program, Magenta voluntarily continued to return to the Justice Center for support and to participate in the young women's group. In 2017 she became a mentor and group co-facilitator for other young women referred to the Justice Center. And, it is with deep pride that I share that this past fall Magenta began her freshman year at New England College with a full scholarship. She credits the Queens Youth Justice Center and its transformative work for giving her the mindset and framework to succeed in life.

The Center for Court Innovation is making a deep investment in improving access to justice. Our Harlem Community Justice Center works to resolve disputes between tenants and landlords, providing mediation, benefits assistance, and social services to local residents. With the Council's support, we can extend the reach of the Justice Center by close to thirty percent. Additionally, our Legal Hand program serves Crown Heights, Jamaica, and Brownsville residents facing housing, immigration and employment issues. Legal Hand trains local residents to empower their neighbors with legal information. Council support would allow us to expand this program to three new communities by hiring additional supervising attorneys, which will serve hundreds of additional low-income New Yorkers, resulting in 50% more people served.

The City Council's support has been invaluable to the success of the Center for Court Innovation, helping us maintain core operations and expand our demonstration projects throughout New York City. The Center for Court Innovation looks forward to continuing to work with the New York City Council to improve public safety and to create new alternatives to incarceration that result in a fairer, more accessible system of justice for all New Yorkers. We respectfully urge you to continue to support our work and thank you again for the opportunity to speak. I would be happy to answer any questions you may have.

LiveOn NY

Making New York a better place to age

LiveOn NY advocates for this funding to ensure that the community-based aging services can continue to serve New York City's growing aging population. This year, we will focus a great amount of effort to ensuring the city's model senior center budget process accurately and efficiently takes the full spectrum of needs of agencies into consideration. The model budget process must amount to a flexible, sustainable, and equitable amount of funding for all senior centers across the five boroughs.

We ask that City Council prioritize support for funding a truly model senior center budget, as well as a fully-funded system of senior services in all agencies in its March Response to the Mayor's Financial Plan. As seniors represent every facet of this city, all agencies should reflect and ensure they are serving older New Yorkers.

Further, LiveOn NY strongly supports the following agency-wide investments in FY19.

- Going forward, include trend factor/cost escalation formula (including cost-of-living adjustments) in all new human service procurements for the duration of the contract
- Develop a framework to increase all HHS contracts and all new procurements up to minimums detailed below:
    - 15% indirect cost rate
    - 37% fringe rate (including a 15% increase for employee health insurance)
    - 10% increase for occupancy/program space costs
    - 10% increase to casualty and liability insurance footnote NRC

We ask that City Council include the parameters described above in its March Response to the Mayor's Financial Plan.

LiveOn NY looks forward to working with City Council, the Department for the Aging, all city agencies and the Administration to make New York a better place to age through a strong network of community based services.

LiveOn NY's members provide the core, community-based services that allow older adults to thrive in their communities. With a base of more than 100 community-based organizations serving at least 300,000 older New Yorkers annually. Our members provide services ranging from senior centers, congregate and home-delivered meals, affordable senior housing with services, elder abuse prevention services, caregiver supports, case management, transportation, and NORCs. LiveOn NY advocates for increased funding for these vital services to improve both the solvency of the system and the overall capacity of community-based service providers.

LiveOn NY administers a citywide outreach program that supports seniors in communities where benefits are most underutilized. This program educates thousands of older adults, including those who are homebound, about food assistance options, as well as screens and enrolls those who are eligible for SNAP and SCRIE/DRIE.

LiveOn NY is also proud to administer the Senior Medicare Patrol (SMP) program for the entire state, which works to prevent Medicare fraud and its associated healthcare expenses. SMP is modeled around recruiting and actively engaging senior volunteers to promote peer counseling, education and assistance on how to protect, detect, and report Medicare fraud. SMPs empower beneficiaries to reduce healthcare costs caused by errors, abuse, and fraud.

LiveOn NY

Making New York a better place to age

New York City Council
Committee on Finance, Chair, Council Member Dromm
March 5, 2018
Finance Committee: Preliminary Budget and Oversight Hearing

LiveOn NY thanks Finance Chair Dromm and the rest of the committee for the opportunity to testify on the ways in which the city can better support older New Yorkers. LiveOn NY also thanks Mayor de Blasio, Speaker Johnson, Director Hartzog of the Office of Management and Budget, Commissioner Corrado of the Department for the Aging, and the entire City Council for their consideration of senior's needs as the FY19 budget process moves forward.

With a base of more than 100 community-based organizations that serve over 300,000 older New Yorkers annually, LiveOn NY's members provide core services that allow older adults to thrive in their communities, including senior centers, congregate and home-delivered meals, affordable senior housing, elder abuse prevention services, caregiver supports, transportation, NORCs and case management.

Older New Yorkers citywide are using the momentum they've spent a lifetime building to power up the economy, the political system, and their communities. The presence of older New Yorkers in the neighborhoods they have helped to build has a positive impact on the entire community. Seniors improve our communities in droves through their commitment to civic engagement, volunteerism, and assisting with the care of younger future generations. In effect, the *inability* for government to enable senior's to age in place would not only have a negative impact on each individual's lives, but would tear at the fabric that makes New York's communities so vibrant and cohesive.

Despite the positive externalities of older New Yorkers' presence in communities, a lack of funding puts the entire support system and 1.55 million older New Yorkers at risk. Seniors fall through the cracks as local aging services struggle to meet demand due to inadequate funding, difficulty retaining quality staff, and outdated capital. Until just last year, the DFTA budget experienced stagnation and even dramatic cuts at a time of rapid growth of older New Yorkers. There's a human impact of an unfair budget - growing waiting lists, staff burnout, and lack of a safety net for seniors. While the $22.8 million in baselined funding added in FY18 will support these programs, the system remains grossly underfunded.

However, NYC can reach the full potential of opportunities for seniors by investing in Department for the Aging's core network of services. Seniors benefit from DFTA-funded activities allowing them to remain independent and healthy. Over 55,000 seniors each day, including thousands of immigrants, benefit from safe and culturally competent programming that meets their needs, whether in the home or the community. In fact, in FY16, a total of 232,145 seniors accessed DFTA-funded services.

By investing in services such as senior centers, NORCs, and meals, we are certain that the aging services system will be strengthened to serve older adults in need and harness the momentum aging can bring. By funding services and caregiver supports, seniors and their families will finally realize a dedicated investment in their wellbeing as New Yorkers.

Each DFTA program is a critical piece of the continuum of services needed to allow older adults to remain in their homes and communities, as well as to support family caregivers. Our budget agenda focuses on increased funding to build the infrastructure for services and respond to changes in needs based on shifting demographics.

Asian American Federation

TESTIMONY FOR NEW YORK CITY COUNCIL BUDGET AND OVERSIGHT HEARINGS ON THE FISCAL YEAR 2019 PRELIMINARY BUDGET, THE PRELIMINARY CAPITAL PLAN FOR FISCAL YEARS 2019-2022 AND THE FISCAL 2018 PRELIMINARY MAYOR'S MANAGEMENT REPORT SUBMITTED TO THE COMMITTEE ON FINANCE OF THE NEW YORK CITY COUNCIL

March 5, 2018

Thank you to City Council's Committee on Finance for providing us the opportunity to submit this testimony. My name is Jo-Ann Yoo and I am the Executive Director of the Asian American Federation (AAF). AAF's mission is to raise the influence and well-being of the pan-Asian American community through research, policy advocacy, public awareness, and organizational development. We also come to you today representing our network of over 60 member organizations supporting our community with their work in health & human services, education, economic development, civic participation, and social justice.

The Asian population is the fastest-growing group in New York City, now representing at least 10 percent of the population in 26 out of 51 City Council districts. While this means 15 percent of New York City is Asian, only 1.4 percent of contract dollars from city social service agencies went to programs run by Asian-led community organizations or programs aimed at serving mostly Asian clientele. This shortfall belies the demonstrated need of a community where one in four people live in poverty, seven in ten are immigrants, and one in two experience limited English proficiency.

As the Administration and City Council work towards a 2018 budget, we urge you to consider funding the program areas highlighted below. Particularly in this age of uncertainty on the federal level, we look forward to the Council's leadership in ensuring New York City is a place where all New Yorkers can thrive.

Increasing Immigration and Integration Services for Asian New Yorkers

Given that 70 percent of Asians in New York City were born abroad, it is vital that we address their challenges of integrating into this city by providing accessible, culturally competent services. These challenges include finding employment, navigating a variety of immigration statuses, and providing healthcare and education for themselves and their families. We work with our member agencies to help Asian New Yorkers address these needs without the additional burdens of language and cultural barriers. We have seen through our work in the Liberty Defense Fund and operating our Office of New Americans Opportunity Center the growing demand for in-language, culturally sensitive immigrant legal services within the Asian community. Without increased funding, organizations like this will be limited in their ability to provide these crucial services.

120 Wall Street, 9th Floor, New York, NY 10005
Tel: (212) 344-5878 • Fax: (212) 344-5636 • E-mail: info@aafederation.org • Website: www.aafederation.org

To invest in our immigrant communities, we recommend the Committee and City Council allocate resources to the following program areas:

- Invest in overburdened, under-resourced, Asian-led community organizations to develop their expertise on immigration issues and build partnerships and networks with the variety of legal assistance organizations and programs that are available. New York State Office of New Americans has made a $600,000 investment in Asian-led organizations to provide basic immigration services including know your rights trainings and referrals to legal services. Additional investment is needed to help build in-house, in-language immigrant legal services that particularly targeting underserved immigrant communities.
- Ensure the City lives up to our immigrant sanctuary values. For example, the City needs to work towards a solution that improve street safety and enables e-bike delivery workers to make a living.
- Support community-based adult literacy programming to address the gap between community needs and education opportunities for all immigrants, not just young immigrants.

Protecting Our Seniors

The growth of the Asian senior population continues unabated. Since 2000, the Asian senior population in New York City more than doubled in size, growing from 63,312 in 2000 to 150,455 in 2016. With this rapid growth exists great need. The most current Census Bureau data from 2016 showed that one in four Asian seniors in New York City lived in poverty, compared to 19 percent of all seniors citywide. Within certain Asian communities, the poverty rates for seniors were even higher, with poverty rates of 45 percent for Pakistanis, 34 percent for Bangladeshis, 32 percent for Vietnamese, and 28 percent for Chinese and Koreans.

Language barriers remain high among Asian seniors. Overall, 72 percent of Asian seniors had limited English proficiency in New York City. In particular, nearly 9 out of 10 Chinese-, Thai-, Korean-, and Vietnamese-speaking seniors had limited English proficiency (LEP). Among Bengali-, Punjabi-speaking seniors, about 8 out of 10 were LEP. Even among Filipinos who have a reputation of high English proficiency, 4 out of 10 Tagalog-speaking seniors identified themselves as LEP.

Access to affordable health insurance is also a concern for Asian seniors. Overall 2.8 percent of Asian seniors in New York City have not health insurance coverage, compared to 1.3 percent of all seniors. And less than 24 percent of Asian seniors had additional private coverage, compared to 44 percent of all seniors. Among Bangladeshi seniors, 6 percent did not have any health insurance coverage.

Community-based organizations are best placed for getting Asian seniors the help they need, particularly recently arrived ones who are likely to need additional support acclimating to life in New York City. They are more likely to utilize services through culturally competent programs that reflect their traditional values, language and ethnic identities. Yet, our members doing this work struggle to keep up with increasing service needs while support from public and private sources has declined. For instance, our analysis shows that between FY 2002 to 2014, the social service organizations serving the Asian American community received just 2.7% of total DFTA contract dollars and 3.7% of the total number of contracts.

To better protect our aging seniors, we urge the Committee and City Council to consider funding the following recommendations:

- Funding for DFTA to fully implement the new citywide languages covered in the new language access law. This will address the urgent need for English language and citizenship courses tailored for Asian seniors, particularly in the wake of increasingly anti-immigrant policies coming out of Washington.
- Increased funding for senior centers, which serve as important community hubs and have not been adequately funded given the rapid growth in senior population.
- Asian-led homebound meal providers currently have no direct contracts with the city. As subcontractors, Asian-serving meal providers are often the first lines cut when there are budget reductions. In a city where Asians are more than one in ten seniors and are the fastest growing segment, direct contracts ensure that the Council's desire to fairly allocate resources to all seniors followed.
- The creation of additional major senior housing that serves the diverse language, cultural and dietary needs of Asian seniors, in particular South Asian seniors. Additionally, new projects that include affordable housing should include community spaces that are potentially available for senior centers or services.
- Support to conduct research to study the most effective programs, best practice models and demographics changes of the senior population so we can work together to fill service gaps.

Mental Health Services to Promote Healthy Communities

AAF was one of the first organizations to spotlight the urgent mental health issues facing the Asian American community. Our research has revealed troubling trends, including that Asian are the only racial group in New York City for whom suicide was among the top ten leading causes of death from 1997 to 2015. Additionally, we know that even though a higher percentage of Asian American youth report experiencing depressive symptoms compared to their White counterparts, Asian Americans are the least likely to report, seek, and receive medical help for depressive symptoms. This is due to a lack of knowledge, cultural stigma, insurance limits, and a dearth of linguistically and culturally competent service providers. Based on these findings, AAF has prioritized working with our member agencies to address mental health issues through services and programs that Asian New Yorkers already utilize. For example, parenting skills workshops, leadership programs for youth, and art therapy classes are all opportunities for trained staff to present preventive mental health skills and outreach to individuals who may benefit from additional support.

To strengthen our ability to address this escalating need, we recommend the Committee and City Council support the following initiatives:

- Invest in Asian-led and Asian-serving community-based organizations to create community education programs to introduce the concept of mental health in a linguistically and culturally competent manner,

- Provide funding support for Asian-led and Asian-serving organizations to hire culturally competent mental health providers and to train mainstream mental health providers to develop their cultural competency,
- Invest in support groups run by Asian organizations for clients who are receiving treatment and/or are on medication, and
- Invest in research projects that would serve to build mental health service capacity in the Asian community.

Strengthening Asian American Nonprofits

A crucial pillar of AAF's work is to provide technical assistance and training for our member organizations as they expand their services to address the emerging needs of a rapidly growing community. This includes one-on-one consultations about strategic planning and other areas of need, fundraising workshops and funding opportunities, leadership development trainings, and fiscal support services. However, their tireless work can go only so far as the Asian American population who they serve continues to increase, unless they can access additional support to build their capacity.

These organizations are the bedrock of this community, and to support them we have the following recommendations for the Committee and City Council:

- Increase the program funding for the Communities of Color Nonprofit Stabilization Fund, from \$3.7 million to \$5 million to help build the capacity of community organizations that serve NYC's communities of color.
- Amend the contracting process in order to acknowledge that Asian-led agencies providing services directly to Asians are in the best position to use additional dollars cost effectively.

Economic Development to Support Small Businesses

Asian-owned businesses provide jobs for new immigrants and cover industries as diverse as Internet tech firms, restaurants, taxi drivers and personal care services. In fact, Asian-owned businesses accounted for about half of net new economic activity in New York City and half of net new paid employment from 2002-2012. Despite this impressive statistic, many of these entrepreneurs face challenges due to language challenges, confusing regulations, and a dearth of programming to address their specific needs. These challenges may additionally be reflected in the fact that self-employed Asians have lower median wages and earnings than non-Asians, and are more likely to have LEP and be non-citizens. AAF supports this vibrant and essential part of New York City's economy through programming. Our new Flushing office, funded by EDC, is focused on providing marketing support for the Union Street small businesses negatively impacted by the construction of Flushing Commons.

To support New York City's economic engine, we request the Committee and City Council consider the following recommendations:

- Provide funding for new programs or to enhance and promote existing ones that support the expansion of small businesses, like adding field staff for small business assistance centers to reach business owners where they are.
- Fund programs like the Capital Access program as a way to incentivize loans to small businesses.
- Allocate resources to training programs like increasing the availability of adult ESOL programs to help both owners and workers gain language skills to help expand their economic opportunities.

2020 Census Participation Outreach

The upcoming 2020 Census will be held during what will likely be a contentious presidential election cycle. Vulnerable immigrant populations will particularly be reticent to participating in the Census. Partnering with community-based organizations that have built up trust in the communities they serve will allow the City to coordinate messaging to encourage people to be counted. We are encouraged that the Mayor has budgeted for a Census Outreach Coordinator and look forward to working with the administration on ensuring New York City is fully represented in the Census.

United Neighborhood Houses
45 Broadway • 22nd Floor • New York, N.Y. 10006-3007
(212) 967-0322
www.unhny.org

**Testimony of United Neighborhood Houses
Before the New York City Council Committee on Finance
Honorable Danny Dromm, Chair
At the FY 2019 Preliminary Budget Hearing**

**Presented by Gregory Brender, Co-Director of Policy and Advocacy
March 5th, 2018**

Good Afternoon Chair Dromm and members of the City Council Finance Committee. Thank you for the opportunity to testify. My name is Gregory Brender and I am here on behalf of United Neighborhood Houses. United Neighborhood Houses (UNH) of New York is New York City's association of settlement houses and community centers. Rooted in the history and values of the settlement house movement begun over 100 years ago, UNH promotes and strengthens the neighborhood-based, multi-service approach to improving the lives of New Yorkers in need and the communities in which they live. UNH's membership includes 38 organizations employing 13,000 people at over 650 sites across the five boroughs of New York City to provide high quality services and activities to over 750,000 New Yorkers each year.

Typical settlement house services range from early childhood education and after-school, to youth employment and college access, to adult education and workforce development, to behavioral health services, homelessness prevention and older adult services. Essentially, our members provide "one-stop" shopping for all community members—be they children, youth, immigrants, older adults, or working families.

We thank the City Council for its work to bring stability to the nonprofit providers who serve New York City's neighborhoods. In FY 18, this included

- New investments to promote nonprofit stability, pushing for baselining of many of the key funding streams that support services;
- Successfully pushing the administration to baseline key funding streams that support services for older adults;
- Restoration of core funding for child care centers, after-school programs, mental health initiatives and adult literacy programs; and
- Expanding the Summer Youth Employment Program to provide jobs for 70,000 young people citywide.

However, Mayor de Blasio's proposed FY 2019 budget fails to restore many of these key investments and shows room for significant improvement. We look forward to working with the City Council to reach a final budget that provides adequate and stable funding for essential services.

Non-Profit Contracts

- **Cost Escalation-** Include trend factor/cost escalation formula (including cost-of-living adjustments) in all new human service procurements for the duration of the contract
- **Contract Reform:** Develop a framework to increase all health and human services contracts and all new procurements up to minimums detailed below:
    - 15% indirect cost rate 37% fringe rate (including a 15% increase for employee health insurance)
    - 10% increase for occupancy/program space costs
    - 10% increase to casualty and liability insurance footnote NRC

Early Childhood Education

- **Discretionary Child Care Centers-** Restore $9.3 million for City Council funded child care centers
- **Early Childhood Educator Salaries-** Achieve salary parity for the early childhood workforce between staff, directors and educators in community based organizations and

After-School and Summer Programs

- **Summer Programs for Middle School Students-** Urge the Mayor to restore $20.35 million summer programs for 34,000 middle school students in the Executive Budget
- **COMPASS After-School Programs for Elementary and Middle School Students-** Restore $16 million for elementary school after-school programs

Youth Employment

- **Year-Round Youth Employment-** Expand and baseline Work, Learn and Grow to $52.7 million and include 250 slots for out-of-school out-of-work youth.

Literacy Programs

- **Adult Literacy-** Restore and baseline $12 million for adult literacy and establish a citywide taskforce
- **Family Literacy-** Fund new Family Literacy Program at $5 million

Services for Older Adults

- **Home-Delivered Meals-** Increase the per meal reimbursement for home-delivered meals to $11.06 per meal
- **Support Our Seniors-** Restore $3.06 million for Support our Seniors
- **Healthy Aging-** Restore $1.8 million for Healthy Aging Initiative
- **Senior Centers for Immigrant Populations:** Restore $1.5 million for Senior Centers for Immigrant Populations

Behavioral Health

- **Geriatric Mental Health Initiative:** Restore $1.9 million for Geriatric Mental Health Initiative (GMHI), providing mental health services in non-clinical settings such as senior centers and NORCs
- **Children Under 5 Mental Health Initiative:** Restore $1.0002 million for Children Under 5 Mental Health Initiative, providing early childhood mental health services to young children and families
- **Autism Awareness Initiative:** Restore $3.2 million for Autism Awareness Initiative, providing wrap around supports to youth with Autism Spectrum Disorders and their families

Thank you for the opportunity to testify. I am happy to answer any questions.

GOOD SHEPHERD SERVICES

We see what can be.

Testimony of Michelle Yanche, Associate Executive Director at the Committee on Finance New York City Council Budget and Oversight Hearings on The Fiscal Year 2019 Preliminary Budget, The Preliminary Capital Plan for Fiscal Years 2019-2022 and The Fiscal 2018 Preliminary Mayor's Management Report
March 5, 2018

My name is Michelle Yanche and I am the Associate Executive Director for Good Shepherd Services, a multi-service social service agency providing services to over 30,000 children and families throughout Manhattan, the Bronx and Brooklyn.

I would like to thank the members of the Finance Committee for the opportunity to testify before you today and for your leadership on issues that deeply impact human service organizations in New York City. Good Shepherd Services has been since its inception, deeply involved in Mayor Bill de Blasio's Non Profit Resiliency Committee which was created to strengthen collaboration, communication, and transparency between city government and the non-profit human service sector. Over the past year, the Committee has developed and implemented policies and practices to support expanded capacity and fiscal sustainability for NYC non-profits. Through the work of the Committee and the support of the NYC Council, we have seen a commitment from the Administration to support our workforce, as well as, an awareness around the need to right size contracts and increase indirect rates in to address rising operational costs.

I want to thank the City Council for its leadership in championing for years, to increase funding for human service contracts. These investments to the human services workforce across the city recognize the role those providing critical services to New Yorkers in need are to the progress of our city. While these changes will allow Good Shepherd Services to start to address our ability to pay competitive salaries and decrease staff turnover, as well as address rising administrative costs, there is still work to be done to ensure contracts are not only right sized but that there is a mechanism in place to address escalating costs of doing this work.

Good Shepherd currently has over 80 contracts with NYC, partnering with 11 different NYC agencies for a total of over $63 million. These contracts comprise three-quarters of our agency's budget**.** Some of the Government agencies include: NYC Administration for Children's Services (ACS), Department of Education (DOE), Department of Youth & Community Development (DYCD), Department of Health & Mental Hygiene (DOHMH), Human Resources Administration (HRA), the Mayor's Office of the Criminal Justice Coordinator (MOCJ), and the Mayor's Office for Economic Opportunity (CEO).

While we are appreciative for the FY18 COLA increases, to date we have only received COLA contracts for three of our ACS contracts and two DYCD contracts. Additionally, we have only received notification from DYCD that we should expect an increase to the indirect cost rate on our (2) Beacons contracts, with no timeframe given. We currently await notification on indirect rates for the rest of our city contracts. Indirect allows us to pay for our infrastructure and administrative costs for the agency, including the administrative staff that are needed to implement these changes effectively. These indirect rates have remained stagnant for years while costs and administrative responsibilities to non-profits escalate.

In the absence of information about COLA or indirect increases, we reached out to city agencies without much success. The DOE has indicated that the agency is still deciding whether or not they will be choosing to implement the COLA and have no current plans to issue indirect increases. This action is against the spirit of what the Non Profit Resiliency Committee seeks to accomplish. While the DOE, as a quasi-agency, is not required to implement the recommendations of the Non Profit Resiliency Committee, all other city agencies are required to implement the changes however, agencies have not been given an overarching directive on how to do so by the city, which has led to substantial delays while each agency develops their own internal process. As of March 2nd, the ACS procurement department was not able to give us a timeline of when to expect notification about our remaining COLAs from the agency.

Additionally, each agency is going about implementation differently, which means when we do receive an FY18 COLA, the first step is for fiscal staff to check the amounts and figure out how the COLAs were calculated. Of the 5 contracts we have received thus far, some COLAs have been calculated based on FY16 budgets, some on FY17 budgets and in other cases, on FY18 budgets. The indirect increases have proved especially challenging since while we have not received any to date, implementation varies greatly--some agencies are planning to give 2% increases to all contract holders across the board, while others are looking at each contract individually and only giving increases to those that currently fall under 10%. It is likely as we receive other COLAs and indirect increases that this inconsistency in how they are being calculated will continue. This inconsistency has caused confusion, as well as wasted valuable staff time.

These COLA and indirect delays continue to have an effect on overall agency cash flow because agencies like Good Shepherd Services have been forced to cover the expenses of implementing the COLA while we wait for reimbursement. This is on top of the money that we are already fronting due to significant contracting delays at several city agencies. For example, three of our current DOE Community Schools contracts are not currently registered or billable, despite the fact that two of these contracts started in FY17. In the case of our DOE Community School contract at Felisa Rincon de Gautier High School, we have yet to receive a draft contract from DOE despite regular follow-up to the agency.

It was agreed to as part of the Non Profit Resiliency Committee that all agencies would receive a 10% indirect rate on their city contracts, to help cover the costs of administrative expenses that to date have mostly been incurred by the agencies outside the confines of their contracts. Our current Good Shepherd Services federally approved indirect rate is 17.2%, but the rate we are paid on our NYC contracts ranges from 0% to 10%. Even with this increase to 10%, it still falls short of the true cost of undertaking our contracted responsibilities, especially as contract mandates and other administrative responsibilities attached to each NYC funding stream continue to increase every year. When we are not allowed to apply a higher rate to contracts, the agency is once again required to cover these additional expenses through other means, which in turn has an effect on overall agency cash flow and fiscal sustainability.

Despite the delays to date in receiving either our FY18 COLAs or indirect increases (where applicable), Good Shepherd Services strongly supports the following investments in FY19:

- Include trend factor/cost escalation formula (including cost-of-living adjustments) in all new human service procurements for the duration of the contract
- Develop a framework to increase all HHS contracts and all new procurements up to minimums detailed below:
    - 15% indirect cost rate
    - 37% fringe rate (including a 15% increase for employee health insurance)
    - 10% increase for occupancy/program space costs
    - 10% increase to casualty and liability insurance footnote NRC

Good Shepherd Services also recommends that going forward the city provide structure, guidance and support to city agencies to create a more streamlined and timely approach to rightsizing non-profit budgets, preferably through the use of an online system like HHS Accelerator.

Again we thank the Council for this opportunity and ask that you include these recommendations in your March Response to the Mayor’s Preliminary Budget. Thank you.

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/5/18

(PLEASE PRINT)

NON PROFIT CONTRACTS

Name: Elizabeth McCarthy

Address: 305 7th Ave NY NY

I represent: Sheltering Arms

Address: 305 7th Ave

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ______

(PLEASE PRINT)

Name: Katelyn Hosey

Address: 49 W. 45th St.

I represent: LiveOn NY

Address: ______

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/5/18

(PLEASE PRINT)

Name: Andrea Bowen

Address: 147 S Oxford St Apt 1D Brooklyn NY 11217

I represent: Anti-Violence Project

Address: Nassau St, NY, NY

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/5/2018

(PLEASE PRINT)

Name: Joseph Fucito

Address: 30-10 Starr Ave, LIC

I represent: NYC Sheriff

Address:

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: March 5, 2018

(PLEASE PRINT)

Name: Timothy Sheares

Address:

I represent: Department of Finance

Address: 66 John St. 10038

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date:

(PLEASE PRINT)

Name: Eunkong Choi, Taxpayer Advocate

Address:

I represent: DOF

Address:

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Preston Niblack
Address: 1 Centre St
I represent: NYC Comptroller Scott Stringer
Address: 1 Centre Street

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: NYC Comptroller Scott M. Stringer
Address: 1 Centre
I represent: ________
Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 3/5/2017

(PLEASE PRINT)

Name: Melanie Hartzog, Director
Address: 275 Greenwich
I represent: OMB, Administration
Address: ________

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: ________

(PLEASE PRINT)

Name: Ken Godiner, First Deputy Director

Address: 275 Greenwich

I represent: OMB, Administration

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: March 5, 2018

(PLEASE PRINT)

Name: Ralph Palladino

Address: 125 Barclay Street NY NY 10007

I represent: 2nd Vice-President, L. 1549, DC37

Address: ________

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: 03/05/18

(PLEASE PRINT)

Name: Ms. Jo-Ann YOO

Address: 120 WALL ST NEW YORK, NY 10005

I represent: ASIAN AMERICAN FEDERATION

Address: ________

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: March 5, 2018

(PLEASE PRINT)

Name: Fran Schloss

Address: 125 Barclay Street NY NY 10007

I represent: President, L.1757, DC37

Address: (NYC Assessors, Appraisers: Housing Development Specialists)

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

☐ in favor ☐ in opposition

Date: ______

(PLEASE PRINT)

Name: Dipal Shah + Salley Sanchez

Address: 16 west 23rd (B) ~~520 8th Avenue / Center for Court Innovation~~ 18th Floor 10018

I represent: Center for Court Innovation

Address: 520 8th Avenue 18th Floor 10018

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: JACQUES JIHA, PH.D., COMMISSIONER
Address: DOF
I represent: ________
Address: ONE Centre St.

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

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: ________

(PLEASE PRINT)

Name: Michael Hyman, FIRST DEP. COMMISSIONER
Address: ________
I represent: DOF
Address: One Centre Street

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